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

(A company incorporated in the Cayman Islands with limited liability)
(Stock code: 1876)

UNAUDITED RESULTS
FOR THE THREE MONTHS ENDED 31 MARCH 2021

The board of directors (the “**Board**”) of Budweiser Brewing Company APAC Limited (“**Budweiser APAC**” or the “**Company**”, together with its subsidiaries, the “**Group**”) announces the unaudited results of the Group for the three months ended 31 March 2021 as attached to this announcement.

The Board wishes to remind shareholders and investors that the unaudited results for the three months ended 31 March 2021 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, 6 May 2021

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. Carlos Brito as Co-Chair and Non-executive Director, Ms. Katherine Barrett (Mr. John Blood as her alternate) and Mr. Nelson Jamel (Mr. David Almeida as his alternate) as Non-executive Directors, and Mr. Martin Cubbon, Ms. Mun Tak Marjorie Yang and Ms. Katherine King-suen Tsang as Independent Non-executive Directors.



Budweiser APAC Reports Three Months 2021 Result

“The fundamental strengths of our company have positioned us well for a solid recovery in 1Q21. With the resilience and commitment of our people and partners, we started the year with strong momentum across key markets.

We will continue to focus on our premiumization strategy, both through innovation in the beer category and by seeding future growth opportunities beyond it, while accelerating the digital transformation of our customer and consumer touchpoints.

With our strong foundation and expanding portfolio, we are excited to build an APAC beverage leader with sustainable, high-quality growth.” – Jan Craps, Executive Director, Co-Chair and CEO

Volume¹ **+64.6%**

Total volumes improved by 64.6%, primarily driven by the successful execution of our premiumization strategy and Lunar New Year campaigns across key markets, coupled with a favorable comparable

Revenue **+63.7%**

Revenue grew by 63.7%, tempered by unfavorable country mix, with revenue per hl growth in our key markets

Cost of Sales (CoS) **+37.6%**

CoS increased by 37.6% in total, while improving by 16.4% on a per hl basis, primarily driven by operational efficiencies

Normalized EBITDA² **+192.9%**

Normalized EBITDA grew by 192.9% to 528 million USD, increasing normalized EBITDA margin to 32.5%

Normalized Profit **236 million USD**

Normalized profit attributable to equity holders of Budweiser APAC in 1Q21 was 236 million USD, 242 million USD higher than 1Q20

Normalized EPS³ **1.79 cents USD**

Normalized EPS was 1.79 cents USD and normalized diluted EPS was 1.78 cents USD in 1Q21



MANAGEMENT COMMENTS

Strong execution of our premiumization strategy is driving top-line growth and market share gains across our key markets

Our first quarter results reflected a significant industry recovery in China as well as the successful execution of our premiumization strategy across our key markets. Strong top-line growth of 63.7% in the first quarter of 2021 (1Q21) was primarily driven by a robust performance in China, coupled with a favorable comparable versus last year. Our normalized EBITDA increased by 192.9% in 1Q21, bringing our normalized EBITDA margin up to 32.5% in 1Q21. In addition, we estimate that we gained market share in all of our key markets.

Figure 1. Consolidated performance (million USD)

	1Q21	1Q20	Organic growth ¹
Total volumes (thousand hl)	20,787	12,772	64.6%
Revenue	1,626	956	63.7%
Gross profit	859	423	97.3%
Gross margin	52.8%	44.2%	897 bps
Normalized EBITDA²	528	171	192.9%
Normalized EBITDA margin	32.5%	17.9%	
Normalized EBIT	342	14	
Normalized EBIT margin	21.0%	1.5%	
Profit attributable to equity holders of Budweiser APAC	233	(41)	
Normalized profit attributable to equity holders of Budweiser APAC	236	(6)	
Normalized basic earnings/(loss) per share (cent USD)³	1.79	(0.05)	

¹ Unless otherwise stated, the growth rates presented in this document are based on organic growth figures and refer to 1Q21 versus the same period of last year. Please refer to the end of this press release for important notes and disclaimers.

² Normalized EBITDA is a key financial measure regularly monitored by management in managing the Group's performance, capital and funding structure. Normalized EBITDA is calculated by excluding the following effects from profit attributable to equity holders of Budweiser APAC: (i) non-controlling interests; (ii) income tax expense; (iii) share of results of associates; (iv) net finance cost; (v) non-recurring net finance cost; (vi) non-recurring items above EBIT (including non-recurring costs) and (vii) depreciation, amortization and impairment. Please refer to the "Reconciliation between profit/(loss) attributable to equity holders and normalized EBITDA" section of this press release for further information.

³ Normalized EPS calculation uses the normalized profit attributable to equity holders of Budweiser APAC divided by the weighted average number of shares outstanding deducting the shares held in trust held by a trustee (13,220,516,840 shares in 1Q21 and 13,220,397,000 shares in 1Q20).



