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Budweiser Brewing Company APAC Limited

百威亞太控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1876)

UNAUDITED RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2022

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 three months ended 31 March 2022 as attached to this announcement.

The Board wishes to remind shareholders and potential investors that the unaudited results for the three months ended 31 March 2022 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, 5 May 2022

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. Marjorie Mun Tak Yang and Ms. Katherine King-suen Tsang as Independent Non-executive Directors.



Bud APAC Reports Three Months 2022 Result

"We delivered top- and bottom-line growth in the first three months of 2022. The impact of recent COVID restrictions in China was offset by strong performance in South Korea, and we achieved a significant margin expansion. We also continued to grow revenue per hl in all key markets driven by premiumization and revenue management initiatives."

– Jan Craps, CEO and Co-Chair

Volume

20,231 thousand hl beer
-2.7%¹

Total volumes decreased by 2.7% in the first quarter of 2022 (1Q22), mainly attributable to heightened COVID restrictions since March partially offset by strong performance in South Korea.

Cost of Sales (CoS)

799 million USD
+3.1%

CoS increased by 3.1% and CoS per hl increased by 6.0% in 1Q22 due to the impact of raw material and packaging cost escalations that were partially mitigated by efficiency initiatives and hedging policies.

Normalized EPS³

2.30 cents USD

Normalized EPS increased from 1.79 cents USD in the first quarter of 2021 (1Q21) to 2.30 cents USD in 1Q22. Basic EPS increased from 1.76 cents USD in 1Q21 to 2.28 cents USD in 1Q22.

Revenue

1,632 million USD
+1.5%

Revenue grew by 1.5% and Revenue per hl grew by 4.3% in 1Q22, driven by on-going premiumization and proactive revenue management.

Normalized EBITDA²

570 million USD
+7.6%

Normalized EBITDA grew by 7.6% in 1Q22. Normalized EBITDA margin increased by 198 bps and reached 34.9%, supported by operational leverage with strong volume recovery in South Korea.

Normalized Profit

304 million USD

Normalized profit attributable to equity holders of Bud APAC increased from 236 million USD in 1Q21 to 304 million USD in 1Q22, representing 28.8% reported growth. Profit attributable to equity holders of Bud APAC increased from 233 million USD in 1Q21 to 302 million USD in 1Q22.



MANAGEMENT COMMENTS

In China, after a healthy first two months of the year, COVID restrictions disproportionately impacted our business in March, leading us to quickly reallocate resources to minimize the impact in the affected regions and channels. In South Korea, we expanded our market share in both the on-premise and in-home channels, with volumes further supported by an improved business environment. As a result, for APAC overall we delivered top- and bottom-line growth with strong EBITDA margin expansion in 1Q22.

Figure 1. Consolidated performance (million USD)

	1Q22	1Q21	Organic growth ¹
Total volumes (thousand hls)	20,231	20,787	-2.7%
Revenue	1,632	1,626	1.5%
Gross profit	833	859	0.0%
Gross margin	51.0%	52.8%	-77 bps
Normalized EBITDA²	570	528	7.6%
Normalized EBITDA margin	34.9%	32.5%	198 bps
Normalized EBIT	394	342	15.3%
Normalized EBIT margin	24.1%	21.0%	289 bps
Profit attributable to equity holders of Bud APAC	302	233	
Normalized profit attributable to equity holders of Bud APAC	304	236	
Normalized basic earnings per share (cent USD)³	2.30	1.79	

In 1Q22, our total volumes declined by 2.7% as the COVID restrictions imposed since March significantly impacted the business environment in China. However, some of this volume decline was offset by our strong performance in South Korea as we gained market share in both the on-premise and in-home channels. Ongoing premiumization, together with revenue management initiatives, enabled revenue per hl growth in all of our key markets despite the restrictions. Overall, revenue per hl grew 4.3% and revenue grew 1.5%. Moreover, EBITDA grew by 7.6% with an EBITDA margin expansion of 198 bps, supported by our performance in South Korea and agile commercial investment management across regions.

