



Anheuser-Busch InBev SA/NV
(Incorporated in the Kingdom of Belgium)
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ISIN: BE0974293251
("AB InBev" or the "Company")

Anheuser-Busch InBev reports Second Quarter and Half Year 2020 results Short Form Announcement

BUSINESS UPDATE IN LIGHT OF THE GLOBAL COVID-19 PANDEMIC

- The COVID-19 pandemic continues to present unprecedented challenges for societies, governments and businesses across the world. The health and safety of our colleagues is our first priority, and we are finding new ways to do our part globally to help our communities, support our partners and connect with our consumers.
- Our performance in the second quarter was materially impacted by the COVID-19 pandemic, as expected. As the quarter progressed, however, we saw considerable improvement. April volumes declined by 32.4%, May volumes declined by 21.4% and June volumes grew by 0.7%, demonstrating the resilience of the global beer category.
- In view of the economic uncertainties caused by the COVID-19 pandemic, we performed an impairment review considering different scenarios: a base case, a best case and a worst case. No impairment was warranted under the base and best case scenarios. However, we were exposed to a risk of impairment for the South Africa and Rest of Africa cash generating units under the worst case scenario and concluded that it was prudent to recognize a 2.5 billion USD non-cash goodwill impairment charge applying a 30% probability of occurrence of the worst case scenario. This charge is partially offset by a 1.9 billion USD gain on the disposal of the Australian operations. Please refer to page 12 for additional disclosure.
- We have been investing behind capabilities such as B2B platforms, e-commerce channels and digital marketing for several years. These trends have accelerated over the past few months, positioning us well to capture growth.
- We have taken significant actions to maintain strong liquidity in a more volatile and uncertain environment, while proactively managing our debt profile. We also implemented several initiatives that drove a meaningful reduction in SG&A, while we continue to invest effectively behind our brands and commercial strategy, preparing for a strong recovery.
- The fundamental strengths of our company remain unchanged. We have a clear commercial strategy, diverse geographic footprint, the world's most valuable portfolio of beer brands, industry-leading profitability, a strong team and an incredibly deep talent pool.

KEY FIGURES

- **Revenue:** Revenue declined by 17.7% in 2Q20 with a revenue per hl decline of 0.6%, driven by restrictions related to the COVID-19 pandemic. In HY20, revenue declined by 12.0% with revenue per hl growth of 1.6%.
- **Volume:** Total volumes declined by 17.1% in 2Q20, with own beer volumes down by 17.2% and non-beer volumes down by 15.5%. In HY20, total volumes declined by 13.4%, with own beer volumes down by 14.0% and non-beer volumes down by 7.6%. The decline was primarily driven by impact of the COVID-19 pandemic.
- **Global Brands:** Combined revenues of our global brands, Budweiser, Stella Artois and Corona, declined by 16.6% globally and by 12.6% outside of their respective home markets. In HY20, the combined revenues of our global brands declined by 14.1% globally and by 14.9% outside of their respective home markets.
- **Cost of Sales (CoS):** CoS decreased by 4.9% in 2Q20 and increased by 15.2% on a per hl basis, driven primarily by operational deleverage resulting from the impact of COVID-19 on our volumes, particularly in markets where our beer operations were shut down within the quarter. In HY20, CoS decreased by 2.5% and increased by 12.9% on a per hl basis.
- **EBITDA:** EBITDA of 3 414 million USD represents a decrease of 34.1% in the quarter, with EBITDA margin contraction of 825 bps to 33.2%. In HY20, EBITDA declined by 24.7% to 7 363 million USD and EBITDA margin contracted by 585 bps to 34.6%.

