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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 AND THE SECOND QUARTER 2021 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 unaudited results of the Group for the six months ended 30 June 2021 as attached to this announcement.

The Board wishes to remind shareholders and investors that the unaudited results for the six months ended 30 June 2021 have been prepared based on the Group’s internal records and management accounts and have been reviewed but not 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, 29 July 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.



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Budweiser APAC Reports Six Months 2021 Results

“In the first half of 2021, we maintained the healthy momentum from the first quarter with double-digit growth in volume, revenue, and EBITDA. Strong revenue per hl growth across our key markets was attributed to our strategic focus on premiumization, digital transformation and expansion, despite remaining COVID restrictions. We accelerated the growth of our Premium and Super Premium portfolio in all our key markets while further diversifying and expanding our channel and geographic reach through our route-to-market strategy.

We also continued to make significant progress in achieving our 2025 Sustainability Goals, so much so that we launched a green financing loan which links our financial metrics with our sustainability achievements.” – Jan Craps, CEO and Co-Chair.

Volumes

45,881 thousand hl beer
+18.4%¹

Total volumes increased by 18.4% in 1H21, driven by strong Lunar New Year and start-of-summer commercial campaigns and complemented by successful innovation launches.

Cost of Sales (CoS)

1,599 million USD
+18.0%

CoS increased by 18.0% and CoS per hl improved by 0.4% in 1H21, below volumes and inflation, respectively as a result of operational efficiencies.

Normalized Effective Tax Rate (ETR)

33.7%

Normalized ETR decreased from 38.7% in 1H20 to 33.7% in 1H21, primarily driven by withholding taxes on dividend payments and country mix in 1H20.

Normalized EPS³

3.93 cents USD

Normalized EPS increased from 1.68 cents USD in 1H20 to 3.93 cents USD in 1H21. Basic and diluted EPS increased from 1.40 cents USD in 1H20 to 3.80 cents USD in 1H21.

Revenue

3,477 million USD
+26.0%

Revenue grew by 26.0% and Revenue per hl grew 6.4% in 1H21, driven by continued, double digit growth in our premium and super premium portfolio, supplemented by favorable brand and pack mix.

Normalized EBITDA²

1,155 million USD
+53.0%

Normalized EBITDA improved by 53.0% in 1H21. Normalized EBITDA margin improved 589bps and reached 33.2% driven by top-line growth ahead of cost of sales escalation.

Normalized Profit

520 million USD

Normalized profit attributable to equity holders of Budweiser APAC increased from 222 million USD in 1H20 to 520 million USD in 1H21 due to the increase in our normalized EBITDA coupled with decreased net financing costs primarily driven by favorable currency effects. Profit attributable to equity holders of Budweiser APAC increased from 185 million USD in 1H20 to 503 million USD in 1H21.



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Figure 1. Consolidated performance (million USD)

	1H21	1H20	Organic growth ¹
Total volumes (thousand hls)	45,881	38,733	18.4%
Revenue	3,477	2,575	26.0%
Gross profit	1,878	1,327	33.7%
Gross margin	54.0%	51.5%	313 bps
Normalized EBITDA²	1,155	694	53.0%
Normalized EBITDA margin	33.2%	27.0%	589 bps
Normalized EBIT	795	383	90.2%
Normalized EBIT margin	22.9%	14.9%	775 bps
Profit attributable to equity holders of Budweiser APAC	503	185	
Normalized profit attributable to equity holders of Budweiser APAC	520	222	
Earnings per share (EPS) (cent USD)	3.80	1.40	
Normalized EPS (cent USD)³	3.93	1.68	

¹ Unless otherwise stated, the growth rates presented in this document are based on organic growth figures and refer to unaudited 1H21 and unaudited 2Q21 versus the same period of last year. Please refer to Annex 1 for unaudited 2Q21 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 interests; (ii) income tax expense; (iii) share of results of associates; (iv) net finance cost; (v) non-recurring items above EBIT (including non-recurring costs) and (vi) depreciation, amortization and impairment. Please refer to the "Reconciliation between profit attributable to equity holders of Budweiser APAC and normalized EBITDA" section of this press release for further information.

