

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022, FINAL DIVIDEND RECOMMENDATION AND FOURTH 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 results of the Group for the year ended 31 December 2022 as attached to this announcement.

The Board recommends that the Company increases the final dividend per share to the shareholders from 3.02 cents USD in 2021 to 3.78 cents USD in 2022.

Subject to the approval of the shareholders at the forthcoming 2023 annual general meeting and subject to further announcement(s) in respect to the book closure date, record date and payment date, the proposed 2022 final dividend is expected to be distributed to shareholders on or before 30 June 2023.

The proposed 2022 final dividend is in line with the Company’s dividend policy to declare a dividend representing in aggregate at least 25% of the consolidated profit attributable to our equity holders, excluding exceptional items, such as restructuring charges, gains or losses on business disposals and impairment charges, subject to applicable legal provisions relating to distributable profit.

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

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

Hong Kong, 2 March 2023

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 (Mr. John Blood and Mr. David Almeida as his alternates), Ms. Katherine Barrett and Mr. Nelson Jamel (Mr. John Blood and Mr. David Almeida as their alternates) 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 FY2022 Results

“Our volume continued to grow in 2022 despite external headwinds from channel restrictions in China throughout the year, thanks to the resilience of our teams and strong growth momentum in South Korea and India. Our premiumization and expansion opportunities remain intact, sustaining our underlying profitability and positioning us for high-quality growth in the future. I am also pleased to announce a 25% increase in dividend proposed by the Board.”

— Jan Craps, CEO and Co-Chair

Volume

88,491 thousand hl beer
+0.7%¹

Total volumes increased by 0.7% in full year 2022 (FY22), as strong performance in Korea and India was partially offset by widespread channel closures in China.

Cost of Sales (CoS)
3,238 million USD
+8.5%

CoS increased by 8.5% in FY22, or 3.4% on a reported basis, mainly due to raw material and packaging cost escalations partially offset by efficiency initiatives and optimized sourcing.

Normalized Effective Tax Rate (ETR)
30.8%

Normalized ETR decreased from 31.1% in full year 2021 (FY21) to 30.8% in FY22, mainly due to country mix.

Normalized EPS³
6.50 cents USD

Normalized EPS decreased from 7.41 cents USD in FY21 to 6.50 cents USD in FY22. Basic EPS decreased from 7.19 cents USD in FY21 to 6.91 cents USD in FY22.

Revenue

6,478 million USD
+2.4%

Revenue grew by 2.4%, and revenue per hl grew by 1.7%, driven by revenue management initiatives in South Korea and premiumization in India that were significantly offset by the challenging operating conditions in China. On a reported basis, revenue declined by 4.6% and revenue per hl declined by 5.2%, mainly due to currency impact.

Normalized EBITDA²
1,932 million USD
-5.2%

Normalized EBITDA decreased by 5.2% in FY22, or by 9.7% on a reported basis. Normalized EBITDA margin decreased by 239 bps to 29.8%, with commodity cost escalation and operational deleveraging in China partially offset by agile commercial investment management and cost initiatives.

Normalized Profit
859 million USD

Normalized profit attributable to equity holders of Bud APAC decreased from 980 million USD in FY21 to 859 million USD in FY22. Profit attributable to equity holders of Bud APAC decreased from 950 million USD in FY21 to 913 million USD in FY22.

Please refer to page 2 of this press release for footnotes 1 to 3 and to the end of this press release for important notes and disclaimers.



MANAGEMENT COMMENTS

2022 was a challenging year due to severe headwinds from widespread channel closures in China. Despite this, we delivered full-year volume, revenue and revenue per hl expansion, led by a combination of strong market share performance and industry recovery in both South Korea and India. However, operational deleverage in China and anticipated commodity cost headwinds resulted in a mid-single digit decline in EBITDA.

