ABInBev

2018 Annual Report

Shaping the future.

Bringing People Together for a Better World.

We are building a company to last, brewing beer and building brands that will continue to bring people together for the next 100 years and beyond.

We have a passion for beer.

Dreaming big is in our DNA

Brewing the world's most loved beers, building iconic brands and creating meaningful experiences are what energize and inspire us. We empower our people to push the boundaries of what is possible. Through hard work and the strength of our teams, we can achieve anything for our consumers, our people and our communities.

8/10

8 out of the 10 most valuable beer brands worldwide according to BrandZ™.

Beer is the original social network

With centuries of brewing history, we have seen countless new friendships, connections and experiences built on a shared love of beer. We connect with consumers through culturally relevant movements and the passion points of music, sports and entertainment. Our portfolio now offers more than 500 brands and eight of the top 10 most valuable beer brands worldwide, according to BrandZ™.

We are constantly innovating for our consumers

Our consumer is the boss. As a consumer-centric company, we are relentlessly committed to innovation and exploring new products and opportunities to excite our consumers around the world.

We want every experience with beer to be a positive one

We work with communities, experts and industry peers to contribute to reducing the harmful use of alcohol and help ensure that consumers are empowered to make smart choices. We are doing this by supporting innovation, providing more no- and low-alcohol beer options, piloting local programs and campaigns around the world, investing in social marketing, rolling out initiatives to create safer roads and more.

50

Operations in nearly 50 countries

Sustainability *is* our business

Brewing quality beer starts with the best ingredients. Without a healthy and sustainable environment, we would not be able to brew the highest quality beers. That is why we have made global commitments focused on smart agriculture, water stewardship, circular packaging and climate action, to help contribute to a healthy natural environment and thriving communities, so we can continue to brew beers that bring people together for the next 100+ years.

Our 10 Brewing Principles

We are all brewers
Passion for beer is our life

Heritage
We protect the heritage and integrity of our brands

Preservatives
We strive for zero added preservatives

Stakeholders
We value and address external stakeholder perspectives

Ingredients
We only select ingredients that meet our standards

Consumer choice
We respect the consumer desire for choice

Transparency
We believe in transparency

Sustainability
We preserve our natural resources

Quality
We never compromise on quality

Freshness
Fresh beer tastes better

We are proud to be truly global

Our global footprint is one of our key strengths. In October 2016, we completed a transformational combination with SAB, making us a stronger, more diversified company that is better poised for sustainable future growth.

Honoring the past, building towards the future

We are all brewers. By combining over 600 years of brewing heritage with constant innovation, we protect the heritage of our much-loved brands while constantly innovating and creating new and exciting beers and occasions for consumers.

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Becoming a stronger company.

To our shareholders:

2018 was another step forward in our company's transformational journey. We had many successes to celebrate, though the year was not without its challenges. Our focus this year was to continue to drive the organic growth of our business while deleveraging towards our optimal capital structure.

Today we are a stronger, more diversified company applying our learnings across our global business. While there is more work to be done, we are confident in our strategy and plans to grow our business by creating value from seed to sip and delivering sustainable top and bottom line growth in 2019 and beyond.

#1

global brands were our #1 growth engine in 2018

Reflecting on our performance

Our business delivered consistent top-line growth with margin expansion and EBITDA acceleration throughout the year. Revenue growth of 4.8% was driven by own beer volume growth of 0.8% (total volume up 0.3%) as well as continued premiumization and revenue management initiatives. Revenue per hl growth on a constant geographic basis was 4.7%, of which we estimate more than 100 bps was driven by positive mix in line with our premiumization strategy. EBITDA grew 7.9% on a full year basis with margin expansion of 118 bps to 40.4%, with consistent acceleration each quarter in line with our guidance. However, we faced challenging macroeconomic environments in many emerging markets, especially Brazil, Argentina and South Africa, and unfavorable currency volatility has slowed our deleveraging pace.

Highlights from the year include:

- Healthy volume, revenue and market share growth in important markets including Mexico, China, Western Europe, Colombia and several African countries including Nigeria. Each of these markets delivered strong performances in their respective premium portfolios while simultaneously evolving their core portfolios in line with the category expansion framework.
- In the US, achieving our best market share trend performance since 2012. This was driven by the evolution of our commercial strategy, led by premiumization and innovation.
- Continued global growth of our High End Company (revenue up 18.3%) and global brand portfolio (revenue up 9.0% globally and 13.1% outside of the brands' home markets). The brands within the High End Company command a premium and contribute higher margins to our overall results.
- ZX Ventures, our growth and innovation group, delivered robust revenue and EBITDA growth in the year with strong commercial momentum. In craft and specialties, our portfolio of brands grew well ahead of the total company and broader industry with double digit revenue growth. Our eCommerce and brand experience platforms also each grew revenue double digits, and our share online is now greater than our share in traditional channels. Our ZX Ventures platforms allow us to engage with consumers more than ever before and we are using this consumer proximity to drive more meaningful interactions and solutions.
- Budweiser was the most "talked about" brand on digital and social media during the 2018 FIFA World Cup Russia™, with an estimated five billion social media impressions. It was the biggest commercial campaign in our company's history, with activations across more than 50 markets and 565 000 points-of-consumption. We were successful in building brand awareness in many of our new markets and are using this awareness to propel the brand toward future growth. We further maximized this sponsorship by activating more than 40 of our local brands in more than 40 markets.
- Delivering profitable growth, with EBITDA margin expansion of 118 bps to 40.4%, driven by premiumization, cost discipline and continued synergy capture. We achieved further synergies from the combination with SAB, with 805 million USD in 2018 and over 2.9 billion USD captured to date out of our commitment to deliver 3.2 billion USD by the end of 2019.
- Launched our 2025 Sustainability Goals, our most ambitious set of sustainability commitments yet, focused on smart agriculture, water stewardship, circular packaging and climate action.

The following aspects of the year held us back:

- Top and bottom line performances were below our expectations in Argentina, Brazil and South Africa, largely as a result of a weak macroeconomic environment putting pressure on the consumer in all three markets. Additionally, in South Africa we were adversely affected by out of stocks, unexpected tax increases and segment mix shift.
- Unfavorable currency volatility in emerging markets impacted our cash flows and slowed our anticipated deleveraging path. As a result, we proactively rebased our dividend payout by 50% in October to accelerate deleveraging in line with our capital allocation priorities.
- Headwinds to our cost base, especially with respect to aluminum globally and the freight market in the US.

We have always said that we are never completely satisfied with our results, and 2018 is no exception. We will build upon the learnings of this year to ensure we continue opening and closing gaps to create sustainable, long-term, profitable growth.

Evolving our commercial strategy

We made significant progress in 2018 executing on many intellectual synergies from the combination with SAB. These intellectual synergies are anchored around three interlocking strategic frameworks: the market maturity model, the category expansion framework and growth champions.

Our market maturity model allows us to group markets into clusters based on maturity level, enabling us to develop our portfolio to meet the needs of a range of markets around the world as they mature and evolve.

Our category expansion framework helps us find opportunities for growth. It allows us to address consumer preferences across occasions, share best practices and adopt a new way of looking at the category that recognizes different market maturities and the role of brand portfolios in each of our markets.

Finally, our growth champions approach is used to identify the right time to expand our portfolios and commercial practices in the most efficient and impactful manner. This process is modeled after one of our most successful systems, efficiency champions, and allows us to benchmark our strategy to open gaps, execute on them deliberately and track performance to deliver increasing efficiencies.

We believe these frameworks position us well to find opportunities and address consumer needs. We utilize them to offer the best beer at price points ranging from affordable to premium, and to continually innovate with the best pipeline of new products and offerings.

Leading the growth of the global beer category

As the world's leading brewer, we take responsibility for shaping the future of the beer category, its health and sustainable growth globally. Our category has grown over the past 10 years, both in terms of volume (+1.0%) and value (+3.7%). Our estimated share of throat as a company has increased within total beer by 60 bps and within total alcohol by 10 bps over the past five years.

Premiumization: We see a significant opportunity for premiumization around the world and we have the best portfolio to lead this trend. Compared to wine and spirits, beer is in its early stages of premiumization globally, providing us with the opportunity to capture beer's fair share. For instance, Corona currently has a market share of 3% or higher in just three countries where we own the brand. With the brand growing double digits globally, we believe it is still far from reaching its full potential and see an opportunity for further growth. We expect the premium segment to grow about five times faster than core and value in the years to come. Our High End Company is well positioned to capitalize on this trend and deliver high growth and profitability.

Differentiate & extend the core: Our portfolio of core brands is focused on sharpening brand positions to create meaningful emotional and functional differentiation by celebrating the authenticity of our brands along with beer's natural ingredients and its simplicity.

Emerging markets and affordability: We also see a clear opportunity for volume growth in emerging markets, where per capita consumption volumes are considerably lower than those of developed markets. We believe we are uniquely positioned to lead that growth in a responsible manner, given our diverse portfolio of brands tailored to a variety of consumer price points and occasions.

Category expansion is enhanced in our low- and middle-maturity markets through affordability initiatives, as it is crucial to have a portfolio of affordable options to engage our consumers at accessible price points. Two prime examples in 2018 were the launches of Nossa and Magnífica in Brazil—beers brewed with local cassava and offered to consumers at a considerably lower price point while providing comparable margins to our core brands. This affordability initiative was a best practice in some of our African markets and showcases how we are leveraging intellectual synergies across different markets.

Portfolio enhancing: Lastly, by mapping our portfolio of brands within each market, we are identifying opportunities to introduce existing brands into new markets. Examples of this practice include Argentina's Patagonia in certain regions of the US, Australia's Pure Blonde by Jupiler in Belgium and the US' Michelob Ultra in the UK.

Leveraging our global brands

Our global brands continued to deliver great results, representing more than one third of our total net revenue growth. For the full year, our global brands grew revenue by 9.0% globally and 13.1% outside of their home markets.

Budweiser revenue grew 5.3% globally and 10.0% outside of the US, driven by continued expansion into new geographies as well as our activation during the 2018 FIFA World Cup Russia™, which was our largest and most successful campaign ever. Stella Artois continued to see strong, balanced growth, up 5.2% globally, driven by its increased penetration of the meal occasion. Corona leads the way as the most premium brand amongst the three, growing double digits for the fourth consecutive year, with revenue up 17.6% globally and 28.5% outside of Mexico.

We believe in offering a customized portfolio of brands to lead the premium segment in order to reach more consumers in different occasions. Our complementary global brands give consumers premium options defined by occasion, taste profile and price point.

Innovating to share our passion for beer

As a consumer-centric company, we are relentlessly committed to exploring new products and opportunities to excite consumers around the world. We have a robust innovation pipeline, including the launch of Corona Ligera in Australia, Stella Artois Gluten Free in the UK and Michelob Ultra Pure Gold (organic light lager) in the US.

Our no- and low-alcohol beer (NABLAB) portfolio continues to cultivate new opportunities in many of our markets by addressing the growing consumer trends of moderation and health and wellness. With these trends becoming ever more important to consumers around the world, we are committed to leading innovation in this space. For example, we have successfully launched brands such as Castle Free in South Africa, Carlton Zero in Australia, Aguila Cero in Colombia and, most recently, Leffe Blonde 0.0% in Belgium.

Leveraging technology to better engage with consumers

Our focus on technology and innovation goes beyond what consumers see every day. ZX Ventures is continuing to find new ways to respond to consumer trends through eCommerce, craft and brand experiences, and today represents more than 10% of our total growth.

Beer Garage, our home for innovation, emerging technology and enterprise technology, is utilizing enterprise-level technology to transform our supply chain and bring us closer

The Budweiser campaign for the 2018 FIFA World Cup Russia™ was our largest and most successful campaign ever.

to consumers with initiatives such as using Point of Sale (PoS) technology to gather consumer insights from around the world. Our Global Innovation and Technology Center (GITeC) is focused on enhancing our brewing processes, as well as product and package development. One example is Canvas, a sustainable plant-based barley beverage produced with saved grain from our brewing process.

Organizing ourselves for future growth

In July, we created two new senior leadership positions to capture organic growth opportunities within our existing business. Our Chief Non-Alcohol Beverages Officer is focusing on accelerating growth in our existing non-alcohol business, which represents more than 10% of our current volumes. Our Chief Owned-Retail Officer will manage and grow our existing owned-retail business by coordinating cross-marketing initiatives and sharing best practices.

To continue our focus on staying ahead of market and consumer trends, we brought Marketing and ZX Ventures under a common global lead, our Chief Marketing Officer. This change will allow us to adopt ZX Ventures' innovative approach more broadly within our company.

Contributing to a sustainable future

In March 2018, we launched our ambitious 2025 Sustainability Goals, which will help us brew great beers for the next 100 years and beyond. We have already begun to create change—every Budweiser sold in the US is now brewed with 100% renewable purchased electricity, with plans to roll out to other markets around the world. 2018 also marked the launch of our 100+ Accelerator, which mobilizes the world's brightest minds to solve some of the most pressing global sustainability challenges.

Fostering a culture of Smart Drinking

We are committed to responsible drinking and road safety. Our programs include our six city pilots to create innovative evidence-based programs to reduce the harmful use of alcohol and a global internal competition to help promote Smart Drinking messaging through commercial communications using social norms marketing. Additionally, as part of our commitment to reach 20% of our volumes from NABLAB by 2025, we continue to expand our portfolio with high quality options. In 2018, we expanded our NABLAB portfolio to 76 offerings by successfully adding 12 new products, reaching approximately 8% of our global beer volume within this segment. We also continued our ongoing efforts to address road safety with our Together for Safer Roads coalition and a new partnership with the United Nations Institute for Training and Research (UNITAR) to help improve road safety worldwide.

Deleveraging to our optimal capital structure

About two years ago, we completed a transformational combination with SAB. We believe the total company is greater and stronger than the sum of its parts, and we remain disciplined and focused on deleveraging to our optimal capital structure of around 2x net debt to EBITDA. We expect our net debt to EBITDA ratio to be below 4x by the end of 2020.

Our debt portfolio and liquidity position provide our business with operating and financial flexibility. We have addressed large near-term maturities to eliminate refinancing needs and will continue to proactively manage our debt portfolio. Our debt portfolio is comprised of a diverse currency mix that provides access to liquid debt markets, and 94% of the portfolio holds a fixed-interest rate. Additionally, our 16 billion USD of liquidity far exceeds our debt maturities in any given year.

Considering this year's currency volatility and consistent with our capital allocation priorities, in October we proactively rebased our dividend payout by 50% to accelerate deleveraging. In doing so, we continue to prioritize investments in organic growth opportunities and create greater financial flexibility.

Achieving results together

Thank you to our shareholders for your continued support, as we remain focused on delivering solid organic growth while deleveraging toward our optimal capital structure. We are a company of owners who take results personally, and we are never completely satisfied with our results, including in 2018.

As we begin 2019, we firmly believe that with our commercial strategy, robust portfolio of brands, diverse geographic footprint, unparalleled efficiency and, most importantly, our strong pipeline of committed and talented people, we can deliver on these objectives now and in the future.

Carlos Brito
Chief Executive Officer

Olivier Goudet
Chairman of the Board

Key Figures.

Performance

+4.8%
revenue growth

22,080
million USD
2018 normalized EBITDA

567 million hl
2018 beer volumes

40.4%
EBITDA margin expansion of 118 bps to 40.4%

+1/3
Revenue of our three global brands represented more than one-third of our growth in 2018

Operations

50
Operations in nearly 50 countries

227
breweries

13,000
owned retail locations

150+
Beers sold in 150+ countries

Brands

>500 brands

377
377 beer awards won at 16 major international competitions in 2018

8/10
8 out of the 10 most valuable beer brands worldwide according to BrandZ™

Dream-People-Culture

175,000
colleagues

100+
nationalities represented across our company

16
Minimum 16 weeks gender neutral primary caregiver leave globally

Nearly half of our breweries in the US are led by female brewmasters

Smart Drinking & Road Safety

6
City Pilots in 6 cities around the world

8%
of our global beer volume is no- or low-alcohol

>135 million USD
invested in dedicated social marketing campaigns and related programs over the past two years

End of 2020
Target year to place a Guidance Label on all of our beer products in all markets

13%
reduction in fatalities in the state of Sao Paulo, Brazil between 2015 and 2017, accounting for over 496 lives saved

Community Support

>1.4 million
cans of emergency drinking water donated across the US

18,500+
retailers supported via our small retailer development program

4.5 million
liters of water per day to support Cape Town, South Africa in its pressure management project during major drought

202,000+
volunteers engaged in Colombia, Peru, Ecuador and Mexico via volunteering programs #MeUno and Voluntarios Modelo

62,000+
colleagues engaged worldwide on Global Be(er) Responsible Day

Sustainability

7,000
farmers participated in our SmartBarley Program globally and smallholder skills programs implemented in Colombia, India, Mexico, Uganda and Zambia

-8.0%
Our total water usage has decreased 8.0% since 2017 and global strategic partnerships launched with World Wildlife Fund for Nature (WWF) and The Nature Conservancy (TNC)

43.5%
of our volume is in returnable packaging

Recycled content in our primary packaging:
64.7% in Cans
41% in Glass
15.7% in PET

4.5%
reduction in emissions (Scope 1, 2 and 3) across our value chain since 2017

16%
To date, we have contracted 50% of our electricity from renewables sources, and 16% of this is already operational

Highlights of the year.

Jan.

Stella Artois debuted a Super Bowl ad to kick off our fourth annual campaign in partnership with Water.org. The ad brought attention to the global water crisis and announced our 2018 limited-edition chalices available for purchase. Since the start of our partnership in 2015, we have sold more than 460,000 chalices and **helped over 1.5 million people gain access to clean water**.

Budweiser revealed a renewable electricity symbol at the World Economic Forum in Davos to champion its commitment to brew with **100% renewable electricity.** The symbol was launched in the United States and Chile and will continue to roll out into other markets around the world by 2025.

Feb.

We signed a partnership agreement with the United Nations Institute for Training and Research (UNITAR) to collaborate to **improve road safety.** Together we will create a road safety management toolkit that will be available worldwide, enabling governments to better address road safety.

Mar.

We launched our **new 2025 Sustainability Goals**, which are aligned with the UN Sustainable Development Goals. They focus on making ambitious progress in four areas: smart agriculture, water stewardship, circular packaging, and climate action.

We completed a 50:50 merger with Turkey's leading brewer Anadolu Efes' existing businesses in Russia and Ukraine. Following the closing of the transaction, the operations of our and Anadolu Efes' businesses in Russia and Ukraine are now combined under **AB InBev Efes.**

Apr.

We introduced a new patent that is **estimated to reduce our operational emissions by 5% where implemented.** The technology creates gas bubbles without needing a lot of heat and water, reducing energy usage at our breweries.

May

We announced our new **Global Parental Leave Standard**, extending parental leave to more people and ensuring a global minimum standard parental leave of 16 weeks for primary caregivers and 2 weeks for secondary caregivers, regardless of gender.

We reacquired the rights to the **Budweiser brand in Argentina**.

Jun.

In 2018, we were among the best-in-class for our marketing campaigns at the prestigious International Festival of Creativity in Cannes, France, winning a total of **23 Lions and two Grand Prix**, the highest honor.

Jul.

Budweiser was the most talked about brand on digital and social media during the **2018 FIFA World Cup Russia™**, with an estimated five billion social media impressions. Eight million Red Light Cups amplified the euphoric energy of the game across the world. It was the biggest commercial campaign in our company's history, with activations across more than 50 markets and 565,000 points-of-consumption. Our sponsorship contributed to 2Q18 net revenue +10.1% outside of the US and sustained top-line growth of 9.3% outside of the US in 3Q18.

We announced a **new organizational structure** for future growth, simplifying our structure from nine to six management regions and creating two new senior leadership positions to capture organic growth opportunities in no-alcohol portfolio and owned-retail.

Aug.

We launched the **100+ Sustainability Accelerator** to host and fund startups that are solving challenges to create a more sustainable world for all. In its first year, our accelerator program received over 650 applications from startups across 20 countries around the globe. 21 companies were selected to participate in the inaugural cohort and are being piloted in 12 countries. Each will receive up to 100,000 USD investment and the opportunity for further partnership and/or investment from our company as well as external partners at a demo day in 2019.

Sep.

We took part in **Global Be(er) Responsible Day**, engaging more than 62,000 colleagues worldwide to promote awareness about Smart Drinking. Together, we spread Smart Drinking messages to more than 3.6 million consumers on one day through direct interactions.

Our CEO Carlos Brito joined Mike Bloomberg at a press conference to promote the 2019 **Gender Equality Index** at the Bloomberg Global Business Forum in New York.

Oct.

We appointed our company's first **Global Director of Diversity & Inclusion.**

Nov.

We announced the winners of our **"Smartest Smart Drinking Campaign Competition,"** an internal competition that challenged our marketing teams around the world to promote smart drinking messaging through social norms marketing and innovative consumer-facing campaigns.

Our **BrewRight technology** was recognized at the 2018 Financial Times Intelligent Business Awards. This innovative in-house tool helps us be proactive against corruption, fraud and money laundering by using data analytics and risk scoring to help identify patterns in everyday transactions that may require more investigation or oversight.

Our beers won six awards at the internationally-renowned **European Beer Star Awards**, with the winning beers including an English bitter from our Sydney-based brewers at 4 Pines and the Belgian-style ales of our Dutch brewers at Hertog Jan. The winners were crowned at the BrauBeviale fair in the Bavarian city of Nuremberg, Germany.

Dec.

We announced a deal with Europe's largest solar energy company, Lightsource BP, to purchase **100% renewable energy** for Budweiser operations in the UK.

Labatt, our Canadian subsidiary, announced a research partnership with Tilray, a global player in cannabis production and distribution, to research **non-alcohol beverages** containing tetrahydrocannabinol (THC) and cannabidiol (CBD) in Canada. The research partnership is limited to Canada and no decisions regarding the commercialization of beverages have been made.

Brewing a better future.

More than 600 years ago, we began revolutionizing beer.

Here's to the next 100 and beyond!

We unite nearly 175,000 exceptional people and more than 500 iconic brands around a passion for brewing the highest quality beer.

With a robust portfolio of beers including affordable, premium, easy drinking, flavored beers, near beer options and more, our Dream is bringing people together for a better world. We are a truly global brewer, embedded in communities around the world as a family of local companies.

Leading the way for the beer category

According to Euromonitor, we brew more than a quarter of the world's beer, with a far greater share of the industry's EBITDA. As the world's leading brewer, we take responsibility for the health and growth of the global beer category.

We have adopted a new way of looking at the beer category that recognizes different market maturities and the role of brand portfolios in driving growth. As we look forward, we are excited about the growth opportunities in our expanded footprint for both developed and developing markets.

Adapting our product mix to meet evolving tastes

We are continually diversifying and innovating our beers to offer more choice with the highest quality. Our goal is to create beers that consumers can enjoy in a variety of occasions. Our category expansion framework allows us to anticipate changing consumer habits and trends so we can define the optimal portfolio for any market to drive growth.

We are positioned to not only ensure that we are bringing new consumers into the beer category through our brands, but also to offer existing customers new ways to engage with a wide range of beer offerings to meet different occasions.

We are also working to invigorate core lager through brand extensions, like Bud Light Lime and Orange that appeal to younger, legal drinking age consumers, and both men and women. Another way we elevate core lager is through pack innovation, such as our ring pull Harbin bottles in China that have an easy open bottle format with a distinctive opening sound.

Delivering growth through premiumization

The most immediate substantial growth opportunity for our business is through premiumization. We recognize this as a global trend, and beer as a category significantly under-indexes in premium share versus other categories.

The growth in premium can only be achieved by having a strong portfolio strategy. We have today a robust portfolio of brands to drive the premium segment and we are accomplishing this with our High End Company. We have identified 11 brands that make up our global premium portfolio and, together with other local brands, allow us to play in all relevant beer styles. So far, we have successfully rolled out the High End Company in 22 countries, with overall revenue growth up 25.6% vs. 2017.

#1

Global brands were our #1 growth engine in 2018

+1/3

Revenue of our three global brands represented more than one-third of our growth in 2018

Spotlight On: Our Global Brands

Our global brands expanded into a number of new markets over the last year. We saw successful scale ups of the global brand portfolio, especially in Australia, Colombia, Ecuador, Peru and South Africa. In 2018, our global brands were our number one growth engine, representing more than one third of our total net revenue growth vs. 2017. Here are some other highlights of our global brands over the past year.

Budweiser

Budweiser revenue grew 5.3% globally and 10% outside of the US, behind a strong FIFA World Cup Russia™ campaign and continued expansion into new geographies.

- Leveraged one of the world's biggest platforms, the 2018 FIFA World Cup Russia™, to activate Budweiser in more than 50 countries. This was our largest and most successful campaign ever. Budweiser was the most talked about brand on digital and social media channels during the tournament.
- Successfully launched the third series of Budweiser's Reserve Collection, Copper Lager. The collaboration with Jim Beam became one of our top 15 share gainers in the US in 2018.
- Launched a renewables platform at the World Economic Forum in Davos, Switzerland in January 2018. Every Budweiser sold in the US is now brewed with renewable electricity.
- Had a remarkable year in China, with geographic expansion into new territories beyond Guangdong and Fujian, plus channel expansion into Chinese restaurants and traditional trade.

Stella Artois

Stella Artois continued to see strong, balanced growth, up 5.2% globally, driven by its increased penetration of the meal occasion.

- Continued a successful partnership with Water.org, selling more than 460,000 chalices, and helping over 1.5 million people gain access to clean water since 2015.
- Successfully launched new brand campaign Joie de Bière across 15 markets, inspiring people to bring enjoyment to every day.
- UK Stella Artois grew double digits through a Wimbledon campaign featuring limited edition packaging and a ticket giveaway.

Corona

Corona grew double digits for the fourth consecutive year, with revenue up 17.6% globally and 28.5% outside of Mexico. China has become the number one export market for the brand in the world in markets where we operate.

- Expanded the Corona SunSets franchise, a worldwide series of music festivals, with 11,000 SunSets events activated in 25 of Corona's biggest countries in 2018.
- Introduced a new lower alcohol variant, Corona Ligera, which became the number one premium imported mid-strength beer in Australia in 2018.
- We continued our Corona X Parley Partnership to address marine plastic pollution, conducting over 300 cleanups in over 15 countries, including the Maldives, Palau, Mexico, Dominican Republic, Chile, Indonesia, Italy, South Africa and Australia, with over 7,000 volunteers collecting more than 3 million pounds of plastic waste.

Sharing our passion for beer with the world.

We are geographically diversified with a balanced exposure to developed and developing markets, operating in nearly 50 countries worldwide.

North America

In North America, total volume was down 2.5%, revenue declined 0.8% and Normalized EBITDA was down 2.4%. vs. 2017. Normalized EBITDA margin contracted by 68 bps to 39.7%.

Latin America West

In Latin America West, total volume was up 4.5%, revenue increased by 9.5% and Normalized EBITDA was up 16.4%. vs. 2017. Normalized EBITDA margin expanded by 306 bps to 52%.

Latin America North

In Latin America North, total volume was down 3.5%, revenue increased by 3.0% and Normalized EBITDA was up 5.2%. vs. 2017. Normalized EBITDA margin expanded by 95 bps to 43.7%.

Latin America South

In Latin America South, total volume was down 1.0%, revenue increased by 21.3% and Normalized EBITDA was up 30.8%. vs. 2017. Normalized EBITDA margin expanded by 369 bps to 48.2%.

EMEA

In EMEA, total volume was up 2.3%, revenue increased by 4.1% and Normalized EBITDA was up 1.3%. vs. 2017. Normalized EBITDA margin contracted by 100 bps to 35.8%.

Asia Pacific

In Asia Pacific, total volume was up 2.1%, revenue increased by 6.1% and Normalized EBITDA was up 12.8%. vs. 2017. Normalized EBITDA margin expanded by 218 bps to 36.4%.

Simplifying our structure

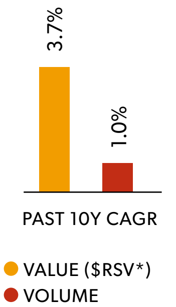
As of 1 January 2019, we have shifted from nine to six management regions. We made these changes to more closely align with our consumers, make our company more agile in the regions and proactively pursue growth opportunities.

Driving growth.

Our scale as a truly global brewer, embedded in communities around the world, gives us insight into emerging consumer trends, allowing us to benefit from new opportunities. Over recent years we have significantly increased our focus and capability in forecasting the key drivers of consumer choice to identify trends and opportunities.

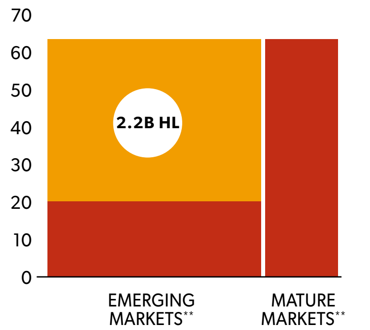
VALUE AND VOLUME GROWTH ON A GLOBAL BASIS

Global Beer Category



SIGNIFICANT POTENTIAL FOR PER CAPITA CONSUMPTIONGROWTH

Per Capita Beer Consumption (L p.a.)



* Retail Sales Value in constant $US
** Mature Markets = W. Europe, E. Europe (ex. Turkey, CIS), North America, Japan, S. Korea, Singapore, Australia, NZ. Emerging Markets excludes Pakistan, Indonesia, MENA
Source: GlobalData, PlatoLogic, IWSR, Nielsen, IRI

Identifing long-term growth potential

The global beer category remains healthy and robust, with growth in terms of both volume and value over the past ten years. We believe there is a significant opportunity for volume growth globally, especially within the beer category in emerging markets, due to the difference in per capita consumption in mature versus emerging markets with a significant potential gap to be closed.

This potential is backed up by the growth we have seen in emerging markets over the last several years. One example is our exceptional growth in Nigeria following the stabilization and economic growth of the country, where our portfolio of premium brands appeals to an emerging middle class of consumers who demand quality and great experiences.

We believe there are still more opportunities for per capita consumption to grow in emerging markets and are putting affordability initiatives in place to capitalize on this potential, including using local crops in our beer and using affordable packaging.

We are convinced that this growth potential is compatible with our economic impact and Smart Drinking agenda.

Adapting to meet changing consumer needs

An important trend across most consumer goods, including beer, is premiumization. Consumers are trading up for more affordable luxuries and many of our beers offer them a premium experience. Compared to wine and spirits, beer is in the early stages of premiumization which presents an exciting opportunity to continue to increase sales value and also margin by enhancing mix.

In this table, you can see premium brands and their share of total market. We believe there is significant headroom for growth ahead of us and the beer category. This growth will continue to be supported and capitalized on by our portfolio of global brands as well as the High End Company which has significantly expanded our capabilities to execute in the market.

% CATEGORY VOLUME PRICED

	Beer	Spirits	Wine
Early Maturity Market	0%	7%	18%
Mid- Maturity Market	3%	17%	70%
Late Maturity Market	6%	30%	85%

Source: GlobalData, PlatoLogic, IWSR, Nielsen, IRI

Turning challenges into opportunities

In today's market, environmental risks such as climate change and water scarcity are real. Our sustainability initiatives help us to manage risk while also creating value through new products and campaigns with purpose.

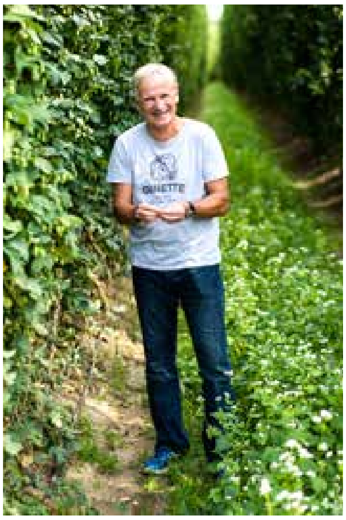
Our approach to sustainability allows us to turn emerging challenges into opportunities – for ourselves, our partners and the communities where we operate. Mitigating water risk means improving water security for our communities. Investing in agriculture development and innovation means we are improving productivity and livelihoods for our farming communities.

Our three global brands are all championing initiatives to help drive change on serious environmental issues. Budweiser has committed to renewable electricity, Corona has partnered with Parley for the Oceans to help mitigate ocean plastics and Stella Artois has partnered with Water.org to improve water access in developing countries. All of these brands are growing strongly.

The growing premium segment includes craft beers like Goose Island.

From seed to sip.

We are a company of owners who take results and progress personally, constantly driving towards a better future. We have a passion for brewing the highest quality beers our consumers love.



Our people

Our greatest strength is our people. Our people are curious, bold and resilient. We recruit, develop and retain people who can be better than ourselves.

Our suppliers

Relationships are essential to our operations—especially with our suppliers. Their collaboration is a key element to creating a resilient supply chain that delivers value and contributes toward our sustainability goals.

Our partners

We recognize no single organization can solve today's global challenges alone – effective partnerships are critical to addressing the most pressing challenges of today, and tomorrow, and the private sector must play a proactive role.

Our shareholders

Delivering consistent, profitable growth is our priority. We never take shortcuts. We have built our company with integrity, hard work, quality and responsibility.

Our communities

We are closely connected to the communities where we live and work. We strive to contribute positively to important issues such as sustainability, smart drinking and road safety in such communities. Our goals are focused on where we, as a global business of scale, can make the greatest positive impact.

Our customers

We partner with valued retailers, bar owners, wholesalers and distributors to bring our beers to our consumers, while supporting their business growth, striving to provide best-in-class service as well as pursuing extraordinary execution of our brands on- and off-trade.

Our consumers

Our consumer is the boss. Beer brings people together to celebrate life, and we serve our consumers by offering meaningful brand experiences, always in a responsible way.

Dreaming big is in our DNA.

We are a company of owners—empowered to lead real change, deliver results and grow at the pace of our talent. Dream-People-Culture is the platform on which we have and will continue to build our company. It is the foundation of our success, and it drives our performance.

Setting a foundation with our principles

Our ten principles form the essence of our culture, allow us to achieve a level of consistency in the way we do things while respecting local cultures and enable us to work together toward one shared Dream around the world.

Dream

1 Our shared Dream energizes everyone to work in the same direction: Bringing people together for a better world.

People

2 Our greatest strength is our people. Great people grow at the pace of their talent and are rewarded accordingly.

3 We recruit, develop and retain people who can be better than ourselves. We will be judged by the quality of our teams.

Culture

4 We are never completely satisfied with our results, which are the fuel of our company. Focus and zero-complacency guarantee lasting competitive advantage.

5 The consumer is the boss. We serve our consumers by offering brand experiences that play a meaningful role in their lives, and always in a responsible way.

5 We are a company of owners who take results personally. We lead by example and do what we say.

7 We believe common sense and simplicity are usually better guidelines than unnecessary sophistication and complexity.

8 We manage our costs tightly, to free up resources that will support sustainable and profitable top-line growth.

9 Leadership by personal example is at the core of our culture. We do what we say.

10 We never take shortcuts. Integrity, hard work, quality, and responsibility are key to building our company.

Brewing big, dreaming bigger

Brewing the world's most loved beers, building iconic brands and creating meaningful experiences are what energize and inspire us. We empower our people by pushing the boundaries of what is possible because we believe that through the hard work and strength of our teams, we can achieve anything. This is evident in many of our initiatives launched in 2018, including our 100+ Accelerator, and how we use the reach of our global brands to play an important role in our sustainability agenda.

Our people are curious, bold and resilient. We see challenges as opportunities and are excited by the possibilities they offer. We are constantly learning and growing, to recruit, develop and retain people who have the potential to be even better than ourselves.

We are all brewers. Passion for beer is our life.

Building careers and empowering our people

A rewarding career is not about waiting your turn—it is about realizing your goals and having impact. That is why we encourage fast career growth and early leadership—whether that means cross-functional experiences, global opportunities or leadership development.

Our Global Management Trainee (GMT) Program fast-tracks the careers of the brightest, most driven university graduates through a 10-month rotation that offers in-depth exposure to our business operations and global projects. We also bring in a strong pipeline of high-potential MBA talent through our Global MBA (GMBA) program. The GMBA program is a one-year development program that offers "deep dives" into the operations of several regions, unique exposure to senior leaders globally and the opportunity to work on some of the most impactful projects in the business.

The class demographics of our GMT and GMBA programs exemplify our focus on bringing in diverse talent and improving gender parity. Our 2018 GMBA class was made up of 50% men and 50% women, including participants from 10 different nationalities. Our 2018 GMT class was made up of 53% men and 47% women, including participants from 27 different nationalities.

We look for long-term leadership potential when attracting talent. This is evidenced by the fact that 62% of our salaried colleagues (bands 0-VII), have been with the company for more than five years, 32% have been with us for over 11 years and 11% have been with us for more than 20 years. For our senior colleagues who are director level and above, 81% have been with us for more than five years.

Measuring employee engagement

In order to encourage continued motivation and a culture of ownership, as well as reduce turnover, improve productivity and create more overall employee satisfaction, we place a strong emphasis on employee engagement. This starts with measuring engagement to create a benchmark to identify gaps and then build initiatives to improve engagement moving forward. Our engagement survey results and participation rates continue to be well above industry averages.

SUPPORTING COMMUNITIES AROUND THE WORLD

Volunteering in communities

Volunteering is one of the best ways to bring people together for a better world. All around the world, our people are passionate about empowering communities. We encourage these efforts through volunteering initiatives that are often also open to our families, friends, partners and consumers.

One key program is Global Be(er) Responsible Day, which in 2018 engaged more than 62,000 colleagues worldwide to promote awareness about smart drinking. Together, we spread smart drinking messages to more than 3.6 million consumers in one day through direct interactions, generating over 215 million social media impressions. We also engaged with more than 1.1 million points of consumption, retailers and wholesalers throughout the month of September.

Our local teams also organized their own volunteering efforts. In Mexico, our volunteering program Voluntarios Modelo engaged more than 135,000 people in volunteering activities in their communities, including many of our colleagues. In Brazil, our skills-based volunteering program VOA provided management training to 185 non-governmental organizations (NGOs) leveraging the management expertise of 191 of our colleagues. In Colombia, Ecuador and Peru our volunteering program #MeUno engaged more than 67,000 volunteers in environmental and educational activities. In the US, South Africa and Colombia our Pro Bono Marathon leveraged the skills of 194 colleagues to help 13 nonprofit partners solve organizational challenges.

Supporting disaster relief efforts

In 2018, many communities around the world were affected by droughts, earthquakes, wildfires, floods and other natural disasters. We believe we can play a positive role in building communities more resilient to disasters by working alongside government, civil society and other private sector organizations.

In South Africa, we responded to a major drought in Cape Town by providing the community access to local spring water (the public can collect a maximum of 25 liters per person per day). Additionally, we supported the city in its pressure management project to save 4.5 million liters of water per day.

In the US in 2018, we sent over 1.4 million cans of emergency drinking water to disaster relief efforts across the country in partnership with the American Red Cross through our Anheuser-Busch Emergency Drinking Water Program. In September 2018, our Fort Collins, Colorado, brewery added the necessary equipment to produce canned drinking water, so that we now have two US breweries with this capability in strategic locations.

We also responded to a major urban fire in a vulnerable community in the Brazilian city of Manaus, which was caused by a pressure cooker explosion in a home kitchen and impacted 520 families. We provided financial support in less than 24 hours, helping to acquire 260 new, safer ovens for the affected families.

1.4 million

cans of emergency water distributed in 2018 in the US

Supporting small enterprises and communities to thrive

Our small retailer development programs supported over 18,500 small retailers in eight markets across four regions. The initiatives aim to improve the incomes and livelihoods of small retail outlets in our distribution chain through access to tools such as business skills, financial services and infrastructure. In Colombia, Peru and Ecuador, the programs focused specifically on female-owned retailers, helping to support gender equality and women's economic empowerment.

In South Africa, we continued to empower small entrepreneurs and our suppliers with advanced business capabilities and access to new commercial opportunities, leading to the creation of over 2,400 jobs. This contributes to South African Breweries' goal to create jobs through enterprise and supplier development, helping drive inclusive economic growth and development.

We also work to drive positive impact that is tailored to the needs of the communities in which we work. Our foundations, such as the Anheuser Busch Foundation, Bavaria Foundation, Grupo Modelo Foundation and SAB Foundation, play a key role in achieving this.

In Brazil, our skills-based volunteering program VOA provided management training to 185 non-governmental organizations

Our CEO Carlos Brito joined Mike Bloomberg at a press conference to promote the 2019 Gender Equality Index at the Bloomberg Global Business Forum (September 2018, New York)

DIVERSITY AND INCLUSION

We believe that our greatest strength is our diverse team of people. Diversity and inclusion in our organization helps us to achieve our Dream as it enables the diversity of thought needed to achieve exceptional results. Our focus is on attracting, hiring, engaging, developing and advancing the very best talent and creating a level playing field—regardless of gender, ethnicity, sexual orientation or any other characteristics that make our colleagues unique.

Our global footprint provides us with an unparalleled opportunity to attract talent from diverse backgrounds. Currently, over 100 different nationalities are represented across our company and 55 nationalities are represented in our Global Headquarters.

Beyond that, reflecting the diversity of our footprint enables us to better understand our consumers and meet their needs. We believe that diversity of thought delivers better decision-making and more innovative ideas.

Our company was built by passionate people building a company to last. By creating opportunities for everyone, we will continue growing for the next 100+ years.

Driving diversity is a global priority for us

In 2018, we made progress in showing accountability for diversity and inclusion. For example, we launched our first global Diversity and Inclusion Policy as part of our Global Code of Conduct and appointed our first Global Director of Diversity and Inclusion in October.

Showcasing our commitment to diversity

In November, we signed the UN Women's Empowerment Principles & CEO Action for Diversity Pledge. The first action as part of our collective pledge was to celebrate 'A Day of Understanding' with a workshop for senior Global Headquarters colleagues moderated by PwC. Our CEO Carlos Brito opened the session by sharing personal insights on diversity, inclusion and unconscious bias. We also participated in the Bloomberg Gender Equality Index for the first time by releasing data on our workforce, benefits, products and gender related programs in our value chain, which resulted in us being listed on the 2019 Index. 2018 also marked the third straight year we achieved a 100% score on the Human Rights Campaign Corporate Equality Index in North America.

To further our progress towards our diversity and inclusion goals, we have joined organizations including Management Leaders for Tomorrow, OUTstanding, EMpower, Mercer's Global Diversity Forum and MAKERS@. We are also a Corporate Partner of the Stanford VMware Women's Leadership Innovation Lab.

Creating our goals and strategy

In 2018, we expanded our existing diversity and inclusion strategy beyond the workplace alone to encompass our broader value chain and communities. The strategy sets goals including attracting diverse talent, enabling our workforce to recognize bias and creating an inclusive work environment. Additionally, it defines priorities such as reviewing our policies and processes to be more inclusive, reflecting diversity and inclusion throughout our value chain and supporting relevant initiatives across the communities in which we operate.

Hiring and developing diverse talent

To ensure fairness across our processes to attract, hire, engage, develop and advance talent, we are establishing and tracking metrics in a global dashboard that will be reported to the executive team and board annually. Beyond that, in 2018 we trained close to 200 of our current Senior Leadership Team (SLT) and their direct reports through in-person workshops on unconscious bias and inclusion. Other managers and leaders globally were also given unconscious bias training through online and in-person training, and we implemented trained bias breakers in our performance review meetings.

"At INvolve, we've been extremely impressed with AB InBev's commitment to progressing their diversity and inclusion journey. From working with INvolve to launch their first ever Global D&I Policy, to hosting our New York Role Model dinner, it is clear that their desire for positive change is strong, and we are looking forward to seeing more in 2019."

- SUKI SANDHU, FOUNDER & CEO, INVOLVE

Committed to women in leadership

We are actively working to increase female representation, especially at the most senior level and have increased the percentage of women in our salaried workforce to 30%, which is up 2pp since 2016. We have also increased the percentage of female partners (bands 0-IV) to 20%, up 3pp since 2016. In 2018, we had 18% women in our overall workforce and 25% of our new hires were women.

Today, nearly half of our breweries in the US and a quarter of our breweries in Argentina, China and Europe are led by female head brewmasters, and they have played a crucial role in brewing some of our best-known beers.

Empowering caregivers

In May 2018, we launched our first Global Parental Leave Standard in all of the nearly 50 countries where we operate to provide caregivers with the leave they need to bond with their new children. All primary caregivers—irrespective of their gender—receive a minimum of 16 weeks of time off at 100% pay. Secondary caregivers receive a minimum of two weeks of time off at 100% pay. This new Standard now exceeds local regulatory requirements in over half of the countries where we operate.

As one of the world's leading companies, we believe we have not only a responsibility but an opportunity to support our colleagues through important life events. We are proud to set an example by setting a minimum parental leave standard globally that is available for all parents including same sex and domestic partners.

Supporting LGBTQ+ rights

We are committed to growing global pride in the LGBTQ+ community around the world. In 2018, we helped support LGBTQ+ rights with a variety of programs and some of our largest brands. We partnered with external organizations including Out for Undergrad, Reaching Out MBA and OUT-standing. Our Chief People Officer, David Almeida, advocated for LGBTQ+ rights at the Economist Pride and Prejudice LGBTQ+ Rights forum.

Driving impact through our brands

In addition, our brands play a powerful role in society, bringing people together through meaningful experiences. In 2018, some of our largest brands have championed our values of respect and inclusion in their campaigns and been forces for social change.

"Diversity and inclusion is a priority for my leadership team and me. Diverse teams bring better outcomes, and by working together with others to share best practices, we have an opportunity to drive positive impact through our colleagues, our brands, our consumers and our value chain."

CARLOS BRITO, CHIEF EXECUTIVE OFFICER, AB INBEV

Carling Black Label tackles gender-based violence in South Africa

We leveraged the popular Carling Black Label to raise awareness amongst the brand's largely male consumer base and help make progress towards putting an end to a critical national issue: violence against women. The #NOEXCUSE campaign kicked off in 2017.

As of January 2018, 55% of the target audience reported that they were aware of the campaign; and of those who reported being aware, 74% reported being willing to spread the word that domestic violence is unacceptable.

Skol supports LGBTQ+ inclusion in Brazil

Skol started a movement to raise awareness of LGBTQ+ inclusion by "donating" the "L" from the brand name to the LGBTQ+ acronym. For the month of June, Skol's product name appeared as "Sko" in social media. Skol invited other brands in Brazil to join them and each of the allied brands pledged to donate to organizations that support the LGBTQ+ community.

Grupo Modelo sponsors LGBT+ in Mexico

From February to July, our business in Mexico sponsored a temporary exhibition called "LGBT + Identity, Love and Sexuality" at the Museum for Memory and Tolerance in Mexico City. The objective of the exhibition was to raise awareness around the richness of diversity and the understanding of gender and sexual orientation, with the aim of promoting a harmonious coexistence and eradicating discrimination.

Castle Lager smashes labels in South Africa

In August, we removed labels from Castle Lager bottles to show our solidarity with all those who are unfairly and callously labelled on a daily basis. The goal of the campaign was to help raise awareness and eradicate the labels that divide us all.

Our Chief People Officer David Almeida at the Economist Pride and Prejudice forum (May 2018, New York)

-36%

total number of lost time injuries vs 2017

WORKPLACE SAFETY

Increasing safety in the workplace

The safety of our employees is our top priority. In 2018, we continued to increase awareness and promote safe behaviors with our colleagues and communities. Through our campaigns, including World Safety Day and our Global Behavioral Safety Initiative, we continually demonstrate what safety means to us; leadership commitment and ownership of safety by everybody working in or for AB InBev.

In addition, we made further progress against our key safety metrics. Total number of Lost Time Injuries decreased further with 36% vs 2017. This decrease was made possible by a further roll-out of the Environment and Safety Pillar of our global management systems, namely Voyager Plant Optimization (VPO) and Distribution Process Optimization (DPO) across Africa, COPEC and APAC South Zones as well as investments in improving the safety conditions in the facilities, implementation of behavioral safety programs and our focus on road safety. Our ultimate goal is to minimize risk, build safety leaders throughout the organization and achieve zero injuries. Through dedication and commitment of our team members, many of our operations are well on the way to achieve this dream.

We regret to report 14 occupational fatalities, of which 4 occurred inside the plants and 10 occurred in the field. Our safety programs for 2019 and beyond will continue to focus on preventing serious injuries and fatalities. Personal targets tied to variable compensation have also been significantly adapted to champion these programs.

Infrastructure and road conditions as well as violent assaults are a concern when operating outside of our facilities. This accounts for a portion of fatalities and serious incidents, which is why road safety and violence prevention is a top priority. In 2018, we continued to invest in fleet improvements and in training programs that give our employees the guidance to avoid situations that can put them at risk.

VPO and DPO continue to be our flagship programs where we track and monitor safety performance in our organization.

	2018	2017
Lost Time Injuries (LTIs)		
Supply Employees	135 A	233 A
Second Tier/Sales Employees	318 A	360 A
Contractors (All)	492	890
Total Recordable Injuries (TRIs)		
Supply Employees (Own)		
- Combined	415 A	*
- Pre-combination	246 A	269 A
Second Tier/Sales Employees		
- Combined	1,116	*
- Pre-combination	986	811
Fatalities**		
Supply Employees (Own)	1 A	0 A
Second Tier/Sales Employees (Own)	4 A	4 A
Contractors (All)	9 A	6 A

A Assured metric (please refer to External Assurance Report on page 51)

* Due to the focus on more severe accidents during 2017, TRIs from former SAB plants were not be reported. Internal controls regarding the reporting of TRIs were not yet sufficiently implemented during 2017, resulting in lower data quality and robustness.

** Fatalities data do not include commuting and community related fatalities as per AB InBev's reporting definitions. The table also does not include road fatalities of contractors which are fully managed by the contracted firm/company.

Key

Lost Time Injuries (LTIs)
Occupational injury resulting in more than one-day absence from work.

Total Recordable Injuries
LTIs + modified duty injuries + medical treatment injuries.

Supply Employees
Brewery and manufacturing facility employees, including first-tier logistics.

Second Tier/Sales Employees
Second-tier logistics, sales, Zone and global corporate employees.

Commuting Fatality
An incident that occurs while coming to work or going home resulting in a fatality to our employee(s).

Community Fatalities
Fatalities that occur to people outside of our operation in the course of doing business.

Setting the standard as a category leader.

To help optimize our portfolio and drive category growth across different markets, we use three interlocking strategic frameworks.

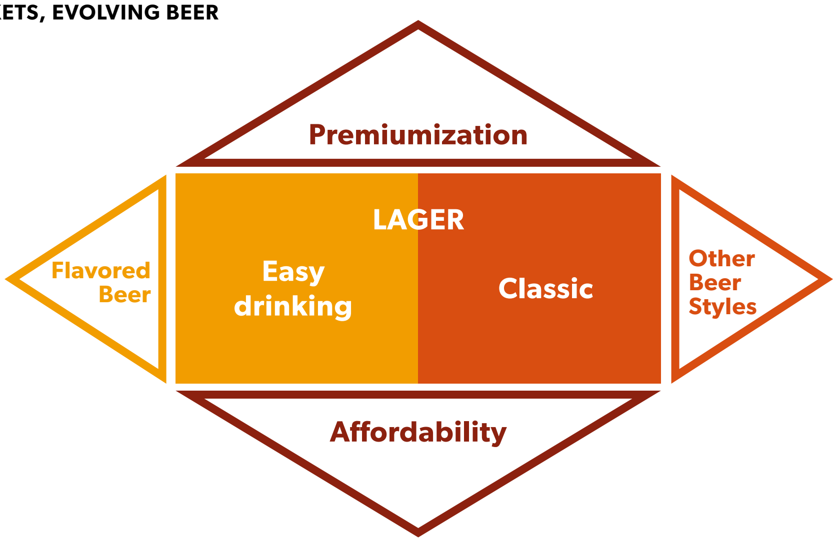
Market Maturity Model

The **market maturity model** is a framework which classifies our markets against a maturity level and share of beer. We know that the beer category evolves as markets mature and we use this model to group markets into clusters. We have found that the growth opportunity for beer differs across each level of maturity.

The model enables us to develop our portfolios and commercial capabilities with a future-facing mindset, so we can:

- Predict the evolution of a market and anticipate market dynamics from more mature markets
- Set specific priorities based on a market's cluster
- Optimize our portfolio of brands to address consumer occasions across clusters

CATEGORY EXPANSION FRAMEWORK
EVOLVING MARKETS, EVOLVING BEER



Category Expansion Framework

The **category expansion framework** guides us in shaping our brand portfolio to take advantage of the new occasions in evolving markets. We use this framework to identify which types of beer will best fit the adapting needs of an evolving market. This allows us how to expand our offerings to anticipate and deliver the types of beer our consumers desire.

Our vision is to structure the evolution of our beers to be similar to other categories:

- Stretch the price ladder through premiumization
- Add lower bitterness propositions
- Introduce sophisticated options
- Extend to savoring and refinement

We believe that the insights derived from the category expansion framework will enable our company to achieve further growth across our diverse geographic footprint at different levels of maturity.

Bringing the category expansion framework to life

At the center of the category expansion framework is core lager, the heart of our business. In many of our markets, both developed and emerging, our largest brand is within core lager. We have begun segmenting our core lagers into two types—easy drinking lagers and classic lagers, both suited for different occasions.

EASY DRINKING LAGER

CLASSIC LAGER

Enhancing category expansion through affordability

We use affordability to provide consumers in emerging markets with affordable, high quality, branded alternatives to illegal or illicit alcohol.

In 2018, we launched two new beers in Brazil, Nossa and Magnífica, brewed with local cassava. These initiatives were launched to drive our affordability platform, tapping into new consumers and giving them a safer, high quality beer option to replace unrecorded alcohol. Beyond that, the launch activated local production of cassava and created an additional revenue stream for the local government, that otherwise would not collect taxes on unrecorded alcohol.

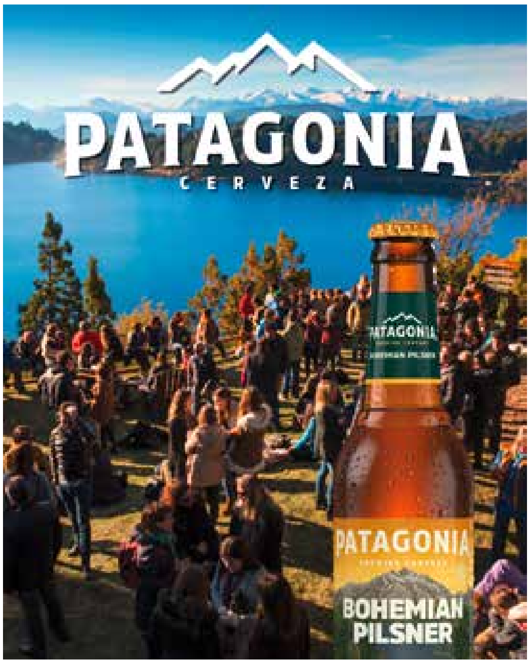
We also had a strong response to our 1L returnable glass bottles in South Africa, a pack format that offers consumers a lower per unit cost. Affordability initiatives such as these support volume and revenue growth.

We are convinced that this growth potential is compatible with our economic impact and Smart Drinking agenda.

Growing our business through premiumization

On the other side of the price spectrum, we use premiumization to unlock future growth by offering more high end beers for a variety of occasions, based on consumer trends. To drive premium sales, we utilize our global brands and the High End Company.

As markets mature, beverage consumption evolves and premium is the fastest growing beer segment in developed markets. Our objective is to grow our share of premium beer by evolving our product mix and allocating more resources to our premium brands.



Colombia is a good example of how we are premiumizing in a market. After the combination with SAB, we introduced our global brands to the Colombian market. Since then, they have grown double digits, allowing us to deliver a more diverse portfolio to consumers across different styles and price points, which has contributed to beer gaining share of total alcohol in that market.

Another example is Argentina, where we have substantially grown our premium share and developed the premium segment with our portfolio that now includes Andes, Patagonia, Stella Artois and Budweiser.

Utilizing our premium brand portfolio

Led by our global brands, our premium brand portfolio offers more choices for consumers as markets mature, providing opportunities for growth. In addition, we are the number one craft beer brewer around the world, with new, exciting and high quality beers to meet the needs of every occasion. An example of the success of our craft business is the global expansion of Goose Island, with brewhouse or brewpub locations now open in Brazil, Canada, China, Mexico, South Korea and the UK, as well as the growth of our specialties portfolio.

Positioning our global brands

Within our global portfolio, each brand maintains its own positioning, occasion and price point, allowing differentiation and minimizing overlap. These brands are our number one growth engine, representing more than one-third of our total net revenue growth in 2018.

- **Budweiser** is the perfect beer for high energy, premium party occasions, plus sports and music events
- **Stella Artois**, with a rich history of over 600 years and its iconic chalice, is positioned to elevate the food experience
- **Corona** is truly a lifestyle brand, designed to be inviting to men and women in the escape moment

Focusing on the High End Company

The High End Company addresses two main sections of our category expansion framework—premiumization through our global brands, and other beer styles through our specialities portfolio. The premium segment is expected to grow about five times faster than core and value in the years to come.

Elevating the core by offering new and compelling propositions

In addition to offering consumers a variety of options across price points, another way to grow the category is by extending our portfolio to appeal to people with different tastes. We do this by extending core lager to include options such as flavored, savory and other beer styles.

As a customer favorite, our clean, crisp lagers account for most of our brands and beer volumes. We are excited to share the rich traditions of core lager with consumers in different ways, to reach new generations of consumers and elevate lager to make our brands more relevant in consumers' lives.

+18.3%

High End Company revenue up 18.3% vs. 2017

We are invigorating core lager primarily through brand extensions and pack innovation.

In addition, we have a drive to communicate the intrinsic properties of our beers in terms of ingredients and the care and crafting of our brewing processes. A great example of this is our Brahma brand in Brazil, which has seen increased performance as a result of our focus on quality, ingredients, packaging upgrades and line extensions including Brahma Extra and Brahma 0.0.

Optimizing our portfolio for every market

Depending on the level of maturity in a given location, we prioritize different beers across our portfolio to fit the occasions of that market. For instance, in emerging markets there is a bigger focus on classic lagers and affordable brands. In developed markets, the emphasis is on broadening the set of occasions in which beer has a role to play.

Growth champions

We use **growth champions** to ensure that we expand our portfolios and related commercial practices efficiently and at the right time. This process follows one of our most successful business systems, efficiency champions, which provides a benchmark to open gaps, share best practices and then execute on them in a deliberate manner to deliver increasing cost-efficiency. We are now replicating this system through growth champions to benchmark best practices for top-line growth around the world and implement them in new markets with similar characteristics to leverage our scale.

In Brazil, our Brahma brand is elevating the core with packaging updates and line extensions.

+17.6%

Corona grew double digits for the fourth consecutive year, reaching 17.6% vs. 2017

Reviewing our performance.

2018 was another step forward in our company's transformational journey. Our business delivered consistent top-line growth with margin expansion and EBITDA acceleration throughout the year. Revenue growth of 4.8% was driven by own beer volume growth of 0.8% (total volume up 0.3%) as well as continued premiumization and revenue management initiatives. Revenue per hl growth on a constant geographic basis was 4.7%, of which we estimate more than 100 bps was driven by positive mix in line with our premiumization strategy. EBITDA grew 7.9% on a full year basis with margin expansion of 118 bps to 40.4%, with consistent acceleration each quarter in line with our guidance. However, we faced challenging macroeconomic environments in many emerging markets, especially Brazil, Argentina and South Africa, and unfavorable currency volatility has slowed our deleveraging pace.

+4.8%

Revenue growth in 2018

+7.9%

EBITDA growth in 2018

Company highlights of 2018 include:

- Revenue growth of 4.8% coupled with operating leverage drove EBITDA growth of 7.9% with margin expansion of 130 bps and 8.6 billion USD of underlying profit, all despite currency and commodity headwinds
- Volume, revenue and market share growth achieved in many of our important markets this year, led by Mexico, China, Western Europe, Colombia and several African countries including Nigeria
- Premiumization initiatives delivered top and bottom line growth, led by consistent double digit revenue growth in the High End Company and our global brands outside of their home markets
- In the US, we delivered our best annual share trend performance since 2012
- Approximately 8% of our global beer volume in 2018 was no- and low-alcohol as we continued to increase our focus on this opportunity, leveraging global health and wellness trends and in line with our commitment to smart drinking

Major country performances

United States

In the US, our revenues declined by 0.7%. Revenue per hl grew by 1.9%, driven by revenue management initiatives and continued premiumization of our portfolio. We estimate that industry sales-to-retailers (STRs) declined by 1.8%. Our own STRs were down 2.7% and our sales-to-wholesalers (STWs) were down 2.6%, as STWs converged with STRs as expected.

Our top-line performance was supported by the continued success of our commercial initiatives, which led to our best annual share trend performance since 2012 with an estimated decline in total market share of 40 bps.

Our above core portfolio continues to outperform the industry and accelerated share gains to 90 bps in FY18 versus 50 bps in FY17, driven by Michelob Ultra, our regional craft portfolio, the recently rebranded Bon & Viv Spiked Seltzer and our innovations in the segment. Michelob Ultra accelerated its growth in the fourth quarter, solidifying its position as the top share gainer in the US for the past 4 years. Our 2018 innovation pipeline contributed 50% of total industry innovation volume, up from 10% in the previous year, and included Michelob Ultra Pure Gold, Bud Light Orange and the Budweiser Reserve series. These innovations had a strong year and continue to gain share, enhancing the premiumization of our portfolio.

Within their segments, Budweiser and Bud Light are performing better than prior year trends. However, the core and core light segments remain under pressure as consumers trade up to higher price tiers, contributing to Budweiser and Bud Light losing 35 bps and 80 bps of estimated total market share, respectively in 2018.

Our Super Bowl advertising was in line with our strategy to strengthen the beer category. We drove stronger consumer awareness of our premium brands and innovations including Stella Artois, Bon & Viv Spiked Seltzer, Michelob Ultra and Michelob Ultra Pure Gold. Budweiser led the conversation on sustainability and renewable energy, and Bud Light highlighted the brand's commitment to quality and transparency for consumers, following our announcement in January that it would be the first brand in the US to add a comprehensive on-pack serving facts and ingredient label.

Our EBITDA declined by 2.3% in 2018 with margin contraction of 65 bps to 40.3%, as an improved top-line performance was more than offset by commodity headwinds and higher distribution expenses related to a tighter US freight market.

Mexico

Mexico was our best performing market this year in both top and bottom line delivery. We grew volume in every major brand and every region, resulting in a market share gain of 60 bps. Revenue grew by low double digits, revenue per hl grew by mid-single digits in line with inflation, and volumes grew by high single digits.

Throughout the year we have focused on developing our portfolio in line with the category expansion framework to clearly differentiate our brands. This strategy has enabled all of our brands to reach record levels across the country. Our core brands are leading the way for growth with different regional approaches, enabling Corona to grow at an accelerated pace in the Northern region and Victoria to deliver its best performance ever in the Central region. Our premium portfolio contributed meaningfully to top-line growth as well, led by Michelob Ultra and Stella Artois which grew by double digits.

The strong top-line performance, supported by capacity enhancements and continued cost discipline, contributed to EBITDA growth of 19.2% with margin expansion of 304 bps.

Colombia

In Colombia, our revenues grew by 8.4%, with revenue per hl growth of 5.0% and total volume growth of 3.2%. The beer category continues to expand, as we gained an estimated 150 bps of share of total alcohol in the year, leading to beer volume growth of 3.6%. Non-beer volumes grew 0.2%.

We continue to drive premiumization within the category, supported by our global brand portfolio which grew by more than 75% this year, led by a strong performance from Budweiser. Our local brand portfolio also performed well, led by Aguila's country-wide expansion focused on promoting its national identity.

EBITDA grew 17.3% with margin expansion of 418 bps, driven by revenue growth and continued synergy capture.

Brazil

Our business in Brazil reported revenue growth of 1.7% with revenue per hl growth of 6.4%. Volumes declined by 4.4%, with beer volumes down 3.1% and non-beer volumes down 8.7%. We estimate we lost 40 bps of market share in FY18, after gaining approximately 60 bps of market share in FY17.

We gained share in the premium segment, driven by our global brand portfolio which grew by more than 30%. Budweiser grew by more than 25%, Stella Artois was up by more than 40% and Corona led the way as one of the fastest growing brands in the country, with volumes up by more than 75% this year. Our core plus portfolio also delivered strong double digit growth, with both Bohemia and Brahma Extra performing very well.

We under-index considerably in the value segment with approximately 20% market share, and this segment now represents around 23% of the industry. Therefore, in order to capture share of the value segment without compromising our profitability, we are leveraging best practices from other markets to drive affordability initiatives in certain regions. We successfully launched two brands this year brewed with cassava grown by local farmers, which offer consumers an accessible price point while delivering comparable margins to our core portfolio. Nossa was launched in the third quarter in Pernambuco and we estimate it gained 5 percentage points of market share in the state by the end of the year. Applying the learnings from this early success, we launched Magnífica in the state of Maranhão in December, and we continue to explore additional opportunities to scale this initiative throughout relevant states for the segment.

In 2018, EBITDA grew 4.0% with margin expansion of 100 bps to 43.9% as a result of revenue management initiatives and ongoing cost discipline.

Our performance in Brazil this year was below our expectations in the context of a challenging consumer environment. We are committed to improving our results in the market and believe we have the right strategy in place to deliver more balanced top-line growth between volume and revenue per hl. Our strategy is supported by the right brand portfolio, distribution capabilities, commercial investments and people to deliver sustainable, profitable growth in 2019 and beyond.

South Africa

The macroeconomic and consumer environment in South Africa was challenging this year. The VAT increase as of 1 April 2018, numerous petrol price increases and rising unemployment levels continued to have a negative impact on consumer disposable income, which put disproportionate pressure on the core segment where our portfolio is over-indexed. Our revenue in 2018 was flattish, with mid-single digit revenue per hl growth offset by mid-single digit volume declines.

Our premium portfolio continues to grow by triple digits, and we gained 10 percentage points of market share in the growing high end segment this year. In the core segment, which still accounts for the vast majority of our volumes and was held back by a challenging macroeconomic environment, our share remains broadly unchanged, and toward the end of the year we saw an improved performance in volume.

EBITDA this year decreased by low single digits with margin contraction of just over 100 bps, primarily due to escalations in the cost of sales.

+30%

growth of global brand portfolio in Brazil

+8.3%

Revenue growth in China

Michelob Ultra was the fastest-growing brand in Canada in 2018

China

Revenue grew by 8.3% with premiumization driving revenue per hl growth of 5.6% and supported by volume growth of 2.5%.

Our strong top-line performance resulted in further market share gains of 75 bps as per our estimates. Our super premium brands continued to grow significantly, supported by a strong overall performance of our eCommerce business. Budweiser grew by mid-single digits supported by premiumization efforts which expanded beyond the music platform into fashion and broader lifestyle activations.

EBITDA grew by 20.9% with margin expansion of 338 bps, resulting from top-line growth coupled with continued premiumization and cost discipline.

Highlights from our other markets

In **Canada**, top-line declined by low single digits, driven primarily by a weaker beer industry and our share performance within the value segment, partially offset by the continued success of our trade-up strategy. Our High End Company in Canada is growing ahead of the industry, as Corona and Stella Artois continue to gain share and our local craft brands grew by double digits. Our focus core and core plus brands also continue to deliver solid results, with Michelob Ultra finishing the year as the fastest-growing brand in Canada, and with Bud Light growing share for the 23rd consecutive year.

In **Peru**, we grew revenue by 7.0% amidst a challenging macroeconomic environment that led to a volume decline of 1.7%. Top-line growth was driven by revenue management initiatives and positive brand mix from the growth of our global brands. In Ecuador, we grew revenue by 8.7% with volume growth of 4.9% and we gained an estimated 75 bps of share of total alcohol. This was a result of successful initiatives across our portfolio, led by Pilsener and Club Premium and continued growth of our global brands.

In Latin America South, **Argentina** volumes declined by low single digits, due largely to the consumption contraction resulting from challenging macroeconomic conditions. Despite the tough operating environment, we saw some encouraging trends in the industry and our portfolio. The beer category continues to gain share of throat from other alcoholic beverages, gaining over 3 pp this year. Our premium brands are doing well, gaining share in a growing segment of the industry, driven by Patagonia and Corona, and we continue to scale up Budweiser after reacquiring the rights to the brand in 2Q18. We also successfully repositioned our two largest brands in the country, Quilmes Clásica and Brahma, leading to an improved performance of our core portfolio.

Within EMEA, **Europe** grew revenue by low single digits, driven by both premiumization and volume growth. The UK and Spain led the way with double digit revenue growth underpinned by higher volumes, and we grew market share across the region. In **Africa** excluding South Africa, we saw significant own beer volume growth in FY18 in Zambia (up more than 20%) and Mozambique (up high teens), where we achieved record high market share in the last quarter of the year. However, own beer volumes were flattish in Tanzania and down by mid-single digits in Uganda as a result of capacity constraints and a challenging macroeconomic environment. Our growth in Nigeria accelerated throughout this past year following the introduction of our new brewery mid-year to meet demand, with revenue growth of more than 50% in 4Q18 (more than 25% in FY18) driven by double digit volume growth and continued market share gains.

In **Australia**, revenue grew by low single digits, despite lower volumes due to increased promotional activity by competitors and a softer industry performance amidst declining consumer confidence. Great Northern remains a key engine of growth, with continued double digit growth of both Original and Super Crisp variants. Our craft acquisitions continue to grow in strength with double digit volume growth. We also further strengthened our NABLAB portfolio with the launch of our first non-alcohol beer, Carlton Zero.

Driving growth through technology.

Our commitment to innovation is bringing us closer to consumers and communities around the world to drive business growth. We are leveraging new technologies to better engage with our consumers, partners, customers, colleagues and beer lovers around the world.

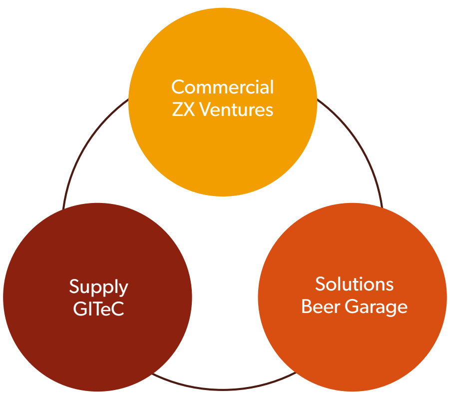
We have dedicated research labs and technology centers across the globe that are driving innovation and helping to ensure we stay ahead of the curve when it comes to our **commerce**, **solutions** and our **supply chain**.

From a **commercial** perspective, we are making strategic commercial investments in innovative technologies, optimizing our marketing and sales channels to drive top-line growth and support our customers' business growth.

We are scaling our **solutions** in enterprise technology to drive our commercial strategy and build a more sustainable business by developing capabilities that are globally scalable, secure, integrated and future-ready.

Lastly, technology is transforming our **supply chain**, allowing us to distribute fresher beer more efficiently and contribute to our partners' business growth, while serving evolving consumer needs.

DRIVING INNOVATION ACROSS THE GLOBE



ZX Ventures is brewing up the future, today

ZX Ventures is our global growth and innovation group whose mandate is to invest in and develop new products and businesses that address emerging consumer needs. We seed, launch, and even scale new products that deliver exceptional customer experiences, from services that step-change convenience, to rethinking delivery and more. ZX's organic net revenue growth represented over 10% of AB InBev's organic net revenue growth in 2018.

ZX Ventures operates multiple global business units of varying adjacency to our core beer business including eCommerce, Craft & Specialties, Brand Experience and our incubator and investment arm, Explore.

eCommerce

We acquired BoozeBud, a technology company revolutionizing how Australians can buy alcohol and Atom Group, a spirits, eCommerce and import business based in the UK. In China the eCommerce business grew 78% year over year and added 5.2pp share in 2018. China is also

+10%

ZX's organic net revenue growth represented over 10% of AB InBev's organic net revenue growth in 2018

leading the world in "New Retail", which is the digitization of all formats of retail, which is being driven by both Alibaba and JD.com. In December, AB InBev China was recognized for its leadership by Alibaba, receiving the "New Retail Influence Award," the only beverage or alcohol company to be so recognized.

Craft & Specialties

Craft beer is just starting to take off in some countries, and ZX Ventures is staying ahead of the curve. Our global craft beer brands grew 1.8% off-trade market share since last year. In 2018, one of our craft beer partners, 4 Pines Brewing Company, announced that the company is working on the first beer for space in partnership with Sabre Astronautrics. The result is Volstok Space Beer, a low-carbonation dry Irish Stout.

Brand Experience

2018 was a busy year for our brand experience team, with highlights such as the opening of our 200th point of consumption in Colombia for Bogota Beer Company (BBC), creating the first-ever permanent retail concept for a global brand via our Vista Corona openings in Barcelona, Spain and growing franchising to two new markets, Argentina and Brazil.

Explore

Our corporate venture capital arm creates and identifies new products to address evolving customer needs. We launched a dry, sparkling canned wine called Saturday Session in the Washington, D.C. market to address emerging consumer trends moving towards low-calorie, lower ABV wine.

We held another successful Zxlerator, an 11-week start-up accelerator based in New York City. This program serves as both an opportunity to bring in top MBA and undergraduate talent and as an incubator for organic innovation. In 2018, we generated more interest across the company than ever before, resulting in more than 50 applications. Seven new ventures were validated, and several will launch in 2019.

We also ran a successful pilot with the portfolio company Pensa Systems to help reduce in-store stock-outs in a retail partner location in Canada using drone system technology. We are currently exploring opportunities to pilot the technology more broadly.

Beer Garage is transforming our business through emerging technology

The Beer Garage is our home for innovation, emerging technology and enterprise technology, which includes Global Enterprise Architecture and Cyber Security. Our innovation teams help us explore, pilot and scale new capabilities and drive our competitive advantage.

While working to gain insights into the needs of our customers and consumers, Beer Garage is also scaling our existing capabilities in AI & ML (Artificial Intelligence & Machine Learning), IoT (Internet of Things), Cloud & Data Analytics, Automation & Robotics, and exploring emerging technologies such as Blockchain, AR & VR (Augmented Reality & Virtual Reality) and others.

What sets Beer Garage apart is our structured approach to innovation and our culture of collaboration. We value the mindset of a learner throughout all phases of corporate innovation: from defining the need, exploring and prioritizing solutions, validating technology through a proof of concept, piloting in specific locations and finally scaling across the globe.

