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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 AND THE SECOND QUARTER 2022 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 six months ended 30 June 2022 as attached to this announcement.

The Board wishes to remind shareholders and potential investors that the unaudited results for the six months ended 30 June 2022 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, 28 July 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 Six Months 2022 Results

"We reconfirmed the resilience of our business and category through the continued delivery of top and bottom-line growth year-to-date in the face of severe COVID restrictions in China, commodity price escalation, and other operational headwinds. With market conditions progressively improving month over month in the second quarter in China, complemented by robust performance in South Korea and India, we closed the quarter in June with stronger results under a better operating environment. On top of the commercial performance, we continued to progress our ESG agenda, which has been recognized by MSCI with an upgrade to AA rating, the third advancement in less than three years."

– Jan Craps, CEO and Co-Chair

Volume

45,226 thousand hl beer
-1.4%¹

Total volumes declined by 1.4% in 1H22, due to heightened COVID restrictions from mid-March through May in China, partially offset by strong performance in South Korea and India.

Cost of Sales (CoS)

1,701 million USD
+7.7%

CoS increased by 7.7%, or 6.4% on a reported basis. CoS per hl deteriorated by 9.2% in 1H22, due to raw material and packaging cost escalations, partially offset by efficiency initiatives.

Normalized Effective Tax Rate (ETR)

27.7%

Normalized ETR decreased from 33.7% in 1H21 to 27.7% in 1H22, mainly due to country mix.

Normalized EPS³

4.35 cents USD

Normalized EPS increased from 3.93 cents USD in 1H21 to 4.35 cents USD in 1H22. Basic EPS increased from 3.80 cents USD in 1H21 to 4.73 cents USD in 1H22.

Revenue

3,453 million USD
+2.7%

Revenue expanded by 2.7%, or reduced 0.7% on a reported basis. Revenue per hl grew 4.2% in 1H22, driven by continued premiumization and revenue management initiatives, partially offset by channel and geographic mix caused by COVID restrictions in China.

Normalized EBITDA²

1,139 million USD
+0.4%

Normalized EBITDA in 1H22 was in line with 1H21 levels. Normalized EBITDA margin declined by 74 bps to 33.0% due to increased raw material costs and operational deleverage.

Normalized Profit

575 million USD
+10.6%

Normalized profit attributable to equity holders of Bud APAC increased from 520 million USD in 1H21 to 575 million USD in 1H22, representing 10.6% reported growth. Profit attributable to equity holders of Bud APAC increased from 503 million USD in 1H21 to 625 million USD in 1H22, representing 24.3% reported growth.



MANAGEMENT COMMENTS

After being significantly impacted by COVID prevention measures and corresponding channel disruptions, particularly from mid-March through May, our business in most parts of China recovered in June. At the same time, we delivered robust financial and commercial performances in South Korea and India with an improving business environment. We oversaw a continued increase in revenue per hl across all key markets, leading to top- and bottom-line growth in 1H22 in APAC.

Figure 1. Consolidated performance (million USD)

	1H22	1H21	Organic growth ¹
Total volumes (thousand hls)	45,226	45,881	-1.4%
Revenue	3,453	3,477	2.7%
Gross profit	1,752	1,878	-1.7%
Gross margin	50.7%	54.0%	-227 bps
Normalized EBITDA²	1,139	1,155	0.4%
Normalized EBITDA margin	33.0%	33.2%	-74 bps
Normalized EBIT	791	795	1.6%
Normalized EBIT margin	22.9%	22.9%	-23 bps
Profit attributable to equity holders of Bud APAC	625	503	
Normalized profit attributable to equity holders of Bud APAC	575	520	
EPS (cent USD)	4.73	3.80	
Normalized EPS (cent USD)³	4.35	3.93	

In 1H22, external headwinds in China led to a total volume decline of 1.4%. However, revenue per hl rose by 4.2%, a trend seen in all markets as we continued to enact our premiumization and revenue management strategies. We also achieved top- and bottom-line growth with revenue increasing by 2.7% and normalized EBITDA increasing by 0.4% compared with 1H21. Normalized EBITDA margin declined by 74 bps in part due to operational deleverage from COVID restrictions in China.

