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Budweiser Brewing Company APAC Limited

百威亞太控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1876)

**UNAUDITED RESULTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023
AND
THE THIRD QUARTER 2023 FINANCIAL INFORMATION**

The board of directors (the “**Board**”) of Budweiser Brewing Company APAC Limited (“**Bud APAC**” or the “**Company**”, together with its subsidiaries, the “**Group**”) announces the unaudited results of the Group for the nine months ended 30 September 2023 as attached to this announcement.

The Board wishes to remind shareholders and potential investors that the unaudited results for the nine months ended 30 September 2023 have been prepared based on the Group’s internal records and management accounts and have not been reviewed or audited by independent auditors.

Shareholders and potential investors are advised not to place undue reliance on the unaudited results and to exercise caution in dealing in the securities of the Company.

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

Hong Kong, 31 October 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 (Mr. John Blood and Mr. David Almeida as his alternates) as Co-Chair and Non-executive Director, 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 Nine Months 2023 Result

“Our China business demonstrated continued premiumization, with double-digit Premium and Super Premium revenue growth leading to double-digit top- and bottom-line growth and EBITDA margin expansion for the first nine months of 2023. This was complemented by India, where we drove strong double-digit topline growth and continued EBITDA margin expansion. In South Korea, we experienced a challenging operating environment while seeing sequential improvement quarter over quarter, followed by a recent price increase.”

– Jan Craps, CEO and Co-Chair

Volume

77,100 thousand hl beer
+6.0%¹

Total volumes increased by 6.0% in 9M23 supported by our solid performance in China and continued strong growth in India.

Cost of Sales (CoS)
2,727 million USD
+11.2%

CoS increased by 11.2% and CoS per hl increased by 4.9% in 9M23, due to continuous premiumization and commodity price escalation, partially offset by cost initiatives.

Normalized basic EPS³
6.65 cents USD

Normalized basic EPS increased from 6.64 cents USD in 9M22 to 6.65 cents USD in 9M23. Basic EPS decreased from 7.00 cents USD in 9M22 to 6.62 cents USD in 9M23.

Revenue

5,563 million USD
+11.5%

Revenue grew by 11.5% and revenue per hl grew by 5.2% in 9M23, driven by ongoing premiumization in China and India.

Normalized EBITDA²
1,757 million USD
+8.5%

Normalized EBITDA in 9M23 increased by 8.5% supported by top-line growth and premiumization in China and India. Normalized EBITDA margin decreased by 90 bps to 31.6%.

Normalized Profit
attributable to equity
holders of Bud APAC
879 million USD

Normalized profit attributable to equity holders of Bud APAC increased from 878 million USD in 9M22 to 879 million USD in 9M23. Profit attributable to equity holders of Bud APAC decreased from 925 million USD in 9M22 to 875 million USD in 9M23.



MANAGEMENT COMMENTS

In 3Q23, we outperformed the market in China with double-digit Premium and Super Premium revenue growth, despite a softer industry and short-term weather-related headwinds. We also delivered double-digit growth in EBITDA, with high single-digit net revenue per hl growth supported by the lapping of channel restrictions last year. We had another good quarter in India, with strong double-digit topline growth further expanding our EBITDA margins. These results partially offset a challenging quarter in South Korea, impacted by the external operating environment.

Figure 1. Consolidated performance (million USD)

	9M23	9M22	Organic growth ¹
Total volumes (thousand hls)	77,100	72,715	6.0%
Revenue	5,563	5,313	11.5%
Gross profit	2,836	2,706	11.8%
Gross profit margin	51.0%	50.9%	13 bps
Normalized EBITDA²	1,757	1,732	8.5%
Normalized EBITDA margin	31.6%	32.6%	-90 bps
Normalized EBIT	1,267	1,220	11.1%
Normalized EBIT margin	22.8%	23.0%	-9 bps
Profit attributable to equity holders of Bud APAC	875	925	
Normalized profit attributable to equity holders of Bud APAC	879	878	
Normalized basic earnings per share (cent USD)³	6.65	6.64	

In 9M23, total volumes grew by 6.0%, with revenue and revenue per hl growing by 11.5% and 5.2%, respectively. Our normalized EBITDA increased by 8.5%, while our normalized EBITDA margin declined by 90 bps.

