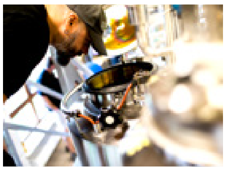
annual report 2019

AB InBev

"WE ARE THE WORLD'S LEADING BREWER AND EVERYTHING WE DO IS DRIVEN BY OUR DREAM OF BRINGING PEOPLE TOGETHER FOR A BETTER WORLD."

Contents



Letter to our **shareholders**

To our shareholders:

Our performance in 2019 was below our expectations, and we are not satisfied with the results. There were many successes, but we also faced many challenges. We understand that in order to reach our ambitious goals, we need to embrace these challenges head-on and transform them into opportunities for success.

We are a strong, diversified company with an unrivaled geographic footprint, portfolio of brands, talent pool and a clear commercial strategy. As the world's leading brewer, our commitment to grow the beer category is unwavering. We will use the learnings from 2019 to better position ourselves to deliver long-term sustainable top and bottom-line growth.

We are a company of owners, who take results personally. As we look to the future, we are determined to lead growth through consumer-centricity, operational excellence and innovation. We have a unique opportunity to build a stronger business which is more connected than ever to our consumers and customers, leveraging our assets to create lasting value.

Reflecting on our performance

In 2019, we continued to enhance our focus on top-line growth and value creation while adopting a more balanced strategy between volume and revenue per hl growth. We grew volumes by 1.1% in 2019, our third consecutive year of volume growth with the rate of growth accelerating each year. Combined with revenue per hl growth of 3.1%, we delivered top-line growth of 4.3%.

Our EBITDA grew by 2.7% with margin contraction of 65 bps to 40.3%, below where we wanted to be. We faced significant headwinds in our cost base driven primarily by the highest annual increase in commodity and transactional currency costs in the past decade, which held back EBITDA growth by approximately 200 bps. Additionally, challenging macroeconomic environments in many of our relevant markets pressured consumer disposable income, resulting in trade-down and consumption contraction.

4.3%

TOP-LINE GROWTH

We achieved a major milestone in 2019 with the successful completion of the listing of a minority stake of our Asia Pacific business (Budweiser APAC) on the Hong Kong Stock Exchange for 5.75 billion USD, recognizing the value we have created in the APAC region throughout the past decade. The listing creates a regional champion in the consumer goods space and an attractive platform for M&A.

We also took significant steps to deleverage toward our optimal capital structure, resulting in a leverage ratio of 4.0x on 31 December 2019 (accounting for the proceeds expected to be received from the divestment of the Australian operations while excluding the last 12 months EBITDA from the Australian operations).

Growing the global beer category

We remain focused on driving beer category growth by leveraging the interlocking frameworks of the market maturity model, category expansion framework and growth champions. The category expansion framework provides a roadmap for growing the beer category by offering a full portfolio of options spanning different styles and price points to reach more consumers on more occasions.

Core lager is at the center of the category expansion framework and is the heart of our business. We have made significant advances in elevating our core brands around the world by segmenting our core lagers into easy drinking lagers and classic lagers, which have different liquid profiles and cater to different consumption occasions. By doing so, we drive incremental growth by reducing cannibalization, while strengthening the relative positioning of each brand. While our core portfolio declined in volume in 2019, it was an improved trend from 2018 and we delivered strong growth from our core brands in meaningful markets such as Mexico, Colombia and Nigeria.

Premiumization, a consumer trend across all our markets, is a key element of the category expansion framework and our commercial strategy, as it generates incremental top and bottom-line growth. It is a critical growth driver for the global beer category, especially as consumers are trading up from core brands. Our above core brands now comprise more than a quarter of our total volume and are growing ahead of the total company. Our High End Company is leading the way, growing top and bottom line by double-digits in 2019 off a meaningful base.

Our global brands are at the forefront of our premiumization strategy and had a very strong year, growing revenue by 8.0% outside of their home markets where they command a premium. Budweiser grew 3.3% outside of the US, led by strong performances from Brazil, Europe and India, but was negatively impacted by the softness in the nightlife channel in China, where it has a leading position. Stella Artois delivered growth of 6.5% outside of Belgium, with meaningful growth in the US and Brazil. Corona continued to lead the way with growth of 21.0% outside of Mexico, with major contributions from markets such as China and South Africa. The strong equity of our global brands was also recognized by Interbrand, which ranked Budweiser and Corona in its list of the top 100 global brands. They were the two highest ranked beer brands, improving their rankings from last year and increasing their brand value on a dollar basis.

Smart affordability is another critical pillar of the category expansion framework, as price is a major barrier to entering the beer category for many consumers. This is especially true in many emerging markets, where consumer disposable income growth often considerably lags inflation. This has impacted the relative affordability of beer and, in many cases, negatively affected per capita consumption. In response, we have elevated our smart affordability strategy. We have been expanding our portfolio through initiatives such as new packaging formats and brands, including beers brewed with local crops. These innovations are driving meaningful incremental profits in key markets, but generally have a dilutive impact on revenue per hl.

In addition to differentiating beers by price point, the category expansion framework extends the beer category with flavored beers and other beer styles, which appeal to different taste profiles and bring beer to a wider set of occasions. We have meaningfully enhanced our portfolio offerings in both flavored beers and other beer styles, particularly through ZX Ventures, our disruptive growth organization. ZX Ventures continues to fuel our top-line results, accounting for more than 15% of our revenue growth.

We are proud of the advancements we have made across our portfolio to meet the needs of a broad set of consumers across price points, styles and occasions. We will continue to innovate and enhance our offerings as we seek to lead the growth of the global beer category.

+2.7%

EBITDA GROWTH IN 2019

5.75
billion USD

VALUE OF THE MINORITY STAKE OF OUR ASIA PACIFIC BUSINESS LISTED ON THE HONG KONG STOCK EXCHANGE

Responding to a changing world

We are a company driven by communities, fueled by innovation and centered on consumers. Several key trends, both ongoing and emerging, are affecting our consumers and their behavior. An aging population, social isolation and a movement towards gender equality are giving rise to major behavioral trends such as health and wellness and a greater need for digitization and connection.

We need to embrace every aspect of our evolving world. We must answer to new consumers and stakeholders by leveraging the capabilities we have built and accelerating our plans while acknowledging our gaps and exploring growth opportunities.

This means our company must evolve. After all, we are owners, building a company to last. Dreaming big is in our DNA. We see challenges as opportunities, and we are never completely satisfied with our results.

Reimagining what our company can become

While we have made significant strides in our transformation, we need to move faster. In 2020 and beyond, we will move with greater speed and agility to develop new capabilities and ways of thinking. We are positioning our company for greater success by scaling up our growth platforms:

- **Becoming an even better beer company –** We will continue delivering results while also transforming our core business. We will continue to innovate and brew superior beers so we can address more consumers needs on more occasions. As consumers interact with each other in new ways, especially through technology, we need to engage with them where they are, in the formats they want and in ways that are convenient for them while also offering more experiences. We will use technology to better engage with our customers as a gateway to our consumers.
- **Accelerating our premiumization strategy -** Across the world and especially in mature markets, consumers are looking for affordable luxuries in all consumer goods categories, including beer. We will leverage our unparalleled portfolio of premium beers and innovation capabilities to capitalize on our leadership position in the premium category.

- **Expanding beyond beer -** As consumer tastes fragment, we need a broader portfolio of offerings for more consumers on more occasions, including beverages other than beer to address their needs. We need to become the company that brings all people, not just "beer people", together.
- **Embarking on new ventures and offering new solutions to our customers and consumers -** We will leverage the unmatched platform and rights of way we have built over the years to create new businesses that will create incremental value. We can help our customers become more efficient and profitable. We can provide convenience to customers and consumers by delivering more products and services to more places by leveraging our existing assets and capabilities.

We believe these platforms will strengthen our core while adding new muscles to help us deliver our long-term growth aspirations. We are leveraging technology to transform ways of working to be more agile so we can create better solutions and value for our customers and our consumers around the world. Our talented people and our commitment to innovation will help us deliver growth.

Committed to a Better World

We are determined to build a company to last. To do that, we need a healthy environment and thriving communities. Through our 2025 Sustainability Goals, we are committed to creating a better world for all of our stakeholders while also creating value for our business.

In 2019, we continued to support our farmers through agricultural development, working with over 20 000 farmers in 13 countries to grow the best barley, wheat, cassava, hops, maize, rice and sorghum. We set an ambitious goal that 100% of our direct farmers will be skilled, connected and financially empowered by 2025. Today, 50% of our direct farmers are skilled, 45% are connected and 35% are financially empowered.

Climate change impacts our business and the communities in which we live and work. We have committed that 100% of our global purchased electricity volume will come from renewable sources by 2025. Today, 61% of our purchased electricity volume is under contract from renewable sources.

We also made progress this year toward our ambition for every experience with beer to be a positive one. In support of the United Nations Sustainable Development Goals and World Health Organization goals, we launched plans to reduce the harmful use of alcohol in pilot cities across our major markets, developed in conjunction with the local communities and led by local authorities. These include novel road safety programs, the use of mystery shoppers to prevent underage drinking and the deployment at large scale of "screening and brief interventions", a simple but effective survey that allows public health workers to detect people at risk and undertake corrective measures. The learnings from these pilot programs are open to all and can be used to replicate these results in places with similar conditions.

We are leveraging technology to ensure that we are always operating at the highest ethical standards. Our award-winning compliance platform, BrewRIGHT, is an innovative use of artificial intelligence to help detect and prevent fraud and corruption. We are exploring the creation of a consortium of users that would help drive scale, which is critical to accelerate progress and maximize impact.

Mobilizing our company for evolution

There is a fundamental truth about beer: it brings people together. We are the world's leading brewer and everything we do is driven by our dream of bringing people together for a better world.

Brewing the world's most loved beers, building iconic brands and creating meaningful experiences are what energize and inspire us. We are committed to making beer part of life's greatest moments, and we strive to make every experience with beer positive.

Through hard work and the strength of our people, we can achieve anything. Together, we will deliver sustainable growth and continue bringing people together for the next 100 years to come.

Marty Barrington
Chairman of the Board

Carlos Brito
Chief Executive Officer

Key Figures 2019

Performance

4.3%
REVENUE GROWTH

21,078 million USD
2019 NORMALIZED EBITDA

561.4 million hl
2019 TOTAL VOLUMES

2.7%
EBITDA GROWTH WITH MARGIN CONTRACTION OF 65 BPS TO 40.3%

Operations

260
BREWERIES

69
VERTICALIZED OPERATIONS (HOP FARMS, BARLEY MALTING, ETC.)

50+
OPERATIONS IN MORE THAN 50 COUNTRIES

Dream-People-Culture

~170,000
COLLEAGUES

31%
OF OUR SALARIED WORKFORCE ARE WOMEN

105+
NATIONALITIES REPRESENTED ACROSS OUR COMPANY

100%
SCORE ON THE HUMAN RIGHTS CAMPAIGN CORPORATE EQUALITY INDEX IN NORTH AMERICA FOR THE FIFTH CONSECUTIVE YEAR AND A 100% SCORE FOR THE SECOND YEAR IN A ROW IN MEXICO

Brands

630
BEER AWARDS WON, **191** BRONZE, **267** SILVER AND **172** GOLD MEDALS, AT **31** MAJOR INTERNATIONAL COMPETITIONS IN 2019

Community Support & Road Safety

20,000+

FARMERS WORK WITH US GLOBALLY

6,200

JOBS CREATED THROUGH OUR SOUTH AFRICAN BREWERIES' ENTREPRENEURSHIP PROGRAM

15,000

BUSINESSES SUPPORTED VIA OUR SMALL RETAILER DEVELOPMENT PROGRAM

2-year

ROAD SAFETY PARTNERSHIP EXTENSION WITH UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH (UNITAR)

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

Sustainability

50%

OF OUR DIRECT FARMERS ARE SKILLED; **45%** ARE CONNECTED AND **35%** ARE FINANCIALLY EMPOWERED

9.39%

DECREASE IN OUR TOTAL WATER USAGE SINCE 2017

40.9%

OF OUR VOLUME IS IN RETURNABLE PACKAGING

RECYCLED CONTENT IN OUR PRIMARY PACKAGING:

59.1% IN CANS
42.3% IN GLASS
22.8% IN PET

6.9%

REDUCTION IN EMISSIONS (SCOPE 1, 2 AND 3) ACROSS OUR VALUE CHAIN SINCE 2017 PER HECTOLITER

61%

OF OUR GLOBAL PURCHASED ELECTRICITY VOLUME IS UNDER CONTRACT, ATTAINED FROM RENEWABLE SOURCES.

Ethics

14

POLICIES WERE REVISED IN 2019

~10,000

FTEs TRAINED IN ETHICS WITH NEW ANIMATION EPISODES

35 million

PAYMENT TRANSACTIONS WERE RISK SCORED BY BREWRIGHT, OUR COMPLIANCE MACHINE LEARNING PLATFORM, TO ENABLE PRIORITIZED MONITORING

200+

PARTICIPANTS JOINED OUR ANTITRUST ACADEMY IN 2019, WHICH INCLUDED 7 LECTURES FROM TOP EXPERTS.

Highlights of the year

January

We were selected for the **2019 Bloomberg Gender-Equality Index** as one of 230 companies around the world working toward more equal, inclusive workplaces.

February

Stella Artois launched a **Super Bowl campaign** with actors Jeff Bridges and Sarah Jessica Parker, as part of our partnership with **Water.org**. The spot earned 7.6 billion impressions and received 418,000 social mentions while providing clean water access to 270,000 people in the developing world.

Skol Puro Malte was introduced in our South America Zone during an official launch during Carnival in February. It has become the biggest innovation in the Zone in recent years in terms of volume.

We introduced Leffe Blond 0.0%, **the first 0.0% abbey beer.** It debuted in Belgium then, later in the year, the Netherlands and finally in France to very positive reactions.

March

We strengthened our portfolio in France with the launch of **Budweiser**. Coupled with its launch in the Netherlands later in the year, Budweiser became our fastest growing brand in Europe.

We launched **Z-Tech**—a new innovation group with the mission to catalyze the growth of small and medium businesses worldwide, through technology.

Castle Lager launched an iconic supporters' jersey for all South African sports enthusiasts made up of jersey strips from six unifying sporting moments in the country's history. The jersey was manufactured to inspire the national teams and simultaneously fuel fan passion, helping the brand continue its presence as a national unifier through sports.

April

We were recognized among **Fast Company's World-Changing Ideas 2019** and **Forbes' inaugural Blockchain 50 list** for our partnership with **BanQu**, a startup from our 100+ Sustainability Accelerator which helps provide financial identities to unbanked farmers in Uganda and Zambia.

May

Our North America team hosted an AB InBev **Investor Day in New York,** showcasing our five commercial priorities for the US, our portfolio of brands (including innovations) and our team in charge of leading future growth.

June

To celebrate **Sustainability Week**, over 1,200 of our colleagues in Nigeria came together through our **Better World Champions** initiative to participate in street cleanups, rehabbing local roads, planting trees, coaching students, recycling and more.

As an extension of a longstanding partnership with Parley for the Oceans, **Corona** began accepting plastic intercepted in cities and on coastlines around the world as payment for beer during the week of **World Oceans Day**.

July

We announced our agreement to divest **Carlton & United Breweries** (CUB) to Asahi Group Holding, Ltd. for 16 billion AUD, equivalent to approximately 11.3 billion USD in enterprise value.

We launched the Road Safety Toolkit in partnership with the **United Nations Institute for Training and Research (UNITAR)**, which implements solutions to reduce traffic accidents and save lives.

Budweiser kicked off its global "Be a King" campaign and became the official beer of both the **Premier League and La Liga**, two of the most amazing football leagues with millions of fans around the world.

August

We were ranked number 19 on **Fortune's 2019 "Change the World" List** in recognition of our agricultural development initiatives to help farmers become more financially empowered.

Our Africa Zone teamed up with five women in the beer industry to create a **special limited-edition brew** that celebrated women in brewing, and embodied the characteristics of strong independent women.

September

We completed the **initial public offering (IPO) of a minority stake of our Asia Pacific business (Budweiser APAC)** on the Hong Kong Stock Exchange for 5.75 billion USD. By doing so, we created a superior regional champion in the consumer goods space positioned to expand across the fastest growing markets in the APAC region.

We led **Global Be(er) Responsible Day**, engaging 69,000 colleagues worldwide to promote smart drinking. Together, we reached 3.9 million consumers and 1.5 million customers across more than 40 countries with responsible drinking messages.

We reinforced our commitment to sustainable development and the UN Sustainable Development Goals during the week of the **74th session of the United Nations General Assembly** and demonstrated how we leverage the power and reach of our global brands to inspire action.

October

October marked the three-year anniversary of our **combination with SAB** and we completed the delivery of the 3.2 billion USD synergies and cost savings on a constant currency basis as of August 2016.

Budweiser partnered with global football champion Sergio Ramos in a new installment of our **"Be a King"** campaign. This partnership helps inspire people worldwide by bringing them closer to a king of football.

November

Corona joined forces with big wave surfer Frank Solomon to debut the documentary **Street Surfers** on local South African television. The film is a thought-provoking look at a unique band of heroes in South Africa who are making an impact to address global pollution.

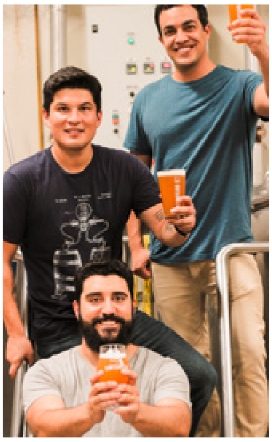
On November 21, we partnered with Nikola Motor Company and BYD (Build Your Dreams) to complete the **first ever 'Zero-Emission Beer Delivery'** in the US, delivering beer from the Anheuser-Busch brewery in St. Louis, US using only zero-emission trucks.

December

Our GITEC team unveiled a **new digital printing technology** that imprints branding onto the bottles directly, eliminating the need for paper or plastic labels and providing potential environmental and economic benefits. To launch the initiative, we released 200,000 bottles of a limited-edition run of Beck's Artist Series.

We celebrated contracting our **first series-produced electric trucks in Europe**, one of several planned that will help reduce our carbon footprint in getting our beers to customers across Europe in 2020.

"THROUGH HARD WORK AND THE STRENGTH OF OUR PEOPLE, WE CAN ACHIEVE ANYTHING. TOGETHER, WE WILL CONTINUE BRINGING PEOPLE TOGETHER FOR THE NEXT 100 YEARS TO COME."



We are building a company **to last**

With centuries of brewing history and operations in more than 50 countries, we exist to bring people together and create meaningful experiences. We have seen countless new friendships, connections and experiences built on a shared love of beer. Our diverse portfolio offers more than 500 brands and eight of the top 10 most valuable beer brands worldwide, according to BrandZ™. By brewing beer and building brands that consumers love, we will continue to bring people together for the next 100 years and beyond.

Our stakeholders

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 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 the highest-quality products and meaningful brand experiences, always in a responsible way.

OUR SUPPLIERS

Relationships are essential to our operations—especially with our suppliers. Mutual 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.

"Some of our brands have roots back 600 years ago and while the beer is definitely different today, it has mostly been a journey of learning and perfecting, passing knowledge from generation to generation to be where we are today with our legacy brands."

CHARLES NOUWEN, GLOBAL HEAD OF PASSION FOR BEER

OUR SHAREHOLDERS

We value the trust of our shareholders and are constantly working to provide positive results. We are committed to creating value and delivering consistent, profitable growth.

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. We are focused on matters where we can be part of the solution and make the greatest positive impact.

We're here for the beer

We have a passion for beer. It is at the center of everything we do, including our Dream of bringing people together for a better world. Ever since our oldest brands debuted over 600 years ago, beer has brought people together. We strive to continue this tradition with our portfolio of over 500 iconic brands, 260 breweries and 13,000+ owned retail locations around the world.

INTEGRATING OUR 10 BREWING PRINCIPLES

Over the past year we have been working to include our brewing principles more clearly into all of our operations. To help share our passion for beer, we stepped up our communication both internally and externally and built a global network to bring passion for beer to all our workplaces around the world. We even evolved spaces to give more visibility to our brands and built custom programs to further educate our teams about beer. This year we won more beer awards than ever before, and that is a result of our continuous efforts to elevate quality through our brewing principles.

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 showcased our passion for beer by holding our annual Senior Leadership Conference (SLC) in Belgium, paying homage to our Stella Artois brand and European beer legacy. 2019 also included a company-wide celebration of International Beer Day and the release of three documentaries that celebrate and demonstrate our passion for beer—"Kings of Beer," "Em Busca Da Cerveza Perfeita" and "Beers of Joy."

To teach the fundamentals of beer and beer culture in an engaging format, we developed and released a new internal app called Hoppy. While still in the early phases, Hoppy has been rolled out across all zones and we presented the app at the Fast Company Innovation Festival.

To stay true to our transparency principle, we refreshed our consumer platform called Tap Into Your Beer (www.tapintoyourbeer.com) that helps people discover more about beer, brewing, our brands and our smart drinking initiatives. It also offers consumers information such as beer styles, taste profiles, Alcohol by Volume (ABV), and more.

We aid in the development of quality beer and ingredients by supporting many programs including the Brewers of Europe, European Brewing Convention and Hop Growers of America. We have four hop farms around the world where we breed varieties of the future for different flavors and sustainability. Our hop farms are located in the state of Idaho in the US, in the heart of Bavaria in Germany, near George in South Africa and Patagonia in Argentina.

To celebrate our cultural heritage and passion for beer, this year several of our colleagues, including Charles Nouwen, Global Head of Passion for Beer, Ariane Lepas, Project Manager of Bosteels Brewery and Fabio Sala, President of our Belgium, Germany and Luxembourg business (BU Central) were knighted by the Brewers' Guild in a medieval-era celebration in Belgium. Individuals knighted have made a significant contribution to the Belgian brewing profession and community.

"We are fanatics about the quality of our beer! While we invest in technology to improve the quality and consistency of our beers, we use the same ingredients and the same principles that we used over 600 years ago."

ALEXANDER SOENEN, BREWERY MANAGER, LEUVEN

CONNECTING WITH CONSUMERS

In 2019, we continued to connect with consumer passion points to build iconic brands. For instance, Budweiser announced multi-year sponsorships with the Premier League and La Liga and became first official beer sponsor of the US National Women's Soccer League. We also continue to innovate how consumers can enjoy our products. For the first time, we introduced Corona in draft format in Europe, in countries such as the UK. 2019 was a historical year for the United States where we celebrated the 50th anniversary of man landing on the moon with a limited-edition Budweiser Discovery brew. Plus, we continued tapping into consumer health and wellness trends with innovations in the no- and low-alcohol beer (NABLAB) space, including low calorie options, low carb options and organic beer like Michelob Ultra Pure Gold.

Checking in with our global brands

To reach more consumers in different occasions, our complementary global brands provide premium options defined by occasion, taste profile and price point. In 2019, our global brands continued to deliver strong results and connect with consumers in exciting ways.

BUDWEISER

Budweiser revenue grew 0.2% globally and 3.3% outside of the US.

- We continued to champion our transition to renewable electricity with a 100% logo and a commercial during Super Bowl LIII in Atlanta, Georgia that celebrated our wind farm at Thunder Ranch, Oklahoma.
- In 2019 Budweiser scaled its global assets by becoming the official beer of the Premier League and La Liga. Activated in 22 different countries, these partnerships allow us to reach an audience of 3.2 billion consumers every year, transforming our global reach. This campaign was developed as an integrated

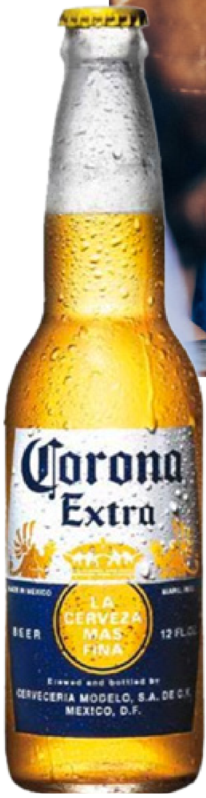
marketing platform that lands the message of "Be A King" worldwide, celebrating the power of the kings of the game on and off the pitch.

- We helped bring people together by celebrating the 50th anniversary of the historic moon landing with Budweiser Discovery, collaborating with iconic American brands like Jim Beam to brew Budweiser Copper Lager, and working with one of our multi-generational barley growers in Idaho, US to create Budweiser Harvest Reserve.
- We kicked off the global "Be a King" campaign with Sergio Ramos, a football champion who is currently the captain of Real Madrid as well as the Spanish national team. Ramos embodies the ambition of Budweiser celebrates his journey of becoming one of football's greats by using the meaning and symbolism of his tattoos to showcase his achievements. To spark conversation around the partnership, we released a hero film and social media assets, as well as limited edition tattoo bottles for e-commerce. This unique packaging is digitally enabled and allows consumer to scan QR codes to unlock exclusive content.
- Additionally, Budweiser became the first ever beer brand to partner with the England senior women's football team, championing them in their World Cup bid.
- We also created the Budweiser ReCup Arena, a unique football pitch in Sochi, Russia made from more than 50,000 recycled plastic cups collected at arenas and fan celebrations after the 2018 FIFA World Cup Russia™.

STELLA ARTOIS

Stella Artois delivered solid revenue growth of 6.5% globally.

- We continued our partnership with Water.org, enabling clean water access for another half a million people in 2019, driven by the highly successful "Change Up The Usual" program in the US which was one of the most awarded campaigns of the Super Bowl. In September, our CEO Carlos Brito and Water.org co-founder Gary White participated in the "Aquanomics: Water, Wall Street & Climate Change" event during the week of the 74th United Nations General Assembly in New York City.
- We ran a successful pilot of our future premium packaging in the US which saw sales increase by 10%.
- We engaged consumers with the "Stella Friends" YouTube content series in Brazil, bringing high profile influencers together to share a meal and Stella Artois while discussing relevant cultural events.
- The Stella Artois "Icons" campaign in South Korea celebrated the stories of inspiring female leaders and the idea that success tastes better if you earn it.
- Stella Artois launched the seasonal beer "Midnight Lager" in the US which secured strong wholesale and retail support for the brand over the key holiday period.



CORONA

Corona grew double-digits for the fifth consecutive year, with revenue up 13.3% globally and 21.0% outside of Mexico.

- In 2019, Corona continued its partnership with Parley for the Oceans overdelivering on the joint commitment to protect 100 islands by 2020, one year ahead of schedule. During the summer this year, Corona and Parley completed 214 clean ups in 13 countries covering 9 million square meters of beach. Additionally, Corona enabled consumers to Pay for Corona with Plastic during Oceans Week, generating conversation about the issue.
- We expanded the local production of Corona outside of Mexico into China, Colombia, Brazil, Argentina and a number of European markets, including the UK and Belgium, which allows us to better serve our consumers and customers while reducing our carbon footprint.
- Corona launched a collection of beach apparel, Protect Paradise, reinforcing its connection with the beach while providing consumers with an opportunity to protect the oceans. Each item of the collection is made of upcycled plastic, helping keep our oceans plastic-free. The line is sold at e-commerce platforms in Brazil, China, South Korea and Australia.
- We also introduced Corona in draft form in Europe for the first time, in countries such as the UK.
- We kicked off our presence in the entertainment industry, having produced various short and mid length documentaries, including the partnership with surfer Frank Solomon to create Street Surfers, a thought-provoking documentary about a unique band of heroes in South Africa who are making an impact to address global pollution. The film drove positive conversation on social media and won over four international awards.
- Together with the World Surf League, we co-produced "Road to the Highline," which follows the journey of professional surfer Mike February across the coastline of South Africa as he prepares for the Corona Pro in Jeffreys Bay, South Africa.

Global scale, local presence

We are well-diversified geographically with a balanced exposure to developed and developing markets, operating in more than 50 countries worldwide. Our team of approximately 170,000 colleagues span the globe, organized in five distinct management Zones to maximize growth opportunities.

North America

- Budweiser generated over 5.5 billion earned media impressions and 2.3 million social mentions through campaigns such as "This Bud's for 3" featuring Dwyane Wade and The Official Supporter of the National Women's Soccer League (NWSL) campaign.
- Michelob Ultra continued to grow both volume and dollar sales at double-digit rates, becoming the #2 biggest beer by dollars in the US (IRI year ending 29 December 2019).
- Stella Artois launched a Super Bowl campaign in which actors Jeff Bridges and Sarah Jessica Parker reprised their iconic roles as The Dude and Carrie Bradshaw to encourage viewers to reach for a Stella instead of their usual drink to help end the global water crisis. As part of our partnership with Water.org, the spot earned 7.6 billion impressions and received 418,000 social mentions while providing clean water access to 270,000 people in the developing world.
- Our innovation pipeline is strong and continues to grow, contributing ~50% of innovation in the US industry.

ZONE HEADQUARTERS: ST. LOUIS, MISSOURI, UNITED STATES

COUNTRIES: U.S., CANADA

TOP LOCAL BRANDS: BUDWEISER, BUD LIGHT, MICHELOB ULTRA, STELLA ARTOIS, GOOSE ISLAND

Middle Americas

- We opened a new brewery in Apan (Hidalgo), Mexico. The plant has the capacity to produce up to 24 million hectoliters per year and to become the second-largest brewery in the world; it will be used to produce beers including Corona, Stella Artois and Michelob Ultra.
- In Peru, we expanded our craft portfolio with the acquisition of Barbarian and celebrated 140 years of operations in Backus.
- We began selling our leading portfolio in ~4,400 OXXO retail locations in Mexico as part of a roll-out plan to eventually be present in their ~17,000 stores across the country.

ZONE HEADQUARTERS: MEXICO CITY, MEXICO

COUNTRIES: MEXICO, COLOMBIA, PERU, ECUADOR, HONDURAS, EL SALVADOR, DOMINICAN REPUBLIC, PANAMA, GUATEMALA, BARBADOS, PUERTO RICO AND CARIBBEAN ISLANDS

TOP LOCAL BRANDS: CORONA, VICTORIA, MODELO, AGUILA, CLUB COLOMBIA, PILSEN CALLAO, CRISTAL, CUSQUEÑA, PILSENER, CLUB, SALVA VIDA, PRESIDENTE, BALBOA, ATLAS GOLDEN LIGHT

South America

- Skol Puro Malte was introduced during Carnival in February. It has become the biggest innovation in the Zone in recent years in terms of volume.
- Our premium portfolio was enhanced with the addition of new packaging formats and the launch of new brands such as Beck's and Colorado Ribeirão Lager, which has already become the largest brand in our craft segment.
- We successfully expanded our regional brands Nossa, Magnífica and Legítima, brewed with Cassava from local farmers and connecting with local culture. These brands increase our presence in relevant states by offering consumers an accessible price point, which results in lower revenue per hectoliter while maintaining comparable margins to our core portfolio.

ZONE HEADQUARTERS: SÃO PAULO, BRAZIL

COUNTRIES: ARGENTINA, BOLÍVIA, BRAZIL, CHILE, PARAGUAY AND URUGUAY

TOP LOCAL BRANDS: QUILMES, PATAGONIA, ANTARCTICA, BRAHMA, SKOL, MALTA

EMEA

- Budweiser became our fastest growing brand in Europe, as we brought the King of Beers to France and the Netherlands, where Budweiser is now the official beer of Amsterdam's football team Ajax. We also launched in key cities and countries including Warsaw, Poland; Vienna, Austria; Tel Aviv, Israel and Dubai, United Arab Emirates.
- We announced a partnership with Spain's leading brewer, Mahou San Miguel (MSM), that will see MSM distribute and sell our brands in Spain and brew certain brands within its Spanish breweries beginning 1 January 2020.
- We have also fully invested in innovation in the UK, bringing Corona in draft, Mike's Hard Sparkling Water and Bud Light Golden Can into the market.
- South Africa, Zambia and Uganda had strong results and our Nigeria operation grew double-digit volume and revenue to become the second largest brewer in the country.
- Corona experienced significant volume growth across the Africa Zone in FY19 due to growing awareness and penetration in South Africa. In South Africa, volume grew 128% with revenue up 95% versus FY18.

ZONE HEADQUARTERS: LEUVEN, BELGIUM

EUROPE AND MIDDLE EAST COUNTRIES: BELGIUM, FRANCE, THE NETHERLANDS, SWEDEN, DENMARK, NORWAY, FINLAND, ITALY, SPAIN, THE CANARY ISLANDS, PORTUGAL, GREECE, RUSSIA, UKRAINE, UK, IRELAND, GERMANY, LUXEMBOURG, CZECH REPUBLIC, AUSTRIA, POLAND, SWITZERLAND, ISRAEL AND UNITED ARAB EMIRATES

AFRICA COUNTRIES: SOUTH AFRICA, NIGERIA, UGANDA, ESWATINI, NAMIBIA, BOTSWANA, ETHIOPIA, GHANA, KENYA, LESOTHO, MALAWI, MOZAMBIQUE, SOUTH SUDAN, SWAZILAND, TANZANIA, UGANDA, ZAMBIA AND ZIMBABWE

EUROPE AND MIDDLE EAST TOP LOCAL BRANDS: STELLA ARTOIS (LOCAL TO BELGIUM AND GLOBAL) JUPILER, LEFFE, TRIPLE KARMELIET, HOEGAARDEN, HERTOG JAN, CAMDEN HELLS, BASS, SPATEN, BECK'S

AFRICA TOP LOCAL BRANDS: CASTLE LAGER, CARLING BLACK LABEL, BRUTAL FRUIT, IMPALA, FLYING FISH

Asia Pacific

- We continued our premiumization trend across the Zone by securing the distribution rights of the German-style beer brand Blue Girl in mainland China. The brand has seen continued growth in popularity across mainland China.
- Our innovation portfolio was expanded to address emerging trends and increase consumption occasions, with the addition of Bud 0.0, Harbin Crystal and Hoegaarden Rosée.
- We introduced the easy-drinking category in India and Vietnam with the launch of Beck's Ice.
- We completed the initial public offering (IPO) of a minority stake of our Asia Pacific business (Budweiser APAC) and its listing on the Hong Kong Stock Exchange.
- We agreed to divest Carlton & United Breweries (CUB) to Asahi Group Holding, Ltd.

ZONE HEADQUARTERS: SHANGHAI, CHINA

COUNTRIES: CHINA, INDIA, SOUTH KOREA AND VIETNAM

TOP LOCAL BRANDS: BUDWEISER, CASS, CORONA, HARBIN, HOEGAARDEN, STELLA ARTOIS

"DREAMING BIG IS IN OUR DNA. THROUGH HARD WORK AND THE STRENGTH OF OUR TEAM, WE CAN ACHIEVE ANYTHING."

We dream big

Our colleagues drive our success every day by leading change and delivering results. With a workforce of approximately 170,000, people truly are our greatest strength, and we are committed to attracting and retaining talented people around the world who can help build our company to last.

Constantly driving towards a better future

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. We recruit, develop and retain people who have the potential to be even better than ourselves. We know that through hard work and the strength of our team, we can achieve anything.

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.

6 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 careers to last

As a company of owners, we encourage our colleagues to take on new experiences and explore new places leading to fast career growth and early leadership.

One of our expedited paths is through our Global Management Trainee (GMT) Program which takes driven university graduates through a 10-month rotation that offers in-depth exposure to our business operations and global projects. In addition, our one-year Global Management Business Administration (GMBA) program lets graduates experience the operations of several Zones, provides exposure to global leaders and offers an opportunity to develop 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 2019 GMT class was made up of 55% men and 45% women, including participants from 35 different nationalities. Our 2019 GMBA class was made up of 56% men and 44% women, including participants from nine different nationalities.

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 identify gaps and then building initiatives to improve engagement moving forward.

In 2019, our people's satisfaction and sense of pride in working at AB InBev strengthened. While our results are above the Willis Towers Watson Food & Beverage benchmark for employee engagement, we take engagement seriously and are never completely satisfied with our results. To that end, we will continue investing in improving our people's experience.

~170,000

PEOPLE AROUND THE WORLD

Diversity & inclusion

We are committed to a work environment that is both diverse and inclusive, where all colleagues feel respected and empowered to bring their authentic selves to work every day.

With 105+ nationalities represented across our company and 55 nationalities represented in our Global Headquarters, we have a unique opportunity to attract talent from many different backgrounds. We strongly believe that a diverse and inclusive workforce helps us develop stronger ideas and deliver results, putting us in a better position to understand and serve the needs of our global consumer base.

Our policies and initiatives strive to create greater diversity and provide all colleagues with a fair and equal chance to succeed. We recognize that this takes commitment, hard work and time and we are dedicated to our progress.

105+

NATIONALITIES AROUND THE WORLD

31%

OF WOMEN IN SALARIED WORKFORCE

EXPLORING WAYS TO ADVANCE GENDER EQUALITY

Currently, 31% of our salaried workforce are women (+3pp since 2016), with 22% female representation among our partners (+5pp since 2016). We know that we have gaps to fill and are working to advance our progress. In 2019, 36% of the new hires in our salaried workforce were women.

To further advance gender equality, we joined the LEAD Network in Europe as a Gold Level Partner. Our initiatives to empower women were recognized as a case study in the 2019 McKinsey Women in the Workplace report.

In Argentina, our local company Quilmes received an award from UN Women for being one of the first companies in the country to accomplish the action plan that they built as part of our commitment to the UN Women's Empowerment Principles.

CELEBRATING PRIDE & SUPPORTING LGBTQ+ ISSUES

The global reach of our brands gives us significant opportunity to drive positive change in culture. In 2019, we celebrated LGBTQ+ Pride in more than 10 countries around the world. In the US, Bud Light released special edition rainbow bottles, with proceeds going to the Gay & Lesbian Alliance Against Defamation (GLAAD). Our SKOL brand in Brazil partnered with Pantone to create a rainbow pack of cans, the UK activated with a Budweiser campaign to raise awareness of all groups under the LGBTQ+ umbrella, and our Victoria brand in Mexico ran a campaign honoring the Las Muxes community of transgender women. In South Africa, we sponsored Pride in Johannesburg for the first time and participated by marching in the parade.

On the International Day Against Homophobia, Biphobia and Transphobia (IDAHOBIT), colleagues from our LAGER LGBTQ+ community in the US created a video for the "It Gets Better Project" about their personal coming out stories. Additionally, we worked with the Stonewall charity in the UK and Ireland as a Diversity Champion, to ensure that all our LGBTQ+ colleagues are accepted in the workplace.

We are proud to have earned a 100% score on the Human Rights Campaign Corporate Equality index for the past five years in the US and a 100% score on the Human Rights Campaign Equidad MX index for the past two years in a row. We also participated in the South African Workplace Equality Index for the first time this year.

COMMITTING TO MORE INCLUSIVE MARKETING

We use the power of our brands to drive impact and encourage social change in our company and our industry. In 2019 this was demonstrated with our involvement in the #SeeHer movement in the US, which aims to deliver a more accurate portrayal of women and girls in advertising and media. We kicked off our partnership with a #SeeHer Bootcamp that reviewed our advertising campaigns for unconscious bias, immediately putting our findings to use by integrating #SeeHer tip sheets into our creative effectiveness program and introducing monthly meetings with our brand teams to provide feedback on direction.

Additionally, we partnered with the Alliance for Inclusive and Multicultural Marketing (AIMM) on their industry-wide #SeeAll movement to drive representation of multicultural and inclusive demographics in ads.

To begin bringing more diversity to depictions of beer in marketing, our US Craft Brewer's Alliance created a library of stock photos that feature gender, racial and ability diversity and are free for anyone to download on photo websites Pexels and Unsplash.

"When it comes to our beers, we are committed to promoting our brands in a balanced way. Beer is a great social equalizer, so it's imperative for us to be inclusive."

PAULA LINDENBERG, PRESIDENT OF AB INBEV UK & IRELAND

CHAMPIONING FEMALE ATHLETES TO CHALLENGE SOCIAL BARRIERS

Budweiser has been a sponsor of the US Women's National Soccer Team for more than 30 years. We continued our support during their 2019 World Cup championship bid, and also became an official partner of the England Women's Football Team in March 2019. In July, Budweiser became the first official beer sponsor of the National Women's Soccer League (NWSL) in the US. These partnerships aim to help drive real change by breaking down social barriers and perceptions and showcasing the value in rallying behind female athletes.

FOCUSING ON DIVERSIFYING OUR TALENT POOL

To help attract and retain diverse talent, we partnered with organizations whose purpose is rooted in connecting diverse candidates to the workforce. We joined the AdFellows program in the US, which is designed to help diverse candidates break into marketing and advertising. We began working with the Forte Foundation, which aims to change the balance of power in the workplace by opening doors for women. We also were a sponsor of Management Leaders for Tomorrow and continued our work as a sponsor of the Reaching Out MBA Conference for the third year in a row.

CREATING A MORE INCLUSIVE AND SAFE WORK ENVIRONMENT

In late 2019, South African Breweries continued to take action against gender-based violence with Carling Black Label's #NoExcuse campaign. As part of the 16 Days of Activism they launched a Domestic Violence Leave Policy to support colleagues who are victims of physical, sexual or psychological violence and abuse. The policy will make it easier for people to report and seek assistance when experiencing or recovering from domestic violence. Colleagues can make temporary adjustments at work as needed and receive referrals to specialists and counseling, where available.

Responding to consumer trends

A variety of societal changes such as an aging population, focus on gender equality and increasingly digital lifestyles are giving rise to several key consumer trends. Based on these trends, we can identify clear growth opportunities in each market where we operate.

Premiumization

In mature markets, people are trading up for more affordable luxuries. Across the world, the beer category is premiumizing, and we continue to invest behind the growth of our unparalleled portfolio of premium brands to address this trend. In addition to the success of our global brands and the High End Company, we have built an exceptional portfolio of craft and specialty beers around the world. We are seeing accelerated growth in our craft portfolio, especially in the US, where it grew by more than 20% in 2019, outpacing the industry and the rest of the craft segment. This was driven by 3 of the top 10 fastest growing national brands in the country – Elysian, Golden Road, and Breckenridge – and 4 of the top 10 fastest growing Regional brands in the US – Karbach, Wicked Weed, 10 Barrel, and Four Peaks (according to IRI).

As we continue to build our premium brand portfolio, we are also opening up opportunities for growth via entering other categories outside of beer. We have seen promising growth with innovation focused on a disruptive approach to wine (such as casual wine and sparkling wine in cans), spirits (including ready-to-drink cocktails) and non-alcoholic beverage categories (including soft drinks and teas). In partnership with Keurig, we launched the Drinkworks Home Bar, an appliance to prepare cocktails, beer, and more using proprietary pods. The appliance and the pods are now available in a number of states in the US.

Smart affordability

On the other end of the price spectrum, we also see a clear opportunity for volume growth in emerging markets. We use affordability to provide consumers in emerging markets with affordable, high quality, branded alternatives to replace illegal or illicit alcohol. Our initiatives are driving meaningful results in major markets, such as Brazil, Argentina, Colombia, Ecuador and South Africa. We believe we are uniquely positioned to lead growth in emerging markets in a responsible manner, given our diverse portfolio of brands tailored to a variety of consumer price points and occasions.

Health & wellness

Due to increasing awareness and demographic changes, people are becoming more aware of their health and taking steps to ensure that they are living a healthy lifestyle. An aging population in many markets, combined with the health-forward attitudes of Millennials and Gen Z, clean eating trends and the personalization of wellness have been growing steadily.

To continue to deliver products that meet consumer demand, we are offering more choice with the highest-quality no- and low-alcohol beer (NABLAB) options, which can be an important way to help reduce the harmful use of alcohol. We see ourselves as leaders in the NABLAB segment and are building our NABLAB portfolio with more than 80 offerings for different consumer occasions. NABLAB products made up approximately 7% of our global beer volume in 2019, with the long-term goal of NABLAB reaching at least 20% of our global beer volume by 2025.

80+

OFFERINGS IN OUR NABLAB PORTFOLIO

Another example of this is the growth of hard seltzer across a wide spectrum of consumers, primarily in the US and just starting also in other markets. As a consumer-centric company, we are taking a portfolio approach with the category with Bon & Viv (launched in 2015), Natural Light Seltzer, Mike's Hard Sparkling Water in the UK and Bud Light Seltzer (all launched in 2019).

Frictionless economy

With the rise of technology around the world, people are changing the way they behave and interact with brands. It has become the expectation in many markets to be able to purchase products online, on demand.

We see technology as a huge enabler for the future of our company and have increased digital interactions with our customers through online, mobile and app-based ordering as part of our contact strategy.

Additionally, we are using new disruptive technologies to bring consumers what they want and reach them across multiple platforms. For example, we have significantly expanded our e-commerce efforts, with operations in 20 countries. This year our e-commerce business grew over 50%, led by the expansion of our direct to consumer businesses in South America and Europe.

Authenticity & purpose

New generations of adults continue to shift cultural norms and expectations. As a result, consumers today are looking for brands that reflect their personal values including diversity, authenticity and purpose.

We demonstrated how we leverage the power and reach of our global brands to inspire action: Budweiser's commitment to source 100% of purchased electricity from renewable sources, Stella Artois' commitment to provide access to clean water in the developing world in partnership with Water.org, and Corona's campaign inviting consumers to clean beaches of plastic pollution.

As the world's leading brewer, our global reach is only matched by our deep local connections. By championing equality, diversity and inclusiveness, we are uniquely positioned to make a real and lasting change in the communities where we live and work.

We are working on many internal diversity and inclusion initiatives (see page 18) as well as using our brands externally to drive positive change in culture. For example, SKOL was the first beer brand in Brazil to promote LGBT inclusion, and Budweiser joined the #SeeHer movement in the US to help create more positive portrayals of women in our advertising and creative work. In South Africa, Carling Black Label's #NoExcuse campaign helped raise awareness about domestic violence and Castle Lager's #SmashTheLabel campaign worked to combat harmful stereotypes. We will continue to use our brands and global reach to champion initiatives that make real change around the world.

Organizing for growth

In 2019 we worked to build from our history and redefine ourselves for the future. Over the course of the year, we made progress against a transformational agenda that will see us become a more consumer and customer focused organization with a clear growth mindset, enabled by technology and analytics. Our strategy remains consumer focused and consistent.

One clear strategy

Our strategy is developed in response to our operating environment and represents the highest value choices we will make in order to achieve our ambition.

In 2019 we combined our growth and transformation agenda with our commercial priorities to create one clear strategy across the company. Overall, our commercial strategies remain consistent with 2018, focusing primarily on premiumization, differentiating the core and growth via adjacencies. In parallel we are transforming our business to ensure we are well positioned for future growth.

Our commercial strategy is underpinned by three interlocking frameworks: the market maturity model, category expansion framework and growth champions. We utilize these frameworks to lead and shape the beer category across all occasions and price points and develop the right portfolio for every market.

The **market maturity model** is utilized to classify our markets against a maturity level and share of beer, so we can identify best practices to be shared among markets with similar features.

The **category expansion framework** helps us identify which types of beer will best fit the adapting needs of an evolving market, so we can shape our brand portfolio accordingly and deliver the types of beer our consumers want.

We use **growth champions** to ensure that we expand our portfolios and commercial practices effectively and efficiently. The process benchmarks best practices for topline growth around the world to implement them across similar markets.

DIFFERENTIATE THE CORE & SMART AFFORDABILITY

Our portfolio of core brands is focused on creating meaningful emotional and functional differentiation. One example of how we achieved this in 2019 was with a Bud Light campaign in the US that focused on celebrating the simplicity of natural ingredients. To showcase that Bud Light is brewed with only four ingredients (water, barley, rice and hops), we listed nutritional information in our primary and secondary packaging and reinforced the message with a commercial aired during the Super Bowl.

We are well-positioned in emerging markets, which now provide more than 70% of our volume and almost 60% of our revenue, setting us up for long-term growth despite short-term volatility. We work with local authorities as well as partner with local farmers to incorporate their crops into our recipes so that we can offer new affordable brands and gain share in the value segment. A great example is in Brazil, where our smart affordability strategy is centered around regional brands such as Nossa, Magnífica and Legítima, brewed with ingredients grown by local farmers, which continue to gain share in the value segment.

70%

OF OUR VOLUME CAME FROM EMERGING MARKETS

PREMIUMIZE AT SCALE

We continue to lead the way with our unparalleled portfolio of premium brands, as we believe premiumization requires a portfolio approach to meet consumer needs. We anticipate our global brands and the High End Company will contribute significantly to this growth with global brand revenue growth of 5.2% globally (8.0% outside of the brands' home markets) and High End Company revenue growth of double-digits in 2019. We project that the majority of all beer growth will come from Premium offerings, with additional Core volume growth from emerging markets.