With teams specializing in both Enterprise Architecture and Tech Innovation, the solutions being created at Beer Garage are exploring cutting-edge technologies to help enhance our capabilities while partnering with global functions across commercial, supply chain, people, sustainability and other areas of our business.

Expanding our data analytics capabilities

Data analytics and our ability to drive insights are key enablers of our digital journey. In 2018, we built a global data platform centralizing all relevant business information, which allowed for deeper analytical insights, driving top-line growth and efficiencies. In addition, we hired top data engineers and scientists to work on our key business opportunities, including B2B, sales forecasting, finance planning, marketing insight and much more.

Making strategic commercial investments in innovative technologies

We are the first brewer to explore the use of PoS (Point of Sale) technology to better understand our consumers, to help our customers grow and to help grow the beer category. We are integrating hardware, software and data from thousands of bars around the world to gather insights that will support our customers' growth.

Exploring the use of blockchain technology

We expect blockchain technology to be transformational to our business and world. We partnered with Civic Technologies to create the world's first age-verifying blockchain vending machine, which debuted in May at Consensus 2018. Participants of legal drinking age were able to claim a free can of Budweiser using the Civic app, which enabled the machine to verify their identity and age.

In March, we were part of a consortium that successfully tested a blockchain solution that could revolutionize our supply chain by eliminating the need for printed shipping documents, resulting in cost savings and reducing our use of paper. Utilizing blockchain technology in our supply chain will reduce mistakes, digitize information and improve our overall process.

Using bots and automation to reach consumers and customers

To help people find the perfect beer, we developed and launched Brewce, a consumer-facing chatbot and beer expert powered by AI that serves up taste profiles, suggests food and beer pairings and more. We also utilized AI in the customer-facing area with sales chatbots that facilitate order taking and create a smoother experience for customers.

Building solutions to fill gaps and create change

When the opportunity arose to help traditional office spaces become more innovative, our team answered with the Office Bud-E smart fridge. These Wi-Fi enabled refrigerators hold up to 180 beers and connect to local delivery services to ensure consumers are always stocked with their favorite beer brands.

We are also working to fill gaps in our supply chain with innovations such as predictive maintenance, a diagnostic software that collects data and compares against previous and expected results to detect changes and forward alerts to technicians. The sensor units come with a low-power vibration sensor that collects data every half hour or less. We have been running a pilot of predictive maintenance technology for nine months in our Fort Collins brewery in Colorado, US.

Fostering a culture of internal innovation

In the summer of 2018, we launched our first Tech Incubator—a one-of-a-kind internship, talent exchange and product development program. Supported by over 40 mentors from Silicon Valley, our teams set off on a 10-week endeavor to solve a range of global business challenges. Each team focused on a different business area or technologies, such as using AI and NLP (Natural Language Processing) for customer service chatbots, applying IoT & data analytics for smart beer packaging to gain supply chain visibility or building a Procurement application leveraging cloud and blockchain technologies. The teams presented their ideas during the final demo day, and they all received a green light from the leadership team to proceed to pilots in one of our locations around the world.

GITeC is driving innovation across our brewing technology

Our Global Innovation and Technology Center (GITeC) partners across the globe to tap relevant expertise and help our company deliver and develop new raw and packaging materials, brew new and innovative products and deliver them to consumers in sharply-designed packaging.

Located in Leuven, Belgium, GITeC features a diverse team of more than 120 scientists and specialists from more than 20 countries, working together to create and deliver winning innovation and technologies.

To implement GITeC's innovations throughout the world, we rely on ZITECs, local innovation centers in six regions that employ in-depth knowledge of the local market to help scale-up and ready the latest products and packaging for distribution, as well as employ new processes in their breweries that are better both for the consumer and the environment.

Delivering the best ingredients

Yeast is one of the most important ingredients in the development of new beers. To help explore new yeast and fermentation processes that provide new experiences in taste and quality, GITeC possesses one of the largest collections of brewing yeast in the world.

Creating a more sustainable brewing process

In addition to exploring new tastes, our colleagues at GITeC are also making a positive impact on the environment. GITeC developed a patented brewing technology called Simmer & Strip that successfully limits the need for heat and water energy used in the brewhouse. The technology simulates gas bubbles without the need to boil the beer, which significantly helps to reduce both water consumption and carbon emissions. 34 of our breweries are already equipped with Simmer & Strip technology, with 19 more planned for 2019.

Developing new NABLAB choices

GITeC also focuses on providing no- and low-alcohol beer options and has developed key proprietary technology that removes alcohol from beer after the brewing process to create non-alcoholic beer options without compromising taste. Thanks to this technology, the taste and overall experience of drinking non-alcoholic beers has significantly improved in recent years. Considering the growing trend of health and wellness, especially in mature markets, we are optimistic about the future of NABLAB.

In 2018, we launched 12 no- and low- alcohol beers, including Bud Light Radler, Carlton Zero, Diekirch 0,0, Flying Fish Chill, Franziskaner Zitrone 0,0, Great Northern, various Hoegaarden Radler varieties, Jupiler Pure Blonde and Leffe 0,0, in close cooperation with local development teams. These new options complement the previously developed portfolio of Brahma 0,0, Jupiler 0,0, Budweiser Prohibition Brew and Castle Free, among others.

Innovating packaging technology

GITeC also explores new packaging technologies to offer a great consumer experience. For example, our digital printing initiatives permit printing directly onto a bottle or can, which helps us connect with consumers in new, more meaningful ways. This technology was used to create special edition Budweiser bottles for the winners of the 2018 FIFA World Cup Russia™.

To help extend draught beer freshness, GITeC developed another packaging innovation called PureDraught. This "bottle-in-bottle" keg uses double-layered technology to prevent the contact of beer with CO_2, mix gas or air. PureDraught extends the life of draught beer for up to four times longer than a normal steel keg.

Making a tangible contribution.

We want every experience with beer to be a positive one. We believe the harmful use of alcohol is bad not only for our consumers, our colleagues, our families and our communities, but also for our business.

For these reasons and more, we support the World Health Organization (WHO) target of reducing the harmful use of alcohol by at least 10% in every country by 2025, and United Nations Sustainable Development Goal (UN SDG) target 3.5 to strengthen the prevention of harmful use of alcohol globally.

Our Global Smart Drinking Goals

We established our Global Smart Drinking Goals in December 2015 to contribute to WHO and UN SDG targets to reduce the harmful use of alcohol globally. The goals are intended to serve as a laboratory to identify and test replicable evidence-based programs, implement them in partnership with others and ensure they are independently and transparently evaluated. We are moving beyond awareness–raising campaigns to drive real change in the communities where we live and work. In 2017, we established the AB InBev Foundation to support achievement of our Global Smart Drinking Goals. In 2018, we published our Smart Drinking Beliefs, a set of principles and promises to guide our progress against our Smart Drinking commitments and make our vision a reality.

6

City Pilots in 6 cities around the world

Changing Behaviors Through Social Norms

City Pilots

Reduce the harmful use of alcohol by at least 10% in six cities by the end of 2020 and **implement the best practices** globally by the end of 2025.

Social Norms

Influence social norms and individual behaviors to reduce harmful use of alcohol by investing at least $1 billion across our markets in dedicated social marketing campaigns and related programs by the end of 2025.

Empowering Consumers Through Choice

No- and Low- Alcohol Beer

Ensure **No- or Low- Alcohol beer** products represent at least 20% of AB InBev's global beer volume by the end of 2025.

Label and Alcohol Health Literacy

Place a **Guidance Label** on all of our beer products in all of our markets by the end of 2020*. Increase **alcohol health literacy by the end of 2025.**

* The guidance label will be implemented in those markets where there is not already government mandated labeling in place, and where it is permissible by local regulation.

CITY PILOTS

Our City Pilots are the cornerstone of our efforts to identify, test, and independently evaluate replicable evidence-based programs to reduce harmful use of alcohol. They are enabling us to identify which innovative initiatives are effective enough to scale. We will use the knowledge generated from this work to share best practices with others and improve our own efforts.

The six pilot cities are: Leuven, Belgium; Brasilia, Brazil; Jiangshan, China; Zacatecas, Mexico; Columbus, Ohio in the US and Johannesburg, South Africa. The initiatives within these pilots focus on addressing drinking and driving, underage drinking, binge drinking, or other issues of local relevance.

8%

of our global beer portfolio is low- or no-alcohol

Engaging local stakeholders and providing resources for success

Local knowledge and leadership are critical components of the City Pilot approach. In each city, a local Steering Committee was formed with community members, including government, academia, and other organizations. The role of these committees is to set the direction of their City Pilot; select programs to implement; manage execution of those programs; and ensure coordination of all partners involved.

To equip the Steering Committees with knowledge and practical resources, the AB InBev Foundation supported experts from the University of Southern California, San Diego State University, and The Ohio State University to develop a Smart Drinking Toolkit, which compiles key principles from social marketing, behavior change, and implementation science to help Steering Committees maximize impact. It will also help Steering Committees identify key issues to address and prioritize the interventions to deploy.

Making progress in our Pilot Cities

In Brasilia, Brazil, a screening and brief intervention program has been piloted in two primary health care centers. In Leuven, Belgium, the City Pilot partnered with Health House – an innovative exhibition platform – to provide young people with information on the biological, psychological and social aspects of the use of alcohol, and highlight the benefits of responsible alcohol use. In Zacatecas, Mexico, the City Pilot has engaged government, academic, and other stakeholders to develop and undertake actions in three areas: underage drinking, road safety and binge drinking. In Columbus, Ohio in the US; Jiangshan, China; and Johannesburg, South Africa, the City Pilot teams established local Steering Committees, conducted baseline assessments, and identified areas of focus in preparation for implementation.

SOCIAL NORMS & SOCIAL MARKETING

We believe the way we market our beers matters and must be responsible. All of our marketing and communications are subject to both industry codes of conduct and our own Responsible Marketing and Communications Code.

Since launching our Global Smart Drinking Goals in December 2015, we have invested more than 135 million USD in social marketing programs and campaigns to positively influence social norms around drinking. We recognize that traditional marketing alone is not enough to reduce and prevent the harmful use of alcohol. This goal is not just about spending a specified amount, but rather spending with impact, supporting impactful campaigns and developing greater understanding of what works and why. Our aim is to move beyond awareness-building by using social norms and social marketing theory to help affect positive behavior change.

Social Marketing Toolkit

To help our marketing teams create real impact, we engaged McCann Global Health to produce a Social Marketing Toolkit in collaboration with public health experts. The toolkit contains practical information on behavior change theory, social norms and social marketing principles; plus a comprehensive library of our initiatives to reduce harmful use of alcohol. Upon completion, we facilitated a series of workshops to train our marketing teams to utilize the resources within the toolkit.

"There's potential for big impact, not just in terms of helping communities, but in terms of adding new knowledge to our understanding about how we can create more positive and healthy drinking environments."

JEFF FRENCH, PH.D., PROFESSOR OF SOCIAL MARKETING AT BRIGHTON UNIVERSITY BUSINESS SCHOOL

The #ProtectAFriend campaign from the "Smartest Smart Drinking Campaign"

The "Smartest Smart Drinking Campaign"

In 2018, we challenged our teams around the world to promote smart drinking messaging through innovative consumer-facing campaigns as part of an internal social marketing campaign competition. Using the Social Marketing Toolkit and with coaching from social marketing experts, our marketing teams around the world developed 30 unique and promising smart drinking campaigns.

An external panel of judges selected nine winners to receive funding to implement their campaigns, including:

- The #ProtectAFriend campaign by our Colombian brand Poker, which uses imagery of a crumpled beer cap to give consumers the visual of a car crash as a cue to remember not to drink and drive.
- A campaign from our Skol Beats brand in Brazil that tackles binge drinking with a unique argument—that harmful use of alcohol gets in the way of relationships.
- "The Best Accident" campaign from the Bud Light team in Mexico that urges consumers to leave their car if they plan to drink. It depicts footage of partygoers' cars getting crushed by a wrecking ball when they refused a taxi and decided to drive home after drinking.

NO-ALCOHOL AND LOW-ALCOHOL BEER

We are offering more choice to our consumers with the highest quality no- and low-alcohol beer options, which can be an important way to help reduce harmful use of alcohol. We are moving closer to achieving our goal: at the end of 2018, no- and low-alcohol beers made up about 8% of our beer portfolio by volume. In addition, six of our markets—Australia, China, Colombia, Ecuador, Honduras and Panama—had no- and low-alcohol beer representing more than 20% of their beer volumes.

No-alcohol beer

Our no-alcohol beers offer existing drinkers an option to enjoy the flavor and satisfaction they expect from beer while reducing alcohol intake and for not consuming alcohol at all when they decide to do so (e.g. when they are driving). For those who are not driving and decide to drink, they can moderate their drinking by practicing pacing, which means substituting some of their alcohol consumption for alcohol-free beverages, thereby lowering their intake of alcohol.

Since 2015, we have launched no-alcohol beers in many of our key markets, including Brahma 0.0 in Brazil, Budweiser Prohibition Brew in Canada, Carlton Zero in Australia, Castle Free in South Africa, Corona Cero in Mexico, and Jupiler 0.0 in Belgium.

Low-alcohol beer

We have also introduced low-alcohol beers in Canada, South Africa, Australia, and multiple European markets. Our solid portfolio of low-alcohol beer includes Bud Light Radler in Canada, Flying Fish Chill in South Africa, Great Northern in Australia and Hoegaarden Radler varieties. We also made further strides through the reformulation of our existing beers, including Bud Light (3.5% ABV) in the UK and Corona Light (3.4% ABV) in Mexico.

Measurement and evaluation of the impact of our no- and low-alcohol beers will be critical. In May 2018, we attended a roundtable hosted by Imperial College Business School in London, which focused on how to measure the impact of introducing no- and low-alcohol beers on reducing harmful consumption of alcohol. We look forward to results of the study being conducted.

LABELING & ALCOHOL HEALTH LITERACY

We believe in transparency and consumer choice. We want to help our consumers understand why and how alcohol should be consumed within limits, and are working to increase alcohol literacy among them, sometimes beyond regulatory requirements.

Developing guidelines for labeling

The AB InBev Foundation is supporting public health researchers at Tufts University School of Medicine to develop a consumer guidance labeling strategy for beer. As part of this work, Tufts conducted a scientific review of labeling effects and held a consensus conference in January 2018 in Boston, Massachusetts to review the evidence. The next step in this work is to develop label prototypes for our brands and develop and execute an implementation strategy.

ROAD SAFETY

We believe when you drive you should never drink, and as a major user of roads around the world, we are committed to contributing to safer roads for all. This is a personal issue for us - our approximately 175,000 colleagues and their families travel the world's roads every day. We share the UN SDG's ambitious target of halving the global number of deaths and injuries from road traffic crashes by 2020. We also recognize that as the world's largest brewer and a significant global operator of roadway fleets, we have a unique opportunity to take a leadership role improving road safety.

Tackling road safety together

We believe collective action is critical to achieving the UN SDG target, so we helped establish Together for Safer Roads (TSR), a coalition of private companies tackling road safety issues by sharing knowledge, data, technology and global networks. Since its founding in 2014, TSR has worked with local governments and NGOs to positively impact road safety around the world. In the state of Sao Paulo, Brazil, the Movimento Paulista de Segurança no Trânsito partnership reported a 13% reduction in fatalities between 2015 and 2017, accounting for over 496 lives saved due to but not only, on actions taken by the company on discouraging use of alcohol in transit. In Atlanta, Georgia, the government, after analyzing private sector and public data, suggests that critical road interventions reduced crashes by more than 26% from 2016 to 2017.

In January 2018, we announced a two-year partnership with UN Institute for Training and Research (UNITAR) to develop and spread insights and methodologies to help save lives beyond focus cities. Working with UNITAR, we are developing a road safety management toolkit that will be available to governments worldwide to improve their road safety efforts. We are testing it through local projects in the Dominican Republic, India, South Africa, China, Mexico and Brazil. We have also jointly organized a regional conference in South Africa and two high level dialogues in India and the Dominican Republic to help put road safety at the top of the public agenda; the next conference will take place in China.

We signed a partnership agreement with the United Nations Institute for Training and Research (UNITAR) to collaborate to improve road safety.

As part of our partnership with UNITAR, we supported the development of a new road safety e-learning platform that aims to help countries design and implement results-oriented road safety learning. It includes knowledge sharing and management materials, training and country-specific projects.

Addressing drinking and driving

It is our goal to make impaired-driving culturally unacceptable. In 2018, we published for the first time a public position on drinking and driving. We know that communications can play a role in changing social norms related to drinking and driving, but we recognize that change also requires the implementation and strong enforcement of effective legislative measures. For this reason, we support targeted legislation and enforcement measures that have been proven to reduce impaired driving, such as:

- Legislation specifying the blood alcohol concentration limit that defines impaired driving in a jurisdiction
- Strong enforcement, including high visibility enforcement patrols
- Public education and awareness campaigns
- The use of technologies such as ignition interlocks and alcohol detection systems

Working with partners to create change

We know there is more work to do and that we do not have all the answers. So, we are open and eager to collaborate experts and other partners such as TSR, UNITAR and others to help accelerate progress towards our goals.

Sustainability is our business.

Brewing quality beer starts with the best ingredients. This requires a healthy, natural environment as well as thriving communities. That is why Sustainability is not just part of our business, it is our business.

In this section we report on our progress against our public commitments and other sustainability efforts – responding to the Directive 2014/95/EU for non-financial reporting, key indicators from the GRI Standards and relevant UN Sustainable Development Goals.

Metric		2018	2017
Total water use (in billion hl)		1.632 [A]	1.775 [A]
Water use by hectoliter of production (hl/hl)		2.95 [A]	3.09 [A]
Total GJ of energy (in millions)		61.1	61.4 [A]
Total GJ of energy purchased (in millions)		59.2 [A]	*
Energy usage per hectoliter of production (in Mj/hl)		110.1 *	111.6 [A]
Energy purchased per hectoliter of production (in Mj/hl)		106.8 [A]	*
Total direct and indirect GHG emissions (Scopes 1 and 2 in million metric tons of CO_2e)		6.03 [A]	6.18 [A]
Total direct and indirect GHG emissions (Scopes 1,2, and 3 in million metric tons of CO_2e)		31.21	32.35
Scope 1 and 2 GHG emissions per hectoliter of production (in kg CO_2e/hl)		8.04 [A]	8.55 [A]
Scopes 1,2, and 3 GHG emissions per hectoliter of production (in kg CO_2e/hl)		57.0	59.9
% Renewable Electricity		16% [A]	-
% Returnable Packaging		43.5% [A]	46%
% Recycled Content in primary packaging	Glass:	41.4% [A]	37%
	Cans:	64.7% [A]	59%
	PET:	15.7% [A]	21%
Direct farmers skilled, connected, and financially empowered**	Skilled:	5,000	
	Connected:	10,000	
	Financially Empowered:	2,000	

[A] Assured Metric (please refer to External Assurance Report on page 51)
· Our goals on water, GHG emissions per hectoliter of production and energy pertain to our beverage facilities only and do not encompass our vertical operations such as malt plants and packaging facilities.
· Total direct and indirect GHG emissions data encompass beverage facilities and most vertical operations, including malt plants and packaging facilities.
· Scope 1 accounts for 59% of our operational emissions and includes CO_2 equivalent (CO_2e) from fuel used in our manufacturing processes and in cogeneration plants that generate on-site electricity. Scope 2 accounts for about 41% and represents emissions from purchased electricity.
· Scope 3 emissions constitute estimates based on a mix of supplier-based numbers, global emission factors and assumptions. Data's main categories include, Purchased Goods and Services, Logistics, Product Cooling, and End of Life.
* In line with our new sustainability goals, energy reporting will shift to energy purchased versus energy usage. Energy purchased per hl aligns with our RE100 sustainability goal of offsetting 100% of our purchased electricity with electricity sourced from renewable resources. Energy purchased per hl was not reported for breweries acquired from SABM in 2017.
** Smart Agriculture data is based on up-to-date estimates.

2025 Sustainability Goals

Following the achievement of our 2017 Environmental Goals, in March 2018 we launched our most ambitious set of goals yet. Our **2025 Sustainability Goals** aim to deliver a measurable, positive impact on the environment and our communities as aligned with the UN Sustainable Development Goals, directly contributing to goals such as Climate Action, Renewables, Water Access, Waste and Access to Finance.

Smart Agriculture:

100% of our direct farmers will be skilled, connected and financially empowered.

Water Stewardship:

100% of our communities in high stress areas will have measurably improved water availability and quality.

Circular Packaging:

100% of our products will be in packaging that is returnable or made from majority recycled content.

Climate Action:

100% of our purchased electricity will be from renewable sources and we will reduce our carbon emissions by 25% across our value chain.

ACCELERATING AGRICULTURAL DEVELOPMENT

We have taken a farmer-centric approach in our public commitment to ensure 100% of our direct farmers will be skilled, connected and financially empowered by 2025. Today, we estimate that through our Agricultural Development Programs in 13 countries we work with over 35,000 farmers and are working diligently to ensure we have full transparency of farmers in our direct supply chains. In supporting farmers growing our six priority crops (barley, cassava, hops, maize, rice, sorghum), we are investing in key enablers and lasting programs that will help improve their yields, profitability and stewardship of natural resources.

Building our role as trusted advisors

From satellite and blockchain technology, to data analytics that identify crop management best practices and need for breeding drought tolerant and weather resistant crop varieties, our teams are helping farmers improve their productivity and securing our supply chain for the future.

Our flagship agricultural development program is SmartBarley which is led by our agronomists to help growers improve their productivity, profitability and natural resource efficiency. Launched in 2013, SmartBarley has collected field-level data from more than 7,000 farmers to help improve their farming practices. Through our partnership with the University of Illinois, our dedicated team at Bud Lab uses big data analytics to assess farming practices alongside weather, soil and market data and give insights to improve productivity and environmental performance. In 2018, we rolled out a new and improved SmartBarley app to provide better tools for our 100+ agronomists to advise farmers around the world.

Unlocking advances in crop breeding and management

We continue to invest in the resiliency of our barley and crop varieties, and in management techniques that will secure our supply in the face of increasingly hostile and volatile climate changes. In 2018, our teams in the US, Mexico, Uruguay, Brazil and Argentina worked on establishing a field drone and imagery program to optimize nitrogen use and other management practices.

Developing better training resources

A key pillar of our programs is providing farmers with the crop management protocols and trainings they need to successfully grow crops while also growing their businesses and improving their livelihoods. In 2018, we developed training programs focusing on both technical and financial skills for farmers in multiple countries including India, Tanzania, Uganda and Mexico, working with key partners including TechnoServe and FIRA.

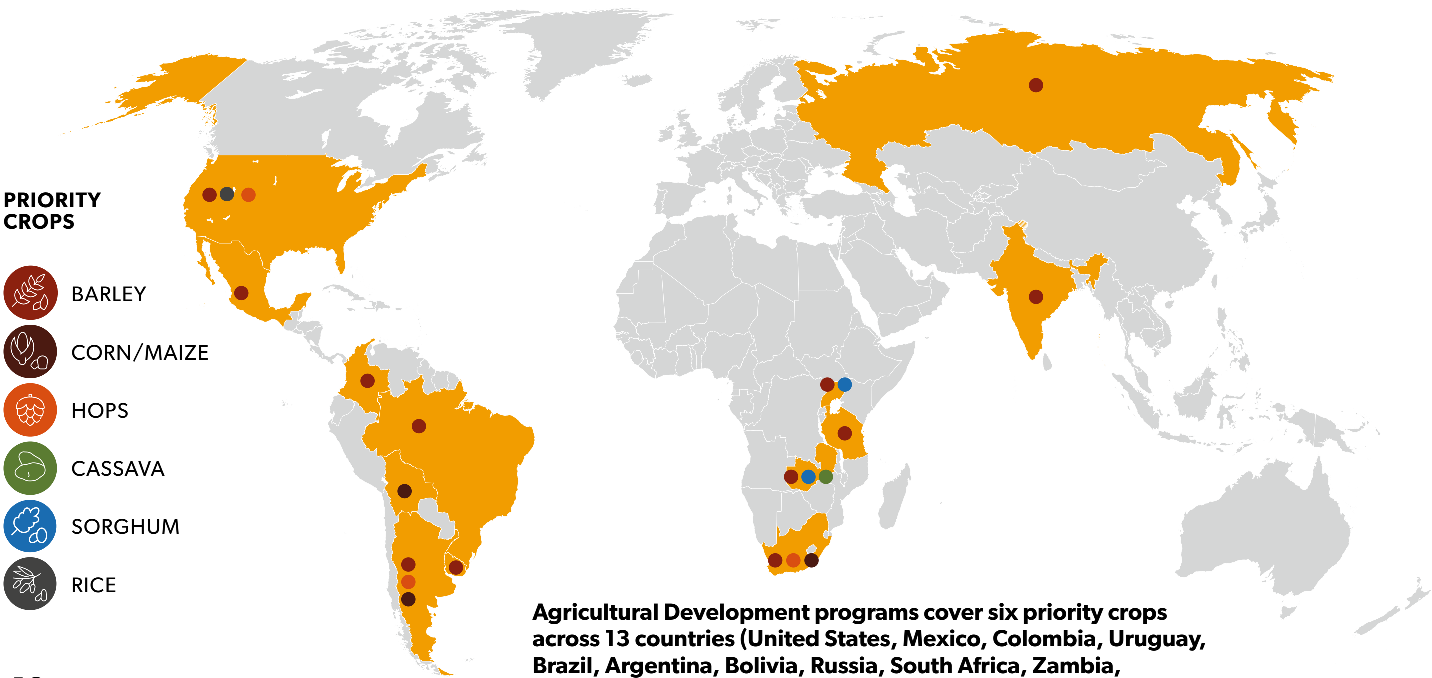
Investing in mechanization and supply chain infrastructure

We believe that investing in technology will develop our agricultural supply chains for the long term, unlocking significant increases in productivity and profitability. In 2018, we continued our work in Mexico to provide financing for seeders and more affordable harvesting services and established a collateral fund to provide financing for cleaning machines to reduce post-harvest loss and drip irrigation to improve water use efficiency in high water risk areas.

Fostering a foundation of transparency

Establishing a transparent supply chain will serve as a critical foundation to reaching 100% of our farmers. In 2018, we began piloting a program in Zambia with BanQu that connects us with 2,000+ farmers in our cassava supply chain through an SMS-based service that uses blockchain technology to record purchasing and sales data. The results have been extraordinary: more than 1,000,000 kilos of cassava have been sold on the platform to date, and we have been able to offer the farmers a digital financial identity. We have also expanded the program to Uganda barley farmers.

DIRECT AGRICULTURAL DEVELOPMENT PROGRAMS



Agricultural Development programs cover six priority crops across 13 countries (United States, Mexico, Colombia, Uruguay, Brazil, Argentina, Bolivia, Russia, South Africa, Zambia, Uganda, Tanzania, India)

100%

Our 2025 Water Goal aims to ensure that 100% of our communities in high stress areas will have measurably improved water availability and quality.

ADVANCING WATER STEWARDSHIP

As water resource challenges become increasingly magnified by climate change, we continue to ramp up our water stewardship efforts, taking an outward-in approach and seeking knowledge from key experts and major water conservation organizations. Coupling their guidance with our scale and management systems allows us to ensure a reliable, clean supply of water for both our operations and our local communities.

Our 2025 Water Goal aims to ensure that 100% of our communities in high stress areas will have measurably improved water availability and quality. This ambition correlates directly with UN Sustainable Development Goal #6 and aims to tangibly improve watershed health and livelihoods.

A results-based approach to watershed protection

Striving for measurable improvement in water availability and quality in high risk communities is a bold commitment—one that is grounded in our core belief that water security is a priority challenge to global sustainable development. We plan to lead a corporate shift toward measurability and accountability, ensuring that our local investments and programs translate into lasting impacts on water quality and availability for our communities and operations around the world.

To establish baselines for measurement and tracking techniques, we piloted watershed protection benchmarking initiatives in Mendoza, Zacatecas, Lusaka and Cape Town. We will apply our findings to the rest of high-stress sites by 2020 and share the results with our NGO and local community partners as well as our peers.

Partnering to tackle challenges

In 2018, we announced global water partnerships with The Nature Conservancy (TNC) and the World Wildlife Fund for Nature (WWF). Both of these organizations share our belief that measurable impact at scale is the next frontier in water stewardship.

The first phase of our TNC partnership is focused on Latin America and the US, with the development of four Water Funds in Colombia, El Salvador, Argentina and Mexico, and watershed protection projects in California and the Colorado River. The initiatives unite public, private and civil society stakeholders around the common goal of contributing to water security through nature-based solutions and sustainable watershed management.

Our partnership with WWF in Bolivia, South Africa and Zambia builds on previous collaborations that used water risk assessments to highlight the value of water to the economy. Together, we are working to develop blended finance approaches to encourage private sector investment at the scale required to improve water access and quality, enhance the health of river basins and ensure the needs of local communities are met.

Addressing global sustainability issues in a local context

While water is a global challenge, it always manifests within a specific local context. It is therefore essential to work with committed local stakeholders and develop a shared understanding of issues to design and implement effective response strategies. Approaches we have taken across high stress areas include environmental restoration, infrastructure improvements and communal water access projects.

For example, in Bucaramanga, Colombia, our operations and the local community are experiencing water quality deterioration as result of upstream contamination, deforestation and key ecosystems losses. To respond, our Bavaria unit is partnering with TNC on a new local water fund to promote sustainable mining and agriculture. Additionally, in October 2018, the German Ministry for the Environment awarded us a grant to scale up conservation efforts and protect the wetland, which serves as the source of water for the brewery and over two million people.

In Brazil, we launched AMA, a water brand whose sole purpose is to provide water access and improve life quality for those who do not have access to water in Brazil. 100% of profits go towards water access initiatives and we provide full transparency through our platform (www.aguaama.com.br) that discloses composition of profits, people impacted with the project, and verification by a third party.

Reducing operational water usage

As brewers, water will always be our number one resource. We continue our efforts to drive water efficiencies at 190+ breweries globally, as well as in our verticalized operations, including hops farms, malting, bottling and canning facilities.

CIRCULAR PACKAGING

As one of the world's largest purchasers of glass bottles and aluminum cans, we continue to champion a circular economy. Through our 2025 Packaging Goal, we aim to have 100% of our products be in packaging that is returnable or made from majority recycled content.

We aim to achieve our circular packaging vision through four key levers:

1. Recycle

- Increase recycled content in one-way packaging through supplier collaboration.
- Increase supply of recycled content through post-consumer waste recovery programs through local partnerships.
- Educate consumers to shift recycling attitudes.

2. Reuse

- Promote and protect returnable packaging.

3. Reduce

- Reduce the amount of material we put into the market.
- Reduce our carbon footprint.

4. Rethink

- Innovate and scale new materials and products designed for circular economy.
- Explore the use of alternative materials, technologies and designs for adverse materials.

Recycle

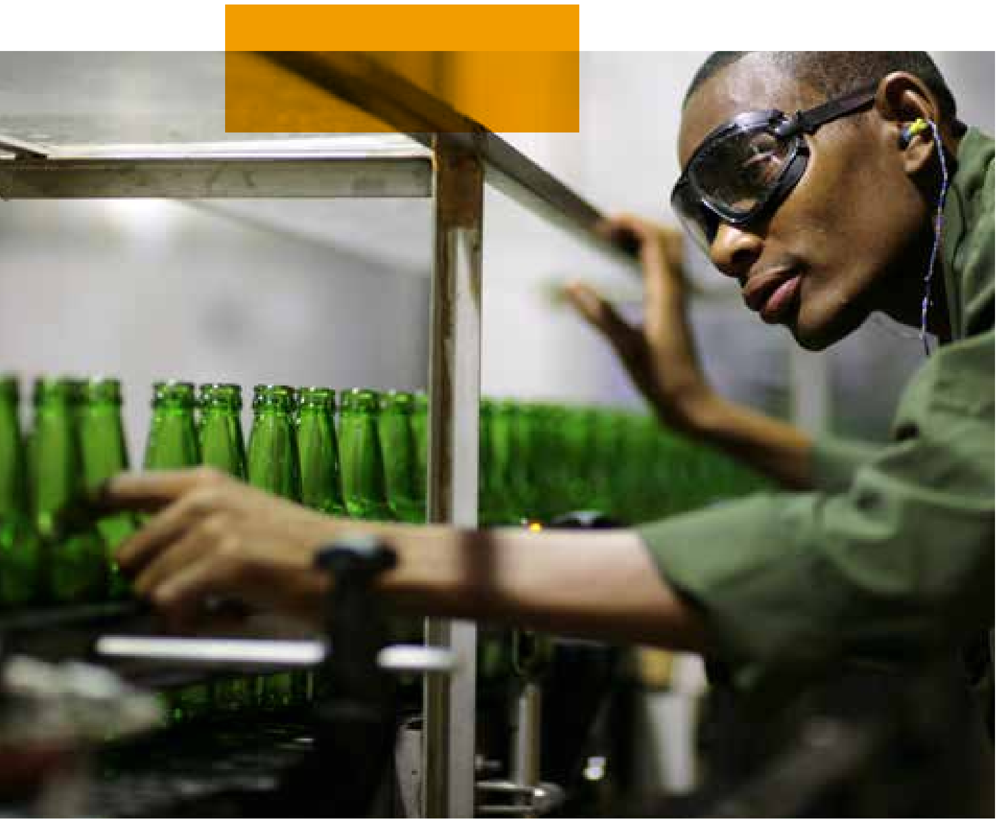
Packaging is our biggest contributor to our carbon emissions, representing more than one third of our carbon footprint across the value chain. To tackle this, we are collaborating with our packaging suppliers to spearhead partnerships to increase circularity across our key markets, explore ways to increase recycled content in our packaging, and co-innovate new solutions and technologies.

Additionally, we implemented reverse logistics pilots, taking advantage of the fleet we own to collect empty bottles and cans from our own franchises like Modelorama in Mexico. Through an incentive program, we encouraged both retailers and consumers to bring their empty containers back to the store where our trucks picked them weekly and brought them to our vertical glass plant near Mexico City.

Even though a very small portion of our packaging, we have also had several advancements on PET use. In 2018, we achieved 50% recycled content on one of our flagship brands, Pony Malta in Colombia.

Reuse

We made a notable contribution to circular economy through our two-way packaging (returnable bottles and kegs), and protecting and promoting returnable packaging continues to be our biggest opportunity. In 2018, 43.5% of our volume was in returnable packaging, down from 46%, and we plan to protect this operating model through consumer norm campaigns, innovations and new ways of working with our retailer partners. By working with our partners we are able to see an increase in cans from 59% in 2017 to 64.7% in 2018; 41% in glass from a 37% in 2017. PET decreased from 21% to 15.7%. We are working with our partners to increase recycled content in the coming years.



Reduce

In 2018, we worked with the Closed Loop Fund in the US and ECOCE in Mexico where we aim to increase recycled content in glass bottles.

Rethink

In November 2018, Corona launched 100% plastic-free fiber six pack rings made from plant-based biodegradable fibers, to be piloted in Mexico in early 2019. This initiative will replace close to 2.9 tons of hi-cone plastic currently used and reinforces our commitment to sustainable packaging.

100%

plastic-free fiber six pack rings piloted in Mexico

43.5%

of our volume is in returnable packaging

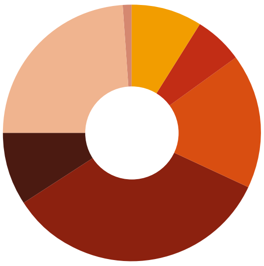
CLIMATE ACTION

Climate change is the most pressing issue confronting our planet with far-reaching consequences on our supply chain, operations and communities. We believe businesses can play a critical role in a global transition to a low-carbon economy to combat climate change, and recognize that our responsibility lies beyond our walls, into our value chain.

Therefore, we have committed to having 100% of our purchased electricity come from renewable sources by 2025. We have also set a science-based target to reduce our greenhouse gas emissions by 25% per beverage across our supply chain by 2025, with a baseline of 2017.

Our commitment to RE100 is well under way, with 50% of our global volume under contract up to date and 16% already implemented/operational. Our work to reduce our carbon footprint transcends our brewery walls. In 2018, we increased the scope of our carbon footprint, including Scope 3 emissions which account an estimated of 25 million tons of CO_2e in 2018 which includes our main categories purchased goods and services, logistics, and product cooling. In 2018, we estimated a reduction of 4.5% $kgCO_2/hl$ vs 2017 on the total scope 1,2 and 3 emissions. The numbers of the scope 3 emissions are based on calculations using a mix of supplier-based numbers, global emission factors and assumptions, and are getting more and more accurate taking into account new methodologies and industry best practice going forward.

OUR CARBON FOOTPRINT



- AGRICULTURE - **9%**
- PROCESSING BREWING INGREDIENTS - **5%**
- BREWING OPERATIONS - **16%**
- PACKAGING MATERIALS - **36%**
- LOGISTICS - **9%**
- PRODUCT COOLING - **24%**
- END OF LIFE - **1%**

16%

To date, we have contracted 50% of our electricity from renewables sources, and 16% of this is already operational

In Davos, Budweiser revealed a renewable electricity symbol to champion its commitment to brew with 100% renewable electricity.

Budweiser commits to renewable electricity

In January 2018, at the World Economic Forum in Davos, Switzerland, Budweiser revealed a renewable electricity symbol to champion its commitment to brew with 100% renewable electricity. The symbol was launched in the US and Chile, and will be rolled out in other markets around the world by 2025. Every day, 41 million Budweisers are sold globally. Transitioning to renewable translates into the equivalent of taking more than 50,000 cars off the road for the brand.

Mainstreaming electric trucks in our distribution

Logistics represents 9% of our total carbon footprint. Although we have been able to reduce emissions per hl by 4.4% since 2017 through routing efficiencies, use of alternative fuels and reverse logistics initiatives, we are continuously searching for ways to invest in new technology and drive the industry forward.

Following pre-orders of 40 Tesla trucks in 2017, we signed an intent to contract 800 hydrogen-powered, electric semi-trucks from Nikola Motor Company in 2018. Once delivered and scaled, the conversion of our entire long-haul dedicated fleet to renewable-powered trucks will account for a 19% decrease in logistics emissions in our US operations. We will begin testing in 2019, with a plan for full roll-out over the next five years across the whole country. This would replace approximately 30% of our total fleet, and nearly 100% of our dedicated Anheuser- Busch fleet.

In Europe, we have partnered with our fleet suppliers and plan to launch electric vehicles in the Netherlands starting in 2019. In Brazil, we partnered with Volkswagen to test the first electric delivery truck in Sao Paulo with the aim of replacing our fleet of 1,600 trucks by 2025. This accounts for an estimated 0.2% reduction in absolute GHG by 2025 - or equal to taking more than 14,000 passenger vehicles off the road per year.

Striving for more sustainable brewing

We continue to invest in innovation to make our brewing more sustainable. Since 2013, we have been able to reduce our energy usage 15% on more than 30 facilities throughout the world. In 2018 alone, we reduced energy usage from 111.6 to 110.1 MJ/hl.

Investing in renewable energy

We signed agreements for an equivalent of 1.1GWh in renewable electricity this year, representing more than 20% of our global consumption. Our partnership with Enel Green Power's Thunder Ranch in Oklahoma, US went live this year, providing 602,000 MWh of electricity – the equivalent of 11% of AB InBev's total global electricity consumption.

Engaging with our value chain to share best practices

We know that we cannot achieve these ambitious goals without the help of our suppliers and retailers. For this reason, in November 2018, we launched Eclipse, a dedicated platform where we invite supply chain partners to share our Sustainability vision. Eclipse will allow us to identify key opportunities for partnership on sustainable development with some of our biggest suppliers across our top markets. As of December 2018, more than 20 major suppliers signed up.

100+ ACCELERATOR

In August, we launched the 100+ Sustainability Accelerator by issuing ten challenge statements across a range of issues, including water stewardship, farmer productivity, product upcycling, responsible sourcing, green logistics and more. Our goal was to solicit applications from startups that are solving key sustainability challenges with innovative solutions. Through the program, we want to empower driven and committed entrepreneurs and use our vast resources and expertise to nurture, support and grow these budding businesses.

In its first year, the accelerator had over 650 applications from startups all over the world. Collectively, the startups raised over 100 million USD in funding and 50 million USD in revenue. Of the applicants, 21 were selected to participate in the first cohort and receive mentorship, funding and access to new net-works, so they can transform their ideas into reality.

We look forward to launching the second round of the accelerator in 2019, continuing our efforts to find breakthrough technologies to achieve our ambitious 2025 sustainability goals and contribute to the 2030 UN SDGs.

650

applications to our first 100+ accelerator

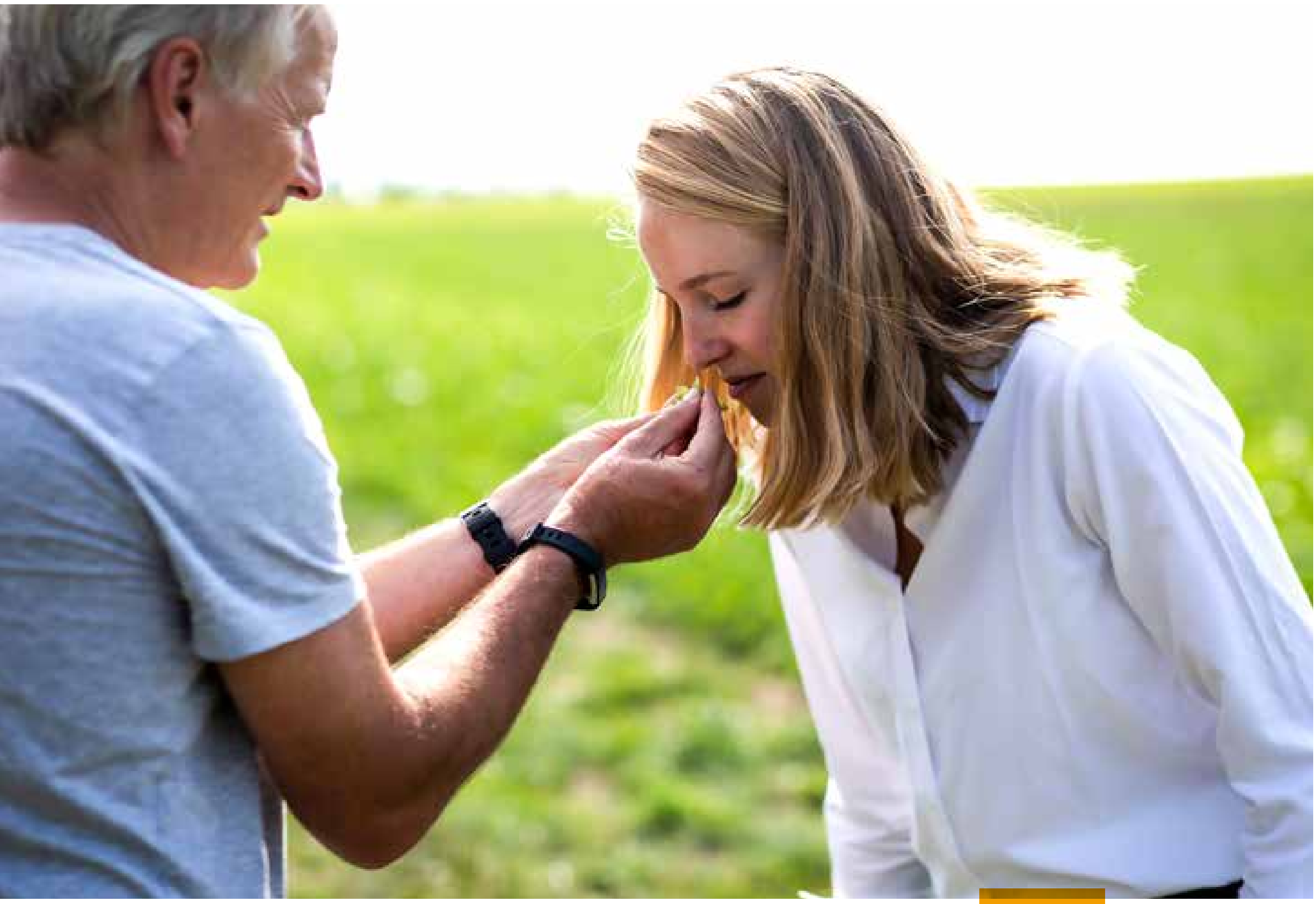
accelerator 100+

"I think that we may be standing on the precipice of world-wide change. I am excited to be a trigger for this and I am exhilarated to be partnering with such a dynamic and creative group of people from a truly committed powerhouse company."

- ARI KAUFMAN, CEO OF MICROLYZE, ONE OF OUR ACCELERATOR COMPANIES

Leading by example.

We never take shortcuts. We have built our company with integrity, hard work, quality and responsibility.



Preventing corruption and bribery

In 2018, we continued our efforts to maintain a leading anti-corruption compliance program. This program is managed by a global team that oversees policy implementation, investigations, operational dashboards and organizational change across all regions.

Our compliance officers are available around the clock to advise our people on specific issues. Colleagues can ask questions or raise concerns in person, via a mobile app or website or anonymously through a global compliance hotline.

We created BrewRIGHT, an innovative and award-winning data analytics platform that has put us at the forefront in the use of technology in the compliance space. We have also challenged ourselves to think holistically about the direction of our compliance program, and have rebranded our Compliance function as Ethics & Compliance, which reflects an effort to drive employee focus on principles-based decision-making, such as using ethical values to guide everyday business decisions.

We have also embarked on an effort to review, revise and enhance our compliance policies through the formation of the Policy Review Steering Committee. The committee conducts comprehensive reviews to identify compliance and business risks and to refine compliance policies to make them more practical, understandable and administrable for employees. As the committee undertakes this review, we are augmenting the process with a data-driven approach to identify potential gaps, and are focused at the policy design stage on how policies will be implemented, communicated and audited going forward to ensure that they are functioning effectively.

Our efforts to create and maintain a leading ethics and compliance program were recognized by a variety of leading experts in 2018, including:

- Former DOJ Compliance Counsel Hui Chen recognized our program as a leader in the use of data analytics in a July 2018 Global Investigations Review article entitled "Anti-bribery compliance: We need more 'pioneers'."
- The Financial Times twice recognized our Global Ethics and Compliance VP as one of the most innovative in-house lawyers in North America and awarded our company the 2018 award for Intelligent Business.
- BrewRIGHT's risk scoring methodology was also featured in an article titled "You can't monitor what you can't measure," in the March/April 2018 edition of Fraud Magazine, and as part of a Harvard Business School Case Study on our company's compliance program authored by Professor Eugene Soltes from Harvard Business School.
- Finally, Corporate Counsel awarded us the 2018 award for Best Legal Department in the compliance category for its "unconventional and high-tech strategies."

Brew RIGHT

Respecting human rights

Respect for human rights is a core tenet of our business ethos. We have been a signatory to the United Nations Global Compact since 2005 and are committed to the principles and guidance contained in the UN Guiding Principles on Business and Human Rights.

In 2018, we started a refresh of our Global Human Rights Policy, led by the Policy Review Steering Committee and with input from external stakeholders. The Policy sets out standards and expectations for respecting and promoting human rights, and its implementation is overseen by our Global and Regional Ethics and Compliance Committees.

We also updated and rolled out an Anti-Harassment and Discrimination policy throughout our entire organization. As part of the implementation strategy, we made reporting of violations a mandatory requirement for all supervisors under the Policy, and established Policy Ambassadors who will function as an early warning mechanism and means for colleagues to report or discuss grievances or concerns. Building on this, we also launched a new Global Diversity and Inclusion Policy.

To supplement this, in 2018 we developed Responsible Sourcing Principles for Farms to highlight the principles of the Responsible Sourcing Policy that are most relevant in the agricultural context and to clarify our expectations in our agricultural supply chain. We work with over 35,000 direct farmers, ranging from large commercial farmers to smallholders and have created these principles to apply across a broad range of agricultural contexts. In 2019, we will work to implement these principles in our agricultural supply chain and support farmers to drive continuous improvement in their operations.

We also take part in industry and NGO initiatives that seek to improve supply chain performance. We are a member of AIM-Progress, a global forum of consumer goods companies sponsored by the European Brands Association and the Grocery Manufacturers Association. As a member, we report audits of our suppliers to AIM-Progress. We are also a member of SEDEX, an effective management solution that helps us reduce risk and improve our supply chain practices.

Report Scope

The Sustainability section of the 2018 Annual Report provides information about the progress towards our 2025 Sustainability Goals launched in March of 2018. Together with our corporate website, they provide an update of Anheuser-Busch InBev's performance on key metrics during the 2018 calendar year. This chapter, along with Smart Drinking & Road Safety, and Dream-People-Culture, including D&I, have been established in accordance with the law of September 3, 2017 implementing Directive 2014/95/EU of October 22, 2014 amending Directive 2013/34/EU regarding disclosure of non-financial and diversity information by certain large undertakings and groups. Together, they form the non-financial statement required under the referred law and include an overview of our environmental, social and human related matters, as well as human rights and anti-bribery matters. Some of the SDGs in relation to our goals refer to Improved Healthcare, Clean Water and Sanitation, Renewable Energy, Reducing Waste generation, Reduction of GHG Emissions and energy consumption, among others.

Alongside our environmental sustainability, information on Smart Drinking and Road Safety, Workplace Safety, and Business Ethics can be found on pages 23, 36 and 48 of this report. Additional information on volunteering and disaster response is also included in this report (page 20). These sections are intended to provide updates to stakeholders, including investors, employees, governments, NGOs, costumers, and consumers in countries where we operate in.

AB InBev prepared the 2018 report (these chapters and website) using the Global Reporting Initiative's (GRI) Standards as a guide. To help determine the content developed, a materiality assessment was conducted, which helped identify the key issues that are of most importance to our stakeholders and our company. For more information at our materiality assessment, including Boundary Analysis Table, and GRI Index for this year's report can be found at www.ab-inbev.com.

Our 2025 Sustainability Goals and overall sustainability agenda aligns with several of the UN Sustainable Development Goals (SDGs) established by the United Nations in 2015. Activities throughout our operations and supply chain are aligned to the metrics that are considered the most material to our business and critical to our stakeholders. We are focused on areas where we can make the most significant positive impact.

The data and stories presented on this report were gathered and verified with the assistance of content owners across all functions and geographic zones.

AB InBev has established processes to ensure accurate and consistent reporting of Smart Drinking and Safety, 2025 Sustainability Goals, and Safety performance data, as well as key performance indicators. In the Assurance Report of the Independent Auditor (page 51), and in key places along the report, we have identified which metrics have been externally assured by KPMG. Financial information included has also been audited by Deloitte.

Environmental data from newly acquired operations are excluded from the running cycle. These facilities will be included in future reporting. Safety data is immediately tracked and monitored for all sites and included unless otherwise stated in text or footnotes. For all environmental and safety data, divestitures and closures are removed from the scope for the reporting year, but prior years are not adjusted.

Global goals on water, energy purchased and greenhouse gas emissions presented in this section, as well as key performance indicators such as energy usage, include AB InBev's wholly-owned operations unless stated otherwise in text or footnotes. Energy usage and purchased excludes the energy exported to third parties and certain projects under construction. The excluded energy use and purchase does not reflect the amount of energy used in our beer brewing processes. For comparison purposes following the combination with SAB, selected Safety TRIs data represent 2017 AB In-Bev pre-combination, 2018 AB InBev pre-combination and 2018 AB InBev combined with SAB, as noted.

For our Circular Packaging goal, recycled content information for primary packaging regarding third party vendors is included under the scope of the numbers as well as our own operations. Recycled content refers to recycled material included in primary packaging including glass, cans, and PET, taking into account the totality of our purchases on that calendar year.

In the scope of our reported Sustainability goals, both our beverage and vertical operations are included in addition to our Scope 3 emissions regarding information beyond our operations and that impact our supply chain with exception of the KPIs on energy and water usage and the KPI on Scope 1+2 emissions per hectoliter of production (in kg CO_2/hl)", as the relative KPI regarding scope 1 and 2 emissions also excludes vertical operations. For our beverage and vertical operations, including malting and packaging facilities use our Voyager Plant Optimization (VPO) global management system. This data is reported annually to the Carbon Disclosure Project (CDP). Specific data tables contain footnotes for additional data.

This report contains forward-looking statements regarding estimations into the future. These generally include words and/or phrases such as "will likely result", "aims to", "will continue", "Is anticipated", "it is estimated", "anticipate", "estimate", "project", "result", "is predicted", "may", "might", "could", "believe", "expect", "plan", "potential", or other similar expressions. These statements are subject to uncertainties. Actual results may differ from those stated in this report due to, but not limited, impact to climate change, water stress, financial distress, negative publicity, our availability to hire and/or retain the best talent, emerging regulations, and reputation of our brands, the ability to make acquisitions and/or divest divisions, access to capital, volatility in the stock market, exposure to litigation, and other associated risks not mentioned as well as risks identified in our Form-20 filed with the US Securities and Exchange Commission. Additional infor-mation about AB InBev's climate and water risks, management and performance of such is available through CDP.

Assurance Report of the Independent Auditor

To the readers of the Anheuser-Busch InBev 2018 Annual Report:

Introduction

We have reviewed the following information in the Anheuser-Busch InBev 2018 Annual Report (hereafter 'The Selected Information') of Anheuser-Busch InBev SA/NV (hereafter 'AB InBev') based in Leuven, Belgium:

- Water Use by Hectoliter of Production and Total Water Use (page 41)
- Total Energy purchased and Energy purchased per Hectoliter of Production (page 41)
- Percentage of purchased electricity from renewable sources (page 41)
- Total Direct and Indirect GHG Emissions and GHG Emissions per Hectoliter of Production (page 41)
- Percentage of returnable primary packaging (page 41)
- Percentage of recycled content in primary packaging (page 41)
- Lost Time Injuries (LTI) – Supply Employees (own), Second Tier and Sales Employees (page 23)
- Total Recordable Injuries (TRI) – Supply Employees (own) (page 23)
- Fatalities (page 23)

The information reviewed as part of our limited assurance engagement has been indicated throughout the Annual Report with the symbol 'A'. A review is aimed at obtaining a limited level of assurance.

Conclusion

Based on our procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that The Selected Information is not prepared, in all material respects, in accordance with the applied reporting criteria as disclosed in the section 'Report Scope' on page 50 in the Annual Report.

Basis for our conclusion

We have performed our review on The Selected Information in accordance with the International Standard on Assurance Engagements (ISAE) 3000: "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board.

This review engagement is aimed at obtaining a limited level of assurance. Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of The Selected Information' of our report.

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Scope of the group review

AB InBev is the parent company of a group of entities. The Selected Information incorporates the consolidated information of this group of entities as disclosed in the section 'Report Scope' on page 50 in the Annual Report.

Our group review procedures consisted of both review procedures at corporate (consolidated) level and at site level. Our selection of sites in scope of our review procedures is primarily based on the site's individual contribution to the consolidated information. Furthermore, our selection of sites considered relevant reporting risks and geographical spread.

By performing our procedures at site level, together with additional procedures at corporate level, we have been able to obtain sufficient and appropriate evidence about the group's reported information to provide a conclusion about The Selected Information.

Responsibilities of the Board of Directors for The Selected Information

The Board of Directors of AB InBev is responsible for the preparation of The Selected Information in accordance with the applied reporting criteria as described in the section 'Report Scope' on page 50 in the Annual Report, including the identification of stakeholders and the definition of material matters. The choices made by the Board of Directors of AB InBev regarding the scope of the information in the Annual Report and the reporting policy are summarized in the section 'Report Scope' on page 50 in the Annual Report.

The Board of Directors is also responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of The Selected Information that is free from material misstatement, whether due to fraud or error.

Our responsibilities for the review of The Selected Information

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether The Selected Information is free from material misstatement.

Procedures performed in an assurance engagement to obtain a limited level of assurance are aimed to determine the plausibility of information and are less extensive than a reasonable assurance engagement. The level of assurance obtained in limited assurance engagements is therefore substantially less than the level of assurance obtained in a reasonable assurance engagements.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of The Selected Information. The materiality affects the nature, timing and extent of our review procedures and the evaluation of the effect of identified misstatements on our conclusion.

We apply the International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the International Standard on Assurance Engagements (ISAE) 3000, ethical requirements and independence requirements.

Procedures performed

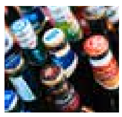
Our limited assurance engagement on The Selected Information consists of making inquiries, primarily of persons responsible for the preparation of the Selected Information, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included, among others:

- Identifying areas of The Selected Information where material misstatements, whether due to fraud or error, are likely to arise, designing and performing limited assurance procedures responsive to those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion;
- Developing an understanding of internal control relevant to the limited assurance engagement in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of the reporting criteria used and their consistent application, including the reasonableness of estimates made by management and related disclosures to The Selected information;
- Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on The Selected Information and consolidating the data in the 2018 Annual Report;
- Visits to seven production sites in Mozambique, Brazil, Korea, Germany, the United States of America and Mexico (two sites) aimed at, on a local level, validating source data and evaluating the design and implementation of internal control and validation procedures;
- Reviewing relevant internal and external documentation, on a limited test basis, in order to determine the reliability of The Selected Information;
- Preliminary and final analytical review procedures to confirm our understanding of trends in the Selected Information at site and corporate level.

Antwerp, 28 February 2019

KPMG Bedrijfsrevisoren CVBA
Represented by

Mike Boonen
Partner



Financial report.

Contents

Management report

Anheuser-Busch InBev is a publicly traded company (Euronext: ABI) based in Leuven, Belgium, with secondary listings on the Mexico (MEXBOL: ANB) and South Africa (JSE: ANH) stock exchanges and with American Depositary Receipts on the New York Stock Exchange (NYSE: BUD). Our Dream is to bring people together for a better world. Beer, the original social network, has been bringing people together for thousands of years. We are committed to building great brands that stand the test of time and to brewing the best beers using the finest natural ingredients. Our diverse portfolio of well over 500 beer brands includes global brands Budweiser®, Corona® and Stella Artois®; multi-country brands Beck's®, Castle®, Castle Lite®, Hoegaarden® and Leffe®; and local champions such as Aguila®, Antarctica®, Bud Light®, Brahma®, Cass®, Cristal®, Harbin®, Jupiler®, Michelob Ultra®, Modelo Especial®, Quilmes®, Victoria®, Sedrin® and Skol®. Our brewing heritage dates back more than 600 years, spanning continents and generations. From our European roots at the Den Hoorn brewery in Leuven, Belgium. To the pioneering spirit of the Anheuser & Co brewery in St. Louis, US. To the creation of the Castle Brewery in South Africa during the Johannesburg gold rush. To Bohemia, the first brewery in Brazil. Geographically diversified with a balanced exposure to developed and developing markets, we leverage the collective strengths of approximately 175 000 employees based in nearly 50 countries worldwide. For 2018, AB InBev's reported revenue was 54.6 billion US dollar (excluding joint ventures and associates).

The following management report should be read in conjunction with Anheuser-Busch InBev's audited consolidated financial statements.

In the rest of this document we refer to Anheuser-Busch InBev as "AB InBev" or "the company".

Selected financial figures

To facilitate the understanding of AB InBev's underlying performance, the comments in this management report, unless otherwise indicated, are based on organic and normalized numbers. "Organic" means the financials are analyzed eliminating the impact of changes in currencies on translation of foreign operations, and scopes. Scopes represent the impact of acquisitions and divestitures, the start-up or termination of activities or the transfer of activities between segments, curtailment gains and losses and year-over-year changes in accounting estimates and other assumptions that management does not consider part of the underlying performance of the business. The impact of adopting hyperinflation accounting in Argentina effective 1 January 2018 is presented as a scope change.

The tables in this management report provide the segment information per region for the period ended 31 December 2018 and 2017 in the format up to Normalized EBIT level that is used by management to monitor performance. The results of the former SAB Central and Eastern European Business were reported as "Results from discontinued operations" until the completion of the disposal that took place on 31 March 2017 and the results of Distell were reported as share of results of associates until the completion of the sale that occurred on 12 April 2017, and accordingly, are excluded from normalized EBIT and EBITDA. On 4 October 2017, the company completed the transition of its 54.5% equity stake in Coca-Cola Beverages Africa ("CCBA") and stopped consolidating CCBA in its consolidated financial statements as of that date. Furthermore, on 30 March 2018, AB InBev completed the 50:50 merger of AB InBev's and Anadolu Efes' existing Russia and Ukraine businesses. Following the closing of the transaction, the operations of AB InBev and Anadolu Efes in Russia and Ukraine are combined under AB InBev Efes. The combined business is fully consolidated in the Anadolu Efes financial accounts. As a result of the transaction, AB InBev stopped consolidating its Russia and Ukraine businesses and accounts for its investment in AB InBev Efes as results of associates as of that date.

Whenever used in this report, the term "normalized" refers to performance measures (EBITDA, EBIT, Profit, EPS, effective tax rate) before non-recurring items and discontinued operations. Non-recurring items are either income or expenses which do not occur regularly as part of the normal activities of the company. They are presented separately because they are important for the understanding of the underlying sustainable performance of the company due to their size or nature. Normalized measures are additional measures used by management, and should not replace the measures determined in accordance with IFRS as an indicator of the company's performance, but rather should be used in conjunction with the most directly comparable IFRS measures.

The tables below set out the components of AB InBev's operating income and operating expenses, as well as the key cash flow figures.

Million US dollar	2018	%	2017	%
Revenue[1]	**54 619**	**100%**	**56 444**	**100%**
Cost of sales	(20 359)	37%	(21 386)	38%
Gross profit	**34 259**	**63%**	**35 058**	**62%**
SG&A	(17 118)	31%	(18 099)	32%
Other operating income/(expenses)	680	1%	854	2%
Normalized profit from operations (Normalized EBIT)	**17 821**	**33%**	**17 814**	**32%**
Non-recurring items	(715)	-	(662)	-
Profit from operations (EBIT)	**17 106**	**31%**	**17 152**	**30%**
Depreciation, amortization and impairment	**4 260**	**8%**	**4 270**	**8%**
Normalized EBITDA	**22 080**	**40%**	**22 084**	**39%**
EBITDA	**21 366**	**39%**	**21 429**	**38%**
Normalized profit attributable to equity holders of AB InBev	**6 793**	**12%**	**7 967**	**14%**
Profit from continuing operations attributable to equity holders of AB InBev	**4 368**	**8%**	**7 968**	**14%**
Profit attributable to equity holders of AB InBev	**4 368**	**8%**	**7 996**	**14%**

Million US dollar	2018	2017
Operating activities		
Profit of the period	5 691	9 183
Interest, taxes and non-cash items included in profit	15 870	12 484
Cash flow from operating activities before changes in working capital and use of provisions	**21 561**	**21 667**
Change in working capital	512	219
Pension contributions and use of provisions	(488)	(616)
Interest and taxes (paid)/received	(7 064)	(5 982)
Dividends received	141	142
Cash flow from operating activities	**14 663**	**15 430**
Investing activities		
Net capex	(4 649)	(4 124)
Net of tax proceeds from SAB transaction-related divestitures	(430)	8 248
Acquisition and sale of subsidiaries, net of cash acquired/disposed of	145	(556)
Proceeds from the sale/(acquisition) of investment in short-term debt securities	1 296	4 337
Other	(327)	(51)
Cash flow from investing activities	**(3 965)**	**7 854**
Financing activities		
Dividends paid	(7 761)	(9 275)
Net (payments on)/proceeds from borrowings	(4 707)	(9 981)
Other (including purchase of non-controlling interests)	(1 477)	(1 748)
Cash flow from financing activities	**(13 945)**	**(21 004)**
Net increase/(decrease) in cash and cash equivalents	**(3 247)**	**2 280**

[1] Turnover less excise taxes. In many jurisdictions, excise taxes make up a large proportion of the cost of beer charged to the company's customers.

Financial performance

AB InBev is presenting its results under six regions: North America, Latin America West, Latin America North, Latin America South, EMEA and Asia Pacific.

The tables in this management report provide the segment information per region for the period ended 31 December 2018 and 2017 in the format down to Normalized EBIT level that is used by management to monitor performance.

The tables below provide a summary of the performance of AB InBev for the period ended 31 December 2018 and 2017 (in million US dollar, except volumes in thousand hectoliters) and the related comments are based on organic numbers.

AB INBEV WORLDWIDE	2017	Scope	Currency translation	Organic growth	2018	Organic growth %
Volumes	612 572	(47 185)	-	1 679	567 066	0.3%
Revenue	**56 444**	**(2 600)**	**(1 816)**	**2 591**	**54 619**	**4.8%**
Cost of sales	(21 386)	1 373	592	(938)	(20 359)	(4.7)%
Gross profit	**35 058**	**(1 227)**	**(1 224)**	**1 653**	**34 259**	**4.9%**
SG&A	(18 099)	603	443	(65)	(17 118)	(0.4)%
Other operating income/(expenses)	854	(112)	(46)	(17)	680	(2.2)%
Normalized EBIT	17 814	(736)	(827)	1 570	17 821	9.0%
Normalized EBITDA	**22 084**	**(751)**	**(954)**	**1 702**	**22 080**	**7.9%**
Normalized EBITDA margin	39.1%				40.4%	118 bps

In 2018, AB InBev delivered normalized EBITDA growth of 7.9%, while its normalized EBITDA margin increased 118 bps, reaching 40.4%.

Consolidated volumes grew 0.3%, with own beer volumes growing 0.8% and non-beer volumes decreasing 3.6%.

Consolidated revenue grew 4.8% to 54 619 m US dollar, with revenue per hectoliter increasing 4.5%. On a constant geographic basis (i.e. eliminating the impact of faster growth in countries with lower revenue per hectoliter), revenue per hectoliter grew by 4.7%. Combined revenues of the three global brands, Budweiser, Stella Artois and Corona grew 9.0% and 13.1% outside of their respective home markets. Budweiser generated strong results in China, Brazil and the UK, as well as many new markets following the brand's activation as the global sponsor of the 2018 FIFA World Cup Russia™, with 5.3% revenue growth globally. Stella Artois continued its long-term trajectory, with revenue growth of 5.2% driven by sales in Brazil, Argentina and the UK. Corona grew by 17.6% globally, led by Mexico, China, Colombia and Western Europe.

Consolidated Cost of Sales (CoS) increased 4.7%, or 4.3% on a per hectoliter basis. On a constant geographic basis, CoS per hectoliter increased by 4.6%.

VOLUMES

The table below summarizes the volume evolution per region and the related comments are based on organic numbers. Volumes include not only brands that AB InBev owns or licenses, but also third party brands that the company brews as a subcontractor and third party products that it sells through AB InBev's distribution network, particularly in Europe. Volumes sold by the Global Export business, which includes the company's global headquarters and the export businesses which have not been allocated to the company's regions, are shown separately.

Thousand hectoliters	2017	Scope	Organic growth	2018	Organic growth %
North America	113 496	76	(2 846)	110 726	(2.5)%
Latin America West	110 625	(71)	4 922	115 476	4.5%
Latin America North	119 374	(232)	(4 172)	114 969	(3.5)%
Latin America South	34 062	238	(325)	33 975	(1.0)%
EMEA	131 692	(46 445)	1 929	87 176	2.3%
Asia Pacific	101 986	95	2 185	104 266	2.1%
Global Export and Holding Companies	1 336	(846)	(13)	478	(2.6)%
AB InBev Worldwide	**612 572**	**(47 185)**	**1 679**	**567 066**	**0.3%**

North America total volumes decreased 2.5%. The company estimates that the United States industry beer sales-to-retailers adjusted for the number of selling days declined by 1.8%. On the same basis, the company estimates that its shipment volumes in the United States and its beer sales-to-retailers declined by 2.6% and 2.7% respectively. The above core brand portfolio performed well, and the strategy to premiumize the portfolio continues to be supported by the growth of Michelob Ultra, which solidified its position as the largest share gainer in the United States over the past four years, and also by several successful innovations, including Michelob Ultra Pure Gold, Bud Light Orange and the Budweiser Reserve series. The core and core light segments remain under pressure, as consumers select higher price tiers within the industry, which contributed to Bud Light and Budweiser losing 80 bps and 35 bps of total market share. Overall, the company estimates a decline in total market share in the United States of approximately 40 bps, its best annual share trend performance since 2012, and estimates a share loss of 20 bps in the last quarter.

In Canada, total volumes decreased by low single digits as a result of a weak industry and industry segment mix shift, due to increased competitive dynamics in the value segment. The trade up strategy is delivering strong results, with the High End Company growing ahead of the industry, led by double-digit volume growth for the local craft brands, and share gains from Corona and Stella Artois. The focus core and core plus brands also continue to deliver strong results, with both Bud Light and Michelob Ultra among the fastest-growing brands in Canada.

Latin America West total volumes increased 4.5%. The company delivered strong results in Mexico, with volumes increasing high single digits. Throughout the year the company focused on developing its portfolio in line with the category expansion framework to clearly differentiate the brands. The company's core brands are leading the way for growth with different regional approaches, enabling Corona to grow at an accelerated pace in the Northern region and Victoria to deliver its best performance ever in the Central region. The company's premium portfolio contributed meaningfully to top-line growth as well, led by Michelob Ultra and Stella Artois which grew by double-digits.

In Colombia, non-beer volumes grew by 0.2% and beer volumes increased by 3.6% driven by Budweiser on the back of the 2018 FIFA World Cup Russia™ activations as well as Aguila's country wide expansion focused on promoting its national identity. Peru volumes were down low-single digits in a challenging macroeconomic environment, though the brand mix of all three global brands delivered solid growth. Ecuador volumes increased by mid-single digits and the company gained share of total alcohol as a result of successful initiatives across the beer category, led by Pilsener and Club Premium and continued growth of the global brands.

Latin America North total volumes decreased 3.5%. Beer volumes in Brazil were down mid-single digits while non-beer volumes were down high single-digits, primarily as a result of segment mix shift, as consumers traded down to the value segment in light of the challenging macroeconomic environment. However, the premium portfolio continued to perform ahead of the industry, with the global brand portfolio growing by double digits and led by Corona as one of the fastest growing brands in the country. The core plus segment posted strong growth driven by Bohemia, Brahma Extra and Skol Hops. In addition, the company launched two brands, Nossa and Magnifica, beers brewed with local cassava and offered to consumers at a considerably lower price point while providing comparable margins to the company's core brands.

Latin America South total volumes decreased 1.0%. In Argentina volumes declined by low single digits due largely to the consumption contraction resulting from challenging macroeconomic conditions. Despite the tough operating environment, the beer category continues to gain share from other alcoholic beverages. The premium brands gained share in a growing segment of the industry, driven by Patagonia and Corona, and the company continues to scale up Budweiser after reacquiring the rights to the brand in April 2018. The company has also successfully repositioned the two largest brands in the country, Quilmes Clásica and Brahma, leading to an improved performance of the core portfolio. In accordance with IFRS rules, we are applying hyperinflation accounting in Argentina as of 1 January 2018. The impact of adopting hyperinflation accounting in Argentina effective 1 January 2018 is presented as a scope change.

EMEA total volumes increased 2.3% and own beer volumes also increased 2.3%. Volumes were impacted by the completion of the transition of CCBA that occurred on 4 October 2017 and the formation of AB InBev Efes on 30 March 2018. The impacts are presented as a scope change.

In South Africa, beer volumes decreased by mid-single digit. The premium and above premium continues to grow by triple digits, with a good contribution from the launch of Budweiser. The core segment, which still accounts for the vast majority of the volumes, was held back by a challenging macroeconomic environment, although the volume performance increased toward the end of the year. In Africa excluding South Africa, own beer volumes increased by low-single digits, with significant volume growth in Zambia by mid-teens and Mozambique by high-single digits. The volume growth in Nigeria accelerated throughout the year following the introduction of a new brewery. However, the own beer volumes were lower by low-single digits in Tanzania and Uganda as a result of capacity constraints and a challenging macroeconomic environment.

Western Europe total volumes grew by low-single digits, with strong execution associated with the 2018 FIFA World Cup Russia™. Global brands performed well, and Budweiser's growth was supported by tournament activations. Corona's growth was supported by Casa Corona in France and Spain, as well as the Corona Sunset Festivals in the United Kingdom and Italy. The UK and Spain led the way with market share growth across the region.

Asia Pacific total volumes increased 2.1%. In China, the super premium brands continued to grow significantly supported by a strong overall performance of the company's e-commerce business. In FY18, Budweiser grew by mid-single digits supported by premiumization efforts which expanded beyond the music platform into fashion and broader lifestyle activations.

In Australia, volume decreased by low single digits due to increased promotional activity by competitors and a softer industry performance amidst declining consumer confidence. Great Northern remains a key engine of growth, with continued double-digit growth of both Original and Super Crisp variants. On the craft portfolio, acquisitions continue to grow in strength with double-digit volume growth.

OPERATING ACTIVITIES BY REGION

The tables below provide a summary of the performance of each region, for the period ended 31 December 2018 (in million US dollar, except volumes in thousand hectoliters) and the related comments are based on organic numbers.

