Equity Valuation of Anheuser-Busch InBev S.A./N.V.

Diogo Horta e Costa

Dissertation written under the supervision of Professor José Tudela Martins

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Abstract

Anheuser-Busch InBev S.A./N.V. is the largest brewer in the world. The company sells its products in over 150 countries and has leadership positions in most geographies.

Like most firms, AB InBev was also affected by the turbulent times of recent years, with the COVID-19 pandemic, the increasing geopolitical tensions, and the inflationary environment. However, as it will be presented in this dissertation, the company is expected to recover in the upcoming years.

Through widely used valuation techniques, this dissertation aims to find the fair value per share of AB InBev. AB InBev's target share price is estimated for the end of next year, and by comparing it with the current share price, an investment recommendation is provided.

To come up with an accurate recommendation, a detailed analysis is made not only on the past performance and future perspectives of AB InBev but also on the global macroeconomic environment and the beer industry.

Using a DCF approach, a target price per AB InBev share of $70,14 was obtained, resulting in an 11,1% upside potential. To support the DCF method, a sensitivity analysis and a relative valuation (based on comparable companies) were performed. In line with the recommendation provided by the Deutsche Bank's report, a buy recommendation was issued for AB InBev stock.

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Sumário Executivo

A Anheuser-Busch InBev S.A/N.V. é a maior fabricante de cerveja do mundo. A empresa vende os seus produtos em mais de 150 países, detendo posições de liderança em grande parte das geografias.

Como a maioria das empresas, a AB InBev também foi afetada pelos tempos turbulentos dos últimos anos, com a pandemia COVID-19, as crescentes tensões geopolíticas e o ambiente inflacionário. No entanto, como será discutido nesta dissertação, é expectável que a empresa recupere nos próximos anos.

Através de técnicas de avaliação de empresas amplamente utilizadas, esta dissertação tem como objetivo encontrar o justo valor por ação da AB InBev. A cotação é estimada para o final do próximo ano e, comparando-a com a cotação atual, é apresentada uma recomendação para os investidores.

Com o propósito de chegar a uma recomendação precisa, é feita uma análise pormenorizada não só do desempenho passado e das perspetivas futuras da empresa, mas também do ambiente macroeconómico global e da indústria da cerveja.

Utilizando um método de avaliação DCF, foi obtido um preço-alvo por ação da AB InBev de $70,14, o que resulta num potencial de 11,1%. Para apoiar o método DCF, foram efetuadas uma análise de sensibilidade e uma avaliação relativa (com base em empresas comparáveis). Em conformidade com a recomendação dada pelo relatório do Deutsche Bank, foi emitida uma recomendação de compra para as ações da AB InBev.

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Palavras-chave: AB InBev, Avaliação, DCF, Indústria da Cerveja, Preço-alvo por ação

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Table of Contents

List of Figures

List of Tables

List of Abbreviations

AB InBev	Anheuser-Busch InBev SA/NV
BV	Book Value
CAGR	Constant Annual Growth Rate
CAPEX	Capital Expenditures
CAPM	Capital Asset Pricing Model
D	Debt
D&A	Depreciation & Amortization
DB	Deutsche Bank
DCF	Discounted Cash Flow
DIO	Days Inventory Outstanding
DPO	Days Payables Outstanding
DSO	Days Sales Outstanding
E	Equity
EBIT	Earnings before Interest and Taxes
EBITDA	Earnings before Interest, Taxes, Depreciation, and Amortization
EMEA	Europe, Middle East, and Africa
ERP	Equity Risk Premium
EV	Enterprise Value
FCFE	Free Cash Flows to the Equity
FCFF	Free Cash Flows to the Firm
GDP	Gross Domestic Product
HL	Hectolitre
IMF	International Monetary Fund
Kd	Cost of Debt
Ke	Cost of Equity
MSCI	Morgan Stanley Capital International
MV	Market Value
NWC	Net Working Capital
OECD	Organization for Economic Cooperation and Development
P	Price
PGR	Perpetuity Growth Rate
PPE	Property, Plant, and Equipment
PV	Present Value
Q	Quarter
RV	Relative Valuation

S&P	Standard and Poor’s
SG&A	Selling, General, and Administrative
t	Effective Tax Rate
TSP	Target Share Price
TV	Terminal Value
U.S.	United States of America
USD	United States Dollar
WACC	Weighted Average Cost of Capital
YoY	Year-over-Year
YTM	Yield to maturity

1. Introduction

The aim of this dissertation is to estimate Anheuser-Busch InBev's fair value per share as of 31/12/2024 and, by comparing it to its current share price (24/11/2023), provide an investment recommendation. The recommendation should advise investors on what to do with AB InBev's stock, between buying, holding, or selling.

The dissertation starts with the literature review, where research regarding equity valuation and its techniques and methodologies is presented. Afterwards, an overview of the global macroeconomic environment and the current status of the beer industry is provided, followed by a strategic and financial analysis of AB InBev.

Next, an intrinsic valuation (through a WACC-based Discount Cash Flow methodology) is performed and complemented by a relative valuation. The results achieved are then compared to the ones from an equity research report from Deutsche Bank.

The dissertation is concluded with the investment recommendation of whether investors should buy, hold, or sell AB InBev's stock.

2. Literature Review

This section aims to give a theoretical insight into the valuation methods and techniques used in this thesis to determine the value of Anheuser-Busch InBev. The valuation models and methods presented below have been used by professionals in the field for a long time and can be used to determine the value of almost every company and every asset. Multiple papers regarding studies in the financial valuation field will be mentioned since one can take a wide range of approaches to value a company.

2.1 Introduction to Valuation

Valuation is a central aspect of the finance field. Damodaran (2012, p. 25) states, "Valuation plays a key role in many areas of finance – in corporate finance, in mergers and acquisitions, and in portfolio management." Finding the value of a company can be a complex task, but it is crucial since no other measure can reflect as accurately a firm's current financial status and prospects (Frykman & Tolleryd, 2003).

In general, the valuation of a company is subject to a lot of assumptions and viewpoints of the analyst, so "any preconceptions and biases that an analyst brings to the process will find their way into the value" (Damodaran, 2012, p. 25). Due to this subjective analysis and the fast-changing environment we live in nowadays, every valuation will have a decent probability of being incorrect in the analyst's analysis (Damodaran, 2012).

In this thesis, two valuation models will be carried out to determine the value of AB InBev. The first is intrinsic valuation, which relies on a proposition that "the value of an asset is a function of the expected cash flows on that asset" (Damodaran, 2011, p. 7). The discounted cash flow (DCF) model will be used to perform this valuation technique. The second is relative valuation, in which "we value an asset by looking at how the market prices similar assets" (Damodaran, 2011, p. 7). For this method, we use the comparable companies analysis that gives an insight into "whether a stock is cheap or expensive by comparing its pricing to that of similar stocks, usually in its peer group" (Damodaran, 2011, p. 7). Combining these methods seems the best way to determine the value of AB InBev since we put together the company's expected financial performance with the current market conditions and sentiment. As stated by Damodaran (2011, p. 7), "If investing is a game of odds, we can improve our odds significantly by investing in stocks that are undervalued not only on an intrinsic basis but also on a relative one".

2.2 Discounted Cash Flow Valuation

Discounted cash flow (DCF) valuation is the basis for all other valuation techniques (Damodaran, 2012). The intrinsic value of each investment is the present value of its expected future cash flows discounted at an appropriate risk-adjusted rate (Viebig et al., 2008). The cash flows will vary from asset to asset, and the discount rate will depend on how risky the predicted cash flows are, with higher rates for riskier assets and lower rates for safer projects (Damodaran, 2012).

$$Value = \sum_{t=1}^{t=n} \frac{CF_t}{(1+r)^t} \qquad (1)$$

Where:

$n =$ Life of the asset

$CF_t =$ Cash flow in period t

$r =$ Discount rate reflecting the riskiness of the estimated cash flows

Cash flow discounting methods are based on the meticulous and cautious forecast, for each period, of each of the financial items associated with the generation of the cash flows corresponding to the company's operations, such as revenues, personnel expenses, raw materials costs, administrative expenses, loan repayments, among others. (Fernández, 2007).

We can perform a discounted cash flow valuation in two ways. The first is to value the entire firm, often called enterprise valuation. The second way is to value the business's equity stake, called equity valuation (Damodaran, 2011).

2.2.1 Enterprise Valuation

2.2.1.1 Free Cash Flows to the Firm

To perform a valuation of an entire enterprise, we use the Free Cash Flows to the Firm (FCFF). The cash flow to the firm is the cash left after taxes and after all reinvestment needs have been met. Since a firm is financed through equity and debt, the cash flow to the firm must be before paying interest and before any repayment of debt (Damodaran, 2011). As stated by Pinto et al. (2010, p. 90), "FCFF is the part of the cash flow generated by the company's operations that can be withdrawn by bondholders and stockholders without economically impairing the company".

To measure the free cash flow to the firm, we start with the EBIT (earnings before interest and taxes) and subtract the corresponding taxes, and, as previously expressed, we subtract the reinvestment needs as well (Damodaran, 2012).

$$FCFF = EBIT * (1 - tax\ rate) - Reinvestment \quad (2)$$

$$= EBIT * (1 - tax\ rate) - (CAPEX - Depreciation + \Delta\ Working\ Capital)$$

The two components of "Reinvestment" are the net capital expenditures (CAPEX), which are investments in fixed assets net of depreciation (since it is a non-cash expense), and the change in Net Working Capital, which are investments in working capital (Viebig et al., 2008).

Since this cash flow is before any debt payment, it is often expressed as an unlevered cash flow (Damodaran, 2012). The debt benefit will be contemplated in the after-tax cost of debt, included in the cost of capital.

To determine the firm's value, we discount the FCFF by the weighted cost of capital (WACC) over our forecasted years (t = 1, …, T). The terminal value (that will be explained further ahead) quantifies the cash flows after the forecasted (or competitive advantage) period, t = T+1, …, ∞ (Viebig et al., 2008). This only works under the assumption that the firm reaches a steady state after T years and starts growing at a stable growth rate (Damodaran, 2012).

$$Enterprise\ Value = \sum_{t=1}^{T} \frac{FCFF_t}{(1 + WACC)^t} + \frac{TV_T}{(1 + WACC)^T} \quad (3)$$

To derive the intrinsic value of equity, we have to subtract the Market Value of Debt from the Enterprise Value (Viebig et al., 2008).

$$Equity\ Value = Enterprise\ Value - Market\ Value\ of\ Debt \quad (4)$$

Moreover, if we divide by the number of shares outstanding, we get the intrinsic value per share.

$$Intrinsic\ value\ per\ share = \frac{Equity\ Value}{Number\ of\ Shares\ Outstanding} \quad (5)$$

2.2.1.2 Weighted Average Cost of Capital

In the Enterprise Valuation Model, cash flows can be distributed to both equity holders and debt holders, so the appropriate rate to discount the FCFF is the Weighted Average Cost of Capital (WACC) (Viebig et al., 2008). The weighted average cost of capital (WACC) is the weighted average of the rates of return that bondholders and shareholders require to provide the company with capital (Pinto et al., 2010).

$$WACC = \frac{MV\ Debt}{MV\ Debt + MV\ Equity}\ k_D(1 - Tax\ rate) + \frac{MV\ Equity}{MV\ Debt + MV\ Equity}k_E \qquad (6)$$

The higher the WACC, the less likely it is that the company is creating value, and the higher the risk of the predicted future cash flows. The cost of capital represents the risk all investors face (Koller et al., 2010).

If a company has a constant level of leverage, we can use a constant WACC to discount the free cash flows. However, in cases where a company plans to increase or decrease its debt-to-value ratio, the cost of capital needs to be adjusted to reflect the changing capital structure (Koller et al., 2010). The most straightforward way of accommodating changes in the level of leverage is to recompute the WACC in each period (Kaplan, 1995).

The market value of equity usually corresponds to the company's market capitalization (number of shares outstanding times the current share price) (Viebig et al., 2008). The market value of debt is more complex to estimate. The market value of bonds is just the market value of all bonds outstanding. The market value of non-traded debt (bank loans, leases, etc.) can be estimated, according to Damodaran (2012), with the following formula:

$$Estimated\ MV\ of\ Debt = IE * \left(\frac{1 - \frac{1}{(1 + k_D)^T}}{k_D}\right) + \frac{BVNT\ Debt}{(1 + k_D)^T} \qquad (7)$$

Where:

IE = Interest Expense

k_D = Cost of Debt

$BVNTD$ = Book-Value of the Non-Traded Debt

T = Average Maturity

2.2.1.3 Cost of Debt

Viebig et al. (2008, p. 378) state that "the cost of debt measures the current cost of borrowing, adjusted for the tax benefits of borrowing".

Lenders to the firm face the risk of not being paid back the principal they lent to the company and the interest expenses. Due to the existence of that risk, lenders add a "default spread" to the risk-free rate when they lend money to companies. The higher the probability of default, the higher the default spread and, consequently, the cost of debt (Damodaran, 2011).

According to Damodaran (2011), three inputs are needed to estimate the cost of debt: the risk-free rate, the default spread, and the tax rate.

The risk-free rate is also an input to calculating the cost of equity. The common practice at firms is to use a 10-year, or longer, treasury bill rate.

The default spread can be estimated upon the firm's bond rating if the firm has a credit rating from a leading rating agency such as Standard & Poor's, Moody's, or Fitch. If the firm does not have a credit rating but has debt outstanding, a "synthetic" rating should be estimated based on financial ratios, such as the interest coverage ratio (EBIT / Interest Expense). Greater interest coverage ratios will match higher ratings and, therefore, a lower default spread.+

Firms usually report their effective tax rate (taxes due/taxable income). However, this rate differs from the marginal tax rate, which we should use for calculating the cost of debt since interest expenses save you taxes at the margin.

After having estimated the three components of the cost of debt, the formula used is the following:

$$After-tax\ cost\ of\ debt = (Riskfree\ rate + Default\ Spread)(1 - Marginal\ tax\ rate) \quad (8)$$

There is a simple way of determining the cost of debt that occurs when a firm has long-term, liquid, and frequently traded bonds outstanding, which is computing a yield that can be used as the cost of debt through the combination of the outstanding bond's market price, coupon rate, and maturity (Damodaran, 2012).

The after-tax cost of debt is typically lower than the cost of equity since debt is generally less risky than equity (payment on debt is required by law), so equity holders require a higher return. Another reason is the tax savings linked with debt (Damodaran, 2011).

2.2.1.4 Cost of Equity

Unlike the cost of debt, a company's cost of equity is not readily observable in the market (Viebig et al., 2008). As previously mentioned, "the cost of equity is the rate of return investors require on an equity investment in a firm" (Damodaran, 2012, p. 190). A firm can have positive net income but may still not be creating value for shareholders, and that happens because a company is only generating value if its return on equity is greater than its cost of equity. To estimate the cost of equity, an industry common practice is to use the Capital Asset Pricing Model (CAPM), which is a "simple, widely accepted, theory-based method" (Pinto et al., 2010, p. 64).

$$k_E = r_f + \beta * ERP \qquad (9)$$

Where:

r_f = Risk-free rate

β = Beta of the company's stock

$ERP = E(R_m) - r_f$ = Equity or Market Risk Premium

According to a survey conducted by Pinto et al. (2019), 68% of 1436 equity analysts use the capital asset pricing model to estimate the cost of equity.

There are some requirements for an asset to be risk-free. The first is that there is no default risk on that asset, and that makes government securities the only ones that could be classified as risk-free since they control the printing of currency. The second one is that there is no reinvestment risk, so the actual return on the investment is equal to the expected return, which is the definition of risk-free (Damodaran, 2012).

The other components of the CAPM (Beta and Equity Risk Premium) will be explained in detail below.

2.2.1.5 Beta

In the CAPM, it is assumed that there are no transaction costs and investors have no way of separating good investments from bad ones and, therefore, they end up holding the market portfolio (composed of all traded assets). Then, the risk of an asset becomes the risk added to the market portfolio, which is what the beta measures (Damodaran, 2012). In more practical terms, "the asset's beta measures its market or systematic risk, which in theory is the sensitivity of its returns to the returns on the market portfolio of risky assets" (Pinto et al., 2010, p. 58).

Besides systematic risk, beta also contemplates the financial risk, which is the equity risk resulting from the company's capital structure (Wilson, 1997).

The conventional approach to make an estimate of the beta of a stock is to run a regression of the stock's returns on a market index (usually, the S&P 500 index serves as a proxy for the market portfolio) (Damodaran, 2012).

$$R_i = \alpha + \beta * R_m \qquad (10)$$

Where:

$\alpha =$ Intercept from the regression

$\beta = \frac{Covariance(R_i, R_m)}{\sigma_m^2}$ = Slope of the regression

The slope of the regression measures the riskiness of the company's stock (Damodaran, 2012).

According to Koller et al. (2010, p. 250), "Raw regressions provide only estimates of a company's true beta", so we should "improve the results from the regression by deriving an unlevered industry beta and then relevering the industry beta to the company's capital structure".

To derive an unlevered industry beta, we need to start by selecting an appropriate group of publicly traded firms that will be called the "peer group" and obtain their regression (or levered) betas. Afterwards, we estimate each company's unlevered beta and then compute their average to get the "unlevered industry beta" (Damodaran, 2012; Pinto et al., 2010).

$$\beta_U = \left[\frac{1}{1 + (1 - t)\left(\frac{D}{E}\right)}\right]\beta_E \qquad (11)$$

Where:

β_U = unlevered beta of the company

t = tax rate

$\frac{D}{E}$ = capital structure of the company based on market values

β_E = equity beta (or levered beta), which is the beta before removing the effects of leverage (the beta we take from the regression)

Using the industry unlevered beta (weighted average by firm value of the peer's betas) and the capital structure (based on market values) of the firm we are analyzing, we estimate the firm's

levered beta to use in the CAPM to determine the cost of equity, with the following formula provided by Pinto et al. (2010):

$$\beta'_E = \left[1 + (1-t)\left(\frac{D'}{E'}\right)\right]\beta_U \qquad (12)$$

The levered beta we get from this process ("Bottom-Up Betas" Process), which is the beta for an equity investment in a firm, is a function of the industry's riskiness and the amount of financial leverage risk the company has taken on. Leverage influences the beta and, consequently, the cost of equity because higher leverage means that equity investments in the firm are riskier (Damodaran, 2012).

The market portfolio has, by definition, a beta of 1, so if a company has a beta of 2, it means that if the S&500 increases by 1%, the company's shares will increase by 2% (Viebig et al., 2008).

2.2.1.6 Equity Risk Premium

As stated by Damodaran (2011, p. 50), "The equity risk premium is the premium that investors demand for investing in risky assets (or equities) as a class), relative to the risk-free rate". In other words, "The market risk premium reflects the incremental premium required by investors, relative to a risk-free asset like U.S. Treasury bonds, to invest in a globally diversified market portfolio" (Zenner, 2008, p. 1).

$$E(r_m) = r_f + Market\ Risk\ Premium \qquad (13)$$

The market risk premium reflects the whole economy from a macroeconomic perspective. It contemplates many factors influencing investors' perception of market risk, such as economic growth, consumer demand, inflation, interest rates, and geopolitical risks (Zenner, 2008).

Despite the existence many different methods to estimate the risk premium, the most common approach is comparing realized annual stock returns to annual bond returns over a long period (Zenner, 2008).

$$MRP = average\ return\ of\ an\ equity\ index - average\ return\ on\ Treasury\ Bonds \qquad (14)$$

Since AB InBev operates in many countries (developed markets and emerging markets), a country risk premium will be added to the market risk premium so that the company's cost of equity reflects the risk of investing in a nation different from the United States.

2.2.1.7 Terminal Value

Since we cannot forecast cash flows forever, the terminal value captures the cash flows after the forecasted period. The terminal value plays a huge role in a DCF Valuation since it usually amounts to more than 60% of the Enterprise Value. According to Damodaran (2012), there are three methods to calculate the terminal value: the liquidation value, the stable growth model, and the multiple approach. The latter is inappropriate for a DCF model since the purpose of a DCF is to estimate an intrinsic value, not a relative one. The most common approach is the stable growth model, in which we assume that the firm's cash flows will grow at a constant rate forever and estimate the terminal value with the following formula:

$$Terminal\ value_T = \frac{FCFF_{T+1}}{WACC_{T+1} - g} \qquad (15)$$

Where g is the long-term growth rate at which the cash flows are assumed to grow in perpetuity.

Nothing is more critical in a DCF Valuation than the long-term growth rate, and that is because "small changes in the stable growth rate can change the terminal value significantly, and the effect gets larger as the growth rate approaches the discount rate used on the estimation" Damodaran (2012, p. 304). Another assumption needed is that the firm is in a steady state after the forecast period, and as a result, the growth rate will be the same as or close to the growth rate of the company's market. In this thesis, the firm analyzed is global, so its growth rate will be a function of the global economy's long-term growth rate. The firm's growth rate cannot be higher than the one of the economy since if that were the case, there would be a time when the company is bigger than the economy, which is obviously impossible (Damodaran, 2012; Wilson, 1997).

2.2.2 Equity Valuation

The main difference in equity valuation is that instead of valuing the whole business, we value only the firm's equity. Instead of the Free Cash Flows to the Firm (FCFF), we use the Free Cash Flows to Equity (FCFE), which are cash flows after debt payments (but also after reinvestments), in other words, cash a firm can afford to return to its equity holders, and instead of using the WACC as the discount rate, we use the cost of equity since we only want the cost of raising equity financing (Damodaran, 2011).

As stated by Pinto et al. (2010, p. 147), "Free cash flow to equity is the cash available to the company's holders of common equity after all operating expenses, interest, and principal

payments have been paid, and necessary investments in working and fixed capital have been made".

One way of computing the FCFE is by reducing FCFF by the after-tax value of interest paid to debt holders and adding net borrowing (debt issued less debt repaid) (Pinto et al., 2010).

$$FCFE = FCFF - Int(1 - Tax\ rate) + Net\ borrowing \qquad (16)$$

There is also a way of estimating the FCFE that starts with the net income, and then the equity reinvestment is subtracted (Damodaran, 2012).

$$FCFE = Net\ Income - Equity\ Reinvestment \qquad (17)$$

$$= Net\ Income - Net\ CAPEX + Change\ WC + (Debt\ issued - Debt\ repayments)$$

After having the FCFE, the process is the same as the enterprise valuation but uses the cost of equity as the discount rate (Damodaran, 2012).

$$Equity\ Value = \sum_{t=1}^{T} \frac{FCFE_t}{(1 + k_E)^t} + \frac{TV_T}{(1 + k_E)^T} \qquad (18)$$

2.3 Relative Valuation

Even though the discounted cash flow model is the most studied and applied valuation method by academics, the reality is that the relative valuation method is usually chosen by practitioners when performing a valuation (Damodaran, 2012). According to a survey developed by Pinto et al. (2019), 93% of 1980 equity analysts use a market multiples approach when evaluating individual equity securities. This is due to three main reasons (Damodaran, 2012):

- It needs fewer assumptions and can be performed much quicker than a DCF valuation.
- It is straightforward to understand and easy to present to clients.
- It reflects more accurately the current mood of the market.

As claimed by Pinto et al. (2010, p. 20), "The idea underlying relative valuation is that similar assets should sell at similar prices".

Relative valuation relies on the assumption that the market is correct when it prices stocks on average but that it makes mistakes when pricing individual stocks and also that a comparison of market multiples will make us notice those mistakes and that the market will correct them sooner rather than later (Damodaran, 2012).

According to Koller et al. (2010), there are three requisites to perform a useful analysis of comparable multiples. The first is to use the right peer group. The peer group should be selected not only based on the financial performance of each firm (looking to metrics like sales growth, EBITDA margin, Return on Invested Capital and market capitalization, among others) but also based on qualitative aspects, such as the geography/industry in which the company we are analyzing operates.

The second is to choose the right multiple. According to Pinto et al. (2019), the most used multiple is the Price-to-Earnings (P/E) multiple, followed by Enterprise Value multiples (such as EV/EBITDA or EV/Sales). Koller (2010) argues that the P/E multiple has a major flaw: being "affected by a company's capital structure, not just its operating performance". Another aspect that Koller (2010) points out is to use forward-looking multiples for two reasons: being consistent with the principles of valuation and reflecting better long-term cash flows by avoiding one-time changes.

The third one is calculating the multiple consistently, basing the numerator (value) and denominator (earnings) on the same underlying assets. For example, if one excludes cash from value, one must exclude the interest income from the earnings.

2.4 Conclusion

There are some limitations in each method of valuing a company. In the DCF method, there is a wide range of firms for which it is difficult to perform an accurate DCF valuation (cyclical firms, firms in trouble, private firms, among others). In the Relative Valuation method, there are no two equal firms, so it can give us wrong estimates, and the fact that multiples reflect the market mood can reflect in too high (low) values when the market is overvaluing (undervaluing) comparable firms (Damodaran, 2012).

