Creditreform Corporate Issuer / Issue Rating

Anheuser-Busch InBev N.V./S.A.

Creditreform Rating

Rating object	Rating information	
Anheuser-Busch InBev N.V./S.A.	Corporate Issuer Rating: **BBB+ / stable**	Type: Update Unsolicited Public rating
Creditreform ID: 2000000583 Incorporation: 2008 Based in: Leuven, Belgium Main (Industry): Brewery and soft drinks CEO: Michel Doukeris	LT LC Senior Unsecured Issues: **BBB+ / stable**	Other: **n.r.**
Rating objects: Long-term Corporate Issuer Rating: Anheuser-Busch InBev N.V./S.A. Long-term Local Currency (LT LC) Senior Unsecured Issues	Rating date: 19 April 2023 Monitoring until: withdrawal of the rating Rating methodology: CRA "Corporate Ratings" CRA "Non-Financial Corporate Issue Ratings" CRA "Rating Criteria and Definitions" Rating history: www.creditreform-rating.de	

Content

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Summary

Company

Anheuser-Busch InBev N.V./S.A. (hereinafter also referred to as "AB InBev" or "the Group") is the parent company of the AB InBev Group and is headquartered in Leuven, Belgium. Together with its subsidiaries, AB InBev is the world's leading brewery group in terms of volume sold. The Group employs over 167 000 employees in more than 50 countries and has a brand portfolio of over 500 brands, which it sells in over 150 countries worldwide. Its non-beer products, primarily soft drinks, are sold in Middle and South America and the United States. The Group is publicly listed on the Belgian stock exchange, with a secondary listing on the Mexican MEXBOL and South African exchange in Johannesburg, the JSE, and American depository receipts on the New York stock exchange.

During the business year 2022, the Group generated revenues of USD 57,786 million (2021: USD 54,304 million), EBITDA of USD 19.232 million (2021: USD 18,776 million), EBIT of USD 14,154 million (2021: 13,724 million) and EAT of USD 7,597 million (2021: USD 6,114 million). After the temporary consequences of the COVID-19 pandemic, the Company was able to retain, and in some cases expand, its strong market position.

Rating result

The current rating of BBB+ attests Anheuser Busch InBev N.V./S.A. a highly satisfactory level of creditworthiness.

The high rating level is based on its large scale, as well as the fact that the Group is by far the leading brewery Group worldwide in terms of hl sold and revenues. Its highly diversified geographical profile, brand portfolio and strong internal financing capacity also have a positive effect on the rating. In the 2022 financial year, AB InBev showed an overall recovery from the temporary implications of the COVID-19 pandemic, in particular with a view to its growth in volumes sold, its revenues, and its largely restored cash flows from operations. The Company has confirmed its commitment to achieve more resilient financials by making noticeable progress in deleveraging strategy. These factors are partially offset by the overall inflationary environment with an increase in commodity prices and other costs, putting pressure on the Group's profitability. We consider the Company's still significant leverage and financial expenditure, as well its exposure to country risks in developing countries as limiting factors for our rating.

Outlook

The one-year outlook for the corporate issuer rating is stable. Due to the overall stabilization of the markets after the impact of COVID-19, we expect the Group to gradually continue to strengthen its financials, showing further moderate growth both in volumes sold and in revenues. However, remaining uncertainties in connection with increased commodity and energy prices, increased distribution costs, which put pressure on the Group's profitability, supply chain disruptions, as well as its still significant debt burden have a limiting effect on our rating assessment and the outlook.

Reference:

The relevant rating factors (key drivers) mentioned in this section are predominantly based on internal analyses, evaluations from the rating process, the derived valuations of the analysts participating in the rating and, if applicable, other rating committee members. The fundamental external sources used are specified in the sections "Regulatory requirements" and "Rules on the presentation of credit ratings and rating outlooks".

