

## AB InBev

# Reassuring results, set up for a strong 2024: we reiterate Buy

Reiterate Rating: BUY | PO: 70.00 EUR | Price: 55.78 EUR

## Reassuring results, confident guidance

Q4 results were broadly in line with expectations on organics (volume -2.5%, held back by the US, sales +6.2% and EBITDA +6.2%), below consensus on \$-EBITDA (mainly due to Argentina FX), but 9% ahead on EPS, thanks to lower net interest and tax. Excluding LatAm South (where EBITDA grew >100% organic, flattered by pricing in Argentina) and the US (*Bud Light* hit, soon fully in the base), we estimate group organic EBITDA would have been +9.7% in Q4 and +12.5% in 2023. We view this as not bad, considering the environment and peers results. For 2024, mgmt guided to +4-8% org. EBITDA, but capping Argentina pricing included in organic at 27% YoY. In other words, 2024 guidance is above the +4-8% mid-term guide (based on full contribution from Argentina pricing). Tax rate guide (27-29%) reassuring, given concerns on the impact of the Brazil fiscal reform.

## Key take-aways from results

(1) Mgmt seemed confident about the 2024 volume outlook, flagging a good start to the year in Brazil & China; (2) positives in the US (price increase going through in Q1, strong marketing partnerships for ABI's brands in 2024, including Copa America, Team USA at Olympics, NBA, golf Ryder cup (*Michelob Ultra*), NFL, UFC (*Bud Light*)); (3) Q4 showed continued margin expansion in Brazil (+620bps), Middle Americas (+100bps). APAC margin expanded too, +260bps Q4; (4) COGS deflation guidance for Brazil beer (-0.5% to -3% per HL) provides confidence that COGS should be favourable/deflationary in other regions too (except Argentina and Africa), supporting margins this year; (5) no new share buy-back announcement, but we expect further meaningful deleverage in 2024 (to 2.85x Net Debt/EBITDA, below 3x for first time since 2015); (6) tax rate guidance was reassuring.

## Minor changes to EPS, we reiterate Buy

We trim EPS c1% (lower 2023 EBIT base, mostly offset by better tax rate 2024-26 than we had assumed). For 2024 we forecast +9.4% org. EBITDA, above guidance (prev. +15.9% with a >5% boost from Argentina). ABI trades on 17.6x 12m fwd PE, 6% discount to EU staples (10% discount on EV/NOPAT). We believe ABI's margins are inflecting after 5 years of declines (we see upside to 2024 consensus margins), driving better organic profit growth. We think the margin story and further deleverage will drive rerating. We trim our PO to €70 / \$76 / ZAR 1440 from €71 / \$78 / ZAR 1440, reflecting new EPS & slight peer derating.

Estimates (Dec) (USD)	2022A	2023A	2024E	2025E	2026E
EPS (Adjusted Diluted)	2.97	3.00	3.33	3.77	4.19
EPS Change (YoY)	5.3%	1.0%	10.9%	13.1%	11.2%
Dividend / Share	0.75	0.82	1.00	1.20	1.50
Valuation (Dec)					
P/E	20.0x	20.5x	18.1x	16.1x	14.4x
Dividend Yield	1.24%	1.36%	1.65%	1.99%	2.48%
EV / EBITDA*	10.0x	9.98x	9.24x	8.80x	8.32x
Free Cash Flow Yield*	7.19%	7.31%	8.99%	9.77%	10.6%

\* For full definitions of *IQmethod™* measures, see page 8.

>> Employed by a non-US affiliate of BofAS and is not registered/qualified as a research analyst under the FINRA rules.

Refer to "Other Important Disclosures" for information on certain BofA Securities entities that take responsibility for the information herein in particular jurisdictions.

**BofA Securities does and seeks to do business with issuers covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.**

**Refer to important disclosures on page 9 to 12. Analyst Certification on page 7. Price Objective Basis/Risk on page 7.**

12666604

Timestamp: 04 March 2024 12:00AM EST

04 March 2024

## Equity

### Key Changes

(US\$)	Previous	Current
Price Obj.	EUR71.00	EUR70.00
2024E EPS	3.36	3.33
2025E EPS	3.81	3.77
2026E EPS	4.22	4.19
2024E EBITDA (m)	22,473.5	21,574.5
2025E EBITDA (m)	23,787.3	22,648.4
2026E EBITDA (m)	25,191.8	23,954.1
2024E DPS	1.20	1.00

**Andrea Pistacchi >>**  
Research Analyst  
MLI (UK)  
+44 20 7996 4938  
[andrea.pistacchi@bofa.com](mailto:andrea.pistacchi@bofa.com)

**Victor Beltran-Segarra >>**  
Research Analyst  
MLI (UK)  
+44 20 7996 4368  
[victor.beltran-segarra@bofa.com](mailto:victor.beltran-segarra@bofa.com)

## Stock Data

Price (Common / Common /	55.78 EUR / 1,153 ZAR /
ADR)	60.17 USD
Price Objective	70.00 EUR / 1,440 ZAR /
	76.00 USD
Date Established	4-Mar-2024 / 11-Jan-2024 /
	4-Mar-2024
Investment Opinion	B-1-7 / B-1-7 / B-1-7
52-Week Range	49.17 EUR-62.01 EUR
Market Val / Shares Out	113,624 EUR / 2,037.0
(mn)	
Average Daily Value (mn)	79.53 USD
BofA Ticker / Exchange	BUDFF / ENB
BofA Ticker / Exchange	XAIBF / JNB
BofA Ticker / Exchange	BUD / NYS
Bloomberg / Reuters	ABI BB / ABI.BR
ROE (2024E)	8.0%
Free Float	56.1%
ESGMeter™	High

**ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "BofA ESGMeter Methodology".**

# iQprofile<sup>SM</sup> AB InBev

Key Income Statement Data (Dec)	2022A	2023A	2024E	2025E	2026E
(US\$ Millions)					
Sales	57,786	59,380	61,884	64,579	67,387
EBITDA Adjusted	19,842	19,976	21,574	22,648	23,954
Depreciation & Amortization	(5,075)	(5,389)	(5,188)	(5,355)	(5,557)
EBIT Adjusted	14,767	14,587	16,386	17,293	18,397
Net Interest & Other Income	(4,993)	(5,102)	(4,146)	(3,523)	(3,162)
Tax Expense / Benefit	(1,928)	(2,234)	(3,173)	(3,598)	(3,984)
Net Income (Adjusted)	6,093	6,158	6,786	7,673	8,535
Average Fully Diluted Shares Outstanding	2,049	2,051	2,038	2,038	2,038

<b>Key Cash Flow Statement Data</b>					
Net Income (Reported)	6,267	5,375	7,152	8,283	9,236
Depreciation & Amortization	5,075	5,389	5,188	5,355	5,557
Change in Working Capital	(346)	(1,451)	440	344	356
Deferred Taxation Charge	0	0	0	0	0
Other CFO	2,302	3,952	2,372	2,300	2,318
<b>Cash Flow from Operations</b>	<b>13,298</b>	<b>13,265</b>	<b>15,152</b>	<b>16,283</b>	<b>17,466</b>
Capital Expenditure	(4,838)	(4,482)	(4,268)	(4,454)	(4,648)
(Acquisition) / Disposal of Investments	(70.0)	9.00	(360)	0	0
Other CFI	288	119	0	0	0
<b>Cash Flow from Investing</b>	<b>(4,620)</b>	<b>(4,354)</b>	<b>(4,628)</b>	<b>(4,454)</b>	<b>(4,648)</b>
Share Issue / (Repurchase)	0	(362)	(638)	0	0
Cost of Dividends Paid	(2,442)	(3,013)	(3,511)	(3,926)	(4,789)
Increase (decrease) debt	(8,838)	(1,825)	(5,543)	(5,000)	(5,000)
Other CFF	660	(3,396)	(766)	(1,313)	(1,317)
<b>Cash Flow from Financing</b>	<b>(10,620)</b>	<b>(8,596)</b>	<b>(10,458)</b>	<b>(10,239)</b>	<b>(11,106)</b>
<b>Total Cash Flow (CFO + CFI + CFF)</b>	<b>(1,942)</b>	<b>315</b>	<b>65.1</b>	<b>1,590</b>	<b>1,712</b>
FX and other changes to cash	(451)	(1.00)	0	0	0
Change in Cash	(2,393)	314	65.1	1,590	1,712
Change in Net Debt	(6,445)	(2,139)	(5,608)	(6,590)	(6,712)
Net Debt	69,739	67,600	61,992	55,403	48,691

