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+ / negative**	Type: Update unsolicited
Creditreform ID: 2000000583 Incorporation: 2008 Based in: Leuven, Belgium Main (Industry): Brewery and soft drinks CEO: Carlos Brito	LT LC Senior Unsecured Issues: **BBB+ / negative**	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: 27 November 2020 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	

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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 has operations in more than 50 countries with a brand portfolio of over 500 brands, which it sells in over 150 countries worldwide. Its non-beer activities, 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 2019, the Group managed to generate revenues of USD 52,329 million (2018: USD 53,041 million), EBITDA of USD 20,574 million (2018: USD 21,058 million), EBIT of USD 15,917 million (2018: 16,434 million) and EAT of USD 10,414 million (2018: USD 5,688 million). During the business year 2020, business development was negatively influenced by the COVID-19 pandemic and the measures implemented by governments worldwide to curb the spread of the virus.

Rating Result

The current rating attests Anheuser Busch InBev N.V./S.A. a highly satisfactory level of credit-worthiness.

The high rating level is based on its large scale, as well as the fact that the Group is the number one brewery Group in terms of HL sold and has a leading position in many of its markets. Additionally, its highly diversified geographical profile and brand portfolio and strong internal financing power also have a positive effect on the rating. These factors are partially offset by the Group's activities in developing markets (70% of its volume sold and almost 60% of its revenue generated) and its high indebtedness in combination with its dividend policy, which somewhat limits the Group's ability to deleverage.

The downgrade from A- to BBB+ is mainly based on the expected deterioration of revenues and earnings during the business year 2020, leading to a deterioration of financial key ratios due to the ongoing high degree of uncertainty and increased risk that is currently present in all of AB InBev's markets.

Outlook

The one-year outlook for the corporate issuer rating is negative. This is based on our expectation that the Group will continue to underperform in 2021 and 2022 against the pre-COVID-19 period due to a worldwide increase in the spread of the virus. Additionally, there remains a high degree of uncertainty with regard to the COVID-19 pandemic and its impact on local economies. New lockdown measures in many of its countries could cause further deterioration in the earnings position of the Company, which we see critical with regard to its high indebtedness.

Relevant rating factors

Reference:

The relevant rating factors (key drivers) mentioned in this section, are predominantly based on internal analyses and evaluations of the rating process and 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 section "Regulatory requirements" and "Rules on the presentation of credit ratings and rating outlooks".

Excerpts from the financial key figures analysis 2019:

+ Equity ratio
+ EAT
+ Interest expenses to total debt

- Return on investment
- EBITDA, EBIT

Table 1: Financials I Source: Anheuser-Busch InBev N.V./S.A. annual report 2019, standardized by CRA

Anheuser-Busch InBev N.V./S.A. (Group) Selected key figures of the financial statement analysis Basis: Annual accounts and report of 31.12. (IFRS)	CRA standardized figures[1]	
	2018	**2019**
Sales (million USD)	53,041	52,329
EBITDA (million USD)	21,058	20,574
EBIT (million USD)	16,434	15,917
EAT (million USD)	5,688	10,414
EAT after transfer (million USD)	4,370	9,171
Total assets (million USD)	166,769	172,215
Equity ratio (%)	10.77	19.13
Capital lock-up period (days)	108.38	112.39
Short-term capital lock-up (%)	33.98	34.73
Net total debt / EBITDA adj. (Factor)	6.56	6.41
Ratio of interest expenses to total debt (%)	4.90	3.37
Return on investment (%)	8.71	7.96

General rating factors

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

+ 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
– High indebtedness
– Foreign Currencies risk
– Significant intangible assets with increased impairment risks during economic downturns

[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.

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

Current rating factors

+ Increase in equity following the sale of a minority stake in its Asia Pacific subsidiary in 2019
+ Decrease in net debt and the Group's commitment to deleverage in 2019
+ Strong liquidity mainly due to the sale of its Australian subsidiary Carlton & United Breweries and forgoing the 2020 interim dividend

– Negative influence of the COVID-19 pandemic and implemented measures
– Negative EAT as of Q3 2020 and expected significant deterioration in earnings against 2019
– High uncertainty with regard to the further course of the pandemic and the global economic recovery

Prospective rating factors are factors and possible events that – according to the analysts as of the date of the rating – would most likely have a stabilizing or positive effect (+) and a weakening or negative effect (-) on future ratings, if they occurred. This is not a full 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.

