Budweiser Brewing Company APAC Limited
百威亞太控股有限公司
(A company incorporated in the Cayman Islands with limited liability)
(Stock Code: 1876)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019, FINAL DIVIDEND RECOMMENDATION AND THE FOURTH QUARTER 2019 FINANCIAL INFORMATION

The board of directors (the "**Board**") of Budweiser Brewing Company APAC Limited ("**Budweiser APAC**" or the "**Company**", together with its subsidiaries, the "**Group**") announces the results of the Group for the year ended 31 December 2019 as attached to this announcement.

The Board is also pleased to announce its recommendation of a final dividend of US dollar 2.63 cents per share to the shareholders.

Subject to the approval of the shareholders at the forthcoming 2020 annual general meeting and subject to further announcement(s) in respect to the book closure date, record date and payment date, the proposed 2019 final dividend is expected to be distributed to shareholders on or before 30 June 2020.

The proposed 2019 final dividend is in line with the Company's dividend policy to declare a dividend representing in aggregate at least 25% of the consolidated profit attributable to our equity holders, excluding exceptional items, such as restructuring charges, gains or losses on business disposals and impairment charges, subject to applicable legal provisions relating to distributable profit.

Shareholders registered under the principal register of members in the Cayman Islands will automatically receive their dividends in US dollars while shareholders registered under the Hong Kong branch register of members will automatically receive their dividends in Hong Kong dollars. The final dividends paid in Hong Kong dollars will be calculated with reference to the exchange rate of US dollars against Hong Kong dollars on the date of the annual general meeting of the Company (to be further announced) on which such dividends will be proposed to the shareholders of the Company for approval.

By Order of the Board
Budweiser Brewing Company APAC Limited
Renrong Wang
Executive Director and Joint Company Secretary

Hong Kong, 27 February 2020

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Jan Craps as Co-Chair and Executive Director, Mr. Renrong Wang as Executive Director, Mr. Carlos Brito as Co-Chair and Non-executive Director, Mr. Felipe Dutra as Non-executive Director, and Mr. Martin Cubbon, Ms. MunTak Marjorie Yang and Ms. Katherine King-suen Tsang as Independent Non-executive Directors.

Budweiser Brewing Company APAC Limited
百威亞太控股有限公司

Press Release
Hong Kong / 27 February 2020 / 7.00am HKT

Budweiser APAC Reports FY2019 Results

HIGHLIGHTS OF 2019 [1]

- We continue to lead premiumization across our markets with revenue per hectoliter (hl) growth of 4.9%, resulting in revenue growth of 1.8% in FY19. We estimate that in China, Budweiser is the #1 Premium brand and Corona is the #1 Super Premium brand by volume
- Our Premium portfolio in China led by Budweiser experienced a low single-digit volume decline in FY19 driven by softness in the nightlife channel, especially in 2H19. According to Nielsen in China, during FY19, we were again the predominant leader in the Premium and Super Premium segments in the in-home channel and have been growing share faster than any other brewer. During FY19, we estimate we gained market share in every channel; however, our overall market share declined by approximately 50 bps. This was due to the channel mix shift resulting from softness in the nightlife channel, where our portfolio has a leading position
- In China, we continue to lead in e-commerce with strong double-digit volume growth in FY19. During the Double-11 e-commerce campaign in November 2019, the largest e-commerce sales event in China, Budweiser was the #1 brand and Corona, Hoegaarden and Harbin were also among the top five beer brands by retail sales value on both Tmall and JD platforms
- In South Korea, amidst declining volumes mostly driven by a soft industry, we grew market share in FY19 in the in-home channel according to Nielsen and we estimate that we also grew in certain on-premise channels. However, Cass has lost market share in the Korean restaurant channel, where it is still the prominent leader; the Korean restaurant channel accounts for approximately a quarter of the market. Overall, this resulted in a total market share loss of approximately 160 bps in FY19, according to our estimates
- In APAC, our Super Premium portfolio continued to perform very well with strong double-digit volume growth, led by Corona, Blue Girl, Hoegaarden, and Stella Artois
- Normalized EBITDA[2] grew by 11.0% with margin expansion of 271 bps to 32.4% in FY19. Normalized profit attributable to equity holders of Budweiser APAC decreased from 1,012 million USD in FY18 to 994 million USD in FY19. Profit attributable to equity holders of Budweiser APAC followed a similar trend decreasing from 958 million USD in FY18 to 898 million USD in FY19 driven by increased withholding taxes related to the IPO and unfavorable currency translation effects
- As part of our Better World[3] vision, we have made significant achievements in our sustainability initiatives. For example, our watershed protection program increased water availability in high-stress areas across India and China. In 2019, water usage in our breweries was reduced by 5% and 56% of our volume was sold in returnable packaging

[1] Unless otherwise stated, the growth rates presented in this document are based on organic growth figures and refer to FY19 and 4Q19 versus the same period of last year. Please refer to Annex 1 for unaudited 4Q19 financial information, and Annex 2 for further information on the calculation of organic growth figures. Please also refer to the end of this press release for important notes and disclaimers.

[2] Normalized EBITDA is a key financial measure regularly monitored by management in managing the Group's performance, capital and funding structure. Normalized EBITDA is calculated by excluding the following effects from profit attributable to equity holders of Budweiser APAC: (i) non-controlling interest; (ii) income tax expense; (iii) share of results of associates; (iv) net finance cost; (v) non-recurring net finance cost; (vi) non-recurring items above EBIT (including non-recurring costs) and (vii) depreciation, amortization and impairment. Please refer to the "Reconciliation between profit attributable to equity holders and normalized EBITDA" section of this press release for further information.

[3] Please refer to our Better World vision on our website at http://budweiserapac.com/en/better-world.html.

KEY FIGURES OF 2019 [1]

- **Revenue:** Revenue grew by 1.8% in FY19, translating to a 2.9% decline on the reported basis after including currency impacts and scope changes, with revenue per hl growth of 4.9%, primarily driven by ongoing premiumization across markets and supported by revenue management initiatives
- **Volume:** Total volumes decreased by 3.0% in FY19, mainly due to a challenging industry and competitive environment in South Korea and softness in the China nightlife channel in 2H19
- **Cost of Sales (CoS):** CoS declined by 1.1% in FY19, translating to a 5.6% decline on the reported basis including currency impacts and scope changes, and increased by 2.0% on a per hl basis
- **Normalized EBITDA[2]:** Normalized EBITDA grew by 11.0% in FY19 and normalized EBITDA margin expanded by 271 bps to 32.4%, as a result of strong brand mix, ongoing cost discipline and other operating income
- **Normalized Effective Tax Rate (ETR)**: Normalized ETR increased from 23.4% in FY18 to 32.3% in FY19, primarily driven by withholding taxes on dividend payments associated with re-organizations for the IPO and an allowance on deferred tax assets accrued historically. Excluding these items, our normalized ETR would have been 27.1% in FY19
- **Profit:** Normalized profit attributable to equity holders of Budweiser APAC decreased from 1,012 million USD in FY18 to 994 million USD in FY19, as our normalized EBITDA growth was more than offset by increased tax expenses and unfavorable currency translation effects. Profit attributable to equity holders of Budweiser APAC followed a similar trend, decreasing from 958 million USD in FY18 to 898 million USD in FY19
- **Earnings per share (EPS)[4]:** Adjusted EPS was 7.52 cents USD in FY19, supported by normalized EBITDA growth partially offset by increased tax expenses and unfavorable currency translation effects. Basic and diluted EPS was 7.50 cents USD
- **Dividend**: The Board has recommended a final dividend of 2.63 cents USD per share to the shareholders, which represents 35% of our normalized profit attributable to our equity holders of Budweiser APAC in FY19