³ Normalized EPS calculation uses the normalized profit attributable to equity holders of Budweiser APAC divided by the weighted average number of shares outstanding deducting the shares held in trust held by a trustee (13,220,525,676 shares in 1H21 and 13,220,469,347 shares in 1H20).



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MANAGEMENT COMMENTS

Momentum in premiumization, digital transformation and expansion continues, delivering strong revenue per hl growth across our key markets despite remaining COVID restrictions.

In the first half of 2021, our broadened product portfolio enabled us to lead the premium industry across geographies, leveraging underlying trends and capturing emerging business opportunities alike.

Robust revenue growth in 1H21 of 26.0%, or 35.0% on a reported basis after including currency impacts and scope changes, was mainly driven by China performance. Revenue per hl grew across all markets and reached an overall growth of 6.4%, or 14.0% on a reported basis, as a result of continued momentum in the Premium and Super Premium segments. Our normalized EBITDA increased 53.0%, or 66.4% on a reported basis, in 1H21, supported by a volume growth of 18.4%. Our normalized EBITDA margin improved by 589 bps in 1H21.

- In **China**, we delivered strong growth in the Premium and Super Premium segments, leading to revenue per hl growth of 9.7%, or 17.6% on a reported basis, in the first half of the year. Our 1H21 volumes, revenue, and EBITDA all increased by double-digits year-on-year. Our innovation products, including Budweiser Supreme and ME-X, further boosted our premiumization momentum.
- In **South Korea**, we continued to gain market share through the accelerating performance of Cass and the growing consumer adoption of HANMAC. Additionally, we delivered a double-digit growth in the Premium segment in 1H21 although the industry was facing continued headwinds due to on-going restrictions under COVID.
- In **India**, our volumes and revenue grew by double digits in 1H21 despite an escalating COVID outbreak. We continued to leverage our hero brands, including Budweiser, Corona, and Hoegaarden, to accelerate premiumization.

We made great strides towards our Environmental, Social, and Governance (ESG) goals in 1H21 as we continued to integrate sustainability into all aspects of our business. Our recent signing of USD500 million Sustainability-Linked Revolving Credit Facilities (Green Financing Loan), with the loan's interest rates linked to the achievement of pre-determined ESG targets, will aid in delivering measurable, positive impact to the environment and the communities in which we operate in line with our 2025 Sustainability Goals. These targets incentivize improvement in the four key performance areas of climate action, water stewardship, circular packaging and smart agriculture. By achieving the specific ESG targets, we can generate incremental value while delivering a more sustainable future.

We remain committed to our capital allocation priorities to continue investing for the future – prioritizing investment in organic growth initiatives, followed by strategic inorganic opportunities, to push for continuous growth and value creation for our shareholders. We maintained a strong balance sheet as a result of ongoing financial discipline and cash management coupled with strong operational results. As of 30 June 2021, our available cash and cash equivalents exceeded 1.4 billion USD.



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BUSINESS REVIEW

APAC WEST

In 1H21, our revenue in the APAC West region grew by 33.5%, or 42.8% on a reported basis, with volume growth of 21.7% and a revenue per hl increase of 9.7%, or 17.3% on a reported basis. As a result, normalized EBITDA grew 75.1%, or 90.6% on a reported basis.

In 2Q21, revenue grew 5.4%, or 15.2% on a reported basis, despite a 4.1% volume decline due to a high base last year. Our revenue per hl grew 9.8%, or 19.5% on a reported basis, as a result of ongoing premiumization, coupled with a lower base last year, resulting in normalized EBITDA growth of 13.4%, or 26.1% on a reported basis.