Examples from this year include double-digit revenue growth of Budweiser and Corona, globally. Premiumization is also trending in Brazil, with our global brands each experiencing double-digit growth, led by Corona. Michelob Ultra, another premium offering, is our fastest growing brand in North America, the second biggest beer brand in the US and is experiencing strong growth in Mexico as well as certain European markets.

"Our adjacencies strategy is built around finding disruptive ways to enter segments and offer consumers new propositions that are consumer-centric and future-focused."

GROWTH VIA ADJACENCIES

Our adjacencies strategy is built around finding disruptive ways to enter segments and offer consumers new propositions that are consumer-centric and future-focused. After assessing adjacent beverage segments, we have identified two distinct long-term directions for growth:

1. Focusing on premium alcohol beverages in mature markets. Examples of this in the US in 2019 include the acquisition of the remaining stake in the disruptive wine company Babe Wine in June, the purchase of the craft distillery Cutwater Spirits and the launch of Drinkworks Home Bar by Keurig, a pod-based cocktail-making appliance. Another example is our partnership with the spirits company Atom Group in the UK, which includes brands such as Bathtub Gin. While beer remains the core of our business, we continue to build an exciting portfolio of brands beyond beer to meet evolving consumer tastes.

2. Scaling non-alcohol beverages. In 2019, our non-alcohol portfolio had its best topline performance in over a decade, with double digit growth in net revenue and step changes in all of the top business units. In Brazil, non-alcohol completed a transformation and experienced revenue growth of 17% with very strong growth of premium brands, such as Tônica Antarctica. In Colombia, we launched Pony Malta Vital, a new malt with 40% less sugar, and a new water brand that helps preserve vegetation in the country. In Argentina, we had record share and grew 2 percentage points, achieving our highest share ever. Non-alcohol also recorded share gains in El Salvador and Honduras. In the US, our non-alcohol portfolio includes Teavana tea in collaboration with Starbucks and Hi-Ball sparkling energy water.

Focusing on growth & change

Our ambition is to deliver results while simultaneously evolving our company. We have defined a number of initiatives for transforming our business, so we can continue to lead future growth through consumer-centricity, operational excellence and innovation.

We have the unique opportunity to drive growth by building a stronger business which is more connected than ever to our consumers and retail customers, and by leveraging our existing assets to create value and using technology and analytics as enablers.

"THROUGHOUT THE YEAR, WE ENHANCED OUR FOCUS ON TOP-LINE GROWTH AND VALUE CREATION WHILE ADOPTING A MORE BALANCED STRATEGY."

Assessing our **performance**

Our performance in 2019 was below our initial expectations, and we are not satisfied with our results. There were many successes, but we also faced many challenges. We understand that in order to reach our ambitious goals, we need to embrace these challenges head-on and transform them into opportunities for success.

In 2019, we continued to enhance our focus on top-line growth and value creation while adopting a more balanced strategy between volume and revenue per hl growth. We grew volumes by 1.1% in 2019, our third consecutive year of volume growth with the rate of growth accelerating each year. Combined with revenue per hl growth of 3.1%, we delivered top-line growth of 4.3%.

Our EBITDA grew by 2.7% with margin contraction of 65 bps to 40.3%, below where we wanted to be. We faced significant headwinds in our cost base driven primarily by the highest annual increase in commodity and transactional currency costs in the past decade, which held back EBITDA growth by approximately 200 bps. Additionally, challenging macroeconomic environments in many of our relevant markets pressured consumer disposable income, resulting in trade-down and consumption contraction.

Premiumizing the beer category

Our premiumization strategy continued to deliver results in 2019, with our High End Company and global brand portfolio both growing ahead of our total company. Our High End Company grew by double-digits while the global brands grew by 8.0% outside their home markets.

The strong equity of our global brands was also recognized by Interbrand, which ranked Budweiser and Corona in its list of the top 100 global brands. They were the two highest ranked beer brands, improving their rankings from last year and increasing their brand value on a dollar basis.

Celebrating a truly successful combination

October marked the three-year anniversary of our combination with SAB and completed the delivery of our cost synergies target of 3.2 billion USD, one year ahead of our initial schedule and with 750 million USD more savings than originally planned. This combination has been transformational—bringing together the best-in-class brands, geographic footprints and talent of two great companies has made us smarter, more strategic and more growth-oriented than ever before, positioning us to lead the long-term growth of the global beer category.

+3.1%
REVENUE PER HL

Divesting our Australian subsidiary

In July we agreed to divest Carlton & United Breweries (CUB) to Asahi Group Holding, Ltd. for 16 billion AUD, equivalent to approximately 11.3 billion USD in enterprise value. We have granted Asahi the rights to commercialize our portfolio of brands in Australia.

Once completed, the divestiture of CUB will help us expand into other fast-growing markets in the APAC region and across the globe, by allowing us to create additional shareholder value by optimizing our business at an attractive price and further deleverage our balance sheet.

Creating new opportunities in the Asia Pacific region

On September 30, we completed the initial public offering (IPO) of a minority stake of our Asia Pacific business (Budweiser APAC) and its listing on the Hong Kong Stock Exchange for 5.75 billion USD. Our objective is to create a regional champion in the consumer goods space with a local identity and enhance connectivity with our stakeholders in Asia Pacific. We also believe it provides an attractive currency for potential M&A in the region.

We see great potential for our business in APAC and the region remains a growth engine within our company, including principal markets in China, India, South Korea and Vietnam. We believe that being close to our markets in the region will allow us more localized and focused decision making. While China remains our largest beer market in APAC, we will leverage a diversified pan-regional platform and utilize our market maturity model to accelerate expansion into fast-growing markets and drive operational efficiency to further enhance margins.

Evaluating our progress towards deleveraging

EBITDA increased by 2.7% in 2019 to 21 078 million USD as a result of top-line growth and enhanced by cost discipline and synergy capture, partially offset by elevated cost of sales throughout the year.

After the successful completion of the listing of Budweiser APAC and accounting for the proceeds expected to be received from the divestment of the Australian operations (while excluding the last 12 months EBITDA from the Australian operations), our net debt to EBITDA ratio fell to 4.0x in 2019.

Evaluating regional performances

In 2019, our Middle Americas region became our largest and fastest growing region by EBITDA, led by strong growth in Mexico and Colombia. Revenue grew by 7.2%, delivered with a healthy balance of volume growth of 3.8%.

Conversely, we faced softer consumer demand in several key markets due to challenging macroeconomic conditions, including Argentina, Brazil, South Africa and South Korea. As a result, we have been advancing our affordability strategy in emerging markets, by offering more accessible price points to more consumers, creating new packaging formats and introducing beers brewed with local crops. We are confident in our brand portfolio and focused on maintaining a consistent strategy to position us for growth in the long-term.

Major country performances

UNITED STATES

In 2019, we continued to make progress across our five commercial priorities in the US, resulting in revenue growth of 0.5% and revenue per hl growth of 2.8%. Our revenue per hl growth was impacted by the earlier timing of our price increase this year, which had a one-time positive impact of approximately 80 bps on a full-year basis. We estimate that industry sales-to-retailers (STRs) declined by 1.4%, while our own STRs were down by 2.4%. Our sales-to-wholesalers (STWs) were down by 2.3%, converging with STRs on a full-year basis.

Our total market share declined an estimated 50 bps in 2019, predominantly driven by mix due to the growth of hard seltzer within the flavored malt beverage (FMB) category. Our market share excluding FMBs declined by 10 bps, an improvement in trend of 20 bps from FY18, due to the consistently strong performance of our above core brands and further trend improvement within the mainstream segment.

Our above core portfolio gained 90 bps of total share, due to strong performances from Michelob Ultra, Michelob Ultra Pure Gold, our regional craft portfolio and our innovation pipeline. Michelob Ultra continues to grow by double-digits and is now the second largest brand in the country by retail sales, according to IRI. Michelob Ultra Pure Gold grew by triple-digits, while our craft portfolio grew by more than 20%, gaining share within the craft segment according to IRI.

4.3%
REVENUE GROWTH

20%
OUR CRAFT PORTFOLIO GREW BY MORE THAN 20% IN THE US

4,000+
OXXO STORES IN MEXICO NOW CARRY OUR BEERS

We estimate our innovations contributed approximately half of the total innovation volume in the industry once again this year, led by Naturdays, Michelob Ultra Infusions and Natural Light Seltzer.

Our mainstream brands lost an estimated 140 bps of market share in 2019, as consumers continue to trade-up to higher price tiers. Within the mainstream segment, our market share declined by 15 bps, which compares to a 35 bps decline in FY18, a trend improvement of 20 bps. Share declines of Bud Light and Budweiser were partially offset by share gains of our value portfolio, led by the Natural Light family (excluding Natural Light Seltzer, which is not included in the mainstream segment).

The hard seltzer segment is drawing new consumers to the malt beverage category and we are increasing investment behind our brands to accelerate our growth in the segment. Bon Viv and Natural Light Seltzer are growing at a strong rate, and in January 2020, we added Bud Light Seltzer to our portfolio, with a very successful nationwide launch that is already yielding positive results from both our customers and consumers. We are confident that we can leverage our strong portfolio, coupled with our best-in-class brewing capabilities and distribution network, to accelerate our momentum in this fast-growing segment.

EBITDA grew by 1.1% in FY19 with margin expansion of 28 bps to 40.8%, driven by positive brand mix and ongoing cost efficiencies.

MEXICO

Mexico delivered very strong top and bottom-line growth this year. Revenue grew by double-digits, driven by a balanced contribution from mid-single digit growth of both volumes and revenue per hl, which grew ahead of inflation and was enhanced by brand mix. We grew volumes ahead of the industry, resulting in our estimated highest ever market share in the country. We delivered growth across our brand portfolio, with a particularly strong performance in the above core segment.

We remain focused on developing our portfolio in line with the category expansion framework to clearly differentiate our brands. Our core brands continue to grow supported by a strong innovation pipeline, consistent brand messaging and entrance into new occasions. Our premium portfolio also contributed meaningfully to top-line growth, with double-digit volume growth of the Modelo family, Michelob Ultra, Stella Artois and our local craft brand, Cucapá.

Earlier this year, we signed a contract with OXXO, the largest c-store chain in Mexico, to begin selling our portfolio of beers in their 17,000+ stores in order to reach more consumers in more occasions. We expanded in the regions of Guadalajara and Mexico City this year, with our portfolio quickly reaching fair share in the 4,000+ stores in which we are now present. While the majority of our growth was driven by existing channels, our entrance into OXXO also made a meaningful contribution. We launched the next phrase of the roll-out in January 2020, and our portfolio will progressively become available in all OXXO stores across the country by the end of 2022 with the next expansion having started in January 2020.

The strong top-line performance, continued cost discipline and additional capacity which drove efficiencies across our entire supply chain, contributed to FY19 EBITDA growth of mid-teens with margin expansion of more than 250 bps.

COLOMBIA

We had a very strong year in Colombia with a healthy balance between volume and revenue per hl growth. Revenue grew by mid-single digits with revenue per hl growth of low single digits. Our total volumes grew by mid-single digits, with consistent growth in our beer and non-beer portfolios leading to our highest annual volume growth in Colombia since the SAB combination.

We continue to successfully expand the premium segment, led by our global brand portfolio, which grew by more than 50% this year. At the other end of the price spectrum, we are bringing new consumers into the category through smart affordability initiatives, such as the expansion of our 1 liter returnable glass bottle sharing pack. Our local core portfolio delivered consistently strong results throughout the year, led by Aguila, which grew by double-digits and ended the year with a powerful campaign focused on responsible drinking.

7.0%

IN BRAZIL WE GREW REVENUES BY 7.0% IN FY19

Our non-beer portfolio delivered mid-single digit volume growth, led by the expansion of Malta Leona and the launch of our new purpose-driven water brand, Zalva, from which the profits will contribute to the recovery of Colombian wetlands.

EBITDA grew by high single digits with margin expansion of more than 50 bps.

BRAZIL

Brazil was our leading contributor to organic top-line growth this year. We grew revenue by 7.0% in FY19, with total volume growth of 5.0%. Our beer volumes grew by 3.0% while our non-beer volumes grew by 11.2%. According to Nielsen, the beer industry grew by 2.4% and the non-beer industry grew by 2.7%. Revenue per hl growth of 1.9% resulted from ongoing premiumization and a price increase in our beer business, partially offset by geographic mix and the increased relevance of our smart affordability strategy. Additionally, our revenue per hl was impacted by category mix from the rapid growth of our non-beer business, which has a lower average revenue per hl than our beer business.

We continue to utilize a portfolio approach to win in the premium category as we can reach more consumers on more occasions through our complementary brand portfolio. In 2019, our premium portfolio grew by double-digits, led by our global brands and local premium offerings, such as Original and our craft brands. Our global brand portfolio grew by double-digits off a meaningful base, with strong performances from all three brands. Beck's, our premium German pure malt brand, was also recently added to our portfolio. It is off to a very strong start in the regions where it has been launched and we

plan to expand its geographic footprint throughout 2020. In the core plus segment, Bohemia is accelerating its momentum, delivering four consecutive quarters of triple-digit growth. Our Skol Puro Malte innovation, which was rolled-out nationally in the second quarter, continues to grow at a rapid pace, enabling the Skol family volumes to stabilize the full year and to grow in the fourth quarter. Our smart affordability strategy continues to gain traction, with our regional brands Nossa, Magnífica and Legítima performing very well. Each has delivered meaningful share gains in the states in which it was launched, and Magnífica is now the leading brand in the value segment in the state of Maranhão. These brands, offered at an accessible price point and brewed with local crops, deliver incremental volume and profitability by increasing our presence in relevant states.

In FY19, EBITDA declined by 4.4% with margin compression of 489 bps to 41.1%. This was driven by higher CoS resulting from commodity prices and the devaluation of transactional currency, which held back our EBITDA growth by approximately 300bps and our EBITDA margin by 135bps. Our EBITDA margin was also impacted by the increased weight of one-way bottles and aluminum cans in our packaging mix, as we aim to meet consumer needs across increasingly diversified and more premium occasions.

SOUTH AFRICA

Our business in South Africa delivered balanced top-line results this year, with revenue growth of mid-single digits driven by low single digit revenue per hl growth and mid-single digit volume growth. The results were delivered even in the context of a continued challenging macroeconomic environment with consumers remaining under pressure.

We continue to focus on growing the beer category and estimate we gained share of total alcohol this year. The premium segment, where we under-index, continues to grow faster than the total industry. We achieved our highest ever market share in this segment in 2019 as our premium brands continue to outperform, led by Corona. Our flavored malt beverages also performed very well this year, growing by double-digits led by Brutal Fruit and Flying Fish. We have also enhanced our smart affordability strategy in South Africa to ensure our portfolio includes accessible offerings for more consumers in light of the challenging macroeconomic environment.

EBITDA declined by high single digits with margin compression of over 600 bps. Strong top-line growth was more than offset by higher CoS per hl due to the timing of commodity and transactional currency headwinds, and significant increases in marketing investments behind our growing premium brand portfolio and on-trade programs.

3.3%
REVENUE GROWTH IN CHINA

CHINA

Revenue grew by 3.3% as premiumization led to revenue per hl growth of 6.5%, which was partially offset by volume declines of 3.0%. Our volume performance in the second half of the year was impacted by the continued softness in the nightlife channel, where our portfolio has a leading position, as well as a difficult comparable. In 2019, we estimate we gained market share in every channel. However, out overall market share declined by approximately 50 bps, resulting from channel mix shift given our position in the nightlife channel.

Our super premium brands continued to grow by strong double-digits, led by Corona, Blue Girl and Hoegaarden. We estimate that Corona is the number one brand in the super premium segment. Blue Girl, which joined our portfolio in May 2019, is one of the fastest growing super premium brands with a meaningful base. Hoegaarden grew volumes significantly this year, as the leading and fastest growing wheat beer in China. We also continue to lead the beer category in the e-commerce channel, which grew by strong double-digits. During the Double-11 e-commerce campaign in November, the largest e-commerce sales event in China, Budweiser was the #1 brand and Corona, Hoegaarden and Harbin were also among the top five beer brands by retail sales value on both the Tmall and JD platforms.

Budweiser declined by mid-single digits, driven by the softness in the nightlife channel, as Budweiser is well-established as the leading brand of the nightlife occasion. Nevertheless, Budweiser remains the number one brand in the premium segment and we have made additional commercial investments to accelerate the brand's expansion into other channels.

EBITDA grew by 17.0% with margin expansion of 440 bps, due to strong brand mix, ongoing cost discipline and localization initiatives that helped to offset the declines in the nightlife channel, one of our most profitable channels.

Highlights from other countries

In Canada, top-line declined low single digits, driven by a volume decline primarily due to a weak beer industry. This was partially offset by revenue per hl growth, driven by positive brand mix from our premiumization strategy. Our High End Company continues to gain share of the premium segment, led by share gains from our premium import brands, including Corona and Hoegaarden, and strong volume growth from our Craft portfolio. In the core segment, Bud Light grew share for the 24th consecutive year, and in the core plus segment, Michelob Ultra continued to be the fastest growing beer brand in the country.

In Peru, we grew revenue by mid-single digits with a volume decline of low single digits more than offset by revenue per hl growth of high single digits. The strong revenue per hl growth was driven by revenue management initiatives as well as positive brand mix, driven by the growth of our global brands. In light of the challenging consumer environment, we launched a new product called Golden, as part of our smart affordability strategy. Golden is brewed using ingredients with strong cultural relevance to strengthen our ties to local farming, and is off to a very strong start. In Ecuador, revenue declined by low single digits, driven by a volume decline of low single digits, which more than offset revenue per hl growth of low single digits. While our global brands continued to perform well with double-digit volume growth, a softer consumer environment impacted the beer category throughout the year. In response, we are enhancing our core offerings across a variety of price points to ensure consumers have accessible options within the beer category.

In Argentina, volumes declined by mid-single digits, as we continue to face consumption contraction resulting from ongoing challenging macroeconomic conditions. Our revenues and revenue per hl grew by double-digits in the context of a highly inflationary environment. Despite the difficult consumer environment, we achieved slight volume growth in the fourth quarter as we continue to invest behind our strong portfolio of brands. Our premium brands performed well in 2019 and gained share within the segment, led by our global brands and our local premium brand, Patagonia. Our local champion in the core plus segment, Andes Origen, grew by double-digits. Our smart affordability initiatives continue to gain traction, led by packaging innovations such as the 340ml returnable glass bottle.

Within EMEA, Europe grew revenue by low single digits, with volume growth partly offset by lower revenue per hl as we expand our portfolio across more price segments. We estimate we gained market share on a full year basis, and in all of our markets, with particularly strong gains in France and the Netherlands after successful Budweiser launches. Budweiser is now our fastest growing brand in Europe. The UK continues to deliver volume-led revenue growth fueled by the continued growth of our global brands, particularly the double-digit growth of Corona. EBITDA declined this year as top-line growth was offset by higher sales and marketing investments behind new brand launches, higher CoS per hl driven by commodity costs and the impact of route to market changes that allow us to distribute directly in key countries across Europe. Additionally, strong volume growth led to capacity constraints and increased distribution expenses. We are investing in our capacity footprint to alleviate these constraints. In Africa excluding South Africa, we delivered strong volume growth in Zambia and Uganda, though volume was lower in Tanzania and Mozambique. In Nigeria, we grew volume by double-digits as we continued to gain market share and despite cycling a challenging comparable from the opening of our fourth brewery last year.

Our business in South Korea had a challenging year, with declines in both revenue and volume. this performance was primarily the result of an overall industry decline in light of weaker consumer sentiment. In late October 2019, we rolled back our price increase previously implemented in April 2019 to revitalize the beer industry during the economic downturn. Our premium portfolio continued to grow throughout the year, led by Stella Artois and Budweiser.

"OUR INTERNAL INNOVATION TEAMS GIVE US THE UNIQUE ADVANTAGE OF COMBINING A START-UP MINDSET WITH BIG COMPANY EXPERIENCE."

Using new disruptive technologies to transform our future

We are relentlessly committed to innovation and exploring new products and opportunities to excite consumers around the world. Innovation is an important driver of our commercial strategy, our supply chain, our processes for supporting our colleagues and recruiting future talent and helps us build a sustainable business to improve lives in communities around the world.

Our teams in ZX Ventures, Beer Garage, GITEC and Z-Tech focus on innovations that drive growth across all aspects of our company, from the brewing process to product, commercial initiatives and more.

These teams give us the unique advantage of combining a start-up mindset with big company experience. We harness creativity, new ideas and the entrepreneurial mindset of successful start-ups and combine it with the resources and optimization of a leading company. This allows us to create and scale great ideas and great beers, to bring consumers more of what they love.

ZX Ventures - Transforming for the long-term

As our growth and innovation group, ZX Ventures plays an important role in supporting and growing the products and services of tomorrow, from technology to consumer products and more. We have made more than 50 investments and currently have 1,500 employees in 18 countries around the world. ZX Ventures now represents nearly 15% of AB InBev's revenue growth.

2019 was a big year for ZX Ventures, bringing changes to the structure to support long-term evolution and a greater focus on bringing learnings and innovation to the broader company. We also expanded capabilities, launching new teams focused on adjacencies and omnichannel.

"If you want to understand consumers' needs, and you can fulfill their changing needs in an agile way, ZX is the place to be. Our organization is agile, reflects the changing trends in the market. We have the ability to make structural changes and prioritize accordingly."

DIANA ORREGO-MOORE, GLOBAL SUPPLY CHAIN DIRECTOR - CAPABILITIES, ZX VENTURES

We introduced a unique operating system, the Venture OS, to better support businesses during the different stages – seed, launch, grow and scale. We also ran our internal accelerator program, the Zxlerator, bringing together participants from seven countries over the 11-week program and resulting in several products seeded in market in 2019. The program was recognized by WayUp, a job site and mobile app for college students and recent graduates, as a top 100 internship program in the US.

E-COMMERCE & OMNICHANNEL

In Brazil, our on-demand delivery service Zé Delivery reached 1 million orders and grew by double-digits each month while maintaining a 4.8 rating in the Google app store.

We are also proud to announce that Atom Group, our disruptive drinks group partner in the UK which includes Master of Malt, Atom Brands and Maverick Drinks, was recognized with the prestigious Queen's Award for Enterprise International Trade award, in addition to the Grand Master at the Spirits Masters, Gin Producer of the Year by IWSC, Rum Producer of the Year by the International Spirits Challenge and Online Retailer of the Year by Whiskey Magazine's Icons of Whisky Awards.

CRAFT & SPECIALTIES

Our mission is to lead the craft beer revolution by supporting brewers and fostering a passion for beer globally. To that end, we partner with multiple breweries from around the world, including Colorado in Brazil, Camden Town in the UK and Cucapá in Mexico, among others. Last year we extended our family through new partnerships with Barbarian in Peru, Crew Republic in Germany and Temple in Argentina.

2019 was also a year in which we delivered towards our promise to help our brewers reach larger audiences and push the boundaries of product innovation and beer experience. Camden Town Brewery became the official beer partner of Arsenal in the UK and Ireland, bringing its beer freshness experience to thousands of fans during the season.

On the innovation front, we introduced a refreshed version of Hoegaarden Rosée in China, a beer with 3% ABV and 100% natural ingredients, launched Colorado Ribeirão Lager in Brazil, La Cotidiana in Colombia and Patagonia Hoppy Lager in Argentina. Collectively, our heritage brands and craft breweries won 572 awards, including prestigious awards at the Brussels Beer Challenge, European Beer Star and World Beer Awards.

ADJACENCIES

Our newly launched Adjacencies team aims to disrupt wine and spirits by seeding and launching new products in categories adjacent to beer. After quickly setting up structures at the global and Zone levels with teams in Argentina, Australia, Belgium, Brazil, Canada, China, Mexico, South Africa, South Korea and the UK, the unit had a successful start.

This was highlighted by our acquisition of the remaining stake in disruptive wine company Babe Wine and partnership with Cutwater Spirits. Our agile teams created and launched new products in market including Mike's Hard Sparkling Water in the UK, Beats GT in Brazil and Blasfemia, the first-ever canned wine in Argentina.

MERCHANDISE

This year marked the launch of the BudweiserXHype clothing merchandise licensing partnership with an estimated gross merchandise volume (GMV) of more than 1 million USD. Additionally, our B2B teams sold more than 2 million Stella Chalices through gift packs in beer retailers or standalone in non-beer retailers resulting in millions of new consumers experiencing the Stella Artois ritual at home.

"The Beer Garage Incubator was a game changer for my career and my personal life. Being able to live in the heart of Silicon Valley, working under a data driven and innovative culture, with a lot of different people and mindsets, definitely made the difference for the development and deployment of my project."

RENATA CRISTINA GUTIERRES CASTANHA, ABCREDIT TEAM, SOUTH AMERICA ZONE

Beer Garage - Revolutionizing our operations with emerging technology

Our technology innovation lab, Beer Garage, explores emerging technologies and builds new capabilities that address evolving business challenges and consumer needs.

In 2019, Beer Garage hosted the second annual Tech Incubator, a one-of-a-kind product development, talent exchange, and technical internship. In August, the group held a Demo Day for the 11 projects in the 2019 cohort. Cross-functional teams composed of business experts, external tech talent, and graduate interns completed a 10-week program of development trainings and worked in partnership with external Silicon Valley start-ups to productize their ideas. The final 11 projects seek to tackle challenges like risk assessment, automated content development, and customer behavior insights with a combination of innovative data analysis, Internet of things (IoT), and software solutions. Some examples of the 2019 cohorts are:

SENSAI

A system that utilizes machine learning to improve and standardize the beer's quality and flavor. By way of the Sensory Grade, the tool assesses real-time analytics and data collected during the brewing process – from levels of CO_2 used in the processes to the time dedicated to each different stage – to predict qualities of the beer.

ABCREDIT

Piloting in Brazil, it uses algorithms to predict personalized credit limits and payment terms that best suit an individual customer. This information contributes to agile and more productive relationships with our retail customers.

ALEHOUSE CREATIVE

This marketing solution allows ad teams to submit creative briefs and receive real-time insights on how to alter their work to change the impact and audience for their ad. The tool is powered by Artificial Intelligence (AI) that analyzes the historic performance of advertising material and imagery, to learn what works and what does not to attract consumers.

Additionally, this year we expanded the Beer Garage to Tel Aviv, Israel. As home to one of the world's largest technology ecosystems, this location is a great environment for open innovation. In this foundational year, we have focused on partnering with food, agriculture and sustainability technology companies.

Recently, the Tel Aviv team has grown to enable expansion into commercial tech. We will continue to grow our work in both offices, with pilot projects and scale emerging technologies that will propel our company into the future.

GITEC - Using teamwork to develop new products and technologies

Our Global Innovation and Technology Center (GITEC) in Leuven, Belgium brings together scientists and specialists from more than 20 countries around the globe to innovate alongside our packaging, product and process development teams. To implement these innovations, we rely on local innovation centers in six regions called ZITECs (Zone Innovation and Technology Centers).

DEVELOPING BETTER TECHNOLOGY FOR FRESHER BEER

In November, we won the World Beverage Innovation award for our PureDraught™ Keg System, a unique bottle-in-bottle keg that prevents any air or dispense gas from contacting the beer. This allows the beer to remain fresh for 30 days after being tapped instead of just a week. Rather than standard 30 liter steel kegs, PureDraught kegs come in convenient 6, 12 and 18 liter sizes, which gives bar and restaurant owners more flexibility, allows for less wasted product and offers more efficient storage. The one-way system means that kegs can be put directly into local recycling bins, removing the need for reverse logistics. PureDraught is being utilized in more than a dozen countries, including Brazil, China, Italy, Colombia, Mexico, Japan and South Korea, as well as in other areas of Europe and in Africa.

PIONEERING NEW TECHNOLOGY TO REVOLUTIONIZE LABELING

In 2019, we made strides in developing a new packaging innovation to evolve from using paper labels on beer bottles to imprinting branding on the bottles themselves. The process uses a newly developed technology from our Tattoo Alpha Plant in Haasrode, Belgium called Direct Object Printing. This technology allows us to print ink and varnish directly onto the glass of the bottle, removing the plastic label and allowing for potential environmental and economic benefits. The technology was utilized for the first time on a larger scale as part of a limited edition run of our Beck's Artist Series to celebrate up and coming artists. An initial release of 200,000 bottles were launched in the UK with nine bottle designs. We plan to continue expanded use of digital printing in the coming year.

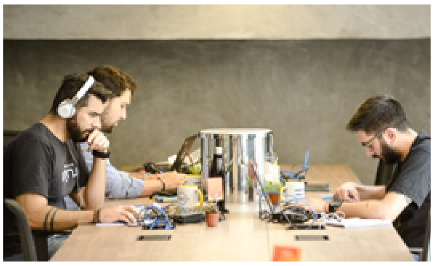
"Rather than printing on a label and putting the label onto a bottle, we're printing directly onto the bottle. We're removing an entire substrate, an entire piece of material, an entire section from the supply chain."

GREG BENTLEY, GLOBAL DIRECTOR PRIMARY PACKAGING INNOVATION ON BECK'S DIGITALLY PRINTED BOTTLES

USING TECHNOLOGY TO BREW MORE SUSTAINABLY

We are striving for sustainability, flexibility and productivity in our operations, while staying fully connected with beer lovers and changing demands in the market.

Carbon neutrality is an ongoing shift of our breweries to optimize and reduce energy consumption. Our strategy is anchored on a clear roadmap of technology and smart processes that will transform our operations over the next ten years. As technology is evolving constantly, we are always scouting, developing and validating new technologies at big scale production to strengthen and improve our technology pipeline.



"I have always had a passion for creating great products and customer experiences as well as a desire to make an impact in the world. I joined Z-Tech because I can do both, create exceptional experiences and make an impact on the lives of thousands of POC owners."

RIDDHI SHAH, GLOBAL MANAGER OF USER EXPERIENCE, Z-TECH

One example is a sustainable technology called Simmer & Strip that limits the amount of water and heat needed for the brewing process, resulting in a reduction of water consumption and carbon emissions. In 2019 we rolled out Simmer & Strip technology out to 10 new breweries, for a total of 44 breweries within our global operations. To bring even more people behind our sustainability efforts, we are offering free licenses of this technology to small independent brewers.

DEVELOPING A PLATFORM TO EDUCATE CONSUMERS

To stay true to our transparancy principle, we refreshed our consumer platform Tap Into Your Beer (www.tapintoyourbeer.com). The website uses an engaging environment to help people discover about more about beer, brewing, our brands and our smart drinking initiatives. This platform offers consumers information such as beer styles, taste profiles, ABV (alcohol by volume), and more.

Z-Tech - Providing technology-based solutions to help small- and medium-sized businesses thrive

Z-Tech launched in March 2019 with the mission of catalyzing the growth of small and medium businesses (SMBs) through technology. Z-Tech is retail customer-centric, focusing on providing small and medium businesses (SMBs) with everything they need to succeed and empower growth among retailers, bars, restaurants and other related businesses. It is headquartered in New York City and with operations in Brazil and Mexico.

We are helping SMBs enter the digital economy through two main verticals: Marketplace and FinTech. Ventures in our Marketplace vertical are connecting merchants with diverse suppliers, delivering fair and timely access to essential goods. Our FinTech vertical is focusing on providing access to fair credit, payment and other services by digitizing the traditional trade.

After extensive market research, we have kicked off investments or the incubation of three new tech ventures, among others:

DONUS

This multi-purpose payment institution offers a digital account and payment services to better manage cash flow and empower merchants in Brazil. The platform provides SMBs with wire transfer, e-wallet, bill pay, cash-back, integration with POS systems and debit cards, plus low monthly transaction fees.

MENU

A business-to-business marketplace that optimizes the buying process by enabling Brazilian merchants to find all their products with great prices in an user-friendly and trustworthy digital platform.

MIMERCADO

A digital platform for Mexican merchants to purchase a wide selection of products in a convenient, one-stop-shop business-to-business marketplace.

To support these ventures and our plans for future growth, Z-Tech is building a team of digitally native talent.

INNOVATION HIGHLIGHTS FROM OUR ZONES

Lock in the cool

No more worrying about keeping beer cool. This year in South Africa, we developed Castle Lite Cold Lock: a first-of-its-kind insulated multi-pack that stays cold for up to three hours after it has been brought out of the fridge.

Natural Light crashes the seltzer party

In August we launched Natural Light Seltzer in our North America Zone to respond to the need for a fun-loving, price conscious option in the competitive hard seltzer landscape. The launch included two flavors: "Aloha Beaches" and "Catalina Lime Mixer." Natural Light Seltzer has already become one of the Top 5 share gainers and a top six innovation of 2019.

Introducing Skol Puro Malte

In February 2019, we leveraged the timing of Carnival in February to launch Skol Puro Malte, the pure malt version of the popular beer brand Skol, in our South America Zone. It has become the biggest innovation in the Zone in recent years in terms of volume.

TOP 5

NATURAL LIGHT SELTZER WAS ONE OF THE TOP 5 SHARE GAINERS IN OUR NORTH AMERICA ZONE

Smart Protein for a changing world

We are one of 33 partners working on a European Union-funded Horizon 2020 Project to repurpose products from the manufacturing of pasta, bread and beer. Our contribution makes use of our brewers' saved yeast and a side product from the malting process called barley rootlets to help produce plant-based meats, fish, seafood, cheese, infant formula, sports drinks and more, taking strides towards a circular economy to help feed the growing global population.

"I love the amazing sweet spot of working at a large start-up within a large corporation. Our asset-light start up DNA allows us to take more risks and to be ultra consumer-centric whilst counting on the ecosystem (funding, route to market speed and expertise) of a well-established corporation once we are ready to accelerate our bets."

ISABEL PINHO, GLOBAL DIRECTOR, GROWTH OFFICE, ZX VENTURES

The Dominican Republic goes digital

We launched a new digital platform to offer a better experience to our small to medium retail customers. This tool supports many aspects of their business, including access to online orders from anywhere, budget control system, purchase history review, recommendations and special offers for products offered by Cerveceria Nacional Dominicana, among other features. We currently have more than 14,000 active retailers on the platform, almost 100% of our local footprint.

Contributing to the UN Sustainable Development Goals

Brewing great beers depends on a healthy natural environment and thriving communities. We depend on water and other natural ingredients to brew our beers and we are committed to sustainability initiatives that support our commitment to build a company to last for the next 100 years and beyond.

We support the United Nations 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals. We are working to contribute directly to many of these goals through our 2025 Sustainability Goals, Smart Drinking Agenda, Road Safety initiatives, volunteering programs, small retailer development and disaster relief efforts. During the development of the Sustainability Goals, each goal was evaluated against the 17 Sustainable Development Goals (SDGs) to identify how they impacted each SDG. According to our 2017 Materiality Assessment the most material issues of these goals are water, agriculture, and responsible drinking. A new assessment is currently being developed and will be released in 2020.

Our Global Smart Drinking Goals

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 are intended to drive real progress to help meet these ambitions.

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 1.0 Billion USD across our markets in dedicated social marketing campaigns and related programs by the end of 2025.

NO- AND LOW- ALCOHOL BEER

Ensure No- or Low- Alcohol beer products represent at least 20% of our 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 only in markets without substantive government-mandated labeling legislation, and where it is permissible by local regulation.

Our 2025 Sustainability Goals

We are doing our part to tackle shared global environmental and social challenges. Our 2025 Sustainability Goals aim to deliver a measurable, positive impact on the environment and our communities.

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.

Metric	2019	2017
Total water use (in billion hl)	**1.642 Ⓐ**	1.775 Ⓐ
Water use by hectoliter of production (hl/hl)	**2.80 Ⓐ**	3.09 Ⓐ
Total GJ of energy (in millions)	**61.4 Ⓐ**	61.4 Ⓐ
Total GJ of energy purchased (in millions)	**59.4 Ⓐ**	*
Energy usage per hectoliter of production (in Mj/hl)	**104.6**	111.6*
Energy purchased per hectoliter of production (in Mj/hl)	**101.2 Ⓐ**	*
Total direct and indirect GHG emissions (Scopes 1 and 2 in million metric tons of CO$_2$e)	**5.36 Ⓐ**	6.18 Ⓐ
Total direct and indirect GHG emissions (Scopes 1,2, and 3 in million metric tons of CO$_2$e)	**31.8 Ⓐ**	32.35
Scope 1 and 2 GHG emissions per hectoliter of production (in kg Co$_2$e/hl)	**6.92 Ⓐ**	8.55 Ⓐ
Scopes 1,2, and 3 GHG emissions per hectoliter of production (in kg Co$_2$e/hl)	**55.3 Ⓐ**	59.4
% Renewable Electricity	**20% Ⓐ**	--
% Returnable Packaging	**40.9% Ⓐ**	46%
% Recycled Content in primary packaging		
Glass	**42.3% Ⓐ**	37%
Cans	**59.1% Ⓐ****	59%
PET	**22.8% Ⓐ**	21%
Direct farmers skilled, connected, and financially empowered***		
Skilled	**50%**	--
Connected	**45%**	--
Financially Empowered	**35%**	--

We updated our materiality assessment in 2017, identifying key environmental and social issues for our company and stakeholders and aspire to update and localize the assessment in 2020. More information on our materiality assessment, including Boundary Analysis Table, and GRI Index for this year's report can be found at www.ab-inbev.com

Ⓐ Assured Metric
(please refer to External Assurance Report on page 56)

- 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 67% of our operational emissions and includes CO$_2$ equivalent (CO$_2$e) from fuel used in our manufacturing processes and in cogeneration plants that generate on-site electricity. Scope 2 accounts for about 33% 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, Upstream and Downstream Distribution, Product Cooling (including on and off premise but excluding at home cooling), and End of Life. Around 50% of emissions are calculated with own data or data reported by suppliers through the Carbon Disclosure Project (CDP).

* 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.
** 2018 Recycled content percentage in primary packaging for cans has been updated. The data correction has been done following the external supplier audits.
*** Smart Agriculture data is based on up-to-date estimates.

"WE ARE DEDICATED TO USING OUR IMPACT AND SCALE TO DRIVE POSITIVE CHANGE AROUND THE GLOBE"

Making a **positive impact**

As the world's leading brewer, we are dedicated to using our impact and scale to drive positive change around the globe. This commitment is reflected in our Global Smart Drinking Goals, Road Safety initiatives, volunteering and disaster relief efforts, and our commitment to respecting human rights. In 2019, we have been making progress towards our goals in each of these areas in both a global and local context.

Smart drinking

We believe that every experience with beer should be positive and are committed to reducing the harmful use of alcohol around the world. 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 the United Nations Sustainable Development Goals (UN SDG) ambition to strengthen the prevention of harmful use of alcohol globally. We are using our Global Smart Drinking Goals as benchmarks to shift social norms and behaviors around harmful alcohol use while improving our own business practices.

We recognize that partnerships are essential to achieving our goals and are taking a multi-stakeholder approach. Since 2016, we have been collaborating with public health experts to help reduce the harmful use of alcohol around the world.

CITY PILOTS

Our goal: 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.

Building a company to last relies on thriving communities across the globe where the harmful use of alcohol no longer presents a social challenge. Our City Pilots in Brasilia (Brazil) Zacatecas (Mexico), Johannesburg (South Africa), Jiangshan (China), Leuven (Belgium) and Columbus, Ohio (United States), serve as laboratories for identifying initiatives worth scaling as well as programs that are not effective in their communities.

In two of these city pilots, Zacatecas, Mexico and Brasilia, Brazil, we have seen progress through evidence-based programs. During the same period, the AB InBev Foundation, an independent non-profit established to support achievement of our Global Smart Drinking Goals, created a Global Smart Drinking Toolkit, designed to equip users with an understanding of effective prevention approaches and recommend potential interventions based on the specific needs of a community. Created by a technical advisory team of experts from The Ohio State University, San Diego State University, and Tufts Medical School, the toolkit is designed to help communities drive meaningful, positive behavior progress towards reducing harmful alcohol use.

Additionally, the Team of Evaluators of the Global Smart Drinking Goals from HBSA published an article titled "Design and Outcome Measures for the AB InBev Global Smart Drinking Goals Evaluation" in the December 2019 issue of Contemporary Clinical Trials Communications. The publication describes the overall design of evaluation for the six City Pilots initiative

SOCIAL NORMS

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

We continue to make progress towards our Social Norms goal by investing in social marketing programs and campaigns to influence behavior.

In 2019, for the second consecutive year we ran a social marketing competition among our teams around the world to promote smart drinking messaging through innovative consumer-facing campaigns. We received more than 45 submissions from our local brands across 23 countries. Two social marketing campaigns were selected as winners; one from China with Harbin beer and one from Colombia with Poker beer.

OUR GLOBAL SMART DRINKING GOALS ALIGN DIRECTLY WITH SEVERAL UN SDGS:

UN SDG 3: Ensure healthy lives and promote well-being for all at all ages

UN SDG 17: Strengthen means of implementation and revitalize global partnership for sustainable development

For more information please visit www.abinbevfoundation.org

Our local teams are also doing their part to help reduce the harmful use of alcohol. In the US, we launched our largest responsible drinking social marketing campaign in the country to date. The "Drink Wiser" campaign from Budweiser features actor Anthony Anderson and NBA basketball player Danny Green and focuses on educating beer drinkers about the importance of hydrating between beers. The campaign video has been viewed more than 250,000 times across all social media channels, helping to spread our responsible drinking messages.

In Colombia, our Aguila brand launched the "Live Responsibly" campaign to motivate consumers to moderate consumption so they can live their fullest lives. Through this campaign and targeted intervention, we continue to change alcohol consumption behaviors and challenge social norms.

NO- AND LOW- ALCOHOL BEER

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

We continue to build our portfolio of great-tasting no- and low- alcohol beer (NABLAB). In 2019, NABLAB accounted for approximately 7% of our global beer volume with more than 80 NABLAB offerings for different consumer occasions. In countries such as China, Colombia, Australia, Ecuador, Costa Rica and Panama NABLAB accounts for more than 20% of the total beer volume sold in those markets.

To promote our no-alcohol brand Jupiler 0.0% in Belgium, we launched a campaign in Leuven against irresponsible alcohol consumption among students (above legal drinking age). We created a commercial featuring Belgian singer Arno and the band Triggerfinger performing the Eurovision-winning song "J'aime la vie" with rewritten lyrics that urged students to practice responsible alcohol consumption.

Our NABLAB efforts are also having a positive impact on sustainability. In 2019 we partnered with Ecover in Belgium to launch 'Too Good to Waste,' a dishwashing detergent made from residual alcohol from the brewing process of our no-alcohol beers such as Jupiler 0.0% and Leffe Blonde 0.0%.

LABELING AND ALCOHOL HEALTH LITERACY

Our goal: 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.

We believe in transparency and in helping our consumers understand why and how alcohol should be consumed within limits. For these reasons, we are working to increase alcohol literacy among them.

In 2019, we voluntarily updated the global policy governing the labels in our bottles and cans with a guidance label to improve alcohol health literacy across more than 20 countries. One of the first countries where we rolled-out our new labels was China. The new labels are expected to reach the market in most countries by the end of 2020.

Road safety

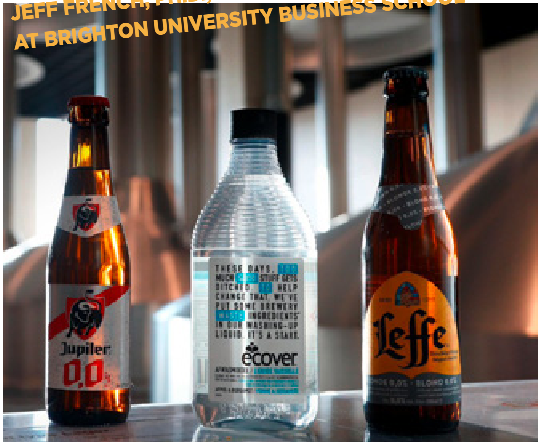
CREATING SAFER ROADS FOR OUR PEOPLE AND LOCAL COMMUNITIES

With a significant fleet and colleagues and their families on the road around the world, road safety continues to be a top priority for our company. We are aligned with the UN SDG's ambitious target of halving the global number of deaths and injuries from road traffic crashes by 2020.

We recognize that most underlying road safety risk factors are ultimately within human control. Collective action to address these factors is critical to achieving the SDG target – and we believe the private sector industry has an important role to play. We also recognize that impaired driving is one of the important road safety risk factors to address. Eliminating drinking and

"Brands taking action to positively influence social norms has great potential to play a significant role in engaging consumers and proactively tackling the harmful use of alcohol"

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



driving is an essential component of our smart drinking commitments and our company Dream in creating a better world. We believe that when you drive you should not drink, so we fully support all targeted legislation and enforcement measures to reduce impaired driving, including strict Blood Alcohol Content (BAC) limits and enforcement.

PARTNERING TO ACHIEVE IMPACT AT SCALE

Our road safety partnership with the United Nations Institute for Training and Research (UNITAR) continued across 2019. We launched the Management Practices for Safer Roads Toolkit, which provides stakeholders with an open source methodology for improving road safety. The toolkit outlines best practices for data collection, identifying key risk factors linked to road traffic accidents, corrective measures and impact measurement. The toolkit is an interactive e-learning tool that can be used by government officials, road engineers, planners and policy makers from the public and private sector. It highlights case studies and best practices from different countries across continents including Brazil, China, the Dominican Republic, India, Mexico and South Africa, thereby highlighting the feasibility of its recommended measures and its application in various contexts.

In 2019, we committed to extending our partnership with UNITAR for two more years with a continued commitment to work together and with other stakeholders to deliver impact. Phase two of the partnership will focus on empowering and supporting road safety stakeholders to implement toolkit best practices, with a focus on identifying and implementing technology solutions that can deliver transformative impact at scale. This includes a strategic collaboration with UNITAR and the municipality of Shanghai in China that will apply digital innovation to identify and test solutions to road safety challenges.

We also continue to chair ‘Together for Safer Roads’ (TSR), a coalition of private sector companies working together to tackle road safety challenges through knowledge sharing, demonstration projects and data sharing. In 2019, we collaborated with TSR in road safety initiatives in Houston, Texas and New York, New York.

Our partnerships extend well beyond global relationships, with our family of local companies engaging with local partners to implement road safety solutions specific to their market. For example, in Brazil, our local business Ambev has implemented Road Safety programs since 2014 in Sao Paulo and most recently in 2017 we rolled out programs in Brasilia, with a focus on applying technology solutions for greater impact.

For more information about UNITAR, visit: www.un-roadsafety-learn.org/

For more information about ‘Together for Safer Roads’, visit www.togetherforsaferroads.org"

Volunteering and disaster relief

Every year, communities around the globe are affected by floods, wildfires, droughts, earthquakes and other natural disasters. We believe we can play a positive role in helping communities to prepare and respond to disasters by working with government, civil society and other private sector organizations.

In January, we responded to the Brumadinho dam disaster by providing drinking water to the region. We worked with the Rappi app to set up a flash campaign where consumers could easily donate AMA water brand and we matched all donations. In addition to immediate support during the disaster, we led the coordination of a group of companies to assist in the recovery of the city.

In the US, our Anheuser-Busch Emergency Drinking Water Program partnered with the National Volunteer Fire Council to deliver critical hydration to volunteer firefighters starting in advance of wildfire season. By donating these cans of emergency drinking water and raising awareness on the challenges that firefighters face, we aim to do our part to support volunteers as they heroically protect their friends and neighbors. To date, we have partnered with 130 local wholesalers through the expanded program to deliver over 1.6 million cans of emergency drinking water to nearly 300 fire departments.

In addition, we donated over 850,000 cans of emergency drinking water to 11 states this year through our ongoing disaster relief program in partnership with the American Red Cross. The Anheuser-Busch Foundation also donated 1 million USD to the American Red Cross Annual Disaster Giving Program.

VOLUNTEERING IN COMMUNITIES

All around the world, our people are passionate about empowering communities. We encourage these efforts through numerous volunteering opportunities. To demonstrate our commitment, this year we launched a global volunteering policy that gives every employee the opportunity to do pro bono work for 16 hours during paid work time.

A key initiative in 2019 was Global Be(er) Responsible Day, a worldwide campaign that promotes responsible drinking. In 2019, 69,000 AB InBev colleagues reached 3.9 million consumers and 1.5 million customers across more than 40 countries with responsible drinking messages.

Our local teams also took part in volunteering efforts. In Nigeria, we launched an employee volunteering initiative called Better World Champions. Through this program, more than 1,200 volunteers came together to give back to their communities during Sustainability Week in June and participated in street cleanups, repairing local roads, planting trees, coaching students, recycling and more.