Excerpts from the financial key figures analysis 2022
+Sales
+EBITDA, EBIT, EAT
+Equity ratio
+Net total debt/EBITDA adj.

-Ratio of interest expenses to total debt
-EBITDA margin

General rating factors summarize the key issues which – according to the analysts as of the date of the rating – have a significant or long-term impact on the rating, whether positive (+) or negative (-).

Current rating factors are the key factors which, in addition to the underlying rating factors, have an impact on the current rating.

Relevant rating factors

Table 1: Financials I Source: AB InBev N.V./S.A. Annual Report 2022, standardized by CRA

AB InBev N.V./S.A. Selected key figures of the financial statement analysis Basis: Annual report of 31.12. (IFRS)	CRA standardized figures[1]	
	2021	2022
Sales (million USD)	54,304	57,786
EBITDA (million USD)	18,776	19,232
EBIT (million USD)	13,724	14,154
EAT (million USD)	6,114	7,597
EAT after transfer (million USD)	4,670	5,969
Total assets (million USD)	157,279	153,993
Equity ratio (%)	20.79	24.78
Capital lock-up period (days)	120.05	118.53
Short-term capital lock-up (%)	29.09	26.41
Net total debt / EBITDA adj. (Factor)	5.85	5.51
Ratio of interest expenses to total debt (%)	3.65	4.01
Return on investment (%)	6.88	7.71

General rating factors

+ World's leading brewery company in terms of hl sold
+ Highly diversified geographical portfolio
+ Strong brand portfolio with over 500 brands
+ Strong ability to generate strong operating cash flows
– Proven access to capital markets

– Highly active in developing markets
– Still high indebtedness
– Foreign currencies risk
– Significant intangible assets with increased impairment risks during economic downturns

Current rating factors

+ Significant increase in revenues and restored internal financing power after COVID-19
+ Increase in equity following positive results and moderate dividend payments
+ The Group's commitment to deleverage and further decrease in net debt
+ Strong liquidity

– Increase in commodity prices and costs and resulting decline in profitability

[1] For analytical purposes, CRA adjusted the original values in the financial statements in the context of its financial ratio analysis. For example, when calculating the analytical equity ratio, deferred tax assets, goodwill (entirely or partly), and internally generated intangible assets are subtracted from the original equity, whilst deferred tax liabilities are added. Net total debt considers all balance sheet liabilities. Therefore, the key financial figures shown often deviate from the original values of the company.

Prospective rating factors are factors and possible events which – according to the analysts as of the date of the rating – would most likely have a stabilizing or positive effect (+), or a weakening or negative effect (-) on future ratings if they occurred. This is not an exhaustive list of possible future events with potential relevance for future ratings. Circumstances can arise that are not included in the list of prospective factors, whose effects are impossible to assess at the time of the rating, either because these effects are uncertain or because the underlying events are deemed unlikely to occur.

ESG factors are factors related to environment, social issues and governance. For more information, please see the section "Regulatory requirements". CRA generally takes ESG relevant factors into account when assessing the rating object and discloses them when they have a significant influence on the creditworthiness of the rating object, leading to a change in the rating result or the outlook.

Prospective rating factors

+ More balanced geographical diversification towards developed countries
+ Decreased leverage / improved financial key ratios

– Global economic recession
– Deterioration of financial key-ratios
– Relative Increase in activities in developing markets
– Reputational damage, e.g., due to adverse developments in ESG factors

ESG-factors

CRA generally takes ESG factors (environment, social and governance) into account within its rating decisions. In the case of Anheuser-Busch InBev N.V./S.A. we have not identified any ESG factors with significant influence.

Anheuser-Busch pursues a goal of accelerating the gradual transition to a sustainable development and defined the following priorities in line with the 17 Sustainable Development Goals set by the United Nations for 2030: Smart Drinking & Moderation, Climate, Water Stewardship, Sustainable Agriculture, Circular Packaging, Entrepreneurship, Diversity, Equity & Inclusion and Ethics & Transparency. In 2018, AB InBev developed a raft of specific objectives, which to be achieved by 2025 and integrated them into its corporate strategy. The main of these objectives are:

- 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 carbon emissions are to be reduced by 25%.

