

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

September 30, 2022

Summary to 2022 Bevco Lux S.à r.l. interim results, six months ended June 30, 2022

*The below is a summary only for certain financial information of Bevco Lux S.à r.l. and should be considered together with the 2022 Bevco Interim consolidated financial statements for the six months ended June 30, 2022. All information is available online via the Bevco Lux S.à r.l. website, <http://www.bevcolux.lu>*

## H1 2022 in Review

For the six months ended June 30, 2022, Bevco recorded Operating Income of €67.7 million and Other Comprehensive loss of €207.7 million, from dividends and net change in fair value of its core holding, AB InBev, together with its portfolio of high-quality businesses.

Consistent with the communicated approach to managing its financing base, in H1 2022, Bevco renewed the term of its two facility agreements and extended the maturity date of the credit facilities for three years and three and a half years respectively.

In addition, in H1 2022, Bevco repaid a total amount of €100 million for its borrowings under its committed revolving credit facilities.

The combination of net change in assets' fair value, selective realizations, and debt paydown resulted in a consolidated LTV of 14.6% as of June 30, 2022, below the upper target of 20%.<sup>1</sup>

As of June 30, 2022, Bevco's Interest Coverage Ratio stood at 3.0x<sup>2</sup> and its Leverage Ratio stood at 12.6x<sup>3</sup>

In April 2022, Bevco's increasingly liquid portfolio, together with its prudent financial management and conservative balance sheet, resulted in Standard and Poor's reaffirming Bevco's rating of BBB with a stable outlook.

## A note on current market conditions

While market conditions remain characterized by uncertainty, Bevco has taken actions to further strengthen the company's ability to withstand accompanying volatility. The company has significant undrawn facilities, and no material maturity on drawn amounts until the 2027 bonds, placing the company in a strong position to withstand adverse market conditions.

In H1 2022, Bevco renewed two of its facility agreements and extended the maturity date of the credit facilities for a period of three years ending on April 1, 2025 and for a period of three and a half years ending on December 19, 2025, respectively.

In addition, Bevco received distributions and dividends from its portfolio companies. In H1 2022, Bevco received €65.8 million in dividends from its equity investments.

<sup>1</sup> Based on Bevco Lux S.à r.l. Interim condensed consolidated financial statements as of June 30, 2022. Figures presented do not include USD Bevco. LTV defined as gross debt minus cash at hand, divided by Total Assets minus cash at hand and excluding DLOM.

<sup>2</sup> The H1 2022 Interest Coverage Ratio calculated using dividend income from ABI of €51.4 million, Keurig Dr Pepper of €22.8 million, JDE Peet's of €5.5 million, Private equity securities and partnerships of €1.6 million, other interest receivables and similar income of €7.1 million, and less administrative costs of €2.6 million divided by interest expense (including coupon on Eurobond, interest on other borrowings, less preferred equity certificates expenses €1.7 million and excluded tender offer buyback expenses in the amount of €0.3 million (2021 €17.9 million)) of €28.8 million p.a. includes unused commitment fees and breakage fees on a LTM basis (Last Twelve Months).

<sup>3</sup> Calculated as net debt / (total income less operating expenses)

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Bevco intends to continue managing its leverage within communicated upper target LTV levels with the aim to maintain investment grade credit metrics.

## About Bevco

Bevco is an investment vehicle owned by the Santo Domingo Group (“SDG”) which manages a portfolio of predominantly globally diversified consumer goods companies. Bevco maintains a simple, actively managed global investment portfolio, leveraging over 80 years of investment expertise in the sector.

The Bevco portfolio is currently made up of six key assets totalling €7,389 million.



SDG believes in its long-term strategy to act as a constructive, patient investor that adds more value than just capital to its holdings. SDG delivers this through its extensive consumer industry experience, access to global consumer networks, as well as selective investee support on governance, capital structure, mergers and acquisitions, and operational best practice.

Bevco is one of a very limited number of investment grade-rated investment holding companies in Europe. Bevco intends to manage its portfolio and capital structure to preserve metrics consistent with investment grade ratings whilst continuing to have access to European debt capital markets.