In 3Q23, total volumes grew by 0.6%, supported by our stable performance in China and strong growth in India. Revenue increased by 7.1%, while revenue per hl grew by 6.5% as we benefited from ongoing premiumization in China and India. Normalized EBITDA grew by 4.1% while our normalized EBITDA margin declined by 89 bps.

¹ Unless otherwise stated, the growth rates presented in this document are based on organic growth figures and refer to 3Q23 and 9M23 versus the same period of last year. Please refer to Annex 1 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 calculation uses the normalized profit attributable to equity holders of Bud APAC divided by the weighted average number of shares outstanding (13,215,219,860 shares in 9M23 and 13,220,609,158 shares in 9M22).



SUSTAINABILITY

We made further progress towards meeting our 2025 Sustainability Goals. Our Jinzhou brewery in China became the first in the Asia-Pacific region to pilot Carbon Capture Utilization and Storage (CCUS) technology within the beer industry. By capturing carbon dioxide (CO₂) generated during the fermentation process, we have been able to transfer CO₂ surplus at a high (99.99%) purity level to facilitate natural energy resource recovery at a nearby partner site.

We continued to be proactive in supporting communities, providing disaster relief to victims of recent flooding events across various regions of China and cumulatively donating over 2.5 million cans of emergency drinking water since 2015.

BUSINESS REVIEW

APAC WEST

In 3Q23, volumes grew by 1.1%, while revenue and revenue per hl increased by 9.9% and 8.8%, respectively. Normalized EBITDA increased by 10.1%.

In 9M23, volumes grew by 6.8%, while revenue and revenue per hl increased by 14.3% and 7.0%, respectively. Normalized EBITDA increased by 13.9%.

China

In 3Q23, our revenue grew by 8.7%, with channel reopening and ongoing premiumization leading to a 8.9% increase in revenue per hl despite a softer industry as well as typhoons and excessive rainfall in various parts of China.

The beer category demonstrated its resilience, and premiumization continued as our premium and above portfolio continues to be an accessible luxury. Budweiser revenue grew by double-digits in 3Q23 with Budweiser innovations, including Budweiser Supreme and Magnum, growing by strong double-digits, and our Super Premium revenue grew by double-digits, driven by both geographical and channel expansion. Our 3Q23 EBITDA increased by 10.6% with margin expansion of 59 basis points.

In 9M23, volumes grew by 5.7%, while revenue and revenue per hl increased by 13.1% and 6.9%, respectively. Normalized EBITDA increased by 15.0% with margin expansion of 61 basis points.

On the digitization front, BEES, our B2B wholesaler and customer engagement platform, has been expanded to more than 230 cities and represented more than 65% of our China revenue in September.

We continued to lead and grow the category by introducing new innovations. In 3Q23, we launched Budweiser Brewmaster Organic, our first organic beer in China, piloting new drinking experiences. Each bottle features a unique code, enabling consumers to trace the beer's production journey "from farm to table".

We recently opened our first BrewDog taproom in Hong Kong to enrich the local craft beer scene. Situated in the heart of Hong Kong's Central area, the taproom is set to elevate the city's legendary nightlife scene, contributing to boost Hong Kong's night-time economy.



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India

In 3Q23, our business in India continued to outperform the industry based on our estimates, with strong double-digit growth in our Premium and Super Premium portfolios supporting strong double-digit growth in overall revenue. As a result, our normalized EBITDA margin expanded in 3Q23 as compared to the previous year.

APAC EAST

In 3Q23, volumes declined by 3.2%, with revenue and revenue per hl declining by 5.0% and 1.9%, respectively. Normalized EBITDA declined by 21.1% due to the tough comparable on volumes and increased commercial investment.

In 9M23, volumes increased by 0.6%, with revenue and revenue per hl declining by 0.6% and 1.2%, respectively. Normalized EBITDA declined by 17.9%.

South Korea

In 3Q23, sales volumes declined by mid-single-digits within a challenging operating environment and versus a tough comparable in 3Q22. Revenue per hl declined by low-single-digits, as the impact of an excise tax increase of 3.57%, effective from 1 April 2023, was only partially offset by revenue management initiatives.