China

In 1H21, our volumes recorded a growth of 21.8%. In 2Q21, our volumes declined by 4.5% compared to a high base in 2020 as COVID restrictions eased. With our ongoing efforts, 1H21 revenue grew 33.5%, or 43.1% on a reported basis.

Revenue in 2Q21 grew 4.6%, or 13.8% on a reported basis, which is above the 2Q19 levels, driven by strong revenue per hl performance. In 2Q21, revenue per hl grew 9.5%, or 19.1% on a reported basis, compared to the same period last year and increased by mid-single digits compared with 2Q19. Budweiser, our number 1 brand in the Premium segment, achieved double-digit growth in revenue and volume despite the COVID outbreak in Guangdong. Its growth momentum has been further strengthened by the expansion of Budweiser Supreme in premium Chinese restaurants. Our Super Premium segment also saw double-digit growth, on the back of continued momentum in our existing portfolio coupled with innovations such as Corona Seasalt Guava that target expanding drinking occasions and consumers arising from "She Economy".

With our long-term, unwavering commitment to growing the high-end beer segment in China, we announced plans to build a new craft brewery in Putian, Fujian Province. In addition, we are also expanding our existing brewery in the city to reach 20 million hl capacity to support premium volumes. We expect that our Putian brewery will remain as the largest brewery in Asia upon completion.

In the e-commerce channel, we launched Budweiser ME-X, and successfully engaged consumers with brand ambassador Xiao Zhan in a targeted and premium marketing campaign. During the 618 e-commerce shopping festival, Budweiser ME-X was ranked as the #1 product in the food and beverage category which further accelerates our premiumization journey.

As a result, our normalized EBITDA grew 60.3%, or 73.9% on a reported basis, in 1H21. In 2Q21, our normalized EBITDA increased by 8.4%, or 20.3% on a reported basis, returning to 2Q19 level.

In the Sustainability arena, we were proud to see that our Wuhan Brewery is poised to become our parent company AB InBev's first brewery globally to achieve the milestone of Carbon Neutrality. In relation to green logistics, the roll-out of additional 30 Electric Vehicle (EV) heavy trucks across our value chain and the delivery of a power storage system at our Foshan brewery enabled a closed loop model for the use of renewable electricity.



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India

India was impacted significantly by a new wave of COVID outbreak. The health and safety of our colleagues and the community remains our key priority. As India battles with COVID, we have pledged our full support to the communities by donating over 300 oxygen concentrators and distributing over 8,000 essential aid kits to communities near to our breweries. The families affected due to COVID were supported with these essential aid kits that consisted of daily essential food and hygiene items across over 50+ villages in the country. We also procured 500,000 surgical masks and added COVID hospital bed capacity. In addition, through the 'Budweiser Stronger Together' social media campaign, we helped address the most pressing consumer needs during the second wave of COVID by leveraging Budweiser APAC's reach to facilitate the locating and deploying of medical resources to individuals in need.

In 2Q21, many state governments have re-imposed restrictions to control COVID outbreak. Despite on-going restrictions, we made new inroads into non-alcoholic offerings which reinforced our Premium and Super Premium portfolio. With the relentless efforts and resilience of our colleagues, our volumes and revenue recorded double-digit growth in both 1H21 and 2Q21 but remained below 2019 levels.

APAC EAST

In 1H21, revenue slightly declined by 0.9%, or increased by 6.8% on a reported basis, with revenue per hl growth of 1.6% from favorable mix mainly offsetting volume decline of 2.4% due to ongoing COVID restrictions. Normalized EBITDA declined by 18.9%, or 12.3% on a reported basis.

In 2Q21, revenue per hl growth accelerated to 2.3% growth year on year, mostly offsetting volume decline of 2.9%. This resulted in slight revenue decline of 0.6%, or up 10.6% on a reported basis, as compared to previous year. Normalized EBITDA declined by 16.7%, or 8.5% on a reported basis under the ongoing COVID restrictions.

