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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)

UNAUDITED RESULTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021
AND
THE THIRD QUARTER 2021 FINANCIAL INFORMATION

The board of directors (the “**Board**”) of Budweiser Brewing Company APAC Limited (“**Bud APAC**” or the “**Company**”, together with its subsidiaries, the “**Group**”) announces the unaudited results of the Group for the nine months ended 30 September 2021 as attached to this announcement.

The Board wishes to remind shareholders and investors that the unaudited results for the nine months ended 30 September 2021 have been 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 and to exercise caution in dealing in the securities of the Company.

By Order of the Board
Budweiser Brewing Company APAC Limited
Bryan Warner
Joint Company Secretary

Hong Kong, 28 October 2021

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. Michel Doukeris as Co-Chair and Non-executive Director, Ms. Katherine Barrett (Mr. John Blood as her alternate) and Mr. Nelson Jamel (Mr. David Almeida as his alternate) as Non-executive Directors, and Mr. Martin Cubbon, Ms. Mun Tak Marjorie Yang and Ms. Katherine King-suen Tsang as Independent Non-executive Directors.



Bud APAC Reports Nine Months 2021 Results

"We continued to accelerate our premiumization, digital transformation, and market expansion journey in the first nine months of 2021. However, a deterioration of the business environment in 3Q21, led by heightened COVID restrictions in response to outbreaks in China, as well as the highest level of restrictions in South Korea since the start of the pandemic, pressured our top and bottom-line growth. Nevertheless, our revenue per hl expanded in all of our key markets led by our leadership position in the Premium segment.

We also made solid progress in advancing our ESG metrics in 3Q21, particularly in China and South Korea, as we further committed 6 breweries to achieving 100% renewable energy usage – a key part of our 2025 Sustainability Goals."

– Jan Craps, CEO and Co-Chair

Volume

71,743 thousand hl beer
+8.2%¹

Total volumes increased by 8.2% in 9M21, driven by strong 1H21 volumes that benefited from a low base. Volume declined in 3Q21, due to COVID restrictions in China and South Korea.

Cost of Sales (CoS)
2,444 million USD
+9.3%

CoS increased by 9.3% and CoS per hl increased by 1.0% in 9M21, mainly due to increased premium and innovation volumes, as well as a channel shift towards retail, primarily offset by cost-reduction initiatives.

Normalized EPS³
6.6 cents USD

Normalized EPS increased from 4.1 cents USD in 9M20 to 6.6 cents USD in 9M21. Basic EPS increased from 3.79 cents USD in 9M20 to 6.44 cents USD in 9M21.

Revenue

5,359 million USD
+14.3%

Revenue grew 14.3% and Revenue per hl grew 5.6% in 9M21, driven by a positive brand mix with the Premium and Super Premium segments growing by double digits year-to-date in China.

Normalized EBITDA²
1,778 million USD
+26.8%

Normalized EBITDA improved by 26.8% in 9M21. Normalized EBITDA margin improved 328 bps and reached 33.2%, driven by top-line growth and operational efficiencies.

Normalized Profit
872 million USD

Normalized profit attributable to equity holders of Bud APAC increased from 542 million USD in 9M20 to 872 million USD in 9M21. Profit attributable to equity holders of Bud APAC increased from 501 million USD in 9M20 to 851 million USD in 9M21.



MANAGEMENT COMMENTS

The progress we have been making in premiumization, digital transformation, and market expansion accelerated despite a weaker business environment in 3Q21. Our focused strategies led to another quarter of revenue per hl growth in all of our key markets, driven by our leadership in the premium segment.

Figure 1. Consolidated performance (million USD)

	9M21	9M20	Organic growth ¹
Total volumes (thousand hls)	71,743	66,271	8.2%
Revenue	5,359	4,398	14.3%
Gross profit	2,915	2,321	18.8%
Gross margin	54.4%	52.8%	207 bps
Normalized EBITDA²	1,778	1,301	26.8%
Normalized EBITDA margin	33.2%	29.6%	328 bps
Normalized EBIT	1,245	826	40.0%
Normalized EBIT margin	23.2%	18.8%	426 bps
Profit attributable to equity holders of Bud APAC	851	501	
Normalized profit attributable to equity holders of Bud APAC	872	542	
Normalized basic earnings per share (cent USD)³	6.60	4.10	

In 9M21, we achieved 14.3% revenue growth with 8.2% volume and 5.6% revenue per hl growth. Our normalized EBITDA increased 26.8% with an EBITDA margin expansion of 328 bps.

