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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)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023, FINAL DIVIDEND RECOMMENDATION AND FOURTH 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 results of the Group for the year ended 31 December 2023, as attached to this announcement.

The Board recommends that the Company increases the final dividend per share to the shareholders from 3.78 cents USD in 2022 to 5.29 cents USD in 2023.

Subject to (i) the approval of the shareholders at the forthcoming 2024 annual general meeting and (ii) further announcement(s) in respect to the book closure date, record date and payment date, the proposed 2023 final dividend is expected to be distributed to shareholders on or before 30 June 2024.

The proposed 2023 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, 29 February 2024

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 FY2023 Results

In FY23, we delivered double-digit top- and bottom-line growth in APAC as premiumization continued in a resilient beer category, despite transient challenges in South Korea. We outperformed the market in China and India and delivered double-digit revenue growth in our Premium and Super Premium Segments in both countries. We are well-placed to continue driving high-quality growth and future value creation across all of our key markets. I am also pleased to announce that the Board proposed a USD 701 million dividend, which represents a 40% increase versus the prior year and an 82% payout ratio."

– Jan Craps, CEO and Co-Chair

Volume

92,767 thousand hl beer
+4.6%¹

Total volumes increased by 4.6% in full year 2023 (FY23), supported by growth in China and India.

Cost of Sales (CoS)

3,403 million USD
+9.8%

CoS increased by 9.8% in FY23 or 5.1% on a reported basis, while CoS per hl increased by 5.0%, mainly driven by premiumization and commodity cost escalation, partially offset by efficiency initiatives.

Normalized Effective Tax Rate (ETR)

33.5%

Normalized ETR increased from 30.8% in full year 2022 (FY22) to 33.5% in FY23, mainly due to country mix and withholding tax on dividends.

Normalized EPS³

6.94 cents USD

Normalized EPS increased from 6.50 cents USD in FY22 to 6.94 cents USD in FY23. Basic EPS decreased from 6.91 cents USD in FY22 to 6.45 cents USD in FY23.

Revenue

6,856 million USD
+11.1%

Revenue grew by 11.1% or 5.8% on a reported basis and revenue per hl grew by 6.2% in FY23, driven by ongoing premiumization in China and India.

Normalized EBITDA²

2,023 million USD
+10.8%

Normalized EBITDA increased by 10.8% in FY23, or by 4.7% on a reported basis, supported by top-line growth and premiumization in China. Normalized EBITDA margin decreased by 7 bps to 29.5%.

Normalized Profit

917 million USD

Normalized profit attributable to equity holders of Bud APAC increased from 859 million USD in FY22 to 917 million USD in FY23. Profit attributable to equity holders of Bud APAC decreased from 913 million USD in FY22 to 852 million USD in FY23, impacted by a provision on non-underlying customs duties in South Korea.



MANAGEMENT COMMENTS

In 4Q23, we grew revenue per hl by double-digits, primarily driven by double-digit growth of our Premium and Super Premium revenues in China and revenue management initiatives in East Asia. This, combined with operating efficiency and cost management initiatives, led to strong EBITDA margin expansion in the final quarter.

Figure 1. Consolidated performance (million USD)

	FY23	FY22	Organic growth ¹
Total volumes (thousand hls)	92,767	88,491	4.6%
Revenue	6,856	6,478	11.1%
Gross profit	3,453	3,240	12.4%
Gross margin	50.4%	50.0%	59 bps
Normalized EBITDA²	2,023	1,932	10.8%
Normalized EBITDA margin	29.5%	29.8%	-7 bps
Normalized EBIT	1,369	1,261	15.2%
Normalized EBIT margin	20.0%	19.5%	72 bps
Profit attributable to equity holders of Bud APAC	852	913	
Normalized profit attributable to equity holders of Bud APAC	917	859	
EPS (cent USD)	6.45	6.91	
Normalized EPS (cent USD)³	6.94	6.50	

In FY23, volumes grew by 4.6%, with revenue and revenue per hl increasing by 11.1% and 6.2% respectively. Our normalized EBITDA increased by 10.8%, while our normalized EBITDA margin decreased by 7 bps.