Figure 1. Consolidated performance (million USD)

	FY19	FY18	Organic growth[5]
Total volumes (thousand hls)	**93 168**	**96 245**	**-3.0%**
Revenue	**6 546**	**6 740**	**1.8%**
Gross profit	**3 488**	**3 500**	**4.4%**
Gross margin	53.3%	51.9%	133 bps
Normalized EBITDA	**2 121**	**1 994**	**11.0%**
Normalized EBITDA margin	32.4%	29.6%	271 bps
Normalized EBIT	**1 466**	**1 298**	**17.8%**
Normalized EBIT margin	22.4%	19.3%	306 bps
Profit attributable to equity holders of Budweiser APAC	898	958	
Normalized profit attributable to equity holders of Budweiser APAC	**994**	**1,012**	
Earnings per share (cent USD)	7.50	8.29	
Adjusted earnings per share (cent USD)	**7.52**	**7.65**	

[4] Adjusted EPS calculation uses the total number of shares issued as of 31 December 2019 (13,220,397,000 shares).

[5] Unless otherwise stated, the growth rates presented in this document are based on organic growth figures and refer to unaudited 4Q19 and audited FY19 versus the same period of last year. Please refer to Annex 1 for unaudited 4Q19 financial information, and Annex 2 for further information on the calculation of organic growth figures. Please also refer to the end of this press release for important notes.

MANAGEMENT COMMENTS

2019 was a historical year for our company. We completed our listing[6] on the Hong Kong Stock Exchange, creating a Pan-Asian platform that allows us to further expand our footprint and attract exceptional talent in the region.

Though we faced industry headwinds in our most relevant markets, we continued to grow revenue as a result of our premiumization strategy across the region. In the full year ended 31 December 2019 (FY19), our revenue grew by 1.8% while revenue per hl grew by 4.9%. Volume declines of 3.0% were primarily driven by South Korea and China, partially offset by strong volume growth in India and South East Asia.

Our normalized EBITDA grew by 11.0% and normalized EBITDA margin expanded by 271 bps to 32.4%. The growth of our top-line and normalized EBITDA was driven by the strong performance in our APAC West region[7]. The strong growth of normalized EBITDA in APAC West was a result of the ongoing premiumization, disciplined cost control and other operating income, despite volume declines that were mainly due to softness in the China nightlife channel in the second half of 2019 (2H19) and a difficult comparable in the fourth quarter of 2018 (4Q18). In addition, we continued to lead in e-commerce in China with strong double-digit volume growth in FY19.

Our APAC East region[8] experienced a difficult 2019 with declines in volume, revenue and normalized EBITDA. Our business performance in South Korea was primarily impacted by an overall industry decline due to weaker consumer sentiment, coupled with competitive pressure. In October 2019, we rolled back our price increase previously implemented in April 2019 to revitalize the domestic beer industry during the economic downturn. Amidst these difficult circumstances, we grew market share in FY19 in the in-home channel according to Nielsen and we estimate that we also grew market share in certain on-premise channels. However, Cass has lost market share in the Korean restaurant channel, where it is still the prominent leader; the Korean restaurant channel accounts for approximately a quarter of the market. Overall, this resulted in a total market share loss of approximately 160 bps in FY19, according to our estimates. Our Premium portfolio continued to grow throughout the year, led by Stella Artois and Budweiser.

Overall, we remain excited by the growth potential of the Asia Pacific region. We continue to focus on our commercial strategy and our strong commitment to our communities to deliver sustainable growth for our shareholders.

Driving premiumization across Asia Pacific

Our High End Company is key to continue growing our leading position in the Premium and Super Premium segments. With our diverse Premium and Super Premium portfolio and strong route to market capabilities, we are very well-positioned to continue driving premiumization across markets. We estimate that during 2019, Budweiser maintained its strong #1 position in Premium and Corona became the #1 brand in Super Premium by volume and revenue in China; in South Korea, our leading Premium and Super Premium portfolio grew volumes by mid-single digits in FY19; in India, after exceeding one million hl in FY18, Budweiser continued to grow by strong double digits in FY19; and in Vietnam, we grew volume by strong double digits driven by the Premium and Super Premium segments, in which we estimate that we are in a top three position.

In China, our Premium portfolio, led by Budweiser, declined by low single digits in FY19. This was primarily driven by softness in the nightlife channel during 2H19, a channel in which Budweiser is the leading beer brand. We estimate that Budweiser continues to be the number one brand in the Premium segment and we have made additional commercial investments to accelerate the brand's expansion into other channels. According to Nielsen in China, during FY19, we were again the predominant leader in the Premium and Super Premium segments in the in-home channel and have been growing share faster than any other brewer.

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[6] On 30 September 2019, Budweiser Brewing Company APAC Limited (Budweiser APAC) was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the Hong Kong Stock Exchange) with the stock code 1876, the year in which Budweiser was first brewed.
[7] Comprising China, India, Vietnam and exports elsewhere in APAC
[8] Comprising primarily South Korea, Japan and New Zealand

In our other key markets (i.e., South Korea, India and Vietnam), our Budweiser football campaign, which leveraged Budweiser's global sponsorships of the English Premier League (EPL) and Spanish La Liga, connected very well with our consumers and grew Budweiser's volumes by double digits.

Our Super Premium portfolio continued to grow by strong double digits in FY19, led by Corona, Blue Girl and Hoegaarden in China and Stella Artois in South Korea. We see a great opportunity to leverage our unparalleled portfolio of Super Premium brands, consisting of different styles (e.g., lager, wheat, IPA) and heritages (e.g., German, Belgian), to reach more consumers who are seeking unique products above the Premium segment. We continue to invest in our Super Premium brands and specialized route to market capabilities to drive the future growth of this segment.

Differentiating the Core and Core+ segments

We enriched the Core+ segment through different variants of the Harbin brand (e.g., Harbin Ice, Harbin Crystal) in China and introduced the Core+ segment to India through Beck's Ice. In China, we have seen strong growth for Harbin Crystal since its launch in March 2019. We are excited about the future growth in this segment and continue to invest in our local brands and variants (e.g., Sedrin Lychee Beer, King of Wheat, 1900) to expand our Core+ portfolio as consumers continue to trade up into this segment across different regions of the country.

In India, the Beck's Ice "100% Pure Malt, 100% Smooth Taste" campaign, combined with attractive packaging featuring a premium design on a clear glass bottle, resonated very well with consumers. We saw strong volume growth supported by increasing brand equity, and expanded distribution from three states in 2018 to 14 states in 2019.

Creating new consumer experiences and innovative products

As a consumer-focused, insights-driven company, we continue to innovate our products and services to address evolving consumer preferences. We are expanding our reach to consumers seeking differentiated products and experiences through our international and local craft brands (e.g., Goose Island, Boxing Cat, Hand & Malt). In FY19, we opened an additional Boxing Cat pub in Xintiandi Shanghai, China, an additional Goose Island pub in Putian, China, and three more Hand & Malt pubs in Seoul, South Korea, for a total of eight craft pubs in China and six in South Korea. In India, we launched our first craft brand, 7Rivers, and introduced two wheat variant beers to address a growing trend of specialty wheat beers across the country's urban centers. In addition, we entered into an agreement with the Indian Hotels Company Limited (IHCL) in October 2019 with a plan to open 15 microbreweries in the next 5 years located in the iconic Taj hotels. We are confident that our passion for beer, coupled with our age-old craftsmanship of brewing high quality beer, positions us well to create exciting new offerings for consumers across markets in Asia Pacific.