AB INBEV WORLDWIDE	2017	Scope	Currency translation	Organic growth	2018	Organic growth %
Volumes	612 572	(47 185)	-	1 679	567 066	0.3%
Revenue	**56 444**	**(2 600)**	**(1 816)**	**2 591**	**54 619**	**4.8%**
Cost of sales	(21 386)	1 373	592	(938)	(20 359)	(4.7)%
Gross profit	**35 058**	**(1 227)**	**(1 224)**	**1 653**	**34 259**	**4.9%**
SG&A	(18 099)	603	443	(65)	(17 118)	(0.4)%
Other operating income/(expenses)	854	(112)	(46)	(17)	680	(2.2)%
Normalized EBIT	17 814	(736)	(827)	1 570	17 821	9.0 %
Normalized EBITDA	**22 084**	**(751)**	**(954)**	**1 702**	**22 080**	**7.9%**
Normalized EBITDA margin	39.1%				40.4%	118 bps

NORTH AMERICA	2017	Scope	Currency translation	Organic growth	2018	Organic growth %
Volumes	113 496	76	-	(2 846)	110 726	(2.5)%
Revenue	**15 588**	**19**	**13**	**(117)**	**15 504**	**(0.8)%**
Cost of sales	(5 777)	26	(6)	(30)	(5 788)	(0.5)%
Gross profit	**9 811**	**44**	**8**	**(147)**	**9 716**	**(1.5)%**
SG&A	(4 361)	(75)	(5)	44	(4 396)	1.0%
Other operating income/(expenses)	36	-	-	4	40	10.7%
Normalized EBIT	5 486	(31)	3	(99)	5 360	(1.8)%
Normalized EBITDA	**6 329**	**(30)**	**4**	**(153)**	**6 150**	**(2.4)%**
Normalized EBITDA margin	40.6%				39.7%	(68) bps

LATIN AMERICA WEST	2017	Scope	Currency translation	Organic growth	2018	Organic growth %
Volumes	110 625	(71)	-	4 922	115 476	4.5%
Revenue	**9 238**	**(9)**	**(109)**	**879**	**9 999**	**9.5%**
Cost of sales	(2 555)	(3)	32	(196)	(2 722)	(7.7)%
Gross profit	**6 683**	**(12)**	**(76)**	**682**	**7 277**	**10.2%**
SG&A	(2 876)	10	32	13	(2 821)	0.5%
Other operating income/(expenses)	89	-	(1)	(1)	87	(1.5)%
Normalized EBIT	3 896	(2)	(45)	694	4 544	17.8%
Normalized EBITDA	**4 512**	**(2)**	**(52)**	**738**	**5 196**	**16.4%**
Normalized EBITDA margin	48.8%				52.0%	306 bps

LATIN AMERICA NORTH	2017	Scope	Currency translation	Organic growth	2018	Organic growth %
Volumes	119 374	(232)	-	(4 172)	114 969	(3.5)%
Revenue	**9 775**	**(29)**	**(1 044)**	**288**	**8 990**	**3.0%**
Cost of sales	(3 744)	14	389	(63)	(3 404)	(1.7)%
Gross profit	**6 031**	**(16)**	**(655)**	**225**	**5 585**	**3.7%**
SG&A	(3 060)	5	318	51	(2 686)	1.7%
Other operating income/(expenses)	361	-	(36)	(59)	266	(16.3)%
Normalized EBIT	3 332	(10)	(373)	216	3 165	6.5%
Normalized EBITDA	**4 180**	**(10)**	**(462)**	**218**	**3 926**	**5.2%**
Normalized EBITDA margin	42.8%				43.7%	95 bps

LATIN AMERICA SOUTH	2017	Scope	Currency translation	Organic growth	2018	Organic growth %
Volumes	34 062	238	-	(325)	33 975	(1.0)%
Revenue	**3 363**	**(218)**	**(990)**	**709**	**2 863**	**21.3%**
Cost of sales	(1 207)	(6)	295	(143)	(1 060)	(11.9)%
Gross profit	**2 156**	**(224)**	**(695)**	**567**	**1 803**	**26.7%**
SG&A	(781)	15	242	(166)	(689)	(21.4)%
Other operating income/(expenses)	13	(18)	(11)	18	2	138.7%
Normalized EBIT	1 388	(226)	(465)	419	1 116	30.8%
Normalized EBITDA	**1 595**	**(163)**	**(534)**	**483**	**1 381**	**30.8%**
Normalized EBITDA margin	47.4%				48.2%	369 bps

EMEA	2017	Scope	Currency translation	Organic growth	2018	Organic growth %
Volumes	131 692	(46 445)	-	1 929	87 176	2.3%
Revenue	**10 344**	**(2 453)**	**163**	**319**	**8 374**	**4.1%**
Cost of sales	(4 609)	1 418	(54)	(237)	(3 482)	(7.7)%
Gross profit	**5 735**	**(1 035)**	**110**	**82**	**4 892**	**1.7%**
SG&A	(3 336)	704	(69)	(58)	(2 760)	(2.2)%
Other operating income/(expenses)	108	(29)	-	18	98	21.1%
Normalized EBIT	2 507	(359)	40	42	2 230	1.9%
Normalized EBITDA	**3 349**	**(440)**	**54**	**37**	**3 000**	**1.3%**
Normalized EBITDA margin	32.4%				35.8%	(100) bps

ASIA PACIFIC	2017	Scope	Currency translation	Organic growth	2018	Organic growth %
Volumes	101 986	95	-	2 185	104 266	2.1%
Revenue	**7 804**	**39**	**155**	**473**	**8 470**	**6.1%**
Cost of sales	(3 201)	(23)	(72)	(237)	(3 533)	(7.4)%
Gross profit	**4 603**	**16**	**83**	**235**	**4 937**	**5.1%**
SG&A	(2 735)	(20)	(57)	42	(2 770)	1.6%
Other operating income/(expenses)	168	(1)	4	(8)	163	(5.0)%
Normalized EBIT	2 035	(6)	30	270	2 330	13.3%
Normalized EBITDA	**2 695**	**(5)**	**49**	**344**	**3 082**	**12.8%**
Normalized EBITDA margin	34.5%				36.4%	218 bps

GLOBAL EXPORT AND HOLDING COMPANIES	2017	Scope	Currency translation	Organic growth	2018	Organic growth %
Volumes	1 336	(846)	-	(13)	478	(2.6)%
Revenue	**332**	**51**	**(5)**	**41**	**419**	**12.2%**
Cost of sales	(292)	(52)	7	(32)	(370)	(10.8)%
Gross profit	**40**	**(2)**	**2**	**9**	**49**	**23.8%**
SG&A	(950)	(36)	(18)	7	(996)	0.7%
Other operating income/(expenses)	79	(65)	(2)	12	25	89.8%
Normalized EBIT	(830)	(102)	(18)	28	(923)	3.0%
Normalized EBITDA	**(577)**	**(101)**	**(13)**	**35**	**(656)**	**5.2%**

REVENUE

Consolidated revenue grew 4.8% to 54 619m US dollar with revenue per hectoliter increasing 4.5%. On a constant geographic basis (i.e. eliminating the impact of faster growth in countries with lower revenue per hectoliter), revenue per hectoliter grew by 4.7%, driven by the company's revenue management initiatives as well as continued strong premium brand performances.

COST OF SALES

Cost of Sales (CoS) increased 4.7% or 4.3% on a per hectoliter basis. The increase in cost of sales was driven primarily by unfavorable commodity prices, partially offset by synergy capture. On a constant geographic basis CoS per hectoliter increased by 4.6%.

OPERATING EXPENSES

Total operating expenses increased 0.5% in 2018:

- Selling, General & Administrative Expenses (SG&A) increased by 0.4% in 2018, with higher marketing expenses associated with timing of investments related to the 2018 FIFA World Cup Russia™.
- Other operating income declined 2.2% in 2018 driven by the reduction on government grants and lower proceeds from disposals

NORMALIZED PROFIT FROM OPERATIONS BEFORE DEPRECIATION AND AMORTIZATION (NORMALIZED EBITDA)

Normalized EBITDA increased 7.9% organically to 22 080m US dollar, with an EBITDA margin of 40.4%, and an organic growth of 118 bps.

- North America EBITDA decreased 2.4% to 6 150m US dollar, with a margin contraction of 68 bps to 39.7% driven by an increase in the year-over-year price of commodities and higher distribution expenses due to increased freight costs.
- Latin America West EBITDA increased 16.4% to 5 196m US dollar, with a margin enhancement of 306 bps to 52.0% driven by capacity enhancements, cost efficiencies coupled with the strong top-line performance and continued synergy capture after the SAB combination.
- Latin America North EBITDA increased 5.2% to 3 926m US dollar, with a margin enhancement of 95 bps to 43.7%, mainly driven by revenue management initiatives, favorable brand mix and ongoing cost discipline.
- Latin America South EBITDA increased 30.8% to 1 381m US dollar, with a margin enhancement of 369 bps to 48.2%, due to revenue growth positively impacted by an improved performance of the company's premium portfolio.
- EMEA EBITDA increased 1.3% to 3 000m US dollar, with a margin contraction of 100 bps to 35.8%, with strong top-line growth mainly driven by the good performance of the company's global brands and marketing initiatives associated with the 2018 FIFA World Cup Russia™ in Western Europe and the positive results of the company's premium portfolio in Africa.
- Asia Pacific EBITDA increased 12.8% to 3 082m US dollar, with a margin expansion of 218 bps to 36.4%, driven by top-line growth coupled with continued premiumization and tight cost management.
- Global Export and Holding Companies EBITDA of (656)m US dollar in the period ended 31 December 2018 (2017: (577)m US dollar).

Differences in normalized EBITDA margins by region are due to a number of factors such as different routes to market, share of returnable packaging in the region's sales and premium product mix.

ADOPTION OF HYPERINFLATION ACCOUNTING IN ARGENTINA

Following the categorization of Argentina as a country with a three-year cumulative inflation rate greater than 100%, the country is considered highly inflationary in accordance with IFRS.

The IFRS rules (IAS 29) require us to report the results of the company's operations in hyperinflationary economies, as if these were highly inflationary as of 1 January 2018, and to restate the year-to-date results for the change in the general purchasing power of the local currency, using official indices before converting the local amounts at the closing rate of the period (i.e. December 2018 closing rate for 2018 full year results).

We are presenting in this management report the impact of adopting hyperinflation accounting in 2018 as part of scopes. In line with IFRS, the 2017 Argentinan operations in these consolidated financial statements were not restated for hyperinflation accounting.

In 2018 we are reporting 246m US dollar impact of hyperinflation accounting on revenue and 144m US dollar impact on normalized EBITDA. The hyperinflation accounting adjustment results from the combined effect of the indexation to reflect changes in purchasing power on the 2018 full year results and the translation of the 2018 full year results at the December 2018 closing rate, rather than the average year-to-date rate applied for non-hyperinflationary economies and the 2017 Argentinean operations.

Furthermore, IAS 29 requires us to restate the non-monetary assets and liabilities stated at historical cost on the balance sheet of the company's operations in hyperinflation economies using inflation indices and to report the resulting hyperinflation through the income statement on a dedicated account for hyperinflation monetary adjustments in the finance line and report deferred taxes on such adjustments, when applicable.

During 2018, the transition to hyperinflation accounting in accordance with the IFRS rules, resulted in 46m US dollar monetary adjustment reported in the finance line, a negative impact on the Profit attributable to equity holders of AB InBev of 77m US dollar and a negative impact on Normalized EPS of 0.04 US dollar.

RECONCILIATION BETWEEN NORMALIZED EBITDA AND PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

Normalized EBITDA and EBIT are measures utilized by AB InBev to demonstrate the company's underlying performance.

Normalized EBITDA is calculated excluding profit from discontinued operations and the following effects from profit from continuing operations attributable to equity holders of AB InBev: (i) Non-controlling interest, (ii) Income tax expense, (iii) Share of results of associates, (iv) Net finance cost, (v) Non-recurring net finance cost, (vi) Non-recurring items above EBIT (including non-recurring impairment) and (vii) Depreciation, amortization and impairment.

Normalized EBITDA and EBIT are not accounting measures under IFRS accounting and should not be considered as an alternative to Profit from continuing operations attributable to equity holders as a measure of operational performance or as an alternative to cash flow as a measure of liquidity. Normalized EBITDA and EBIT do not have a standard calculation method and AB InBev's definition of normalized EBITDA and EBIT may not be comparable to that of other companies.

Million US dollar	Notes	2018	2017
Profit attributable to equity holders of AB InBev		**4 368**	**7 996**
Non-controlling interest		1 323	1 187
Profit of the period		**5 691**	**9 183**
Profit from discontinued operations		-	(28)
Profit from continuing operations		**5 691**	**9 155**
Income tax expense	12	2 839	1 920
Share of result of associates	16	(153)	(430)
Non-recurring net finance cost/(income)	11	1 982	693
Net finance cost	11	6 747	5 814
Non-recurring items above EBIT (including non-recurring impairment)	8	715	662
Normalized EBIT		**17 821**	**17 814**
Depreciation, amortization and impairment (excluding non-recurring impairment)		4 260	4 270
Normalized EBITDA		**22 080**	**22 084**

Non-recurring items are either income or expenses which do not occur regularly as part of the normal activities of the company. They are presented separately because they are important for the understanding of the underlying sustainable performance of the company due to their size or nature. Details on the nature of the non-recurring items are disclosed in Note 8 *Non-recurring items*.

IMPACT OF FOREIGN CURRENCIES

Foreign currency exchange rates have a significant impact on AB InBev's financial statements. The following table sets forth the percentage of its revenue realized by currency for the year ended 31 December 2018 and 31 December 2017:

	2018	2017
US dollar	28.6%	27.5%
Brazilian real	13.6%	14.5%
Chinese yuan	8.7%	7.5%
Mexican peso	8.1%	7.0%
Euro	6.1%	5.5%
Colombian peso	4.3%	3.8%
South African rand	4.1%	6.2%
Canadian dollar	3.4%	3.3%
Australian dollar	3.2%	3.0%
South Korean won	2.9%	2.5%
Peruvian peso	2.9%	2.6%
Argentinean peso[1]	2.7%	3.5%
Pound sterling	2.1%	1.7%
Dominican peso	1.6%	1.5%
Other	7.7%	9.9%

[1] Hyperinflation accounting was adopted in 2018 to report the company's Argentinian operations. In line with IFRS, the 2017 Argentinian operations in these consolidated financial statements were not restated for hyperinflation accounting.

The following table sets forth the percentage of its normalized EBITDA realized by currency for the year ended 31 December 2018 and 31 December 2017:

	2018	2017
US dollar	26.9%	27.8%
Brazilian real	14.9%	16.1%
Mexican peso	8.7%	7.6%
Chinese yuan	7.0%	5.6%
Colombian peso	5.9%	5.3%
South African rand	4.6%	5.7%
Peruvian peso	4.5%	3.9%
Australian dollar	4.3%	4.4%
Euro	3.8%	2.7%
Argentinean peso[1]	3.4%	4.3%
Canadian dollar	3.0%	3.1%
South Korean won	2.7%	2.5%
Dominican peso	1.9%	1.8%
Pound sterling	1.3%	1.1%
Other	7.1%	8.1%

In 2018, the fluctuation of the foreign currency rates had a negative translation impact, including hyperinflation accounting impact of 2 302m US dollar on AB InBev's revenue (2017: positive impact of 601m US dollar), of 1 217m US dollar on its normalized EBITDA (2017: positive impact of 255m US dollar) and of 1 056m US dollar on its normalized EBIT (2017: positive impact of 208m US dollar).

AB InBev's profit (after tax) has been negatively affected by the fluctuation of foreign currencies, including hyperinflation accounting impact for 684m US dollar (2017: positive impact of 126m US dollar), while the negative translation impact, including hyperinflation accounting impact on its EPS (profit attributable to equity holders of AB InBev) was 505m US dollar or 0.26 US dollar per share (2017: positive impact of 100m US dollar or 0.05 US dollar per share).

The impact of the fluctuation of the foreign currencies on AB InBev's net debt amounted to 932m US dollar (decrease of net debt) in 2018, as compared to an impact of 4 184m US dollar (increase of net debt) in 2017. The impact of the fluctuation of the foreign currencies on the equity attributable to the equity holders of AB InBev amounted to 7 379m US dollar (decrease of equity), as compared to an impact of 1 053m US dollar (increase of equity) in 2017.

PROFIT

Normalized profit attributable to equity holders of AB InBev was 6 793m US dollar (normalized EPS 3.44 US dollar) in 2018, compared to 7 967m US dollar (normalized EPS 4.04 US dollar) in 2017 (see Note 23 *Changes in equity and earnings per share* for more details). Profit attributable to equity holders of AB InBev for 2018 was 4 368m US dollar, compared to 7 996m US dollar for 2017 and includes the following impacts:

- *Net finance costs (excluding non-recurring net finance items):* 6 747m US dollar in 2018 compared to 5 814m US dollar in 2017. This increase was primarily due to mark-to-market losses linked to the hedging of the company's share-based payment programs of 1 774m USD dollar in 2018, compared to a loss of 291m USD dollar in 2017.
- *Non-recurring net finance cost:* 1 982m US dollar in 2018 compared to 693m US dollar in 2017. Non-recurring net finance costs in 2018 include mark-to-market losses of 1 722m US dollar on derivative instruments entered into to hedge the shares issued in relation to the combinations with Grupo Modelo and SAB. Furthermore, the 2018 non-recurring net finance costs include non-cash foreign exchange translation losses on intragroup loans that were historically reported in equity and were recycled to profit and loss account, upon the reimbursement of these loans, as well as premiums paid on the early termination of certain bonds.
- *Income tax expense:* 2 839m US dollar in 2018 with an effective tax rate of 33.9% compared to 1 920m US dollar in 2017 with an effective tax rate of 18.0%. The increase in the effective tax rate is mainly due to non-deductible mark-to-market losses and changes in tax legislation in some of the countries in which we operate. The 2017 effective tax rate was positively impacted by a 1.8 billion US dollar adjustment following the US tax reform enacted on 22 December 2017. This 1.8 billion US dollar adjustment resulted mainly from the remeasurement of the deferred tax liabilities set up in 2008 in line with IFRS as part of the purchase price accounting of the combination with Anheuser Busch following the change in federal tax rate from 35% to 21% and was recognized as a non-recurring gain per 31 December 2017. This impact was partially offset by Ambev and certain of its subsidiaries joining the Brazilian Tax Regularization Program in September 2017 whereby Ambev committed to pay some tax contingencies that were under dispute The total amount recognized as non-recurring amounted to 2.9 billion Brazilian real (0.9 billion US dollar) of which 2.8 billion Brazilian real (0.9 billion US dollar) was reported in the income tax line and 141m Brazilian real (44m US dollar) in the finance line. The normalized effective tax rate was 27.8% in 2018 compared to 22.9% in 2017. The normalized effective tax rate excluding mark-to-market losses linked to the hedging of the company's share-based payment programs was 24.0% in 2018 compared to 22.4% in 2017.
- *Profit attributable to non-controlling interest*: 1 323m US dollar in 2018 compared to 1 187m US dollar in 2017.
- *Profit from discontinued operations* relates to the results of the former SAB Central and Eastern European business reported until the completion of the disposal that took place on 31 March 2017.

[1] Hyperinflation accounting was adopted in 2018 to report the company's Argentinian operations. In line with IFRS, the 2017 Argentinian operations in these consolidated financial statements were not restated for hyperinflation accounting.

Liquidity position and capital resources

CASH FLOWS

Million US dollar	2018	2017
Cash flow from operating activities	14 663	15 430
Cash flow from investing activities	(3 965)	7 854
Cash flow from financing activities	(13 945)	(21 004)
Net increase/(decrease) in cash and cash equivalents	**(3 247)**	**2 280**

Cash flow from operating activities

Million US dollar	2018	2017
Profit of the period	5 691	9 183
Interest, taxes and non-cash items included in profit	15 870	12 484
Cash flow from operating activities before changes in working capital and use of provisions	**21 561**	**21 667**
Change in working capital	512	219
Pension contributions and use of provisions	(488)	(616)
Interest and taxes (paid)/received	(7 064)	(5 982)
Dividends received	141	142
Cash flow from operating activities	**14 663**	**15 430**

AB InBev's cash flow from operating activities reached 14 663m US dollar in 2018 compared to 15 430m US dollar in 2017. The year over year change is mainly explained by higher taxes paid in 2018 compared to 2017, including the payment of taxes related to prior periods.

Cash flow from investing activities

Million US dollar	2018	2017
Net capex	(4 649)	(4 124)
Net of tax proceeds from SAB transaction-related divestitures	(430)	8 248
Acquisition and sale of subsidiaries, net of cash acquired/disposed of	145	(556)
Proceeds from the sale/(acquisition) of investment in short-term debt securities	1 296	4 337
Other	(327)	(51)
Cash flow from investing activities	**(3 965)**	**7 854**

Cash flow used in investing activities was 3 965m US dollar in 2018 as compared to a cash inflow of 7 854m US dollar in 2017. The cash flow from investing activities in 2017 mainly reflected the proceeds from the announced SAB-related divestitures completed during 2017, net of taxes paid in 2017 on prior year divestitures, which were not repeated in 2018.

AB InBev's net capital expenditures amounted to 4 649m US dollar in 2018 and 4 124m US dollar in 2017. Out of the total 2018 capital expenditures approximately 48% was used to improve the company's production facilities while 42% was used for logistics and commercial investments and 10% was used for improving administrative capabilities and purchase of hardware and software.

Cash flow from financing activities

Million US dollar	2018	2017
Dividends paid	(7 761)	(9 275)
Net (payments on)/proceeds from borrowings	(4 707)	(9 981)
Other (including purchase of non-controlling interests)	(1 477)	(1 748)
Cash flow from financing activities	**(13 945)**	**(21 004)**

The cash outflow from financing activities amounted to 13 945m US dollar in 2018, as compared to a cash outflow of 21 004m US dollar in 2017. During 2017, the company repaid 8 billion US dollar outstanding under the Term Loan B. This Term Loan was the last remaining facility of the 75 billion US dollar senior facilities raised in October 2015 to finance the combination with SAB.

AB InBev's cash, cash equivalents and short-term investments in debt securities less bank overdrafts as of 31 December 2018 amounted to 7 047m US dollar. As of 31 December 2018, the company had total liquidity of 16 047m US dollar, which consisted of 9 billion US dollar available under committed long-term credit facilities and 7 047m US dollar of cash, cash equivalents and short-term investments in debt securities less bank overdrafts. Although the company may borrow such amounts to meet its liquidity needs, the company principally relies on cash flows from operating activities to fund the company's continuing operation.

CAPITAL RESOURCES AND EQUITY

AB InBev's net debt decreased from 104.4 billion US dollar as of 31 December 2017 to 102.5 billion US dollar as of 31 December 2018.

Net debt is defined as non-current and current interest-bearing loans and borrowings and bank overdrafts minus debt securities and cash. Net debt is a financial performance indicator that is used by AB InBev's management to highlight changes in the company's overall liquidity position. The company believes that net debt is meaningful for investors as it is one of the primary measures AB InBev's management uses when evaluating its progress towards deleveraging.

Apart from operating results net of capital expenditures, the net debt is mainly impacted by the acquisition by Ambev of additional shares in Cervecería Nacional Dominicana S.A. ("CND") following the partial exercise by E. León Jimenes S.A. ("ELJ") of its put option (0.9 billion

US dollar), a payment to Molson Coors Brewing Company related to a purchase price adjustment on the disposal completed on 11 October 2016 of SAB's interest in MillerCoors LLC and all trademarks, contracts and other assets primarily related to the "Miller International Business" (0.3 billion US dollar), dividend payments to shareholders of AB InBev and Ambev (7.8 billion US dollar), the payment of interest and taxes (7.1 billion US dollar) and the impact of changes in foreign exchange rates (2.1 billion US dollar decrease of net debt).

Net debt to normalized EBITDA decreased from 4.8x for the 12-month period ending 31 December 2017 to 4.6x for the 12-month period ending 31 December 2018. The 2017 net debt to EBITDA calculation excludes any EBITDA from CCBA, the former SAB Central and Eastern European Business and the stake in Distell which were divested during 2017.

Consolidated equity attributable to equity holders of AB InBev as at 31 December 2018 was 64 486m US dollar, compared to 72 585m US dollar as at 31 December 2017. The combined effect of the weakening of mainly the closing rates of the South African rand, the Brazilian real, the Canadian dollar, the Australian dollar and the Euro resulted in a foreign exchange translation adjustment of 7 379m US dollar (reduction of equity). Further details on equity movements can be found in the consolidated statement of changes in equity.

Further details on interest-bearing loans and borrowings, repayment schedules and liquidity risk, are disclosed in Note 24 *Interest-bearing loans and borrowings* and Note 29 *Risks arising from financial instruments*.

As of 31 December 2018, the company's credit rating from Standard & Poor's was A- for long-term obligations and A-2 for short-term obligations, with a negative outlook, and the company's credit rating from Moody's Investors Service was Baa1 for long-term obligations and P-2 for short-term obligations, with a stable outlook.

Research and development

Given its focus on innovation, AB InBev places a high value on research and development. In 2018, AB InBev spent 285m US dollar in research and development (2017: 276m US dollar). The spent focused on product innovations, market research, as well as process optimization and product development.

Research and development in product innovation covers liquid, packaging and draft innovation. Product innovation consists of breakthrough innovation, incremental innovation and renovation. The main goal for the innovation process is to provide consumers with better products and experiences. This implies launching new liquid, new packaging and new draught products that deliver better performance both for the consumer and in terms of top-line results, by increasing AB InBev's competitiveness in the relevant markets. With consumers comparing products and experiences offered across very different drink categories and the offering of beverages increasing, AB InBev's research and development efforts also require an understanding of the strengths and weaknesses of other beverage categories, spotting opportunities for beer and developing consumer solutions (products) that better address consumer need and deliver better experience. This requires understanding consumer emotions and expectations. Sensory experience, premiumization, convenience, sustainability and design are all central to AB InBev's research and development efforts.

Research and development in process optimization is primarily aimed at quality improvement, capacity increase (plant debottlenecking and addressing volume issues, while minimizing capital expenditure) and improving efficiency. Newly developed processes, materials and/or equipment are documented in best practices and shared across business regions. Current projects range from malting to bottling of finished products.

Knowledge management and learning is also an integral part of research and development. AB InBev seeks to continuously increase its knowledge through collaborations with universities and other industries.

AB InBev's research and development team is briefed annually on the company's and the business regions' priorities and approves concepts which are subsequently prioritized for development. The research & development teams invest in both short and long-term strategic projects for future growth, with the launch time depending on complexity and prioritization. Launch time usually falls within the next calendar year.

The Global Innovation and Technology Center ("GITeC"), located in Leuven, accommodates the Packaging, Product, Process Development teams and facilities such as Labs, Experimental Brewery and the European Central Lab, which also includes Sensory Analysis. In addition to GITeC, AB InBev also has Product, Packaging and Process development teams located in each of the AB InBev geographic regions focusing on the short-term needs of such regions.

Risks and uncertainties

Under the explicit understanding that this is not an exhaustive list, AB InBev's major risk factors and uncertainties are listed below. There may be additional risks which AB InBev is unaware of. There may also be risks AB InBev now believes to be immaterial, but which could turn out to have a material adverse effect. Moreover, if and to the extent that any of the risks described below materialize, they may occur in combination with other risks which would compound the adverse effect of such risks. The sequence in which the risk factors are presented below is not indicative of their likelihood of occurrence or of the potential magnitude of their financial consequence

Risks relating to AB InBev and the beer and beverage industry

AB InBev is exposed to the risk of a global recession or a recession in one or more of its key markets, and to credit and capital market volatility and an economic or financial crisis, which could result in lower revenue and reduced profit, as beer consumption in many of the jurisdictions in which AB InBev operates is closely linked to general economic conditions and changes in disposable income. A continuation or worsening of the levels of market disruption and volatility seen in the recent past could have an adverse effect on AB InBev's ability to access capital, on its business, results of operations and financial condition, and on the market price of its shares and American Depositary Shares.

AB InBev's results of operations are affected by fluctuations in exchange rates. Any change in exchange rates between AB InBev's operating companies' functional currencies and the U.S. dollar will affect its consolidated income statement and balance sheet when the results of those operating companies are translated into U.S. dollar for reporting purposes as translational exposures are not hedged. Also, there can be no assurance that the policies in place to manage commodity price and transactional foreign currency risks to protect AB InBev's exposure will be able to successfully hedge against the effects of such foreign exchange exposure, especially over the long-term. Further, the use of financial instruments to mitigate currency risk and any other efforts taken to better match the effective currencies of AB InBev's liabilities to its cash flows could result in increased costs.

Changes in the availability or price of raw materials, commodities, energy and water, including as a result of unexpected increases in tariffs on such raw materials and commodities, like aluminum, could have an adverse effect on AB InBev's results of operations to the extent that AB InBev fails to adequately manage the risks inherent in such volatility, including if AB InBev's hedging and derivative arrangements do not effectively or completely hedge changes in commodity prices.

AB InBev may not be able to obtain the necessary funding for its future capital or refinancing needs and may face financial risks due to its level of debt and uncertain market conditions. AB InBev may be required to raise additional funds for AB InBev's future capital needs or to refinance its current indebtedness through public or private financing, strategic relationships or other arrangements and there can be no assurance that the funding, if needed, will be available on attractive terms, or at all. AB InBev has incurred substantial indebtedness by entering into several senior credit facilities and accessing the bond markets from time to time based on its financial needs, including as a result of the acquisition of SAB. The portion of AB InBev's consolidated balance sheet represented by debt will remain significantly higher as compared to its historical position. AB InBev's increased level of debt could have significant consequences for AB InBev, including (i) increasing its vulnerability to general adverse economic and industry conditions, (ii) limiting its flexibility in planning for, or reacting to, changes in its business and the industry in which AB InBev operates; (iii) impairing its ability to obtain additional financing in the future and limiting its ability to fund future working capital and capital expenditures, to engage in future acquisitions or development activities or to otherwise realize the value of its assets and opportunities fully, (iv) requiring AB InBev to issue additional equity (potentially under unfavorable market conditions), and (v) placing AB InBev at a competitive disadvantage compared to its competitors that have less debt. AB InBev's ability to repay and renegotiate its outstanding indebtedness will be dependent upon market conditions. Unfavorable conditions, including significant price volatility, dislocations and liquidity disruptions in the global credit markets in recent years, as well as downward pressure on credit capacity for certain issuers without regard to those issuers' underlying financial strength, could increase costs beyond what is currently anticipated. Such costs could have a material adverse impact on AB InBev's cash flows, results of operations or both. Further, AB InBev may restrict the amount of dividends it will pay as a result of AB InBev's level of debt and its strategy to give priority to deleveraging. Also, a credit rating downgrade could have a material adverse effect on AB InBev's ability to finance its ongoing operations or to refinance its existing indebtedness. In addition, a failure of AB InBev to refinance all or a substantial amount of its debt obligations when they become due, or more generally a failure to raise additional equity capital or debt financing or to realize proceeds from asset sales when needed, would have a material adverse effect on its financial condition and results of operations.

AB InBev's results could be negatively affected by increasing interest rates. Although AB InBev enters into interest rate swap agreements to manage its interest rate risk and also enters into cross-currency interest rate swap agreements to manage both its foreign currency risk and interest-rate risk on interest-bearing financial liabilities, there can be no assurance that such instruments will be successful in reducing the risks inherent in exposures to interest rate fluctuations.

Certain of AB InBev's operations depend on independent distributors' or wholesalers' efforts to sell AB InBev's products and there can be no assurance that such distributors will not give priority to AB InBev's competitors. Further, any inability of AB InBev to replace unproductive or inefficient distributors or any limitations imposed on AB InBev to purchase or own any interest in distributors or wholesalers as a result of contractual restrictions, regulatory changes, changes in legislation or the interpretations of legislation by regulators or courts could adversely impact AB InBev's business, results of operations and financial condition.

The continued consolidation of retailers in markets in which AB InBev operates could result in reduced profitability for the beer industry as a whole and indirectly adversely affect AB InBev's financial results.

A portion of the company's global portfolio consists of associates in new or developing markets, including investments where the company may have a lesser degree of control over the business operations. The company faces several challenges inherent to these various culturally and geographically diverse business interests. Although the company works with its associates on the implementation of appropriate processes and controls, the company also faces additional risks and uncertainties with respect to these minority investments because the company may be dependent on systems, controls and personnel that are not under the company's control, such as the risk that the company's associates may violate applicable laws and regulations, which could have an adverse effect on the company's business, reputation, results of operations and financial condition.

AB InBev relies on key third parties, including key suppliers, for a range of raw materials for its beer, alcoholic beverages and soft drinks, and for packaging material. The termination of or a material change to arrangements with certain key suppliers or the failure of a key supplier to meet its contractual obligations could have a material impact on AB InBev's production, distribution and sale of beer, alcoholic beverages and soft drinks and have a material adverse effect on AB InBev's business, results of operations, cash flows or financial condition. Certain of AB InBev's subsidiaries may purchase nearly all of their key packaging materials from sole suppliers under multi-year contracts. The loss of or temporary discontinuity of supply from any of these suppliers without sufficient time to develop an alternative source could cause AB InBev to spend increased amounts on such supplies in the future. In addition, a number of key brand names are both licensed to third-party brewers and used by companies over which AB InBev does not have control. Although AB InBev monitors brewing quality to ensure its high standards, to the extent that one of these key brand names or joint ventures, companies in which AB InBev does not own a controlling interest and/or AB InBev's licensees are subject to negative publicity, it could have a material adverse effect on AB InBev's business, results of operations, cash flows or financial condition.

The size of AB InBev, contractual limitations it is subject to and its position in the markets in which it operates may decrease its ability to successfully carry out further acquisitions and business integrations. AB InBev cannot enter into further transactions unless it can identify suitable candidates and agree on the terms with them. The size of AB InBev and its position in the markets in which it operates may make it harder to identify suitable candidates, including because it may be harder for AB InBev to obtain regulatory approval for future transactions. If appropriate opportunities do become available, AB InBev may seek to acquire or invest in other businesses; however, any future acquisition may pose regulatory, antitrust and other risks.

The ability of AB InBev's subsidiaries to distribute cash upstream may be subject to various conditions and limitations. The inability to obtain sufficient cash flows from its domestic and foreign subsidiaries and affiliated companies could adversely impact AB InBev's ability to pay dividends and otherwise negatively impact its business, results of operations and financial condition.

An inability to reduce costs could affect AB InBev's profitability and, in particular, AB InBev may not be able to fully realize the anticipated benefits and synergies of the combination with SAB. The integration process continues to involve costs and uncertainties, including increased exposure to certain risks arising from the challenge of continuing to develop collaborative relationships with SAB's former partners in Eurasian and African countries. Additionally, the Tax Matters Agreement AB InBev has entered into with Altria Group Inc. imposes some limits on the ability of the Combined Group to effect some reorganizations, which may limit its capacity to integrate SAB's operations.

Failure to generate significant cost savings and margin improvement through initiatives for improving operational efficiencies could adversely affect AB InBev's profitability and AB InBev's ability to achieve its financial goals. A number of AB InBev's subsidiaries are in the process of executing a major cost saving and efficiency program and AB InBev is pursuing a number of initiatives to improve operational efficiency. If AB InBev fails for any reason to successfully complete these measures and programs as planned or to derive the expected benefits from these measures and programs, including if we fail to realize the full anticipated synergies of the combination with SAB, there is a risk of increased costs associated with these efforts, delays in benefit realization, disruption to the business, reputational damage or a reduced competitive advantage in the medium term.

A substantial portion of AB InBev's operations are carried out in developing European, African, Asian and Latin American markets. AB InBev's operations and equity investments in these markets are subject to the customary risks of operating in developing countries, which include, amongst others, political instability or insurrection, external interference, financial risks, changes in government policy, political and economic changes, changes in the relations between countries, actions of governmental authorities affecting trade and foreign investment, regulations on repatriation of funds, interpretation and application of local laws and regulations, enforceability of intellectual property and contract rights, local labor conditions and regulations, lack of upkeep of public infrastructure, potential political and economic uncertainty, application of exchange controls, nationalization or expropriation, empowerment legislation and policy, corrupt business environments, crime and lack of law enforcement as well as financial risks, which include risk of illiquidity, inflation, devaluation, price volatility, currency convertibility and country default. Moreover, the economies of developing countries are often affected by changes in other developing market countries, and, accordingly, adverse changes in developing markets elsewhere in the world could have a negative impact on the markets in which AB InBev operates. Such developing market risks could adversely impact AB InBev's business, results of operations and financial condition. Furthermore, the global reach of AB InBev's operations exposes it to risks associated with doing business globally, including changes in tariffs. The Office of the United States Trade Representative has enacted tariffs on certain imports into the United States from China. If significant tariffs or other restrictions are placed on imports from China or any retaliatory trade measures are taken by China, AB InBev's business and results of operations could be materially and adversely affected.

Following the categorization of Argentina in AB InBev's results for the third quarter of 2018 as a country with a three-year cumulative inflation rate greater than 100%, the country is considered as a hyperinflationary economy in accordance with IFRS rules (IAS 29), resulting in the restatement of certain results for hyperinflation accounting. If the economic or political situation in Argentina further deteriorates, the Latin America South operations may be subject to additional restrictions under new Argentinean foreign exchange, export repatriation or expropriation regimes that could adversely affect AB InBev's liquidity and operations, and ability to access funds from Argentina.

AB InBev relies on the reputation of its brands and its success depends on its ability to maintain and enhance the image and reputation of its existing products and to develop a favorable image and reputation for new products. An event, or series of events, that materially damages the reputation of one or more of AB InBev's brands could have an adverse effect on the value of that brand and subsequent revenues from that brand or business. Further, any restrictions on the permissible advertising style, media and messages used may constrain AB InBev's brand building potential and thus reduce the value of its brands and related revenues.

Competition and changing consumer preferences in its various markets and increased purchasing power of players in AB InBev's distribution channels could cause AB InBev to reduce prices of its products, increase capital investment, increase marketing and other expenditures or prevent AB InBev from increasing prices to recover higher costs and thereby cause AB InBev to reduce margins or lose market share. Any of the foregoing could have a material adverse effect on AB InBev's business, financial condition and results of operations. Also, innovation faces inherent risks, and the new products AB InBev introduces may not be successful, while competitors may be able to respond more quickly to the emerging trends, such as the increasing consumer preference for "craft beers" produced by smaller microbreweries.

The partnership between Labatt, the Canadian subsidiary of ABI's subsidiary Ambev, and Tilray to research non-alcohol beverages containing tetrahydrocannabinol and cannabidiol, both derived from cannabis, could lead to increased legal, reputational and financial risks. While this partnership is currently limited to research in Canada, the laws and regulations governing recreational cannabis are still developing, including in ways that AB InBev may not foresee. For instance, the involvement in the legal cannabis industry in Canada may invite new regulatory and enforcement scrutiny in other markets. Cannabis remains illegal in many markets in which AB InBev operates, and violations of Law could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings or criminal charges. Furthermore, the political environment and popular support for cannabis legalization has changed quickly and remains in flux.

If any of AB InBev's products is defective or found to contain contaminants, AB InBev may be subject to product recalls or other liabilities. Although AB InBev maintains insurance against certain product liability (but not product recall) risks, it may not be able to enforce its rights in respect of these policies and, in the event that contamination or a defect occurs, any amounts it recovers may not be sufficient to offset any damage it may suffer, which could adversely impact its business, reputation, prospects, results of operations and financial condition.

In recent years, there has been increased public and political attention directed at the alcoholic beverage and food and soft drinks industries, as a result of health care concerns related to the harmful use of alcohol (including drunk driving, drinking while pregnant and excessive, abusive and underage drinking) and to health concerns such as diabetes and obesity related to the overconsumption of food and soft drinks. Negative publicity regarding AB InBev's products and brands, publication of studies indicating a significant risk in using AB InBev's products or changes in consumer perceptions in relation to AB InBev's products generally could adversely affect the sale and consumption of AB InBev's products and could harm its business, results of operations, cash flows or financial condition. Concerns over alcohol abuse and underage drinking have also caused governments, including those in Argentina, Brazil, Spain, Russia, the United Kingdom, South Africa, Australia and the United States, to consider measures such as increased taxation, implementation of minimum alcohol pricing regimes or other changes to the regulatory framework governing AB InBev's marketing and other commercial practices.

Climate change or other environmental concerns, or legal, regulatory or market measures to address climate change or other environmental concerns, could have a long-term, material adverse impact on AB InBev's business and results of operations. Further, water scarcity or poor water quality may affect AB InBev by increasing production costs and capacity constraints, which could adversely affect AB InBev's business and results of operations. Additionally, AB InBev's inability to meet its compliance obligations under EU emissions trading regulations may also have an adverse impact on AB InBev's business and results of operations.

AB InBev's operations are subject to environmental regulations, which could expose it to significant compliance costs and litigation relating to environmental issues.

AB InBev may not be able to protect its current and future brands and products and defend its intellectual property rights, including trademarks, patents, domain names, trade secrets and know-how, which could have a material adverse effect on its business, results of operations, cash flows or financial condition, and in particular, on AB InBev's ability to develop its business.

AB InBev could incur significant costs as a result of compliance with, and/or violations of or liabilities under, various regulations that govern AB InBev's operations or the operations of its licensed third parties, including the General Data Protection Regulation adopted in the European Union, which was fully implemented in May 2018. Also, public concern about beer, alcoholic beverages and soft drink consumption and any resulting restrictions may cause the social acceptability of beer, alcoholic beverages and soft drinks to decline significantly and consumption trends to shift away from these products, which would have a material adverse effect on AB InBev's business, financial condition and results of operations.

AB InBev is now, and may in the future be, a party to legal proceedings and claims, including collective suits (class actions), and significant damages may be asserted against it. Given the inherent uncertainty of litigation, it is possible that AB InBev might incur liabilities as a consequence of the proceedings and claims brought against it, including those that are not currently believed by it to be reasonably possible, which could have a material adverse effect on AB InBev's business, results of operations, cash flows or financial position. Important contingencies are disclosed in Note 32 *Contingencies* of the 2018 consolidated financial statements.

AB InBev entered into a consent decree with the U.S. Department of Justice in relation to the combination with SAB, pursuant to which AB InBev's subsidiary, Anheuser-Busch Companies, LLC, agreed not to acquire control of a distributor if doing so would result in more than 10% of its annual volume being distributed through distributorships controlled by AB InBev in the U.S. AB InBev's compliance with its obligations under the settlement agreement is monitored by the U.S. Department of Justice and the Monitoring Trustee appointed by them. Were AB InBev to fail to fulfill its obligations under the consent decree, whether intentionally or inadvertently, AB InBev could be subject to monetary fines.

AB InBev may be subject to adverse changes in taxation, which makes up a large proportion of the cost of beer charged to consumers in many jurisdictions. Increases in excise and other indirect taxes applicable to AB InBev's products tend to adversely affect AB InBev's revenue or margins, both by reducing overall consumption and by encouraging consumers to switch to other categories of beverages. Minimum pricing is another form of fiscal regulation that can affect AB InBev's profitability. Furthermore, AB InBev may be subject to increased taxation on its operations by national, local or foreign authorities, to higher corporate income tax rates or to new or modified taxation regulations and requirements. For example, the work being carried out by the Organisation for Economic Co-operation and Development on base erosion and profit shifting and initiatives at the European Union level (including the anti-tax-avoidance directive adopted by the Council of the European Union on 12 July 2016) as a response to increasing globalization of trade and business operations could result in changes in tax treaties, the introduction of new legislation, updates to existing legislation, or changes to regulatory interpretations of existing legislation, any of which could impose additional taxes on businesses. An increase in excise taxes or other taxes could adversely affect the financial results of AB InBev as well as its results of operations. Furthermore, the U.S. tax reform signed on 22 December 2017 (the "Tax Act") brings major tax legislation changes into law. While the Tax Act reduces the statutory rate of U.S. federal corporate income tax to 21% and provides an exemption for certain dividends from 10%-owned foreign subsidiaries, the Tax Act expands the tax base by introducing further limitations on deductibility of interest, the imposition of a "base erosion and anti-abuse tax" and the imposition of minimum tax for "global intangible low-tax income", among other changes, which could adversely impact the company's results of operations. The overall impact of the Tax Act also depends on the future interpretations and regulations that may be issued by U.S. tax authorities, and it is possible that future guidance could adversely impact the financial results of the company.

Antitrust and competition laws and changes in such laws or in the interpretation and enforcement thereof, as well as being subject to regulatory scrutiny, could affect AB InBev's business or the businesses of its subsidiaries. For example, in connection with AB InBev's previous acquisitions, various regulatory authorities have imposed (and may impose) conditions with which AB InBev is required to comply. The terms and conditions of certain of such authorizations, approvals and/or clearances required, among other things, the divestiture of the company's assets or businesses to third parties, changes to the company's operations, or other restrictions on the company's ability to operate in certain jurisdictions. Such actions could have a material adverse effect on AB InBev's business, results of operations, financial condition and prospects. In addition, such conditions could diminish substantially the synergies and advantages which the company expect to achieve from such future transactions.

AB InBev operates its business and markets its products in emerging markets that, as a result of political and economic instability, a lack of well-developed legal systems and potentially corrupt business environments, present it with political, economic and operational risks. Although AB InBev is committed to conducting business in a legal and ethical manner in compliance with local and international statutory requirements and standards applicable to its business, there is a risk that the employees or representatives of AB InBev's subsidiaries, affiliates, associates, joint ventures/operations or other business interests may take actions that violate applicable laws and regulations that generally prohibit the making of improper payments to foreign government officials for the purpose of obtaining or keeping business, including laws relating to the 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act.

Although AB InBev's operations in Cuba are quantitatively immaterial, its overall business reputation may suffer or it may face additional regulatory scrutiny as a result of Cuba being a target of U.S. economic and trade sanctions. If investors decide to liquidate or otherwise divest their investments in companies that have operations of any magnitude in Cuba, the market in and value of AB InBev's securities could be adversely impacted. In addition, U.S. legislation known as the "Helms-Burton Act" authorizes private lawsuits for damages against anyone who traffics in property confiscated without compensation by the Government of Cuba from persons who at the time were, or have since become, nationals of the United States. Although this section of the Helms-Burton Act is currently suspended, claims accrue notwithstanding the suspension and may be asserted if the suspension is discontinued. AB InBev has received notice of a claim purporting to be made under the Helms-Burton Act. AB InBev is currently unable to express a view as to the validity of such claim, or as to the claimants' standing to pursue it.

AB InBev may not be able to recruit or retain key personnel and successfully manage them, which could disrupt AB InBev's business and have an unfavorable material effect on AB InBev's financial position, its income from operations and its competitive position.

Further, AB InBev may be exposed to labor strikes, disputes and work stoppages or slowdowns, within its operations or those of its suppliers, or an interruption or shortage of raw materials for any other reason that could lead to a negative impact on AB InBev's costs, earnings, financial condition, production level and ability to operate its business. AB InBev's production may also be affected by work stoppages or slowdowns that affect its suppliers, distributors and retail delivery/logistics providers as a result of disputes under existing collective labor agreements with labor unions, in connection with negotiations of new collective labor agreements, as a result of supplier financial distress or for other reasons. A work stoppage or slowdown at AB InBev's facilities could interrupt the transport of raw materials from its suppliers or the transport of its products to its customers. Such disruptions could put a strain on AB InBev's relationships with suppliers and clients and may have lasting effects on its business even after the disputes with its labor force have been resolved, including as a result of negative publicity.

AB InBev relies on information technology systems to process, transmit, and store electronic information. Although AB InBev takes various actions to prevent cyber-attacks and to minimize potential technology disruptions, such disruptions could impact AB InBev's business. For example, if outside parties gained access to AB InBev's confidential data or strategic information and appropriated such information or made such information public, this could harm AB InBev's reputation or its competitive advantage, or could expose AB InBev or its customers to a risk of loss or misuse of information. More generally, technology disruptions can have a material adverse effect on AB InBev's business, results of operations, cash flows or financial condition.

AB InBev's business and operating results could be negatively impacted by social, technical, natural, physical or other disasters.

Although AB InBev maintains insurance policies to cover various risks, it also uses self-insurance for most of its insurable risks. Should an uninsured loss or a loss in excess of insured limits occur, this could adversely impact AB InBev's business, results of operations and financial condition.

As a result of the combination with SAB, AB InBev recognized a significant amount of incremental goodwill on its balance sheet. If the integration of the businesses meets with unexpected difficulties, or if the business of AB InBev does not develop as expected, impairment charges may be incurred in the future that could be significant and that could therefore have a material adverse effect on its results of operations and financial condition.

If the business of AB InBev does not develop as expected, impairment charges on goodwill or other intangible assets may be incurred in the future that could be significant and that could have an adverse effect on AB InBev's results of operations and financial condition.

The audit report included in AB InBev's annual report is prepared by an auditor who is not inspected by the U.S. Public Company Accounting Oversight Board (PCAOB). This lack of PCAOB inspections in Belgium prevents the PCAOB from regularly evaluating audits and quality control procedures of any auditors operating in Belgium, including AB InBev's auditors. As a result, U.S. and other investors may be deprived of the benefits of PCAOB inspections.

AB InBev's ordinary shares currently trade on Euronext Brussels in euros, the Johannesburg Stock Exchange in South African rand, the Mexican Stock Exchange in Mexican pesos and its ordinary shares represented by American Depositary Shares (the "ADSs") trade on the New York Stock Exchange in U.S. dollars. Fluctuations in the exchange rates between the euro, the South African rand, the Mexican peso and the U.S. dollar may result in temporary differences between the value of AB InBev's ordinary shares trading in different currencies, and between its ordinary shares and its ADSs, which may result in heavy trading by investors seeking to exploit such differences.

Risks arising from financial instruments

Note 29 of the 2018 consolidated financial statements on *Risks arising from financial instruments* contain detailed information on the company's exposures to financial risks and its risk management policies.

Events after the balance sheet date

Please refer to Note 35 *Events after the balance sheet date* of the consolidated financial statements.

Corporate governance

For information with respect to Corporate Governance, please refer to the Corporate Governance section, which forms an integral part of AB InBev's annual report.

Adjusted segment information

AB InBev has updated its 2018 segment reporting for purposes of result announcement and internal review by senior management from 1 January 2019. This presentation (referred to as the "2018 Reference Base") includes, for comparative purposes in 2019 and to facilitate the understanding of AB InBev's underlying performance, (i) the new company organizational structure that will be effective 1 January 2019 (ii) the impact of hyperinflation accounting for the Argentinean operations as if the company had applied hyperinflation accounting as of 1 January 2018 and (iii) restated results considering the new IFRS rules on lease accounting as if the company had applied the new standard as of 1 January 2018 as detailed below:

- The new organizational structure that will be effective as of 1 January 2019 is composed of five regions: North America, Middle Americas, South America, EMEA and Asia Pacific. The company's revised geographic regions and its Global Export and Holding Companies will comprise the company's six segments for all financial reporting purposes. The key changes in the company's structure are as follows: (i) the new Middle Americas region will combine the current Latin America West region and the business unit Central America and Caribbean, that was previously reported in Latin America North region, and (ii) the new South America region will combine the current Latin America South region and Brazil, that was previously reported in Latin America North region. These organizational changes are effective as of 1 January 2019 and consequently will be reflected in the company's financial statements as of that date. The 2018 Reference Base presents the quarterly and full year 2018 results of the company as if the organizational changes had taken place on 1 January 2018.
- In May 2018, the Argentinean peso underwent a severe devaluation resulting in the three-year cumulative inflation of Argentina to exceed 100% in 2018, thereby triggering the requirement to transition to hyperinflation accounting. However, since the company first applied hyperinflation accounting as of the third quarter 2018, IAS 29 *Financial Reporting in Hyperinflationary Economies* was not applied for the company's results published prior to that reporting period. Therefore, the 2018 Reference Base reflects the quarterly and full year 2018 results of the company as if hyperinflation accounting had been applied as of 1 January 2018. Each quarter was restated to reflect the changes in general purchasing power of the local currency applicable to the period (using official indices) before converting the indexed results at the closing rate applicable at the end of each quarter (instead of the average rate). See Note 4 *Use of estimates and judgments* for more details.
- Effective 1 January 2019, IFRS 16 *Leases* will replace the current lease accounting requirements and introduces significant changes to lessee accounting. It requires a lessee to recognize a "right-of-use" asset and a lease liability. IFRS 16 also requires to recognize a depreciation charge related to the "right-of-use" assets and an interest expense on the lease liabilities, as compared to the recognition of rental cost on a straight-line basis over the lease term under the prior standard. The 2018 Reference Base presents the quarterly and full year 2018 results of the company as if the standard had been applied as of 1 January 2018. See Note 3 (DD) *Recently issued IFRS* for more details.

AB INBEV WORLDWIDE	1Q 2018 Reference base	2Q 2018 Reference base	3Q 2018 Reference base	4Q 2018 Reference base	FY 2018 Reference base
Volumes	134 831	143 685	146 187	142 363	567 066
Revenue	13 090	13 764	13 514	14 250	54 619
Cost of sales	(5 004)	(5 092)	(5 042)	(5 182)	(20 320)
Gross profit	8 086	8 672	8 472	9 068	34 299
SG&A	(4 318)	(4 455)	(4 254)	(4 181)	(17 209)
Other operating income/(expenses)	186	211	220	197	814
Normalized EBIT	3 955	4 428	4 438	5 084	17 904
Normalized EBITDA	5 120	5 582	5 606	6 284	22 592
Normalized EBITDA margin	39.1%	40.6%	41.5%	44.1%	41.4%

NORTH AMERICA	1Q 2018 Reference base	2Q 2018 Reference base	3Q 2018 Reference base	4Q 2018 Reference base	FY 2018 Reference base
Volumes	24 814	29 813	29 985	26 114	110 726
Revenue	3 460	4 181	4 162	3 700	15 504
Cost of sales	(1 298)	(1 534)	(1 539)	(1 394)	(5 765)
Gross profit	2 161	2 647	2 623	2 307	9 738
SG&A	(1 049)	(1 179)	(1 161)	(1 023)	(4 413)
Other operating income/(expenses)	1	1	11	28	40
Normalized EBIT	1 112	1 469	1 473	1 311	5 365
Normalized EBITDA	1 322	1 673	1 683	1 522	6 199
Normalized EBITDA margin	38.2%	40.0%	40.4%	41.1%	40.0%

MIDDLE AMERICAS	1Q 2018 Reference base	2Q 2018 Reference base	3Q 2018 Reference base	4Q 2018 Reference base	FY 2018 Reference base
Volumes	30 738	32 212	31 813	34 039	128 803
Revenue	2 705	2 892	2 876	3 141	11 614
Cost of sales	(811)	(851)	(837)	(836)	(3 336)
Gross profit	1 894	2 041	2 038	2 305	8 278
SG&A	(798)	(827)	(776)	(775)	(3 176)
Other operating income/(expenses)	6	21	44	17	88
Normalized EBIT	1 102	1 235	1 306	1 546	5 189
Normalized EBITDA	1 294	1 448	1 514	1 777	6 033
Normalized EBITDA margin	47.8%	50.1%	52.6%	56.6%	51.9%

SOUTH AMERICA	1Q 2018 Reference base	2Q 2018 Reference base	3Q 2018 Reference base	4Q 2018 Reference base	FY 2018 Reference base
Volumes	34 088	30 383	31 297	39 851	135 618
Revenue	2 861	2 101	1 964	3 313	10 238
Cost of sales	(1 082)	(797)	(767)	(1 196)	(3 842)
Gross profit	1 778	1 304	1 197	2 117	6 396
SG&A	(868)	(720)	(624)	(764)	(2 976)
Other operating income/(expenses)	82	74	47	65	267
Normalized EBIT	992	657	620	1 418	3 688
Normalized EBITDA	1 257	884	879	1 675	4 696
Normalized EBITDA margin	44.0%	42.1%	44.7%	50.6%	45.9%

EMEA	1Q 2018 Reference base	2Q 2018 Reference base	3Q 2018 Reference base	4Q 2018 Reference base	FY 2018 Reference base
Volumes	20 549	21 340	21 803	23 484	87 176
Revenue	1 919	2 176	2 095	2 183	8 374
Cost of sales	(834)	(887)	(867)	(887)	(3 475)
Gross profit	1 085	1 289	1 228	1 297	4 898
SG&A	(722)	(751)	(699)	(708)	(2 879)
Other operating income/(expenses)	49	68	76	40	232
Normalized EBIT	412	606	605	629	2 251
Normalized EBITDA	660	847	833	846	3 187
Normalized EBITDA margin	34.4%	38.9%	39.8%	38.7%	38.1%

ASIA PACIFIC	1Q 2018 Reference base	2Q 2018 Reference base	3Q 2018 Reference base	4Q 2018 Reference base	FY 2018 Reference base
Volumes	24 296	29 804	31 290	18 875	104 266
Revenue	2 040	2 327	2 310	1 793	8 470
Cost of sales	(870)	(958)	(944)	(760)	(3 531)
Gross profit	1 170	1 369	1 366	1 034	4 939
SG&A	(622)	(741)	(750)	(656)	(2 769)
Other operating income/(expenses)	41	43	43	36	163
Normalized EBIT	589	670	659	414	2 333
Normalized EBITDA	772	870	861	628	3 131
Normalized EBITDA margin	37.8%	37.4%	37.3%	35.0%	37.0%

GLOBAL EXPORT AND HOLDING COMPANIES	1Q 2018 Reference base	2Q 2018 Reference base	3Q 2018 Reference base	4Q 2018 Reference base	FY 2018 Reference base
Volumes	346	132	-	-	478
Revenue	106	87	107	118	419
Cost of sales	(107)	(65)	(88)	(110)	(370)
Gross profit	(1)	22	19	9	49
SG&A	(260)	(236)	(244)	(255)	(996)
Other operating income/(expenses)	8	5	-	11	25
Normalized EBIT	(253)	(209)	(225)	(235)	(922)
Normalized EBITDA	(184)	(141)	(164)	(165)	(653)

Statement of the Board of Directors

The Board of Directors of AB InBev SA/NV certifies, on behalf and for the account of the company, that, to their knowledge, (a) the financial statements which have been prepared in accordance with International Financial Reporting Standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the entities included in the consolidation as a whole and (b) the management report includes a fair review of the development and performance of the business and the position of the company and the entities included in the consolidation as a whole, together with a description of the principal risks and uncertainties they face.

Independent auditors' report

Deloitte.

Independent auditor's report to the shareholders' meeting of Anheuser-Busch InBev NV/SA on the consolidated financial statements for the year ended 31 December 2018

In the context of the audit of the consolidated financial statements of Anheuser-Busch InBev NV/SA ("the Company") and its subsidiaries, joint ventures, joint operations and associates (together "the Group"), we hereby submit our audit report to you. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These should be considered as an integral part to the report.

We were appointed in our capacity as independent auditor by the shareholders' meeting of 27 April 2016 in accordance with the proposal of the board of directors issued upon recommendation of the Audit Committee and as presented to the works council. Our mandate expires on the date of the shareholders' meeting deliberating on the consolidated financial statements for the year ending 31 December 2018.

Report on the audit of the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the Group, which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 232 103 million USD and the consolidated income statement shows a consolidated profit for the year then ended of 5 691 million USD.

In our opinion, the consolidated financial statements of Anheuser-Busch InBev NV/SA give a true and fair view of the Group's net equity and financial position as of 31 December 2018 and of its consolidated results and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) as applicable in Belgium. Our responsibilities under those standards are further described in the "Responsibilities of the independent auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the Company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters:

Key audit matter	How our audit addressed the key audit matter & reference to the Company's disclosures
Goodwill and intangible assets with an indefinite useful life – impairment testing Goodwill and intangible assets with indefinite useful lives represent 76 % of the total consolidated statement of financial position at 31 December 2018. The annual impairment testing was significant to our audit because of the financial quantum of the assets it supports as well as the fact that the testing relies on a number of critical judgments, estimates and assumptions. The Company uses a strategic plan based on external sources in respect of macro-economic assumptions, industry, inflation, foreign exchange rates and past experience and assumptions in terms of market share, revenue, variable and fixed cost, capital expenditure and working capital assumptions.	We assessed and tested the critical assumptions, the discount rates, methodologies and data used by the Company, by comparing them to external data such as expected inflation rates, external market growth expectations and by analyzing sensitivities in the Company's discounted cash flow model. We included valuation specialists in our team to assist us in these activities. Goodwill and intangible assets with indefinite useful lives are allocated to Cash Generating Units (CGU's) and groups of CGU's. We assessed the adequacy of the Company's disclosure notes 14 and 15 in the financial statements about the assumptions to which the outcome of the impairment test is most sensitive. We specifically focused on the sensitivity in the available headroom of CGU's and whether a reasonable possible change in assumptions could cause the carrying amount to exceed its recoverable amount. We also assessed the historical accuracy of management's estimates. The details on the accounting for goodwill and intangible assets and the disclosure requirements under IAS 36 Impairment of assets are included in Note 3. Summary of significant accounting policies, Note 4. Use of estimates and judgments, Note 14. Goodwill and Note 15. Intangible assets to the financial statements.

Key audit matter	How our audit addressed the key audit matter & reference to the Company's disclosures
Taxes – provisions for uncertain tax positions The Group is subject to income tax in numerous jurisdictions. There are some transactions for which the ultimate tax position is uncertain and which requires significant judgment to determine the provision for income tax. In those cases where the amount of tax payable or recoverable is uncertain, the Company establishes provisions based on its judgment of the probable amount of the payable or receivable. Some subsidiaries within the Group are currently subject to tax audits and local enquiries usually in relation to prior years. Investigations and negotiations with local tax authorities can take considerable time to conclude. Due to the level of judgment involved and the uncertain nature of the tax positions, we consider this to be a significant matter in our audit.	With assistance from our tax specialists, we obtained a detailed understanding of the Company's tax strategy as well as key technical tax issues and risks related to business and legislative developments. We assessed the status of ongoing local tax authority audits using, where applicable, our local and international specialized tax knowledge. We evaluated and challenged management's judgment in respect of estimates of tax exposures, recoverable amounts and contingencies. We considered correspondence with tax authorities and also assessed legal opinions from third party tax advisors who act on behalf of the Company. We considered the adequacy of the Company's disclosures in Note 3. Summary of significant accounting policies, Note 4. Use of estimates and judgments, Note 12. Income taxes and Note 32. Contingencies of the financial statements.

Responsibilities of the board of directors for the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium; and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements the board of directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the independent auditor for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

During the performance of our audit, we comply with the legal regulatory and normative framework as applicable to the audit of consolidated financial statements in Belgium.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes any public disclosure about the matter.

Report on other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements and other matters disclosed in this report.

Responsibilities of the independent auditor

As part of our mandate and in accordance with the Belgian (revised in 2018) auditing standard which is complementary to the ISA applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements and other matters disclosed in the annual report on the consolidated financial statements, as well as to report on these matters.

Aspects regarding the directors' report on the consolidated financial statements

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, the directors' report on the consolidated financial statements is consistent with the consolidated financial statements for the year and it has been established in accordance with the requirements of article 119 of the Companies Code.

In the context of our audit of the consolidated financial statements we are responsible for considering, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements is free of material misstatements, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such a material misstatement.

Statements regarding independence

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the Company during the performance of our mandate.
- The fees for the non-audit services compatible with the audit of the consolidated financial statements as defined in article 134 of the Companies Code have been properly disclosed and disaggregated in the disclosures to the consolidated financial statements.

Other statements

- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Zaventem, 27 February 2019

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises
CVBA/SCRL
Represented by Joël Brehmen

Deloitte.

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises
Coöperatieve vennootschap met beperkte aansprakelijkheid/Société coopérative à responsabilité limitée
Registered Office: Gateway building, Luchthaven Brussel Nationaal 1 J, B-1930 Zaventem
VAT BE 0429.053.863 - RPR Brussel/RPM Bruxelles - IBAN BE 17 2300 0465 6121 - BIC GEBABEBB

Member of Deloitte Touche Tohmatsu Limited

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Consolidated financial statements

Consolidated income statement

For the year ended 31 December Million US dollar, except earnings per shares in US dollar	Notes	2018	2017
Revenue		**54 619**	**56 444**
Cost of sales		(20 359)	(21 386)
Gross profit		**34 259**	**35 058**
Distribution expenses		(5 770)	(5 876)
Sales and marketing expenses		(7 883)	(8 382)
Administrative expenses		(3 465)	(3 841)
Other operating income/(expenses)	7	680	854
Profit from operations before non-recurring items		**17 821**	**17 814**
Restructuring	8	(385)	(468)
Acquisition costs business combinations	8	(74)	(155)
Business and asset disposal	8	(26)	(39)
Provision for EU investigation	8	(230)	-
Profit from operations		**17 106**	**17 152**
Finance cost	11	(7 186)	(6 192)
Finance income	11	440	378
Non-recurring net finance income/(cost)	11	(1 982)	(693)
Net finance income/(cost)		**(8 729)**	**(6 507)**
Share of result of associates and joint ventures	16	153	430
Profit before tax		**8 530**	**11 076**
Income tax expense	12	(2 839)	(1 920)
Profit from continuing operations		**5 691**	**9 155**
Profit from discontinued operations		-	28
Profit of the period		**5 691**	**9 183**
Profit from continuing operations attributable to:			
Equity holders of AB InBev		4 368	7 968
Non-controlling interest		1 323	1 187
Profit of the period attributable to:			
Equity holders of AB InBev		4 368	7 996
Non-controlling interest		1 323	1 187
Basic earnings per share	23	2.21	4.06
Diluted earnings per share	23	2.17	3.98
Basic earnings per share from continuing operations	23	2.21	4.04
Diluted earnings per share from continuing operations	23	2.17	3.96
Basic earnings per share before non-recurring items and discontinued operations[1]	23	3.44	4.04
Diluted earnings per share before non-recurring items and discontinued operations[1]	23	3.38	3.96
Underlying EPS[1]	23	4.38	4.19

The accompanying notes are an integral part of these consolidated financial statements.

[1] Basic earnings per share and diluted earnings per share before non-recurring items and discontinued operations, as well as Underlying EPS, are not defined metrics in IFRS. Refer to Note 23 *Changes in equity and earnings per share for more details*

Consolidated statement of comprehensive income

For the year ended 31 December Million US dollar	2018	2017
Profit of the period	**5 691**	**9 183**
Other comprehensive income: items that will not be reclassified to profit or loss:		
Re-measurements of post-employment benefits	99	(37)
	99	**(37)**
Other comprehensive income: items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(7 924)	1 716
Effective portion of changes in fair value of net investment hedges	114	(542)
Cash flow hedges recognized in equity	512	(60)
Cash flow hedges reclassified from equity to profit or loss	(565)	(36)
	(7 863)	**1 077**
Other comprehensive income, net of tax	**(7 764)**	**1 040**
Total comprehensive income	**(2 073)**	**10 223**
Attributable to:		
Equity holders of AB InBev	(3 005)	**8 838**
Non-controlling interest	932	**1 385**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at Million US dollar	Notes	31 December 2018	31 December 2017
ASSETS			
Non-current assets			
Property, plant and equipment	13	25 910	27 184
Goodwill	14	133 311	140 940
Intangible assets	15	44 831	45 874
Investments in associates and joint ventures	16	6 136	5 263
Investment securities	17	108	100
Deferred tax assets	18	1 457	1 216
Employee benefits	25	16	22
Income tax receivables		992	708
Derivatives	29	291	25
Trade and other receivables	20	769	834
Total non-current assets		213 822	222 166
Current assets			
Investment securities	17	87	1 304
Inventories	19	4 234	4 119
Income tax receivables		457	908
Derivatives	29	16	458
Trade and other receivables	20	6 375	6 566
Cash and cash equivalents	21	7 074	10 472
Assets classified as held for sale	22	39	133
Total current assets		**18 281**	**23 960**
Total assets		**232 103**	**246 126**
EQUITY AND LIABILITIES			
Equity			
Issued capital	23	1 736	1 736
Share premium		17 620	17 620
Reserves		19 056	24 835
Retained earnings		26 074	28 394
Equity attributable to equity holders of AB InBev		**64 486**	**72 585**
Non-controlling interests	33	7 418	7 635
Total equity		**71 904**	**80 220**
Non-current liabilities			
Interest-bearing loans and borrowings	24	105 584	108 949
Employee benefits	25	2 681	2 993
Deferred tax liabilities	18	13 165	13 107
Income tax payables		576	732
Derivatives	29	766	937
Trade and other payables	28	1 816	1 462
Provisions	27	1 152	1 515
Total non-current liabilities		**125 740**	**129 695**
Current liabilities			
Bank overdrafts	21	114	117
Interest-bearing loans and borrowings	24	4 216	7 433
Income tax payables		1 220	1 558
Derivatives	29	5 574	1 457
Trade and other payables	28	22 568	24 762
Provisions	27	766	885
Total current liabilities		**34 459**	**36 211**
Total equity and liabilities		**232 103**	**246 126**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

Million US dollar	Attributable to equity holders of AB InBev Issued Capital	Share premium	Treasury shares	Reserves	Share-based payment reserves
As per 1 January 2017	**1 736**	**17 620**	**(8 980)**	**45 726**	**1 437**
Profit of the period	**-**	**-**	**-**	**-**	**-**
Other comprehensive income					
Exchange differences on translation of foreign operations (gains/(losses))	-	-	-	-	-
Cash flow hedges	-	-	-	-	-
Re-measurements of post-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**-**	**-**
Dividends	**-**	**-**	**-**	**-**	**-**
Treasury shares	-	-	-	-	-
Share-based payments	-	-	-	-	316
Purchase/(sale) of non-controlling	-	-	-	-	-
Scope and other changes	-	-	-	-	-
As per 31 December 2017	**1 736**	**17 620**	**(8 980)**	**45 726**	**1 753**

Million US dollar	Attributable to equity holders of AB InBev Issued Capital	Share premium	Treasury shares	Reserves	Share-based payment reserves
As per 1 January 2018	**1 736**	**17 620**	**(8 980)**	**45 726**	**1 753**
Impact of adopting IFRSs 9 and 15[1]	-	-	-	-	-
As per 1 January 2018, as adjusted	**1 736**	**17 620**	**(8 980)**	**45 726**	**1 753**
Profit of the period	**-**	**-**	**-**	**-**	**-**
Other comprehensive income					
Exchange differences on translation of foreign operations (gains/(losses))	**-**	**-**	**-**	**-**	**-**
Cash flow hedges	**-**	**-**	**-**	**-**	**-**
Re-measurements of post-	**-**	**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**
Dividends	**-**	**-**	**-**	**-**	-
Treasury shares[1]	-	-	2 431	-	-
Share-based payments	-	-	-	-	284
Purchase/(sale) of non-controlling	-	-	-	-	-
Hyperinflation monetary adjustments	-	-	-	-	-
Scope and other changes	-	-	-	-	-
As per 31 December 2018	**1 736**	**17 620**	**(6 549)**	**45 726**	**2 037**

The accompanying notes are an integral part of these consolidated financial statements.

[1] See Note 3 (E) Summary of changes in accounting policies.

Attributable to equity holders of AB InBev					
Other comprehensive income reserves[1]	Deferred share instrument	Retained earnings	Total	Non-controlling interest	Total Equity
(15 626)	**1 212**	**28 214**	**71 339**	**10 086**	**81 425**
-	**-**	**7 996**	**7 996**	**1 187**	**9 183**
1 053	-	-	1 053	121	1 174
(158)	-	-	(158)	61	(96)
(53)	-	-	(53)	16	(37)
842	-	**7 996**	**8 838**	**1 385**	**10 223**
-	(93)	(7 821)	(7 914)	(1 316)	(9 230)
-	-	-	-	-	-
-	-	-	316	18	333
-	-	-	-	(2 401)	(2 401)
-	-	5	5	(137)	(132)
(14 784)	**1 119**	**28 394**	**72 585**	**7 635**	**80 220**

Attributable to equity holders of AB InBev					
Other comprehensive income reserves[1]	Deferred share instrument	Retained earnings	Total	Non-controlling interest	Total Equity
(14 784)	**1 119**	**28 394**	**72 585**	**7 635**	**80 220**
-	-	(4)	(4)	(42)	(46)
(14 784)	**1 119**	**28 390**	**72 581**	**7 593**	**80 174**
-	**-**	**4 368**	**4 368**	**1 323**	**5 691**
(7 379)	**-**	-	(7 379)	(431)	(7 810)
(92)	**-**	-	(92)	40	(52)
98	**-**	**-**	98	1	99
(7 373)	**-**	**4 368**	**(3 005)**	**932**	**(2 073)**
-	(56)	(6 258)	(6 314)	(1 123)	(7 437)
-	(1 063)	(1 368)	-	-	-
-	-	-	284	6	290
-	-	429	429	(429)	-
-	-	560	560	345	905
-	-	(48)	(48)	94	46
(22 157)	**-**	**26 074**	**64 486**	**7 418**	**71 904**

[1] See Note 23 Changes in equity and earnings per share.

Consolidated statement of cash flows

For the year ended 31 December Million US dollar	Notes	2018	2017
OPERATING ACTIVITIES			
Profit of the period		5 691	9 183
Depreciation, amortization and impairment	10	4 260	4 276
Impairment losses on receivables, inventories and other assets		115	130
Additions/(reversals) in provisions and employee benefits		505	178
Net finance cost/(income)	11	8 729	6 507
Loss/(gain) on sale of property, plant and equipment and intangible assets		(82)	(117)
Loss/(gain) on sale of subsidiaries, associates and assets held for sale		(20)	(47)
Equity-settled share-based payment expense	26	337	351
Income tax expense	12	2 839	1 920
Other non-cash items included in profit		(660)	(284)
Share of result of associates and joint ventures		(153)	(430)
Cash flow from operating activities before changes in working capital and use of		**21 561**	**21 667**
Decrease/(increase) in trade and other receivables		(38)	67
Decrease/(increase) in inventories		(603)	(213)
Increase/(decrease) in trade and other payables		1 153	365
Pension contributions and use of provisions		(488)	(616)
Cash generated from operations		**21 585**	**21 270**
Interest paid		(4 445)	(4 652)
Interest received		428	811
Dividends received		141	142
Income tax paid		(3 047)	(2 141)
CASH FLOW FROM OPERATING ACTIVITIES		**14 663**	**15 430**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and of intangible assets	13/15	(5 086)	(4 741)
Proceeds from sale of property, plant and equipment and of intangible assets		437	617
Proceeds from SAB transaction-related divestitures	22	(330)	11 697
Taxes on SAB transaction-related divestitures		(100)	(3 449)
Acquisition of subsidiaries, net of cash acquired	6	(112)	(598)
Sale of subsidiaries, net of cash disposed of	6	257	42
Net proceeds from sale/(acquisition) of investment in short-term debt securities	17	1 296	4 337
Net proceeds from sale/(acquisition) of other assets		(172)	(264)
Net repayments/(payments) of loans granted		(156)	213
CASH FLOW FROM INVESTING ACTIVITIES		**(3 965)**	**7 854**
FINANCING ACTIVITIES			
Purchase of non-controlling interest	23	(923)	(206)
Proceeds from borrowings	24	17 782	13 352
Payments on borrowings	24	(22 489)	(23 333)
Cash net finance (cost)/income other than interests		(554)	(1 542)
Dividends paid		(7 761)	(9 275)
CASH FLOW FROM FINANCING ACTIVITIES		**(13 945)**	**(21 004)**
Net increase/(decrease) in cash and cash equivalents		**(3 247)**	**2 280**
Cash and cash equivalents less bank overdrafts at beginning of year		10 356	8 395
Effect of exchange rate fluctuations		(148)	(319)
Cash and cash equivalents less bank overdrafts at end of period	21	**6 960**	**10 356**

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. Corporate information

Anheuser-Busch InBev is a publicly traded company (Euronext: ABI) based in Leuven, Belgium, with secondary listings on the Mexico (MEXBOL: ANB) and South Africa (JSE: ANH) stock exchanges and with American Depositary Receipts on the New York Stock Exchange (NYSE: BUD). Our Dream is to bring people together for a better world. Beer, the original social network, has been bringing people together for thousands of years. We are committed to building great brands that stand the test of time and to brewing the best beers using the finest natural ingredients. Our diverse portfolio of well over 500 beer brands includes global brands Budweiser®, Corona® and Stella Artois®; multi-country brands Beck's®, Castle®, Castle Lite®, Hoegaarden® and Leffe®; and local champions such as Aguila®, Antarctica®, Bud Light®, Brahma®, Cass®, Cristal®, Harbin®, Jupiler®, Michelob Ultra®, Modelo Especial®, Quilmes®, Victoria®, Sedrin® and Skol®. Our brewing heritage dates back more than 600 years, spanning continents and generations. From our European roots at the Den Hoorn brewery in Leuven, Belgium. To the pioneering spirit of the Anheuser & Co brewery in St. Louis, US. To the creation of the Castle Brewery in South Africa during the Johannesburg gold rush. To Bohemia, the first brewery in Brazil. Geographically diversified with a balanced exposure to developed and developing markets, we leverage the collective strengths of approximately 175 000 employees based in nearly 50 countries worldwide. For 2018, AB InBev's reported revenue was 54.6 billion US dollar (excluding joint ventures and associates).