- In **China**, volumes grew by 4.3%, supported by channel recovery and ongoing premiumization. Our Premium and Super Premium revenues both grew by double-digits, leading to double-digit top- and bottom-line growth and an expanded EBITDA margin in FY23. We outperformed the industry according to our estimates, driving market share gains across China, including in Guangdong and Fujian Provinces.
- In **South Korea**, our volumes were mostly flat, despite a tough volume comparable, new product launches by competitors and the return of Japanese brands to the market. EBITDA in FY23 was impacted by increased commercial investments but demonstrated sequential quarter-over-quarter improvement with a strong EBITDA margin expansion in 4Q23.
- In **India**, we continued to outperform the industry, with the combined revenue of our Premium and Super Premium portfolios growing by double-digits, leading to strong double-digit growth in overall revenue in FY23.

¹ Unless otherwise stated, the growth rates presented in this document are based on organic growth figures and refer to audited FY23 and unaudited 4Q23 results versus the same period of last year. Please refer to Annex 1 for unaudited 4Q23 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 (13,207,847,971 shares in FY23 and 13,219,920,037 shares in FY22).



In 4Q23, volumes declined by 2.1%. However, revenue and revenue per hl grew by 8.9% and 11.2%, respectively, supported by continued premiumization in China and revenue management initiatives in East Asia. Our normalized EBITDA in 4Q23 increased by 31.3% and our normalized EBITDA margin expanded by 351 bps.

We maintained a sound balance sheet, affirming our disciplined financial practices and capital allocation priorities. As of the end of FY23, our net cash position⁴ increased by 683 million USD to 3.1 billion USD as compared to the end of FY22. The Board recommends a dividend of 701 million USD, or 5.29 cents per share for FY23, an increase of 40% from 3.78 cents USD in FY22, representing a payout ratio⁵ of 82%.

SUSTAINABILITY

We continued to make progress towards our 2025 Sustainability Goals and our ambition to achieve net zero across our value chain by 2040.

Key outcomes delivered included:

- Reducing carbon emission intensity per hectoliter (“kgCO₂/hl”) by 23.2% across our value chain (Scope 1, 2, & 3) compared to our baseline of 2017. We also recorded a 61.9% decrease in carbon emission intensity per hl within our operations (Scope 1 & 2) against the same baseline year.
- Increasing the number of carbon neutral breweries in China to three, with the most recent addition being our brewery in Jiamusi, Heilongjiang province.
- Accelerating contracted renewable electricity coverage to 66.4%, with 10 RE100 breweries in China and 21 breweries having installed solar panels across APAC.
- Empowering our value chain partners in their low-carbon transition and water efficiency improvement journey through capability building, target setting and action planning. We mapped approximately 60% of our direct spending carbon baseline among our value chain partners.
- Deploying 401 green trucks in our fleet, an increase of approximately 9% as compared to 2022.
- Lowering our water usage to 2.03 hl per hl of beer produced across our APAC breweries, representing a 32.1% decrease compared to our 2017 baseline.
- Achieving 64.8% of our total beer volume in returnable packaging or made from a majority of recycled content, and 54.4% of primary packaging made of recycled content.
- Increasing our local barley harvesting in China by 50% to 60,000 tons, benefiting 5,000 farmers covering 8,000 hectares of land.

We have been recognized for leadership in corporate transparency and performance on water security by global environmental non-profit CDP, securing a place on its annual “A List” for 2023. Our Climate Change rating reached an “A-” at the same time. Both results improved as compared to 2022. We also received the “Top Employer 2024” award, the third consecutive year in China, India, and South Korea, recognizing our continued commitment in delivering an outstanding employee experience.

⁴ Our net cash position is calculated based on Cash and Cash Equivalents net of Bank Overdrafts on 31 December 2022 and 2023, respectively.

⁵ Payout ratio calculation uses gross dividend divided by profit attributable to equity holders of Bud APAC.



BUSINESS REVIEW

APAC WEST

In 4Q23, volumes declined by 1.9%, while revenue and revenue per hl increased by 9.2% and 11.3%, respectively. Normalized EBITDA increased by 35.7%.