South Korea

Led by the success of our recent innovations including 'All New Cass' and our new classic lager, HANMAC, we estimate our volumes outperformed the industry. Volumes declined by low single digits in 2Q21, impacted by ongoing COVID restrictions. Revenue per hl grew low-single digits driven by positive brand and pack mix.

In 2Q21, we also achieved double-digit growth in the Premium segment, led by Budweiser and Hoegaarden. We launched Hoegaarden Botanic and Hoegaarden Pomelo to capture new drinking occasions and further attend to the rising demand for new products and experiences from female consumers.

In South Korea, plastic reduction and circular packaging were two areas of particular focus in 2Q21. Our determination to lead these areas in our industry yielded an increase in return rates for returnable bottles. We aim to ensure 100% of our product is in returnable packaging or made primarily from recycled content by 2025. To that end, we modified the shrink wrap of our products in South Korea, which is expected to save nearly 100 tons of plastic annually.



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BUDWEISER APAC UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The financial information of the Group has been reviewed by the Audit Committee of the Company and extracted from the Group's unaudited condensed consolidated interim financial statements, which have been reviewed by the Group's external auditor, PricewaterhouseCoopers, in accordance with International Standards on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

UNAUDITED CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Notes	30 June 2021 US\$'million	30 June 2020 US\$'million
Revenue	2	3,477	2,575
Cost of sales		(1,599)	(1,248)
Gross profit		1,878	1,327
Distribution expenses		(255)	(215)
Sales and marketing expenses		(671)	(575)
Administrative expenses		(224)	(205)
Other operating income	3	67	51
Profit from operations before non-recurring items		795	383
Non-recurring items	4	(22)	(10)
Profit from operations		773	373
Finance cost		(32)	(25)
Finance income		18	9
Net finance cost		(14)	(16)
Share of results of associates		17	8
Profit before tax		776	365
Income tax expense	5	(258)	(169)
Profit for the period		518	196
Profit for the period attributable to:			
Equity holders of Budweiser APAC		503	185
Non-controlling interests		15	11
Earnings per share from profit attributable to the equity holders of Budweiser APAC:			
Basic earnings per share	6	3.80	1.40
Diluted earnings per share	6	3.80	1.40



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UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	30 June 2021	30 June 2020
	<i>US\$'million</i>	<i>US\$'million</i>
Profit for the period	518	196
Other comprehensive (loss)/income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	(133)	(291)
Gain on cash flow hedges	34	1
Other comprehensive loss, net of tax	(99)	(290)
Total comprehensive income/(loss)	419	(94)
Total comprehensive income/(loss) of the period attributable to:		
Equity holders of Budweiser APAC	403	(104)
Non-controlling interests	16	10



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UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	30 June 2021	31 December 2020
<i>Notes</i>	<i>US\$'million</i>	<i>US\$'million</i>
ASSETS		
Non-current assets		
Property, plant and equipment	3,660	3,716
Goodwill	7,242	7,350
Intangible assets	1,728	1,775
Land use rights	257	256
Investment in associates	437	433
Deferred tax assets	269	273
Trade and other receivables	53	54
Total non-current assets	13,646	13,857
Current assets		
Inventories	449	434
Trade and other receivables	747	534
Derivatives	56	38
Cash pooling deposits to AB InBev	7	14
Cash and cash equivalents	1,422	1,281
Other current assets	32	31
Total current assets	2,713	2,332
Total assets	16,359	16,189
EQUITY AND LIABILITIES		
Equity		
Issued capital	—	—
Share premium	43,591	43,591
Capital reserve	(36,213)	(36,213)
Other reserves	19	103
Retained earnings	3,343	3,204
Equity attributable to equity holders of Budweiser APAC	10,740	10,685
Non-controlling interests	74	58
Total equity	10,814	10,743