Among other achievements, in 2022 the Company decreased its emissions in Scopes 1 and 2 by 39.2% from its 2017 baseline. 67.6% of the Company's electricity needs are coming from renewable sources (41.2% renewable electricity operational in 2021). In February 2021, Anheuser-Busch announced the signing of a new USD 10.1 billion sustainability-linked 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 a double A rating from CDP for corporate transparency, performance on 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 reducing harmful consumption, identifying best practices in community-based interventions to reduce underage drinking, improve road safety, increase alcohol screening, reduce binge drinking, as well as in the form of marketing campaigns, social advertisement, and labelling. It is expected to invest approximately USD 1 billion in these initiatives by 2025. The Company is expanding its non-alcoholic and low-alcohol beer portfolio, which should grow to 20% by 2025.

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.

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: A-

In our best-case scenario for one year, we assume a rating of A-. The prerequisites for this are further top line growth and an improvement in earnings and internal financing strength, which should lead to a further reduction in debt and consequently to a sustainable improvement in the result of the financial ratio analysis. In this context, we assume that AB InBev will be able to compensate the current cost inflation through price adjustments - without any significant loss of sales volume - and to implement its deleveraging strategy successfully.

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.

Business development and outlook

In the 2022 financial year, most of AB InBev's markets recovered, largely due to the gradual lifting of COVID-19 containment measures. The Company benefitted from largely undisturbed production and sales activities, as well as from the revival in social events and mobility, and posted a revenue growth of 6.4% to USD 57,786 million (2021: USD 54,304 million). Taking into consideration the negative currency translation (USD -2,136 million) and consolidation (USD -395 million) effects, organic growth amounted to 11.2% and the revenue per hl increased by 8.6% compared to previous year. Volumes sold reached 595,133 thousand hl, an increase of 2.3%. Driven by its sound brand strategy, e.g., premiumization, revenue management initiatives, as well as diversified distribution channels with particular proximity to customers, the Group was able to outperform its pre-pandemic levels in terms of revenues (by USD 5.5 billion) and volumes sold (by 5.8%). However, mainly due to the headwinds related to the overall increase in commodity and energy prices, supply chain disruptions, as well as elevated distribution costs, gross profit edged up disproportionally by 2.8 % to USD 14,768 million (2021: USD 14,438 million), and reported normalized EBITDA saw a lower increase of 7.2% to USD 19,843 million (2021: USD 19,209 million). As a result, the normalized EBITDA margin dropped to 34.3% (2021: 35.4%).

Table 2: The development of business of AB InBev N.V./S.A. I Source: AB InBev Annual Report 2022, reported

AB InBev N.V./S.A.				
In million EUR	2021	2022	Organic growth	Δ %
Total volumes (thousand hls)	571,678	595,133	13,455	2.3
Revenue	54,304	57,786	6,013	11.2
Gross profit	31,207	31,481	1,782	5.8
Normalized EBITDA	19,209	19,843	1,357	7.2
Normalized EBIT	14,438	14,768	765	5.4

Table 3: The development of corporate divisions in 2021/2022 I Source: AB InBev Financial Report 2022

in million		North America	Middle America	South America	EMEA	Asia Pacific	GEHC
Volume (HL)	2021	106.97	141.45	156.62	86.71	88.38	1.56
	2022	102.67	147.62	164.32	90.78	88.90	0.84
Organic growth, %		(4.0)	4.3	4.6	4.6	0.6	(11.8)
Revenue (USD)	2021	16,257	12,541	9,494	8,032	6,848	1,133
	2022	16,566	14,180	11,599	8,120	6,532	790
EBITDA norm. (USD)	2021	6,131	6,126	3,125	2,598	2,321	(1,093)
	2022	6,057	6,564	3,511	2,612	2,104	(1,004)

