

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

June 17, 2024

Bevco Lux S.à r.l. Audited financial statements for the year ended December 31, 2023

The below is a summary only for certain financial information of Bevco Lux S.à r.l. and should be considered together with the 2023 Bevco Lux S.à r.l. financial statements for the year ended December 31, 2023. All information is available online via the Bevco Lux S.à r.l. website, <http://www.bevcolux.lu>

The Board of Managers of Bevco Lux S.à r.l. (“Bevco” or “The Company”) is pleased to report another year of profits and stable assets under management, in line with Bevco’s strategy of prudent financial management and capital deployment. Bevco remains focused on high-quality defensive companies, mainly in the beverage and consumer industries, that are diversified across geographies, end markets and currencies. Leveraging over 80 years of investment expertise, Bevco continues to maintain a long-term global investment portfolio and access to European Debt Capital Markets.

Business and financial performance

For the year ended December 31, 2023, Bevco recorded a total net income of €124 million, a profit for the year of €93 million and other comprehensive income net of tax of €200 million resulting into a total comprehensive income for the year of €293 million driven by dividends, fair value changes of Bevco’s core holding, AB InBev, and its other investments, and disposal of equity securities.

Bevco received proceeds of €512 million from the disposal of equity securities and made investments in private equity securities for an amount of €329 million. Bevco’s investment strategy remains unchanged with a focus on high-quality, defensive businesses.

Bevco received €93 million from share premium increases. Additionally, Bevco made special reserve account reimbursements of €455 million, net of contributions to special reserve, and made distributions of €58 million for the year.

Bevco continues to prudently manage its balance sheet. In 2023, Bevco proactively renewed and extended the maturity dates of several Committed Revolver Credit Facilities (“CRCFs”). As a result of its conservative investment and financing strategy, Bevco had a Loan to Value Ratio (LTV) of 14.9%¹, an Interest Coverage Ratio (ICR) of 5.1x² and a Leverage Ratio (LR) of 10.7x³ as of December 31, 2023.

Change of Company to Investment entity status

On December 4, 2023, Bevco determined that it qualified as an investment entity as defined by IFRS 10 ‘Financial Statements’. This change in classification stemmed from Bevco’s revised approach to presenting its investments and their performance in order to better reflect the nature of Bevco’s current and expected future activities. Bevco’s corporate purpose is making investments solely for capital appreciation, investment income or both and engages in no activities other than those in furtherance of its corporate purpose.

The change in investment entity status has been accounted for prospectively after December 4, 2023, in accordance with IFRS 10. Therefore Bevco presents its balance sheet and statement of cash flows on a non-consolidated basis as at December 31, 2023 and on a consolidated basis as at

¹ Based on Bevco Lux S.à r.l. financial statements for the year ended December 31, 2023. Figures presented do not include USD Bevco. LTV is defined as gross debt (excluding preferred equity certificates) minus cash at hand, divided by Total Assets minus cash at hand and excluding DLOM.

² The 2023 Interest Coverage Ratio is calculated using dividend income of €106.8 million, interest income of €4.3 million and other income of €0.9 million, and less legal fees, administrative costs and other costs of €2.9 million divided by €22.3 million annualized interest expense (including coupon on Eurobond and interest on other borrowings) minus €0.9 million interests on preferred equity certificates. Annualized interest expenses include unused commitment fees and breakage fees on a LTM basis (Last Twelve Months).

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

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December 31, 2022 solely for the purposes of comparison with previous years. Statements of profit and loss are consolidated up until December 4, 2023 and on a consolidated basis for comparative year.

Further details can be found in Bevco's Audited Financial Statements for the Financial Year 2023.

About Bevco

Bevco is an investment vehicle that manages a portfolio of globally diversified companies, mainly in the consumer goods sector. Bevco maintains a focused, long term global investment portfolio, leveraging over 80 years of investment expertise in the sector.


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 and Segment Reporting

Bevco's portfolio comprises three reportable segments which are presented in the "Notes to the financial statements".

Bevco's reportable segments are:

1. Anheuser-Busch InBev;
2. Other publicly traded equity securities
3. Private equity securities and partnerships

	Publicly traded equity securities		Private equity securities and partnerships
Key Investments		Other	
% of investment securities	77%	8%	15%
Description	Globally leading beer manufacturer	Diversified minority interests in leading companies predominantly in the consumer sector	Diversified minority interests in private companies

Source: Bevco Lux S.à r.l. financial statements for the year ended December 31, 2023

Bevco currently holds restricted and non-restricted shares in AB InBev. The restricted shares were obtained as a result of the merger between SABMiller and AB InBev in October 2016 and were restricted for five years. All such lockup restrictions expired in October 2021. Although these shares are still referred to as "restricted" shares, they are no longer subject to the lockup and can be freely converted into listed, common shares and sold. These restricted shares have equal ranking regarding dividends and voting rights to AB InBev common shares and carry the right to appoint directors to the Board of Directors of AB InBev, subject to certain ownership thresholds.