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UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	30 June 2021	31 December 2020
<i>Notes</i>	<i>US\$'million</i>	<i>US\$'million</i>
Non-current liabilities		
Interest-bearing loans and borrowings	48	37
Deferred tax liabilities	463	481
Trade and other payables	30	28
Provisions	132	131
Income tax payable	105	105
Other non-current liabilities	32	27
Total non-current liabilities	810	809
Current liabilities		
Bank overdrafts	17	17
Cash pooling loans from AB InBev	34	34
Interest-bearing loans and borrowings	179	147
Trade and other payables	8 2,794	2,655
Payables with AB InBev	8 132	142
Consigned packaging and contract liabilities	8 1,322	1,449
Derivatives	8	20
Provisions	22	17
Income tax payable	227	156
Total current liabilities	4,735	4,637
Total equity and liabilities	16,359	16,189



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NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. General Information and Basis of Presentation

1.1 General information

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 on 30 September 2019.

The Company is an investment holding company. The Group is 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).

1.2 Basis of presentation

These unaudited condensed consolidated interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting issued by the International Accounting Standard Board (the "IASB"). They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended 31 December 2020 and any public announcements made by the Group during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

A number of new or amended standards became applicable for the current reporting period. These standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

In line with many other Fast Moving Consumer Goods 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 unaudited condensed consolidated interim financial statements have been prepared on a going concern basis.



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2. Segment information

Segment information is presented by geographical segments, consistent with the information available to and regularly evaluated 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 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 volumes (thousand hectoliter) and Normalized EBITDA margin (in %).

For the six months ended 30 June 2021 and 2020

	Asia Pacific					
	East		West		Total	
	30 June		30 June		30 June	
	2021	2020	2021	2020	2021	2020
Volumes	5,129	5,256	40,752	33,477	45,881	38,733
Revenue ⁴	596	558	2,881	2,017	3,477	2,575
Normalized EBITDA	143	163	1,012	531	1,155	694
Normalized EBITDA margin %	24.0%	29.2%	35.1%	26.3%	33.2%	27.0%
Depreciation, amortization and impairment					(360)	(311)
Normalized profit from operations (Normalized EBIT)					795	383
Non-recurring items (Note 4)					(22)	(10)
Profit from operations (EBIT)					773	373
Net finance cost					(14)	(16)
Share of results of associates					17	8
Income tax expense					(258)	(169)
Profit for the period					518	196
Segment assets (non-current)	5,622	5,278	8,024	7,485	13,646	12,763
Gross capex	51	9	215	184	266	193

⁴ Revenue represents sales of beer products recognized at a point of time.



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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 interests; (ii) income tax expense; (iii) share of results of associates; (iv) net finance cost; (v) non-recurring items above EBIT (including non-recurring costs) and (vi) depreciation, amortization and impairment.

Normalized EBITDA and normalized EBIT are not accounting measures under International Financial Reporting Standards (the "IFRS") by the IASB and should not be considered as an alternative to profit attributable to equity holders of Budweiser APAC 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 of Budweiser APAC and normalized EBITDA is as follows:

	30 June 2021	30 June 2020
	<i>US\$'million</i>	<i>US\$'million</i>
Profit attributable to equity holders of Budweiser APAC	503	185
Non-controlling interests	15	11
Profit for the period	518	196
Income tax expense (excluding non-recurring)	263	142
Share of results of associates	(17)	(8)
Net finance cost	14	16
Non-recurring income tax (benefit)/expense	(5)	27
Non-recurring items above EBIT	22	10
Normalized EBIT	795	383
Depreciation and amortization	360	311
Normalized EBITDA	1,155	694



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3. Other operating income

	30 June 2021	30 June 2020
	<i>US\$'million</i>	<i>US\$'million</i>
Grants and incentives	38	39
Net gain/(loss) on disposal of property, plant and equipment and intangible assets	14	(1)
Other operating income	15	13
Other operating income	67	51

4. Non-recurring items

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

	30 June 2021	30 June 2020
	<i>US\$'million</i>	<i>US\$'million</i>
Costs arising from COVID response activities	–	(6)
Costs associated with initial public offering	–	5
Restructuring	(22)	(9)
Impact on profit from operations	(22)	(10)
Non-recurring income tax benefit/(expense)	5	(27)
Net impact on profit	(17)	(37)

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.