The consolidated financial statements of the company for the year ended 31 December 2018 comprise the company and its subsidiaries (together referred to as "AB InBev" or the "company") and the company's interest in associates, joint ventures and operations.

The consolidated financial statements were authorized for issue by the Board of Directors on 27 February 2019.

2. Statement of compliance

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB") and in conformity with IFRS as adopted by the European Union up to 31 December 2018 (collectively "IFRS"). AB InBev did not early apply any new IFRS requirements that were not yet effective in 2018 and did not apply any European carve-outs from IFRS.

3. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements by the company and its subsidiaries.

(A) BASIS OF PREPARATION AND MEASUREMENT

Depending on the applicable IFRS requirements, the measurement basis used in preparing the financial statements is cost, net realizable value, fair value or recoverable amount. Whenever IFRS provides an option between cost and another measurement basis (e.g. systematic re-measurement), the cost approach is applied.

(B) FUNCTIONAL AND PRESENTATION CURRENCY

Unless otherwise specified, all financial information included in these financial statements has been stated in US dollar and has been rounded to the nearest million. As from 2009, following the combination with Anheuser-Bush, the company changed the presentation currency of the consolidated financial statements from the euro to the US dollar to provide greater alignment of the presentation currency with AB InBev's most significant operating currency and underlying financial performance. The functional currency of the parent company is the euro.

(C) USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(D) PRINCIPLES OF CONSOLIDATION

Subsidiaries are those entities controlled by AB InBev. AB InBev controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights are taken into account. Control is presumed to exist where AB InBev owns, directly or indirectly, more than one half of the voting rights (which does not always equate to economic ownership), unless it can be demonstrated that such ownership does not constitute control. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Associates are undertakings in which AB InBev has significant influence over the financial and operating policies, but which it does not control. This is generally evidenced by ownership of between 20% and 50% of the voting rights. A joint venture is an arrangement in which AB InBev has joint control, whereby AB InBev has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Associates and joint ventures are accounted for by the equity method of accounting, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When AB InBev's share of losses exceeds the carrying amount of the associate or joint venture, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that AB InBev has incurred legal or constructive obligations on behalf of the associate or joint venture.

Joint operations arise when AB InBev has rights to the assets and obligations to the liabilities of a joint arrangement. AB InBev accounts for its share of the assets, liabilities, revenues and expenses as from the moment joint operation commences until the date that joint operation ceases.

The financial statements of the company's subsidiaries, joint ventures, joint operations and associates are prepared for the same reporting year as the parent company, using consistent accounting policies. In exceptional cases when the financial statements of a subsidiary, joint venture, joint operation or associate are prepared as of a different date from that of AB InBev, adjustments are made for the effects of significant transactions or events that occur between that date and the date of AB InBev's financial statements. In such cases, the difference between the end of the reporting period of these subsidiaries, joint ventures, joint operations or associates from AB InBev's reporting period is no more than three months. Results from the company's associates Anadolu Efes and Castel are reported on a three-month lag. Therefore, estimates are made to reflect AB InBev's share in the result of these associates for the last quarter. Such estimates are revisited when required.

Transactions with non-controlling interests are treated as transactions with equity owners of the company. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity where there is no loss of control.

All intercompany transactions, balances and unrealized gains and losses on transactions between group companies have been eliminated. Unrealized gains arising from transactions with joint ventures, joint operations and associates are eliminated to the extent of AB InBev's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

A listing of the company's most important subsidiaries, joint ventures, joint operations and associates is set out in Note 36 *AB InBev companies*.

(E) SUMMARY OF CHANGES IN ACCOUNTING POLICIES

IFRS with effective application for annual periods beginning on 1st January 2018:

IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* became effective on 1 January 2018 and were applied by the company for the first time as of that date.

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 and contains three main topics: classification and measurement of financial instruments, impairment of financial assets and hedge accounting. The new hedge accounting model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities. IFRS 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value.

The company has applied IFRS 9 *Financial Instruments* as of the effective date, without restatement of the comparative information for the period beginning 1 January 2017. Consequently, the disclosures for the comparative periods follow the classification and measurement requirements under IAS 39. The company performed an impact assessment and concluded that IFRS 9 *Financial Instruments* does not impact materially its financial position, financial performance or risk management activities.

Under IFRS 9 the carrying amount of a debt should be adjusted when a modification does not result in the derecognition of the financial instrument. Consequently, the company adjusted the carrying amount of its debt against Retained earnings. This resulted in a decrease of the carrying amount of the debt by 77m US dollar.

IFRS 15 Revenue from Contracts with Customers

The core principle of the new standard is to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard also results in enhanced disclosures about revenue, provides guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improves guidance for multiple-element arrangements.

The company has applied IFRS 15 *Revenue from Contracts with Customers* as of the effective date in accordance with the modified retrospective application. Under this approach, the cumulative effect of initially applying IFRS 15 must be recognized as an adjustment to the opening balance of equity at the date of initial application and comparative periods are not restated. On the implementation date, the adjustment to the opening balance of equity resulted in a decrease of the retained earnings by 123m US dollar, to reflect the changes in accounting policies related to performance that, in accordance with IFRS 15, should be related to the transaction price underlying 2017 revenue.

A number of other new standards, amendment to standards and new interpretations became mandatory for the first time for the financial year beginning on 1 January 2018 and have not been listed in these consolidated financial statements as they either do not apply or are immaterial to AB InBev's consolidated financial statements.

(F) FOREIGN CURRENCIES

Foreign currency transactions

Foreign currency transactions are accounted for at exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to US dollar at foreign exchange rates ruling at the dates the fair value was determined.

Translation of the results and financial position of foreign operations

Assets and liabilities of foreign operations are translated to US dollar at foreign exchange rates prevailing at the balance sheet date. Income statements of foreign operations, excluding foreign entities in hyperinflationary economies, are translated to US dollar at exchange rates for the year approximating the foreign exchange rates prevailing at the dates of the transactions. The components of shareholders' equity are translated at historical rates. Exchange differences arising from the translation of shareholders' equity to US dollar at period-end exchange rates are taken to other comprehensive income (translation reserves).

Financial Reporting in hyperinflationary economies

In May 2018, the Argentinean peso underwent a severe devaluation resulting in the three-year cumulative inflation of Argentina to exceed 100%, thereby triggering the requirement to transition to hyperinflation accounting as prescribed by IAS 29 *Financial Reporting in Hyperinflationary Economies*. IAS 29 requires to report the results of the company's operations in Argentina as if these were highly inflationary as of 1 January 2018.

Under IAS 29, the non-monetary assets and liabilities stated at historical cost, the equity and the income statement of subsidiaries operating in hyperinflationary economies are restated for changes in the general purchasing power of the local currency applying a general price index. These re-measured accounts are used for conversion into US dollar at the period closing exchange rate. As a result, the balance sheet and net results of subsidiaries operating in hyperinflation economies are stated in terms of the measuring unit current at the end of the reporting period.

Exchange rates

The most important exchange rates that have been used in preparing the financial statements are:

	Closing rate		Average rate	
1 US dollar equals:	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**
Argentinean peso	37.807879	18.774210	-	16.580667
Australian dollar	1.416593	1.279580	1.334300	1.308997
Brazilian real	3.874806	3.308005	3.634827	3.201667
Canadian dollar	1.362882	1.253982	1.293896	1.303248
Colombian peso	3 246.70	2 988.60	2 967.36	2 965.94
Chinese yuan	6.877787	6.507500	6.581607	6.785290
Euro	0.873362	0.833819	0.845697	0.886817
Mexican peso	19.682728	19.735828	19.195084	18.811612
Pound sterling	0.781249	0.739790	0.750773	0.773029
Peruvian nuevo sol	3.369998	3.244558	3.284477	3.267432
South Korean won	1 115.40	1 067.63	1 095.46	1 134.04
South African rand	14.374909	12.345193	13.105486	13.338803
Turkish lira	5.291532	3.790879	4.560685	3.615028

(G) INTANGIBLE ASSETS

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized if the product or process is technically and commercially feasible, future economic benefits are probable and the company has sufficient resources to complete development. The expenditure capitalized includes the cost of materials, direct labor and an appropriate proportion of overheads. Other development expenditure is recognized in the income statement as an expense as incurred. Capitalized development expenditure is stated at cost less accumulated amortization (see below) and impairment losses (refer to accounting policy O).

Amortization related to research and development intangible assets is included within the cost of sales if production related and in sales and marketing if related to commercial activities.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets.

Supply and distribution rights

A supply right is the right for AB InBev to supply a customer and the commitment by the customer to purchase from AB InBev. A distribution right is the right to sell specified products in a certain territory. Acquired distribution rights are measured initially at cost or fair value when obtained through a business combination. Amortization related to supply and distribution rights is included within sales and marketing expenses.

Brands

If part of the consideration paid in a business combination relates to trademarks, trade names, formulas, recipes or technological expertise these intangible assets are considered as a group of complementary assets that is referred to as a brand for which one fair value is determined. Expenditure on internally generated brands is expensed as incurred.

Software

Purchased software is measured at cost less accumulated amortization. Expenditure on internally developed software is capitalized when the expenditure qualifies as development activities; otherwise, it is recognized in the income statement when incurred. Amortization related to software is included in cost of sales, distribution expenses, sales and marketing expenses or administrative expenses based on the activity the software supports.

Other intangible assets
Other intangible assets, acquired by the company, are recognized at cost less accumulated amortization and impairment losses. Other intangible assets also include multi-year sponsorship rights acquired by the company. These are initially recognized at the present value of the future payments and subsequently measured at cost less accumulated amortization and impairment losses.

Subsequent expenditure
Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are expensed as incurred.

Amortization
Intangible assets with a finite life are amortized using the straight-line method over their estimated useful lives. Licenses, brewing, supply and distribution rights are amortized over the period in which the rights exist. Brands are considered to have an indefinite life unless plans exist to discontinue the brand. Discontinuance of a brand can be either through sale or termination of marketing support. When AB InBev purchases distribution rights for its own products the life of these rights is considered indefinite, unless the company has a plan to discontinue the related brand or distribution. Software and capitalized development costs related to technology are amortized over 3 to 5 years.

Brands are deemed intangible assets with indefinite useful lives and, therefore, are not amortized but tested for impairment on an annual basis (refer to accounting policy O).

Gains and losses on sale
Net gains on sale of intangible assets are presented in the income statement as other operating income. Net losses on sale are included as other operating expenses. Net gains and losses are recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, and there is no continuing managerial involvement with the intangible assets.

(H) BUSINESS COMBINATIONS
The company applies the acquisition method of accounting to account for acquisitions of businesses. The cost of an acquisition is measured as the aggregate of the fair values at the date of exchange of the assets given, liabilities incurred and equity instruments issued. Identifiable assets, liabilities and contingent liabilities acquired or assumed are measured separately at their fair value as of the acquisition date. The excess of the cost of the acquisition over the company's interest in the fair value of the identifiable net assets acquired is recorded as goodwill.

The allocation of fair values to the identifiable assets acquired and liabilities assumed is based on various assumptions requiring management judgment.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of AB InBev's previously held interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

(I) GOODWILL
Goodwill is determined as the excess of the consideration paid over AB InBev's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary, jointly controlled entity or associate recognized at the date of acquisition. All business combinations are accounted for by applying the purchase method.

In conformity with IFRS 3 *Business Combinations*, goodwill is stated at cost and not amortized but tested for impairment on an annual basis and whenever there is an indicator that the cash generating unit to which goodwill has been allocated, may be impaired (refer to accounting policy O). Goodwill is expressed in the currency of the subsidiary or jointly controlled entity to which it relates and is translated to US dollar using the year-end exchange rate. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

If AB InBev's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized exceeds the cost of the business combination such excess is recognized immediately in the income statement as required by IFRS 3 *Business Combinations*. Expenditure on internally generated goodwill is expensed as incurred.

(J) PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses (refer to accounting policy O). Cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management (e.g. nonrefundable tax and transport cost). The cost of a self-constructed asset is determined using the same principles as for an acquired asset. The depreciation methods, residual value, as well as the useful lives are reassessed and adjusted if appropriate, annually.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets.

Subsequent expenditure
The company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. All other costs are expensed as incurred.

Depreciation
The depreciable amount is the cost of an asset less its residual value. Residual values, if not insignificant, are reassessed annually. Depreciation is calculated from the date the asset is available for use, using the straight-line method over the estimated useful lives of the assets.

The estimated useful lives are defined in terms of the asset's expected utility to the company and can vary from one geographical area to another. On average the estimated useful lives are as follows:

Industrial buildings – other real estate properties	20 - 50 years
Production plant and equipment:	
Production equipment	10 - 15 years
Storage, packaging and handling equipment	5 - 7 years
Returnable packaging:	
Kegs	2 - 10 years
Crates	2 - 10 years
Bottles	2 - 5 years
Point of sale furniture and equipment	5 years
Vehicles	5 years
Information processing equipment	3 - 5 years

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Land is not depreciated as it is deemed to have an indefinite life.

Gains and losses on sale

Net gains on sale of items of property, plant and equipment are presented in the income statement as other operating income. Net losses on sale are presented as other operating expenses. Net gains and losses are recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, and there is no continuing managerial involvement with the property, plant and equipment.

(K) ACCOUNTING FOR LEASES

Leases of property, plant and equipment where the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognized as assets and liabilities (interest-bearing loans and borrowings) at amounts equal to the lower of the fair value of the leased property and the present value of the minimum lease payments at inception of the lease. Depreciation and impairment testing for depreciable leased assets is the same as for depreciable assets that are owned (refer to accounting policies J and O).

Lease payments are apportioned between the outstanding liability and finance charges so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Leases of assets under which all the risks and rewards of ownership are substantially retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the term of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

(L) INVENTORIES

Inventories are valued at the lower of cost and net realizable value. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. The weighted average method is used in assigning the cost of inventories.

The cost of finished products and work in progress comprises raw materials, other production materials, direct labor, other direct cost and an allocation of fixed and variable overhead based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated completion and selling costs.

Inventories are written down on a case-by-case basis if the anticipated net realizable value declines below the carrying amount of the inventories. The calculation of the net realizable value takes into consideration specific characteristics of each inventory category, such as expiration date, remaining shelf life, slow-moving indicators, amongst others.

(M) TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and generally due for settlement within 30 days. Trade receivables are recognized initially at the amount of the consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The company holds trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Trade and other receivables are carried at amortized cost less impairment losses. To determine the appropriate amount to be impaired factors such as significant financial difficulties of the debtor, probability that the debtor will default, enter into bankruptcy or financial reorganization, or delinquency in payments are considered.

Other receivables are initially recognized at fair value and subsequently measured at amortized cost. Any impairment losses and foreign exchange results are directly recognized in profit or loss.

(N) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all cash balances and short-term highly liquid investments with a maturity of three months or less from the date of acquisition that are readily convertible into cash. They are stated at face value, which approximates their fair value. In the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

(O) IMPAIRMENT

The carrying amounts of property, plant and equipment, goodwill and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is an indicator of impairment, the asset's recoverable amount is estimated. In addition, goodwill, intangible assets that are not yet available for use and intangibles with an indefinite useful life are tested for impairment annually at the cash-generating unit level (that is a country or group of countries managed as a group below a reporting region). An impairment loss is recognized whenever the carrying amount of an asset or the related cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

Calculation of recoverable amount

The recoverable amount of non-financial assets is determined as the higher of their fair value less costs to sell and value in use. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The recoverable amount of the cash generating units to which the goodwill and the intangible assets with indefinite useful life belong is based on discounted future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses recognized in respect of cash-generating units firstly reduce allocated goodwill and then the carrying amounts of the other assets in the unit on a pro rata basis.

Reversal of impairment losses

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(P) FAIR VALUE MEASUREMENT

A number of AB InBev's accounting policies and notes require fair value measurement for both financial and non-financial items.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring fair value, AB InBev uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: inputs are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements incorporates significant inputs that are based on unobservable market data.

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The company applies fair value measurement to the instruments listed below.

Derivatives

The fair value of exchange traded derivatives (e.g. exchange traded foreign currency futures) is determined by reference to the official prices published by the respective exchanges (e.g. the New York Board of Trade). The fair value of over-the-counter derivatives is determined by commonly used valuation techniques.

Debt securities

This category includes both debt securities designated at FVOCI and FVPL. The fair value is measured using observable inputs such as interest rates and foreign exchange rates. When it pertains to instruments that are publicly traded, the fair value is determined by reference to observable quotes. In circumstances where debt securities are not publicly traded, the main valuation technique is the discounted cash flow. The company may apply other valuation techniques or combination of valuation techniques if the fair value results are more relevant.

Equity securities designated as at FVOCI

Investments in equity securities comprise quoted and unquoted securities. When liquid quoted prices are available, these are used to fair value investments in quoted securities. The unquoted securities are fair valued using primarily the discounted cash flow method.

Non-derivative financial liabilities

The fair value of non-derivative financial liabilities is generally determined using unobservable inputs and therefore fall into level 3. In these circumstances, the valuation technique used is discounted cash flow, whereby the projected cash flows are discounted using a risk adjusted rate.

(Q) SHARE CAPITAL

Repurchase of share capital

When AB InBev buys back its own shares, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction from equity under treasury shares.

Dividends

Dividends paid are recognized in the consolidated financial statements on the date that the dividends are declared unless minimum statutory dividends are required by local legislation or the bylaws of the company's subsidiaries. In such instances, statutory minimum dividends are recognized as a liability.

Share issuance costs

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(R) PROVISIONS

Provisions are recognized when (i) the company has a present legal or constructive obligation as a result of past events, (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and (iii) a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Restructuring

A provision for restructuring is recognized when the company has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Costs relating to the ongoing activities of the company are not provided for. The provision includes the benefit commitments in connection with early retirement and redundancy schemes.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. Such provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Disputes and Litigations

A provision for disputes and litigation is recognized when it is more likely than not that the company will be required to make future payments as a result of past events, such items may include but are not limited to, several claims, suits and actions relating to antitrust laws, violations of distribution and license agreements, environmental matters, employment related disputes, claims from tax authorities, and alcohol industry litigation matters.

(S) EMPLOYEE BENEFITS

Post-employment benefits

Post-employment benefits include pensions, post-employment life insurance and post-employment medical benefits. The company operates a number of defined benefit and defined contribution plans throughout the world, the assets of which are generally held in separate trustee-managed funds. The pension plans are generally funded by payments from employees and the company, and, for defined benefit plans taking account of the recommendations of independent actuaries. AB InBev maintains funded and unfunded pension plans.

a) Defined contribution plans

Contributions to defined contribution plans are recognized as an expense in the income statement when incurred. A defined contribution plan is a pension plan under which AB InBev pays fixed contributions into a fund. AB InBev has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

b) Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. For defined benefit plans, the pension expenses are assessed separately for each plan using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plans at least every three years. The amounts charged to the income statement include current service cost, net interest cost (income), past service costs and the effect of any curtailments or settlements. Past service costs are recognized at the earlier of when the amendment / curtailment occurs or when the company recognizes related restructuring or termination costs. The pension obligations recognized in the balance sheet are measured at the present value of the estimated future cash outflows using interest rates based on high quality corporate bond yields, which have terms to maturity approximating the terms of the related liability, less the fair value of any plan assets. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets (excluding net interest) are recognized in full in the period in which they occur in the statement of comprehensive income. Re-measurements are not reclassified to profit or loss in subsequent periods.

Where the calculated amount of a defined benefit liability is negative (an asset), AB InBev recognizes such pension asset to the extent that economic benefits are available to AB InBev either from refunds or reductions in future contributions.

Other post-employment obligations

Some AB InBev companies provide post-employment medical benefits to their retirees. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans.

Termination benefits

Termination benefits are recognized as an expense at the earlier when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date and when the company recognizes costs for a restructuring. Termination benefits for voluntary redundancies are recognized if the company has made an offer encouraging voluntary redundancy and when the company can no longer withdraw the offer of termination, which is the earlier of either when the employee accepts the offer or when a legal, regulatory or contractual requirement or restriction on the company's ability to withdraw the offer takes effect.

Bonuses

Bonuses received by company employees and management are based on pre-defined company and individual target achievement. The estimated amount of the bonus is recognized as an expense in the period the bonus is earned. To the extent that bonuses are settled in shares of the company, they are accounted for as share-based payments.

(T) SHARE-BASED PAYMENTS

Different share and share option programs allow company senior management and members of the board to acquire shares of the company and some of its affiliates. The fair value of the share options is estimated at grant date, using an option pricing model that is most appropriate for the respective option. Based on the expected number of options that will vest, the fair value of the options granted is expensed over the vesting period. When the options are exercised, equity is increased by the amount of the proceeds received.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the company obtains the goods or the counterparty renders the service.

(U) INTEREST-BEARING LOANS AND BORROWINGS

Interest-bearing loans and borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortized cost with any difference between the initial amount and the maturity amount being recognized in the income statement (in accretion expense) over the expected life of the instrument on an effective interest rate basis.

(V) TRADE AND OTHER PAYABLES

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(W) INCOME TAX

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case the tax effect is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the balance sheet date, and any adjustment to tax payable in respect of previous years.

In accordance with IAS 12 *Income Taxes* deferred taxes are provided using the so-called balance sheet liability method. This means that, for all taxable and deductible differences between the tax bases of assets and liabilities and their carrying amounts in the balance sheet a deferred tax liability or asset is recognized. Under this method a provision for deferred taxes is also made for differences between the fair values of assets and liabilities acquired in a business combination and their tax base. IAS 12 prescribes that no deferred taxes are recognized (i) on initial recognition of goodwill, (ii) at the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profit and (iii) on differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and to the extent that the company is able to control the timing of the reversal. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using currently or substantively enacted tax rates.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously.

The company recognizes deferred tax assets, including assets arising from losses carried forward, to the extent that future probable taxable profit will be available against which the deferred tax asset can be utilized. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Tax claims are recorded within provisions on the balance sheet (refer to accounting policy R).

(X) INCOME RECOGNITION

Goods sold

Revenue is measured based on the consideration to which the company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognizes revenue when performance obligations are satisfied, meaning when the company transfers control of a product to a customer.

Specifically, revenue recognition follows the following five-step approach:

- Identification of the contracts with a customer
- Identification of the performance obligations in the contracts
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contracts
- Revenue recognition when performance obligations are satisfied

Revenue from the sale of goods is measured at the amount that reflects the best estimate of the consideration expected to receive in exchange for those goods. Contracts can include significant variable elements, such as discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses and penalties. Such trade incentives are treated as variable consideration. If the consideration includes a variable amount, the company estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to the customer. Variable consideration is only included in the transaction price if it is highly probable that the amount of revenue recognized would not be subject to significant future reversals when the uncertainty is resolved.

Royalty income
The company recognizes the sales-based or usage-based royalties in other operating income when the later of the following events occurs: (a) the customer's subsequent sales or usage; and (b) the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied).

Rental income
Rental income is recognized in other operating income on a straight-line basis over the term of the lease.

Government grants
A government grant is recognized in the balance sheet initially as deferred income when there is reasonable assurance that it will be received and that the company will comply with the conditions attached to it. Grants that compensate the company for expenses incurred are recognized as other operating income on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the company for the acquisition of an asset are presented by deducting them from the acquisition cost of the related asset.

Finance income
Finance income comprises interest received or receivable on funds invested, dividend income, foreign exchange gains, losses on currency hedging instruments offsetting currency gains, gains on hedging instruments that are not part of a hedge accounting relationship, gains on financial assets measured at FVPL as well as any gains from hedge ineffectiveness (refer to accounting policy Z).

Interest income is recognized as it accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

Dividend income
Dividend income is recognized in the income statement on the date that the dividend is declared.

(Y) EXPENSES

Finance costs
Finance costs comprise interest payable on borrowings, calculated using the effective interest rate method, foreign exchange losses, gains on currency hedging instruments offsetting currency losses, results on interest rate hedging instruments, losses on hedging instruments that are not part of a hedge accounting relationship, losses on financial assets classified as trading, impairment losses on financial assets as well as any losses from hedge ineffectiveness (refer to accounting policy Z).

All interest costs incurred in connection with borrowings or financial transactions are expensed as incurred as part of finance costs. Any difference between the initial amount and the maturity amount of interest-bearing loans and borrowings, such as transaction costs and fair value adjustments, are recognized in the income statement (in accretion expense) over the expected life of the instrument on an effective interest rate basis (refer to accounting policy V). The interest expense component of finance lease payments is also recognized in the income statement using the effective interest rate method.

Research and development, advertising and promotional costs and systems development costs
Research, advertising and promotional costs are expensed in the year in which these costs are incurred. Development costs and systems development costs are expensed in the year in which these costs are incurred if they do not meet the criteria for capitalization (refer to accounting policy G).

Purchasing, receiving and warehousing costs
Purchasing and receiving costs are included in the cost of sales, as well as the costs of storing and moving raw materials and packaging materials. The costs of storing finished products at the brewery as well as costs incurred for subsequent storage in distribution centers are included within distribution expenses.

(Z) FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

AB InBev uses derivative financial instruments to mitigate the transactional impact of foreign currencies, interest rates, equity prices and commodity prices on the company's performance. AB InBev's financial risk management policy prohibits the use of derivative financial instruments for trading purposes and the company does therefore not hold or issue any such instruments for such purposes.

Classification and measurement
Except for certain trade receivables, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial asset. Debt financial instruments are subsequently measured at amortized cost, FVOCI or FVPL. The classification is based on two criteria: the objective of the company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The classification and measurement of the company's financial assets is as follows:

- *Debt instruments at amortized cost:* comprise investments in debt securities where the contractual cash flows are solely payments of principal and interest and the company's business model is to collect contractual cash flows. Interest income, foreign exchange gains and losses and any impairment charges for such instruments are recognized in profit or loss.
- *Debt instruments at FVOCI with gains or losses recycled to profit or loss on derecognition:* comprise investments in debt securities where the contractual cash flows are solely payments of principal and interest and the company's business model is achieved by both collecting contractual cash flows and selling financial assets. Interest income, foreign exchange gains and losses and any impairment charges on such instruments are recognized in profit or loss. All other fair value gains and losses are recognized in other comprehensive income. On disposal of these debt securities, any related balance within FVOCI reserve is reclassified to profit or loss.
- *Equity instruments designated at FVOCI, with no recycling of gains or losses to profit or loss on derecognition*: these instruments are undertakings in which the company does not have significant influence or control and is generally evidenced by ownership of less than 20% of the voting rights. The company designates these investments on an instrument by instrument basis as equity securities at FVOCI

because they represent investments held for long term strategic purposes. Investments in unquoted companies are subsequently measured at cost, when appropriate. These investments are non-monetary items and gains or losses presented in the other comprehensive income include any related foreign exchange component. Dividends received are recognized in the profit or loss. These investments are not subject to impairment testing and upon disposal, the cumulative gain or loss accumulated in other comprehensive income are not reclassified to profit or loss.

- Financial assets and liabilities at FVPL: comprise derivative instruments and equity instruments which were not designated as FVOCI. This category also includes debt instruments which do not meet the cash flow or the business model tests.

Hedge accounting

The company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates, interest rates and commodity prices. To hedge changes in the fair value of recognized assets, liabilities and firm commitments, the company designates certain derivatives as part of fair value hedge. The company also designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At the inception of the hedging relationships, the company documents the risk management objective and strategy for undertaking the hedge. Hedge effectiveness is measured at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between hedged item and hedging instrument.

For the different type of hedges in place, the company generally enters into hedge relationships where the critical terms of the hedging instrument match exactly the terms of the hedged item. Therefore, the hedge ratio is typically 1:1. The company performs a qualitative assessment of effectiveness. In circumstances where the terms of the hedged item no longer exactly match the critical terms of the hedging instrument, the company uses a hypothetical derivative method to assess effectiveness. Possible sources of ineffectiveness are changes in the timing of the forecasted transaction, changes in the quantity of the hedged item or changes in the credit risk of either parties to the derivative contract.

Cash flow hedge accounting

Cash flow hedge accounting is applied when a derivative hedges the variability in cash flows of a highly probable forecasted transaction, foreign currency risk of a firm commitment or a recognized asset or liability (such as variable interest rate instrument).

When the hedged forecasted transaction or firm commitment subsequently results in the recognition of a non-financial item, the amount accumulated in the hedging reserves is included directly in the initial carrying amount of the non-financial item when it is recognized.

For all other hedged transactions, the amount accumulated in the hedging reserves is reclassified to profit or loss in the same period during which the hedged item affects profit or loss (e.g. when the variable interest expense is recognized).

When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss (at that point) remains in equity and is reclassified to profit or loss when the hedged transaction occurs. If the hedged transaction is no longer expected to occur, the cumulative gain or loss recognized in other comprehensive income is reclassified to profit or loss immediately.

Any ineffectiveness is recognized immediately in profit or loss.

Fair value hedge accounting

When a derivative hedges the variability in fair value of a recognized asset or liability (such as a fixed rate instrument) or a firm commitment, any resulting gain or loss on the hedging instrument is recognized in the profit or loss. The carrying amount of the hedged item is also adjusted for fair value changes in respect of the risk being hedged, with any gain or loss being recognized in profit or loss. The fair value adjustment to the carrying amount of the hedged item is amortized to profit or loss from the date of discontinuation.

Net investment hedge accounting

When a non-derivative foreign currency liability hedges a net investment in a foreign operation, exchange differences arising on the translation of the liability to the functional currency are recognized directly in other comprehensive income (translation reserves).

When a derivative financial instrument hedges a net investment in a foreign operation, the portion of the gain or the loss on the hedging instrument that is determined to be effective is recognized directly in other comprehensive income (translation reserves) and is reclassified to profit or loss upon disposal of the foreign operation, while the ineffective portion is reported in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has a currently legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(AA) SEGMENT REPORTING

Operating segments are components of the company's business activities about which separate financial information is available that is evaluated regularly by senior management. The company has nine operating segments.

AB InBev's operating segment reporting format is geographical because the company's risks and rates of return are affected predominantly by the fact that AB InBev operates in different geographical areas. The company's management structure and internal reporting system to the Board of Directors is set up accordingly. The company's six geographic regions are North America, Latin America West, Latin America North, Latin America South, EMEA and Asia Pacific.

The aggregation criteria applied are based on similarities in the economic indicators (e.g. margins) that have been assessed in determining that the aggregated operating segments share similar economic characteristics, as prescribed in IFRS 8. Furthermore, management assessed additional factors such as management's views on the optimal number of reporting segments, the historical AB InBev geographies, peer comparison (e.g. Asia Pacific and EMEA being a commonly reported regions amongst the company's peers), as well as management's view on the optimal balance between practical and more granular information.

The results of Global Export and Holding Companies, which includes the company's global headquarters and the export businesses in countries in which AB InBev has no operations are reported separately. The company's six geographic regions plus the Global Export and Holding Companies comprise the company's seven reportable segments for financial reporting purposes.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(BB) NON-RECURRING ITEMS

Non-recurring items are those that in management's judgment need to be disclosed separately by virtue of their size or incidence. Such items are disclosed on the face of the consolidated income statement or separately disclosed in the notes to the financial statements. Transactions which may give rise to non-recurring items are principally restructuring activities, impairments, gains or losses on disposal of investments and the effect of the accelerated repayment of certain debt facilities.

(CC) DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE

A discontinued operation is a component of the company that either has been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operations and is part of a single coordinated plan to dispose of or is a subsidiary acquired exclusively with a view to resale.

AB InBev classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use if all of the conditions of IFRS 5 are met. A disposal group is defined as a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred. Immediately before classification as held for sale, the company measures the carrying amount of the asset (or all the assets and liabilities in the disposal group) in accordance with applicable IFRS. Then, on initial classification as held for sale, non-current assets and disposal groups are recognized at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale are included in profit or loss. The same applies to gains and losses on subsequent re-measurement. Non-current assets classified as held for sale are no longer depreciated or amortized.

(DD) RECENTLY ISSUED IFRS

To the extent that new IFRS requirements are expected to be applicable in the future, they have been listed hereafter. For the year ended 31 December 2018, they have not been applied in preparing these consolidated financial statements.

The following standards, amendments and interpretations have been issued recently, but are not yet effective:

IFRS 16 Leases (effective from annual periods beginning on or after 1 January 2019) replaces the current lease accounting requirements and introduces significant changes to lessee accounting as it removes the distinction between operating and finance leases under IAS 17 *Leases* and related interpretations, and requires a lessee to recognize a right-of-use asset and a lease liability at lease commencement date. IFRS 16 also requires to recognize a depreciation charge related to the right-of-use assets and an interest expense on the lease liabilities, as compared to the recognition of operating lease expense or rental cost on a straight-line basis over the lease term under prior requirements. In addition, the company will amend the consolidated cash flow statement presentation, to segregate the payment of leases into a principal portion presented within financing activities and an interest component presented within operating activities.

For short-term leases and leases of low value assets, the company will continue to recognize a lease expense on a straight-line basis as permitted by IFRS 16. The company as a lessor will continue to classify leases as either finance leases or operating leases and account for those two types of leases differently.

The company has chosen the full retrospective application of IFRS 16 and, consequently, will restate the comparative information in the 2019 financial statements. In addition, the company will apply the practical expedient available on transition to IFRS 16 to not reassess whether a contract is or contains a lease. Accordingly, the definition of a lease under IAS 17 and related interpretations will continue to apply to the leases entered or modified before 1 January 2019.

The company has assessed the impact that the initial application of IFRS 16 will have on its consolidated financial statements for leases previously classified as operating leases. On transition to IFRS 16, the company will recognize 1 692m US dollar of right-of-use assets and 1 782m US dollar of lease liabilities, recognizing the difference in retained earnings. When measuring lease liabilities, the company discounted lease payments using incremental borrowing rates. The weighted average rate applied is 6%.

Upon transition to IFRS 16, lease liabilities are measured at the present value of future lease payments (equal to the operating lease commitments as presented in Note 30 *Operating leases*) discounted using the incremental borrowing rates at the date of initial application. The company did not make any material changes to these lease liabilities.

Other Standards, Interpretations and Amendments to Standards

A number of other amendments to standards are effective for annual periods beginning after 1 January 2018, and have not been listed above because of either their non-applicability to or their immateriality to AB InBev's consolidated financial statements.

4. Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Although each of its significant accounting policies reflects judgments, assessments or estimates, AB InBev believes that the following accounting policies reflect the most critical judgments, estimates and assumptions that are important to its business operations and the understanding of its results: business combinations, intangible assets, goodwill, impairment, provisions, share-based payments, employee benefits and accounting for current and deferred tax.

The fair values of acquired identifiable intangibles are based on an assessment of future cash flows. Impairment analyses of goodwill and indefinite-lived intangible assets are performed annually and whenever a triggering event has occurred, in order to determine whether the carrying value exceeds the recoverable amount. These calculations are based on estimates of future cash flows.

The company uses its judgment to select a variety of methods including the discounted cash flow method and option valuation models and makes assumptions about the fair value of financial instruments that are mainly based on market conditions existing at each balance sheet date.

Actuarial assumptions are established to anticipate future events and are used in calculating pension and other long-term employee benefit expense and liability. These factors include assumptions with respect to interest rates, rates of increase in health care costs, rates of future compensation increases, turnover rates, and life expectancy.

The company is subject to income tax in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. Some subsidiaries within the group are involved in tax audits and local enquiries usually in relation to prior years. Investigations and negotiations with local tax authorities are ongoing in various jurisdictions at the balance sheet date and, by their nature, these can take considerable time to conclude. In assessing the amount of any income tax provisions to be recognized in the financial statements, estimation is made of the expected successful settlement of these matters. Estimates of interest and penalties on tax liabilities are also recorded. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period such determination is made.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are further discussed in the relevant notes hereafter.

In preparing these consolidated financial statements, the significant judgments made by management in applying the company's accounting policies and the key sources of estimating uncertainty mainly related to the reporting of the 50:50 merger of AB InBev's and Anadolu Efes' existing Russia and Ukraine businesses into AB InBev Efes that closed on 30 March 2018 – see Note 6 *Acquisitions and disposals of Subsidiaries* and Note 16 *Investments in associates*, and to the adoption of hyperinflation accounting for the company's Argentinean operations.

In May 2018, the Argentinean peso underwent a severe devaluation resulting in the three-year cumulative inflation of Argentina to exceed 100% in 2018, thereby triggering the requirement to transition to hyperinflation accounting as prescribed by IAS 29 *Financial Reporting in Hyperinflationary Economies* as of 1 January 2018. The main principle in IAS 29 is that the financial statements of an entity that reports in the currency of a hyperinflationary economy must be stated in terms of the measuring unit current at the end of the reporting period. Therefore, the non-monetary assets and liabilities stated at historical cost, the equity and the income statement of subsidiaries operating in hyperinflationary economies are restated for changes in the general purchasing power of the local currency applying a general price index. Monetary items that are already stated at the measuring unit at the end of the reporting period are not restated. These re-measured accounts are used for conversion into US dollar at the period closing exchange rate.

Consequently, the company has applied hyperinflation accounting for its Argentinean subsidiaries for the first time in these consolidated financial statements applying the IAS 29 rules as follows:

- Hyperinflation accounting was applied as of 1 January 2018;
- Non-monetary assets and liabilities stated at historical cost (e.g. property plant and equipment, intangible assets, goodwill, etc.) and equity of Argentina were restated using an inflation index. The hyperinflation impacts resulting from changes in the general purchasing power until 31 December 2017 were reported in retained earnings and the impacts of changes in the general purchasing power from 1 January 2018 are reported through the income statement on a dedicated account for hyperinflation monetary adjustments in the finance line (see also Note 11 *Finance cost and income*);
- The income statement is adjusted at the end of each reporting period using the change in the general price index and is converted at the closing exchange rate of each period (rather than the year to date average rate for non-hyperinflationary economies), thereby restating the year to date income statement account both for inflation index and currency conversion;
- The prior year income statement and balance sheet of the Argentinean subsidiaries were not restated.

In 2017, the Argentinean operations represented 3.6% of the company's consolidated revenue and 4.1% of the company's consolidated normalized EBITDA. The Argentinean full year 2017 results were translated at an average rate of 16.580667 Argentinean pesos per US dollar. The 2018 results, restated for purchasing power, were translated at the December closing rate of 37.807879 Argentinean pesos per US dollar.

In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, when amounts are translated into the currency of non-hyperinflationary economy, the comparative amounts are not adjusted for subsequent changes in the price level or exchange rates. Therefore, the comparative amounts of Argentinean operations in these consolidated financial statements were not restated.

During 2018, the company finalized the re-measurement of current and deferred taxes resulting from the US Tax reform enacted on 22 December 2017, based on published regulation and guidance. Such remeasurement did not result in material changes to the reported current and deferred taxes. See Note 12 *Income taxes* for more details.

5. Segment reporting

Segment information is presented by geographical segments, consistent with the information that is available and evaluated regularly by the chief operating decision maker. AB InBev operates its business through seven business segments. Regional and operating company management is responsible for managing performance, underlying risks, and effectiveness of operations. Internally, AB InBev's management uses performance indicators such as normalized profit from operations (normalized EBIT) and normalized EBITDA as measures of segment performance and to make decisions regarding allocation of resources.
The company's six geographic regions: North America, Latin America West, Latin America North, Latin America South, EMEA and Asia Pacific, plus its Global Export and Holding Companies comprise the company's seven reportable segments for financial reporting purposes.
The results of the former SAB Central and Eastern European Business were reported as "Results from discontinued operations" until the completion of the disposal that took place on 31 March 2017. The results of Distell were reported as share of results of associates until the completion of the sale that occurred on 12 April 2017, and accordingly, are excluded from normalized EBIT and EBITDA. Furthermore, the company stopped consolidating CCBA in its consolidated financial statements as from the completion of the transition of CCBA on 4 October 2017 and, following the completion of the 50:50 merger of AB InBev's and Anadolu Efes' existing Russia and Ukraine businesses on 30 March 2018, AB InBev stopped consolidating its Russia and Ukraine businesses and accounts for its investment in AB InBev Efes as results of associates as of that date.
All figures in the tables below are stated in million US dollar, except volume (million hls) and Normalized EBITDA margin (in %).

	North America		Latin America West		Latin America North	
	2018	2017	2018	2017	2018	2017
Volume	**111**	**114**	**115**	**111**	**115**	**119**
Revenue	**15 504**	**15 588**	9 999	**9 238**	**8 990**	**9 775**
Normalized EBITDA	**6 150**	**6 329**	**5 196**	**4 512**	**3 926**	**4 180**
Normalized EBITDA margin %	39.7%	40.6%	52.0%	48.8%	43.7%	42.8%
Depreciation, amortization and impairment	(790)	(843)	(653)	(616)	(761)	(848)
Normalized profit from operations (EBIT)	**5 360**	**5 486**	**4 544**	**3 896**	**3 165**	**3 332**
Non-recurring items (see Note 8)	(10)	4	(125)	(153)	5	(18)
Profit from operations (EBIT)	**5 350**	**5 490**	**4 419**	**3 743**	**3 170**	**3 314**
Net finance income/(cost)						
Share of results of associates and joint ventures						
Income tax expense						
Profit from continuing operations						
Discontinued operations						
Profit/(loss)						
Segment assets (non-current)	63 180	63 045	69 100	71 219	12 422	13 756
Gross capex	858	530	1 227	1 079	636	580
FTE	19 150	19 306	47 042	48 892	37 387	38 651

For the period ended 31 December 2018, net revenue from the beer business amounted to 50 134m US dollar (31 December 2017: 50 301m US dollar) while the net revenue from the non-beer business (soft drinks and other business) accounted for 4 485m US dollar (31 December 2017: 6 143m US dollar).

On the same basis, net revenue from external customers attributable to AB InBev's country of domicile (Belgium) represented 710m US dollar (2017: 704m US dollar) and non-current assets located in the country of domicile represented 1 746m US dollar (2017: 1 658m US dollar).

	Latin America South		EMEA		Asia Pacific		Global Export and holding companies		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	34	**34**	**87**	**132**	**104**	**102**	**-**	**1**	**567**	**613**
	2 863	**3 363**	**8 374**	**10 344**	**8 470**	**7 804**	**419**	**332**	**54 619**	**56 444**
	1 381	**1 595**	**3 000**	**3 349**	**3 082**	**2 695**	**(656)**	**(577)**	**22 080**	**22 084**
	48.2%	47.4%	35.8%	32.4%	36.4%	34.5%			40.4%	39.1%
	(265)	(207)	(770)	(843)	(752)	(660)	(267)	(253)	(4 260)	(4 270)
	1 116	**1 388**	**2 230**	**2 507**	**2 330**	**2 035**	**(923)**	**(830)**	**17 821**	**17 814**
	(31)	(13)	(370)	(144)	(65)	(97)	(119)	(241)	(715)	(662)
	1 085	**1 375**	**1 860**	**2 363**	**2 265**	**1 939**	**(1 042)**	**(1 071)**	**17 106**	**17 152**
									(8 729)	(6 507)
									153	430
									(2 839)	(1 920)
									5 691	**9 155**
									-	28
									5 691	**9 183**
	3 074	2 396	42 063	45 920	22 412	24 088	1 609	1 741	213 861	222 166
	279	323	1 177	1 086	687	635	233	247	5 086	4 479
	9 214	9 603	23 604	26 823	31 523	36 386	4 683	3 254	172 603	182 915

6. Acquisitions and disposals of subsidiaries

The table below summarizes the impact of acquisitions and disposals on the statement of financial position and cash flows of AB InBev for 31 December 2018 and 31 December 2017:

Million US dollar	2018 Acquisitions	2017 Acquisitions	2018 Disposals	2017 Disposals
Non-current assets				
Property, plant and equipment	2	169	(310)	-
Intangible assets	24	417	(17)	-
Deferred tax assets	23	-	-	-
Trade and other receivables	-	1	(86)	-
Current assets				
Inventories	17	9	(84)	-
Income tax receivables	-	-	(2)	-
Trade and other receivables	2	20	(79)	-
Cash and cash equivalents	8	5	(6)	-
Assets held for sale	-	27	(27)	-
Non-current liabilities				
Interest-bearing loans and borrowings	(3)	(1)	-	-
Deferred tax liabilities	-	(74)	4	-
Current liabilities				
Trade and other payables	(19)	(24)	406	-
Net identifiable assets and liabilities	**54**	**549**	**(201)**	**-**
Non-controlling interest	**-**	**(114)**	1	**-**
Goodwill on acquisitions and goodwill disposed of	107	398	(652)	-
Loss/(gain) on disposal	-	-	(15)	(42)
Consideration to be (paid)/received	(112)	(375)	47	-
Net cash paid on prior years acquisitions	68	136	-	-
Recycling of cumulative translation adjustment in respect of net assets	-	-	(584)	-
Contribution in kind	-	-	1 150	-
Consideration paid/(received)	**117**	**594**	**(254)**	**(42)**
Cash (acquired)/ disposed of	(5)	(5)	(3)	-
Net cash outflow / (inflow)	**112**	**589**	**(257)**	**(42)**

On 30 March 2018, AB InBev completed the 50:50 merger of AB InBev's and Anadolu Efes' existing Russia and Ukraine businesses. Following the closing of the transaction, the operations of AB InBev and Anadolu Efes in Russia and Ukraine are combined under AB InBev Efes. The combined business is fully consolidated in the Anadolu Efes financial accounts. As a result of the transaction, AB InBev stopped consolidating its Russia and Ukraine businesses and accounts for its investment in AB InBev Efes under the equity method as of that date. See also Note 16 *Investments in associates*.

The transaction described above involved the contribution by AB InBev of its existing Russia and Ukraine businesses to AB InBev Efes in exchange for a 50% ownership in AB InBev Efes. In line with IFRS, the contribution by AB InBev of its existing Russia and Ukraine businesses to AB InBev Efes, with AB InBev losing control, is accounted for as a deemed disposal and the 50% non-controlling interest AB InBev received in AB InBev Efes in exchange for such contribution is accounted for as a deemed acquisition of an investment in associate, with both acquisition and disposal measured at their fair value estimated at 1.15 billion US dollar representing the estimated value of the 50 % investment AB InBev will hold in AB InBev Efes after adjustment for net debt.

When a parent loses control of a subsidiary, IFRS 10 requires all assets and liabilities of the former subsidiary to be derecognized and any gain or loss associated with the deemed disposal interest to be recognized in the consolidated income statement. IFRS also requires that any amounts previously recognized in the consolidated statement of other comprehensive income, including historical translation adjustments, be recycled to the consolidated income statement, at the date when control is lost.

AB InBev has derecognized 573m US dollar net assets related to its former Russia and Ukraine businesses and has recycled 584m US dollar from other comprehensive income to the consolidated income statement, resulting in a net non-recurring, non-cash loss of 7m US dollar (see also Note 8 *Non-recurring items*).

In the first quarter of 2017, AB InBev and Keurig Green Mountain, Inc. established a joint venture for conducting research and development of an in-home alcohol drink system, focusing on the US and Canadian markets. The transaction included the contribution of intellectual property and manufacturing assets from Keurig Green Mountain, Inc. Pursuant to the terms of the joint venture agreement, AB InBev owns 70% of the voting and economic interest in the joint venture. Under IFRS, this transaction was accounted for as a business combination as AB InBev was deemed as the accounting acquirer as per IFRS rules.

The company undertook a series of additional acquisitions and disposals during 2017 and 2018, with no significant impact in the company's consolidated financial statements.

7. Other operating income/(expenses)

Million US dollar	2018	2017
Government grants	317	404
License income	45	65
Net (additions to)/reversals of provisions	(11)	(4)
Net gain on disposal of property, plant and equipment, intangible assets and assets held for sale	80	154
Net rental and other operating income	249	235
Other operating income/(expenses)	**680**	**854**

The government grants relate primarily to fiscal incentives given by certain Brazilian states and Chinese provinces, based on the company's operations and developments in those regions.

In 2018, the company expensed 285m US dollar in research, compared to 276m US dollar in 2017. The spend focused on product innovations, market research, as well as process optimization and product development.

8. Non-recurring items

IAS 1 *Presentation of financial statements* requires material items of income and expense to be disclosed separately. Non-recurring items are items, which in management's judgment need to be disclosed by virtue of their size or incidence in order for the user to obtain a proper understanding of the financial information. The company considers these items to be of significance in nature, and accordingly, management has excluded these from their segment measure of performance as noted in Note 5 *Segment Reporting*.

The non-recurring items included in the income statement are as follows:

Million US dollar	2018	2017
Restructuring	(385)	(468)
Acquisition costs business combinations	(74)	(155)
Business and asset disposal (including impairment losses)	(26)	(39)
Provision for EU investigation	(230)	-
Impact on profit from operations	**(715)**	**(662)**
Non-recurring net finance income/(cost)	(1 982)	(693)
Non-recurring taxes	240	830
Non-recurring non-controlling interest	32	526
Net impact on profit attributable to equity holders of AB InBev	**(2 425)**	**1**

The non-recurring restructuring charges for 2018 total (385)m US dollar (2017: (468)m US dollar). These charges primarily relate to the SAB integration. These changes aim to eliminate overlap or duplicated processes, taking into account the right match of employee profiles with the new organizational requirements. These one-time expenses, as a result of the series of decisions, provide the company with a lower cost base in addition to a stronger focus on AB InBev's core activities, quicker decision-making and improvements to efficiency, service and quality.

Acquisition costs of business combinations amount to (74)m US dollar in 2018, primarily related to cost incurred to facilitate the combination with SAB and cost incurred to recover the Budweiser distribution rights in Argentina from Compañia Cervecerías Unidas S.A. ("CCU") – see Note 15 *Intangible assets*. Acquisition costs of business combinations amounted to (155)m US dollar in 2017, primarily related to cost incurred to facilitate the combination with SAB.

Business and asset disposals amount to (26)m US dollar in 2018 and mainly result from the IFRS treatment of the 50:50 merger of AB InBev's and Anadolu Efes' Russia and Ukraine businesses and related transaction cost (see also Note 6 *Acquisitions and disposals of subsidiaries*). Business and asset disposals amounted to (39)m US dollar in 2017, mainly related to the costs incurred related to the divestitures completed during 2017, partly offset by proceeds from prior years' sale.

In 2016, the European Commission announced an investigation into alleged abuse of a dominant position by AB InBev in Belgium through certain practices aimed at restricting trade from other European Union member states to Belgium. In connection with these ongoing proceedings, AB InBev recognized a provision of 230m US dollar in 2018.

The company incurred non-recurring net finance cost of (1 982)m US dollar for 2018 (2017: (693)m US dollar cost) – see Note 11 *Finance cost and income*.

All the above amounts are before income taxes. The non-recurring items as of 31 December 2018 decreased income taxes by 240m US dollar and decreased income taxes by 830m US dollar in 2017. The 2017 decrease of income taxes, mainly related to a 1.8 billion US dollar adjustment following the US tax reform enacted on 22 December 2017 partially offset by provisions accrued for tax contingencies covered by the Brazilian Federal Tax Regularization Program entered into by Ambev – see Note 12 *Income taxes* and Note 18 *Deferred tax assets and liabilities*.

Non-controlling interest on the non-recurring items amounts to 32m US dollar in 2018 (2017: 526m US dollar).

9. Payroll and related benefits

Million US dollar	2018	2017
Wages and salaries	(4 726)	(4 884)
Social security contributions	(698)	(699)
Other personnel cost	(708)	(762)
Pension expense for defined benefit plans	(193)	(196)
Share-based payment expense	(353)	(359)
Contributions to defined contribution plans	(116)	(118)
Payroll and related benefits	**(6 794)**	**(7 018)**

The number of full time equivalents can be split as follows:

	2018	2017
AB InBev NV (parent company)	180	215
Other subsidiaries	172 423	182 700
Total number of FTE	**172 603**	**182 915**

The reduction in FTE mainly results from the combination of the AB InBev Russia and Ukraine businesses under AB InBev Efes. As a result of the transaction, AB InBev stopped consolidating its Russia and Ukraine businesses and accounts for its investment in AB InBev Efes under the equity method as of that date. See also Note 6 *Acquisitions and disposals of subsidiaries.*

10. Additional information on operating expenses by nature

Depreciation, amortization and impairment charges are included in the following line items of the 2018 consolidated income statement:

Million US dollar	Depreciation and impairment of property, plant and equipment	Amortization and impairment of intangible assets	Impairment of goodwill
Cost of sales	2 841	67	-
Distribution expenses	186	3	-
Sales and marketing expenses	420	165	-
Administrative expenses	309	260	-
Other operating expenses	8	-	-
Depreciation, amortization and impairment	**3 764**	**496**	**-**

Depreciation, amortization and impairment charges are included in the following line items of the 2017 consolidated income statement:

Million US dollar	Depreciation and impairment of property, plant and equipment	Amortization and impairment of intangible assets	Impairment of goodwill
Cost of sales	2 817	40	-
Distribution expenses	199	4	-
Sales and marketing expenses	425	196	-
Administrative expenses	337	248	-
Other operating expenses	4	-	6
Depreciation, amortization and impairment	**3 782**	**488**	**6**

The depreciation, amortization and impairment of property, plant and equipment included a full-cost reallocation of 2m US dollar in 2018 from the aggregate depreciation, amortization and impairment expense to cost of goods sold (2017: 1m US dollar).

11. Finance cost and income

The finance costs included in the income statement are as follows:

Million US dollar	2018	2017
Interest expense	(4 141)	(4 314)
Capitalization of borrowing costs	23	22
Net interest on net defined benefit liabilities	(94)	(101)
Accretion expense	(400)	(614)
Net foreign exchange losses (net of the effect of foreign exchange derivative instruments)	-	(304)
Net losses on hedging instruments that are not part of a hedge accounting relationship	(2 222)	(674)
Tax on financial transactions	(110)	(68)
Other financial costs, including bank fees	(242)	(139)
Finance costs, excluding non-recurring items	**(7 186)**	**(6 192)**
Non-recurring finance cost	(1 982)	(693)
Finance costs	**(9 168)**	**(6 885)**

Finance costs, excluding non-recurring items, increased by 994m US dollar from prior year mainly as a result of Mark-to-market losses on certain derivatives related to the hedging of share-based payment programs amounting to 1 774m US dollar in 2018 (2017: 291m US dollar loss).

Borrowing costs capitalized relate to the capitalization of interest expenses directly attributable to the acquisition and construction of qualifying assets mainly in China and Nigeria. Interest is capitalized at a borrowing rate ranging from 4% to 8%.

Non-recurring net finance cost for 2018 includes:

- 873m US dollar resulting from mark-to-market adjustments on derivative instruments entered into to hedge the shares issued in relation to the combination with Grupo Modelo (31 December 2017: 146m US dollar). See also Note 23 *Changes in equity and earnings per share*;
- 849m US dollar resulting from mark-to-market adjustments on derivatives entered into to hedge the restricted shares issued in connection with the combination with SAB (31 December 2017: 142m US dollar);
- 211m US dollar resulting from premium paid on the early termination of certain bonds;
- 49m US dollar foreign exchange translation losses on intragroup loans that were historically reported in equity and were recycled to profit and loss account, upon the reimbursement of these loans (31 December 2017: 261m US dollar).

Non-recurring net finance cost for 2017 also includes:

- 44m US dollar related to the Brazilian Federal Tax Regularization Program entered into by Ambev – see note 12 Income taxes;
- 100m US dollar related to accelerated accretion expenses associated to the repayment of the 2015 senior facilities agreement and the early redemption of certain notes. See also Note 24 *Interest-bearing loans and borrowings*.

Interest expense is presented net of the effect of interest rate derivative instruments hedging AB InBev's interest rate risk – see also Note 29 *Risks arising from financial instruments*.

Finance income included in the income statement is as follows:

Million US dollar	2018	2017
Interest income	333	287
Hyperinflation monetary adjustments	46	-
Other financial income	61	91
Finance income	**440**	**378**

No interest income was recognized on impaired financial assets.

The interest income stems from the following financial assets:

Million US dollar	2018	2017
Cash and cash equivalents	256	207
Investment debt securities held for trading	22	16
Other loans and receivables	55	64
Total	**333**	**287**

The interest income on other loans and receivables includes the interest accrued on cash deposits given as guarantees for certain legal proceedings pending resolution.

For further information on instruments hedging AB InBev's foreign exchange risk see Note 29 *Risks arising from financial instruments.*

12. Income taxes

Income taxes recognized in the income statement can be detailed as follows:

Million US dollar	2018	2017
Current year	(2 819)	(3 833)
(Underprovided)/overprovided in prior years	101	1
Current tax expense	**(2 718)**	**(3 832)**
Origination and reversal of temporary differences	(287)	1 872
(Utilization)/recognition of deferred tax assets on tax losses	120	23
Recognition of previously unrecognized tax losses	46	16
Deferred tax (expense)/income	(121)	1 912
Total income tax expense	**(2 839)**	**(1 920)**

The reconciliation of the effective tax rate with the aggregated weighted nominal tax rate can be summarized as follows:

Million US dollar	2018	2017
Profit before tax	8 530	11 076
Deduct share of result of associates and joint ventures	153	430
Profit before tax and before share of result of associates and joint ventures	**8 377**	**10 646**
Adjustments on taxable basis		
Government incentives	(742)	(982)
Non-deductible marked to market on derivatives	3 496	579
Other expenses not deductible for tax purposes	1 796	1 795
Other non-taxable income	(158)	(178)
	12 769	**11 860**
Aggregated weighted nominal tax rate	**26.8%**	**28.5%**
Tax at aggregated weighted nominal tax rate	(3 426)	(3 378)
Adjustments on tax expense		
Utilization of tax losses not previously recognized	120	23
Recognition of deferred taxes assets on previous years' tax losses	46	16
Write-down of deferred tax assets on tax losses and current year losses for which no deferred tax asset is recognized	(125)	(143)
(Underprovided)/overprovided in prior years	65	1
Deductions from interest on equity	471	553
Deductions from goodwill	17	57
Other tax deductions	436	723
US Tax reform (change in tax rate and other)	116	1 760
Change in tax rate (other)	144	(59)
Withholding taxes	(403)	(386)
Brazilian Federal Tax Regularization Program	-	(870)
Other tax adjustments	(300)	(217)
	(2 839)	**(1 920)**
Effective tax rate	**33.9%**	**18.0%**

The total income tax expense for 2018 amounts to 2 839m US dollar compared to 1 920m US dollar for 2017. The effective tax rate increased from 18.0% for 2017 to 33.9% for 2018.

The 2018 effective tax rate was negatively impacted by losses from certain derivatives related to hedging of share-based payment programs and the hedging of the shares issued in a transaction related to the combination with Grupo Modelo and SAB as well as changes in tax legislation in some countries resulting in additional non-deductible expenses in 2018.

The 2017 effective tax rate was positively impacted by a 1.8 billion US dollar adjustment following the US tax reform enacted on 22 December 2017. This 1.8 billion US dollar adjustment resulted mainly from the re-measurement of the deferred tax liabilities set up in 2008 in line with IFRS as part of the purchase price accounting of the combination with Anheuser Busch and certain deferred tax assets following the change in federal tax rate from 35% to 21%. The adjustment represented the company's best estimate of the deferred tax liability re-measurement resulting from the US Tax reform at the time, and was recognized as a non-recurring gain per 31 December 2017. This impact was partially offset by Ambev and certain of its subsidiaries joining the Brazilian Federal Tax Regularization Program – PERT in September 2017 whereby Ambev committed to pay some tax contingencies that were under dispute, totaling 3.5 billion Brazilian real (1.1 billion US dollar), with 1.0 billion Brazilian real (0.3 billion US dollar) paid in 2017 and the remaining amount payable in 145 monthly installments starting January 2018, plus interest. Within these contingencies, a dispute related to presumed taxation at Ambev's subsidiary CRBs was not provided for until September 2017 as the loss was previously assessed as possible. The total amount recognized in 2017 as non-recurring amounted to 2.9 billion Brazilian real (0.9 billion US dollar) of which 2.8 billion Brazilian real (0.9 billion US dollar) were reported in the income tax line and 141 million Brazilian real (44m US dollar) in the finance line.

During 2018, the company finalized the re-measurement of current and deferred taxes resulting from the US Tax reform enacted on 22 December 2017, based on published regulation and guidance. Such remeasurement resulted in an adjustment of 116m US dollar in 2018 to the reported current and deferred taxes.

The company benefits from tax exempted income and tax credits which are expected to continue in the future. The company does not have significant benefits coming from low tax rates in any particular jurisdiction.

The normalized effective tax rate for the period ended 31 December 2018 is 27.8% (2017: 22.9%). Normalized effective tax rate is not an accounting measure under IFRS accounting and should not be considered as an alternative to the effective tax rate.

Normalized effective tax rate method does not have a standard calculation method and AB InBev's definition of normalized effective tax rate may not be comparable to other companies.

Income taxes were directly recognized in other comprehensive income as follows:

Million US dollar	2018	2017
Re-measurements of post-employment benefits	22	(39)
Cash flow and net investment hedges	108	(95)
Income tax (losses)/gains	**130**	**(134)**

13. Property, plant and equipment

Million US dollar	31 December 2018 Land and buildings	Plant and equipment, fixtures and fittings	Under construction	Total	31 December 2017 Total
Acquisition cost					
Balance at end of previous year	**12 742**	**33 717**	**2 265**	**48 724**	**44 352**
Effect of movements in foreign exchange	(722)	(2 225)	(150)	(3 097)	1 431
Acquisitions	119	1 320	2 926	4 365	4 221
Acquisitions through business combinations	-	2	-	2	169
Disposals	(143)	(1 333)	(3)	(1 479)	(1 566)
Disposals through the sale of subsidiaries	(265)	(834)	(29)	(1 128)	(60)
Transfer (to)/from other asset categories and other movements[1]	724	3 028	(2 735)	1 017	177
Balance at end of the period	**12 455**	**33 675**	**2 274**	**48 404**	**48 724**
Depreciation and impairment losses					
Balance at end of previous year	**(3 514)**	**(18 026)**	**-**	**(21 540)**	**(18 133)**
Effect of movements in foreign exchange	177	1 219	-	1 396	(697)
Depreciation	(513)	(3 069)	-	(3 582)	(3 567)
Disposals	59	1 204	-	1 263	1 161
Disposals through the sale of subsidiaries	177	641	-	818	48
Impairment losses	(10)	(85)	-	(95)	(85)
Transfer to/(from) other asset categories and other movements[1]	64	(818)	-	(754)	(267)
Balance at end of the period	**(3 560)**	**(18 934)**	**-**	**(22 494)**	**(21 540)**
Carrying amount					
at 31 December 2017	**9 228**	**15 691**	**2 265**	**27 184**	**27 184**
at 31 December 2018	**8 895**	**14 741**	**2 274**	**25 910**	**-**

The carrying amount of property, plant and equipment subject to restrictions on title amounts to 8m US dollar.

Contractual commitments to purchase property, plant and equipment amounted to 416m US dollar as at 31 December 2018 compared to 550m US dollar as at 31 December 2017.

AB InBev's net capital expenditures in the statement of cash flow amounted to 4 649m US dollar in 2018 and 4 124m US dollar in 2017. Out of the total 2018 capital expenditures approximately 48% was used to improve the company's production facilities while 42% was used for logistics and commercial investments and 10% was used for improving administrative capabilities and purchase of hardware and software.

LEASED ASSETS

The company leases land and buildings as well as equipment under a number of finance lease agreements. The carrying amount as at 31 December 2018 of assets leased under finance leases was 272m US dollar (31 December 2017: 300m US dollar).

[1] The transfer (to)/from other asset categories and other movements mainly relates to transfers from assets under construction to their respective asset categories, to contributions of assets to pension plans, to the separate presentation in the balance sheet of property, plant and equipment held for sale in accordance with IFRS 5 *Non-current assets held for sale and discontinued operations* and to the restatement of non-monetary assets under hyperinflation accounting in line with IAS 29 *Financial reporting in hyperinflationary economies*.

14. Goodwill

Million US dollar	31 December 2018	31 December 2017
Acquisition cost		
Balance at end of previous year	**140 980**	**135 897**
Effect of movements in foreign exchange	(7 541)	4 684
Disposals through the sale of subsidiaries	(652)	-
Acquisitions through business combinations	107	398
Hyperinflation monetary adjustments	435	-
Reclassified as held for sale	(13)	-
Balance at end of the period	**133 316**	**140 980**
Impairment losses		
Balance at end of previous year	**(40)**	**(34)**
Impairment losses	-	(6)
Disposals through the sale of subsidiaries	35	-
Balance at end of the period	**(5)**	**(40)**
Carrying amount		
at 31 December 2017	**140 940**	**140 940**
at 31 December 2018	**133 311**	**-**

On 30 March 2018, AB InBev completed the 50:50 merger of AB InBev's and Anadolu Efes' existing Russia and Ukraine businesses. Following this merger, the company derecognized its Russian and Ukrainian net assets including goodwill (see also Note 6 *Acquisitions and disposals of subsidiaries*).

The carrying amount of goodwill was allocated to the different cash-generating units as follows:

Million US dollar Cash-generating unit	2018	2017
United States	33 288	33 277
Colombia	18 802	20 425
South Africa	15 896	18 551
Peru	14 513	15 074
Mexico	12 614	12 580
Rest of Africa	7 716	8 326
Australia	6 348	6 922
Brazil	4 715	5 523
South Korea	3 949	4 119
Ecuador	3 925	3 925
China	2 758	2 914
Honduras & El Salvador	2 284	2 335
Canada	1 891	2 056
Other countries	4 613	4 913
Total carrying amount of goodwill	**133 311**	**140 940**

AB InBev completed its annual impairment test for goodwill and concluded that, based on the assumptions described below, no impairment charge was warranted.

The company cannot predict whether an event that triggers impairment will occur, when it will occur or how it will affect the value of the asset reported. AB InBev believes that all of its estimates are reasonable: they are consistent with the company's internal reporting and reflect management's best estimates. However, inherent uncertainties exist that management may not be able to control. During its valuation, the company ran sensitivity analysis for key assumptions including the weighted average cost of capital and the terminal growth rate, in particular for the valuations of the US, Colombia, South Africa, Peru and Mexico, countries that show the highest goodwill. While a change in the estimates used could have a material impact on the calculation of the fair values and trigger an impairment charge, the company, based on the sensitivity analysis performed is not aware of any reasonably possible change in a key assumption used that would cause a cash-generating unit's carrying amount to exceed its recoverable amount.

Goodwill impairment testing relies on a number of critical judgments, estimates and assumptions. Goodwill, which accounted for approximately 57% of AB InBev's total assets as at 31 December 2018, is tested for impairment at the cash-generating unit level (that is one level below the operating segments). The cash-generating unit level is the lowest level at which goodwill is monitored for internal management purposes. Except in cases where the initial allocation of goodwill has not been concluded by the end of the initial reporting period following the business combination, goodwill is allocated as from the acquisition date to each of AB InBev's cash-generating units that are expected to benefit from the synergies of the combination whenever a business combination occurs.

AB InBev’s impairment testing methodology is in accordance with IAS 36, in which fair-value-less-cost-to-sell and value in use approaches are taken into consideration. This consists in applying a discounted free cash flow approach based on acquisition valuation models for its major cash-generating units and the cash-generating units showing a high invested capital to EBITDA multiple, and valuation multiples for its other cash-generating units.

The key judgments, estimates and assumptions used in the discounted free cash flow calculations are generally as follows:

- In the first three years of the model, free cash flows are based on AB InBev's strategic plan as approved by key management. AB InBev's strategic plan is prepared per cash-generating unit and is based on external sources in respect of macro-economic assumptions, industry, inflation and foreign exchange rates, past experience and identified initiatives in terms of market share, revenue, variable and fixed cost, capital expenditure and working capital assumptions;
- For the subsequent seven years of the model, data from the strategic plan is extrapolated generally using simplified assumptions such as macro-economic and industry assumptions, variable cost per hectoliter and fixed cost linked to inflation, as obtained from external sources;
- Cash flows after the first ten-year period are extrapolated generally using expected annual long-term GDP growth rates, based on external sources, in order to calculate the terminal value, considering sensitivities on this metric;
- Projections are discounted at the unit's weighted average cost of capital (WACC), considering sensitivities on this metric;
- Cost to sell is assumed to reach 2% of the entity value based on historical precedents.

For the main cash generating units, the terminal growth rate applied generally ranged between 1% and 4%.

The WACC applied in US dollar nominal terms were as follows:

Cash-generating unit	2018	2017
United States	7%	6%
Colombia	7%	7%
South Africa	8%	8%
Peru	7%	7%
Mexico	8%	9%
Rest of Africa	11%	10%
Australia	7%	6%
South Korea	7%	6%
Ecuador	11%	11%

In the sensitivity analysis performed by management, an adverse change of 1% in WACC would not cause a cash-generating unit’s carrying amount to exceed its recoverable amount.

The above calculations are corroborated by valuation multiples, quoted share prices for publicly-traded subsidiaries or other available fair value indicators (i.e. recent market transactions from peers).

Although AB InBev believes that its judgments, assumptions and estimates are appropriate, actual results may differ from these estimates under different assumptions or market or macro-economic conditions.

15. Intangible assets

	31 December 2018					31 December 2017
Million US dollar	**Brands**	**Commercial intangibles**	**Software**	**Other**	**Total**	**Total**
Acquisition cost						
Balance at end of previous year	**43 402**	**2 904**	**2 177**	**388**	**48 871**	**47 191**
Effect of movements in foreign exchange	(1 482)	(105)	(137)	(41)	(1 765)	1 286
Acquisitions through business combinations	-	22	-	2	24	417
Acquisitions and expenditures	2	367	73	226	668	312
Disposals	(25)	(55)	-	(16)	(96)	(191)
Disposals through the sale of subsidiaries	(14)	-	(29)	(4)	(47)	-
Transfer (to)/from other asset categories and	250	(184)	608	136	810	(144)
Balance at end of period	**42 133**	**2 949**	**2 692**	**691**	**48 465**	**48 871**
Amortization and impairment losses						
Balance at end of previous year	**(32)**	**(1 379)**	**(1 472)**	**(114)**	**(2 997)**	**(2 401)**
Effect of movements in foreign exchange	-	73	84	7	164	(139)
Amortization	-	(163)	(251)	(31)	(445)	(498)
Disposals	-	45	(39)	8	14	89
Disposals through the sale of subsidiaries	-	-	28	2	30	-
Transfer to/(from) other asset categories and	-	(55)	(352)	7	(400)	(48)
Balance at end of period	**(32)**	**(1 479)**	**(2 002)**	**(121)**	**(3 634)**	**(2 997)**
Carrying value						
at 31 December 2017	**43 370**	**1 525**	**705**	**274**	**45 874**	**45 874**
at 31 December 2018	**42 101**	**1 470**	**690**	**570**	**44 831**	**-**

On 2 May 2018, AB InBev recovered the Budweiser distribution rights in Argentina from CCU. The transaction involved the transfer of the Isenbeck, Iguana, Diosa, Norte and Baltica brands, along with a cash payment of 306m US dollar and other commitments, to CCU Argentina. The Budweiser distribution rights have been assigned an indefinite useful life.

AB InBev is the owner of some of the world's most valuable brands in the beer industry. As a result, brands and certain distribution rights are expected to generate positive cash flows for as long as the company owns the brands and distribution rights. Given AB InBev's more than 600-year history, brands and certain distribution rights have been assigned indefinite lives.

Acquisitions and expenditures of commercial intangibles mainly represent supply and distribution rights, exclusive multi-year sponsorship rights and other commercial intangibles.

Intangible assets with indefinite useful lives are comprised primarily of brands and certain distribution rights that AB InBev purchases for its own products, and are tested for impairment during the fourth quarter of the year or whenever a triggering event has occurred.

As of 31 December 2018, the carrying amount of the intangible assets amounted to 44 831m US dollar (31 December 2017: 45 874m US dollar) of which 42 435m US dollar was assigned an indefinite useful life (31 December 2017: 43 595m US dollar) and 2 396m US dollar a finite life (31 December 2017: 2 279m US dollar).

[1] The transfer (to)/from other asset categories and other movements mainly relates to transfers from assets under construction to their respective asset categories, to contributions of assets to pension plans, to the separate presentation in the balance sheet of property, plant and equipment held for sale in accordance with IFRS 5 *Non-current assets held for sale and discontinued operations* and to the restatement of non-monetary assets under hyperinflation accounting in line with IAS 29 *Financial reporting in hyperinflationary economies*.