Figure 1. Consolidated performance (million USD)

	FY22	FY21	Organic growth ¹
Total volumes (thousand hls)	88,491	87,878	0.7%
Revenue	6,478	6,788	2.4%
Gross profit	3,240	3,657	-3.0%
Gross margin	50.0%	53.9%	-279 bps
Normalized EBITDA²	1,932	2,139	-5.2%
Normalized EBITDA margin	29.8%	31.5%	-239 bps
Normalized EBIT	1,261	1,427	-7.1%
Normalized EBIT margin	19.5%	21.0%	-200 bps
Profit attributable to equity holders of Bud APAC	913	950	
Normalized profit attributable to equity holders of Bud APAC	859	980	
EPS (cent USD)	6.91	7.19	
Normalized EPS (cent USD)³	6.50	7.41	

¹ Unless otherwise stated, the growth rates presented in this document are based on organic growth figures and refer to audited FY22 and unaudited 4Q22 results versus the same period of last year. Please refer to Annex 1 for unaudited 4Q22 financial information, Annex 2 for further information on the calculation of organic growth figures and Annex 3 for a comparison between (i) organic and (ii) 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 (13,219,920,037 shares in FY22 and 13,220,546,569 shares in FY21).



In FY22, volumes grew by 0.7% with revenue and revenue per hl growing by 2.4% and 1.7% respectively. Our normalized EBITDA decreased by 5.2%, while our normalized EBITDA margin decreased by 239 bps.

- In **China**, widespread and extensive channel closures, especially in nightlife and restaurant venues, impacted our full-year performance and overshadowed the positive impact that our premiumization strategy and commercial initiatives have been driving on our top-and bottom-line throughout much of FY22. Volumes fell 3.0%, underperforming the industry according to our estimates driven by the disproportional impact of COVID restrictions on our channel and geographic mix. However, we continued to deliver our premiumization strategy in expansion regions, where Budweiser and Super Premium volumes grew by double digits in more than half of expansion cities in FY22 despite the impact of COVID restrictions.
- In **South Korea**, FY22 volumes increased by high single digits, supported by solid market share gains in both on-premise and in-home channels with total market share increasing by 150 bps. Revenue expanded by mid-teens and revenue per hl increased by high single digits, benefiting from revenue management initiatives. EBITDA grew by strong double digits driven by top-line recovery, with operational leverage driving margin expansion.
- In **India**, we outperformed the industry, both in 4Q22 and FY22. Premium and Super Premium revenue almost doubled compared to FY21.

Operating conditions in China, the largest of our key markets, were impacted significantly in 4Q22 as COVID restrictions heightened, particularly in channels where our footprint is most concentrated. The impact was partially offset by our strong performance in South Korea and India. Group total revenue decreased by 4.8% as volume and revenue per hl declined by 2.2% and 2.6%, respectively. In 4Q22, which was our smallest quarter of the year, normalized EBITDA and normalized EBITDA margin declined by 34.7% and 834 bps respectively.

Despite challenging operating conditions, we were able to further strengthen our balance sheet through ongoing financial discipline and cash management practices. As at the end of FY22, our net cash position⁴ increased by 0.5 billion USD to 2.5 billion USD as compared to the end of FY21. As such, the Board recommends a dividend per share of 3.78 cents USD for FY22, an increase of 25% from 3.02 cents USD in FY21, representing a pay-out ratio of 58%.

⁴ Our net cash position was calculated based on Cash and Cash Equivalents net of Bank Overdrafts on 31 December 2021 and 2022, respectively.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

In FY22, we made significant progress on our ESG journey with an upgraded MSCI rating of “AA”, our third rating improvement in less than three years. MSCI ranks us as an “ESG Leader” among 50 global beverage peers. We received the ‘Top Employer 2023’ award for the second consecutive year in China, India, and South Korea, showcasing our commitment to providing the best employee experience and creating an inclusive environment where our people can unleash their full potential. We remain focused on our 2025 Sustainability Goals and our ambition to achieve net zero across our value chain by 2040.