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Overview of Financials

As of December 31, 2023, Total Assets were €7.8 billion and Total Liabilities were €1.4 billion.

Bevco's total net income for the year of €124 million is the result of the dividends and interest income from the portfolio. Operating expenses amounted to €3 million (including legal fees, administrative costs and other expenses), financing costs to €22 million and taxes to €6 million, resulting in a profit for the year of €93 million.

Other comprehensive income net of tax of €200 million represents the net unrealised gain in investment securities of €160 million, and the net realised gain from disposal of equity securities for €40 million.

The result was a total comprehensive income for the year of €293 million for 2023.

Additionally, as it relates to statements of changes in equity, Bevco received €93 million from share premium increases. Bevco made special reserve account reimbursements of €455 million, net of contributions to special reserve, and made distributions of €58 million for the year to its immediate parent, USD Bevco.

Capital Structure Strategy

Bevco management oversees a prudent, conservative capital structure. It intends to maintain its capital structure consistent with its investment grade credit metrics.

S&P classifies Bevco as a core subsidiary of Aguila Ltd. and as an investment holding company. As of December 2023, Bevco's rating is BBB (negative). The two outstanding Bevco Senior Unsecured Eurobonds were rated Investment Grade rating BBB.

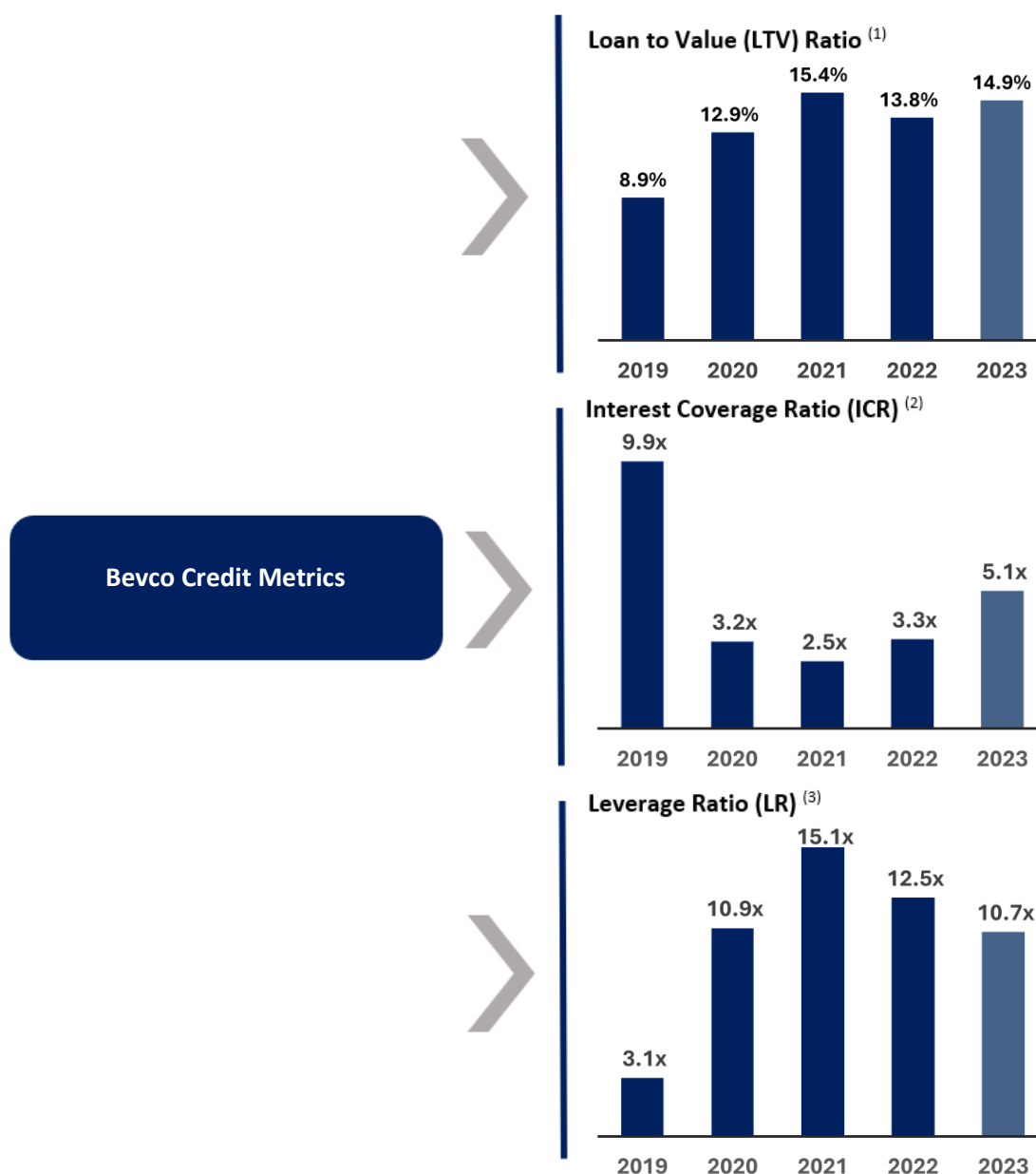
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Key Credit Metrics (as of December 31, 2023)

