

# Bevco Lux S.à r.l. Debt Investor Relations

October 9, 2019

Summary to Interim results, six months ended June 30, 2019

*The below is a summary only for certain financial information of Bevco Lux S.à r.l. and should be considered together with the Interim consolidated financial statements for the six months ended June 30, 2019. All information is available online via the Bevco Lux S.à r.l. website, <http://www.bevcolux.lu>*

## Summary

Bevco Lux S.à r.l. (“Bevco Lux”) is a leading investment company owned by the Santo Domingo Group (“SDG”) which manages a portfolio of high-quality globally diversified consumer goods companies.

Bevco Lux is pleased to announce the following as at the June 30, 2019:

- Total AUM of **€8.9bn** including the discount for lack of marketability (“DLOM”) (€10bn excluding DLOM<sup>1</sup>)
- Total external debt of **€982m<sup>2</sup>**
- **BBB** S&P credit rating
- **Loan to Value** ratio (“LTV”) is currently **9.8%<sup>3</sup>** (8.5%<sup>4</sup> as at September 30, 2019)
- **Interest Coverage Ratio** (“ICR”) **8.8 x<sup>3</sup>** (8.7 x<sup>4</sup> as at September 30, 2019)
- **Leverage Ratio** **3.7<sup>3</sup> x** (3.5<sup>4</sup> x as at September 30, 2019)

Bevco Lux maintains a simple, actively managed global investment portfolio, leveraging over 80 years of investment expertise primarily in the consumer sector.

In line with its communicated deleveraging objectives, Bevco Lux continues to manage its balance sheet prudently, achieving a reduction in last twelve month (“LTM”) LTVs from 12.7% (excl. DLOM) in December 2018, to 9.8% (excl. DLOM) as at June 30, 2019 (and to 8.5% per unaudited management accounts as at September 30, 2019).<sup>4</sup>

Bevco Lux’s strategy continues to be that of a constructive, long-term investor that adds value beyond simply capital to its holdings. Bevco Lux delivers this through its extensive consumer industry experience, a global consumer-focused network, as well as provides support on governance, capital structure, mergers and acquisitions, and operational best practices to its portfolio companies.

In Q3 2018 Bevco Lux received the contribution of additional investments from SDG and continued to benefit from diversification of assets across industries, geographies and currencies. Bevco Lux aims to maintain investment grade credit metrics.

As a patient steward of capital, Bevco Lux continues to assess market conditions and selectively deploy capital in long term investment theses. Maintaining a conservative capital structure and considerable financial flexibility allows Bevco Lux to deploy capital, subject to market conditions.

<sup>1</sup> June 30, 2019, excluding DLOM of €1.1bn on holding of AB InBev restricted shares (unaudited).

<sup>2</sup> June 30, 2019, excluding preferred equity certificates held by affiliates of €175m (unaudited).

<sup>3</sup> Bevco Lux S.à r.l. June 30, 2019. See financial statements for details.

<sup>4</sup> As per subsequent events note in the June 30, 2019 (unaudited) financial statements and management reporting as at September 30, 2019 for Bevco Lux S.à r.l.

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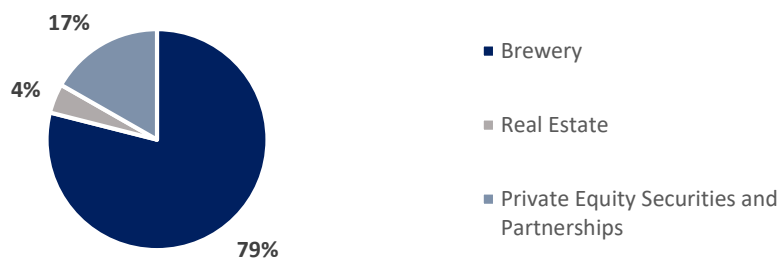
## The Bevco Lux S.à r.l. Portfolio

Bevco Lux's portfolio consists of the following high-quality assets:



- **Anheuser-Busch InBev (AB InBev)** - World's largest brewer by volume, accounting for over a quarter of global beer volumes
- **Inmobiliaria Colonial SOCIMI, S.A.** - Leading Eurozone ultra-prime commercial real estate company with €11.5 bn in gross assets<sup>5</sup>
- **Acorn Holdings B.V.** - The holding company of Jacobs Douwe Egberts and Keurig Green Mountain and Peet's Coffee ("Peet's"), Largest pure-play FMCG coffee company in the world with brands including Dr. Pepper, Peets, Green Mountain and Gloria Jean's
- **Upfield** - Global plant-based foods business including brands such as Becel, Flora, Country Crock, Blue Band and ProActiv
- **Kraft Heinz Company** - Third-largest food and beverage company in North America and the fifth-largest food and beverage company in the world<sup>6</sup>