Key outcomes delivered, including:

- Reduced carbon emission intensity per hectolitre (“kgCO₂/hl”) by 19.66% across our value chain (Scope 1, 2 & 3) compared to our baseline of 2017. We recorded a 49.6% decrease in carbon emission intensity per hl within our operations (Scope 1 & 2) against the same baseline year. Our Jinzhou brewery in China became our second carbon neutral brewery in APAC.
- Accelerated the renewable electricity coverage to 43% with four RE100 breweries in China and 17 breweries have installed solar panels across APAC.
- Deployed 369 green trucks in our fleet, an increase of over 10% compared to 2021.
- Lowered our water usage to 2.20 hl per hl of beer produced across our APAC breweries, representing a 26% decrease compared to our 2017 baseline. Our Nanning Brewery recorded 1.11 hl per hl for beer production — the lowest level of water usage among AB InBev’s breweries globally and a benchmark for the world’s beer industry.
- Increased our local barley harvesting in China by 60% to 40,000 tons, benefiting 4,500 farmers covering 60,000 hectares of land. 100% of the farmers we partner with in China and India are qualified and have access to appropriate barley varieties and technical training. 100% are financially empowered to improve their livelihoods and long-term sustainability.
- Confirmed gender pay equity, underlining our commitment to diversity and inclusion.



BUSINESS REVIEW

APAC WEST

In 4Q22, revenue decreased by 9.6%, with volume and revenue per hl declining by 3.6% and 6.2% respectively. Normalized EBITDA declined by 45.1%.

In FY22, our revenue in the APAC West region decreased by 0.6%. Volumes decreased by 0.4% and revenue per hl decreased by 0.1%. Normalized EBITDA declined by 10.6%.

China

The industry was impacted by COVID restrictions throughout 2022 and 4Q22 was the most challenging quarter of the year. Our business was disrupted due to prolonged channel closures particularly in regions where our footprint is most concentrated, as well as reduced traffic and mobility after the lifting of control measures in December. Our premium sales channels were heavily impacted, especially nightlife venues and Chinese restaurants, which led to a double-digit revenue decline in our Premium and Super Premium segments in 4Q22. Overall, volumes declined by 7.0%, despite an earlier Chinese New Year. Revenue and revenue per hl decreased by 15.0% and 8.6% respectively, while normalized EBITDA declined by 44.1%, mainly due to top-line decrease and operational deleverage in the smallest quarter of the year.

Our FY22 performance was more resilient driven by the underlying effectiveness of our premiumization and expansion strategies which sustained Premium and Super Premium growth during parts of the year that were less affected by COVID restrictions. Despite declining year-on-year, Premium and Super Premium revenues were above pre-pandemic (i.e. 2019) levels. Overall in FY22, volumes decreased by 3.0% with COVID having a disproportionate impact in the on-premise channel and leading to a 44 bps decline in market share. Revenue decreased by 4.2%, while revenue per hl decreased by 1.2% mainly due to a negative channel mix, especially in 4Q22. In FY22, Normalized EBITDA declined by 11.7%, with the top-line decline and operational deleverage being partially offset by agile cost management and commercial investment optimization.

We continued to proactively implement our expansion strategy, with Budweiser and our Super Premium portfolio volumes growing by double digits in more than half of expansion cities in FY22 despite the impact of COVID restrictions. As of the end of the year, the distribution of Budweiser has been expanded from 184 cities in 2021 to 201 cities, with plans to expand this footprint to more than 250 cities by the end of 2025.

We continued to invest in our craft portfolio in China. We have expanded our brewpub footprint with three new locations in 4Q22 and added Brewdog to our craft offerings.



As one of our innovation projects, we recently introduced the Budweiser Brewmaster Reserve Rabbit limited edition to celebrate the Chinese New Year, a beer with an ABV higher than 10.8% created using an innovative double barrel aging process that provides consumers with a multi-sensorial experience — one recent example of how we are catering to rising demand for new product offerings and differentiated drinking experiences and further raising the bar for super premium beers.