We leveraged our category expansion framework to launch a non-alcohol beer, Budweiser 0.0, in India, which has been distributed in new channels (e.g., travel retail, e-commerce, airlines, modern trade and general trade). In China and Vietnam, we launched a flavored beer, Hoegaarden Rosée, centered around creating new experiences (e.g., a premium beer garden) for our consumers. It is gaining increasing popularity in co-ed occasions, fueling incremental growth to the traditional beer drinking occasions in these markets.

Building a sustainable future with our communities

Sustainability is not only part of our business, it is our business. We collaborate with business partners throughout our supply chain to build a sustainable future for the communities in which we work and live. In FY19, we made significant achievements in these initiatives:

- *Smart Agriculture*: We continued to support our local farmers and their communities. In 2019, we worked with over 4,000 barley farmers in India, to help them increase the yield, quality and traceability of our barley by leveraging digital solutions and advanced crop management techniques.

- *Water Stewardship:* In 2019, we implemented innovative technology and process improvements across our footprint to reduce water usage in our breweries by 5%. We also invested in watershed protection programs and increased water availability in high-stress areas across India and China. For example, we are building water harvesting structures, such as check dams, recharge wells and storage ponds, in India to help our communities prepare for the next monsoon season.

- *Circular Packaging:* In 2019, 56% of our beer volumes were in returnable packaging (e.g., returnable glass bottles). Of the remainder, 46% were made using recycled content. We are leveraging the strong equity of our brands to raise awareness for recycling among our consumers, such as our Corona “Save the Beach” campaign this year to reduce plastic pollution on beaches.

- *Climate Action:* In 2019, we estimate a reduction of 5.5% kgCO2 per hl compared to our baseline year 2017 on total combined emissions[9]. In addition, 4% of our volumes were produced using renewable electricity. We have installed solar panels at nine of our breweries and are in the process of doing so at three additional breweries. We also partnered with FoQi and FeiChi in China to use a hydrogen-powered truck for beer deliveries in China, the first beer company to use this technology in the country.

Promoting a culture of Smart Drinking

We want every experience with beer to be a positive one. We believe that responsible drinking behaviours benefit consumers, society and our business. We continue to leverage our Pan-Asian platform and partner with the United Nations Institute for Training and Research (UNITAR), international organizations and local authorities to promote smart drinking across Asia Pacific.

In China, we joined the Shanghai Public Security Bureau Traffic Police Brigade to celebrate China’s National Traffic Safety Day. At the event, we announced our collaboration with UNITAR to develop digital solutions (e.g., mobile road safety warning app, real-time monitoring of road hazards) to reduce traffic accidents in Shanghai. In addition, we were awarded “Outstanding Socially Responsible Company of the Year” by Xinhua.net, China’s official press agency.

In South Korea, we partnered with local stakeholders to implement our Smart Drinking campaigns. For example, we hosted the award ceremony for the “No Drink & Drive” program for police staff dedicated to drunk-driving prevention and college events to prevent underage drinking.

In India, we addressed the critical issue of illicit alcohol in partnership with the Transnational Alliance to Combat Illicit Trade. We released a report on the impact of illicit liquor on public health, the economy, politics and state welfare in India and hosted our “#Don’tPegOnPoison” event with key policy makers to raise public awareness of the topic.

BUSINESS REVIEW

APAC WEST

In FY19, our revenue in the APAC West region grew by 3.8%, translating to a 0.4% growth on the reported basis after including currency impacts and scope changes, driven by revenue per hl growth of 6.2% with a volume decline of 2.3%. In 4Q19, revenue declined by 1.6%, as revenue per hl growth of 3.6% was offset by a volume decline of 5.1%. Normalized EBITDA grew by 19.7% in FY19 and 16.0% in 4Q19.

China

Our revenue in China grew by 3.2% driven by revenue per hl growth of 6.4% and a volume decline of 3.0% in FY19. In 4Q19, revenue declined by 3.0% as revenue per hl growth of 3.9% was offset by a volume decline of 6.6%. Revenue per hl in China continued to grow as a result of ongoing premiumization, despite Budweiser’s volume decline in 2H19 due to continued softness in the nightlife channel. In addition, we faced a difficult comparable in 4Q19 due to a strong performance in volume and normalized EBITDA in 4Q18. During FY19, we estimate we gained market share in every channel; however, our overall market share declined by approximately 50 bps. This was due to the channel mix shift resulting from softness in the nightlife channel, where our portfolio has a leading position.

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[9] The total combined emissions include: Scope 1: Direct emissions including emissions from fuel combustion, process emissions and fugitive GHG emissions (e.g. leaks purchased CO2 in breweries); Scope 2: Indirect emissions associated with the generation of purchased electricity and steam consumed in our sites; Scope 3: Indirect emissions including the following categories: Purchased Goods and Services, Upstream and Downstream Distribution, Use of Product (Product Cooling including on and off premise but excluding home cooling), and End of Life.

While we continue to invest in the nightlife channel, we have also allocated additional resources to other occasions (e.g., in-home, e-commerce) and consumer passion points (e.g., sports, food) to balance our performance across channels. According to Nielsen in China, during FY19, we were again the predominant leader in the Premium and Super Premium segments in the in-home channel and have been growing share faster than any other brewer.

Budweiser continues to drive premiumization in China through product innovations (e.g., Budweiser Pulse), collaborations with other international and local premium brands (e.g., Budweiser x Moschino, Budweiser x Shanghai Tang), and innovative product launches in social media and e-commerce channels. These campaigns further elevated Budweiser's brand image and sales conversion. For example, the Budweiser x Moschino crossover campaign resulted in a total of 320 million impressions, with all of the limited-edition items selling out within 20 minutes of the campaign's launch on e-commerce platforms.

Our Super Premium portfolio continued to perform very well with strong double-digit volume growth, led by Corona, Blue Girl and Hoegaarden. After exceeding one million hl in 2018, Corona continued its strong double-digit growth and became the #1 Super Premium brand in 2019. We launched innovative marketing and experiential trade programs to further enrich consumer experiences through online and offline platforms (e.g., Tmall Double-11 "Island & Idol" campaign, "Make Your Winter A Summer" national experiential campaign).

Blue Girl continued to show strong double-digit growth, exceeding one million hl in FY19. It complements our existing classic lager portfolio in the Super Premium segment. With our established route to market for our Super Premium portfolio and dedicated sales and marketing resources through the HEC, we are very excited about the further growth potential of the Blue Girl brand in China.

We estimate that Hoegaarden is the leading and fastest growing wheat beer in China, which is the largest market for Hoegaarden by revenue worldwide. In May 2019, we successfully launched Hoegaarden Rosée, a variant that is also popular among female consumers and in co-ed occasions, further contributing to the strong double-digit growth of the Hoegaarden brand family.