The Company posted an increase in revenues across all of its geographical segments. Premium brands were the growth drivers in all of its sales regions, making up a significant share of the revenue and bringing, along with other management initiatives, solid growth rates in terms of volumes sold and results. In the United States, however, the Company saw a drop in overall volumes sold due to the phasing of price increases and partly to a poor weather conditions at the end of the year. The performance of the Asia Pacific region was particularly affected by the COVID-19 restrictions in China

Profit from operations amounted to USD 14,517 million, an increase of 5% (2021: USD 13,824 million), positively influenced by lower non-underlying costs of USD 251 million (2021: USD 614 million), in particular due to the lower COVID-19 and restructuring costs, as well as costs of assets and business disposals. Profit before tax increased by 12.5% to USD 9,524 million (2021: USD 8,463 million) as a result of the lower net finance cost of USD 4,148 million (2021: USD 5,609 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 negotiations with a potential buyer for the stake. The decision resulted in a non-cash impairment amounting to USD 1,143 million, which is included in profit before tax. Annual profit surged by 24.3% to USD 7,597 million (2021: USD 6,114 million) after favorable tax effects in 2022.

For the current year, the Company expects EBITDA growth of between 4-8% and revenue growth over this range, due to the currently elevated commodity prices. Price adjustments and moderate volume growth have been taken into consideration. The Company plans capital expenditure in line with 2022, with a budget of USD 4.5 to 5.0 billion.

We consider that AB InBev displayed positive development in 2022 despite the overall inflationary environment and headwinds in the form of elevated costs and supply chain disruptions, putting pressure on its profitability. On the one hand, this development reflects the recovery of the AB InBev's markets from the extraordinary effects of the COVID-19 pandemic. On the other, the Company was able — through successful brand policy and innovation, including the introduction of non-alcoholic and non-beer products, targeted marketing actions and development of modern distribution channels — to retain its strong market position and gain market share for some of its products. The premiumization policy led to a further expansion of AB InBev's global brands outside of their home markets. Hence, the Group was able to increase its revenues and restore its cash generating capacity almost at the pre-pandemic level. Based on the currently overall stable markets, with globally normalized social life, and combined with AB InBev's proven successful strategy, we consider the Company's expectations, reflecting sound volume growth plans and possible price increases, as well as a slight contraction in profitability resulting from the overall elevated costs, as realistic and feasible.

Structural risk

Anheuser-Busch InBev N.V./S.A. is the parent company of the AB InBev Group. Together with its subsidiaries, AB InBev is by far the world's leading brewery group. It is incorporated under Belgian law and is headquartered in Leuven, Belgium, with a primary listing on Euronext Brussels (Euronext: ABI) and secondary listings on the Mexican stock exchange (MEXBOL: ANB) and the South African stock exchange in Johannesburg (JSE: ANH). It is also listed on the New York Stock Exchange with American Depositary Shares. The Group holds a portfolio of well over 500 brands and has operations in more than 50 countries worldwide.

The major shareholder is Stichting Anheuser-Busch InBev — hereinafter also referred to as the Foundation — with 33.42% as of 31 December 2022. The Foundation represents the interests of the founding families of Interbrew and the Brazilian families, which were previously the controlling shareholders of Ambev. The Foundation and many of the other significant shareholders act in concert with regard to public takeover bids. Together, they represent 42.44% as of 31 December 2022. Additionally, the Foundation has several shareholder agreements with other shareholders with regard to the governance of the Group. As long as Stichting Anheuser-Busch InBev, together with its affiliates, own more than 30% of all voting rights, it can appoint 9 out of 15 members, giving it a majority vote on the board of directors.