<b>Key Balance Sheet Data</b>					
Property, Plant & Equipment	26,671	26,818	25,990	25,180	24,362
Goodwill	113,010	117,043	117,043	117,043	117,043
Other Intangibles	40,209	41,286	41,194	41,104	41,013
Other Non-Current Assets	9,867	10,826	12,780	14,597	16,578
Trade Receivables	813	822	857	894	933
Cash & Equivalents	10,253	10,567	10,632	12,222	13,934
Other Current Assets	12,120	11,978	12,803	13,282	13,777
Total Assets	212,943	219,340	221,299	224,322	227,639
Long-Term Debt	78,963	74,180	68,637	63,637	58,637
Other Non-Current Liabilities	15,318	15,328	15,987	16,672	17,386
Short-Term Debt	1,029	3,987	3,987	3,987	3,987
Other Current Liabilities	33,354	33,168	34,755	35,913	37,114
Total Liabilities	128,664	126,663	123,367	120,210	117,124
Total Equity	84,278	92,676	97,932	104,112	110,515
Total Equity & Liabilities	212,942	219,339	221,299	224,322	227,639

<b>Business Performance*</b>					
Return On Capital Employed	6.46%	5.97%	6.41%	6.76%	7.12%
Return On Equity	8.58%	7.93%	8.04%	8.52%	8.86%
Operating Margin	24.6%	23.0%	25.3%	25.9%	26.4%
Free Cash Flow (MM)	8,748	8,902	10,884	11,829	12,818

<b>Quality of Earnings*</b>					
Cash Realization Ratio	2.18x	2.15x	2.23x	2.12x	2.05x
Asset Replacement Ratio	0.95x	0.83x	0.82x	0.83x	0.84x
Tax Rate	20.2%	25.2%	27.1%	26.7%	26.7%
Net Debt/Equity	82.7%	72.9%	63.3%	53.2%	44.1%
Interest Cover	3.18x	2.90x	3.47x	3.97x	4.49x

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 8.

## Company Sector

Brewers

## Company Description

AB InBev is the largest brewer in the world, with operations in most markets globally. It is present in most of the important profit pools, where it holds No.1 or No. 2 positions. Its main brands are Budweiser, Beck's, Stella Artois and Corona, but the group also owns numerous local brands.

## Investment Rationale

With input cost pressures easing, a higher cost of doing business (which has come with ABI's commercial transformation) now in the base and >\$1bn of permanent profit impact from Bud Light in the base too (and in consensus), we believe margins are at an inflection point, which should drive in better organic profit growth going forward, supporting a further rerating of the stock.

## Stock Data

Price to Book Value

1.4x

## 4Q/FY23 results in summary

The following table summarizes ABI's 4Q/FY23 results.

### Exhibit 1: ABI's 4Q/FY23 results vs expectations

Q4 results were better than expect on EPS, but slightly worse on \$ EBITDA (mainly due to FX and hyperinflation accounting in Argentina)

	1Q23	2Q23	3Q23	4Q23A	4Q23E	4Q Cons	Var (%)	FY23A	FY23E	FY Cons	Var (%)
<b>Revenue (\$m)</b>	<b>14,213</b>	<b>15,120</b>	<b>15,574</b>	<b>14,473</b>	<b>15,079</b>	<b>15,380</b>	<b>-5.9%</b>	<b>59,380</b>	<b>59,986</b>	<b>60,286</b>	<b>-1.5%</b>
<b>EBITDA (\$m)</b>	<b>4,759</b>	<b>4,909</b>	<b>5,431</b>	<b>4,877</b>	<b>5,052</b>	<b>5,188</b>	<b>-6.0%</b>	<b>19,976</b>	<b>20,147</b>	<b>20,292</b>	<b>-1.6%</b>
<b>Margin (%)</b>	<b>33.5%</b>	<b>32.5%</b>	<b>34.9%</b>	<b>33.7%</b>	<b>33.5%</b>	<b>33.7%</b>	<b>0.0p</b>	<b>33.6%</b>	<b>33.6%</b>	<b>33.7%</b>	<b>0.0p</b>
<b>Organic Expansion (bps)</b>	<b>11</b>	<b>-70</b>	<b>-29</b>	<b>0</b>	<b>-7</b>	<b>-26</b>		<b>-25</b>	<b>-25</b>	<b>-37</b>	
<b>Divisional EBITDA (\$m):</b>											
North America	1,350	1,189	1,231	957	908	1,022	-6.3%	4,727	4,681	4,792	-1.3%
Middle Americas	1,578	1,916	2,051	2,170	2,276	2,187	-0.8%	7,715	7,821	7,732	-0.2%
South America	1,029	738	1,012	1,105	1,245	1,244	-11.2%	3,884	4,025	4,023	-3.5%
EMEA	462	680	753	675	663	709	-4.7%	2,570	2,553	2,603	-1.3%
APAC	628	645	625	288	275	278	3.4%	2,186	2,169	2,176	0.5%
GEHC	-290	-257	-240	-319	-316	-290	10.1%	-1,106	-1,102	-1,074	3.0%
EBIT (normalised)	3,503	3,569	4,027	3,491	3,650	3,810	-8.4%	14,590	14,749	14,914	-2.2%
Net finance income	-1,237	-1,283	-1,223	-1,290	-1,229	-1,208	6.8%	-5,033	-4,972	-4,950	1.7%
net interest	-806	-824	-789	-712	-775	-748	-4.8%	-3,131	-3,194	-3,126	0.2%
other financial charges	-431	-459	-434	-578	-454	-461	25.4%	-1,902	-1,778	-1,837	3.5%
Share of associates	50	55	95	95	81	94	1.4%	295	281	294	0.3%
Tax (normalised)	-607	-636	-707	-368	-654	-708	-48.1%	-2,322	-2,603	-2,576	-9.9%
Tax rate (%)	26.8%	27.8%	25.2%	16.7%	27.0%			24.3%	26.6%		
Minorities	-409	-269	-494	-378	-447	-482	-21.5%	-1,550	-1,619	-1,643	-5.6%
Net profit (underlying)	1,310	1,452	1,735	1,661	1,402	1,515	9.6%	6,158	5,899	6,001	2.6%
<b>EPS (underlying)</b>	<b>0.65</b>	<b>0.72</b>	<b>0.86</b>	<b>0.82</b>	<b>0.70</b>	<b>0.75</b>	<b>8.8%</b>	<b>3.05</b>	<b>2.93</b>	<b>2.99</b>	<b>2.1%</b>
FX on EBITDA	-299	-263	-145	-305	-477			-1,012	-1,133		
<b>Organic volume growth (%)</b>											
North America	-1.0%	-14%	-17%	-15.2%	-15%	-12%	-2.8p	-12%	-12%	-11%	-0.6p
Middle Americas	0.1%	0.3%	1.7%	0.7%	2.0%	2.0%	-1.3p	0.7%	1.0%	1.0%	-0.3p
South America	-0.2%	-1.9%	-2.2%	-0.3%	-1.6%	-1.6%	1.3p	-1.1%	-1.5%	-1.5%	0.4p
EMEA	-1.0%	-0.1%	-1.5%	-0.6%	-1.4%	-0.3%	-0.3p	-0.8%	-1.0%	-0.7%	-0.1p
APAC	9.0%	9.5%	0.2%	-2.8%	-0.2%	0.6%	-3.4p	4.3%	4.8%	4.9%	-0.6p
<b>Group</b>	<b>0.9%</b>	<b>-1.4%</b>	<b>-3.4%</b>	<b>-2.5%</b>	<b>-2.6%</b>	<b>-2.0%</b>	<b>-0.5p</b>	<b>-1.7%</b>	<b>-1.7%</b>	<b>-1.6%</b>	<b>-0.1p</b>
<b>Organic sales growth (%)</b>											
North America	5.1%	-9.0%	-13%	-15.5%	-15%	-11%	-4.2p	-8.3%	-8.1%	-7.3%	-1.0p
Middle Americas	11%	10%	11%	5.1%	9.1%	8.1%	-2.9p	9.2%	10.3%	10.0%	-0.8p
South America	32%	24%	23%	29.6%	25%	23%	6.8p	27%	26%	25%	2.2p
EMEA	9.4%	12.0%	9.9%	11.7%	5.8%	8.4%	3.4p	10.8%	9.4%	10.0%	0.8p
APAC	13%	14.5%	5.1%	6.9%	6.3%	6.1%	0.8p	10.0%	9.9%	9.8%	0.2p
<b>Group</b>	<b>13%</b>	<b>7.2%</b>	<b>5.0%</b>	<b>6.2%</b>	<b>5.2%</b>	<b>6.1%</b>	<b>0.1p</b>	<b>7.8%</b>	<b>7.5%</b>	<b>7.8%</b>	<b>0.0p</b>
<b>EBITDA (%)</b>											
North America	0.3%	-24%	-27%	-31.7%	-35%	-26%	-6.0p	-21%	-22%	-20%	-1.3p
Middle Americas	7.4%	15%	14%	7.3%	12%	9.1%	-1.7p	11.1%	12.5%	11.6%	-0.5p
South America	53%	47%	55%	53.0%	46%	30%	22.6p	52%	49%	44%	8.3p
EMEA	2.7%	7.2%	6.1%	5.6%	-2.2%	7.7%	-2.1p	5.6%	3.5%	5.8%	-0.2p
APAC	11%	10.7%	3.3%	21.3%	18.0%	18.8%	2.4p	9.8%	9.4%	9.5%	0.3p
<b>Group</b>	<b>13.6%</b>	<b>4.9%</b>	<b>4.1%</b>	<b>6.2%</b>	<b>5.0%</b>	<b>5.3%</b>	<b>0.9p</b>	<b>7.0%</b>	<b>6.7%</b>	<b>6.7%</b>	<b>0.3p</b>