On the digitization front, BEES, our B2B wholesaler and customer engagement platform, has been expanded to more than 160 cities. Revenue generated from BEES represented more than 40% of our China revenue in December.

India

Our India business outperformed the industry in both 4Q22 and FY22, based on our estimates, with the industry having recovered to above pre-pandemic levels. In FY22, India was among the top 5 largest markets globally in volume for the Budweiser brand. In addition, Premium and Super Premium revenue almost doubled compared to FY21.

APAC EAST

In 4Q22, revenue increased by 13.8%, with volume and revenue per hl growing by 5.3% and 8.1% respectively. Normalized EBITDA increased by 3.8%.

In FY22, our revenue in the APAC East region increased by 15.5%. Volumes grew by 8.9% and revenue per hl expanded by 6.1%. Normalized EBITDA increased by 23.9%.

South Korea

In 4Q22, volumes grew by mid-single digits as we continued to expand market share. Revenue increased by mid-teens while revenue per hl grew by high-single digits, supported by effective revenue management initiatives. EBITDA grew by low-single digits due to a tougher comparable from commercial investment phasing as well as Budweiser FIFA World Cup™ activations.

In FY22, our total market share expanded by 150 bps, which was above pre-pandemic levels (2019), driven by continued growth in both the in-home and on-premise channels. At the same time, we continued to build our future growth with various product innovations and marketing campaigns. These included the launch of 'Cass White', our first wheat beer for the national brand Cass, which created a halo effect for the brand overall, as well as continuing to expand HANMAC, our 'classic lager' beer, to offer consumers a comprehensive portfolio.



OUTLOOK

In 2023, we are committed to delivering sustainable growth through our clear and effective three-pillar strategy:

- **Lead and grow the category** through five initiatives: Continue leading Premium industry growth; Brew Super Premium as the next blue ocean; Diversify to more channels; Expand geographically for future premiumization; and Scale Beyond Beer with a clear focus.
- **Digitize & monetize our ecosystem**, supported by digital consumers, digital customers, and a digital supply chain.
- **Optimize our business**, through consistent operational excellence, profitability at scale, and the setting of ESG benchmarks.

In China specifically, we estimate that both the restaurant and nightlife channels across our footprint have almost fully re-opened by the end of February. In light of the current pace of improvement, we are optimistic about our business recovery in 2023 following a transitional quarter in 1Q23.

We believe our clear and proven strategy, strong and engaged teams, and effective commercial and route-to-market capabilities will set us up to succeed across Asia-Pacific in 2023.



BUD APAC CONSOLIDATED FINANCIAL INFORMATION

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

CONSOLIDATED INCOME STATEMENT

	Notes	2022	2021
		<i>US\$'million</i>	<i>US\$'million</i>
Revenue	3	6,478	6,788
Cost of sales		(3,238)	(3,131)
Gross profit		3,240	3,657
Distribution expenses		(527)	(524)
Sales and marketing expenses		(1,151)	(1,407)
Administrative expenses		(442)	(449)
Other operating income	4	141	150
Profit from operations before non-underlying items		1,261	1,427
Non-underlying items	5	(1)	(40)
Profit from operations		1,260	1,387
Finance cost		(39)	(45)
Finance income		39	39
Net finance cost		—	(6)
Share of results of associates		23	32
Profit before tax		1,283	1,413
Income tax expense	6	(334)	(432)
Profit for the year		949	981
Profit for the year attributable to:			
Equity holders of Bud APAC		913	950
Non-controlling interests		36	31
Earnings per share from profit attributable to the equity holders of Bud APAC:			
Basic earnings per share (cent USD)	7	6.91	7.19
Diluted earnings per share (cent USD)	7	6.90	7.19