In FY23, volumes grew by 5.3%, while revenue and revenue per hl increased by 13.4% and 7.7%, respectively. Normalized EBITDA increased by 15.7%.

China

In 4Q23, volumes declined by 3.1% as the industry was impacted by weaker consumer confidence, especially in the Core and Value segments. Our revenue grew by 11.1% in 4Q23, led by a 14.7% increase in revenue per hl, driven by brand mix and channel recovery.

Beer category remains resilient and gaining share of throats, and premium beer continues to be an accessible luxury. Our Budweiser and Super Premium revenues grew by double-digits in 4Q23, driven by our geographical expansion and channel recovery. Our 4Q23 EBITDA increased by 44.4% with a margin expansion of 480 basis points.

In FY23, volumes grew by 4.3%, with our market share expanding by 69 bps. We continue to drive market share gains across China, including in Guangdong and Fujian, two of our more developed provinces. Budweiser innovations, including Budweiser Supreme and Magnum, grew by strong double-digits, and their combined volumes exceeded 1 million hl. Our total revenue and revenue per hl in China increased by 12.8% and 8.1%, respectively. Normalized EBITDA increased by 17.4%, with a margin expansion of 132 bps.

We continued to proactively implement our expansion strategy in 2023. As of the end of the year, the distribution of Budweiser expanded from 201 cities in 2022 to 220 cities, and our Super Premium portfolio expanded from 51 cities in 2022 to 63 cities.

On the digitization front, we have expanded BEES, our B2B wholesaler and customer engagement platform, to approximately 260 cities. Sales through BEES represented around 70% of our China revenue in December.

To celebrate the Chinese New Year, we launched the “Cheers with Bud, Connect Good Luck” marketing campaign for Budweiser. We also introduced our limited edition Brewmaster Dragon Year offering, which was designed by famous “Dragon artist” Sun Xun, to convey the auspicious blessing of “As the Dragon Head Rises, Fortunes Rise” to Chinese consumers.



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

Press Release

Hong Kong / 29 February 2024 / 7.00am HKT

India

Our India business continued to outperform the industry in both 4Q23 and FY23, based on our estimates. The combined revenue of our Premium and Super Premium portfolios grew by double-digits. India continues to be the 4th largest market globally for the Budweiser brand.

APAC EAST

In 4Q23, volumes declined by 3.4%, while revenue increased by 7.7%. Revenue per hl grew by 11.4%, benefiting from revenue management initiatives, as well as one-off contract incentives. Normalized EBITDA increased by 23.2% with a 363 bps margin expansion.

In FY23, volumes declined by 0.3%, while revenue and revenue per hl increased by 1.2% and 1.5%, respectively. Normalized EBITDA declined by 10.1%.

South Korea

In 4Q23, sales volumes declined by mid-single digits. Revenue increased by low-single digits, with revenue per hl growing in line with a 6.9% price increase in our Core segment from 11 October 2023.

In FY23, volumes were mostly flat despite facing a tough volume comparable, new product launches by competitors and the return of Japanese brands to the market. We estimate that our total market share declined by approximately 150 bps mainly due to the return of Japanese brands. However, we maintained our market share within the Core segment amidst high competitor investments as we continued to grow the brand power of Cass and HANMAC.



OUTLOOK

In 2024, we remain committed to the strategic pillars which underpin our sustainable growth and look to capitalize on future growth opportunities across each pillar:

- **Lead and Grow the Category:**

In China, we continue to pursue high-quality growth amidst the ongoing premiumization trend. We remain focused on leading growth in the Premium segment while accelerating the expansion of the Super Premium segment as it becomes a key beer industry profit pool driver and next blue ocean. With our proven channel and geographic expansion playbooks, we have mapped out a clear path to accelerate future growth across our portfolio.

In South Korea, we continue to lead the category through the strength of our Core segment offerings, while unlocking more of the potential in premiumization, which remains under-indexed compared to other developed markets. As the market leader, we are well-positioned to capture an outsized portion of this growth.

In India, we remain focused on leading growth in the Premium segment through both Budweiser and Budweiser Magnum, as well as further premiumizing the market with Hoegaarden and Corona. We are likewise encouraged by the opportunity to further transform our supply chain to support this growth with increased profitability.