Source: Company reports, BofA Global Research estimates, Company compiled consensus

BofA GLOBAL RESEARCH

# Changes to BofAe estimates

The following tables summarize the changes we have made to our estimates.

## Exhibit 2: ABI - Changes to BofA estimates

We trim EPS c1%

	FY24E			FY25E			FY26E		
	New ests.	Old ests.	Change	New ests.	Old ests.	Change	New ests.	Old ests.	Change
<b>Revenue (\$m)</b>	<b>61,886</b>	<b>62,829</b>	<b>-1.5%</b>	<b>64,579</b>	<b>65,595</b>	<b>-1.5%</b>	<b>67,387</b>	<b>68,487</b>	<b>-1.6%</b>
<b>EBITDA (\$m)</b>	<b>21,349</b>	<b>22,468</b>	<b>-5.0%</b>	<b>22,648</b>	<b>23,787</b>	<b>-4.8%</b>	<b>23,954</b>	<b>25,192</b>	<b>-4.9%</b>
North America	4,907	4,956	-1.0%	4,896	4,944	-1.0%	4,884	4,916	-0.7%
Middle Americas	8,791	9,131	-3.7%	9,431	9,818	-3.9%	10,089	10,527	-4.2%
South America	3,735	4,487	-16.8%	4,020	4,812	-16.5%	4,314	5,197	-17.0%
EMEA	2,690	2,693	-0.1%	2,934	2,868	2.3%	3,148	3,051	3.2%
APAC	2,347	2,335	0.5%	2,512	2,503	0.3%	2,689	2,684	0.2%
GEHC	-1,121	-1,133	-1.1%	-1,145	-1,158	-1.1%	-1,170	-1,184	-1.2%
EBIT (normalised)	16,159	16,850	-4.1%	17,293	17,962	-3.7%	18,397	19,136	-3.9%
Net finance income	-4,727	-4,790	-1.3%	-4,357	-4,410	-1.2%	-4,095	-4,146	-1.2%
Net interest	-2,834	-2,996	-5.4%	-2,493	-2,666	-6.5%	-2,211	-2,381	-7.2%
Other (excl. shares MTM)	-2,053	-1,924	6.7%	-2,023	-1,874	7.9%	-2,044	-1,895	7.9%
Share of associates	227	294	-22.6%	245	317	-22.7%	265	343	-22.7%
Tax (normalised)	-3,258	-3,859	-15.6%	-3,687	-4,337	-15.0%	-4,076	-4,797	-15.0%
Tax rate (%)	28.5%	32.0%	-350bps	28.5%	32.0%	-350bps	28.5%	32.0%	-350bps
Minorities	-1,615	-1,641	-1.5%	-1,822	-1,777	2.5%	-1,957	-1,943	0.7%
Net profit (underlying)	6,786	6,854	-1.0%	7,673	7,756	-1.1%	8,535	8,593	-0.7%
EPS (u/lying) - basic	3.39	3.42	-1.0%	3.83	3.88	-1.2%	4.26	4.29	-0.8%
<b>EPS (underlying) - fd</b>	<b>3.33</b>	<b>3.36</b>	<b>-1.0%</b>	<b>3.77</b>	<b>3.81</b>	<b>-1.1%</b>	<b>4.19</b>	<b>4.22</b>	<b>-0.7%</b>
FX on EBITDA	-1,015	-869	16.8%	-264	-314	-16.0%	-64	-98	-34.6%
USDBRL	4.95	4.86	2.0%	4.95	4.85	2.0%	4.95	4.85	2.0%
USDMXN	17.03	16.87	0.9%	17.02	16.87	0.9%	17.02	16.87	0.9%
USDCOP	3,944	3,913	0.8%	3,948	3,913	0.9%	3,948	3,913	0.9%
<b>Organic volume growth (%)</b>									
North America	-2.1%	-1.9%	-0.3%	-2.2%	-1.9%	-0.3%	-1.8%	-1.9%	0.2%
Middle Americas	1.6%	1.6%	0.0%	2.3%	2.5%	-0.2%	2.3%	2.5%	-0.2%
South America	1.2%	0.1%	1.0%	3.1%	3.2%	0.0%	2.9%	3.1%	-0.2%
o/w Brazil	2.2%	1.8%	0.5%	2.7%	2.7%	0.0%	2.7%	3.0%	-0.3%
EMEA	0.5%	0.5%	-0.1%	2.3%	2.3%	0.0%	2.2%	2.2%	-0.1%
APAC	0.5%	1.2%	-0.7%	0.9%	1.0%	-0.1%	1.0%	1.1%	-0.1%
<b>Group</b>	<b>0.6%</b>	<b>0.4%</b>	<b>0.1%</b>	<b>1.6%</b>	<b>1.7%</b>	<b>-0.1%</b>	<b>1.7%</b>	<b>1.8%</b>	<b>-0.1%</b>
<b>Organic sales growth (%)</b>									
North America	0.0%	0.0%	0.0%	-0.3%	-0.2%	-0.1%	-0.1%	-0.3%	0.2%
Middle Americas	5.8%	6.8%	-1.0%	6.1%	6.3%	-0.2%	5.9%	6.1%	-0.2%
South America	8.2%	28.1%	-19.9%	9.0%	13.9%	-4.9%	7.7%	8.4%	-0.7%
o/w Brazil	6.9%	6.6%	0.3%	6.7%	6.9%	-0.2%	6.6%	7.0%	-0.4%
EMEA	5.0%	4.3%	0.7%	5.9%	5.4%	0.5%	5.8%	5.3%	0.5%
APAC	4.1%	4.0%	0.1%	4.2%	4.2%	-0.1%	4.2%	4.3%	-0.1%
<b>Group</b>	<b>4.5%</b>	<b>8.9%</b>	<b>-4.3%</b>	<b>4.9%</b>	<b>6.0%</b>	<b>-1.1%</b>	<b>4.7%</b>	<b>4.8%</b>	<b>-0.1%</b>
<b>ex LAS/Arg</b>	<b>4.2%</b>	<b>4.2%</b>	<b>-0.1%</b>	<b>4.3%</b>	<b>4.4%</b>	<b>-0.1%</b>	<b>4.3%</b>	<b>4.4%</b>	<b>0.0%</b>
<b>EBITDA (%)</b>									
North America	3.9%	5.8%	-2.0%	-0.2%	-0.2%	0.0%	-0.3%	-0.6%	0.3%
Middle Americas	10.9%	12.8%	-1.9%	7.3%	7.5%	-0.2%	7.0%	7.2%	-0.2%
South America	13.3%	40.4%	-27.1%	10.8%	14.3%	-3.4%	8.9%	10.0%	-1.1%
o/w Brazil	17.5%	15.5%	2.0%	9.0%	9.6%	-0.6%	7.9%	8.7%	-0.7%
EMEA	6.0%	5.3%	0.7%	9.2%	6.5%	2.7%	7.3%	6.4%	0.9%
APAC	9.1%	9.1%	0.0%	7.0%	7.2%	-0.2%	7.1%	7.2%	-0.2%
<b>Group</b>	<b>9.4%</b>	<b>15.9%</b>	<b>-6.5%</b>	<b>6.7%</b>	<b>7.3%</b>	<b>-0.6%</b>	<b>6.0%</b>	<b>6.3%</b>	<b>-0.3%</b>
<b>Group ex LatAm South/ARG</b>	<b>9.8%</b>	<b>10.7%</b>	<b>-0.8%</b>	<b>6.3%</b>	<b>6.2%</b>	<b>0.1%</b>	<b>5.9%</b>	<b>5.9%</b>	<b>-0.1%</b>