Refer to Note 5 for further information on non-recurring income tax.



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5. Income tax expense

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

	30 June 2021	30 June 2020
	<i>US\$'million</i>	<i>US\$'million</i>
Current year	(274)	(179)
Over/(under)provided in prior years	21	(41)
Current tax expense	(253)	(220)
Deferred tax expense	(5)	51
Total income tax expense	(258)	(169)
Effective tax rate	34.0%	47.3%
Normalized effective tax rate⁵	33.7%	38.7%

During the year ended 31 December 2020, one of the Group's subsidiaries in China, Anheuser-Busch InBev China Co., Ltd., received an investigation on transfer pricing of transactions from 2010 through 2019. The investigation is on-going at the end of the reporting period and the relevant provision was included in the income tax expense for the year ended 31 December 2020.

During the six months ended 30 June 2020, one of the Group's subsidiaries in South Korea, Oriental Brewery Co., Ltd., received a tax audit covering all taxable items of the subsidiary from 2014 through 2018. Investigation by the local tax authority was completed by 30 June 2020 and the resulting assessment was included in the income tax expense for the six months ended 30 June 2020.

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.

⁵ Normalized effective tax rate refers to effective tax rate adjusted for non-recurring items.



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6. Earnings per share

The calculation of basic and diluted earnings per share are computed in the tables below.

	30 June 2021	30 June 2020
Profit attributable to equity holders of Budweiser APAC (Million US Dollar)	503	185
Weighted average number of ordinary shares in issue	13,220,525,676	13,220,469,347
Basic earnings per share (cent USD)	3.80	1.40
	30 June 2021	30 June 2020
Profit attributable to equity holders of Budweiser APAC (Million US Dollar)	503	185
Weighted average number of ordinary shares in issue	13,220,525,676	13,220,469,347
Effect of share options and restricted stock units	10,945,528	667,646
Weighted average number of ordinary shares (diluted)	13,231,471,204	13,221,136,993
Diluted earnings per share (cent USD)	3.80	1.40

The calculation of normalized basic and diluted earnings per share are computed in the tables below.

	30 June 2021	30 June 2020
Normalized profit attributable to equity holders of Budweiser APAC (Million US Dollar)	520	222
Weighted average number of ordinary shares in issue	13,220,525,676	13,220,469,347
Normalized basic earnings per share (cent USD)	3.93	1.68



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	30 June 2021	30 June 2020
Normalized profit attributable to equity holders of Budweiser APAC (Million US Dollar)	520	222
Weighted average number of ordinary shares in issue	13,220,525,676	13,220,469,347
Effect of share options and restricted stock units	10,945,528	667,646
Weighted average number of ordinary shares (diluted)	13,231,471,204	13,221,136,993
Normalized diluted earnings per share (cent USD)	3.93	1.68

The reconciliation of basic and diluted earnings per share to normalized basic and diluted earnings per share are shown in the tables below.