We also see Southeast Asia as an attractive region and catalyst for value creation. We continue to expand our Premium and Super Premium business while considering suitable M&A opportunities and partnerships to accelerate growth.

- **Digitize & Monetize our Ecosystem**

We expect to continue expanding our digital sales in China through BEES, driving significant value creation from increased sales per store, expansion of distribution coverage, improved return on investments, and incremental services. We have also launched the BEES platform in South Korea.

- **Optimize our Business**

Given the runway ahead in our “lead-and-grow the category” opportunities, we will first and foremost continue to invest efficiently in organic growth initiatives, followed by strategic inorganic opportunities as they present themselves, while also sharing profit with our shareholders.



BUD APAC CONSOLIDATED FINANCIAL INFORMATION

The financial information of the Group has been reviewed by the Audit and Risk 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

	<i>Notes</i>	2023	2022
		<i>US\$'million</i>	<i>US\$'million</i>
Revenue	3	6,856	6,478
Cost of sales		(3,403)	(3,238)
Gross profit		3,453	3,240
Distribution expenses		(520)	(527)
Sales and marketing expenses		(1,201)	(1,151)
Administrative expenses		(470)	(442)
Other operating income	4	107	141
Profit from operations before non-underlying items		1,369	1,261
Non-underlying items	5	(80)	(1)
Profit from operations		1,289	1,260
Finance cost		(50)	(39)
Finance income		60	39
Net finance cost		10	–
Share of results of associates		28	23
Profit before tax		1,327	1,283
Income tax expense	6	(447)	(334)
Profit for the year		880	949
Profit for the year attributable to:			
Equity holders of Bud APAC		852	913
Non-controlling interests		28	36
Earnings per share from profit attributable to the equity holders of Bud APAC:			
Basic earnings per share (cent USD)	7	6.45	6.91
Diluted earnings per share (cent USD)	7	6.42	6.90



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2023	2022
	<i>US\$'million</i>	<i>US\$'million</i>
Profit for the year	880	949
Other comprehensive (loss)/income:		
<i>Items that will not be reclassified to profit or loss:</i>		
Re-measurement of post-employment benefits	(6)	6
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	(299)	(793)
Gains/(losses) on cash flow hedges	19	(26)
Other comprehensive loss, net of tax	(286)	(813)
Total comprehensive income	594	136
Total comprehensive income of the year attributable to:		
Equity holders of Bud APAC	567	104
Non-controlling interests	27	32



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2023	2022
		<i>US\$'million</i>	<i>US\$'million</i>
ASSETS			
Non-current assets			
Property, plant and equipment		2,986	3,181
Goodwill		6,435	6,624
Intangible assets		1,572	1,605
Land use rights		210	227
Investment in associates		481	464
Deferred tax assets		231	233
Trade and other receivables		49	46
Other non-current assets		11	10
Total non-current assets		11,975	12,390
Current assets			
Inventories		444	488
Trade and other receivables	8	609	561
Derivatives		23	18
Cash pooling deposits to AB InBev		25	67
Cash and cash equivalents		3,141	2,458
Other current assets		17	14
Total current assets		4,259	3,606
Total assets		16,234	15,996
EQUITY AND LIABILITIES			
Equity			
Issued capital		–	–
Share premium		43,591	43,591
Capital reserve		(36,225)	(36,213)
Treasury shares		(95)	(6)
Other reserves		(1,157)	(930)
Retained earnings		4,671	4,322
Equity attributable to equity holders of Bud APAC		10,785	10,764
Non-controlling interests		65	69
Total equity		10,850	10,833



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2023	2022
		<i>US\$'million</i>	<i>US\$'million</i>
Non-current liabilities			
Interest-bearing loans and borrowings		94	77
Deferred tax liabilities		421	427
Trade and other payables		18	22
Provisions		96	100
Income tax payable		43	51
Employee benefits		61	68
Other non-current liabilities		2	3
Total non-current liabilities		735	748
Current liabilities			
Interest-bearing loans and borrowings		237	147
Trade and other payables	<i>9</i>	2,638	2,629
Payables with AB InBev	<i>9</i>	104	74
Consigned packaging and contract liabilities	<i>9</i>	1,456	1,405
Derivatives		10	27
Provisions		71	11
Income tax payable		133	122
Total current liabilities		4,649	4,415
Total equity and liabilities		16,234	15,996



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 D2 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 2023 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 2023 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 2023. 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 ("IFRS") 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 2023 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 amendments 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.