In our Core+ portfolio, we continue to offer different variants (e.g., Harbin Ice, Harbin Crystal) for consumers to trade up from the Core and Value segments. Our Harbin brand family connects very well with young, legal drinking age adults through their passion for e-sports, street culture and local pride. We see great potential for future growth of the Harbin brands in the Core+ segment as more consumers trade up in different regions across China. We continue to invest in and innovate this national brand to offer consumers new products and experiences.

We continue to lead in e-commerce with strong double-digit volume growth. During the Double-11 e-commerce campaign in November 2019, the largest e-commerce sales event in China, Budweiser was the #1 brand and Corona, Hoegaarden and Harbin were also among the top five beer brands by retail sales value on both the Tmall and JD platforms. We continue to increase our brand penetration online with packaging innovations exclusive to e-commerce. We provide consumers with a fast delivery service for our products through strong partnerships with "new retail" and "online-to-offline" (O2O) platforms, including Hema, Eleme and Meituan.

In FY19, normalized EBITDA grew by 19.1% with margin expansion of 470 bps and in 4Q19, normalized EBITDA grew by 13.6% with margin expansion of 397 bps. This was a result of strong brand mix, ongoing cost discipline, localization initiatives (e.g., reducing the cost of imports) and other operating income including various incentives and divestment of assets, which helped to offset the declines in the nightlife channel in 2H19, our most profitable channel.

India

Our volumes grew by mid-single digits in FY19, primarily driven by our Premium and Core+ segments. After exceeding one million hl in FY18, Budweiser continued to grow by strong double digits in FY19. We have also focused on actively driving growth through category expansion, with initiatives such as Beck's Ice in Core+, a segment we introduced to consumers in India. Beck's Ice has shown significant volume growth through our expansion to focus regions. In July 2019, we launched Budweiser 0.0, a non-alcohol variant of Budweiser, and have successfully expanded our distribution into additional channels (e.g., travel retail, e-commerce, airlines, modern trade and general trade).

APAC EAST

Our revenue in the APAC East region declined by 5.1%, translating to a 13.6% decline on the reported basis after including currency impacts and scope changes, as a volume decline of 7.2% was slightly offset by revenue per hl growth of 2.3% in FY19. In 4Q19, revenue declined by 9.5%, driven by a volume decline of 8.0% and a revenue per hl decline of 1.7%. Normalized EBITDA declined by 12.6% in FY19 and 44.0% in 4Q19.

South Korea

In FY19, we observed an overall industry decline in South Korea primarily driven by weaker consumer sentiment. We estimate that our lower volumes, especially in 2H19, were predominately driven by the overall industry decline, coupled with competitive pressure. On 21 October 2019, we rolled back our price increase previously implemented in April 2019 to revitalize the domestic beer industry during the economic downturn.

Amidst these difficult circumstances, we grew market share in FY19 in the in-home channel according to Nielsen and we estimate that we also grew market share in certain on-premise channels. However, Cass has lost market share in the Korean restaurant channel, where it is still the prominent leader; the Korean restaurant channel accounts for approximately a quarter of the market. Overall, this resulted in a market share loss of approximately 160 bps in FY19, according to our estimates. We also launched an affordability innovation, called Filgood, in the low-malt Happoshu segment. Since its launch in February 2019, Filgood has been consistently growing share month-over-month, resulting in a meaningful share of segment by the end of 2019.

Our Premium and Super Premium portfolio continued to grow in volume and market share, led by Stella Artois and Budweiser. This was mainly a result of the successful EPL activation for Budweiser and effective promotions and packaging innovations in targeted channels. FY19 was also a year of bold and creative marketing campaigns focused on cultural insights and relevance. Select campaigns of Stella Artois and Budweiser were awarded as “the best marketing campaigns of the year” by various local media agencies, which helped reinforce and amplify the purpose of our brands to consumers and ultimately led to our mid-single digit volume growth in the Premium and Super Premium segment during the year.

OUTLOOK

We finished 2019 with a challenging 4Q19 in China due to a slow recovery in the nightlife channel, even though it was improving gradually month-over-month within the quarter. Subsequently, we had a strong start of the year during the first three weeks of January 2020, supported by our largest Chinese New Year (CNY) campaign ever, until the outbreak of the COVID-19 virus.

The World Health Organization declared the outbreak a “public health emergency of international concern” (PHEIC), affecting many people’s lives and their ways of living. The health and safety of our community, our colleagues and business partners are our top priority. We support the government’s measures and recommendations (e.g., staying home, avoiding crowds, minimizing gatherings) to contain the spread of the virus. We commend the efforts of health officials on the front lines and around the world who have been combatting the outbreak.

As a company with deep roots in China for over 30 years, we care deeply about the country and its people. We have donated funds and resources to local communities to support the fight against COVID-19, including a cash contribution, emergency medical supplies and clean drinking water from Budweiser’s Emergency Drinking program. We are committed to supporting our communities in their efforts to combat the virus and win this fight.

The impact of the virus outbreak on our business continues to evolve. We have observed almost no activity in the nightlife channel and very limited activity in restaurants. To a lesser extent, we have also observed a meaningful decline in in-home channel (e.g., modern trade, traditional trade), with the exception of e-commerce, which has accelerated its growth significantly.

For the first two months of 2020, we are estimating[10] a decline in revenue of approximately 285 million USD organically and a decline in normalized EBITDA of approximately 170 million USD organically as compared to the same period in 2019 in China, driven by the impact from the outbreak. However, it is difficult to estimate the full impact in the coming months, as it is dependent on the containment of the virus and the speed by which our customers resume their normal operations.

On the supply side, we have re-opened more than half of our breweries and obtained licenses to re-open all of the other breweries, except for our brewery in Wuhan, as at the date of this press release. We continue to brew and deliver high quality beer to consumers when and where they choose to enjoy our products safely.

As a company of owners, we act with a great sense of urgency, agility and discipline. We have reallocated resources, where possible, to support our business partners and consumers through this difficult time and prepare for a strong recovery thereafter. We remain committed to the China market and optimistic about the growth potential of our business given our unparalleled brand portfolio, exceptional route to market and resilient team. We look forward to bringing people together in celebratory moments as our consumers reconnect with family and friends as soon as this crisis is over.

In South Korea, we remain cautious on the recovery of the overall economy and industry, especially with the recent outbreak of the COVID-19 virus in the country. In 1H20, we also face a difficult comparable. We continue to increase our commercial investments to support our brands, the results of which have already become visible in certain channels (e.g., in-home).

Since 1 January 2020, the tax reform in South Korea that aims to create a more equal excise treatment for domestic brewers and imported brands has been implemented, which is beneficial for the industry overall and especially for domestic brewers. We continue to make commercial investments to revitalize the beer industry and support our brands.

In our business in APAC, we will continue to make the necessary commercial investments to fuel our growth initiatives, especially through geographic expansion, innovations and the extended reach of our Premium and Super Premium portfolio into different channels and occasions. In addition, we will continue to evaluate and pursue inorganic growth opportunities in both our existing and new markets. We believe our top and bottom-line growth will be driven by brand mix from premiumization and supported by ongoing cost discipline. We are excited by the growth potential of the Asia Pacific region and remain focused on our commercial strategy to deliver sustainable growth for our shareholders.

[10] Estimated based on data currently available to management as at the date of this press release, including January 2020 management accounts, estimated February 2020 impact to date, and expected trend for the remainder of February 2020. This data is based on internal records and management accounts and has not been reviewed or audited by independent auditors.