In 3Q21, our volumes declined 6.1% due to the closure of restaurant and nightlife venues in various regions of China as a result of several COVID outbreaks and the imposition of the strictest COVID restrictions in South Korea since the onset of the pandemic. The impact on our top-line performance was minimized by continued premiumization as revenue per hl grew in all key markets, increasing 4.2% overall. Despite facing a more challenging business environment this quarter, we maintained a healthy EBITDA margin of 33.1%, in line with the same period last year, with a normalized EBITDA decline of 3.5% compared to 3Q20.

¹ Unless otherwise stated, the growth rates presented in this document are based on organic growth figures and refer to 3Q21 and 9M21 versus the same period of last year. Please 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 Bud APAC: (i) non-controlling interests; (ii) income tax expense; (iii) share of results of associates; (iv) net finance cost; (v) non-underlying items above EBIT (including non-underlying costs) and (vi) 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 Normalized EPS calculation uses the normalized profit attributable to equity holders of Bud APAC divided by the weighted average number of shares outstanding deducting the shares held in trust held by a trustee (13,220,552,957 shares in 9M21 and 13,220,481,897 shares in 9M20).



APAC WEST

In 9M21, our revenue in the APAC West region grew by 18.4%, with volumes increasing by 10.0%. In addition, revenue per hl increased 7.7%, supporting normalized EBITDA growth of 36.8%.

Compared to 3Q20, revenue per hl grew 4.4%, supported by our ongoing premiumization strategy. Our revenue declined 2.0% as revenue per hl mainly offset volume decline of 6.1%. Meanwhile, normalized EBITDA declined 4.2%.

China

In 9M21, revenue rose 17.5%, as a result of 9.5% volume growth and a 7.3% increase in revenue per hl. Our normalized EBITDA increased by 29.3%.

In 3Q21, the industry was significantly impacted by COVID restrictions. Our volumes declined 7.1% due to channel closures in Fujian and Guangdong, two of our more premium coastal markets where we have a robust presence. Despite this, our underlying brand mix outweighed the negative region and channel impacts, resulting in a revenue per hl increase of 3.7%. Revenue declined 3.7% in 3Q21 compared to 3Q20; however, total revenue in 3Q21 was above that of the same quarter of 2019. Normalized EBITDA declined 6.6% in 3Q21, mostly driven by a tough comparable in Other Operating Income & Expenses.

We continued to advance in our Environmental, Social, and Governance (ESG) journey in China in 3Q21, making clear progress towards achieving our 2025 Sustainability Goals. Six more breweries will enter into renewable power purchase agreements from 2022, joining our Ziyang, Kunming, and Wuhan breweries in our RE100 (i.e. 100% renewable electricity) roll-out. Green Logistics also makes up an essential part of our ESG endeavours; in September, we launched the first hydrogen fuel cell heavy truck in the Chinese beer industry at our Foshan Brewery, and it is also the first brewery in AB InBev's global network to use such green trucks. As of today, we have deployed 270 green trucks within our logistics fleet.

India

Despite ongoing COVID restrictions in India, volumes and revenue grew by double-digits in 3Q21. In particular, our Premium and Super Premium portfolio grew by strong double digits again this quarter, further solidifying our leadership position in the premium and above segment. This performance was led by Budweiser, the #1 Premium brand in the Indian market, which is continuing to outperform the industry. Our EBITDA was above that of the same quarter of 2019.



APAC EAST

In 9M21, volumes declined by 3.9% while revenue declined by 1.7%. However, revenue per hl growth expanded further to 2.3%. Normalized EBITDA declined by 11.6%.

In 3Q21, volumes declined 6.3% after South Korea increased its COVID restrictions to the highest level since the beginning of the pandemic. Revenue declined by 2.9% with revenue per hl increasing by 3.6% driven by channel and brand mix. Normalized EBITDA remained flat despite ongoing COVID restrictions.

South Korea

Our market share momentum continued to accelerate in 3Q21. Despite the channel headwinds, we saw share growth across most channels, led by the continued strong performance of 'All New Cass' and our new classic lager, HANMAC.