In Brazil, our skills-based volunteering program volunteering program VOA provided mentoring and capacity building to 115 non-governmental organizations (NGOs). Selected organizations receive a management course consisting of nine modules to help NGOs achieve their dreams.

In our Middle Americas Zone, over 26,000 volunteers came together across 109 activities to celebrate World Environment Day. With the collective efforts of our colleagues, over 12,000 trees were planted and over 94 tons of garbage were collected.

Small retailer development

SUPPORTING SMALL BUSINESSES AND COMMUNITIES TO GROW AND THRIVE

Small businesses and entrepreneurs play a critical role in economic development and are an important source of incomes and livelihoods in local communities.

Across our distribution chain, we engage every day with millions of retail customers who play a critical role for our business as an important point of connection with our consumers. In 2019, our small retailer development program spanned eight countries, providing over 15,000 businesses with access to tools such as business management training, affordable financial services and store infrastructure improvements. In Colombia, Ecuador and Peru the program specifically focuses on female entrepreneurs, helping play a role in advancing gender equality and women's economic empowerment.

Beyond this, in South Africa we established the South African Breweries (SAB) entrepreneurship program to help create sustainable jobs and drive an inclusive economy. To date, we have contributed to the creation of over 6,200 jobs, against our ambition to help create a total of 10,000 jobs. In 2020, the program will be focused on women owned small retail outlets, and women farmers.

Human rights

COMMITTED TO HUMAN RIGHTS AND RESPONSIBLE SOURCING

Respecting human rights is a non-negotiable commitment for our business. 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 2019, we refreshed our Global Human Rights Policy strengthening provisions related to the prohibition of forced labor and child labor and reinforcing our commitment to the provision of effective remedy.

We are continually evolving and strengthening our approach to respecting human rights. Through the policy refresh process, we recognized there was an opportunity to improve our company-wide approach to human rights due diligence. We analyzed existing internal and external good practices and designed a new model for testing. The model was piloted in India and involved cross-functional participation from commercial, operational and corporate affairs functions. The model is being refined based on pilot results and will be scaled into other markets in 2020 through a Due Diligence Implementation Toolkit. We are also developing ways of working with our procurement teams, in China we conducted 590 responsible sourcing assessments with suppliers and we continue to develop our approach with suppliers leveraging our procurement processes.

As a global brewer, the sourcing of raw materials is fundamental to the success of our business and plays an important role in how we contribute to the incomes and livelihoods of farmers around the world. Following the 2018 publication of our Responsible Sourcing Principles for Farms, in 2019 we trained our procurement agronomy teams on the principles and communicated them to our direct farmers. We also conducted a baseline assessment of our direct farmer supply chain (aligned to the principles) to identify potential gaps. This survey was conducted by our agronomy teams across 11 countries, 4 crops and covering over 20,000 farmers. Results of the survey will be integrated into in action plans to be put in place throughout 2020.

We believe technology and digital innovation offers a significant opportunity to enable companies to strengthen their approach to respecting human rights, particularly to help increase transparency with potentially affected stakeholders We are currently testing BanQu, a non-crypto currency blockchain solution in supply chains beyond agriculture in South Africa and Zambia, and are identifying other technology partners to collaborate with in 2020.

We continue to participate in industry and NGO initiatives that seek to improve business' approach to respecting human rights. We are a longstanding member of AIM-Progress, a global forum that aims to enable and promote responsible sourcing practices, and a founding member of the Centre for Sports and Human Rights. In 2019, we continued to engage with external human rights stakeholders to help inform our company-wide approach to human rights. This led to joining Shift's Business Learning Program and collaborating with a range of human rights organizations such as Arche Advisors, Partner Africa and Landesa. To inform and support us in measuring our approach to human rights, we engage with the Corporate Human Rights Benchmark. We were rated 35.7% in 2019 and are integrating actions into our 2020 plans to further improve.

For more information about our policies related to human rights, please visit www.ab-inbev.com/our-policies.html#humanrightspolicy.html.

COMMUNITY ENGAGEMENT HIGHLIGHTS FROM OUR ZONES

Celebrating Smart Drinking in China

We partnered with the Ministry of Public Security, Shanghai Traffic Police Bureau and the China Alcoholic Drinks Association to celebrate responsible drinking by staging an awareness gala in Shanghai. To connect with consumers, the campaign was reinvented with a multi-cultural approach where heritage meets new lifestyles, featuring a virtual character under our popular Harbin brand, plus an animation co-produced with the Beijing Forbidden City Culture Development Company.

The No Drunk-Driving Design Contest

In celebration of the Global Be(er) Responsible Day, our South Korea team co-hosted a car sticker design contest with Korea Road Traffic Authority (KoRoad) to raise awareness of a newly enforced drunk-driving law in Korea. Award-winning designs were utilized through various campaigns to spread our smart drinking messages nationwide.

15,000
RETAILERS

were trained through our retail development program this year. The retailers were equipped with business skills to improve their sales and livelihood.

Providing relief after disaster

After category-5 Hurricane Dorian hit the northern Bahamas in September, our Middle America Zone provided support through an internal fundraising campaign that aided thousands of families in the region.

"We've been doing a lot of work with students to try and change their attitudes to alcohol and encourage responsible drinking. We've launched zero alcohol beers and the students have embraced them as an alternative to regular-strength beer. Now 4% of beers drunk in Belgium are zero alcohol and I'm really proud of how we have contributed to this change."

FLEUR POETS -CORPORATE AFFAIRS DIRECTOR, EUROPE

NABLAB innovations: Leffe Blonde 0.0% & Hertog Jan 0.0%

Leffe Blonde 0.0% was launched, the first 0.0% abbey beer in Belgium, the Netherlands and France. In November, the Netherlands expanded NABLAB offerings even further with the launch of Hertog Jan 0.0%.

Improving road safety in South Africa

In South Africa, we launched "None for the road" campaign, which re-branded our local distribution vehicles to display messaging that encouraged responsible behavior and ultimately safe roads.

"THROUGH OUR 2025 SUSTAINABILITY GOALS, WE AIM TO CREATE MEASURABLE POSITIVE IMPACT, DRIVE GROWTH AND IMPROVE LIVES ACROSS OUR ENTIRE VALUE CHAIN"

Working Towards our **2025 Sustainability Goals**

At AB InBev, we are determined to build a company to last, but we know we can only do that with a healthy environment and thriving communities. As the world's leading brewer, we remain firmly committed to creating a better world for all of our stakeholders, while also creating value for our business.

Through our 2025 Sustainability Goals, our most ambitious set of public commitments yet, we aim to create measurable positive impact, drive growth and improve lives across our entire value chain—from our growers and retailers to our consumers and their communities. We are proud of our progress against our 2017 baseline.

Smart Agriculture – 100% of our direct farmers are skilled, connected and financially empowered

In 2019 we continued to support our farmers in our approach to agricultural development, working with over 20,000 farmers in 13 countries to support the growth of our six priority crops (barley, cassava, hops, maize, rice, sorghum). We have developed a framework under the pillars of "skilled, connected and financially empowered" to ensure that farmers have access to good varieties and technical training (skilled), improved insights and information (connected), and the ability to invest in and grow their business for the long term (financially empowered). We are making progress towards our goal—as of 2019, 50% of our direct farmers met our criteria for skilled; 45% for connected and 35% for financially empowered.

The 2019 crop year proved to be challenging in many growing regions across the globe, with weather events threatening both quality and yield. Whether it was rain at harvest or drought during critical growth periods, climate change continues to increase the intensity and frequency of these potentially devastating weather events. Increasing farmer resilience and reducing production volatility through improved breeding and crop management practices will continue to be a focus for our Research and Agronomy teams. We are working diligently to ensure our framework of "skilled, connected, and financially empowered" appropriately supports farmers to adopt the practices and tools they need to address the challenges they face in their local environments.

"To address a challenge like climate change by 2030, we need a combination of entrepreneurs innovating at breakneck speeds and industry leaders ready to experiment and deploy. AB InBev's 100+ Accelerator has provided the perfect canvas for accelerating impact for Earthly Labs' goal to avoid 1 billion tons of CO_2 emissions"

AMY GEORGE, CEO
EARTHLY LABS

PARTNERING TO ENSURE THE LONG-TERM PRODUCTIVITY OF OUR LARGEST SOURCING REGION

Over one fourth of our total barley needs are sourced from Argentina, so it is critical that we continue to develop new, improved varieties for the region as well as work with farmers to enable adoption of sustainable, productive practices. As with many of our agricultural development programs, partnerships play a key role. In 2019, we worked with Ackermann. to release two new higher-quality, higher-yielding varieties – Yanara and Alhue, which were named with the help of our Marketing team drawing inspiration from the local Mapuche language. We also collaborated with crop nutrition experts Yara to develop crop nutrition protocols that help farmers grow to meet the high-quality standards for Budweiser while at the same time reducing their costs and limiting environmental impact.

BUILDING OUR ANALYTICS CAPABILITIES IN THE FIELD

SmartBarley has been our primary agricultural development program since 2013. Currently live in 12 countries across five continents, SmartBarley utilizes data and technology that enables our agronomists to help growers improve productivity. In 2019 we enhanced this innovation by partnering with Sentera to pair field-level data from SmartBarley with weather and imagery analytics. This data will help our agronomists support farmers, leading to the production of quality crops and helping to combat the impact of climate change.

EXPANDING THE CAPABILITIES OF A SUCCESSFUL TOOL

After an initial pilot in Zambia with positive results in 2018, BanQu joined our 100+ Accelerator and we worked together to expand the platform to India and Uganda, connecting more farmers across our cassava and barley supply chains. BanQu employs an SMS-based service that uses blockchain technology to record purchasing and sales data of our value chain offering farmers a digital financial identity. In addition to the geographic expansion, we increased our capabilities with the service to send digital payments, reducing cash transactions and thereby lowering the risk for our farmers.

UPSKILLING OUR FARMERS

To bridge the gap between small research trial plots and large-scale industrial farms, we are utilizing model farms to test new ideas, validate them at scale and then share those learnings broadly with growers. Our first model farm, the Caledon Research and Development Centre in South Africa, is focusing on long term priorities including rotations, tillage practices, nitrogen trials, farm profitability and sustainable agriculture practices. We will continue to develop model farms across other zones and regions, with the intention of creating more skilled farmers across our supply chain.

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

Water is a key ingredient in all of our products, so we value every drop. But more than just a key resource for our business, clean water is a critical resource for the economic, social and environmental well-being of every community around the world—and unfortunately, it is becoming increasingly scarce in many parts of the world. Efforts to increase our water efficiency, which began decades ago, have expanded beyond our walls into watershed protection efforts across the world. We believe water and climate change are closely linked: climate change is making water more variable, reducing availability, and degrading quality.

As the world's leading brewer, we are committed to being part of the solution to some of the growing water challenges in areas where we operate. Our ultimate goal is to ensure water availability and quality for both our breweries and our communities, because when our communities thrive our business thrives. But we know we cannot do this work alone. We have established global water partnerships with The Nature Conservancy (TNC) and World Wildlife Fund (WWF) to invest financial and technical resources including green infrastructure initiatives, conservation and reforestation projects, habitat restoration efforts, and improved water infrastructure. Both of these organizations share our belief that measurable impact at scale is the next frontier in water stewardship.

"I am humbled to be partnering with 100+ Accelerator & Anheuser-Busch InBev to bring end-to-end supply chain traceability and transparency to the world's largest brewer."

ASHISH GADNIS, CEO, BANQU

100%

OUR AMA WATER BRAND IN BRAZIL DONATES 100% OF ITS PROFITS TO PROJECTS THAT BRING DRINKING WATER TO POVERTY-STRICKEN COMMUNITIES

IMPROVING OPERATIONAL WATER EFFICIENCY

We aim to brew our beers at the highest level of water efficiency and we continually challenge ourselves to do even more. We have set ambitious water efficiency targets across our business, with even more ambitious goals for our breweries located in communities facing high water stress. In 2019 we implemented innovative technology and process improvements to reduce our per hl water use to 2.80 hl/hl. A clear example of how innovation is improving our operational processes is through a pilot we implemented at our Bucaramanga brewery in Colombia with EcoWorld Technologies (EWTech), one of our 100+ Accelerator start-ups. EWTech offers a green replacement for caustic soda used in the industrial cleaning process. In the pilot test in Bucaramanga, it showed a 70% reduction in water usage versus traditional disinfecting chemicals and 60% reduction in cleaning cycle time, resulting in savings on energy consumption and freeing up time on the bottling lines. We are now rolling out the technology to 16 of our breweries across Colombia, Peru, Mexico, Honduras and El Salvador.

CREATING MEASURABLE IMPACT IN WATERSHEDS FACING WATER STRESS

Climate pressures, inadequate infrastructure and poor governance tend to magnify water challenges. While there is no single solution to water challenges, we continue to make progress in achieving measurable impact in high risk communities. To address the challenges specific to the different environments we operate in, we developed a comprehensive 7-step water management process at sites located in water-stressed areas. So far, 100% of our sites have conducted local outreach, determined water solutions spe-

cific to their community and identified potential solutions. Since then, we have started to implement these solutions in 67% of sites located in areas facing water stress.

We are also including our consumers in our watershed protection efforts. Following the successful launch of AMA water brand in Brazil (which donates 100% of its profits to projects that bring drinking water to poverty-stricken communities), we launched Zalva, a water brand whose proceeds are used to protect the high Andean wetlands that serve as critical ecosystems for Colombia's water sources.

MAKING PROGRESS THROUGH TRUSTED PARTNERSHIPS

In 2019 we continued our partnership with The Nature Conservancy (TNC), taking the lead in funding and piloting the acceleration of the establishment of water funds in Argentina, Colombia, El Salvador and Mexico and directly engaging in watershed protection projects in California and Colorado in the US. Our collaboration with TNC also extends to the Jaguari River Basin in Brazil, where we have invested in watershed protection efforts and created a program to incentivize the adoption of conservation practices in the area aimed at improving water quality and availability.

We also continued our work with the World Wildlife Fund (WWF), focusing on addressing local water challenges in Bolivia, Mozambique, Uganda and Zambia. After conducting in-depth situational analyses and completing the first phase of work this year, we will begin phase two in 2020, implementing identified solutions in the field.

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

We are constantly looking for ways to increase the recycled content in our packaging, support recovery and reuse of bottles, lightweight our packaging and continue to advocate for returnable solutions. To achieve our circular packaging vision, we focus on four key areas: Reuse, Reduce, Recycle, and Rethink. We intend to overcome the challenges in packaging such as low recycling rates in packaging material by working with trusted partners, our 100+ Accelerator, technological innovations and our brands.

REUSE

In 2019, we continued our efforts to protect and promote our returnable volume in many markets, where decline continues to be one of our biggest challenges. In Colombia, we partnered with several retailers like Makro, Olimpica, and Ara to introduce and pilot returnable bottles.

REDUCE

New technologies are enabling us to drive sustainable packaging initiatives across our brands. In 2019 in Belgium, we launched a 100% recycled shrink package for our Jupiler brand. In the UK, Budweiser Brewing Group announced a 6.3 million GPB investment in new technologies that will allow the elimination of plastic rings from all UK-produced beer by the end of 2020. This will remove 850 tonnes of plastic per year, or the equivalent weight of 425 taxi cabs, 67 double decker buses, or 10 blue whales.

RECYCLE

In its first year, our 100+ Accelerator was able to provide exciting new opportunities for circular packaging. In partnership with Brazilian startup Green Mining we collected more than 578,000 kg of glass across 14 collection points operating in different states. Once the glass bottles are "mined" they are sent to our glass operation in Rio de Janeiro. We plan to bring this reverse logistics solution to different countries throughout Latin America to increase recycled content in our glass bottles.

In addition to this, we are partnering with waste management organizations around the world, including the Manja Pamodzi project in Zambia, an organization that sets up waste collection points in local communities and has collected more than 10,000 tons of post-consumer packaging waste since the start of the project, improving local sanitation as a result.

We are also partnering with our suppliers to increase recycling. In September, we collaborated with suppliers in China to put on the "China Sustainable Development of Aluminum Packaging Summit Forum." Together with Nanshan, we hosted more than 150 influential leaders across the metal packaging industry to focus on solving circular packaging issues in China, the largest cansheet producing country in the world.

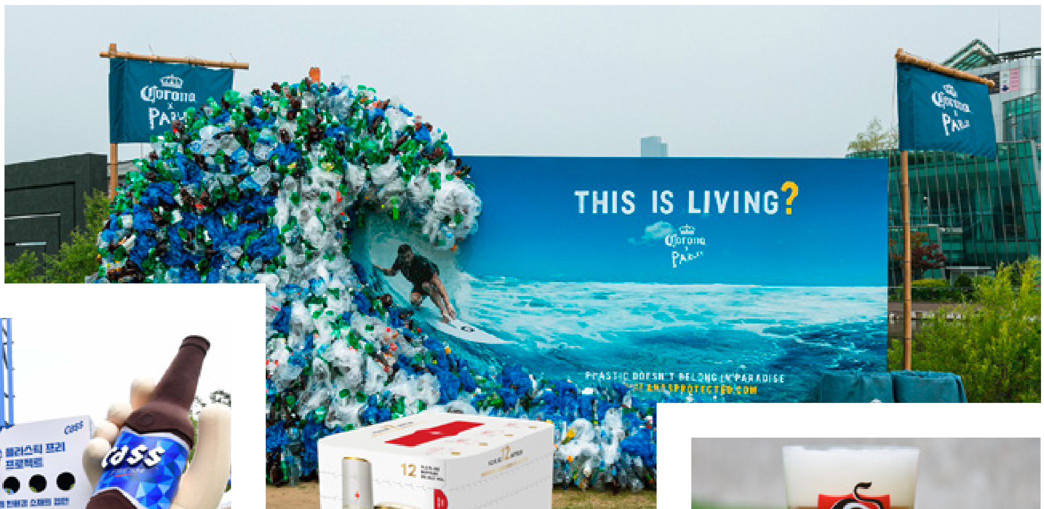
RETHINK

We continue to innovate, and rethink ways we can raise public awareness of recycling and reuse. In 2019, our Corona brand worked to educate consumers about the amount of plastic that enters the oceans every year. Launched on Oceans Day, "Pay with Plastic Project" allowed us to accept plastic waste as payment for beer at hundreds of recycling machines at retailers and popular bars in Brazil, Colombia, Italy, Mexico and Spain. The plastic received during the initiative was upcycled and given a second life. Corona also installed large plastic sculptures near beaches in Brazil and South Korea to raise awareness about plastic waste and encourage participation in marine cleanup.

Climate Action – 100% of our purchased electricity will be from renewable sources and carbon emissions will be reduced 25% across our value chain.

Climate change has far-reaching impact on our business and the communities where we live and work. At AB InBev, we are building climate resilience by committing to transition our global operations to 100% renewable electricity and reduce our emissions by 25% across the value chain. These science-based targets keep our global emissions in line with 1.5 degrees Celsius, as per the recommendation issued by Intergovernmental Panel on Climate Change (IPCC). Specifically, we will reduce our emissions in Scopes 1 and 2 by 35% from our 2017 baseline year and we will reduce our emissions across our value chain by 25% by 2025.

We have committed that 100% of our global purchased electricity volume will come from renewable sources by 2025 and intend to reach this goal by adding renewable capacity in all of our markets. Today, 61% of our purchased electricity volume



is under contract from renewable sources. We estimate a reduction of 6.9% $kgCO_2e/hl$ vs 2017 on the total scope 1, 2 and 3 emissions. We have reduced our Scope 1 and 2 emissions by 13.27% in absolute value and 19.06% in intensity ($kgCO_2e/hl$) vs 2017.

MAKING PROGRESS IN RENEWABLES AROUND THE WORLD

Through 2019, we worked alongside different partners across the world, looking for ways to bring additional renewable capacity to the grids.

In 2019 we signed solar contracts for our Dominican Republic electricity volume that, when operational, will bring 74 GWh of renewable electricity to the country. In addition to this, we signed a solar contract with Casaforte Investimentos for a 30% of the total volume in Brazil.

In celebration of World Environment Day, we announced that we aim to achieve 100% renewable purchased electricity in the US by 2021, upon completion of a 2,000-acre solar energy facility. In Argentina, we celebrated becoming the first consumer goods company in the country to commit to 100% renewable electricity in 2020, supplied by Budweiser Wind Park.

61%

OF OUR GLOBAL PURCHASED ELECTRICITY VOLUME IS UNDER CONTRACT, ATTAINED FROM RENEWABLE SOURCES

5.21%

REDUCTION OF PURCHASED ENERGY IN OUR BREWERIES VS. 2018

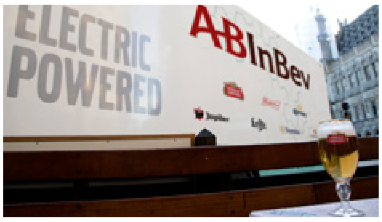
INCREASING ENERGY EFFICIENCY

In addition to transitioning to renewable electricity, we continue working on improving our energy efficiency. In 2019, we reduced our energy purchased in our breweries by 5.21% vs 2018. We are also switching to more environmentally friendly refrigerants and increasing efficiency in 100% of our coolers across the world. Coolers represent 20% of our carbon footprint and through this new technology we will bring an additional decrease in emissions across our value chain.

CONTINUING OUR JOURNEY TOWARDS FLEET ELECTRIFICATION

Logistics accounts for around 9% of our carbon footprint, making the transport industry a prime source for innovative sustainability solutions. As we roll out more efforts in the electrification of our fleet, we continue to get closer to our 2025 goal of reducing our emissions by 25%. In 2019 we introduced the first pilot of our zero-direct emission delivery truck in Mexico and successfully tested electric vehicles to add to our fleet in the Colombian cities of Bogota, Cartagena and Medellin.

In July, in partnership with FoQi and FeiChi, we began to use a hydrogen-powered truck for B2B beer deliveries in China, becoming the first beer company to use this technology in the country. In addition, in the US we made our first Zero-Emission delivery in the country on November 21 in St. Louis. This follows a signed intent to contract 800 hydrogen-powered, electric semi-trucks from Nikola Motors in 2018 and the announcement of 21 electric trucks with BYD in the state of California.



ENGAGING OUR SUPPLIER BASE

More than 80% of our emissions lie in our supply chain. We are working to engage our largest suppliers to set their own sustainability goals so we can scale and accelerate impact. To help achieve this, in 2018 we launched Eclipse, our supplier-focused collaboration platform, and we hosted a supplier event in the US where more than 100 professionals and influential leaders came together in St. Louis to discuss critical sustainability issues. Eclipse seeks to launch collaboration projects with our suppliers, solving for our most critical shared sustainability issues, including transportation, ag tech, packaging innovation and recycling infrastructure transformation.

Our Management Approach

Sustainability is an important issue in AB InBev's agenda. We formed a sustainability council, composed of senior leaders in the organization. Status of commitments and other relevant topics or material issues that arise are discussed and approved during council meetings which take place on a recurrent manner. In addition to this, updates to the CEO and Board members are made throughout the year.

~9%

OF OUR CARBON FOOTPRINT COMES FROM LOGISTICS

100+ Accelerator

Following the launch of our 100+ Accelerator in 2018, we selected 21 startups to pilot innovative solutions across our operations and supply chain in key markets. Following a lean-startup bootcamp, mentoring sessions and on-the-ground pilots, the first cohort demonstrated their pilot results during a Demo Day during 2019 Climate Week in New York City where select startups pitched their solutions to investors. 12 of the startups have signed commercial contracts with our business outside of the 100+ Accelerator pilot. Their solutions are being implemented across the globe and brands like Corona, Goose Island, Leffe and Jupiler have supported some of the projects.

We launched our second round of applications in October for piloting in 2020 and we received over 1,200 applications from over 30 countries (compared to 650 applications from 20 countries in 2018). So far, the startups in our cohorts have jointly addressed 15 out of the 17 UN Sustainable Development Goals. The 100+ Accelerator and our startups have earned awards and recognition from Fortune, Fast Company, Ethical Corporation Responsible Business and Financial Times Intelligent Business Awards.

SUSTAINABILITY HIGHLIGHTS FROM OUR ZONES

Reducing our CO_2 impact through green logistics

Our green logistics campaign took 20,000 trucks off Belgian roads this year with the launch of a new "beer boat" in April to ship Stella Artois from Liège to Antwerp that will reduce our CO_2 emissions by 30% and a beer train in the port of Antwerp in October that will reduce our CO_2 impact by 75%.

Protecting drinking water

In Colombia, 70% of all drinking water comes from the páramos (wetland) ecosystems. To help protect these valuable spaces, we launched the water brand Zalva in October, with the promise to protect a square meter of wetland for every bottle purchased. To date, 2.3 million bottles have been sold, protecting 2.3 million square meters of natural land and resources.

Showcasing our commitment to emerging farmers

In Africa, we invested R80 million (5.3 million USD) in a Research and Development Center that will enable our world-class research and training to benefit farmers and the agricultural sector as a whole. The center officially opened in September with an event attended by 300 delegates from government, research institutions, industry bodies and farmers.

50,000

RECYCLED PLASTIC CUPS

were collected by Budweiser at arenas after the 2018 FIFA World Cup Russia™ and made into a unique football pitch called the ReCup Arena to help showcase our commitment to sustainability.

Contract for Change

In July, Michelob Ultra Pure Gold announced an initiative to support American barley farmers who want to transition to organic production by helping them navigate the steps required to grow certified organic crops. The campaign resulted in nearly 20 million earned media impressions.

Going solar in China

We are committed to solar projects at all of our key breweries in China, including a 2 megawatt rooftop solar project launched in May in Yunnan Province.

"It's all about leaving the world in a better state than it is at the moment, I'm just passionate about helping to make that happen."

JAQUELINE HOCHREITER – SUSTAINABILITY LEAD, EUROPE

Brazil's first canned water

In 2019, we announced our plans to package our Brazilian mineral water brand AMA in aluminum cans, making it the most sustainable water brand in the country. AMA donates 100% of its profits to projects that bring drinking water to poverty-stricken communities in Brazil.

Making safety **a priority**

Ensuring the safety of our employees and communities is critical to our business. We continue to build strong safety leaders throughout the organization and work towards an injury-free workplace by leading multiple global and Zone-specific safety initiatives.

To that end, in 2019 we oversaw a serious injuries and fatality prevention program and a safety analysis of our global machines. We also created a violence prevention strategy and toolkit focused on keeping our delivery teams safe in the market.

Additionally, we continued the global roll-out of our Operational Leadership Training and Global Safety Operator Training to improve safety leadership, coaching and overall safety culture. This program is a key initiative for creating safety ownership at every level of the organization and driving the company safety culture to the next level.

To help further reduce serious incidents and fatalities on roadways, we continued to develop our internal strategy and toolkits. We have created over 100 new training communications; toolbox talks and engaging videos to help our management teams raise awareness around road safety. We also continue to work closely with our Together For Safer Roads (TSR) partner to expand our work externally. In addition to improving our communication strategy, we have further integrated safety technology into our business that will help us improve our road safety performance. In South America, we placed cameras on our trucks to map driver efficiency and increase safety by collecting data to proactively improve driving performance. We are also leveraging technology to improve safety in North America, with an innovative pilot that uses AI technology to monitor and coach drivers.

Safety is also an integral part of the Global Technical Standards. Detailed safety specifications are in place to ensure safety in all equipment and processes, with increased focus on higher risk operations that include ammonia, dust, steam and electricity. We continue to closely monitor these types of operations and ensure compliance to protect our employees and contractors.

We made significant progress in our key safety metrics, with a 40% reduction in total Lost Time Injuries (LTIs) globally. These changes can be attributed to the increased implementation of our VPO and DPO management systems that define our safe work practices, drive performance improvement, and ensure that safety is integrated throughout all aspects of our business.

2019 marked a year of significant progress in our individual Zones. Compared to 2018, the number of LTI for Own Employees reduced by 32 % (27 % for Supply, 35 % for Second Tier/ Sales Employees)

We use the same high safety standards for our contractor employees: overall, we reduced the number of Contractor LTI with 47%.

We regret to report 7 occupational fatalities (against 14 in 2018), of which 4 occurred inside the plants and 3 occurred in the field (outside our premises). We will continue our focus on preventing serious injuries and fatalities in the future with improved training and safety programs in 2020 and beyond.

	2019	**2018**
Lost Time Injuries (LTIs)		
Supply Employees	**98** Ⓐ	135 Ⓐ
Second Tier/Sales Employees	**208** Ⓐ	318 Ⓐ
Contractors (All)	**262**	492
Total Recordable Injuries (TRIs)		
Supply Employees (Own)	**315** Ⓐ	415 Ⓐ
Second Tier/Sales Employees	**1,177**	1,116
Fatalities*		
Supply Employees	**1** Ⓐ	1 Ⓐ
Second Tier/Sales Employees	**1** Ⓐ	4 Ⓐ
Contractors (All)	**5** Ⓐ	9 Ⓐ

Ⓐ Assured Metric
please refer to External Assurance Report on page 56

* 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.

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.

Integrity is core to our business

Integrity and ethical behavior are essential to our business, core values and competitive advantages. We strive to continuously improve our investigative process and carefully manage high-risk transactions.

Developing and adopting a successful tool

Our program is driven by innovation and empowered by state-of-the-art data analytics tools such as BrewRIGHT, our innovative and award-winning compliance analytics solution. It works to aggregate, standardize and visualize multiple company systems to identify, detect and prevent fraud and corruption within our operations. It applies machine learning to improve models and optimize performance.

In 2019, we significantly increased the adoption of BrewRIGHT in our Zones. Each Zone reviewed thousands of transactions to improve the machine learning models of the platform. An agile working model helped to accelerate the development and improvement of several BrewRIGHT dashboards.

The capabilities of BrewRIGHT have expanded with the integration of machine learning and improved algorithms from rule-based tests, driving transparency and providing a platform to support proactive usage by internal stakeholders, collaboration and behavior. These expanded capabilities have allowed our Ethics & Compliance team to work in a more agile style, improving efficiencies and engagement. Moving forward, a key challenge will be to make BrewRIGHT real-time predictive, which tests on our machine learning model.

In 2019, the BrewRIGHT Antitrust rollout included the trial of a dashboard which displays antitrust risks across all of our markets in real time, enhancing conventional audit tools such as interviews and document reviews. The system simulates thousands of hours of legal and economic review across systems to assess information about commercial activity fed into the system and prioritizes activity that warrants the most compliance scrutiny. The data analytics not only rank which trends to focus on but assign a risk score to each identified risk pattern, for a holistic view of the company's overall antitrust risk.

BrewRIGHT Antitrust analytics was shortlisted for two awards at the FT Innovative Lawyers Awards Europe 2019.

Revamping our policies

In 2019, we overhauled some of our policies in order to bring additional clarity to our rules and drive more transparency across our operations. For example, the Anti-Corruption Policy states we have zero tolerance towards bribery and corrupt conduct in any form. This policy prohibits both active and passive bribery and other corrupt payments in both the public and commercial sectors. It supplements the general provisions set out in the Company's Code of Business Conduct and is designed to help colleagues comply with the US Foreign Corrupt Practices Act, the UK Bribery Act, other applicable laws against bribery and corruption as well as various government conflict of interest and public disclosure laws.

Improving our training approach

We strive for effective communication in elevating awareness of ethics and compliance issues, including anti-bribery, anti-corruption, anti-harassment and discrimination, conflicts of interests, antitrust, and digital ethics. To this end, we used digital innovation to make training more productive and enjoyable by transitioning our training approach from a slide deck presentation to interactive animations that portray possible scenarios based on real life cases. The online training was supplemented with live sessions and internal communications.

Additionally, we leveraged our partnerships with universities and antitrust experts to pilot our Antitrust Academy with teams in certain zones. We look forward to further expanding its coverage.

Focusing on digital ethics

In 2019, we continued to revise our digital ethics and data privacy strategies and agenda with a cross-functional approach in order to ensure it moves along with our digital transformation.

Brew RIGHT

Report **scope**

The Sustainability section of the 2019 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 2019 calendar year.

This chapter, along with the sections on Smart Drinking & Road Safety, Dream-People-Culture (including D&I), Better World, Community Engagement, Workplace Safety and the Business Ethics Description on page 53, as well as the risks on environmental, social, personnel, human rights and anti-bribery matters that are described in the Risks and Uncertainties section of the Management Report section of the 2019 Annual Report, 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 personnel 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 39, 40, 41, 52 and 53 of this report. Additional information on volunteering and disaster response is also included in this report (page 42). 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 2019 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 on 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 56), 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 PricewaterhouseCoopers (PwC).

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.

For more information on our materiality assessment, including Boundary Analysis Table, and GRI Index for this year's report can be found at www.ab-inbev.com.

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 recycled content calculation, a weighted average of recycled content is calculated based on purchases for each supplier and recycled content in the material. Data on recycled content percentage is provided by suppliers and tracked on a regular basis. Packaging purchases are derived from AB InBev's owned procurement system. Recycled content percentages are obtained from our suppliers. In 2019 we started with suppliers audits to assess reliability of the provided data. In the following years, we will enhance the number of supplier audits to guarantee reliability of the data.

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. Scope 3 emissions are estimated values based on a mix of own and third party data and total percentage follows the Science Based Target Initiative, where at least 66% of emissions are to be included in target scope. Approximately 50% of Scope 3 data is own data and data provided by suppliers via the Carbon Disclosure Project (CDP). CDP data is used to calculate supplier-based emissions of raw and packaging materials used in the manufacturing of beer. A hybrid approach, that has been validated by the Science Based Target Initiative and the Carbon Disclosure Project is used, which entails a mix of own data, supplier data, and market estimates. Scope 3 includes the following out of the 15 categories: Purchased Goods and Services, Upstream and Downstream Distribution, Use of Product (Product Cooling including on and off premise but excluding home cooling), and End of Life. Categories excluded include: Capital Goods, Waste generated in operations (more than 98% of waste generated is recycled), Business Travel, Employee Commuting, Upstream and Downstream leased assets, Processing of sold products, Franchises, Investments. These categories represent approximately less than 20% of total Scope 3 emissions.

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 led with the US Securities and Exchange Commission. Additional information about AB InBev's climate and water risks, management and performance of such is available through CDP.

Limited Assurance Report of the Independent Auditor

To the readers of the Anheuser-Bush InBev 2019 Annual Report

Introduction

We were engaged to provide limited assurance on the following information in the Anheuser-Busch InBev 2019 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 37)
- Total Energy purchased and Energy purchased per Hectoliter of Production (page 37)
- Percentage of purchased electricity from renewable sources (page 37)
- Total Direct and Indirect GHG Emissions and GHG Emissions per Hectoliter of Production (page 37)
- Total GHG Emissions (Scope 1, 2 and 3 Emissions) and total GHG Emissions (scope 1, 2 and 3 Emissions) per Hectoliter of Production (page 37)
- Percentage of returnable primary packaging (page 37)
- Percentage of recycled content in primary packaging (page 37)
- Lost Time Injuries (LTI) – Supply Employees (own), Second Tier and Sales Employees (page 52)
- Total Recordable Injuries (TRI) – Supply Employees (own) (page 52)
- Fatalities (page 52)

The information reviewed as part of our limited assurance engagement has been indicated throughout the 2019 Annual Report with the symbol 'Ⓐ'.

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 54 in the 2019 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 54 in the 2019 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 basis for our conclusion on 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 54 in the 2019 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 2019 Annual Report and the reporting policy are summarized in the section 'Report Scope' on page 54 in the 2019 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 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 2019 Annual Report;
- Visits to seven production sites in South-Africa, Brazil (two sites), China, Russia, the United States of America and Peru 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, 27 February 2020

KPMG Bedrijfsrevisoren CVBA

Mike Boonen
Partner

Corporate Governance Statement

Contents

1. Introduction

1.1. The 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 adhered in 2019 to the principles and provisions of the Belgian Corporate Governance Code, published in March 2009 (www.corporategovernancecommittee.be) ("the 2009 Corporate Governance Code"), 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 line with AB InBev's specific shareholding structure and the global nature of its operations, the company has departed in 2019 from the following principles of the 2009 Corporate Governance Code:

Principle 5.3./1 (Appendix D) of the 2009 Corporate Governance 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. 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 2009 Corporate Governance 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 2019 was composed of a fixed fee and a number of restricted stock units corresponding to a fixed monetary value, which makes it simple, transparent and easy for shareholders to understand.

The company's long-term incentive plan for directors deviated from the 2009 Corporate Governance Code in 2019 as it provided 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 number of restricted stock units corresponding to a fixed monetary value, 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.

The annual award of restricted stock units was approved by the annual shareholders' meeting in April 2019 and replaced the grant of stock options to which the Directors previously were entitled. This shift from stock options to restricted stock units is aligned with the recommendation of the 2020 Belgian Corporate Governance Code which favors compensation of non-executive board members in shares.

As from 1 January 2020, AB InBev adheres to the 2020 Belgian Corporate Governance Code. Any deviation to such code will be reported in the 2020 Corporate Governance Statement.

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 and 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. AB InBev has also implemented a data privacy compliance program.

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 any closed period, e.g. 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 Executive Committee ("ExCom") 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 article 3:6, §4 and article 3:32, §2 of the Belgian Code of Companies and Associations (the "Belgian Companies Code"), which implement 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. The company 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, as 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, regardless of gender, ethnicity, sexual orientation or other characteristics that make our colleagues unique. 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. In addition, we launched our first Global Parental Standard in 2018 and updated our Global Policies on Anti-Harassment, Anti-Discrimination and Human Rights in 2019, which also contribute to a more diverse and inclusive environment.

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. We measure colleague sentiment about diversity and inclusion in the company's annual engagement survey.

AB InBev is proud to have an employee base of over 100 nationalities across the business, with 30 nationalities represented on the Senior Leadership Team (SLT) and the senior management level below. There is one woman out of 17 members on the SLT (compared to zero last year) and a slight increase in women in the senior management level below. 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, five out of 15 Board members are women (compared to two out of 15 last year). 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 Articles of Association, 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, 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 this gender diversity requirement as from 1 January 2022. The company is currently already compliant with the requirement. Following the appointment of Ms. Sabine Chalmers, Ms. Xiaozhi Liu and Ms. Cecilia Sicupira as Board members by the annual shareholders' meeting of 24 April 2019, the number of women on our Board increased from two to five members (out of a total of 15 Board members). AB InBev will continue its efforts towards fostering gender diversity on its Board in the coming years.

At the annual shareholders' meeting held on 24 April 2019, the mandate of Mr. Olivier Goudet, independent director and Chairperson of the Board, and the mandates of Messrs. Stéfan Descheemaeker, Alexandre Behring and Carlos Sicupira ended. Ms. Xiaozhi Liu was appointed as a new independent director for a term of 4 years. Likewise, Ms. Sabine Chalmers, Mr. Claudio Garcia and Ms. Cecilia Sicupira were appointed as new members of the Board upon proposal of the AB InBev Reference Shareholder for a term of 4 years. Mr. Martin J. Barrington succeeded to Mr. Goudet as Chairperson of the Board.

In addition, the mandates of all three Restricted Share Directors, i.e. Messrs. Martin J. Barrington, William F. Gifford and Alejandro Santo Domingo, ended at the annual shareholders' meeting in April 2019. In accordance with article 19.4 (b) of our Articles of Association, their mandates were renewed for a one year term ending at the upcoming annual shareholders' meeting to be held on 29 April 2020.

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	Current Term started	Term expires
Independent Directors				
Xiaozhi Liu	°1956, German	Non-Executive Independent director	2019	2023
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
Sabine Chalmers	°1965, American	Non-Executive director, nominated by the holders of class A Stichting Anheuser-Busch InBev certificates	2019	2023
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
Claudio Garcia	°1968, Brazilian	Non-Executive director, nominated by the holders of class B Stichting Anheuser-Busch InBev certificates	2019	2023
Paulo Lemann	°1968, Brazilian	Non-Executive director, nominated by the holders of class B Stichting Anheuser-Busch InBev certificates	2018	2020
Cecilia Sicupira	°1981, Brazilian	Non-Executive director, nominated by the holders of class B Stichting Anheuser-Busch InBev certificates	2019	2023
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	2019	2020
William F. Gifford	°1970, American	Non-Executive director, nominated by Altria	2019	2020
Alejandro Santo Domingo	°1977, Colombian	Non-Executive director, nominated by Bevco	2019	2020

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 the chairperson 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.

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, where she chairs the Finance Committee, Etsy and Circle Online Financial, a private company. From 2003 until 2013, she served as a director of Wal-Mart Stores. From 2014 until 2018, she served on the Board of Alexion Pharmaceuticals. She currently serves on the Advisory Council of 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.

Ms. Chalmers is a representative of the main shareholders (nominated by Eugénie Patri Sébastien S.A., the holder of the Class A Stichting certificates). Born in 1965, Ms. Chalmers is an American citizen and holds a bachelor's degree in Law from the London School of Economics and is qualified to practice law in England and New York State. Ms. Chalmers is the General Counsel of BT Group plc and serves on the Board of Directors and Audit & Finance Committee of Coty Inc. Prior to joining BT, she was the Chief Legal and Corporate Affairs Officer & Secretary to the Board of Directors of AB InBev, a role she held from 2005 to 2017. Ms. Chalmers joined AB InBev after 12 years with Diageo plc where she held a number of senior legal positions including as General Counsel of the Latin American and North American businesses. Prior to Diageo plc, she was an associate at the law firm of Lovell White Durrant in London, specializing in mergers and acquisitions.

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 EPS, Rayvax, Adrien Invest, Floridienne S.A. and several privately held companies.

Mr. Garcia 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 is a graduate from Universidade Estadual do Rio de Janeiro, Brazil with a B.A. in Economics. Mr. Garcia interned at Companhia Cervejaria Brahma in 1991 and was employed as a Management Trainee in February 1993. From 1993 until 2001, Mr. Garcia worked in several positions in finance, mainly in the area of corporate budgeting. In 2001, he started the first Shared Service Center for Ambev and in 2003 he became the head of both the Technology and Shared Services operations. Mr. Garcia participated in all M&A integration projects from 1999 until 2018. In 2005, he was appointed Chief Information and Shared Service Officer for Inbev (following the combination of Ambev and Interbrew) in Leuven, Belgium. From 2006 to 2014, Mr. Garcia combined the functions of Chief People and Technology Officer. From 2014 to January 2018, Mr. Garcia was the Chief People Officer of Anheuser-Busch InBev. Mr. Garcia is a board member of Lojas Americanas, the Garcia Family Foundation, Chairman of the Telles Foundation and a Trustee at the Chapin School in New York City.

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, the sales and distribution business 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.

Dr. Liu is an independent member of the Board. Born in 1956 in China, she is a German citizen and is the founder and CEO of ASL Automobile Science & Technology (Shanghai) Co., Ltd. since 2009 and is an independent director of Autoliv (NYSE) and Johnson Matthey Plc. Previously, she held various senior executive positions, including Chairman & CEO of Neotek (China), Vice-Chairman and CEO of Fuyao Glass Group, Chairman and CEO of General Motors Taiwan, Director of concept vehicle for Buick Park Avenue and Cadillac, Vehicle Electronics-Control and Software Integration for GM North America, CTO and Chief Engineer of General Motors Greater China Region, and Representative Managing Director of Delphi Automotive in Shanghai China. Prior to 1997, she was responsible for Delphi Packard China JV Development, Sales & Marketing as well as New Business Development. Besides these executive roles, Dr. Liu also served as an independent director of CAEG (SGX) from 2009 to 2011 and an independent director of Fuyao Glass Group (SSE) from 2013 to 2019. Dr. Liu has rich professional experience covering the areas of general management of enterprises, P&L, technology development, marketing & sales, mergers & acquisitions, including in the United States, Europe and China at global Top 500 companies and Chinese blue-chip private enterprises. She earned a Ph.D. in Chemical Engineering, a master's degree of Electrical Engineering at the University of Erlangen/Nuremberg Germany and a bachelor's degree in Electrical Engineering at Xian Jiao Tong University in Xian China. She also attended the Dartmouth Tuck School of Business for Executives.

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, where 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, LifeTime, Inc., 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 Chair of the Wildlife Conservation Society and Fundacion Mario Santo Domingo. He is also a Member of the Board of Trustees of The Metropolitan Museum of Art, a member of the Board of Channel Thirteen/WNET (PBS), a member of the Board of DKMS, a foundation dedicated to finding donors for leukemia patients, and he is a member of the Board of Fundacion Pies Descalzos. He is a member of Harvard University's Global Advisory Council (GAC) Mr. Santo Domingo is a member of the Board of Trustees of the Mount Sinai Health System.

Ms. 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 1981, she is a Brazilian citizen and is a graduate from the American University of Paris with a bachelor's degree in International Business Administration and of Harvard Business School's Owner/President Management (OPM) program. Ms. Sicupira currently serves on the board of Lojas Americanas S.A (BOVESPA: LAME4), where she is member of the Finance and People Committees, and of Ambev S.A (BOVESPA: ABEV3). She previously served on the board of Restaurant Brands International (NYSE: QSR) and of São Carlos Empreendimentos S.A. (BOVESPA: SCAR3). Ms. Sicupira began her career in 2004 as an analyst within Goldman Sachs' Investment Banking Division covering Latin America. Today she is a director and partner of LTS Investments.

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 the Kraft Heinz Company and now serves as member 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 several family-owned companies such as Patri S.A. (Luxembourg), Restaurant Brands International (formerly Burger King Worldwide Holdings) and the Kraft Heinz Company.

2.2. Functioning

In 2019, the Board of Anheuser-Busch InBev held 10 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, consumers, 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; financial profile; transformation initiatives; external growth and acquisitions; marketing strategy; consumer insights; corporate social responsibility and sustainability as well as discussions on governance and Board succession planning. The average attendance rate at Board meetings in 2019 was 97%.

In 2019, 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	Member		
Michele Burns	**Chair**		Member	Member
Sabine Chalmers				
Paul Cornet de Ways Ruart		Member		
Grégoire de Spoelberch			Member	
Claudio Garcia		Member		
William F. Gifford			Member	
Paulo Lemann			Member	
Xiaozhi Liu	Member			
Alejandro Santo Domingo				
Elio Leoni Sceti	Member			Member
Cecilia 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 under Belgian law. In addition, Ms. Burns has extensive experience in accounting and audit matters. Reference is made to section 2.1 for a short biography and an overview of her qualifications and experience.

A majority of the voting members of the Audit Committee are independent directors as defined in the company's 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 2019, 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 except for Ms. Michele Burns who was absent at one meeting.

Finance Committee

The Finance Committee met four times in 2019. 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 and dividends. The members of the Committee attended all meetings except for Ms. Michele Burns 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 three times in 2019. Discussions included the nomination of directors for appointment or renewal, management targets, the global management trainee program and succession planning for key executive functions. The members of the Committee attended all meetings.

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. Ms Michele Burns and Mr Elio Leoni Sceti, qualify as independent directors under Belgian law.

The Remuneration Committee's principal role is to guide the Board on decisions relating to the remuneration policies for the Board, the CEO, the Executive Committee (ExCom) and the Senior Leadership Team (SLT) and on individual remuneration packages of directors, the CEO and members of the ExCom and members of the SLT.

The Remuneration Committee met five times in 2019. Discussions included achievement of targets, Executive and Board compensation, Executive shares, restricted stock units and options schemes, Long Term Incentive grants to directors, new compensation models and special incentives. The members of the Committee attended all meetings except for Ms. Michele Burns who was absent at one meeting.

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.

As part of this evaluation process, 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. Examples of relevant criteria that are considered include:
    - director independence: an affirmative determination as to the independence 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 fulfilment 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. The CEO leads an Executive Committee (ExCom) which comprises the CEO, the Chief Financial & Technology Officer, the Chief People & Transformation Officer and the Chief Legal & Corporate Affairs Officer.

The ExCom was established with effect as from 1 January 2019 and is the successor to the former Executive Board of Management. It 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 performs such other duties as may be assigned to it from time to time by the CEO or the Board.

As per 1 January 2020, our Executive Committee consisted of the following members [(1)] [(2)]:

Carlos Brito	CEO	**David Almeida**	Chief People & Transformation Officer
Felipe Dutra	Chief Financial & Technology Officer	**John Blood**	Chief Legal & Corporate Affairs Officer and Corporate Secretary

(1) David Kamenetzky, former Chief Strategy & External Affairs Officer, was a member of the ExCom until 30 June 2019.
(2) David Almeida, Chief People & Transformation Officer, became a member of the ExCom on 1 July 2019.