In order to determine the value of AB InBev, a DCF valuation method will be the primary approach since it will allow us to make conscious forecasts for each segment the firm operates in. The Enterprise Valuation (or FCFF) approach will be used due to being a common practice within the industry (according to Pinto (2019), the FCFF approach is used twice as much as the FCFE by experts). A Relative Valuation will also be performed, since it is also a common practice among analysts, to complement our DCF valuation and to understand if the firm is undervalued or overvalued compared to its competitors so that a more accurate recommendation can be provided at the end of the analysis.

3. Macroeconomic Outlook

The world is slowly recovering from the unforeseen events of the last four years, where we have witnessed the COVID-19 pandemic, the conflict between Russia and Ukraine, and, more recently, the tensions in the Middle East. Despite some resilience shown in the first half of this year with a slight slowdown in inflation, the global economy is still nowhere near pre-pandemic forecasts. Some countries are more affected by the long-term consequences of the pandemic, while others suffer more from the necessary monetary policy to fight inflation. The United States is showing the most robust recovery, with estimated GDP in 2023 surpassing pre-pandemic prospects. Due to greater exposure to the war in Ukraine and the challenges it created, Europe is still 2,2% away (in terms of GDP, according to the IMF (2023)) from reaching pre-pandemic projections. China experienced a pandemic-related slowdown in recent years, causing a 4,2% deviation (IMF, 2023) from pre-pandemic predictions. Emerging markets and developing economies have weaker recoveries, falling 6,5% (IMF, 2023) to pre-pandemic forecasts.

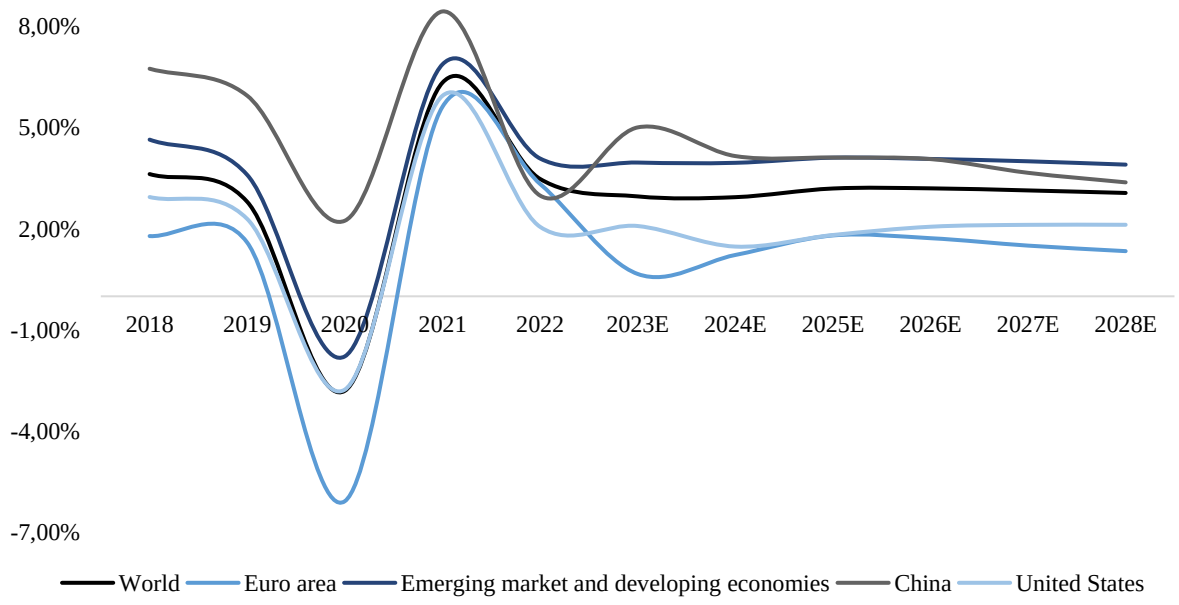


Figure 1 - GDP growth, constant prices (IMF, 2023)

Global inflation is on its way down, after peaking in 2022. We are witnessing a decline in energy and food prices, mainly due to a global demand contraction provoked by a tighter global monetary policy (the Federal Reserve and the European Central Bank have raised rates at their fastest pace in 30 years). Another central driver of the fall in inflation is the decline in international commodity prices. At the same time, inflation rates diverge across major economies, it is close to zero in China, 50% in Turkey, and above 100% in Argentina.

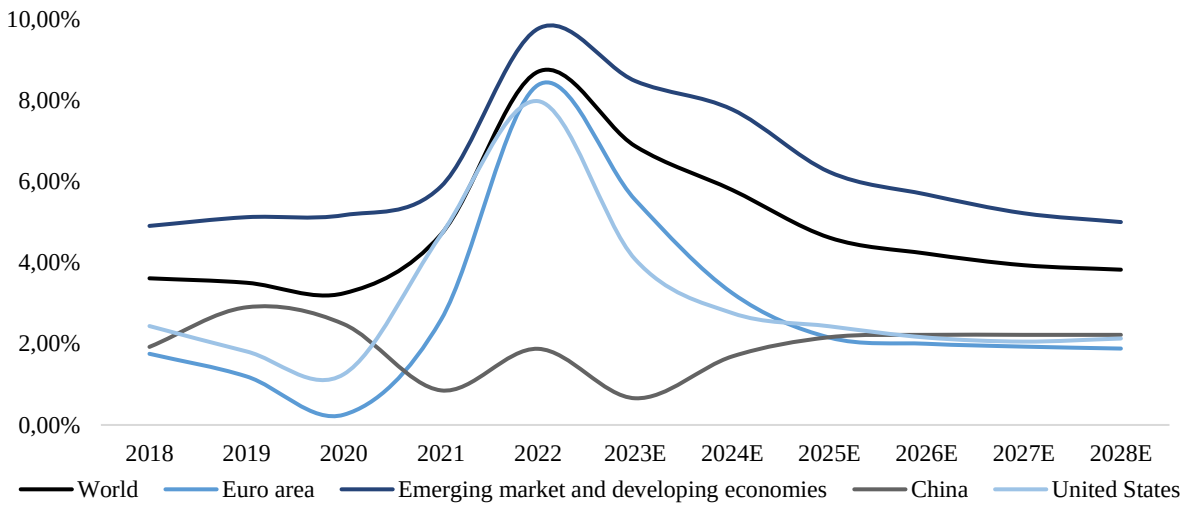


Figure 2 - Change (%) in average consumer prices (IMF, 2023)

4. Industry Analysis

4.1 Beer and Cider Industry Overview

Anheuser-Busch InBev operates in the beer and cider industry. The industry's market size is 600 billion USD (2022) and is expected to reach 840 billion USD in 2027 (MarketLine, 2023). As shown in Figure 3, the COVID-19 pandemic impacted the beer and cider industry, leading to a 15% decline in market value. However, a recovery from the pandemic can also be seen, with 2022 already bettering pre-pandemic levels, and it is forecasted to grow at a CAGR of 6,88% between 2022 and 2027 (MarketLine, 2023).

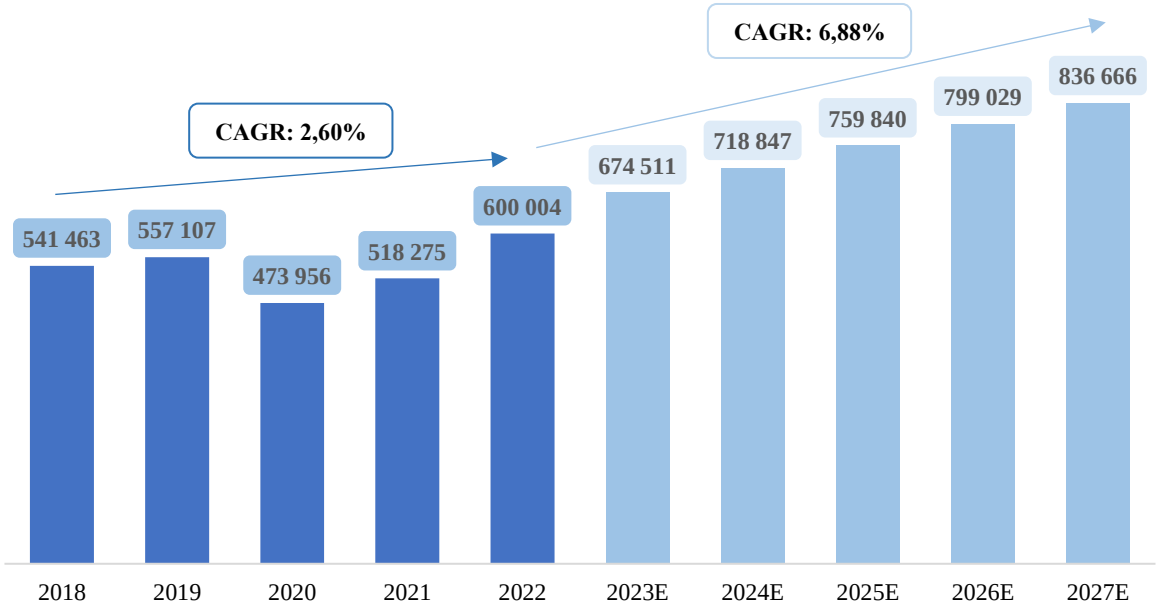


Figure 3 - Market value of the Beer and Cider Industry, in million $ (MarketLine, 2023)

In terms of volume, the pandemic also slightly impacted market consumption of beer and cider. However, it is also predicted to recover well with a CAGR of 2,25% between 2022 and 2027, reaching an amount of 1922 million hectoliters (MarketLine, 2023).

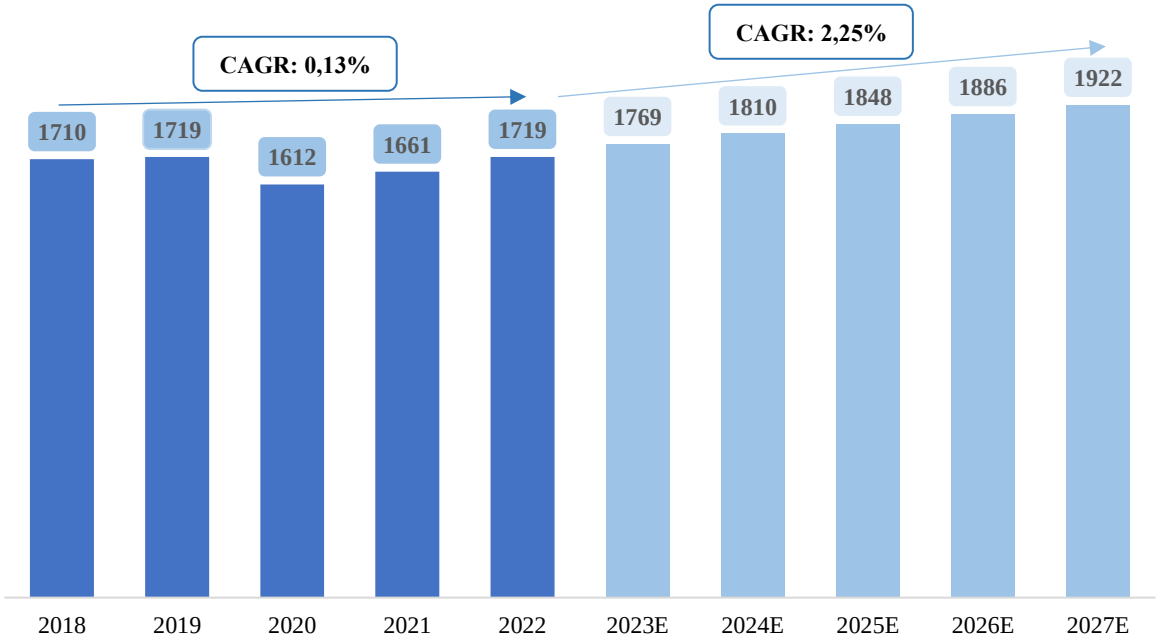


Figure 4 - Market consumption of beer and cider, in million hectolitres (MarketLine, 2023)

The moderate market growth between 2018 and 2022 can be explained by the expansion of e-commerce and online retailing and the changing consumer preference towards more premium beers. The increasing popularity of low-alcohol and non-alcoholic beer (due to a growing demand for healthier products) and continued premiumization are expected to drive market growth during the forecast period.

Regarding the geographic segmentation of the beer and cider industry, 90% of the market is concentrated in Europe, North America, and Asia-Pacific (each with around 30% global market share). As shown in Figure 5, the United States clearly dominates the market, followed by China (MarketLine, 2023).

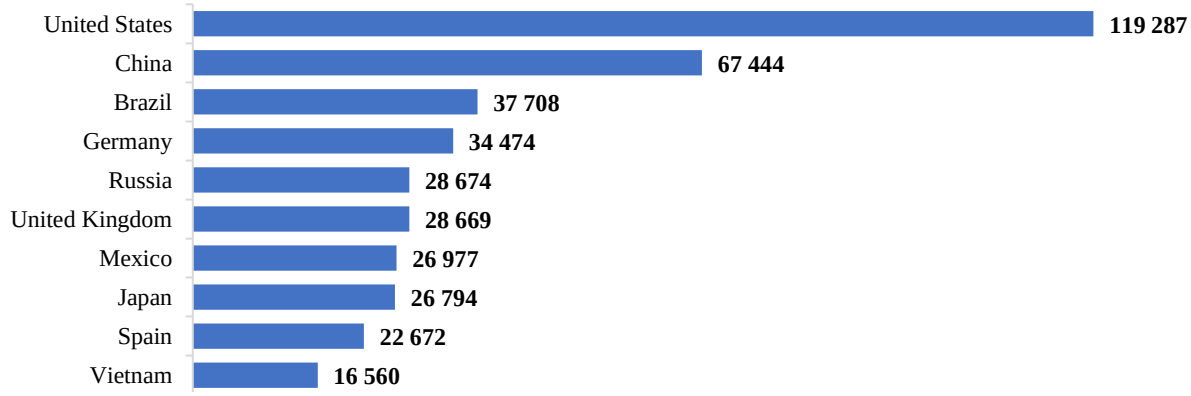


Figure 5 - Market value per country (top 10), in million $ (MarketLine, 2023)

Regarding category segmentation, beer is undoubtedly the most significant segment, accounting for 98% of the market's total value.

AB InBev is the leading player in the global beer and cider market, accounting for 26% of the market volume in 2022, and is expected to maintain the leading position in the coming years. Heineken follows with a 13% market share and has been growing in market share since 2027. China Resources Enterprise and Carlsberg also have relevant positions in this market with 6% and 5% market share (in terms of volume), respectively (MarketLine, 2023).

The beer and cider market is somewhat concentrated, with the four biggest players controlling 50% of the market volume. Other key industry players include Constellation Brands, Molson Coors, Asahi, Kirin, and Tsingtao.

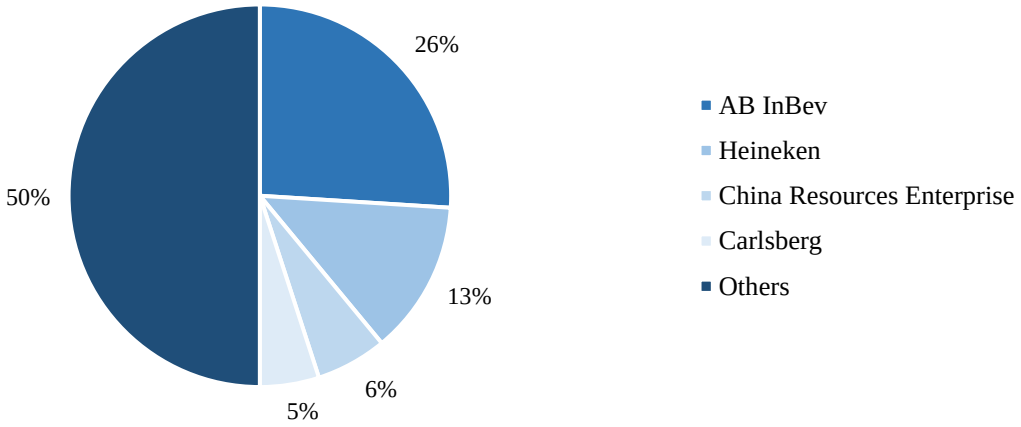


Figure 6 - Market share by volume 2022 (MarketLine, 2023)

In terms of Porter's five forces of the beer and cider industry:

Degree of rivalry - High fixed costs intensify rivalries. However, as long as the big players are growing, the rivalries are somewhat attenuated.

Buyer power - The large size of many buyers and low switching costs expand buyer power, but an aspect that eases buyer power is the buyer's need to stock multiple beer brands to remain competitive.

Supplier power - Many suppliers are small and countless, restricting their capacity to influence market players. The big players (brewers already mentioned) can undergo vertical integrations, which weakens supplier power. An aspect that strengthens supplier power is that not all suppliers depend highly on the beer industry (and raw materials are prejudicial for brewers).

New entrants - To enter the industry requires huge investments and tight government regulations, which is a hurdle for new entrants. However, the continued premiumization and increasing prices from the big players allow some smaller ones to join the market.

Substitutes - The risk of substitutes is high due to low switching costs and the existence of alternatives such as wine and spirits.

5. Company Overview

Anheuser-Busch InBev S.A./N.V. is a Belgium-based beer and soft drinks producer, manufacturer, distributor, and marketer. The company has a long history, with its first roots being from the 14th century, with the foundation of Brouwerij Artois in Belgium. Afterwards, several mergers and acquisitions took place, starting with the merger of Brouwerij Artois with Piedboeuf Brewery in 1987 to form Interbrew. After acquiring some Canadian and German brewers, Interbrew merged with the Brazilian brewer AmBev in 2004 to form InBev. In 2008, InBev merged with the American Anheuser-Busch. The new-born company is named Anheuser-Busch InBev (or AB InBev), and it has been the largest brewer in the world since then. AB InBev continued to be actively engaged in M&A with the acquisitions of Grupo Modelo's operations in Mexico in 2012 and with the acquisition of the South African SABMiller in 2026.

AB InBev is a publicly traded company, listed on the Belgium stock exchange (Euronext Brussels: ABI), with secondary listings on Mexico (MEXBOL: ANB) and South Africa (JSE: ANH) stock exchanges and with American Depositary Receipts on the New York Stock Exchange (NYSE: BUD).

The company has a workforce of 167 000 employees and holds a portfolio of around 500 international and local brands. With a presence in over 50 countries, AB InBev operates over 175 breweries.

AB InBev operates through a large but well-defined supply chain of farmers, brewers and manufacturers, distributors, customers (retailers, bar owners, wholesalers), and, most importantly, consumers.

5.1 Products and Brands

AB InBev's core activity is the production and distribution of beer, with 89% of 2022's revenues coming from the beer business, leaving the other 11% for the non-beer business (soft drinks and other businesses). The company's beer brands portfolio includes global brands, such as Budweiser, Corona, Stella Artois, and Michelob Ultra, international brands like Beck's, Leffe and Hoegaarden, and local brands that will be mentioned further below. The global brands are a vital driver of the company's revenues, with an 18,6% revenue growth in 2022 for Corona outside of its home market, 11,7% for Stella Artois and 2,5% for Budweiser (impacted by COVID-19 restrictions in China, the brand's largest market). The non-beer business consists of flavoured alcoholic beverages, hard seltzers and ready-to-drink cocktails, and the company

plans to expand this business segment to new markets to meet increasing consumer demand. Inside the non-beer business, there is also the no-alcohol beverages business composed of energy drinks (AB InBev has a partnership with Red Bull in some markets), soft drinks (such as Guaraná), and malt beverages.

5.2 Operational Segments

AB InBev classifies its operations into six segments: North America, Middle Americas, South America, EMEA, Asia Pacific, and Global Export and Holding Companies.

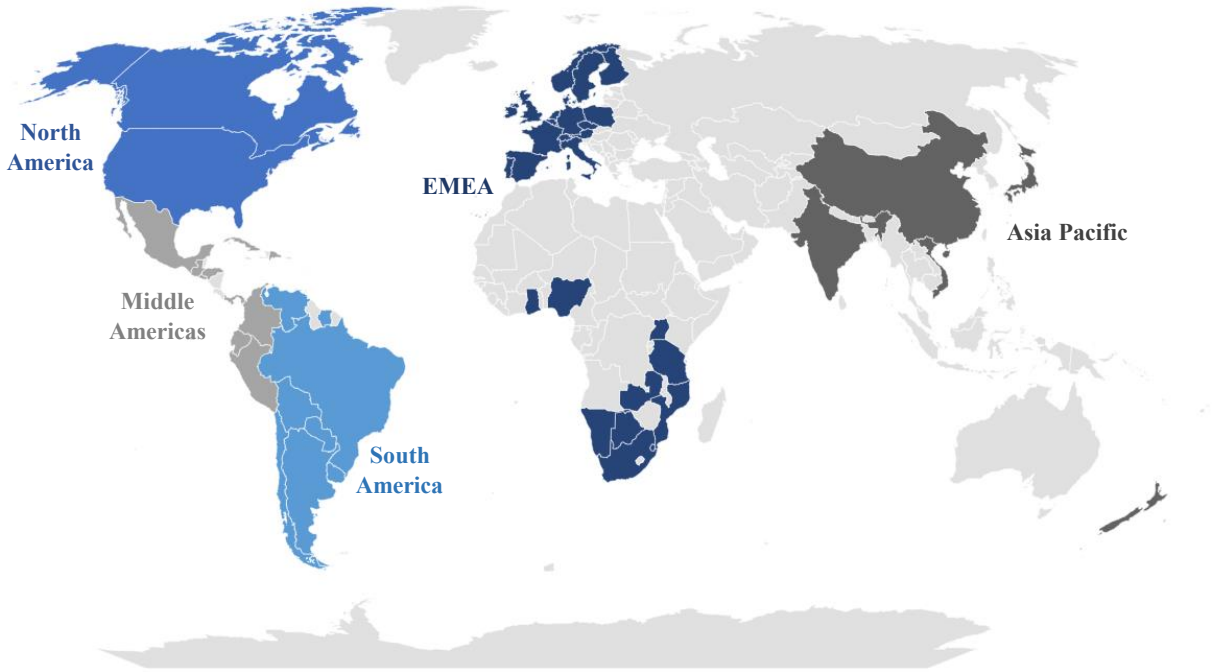


Figure 7 - AB InBev's operating segments (AB InBev)

The North American segment includes operations in the United States and Canada, and the leading brands are Budweiser, Stella Artois, Michelob Ultra, and Bud Light. The Middle Americas segment comprises operations in Mexico, Colombia, and Peru, among others, and the major brands are Corona, Pacifico, Modelo, Aguila, and Michelob Ultra. The South American segment encompasses operations in Brazil and Argentina, among others, and the main brands are Brahma, Bohemia, Quilmes, Skol, and Guaraná. The EMEA (Europe, Middle East, and Africa) segment comprehend operations in Belgium, France, Germany, United Kingdom, Italy, South Africa, and Mozambique, among others, and the key brands are Stella Artois, Leffe, Beck's, Hoegaarden, Castle Lager, Carling Black Label, and Laurentina. The Asia Pacific segment consists of operations in China, India, South Korea, Vietnam, and New Zealand, and the most significant brands are Harbin, Cass, Budweiser, and Hoegaarden. The Global Export

and Holding Companies segment is non-geographical, including export business and global headquarters.

Historically, North America has been the major contributor to AB InBev's revenues, while Asia Pacific has been the segment with lower revenues. As shown in Figure 8, four segments are recovering well from the COVID-19 pandemic, with revenues growing in 2021 and 2022 and already exceeding pre-pandemic (2019) values. Asia Pacific recovered well in 2021, reaching a record revenue value, but decreased in 2022 due to COVID-19 restrictions. The decline in 2019's revenues is mainly due to currency losses since the company reports organic growth of 4,3% for the entire business and organic growth in each segment.

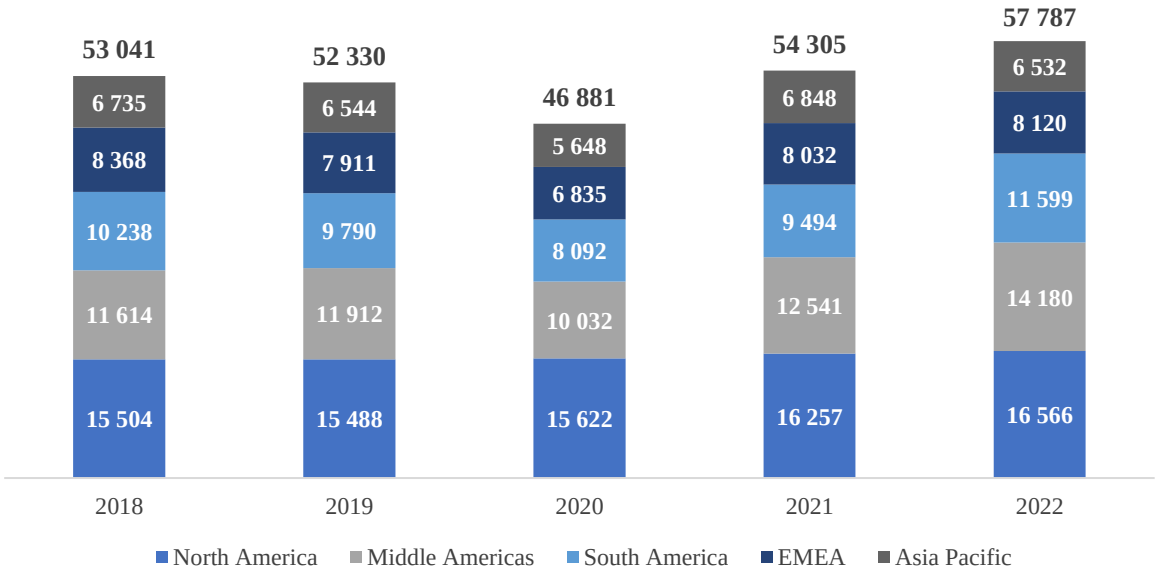


Figure 8 - Revenue per operating segment, in million $ (AB InBev)

As shown in Table 1, the highest growing segment between 2018 and 2022 was Middle Americas, followed by South America, both also gaining a % share of total revenues since 2018. After a strong recovery in 2021 from the EMEA segment, in 2022, this segment still managed to grow a little despite being affected by the rising inflation and interest rates. Regarding the Asia Pacific segment, in 2022, there were COVID-19 restrictions, as already mentioned, and that caused revenues to decline.