- **Net finance results:** Net finance costs (excluding non-recurring net finance results) were 1 044 million USD in 2Q20 compared to 1 004 million USD in 2Q19. Net finance costs were 4 204 million USD in HY20 compared to 1 370 million USD in HY19. The increase in HY20 was primarily driven by a mark-to-market loss of 1 724 million USD linked to the hedging of our share-based payment programs compared to a gain of 1 124 million USD in HY19, resulting in a swing of 2 848 million USD.
- **Income taxes:** Normalized effective tax rate (ETR) decreased from 26.0% in 2Q19 to 16.8% in 2Q20. Excluding the impact of gains relating to the hedging of our share-based payment programs, our normalized ETR was 18.8% in 2Q20 as compared to 27.4% in 2Q19. The decrease in our normalized ETR excluding mark-to-market gains and losses linked to the hedging of our share-based payment programs is primarily driven by country mix and the positive impact of tax attributes, with taxes applied on a lower base as a result of the COVID-19 pandemic. Normalized ETR increased from 22.9% in HY19 to 66.6% in HY20 and, excluding the impact of losses relating to the hedging of our share-based payment programs, normalized ETR decreased from 27.4% in HY19 to 22.8% in HY20.
- **Non-recurring items:** Normalized EBIT excludes negative non-recurring items of 832 million USD in 2Q20 and 877 million USD in HY20, mainly related to a 2.5 billion USD non-cash goodwill impairment charge that was partially offset by a 1.9 billion USD gain on the disposal of our Australia operations.
- **Profit:** Normalized profit attributable to equity holders of AB InBev was 921 million USD in 2Q20 compared to 2 319 million USD in 2Q19 and was 76 million USD in HY20 versus 4 714 million USD in HY19. Underlying profit (normalized profit attributable to equity holders of AB InBev excluding mark-to-market gains linked to the hedging of our share-based payment programs and the impact of hyperinflation) was 790 million USD in 2Q20 compared to 2 143 million USD in 2Q19, and was 1 805 million USD in HY20 compared to 3 593 million USD in HY19.
- **Earnings per share (EPS):** Normalized EPS in 2Q20 was 0.46 USD, a decrease from 1.17 USD in 2Q19. Normalized EPS in HY20 was 0.04 USD, a decrease from 2.38 USD in HY19. Underlying EPS (normalized EPS excluding mark-to-market gains linked to the hedging of our share-based payment programs and the impact of hyperinflation) was 0.40 USD in 2Q20, a decrease from 1.08 USD in 2Q19, and was 0.90 USD in HY20, a decrease from 1.81 USD in HY19.
- **Deleveraging:** Net debt to normalized EBITDA was 4.86x at 30 June 2020.
- **2020 Half Year Financial Report:** The report is available on our website at www.ab-inbev.com.

HEADLINE EARNINGS PER SHARE

Due to the secondary listing of the ordinary shares of AB InBev on the main board of the JSE Limited (JSE) in South Africa, the Group is required to present headline earnings per share and diluted headline earnings per share, as alternative measures of earnings per share, calculated in accordance with the circular entitled 'Headline Earnings' issued by the South African Institute of Chartered Accountants, as amended from time to time.

The calculation of headline earnings per share is based on the headline earnings and a weighted average number of ordinary and restricted shares outstanding (including deferred share instruments and stock lending) per end of the period, calculated as follows:

Million US dollar	HY20		HY19 restated	
	Gross amount	Net of taxes & non-controlling interests	Gross amount	Net of taxes & non-controlling interests
Profit attributable to equity holders of AB InBev		(1 900)		6 055
After tax impairment of goodwill, PP&E and intangible assets	2 676	2 631	33	19
After tax net (gain)/loss on disposal of PP&E, intangible and other assets	(1 911)	(1 912)	(48)	(29)
Headline earnings		(1 181)		6 045
Weighted average number of ordinary and restricted shares (million)		1 995		1 980
Headline earnings per share (US dollar)		(0.59)		3.05
Weighted average number of ordinary and restricted shares (diluted) (million)		1 995		2 011
Diluted headline earnings per share (US dollar)		(0.59)		3.01

SHORT FORM ANNOUNCEMENT

The unaudited condensed consolidated interim financial statements of AB InBev as of and for the six-month period ended 30 June 2020 have been reviewed by our statutory auditors PwC Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL in accordance with the International Standard on Review Engagements 2410. The auditors concluded that, based on their review, nothing had come to their attention that caused them to believe that those interim financial statements were not presented fairly, in all material respects, in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union.

Shareholders should refer to the full review report for an overview of the review engagement performed by the group's statutory auditors during the review engagement. The auditors' full review report can be accessed at the following link:

<https://www.ab-inbev.com/investors/annual-and-half-year-reports.html>

from close of business today.

This short-form announcement is the responsibility of the board of directors of AB InBev and is a summary of the information in the detailed interim financial results announcement and does not contain full or complete details. Any investment decision in relation to the Company's shares should be based on the full announcement.

The full announcement may be downloaded at the following link:

<https://senspdf.jse.co.za/documents/2020/jse/isse/anhe/Q22020.pdf>

or from the Company's website at the following link:

www.ab-inbev.com

Copies may be requested from the Company's JSE Sponsor (sponsor@questco.co.za) at no charge during business hours for a period of 30 calendar days following the date of this announcement.

30 July 2020

JSE Sponsor: Questco Corporate Advisory Proprietary Limited

Anheuser-Busch InBev 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).