Prospective rating factors

+ Fast global economic recovery
+ More balanced geographical diversification towards developed countries
+ Decreased leverage / improved financial key ratios

– Longer and more severe global economic recession
– Deterioration of financial key-ratios
– Relative Increase in activities in developing markets
– Reputation damage due to adverse developments in ESG factors

ESG factors are factors related to environment, social issues and, governance. For more information, please see the "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.

ESG-factors

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

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:

https://creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/The%20Impact%20of%20ESG%20Factors%20on%20Credit%20Ratings.pdf

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 our expectation that AB InBev will continue to underperform in 2021 against its performance in 2019. Additionally, there remains a high degree of uncertainty with regard to global economic development.

Worst-case scenario: BBB

In our worst-case scenario for one year, we assume a rating of BBB. This could be the case if the approval and distribution of a vaccine is delayed, causing a further and deeper global recession due to further implementation of limiting factors on the economy by governments. This will cause the performance of the Group to deteriorate, further resulting in a deterioration of its financial key figures.

Business development and outlook

During the business year 2019, AB InBev increased its volume sold to 561.43 million HL (2018: 559.82 million HL). The net volume growth of 1.61 million HL was primarily driven by growth in the geographic segments Middle America, South America, and EMEA. This was partially offset by a decline in volume sold in North America and Asia Pacific, and a decrease in scope of 4,601 million HL, of which 4,071 million HL in the EMEA segment following the deconsolidation of its Russia and Ukraine business due to the completion of the 50:50 merger with the Turkish beverage Group Anadolu Efes in 2018. This joint investment (AB InBev Efes) is now reported under the at-equity method.

Despite volume growth, the revenue generated in 2019 decreased to USD 52,329 million (2018: USD 53,041 million). The lower revenue was mainly caused by changes in the scope of consolidation (USD -309 million) and negative currency developments against the U.S. Dollar (USD –2,664 million), which were partially offset by organic revenue growth (USD +2,268 million). The Group's EBITDA and EBIT, which sank to USD 20,574 million (2018: USD 21,058 million) and USD 15,917 million (2018: USD 16,434 million) respectively, were also affected by the changes in the scope of consolidation, currency fluctuations against the USD, and negative commodity price developments. This led to a lower operating profit.

Table 2: The development of corporate divisions in 2019 I Source: AB InBev Annual Report 2019)

in million	North America	Middle America	South America	EMEA	Asia Pacific	Global export and holding companies
Volume (HL)	108.1	133.5	139.7	85.9	93,1	1
Revenue (USD)	15,488	11,912	9,790	7,911	6,544	685
EBIT (USD)	5,352	5,435	3,190	1,807	1,639	-1,001

Adjusted by changes in the scope of consolidation and currency effects, the Group achieved organic growth, indicating that its operating performance improved during 2019 and that macroeconomic factors, in particular currency fluctuations against the USD, were the reason for the slight decline in operating profit. Its key-performance measure, revenue per HL growth of 3.1%, also indicates satisfactory operating performance.

The Group's EAT increased to USD 10,414 million (2018: USD 5,688 million). The increase in profit was primarily due to more favorable finance costs in 2019. This was particularly due to fair value changes on derivatives related to the hedging of share-based payment programs (2019: USD +898 million; 2018: USD -1,774 million) and due to non-recurring finance income of USD 882 million (2018: cost of USD 1,982 million). The high non-recurring finance costs in 2018 were also mainly fair value changes of derivatives.

During the 2019 business year, the Group had net capital expenditures of USD 4,854 million (2018: USD 4,568 million), of which 42% was allocated to the improvement of production facilities, 43% to logistics and commercial investments, and 15% to the improvement of administrative capabilities and new soft- and hardware.

On 30 September, AB InBev completed its IPO of a minority stake of its Asia Pacific subsidiary Budweiser Brewing Company APAC Limited. The Group retained the controlling share of 87.22%, and its equity increased by USD 5,805 million. The net proceeds amounted to USD 5.6 billion and were predominantly used to repay debt.

