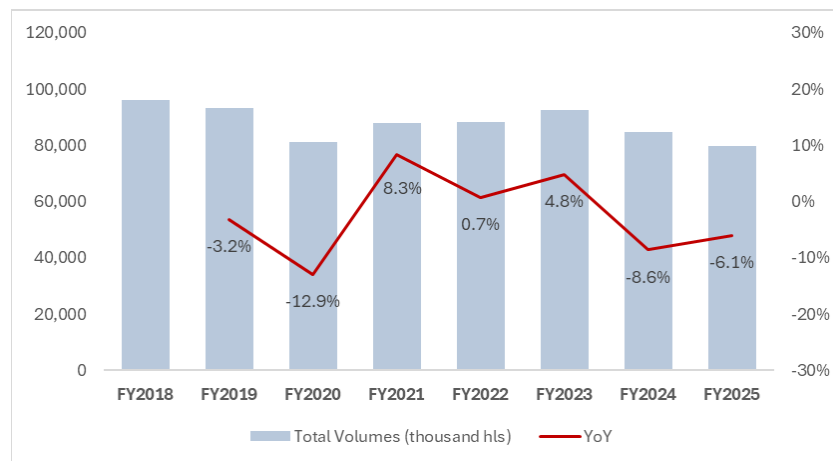


What's Hot Today:

► **Budweiser APAC (1876 HK, HK\$7.83, HK\$104bn) -**
Headwinds persist, recovery takes time

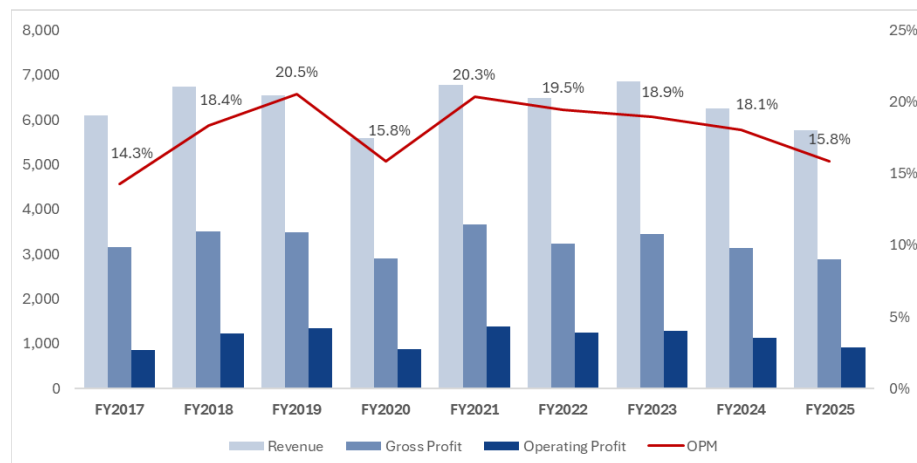
Weak FY25 due to poor sales in China - Budweiser APAC is a leading brewer and distributor in the Asia-Pacific market. The company experienced a challenging FY25 and reported a 6% YoY decline in sales volume to 79.7mn hl beer while revenue contracted by 7.7% YoY to US\$5.76bn, underperforming the industry. Revenue per 100-liter (hl) edged down by 0.2% YoY. Attributable profit plunged 32.6% YoY to US\$489mn, while normalized EBITDA fell 9.8%, translating into a 113bps margin contraction. The results underscore persistent pressure across key markets, particularly China.

Fig 1: Volume of Beer Sold



Source: Company Data, Sunwah Kingsway Research

Fig 2: Revenue and Profit (US\$/mn)



