Press Release

Creditreform Rating

Rating object	**Rating incl. outlook / watch**
Anheuser-Busch InBev N.V./S.A.	BBB+ / stable
Long-term local currency senior unsecured issues of Anheuser-Busch InBev N.V./S.A.	BBB+ / stable

The present update is, in the regulatory sense, a public unsolicited rating.

Date of inception / disclosure to rated entity / maximum validity:

Rating object	**Date of inception**	**Disclosure to rated entity**	**Maximum validity**
Anheuser-Busch InBev N.V./S.A.	01.12.2022	02.12.2022	Until withdrawal of the rating
Long-term local currency senior unsecured issues of Anheuser-Busch InBev N.V./S.A.	01.12.2022	02.12.2022	Until withdrawal of the rating

There occured no changes after the communication of the rating to the rating object.

Rating summary:

Creditreform Rating has confirmed the unsolicited corporate issuer rating of Anheuser-Busch InBev N.V./S.A., as well as the unsolicited corporate issue ratings of the euro-denominated, long-term senior unsecured Notes issued by Anheuser-Busch InBev N.V./S.A., at BBB+. The outlook has been changed from negative to stable.

The Company's development in the 2021 financial year was largely influenced by the overall global recovery from the implications of the COVID-19 pandemic with the gradual worldwide lifting of restrictions, reopening of markets and increased mobility. As a response to the outbreak of the pandemic, AB Inbev rolled out a range of initiatives to adjust its strategy, including premiumization, enhanced e-commerce with new B2B and DTC-platforms, and the development of new products, especially in the light and non-alcoholic range. As a result, the Company was able to significantly expand its revenues by 15.8% to USD 54,304 million (2020: USD 46,881 million). The volumes sold grew by 9.6% and revenues per hl[1] by 5.5%. Most of the Company's markets, however, have been facing further volatility and disruptions in the supply of commodities amid an inflationary environment and increasing interest rates. In particular, the Company saw an increase in commodity prices and overall sales and administrative costs, including higher variable compensation accruals and supply chain costs. EBITDA increased at a lower rate by 11.4% to USD 18.876 million (2020: USD 16,951 million), and profit from operations (EBIT) increased by 43.7% to USD 13,824 million (2020: USD 9,620 million). The reported normalized EBITDA amounted to USD 19,209 million (2020: USD 17,321 million), an increase of 10.9%, with normalized EBIT at USD 14,438 million (2020: USD 12,723 million), an increase of 13.5%. The non-underlying effects amounted to USD -614 million (2020: USD -3,103 million, dominated by a USD 2.5-billion impairment of goodwill). The profit of that period surged to USD 6,114 million (2020: USD 2,202 million). In 2020, the period's profit included a USD 2,055 million profit from discontinued operations related to the divestment of the Australian subsidiary. The cash flow from operating activities improved to USD 14,799 million (2020: USD 10,891 million). As part of its deleveraging attempts, the Company reduced its financial debt by nearly USD 10 billion (2021: USD 88.8 billion, 2020: USD 98.6 billion). Net financial debt amounted to USD 76.2 billion (USD 82.7 billion as of 31 December 2020). The reported net financial debt to normalized EBITDA edged down from 4.8x to 3.96x, under the level of 4x for the first time since the merger with SAB Miller.

In the nine months of 2022, driven by revenue management initiatives and continued premiumization, AB Inbev showed further revenue growth and stabilized results despite headwind effects, in particular unfavorable foreign exchange effects, increased commodity prices and marketing and transport costs. Revenues saw an increase by 11.5% to USD 43,118 million (9M 2021: USD 40,106 million), whereas gross profit went up by 5.9% to USD 23.475 million (9M 2021: USD 23,105 million). The reported normalized EBITDA improved by 7.0% to USD 14.896 million (9M 2021: USD 14,327 million), and normalized EBIT increased by 5.9% to USD 11,160 million (9M 2021: USD 10,788 million). The reported profit for the period amounted to USD 4,299 million (9M 2021: USD 3,768 million). In 2022, the Company decided to derecognize its investment in AB InBev Efes (50% share), which operates in Russia and Ukraine and was not consolidated. According to AB InBev, the Company is in negotiation with a potential buyer for the stake. The decision resulted in a non-cash impairment amounting to USD 1,143 million, which was the main non-underlying effect in 2022. As of 30 June 2022, the total amount of current and non-current interest-bearing debt decreased to USD 83,302 million (31.12.2021: USD 88,777 million). Two series of notes totaling USD 3.1 billion were redeemed prematurely. According to AB InBev, as a result of deleveraging, net interest expense decreased by approximately USD 200 million in 9M 2022.