In 2016 the Group completed a merger with SABmiller plc which was valued at a gross purchase consideration of USD 114 billion, and which increased the Group's size significantly. Following the merger, the Group made several acquisitions and divestments, some of which in order to address potential problems with regulatory bodies relating to the SABmiller acquisition. The Group regularly engages in acquisitions and divestments, which could have an impact on its operating performance and structural risk. It is noteworthy that the Group managed to generate cost savings after increased synergies and scaling effects at the end of its cost savings program following the merger with SABmiller.

The Group has six segments, of which five are geographic segments: North America, Middle America, South America, EMEA and Asia Pacific. Additionally, the segment Global Export and Holding Companies, in which all financial reporting activities take place, is reported separately.

Due to the size of the Company and its international business activities, AB InBev is exposed to numerous internal and external risks, which the Company manages with the help of comprehensive risk management and a strong internal control system. We believe the structural risk profile for the Group to be slightly elevated against the background of the Group's complex corporate structure and risks associated with implementation and integration of new subsidiaries. Further large acquisitions, mergers and divestures with following material negative impact for the Group's financials cannot be ruled out in the future.

Business risk

Anheuser-Busch InBev is a multinational brewing and beverage company selling predominantly beer. The Company benefits from its well-known, broad brand portfolio, as all of its markets have their own dynamics and consumer preferences. We believe that the Company is well-placed to face changing consumer demands. A small portion of its sales takes place in the non-beer segment, which consists mainly of soft drinks, and in which the highest sales volumes are in the Middle America, South America and the North America segments.

The Group has a worldwide presence and a strong, diversified geographical profile and brand portfolio, with a leading market share in many of its markets, which lowers exposure to local economic downturns, currency effects, and other factors affecting local business risk. It is to be noted, however, that approximately 70% of the Group's volume in terms of hl sold, and almost 60% of its revenues, are generated in developing markets in Asia, Europe, Latin and Middle America, and Africa. As such, despite its strong, diversified global footprint, the Group is exposed to higher country risks, as doing business in developing countries goes accompanied by increased political, economic, operating, investment, currency and other risks. These factors are partially offset by the Group's operations in many of these developed and developing markets, which act as a natural hedge against local or regional economic downturns and seasonality. AB InBeV's growth is essentially driven by growth in developing markets.

AB InBev is by far the biggest brewery in the world in terms of volume sales, with a total market share of approximately 30%. The COVID-19 pandemic had a significant negative impact on the development of global economies. As such, the beer and beverage markets in general have suffered a strong decline due to strict measures implemented by governments to curb the spread of the virus. With a view to the recent development, we believe that AB InBev was able to retain its leading position in the majority of its markets and even to outperform the pre-pandemic levels in terms of revenue and volumes sold. Currently, the elevated energy and commodity prices in the wake of the tense geopolitical situation and still persistent disruptions in supply chains, put pressure on the Company's profitability. The Company benefits from its scale with resulting operating effects and its strong market position.

Beer market used to be a highly fragmented market, but has seen an increase in the pace of the consolidation process over recent decades. This trend began in Western Europe and North America, but is now also increasingly moving to developing markets. As a result, the scale and market power of AB InBev and its competitors has increased significantly over recent years.

The business risk of the Group is low to average. The Group is exposed to risks related to commodity prices, exchange rates, interest rates, property rights, and regulation. Additionally, the sector faces seasonal consumption of its product, with general consumption being influenced by weather conditions. The abovementioned factors are partially offset by the Group's geographical footprint, market share and strong brand portfolio; however, global events such as COVID-19 could substantially disrupt its performance.