The company announced on 6 February 2020 that, with effect as from 29 April 2020, Fernando Tennenbaum will succeed Felipe Dutra as the company's Chief Financial Officer and member of the ExCom, It was also announced that David Almeida will become Chief Strategy & Technology Officer with effect as from 29 April 2020. David Almeida will continue to be a member of the ExCom.

Accordingly, as of 29 April 2020, the Executive Committee will be comprised of the Chief Executive Officer, Carlos Brito, the Chief Financial Officer, Fernando Tennenbaum, the Chief Strategy & Technology Officer, David Almeida, and the Chief Legal & Corporate Affairs Officer, John Blood.

4. Senior Leadership Team

The Senior Leadership Team ("**SLT**") was established with effect as from 1 January 2019. The SLT reports to the Chief Executive Officer and consists of the members of the ExCom, all other functional Chiefs and Zone Presidents, including the Chief Executive Officer of Ambev and the Chief Executive Officer of Bud APAC, who report into the Board of Directors of Ambev and Bud APAC respectively.

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 performs such duties as may be assigned to it from time to time by the CEO, ExCom or the Board.

As per 1 January 2020, our Senior Leadership Team consisted of the following members (1):

Carlos Brito – CEO

Members of the ExCom (other than the CEO)		Zone presidents	
David Almeida	Chief People & Transformation Officer	**Jan Craps**	Asia Pacific (APAC)
John Blood	Chief Legal & Corporate Affairs Officer and Corporate Secretary	**Michel Doukeris**	North America
Felipe Dutra	Chief Financial & Technology Officer	**Jean Jereissati**	South America
Other Functional Chiefs		**Carlos Lisboa**	Middle Americas
Katherine M. Barrett	General Counsel	**Ricardo Moreira**	Africa
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		
Ricardo Tadeu	Chief Sales Officer		

(1) The company announced on 6 February 2020 that, with effect as from 29 April 2020, (i) Fernando Tennenbaum will succeed Felipe Dutra as the company's Chief Financial Officer, (ii) David Almeida will become Chief Strategy & Technology Officer, and (iii) Nelson Jamel will become the company's Chief People 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. 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 & Transformation 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.

Katherine Barrett is AB InBev's General Counsel. Born in 1970, Ms. Barrett is a U.S. citizen and holds a bachelor's degree in Business Administration from Saint Louis University and a Juris Doctorate degree from the University of Arizona. Ms. Barrett joined Anheuser-Busch in 2000 as a litigation attorney in the Legal Department. She most recently served as Vice President, U.S. General Counsel & Labor Relations, where she was responsible for overseeing all legal issues in the U.S. including commercial, litigation and regulatory matters and labor relations. Prior to joining the company, Ms. Barrett worked in private practice at law firms in Nevada and Missouri.

John Blood is AB InBev's Chief Legal & Corporate Affairs Officer 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. Most recently Mr. Blood was AB InBev's General Counsel. Prior to the latter role, he 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 worked on the legal team in Diageo's North American business and was in private practice at a law firm in New York City before that.

Jan Craps is AB InBev's Zone President Asia Pacific since 1 January 2019 and CEO and Executive Director of Budweiser Brewing Company APAC since 8 May 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. 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 Technology 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.

Jean Jereissati Neto is AB InBev’s Zone President South America and CEO of Ambev. Born in 1974, he is a Brazilian citizen and received a Degree in Business Administration from Fundação Getúlio Vargas (FGV) and an Executive Education at Insead and Wharton. Mr. Jereissati joined Ambev in 1998 and held various positions in Sales and Trade Marketing prior to becoming CEO of Cerveceria Nacional Dominicana, in 2013, making a successful integration with CND. In 2015, he joined Asia and Pacific North Zone to become Business Unit President for China and in 2017 he was appointed Zone President of the Zone, leading one of the most complex and fast-growing business. Most recently, Mr Jereissati held the role of Business Unit President for Brazil.

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 Procurement and Sustainability Officer. Mr. Milikin joined AB InBev in May, 2009 and is globally responsible for Procurement, Sustainability, Vertical Operations and Value Creation. Born in 1961, Mr. Milikin is a U.S. citizen. He is responsible for $35B+ in purchases and working capital annually. Mr. Milikin manages our Vertical Operations consisting of 70+ facilities and over 8,000 employees and is a strategic partner to our Supply Organization. AB InBev’s Value Creation uses circular economy opportunities to create businesses from our waste and underutilized assets. Mr. Milikin holds an undergraduate Finance Degree from the University of Florida and an MBA from Texas Christian University. Mr. Milikin joined AB InBev from MWV, where he was Senior Vice President, Supply Chain and Chief Purchasing Officer. Prior to joining MWV, 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. Mr. Panizza manages our Direct to Consumer business, coordinating cross-market initiatives, sharing best practices and shaping its strategy. He joined our company in 2000 as a Global Management Trainee in South America 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.

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 ExCom, assisted by the SLT, 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 2017.

Financial reporting

The ExCom, assisted by the SLT, 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 2019. 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 2019, 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 (risk management) 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.

Compliance

AB InBev has an Ethics & 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 Ethics & 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 Ethics & Compliance Committee, chaired by the company's Global Vice President, Ethics & Compliance, 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 Ethics & Compliance Committee reviews the operation of the Compliance Program and follows-up on reports submitted through the company's Compliance Helpline (whistle-blowing platform). In addition to the Global Ethics & Compliance Committee, each Zone has its own Local Ethics & Compliance Committee, which addresses local compliance matters.

The Audit Committee reviews the operation of the Ethics & 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 2019 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 2019 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	33.84%
EPS Participations Sàrl, a company incorporated under Luxembourg law, affiliated to EPS, its parent company	131,898,152	6.73%
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	37,598,146	1.92%
Rayvax Société d'Investissements SA, a company incorporated under Belgian law	24,158	0.00%
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 SC, a company 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	4,005,303	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	9.45%
Bevco Lux Sàrl [(3)]	96,862,718	4.94%

(1) Holding percentages are calculated on the basis of the total number of shares in issue, excluding treasury shares (1,959,379,126). As at 31 December 2019, there were 2,019,241,973 shares in issue including 59,862,847 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 13D beneficial ownership report filed by Stichting dated 1 November 2016, implying an aggregate ownership of 10.08% based on the number of shares with voting rights as at 31 December 2019.

(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 5.25% based on the number of shares with voting rights as at 31 December 2019.

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, 13° 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 (i) 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 and (ii) notifications to the company made on a voluntary basis prior to 15 December 2019, in aggregate, 849,447,148 Ordinary Shares, representing 43.35% of the voting rights attached to the shares outstanding as of 31 December 2019 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 SC 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 132 million shares held directly or indirectly by EPS and approximately 38 million shares held directly by BRC based on the most recent shareholding disclosure received by the company). 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 (now Fonds Baillet Latour SC) 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 SC 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 (without taking abstentions into account);

ii. any authorisation to repurchase or dispose of Shares 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 75% of the votes cast at the meeting (without taking abstentions into account);

iii. any modification of the purpose 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 (without taking abstentions into account) ;

iv. 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 (without taking abstentions into account) in each class of shares, (in each of the cases (i), (ii), (iii) and (iv), 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

v. 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 (without taking abstentions into account), 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 1:15 of the Belgian 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 7:82 of the Belgian 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 2009 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 2019, no drawdowns were outstanding under the Amended and Restated 2010 Senior Facilities Agreement.

2. EMTN Program

In accordance with article 556 of the 2009 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 2009 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 (*Redeemed on 15 November 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 (*Redeemed on 15 November 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

8.1. Remuneration policy

The remuneration policy applies to the directors, the CEO and the other members of the ExCom. References to the Senior Leadership Team (SLT) are purely for information purposes.

In relation to the financial years starting as from 1 January 2020, it applies subject to its approval by the annual shareholders' meeting to be held on 29 April 2020.

8.1.1. Remuneration Committee

The Remuneration Committee consists of three members appointed by the Board, all of whom are non-executive directors. Currently, the Chairperson of the Remuneration Committee is a representative of the Reference Shareholder and the two other members meet the requirements of independence as established by the Belgian Companies and Associations Code and the 2020 Belgian Corporate Governance Code. The CEO and the Chief People Officer are invited to the meetings of the Remuneration Committee.

The Remuneration Committee meets four times a year, and more often if required, and is convened by its chairperson or at the request of at least two of its members.

The principal role of the Remuneration Committee is to guide the Board with respect to all its decisions relating to the remuneration policies for the Board, the CEO, the ExCom and the SLT, and on their individual remuneration packages. It ensures that the CEO and members of the ExCom and SLT are incentivized to achieve, and are compensated for, exceptional performance. It also ensures the maintenance and continuous improvement of the company's compensation framework, which applies to all employees. The compensation framework is based on meritocracy and a sense of ownership with a view to aligning the interests of employees with the interests of shareholders. The Remuneration Committee takes into account the compensation of the employees when preparing the remuneration policy applicable to the directors, the CEO and the other members of the ExCom and SLT.

The Board approves the company and individual annual targets of the CEO and the members of the ExCom and SLT, and the Remuneration Committee assesses the target achievement and corresponding annual and long-term incentives of the CEO and the other members of the ExCom and SLT.

The Remuneration Committee prepares the remuneration policy and the remuneration report.

In exceptional circumstances, the company may temporarily derogate from the remuneration policy. These exceptional circumstances cover situations in which the derogation is necessary to serve the long-term interests and sustainability of the company as a whole or to assure its viability. Such derogation requires the approval of both the Remuneration Committee and the Board of Directors. The remuneration report relating to the relevant financial year will include information on any derogation, including its justification.

The detailed composition, functioning and specific responsibilities of the Remuneration Committee are set forth in its terms of reference, which are part of the company's Corporate Governance Charter.

As noted above, the Remuneration Committee is composed exclusively of non-executive directors and a majority of its members qualify as independent directors. This helps to prevent conflicts of interest regarding the establishment, amendments and implementation of the remuneration policy in relation to the CEO and ExCom members. The CEO and the Chief People Officer do not take part in any discussions or deliberations of the Remuneration Committee related to their remuneration. The Remuneration Committee can hold *in camera* sessions without management being present whenever it deems appropriate to do so.

In addition, the power to approve the remuneration policy, prior to its submission to the shareholders' meeting, and the determination of the remuneration of the CEO and the ExCom and SLT members is vested with the Board of Directors upon recommendation of the Remuneration Committee. No member of the ExCom is at the same time a member of the Board of Directors. As regards the remuneration of the directors, all decisions are adopted by the shareholders' meeting.

8.1.2. Remuneration policy of the directors

a. **Remuneration governance**

The Remuneration Committee recommends the remuneration for directors, including the Chairperson and the directors sitting on one or more of the Board committees. In so doing, it benchmarks from time to time directors' remuneration against peer companies, as the case may be, with the assistance of an independent consulting firm. These recommendations are subject to approval by the Board and, subsequently, by the shareholders at the annual general meeting.

In addition, the Board sets and revises, from time to time, the rules and level of compensation for directors carrying out a special mandate and the rules for reimbursement of directors' business-related out-of-pocket expenses.

The shareholders' meeting may from time to time revise the directors' remuneration upon recommendation of the Remuneration Committee.

b. Structure of the remuneration

The remuneration of the directors consists of a fixed cash fee component and a share-based component consisting of an award of Restricted Stock Units (described below), which makes Board remuneration simple, transparent and easy for shareholders to understand. Remuneration is commensurate to the time committed by the directors to the Board and its various committees, and is set by the shareholders' meeting upon recommendation of the Remuneration Committee. In addition, the remuneration is designed to attract and retain talented directors. The award of Restricted Stock Units further aligns the interests of the directors with the sustainable value-creation objectives of the company.

Former LTI stock option plan

Until 31 December 2018, the company had a long-term incentive (LTI) stock option plan for directors. All LTI grants to directors were in the form of stock options on existing shares with the following features:

- an exercise price 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 five years; and
- the LTI stock options cliff vest after five years. Unvested LTI stock options are subject to 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.

This LTI stock option plan was replaced in 2019 with the RSU Plan described below.

RSU Plan

As from 2019, the share-based component of the directors' remuneration is paid under the form of Restricted Stock Units. Under this plan, which was approved by the company's annual shareholders' meeting on 24 April 2019, the company may grant Restricted Stock Units corresponding to a fixed value in euro to the members of its Board, as part of the fixed remuneration for the exercise of their duties. The granting and vesting of the Restricted Stock Units are not subject to performance criteria. The RSU Plan therefore qualifies as fixed remuneration, as recommended by the 2020 Belgian Corporate Governance Code.

Such Restricted Stock Units vest after five years and, upon vesting, entitle their holders to one AB InBev share per Restricted Stock Unit (subject to any applicable withholdings).

Contrary to the soft law recommendation of the 2020 Belgian Corporate Governance Code, the shares delivered to directors upon vesting of the Restricted Stock Units are not subject to a lock-up of three years after the date of the delivery and one year after the date of departure of the relevant director. However, the five-year vesting period of the Restricted Stock Units fosters a sustainable and long-term commitment of the directors to shareholder value creation that addresses the goal of the 2020 Belgian Corporate Governance Code.

c. Other

The company is prohibited from making loans to directors, 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.

8.1.3. Remuneration policy of the ExCom

The company's remuneration policy for executives is designed to support its high-performance culture and the creation of long-term sustainable value for its shareholders. The goal of the policy is to reward executives with market-leading compensation, which is conditional upon both the overall success of the company and individual performance. It promotes alignment with shareholders' interests by strongly encouraging executive ownership of shares in the company and enables the company to attract and retain the best talent at global levels.

Base salaries are aligned with 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 determines the maximum amount for the funding of the variable remuneration pool prior to the start of a performance year and the allocation is made in accordance with criteria determined by the Board upon recommendation of the Remuneration Committee.

All criteria and the duration of the vesting periods are aligned with the relevant time horizon of the company and set to foster a sustainable and long-term commitment to shareholder value creation. Criteria and objectives are reviewed by the Remuneration Committee and the Board to ensure they are aligned with the company's business objective and strategic ambition.

The targets for each of the performance KPIs and business and personal objectives are set and assessed by the Board based on a pre-determined performance matrix, upon recommendation of the Remuneration Committee. A weighted performance score is translated into a payout curve which has a threshold and a cap. The threshold is set at the minimum acceptable level of performance to trigger the performance part of the bonus.

The Board may revise the level of remuneration and approve a revised remuneration policy upon recommendation of the Remuneration Committee, subject to the approval of the shareholders' meeting where required (see sections 8.1.1 and 8.1.2 above).

A. Components of executive remuneration

Executive remuneration generally consists of (a) a fixed base salary, (b) variable performance-related compensation (bonus), (c) long-term incentive stock options, (d) long-term Restricted Stock Units, (e) pension schemes and (f) other components.

a. Base salary

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 global peer companies (Peer Group) is used when available. The Peer Group currently includes, for example, Apple, Coca-Cola Company, Procter & Gamble, IBM, Oracle, Diageo and PepsiCo. The Peer Group may be revised from time to time by the Remuneration Committee, it being understood that the Peer Group will remain consistent with the company's activities.

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 with 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 third quartile.

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 ExCom and 340% for the CEO. An additional incentive of 20% on a bonus amount may be awarded by the Remuneration Committee in the case of overachievement or other exceptional circumstances.

The effective payout 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 on achieving 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 payout percentage also depends on each executive's personal achievement of their individual performance targets. Individual performance targets of the CEO and the ExCom members may consist of financial and non-financial targets such as sustainability and other elements of corporate social responsibility, corporate reputation and compliance/ethics-related targets. Typical performance measures in this area can relate to employee engagement, talent pipeline, better world goals, opinion leader favorability towards the company, compliance, etc., and are linked directly to the achievement of strategic objectives to drive the sustainability of the financial performance.

Target achievement is assessed by the Remuneration Committee on the basis of accounting and financial data.

The variable compensation is usually paid annually in arrears after the publication of the company's full year results, in or around March of the relevant year. 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 shortly after publication of the half year results and the second half of the variable compensation is paid after publication of the full year results.

Executives receive their variable compensation in cash but are encouraged to invest some (60%) or all of its value in company shares (Voluntary Shares).

Voluntary Shares are:

- existing ordinary shares;
- entitled to dividends paid as from the date of grant;
- with respect to bonuses for the financial year 2020 onwards, subject to a lock-up period of three years for half of them and five years for the other half[1]; and
- granted at market price, to which a discount is applied. With respect to bonuses for the financial year 2020 onwards, the discount amounts to maximum 20%[2]. The discount is delivered in the form of Restricted Stock Units, subject to specific restrictions or forfeiture provisions in the event of termination of service (Discounted Shares).

As an additional reward, Executives who invest in Voluntary Shares also receive a company shares match of three matching shares for each voluntary share invested up to a limited total percentage of each executive's variable compensation. These matching shares are also delivered in the form of Restricted Stock Units (Matching Shares).

With respect to bonuses for the financial year 2020 onwards, half of the Restricted Stock Units relating to the Matching Shares and the Discounted Shares vest over a three-year period, while the other half vest over a five-year period[3]. 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, which are subject to a lock-up as indicated above (ownership condition).

In the event of termination of service before the vesting date of the Restricted Stock Units, forfeiture rules apply.

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[1] With respect to bonuses for the financial years 2019 and before, all voluntary shares must be held for a five-year period.
[2] With respect to bonuses for the financial years 2019 and before, the discount was 10%.
[3] With respect to bonuses for the financial years 2019 and before, the Restricted Stock Units relating to the Matching Shares and the Discounted Shares vest over a five-year period.

In accordance with the authorization granted in the company's bylaws, this variable compensation system partly deviates from article 520ter of the Belgian Companies Code, which has become article 7:91 of the Belgian Companies and Associations 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 three-year period. However, as indicated above, executives are encouraged to invest some or all of their variable compensation in company Voluntary Shares. Such voluntary investment also leads to a grant of Matching Shares in the form of Restricted Stock Units, of which half of them vest over a three-year period and half of them vest over a five-year period, ensuring sustainable long-term performance[1] ;
and
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 three years. Nonetheless, half of the Voluntary Shares are subject to a three-year lock-up period and half of them are subject to a five-year lock-up period[2].

c. Long-term incentives

Annual long-term incentives

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 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 five years;
- upon exercise, each option entitles the option holder to purchase one share; and
- the options cliff vest after five years. In the event of termination of service before the vesting date, forfeiture rules will apply.

Long-term Restricted Stock Units have the following features:

- a grant value determined on the basis of the market price of the share at the time of grant;
- upon vesting, each Restricted Stock Unit entitles its holder to acquire one share; and
- half of the Restricted Stock Units cliff vest over a three-year period and the other half cliff vest over a five-year period. In the event of termination of service before the vesting date, specific forfeiture rules will apply.

Grants made as from financial year 2020 will primarily take the form of Restricted Stock Units.

Exceptional long-term incentives

Options or Restricted Stock Units may be granted from time to time to members of senior management of the company:

- who have made a significant contribution to the success of the company; or
- who have made a significant contribution in relation to acquisitions and/or the achievement of integration benefits; or
- to incentivize and retain senior leaders who are considered to be instrumental in achieving the company's ambitious short or long-term growth agenda.

Vesting of such options or Restricted Stock Units may be subject to achievement of performance conditions which will be related to the objectives of such exceptional grants.

Grants made as from financial year 2020 will primarily take the form of Restricted Stock Units.

By way of example, the following exceptional long-term incentive plans are currently in place:

1. ***2020 Incentive Plan***: options can be granted to selected members of the senior management of the company, who are considered to be instrumental in helping the company to achieve its ambitious growth target.

   Each option gives the grantee the right to purchase one existing share. An exercise price is set at an amount equal to the market price of the share at the time of grant. The options have a duration of 10 years as from granting and vest after five years. The options only become exercisable provided a performance test is met by the company. This performance test is based on a net revenue amount which must be achieved by 2022 at the latest.

2. ***Integration Incentive Plan***: options can be granted to selected 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 is set at an amount equal to the market price of the share at the time of grant. 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 the company by 31 December 2021 at the latest. 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. Specific forfeiture rules apply if the employee leaves the company before the performance test achievement or vesting date.

[1] With respect to bonuses for the financial years 2019 and before, a five-year vesting period applies to the Restricted Stock Units relating to the Matching Shares and the Discounted Shares.
[2] With respect to bonuses for the financial years 2019 and before, a five-year vesting period applies to Voluntary Shares.

3. ***Incentive Plan for SAB employees*: options can be granted to employees of former SAB. The grant results from the commitment that the company 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 set at an amount equal to the market price of the share at the time of grant. The options have a duration of 10 years as from granting and vest after three years. Specific forfeiture rules apply if the employee leaves the company before the vesting date.

4. ***Long Run Stock Options Incentive Plan***: options can be granted to selected members of the company's senior management to incentivize and retain senior leaders who are considered to be instrumental in achieving the company's 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 set at 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 5 or 10 years. 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. Specific forfeiture rules apply if the employee leaves the company before the performance test achievement or vesting date.

d. Recurring specific long-term Restricted Stock Unit programs

Anheuser-Busch InBev has in place four recurring specific long-term Restricted Stock Unit programs:

1. A program allowing for the offer of Restricted Stock Units to certain members of the company's 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 Restricted Stock Units vest after five years and in the event of termination of service before the vesting date, forfeiture rules apply.

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 two 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 three years for the first half and five years for the second half of the Restricted Stock Units. In the event of termination of service before the vesting date, forfeiture rules apply. As of 2017, instead of Restricted Stock Units, stock options may also be granted under the program with similar vesting and forfeiture rules.

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) newly hired employees. The voluntary investment in company shares leads to the grant of three 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 five years. In the event of termination before the vesting date, forfeiture rules apply. Since 2016, instead of Restricted Stock Units, stock options may also be granted under this program with similar vesting and forfeiture rules.

4. A program allowing for the offer of performance-based Restricted Stock Units (Performance RSUs) to certain members of the company's senior management. Upon vesting, each Performance RSU gives the executive the right to receive one existing AB InBev share. The Performance RSUs can have a vesting period of five or ten years. The shares resulting from the vesting of the Performance RSUs will only be delivered provided a performance test is met by the company. 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. These Performance RSUs are subject to an organic EBITDA compounded annual growth rate target set by the Board. Other performance test criteria may be used for future grants, but they will remain in line with the company's high-performance culture and the creation of long-term sustainable value for its shareholders.

e. Exchange of share ownership program

From time to time, certain members of Ambev's senior management are transferred to AB 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 AB InBev shares.

Under the program, the Ambev shares can be exchanged for AB 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 five-year lock-up period for the shares and provided that the manager remains in service during this period. The discounted shares are forfeited in the event of termination of service before the end of the five-year lock-up period.

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 AB InBev shares that remain locked up until 31 December 2018 (five 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 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 (five years longer than the original lock-up period). 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.
2. **The Dividend waiver program:** where applicable, the dividend protection feature of the outstanding options owned by executives who move to the United States 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.

There is also a possible early release of vesting conditions of unvested stock options or Restricted Stock Units which are vesting within six 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.

g. Pension schemes

Our executives participate in Anheuser-Busch InBev's pension schemes in either the United States, 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.

h. Other benefits

The company is prohibited from making loans to 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).

Executives and their family are eligible to participate in the Employer's Executive benefit plans (including medical and hospitalization, death and disability plans) in effect from time to time, in line with the predominant market practices.

B. Minimum threshold of shares to be held

The Board has set a minimum threshold of shares of the company to be held at any time by the CEO to two years of base salary (gross) and by the other members of the ExCom to one year of base salary (gross). Newly appointed ExCom members have three years to reach such threshold following the date of their appointment.

C. Main contractual terms and conditions of employment of members of the ExCom

The terms and conditions of employment of the members of the ExCom are included in individual employment agreements which are concluded for an indefinite period of time. 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 under their employment agreements.

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.

The termination arrangements for the ExCom members provide for a termination indemnity of 12 months of remuneration, including variable compensation, in the event 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.

D. Reclaim of variable remuneration

The company's share-based compensation and long-term incentive plans contain a *malus* provision for all grants made since March 2019. Such provision provides that the stock options and/or Restricted Stock Units granted to an executive will automatically expire and become null and void in the scenario where the executive is found by the Global Ethics and Compliance Committee to be (i) responsible for a material breach of the company's Code of Business Conduct; or (ii) subject to a material adverse court or administrative decision, in each case in the period before the exercise of the stock options or vesting of the Restricted Stock Units.

8.2. Remuneration report

This remuneration report must be read together with the remuneration policy which, to the extent necessary, should be regarded as forming part of this remuneration report.

8.2.1. Remuneration report relating to directors

A. General overview

a. Cash remuneration

The shareholders' meeting held on 24 April 2019 resolved that, as from 2019 onwards, the fixed annual fee of the directors amounts to EUR 75,000, except for the chairperson of the Board and the chairperson of the Audit Committee whose annual fixed fees amount respectively to EUR 255,000 and EUR 127,500.

In addition, a fixed annual retainer applied as follows: (a) EUR 28,000 for the chairperson of the Audit Committee, (b) EUR 14,000 for the other members of the Audit Committee, (c) EUR 14,000 for each of the chairpersons of the Finance Committee, the Remuneration Committee and the Nomination Committee, and (d) EUR 7,000 to each of the other members of the Finance Committee, the Remuneration Committee and the Nomination Committee, it being understood that the amounts of the retainers set out above are cumulative in the case of participation of a director in several committees.

b. Share-based remuneration

Former LTI stock option plan

Until 31 December 2018, the company had an LTI stock option plan for directors (see section 8.1.2, b Former LTI Stock Option Plan), which was replaced in 2019 with the RSU Plan described below.

RSU Plan

At the company's annual shareholders' meeting held on 24 April 2019, it was resolved that the share-based portion of the remuneration of the directors of the company for the exercise of their mandate during the financial year 2018 (paid in 2019) and any subsequent years be granted under the form of Restricted Stock Units corresponding to a fixed gross value per year of (i) EUR 550,000 for the chairperson of the Board, (ii) EUR 350,000 for the chairperson of the Audit Committee and (iii) EUR 200,000 for the other directors (see above section 8.1.2. b) RSU Plan).

Such Restricted Stock Units vest after five years. Each director is entitled to receive a number of Restricted Stock Units corresponding to the amount to which such director is entitled divided by the closing price of the shares of the company on Euronext Brussels on the day preceding the annual shareholders' meeting approving the accounts of the financial year to which the remuneration in Restricted Stock Units relates. Upon vesting, each vested Restricted Stock Unit entitles its holder to one AB InBev share (subject to any applicable withholdings). These Restricted Stock Units replaced the stock options to which the directors were previously entitled.

The granting and vesting of the Restricted Stock Units are not subject to performance criteria. Therefore, the RSU Plan for the directors qualifies as fixed remuneration.

B. Individual director remuneration

Individual director remuneration for 2019 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 Restricted Stock Units granted (5)
Maria Asuncion Aramburuzabala	10	75,000	0	75,000	2,505
Martin J. Barrington (3) (4)	10	195,000	18,667	213,667	1,558
Alexandre Behring (1)	2	25,000	2,333	27,333	2,505
Michele Burns	8	127,500	39,667	167,167	4,384
Sabine Chalmers (2)	7	50,000	0	50,000	0
Paul Cornet de Ways Ruart	10	75,000	4,667	79,667	2,505
Stéfan Descheemaeker (1)	3	25,000	2,333	27,333	2,505
Grégoire de Spoelberch	10	75,000	7,000	82,000	2,505
Claudio Garcia (2)	7	50,000	4,667	54,667	0
William F. Gifford (3)	9	0	0	0	0
Olivier Goudet (1)	3	85,000	9,333	94,333	6,890
Paulo Lemann	10	75,000	7,000	82,000	2,505
Xiaozhi Liu (2)	7	50,000	9,333	59,333	0
Alejandro Santo Domingo	9	75,000	0	75,000	2,505
Elio Leoni Sceti	10	75,000	21,000	96,000	2,505
Carlos Alberto da Veiga Sicupira (1)	3	25,000	2,333	27,333	2,505
Cecilia Sicupira (2)	7	50,000	4,667	54,667	0
Marcel Herrmann Telles	10	75,000	28,000	103,000	2,505
Alexandre Van Damme	10	75,000	21,000	96,000	2,505
All directors as a group		**1,282,500**	**182,000**	**1,464,500**	**40,387**

(1) Member of the Board of Directors until 24 April 2019.
(2) Member of the Board of Directors since 24 April 2019.
(3) Mr Barrington waived his entitlement to any type of remuneration, including share-based remuneration, relating to the exercise of his mandate up to the date of his retirement as CEO of Altria on 18 May 2018. Mr Barrington's annual remuneration was prorated for the exercise of his mandate during the remainder of 2018, which impacted the share based remuneration he received in 2019 based on the 2018 calendar year. Mr Gifford has waived his entitlement to any type of remuneration, including share-based remuneration, relating to the exercise of his mandate in 2019 and before.
(4) Chairman of the Board of Directors since 24 April 2019.
(5) No Restricted Stock Units granted to directors vested in 2019.

C. Options owned by directors

The table below sets forth, for each of the company's current directors, the number of LTI stock options they owned as of 31 December 2019 [1] :

	LTI 26	LTI 25	LTI 24	LTI 23	LTI 22	
Grant date	25 April 2018	26 April 2017	27 April 2016	29 April 2015	30 April 2014	
Expiry date	24 April 2028	25 April 2027	26 April 2026	28 April 2025	29 April 2024	
Maria Asuncion Aramburuzabala	15,000	15,000	15,000	15,000	0	**60,000**
Martin J. Barrington [2]	0	0	0	0	0	**0**
Sabine Chalmers [3] [4]	0	0	0	0	0	**0**
Michele Burns	25,500	25,500	25,500	0	0	**76,500**
Paul Cornet de Ways Ruart	15,000	15,000	15,000	15,000	15,000	**75,000**
Grégoire de Spoelberch	15,000	15,000	15,000	15,000	15,000	**75,000**
Claudio Garcia [3] [4]	0	0	0	0	0	**0**
William F. Gifford [2]	0	0	0	0	0	**0**
Paulo Lemann	15,000	15,000	15,000	15,000	0	**60,000**
Xiaozhi Liu [3]	0	0	0	0	0	**0**
Alejandro Santo Domingo	15,000	15,000	0	0	0	**30,000**
Elio Leoni Sceti	15,000	15,000	15,000	15,000	0	**60,000**
Cecilia Sicupira [3]	0	0	0	0	0	**0**
Marcel Telles	15,000	15,000	15,000	15,000	15,000	**75,000**
Alexandre Van Damme	15,000	15,000	15,000	15,000	15,000	**75,000**
Strike price (Euro)	**84.47**	**104.50**	**113.25**	**113.10**	**80.83**	

(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. In 2019, no LTI stock options listed in the above table were exercised by directors. No LTI stock options were granted to Directors in 2019.
(2) Mr Barrington waived his entitlement to any type of remuneration, including long-term incentive stock options, relating to the exercise of his mandate up to the date of his retirement as CEO of Altria on 18 May 2018. Mr Barrington's annual remuneration was prorated for the exercise of his mandate during the remainder of 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 2019 and before.
(3) Member of the Board of Directors since 24 April 2019.
(4) Claudio Garcia and Sabine Chalmers do not hold stock options under the company's LTI Stock Options Plan for directors. However, they do still hold certain stock options that were awarded to them in the past in their capacity as executives of the company.

D. Restricted Stock Units owned by directors

The table below sets forth, for each of the company's current directors, the number of Restricted Stock Units they owned as of 31 December 2019:

	Number of Restricted Stock Units owned
Grant Date	24 April 2019
Vesting Date	24 April 2024
Maria Asuncion Aramburuzabala	2,505
Martin J. Barrington	1,558
Michele Burns	4,384
Sabine Chalmers [1] [3]	0
Paul Cornet de Ways Ruart	2,505
Grégoire de Spoelberch	2,505
Claudio Garcia [1] [3]	0
William F. Gifford [2]	0
Paulo Lemann	2,505
Xiaozhi Liu [1]	0
Alejandro Santo Domingo	2,505
Elio Leoni Sceti	2,505
Cecilia Sicupira [1]	0
Marcel Herrmann Telles	2,505
Alexandre Van Damme	2,505
All directors as a group	**25,982**

(1) Member of the Board of Directors since 24 April 2019.
(2) Mr Gifford has waived his entitlement to any type of remuneration, including share-based remuneration, relating to the exercise of his mandate in 2019 and before.
(3) Claudio Garcia and Sabine Chalmers do not hold restricted stock units under the company's RSU Plan for directors. However, they do still hold certain Restricted Stock Units that were awarded to them in the past in their capacity as executives of the company.

8.2.2. Remuneration report relating to the ExCom

Except as provided otherwise, the information in this section relates to the ExCom as at 31 December 2019.

A. Components of executive remuneration

Executive remuneration generally consists of (a) a fixed base salary, (b) variable performance-related compensation (bonus), (c) long-term incentive stock options, (d) long-term Restricted Stock Units, (e) pension schemes (f) other components. All amounts shown below are gross amounts before deduction of withholding taxes and social security.

In addition, the Board has set up a minimum threshold of shares to be held by the CEO and by the other members of the ExCom, as indicated in the Remuneration Policy.

a. Base salary

In 2019, based on his employment contract, the CEO earned a fixed annual salary of EUR 1.46 million (USD 1.64 million), while the other members of the ExCom earned an aggregate annual base salary of EUR 2.27 million (USD 2.55 million).

b. Variable performance-related compensation – Share-based compensation plan

For 2019, based on the company's target achievement during the year 2019 and the executives' individual target achievement, the total bonus for the ExCom, including the CEO, effectively amounted to approximately 137% of their 2019 base salary. For the CEO, the total bonus effectively amounted to approximately 179% of his 2019 base salary.

As indicated in the remuneration policy (see above section 8.1), executives receive their bonus in cash but are encouraged to invest some or all of its value in Voluntary Shares. For bonuses related to financial year 2019, such voluntary investment led to a 10% discount and a company shares match of three Matching Shares for each share voluntarily invested up to a limited total percentage of each executive's variable compensation.

The effective payout of variable compensation was 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 on achieving 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.

The targets for each of the performance KPIs and business and personal objectives are set and assessed by the Board, upon recommendation of the Remuneration Committee. A weighted performance score is translated into a payout curve which has a threshold and a cap. The threshold is set at the minimum acceptable level of performance to trigger the performance part of the bonus.

Variable compensation for performance in 2018 – paid in March 2019

For the year 2018, the CEO earned a bonus of EUR 0.73 million (USD 0.84 million). The other members of the former Executive Board of Management earned aggregate variable compensation of EUR 4.20 million (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. Any variable compensation was paid in March 2019.

The following table sets forth information regarding the number of the company's shares voluntarily acquired and Matching Shares granted in March 2019 (variable compensation awarded for performance in 2018) to the CEO and the other members of the ExCom as at 31 December 2019 under the Share-based compensation plan. The Matching Shares were granted in the form of Restricted Stock Units and vest after five years, on 4 March 2024.

Name	Voluntary Shares acquired	Matching Shares granted
Carlos Brito – CEO	5,230	21,320
David Almeida	1,467	5,016
John Blood	738	3,057
Felipe Dutra	1,823	7,433

In addition, David Kamenetzky, who left the ExCom on 30 July 2019, acquired 1,527 Voluntary Shares and received 6,319 Matching Shares in March 2019.

Variable compensation for performance in 2019

For the year 2019, the CEO earned a bonus of EUR 2.61 million (USD 2.93 million). The other members of the ExCom earned aggregate variable compensation of EUR 2.49 million Euro (USD 2.80 million).

The amount of bonus is based on the company's performance during the year 2019 and the executives' individual target achievement. A first instalment of the bonus was paid in July 2019 (variable compensation awarded related to the first half of 2019) and any remainder of the variable compensation for the year 2019 will be paid in March 2020.

The following table sets forth information regarding the number of the company's shares voluntarily acquired and Matching Shares granted in July 2019 to the CEO and the other members of the ExCom as at 31 December 2019 related to the first half of 2019 under the Share-based compensation plan. The Matching Shares were granted in the form of Restricted Stock Units and vest after five years, on 29 July 2024.

Name	Voluntary Shares acquired	Matching Shares granted
Carlos Brito – CEO	15,244	61,422
David Almeida	2,452	11,069
John Blood	1,348	6,469
Felipe Dutra	5,407	22,030

c. Long-term incentive stock options

Annual long-term incentive stock options

On 25 January 2019, 88,864, 33,853, 126,979, and 84,633 long-term stock options (having an exercise price of EUR 65.70) were granted to respectively each of David Almeida, John Blood, Felipe Dutra and David Kamenetzky (who was a member of the ExCom until 30 June 2019). Additionally, 100,961 and 67,307 long-term stock options (having an exercise price of EUR 71.87) were granted on 2 December 2019 to respectively each of David Almeida and John Blood.

Exceptional long-term incentives

In 2019, no grants were made under the company's exceptional long-term incentive plans (as described section 8.1.3.A.c).

d. Recurring Specific long-term Restricted Stock Unit programs

In 2019, no grants were made to members of the ExCom under the company's recurring specific long-term Restricted Stock Unit programs (as described in section 8.1.3.A.d.).

e. Exchange of share ownership program

In 2019, no member of the ExCom participated in the company's exchange of share ownership program (as described in section 8.1.3.A.e).

f. Programs for maintaining consistency of benefits granted and for encouraging global mobility of executives

In 2019, no member of the ExCom participated in any of the company's programs for maintaining consistency of benefits granted and for encouraging global mobility of executives (as described in section 8.1.3.A.f).

g. 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. No annual contributions were due by the company under his plan in 2019. The contributions for the other members of the ExCom amounted to approximately USD 0.20 million in aggregate in 2019.

h. Other benefits

Executives are also entitled to disability, life, medical (including vision and dental) and Group Variable Universal Life (GVUL) insurance and perquisites that are competitive with market practices, the costs of which together amounted in 2019 to approximately USD 0.04 million for the CEO and approximately USD 0.09 million in aggregate for the other members of the ExCom.

B. Main contractual terms and conditions of employment of members of the Executive Committee (ExCom) in 2019

See section 8.1.3.C for a description of the main contractual terms and conditions of employment of members of the ExCom.

David Kamenetzky (former Chief Strategy & External Affairs Officer) resigned effective on 30 June 2019.

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.

C. Reclaim of variable remuneration

Malus provisions have been included in the share-based compensation and long-term incentive plans relating to grants made in 2019 (see section 8.1.3. D.). No variable remuneration was reclaimed in 2019.

D. Options owned by members of the ExCom

The table below sets forth the number of LTI stock options owned by the members of our ExCom as of 31 December 2019 under the 2009 LTI stock option plan (see section 8.2.2. A., 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
ExCom(1)	0	57,829	336,713	672,835	440,931	276,102	24,564
Strike price (EUR)	35.90	42.41	44.00	66.56	75.15	94.46	121.95

	LTI options	LTI options	LTI options	LTI options	LTI options	LTI options
Grant date	22 Dec 2015	01 Dec 2016	20 Jan 2017	22 Jan 2018	25 Jan 2019	02 Dec 2019
Expiry date	21 Dec 2025	30 Nov 2025	19 Jan 2027	21 Jan 2028	24 Jan 2029	01 Dec 2029
ExCom(1)	611,565	18,635	551,276	594,936	249,696	168,268
Strike price (EUR)	113.00	98.04	98.85	94.36	65.70	71.87

(1) The following options were exercised in 2019:
a. Carlos Brito exercised 190,984 LTI options of 18 December 2009 with a strike price of EUR 35.90 and 273,365 LTI options of 30 November 2010 with a strike price of EUR 42.41.
b. Felipe Dutra exercised 53,297 LTI options of 18 December 2009 with a strike price of EUR 35.90, 76,288 LTI options of 30 November 2010 with a strike price of EUR 42.41 and 100,836 LTI options of 30 November 2011 with a strike price of EUR 44.00.
c. John Blood exercised 5,005 LTI options of 18 December 2009 with a strike price of EUR 35.90.

The table below sets forth the number of options granted under the November 2008 Exceptional Option Grant owned by the members of the ExCom as of 31 December 2019(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
ExCom(2)	0	1,626,679	0	1,260,596	0	0
Strike price (EUR)	10.32	10.32		33.24	40.35	75.82

(1) The Series A stock options have a duration of 10 years as from granting and vested on 1 January 2014. The Series B stock options have a duration of 15 years as from granting and vested 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. Forfeiture rules apply in the event of termination of employment.
(2) The following options were exercised in 2019:
a. In January 2019, Felipe Dutra exercised 542,226 options of 25 November 2008 with a strike price of EUR 10.32 and 343,884 options of 1 December 2009 with a strike price of EUR 33.24;
b. In August 2019, David Almeida exercised 361,484 options of 25 November 2008 with a strike price of EUR 10.32.

The table below sets forth the number of options granted under the 2020 Incentive Plan owned by the members of the ExCom as of 31 December 2019 (see section 8.2.2. A., c).

	2020 Incentive Stock Options
Grant date	**22 December 2015**
Expiry date	**22 December 2025**
ExCom	**47,823**
Strike price (EUR)	**113.00**

The table below sets forth the number of options granted under the Integration Incentive Plan owned by the members of the ExCom as of 31 December 2019 (see section 8.2.2. A., c).

	Integration Incentive Stock Options
Grant date	**5 May 2017**
Expiry date	**31 December 2026**
ExCom	**261,706**
Strike price (EUR)	**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 the ExCom as of 31 December 2019 (see section 8.2.2. A., c).

	Long Run Stock Options Incentive Plan	Long Run Stock Options Incentive Plan
Grant date	**1 December 2017**	**18 May 2018**
Expiry date	**31 December 2032**	**31 December 2032**
ExCom	**2,002,504**	**1,708,044**
Strike price (EUR)	**96.70**	**80.34**

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International brands:

Castle, Beck's, Leffe, Hoegaarden and Michelob Ultra

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10 Barrel, 100% renewable electricity, Aguila, Alexander Keith's, Alta Palla, Ama, Andes, Antarctica, Archibald, Atlas Golden Light, Atom Brands, Babe, Bagbier, Balboa, Bathtub Gin, Barrilito, Bass, BBC La Cotidiana, Be a King, Beck's Ice, Becker, Belle-Vue, Belgian Beer Café, Best Damn, Birra del Borgo, Blasfemia, Blue Girl, Blue Point, Boddingtons, Bohemia, Bon & Viv, Boxing Cat, Brahma, Breckenridge, Brutal Fruit, Bud 0.0, Bud 66, Bud Light, Bud Light Seltzer, Budweiser Copper Lager, Budweiser Harvest Reserve, Busch, Busch Light, Cafri, Camden Town, Camden Hells, Carlton, Carling Black Label, Cass, Castle Lite, Castle Lite Cold Lock, Chernigivske, Club, Club Colombia, Colorado, Colorado Ribeirão Lager, Corona Cero, Corona Extra, Corona This Is Living, Coronita, Crew Republic, Cristal, Cubanisto, Cucapá, Cusqueña, Cutwater, Devils Backbone, Diebels, Diekirch, Drinkworks Home Bar, Eagle Lager, Elysian, Estrella, Estrella Jalisco, Flying Fish Chill, Four Peaks, Franziskaner, Ginette, Ginsber, Golden Road, Goose Island, Great Northern, Guaraná Antarctica, Haake-Beck, Harbin, Harbin Cristal, Hasseröder, Hertog Jan, Hertog Jan 0.0, HiBall, Hoegaarden Rosée, Impala, Jinling, Jinlongquan, Julius, Jupiler, Jupiler 0.0, Kaiba, Karbach, Kilimanjaro, King of Beers, Klinskoye, Kokanee, Kombrewcha, Kwak, Labatt, Lakeport, La Legítima, Land Shark Lager, La Virgen, Leffe Royale, Leffe 0.0, Leon, Liberty, Löwenbräu, Lucky, Mackeson, Magnífica, Malta, Maverick Drinks, Master of Malt, Mexicali, Michelob Ultra Pure Gold, Michelob Ultra Lime Cactus, Mike's Hard, Mike's Hard Sparkling Water, Mill Street, Modelo, Modelo Especial, Montejo, Mountain Series, Natty Daddy, Natural Light, Natural Light Seltzer, Negra Modelo, Norte, Nossa, O'Doul's, OB, Oland, Old Blue Last, Paceña, Pacifico, Patagonia, Patagonia Hoppy Lager, Patricia, Pilsen, Pilsen Callao, Pilsener, Pirate Life, Poker, Pony Malta Plus, Presidente, Pure Blonde, Pure Draught, Quilmes, RateBeer, Redd's Apple, Ritas, Rogan, Safari, Salva Vida, Saturday Session, Sedrin, Shiliang, Shock Top, Sibirskaya Korona, Skol, Skol Beats GT, Skol Puro Malte, SmartBarley, Spaten, Stanley Park, Stella Artois Buy A Lady A Drink, Stella Artois Midnight Lager, Stella Artois Seltzer, Sunbru, T, Temple Brewery, Tijuana, Tolstiak, Tripel Karemeliet, Tropical, Vieux Temps, Victoria, Victoria Bitter, Wäls, Whitbread, Wicked Weed, Yantar, Zalva, ZX Ventures.

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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®, Hoegaarden®, Leffe® and Michelob Ultra®; and local champions such as Aguila®, Antarctica®, Bud Light®, Brahma®, Cass®, Castle®, Castle Lite®, Cristal®, Harbin®, Jupiler®, 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 170 000 employees based in nearly 50 countries worldwide. For 2019, our reported revenue was 52.3 billion US dollar (excluding joint ventures and associates).

The following management report should be read in conjunction with our audited consolidated financial statements.

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

Recent events

On 19 July 2019, we announced the agreement to divest Carlton & United Breweries ("CUB" or "Australian operations"), our Australian subsidiary, to Asahi Group Holdings, Ltd. ("Asahi") for a transaction value of 16 billion AUD on a cash free/debt free basis. As part of this transaction, we will grant Asahi rights to commercialize the portfolio of AB InBev's global and international brands in Australia. The results of the Australian operations will be presented as part of "Results from discontinued operations" until the completion of the disposal.

On 30 September 2019, we successfully completed the listing of a minority stake of our Asia Pacific subsidiary, Budweiser Brewing Company APAC Limited (Budweiser APAC), on the Hong Kong Stock Exchange for 5 750m US dollar (including the over-allotment option). By doing so, we created a superior regional champion in the consumer goods space, positioned to expand across the fastest growing markets in the Asia Pacific region with best-in-class talent and an unmatched portfolio of local, international and global brands. We also believe a local listing of Budweiser APAC provides an attractive platform for potential M&A in the region. Following the full exercise of the over-allotment option on 3 October 2019, we control 87.22% of the issued share capital of Budweiser APAC. We used the net IPO proceeds to redeem the outstanding principal amount of certain notes.

Selected financial figures

To facilitate the understanding of our 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.

We have restated our 2018 results considering (i) the new company organizational structure effective 1 January 2019, (ii) the adoption of new IFRS rules on lease accounting (IFRS 16 *Leases*) under the full retrospective approach on 1 January 2019 and (iii) the classification of our Australian business as discontinued operations, as detailed below:

- Effective 1 January 2019, we reorganized our regional reporting structure. Our results are now reported under the following five regions: North America, Middle Americas, South America, EMEA and Asia Pacific. We continue to separately report the results of Global Export and Holding Companies, which includes our global headquarters and the export businesses which have not been allocated to the regions. The key changes in the company's structure are as follows: (i) the new Middle Americas region combined the former Latin America West region with the Dominican Republic, Panama, Costa Rica, Guatemala and the Caribbean, which were previously reported in Latin America North region and (ii) the new South America region combined the former Latin America South region with Brazil, which was previously reported in Latin America North region. Our five geographic regions plus our Global Export and Holding Companies comprise our six segments for all financial reporting purposes.
- Effective 1 January 2019, IFRS 16 *Leases* replaced the previous lease accounting requirements and introduced significant changes to lessee accounting. It requires a lessee to recognize a right-of-use asset and a lease liability at lease commencement date, together with a different recognition of lease costs. We have chosen the full retrospective application of IFRS 16 and, consequently, we have restated the financial information for 2018.
- Effective 30 September 2019, following the announcement on 19 July 2019 of the agreement to divest CUB to Asahi, we classified the assets and liabilities associated with the Australian operations as assets held for sale and liabilities associated with assets held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. In addition, since the results of the Australian operations represent a separate major line of business, these are now accounted for as discontinued operations as required by IFRS 5 and presented in a separate line in the consolidated income statement ("profit from discontinued operations"). Consequently, the 2018 consolidated results have been restated as if the classification had been applied as of 1 January 2018 to exclude the results of the Australian operations.