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

# Financial summaries

## Exhibit 3: ABI - Income statement and CF statement summaries (FY17-FY28e)

We forecast 11% EPS growth in 2024

	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E
<b>Income Statement</b>												
Sales	56,444	54,619	52,329	46,880	54,304	57,786	59,380	61,884	64,579	67,387	70,422	73,659
Gross profit	35,068	34,261	31,967	27,247	31,207	31,482	31,985	34,109	35,773	37,489	39,378	41,404
<b>EBITDA (normalised)</b>	<b>22,084</b>	<b>22,080</b>	<b>21,078</b>	<b>17,321</b>	<b>19,209</b>	<b>19,842</b>	<b>19,976</b>	<b>21,574</b>	<b>22,648</b>	<b>23,954</b>	<b>25,427</b>	<b>27,016</b>
EBITDA Margin	39%	40%	40%	37%	35%	34%	34%	35%	35%	36%	36%	37%
EBIT (normalised)	17,814	17,821	16,421	12,723	14,438	14,768	14,590	16,159	17,293	18,397	19,654	21,016
Net finance income	-5,814	-6,747	-4,355	-5,959	-4,802	-4,647	-5,033	-4,727	-4,357	-4,095	-3,824	-3,536
Net interest	-4,005	-3,790	-3,739	-3,854	-3,561	-3,295	-3,131	-2,834	-2,493	-2,211	-1,918	-1,608
Other financial charges	-1,809	-2,957	-616	-2,105	-1,241	-1,352	-1,902	-1,893	-1,863	-1,884	-1,906	-1,928
PBT (normalised)	11,999	11,074	12,066	6,764	9,636	10,121	9,557	11,433	12,936	14,302	15,830	17,480
Tax	-2,731	-3,079	-2,780	-2,087	-2,712	-2,324	-2,317	-3,258	-3,687	-4,076	-4,512	-4,982
Tax rate	22.2%	24.0%	24.9%	26.2%	28.1%	23.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Share of associates	429	153	152	156	248	299	295	227	245	265	286	309
Minorities	-1,186	-1,323	-1,243	-797	-1,443	-1,628	-1,551	-1,615	-1,822	-1,957	-2,116	-2,288
Underlying net profit	8,257	8,567	7,196	5,022	5,774	6,093	6,158	6,786	7,673	8,535	9,489	10,519
Underlying EPS (FD)	4.11	4.26	3.55	2.47	2.82	2.97	3.00	3.33	3.77	4.19	4.66	5.16
EPS Growth (%)	37.7%	3.7%	-11.5%	-30.6%	14.6%	5.3%	1.0%	10.9%	13.1%	11.2%	11.2%	10.9%
Dividend (€)	3.60	1.80	1.30	0.50	0.50	0.75	0.82	1.00	1.20	1.50	1.75	2.00
#Shares (fully diluted)	2,010	2,011	2,026	2,037	2,044	2,049	2,051	2,038	2,038	2,038	2,038	2,038
<b>Cash Flow Statement</b>												
EBIT	17,814	17,821	16,421	12,723	14,438	14,768	14,590	16,159	17,293	18,397	19,654	21,016
Depreciation, amortisation and Impairment	4,276	4,260	4,657	4,598	4,771	5,075	5,389	5,188	5,355	5,557	5,773	6,000
Change in WC	219	512	-5	592	2,459	-346	-1,451	440	344	356	384	408
Pension contributions and use of provisions	-616	-488	-715	-616	-375	-351	-419	-427	-436	-445	-454	-463
Other items	-423	-519	-59	-66	-403	98	1,004	0	0	0	0	0
Dividends received	142	141	160	51	106	158	127	98	106	114	123	133
Interest and taxes (paid) / received	-5,982	-7,064	-7,063	-6,391	-6,197	-6,104	-5,975	-6,306	-6,379	-6,513	-6,686	-6,880
<b>Cash from operating activities</b>	<b>15,430</b>	<b>14,663</b>	<b>13,396</b>	<b>10,891</b>	<b>14,799</b>	<b>13,298</b>	<b>13,265</b>	<b>15,152</b>	<b>16,283</b>	<b>17,466</b>	<b>18,793</b>	<b>20,214</b>
Net Capex	-4,124	-4,649	-4,854	-3,687	-5,498	-4,838	-4,482	-4,268	-4,454	-4,648	-4,857	-5,081
Other	-67	-327	33	-292	65	288	119	0	0	0	0	0
<b>FCF (pre DVD, SBB, M&amp;A)</b>	<b>11,239</b>	<b>9,687</b>	<b>8,575</b>	<b>6,912</b>	<b>9,366</b>	<b>8,748</b>	<b>8,902</b>	<b>10,884</b>	<b>11,829</b>	<b>12,818</b>	<b>13,936</b>	<b>15,133</b>
M&A	7,708	-285	-252	10,315	-444	-70	9	-360	0	0	0	0
Shares issued/bought back	0	0	0	0	0	0	-362	-638	0	0	0	0
Dividend paid	-9,275	-7,761	-5,015	-1,800	-2,364	-2,442	-3,013	-3,511	-3,926	-4,789	-5,553	-6,271
Other	-6,109	287	3,612	-2,607	2	213	-3,396	-766	-1,313	-1,317	-1,322	-1,326
Change in net debt	3,563	1,928	6,920	12,820	6,560	6,449	2,140	5,608	6,590	6,712	7,061	7,536
FCF/EBITDA	51%	44%	41%	40%	49%	44%	45%	50%	52%	54%	55%	56%
<b>Balance Sheet</b>												
<b>Year End Net Debt</b>	<b>-104,390</b>	<b>-102,462</b>	<b>-95,542</b>	<b>-82,722</b>	<b>-76,162</b>	<b>-69,713</b>	<b>-67,573</b>	<b>-61,965</b>	<b>-55,376</b>	<b>-48,664</b>	<b>-41,603</b>	<b>-34,067</b>
<b>Net Debt/EBITDA</b>	<b>4.7x</b>	<b>4.6x</b>	<b>4.5x</b>	<b>4.8x</b>	<b>4.0x</b>	<b>3.5x</b>	<b>3.4x</b>	<b>2.9x</b>	<b>2.4x</b>	<b>2.0x</b>	<b>1.6x</b>	<b>1.3x</b>
ROIC	6.9%	6.4%	6.5%	4.7%	5.9%	6.6%	6.4%	6.6%	7.1%	7.6%	8.2%	8.8%