- In **China**, channel disruptions, including nightlife and restaurant venues, peaked in April and gradually eased through May and into June. Conditions progressively improved month by month. By June, volumes recovered and grew high-single digits with our Premium and Super Premium portfolios bouncing back with double-digit growth. In 1H22, we continued to invest in premiumization alongside revenue management initiatives, supporting a revenue per hl increase of 2.4%. We have seen ongoing premiumization led by volume weight increase in Budweiser and our Super Premium portfolio. Meanwhile, Budweiser and Super Premium volumes grew double digits in our expansion regions outside of areas impacted by COVID restrictions.

¹ Unless otherwise stated, the growth rates presented in this document are based on organic growth figures and refer to unaudited 1H22 and unaudited 2Q22 versus the same period of last year. Please refer to Annex 1 for unaudited 2Q22 financial information, Annex 2 for further information on the calculation of organic growth figures and Annex 3 for a comparison between organic and reported (after including currency impacts and scope changes) 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 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 basic earnings per share (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 (13,222,389,042 shares in 1H22 and 13,220,525,676 shares in 1H21).



- In **South Korea**, the operating environment improved throughout 1H22 with all restrictions in on-premise channels now lifted. We achieved market share gains in both on-premise and in-home channels, supporting a solid increase in total market share. With our revenue management initiatives, revenue per hl demonstrated a high single-digit increase, resulting in double-digit revenue growth. EBITDA grew strong double digits supported by solid volume and revenue per hl growth.
- In **India**, we achieved strong revenue and EBITDA growth in 1H22 as the industry further recovered. Combined, our Premium and Super Premium volumes doubled compared to last year, supported by an easy comparable.

In 2Q22, total volumes were flattish, as challenging operating conditions in China were only partially offset by our performance in South Korea and India. Revenue per hl grew in all markets, increasing 4.1% on a Company-wide basis on the back of revenue management initiatives and ongoing premiumization. This resulted in overall revenue growth of 3.7%. Meanwhile, our normalized EBITDA and normalized EBITDA margin declined 5.6% and 309 bps respectively, impacted by raw material cost pressures, operational deleverage in China and lower other operating income.

Despite the external challenges faced in 1H22, we maintained a strong balance sheet as a result of financial discipline and cash management. As of 30 June 2022, our available cash and cash equivalents were 1.87 billion USD.

Environmental, Social, and Governance (ESG)

We were upgraded to an “AA” rating by MSCI on Environmental, Social and Governance (“ESG”), which is Bud APAC’s third advancement in less than three years. MSCI now ranks Bud APAC as an ESG leader among 50 global beverage peers, noting our effective governance and social programs, comprehensive ESG disclosure, and responsible product and marketing initiatives. This recognition from MSCI is also a testament to our progress toward our 2025 Sustainability Goals and our ambition to achieve net zero across our value chain by 2040.

In June, during World Environment Day, we announced that our Jinzhou brewery in China is on track to become the second carbon-neutral facility in APAC by the end of 2022. Four of our breweries across APAC have now achieved RE100 and 15 breweries installed solar panels by the end of first half year of 2022, continuing to accelerate our progress in low carbon transition.

Leveraging the influence of our iconic brands, we continued to reinforce our ESG commitment through responsible marketing engagement. Following our previously announced pledge to remove 145 tons of ocean plastic waste annually, Corona launched the “It is Living Again” campaign partnering with some of China’s leading organizations including the country’s first certified B corporation “HowBottle” and online-to-offline fresh food store Hema. The weeklong campaign during World Ocean Day in June aimed to raise consumers’ awareness and call for action to protect ocean biodiversity.