	North America	Middle Americas	South America	EMEA	Asia Pacific
Average 2018-2022 weight in total revenues	30,2%	22,7%	18,6%	14,9%	12,2%
CAGR revenues 2018-2022	1,7%	5,1%	3,2%	-0,7%	-0,8%

Table 1 - Revenue historical statistics 2018-2022 (AB InBev)

Regarding beer consumption by segment, South America is where more beer is consumed, followed closely by the Middle Americas segment. Volume in North America is on a downward course, mainly due to consumers demanding more premium beer and healthier products. However, AB InBev reports that they are rebalancing their portfolio towards these growing trends. Michelob Ultra, one of the company's healthier beers with reduced carbohydrates and calories, was the second most sold beer brand in the United States in 2022. Volume in the EMEA segment reached a record level in 2022, with continued premiumization of the beer portfolio. In Asia Pacific, volumes have been impacted by COVID-19 restrictions but are expected to recover in the upcoming years.

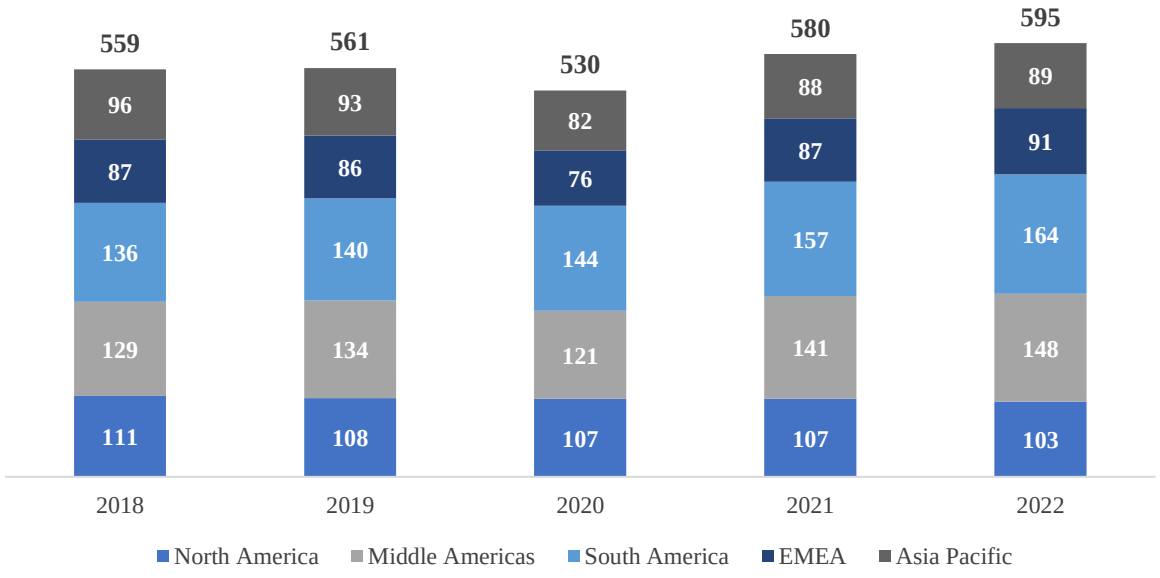


Figure 9 - Beer consumption per operating segment, in million hectolitres (AB InBev)

Despite being the major contributor in terms of revenue, the North America's beer volume corresponds to only 63% of South America's volume. This can be explained by a much higher revenue per hectolitre in North America when compared to any other segment, due to higher prices in general, better market conditions, and the strength of AB InBev in this segment.

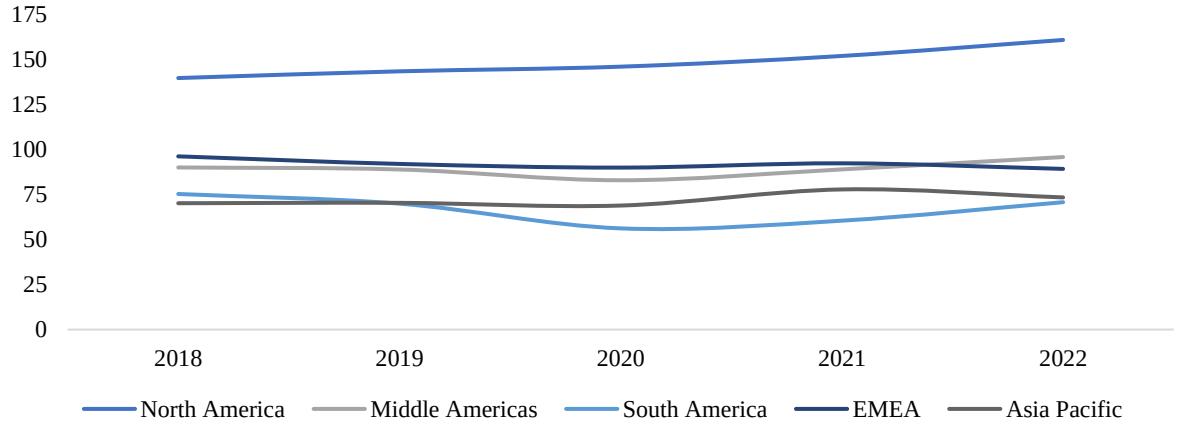


Figure 10 - Revenue per hectolitre of each operating segment, in million $ (AB InBev)

The highest growing sector in terms of beer consumption was South America, followed by Middle Americas, and EMEA. North America and Asia Pacific saw beer consumption decreasing, as previously explained.

	North America	Middle Americas	South America	EMEA	Asia Pacific
Average 2018-2022 weight in total volume	19,0%	23,8%	26,2%	15,1%	15,9%
CAGR volume 2018-2022	-1,9%	3,5%	4,8%	1,1%	-1,9%

Table 2 - Volume historical statistics 2018-2022 (AB InBev)

Regarding market share performance, Figure 11 shows how AB InBev's market share changed since 2018 globally and in some key markets, according to MarketLine annual industry reports.

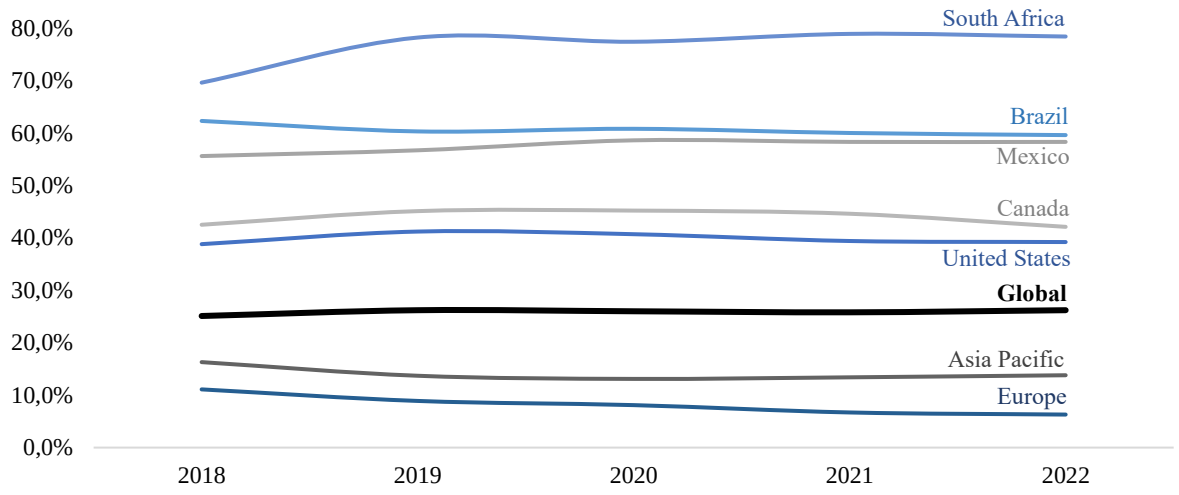


Figure 11 - Market share performance in key markets (MarketLine, 2023)

South Africa is the market where the company has the highest market share (78,4%), mainly due to the acquisition of SABMiller in 2016. It is also the segment where market share grew the most between 2018 and 2022 (8,8%). Brazil and Mexico, two of the most important markets for the company's business, are also dominated by AB InBev, with around 60% market share. In Canada and the United States, the two countries included in the North American segment, the company has a significant market share of around 40%. The only two markets where the company is not the market leader are the Asia Pacific and Europe, where market share corresponds to 13,8% and 6,3%, respectively. Europe is also where the company lost more market share (-4,8%). The company's global market share has been stable since 2018, with a slight gain of 1,1%, reaching 26,2% (MarketLine).

5.3 Shareholder Structure

According to Refinitiv, the company has 1704,73 million (ordinary) shares outstanding. 48,46% of the shares are owned by strategic entities with the other 51,54% being public free-float traded shares. The structure of the strategic entities' ownership is somewhat complex. Stitching Anheuser-Busch InBev is the "reference shareholder", owning 38,17% of the company's shares. The other strategic entities (EPS Participations Sàrl and BRC Sàrl) are companies which AB InBev holds shareholder's agreements.

5.4 Stock Price Performance

Looking at AB InBev's market performance for the past five years, until 2020, when the COVID-19 pandemic appeared, the company's performance was identical to the market indexes, sometimes higher than the market and sometimes lower. As shown in Figure 12, AB InBev stock was heavily impacted by the pandemic, and the impact was stronger than the one felt by the market indexes and by Heineken, one of the company's main competitors. Since then, the company was clearly outperformed by the market. Compared with Heineken, despite the different impacts caused by the COVID-19 outbreak, the difference since 2020 has remained quite stable, meaning the two companies have been having a similar performance. When compared to the S&P 500 Brewers Index, AB InBev outperformed until the pandemic, but afterwards, the performance has been somewhat identical. The disparity noted in 2023 is due to a boycott of the Bud Light brand in the United States, which caused the company's sales to decline and also impacted the company's stock (this will be explored further ahead).

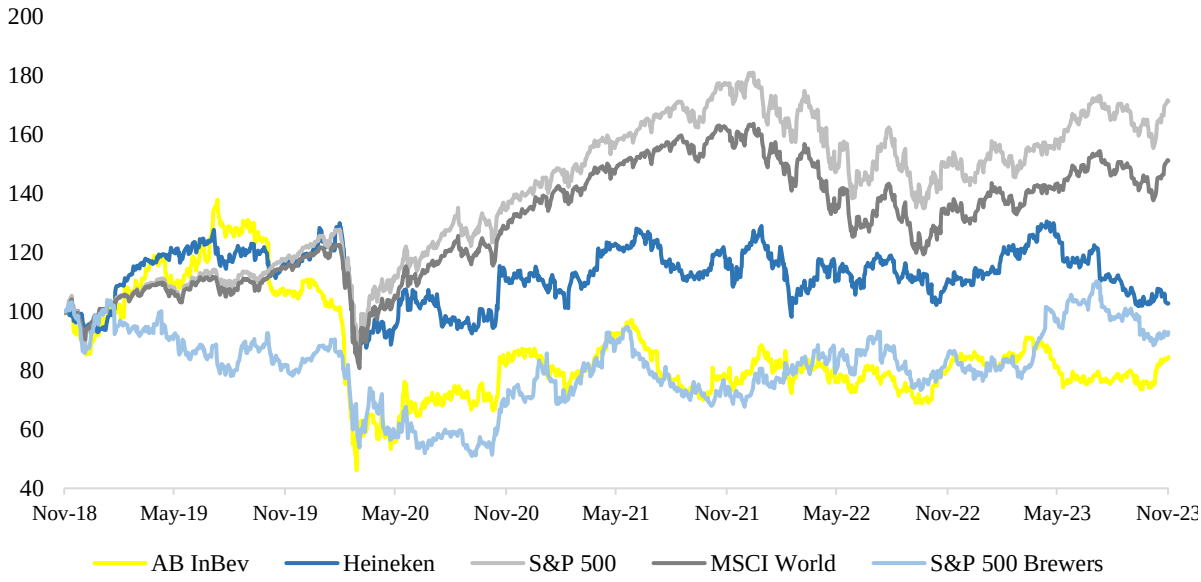


Figure 12 - Stock price performance (Refinitiv, 2023)

5.5 AB InBev Strategy

AB InBev's strategy is divided into three main topics:

1) Continue to lead and grow the beer (and beyond beer) category. Beer is one of the most profitable segments in the food and beverage industry and is projected to grow in volume and share of throat (compared to wine and spirits).

   AB InBev has a unique position in the industry, leading, in terms of market share, 28 markets. The company also leads in seven of the top 10 most profitable markets (regarding the beer industry) and seven of the top 10 largest volume growth markets.

   AB InBev owns some of the greatest beer brands globally, having twenty-one brands with over $1 billion in revenue, twelve brands with over $0,5 billion and seven of the top 10 most valuable beer brands. This leadership provides a massive opportunity for the company to continue its innovation and growth trends, increasing volumes in emerging and developing markets and introducing more premium and healthier products in developed markets.

   This market power also contributes to the company's relationship with suppliers, retailers, and wholesalers, creating an opportunity to improve efficiency and profitability.

2) Engage with the digital transformation to develop the business. The company has been creating value through the power of data and technology, with 63% of the company's revenues coming from B2B (Business-to-business) digital platforms.

   BEES, a B2B digital platform owned by AB InBev, is already present in 20 markets and is transforming the sales process, increasing effectiveness through data science and a 24/7 personalized communication channel with retailers. BEES also has partnerships with 200 other companies, and currently, 56% of BEES users purchase non-AB InBev products through the platform.

   AB InBev has also been developing its D2C (Direct-to-consumer) business, owning some successful platforms such as Zé Delivery, TaDa Delivery and Perfect Draft. This e-commerce platforms connect consumers with local retailers and distributors to deliver cold beverages to their door within 30 minutes. These D2C ecosystem accounted for $1,5 billion in revenue in 2022. Expanding these successful platforms to new markets and developing them in already established markets will provide huge growth opportunities.

3) Optimize the business to create long-term value through disciplined resource allocation, robust risk management and an efficient capital structure (reducing the level of leverage).

Another crucial aspect to create long-term value is sustainability, where the company has developed initiatives such as purchasing electricity from renewables, reducing emissions, having sustainable agriculture, implementing water solutions, and applying circular packaging.

6. Financial Analysis

6.1 Revenue, Cost of Sales, and Gross Profit

The following Figure presents the revenue, cost of sales, and gross profit margin of the last five years. Revenue[1] grew at a CAGR of 2,2% between 2018 and 2022, while the cost of sales grew at 7,18%, contributing to an 8% decline in the gross profit margin. The pandemic explains the slow revenue growth, with people consuming less beer. However, the recovery was strong, with beer consumption increasing, as well as revenue per hectolitre, increasing total revenue by 15,8% and 6,4% in 2021 and 2022, respectively. Cost of sales rose by 17,6% and 13,9% in 2021 and 2022, mainly due to increased commodities prices.

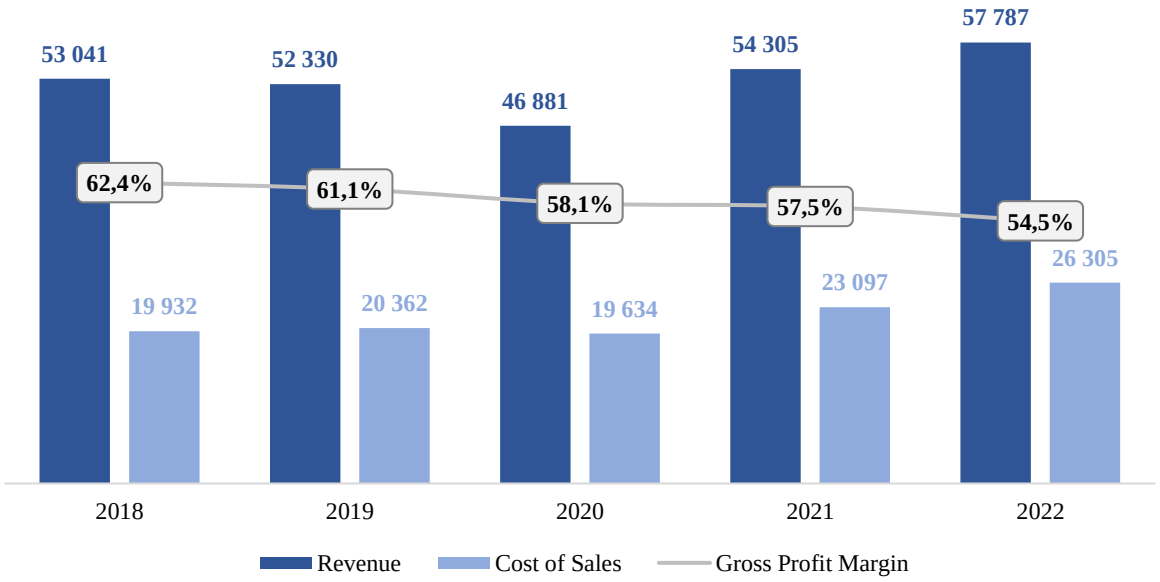


Figure 13 - Historical revenue, cost of sales (in million $), and gross profit margin (AB InBev)

6.2 EBITDA, EBIT, and Net Income

Figure 14 shows the heavy impact of the pandemic on AB InBev's business, with all metrics decreasing by a considerable amount. While EBITDA and EBIT saw a decrease of 31,5% and 40,2% YoY, respectively, Net Income suffered the most substantial impact, with a decline of 84,7% YoY. In 2021, the company showed good signs of recovery, increasing EBITDA by 30,8%, EBIT by 43,7%, and Net Income by 232,1%. Due to rising inflation, supply chain disruptions, and increasing commodities prices, 2022 growth was not as high as 2021. Nevertheless, the three metrics increased. The three margins shown in Figure 14 are illustrative

[1] AB InBev reports revenue already net of excise taxes (imposed on specific goods such as fuel, tobacco, and alcohol), so, in this thesis, the term revenue is also net of excise taxes.

of the company's profitability (all three margins are higher than the industry median, according to Refinitiv) and potential (to get back to pre-pandemic values).

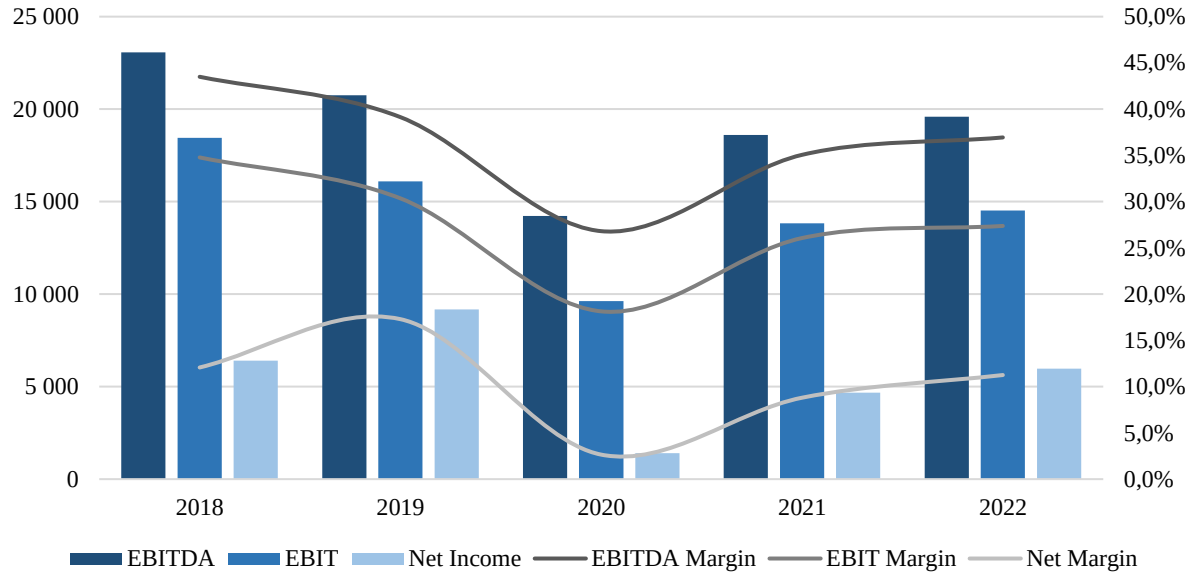


Figure 14 - Historical EBITDA, EBIT, and Net Income (in million $) and margins (AB InBev)

6.3 Liquidity

Due to having a much higher amount of accounts receivable than accounts payable and inventory, the company's ability to meet short-term obligations is not the best. The company's quick ratio is close to the peer's average, as shown in Table 3, but having a quick ratio lower than 100% is not a good sign. Regarding the current ratio, AB InBev is in a worse situation than its peers, having a ratio lower than 100% while the peer's one is above 100%. The cash ratio is the only ratio the company has above the peer's average.

	2018	2019	2020	2021	2022	Peers Average
Quick Ratio	40,8%	70,0%	68,1%	54,3%	48,2%	56,7%
Current Ratio	53,1%	82,7%	82,0%	70,1%	67,4%	113,3%
Cash Ratio	20,8%	21,0%	48,4%	36,5%	29,3%	16,2%

Table 3 - Liquidity ratios (AB InBev and Refinitiv)

6.4 Solvency

AB InBev has been deleveraging in recent years, converging its ratios to the peer's average, as shown in Figure 16. The company's debt/equity and debt/capital ratios are already slightly lower than the peer's average.

Regarding the Net Debt / EBITDA measure, AB InBev's one is still higher than the peer's average. However, by continuing the deleveraging process of the past years and improving operating performance, the company will match the peer's ratio.

	2018	2019	2020	2021	2022	Peers Average
Debt/Equity	170,4%	136,1%	144,9%	129,4%	109,0%	110,9%
Debt/Capital	63,0%	57,6%	59,2%	56,4%	52,1%	52,6%
Net Debt/EBITDA	4,5	4,6	5,8	4,1	3,6	2,7

Table 4 - Solvency ratios (AB InBev and Refinitiv)

7. Discounted Cash Flow Valuation

The Discounted Cash Flow valuation was used to determine AB InBev's target share price (TSP). As traditionally done in equity research, the target date will be one year from now, corresponding to December 2024. Based on the target share price, an investment recommendation will be provided. Free Cash Flows to the Firm will be discounted as of December 2024 and projected until December 2032, when the company is expected to reach a steady state.

7.1 Forecasts

7.1.1 Revenue

Revenue was forecasted per operating segment since each market has a specific level of prices, volume (beer consumption), products, and growth expectations. What drives revenues for AB InBev (and any other company in the beer industry) is volume, so volume was the first thing to be forecasted.

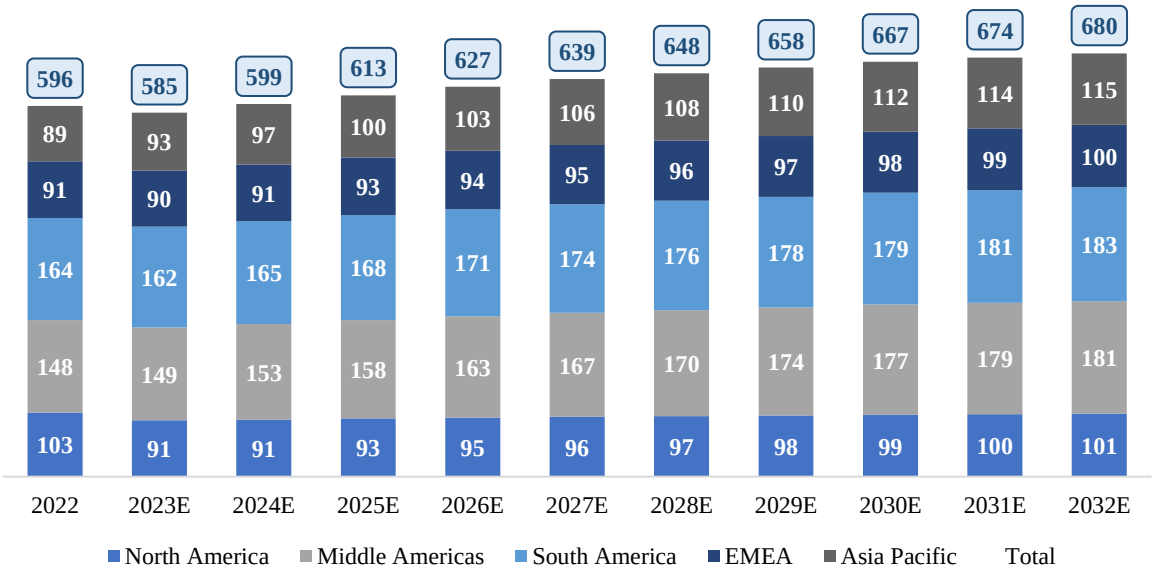


Figure 15 - Volume Forecast (in million hl)

Another driver is the revenue the company can generate per unit of beer consumed (that changes with pricing dynamics, macroeconomic factors, and revenue management initiatives), so revenue per hectolitre was also forecasted.