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2022	2021
	<i>US\$'million</i>	<i>US\$'million</i>
Profit for the year	949	981
Other comprehensive (loss)/income:		
<i>Items that will not be reclassified to profit or loss:</i>		
Re-measurement of post-employment benefits	6	7
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	(793)	(303)
Gains on cash flow hedges	(26)	7
Other comprehensive (loss)/income, net of tax	(813)	(289)
Total comprehensive income	136	692
Total comprehensive income of the year attributable to:		
Equity holders of Bud APAC	104	660
Non-controlling interests	32	32



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2022	2021
		US\$'million	US\$'million
ASSETS			
Non-current assets			
Property, plant and equipment		3,181	3,632
Goodwill		6,624	7,104
Intangible assets		1,605	1,702
Land use rights		227	251
Investment in associates		464	452
Deferred tax assets		233	257
Trade and other receivables		46	56
Other non-current assets		10	10
Total non-current assets		12,390	13,464
Current assets			
Inventories		488	473
Trade and other receivables	8	561	560
Derivatives		18	33
Cash pooling deposits to AB InBev		67	43
Cash and cash equivalents		2,458	2,007
Other current assets		14	45
Total current assets		3,606	3,161
Total assets		15,996	16,625
EQUITY AND LIABILITIES			
Equity			
Issued capital		—	—
Share premium		43,591	43,591
Capital reserve		(36,213)	(36,213)
Treasury shares		(6)	—
Other reserves		(930)	(160)
Retained earnings		4,322	3,795
Equity attributable to equity holders of Bud APAC		10,764	11,013
Non-controlling interests		69	70
Total equity		10,833	11,083



	Notes	2022	2021
		US\$'million	US\$'million
Non-current liabilities			
Interest-bearing loans and borrowings		77	53
Deferred tax liabilities		427	474
Trade and other payables		22	26
Provisions		100	132
Income tax payable		51	100
Employee benefits ⁽¹⁾		68	62
Other non-current liabilities ⁽¹⁾		3	4
Total non-current liabilities		748	851
Current liabilities			
Cash pooling loans from AB InBev		—	27
Interest-bearing loans and borrowings		147	123
Trade and other payables	9	2,629	2,764
Payables with AB InBev	9	74	74
Consigned packaging and contract liabilities	9	1,405	1,495
Derivatives		27	6
Provisions		11	26
Income tax payable		122	176
Total current liabilities		4,415	4,691
Total equity and liabilities		15,996	16,625

⁽¹⁾ The presentation of the comparative amount has been restated to conform to the current year presentation.



NOTES TO CONSOLIDATED FINANCIAL INFORMATION

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).

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

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

The financial information relating to the year ended 31 December 2022 included in this announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements.

The Company's auditor has reported on the financial statements of the Group for the year ended 31 December 2022. The auditor's report is unqualified and does not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report.



2. Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board and the IFRS Interpretations Committee interpretations applicable to companies reporting under IFRS which are mandatory for the financial periods beginning on 1 January 2022 and the disclosure requirements of the Hong Kong Company Ordinance. The consolidated financial statements have been prepared under the historical cost convention unless otherwise stated.

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 consolidated financial statements have been prepared on a going concern basis.

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

A number of amendment to standards became mandatory for the first time for the financial year beginning on 1 January 2023 and have not been listed in these consolidated financial statements as they either do not apply or are immaterial to the Group’s consolidated financial statements.

New and amendments to IFRSs in issue but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.