Volume declined by mid-single digits in 3Q21 driven by the highest COVID restrictions since the onset of the pandemic. However, net revenue per hl grew low-single digits, benefitting from a better channel and brand mix, especially a higher contribution from the in-home channel. The Premium brands achieved double-digit growth year-to-date, led by Budweiser and Hoegaarden. Our EBITDA margins also notably improved this quarter as a result of commercial investment phasing.

We further innovated in packaging, leveraging an Occasion, Brand, Package, Price and Channel (OBPPC) strategy to target specific occasions such as camping, which increased in popularity within the current COVID context.

On the ESG front, we have seen our Sustainability efforts progressing towards another milestone. We will become the first company in South Korea to use self-generated renewable energy, which is expected to reduce carbon dioxide emissions by approximately 5,600 tons in 2022.



Bud APAC Consolidated Financial Information

Figure 2. Bud APAC consolidated income statement (million USD)

	9M21	9M20	Organic growth
Total volumes (thousand hls)	71,743	66,271	8.2%
Revenue	5,359	4,398	14.3%
Cost of sales	(2,444)	(2,077)	-9.3%
Gross profit	2,915	2,321	18.8%
SG&A	(1,769)	(1,605)	-5.2%
Other operating income	99	110	-15.6%
Normalized profit from operations (normalized EBIT)	1,245	826	40.0%
Non-underlying items above EBIT	(26)	(15)	
Net finance cost	(10)	(16)	
Share of results of associates	28	21	
Income tax expense	(361)	(294)	
Profit for the period	876	522	
Profit attributable to non-controlling interests	25	21	
Profit attributable to equity holders of Bud APAC	851	501	
Normalized EBITDA	1,778	1,301	26.8%
Normalized profit attributable to equity holders of Bud APAC	872	542	
	3Q21	3Q20	Organic growth
Total volumes (thousand hls)	25,862	27,538	-6.1%
Revenue	1,882	1,823	-2.2%
Cost of sales	(845)	(829)	3.8%
Gross profit	1,037	994	-0.8%
SG&A	(619)	(610)	3.0%
Other operating income	32	59	-49.2%
Normalized profit from operations (normalized EBIT)	450	443	-4.3%
Non-underlying items above EBIT	(4)	(5)	
Net finance income	4	-	
Share of results of associates	11	13	
Income tax expense	(103)	(125)	
Profit for the period	358	326	
Profit attributable to non-controlling interests	10	10	
Profit attributable to equity holders of Bud APAC	348	316	
Normalized EBITDA	623	607	-3.5%
Normalized profit attributable to equity holders of Bud APAC	352	320	



Volumes

Total volumes increased by 8.2% in 9M21, mostly attributable to strong 1H21 volumes that benefitted from Chinese New Year campaigns and a low base. In 3Q21, our volumes decreased by 6.1% due to COVID restrictions in China and South Korea.

Revenue

Revenue increased by 14.3% in 9M21 with revenue per hl growing by 5.6%. In 3Q21, our revenue increased by 2.2% with revenue per hl growing by 4.2% as a result of continued premiumization.

Cost of Sales (CoS)

CoS increased by 9.3% and increased by 1.0% on a per hl basis in 9M21. In 3Q21, CoS decreased by 3.8% but increased by 2.5% on a per hl basis, primarily driven by increased premium and innovation volumes, as well as a channel shift towards retail, primarily offset by cost-reduction initiatives.

Selling, General and Administrative Costs (SG&A)

SG&A increased by 5.2% in 9M21 and decreased by 3.0% in 3Q21, due to cost savings and agile reallocation during local COVID outbreaks in China, as well as investment phasing in South Korea.

Other operating income

Other operating income decreased by 15.6% in 9M21. It decreased 49.2% in 3Q21, where we had a higher base in the second half of last year.

Non-underlying items above EBIT

Figure 3. Non-underlying items above EBIT (million USD)

	9M21	9M20
Cost arising from COVID response activities	(1)	(6)
Costs associated with initial public offering	–	3
Restructuring	(25)	(12)
Impact on profit from operations	(26)	(15)



Normalized profit and profit

Figure 4. Normalized profit attributable to equity holders of Bud APAC (million USD)

	9M21	9M20
Profit attributable to equity holders of Bud APAC	851	501
Non-underlying items, before taxes	26	15
Non-underlying taxes	(5)	26
Normalized profit attributable to equity holders of Bud APAC	872	542

Earnings per share

Figure 5a. Basic earnings per share (cent USD)