BUDWEISER APAC CONSOLIDATED FINANCIAL INFORMATION

The financial information of the Group has been reviewed by the Audit Committee of the Company, approved by the Board and agreed by the Group's external auditor, PricewaterhouseCoopers, to the amounts set out in the audited financial statements.

CONSOLIDATED INCOME STATEMENT

	Notes	**2019**	**2018**
		US$'million	*US$'million*
Revenue	*4*	**6,546**	**6,740**
Cost of sales		(3,058)	(3,240)
Gross profit		**3,488**	**3,500**
Distribution expenses		(519)	(540)
Sales and marketing expenses		(1,358)	(1,421)
Administrative expenses		(382)	(395)
Other operating income	*5*	237	154
Profit from operations before non-recurring items		**1,466**	**1,298**
Non-recurring items	*6*	(98)	(42)
Profit from operations		**1,368**	**1,256**
Finance costs		(39)	(22)
Non-recurring finance costs	*6*	(8)	(21)
Finance income		23	25
Net finance cost		**(24)**	**(18)**
Share of results of associates		23	17
Profit before tax		**1,367**	**1,255**
Income tax expense	*7*	(459)	(296)
Profit for the year		**908**	**959**
Profit of the year attributable to:			
Equity holders of Budweiser APAC		898	958
Non-controlling interests		10	1
Earnings per share from profit attributable to the ordinary equity holders of Budweiser APAC:			
Basic and diluted earnings per share	*8*	7.50	8.29

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2019	2018
	US$'million	*US$'million*
Profit for the year	**908**	**959**
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Re-measurement of post-employment benefits	2	(4)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(227)	(495)
Losses on cash flow hedges	(4)	(1)
Other comprehensive loss, net of tax	**(229)**	**(500)**
Total comprehensive income	**679**	**459**
Total comprehensive income of the year attributable to:		
Equity holders of Budweiser APAC	665	458
Non-controlling interests	14	1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**2019** *US$'million*	**2018** *US$'million*
ASSETS			
Non-current assets			
Property, plant and equipment		3,638	3,790
Goodwill		6,921	6,718
Intangible assets		1,708	1,718
Land use rights		247	276
Investment in associates		418	403
Deferred tax assets		215	222
Trade and other receivables		53	55
Total non-current assets		**13,200**	**13,182**
Current assets			
Inventories		438	417
Trade and other receivables	*9*	652	580
Derivatives		14	12
Cash pooling deposits to AB InBev		40	-
Cash and cash equivalents		952	1,667
Other current assets		12	4
Total current assets		**2,108**	**2,680**
Total assets		**15,308**	**15,862**
EQUITY AND LIABILITIES			
Equity			
Issued capital	*12*	-	-
Share premium	*12*	43,591	-
Capital reserve	*12*	(36,213)	8,391
Other reserves		(556)	(322)
Retained earnings		3,014	2,084
Equity attributable to equity holders of Budweiser APAC		**9,836**	**10,153**
Non-controlling interests		48	19
Total equity		**9,884**	**10,172**
Non-current liabilities			
Interest-bearing loans and borrowings		28	30
Loans with AB InBev		-	473
Deferred tax liabilities		484	408
Trade and other payables		135	29
Provisions		136	250
Income tax payable		110	1
Other non-current liabilities		38	31
Total non-current liabilities		**931**	**1,222**
Current liabilities			
Bank overdrafts		75	45
Cash pooling loans from AB InBev		50	-
Interest-bearing loans and borrowings		160	67
Trade and other payables	*10*	2,594	2,547
Payables with AB InBev	*10*	222	405
Consigned packaging and contract liabilities	*10*	1,260	1,284
Derivatives		10	1
Provisions		13	18
Income tax payable		109	101
Total current liabilities		**4,493**	**4,468**
Total equity and liabilities		**15,308**	**15,862**

NOTES TO CONSOLIDATED FINANCIAL INFORMATION

1. General Information

Budweiser Brewing Company APAC Limited (the "Company") was incorporated in the Cayman Islands on 10 April 2019 as an exempted company with limited liability under the laws of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681 Grand Cayman, KY1-1111, Cayman Islands. The Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 September 2019 (the "Listing").

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") are principally engaged in the brewing and distribution of beer in the Asia Pacific region.

The immediate parent company of the Group is AB InBev Brewing Company (APAC) Limited which is a private company incorporated in the United Kingdom.

The ultimate parent company of the Group is Anheuser-Busch InBev SA/NV (referred to as "AB InBev"), which is a publicly traded company (Euronext: ABI) based in Leuven, Belgium, with secondary listings on the Mexico (MEXBOL: ANB) and South Africa (JSE: ANH) stock exchanges and with American Depositary Receipts on the New York Stock Exchange (NYSE: BUD).

The announcement has been presented in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in the announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

The financial information relating to the year ended 31 December 2019 included in this announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements.

The Company's auditor has reported on the financial statements of the Group for the year ended 31 December 2019. The auditor's report is unqualified and does not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report.

2. Basis of Presentation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and the IFRS Interpretations Committee ("IFRIC") interpretations applicable to companies reporting under IFRS which are mandatory for the financial periods beginning on 1 January 2019 and the disclosure requirements of the Hong Kong Company Ordinance. The consolidated financial statements have been prepared under the historical cost convention unless otherwise stated. The Group adopted IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers, IFRS 16 Leases and IFRIC 23 Uncertainty over Income Tax Treatments effective on 1 January 2017. The adoption of these standards did not have a material impact on the Group.

To prepare for the Listing on the Main Board of the Stock Exchange, the Company became the holding company of the Group via a reorganization which was completed on 30 September 2019. The reorganization steps include the transfer at fair market value of the subsidiaries of China, Korea, India, Vietnam, Japan and New Zealand primarily in exchange for the issue of shares to or settlement of loans with AB InBev. AB InBev provided the funds to the Company through loan contributions to enable it to complete the reorganization. The entire proceeds from the Listing of 5,749 million US dollar were used to immediately repay loans due to AB InBev subsidiaries. The reorganization is a recapitalization of a single business on the basis that prior to Listing the businesses were previously managed as a single business and the legal structure was reorganized to reflect this.

The Group had not historically formed a separate legal Group before the completion of the reorganization. Up to the date of the Listing, the financial information was prepared on a combined basis. A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined Group recognizes the assets, liabilities and equity of the combining entities at the carrying amounts in the consolidated financial statements of the controlling party, AB InBev, prior to the common control reorganization. The consolidated income statement includes the results of each of the combined entities from the earliest date presented. Intercompany transactions, balances and unrealized gains/losses on transactions between Group companies are eliminated on combination.

As further explained in Note 3.1.5 of the consolidated financial statements, and in line with many other Fast Moving Consumer Goods ("FMCG") companies, the Group intentionally maintains a net current liabilities position as part of its business model despite strong operating cash flows. Therefore, the group's net current liabilities position is not indicative of any going concern issues, and the consolidated financial statements have been prepared on a going concern basis.

3. Significant accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4 of the consolidated financial statements.

New and amendments to IFRSs in issue but not yet effective

The following are standards and amendments to existing standards that have been published and are relevant and mandatory for the Group's accounting periods beginning after 1 January 2020, but have not been early adopted by the Group.

		Effective for annual periods Beginning on or after
IFRS 3 (Amendments)	Definition of a Business	1 January 2020
IFRS 1 and IAS 8 (Amendments)	Definition of Materiality	1 January 2020
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associates and Joint Ventures	To be determined

4. Segment information

Segment information is presented by geographical segments, consistent with the information that is available and evaluated regularly by the chief operating decision maker.