3. 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 years ended 31 December 2022 and 2021

	Asia Pacific					
	East		West		Total	
	2022	2021	2022	2021	2022	2021
Volumes (unaudited)	11,573	10,630	76,918	77,248	88,491	87,878
Revenue⁵	1,251	1,222	5,227	5,566	6,478	6,788
Normalized EBITDA	365	330	1,567	1,809	1,932	2,139
Normalized EBITDA margin %	29.2%	27.0%	30.0%	32.5%	29.8%	31.5%
Depreciation, amortization and impairment					(671)	(712)
Normalized profit from operations (Normalized EBIT)					1,261	1,427
Non-underlying items (Note 5)					(1)	(40)
Profit from operations (EBIT)					1,260	1,387
Net finance cost					—	(6)
Share of results of associates					23	32
Income tax expense					(334)	(432)
Profit for the year					949	981
Segment assets (non-current)	5,041	5,351	7,349	8,113	12,390	13,464
Gross capex	45	93	449	513	494	606

⁵ 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 IFRS 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:

	2022	2021
	<i>US\$'million</i>	<i>US\$'million</i>
Profit attributable to equity holders of Bud APAC	913	950
Non-controlling interests	36	31
Profit for the year	949	981
Income tax expense (excluding non-underlying)	389	442
Share of results of associates	(23)	(32)
Net finance cost	—	6
Non-underlying income tax benefit	(55)	(10)
Non-underlying items above EBIT	1	40
Normalized EBIT	1,261	1,427
Depreciation and amortization	671	712
Normalized EBITDA	1,932	2,139



4. Other operating income

	2022	2021
	<i>US\$'million</i>	<i>US\$'million</i>
Grants and incentives	61	80
Net gain on disposal of property, plant and equipment and intangible assets	64	34
Other operating income	16	36
Other operating income	141	150

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

Net gain on disposal of property, plant and equipment and intangible assets includes net gain of 22 million US dollar and 4 million US dollar from the sale of properties for the years ended 31 December 2022 and 2021 respectively.

5. Non-underlying items

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

	2022	2021
	<i>US\$'million</i>	<i>US\$'million</i>
Costs arising from COVID response activities	(1)	(2)
Restructuring	(19)	(38)
Acquisition costs business combinations	19	—
Impact on profit from operations	(1)	(40)
Non-underlying income tax benefit	55	10
Net impact on profit	54	(30)

During the year ended 31 December 2022, the Group reached a settlement on an indirect tax claim for acquired businesses. As a result, a 19 million US dollar provision was reversed.

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 6 for further information on income tax.



6. Income tax expense

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

	2022	2021
	<i>US\$'million</i>	<i>US\$'million</i>
Current year	(387)	(422)
Overprovided in prior years	43	24
Current tax expense	(344)	(398)
Deferred tax expense	10	(34)
Total income tax expense	(334)	(432)
Effective tax rate (ETR)	26.5%	31.3%
Normalized ETR⁶	30.8%	31.1%

The Group's income tax expense included 2 million US dollar and 5 million US dollar in respect of Hong Kong profits tax for the years ended 31 December 2022 and 2021 respectively.

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 year ended 31 December 2022, confirmation has been received that the matter has been resolved in favor of the Group and the provision of 52 million US dollar has been released and the reversal has been disclosed as non-underlying income tax in Note 5.

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.

⁶ Normalized ETR refers to ETR adjusted for non-underlying items.



7. Earnings per share

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

	2022	2021
Profit attributable to equity holders of Bud APAC (Million US Dollar)	913	950
Weighted average number of ordinary shares in issue	13,219,920,037	13,220,546,569
Basic earnings per share (cent USD)	6.91	7.19

	2022	2021
Profit attributable to equity holders of Bud APAC (Million US Dollar)	913	950
Weighted average number of ordinary shares in issue	13,219,920,037	13,220,546,569
Effect of share options and restricted stock units	20,316,510	11,775,108
Weighted average number of ordinary shares (diluted)	13,240,236,547	13,232,321,677
Diluted earnings per share (cent USD)	6.90	7.19

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

	2022	2021
Normalized profit attributable to equity holders of Bud APAC (Million US Dollar)	859	980
Weighted average number of ordinary shares in issue	13,219,920,037	13,220,546,569
Normalized basic earnings per share (cent USD)	6.50	7.41