Source: Company Data, Sunwah Kingsway Research

China & HK Indices	CLOSE	1D	YTD
HSI	27,032	-0.9%	5.5%
HSCEI	9,175	-1.0%	2.9%
HSCCI	4,410	-0.5%	9.8%
CSI300	4,719	0.1%	1.9%
Shanghai A	4,335	0.0%	5.3%
Shanghai B	267	0.4%	5.3%
Shenzhen A	2,834	0.5%	7.0%
Shenzhen B	1,250	-0.0%	-1.1%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	49,451	-1.3%	2.9%
S&P 500	6,832	-1.6%	-0.2%
Nasdaq	22,597	-2.0%	-2.8%
Nikkei Index	56,982	-1.1%	13.2%
FTSE Index	10,402	-0.7%	4.7%
CAC Index	8,340	0.3%	2.3%
DAX Index	24,852	-0.0%	1.5%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	4,922	-3.2%	14.4%
STEEL (US\$/oz.)	3,019	-0.8%	18.7%
SILVER (US\$/oz.)	75	-10.7%	5.5%
CRUDE OIL (US\$/bbl)	62	-2.8%	9.5%
COPPER (US\$/oz.)	12,875	-1.8%	3.6%
ALUMINIUM (US\$/oz.)	3,100	0.2%	3.5%
PLATINUM (US\$/oz)	2,005	-6.2%	-1.8%
ZINC (US\$/oz.)	3,374	-0.6%	8.2%
WHEAT (US\$/bu)	552	4.6%	9.0%
CORN (US\$/bu)	441	1.0%	-1.5%
SUGAR (US\$/lb)	72	2.0%	-
SOYBEAN (US\$/bu)	1,152	1.3%	8.6%
PVC (US\$/t.)	4,959	-0.4%	9.2%
CRB	306	-0.7%	3.0%
BDI		4.3%	-

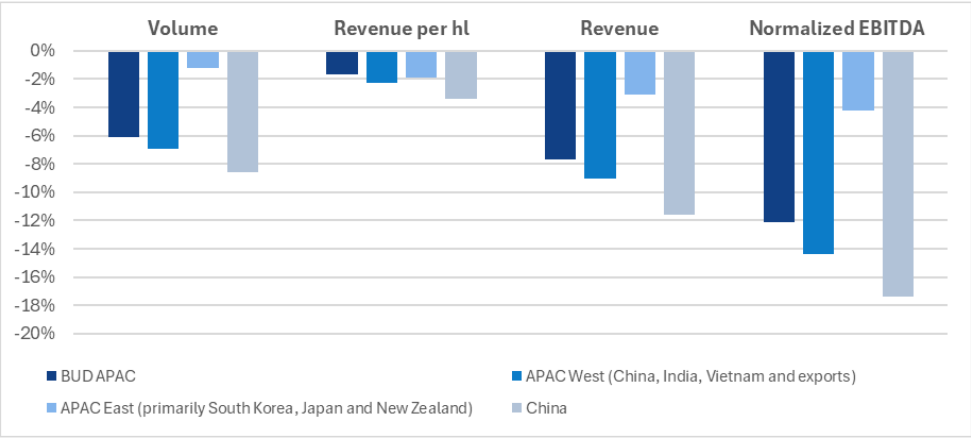
Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.816	0.842	152.740	0.769	6.901
HKD	0.128		0.108	19.536	9.840	0.883
EUR	1.187	9.280		181.310	1.095	8.190
JPY	0.007	5.119	0.552		0.504	0.045
CHF	1.300	10.161	1.095	198.512		8.972
RMB	0.145	1.132	0.122	22.145	0.112	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece	N/A	N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	20	-4.4%

Source: Bloomberg

China market is undergoing a change of sales channels - The volume decline was largely attributable to weaker China operations, where soft consumer sentiment continued to weigh on performance. China revenue dropped 11.3% YoY, with revenue/hl down 3%. The company's traditional on-premises channels (restaurants and nightclubs) remained under significant pressure. In response, Budweiser is pushing forward the in-home channel and rolled out targeted marketing campaigns, though associated investments added to near-term costs. Despite China's weakness, India delivered double-digit revenue growth for three consecutive quarters and continued to gain market share, partially cushioning the regional drag. The APAC West segment (China, India, Vietnam) still accounted for 80.4% of group revenue.