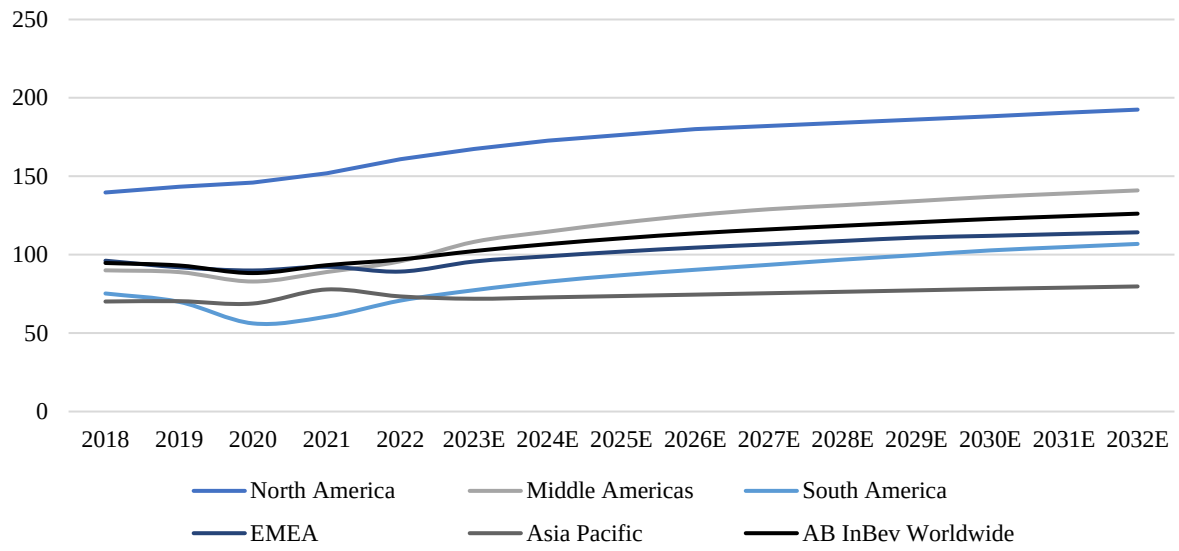


Figure 16 - Revenue per hectolitre

By putting these two drivers together, the revenue value was achieved. Aggregating the revenue per segment, we get the company's total revenue. Revenue for 2023 was forecasted based on the performance of the first three quarters of the year since, as of today, the annual report for 2023 is not available.

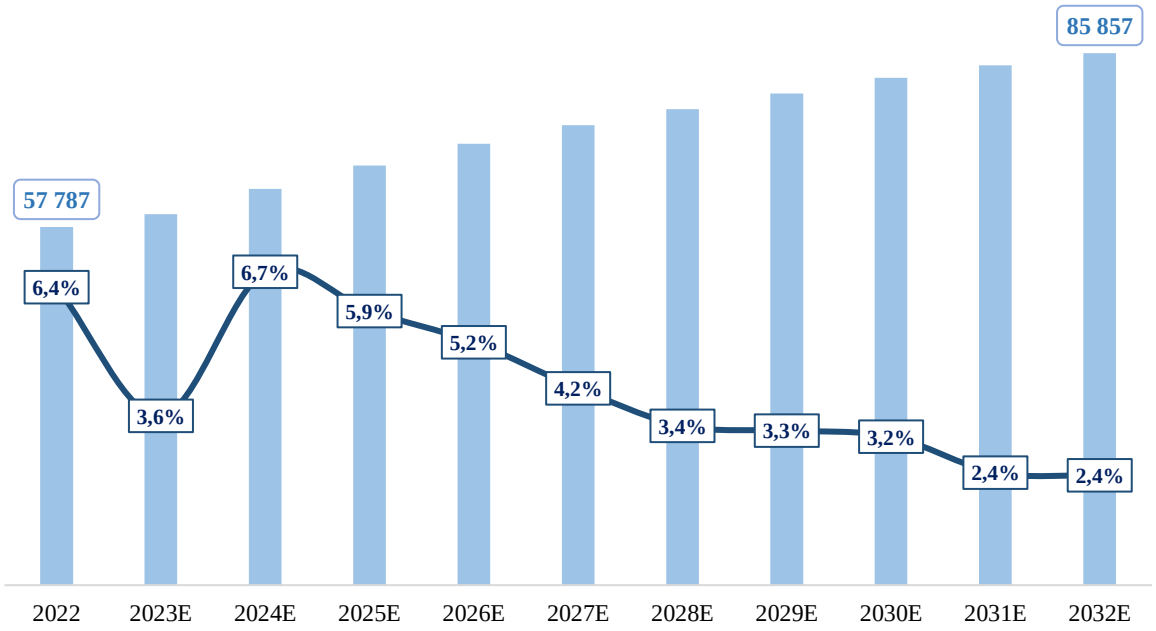


Figure 17 - Total revenue (million $) and YoY growth

After growing by 6,4% in 2022, revenue is projected to increase by only 3,6% in 2023 due to the sales decline in the United States. Afterwards, revenue is forecasted to enter a high-growth period between 2024 and 2027 and then start to stabilize from 2028. As shown in Figure 17,

revenue is expected to reach $85 billion by 2032, registering a CAGR of 4,1% during the explicit period (2023-2032).

	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
North America	**16 566**	**15 166**	**15 796**	**16 453**	**17 054**	**17 504**	**17 877**	**18 258**	**18 647**	**19 045**	**19 450**
YoY growth	*1,9%*	*-8,4%*	*4,2%*	*4,2%*	*3,7%*	*2,6%*	*2,1%*	*2,1%*	*2,1%*	*2,1%*	*2,1%*
Middle Americas	**14 180**	**16 122**	**17 602**	**19 036**	**20 391**	**21 528**	**22 398**	**23 303**	**24 244**	**24 864**	**25 477**
YoY growth	*13,1%*	*13,7%*	*9,2%*	*8,2%*	*7,1%*	*5,6%*	*4,0%*	*4,0%*	*4,0%*	*2,6%*	*2,5%*
South America	**11 599**	**12 500**	**13 643**	**14 611**	**15 500**	**16 283**	**17 021**	**17 707**	**18 421**	**18 985**	**19 548**
YoY growth	*22,2%*	*7,8%*	*9,1%*	*7,1%*	*6,1%*	*5,1%*	*4,5%*	*4,0%*	*4,0%*	*3,1%*	*3,0%*
EMEA	**8 120**	**8 611**	**9 046**	**9 457**	**9 839**	**10 161**	**10 468**	**10 784**	**11 001**	**11 226**	**11 446**
YoY growth	*1,1%*	*6,0%*	*5,1%*	*4,5%*	*4,0%*	*3,3%*	*3,0%*	*3,0%*	*2,0%*	*2,1%*	*2,0%*
Asia Pacific	**6 532**	**6 703**	**7 055**	**7 354**	**7 666**	**7 990**	**8 248**	**8 514**	**8 788**	**8 965**	**9 145**
YoY growth	*-4,6%*	*2,6%*	*5,2%*	*4,2%*	*4,2%*	*4,2%*	*3,2%*	*3,2%*	*3,2%*	*2,0%*	*2,0%*

Table 5 - Revenue per operating segment (in million $) and YoY growth [2]

As mentioned above, the revenue value for 2023 was computed separately from the following years since the information until the third quarter of 2023 is available and must be taken into account to have a more accurate forecast.

Assuming that the macroeconomic environment and AB InBev's general status will not see a massive change from October to December 2023, revenue per hectolitre of 2023 was estimated to be the same as for the first nine months of the year (for all operating segments).

Regarding volume for 2023, the only estimate needed was the fourth quarter volume since the company already reported volume for the first three quarters of the year. It was assumed that the % change of Q4 2023 vs Q4 2022 would be the same as the % change of Q3 2023 vs Q3 2022. This assumption was made for all segments except for North America, where it was assumed that volume would decline 14% in Q4 2023 when compared to Q4 2022 since the impact of the boycott (explained below) was assumed to be smaller in Q4 (the impact in Q3 was -17,2%).

In North America, after registering consistent growth between 2020 and 2022 despite the effects of the pandemic, 2023 has been awful. In April, a boycott of Bud Light (the most-sold beer

[2] Detailed computations and forecasts of volume and revenue can be found in Appendix 4

brand in the United States in 2022) surged due to an advertisement. Comparing the first nine months of 2023 to the same period in 2022, the difference in volume was -11,1%, and the difference in revenue amounted to -6,7%. Assuming that the boycott will also impact the last quarter of 2023, a decline of 8,4% in sales was forecasted. The company's market share in this segment was slightly impacted, but it has been stable at 36% since May (AB InBev).

Since AB InBev's market power in North America is very significant, the company expects to recover from the boycott in 2024. Therefore, it was forecasted a 4,2% sales growth in 2024, driven mainly by an increase in revenue per hectolitre. Afterwards, the company is expected to continue its growth and it is expected to reach a steady state in terms of revenue by 2028.

The company's ability to meet consumer demand will be essential. Healthier brands like low-alcohol beer and non-alcoholic drinks are expected to drive AB InBev's growth. Another driver will be the development of the non-beer business, and the company has been investing in it, with Cutwater (spirits-based cocktail) and NÜTRL (vodka seltzer) achieving leading positions in 2022. By 2032, the company's revenues in North America are expected to reach $19 450 million, registering a CAGR of 3,0% during the explicit period.

Middle Americas and South America are the two operating segments where the company's revenue is expected to grow the most. In these two segments, AB InBev has a massive market share and potential to grow (since most markets of these segments are still developing). Coupled with the company holding a portfolio of well-known and established brands, AB InBev owns multiple D2C platforms. These platforms boost revenue since they eliminate the consumer need to buy a beer at a supermarket. In 2022, 69 million online orders were fulfilled through D2C platforms.

BEES, the company's B2B digital platform, is also expected to continue its growth in these two segments. Through partnerships, BEES now has items available in more than one million points of sale in Brazil. Since inflation accelerates revenue growth per hectolitre, this metric is forecasted to increase considerably in South America in the upcoming years (due to the current hyperinflationary environment in Argentina).

The Middle Americas segment is expected to generate more revenue in 2023 than North America, becoming the major contributor to AB InBev's revenue. The demand for premium beer is increasing in this segment, also increasing the revenue per hectolitre (since premium beer is more expensive). Corona is the most famous brand in this segment and already has a 0% alcohol version, so it is expected to continue to drive this segment's growth.

Due to the above reasons, revenue is expected to grow during the explicit period at a CAGR of 5,2% and 5,1% in the Middle Americas and South America segments, respectively.

In EMEA, revenue is projected to increase by 6,1% in 2023 due to an increase of 7,2% in revenue per hectolitre. Volume is projected to grow until 2032 at the same pace it grew in 2018-2022 (CAGR of 1,1%). Led by a growth in revenue per hectolitre, EMEA's revenue is expected to grow at a CAGR of 3,0% during the explicit period.

In Europe, due to continued premiumization (that boosts revenue per hectolitre) and increasing brand power, premium brands accounted for more than 50% of revenue. The company owns a D2C digital platform (PerfectDraft) that has been expanding in Europe and is expected to contribute highly to the revenue growth of the EMEA segment.

In South Africa, market share continues to grow, and volumes reached an all-time high in 2022. Increasing consumer demand in Tanzania, Botswana, Ghana, and Zambia allowed the company to expand its portfolio of leading brands in the region.

After registering a decline in 2022, revenue in the Asia Pacific is expected to grow by 2,6% in 2023. This segment is expected to grow mainly due to volume since there is no premiumization strategy or macroeconomic factors like inflation influencing revenue per hectolitre. With increasing brand power and the expansion of digital channels, Asia Pacific's revenue is expected to grow at a CAGR of 3,5% until 2032.

Revenue for the Global export and holding companies was forecasted to remain the same as 2022 since the company does not provide information regarding trends and status of this segment.

7.1.2 Cost of Sales

Since the beer volume evolution of each segment was already forecasted for the revenue computations, the cost of sales was estimated using the same approach, pairing each segment's volume with the cost of sales per hectolitre. The YoY growth forecast of the cost of sales per hectolitre considered the inflation rate growth projected by the IMF for each segment. Commodity prices are expected to go back to pre-pandemic levels in 2024-2026 (OECD), so it was generally forecasted that the cost of sales would stabilize after that period. The central

assumption (Figure 18) was that the cost of sales as a % of revenues (and consequently the gross profit margin) would slowly return to pre-pandemic levels.

As for the revenue per hectolitre, the cost of sales per hectolitre for Q4 2023 was assumed to be the same as the one registered in the first nine months of the year for all segments.

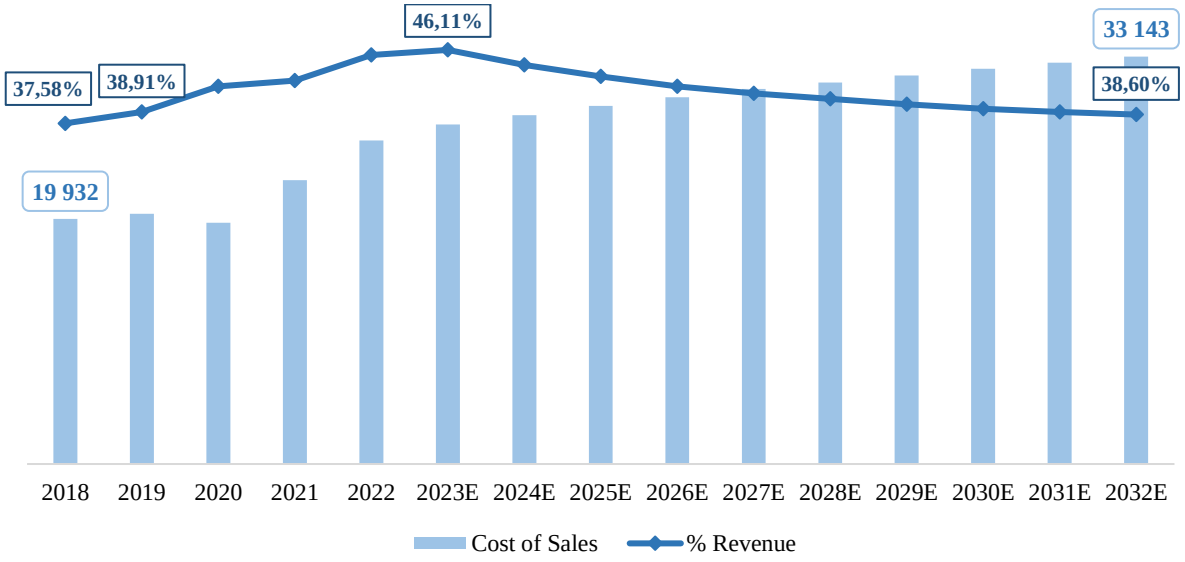


Figure 18 - Historical cost of sales and Forecasted (in million $), and % of revenue

As shown in Figure 18 (with detailed calculations presented in Appendix 7), the cost of sales per hectolitre was projected to remain stable in some segments. Due to the massive price increase during 2022 and 2023, the cost of sales is expected to smooth in the upcoming years and get back to pre-pandemic levels (in terms of % of revenues).

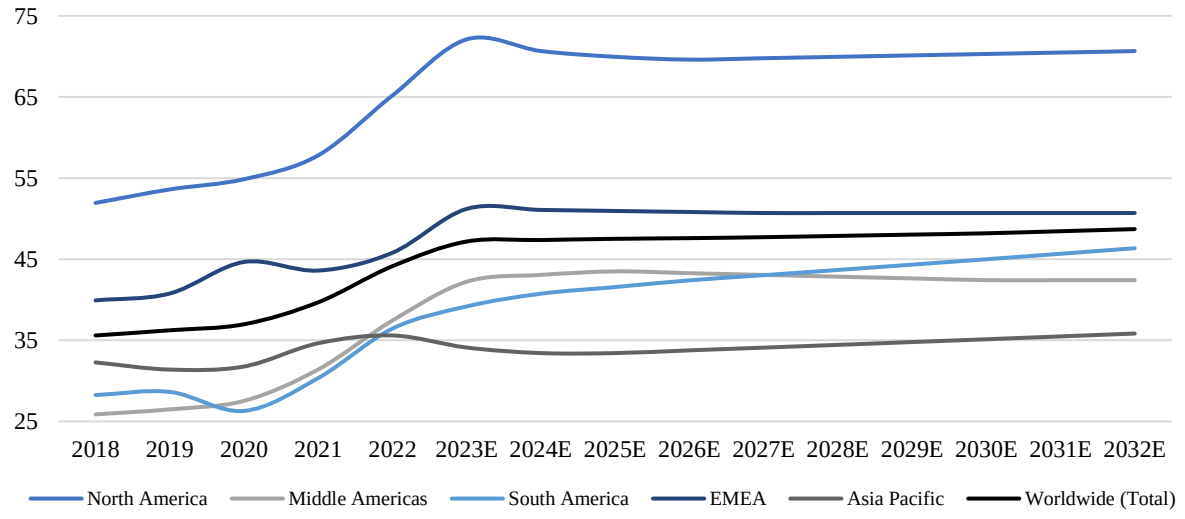


Figure 19 - Cost of sales per hectolitre (in million $)

South America is the only segment where the cost of sales per hectolitre is expected to increase continuously since the IMF expects the inflation rate in this segment to remain high. Due to being more developed markets, North America and EMEA segments have the highest cost of sales per hectolitre.

The cost of sales will increase at a slower pace than revenue. Consequently, the gross profit margin will increase, reaching 61,4% in 2032 (compared to 53,9% in 2023).

7.1.3 Operating Expenses

The operating expenses were forecasted by operational segment, and the main assumption is the same as the one made for the cost of sales: the operating expenses as a % of revenue will return to pre-pandemic levels. Most segments were expected to achieve that by 2026, which is why the operating expenses as a % of sales are constant during the majority of the explicit period. Detailed calculations are presented in Appendix 8.

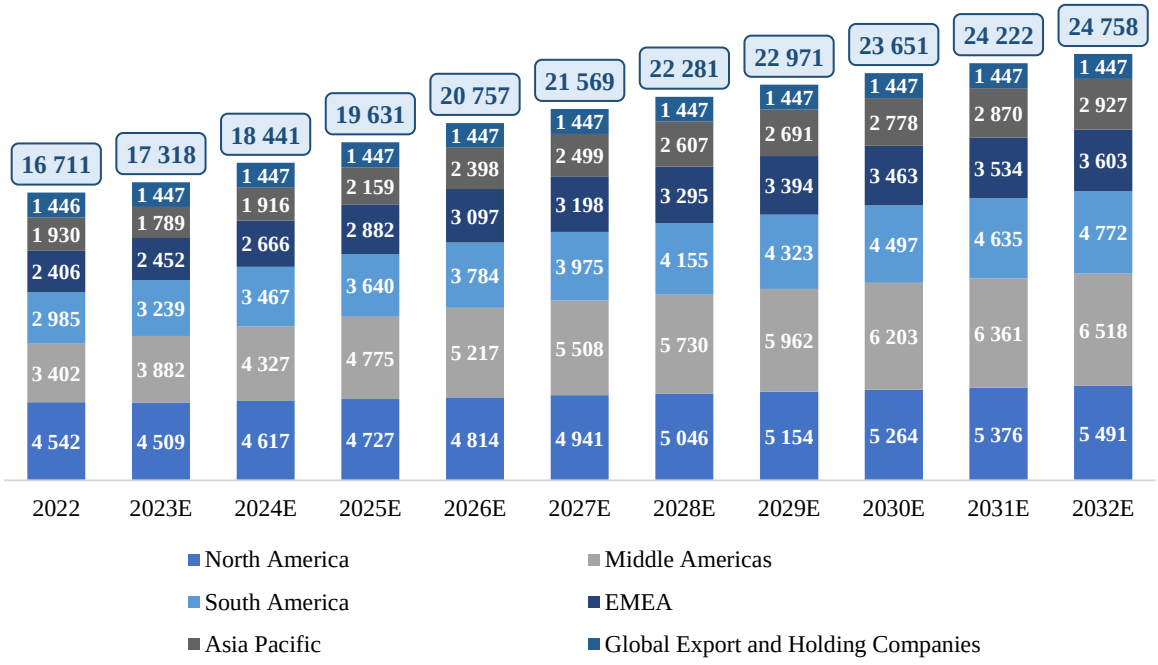


Figure 20 - Total and per segment Operating Expenses (in million $)

7.1.4 EBIT

AB InBev reports per segment until the EBIT before non-recurring items ("Normalized EBIT") so in this thesis, the forecast was made by segment until that metric. Afterwards, the income statement items below EBIT were forecasted for the company (as a whole).

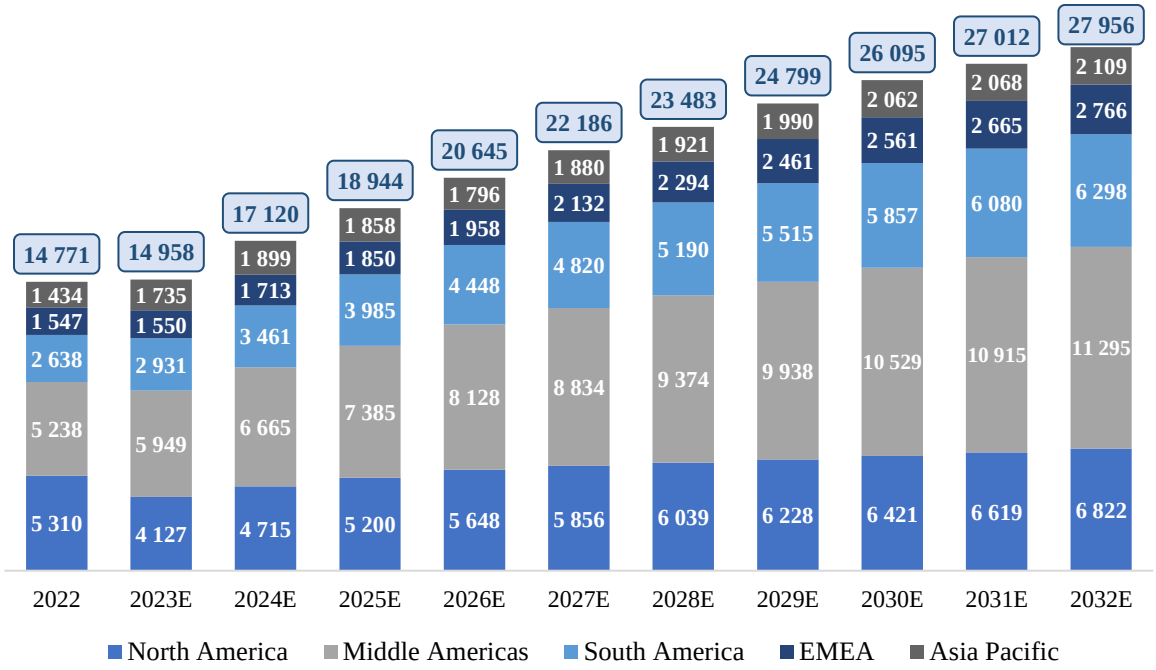


Figure 21 - Total and per segment Normalized EBIT (in million $)

In 2023, the Middle Americas segment is expected to be the major contributor to the company's EBIT, exceeding the North American segment.

With revenue increasing faster than operational costs, AB InBev's EBIT margin will get closer to the one registered before the pandemic (Appendix 16). The company stated that the margin decline was not structural and was driven by cost pressures, so coupled with increasing efficiencies in the business, margins are expected to recover.

In order to forecast the non-underlying costs above profit from operations (to achieve the EBIT), an average of 2018, 2019, 2021, and 2022 was made, and it was assumed that it would remain at that value during the whole explicit period. 2020 was excluded since the company had massive unexpected costs due to the pandemic.

7.1.5 Depreciation, Amortization, and Impairments

Depreciation and amortization were forecasted as a function of PPE (Property, Plant, and Equipment) and the intangible assets, respectively. Impairments were forecasted as a function of both.

After decreasing between 2018 and 2022, PPE (owned and leased) and Intangible Assets were forecasted as a percentage of revenues. For both, the assumption consists of a ten basis points yearly increase of the respective ratio.