Accordingly, the profit, cash flow and balance sheet are presented as reported in 2018, adjusted to reflect (i) the new company organizational structure, (ii) the impact of adoption of IFRS 16 under the full retrospective application and (iii) the classification of Carlton & United Breweries as discontinued operations. This presentation is referred to as "2018 restated". As a result, all the presentations of our underlying performance and organic growth figures do not reflect the results of the Australian operations.

The tables in this management report provide the segment information per region for the period ended 31 December 2019 and 2018 in the format up to Normalized EBIT level that is used by management to monitor performance.

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 our operating income and operating expenses, as well as the key cash flow figures.

Million US dollar	2019	%	2018 restated	%
Revenue[1]	**52 329**	**100%**	**53 041**	**100%**
Cost of sales	(20 362)	39%	(19 933)	38%
Gross profit	**31 967**	**61%**	**33 108**	**62%**
SG&A	(16 421)	31%	(16 807)	32%
Other operating income/(expenses)	875	2%	805	2%
Normalized profit from operations (Normalized EBIT)	**16 421**	**31%**	**17 107**	**32%**
Non-recurring items	(323)	1%	(692)	1%
Profit from operations (EBIT)	**16 098**	**31%**	**16 414**	**31%**
Depreciation, amortization and impairment	**4 657**	**9%**	**4 624**	**9%**
Normalized EBITDA	**21 078**	**40%**	**21 732**	**41%**
EBITDA	**20 755**	**40%**	**21 038**	**40%**
Normalized profit attributable to equity holders of AB InBev	**8 086**	**15%**	**6 248**	**13%**
Profit from continuing operations attributable to equity holders of AB InBev	**8 748**	**17%**	**3 839**	**7%**
Profit from discontinued operations attributable to equity holders of AB InBev	**424**	**1%**	**531**	**1%**
Profit attributable to equity holders of AB InBev	**9 171**	**18%**	**4 370**	**8%**

Million US dollar	2019	2018 restated
Operating activities		
Profit from continuing operations	9 990	5 157
Interest, taxes and non-cash items included in profit	11 029	16 070
Cash flow from operating activities before changes in working capital and use of provisions	**21 019**	**21 227**
Change in working capital	(5)	477
Pension contributions and use of provisions	(715)	(487)
Interest and taxes (paid)/received	(7 063)	(7 177)
Dividends received	160	141
Cash flow from operating activities	**13 396**	**14 181**
Investing activities		
Net capex	(4 854)	(4 568)
Acquisition and sale of subsidiaries, net of cash acquired/disposed of	(252)	173
Proceeds from the sale/(acquisition) of investment in short-term debt securities	(9)	1 296
Net of tax proceeds from SAB transaction-related divestitures	-	(430)
Other	42	(328)
Cash flow from investing activities	**(5 073)**	**(3 857)**
Financing activities		
Dividends paid	(5 015)	(7 761)
Net (payments on)/proceeds from borrowings	(8 008)	(4 707)
Proceeds from public offering of minority stake in Budweiser APAC	5 575	-
Payment of lease liabilities	(441)	(423)
Other (including purchase of non-controlling interests)	(623)	(1 436)
Cash flow from financing activities	**(8 512)**	**(14 327)**
Net increase/(decrease) in cash and cash equivalents on continuing operations	**(189)**	**(4 003)**
Net increase/(decrease) in cash and cash equivalents on discontinued operations	**539**	**755**

[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

The tables in this management report provide the segment information per region for the period ended 31 December 2019 and 2018 in the format down to Normalized EBIT level that is used by management to monitor performance. To facilitate the understanding of our underlying performance, we are presenting in this management report the 2018 restated consolidated volumes and results up to Normalized EBIT. As such, these financials are included in the organic growth calculation. The profit, cash flow and balance sheet are presented as reported in 2018, adjusted to reflect (i) the new company organizational structure effective 1 January 2019, (ii) the adoption of new IFRS rules on lease accounting (IFRS 16 *Leases*) under the full retrospective approach on 1 January 2019 and (iii) the classification of our Australian business as discontinued operations.

We are presenting our results under five regions: North America, Middle Americas, South America, EMEA and Asia Pacific.

The tables below provide a summary of our performance for the period ended 31 December 2019 and 2018 (in million US dollar, except volumes in thousand hectoliters) and the related comments are based on organic numbers.

AB INBEV WORLDWIDE	2018 restated	Scope	Currency translation	Organic growth	2019	Organic growth %
Volumes	559 819	(4 601)	-	6 209	561 427	1.1%
Revenue	**53 041**	**(316)**	**(2 664)**	**2 268**	**52 329**	**4.3%**
Cost of sales	(19 933)	14	1 030	(1 474)	(20 362)	(7.4)%
Gross profit	**33 108**	**(302)**	**(1 634)**	**794**	**31 967**	**2.4%**
SG&A	(16 807)	157	829	(599)	(16 421)	(3.6)%
Other operating income/(expenses)	805	8	(37)	100	875	12.2%
Normalized EBIT	17 107	(137)	(843)	295	16 421	1.7%
Normalized EBITDA	**21 732**	**(109)**	**(1 123)**	**578**	**21 078**	**2.7%**
Normalized EBITDA margin	41.0%				40.3%	(65) bps

In 2019, we delivered normalized EBITDA growth of 2.7%, while our normalized EBITDA margin decreased 65 bps, reaching 40.3%.

Consolidated volumes grew 1.1%, with own beer volumes growing 0.8% and non-beer volumes increasing 4.8%.

Consolidated revenue grew 4.3% to 52 329m US dollar, with revenue per hectoliter increasing 3.1%. Combined revenues of our three global brands, Budweiser, Stella Artois and Corona grew 5.2% and 8.0% outside of their respective home markets.

Consolidated Cost of Sales (CoS) increased 7.4%, or 5.9% on a per hectoliter basis.

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 we own or license, but also third-party brands that we brew as a subcontractor and third-party products that we sell through our distribution network, particularly in Europe. Volumes sold by the Global Export business, which includes our global headquarters and the export businesses which have not been allocated to our regions, are shown separately.

Thousand hectoliters	2018 restated	Scope	Organic growth	2019	Organic growth %
North America	110 726	50	(2 643)	108 133	(2.4)%
Middle Americas	128 803	(153)	4 888	133 538	3.8%
South America	135 618	188	3 858	139 664	2.8%
EMEA	87 135	(4 071)	2 825	85 888	3.4%
Asia Pacific	96 116	(134)	(2 814)	93 168	(2.9)%
Global Export and Holding Companies	1 422	(481)	95	1 036	10.1%
AB InBev Worldwide	**559 819**	**(4 601)**	**6 209**	**561 427**	**1.1%**

North America total volumes decreased 2.4%. In the United States, we continued to focus on our commercial strategy, putting consumers first and rebalancing our portfolio through innovation and premiumization. We estimate that the United States industry beer sales-to-retailers declined by 1.4% in 2019. Our own sales-to-retailers were down by 2.4% in 2019, while our sales-to-wholesalers were down by 2.3%. Our total market share declined an estimated 50 bps in 2019, predominantly driven by mix due to the growth of hard seltzer within the flavored malt beverage category, in which we currently under-index. The hard seltzer segment is drawing new consumers to the malt beverage category and we are increasing investment behind our brands to accelerate our growth in the segment. Bon Viv and Natural Light Seltzer are growing at a strong rate. We are confident that we can leverage our strong portfolio, coupled with our best-in-class brewing capabilities and distribution network, to accelerate our momentum in this fast-growing segment. In 2019, our market share excluding the flavored malt beverage category declined by 10 bps, an improvement in trend of 20 bps from 2018. Our above core portfolio gained 90 bps of total share in 2019, due to strong performances from Michelob Ultra, Michelob Ultra Pure Gold, our craft portfolio and our innovation pipeline. Michelob Ultra continues to grow by double-digits and is now the second largest brand in the country by retail sales, according to IRI. Michelob Ultra Pure Gold grew by triple-digits in 2019, while our craft portfolio grew by more than 20%, gaining share within the craft segment according to IRI. We estimate our innovations contributed approximately half of the total innovation volume in the industry once again this year, led by Naturdays, Michelob Ultra Infusions and Natural Light Seltzer. Our mainstream brands lost an estimated 140 bps of market share in 2019, as consumers continue to trade-up to higher price tiers. Within the mainstream segment, our market share declined by 15 bps in 2019, which compares to a 35 bps decline in 2018, a trend improvement of 20 bps. Share declines of Bud Light and Budweiser were partially offset by share gains of our value portfolio, led by the Natural Light family (excluding Natural Light Seltzer, which is not included in the mainstream segment).

In Canada, our volumes declined primarily due to a weak beer industry. Our High End Company continues to gain share of the premium segment, led by share gains from our premium import brands, including Corona and Hoegaarden, and strong volume growth from our craft portfolio. In the core segment, Bud Light grew share for the 24th consecutive year in 2019, and in the core plus segment, Michelob Ultra continued to be the fastest growing beer brand in the country.

Middle Americas total volumes increased 3.8%. In Mexico, we grew volumes by mid-single digit, ahead of the industry, resulting in continued market share gains. We delivered growth across our brand portfolio, with a particularly strong performance in the above core segment. We remain focused on developing our portfolio in line with the category expansion framework to clearly differentiate our brands. Our core brands continue to grow supported by a strong innovation pipeline, consistent brand messaging and entrance into new occasions. Our premium portfolio also contributed meaningfully to top-line growth, with double-digit volume growth of the Modelo family, Michelob Ultra, Stella Artois and our local craft brand, Cucapá. In early 2019, we signed a contract with OXXO, the largest c-store chain in Mexico, to begin selling our portfolio of beers in their 17 000+ stores in order to reach more consumers in more occasions. We expanded in the regions of Guadalajara and Mexico City in 2019, with our portfolio quickly reaching fair share in the 4 000+ stores in which we are now present. While the majority of our growth was driven by existing channels, our entrance into OXXO also made a meaningful contribution.

In Colombia, we had a very strong year with a healthy balance between volume and revenue per hectoliter growth, even in the context of a more competitive environment. In 2019, our total volumes grew by mid-single digits, with consistent growth in both our beer and non-beer portfolios, leading to our highest annual volume growth in Colombia since the SAB combination. We continue to successfully expand the premium segment, led by our global brand portfolio, which grew by more than 50% in 2019. At the other end of the price spectrum, we are bringing new consumers into the category through smart affordability initiatives, such as the expansion of our 1-liter returnable glass bottle sharing pack. Our local core portfolio delivered consistently strong results throughout the year, led by Aguila, which grew by double-digits and ended the year with a powerful campaign focused on responsible drinking. Our non-beer portfolio delivered mid-single digit volume growth for 2019, led by the expansion of Malta Leona and the launch of our new purpose-driven water brand, Zalva, from which the profits will contribute to the recovery of Colombian wetlands.

In Peru, our volumes declined by low single digits. In light of the challenging consumer environment, we launched a new brand called Golden, as part of our affordability strategy. Golden is brewed using ingredients with strong cultural relevance to strengthen our ties to local farming and is off to a very strong start. In Ecuador, our volumes declined by low single digits. While our global brands continued to perform well with double-digit volume growth, a softer consumer environment impacted the beer category throughout the year. In response, we are enhancing our core offerings across a variety of price points to ensure consumers have accessible options within the beer category.

South America total volumes increased 2.8%. In Brazil, our total volumes grew by 5.0%. Our beer volumes grew by 3.0% while our non-beer volumes grew by 11.2%. According to Nielsen, the beer industry grew by 2.4% and the non-beer industry grew by 2.7%. We continue to utilize a portfolio approach to win in the premium category as we can reach more consumers on more occasions through our complementary brand portfolio. In 2019, our premium portfolio grew by double-digits, led by our global brands and local premium offerings, such as Original and our craft brands. Our global brand portfolio grew by double-digits off a meaningful base, with strong performances from all three brands. Beck's, our premium German pure malt brand, was also recently added to our portfolio. It is off to a very strong start in the regions where it has been launched. In the core plus segment, Bohemia is accelerating its momentum, delivering four consecutive quarters of triple-digit growth. Our Skol Puro Malte innovation, which was rolled out nationally in the second quarter of 2019, continues to grow at rapid pace, enabling the Skol family volumes to stabilize in the full year. Our smart affordability strategy continues to gain traction, with our regional brands Nossa, Magnífica and Legítima performing very well. Each has delivered meaningful share gains in the states in which it was lauched, and Magnifica is now the leading brand in the value segment in the state of Maranhão. These brands, offered at an accessible price point and brewed with local crops, deliver incremental volume and profitability by increasing our presence in relevant states.

In Argentina, volumes declined by mid-single digits in 2019, as we faced consumption contraction resulting from ongoing challenging macroeconomic conditions. Our premium brands performed well and gained share within the segment, led by our global brands and our local premium brand, Patagonia. Our local champion in the core plus segment, Andes Origen, grew by double-digits. Our smart affordability initiatives continue to gain traction, led by packaging innovations such as the 340ml returnable glass bottle.

EMEA total volumes increased 3.4%. Our business in South Africa delivered a mid-single digit volume growth. We continue to focus on growing the beer category and estimate we gained more than 200 bps of share of total alcohol. The premium segment, where we under-index, continues to grow faster than the total industry. We achieved our highest ever market share in this segment in 2019 as our premium brands continue to outperform, led by Corona. Our flavored malt beverages also performed very well this year, growing by double-digits, led by Brutal Fruit and Flying Fish. We have enhanced our smart affordability strategy in South Africa to ensure our portfolio includes accessible offerings for more consumers in light of the challenging macroeconomic environment.

In Europe, our volumes grew in 2019, and we estimate we gained market share on a full year basis in all of our markets, with particularly strong gains in France and the Netherlands after successful Budweiser launches. Budweiser is now our fastest growing brand in Europe. The UK continues to deliver volume-led revenue growth fueled by the continued growth of our global brands, particularly the double-digit growth of Corona. In addition, our volumes in Europe were impacted by the formation of AB InBev Efes on 30 March 2018. This impact is presented as a scope change.

In Africa excluding South Africa, volumes were lower in Tanzania and Mozambique in 2019. In Zambia and Uganda, we delivered strong volume growth. In Nigeria, we grew volumes by double-digits in 2019 as we continued to gain market share.

Asia Pacific total volumes decreased 2.9%. In China, our volume declined by 3.0% in 2019. During 2019, we estimate we gained market share in every channel. However, our overall market share declined by approximately 50 bps, resulting from channel mix shift given our position in the nightlife channel. Our super premium brands continued to grow by strong double-digits in 2019, led by Corona, Blue Girl and Hoegaarden. We estimate that Corona is the number one brand in the super premium segment. Blue Girl, which joined our portfolio in May 2019, is one of the fastest growing super premium brands with a meaningful base. Hoegaarden grew volumes significantly in 2019, as the leading and fastest growing wheat beer in China. We also continue to lead the beer category in the e-commerce channel, which grew by strong double-digits in 2019. During the Double-11 e-commerce campaign in November 2019, the largest e-commerce sales event in China, Budweiser, was the #1 brand and Corona, Hoegaarden and Harbin were also among the top five beer brands by retail sales value on both the Tmall and JD platforms. Budweiser declined by mid-single digits in 2019, driven by the softness in the nightlife channel in the second half of the year, as Budweiser is well-established as the leading brand of the nightlife occasion. Nevertheless, Budweiser remains the number one brand in the premium segment and we have made additional commercial investments to accelerate the brand's expansion into other channels.

Our business in South Korea had a challenging year with declines in volume. This performance was primarily the result of an overall industry decline in light of weaker consumer sentiment. In late October 2019, we rolled back our price increase previously implemented in April 2019 to revitalize the beer industry during the economic downturn. Our premium portfolio continued to grow throughout the year, led by Stella Artois and Budweiser.

OPERATING ACTIVITIES BY REGION

The tables below provide a summary of the performance of each region, for the period ended 31 December 2019 (in million US dollar, except volumes in thousand hectoliters) and the related comments are based on organic numbers.

AB INBEV WORLDWIDE	2018 restated	Scope	Currency translation	Organic growth	2019	Organic growth %
Volumes	559 819	(4 601)	-	6 209	561 427	1.1%
Revenue	**53 041**	**(316)**	**(2 664)**	**2 268**	**52 329**	**4.3%**
Cost of sales	(19 933)	14	1 030	(1 474)	(20 362)	(7.4)%
Gross profit	**33 108**	**(302)**	**(1 634)**	**794**	**31 967**	**2.4%**
SG&A	(16 807)	157	829	(599)	(16 421)	(3.6)%
Other operating income/(expenses)	805	8	(37)	100	875	12.2%
Normalized EBIT	17 107	(137)	(843)	295	16 421	1.7%
Normalized EBITDA	**21 732**	**(109)**	**(1 123)**	**578**	**21 078**	**2.7%**
Normalized EBITDA margin	41.0%				40.3%	(65) bps

NORTH AMERICA	2018 restated	Scope	Currency translation	Organic growth	2019	Organic growth %
Volumes	110 726	50	-	(2 643)	108 133	(2.4)%
Revenue	**15 504**	**8**	**(49)**	**25**	**15 488**	**0.2%**
Cost of sales	(5 765)	(13)	16	(27)	(5 789)	(0.5)%
Gross profit	**9 738**	**(5)**	**(32)**	**(2)**	**9 698**	**0.0%**
SG&A	(4 413)	(9)	19	31	(4 372)	0.7%
Other operating income/(expenses)	40	-	-	(15)	26	(36.3)%
Normalized EBIT	5 365	(14)	(13)	14	5 352	0.3%
Normalized EBITDA	**6 199**	**(12)**	**(15)**	**13**	**6 185**	**0.2%**
Normalized EBITDA margin	40.0%				39.9%	2 bps

MIDDLE AMERICAS	2018 restated	Scope	Currency translation	Organic growth	2019	Organic growth %
Volumes	128 803	(153)	-	4 888	133 538	3.8%
Revenue	**11 614**	**(146)**	**(381)**	**824**	**11 912**	**7.2%**
Cost of sales	(3 336)	(39)	108	(283)	(3 549)	(8.4)%
Gross profit	**8 278**	**(184)**	**(271)**	**541**	**8 363**	**6.7%**
SG&A	(3 176)	56	96	(24)	(3 049)	(0.8)%
Other operating income/(expenses)	88	6	(3)	30	121	31.9%
Normalized EBIT	5 189	(122)	(179)	547	5 435	10.7%
Normalized EBITDA	**6 033**	**(127)**	**(207)**	**657**	**6 356**	**11.1%**
Normalized EBITDA margin	51.9%				53.4%	188 bps

SOUTH AMERICA	2018 restated	Scope	Currency translation	Organic growth	2019	Organic growth %
Volumes	135 618	188	-	3 858	139 664	2.8%
Revenue	**10 238**	**11**	**(1 383)**	**924**	**9 790**	**9.0%**
Cost of sales	(3 842)	26	529	(722)	(4 009)	(18.9)%
Gross profit	**6 396**	**37**	**(855)**	**203**	**5 781**	**3.2%**
SG&A	(2 976)	43	401	(259)	(2 791)	(8.9)%
Other operating income/(expenses)	267	(6)	(13)	(47)	201	(18.1)%
Normalized EBIT	3 688	73	(467)	(104)	3 190	(2.8)%
Normalized EBITDA	**4 696**	**82**	**(614)**	**(18)**	**4 145**	**(0.4)%**
Normalized EBITDA margin	45.9%				42.3%	(403) bps

EMEA	2018 restated	Scope	Currency translation	Organic growth	2019	Organic growth %
Volumes	87 135	(4 071)	-	2 825	85 888	3.4%
Revenue	**8 368**	**(209)**	**(528)**	**280**	**7 911**	**3.4%**
Cost of sales	(3 473)	100	224	(357)	(3 506)	(10.6)%
Gross profit	**4 894**	**(110)**	**(304)**	**(76)**	**4 404**	**(1.6)%**
SG&A	(2 878)	57	183	(224)	(2 862)	(8.0)%
Other operating income/(expenses)	232	14	(14)	32	264	13.0%
Normalized EBIT	2 248	(39)	(135)	(268)	1 807	(12.1)%
Normalized EBITDA	**3 184**	**(36)**	**(196)**	**(171)**	**2 781**	**(5.4)%**
Normalized EBITDA margin	38.1%				35.2%	(332) bps

ASIA PACIFIC	2018 restated	Scope	Currency translation	Organic growth	2019	Organic growth %
Volumes	96 116	(134)	-	(2 814)	93 168	(2.9)%
Revenue	**6 735**	**(8)**	**(314)**	**130**	**6 544**	**1.9%**
Cost of sales	(3 098)	3	137	40	(2 919)	1.3%
Gross profit	**3 637**	**(5)**	**(176)**	**170**	**3 625**	**4.7%**
SG&A	(2 347)	17	108	6	(2 216)	0.2%
Other operating income/(expenses)	154	-	(12)	88	230	57.1%
Normalized EBIT	1 444	12	(80)	263	1 639	18.0%
Normalized EBITDA	**2 178**	**12**	**(110)**	**208**	**2 287**	**9.5%**
Normalized EBITDA margin	32.3%				35.0%	241 bps

GLOBAL EXPORT AND HOLDING COMPANIES	2018 restated	Scope	Currency translation	Organic growth	2019	Organic growth %
Volumes	1 422	(481)	-	95	1 036	10.1%
Revenue	**582**	**28**	**(8)**	**84**	**685**	**14.2%**
Cost of sales	(418)	(62)	15	(125)	(590)	(27.1)%
Gross profit	**164**	**(34)**	**6**	**(41)**	**95**	**(31.5)%**
SG&A	(1 016)	(6)	21	(129)	(1 131)	(12.7)%
Other operating income/(expenses)	25	(6)	4	12	35	48.2%
Normalized EBIT	(827)	(46)	30	(158)	(1 001)	(18.3)%
Normalized EBITDA	**(558)**	**(26)**	**20**	**(111)**	**(676)**	**(19.1)%**

REVENUE

Our consolidated revenue grew by 4.3% to 52 329m US dollar with revenue per hectoliter growth of 3.1% driven by global premiumization and revenue management initiatives, although revenue per hectoliter growth decelerated as a result of advances in our smart affordability strategy.

COST OF SALES

Our cost of Sales (CoS) increased by 7.4% or 5.9% on a per hectoliter basis driven by significant commodity and transactional currency headwinds.

OPERATING EXPENSES

Our total operating expenses increased 3.1% in 2019:

- Selling, General & Administrative Expenses (SG&A) increased by 3.6% in 2019 in line with our revenue growth but slightly below inflation.
- Other operating income increased 12.2% in 2019 driven by higher gains on disposal of property, plant and equipment and intangible assets.

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

Our normalized EBITDA increased 2.7% organically to 21 078m US dollar, with an EBITDA margin of 40.3%, and an organic decrease of 65 bps.

- North America EBITDA increased 0.2% to 6 185m US dollar, with a margin enhancement of 2 bps to 39.9% driven by positive brand mix and ongoing cost efficiencies.
- Middle Americas EBITDA increased 11.1% to 6 356m US dollar, with a margin enhancement of 188 bps to 53.4% driven by the strong top-line performance, continued cost discipline and additional capacity in Mexico, which drove efficiencies across our entire supply chain.
- South America EBITDA decreased 0.4% to 4 145m US dollar, with a margin contraction of 403 bps to 42.3%, mainly driven by higher CoS resulting from commodity prices and the devaluation of transactional currency, and by the increased weight of one-way bottles and aluminum cans in our package mix, as we aim to meet consumer needs across increasingly diversified and more premium occasions.

- EMEA EBITDA decreased 5.4% to 2 781m US dollar, with a margin contraction of 332 bps to 35.2%, mainly driven by top-line growth more than offset by higher CoS per hectoliter, significant increases in marketing investments behind our growing premium brand portfolio and on-trade programs in South Africa and investments behind new brand launches and the impact of route to market changes across Europe.
- Asia Pacific EBITDA increased 9.5% to 2 287m US dollar, with a margin expansion of 241 bps to 35.0%, mainly driven by strong brand mix, ongoing cost discipline and localization initiatives that helped to offset the declines in the nightlife channel, one of our most profitable channels in China.
- Global Export and Holding Companies EBITDA of (676)m US dollar in the period ended 31 December 2019 (2018: (558)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.

RECONCILIATION BETWEEN NORMALIZED EBITDA AND PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

Normalized EBITDA and EBIT are measures utilized by us 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 our equity holders: (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 our definition of normalized EBITDA and EBIT may not be comparable to that of other companies.

Million US dollar	Notes	2019	2018 restated
Profit attributable to equity holders of AB InBev		**9 171**	**4 370**
Non-controlling interest		1 243	1 318
Profit of the period		**10 414**	**5 688**
Profit from discontinued operations	22	(424)	(531)
Profit from continuing operations		**9 990**	**5 157**
Income tax expense	12	2 786	2 585
Share of result of associates	16	(152)	(153)
Non-recurring net finance cost/(income)	11	(882)	1 982
Net finance cost	11	4 355	6 844
Non-recurring items above EBIT (including non-recurring impairment)	8	323	692
Normalized EBIT		**16 421**	**17 107**
Depreciation, amortization and impairment (excluding non-recurring impairment)	10	4 657	4 624
Normalized EBITDA		**21 078**	**21 732**

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 our financial statements. The following table sets forth the percentage of our revenue realized by currency for the year ended 31 December 2019 and 31 December 2018:

	2019	2018 restated
US dollar	30.2%	29.7%
Brazilian real	14.1%	14.0%
Chinese yuan	9.1%	8.9%
Mexican peso	9.0%	8.3%
Euro	6.1%	6.2%
Colombian peso	4.2%	4.4%
South African rand	4.1%	4.2%
Canadian dollar	3.4%	3.5%
Peruvian peso	3.1%	3.0%
South Korean won	2.5%	3.0%
Argentinean peso[1]	2.3%	2.7%
Pound sterling	2.3%	2.2%
Dominican peso	1.9%	1.7%
Other	7.7%	8.2%

[1] Hyperinflation accounting was adopted in 2018 to report the company's Argentinian operations.

The following table sets forth the percentage of our normalized EBITDA realized by currency for the year ended 31 December 2019 and 31 December 2018:

	2019	2018 restated
US dollar	30.3%	27.9%
Brazilian real	14.5%	16.0%
Mexican peso	11.5%	10.0%
Chinese yuan	8.0%	6.5%
Euro	6.8%	8.5%
Colombian peso	5.3%	5.9%
Peruvian peso	4.6%	4.3%
South African rand	3.6%	4.3%
Argentinean peso[1]	2.6%	3.2%
Canadian dollar	2.6%	2.7%
Dominican peso	2.5%	1.9%
South Korean won	2.1%	2.6%
Pound sterling	0.3%	0.4%
Other	5.3%	5.8%

In 2019, the fluctuation of the foreign currency rates had a negative translation impact, including hyperinflation accounting impact, of 2 664m US dollar on our revenue (2018: negative impact of 1 823m US dollar), of 1 123m US dollar on our normalized EBITDA (2018: negative impact of 955m US dollar) and of 843m US dollar on our normalized EBIT (2018: negative impact of 823m US dollar).

Our profit from continuing operations (after tax) has been negatively affected by the fluctuation of foreign currencies, including hyperinflation accounting impact, for 582m US dollar (2018: negative impact of 684m US dollar), while the negative translation impact, including hyperinflation accounting impact, on our EPS (profit attributable to our equity holders) was 527m US dollar or 0.27 US dollar per share (2018: negative impact of 505m US dollar or 0.26 US dollar per share).

The impact of the fluctuation of the foreign currencies on our net debt amounted to 444m US dollar (decrease of net debt) in 2019, as compared to an impact of 932m US dollar (decrease of net debt) in 2018. The impact of the fluctuation of the foreign currencies on the equity attributable to our equity holders amounted to 1 143m US dollar (increase of equity), as compared to an impact of 7 374m US dollar (decrease of equity) in 2018.

PROFIT

Normalized profit attributable to our equity holders was 8 086m US dollar (normalized EPS 4.08 US dollar) in 2019, compared to 6 248m US dollar (normalized EPS 3.16 US dollar) in 2018 (see Note 23 *Changes in equity and earnings per share* to the consolidated financial statements for more details). Profit attributable to our equity holders for 2019 was 9 171m US dollar, compared to 4 370m US dollar for 2018 and includes the following impacts:

- *Net finance costs (excluding non-recurring net finance items):* 4 355m US dollar in 2019 compared to 6 844m US dollar in 2018. This decrease was primarily due to mark-to-market adjustment linked to the hedging of our share-based payment programs amounted to a gain of 898m USD dollar in 2019, compared to a loss of 1 774m USD dollar in 2018.
- *Non-recurring net finance income:* 882m US dollar income in 2019 compared to (1 982)m US dollar cost in 2018. Non-recurring net finance income in 2019 include mark-to-market gains of 878m US dollar (2018: (1 722)m US dollar loss) on derivative instruments entered into to hedge the shares issued in relation to the combinations with Grupo Modelo and SAB, and 4m US dollar gain (2018: (260)m US dollar loss) resulting from the early termination of certain bonds, income related to the reduction of deferred considerations on acquisitions and foreign exchange translation gains on intragroup loans that were historically reported in equity and were recycled to profit and loss account upon the reimbursement of these loans. This impact was partially offset by non-recurring finance cost in relation to the write-off on our investment in Delta Corporation Ltd following the entry of Zimbabwe in a hyperinflation economy and interest paid to the State of Mato Grosso in relation to the Special Value-added Tax (ICMS) Amnesty Program in Brazil in accordance with the Brazilian State Tax Regularization.
- *Income tax expense:* 2 786m US dollar in 2019 with an effective tax rate of 22.1% compared to 2 585m US dollar in 2018 with an effective tax rate of 34.1%. The decrease in the effective tax rate is mainly due to non-taxable gains from 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. The normalized effective tax rate was 23.0% in 2019 compared to 27.5% in 2018. The normalized effective tax rate excluding mark-to-market gains or losses linked to the hedging of our share-based payment programs was 24.9% in 2019 compared to 23.4% in 2018.
- *Profit attributable to non-controlling interest*: 1 243m US dollar in 2019 compared to 1 318m US dollar in 2018.
- *Profit from discontinued operations:* 424m US dollar in 2019 compared to 531m US dollar in 2018 relate to the results of our Australian business classified as discontinued operations following the announced disposal to Asahi.

Liquidity position and capital resources

CASH FLOWS

Million US dollar	2019	2018 restated
Cash flow from operating activities	13 396	14 181
Cash flow from investing activities	(5 073)	(3 857)
Cash flow from financing activities	(8 512)	(14 327)
Net increase/(decrease) in cash and cash equivalents on continuing operations	**(189)**	**(4 003)**

Cash flow from operating activities

Million US dollar	2019	2018 restated
Profit from continuing operations	9 990	5 157
Interest, taxes and non-cash items included in profit	11 029	16 070
Cash flow from operating activities before changes in working capital and use of provisions	**21 019**	**21 227**
Change in working capital	(5)	477
Pension contributions and use of provisions	(715)	(487)
Interest and taxes (paid)/received	(7 063)	(7 177)
Dividends received	160	141
Cash flow from operating activities on continuing operations	**13 396**	**14 181**

Our cash flow from operating activities on continuing operations reached 13 396m US dollar in 2019 compared to 14 181m US dollar in 2018. This decrease mainly results from lower changes in working capital and higher use of provisions in 2019 compared to 2018. The increased use of provisions was mainly driven by 226m US dollar payment in 2019 in relation to the European Commission investigation announced in 2018 – see also Note 27 *Provisions*.

Cash flow from investing activities

Million US dollar	2019	2018 restated
Net capex	(4 854)	(4 568)
Acquisition and sale of subsidiaries, net of cash acquired/disposed of	(252)	173
Proceeds from the sale/(acquisition) of investment in short-term debt securities	(9)	1 296
Net of tax proceeds from SAB transaction-related divestitures	-	(430)
Other	42	(328)
Cash flow from investing activities on continuing operations	**(5 073)**	**(3 857)**

Our cash flow used in investing activities from continuing operations was 5 073m US dollar in 2019 as compared to a cash outflow of 3 857m US dollar in 2018. The increase in the cash outflow from investing activities was mainly due to lower proceeds from the sale of short-term debt securities. The 2018 cash flow used in investing activities was negatively impacted by the payments related to the recovery of the Budweiser distribution rights in Argentina as well as payments on SAB-related divestitures which were not repeated in 2019.

Our net capital expenditures amounted to 4 854m US dollar in 2019 and 4 568m US dollar in 2018. Out of the total 2019 capital expenditures approximately 42% was used to improve the company's production facilities while 43% was used for logistics and commercial investments and 15% was used for improving administrative capabilities and for the purchase of hardware and software.

Cash flow from financing activities

Million US dollar	2019	2018 restated
Dividends paid	(5 015)	(7 761)
Net (payments on)/proceeds from borrowings	(8 008)	(4 707)
Proceeds from public offering of minority stake in Budweiser APAC	5 575	-
Payment of lease liabilities	(441)	(423)
Other (including purchase of non-controlling interests)	(623)	(1 436)
Cash flow from financing activities on continuing operations	**(8 512)**	**(14 327)**

Our cash outflow from financing activities on continuing operations amounted to 8 512m US dollar in 2019, as compared to a cash outflow of 14 327m US dollar in 2018. The net proceeds of 5 575m US dollar from the listing of a minority stake of our Asia Pacific business (Budweiser APAC) were used to repay debt.

As of 31 December 2019, we had total liquidity of 16 260m US dollar, which consisted of 9 billion US dollar available under committed long-term credit facilities and 7 260m US dollar of cash, cash equivalents and short-term investments in debt securities less bank overdrafts. Although we may borrow such amounts to meet our liquidity needs, we principally rely on cash flows from operating activities to fund the company's continuing operation.

Net increase in our cash flow from discontinued operations amounted to 539m US dollar in 2019 compared to 755m US dollar in 2018.

CAPITAL RESOURCES AND EQUITY

Our net debt was restated to reflect the impact of the adoption of IFRS 16 and amounted to 95.5 billion US dollar as of 31 December 2019 as compared to 104.2 billion US dollar as of 31 December 2018. When adjusted for the proceeds expected to be received from the divestment of the Australian operations, our net debt would be 84.6 billion US dollar as of 31 December 2019.

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 our management to highlight changes in the company's overall liquidity position. We believe that net debt is meaningful for investors as it is one of the primary measures our management uses when evaluating our progress towards deleveraging.

Aside from operating results net of capital expenditures, the net debt is impacted mainly by the payment of interests and taxes (7.1 billion US dollar), the settlement of derivatives (0.8 billion US dollar increase of net debt), dividend payments to AB InBev shareholders of AB InBev and Ambev (5.0 billion US dollar) and the net proceeds of the IPO of our Asia Pacific subsidiary of AB InBev (5.6 billion US dollar).

Net debt to normalized EBITDA decreased from 4.6x for the 12-month period ending 31 December 2018 (on a Restated base) to 4.0x for the 12-month period ending 31 December 2019 when accounting for the proceeds expected to be received from the divestment of the Australian operations, while excluding the last 12-month EBITDA from the Australian operations.

Consolidated equity attributable to our equity holders as at 31 December 2019 was 75 722m US dollar, compared to 64 485m US dollar as at 31 December 2018. The combined effect of the strengthening of mainly the closing rates of Mexican pesos, South African rand, Canadian dollar and weakening of Euro and Brazilian real resulted in a foreign exchange translation adjustment of 1 143m US dollar (increase of 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 2019, the company's credit rating from Standard & Poor's was A- for long-term obligations and A-2 for short-term obligations, with a stable 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 our focus on innovation, we place a high value on research and development. In 2019, we spent 291m US dollar in research and development (2018: 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 our competitiveness in the relevant markets. With consumers comparing products and experiences offered across very different drink categories and the offering of beverages increasing, our 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 our 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. We seek to continuously increase our knowledge through collaborations with universities and other industries.

Our 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, we also have Product, Packaging and Process development teams located in each of our 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.

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, or otherwise. These could result in reduced consumption or sales prices of AB InBev's products, which in turn could result in lower revenue and reduced profit. AB InBev's financial condition and results of operations, as well as AB InBev's future prospects, would likely be hindered by an economic downturn in any of its key markets. Consumption of beer and other alcohol and non-alcohol beverages 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, 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 its 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 or provided on attractive terms. AB InBev has incurred substantial indebtedness by entering into a senior credit facility 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 effective distribution networks to deliver its products to consumers, and distributors play an important role in distributing a significant proportion of beer and other beverages. Generally, distributors purchase AB InBev's products from AB InBev and then on-sell them either to other distributors or points of sale. Such distributors are either government-controlled or privately owned but independent wholesale distributors for distribution of 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, who could engage in practices that harm AB InBev's reputation as consumers look to AB InBev for the quality and availability of its products, 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 may have a conflict of interest with its majority-owned subsidiaries. For example, a conflict of interest could arise if the subsidiary brings a legal claim for an alleged contractual breach, which could materially and adversely affect AB InBev's financial condition. A conflict of interest may also arise as a result of any dual roles played by AB InBev directors who may also be managers or senior officers in the subsidiary. Notwithstanding policies and procedures to address the possibility of such conflicts of interest, AB InBev may not be able to resolve all such conflicts on terms favorable to AB InBev.

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 any 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. 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 it may otherwise consider.

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, 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, human rights concerns, 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, this could have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade, which in turn could have a material adverse effect on AB InBev's business in one or more of its key markets and results of operations.

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 South America 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 channels 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. 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. In recent years, many industries have seen disruption from non-traditional producers and distributors, in many cases, from digital only competitors. AB InBev's business could be negatively affected if it is unable to anticipate changing consumer preference for such platforms. Any of the foregoing could have a material adverse effect on AB InBev's business, financial condition and results of operations.

Labatt, the Canadian subsidiary of AB InBev's subsidiary Ambev, and Tilray have a joint venture not only to research non-alcohol beverages containing tetrahydrocannabinol ("THC") and cannabidiol ("CBD"), both derived from cannabis, but also to commercialize a non-alcohol CBD beverage in Canada only. This joint venture could lead to increased legal, reputational and financial risks as 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 associated 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. Also, public concern about beer, alcohol beverages and soft drink consumption and any resulting restrictions may cause the social acceptability of beer, alcohol 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.

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.

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 2019 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 or other penalties.

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, including unrecorded or informal alcohol products. 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 expects 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, Title III of 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 has been suspended by discretionary presidential action since its inception in 1996, on 2 May 2019, the Trump Administration activated Title III of the Helms-Burton Act, thereby allowing nationals of the United States that hold claims under the Helms-Burton Act to file suit in U.S. federal court against all persons trafficking in property confiscated by the Cuban government.

As a result of the activation of Title III of the Helms-Burton Act, AB InBev may be subject to potential U.S. litigation exposure beginning 2 May 2019, including claims accrued during the prior suspension of Title III of the Helms-Burton Act. Given the unprecedented activation of Title III of the Helms-Burton Act, there is substantial uncertainty as to how the statute will be interpreted by U.S. courts. AB InBev has received notice of a claim purporting to be made under the Helms-Burton Act. It remains unclear how the activation of Title III of the Helms-Burton Act will impact AB InBev's U.S. litigation exposure with respect to this notice of claim.

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 customers 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.

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 2019 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 our annual report.

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

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STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF ANHEUSER-BUSCH INBEV NV/SA ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

We present to you our statutory auditor's report in the context of our statutory audit of the consolidated financial statements of Anheuser-Busch InBev NV/SA (the "Company") and its subsidiaries (jointly "the Group"). This report includes our report on the consolidated financial statements, as well as the other legal and regulatory requirements. This forms part of an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting d.d. 24 April 2019, following the proposal formulated by the board of directors and following the recommendation by the audit committee and the proposal formulated by the works' council. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2021. We have performed the statutory audit of the consolidated financial statements of Anheuser-Busch InBev NV/SA for one year.

Report on the consolidated financial statements

Unqualified opinion

We have performed the statutory audit of the Group's consolidated financial statements, which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated statement of financial position total of USD 236 648 million and a profit for the year of USD 10 414 million.

In our opinion, the consolidated financial statements give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2019, and of its consolidated financial performance 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 unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing (ISAs) as approved by the IAASB which are applicable to the year-end and which are not yet approved at the national level. Our responsibilities under those standards are further described in the "Statutory auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Belgium, including the requirements related to independence.

We have obtained from the board of directors and Company 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.

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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 of the current period. 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
Goodwill and intangible assets with indefinite useful life – impairment testing As described in Notes 3, 14 and 15 to the consolidated financial statements, the Company has recorded goodwill and intangible assets with indefinite useful life for an amount of USD 168 783 million as of 31 December 2019, which represents 71% of the consolidated statement of financial position as of that date. An annual impairment is conducted by management, in accordance with IAS 36, in which management applies a discounted free cash flow approach based on current acquisition valuation models for its cash-generating units showing a high invested capital to EBITDA multiple, and valuation multiples for its other cash-generating units. The Company uses a strategic plan 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. Management's cash flow projections include significant judgments and assumptions, such as weighted average cost of capital and the terminal growth rate. The principal considerations for our determination that performing procedures relating to the impairment of goodwill and intangible assets with indefinite useful life is a key audit matter are the following: (i) the high degree of auditor judgment and subjectivity in applying procedures relating to the valuation of the cash-generating-units due to the significant amount of judgment by management when developing this estimate, (ii) the audit effort involved the use of professionals with specialized skill and knowledge to assist in evaluating the audit evidence obtained from these procedures and (iii) the significant audit effort necessary in evaluating the significant assumptions relating to the estimate, such as weighted average cost of capital and the terminal growth rate.	Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill and indefinite-lived asset impairment testing, including controls over the identification and valuation of the Company's cash-generating units. These procedures also included, among others, testing management's process for developing the fair value estimates; evaluating the appropriateness of the discounted cash flow model; testing the completeness, accuracy, and relevance of underlying data used in the models; and evaluating the significant assumptions used by management, such as weighted average cost of capital and the terminal growth rate. Evaluating management's assumptions involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the reporting unit, (ii) the consistency with external market and industry data, (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit and (iv) analysis of sensitivities in the Company's discounted cash flow model. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's discounted cash flow model and certain significant assumptions, including weighted average cost of capital and the terminal growth rate.

Key Audit Matter	How our audit addressed the key audit matter
Uncertain tax positions As described in Notes 4 and 32 to the consolidated financial statements, significant judgment by management is required in determining the worldwide provision for income tax. The estimate of the Company's tax liabilities relating to uncertain tax positions requires management to assess uncertainties and to make judgments about the application of complex tax laws and regulations. The Company operates on a global basis and, as management has further disclosed, 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 consolidated financial statements, estimation is made of the expected successful settlement of these matters. The principal considerations for our determination that uncertain tax positions is a key audit matter are the following: (i) the high degree of auditor judgment and subjectivity in applying procedures related to uncertain tax positions due to the significant amount of judgment by management when developing this estimate, including a high degree of estimation uncertainty relative to the numerous and complex tax laws, frequency of tax audits, and the considerable time to conclude investigations and negotiations with local tax authorities as a result of such audits, (ii) the involvement of professionals with specialized skill and knowledge to assist in evaluating the audit evidence obtained from these procedures.	Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to completeness of the uncertain tax positions, as well as controls over measurement of the liability. These procedures also included, among others, (i) testing the information used in the calculation of the income tax provisions, including intercompany agreements, international, federal, and state filing positions, and the related final tax returns; (ii) testing the calculation of the income tax provision by jurisdiction, including management's assessment of the technical merits of tax positions and estimates of the amount of tax benefit expected to be sustained; (iii) testing the completeness of management's assessment of both the identification of uncertain tax positions and possible outcomes thereof; and (iv) evaluating the status and results of income tax audits with the relevant tax authorities. Professionals with specialized skill and knowledge were used to assist in the evaluation of the completeness and measurement of the Company's uncertain tax positions, including evaluating the reasonableness of management's assessment of whether tax positions are more-likely-than-not of being sustained and the amount of potential benefit to be realized, the application of relevant tax laws, and estimated interest and penalties.

Emphasis of matter – Change in accounting principle

As described in Note 3 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019. Our opinion is not modified in respect of this matter.

Other matter - Predecessor auditor

The Company's consolidated financial statements for the year ended 31 December 2018 were audited by another auditor who expressed an unqualified opinion on these consolidated financial statements in his report dated 27 February 2019.

Responsibilities of the board of directors for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 ISAs 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 consolidated financial statements.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the consolidated financial statements in Belgium. A statutory audit does not provide any assurance as to the Company's future viability nor as to the efficiency or effectiveness of the board of directors' current or future business management.

As part of an audit in accordance with ISAs, 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 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, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- Conclude on the appropriateness of the board of directors' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory 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 statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient and 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, among 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with 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 public disclosure about the matter.

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.

Statutory auditor's responsibilities

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report on the consolidated financial statements and to report on these matters.

Aspects related to the directors' report on the consolidated financial statements

In our opinion, after having performed specific procedures in relation to the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for the year under audit, and it is prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

The non-financial information required by virtue of article 3:32, §2 of the Companies' and Associations' Code is included in the directors' report on the consolidated financial statements. The Company has prepared the non-financial information, based on the reference framework Global Reporting Initiative (GRI) Standards and relevant United Nations Sustainable Development Goals.

However, in accordance with article 3:80, §1, 5° of the Companies' and Associations' Code, we do not express an opinion as to whether the non-financial information has been prepared in accordance with the said framework as disclosed in the consolidated financial statements.

Statement related to independence

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated financial statements, and our registered audit firm remained independent of the Group in the course of our mandate.
- The fees for additional services which are compatible with the statutory audit of the consolidated financial statements referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the consolidated financial statements.

Other statements

This report is consistent with the additional report to the audit committee referred to in article 11 of the Regulation (EU) N° 537/2014.

Sint-Stevens-Woluwe, 27 February 2020

The statutory auditor
PwC Reviseurs d'Entreprises SRL / PwC Bedrijfsrevisoren BV
Represented by

Koen Hens
Statutory Auditor

Consolidated financial statements

Consolidated income statement

For the year ended 31 December Million US dollar, except earnings per shares in US dollar	Notes	2019	2018 restated[1]
Revenue		**52 329**	**53 041**
Cost of sales		(20 362)	(19 933)
Gross profit		**31 967**	**33 108**
Distribution expenses		(5 525)	(5 612)
Sales and marketing expenses		(7 348)	(7 774)
Administrative expenses		(3 548)	(3 421)
Other operating income/(expenses)	7	875	805
Profit from operations before non-recurring items		**16 421**	**17 107**
Restructuring	8	(170)	(363)
Acquisition costs business combinations	8	(23)	(73)
Business and asset disposal	8	(50)	(26)
Brazil state tax regularization program	8	(74)	-
Cost related to public offering of minority stake in Budweiser APAC	8	(6)	-
Provision for EU investigation	8	-	(230)
Profit from operations		**16 098**	**16 414**
Finance cost	11	(4 873)	(7 279)
Finance income	11	518	435
Non-recurring net finance income/(cost)	11	882	(1 982)
Net finance income/(cost)		**(3 473)**	**(8 826)**
Share of result of associates and joint ventures	16	152	153
Profit before tax		**12 776**	**7 741**
Income tax expense	12	(2 786)	(2 585)
Profit from continuing operations		**9 990**	**5 157**
Profit from discontinued operations	22	424	531
Profit of the period		**10 414**	**5 688**
Profit from continuing operations attributable to:			
Equity holders of AB InBev		8 748	3 839
Non-controlling interest		1 243	1 318
Profit of the period attributable to:			
Equity holders of AB InBev		9 171	4 370
Non-controlling interest		1 243	1 318
Basic earnings per share	23	4.62	2.21
Diluted earnings per share	23	4.53	2.17
Basic earnings per share from continuing operations	23	4.41	1.94
Diluted earnings per share from continuing operations	23	4.32	1.91
Basic earnings per share before non-recurring items and discontinued operations[2]	23	4.08	3.16
Diluted earnings per share before non-recurring items and discontinued operations[2]	23	3.99	3.11
Underlying EPS[2]	23	3.63	4.10

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

[1] The consolidated income statement for 2018 has been restated to reflect the impact of adoption of IFRS 16 under the full retrospective application and the classification of the Australian operations as discontinued operations.
[2] 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	2019	2018 restated[1]
Profit of the period	**10 414**	**5 688**
Other comprehensive income: items that will not be reclassified to profit or loss:		
Re-measurements of post-employment benefits	(182)	99
	(182)	**99**
Other comprehensive income: items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	947	(7 916)
Effective portion of changes in fair value of net investment hedges	(157)	114
Cash flow hedges recognized in equity	182	512
Cash flow hedges reclassified from equity to profit or loss	(292)	(565)
	680	**(7 855)**
Other comprehensive income, net of tax	**498**	**(7 756)**
Total comprehensive income	**10 912**	**(2 068)**
Attributable to:		
Equity holders of AB InBev	10 044	(2 998)
Non-controlling interest	867	930

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

[1] The consolidated statement of comprehensive income for 2018 has been restated to reflect the impact of adoption of IFRS 16 under the full retrospective application.