The Group operates its business through two geographic regions: Asia Pacific East (primarily South Korea, Japan and New Zealand) and Asia Pacific West (China, India, Vietnam and exports elsewhere in Asia Pacific), which are the Group's two reportable segments for financial reporting purposes. Regional and operating Group management is responsible for managing performance, underlying risks and effectiveness of operations. Management uses performance indicators such as Normalized EBITDA as measures of segment performance and to make decisions regarding allocation of resources.

All figures in the tables below are stated in million US dollar, except volume (thousand hectoliter) and Normalized EBITDA margin (in %).

For the years ended 31 December 2019 and 2018

	Asia Pacific East		Asia Pacific West		Total	
	31 December		31 December		31 December	
	2019	2018	2019	2018	2019	2018
Volume (unaudited)	12,691	14,120	80,477	82,125	93,168	96,245
Revenue [11]	1,370	1,585	5,176	5,155	6,546	6,740
Normalized EBITDA	**446**	**549**	**1,675**	**1,445**	**2,121**	**1,994**
Normalized EBITDA margin %	32.6%	34.6%	32.4%	28.0%	32.4%	29.6%
Depreciation, amortization and impairment					655	696
Normalized profit from operations (Normalized EBIT)					**1,466**	**1,298**
Non-recurring items (Note 6)					(98)	(42)
Profit from operations (EBIT)					**1,368**	**1,256**
Net finance cost					(24)	(18)
Share of results of associates					23	17
Income tax expense					(459)	(296)
Profit for the year					**908**	**959**
Segment assets (non-current)	5,522	5,728	7,678	7,454	13,200	13,182
Gross capex	71	67	527	536	598	603

Normalized EBITDA is a key financial measure regularly monitored by management in managing the Group's performance, capital and funding structure. Normalized EBITDA is calculated by excluding the following effects from profit attributable to equity holders of Budweiser APAC: (i) non-controlling interest; (ii) income tax expense; (iii) share of results of associates; (iv) net finance cost; (v) non-recurring net finance cost; (vi) non-recurring items above EBIT (including non-recurring costs) and (vii) depreciation, amortization and impairment.

Normalized EBITDA and normalized EBIT are not accounting measures under IFRS and should not be considered as an alternative to profit attributable to equity holders as a measure of operational performance, or an alternative to cash flow as a measure of liquidity. Normalized EBITDA and normalized EBIT do not have a standard calculation method and the Group's definition of normalized EBITDA and normalized EBIT may not be comparable to that of other companies.

The reconciliation between profit attributable to equity holders and normalized EBITDA is as follows:

	2019	2018
	US$'million	*US$'million*
Profit attributable to equity holders of Budweiser APAC	**898**	**958**
Non-controlling interest	10	1
Profit for the year	**908**	**959**
Income tax expense (excluding non-recurring)	469	305
Share of results of associates	(23)	(17)
Net finance cost (including non-recurring finance cost)	24	18
Non-recurring income tax benefit	(10)	(9)
Non-recurring items above EBIT	98	42
Normalized EBIT	**1,466**	**1,298**
Depreciation and amortization	655	696
Normalized EBITDA	**2,121**	**1,994**

[11] Revenue represents sales of beer products recognized at a point of time.

5. Other operating income

	2019	2018
	US$'million	*US$'million*
Grants and incentives	87	91
Net gain on disposal of property, plant and equipment and intangible assets	105	44
Other operating income	45	19
Other operating income	**237**	**154**

Grants and incentives in 2019 primarily related to various grants and incentives given by local governments, based on the Group's operations and developments in those regions.

Net gain on disposal of property, plant and equipment and intangible assets includes net gains of 45 million US dollar and 7 million US dollar from the sale of properties for the years ended 31 December 2019 and 2018, respectively.

6. Non-recurring items

The non-recurring items included in the consolidated income statement are as follows:

	2019	2018
	US$'million	*US$'million*
Restructuring	(24)	(39)
Acquisition and integration costs	(7)	(3)
Costs associated with the Listing	(67)	-
Impact on profit from operations	**(98)**	**(42)**
Non-recurring finance costs	(8)	(21)
Non-recurring income tax benefit	10	9
Net impact on profit	**(96)**	**(54)**

The Group incurred costs associated with the Listing of 67 million US dollar reported as non-recurring items and costs capitalized associated with the Listing of 61 million US dollar.

The non-recurring restructuring charges primarily relate to organizational alignments. These changes aim to eliminate overlapping organizations or duplicated processes, taking into account the right match of employee profiles with the new organizational requirements. These one-time expenses, as a result of the series of decisions, provide the Group with a lower cost base in addition to a stronger focus on the Group's core activities, quicker decision-making and improvements to efficiency, service and quality.

The finance cost of Loans with AB InBev of 17 million US dollar for 2019 and 27 million US dollar for 2018 is included in non-recurring finance costs given these loans were settled or capitalized upon Listing.

7. Income tax expense

Income taxes recognized in the consolidated income statement are as follows:

	2019	2018
	US$'million	*US$'million*
Current year	(360)	(360)
(Under)/overprovided in prior years	(20)	29
Current tax expense	(380)	(331)
Deferred tax expense	(79)	35
Income tax expense	**(459)**	**(296)**

The reconciliation of the effective tax rate with the aggregated weighted nominal tax rate is summarized as follows:

	2019	2018
	US$'million	*US$'million*
Profit before tax	1,367	1,255
Deduct share of results of associates	23	17
Profit before tax and before share of results of associates	**1,344**	**1,238**
Adjustments on taxable basis		
Expenses not deductible for tax purposes	166	82
Other non-taxable income	(134)	(78)
	1,376	**1,242**
Aggregated weighted nominal tax rate	**26.7%**	**25.0%**
Tax at aggregated weighted nominal tax rate	(368)	(311)
Adjustments on tax expense		
Utilization of tax losses not previously recognized	18	12
Recognition of deferred tax assets on previous years' tax losses	-	21
Write-down of deferred tax assets on tax losses and current year losses for which no deferred tax asset is recognized	(37)	(45)
(Under)/overprovided in prior years	(20)	29
Withholding taxes	(54)	(7)
Other tax adjustments	2	5
	(459)	**(296)**
Effective tax rate	**34.2%**	**23.9%**
Normalized effective tax rate	**32.3%**	**23.4%**

The Group's income tax expense included 2 million US dollar and 4 million US dollar in respect of Hong Kong profits tax in the years ended 31 December 2019 and 2018.

Normalized ETR increased from 23.4% in FY18 to 32.3% in FY19, primarily driven by withholding taxes on dividend payments (associated with re-organizations for the IPO and accruals for the final dividend for FY19) and an allowance on deferred tax assets accrued historically. Excluding these items, our normalized ETR would have been 27.1% in FY19.

Normalized effective tax rate is not an accounting measure under IFRS and should not be considered as an alternative to the effective tax rate. Normalized effective tax rate method does not have a standard calculation method and the Group's definition of normalized effective tax rate may not be comparable to other companies.

8. Earnings per share

The calculation of basic earnings per share is computed in the table below.

	2019	2018
Earnings attributable to shareholders (Million US Dollar)	898	958
Weighted average number of shares in issue (shares)	11,971,094,492	11,550,938,000
Earnings per share (cent USD)	**7.50**	**8.29**

Dilutive equity instruments have no impact to the calculation of earnings per share for the years ended 31 December 2019 and 2018. For the calculation of the weighted average number of shares in issue, the shares issued as part of the reorganization were adjusted retrospectively on the basis that the new structure had been in issue throughout the periods presented.