The business year 2020 so far has seen a strong impact from the COVID-19 crisis. As of 30 June 2020, the Group reported a significant decrease in HL sold of 13.4% in total. The virus and the related measures implemented by governments to curb the spread of COVID-19 varied largely between countries. Additionally, the virus spread in different parts in the world at different times, which also explains the large discrepancies in volume sold and results between the geographical reporting segments. Table 3 shows the impact that COVID-19 crisis had on the different segments regarding HL sold and result. In most markets, COVID-19 resulted in a shift from the restaurant sector to home drinking, which had an adverse effect on income. Revenue decreased to USD 21,298 million (H1 2020: USD 25,823 million), EBIT to USD 2,306 million (H1 2020: USD 8,077 million) and EAT was negative with USD -1,688 million (H1 2020: USD 6,642 million). On June 1 2020, the Group closed a deal regarding its divesture of Carlton & United Breweries to the Asahi Group Holdings. The net proceeds of USD 10.8 billion will be used primarily to repay debt. Additionally, the divesture resulted in a positive contribution to earnings of USD 1.9 billion USD, which is already accounted for in EAT.

Table 3: The development of corporate divisions in H1 2020 compares to H1 2019 adjusted by scope and exchange rate effects I Source: AB InBev Interim Report 2020)

in percentages	North America	Middle America	South America	EMEA	Asia Pacific	Global export and holding companies
Volume (in %)	-3.3	-20.6	-6.1	-16.4	-22.2	-10,3
Revenue (in %)	-2,2	-22.0	-4,1	-16,7	-23.2	-8.7
EBIT (in %)	-2,4	37.5	-38.3	-72.6	-51.9	8.2

The third quarter of the year showed some signs of recovery as government restrictions slowly started to ease. The Group managed to increase turnover in terms of HL sold by 1.9% against Q3 2019, mainly driven by strong growth of 14.7% in the South America segment due to strong performance in Brazil with a volume growth of over 25.4%. This was partially offset by a small decline in the Middle America and EMEA segments. The revenue as of 9M 2020 was USD 34,114 million (Q3 2019: USD 38.994 million) and EAT was USD -405 million (Q3 2019: USD 9,941 million). It should be noted that the Q2 and Q3 results of the Company were also negatively affected by non-recurring costs, such as a goodwill impairment of USD 2.500 million. Additionally, fair value changes on derivatives related to the hedging of share-based payment programs can fluctuate from year to year, which also had a negative impact on the Q3 result of the Group. We expect that the signs of recovery shown in Q3 2020 will not continue throughout Q4 due to the deterioration of the current pandemic situation.

The further course of the Company is difficult to assess, as its business environment continues to be faced with significant risks and uncertainties stemming from the COVID-19 pandemic, the reactions from governments, and the subsequent economic recovery period. We estimate that the Group will continue to underperform in 2021 and 2022 against the pre-COVID-19 period.

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 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 Stichting- with 33.84%. The foundation represents the interest of the founding families of Interbrew and the Brazilian families, which were previously the controlling shareholders of Ambev. The Stichting and many of the other significant shareholders act in concert with regard to public takeover bids. Together they represent 43.35% as of 31.12.2019. Additionally, the Stichting 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 of USD 3.2 billion after increased synergies and scaling effects at the end of its cost savings program following the merger with SABmiller.

As of 1 January 2019, the Group changed its organizational structure and now 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. The most significant changes to the structure are that the segment Middle America now combines the former Latin America West region and the business unit Central America and Caribbean (previously Latin North segment). The South America region combines the former Latin America South region and Brazil, which was first reported in Latin America North.

We believe the structural risk profile for the Group to be low; however, further acquisitions or divestures could have a serious impact on the Group. As the Group also plans to continue with large acquisitions, mergers and divestures in the future, we cannot rule out that such an event might have a material negative impact on the Group.

Business risk

Anheuser-Busch InBev is a multinational brewing and drinking company selling predominantly beer. The Company has a well-known and broad brand portfolio, which is beneficial as all 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. However, it is to be noted 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 the biggest brewery in the world in terms of volume sales, with a total market share in 2019 of 29.3%, followed by Heineken (12.6%) and China Resources Snow Brewery (6.0%). The COVID-19 pandemic has so far had a significant negative impact on the global development of 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. We believe that it will take some years for the economies and beverage markets to fully recover from the economic impact and perform at pre-COVID-19 levels.

The 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 started 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 a seasonal consumption of its product, thus general consumption is influenced by weather. 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 the Group's performance. The Group's recovery will depend on the availability of a vaccine, the easing of measures, and the severity and duration of a subsequent global recession.