Depreciation and impairment (the company reports the two values aggregated) of PPE were forecasted as a percentage of PPE. The ratio was assumed to decrease yearly by ten basis points and, consequently, slowly approach pre-2022 levels since, as seen in Appendix 13, 2022 was an outlier regarding depreciation as a percentage of PPE.

The same rationale was used for the amortization and impairment of the intangible assets, but with the ratio decreasing yearly by three basis points until 2027 when the ratio is forecasted to reach the pre-pandemic level. For the rest of the explicit period, the ratio was forecasted to remain constant.

In total, depreciation, amortization, and impairment were forecasted to increase by a CAGR of 3,6% during the explicit period to reach $7 199 million by 2032, as shown in Figure 22. Detailed computations are presented in Appendix 13.

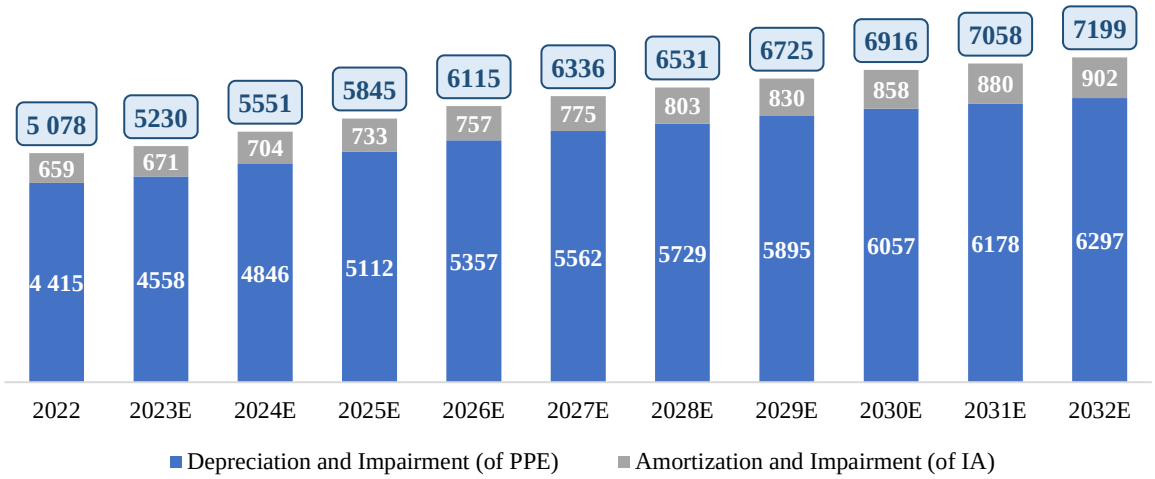


Figure 22 - Depreciation, Amortization, and Impairment Forecast (in million $)

7.1.6 Capital Expenditures

The historical capital expenditures (CAPEX) of AB InBev are shown in the cash flow statement under the item "Acquisitions of property, plant and equipment and of intangible assets". The company reports the two types of expenditures together, so the forecast was made similarly. According to AB InBev, their capital expenditures consist of improvement in production facilities, logistics and commercial investment, improvement of administrative capabilities and purchase of hardware and software.

It was assumed that the CAPEX as a percentage of revenue would be 9,0% during the 2023-2026 period and 9,5% for the 2027-2032 period. AB InBev is investing in the digital transformation of its business, which is why investments in intangible assets are expected to increase in the upcoming years. CAPEX is forecasted to be higher than D&A during the whole explicit period, indicating that the company is in a capital investment phase.

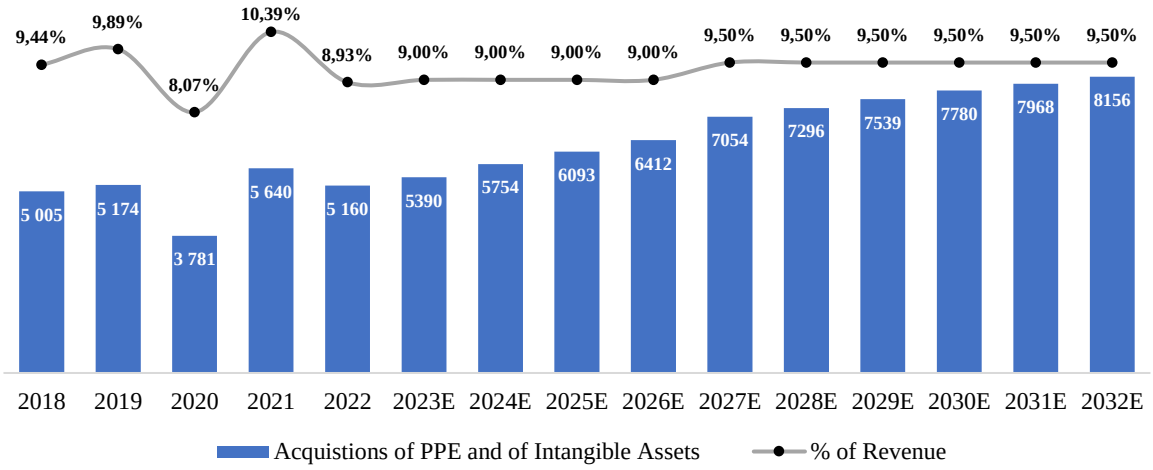


Figure 23 - CAPEX evolution (in million $) and CAPEX as % of revenue

7.1.7 Net Working Capital

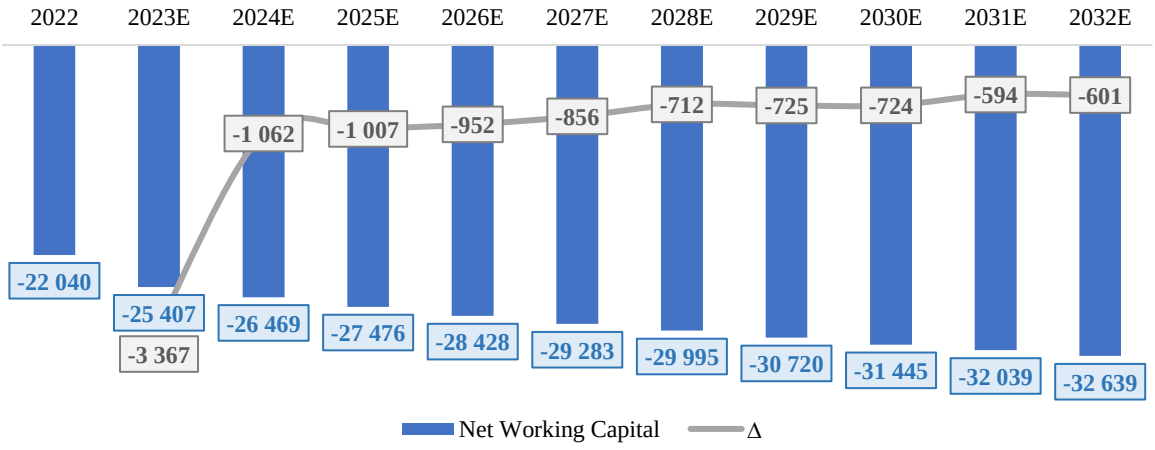


Figure 24 - Net Working Capital evolution (in million $)

The net working capital was estimated by subtracting the current operational liabilities (trade payables, income tax payables, and deferred tax liabilities) from the current operational assets (trade receivables, income tax receivables, deferred tax assets, and inventory). Deferred tax assets/liabilities and non-current income tax receivables/payables were also included (despite being non-current) since they result from operations.

Since AB InBev does not provide any insight into its NWC prospects, the projections were made based on recent historical performance.

To forecast the accounts receivable, accounts payable, and inventory, the DSO, DPO, and DIO methods were used (based on revenue, cost of sales, and inventory), and it was assumed that the three would remain constant at the 2022 value throughout the explicit period. Accounts payable have a much higher value than receivables and inventory, which makes the NWC negative.

Income tax receivables/payables were estimated as a percentage of Earnings Before Taxes (EBT) and deferred tax assets/liabilities as a percentage of revenue. It was assumed that all of them would be constant during the explicit period at the average ratio of the past five years (excluding 2020 since it is an outlier due to the pandemic).

Detailed calculations are provided in the following table.

	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Deferred tax assets	2 300	2 059	2 198	2 327	2 449	2 553	2 640	2 728	2 815	2 883	2 952
Trade receivables	6 412	6 426	6 859	7 264	7 643	7 967	8 240	8 514	8 786	8 999	9 212
Income tax receivables	813	535	661	763	864	953	1 032	1 115	1 193	1 244	1 296
Inventory	6 612	6 305	6 477	6 650	6 812	6 964	7 086	7 211	7 339	7 452	7 567
Deferred tax liabilities	11 818	13 813	14 744	15 614	16 430	17 126	17 713	18 302	18 886	19 344	19 801
Trade payables	24 921	25 644	26 346	27 048	27 708	28 324	28 822	29 331	29 851	30 310	30 777
Income tax payables	1 438	1 274	1 574	1 818	2 058	2 271	2 459	2 656	2 841	2 964	3 087
Net Working Capital	-22 040	-25 407	-26 469	-27 476	-28 428	-29 283	-29 995	-30 720	-31 445	-32 039	-32 639
Change	1 694	-3 367	-1 062	-1 007	-952	-856	-712	-725	-724	-594	-601

Table 6 – Working Capital Items Forecast (in million $)

7.1.8 Forecasted Financial Statements

AB InBev's projected Income Statement and Balance Sheet were estimated for the explicit period and are presented in Appendix 2 and 10, respectively.

7.2 Weighted Average Cost of Capital

The WACC was used to discount the FCFF. The WACC's components are presented in Table 7 and each component's computations are explained in the next sections.

	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
kE	12,77%	12,82%	12,85%	12,88%	12,90%	12,92%	12,94%	12,95%	12,96%	12,97%
kD*(1-t)	3,97%	3,97%	3,96%	3,96%	3,95%	3,95%	3,95%	3,95%	3,95%	3,96%
E/V	59,74%	59,74%	59,74%	59,74%	59,74%	59,74%	59,74%	59,74%	59,74%	59,74%
D/V	40,26%	40,26%	40,26%	40,26%	40,26%	40,26%	40,26%	40,26%	40,26%	40,26%
WACC	**9,23%**	**9,25%**	**9,27%**	**9,29%**	**9,30%**	**9,31%**	**9,32%**	**9,33%**	**9,34%**	**9,34%**

Table 7 - WACC estimation

7.2.1 Risk-free Rate

The risk-free rate is used to compute the cost of debt and the cost of equity, and as stated in the literature review section, it should be the rate of an asset with no default risk. The asset chosen was a zero-coupon, 10-year U.S. government bond with a yield of 4,98% (as of 20/10/2023).

Figure 25 - U.S. 10-Year Government Bond Yield (Refinitiv)

7.2.2 Cost of Debt

Since AB InBev's debt is not only composed of public debt (bonds), the first estimate needed was the market value of debt, aggregating public and non-public debt. The market value of public debt was computed by multiplying the amount outstanding of each bond by the last price and then dividing by 100. The remaining debt consists of capital leases, and its market value was calculated using Formula 9, provided by Damodaran (2012).

	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
MV Bonds	69 919	69 918	69 918	69 918	69 919	69 919	69 919	69 919	69 920	69 920
MV Remaining Debt	2 631	2 691	2 751	2 811	2 871	2 931	2 991	3 051	3 111	3 171
MV of Total Debt	**72 550**	**72 609**	**72 669**	**72 729**	**72 789**	**72 850**	**72 910**	**72 970**	**73 031**	**73 091**

Table 8 - Market Value of Debt, in million $ (Own Analysis and Refinitiv)

Public debt was forecasted to remain constant throughout the explicit period, while the remaining debt was projected to increase slightly, as shown in Appendix 14.

The cost of debt (kD) must reflect both public and non-public debt. The cost of the public debt is simply the bond's current weighted YTM. The cost of the remaining debt results from the sum of the risk-free rate and a spread. Damodaran (2012) provides a correspondence between a company's interest coverage ratio and a spread, which was used to reach AB InBev's spread. Computations of the spread are shown in Appendix 18.

The cost of each type of debt was multiplied by its weight in the company's total debt, and by summing the two parts, the pre-tax cost of debt was achieved. Afterwards, multiplying the pre-tax cost of debt by (1 – Tax rate) provides us with AB InBev's after-tax cost of debt. The effective tax rate was forecasted to remain stable at 28% (AB InBev stated in their 2022 Annual Report that the upcoming year's tax rate would be between 27%-29%).

	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Bonds (weight)	96,37%	96,29%	96,21%	96,14%	96,06%	95,98%	95,90%	95,82%	95,74%	95,66%
Weighted YTM	5,49%	5,49%	5,49%	5,49%	5,49%	5,49%	5,49%	5,49%	5,49%	5,49%
Remaining Debt (weight)	3,63%	3,71%	3,79%	3,86%	3,94%	4,02%	4,10%	4,18%	4,26%	4,34%
Spread	1,23%	1,23%	0,85%	0,85%	0,69%	0,69%	0,69%	0,69%	0,69%	0,69%
Rf Rate	4,98%	4,98%	4,98%	4,98%	4,98%	4,98%	4,98%	4,98%	4,98%	4,98%
Pre-tax cost of debt	**5,51%**	**5,51%**	**5,50%**	**5,50%**	**5,49%**	**5,49%**	**5,49%**	**5,49%**	**5,49%**	**5,49%**
Effective Tax Rate	28,00%	28,00%	28,00%	28,00%	28,00%	28,00%	28,00%	28,00%	28,00%	28,00%
After-tax cost of debt	**3,97%**	**3,97%**	**3,96%**	**3,96%**	**3,95%**	**3,95%**	**3,95%**	**3,95%**	**3,95%**	**3,95%**

Table 9 - After-tax cost of debt estimation

7.2.3 Cost of Equity

The CAPM was used to estimate the cost of equity. Since the risk-free rate was already presented, AB InBev's levered beta is the next input needed for the CAPM. To have a more accurate levered beta, the unlevered industry beta should be used and then applied to the company's tax rate and capital structure.

The selected peer group is presented in Table 10, alongside their respective levered betas, achieved by regressing their past five year's stock returns on the MSCI World Index (chosen as a proxy for the market index since AB InBev is a global company). Using Formula 11, each peer levered beta was unlevered. The industry unlevered beta (shown in Table 10) was reached by performing a weighted average of the peers' unlevered betas.

Peer Group	Levered Beta	Market D/E	Tax Rate	Unlevered Beta	% of Revenue
Heineken NV	0,78	43,6%	27,1%	0,59	25%
Diageo PLC	0,69	25,1%	20,5%	0,58	18%
Pernod Ricard SA	0,70	26,5%	22,2%	0,58	11%
Carlsberg A/S	0,77	19,0%	17,8%	0,66	8%
Molson Coors Beverage Co	0,91	50,1%	18,6%	0,64	9%
Asahi Group Holdings Ltd	0,68	55,6%	26,3%	0,48	16%
Kirin Holdings Co Ltd	0,44	36,8%	24,9%	0,34	13%
Industry Unlevered Beta				**0,55**	

Table 10 - Industry unlevered beta computation (Refinitiv and Own Analysis)

Afterwards, through Formula 12, a re-levered (or adjusted) beta of 0,82 for AB InBev was achieved.

Following the beta, the last input needed for the CAPM is the Equity Risk Premium (ERP). The Equity Risk Premium was retrieved from Damodaran's website and already included a Country Risk Premium. After retrieving the data for all countries where AB InBev operates, the Equity Risk Premium for each operating segment was calculated by performing a weighted average by GDP. Afterwards, a weighted average (by Revenue) was made of all operating segments' ERPs to compute the company's ERP for each year. Detailed computations shown in Appendix 19.

	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Risk-free Rate	4,98%	4,98%	4,98%	4,98%	4,98%	4,98%	4,98%	4,98%	4,98%	4,98%
Levered Beta	0,82	0,82	0,82	0,82	0,82	0,82	0,82	0,82	0,82	0,82
ERP	9,52%	9,58%	9,62%	9,65%	9,68%	9,71%	9,73%	9,75%	9,76%	9,77%
Cost of Equity	**12,77%**	**12,82%**	**12,85%**	**12,88%**	**12,90%**	**12,92%**	**12,94%**	**12,95%**	**12,96%**	**12,97%**

Table 11 - Cost of equity estimation

The MV of Equity corresponds to the company's market capitalization (as of 24/11/2023).

7.3 Target Price

	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
EBIT*(1-t)	11 925	13 215	14 417	15 508	16 426	17 357	18 274	18 922	19 589
(+) D&A	5 551	5 845	6 115	6 336	6 531	6 725	6 916	7 058	7 199
(-) Changes in NWC	-1 062	-1 007	-952	-856	-712	-725	-724	-594	-601
(-) CAPEX	5 754	6 093	6 412	7 054	7 296	7 539	7 780	7 968	8 156
FCFF	**12 784**	**13 973**	**15 072**	**15 646**	**16 372**	**17 269**	**18 134**	**18 607**	**19 232**
Time Remaining (Years)	0,0	1,0	2,0	3,0	4,0	5,0	6,0	7,0	8,0
WACC		9,25%	9,27%	9,29%	9,30%	9,31%	9,32%	9,33%	9,34%

Sum PV FCFF	70 563
Perpetuity Growth Rate	2,88%
TV	19 786
PV TV	150 078
Enterprise Value	**220 641**
(-) Net Debt	58 676
(-) Non-Controlling Interests	42 397
Equity Value	**119 568**
Shares Outstanding (24/11/2023)	1 705
Target Share Price ($)	**70,14**

Table 12 - FCFF and Target Share Price computation (in million $, otherwise mentioned)

After forecasting the items needed, the value of the Free Cash Flows to the Firm was achieved.

To compute the Enterprise Value, the final input needed was the perpetuity growth rate (PGR). To reflect the economy's growth rate, the long-term inflation rate was used to estimate the PGR. With data from the IMF, the long-term inflation rate was estimated for each of the company's operating segments. Weighting each segment's inflation rate by the 2032 projected revenue allowed it to reach a global weighted inflation of 3,08% (Appendix 21). Since this rate is a bit biased due to the inflationary environment in Argentina, and it might be unsustainable to grow at that rate in perpetuity, it was assumed that the company's cash flows would grow at a slightly lower rate of 2,88%. This rate corresponds to the long-term inflation rate of the Middle Americas segment that, by 2032, is projected to contribute to more than 40% of the company's EBIT.

Having the PGR, the Enterprise Value was achieved by summing the PV of FCFF and the PV of TV. By subtracting the net debt and the non-controlling interests, the equity value was arrived at, and then, dividing it by the number of shares outstanding, a TSP of 70,14$ (31/12/2024) was reached.

7.3.1 Sensitivity Analysis

Perpetuity Growth Rate \ WACC (2032E)	8,94%	9,04%	9,14%	9,24%	9,34%	9,44%	9,54%	9,64%	9,74%
2,48%	72,41	70,38	68,42	66,52	64,68	62,90	61,17	59,50	57,88
2,58%	73,92	71,83	69,82	67,87	65,98	64,16	62,39	60,68	59,02
2,68%	75,47	73,33	71,26	69,26	67,33	65,45	63,64	61,88	60,18
2,78%	77,08	74,88	72,76	70,70	68,71	66,79	64,93	63,13	61,38
2,88%	78,75	76,48	74,29	72,18	**70,14**	68,16	66,25	64,41	62,62
2,98%	80,46	78,13	75,88	73,71	71,61	69,58	67,62	65,72	63,89
3,08%	82,24	79,84	77,52	75,29	73,13	71,04	69,03	67,08	65,20
3,18%	84,08	81,61	79,22	76,92	74,70	72,55	70,48	68,48	66,55
3,28%	85,98	83,43	80,97	78,60	76,32	74,11	71,98	69,93	67,94

Table 13 - Target Share Price Sensitivity Analysis

Since the terminal value represents 68% of the enterprise value, it is critical to analyse how sensible the share price is to changes in the discount rate or the perpetuity growth rate. As shown in Table 13, a 40 basis points change in the WACC, or the growth rate, yields a share price range of $57,88 - $85,98. Analysing the Perpetuity Growth Rate individually (with a WACC of 9,34%), the share price range is $64,68 - $76,32.

This shows how dependent a DCF Valuation is on the perpetuity growth rate since a small change in it can totally change the investment recommendation provided. However, the WACC and PGR used in this thesis are believed to be the most appropriate to estimate AB InBev's target share price.

8. Relative Valuation

	P/E	EV/EBITDA	EV/Sales	% Revenue 2022
Heineken NV	15,47	9,82	2,17	40,53%
Diageo PLC	17,82	13,99	4,87	28,67%
Pernod Ricard SA	17,44	13,78	4,28	17,46%
Carlsberg A/S	14,85	9,19	1,97	13,34%
Weighted Average	16,41	11,62	3,28	
Enterprise Value (million $)		257 003	209 922	
Equity Value (million $)	108 692	155 929	108 849	
Shares Outstanding (million)	1 705	1 705	1 705	
Share Price ($)	**63,76**	**91,47**	**63,85**	

Table 14 - Relative Valuation (Refinitiv and Own Analysis)

In order to complement the DCF Valuation, a Relative Valuation was performed.

The peer group was selected from an intensive list of companies, and the main criteria for a company to be included were to operate in the same industry as AB InBev and to have a worldwide presence. However, some companies were excluded due to profitability, size, and/or growth perspectives. The metrics used to select the final list of peers to perform the Relative Valuation are presented in Appendix 22.

After having the selected peer group, one-year forward multiples were retrieved from Refinitiv since valuation is about the future and historical multiples are often biased by non-recurring items. The three most common multiples (P/E, EV/EBITDA, and EV/Sales) were used, and then a weighted average (by revenue of 2022) was performed. With the forecasted data (Net Income, EBITDA, and Revenue) for 2024, the share price using each multiple was achieved.

The TSP obtained using each multiple ranges from $63,76 to $91,47, with the average of the three being $73,03. The P/E and EV/Sales multiples yield a TSP that is close to AB InBev's share price. The EV/EBITDA multiple was the one that delivered the highest TSP, mainly driven by high multiples from Pernod Ricard and Diageo. This difference means that AB InBev is underperforming at an operational level compared to its peers.

It is important to mention that despite selecting an appropriate peer group, no two companies are the same, and as a result, the RV should be used in conjunction with other valuation techniques.

9. Investment Bank Research Comparison

The TSP price obtained with this dissertation was compared to the one from a Deutsche Bank (DB) equity research report published on 22/06/2023. Since the dissertation's target date differs from the one used by DB, the analysis will focus on the upside potential (%) of the estimated TSP and the forecasts made on critical valuation items.

	Dissertation	Deutsche Bank
Estimation Period	2023-2032	2023-2025
Valuation method	DCF	DCF
Valuation date	31/12/2024	20/06/2024
"Current" Date	24/11/2023	20/06/2023
Current Share Price ($)	63,14	52,00
Target Share Price ($)	70,14	60,00
Estimated TSP Potential	11,08%	15,38%

Table 15 - TSP Dissertation vs. Deutsche Bank Report

DB reached a TSP of $60,00, representing a 15,38% upside potential compared to the "current" share price. Therefore, they issued a buy recommendation. In this dissertation, the upside potential of the TSP corresponds to 11,08%. AB InBev's share price experienced growth during November, increasing from $56,41 to $63,14 (as of 24/11/2023) and that explains the difference in the upside potential between the TSP of the dissertation and the bank (as of 24/11/2023, the current share price is already higher than the TSP estimated in DB's report).

Another relevant aspect to mention is that the WACC used by DB to discount the FCFF is lower than the one used in this dissertation. The main differences are in the risk-free rate (4,98% in the dissertation vs. 3,25% in the bank's report) and in the ERP (between 9,34% and 9,77% in the dissertation vs. 6,00% in DB's report. The terminal growth also differs, with DB forecasting a rate of 1%, while the one used in this dissertation corresponds to 2,88%.

As shown in Table 15, DB forecasts are more optimistic for most items. The bank forecasts a massive recovery of the gross profit, projecting a 21,1% YoY growth, while in the dissertation, the projection is 2,5%. The major difference comes from the Net Income, where the bank forecasts a 3,8% YoY Growth, while in the dissertation, a 10% decrease was projected.

One reason that could explain these disparities is that, as of 22/06/2023 (the date of the bank's report), only the first quarter results were published by AB InBev. In contrast, as of 24/11/2023 (the reference date of the dissertation), the second and third quarter's results were already made available by the company. Therefore, when the dissertation's valuation was performed, more

information regarding the 2023 performance (and the situation affecting the company's business in the U.S.) was considered.