## Bevco Lux S.à r.l. Portfolio Weightings:



<sup>5</sup> As per Inmobiliaria Colonial's First Half Results, published July 2019

<sup>6</sup> Kraft Heinz Company announcements

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## Capital Structure Strategy

Bevco Lux continues to be managed with a prudent capital structure. It maintains a program of high quality Committed Revolving Credit Facilities (“CRCFs”) diversified across lenders and tenors, and continues to gradually evolve its capital structure to unsecured debt - on terms consistent with its investment grade credit metrics.

As at September 30, 2019, Bevco Lux has no drawings on secured lines, and drawings on unsecured lines total €150 million. Together with the bonds, this presents an aggregate of €950 million in drawn facilities and bonds.<sup>7</sup>

Bevco Lux maintains a portfolio of facilities with secured and unsecured tranches with multiple lenders, with maturities spanning from 2020 to 2024.

As a result of the asset contribution on July 10, 2018, S&P upgraded the Bevco Lux long term credit rating to BBB with a stable outlook. Please refer to prior announcements for further details on this contribution.

It is SDG’s intention to manage the group with a conservative capital structure, with leverage ratios lower than those of Bevco Lux, in light of additional assets held by SDG.

## Overview of Financials

The Bevco Lux balance sheet remains simple. As at June 30, 2019, total assets were €8,867m (€9,991m excl. DLOM) and total liabilities were €1,172m.

The Bevco Lux total net income of €182m is the result of the dividends and interest income from the portfolio. Expenses, including finance costs and taxes, totaled €15m. Profit for the period was €167m.

Other comprehensive income of €2,217m represents the unrealized net change in AB-InBev and other investments.

Bevco Lux cash and cash equivalents at the beginning of 2019 stood at €11m and at the end of June 2019 stood at €12m.

## Segmented reporting

Bevco Lux continues to report its segmental reporting under the following segments:

- (i) Brewery;
- (ii) Real Estate;
- (iii) Private equity securities and Partnerships.

<sup>7</sup> As per subsequent events note in the 30 June, 2019 (unaudited) financial statements and management reporting as at 30 September, 2019 for Bevco Lux S.à r.l.

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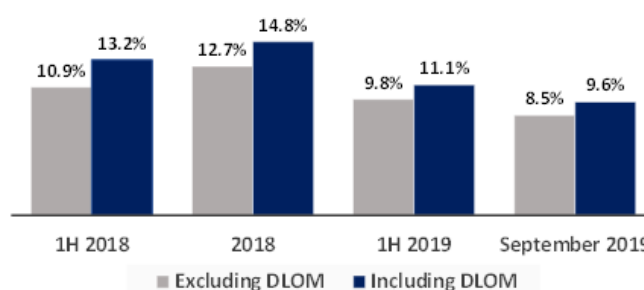
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## Key Credit Metrics (as at June 30, 2019)

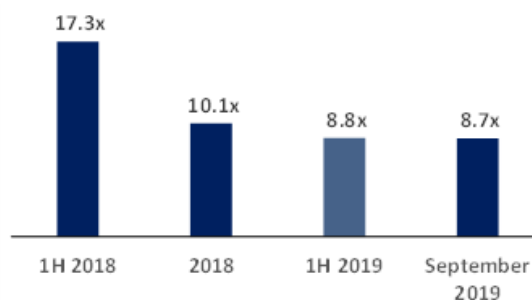
Bevco Lux holds both restricted and non-restricted shares in AB InBev. The restricted shares are a result of the October 2016 merger between SABMiller and AB InBev and are subject to, among other things, restrictions on transfer for five years from the date of the merger. The AB InBev restricted shares rank equally with respect to dividends and voting rights to AB InBev common shares, can be pledged as collateral, and carry a right to appoint directors to the Board of Directors of AB InBev, subject to certain ownership thresholds. As the restricted shares cannot be marketed until the restriction lapses, LTV's are described both with and without application of the DLOM. Bevco Lux conservative coverage ratios on a standalone basis:

