



APERTURE

INSIGHTFUL AND RELEVANT RESEARCH UPDATES

AB Inbev HY 2026 Results

Share Price

R1 388

Date

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RESULTS SUMMARY

The world's largest brewer, Anheuser-Busch InBev (AB InBev), reported solid first-half 2026 results, demonstrating resilient demand despite a challenging macroeconomic backdrop in some regions. Organic revenue increased 5.7%, driven by record beer volumes in several key markets and continued premiumisation. Organic volumes rose 0.9%, supported by 1.1% growth in beer volumes. Normalised EBITDA increased 5.6% to US\$11.4bn, with the EBITDA margin remaining stable at 35.6% as disciplined cost management offset higher input costs and foreign exchange headwinds.

Premiumisation remained a key growth driver, with the beer portfolio delivering record volumes in markets such as Mexico and South Africa. In Middle Americas, brands including Modelo and Pacifico, helped lift the regional EBITDA margin to 49.7%, while premium and super-premium beer volumes in SA grew by more than 20%, highlighting the continued global opportunity for the group's premium portfolio.

AB InBev trades in line with its long-term average on a forward PE basis of 18.6x. We believe the company remains well positioned for sustained growth, supported by the resilience of the global beer category, continued premiumisation and the expansion of its non-beer and beyond-beer portfolio.

OUR LONG-TERM INVESTMENT VIEW

- As the world's largest beer company, AB InBev benefits from significant economies of scale, maintaining a global volume market share of approximately 27%. The group continues to show best-in-class profitability and cash conversion vs peers.
- The group has leading market positions in the world's most important beer regions, including seven of the top 10 largest profit pools. Approximately 70% of the group's EBITDA is exposed to emerging and developing markets, where there is still substantial scope for volume growth and premiumization as these markets drive the majority of future category volume
- The strategic expansion into **Beyond Beer** and **no-alcohol** segments represents a meaningful long-term growth driver. AB InBev has established itself as the global leader in no-alcohol beer by value, with its portfolio outperforming the industry and capturing new consumer occasions that are estimated to be 20% more profitable than traditional beer. Management expects the Beyond Beer category to double in volume and the no-alcohol category to triple in volume between 2025 and 2029, further enhancing the group's revenue mix and long-term earnings potential.
- AB InBev's management are best in class. They have repeatedly shown their ability to acquire businesses, integrate them well, and generate returns for shareholders. These strategic moves, combined with a disciplined share buyback programme, are intended to be earnings enhancing for shareholders over the long term.

UNPACKING THE HY 26 RESULTS

High level numbers

- **Revenue** for the first half of 2026 (HY26) increased 11.5% on a reported basis to \$31.9bn with organic revenue growth of 5.7% supported by a 4.3% increase in revenue per hectoliter. Total volumes for the period rose 0.8%, led by a 1.2% increase in beer volumes, which reached record highs in markets such as Mexico, Colombia, and South Africa.
- **Gross margins** expanded by 88 bps to 57.1%
- **In South Africa**, beer volumes grew by low-single digits, led by high-twenties growth in premium and super-premium brands, reaching record high half-year volumes with beyond beer volumes growing in the low twenties. **Argentina** beer volumes returned to growth in 2Q26 (+low-single digits), though total HY26 volumes declined by low-single digits due to a soft non-beer industry
- **Mexico** reached record high volumes in the first

in HY26, as gross profit grew 7.4% organically to \$18.2bn due to premiumization and revenue management capabilities.

- Normalized **EBITDA** rose 5.6% organically to \$11.4bn, with margins remaining relatively flat at 35.6% as productivity initiatives and efficient overhead management helped offset transactional currency headwinds and a 9% increase in sales and marketing investment.
- The group continues to drive **cost savings** through ongoing productivity initiatives and organizational alignments, reporting \$33 million in restructuring charges. Operational leverage and disciplined execution supported a \$2.5bn increase in free cash flow versus HY25, reaching \$3.9 billion.
- The group's **debt position** improved year-over-year, with the net debt to EBITDA decreasing to 2.86x as of June 30, 2026, compared to 3.27x in June 2025

Regional performance

- **US** revenues increased by 1.9% in the first half of 2026, supported by a 3.8% increase in revenue per hectoliter. While total North America volumes declined by 1.8% to 41,561 thousand hectoliters, the group was the #1 share gainer in total alcohol in the US, driven by brands like Michelob Ultra, Busch Light, and Busch Light Apple. Normalized EBITDA for the US grew by a marginal 0.2%, as top-line gains were largely reinvested in marketing to fuel portfolio momentum. North America EBITDA margins contracted by 43 bps to 33.7% in HY26, primarily due to increased sales and marketing investments ahead of the FIFA world cup.
- **In Brazil**, beer volumes grew 2.9% in HY26, returning to growth and gaining market share in both the premium and mainstream segments. Brazil's total revenue for the half increased by 8.1% with a significant EBITDA margin expansion of 149 bps to 32.4%.

half of 2026, leading a 4.7% organic volume increase for the Middle Americas region. Regional revenue in Middle Americas rose 9.6% to \$9,595 million, with EBITDA margins expanding by 15 bps to 49.7% as the above core beer portfolio, driven by Modelo and Pacifico, gained market share

- **APAC** volumes decreased by 2.8% in HY26, leading to a 2.1% revenue decline to \$3bn. Performance was primarily impacted by **China**, where volumes decreased by 2.6% due to adverse weather and weakness in the on-premise channel, despite a 1.2% increase in revenue per hectoliter. In contrast, **South Korea** volumes grew by low teens in 2Q26, helping the country achieve flat volumes and market share gains.

Looking ahead

Management reaffirmed its confidence in delivering its full-year 2026 outlook, supported by continued beer volume growth, disciplined revenue management and ongoing premiumisation. Productivity initiatives are also expected to drive further efficiency gains and support margins despite a challenging cost environment.

Deleveraging remains a key capital allocation priority. During the first half, the group returned US\$4.4bn to shareholders through US\$2.6bn in dividends and US\$1.8bn of share buybacks, with US\$6bn authorised for repurchases. Trading on a forward price-to-earnings multiple of around 18.6x, in line with its long-term average, we believe AB InBev remains attractively positioned for long-term growth, supported by the resilience of the global beer category and the continued expansion of its premium, non-beer and beyond-beer portfolio.

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