## The Bevco Portfolio

Bevco's portfolio consists of the following entities:

- **Anheuser-Busch InBev (AB InBev)** – The world's largest brewing company with a diverse portfolio of well over 500 beer brands<sup>4</sup>.
- **Inmobiliaria Colonial SOCIMI, S.A.** - A leading Eurozone real estate company with over 1.7 million square metres of primarily Central Business District office space in Madrid, Paris and Barcelona.
- **Keurig DrPepper** - The largest pure-play FMCG coffee company in the world.
- **JDE Peet's** – The leading single serve coffee platform in the US.

<sup>4</sup> As stated in the 2021 AB InBev annual report

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September 30, 2022

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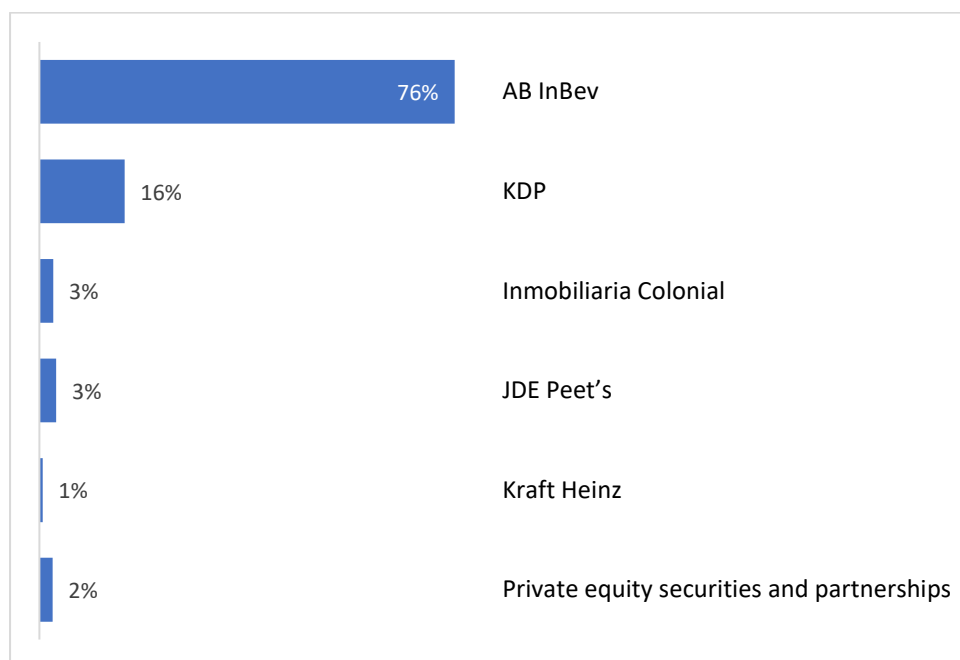
- **Kraft Heinz Company** - One of the largest food and beverage companies in the world, with a dedicated presence in over 40 countries.
- **Upfield** - A global plant-based foods business held via KKR co-investment partnerships.

In January 2022, Bevco acquired a new Private Investee, 3G Special Situations Fund V, L.P.. The initial funding commitment amounted to EUR 22m (or USD 25m) and funded by way of additional contribution from its direct Parent company.

In May 2022, the Bevco's Private Investees, through which Bevco indirectly owns shares in Kraft Heinz, declared a capital distribution. As a result, Bevco obtained and acquired shares directly in the Kraft Heinz in exchange for its total participation held previously in these Private Investees. Bevco obtained a total of 1,112,913 shares in Kraft Heinz for a total value of EUR 42m (or USD 44m) or having a market price of EUR 37.42 (or USD 39.88) per share.

In June 2022, Bevco sold 22,494 JDE Peet's shares at an average price of EUR 26.98 per share for a total gross proceeds of EUR 604k, resulting in a net realised loss of EUR 96k.

## Bevco Portfolio Weightings (as of June 30, 2022):



## Capital Structure Strategy

Bevco management oversees a prudent, conservative capital structure. It intends to maintain its high quality CRCFs and continue to gradually evolve its capital structure to unsecured debt on terms consistent with its investment grade credit metrics.

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

September 30, 2022

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In April 2022, S&P affirmed the Bevco long term credit rating to BBB with a stable outlook. S&P classifies Bevco as a core subsidiary of Aguila, and as an investment holding company. The two outstanding Bevco Senior Unsecured Eurobonds were rated Investment Grade rating BBB.