[1] Hectoliter

Despite uncertainties arising from volatile market conditions and disruptions in the supply of commodities, the Company has shown a recovery from the implications of the COVID-19 pandemic and an overall stabilization of its earnings. Combined with the significant reduction in financial debt, this is the basis for the confirmation of our rating assessment and the change in outlook from negative to stable.

Primary key rating drivers:

+ Overall recovery from the implications of the COVID-19 pandemic
+ Successful implementation of the premiumization strategy and of the targeted revenue management initiatives
+ Stabilization of revenues and earnings, strengthening of internal financing capacity
+ Significant debt reduction, maintenance of strong liquidity position
+ Comfortable debt maturities after reshaping of debt maturities profile
+ Further development of digital platforms and introduction of new products and product lines according to modern trends

– Elevated commodity, supply chain as well as selling, general and administrative costs
– Negative currency effects
– Still significant debt, improvable key financial figures
– Substantial interest burden

ESG-criteria:

CRA generally considers ESG factors (environment, social and governance) within its rating decisions. In the case of Anheuser-Busch InBev we have not identified any ESG factors with significant influence.

Anheuser-Busch pursues the goal of accelerating the gradual transition to a sustainable development and has integrated this goal into its corporate strategy in 2018 as a package of Sustainability Goals - a raft of objectives to be achieved by 2025. These objectives are in line with the 17 Sustainable Development Goals set by the United Nations for 2030:

- Smart Agriculture: 100% of the Company's direct farmers will be skilled, connected and financially empowered.
- Water Stewardship: 100% of communities in high stress areas in which the Company operates will have measurably improved water availability and quality.
- Circular Packaging: 100% of its products will be in packaging that is returnable or made from majority recycled content.
- Climate Action: 100% of purchased electricity will be from renewable sources and the carbon emissions will be reduced by 25%.

Among other achievements, the Company has decarbonized 13.58% from its 2017 baseline and have contracted 81.4% of its renewable electricity volume at the end of 2021. In February 2021, Anheuser-Busch announced the signing of a new 10.1 billion USD sustainability-linked loan revolving credit facility. The facility incorporates a pricing mechanism that incentivizes improvement in key performance areas that are aligned with the 2025 Sustainability Goals. The Company has received an "A" rating from CDP for both climate change and water security.

Anheuser-Busch is active in an industry that in cases of product abuse can potentially cause dependencies and various health and social damage. The Company is committed to reduce harmful consumption identifying best practices on community-based interventions to reduce underage drinking, improve road safety, increase alcohol screening, reduce binge drinking as well as in form of marketing campaigns, social advertisement, and labelling. It is expected to invest approximately 1 bn USD until 2025 in these initiatives. The Company is expanding its no- and low-alcohol beer portfolio, which should grow to 20% by 2025 (2021: 6.7%).

A general valid description of Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found here.

Rating scenarios:

Please note: The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

Best-case scenario: BBB+

In our best-case scenario for one year, we assume a rating of BBB+. We believe that an upgrade within a period of one year is unlikely. This assessment is based on continuing uncertainties in form of regional supply chain disruptions and elevated commodity and energy prices, as well as increased distribution costs, which caused a deterioration of the Company's profitability compared to pre-pandemic levels. The prerequisite for a rating upgrade is a further improvement in the Company's earnings capacity and internal financing power, which should lead to a further reduction of debt and consequently to a sustainable improvement of the results of the financial ratio analysis.

Worst-case scenario: BBB

In our worst-case scenario for one year, we assume a rating of BBB. In this scenario, we assume that the overall uncertainties in connection with elevated energy prices, heightened interest rates and currency fluctuations persist. The increased commodity prices and distribution costs have an immediate negative impact on the Company's cost structure, or the Company is able to adapt to negative effects through price and product mix adjustments only with time lag. A further increase in debt, contrary to the announced deleveraging policy, could be a reason for a rating downgrade as well.