The calculation of adjusted earnings per share is computed in the table below.

	2019	2018
Normalized earnings attributable to shareholders (Million US Dollar)	994	1,012
Adjusted weighted average number of shares in issue (shares)	13,220,397,000	13,220,397,000
Adjusted basic and diluted earnings per share (cent USD)	**7.52**	**7.65**

Adjusted weighted average number of shares in issue and adjusted basic and diluted earnings per share are calculated on the assumption that the shares issued by the Company for the Listing existed throughout the year ended 31 December 2019 and 2018.

The reconciliation of basic and diluted earnings per share to adjusted basic and diluted earnings per share is shown in the table below.

	2019	2018
Basic and diluted earnings per share	**7.50**	**8.29**
Non-recurring items, before tax	0.82	0.36
Non-recurring finance cost, before tax	0.07	0.18
Non-recurring taxes	(0.08)	(0.08)
Adjusted weighted average number of shares in issue	(0.79)	(1.10)
Adjusted basic and diluted earnings per share	**7.52**	**7.65**

9. Trade and other receivables

	2019	2018
	US$'million	*US$'million*
Trade receivables and accrued income	412	376
Trade receivables with AB InBev	37	47
Indirect tax receivable	116	81
Prepaid expenses	48	53
Other receivables	39	23
Current trade and other receivables	**652**	**580**

The carrying amount of trade and other receivables is a good approximation of their fair value as the impact of discounting is not significant.

Trade receivables and trade receivables with AB InBev are due on average less than 90 days from the date of invoicing. There is limited credit risk as the Group does not have significant uncollected amounts.

As of 31 December 2019 and 31 December 2018, the aging analysis of current trade receivables and trade receivables with AB InBev, based on due date, is as follows:

	2019	2018
	US$'million	*US$'million*
Not past due	429	399
Past due as of reporting date:		
Less than 30 days	13	14
Between 30 and 59 days	3	7
Between 60 and 89 days	4	3
Trade receivables and trade receivables with AB InBev	**449**	**423**

10. Trade and other payables, payables with AB InBev and consigned packaging and contract liabilities

	2019	2018
	US$'million	*US$'million*
Trade payables and accrued expenses	1,930	1,891
Payroll and social security payables	89	119
Indirect taxes payable	328	360
Contingent and deferred consideration on acquisitions	110	6
Other payables	137	171
Current trade and other payables	**2,594**	**2,547**

	2019	2018
	US$'million	*US$'million*
Payables with AB InBev	**222**	**405**

The Group pays the outstanding balances to the creditors according to the credit terms. Trade payables and payables to AB InBev are on average due within 120 days from the invoice date. As of 31 December 2019 and 31 December 2018 trade payables and payables to AB InBev were 2,152 million US dollar and 2,296 million US dollar, respectively.

	2019	**2018**
	US$'million	*US$'million*
Consigned packaging	380	391
Contract liabilities	880	893
Consigned packaging and contract liabilities	**1,260**	**1,284**

Consigned packaging represents deposits paid by the Group's customers for use of the Group's returnable packaging which are assets controlled by the Group.

11. Dividends

The Board has recommended the payment of a final dividend of US dollar 2.63 cents per share in respect of the year ended 31 December 2019. This represents 35% of the normalized profit attributable to equity holders of Budweiser APAC in FY19. Subject to the approval of shareholders at the AGM, the proposed final dividend will be paid on or before 30 June 2020.

Shareholders registered under the principal register of members in the Cayman Islands will automatically receive their dividends in US dollars while shareholders registered under the Hong Kong branch register of members will automatically receive their dividends in Hong Kong dollars. The final dividends paid in Hong Kong dollars will be calculated with reference to the exchange rate of US dollars against Hong Kong dollars on the date of the annual general meeting of the Company (to be further announced) on which such dividends will be proposed to the shareholders of the Company for approval.

The dividend paid will be recognized in the consolidated financial statement on the date that the dividend is declared.

12. Changes in equity

To prepare for the Listing, the Company became the holding company of the Group via a reorganization which was completed on 30 September 2019. The reorganization steps included the transfer at fair value of the subsidiaries of China, Korea, India, Vietnam, Japan and New Zealand primarily in exchange for the issues of shares to or settlement of loans with AB InBev.

Issued capital

The table below summarizes the changes in issued capital during 2019 since the incorporation of the Company on 10 April 2019.

	Issued Capital	
	Million Shares	**US$' thousand**
At incorporation	**-**	**-**
Issued to AB InBev (1)	11,551	115
Issued as part of the Listing (2)	1,692	17
At 31 December 2019	**13,243**	**132**

(1) On 3 July 2019, the issued share capital of the Company increased through the issue of 7,534,412,000 new shares to a subsidiary of AB InBev in exchange for the transfer of the China business into the Group. On 25 September 2019, the issued share capital of the Company increased through the issue of 4,016,525,000 shares to a subsidiary of AB InBev in exchange for the transfer of the South Korea business into the Group.

(2) On 30 September 2019, the Company issued 1,474,704,000 shares as part of the Listing on the Stock Exchange of Hong Kong. On 3 October 2019, the Company listed an additional 217,755,000 shares on the Stock Exchange under the Over-allotment Option as described in the Global Offering Prospectus. The Company has appointed a trustee to assist with the administration and vesting of the Share Award Schemes who held 23,000,000 shares in trust, reserved for Share Award Schemes, as at 31 December 2019.

As at 31 December 2019 the total authorized share capital of Budweiser APAC is 180,000 US dollar of which the total un-issued capital is 47,566 US dollar.

Share premium

The share premium of the Company arises from the difference between the par value of shares issued and the fair value of the consideration received.

The share premium of the Company arose from the following transactions:
(1) The issues of shares to AB InBev for the acquisition of the China and Korea subsidiaries
(2) The issues of shares in the Listing

The application of the share premium account is governed by Section 34(2) of the Companies Law (2013 Revision) of the Cayman Islands. Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of the business.

Capital reserve

The Group recognizes the assets, liabilities and equity of the combining entities at the carrying amounts in the consolidated financial statements of the controlling party, AB InBev, prior to the common control reorganization. The transfer at fair value of the reorganized subsidiaries, in exchange for the issue of shares or settlement of loans with AB InBev, was accounted in equity in the capital reserve amounting to 43,507 million US dollar.

The capital contributions from AB InBev prior to the Listing are presented in the capital reserve.

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our shareholders. The Company has complied with the Code Provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules since 30 September 2019, being the date on which the shares of the Company were first listed on the Stock Exchange of Hong Kong Limited (the Listing Date), and up to 31 December 2019.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the period since the Listing Date, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

FURTHER INFORMATION

To facilitate the understanding of Budweiser APAC's underlying performance, the analyses of growth, including all comments in this press release, unless otherwise indicated, are based on organic growth and normalized numbers. In other words, financials are analyzed eliminating the impact of changes in currencies on translation of foreign operations, and scope changes. Scope changes represent the impact of acquisitions and divestitures, the start or termination of activities or the transfer of activities between segments, curtailment gains and losses and year over year changes in accounting estimates and other assumptions that management does not consider as part of the underlying performance of the business.