The carrying amount of intangible assets with indefinite useful lives was allocated to the different countries as follows:

Million US dollar Country	2018	2017
United States	22 037	21 960
Colombia	3 516	3 820
South Africa	3 325	3 899
Mexico	3 068	3 058
Peru	2 720	2 825
Australia	2 422	2 773
South Korea	1 013	1 058
Ecuador	595	595
China	381	403
Dominican Republic	339	353
Rest of Africa	1 274	1 353
Other countries	1 745	1 498
Total carrying amount of intangible assets with indefinite useful lives	**42 435**	**43 595**

Intangible assets with indefinite useful lives have been tested for impairment using the same methodology and assumptions as disclosed in Note 14 *Goodwill*. Based on the assumptions described in that note, AB InBev concluded that no impairment charge is warranted. While a change in the estimates used could have a material impact on the calculation of the fair values and trigger an impairment charge, the company is not aware of any reasonably possible change in a key assumption used that would cause a cash-generating unit's carrying amount to exceed its recoverable amount.

16. Investments in associates

A reconciliation of the summarized financial information to the carrying amount of the company's interests in material associates is as follows:

	2018			2017	
Million US dollar	AB InBev Efes	Castel	Efes	Castel	Efes
Balance at 1 January	-	3 480	694	2 793	750
Effect of movements in foreign exchange	-	(213)	(194)	356	(54)
Acquisitions	1 157	-	-	-	-
Dividends received	-	(98)	(11)	(23)	-
Share of results of associates	2	110	(10)	354	(2)
Balance at end of period	**1 159**	**3 279**	**479**	**3 480**	**694**

On 30 March 2018, AB InBev completed the 50:50 merger of AB InBev's and Anadolu Efes' existing Russia and Ukraine businesses. Following the closing of the transaction, the operations of AB InBev and Anadolu Efes in Russia and Ukraine are now combined under AB InBev Efes. The combined business is fully consolidated in the Anadolu Efes financial accounts. As a result of the transaction, AB InBev stopped consolidating its Russia and Ukraine businesses and accounts for its investment in AB InBev Efes under the equity method as of that date. See also Note 6 *Acquisitions and disposals of subsidiaries*.

The 2017 share of results of associates reported for Castel includes the revision of 2016 finalized result of associates. In 2018, the share of results of associates reported for Castel was negatively impacted by a currency devaluation in Angola.

Summarized financial information of the company's material associates is as follows:

	2018			2017	
Million US dollar	AB InBev Efes	Castel	Efes	Castel	Efes
Current assets	275	4 193	2 888	4 894	2 415
Non-current assets	664	4 291	6 463	3 912	5 243
Current liabilities	556	1 643	2 233	1 724	1 106
Non-current liabilities	-	635	2 207	857	2 494
Non-controlling interests	-	939	2 297	879	1 520
Net assets	**383**	**5 267**	**2 614**	**5 346**	**2 538**
Revenue	1 081	5 786	3 816	5 447	3 415
Profit (loss)	4	921	(43)	746	(7)
Other comprehensive income (loss)	-	(254)	1 536	(94)	553
Total comprehensive income (loss)	4	667	1 493	652	546

In 2018, associates that are not individually material contributed to 51m US dollar to the results of investment in associates.

Additional information related to the significant associates is presented in Note 36 *AB InBev Companies*.

17. Investment securities

Million US dollar	2018	2017
Investment in unquoted companies	84	76
Investment on debt securities	24	24
Non-current investments	**108**	**100**
Investment on debt securities	87	1 304
Current investments	**87**	**1 304**

As of 31 December 2018, current debt securities of 87m US dollar mainly represented investments in government bonds. The company's investments in such short-term debt securities are primarily to facilitate liquidity and for capital preservation.

18. Deferred tax assets and liabilities

The amount of deferred tax assets and liabilities by type of temporary difference can be detailed as follows:

	2018		
Million US dollar	Assets	Liabilities	Net
Property, plant and equipment	381	(2 665)	(2 284)
Intangible assets	115	(10 665)	(10 550)
Inventories	101	(67)	34
Trade and other receivables	142	(62)	80
Interest-bearing loans and borrowings	475	(618)	(143)
Employee benefits	673	(5)	668
Provisions	483	(27)	456
Derivatives	33	(58)	(25)
Other items	215	(736)	(521)
Loss carry forwards	577	-	577
Gross deferred tax assets/(liabilities)	**3 195**	**(14 903)**	**(11 708)**
Netting by taxable entity	**(1 738)**	**1 738**	**-**
Net deferred tax assets/(liabilities)	**1 457**	**(13 165)**	**(11 708)**

	2017		
Million US dollar	Assets	Liabilities	Net
Property, plant and equipment	324	(2 586)	(2 262)
Intangible assets	113	(11 387)	(11 274)
Inventories	114	(63)	51
Trade and other receivables	148	(62)	86
Interest-bearing loans and borrowings	431	(646)	(215)
Employee benefits	663	(10)	653
Provisions	562	(17)	545
Derivatives	40	(49)	(9)
Other items	200	(796)	(596)
Loss carry forwards	1 130	-	1 130
Gross deferred tax assets/(liabilities)	**3 725**	**(15 616)**	**(11 891)**
Netting by taxable entity	**(2 509)**	**2 509**	**-**
Net deferred tax assets/(liabilities)	**1 216**	**(13 107)**	**(11 891)**

The change in net deferred taxes recorded in the consolidated statement of financial position can be detailed as follows:

Million US dollar	2018	2017
Balance at 1 January	**(11 891)**	**(13 442)**
Recognized in profit or loss	121	1 912
Recognized in other comprehensive income	(130)	(134)
Acquisitions through business combinations	(23)	(74)
Other movements and effect of changes in foreign exchange rates	215	(153)
Balance at 31 December	**(11 708)**	**(11 891)**

Following the US Tax reform enacted on 22 December 2017 whereby the US Federal tax rate was reduced from 35% to 21%, the company adjusted the deferred tax liabilities set up in 2008 in line with IFRS, as part of the purchase price accounting of the combination with Anheuser Busch and certain deferred tax assets. This adjustment resulted in 1.8 billion US dollar recognized as a non-recurring tax gain in 2017 – see also Note 12 – *Income Taxes*.

Most of the temporary differences are related to the fair value adjustment on intangible assets with indefinite useful lives and property, plant and equipment acquired through business combinations. The realization of such temporary differences is unlikely to revert within 12 months.

Tax losses carried forward and deductible temporary differences on which no deferred tax asset is recognized amount to 5 280m US dollar (2017: 4 449m US dollar). 1 954m US dollar of these tax losses and deductible temporary differences do not have an expiration date, 136m US dollar, 153m US dollar and 725m US dollar expire within respectively 1, 2 and 3 years, while 2 311m US dollar have an expiration date of more than 3 years. Deferred tax assets have not been recognized on these items because it is not probable that future taxable profits will be available against which these tax losses and deductible temporary differences can be utilized and the company has no tax planning strategy currently in place to utilize these tax losses and deductible temporary differences.

19. Inventories

Million US dollar	2018	2017
Prepayments	123	101
Raw materials and consumables	2 387	2 304
Work in progress	363	387
Finished goods	1 215	1 216
Goods purchased for resale	146	111
Inventories	**4 234**	**4 119**
Inventories other than work in progress		
Inventories stated at net realizable value	59	57

The cost of inventories recognized as an expense in 2018 amounts to 20 359m US dollar, included in cost of sales (2017: 21 386m US dollar).

Impairment losses on inventories recognized in 2018 amount to 72m US dollar (2017: 72m US dollar).

20. Trade and other receivables

NON-CURRENT TRADE AND OTHER RECEIVABLES

Million US dollar	2018	2017
Cash deposits for guarantees	197	209
Loans to customers	45	13
Deferred collection on disposals	53	11
Tax receivable, other than income tax	139	68
Trade and other receivables	335	533
	769	**834**

For the nature of cash deposits for guarantees see Note 31 Collateral and contractual commitments for the acquisition of property, plant and equipment, loans to customers and other.

CURRENT TRADE AND OTHER RECEIVABLES

Million US dollar	2018	2017
Trade receivables and accrued income	4 412	4 752
Interest receivable	19	6
Tax receivable, other than income tax	378	368
Loans to customers	143	166
Prepaid expenses	329	428
Other receivables	1 094	846
	6 375	**6 566**

The carrying amount of trade and other receivables is a good approximation of their fair value as the impact of discounting is not significant.

The ageing of the current trade receivables and accrued income, interest receivable, other receivables and current and non-current loans to customers can be detailed as follows for 2018 and 2017 respectively:

			Of which not impaired as of the reporting date and past due			
	Net carrying amount as of 31 December 2018	Of which: neither impaired nor past due on the reporting date	Less than 30 days	Between 30 and 59 days	Between 60 and 89 days	More than 90 days
Trade receivables and accrued income	4 412	4 092	239	52	20	9
Loans to customers	188	176	4	5	3	-
Interest receivable	19	19	-	-	-	-
Other receivables	1 094	1 051	13	26	4	-
	5 713	**5 338**	**256**	**83**	**27**	**9**

			Of which not impaired as of the reporting date and past due			
	Net carrying amount as of 31 December 2017	Of which: neither impaired nor past due on the reporting date	Less than 30 days	Between 30 and 59 days	Between 60 and 89 days	More than 90 days
Trade receivables and accrued income	4 752	4 369	265	47	40	31
Loans to customers	179	179	-	-	-	-
Interest receivable	6	6	-	-	-	-
Other receivables	846	803	19	6	14	4
	5 783	**5 357**	**284**	**53**	**54**	**35**

The above analysis of the age of financial assets that are past due as at the reporting date but not impaired also includes non-current loans to customers. Past due amounts were not impaired when collection is still considered likely, for instance because the amounts can be recovered from the tax authorities or AB InBev has sufficient collateral. Impairment losses on trade and other receivables recognized in 2018 amount to 43m US dollar (2017: 59m US dollar).

AB InBev's exposure to credit, currency and interest rate risks is disclosed in Note 29 *Risks arising from financial instruments*.

21. Cash and cash equivalents

Million US dollar	31 December 2018	31 December 2017
Short-term bank deposits	2 233	3 896
Cash and bank accounts	4 841	6 576
Cash and cash equivalents	**7 074**	**10 472**
Bank overdrafts	(114)	(117)
	6 960	**10 355**

The cash outstanding per 31 December 2018 includes restricted cash for an amount of 2m US dollar (31 December 2017: 2m US dollar). This restricted cash refers to outstanding consideration payable to former Anheuser-Busch shareholders who did not yet claim the proceeds from the 2008 combination.

22. Assets classified as held for sale, liabilities associated with assets held for sale and discontinued operations

ASSETS CLASSIFIED AS HELD FOR SALE

Million US dollar	31 December 2018	31 December 2017
Balance at the end of previous year	133	16 458
Disposals from SAB transaction-related divestitures	-	(15 514)
Reclassified to assets held for sale in the period	35	91
Disposals	(128)	(26)
Effect of movements in foreign exchange	(1)	132
Other movements	-	(1 008)
Balance at the end of year	**39**	**133**

LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE

Million US dollar	31 December 2018	31 December 2017
Balance at the end of previous year	**-**	**2 174**
Disposals from SAB transaction-related divestitures	-	(1 166)
Other movements	-	(1 008)
Balance at the end of year	**-**	**-**

COMPLETION OF CCBA DISPOSAL

On 4 October 2017, AB InBev announced the completion of the transition of its 54.5% equity stake in Coca-Cola Beverages Africa (“CCBA”) for 3.15 billion US dollar, after customary adjustments. AB InBev stopped consolidating CCBA in its consolidated financial statements as of that date.

CCBA, the largest Coca-Cola bottler in Africa, was formed in 2016 through the combination of the African non-alcohol ready-to-drink bottling interests of SAB, The Coca-Cola Company and Gutsche Family Investments. It includes operations in the countries of South Africa, Namibia, Kenya, Uganda, Tanzania, Ethiopia, Mozambique, Ghana, Mayotte, and Comoros.

Furthermore, AB InBev completed in 2018 the sale of its carbonated soft drink businesses in Zambia and Botswana to The Coca-Cola Company. AB InBev also entered into agreements to sell to The Coca-Cola Company all of its carbonated soft drink business in eSwatini (Swaziland) and certain non-alcoholic beverage brands in El Salvador and Honduras. The closing of these transactions is subject to customary closing conditions, including regulatory approvals. In El Salvador and Honduras, the company has executed long-term bottling agreements, which will become effective upon the closing of the El Salvador and Honduras brand divestitures.

In addition, the companies continue to work towards finalizing the terms and conditions for The Coca-Cola Company to acquire AB InBev’s interest in the bottling operations in Zimbabwe and Lesotho. These transactions are subject to the relevant regulatory and shareholder approvals in the different jurisdictions. By 31 December 2018, the assets and liabilities of the above operations were not reported as assets classified as held for sale and liabilities associated with assets held for sale.

23. Changes in equity and earnings per share

STATEMENT OF CAPITAL

The tables below summarize the changes in issued capital and treasury shares during 2018:

ISSUED CAPITAL	Issued capital Million shares	 Million US dollar
At the end of the previous year	2 019	1 736
Changes during the period	-	-
	2 019	**1 736**
Of which:		
Ordinary shares	1 693	
Restricted shares	326	

TREASURY SHARES	Treasury shares Million shares	 Million US dollar	Result on the use of treasury shares Million US dollar
At the end of the previous year	85.5	(8 980)	(1 452)
Changes during the period	(23.0)	2 431	(931)
	62.5	**(6 549)**	**(2 383)**

As at 31 December 2018, the share capital of AB InBev amounts to 1 238 608 344.12 euro (1 736 million US dollar). It is represented by 2 019 241 973 shares without nominal value, of which 62 502 473 are held in treasury by AB InBev and its subsidiaries. All shares are ordinary shares, except for 325 999 817 restricted shares. As at 31 December 2018, the total of authorized, un-issued capital amounts to 37m euro.

The treasury shares held by the company are reported in equity in Treasury shares.

The holders of ordinary and restricted shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. In respect of the company's shares that are held by AB InBev, rights are suspended.

The restricted shares are unlisted, not admitted to trading on any stock exchange, and are subject to, among other things, restrictions on transfer until converted into new ordinary shares. The restricted shares will be convertible at the election of the holder into new ordinary shares on a one-for-one basis with effect from the fifth anniversary of completion of the SAB combination. From completion of the SAB combination, such restricted shares will rank equally with the ordinary shares with respect to dividends and voting rights.

The shareholders' structure based on the notifications made to the company pursuant to the Belgian Law of 02 May 2007 on the disclosure of significant shareholdings in listed companies is included in the *Corporate Governance* section of AB InBev's annual report.

CHANGES IN OWNERSHIP INTERESTS

In compliance with IFRS 10, the acquisition of additional shares in a subsidiary is accounted for as an equity transaction with owners.

During 2018, Ambev increased its investment in Cervecería Nacional Dominicana S.A. ("CND") from 55% to 85%. As the related subsidiary was already fully consolidated, the purchase did not impact AB InBev's profit, but reduced the non-controlling interests by 429m US dollar and increased the profit attributable to equity holders of AB InBev.

REPORT ACCORDING TO ARTICLE 624 OF THE BELGIAN COMPANIES CODE – PURCHASE OF OWN SHARES

During 2018, the company proceeded with the following sale transactions:

- 1 251 602 shares were granted to executives of the group according to the company's executive remuneration policy;
- 1 497 344 shares were sold, as a result of the exercise of options granted to employees of the group;
- 23 076 922 shares were delivered under deferred share instruments with former Grupo Modelo shareholders.

At the end of the period, the group owned 62 527 163 own shares of which 61 923 078 were held directly by AB InBev. The par value of the shares is 0.61 euro. As a consequence, the shares that were sold during the year 2018 represent 18 038 093 US dollar (15 753 779 euro) of the subscribed capital and the shares that the company still owned at the end of 2018 represent 43 672 135 US dollar (38 141 569 euro) of the subscribed capital.

DIVIDENDS

On 24 October 2018, an interim dividend of 0.80 euro per share or approximately 1 565m euro was approved by the Board of Directors. This interim dividend was paid out on 29 November 2018. On 28 February, in addition to the interim dividend paid on 29 November 2018, a dividend of 1.00 euro per share or 1 957m euro was proposed by the Board of Directors, reflecting a total dividend payment for the 2018 fiscal year of 1.80 euro per share or 3 522m euro.

On 25 October 2017, an interim dividend of 1.60 euro per share or 3 089m euro was approved by the Board of Directors. This interim dividend was paid out on 16 November 2017. On 25 April 2018, in addition to the interim dividend paid on 16 November 2017, a dividend of 2.00 euro per share or 3 867m euro was approved at the shareholders meeting, reflecting a total dividend payment for 2017 fiscal year of 3.60 euro per share or 6 956m euro. The dividend was paid out on 3 May 2018.

TRANSLATION RESERVES

The translation reserves comprise all foreign currency exchange differences arising from the translation of the financial statements of foreign operations. The translation reserves also comprise the portion of the gain or loss on the foreign currency liabilities and on the derivative financial instruments determined to be effective net investment.

HEDGING RESERVES

The hedging reserves comprise the effective portion of the cumulative net change in the fair value of cash flow hedges to the extent the hedged risk has not yet impacted profit or loss.

TRANSFERS FROM SUBSIDIARIES

The amount of dividends payable to AB InBev by its operating subsidiaries is subject to, among other restrictions, general limitations imposed by the corporate laws, capital transfer restrictions and exchange control restrictions of the respective jurisdictions where those subsidiaries are organized and operate. Capital transfer restrictions are also common in certain emerging market countries, and may affect AB InBev's flexibility in implementing a capital structure it believes to be efficient. As at 31 December 2018, the restrictions above mentioned were not deemed significant on the company's ability to access or use the assets or settle the liabilities of its operating subsidiaries.

Dividends paid to AB InBev by certain of its subsidiaries are also subject to withholding taxes. Withholding tax, if applicable, generally does not exceed 15%.

DEFERRED SHARE INSTRUMENT

In a transaction related to the combination with Grupo Modelo, selected Grupo Modelo shareholders committed, upon tender of their Grupo Modelo shares, to acquire 23 076 922 AB InBev shares to be delivered within 5 years for a consideration of approximately 1.5 billion US dollar. The consideration was paid on 5 June 2013.

On 21 May 2018, AB InBev delivered the shares that were due under the deferred share instruments through the use of AB InBev treasury shares.

Until the delivery of the AB InBev shares, AB InBev paid a coupon on each undelivered AB InBev share, so that the Deferred Share Instrument holders were compensated on an after tax basis, for dividends they would have received had the AB InBev shares been delivered to them prior to the record date for such dividend.

The deferred share instrument was classified as an equity instrument, in line with IAS 32, as the number of shares and consideration received are fixed. The coupon to compensate for the dividend equivalent is reported through equity. On 3 May 2018, the company paid a coupon of 2.00 euro per share or approximately 56m US dollar (2017: 3.60 euro per share or approximately 93m US dollar).

STOCK LENDING

In order to fulfil AB InBev's commitments under various outstanding stock option plans, AB InBev entered into stock lending arrangements for up to 20 million of its own ordinary shares. As of 31 December 2018, the outstanding balance of loaned securities amounted to 20 million, of which 20 million were used to fulfil stock option plan commitments. AB InBev shall pay any dividend equivalent, after tax in respect of the loaned securities. This payment will be reported through equity as dividend.

OTHER COMPREHENSIVE INCOME RESERVES

The changes in the other comprehensive income reserves are as follows:

Million US dollar	Translation Reserves	Hedging reserves	Post-employment benefits	Total OCI Reserves
As per 1 January 2018	**(13 705)**	**586**	**(1 665)**	**(14 784)**
Other comprehensive income				
Exchange differences on translation of foreign	(7 379)	-	-	(7 379)
Cash flow hedges	-	(92)	-	(92)
Re-measurements of post-employment benefits	-	-	98	98
Total comprehensive income	**(7 379)**	**(92)**	**98**	**(7 373)**
As per 31 December 2018	**(21 084)**	**494**	**(1 567)**	**(22 157)**

Million US dollar	Translation Reserves	Hedging reserves	Post-employment benefits	Total OCI Reserves
As per 1 January 2017	**(14 758)**	**744**	**(1 612)**	**(15 626)**
Other comprehensive income				
Exchange differences on translation of foreign	1 053	-	-	**1 053**
Cash flow hedges	-	(158)	-	**(158)**
Re-measurements of post-employment benefits	-	-	(53)	**(53)**
Total comprehensive income	**1 053**	**(158)**	**(53)**	**842**
As per 31 December 2017	**(13 705)**	**586**	**(1 665)**	**(14 784)**

EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2018 is based on the profit attributable to equity holders of AB InBev of 4 368m US dollar (31 December 2017: 7 996m US dollar) and a weighted average number of ordinary and restricted shares outstanding (including deferred share instruments and stock lending) per end of the period, calculated as follows:

Million shares	2018	2017
Issued ordinary and restricted shares at 1 January, net of treasury shares	1 934	1 934
Effect of stock lending	18	14
Effect of undelivered shares under the deferred share instrument	9	23
Effect of delivery of treasury shares	14	-
Weighted average number of ordinary and restricted shares at 31 December	**1 975**	**1 971**

The calculation of diluted earnings per share for the year ended 31 December 2018 is based on the profit attributable to equity holders of AB InBev of 4 368m US dollar (31 December 2017: 7 996m US dollar) and a weighted average number of ordinary and restricted shares (diluted) outstanding (including deferred share instruments and stock lending) per end of the period, calculated as follows:

Million shares	2018	2017
Weighted average number of ordinary and restricted shares at 31 December	1 975	1 971
Effect of share options, warrants and restricted stock units	36	39
Weighted average number of ordinary and restricted shares (diluted) at 31 December	**2 011**	**2 010**

The calculation of earnings per share before non-recurring items and discontinued operations is based on the profit from continuing operations attributable to equity holders of AB InBev. A reconciliation of profit before non-recurring items and discontinued operations, attributable to equity holders of AB InBev to profit attributable to equity holders of AB InBev is calculated as follows:

Million US dollar	2018	2017
Profit before non-recurring items and discontinued operations, attributable to equity holders of	6 793	7 967
Non-recurring items, before taxes (refer to Note 8)	(715)	(662)
Non-recurring finance income/(cost), before taxes (refer to Note 8)	(1 982)	(693)
Non-recurring taxes (refer to Note 8)	240	830
Non-recurring non-controlling interest (refer to Note 8)	32	526
Profit from discontinued operations	-	28
Profit attributable to equity holders of AB InBev	**4 368**	**7 996**

The calculation of the Underlying EPS[1] is based on the profit before non-recurring items, discontinued operations, mark-to-market losses and hyperinflation impacts attributable to equity holders of AB InBev. A reconciliation of profit before non-recurring items, discontinued operations, mark-to-market losses and hyperinflation impacts, attributable to equity holders of AB InBev to profit before non-recurring items and discontinued operations, attributable to equity holders of AB InBev, is calculated as follows:

Million US dollar	2018	2017
Profit before non-recurring items, discontinued operations, mark-to-market losses and hyperinflation impacts, attributable to equity holders of AB InBev	8 644	8 258
Mark-to-market losses on certain derivatives related to the hedging of share-based payment programs (refer to Note 11)	(1 774)	(291)
Hyperinflation impacts	(77)	-
Profit before non-recurring items and discontinued operations, attributable to equity holders of AB InBev	**6 793**	**7 967**

[1] See glossary.

The table below sets out the EPS calculation:

Million US dollar	2018	2017
Profit attributable to equity holders of AB InBev	4 368	7 996
Weighted average number of ordinary and restricted shares	1 975	1 971
Basic EPS from continuing and discontinued operations	**2.21**	**4.06**
Profit from continuing operations attributable to equity holders of AB InBev	4 368	7 968
Weighted average number of ordinary and restricted shares	1 975	1 971
Basic EPS from continuing operations	**2.21**	**4.04**
Profit from continuing operations before non-recurring items, attributable to equity holders of	6 793	7 967
Weighted average number of ordinary and restricted shares	1 975	1 971
Basic EPS from continuing operations before non-recurring items	**3.44**	**4.04**
Profit before non-recurring items, discontinued operations, mark-to-market losses and	8 644	8 258
Weighted average number of ordinary and restricted shares	1 975	1 970
Underlying EPS[1]	**4.38**	**4.19**
Profit attributable to equity holders of AB InBev	4 368	7 996
Weighted average number of ordinary and restricted shares (diluted)	2 011	2 010
Diluted EPS from continuing and discontinued operations	**2.17**	**3.98**
Profit from continuing operations attributable to equity holders of AB InBev	4 368	7 968
Weighted average number of ordinary and restricted shares (diluted)	2 011	2 010
Diluted EPS from continuing operations	**2.17**	**3.96**
Profit from continuing operations before non-recurring items, attributable to equity holders of	6 793	7 967
Weighted average number of ordinary and restricted shares (diluted)	2 011	2 010
Diluted EPS from continuing operations before non-recurring items	**3.38**	**3.96**

The average market value of the company's shares for purposes of calculating the dilutive effect of share options and restricted stock units was based on quoted market prices for the period that the options and restricted stock units were outstanding. 63m share options were anti-dilutive and not included in the calculation of the dilutive effect as at 31 December 2018.

[1] See glossary.

24. Interest-bearing loans and borrowings

This note provides information about the company's interest-bearing loans and borrowings. For more information about the company's exposure to interest rate and foreign exposure currency risk - refer to Note 29 *Risks arising from financial instruments.*

Non-current liabilities Million US dollar	31 December 2018	31 December 2017
Secured bank loans	109	230
Unsecured bank loans	86	153
Unsecured bond issues	105 170	108 327
Unsecured other loans	57	53
Finance lease liabilities	162	186
Non-current interest-bearing loans and borrowings	**105 584**	**108 949**

Current liabilities Million US dollar	31 December 2018	31 December 2017
Secured bank loans	370	272
Commercial papers	1 142	1 870
Unsecured bank loans	22	739
Unsecured bond issues	2 626	4 510
Unsecured other loans	14	15
Finance lease liabilities	42	27
Current interest-bearing loans and borrowings	**4 216**	**7 433**

The current and non-current interest-bearing loans and borrowings amount to 109.8 billion US dollar as of 31 December 2018, compared to 116.4 billion US dollar as of 31 December 2017.

Commercial papers amount to 1.1 billion US dollar as of 31 December 2018 and include programs in US dollar and euro with a total authorized issuance up to 3.0 billion US dollar and 1.0 billion euro, respectively.

During 2018, AB InBev completed the issuance of the following series of bonds:

Issue date	Aggregate principal amount (in millions)	Currency	Interest rate	Maturity date
23 January 2018	1 500	Euro	3M EURIBOR + 30 bps	15 April 2024
23 January 2018	2 000	Euro	1.150%	22 January 2027
23 January 2018	750	Euro	2.000%	23 January 2035
4 April 2018	1 500	USD	3.500%	12 January 2024
4 April 2018	2 500	USD	4.000%	13 April 2028
4 April 2018	1 500	USD	4.375%	15 April 2038
4 April 2018	2 500	USD	4.600%	15 April 2048
4 April 2018	1 500	USD	4.750%	15 April 2058
4 April 2018	500	USD	3M LIBOR + 74 bps	12 January 2024

On 19 March, the company redeemed the entire outstanding principal amount of the Anheuser-Busch InBev Worldwide notes with a principal amount of 2.5 billion US dollar due in 2019 bearing interest at 7.75%.

On 23 April, the company redeemed the entire outstanding principal amount of certain notes due in 2019 and 2020. The total principal amount of the notes that were retired is approximately 7.8 billion US dollar.

On 6 June, the company redeemed the entire outstanding principal amount of the Anheuser-Busch InBev Worldwide notes due 2020. The total principal amount of notes that were retired is 1.0 billion US dollar.

On 13 December, the company redeemed the entire outstanding principal amount of the Anheuser-Busch InBev Finance notes due 2021. The total principal amount of notes that were retired is 2.5 billion US dollar.

The redemption of these notes was financed with cash.

On 26 November, the company announced the final results of a U.S. private exchange offer for a series of six notes issued by Anheuser-Busch InBev Finance for notes co-issued by Anheuser-Busch Companies, LLC ("ABC") and Anheuser-Busch InBev Worldwide Inc. The total principal amount of notes exchanged listed below is 23.5 billion US dollar.

Issuer	Title of series of notes issued exchanged	Original principal amount outstanding (in million US dollar)	Principal amount outstanding exchanged (in million US dollar)	Principal amount not exchanged (in million US dollar)
Anheuser-Busch InBev Finance	4.9% Notes due 2046	11 000	9 543	1 457
Anheuser-Busch InBev Finance	4.7% Notes due 2036	6 000	5 385	615
Anheuser-Busch InBev Finance	3.65% Notes due 2026	11 000	8 555	2 445

AB InBev is in compliance with all its debt covenants as of 31 December 2018. The 2010 senior facilities do not include restrictive financial covenants.

Terms and debt repayment schedule at 31 December 2018 Million US dollar	Total	1 year or less	1-2 years	2-3 years	3-5 years	More than 5 years
Secured bank loans	479	370	38	14	26	31
Commercial papers	1 142	1 142	-	-	-	-
Unsecured bank loans	108	22	-	86	-	-
Unsecured bond issues	107 796	2 626	5 259	8 039	17 180	74 692
Unsecured other loans	71	14	18	7	9	23
Finance lease liabilities	204	42	19	17	12	114
	109 800	**4 216**	**5 334**	**8 163**	**17 227**	**74 860**

Terms and debt repayment schedule at 31 december 2017 Million US dollar	Total	1 year or less	1-2 years	2-3 years	3-5 years	More than 5 years
Secured bank loans	502	272	128	18	33	51
Commercial papers	1 870	1 870	-	-	-	-
Unsecured bank loans	892	739	122	31	-	-
Unsecured bond issues	112 837	4 510	9 956	9 389	18 441	70 541
Unsecured other loans	68	15	18	7	3	25
Finance lease liabilities	213	27	29	20	23	114
	116 382	**7 433**	**10 253**	**9 465**	**18 500**	**70 731**

Finance lease liabilities Million US dollar	2018 Payments	2018 Interests	2018 Principal	2017 Payments	2017 Interests	2017 Principal
Less than one year	62	20	42	42	15	27
Between one and two years	37	18	19	42	13	29
Between two and three years	33	16	17	31	11	20
Between three and five years	33	21	12	40	17	23
More than 5 years	151	37	114	146	32	114
	317	**112**	**205**	**301**	**88**	**213**

Net debt is defined as non-current and current interest-bearing loans and borrowings and bank overdrafts minus debt securities and cash and cash equivalents. Net debt is a financial performance indicator that is used by AB InBev's management to highlight changes in the company's overall liquidity position. The company believes that net debt is meaningful for investors as it is one of the primary measures AB InBev's management uses when evaluating its progress towards deleveraging.

AB InBev's net debt decreased to 102.5 billion US dollar as of 31 December 2018, from 104.4 billion US dollar as of 31 December 2017. Apart from operating results net of capital expenditures, the net debt is mainly impacted by the acquisition by Ambev of additional shares in Cervecería Nacional Dominicana S.A. ("CND") following the partial exercise by E. León Jimenes S.A. ("ELJ") of its put option (0.9 billion US dollar), the payment to Molson Coors Brewing Company related to a purchase price adjustment on the disposal completed on 11 October 2016 of SAB's interest in MillerCoors LLC and all trademarks, contracts and other assets primarily related to the "Miller International Business" (0.3 billion US dollar), dividend payments to shareholders of AB InBev and Ambev (7.8 billion US dollar), the payment of interests and taxes (7.1 billion US dollar) and the impact of changes in foreign exchange rates (2.1 billion US dollar decrease of net debt).

The following table provides a reconciliation of AB InBev's net debt as at 31 December:

Million US dollar	31 December 2018	31 December 2017
Non-current interest-bearing loans and borrowings	105 584	108 949
Current interest-bearing loans and borrowings	4 216	7 433
Interest-bearing loans and borrowings	**109 800**	**116 382**
Bank overdrafts	114	117
Cash and cash equivalents	(7 074)	(10 472)
Interest bearing loans granted and other deposits (included within Trade and other	(267)	(309)
Debt securities (included within Investment securities)	(111)	(1 328)
Net debt	**102 462**	**104 391**

Reconciliation of liabilities arising from financing activities

The table below details changes in the company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the company's consolidated statement of cash flows from financing activities.

Million US dollar	Long-term debt, net of current portion	Short-term debt and current portion of long-term debt
Balance at 1 January 2018	**108 949**	**7 433**
Proceeds from borrowings	15 111	2 672
Payments on borrowings	(13 925)	(8 564)
Amortized cost	47	255
Unrealized foreign exchange effects	(1 837)	(298)
Current portion of long-term debt	(2 732)	2 732
Other movements	(29)	(14)
Balance at 31 December 2018	**105 584**	**4 216**

25. Employee benefits

AB InBev sponsors various post-employment benefit plans worldwide. These include pension plans, both defined contribution plans, and defined benefit plans, and other post-employment benefits. In accordance with IAS 19 *Employee Benefits* post-employment benefit plans are classified as either defined contribution plans or defined benefit plans.

DEFINED CONTRIBUTION PLANS

For defined contribution plans, AB InBev pays contributions to publicly or privately administered pension funds or insurance contracts. Once the contributions have been paid, the group has no further payment obligation. The regular contributions constitute an expense for the year in which they are due. For 2018, contributions paid into defined contribution plans for the company amounted to 116m US dollar compared to 118m US dollar for 2017.

DEFINED BENEFIT PLANS

During 2018, the company contributed to 84 defined benefit plans, of which 62 are retirement or leaving service plans, 18 are medical cost plans and 4 other long-term employee benefit plans. Most plans provide retirement and leaving service benefits related to pay and years of service. In many of the countries the plans are partially funded. When plans are funded, the assets are held in legally separate funds set up in accordance with applicable legal requirements and common practice in each country. The medical cost plans in Brazil, Canada, Colombia, South Africa and US provide medical benefits to employees and their families after retirement. Many of the defined benefit plans are closed to new entrants.

The present value of funded obligations includes a 175m US dollar liability related to two medical plans in Brazil, for which the benefits are provided through the Fundação Antonio Helena Zerrenner ("FAHZ"). The FAHZ is a legally distinct entity which provides medical, dental, educational and social assistance to current and retired employees of Ambev. On 31 December 2018, the actuarial liabilities related to the benefits provided by the FAHZ are fully offset by an equivalent amount of assets existing in the fund. The net liability recognized in the balance sheet is nil.

The employee benefit net liability amounts to 2 665m US dollar as of 31 December 2018 compared to 2 971m US dollar as of 31 December 2017. In 2018, the fair value of the plan assets decreased by 564m US dollar and the defined benefit obligations decreased by 842m US dollar. The decrease in the employee benefit net liability is mainly driven by increases in discount rates and favorable foreign exchange movements.

The company's net liability for post-employment and long-term employee benefit plans comprises the following at 31 December:

Million US dollar	2018	2017
Present value of funded obligations	(6 762)	(7 506)
Fair value of plan assets	5 059	5 623
Present value of net obligations for funded plans	**(1 703)**	**(1 883)**
Present value of unfunded obligations	(806)	(904)
Present value of net obligations	**(2 509)**	**(2 787)**
Unrecognized asset	(77)	(111)
Net liability	**(2 586)**	**(2 898)**
Other long term employee benefits	(79)	(73)
Reclassified as held for sale	-	-
Total employee benefits	**(2 665)**	**(2 971)**
Employee benefits amounts in the balance sheet:		
Liabilities	(2 681)	(2 993)
Assets	16	22
Net liability	**(2 665)**	**(2 971)**

The changes in the present value of the defined benefit obligations are as follows:

Million US dollar	2018	2017
Defined benefit obligation at 1 January	**(8 410)**	**(7 952)**
Current service costs	(72)	(74)
Interest cost	(322)	(340)
Past service gain/(cost)	(3)	17
Settlements	45	6
Benefits paid	493	502
Contribution by plan participants	(3)	(4)
Actuarial gains/(losses) – demographic assumptions	27	24
Actuarial gains/(losses) – financial assumptions	350	(264)
Experience adjustments	14	(21)
Exchange differences	313	(343)
Transfers and other movements	-	39
Defined benefit obligation at 31 December	**(7 568)**	**(8 410)**

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately 1.6 billion US dollar relating to active employees, 1.5 billion US dollar relating to deferred members and 4.5 billion US dollar relating to members in retirement. The changes in the fair value of plan assets are as follows:

Million US dollar	2018	2017
Fair value of plan assets at 1 January	**5 623**	**5 177**
Interest income	225	239
Administration costs	(14)	(22)
Return on plan assets exceeding interest income	(333)	233
Contributions by AB InBev	307	315
Contributions by plan participants	3	4
Benefits paid net of administration costs	(493)	(502)
Assets distributed on settlements	(45)	(7)
Exchange differences	(214)	214
Transfers and other movements	-	(28)
Fair value of plan assets at 31 December	**5 059**	**5 623**

Actual return on plans assets amounted to a loss of 108m US dollar in 2018 compared to a gain of 472m US dollar in 2017.

The changes in the unrecognized asset are as follows:

Million US dollar	2018	2017
Irrecoverable surplus impact at 1 January	**(111)**	**(168)**
Interest expense	(10)	(17)
Changes excluding amounts included in interest expense	44	74
Irrecoverable surplus impact at 31 December	**(77)**	**(111)**

The expense recognized in the income statement with regard to defined benefit plans can be detailed as follows:

Million US dollar	2018	2017
Current service costs	(72)	(74)
Administration costs	(14)	(22)
Past service cost due to plan amendments and curtailments	(3)	17
(Losses)/gains on due to experience and demographic assumption changes	3	3
Profit from operations	**(86)**	**(76)**
Net finance cost	(107)	(120)
Total employee benefit expense	**(193)**	**(196)**

The employee benefit expense is included in the following line items of the income statement:

Million US dollar	2018	2017
Cost of sales	(26)	(24)
Distribution expenses	(11)	(10)
Sales and marketing expenses	(16)	(15)
Administrative expenses	(28)	(29)
Other operating (expense)/income	(6)	(4)
Non-recurring items	1	6
Net finance cost	(107)	(120)
	(193)	**(196)**

Weighted average assumptions used in computing the benefit obligations of the company's significant plans at the balance sheet date are as follows:

	2018					
	United States	Canada	Mexico	Brazil	United Kingdom	AB InBev
Discount rate	4.3%	3.9%	9.0%	8.9%	2.8%	4.3%
Price inflation	2.5%	2.0%	3.5%	4.0%	3.4%	2.7%
Future salary increases	-	1.0%	4.3%	7.6%-5.6%	-	3.8%
Future pension increases	-	2.0%	3.5%	4.0%	3.0%	2.8%
Medical cost trend rate	6.5%-4.5%	4.5%	-	7.6%	-	6.8%-6.0%
Life expectation for a 65 year old male	85	87	82	85	87	85
Life expectation for a 65 year old female	87	89	85	88	89	87

	2017					
	United States	Canada	Mexico	Brazil	United Kingdom	AB InBev
Discount rate	3.7%	3.6%	8.0%	10.0%	2.6%	4.0%
Price inflation	2.5%	2.0%	3.5%	4.3%	3.3%	2.7%
Future salary increases	-	1.0%	4.3%	5.6%	-	3.5%
Future pension increases	-	2.0%	3.5%	4.3%	3.0%	2.8%
Medical cost trend rate	6.2%-5.0%	4.5%	-	7.9%	-	6.8%-
Life expectation for a 65 year old male	85	87	82	85	87	85
Life expectation for a 65 year old female	88	89	85	88	89	88

Through its defined benefit pension plans and post-employment medical plans, the company is exposed to a number of risks, the most significant are detailed below:

INVESTMENT STRATEGY

In case of funded plans, the company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension schemes. Within this framework, the company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligation.

ASSET VOLATILITY

In general, the company's funded plans are invested in a combination of equities and bonds, generating high but volatile returns from equities and at the same time stable and liability-matching returns from bonds. As the plans mature, the company usually reduces the level of investment risk by investing more in assets that better match the liabilities. Since 2015, the company started the implementation of a new pension de-risking strategy to reduce the risk profile of certain plans by reducing gradually the current exposure to equities and shifting those assets to fixed income securities.

CHANGES IN BOND YIELDS

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

INFLATION RISK

Some of the company's pension obligations, mainly in the UK, are linked to inflation, and higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation could potentially increase the company's net benefit obligation.

LIFE EXPECTANCY

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

The weighted average duration of the defined benefit obligation is 13.3 years (2017: 13.8 years).

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Million US dollar	2018		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	(468)	501
Price inflation	0.5%	152	(163)
Future salary increase	0.5%	28	(26)
Medical cost trend rate	1.0%	45	(39)
Longevity	One year	220	(229)

The above are purely hypothetical changes in individual assumptions holding all other assumptions constant: economic conditions and changes therein will often affect multiple assumptions at the same time and the effects of changes in key assumptions are not linear.

Sensitivities are reasonably possible changes in assumptions and they are calculated using the same approach as was used to determine the defined benefit obligation. Therefore, the above information is not necessarily a reasonable representation of future results.

The fair value of plan assets at 31 December consists of the following:

	2018			2017		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Government bonds	32%	-	32%	27%	-	27%
Corporate bonds	36%	-	36%	37%	-	37%
Equity instruments	22%	-	22%	26%	-	26%
Property	-	4%	4%	-	4%	4%
Insurance contracts and others	4%	2%	6%	5%	1%	6%
	94%	**6%**	**100%**	**95%**	**5%**	**100%**

AB InBev expects to contribute approximately 246m US dollar for its funded defined benefit plans and 73m US dollar in benefit payments to its unfunded defined benefit plans and post-retirement medical plans in 2019.

26. Share-based payments[1]

Different share and share option programs allow company senior management and members of the board of directors to receive or acquire shares of AB InBev or Ambev. AB InBev has three primary share-based compensation plans, the share-based compensation plan ("Share-Based Compensation Plan"), the long-term incentive stock option plan for directors ("LTI Stock Option Plan Directors"), and the long-term incentive stock-option plan for executives ("LTI Stock Option Plan Executives"). For all option plans, the fair value of share-based payment compensation is estimated at grant date, using a binomial Hull model, modified to reflect the IFRS 2 Share-based Payment requirement that assumptions about forfeiture before the end of the vesting period cannot impact the fair value of the option. All the company share-based payment plans are equity-settled.

Share-based payment transactions resulted in a total expense of 353m US dollar for the year 2018, as compared to 359m US dollar for the year 2017.

AB INBEV SHARE-BASED COMPENSATION PROGRAMS

Share-Based Compensation Plan

As from 1 January 2010, the structure of the Share-Based Compensation Plan for certain executives in the general headquarters, has been modified. From 1 January 2011, the new plan structure applies to all other senior management. Under this plan, the Executive Board of Management (replaced as from 1 January 2019 by the Executive Committee) and other senior employees receive their bonus in cash but have the choice to invest some or all of the value of their bonus in AB InBev shares with a five-year vesting period, referred to as bonus shares. Such voluntary investment leads to a 10% discount to the market price of the shares. The company also matches such voluntary investment by granting three matching shares for each bonus share voluntarily invested in, up to a limited total percentage of each participant's bonus. The percentage of the variable compensation that is entitled to get matching shares varies depending on the position of the executive. The matching is based on the gross amount of the variable compensation invested. The discount shares and matching shares are granted in the form of restricted stock units which have a five-year vesting period. Additionally, the holders of the restricted stock units may be entitled to receive from AB InBev additional restricted stock units equal to the dividends declared since the restricted stock units were granted.

During 2018, AB InBev issued 1.5m of matching restricted stock units in relation to bonus granted to company employees and management. These matching restricted stock units are valued at the share price at the day of grant representing a fair value of approximately 158m US dollar and cliff vest after five years. During 2017, AB InBev issued 0.3m of matching restricted stock units in relation to bonus granted to company employees and management. These matching restricted stock units are valued at the share price at the day of grant representing a fair value of approximately 31m US dollar and cliff vest after five years.

LTI Stock Option Plan for Directors

Before 2014, the company issued regularly warrants, or rights to subscribe for newly issued shares under the LTI Warrant Plan for the benefit of directors and, until 2006, for the benefit of members of the Executive Board of Management and other senior employees. LTI warrants were subject to a vesting period ranging from one to three years. Forfeiture of a warrant occurs in certain circumstances when the holder leaves the company's employment.

Since 2007, members of the Executive Board of Management (replaced as from 1 January 2019 by the Executive Committee) and other employees are no longer eligible to receive warrants under the LTI Warrant Plan, but instead receive a portion of their compensation in the form of shares and options granted under the Share-Based Compensation Plan and the LTI Stock Option Plan Executives.

Since 2014, directors are no longer eligible to receive warrants under the LTI Warrant Plan. Instead, on 30 April 2014, the annual shareholders meeting decided to replace the LTI Warrant Plan by a LTI Stock Option plan for directors. As a result, grants for directors now consist of LTI stock options instead of LTI warrants (i.e. the right to purchase existing shares instead of the right to subscribe to newly issued shares). Grants are made annually at the company's shareholders meeting on a discretionary basis upon recommendation of the Remuneration Committee. The LTI stock options have an exercise price that is set equal to the market price at the time of the granting, a maximum lifetime of 10 years and an exercise period that starts after 5 years. The LTI stock options cliff vest after 5 years. Unvested options are subject to specific forfeiture provisions in the event that the directorship is not renewed upon the expiry of its term or is terminated in the course of its term, both due to a breach of duty by the director.

Furthermore, at the annual shareholders meeting of 30 April 2014, all outstanding LTI warrants granted under the company's LTI Warrant Plan were converted into LTI stock options, i.e. the right to purchase existing ordinary shares of Anheuser-Busch InBev SA/NV instead of the right to subscribe to newly issued shares. All other terms and conditions of the existing grants under the LTI Warrant Plan remain unchanged.

During 2018, AB InBev granted 0.2m stock options to members of the board of directors, representing a fair value of approximately 4m US dollar (2017: 0.2m stock options with a fair value of approximately 4m US dollar).

LTI Stock Option Plan for Executives

As from 1 July 2009, senior employees are eligible for an annual long-term incentive to be paid out in LTI stock options (or, in future, similar share-based instruments), depending on management's assessment of the employee's performance and future potential.

During 2018 AB InBev issued 7.2m LTI stock options with an estimated fair value of 102m US dollar. During 2017 AB InBev issued 7.8m LTI stock options with an estimated fair value of 149m US dollar, whereby 1.4m options relate to American Depositary Shares (ADSs) and 6.4m options to AB InBev shares.

[1] Amounts have been converted to US dollar at the average rate of the period, unless otherwise indicated.

Performance related incentive plan for Disruptive Growth Function

In 2016 the company implemented a new performance related incentive plan which substitutes the long-term incentive stock option plan for executives of the Disruptive Growth Function. This function was created in 2015 to accelerate new business development opportunities, focusing on initiatives in e-commerce, mobile, craft and branded experiences such as brew pubs.

During 2018, approximately 2.7m performance units were granted to senior management of the Disruptive Growth Function (2017: approximately 2.0m performance units). The value of the performance units will depend on the return of the Disruptive Growth business area. Out of these, 0.1m performance units were granted to a member of the Executive Board of Management.

The units vest after 5 years provided a performance test is met. Specific forfeiture rules apply in case the executive leaves the company.

Other Grants

AB InBev has in place three specific long-term incentive programs.

One program allows for the offer of restricted stock units to certain employees in certain specific circumstances, whereby grants are made at the discretion of the CEO, e.g. as a special retention incentive or to compensate for assignments of expatriates in countries with difficult living conditions. The restricted stock units vest after five years and in case of termination of service before the vesting date, special forfeiture rules apply. In 2018, 2.3m restricted stock units with an estimated fair value of 184m US dollar were granted under this program to a selected number of employees (2017: 0.1m restricted stock units with an estimated fair value of 9m US dollar).

A second program allows for the exceptional offer of restricted stock units to certain employees at the discretion of the Remuneration Committee of AB InBev as a long-term retention incentive for key employees of the company. Employees eligible to receive a grant under this program receive two series of restricted stock units, the first half of the restricted stock units vesting after five years, the second half after ten years. As a variant under this program, the restricted stock units may be granted with a shorter vesting period of 2.5 to 3 years for the first half and 5 years for the second half of the restricted stock units. In case of termination of service before the vesting date, special forfeiture rules apply. As of 2017, instead of restricted stock units, stock options may be granted under the program with similar vesting and forfeiture rules. Each option gives the grantee the right to purchase one existing AB InBev share. During 2018, approximately 0.4m restricted stock units were granted with an estimated fair value of 35m US dollar (2017: 0.8m stock options with an estimated fair value of 15m US dollar).

A third program allows certain employees to purchase company shares at a discount aimed as a long-term retention incentive for (i) high-potential employees of the company, who are at a mid-manager level ("People bet share purchase program") or (ii) for newly hired employees. The voluntary investment in company shares leads to the grant of an amount of matching restricted stock units or stock options which vest after 5 years. In case of termination before the vesting date, special forfeiture rules apply. In 2018, employees purchased 0.1m shares under this program for the equivalent of 1m US dollar (2017: equivalent of 5m US dollar).

In 2018 a new program was implemented allowing for the offer of performance based restricted stock units ("Performance RSUs") to certain members of the company's senior management. Upon vesting, each RSU gives the executive the right to receive one existing AB InBev share. The Performance RSUs can have a vesting period of 5 years or of 10 years. The shares resulting from the RSU vesting will only be delivered provided a performance test is met by the company. This performance test is based on an organic EBITDA compounded annual growth rate target which must be achieved by 31 December 2024 at the latest. Specific forfeiture rules apply if the employee leaves the company before the performance test achievement or vesting date.

During 2018, AB InBev granted 0.5m Performance RSUs to a selected group of members of the senior management of the company, including a number of members of the Executive Board of Management, under the Performance Restricted Stock Units Plan, with an estimated fair value of 46m US dollar.

In order to maintain consistency of benefits granted to executives and to encourage international mobility of executives, an options exchange program can be executed whereby unvested options are exchanged against restricted shares that remain locked-up until 5 years after the end of the initial vesting period. The shares that result from the exercise of the options must in principle remain locked-up until 31 December 2023. In 2018, no options were exchanged against ordinary blocked shares (2017: 0.3m options were exchanged against ordinary blocked shares). Furthermore, certain options granted have been modified whereby the dividend protected feature of these options have been cancelled and compensated by the issuance of new additional options. In 2018 and 2017, no new options were issued.

The Board has also approved the early release of vesting conditions of unvested stock options or restricted stock units which are vesting within 6 months of the executives' relocation. The shares that result from the early exercise of the options or the early vesting of the restricted stock units must remain blocked until the end of the initial vesting period. In 2018, the vesting of 0.3m stock options and restricted stock units was accelerated under this program for other members of the senior management. Out of these, the vesting of 0.3m stock options and restricted stock units was accelerated for members of the Executive Board of Management.

The weighted average fair value of the options and assumptions used in applying the AB InBev option pricing model for the 2018 grants of awards described above are as follows:

Amounts in US dollar unless otherwise indicated[1]	2018	2017	2016
Fair value of options granted	16.92	19.94	17.40
Share price	98.66	117.77	103.77
Exercise price	98.66	117.77	103.77
Expected volatility	23%	23%	24%
Expected dividends	3.00%	3.00%	3.00%
Risk-free interest rate	0.39%	0.72%	0.54%

[1] Amounts have been converted to US dollar at the closing rate of the respective period.

Expected volatility is based on historical volatility calculated using 3 295 days of historical data. In the determination of the expected volatility, AB InBev is excluding the volatility measured during the period 15 July 2008 until 30 April 2009, in view of the extreme market conditions experienced during that period. The binomial Hull model assumes that all employees would immediately exercise their options if the AB InBev share price is 2.5 times above the exercise price. As a result, no single expected option life applies.

The total number of outstanding AB InBev options developed as follows:

Million options	2018	2017	2016
Options outstanding at 1 January	93.0	64.9	47.6
Options issued during the year	5.2	35.0	20.4
Options exercised during the year	(1.7)	(3.0)	(2.2)
Options forfeited during the year	(4.0)	(3.9)	(0.9)
Options outstanding at the end of December	**92.6**	**93.0**	**64.9**

The range of exercise prices of the outstanding options is between 10.32 euro (11.82 US dollar)[1] and 121.95 euro (139.63 US dollar) while the weighted average remaining contractual life is 8.39 years.

Of the 92.6m outstanding options 16.2m are vested at 31 December 2018.

The weighted average exercise price of the AB InBev options is as follows:

Amounts in US dollar[1]	2018	2017	2016
Options outstanding at 1 January	98.32	76.25	64.50
Granted during the year	104.77	117.24	104.71
Exercised during the year	44.96	38.94	32.45
Forfeited during the year	113.19	108.26	88.68
Outstanding at the end of December	94.74	98.32	76.25
Exercisable at the end of December	21.40	59.66	40.62

For share options exercised during 2018, the weighted average share price at the date of exercise was 79.22 euro (90.71 US dollar).

The total number of outstanding AB InBev restricted stock units developed as follows:

Million restricted stock units	2018	2017	2016
Restricted stock units outstanding at 1 January	5.4	5.8	5.6
Restricted stock units issued during the year	2.3	0.7	1.4
Restricted stock units exercised during the year	(0.5)	(0.7)	(1.1)
Restricted stock units forfeited during the year	(1.2)	(0.4)	(0.1)
Restricted stock units outstanding at the end of December	6.0	**5.4**	**5.8**

AMBEV SHARE-BASED COMPENSATION PROGRAMS

Since 2005, Ambev has had a plan which is substantially similar to the Share-based compensation plan under which bonuses granted to company employees and management are partially settled in shares. Under the Share-based compensation plan, Ambev issued 0.4m deferred stock units in 2018 with an estimated fair value of 2m US dollar.

Since 2018, Ambev has a plan which is substantially similar to the Share-based compensation plan under which bonuses granted to company employees and management are partially settled in shares. Under the Share-based compensation plan, Ambev issued 13.1m restricted stock units in 2018 with an estimated fair value of 66m US dollar.

As from 2010, senior employees are eligible for an annual long-term incentive to be paid out in Ambev LTI stock options (or, in future, similar share-based instruments), depending on management's assessment of the employee's performance and future potential. In 2018, Ambev granted 19.5m LTI stock options with an estimated fair value of 30m US dollar. (2017: 20.4m LTI stock options with an estimated fair value of 42m US Dollar)

The weighted fair value of the options and assumptions used in applying a binomial option pricing model for the 2018 Ambev grants are as follows:

Amounts in US dollar unless otherwise indicated[1]	2018	2017	2016
Fair value of options granted	1.47	1.97	1.90
Share price	4.66	5.99	5.27
Exercise price	4.66	5.99	5.27
Expected volatility	26%	27%	27%
Expected dividends	0.00% - 5.00%	0.00% - 5.00%	0.00% - 5.00%
Risk-free interest rate	9.6%	10.10%	12.40%

[1] Amounts have been converted to US dollar at the closing rate of the respective period.

The total number of outstanding Ambev options developed as follows:

Million options	2018	2017	2016
Options outstanding at 1 January	135.2	131.3	121.7
Options issued during the year	19.9	20.4	24.8
Options exercised during the year	(10.0)	(13.5)	(11.6)
Options forfeited during the year	(3.8)	(2.9)	(3.7)
Options outstanding at the end of December	**141.3**	**135.2**	**131.3**

The range of exercise prices of the outstanding options is between 0.01 Brazilian real (0.00 US dollar) and 27.43 Brazilian real (7.08 US dollar) while the weighted average remaining contractual life is 6.27 years.

Of the 141.3m outstanding options 55.5m options are vested at 31 December 2018.

The weighted average exercise price of the Ambev options is as follows:

Amounts in US dollar[1]	2018	2017	2016
Options outstanding at 1 January	3.94	4.19	3.17
Granted during the year	4.66	5.99	5.27
Exercised during the year	1.93	1.76	0.77
Forfeited during the year	4.79	5.41	3.94
Outstanding at the end of December	4.17	4.92	4.26
Exercisable at the end of December	0.58	1.14	1.12

For share options exercised during 2018, the weighted average share price at the date of exercise was 21.03 Brazilian real (5.63 US dollar).

The total number of outstanding Ambev deferred and restricted stock units developed as follows:

Million restricted stock units	2018	2017	2016
Restricted stock units outstanding at 1 January	16.3	19.3	19.1
Restricted stock units issued during the year	13.5	0.8	7.3
Restricted stock units exercised during the year	(3.7)	(2.9)	(6.1)
Restricted stock units forfeited during the year	(1.1)	(0.9)	(1.0)
Restricted stock units outstanding at the end of December	**25.0**	**16.3**	**19.3**

Additionally, as a means of creating a long term incentive (wealth incentive) for certain senior employees and members of management considered as having “high potential”, share appreciation rights in the form of phantom stocks have been granted to those employees, pursuant to which the beneficiary shall receive two separate lots – Lot A and Lot B – subject to lockup periods of five and ten years, respectively.

During 2018, a limited number of Ambev shareholders who are part of the senior management of AB InBev were given the opportunity to exchange Ambev shares against a total of 0.1m AB InBev shares (0.1m AB InBev shares in 2017) at a discount of 16.7% provided that they stay in service for another five years. The fair value of this transaction amounts to approximately 1m US dollar (2m US dollar in 2017) and is expensed over the five years’ service period. The fair values of the Ambev and AB InBev shares were determined based on the market price.

27. Provisions

Million US dollar	Restructuring	Disputes	Other	Total
Balance at 1 January 2018	**153**	**1 383**	**864**	**2 400**
Effect of changes in foreign exchange rates	(7)	(65)	(43)	(115)
Provisions made	69	195	271	535
Provisions used	(75)	(377)	(354)	(806)
Provisions reversed	(2)	(54)	-	(56)
Other movements	(8)	(5)	(27)	(40)
Balance at 31 December 2018	**130**	**1 077**	**711**	**1 918**

The restructuring provisions are primarily explained by the organizational alignments - see also Note 8 *Non-recurring items*. Provisions for disputes mainly relate to various disputed direct and indirect taxes and to claims from former employees.

The provisions are expected to be settled within the following time windows:

Million US dollar	Total	< 1 year	1-2 years	2-5 years	> 5 years
Restructuring	**130**	**63**	**18**	**47**	**2**
Income and indirect taxes	627	365	141	83	38
Labor	136	44	12	73	7
Commercial	34	14	6	13	1
Excise duties	18	-	3	15	-
Other disputes	262	7	102	153	-
Disputes	**1 077**	**430**	**264**	**337**	**46**
Other provisions	**711**	**273**	**213**	**225**	**-**
Total provisions	**1 918**	**766**	**495**	**609**	**48**

AB InBev is subject to the greenhouse gas emission allowance trading scheme in force in the European Union and a similar scheme in South Korea. Acquired emission allowances are recognized at cost as intangible assets. To the extent that it is expected that the number of allowances needed to settle the CO_2 emissions exceeds the number of emission allowances owned, a provision is recognized. Such provision is measured at the estimated amount of the expenditure required to settle the obligation. At 31 December 2018, the emission allowances owned fully covered the expected CO_2 emissions. As such no provision needed to be recognized.

28. Trade and other payables

NON-CURRENT TRADE AND OTHER PAYABLES

Million US dollar	31 December 2018	31 December 2017
Indirect taxes payable	194	157
Trade payables	238	380
Deferred consideration on acquisitions	1 247	699
Other payables	138	226
Non-current trade and other payables	**1 816**	**1 462**

CURRENT TRADE AND OTHER PAYABLES

Million US dollar	31 December 2018	31 December 2017
Trade payables and accrued expenses	15 512	15 240
Payroll and social security payables	900	1 284
Indirect taxes payable	2 633	2 862
Interest payable	1 616	1 790
Consigned packaging	1 093	1 111
Dividends payable	331	479
Deferred income	32	30
Deferred consideration on acquisitions	163	1 723
Other payables	289	243
Current trade and other payables	**22 568**	**24 762**

As at 31 December 2018, deferred consideration on acquisitions is mainly comprised of 0.6 billion US dollar for the put option included in the 2012 shareholders' agreement between Ambev and ELJ which may result in Ambev acquiring additional shares in Cervecería Nacional Dominicana S.A. ("CND"). In January 2018, ELJ partially exercised its option to sell approximately 30% of the shares of CND for an amount of 0.9 billion US dollar, resulting in Ambev's participation in CND increasing from 55% to 85%.

29. Risks arising from financial instruments

FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is an overview of financial assets[1] held by the company at year-end:

Million US dollar	31 December 2018	31 December 2017
Debt instruments at amortized cost		
Trade and other receivables	6 298	6 537
Debt instruments at fair value through OCI		
Unquoted debt	24	24
Debt instruments at fair value through profit or loss		
Quoted debt	87	1 304
Equity instruments at fair value through OCI		
Unquoted companies	84	76
Financial assets at fair value through profit or loss		
Derivatives not designated in hedge accounting relationships:		
Equity swaps	-	21
Interest rate swaps	9	-
Cross currency interest rate swaps	32	9
Other derivatives	20	1
Derivatives designated in hedge accounting relationships:		
Foreign exchange forward contracts	191	151
Interest rate swaps	-	14
Commodities	54	246
	6 799	**8 383**
Of which:		
Non-current	1 068	959
Current	5 731	7 444

[1] Cash and short term deposits are not included in this overview.

Set out below is an overview of financial liabilities held by the company at year-end:

Million US dollar	31 December 2018	31 December 2017
Financial liabilities at fair value through profit or loss		
Derivatives not designated in hedge accounting relationships:		
Equity swaps	4 877	1 057
Cross currency interest rate swaps	387	906
Other derivatives	456	2
Derivatives designated in hedge accounting relationships:		
Foreign exchange forward contracts	132	211
Cross currency interest rate swaps	103	-
Interest rate swaps	56	37
Commodities	273	67
Other derivatives	56	73
Financial liabilities at amortized cost		
Trade and other payables	20 658	21 921
Non-current interest-bearing loans and borrowings:		
Secured bank loans	109	230
Unsecured bank loans	86	153
Unsecured bond issues	105 170	108 327
Unsecured other loans	57	53
Finance lease liabilities	162	186
Current interest-bearing loans and borrowings:		
Secured bank loans	370	272
Unsecured bank loans	22	739
Unsecured bond issues	2 626	4 510
Unsecured other loans	14	15
Commercial paper	1 142	1 870
Bank overdrafts	114	117
Finance lease liabilities	42	27
	136 912	**140 773**
Of which:		
Non-current	108 012	111 191
Current	28 899	29 582

DERIVATIVES

AB InBev's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest risk, commodity risk and equity risk), credit risk and liquidity risk. The company analyses each of these risks individually as well as on a combined basis and defines strategies to manage the economic impact on the company's performance in line with its financial risk management policy.

The main derivative instruments used are foreign currency rate agreements, exchange traded foreign currency futures and options, interest rate swaps and forwards, cross currency interest rate swaps ("CCIRS"), exchange traded interest rate futures, commodity swaps, exchange traded commodity futures and equity swaps.

The table below provides an overview of the notional amounts of derivatives outstanding at year-end by maturity bucket.

	31 December 2018					31 December 2017				
Million US dollar	< 1 year	1-2 years	2-3 years	3-5 years	> 5 years	< 1 year	1-2 years	2-3 years	3-5 years	> 5 years
Foreign currency										
Forward exchange contracts	11 423	190	-	-	-	11 637	233	-	-	-
Foreign currency futures	648	-	-	-	-	655	-	-	-	-
Interest rate										
Interest rate swaps	2 250	750	28	1 873	36	1 075	2 250	750	1 883	88
Cross currency interest rate	1 807	51	16	6 464	681	711	1 797	-	5 900	1 176
Other interest rate derivatives	4	-	-	-	565	-	-	5	-	565
Commodities										
Aluminum swaps	1 597	73	-	-	-	1 412	21	-	-	-
Other commodity derivatives	1 241	32	-	-	-	1 214	144	-	-	-
Equity										
Equity derivatives	11 347	-	-	-	-	11 799	-	-	-	-

FOREIGN CURRENCY RISK

AB InBev is subject to foreign currency risk when contracts are denominated in a currency other than the functional currency of the entity. This includes borrowings, investments, (forecasted) sales, (forecasted) purchases, royalties, dividends, licenses, management fees and interest expense/income. To manage foreign currency risk the company uses mainly foreign currency rate agreements, exchange traded foreign currency futures and cross currency interest rate swaps.

Foreign exchange risk on operating activities

AB InBev's policy is to hedge operating transactions which are reasonably expected to occur (e.g. cost of goods sold and selling, general & administrative expenses) within the forecast period determined in the financial risk management policy. Operating transactions that are considered certain to occur are hedged without any time limits. Non-operating transactions (such as acquisitions and disposals of subsidiaries) are hedged as soon as they are highly probable.

The table below shows the company's main net foreign currency positions for firm commitments and forecasted transactions for the most important currency pairs. The open positions are the result of the application of AB InBev's risk management policy. Positive amounts indicate that the company is long (net future cash inflows) in the first currency of the currency pair while negative amounts indicate that the company is short (net future cash outflows) in the first currency of the currency pair. The second currency of the currency pairs listed is the functional currency of the related subsidiary.

	31 December 2018			31 December 2017		
Million US dollar	Total exposure	Total hedges	Open position	Total exposure	Total hedges	Open position
Euro/Canadian dollar	(39)	39	-	(32)	32	-
Euro/Mexican peso	(187)	182	(5)	(275)	246	(29)
Euro/Pound sterling	(239)	213	(26)	(82)	110	28
Euro/Russian ruble	-	-	-	(58)	68	10
Euro/South African rand	(90)	52	(38)	(84)	84	-
Euro/South Korean won	(51)	59	8	(53)	44	(9)
Euro/Ukrainian hryvnia	-	-	-	(58)	-	(58)
Euro/US dollar	(415)	404	(11)	(271)	425	154
Mexican peso/Chinese yuan	(216)	199	(17)	-	-	-
Mexican peso/Euro	(300)	301	1	-	-	-
Pound sterling/Euro	(34)	34	-	(87)	128	41
Pound sterling/US dollar	-	-	-	(40)	40	-
US dollar/Argentinian peso	(573)	484	(89)	(678)	678	-
US dollar/Australian dollar	(209)	209	-	(469)	192	(277)
US dollar/Bolivian boliviano	(76)	76	-	(20)	20	-
US dollar/Brazilian real	(1 303)	1 223	(80)	(1 184)	1 184	-
US dollar/Canadian dollar	(362)	286	(76)	(306)	306	-
US dollar/Chilean peso	(156)	155	1	(324)	324	-
US dollar/Chinese yuan	(201)	249	48	(303)	134	(169)
US dollar/Colombian peso	(287)	219	(68)	(319)	195	(124)
US dollar/Euro	(80)	78	(2)	(157)	145	(12)
US dollar/Mexican peso	(1 151)	1 082	(69)	(1 143)	873	(270)
US dollar/Nigerian naira	-	-	-	(172)	-	(172)
US dollar/Paraguayan guarani	(177)	166	(11)	(108)	108	-
US dollar/Peruvian nuevo sol	(157)	149	(8)	(255)	154	(101)
US dollar/Russian ruble	-	-	-	(45)	30	(15)
US dollar/South African rand	(80)	83	3	(72)	66	(6)
US dollar/South Korean won	(114)	128	14	(20)	60	40
US dollar/Ukrainian hryvnia	-	-	-	(18)	-	(18)
US dollar/Uruguayan peso	(40)	41	1	(57)	57	-
Others	(321)	264	(57)	(124)	104	(20)

Further analysis on the impact of open currency exposures is performed in the currency sensitivity analysis below.

Hedges of firm commitments and highly probable forecasted transactions denominated in foreign currency are designated as cash flow hedges.

Foreign exchange risk on foreign currency denominated debt

It is AB InBev's policy for subsidiaries to issue debt in its functional currency to the extent possible. Where this is not the case, hedging is put in place unless the cost to hedge outweighs the benefits. On a global basis, the interest rate and debt profile as well as the preferred currency mix are determined based on a holistic risk management approach.

A description of the foreign currency risk hedging of debt instruments issued in a currency other than the functional currency of the subsidiary is further detailed in the *Interest Rate Risk* section below.

Currency sensitivity analysis

Currency transactional risk

Most of AB InBev's non-derivative financial instruments are either denominated in the functional currency of the subsidiary or are converted into the functional currency through the use of derivatives. Where illiquidity in the local market prevents hedging at a reasonable cost, the company can have open positions. The transactional foreign currency risk mainly arises from open positions in Australian dollar, Chinese yuan, Colombian peso, Mexican peso, Peruvian nuevo sol, pound sterling, South African rand and South Korean won against the US dollar and the euro. AB InBev estimated the reasonably possible change of exchange rate, on the basis of the average volatility on the open currency pairs, as follows:

	2018		
	Closing rate 31 December 2018	Possible closing rate[1]	Volatility of rates in %
Euro/Mexican peso	22.54	19.21 - 25.86	14.75%
Euro/Pound sterling	0.89	0.84 - 0.95	6.03%
Euro/South Korean won	1277.14	1181.98 - 1372.3	7.45%
Euro/US dollar	1.15	1.06 - 1.23	7.32%
Pound sterling/US dollar	1.28	1.17 - 1.39	8.45%
US dollar/Australian dollar	1.42	1.30 - 1.54	8.50%
US dollar/Chinese yuan	6.88	6.57 - 7.18	4.45%
US dollar/Colombian peso	3246.70	2868.9 - 3624.5	11.64%
US dollar/Euro	0.87	0.81 - 0.94	7.32%
US dollar/Mexican peso	19.68	17.12 - 22.24	13.00%
US dollar/Nigerian naira	362.54	354.9 - 370.18	2.11%
US dollar/Peruvian nuevo sol	3.37	3.24 - 3.50	3.90%
US dollar/South African rand	14.37	11.96 - 16.79	16.82%
US dollar/South Korean won	1115.40	1029.1 - 1201.71	7.74%
US dollar/Tanzanian shilling	2298.32	2211.95 - 2384.69	3.76%
US dollar/Zambian kwacha	11.88	10.28 - 13.47	13.41%

	2017		
	Closing rate 31 December 2017	Possible closing rate[2]	Volatility of rates in %
Euro/Mexican peso	23.67	20.81 - 26.53	12.07%
Euro/Pound sterling	0.89	0.82 - 0.96	7.94%
Euro/Russian ruble	69.12	60.86 - 77.38	11.95%
Euro/South Korean won	1 280.41	1 181.37 – 1 379.44	7.73%
Euro/Ukrainian hryvnia	33.66	30.39 - 36.93	9.72%
Euro/US dollar	1.20	1.11 - 1.28	7.12%
Pound sterling/US dollar	1.35	1.16 - 1.54	13.99%
US dollar/Australian dollar	1.28	1.18 - 1.38	7.50%
US dollar/Chinese yuan	6.51	6.15 - 6.86	5.45%
US dollar/Colombian peso	2 988.60	2 732.94 – 3 244.26	8.55%
US dollar/Euro	0.83	0.77 - 0.89	7.12%
US dollar/Mexican peso	19.74	17.45 - 22.02	11.59%
US dollar/Nigerian naira	360.03	284.18 - 435.87	21.07%
US dollar/Peruvian nuevo sol	3.24	3.11 - 3.38	4.19%
US dollar/Russian ruble	57.63	51.43 - 63.83	10.76%
US dollar/South African rand	12.35	10.44 - 14.25	15.39%
US dollar/South Korean won	1 067.63	921.4 – 1 213.86	13.70%
US dollar/Tanzanian shilling	2 235.44	2 176.76 – 2 294.12	2.63%
US dollar/Ukrainian hryvnia	28.07	26.86 - 29.27	4.30%
US dollar/Zambian kwacha	9.98	8.91 - 11.05	10.72%

Had the Australian dollar, Chinese yuan, Colombian peso, Mexican peso, Peruvian nuevo sol, pound sterling, South African rand and South Korean won weakened/strengthened during 2018 by the above estimated changes against the euro or the US dollar, with all other variables held constant, the 2018 impact on consolidated profit before taxes would have been approximately 76m US dollar (142m US dollar in 2017) higher/lower.

[1] Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2018.
[2] Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2017.

Additionally, the AB InBev sensitivity analysis[1] to the foreign exchange rates on its total derivatives positions as of 31 December 2018, shows a positive/negative pre-tax impact on equity reserves of 587m US dollar (639m US dollar in 2017).

Foreign exchange risk on net investments in foreign operations

AB InBev mitigates exposures of its investments in foreign operations using both derivative and non-derivative financial instruments as hedging instruments.

As of 31 December 2018, designated derivative and non-derivative financial instruments in net investment hedges amount to 9 773m US dollar equivalent (7 424m US dollar in 2017) in Holding companies and approximately 632m US dollar equivalent (1 669m US dollar in 2017) at Ambev level. These instruments hedge foreign operations with Brazilian real, Canadian dollar, Dominican peso, euro, Mexican peso, pound sterling, South Korean won and US dollar functional currencies.

Net foreign exchange results

Foreign exchange results recognized on unhedged and hedged exposures are as follows:

Million US dollar	2018	2017
Cash flow hedges	-	(13)
Economic hedges	(210)	(49)
Other results - not hedged	216	(242)
	6	**(304)**

INTEREST RATE RISK

The company applies a dynamic interest rate hedging approach whereby the target mix between fixed and floating rate debt is reviewed periodically. The purpose of AB InBev's policy is to achieve an optimal balance between cost of funding and volatility of financial results, while taking into account market conditions as well as AB InBev's overall business strategy.

Fair value hedges

US dollar fixed rate bond hedges (interest rate risk on borrowings in US dollar)

The company manages and reduces the impact of changes in the US dollar interest rates on the fair value of certain fixed rate bonds with an aggregate principal amount of 1.0 billion US dollar through fixed/floating interest rate swaps. These derivative instruments have been designated in a fair value hedge accounting relationship.

Cash flow hedges

Pound sterling bond hedges (foreign currency risk + interest rate risk on borrowings in pound sterling)

In September 2013, the company issued a pound sterling bond for 500m pound sterling at a rate of 4.00% per year and maturing in September 2025. The impact of changes in the pound sterling exchange rate and interest rate on this bond is managed and reduced through pound sterling fixed/euro fixed cross currency interest rate swaps. These derivative instruments have been designated in a cash flow hedge accounting.

Economic Hedges

Marketable debt security hedges (interest rate risk on Brazilian real)

During 2018 and 2017, Ambev invested in highly liquid Brazilian real denominated government debt securities. The company also entered into interest rate future contracts in order to offset the Brazilian real interest rate exposure of these government bonds. Both instruments are measured at fair value with changes recorded into profit or loss and no hedge accounting is required.