## Overview of Financials

Bevco's balance sheet remains simple. As of June 30, 2022, Total Assets were €7,389 million and Total Liabilities were €1,272 million.

Bevco's net income of €69 million is the result of the dividends and interest income from the portfolio. Expenses, including administrative costs, finance costs and taxes totaled €17 million, resulted in a profit for the period of €52 million.

Other comprehensive loss of €208 million represents the unrealized net change in AB InBev and other investments, and the realised exchange differences on capital distributions of Bevco's privately held investments for €6 million.

Bevco cash and cash equivalents at the beginning of 2022 stood at €12 million and on June 30, 2022 stood at €17 million.

## Segment reporting

Bevco has identified three reportable segments which are presented in the "Notes to the interim consolidated financial statements" via a segment income statement. The three reportable segments are:

- Beverages;
- Real Estate;
- Other investments, which consists of Private investment securities and partnerships that operate in the Fast-Moving Consumer Goods ("FMCG") sector.

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

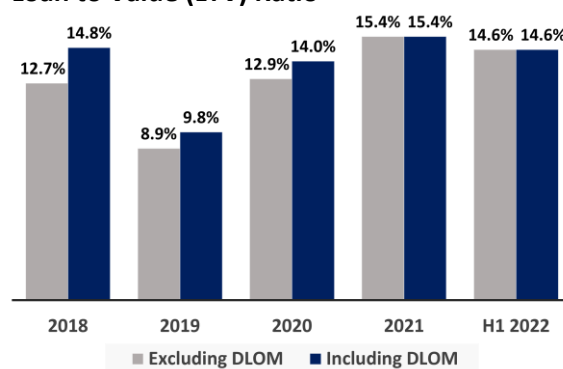
September 30, 2022

Summary to 2022 Bevco Lux S.à r.l. interim results, six months ended June 30, 2022

## Key Credit Metrics (as of June 30, 2022)

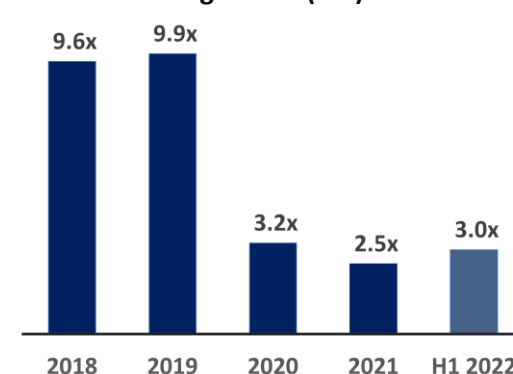
Bevco holds both restricted and non-restricted shares in AB InBev. The restricted shares are held as the result of the October 2016 merger between SABMiller and AB InBev and are subject to, among other things, restrictions on transfer for five years from the date of the merger. The AB InBev restricted 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 DLOM. Bevco maintains conservative coverage ratios on a standalone basis:

### Loan to Value (LTV) Ratio <sup>(1)</sup>

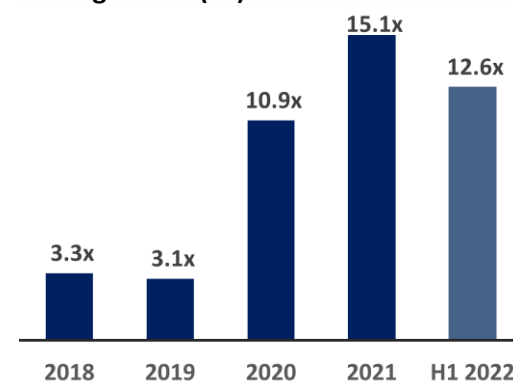


### Conservative leverage and coverage ratios

### Interest Coverage Ratio (ICR) <sup>(2)</sup>



### Leverage Ratio (LR) <sup>(3)</sup>



Source: Company filings

(1) Based on Bevco Lux S.à r.l. Interim condensed consolidated financial statements as of June 30, 2022. Figures presented do not include USD Bevco. LTV defined as gross debt minus cash at hand, divided by Total Assets minus cash at hand and excluding DLOM.