	Dissertation			Deutsche Bank		
	2023E	2024E	2025E	2023E	2024E	2025E
Revenue	59 893	63 931	67 702	61 336	66 026	70 080
Growth	*3,6%*	*6,7%*	*5,9%*	*6,1%*	*7,6%*	*6,1%*
Gross Profit	32 276	35 560	38 575	38 130	40 986	43 401
Growth	*2,5%*	*10,2%*	*8,5%*	*21,1%*	*7,5%*	*5,9%*
EBITDA	19 666	22 113	24 199	20 130	22 435	24 343
Growth	*0,3%*	*12,4%*	*9,4%*	*2,7%*	*11,5%*	*8,5%*
D&A	5 230	5 551	5 845	5 307	5 550	5 783
Growth	*3,0%*	*6,1%*	*5,3%*	*4,5%*	*4,6%*	*4,2%*
EBIT	14 436	16 562	18 354	14 824	16 885	18 559
Growth	*-0,6%*	*14,7%*	*10,8%*	*2,1%*	*13,9%*	*9,9%*
Net Income	5 377	6 625	7 644	6 196	7 265	8 422
Growth	*-10,0%*	*23,2%*	*15,4%*	*3,8%*	*17,3%*	*15,9%*

Table 16 - Financial forecasts dissertation vs. Deutsche Bank report (in million $)

10. Investment Recommendation

The purpose of this dissertation is to provide an investment recommendation concerning AB InBev's stock, comparing the fair value obtained with the valuation techniques performed (as of 31/12/2024) to the company's current share price (as of 24/11/2023).

Nevertheless, valuing a company is highly subjective since it depends highly on the assumptions and perceptions of the analyst. Performing a valuation during uncertain times is a complex task, and nowadays, there is a lot of uncertainty surrounding society and affecting the companies' financial performance, such as the recovery from the COVID-19 pandemic, the increasing geopolitical tensions, the inflationary environment, and the digital transformation. However, this dissertation combines past literature and theoretical research with the global macroeconomic situation and AB InBev's and its industry's past and future perspectives.

Through the Discounted Cash Flow Valuation, a target share price of $70,14 was reached for 31/12/2024, corresponding to an 11,08% upside compared to the current share price (24/11/2023). Therefore, with the beer industry forecasted to increase its size in the upcoming years and the company's growth projections, a BUY recommendation for AB InBev's stock is issued.

By looking at the Relative Valuation, the average share price provided by the three multiples used corresponds to $73,03, which confirms that the buy recommendation is appropriate for AB InBev's stock.

It is important to mention that, as shown in Appendix 23, 21 out of 28 Refinitiv analysts agree with the buy recommendation.

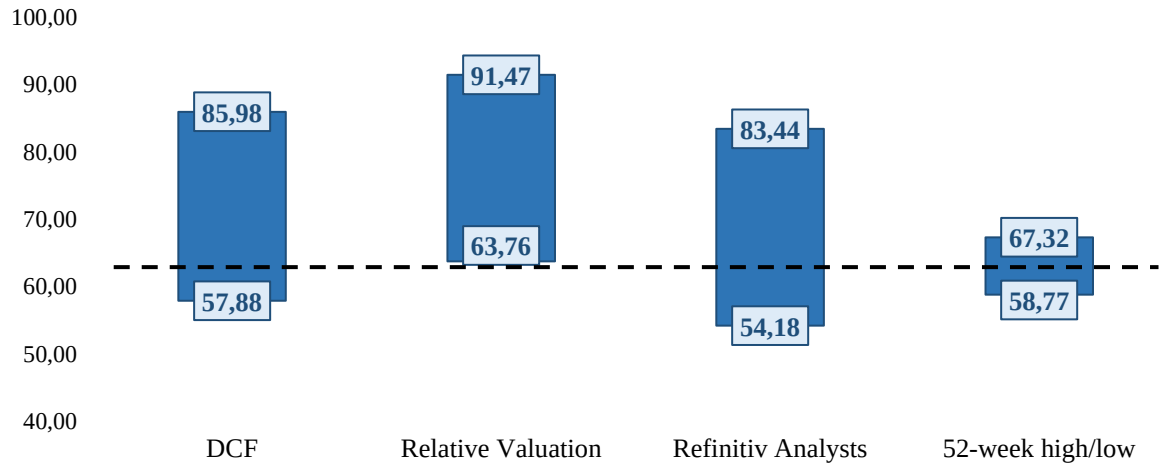


Figure 26 - Football Field Valuation (in $)

Appendices

Appendix 1: SWOT Analysis

- **Strengths**
  - Global presence with a strong brand portfolio – AB InBev operates in more than 50 countries and sells its products in more than 150 countries, with its revenues being well distributed across all segments. The company is a market leader in most of the geographies it operates, with a large portfolio of well-known brands.
  - Innovation and product development – AB InBev has a continuous focus on product innovation to meet consumer demand. The company has been introducing products following consumer trends, such as more healthy and sustainable products. Another key development the company made recently is the investment in technology, with its digital platforms and marketplaces contributing highly to the company's growth.
- **Weaknesses**
  - Liquidity position – AB InBev has liquidity ratios bellow those its peers.
  - Highly dependency on alcoholic drinks – Despite owning multiple no-alcohol brands, the company's portfolio is massively focused on alcoholic beverages, which is a weakness since some markets are leaning towards healthier options.
- **Opportunities**
  - Non-alcoholic and low-alcoholic portfolio – If the growing wellness trend can be a weakness, it can also provide an opportunity for AB InBev by expanding its portfolio of no and low-alcohol beverages. Using its brands' power, AB InBev can expand its portfolio in the low-alcohol beverages market, which is still young. Michelob Ultra and Corona 0% alcohol, are successful examples.
  - Positive look for the global beer market – According to MarketLine, the global beer and cider market is expected to grow annually at a CAGR of 6,8% until 2026.
  - E-commerce – Since the pandemic, the e-commerce market has registered high growth, and AB InBev has been expanding into it.
- **Threats**
  - Global economy instability – Since 2020, the global economy has seen a series of ups and downs, and it has impacted the sales of alcoholic beverages.
  - Strict regulations – The alcoholic beverages industry is subject to strict regulations on advertising, and it can impact the company's marketing strategy and, consequently, its sales.

Appendix 2: Income Statement

	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Revenue	53 041	52 330	46 881	54 305	57 787	59 893	63 931	67 702	71 240	74 257	76 802	79 356	81 892	83 875	85 857
Cost of Sales	19 932	20 362	19 634	23 097	26 305	27 616	28 371	29 127	29 839	30 502	31 038	31 586	32 146	32 640	33 143
Gross Profit	**33 109**	**31 968**	**27 247**	**31 208**	**31 482**	**32 276**	**35 560**	**38 575**	**41 401**	**43 755**	**45 764**	**47 770**	**49 746**	**51 235**	**52 714**
SG&A Expenses	14 774	16 421	15 368	17 574	17 553	18 206	19 394	20 640	21 819	22 678	23 433	24 165	24 885	25 489	26 058
Other Operating Expenses (Income)	-806	-877	-845	-806	-842	-888	-953	-1 009	-1 062	-1 109	-1 152	-1 193	-1 234	-1 267	-1 299
Operating Profit before non-recurring items	19 141	16 424	12 724	14 440	14 771	14 958	17 120	18 944	20 645	22 186	23 483	24 799	26 095	27 012	27 956
Non-underlying costs	692	323	3 103	614	251	522	557	590	621	647	670	692	714	731	748
Operating Profit (EBIT)	**18 449**	**16 101**	**9 621**	**13 826**	**14 520**	**14 436**	**16 562**	**18 354**	**20 024**	**21 539**	**22 813**	**24 107**	**25 381**	**26 281**	**27 207**
Net Interest Expense (Income)	3 896	3 863	3 655	3 566	3 256	2 968	2 871	2 846	2 735	2 673	2 548	2 377	2 283	2 267	2 276
Investment Expense (Income)	3 926	-1 203	2 678	711	505	1 323	1 323	1 323	1 323	1 323	1 323	1 323	1 323	1 323	1 323
Other non-operating Expense (Income)	1 004	814	1 364	1 333	388	981	981	981	981	981	981	981	981	981	981
Net Finance Expense (Income)	8 826	3 474	7 697	5 610	4 149	5 272	5 175	5 150	5 039	4 977	4 852	4 681	4 587	4 571	4 580
Share of result of associates	153	152	156	248	299	299	299	299	299	299	299	299	299	299	299
Non-underlying share of results of associates	0	0	0	0	-1 143	0	0	0	0	0	0	0	0	0	0
Operating Profit Before Taxes	**9 776**	**12 779**	**2 080**	**8 464**	**9 527**	**9 463**	**11 687**	**13 503**	**15 283**	**16 860**	**18 261**	**19 725**	**21 093**	**22 009**	**22 926**
Income Tax Expense	2 585	2 786	1 932	2 350	1 928	2 566	3 189	3 697	4 196	4 637	5 029	5 439	5 822	6 079	6 336
Net Income After Taxes	**7 191**	**9 993**	**148**	**6 114**	**7 599**	**6 897**	**8 498**	**9 806**	**11 087**	**12 223**	**13 231**	**14 286**	**15 271**	**15 930**	**16 591**
Profit from discontinued operations	531	424	2 055	0	0	0	0	0	0	0	0	0	0	0	0
Net Income	**7 722**	**10 417**	**2 203**	**6 114**	**7 599**	**6 897**	**8 498**	**9 806**	**11 087**	**12 223**	**13 231**	**14 286**	**15 271**	**15 930**	**16 591**
Net Income attributable to non-controlling interest	1318	1243	797	1444	1628	1520	1873	2162	2444	2694	2917	3149	3366	3512	3657
Net Income attributable to equity holders of AB InBev	**6 404**	**9 174**	**1 406**	**4 670**	**5 971**	**5 377**	**6 625**	**7 644**	**8 643**	**9 529**	**10 315**	**11 137**	**11 905**	**12 419**	**12 933**

Appendix Table 1 – Income Statement (in million $)

Appendix 3: EBITDA

	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
EBIT	18 449	16 101	9 621	13 826	14 520	14 436	16 562	18 354	20 024	21 539	22 813	24 107	25 381	26 281	27 207
D&A[3]	4 624	4 657	4 829	5 052	5 078	5 230	5 551	5 845	6 115	6 336	6 531	6 725	6 916	7 058	7 199
EBITDA	**23 073**	**20 758**	**14 450**	**18 878**	**19 598**	**19 666**	**22 113**	**24 199**	**26 138**	**27 875**	**29 345**	**30 832**	**32 297**	**33 339**	**34 406**

Appendix Table 2 – EBITDA computation (in million $)

Appendix 4: Revenue forecast per operating segment

North America	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Volume (million hl)	111	108	107	107	103	91	91	93	95	96	97	98	99	100	101
% growth	-	*-2,7%*	*-0,9%*	*0,0%*	*-3,7%*	*-12,1%*	*1,0%*	*2,0%*	*1,5%*	*1,5%*	*1,0%*	*1,0%*	*1,0%*	*1,0%*	*1,0%*
Revenue per hl	140	143	146	152	161	167	173	176	180	182	184	186	188	190	193
% growth	-	*2,7%*	*1,8%*	*4,1%*	*5,9%*	*4,1%*	*3,1%*	*2,1%*	*2,1%*	*1,1%*	*1,1%*	*1,1%*	*1,1%*	*1,1%*	*1,1%*
Revenue (million $)	15 504	15 488	15 622	16 257	16 566	15 166	15 796	16 453	17 054	17 504	17 877	18 258	18 647	19 045	19 450
% growth	-	*-0,1%*	*0,9%*	*4,1%*	*1,9%*	*-8,4%*	*4,2%*	*4,2%*	*3,7%*	*2,6%*	*2,1%*	*2,1%*	*2,1%*	*2,1%*	*2,1%*

Middle Americas	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Volume (million hl)	129	134	121	141	148	149	153	158	163	167	170	174	177	179	181
% growth	-	*3,9%*	*-9,7%*	*16,5%*	*5,0%*	*0,7%*	*3,0%*	*3,0%*	*3,0%*	*2,5%*	*2,0%*	*2,0%*	*2,0%*	*1,0%*	*1,0%*
Revenue per hl	90	89	83	89	96	108	115	120	125	129	132	134	137	139	141
% growth	-	*-1,3%*	*-6,7%*	*7,3%*	*7,7%*	*12,9%*	*6,0%*	*5,0%*	*4,0%*	*3,0%*	*2,0%*	*2,0%*	*2,0%*	*1,5%*	*1,5%*
Revenue (million $)	11 614	11 912	10 032	12 541	14 180	16 122	17 602	19 036	20 391	21 528	22 398	23 303	24 244	24 864	25 477
% growth	-	*2,6%*	*-15,8%*	*25,0%*	*13,1%*	*13,7%*	*9,2%*	*8,2%*	*7,1%*	*5,6%*	*4,0%*	*4,0%*	*4,0%*	*2,6%*	*2,5%*

[3] See Appendix 13

South America	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Volume (million hl)	136	140	144	157	164	162	165	168	171	174	176	178	179	181	183
% growth	-	*2,9%*	*2,9%*	*9,0%*	*4,5%*	*-1,5%*	*2,0%*	*2,0%*	*2,0%*	*1,5%*	*1,0%*	*1,0%*	*1,0%*	*1,0%*	*1,0%*
Revenue per hl	75	70	56	60	71	77	83	87	90	94	97	100	103	105	107
% growth	-	*-7,1%*	*-19,6%*	*7,6%*	*17,0%*	*9,4%*	*7,0%*	*5,0%*	*4,0%*	*3,5%*	*3,5%*	*3,0%*	*3,0%*	*2,0%*	*2,0%*
Revenue (million $)	10 238	9 790	8 092	9 494	11 599	12 500	13 643	14 611	15 500	16 283	17 021	17 707	18 421	18 985	19 548
% growth	-	*-4,4%*	*-17,3%*	*17,3%*	*22,2%*	*7,8%*	*9,1%*	*7,1%*	*6,1%*	*5,1%*	*4,5%*	*4,0%*	*4,0%*	*3,1%*	*3,0%*

EMEA	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Volume (million hl)	87	86	76	87	91	90	91	93	94	95	96	97	98	99	100
% growth	-	*-1,1%*	*-11,6%*	*14,5%*	*4,6%*	*-1,1%*	*1,5%*	*1,5%*	*1,5%*	*1,3%*	*1,0%*	*1,0%*	*1,0%*	*1,0%*	*1,0%*
Revenue per hl	96	92	90	92	89	96	99	102	105	107	109	111	112	113	114
% growth	-	*-4,4%*	*-2,2%*	*2,7%*	*-3,3%*	*7,2%*	*3,5%*	*3,0%*	*2,5%*	*2,0%*	*2,0%*	*2,0%*	*1,0%*	*1,0%*	*1,0%*
Revenue (million $)	8 368	7 911	6 835	8 032	8 120	8 611	9 046	9 457	9 839	10 161	10 468	10 784	11 001	11 226	11 446
% growth	-	*-5,5%*	*-13,6%*	*17,5%*	*1,1%*	*6,0%*	*5,1%*	*4,5%*	*4,0%*	*3,3%*	*3,0%*	*3,0%*	*2,0%*	*2,1%*	*2,0%*

Asia Pacific	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Volume (million hl)	96	93	82	88	89	93	97	100	103	106	108	110	112	114	115
% growth	-	*-3,1%*	*-11,8%*	*7,3%*	*1,1%*	*4,7%*	*4,0%*	*3,0%*	*3,0%*	*3,0%*	*2,0%*	*2,0%*	*2,0%*	*1,0%*	*1,0%*
Revenue per hl	70	70	69	78	73	72	73	74	75	75	76	77	78	79	80
% growth	-	*0,3%*	*-2,1%*	*13,0%*	*-5,7%*	*-2,0%*	*1,2%*	*1,2%*	*1,2%*	*1,2%*	*1,2%*	*1,2%*	*1,2%*	*1,0%*	*1,0%*
Revenue (million $)	6 735	6 544	5 648	6 848	6 532	6 703	7 055	7 354	7 666	7 990	8 248	8 514	8 788	8 965	9 145
% growth	-	*-2,8%*	*-13,7%*	*21,2%*	*-4,6%*	*2,6%*	*5,2%*	*4,2%*	*4,2%*	*4,2%*	*3,2%*	*3,2%*	*3,2%*	*2,0%*	*2,0%*

Global Export and Holding Companies	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Volume (million hl)	1	1	1	2	1	1	1	1	1	1	1	1	1	1	1
% growth	-	*0,0%*	*0,0%*	*100,0%*	*-50,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*
Revenue per hl	582	685	652	567	790	790	790	790	790	790	790	790	790	790	790
% growth	-	*17,7%*	*-4,8%*	*-13,1%*	*39,5%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*
Revenue (million $)	582	685	652	1 133	790	790	790	790	790	790	790	790	790	790	790
% growth	-	*17,7%*	*-4,8%*	*73,8%*	*-30,3%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*

AB InBev Worldwide (Total)	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Volume (million hl)	560	562	531	582	596	585	599	613	627	639	648	658	667	674	680
% growth	-	*0,4%*	*-5,5%*	*9,6%*	*2,4%*	*-1,8%*	*2,3%*	*2,3%*	*2,3%*	*2,0%*	*1,4%*	*1,4%*	*1,4%*	*1,0%*	*1,0%*
Revenue per hl	95	93	88	93	97	102	107	110	114	116	118	121	123	124	126
% growth	-	*-1,7%*	*-5,2%*	*5,7%*	*3,9%*	*5,5%*	*4,3%*	*3,5%*	*2,9%*	*2,2%*	*2,0%*	*1,9%*	*1,7%*	*1,4%*	*1,4%*
Revenue (million $)	53 041	52 330	46 881	54 305	57 787	59 893	63 931	67 702	71 240	74 257	76 802	79 356	81 892	83 875	85 857
% growth	-	*-1,3%*	*-10,4%*	*15,8%*	*6,4%*	*3,6%*	*6,7%*	*5,9%*	*5,2%*	*4,2%*	*3,4%*	*3,3%*	*3,2%*	*2,4%*	*2,4%*

Appendix Table 3 – Revenue per operating segment

Appendix 5 – 4Q2023 Volume Forecast

		1Q2021	2Q2021	3Q2021	4Q2021	2021	1Q2022	2Q2022	3Q2022	4Q2022	2022	1Q2023	2Q2023	3Q2023	4Q2023E	2023E
North America	Volume	25	28	28	26	107	24	27	28	23	103	24	24	23	**20**	**91**
	% change[4]	-	-	-	-		-4,2%	-2,7%	-1,3%	-8,3%		-1,0%	-14,0%	-17,2%	-14,0%	
Middle Americas	Volume	33	35	36	38	141	34	38	37	38	148	34	38	38	**39**	**149**
	% change	-	-	-	-		3,6%	8,2%	4,8%	1,1%		0,1%	0,3%	1,7%	1,7%	
South America	Volume	38	33	39	45	157	40	36	41	47	164	40	36	40	**46**	**162**
	% change	-	-	-	-		5,0%	8,8%	3,2%	3,5%		-0,3%	-1,9%	-2,2%	-2,2%	
EMEA	Volume	18	23	22	24	87	20	23	24	24	91	20	23	23	**24**	**90**
	% change	-	-	-	-		13,9%	-0,2%	7,2%	0,2%		-0,8%	0,2%	-1,3%	-1,3%	
Asia Pacific	Volume	21	25	26	16	88	20	25	28	16	89	22	27	28	**16**	**93**
	% change	-	-	-	-		-2,8%	-0,4%	6,1%	-2,3%		9,0%	9,5%	0,2%	0,2%	

Appendix Table 4 – Volume 2023 (volume in million hl)

Appendix 6 – Revenue CAGR

	North America	Middle Americas	South America	EMEA	Asia Pacific	AB InBev Global
CAGR 2018-2022	1,7%	5,1%	3,2%	-0,7%	-0,8%	2,2%
CAGR 2023-2032	2,8%	5,2%	5,1%	3,2%	3,5%	4,1%

Appendix Table 5 – Revenue CAGR

[4] % change v.s. the same quarter on the previous year

Appendix 7 – Cost of sales per operating segment

North America	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Volume	111	108	107	107	103	91	91	93	95	96	97	98	99	100	101
Cost of Sales per hl	52	54	55	58	65	72	71	70	70	70	70	70	70	70	71
% growth	-	*3,2%*	*2,3%*	*5,4%*	*12,8%*	*10,6%*	*-2,0%*	*-1,0%*	*-0,5%*	*0,3%*	*0,3%*	*0,3%*	*0,3%*	*0,3%*	*0,3%*
Cost of Sales	5765	5789	5870	6185	6714	6530	6464	6527	6592	6707	6791	6876	6963	7050	7138
% growth	-	*0,4%*	*1,4%*	*5,4%*	*8,6%*	*-2,7%*	*-1,0%*	*1,0%*	*1,0%*	*1,8%*	*1,3%*	*1,3%*	*1,3%*	*1,3%*	*1,3%*
% Revenues	37,2%	37,4%	37,6%	38,0%	40,5%	43,1%	40,9%	39,7%	38,7%	38,3%	38,0%	37,7%	37,3%	37,0%	36,7%

Middle Americas	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Volume	129	134	121	141	148	149	153	158	163	167	170	174	177	179	181
Cost of Sales per hl	26	26	28	31	37	42	43	43	43	43	43	43	42	42	42
% growth	-	*2,4%*	*3,9%*	*14,1%*	*19,2%*	*12,8%*	*2,0%*	*1,0%*	*-0,5%*	*-0,5%*	*-0,5%*	*-0,5%*	*-0,5%*	*0,0%*	*0,0%*
Cost of Sales	3336	3549	3331	4428	5540	6291	6609	6876	7047	7187	7294	7402	7513	7588	7664
% growth	-	*6,4%*	*-6,1%*	*32,9%*	*25,1%*	*13,6%*	*5,1%*	*4,0%*	*2,5%*	*2,0%*	*1,5%*	*1,5%*	*1,5%*	*1,0%*	*1,0%*
% Revenues	28,7%	29,8%	33,2%	35,3%	39,1%	39,0%	37,6%	36,1%	34,6%	33,4%	32,6%	31,8%	31,0%	30,5%	30,1%

South America	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Volume	136	140	144	157	164	162	165	168	171	174	176	178	179	181	183
Cost of Sales per hl	28	29	26	30	36	39	41	42	42	43	44	44	45	46	46
% growth	-	*1,4%*	*-8,2%*	*15,4%*	*20,1%*	*7,5%*	*4,0%*	*2,0%*	*2,0%*	*1,5%*	*1,5%*	*1,5%*	*1,5%*	*1,5%*	*1,5%*
Cost of Sales	3842	4009	3786	4763	5976	6330	6715	6986	7268	7488	7676	7869	8067	8270	8478
% growth	-	*4,3%*	*-5,6%*	*25,8%*	*25,5%*	*5,9%*	*6,1%*	*4,0%*	*4,0%*	*3,0%*	*2,5%*	*2,5%*	*2,5%*	*2,5%*	*2,5%*
% Revenues	37,5%	40,9%	46,8%	50,2%	51,5%	50,6%	49,2%	47,8%	46,9%	46,0%	45,1%	44,4%	43,8%	43,6%	43,4%

EMEA	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Volume	87	86	76	87	91	90	91	93	94	95	96	97	98	99	100
Cost of Sales per hl	40	41	45	44	46	51	51	51	51	51	51	51	51	51	51
% growth	-	*2,1%*	*9,5%*	*-2,4%*	*5,0%*	*11,8%*	*-0,3%*	*-0,3%*	*-0,3%*	*-0,3%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*
Cost of Sales	3473	3506	3394	3793	4167	4609	4667	4725	4784	4831	4880	4928	4978	5027	5078
% growth	-	*1,0%*	*-3,2%*	*11,8%*	*9,9%*	*10,6%*	*1,2%*	*1,2%*	*1,2%*	*1,0%*	*1,0%*	*1,0%*	*1,0%*	*1,0%*	*1,0%*
% Revenues	41,5%	44,3%	49,7%	47,2%	51,3%	53,5%	51,6%	50,0%	48,6%	47,5%	46,6%	45,7%	45,2%	44,8%	44,4%

Asia Pacific	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Volume	96	93	82	88	89	93	97	100	103	106	108	110	112	114	115
Cost of Sales per hl	32	31	32	35	36	34	33	33	34	34	34	35	35	35	36
% growth	-	*-2,7%*	*1,2%*	*9,0%*	*2,8%*	*-4,2%*	*-2,0%*	*0,0%*	*1,0%*	*1,0%*	*1,0%*	*1,0%*	*1,0%*	*1,0%*	*1,0%*
Cost of Sales	3098	2919	2605	3048	3168	3179	3240	3337	3471	3611	3720	3833	3948	4028	4109
% growth	-	*-5,8%*	*-10,8%*	*17,0%*	*3,9%*	*0,3%*	*1,9%*	*3,0%*	*4,0%*	*4,0%*	*3,0%*	*3,0%*	*3,0%*	*2,0%*	*2,0%*
% Revenues	46,0%	44,6%	46,1%	44,5%	48,5%	47,4%	45,9%	45,4%	45,3%	45,2%	45,1%	45,0%	44,9%	44,9%	44,9%

Global Export and Holding Companies	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
% Revenues	*71,8%*	*86,1%*	*99,4%*	*77,7%*	*93,7%*	*85,7%*	*85,7%*	*85,7%*	*85,7%*	*85,7%*	*85,7%*	*85,7%*	*85,7%*	*85,7%*	*85,7%*
Cost of Sales	418	590	648	880	740	677	677	677	677	677	677	677	677	677	677