[1] Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2018.

Interest rate sensitivity analysis

The table below reflects the effective interest rates of interest-bearing financial liabilities at balance sheet date as well as the currency in which the debt is denominated.

31 December 2018 Interest-bearing financial liabilities Million US dollar	Before hedging Effective interest rate	Amount	After hedging Effective interest rate	Amount
Floating rate				
Australian dollar	2.95%	214	2.95%	214
Brazilian real	9.13%	61	6.86%	133
Canadian dollar	3.66%	190	3.38%	206
Euro	0.24%	3 138	0.24%	3 138
US dollar	1.94%	1 399	2.21%	2 638
Other	7.19%	709	7.19%	709
		5 711		**7 038**
Fixed rate				
Australian dollar	3.28%	1 871	3.28%	1 871
Brazilian real	6.74%	138	5.79%	66
Canadian dollar	3.23%	1 904	3.23%	1 904
Euro	1.76%	27 465	1.61%	35 292
Pound sterling	3.83%	4 173	3.80%	3 541
South Korean won	-	-	2.45%	1 000
US dollar	4.28%	68 570	4.66%	59 120
Other	8.55%	82	8.55%	82
		104 203		**102 876**

31 December 2017 Interest-bearing financial liabilities Million US dollar	Before hedging Effective interest rate	Amount	After hedging Effective interest rate	Amount
Floating rate				
Australian dollar	2.68%	234	2.68%	234
Brazilian real	9.22%	122	7.61%	199
Canadian dollar	2.09%	207	2.45%	224
Euro	0.35%	3 398	0.35%	3 415
South Africa rand	8.00%	666	8.00%	666
US dollar	1.48%	1 285	1.43%	2 521
Other	16.68%	450	16.68%	450
		6 362		**7 709**
Fixed rate				
Australian dollar	3.70%	1 838	3.70%	1 838
Brazilian real	6.43%	206	5.86%	112
Canadian dollar	3.08%	2 543	3.19%	2 176
Euro	1.88%	26 386	1.70%	34 251
Peruvian nuevo sol	6.87%	33	6.87%	33
Pound sterling	3.83%	4 403	3.80%	3 734
South Korean won	-	-	2.50%	1 000
US dollar	4.18%	74 476	4.51%	65 394
Other	3.36%	252	2.36%	252
		110 137		**108 790**

At 31 December 2018, the total carrying amount of the floating and fixed rate interest-bearing financial liabilities before hedging as listed above includes bank overdrafts of 114m US dollar.

As disclosed in the above table, 7 038m US dollar or 6.40% of the company's interest-bearing financial liabilities bears interest at a variable rate. The company estimated that the reasonably possible change of the market interest rates applicable to its floating rate debt after hedging is as follows:

	2018		
	Interest rate 31 December 2018[1]	Possible interest rate[2]	Volatility of rates in %
Brazilian real	6.44%	6.12% - 6.76%	5.00%
Canadian dollar	2.29%	2.15% - 2.42%	5.91%
Euro	-	-	2.45%
US dollar	2.78%	2.61% - 2.94%	5.97%

	2017		
	Interest rate 31 December 2017[1]	Possible interest rate[2]	Volatility of rates in %
Brazilian real	6.90%	5.29% - 8.50%	23.27%
Canadian dollar	1.54%	1.38% - 1.71%	10.72%
Euro	-	-	3.50%
South African rand	7.16%	6.88% - 7.43%	3.84%
US dollar	1.69%	1.59% - 1.80%	6.00%

When AB InBev applies the reasonably possible increase/decrease in the market interest rates mentioned above on its floating rate debt at 31 December 2018, with all other variables held constant, 2018 interest expense would have been 8m US dollar higher/lower (2017: 12m US dollar). This effect would be more than offset by (60m) US dollar higher/lower interest income on AB InBev's interest-bearing financial assets (2017: (81)m US dollar).

Interest expense

Interest expense recognized on unhedged and hedged financial liabilities are as follows:

Million US dollar	2018	2017
Financial liabilities measured at amortized cost – not hedged	(4 053)	(4 375)
Fair value hedges	(76)	(11)
Cash flow hedges	22	1
Net investment hedges - hedging instruments (interest component)	35	77
Economic hedges	100	(6)
	(3 972)	**(4 314)**

COMMODITY PRICE RISK

The commodity markets have experienced and are expected to continue to experience price fluctuations. AB InBev therefore uses both fixed price purchasing contracts and commodity derivatives to minimize exposure to commodity price volatility. The company has significant exposures to the following commodities: aluminum, barley, coal, corn grits, corn syrup, corrugated board, diesel, fuel oil, glass, hops, labels, malt, natural gas, orange juice, plastics, rice, steel and wheat. As of 31 December 2018, the company has the following commodity derivatives outstanding (in notional amounts):

Million US dollar	2018	2017
Aluminum swaps	1 670	1 412
Exchange traded sugar futures	62	87
Natural gas and energy derivatives	313	211
Corn swaps	196	223
Exchange traded wheat futures	424	509
Rice swaps	194	221
Plastic derivatives	84	91
	2 943	**2 754**

[1] Applicable 3-month InterBank Offered Rates as of 31 December 2018 and as of 31 December 2017.
[2] Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2018 and at December 2017. For the Brazilian real floating rate debt, the estimated market interest rate is composed of the InterBank Deposit Certificate ('CDI') and the Long-Term Interest Rate ('TJLP'). With regard to other market interest rates, the company's analysis is based on the 3-month InterBank Offered Rates applicable for the currencies concerned (e.g. EURIBOR 3M, LIBOR 3M).

Commodity price sensitivity analysis

The impact of changes in the commodity prices would have an immaterial impact on AB InBev's profit in 2018 profits as most of the company's commodity derivatives are designated in a hedge accounting.

The table below shows the estimated impact that changes in the price of the commodities, for which AB InBev held material derivative exposures at 31 December 2018, would have on the equity reserves.

	2018		
	Volatility of	Pre-tax impact on equity	
Million US dollar	prices in %[1]	Prices increase	Prices decrease
Aluminum	22.16%	370	(370)
Sugar	29.60%	18	(18)
Wheat	29.31%	124	(124)
Energy	23.83%	74	(74)
Rice	22.08%	43	(43)
Corn	23.85%	47	(47)
Plastic	20.54%	17	(17)

	2017		
	Volatility of	Pre-tax impact on equity	
Million US dollar	prices in %[2]	Prices increase	Prices decrease
Aluminum	14.83%	212	(212)
Sugar	29.38%	26	(26)
Wheat	30.99%	158	(158)
Energy	20.37%	43	(43)
Rice	20.20%	45	(45)
Corn	24.81%	45	(45)
Plastic	17.50%	15	(15)

EQUITY PRICE RISK

AB InBev enters into derivatives to hedge the price risk on its shares when this could negatively impact future cash flows related to the share-based payments programs. AB InBev also hedges its exposure arising from shares issued in connection with the Modelo and SAB combination (see also Note 11 *Finance cost and income and* Note 23 *Changes in equity and earnings per share*). These derivatives do not qualify for hedge accounting and the changes in fair value are recorded in the profit or loss.

As of 31 December 2018, an exposure for an equivalent of 92.4m of AB InBev shares was hedged, resulting in a total loss of 3.5 billion US dollar recognized in the profit or loss account for the period, of which 1.8 billion US dollar related to the company's share-based payment programs, 873m US dollar and 849m US dollar related to the Modelo and SAB transactions, respectively.

Between 2012 and 2018, AB InBev reset certain equity derivatives to market price with counterparties. This resulted in a net cash inflow of 2.9 billion US dollar between 2012 and 2018 and, accordingly, a decrease of counterparty risk.

Equity price sensitivity analysis

The sensitivity analysis on the share-based payments hedging program, calculated based on a 22.03% (2017: 15.68%) reasonably possible volatility[15] of the AB InBev share price, with all the other variables held constant, would show 1 345m US dollar positive/negative impact on the 2018 profit before tax (2017: 1 422m US dollar).

CREDIT RISK

Credit risk encompasses all forms of counterparty exposure, i.e. where counterparties may default on their obligations to AB InBev in relation to lending, hedging, settlement and other financial activities. The company has a credit policy in place and the exposure to counterparty credit risk is monitored.

AB InBev mitigates its exposure through a variety of mechanisms. It has established minimum counterparty credit ratings and enters into transactions only with financial institutions of investment grade rating. The company monitors counterparty credit exposures closely and reviews any external downgrade in credit rating immediately. To mitigate pre-settlement risk, counterparty minimum credit standards become more stringent with increases in the duration of the derivatives. To minimize the concentration of counterparty credit risk, the company enters into derivative transactions with different financial institutions.

The company also has master netting agreements with all of the financial institutions that are counterparties to over the counter (OTC) derivatives. These agreements allow for the net settlement of assets and liabilities arising from different transactions with the same counterparty. Based on these factors, AB InBev considers the impact of the risk of counterparty default as at 31 December 2018 to be limited.

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[1] Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2018.
[2] Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2017.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure of the company. The carrying amount is presented net of the impairment losses recognized. The maximum exposure to credit risk at the reporting date was:

	2018			2017		
Million US dollar	Gross	Impairment	Net carrying amount	Gross	Impairment	Net carrying amount
Investment in unquoted companies	91	(7)	84	83	(7)	76
Investment in debt securities	111	-	111	1 328	-	1 328
Trade receivables	4 400	(160)	4 240	4 917	(194)	4 723
Cash deposits for guarantees	197	-	197	209	-	209
Loans to customers	188	-	188	179	-	179
Other receivables	2 359	(106)	2 253	2 326	(117)	2 209
Derivatives	307	-	307	483	-	483
Cash and cash equivalents	7 074	-	7 074	10 472	-	10 472
	14 727	**(273)**	**14 454**	**19 997**	**(318)**	**19 679**

There was no significant concentration of credit risks with any single counterparty per 31 December 2018 and no single customer represented more than 10% of the total revenue of the group in 2018.

Impairment losses

The allowance for impairment recognized during the period per classes of financial assets was as follows:

	2018				
Million US dollar	Trade receivables	Loans to customers	FVOCI	Other receivables	Total
Balance at 1 January	(194)	-	(7)	(117)	(318)
Impairment losses	(40)	-	-	(3)	(43)
Derecognition	29	-	-	6	35
Currency translation and other	44	-	-	9	53
Balance at 31 December	**(160)**	**-**	**(7)**	**(106)**	**(273)**

	2017				
Million US dollar	Trade receivables	Loans to customers	FVOCI	Other receivables	Total
Balance at 1 January	(202)	-	(7)	(109)	(318)
Impairment losses	(55)	-	-	(4)	(59)
Derecognition	53	-	-	1	54
Currency translation and other	10	-	-	(5)	5
Balance at 31 December	**(194)**	**-**	**(7)**	**(117)**	**(318)**

LIQUIDITY RISK

Historically, AB InBev's primary sources of cash flow have been cash flows from operating activities, the issuance of debt, bank borrowings and equity securities. AB InBev's material cash requirements have included the following:

- Debt servicing;
- Capital expenditures;
- Investments in companies;
- Increases in ownership of AB InBev's subsidiaries or companies in which it holds equity investments;
- Share buyback programs; and
- Payments of dividends and interest on shareholders' equity.

The company believes that cash flows from operating activities, available cash and cash equivalents as well as short term investments, along with related derivatives and access to borrowing facilities, will be sufficient to fund capital expenditures, financial instrument liabilities and dividend payments going forward. It is the intention of the company to continue to reduce its financial indebtedness through a combination of strong operating cash flow generation and continued refinancing.

The following are the nominal contractual maturities of non-derivative financial liabilities including interest payments and derivative financial assets and liabilities:

	31 December 2018						
Million US dollar	Carrying amount[1]	Contractual cash flows	Less than 1 year	1-2 years	2-3 years	3-5 years	More than 5 years
Secured bank loans	(479)	(496)	(383)	(39)	(15)	(27)	(31)
Commercial papers	(1 142)	(1 142)	(1 142)	-	-	-	-
Unsecured bank loans	(108)	(135)	(33)	(6)	(96)	-	-
Unsecured bond issues	(107 796)	(165 979)	(6 410)	(9 146)	(11 636)	(23 672)	(115 115)
Unsecured other loans	(71)	(110)	(19)	(22)	(12)	(12)	(44)
Finance lease liabilities	(204)	(316)	(62)	(37)	(33)	(33)	(151)
Bank overdraft	(114)	(114)	(114)	-	-	-	-
Trade and other payables	(24 345)	(24 722)	(22 557)	(260)	(1 060)	(333)	(513)
	(134 258)	(193 014)	(30 720)	(9 510)	(12 852)	(24 077)	(115 855)
Derivative financial assets/(liabilities)							
Interest rate derivatives	(84)	(86)	(39)	(19)	(8)	11	(31)
Foreign exchange derivatives	(391)	(401)	(419)	18	-	-	-
Cross currency interest rate swaps	(456)	(457)	(13)	113	129	(595)	(90)
Commodity derivatives	(225)	(225)	(222)	(3)	-	-	-
Equity derivatives	(4 877)	(4 877)	(4 877)	-	-	-	-
	(6 033)	(6 046)	(5 570)	109	121	(584)	(121)
Of which: related to cash flow hedges	(293)	(303)	(233)	17	2	2	(90)

	31 December 2017						
Million US dollar	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-3 years	3-5 years	More than 5 years
Secured bank loans	(502)	(590)	(318)	(137)	(23)	(42)	(70)
Commercial papers	(1 870)	(1 871)	(1 871)	-	-	-	-
Unsecured bank loans	(892)	(927)	(761)	(129)	(37)	-	-
Unsecured bond issues	(112 837)	(167 056)	(8 951)	(13 951)	(12 908)	(24 655)	(106 591)
Unsecured other loans	(68)	(114)	(17)	(23)	(13)	(7)	(54)
Finance lease liabilities	(213)	(301)	(42)	(42)	(32)	(40)	(145)
Bank overdraft	(117)	(117)	(117)	-	-	-	-
Trade and other payables	(26 167)	(26 628)	(24 756)	(476)	(207)	(289)	(900)
	(142 666)	(197 604)	(36 833)	(14 758)	(13 220)	(25 033)	(107 760)
Derivative financial							
Interest rate derivatives	(96)	(101)	(9)	(21)	(14)	16	(73)
Foreign exchange derivatives	(61)	(52)	(59)	7	-	-	-
Cross currency interest rate swaps	(897)	(1 043)	65	(128)	114	(904)	(190)
Commodity derivatives	179	143	139	4	-	-	-
Equity derivatives	(1 036)	(1 134)	(1 134)	-	-	-	-
	(1 911)	(2 187)	(998)	(138)	100	(888)	(263)
Of which: related to cash flow	(20)	(29)	64	5	2	4	(104)

[1] "Carrying amount" refers to net book value as recognized in the balance sheet at each reporting date.

CAPITAL MANAGEMENT

AB InBev continuously optimizes its capital structure to maximize shareholder value while keeping the financial flexibility to execute the strategic projects. AB InBev's capital structure policy and framework aims to optimize shareholder value through cash flow distribution to the company from its subsidiaries, while maintaining an investment-grade rating and minimizing investments with returns below AB InBev's weighted average cost of capital. Besides the statutory minimum equity funding requirements that apply to the company's subsidiaries in the different countries, AB InBev is not subject to any externally imposed capital requirements. The management uses the same debt/equity classifications as applied in the company's IFRS reporting to analyze the capital structure.

FAIR VALUE

The following table summarizes for each type of derivative the fair values recognized as assets or liabilities in the balance sheet:

	Assets		Liabilities		Net	
Million US dollar	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Foreign currency						
Forward exchange contracts	191	151	(586)	(211)	(395)	(60)
Foreign currency futures	7	1	(3)	(2)	4	(1)
Interest rate						
Interest rate swaps	9	14	(27)	(37)	(18)	(23)
Cross currency interest rate swaps	32	9	(489)	(906)	(457)	(897)
Other interest rate derivatives	20	-	(86)	(73)	(66)	(73)
Commodities						
Aluminum swaps	23	178	(172)	(5)	(149)	173
Sugar futures	-	24	(8)	(20)	(8)	4
Wheat futures	13	34	(11)	(22)	2	12
Energy	4	-	(54)	-	(50)	-
Other commodity derivatives	8	10	(28)	(20)	(20)	(10)
Equity						
Equity derivatives	-	21	(4 877)	(1 057)	(4 877)	(1 036)
	307	**442**	**(6 340)**	**(2 353)**	**(6 033)**	**(1 911)**
Of which:						
Non-current	10	25	(805)	(937)	(795)	(912)
Current	297	417	(5 535)	(1 416)	(5 238)	(999)

The following table summarizes the carrying amount and the fair value of the fixed rate interest-bearing financial liabilities as recognized at the balance sheet. Floating rate interest-bearing financial liabilities, trade and other receivables and trade and other payables, including derivatives financial instruments, have been excluded from the analysis as their carrying amount is a reasonable approximation of their fair value:

Interest-bearing financial liabilities Million US dollar	2018 Carrying amount[1]	2018 Fair value	2017 Carrying amount[1]	2017 Fair value
Fixed rate				
Australian dollar	(1 871)	(1 927)	(1 838)	(1 896)
Brazilian real	(138)	(138)	(206)	(206)
Canadian dollar	(1 904)	(1 817)	(2 543)	(2 574)
Euro	(27 465)	(26 799)	(26 386)	(26 942)
Peruvian nuevo sol	(24)	(24)	(33)	(33)
Pound sterling	(4 173)	(4 320)	(4 403)	(4 902)
US dollar	(68 570)	(65 873)	(74 476)	(83 482)
Other	(58)	(58)	(252)	(252)
	(104 203)	**(100 956)**	**(110 137)**	**(120 287)**

[1] "Carrying amount" refers to net book value as recognized in the balance sheet at each reporting date.

The table sets out the fair value hierarchy based on the degree to which significant market inputs are observable:

Fair value hierarchy 31 December 2018 Million US dollar	Quoted (unadjusted) prices - level 1	Observable market inputs - level 2	Unobservable market inputs - level 3
Financial Assets			
Held for trading (non-derivatives)	3	9	-
Derivatives at fair value through profit and loss	-	67	-
Derivatives in a cash flow hedge relationship	7	225	-
Derivatives in a fair value hedge relationship	-	33	-
Derivatives in a net investment hedge relationship	-	14	-
	10	**348**	**-**
Financial Liabilities			
Deferred consideration on acquisitions at fair value	-	-	1 409
Derivatives at fair value through profit and loss	-	5 699	-
Derivatives in a cash flow hedge relationship	18	507	-
Derivatives in a fair value hedge relationship	-	125	-
Derivatives in a net investment hedge relationship	-	31	-
	18	**6 362**	**1 409**

Fair value hierarchy 31 December 2017 Million US dollar	Quoted (unadjusted) prices - level 1	Observable market inputs - level 2	Unobservable market inputs - level 3
Financial Assets			
Held for trading (non-derivatives)	1 304	5	-
Derivatives at fair value through profit and loss	-	89	-
Derivatives in a cash flow hedge relationship	9	340	-
Derivatives in a fair value hedge relationship	-	36	-
Derivatives in a net investment hedge relationship	-	9	-
	1 313	**479**	**-**
Financial Liabilities			
Deferred consideration on acquisitions at fair value	-	-	2 210
Derivatives at fair value through profit and loss	1	1 210	-
Derivatives in a cash flow hedge relationship	28	341	-
Derivatives in a fair value hedge relationship	-	129	-
Derivatives in a net investment hedge relationship	-	685	-
	29	**2 365**	**2 210**

Non-derivative financial liabilities

As part of the 2012 shareholders agreement between Ambev and ELJ, following the acquisition of Cervecería Nacional Dominicana S.A. (“CND”), a forward-purchase contract (i.e. combination of a written put option and purchased call option) is in place which may result in Ambev acquiring additional shares in CND. In January 2018, ELJ partially exercised its option to sell approximately 30% of the shares of CND for an amount of 0.9 billion US dollar, resulting in Ambev’s participation in CND increasing from 55% to 85%. As of 31 December 2018, the put option for the remaining shares held by ELJ was valued 632 million US dollar (2017: 1.7 billion US dollar before the exercise of the put option by ELJ in January 2018) and recognized as a deferred consideration on acquisitions at fair value in “level 3” category above. The variance is mainly explained by the partial exercise by ELJ of the put option, accretion expenses and currency translation. The fair value of such deferred consideration is calculated based on using present value techniques, namely by discounting futures cash flows at the appropriate rate.

HEDGING RESERVES

The company's hedging reserves disclosed in note 23 relate to the following instruments:

Million US dollar	Foreign currency	Interest rate	Commodities	Others	Total hedging reserves
As per 1 January 2018	**559**	**-**	**(20)**	47	**586**
Change in fair value of hedging instrument recognized in OCI	262	-	97	-	358
Reclassified to profit or loss / cost of inventory	(341)	-	(137)	26	(452)
Deferred tax	**-**	**-**	-	2	2
As per 31 December 2018	**480**	**-**	**(60)**	**76**	**494**

Million US dollar	Foreign currency	Interest rate	Commodities	Others	Total hedging reserves
As per 1 January 2017	**540**	**-**	**204**	**-**	**744**
Change in fair value of hedging instrument					
Reclassified to profit or loss / cost of inventory	80	-	(202)	47	**(75)**
Deferred tax	-	-	-	-	**-**
As per 31 December 2017	**559**	**-**	**(20)**	**47**	**586**

OFFSETTING FINANCIAL ASSETS AND LIABILITIES

The following financial assets and liabilities are subject to offsetting, enforceable master netting agreements and similar agreements:

	31 December 2018			
Million US dollar	Gross amount	Net amount recognized in the statement of financial position[1]	Other offsetting agreements[2]	Total net amount
Derivative assets	307	307	(293)	13
Derivative liabilities	(6 340)	(6 340)	293	(6 046)

	31 December 2017			
Million US dollar	Gross amount	Net amount recognized in the statement of financial position1	Other offsetting agreements[2]	Total net amount
Derivative assets	483	483	(466)	17
Derivative liabilities	(2 394)	(2 394)	466	(1 928)

[1] Net amount recognized in the statement of financial position after taking into account offsetting agreements that meet the offsetting criteria as per IFRS rules

[2] Other offsetting agreements include collateral and other guarantee instruments, as well as offsetting agreements that do not meet the offsetting criteria as per IFRS rules

30. Operating leases

Non-cancelable operating leases are payable and receivable as follows:

Million US dollar	2018			
	Lessee	Sublease	Lessor	Net lease obligations
Within one year	(475)	149	3	(323)
Between one and five years	(1 237)	451	9	(777)
After five years	(771)	211	6	(554)
Total	**(2 483)**	**811**	**18**	**(1 654)**

Million US dollar	2017			
	Lessee	Sublease	Lessor	Net lease obligations
Within one year	(210)	127	2	(181)
Between one and five years	(1 009)	425	7	(577)
After five years	(781)	211	4	(566)
Total	**(2 100)**	**763**	**13**	**(1 324)**

Following the sale of Dutch and Belgian pub real estate to Cofinimmo in October 2007, AB InBev entered into lease agreements of 27 years. These operating leases mature in November 2034 and are subleased for an average outstanding period of 6 to 8 years. These leases can be subject to renewal after their expiration date. The impact of such renewal is not reported in the table above.

Furthermore, the company leases a number of warehouses, trucks, factory facilities and other commercial buildings under operating leases. The leases typically run for a period of five to ten years. Lease payments are increased annually to reflect market rentals, if applicable. None of the leases include contingent rentals.

The operating leases listed above represent an undiscounted obligation of 2 483m US dollar. Also, the company has sublet some of the leased pubs and properties, representing an undiscounted right of 811m US dollar.

In 2018, 512m US dollar was recognized as an expense in the income statement in respect of operating leases where the company is the lessee (2017: 471m US dollar), while 133m US dollar was recognized as income in the income statement in respect of subleases (2017: 128m US dollar).

The company also leases out part of its own property under operating leases. In 2018, 3m US dollar was recognized as income in the income statement in respect of operating leases as lessor (2017: 4m US dollar).

31. Collateral and contractual commitments for the acquisition of property, plant and equipment, loans to customers and other

Million US dollar	2018	2017
Collateral given for own liabilities	404	426
Collateral and financial guarantees received for own receivables and loans to customers	335	326
Contractual commitments to purchase property, plant and equipment	416	550
Contractual commitments to acquire loans to customers	171	16
Other commitments	1 973	1 834

The collateral given for own liabilities of 404m US dollar at 31 December 2018 contains 197m US dollar cash guarantees. Such cash deposits are a customary feature associated with litigations in Brazil: in accordance with Brazilian laws and regulations a company may or must (depending on the circumstances) place a deposit with a bank designated by the court or provide other security such as collateral on property, plant and equipment. With regard to judicial cases, AB InBev has made the appropriate provisions in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* – see also Note 27 *Provisions*. In the company's balance sheet the cash guarantees are presented as part of other receivables – see Note 20 *Trade and other receivables*. The remaining part of collateral given for own liabilities (204m US dollar) contains collateral on AB InBev's property in favor of the excise tax authorities, the amount of which is determined by the level of the monthly excise taxes due, inventory levels and transportation risk, and collateral on its property, plant and equipment with regard to outstanding loans. To the extent that AB InBev would not respect its obligations under the related outstanding contracts or would lose the pending judicial cases, the collateralized assets would be used to settle AB InBev's obligations.

To keep AB InBev's credit risk with regard to receivables and loans to customers as low as possible collateral and other credit enhancements were obtained for a total amount of 335m US dollar at 31 December 2018. Collateral is held on both real estate and debt securities while financial guarantees are obtained from banks and other third parties.

AB InBev has entered into commitments to purchase property, plant and equipment for an amount of 416m US dollar at 31 December 2018.

In a limited number of countries AB InBev has committed itself to acquire loans to customers from banks at their notional amount if the customers do not respect their reimbursement commitments towards the banks. The total outstanding amount of such loans is 171m US dollar at 31 December 2018.

As at 31 December 2018, the following M&A related commitments existed:

- As part of the 2012 shareholders agreement between Ambev and E. León Jimenes S.A.("ELJ"), following the acquisition of Cervecería Nacional Dominicana S.A. ("CND"), a put and call option is in place which may result in Ambev acquiring additional shares in CND. In January 2018 Ambev increased its participation in CND from 55% to 85%. As of 31 December 2018, the put option for the remaining shares held by ELJ was valued 632 million US dollar (2017: 1.7 billion US dollar before the exercise of the put option by ELJ in January 2018). The corresponding liability is presented as a current liability and recognized as a deferred consideration on acquisitions at fair value in "level 3" category above. See also note 29 Risks arising from financial instruments.

- On 11 October 2016, AB InBev was notified by The Coca-Cola Company of its intention to transition AB InBev's stake in Coca-Cola Beverages Africa ("CCBA"). CCBA includes the Coca-Cola bottling operations in South Africa, Namibia, Kenya, Uganda, Tanzania, Ethiopia, Mozambique, Ghana, Mayotte and Comoros. This transaction was completed on 4 October 2017. Furthermore, AB InBev completed in 2018 the sale of its carbonated soft drink businesses in Zambia and Botswana to The Coca-Cola Company. The company also entered into agreements to sell to The Coca-Cola Company all of its carbonated soft drink business in eSwatini (Swaziland) and certain non-alcoholic beverage brands in El Salvador and Honduras. The closing of these transactions is subject to customary closing conditions, including regulatory approvals. In El Salvador and Honduras, the company has executed long-term bottling agreements, which will become effective upon the closing of the El Salvador and Honduras brand divestitures. In addition, the companies continue to work towards finalizing the terms and conditions for The Coca-Cola Company to acquire AB InBev's interest in the bottling operations in Zimbabwe and Lesotho. These transactions are subject to the relevant regulatory and shareholder approvals in the different jurisdictions.

Other commitments amount to 1 973m US dollar at 31 December 2018 and mainly cover guarantees given to pension funds, rental and other guarantees.

In order to fulfil AB InBev's commitments under various outstanding stock option plans, AB InBev entered into stock lending arrangements for up to 20 million of its own ordinary shares. AB InBev shall pay any dividend equivalent, after tax in respect of the loaned securities. This payment will be reported through equity as dividend. As of 31 December 2018, 20 million loaned securities were used to fulfil stock option plan commitments.

32. Contingencies[1]

The company has contingencies for which, in the opinion of management and its legal counsel, the risk of loss is possible but not probable and therefore no provisions have been recorded. Due to their nature, such legal proceedings and tax matters involve inherent uncertainties including, but not limited to, court rulings, negotiations between affected parties and governmental actions, and as a consequence AB InBev management cannot at this stage estimate the likely timing of resolution of these matters. The most significant contingencies are discussed below.

AMBEV TAX MATTERS

As of 31 December 2018, AB InBev's material tax proceedings related to Ambev and its subsidiaries. Estimates of amounts of possible loss are as follows:

Million US dollar	31 December 2018	31 December 2017
Income tax and social contribution	9 773	9 600
Value-added and excise taxes	6 166	5 987
Other taxes	1 434	1 390
	17 373	**16 977**

The most significant tax proceedings of Ambev are discussed below.

INCOME TAX AND SOCIAL CONTRIBUTION

During 2005, certain subsidiaries of Ambev received assessments from the Brazilian Federal Tax Authorities relating to profits of its foreign subsidiaries. In December 2008, the Administrative Court rendered a partially favorable decision to Ambev, and in connection with the remaining part, Ambev filed an appeal to the Administrative Upper House, which was denied in full in March 2017. In September 2017, Ambev filed a judicial proceeding for this tax assessment and requested a motion of injunction, which was granted to Ambev. In 2013, 2016, 2017 and 2018 Ambev received other tax assessments related to profits of its foreign subsidiaries. In July and September 2018, with respect to two tax assessments, the Administrative Upper House rendered unfavorable decisions to Ambev. In one such case, Ambev filled a judicial proceeding and requested a motion of injunction, which was granted to Ambev. In the other case, Ambev is analyzing possible appeals. In October 2018, the Lower Administrative Court rendered a partially favorable decision to Ambev in another of the ongoing tax assessments. Ambev is waiting to be formally notified of such decision to analyze possible appeals. As of 31 December 2018, Ambev management estimates the exposure of approximately 7.7 billion Brazilian real (2.0 billion US dollar) as a possible risk, and approximately 46m Brazilian real (12m US dollar) as a probable loss.

In December 2011, Ambev received a tax assessment related to the goodwill amortization resulting from the InBev Holding Brasil S.A. merger with Ambev. The final decision rendered by the Lower Administrative Court was partially favorable to Ambev. Subsequently, Ambev filed a judicial proceeding to discuss the unfavorable part and requested a motion of injunction, which was granted to Ambev. The favorable portion to Ambev, will be reexamined by the Administrative Upper House. In June 2016, Ambev received a new tax assessment charging the remaining value of the goodwill amortization and filed a defense. In March 2017, Ambev was notified of a partially favorable first level administrative decision and filed an appeal to the Lower Administrative Court. In May 2018, Ambev received a partially favorable decision at the Lower Administrative Court and is currently waiting to be notified of the decision to analyze possible appeals. Ambev management estimates possible losses in relation to these assessments to be approximately 9.3 billion Brazilian real (2.4 billion US dollar) as of 31 December 2018. In the event Ambev is required to pay these amounts, AB InBev will reimburse the amount proportional to the benefit received by AB InBev pursuant to the merger protocol, as well as the related costs.

In October 2013, Ambev received a tax assessment related to the goodwill amortization resulting from the merger of Beverage Associates Holding Limited ("BAH") into Ambev. The decision from the first level administrative Court was unfavorable to Ambev. After considering a motion to clarify by Ambev, the unfavorable decision was confirmed and Ambev filed an appeal to the Lower Administrative Court. In November 2018, Ambev received a partially favorable decision at the Lower Administrative Court and is currently waiting to be formally notified of the decision to analyze possible appeals. In April and August 2018, Ambev received new tax assessments charging the remaining value of the goodwill amortization and filed defenses, which are currently pending analysis by the first administrative level. Ambev management estimates the amount of possible losses in relation to this assessment to be approximately 2.1 billion Brazilian real (0.5 billion US dollar) as of 31 December 2018. Ambev has not recorded any provision in connection therewith.

In November 2017, Ambev received a tax assessment related to the goodwill amortization resulting from the merger of CND Holdings into Ambev. Ambev filed a defense in December 2017. In November 2018, Ambev received an unfavorable decision from the first administrative level and filled an appeal to the Lower Administrative Court, which is currently pending. Ambev management estimates the amount of possible losses in relation to this assessment to be approximately 1.1 billion Brazilian real (0.3 billion US dollar) as of 31 December 2018. Ambev has not recorded any provision in connection therewith.

Ambev and certain of its subsidiaries received a number of assessments from Brazilian federal tax authorities relating to the offset of tax loss carry forward arising in the context of business combinations. In February 2016, the Administrative Upper House ruled unfavorably to Ambev in two such cases. Ambev filed judicial proceedings to discuss the matter. In September 2016, Ambev received a favorable first level decision in one of the judicial claims. In March 2017, Ambev received an unfavorable first level decision in another case and filed an appeal to the judicial Court. Both cases are awaiting analysis by the judicial Court. Ambev management estimates the total exposures of possible loss in relation to these assessments to be approximately 0.5 billion Brazilian real (0.1 billion US dollar) as of 31 December 2018.

In December 2015 and 2016, Ambev received tax assessments related to the disallowance of alleged non-deductible expenses and the deduction of certain losses mainly associated to financial investments and loans. Ambev presented defenses, which are pending review by the first administrative level. Ambev management estimates the amount of possible loss in relation to those assessments to be approximately 4.6 billion Brazilian real (1.2 billion US dollar) as of 31 December 2018. Ambev has not recorded any provision in connection with these assessments.

[1] Amounts have been converted to US dollar at the closing rate of the respective period.

Since 2014, Ambev has been receiving tax assessments from the Brazilian Federal Tax Authorities related to the disallowance of deductions associated with alleged unproven taxes paid abroad, for which the decision from the Administrative Upper House is still pending. In September 2017, Ambev decided to include part of those tax assessments in the Brazilian Federal Tax Regularization Program of the Provisional Measure No 783. In June 2018, Ambev was notified of a favorable first administrative level decision cancelling four of these assessments (offsets of 2015 and 2016). However, in August and September 2018, the Brazilian Federal Revenue Service issued new decisions reestablishing these assessments and issued new tax assessments related to these matters. As of 31 December 2018, Ambev management estimates the exposure of approximately 9.5 billion Brazilian real (2.5 billion US dollar) as a possible risk, and accordingly has not recorded a provision for such amount.

In April 2016, Arosuco (a subsidiary of Ambev) received a tax assessment regarding the use of the "presumed profit" method for the calculation of income tax and the social contribution on net profit instead of the "real profit" method. In September 2017, Arosuco received the unfavorable first level administrative decision and filed an appeal to the Lower Administrative Court. Arosuco management estimates the amount of possible losses in relation to this assessment to be approximately 0.6 billion Brazilian real (0.2 billion US dollar) as of 31 December 2018. Arosuco has not recorded any provision in connection therewith.

ICMS VALUE ADDED TAX, IPI EXCISE TAX AND TAXES ON NET SALES

In Brazil, goods manufactured within the Manaus Free Trade Zone intended for remittance elsewhere in Brazil are exempt from IPI excise tax. There is discussion on whether the acquisition of such benefited goods gives rise to the right of IPI excise tax credits by the relevant acquirers. Ambev's subsidiaries have been registering IPI excise tax presumed credits upon the acquisition of exempted goods manufactured therein and are discussing the matter at the courts. Since 2009, Ambev has been receiving a number of tax assessments from the Brazilian Federal Tax Authorities relating to the disallowance of such presumed IPI excise tax credits and other IPI excise tax credits, which are under discussion before the Brazilian Supreme Court, with a trial expected to occur in April 2019. Ambev management estimates the possible loss related to these assessments to be approximately 3.8 billion Brazilian real (1.0 billion US dollar) as of 31 December 2018. Ambev has not recorded any provision in connection therewith.

Over the years, Ambev has also received tax assessments from the Brazilian Federal Tax Authorities charging federal taxes allegedly unduly offset with the disallowed presumed IPI excise tax credits which are under discussion in the abovementioned proceedings. Ambev is challenging these charges before the courts. Ambev management estimates the possible loss related to these assessments to be approximately 1.1 billion Brazilian real (0.3 billion US dollar) as of 31 December 2018. Ambev has not recorded any provision in connection therewith.

In 2014 and 2015, Ambev received tax assessments from the Brazilian Federal Tax Authorities to charge the IPI excise tax, supposedly due over remittances of manufactured goods to related factories. The cases are being challenged at both the administrative and judicial levels of the courts. Ambev management estimates the possible loss related to these assessments to be approximately 1.6 billion Brazilian real (0.4 billion US dollar) as of 31 December 2018. Ambev has not recorded any provision in connection therewith.

Ambev is currently challenging tax assessments issued by the States of São Paulo, Rio de Janeiro, Minas Gerais and other States questioning the legality of ICMS tax credits arising from transactions with companies that have tax incentives. The cases are being challenged at both the administrative and judicial level of the courts. Ambev management estimates the possible losses related to these assessments to be approximately 2.1 billion Brazilian real (0.5 billion US dollar) as of 31 December 2018. Ambev has not recorded any provision in connection therewith.

In 2013, 2014 and 2015, Ambev was assessed by the States of Pará, and Piauí to charge the ICMS supposedly due with respect to unconditional discounts granted by Ambev. The cases are being challenged at both the administrative and judicial level of the courts. Ambev management estimates the possible loss involved in these proceedings to be approximately 0.6 billion Brazilian real (0.2 billion US dollar) as of 31 December 2018. Ambev has not recorded any provision in connection therewith.

Over the years, Ambev has received tax assessments to charge supposed ICMS differences considered due when the price of the products sold by Ambev is above the fixed price table basis established by the relevant States, cases in which the State tax authorities understand that the calculation basis should be based on a value-added percentage over the actual prices and not the fixed table price. Ambev is currently challenging those charges before the courts. Among other similar cases, Ambev received three assessments issued by the State of Minas Gerais in the original amount of 1.4 billion Brazilian real (0.4 billion US dollar). In the first quarter of 2018, the Upper House of the Administrative Tax Court of the State of Minas Gerais ruled unfavorably to Ambev on these three cases. The State of Minas Gerais filed tax foreclosures to charge the amounts discussed in these three cases and Ambev filed defenses with the judicial courts. In 2017, Ambev received assessments from the State of Rio de Janeiro in the original amount of 0.9 billion Brazilian real (0.2 billion US dollar). Ambev presented appeals against such tax assessments and now awaits the decision by the Tax Administrative Court. Ambev management estimates the total possible loss related to this issue to be approximately 7.7 billion Brazilian real (2.0 billion US dollar) as of 31 December 2018. Ambev has recorded provisions in the total amount of 8m Brazilian real (2m US dollar) in relation to certain proceedings for which it considers the chances of loss to be probable due to specific procedural issues.

In 2015, Ambev received a tax assessment issued by the State of Pernambuco to charge ICMS differences due to an alleged non-compliance with the State tax incentive Agreement ("PRODEPE") as a result of the rectification of its monthly reports. The State tax authorities understood that Ambev was not able to use the incentive due to this rectification. In 2017, Ambev had a final favorable decision in the sense that such assessment was null due to formal mistakes of the tax auditor. However, in September 2018, Ambev received a new tax assessment to discuss the same matter. There are other assessments related to this same tax incentive agreement. Ambev management estimates the possible losses related to this issue to be approximately 0.6 billion Brazilian real (0.2 billion US dollar) as of 31 December 2018. Ambev has recorded a provision in the total amount of 3m Brazilian real (1m US dollar) in relation to one proceeding it considers the chances of loss to be partially probable.

SOCIAL CONTRIBUTIONS

Ambev received some tax assessments issued by the Brazilian Federal Tax Authorities relating to amounts allegedly due under Integration Program / Social Security Financing Levy (PIS/COFINS) over bonus products granted to its customers. The cases are being challenged at both the administrative and judicial levels of the Courts. Ambev management estimates the possible loss related to these assessments to be approximately 4.0 billion Brazilian real (1.0 billion US dollar) as of 31 December 2018. No related provision has been made.

OTHER TAX MATTERS

In February 2015, the European Commission opened an in-depth state aid investigation into the Belgian excess profit ruling system. On 11 January 2016, the European Commission adopted a negative decision finding that the Belgian excess profit ruling system constitutes an aid scheme incompatible with the internal market and ordering Belgium to recover the incompatible aid from a number of aid beneficiaries. The Belgian authorities have contacted the companies that have benefitted from the system and have advised each company of the amount of incompatible aid that is potentially subject to recovery. The European Commission decision was appealed to the European Union's General Court by Belgium on 22 March 2016 and by AB InBev on 12 July 2016. The appeals do not suspend the recovery process, and AB InBev cannot at this stage estimate the final outcome of such legal proceedings. Based on the estimated exposure related to the excess profit ruling applicable to AB InBev, the different elements referred to above, as well as the possibility that taxes paid abroad and non-recognized tax loss carryforwards could eventually partly or fully offset amounts subject to recovery, if any, AB InBev has not recorded any provisions in connection therewith as of 31 December 2018.

In addition, the Belgian tax authorities have also questioned the validity and the actual application of the excess profit ruling that was issued in favor of AB InBev and have refused the actual tax exemption which it confers. Against such decision AB InBev has filed a court claim before the Brussels court of first instance. Also in respect of this aspect of the excess profit ruling matter, considering the company's and its counsel assessment, as well as the position taken by the tax authorities' mediation services, in respect of the merits of the case, AB InBev has not recorded any provisions as of 31 December 2018.

On 24 January 2019, AB InBev deposited 68m EUR on a blocked account. Depending on the final outcome of the European Court procedures on the Belgian excess profit ruling system, as well as the pending Belgian court case, this amount will either be slightly modified, or released back to the company or paid over to the Belgian State.

On 14 February 2019, the European General Court concluded that the Belgian excess profit ruling system does not constitute illegal state aid. The European Commission can appeal the judgment of the General Court.

WARRANTS

Certain holders of warrants issued by Ambev in 1996 for exercise in 2003 proposed lawsuits to subscribe correspondent shares for an amount lower than Ambev considers as established upon the warrant issuance. In case Ambev loses the totality of these lawsuits, the issuance of 172,831,574 shares would be necessary. Ambev would receive in consideration funds that are materially lower than the current market value. This could result in a dilution of about 1% to all Ambev shareholders. Furthermore, the holders of these warrants are claiming that they should receive the dividends relative to these shares since 2003, approximately 0.9 billion Brazilian real (0.2 billion US dollar) in addition to legal fees. Ambev disputes these claims and intends to continue to vigorously defend its case. Five of the six lawsuits were ruled favorable to Ambev by the Superior Court of Justice (STJ). Two of them during the year of 2017. All of these five cases are pending final judgment by STJ's Special Court. In November 2017, the Federal Public Prosecutor filled a motion favorable to Ambev's position in one of the cases. Considering all of these facts, the company and its external counsels strongly believe that the chance of loss in these cases is remote.

ANTITRUST MATTERS

On 12 December 2014, a lawsuit was commenced in the Ontario Superior Court of Justice against the Liquor Control Board of Ontario, Brewers Retail Inc. (known as The Beer Store or "TBS") and the owners of Brewers Retail Inc. (Molson Coors Canada, Sleeman Breweries Ltd. and Labatt Breweries of Canada LP). The lawsuit was brought in Canada pursuant to the Ontario Class Proceedings Act, and sought, among other things: (i) to obtain a declaration that the defendants conspired with each other to allocate markets for the supply of beer sold in Ontario since 1 June 2000; (ii) to obtain a declaration that Brewers Retail Inc. and the owners of Brewers Retail Inc. conspired to fix, increase and/or maintain prices charged to Ontario licensees (on-trade) for beer and the fees charged by TBS to other competitive brewers who wished to sell their products through TBS and (iii) damages for unjust enrichment. As part of this third allegation, the plaintiffs allege illegal trade practices by the owners of Brewers Retail Inc. They are seeking damages not exceeding 1.4 billion Canadian dollar (1.0 billion US dollar), as well as, punitive, exemplary and aggravated damages of 5m Canadian dollar (4m US dollar) and changes/repeals of the affected legislation. In March 2018, the court granted summary judgment and dismissed the class claims. The plaintiffs have appealed. The company has not recorded any provision in connection therewith.

In 2016, the European Commission announced an investigation into alleged abuse of a dominant position by AB InBev in Belgium through certain practices aimed at restricting trade from other European Union member states to Belgium. In connection with these ongoing proceedings, AB InBev made a provision of 230m US dollar.

33. Non-controlling interests

As of 31 December 2018 and 2017, material non-controlling interests relate to Ambev, a Brazilian listed subsidiary in which AB InBev has 62% ownership. The tables below provide summarized information of Ambev's audited consolidated financial statements as of as of 31 December 2018 and 2017, in accordance with IFRS.

Summarized financial information of Ambev, in which the company has material non-controlling interests, is as follows:

Million US dollar	2018	2017
Summarized balance sheet information		
Current assets	6 537	7 472
Non-current assets	17 755	18 783
Current liabilities	6 408	8 672
Non-current liabilities	3 032	3 078
Equity attributable to equity holders	14 540	13 908
Non-controlling interests	312	597
Summarized income statement and comprehensive income information		
Revenue	13 819	14 961
Net income	3 130	2 452
Attributable to:		
Equity holders	3 033	2 290
Non-controlling interests	97	162
Net income	3 130	2 452
Other comprehensive income	629	809
Total comprehensive income	3 759	3 261
Attributable to:		
Equity holders	3 629	3 090
Non-controlling interests	130	171
Summarized cash flow information		
Cash flow from operating activities	4 928	5 583
Cash flow from investing activities	(1 011)	(960)
Cash flow from financing activities	(3 638)	(4 018)
Net increase/(decrease) in cash and cash equivalents	279	605

Dividends paid by Ambev to non-controlling interests (i.e. to entities outside the AB InBev Group) amounted to 0.8 billion US dollar and 1.1 billion US dollar for 2018 and 2017, respectively.

Other non-controlling interests not deemed individually material by the company mainly related to the company's operations in Africa in association with the Castel Group (e.g., Botswana, Ghana, Mozambique, Nigeria, Tanzania, Uganda, and Zambia), as well as non-controlling interests recognized in respect of the company's subsidiaries in Colombia, Ecuador, and Peru.

34. Related parties

TRANSACTIONS WITH DIRECTORS AND EXECUTIVE BOARD OF MANAGEMENT MEMBERS (KEY MANAGEMENT PERSONNEL)

In addition to short-term employee benefits (primarily salaries) AB InBev's Executive Board of Management members were entitled in 2018 to post-employment benefits. In particular, members of the Executive Board of Management participated in the pension plan of their respective country – see also Note 25 *Employee Benefits*. Finally, key management personnel are eligible for the company's share option; restricted stock and/or share swap program (see Note 26 *Share-based Payments*). Total directors and Executive Board of Management compensation included in the income statement can be detailed as follows:

	2018		2017	
Million US dollar	**Directors**	**Executive Board of Management**	**Directors**	**Executive Board of Management**
Short-term employee benefits	2	27	2	28
Post-employment benefits	-	-	-	1
Share-based payments	-	24	3	68
	2	**52**	**5**	**97**

Directors' compensation consists mainly of directors' fees.

During 2018, AB InBev entered into the following transactions:

- The acquisition, through Grupo Modelo and its subsidiaries, of information technology and infrastructure services for a consideration of approximately 1.0m US dollar from a company in which one of the company's Board Member had significant influence as of 31 December 2018.
- The acquisition, mainly through its subsidiary Bavaria S.A., of transportation services, lease agreements and advertising services for an aggregated consideration of 8.1m US dollar from companies in which one of the company's Board Member had a significant influence as of 31 December 2018. The outstanding balance of these transactions as of 31 December 2018 amounts to 0.2m US dollar.

JOINTLY CONTROLLED ENTITIES

Significant interests in joint ventures include three entities in Brazil, one in Mexico and two in Canada. None of these joint ventures are material to the company. Aggregate amounts of AB InBev's interest are as follows:

Million US dollar	2018	2017
Non-current assets	11	12
Current assets	5	5
Non-current liabilities	9	11
Current liabilities	12	6
Result from operations	4	(3)
Profit attributable to equity holders of AB InBev	3	(3)

TRANSACTIONS WITH ASSOCIATES

Significant interests in associates are shown in note 16 *Investments in associates*. AB InBev's transactions with associates were as follows:

Million US dollar	2018	2017
Gross profit	74	91
Current assets	152	73
Current liabilities	130	20

TRANSACTIONS WITH PENSION PLANS

AB InBev's transactions with pension plans mainly comprise 12m US dollar other income from pension plans in the US.

35. Events after the balance sheet date

BOND ISSUANCE

On 23 January 2019, Anheuser-Busch InBev Worldwide Inc., a subsidiary of Anheuser-Busch InBev SA/NV issued 15.5 billion US dollar aggregate principal amount of bonds. The bonds comprise the following series: 2.5 billion US dollar aggregate principal amount of fixed rate Notes due 23 January 2025 bearing interest at annual rate of 4.150%; 4.25 billion US dollar aggregate principal amount of fixed rate Notes due 23 January 2029 bearing interest at an annual rate of 4.750%; 0.75 billion US dollar aggregate principal amount of fixed rate Notes due 23 January 2031 bearing interest at an annual rate of 4.900%; 2.0 billion US dollar aggregate principal amount of fixed rate Notes due 23 January 2039 bearing interest at an annual rate of 5.450%; 4.0 billion US dollar aggregate principal amount of fixed rate Notes due 23 January 2049 bearing interest at an annual rate of 5.550% and 2.0 billion US dollar aggregate principal amount of fixed rate Notes due 23 January 2059 bearing interest at an annual rate of 5.800%.

The net proceeds of the offering will be used for general corporate purposes, including the repayment of upcoming debt maturities in 2021 to 2024 and 2026, including the funding of the company's announced tender offers.

RESULTS OF TENDER OFFERS

On 08 February 2019, AB InBev announced the final results of offers by its wholly owned subsidiaries Anheuser-Busch InBev Finance Inc., Anheuser-Busch InBev Worldwide Inc. and Anheuser-Busch Companies, LLC to purchase for cash any validly tendered (and not validly withdrawn) and accepted notes up to an aggregate purchase price (excluding accrued and unpaid interest) of 16.5 billion US dollar of twelve series of notes issued by the companies. With the completion of the Tender Offers, the companies repurchased 16.3 billion US dollar aggregate principal amount of several series of its outstanding notes.

The pool caps comprise the following series: 2.5 billion US dollar aggregate principal amount of fixed rate Notes bearing interest at annual rate of 2.650%, 0.2 billion US dollar aggregate principal amount of floating rate Notes and 0.2 billion US dollar aggregate principal amount of fixed rate Notes at an annual rate of 4.375% due in 2021; 1.1 billion US dollar aggregate principal amount of fixed rate Notes bearing interest at annual rate of 3.750% and 1.3 billion US dollar aggregate principal amount of fixed rate Notes at an annual rate of 2.500% due in 2022; 0.6 billion US dollar aggregate principal amount of fixed rate Notes bearing interest at annual rate of 2.625% and 2.9 billion US dollar aggregate principal amount of fixed rate Notes at an annual rate of 3.300% due in 2023; 0.3 billion US dollar aggregate principal amount of floating rate Notes, 0.9 billion US dollar aggregate principal amount of fixed rate Notes at an annual rate of 3.500% and 0.5 billion US dollar aggregate principal amount of fixed rate Notes at an annual rate of 3.700% due in 2024; and 5.9 billion US dollar aggregate principal amount of fixed rate Notes bearing interest at annual rate of 3.650% due in 2026.

36. AB InBev companies

Listed below are the most important AB InBev companies. A complete list of the company's investments is available at AB InBev NV, Brouwerijplein 1, B-3000 Leuven, Belgium.

LIST OF MOST IMPORTANT FULLY CONSOLIDATED COMPANIES

Name and registered office of fully consolidated companies	% of economic interest as at 31 December 2018
ARGENTINA	
CERVECERIA Y MALTERIA QUILMES SAICA y G - Charcas 5160 - C1425BOF - Buenos Aires	61.88
AUSTRALIA	
FOSTER'S GROUP PTY LTD – Southbank Boulevard 77 - 3006 Southbank – Victoria	100.00
CUB PTY LTD - Southbank Boulevard 77 - 3006 Southbank – Victoria	100.00
FBG FINANCE PTY LTD - Southbank Boulevard 77 - 3006 Southbank – Victoria	100.00
FBG TREASURY (AUST) PTY LTD - Southbank Boulevard 77 - 3006 Southbank – Victoria	100.00
BELGIUM	
AB INBEV N.V. – Grand Place 1 - 1000 – Brussel	Consolidating
BRASSERIE DE L'ABBAYE DE LEFFE S.A. - Place de l'Abbaye 1 - 5500 – Dinant	98.54
BROUWERIJ VAN HOEGAARDEN N.V. - Stoopkensstraat 46 - 3320 – Hoegaarden	100.00
COBREW N.V. - Brouwerijplein 1 - 3000 – Leuven	100.00
INBEV BELGIUM S.P.R.L. - Industrielaan 21 - 1070 – Brussel	100.00
BOTSWANA	
KGALAGADI BREWERIES (PTY) LTD - Plot 20768, Broadhurst industrial estate - Gaborone[1]	31.00
BOLIVIA	
CERVECERIA BOLIVIANA NACIONAL S.A. - Av. Montes 400 and Chuquisaca No. 121, Zona	61.88
BRAZIL	

[1] The group's shares entitle the holder to twice the voting rights

Name and registered office of fully consolidated companies	% of economic interest as at 31 December 2018
AMBEV S.A. - Rua Dr Renato Paes de Barros, 1017, 3° andar, Itaim Bibi - CEP 04530-001 - São Paulo	61.88
CANADA	
LABATT BREWING COMPANY LIMITED - 207 Queen's Quay West, Suite 299 - M5J 1A7 – Toronto	61.88
CHILE	
CERVECERIA CHILE S.A. - Av. Presidente Eduardo Frei Montalva 9600 - 8700000 – Quilicura	61.88
CHINA	
ANHEUSER-BUSCH INBEV (CHINA) SALES CO LTD. - Shangshou, Qin Duan Kou, Hanyang Area - 430051 - Wuhan City, Hubei Province	100.00
ANHEUSER-BUSCH INBEV (WUHAN) BREWERY CO. LTD. - Shangshou, Qin Duan Kou, Hanyang Area - 430051 - Wuhan City, Hubei Province	97.06
ANHEUSER-BUSCH INBEV (FOSHAN) BREWERY CO. LTD. - 1 Budweiser Avenue, Southwest St., Sanshui District - 528132 - Foshan City, Guangdong	100.00
ANHEUSER-BUSCH INBEV HARBIN BREWERY CO. LTD. - 9 HaPi Road Pingfang District - 150066 - Harbin City, Heilongijang Province	100.00
ANHEUSER-BUSCH INBEV (TANGSHAN) BREWERY CO. LTD. - 18, Yingbin Road - 063300 - Tangshan City, Hebei Province	100.00
ANHEUSER-BUSCH INBEV SEDRIN BREWERY CO. LTD. - 660 Gong Ye Road, Hanjiang District - 351111 - Putian City, Fujian Province	100.00
ANHEUSER-BUSCH INBEV SEDRIN (ZHANGZHOU) BREWERY CO. LTD. - Lantian Economic District - 363005 - Zhangzhou City, Fujian Province	100.00
ANHEUSER-BUSCH INBEV (TAIZHOU) BREWERY CO. LTD. - 159 Qi Xia East Road, Chengguan Town, Tiantai County - 317200 - Taizhou Cithy, Zhejiang Province	100.00
NANCHANG ASIA BREWERY CO. LTD. - 1188 Jinsha Avenue, Economic District - Nanchang City, Jiangxi Province	100.00
SIPING GINSBER DRAFT BEER CO. LTD. - Xianmaquan, Tiedong Area - Siping City, Jilin Province	100.00
ANHEUSER-BUSCH INBEV (NANTONG) BREWERY CO. LTD. - 666 Zhaoxia Road - Nantong City, Jiangsu Province	100.00
ANHEUSER-BUSCH INBEV (SICHUAN) BREWERY CO. LTD. - No. 1, AB InBev Avenue, Cheng Nan Industry Park, Economic Development Area - 641300 - Ziyang City, Sichuan Province	100.00
ANHEUSER-BUSCH INBEV (HENAN) BREWERY CO. LTD. - No. 1 Budweiser Avenue, Industry Park, Tangzhuang Town - 453100 - Weihui City, Henan Province	100.00
INBEV JINLONGQUAN (HUBEI) BREWERY CO. LTD. - 89 Jin Long Quan Avenue - Jingmen City, Hubei Province	60.00
ANHEUSER-BUSCH INBEV (SUQIAN) BREWERY CO. LTD. - No 1 Qujiang Road, Suyu Industry Park - Suqian City, Jiangsu Province	100.00
COLOMBIA	
BOGOTA BEER COMPANY BBC S.A.S. - Carrera 53 A, No 127 - 35 - 110221 – Bogota	97.22
BAVARIA S.A. S.A. - Carrera 53 A, No 127 - 35 - 110221 – Bogota	99.00
AMBEV COLOMBIA S.A.S. - Carrera 53 A, No 127 - 35 - 110221 – Bogota	97.22
CZECH REPUBLIC	
PIVOVAR SAMSON A.S. - V parku 2326/18, Chodov, 148 00 Praha 4	100.00
DOMINICAN REPUBLIC	
CERVECERIA NACIONAL DOMINICANA S.A. - Autopista 30 de Mayo Km 61/2, Distrito Nacional - A.P.	52.42
ECUADOR	
COMPAÑIA CERVECERA AMBEV ECUADOR S.A. - Km 14.5 Via a Daule S/N y Av. Las Iguanas,	97.22
CERVECERÍA NACIONAL (CN) SA - Via a daule km 16,5 y calle cobre s/n – Guayaquil, Guayas	95.58
EL SALVADOR	
INDUSTRIAS LA CONSTANCIA, SA DE CV - 526 Av. Independencia, San Salvador	100.00

[1] 85% owned by Ambev S.A

Name and registered office of fully consolidated companies	% of economic interest as at 31 December 2018
FRANCE	
AB INBEV FRANCE S.A.S. - Immeuble Crystal, 38, Place Vauban - C.P. 59110 - La Madeleine	100.00
GERMANY	
BRAUEREI BECK GmbH & CO. KG - Am Deich 18/19 - 28199 – Bremen	100.00
BRAUEREI DIEBELS GmbH & CO.KG - Brauerei-Diebels-Strasse 1 - 47661 – Issum	100.00
HAAKE-BECK AG - Am Deich 18/19 - 28199 – Bremen	99.96
HASSERÖDER BRAUEREI GmbH - Auerhahnring 1 - 38855 – Wernigerode	100.00
ANHEUSER-BUSCH INBEV GERMANY HOLDING GmbH - Am Deich 18/19 - 28199 – Bremen	100.00
SPATEN - FRANZISKANER - BRÄU GmbH - Marsstrasse 46 + 48 - 80335 – München	100.00
ANHEUSER-BUSCH INBEV Deutschland GmbH & Co KG - Am Deich 18/19 - 28199 – Bremen	100.00
LOEWENBRAEU AG - Nymphenburger Str. 7 - 80335 – München	100.00
GHANA	
ACCRA BREWERY LTD - Farra Avenue 20 1st Floor, Pkf Building, P.O. Box Gp1219 – Accra	60.00
GRAND DUCHY OF LUXEMBOURG	
BRASSERIE DE LUXEMBOURG MOUSEL - DIEKIRCH - 1, Rue de la Brasserie - L-9214 – Diekirch	95.82
HONDURAS	
CERVECERÍA HONDUREÑA, SA DE CV - Blvd. Del Norte, Carretera Salida a Puerto Cortes - San Pedro	99.00
INDIA	
CROWN BEERS INDIA LIMITED - #8-2-684/A, Road No. 12 - Banjara Hills, Hyderabad 500034 - Andhra	100.00
SABMILLER INDIA LIMITED LTD. - Unit No.301-302, Dynasty Business Park, 3rd Floor - Andheri - Kurla	99.60
ITALY	
ANHEUSER-BUSCH INBEV ITALIA SPA - Piazza Buffoni 3, 21013 Gallarate	100.00
MEXICO	
CERVECERIA MODELO DE MEXICO S. DE R.L. DE C.V - Javier Barros Sierra 555 Piso 3 - Zedec Ed Plaza Santa Fe - 01210 Mexico City	100.00
MOZAMBIQUE	
CERVEJAS DE MOÇAMBIQUE SA - Rua do Jardim 1329 - Maputo[1]	49.00
THE NETHERLANDS	
INBEV NEDERLAND N.V. - Ceresstraat 1 - 4811 CA – Breda	100.00
INTERBREW INTERNATIONAL B.V. - Ceresstraat 1 - 4811 CA – Breda	100.00
AB InBev Africa B.V.- Ceresstraat 1, 4811 CA – Breda	62.00
AB InBev Botswana B.V.- Ceresstraat 1, 4811 CA – Breda	62.00
NIGERIA	
BEVERAGE MANAGEMENT SOLUTIONS LIMITED LTD. - 58 Akanbi Onitiri Close, Off Eric Moore Road,	50.00
INTERNATIONAL BREWERIES PLC - Lawrence Omole Way, Omi Osoro Road, Imo Ilesha, Osun State[1]	37.50
PANAMA	
CERVECERÍA NACIONAL HOLDING SA - Costa del Este Business Park, torre Oeste Piso 2 - Ciudad de	60.00
PARAGUAY	
CERVECERIA PARAGUAYA S.A. - Ruta Villeta km 30 N 3045 - 2660 – Ypané	61.88
PERU	
COMPANIA CERVECERA AMBEV PERU S.A.C. - Av. Los Laureles Mza. A Lt. 4 del Centro Poblado Menor Santa Maria de Huachipa - Lurigancho (Chosica) - Lima 15	97.22

[1] The company is consolidated due to the group's majority shareholdings and ability to control the operations.

Name and registered office of fully consolidated companies	% of economic interest as at 31 December 2018
UNIÓN DE CERVECERÍAS PERUANAS BACKUS Y JOHNSTON SAA - 3986 Av. Nicolas Ayllon, Ate,	93.65
SOUTH AFRICA	
SABSA HOLDINGS LTD PUBLIC LIMITED COMPANY - 65 Park Lane, Sandown - 2001 – Johannesburg	100.00
THE SOUTH AFRICAN BREWERIES (PTY) LTD LIMITED BY SHARES - 65 Park Lane, Sandown - 2146 – Johannesburg	91.55
SOUTH KOREA	
ORIENTAL BREWERY CO., LTD - 8F, ASEM Tower, 517, Yeongdong-daero, Gangnam-gu, Seoul, 06164,	100.00
SWITZERLAND	
ANHEUSER-BUSCH INBEV PROCUREMENT GMBH GESELLSCHAFT MIT BESCHRÄNKTER HAFTUNG (GMBH) - Suurstoffi 22 – 6343 - Rotkreuz	100.00
TANZANIA	
KIBO BREWERIES LTD PRIVATE COMPANY - Uhuru Street, Plot No 79, Block AA, Mchikichini, Ilala District - - Dar es Salaam[1]	36.00
UGANDA	
NILE BREWERIES LTD - Plot M90 Yusuf Lule Roa, Njeru, Jinja - Eastern Uganda	61.76
UNITED KINGDOM	
ABI SAB GROUP HOLDING LIMITED - AB InBev House, Church Street West - GU21 6HT - Woking	100.00
ABI UK HOLDINGS 1 LIMITED - Porter Tun House, 500 Capability Green - LU1 3LS – Luton	100.00
AB INBEV UK LIMITED - Porter Tun House, 500 Capability Green - LU1 3LS – Luton	100.00
AB INBEV HOLDINGS LIMITED - AB InBev House, Church Street West - GU21 6HT - Woking	100.00
AB INBEV INTERNATIONAL BRANDS LIMITED - AB InBev House, Church Street West - GU21 6HT -	100.00
ZX VENTURES LIMITED - Porter Tun House, 500 Capability Green - LU1 3LS – Luton	100.00
UNITED STATES	
ANHEUSER-BUSCH COMPANIES, LLC. - One Busch Place - St. Louis, MO 63118	100.00
ANHEUSER-BUSCH INTERNATIONAL, INC. - One Busch Place - St. Louis, MO 63118	100.00
ANHEUSER-BUSCH PACKAGING GROUP, INC. - One Busch Place - St. Louis, MO 63118	100.00
ANHEUSER-BUSCH, LLC – One Busch Place, St. Louis, MO. 63118	100.00
METAL CONTAINER CORPORATION, INC. – One Busch Place, St. Louis, MO. 63118	100.00
ANHEUSER-BUSCH NORTH AMERICAN HOLDING CORPORATION - C/O THE CORPORATION	100.00
URUGUAY	
CERVECERIA Y MALTERIA PAYSANDU S.A. - Cesar Cortinas, 2037 - C.P. 11500 – Montevideo	61.88
VIETNAM	
ANHEUSER-BUSCH INBEV VIETNAM BREWERY COMPANY LIMITED/No.2 VSIP II-A, Street no. 28, Vietnam - Singapore II-A Industrial Park, Tan Uyen District, Binh Duong Province	100.00
ZAMBIA	
ZAMBIAN BREWERIES PLC - Mungwi Road, Plot Number 6438, Lusaka	54.00

LIST OF MOST IMPORTANT ASSOCIATES AND JOINT VENTURES

Name and registered office of associates and joint ventures	% of economic interest as at 31 december 2018
FRANCE	
SOCIÉTÉ DES BRASSERIES ET GLACIÈRES INTERNATIONALES SA - 30 AV George V, 75008, Paris	20.00
GIBRALTAR	
BIH BRASSERIES INTERNATIONALES HOLDING LTD - CC Building, 10th Floor, Main Street	20.00
BIH BRASSERIES INTERNATIONALES HOLDING (ANGOLA) LTD - Suite 10/3, International Commercial	27.00
TURKEY	
ANADOLU EFES BIRACILIK VE MALT SANAYII AS - Bahçelievler Mahallesi, Sehit Ibrahim Koparir	24.00
ZIMBABWE	
DELTA CORPORATION LTD - Sable house, P.O. Box BW 343, Northridge Close, Borrowdale, Harare	25.00
RUSSIA	
AB InBev Efes - 28 Moscovskaya Street, Moscow region - 141607 – Klin	50.00

Information to our shareholders

Earnings, dividends, share and share price

	2018	2017	2016	2015	2014
Cash flow from operating activities (US dollar per share)	7.42	7.83	5.89	8.62	8.66
Normalized earnings per share (US dollar per share)	3.44	4.04	2.83	5.20	5.43
Dividend (euro per share)	1.80	3.60	3.60	3.60	3.00
Share price high (euro per share)	96.70	110.10	119.60	124.20	94.89
Share price low (euro per share)	56.84	92.88	92.13	87.73	69.14
Year-end share price (euro per share)	57.70	93.13	100.55	114.40	93.86
Weighted average number of ordinary and restricted shares (million	1 975	1 971	1 717	1 638	1 634
Diluted weighted average number of ordinary and restricted shares	2 014	2 010	1 755	1 668	1 665
Volume of shares traded (million shares)	496	349	445	449	397

Information on the auditors' assignments and related fees

AB InBev's Statutory auditor is Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL, represented by Joel Brehmen, audit partner.

Base fees for auditing the annual financial statements of AB InBev and its subsidiaries are determined by the shareholders meeting after review and approval by the company's Audit Committee and Board of Directors.

Fees[1] for 2018 in relation to services provided by Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL amounted to 2 848k US dollar (2017: 3 202k US dollar), which was composed of audit services for the annual financial statements of 2 086k US dollar (2017: 1 979k US dollar), tax services of 521k US dollar (2017: 811k US dollar) and audit related services of 241k US dollar (2014: 412k US dollar). Audit related services mainly relate to services incurred in connection with rights and bonds issuance, all of which have been pre-approved by the company's Audit Committee.

Fees for 2018 in relation to services provided by other offices in the Deloitte Touche Tohmatsu network amounted to 7 174k US dollar (2017: 7 708k US dollar), which was composed of audit services for the annual financial statements of 6 599k US dollar (2017: 6 926k US dollar), tax services of 520k US dollar (2017: 782k US dollar) and audit related services of 55k US dollar (2017: 0k US dollar), all of which have been pre-approved by the company's Audit Committee.

Financial calendar

Publication of 2018 results	28 February 2019
Annual report 2018 available on www.ab-inbev.com	28 February 2019
General shareholders meeting	24 April 2019
Dividend: ex-coupon date	7 May 2019
Publication of first quarter results	7 May 2019
Publication of half year results	25 July 2019
Publication of third quarter results	25 October 2019

Investor relations contact

Media	Investors
Pablo Jimenez	**Lauren Abbott**
Tel: +1 212 573 9289	Tel: +1 212 573 9287
E-mail: pablo.jimenez@gmodelo.com.mx	E-mail: lauren.abbott@ab-inbev.com
Aimee Baxter	**Mariusz Jamka**
Tel: + 1 718 650 4003	Tel: +32 16 27 68 88
E-mail: aimee.baxter@ab-inbev.com	E-mail: mariusz.jamka@ab-inbev.com
Ingvild Van Lysebetten	**Jency John**
Tel: + 32 16 27 66 08	Tel: +1 646 746 9673
E-mail: ingvild.vanlysebetten@ab-inbev.com	E-mail: jency.john@ab-inbev.com

[1] Fees do not include audit and other fees of companies which are audited by PricewaterhouseCoopers LLP.

Excerpt from the AB InBev NV separate (non-consolidated) financial statements prepared in accordance with Belgian GAAP

The following information is extracted from the separate Belgian GAAP financial statements of AB InBev NV per 31 December 2018. These separate financial statements, together with the management report of the Board of Directors to the general assembly of shareholders as well as the auditor's report, will be filed with the National Bank of Belgium within the legally foreseen time limits. These documents are also available on request from: AB InBev NV, Brouwerijplein 1, 3000 Leuven.

It should be noted that only the consolidated financial statements as set forth above present a true and fair view of the financial position and performance of the AB InBev group.

Since AB InBev NV is essentially a holding company, which recognizes its investments at cost in its non-consolidated financial statements, these separate financial statements present no more than a limited view of the financial position of AB InBev NV. For this reason, the Board of Directors deemed it appropriate to publish only an abbreviated version of the non-consolidated balance sheet and income statement prepared in accordance with Belgian GAAP as at and for the year ended 31 December 2018.

The statutory auditor has confirmed that his audit procedures are substantially complete and that the abbreviated non-consolidated balance sheet and income statement of AB InBev NV prepared in accordance with Belgian GAAP for the year ended 31 December 2018 are consistent, in all material respects, with the accounts from which they have been derived.

Abbreviated non-consolidated balance sheet

Million euro	2018	2017
ASSETS		
Non-current assets		
Intangible assets	597	561
Property, plant and equipment	39	37
Financial assets	115 156	104 008
	115 791	**104 606**
Current assets	38 067	67 977
Total assets	**153 858**	**172 583**
EQUITY AND LIABILITIES		
Equity		
Issued capital	1 239	1 239
Share premium	13 186	13 186
Legal reserve	124	124
Reserves not available for distribution	3 595	8 283
Reserves available for distribution	33 009	33 009
Profit carried forward	12 607	8 588
	63 760	**64 429**
Provisions and deferred taxes	46	106
Non-current liabilities	63 758	85 587
Current liabilities	26 293	22 461
Total equity and liabilities	**153 858**	**172 583**

Abbreviated non-consolidated income statement

Million euro	2018	2017
Operating income	1 369	2 169
Operating expenses	(995)	(1 308)
Operating result	**373**	**861**
Financial result	2 482	(734)
Result for the year available for appropriation	**2 856**	**127**

Glossary

AGGREGATED WEIGHTED NOMINAL TAX RATE
The aggregated weighted nominal tax rate is based on the statutory corporate income tax rates applicable in the various countries.

COPEC
Colombia, Peru and Ecuador.

DILUTED EPS
Profit attributable to equity holders of AB InBev divided by the fully diluted weighted average number of ordinary and restricted shares.

DILUTED WEIGHTED AVERAGE NUMBER OF ORDINARY and restricted SHARES
Weighted average number of ordinary and restricted shares, adjusted by the effect of dilutive share options and restricted stock units.

EBIT
Profit from operations.

EBITDA
Profit from operations plus depreciation, amortization and impairment.

EMEA
Europe and Africa.

EPS
Profit attributable to equity holders of AB InBev divided by the weighted average number of ordinary and restricted shares.

FVOCI
Fair value through other comprehensive income.

FVPLI
Fair value through other profit or loss.

FTE's
Full-time employees on a permanent or temporary basis, excluding outsourced personnel.

INVESTED CAPITAL
Includes property, plant and equipment, goodwill and intangible assets, investments in associates and equity securities, working capital, provisions, employee benefits and deferred taxes.

MARKETING EXPENSES
Include all costs relating to the support and promotion of the brands. They include among others operating costs (payroll, office costs, etc.) of the marketing department, advertising costs (agency costs, media costs, etc.), sponsoring and events, and surveys and market research.

NET CAPEX
Acquisitions of property, plant and equipment and of intangible assets, minus proceeds from sale.

NET DEBT
Non-current and current interest-bearing loans and borrowings and bank overdrafts, minus debt securities and cash and cash equivalents.

NON-RECURRING ITEMS
Items of income or expense which do not occur regularly as part of the normal activities of the company.

NORMALIZED
The term "normalized" refers to performance measures (EBITDA, EBIT, Profit, EPS, effective tax rate) before non-recurring items and profit from discontinued operations. Non-recurring items are items of income or expense which do not occur regularly as part of the normal activities of the company and which warrant separate disclosure because they are important for the understanding of the underlying results of the company due to their size or nature. AB InBev believes that the communication and explanation of normalized measures is essential for readers of its financial statements to understand fully the sustainable performance of the company. Normalized measures are additional measures used by management and should not replace the measures determined in accordance with IFRS as an indicator of the company's performance.

NORMALIZED DILUTED EPS
Diluted EPS adjusted for non-recurring items and profit from discontinued operations.

NORMALIZED EBIT
Profit from operations adjusted for non-recurring items.