Analysts / Person approving (PAC):

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Initial rating:

Rating object	Event	Rating created	Publication date	Monitoring until	Result
Corporate Issuer Rating of Anheuser-Busch InBev N.V./S.A.	Initial Rating	07.10.2016	14.10.2016	17.10.2017	A- / stable
LT LC Senior Unsecured Issues issued by Anheuser-Busch InBev N.V./S.A.	Initial Rating	01.08.2018	07.08.2018	26.11.2020	A- / stable

Status of solicitation and information basis:

The present rating is, in the regulatory sense, a public **unsolicited** rating. The rating object participated in the creation of the rating as follows:

Unsolicited Corporate Issuer / Issue Rating	
With rated entity or related third party participation	No
With access to internal documents	No
With access to management	No

Rating methodology / Version / Date of application:

Rating methodology	**Version number**	**Date**
Corporate Ratings	2.4	01.07.2022
Non-financial Corporate Issue Ratings	1.0	October 2016
Rating Criteria and Definitions	1.3	January 2018

Regulatory requirements:

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG (CRA) is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation. The rating[2] was not endorsed by Creditreform Rating AG (Article 4 (3) of the CRA-Regulation).

Conflict of interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or in approving credit ratings and rating outlooks.

In the event of providing ancillary services to the rated entity, Creditreform Rating AG will disclose all ancillary services in the credit rating report at this point:

No ancillary services in the regulatory sense were carried out for this rating object.

Rules on the presentation of credit ratings and rating outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our "Rating Committee Policy", all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, Creditreform Rating AG has used following substantially material sources:

Corporate issuer rating:

1. Annual report

2. Website

3. Internet research

Corporate issue rating:

1. Corporate issuer rating incl. information used for the corporate issuer rating

2. Documents on issues / instruments

There are no other attributes and limitations of the credit rating or rating outlook other than those displayed on the Creditreform Rating AG website. Furthermore, Creditreform Rating AG considers as satisfactory the quality and extent of information available on the rated entity. With respect to the rated entity, Creditreform Rating AG regarded available historical data as sufficient.

Between the time of disclosure of the credit rating to the rated entity and the public disclosure, no amendments were made to the credit rating.

The Basic Data Information Card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In cases where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating report and indicates how the different methodologies or other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings and best-case scenario credit ratings are explained.

The date at which the credit rating was initially released for distribution and the date when it was last updated, including any rating outlooks, is indicated clearly and prominently in the Basic Data Information Card as a "rating action"; initial release is indicated as "initial rating", other updates are indicated as an "update", "upgrade" or "downgrade", "not rated", "confirmed", "selective default" or "default".

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available within the Basic Data Information Card.

[2] In these regulatory requirements the term "rating" is used in relation to all ratings issued by Creditreform Rating AG in connection to this report. This may concern several companies and their various issues.

In accordance with Article 11 (2) EU-Regulation (EC) No 1060/2009, a registered or certified credit rating agency shall make available, in a central repository established by ESMA, information on its historical performance data including the rating transition frequency and information about credit ratings issued in the past and on their changes. Requested data are available at the ESMA website.

An explanatory statement of the meaning of Creditreform Rating AG's default rates are available in the credit rating methodologies disclosed on the website.

Disclaimer

Any rating performed by Creditreform Rating AG is subject to the Creditreform Rating AG Code of Conduct, which has been published on the web pages of Creditreform Rating AG. In this Code of Conduct, Creditreform Rating AG commits itself – systematically and with due diligence – to establish its independent and objective opinion as to the sustainability, risks and opportunities concerning the enterprise or the issue under review.

Future events are uncertain, and forecasts are necessarily based on assessments and assumptions. This rating is therefore no statement of fact, but an opinion. For this reason, Creditreform Rating AG cannot be held liable for the consequences of decisions made on the basis of any of their ratings. Neither should these ratings be construed as recommendations for investors, buyers or sellers. They should only be used by market participants (entrepreneurs, bankers, investors etc.) as one factor among others when arriving at corporate or investment decisions. Ratings are not meant to be used as substitutes for one's own research, inquiries and assessments.

We have assumed that the documents and information made available to us by the client are complete and accurate and that the copies provided to us represent the full and unchanged contents of the original documents. Creditreform Rating AG assumes no responsibility for the true and fair representation of the original information.

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