AB InBev Worldwide (Total)	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Volume	560	562	531	582	596	585	599	613	627	639	648	658	667	674	680
Cost of Sales per hl	36	36	37	40	44	47	47	48	48	48	48	48	48	48	49
% growth	-	*1,8%*	*2,1%*	*7,3%*	*11,2%*	*6,9%*	*0,4%*	*0,3%*	*0,2%*	*0,3%*	*0,3%*	*0,3%*	*0,3%*	*0,5%*	*0,5%*
Cost of Sales	19 932	20 362	19 634	23 097	26 305	27 616	28 371	29 127	29 839	30 502	31 038	31 586	32 146	32 640	33 143
% growth	-	*2,2%*	*-3,6%*	*17,6%*	*13,9%*	*5,0%*	*2,7%*	*2,7%*	*2,4%*	*2,2%*	*1,8%*	*1,8%*	*1,8%*	*1,5%*	*1,5%*
% Revenues	37,6%	38,9%	41,9%	42,5%	45,5%	46,1%	44,4%	43,0%	41,9%	41,1%	40,4%	39,8%	39,3%	38,9%	38,6%

Appendix Table 6 – Cost of Sales (in million $, volumes in million hl)

Appendix 8 – Operating expenses per segment

North America	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
SG&A Expenses	4 413	4 372	4 369	4 769	4 587	4 550	4 660	4 772	4 860	4 989	5 095	5 204	5 314	5 428	5 543
% of Revenue	*28,5%*	*28,2%*	*28,0%*	*29,3%*	*27,7%*	*30,0%*	*29,5%*	*29,0%*	*28,5%*	*28,5%*	*28,5%*	*28,5%*	*28,5%*	*28,5%*	*28,5%*
Other Operating Expenses / (Income)	-40	-26	14	-46	-45	-41	-43	-45	-46	-48	-49	-50	-51	-52	-53
% of Revenue	*-0,3%*	*-0,2%*	*0,1%*	*-0,3%*	*-0,3%*	*-0,3%*	*-0,3%*	*-0,3%*	*-0,3%*	*-0,3%*	*-0,3%*	*-0,3%*	*-0,3%*	*-0,3%*	*-0,3%*

Middle Americas	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
SG&A Expenses	3 176	3 049	2 710	3 149	3 390	3 868	4 312	4 759	5 200	5 490	5 711	5 942	6 182	6 340	6 497
% of Revenue	*27,3%*	*25,6%*	*27,0%*	*25,1%*	*23,9%*	*24,0%*	*24,5%*	*25,0%*	*25,5%*	*25,5%*	*25,5%*	*25,5%*	*25,5%*	*25,5%*	*25,5%*
Other Operating Expenses / (Income)	-88	-121	-6	-24	12	14	15	16	17	18	19	20	21	21	22
% of Revenue	*-0,8%*	*-1,0%*	*-0,1%*	*-0,2%*	*0,1%*	*0,1%*	*0,1%*	*0,1%*	*0,1%*	*0,1%*	*0,1%*	*0,1%*	*0,1%*	*0,1%*	*0,1%*

South America	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
SG&A Expenses	2 976	2 791	2 417	2 762	3 458	3 749	4 023	4 236	4 416	4 639	4 850	5 045	5 248	5 409	5 570
% of Revenue	*29,1%*	*28,5%*	*29,9%*	*29,1%*	*29,8%*	*30,0%*	*29,5%*	*29,0%*	*28,5%*	*28,5%*	*28,5%*	*28,5%*	*28,5%*	*28,5%*	*28,5%*
Other Operating Expenses / (Income)	-267	-201	-522	-397	-473	-510	-556	-596	-632	-664	-694	-722	-751	-774	-797
% of Revenue	*-2,6%*	*-2,1%*	*-6,5%*	*-4,2%*	*-4,1%*	*-4,1%*	*-4,1%*	*-4,1%*	*-4,1%*	*-4,1%*	*-4,1%*	*-4,1%*	*-4,1%*	*-4,1%*	*-4,1%*

EMEA	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
SG&A Expenses	2 878	2 862	2 696	2 855	2 604	2 662	2 887	3 113	3 337	3 446	3 550	3 657	3 731	3 807	3 882
% of Revenue	*34,4%*	*36,2%*	*39,4%*	*35,5%*	*32,1%*	*30,9%*	*31,9%*	*32,9%*	*33,9%*	*33,9%*	*33,9%*	*33,9%*	*33,9%*	*33,9%*	*33,9%*
Other Operating Expenses / (Income)	-232	-264	-163	-200	-198	-210	-221	-231	-240	-248	-255	-263	-268	-274	-279
% of Revenue	*-2,8%*	*-3,3%*	*-2,4%*	*-2,5%*	*-2,4%*	*-2,4%*	*-2,4%*	*-2,4%*	*-2,4%*	*-2,4%*	*-2,4%*	*-2,4%*	*-2,4%*	*-2,4%*	*-2,4%*

Asia Pacific	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
SG&A Expenses	2 347	2 216	2 097	2 330	2 067	1 930	2 064	2 314	2 559	2 667	2 780	2 870	2 962	3 058	3 119
% of Revenue	*34,8%*	*33,9%*	*37,1%*	*34,0%*	*31,6%*	*28,8%*	*30,8%*	*32,8%*	*34,8%*	*34,8%*	*34,8%*	*34,8%*	*34,8%*	*34,8%*	*34,8%*
Other Operating Expenses / (Income)	-154	-230	-146	-139	-137	-141	-148	-154	-161	-168	-173	-179	-184	-188	-192
% of Revenue	*-2,3%*	*-3,5%*	*-2,6%*	*-2,0%*	*-2,1%*	*-2,1%*	*-2,1%*	*-2,1%*	*-2,1%*	*-2,1%*	*-2,1%*	*-2,1%*	*-2,1%*	*-2,1%*	*-2,1%*

Global Export and Holding Companies	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
SG&A Expenses	-1 016	1 131	1 079	1 709	1 447	1 447	1 447	1 447	1 447	1 447	1 447	1 447	1 447	1 447	1 447
% of Revenue	*-174,6%*	*165,1%*	*165,5%*	*150,8%*	*183,2%*	*183,2%*	*183,2%*	*183,2%*	*183,2%*	*183,2%*	*183,2%*	*183,2%*	*183,2%*	*183,2%*	*183,2%*
Other Operating Expenses / (Income)	-25	-35	-22	0	-1	0	0	0	0	0	0	0	0	0	0
% of Revenue	*-4,3%*	*-5,1%*	*-3,4%*	*0,0%*	*-0,1%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*

Appendix Table 7 – Operating expenses per operating segment (in million $)

Appendix 9 – Normalized EBIT per segment

North America	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Volume (million hl)	111	108	107	107	103	91	91	93	95	96	97	98	99	100	101
Revenues	15 504	15 488	15 622	16 257	16 566	15 166	15 796	16 453	17 054	17 504	17 877	18 258	18 647	19 045	19 450
Cost of Sales	5765	5789	5870	6185	6714	6530	6464	6527	6592	6707	6791	6876	6963	7050	7138
Gross Profit	9 739	9 699	9 752	10 072	9 852	8 636	9 332	9 927	10 463	10 797	11 086	11 382	11 685	11 995	12 312
Gross Profit Margin	*62,8%*	*62,6%*	*62,4%*	*62,0%*	*59,5%*	*56,9%*	*59,1%*	*60,3%*	*61,3%*	*61,7%*	*62,0%*	*62,3%*	*62,7%*	*63,0%*	*63,3%*
SG&A Expenses	4 413	4 372	4 369	4 769	4 587	4 550	4 660	4 772	4 860	4 989	5 095	5 204	5 314	5 428	5 543
Other Operating Expenses / (Income)	-40	-26	14	-46	-45	-41	-43	-45	-46	-48	-49	-50	-51	-52	-53
Normalized EBIT	5 366	5 353	5 369	5 349	5 310	4 127	4 715	5 200	5 648	5 856	6 039	6 228	6 421	6 619	6 822
Normalized EBIT Margin	*34,6%*	*34,6%*	*34,4%*	*32,9%*	*32,1%*	*27,2%*	*29,9%*	*31,6%*	*33,1%*	*33,5%*	*33,8%*	*34,1%*	*34,4%*	*34,8%*	*35,1%*

Middle Americas	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Volume (million hl)	129	134	121	141	148	149	153	158	163	167	170	174	177	179	181
Revenues	11 614	11 912	10 032	12 541	14 180	16 122	17 602	19 036	20 391	21 528	22 398	23 303	24 244	24 864	25 477
Cost of Sales	3336	3549	3331	4428	5540	6291	6609	6876	7047	7187	7294	7402	7513	7588	7664
Gross Profit	8 278	8 363	6 701	8 113	8 640	9 831	10 992	12 160	13 345	14 342	15 104	15 900	16 732	17 276	17 813
Gross Profit Margin	*71,3%*	*70,2%*	*66,8%*	*64,7%*	*60,9%*	*61,0%*	*62,4%*	*63,9%*	*65,4%*	*66,6%*	*67,4%*	*68,2%*	*69,0%*	*69,5%*	*69,9%*
SG&A Expenses	3 176	3 049	2 710	3 149	3 390	3 868	4 312	4 759	5 200	5 490	5 711	5 942	6 182	6 340	6 497
Other Operating Expenses / (Income)	-88	-121	-6	-24	12	14	15	16	17	18	19	20	21	21	22
Normalized EBIT	5 190	5 435	3 997	4 988	5 238	5 949	6 665	7 385	8 128	8 834	9 374	9 938	10 529	10 915	11 295
Normalized EBIT Margin	*44,7%*	*45,6%*	*39,8%*	*39,8%*	*36,9%*	*36,9%*	*37,9%*	*38,8%*	*39,9%*	*41,0%*	*41,9%*	*42,6%*	*43,4%*	*43,9%*	*44,3%*

South America	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Volume (million hl)	136	140	144	157	164	162	165	168	171	174	176	178	179	181	183
Revenues	10 238	9 790	8 092	9 494	11 599	12 500	13 643	14 611	15 500	16 283	17 021	17 707	18 421	18 985	19 548
Cost of Sales	3842	4009	3786	4763	5976	6330	6715	6986	7268	7488	7676	7869	8067	8270	8478
Gross Profit	6 396	5 781	4 306	4 731	5 623	6 171	6 928	7 626	8 232	8 795	9 345	9 838	10 354	10 715	11 071
Gross Profit Margin	*62,5%*	*59,1%*	*53,2%*	*49,8%*	*48,5%*	*49,4%*	*50,8%*	*52,2%*	*53,1%*	*54,0%*	*54,9%*	*55,6%*	*56,2%*	*56,4%*	*56,6%*
SG&A Expenses	2 976	2 791	2 417	2 762	3 458	3 749	4 023	4 236	4 416	4 639	4 850	5 045	5 248	5 409	5 570
Other Operating Expenses / (Income)	-267	-201	-522	-397	-473	-510	-556	-596	-632	-664	-694	-722	-751	-774	-797
Normalized EBIT	3 687	3 191	2 411	2 366	2 638	2 931	3 461	3 985	4 448	4 820	5 190	5 515	5 857	6 080	6 298
Normalized EBIT Margin	*36,0%*	*32,6%*	*29,8%*	*24,9%*	*22,7%*	*23,5%*	*25,4%*	*27,3%*	*28,7%*	*29,6%*	*30,5%*	*31,1%*	*31,8%*	*32,0%*	*32,2%*

EMEA	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Volume (million hl)	87	86	76	87	91	90	91	93	94	95	96	97	98	99	100
Revenues	8 368	7 911	6 835	8 032	8 120	8 611	9 046	9 457	9 839	10 161	10 468	10 784	11 001	11 226	11 446
Cost of Sales	3473	3506	3394	3793	4167	4609	4667	4725	4784	4831	4880	4928	4978	5027	5078
Gross Profit	4 895	4 405	3 441	4 239	3 953	4 002	4 379	4 732	5 055	5 330	5 588	5 856	6 023	6 199	6 369
Gross Profit Margin	*58,5%*	*55,7%*	*50,3%*	*52,8%*	*48,7%*	*46,5%*	*48,4%*	*50,0%*	*51,4%*	*52,5%*	*53,4%*	*54,3%*	*54,8%*	*55,2%*	*55,6%*
SG&A Expenses	2 878	2 862	2 696	2 855	2 604	2 662	2 887	3 113	3 337	3 446	3 550	3 657	3 731	3 807	3 882
Other Operating Expenses / (Income)	-232	-264	-163	-200	-198	-210	-221	-231	-240	-248	-255	-263	-268	-274	-279
Normalized EBIT	2 249	1 807	908	1 584	1 547	1 550	1 713	1 850	1 958	2 132	2 294	2 461	2 561	2 665	2 766
Normalized EBIT Margin	*26,9%*	*22,8%*	*13,3%*	*19,7%*	*19,1%*	*18,0%*	*18,9%*	*19,6%*	*19,9%*	*21,0%*	*21,9%*	*22,8%*	*23,3%*	*23,7%*	*24,2%*

Asia Pacific	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Volume (million hl)	96	93	82	88	89	93	97	100	103	106	108	110	112	114	115
Revenues	6 735	6 544	5 648	6 848	6 532	6 703	7 055	7 354	7 666	7 990	8 248	8 514	8 788	8 965	9 145
Cost of Sales	3098	2919	2605	3048	3168	3179	3240	3337	3471	3611	3720	3833	3948	4028	4109
Gross Profit	3 637	3 625	3 043	3 800	3 364	3 525	3 816	4 017	4 194	4 379	4 528	4 681	4 840	4 937	5 036
Gross Profit Margin	*54,0%*	*55,4%*	*53,9%*	*55,5%*	*51,5%*	*52,6%*	*54,1%*	*54,6%*	*54,7%*	*54,8%*	*54,9%*	*55,0%*	*55,1%*	*55,1%*	*55,1%*
SG&A Expenses	2 347	2 216	2 097	2 330	2 067	1 930	2 064	2 314	2 559	2 667	2 780	2 870	2 962	3 058	3 119
Other Operating Expenses / (Income)	-154	-230	-146	-139	-137	-141	-148	-154	-161	-168	-173	-179	-184	-188	-192
Normalized EBIT	1 444	1 639	1 092	1 609	1 434	1 735	1 899	1 858	1 796	1 880	1 921	1 990	2 062	2 068	2 109
Normalized EBIT Margin	*21,4%*	*25,0%*	*19,3%*	*23,5%*	*22,0%*	*25,9%*	*26,9%*	*25,3%*	*23,4%*	*23,5%*	*23,3%*	*23,4%*	*23,5%*	*23,1%*	*23,1%*

Global Export and Holding Companies	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Volume (million hl)	1	1	1	2	1	1	1	1	1	1	1	1	1	1	1
Revenues	582	685	652	1 133	790	790	790	790	790	790	790	790	790	790	790
Cost of Sales	418	590	648	880	740	677	677	677	677	677	677	677	677	677	677
Gross Profit	164	95	4	253	50	113	113	113	113	113	113	113	113	113	113
Gross Profit Margin	*28,2%*	*13,9%*	*0,6%*	*22,3%*	*6,3%*	*14,3%*	*14,3%*	*14,3%*	*14,3%*	*14,3%*	*14,3%*	*14,3%*	*14,3%*	*14,3%*	*14,3%*
SG&A Expenses	-1 016	1 131	1 079	1 709	1 447	1 447	1 447	1 447	1 447	1 447	1 447	1 447	1 447	1 447	1 447
Other Operating Expenses / (Income)	-25	-35	-22	0	-1	0	0	0	0	0	0	0	0	0	0
Normalized EBIT	1 205	-1 001	-1 053	-1 456	-1 396	-1 334	-1 334	-1 334	-1 334	-1 334	-1 334	-1 334	-1 334	-1 334	-1 334
Normalized EBIT Margin	*207,0%*	*-146,1%*	*-161,5%*	*-128,5%*	*-176,7%*	*-168,9%*	*-168,9%*	*-168,9%*	*-168,9%*	*-168,9%*	*-168,9%*	*-168,9%*	*-168,9%*	*-168,9%*	*-168,9%*

AB InBev Worldwide (Total)	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Volume (million hl)	560	562	531	582	596	585	599	613	627	639	648	658	667	674	680
Revenues	53 041	52 330	46 881	54 305	57 787	59 893	63 931	67 702	71 240	74 257	76 802	79 356	81 892	83 875	85 857
Cost of Sales	19 932	20 362	19 634	23 097	26 305	27 616	28 371	29 127	29 839	30 502	31 038	31 586	32 146	32 640	33 143
Gross Profit	33 109	31 968	27 247	31 208	31 482	32 276	35 560	38 575	41 401	43 755	45 764	47 770	49 746	51 235	52 714
Gross Profit Margin	*62,4%*	*61,1%*	*58,1%*	*57,5%*	*54,5%*	*53,9%*	*55,6%*	*57,0%*	*58,1%*	*58,9%*	*59,6%*	*60,2%*	*60,7%*	*61,1%*	*61,4%*
SG&A Expenses	14 774	16 421	15 368	17 574	17 553	18 206	19 394	20 640	21 819	22 678	23 433	24 165	24 885	25 489	26 058
Other Operating Expenses / (Income)	-806	-877	-845	-806	-842	-888	-953	-1 009	-1 062	-1 109	-1 152	-1 193	-1 234	-1 267	-1 299
Normalized EBIT	19 141	16 424	12 724	14 440	14 771	14 958	17 120	18 944	20 645	22 186	23 483	24 799	26 095	27 012	27 956
Normalized EBIT Margin	*36,1%*	*31,4%*	*27,1%*	*26,6%*	*25,6%*	*25,0%*	*26,8%*	*28,0%*	*29,0%*	*29,9%*	*30,6%*	*31,2%*	*31,9%*	*32,2%*	*32,6%*

Appendix Table 8 – Normalized EBIT (in million $)

Appendix 10 – Balance Sheet

	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Assets															
Cash and cash equivalents	7 074	7 238	15 252	12 097	9 973	13 947	13 826	14 137	15 151	16 637	18 877	20 922	23 288	26 384	29 684
Short-term Investments	87	92	396	374	97	101	107	114	120	125	129	133	137	141	144
Trade and other receivables	6 375	6 187	4 833	5 046	5 330	5 012	5 350	5 666	5 962	6 214	6 427	6 641	6 853	7 019	7 185
Inventories	4 234	4 427	4 482	5 399	6 612	6 305	6 477	6 650	6 812	6 964	7 086	7 211	7 339	7 452	7 567
Other current assets	512	10 870	1 556	1 032	1 174	896	1 022	1 124	1 225	1 314	1 393	1 476	1 554	1 605	1 657
Total Current Assets	18 282	28 814	26 519	23 948	23 186	26 261	26 782	27 691	29 270	31 253	33 913	36 384	39 171	42 601	46 237
Net PPE	25 910	27 544	26 419	26 678	26 671	27 703	29 635	31 450	33 165	34 644	35 908	37 182	38 451	39 466	40 485
Goodwill	133 311	128 114	120 971	115 796	113 010	113 010	113 010	113 010	113 010	113 010	113 010	113 010	113 010	113 010	113 010
Intangible assets	44 831	42 452	41 527	40 430	40 209	41 734	44 612	47 311	49 855	52 040	53 901	55 773	57 636	59 116	60 599
Trade and other receivables	769	807	1 661	1 580	1 782	2 014	2 109	2 198	2 282	2 353	2 413	2 473	2 533	2 580	2 627
Deferred tax assets	1 457	1 719	2 019	1 969	2 300	2 059	2 198	2 327	2 449	2 553	2 640	2 728	2 815	2 883	2 952
Other non-current assets	7 543	7 198	7 294	7 227	5 785	5 879	6 109	6 296	6 480	6 643	6 788	6 939	7 080	7 175	7 270
Total Non-Current Assets	213 821	207 834	199 891	193 680	189 757	192 399	197 673	202 593	207 241	211 242	214 660	218 104	221 526	224 230	226 942
Total Assets	**232 103**	**236 648**	**226 410**	**217 628**	**212 943**	**218 659**	**224 455**	**230 284**	**236 511**	**242 496**	**248 573**	**254 489**	**260 697**	**266 831**	**273 179**
Liabilities															
Current portion of long-term debt	4 216	5 410	3 081	1 408	1 029	1 568	1 578	1 588	1 598	1 608	1 618	1 628	1 638	1 648	1 658
Short-term debt (notes payable)	115	67	5	53	83	83	83	83	83	83	83	83	83	83	83
Trade and other payables	22 568	22 864	22 965	25 434	26 349	27 144	27 846	28 548	29 208	29 824	30 322	30 831	31 351	31 810	32 277
Other current liabilities	7 560	6 500	6 301	7 289	6 922	6 758	7 058	7 302	7 542	7 755	7 943	8 140	8 325	8 448	8 571
Total Current Liabilities	34 459	34 841	32 352	34 184	34 383	35 554	36 564	37 521	38 431	39 269	39 967	40 683	41 396	41 989	42 590
Long-term debt	105 584	97 564	95 478	87 369	78 880	78 401	78 451	78 501	78 551	78 601	78 651	78 701	78 751	78 802	78 852
Trade and other payables	1 816	1 943	1 522	1 008	859	859	859	859	859	859	859	859	859	859	859
Deferred tax liabilities	13 165	12 824	12 627	12 204	11 818	13 813	14 744	15 614	16 430	17 126	17 713	18 302	18 886	19 344	19 801
Other non-current liabilities	5 175	4 923	6 080	3 523	2 725	2 798	2 958	3 090	3 218	3 332	3 433	3 539	3 637	3 703	3 770
Total Non-Current Liabilities	125 740	117 254	115 707	104 104	94 282	95 871	97 012	98 063	99 058	99 917	100 656	101 400	102 134	102 708	103 281
Total Liabilities	**160 199**	**152 095**	**148 059**	**138 288**	**128 665**	**131 425**	**133 577**	**135 584**	**137 489**	**139 187**	**140 622**	**142 083**	**143 530**	**144 696**	**145 871**
Equity															
Common stock	1 736	1 736	1 736	1 736	1 736	1 736	1 736	1 736	1 736	1 736	1 736	1 736	1 736	1 736	1 736
Share premium	17 620	17 620	17 620	17 620	17 620	17 620	17 620	17 620	17 620	17 620	17 620	17 620	17 620	17 620	17 620
Reserves	19 056	24 882	17 798	15 431	15 218	15 218	15 218	15 218	15 218	15 218	15 218	15 218	15 218	15 218	15 218
Retained earnings	26 074	31 484	30 870	33 882	38 823	41 780	45 424	49 246	53 567	57 855	62 497	66 952	71 714	76 681	81 854
Shareholder's Equity	64 486	75 722	68 024	68 669	73 398	76 354	79 998	83 820	88 141	92 429	97 071	101 526	106 288	111 255	116 428
Non-controlling interests	7 418	8 831	10 327	10 671	10 880	10 880	10 880	10 880	10 880	10 880	10 880	10 880	10 880	10 880	10 880
Total Equity	**71 904**	**84 553**	**78 351**	**79 340**	**84 278**	**87 234**	**90 878**	**94 700**	**99 021**	**103 309**	**107 951**	**112 406**	**117 168**	**122 135**	**127 308**
Total Liabilities + Equity	**232 103**	**236 648**	**226 410**	**217 628**	**212 943**	**218 659**	**224 455**	**230 284**	**236 511**	**242 496**	**248 573**	**254 488**	**260 698**	**266 831**	**273 179**

Appendix Table 9 – Balance Sheet (in million $)

Appendix 11 – Assumptions

	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Income Statement															
Non-underlying costs above profit from operations (% of Revenue)	1,3%	0,6%	6,6%	1,1%	0,4%	0,9%	0,9%	0,9%	0,9%	0,9%	0,9%	0,9%	0,9%	0,9%	0,9%
Interest (% of Debt)	3,5%	3,7%	3,7%	4,0%	4,1%	3,7%	3,6%	3,6%	3,4%	3,3%	3,2%	3,0%	2,8%	2,8%	2,8%
Effective Tax Rate	26,9%	22,1%	100,4%	28,6%	18,6%	28,0%	28,0%	28,0%	28,0%	28,0%	28,0%	28,0%	28,0%	28,0%	28,0%
Net Income attributabe to non-controlling interest (% of Net Income)	17,1%	11,9%	36,2%	23,6%	21,4%	22,0%	22,0%	22,0%	22,0%	22,0%	22,0%	22,0%	22,0%	22,0%	22,0%
Balance Sheet															
Accounts Receivable (Days)	44	44	47	40	39	39	39	39	39	39	39	39	39	39	39
Inventory (Days)	78	78	83	78	83	83	83	83	83	83	83	83	83	83	83
Accounts Payable (Days)	384	378	395	358	339	339	339	339	339	339	339	339	339	339	339
Current Income Tax Receivables (% of EBT)	4,7%	4,9%	31,5%	4,5%	8,5%	5,7%	5,7%	5,7%	5,7%	5,7%	5,7%	5,7%	5,7%	5,7%	5,7%
Non-Current Income Tax Receivables (% of EBT)	10,1%	8,5%	41,8%	13,4%	9,3%	10,3%	10,3%	10,3%	10,3%	10,3%	10,3%	10,3%	10,3%	10,3%	10,3%
Current Income Tax Payables (% of EBT)	12,5%	10,5%	49,8%	15,8%	15,1%	13,5%	13,5%	13,5%	13,5%	13,5%	13,5%	13,5%	13,5%	13,5%	13,5%
Non-Current Income Tax Payables (% of EBT)	5,9%	8,0%	38,8%	8,6%	6,4%	7,2%	7,2%	7,2%	7,2%	7,2%	7,2%	7,2%	7,2%	7,2%	7,2%
Deferred Tax Assets (% of Revenue)	2,9%	3,3%	4,3%	3,6%	4,0%	3,4%	3,4%	3,4%	3,4%	3,4%	3,4%	3,4%	3,4%	3,4%	3,4%
Deferred Tax Liabilities (% of Revenue)	24,8%	24,5%	26,9%	22,5%	20,5%	23,1%	23,1%	23,1%	23,1%	23,1%	23,1%	23,1%	23,1%	23,1%	23,1%
Short-Term Investments (% of Revenue)	0,2%	0,2%	0,8%	0,7%	0,2%	0,2%	0,2%	0,2%	0,2%	0,2%	0,2%	0,2%	0,2%	0,2%	0,2%
Payout Ratio	121,2%	54,7%	128,0%	50,6%	40,9%	45,0%	45,0%	50,0%	50,0%	55,0%	55,0%	60,0%	60,0%	60,0%	60,0%