NORMALIZED EBITDA
Profit from operations adjusted for non-recurring items, plus depreciation, amortization and impairment.

NORMALIZED EFFECTIVE TAX RATE
Effective tax rate adjusted for non-recurring items.

NORMALIZED EPS
EPS adjusted for non-recurring items and profit from discontinued operations.

NORMALIZED PROFIT
Profit adjusted for non-recurring items and profit from discontinued operations.

NORMALIZED PROFIT FROM OPERATIONS
Profit from operations adjusted for non-recurring items.

PAY OUT RATIO
Gross dividend per share multiplied by the estimated number of ordinary shares outstanding at the dividend record date, divided by normalized profit attributable to equity holders of AB InBev.

RE-MEASUREMENTS OF POST-EMPLOYEE BENEFITS
Comprised of actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets (excluding net interest).

REVENUE
Gross revenue less excise taxes and discounts.

SALES EXPENSES
Include all costs relating to the selling of the products. They include among others the operating costs (payroll, office costs, etc.) of the sales department and the sales force.

SG&A AND SELLING, GENERAL & ADMINISTRATIVE EXPENSES
Sales, marketing, distribution and administrative expenses

SCOPE
Financials are analyzed eliminating the impact of changes in currencies on translation of foreign operations, and scopes. A scope represents the impact of acquisitions and divestitures, the start-up or termination of activities or the transfer of activities between segments, curtailment gains and losses and year-over-year changes in accounting estimates and other assumptions that management does not consider as part of the underlying performance of the business. The impact of adopting hyperinflation accounting in Argentina effective 1 January 2018 is presented as a scope change.

UNDERLYING EPS
Profit before non-recurring items, discontinued operations, mark-to-market losses on certain derivatives related to the hedging of share-based payment programs and hyperinflation impacts, attributable to equity holders of AB InBev divided by the weighted average number of ordinary and restricted shares.

WEIGHTED AVERAGE NUMBER OF ORDINARY and restricted SHARES
Number of shares outstanding at the beginning of the period, adjusted by the number of shares cancelled, repurchased or issued during the period multiplied by a time-weighing factor.

WORKING CAPITAL
Includes inventories, trade and other receivables and trade and other payables, both current and non-current.

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Corporate Governance Statement.

Contents

1. Introduction

1.1. The 2009 Belgian Code on Corporate Governance

The corporate governance practices of Anheuser-Busch InBev are reflected in its Corporate Governance Charter, which is available on https://www.ab-inbev.com/investors/corporate-governance/corporate-governance-documents.html. The Charter is regularly updated.

Anheuser-Busch InBev is a company incorporated under Belgian law with a primary listing on Euronext Brussels (Euronext: ABI) and with secondary listings on the Mexico Stock Exchange (MEXBOL: ANB) and the Johannesburg Stock Exchange (JSE: ANH) (ISIN: BE0974293251) and with American Depositary Shares ("ADS's") listed on the New York Stock Exchange. As a Belgian company with primary listing on Euronext Brussels, Anheuser-Busch InBev adheres to the principles and provisions of the Belgian Corporate Governance Code, published in March 2009 (www.corporategovernancecommittee.be), taking into account its specific status as a multinational group with secondary listings in Mexico and Johannesburg and with ADS's listed in New York.

In order to reflect AB InBev's specific shareholding structure and the global nature of its operations, the Board of Directors has adopted certain rules which depart from the Belgian Corporate Governance Code. In summary, these rules are the following:

Principle 5.3./1 (Appendix D) of the Code: "the Board should set up a nomination committee composed of a majority of independent non-executive directors": The Board of Directors appoints the chairman and members of the Nomination Committee from among the directors, including at least one member from among the independent directors. As the committee is composed exclusively of non-executive directors who are independent of management and free from any business relationship that could materially interfere with the exercise of their independent judgment, the Board considers that the composition of this committee achieves the Code's aim.

Principle 7.7. of the Code: "Non-executive directors should not be entitled to performance-related remuneration such as bonuses, stock-related, long-term incentive schemes, fringe benefits or pension benefits": The remuneration of the Board members in 2018 was composed of a fixed fee and a fixed number of stock-options, which makes it simple, transparent and easy for shareholders to understand.

The company's long-term incentive option plan deviates from the Belgian Code on Corporate Governance as it provides for share-based payments to non-executive directors. The successful strategy and sustainable development of the company for over a decade demonstrates that the compensation of directors, which included a fixed number of stock-options, does ensure that the independence of the Board members in their role of guidance and control of the company is preserved, and that the directors' interests remain fully aligned with the long-term interests of the shareholders. In particular, the vesting period of 5 years should foster a sustainable and long-term commitment to pursue the company's best interests.

It should also be noted that options may only be granted upon the recommendation of the Remuneration Committee. Any such recommendation must be subsequently approved by the Board and then by the shareholders in a general meeting.

In addition, the company deviated from the following principle in 2018:

Principle 7.13 of the Code: "Schemes under which executive managers are remunerated in shares, share options or any other right to acquire shares should be subject to prior shareholder approval by way of a resolution at the general shareholders' meeting. The approval should relate to the scheme itself and not to the grant of share-based benefits under the scheme to individuals": On 14 August 2018, a number of performance based restricted stock units were granted to a select group of senior managers of the company, including a number of members of our former[1] Executive Board of Management (EBM), under two new "Performance Restricted Stock Units Plans".

The Board of Directors believes that it was justified and in the best interests of the company and its shareholders to already implement the grant on 14 August 2018 before the upcoming Annual Shareholders' Meeting of 24 April 2019, since this grant relates to the company's announcement regarding the new Organization for Future Growth on 26 July 2018. It was considered key for the plan to be effective as early as possible following such announcement, especially since it is subject to performance conditions consisting of growth rate targets which will be measured off the 2017 base.

It should also be noted that the new plan was implemented upon prior recommendation of the Remuneration Committee. Both the Board and the Remuneration Committee are exclusively composed of non-executive directors offering the necessary safeguards to ensure an independent decision-making process in relation to the grant.

Reference is made to section 8.2.3.d of this Corporate Governance Statement for a description of the key features of the new plan.

[1] As from 1 January 2019, the Executive Board of Management (EBM) evolved into an Executive Committee ("ExCom"). See section 3 of this Corporate Governance Statement for further information.

1.2. New York Stock Exchange Listing

Further to the New York Stock Exchange listing of American Depositary Shares ("ADS's") representing ordinary shares of AB InBev, the New York Stock Exchange Corporate Governance rules for Foreign Private Issuers are applicable to the company. AB InBev has also registered under the US Securities and Exchange Act of 1934, as amended. As a result, it is also subject to the US Sarbanes-Oxley Act of 2002 and to certain US Securities laws and regulations relating to corporate governance.

1.3. Specific Corporate Governance initiatives

1.3.1. Fostering ethical conduct

The Board of Directors of AB InBev encourages management to promote, adhere to and maintain the highest standards of ethical behavior and transparency. Therefore, ethical rules have been established and are reinforced by internal codes and policies. This fosters responsible business conduct by all employees.

AB InBev's Code of Business Conduct sets out the ethical standards to which all employees are expected to adhere. It requires employees to comply with all laws, to disclose any relevant conflicts of interests, to act at all times in the best interests of the company and to conduct all their dealings in an honest and ethical manner. The Code of Business Conduct also covers the confidentiality of information, limits on the acceptance of gifts or entertainment, and the appropriate use of the company's property. The Code of Business Conduct is supplemented by several other policies, including the Global Anti-Corruption, Anti-Harassment, Human Rights and Conflict of Interest Policies which define employees' responsibilities, expected behavior, and provide governance for interactions with third parties. For example, the Global Anti-Corruption Policy states clearly that AB InBev's employees are strictly prohibited from, either directly or indirectly, offering, promising, authorizing or giving anything of value to any individual with the aim of improperly obtaining or retaining business or influencing business or governmental decision-making in connection with AB InBev's commercial activities.

In line with this commitment to integrity, AB InBev has implemented a whistle-blowing system by means of a Compliance Helpline that provides employees with simple and secure ways to confidentially and, if so desired, anonymously, report activities that violate the Code of Business Conduct based on a clear policy and applicable legislation.

1.3.2. Demonstrating commitment to shareholder communication

AB InBev is committed to creating value for its shareholders. The company encourages its shareholders to take an active interest in the company. In support of this objective, it provides quality information, in a timely fashion, through a variety of communication tools. These include annual reports, half-yearly reports, quarterly statements, financial results announcements, briefings, and a section that is dedicated to investors on the AB InBev website (www.ab-inbev.com/investors.html).

AB InBev recognizes that a commitment to disclosure builds trust and confidence with shareholders and the public in general. The company adopted a Disclosure Manual to demonstrate its commitment to best practices in transparency. This manual is designed to ensure that there is full, consistent and timely disclosure of company activities.

1.3.3. Upholding shareholder rights

Prior to the annual shareholders' meeting, shareholders are invited to submit any questions they have for the Chairman or the CEO for discussion during the meeting.

The agenda for the shareholders' meeting and all related documents are also posted on the AB InBev website at least 30 days in advance of any shareholders' meeting. Shareholders have the right to vote on various resolutions related to company matters. If they are unable to attend a meeting, they can submit their votes by mail or appoint a proxy. Minutes of the meetings and results of the votes are posted on the AB InBev website shortly after the meeting (www.ab-inbev.com/investors/corporate-governance/shareholder-meetings.html).

1.3.4. Preventing the abuse of inside information

The company's Code of Dealing is applicable to all members of the Board of Directors and to all employees. The Code of Dealing aims to prevent the abuse of inside information, especially in periods leading up to an announcement of financial results or leading up to price-sensitive events or decisions.

The Code of Dealing prohibits dealing in the company's securities during a closed period, i.e., a period of 30 days preceding any results announcement of the company. In addition, before dealing in any securities of the company, the members of the Board of Directors and members of senior management must obtain clearance from a Clearance Committee.

Compliance with the Code of Dealing is reinforced and monitored through the company's Compliance Program.

In accordance with EU Regulation 596/2014 on market abuse (MAR), the company establishes lists of insiders when required. In addition, pursuant to the same regulation, (i) members of the former Executive Board of Management ("EBM") (until 31 December 2018) and members of the Executive Committee ("ExCom") (since 1 January 2019) and (ii) members of the Board of Directors notify their trades (above a 5,000 Euro yearly threshold) to the company and to the Belgian Financial Services and Markets Authority (FSMA), which publishes these notifications on its website.

1.3.5. Corporate Social Responsibility

AB InBev's Dream is *bringing people together for a better world*. Corporate Social Responsibility and sustainability are central to the company's culture and embedded in the way it does business.

We are building a company to last, brewing beer and building brands that will continue to bring people together for the next 100 years and beyond.

In accordance with the Belgian law of 3 September 2017 implementing Directive 2014/95/EU of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups, AB InBev has included in this Annual Report a non-financial statement reporting on corporate social responsibility matters.

1.3.6. Diversity

The company strives to make AB InBev a community where everyone is included and respected. It believes that a diverse team improves the quality of decision-making, and ultimately improves overall performance.

Diversity and inclusion is a global priority for AB InBev's Senior Leadership Team and are more than token words—they are important enablers of the success of the company and its people. The company believes that its greatest strength is its diverse team of people and that its people deserve to feel comfortable being their authentic selves at work every day. A diverse and inclusive workforce enables the company to better understand its equally diverse consumers and stakeholders. This has resulted in AB InBev's decision to launch a new Global Diversity & Inclusion policy in November 2018 as part of the company's Global Code of Business Conduct. The Global Diversity & Inclusion policy provides additional guidelines for cultivating and maintaining a diverse and inclusive culture.

While all of the company's geographic zones are covered under the global policy, in order to acknowledge that there is no one-size-fits-all approach to diversity and inclusion, each of the zones has the flexibility to adapt the policy locally to include more information relevant to their local markets. In line with its culture, AB InBev is committed to track progress on diversity and inclusion.

AB InBev is proud to have approximately 100 nationalities across the business, with 30 nationalities represented on the Senior Leadership Team (SLT) (and the EBM before 1 January 2019) and the senior management level immediate below. Currently, no women are represented on the SLT. AB InBev continues working on further improving all aspects of diversity of its senior management team, with a focus on building a diverse talent pipeline, considering the respective skills, education, experience and background. Reference is made to section 4 of this Corporate Governance Statement for a short biography of each of the members of the SLT, including their qualifications and background.

The process for nominating and selecting candidates for the Board of Directors is described in the Corporate Governance Charter of Anheuser-Busch InBev. The company aims to have a balanced and diverse Board primarily considering, among other things, the respective skills, education, experience and background. Currently, two out of 15 Board members are women. Reference is made to section 2.1 of this Corporate Governance Statement for a short biography of each of the members of the Board of Directors, including their qualifications and background, as well as for further information on the applicable Belgian legal gender diversity requirements.

2. The Board of Directors

2.1. Structure and composition

The Board of Directors currently consists of 15 members, all of whom are non-executives.

The roles and responsibilities of the Board, its composition, structure and organization are described in detail in Anheuser-Busch InBev's Corporate Governance Charter. This Corporate Governance Charter includes the criteria that directors must satisfy to qualify as independent directors.

Unless the shareholders' meeting decides on a shorter term, directors (other than the Restricted Share Directors) are appointed for a maximum term of four years, which is renewable. In accordance with article 19.4 (b) of our bylaws, Restricted Share Directors are appointed for renewable terms ending at the next ordinary shareholders' meeting following their appointment.

The appointment and renewal of directors (i) is based on a recommendation of the Nomination Committee, taking into account the rules regarding the composition of the Board that are set out in the Articles of Association (e.g., rules regarding number of independent directors and directors appointed upon proposal of the AB InBev Reference Shareholder and the Restricted Shareholders), and (ii) is subject to approval by the shareholders' meeting.

Pursuant to the Articles of Association, the Board is composed as follows:

- three directors shall be independent directors appointed by the shareholders' meeting upon proposal by the Board; and
- so long as the Stichting Anheuser-Busch InBev (the "Reference Shareholder") and/or any of its Affiliates, any of their respective Successors or Successors' Affiliates own, in aggregate, more than 30% of shares with voting rights in the share capital of the company, nine directors shall be appointed by the shareholders' meeting upon proposal by the Reference Shareholder and/or any of its Affiliates, any of their respective Successors or Successors' Affiliates; and
- so long as the holders of Restricted Shares (the "Restricted Shareholders") (together with their Affiliates, any of their respective Successors and/or Successors' Affiliates) own in aggregate:
  - more than 13.5% of the Shares with voting rights in the share capital of the company, three directors will be appointed by the shareholders' meeting upon proposal by the Restricted Shareholders (each such director a "Restricted Share Director");
  - more than 9% but not more than 13.5% of the Shares with voting rights in the share capital of the company, two Restricted Share Directors will be appointed;

- more than 4.5% but not more than 9% of the Shares with voting rights in the share capital of the company, one Restricted Share Director will be appointed; and
- 4.5% or less than 4.5% of the Shares with voting rights in the share capital of the company, they will no longer have the right to propose any candidate for appointment as a member of the Board and no Restricted Share Directors will be appointed.

The Articles of Association set out detailed rules regarding the calculation of the company's share capital owned by the Reference Shareholder and the Restricted Shareholders for the purpose of determining directors' nomination rights. Affiliates and Successors have the meaning set out in the Articles of Association.

The composition of the Board will be balanced primarily considering the respective skills, education, experience and background of each of the Board members.

According to the Belgian Companies Code, as amended by the Law of 28 July 2011 on gender diversity on the Board, at least one third of the directors will have to be women. As a newly listed company having securities admitted to trade on Euronext Brussels on 11 October 2016, AB InBev will need to comply with the gender diversity requirement as from 1 January 2022. Currently, two out of 15 of our Board members are women. AB InBev will continue its efforts towards fostering gender diversity on its Board in the coming years by identifying women candidates having the appropriate profile to become members of the Board. In this respect, the Board proposed to the annual shareholders' meeting of 25 April 2018 to renew the mandates of the directors whose term of office came to an end at such shareholders' meeting (other than the Restricted Share Directors) for a two-year term only, rather than the normal four year term. The annual shareholders' meeting approved this proposal. As a result, the terms of office of all members of the Board of Directors will come to an end at the annual shareholders' meeting in April 2020, offering additional flexibility to meet the gender diversity requirement ahead of the 1 January 2022 deadline.

At the annual shareholders' meeting held on 25 April 2018, the mandates of all three Restricted Share Directors, i.e. Messrs. Martin J. Barrington, William F. Gifford and Alejandro Santo Domingo, ended. In accordance with article 19.4 (b) of our bylaws, their mandates were renewed for a one year term ending at the upcoming annual shareholders' meeting to be held on 24 April 2019.

The composition of Anheuser-Busch InBev's Board of Directors at the end of the reporting period is as follows:

Name	Date of birth Nationality	Function	Term started	Term expires
Independent Directors				
Olivier Goudet	°1964, French	Non-Executive Independent director	2016	2020
Michele Burns	°1958, American	Non-Executive Independent director	2016	2020
Elio Leoni Sceti	°1966, Italian	Non-Executive Independent director	2016	2020
Directors upon proposal of the AB InBev Reference Shareholder				
Maria Asuncion Aramburuzabala	°1963, Mexican	Non-Executive, Non-Independent director	2018	2020
Paul Cornet de Ways Ruart	°1968, Belgian	Non-Executive director, nominated by the holders of class A Stichting Anheuser-Busch InBev certificates	2018	2020
Stéfan Descheemaeker	°1960, Belgian	Non-Executive director, nominated by the holders of class A Stichting Anheuser-Busch InBev certificates	2018	2020
Grégoire de Spoelberch	°1966, Belgian	Non-Executive director, nominated by the holders of class A Stichting Anheuser-Busch InBev certificates	2018	2020
Alexandre Van Damme	°1962, Belgian	Non-Executive director, nominated by the holders of class A Stichting Anheuser-Busch InBev certificates	2018	2020
Alexandre Behring	°1967, Brazilian	Non-Executive director, nominated by the holders of class B Stichting Anheuser-Busch InBev certificates	2018	2020
Paulo Lemann	°1968, Brazilian	Non-Executive director, nominated by the holders of class B Stichting Anheuser-Busch InBev certificates	2018	2020
Carlos Alberto da Veiga Sicupira	°1948, Brazilian	Non-Executive director, nominated by the holders of class B Stichting Anheuser-Busch InBev certificates	2018	2020
Marcel Herrmann Telles	°1950, Brazilian	Non-Executive director, nominated by the holders of class B Stichting Anheuser-Busch InBev certificates	2018	2020
Directors upon proposal of the Restricted Shareholders (Restricted Share Directors)				
Martin J. Barrington	°1953, American	Non-Executive director, nominated by Altria	2018	2019
William F. Gifford	°1970, American	Non-Executive director, nominated by Altria	2018	2019
Alejandro Santo Domingo	°1977, Colombian	Non-Executive director, nominated by Bevco	2018	2019

Ms. Aramburuzabala is a non-executive member of the Board. Born in 1963, she is a citizen of Mexico and holds a degree in Accounting from ITAM (Instituto Tecnológico Autónomo de Mexico). She has served as CEO of Tresalia Capital since 1996. She is currently chairman of the Boards of Directors of Tresalia Capital, KIO Networks, Abilia and Red Universalia. She is also a member of the Advisory Board of Grupo Modelo and was formerly a member of the Grupo Modelo Board of Directors, and is currently on the Boards of Consejo Mexicano de Negocios and El Universal, Compañía Periodística Nacional and is an Advisory Board member of ITAM School of Business.

Mr. Barrington is a representative of the Restricted Shareholders. Born in 1953, he is an American citizen and graduated from The College of Saint Rose with a Bachelor's Degree in History, and from Albany Law School of Union University with a Juris Doctorate Degree. He is the retired Chairman, Chief Executive Officer and President of Altria Group. During his 25 years at Altria Group, he served in numerous legal and business roles for Altria and its companies. These include Vice Chairman of Altria Group; Executive Vice President and Chief Administrative Officer of Altria Group; Senior Vice President and General Counsel of Philip Morris International (a separate public company spun-off from Altria Group in 2008); and Senior Vice President and General Counsel of Philip Morris USA. Before joining Altria, Mr. Barrington practiced law in both the government and private sectors.

Mr. Behring is a representative of the AB InBev main shareholders (nominated by BRC S.à.R.L., the holder of the class B Stichting certificates). Born in 1967, he is a Brazilian citizen and received a BS in Electrical Engineering from Pontifícia Universidade Católica in Rio de Janeiro and an MBA from Harvard Business School, having graduated as a Baker Scholar and Loeb Scholar. He is a co-founder and the Managing Partner of 3G Capital, a global investment firm with offices in New York and Rio de Janeiro, since 2004. Mr. Behring has served as Chairman of Restaurant Brands International since 3G Capital's acquisition of Burger King in October 2010 and following Burger King's subsequent acquisition of Tim Hortons in December 2014. Mr. Behring also serves as Chairman of the Kraft Heinz Company following the acquisition of H.J. Heinz Company by Berkshire Hathaway and 3G Capital in June 2013 and subsequent combination with Kraft Foods Group in July 2015. Additionally, Mr. Behring formerly served as a Director of CSX Corporation, a leading U.S. rail-based transportation company, from 2008 to 2011. Previously, Mr. Behring spent approximately ten years at GP Investments, one of Latin America's premier private-equity firms, including eight years as a partner and member of the firm's Investment Committee. He served for seven years, from 1998 through 2004, as a Director and CEO of one of Latin America's largest railroads, ALL (América Latina Logística).

Ms. Burns is an independent member of the Board. Born in 1958, she is an American citizen and graduated Summa Cum Laude from the University of Georgia with a Bachelor's Degree in Business Administration and a Master's Degree in Accountancy. Ms. Burns was the Chairman and Chief Executive Officer of Mercer LLC from 2006 until 2012. She currently serves on the Boards of Directors of The Goldman Sachs Group, where she chairs the Compensation Committee, Cisco Systems, Etsy and Circle Online Financial, a private company. From 2003 until 2013, she served as a director of Wal-Mart Stores, where she chaired the Compensation and Nominating Committee and the Strategic Planning and Finance Committee. From 2014 until 2018, she served on the Board of Alexion Pharmaceuticals. She also serves as the Center Fellow and Strategic Advisor to the Stanford Center on Longevity at Stanford University. Ms. Burns began her career in 1981 at Arthur Andersen, where she became a partner in 1991. In 1999, she joined Delta Air Lines, assuming the role of Chief Financial Officer from 2000 to 2004. From 2004 to 2006, Ms. Burns served as Chief Financial Officer and Chief Restructuring Officer of Mirant Corporation, an independent power producer. From March 2006 until September 2006, Ms. Burns served as the Chief Financial Officer of Marsh and McLennan Companies.

Mr. Cornet de Ways Ruart is a representative of the main shareholders (nominated by Eugénie Patri Sébastien S.A., the holder of the Class A Stichting certificates). Born in 1968, he is a Belgian citizen and holds a Master's Degree as a Commercial Engineer from the Catholic University of Louvain and an MBA from the University of Chicago. He has attended the Master Brewer program at the Catholic University of Louvain. From 2006 to 2011, he worked at Yahoo! and was in charge of Corporate Development for Europe before taking on additional responsibilities as Senior Financial Director for Audience and Chief of Staff. Prior to joining Yahoo!, Mr. Cornet was Director of Strategy for Orange UK and spent seven years with McKinsey & Company in London and Palo Alto, California. He is also a non-executive director of Bunge Limited, EPS, Rayvax, Adrien Invest, Floridienne S.A. and several privately held companies.

Mr. Descheemaeker is a representative of the main shareholders (nominated by Eugénie Patri Sébastien S.A., the holder of the Class A Stichting certificates). Born in 1960, he is a Belgian citizen and graduated from Solvay Business School. He is the CEO of Nomad Foods, the leader of the European frozen food sector whose brands include Birds Eye, Findus & Iglo. He joined Interbrew in 1996 as head of Strategy & External Growth, managing its M&A activities, culminating with the combination of Interbrew and Ambev. In 2004, he transitioned to operational management, first in charge of Interbrew's operations in the United States and Mexico, and then as InBev's Zone President Central and Eastern Europe and eventually, Western Europe. In 2008, Mr. Descheemaeker ended his operational responsibilities at AB InBev and joined the AB InBev Board as a non-executive Director. He was appointed Chief Financial Officer of Delhaize Group in late 2008 and served as Chief Executive Officer of Delhaize Europe from January 2012 until the end of 2013. He is a professor in Business Strategy at the Solvay Business School.

Mr. Goudet is an independent member of the Board. Born in 1964, he is a French citizen, holds a degree in Engineering from l'Ecole Centrale de Paris and graduated from the ESSEC Business School in Paris with a major in Finance. Mr. Goudet is Partner and CEO of JAB Holding Company, a position he has held since June 2012. He started his professional career in 1990 at Mars, Inc., serving on the finance team of the French business. After six years, he left Mars to join the VALEO Group, where he held several senior executive positions, including Group Finance Director. In 1998 he returned to Mars, where he became Chief Financial Officer in 2004. In 2008, his role was broadened to become the Executive Vice President as well as CFO. Between June 2012 and November 2015 he served as an Advisor to the Board of Mars. Mr. Goudet is also a Board member of Jacobs Douwe Egberts, the world's leading pure play FMCG coffee and tea company; a Board member of Keurig Dr Pepper, a challenger and leader in the North American beverage market; Chairman of Peet's Coffee & Tea, a premier specialty coffee and tea company; a board member of Caribou Einstein, a premium coffee and bagel restaurant chain; Chairman of Krispy Kreme, an iconic branded retailer of premium quality sweet treats; Chairman of Pret A Manger, a leading company in the ready-to-eat food market; a Board member of Panera Bread Company, the leading fast casual restaurant company in the United States, and Espresso House, the largest branded coffee shop chain in Scandinavia; and a Board member of Coty Inc., a global leader in beauty.

Mr. Gifford is a representative of the Restricted Shareholders. Born in the United States in 1970, he is an American citizen and graduated from Virginia Commonwealth University with a Bachelor's Degree in Accountancy. He serves as Vice Chairman and Chief Financial Officer of Altria Group. In this role, he is responsible for overseeing Altria's core tobacco businesses and the Finance and Procurement Functions. He also oversees the financial services business of Philip Morris Capital Corporation. Prior to his current position, Mr. Gifford was Senior Vice President, Strategy & Business Development. Since joining Philip Morris USA in 1994, he has served in numerous leadership roles in Finance, Marketing Information & Consumer Research and as President and Chief Executive Officer of Philip Morris USA. Prior to that, he was Vice President and Treasurer for Altria where he led various functions including Risk Management, Treasury Management, Benefits Investments, Corporate Finance and Corporate Financial Planning & Analysis. Prior to joining Philip Morris USA, Mr. Gifford worked at the public accounting firm of Coopers & Lybrand, which currently is known as PricewaterhouseCoopers.

Mr. Lemann is a representative of the main shareholders (nominated by BRC S.à.R.L., the holder of the class B Stichting certificates). Born in Brazil in 1968, he is a Brazilian citizen and graduated from Faculdade Candido Mendes in Rio de Janeiro, Brazil with a B.A. in Economics. Mr. Lemann interned at PriceWaterhouse in 1989 and was employed as an Analyst at Andersen Consulting from 1990 to 1991. Mr. Lemann also performed equity analysis while at Banco Marka and Dynamo Asset Management (both in Rio de Janeiro). From 1997 to 2004, he developed the hedge fund investment group at Tinicum Inc., a New York-based investment office that advised the Synergy Fund of Funds, where he served as Portfolio Manager. Mr. Lemann is a Founding Partner at Vectis Partners and is a board member of Lojas Americanas, Lemann Foundation and Lone Pine Capital.

Mr. Leoni Sceti is an independent member of the Board. Born in 1966, he is an Italian citizen who lives in the UK. He graduated Magna Cum Laude in Economics from LUISS in Rome, where he passed the Dottore Commercialista post-graduate bar exam. Mr. Leoni Sceti has over 30 years' experience in the fast-moving consumer goods and media sectors. He is Chief Crafter & Chairman of The Craftory, a global investment house for purpose-driven challenger brands in FMCG. Mr. Leoni Sceti is Chairman of London-based LSG holdings and an early stage investor in Media & Tech, with over 25 companies in his portfolio. He is also an independent member of the Board at cocoa and chocolate leader Barry Callebaut. Elio's roles in the non-profit space include being a Trustee and Counsellor at One Young World (young leaders from over 190 countries), and an advisor UK board member at Room to Read (promoting literacy and gender equality in education, globally). His previous roles included: CEO of Iglo Group - whose brands are Birds Eye, Findus & Iglo - until May 2015, when the company was sold to Nomad Foods; Global CEO of EMI Music from 2008 to 2010; and - prior to EMI - an international career in marketing and senior leadership roles at Procter & Gamble and Reckitt Benckiser, where he later was CMO, global head of Innovation and then head of the European operations.

Mr. Santo Domingo is a representative of the Restricted Shareholders. Born in 1977, he is a Colombian citizen and obtained a B.A. in History from Harvard College. He is a Senior Managing Director at Quadrant Capital Advisors, Inc. in New York City. He was a member of the Board of Directors of SABMiller Plc. He was also Vice-Chairman of SABMiller Plc for Latin America. Mr. Santo Domingo is Chairman of the Board of Bavaria S.A. in Colombia. He is Chairman of the Board of Valorem, a company which manages a diverse portfolio of industrial & media assets in Latin America. Mr. Santo Domingo is also a director of JDE (Jacobs Douwe Egberts), ContourGlobal plc, Florida Crystals, the world's largest sugar refiner, Caracol TV, Colombia's leading broadcaster, El Espectador, a leading Colombian Daily, and Cine Colombia, Colombia's leading film distribution and movie theatre company. In the non-profit sector, he is Chairman of the Wildlife Conservation Society, a Member of the Board of Trustees of The Metropolitan Museum of Art, and the Educational Broadcasting Corporation (WNET Channel Thirteen). Mr. Santo Domingo is a Member of the Board of DKMS Americas, a foundation dedicated to finding donors for leukemia patients.

Mr. Sicupira is a representative of the main shareholders (nominated by BRC S.à.R.L., the holder of the class B Stichting certificates). Born in 1948, he is a Brazilian citizen and received a Bachelor of Business Administration from Universidade Federal do Rio de Janeiro and attended the Owners/Presidents Management Program at Harvard Business School. He has been Chairman of Lojas Americanas since 1981, where he also served as Chief Executive Officer until 1992. He is a member of the Board of Directors of Restaurant Brands International Inc. and the Harvard Business School's Board of Dean's Advisors, and a co-founder and Board member of Fundação Estudar, a non-profit organization that provides scholarships for Brazilians.

Mr. de Spoelberch is a representative of the main shareholders (nominated by Eugénie Patri Sébastien S.A., the holder of the Class A Stichting certificates). Born in 1966, he is a Belgian citizen and holds an MBA from INSEAD. Mr. de Spoelberch is an active private equity shareholder and his recent activities include shared Chief Executive Officer responsibilities for Lunch Garden, the leading Belgian self-service restaurant chain. He is a member of the board of several family-owned companies, such as Eugénie Patri Sébastien S.A., Verlinvest and Cobehold (Cobepa). He is also an administrator of the Baillet-Latour Fund, a foundation that encourages social, cultural, artistic, technical, sporting, educational and philanthropic achievements.

Mr. Telles is a representative of the main shareholders (nominated by BRC S.à.R.L., the holder of the class B Stichting certificates). Born in 1950, he is a Brazilian citizen and holds a degree in Economics from Universidade Federal do Rio de Janeiro and attended the Owners/Presidents Management Program at Harvard Business School. He was Chief Executive Officer of Brahma and Ambev and was a member of the Board of Directors of Ambev. He served as member of the Board of Directors of H.J. Heinz Company and now serves as member of the Board of Directors of the Kraft Heinz Company and of the Board of associates of Insper. He is co-founder and Board member of Fundação Estudar, a non-profit organization that provides scholarships for Brazilians and a founder and Chairman of Ismart, a non-profit organization that provides scholarships to low-income students. He is also an ambassador for Endeavor, an international non-profit organization that supports entrepreneurs in developing markets.

Mr. Van Damme is a representative of the main shareholders (nominated by Eugénie Patri Sébastien S.A., the holder of the Class A Stichting certificates). Born in 1962, he is a Belgian citizen and graduated from Solvay Business School, Brussels. Mr. Van Damme joined the beer industry early in his career and held various operational positions within Interbrew until 1991, including Head of Corporate Planning and Strategy. He has managed several private venture holding companies and is currently a director of Patri S.A. (Luxembourg), Restaurant Brands International (formerly Burger King Worldwide Holdings) and the Kraft Heinz Company. He is also an administrator of the charitable, non-profit organization DKMS, the largest bone marrow donor center in the world.

2.2. Functioning

In 2018, the Board of Anheuser-Busch InBev held ten regular meetings. Several of the meetings were held in the geographical Zones in which the company has operations. On these occasions, the Board was provided with a comprehensive briefing of the relevant geographical Zone and market. These briefings included an overview of performance, key challenges facing the market and the steps being taken to address the challenges. Several of these visits also provided the Board members with the opportunity to meet with employees, trainees, customers and other stakeholders.

Major Board agenda items included the long-range plan; achievement of targets; sales figures and brand health; reporting and budget; consolidated results; strategic direction; culture and people, including diversity & inclusion and management succession planning; new and ongoing investment; capital market transactions; external growth and acquisitions; corporate social responsibility and sustainability as well as discussions on governance and Board succession planning. The average attendance rate at Board meetings in 2018 was 98%.

In 2018, the Board has been assisted by four Committees: the Audit Committee, the Finance Committee, the Remuneration Committee and the Nomination Committee.

As per the date of this report, the composition of the Committees is as follows:

	Audit Committee	Nomination Committee	Finance Committee	Remuneration Committee
Maria Asuncion Aramburuzabala				
Martin J. Barrington	Member			
Alex Behring		Member		
Michele Burns	**Chair**		Member	
Paul Cornet de Ways Ruart				
Stéfan Descheemaeker			Member	
Grégoire de Spoelberch		Member		
William F. Gifford			Member	
Olivier Goudet	Member	Member		Member
Paulo Lemann			Member	
Alejandro Santo Domingo				
Elio Leoni Sceti	Member			Member
Carlos Alberto da Veiga Sicupira			Member	
Marcel Herrmann Telles		**Chair**		**Chair**
Alexandre Van Damme		Member	**Chair**	

Audit Committee

In accordance with the requirements of the Belgian Companies Code, the Audit Committee is composed exclusively of non-executive Board members and at least one of its members qualifies as an independent director within the meaning of article 526ter of the Belgian Companies Code. In addition, both Mr. Goudet and Ms. Burns have extensive experience in accounting and audit matters. Reference is made to section 2.1 for a short biography and an overview of their qualifications and experience.

A majority of the voting members of the Audit Committee are independent directors as defined in the Corporate Governance Charter and all of them are independent as defined in Rule 10A-3(b)(1)(ii) under the US Securities Exchange Act of 1934, as amended.

In 2018, the Audit Committee met nine times. During its meetings, the Committee reviewed the financial statements of the company, the annual report, half-yearly and quarterly statements, as well as related results announcements. The Committee also considered issues arising from internal audits conducted by the Internal Audit department and the implementation of the company's Compliance Program. Obligations under Sarbanes Oxley, the review of the independence and appointment of the external auditor and a quarterly status of significant litigation were some of the other important topics on the agenda of the Committee. The members of the Committee attended all meetings.

Finance Committee

The Finance Committee met four times in 2018. Committee discussions included treasury updates and overall risk management strategy including but not limited to risks related to commodities, interest rates, currencies and liquidity, hedging policies, the debt profile and capital structure of the group, pensions, dividends and the disclosure policy of the company. The members of the Committee attended all meetings except for Mr. Descheemaeker, who was absent at one meeting.

Nomination Committee

The Nomination Committee's principal role is to guide the Board succession process. The Committee identifies persons qualified to become Board members and recommends director candidates for nomination by the Board and appointment by the shareholders' meeting.

The Nomination Committee met four times in 2018. Discussions included the nomination of directors for appointment or renewal, management targets, the evaluation of the Board and its committees, the global management trainee program and succession planning for key executive functions. The members of the Committee attended all meetings except for Mr. Behring, who was absent at one meeting.

Remuneration Committee

In accordance with the requirements of the Belgian Companies Code, the Remuneration Committee is composed exclusively of non-executive Board members and a majority of its members, i.e. Mr Olivier Goudet and Mr Elio Leoni Sceti, qualify as independent directors within the meaning of article 526ter of the Belgian Companies Code.

The Remuneration Committee's principal role is to guide the Board on decisions relating to the remuneration policies for the Board, the CEO and the Executive Board of Management (EBM) and on individual remuneration packages of directors, the CEO and members of the EBM.

The Remuneration Committee met six times in 2018. Discussions included achievement of targets, Executive and Board compensation, Executive shares and options schemes, Long Term Incentive grants to directors, new compensation models and special incentives. The members of the Committee attended all meetings.

2.3. Evaluation of the Board and its committees

For each financial year, the Board performs an evaluation of its performance at the initiative of the Chairman. The evaluation constitutes a separate agenda item for a physical meeting of the Board. Discussions take place in executive session in the absence of management. A third party may act as facilitator.

During such meeting, each director is requested to comment on and evaluate the following topics:

- effectiveness of Board and committee operations (e.g. checking that important issues are suitably prepared and discussed, time available for discussion of important policy matters, checking availability and adequacy of pre-read, etc.);
- the qualifications and responsibilities of individual directors (e.g. actual contribution of each director, the director's presence at the meetings and his/her involvement in discussions, impact of changes to the director's other relevant commitments outside the company).
- effectiveness of oversight of management and interaction with management;
- composition and size of the Board and committees. Evaluation will at least take into account the following criteria:
    - director independence: an affirmative determination as to the independence will be made in accordance with the independence criteria published in the Corporate Governance Charter.
    - other commitments of directors: the outside Board commitments of each director enhance experience and perspective of directors, but will be reviewed on a case-by-case basis to ensure that each director can devote proper attention to the fulfillment of his oversight responsibilities.
    - disqualifying circumstances: certain circumstances may constitute a disqualification for membership on the Board (e.g. Board membership of a major supplier, customer or competitor of the company, membership of a federal or regional government). Circumstances will be evaluated on a case-by-case basis to ensure that directors are not conflicted.
    - skills and previous contributions: the company expects that all directors prepare for, attend and participate actively and constructively in all meetings; exercise their business judgment in good faith; focus their efforts on ensuring that the company's business is conducted so as to further the interests of the shareholders; and become and remain well informed about the company, relevant business and economic trends and about the principles and practices of sound Corporate Governance.

Following review and discussion of the responses, the Chairman of the Board may table proposals to enhance the performance or effectiveness of the functioning of the Board. Advice can be requested from a third-party expert.

The evaluation of the Audit Committee is a re-occurring agenda item for the Committee and is performed about once a year. This evaluation is discussed at a Committee meeting and includes assessment of its planning going forward, the appropriateness of the time allocated to its various areas of responsibility, its composition and any areas for improvement. Any major action points resulting therefrom are reported to the Board.

2.4. Certain transactions and other contractual relationships

There are no transactions or other contractual relationships to be reported between the company and its Board members that gave rise to conflicting interests as defined in the Belgian Companies code.

The company is prohibited from making loans to directors, whether for the purpose of exercising options or for any other purpose.

3. Chief Executive Officer and Executive Management

The Chief Executive Officer (CEO) is entrusted by the Board with responsibility for the day-to-day management of the company. The CEO has direct operational responsibility for the entire company. In 2018, the CEO led an Executive Board of Management (EBM) which comprised the global functional heads (or "Chiefs") and Zone presidents including the Chief Executive Officer of Ambev (Bernardo Pinto Paiva), who reports to the Board of Directors of Ambev.

As per 31 December 2018, our Executive Board of Management consisted of the following members:

Carlos Brito – CEO

Functional heads (Chiefs)		Zone presidents	
David Almeida	Chief People Officer; and Chief Sales Officer ad interim	**Jan Craps**	Asia Pacific South
John Blood	General Counsel & Company Secretary	**Michel Doukeris**	North America
Felipe Dutra	Chief Financial & Solutions Officer	**Jean Jereissati**	Asia Pacific North
Pedro Earp	Chief Disruptive Growth Officer	**Carlos Lisboa**	Latin America South
David Kamenetzky	Chief Strategy & External Affairs Officer	**Stuart MacFarlane**	Europe
Peter Kraemer	Chief Supply Officer	**Ricardo Tadeu**	Africa
Tony Milikin	Chief Sustainability & Procurement Officer	**Ricardo Moreira**	Latin America COPEC
Miguel Patricio	Chief Marketing Officer	**Bernardo Pinto Paiva**	Latin America North

(1) Claudio Braz Ferro was Chief Supply Integration Officer until 31 January 2018.
(2) Mauricio Leyva was Zone President for Middle Americas until 31 August 2018.

As from 1 January 2019, the EBM evolved into an Executive Committee ("**ExCom**"). The ExCom members are the Chief Executive Officer (Carlos Brito), the Chief Financial and Solutions Officer (Felipe Dutra), the Chief Strategy and the External Affairs Officer (David Kamenetzky) and the General Counsel and the Company Secretary (John Blood).

The ExCom reports to the CEO and works with the Board on matters such as corporate governance, general management of our company and the implementation of corporate strategy as defined by our Board. The ExCom shall perform such duties as may be assigned to it from time to time by the CEO or the Board.

4. Senior Leadership Team

The Senior Leadership Team ("**SLT**") was established with effect as from 1 January 2019. The SLT consists of the members of the ExCom, all other functional Chiefs and Zone Presidents and reports to the Chief Executive Officer.

The SLT has an advisory role to the Board and the ExCom and drives the commercial and operational agenda, reflecting the strategy set out by the Board. In addition, the SLT shall perform such duties as may be assigned to it from time to time by the CEO, ExCom or the Board.

As per 1 January 2019, our Senior Leadership Team consisted of the following members:

Carlos Brito – CEO

Members of the ExCom (other than the CEO)		Zone presidents	
John Blood	General Counsel & Company Secretary	**Jan Craps**	Asia Pacific (APAC)
Felipe Dutra	Chief Financial & Solutions Officer	**Michel Doukeris**	North America
David Kamenetzky	Chief Strategy & External Affairs Officer	**Carlos Lisboa**	Middle Americas
Other Functional Chiefs		**Ricardo Moreira**	Africa
David Almeida	Chief People Officer	**Bernardo Pinto Paiva**	South America
Pedro Earp	Chief Marketing & ZX Ventures Officer	**Jason Warner**	Europe
Lucas Herscovici	Chief Non-Alcohol Beverages Officer		
Peter Kraemer	Chief Supply Officer		
Tony Milikin	Chief Sustainability & Procurement Officer		
Pablo Panizza	Chief Owned-Retail Officer		
Miguel Patricio	Chief Special Global Projects - Marketing		
Ricardo Tadeu	Chief Sales Officer		

Carlos Brito is AB InBev's CEO. Born in 1960, he is a Brazilian citizen and received a Degree in Mechanical Engineering from the Universidade Federal do Rio de Janeiro and an MBA from Stanford University Graduate School of Business. Mr. Brito joined Ambev in 1989 where he held roles in Finance, Operations, and Sales, before being appointed Chief Executive Officer in January 2004. He was appointed Zone President North America at InBev in January 2005 and Chief Executive Officer in December 2005. He is a member of the board of directors of Ambev and of the Advisory Board of Grupo Modelo. He is also an Advisory Council Member of the Stanford Graduate School of Business and serves on the Advisory Board of the Tsinghua University School of Economics and Management.

David Almeida is AB InBev's Chief People Officer. Born in 1976, Mr. Almeida is a dual citizen of the U.S. and Brazil and holds a Bachelor's Degree in Economics from the University of Pennsylvania. Most recently, he served as Chief Integration Officer and Chief Sales Officer ad interim having previously held the positions of Vice President, U.S. Sales and of Vice President, Finance for the North American organization. Prior to that, he served as InBev's head of mergers and acquisitions, where he led the combination with Anheuser-Busch in 2008 and subsequent integration activities in the U.S. Before joining the group in 1998, he worked at Salomon Brothers in New York as a financial analyst in the Investment Banking division.

John Blood is AB InBev's General Counsel and Company Secretary. Born in 1967, Mr. Blood is a U.S. citizen and holds a bachelor's degree from Amherst College and a JD degree from the University of Michigan Law School. Mr. Blood joined AB InBev in 2009 as Vice President Legal, Commercial and M&A where he focused on global Mergers & Acquisitions, Compliance and Corporate law. Most recently Mr. Blood was Zone Vice President Legal & Corporate Affairs in North America where he has led the legal and corporate affairs agenda for the United States and Canada. Prior to joining the company, Mr. Blood led the corporate and litigation teams in Diageo's North American business where he had been primary counsel to its U.S. hard liquor, wine and beer divisions over his tenure.

Jan Craps is AB InBev's Zone President Asia Pacific since 1 January 2019. Born in 1977, Mr. Craps is a Belgian citizen and obtained a Degree in Business Engineering from KU Brussels and a Master's Degree in Business Engineering from KU Leuven, Belgium. He has also completed post-graduate programs in Marketing and Strategy from INSEAD in France, and the Kellogg School of Management and Wharton Business School in the United States. Mr. Craps was an associate consultant with McKinsey & Company before joining Interbrew in 2002. He acquired a range of international experiences in a number of senior marketing, sales and logistics executive positions in France and Belgium. In 2011, he relocated to Canada where he was appointed Head of Sales for Canada followed by his appointment as President and CEO of Labatt Breweries of Canada in 2014. Until 31 December 2018, he held the position of Zone President Asia Pacific South.

Michel Doukeris is AB InBev's Zone President North America since 1 January 2018. Born in 1973, he is a Brazilian citizen and holds a Degree in Chemical Engineering from Federal University of Santa Catarina in Brazil and a Master's Degree in Marketing from Fundação

Getulio Vargas, also in Brazil. He has also completed post-graduate programs in Marketing and Marketing Strategy from the Kellogg School of Management and Wharton Business School in the United States. Mr. Doukeris joined Ambev in 1996 and held sales positions of increasing responsibility before becoming Vice President, Soft Drinks for AB InBev's Latin America North Zone in 2008. He was appointed President, AB InBev China in January 2010 and Zone President, Asia Pacific in January 2013. In January 2017, Mr. Doukeris became Chief Sales Officer.

Felipe Dutra is AB InBev's Chief Financial and Solutions Officer. Born in 1965, Mr. Dutra is a Brazilian citizen and holds a Degree in Economics from Candido Mendes and an MBA in Controlling from Universidade de Sao Paulo. He joined Ambev in 1990 from Aracruz Celulose, a major Brazilian manufacturer of pulp and paper. At Ambev, he held various positions in Treasury and Finance before being appointed General Manager of one of AB InBev's subsidiaries. Mr. Dutra was appointed Ambev's Chief Financial Officer in 1999 and Chief Financial Officer in January 2005. In 2014, Mr. Dutra became AB InBev's Chief Financial and Technology Officer. He is also a member of the board of directors of Ambev and of the advisory board of Grupo Modelo and was formerly a member of the Grupo Modelo board of directors.

Pedro Earp is AB InBev's Chief Marketing & ZX Ventures Officer since 1 January 2019. Born in 1977, he is a Brazilian citizen and holds a Bachelor of Science degree in Financial Economics from the London School of Economics. Mr. Earp joined Ambev in 2000 as a Global Management Trainee in the Latin America North Zone. In 2002, he became responsible for the Zone's M&A team and in 2005 he moved to InBev's global headquarters in Leuven, Belgium to become Global Director, M&A. Later, he was appointed Vice President, Strategic Planning in Canada in 2006, Global Vice President, Insights and Innovation in 2007, Global Vice President, M&A in 2009 and Vice President, Marketing for the Latin America North Zone in 2013. He was appointed Chief Disruptive Growth Officer of AB InBev in February 2015 and held such role until 31 December 2018.

Lucas Herscovici is AB InBev’s Chief Non-Alcohol Beverages Officer since 1 January 2019. Born in 1977, he is an Argentinean citizen and received a Degree in Industrial Engineering from Instituto Tecnológico de Buenos Aires. Lucas joined the group in 2002 as a Global Management Trainee in Latin America South Zone and has built his career in Marketing and Sales. After working in Argentina in several commercial roles, he became head of innovation for global brands and later Global Marketing Director of Stella Artois in 2008. In 2011 he was responsible for opening the “Beer Garage”, AB InBev’s Global digital innovation office, based out of Palo Alto, California. In 2012, he joined the North America Zone to become VP Digital Marketing and in 2014 he was appointed VP Consumer Connections for USA. In 2017, he was appointed Global Marketing VP of Insights, Innovation and Consumer Connections and held such role until 31 December 2018.

David Kamenetzky is AB InBev's Chief Strategy and External Affairs Officer. Born in 1969, he is a Swiss citizen and graduated from the University of St. Gallen, Switzerland, with a lic. oec. (diploma) in finance, accounting and controlling, and from Georgetown University, Washington DC, with a master of science in foreign service. Until 2016, Mr. Kamenetzky served on the management team of Mars, Incorporated. He left Mars after a ten-year tenure and successfully set up his own growth capital fund for disruptive food and beverage companies. Prior to joining Mars, Mr. Kamenetzky worked for Goldman Sachs & Co. in London and Frankfurt. He started his professional career by working for the Jewish community in Germany on the commemoration of the victims of the Holocaust, the restitution of stolen assets, and the promotion of civic community engagement. In 2000, the World Economic Forum recognized his contributions in these areas by naming him a Global Leader for Tomorrow.

Peter Kraemer is AB InBev's Chief Supply Officer. Born in 1965, he is a U.S. citizen. A fifth-generation Brewmaster and native of St. Louis, Mr. Kraemer holds a Bachelor's degree in Chemical Engineering from Purdue University and a Master's degree in Business Administration from St. Louis University. He joined Anheuser-Busch 30 years ago and has held various brewing positions over the years, including Group Director of Brewing and Resident Brewmaster of the St. Louis brewery. In 2008, Mr. Kraemer became Vice President, Supply, for AB InBev's North America Zone, leading all brewery operations, quality assurance, raw materials and product innovation responsibilities. He was appointed Chief Supply Officer of AB InBev in March 2016.

Carlos Lisboa is AB InBev's Zone President Middle Americas since 1 January 2019. Born in 1969, Mr. Lisboa is a Brazilian citizen and received a Degree in Business Administration from the Catholic University of Pernambuco and a Marketing specialization from FESP, both in Brazil. Mr. Lisboa joined Ambev in 1993 and has built his career in Marketing and Sales. He was responsible for building the Skol brand in Brazil in 2001 and after that became Marketing Vice President for AB InBev's Latin American North Zone. Mr. Lisboa then led the International Business Unit in AB InBev's Latin America South Zone for two years prior to becoming Business Unit President for Canada. In 2015, he was appointed Marketing Vice President for AB InBev's Global Brands. Most recently, Mr. Lisboa held the role of Zone President Latin America South until 31 December 2018.

Tony Milikin is AB InBev's Chief Sustainability & Procurement Officer. Mr. Milikin joined AB InBev in April 2009 and is responsible for all Procurement, Sustainability, Vertical Operations and Value Creation globally. AB InBev’s vertical operations consists of 70+ facilities and 10,000 employees and a strategic partner to our Supply Organization. AB InBev’s Value Creation uses circular economy opportunities to create value from our waste. Born in 1961, he is a U.S. citizen and holds an undergraduate Finance Degree from the University of Florida and an MBA in Marketing from Texas Christian University in Fort Worth, Texas. Tony joined AB InBev in May 2009 from MeadWestvaco, where he was Vice President, Supply Chain and Chief Purchasing Officer, based in Richmond, Virginia. Prior to joining MeadWestvaco, he held various purchasing, transportation and supply positions with increasing responsibilities at Monsanto and Alcon Laboratories.

Ricardo Moreira is AB InBev's Zone President Africa since 1 January 2019. Born in 1971, he is a Portuguese citizen and received a Degree in Mechanical Engineering from Rio de Janeiro Federal University in Brazil and a specialisation in Management from University of Chicago in the U.S. Mr. Moreira joined Ambev in 1995 and held various positions in the Sales and Finance organisations prior to becoming Regional Sales Director in 2001. He subsequently held positions as Vice President Logistics & Procurement for Latin America North, Business Unit President for Hispanic Latin America (HILA) and Vice President Soft Drinks Latin America North. In 2013, Mr. Moreira moved to Mexico to head AB InBev's Sales, Marketing and Distribution organisations and lead the commercial integration of Grupo Modelo. Most recently, Mr. Moreira held the role of Zone President Latin America COPEC until 31 December 2018.

Pablo Panizza is AB InBev’s Chief Owned-Retail Officer since 1 January 2019. Born in 1975, he is an Argentinean citizen and holds a degree in Industrial Engineering from Universidad de Buenos Aires. Pablo manages our existing owned retail business, coordinating cross-market initiatives, sharing best practices and shaping its strategy. He joined our company in 2000 as a Global Management Trainee in Latin America South Zone and has spent almost two decades developing a career in the commercial area. After holding senior roles in Argentina and Global Headquarters, he led our business in Chile and Paraguay. He most recently served as Business Unit President for Argentina and Uruguay.

Miguel Patricio is AB InBev's Chief Special Global Projects. Born in 1966, he is a Portuguese citizen and holds a Degree in Business Administration from Fundação Getulio Vargas in São Paulo. Prior to joining Ambev in 1998, Mr. Patricio held several senior positions across the Americas at Philip Morris, The Coca-Cola Company and Johnson & Johnson. At Ambev, he was Vice President, Marketing before being appointed Vice President, Marketing of InBev's North America Zone based in Toronto in January 2005. In January 2006, he was promoted to Zone President, North America, and in January 2008 he moved to Shanghai to take on the role of Zone President, Asia Pacific. He became AB InBev's Chief Marketing Officer in July 2012 and held such position until 31 December 2018.

Bernardo Pinto Paiva is AB InBev's Zone President South America. Born in 1968, he is a Brazilian citizen and holds a Degree in Engineering from Universidade Federal do Rio de Janeiro and an Executive MBA from Pontifícia Universidade Católica do Rio de Janeiro. Mr. Pinto Paiva joined Ambev in 1991 as a management trainee and during his career at AB InBev has held leadership positions in Sales, Supply, Distribution and Finance. He was appointed Zone President, North America in January 2008 and Zone President, Latin America South in January 2009 before becoming Chief Sales Officer in January 2012. Effective 1 January 2015, he became Zone President, Latin America North and CEO of Ambev.

Ricardo Tadeu is AB InBev's Chief Sales Officer since 1 January 2019. Born in 1976, he is a Brazilian citizen, and received a law degree from the Universidade Cândido Mendes in Brazil and a Master of Laws from Harvard Law School in Cambridge, Massachusetts. He is also Six Sigma Black Belt certified. He joined Ambev in 1995 and has held various roles across the Commercial area. He was appointed Business Unit President for the operations in Hispanic Latin America in 2005, and served as Business Unit President, Brazil from 2008 to 2012. He served as Zone President, Mexico from 2013 until his appointment as Zone President Africa upon completion of the Combination in 2016. Mr. Tadeu held the role as Zone President Africa until 31 December 2018.

Jason Warner is AB InBev's Zone President Europe since 1 January 2019. Born in 1973, he is a dual British and U.S. citizen and received a BSc Eng Hons Industrial Business Studies degree from DeMontfort University in the United Kingdom. Prior to his current role, he was Business Unit President for North Europe between 2015 and 2018. He joined AB InBev in July 2009 as Global VP Budweiser, based in New York, before moving into a dual role of Global VP Budweiser and Marketing VP. He has also held Global VP roles for Corona as well as Innovation and Renovation. Prior to joining AB InBev, he held various positions at The Coca-Cola Company and Nestlé.

5. Internal Control and Risk Management Systems

The Board of Directors and the EBM were responsible for establishing and maintaining adequate internal controls and risk management systems during the reporting period. Internal control is the process designed to provide reasonable assurance regarding achievement of objectives related to effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. Risk management is the process designed to identify potential events that may affect the company and to manage risks to be within its risk appetite.

Without prejudice to the responsibilities of the Board as a whole, the Audit Committee oversees financial and business risk management and discusses the process by which management assesses and manages the company's exposure to those risks and the steps taken to monitor and control such exposure.

The company's major risk factors and uncertainties are described in the Risks and Uncertainties section of the Management report in AB InBev's annual report.

The company has established and operates its internal control and risk management systems based on guidelines issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The internal control system is based upon COSO's Internal Control– Integrated Framework of 2013 and its risk management system is based on COSO's Enterprise Risk Management Framework of 2004.

Financial reporting

The EBM was responsible for establishing and maintaining adequate internal controls over financial reporting during the reporting period. The company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards (IFRS). Internal controls over financial reporting include those written policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of company assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS;
- provide reasonable assurance that receipts and expenditures are being made only in accordance with authorization of management and directors of the company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the consolidated financial statements.

Internal control over financial reporting includes the assessment of the relevant risks, the identification and monitoring of key controls and actions taken to correct deficiencies as identified. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Senior management assessed the effectiveness of the company's internal control over financial reporting as of 31 December 2018. As indicated above, management based this assessment on criteria for effective internal control over financial reporting described in "*Internal Control — Integrated Framework*" issued by COSO in May 2013. The assessment included an evaluation of the design of the company's internal control over financial reporting and testing of its operational effectiveness. Based on this assessment, it was determined that, as of 31 December 2018, the company maintained effective internal control over financial reporting.

The Board of Directors and the Audit Committee reviewed management's assessment. The review related among other things to ensuring that there are no significant deficiencies or material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information, and to the existence of any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

In addition, as a result of the listing of Anheuser-Busch InBev on the New York Stock Exchange, the company must adhere to Section 404 of the US Sarbanes-Oxley Act of 2002. As a consequence, the company is required to provide on a yearly basis a management report on the effectiveness of the company's internal control over financial reporting, as described in the Section and the rules implementing such act. Management's report and the Statutory Auditor's related opinion regarding the relevant financial year, will be included in the company's Annual Report on Form 20-F for such year, which is required to be filed with the US Securities and Exchange Commission.

Internal Audit

The company has a professional and independent internal audit department. The appointment of the Head of internal audit is reviewed by the Audit Committee. The Audit Committee reviews internal audit's risk assessment and annual audit plan and regularly receives internal audit reports for review and discussion.

Internal control deficiencies identified by internal audit are communicated in a timely manner to management and periodic follow-up is performed to ensure corrective action has been taken.

Effective 1 January 2018, the Internal Audit function has been renamed to Risk Management.

Compliance

AB InBev has a Compliance Program which fosters a culture of ethics, integrity and lawful behavior. This program includes a Code of Business Conduct and the Anti-Corruption Policy, which are available on the company's website and intranet. The Compliance Program further ensures compliance with applicable laws and regulations and the completion of a periodic certification by management of compliance with the Code of Business Conduct.

A set of internal controls and a data analytics tool have been implemented and are periodically assessed at the Global and Local Compliance Committees and the Audit Committee.

The Global Compliance Committee, chaired by the General Counsel, assesses regulatory and ethical compliance risks for the company from a global perspective and provides strategic direction for the activities of the compliance function. On a quarterly basis, the Global Compliance Committee reviews the operation of the Compliance Program and follows-up on the reports submitted through the company's Compliance Helpline (whistle-blowing platform). In addition to the Global Compliance Committee, each Zone has its own Local Compliance Committee, which addresses local compliance matters.

The Audit Committee reviews the operation of the Compliance Program and the results of any compliance reviews or reports submitted through the company's global Compliance Helpline. On a regular basis, the Audit Committee also reviews the significant legal, compliance and regulatory matters that may have a material effect on the financial statements or the company's business, including material notices to or inquiries received from governmental agencies.

6. Shareholders' structure

6.1. Shareholders' structure

The following table shows the shareholders' structure of Anheuser-Busch InBev as at 31 December 2018 based on (i) transparency declarations made by shareholders who are compelled to disclose their shareholdings pursuant to the Belgian law of 2 May 2007 on the notification of significant shareholdings and the Articles of Association of the company, (ii) notifications made by such shareholders to the company on a voluntary basis prior to 15 December 2018 for the purpose of updating the above information, and (iii) information included in public filings with the US Securities and Exchange Commission.

Major shareholders	Number of Shares	% of voting rights [(1)]
Holders of Ordinary Shares		
Stichting Anheuser-Busch InBev, a stichting incorporated under Dutch law (the "**Reference Shareholder**")	663,074,832	33.89%
EPS Participations Sàrl, a company incorporated under Luxembourg law, affiliated to EPS, its parent company	130,257,459	6.66%
EPS SA, a company incorporated under Luxembourg law, affiliated to the Reference Shareholder that it jointly controls with BRC	99,999	0.01%
BRC Sàrl, a company incorporated under Luxembourg law, affiliated to the Reference Shareholder that it jointly controls with EPS	39,962,901	2.04%
Rayvax Société d'Investissements SA, a company incorporated under Belgian law	484,794	0.02%
Sébastien Holding SA, a company incorporated under Belgian law, affiliated to Rayvax, its parent company	10	0.00%
Fonds Verhelst SPRL, a company with a social purpose incorporated under Belgian law	0	0.00%
Fonds Voorzitter Verhelst SPRL, a company with a social purpose incorporated under Belgian law, affiliated to Fonds Verhelst SPRL with social purpose, that controls it	6,997,665	0.36%
Stichting Fonds InBev-Baillet Latour, a stichting incorporated under Dutch law	0	0.00%
Fonds Baillet Latour SPRL, a company with a social purpose incorporated under Belgian law, affiliated to Stichting Fonds InBev-Baillet Latour under Dutch law, that controls it	5,485,415	0.28%
MHT Benefit Holding Company Ltd, a company incorporated under the law of the Bahamas, acting in concert with Marcel Herrmann Telles within the meaning of Article 3, §2 of the Takeover Law	3,972,703	0.20%
LTS Trading Company LLC, a company incorporated under Delaware law, acting in concert with Marcel Herrmann Telles, Jorge Paulo Lemann and Carlos Alberto Sicupira within the meaning of Article 3, §2 of the Takeover Law	4,468	0.00%
Olia 2 AG, a company incorporated under Liechtenstein law, acting in concert with Jorge Paulo Lemann within the meaning of Article 3, §2 of the Takeover Law	259,000	0.01%
Holders of Restricted Shares		
Altria Group Inc. [(2)]	185,115,417	9.46%
Bevco Lux Sàrl[(3)]	96,862,718	4.95%

(1) Holding percentages are calculated on the basis of the total number of shares in issue, excluding treasury shares (1,956,739,500). As at 31 December 2018, there were 2,019,241,973 shares in issue including 62,502,473 ordinary shares held in treasury by AB InBev and certain of its subsidiaries.
(2) In addition to the Restricted Shares listed above, Altria Group Inc. announced in its Schedule 13D beneficial ownership report on 11 October 2016 that, following completion of the business combination with SAB, it purchased 11,941,937 Ordinary Shares in the company. Finally, Altria further increased its position of Ordinary Shares in the company to 12,341,937, as disclosed in the Schedule 13 D beneficial ownership report filed by Stichting dated 1 November 2016, implying an aggregate ownership of 10.09% based on the number of shares with voting rights as at 31 December 2018.
(3) In addition to the Restricted Shares listed above, Bevco Lux Sàrl announced in a notification made on 17 January 2017 in accordance with the Belgian law of 2 May 2007 on the notification of significant shareholdings, that it purchased 4,215,794 Ordinary Shares in the company. BEVCO Lux Sàrl disclosed to us that it increased its position of Ordinary Shares in the company to an aggregate of 6,000,000 Ordinary Shares, resulting in an aggregate ownership of 5.26% based on the number of shares with voting rights as at 31 December 2018.

The first thirteen entities mentioned in the table act in concert (it being understood that (i) the first ten entities act in concert within the meaning of article 3, §1, 13º of the Belgian law of 2 May 2007 on the disclosure of significant shareholdings in issuers whose securities are admitted to trading on a regulated market and containing various provisions, implementing into Belgian law Directive 2004/109/CE, and (ii) the eleventh, twelfth and thirteenth entities act in concert with the first ten entities within the meaning of article 3, §2 of the Belgian law of 1 April 2007 on public takeover bids) and hold, as per the most recent notifications received by AB InBev and the FSMA in accordance with article 6 of the Belgian law of 2 May 2007 on the notification of significant shareholdings, in aggregate, 850,599,246 Ordinary Shares, representing 43.47% of the voting rights attached to the shares outstanding as of 31 December 2018 excluding treasury shares.

6.2. Shareholders' arrangements

Stichting Anheuser-Busch InBev (the "Reference Shareholder") has entered into shareholders' agreements with (a) BRC, EPS, EPS Participations, Rayvax Société d'Investissements SA (Rayvax), (b) Fonds Baillet Latour SPRL with a social purpose and Fonds Voorzitter Verhelst SPRL with a social purpose, and (c) the largest holders of restricted shares in the company (the Restricted Shareholders).

a. Reference Shareholder's agreement

In connection with the combination of Interbrew with Ambev in 2004, BRC, EPS, Rayvax and the Reference Shareholder entered into a shareholders' agreement on 2 March 2004 which provided for BRC and EPS to hold their interests in the old Anheuser-Busch InBev through the Reference Shareholder (except for approximately 130 million shares held directly or indirectly by EPS and approximately 37 million shares held directly by BRC). The shareholders' agreement was amended and restated on 9 September 2009. On 18 December 2013, EPS contributed to EPS Participations its certificates in the Reference Shareholder and the shares it held in the old Anheuser-Busch InBev except for 100,000 shares. Immediately thereafter, EPS Participations joined the concert constituted by BRC, EPS, Rayvax and the Reference Shareholder and adhered to the shareholders' agreement. On 18 December 2014, the Reference Shareholder, EPS, EPS Participations, BRC and Rayvax entered into a new shareholders' agreement that replaced the previous shareholders' agreement of 2009. On 11 April 2016, the parties thereto entered into an amended and restated new shareholders' agreement (the "2016 Shareholders' Agreement").

The 2016 Shareholders' Agreement addresses, among other things, certain matters relating to the governance and management of both AB InBev and the Reference Shareholder, as well as (i) the transfer of the Reference Shareholder certificates, and (ii) the de-certification and re-certification process for the company's shares (the "Shares") and the circumstances in which the Shares held by the Reference Shareholder may be de-certified and/or pledged at the request of BRC, EPS and EPS Participations.

The 2016 Shareholders' Agreement provides for restrictions on the ability of BRC and EPS/EPS Participations to transfer their Reference Shareholder certificates.

Pursuant to the terms of the 2016 Shareholders' Agreement, BRC and EPS/EPS Participations jointly and equally exercise control over the Reference Shareholder and the Shares held by the Reference Shareholder. The Reference Shareholder is managed by an eight-member board of directors and each of BRC and EPS/EPS Participations have the right to appoint four directors to the Reference Shareholder board of directors. Subject to certain exceptions, at least seven of the eight Reference Shareholder directors must be present or represented in order to constitute a quorum of the Reference Shareholder board, and any action to be taken by the Reference Shareholder board of directors will, subject to certain qualified majority conditions, require the approval of a majority of the directors present or represented, including at least two directors appointed by BRC and two directors appointed by EPS/EPS Participations. Subject to certain exceptions, all decisions of the Reference Shareholder with respect to the Shares it holds, including how such Shares will be voted at shareholders' meetings of AB InBev (Shareholders' Meetings), will be made by the Reference Shareholder board of directors.

The 2016 Shareholders' Agreement requires the Reference Shareholder board of directors to meet prior to each shareholders' meeting to determine how the Shares held by the Reference Shareholder are to be voted.

The 2016 Shareholders' Agreement requires EPS, EPS Participations, BRC and Rayvax, as well as any other holder of certificates issued by the Reference Shareholder, to vote their Shares in the same manner as the Shares held by the Reference Shareholder. The parties agree to effect any free transfers of their Shares in an orderly manner of disposal that does not disrupt the market for the Shares and in accordance with any conditions established by the company to ensure such orderly disposal. In addition, under the 2016 Shareholders' Agreement, EPS, EPS Participations and BRC agree not to acquire any shares of Ambev's capital stock, subject to limited exceptions.

Pursuant to the 2016 Shareholders' Agreement, the Reference Shareholder board of directors will propose to the shareholders' meeting nine candidates for appointment to the Board, among which each of BRC and EPS/EPS Participations will have the right to nominate four candidates, and one candidate will be nominated by the Reference Shareholder board of directors.

The 2016 Shareholders' Agreement will remain in effect for an initial term until 27 August 2034. It will be automatically renewed for successive terms of ten years each unless, not later than two years prior to the expiration of the initial or any successive ten-year term, either party to the 2016 Shareholders' Agreement notifies the other of its intention to terminate the 2016 Shareholders' Agreement.

b. Voting agreement between the Reference Shareholder and the foundations

In addition, the Reference Shareholder has entered into a voting agreement with Fonds Baillet Latour SPRL with a social purpose and Fonds Voorzitter Verhelst SPRL with a social purpose. This agreement provides for consultations between the three bodies before any shareholders' meetings to decide how they will exercise the voting rights attached to their Shares. Consensus is required for all items that are submitted to the approval of any shareholders' meetings. If the parties fail to reach a consensus, Fonds Baillet Latour SPRL with a social purpose and Fonds Voorzitter Verhelst SPRL with a social purpose will vote their Shares in the same manner as the Reference Shareholder. The voting agreement is valid until 1 November 2034.

c. Voting agreement between the Reference Shareholder and Restricted Shareholders

On 8 October 2016, the Reference Shareholder and each holder of restricted shares (such holders being the Restricted Shareholders) holding more than 1% of the company's total share capital, being Altria Group Inc. and Bevco LTD, have entered into a voting agreement, to which the company is also a party, under which notably:

- the Reference Shareholder is required to exercise the voting rights attached to its Ordinary Shares to give effect to the directors' appointment principles set out in articles 19 and 20 of the Articles of Association of the company;
- each Restricted Shareholder is required to exercise the voting rights attached to its Ordinary Shares and Restricted Shares, as applicable, to give effect to the directors' appointment principles set out in articles 19 and 20 of the Articles of Association; and
- each Restricted Shareholder is required not to exercise the voting rights attached to their Ordinary Shares and Restricted Shares, as applicable, in favor of any resolutions which would be proposed to modify the rights attached to Restricted Shares, unless such resolution has been approved by a qualified majority of the holders of at least 75% of the Restricted Shareholder Voting Shares (as defined in the Articles of Association).

7. Items to be disclosed pursuant to Article 34 of the Belgian Royal Decree of 14 November 2007

According to article 34 of the Belgian Royal Decree of 14 November 2007, Anheuser-Busch InBev hereby discloses the following items:

7.1. Capital structure and authorizations granted to the Board

The company's share capital is divided in two categories of shares: all shares are ordinary shares (the "Ordinary Shares"), except for 325,999,817 restricted shares (the "Restricted Shares"). Ordinary shares and Restricted Shares have the same rights except as set out in the Articles of Association. Restricted Shares shall always be in registered form and shall not be listed or admitted to trading on any stock market.

Anheuser-Busch InBev may increase or decrease its share capital with the specific approval of a shareholders' meeting. The shareholders may also authorize the Board of Directors to increase the share capital. Such authorization must be limited in time and amount. In either case, the shareholders' approval or authorization must satisfy the quorum and majority requirements applicable to amendments to the Articles of Association. At the annual shareholders' meeting of 26 April 2017, the shareholders authorized the Board of Directors to increase the share capital of AB InBev to an amount not to exceed 3% of the total number of shares issued and outstanding on 26 April 2017 (i.e. 2,019,241,973). This authorization has been granted for five years. It can be used for several purposes, including when the sound management of the company's business or the need to react to appropriate business opportunities calls for a restructuring, an acquisition (whether private or public) of securities or assets in one or more companies or, generally, any other appropriate increase of the company's capital.

AB InBev's Board of Directors has been authorized by the shareholders' meeting to acquire, on or outside the stock exchange, AB InBev shares up to maximum 20% of the issued shares for a unitary price which will not be lower than 1 Euro and not higher than 20% above the highest closing price in the last 20 trading days preceding the transaction. This authorization is valid for 5 years from 28 September 2016.

7.2. Voting rights and transferability of shares and shareholders' arrangements

Voting rights, quorum and majority requirements

Each share entitles the holder to one vote.

Generally, there is no quorum requirement for a shareholders' meeting and decisions will be taken by a simple majority vote of shares present or represented. However, certain matters will require a larger majority and/or a quorum. These include the following:

i. any amendment to the Articles of Association (except the amendments to the corporate purpose or the transformation of the legal form of the company), including inter alia, reductions or increases of the share capital of the company (except for capital increases decided by the Board pursuant to the authorised capital) or any resolution relating to a merger or demerger of the company require the presence in person or by proxy of shareholders holding an aggregate of at least 50% of the issued share capital, and the approval of a qualified majority of at least 75% of the votes cast at the meeting;

ii. any modification of the purpose or corporate form of the company or authorisation to repurchase shares of the company requires a quorum of shareholders holding an aggregate of at least 50% of the share capital and approval by a qualified majority of at least 80% of the votes cast at the meeting;

iii. resolutions relating to the modification of the rights attached to a particular class of shares will require the presence in person or by proxy of shareholders holding an aggregate of at least 50% of the issued share capital in each class of shares and the approval of a qualified majority of at least 75% of the votes cast at the meeting in each class of shares, (in each of the cases (i), (ii) and (iii), if a quorum is not present, a second meeting must be convened. At the second meeting, the quorum requirement does not apply. However, the qualified majority requirement of 75% or 80%, as the case may be, continues to apply); and

iv. any acquisition or disposal of tangible assets by the company for an amount higher than the value of one third of the company's consolidated total assets as reported in its most recent audited consolidated financial statements requires the approval of a qualified majority of at least 75% of the votes cast at the meeting (but there is no minimum quorum requirement).

As an additional rule, in the event of (i) a contribution in kind to the company with assets owned by any person or entity which is required to file a transparency declaration pursuant to applicable Belgian law or a subsidiary (within the meaning of article 6 of the Companies Code) of such person or entity, or (ii) a merger of the company with such a person or entity or a subsidiary of such person or entity, then such person or entity and its subsidiaries shall not be entitled to vote on the resolution submitted to the shareholders' meeting to approve such contribution in kind or merger.