Financial risk

Creditreform Rating AG (CRA) adjusted the original values in the financial statements and the way we calculate certain key financial ratios. For our financial ratio analysis of AB InBev, we have deducted the goodwill shown on the balance sheet from equity by 50%, suggesting a certain recoverability. The goodwill recorded on the balance sheet as of 31 December 2022 represented 53% of the Group's total assets, of which the majority results from the merger with SABmiller in 2016. As a result, the deduction of 50% of goodwill from equity had a large impact on the Group's adjusted equity. Additionally, passive deferred taxes were added, and active deferred taxes were subtracted from equity. All of this resulted in adjusted equity of USD 38,166 million (2021: USD 32,700 million). Equity grew, largely against the backdrop of the significant positive annual result, which was offset by dividend payments of USD 2.5 billion and negative currency effects. As a result, the adjusted equity ratio improved noticeably to 24.78% (2021: 20.79%).

In 2022, the Company showed resilient earnings capacity – after 2020, which was marked by COVID-19 effects - with further improved normalized EBITDA of USD 19,843 million (2021: USD 19,209 million). Operating cash flow before changes in working capital amounted to USD 19,941 million, an increase of 6% (2021: USD 18,806 million). However, due to the changes in working capital (USD -346 million; 2021: USD 2,459 million), in particular because of the increased inventory balances in 2022 and the impact of capital expenditure and bonus accruals in 2020 compared to 2021, the cash flow from operating activities dropped by 10.1% to USD 13,298 million (2021: USD 14,799 million). The free cash flow remained stable with approximately USD 8.5 billion, and was more than sufficient to cover the cash outflow for dividend payments (USD 2.4 billion; 2021: USD 2.4 billion). In 2022, the Group made a further step towards its commitment to deleverage with the reimbursement of USD 8.9 billion debt. Gross financial debt decreased to USD 79.9 billion, and net financial debt dropped to USD 69.7 billion as of 31December 2022 (2021: USD 76.2 billion). As a result, the reported net debt to normalized EBITDA decreased as of 31December 2022 to 3.51x from 3.96x. The Company's management declared a net debt to normalized EBITDA ratio of roughly 2x as an optimal pursued value. So far, despite the temporary negative influence of COVID-19, AB InBev has managed to continuously decrease its financial debt through sound financial policy, including liquidity protection measures during the pandemic, and significantly reduce its dividend payments compared to previous years. However, the relation of debt to earnings capacity is still improvable in our view, with CRA's net total debt to EBITDA adj. at 5.51x (2021: 5.85x).

As of 31.12.2022, AB InBev maintained its solid liquidity position, including USD 9.9 billion in cash along with USD 10.1 billion available under committed long-term credit facilities. The main financing instruments are bonds, with 95% of the bond portfolio fixed rates and a very comfortable maturity profile with an average weighted maturity of over 15 years and no significant payments scheduled for the medium-term perspective.

The financial risk for AB InBev is average. Due to the Group's strong internal financing power, it was able to make significant progress in reducing its indebtedness and has thus proven its commitment to deleveraging and achieving the pursued financial figures. We believe that despite overall uncertainties resulting from the tense geopolitical situation, inflationary environment and persistent supply chain disruptions, the Company has confirmed its leading market position and strengthened its capacity to deleverage after temporary negative effects brought by the COVID-19 pandemic. The still significant debt and financial costs put, however, a strain on our rating assessment.

Issue rating

Issue rating details

The rating objects of this issue rating are exclusively the long-term senior unsecured issues, denominated in euro, issued by Anheuser Busch InBev N.V./S.A., which are included in the list of ECB-eligible marketable assets. The ECB list of eligible marketable assets can be found on the website of the ECB.

The notes have been issued within the framework of the Euro Medium Term Note (EMTN) programme, of which the latest base prospectus dates from 29 March 2022. This EMTN programme amounts to 40 billion. EUR. The notes under the EMTN programme rank at least pari passu among themselves and with all other present and future unsecured obligations of the issuer.