¹ Unless otherwise stated, the growth rates presented in this document are based on organic growth figures and refer to 1Q22 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 (13,221,467,605 shares in 1Q22 and 13,220,516,840 shares in 1Q21).



Environmental, Social, and Governance (ESG)

We continued to invest in, and improve upon, our ESG initiatives. In water management, the Nanning Brewery in China leads in water efficiency with 1.19 hectolitres (“hl”) of water used per hl of beer produced, which is by far the lowest level of water usage among over 200 AB InBev breweries worldwide. It also serves as a benchmark in China’s beer industry.

Leveraging the influence of our iconic brand Corona, we launched the “Restoring the Fishing Road” project to protect ocean biodiversity through the reduction of plastic waste. With this initiative, we aim to recycle approximately 145 tons of plastic waste in the ocean in 2022.

On the social front, we reinforce our commitment to diversity and inclusion by advocating for gender equity and continuing to implement the principle of meritocratic pay. We expect to reach gender pay equity by the end of 2022.

In addition, we organized our third ESG webcast with investors in April, during which the company’s ESG committee members presented updates on key initiatives and exchanged views on many ESG topics with participants.

BUSINESS REVIEW

APAC WEST

In 1Q22, our volume in the APAC West region declined by 3.8%. Ongoing premiumization supported revenue per hl growth of 3.7%, resulting in total revenue decline of 0.2%. Normalized EBITDA grew by 3.0%.

China

Volume in China declined by 4.3%, with the COVID restrictions imposed since March significantly impacting the business environment and leading to a low-single-digit industry decline in the quarter, based on our estimates. We were disproportionately impacted due to channel and geographic mix. Additionally, we also faced a tough comparable due to the Chinese New Year occurring two weeks earlier this year.



Despite this challenging environment, revenue per hl grew by 3.2% as we continue to execute our premiumization strategy. Our Premium and Super Premium brands increased their volume weight in our portfolio. Budweiser grew by high-single digits and Super Premium product revenue grew by strong double digits compared to pre-pandemic (i.e. 1Q19) levels. Revenue declined by 1.3% compared to 1Q21, however it remains above pre-pandemic levels. At the same time, we adjusted our commercial investments in COVID-impacted regions in an agile way, reallocating resources to less impacted regions and channels, which enabled EBITDA to be in line with 1Q21 and above pre-pandemic levels.

We extended the strides we have been making on the digitization front. We expanded the BEES platform to more than 28 cities, connecting with more than 20,000 customers and providing them with service without disruption even under the current COVID restrictions.

During this challenging time, the health and safety of our colleagues, business partners, and communities have been, and will remain, our top priority. We have diligently implemented various measures according to local government guidelines in order to provide a safe working environment for our colleagues. At the same time, the dedication of our colleagues, along with our extensive brewery network across the country, have ensured business continuity throughout the quarter.

India

The business environment in India further improved in 1Q22 as the number of COVID cases and corresponding restrictions significantly decreased. Our business continued to outperform the industry with our Super Premium and Premium segments growing by strong double-digits.

In providing more innovations tailored to local consumer preferences, we expanded our non-alcoholic beer segment to include new flavors with the recent launches of Budweiser 0.0 Green Apple & Hoegaarden 0.0 Rosée.

APAC EAST

In 1Q22, our revenue in the APAC East region expanded by 10.3%, with volumes increasing by 6.7%. In addition, revenue per hl expanded by 3.3% and normalized EBITDA increased by 45.6%.

South Korea

We accelerated our commercial momentum and gained share in both the on-premise and in-home channels. Restrictions have been gradually eased in 1Q22 through the government's "Living with COVID" policy, which further improved operating conditions across the country. As a result, our volume grew by mid-single digits. Revenue per hl increased by low-single digits, leading to double-digit revenue growth.

We also improved operational leverage, supported by a strong topline recovery this quarter. As a result, EBITDA grew by strong double-digits alongside significant margin expansion. This was also supported by a softer comparable from the phasing of commercial investments in 1H21, mainly attributable to the nationwide launches of "All New Cass" and HANMAC last year.