APAC WEST

In 1Q21, our revenue in the APAC West region increased by 87.4%, driven by a volume increase of 79.5% and revenue per hl increase of 4.4%. Normalized EBITDA increased by 336.3% in 1Q21.

China

We delivered volume growth of 84.6% in 1Q21, primarily driven by strong momentum from our Chinese New Year campaign and throughout the quarter, coupled with a favorable comparable versus last year. We estimate that we gained total market share in 1Q21, while maintaining a healthy level of channel inventory. According to Nielsen, we also gained market share in the in-home and e-commerce channels in 1Q21. Our revenue per hl grew by 4.3%, driven by the continued success of our premiumization strategy. Our revenue grew by 92.5% and EBITDA grew by 243.5% year-on-year, both above 2019 levels.

Our Premium and Super Premium portfolio continued to be our key growth engine. Budweiser doubled its revenue this quarter compared to 1Q20 and grew by double-digits compared to 1Q19. Revenue from our Super Premium portfolio grew by strong double-digits year-on-year and compared to 1Q19.

In line with our premiumization strategy, we further enhanced our portfolio in Adjacencies with great brands beyond the beer category. We are excited to welcome Fireball Whisky, Buffalo Trace, Southern Comfort and other premium spirits from Sazerac into our portfolio. In the energy drinks category, we are excited to partner with the leading premium global brand, Red Bull. Leveraging our High End Company capabilities and extensive distribution network, these new exclusive distribution agreements in mainland China will allow us to provide diversified experiences to our consumers in different occasions, while capturing growth opportunities from accelerating trends in these premium categories.

We continue to advance our capabilities in the digital space. In 1Q21, we launched our proprietary business-to-business (B2B) digital platform, BEES (Xian Feng Gou), and activated over 4,000 outlets within the first few weeks of its launch. We continue to enhance BEES' functionality to help our customers improve their operational efficiency and leverage insights derived from data and analytics to drive topline growth.

With climate action as one of our top priorities, we are proud to have announced that our breweries in Wuhan, Kunming and Ziyang are 100% powered by renewable electricity through purchased renewable sources and our on-site solar panels. We are also actively working with our suppliers to reduce their carbon emissions, thereby reducing our overall carbon emissions along the whole supply chain. In March 2021, our glass supplier Huaxing completed its first on-site solar project at its Zhejiang plant, marking a significant milestone of our sustainability supplier engagement plan.



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

Press Release
Hong Kong / 6 May 2021 / 7.00am HKT

India

With India experiencing a second wave of COVID-19 outbreak, the health and safety of our colleagues, business partners and the communities in which we operate remain our top priority. In 1Q21, we delivered double-digit growth in volume and revenue, driven by strong double-digit growth of our Premium, Super Premium and non-alcohol portfolios.

APAC EAST

Our revenue in the APAC East region declined by 1.2% in 1Q21, as a 1.8% decline in volume was partially offset by revenue per hl growth of 0.6%. Normalized EBITDA declined by 22.1%, primarily driven by ongoing COVID-19 restrictions and commercial investment phasing in South Korea.

South Korea

In South Korea, our volume declined by low single digits amid COVID-19 related restrictions. Nonetheless, we estimate that we grew our market share in both the in-home and on-premise channels, leading to a total market share gain despite unfavorable channel mix. This growth reflected the increasing sales momentum of Cass since our successful campaign last year.

In line with our commercial plans, we rolled out HANMAC nationwide in February 2021 to introduce more consumers to our classic lager innovation made with high-quality domestic rice. We also launched an "All New Cass" campaign with a new and transparent bottle to further strengthen the share leadership position of Cass.



Budweiser APAC Consolidated Financial Information

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

	1Q21	1Q20	Organic growth
Total volumes (thousand hls)	20,787	12,772	64.6%
Revenue	1,626	956	63.7%
Cost of sales	(767)	(533)	-37.6%
Gross profit	859	423	97.3%
SG&A	(545)	(425)	-22.2%
Other operating income	28	16	30%
Normalized profit from operations (normalized EBIT)	342	14	-
Non-recurring items above EBIT	(4)	(3)	
Net finance cost	-	(12)	
Share of results of associates	2	4	
Income tax expense	(100)	(42)	
Profit/(loss) for the period	240	(39)	
Profit attributable to non-controlling interests	7	2	
Profit/(loss) attributable to equity holders of Budweiser APAC	233	(41)	
Normalized EBITDA	528	171	192.9%
Normalized profit/(loss) attributable to equity holders of Budweiser APAC	236	(6)	

Volumes

Total volumes increased by 64.6% in 1Q21, primarily driven by the strong recovery in China and favorable comparable versus last year, partially offset by South Korea which was impacted by ongoing COVID-19 related restrictions