On the social front, our China Emergency Drinking Water Program donated over half a million cans of clean drinking water to 22 cities during epidemic prevention and community support efforts in 1H22. In Shanghai, as part of this initiative, we donated over 100,000 cans of emergency drinking water to makeshift hospitals and communities to support frontline workers. To date, the program has provided over 2 million cans of drinking water to the disaster-stricken areas through working with social organizations and distributors since its inauguration in 2015.



BUSINESS REVIEW

APAC WEST

In 2Q22, our volumes declined by 1.4% while revenue increased by 0.8%, with revenue initiatives and premiumization supporting a 2.2% increase in revenue per hl. Normalized EBITDA declined by 12.1%.

In 1H22, volumes declined by 2.5% while revenue increased by 0.3%, alongside a net revenue per hl increase of 2.9%. Normalized EBITDA fell by 5.1%.

China

In 2Q22, COVID restrictions from mid-March through May led to a total industry decline of mid-single digits. Our business was disproportionately affected by channel disruptions and an unfavorable geographic mix, underperforming the industry according to our estimate.

However, we saw a month-over-month progressive recovery throughout the quarter, with underlying consumer demands remaining strong, leading to a high-single digit volume growth in June as restrictions eased. In addition, both of our Premium and Super Premium portfolio in June returned to volume growth increasing by double digits. As a result, volumes and revenue declined by 6.5% and 4.9% respectively in 2Q22. Despite channel and geographic headwinds, revenue per hl grew by 1.7%, supported by our revenue management initiatives and premiumization efforts. Normalized EBITDA declined by 13.7%, as a result of rising raw material costs and lower other operating income and expenses, partially offset by savings resulting from agile commercial reallocations.

In 1H22, volumes declined by 5.5%, and revenue per hl increased by 2.4%. As a result, revenue decreased by 3.2%. Compared to pre-pandemic (i.e., 1H19) levels, our combined Premium and Super Premium revenue grew mid-single digits despite the COVID restrictions in 1H22. Normalized EBITDA declined by 7.3%.

We continued to make strides in our China expansion strategy. Year to date, our Budweiser and Super Premium portfolio grew double digits versus last year in expansion cities outside of regions impacted by COVID restrictions.

On the digitization front, we expanded our B2B wholesaler and customer engagement platform “BEES” to more than 55 cities in 1H22, connecting more than 30,000 monthly active users (MAUs).

India

In 1H22, our India business outperformed the industry and achieved solid revenue and EBITDA growth, as industry volumes recovered to above pre-pandemic levels. Our combined Premium and Super Premium portfolio doubled its volume, with an easy comparable from last year’s COVID outbreak. The Budweiser brand also expanded its market share and remains our largest brand in India.



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

Press Release

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APAC EAST

Our performance in the APAC East region continued to improve as restrictions that had applied to on-premise channels were lifted. In 1H22, revenue rose 13.9% while volumes and revenue per hl increased by 7.1% and 6.4% respectively. Normalized EBITDA grew by 39.2%.

In 2Q22, several of these performance metrics improved even further. Volumes and revenues increased by 7.4% and 16.8% respectively and revenue per hl rose by 8.7%. Normalized EBITDA increased by 34.9%.

South Korea

In 2Q22, we grew total market share, outperforming the industry in both on-premise and in-home channels. Volumes increased by high single digits during the quarter. Revenue per hl grew by high single digits, benefiting mainly from a 7.7% price increase in our Core segment including brands such as Cass and HANMAC. Revenue grew by double digits and EBITDA grew by strong double digits with a solid margin expansion supported by increased operational leverage.

Our strong financial performance was driven by our high-quality commercial capabilities. Our South Korea team won 3 awards including the “Most Effective Marketer” at the ‘2022 Effie Awards Korea’ for excellence in brand campaigns and marketing capability.

We continue to build our future growth with innovative products. In 2Q22, we launched ‘Cass White’, our first wheat beer for the national brand Cass, and have received positive consumer feedbacks, including that this innovation creates a halo effect for the Cass mother brand.