Financial risk

Creditreform Rating AG (CRA) adjusted the original values in the financial statements and the way we calculate certain key financial ratios. The main adjustments for our analysis are in equity. 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 31.12.2019 represented approximately 54% 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 (USD 64,057 million) from equity had a large impact on the Group's adjusted equity. Additionally, passive deferred taxes (USD 12.824 million) were added and active deferred taxes (USD 1,719 million) were subtracted from equity. All of this resulted in an adjusted equity of USD 32,944 million (2018: USD 17,954 million). The change in comparison to the prior year can be explained by an increase in retained earnings and the IPO of a minority stake of its Asia Pacific subsidiary Budweiser Brewing Company APAC Limited. This caused the equity ratio to increase to 19.13% (2018: 10.77%).

The Group's internal financing power is strong, and in 2019 had cash flow from operating activities of USD 13,396 million (2018: USD 14,181million). The cash flow after investment activities of USD 8,323 million (2018: USD 10,324 million) shows that the Group has a strong ability to deleverage. It is noteworthy that in 2019 financial debt was reduced by USD 8.6 billion to USD 103.0 billion. This reduction in financial debt was, on the one hand, supported by the sale of the minority stake in Budweiser APAC (USD 5.6 billion), but on the other hand also partially offset by the distribution of dividends (USD 5.0 billion). Despite the reduction in debt, the general level of indebtedness remains high. This is evidenced by our key performance ratio net total debt / EBITDA adj. of 6.41 (2018: 6.56) which is somewhat high despite the relatively high operating earnings the Group is able to generate.

As of 30.06.2020 the Group had financial indebtedness of USD 112,518 million (2019: USD 102,974 million, 2018: USD 111,581 million). The increase in financial indebtedness against 2019 was mainly due to bond issues of USD 11 billion in total, which led to a net increase of USD 9,544 million. As of 30.06.2020, the Group's net debt decreasing to USD 87,500 billion (2019: 95,736 million) due to increased liquidity. The maturity profile of the Group is well distributed.

In order to anticipate on the COVID-19 pandemic, the Group proactively drew its entire USD credit facility of USD 9 billion in March 2020. This was fully repaid on 30 June 2020. The total liquidity position as of 30.06.2020 was USD 34.1 billion , consisting of cash and cash equivalents and short term investments of USD 25.1 billion and USD 9 billion of credit facilities. The increase in cash is partially due to receipt of the proceeds from the sale of Carlton & United Breweries of USD 10.8 billion, which will be almost completely used to repay indebtedness, further decreasing outstanding debt. As of 30.06.2020, the Group's liquidity position is sufficient, as it has positive working capital and additional unused credit facilities at its disposal.

The Group's dividend policy is to declare dividends of at least 25% of their consolidated profit attributable to equity holders, excluding exceptional items. We point out that, despite its policy, the Group has distributed dividends higher than the minimum of 25% over recent years. The dividend policy further hampers the Group's ability to deleverage; however, in light of COVID-19 and the Group's commitment to deleveraging, the board of directors decided to forgo the interim 2020 dividend payment, which we see it as positive.

The financial risk for AB InBev is average. Despite the Group's strong internal financing power, its ability to deleverage is limited, as the outstanding amount of indebtedness is significant. Although the Group has shown commitment to deleveraging, we believe that due to the effects resulting from the COVID-19 pandemic, such as decreased operating results following measures implemented to curb the spread of the virus, and the subsequent recession and/or recovery period, the ability to deleverage will be limited further. Additionally, due to the decreased performance in 2020 we believe that the financial key ratios will show a deterioration against 2019 and that it will take a significant amount of time for the Group to get back to pre-COVID-19 operating levels.

Issue rating

Issue rating details

The rating objects of this issue rating are exclusively the long-term senior unsecured Notes, denominated in EUR, issued by Anheuser-Busch InBev within the framework of a Euro Medium Term Note Programme, described in several prospectuses, of which the conditions are aligned with the 2016-EMTN Programme (prospectus dated 13 January 2016). The 2016-EMTN Programme amounts to maximum EUR 40 billion. Within the framework of the combination with SABMiller plc. (Group), the Noteholders of the Series of Notes 2-19 and 20-22 (prospectus dated 21 August 2014 and supplement dated 1 April 2015) have been requested on 6 May 2016 by AB InBev to consent to certain modifications to the conditions of the respective prospectus in order to align such conditions with the terms and conditions set out in the 2016 base prospectus dated 13 January 2016. The modifications have been accepted by the Noteholders on 1 June 2016.

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 and a cross-acceleration mechanism.

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)	27.11.2020	BBB+ / negative
Long-term Local Currency (LC) Senior Unsecured Issues	27.11.2020	BBB+ / negative
Other	--	n.r.