Bud APAC Consolidated Financial Information

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

	1Q22	1Q21	Organic growth
Total volumes (thousand hls)	20,231	20,787	-2.7%
Revenue	1,632	1,626	1.5%
Cost of sales	(799)	(767)	-3.1%
Gross profit	833	859	0.0%
SG&A	(479)	(545)	7.9%
Other operating income	40	28	39.3%
Normalized profit from operations (normalized EBIT)	394	342	15.3%
Non-underlying items above EBIT	(3)	(4)	
Net finance income	1	–	
Share of results of associates	1	2	
Income tax expense	(85)	(100)	
Profit for the period	308	240	
Profit attributable to non-controlling interests	6	7	
Profit attributable to equity holders of Bud APAC	302	233	
Normalized EBITDA	570	528	7.6%
Normalized profit attributable to equity holders of Bud APAC	304	236	



Volumes

Total volumes decreased by 2.7% in 1Q22, mainly attributed to heightened COVID restrictions since March partially offset by strong performance in South Korea.

Revenue

Revenue increased by 1.5% in 1Q22 with revenue per hl growing by 4.3%, driven by on-going premiumization and proactive revenue management.

Cost of Sales (CoS)

CoS increased by 3.1% and increased by 6.0% on a per hl basis in 1Q22, due to the impact of raw material and packaging cost escalations that were partially mitigated by efficiency initiatives and hedging policies.

Selling, General and Administrative Costs (SG&A)

SG&A decreased by 7.9% in 1Q22, driven by agile investment reallocations and cost management initiatives in light of recent COVID restrictions in China, and a softer comparable in South Korea from commercial investment phasing in 1H21.

Other operating income

Other operating income increased by 39.3% in 1Q22, primarily driven by brewery asset divestments.

Non-underlying items above EBIT

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

	<u>1Q22</u>	<u>1Q21</u>
Restructuring	(3)	(4)
Impact on profit from operations	(3)	(4)



Normalized profit and profit

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

	1Q22	1Q21
Profit attributable to equity holders of Bud APAC	302	233
Non-underlying items, before taxes	3	4
Non-underlying taxes	(1)	(1)
Normalized profit attributable to equity holders of Bud APAC	304	236

Earnings per share

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

	1Q22	1Q21
Basic earnings per share	2.28	1.76
Non-underlying items, before tax	0.02	0.04
Non-underlying taxes	–	(0.01)
Normalized basic earnings per share	2.30	1.79

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

	1Q22	1Q21
Diluted earnings per share	2.28	1.76
Non-underlying items, before tax	0.02	0.03
Non-underlying taxes	–	(0.01)
Normalized diluted earnings per share	2.30	1.78



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

	1Q22	1Q21
Profit attributable to equity holders of Bud APAC	302	233
Non-controlling interests	6	7
Profit for the period	308	240
Income tax expense (excluding non-underlying)	86	101
Share of results of associates	(1)	(2)
Net finance income	(1)	–
Non-underlying items income tax benefit	(1)	(1)
Non-underlying items above EBIT	3	4
Normalized EBIT	394	342
Depreciation, amortization and impairment	176	186
Normalized EBITDA	570	528

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.

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. 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 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, 2021 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, 2021 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 / 5 May 2022 / 7.00am HKT

CONFERENCE CALL

Thursday, 5 May 2022

11:30am Hong Kong

Please refer to dial-in details on our website at <https://budweiserapac.com/Upcoming/index.html>

About Budweiser Brewing Company APAC Limited

Budweiser Brewing Company APAC Limited (“Bud APAC”) 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®. Bud APAC has expanded beyond beer into new categories such as ready-to-drink, energy drinks, and spirits in recent years. Through its local subsidiaries, Bud APAC operates in its principal markets, including China, South Korea, India, and Vietnam. Headquartered in Hong Kong SAR, China, Bud APAC operates 48 breweries and employs over 26,000 colleagues across APAC.

Bud APAC is listed on the Hong Kong Stock Exchange under the stock code “1876” and is a Hang Seng Composite Index member that is incorporated under the laws of the Cayman Islands. The company is a subsidiary of Anheuser-Busch InBev, 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>.