Despite the prevailing headwinds in 3Q23, our portfolio demonstrated resilience as we continued to develop the brand power of Cass and HANMAC. We continue to invest behind our leading brands, innovations, and capabilities.



Bud APAC Consolidated Financial Information

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

	9M23	9M22	Organic growth
Total volumes (thousand hls)	77,100	72,715	6.0%
Revenue	5,563	5,313	11.5%
Cost of sales	(2,727)	(2,607)	-11.2%
Gross profit	2,836	2,706	11.8%
SG&A	(1,651)	(1,592)	-10.5%
Other operating income	82	106	-17.0%
Normalized profit from operations (normalized EBIT)	1,267	1,220	11.1%
Non-underlying items above EBIT	(5)	(8)	
Net finance income/(cost)	4	9	
Share of results of associates	28	25	
Income tax expense	(396)	(295)	
Profit for the period	898	951	
Profit attributable to non-controlling interests	23	26	
Profit attributable to equity holders of Bud APAC	875	925	
Normalized EBITDA	1,757	1,732	8.5%
Normalized profit attributable to equity holders of Bud APAC	879	878	
	3Q23	3Q22	Organic growth
Total volumes (thousand hls)	27,644	27,489	0.6%
Revenue	1,897	1,860	7.1%
Cost of sales	(928)	(906)	-7.3%
Gross profit	969	954	6.8%
SG&A	(583)	(564)	-8.7%
Other operating income	31	39	-15.4%
Normalized profit from operations (normalized EBIT)	417	429	2.3%
Non-underlying items above EBIT	–	(3)	
Net finance income	2	1	
Share of results of associates	12	13	
Income tax expense	(123)	(129)	
Profit for the period	308	311	
Profit attributable to non-controlling interests	8	11	
Profit attributable to equity holders of Bud APAC	300	300	
Normalized EBITDA	584	593	4.1%
Normalized profit attributable to equity holders of Bud APAC	300	303	



Volumes

Total volumes increased by 6.0% in 9M23, which was mostly attributed to the recovery momentum in China and strong growth in India. In 3Q23, volumes increased by 0.6%, with a stable performance in China and strong growth in India.

Revenue

Revenue increased by 11.5% in 9M23 with revenue per hl growing by 5.2%. In 3Q23, revenue grew by 7.1% with revenue per hl increasing by 6.5% resulting from ongoing premiumization in China and India.

Cost of Sales (CoS)

CoS increased by 11.2%, or 4.9% on a per hl basis in 9M23. In 3Q23, CoS increased by 7.3%, or 6.7% on a per hl basis, primarily driven by continued premiumization.

Selling, General and Administrative Costs (SG&A)

SG&A increased by 10.5% in 9M23 and increased by 8.7% in 3Q23, driven by commercial investments in line with continued volume and revenue growth.

Other operating income

Other operating income decreased by 17.0% in 9M23 and 15.4% in 3Q23, due to decrease in asset disposal.

Non-underlying items above EBIT

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

	9M23	9M22
Cost arising from COVID response activities	–	(1)
Restructuring	(5)	(7)
Impact on profit from operations	(5)	(8)

Normalized profit and profit

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

	9M23	9M22
Profit attributable to equity holders of Bud APAC	875	925
Non-underlying items, before taxes	5	8
Non-underlying taxes	(1)	(55)
Normalized profit attributable to equity holders of Bud APAC	879	878



Earnings per share

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

	9M23	9M22
Basic earnings per share	6.62	7.00
Non-underlying items, before tax	0.04	0.06
Non-underlying taxes	(0.01)	(0.42)
Normalized basic earnings per share	6.65	6.64

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

	9M23	9M22
Diluted earnings per share	6.59	6.99
Non-underlying items, before tax	0.04	0.06
Non-underlying taxes	(0.01)	(0.42)
Normalized diluted earnings per share	6.62	6.63

Reconciliation between profit attributable to equity holders and normalized EBITDA

Figure 6. Reconciliation of normalized EBITDA to profit attributable to equity holders of Bud APAC (million USD)

	9M23	9M22
Profit attributable to equity holders of Bud APAC	875	925
Non-controlling interests	23	26
Profit for the period	898	951
Income tax expense (excluding non-underlying)	397	350
Share of result of associates	(28)	(25)
Net finance (income)/cost	(4)	(9)
Non-underlying items income tax income	(1)	(55)
Non-underlying items above EBIT	5	8
Normalized EBIT	1,267	1,220
Depreciation, amortization and impairment	490	512
Normalized EBITDA	1,757	1,732

Normalized EBITDA is a key financial measure regularly monitored by management in managing the Group's performance, capital and funding structure.