Whenever presented in this document, all performance measures (EBITDA, EBIT, profit, tax rate, EPS) are presented on a "normalized" basis, which means they are presented before non-recurring items, unless otherwise indicated. Non-recurring items are either income or expenses which do not occur regularly as part of the normal activities of Budweiser APAC. They are presented separately because they are important for the understanding of the underlying sustainable performance of Budweiser APAC due to their size or nature. Normalized measures are additional measures used by management and should not replace the measures determined in accordance with IFRS as an indicator of Budweiser APAC's performance.

In particular, normalized EBITDA, normalized EBIT and normalized effective tax rate are not accounting measures under IFRS accounting. Normalized EBITDA and normalized EBIT should not be considered as an alternative to profit attributable to equity holders as a measure of operational performance, or an alternative to cash flow as a measure of liquidity. Normalized effective tax rate should not be considered as an alternative to the effective tax rate. Normalized EBITDA, normalized EBIT and normalized effective tax rate do not have a standard calculation method and the Group's definition may not be comparable to that of other companies.

Values in the figures and annexes may not add up, due to rounding.

Legal Disclaimer

This release contains "forward-looking statements". These statements are based on the current expectations and views of future events and developments of the management of Budweiser APAC and are naturally subject to uncertainty and changes in circumstances. Forward-looking statements include statements typically containing words or phrases such as "will likely result", "are expected to", "will continue", "is anticipated", "anticipate", "estimate", "project", "may", "might", "could", "believe", "expect", "plan", "potential", "we aim", "our goal", "our vision", "we intend" or similar expressions that are forward-looking statements. All statements other than statements of historical facts are forward-looking statements. You should not place undue reliance on these forward-looking statements, which reflect the current views of the management of Budweiser APAC, are subject to numerous risks and uncertainties about Budweiser APAC and are dependent on many factors, some of which are outside of Budweiser APAC's control. There are important factors, risks and uncertainties that could cause actual outcomes and results to be materially different, including the risks and uncertainties relating to Budweiser APAC as described in the prospectus of Budweiser APAC' dated 18 September 2019. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

The forward-looking statements should be read in conjunction with the other cautionary statements that are included elsewhere, including Budweiser APAC's prospectus dated 18 September 2019 and any other documents that Budweiser APAC has made public. Any forward-looking statements made in this communication are qualified in their entirety by these cautionary statements and there can be no assurance that the actual results or developments anticipated by Budweiser APAC will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Budweiser APAC or its business or operations. Except as required by law, Budweiser APAC undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or developments or otherwise.

The Fourth Quarter 2018 (4Q18) and 2019 (4Q19) financial data set out in Annex 1 of this press release and the calculation of organic growth figures set out in Annex 2 of this press release are unaudited and prepared based on the Group's internal records and management accounts and have not been reviewed or audited by independent auditors. Shareholders and potential investors are advised not to place undue reliance on the unaudited results.

The Full Year (FY2019) financial data set out in this press release have been extracted from the Group's audited consolidated financial statements for the year ended 31 December 2019, which have been audited by our auditors, PricewaterhouseCoopers in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the IFRS Interpretations Committee interpretations and resulted in an unqualified audit opinion.

CONFERENCE CALL

Thursday, 27 February 2020

11:30am Hong Kong

Please refer to dial-in details on our website at http://budweiserapac.com/en/Events.html

About Budweiser Brewing Company APAC Limited

Budweiser Brewing Company APAC Limited is the largest beer company in Asia Pacific. It is also leading the premium and super premium beer segments in Asia. The company brews, imports, markets, distributes and sells a portfolio of more than 50 beer brands, which it owns or has licensed, including Budweiser®, Stella Artois®, Corona®, Hoegaarden®, Cass® and Harbin®. Its principal markets are China, South Korea, India and Vietnam. Budweiser Brewing Company APAC Limited is listed on the Hong Kong Stock Exchange and is a subsidiary of Anheuser-Busch InBev SA/NV. It is incorporated under the laws of the Cayman Islands with limited liability. Visit our website at: http://www.budweiserapac.com.

ANNEX 1 – UNAUDITED 4Q19 FINANCIAL INFORMATION

The information below is prepared based on the Group's internal records and management accounts to provide additional information on our Fourth Quarter 2018 (4Q18) and 2019 (4Q19) financial data. These data have not been reviewed or audited by independent auditors. Shareholders and potential investors are advised not to place undue reliance on the unaudited results.

Consolidated performance (million USD)	4Q19	4Q18	Organic growth
Total volumes (thousand hls)	**15,414**	**16,469**	**-5.6%**
Revenue	**1,202**	**1,317**	**-3.5%**
Gross profit	**594**	**642**	**-1.4%**
Gross margin	49.4%	48.7%	109 bps
Normalized EBITDA	**270**	**297**	**-4.4%**
Normalized EBITDA margin	22.5%	22.6%	-20 bps
Normalized EBIT	**111**	**112**	**5.9%**
Normalized EBIT margin	9.2%	8.5%	98 bps
Profit attributable to equity holders of Budweiser APAC	45	59	
Normalized profit attributable to equity holders of Budweiser APAC	**37**	**100**	

ANNEX 2 – UNAUDITED CALCULATION OF ORGANIC GROWTH FIGURES

The information below is prepared based on the Group's internal records and management accounts to provide additional information on the calculation of organic growth figures included in the press release. This calculation has not been reviewed or audited by independent auditors. Shareholders and potential investors are advised not to place undue reliance on the unaudited results.

To facilitate the understanding of Budweiser APAC's underlying performance, the analyses of growth, including all comments in this press release, unless otherwise indicated, are based on organic growth and normalized numbers. In other words, financials are analyzed eliminating the impact of changes in currencies on translation of foreign operations, and scope changes. Scope changes represent the impact of acquisitions and divestitures, the start or termination of activities or the transfer of activities between segments, curtailment gains and losses and year over year changes in accounting estimates and other assumptions that management does not consider as part of the underlying performance of the business.

Budweiser APAC	**FY18**	**Scope**	**Currency Translation**	**Organic Growth**	**FY19**	**Organic Growth**
Total volumes (thousand hls)	96,245	(178)	-	(2,899)	93,168	-3.0%
Revenue	**6,740**	**-**	**(313)**	**119**	**6,546**	**1.8%**
Cost of sales	(3,240)	5	143	34	(3,058)	1.1%
Gross profit	**3,500**	**5**	**(170)**	**153**	**3,488**	**4.4%**
Normalized EBIT	1,298	10	(75)	233	1,466	17.8%
Normalized EBITDA	**1,994**	**10**	**(104)**	**221**	**2,121**	**11.0%**
Normalized EBITDA margin	29.6%				32.4%	271 bps

Budweiser APAC	**4Q18**	**Scope**	**Currency Translation**	**Organic Growth**	**4Q19**	**Organic Growth**
Total volumes (thousand hls)	16,469	(112)	-	(943)	15,414	-5.6%
Revenue	**1,317**	**(36)**	**(31)**	**(48)**	**1,202**	**-3.5%**
Cost of sales	(675)	13	15	39	(608)	5.6%
Gross profit	**642**	**(23)**	**(16)**	**(9)**	**594**	**-1.4%**
Normalized EBIT	112	(8)	(1)	8	111	5.9%
Normalized EBITDA	**297**	**(8)**	**(5)**	**(14)**	**270**	**-4.4%**
Normalized EBITDA margin	22.6%				22.5%	-20 bps