	2022	2021
Normalized profit attributable to equity holders of Bud APAC (Million US Dollar)	859	980
Weighted average number of ordinary shares in issue	13,219,920,037	13,220,546,569
Effect of share options and restricted stock units	<u>20,316,510</u>	<u>11,775,108</u>
Weighted average number of ordinary shares (diluted)	13,240,236,547	13,232,321,677
Normalized diluted earnings per share (cent USD)	6.49	7.41

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

	2022	2021
Basic earnings per share	6.91	7.19
Non-underlying items, before tax	0.01	0.30
Non-underlying taxes	<u>(0.42)</u>	<u>(0.08)</u>
Normalized basic earnings per share	<u>6.50</u>	<u>7.41</u>
	2022	2021
Diluted earnings per share	6.90	7.19
Non-underlying items, before tax	0.01	0.30
Non-underlying taxes	<u>(0.42)</u>	<u>(0.08)</u>
Normalized diluted earnings per share	<u>6.49</u>	<u>7.41</u>



8. Trade and other receivables

	2022	2021
	<i>US\$'million</i>	<i>US\$'million</i>
Trade receivables and accrued income	401	400
Trade receivables with AB InBev	13	12
Indirect tax receivable	93	97
Prepaid expenses	47	48
Other receivables	7	3
Current trade and other receivables	561	560

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

Trade receivables and trade receivables with AB InBev are due on average less than 90 days from the date of invoicing. There is limited credit risk as the Group does not have significant uncollected amounts. Impairment losses on trade receivables of 5 million US dollar and 3 million US dollar were recognized for the years ended 31 December 2022 and 2021 respectively.

As of 31 December 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:

	2022	2021
	<i>US\$'million</i>	<i>US\$'million</i>
Not past due	388	392
Past due as of reporting date:		
Less than 30 days	14	12
Between 30 and 59 days	1	2
Between 60 and 89 days	4	1
More than 90 days	7	5
Net carrying amount of trade receivables and trade receivables with AB InBev	414	412



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

	2022	2021
	<i>US\$'million</i>	<i>US\$'million</i>
Trade payables and accrued expenses	1,944	2,082
Payroll and social security payables	115	122
Indirect taxes payable	360	367
Contingent consideration on acquisitions	7	7
Other payables	203	186
Current trade and other payables	<u>2,629</u>	<u>2,764</u>
	2022	2021
	<i>US\$'million</i>	<i>US\$'million</i>
Payables with AB InBev	<u>74</u>	<u>74</u>

The Group pays the outstanding balances to the creditors according to the credit terms. Trade payables and payables to AB InBev are on average due within 120 days from the invoice date. As of 31 December 2022 and 31 December 2021 trade payables and payables to AB InBev were 2,018 million US dollar and 2,156 million US dollar respectively.

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

	2022	2021
	<i>US\$'million</i>	<i>US\$'million</i>
Not past due	1,917	2,027
Past due as of reporting date:		
Less than 30 days	44	67
Between 30 and 89 days	23	21
More than 90 days	34	41
Net carrying amount of trade payables and payables with AB InBev	<u>2,018</u>	<u>2,156</u>



	2022	2021
	<i>US\$'million</i>	<i>US\$'million</i>
Consigned packaging	347	377
Contract liabilities	1,058	1,118
Consigned packaging and contract liabilities	1,405	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 year ended 31 December 2022.

10. Dividends

On 1 March 2023, a dividend of 3.78 cents US dollar per share or approximately 501 million US dollar was recommended by the Board of Directors. This represents 58% of the normalized profit attributable to equity holders of Bud APAC for the year ended 31 December 2022. The proposed dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company. The dividend payable will be recognized in the consolidated financial statements on the date that the dividend is declared.

On 23 February 2022, a dividend of 3.02 cents US dollar per share or approximately 400 million US dollar, which represented 41% of the normalized profit attributable to equity holder of Bud APAC for the year ended 31 December 2021, was recommended by the Board of Directors and approved by the shareholders at the annual general meeting of the Company on 6 May 2022. This final dividend was paid on 22 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 year ended on 31 December 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 year ended 31 December 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.