Consolidated statement of financial position

As at Million US dollar	Notes	31 December 2019	31 December 2018 restated[1]	1 January 2018 restated[1]
ASSETS				
Non-current assets				
Property, plant and equipment	13	27 544	27 615	29 233
Goodwill	14	128 114	133 311	140 940
Intangible assets	15	42 452	44 831	45 874
Investments in associates and joint ventures	16	5 861	6 136	5 263
Investment securities	17	110	108	100
Deferred tax assets	18	1 719	1 517	1 251
Employee benefits	25	14	16	22
Income tax receivables		1 081	992	708
Derivatives	29	132	291	25
Trade and other receivables	20	807	769	834
Total non-current assets		**207 834**	**215 587**	**224 251**
Current assets				
Investment securities	17	92	87	1 304
Inventories	19	4 427	4 234	4 119
Income tax receivables		627	457	908
Derivatives	29	230	16	458
Trade and other receivables	20	6 187	6 375	6 566
Cash and cash equivalents	21	7 238	7 074	10 472
Assets classified as held for sale	22	10 013	39	133
Total current assets		**28 814**	**18 281**	**23 960**
Total assets		**236 648**	**233 868**	**248 208**
EQUITY AND LIABILITIES				
Equity				
Issued capital	23	1 736	1 736	1 736
Share premium		17 620	17 620	17 620
Reserves		24 882	19 061	24 833
Retained earnings		31 484	26 068	28 387
Equity attributable to equity holders of AB InBev		**75 722**	**64 485**	**72 576**
Non-controlling interests	33	8 831	7 404	7 624
Total equity		**84 553**	**71 889**	**80 200**
Non-current liabilities				
Interest-bearing loans and borrowings	24	97 564	106 997	110 637
Employee benefits	25	2 848	2 681	2 993
Deferred tax liabilities	18	12 824	13 165	13 107
Income tax payables		1 022	576	732
Derivatives	29	352	766	937
Trade and other payables	28	1 943	1 816	1 462
Provisions	27	701	1 152	1 515
Total non-current liabilities		**117 254**	**127 153**	**131 383**
Current liabilities				
Bank overdrafts	21	68	114	117
Interest-bearing loans and borrowings	24	5 410	4 584	7 846
Income tax payables		1 346	1 220	1 558
Derivatives	29	3 799	5 574	1 457
Trade and other payables	28	22 864	22 568	24 762
Provisions	27	210	766	885
Liabilities associated with assets held for sale	22	1 145	-	-
Total current liabilities		**34 841**	**34 826**	**36 625**
Total equity and liabilities		**236 648**	**233 868**	**248 208**

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

[1] The consolidated statements of financial position as at 31 December 2018 and 1 January 2018 have been restated to reflect the impact of adoption of IFRS 16 under the full retrospective application. The Australian operations have been classified as assets held for sale as at 31 December 2019 without restatement of the respective balances as at 31 December 2018 as required by IFRS 5.

Consolidated statement of changes in equity

	Attributable to equity holders of AB InBev										
Million US dollar	Issued Capital	Share premium	Treasury shares	Reserves	Share-based payment reserves	Other comprehensive income Reserve[1]	Deferred share instrument	Retained earnings	Total	Non-controlling interest	Total Equity
As per 1 January 2018	**1 736**	**17 620**	**(8 980)**	**45 726**	**1 753**	**(14 784)**	**1 119**	**28 387**	**72 576**	**7 624**	**80 200**
Impact of adopting IFRSs 9 and 15[2]	-	-	-	-	-	-	-	(4)	(4)	(42)	(46)
As per 1 January 2018, as adjusted	**1 736**	**17 620**	**(8 980)**	**45 726**	**1 753**	**(14 784)**	**1 119**	**28 383**	**72 572**	**7 582**	**80 154**
Profit of the period	-	-	-	-	-	-	-	**4 370**	**4 370**	**1 318**	**5 688**
Other comprehensive income											
Exchange differences on translation of foreign operations (gains/(losses))	-	-	-	-	-	(7 374)	-	-	(7 374)	(429)	(7 802)
Cash flow hedges	-	-	-	-	-	(92)	-	-	(92)	40	(52)
Re-measurements of post-employment benefits	-	-	-	-	-	98	-	-	98	1	99
Total comprehensive income	-	-	-	-	-	**(7 368)**	-	**4 370**	**(2 998)**	**930**	**(2 068)**
Dividends	-	-	-	-	-	-	(56)	(6 258)	(6 314)	(1 123)	(7 437)
Treasury shares[1]	-	-	2 431	-	-	-	(1 063)	(1 368)	-	-	-
Share-based payments	-	-	-	-	284	-	-	-	284	6	290
Sale/(purchase) of non-controlling interests	-	-	-	-	-	-	-	429	429	(429)	-
Hyperinflation monetary adjustments	-	-	-	-	-	-	-	560	560	345	905
Scope and other changes	-	-	-	-	-	-	-	(48)	(48)	94	46
As per 31 December 2018	**1 736**	**17 620**	**(6 549)**	**45 726**	**2 037**	**(22 152)**	**-**	**26 068**	**64 485**	**7 404**	**71 889**

	Attributable to equity holders of AB InBev										
Million US dollar	Issued Capital	Share premium	Treasury shares	Reserves	Share-based payment reserves	Other comprehensive income Reserves[1]	Deferred share instrument	Retained earnings	Total	Non-controlling interest	Total Equity
As per 1 January 2019	**1 736**	**17 620**	**(6 549)**	**45 726**	**2 037**	**(22 152)**	**-**	**26 068**	**64 485**	**7 404**	**71 889**
Profit of the period	-	-	-	-	-	-	-	9 171	9 171	1 243	10 414
Other comprehensive income											
Exchange differences on translation of foreign operations (gains/(losses))	-	-	-	-	-	1 143	-	-	1 143	(353)	790
Cash flow hedges	-	-	-	-	-	(97)	-	-	(97)	(13)	(110)
Re-measurements of post-employment benefits	-	-	-	-	-	(173)	-	-	(173)	(9)	(182)
Total comprehensive income	-	-	-	-		**873**	-	**9 171**	**10 044**	**867**	**10 912**
Dividends	-	-	-	-	-	-	-	(4 117)	(4 117)	(1 062)	(5 179)
Treasury shares	-	-	279	-	-	-	-	(279)	-	-	-
Share-based payments	-	-	-	-	290	-	-	-	290	29	319
Sale/(purchase) of non-controlling interest	-	-	-	4 378	-	-	-	-	4 378	1 427	5 805
Hyperinflation monetary adjustments	-	-	-	-	-	-	-	219	219	135	354
Scope and other changes	-	-	-	-	-	-	-	421	421	31	452
As per 31 December 2019	**1 736**	**17 620**	**(6 270)**	**50 104**	**2 327**	**(21 279)**	**-**	**31 484**	**75 722**	**8 831**	**84 553**

[1] See Note 23 *Changes in equity and earning per share.*
[2] See Note 3 (E) *Summary of changes in accounting policies*.

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

Consolidated statement of cash flows

For the year ended 31 December Million US dollar	Notes	2019	2018 restated
OPERATING ACTIVITIES			
Profit from continuing operations		**9 990**	**5 157**
Depreciation, amortization and impairment	10	4 657	4 624
Impairment losses on receivables, inventories and other assets		112	107
Additions/(reversals) in provisions and employee benefits		216	504
Net finance cost/(income)	11	3 473	8 826
Loss/(gain) on sale of property, plant and equipment and intangible assets		(149)	(82)
Loss/(gain) on sale of subsidiaries, associates and assets held for sale		(34)	(20)
Equity-settled share-based payment expense	26	340	333
Income tax expense	12	2 786	2 585
Other non-cash items included in profit		(220)	(654)
Share of result of associates and joint ventures		(152)	(153)
Cash flow from operating activities before changes in working capital and use of provisions		**21 019**	**21 227**
Decrease/(increase) in trade and other receivables		(258)	(105)
Decrease/(increase) in inventories		(426)	(588)
Increase/(decrease) in trade and other payables		679	1 170
Pension contributions and use of provisions		(715)	(487)
Cash generated from operations		**20 299**	**21 217**
Interest paid		(4 450)	(4 559)
Interest received		523	429
Dividends received		160	141
Income tax paid		(3 136)	(3 047)
Cash flow from operating activities		**13 396**	**14 181**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and of intangible assets	13/15	(5 174)	(5 005)
Proceeds from sale of property, plant and equipment and of intangible assets		320	437
Acquisition of subsidiaries, net of cash acquired	6	(385)	(84)
Sale of subsidiaries, net of cash disposed of	6	133	257
Net proceeds from sale/(acquisition) of investment in short-term debt securities	17	(9)	1 296
Net proceeds from sale/(acquisition) of other assets		(25)	(172)
Net repayments/(payments) of loans granted		12	(156)
Proceeds from assets held for sale		55	-
Proceeds from SAB transaction-related divestitures		-	(330)
Taxes on SAB transaction-related divestitures		-	(100)
Cash flow from investing activities		**(5 073)**	**(3 857)**
FINANCING ACTIVITIES			
(Purchase)/sale of non-controlling interest	23	222	(923)
Proceeds from public offering of minority stake in Budweiser APAC	23	5 575	-
Proceeds from borrowings	24	22 584	17 782
Payments on borrowings	24	(30 592)	(22 489)
Cash net finance (cost)/income other than interests		(845)	(513)
Payment of lease liabilities		(441)	(423)
Dividends paid		(5 015)	(7 761)
Cash flow from financing activities		**(8 512)**	**(14 327)**
Net increase/(decrease) in cash and cash equivalents on continuing operations		**(189)**	**(4 003)**
Net increase/(decrease) in cash and cash equivalents on discontinued operations	22	**539**	**755**
Cash and cash equivalents less bank overdrafts at beginning of year		6 960	10 356
Effect of exchange rate fluctuations		(141)	(148)
Cash and cash equivalents less bank overdrafts at end of period	21	**7 169**	**6 960**

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®, Hoegaarden®, Leffe® and Michelob Ultra®; and local champions such as Aguila®, Antarctica®, Bud Light®, Brahma®, Cass®, Castle®, Castle Lite®, Cristal®, Harbin®, Jupiler®, 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 170 000 employees based in nearly 50 countries worldwide. For 2019, AB InBev's reported revenue was 52.3 billion US dollar (excluding joint ventures and associates).

The consolidated financial statements of the company for the year ended 31 December 2019 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 26 February 2020.

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 2019 (collectively "IFRS"). AB InBev did not early apply any new IFRS requirements that were not yet effective in 2019 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 2019:

IFRS 16 *Leases* became effective on 1 January 2019 and was applied by the company for the first time as of that date, under the full retrospective application, with an initial application date as of 1 January 2017.

IFRS 16 Leases

IFRS 16 replaces the current lease accounting requirements and introduces significant changes to lessee accounting, removing the distinction between operating and finance leases under IAS 17 *Leases* and related interpretations and requiring a lessee to recognize a right-of-use asset and a lease liability at lease commencement date. IFRS 16 also requires the recognition of depreciation charges relating to right-of-use assets and interest expenses on lease liabilities, as compared to the recognition of operating lease expenses or rental costs on a straight-line basis over the lease term, as was the case under prior requirements. In addition, the company has amended the consolidated cash flow statement presentation in order 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 continues to recognize a lease expense on a straight-line basis as permitted by IFRS 16, and payments for these leases are presented in cash flow from operating activities. As a lessor, the company continues to classify leases as either finance leases or operating leases and accounts for those two types of leases differently.

The company has chosen the full retrospective application of IFRS 16 and, consequently, has restated the comparative information in these financial statements. In addition, the company has applied 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 its related interpretations will continue to apply to the leases entered or modified before 1 January 2019.

As a function of the transition to IFRS 16, the company recognized 1.7 billion US dollar of right-of-use assets and 1.8 billion US dollar of lease liabilities. Lease liabilities are measured at the present value of future lease payments discounted using incremental borrowing rates that consider the nature of the underlying assets and term of the leases.

Additional information is presented in Note 13 *Property, plant and equipment*, Note 24 *Interest-bearing loans and borrowings* and Note 29 *Risks arising from financial instruments*.

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 2019 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.

IFRIC 23 Uncertainty over Income Tax Treatments

Effective 1 January 2019, AB InBev adopted IFRIC 23 *Uncertainty over Income Tax Treatments* and has elected to apply IFRIC 23 retrospectively. The cumulative effect of the interpretation was recognized at the date of initial application and the company has not restated comparative periods in the year of initial application. AB InBev reviewed the income tax treatments in order to determine whether the interpretation could have an impact on the consolidated financial statements. In that respect, as at 31 December 2019, the company reclassified 573m US dollar of its existing income tax provisions into income tax liabilities, consistently with the current discussions held at the IFRS Interpretation Committee, which concluded that an entity is required to present assets and liabilities for uncertain tax treatments as current tax assets/liabilities or deferred tax assets/liabilities.

(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 exchange rates prevailing on the date of the balance sheet. 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 prevailing 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, leading Argentina´s three-year cumulative inflation to exceed 100% and thus, triggering the requirement to transition to hyperinflation accounting as prescribed by IAS 29 *Financial Reporting in Hyperinflationary Economies*. IAS 29 requires that the results of the company's Argentinian operations be reported as if these were highly inflationary as of 1 January 2018.

Under IAS 29, non-monetary assets and liabilities stated at historical cost, equity and income statements 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 2019**	**31 December 2018**	**31 December 2019**	**31 December 2018**
Argentinean peso	59.890668	37.807879	-	-
Australian dollar	1.423804	1.416593	1.438543	1.334300
Brazilian real	4.030696	3.874806	3.940998	3.634827
Canadian dollar	1.299449	1.362882	1.329140	1.293896
Colombian peso	3 272.63	3 246.70	3 305.84	2 967.36
Chinese yuan	6.961461	6.877787	6.886265	6.581607
Euro	0.890155	0.873362	0.892577	0.845697
Mexican peso	18.845242	19.682728	19.334915	19.195084
Pound sterling	0.757344	0.781249	0.784062	0.750773
Peruvian nuevo sol	3.317006	3.369998	3.346670	3.284477
South Korean won	1 154.54	1 115.40	1 160.69	1 095.46
South African rand	14.044287	14.374909	14.512975	13.105486

(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 have 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 control has 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 control has 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) LEASES

The company as lessee

The company assesses whether a contract is or contains a lease at inception of a contract. The company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease, and payments for these leases are presented in cash flow from operating activities.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate specific to the country, term and currency of the contract. In addition, the company considers its recent debt issuances as well as publicly available data for instruments with similar characteristics when calculating the incremental borrowing rates.

Lease payments include fixed payments, less any lease incentives, variable lease payments that depend on an index or a rate known at the commencement date, and purchase options or extension option payments if the company is reasonably certain to exercise these options. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and right-of-use asset and are recognized as an expense in the income statement in the period in which the event or condition that triggers those payments occurs.

A lease liability is remeasured upon a change in the lease term, changes in an index or rate used to determine the lease payments or reassessment of exercise of a purchase option. The corresponding adjustment is made to the related right-of-use asset.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are depreciated starting at the commencement date over the shorter period of useful life of the underlying asset and lease term (refer to accounting policies J and O).

The lease liability is presented in the 'Interest-bearing loans and borrowings' line and the right-of-use assets are presented in the 'Property, plant and equipment' line in the consolidated statement of financial position. In addition, the principal portion of the lease payments is presented within financing activities and the interest component is presented within operating activities in the consolidated cash flow statement.

The company as lessor

Leases where the company transfers substantially all the risks and rewards of ownership to the lessee are classified as finance leases. Leases of assets under which all the risks and rewards of ownership are substantially retained by the company are classified as operating leases. Rental income is recognized in other operating income on a straight-line basis over the term of the lease.

(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 adjusted for the time value of money. The company holds trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized 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 of AB InBev's 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 lease payments is also recognized in the income statement (in accretion expense) 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 six 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 five geographic regions are North America, Middle Americas, South America, 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, AB InBev historical 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 five geographic regions plus the Global Export and Holding Companies comprise the company's six 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 not been applied in preparing these consolidated restated financial statements for the year ended 31 December 2019.

A number of amendments to standards are effective for annual periods beginning after 1 January 2019, and have not been discussed either because of their non-applicability or 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.

These 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, if the revision affects both current and future periods, in the period of the revision 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 understanding 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 expenses and liabilities. 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 to determine 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, estimates are 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 that 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 following 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 uncertainty relate mainly to the following: the reporting of the 50:50 merger of AB InBev's and Anadolu Efes' existing Russia and Ukraine businesses into AB InBev Efes which closed on 30 March 2018; the adoption of hyperinflation accounting for the company's Argentinean operations; the reporting of proceeds from the public offering of a minority stake in the company´s Asia Pacific subsidiary, Budweiser Brewing Company APAC Limited ("Budweiser APAC"); and the reporting of its Australian operations as assets held for sale as discussed below.

(A) MERGER OF BUSINESSES IN RUSSIA AND UKRAINE WITH ANADOLU EFES

On 30 March 2018, AB InBev announced the completion of the 50:50 merger of its Russia and Ukraine businesses with those of Anadolu Efes. Following completion, the company's operations in Russia and Ukraine and those of Anadolu Efes are fully combined under a new company called AB InBev Efes. The combined business is fully consolidated into Anadolu Efes financial accounts. AB InBev has stopped consolidating the results of these operations as of the second quarter 2018 and account for its investment in AB InBev Efes under the equity method. Refer to Note 6 *Acquisitions and disposals of Subsidiaries* and Note 16 *Investments in associates.*

(B) HYPERINFLATION IN ARGENTINA

In May 2018, the Argentinean peso underwent a severe devaluation, resulting in Argentina´s three-year cumulative inflation exceeding 100% in 2018, and thus requiring a transition to hyperinflation accounting as of 1 January 2018, as required by IAS 29 *Financial Reporting in Hyperinflationary Economies*. 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, each of (1) the non-monetary assets and liabilities stated at historical cost and (2) 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 applied hyperinflation accounting for its Argentinean subsidiaries for the first time in the year-to-date September 2018 unaudited condensed interim financial statements, with effect as of 1 January 2018. The IAS 29 rules are applied as follows:

- 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 accounting impacts resulting from changes in the general purchasing power from 1 January 2018 are reported in the income statement in 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. It is converted at the closing exchange rate of each period (rather than the year-to-date average rate which is used for non-hyperinflationary economies), thereby restating the year-to-date income statement account for both inflation index and currency conversion.

The 2019 results, restated for purchasing power, were translated at the December 2019 closing rate of 59.890668 Argentinean pesos per US dollar (2018 results - at 37.807879 Argentinean pesos per US dollar).

(C) ANNOUNCED DIVESTITURE OF AUSTRALIA BUSINESS TO ASAHI

On 19 July 2019, AB InBev announced an agreement to divest its Australia business (Carlton & United Breweries) to Asahi for AUD 16.0 billion, equivalent to approximately USD 11.2 billion[1]. As part of this transaction, the company will grant Asahi rights to commercialize its portfolio of global and international brands in Australia. The transaction is expected to close in the first quarter of 2020, subject to customary closing conditions, including but not limited to regulatory approvals in Australia.

Effective 30 September 2019, AB InBev classified the assets and liabilities associated with the Australian operations as assets held for sale and liabilities associated with assets held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. In addition, since the results of the Australian operations represent a separate major line of business, these are now accounted for as discontinued operations as required by IFRS 5 and presented in a separate line in the consolidated income statement ("profit from discontinued operations"). Refer to Note 22 *Assets classified as held for sale, liabilities associated with assets held for sale and discontinued operations*.

(D) LISTING OF BUDWEISER APAC ON THE HONG KONG STOCK EXCHANGE

On 30 September 2019, the company successfully completed the listing of a minority stake of its Asia Pacific subsidiary, Budweiser APAC, on the Hong Kong Stock Exchange for USD 5.75 billion (including the exercise of an over-allotment option). On 3 October 2019, the over-allotment option in connection with the initial public offering of a minority stake of Budweiser APAC was fully exercised. Following the full exercise of the over-allotment option, AB InBev controls 87.22% of the issued share capital of Budweiser APAC. Refer to Note 23 *Changes in equity and earnings per share.*

[1] Converted into US dollars at the December 2019 closing rate of 1.423803.

5. Segment reporting

Segment information is presented by geographical segments, consistent with the information available to and regularly evaluated by the chief operating decision maker. AB InBev operates its business through six business segments. Regional and operating company management is responsible for managing performance, underlying risks, and the 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 the allocation of resources.

The organizational structure effective as of 1 January 2019 comprises five regions: North America, Middle Americas, South America, EMEA and Asia Pacific. In addition to these five geographic regions, the company uses a sixth segment, Global Export and Holding Companies, for all financial reporting purposes. Key changes made to company's segment structure were as follows: (i) the Middle Americas region combines the former Latin America West region and the business unit Central America and Caribbean, which was previously reported in Latin America North region, and (ii) the South America region combines the former Latin America South region and Brazil, which was previously reported in Latin America North region. These organizational changes were effective as of 1 January 2019 and have been reflected in these consolidated financial statements.

AB InBev has restated the 2018 results (referred to as "2018 restated") to reflect:

- the new company organizational structure effective 1 January 2019;
- the new IFRS rules on lease accounting as if the company had applied the new standard as of 1 January 2018; and
- the classification of the Australian operations as a disposal group held for sale as if the classification had been applied as of 1 January 2018, in line with IFRS rules. Refer to Note 22 *Assets classified as held for sale, liabilities associated with assets held for sale and discontinued operations* for more details.

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 account 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		Middle Americas		South America		EMEA		Asia Pacific		Global Export and holding companies		Consolidated	
	2019	2018 restated	2019	2018 restated	2019	2018 restated	2019	2018 restated	2019	2018 restated	2019	2018 restated	2019	2018 restated
Volume	**108**	**111**	**134**	**129**	**140**	**136**	**86**	**87**	**93**	**96**	**1**	**1**	**561**	**560**
Revenue	**15 488**	**15 504**	**11 912**	**11 614**	**9 790**	**10 238**	**7 911**	**8 368**	**6 544**	**6 735**	**685**	**582**	**52 329**	**53 041**
Normalized EBITDA	**6 185**	**6 199**	**6 356**	**6 033**	**4 145**	**4 696**	**2 781**	**3 184**	**2 287**	**2 178**	**(676)**	**(558)**	**21 078**	**21 732**
Normalized EBITDA margin %	39.9%	40.0%	53.4%	51.9%	42.3%	45.9%	35.2%	38.1%	35.0%	32.3%	-	-	40.3%	41.0%
Depreciation, amortization and impairment	(833)	(834)	(921)	(844)	(955)	(1 008)	(974)	(936)	(648)	(734)	(325)	(269)	(4 657)	(4 624)
Normalized profit from operations (EBIT)	**5 352**	**5 365**	**5 435**	**5 189**	**3 190**	**3 688**	**1 807**	**2 248**	**1 639**	**1 444**	**(1 001)**	**(827)**	**16 421**	**17 107**
Non-recurring items (see Note 8)	(11)	(10)	(51)	(151)	(96)	1	(61)	(370)	(41)	(43)	(63)	(119)	(323)	(692)
Profit from operations (EBIT)	**5 341**	**5 355**	**5 384**	**5 038**	**3 094**	**3 689**	**1 746**	**1 878**	**1 598**	**1 401**	**(1 064)**	**(946)**	**16 098**	**16 414**
Net finance income/(cost)													(3 466)	(8 826)
Share of results of associates and joint ventures													188	153
Income tax expense													(2 786)	(2 585)
Profit from continuing operations													**10 033**	**5 157**
Discontinued operations													424	531
Profit/(loss)													**10 456**	**5 688**
Segment assets (non-current)	63 725	63 443	76 168	71 844	13 452	13 250	39 442	42 874	13 450	22 545	1 597	1 631	207 834	215 587
Gross capex	679	917	1 286	1 324	1 063	777	1 208	1 163	626	599	312	224	5 174	5 005
FTE	20 040	19 323	52 412	53 140	41 603	40 503	23 804	23 604	29 482	31 523	4 574	4 683	171 915	172 776

For the period ended 31 December 2019, net revenue from the beer business amounted to 47 984m US dollar (31 December 2018: 48 602m US dollar) while the net revenue from the non-beer business (soft drinks and other business) accounted for 4 345m US dollar (31 December 2018: 4 439m US dollar). Additionally, for the period ended 31 December 2019, net revenue from the company's business in the United States amounted to 13 693m US dollar (31 December 2018: 13 624m US dollar) and net revenue from the company's business in Brazil amounted to 7 277m US dollar (31 December 2018: 7 375m US dollar).

On the same basis, net revenue from external customers attributable to AB InBev's country of domicile (Belgium) represented 668m US dollar (31 December 2018: 710m US dollar) and non-current assets located in the country of domicile represented 2 215m US dollar (31 December 2018: 2 117m US dollar).

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 2019 and 31 December 2018:

Million US dollar	2019 Acquisitions	2018 Acquisitions	2019 Disposals	2018 Disposals
Non-current assets				
Property, plant and equipment	44	2	(1)	(310)
Intangible assets	128	24	(29)	(17)
Deferred tax assets	-	23	-	-
Trade and other receivables	-	-	-	(86)
Investments in associates	(15)	-	-	-
Current assets				
Inventories	43	17	(7)	(84)
Income tax receivables	-	-	-	(2)
Trade and other receivables	19	2	(1)	(79)
Cash and cash equivalents	40	8	-	(6)
Assets held for sale	-	-	-	(27)
Non-current liabilities				
Interest-bearing loans and borrowings	(11)	(3)	-	-
Trade and other payables	(110)	-	-	-
Deferred tax liabilities	(33)	-	9	4
Current liabilities				
Trade and other payables	(65)	(19)	2	406
Net identifiable assets and liabilities	**40**	**54**	**(27)**	**(201)**
Non-controlling interest	**(12)**	**-**	**2**	**1**
Goodwill on acquisitions and goodwill disposed of	682	107	(22)	(652)
Loss/(gain) on disposal	-	-	(21)	(15)
Consideration to be (paid)/received	(275)	(112)	-	47
Net cash paid on prior years acquisitions	16	68	(65)	-
Recycling of CTA in respect of net assets	-	-	-	(584)
Contribution in kind	-	-	-	1 150
Consideration paid/(received)	**451**	**117**	**(133)**	**(254)**
Cash (acquired)/disposed of	(40)	(5)	-	(3)
Net cash outflow / (inflow)	**411**	**112**	**(133)**	**(257)**
Net cash outflow / (inflow) on continuing operations	385	84	(133)	(257)
Net cash outflow / (inflow) on discontinued operations	26	28	-	-

On 30 March 2018, AB InBev completed the 50:50 merger of AB InBev's and Anadolu Efes' existing Russia and Ukraine businesses as discussed in Note 4 (A). This transaction 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. See also Note 16 *Investments in associates*.

On 30 March 2018, AB InBev derecognized 573m US dollar net assets related to its former Russia and Ukraine businesses and recycled 584m US dollar from other comprehensive income to the consolidated income statement, resulting in a net exceptional, non-cash loss of 7m US dollar (see also Note 8 *Non-recurring items*).

The company undertook a series of additional acquisitions and disposals during 2018 and 2019, with no significant impact in the company's consolidated financial statements.

7. Other operating income/(expenses)

Million US dollar	2019	2018 restated
Government grants	280	317
License income	30	45
Net (additions to)/reversals of provisions	(10)	(11)
Net gain on disposal of property, plant and equipment, intangible assets and assets held for sale	172	80
Net rental and other operating income	402	374
Other operating income/(expenses)	**875**	**805**

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 2019, the company expensed 291m US dollar in research, compared to 276m US dollar in 2018. 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 that material items of income and expense be disclosed separately. Non-recurring items are items that in management's judgment, need to be disclosed by virtue of their size or incidence so that a user can obtain a proper understanding of the company´s financial information. The company considers these items to be significant and accordingly, management has excluded them 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	2019	2018 restated
Restructuring	(170)	(363)
Acquisition costs business combinations	(23)	(73)
Business and asset disposal (including impairment losses)	(50)	(26)
Brazil State tax regularization program	(74)	-
Cost related to public offering of minority stake in Budweiser APAC	(6)	-
Provision for EU investigation	-	(230)
Impact on profit from operations	**(323)**	**(692)**
Non-recurring net finance income/(cost)	882	(1 982)
Non-recurring taxes	(6)	240
Non-recurring non-controlling interest	108	32
Net impact on profit attributable to equity holders of AB InBev	**661**	**(2 402)**

The non-recurring restructuring charges for 2019 total (170)m US dollar (2018: (363)m US dollar). These charges primarily relate to organizational alignments. These changes aim to eliminate overlapping organizations or duplicated processes, taking into account the matching of employee profiles with new organizational requirements. These exceptional expenses provide the company with a lower cost base and bring a stronger focus to AB InBev´s core activities, quicker decision-making and improvements to efficiency, service and quality.

The acquisition costs of business combinations amount to (23)m US dollar in 2019, primarily related to cost incurred to facilitate the combination with SAB (2018: (73)m US dollar).

Business and asset disposals amount to (50)m US dollar in 2019, mainly comprising of costs incurred in relation to the announced divestiture of the Australia business. Business and asset disposals amounted to (26)m US dollar in 2018, mainly related to the costs incurred related to the IFRS treatment of the 50:50 merger of AB InBev's and Anadolu Efes' Russia and Ukraine businesses and the related transaction costs (see also Note 6 *Acquisitions and disposals of subsidiaries*).

In 2019, Ambev made a payment of (74)m US dollar to the State of Mato Grosso in relation to the Special Value-added Tax (ICMS) Amnesty Program in Brazil in accordance with the Brazilian State Tax Regularization Program.

The company incurred 117m US dollar in fees related to the initial public offering of a minority stake of Budweiser APAC, its Asia Pacific subsidiary, of which 6m US dollar were reported in the income statement and 111m US dollar were capitalized in equity. In addition, the company has also reported 58m US dollar stamp duties in equity that are directly attributable to the public offering of Budweiser APAC.

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 proceedings, a provision of 230m US was recognized in 2018 and settled in 2019. Refer also to Note 27 *Provisions*.

The company incurred non-recurring net finance income of 882m US dollar for 2019 (2018: (1 982)m US dollar cost) – see Note 11 *Finance cost and income*.

All the amounts referenced above are before income taxes. The non-recurring items as of 31 December 2019 increased income taxes by 6m US dollar and decreased income taxes by 240m US dollar in 2018. Non-controlling interest on the non-recurring items amounts to 108m US dollar in 2019 (2018: 32m US dollar).

9. Payroll and related benefits

Million US dollar	2019	2018 restated
Wages and salaries	(4 563)	(4 638)
Social security contributions	(683)	(694)
Other personnel cost	(678)	(708)
Pension expense for defined benefit plans	(193)	(192)
Share-based payment expense	(340)	(353)
Contributions to defined contribution plans	(101)	(109)
Payroll and related benefits	**(6 558)**	**(6 694)**

The number of full time equivalents can be split as follows:

	2019	2018
AB InBev NV (parent company)	204	180
Other subsidiaries	171 711	172 596
Total number of FTE	**171 915**	**172 776**

10. Additional information on operating expenses by nature

Depreciation, amortization and impairment charges are included in the following line items of the 2019 consolidated income statement:

Million US dollar	Depreciation and impairment of property, plant and equipment	Amortization and impairment of intangible assets	Depreciation and impairment of right-of-use asset	Impairment of goodwill
Cost of sales	2 751	86	11	-
Distribution expenses	155	4	191	-
Sales and marketing expenses	379	247	160	-
Administrative expenses	277	290	98	-
Other operating expenses	8	-	-	-
Depreciation, amortization and impairment	**3 570**	**627**	**460**	**-**

Depreciation, amortization and impairment charges are included in the following line items of the 2018 restated consolidated income statement:

Million US dollar (restated)	Depreciation and impairment of property, plant and equipment	Amortization and impairment of intangible assets	Depreciation and impairment of right-of-use asset	Impairment of goodwill
Cost of sales	2 807	67	-	-
Distribution expenses	166	3	186	-
Sales and marketing expenses	414	165	153	-
Administrative expenses	285	254	116	-
Other operating expenses	8	-	-	-
Depreciation, amortization and impairment	**3 680**	**489**	**455**	**-**

The depreciation, amortization and impairment of property, plant and equipment included a full-cost reallocation of 5m US dollar in 2019 from the aggregate depreciation, amortization and impairment expense to cost of goods sold (2018: 1m US dollar).

11. Finance cost and income

The finance costs included in the income statement are as follows:

Million US dollar	2019	2018 restated
Interest expense	(4 168)	(4 141)
Capitalization of borrowing costs	19	23
Net interest on net defined benefit liabilities	(95)	(94)
Accretion expense	(650)	(511)
Net losses on hedging instruments that are not part of a hedge accounting relationship	(393)	(449)
Net foreign exchange results (net of the effect of foreign exchange derivative instruments)	(180)	19
Tax on financial transactions	(79)	(110)
Net mark-to-market results on derivatives related to the hedging of share-based payment programs	898	(1 774)
Other financial costs, including bank fees	(225)	(242)
Finance costs, excluding non-recurring items	**(4 873)**	**(7 279)**
Non-recurring finance cost	(222)	(1 982)
Finance costs	**(5 095)**	**(9 261)**

Finance income included in the income statement is as follows:

Million US dollar	2019	2018 restated
Interest income	410	333
Hyperinflation monetary adjustments	86	46
Other financial income	21	56
Finance income, excluding non-recurring items	**518**	**435**
Non-recurring finance income	1 104	-
Finance income	**1 622**	**435**

Finance costs, excluding non-recurring items, decreased by 2 406m US dollar compared to 2018 mainly as a result of mark-to-market on certain derivatives related to the hedging of share-based payment programs. In 2019, the mark-to-market on such derivatives amounted to a gain of 898m US dollar (2018: 1 774m 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 South Africa. Interest is capitalized at a borrowing rate ranging from 3% to 4%.

In 2019, accretion expense includes interest on lease liabilities of 124m US dollar (2018: 111m US dollar).

Interest expenses 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*.

Non-recurring finance cost for 2019 includes:

- 188m US dollar write-off on the company's investment in Delta Corporation Ltd following the entry of Zimbabwe in a hyperinflation economy;
- 34m US dollar of interest paid to the State of Mato Grosso in relation to the Special Value-added Tax (ICMS) Amnesty Program in Brazil in accordance with the Brazilian State Tax Regularization Program.

Non-recurring finance income for 2019 includes:

- 445m 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 (2018: 873m US dollar loss). See also Note 23 *Changes in equity and earnings per share*;
- 433m 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 (2018: 849m US dollar loss);
- 226m US dollar gains resulting from the early termination of certain bonds, income related to the reduction of deferred considerations on acquisitions and foreign exchange translation gains on intragroup loans that were historically reported in equity and were recycled to profit and loss account upon the reimbursement of these loans (2018: 260m US dollar loss).

No interest income was recognized on impaired financial assets.

The interest income stems from the following financial assets:

Million US dollar	2019	2018
Cash and cash equivalents	237	256
Investment debt securities held for trading	9	22
Other loans and receivables	164	55
Total	**410**	**333**

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	2019	2018 restated
Current year	(2 863)	(2 704)
(Underprovided)/overprovided in prior years	58	101
Current tax expense	**(2 805)**	**(2 603)**
Origination and reversal of temporary differences	(21)	(148)
(Utilization)/recognition of deferred tax assets on tax losses	13	120
Recognition of previously unrecognized tax losses	27	46
Deferred tax (expense)/income	**19**	**18**
Total income tax expense	**(2 786)**	**(2 585)**

The reconciliation of the effective tax rate with the aggregated weighted nominal tax rate can be summarized as follows:

Million US dollar	2019	2018 restated
Profit before tax	12 776	7 741
Deduct share of result of associates and joint ventures	152	153
Profit before tax and before share of result of associates and joint ventures	**12 624**	**7 588**
Adjustments on taxable basis		
Government incentives	(709)	(742)
Non-deductible/(non-taxable) marked to market on derivatives	(1 776)	3 496
Other expenses not deductible for tax purposes	1 223	1 796
Other non-taxable income	(282)	(158)
	11 080	**11 980**
Aggregated weighted nominal tax rate	**26.2%**	**26.5%**
Tax at aggregated weighted nominal tax rate	(2 901)	(3 172)
Adjustments on tax expense		
Utilization of tax losses not previously recognized	13	120
Recognition of deferred taxes assets on previous years' tax losses	27	46
Write-down of deferred tax assets on tax losses and current year losses for which no deferred tax asset is recognized	(137)	(125)
(Underprovided)/overprovided in prior years	58	101
Deductions from interest on equity	666	471
Deductions from goodwill	20	17
Other tax deductions	259	400
US Tax reform (change in tax rate and other)	-	116
Change in tax rate	(95)	144
Withholding taxes	(505)	(403)
Other tax adjustments	(191)	(300)
	(2 786)	**(2 585)**
Effective tax rate	**22.1%**	**34.1%**

The total income tax expense for 2019 amounts to 2 786m US dollar compared to 2 585m US dollar for 2018. The effective tax rate decreased from 34.1% for 2018 to 22.1% for 2019. The 2019 effective tax rate was positively impacted by non-taxable gains from derivatives related to the 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. The 2018 effective tax rate was negatively impacted by non-deductible losses from these derivatives.

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 2019 is 23.0% (2018: 27.5%). 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	2019	2018
Re-measurements of post-employment benefits	19	22
Cash flow and net investment hedges	88	108
Income tax (losses)/gains	**107**	**130**

13. Property, plant and equipment

Property, plant and equipment comprises owned and leased assets, as follows:

Million US dollar	31 December 2019	31 December 2018 restated
Property, plant and equipment owned	25 515	25 638
Property, plant and equipment leased (right-of-use assets)	2 029	1 977
Total property, plant and equipment	**27 544**	**27 615**

	31 December 2019				31 December 2018 restated[1]
Million US dollar	**Land and buildings**	**Plant and equipment, fixtures and fittings**	**Under construction**	**Total**	**Total**
Acquisition cost					
Balance at end of previous year	**12 155**	**33 540**	**2 274**	**47 969**	**48 297**
Effect of movements in foreign exchange	(94)	(374)	(17)	(485)	(3 086)
Acquisitions	48	1 236	3 167	4 451	4 342
Acquisitions through business combinations	-	22	2	24	2
Disposals	(208)	(1 777)	(2)	(1 987)	(1 474)
Disposals through the sale of subsidiaries	(1)	(3)	-	(4)	(1 128)
Transfer (to)/from other asset categories and other movements[2]	316	1 737	(3 264)	(1 211)	1 014
Balance at end of the period	**12 216**	**34 381**	**2 160**	**48 757**	**47 969**
Depreciation and impairment losses					
Balance at end of previous year	**(3 450)**	**(18 881)**	**-**	**(22 331)**	**(21 414)**
Effect of movements in foreign exchange	40	270	-	310	1 392
Depreciation	(409)	(2 961)	-	(3 370)	(3 530)
Disposals	119	1 615	-	1 734	1 249
Disposals through the sale of subsidiaries	1	2	-	3	818
Impairment losses	(1)	(86)	-	(87)	(91)
Transfer to/(from) other asset categories and other movements[1]	96	403	-	499	(755)
Balance at end of the period	**(3 604)**	**(19 638)**	**-**	**(23 242)**	**(22 331)**
Carrying amount					
at 31 December 2018	**8 704**	**14 659**	**2 274**	**25 638**	**25 638**
at 31 December 2019	**8 612**	**14 743**	**2 160**	**25 515**	**-**

As a result of the agreement to divest CUB to Asahi, the company reclassified 625m US dollar in property, plant and equipment to assets held for sale as at 31 December 2019 – see Note 22 *Assets classified as held for sale, liabilities associated with assets held for sale and discontinued operations*.

As at 31 December 2019, the carrying amount of property, plant and equipment subject to restrictions on title amounted to 4m US dollar (31 December 2018: 8m US dollar).

Contractual commitments to purchase property, plant and equipment amounted to 457m US dollar as at 31 December 2019 compared to 416m US dollar as at 31 December 2018.

[1] The 2018 balances have been restated to reflect the impact of adoption of IFRS 16 under the full retrospective application. As required by IFRS 5, the Australia property, plant and equipment balances for the Australia operations were reclassified to assets held for sale as at 31 December 2019 without restatement of 2018 balances.
[2] The transfer (to)/from other asset categories and other movements relates mainly 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*. Accordingly, the 2019 transfers include the balances of Australian operations reclassified to assets held for sale as at 31 December 2019.

AB InBev's net capital expenditures in the statement of cash flow amounted to 4 854m US dollar in 2019 and 4 568m US dollar in 2018. Out of the total 2019 capital expenditures approximately 42% was used to improve the company's production facilities while 43% was used for logistics and commercial investments and 15% for improving administrative capabilities and for the purchase of hardware and software.

Property, plant and equipment leased by the company (right-of-use assets) is detailed as follows:

	2019		
Million US dollar	Land and buildings	Machinery, equipment and other	Total
Net carrying amount at 31 December	1 723	306	**2 029**
Depreciation for the period	(329)	(160)	**(489)**

	2018 restated		
Million US dollar	Land and buildings	Machinery, equipment and other	Total
Net carrying amount at 31 December	1 624	353	**1 977**
Depreciation for the period	(318)	(150)	**(468)**

As a result of the agreement to divest CUB to Asahi, the company reclassified 84m US dollar right-of-use assets to assets held for sale – see Note 22 *Assets classified as held for sale, liabilities associated with assets held for sale and discontinued operations*.

Following the sale of Dutch and Belgian pub real estate to Cofinimmo in October 2007, AB InBev entered into lease agreements with a term of 27 years. These lease agreements will mature in November 2034. Furthermore, the company leases a number of warehouses, trucks, factory facilities and other commercial buildings, which 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.

Additions to right-of-use assets during 2019 were 420m US dollar (2018: 215m US dollar). The expense related to short-term and low-value leases and variable lease payments that are not included in the measurement of the lease liabilities is not significant. In 2019, AB InBev recognized right-of-use assets on acquisitions of subsidiaries of 12m US dollar (2018: nil) – see also note 6 *Acquisitions and disposals of subsidiaries*.

The company leases out pub real estate for an average outstanding period of 6 to 8 years and part of its own property under operating leases.

14. Goodwill

Million US dollar	31 December 2019	31 December 2018
Acquisition cost		
Balance at end of previous year	**133 316**	**140 980**
Effect of movements in foreign exchange	53	(7 541)
Disposals through the sale of subsidiaries	(22)	(652)
Acquisitions through business combinations	682	107
Hyperinflation monetary adjustments	171	435
Reclassified as held for sale	(6 081)	(13)
Balance at end of the period	**128 119**	**133 316**
Impairment losses		
Balance at end of previous year	**(5)**	**(40)**
Impairment losses	-	-
Disposals through the sale of subsidiaries	-	35
Balance at end of the period	**(5)**	**(5)**
Carrying amount		
at 31 December 2018	**133 311**	**133 311**
at 31 December 2019	**128 114**	

As a result of the agreement to divest CUB to Asahi, the company reclassified 6 081m US dollar goodwill to assets held for sale – see Note 22 *Assets classified as held for sale, liabilities associated with assets held for sale and discontinued operations*.

In 2019, AB InBev recognized goodwill on acquisitions of subsidiaries of 682m US dollar (2018: 107m US dollar) – see also Note 6 *Acquisitions and disposals of subsidiaries*.

Effective 1st of January 2019 AB InBev adopted a new organizational structure resulting in a change in cash-generating units. Furthermore, following the closing in 2019 of a new bottling agreement with the Coca-Cola Group in Honduras and El Salvador and changes in the operating model of the soft drinks business acquired through the SAB combination, the company re-allocated 3.0 Bio US dollar goodwill to the Rest of Middle Americas CGU and reduced the amount of goodwill previously allocated to the South Africa and Rest of Africa CGUs by 2.2 billion US dollar and 0.8 billion US dollar, respectively.

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 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**	**2019**	**2018[1]**
United States	33 451	33 288
Rest of North America	1 984	1 891
Mexico	13 175	12 614
Colombia	18 647	18 796
Rest of Middle Americas	25 257	21 969
Brazil	4 539	4 715
Rest of South America	1 101	1 139
Europe	2 277	2 222
South Africa	13 500	15 910
Rest of Africa	6 691	7 701
China	3 095	2 758
Rest of Asia Pacific[2]	4 397	10 308
Total carrying amount of goodwill	**128 114**	**133 311**

A significant portion of the goodwill was recorded in connection with the 2016 combination with SAB.

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. Goodwill impairment testing relies on a number of critical judgments, estimates and assumptions. 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. If the company's current assumptions and estimates, including projected revenues growth rates, competitive and consumer trends, weighted average cost of capital, terminal growth rates, and other market factors, are not met, or if valuation factors outside of the company's control change unfavorably, the estimated fair value of goodwill could be adversely affected, leading to a potential impairment in the future.

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 Colombia, Rest of Middle Americas and South Africa cash-generating units that show the highest invested capital to EBITDA multiple. 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, which accounted for approximately 54% of AB InBev total assets as at 31 December 2019, 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 the cash-generating units showing an invested capital to EBITDA multiple above 9x and valuation multiples for the 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;

[1] The 2018 presentation has been restated following the change in cash-generating units effective as of 1 January 2019.
[2] The balance attributable to the Rest of Asia Pacific CGU as at 31 December 2018 includes the Australia operations' goodwill reclassified to assets held for sale as at 31 December 2019.

- 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 3% and 5%.

For the cash generating units subject to a discounted free cash flow approach, the WACC applied in US dollar nominal terms were as follows:

Cash-generating unit	2019	2018
Colombia	6%	7%
Rest of Middle Americas	9%	9%
South Africa	7%	8%
Rest of Africa	10%	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).

15. Intangible assets

Million US dollar	31 December 2019 Brands	Commercial intangibles	Software	Other	Total	31 December 2018[1] Total
Acquisition cost						
Balance at end of previous year	**42 133**	**2 949**	**2 692**	**691**	**48 465**	**48 871**
Effect of movements in foreign exchange	(13)	(34)	(29)	(3)	(79)	(1 765)
Acquisitions through business combinations	88	-	5	6	99	24
Acquisitions and expenditures	-	290	113	228	631	668
Disposals	-	(120)	(136)	(3)	(259)	(96)
Disposals through the sale of subsidiaries	(29)	-	-	-	(29)	(47)
Transfer (to)/from other asset categories and other movements[2]	(2 105)	(311)	(51)	(253)	(2 720)	810
Balance at end of period	**40 074**	**2 774**	**2 594**	**666**	**46 108**	**48 465**
Amortization and impairment losses						
Balance at end of previous year	**(32)**	**(1 479)**	**(2 002)**	**(121)**	**(3 634)**	**(2 997)**
Effect of movements in foreign exchange	-	24	16	1	41	164
Amortization	-	(239)	(322)	(61)	(622)	(445)
Disposals	-	117	135	2	254	14
Disposals through the sale of subsidiaries	-	-	-	-	-	30
Transfer to/(from) other asset categories and other movements[1]	-	(18)	322	1	305	(400)
Balance at end of period	**(32)**	**(1 595)**	**(1 851)**	**(178)**	**(3 656)**	**(3 634)**
Carrying value						
at 31 December 2018	**42 101**	**1 470**	**690**	**570**	**44 831**	**44 831**
at 31 December 2019	**40 042**	**1 179**	**743**	**488**	**42 452**	

As a result of the agreement to divest CUB to Asahi, the company reclassified 2 727m US dollar intangible assets to assets held for sale – see Note 22 *Assets classified as held for sale, liabilities associated with assets held for sale and discontinued operations*.

During 2019, AB InBev recognized intangible assets on acquisitions of subsidiaries of 128m US dollar (2018: 24m US dollar) out of which 29m US dollar relates to acquisitions in Australia subsequently tranferred to assets held for sale – see also Note 6 *Acquisitions and disposals of subsidiaries*.

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 at 31 December 2019, the carrying amount of the intangible assets amounted to 42 452m US dollar (31 December 2018: 44 831m US dollar) of which 40 181m US dollar was assigned an indefinite useful life (31 December 2018: 42 435m US dollar) and 2 271m US dollar a finite life (31 December 2018: 2 396m US dollar).