The IASB made amendments to IAS 12 Income taxes in May 2023 that (a) provide a temporary exception from accounting for deferred taxes arising from legislation enacted to implement the OECD's Pillar Two model rules, and (b) introduce additional disclosure requirements. The Group is within the scope of the OECD Pillar Two model rules as Pillar Two legislation has been enacted in the jurisdictions where the Group operates, and has come into effect from 1 January 2024. The Group applied the exception from accounting for deferred taxes arising from legislation enacted and is in the process of assessing the full impact. Based on the preliminary analysis made, the company does not expect the impact to be material.

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), 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 2023 and 2022

	Asia Pacific					
	East		West		Total	
	2023	2022	2023	2022	2023	2022
Volumes (unaudited)	11,539	11,573	81,228	76,918	92,767	88,491
Revenue⁶	1,243	1,251	5,613	5,227	6,856	6,478
Normalized EBITDA	323	365	1,700	1,567	2,023	1,932
Normalized EBITDA margin %	26.0%	29.2%	30.3%	30.0%	29.5%	29.8%
Depreciation, amortization and impairment					(654)	(671)
Normalized profit from operations (Normalized EBIT)					1,369	1,261
Non-underlying items (Note 5)					(80)	(1)
Profit from operations (EBIT)					1,289	1,260
Net finance cost					10	–
Share of results of associates					28	23
Income tax expense					(447)	(334)
Profit for the year					880	949
Segment assets (non-current)	4,882	5,041	7,093	7,349	11,975	12,390
Gross capex	35	45	463	449	498	494

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.

⁶ Revenue represents sales of beer products recognized at a point of time.



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:

	2023	2022
	<i>US\$'million</i>	<i>US\$'million</i>
Profit attributable to equity holders of Bud APAC	852	913
Non-controlling interests	28	36
Profit for the year	880	949
Income tax expense (excluding non-underlying)	462	389
Share of results of associates	(28)	(23)
Net finance cost	(10)	–
Non-underlying income tax benefit	(15)	(55)
Non-underlying items above EBIT	80	1
Normalized EBIT	1,369	1,261
Depreciation and amortization	654	671
Normalized EBITDA	2,023	1,932

4. Other operating income

	2023	2022
	<i>US\$'million</i>	<i>US\$'million</i>
Grants and incentives	59	61
Net gain on disposal of property, plant and equipment and intangible assets	39	64
Other operating income	9	16
Other operating income	107	141

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 4 million US dollar and 22 million US dollar from the sale of properties for the years ended 31 December 2023 and 2022 respectively.



5. Non-underlying items

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

	2023	2022
	<i>US\$'million</i>	<i>US\$'million</i>
Costs arising from COVID response activities	–	(1)
Claims	(66)	–
Restructuring	(14)	(19)
Acquisition costs business combinations	–	19
	<hr/>	<hr/>
Impact on profit from operations	(80)	(1)
Non-underlying income tax benefit	15	55
	<hr/>	<hr/>
Net impact on profit	(65)	54

During the year ended 31 December 2023, Oriental Brewery Co., Ltd. in South Korea, received a tax audit claim related to customs duties covering transactions from 2018. Under South Korean Law, an assessment must be pre-paid prior to appealing an assessment. A relevant provision was included in the non-underlying items, and the tax assessment was paid in January 2024. Oriental Brewery Co., Ltd intends to appeal.

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 non-underlying income tax.



6. Income tax expense

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

	2023	2022
	<i>US\$'million</i>	<i>US\$'million</i>
Current year	(429)	(387)
(Under)/overprovided in prior years	(23)	43
Current tax expense	(452)	(344)
Deferred tax expense	5	10
Total income tax expense	(447)	(334)
Effective tax rate (ETR)	34.4%	26.5%
Normalized ETR⁷	33.5%	30.8%

The Group's income tax expense included 4 million US dollar and 2 million US dollar in respect of Hong Kong profits tax for the years ended 31 December 2023 and 2022 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.