	30 June 2021	30 June 2020
Basic earnings per share (cent USD)	3.80	1.40
Non-recurring items, before tax	0.17	0.08
Non-recurring taxes	(0.04)	0.20
Normalized basic earnings per share (cent USD)	3.93	1.68

	30 June 2021	30 June 2020
Diluted earnings per share (cent USD)	3.80	1.40
Non-recurring items, before tax	0.17	0.08
Non-recurring taxes	(0.04)	0.20
Normalized diluted earnings per share (cent USD)	3.93	1.68



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7. Trade and other receivables

	30 June 2021	31 December 2020
	<i>US\$'million</i>	<i>US\$'million</i>
Trade receivables and accrued income	556	355
Trade receivables with AB InBev	14	12
Indirect tax receivable	110	110
Prepaid expenses	60	48
Other receivables	7	9
Current trade and other receivables	747	534

Trade receivables and receivables with AB InBev are due on average less than 90 days from the date of invoicing. Impairment losses on trade receivables of 6 million US dollar and 12 million US dollar were recognized for the six months ended 30 June 2021 and 2020 respectively.

As of 30 June 2021 and 31 December 2020, the aging analysis of current trade receivables and trade receivables with AB InBev, based on due date, is as follows:

	30 June 2021	31 December 2020
	<i>US\$'million</i>	<i>US\$'million</i>
Not past due	535	333
Past due as of reporting date:		
Less than 30 days	26	22
Between 30 and 59 days	4	3
Between 60 and 89 days	2	4
More than 90 days	3	5
Net carrying amount of trade receivables and trade receivables with AB InBev	570	367



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

	30 June 2021	31 December 2020
	<i>US\$'million</i>	<i>US\$'million</i>
Trade payables and accrued expenses	2,092	1,970
Payroll and social security payables	134	109
Indirect taxes payable	393	324
Contingent and deferred consideration on acquisitions	8	114
Other payables	167	138
Current trade and other payables	2,794	2,655
	30 June 2021	31 December 2020
	<i>US\$'million</i>	<i>US\$'million</i>
Payables with AB InBev	132	142

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 30 June 2021 and 31 December 2020 trade payables and payables to AB InBev were 2,224 million US dollar and 2,112 million US dollar respectively.

As of 30 June 2021 and 31 December 2020, the aging analysis of current trade payables and payables with AB InBev, based on due date, is as follows:

	30 June 2021	31 December 2020
	<i>US\$'million</i>	<i>US\$'million</i>
Not past due	2,117	1,963
Past due as of reporting date:		
Less than 30 days	16	70
Between 30 and 89 days	15	8
More than 90 days	76	71
Net carrying amount of trade payables and payables with AB InBev	2,224	2,112



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	30 June 2021	31 December 2020
	<i>US\$'million</i>	<i>US\$'million</i>
Consigned packaging	426	356
Contract liabilities	896	1,093
Consigned packaging and contract liabilities	1,322	1,449

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.

The majority of the contract liabilities balance at the beginning of the period was recognized as revenue for the year ended 31 December 2020 or has been recognized as revenue during the six months ended 30 June 2021.

9. Dividends

On 30 April 2021, a final dividend of US dollar 2.83 cents per share (equivalent to HK dollar 21.96 cents per share) was approved by the shareholders at the annual general meeting of the Company. This final dividend was paid out on 23 June 2021. The total dividend payment for the 2020 fiscal year of 374 million US dollar was recognized during the six months ended 30 June 2021 in the unaudited condensed consolidated financial statements.

On 15 May 2020, a final dividend of US dollar 2.63 cents per share (equivalent to HK dollar 20.39 cents per share) was approved by the shareholders at the annual general meeting of the Company. This final dividend was paid out on 24 June 2020. The dividend payment for the equity holders of Budweiser APAC for the 2019 fiscal year of 348 million US dollar was recognized during the six months ended 30 June 2020 in the unaudited condensed consolidated interim financial statements.

No dividends were declared or proposed during the six months ended 30 June 2021.

10. Subsequent events

Subsequent to the period end, the Group entered into a total of 500 million US dollar sustainability-linked loan revolving credit facilities, with a three-year term and interest rates tied to the Group's sustainability performance based on pre-determined ESG targets.



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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 during the six months ended on 30 June 2021, save for code provision A.2.1 which provides that the roles of chair and chief executive should be separate and should not be performed by the same individual, as disclosed in further detail in the Corporate Governance Report in the Company's 2020 Annual Report.