Appendix Table 9 – BS and IS assumptions

Appendix 11 – CAPEX

	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Acquisitions of PPE and of Intangible Assets	5 005	5 174	3 781	5 640	5 160	5390	5754	6093	6412	7054	7296	7539	7780	7968	8156
% of Revenue	9,4%	9,9%	8,1%	10,4%	8,9%	9,0%	9,0%	9,0%	9,0%	9,5%	9,5%	9,5%	9,5%	9,5%	9,5%

Appendix Table 10 – CAPEX (in million $)

Appendix 12 – Net Working Capital

	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Deferred tax assets	1 517	1 719	2 019	1 969	2 300	2 059	2 198	2 327	2 449	2 553	2 640	2 728	2 815	2 883	2 952
Current trade and other receivables	6 356	6 236	5 826	5 988	6 412	6 426	6 859	7 264	7 643	7 967	8 240	8 514	8 786	8 999	9 212
Current income tax receivables	457	627	655	381	813	535	661	763	864	953	1 032	1 115	1 193	1 244	1 296
Inventory	4 234	4 427	4 482	5 399	6 612	6 305	6 477	6 650	6 812	6 964	7 086	7 211	7 339	7 452	7 567
Deferred tax liabilities	13 165	12 824	12 627	12 204	11 818	13 813	14 744	15 614	16 430	17 126	17 713	18 302	18 886	19 344	19 801
Current trade and other payables	20 952	21 185	21 340	23 933	24 921	25 644	26 346	27 048	27 708	28 324	28 822	29 331	29 851	30 310	30 777
Current income tax payables	1 220	1 346	1 036	1 334	1 438	1 274	1 574	1 818	2 058	2 271	2 459	2 656	2 841	2 964	3 087
Net Working Capital	-22 773	-22 346	-22 021	-23 734	-22 040	-25 407	-26 469	-27 476	-28 428	-29 283	-29 995	-30 720	-31 445	-32 039	-32 639
Change in Net Working Capital		427	325	-1 713	1 694	-3 367	-1 062	-1 007	-952	-856	-712	-725	-724	-594	-601

Appendix Table 11 – Net Working Capital (in million $)

Appendix 13 – Depreciation, Amortization, and Impairment

	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
PPE	27 615	27 544	26 419	26 678	26 671	27 703	29 635	31 450	33 165	34 644	35 908	37 182	38 451	39 466	40 485
% Revenues	*52,1%*	*52,6%*	*56,4%*	*49,1%*	*46,2%*	*46,3%*	*46,4%*	*46,5%*	*46,6%*	*46,7%*	*46,8%*	*46,9%*	*47,0%*	*47,1%*	*47,2%*
Depreciation and Impairment	4135	4030	3891	4120	4 415	4 558	4 846	5 112	5 357	5 562	5 729	5 895	6 057	6 178	6 297
% PPE	*15,0%*	*14,6%*	*14,7%*	*15,4%*	*16,6%*	*16,5%*	*16,4%*	*16,3%*	*16,2%*	*16,1%*	*16,0%*	*15,9%*	*15,8%*	*15,7%*	*15,6%*
Intangible Assets	44 831	42 452	41 527	40 430	40 209	41 734	44 612	47 311	49 855	52 040	53 901	55 773	57 636	59 116	60 599
% Revenues	*84,5%*	*81,1%*	*88,6%*	*74,4%*	*69,6%*	*69,7%*	*69,8%*	*69,9%*	*70,0%*	*70,1%*	*70,2%*	*70,3%*	*70,4%*	*70,5%*	*70,6%*
Amortization and Impairment	489	627	708	651	659	671	704	733	757	775	803	830	858	880	902
% Intangible Assets	*1,1%*	*1,5%*	*1,7%*	*1,6%*	*1,6%*	*1,6%*	*1,6%*	*1,5%*	*1,5%*	*1,5%*	*1,5%*	*1,5%*	*1,5%*	*1,5%*	*1,5%*
Other	0	0	230	281	4	0	0	0	0	0	0	0	0	0	0
% Revenues	*0,0%*	*0,0%*	*0,5%*	*0,5%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*
Total D&A and Impairment	4624	4657	4829	5052	5 078	5 230	5 551	5 845	6 115	6 336	6 531	6 725	6 916	7 058	7 199

Appendix Table 12 – D&A (in million $)

Appendix 14 – Debt and Interest

	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
LT Debt opening	116 169	109 596	100 949	96 325	86 394	77 417	77 417	77 417	77 417	77 417	77 417	77 417	77 417	77 417	77 418
Current portion of capital leases liabilities opening	27	410	333	397	553	529	539	549	559	569	579	589	599	609	619
Capital leases liabilities opening	186	1 575	1 692	1 837	1 830	1 963	2 013	2 063	2 113	2 163	2 213	2 263	2 313	2 363	2 413
Notes payable opening	117	114	68	5	53	83	83	83	83	83	83	83	83	83	83
Total Debt Opening	116 499	111 695	103 042	98 564	88 830	79 992	80 052	80 112	80 172	80 232	80 292	80 352	80 412	80 472	80 533
LT Debt Issuance (repayment)	-6 573	-8 647	-4 624	-9 931	-8 977	0	0	0	0	0	0	0	0	0	0
Current portion of capital leases issuance (repayment)	383	-77	64	156	-24	10	10	10	10	10	10	10	10	10	10
Capital leases issuance (repayment)	1 389	117	145	-7	133	50	50	50	50	50	50	50	50	50	50
Notes payable issuance (repayment)	-3	-46	-63	48	30	0	0	0	0	0	0	0	0	0	0
LT Debt closing	109 596	100 949	96 325	86 394	77 417	77 417	77 417	77 417	77 417	77 417	77 417	77 417	77 417	77 418	77 418
Current portion of capital leases liabilities closing	410	333	397	553	529	539	549	559	569	579	589	599	609	619	629
Capital leases liabilities closing	1 575	1 692	1 837	1 830	1 963	2 013	2 063	2 113	2 163	2 213	2 263	2 313	2 363	2 413	2 463
Notes payable closing	114	68	5	53	83	83	83	83	83	83	83	83	83	83	83
Total Debt Closing	111 695	103 042	98 564	88 830	79 992	80 052	80 112	80 172	80 232	80 292	80 352	80 412	80 472	80 533	80 593

Appendix Table 13 – Debt Schedule (in million $)

Interest Expense Schedule	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
LT Debt (% of period average total Debt)	98,9%	98,0%	97,9%	97,5%	97,0%	96,7%	96,7%	96,6%	96,5%	96,5%	96,4%	96,3%	96,2%	96,2%	96,1%
Remaining Debt (% average total Debt)	1,1%	2,0%	2,1%	2,5%	3,0%	3,3%	3,3%	3,4%	3,5%	3,5%	3,6%	3,7%	3,8%	3,8%	3,9%
Interest expense	4252	4292	4132	3797	3718	3389	3278	3250	3124	3053	2909	2714	2607	2589	2599
Interest rate (% average opening & closing Debt)	3,7%	4,0%	4,1%	4,1%	4,4%	4,2%	4,1%	4,1%	3,9%	3,8%	3,6%	3,4%	3,2%	3,2%	3,2%
Interest rate of LT Debt	3,8%	4,2%	4,2%	4,3%	4,7%	4,2%	4,1%	4,0%	3,9%	3,8%	3,6%	3,3%	3,2%	3,2%	3,2%
Interest rate of remaining Debt	2,2%	4,0%	4,0%	3,9%	4,3%	4,7%	4,9%	4,9%	4,9%	4,9%	4,9%	4,9%	4,9%	4,9%	4,9%
Interest expense of LT Debt	4207	4208	4043	3702	3608	3268	3149	3118	2989	2915	2768	2570	2460	2439	2446
Interest expense of remaining Debt	45	84	89	95	110	121	129	132	135	138	141	144	147	150	153

Appendix Table 14 – Interest Expense Schedule (in million $)

Debt Issuance / (Repayments)	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Repayments	-4 000	-2 500	-1 000	-5 000	-5 000	-6 000	-4 500	-3 500	-2 000	-2 500
Issuance	4 000	2 500	1 000	5 000	5 000	6 000	4 500	3 500	2 000	2 500
Total Change	0	0	0	0	0	0	0	0	0	0

Appendix Table 15 -Debt Issuance / Repayments (in million $)

	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Existing LT Debt	73 417	74 917	76 417	72 417	72 417	71 417	72 917	73 917	75 418	74 918
New LT Debt	4 000	2 500	1 000	5 000	5 000	6 000	4 500	3 500	2 000	2 500
Total LT Debt	77 417	77 417	77 417	77 417	77 417	77 417	77 417	77 417	77 418	77 418
Interest Rate of "Old LT debt"	4,2%	4,1%	4,0%	3,8%	3,7%	3,5%	3,2%	3,1%	3,1%	3,1%
Interest Rate of New LT debt (OECD Forecast)	4,2%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%
Total Interest Rate of LT Debt	4,2%	4,1%	4,0%	3,9%	3,8%	3,6%	3,3%	3,2%	3,2%	3,2%
Short-Term Interest Rate (OECD Forecast)	5,1%	5,2%	5,2%	5,2%	5,2%	5,2%	5,2%	5,2%	5,2%	5,2%
Long-Term Interest Rate (OECD Forecast)	4,2%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%

Appendix Table 16 – Interest Rates Forecast (in million $)

Net Interest Expense / (Income)	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Net Interest Expense / (Income)	3 896	3 863	3 655	3 566	3 256	2 968	2 871	2 846	2 735	2 673	2 548	2 377	2 283	2 267	2 276
Interest Expense	4 252	4 292	4 132	3 797	3 718	3 389	3 278	3 250	3 124	3 053	2 909	2 714	2 607	2 589	2 599
Net Interest as a % of interest expense	91,6%	90,0%	88,5%	93,9%	87,6%	87,6%	87,6%	87,6%	87,6%	87,6%	87,6%	87,6%	87,6%	87,6%	87,6%

Appendix Table 17 – Net Interest Expense / (Income) Estimation (in million $)

Appendix 15 – Retained earnings

Retained Earnings Schedule	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Opening Retained Earnings	38 823	41 780	45 424	49 246	53 567	57 855	62 497	66 952	71 714	76 681
(+) Net Income	5 377	6 625	7 644	8 643	9 529	10 315	11 137	11 905	12 419	12 933
(-) Share Repurchases	0	1 000	0	0	0	0	0	0	0	0
(-) Dividends	2 419	2 981	3 822	4 322	5 241	5 673	6 682	7 143	7 451	7 760
Closing Retained Earnings	41 780	45 424	49 246	53 567	57 855	62 497	66 952	71 714	76 681	81 854

Appendix Table 18 – Retained Earnings Schedule (in million $)

Appendix 16 – Key performance indicators

	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Gross Profit Margin	62,4%	61,1%	58,1%	57,5%	54,5%	53,9%	55,6%	57,0%	58,1%	58,9%	59,6%	60,2%	60,7%	61,1%	61,4%
EBIT Margin	34,8%	30,8%	20,5%	25,5%	25,1%	24,1%	25,9%	27,1%	28,1%	29,0%	29,7%	30,4%	31,0%	31,3%	31,7%
EBITDA Margin	43,5%	39,7%	30,8%	34,8%	33,9%	32,8%	34,6%	35,7%	36,7%	37,5%	38,2%	38,9%	39,4%	39,7%	40,1%
Net Income Margin	12,1%	17,5%	3,0%	8,6%	10,3%	9,0%	10,4%	11,3%	12,1%	12,8%	13,4%	14,0%	14,5%	14,8%	15,1%
Net Debt/EBITDA	4,5	4,6	5,8	4,1	3,6	3,4	3,0	2,7	2,5	2,3	2,1	1,9	1,8	1,6	1,5
D/E	1,5	1,2	1,3	1,1	1,0	0,9	0,9	0,9	0,8	0,8	0,7	0,7	0,7	0,7	0,6

Appendix Table 19 – Key Financial Metrics

Appendix 17 – Market Value of Debt

	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
MV LT Debt (Bonds)	69 919	69 918	69 918	69 918	69 919	69 919	69 919	69 919	69 919	69 920
BV Remaining Debt	2 635	2 695	2 755	2 815	2 875	2 935	2 995	3 055	3 115	3 175
Interest Expense of Remaining Debt	121	129	132	135	138	141	144	147	150	153
Interest Rate of Remaining Debt	4,7%	4,9%	4,9%	4,9%	4,9%	4,9%	4,9%	4,9%	4,9%	4,9%
Average Maturity	3,40	3,40	3,40	3,40	3,40	3,40	3,40	3,40	3,40	3,40
MV of Remaining Debt	2631	2691	2751	2811	2871	2931	2991	3051	3111	3171
MV of Total Debt	**72 550**	**72 609**	**72 669**	**72 729**	**72 789**	**72 849**	**72 909**	**72 970**	**73 030**	**73 090**

Appendix Table 20 – Market Value of Debt (in million $)

Appendix 18 – Spread Computation (for the cost of debt)

	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
EBITDA	19 666	22 113	24 199	26 138	27 875	29 345	30 832	32 297	33 339	34 406
Interest Expense	3389	3278	3250	3124	3053	2909	2714	2607	2589	2599
Interest Coverage Ratio	5,80	6,75	7,44	8,37	9,13	10,09	11,36	12,39	12,88	13,24
Rating	A1/A+	A1/A+	Aa2/AA	Aaa/AAA	Aaa/AAA	Aaa/AAA	Aaa/AAA	Aaa/AAA	Aaa/AAA	Aaa/AAA
Spread	1,2%	1,2%	0,9%	0,9%	0,7%	0,7%	0,7%	0,7%	0,7%	0,7%

Appendix Table 21 – Spread calculation (Damodaran)

>	≤ to	Rating is	Spread is
-100000	0.199999	D2/D	20.00%
0.2	0.649999	C2/C	17.50%
0.65	0.799999	Ca2/CC	15.78%
0.8	1.249999	Caa/CCC	11.57%
1.25	1.499999	B3/B-	7.37%
1.5	1.749999	B2/B	5.26%
1.75	1.999999	B1/B+	4.55%
2	2.2499999	Ba2/BB	3.13%
2.25	2.49999	Ba1/BB+	2.42%
2.5	2.999999	Baa2/BBB	2.00%
3	4.249999	A3/A-	1.62%
4.25	5.499999	A2/A	1.42%
5.5	6.499999	A1/A+	1.23%
6.5	8.499999	Aa2/AA	0.85%
8.50	100000	Aaa/AAA	0.69%

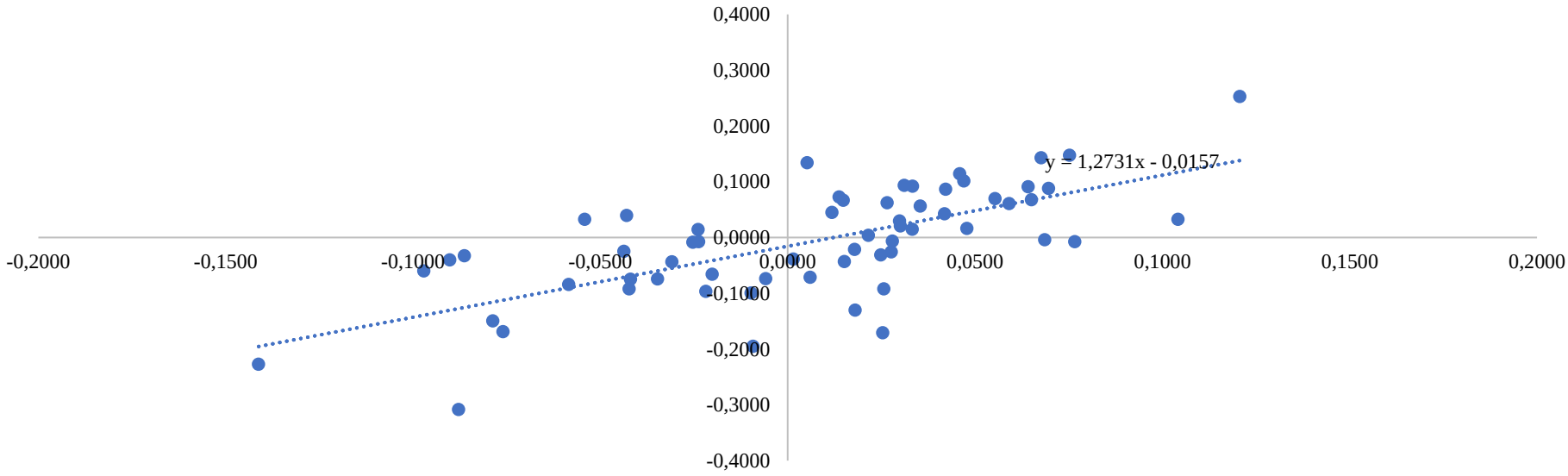
Appendix Table 22 – Damodaran Spread Estimation

Appendix 19 – Equity Risk Premium

	ERP	% Rev. 2022	% Rev. 2023	% Rev. 2024	% Rev. 2025	% Rev. 2026	% Rev. 2027	% Rev. 2028	% Rev. 2029	% Rev. 2030	% Rev. 2031	% Rev. 2032
North America	5,94%	28,67%	25,32%	24,71%	24,30%	23,94%	23,57%	23,28%	23,01%	22,77%	22,71%	22,65%
Middle Americas	10,99%	24,54%	26,92%	27,53%	28,12%	28,62%	28,99%	29,16%	29,36%	29,61%	29,64%	29,67%
South America	14,30%	20,07%	20,87%	21,34%	21,58%	21,76%	21,93%	22,16%	22,31%	22,49%	22,63%	22,77%
EMEA	7,44%	14,05%	14,38%	14,15%	13,97%	13,81%	13,68%	13,63%	13,59%	13,43%	13,38%	13,33%
Asia Pacific	7,51%	11,30%	11,19%	11,04%	10,86%	10,76%	10,76%	10,74%	10,73%	10,73%	10,69%	10,65%
Global Export and Holding companies	12,59%	1,37%	1,32%	1,24%	1,17%	1,11%	1,06%	1,03%	1,00%	0,96%	0,94%	0,92%
Weighted ERP		**9,34%**	**9,52%**	**9,58%**	**9,62%**	**9,65%**	**9,68%**	**9,71%**	**9,73%**	**9,75%**	**9,76%**	**9,77%**

Appendix Table 23 – ERP Computation

Appendix 20 – Beta Regression



Appendix Graph 1 – Beta regression

Appendix 21 – Long-Term growth rate

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
North America	4,06%	2,77%	2,36%	2,18%	2,09%	2,09%	2,09%	2,09%	2,09%	2,09%
% sales	25,32%	24,71%	24,30%	23,94%	23,57%	23,28%	23,01%	22,77%	22,71%	22,65%
Middle Americas	6,17%	3,83%	3,04%	2,88%	2,88%	2,88%	2,88%	2,88%	2,88%	2,88%
% sales	26,92%	27,53%	28,12%	28,62%	28,99%	29,16%	29,36%	29,61%	29,64%	29,67%
South America	27,61%	21,57%	12,92%	10,60%	9,63%	8,74%	7,85%	6,96%	6,07%	5,18%
% sales	20,87%	21,34%	21,58%	21,76%	21,93%	22,16%	22,31%	22,49%	22,63%	22,77%
EMEA	6,49%	3,91%	2,59%	2,40%	2,30%	2,26%	2,26%	2,26%	2,26%	2,26%
% sales	14,38%	14,15%	13,97%	13,81%	13,68%	13,63%	13,59%	13,43%	13,38%	13,33%
Asia Pacific	1,82%	2,30%	2,39%	2,33%	2,32%	2,32%	2,32%	2,32%	2,32%	2,32%
% sales	11,19%	11,04%	10,86%	10,76%	10,76%	10,74%	10,73%	10,73%	10,69%	10,65%
Global Export and Holding Companies	4,81%	3,58%	2,80%	2,59%	2,50%	2,46%	2,46%	2,46%	2,46%	2,46%
% sales	1,32%	1,24%	1,17%	1,11%	1,06%	1,03%	1,00%	0,96%	0,94%	0,92%
Weighted Inflation	9,65%	7,19%	4,87%	4,26%	4,03%	3,85%	3,66%	3,47%	3,28%	3,08%

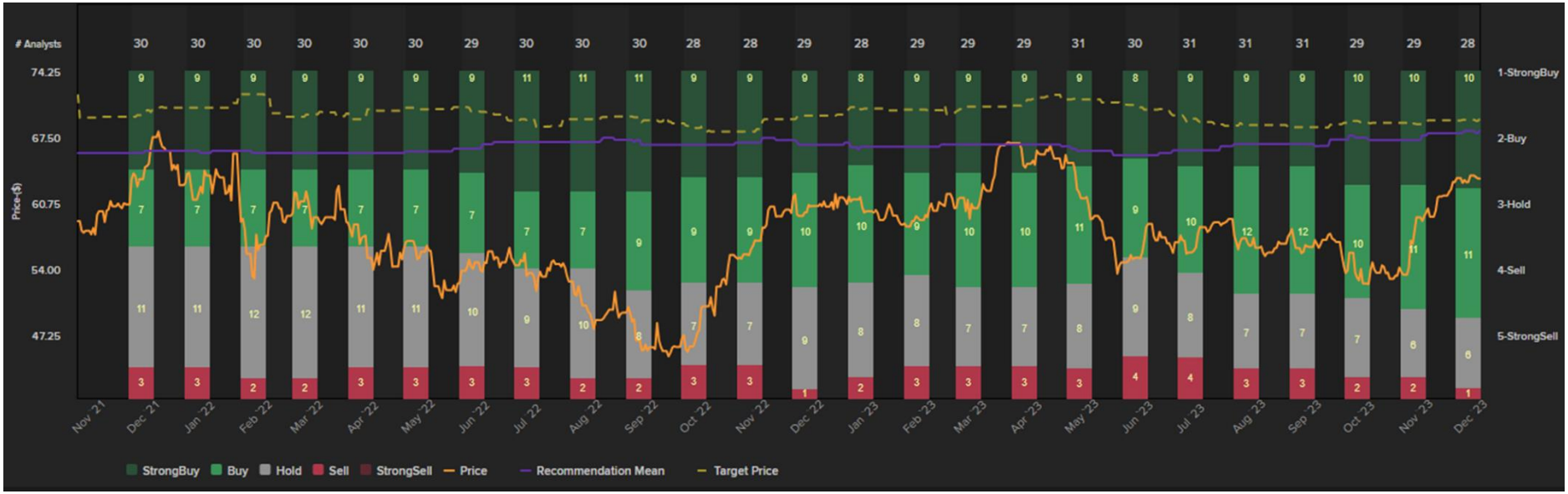
Appendix Table 24 – Weighted Inflation computation

Appendix 22 – Peers Selection

	Country of Exchange	Number of Employees	Market Cap ($ Million)	EBITDA Margin	Debt/Capital	Revenue	Last 2 years Revenue Growth	Last 1 year Revenue Growth
Anheuser-Busch Inbev SA	Belgium	166 632	107 637	33,91%	52,1%	57 786	23,3%	6,4%
Heineken NV	Netherlands	86 390	50 991	22,41%	42,8%	30 735	27,6%	23,2%
Diageo PLC	United Kingdom	30 269	82 802	34,55%	64,6%	21 740	23,5%	15,6%
Pernod Ricard SA	France	20 617	44 747	31,19%	41,5%	13 241	26,6%	18,1%
Carlsberg A/S	Denmark	30 834	18 056	21,39%	45,2%	10 115	5,3%	10,1%

Appendix Table 25 – Peers selection for the Relative Valuation

Appendix 23 – Wall Street Target Price and Recommendation



Source: Refinitiv

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