Source: Company reports, BofA Global Research estimates

BofA GLOBAL RESEARCH

**Exhibit 4: ABI - Divisional Summary (FY17-FY28e)**

We expect margins to start expanding from 2024

	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E
<b>Sales</b>												
North America	15,587	15,504	15,488	15,622	16,257	16,566	15,072	15,060	15,014	14,995	14,990	14,999
Middle Americas	9,239	11,614	11,912	10,032	12,541	14,180	16,349	17,779	18,866	19,977	21,154	22,401
South America		10,238	9,791	8,092	9,494	11,599	12,040	12,780	13,621	14,473	15,418	16,424
EMEA	10,344	8,368	7,911	6,835	8,032	8,120	8,589	8,723	9,224	9,754	10,319	10,920
APAC	7,804	6,735	6,543	5,648	6,848	6,532	6,823	6,986	7,275	7,584	7,912	8,262
GEHC	332	582	687	652	1,133	790	508	558	581	604	628	654
<b>Group</b>	<b>56,444</b>	<b>53,041</b>	<b>52,332</b>	<b>46,881</b>	<b>54,305</b>	<b>57,787</b>	<b>59,381</b>	<b>61,886</b>	<b>64,579</b>	<b>67,387</b>	<b>70,422</b>	<b>73,659</b>
<b>EBITDA</b>												
North America	6,329	6,199	6,185	6,172	6,131	6,057	4,729	4,907	4,896	4,884	4,879	4,882
Middle Americas	4,512	6,033	6,355	5,014	6,126	6,564	7,715	8,791	9,431	10,089	10,790	11,539
South America		4,696	4,145	3,179	3,125	3,511	3,885	3,735	4,020	4,314	4,683	5,081
EMEA	3,349	3,184	2,781	1,895	2,598	2,612	2,566	2,690	2,934	3,148	3,407	3,686
APAC	2,696	2,178	2,287	1,737	2,321	2,104	2,192	2,347	2,512	2,689	2,862	3,049
GEHC	-576	-558	-675	-678	-1,093	-1,005	-1,109	-1,121	-1,145	-1,170	-1,195	-1,221
<b>Group</b>	<b>22,085</b>	<b>21,732</b>	<b>21,078</b>	<b>17,319</b>	<b>19,208</b>	<b>19,843</b>	<b>19,979</b>	<b>21,349</b>	<b>22,648</b>	<b>23,954</b>	<b>25,427</b>	<b>27,016</b>
<b>EBITDA margins</b>												
North America	40.6%	40.0%	39.9%	39.5%	37.7%	36.6%	31.4%	32.6%	32.6%	32.6%	32.5%	32.5%
Middle Americas	48.8%	51.9%	53.3%	50.0%	48.8%	46.3%	47.2%	49.4%	50.0%	50.5%	51.0%	51.5%
South America		45.9%	42.3%	39.3%	32.9%	30.3%	32.3%	29.2%	29.5%	29.8%	30.4%	30.9%
EMEA	32.4%	38.0%	35.2%	27.7%	32.3%	32.2%	29.9%	30.8%	31.8%	32.3%	33.0%	33.8%
APAC	34.5%	32.3%	35.0%	30.8%	33.9%	32.2%	32.1%	33.6%	34.5%	35.5%	36.2%	36.9%
<b>Group</b>	<b>39.1%</b>	<b>41.0%</b>	<b>40.3%</b>	<b>36.9%</b>	<b>35.4%</b>	<b>34.3%</b>	<b>33.6%</b>	<b>34.5%</b>	<b>35.1%</b>	<b>35.5%</b>	<b>36.1%</b>	<b>36.7%</b>

Source: Company reports, BofA Global Research estimates

BofA GLOBAL RESEARCH

**Exhibit 5: ABI - Organic growth rates (FY17-FY28e)**

We forecast c4.5% organic sales and +c6% organic EBITDA longer term

	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E
<b>Volumes</b>												
North America	-3.3%	-2.5%	-2.4%	-1.4%	0.0%	-4.0%	-12.1%	-2.1%	-2.2%	-1.8%	-1.7%	-1.6%
Middle Americas	1.6%	4.5%	3.8%	-10.3%	17.1%	4.3%	0.7%	1.6%	2.3%	2.3%	2.3%	2.3%
South America			2.8%	3.2%	8.7%	4.6%	-1.1%	1.2%	3.1%	2.9%	2.6%	2.6%
EMEA	0.9%	2.3%	3.4%	-11.2%	14.2%	4.6%	-0.8%	0.5%	2.3%	2.2%	2.2%	2.2%
APAC	0.5%	2.1%	-2.9%	-12.3%	8.2%	0.6%	4.3%	0.5%	0.9%	1.0%	1.1%	1.2%
<b>Group</b>	<b>0.2%</b>	<b>0.3%</b>	<b>1.1%</b>	<b>-5.7%</b>	<b>9.6%</b>	<b>2.3%</b>	<b>-1.7%</b>	<b>0.6%</b>	<b>1.6%</b>	<b>1.7%</b>	<b>1.6%</b>	<b>1.7%</b>
<b>Sales</b>												
North America	-1.8%	-0.8%	0.2%	0.7%	3.3%	2.4%	-8.3%	0.0%	-0.3%	-0.1%	0.0%	0.1%
Middle Americas	7.5%	9.5%	7.2%	-9.4%	24.8%	15.1%	9.2%	5.8%	6.1%	5.9%	5.9%	5.9%
South America			9.0%	7.8%	26.3%	27.9%	27.1%	8.2%	9.0%	7.7%	7.0%	7.0%
EMEA	6.3%	4.1%	3.4%	-10.6%	18.0%	13.1%	10.9%	5.0%	5.9%	5.8%	5.8%	5.8%
APAC	7.5%	6.1%	1.9%	-12.7%	14.8%	2.4%	10.0%	4.1%	4.2%	4.2%	4.3%	4.4%
<b>Group</b>	<b>5.0%</b>	<b>4.6%</b>	<b>4.3%</b>	<b>-3.8%</b>	<b>15.5%</b>	<b>11.1%</b>	<b>7.8%</b>	<b>4.5%</b>	<b>4.9%</b>	<b>4.7%</b>	<b>4.6%</b>	<b>4.7%</b>
<b>EBITDA</b>												
North America	1.3%	-2.4%	0.2%	0.2%	-0.9%	-0.5%	-21.0%	3.9%	-0.2%	-0.3%	-0.1%	0.1%
Middle Americas	16.0%	16.4%	11.1%	-14.8%	22.4%	8.7%	11.1%	10.9%	7.3%	7.0%	7.0%	6.9%
South America			-0.4%	-11.0%	11.7%	25.7%	51.9%	13.3%	10.8%	8.9%	9.1%	9.1%
EMEA	17.8%	1.3%	-5.4%	-29.0%	30.6%	11.5%	5.5%	6.0%	9.2%	7.3%	8.2%	8.2%
APAC	30.5%	12.7%	9.6%	-23.4%	25.0%	-4.6%	9.7%	9.1%	7.0%	7.1%	6.4%	6.5%
<b>Group</b>	<b>13.1%</b>	<b>7.7%</b>	<b>2.7%</b>	<b>-12.9%</b>	<b>11.9%</b>	<b>7.2%</b>	<b>7.0%</b>	<b>9.4%</b>	<b>6.7%</b>	<b>6.0%</b>	<b>6.2%</b>	<b>6.4%</b>

Source: Company reports, BofA Global Research estimates

BofA GLOBAL RESEARCH

## Price objective basis & risk

### Anheuser-Busch InBev (BUDFF / BUD)

Our PO is PE-based. Applying a 12 month forward PE of c19.5x, consistent with c5% premium to staples to our Mar-26 EPS estimate of €3.57 (\$3.87 converted into EUR at a rate of 1.084) we derive our PO of €70 (US\$ 76). We expect the PE to rerate as investors get more confident that ABI's margins are inflecting. We apply a c5% premium given attractive earnings growth and deleverage.

Risks: (1) the increased competitive environment could continue to weigh on margins more than we assume, (2) longer term volume/profit impact from Bud Light consumer backlash could be greater than we assume, (3) FX (in the majority of its emerging markets, ABI is exposed to transactional FX risk, as a large portion of CoGS is denominated in hard currency, while revenues are in local currency), (4) input cost inflation, (5) softer demand for beer, with consumer disposable income held back by a weaker global macro, (6) Altria stake overhang.

### Anheuser-Busch InBev SA (XAIBF)

Our PO is PE-based. Applying a 12 month forward PE of c19.5x, consistent with c5% premium to staples to our Mar-26 EPS estimate of \$3.87 (converted into ZAR at a rate of 19.1) we derive our PO of ZAR 1440. We expect the PE to rerate as investors get more confident that ABI's margins are inflecting. We apply a c5% premium given attractive earnings growth and deleverage.

Risks: (1) the increased competitive environment could continue to weigh on margins more than we assume, (2) longer term volume/profit impact from Bud Light consumer backlash could be greater than we assume, (3) FX (in the majority of its emerging markets, ABI is exposed to transactional FX risk, as a large portion of CoGS is denominated in hard currency, while revenues are in local currency), (4) input cost inflation, (5) softer demand for beer, with consumer disposable income held back by a weaker global macro, (6) Altria stake overhang.