Bud 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

	<i>Notes</i>	30 June 2022	30 June 2021
		<i>US\$'million</i>	<i>US\$'million</i>
Revenue	2	3,453	3,477
Cost of sales		(1,701)	(1,599)
Gross profit		1,752	1,878
Distribution expenses		(266)	(255)
Sales and marketing expenses		(540)	(671)
Administrative expenses		(222)	(224)
Other operating income	3	67	67
Profit from operations before non-underlying items		791	795
Non-underlying items	4	(5)	(22)
Profit from operations		786	773
Finance cost		(12)	(32)
Finance income		20	18
Net finance income/(cost)		8	(14)
Share of results of associates		12	17
Profit before tax		806	776
Income tax expense	5	(166)	(258)
Profit for the period		640	518
Profit for the period attributable to:			
Equity holders of Bud APAC		625	503
Non-controlling interests		15	15
Earnings per share from profit attributable to the equity holders of Bud APAC:			
Basic earnings per share (cent USD)	6	4.73	3.80
Diluted earnings per share (cent USD)	6	4.72	3.80



UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	30 June 2022	30 June 2021
	<i>US\$'million</i>	<i>US\$'million</i>
Profit for the period	640	518
Other comprehensive (loss)/income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	(763)	(133)
(Loss)/gain on cash flow hedges	(26)	34
Other comprehensive loss, net of tax	(789)	(99)
Total comprehensive (loss)/income	(149)	419
Total comprehensive (loss)/income of the period attributable to:		
Equity holders of Bud APAC	(160)	403
Non-controlling interests	11	16



UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	30 June 2022	31 December 2021
		<i>US\$'million</i>	<i>US\$'million</i>
ASSETS			
Non-current assets			
Property, plant and equipment		3,320	3,632
Goodwill		6,606	7,104
Intangible assets		1,573	1,702
Land use rights		237	251
Investment in associates		449	452
Deferred tax assets		256	257
Trade and other receivables		45	56
Other non-current assets		10	10
Total non-current assets		12,496	13,464
Current assets			
Inventories		426	473
Trade and other receivables	7	713	560
Derivatives		26	33
Cash pooling deposits to AB InBev		90	43
Cash and cash equivalents		1,870	2,007
Other current assets		45	45
Total current assets		3,170	3,161
Total assets		15,666	16,625
EQUITY AND LIABILITIES			
Equity			
Issued capital		–	–
Share premium		43,591	43,591
Capital reserve		(36,213)	(36,213)
Other reserves		(927)	(160)
Retained earnings		4,028	3,795
Equity attributable to equity holders of Bud APAC		10,479	11,013
Non-controlling interests		81	70
Total equity		10,560	11,083



UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	30 June 2022	31 December 2021
		<i>US\$'million</i>	<i>US\$'million</i>
Non-current liabilities			
Interest-bearing loans and borrowings		68	53
Deferred tax liabilities		435	474
Trade and other payables		20	26
Provisions		124	132
Income tax payable		43	100
Other non-current liabilities		64	66
Total non-current liabilities		754	851
Current liabilities			
Cash pooling loans from AB InBev		30	27
Interest-bearing loans and borrowings		147	123
Trade and other payables	<i>8</i>	2,660	2,764
Payables with AB InBev	<i>8</i>	108	74
Consigned packaging and contract liabilities	<i>8</i>	1,195	1,495
Derivatives		32	6
Provisions		22	26
Income tax payable		158	176
Total current liabilities		4,352	4,691
Total equity and liabilities		15,666	16,625



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 (the "Stock Exchange") 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

The interim results announcement has been presented in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities of the Stock Exchange.

The Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2022, prepared in accordance with the International Accounting Standard 34 Interim Financial Reporting issued by the International Accounting Standard Board (the "IASB"), from which this interim financial information has been extracted, will be published as soon as practicable.

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.



2. 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 volumes (thousand hectoliter) and Normalized EBITDA margin (in %).