### Loan to Value (LTV) Ratio<sup>8</sup>

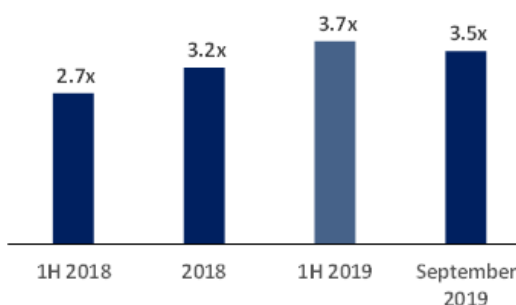


### Conservative leverage and coverage ratios<sup>9</sup>

### Interest Coverage Ratio (ICR)<sup>8</sup>



### Leverage Ratio (LR)<sup>10</sup>



<sup>8</sup> The June 2019 Interest Coverage Ratio calculated using dividend income from ABI of €185.2 million, Private equity securities and partnerships of €78.8 million, other interest receivables and similar income of €6.3 million, and less administrative costs of €2.5 million divided by interest expense (including coupon on Eurobond and interest on other borrowings) of €30.6 million p.a. Includes unused commitment fees and breakage fees. All figures presented on a LTM basis (Last Twelve Months).

<sup>9</sup> Based on Bevco Lux S.à r.l. consolidated financial statements as of June 30, 2019 and, as applicable from disclosed subsequent events in Note 20 (unaudited financial statements). Figures presented do not include USD Bevco. September 2019 ratios are pro forma.

<sup>10</sup> Calculated as net debt / (total income less operating expenses) on a LTM basis.

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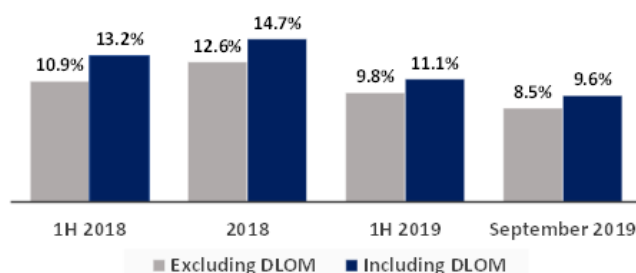
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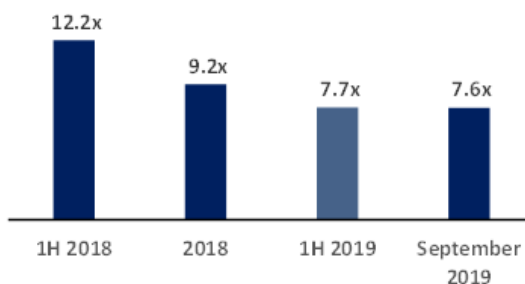
Bevco Lux is 100% owned by USD Bevco S.à r.l. ("USD Bevco") which is a Luxembourg investment vehicle used to issue a USD denominated CRCF for the benefit of Bevco Lux and SDG affiliates. As some AB InBev restricted shares are pledged to USD Bevco to collateralise the USD facility when consolidating the applicable metrics for both USD Bevco and Bevco Lux, USD Bevco and Bevco Lux consolidated conservative coverage ratios are as follows:

## Consolidated leverage and coverage ratios<sup>11</sup>

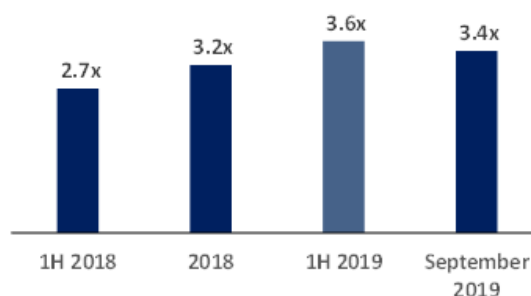
### Consolidated LTV Ratio



### Consolidated ICR<sup>12</sup>



### Consolidated Leverage Ratio (LR)<sup>13</sup>



<sup>11</sup> Based on USD Bevco S.à r.l. consolidated financial statements as of June 30, 2019 and, as applicable from disclosed subsequent events in Note 20 (unaudited financial statements). September 2019 ratios are pro forma.