[1] As required by IFRS 5, the intangible assets balances of the Australia operations were reclassified to assets held for sale as at 31 December 2019 without restatement of the 2018 balances.

[2] 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 intangible assets 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*. Accordingly, the 2019 transfers include the balances of Australian operations reclassified to assets held for sale as at 31 December 2019.

The carrying amount of intangible assets with indefinite useful lives was allocated to the cash-generating units as follows:

Million US dollar Country	2019	2018
United States	22 124	22 037
Rest of North America	66	63
Mexico	3 243	3 068
Colombia	3 488	3 516
Rest of Middle Americas	3 915	3 915
Brazil	3	1
Rest of South America	714	741
Europe	489	535
South Africa	3 417	3 338
Rest of Africa	1 228	1 261
China	410	381
Rest of Asia Pacific	1 120	3 579
Total carrying amount of intangible assets with indefinite useful lives	**40 217**	**42 435**

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:

	2019			2018		
Million US dollar	AB InBev Efes	Castel	Efes	AB InBev Efes	Castel	Efes
Balance at 1 January	1 159	3 279	479	-	3 480	694
Effect of movements in foreign exchange	-	(56)	(59)	-	(213)	(194)
Acquisitions	-	-	-	1 157	-	-
Dividends received	(15)	(95)	(11)	-	(98)	(11)
Share of results of associates	(11)	111	42	2	110	(10)
Balance at end of period	**1 133**	**3 239**	**451**	**1 159**	**3 279**	**479**

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*.

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:

	2019			2018		
Million US dollar	AB InBev Efes	Castel	Efes	AB InBev Efes	Castel	Efes
Current assets	377	4 044	2 266	275	4 193	2 888
Non-current assets	767	4 255	5 618	664	4 291	6 463
Current liabilities	652	1 631	1 859	556	1 643	2 233
Non-current liabilities	109	743	1 986	-	635	2 207
Non-controlling interests	-	723	1 909	-	939	2 297
Net assets	**383**	**5 201**	**2 130**	**383**	**5 267**	**2 614**
Revenue	1 388	5 107	4 015	1 081	5 786	3 816
Profit (loss)	23	719	276	4	921	(43)
Other comprehensive income (loss)	-	(372)	(431)	-	(254)	1 536
Total comprehensive income (loss)	23	347	(155)	4	667	1 493

In 2019, associates that are not individually material contributed 10m US dollar to the results of investment in associates (2018: 51m US dollar).

Following the entry of Zimbabwe in a hyperinflation economy in 2019, the company recorded an impairment of 188m US dollar on its investment in Delta Corporation Ltd. The impairment is recorded as a non-recurring net finance cost. Refer to Note 11 *Finance cost and income*.

Additional information related to the significant associates is presented in Note 36 *AB InBev Companies*.

17. Investment securities

Million US dollar	2019	2018
Investment in unquoted companies	86	84
Investment on debt securities	25	24
Non-current investments	**111**	**108**
Investment on debt securities	91	87
Current investments	**91**	**87**

As of 31 December 2019, current debt securities of 91m US dollar mainly represented investments in government bonds (31 December 2018: 87m US dollar). 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:

	2019		
Million US dollar	Assets	Liabilities	Net
Property, plant and equipment	415	(2 550)	(2 135)
Intangible assets	112	(10 327)	(10 215)
Inventories	119	(67)	52
Trade and other receivables	52	(1)	51
Interest-bearing loans and borrowings	706	(603)	103
Employee benefits	631	(3)	628
Provisions	467	(22)	445
Derivatives	23	(21)	2
Other items	311	(861)	(550)
Loss carry forwards	515	-	515
Gross deferred tax assets/(liabilities)	**3 350**	**(14 455)**	**(11 105)**
Netting by taxable entity	**(1 631)**	**1 631**	**-**
Net deferred tax assets/(liabilities)	**1 719**	**(12 824)**	**(11 105)**

Million US dollar	2018 restated 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	535	(618)	(83)
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)	**3 255**	**(14 903)**	**(11 648)**
Netting by taxable entity	**(1 738)**	**1 738**	**-**
Net deferred tax assets/(liabilities)	**1 517**	**(13 165)**	**(11 648)**

The change in net deferred taxes recorded in the consolidated statement of financial position can be detailed as follows:

Million US dollar	2019	2018 restated
Balance at 1 January	**(11 648)**	**(11 857)**
Recognized in profit or loss	19	95
Recognized in other comprehensive income	109	(130)
Acquisitions through business combinations	(18)	(23)
Reclassified as held for sale	363	-
Other movements and effect of changes in foreign exchange rates	70	267
Balance at 31 December	**(11 105)**	**(11 648)**

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 4 734m US dollar (2018: 5 280m US dollar). 728m US dollar of these tax losses and deductible temporary differences do not have an expiration date, 22m US dollar, 737m US dollar and 218m US dollar expire within respectively 1, 2 and 3 years, while 3 029m 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	2019	2018
Prepayments	105	123
Raw materials and consumables	2 478	2 387
Work in progress	405	363
Finished goods	1 257	1 215
Goods purchased for resale	182	146
Inventories	**4 427**	**4 234**
Inventories other than work in progress		
Inventories stated at net realizable value	171	59

The cost of inventories recognized as an expense in 2019 amounts to 20 362m US dollar, included in cost of sales (2018: 19 933m US dollar).

Impairment losses on inventories recognized in 2019 amount to 59m US dollar (2018: 72m US dollar).

20. Trade and other receivables

NON-CURRENT TRADE AND OTHER RECEIVABLES

Million US dollar	2019	2018
Cash deposits for guarantees	219	197
Loans to customers	58	45
Deferred collection on disposals	-	53
Tax receivable, other than income tax	166	139
Trade and other receivables	363	335
	807	**769**

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	2019	2018
Trade receivables and accrued income	4 046	4 412
Interest receivable	21	19
Tax receivable, other than income tax	821	378
Loans to customers	119	143
Prepaid expenses	563	329
Other receivables	616	1 094
	6 187	**6 375**

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 2019 and 2018 respectively:

			Of which not impaired as of the reporting date and past due			
	Net carrying amount as of 31 December 2019	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	4 046	3 690	261	44	44	7
Loans to customers	177	172	1	2	2	-
Interest receivable	21	21	-	-	-	-
Other receivables	616	582	9	16	5	4
	4 860	**4 465**	**271**	**62**	**51**	**11**

			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**

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 2019 amount to 51m US dollar (2018: 43m 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 2019	31 December 2018
Short-term bank deposits	2 236	2 233
Cash and bank accounts	5 002	4 841
Cash and cash equivalents	**7 238**	**7 074**
Bank overdrafts	**(68)**	**(114)**
	7 169	**6 960**

The cash outstanding as at 31 December 2019 includes restricted cash for an amount of 78m US dollar (31 December 2018: 2m US dollar). This restricted cash relates to an outstanding consideration payable to former Anheuser-Busch shareholders that have not yet claimed the proceeds from the 2008 combination (2m US dollar) and amounts deposited on a blocked account in respect to the state aid investigation into the Belgian excess profit ruling system (76m US dollar) – see also Note 32 *Contingencies*.

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 2019	31 December 2018
Balance at the end of previous year	**39**	**133**
Reclassified to assets held for sale in the period	9 692	35
Disposals	(59)	(128)
Effect of movements in foreign exchange	341	(1)
Balance at the end of year	**10 013**	**39**

LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE

Million US dollar	31 December 2019	31 December 2018
Balance at the end of previous year	**-**	**-**
Reclassified to liabilities associated with assets held for sale	1 158	-
Effect of movements in foreign exchange	39	
Balance at the end of year	**1 197**	**-**

On 19 July 2019, AB InBev announced the agreement to divest CUB, its Australian subsidiary, to Asahi for 16.0 billion AUD (11.2 billion[1] US dollar before any price adjustments) on a cash free, debt free basis. Asahi has committed financing in place and the transaction is subject to customary closing conditions, including but not limited to regulatory approvals in Australia. The transaction is expected to close by the first quarter of 2020. The company will continue to manage these operations until the transaction completes.

Consequently, in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, assets and liabilities associated with the Australian operations have been reclassified to assets held for sale and liabilities associated with assets held for sale. Furthermore, the results of the Australian operations are now accounted for as discontinued operations and presented in a separate line in the consolidated income statement ("profit from discontinued operations"). As required by IFRS 5, the 2018 consolidated income statement and statement of cash flows have been restated in these consolidated financial statements.

[1] Converted into US dollars at the December 2019 closing rate of 1.423803.

ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities relating to the Australian operations have been classified as held for sale on the consolidated statement of financial position as at 31 December 2019. The relevant assets and liabilities are detailed in the table below:

Million US dollar	31 December 2019
Assets	
Property, plant and equipment	625
Goodwill and intangible assets	9 030
Other assets	310
Assets classified as held for sale	**9 965**
Liabilities	
Trade and other payables	659
Deferred tax liabilities	380
Other liabilities	106
Liabilities associated with assets held for sale	**1 145**

RESULTS FROM DISCONTINUED OPERATIONS

The following table summarizes the results of the Australian operations included in the consolidated income statements and presented as discontinued operations:

For the twelve-month period ended 31 December Million US dollar	2019	2018 restated
Revenue	1 394	1 577
Profit from operations	632	775
Profit from discontinued operations	424	531

The cumulative foreign exchange differences arising from translation of the consolidated net assets of Australian operations to the presentation currency will be recycled upon the disposal of the subsidiary. The cumulative other comprehensive income / (loss) attributable to the Australian operations amounted to (426)m US dollar as of 31 December 2019.

CASH FLOW FROM DISCONTINUED OPERATIONS

Cash flows attributable to the operating, investing and financing activities of the Australian operations are summarized as follows:

For the twelve-month period ended 31 December Million US dollar	2019	2018 restated
Cash flow from operating activities	640	883
Cash flow from investing activities	(77)	(109)
Cash flow from financing activities	(24)	(19)
Net increase in cash and cash equivalents	**539**	**755**

23. Changes in equity and earnings per share

STATEMENT OF CAPITAL

The tables below summarize the changes in issued capital and treasury shares during 2019:

	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	62.5	(6 549)	(2 383)
Changes during the period	(2.7)	279	(173)
	59.9	**(6 270)**	**(2 556)**

As at 31 December 2019, 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 59 862 847 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 2019, 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 is based on the notifications made to the company pursuant to the Belgian Law of 02 May 2007, which governs the disclosure of significant shareholdings in listed companies. It is included in the *Corporate Governance* section of AB InBev's annual report.

CHANGES IN OWNERSHIP INTERESTS

In compliance with IFRS 10, the acquisition or disposal of additional shares in a subsidiary is accounted for as an equity transaction with owners.

On 30 September 2019, the initial public offering (the "IPO") of a minority stake in Budweiser Brewing Company APAC Limited, AB InBev´s Asia Pacific subsidiary, was completed and Budweiser APAC commenced the listing of its shares on the Hong Kong Stock Exchange. In addition, on 3 October 2019, the over-allotment option in connection with the IPO of Budweiser APAC was fully exercised by the international underwriters.

The final number of shares issued in the IPO was 1 669 459 000 shares comprising of 72 586 000 shares issued under the Hong Kong public offering, 1 379 118 000 shares placed under the international offering, and 217 755 000 shares issued under the over-allotment option fully exercised by the international underwriters.

Following the completion of the IPO and after the exercise of the over-allotment option, AB InBev retained an 87.22% controlling interest of the issued share capital of Budweiser APAC. As presented in the consolidated statement of changes in equity, the transaction resulted in a 4.4 billion US dollar increase in equity and a 1.2 billion US dollar increase in non-controlling interest representing 12.78% of the net assets of Budweiser APAC.

The net proceeds of the offering (after deducting the underwriting commissions and other expenses in connection with the IPO and the issuance of the new shares) amount to 5.6 billion US dollar and were used to repay debt of AB InBev.

ACQUISITIONS AND DISPOSALS OF OWN SHARES (REPORT ACCORDING TO ARTICLE 7:220624 OF THE BELGIAN COMPANIES CODE OF COMPANIES AND ASSOCIATIONS) AND BORROWINGS OF OWN SHARES– PURCHASE OF OWN SHARES

During 2019, the company has not acquired any treasury shares in accordance with article 7:215 of the Belgian Code of Companies and Associations (former article 620 of the Belgian Companies Code) and has proceeded with the following disposals of its own shares.

Treasury shares

The company has used 2 664 658 treasury shares to reimburse stock lending arrangements. As a result, as at 31 December 2019, the group owned 59 862 847 own shares of which 42 158 420 were held directly by AB InBev. The par value of the share is 0.61 euro. As a consequence, the treasury shares used to reimburse stock lending arrangements during 2019 represented 1 826 021 US dollar (1 625 441 euro) of the subscribed capital and the shares that the company still owned at the end of 2019 represented 41 022 453 US dollar (36 516 337 euro) of the subscribed capital.

Borrowed shares

In order to fulfill AB InBev's commitments under various outstanding stock option plans, during the course of 2019, the company had stock lending arrangements in place for up to 32 664 658 shares, of which 31 601 230 shares were used to fulfil stock option plan commitments during 2019. As at 31 December 2019, given the repayment of 2 664 658 shares, the balance of borrowed shares still to be repaid amounted to 30 million. On such date, an amount of 1 063 428 borrowed shares remained available for further use.The company shall pay any dividend equivalent after tax in respect of such borrowed shares. This payment will be reported through equity as dividend.

DIVIDENDS

On 24 October 2019, an interim dividend of 0.80 euro per share or approximately 1 588m euro was approved by the Board of Directors. This interim dividend was paid out on 21 November 2019. On 26 February 2020, in addition to the interim dividend paid on 21 November 2019, a dividend of 1 euro per share or 1 998m euro was proposed by the Board of Directors, reflecting a total dividend payment for the 2019 fiscal year of 1.80 euro per share or 3 586m euro.

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 24 April 2019, in addition to the interim dividend paid on 29 November 2018, a dividend of 1.00 euro per share (or 1 978m euro) was approved at the shareholder' meeting, reflecting a total dividend payment for the 2018 fiscal year of 1.80 euro per share (or 3 557m euro). The dividend was paid out on 9 May 2019.

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 that 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 2019, 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 taxes, if applicable, generally do 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, because 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 (approximately 56m US dollar).

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 2019	**(21 079)**	**494**	**(1 567)**	**(22 152)**
Other comprehensive income				
Exchange differences on translation of foreign operations (gains/(losses))	1 143	-	-	**1 143**
Cash flow hedges	-	(97)	-	**(97)**
Re-measurements of post-employment benefits	**-**	**-**	(173)	**(173)**
Total comprehensive income	**1 143**	**(97)**	**(173)**	**873**
As per 31 December 2019	**(19 936)**	**397**	**(1 740)**	**(21 279)**

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 operations (gains/(losses))	(7 374)	-	-	**(7 374)**
Cash flow hedges	-	(92)	-	**(92)**
Re-measurements of post-employment benefits	-	-	98	**98**
Total comprehensive income	**(7 374)**	**(92)**	**98**	**(7 368)**
As per 31 December 2018	**(21 079)**	**494**	**(1 567)**	**(22 152)**

EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2019 is based on the profit attributable to the equity holders of AB InBev of 9 171m US dollar (31 December 2018: 4 370m 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	2019	2018
Issued ordinary and restricted shares at 1 January, net of treasury shares	1 957	1 934
Effect of stock lending	25	18
Effect of undelivered shares under the deferred share instrument	-	9
Effect of delivery of treasury shares	2	14
Weighted average number of ordinary and restricted shares at 31 December	**1 984**	**1 975**

The calculation of diluted earnings per share for the year ended 31 December 2019 is based on the profit attributable to the equity holders of AB InBev of 9 171m US dollar (31 December 2018: 4 370m US dollar) and the weighted average number of ordinary and restricted shares (diluted) outstanding (including deferred share instruments and stock lending) at the end of the period, calculated as follows:

Million shares	2019	2018
Weighted average number of ordinary and restricted shares at 31 December	1 984	1 975
Effect of share options, warrants and restricted stock units	42	36
Weighted average number of ordinary and restricted shares (diluted) at 31 December	**2 026**	**2 011**

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 the profit before non-recurring items and discontinued operations, attributable to equity holders of AB InBev to the profit attributable to equity holders of AB InBev is calculated as follows:

Million US dollar	2019	2018 restated
Profit before non-recurring items and discontinued operations, attributable to equity holders of AB InBev	8 086	6 248
Non-recurring items, before taxes (refer to Note 8)	(323)	(692)
Non-recurring finance income/(cost), before taxes (refer to Note 8)	882	(1 982)
Non-recurring taxes (refer to Note 8)	(6)	233
Non-recurring non-controlling interest (refer to Note 8)	108	32
Profit from discontinued operations	424	531
Profit attributable to equity holders of AB InBev	**9 171**	**4 370**

The calculation of the Underlying EPS[1] is based on the profit before non-recurring items, discontinued operations, mark-to-market gains/losses and hyperinflation impacts attributable to equity holders of AB InBev. A reconciliation of the profit before non-recurring items, discontinued operations, mark-to-market gains/losses and hyperinflation impacts, attributable to equity holders of AB InBev to the profit before non-recurring items and discontinued operations, attributable to equity holders of AB InBev, is calculated as follows:

Million US dollar	2019	2018 restated
Profit before non-recurring items, discontinued operations, mark-to-market gains/losses and hyperinflation impacts, attributable to equity holders of AB InBev	7 196	8 099
Mark-to-market (losses)/gains on certain derivatives related to the hedging of share-based payment programs (refer to Note 11)	898	(1 774)
Hyperinflation impacts	(7)	(77)
Profit before non-recurring items and discontinued operations, attributable to equity holders of AB InBev	**8 086**	**6 248**

[1] See glossary.

The table below sets out the EPS calculation:

Million US dollar	2019	2018 restated
Profit attributable to equity holders of AB InBev	9 171	4 370
Weighted average number of ordinary and restricted shares	1 984	1 975
Basic EPS from continuing and discontinued operations	**4.62**	**2.21**
Profit from continuing operations attributable to equity holders of AB InBev	8 748	3 839
Weighted average number of ordinary and restricted shares	1 984	1 975
Basic EPS from continuing operations	**4.41**	**1.94**
Profit from continuing operations before non-recurring items and discontinued operations, attributable to equity holders of AB InBev	8 086	6 248
Weighted average number of ordinary and restricted shares	1 984	1 975
Basic EPS from continuing operations before non-recurring items	**4.08**	**3.16**
Profit before non-recurring items, discontinued operations, mark-to-market gains/losses and hyperinflation impacts, attributable to equity holders of AB InBev	7 196	8 099
Weighted average number of ordinary and restricted shares	1 984	1 975
Underlying EPS	**3.63**	**4.10**
Profit attributable to equity holders of AB InBev	9 171	4 370
Weighted average number of ordinary and restricted shares (diluted)	2 026	2 011
Diluted EPS from continuing and discontinued operations	**4.53**	**2.17**
Profit from continuing operations attributable to equity holders of AB InBev	8 748	3 839
Weighted average number of ordinary and restricted shares (diluted)	2 026	2 011
Diluted EPS from continuing operations	**4.32**	**1.91**
Profit from continuing operations before non-recurring items, attributable to equity holders of AB InBev	8 086	6 248
Weighted average number of ordinary and restricted shares (diluted)	2 026	2 011
Diluted EPS from continuing operations before non-recurring items	**3.99**	**3.11**

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. 59m share options were anti-dilutive and not included in the calculation of the dilutive effect as at 31 December 2019 (31 December 2018: 63m share options).

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 2019	31 December 2018 restated
Secured bank loans	71	109
Unsecured bank loans	50	86
Unsecured bond issues	95 674	105 170
Unsecured other loans	77	57
Lease liabilities	1 692	1 575
Non-current interest-bearing loans and borrowings	**97 564**	**106 997**

Current liabilities Million US dollar	31 December 2019	31 December 2018 restated
Secured bank loans	790	370
Commercial papers	1 599	1 142
Unsecured bank loans	135	22
Unsecured bond issues	2 532	2 626
Unsecured other loans	20	14
Lease liabilities	333	410
Current interest-bearing loans and borrowings	**5 410**	**4 584**

The current and non-current interest-bearing loans and borrowings amount to 103.0 billion US dollar as of 31 December 2019, compared to 111.6 billion US dollar as of 31 December 2018.

Commercial papers amount to 1.6 billion US dollar as of 31 December 2019 and include programs in US dollar and euro with a total authorized issuance up to 5.0 billion US dollar and 3.0 billion euro, respectively.

During 2019, Anheuser-Busch InBev Worldwide Inc. (ABIWW) and Anheuser-Busch InBev NV/SA (ABISA) completed the issuance of the following series of bonds:

Issue date	Issuer (abbreviated)	Maturity date	Currency	Aggregate principal amount (in millions)	Interest rate
23 Jan 2019	ABIWW	23 Jan 2025	USD	2 500	4.150%
23 Jan 2019	ABIWW	23 Jan 2029	USD	4 250	4.750%
23 Jan 2019	ABIWW	23 Jan 2031	USD	750	4.900%
23 Jan 2019	ABIWW	23 Jan 2039	USD	2 000	5.450%
23 Jan 2019	ABIWW	23 Jan 2049	USD	4 000	5.550%
23 Jan 2019	ABIWW	23 Jan 2059	USD	2 000	5.800%
29 Mar 2019	ABISA	1 Jul 2027	EUR	1 250	1.125%
29 Mar 2019	ABISA	28 Mar 2031	EUR	1 000	1.650%

On 11 February 2019, the company completed the tender offers of twelve series of notes issued by Anheuser-Busch InBev Finance Inc. (ABIFI), Anheuser-Busch Companies LLC (ABC) and Anheuser-Busch InBev Worldwide Inc. (ABIWW) and repurchased 16.3 billion US dollar aggregate principal amount of these notes. The total principal amount accepted in the tender offers is set out in the table below.

Date of redemption	Issuer (abbreviated)	Title of series of notes issued exchanged	Currency	Original principal amount outstanding (in million US dollar)	Principal amount redeemed (in million US dollar)
11 Feb 2019	ABIFI	2.650% Notes due 2021	USD	4 968	2 519
11 Feb 2019	ABIFI	Floating Rate Notes due 2021	USD	500	189
11 Feb 2019	ABIWW	4.375% Notes due 2021	USD	500	215
11 Feb 2019	ABIWW	3.750% Notes due 2022	USD	2 350	1 101
11 Feb 2019	ABIWW	2.500% Notes due 2022	USD	3 000	1 296
11 Feb 2019	ABIFI	2.625% Notes due 2023	USD	1 250	607
11 Feb 2019	ABIFI	3.300% Notes due 2023	USD	6 000	2 886
11 Feb 2019	ABIWW	Floating Rate Notes due 2024	USD	500	271
11 Feb 2019	ABIWW	3.500% Notes due 2024	USD	1 500	846
11 Feb 2019	ABIFI	3.700% Notes due 2024	USD	1 400	535
11 Feb 2019	ABIFI	3.650% Notes due 2026	USD	2 445	812
11 Feb 2019	ABC	3.650% Notes due 2026	USD	8 555	5 064

Furthermore, in 2019, the company redeemed the outstanding principal amounts indicated in the table below of the following series of notes issued by Anheuser-Busch InBev NV/SA (ABISA), Anheuser-Busch InBev Finance Inc. (ABIFI) and Anheuser-Busch InBev Worldwide Inc. (ABIWW):

Date of redemption	Issuer (abbreviated)	Title of series of notes issued exchanged	Currency	Aggregate principal amount outstanding (in millions)	Principal amount redeemed (in millions)
25 Apr 2019	ABISA	2.25% Notes due 2020	EUR	750	750
25 Apr 2019	ABIWW	3.750% Notes due 2022	USD	1 249	1 249
25 Apr 2019	ABIFI	3.300% Notes due 2023	USD	3 114	315
29 Oct 2019	ABISA	0.625% Notes due 2020	EUR	1 750	1 750
29 Oct 2019	ABIFI	2.650% Notes due 2021	USD	2 449	2 449
29 Oct 2019	ABIWW	2.500% Notes due 2022	USD	1 704	525
12 Nov 2019	ABIWW	2.500% Notes due 2022	USD	1 179	725

Terms and debt repayment schedule at 31 December 2019 Million US dollar	Total	1 year or less	1-2 years	2-3 years	3-5 years	More than 5 years
Secured bank loans	861	790	14	14	16	27
Commercial papers	1 599	1 599	-	-	-	-
Unsecured bank loans	185	135	50	-	-	-
Unsecured bond issues	98 206	2 532	2 506	2 760	11 435	78 973
Unsecured other loans	98	21	13	8	4	52
Lease liabilities	2 025	333	290	198	225	979
	102 974	**5 410**	**2 873**	**2 980**	**11 680**	**80 031**

Terms and debt repayment schedule at 31 December 2018 Million US dollar (restated)	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
Lease liabilities	1 985	410	312	255	357	650
	111 581	**4 584**	**5 627**	**8 401**	**17 572**	**75 396**

Lease liabilities Million US dollar	2019 Payments	2019 Interests	2019 Principal	2018 Payments restated	2018 Interests restated	2018 Principal restated
Less than one year	404	71	333	508	98	410
Between one and two years	350	60	290	391	79	312
Between two and three years	243	45	198	325	70	255
Between three and five years	285	60	225	467	110	357
More than 5 years	1 056	77	979	900	250	650
	2 338	**313**	**2 025**	**2 591**	**606**	**1 985**

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 because it is one of the primary measures that AB InBev's management uses when evaluating its progress towards deleveraging.

AB InBev's net debt decreased to 95.5 billion US dollar as of 31 December 2019, from 104.2 billion US dollar as of 31 December 2018 after restatement for adoption of IFRS 16 on lease accounting and inclusion of the lease liability. Aside from operating results that are net of capital expenditures, the net debt is impacted mainly by the payment of interests and taxes (7.1 billion US dollar), the settlement of derivatives (0.8 billion US dollar increase of net debt), dividend payments to AB InBev's shareholders (5.0 billion US dollar), foreign exchange impact on debt (0.4 billion US dollar) and the proceeds of the IPO of AB InBev's Asia Pacific subsidiary (5.6 billion US dollar proceeds net of expenses).

The following table provides a reconciliation of AB InBev's net debt as at 31 December:

Million US dollar	31 December 2019	31 December 2018 restated
Non-current interest-bearing loans and borrowings	97 564	106 997
Current interest-bearing loans and borrowings	5 410	4 584
Interest-bearing loans and borrowings	**102 974**	**111 581**
Bank overdrafts	68	114
Cash and cash equivalents	(7 238)	(7 074)
Interest bearing loans granted and other deposits (included within Trade and other receivables)	(146)	(268)
Debt securities (included within Investment securities)	(117)	(111)
Net debt	**95 542**	**104 242**

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 cash flow statement 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 2019	**106 997**	**4 584**
Proceeds from borrowings	17 939	4 645
Payments on borrowings	(22 339)	(8 253)
Capitalization / (payment) of lease liabilities	420	(441)
Amortized cost	75	13
Unrealized foreign exchange effects	(538)	(39)
Current portion of long-term debt	(4 769)	4 769
Liabilities associated with assets held for sale	(69)	(15)
Other movements	(152)	147
Balance at 31 December 2019	**97 564**	**5 410**

Million US dollar (restated)	Long-term debt, net of current portion	Short-term debt and current portion of long-term debt
Balance at 1 January 2018	**110 637**	**7 846**
Proceeds from borrowings	15 111	2 672
Payments on borrowings	(13 925)	(8 564)
Capitalization / (payment) of lease liabilities	215	(423)
Amortized cost	47	17
Unrealized foreign exchange effects	(1 951)	(316)
Current portion of long-term debt	(3 114)	3 114
Other movements	(22)	238
Balance at 31 December 2018	**106 997**	**4 584**

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 2019, contributions paid into defined contribution plans for the company amounted to 101m US dollar compared to 109m US dollar for 2018.

DEFINED BENEFIT PLANS

During 2019, the company contributed to 82 defined benefit plans, of which 61 are retirement or leaving service plans, 17 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 161m 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 2019, 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 834m US dollar as of 31 December 2019 compared to 2 665m US dollar as of 31 December 2018. In 2019, the fair value of the plan assets increased by 383m US dollar and the defined benefit obligations increased by 575m US dollar. The increase in the employee benefit net liability is mainly driven by decreases in discount rates and unfavorable 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	2019	2018
Present value of funded obligations	(7 333)	(6 762)
Fair value of plan assets	5 442	5 059
Present value of net obligations for funded plans	**(1 891)**	**(1 703)**
Present value of unfunded obligations	(810)	(806)
Present value of net obligations	**(2 701)**	**(2 509)**
Unrecognized asset	(74)	(77)
Net liability	**(2 775)**	**(2 586)**
Other long-term employee benefits	(59)	(79)
Total employee benefits	**(2 834)**	**(2 665)**
Employee benefits amounts in the balance sheet:		
Liabilities	(2 848)	(2 681)
Assets	14	16
Net liability	**(2 834)**	**(2 665)**

The changes in the present value of the defined benefit obligations are as follows:

Million US dollar	2019	2018
Defined benefit obligation at 1 January	**(7 568)**	**(8 410)**
Current service costs	(67)	(72)
Interest cost	(326)	(322)
Past service gain/(cost)	(9)	(3)
Settlements	109	45
Benefits paid	596	493
Contribution by plan participants	(2)	(3)
Actuarial gains/(losses) – demographic assumptions	61	27
Actuarial gains/(losses) – financial assumptions	(912)	350
Experience adjustments	29	14
Exchange differences	(86)	313
Transfers and other movements	32	-
Defined benefit obligation at 31 December	**(8 143)**	**(7 568)**

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately 1.7 billion US dollar relating to active employees, 1.7 billion US dollar relating to deferred members and 4.8 billion US dollar relating to members in retirement.

The changes in the fair value of plan assets are as follows:

Million US dollar	2019	2018
Fair value of plan assets at 1 January	**5 059**	**5 623**
Interest income	218	225
Administration costs	(23)	(14)
Return on plan assets exceeding interest income	579	(333)
Contributions by AB InBev	294	307
Contributions by plan participants	2	3
Benefits paid net of administration costs	(596)	(493)
Assets distributed on settlements	(107)	(45)
Exchange differences	46	(214)
Transfers and other movements	(30)	-
Fair value of plan assets at 31 December	**5 442**	**5 059**

Actual return on plans assets amounted to a gain of 797m US dollar in 2019 compared to a loss of 108m US dollar in 2018.

The changes in the unrecognized asset are as follows:

Million US dollar	2019	2018
Irrecoverable surplus impact at 1 January	**(77)**	**(111)**
Interest expense	(7)	(10)
Changes excluding amounts included in interest expense	9	44
Irrecoverable surplus impact at 31 December	**(74)**	**(77)**

The expense recognized in the income statement with regard to defined benefit plans can be detailed as follows:

Million US dollar	2019	2018
Current service costs	(67)	(72)
Administration costs	(23)	(14)
Past service cost due to plan amendments and curtailments	66	(3)
(Losses)/gains due to experience and demographic assumption changes	1	3
Profit from operations	**(23)**	**(86)**
Net finance cost	(114)	(107)
Total employee benefit expense	**(137)**	**(193)**

The employee benefit expense is included in the following line items of the income statement:

Million US dollar	2019	2018
Cost of sales	(17)	(26)
Distribution expenses	(5)	(11)
Sales and marketing expenses	(4)	(16)
Administrative expenses	3	(28)
Other operating (expense)/income	-	(6)
Non-recurring items	-	1
Net finance cost	(114)	(107)
	(137)	**(193)**

Weighted average assumptions used in computing the benefit obligations of the company's significant plans at the balance sheet date are as follows:

	2019					
	United States	Canada	Mexico	Brazil	United Kingdom	AB InBev
Discount rate	3.3%	3.1%	7.5%	7.2%	2.0%	3.3%
Price inflation	2.5%	2.0%	3.5%	3.8%	3.1%	2.7%
Future salary increases	-	1.0%	4.3%	7.4%-5.4%	-	3.8%
Future pension increases	-	2.0%	3.5%	3.8%	2.9%	2.7%
Medical cost trend rate	6.5%-4.5%	4.5%	-	7.4%	-	6.6%-6.1%
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

	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

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 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 13.8 years (2018: 13.3 years).

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Million US dollar	2019		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	(523)	565
Price inflation	0.5%	171	(182)
Future salary increase	0.5%	32	(30)
Medical cost trend rate	1.0%	45	(39)
Longevity	One year	251	(252)

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:

	2019			2018		
	Quoted	**Unquoted**	**Total**	**Quoted**	**Unquoted**	**Total**
Government bonds	33%	-	33%	32%	-	32%
Corporate bonds	35%	-	35%	36%	-	36%
Equity instruments	23%	-	23%	22%	-	22%
Property	-	4%	4%	-	4%	4%
Insurance contracts and others	4%	1%	5%	4%	2%	6%
	95%	**5%**	**100%**	**94%**	**6%**	**100%**

AB InBev expects to contribute approximately 325m US dollar for its funded defined benefit plans and 81m US dollar in benefit payments to its unfunded defined benefit plans and post-retirement medical plans in 2020.

26. Share-based payments[1]

Different share and share option programs allow the company's 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 restricted stock unit plan for directors ("Restricted Stock Units Plan for 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 the grant date, using a binomial Hull model, which has been 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 of the company's share-based payment plans are equity-settled.

Share-based payment transactions resulted in a total expense of 340m US dollar for the year 2019, as compared to 353m US dollar for the year 2018.

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, members of 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 2019, AB InBev issued 1.6m of matching restricted stock units in relation to bonus granted to company employees and management (2018: 1.5m of matching restricted stock units). These matching restricted stock units are valued at the share price at the grant date, and representing a fair value of approximately 153m US dollar and cliff vest after five years (2018: 158m US dollar).

Restricted Stock Units Plan for Directors

Since the annual shareholder meeting of 24 April 2019, the share-based portion of the remuneration of the directors of the company has been granted in the form of restricted stock units and will no longer be granted in the form of stock options as was previously the case. Such restricted stock units vest after 5 years and, upon vesting, entitle their holders to one AB InBev share per restricted stock unit.

During 2019, approximately 0.1m restricted stock units were granted to directors with an estimated fair value of 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 2019, AB InBev issued 8.1m LTI stock options with an estimated fair value of 91m US dollar (2018: 7.2m LTI stock options with an estimated fair value of 102m US dollar). Out of these, 0.4m stock options were granted to members of the Executive Committee.

Performance related incentive plan for Disruptive Growth Function (ZX Ventures)

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 such as e.g. e-commerce, adjacencies, mobile, craft and branded experiences such as brew pubs.

During 2019, approximately 3.8m performance units were granted to senior management of the Disruptive Growth Function (2018: 2.7m performance units). The value of the performance units will depend on the return of the Disruptive Growth business area.

These units vest after 5 years provided that a performance test is met. Specific forfeiture rules apply in the event that 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, 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 the event that an employee's service is terminated before the vesting date, special forfeiture rules apply. In 2019, 0.9m restricted stock units with an estimated fair value of 74m US dollar were granted under this program to a selected number of employees (2018: 2.3m restricted stock units with an estimated fair value of 184m 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, in order to provide 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, with the first series of the restricted stock units vesting after five years, and the second series vesting after ten years. Alternatively, under this program, the restricted stock units may be granted with a shorter vesting period of 2.5 to 3 years for the first series and 5 years for the second series of the restricted stock units. In the event that an employee's service is terminated 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

[1] Amounts have been converted to US dollar at the average rate of the period, unless otherwise indicated.

purchase one existing AB InBev share. During 2019, approximately 0.1m restricted stock units were granted with an estimated fair value of 2m US dollar (2018: 0.4m stock options with an estimated fair value of 35m US dollar).

A third program allows certain employees to purchase company shares at a discount and is aimed at providing 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) 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 the event that an employee's service is terminated before the vesting date, special forfeiture rules apply. In 2019, employees purchased 0.1m shares under this program for the equivalent of 1m US dollar (2018: 0.1m shares for the equivalent of 1m 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 vesting of the Performance RSUs 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 is achieved or the vesting date. In 2019, no new Performance RSUs were granted under this program (2018: 0.5 m shares for the equivalent of 46m US dollar).

In order to maintain the consistency of benefits granted to executives and to encourage the international mobility of executives, an option exchange program can be executed whereby unvested options are exchanged for 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 2019, no options were exchanged for ordinary blocked shares (2018: nil).

The Board has also approved the early release of vesting conditions of unvested stock options or restricted stock units that 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 2019, the vesting of 0.1m stock options and restricted stock units was accelerated under this program for members of the senior management (2018: 0.3m options).

The weighted average fair value of the options and assumptions used in applying the AB InBev option pricing model for the 2019 grants of awards described above are as follows:

Amounts in US dollar unless otherwise indicated[1]	2019	2018	2017
Fair value of options granted	11.79	16.92	19.94
Share price	78.46	98.66	117.77
Exercise price	78.46	98.66	117.77
Expected volatility	23%	23%	23%
Expected dividends	3.00%	3.00%	3.00%
Risk-free interest rate	0.43%	0.39%	0.72%

Expected volatility is based on historical volatility calculated over 10-years 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	2019	2018	2017
Options outstanding at 1 January	92.6	93.0	64.9
Options issued during the year	13.8	5.2	35.0
Options exercised during the year	(10.7)	(1.7)	(3.0)
Options forfeited during the year	(7.0)	(4.0)	(3.9)
Options outstanding at the end of December	**88.7**	**92.6**	**93.0**

The range of exercise prices of the outstanding options is between 10.32 euro (11.59 US dollar)[1] and 121.95 euro (137.00 US dollar) while the weighted average remaining contractual life is 8.64 years.

Of the 88.7m outstanding options 18.6m are vested at 31 December 2019.

The weighted average exercise price of the AB InBev options is as follows:

Amounts in US dollar[1]	2019	2018	2017
Options outstanding at 1 January	94.74	98.32	76.25
Granted during the year	83.33	104.77	117.24
Exercised during the year	29.27	44.96	38.94
Forfeited during the year	108.44	113.19	108.26
Outstanding at the end of December	79.66	94.74	98.32
Exercisable at the end of December	65.33	21.40	59.66

For share options exercised during 2019, the weighted average share price at the date of exercise was 78.24 euro (87.89 US dollar).

[1] Amounts have been converted to US dollar at the closing rate of the respective period.

The total number of outstanding AB InBev restricted stock units developed as follows:

Million restricted stock units	2019	2018	2017
Restricted stock units outstanding at 1 January	6.0	5.4	5.8
Restricted stock units issued during the year	5.5	2.3	0.7
Restricted stock units exercised during the year	(1.0)	(0.5)	(0.7)
Restricted stock units forfeited during the year	(0.7)	(1.2)	(0.4)
Restricted stock units outstanding at the end of December	**9.9**	**6.0**	**5.4**

AMBEV SHARE-BASED COMPENSATION PROGRAMS

Since 2005, Ambev has had in place 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 0.2m deferred stock units in 2019 with an estimated fair value of 1m US dollar (2018: 4m deferred stock units in 2018 with an estimated fair value of 2m US dollar).

Since 2018, Ambev has had in place 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 11.8m restricted stock units in 2019 with an estimated fair value of 54m US dollar (2018: 13.1m restricted stock units with an estimated fair value of 66m US dollar).

As of 2010, senior employees are eligible for an annual long-term incentive to be paid out in Ambev LTI stock options (or, in the future, similar share-based instruments), depending on management's assessment of the employee's performance and future potential. In 2019, Ambev granted 24.6m LTI stock options with an estimated fair value of 28m US dollar (2018: 19.5m LTI stock options with an estimated fair value of 30m US dollar).

The weighted fair value of the options and assumptions used in applying a binomial option pricing model for the 2019 Ambev grants are as follows:

Amounts in US dollar unless otherwise indicated[1]	2019	2018	2017
Fair value of options granted	1.12	1.47	1.97
Share price	4.38	4.66	5.99
Exercise price	4.38	4.66	5.99
Expected volatility	24%	26%	27%
Expected dividends	0.00% - 5.00%	0.00% - 5.00%	0.00% - 5.00%
Risk-free interest rate	7.8%	9.6%	10.10%

The total number of outstanding Ambev options developed as follows:

Million options	2019	2018	2017
Options outstanding at 1 January	141.3	135.2	131.3
Options issued during the year	24.6	19.9	20.4
Options exercised during the year	(7.8)	(10.0)	(13.5)
Options forfeited during the year	(16.3)	(3.8)	(2.9)
Options outstanding at the end of December	**141.8**	**141.3**	**135.2**

The range of exercise prices of the outstanding options is between 0.001 Brazilian real (0.00 US dollar) and 34.37 Brazilian real (8.53 US dollar) while the weighted average remaining contractual life is 6.33 years.

Of the 141.8m outstanding options 46.6m options are vested at 31 December 2019.

The weighted average exercise price of the Ambev options is as follows:

Amounts in US dollar[1]	2019	2018	2017
Options outstanding at 1 January	4.17	3.94	4.19
Granted during the year	4.48	4.66	5.99
Exercised during the year	2.25	1.93	1.76
Forfeited during the year	5.27	4.79	5.41
Outstanding at the end of December	4.60	4.17	4.92
Exercisable at the end of December	4.74	0.58	1.14

For share options exercised during 2019, the weighted average share price at the date of exercise was 18.68 Brazilian real (4.63 US dollar).

[1] Amounts have been converted to US dollar at the closing rate of the respective period.

The total number of outstanding Ambev deferred and restricted stock units developed as follows:

Million restricted stock units	2019	2018	2017
Restricted stock units outstanding at 1 January	25.0	16.3	19.3
Restricted stock units issued during the year	12.0	13.5	0.8
Restricted stock units vested during the year	(4.2)	(3.7)	(2.9)
Restricted stock units forfeited during the year	(1.1)	(1.1)	(0.9)
Restricted stock units outstanding at the end of December	**31.7**	**25.0**	**16.3**

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. In 2019, Ambev did not issue any share appreciation rights.

During 2019, 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 (2018: 0.1m AB InBev shares) at a discount of 16.66% provided that they stay in service for another five years. The fair value of this transaction amounts to approximately 1m US dollar (2018: 1m US dollar) 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.

BUD APAC SHARE-BASED COMPENSATION PROGRAM

In December 2019, Budweiser APAC setup a new long term incentive plan in which senior employees are eligible for an annual long-term incentive to be paid out in Budweiser APAC stock options (or, in the future, similar share-based instruments), depending on management’s assessment of the employee’s performance and future potential. In 2019, Budweiser APAC granted 9m stock options with an estimated fair value of 10m US dollar.

Additionally, Budweiser APAC setup a new discretionary restricted stock units plan which allows for the offer of restricted stock units to certain employees in certain specific circumstances, at the discretion of the Board, e.g. as a special retention incentive. The restricted stock units vest after five years and in the event that an employee’s service is terminated before the vesting date, special forfeiture rules apply. In 2019, 4m restricted stock units with an estimated fair value of 13m US dollar were granted under this program to a selected number of employees.

27. Provisions

Million US dollar	Restructuring	Disputes	Other	Total
Balance at 1 January 2019	**130**	**1 077**	**711**	**1 918**
Effect of changes in foreign exchange rates	(2)	(13)	-	(15)
Provisions made	69	234	2	305
Provisions used	(78)	(128)	(293)	(499)
Provisions reversed	(16)	(92)	(38)	(146)
Other movements	-	(642)	(10)	(652)
Balance at 31 December 2019	**103**	**436**	**372**	**911**

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.

In 2016, the European Commission announced an investigation into the 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. On 13 May 2019, the European Commission announced that it had fined AB InBev a total of 200m euro (226m US dollar) for breaching EU antitrust rules. The fine was paid in August 2019.

Effective 1 January 2019, AB InBev adopted IFRIC 23 *Uncertainty over Income Tax Treatments* and has elected to apply IFRIC 23 retrospectively. The cumulative effect of the interpretation was recognized at the date of initial application and the company has not restated comparative periods in the year of initial application. AB InBev reviewed the income tax treatments in order to determine whether the interpretation could have an impact on the consolidated financial statements. In that respect, as at 31 December 2019, the company reclassified 573m US dollar of its existing income tax provisions into income tax liabilities, consistently with the current discussions held at the IFRS Interpretation Committee, which concluded that an entity is required to present assets and liabilities for uncertain tax treatments as current tax assets/liabilities or deferred tax assets/liabilities.

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	**103**	**39**	**22**	**23**	**19**
Indirect taxes	**107**	11	37	8	51
Labor	**133**	30	18	77	8
Commercial	**20**	8	10	1	1
Environmental	**1**	1	-	-	-
Excise duties	**12**	-	10	2	-
Other disputes	**163**	53	98	12	-
Disputes	**436**	**103**	**173**	**100**	**60**
Other provisions	**372**	**68**	**134**	**170**	**-**
Total provisions	**911**	**210**	**329**	**293**	**79**

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.

28. Trade and other payables

NON-CURRENT TRADE AND OTHER PAYABLES

Million US dollar	31 December 2019	31 December 2018
Indirect taxes payable	174	194
Trade payables	237	238
Deferred consideration on acquisitions	1 418	1 247
Other payables	113	138
Non-current trade and other payables	**1 943**	**1 816**

CURRENT TRADE AND OTHER PAYABLES

Million US dollar	31 December 2019	31 December 2018
Trade payables and accrued expenses	15 876	15 512
Payroll and social security payables	736	900
Indirect taxes payable	2 708	2 633
Interest payable	1 679	1 616
Consigned packaging	1 106	1 093
Dividends payable	338	331
Deferred income	21	32
Deferred consideration on acquisitions	221	163
Other payables	179	289
Current trade and other payables	**22 864**	**22 568**

As at 31 December 2019, deferred consideration on acquisitions is mainly comprised of 0.7 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").

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 2019	31 December 2018
Debt instruments at amortized cost		
Trade and other receivables	5 444	6 298
Debt instruments at fair value through OCI		
Unquoted debt	25	24
Debt instruments at fair value through profit or loss		
Quoted debt	91	87
Equity instruments at fair value through OCI		
Unquoted companies	85	84
Financial assets at fair value through profit or loss		
Derivatives not designated in hedge accounting relationships:		
Equity swaps	17	-
Interest rate swaps	18	9
Cross currency interest rate swaps	157	32
Other derivatives	-	20
Derivatives designated in hedge accounting relationships:		
Foreign exchange forward contracts	112	191
Foreign currency futures	7	-
Commodities	52	54
	6 009	**6 799**
Of which:		
Non-current	883	1 068
Current	5 126	5 731

[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 2019	31 December 2018 restated
Financial liabilities at fair value through profit or loss		
Derivatives not designated in hedge accounting relationships:		
Equity swaps	3 146	4 816
Cross currency interest rate swaps	140	387
Other derivatives	156	456
Derivatives designated in hedge accounting relationships:		
Foreign exchange forward contracts	435	132
Cross currency interest rate swaps	35	103
Interest rate swaps	4	56
Commodities	97	273
Equity swaps	31	61
Other derivatives	107	56
Financial liabilities at amortized cost		
Trade and other payables	21 189	20 658
Non-current interest-bearing loans and borrowings:		
Secured bank loans	71	109
Unsecured bank loans	50	86
Unsecured bond issues	95 674	105 170
Unsecured other loans	77	57
Lease liabilities	1 692	1 575
Current interest-bearing loans and borrowings:		
Secured bank loans	790	370
Unsecured bank loans	135	22
Unsecured bond issues	2 532	2 626
Unsecured other loans	20	14
Commercial paper	1 599	1 142
Bank overdrafts	68	114
Lease liabilities	333	410
	128 381	**138 693**
Of which:		
Non-current	99 684	109 385
Current	28 696	29 308

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.

AB InBev's primarily uses the following derivative instruments: 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.

Million US dollar	31 December 2019 < 1 year	1-2 years	2-3 years	3-5 years	> 5 years	31 December 2018 < 1 year	1-2 years	2-3 years	3-5 years	> 5 years
Foreign currency										
Forward exchange contracts	21 216	36	-	-	-	11 423	190	-	-	-
Foreign currency futures	1 359	723	-	-	-	648	-	-	-	-
Interest rate										
Interest rate swaps	750	-	1 500	1 000	-	2 250	750	28	1 873	36
Cross currency interest rate	15	513	5 445	500	668	1 807	51	16	6 464	681
Other interest rate derivatives	-	-	-	-	565	4	-	-	-	565
Commodities										
Aluminum swaps	1 411	22	-	-	-	1 597	73	-	-	-
Other commodity derivatives	771	20	-	-	-	1 241	32	-	-	-
Equity										
Equity derivatives	11 638	-	-	-	-	11 347	-	-	-	-

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 THE DISPOSAL OF AUSTRALIAN OPERATIONS

During 2019, AB InBev entered into derivative foreign exchange forward contracts in order to economically hedge against the exposure to changes in the US dollar against the proceeds denominated in Australian dollar. These derivatives qualify for cash flow hedge accounting under IFRS 9. As of 31 December 19, 22m US dollar positive mark-to-market adjustment (including 219m US dollars mark-to-market received in cash) related to this hedging is recognized under cash flow hedge reserve. Once the disposal is completed, the effective component of the hedge will adjust the results on disposal of subsidiaries.