7. Earnings per share

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

	2023	2022
Profit attributable to equity holders of Bud APAC (Million US Dollar)	852	913
Weighted average number of ordinary shares in issue	13,207,847,971	13,219,920,037
Basic earnings per share (cent USD)	6.45	6.91
	2023	2022
Profit attributable to equity holders of Bud APAC (Million US Dollar)	852	913
Weighted average number of ordinary shares (diluted)	13,271,574,761	13,240,236,547
Diluted earnings per share (cent USD)	6.42	6.90

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

	2023	2022
Normalized profit attributable to equity holders of Bud APAC (Million US Dollar)	917	859
Weighted average number of ordinary shares in issue	13,207,847,971	13,219,920,037
Normalized basic earnings per share (cent USD)	6.94	6.50

⁷ Normalized ETR refers to ETR adjusted for non-underlying items.



	2023	2022
Normalized profit attributable to equity holders of Bud APAC (Million US Dollar)	917	859
Weighted average number of ordinary shares (diluted)	13,271,574,761	13,240,236,547
Normalized diluted earnings per share (cent USD)	6.91	6.49

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

	2023	2022
Basic earnings per share	6.45	6.91
Non-underlying items, before tax	0.60	0.01
Non-underlying taxes	(0.11)	(0.42)
Normalized basic earnings per share	6.94	6.50

	2023	2022
Diluted earnings per share	6.42	6.90
Non-underlying items, before tax	0.60	0.01
Non-underlying taxes	(0.11)	(0.42)
Normalized diluted earnings per share	6.91	6.49

8. Trade and other receivables

	2023	2022
	<i>US\$'million</i>	<i>US\$'million</i>
Trade receivables and accrued income	419	401
Trade receivables with AB InBev	8	13
Indirect tax receivable	102	93
Prepayments	72	47
Other receivables	8	7
Current trade and other receivables	609	561

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 5 million US dollar were recognized for the years ended 31 December 2023 and 2022 respectively.



As of 31 December 2023 and 31 December 2022, the aging analysis of current trade receivables and trade receivables with AB InBev, based on due date, is as follows:

	2023	2022
	<i>US\$'million</i>	<i>US\$'million</i>
Not past due	391	388
Past due as of reporting date:		
Less than 30 days	15	14
Between 30 and 59 days	8	1
Between 60 and 89 days	5	4
More than 90 days	8	7
Net carrying amount of trade receivables and trade receivables with AB InBev	427	414

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

	2023	2022
	<i>US\$'million</i>	<i>US\$'million</i>
Trade payables and accrued expenses	1,997	1,944
Payroll and social security payables	118	115
Indirect taxes payable	335	360
Contingent consideration on acquisitions	7	7
Other payables	181	203
Current trade and other payables	2,638	2,629
	2023	2022
	<i>US\$'million</i>	<i>US\$'million</i>
Payables with AB InBev	104	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 31 December 2023 and 31 December 2022 trade payables and payables to AB InBev were 2,101 million US dollar and 2,018 million US dollar respectively.

As of 31 December 2023 and 31 December 2022, the aging analysis of current trade payables and payables with AB InBev, based on due date, is as follows:

	2023	2022
	<i>US\$'million</i>	<i>US\$'million</i>
Not past due	1,908	1,917
Past due as of reporting date:		
Less than 30 days	147	44
Between 30 and 89 days	15	23
More than 90 days	31	34
Net carrying amount of trade payables and payables with AB InBev	2,101	2,018



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	2023	2022
	<i>US\$'million</i>	<i>US\$'million</i>
Consigned packaging	360	347
Contract liabilities	1,096	1,058
Consigned packaging and contract liabilities	1,456	1,405

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 2022 or has been recognized as revenue during the year ended 31 December 2023.