Table 5: Overview of 2020 Euro Medium Term Note Programme I Source: Base Prospectus dated 13.01.2016

Overview of 2020 EMTN Programme			
Volume	EUR 40,000,000,000	Maturity	Depending on respective bond
Issuer	Anheuser-Busch InBev N.V./S.A.	Coupon	Depending on respective bond
Arranger	Deutsche Bank AG	Currency	Depending on respective bond
Credit enhancement	Guarantee by Anheuser-Busch Companies, LLC, Anheuser-Busch InBev Finance Inc., Anheuser-Busch InBev Worldwide Inc., Brandbev S.à r.l., Brandbrew S.A. and Cobrew NV	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 reports, structured by CRA

Asset Structure	2016	2017	2018	2019
Fixed asset intensity (%)	76.65	85.79	88.10	82.33
Asset turnover	0.32	0.29	0.32	0.31
Asset coverage ratio (%)	71.42	64.96	65.69	81.46
Liquid funds to total assets (%)	7.54	6.71	4.29	4.26
Capital Structure				
Equity ratio (%)	15.13	12.94	10.77	19.13
Short-term-debt ratio (%)	21.44	20.63	21.63	21.06
Long-term-debt ratio (%)	39.62	42.79	47.10	47.93
Capital lock-up period (in days)	116.56	101.01	108.38	112.39
Trade-accounts-payable ratio (%)	7.70	8.90	9.44	9.36
Short-term capital lock-up (%)	50.61	34.69	33.98	34.73
Gearing	5.11	6.21	7.89	4.01
Leverage	5.54	7.07	8.43	6.64
Financial Stability				
Cash flow margin (%)	15.28	22.02	17.23	27.16
Cash flow ROI (%)	3.68	7.08	5.48	8.25
Total debt / EBITDA adj.	9.27	7.06	6.90	6.76
Net total debt / EBITDA adj.	8.45	6.52	6.56	6.41
ROCE (%)	10.07	13.61	14.04	12.56
Total debt repayment period	-135.88	5.66	9.31	34.47
Profitability				
Gross profit margin (%)	100.00	100.00	100.00	100.00
EBIT interest coverage	2.30	3.91	2.25	3.39
EBITDA interest coverage	2.89	4.90	2.89	4.38
Ratio of personnel costs to total costs (%)	13.47	12.43	12.62	12.53
Ratio of material costs to total costs (%)	0.00	0.00	0.00	0.00
Cost income ratio (%)	71.56	70.60	69.50	70.09
Ratio of interest expenses to total debt (%)	3.64	2.82	4.90	3.37
Return on investment (%)	6.29	8.77	8.71	7.96
Return on equity (%)	10.70	32.10	28.73	41.22
Net profit margin (%)	6.08	15.73	10.72	19.90
Interest burden (%)	32.29	63.93	47.11	80.27
Operating margin (%)	29.49	29.85	30.98	30.42
Liquidity				
Cash ratio (%)	21.19	28.92	19.61	19.96
Quick ratio (%)	96.68	53.17	37.72	66.16
Current ratio (%)	108.88	68.88	55.00	83.94

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

Event	Rating created	Publication date	Monitoring until	Result
Initial rating	07.10.2016	14.10.2016	17.10.2017	A- / stable

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

Event	Rating created	Publication date	Monitoring until	Result
Initial rating	01.08.2018	07.08.2018	26.11.2020	A- / stable

Regulatory requirements

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

The present rating is an unsolicited rating in the regulatory sense. 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

The rating was conducted based on the following information.

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	Website
Corporate Ratings	2.3	29.05.2019	https://creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/Rating%20Methodology%20Corporate%20Ratings.pdf
Non-financial Corporate Issue Ratings	1.0	October 2016	https://creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/Rating%20Methodology%20Non-Financial%20Corporate%20Issue%20Ratings.pdf
Rating Criteria and Definitions	1.3	January 2018	https://creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/CRAG%20Rating%20Criteria%20and%20Definitions.pdf

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	Email-Address
Artur Kapica	Lead analyst	A.Kapica@creditreform-rating.de
Rudger van Mook	Analyst	R.vanMook@creditreform-rating.de

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

Name	Function	Email-Address
Christina Sauerwein	PAC	C.Sauerwein@creditreform-rating.de

On 27 November 2020, the analysts presented the rating to the rating committee and the rating was determined. The rating result was communicated to the company on 30 November 2020. 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:

https://creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/The%20Impact%20of%20ESG%20Factors%20on%20Credit%20Ratings.pdf

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.

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.

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: https://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml.

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

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