	9M21	9M20
Basic earnings per share	6.44	3.79
Non-underlying items, before tax	0.20	0.11
Non-underlying taxes	(0.04)	0.20
Normalized basic earnings per share	6.60	4.10

Figure 5b. Diluted earnings per share (cent USD)

	9M21	9M20
Diluted earnings per share	6.43	3.79
Non-underlying items, before tax	0.20	0.11
Non-underlying taxes	(0.04)	0.20
Normalized diluted earnings per share	6.59	4.10



Reconciliation between profit attributable to equity holders and normalized EBITDA

Figure 6. Reconciliation of normalized EBITDA to profit attributable to equity holders of Bud APAC

	9M21	9M20
Profit attributable to equity holders of Bud APAC	851	501
Non-controlling interests	25	21
Profit for the period	876	522
Income tax expense (excluding non-underlying)	366	268
Share of result of associates	(28)	(21)
Net finance cost	10	16
Non-underlying items income tax (income)/expense	(5)	26
Non-underlying items above EBIT	26	15
Normalized EBIT	1,245	826
Depreciation, amortization and impairment	533	475
Normalized EBITDA	1,778	1,301

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 excluding the following effects from profit attributable to equity holders of Bud APAC: (i) non-controlling interests; (ii) income tax expense; (iii) share of results of associates; (iv) net finance cost; (v) non-underlying items above EBIT (including non-underlying costs); and (vi) depreciation, amortization and impairment.

Normalized EBITDA and normalized EBIT are not accounting measures under IFRS accounting 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 Bud APAC's definition of normalized EBITDA and normalized EBIT may not be comparable to that of other companies.



Notes

To facilitate the understanding of Bud 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-underlying items, unless otherwise indicated. Non-underlying items are either income or expenses which do not occur regularly as part of the normal activities of Bud APAC. They are presented separately because they are important for the understanding of the underlying sustainable performance of Bud 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 Bud APAC's performance.

In particular, normalized EBITDA and normalized EBIT 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 EBITDA and normalized EBIT do not have a standard calculation method and the Group's definition may not be comparable to that of other companies. Following a report on European Union (EU) issuers' use of Alternative Performance Measures (i.e. non-IFRS measures, or "APMs"), issued by the European Securities and Markets Authority (ESMA) in December 2019, Anheuser-Busch InBev SA/NV, the parent company of Bud APAC, relabeled effective with the results announcement of the first quarter of 2021 in its disclosures "non-recurring" items to "non-underlying" items. Bud APAC considers that by aligning the disclosures it enables the users of the information better comparability within the ABI Group of companies. Therefore, Bud APAC has relabeled effective with the results announcement of the third quarter of 2021 in its disclosures "non-recurring" items to "non-underlying" items. The scopes of "non-underlying" items and of "non-recurring items", in each case as applied by Bud APAC, are the same.

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 Bud 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 Bud APAC, are subject to numerous risks and uncertainties about Bud APAC and are dependent on many factors, some of which are outside of Bud APAC's control. There are important factors, risks and uncertainties that could cause actual outcomes and results to be materially different, including but not limited to, the effects of the COVID-19 pandemic and uncertainties about its impact and duration and the risks and uncertainties relating to Bud APAC as described in the prospectus of Bud APAC' dated 18 September 2019, 2020 Annual Report and other documents that Bud APAC has made public. 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 Bud APAC's prospectus dated 18 September 2019, 2020 Annual Report and any other documents that Bud 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 Bud APAC will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Bud APAC or its business or operations. Except as required by law, Bud 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.



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

Press Release

Hong Kong / 28 October 2021 / 7.00am HKT

CONFERENCE CALL

Thursday, 28 October 2021

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, with leadership positions in premium and super premium beer segments. It brews, imports, markets, distributes and sells a portfolio of more than 50 beer brands, including Budweiser®, Stella Artois®, Corona®, Hoegaarden®, Cass® and Harbin®. In recent years, the Company has expanded beyond beer into new categories such as ready-to-drink, energy drinks and spirits. Its principal markets are China, South Korea, India and Vietnam. Bud APAC operates more than 50 breweries and has over 25,000 colleagues across Asia Pacific.

Bud APAC is listed on the Hong Kong Stock Exchange under the stock code “1876” and is a Hang Seng Composite Index member. The Company is a subsidiary of Anheuser-Busch InBev SA/NV, which has over 600 years of brewing heritage and an extensive global presence.

For more details, please visit our website at: <http://www.budweiserapac.com>.