For the six months ended 30 June 2022 and 2021

	Asia Pacific					
	East		West		Total	
	30 June		30 June		30 June	
	2022	2021	2022	2021	2022	2021
Volumes	5,494	5,129	39,732	40,752	45,226	45,881
Revenue ⁴	619	596	2,834	2,881	3,453	3,477
Normalized EBITDA	182	143	957	1,012	1,139	1,155
Normalized EBITDA margin %	29.4%	24.0%	33.8%	35.1%	33.0%	33.2%
Depreciation, amortization and impairment					(348)	(360)
Normalized profit from operations (Normalized EBIT)					791	795
Non-underlying items (Note 4)					(5)	(22)
Profit from operations (EBIT)					786	773
Net finance income/(cost)					8	(14)
Share of results of associates					12	17
Income tax expense					(166)	(258)
Profit for the period					640	518
Segment assets (non-current)	4,871	5,622	7,625	8,024	12,496	13,646
Gross capex	11	51	202	215	213	266

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



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 International Financial Reporting Standards (the "IFRS") by the IASB and should not be considered as an alternative to profit attributable to equity holders of Bud 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 Bud APAC and normalized EBITDA is as follows:

	30 June 2022	30 June 2021
	<i>US\$'million</i>	<i>US\$'million</i>
Profit attributable to equity holders of Bud APAC	625	503
Non-controlling interests	15	15
Profit for the period	640	518
Income tax expense	166	258
Share of results of associates	(12)	(17)
Net finance (income)/cost	(8)	14
Non-underlying items above EBIT	5	22
Normalized EBIT	791	795
Depreciation and amortization	348	360
Normalized EBITDA	1,139	1,155



3. Other operating income

	30 June 2022	30 June 2021
	<i>US\$'million</i>	<i>US\$'million</i>
Grants and incentives	29	38
Net gain on disposal of property, plant and equipment and intangible assets	33	14
Other operating income	5	15
Other operating income	67	67

4. Non-underlying items

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

	30 June 2022	30 June 2021
	<i>US\$'million</i>	<i>US\$'million</i>
Restructuring	(5)	(22)
Impact on profit from operations	(5)	(22)
Tax impact on non-underlying items	1	5
Non-underlying income tax credit	54	–
Net impact on profit	50	(17)

The non-underlying 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-underlying income tax.



5. Income tax expense

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

	30 June 2022	30 June 2021
	<i>US\$'million</i>	<i>US\$'million</i>
Current year	(224)	(274)
Overprovided in prior years	41	21
Current tax expense	(183)	(253)
Deferred tax income	17	(5)
Total income tax expense	(166)	(258)
Effective tax rate (ETR)	20.9%	34.0%
Normalized ETR⁵	27.7%	33.7%

The Group held provisions to cover a potential exposure related to tax in India associated with asset transfers that were challenged by the Indian tax authorities. During the six months ended 30 June 2022, confirmation has been received that the matter has been resolved in favor of the Group and the provision of 54 million US dollar has been released and the reversal has been disclosed as non-underlying income tax in Note 4.

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

⁵ Normalized ETR refers to ETR adjusted for non-underlying items and non-underlying income tax credit.



6. Earnings per share

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

	30 June 2022	30 June 2021
Profit attributable to equity holders of Bud APAC (Million US Dollar)	625	503
Weighted average number of ordinary shares in issue	13,222,389,042	13,220,525,676
Basic earnings per share (cent USD)	4.73	3.80

	30 June 2022	30 June 2021
Profit attributable to equity holders of Bud APAC (Million US Dollar)	625	503
Weighted average number of ordinary shares in issue	13,222,389,042	13,220,525,676
Effect of share options and restricted stock units	15,272,594	10,945,528
Weighted average number of ordinary shares (diluted)	13,237,661,636	13,231,471,204
Diluted earnings per share (cent USD)	4.72	3.80