Following the documentation on the Programme (prospectuses and supplements), all issues under the Programme are unconditionally and irrevocably guaranteed by:

- Anheuser-Busch Companies, LLC, State of Delaware, USA, holding company;
- Anheuser-Busch InBev Finance Inc., State of Delaware, USA, financing vehicle;
- Anheuser-Busch InBev Worldwide Inc., State of Delaware, USA, financing vehicle of the Group and the holding company of Anheuser-Busch Companies;
- Brandbev S.à r.l., Grand Duchy of Luxembourg, holding company;
- Brandbrew S.A., Grand Duchy of Luxembourg, which finances operations by granting loans to companies which are part of the Group;
- Cobrew NV, Belgium, Group internal service company (administration and other duties).

Each guarantor is a 100% subsidiary of Anheuser-Busch InBev N.V./S.A. and is consolidated with the Issuer.

Furthermore, the Notes under the Programme benefit from a negative pledge provision.

Creditreform Rating

Result corporate issue rating

We assign a rating of BBB+ with stable outlook to the EUR long-term senior unsecured debt securities issued by AB InBev within the framework of the EMTN Programme. The decision is derived from the Issuer corporate rating and its outlook, taking into account the specific credit enhancement of the Programme, namely the guarantee of some subsidiaries of the Issuer. Given the fact that the guarantors are part of the AB InBev Group, the guarantee does not lead to an upgrade of the rating but has rather a stabilizing effect on the rating.

Overview

Table 4: Overview of CRA Ratings I Source: CRA

Rating Category	Details	
	Date	Rating
Anheuser-Busch InBeV N.V./S.A. (Issuer)	19.04.2023	BBB+ / stable
Long-term Local Currency (LC) Senior Unsecured Issues	19.04.2023	BBB+ / stable
Other	--	n.r.

Table 5: Overview of 2022 Euro Medium Note Programme I Source: Base Prospectus dated 29.03.2022

Overview of 2022 EMTN Programme			
Volume	EUR 40,000,000,000	Maturity	Depending on respective bond
Issuer / Guarantor	Anheuser-Busch InBev N.V./S.A. Issuer Guarantors: Anheuser-Busch Companies, LLC, Anheuser-Busch InBev Finance Inc., Anheuser-Busch InBev Worldwide Inc., Brandbev S.à r.l., Brand-brew S.A. Cobrew NV	Coupon	Depending on respective bond
Arranger	Deutsche Bank	Currency	Depending on respective bond
Credit enhancement	none	ISIN	Depending on respective bond

All future LT LC senior unsecured Notes that will be issued by AB InBev and that have similar conditions to the current EMTN programme, denominated in Euro and included in the list of ECB-eligible marketable assets will, until further notice, receive the same ratings as the current LT LC senior unsecured Notes issued under the EMTN programme. Notes issued under the programme in any currency other than euro, or other types of debt instruments, have not yet been rated by CRA. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG. For the time being, other emission classes or programmes (such as the Commercial Paper Programme) and issues that do not denominate in euro will not be assessed.

Financial ratio analysis

Table 6: Financial key ratios |Source: AB InBev annual report 2022, structured by CRA