Revenue

Revenue increased by 63.7% in 1Q21. Revenue per hl grew in all key markets tempered by unfavorable country mix; as a result, revenue per hl remained at a similar level as 1Q20

Cost of Sales (CoS)

CoS increased by 37.6% overall in 1Q21, while improving by 16.4% on a per hl basis, primarily driven by operational efficiencies

Selling, General and Administrative Costs (SG&A)

SG&A increased by 22.2% with distribution expenses increasing as our volumes recovered while commercial investments generally returned to pre-COVID levels adjusted for the timing of innovations



Non-recurring items above EBIT

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

	1Q21	1Q20
Cost arising from COVID-19 response activities	–	(6)
Costs associated with initial public offering	–	5
Restructuring	(4)	(2)
Impact on profit from operations	(4)	(3)

Normalized profit/(loss) and profit/(loss)

Figure 4. Normalized profit/(loss) attributable to equity holders of Budweiser APAC (million USD)

	1Q21	1Q20
Profit/(loss) attributable to equity holders of Budweiser APAC	233	(41)
Non-recurring items, before taxes	4	3
Non-recurring taxes	(1)	32
Normalized profit/(loss) attributable to equity holders of Budweiser APAC	236	(6)

Earnings/(loss) per share

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

	1Q21	1Q20
Basic earnings/(loss) per share	1.76	(0.31)
Non-recurring items, before tax	0.04	0.02
Non-recurring taxes	(0.01)	0.24
Normalized basic earnings/(loss) per share	1.79	(0.05)



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

	1Q21	1Q20
Diluted earnings/(loss) per share	1.76	(0.31)
Non-recurring items, before tax	0.03	0.02
Non-recurring taxes	(0.01)	0.24
Normalized diluted earnings/(loss) per share	1.78	(0.05)

Reconciliation between profit/(loss) attributable to equity holders and normalized EBITDA

Figure 6. Reconciliation of normalized EBITDA to profit/(loss) attributable to equity holders of Budweiser APAC

	1Q21	1Q20
Profit/(loss) attributable to equity holders of Budweiser APAC	233	(41)
Non-controlling interests	7	2
Profit/(loss) for the period	240	(39)
Income tax expense (excluding non-recurring)	101	10
Share of result of associates	(2)	(4)
Net finance cost	–	12
Non-recurring items income tax (benefit)/expense	(1)	32
Non-recurring items above EBIT	4	3
Normalized EBIT	342	14
Depreciation, amortization and impairment	186	157
Normalized EBITDA	528	171



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 Budweiser APAC: (i) non-controlling interests; (ii) income tax expense; (iii) share of results of associates; (iv) net finance cost; (v) non-recurring net finance cost; (vi) non-recurring items above EBIT (including non-recurring costs) ; and (vii) 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/loss 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 Budweiser APAC's definition of normalized EBITDA and normalized EBIT may not be comparable to that of other companies.

Notes

To facilitate the understanding of Budweiser 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-recurring items, unless otherwise indicated. Non-recurring items are either income or expenses which do not occur regularly as part of the normal activities of Budweiser APAC. They are presented separately because they are important for the understanding of the underlying sustainable performance of Budweiser 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 Budweiser 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 Budweiser 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 Budweiser APAC, are subject to numerous risks and uncertainties about Budweiser APAC and are dependent on many factors, some of which are outside of Budweiser 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-19 pandemic and uncertainties about its impact and duration and the risks and uncertainties relating to Budweiser APAC as described in the prospectus of Budweiser APAC’ dated 18 September 2019, 2020 Annual Report, and other documents that Budweiser 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 Budweiser APAC’s prospectus dated 18 September 2019, 2020 Annual Report and any other documents that Budweiser 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 Budweiser APAC will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Budweiser APAC or its business or operations. Except as required by law, Budweiser 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.

CONFERENCE CALL

Thursday, 6 May 2021

11:30am Hong Kong

Please refer to dial-in details on our website at <http://budweiserapac.com/en/Events.html>

About Budweiser Brewing Company APAC Limited

Budweiser Brewing Company APAC Limited is the largest beer company in Asia Pacific. It is also leading the premium and super premium beer segments in Asia. The company brews, imports, markets, distributes and sells a portfolio of more than 50 beer brands, which it owns or has licensed, including Budweiser®, Stella Artois®, Corona®, Hoegaarden®, Cass® and Harbin®. Its principal markets are China, South Korea, India and Vietnam. Budweiser Brewing Company APAC Limited is listed on the Hong Kong Stock Exchange and is a subsidiary of Anheuser-Busch InBev SA/NV. It is incorporated under the laws of the Cayman Islands with limited liability. Visit our website at: <http://www.budweiserapac.com>.