As a result of its investment and financing strategy, Bevco maintains the following credit metrics on a standalone basis:



Source: Company filings

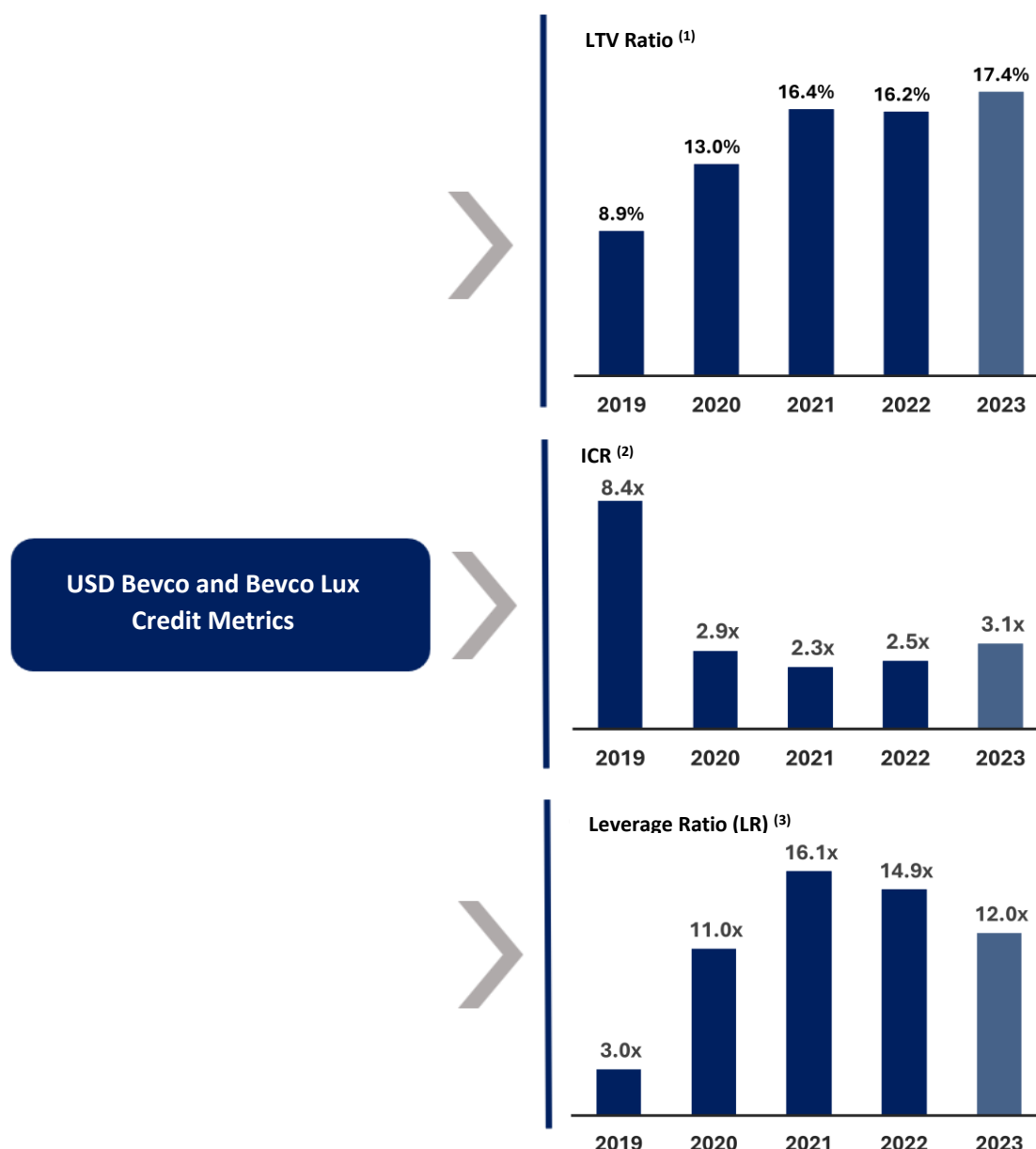
- (1) Based on Bevco Lux S.à r.l. financial statements for the year ended December 31, 2023. Figures presented do not include USD Bevco. LTV defined as gross debt (excluding preferred equity certificates) minus cash at hand, divided by Total Assets minus cash at hand. LTV, including DLOM for 2020 and 2019, are 14.0% and 9.8%, respectively.
- (2) The 2023 Interest Coverage Ratio is calculated using dividend income of €106.8 million, interest income of €4.3 million and other income of €0.9 million, and less legal fees, administrative costs and other costs of €2.9 million divided by €22.3 million annualized interest expense (including coupon on Eurobond and interest on other borrowings) minus €0.9 million interests on preferred equity certificates. Annualized interest expenses include unused commitment fees and breakage fees on a LTM basis (Last Twelve Months).
- (3) Calculated as net debt / (total income less operating expenses)