(2) The H1 2022 Interest Coverage Ratio calculated using dividend income from ABI of €51.4 million, Keurig Dr Pepper of €22.8 million, JDE Peet's of €5.5 million, Private equity securities and partnerships of €1.6 million, other interest receivables and similar income of €7.1 million, and less administrative costs of €2.6 million divided by interest expense (including coupon on Eurobond, interest on other borrowings, less preferred equity certificates expenses €1.7 million and excluded tender offer buyback expenses in the amount of €0.3 million (2021 €17.9 million)) of €28.8 million p.a. includes unused commitment fees and breakage fees on a LTM basis (Last Twelve Months).

(3) Calculated as net debt / (total income less operating expenses)

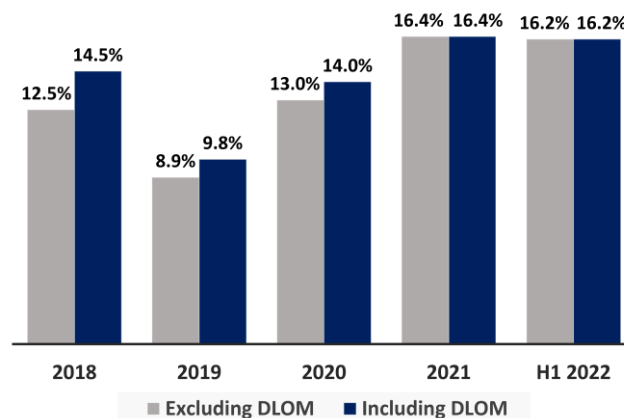
# Bevco Lux S.à r.l. Debt Investor Relations

September 30, 2022

Summary to 2022 Bevco Lux S.à r.l. interim results, six months ended June 30, 2022

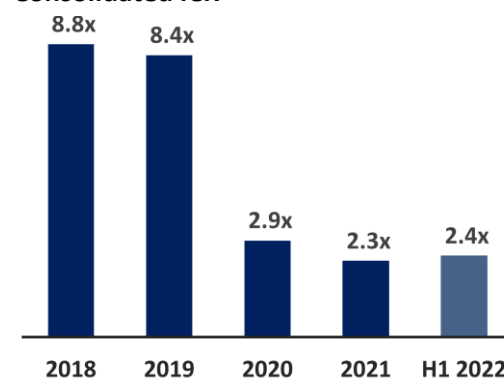
Bevco is 100% owned by USD Bevco S.à r.l. ("USD Bevco") which is a Luxembourg investment vehicle used to issue USD denominated CRCFs for the benefit of the whole group. Some AB InBev restricted shares are pledged to USD Bevco to collateralise the USD facility when consolidating the applicable metrics for both USD Bevco and Bevco. On a consolidated basis, credit metrics ratios are as follows:

## Consolidated LTV Ratio <sup>(1)</sup>

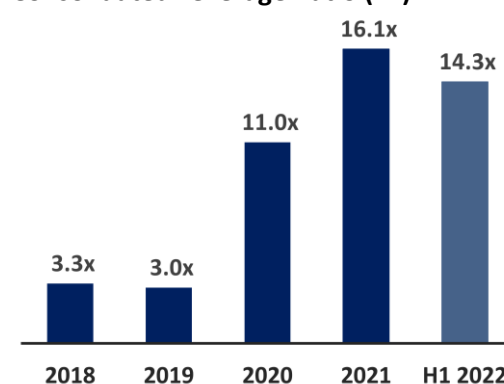


## Consolidated leverage and coverage ratios

## Consolidated ICR <sup>(2)</sup>



## Consolidated Leverage Ratio (LR) <sup>(3)</sup>



Source: Company filings

- (1) Based on USD Bevco S.à r.l. Interim condensed consolidated financial statements as of June 30, 2022. LTV defined as gross debt minus cash at hand, divided by Total Assets minus cash at hand and excluding DLOM.
- (2) The H1 2022 Interest Coverage Ratio calculated using dividend income from ABI of €51.4 million, Keurig Dr Pepper of €22.8 million, JDE Peet's of €5.5 million, Private equity securities and partnerships of €1.6 million, other interest receivables and similar income of €7.2 million, and less administrative costs of €3.1 million divided by interest expense including coupon on Eurobond, interest on other borrowings, less preferred equity certificates expenses €1.7 million and excluded tender offer buyback expenses in the amount of €0.3 million (2021 €17.9 million) of €35.2 million p.a. Includes unused commitment fees and breakage fees. For June 30, 2022 (2021, 2020, 2019), US dollar amounts corresponding to P&L items are translated at the average of the trailing 6/12 month exchange rate of USD/EUR 1.0934 (1.1827, 1.1422, 1.1195); For June 30, 2022 (2021, 2020, 2019), US dollar amounts corresponding to balance sheet items are translated into Euro using the spot rate as of June 30, 2022 (December 31, 2021, December 31, 2020, December 31, 2019) of USD/EUR 1.0387 (1.1326, 1.2271, 1.1234).
- (3) Calculated as net debt / (total income less operating expenses). FX translations are conducted as per footnote 2

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September 30, 2022

Summary to 2022 Bevco Lux S.à r.l. interim results, six months ended June 30, 2022

## Bond Holder and Financing Information

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

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

As of June 30, 2022, Bevco had €1.8 billion of bank CRCFs of which €nil million is drawn. Bevco also has €500 million of SDG CRCF available for drawdown from Aguila Ltd. The weighted average duration of the bank facilities (incl. Eurobond) is 3.74 years, and the weighted average interest rate (incl. Eurobond) is 1.58%. The weighted average duration of the bank facilities (excl. Eurobond) is 2.09 years, and the weighted average interest rate (excl. Eurobond) is 1.70%.

As of June 30, 2022, Bevco had 26,082,180 AB InBev restricted shares pledged. In addition, 14,000,000 shares held in Inmobiliaria Colonial SOCIMI, S.A. are pledged as guarantee as part of an agreement with affiliates. The total fair value of the pledged shares in Inmobiliaria Colonial amounted to €85 million. The pledge is a continuing security until the Pledgee is satisfied that all present and future obligations and liabilities have been irrevocably paid in full and only then the Pledgee will grant the release and discharge of the pledged shares.

## 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 respective Board of Managers.
- Interest rates set based on transfer pricing analysis.

Aguila Ltd., Bevco and USD Bevco have all entered into two-way evergreen CRCF to manage cash flows both upstream (from Bevco and USD Bevco to Aguila Ltd.) and downstream from Aguila Ltd. to the Bevco entities.

Bevco calls upstream related party transactions those in which Bevco 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 by Aguila in order to manage intra-year cyclicity of cash flows.

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

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## Corporate Governance

Bevco and the SDG are overseen by the Board of Managers who are required to approve all decisions with the primary goal to maximise investment returns. A full list of the Board of Managers can be found on the Bevco website.

The Board has representatives in the following investees:

**AB InBev** - Bevco is represented by one non-executive director in Boards of Directors, although, Management believes this does not clearly establish significant board influence given Bevco has right to appoint only one out of fifteen members of the Board of Directors subject to certain conditions and requirements.

**Inmobiliaria Colonial SOCIMI S.A.** - Bevco is represented by one non-executive director in the Board of Directors. Management believes this does not clearly establish significant board influence as SDG can appoint only one out of eleven members of the Board of Directors.

**JDE Peet's N.V.** - Bevco is represented by one non-executive director in JDEP Board of Directors, although, Management believes this does not establish significant influence at the board given Bevco has right to appoint only one out of fourteen members of the Board of Directors.

The Board of Managers believes that Bevco alone cannot absolutely or relatively, at a certain level, influence the financial and operating policy decisions to be taken by the investees.

## No conference call for 2022 interim results

No conference call will be held in conjunction with this release. Full details of Bevco's financial results, in the form of 2022 Bevco Lux S.à r.l. interim results, six months ended June 30, 2022, are available on Bevco's website at <http://www.bevcolux.lu/investor-relations/financial-reports>

Questions regarding the interim results are welcomed and can be submitted via emails to the below Bevco Contacts.

### Bevco Contact Details:

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This announcement contains statements about future events and expectations that are forward-looking statements. These statements typically contain words such as "expects" and "anticipates" and words of similar importance. Any statement that is not a statement of historical fact is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. None of the future projections, expectations, estimates or prospects in this announcement should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in this announcement. The information and opinions contained in this announcement are provided at the date of this announcement and are subject to change without notice. Save as may be required by law, we may not update any information contained herein and do not assume any obligation to do so.