<sup>12</sup> The June 2019 Interest Coverage Ratio calculated using dividend income from ABI of €185.2 million, Private equity securities and partnerships of €78.8 million, other interest receivables and similar income of €10.8 million, and less administrative costs of €3.4 million divided by interest expense (including coupon on Eurobond and interest on other borrowings) of €35.4 million p.a. Includes unused commitment fees and breakage fees. For 30 September 2019 (H1 2019, 2018, H1 2018), US dollar amounts corresponding to P&L items are translated at the average of the trailing 12 month exchange rate of USD/EUR 1.1281 (1.1297, 1.1798, 1.1930); For 30 September 2019 (H1 2019, 2018, H1 2018), US dollar amounts corresponding to balance sheet items are translated into Euro using the spot rate as at 30 September 2019 (H1 2018, 31 December 2017) of USD/EUR 1.0889 (1.1380, 1.1450, 1.1658). All ratios are presented on a LTM basis

<sup>13</sup> Calculated as net debt / (total income less operating expenses) on a LTM basis. FX translations are conducted as per footnote 12.

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## Bond Holder and Financing Information

The Bevco Lux business model is primarily to invest directly in strong, defensive global companies, with a consumer focus, to create long-term shareholder value.

As an investor, Bevco Lux receives dividend income proceeds from its investee companies. Bevco Lux uses these cash flows to maintain a prudent capital structure, as well as grow and diversify its investment holdings.

Following the bond issuance Bevco Lux has €1.9bn of bank CRCF of which €200m is drawn, Bevco Lux also has €500m of SDG CRCF available for drawdown from Aguila Ltd. The weighted average duration of the bank facilities (incl. Eurobond) is 3.9 years, and the weighted average interest rate (incl. Eurobond) is 1.86%. The weighted average duration of the bank facilities (excl. Eurobond) is 4.1 years, and the weighted average interest rate (excl. Eurobond) is 1.85%.

As of June 30, 2019, Bevco Lux had 38,720,558 AB InBev restricted shares pledged.

## Related Party Transactions

Excess USD/EUR cash is efficiently managed at a group level via transactions between legal entities.

All cash is managed at an arm's length basis;

- Lending and borrowing between entities treated as separate legal entities within group.
- All transactions are regularly reviewed and approved by the respective Board of Managers.
- Interest rates set based on transfer pricing analysis.

Aguila Ltd., Bevco Lux S.à r.l. and USD Bevco S.à r.l. have all entered into two-way evergreen CRCF to manage cash flows both upstream (from Bevco Lux and USD Bevco to Aguila Ltd.) and downstream from Aguila Ltd. to the Bevco vehicles.

Bevco Lux calls upstream related party transactions those in which Bevco Lux lends excess cash to Aguila, its parent company, on an arm's length basis.

Separately, downstream related party transactions are sources of funds made available to Bevco Lux by Aguila in order to manage intra-year cyclicity of cash flows.

Details of related party transactions are included in the supplemental information and the company financial statements.

## Long Term Objectives

Bevco Lux intends to continue to manage its investment activities with a conservative capital structure. It is committed to best practice investor engagement via comprehensive financial disclosures and investor relation practices, while continuing to deepen relationships with ratings agencies and European fixed income investors.

There are only a handful of investment grade rated investment vehicles in Europe and globally, with Bevco Lux maintaining the high standards required for such a rating. The business objectives and

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metrics highlighted above should allow Bevco Lux to preserve its investment grade level credit metrics whilst continuing to access the European debt capital markets.

## **Corporate Governance**

Bevco Lux is overseen by the Board of Managers who approve all material decisions with the primary goal to maximise shareholder and stakeholder returns. A full list of the Board of Managers can be found on the Bevco Lux website.

Bevco Lux has appointed representatives to the Board of Directors in the following investees:

**AB InBev** – Bevco Lux is represented by one non-executive director on the Board of Directors.

**Inmobiliaria Colonial SOCIMI S.A.** – Bevco Lux is represented by one non-executive director on the Board of Directors.

**Acorn Holdings** – Bevco Lux is represented by one non-executive director on the Board of Directors.

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## **Bevco Contact Details:**

Juan Carlos García

Bevco Lux – Board of Managers Member

[JuanCarlos.Garcia@sni-international.lu](mailto:JuanCarlos.Garcia@sni-international.lu)

Dominic Bursucanu

Bevco Lux – Finance Director

[Dominic.Bursucanu@sni-international.lu](mailto:Dominic.Bursucanu@sni-international.lu)

Peter Hamid

Maitland/AMO - IR Advisor

[phamid@maitland.co.uk](mailto:phamid@maitland.co.uk)

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