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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 manage USD denominated CRCFs. Some AB InBev restricted shares owned by Bevco Lux are pledged to collateralise the USD facility in which USD Bevco and Bevco Lux are joint borrowers. Bevco Lux and USD Bevco credit metrics ratios are as follows:



Source: Company filings

- (1) Based on Bevco Lux S.à r.l. and USD Bevco Lux S.à r.l. financial statements for the year ended December 31, 2023. LTV is defined as Gross Debt (Bevco Lux issued bonds and total CRCF drawdowns by Bevco Lux and USD Bevco; excludes preferred equity certificates) minus cash at hand (at Bevco Lux and USD Bevco) divided by Total Assets (calculated as Bevco Lux Total Assets, plus USD Bevco Total Assets minus Bevco Lux Net Equity Value as reported in USD Bevco's Assets) minus cash at hand at Bevco Lux and USD Bevco. LTV, including DLOM for 2020 and 2019, 14.0% and 9.8%, respectively.
- (2) Based on Bevco Lux S.à r.l. and USD Bevco Lux S.à r.l. financial statements for the year ended December 31, 2023. The 2023 Interest Coverage Ratio is calculated using dividend income of €106.8 million, interest income of €12.4 million and other income of €0.7 million, and less legal fees, administrative costs and other costs of €3.5 million divided by €40.0 million annualized interest expense (including coupon on Eurobond and interest on other borrowings) minus €0.9 million interests on preferred equity certificates expenses. Annualized interest expenses include unused commitment fees and breakage fees on a LTM basis (Last Twelve Months). For December 31, 2023 (2022, 2021, 2020, 2019), US dollar amounts corresponding to P&L items are translated at the average of the trailing 12/12 month (12/12 month for 2022, 2021, 2020, 2019) exchange rate of USD/EUR 1.0810 (1.0506, 1.1827, 1.1422, 1.1195); For December 31, 2023 (2022, 2021, 2020, 2019), US dollar amounts corresponding to balance sheet items are translated into Euro using the spot rate as of December 31, 2023 (December 31, 2022, December 31, 2021, December 31, 2020, December 31, 2019) of USD/EUR 1.1050 (1.0666, 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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Bond Holder and Financing Information

Bevco's business model is to primarily invest directly in strong, defensive global companies, with a bias towards consumer goods focused businesses, solely for capital appreciation, investment income or both.

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 December 31, 2023, Bevco had access to a total of €1.5 billion of CRCFs from financial institutions. As of December 31, 2023, Bevco had drawn €82mn on these CRCFs, while USD Bevco had drawn €230 million. In addition, Bevco has access to €500 million through a CRCF agreement with Aguila Ltd. As of December 31, 2023, Bevco did not utilize this facility. The bank facilities, including the Eurobond, have a weighted average duration of 3.64 years (3.19 years only considering bank facilities, which includes 4.28 years for secured bank facilities and 2.25 years for unsecured bank facilities).

As of December 31, 2023, Bevco had 26,082,180 AB InBev restricted shares pledged. 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 CRCFs 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.

Corporate Governance

Bevco is overseen by its Board of Managers, who is required to approve all decisions with the primary goal to maximise investment returns in furtherance of its corporate purpose. A full list of the Board of Managers can be found on Bevco's website.

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The Board has representatives in the following investees:

AB InBev - Bevco is represented by one non-executive director in the Boards of Directors, although, Management believes this does not clearly establish significant board influence given Bevco has the 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 on the Board of Directors. Management believes this does not clearly establish significant board influence as SDG can appoint only one out of twelve 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 2023 results

No conference call will be held in conjunction with this release. Full details of Bevco's financial results, in the form of Bevco Lux S.à r.l. full year audited financial statements for the year ended December 31, 2023, 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.

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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.