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

	30 June 2022	30 June 2021
Normalized profit attributable to equity holders of Bud APAC (Million US Dollar)	575	520
Weighted average number of ordinary shares in issue	13,222,389,042	13,220,525,676
Normalized basic earnings per share (cent USD)	4.35	3.93



	30 June 2022	30 June 2021
Normalized profit attributable to equity holders of Bud APAC (Million US Dollar)	575	520
Weighted average number of ordinary shares in issue	13,222,389,042	13,220,525,676
Effect of share options and restricted stock units	15,272,594	10,945,528
Weighted average number of ordinary shares (diluted)	13,237,661,636	13,231,471,204
Normalized diluted earnings per share (cent USD)	4.34	3.93

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

	30 June 2022	30 June 2021
Basic earnings per share	4.73	3.80
Non-underlying items, before tax	0.04	0.17
Non-underlying taxes	(0.42)	(0.04)
Normalized basic earnings per share	4.35	3.93

	30 June 2022	30 June 2021
Diluted earnings per share	4.72	3.80
Non-underlying items, before tax	0.04	0.17
Non-underlying taxes	(0.42)	(0.04)
Normalized diluted earnings per share	4.34	3.93



7. Trade and other receivables

	30 June 2022	31 December 2021
	<i>US\$'million</i>	<i>US\$'million</i>
Trade receivables and accrued income	560	400
Trade receivables with AB InBev	9	12
Indirect tax receivable	79	97
Prepaid expenses	61	48
Other receivables	4	3
Current trade and other receivables	713	560

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. Impairment losses on trade receivables of 3 million US dollar and 6 million US dollar were recognized for the six months ended 30 June 2022 and 2021 respectively.

As of 30 June 2022 and 31 December 2021, the aging analysis of current trade receivables and trade receivables with AB InBev, based on due date, is as follows:

	30 June 2022	31 December 2021
	<i>US\$'million</i>	<i>US\$'million</i>
Not past due	538	392
Past due as of reporting date:		
Less than 30 days	23	12
Between 30 and 59 days	2	2
Between 60 and 89 days	–	1
More than 90 days	6	5
Net carrying amount of trade receivables and trade receivables with AB InBev	569	412



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

	30 June 2022	31 December 2021
	<i>US\$'million</i>	<i>US\$'million</i>
Trade payables and accrued expenses	1,988	2,082
Payroll and social security payables	95	122
Indirect taxes payable	420	367
Contingent consideration on acquisitions	14	7
Other payables	143	186
Current trade and other payables	2,660	2,764
	30 June 2022	31 December 2021
	<i>US\$'million</i>	<i>US\$'million</i>
Payables with AB InBev	108	74

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 2022 and 31 December 2021, trade payables and payables to AB InBev were 2,096 million US dollar and 2,156 million US dollar respectively.

As of 30 June 2022 and 31 December 2021, the aging analysis of current trade payables and payable with AB InBev, based on due date, is as follows:

	30 June 2022	31 December 2021
	<i>US\$'million</i>	<i>US\$'million</i>
Not past due	1,975	2,027
Past due as of reporting date:		
Less than 30 days	20	67
Between 30 and 89 days	25	21
More than 90 days	76	41
Net carrying amount of trade payables and payables with AB InBev	2,096	2,156



	30 June 2022	31 December 2021
	<i>US\$'million</i>	<i>US\$'million</i>
Consigned packaging	408	377
Contract liabilities	787	1,118
Consigned packaging and contract liabilities	1,195	1,495

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 2021 or has been recognized as revenue during the six months ended 30 June 2022.

9. Dividends

On 6 May 2022, a final dividend of US dollar 3.02 cents per share (equivalent to HK dollar 23.68 cents per share) was approved by the shareholders at the annual general meeting of the Company. This final dividend was paid on 22 June 2022. The total dividend payment for the 2021 fiscal year of 399 million US dollar was recognized during the six months ended 30 June 2022 in the unaudited condensed consolidated interim financial statements.