DIRECTORS' PARTICULARS

On 22 July 2021, Michel Doukeris was appointed as Co-Chair of the Board and succeeded Carlos Brito in all relevant Board positions in connection with Michel succeeding Brito as the CEO of AB InBev, the parent company of the Company, on 1 July 2021. After being succeeded by Michel as CEO of AB InBev, Brito decided to step down from related board positions in all AB InBev group public companies, including the Board, on which the AB InBev CEO generally serves. As disclosed in the Company's announcement dated 22 July 2021, Brito confirmed that he has no disagreement with the Board and that he is not aware of any matter in connection with his stepping down that needs to be brought to the attention of the shareholders of the Company.

The Board would like to extend their warm welcome to Michel in joining the Group and thank Brito for his dedicated service and commitment to the Group during his tenure.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

For the six months ended 30 June 2021, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.



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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.



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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 but not limited to, the effects of the COVID pandemic and uncertainties about its impact and duration and the risks and uncertainties relating to Budweiser APAC as described in the prospectus of Budweiser APAC dated 18 September 2019, 2020 Annual Report and other documents that Budweiser 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 Budweiser APAC’s prospectus dated 18 September 2019, 2020 Annual Report 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 Second Quarter of 2020 (2Q20) and 2021 (2Q21) 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 Half-Year (1H21) financial data set out in this press release is unaudited and prepared based on the Group’s internal records and management accounts and has been reviewed but not audited by independent auditors. Shareholders and potential investors are advised not to place undue reliance on the unaudited results.



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CONFERENCE CALL

Thursday, 29 July 2021

11:30a.m. Hong Kong Time

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. Budweiser APAC operates more than 50 breweries and has over 25,000 colleagues across Asia Pacific.

Budweiser 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>.



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ANNEX 1 – UNAUDITED 2Q21 FINANCIAL INFORMATION

The information below is prepared based on the Group's internal records and management accounts to provide additional information on our second quarter of 2020 (2Q20) and 2021 (2Q21) 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)

	2Q21	2Q20	Organic growth
Total volumes (thousand hls)	25,094	25,961	-3.9%
Revenue	1,851	1,619	4.2%
Gross profit	1,019	904	4.5%
Gross margin	55.1%	55.8%	16 bps
Normalized EBITDA	627	523	8.0%
Normalized EBITDA margin	33.9%	32.3%	117 bps
Normalized EBIT	453	369	10.4%
Normalized EBIT margin	24.5%	22.8%	138 bps
Profit attributable to equity holders of Budweiser APAC	270	226	
Normalized profit attributable to equity holders of Budweiser APAC	284	228	



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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	1H20	Scope	Currency Translation	Organic Growth	1H21	Organic Growth
Total volumes (thousand hls)	38,733	13	–	7,135	45,881	18.4%
Revenue	2,575	(30)	271	661	3,477	26.0%
Cost of sales	(1,248)	(5)	(121)	(225)	(1,599)	-18.0%
Gross profit	1,327	(35)	150	436	1,878	33.7%
Normalized EBIT	383	(5)	68	349	795	90.2%
Normalized EBITDA	694	(5)	96	370	1,155	53.0%
Normalized EBITDA margin	27.0%				33.2%	589 bps

Budweiser APAC	2Q20	Scope	Currency Translation	Organic Growth	2Q21	Organic Growth
Total volumes (thousand hls)	25,961	157	–	(1,024)	25,094	-3.9%
Revenue	1,619	(5)	169	68	1,851	4.2%
Cost of sales	(715)	(14)	(75)	(28)	(832)	-3.8%
Gross profit	904	(19)	94	40	1,019	4.5%
Normalized EBIT	369	3	42	39	453	10.4%
Normalized EBITDA	523	3	59	42	627	8.0%
Normalized EBITDA margin	32.3%				33.9%	117 bps