Transferability of shares

Ordinary Shares are freely transferable.

As far as Restricted Shares are concerned, no Restricted Shareholder is able, in each case directly or indirectly, to transfer, sell, contribute, offer, grant any option on, otherwise dispose of, pledge, charge, assign, mortgage, grant any lien or any security interest on, enter into any certification or depository arrangement or enter into any form of hedging arrangement with respect to, any of its Restricted Shares or any interests therein or any rights relating thereto, or enter into any contract or other agreement to do any of the foregoing, for a period of five years from 10 October 2016, except in the specific instances set out in the Articles of Association in connection with transactions with Affiliates and Successors or in relation with Pledges. Each of the terms Affiliates, Successors and Pledge is defined in the Articles of Association.

Conversion

Voluntary conversion

Each Restricted Shareholder will have the right to convert all or part of its holding of Restricted Shares into Ordinary Shares at its election (i) at any time after 10 October 2021, and (ii) in some limited other instances, including immediately prior to, but then solely for the purpose of facilitating, or at any time after entering into an agreement or arrangement to effect any permitted transfer, as set out in article 7.3.b (ii) of the Articles of Association of the company.

Automatic conversion

The Restricted Shares shall automatically convert into Ordinary Shares in the situations set out in article 7.6. of the Articles of Association, i.e.:

i. upon any transfer, sale, contribution or other disposal, except as set out in article 7.6 (a) of the Articles of Association in connection with transactions with Affiliates and Successors or in relation with Pledges;

ii. immediately prior to the closing of a successful public takeover bid for all shares of the company or the completion of a merger of Anheuser-Busch InBev as acquiring or disappearing company, in circumstances where the shareholders directly or indirectly, controlling or exercising directly or indirectly joint control over AB InBev immediately prior to such takeover bid or merger will not directly or indirectly control, or exercise joint control over, AB InBev or the surviving entity following such takeover bid or merger; or

iii. upon the announcement of a squeeze-out bid for the outstanding shares of the company, in accordance with article 513 of the Companies Code.

Shareholders arrangements

Please refer to section 6 above.

7.3. Significant agreements or securities of Anheuser-Busch InBev that may be impacted by a change of control on the company

1. USD 9,000,000,000 (originally USD 13,000,000,000) Senior Facilities Agreement

In accordance with Article 556 of the Belgian Companies Code, the shareholders meeting of the old Anheuser-Busch InBev SA/NV (the "Company") approved on 27 April 2010, (i) Clause 17 (*Mandatory Prepayment*) of the USD 13,000,000,000 Senior Facilities Agreement dated 26 February 2010 entered into by, amongst others, the Company and Anheuser-Busch InBev Worldwide Inc. as original borrowers, the original guarantors and original lenders listed therein, Bank of America Securities Limited, Banco Santander, S.A., Barclays Capital, Deutsche Bank AG, London Branch, Fortis Bank SA/NV, ING Bank NV, Intesa Sanpaolo S.P.A., J.P. Morgan PLC, Mizuho Corporate Bank, Ltd, The Royal Bank of Scotland plc, Société Générale Corporate and Investment Banking, and The Bank of Tokyo-Mitsubishi UFJ, LTD. as mandated lead arrangers and bookrunners and Fortis Bank SA/NV as agent and issuing bank (as amended and/or amended and restated from time to time) (the "2010 Senior Facilities Agreement") and (ii) any other provision of the 2010 Senior Facilities Agreement granting rights to third parties which could affect the Company's assets or could impose an obligation on the Company where in each case the exercise of those rights is dependent on the launch of a public take-over bid over the shares of the Company or on a "Change of Control" (as defined in the 2010 Senior Facilities Agreement). Pursuant to the 2010 Senior Facilities Agreement (a) *"Change of Control"* means *"any person or group of persons acting in concert (in each case other than Stichting InBev or any existing direct or indirect certificate holder or certificate holders of Stichting InBev or any person or group of persons acting in concert with any such persons) gaining Control of the Company,* (b) *"acting in concert"* means *"a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Company by any of them, either directly or indirectly, to obtain Control of the Company"* and (c) *"Control"* means, in respect of the Company, the *"direct or indirect ownership of more than 50 per cent of the share capital or similar rights of ownership of the Company or the power to direct the management and the policies of the Company whether through the ownership of share capital, contract or otherwise"* .

Clause 17 of the 2010 Senior Facilities Agreement grants, in essence, to any lender under the 2010 Senior Facilities Agreement, upon a Change of Control over the Company, the right (i) not to fund any loan or letter of credit (other than a rollover loan meeting certain conditions) and (ii) (by not less than 30 days written notice) to cancel its undrawn commitments and require repayment of its participations in the loans or letters of credit, together with accrued interest thereon, and all other amounts owed to such lender under the 2010 Senior Facilities Agreement (and certain related documents).
The 2010 Senior Facilities Agreement was amended on 25 July 2011 and extended on 20 August 2013. It has been amended and restated on 28 August 2015 (the 2010 Senior Facilities Agreement as amended and restated being the "***Amended and Restated 2010 Senior Facilities Agreement***") so as to increase the total commitments from USD 8,000,000,000 to USD 9,000,000,000 and

to extend its term with 5 years from the date of its restatement with the possibility to extend the term by a further two years at the option of the Company.

As a result of the amendment and restatement of the 2010 Senior Facilities Agreement, the shareholders' meeting of the old Anheuser-Busch InBev of 27 April 2016 has approved, in accordance with Article 556 of the Belgian Companies Code, (i) Clause 17 (*Mandatory Prepayment*) of the Amended and Restated 2010 Senior Facilities Agreement and (ii) any other provision of the Amended and Restated 2010 Senior Facilities Agreement granting rights to third parties which could affect the company's assets or could impose an obligation on the Company where in each case the exercise of those rights is dependent on the launch of a public take-over bid over the shares of the company or on a "Change of Control". The definition of the terms "Change of Control", "acting in concert" and "Control" remained unchanged in the Amended and Restated 2010 Senior Facilities Agreement.

The Amended and Restated 2010 Senior Facilities Agreement has been transferred to the company as a result of the merger between Anheuser-Busch InBev (formerly "Newbelco") and the old AB InBev, that took place on 10 October 2016 in the framework of the combination with SAB.

On 3 October 2017, the maturity date of the Amended and Restated 2010 Senior Facilities Agreement was extended to August 2022.

As of 31 December 2018, the company had not made any drawdowns under the Amended and Restated 2010 Senior Facilities Agreement.

2. EMTN Program

In accordance with article 556 of the Belgian Companies Code, the shareholders' meeting of the old Anheuser-Busch InBev approved on 24 April 2013 (i) Condition 7.5. of the Terms & Conditions (Redemption at the Option of the Noteholders (Change of Control Put)) of the 15,000,000,000 Euro updated Euro Medium Term Note Program dated 16 May 2012 of Anheuser-Busch InBev SA/NV and Brandbrew SA (the "Issuers") and Deutsche Bank AG, London Branch, acting as Arranger, which may be applicable in the case of Notes issued under the Program (the "EMTN Program"), (ii) any other provision in the EMTN Program granting rights to third parties which could affect the company's assets or could impose an obligation on the company where in each case the exercise of those rights is dependent on the occurrence of a "Change of Control" (as defined in the Terms & Conditions of the EMTN Program). Pursuant to the EMTN Program, (a) *"Change of Control"* means *"any person or group of persons acting in concert (in each case other than Stichting Anheuser-Busch InBev or any existing direct or indirect certificate holder or certificate holders of Stichting Anheuser-Busch InBev) gaining Control of the company provided that a change of control shall not be deemed to have occurred if all or substantially all of the shareholders of the relevant person or group of persons are, or immediately prior to the event which would otherwise have constituted a change of control were, the shareholders of the company with the same (or substantially the same) pro rata interests in the share capital of the relevant person or group of persons as such shareholders have, or as the case may be, had, in the share capital of the company",* (b) *"acting in concert"* means *"a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively cooperate, through the acquisition directly or indirectly of shares in the company by any of them, either directly or indirectly, to obtain Control of the company",* and (c) *"Control"* means the *"direct or indirect ownership of more than 50 per cent of the share capital or similar rights of ownership of the company or the power to direct the management and the policies of the company whether through the ownership of share capital, contract or otherwise".*

If a Change of Control Put is specified in the applicable Final Terms of the concerned notes, Condition 7.5. of the Terms & Conditions of the EMTN Programme grants, to any holder of such notes, in essence, the right to request the redemption of his notes at the redemption amount specified in the Final Terms of the notes, together, if appropriate, with interest accrued, upon the occurrence of a Change of Control and a related downgrade of the notes to sub-investment grade.

The change of control provision above is included in the Final Terms of:

- the 750,000,000 Euro 7.375% Notes due 2013 (*Redeemed on 30 January 2013)*, the 600,000,000 Euro 8.625% Notes due 2017 *(Redeemed on 9 December 2016)* and the 550,000,000 GBP 9.75% Notes due 2024, each issued by the company in January 2009;
- the 750,000,000 Euro 6.57% Notes due 2014, issued by the company in February 2009 (*Redeemed on 27 February 2014*);
- the 50,000,000 Euro FRN Notes that bear an interest at a floating rate of 3 month EURIBOR plus 3.90 %, issued by the company in April 2009 *(Redeemed on 9 April 2014)*;
- the 600,000,000 CHF 4.50% Notes due 2014 *(Redeemed on 11 June 2014),* issued by Brandbrew SA in June 2009 (with a guarantee by the company);
- the 250,000,000 Euro 5.75% Notes due 2015 *(Redeemed on 22 June 2015)* and the 750,000,000 GBP 6.50% Notes due 2017 (*Redeemed in June 2017*), each issued by the company in June 2009; and
- the 750,000,000 Euro 4% Notes due 2018 (*Redeemed in April 2018*), issued by the company in April 2010.

The series of Notes referred to in the above paragraph were issued pursuant to the 10,000,000,000 Euro initial Euro Medium Term Note Programme dated 16 January 2009 or the 15,000,000,000 Euro updated Euro Medium Term Note Programme dated 24 February 2010 (as applicable). The relevant change of control provisions contained in the Final Terms of such series of Notes were submitted to, and approved by, the shareholders meetings of the old Anheuser-Busch InBev held on 28 April 2009 and 27 April 2010, respectively.

There is no change of control clause included in the Final Terms of any series of Notes issued pursuant to the EMTN Programme by the company and/or Brandbrew SA after April 2010.

As a result of the update of the EMTN Programme on 22 August 2013 the Terms & Conditions of the updated EMTN Programme no longer provide for a Redemption at the option of the Noteholders (Change of Control Put).

In May 2016, the old Anheuser-Busch InBev invited Noteholders of certain outstanding series of Notes issued under the EMTN Programme prior to 2016 (the "Notes") to consider certain amendments to the terms and conditions applicable to those Notes (the "Participation Solicitation"). The Participation Solicitation was undertaken to avoid any suggestion that the combination with SAB could be interpreted as a cessation of business (or a threat to do so), winding up or dissolution of the old Anheuser-Busch InBev.

Meetings of the Noteholders of each series of the Notes were held on 1 June 2016 at which Noteholders voted in favour of the Participation Solicitation for each of the relevant series of Notes. Amended and restated final terms for each series of the Notes reflecting the amended terms and conditions, were signed by the old Anheuser-Busch InBev and the subsidiary guarantors named therein on 1 June 2016.

The EMTN Program has been transferred to the company as a result of the merger between Anheuser-Busch InBev (formerly “Newbelco”) and the old AB InBev, that took place on 10 October 2016 in the framework of the combination with SAB.

3. US Dollar Notes

In accordance with article 556 of the Belgian Companies Code, the shareholders meeting of the old Anheuser-Busch InBev approved on 26 April 2011 (i) the Change of Control Clause of the USD 3,250,000,000 Notes issued on 29 and 26 March 2010, consisting of USD 1,000,000,000 2.50 % Notes due 2013 *(Exchanged for Registered Notes in an exchange offer that closed on 2 September 2010 and redeemed on 26 March 2013)*, USD 750,000,000 3.625 % Notes due 2015 *(Exchanged for Registered Notes in an exchange offer that closed on 2 September 2010 and redeemed on 15 April 2015)*, USD 1,000,000,000 5.00 % Notes due 2020 *(Exchanged for Registered Notes in an exchange offer that closed on 2 September 2010)* and USD 500,000,000 Floating Rate Notes due 2013 *(Exchanged for Registered Notes in an exchange offer that closed on 2 September 2010 and redeemed on 26 March 2013)* (the “*Unregistered Notes issued in March 2010*”), (ii) the Change of Control Clause of the USD 3,250,000,000 Registered Notes issued in September 2010, consisting of USD 1,000,000,000 2.50 % Notes due 2013 *(Redeemed on 26 March 2013)*, USD 750,000,000 3.625 % Notes due 2015 *(Redeemed on 15 April 2015)*, USD 1,000,000,000 5.00 % Notes due 2020 (*Redeemed on 6 June 2018*) and USD 500,000,000 Floating Rate Notes due 2013 *(Redeemed on 26 March 2013)* and offered in exchange for corresponding amounts of the corresponding Unregistered Notes issued in March 2010, in accordance with a US Form F-4 Registration Statement pursuant to an exchange offer launched by Anheuser-Busch InBev Worldwide Inc. in the U.S. on 5 August 2010 and expired on 2 September 2010 (the “*Registered Notes issued in September 2010*”), (iii) the Change of Control Clause of the USD 8,000,000,000 Registered Notes issued in March 2011, consisting of USD 1,250,000,000 7.20% Notes due 2014 (*Redeemed on 20 June 2011)*, USD 2,500,000,000 7.75% Notes due 2019 (*Redeemed on 19 March 2018)* and USD 1,250,000,000 8.20% Notes due 2039, USD 1,550,000,000 5.375 % Notes due 2014 *(Redeemed on 15 November 2014)*, USD 1,000,000,000 6.875 % Notes due 2019 and USD 450,000,000 8.00 % Notes due 2039 and offered in exchange for corresponding amounts of the corresponding Unregistered Notes issued in January 2009 and of the corresponding Unregistered Notes issued in May 2009, in accordance with a US Form F-4 Registration Statement pursuant to an exchange offer launched by Anheuser-Busch InBev Worldwide Inc. in the U.S. on 11 February 2011 and expired on 14 March 2011 (the “*Registered Notes issued in March 2011*”), whereby each of the Unregistered Notes issued in March 2010, the Registered Notes issued in September 2010 and the Registered Notes issued in March 2011 were issued by Anheuser-Busch InBev Worldwide Inc. with an unconditional and irrevocable guarantee as to payment of principal and interest from the old Anheuser-Busch InBev, and (iv) any other provision applicable to the Unregistered Notes issued in March 2010, the Registered Notes issued in September 2010 and the Registered Notes issued in March 2011 granting rights to third parties which could affect the company’s assets or could impose an obligation on the company where in each case the exercise of those rights is dependent on the launch of a public take-over bid over the shares of the company or on a “Change of Control” (as defined in the Offering Memorandum with respect to the Unregistered Notes, as the case may be, and in the Registration Statement with respect to the Registered Notes). Pursuant to the Offering Memorandum and Registration Statement (a) *“Change of Control”* means *“any person or group of persons acting in concert (in each case other than Stichting Anheuser-Busch InBev or any existing direct or indirect certificate holder or certificate holders of Stichting Anheuser-Busch InBev) gaining Control of the company provided that a change of control shall not be deemed to have occurred if all or substantially all of the shareholders of the relevant person or group of persons are, or immediately prior to the event which would otherwise have constituted a change of control were, the shareholders of the company with the same (or substantially the same) pro rata interests in the share capital of the relevant person or group of persons as such shareholders have, or as the case may be, had, in the share capital of the company”,* (b) *“Acting in concert”* means *“a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively cooperate, through the acquisition directly or indirectly of shares in the company by any of them, either directly or indirectly, to obtain Control of the company”,* and (c) *“Control”* means the *“direct or indirect ownership of more than 50 per cent of the share capital or similar rights of ownership of the company or the power to direct the management and the policies of the company whether through the ownership of share capital, contract or otherwise”.*

The Change of Control clause grants to any Noteholder, in essence, the right to request the redemption of his Notes at a repurchase price in cash of 101% of their principal amount (plus interest accrued) upon the occurrence of a Change of Control and a related downgrade in the Notes to sub-investment grade.

A similar change of control provision was approved by the shareholders’ meeting of the old Anheuser-Busch InBev on 28 April 2009 with respect to:

- the USD 5,000,000,000 Notes, consisting of USD 1,250,000,000 7.20% Notes due 2014 *(Exchanged for Registered Notes in an exchange offer that closed on 14 March 2011 and redeemed on 20 June 2011)*, USD 2,500,000,000 7.75% Notes due 2019 (*Exchanged for Registered Notes in an exchange offer that closed on 14 March 2011)* and USD 1,250,000,000 8.20% Notes due 2039 *(Exchanged for Registered Notes in an exchange offer that closed on 14 March 2011)*, each issued in January 2009 by Anheuser-Busch InBev Worldwide Inc. with an unconditional and irrevocable guarantee as to payment of principal and interest from Anheuser-Busch InBev SA/NV (the “*Unregistered Notes issued in January 2009*”).

A similar change of control provision was approved by the shareholders’ meeting of the old Anheuser-Busch InBev on 27 April 2010 with respect to:

- the USD 3,000,000,000 Notes issued in May 2009, consisting of USD 1,550,000,000 5.375 % Notes due 2014 *(Exchanged for Registered Notes in an exchange offer that closed on 14 March 2011 and redeemed on 15 November 2014)*, USD 1,000,000,000 6.875 % Notes due 2019 and USD 450,000,000 8.00 % Notes due 2039 (the “*Unregistered Notes issued in May 2009*”) each issued by Anheuser-Busch InBev Worldwide Inc. with an unconditional and irrevocable guarantee as to payment of principal and interest from the old Anheuser-Busch InBev.
- the USD 5,500,000,000 Notes issued in October 2009, consisting of USD 1,500,000,000 3.00 % Notes due 2012 *(Exchanged for Registered Notes in an exchange offer that closed on 05 February 2010 and redeemed on 15 October 2012)*, USD 1,250,000,000 4.125 % Notes due 2015 (*Exchanged for Registered Notes in an exchange offer that closed on 5 February 2010 and redeemed on 15 January 2015)*, USD 2,250,000,000 5.375 % Notes due 2020 (*redeemed on 23 April 2018*) and USD 500,000,000 6.375 % Notes due 2040 (the “*Unregistered Notes issued in October 2009*”) each issued by Anheuser-Busch InBev Worldwide Inc. with an unconditional and irrevocable guarantee as to payment of principal and interest from the old Anheuser-Busch InBev.

- the USD 5,500,000,000 Registered Notes issued in February 2010, consisting of USD 1,500,000,000 3 % Notes due 2012 *(Redeemed on 15 October 2012),* USD 1,250,000,000 4.125 % Notes due 2015 *(Redeemed on 15 January 2015)*, USD 2,250,000,000 5.375 % Notes due 2020 and USD 500,000,000 6.375 % Notes due 2040 and offered in exchange for corresponding amounts of the corresponding Unregistered Notes issued in October 2009, in accordance with a US Form F-4 Registration Statement pursuant to an exchange offer launched by Anheuser-Busch InBev Worldwide Inc. in the US on 8 January 2010 and expired on 5 February 2010 (the "*Registered Notes issued in February 2010*") each issued by Anheuser-Busch InBev Worldwide Inc. with an unconditional and irrevocable guarantee as to payment of principal and interest from the old Anheuser-Busch InBev.

The US Dollar Notes have been transferred to the company as a result of the merger between Anheuser-Busch InBev (formerly "Newbelco") and the old AB InBev, which took place on 10 October 2016 in the framework of the combination with SAB.

4. Notes issued under Anheuser-Busch InBev's Shelf Registration Statement filed on Form F-3.

For the sake of completeness, there is no Change of Control Clause applicable to outstanding Notes issued under Anheuser-Busch InBev's Shelf Registration Statement filed on Form F-3 (with an unconditional and irrevocable guarantee as to payment of principal and interest from Anheuser-Busch InBev SA/NV).

8. Remuneration report

This report was approved by the Remuneration Committee on 20 February 2019.

8.1. Remuneration of directors

8.1.1. Approval Procedure

The Remuneration Committee recommends the level of remuneration for directors, including the Chairman of the Board. These recommendations are subject to approval by the Board and, subsequently, by the shareholders at the annual general meeting.

The Remuneration Committee benchmarks directors' compensation against peer companies. In addition, the Board sets and revises, from time to time, the rules and level of compensation for directors carrying out a special mandate or sitting on one or more of the Board committees and the rules for reimbursement of directors' business-related out-of-pocket expenses.

The Remuneration Committee consists of three members appointed by the Board, all of whom are non-executive directors. Currently, the Chairman of the Committee is a representative of the controlling shareholders and the two other members meet the requirements of independence as established in our Corporate Governance Charter and by the Belgian Companies Code. The CEO and the Chief People Officer are invited to the meetings of the Committee.

The Remuneration Committee's principal role is to guide the Board with respect to all its decisions relating to the remuneration policies for the Board, the CEO, the Executive Board of Management (until 1 January 2019) and the ExCom and SLT (since 1 January 2019) and on their individual remuneration packages. The Committee ensures that the CEO and members of the ExCom and SLT are incentivized to achieve, and are compensated for, exceptional performance. The Committee also ensures the maintenance and continuous improvement of the company's compensation policy which is based on meritocracy and a sense of ownership with a view to aligning the interests of its employees with the interests of all shareholders.

The Committee meets four times a year and more often if required and is convoked by its Chairman or at the request of at least 2 of its members.

The composition, functioning and specific responsibilities of the Remuneration Committee are set forth in the terms of reference of the Committee, which are part of our Corporate Governance Charter.

8.1.2. Remuneration policy applied in 2018

a. Cash remuneration

Remuneration is linked to the time committed to the Board and its various committees. The base annual fee amounted to 75,000 Euro in 2018. The fee is supplemented with an amount of 1,500 Euro for each physical committee meeting and for each additional physical Board meeting after ten meetings. For 2018, the Chairman's fee was 2.5 times that of other directors. In practice, this means that the fixed annual cash fee of the Chairman equaled 187,500 Euro in 2018. For the Chairman of the Audit Committee, the fixed annual fee is 70% higher than the fixed annual fee of the other directors. In practice, this means that the fixed annual cash fee of the Chairman of the Audit Committee equals 127,500 Euro.

At the request of the Remuneration Committee, a benchmarking exercise regarding directors' remuneration covering 24 global peer companies has been conducted by an independent consulting firm. Further to such exercise, it is contemplated to submit a proposal to the upcoming annual shareholders' meeting to be held on 24 April 2019 to increase the Chairman's fee to 255,000 euro.

In addition, a simplification of the structure of the cash component of the remuneration of Board members is contemplated, whereby the Committee attendance fees would be replaced by a retainer granted to Board committee members.

b. Share based remuneration

Before 2014, the Board members of the old Anheuser-Busch InBev (i.e. the company's predecessor prior to the closing of the business combination with SAB) were granted a limited, pre-determined number of warrants under the company's 1999 long-term incentive warrant plan ("LTI Warrant Plan"). The number of warrants granted annually amounted to 15,000 since 2009. Each LTI warrant gave its holder the right to subscribe for one newly issued share. Shares subscribed for upon the exercise of LTI warrants were ordinary shares of the old AB InBev. Holders of such shares had the same rights as any other shareholder. The exercise price of LTI warrants was equal to the average price of our shares on Euronext Brussels during the 30 days preceding their issue date. LTI warrants granted in the years prior to 2007 (except for 2003) had a duration of 10 years. From 2007 onwards (and in 2003) LTI warrants have a duration of 5 years. LTI warrants are subject to a vesting period ranging from one to three years. Forfeiture of a warrant occurs in certain circumstances when the mandate of the holder is terminated.

At the annual shareholders' meeting of the old AB InBev of 30 April 2014, all outstanding LTI warrants have been converted into LTI stock options, i.e. the right to purchase existing shares instead of the right to subscribe to newly issued shares. All other terms and conditions of the outstanding LTI warrants remain unchanged.

The shareholders' meeting of the old AB InBev of 30 April 2014 has also decided to replace the LTI Warrant Plan by a long-term incentive stock option plan for directors and confirmed that all LTI grants to directors will be in the form of stock options on existing shares with the following features:

- an exercise price that is set equal to the market price of the share at the time of granting;
- a maximum lifetime of 10 years and an exercise period that starts after 5 years; and
- the LTI stock options cliff vest after 5 years. Unvested options are subject to specific forfeiture provisions in the event that the directorship is not renewed upon the expiry of its term or is terminated in the course of its term, both due to a breach of duty by the director.

In line with this decision, the shareholders' meeting of AB InBev of 25 April 2018 granted each Board member 15,000 LTI stock options. The Chairman of the Board was granted 37,500 LTI stock options and the Chairman of the Audit Committee was granted 25,500 LTI stock options. The LTI stock options have an exercise price of 84.47 Euro per share which is the closing price of the Anheuser-Busch InBev share on the day preceding the grant date, i.e. on 24 April 2018. The LTI stock options have a lifetime of 10 years and cliff vest after 5 years, i.e. on 25 April 2023.

Following the completion of the merger between Anheuser-Busch InBev (formerly "Newbelco") and the old AB InBev, that took place on 10 October 2016 in the framework of the combination with SAB, all rights and obligations attached to the outstanding long-term incentive stock options of the old AB InBev, have been automatically transferred to the new AB InBev (the absorbing company), each outstanding stock option giving right to one share of the new AB InBev (the absorbing company) instead of one share of the old AB InBev (the absorbed company).

The company's long-term incentive plan deviates from the Belgian Code on Corporate Governance as it provides for share-based payments to non-executive directors. The Board believes that the successful strategy and sustainable development of the company for over a decade demonstrates that the compensation of directors, which includes a fixed number of stock options, does ensure that the independence of the Board members in their role of guidance and control of the company is preserved, and that the directors' interests remain fully aligned with the long-term interests of the shareholders. In particular, the vesting period of the options of 5 years should foster a sustainable and long-term commitment to shareholder value creation.

It is envisaged to submit to the upcoming annual shareholders' meeting to be held on 24 April 2019 a proposal to approve a change to the share based component of the remuneration package of Board members. The change would consist in paying out such share based component under the form of restricted stock units corresponding to a fixed value in euro rather than under the form of stock options. Such restricted stock units would vest after 5 years and, upon vesting, entitle their holders to one AB InBev share per restricted stock unit.

The company is prohibited from making loans to directors and members of the ExCom or SLT, whether for the purpose of exercising options or for any other purpose (except for routine advances for business-related expenses in accordance with the company's rules for reimbursement of expenses).

The company does not provide pensions, medical benefits or other benefit programs to directors.

At the time of publication of the report, no changes to the remuneration policy of directors are planned other than as set out above.

8.1.3. Remuneration in 2018

Individual director remuneration is presented in the table below. All amounts presented are gross amounts expressed in Euro before deduction of withholding tax.

	Number of Board meetings attended	Annual fee for Board meetings	Fees for Committee meetings	Total fee	Number of LTI stock options granted [1]
Maria Asuncion Aramburuzabala	10	75,000	0	75,000	15,000
Martin J. Barrington [2]	10	46,371	7,500	53,871	0
Alexandre Behring	8	75,000	4,500	79,500	15,000
Michele Burns	10	127,500	33,000	160,500	25,500
Paul Cornet de Ways Ruart	10	75,000	0	75,000	15,000
Stéfan Descheemaeker	9	75,000	4,500	79,500	15,000
Grégoire de Spoelberch	10	75,000	6,000	81,000	15,000
William F. Gifford [3]	10	0	0	0	0
Olivier Goudet	10	187,500	28,500	216,000	37,500
Paulo Lemann	10	75,000	6,000	81,000	15,000
Alejandro Santo Domingo	10	75,000	0	75,000	15,000
Elio Leoni Sceti	10	75,000	22,500	97,500	15,000
Carlos Alberto da Veiga Sicupira	10	75,000	6,000	81,000	15,000
Marcel Herrmann Telles	10	75,000	30,000	105,000	15,000
Alexandre Van Damme	10	75,000	18,000	93,000	15,000
All directors as a group		**1,186,371**	**166,500**	**1,352,871**	**228,000**

(1) LTI stock options were granted on 25 April 2018. They have an exercise price of 84.47 Euro per share, have a term of 10 years and cliff vest after 5 years.
(2) Mr Barrington has waived his entitlement to any type of remuneration, including long term incentive stock options, relating to the exercise of his mandate in 2018 up to the date of his retirement as CEO of Altria (i.e. 18 May 2018). Mr. Barrington's annual remuneration is prorated for the exercise of his mandate during the remainder of 2018. In addition, Mr Barrington is entitled to the remuneration linked to Board committee attendance as from 18 May 2018.
(3) Mr Gifford has waived his entitlement to any type of remuneration, including long term incentive stock options, relating to the exercise of his mandate in 2018.

8.1.4. Options owned by directors

The table below sets forth, for each of our current directors, the number of LTI stock options they owned as of 31 December 2018 [(1) (2)]:

	LTI 26	LTI 25	LTI 24	LTI 23	LTI 22	LTI 21	
Grant date	25 April 2018	26 April 2017	27 April 2016	29 April 2015	30 April 2014	24 April 2013	
Expiry date	24 April 2028	25 April 2027	26 April 2026	28 April 2025	29 April 2024	23 April 2018	
Maria Asuncion Aramburuzabala	15,000	15,000	15,000	15,000	0	0	**60,000**
Martin J. Barrington [3]	0	0	0	0	0	0	**0**
Alex Behring	15,000	15,000	15,000	15,000	0	0	**60,000**
Michele Burns	25,500	25,500	25,500	0	0	0	**76,500**
Paul Cornet de Ways Ruart	15,000	15,000	15,000	15,000	15,000	0	**75,000**
Stéfan Descheemaeker	15,000	15,000	15,000	15,000	15,000	0	**75,000**
Grégoire de Spoelberch	15,000	15,000	15,000	15,000	15,000	0	**75,000**
William F. Gifford [3]	0	0	0	0	0	0	**0**
Olivier Goudet	37,500	30,000	30,000	25,500	20,000	0	**143,000**
Paulo Lemann	15,000	15,000	15,000	15,000	0	0	**60,000**
Alejandro Santo Domingo	15,000	15,000	0	0	0	0	**30,000**
Elio Leoni Sceti	15,000	15,000	15,000	15,000	0	0	**60,000**
Carlos Sicupira	15,000	15,000	15,000	15,000	15,000	0	**75,000**
Marcel Telles	15,000	15,000	15,000	15,000	15,000	0	**75,000**
Alexandre Van Damme	15,000	15,000	15,000	15,000	15,000	0	**75,000**
Strike price (Euro)	**84.47**	**104.50**	**113.25**	**113.10**	**80.83**	**76.20**	

(1) At the annual shareholders' meeting of 30 April 2014, all outstanding LTI warrants were converted into LTI stock options, i.e. the right to purchase existing ordinary shares instead of the right to subscribe to newly issued shares. All other terms and conditions of the outstanding LTI warrants remained unchanged.
(2) In March 2018, Olivier Goudet exercised 20,000 options of the LTI 21 Series that expired in April 2018. In April 2018, Carlos Sicupira, Marcel Telles and Paul Cornet de Ways Ruart each exercised 15,000 options of the LTI 21 Series that expired in April 2018.
(3) Mr Barrington has waived his entitlement to any type of remuneration, including long term incentive stock options, relating to the exercise of his mandate in 2018 up to the date of his retirement as CEO of Altria (i.e. 18 May 2018). Mr. Barrington's annual remuneration is prorated for the exercise of his mandate during the remainder of 2018. In addition, Mr Barrington is entitled to the remuneration linked to Board committee attendance as from 18 May 2018. Mr Gifford has waived his entitlement to any type of remuneration, including long term incentive stock options, relating to the exercise of his mandate in 2018.

8.2. Remuneration of Executive Board of Management

Except as provided otherwise, the information in this section relates to the Executive Board of Management (EBM) as at 31 December 2018.

8.2.1. Procedure for developing the remuneration policy and determining the individual remuneration

The compensation and reward programs for the EBM in 2018 were overseen by the Remuneration Committee which is exclusively composed of non-executive directors. It submits to the Board for approval recommendations on the compensation of the CEO and, upon recommendation of the CEO, of the EBM.

The Nomination Committee approved the company and individual annual targets and the Remuneration Committee approved the target achievement and corresponding annual and long-term incentives of members of the EBM.

The remuneration policy and hence any schemes falling within its scope which grant shares or rights to acquire shares, are submitted to the shareholders' meeting for approval.

Going forward, the procedure for developing the remuneration policy and determining the individual remuneration of the members of the ExCom will be similar to the one set out above.

The composition, functioning and specific responsibilities of the Remuneration Committee and of the Nomination Committee are set forth in the terms of reference of the respective Committee, which are part of our Corporate Governance Charter.

8.2.2. Remuneration policy

Our compensation system is designed to support our high-performance culture and the creation of long-term sustainable value for our shareholders. The goal of the system is to reward executives with market-leading compensation, which is conditional upon both the overall success of the company and individual performance. It ensures alignment with shareholders' interests by strongly encouraging executive ownership of shares in the company and enables to attract and retain the best talent at global levels.

Base salaries are aligned to mid-market levels. Additional short- and long-term incentives are linked to challenging short- and long-term performance targets and the investment of part or all of any variable compensation earned in company shares is encouraged.

The Board may revise the level of remuneration and approve a revised remuneration policy upon recommendation of the Remuneration Committee. At the time of publication of this report, no changes to the remuneration policies for senior management are planned.

8.2.3. Components of executive remuneration

Executive remuneration generally consists of (a) a fixed base salary, (b) variable performance-related compensation, (c) long-term incentive stock options, (d) long-term restricted stock units, (e) retirement plan contributions and (f) other components. All amounts shown below are gross amounts before deduction of withholding taxes and social security.

a. Base Salary

In order to ensure alignment with market practice, executives' base salaries are reviewed overall against benchmarks. These benchmarks are collected by internationally recognized compensation consultants, in relevant industries and geographies. For benchmarking, a custom sample of Fast Moving Consumer Goods peer companies (Peer Group) is used when available. The Peer Group includes, amongst others, Apple, Coca-Cola Company, Procter & Gamble, PepsiCo and Unilever.

If Peer Group data are not available for a given role, Fortune 100 companies' data are used.

Executives' base salaries are intended to be aligned to mid-market levels for the appropriate market. Mid-market means that for a similar job in the market, 50% of companies in that market pay more and 50% of companies pay less. Executives' total compensation is intended to be 10% above the 3rd quartile.

In 2018, based on his employment contract, the CEO earned a fixed annual salary of 1.43 million Euro (USD 1.64 million), while the other members of the EBM earned an aggregate annual base salary of 10.12 million Euro (USD 11.59 million).

b. Variable performance-related compensation – Share-based compensation plan

Variable performance-related compensation is key to the company's compensation system and is aimed at rewarding executives' short- and long-term performance.

The target variable compensation is expressed as a percentage of the Market Reference Salary applicable to the executive. The on-target bonus percentage theoretically amounts to maximum 200% of the Market Reference Salary for members of the EBM and 340% for the CEO. An additional incentive of 20% on the bonus amount may be awarded by the Remuneration Committee in case of overachievement or other exceptional circumstances.

The effective pay-out of variable compensation is directly correlated with performance, i.e. linked to the achievement of total company, business unit and individual targets, all of which are based on performance metrics.

Company and business unit targets focus to achieve a balance of top line growth and cash flow generation.

Below a hurdle of achievement for total company and business unit targets, no variable compensation is earned irrespective of personal target achievement.

In addition, the final individual bonus pay-out percentage also depends on each executive's personal achievement of their individual performance targets. Individual performance targets of the CEO and the EBM may consist of financial and non-financial targets such as sustainability and other elements of corporate social responsibility as well as compliance/ethics related targets. Typical performance measures in this area can relate to employee engagement, talent pipeline, better world goals, compliance dashboards etc. that are also important for the sustainability of the financial performance.

Targets achievement is assessed by the Remuneration Committee on the basis of accounting and financial data.

For 2018, based on the company's target achievement during the year 2018 and the executives' individual target achievement, the total variable compensation for the EBM, including the CEO, effectively amounted to approximately 43% of their 2018 base salary.

Executives receive their variable compensation in cash but are encouraged to invest some or all of its value in company shares to be held for a 5-year period (the "Voluntary Shares"). Such voluntary investment leads to a 10% discount and a company shares match of 3 matching shares for each share voluntarily invested (the "Matching Shares") up to a limited total percentage of each executive's variable compensation. The percentage of the variable compensation that can be invested in voluntary shares is 60% for the CEO and for members of the EBM.

Voluntary Shares are:

- existing ordinary shares;
- entitled to dividends paid as from the date of grant;
- subject to a lock-up period of five years; and
- granted at market price. The discount is at discretion of the Board. Currently, the discount is 10% which is delivered as restricted stock units, subject to specific restrictions or forfeiture provisions in case of termination of service.

Both the Matching Shares and the discounted shares are delivered in the form of restricted stock units (RSU) and vest after five years. In case of termination of service before the vesting date, special forfeiture rules apply.

No performance conditions apply to the vesting of the restricted stock units. However, restricted stock units will only be granted under the double condition that the executive:

- has earned a variable compensation, which is subject to the successful achievement of total company, business unit and individual performance targets (performance condition); and
- has agreed to reinvest all or part of his/her variable compensation in company shares that are locked for a 5-year period (ownership condition).

The variable compensation is usually paid annually in arrears after the publication of the company's full year results. Exceptionally, the variable compensation may be paid out semi-annually at the discretion of the Board. In such case, the first half of the variable compensation is paid immediately after publication of the half year results and the second half of the variable compensation is paid after publication of the full year results. The variable compensation for 2018 will be paid in or around March 2019.

In accordance with the authorization granted in the company's bylaws, as amended by the shareholders' meeting of 26 April 2011, the variable compensation system partly deviates from article 520ter of the Belgian Companies Code, as it allows:

1. for the variable remuneration to be paid out based on the achievement of annual targets without staggering its grant or payment over a 3-year period. However, executives are encouraged to invest some or all of their variable compensation in company shares which are blocked for 5 years (the "Voluntary Shares"). Such voluntary investment also leads to a grant of Matching Shares in the form of restricted stock units which only vest after 5 years, ensuring sustainable long-term performance.
2. for the Voluntary Shares granted under the share based compensation plan to vest at their grant, instead of applying a vesting period of minimum 3 years. Nonetheless, as indicated above, the Voluntary Shares remain blocked for 5 years. On the other hand, any Matching Shares that are granted, will only vest after 5 years.

Variable compensation for performance in 2017 – Paid in March 2018

For the year 2018, the CEO earned variable compensation of 5.10 million Euro (USD 5.77 million). The other members of the EBM earned aggregate variable compensation of 19.24 million Euro (USD 21.74 million).

The amount of variable compensation is based on the company's performance during the year 2017 and the executives' individual target achievement. Any variable compensation was paid in March 2018.

The following table sets forth information regarding the number of our shares voluntarily acquired and Matching Shares granted in March 2018 (variable compensation awarded for performance in 2017) to our CEO and the other members of our EBM as at 1 January 2018 under the Share-based compensation plan. The Matching Shares were granted in the form of restricted stock units and vest after five years, on 2 March 2023.

Name	Voluntary Shares acquired	Matching Shares granted
Carlos Brito – CEO	27,342	115,553
David Almeida	6,795	29,810
Claudio Braz Ferro	8,871	38,920
John Blood	1,537	6,594
Jan Craps	4,632	31,878
Felipe Dutra	7,250	30,643
Michel Doukeris	4,430	32,964
Pedro Earp	2,740	12,024
Jean Jereissati	7,388	31,168
David Kamenetzky	4,790	20,550
Peter Kraemer	4,552	17,828
Mauricio Leyva	1,134	7,717
Carlos Lisboa (1)	0	0
Stuart MacFarlane	8,676	36,598
Tony Milikin	2,943	20,272
Ricardo Moreira	6,303	26,591
Miguel Patricio	3,296	22,730
Bernardo Pinto Paiva (1)	0	0
Ricardo Tadeu	4,389	30,209

(1) Bernardo Pinto Paiva, Zone President Latin America North, reported to the Board of Directors of Ambev. He and Carlos Lisboa, Zone President Latin America South, participated in 2017 in the incentive plans of Ambev S.A. that are disclosed separately by Ambev.

Variable compensation for performance in 2018

For the year 2018, the CEO earned variable compensation of 0.73 million Euro (USD 0.84 million). The other members of the EBM earned aggregate variable compensation of 4.20 million Euro (USD 4.81 million).

The amount of variable compensation is based on the company's performance during the year 2018 and the executives' individual target achievement. The variable compensation will be paid in or around March 2019.

c. Long-term incentive stock options

Annual long-term incentive stock options

Members of our senior management may be eligible for an annual long-term incentive paid out in stock options (or other share related instruments such as Restricted Stock Units), depending on management's assessment of the beneficiary's performance and future potential.

Long-term incentive stock options have the following features:

- an exercise price that is set equal to the market price of the share at the time of grant;
- a maximum lifetime of 10 years and an exercise period that starts after 5 years;
- upon exercise, each option entitles the option holder to purchase one share;
- the options cliff vest after 5 years. In the case of termination of service before the vesting date, special forfeiture rules will apply.

The following table sets forth information regarding the number of options granted to the CEO and other members of the EBM on 22 January 2018 (having an exercise price of 94.36 Euro).

Name	Long Term Incentive stock options granted on 22 January 2018
Carlos Brito – CEO	359,606
David Almeida	55,527
John Blood	21,153
Jan Craps	39,662
Michel Doukeris	69,806
Felipe Dutra	158,650
Pedro Earp (1)	0
Jean Jereissati	26,441
David Kamenetzky	52,883
Peter Kraemer	37,018
Mauricio Leyva	26,441
Carlos Lisboa (2)	0
Stuart MacFarlane	38,076
Tony Milikin	55,527
Ricardo Moreira	31,730
Miguel Patricio	0
Bernardo Pinto Paiva (2)	0
Ricardo Tadeu	79,325

(1) Pedro Earp, Chief Marketing and ZX Ventures Officer, participated in the Performance related incentive plan for Disruptive Growth Function (see section 8.2.3. g. below).
(2) Bernardo Pinto Paiva, as Zone President Latin America North, reported to the Board of Directors of Ambev. He participated in 2018 in the incentive plans of Ambev S.A. that are disclosed separately by Ambev. Likewise, Carlos Lisboa, as Zone President Latin America South, participated in 2018 in the incentive plans of Ambev S.A.

Exceptional long-term incentive stock options

a. ***2020 Incentive Plan***: on 22 December 2015, 4.7 million options were granted to a select group of approximately 65 members of the senior management of the company, who are considered to be instrumental to help the company to achieve its ambitious growth target.

Each option gives the grantee the right to purchase one existing share. The exercise price of the options is 113.00 Euro which corresponds to the closing share price on the day preceding the grant date. The options have a duration of 10 years as from granting and vest after 5 years. The options only become exercisable provided a performance test is met by AB InBev. This performance test is based on a net revenue amount which must be achieved by 2022 at the latest.

No stock options were granted to members of the EBM at the time of grant.

b. ***Integration Incentive Plan***: on 15 December 2016, 13.17 million options were granted to a select group of approximately 300 members of the senior management of the company considering the significant contribution that these employees can make to the success of the company and the achievement of integration benefits.

Each option gives the grantee the right to purchase one existing AB InBev share. The exercise price of the options granted on 15 December 2016 is 97.99 Euro which corresponds to the closing share price on the day preceding the grant date.

The options have a duration of 10 years from grant and vest on 1 January 2022 and only become exercisable provided a performance test is met by Anheuser-Busch InBev. This performance test is based on an EBITDA compounded annual growth rate target and may be complemented by additional country or Zone specific or function specific targets. 100% of the options will become exercisable if the performance test is achieved by 31 December 2019, 90% of the options will become exercisable if the performance test is achieved by 31 December 2020 and 80% of the options will become exercisable if the performance test is achieved by 31 December 2021. Specific forfeiture rules apply if the employee leaves the company before the performance test achievement or vesting date.

No stock options were granted to members of the EBM at the time of the grant on 15 December 2016.

Throughout 2017, 6.47 million additional options were granted under the Integration Incentive Plan, having an exercise price corresponding to the closing share price on the day preceding the relevant grant date. Out of these 6.47 million options, 1,701,090 options were granted to members of the EBM.

In 2018, no options were granted under the Integration Incentive Plan.

c. ***Incentive Plan for SAB employees***: on 15 December 2016, 1.43 million options were granted to employees of former SAB. The grant results from the commitment that AB InBev has made under the terms of the combination with SAB, that it would, for at least one year, preserve the terms and conditions for employment of all employees that remain with the Group.

Each option gives the grantee the right to purchase one existing AB InBev share. The exercise price of the options is 97.99 Euro which corresponds to the closing share price on the day preceding the grant date.

The options have a duration of 10 years as from granting and vest after 3 years. Specific forfeiture rules apply if the employee leaves the company before the vesting date.

Throughout 2017, 0.77 million additional options were granted under the Incentive Plan for SAB employees, having an exercise price corresponding to the closing share price on the day preceding the relevant grant date.

No stock options were granted to members of the EBM under this plan. More generally, in 2018, no options were granted under the Incentive Plan for SAB employees.

d. ***Long Run Stock Options Incentive Plan*****:** on 1 December 2017, 18.02 million stock options were granted to a select group of approximately 50 members of our senior management, including a number of members of our EBM, under a new long term special incentive Plan to incentivize and retain senior leaders who are considered to be instrumental in achieving our ambitious long-term growth agenda over the next 10 years.

Each option gives the grantee the right to purchase one existing share. The exercise price of the options is 96.70 Euro which corresponds to the closing share price on the day preceding the grant date. The options have a duration of 15 years as from granting and, in principle, vest after 10 years (on 1 January 2028). The options only become exercisable provided a performance test is met by Anheuser-Busch InBev. This performance test is based on an organic EBITDA compounded annual growth rate target which must be achieved by 31 December 2024 at the latest. Specific forfeiture rules apply if the employee leaves the company before the performance test achievement or vesting date.

Throughout 2018, 2.94 million additional options were granted under the Long Run Stock Options Incentive Plan, having an exercise price corresponding to the closing share price on the day preceding the relevant grant date. Out of these 2.94 million additional options, 1,708,044 options were granted to Carlos Brito on 18 May 2018 (having an exercise price of 80.34 Euro and a 5 years vesting period) and 618,164 options were granted to each of Ricardo Moreira and David Kamenetzky on 14 August 2018 (having an exercise price of 84.42 Euro and a 10 years vesting period).

d. Long-term restricted stock unit programs

Anheuser-Busch InBev has in place four specific long-term restricted stock unit programs:

1. A program allowing for the offer of restricted stock units to certain members of our senior management in certain specific circumstances. Such grants are made at the discretion of the CEO, e.g. as a special retention incentive or to compensate for assignments of expatriates in certain limited countries.

The characteristics of the restricted stock units are identical to the characteristics of the Matching Shares that are granted as part of the Share-based compensation plan (see section 8.2.3.b). The restricted stock units vest after five years and in case of termination of service before the vesting date, special forfeiture rules apply.

During the reporting period in 2018, 2.35 million restricted stock units were granted under the program to our senior management. No restricted stock units were granted under the program to members of the EBM.

2. A program allowing for the exceptional offer of restricted stock units to certain members of senior management at the discretion of the Remuneration Committee as a long-term retention incentive for key managers of the company.

Members of senior management eligible to receive a grant under the program receive 2 series of restricted stock units. The first half of the restricted stock units vest after five years. The second half of the restricted stock units vest after 10 years. As a variant under this program, the restricted stock units may be granted with a shorter vesting period of 2.5 to 3 years for the first half and 5 years for the second half of the restricted stock units. In case of termination of service before the vesting date, special forfeiture rules apply. As of 2017, instead of restricted stock units, stock options may be granted under the program with similar vesting and forfeiture rules.

During the reporting period in 2018, 0.44 million restricted stock units were granted under the program to our senior management. No restricted stock units were granted under the program to members of the EBM.

3. A program allowing certain employees to purchase company shares at a discount aimed as a long-term retention incentive for (i) high-potential employees of the company, who are at a mid-manager level ("People bet share purchase program") or (ii) for newly hired employees. The voluntary investment in company shares leads to the grant of 3 matching shares for each share invested or, as the case may be, a number of matching shares corresponding to a fixed monetary value that depends on seniority level. The matching shares are granted in the form of restricted stock units which vest after 5 years. In case of termination before the vesting date, special forfeiture rules apply. Beginning in 2016, instead of restricted stock units, stock options may also be granted under this program with similar vesting and forfeiture rules.

During the reporting period in 2018, our employees purchased 0.01 million shares under the program. No shares were purchased under the program by members of the EBM.

4. In 2018, a new program was implemented allowing for the offer of performance based restricted stock units ("Performance RSUs") to certain members of our senior management. Upon vesting, each RSU gives the executive the right to receive one existing AB InBev share. The Performance RSUs can have a vesting period of 5 years or of 10 years. The shares resulting from the RSU vesting will only be delivered provided a performance test is met by the company. Specific forfeiture rules apply if the employee leaves the company before the vesting date or if the performance test is not achieved by a certain date.

On 14 August 2018, 0.5 million Performance RSUs were granted to a select group of senior managers of the company. Out of these 0.5 million Performance RSUs, 207,760 Performance RSUs were granted to members or our EBM as follows: 51,940 Performance RSUs to each of John Blood and Jan Craps (having a 10 year vesting period) and 51,940 Performance RSUs to each of Peter Kraemer and Tony Milikin (having a 5 year vesting period). These Performance RSUs are subject to on an organic EBITDA compounded annual growth rate target which must be achieved by 31 December 2024 at the latest.

e. Exchange of share-ownership program

From time to time certain members of Ambev's senior management are transferred to Anheuser-Busch InBev and vice-versa. In order to encourage management mobility and ensure that the interests of these managers are fully aligned with AB InBev's interests, the Board has approved a program that aims at facilitating the exchange by these managers of their Ambev shares into ABInBev shares.

Under the program, the Ambev shares can be exchanged into Anheuser-Busch InBev shares based on the average share price of both the Ambev and the AB InBev shares on the date the exchange is requested. A discount of 16.66 % is granted in exchange for a 5-year lock-up period for the shares and provided that the manager remains in service during this period. The discounted shares are forfeited in case of termination of service before the end of the 5-year lock-up period.

Under the program, members of our senior management have exchanged 1.14 million Ambev shares for a total of 0.1 million AB InBev shares in 2018.

f. Programs for maintaining consistency of benefits granted and for encouraging global mobility of executives

Two programs which are aimed at maintaining consistency of benefits granted to executives and at encouraging the international mobility of executives while complying with all legal and tax obligations are in place:

1. **The Exchange program:** under this program the vesting and transferability restrictions of the Series A options granted under the November 2008 Exceptional Option Grant and of the options granted under the April 2009 Exceptional Option Grant, could be released e.g. for executives who moved to the United States. These executives were then offered the possibility to exchange their options for ordinary Anheuser-Busch InBev shares that remain locked-up until 31 December 2018 (5 years longer than the original lock-up period).

   Since the Series A options granted under the November 2008 Exceptional Option Grant and the options granted under the April 2009 Exceptional Option Grant have vested on 1 January 2014, the Exchange program is no longer relevant for these options. Instead, the Exchange program has now become applicable to the Series B options granted under the November 2008 Exceptional Option Grant. Under the extended program, executives who are relocated e.g. to the United States, can be offered the possibility to exchange their Series B options for ordinary Anheuser-Busch shares that, in principle, remain locked-up until 31 December 2023 (5 years longer than the original lock-up period).

   In 2018, no exchanges were executed under this program.

   As a variant to this program, the Board also approved the recommendation of the Remuneration Committee to allow the early release of the vesting conditions of the Series B options granted under the November 2008 Exceptional Option Grant for executives who are relocated, e.g. to the United States. The shares that result from the exercise of the options must, in principle, remain blocked until 31 December 2023.

   Under this variant to the program, the vesting of 0.2m stock options was accelerated under this program in 2018. Out of these 0.2m stock options, the vesting of 180,742 stock options was accelerated for Ricardo Tadeu, a member of the Executive Board of Management in 2018.

2. **The Dividend waiver program:** where applicable, the dividend protection feature of the outstanding options owned by executives who move to the US is being cancelled. In order to compensate for the economic loss which results from this cancellation, a number of new options is granted to these executives with a value equal to this economic loss. The new options have a strike price equal to the share price on the day preceding the grant date of the options. All other terms and conditions, in particular with respect to vesting, exercise limitations and forfeiture rules of the new options are identical to the outstanding options for which the dividend protection feature is cancelled. As a consequence, the grant of these new options does not result in the grant of any additional economic benefit to the executives concerned.

   In 2018, no options were granted under this program.

The Board has also approved the early release of vesting conditions of unvested stock options or restricted stock units which are vesting within 6 months of the executives' relocation. The shares that result from the early exercise of the options or the early vesting of the restricted stock units must remain blocked until the end of the initial vesting period. In 2018, the vesting of 0.2 million stock options and restricted stock units was accelerated under this program for other members of the senior management. Out of these, the vesting of 22,382 stock options and 44,660 restricted stock units was accelerated for Ricardo Tadeu and the vesting of 17,449 restricted stock units was accelerated for Jean Jereissati, both members of the Executive Board of Management in 2018.

g. Performance related incentive plan for Disruptive Growth Function

The company has implemented a performance related incentive plan which substitutes the long-term incentive stock option plan for executives of the Disruptive Growth Function, called ZX Ventures. This function was created to accelerate new business development opportunities, focusing on initiatives in e-commerce, mobile, craft and branded experiences such as brew pubs and is headed by Pedro Earp, Chief Disruptive Growth Officer.

The incentive plan, which is inspired from compensation models in technology and start-up businesses, aims at specifically linking the compensation to the value creation and success of the disruptive growth business within the company.

Executives are granted performance units whose value will depend on the internal rate of return (IRR) of their business area. The units vest after 5 years provided a performance test is met, based on a minimal growth rate of the IRR. At vesting, the performance units may be settled in cash or in ordinary shares of the company. Specific forfeiture rules apply in case the executive leaves the company.

During the reporting period in 2018, 2.7 million performance units were granted to senior management under this program. Out of these, 132,828 performance units were granted to Pedro Earp, member of the EBM in 2018.

h. Pension schemes

Our executives participate in Anheuser-Busch InBev's pension schemes in either the US, Belgium or their home country. These schemes are in line with predominant market practices in the respective countries. They may be defined benefit plans or defined contribution plans.

The CEO participates in a defined contribution plan. The annual contribution that is paid to his plan amounted to approximately USD 0.07 million in 2018. The contributions for the other members of the EBM amounted to approximately USD 0.57 million in 2018.

i. Other benefits

Executives are also entitled to life and medical insurance and perquisites and other benefits that are competitive with market practices.

8.2.4. Main contractual terms and conditions of employment of members of the Executive Board of Management (EBM) in 2018

The terms and conditions of employment of the members of the EBM (and going forward, the members of the ExCom) are included in individual employment agreements. Executives are also required to comply with the company's policies and codes such as the Code of Business Conduct and Code of Dealing and are subject to exclusivity, confidentiality and non-compete obligations.

The agreement typically provides that the executive's eligibility for payment of variable compensation is determined exclusively on the basis of the achievement of company and individual targets set by the company. The specific conditions and modalities of the variable compensation are fixed separately by the company and approved by the Remuneration Committee.

Termination arrangements are in line with legal requirements and/or jurisprudential practice. The termination arrangements for the EBM provide for a termination indemnity of 12 months of remuneration including variable compensation in case of termination without cause. The variable compensation for purposes of the termination indemnity shall be calculated as the average of the variable compensation paid to the executive for the last two years of employment prior to the year of termination. In addition, if the company decides to impose upon the executive a non-compete restriction of 12 months, the executive shall be entitled to receive an additional indemnity of six months.

In 2018, Claudio Braz Ferro (former Chief Supply Integration Officer) and Claudio Garcia (former Chief People Officer) left the company. They were granted a termination indemnity that corresponds to 12 months of their base salary and an amount corresponding to the average of the variable compensation paid for the last two years. Mauricio Leyva (former Zone President Middle Americas) resigned on 31 August 2018.

Carlos Brito was appointed to serve as the CEO starting as of 1 March 2006. In the event of termination of his employment other than on the grounds of serious cause, the CEO is entitled to a termination indemnity of 12 months of remuneration including variable compensation as described above.

There is no "claw-back" provision in case of misstated financial statements.

8.2.5. Options owned by members of the Executive Board of Management*

The tables below set forth the number of Matching options owned by the members of our EBM as of 31 December 2018 under the Share-based compensation plan that was applicable until 2010[(1)].

	Matching options 2010	Matching options 2009	Matching options 2009	Matching options 2008	Matching options 2007	Matching options 2006
Grant date	5 March 2010	14 August 2009	6 March 2009	3 March 2008	2 April 2007	27 April 2006
Expiry date	4 March 2020	13 August 2019	5 March 2019	2 March 2018	1 April 2017	26 April 2016
EBM [(3)]	0	140,106	80,765	61,974	0	0
Strike price (Euro)	36.52	27.06	20.49	34.34	33.59	24.78

	Matching options 2009- Dividend Waiver 13 [(2)]	Matching options 2009- Dividend Waiver 13[(2)]	Matching options 2008- Dividend Waiver 13[(2)]	Matching options 2008- Dividend Waiver 09[(2)]	Matching options 2007– Dividend Waiver 09[(2)]	Matching options 2006 – Dividend Waiver 09[(2)]
Grant date	15 May 2013	15 May 2013	15 May 2013	1 Dec 2009	1 Dec 2009	1 Dec 2009
Expiry date	13 August 2019	5 March 2019	2 March 2018	2 March 2018	1 April 2017	26 April 2016
EBM [(3)]	74,869	37,131	0	0	0	0
Strike price (Euro)	75.82	75.82	75.82	33.24	33.24	33.24

(1) Matching options have the following features:
  a. an exercise price that is set equal to the market price of the share at the time of grant;
  b. a maximum life of 10 years and an exercise period that starts after five years, subject to financial performance conditions to be met at the end of the second, third or fourth year following the grant;
  c. upon exercise, each option entitles the option holder to subscribe one share;
  d. specific restrictions or forfeiture provisions apply in case of termination of service.

(2) Options granted under the Dividend waiver program (see section 8.2.3.f)

(3) The following options were exercised in 2018:
  a. In March 2018, Miguel Patricio exercised 61,974 Matching options of 3 March 2008 with a strike price of 34.34 Euro, 80,765 Matching options of 6 March 2009 with a strike price of 20.49 Euro and 49,468 Matching options 2008 - Dividend Waiver options of 31 May 2013 with a strike price of 75.82 Euro;

* Following the completion of the merger between Anheuser-Busch InBev (formerly “Newbelco”) and the old AB InBev, that took place on 10 October 2016 in the framework of the combination with SAB, all rights and obligations attached to the outstanding stock options of the old AB InBev, have been automatically transferred to Anheuser-Busch InBev (the absorbing company), each outstanding stock option giving right to one share of the new Anheuser-Busch InBev (the absorbing company) instead of one share of the old AB InBev (the absorbed company).

The table below sets forth the number of LTI stock options owned by the members of our EBM as of 31 December 2018 under the 2009 Long term incentive stock option plan (see section 8.2.3.c).

	LTI options	LTI options	LTI options	LTI options	LTI options	LTI options	LTI options
Grant date	18 Dec 2009	30 Nov 2010	30 Nov 2011	30 Nov 2012	02 Dec 2013	01 Dec 2014	01 Dec 2015
Expiry date	17 Dec 2019	29 Nov 2020	29 Nov 2021	29 Nov 2022	01 Dec 2023	30 Nov 2024	30 Nov 2025
EBM[(1)]	358,938	562,480	617,449	898,934	736,985	591,864	65,747
Strike Price (Euro)	35.90	42.41	44.00	66.56	75.15	94.46	121.95

	LTI options	LTI options	LTI options	LTI options	LTI options
Grant date	22 Dec 2015	01 Dec 2016	20 Jan 2017	5 May 2017	22 Jan 2018
Expiry date	21 Dec 2025	30 Nov 2025	19 Jan 2027	19 Jan 2027	21 Jan 2028
EBM[(1)]	855,877	75,897	836,790	261,706	1,025,404
Strike Price (Euro)	113.00	98.04	98.85	109.10	94.36

	LTI options (ADR)	LTI options (ADR)	LTI options (ADR)	LTI options (ADR)	LTI options (ADR)	LTI options (ADR)
Grant date	30 Nov 2010	30 Nov 2011	30 Nov 2012	02 Dec 2013	01 Dec 2014	01 Dec 2015
Expiry date	29 Nov 2020	29 Nov 2021	29 Nov 2022	01 Dec 2023	30 Nov 2024	30 Nov 2025
EBM	21,880	23,257	15,685	12,893	11,473	10,521
Strike price (USD)	56.02	58.44	86.43	102.11	116.99	128.46

(1) The following options were exercised in 2018:
  a. In May 2018, Ricardo Tadeu exercised 22,382 LTI options of 2 December 2013 with a strike price of 75.15 Euro.

The table below sets forth the number of options granted under the November 2008 Exceptional Option Grant owned by the members of our EBM as of 31 December 2018[(1)].

	November 2008 Exceptional Grant options Series A	November 2008 Exceptional Grant options Series B	November 2008 Exceptional Grant options Series A – Dividend Waiver 09	November 2008 Exceptional Grant options Series B – Dividend Waiver 09	November 2008 Exceptional Grant options Series B – Dividend Waiver 11	November 2008 Exceptional Grant options Series B – Dividend Waiver 13
Grant date	25 Nov 2008	25 Nov 2008	1 Dec 2009	1 Dec 2009	11 July 2011	31 May 2013
Expiry date	24 Nov 2018	24 Nov 2023	24 Nov 2018	24 Nov 2023	24 Nov 2023	24 Nov 2023
EBM[(2)]	0	3,614,841	0	1,833,736	243,901	286,977
Strike price (Euro)	10.32	10.32		33.24	40.35	75.82
EBM	0	542,226	0	0	0	0
Strike price (Euro)	10.50	10.50				

(1) The Series A stock options have a duration of 10 years as from granting and have vested on 1 January 2014. The Series B stock options have a duration of 15 years as from granting and vest on 1 January 2019. The exercise of the stock options is subject, among other things, to the condition that the company meets a performance test. This performance test, which was met, required the net debt/EBITDA, as defined (adjusted for exceptional items) ratio to fall below 2.5 before 31 December 2013. Specific forfeiture rules apply in the case of termination of employment.

(2) The following options were exercised in 2018:

a. In May 2018, Ricardo Tadeu exercised 180,742 options of 25 November 2008 with a strike price of 10.32 Euro.

The table below sets forth the number of options granted under the *2020 Incentive Plan* owned by the members of our EBM as of 31 December 2018 (see section 8.2.3.c).

	2020 Incentive Stock Options
Grant date	22 December 2015
Expiry date	22 December 2025
EBM	334,765
Strike price (Euro)	113.00

The table below sets forth the number of options granted under the *Integration Incentive Plan* owned by the members of our EBM as of 31 December 2018 (see section 8.2.3.c).

	Integration Incentive Stock Options
Grant date	5 May 2017
Expiry date	31 December 2026
EBM	1,570,237
Strike price (Euro)	109.10

The table below sets forth the number of options granted under the *Long Run Stock Options Incentive Plan* owned by the members of our EBM as of 31 December 2018 (see section 8.2.3.c).

	Long Run Stock Options Incentive Plan	Long Run Stock Options Incentive Plan	Long Run Stock Options Incentive Plan
Grant date	1 December 2017	18 May 2018	14 August 2018
Expiry date	31 December 2032	31 December 2032	14 August 2033
EBM	7,008,764	1,708,044	1,236,328
Strike price (Euro)	96.70	80.34	84.42

The table below sets forth the number of options granted under other special Option Plans owned by the members of our EBM as of 31 December 2018 (see section 8.2.3.d).

	Stock Options Grant of 5 May 2017	Stock Options Grant of 5 May 2017
Grant date	5 May 2017	5 May 2017
Expiry date	27 November 2026	27 November 2031
EBM	393,320	358,086
Strike price (Euro)	109.10	109.10

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Contact

Registered office

Anheuser-Busch InBev
Grand-Place 1
1000 Brussels
Belgium

Global Headquarters - Belgium

Anheuser-Busch InBev
Brouwerijplein 1
3000 Leuven
Belgium

Functional Management Office

Anheuser-Busch InBev
250 Park Avenue
Floor 2
New York, NY 10177
United States

Africa

The South African Breweries
56 Grosvenor Road
Bryanston, Sandton
South Africa

Asia Pacific North

Anheuser-Busch InBev China
26 F Raffles City
Shanghai Office Tower
268 Middle Xizang Road
Shanghai, 200001
PRC

Asia Pacific South

Carlton & United Breweries
77 Southbank Boulevard
Southbank
Victoria 3006
Australia

Europe

InBev Belgium
Brouwerijplein 1
3000 Leuven
Belgium

Latin America COPEC

Bavaria
Cra. 53A No. 127-35
Bogotá
Colombia

Latin America North

Ambev
Corporate Park
Rua Dr. Renato Paes de Barros 1017
4th Floor
04530-001, Sao Paulo
Brazil

Latin America South

Cerveceria y Malteria Quilmes S.A.I.C.A y G.
Av. Rafael Obligado 1221 1er piso
Capital Federal
Argentina

Middle Americas

Grupo Modelo
Cerrada de Palomas No. 22, Piso 6
Colonia Reforma Social CP 11650
Delegación Miguel Hidalgo
Ciudad de Mexico

North America

Anheuser-Busch Co. Inc.
One Busch Place
St. Louis, MO 63118
United States

Registered trademarks

The following brands are registered trademarks of Anheuser-Busch InBev SA/NV or one of its affiliated companies:

Global brands:
Budweiser, Stella Artois, Corona and Michelob Ultra

International brands:
Castle, Beck's, Leffe and Hoegaarden

Local brands:
10 Barrel, 100% renewable electricity, 4 Pines, Aguila, Aguila Cero, Aleston, Alexander Keith's, Alta Palla, Andes, Antarctica, Archibald, Bagbier, Barrilito, Bass, BBC, Beck's Blue, Becker, Belle-Vue, Belgian Beer Café, Best Damn, Birra del Borgo, Blue Point, Boddingtons, Bohemia, Boxing Cat, Brahma, Brahma Extra , Brahma 0.0, Bud Light, Bud Light Lime 'Ritas' family, Bud Light Lime, Bud Light Orange, Budweiser 1933 Repeal Reserve Amber Lager, Budweiser Magnum, Budweiser Prohibition Brew, Budweiser Supreme, Busch, Busch Light, Cafri, Camden Town, Camden Hells, Canvas, Carlton, Carlton Zero, Carling Black Label, Cass, Castle Free, Castle Lite, Chernigivske, Club Colombia, Cola & Pola, Colorado, Corona Cero, Corona Extra, Corona Ligera, Corona Light, Corona SunSets, Corona This Is Living, Coronita, Cristal, Cubanisto, Cucapá, Cusqueña, Devils Backbone, Diebels, Diekirch, Diekirch 0.0, Dilly Dilly, Double Deer, Eagle Lager, Elysian, Estrella, Estrella Jalisco, Flying Fish Chill, Franziskaner, Franziskaner Zitrone 0.0, Ginette, Ginsber, Golden Road, Goose Island, Great Northern, Guaraná Antarctica, Haake-Beck, Harbin, Hasseröder, Hertog Jan, HiBall, Jinling, Jinlongquan, Julius, Jupiler, Jupiler 0.0, Kaiba, Karbach, Kilimanjaro, Klinskoye, Kokanee, Kombrewcha, Kwak, Labatt, Lakeport, Land Shark Lager, La Virgen, Leffe Royale, Leffe 0.0, Leon, Liberty, Löwenbräu, Lucky, Mackeson, Magnífica, Mexicali, Michelob Ultra Pure Gold, Mike's Hard Lemonade, Mill Street, MixxTail, Modelo, Modelo Especial, Montejo, Mountain Series, Natty Daddy, Natural Light, Negra Modelo, Norte, Nossa, O'Doul's, OB, Oland, Old Blue Last, Original, Paceña, Pacifico, Patagonia, Patricia, Pilsen, Pirate Life, Poker, Pony Malta Plus, Presidente, Pure Blonde, Pure Blonde Cider, Quilmes, Quilmes Clásica, RateBeer, Redd's Apple, Rogan, Safari, Saturday Session, Sedrin, Shiliang, Shock Top, Sibirskaya Korona, Skol, SmartBarley, Spaten, SpikedSeltzer, Stanley Park, Stella Artois Buy A Lady A Drink, Stella Artois Cidre, Stella Artois Le Savoir, Stella Artois Joie de Bière, Stella Artois Gluten-free, Sunbru, T, Tijuana, Tolstiak, Tripel Karemeliet, Tropical, Vieux Temps, Victoria, Victoria Bitter, Vista Corona, Wäls, Whitbread, Wicked Weed, Yantar, ZX Ventures.

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- Clean Waves: co-owned with Parley LLC

Responsible Editor
Pablo Jimenez

Project Lead
Aimee Baxter

Translation Supervision
Ingvild Van Lysebetten

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Original English version written by
Marci Buehler

Design and Production
Chris Communications

Print
Snel Grafics

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Vous pouvez consulter ce rapport en français sur notre site web: www.ab-inbev.com

Anheuser-Busch InBev NV/SA
Brouwerijplein 1B-3000 Leuven
Belgium
Tel: +32 16 276 111
Fax: +32 16 506 111

Register of Companies
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Figures in million USD unless stated otherwise	2013 reported	2013 reference base[1]	2014 reported	2015 reported	2015 reference base[2]	2016 reported	2016 reference base[3]	2017 reported	2018 reported	2018 reference base[4]
Volumes (million hls)	425	446	459	457	502	500	616	613	567	567
Revenue	43,195	45,483	47,063	43,604	46,928	45,517	53,942	56,444	54,619	54,619
Normalized EBITDA	17,188	17,943	18,542	16,839	18,145	16,753	19,633	22,084	22,080	22,592
EBITDA	23,428	--	18,465	17,057	--	16,360	--	21,429	21,366	--
Normalized profit from operations	14,203	14,800	15,308	13,768	14,882	13,276	15,520	17,814	17,821	17,904
Normalized profit attributable to equity holders of Anheuser-Busch InBev	7,936	--	8,865	8,513	--	4,853	--	7,967	6,793	--
Profit attributable to equity holders of Anheuser-Busch InBev	14,394	--	9,216	8,273	--	1,241	--	7,996	4,368	--
Net financial debt	38,800	--	42,135	42,185	--	107,953	--	104,390	102,462	--
Cash flow from operating activities	13,864	--	14,144	14,121	--	10,110	--	15,430	14,663	--
Normalized earnings per share (USD)	4.91	--	5.43	5.20	--	2.83	--	4.04	2.21	--
Dividend per share (USD)	2.83	--	3.52	3.95	--	3.85	--	4.33	2.05	--
Dividend per share (euro)	2.05	--	3.00	3.60	--	3.60	--	3.60	1.80	--
Payout ratio %	57.60	--	64.80	76.0	--	136.0	--	107.2	59.6	--
Weighted average number of ordinary shares (million shares)	1,617	--	1,634	1,638	--	1,717	--	1,971	1,975	--
Share price high (euro)	79.60	--	94.89	124.20	--	119.60	--	110.10	96.70	--
Share price low (euro)	63.44	--	69.14	87.73	--	92.13	--	92.88	56.84	--
Year-end share price (euro)	77.26	--	93.86	114.40	--	100.55	--	93.13	57.70	--
Market capitalization (million USD)	172,291	--	183,167	200,302	--	213,993	--	225,531	133,404	--
Market capitalization (million euro)	124,930	--	150,867	183,983	--	203,010	--	188,052	116,510	--

1. The 2013 Reference Base includes 12 months of Grupo Modelo operations to facilitate the understanding of AB InBev's underlying business. The 2013 reference base further reflects the combination of Western Europe and Central & Eastern Europe into a single Europe Zone, and a number of intra-Zone management reporting changes which took effect on 1 January 2014.
2. The 2015 Reference Base and 2016 segment reporting exclude the results of the SABMiller business sold since the combination was completed, including the joint venture stakes in MillerCoors and CR Snow, and the sale of the Peroni, Grolsch and Meantime brands and associated businesses in Italy, the Netherlands, the UK and internationally. The 2015 Reference Base and 2016 segment reporting also exclude the results of the CEE Business and the stake in Distell. The results of the CEE Business will be reported as "Results from discontinued operations" and the results of Distell will be reported as share of results of associates until the respective sales are completed.
3. The differences between the 2016 Reference base and the 2016 income statement as Reported represent the effect of the combination with SAB. The profit, cash flow and balance sheet are presented as Reported in 2016. The results of the CEE Business were reported as "Results from discontinued operations" until the completion of the disposal that took place on 31 March 2017. The results of Distell were reported as share of results of associates until the completion of the sale that occurred on 12 April 2017, and accordingly, are excluded from normalized EBIT and EBITDA. Furthermore, the company stopped consolidating CCBA in its consolidated financial statements as from the completion of the CCBA disposal on 4 October 2017.
4. The differences between the 2018 Reference base and the 2018 income statement as Reported represent the effect of (i) the new organizational structure that will be effective as of 1 January 2019 and is composed of five regions (North America, Middle Americas, South America, EMEA and Asia Pacific); (ii) the application of hyperinflation accounting as of IAS 29 Financial Reporting in Hyperinflationary Economies was not applied for the company's results published prior to the third quarter of 2018; and (iii) the new IFRS 16 Leases accounting standard that will be effective as of 1 January 2019 and will replace the current lease accounting requirements and introduces significant changes to lessee accounting, including the recognition a "right-of-use" asset and a lease liability, a depreciation charge related to the "right-of-use" assets and an interest expense on the lease liabilities, as compared to the recognition of rental cost on a straight-line basis over the lease term under the prior standard.

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