Fig 3: YoY Performance by Region



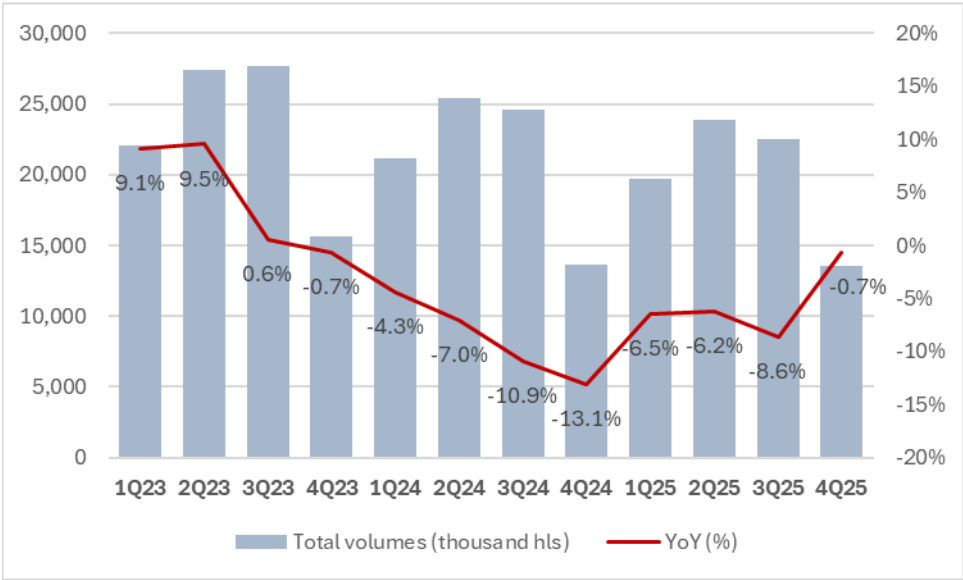
Source: Company Data, Sunwah Kingsway Research

Strategic transformation to in-home channels - Facing sustained pressure in on-premises consumption, Budweiser has carried out its China strategy toward in-home expansion since 2024. This transformation remains in progress, with ongoing expansion of its franchisee network and retail coverage. Currently, the in-home channel contributes ~50% of China sales, still trailing the industry average of 60%, implying meaningful space for growth. Encouragingly, 4Q25 saw sequential improvement that volume decline narrowed to -0.7% YoY (vs. -6.5%/-6.2%/-8.6% in the prior three quarters), suggesting early signs of stabilization.

Dividend resilience signals confidence - Despite earnings headwinds, a FY25 dividend of US\$5.66 cents per share has been declared, in line with FY24. During the analyst call, the company reaffirmed its dividend payout target of no less than 25% of earnings, reflecting sustained confidence in cash flow generation.