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 4Q21 and 4Q22 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 FY22 financial data set out in this press release have been extracted from the Group’s audited consolidated financial statements for the year ended 31 December 2022, which have been audited by our auditors, PricewaterhouseCoopers in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and the IFRS Interpretations Committee interpretations and resulted in an unqualified audit opinion.



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

Press Release
Hong Kong / 2 March 2023 / 7.00am HKT

CONFERENCE CALL

Thursday, 2 March 2023

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 47 breweries and employs about 24,000 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 based in Leuven, Belgium and 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 4Q22 FINANCIAL INFORMATION

The information below is prepared based on the Group's internal records and management accounts to provide additional information on our fourth quarter of 2021 (4Q21) and 2022 (4Q22) 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)

	4Q22	4Q21	Organic growth
Total volumes (thousand hls)	15,776	16,135	-2.2%
Revenue	1,165	1,429	-4.8%
Gross profit	534	742	-12.6%
Gross margin	45.8%	51.9%	-417 bps
Normalized EBITDA	200	361	-34.7%
Normalized EBITDA margin	17.2%	25.3%	-834 bps
Normalized EBIT	41	182	-67.4%
Normalized EBIT margin	3.5%	12.7%	-892 bps
(Loss)/profit attributable to equity holders of Bud APAC	(12)	99	
Normalized (loss)/profit attributable to equity holders of Bud APAC	(19)	108	



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	FY21	Scope	Currency Translation	Organic Growth	FY22	Organic Growth
Total volumes (thousand hls)	87,878	—	—	613	88,491	0.7%
Revenue	6,788	(133)	(336)	159	6,478	2.4%
Cost of sales	(3,131)	—	158	(265)	(3,238)	-8.5%
Gross profit	3,657	(133)	(178)	(106)	3,240	-3.0%
Normalized EBIT	1,427	—	(64)	(102)	1,261	-7.1%
Normalized EBITDA	2,139	—	(95)	(112)	1,932	-5.2%
Normalized EBITDA margin	31.5%				29.8%	-239 bps

Bud APAC	4Q21	Scope	Currency Translation	Organic Growth	4Q22	Organic Growth
Total volumes (thousand hls)	16,135	—	—	(359)	15,776	-2.2%
Revenue	1,429	(51)	(147)	(66)	1,165	-4.8%
Cost of sales	(687)	5	73	(22)	(631)	-3.2%
Gross profit	742	(46)	(74)	(88)	534	-12.6%
Normalized EBIT	182	5	(20)	(126)	41	-67.4%
Normalized EBITDA	361	5	(39)	(127)	200	-34.7%
Normalized EBITDA margin	25.3%				17.2%	-834 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								
4Q22	-2.2%	-2.2%	-3.6%	-3.6%	5.3%	5.3%	-7.0%	-7.0%
FY22	0.7%	0.7%	-0.4%	-0.4%	8.9%	8.9%	-3.0%	-3.0%
Revenue per hl								
4Q22	-2.6%	-16.6%	-6.2%	-19.3%	8.1%	-8.0%	-8.6%	-21.5%
FY22	1.7%	-5.2%	-0.1%	-5.7%	6.1%	-6.0%	-1.2%	-6.4%
Revenue								
4Q22	-4.8%	-18.5%	-9.6%	-22.3%	13.8%	-3.2%	-15.0%	-27.0%
FY22	2.4%	-4.6%	-0.6%	-6.1%	15.5%	2.4%	-4.2%	-9.2%
Normalized EBITDA								
4Q22	-34.7%	-44.6%	-45.1%	-53.7%	3.8%	-11.5%	-44.1%	-52.8%
FY22	-5.2%	-9.7%	-10.6%	-13.4%	23.9%	10.6%	-11.7%	-14.4%