10. Dividends

On 28 February 2024, a dividend of 5.29 cents US dollar per share or approximately 701 million US dollar was recommended by the Board of Directors. This represents 82% of the profit attributable to equity holders of Bud APAC for the year ended 31 December 2023. 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 1 March 2023, a dividend of 3.78 cents US dollar per share or approximately 501 million US dollar, which represented 55% of the profit attributable to equity holder of Bud APAC for the year ended 31 December 2022, was recommended by the Board of Directors and approved by the shareholders at the annual general meeting of the Company on 8 May 2023. This final dividend was paid on 21 June 2023.

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 C1 to the Listing Rules during the year ended on 31 December 2023, 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 2022 Annual Report.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 December 2023, 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, the exports to regions outside of APAC, 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, 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.

The 4Q22 and 4Q23 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 FY23 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 2023, 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 / 29 February 2024 / 7.00am HKT

CONFERENCE CALL

Thursday, 29 February 2024

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 25,000 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 – UNAUDITED 4Q23 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 2022 (4Q22) and 2023 (4Q23) 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)

	4Q23	4Q22	Organic growth
Total volumes (thousand hls)	15,667	15,776	-2.1 %
Revenue	1,293	1,165	8.9 %
Gross profit	617	534	15.1 %
Gross margin	47.7%	45.8%	261 bps
Normalized EBITDA	266	200	31.3 %
Normalized EBITDA margin	20.6%	17.2%	351 bps
Normalized EBIT	102	41	144.7 %
Normalized EBIT margin	7.9%	3.5%	408 bps
(Loss)/profit attributable to equity holders of Bud APAC	(23)	(12)	
Normalized (loss)/profit attributable to equity holders of Bud APAC	38	(19)	



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, the exports to regions outside of APAC, 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.

All figures in the tables below are stated in million US dollar, except volumes (thousand hectoliter), organic growth (in % or bps) and Normalized EBITDA margin (in%).

Bud APAC	FY22	Scope	Currency Translation	Organic Growth	FY23	Organic Growth
Total volumes (thousand hls)	88,491	227	–	4,049	92,767	4.6%
Revenue	6,478	14	(351)	715	6,856	11.1%
Cost of sales	(3,238)	(25)	176	(316)	(3,403)	-9.8%
Gross profit	3,240	(11)	(175)	399	3,453	12.4%
Normalized EBIT	1,261	(8)	(74)	190	1,369	15.2%
Normalized EBITDA	1,932	(8)	(109)	208	2,023	10.8%
Normalized EBITDA margin	29.8%				29.5%	-7bps

Bud APAC	4Q22	Scope	Currency Translation	Organic Growth	4Q23	Organic Growth
Total volumes (thousand hls)	15,776	227	–	(336)	15,667	-2.1%
Revenue	1,165	24	1	103	1,293	8.9%
Cost of sales	(631)	(25)	3	(23)	(676)	-3.6%
Gross profit	534	(1)	4	80	617	15.1%
Normalized EBIT	41	(3)	9	55	102	144.7%
Normalized EBITDA	200	(2)	6	62	266	31.3%
Normalized EBITDA margin	17.2%				20.6%	351bps



ANNEX 3 – ORGANIC AND REPORTED GROWTH FIGURES

Growth %	BUD APAC		APAC West		APAC East		China	
	Organic	Reported	Organic	Reported	Organic	Reported	Organic	Reported
Volume								
4Q23	-2.1%	-0.7%	-1.9%	-0.1%	-3.4%	-3.4%	-3.1%	-3.1%
FY23	4.6%	4.8%	5.3%	5.6%	-0.3%	-0.3%	4.3%	4.3%
Revenue per hl								
4Q23	11.2%	11.8%	11.3%	10.9%	11.4%	15.6%	14.7%	12.6%
FY23	6.2%	1.0%	7.7%	1.7%	1.5%	-0.3%	8.1%	1.7%
Revenue								
4Q23	8.9%	11.0%	9.2%	10.8%	7.7%	11.7%	11.1%	9.1%
FY23	11.1%	5.8%	13.4%	7.4%	1.2%	-0.6%	12.8%	6.1%
Normalized EBITDA								
4Q23	31.3%	33.0%	35.7%	35.9%	23.2%	27.5%	44.4%	44.4%
FY23	10.8%	4.7%	15.7%	8.5%	-10.1%	-11.5%	17.4%	10.1%