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

Normalized EBITDA and normalized EBIT are not accounting measures under IFRS accounting and should not be considered as an alternative to profit attributable to equity holders as a measure of operational performance, or an alternative to cash flow as a measure of liquidity. Normalized EBITDA and normalized EBIT do not have a standard calculation method and Bud APAC's definition of normalized EBITDA and normalized EBIT may not be comparable to that of other companies.



NOTES

To facilitate the understanding of Bud APAC's underlying performance, the analyses of growth, including all comments in this press release, unless otherwise indicated, are based on organic growth and normalized numbers. In other words, financials are analyzed eliminating the impact of changes in currencies on translation of foreign operations, and scope changes. Scope changes represent the impact of acquisitions and divestitures, the start or termination of activities or the transfer of activities between segments, curtailment gains and losses and year over year changes in accounting estimates and other assumptions that management does not consider as part of the underlying performance of the business.

Whenever presented in this document, all performance measures (EBITDA, EBIT, profit, tax rate, EPS) are presented on a "normalized" basis, which means they are presented before non-underlying items, unless otherwise indicated. Non-underlying items are either income or expenses which do not occur regularly as part of the normal activities of Bud APAC. They are presented separately because they are important for the understanding of the underlying sustainable performance of Bud APAC due to their size or nature. Normalized measures are additional measures used by management and should not replace the measures determined in accordance with IFRS as an indicator of Bud APAC's performance.

In particular, normalized EBITDA and normalized EBIT are not accounting measures under IFRS accounting. Normalized EBITDA and normalized EBIT should not be considered as an alternative to profit attributable to equity holders as a measure of operational performance, or an alternative to cash flow as a measure of liquidity. Normalized EBITDA and normalized EBIT do not have a standard calculation method and the Group's definition may not be comparable to that of other companies.

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, 2022 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, 2022 Annual Report and any other documents that Bud APAC has made public. Any forward-looking statements made in this communication are qualified in their entirety by these cautionary statements and there can be no assurance that the actual results or developments anticipated by Bud APAC will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Bud APAC or its business or operations. Except as required by law, Bud APAC undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or developments or otherwise.



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

Press Release

Hong Kong / 31 October 2023 / 7.00am HKT

CONFERENCE CALL

Tuesday, 31 October 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 approximately 26,000 colleagues across APAC.

Bud APAC is listed on the Hong Kong Stock Exchange under the stock code “1876” and is a constituent stock of the Hang Seng Index. 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 – ORGANIC AND REPORTED GROWTH FIGURES

Growth %	BUD APAC		APAC West		APAC East		China	
	Organic	Reported	Organic	Reported	Organic	Reported	Organic	Reported
Volume								
3Q23	0.6%	0.6%	1.1%	1.1%	-3.2%	-3.2%	-0.1%	-0.1%
9M23	6.0%	6.0%	6.8%	6.8%	0.6%	0.6%	5.7%	5.7%
Revenue per hl								
3Q23	6.5%	1.4%	8.8%	2.3%	-1.9%	-0.7%	8.9%	2.2%
9M23	5.2%	-1.2%	7.0%	-0.1%	-1.2%	-4.7%	6.9%	-0.2%
Net revenue								
3Q23	7.1%	2.0%	9.9%	3.4%	-5.0%	-3.9%	8.7%	2.1%
9M23	11.5%	4.7%	14.3%	6.7%	-0.6%	-4.1%	13.1%	5.5%
Normalized EBITDA								
3Q23	4.1%	-1.5%	10.1%	2.9%	-21.1%	-20.2%	10.6%	3.2%
9M23	8.5%	1.4%	13.9%	6.0%	-17.9%	-20.6%	15.0%	7.0%