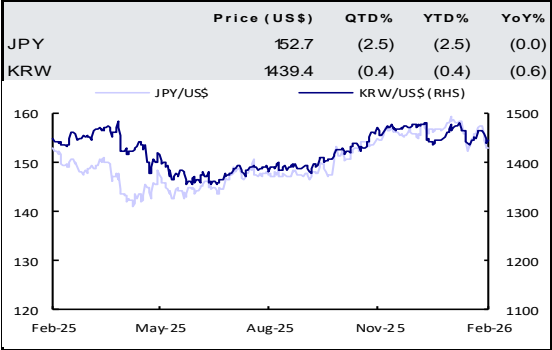
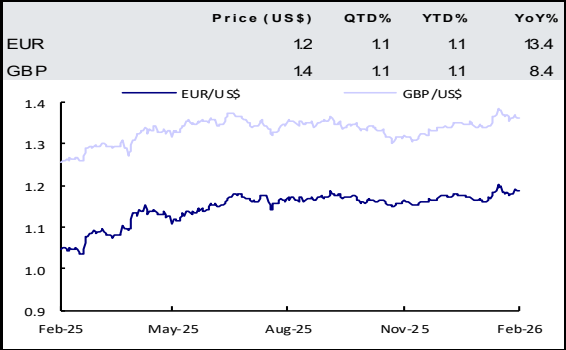
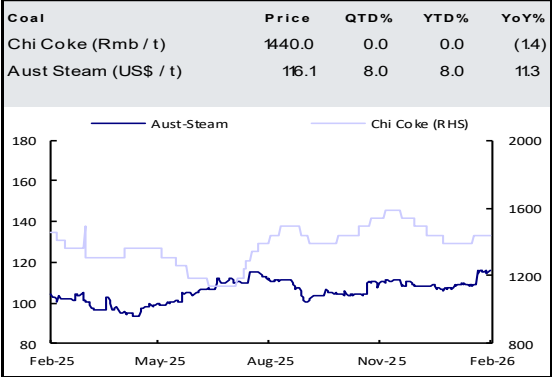
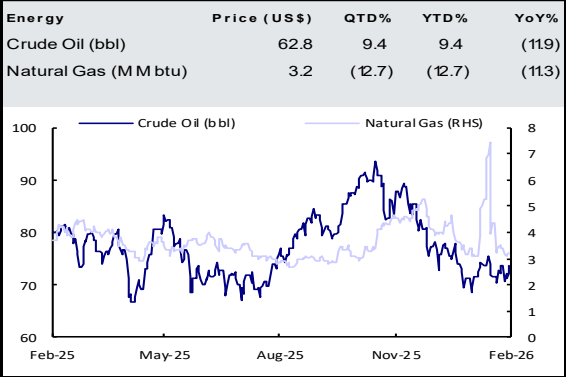
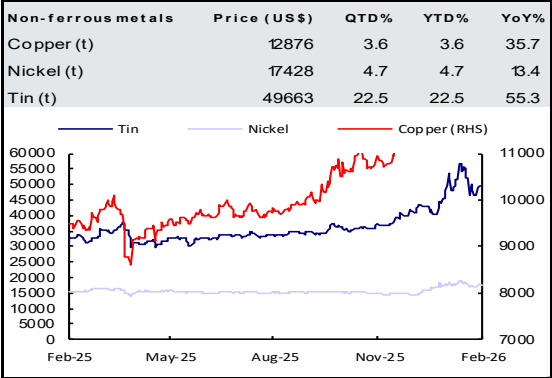
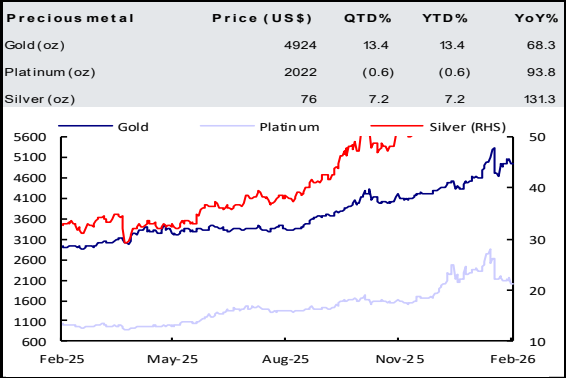
Our view: Bud APAC is suffering from eight consecutive quarters of YoY declines in volume, revenue, and net profit since 1Q24. That said, the company is proactively adjusting its sales channel in China and India is seeing success in the premium segment. While consumer sentiment remains fragile, sequential volume improvement in 4Q25 provides early signs of stabilization. Looking ahead, the 2026 World Cup is expected to give the industry a boost. The counter is currently trading at 22x FY26E P/E with a 5.4% dividend yield. (Research Department)

Fig 4: Sign of Slower Volume Decline



Source: Company Data, Sunwah Kingsway Research

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Initial Jobless Claims	WoW		12-Feb-26
Existing Home Sales	MoM		12-Feb-26
CPI	MoM		13-Feb-26
Durable Goods Orders	MoM		18-Feb-26
Housing Starts / Building Permits	MoM		18-Feb-26
Industrial Production	MoM		18-Feb-26
Trade Balance	MoM		19-Feb-26
Wholesale Inventories	MoM		19-Feb-26
Personal Income & Spending	MoM		20-Feb-26
GDP	QoQ		20-Feb-26
New home Sales	MoM		20-Feb-26
Factory Orders	MoM		23-Feb-26
Consumer Confidence	MoM		24-Feb-26
PPI	MoM		27-Feb-26
ISM Manufacturing PMI	MoM		2-Mar-26
Retail Sales	MoM		2-Mar-26
Employment Report	MoM		6-Mar-26
Business Inventories	MoM		14-May-26
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Money Supply - M2	MoM		12-Feb-26
PMI Manufacturing	MoM		4-Mar-26
Foreign Exchange Reserves	QoQ		7-Mar-26
PPI	MoM		9-Mar-26
CPI	MoM		9-Mar-26
Trade Balance	MoM		14-Apr-26
Retail Sales	MoM		16-Apr-26
Industrial Production	MoM		16-Apr-26
GDP	YoY		16-Apr-26

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Unemployment Rate	MoM		20-Feb-26
CPI	MoM		25-Feb-26
GDP	QoQ		25-Feb-26
Trade Balance	MoM		27-Feb-26
Money Supply - M2	MoM		27-Feb-26
Retail Sales	MoM		4-Mar-26
PMI	MoM		4-Mar-26
Foreign Currency Reserve	MoM		6-Mar-26
Producer Prices Index	QoQ		13-Mar-26
Industrial Production	QoQ		13-Mar-26
Composite Interest Rate	MoM		

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