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 2019			31 December 2018		
Million US dollar	Total exposure	Total hedges	Open position	Total exposure	Total hedges	Open position
Euro/Canadian dollar	(52)	39	(13)	(39)	39	-
Euro/Mexican peso	(151)	156	5	(187)	182	(5)
Euro/Pound sterling	(126)	124	(2)	(239)	213	(26)
Euro/South African rand	(99)	95	(4)	(90)	52	(38)
Euro/South Korean won	(49)	46	(3)	(51)	59	8
Euro/US dollar	(409)	337	(72)	(415)	404	(11)
Mexican peso/Chinese yuan	-	-	-	(216)	199	(17)
Mexican peso/Euro	(178)	161	(17)	(300)	301	1
Pound sterling/Euro	(39)	40	1	(34)	34	-
US dollar/Argentinian peso	(531)	510	(21)	(573)	484	(89)
US dollar/Australian dollar	(216)	204	(12)	(209)	209	-
US dollar/Bolivian boliviano	(69)	70	1	(76)	76	-
US dollar/Brazilian real	(1 443)	1 447	4	(1 303)	1 223	(80)
US dollar/Canadian dollar	(287)	295	8	(362)	286	(76)
US dollar/Chilean peso	(109)	102	(7)	(156)	155	1
US dollar/Chinese yuan	(230)	191	(39)	(201)	249	48
US dollar/Colombian peso	(278)	272	(6)	(287)	219	(68)
US dollar/Euro	(108)	113	5	(80)	78	(2)
US dollar/Mexican peso	(1 105)	903	(202)	(1 151)	1 082	(69)
US dollar/Paraguayan guarani	(124)	130	6	(177)	166	(11)
US dollar/Peruvian nuevo sol	(243)	205	(38)	(157)	149	(8)
US dollar/South African rand	(28)	31	3	(80)	83	3
US dollar/South Korean won	(88)	99	11	(114)	128	14
US dollar/Uruguayan peso	(41)	41	-	(40)	41	1
Others	(317)	250	(67)	(321)	264	(57)

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 to have the debt in the subsidiaries as much as possible linked to the functional currency of the subsidiary. To the extent this is not the case, foreign exchange risk is managed through the use of derivatives unless the cost to hedge outweighs the benefits. Interest rate decisions and currency mix of debt and cash are decided on a global basis and take into consideration the 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 Mexican peso, Chinese yuan and Peruvian nuevo sol 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:

	2019		
	Closing rate 31 December 2019	Possible closing rate[1]	Volatility of rates in %
Euro/Mexican peso	21.17	19.28 – 23.06	8.92%
Euro/Pound sterling	0.85	0.79 – 0.91	7.35%
Euro/South Korean won	1 297.02	1 216.94 – 1 377.10	6.17%
Euro/US dollar	1.12	1.07 – 1.18	4.69%
Pound sterling/US dollar	1.32	1.21 – 1.43	8.08%
US dollar/Australian dollar	1.42	1.33 – 1.52	6.70%
US dollar/Chinese yuan	6.96	6.62 – 7.30	4.86%
US dollar/Colombian peso	3 272.63	2 935.33 – 3 609.92	10.31%
US dollar/Euro	0.89	0.85 – 0.93	4.69%
US dollar/Mexican peso	18.85	17.25 – 20.44	8.48%
US dollar/Nigerian naira	362.59	350.58 – 374.60	3.31%
US dollar/Peruvian nuevo sol	3.32	3.17 – 3.47	4.50%
US dollar/South African rand	14.04	12.26 – 15.83	12.74%
US dollar/South Korean won	1 154.55	1 064.67 – 1 244.42	7.78%
US dollar/Tanzanian shilling	2 300.14	2 186.57 – 2 413.71	4.94%
US dollar/Zambian kwacha	14.02	11.24 – 16.81	19.85%

	2018		
	Closing rate 31 December 2018	Possible closing rate[2]	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	1 277.14	1 181.98 – 1 372.3	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	3 246.70	2 868.9 – 3 624.5	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	1 115.40	1 029.1 – 1 201.71	7.74%
US dollar/Tanzanian shilling	2 298.32	2 211.95 – 2 384.69	3.76%
US dollar/Zambian kwacha	11.88	10.28 – 13.47	13.41%

Had the Mexican peso, Chinese yuan, Peruvian nuevo sol and South Korean won weakened/strengthened during 2019 by the above estimated changes against the euro or the US dollar, with all other variables held constant, the 2019 impact on consolidated profit before taxes from continuing operations would have been approximately 35m US dollar (76m US dollar in 2018) higher/lower.

Additionally, the AB InBev sensitivity analysis[1] to the foreign exchange rates on its total derivatives positions as of 31 December 2019, shows a positive/negative pre-tax impact on equity reserves of 548m US dollar (587m US dollar in 2018).

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.

[1] Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2019.
[2] Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2018.

As of 31 December 2019, designated derivative and non-derivative financial instruments in net investment hedges amount to 15 522m US dollar equivalent (31 December 2018: 9 773m US dollar) in Holding companies and approximately 732m US dollar equivalent at Ambev level (31 December 2018: 632m US dollar). These instruments hedge foreign operations with Canadian dollar, Chinese yuan, Dominican peso, euro, Mexican peso, pound sterling, South African rand, 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	2019	2018 restated
Economic hedges	6	(210)
Other results - not hedged	(186)	230
	(180)	**19**

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 the cost of funding and the 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 2019 and 2018, 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.

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 2019 Interest-bearing financial liabilities Million US dollar	Before hedging Effective interest rate	Amount	After hedging Effective interest rate	Amount
Floating rate				
Australian dollar	1.87%	210	1.87%	210
Brazilian real	9.33%	43	9.33%	43
Euro	0.08%	4 214	0.08%	4 214
US dollar	2.36%	1 749	2.85%	4 269
Other	9.82%	225	4.46%	954
		6 441		**9 690**
Fixed rate				
Australian dollar	3.71%	1 647	3.71%	1 647
Brazilian real	9.00%	544	9.00%	544
Canadian dollar	3.16%	2 055	3.16%	2 055
Euro	1.82%	25 346	1.82%	29 338
Pound sterling	3.82%	4 373	3.79%	3 713
South Korean won	3.37%	15	2.46%	1 015
US dollar	4.83%	62 205	5.02%	54 551
Other	7.31%	416	6.95%	489
		96 601		**93 352**

31 December 2018 Interest-bearing financial liabilities Million US dollar Restated	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	3.22%	1 951	3.22%	1 951
Brazilian real	11.51%	525	12.13%	453
Canadian dollar	3.23%	1 942	3.23%	1 942
Euro	1.80%	28 217	1.65%	36 044
Pound sterling	3.82%	4 218	3.79%	3 586
South Korean won	-	-	2.45%	1 000
US dollar	4.28%	68 820	4.66%	59 370
Other	8.43%	311	8.43%	311
		105 984		**104 656**

At 31 December 2019, the total carrying amount of the floating and fixed rate interest-bearing financial liabilities before hedging as listed above includes bank overdrafts of 68m US dollar (31 December 2018: 114m US dollar).

As disclosed in the above table, 9 690m US dollar or 9.41% 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:

	2019		
	Interest rate 31 December 2019[1]	Possible interest rate[2]	Volatility of rates in %
Brazilian real	4.42%	3.32% - 5.52%	24.88%
Euro	-	-	6.43%
US dollar	1.91%	1.51% - 2.30%	20.66%

	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%

When AB InBev applies the reasonably possible increase/decrease in the market interest rates mentioned above on its floating rate debt at 31 December 2019, with all other variables held constant, 2019 interest expense would have been 16m US dollar higher/lower (2018: 8m US dollar). This effect would be more than offset by (22m) US dollar higher/lower interest income on AB InBev's interest-bearing financial assets (2018: (60)m US dollar).

Interest expense

Interest expense recognized on unhedged and hedged financial liabilities are as follows:

Million US dollar	2019	2018 restated
Financial liabilities measured at amortized cost – not hedged	(4 264)	(4 053)
Fair value hedges	(46)	(76)
Cash flow hedges	15	21
Net investment hedges - hedging instruments (interest component)	2	35
Economic hedges	129	100
	(4 164)	**(3 973)**

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 manage the exposure to the price volatility. The most significant commodity exposures as at 31 December 2019 are included in the table below (expressed in outstanding notional amounts):

Million US dollar	2019	2018
Aluminum swaps	1 449	1 670
Exchange traded sugar futures	54	62
Natural gas and energy derivatives	256	313
Corn swaps	195	196
Exchange traded wheat futures	20	424
Rice swaps	328	194
Plastic derivatives	59	84
	2 360	**2 943**

[1] Applicable 3-month InterBank Offered Rates as of 31 December 2019 and as of 31 December 2018.
[2] Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2019 and at December 2018. 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 2019 profits as most of the company's exposure is hedged using derivative contracts and designated in hedge accounting in accordance with IFRS 9 rules.

The tables below show the estimated impact that changes in the price of the commodities, for which AB InBev held material derivative exposures at 31 December 2019 and 2018, would have on the equity reserves.

	2019		
	Volatility of	Pre-tax impact on equity	
Million US dollar	prices in %[1]	Prices increase	Prices decrease
Aluminum	21.78%	312	(312)
Sugar	29.73%	16	(16)
Wheat	30.30%	6	(6)
Energy	25.86%	66	(66)
Rice	22.64%	47	(47)
Corn	21.74%	42	(42)
Plastic	24.03%	14	(14)

	2018		
	Volatility of	Pre-tax impact on equity	
Million US dollar	prices in %[2]	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)

EQUITY PRICE RISK

AB InBev enters into derivatives to hedge the price risk on its shares when such risk 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 2019, an exposure for an equivalent of 99.5m of AB InBev shares was hedged, resulting in a total gain of 1.8 billion US dollar recognized in the profit or loss account for the period, of which 898m US dollar related to the company's share-based payment programs, 445m US dollar and 433m 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 25.20% (2018: 22.03%) reasonably possible volatility of the AB InBev share price, with all the other variables held constant, would show 2 066m US dollar positive/negative impact on the 2019 profit before tax (2018: 1 345m 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 2019 to be limited.

[1] Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2019.
[2] Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2018.

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:

	2019			2018		
Million US dollar	Gross	Impairment	Net carrying amount	Gross	Impairment	Net carrying amount
Investment in unquoted companies	92	(7)	85	91	(7)	84
Investment in debt securities	117	-	117	111	-	111
Trade receivables	4 219	(173)	4 046	4 400	(160)	4 240
Cash deposits for guarantees	219	-	219	197	-	197
Loans to customers	177	-	177	188	-	188
Other receivables	1 666	(103)	1 563	2 359	(106)	2 253
Derivatives	362	-	362	307	-	307
Cash and cash equivalents	7 238	-	7 238	7 074	-	7 074
	14 090	**(283)**	**13 807**	**14 727**	**(273)**	**14 454**

There was no significant concentration of credit risks with any single counterparty per 31 December 2019 and no single customer represented more than 10% of the total revenue of the group in 2019.

Impairment losses

The allowance for impairment recognized during the period per classes of financial assets was as follows:

	2019				
Million US dollar	Trade receivables	Loans to customers	FVOCI	Other receivables	Total
Balance at 1 January	(160)	-	(7)	(106)	(273)
Impairment losses	(51)	-	-	(30)	(81)
Derecognition	26	-	-	31	57
Currency translation and other	12	-	-	2	14
Balance at 31 December	**(173)**	**-**	**(7)**	**(103)**	**(283)**

	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)**

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 liabilities:

Million US dollar	31 December 2019 Carrying amount[1]	Contractual cash flows	Less than 1 year	1-2 years	2-3 years	3-5 years	More than 5 years
Non-derivative financial liabilities							
Secured bank loans	(861)	(890)	(795)	(18)	(18)	(22)	(37)
Commercial papers	(1 599)	(1 599)	(1 599)	-	-	-	-
Unsecured bank loans	(185)	(188)	(140)	(47)	(1)	-	-
Unsecured bond issues	(98 206)	(165 424)	(5 513)	(6 415)	(6 518)	(18 605)	(128 373)
Unsecured other loans	(98)	(131)	(27)	(17)	(9)	(5)	(73)
Lease liabilities	(2 025)	(2 338)	(404)	(350)	(243)	(285)	(1 056)
Bank overdraft	(68)	(68)	(68)	-	-	-	-
Trade and other payables	(24 806)	(25 152)	(22 861)	(1 227)	(472)	(165)	(427)
	(127 848)	**(195 790)**	**(31 407)**	**(8 074)**	**(7 261)**	**(19 082)**	**(129 966)**
Derivative financial liabilities							
Interest rate derivatives	(102)	(103)	(7)	(1)	(1)	3	(97)
Foreign exchange derivatives	(600)	(600)	(600)	-	-	-	-
Cross currency interest rate swaps	(175)	(187)	75	(285)	6	75	(58)
Commodity derivatives	(97)	(97)	(97)	-	-	-	-
Equity derivatives	(3 177)	(3 177)	(3 177)	-	-	-	
	(4 151)	**(4 164)**	**(3 806)**	**(286)**	**5**	**78**	**(155)**
Of which: related to cash flow hedges	(448)	(448)	(408)	5	3	5	(53)

Million US dollar	31 December 2018 restated Carrying amount[1]	Contractual cash flows	Less than 1 year	1-2 years	2-3 years	3-5 years	More than 5 years
Non-derivative financial liabilities							
Secured bank loans	(479)	(496)	(383)	(39)	(15)	(27)	(32)
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)	(45)
Lease liabilities	(1 985)	(2 591)	(508)	(391)	(325)	(467)	(900)
Bank overdraft	(114)	(114)	(114)	-	-	-	-
Trade and other payables	(24 345)	(24 722)	(22 557)	(260)	(1 060)	(333)	(512)
	(136 040)	**(195 289)**	**(31 166)**	**(9 864)**	**(13 144)**	**(24 511)**	**(116 604)**
Derivative financial liabilities							
Interest rate derivatives	(112)	(142)	(125)	(19)	(13)	15	-
Foreign exchange derivatives	(589)	(589)	(589)	-	-	-	-
Cross currency interest rate swaps	(489)	(515)	(29)	72	71	(550)	(79)
Commodity derivatives	(273)	(273)	(273)	-	-	-	-
Equity derivatives	(4 877)	(4 877)	(4 877)	-	-	-	-
	(6 340)	**(6 396)**	**(5 893)**	**53**	**58**	**(535)**	**(79)**
Of which: related to cash flow hedges	(486)	(490)	(416)	2	1	2	(79)

[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 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 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Foreign currency						
Forward exchange contracts	112	191	(590)	(586)	(478)	(395)
Foreign currency futures	7	7	(9)	(3)	(2)	4
Interest rate						
Interest rate swaps	18	9	(6)	(27)	12	(18)
Cross currency interest rate swaps	157	32	(175)	(489)	(18)	(457)
Other interest rate derivatives	-	20	(97)	(86)	(97)	(66)
Commodities						
Aluminum swaps	15	23	(61)	(172)	(46)	(149)
Sugar futures	2	-	(2)	(8)	-	(8)
Wheat futures	14	13	(9)	(11)	5	2
Energy	8	4	(11)	(54)	(3)	(50)
Other commodity derivatives	13	8	(14)	(28)	(1)	(20)
Equity						
Equity derivatives	17	-	(3 177)	(4 877)	(3 160)	(4 877)
	362	**307**	**(4 151)**	**(6 340)**	**(3 789)**	**(6 033)**
Of which:						
Non-current	132	10	(352)	(805)	(220)	(795)
Current	230	297	(3 799)	(5 535)	(3 569)	(5 238)

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	2019 Carrying amount[1]	2019 Fair value	2018 restated Carrying amount[1]	2018 restated Fair value
Fixed rate				
Australian dollar	(1 647)	(1 748)	(1 951)	(1 977)
Brazilian real	(544)	(542)	(525)	(525)
Canadian dollar	(2 055)	(2 046)	(1 942)	(1 855)
Euro	(25 346)	(30 365)	(28 217)	(27 551)
Pound sterling	(4 373)	(4 816)	(4 218)	(4 365)
US dollar	(62 205)	(74 035)	(68 820)	(66 123)
Other	(431)	(431)	(311)	(311)
	(96 601)	**(113 983)**	**(105 984)**	**(102 707)**

[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 2019 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)	2	9	-
Derivatives at fair value through profit and loss	-	119	-
Derivatives in a cash flow hedge relationship	17	153	-
Derivatives in a fair value hedge relationship	-	19	-
Derivatives in a net investment hedge relationship	-	54	-
	19	**354**	
Financial Liabilities			
Deferred consideration on acquisitions at fair value	-	-	1 639
Derivatives at fair value through profit and loss	-	3 441	-
Derivatives in a cash flow hedge relationship	21	586	-
Derivatives in a fair value hedge relationship	-	103	-
	21	**4 130**	**1 639**

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**

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) was put 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 2019, the put option on the remaining shares held by ELJ was valued at 0.7 billion US dollar (31 December 2018: 0.6 billion US dollar after the exercise of the put option by ELJ) and recognized as a deferred consideration on acquisitions at fair value in the "level 3" category above. The fair value of such deferred consideration is calculated 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	Commodities	Others	Total hedging reserves
As per 1 January 2019	**480**	**(60)**	**76**	**494**
Change in fair value of hedging instrument recognized in OCI	92	16	**-**	107
Reclassified to profit or loss / cost of inventory	(398)	162	**32**	(204)
Deferred tax	**-**	-	**-**	-
As per 31 December 2019	**174**	**117**	**107**	**397**

Million US dollar	Foreign currency	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**

OFFSETTING FINANCIAL ASSETS AND LIABILITIES

The following financial assets and liabilities are subject to offsetting, enforceable master netting agreements and similar agreements:

	31 December 2019			
Million US dollar	Gross amount	Net amount recognized in the statement of financial position[1]	Other offsetting agreements[2]	Total net amount
Derivative assets	362	362	(352)	10
Derivative liabilities	(4 151)	(4 151)	352	(3 799)

	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)

[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

The company leases out pub real estate for an average outstanding period of 6 to 8 years and part of its own property under operating leases. The following table sets out the maturity analysis of the non-cancelable lease payments, showing the undiscounted lease payments to be received:

Million US dollar	31 December 2019	31 December 2018 restated
Within one year	155	152
Between one and five years	518	460
After five years	215	217
Total	**888**	**829**

In 2019, 152m US dollar was recognized as income in the income statement in respect of subleasing of right-of-use assets (2018: 133m US dollar).

31. Collateral and contractual commitments for the acquisition of property, plant and equipment, loans to customers and other

Million US dollar	2019	2018 restated
Collateral given for own liabilities	372	404
Contractual commitments to purchase property, plant and equipment	457	416
Contractual commitments to acquire loans to customers	151	171
Other commitments	1 911	1 973

The collateral given for own liabilities of 372m US dollar at 31 December 2019 contains 219m 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 (153m 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.

AB InBev has entered into commitments to purchase property, plant and equipment for an amount of 457m US dollar at 31 December 2019.

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 151m US dollar at 31 December 2019.

As at 31 December 2019, 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 2019, the put option for the remaining shares held by ELJ was valued 732 million US dollar (2018: 632 million US dollar). 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*.
- Upon the combination with SAB, AB InBev maintained South African Breweries' Zenzele share-scheme which supports broad-based black economic empowerment (B-BBEE) and provides opportunities for black South Africans (including employees and SAB retailers) to participate as shareholders. The Zenzele share-scheme originally implemented by SAB in 2010, was amended at the time of the SAB combination and will expire in April 2020. The obligations that arise under the Zenzele share-scheme upon its expiration will be settled using AB InBev Treasury shares. The obligation is estimated to be approximately 9.8 billion ZAR (0.7 billion USD[1]). The number of AB InBev shares required to settle the obligation will depend on the AB InBev share price and ZAR to Euro exchange rate at the time of the settlement. The settlement would be equivalent to 8.5 million AB InBev shares assuming AB InBev share price and the ZAR Euro exchange rate as at 31 December 20192.
- As part of the SAB transaction, AB InBev made a commitment to the South African Government and Competition Authorities to create a new B-BBEE scheme upon maturity in 2020 of SAB's current Zenzele Scheme. In order to create the new B-BBEE scheme the following steps will be undertaken:
  - The new scheme will be implemented through the listing of a NewCo (which will be called Zenzele Kabili) on the Johannesburg Stock Exchange B-BBEE Exchange;
  - The NewCo will hold unencumbered AB InBev shares;
  - Existing Zenzele participants (employees, retailers and the SAB Foundation) will be given an option to reinvest a portion of their Zenzele payout into the Newco;
  - A new Employee Share Plan, funded by AB InBev, will subscribe for NewCo shares.
- The new scheme is estimated to require 4.4 billion ZAR (0.3 billion USD[1]) in facilitation and notional vendor funding. The settlement would be equivalent to 3.8 million AB InBev shares assuming AB InBev share price and the ZAR Euro exchange rate as at 31 December 2019[2] and it will be funded with AB InBev Treasury shares. This scheme arrangement meets the criteria under IFRS 2 to be classified as equity settled.

Other commitments amount to 1 911m US dollar at 31 December 2019 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 30 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 2019, 28.9 million loaned securities were used to fulfil stock option plan commitments.

[1] Converted at the December 2019 closing rate.
[2] Assuming the December 2019 closing share price of 72.71 euro per share and 31 December 2019 ZAR per Euro exchange rate of 15.777300.

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's 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 2019, AB InBev's material tax proceedings are related to Ambev and its subsidiaries. Estimates of amounts of possible loss are as follows:

Million US dollar	31 December 2019	31 December 2018
Income tax and social contribution	10 781	9 773
Value-added and excise taxes	5 514	6 166
Other taxes	1 018	1 434
	17 313	**17 373**

The most significant tax proceedings of Ambev are discussed below.

INCOME TAX AND SOCIAL CONTRIBUTION

Foreign Earnings

Since 2005, Ambev and certain of its subsidiaries have been receiving assessments from the Brazilian Federal Tax Authorities relating to the profits of its foreign subsidiaries. The cases are being challenged at both the administrative and judicial levels of the courts in Brazil.

The administrative proceedings have resulted in partially favorable decisions, which are still subject to review by the administrative court. In the judicial proceedings, Ambev has received favorable injunctions that suspend the enforceability of the tax credit, as well as favorable first level decisions, which remain subject to review by the second-level judicial court.

As of 31 December 2019, Ambev management estimates the exposure of approximately 7.2 billion Brazilian real (1.8 billion US dollar) as a possible risk and approximately 52m Brazilian real (13m US dollar) as a probable loss.

Goodwill InBev Holding

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 decision rendered by the Lower Administrative Court was partially favorable to Ambev. Ambev filed a judicial proceeding to discuss the unfavorable portion of the decision and requested an injunction which was granted to Ambev to suspend enforceability. Regarding the portion of the decision subject to review at the administrative level, in August 2019 the Upper Administrative House rendered a partially favorable decision to Ambev. Ambev is awaiting the issuance of the decision in order to file the applicable appeal.

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. In May 2019, Ambev filed a Special Appeal for analysis of the case by the Upper Administrative House. In November 2019, the Special Appeal was partially admitted by the Upper Administrative House and Ambev filed an appeal related to the portion that was not admitted.

Ambev management estimates possible losses in relation to these assessments to be approximately 10 billion Brazilian real (2.5 billion US dollar) as of 31 December 2019. 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.

Goodwill Beverage Associate Holding (BAH)

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. Ambev filed an appeal to the Lower Administrative Court against the decision. In November 2018, Ambev received a partially favorable decision at the Lower Administrative Court. Ambev submitted counterarguments responding to the special appeal filed by the tax authorities and, regarding the unfavorable part of the decision, filed a special appeal to the Administrative Upper House. In December 2019, the Special Appeal was partially admitted by the Administrative Upper House and Ambev filed an appeal related to the portion that was not admitted.

In April and August 2018, Ambev received new tax assessments charging the remaining value of the goodwill amortization and filed defenses. In April 2019, the First Administrative Court rendered unfavorable decisions to Ambev. As a result thereof, Ambev appealed to the Lower Administrative Court. In November and December 2019, Ambev received partially favorable decisions at the Lower Administrative Court. Ambev is awaiting the results of the remaining decisions in order to file the applicable appeals.

Ambev management estimates the amount of possible losses in relation to this assessment to be approximately 2.2 billion Brazilian real (0.6 billion US dollar) as of 31 December 2019. Ambev has not recorded any provision in connection therewith.

Goodwill CND Holdings

In November 2017, Ambev received a tax assessment related to the goodwill amortization resulting from the merger of CND Holdings into Ambev. The decision from the first-level administrative court was unfavorable to Ambev. Ambev filed an appeal to the Lower Administrative Court which is currently pending analysis. Ambev management estimates the amount of possible losses in relation to this assessment to

[1] Amounts have been converted to US dollar at the closing rate of the respective period.

be approximately 1.1 billion Brazilian real (0.3 billion US dollar) as of 31 December 2019. Ambev has not recorded any provision in connection therewith.

Tax Loss Offset

Ambev and certain of its subsidiaries received a number of assessments from the Brazilian federal tax authorities relating to the offset of tax losses carry forward in the context of business combinations.

In February 2016, the Administrative Upper House ruled unfavorably to Ambev in two 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, and in March 2017, an unfavorable first-level decision in the other case. Both cases are now awaiting analysis by the second-level judicial court. The other cases are being challenged at the administrative level and are still awaiting final decisions.

Ambev management estimates the total exposure of possible losses in relation to these assessments to be approximately 0.5 billion Brazilian real (0.1 billion US dollar) as of 31 December 2019.

Disallowance of financial expenses

In 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 and, in November 2019, received a favorable decision at the first-level administrative court regarding the 2016 case. The 2015 case is still pending decision by the first-level administrative court.

Ambev management estimates the amount of possible losses in relation to these assessments to be approximately 4.8 billion Brazilian real (1.2 billion US dollar) as of 31 December 2019. Ambev has not recorded any provision in connection with these assessments.

Disallowance of tax paid abroad

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 by its subsidiaries and has been filing defenses. The cases are being challenged at the administrative level. In November 2019, the Lower Administrative Court rendered a favorable decision to Ambev in one of the cases, which became definitive. In January 2020, the Lower Administrative Court rendered unfavorable decisions regarding four of these assessments (from 2015 and 2016). Ambev management estimates the total amount of possible losses in relation to these four assessments to be approximately 3.6 billion Brazilian real (0.9 billion US dollar) as of 31 December 2019. Ambev is awaiting for formal notification of these decisions to file the applicable appeals. The other cases are still waiting final decisions. In September 2017, Ambev decided to include part of these tax assessments in the Brazilian Federal Tax Regularization Program of the Provisional Measure No 783.

As of 31 December 2019, Ambev management estimates the exposure of approximately 10.1 billion Brazilian real (2.5 billion US dollar) as a possible risk, and accordingly has not recorded a provision for such amount.

Presumed Profit

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 profits instead of the "real profit" method. In September 2017, Arosuco received an unfavorable first level administrative decision and filed an appeal. In January 2019, the Lower Administrative Court rendered a favorable decision to Arosuco, which became definitive.

In March 2019, Ambev received a new tax assessment regarding the same subject and filed a defense. In October 2019, Arosuco received an unfavorable first level administrative decision and filed an appeal. Arosuco management estimates the amount of possible losses in relation to this assessment to be approximately 0.5 billion Brazilian real (0.1 billion US dollar) as of 31 December 2019. Arosuco has not recorded any provision in connection therewith.

Deductibility of IOC expenses

In November 2019, Ambev received a tax assessment from the Brazilian Federal Tax Authorities related to the interest on capital ("IOC") deduction in 2014. The questions refer primarily to the accounting and effects of the corporate restructuring carried out by the company in 2013 and its impact on the increase in the deductibility of IOC expenses. Ambev filed an administrative defense and is awaiting a decision by the first-level administrative court.

The company distributed IOC in the years following the assessed period. Accordingly, if the IOC deductibility is also questioned in the future, on the same basis as the aforementioned tax assessment notice, the company estimates that the conclusion of the discussion is similar to the present case, and therefore maintained the effect of the deductibility of IOC expenses in the effective income tax rate.

As of 31 December 2019, Ambev management estimates the exposure of approximately 3.9 billion Brazilian real (1 billion US dollar) as a possible risk, and accordingly has not recorded a provision for such amount.

ICMS VALUE ADDED TAX, EXCISE TAX ("IPI") AND TAXES ON NET SALES

Manaus Free Trade Zone – IPI / Social contributions

In Brazil, goods manufactured within the Manaus Free Trade Zone intended for remittance elsewhere in Brazil are exempt and/ or zero-rated from excise tax ("IPI") and social contributions. With respect to IPI, Ambev's subsidiaries have been registering IPI excise tax presumed credits upon the acquisition of exempted goods manufactured therein. Since 2009, Ambev has been receiving a number of tax assessments from the Brazilian Federal Tax Authorities relating to the disallowance of such credits.

Ambev has also been receiving charges from the Brazilian Federal Tax Authorities in relation to (i) federal taxes allegedly unduly offset with the disallowed presumed IPI excise tax credits that are under discussion in these proceedings and (ii) amounts allegedly due under social contribution over Arosuco's remittance.

In April 2019, the Federal Supreme Court ("STF") announced its judgment on Extraordinary Appeal No. 592.891/SP, with binding effects, deciding on the rights of taxpayers registering IPI excise tax presumed credits on acquisitions of raw materials and exempted inputs originating from the Manaus Free Trade Zone. As a result of this decision, Ambev reclassified part of the amounts related to the IPI cases as remote losses maintaining as possible losses only issues related to other additional discussions that were not included in the analysis of the STF. The cases are being challenged at both the administrative and judicial levels.

Ambev management estimates the possible loss related to these assessments to be approximately 4.2 billion Brazilian real (1.0 billion US dollar) as of 31 December 2019. Ambev has not recorded any provision in connection therewith.

IPI Suspension

In 2014 and 2015, Ambev received tax assessments from the Brazilian Federal Tax Authorities relating to excise tax ("IPI") allegedly due over remittances of manufactured goods to other related factories. The cases are being challenged at both the administrative and judicial levels.

Ambev management estimates the possible loss related to these assessments to be approximately 1.7 billion Brazilian real (0.4 billion US dollar) as of 31 December 2019. Ambev has not recorded any provision in connection therewith.

ICMS tax credits

Ambev is currently challenging tax assessments issued by the states of São Paulo, Rio de Janeiro, Minas Gerais, among others, questioning the legality of ICMS tax credits arising from transactions with companies that have tax incentives granted by other states. 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 billion Brazilian real (0.5 billion US dollar) as of 31 December 2019. Ambev has not recorded any provision in connection therewith.

ICMS-ST Trigger

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. The cases are being challenged at both the administrative and judicial levels.

Ambev management estimates the total possible loss related to this issue to be approximately 7.7 billion Brazilian real (1.9 billion US dollar) as of 31 December 2019. 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.

ICMS – PRODEPE

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 PRODEPE. Ambev management estimates the possible losses related to this issue to be approximately 0.6 billion Brazilian real (0.1 billion US dollar) as of 31 December 2019. Ambev has recorded a provision in the total amount of 5m Brazilian real (1m US dollar) in relation to one proceeding it considers the chances of loss to be partially probable.

SOCIAL CONTRIBUTIONS

Since 2015, Ambev has received 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. In 2019, Ambev received final favorable decisions at the administrative level in some of these cases and favorable decisions in other casese that are still subject to review. At the judicial level, the case is still in the initial stage.

Ambev management estimates the possible loss related to these assessments to be approximately 2.3 billion Brazilian real (0.6 billion US dollar) as of 31 December 2019. No related provision has been made.

GRUPO MODELO TAX MATTERS

Dirección de Fábricas ("DIFA"), a wholly owned subsidiary of Cervecería Modelo de Mexico S. de R.L. de C.V., received a tax assessment related to alleged taxable income for some intercompany transactions. DIFA presented defenses which are pending to be reviewed by the tax authorities. The company estimates the amount of possible loss in relation to this assessment to be approximately 0.3 billion US dollar. The company has not recorded any provision in connection therewith as of 31 December 2019.

AB INBEV'S AUSTRALIAN BUSINESS TAX MATTERS

AB InBev's subsidiary SAB Australia Pty Limired received a tax assessment for the 2012 to 2014 income tax years for 0.3 billion Australian dollar (0.2 billion US dollar) related to the interest deductions of SAB's acquisition of the Foster's group (the "Foster's acquisition"). The subsidiary is disputing the 2012 to 2014 assessment and remains confident of the positions it has adopted. The company paid 47 million US dollar related to the tax assessment pending conclusion of the matter and recorded a provision of 0.1 billion US dollar in connection therewith as of 31 December 2019.

The Australian tax authorities have also notified the company that it has commenced an audit of the 2015 to 2020 income tax years. The focus of the audit is the tax treatment of the ongoing funding arrangements associated with the Foster's acquisition.

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. 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 has appealed the judgment to the European Court of Justice. Pending the outcome of that appeal, the European Commission opened new state aid investigations into the individual Belgian tax rulings, including the one issued to AB InBev in September 2019, to remedy the concerns that led to annulment of its earlier decision by the General Court. These investigations relate to the same rulings that were subject to the European Commission decision issued on 11 January 2016. 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 2019.

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 which ruled in favor of AB InBev on 21 June 2019. The Belgian tax authorities appealed this judgment. 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 2019.

In January 2019, AB InBev deposited 68m euro (76m US dollar) 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.

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 1.0 billion Brazilian real (0.25 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). These five cases are pending final judgment by STJ's Special Court and the Federal Public Prosecutor has filed a motion favorable to Ambev's position in all five cases. Considering all of these facts, Ambev and its external counsels strongly believe that the chance of loss in these cases is remote.

UNITED STATES CLASS ACTION SUIT

On 21 June 2019, a proposed class action was filed in the United States District Court for the Southern District of New York against AB InBev and three of its officers. The complaint alleges claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder on behalf of a proposed class of purchasers of AB InBev American Depositary Shares between 1 March 2018 and 24 October 2018. The plaintiff alleges that defendants misstated or omitted material facts regarding, among other things, the company's financial condition, its dividend policy and the effectiveness of its disclosure controls and procedures. The complaint seeks unspecified compensatory damages and reimbursement for litigation expenses. An amended complaint filed on 12 December 2019 contained substantially the same allegations, but reduced the number of defendant officers to two. The company has not recorded any provision.

33. Non-controlling interests

As at 31 December 2019 and 2018, material non-controlling interests relate to Ambev, a Brazilian listed subsidiary in which AB InBev has 61.85% ownership, and Budweiser APAC, an Asia Pacific listed subsidiary in which AB InBev has 87.22% ownership. The tables below provide summarized information derived from the consolidated financial statements of Ambev and Budweiser APAC as of 31 December 2019 and 2018, in accordance with IFRS.

Summarized financial information of Ambev and Budweiser APAC, in which the company has material non-controlling interests, is as follows:

Million US dollar	Ambev 2019	Ambev 2018 restated	Budweiser APAC 2019	Budweiser APAC 2018[1]
Summarized balance sheet information				
Current assets	6 853	6 537	2 108	2 680
Non-current assets	18 389	18 165	13 200	13 182
Current liabilities	6 205	6 506	4 493	4 468
Non-current liabilities	3 517	3 368	931	1 222
Equity attributable to equity holders	15 203	14 516	9 836	10 153
Non-controlling interests	317	311	48	19
Summarized income statement and comprehensive income information				
Revenue	13 347	13 819	6 546	6 740
Net income	3 093	3 122	908	959
Attributable to:				
Equity holders	2 989	3 025	898	958
Non-controlling interests	104	97	10	1
Net income	3 093	3 122	908	959
Other comprehensive income	(193)	629	(229)	(500)
Total comprehensive income	2 900	3 751	679	459
Attributable to:				
Equity holders	2 801	3 620	665	458
Non-controlling interests	99	130	14	1
Summarized cash flow information				
Cash flow from operating activities	4 664	5 089	1 338	1 684
Cash flow from investing activities	(1 228)	(1 011)	(693)	(472)
Cash flow from financing activities	(3 117)	(3 799)	(1 358)	(1 237)
Net increase/(decrease) in cash and cash equivalents	319	279	(713)	(25)

Dividends paid by Ambev to non-controlling interests (i.e. to entities outside the AB InBev Group) amounted to 0.7 billion US dollar and 0.8 billion US dollar for 2019 and 2018, 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.

[1] 2018 reflects the combined financial information that presents the historical financial information of the business of the Asia Pacific region of AB InBev, excluding Australia, and includes the assets, liabilities, revenue, expenses and cash flows attributable to all entities in the region, which are primarily in China, South Korea, India, Vietnam and Japan.

34. Related parties

TRANSACTIONS WITH DIRECTORS AND EXECUTIVE COMMITTEE MEMBERS (KEY MANAGEMENT PERSONNEL)

In addition to short-term employee benefits (primarily salaries) AB InBev's Executive Committee members were entitled in 2019 to post-employment benefits. In particular, members of the Executive Committee 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 Committee compensation included in the income statement can be detailed as follows:

	2019		2018	
Million US dollar	**Directors**	**Executive Committee**	**Directors**	**Executive Committee**
Short-term employee benefits	2	17	2	27
Termination benefits	-	1	-	-
Share-based payments	-	22	-	24
	2	**40**	**2**	**52**

Directors' compensation consists mainly of directors' fees.

During 2019, 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 2m US dollar from a company in which one of the company's Board Member had significant influence as of 31 December 2019.
- The acquisition, mainly through its subsidiary Bavaria S.A., of transportation services, lease agreements and advertising services for an aggregated consideration of 11m US dollar from companies in which one of the company's Board Member had a significant influence as of 31 December 2019. The outstanding balance of these transactions as of 31 December 2019 amounts to 1m 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	2019	2018
Non-current assets	10	11
Current assets	3	5
Non-current liabilities	11	9
Current liabilities	10	12
Result from operations	3	4
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	2019	2018
Gross profit	76	74
Current assets	41	152
Current liabilities	119	130

TRANSACTIONS WITH PENSION PLANS

AB InBev's transactions with pension plans mainly comprise 12m US dollar other income from pension plans in the US (2018: 12m US dollar).

35. Events after the balance sheet date

None.

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 2019
ARGENTINA	
CERVECERIA Y MALTERIA QUILMES SAICA y G - Charcas 5160 - C1425BOF - Buenos Aires	61.85
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 BV/SRL - 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	52.97
BRAZIL	
AMBEV S.A. - Rua Dr Renato Paes de Barros, 1017, 3° andar, Itaim Bibi - CEP 04530-001 - São Paulo	61.85
CANADA	
LABATT BREWING COMPANY LIMITED - 207 Queen's Quay West, Suite 299 - M5J 1A7 – Toronto	61.85
CHILE	
CERVECERIA CHILE S.A. - Av. Presidente Eduardo Frei Montalva 9600 - 8700000 – Quilicura	61.85
CHINA	
ANHEUSER-BUSCH INBEV (CHINA) SALES CO LTD. - Shangshou, Qin Duan Kou, Hanyang Area - 430051 - Wuhan City, Hubei Province	87.22
ANHEUSER-BUSCH INBEV (WUHAN) BREWERY CO. LTD. - Shangshou, Qin Duan Kou, Hanyang Area - 430051 - Wuhan City, Hubei Province	84.66
ANHEUSER-BUSCH INBEV (FOSHAN) BREWERY CO. LTD. - 1 Budweiser Avenue, Southwest St., Sanshui District - 528132 - Foshan City, Guangdong	87.22
ANHEUSER-BUSCH INBEV HARBIN BREWERY CO. LTD. - 9 HaPi Road Pingfang District - 150066 - Harbin City, Heilongijang Province	87.22
ANHEUSER-BUSCH INBEV (TANGSHAN) BREWERY CO. LTD. - 18, Yingbin Road - 063300 - Tangshan City, Hebei Province	87.22
ANHEUSER-BUSCH INBEV SEDRIN BREWERY CO. LTD. - 660 Gong Ye Road, Hanjiang District - 351111 - Putian City, Fujian Province	87.22
ANHEUSER-BUSCH INBEV SEDRIN (ZHANGZHOU) BREWERY CO. LTD. - Lantian Economic District - 363005 - Zhangzhou City, Fujian Province	87.22

[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 2019
ANHEUSER-BUSCH INBEV (TAIZHOU) BREWERY CO. LTD. - 159 Qi Xia East Road, Chengguan Town, Tiantai County - 317200 - Taizhou Cithy, Zhejiang Province	87.22
NANCHANG ASIA BREWERY CO. LTD. - 1188 Jinsha Avenue, Economic District - Nanchang City, Jiangxi Province	87.22
SIPING GINSBER DRAFT BEER CO. LTD. - Xianmaquan, Tiedong Area - Siping City, Jilin Province	87.22
ANHEUSER-BUSCH INBEV (NANTONG) BREWERY CO. LTD. - 666 Zhaoxia Road - Nantong City, Jiangsu Province	87.22
ANHEUSER-BUSCH INBEV (SICHUAN) BREWERY CO. LTD. - No. 1, AB InBev Avenue, Cheng Nan Industry Park, Economic Development Area - 641300 - Ziyang City, Sichuan Province	87.22
ANHEUSER-BUSCH INBEV (HENAN) BREWERY CO. LTD. - No. 1 Budweiser Avenue, Industry Park, Tangzhuang Town - 453100 - Weihui City, Henan Province	87.22
INBEV JINLONGQUAN (HUBEI) BREWERY CO. LTD. - 89 Jin Long Quan Avenue - Jingmen City, Hubei Province	52.33
ANHEUSER-BUSCH INBEV (SUQIAN) BREWERY CO. LTD. - No 1 Qujiang Road, Suyu Industry Park - Suqian City, Jiangsu Province	87.22
COLOMBIA	
ZX VENTURES COLOMBIA S.A.S. - Carrera 53 A, No 127 - 35 - 110221 – Bogota	100.00
BAVARIA & CIA S.C.A. - Carrera 53 A, No 127 - 35 - 110221 – Bogota	94.90
KOPPS COMERCIAL S.A.S - Carrera 53 A, No 127 - 35 - 110221 – Bogota	100.00
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. 1086 - Santo Domingo[1]	52.42
ECUADOR	
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
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	

[1] 85% owned by Ambev S.A

Name and registered office of fully consolidated companies	% of economic interest as at 31 December 2019
CERVECERÍA HONDUREÑA, SA DE CV - Blvd. Del Norte, Carretera Salida a Puerto Cortes - San Pedro Sula, Cortes	99.00
HONG KONG	
BUDWEISER BREWING CO APACT LTD - Flat Room 1823 18F Soundwill Plaza II-Middle Town Hong	87.22
INDIA	
CROWN BEERS INDIA LIMITED - #8-2-684/A, Road No. 12 - Banjara Hills, Hyderabad 500034 - Andhra Pradesh	100.00
ANHEUSER BUSCH INBEV INDIA LIMITED. - Unit No.301-302, Dynasty Business Park, 3rd Floor - Andheri - Kurla Road, Andheri (East) - 400059 - Mumbai, Maharashtra	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, Surelere – Lagos	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 Panama	60.00
PARAGUAY	
CERVECERIA PARAGUAYA S.A. - Ruta Villeta km 30 N 3045 - 2660 – Ypané	61.85
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
UNIÓN DE CERVECERÍAS PERUANAS BACKUS Y JOHNSTON SAA - 3986 Av. Nicolas Ayllon, Ate, Lima 3	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,	87.22
SWITZERLAND	
ANHEUSER-BUSCH INBEV PROCUREMENT GMBH GESELLSCHAFT MIT BESCHRÄNKTER HAFTUNG (GMBH) - Suurstoffi 22 – 6343 - Rotkreuz	100.00

[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 2019
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	61.64
UNITED KINGDOM	
ABI SAB GROUP HOLDING LIMITED - Bureau, 90 Fetter Lane, London, United Kingdom, EC4A 1EN	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 - Bureau, 90 Fetter Lane, London, United Kingdom, EC4A 1EN	100.00
AB INBEV INTERNATIONAL BRANDS LIMITED - Bureau, 90 Fetter Lane, London, United Kingdom, EC4A 1EN	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	61.85
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	87.22
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 2019
FRANCE	
SOCIÉTÉ DES BRASSERIES ET GLACIÈRES INTERNATIONALES SA - 49 Rue François 1er, 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

	2019	2018 restated	2017 restated	2016	2015
Cash flow from operating activities (US dollar per share)	6.75	7.18	7.56	5.89	8.62
Normalized earnings per share (US dollar per share)	4.08	3.16	3.75	2.83	5.20
Dividend (euro per share)	1.80	1.80	3.60	3.60	3.60
Share price high (euro per share)	92.71	96.70	110.10	119.60	124.20
Share price low (euro per share)	57.47	56.84	92.88	92.13	87.73
Year-end share price (euro per share)	72.71	57.70	93.13	100.55	114.40
Weighted average number of ordinary and restricted shares (million shares)	1 984	1 975	1 971	1 717	1 638
Diluted weighted average number of ordinary and restricted shares (million shares)	2 026	2 014	2 010	1 755	1 668
Volume of shares traded (million shares)	452	496	349	445	449

Information on the auditors' assignments and related fees

AB InBev's Statutory auditor is PwC Bedrijfsrevisoren BV, represented by Koen Hens, 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 2019 in relation to services provided by PwC Bedrijfsrevisoren BV amounted to 2 432k US dollar (2018 fees for services provided by Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL: 2 848k US dollar), which was composed of audit services for the annual financial statements of 2 389k US dollar (2018: 2 086k US dollar), tax services of 0k US dollar (2018: 521k US dollar) and audit related services of 43k US dollar (2018: 241k US dollar).

Fees for 2019 in relation to services provided by other offices in the PwC network (and by Deloitte Touche Tohmatsu network in 2018) amounted to 37 605k US dollar (2018: 7 174k US dollar), which was composed of audit services for the annual financial statements of 13 997k US dollar (2018: 6 599k US dollar), tax services of 4 851k US dollar (2018: 520k US dollar), audit and tax services rendered for the IPO of Budweiser APAC of 18 066k US dollar (13 300k US dollar for audit and 4 766k US dollar for tax services) and other audit related services amounting to 691k (2018: 55k US dollar), all of which have been pre-approved by the company's Audit Committee.

Financial calendar

Publication of 2019 results	27 February 2020
Annual report 2019 available on www.ab-inbev.com	27 February 2020
General shareholders meeting	29 April 2020
Dividend: ex-coupon date	5 May 2020
Publication of first quarter results	7 May 2020
Publication of half year results	30 July 2020
Publication of third quarter results	29 October 2020

Investor relations contact

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[1] Fees Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL acted as the company's independent auditor in 2018. Accordingly, the 2018 fees do not include audit and other fees of companies which were 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 2019. 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 2019.

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 2019 are consistent, in all material respects, with the accounts from which they have been derived.

Abbreviated non-consolidated balance sheet

Million euro	2019	2018
ASSETS		
Non-current assets		
Intangible assets	586	597
Property, plant and equipment	58	39
Financial assets	117 894	115 156
	118 538	**115 791**
Current assets	26 216	38 067
Total assets	**144 754**	**153 858**
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	4 386	3 595
Reserves available for distribution	33 009	33 009
Profit carried forward	18 671	12 607
	70 615	**63 760**
Provisions and deferred taxes	**42**	**46**
Non-current liabilities	**53 257**	**63 758**
Current liabilities	**20 840**	**26 293**
Total equity and liabilities	**144 754**	**153 858**

Abbreviated non-consolidated income statement

Million euro	2019	2018
Operating income	1 318	1 369
Operating expenses	(1 254)	(995)
Operating result	**54**	**373**
Financial result	10 329	2 482
Result for the year available for appropriation	**10 392**	**2 856**

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.

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 profit or loss.

FTE's
Full-time equivalent 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.

UNDERLYING EPS
Profit before non-recurring items, discontinued operations, mark-to-market gains/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.