## Analyst Certification

I, Andrea Pistacchi, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

### EMEA - Beverages Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	AB InBev	BUD	BUD US	Andrea Pistacchi
	Anheuser-Busch InBev	BUDFF	ABI BB	Andrea Pistacchi
	Anheuser-Busch InBev SA	XAIBF	ANH SJ	Andrea Pistacchi
	Campari	DVDCF	CPR IM	Andrea Pistacchi
	Carlsberg	CABJF	CARLB DC	Andrea Pistacchi
	Carlsberg	CABGY	CABGY US	Andrea Pistacchi
	Coca-Cola Hellenic	CCHBF	CCH LN	Andrea Pistacchi
	Heineken	HINKF	HEIA NA	Andrea Pistacchi
	Heineken	HEINY	HEINY US	Andrea Pistacchi
	Pernod Ricard	PDRDF	RI FP	Andrea Pistacchi
	Pernod Ricard	PRNDY	PRNDY US	Andrea Pistacchi
<b>NEUTRAL</b>				
	Diageo	DEO	DEO US	Andrea Pistacchi
	Diageo	DGEAF	DGE LN	Andrea Pistacchi
	Remy Cointreau	REMYF	RCO FP	Andrea Pistacchi
	Royal Unibrew	ROYUF	RBREW DC	Andrea Pistacchi





## EMEA - Beverages Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
UNDERPERFORM	Britvic	BTVCF	BVIC LN	Victor Beltran-Segarra
	Fevertree Drinks plc	FQVTF	FEVR LN	Andrea Pistacchi

**iQmethod<sup>SM</sup> Measures Definitions****Business Performance**

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

**Numerator**

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

**Denominator**

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

**Quality of Earnings**

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

**Numerator**

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash &amp; Equivalents

EBIT

**Denominator**

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

**Valuation Toolkit**

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

**Numerator**

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

**Denominator**

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

EV / EBITDA

Basic EBIT + Depreciation + Amortization

**iQmethod<sup>SM</sup>** is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and validations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

**iQdatabase<sup>®</sup>** is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by BofA Global Research.

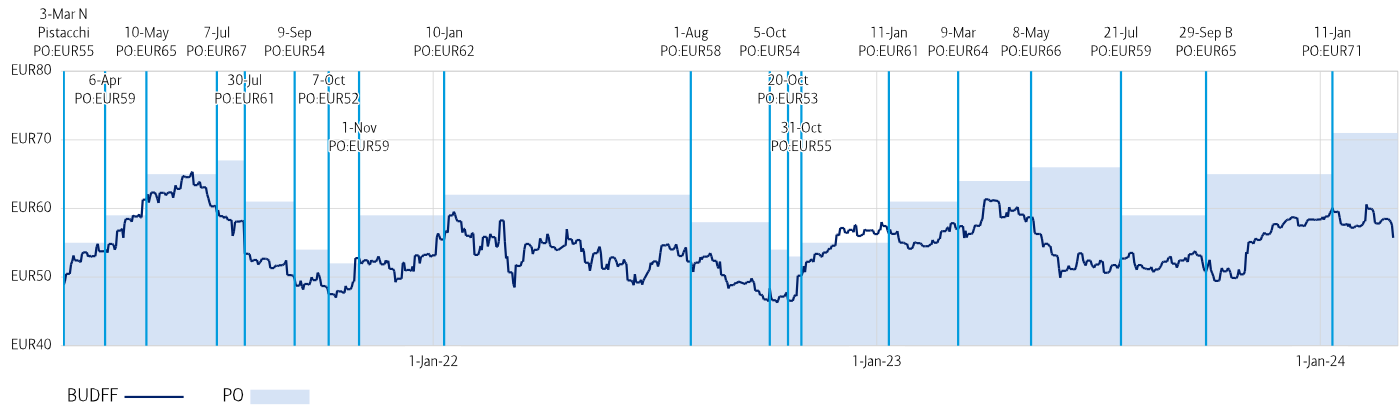
**iQprofile<sup>SM</sup>**, **iQmethod<sup>SM</sup>** are service marks of Bank of America Corporation. **iQdatabase<sup>®</sup>** is a registered service mark of Bank of America Corporation.



# Disclosures

## Important Disclosures

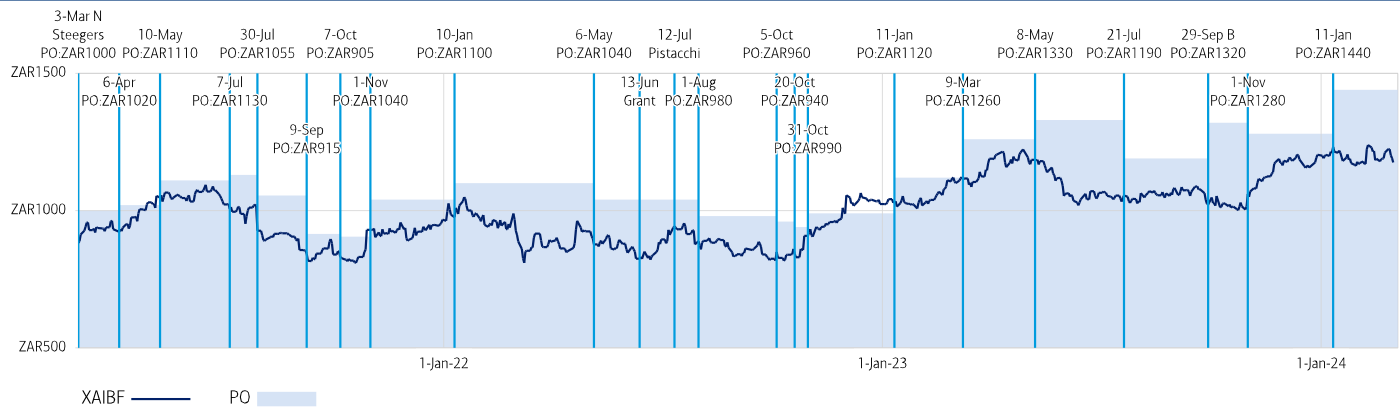
### AB InBev (BUDFF) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

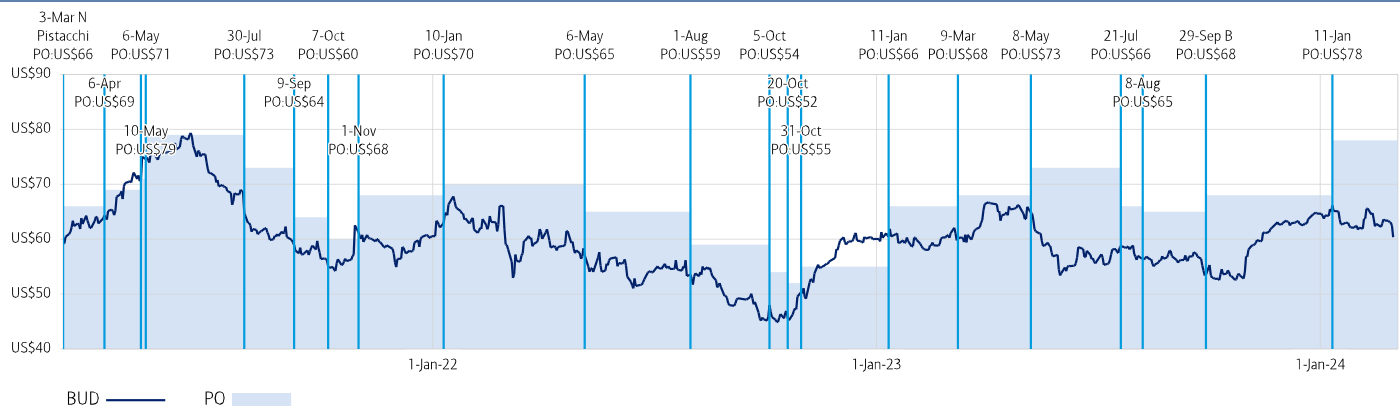
### AB InBev SA (XAIBF) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

### AB InBev (BUD) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.



**Equity Investment Rating Distribution: Beverages - Alcoholic Group (as of 31 Dec 2023)**

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	22	61.11%	Buy	15	68.18%
Hold	6	16.67%	Hold	4	66.67%
Sell	8	22.22%	Sell	2	25.00%

**Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)**

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

<sup>R1</sup> Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

**FUNDAMENTAL EQUITY OPINION KEY:** Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. VOLATILITY RISK RATINGS, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. INVESTMENT RATINGS reflect the analyst's assessment of both a stock's absolute total return potential as well as its attractiveness for investment relative to other stocks within its Coverage Cluster (defined below). Our investment ratings are: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. An investment rating of 6 (No Rating) indicates that a stock is no longer trading on the basis of fundamentals. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R2</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

<sup>R2</sup>Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

**INCOME RATINGS**, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. *Coverage Cluster* is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Global Research report referencing the stock.