Asset structure	2019	2020	2021	2022
Fixed asset intensity (%)	82.33	82.38	83.32	83.27
Asset turnover	0.31	0.27	0.35	0.38
Asset coverage ratio (%)	82.15	82.39	81.05	82.04
Liquid funds to total assets	4.26	9.57	7.93	6.54
Capital structure				
Equity ratio (%)	19.13	18.39	20.79	24.78
Short-term debt ratio (%)	20.23	19.78	21.73	22.33
Long-term debt ratio (%)	48.50	49.48	46.74	43.53
Capital lock-up period (in days)	112.39	124.54	120.05	118.53
Trade-accounts payable ratio (%)	9.36	9.78	11.36	12.19
Short-term capital lock-up (%)	35.16	33.66	29.09	26.41
Gearing	4.01	3.92	3.43	2.77
Leverage	6.64	5.32	5.10	4.38
Financial stability				
Cash flow margin (%)	25.47	8.41	21.23	22.25
Cash flow ROI (%)	7.74	2.41	7.33	8.35
Total debt / EBITDA adj.	6.76	7.76	6.50	6.03
Net total debt / EBITDA adj.	6.41	6.85	5.85	5.51
ROCE (%)	12.56	11.34	13.18	13.34
Total debt repayment period	34.47	10.95	9.00	9.30
Profitability				
EBIT interest coverage	3.48	1.77	2.67	2.61
EBITDA interest coverage	4.47	2.47	3.65	3.54
Ratio of personnel costs to total costs (%)	12.53	12.42	12.79	11.81
Ratio of material costs to total costs (%)	0.00	0.00	0.00	0.00
Cost income ratio (%)	69.53	76.49	75.10	75.86
Ratio of interest expenses to total debt (%)	3.37	4.53	3.65	4.01
Return on investment (%)	8.47	5.02	6.88	7.71
Return on equity (%)	41.22	6.65	20.25	21.97
Net profit margin (%)	19.90	4.70	11.26	13.15
Operating margin (%)	31.23	25.00	25.27	24.49
Liquidity				
Quick ratio (%)	3.48	1.77	2.67	2.61
Current ratio (%)	4.47	2.47	3.65	3.54

Creditreform Rating

Appendix

Rating history

The rating history is available under https://www.creditreform-rating.de/en/ratings/published-ratings.html.

Table 7: Corporate Issuer Rating of AB InBev N.V./S.A.

Event	Rating created	Publication date	Monitoring until	Result
Initial rating	7 October 2016	14 October 2016	Withdrawal of the rating	A- / stable

Table 8: LT LC Senior Unsecured Issues issued by AB InBev N.V./S.A.

Event	Rating created	Publication date	Monitoring until	Result
Initial rating	1 August 2018	7 August 2018	Withdrawal of the rating	A-

Regulatory requirements

The rating[2] was not endorsed by Creditreform Rating AG (Article 4 (3) of the CRA-Regulation).

The present rating is, in the regulatory sense, an unsolicited rating, that is public. The analysis was carried out on a voluntary basis by Creditreform Rating AG, which was not commissioned by the Issuer or any other third party to prepare the present rating.

The rating is based on the analysis of published information and on internal evaluation methods for the assessment of companies and issues. The rating object was informed of the intention of creating or updating an unsolicited rating before the rating was determined.

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

A management meeting did not take place within the framework of the rating process.

The documents and information gathered were sufficient to meet the requirements of Creditreform Rating AG's rating methodologies.

[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.

The rating was conducted based on the following rating methodologies and the basic document.

Rating methodology	Version number	Date
Corporate Ratings	2.4	July 2022
Non-financial Corporate Issue Ratings	1.0	October 2016
Rating Criteria and Definitions	1.3	January 2018

The documents contain a description of the rating categories and a definition of default.

The rating was carried out by the following analysts:

Name	Function	Mail-Address
Elena Damijan	Lead-analyst	E.Damijan@creditreform-rating.de
Tim Winkens	Analyst	T.Winkens@creditreform-rating.de

The rating was approved by the following person (person approving credit ratings, PAC):

Name	Function	Mail-Address
Tobias Stroetges	PAC	T.Stroetges@creditreform-rating.de

On 19 April 2023, the analysts presented the rating to the rating committee and the rating was determined. The rating result was communicated to the Company on 20 April 2023. There has not been a subsequent change to the rating.

The rating will be monitored until Creditreform Rating AG withdraws the rating. The rating can be adjusted as part of the monitoring, if crucial assessment parameters change.

In 2011, Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on this registration, Creditreform Rating AG is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

ESG-factors

You can find out whether ESG factors were relevant to the rating in the upper section of this rating report "Relevant rating factors".

A general valid description for 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.

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:

<u>Corporate issuer rating:</u>

1. Annual report

2. Website

3. Internet research

<u>Corporate issue rating:</u>

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.

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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