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 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 interim financial statements.

No dividends were declared or proposed during the six months ended 30 June 2022.



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 2022, save for code provision C.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 2021 Annual Report.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

For the six months ended 30 June 2022, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

FURTHER INFORMATION

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, 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. 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.

The Second Quarter of 2021 (2Q21) and 2022 (2Q22) 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 of 2022 (1H22) 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.



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

Press Release

Hong Kong / 28 July 2022 / 7.00am HKT

CONFERENCE CALL

Thursday, 28 July 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 25,000 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, the public company listed on Euronext 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>.



ANNEX 1 – UNAUDITED 2Q22 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 2021 (2Q21) and 2022 (2Q22) 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)

	2Q22	2Q21	Organic growth
Total volumes (thousand hls)	24,995	25,094	-0.4%
Revenue	1,821	1,851	3.7%
Gross profit	919	1,019	-3.1%
Gross margin	50.5%	55.1%	-359 bps
Normalized EBITDA	569	627	-5.6%
Normalized EBITDA margin	31.2%	33.9%	-309 bps
Normalized EBIT	397	453	-8.6%
Normalized EBIT margin	21.8%	24.5%	-296 bps
Profit attributable to equity holders of Bud APAC	323	270	
Normalized profit attributable to equity holders of Bud APAC	271	284	



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 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.

Bud APAC	1H21	Scope	Currency Translation	Organic Growth	1H22	Organic Growth
Total volumes (thousand hls)	45,881	–	–	(655)	45,226	-1.4%
Revenue	3,477	(55)	(61)	92	3,453	2.7%
Cost of sales	(1,599)	(5)	26	(123)	(1,701)	-7.7%
Gross profit	1,878	(60)	(35)	(31)	1,752	-1.7%
Normalized EBIT	795	(5)	(12)	13	791	1.6%
Normalized EBITDA	1,155	(6)	(15)	5	1,139	0.4%
Normalized EBITDA margin	33.2%				33.0%	-74 bps

Bud APAC	2Q21	Scope	Currency Translation	Organic Growth	2Q22	Organic Growth
Total volumes (thousand hls)	25,094	–	–	(99)	24,995	-0.4%
Revenue	1,851	(30)	(68)	68	1,821	3.7%
Cost of sales	(832)	(2)	31	(99)	(902)	-11.9%
Gross profit	1,019	(32)	(37)	(31)	919	-3.1%
Normalized EBIT	453	(2)	(15)	(39)	397	-8.6%
Normalized EBITDA	627	(3)	(20)	(35)	569	-5.6%
Normalized EBITDA margin	33.9%				31.2%	-309 bps



ANNEX 3 – ORGANIC AND REPORTED GROWTH FIGURES

Growth %	BUD APAC		APAC West		APAC East		China	
	Organic	Reported	Organic	Reported	Organic	Reported	Organic	Reported
Volume								
2Q22	-0.4%	-0.4%	-1.4%	-1.4%	7.4%	7.4%	-6.5%	-6.5%
1H22	-1.4%	-1.4%	-2.5%	-2.5%	7.1%	7.1%	-5.5%	-5.5%
Revenue per hl								
2Q22	4.1%	-1.2%	2.2%	-1.7%	8.7%	-2.2%	1.7%	-1.9%
1H22	4.2%	0.7%	2.9%	0.9%	6.4%	-3.0%	2.4%	0.8%
Net revenue								
2Q22	3.7%	-1.6%	0.8%	-3.1%	16.8%	5.1%	-4.9%	-8.3%
1H22	2.7%	-0.7%	0.3%	-1.6%	13.9%	3.9%	-3.2%	-4.7%
Normalized EBITDA								
2Q22	-5.6%	-9.3%	-12.1%	-14.2%	34.9%	22.1%	-13.7%	-15.8%
1H22	0.4%	-1.4%	-5.1%	-5.4%	39.2%	27.3%	-7.3%	-7.7%