Price Charts for the securities referenced in this research report are available on the [Price Charts website](#), or call 1-800-MERRILL to have them mailed.

BofAS or one of its affiliates acts as a market maker for the equity securities recommended in the report: AB InBev.

The issuer is or was, within the last 12 months, an investment banking client of BofAS and/or one or more of its affiliates: AB InBev.

BofAS or an affiliate has received compensation from the issuer for non-investment banking services or products within the past 12 months: AB InBev.

The issuer is or was, within the last 12 months, a non-securities business client of BofAS and/or one or more of its affiliates: AB InBev.

BofAS or an affiliate has received compensation for investment banking services from this issuer within the past 12 months: AB InBev.

BofAS or an affiliate expects to receive or intends to seek compensation for investment banking services from this issuer or an affiliate of the issuer within the next three months: AB InBev.

BofAS or one of its affiliates is willing to sell to, or buy from, clients the common equity of the issuer on a principal basis: AB InBev.

The issuer is or was, within the last 12 months, a securities business client (non-investment banking) of BofAS and/or one or more of its affiliates: AB InBev.

BofA Global Research personnel (including the analyst(s) responsible for this report) receive compensation based upon, among other factors, the overall profitability of Bank of America Corporation, including profits derived from investment banking. The analyst(s) responsible for this report may also receive compensation based upon, among other factors, the overall profitability of the Bank's sales and trading businesses relating to the class of securities or financial instruments for which such analyst is responsible.

## Other Important Disclosures

From time to time research analysts conduct site visits of covered issuers. BofA Global Research policies prohibit research analysts from accepting payment or reimbursement for travel expenses from the issuer for such visits.

Prices are indicative and for information purposes only. Except as otherwise stated in the report, for any recommendation in relation to an equity security, the price referenced is the publicly traded price of the security as of close of business on the day prior to the date of the report or, if the report is published during intraday trading, the price referenced is indicative of the traded price as of the date and time of the report and in relation to a debt security (including equity preferred and CDS), prices are indicative as of the date and time of the report and are from various sources including BofA Securities trading desks.

The date and time of completion of the production of any recommendation in this report shall be the date and time of dissemination of this report as recorded in the report timestamp.

Recipients who are not institutional investors or market professionals should seek the advice of their independent financial advisor before considering information in this report in connection with any investment decision, or for a necessary explanation of its contents.

Officers of BofAS or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

Refer to [BofA Global Research policies relating to conflicts of interest](#).

**'BofA Securities' includes BofA Securities, Inc. ('BofAS') and its affiliates. Investors should contact their BofA Securities representative or Merrill Global Wealth Management financial advisor if they have questions concerning this report or concerning the appropriateness of any investment idea described herein for such investor. 'BofA Securities' is a global brand for BofA Global Research.**

### Information relating to Non-US affiliates of BofA Securities and Distribution of Affiliate Research Reports:

BofAS and/or Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") may in the future distribute, information of the following non-US affiliates in the US (short name: legal name, regulator): Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd., regulated by The Financial Service Board; MLI (UK): Merrill Lynch International, regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA); BofASE (France): BofA Securities Europe SA is authorized by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers (AMF). BofA Securities Europe SA ("BofASE") with registered address at 51, rue La Boétie, 75008 Paris is registered under no 842 602 690 RCS Paris. In accordance with the provisions of French Code Monétaire et Financier (Monetary and Financial Code), BofASE is an établissement de crédit et d'investissement (credit and investment institution) that is authorised and supervised by the European Central Bank and the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers. BofASE's share capital can be found at [www.bofam.com/BofASEdisclaimer](http://www.bofam.com/BofASEdisclaimer); BofA Europe (Milan): Bank of America Europe Designated Activity Company, Milan Branch, regulated by the Bank of Italy, the European Central Bank (ECB) and the Central Bank of Ireland (CBI); BofA Europe (Frankfurt): Bank of America Europe Designated Activity Company,

Frankfurt Branch regulated by BaFin, the ECB and the CBI; BofA Europe (Madrid): Bank of America Europe Designated Activity Company, Sucursal en España, regulated by the Bank of Spain, the ECB and the CBI; Merrill Lynch (Australia): Merrill Lynch Equities (Australia) Limited, regulated by the Australian Securities and Investments Commission; Merrill Lynch (Hong Kong): Merrill Lynch (Asia Pacific) Limited, regulated by the Hong Kong Securities and Futures Commission (HKSCF); Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd, regulated by the Monetary Authority of Singapore (MAS); Merrill Lynch (Canada): Merrill Lynch Canada Inc, regulated by the Canadian Investment Regulatory Organization; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa, regulated by the Comisión Nacional Bancaria y de Valores; Merrill Lynch (Argentina): Merrill Lynch Argentina SA, regulated by Comisión Nacional de Valores; BofAS Japan: BofA Securities Japan Co., Ltd., regulated by the Financial Services Agency; Merrill Lynch (Seoul): Merrill Lynch International, LLC Seoul Branch, regulated by the Financial Supervisory Service; Merrill Lynch (Taiwan): Merrill Lynch Securities (Taiwan) Ltd., regulated by the Securities and Futures Bureau; BofAS India: BofA Securities India Limited, regulated by the Securities and Exchange Board of India (SEBI); Merrill Lynch (Israel): Merrill Lynch Israel Limited, regulated by Israel Securities Authority; Merrill Lynch (DIFC): Merrill Lynch International (DIFC Branch), regulated by the Dubai Financial Services Authority (DFSA); Merrill Lynch (Brazil): Merrill Lynch S.A. Corretora de Títulos e Valores Mobiliários, regulated by Comissão de Valores Mobiliários; Merrill Lynch KSA Company: Merrill Lynch Kingdom of Saudi Arabia Company, regulated by the Capital Market Authority.

This information: has been approved for publication and is distributed in the United Kingdom (UK) to professional clients and eligible counterparties (as each is defined in the rules of the FCA and the PRA) by MLI (UK), which is authorized by the PRA and regulated by the FCA and the PRA - details about the extent of our regulation by the FCA and PRA are available from us on request; has been approved for publication and is distributed in the European Economic Area (EEA) by BofASE (France), which is authorized by the ACPR and regulated by the ACPR and the AMF; has been considered and distributed in Japan by BofAS Japan, a registered securities dealer under the Financial Instruments and Exchange Act in Japan, or its permitted affiliates; is issued and distributed in Hong Kong by Merrill Lynch (Hong Kong) which is regulated by HKSCF; is issued and distributed in Taiwan by Merrill Lynch (Taiwan); is issued and distributed in India by BofAS India; and is issued and distributed in Singapore to institutional investors and/or accredited investors (each as defined under the Financial Advisers Regulations) by Merrill Lynch (Singapore) (Company Registration No 198602883D). Merrill Lynch (Singapore) is regulated by MAS. Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), AFS License 235132 (MLEA) distributes this information in Australia only to 'Wholesale' clients as defined by s.761G of the Corporations Act 2001. With the exception of Bank of America N.A., Australia Branch, neither MLEA nor any of its affiliates involved in preparing this information is an Authorised Deposit-Taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority. No approval is required for publication or distribution of this information in Brazil and its local distribution is by Merrill Lynch (Brazil) in accordance with applicable regulations. Merrill Lynch (DIFC) is authorized and regulated by the DFSA. Information prepared and issued by Merrill Lynch (DIFC) is done so in accordance with the requirements of the DFSA conduct of business rules. BofA Europe (Frankfurt) distributes this information in Germany and is regulated by BaFin, the ECB and the CBI. BofA Securities entities, including BofA Europe and BofASE (France), may outsource/delegate the marketing and/or provision of certain research services or aspects of research services to other branches or members of the BofA Securities group. You may be contacted by a different BofA Securities entity acting for and on behalf of your service provider where permitted by applicable law. This does not change your service provider. Please refer to the [Electronic Communications Disclaimers](#) for further information.

This information has been prepared and issued by BofAS and/or one or more of its non-US affiliates. The author(s) of this information may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so. BofAS and/or MLPF&S is the distributor of this information in the US and accepts full responsibility for information distributed to BofAS and/or MLPF&S clients in the US by its non-US affiliates. Any US person receiving this information and wishing to effect any transaction in any security discussed herein should do so through BofAS and/or MLPF&S and not such foreign affiliates. Hong Kong recipients of this information should contact Merrill Lynch (Asia Pacific) Limited in respect of any matters relating to dealing in securities or provision of specific advice on securities or any other matters arising from, or in connection with, this information. Singapore recipients of this information should contact Merrill Lynch (Singapore) Pte Ltd in respect of any matters arising from, or in connection with, this information. For clients that are not accredited investors, expert investors or institutional investors Merrill Lynch (Singapore) Pte Ltd accepts full responsibility for the contents of this information distributed to such clients in Singapore.

#### General Investment Related Disclosures:

Taiwan Readers: Neither the information nor any opinion expressed herein constitutes an offer or a solicitation of an offer to transact in any securities or other financial instrument. No part of this report may be used or reproduced or quoted in any manner whatsoever in Taiwan by the press or any other person without the express written consent of BofA Securities.

This document provides general information only, and has been prepared for, and is intended for general distribution to, BofA Securities clients. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This document is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of, and is not directed to, any specific person(s). This document and its content do not constitute, and should not be considered to constitute, investment advice for purposes of ERISA, the US tax code, the Investment Advisers Act or otherwise. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this document and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this document.

Securities and other financial instruments referred to herein, or recommended, offered or sold by BofA Securities, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution (including, Bank of America, N.A.). Investments in general and, derivatives, in particular, involve numerous risks, including, among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. Digital assets are extremely speculative, volatile and are largely unregulated. In some cases, securities and other financial instruments may be difficult to value or sell and reliable information about the value or risks related to the security or financial instrument may be difficult to obtain. Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.

This report may contain a short-term trading idea or recommendation, which highlights a specific near-term catalyst or event impacting the issuer or the market that is anticipated to have a short-term price impact on the equity securities of the issuer. Short-term trading ideas and recommendations are different from and do not affect a stock's fundamental equity rating, which reflects both a longer term total return expectation and attractiveness for investment relative to other stocks within its Coverage Cluster. Short-term trading ideas and recommendations may be more or less positive than a stock's fundamental equity rating.

BofA Securities is aware that the implementation of the ideas expressed in this report may depend upon an investor's ability to "short" securities or other financial instruments and that such action may be limited by regulations prohibiting or restricting "shortselling" in many jurisdictions. Investors are urged to seek advice regarding the applicability of such regulations prior to executing any short idea contained in this report.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned herein. Investors in such securities and instruments, including ADRs, effectively assume currency risk.

BofAS or one of its affiliates is a regular issuer of traded financial instruments linked to securities that may have been recommended in this report. BofAS or one of its affiliates may, at any time, hold a trading position (long or short) in the securities and financial instruments discussed in this report.

BofA Securities, through business units other than BofA Global Research, may have issued and may in the future issue trading ideas or recommendations that are inconsistent with, and reach different conclusions from, the information presented herein. Such ideas or recommendations may reflect different time frames, assumptions, views and analytical methods of the persons who prepared them, and BofA Securities is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this information. In the event that the recipient received this information pursuant to a contract between the recipient and BofAS for the provision of research services for a separate fee, and in connection therewith BofAS may be deemed to be acting as an investment adviser, such status relates, if at all, solely to the person with whom BofAS has contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing by BofAS). If such recipient uses the services of BofAS in connection with the sale or purchase of a security referred to herein, BofAS may act as principal for its own account or as agent for another person. BofAS is and continues to act solely as a broker-dealer in connection with the execution of any transactions, including transactions in any securities referred to herein.

#### BofA ESGMeter Methodology:

ESGMeter is a proprietary metric based on quantitative analysis and fundamental analyst inputs that reflects our assessment of a company's Environmental, Social and Governance-related attributes. The ESGMeter is intended to indicate a company's likelihood of experiencing stronger financial stability (higher return on equity and lower earnings and price volatility) over the next three years relative to peer group. There are three ESGMeter levels - Low, Medium, and High - which indicate whether a company has attributes most likely to translate into superior financial stability (in the case of a High level) or weaker financial stability (in the case of a Low level) over the next three years relative to its peer group. A Medium level suggests that a company exhibits ESG characteristics that are likely associated with financial stability results in line with its peer group over the next three years. Full details of our methodology, financial stability definition and disclaimers are available at [BofA ESGMeter methodology](#). ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating.



ESGMeter is independent of the BofA Global Research fundamental equity analyst's investment rating, volatility risk rating, income rating or price objective for that company.

#### Copyright and General Information:

Copyright 2024 Bank of America Corporation. All rights reserved. iQdatabase® is a registered service mark of Bank of America Corporation. This information is prepared for the use of BofA Securities clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of BofA Securities. BofA Global Research information is distributed simultaneously to internal and client websites and other portals by BofA Securities and is not publicly-available material. Any unauthorized use or disclosure is prohibited. Receipt and review of this information constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained herein (including any investment recommendations, estimates or price targets) without first obtaining express permission from an authorized officer of BofA Securities.

Materials prepared by BofA Global Research personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of BofA Securities, including investment banking personnel. BofA Securities has established information barriers between BofA Global Research and certain business groups. As a result, BofA Securities does not disclose certain client relationships with, or compensation received from, such issuers. To the extent this material discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Investors should consult their own legal advisers as to issues of law relating to the subject matter of this material. BofA Global Research personnel's knowledge of legal proceedings in which any BofA Securities entity and/or its directors, officers and employees may be plaintiffs, defendants, co-defendants or co-plaintiffs with or involving issuers mentioned in this material is based on public information. Facts and views presented in this material that relate to any such proceedings have not been reviewed by, discussed with, and may not reflect information known to, professionals in other business areas of BofA Securities in connection with the legal proceedings or matters relevant to such proceedings.

This information has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of any securities. None of BofAS any of its affiliates or their research analysts has any authority whatsoever to make any representation or warranty on behalf of the issuer(s). BofA Global Research policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

The information herein (other than disclosure information relating to BofA Securities and its affiliates) was obtained from various sources and we do not guarantee its accuracy. This information may contain links to third-party websites. BofA Securities is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this information and is not incorporated by reference. The inclusion of a link does not imply any endorsement by or any affiliation with BofA Securities. Access to any third-party website is at your own risk, and you should always review the terms and privacy policies at third-party websites before submitting any personal information to them. BofA Securities is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

All opinions, projections and estimates constitute the judgment of the author as of the date of publication and are subject to change without notice. Prices also are subject to change without notice. BofA Securities is under no obligation to update this information and BofA Securities ability to publish information on the subject issuer(s) in the future is subject to applicable quiet periods. You should therefore assume that BofA Securities will not update any fact, circumstance or opinion contained herein.

Subject to the quiet period applicable under laws of the various jurisdictions in which we distribute research reports and other legal and BofA Securities policy-related restrictions on the publication of research reports, fundamental equity reports are produced on a regular basis as necessary to keep the investment recommendation current.

Certain outstanding reports or investment opinions relating to securities, financial instruments and/or issuers may no longer be current. Always refer to the most recent research report relating to an issuer prior to making an investment decision.

In some cases, an issuer may be classified as Restricted or may be Under Review or Extended Review. In each case, investors should consider any investment opinion relating to such issuer (or its security and/or financial instruments) to be suspended or withdrawn and should not rely on the analyses and investment opinion(s) pertaining to such issuer (or its securities and/or financial instruments) nor should the analyses or opinion(s) be considered a solicitation of any kind. Sales persons and financial advisors affiliated with BofAS or any of its affiliates may not solicit purchases of securities or financial instruments that are Restricted or Under Review and may only solicit securities under Extended Review in accordance with firm policies.

Neither BofA Securities nor any officer or employee of BofA Securities accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this information.