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# Home consumption now accounts for 50%-55% of Budweiser APAC's beer volume in China.

Management said restaurant sales showed no summer recovery, raising the risk that the shift away from drinking out is structural.

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Budweiser APAC’s beer sales in China are now led by drinking at home, a shift that management says is continuing as restaurant demand weakens and fast local delivery grows from a small base.

According to a Sept. 28 report published by China Beer Industry Information Network, which cited a Sept. 23 research note from CLSA and management comments, home consumption now accounts for 50%-55% of Budweiser APAC's total China volume. The restaurant channel has fallen from more than 30% of volume and is still losing share, while nightlife venues are holding roughly in the mid-teens.

The report points to a notable change in where the brewer is selling beer in its biggest market. It said the traditional on-premise business, especially restaurants, showed no sign of recovery during the summer peak season. Management linked that weakness to a soft macroeconomic backdrop, pressure on immediate consumption channels and unfavorable weather during months that usually support stronger beer demand.

The only channel still growing was O2O, or online-to-offline immediate retail delivery. Management said O2O volume in China rose at a double-digit year-over-year pace, although it still makes up only a mid-single-digit share of the brewer's China volume. Even so, the company said strong O2O demand is helping its super-premium business, though lower pricing in that channel means the sales mix does not automatically raise the average selling price.

The China Beer Industry Information Network report did not provide absolute volumes, revenue figures or an updated exact share for the restaurant channel. It also was not a new official statistical release for Sept. 28, but a summary of a broker research report issued five days earlier.

Still, the figures and comments suggest that the market shift away from eating and drinking out may be more than a short-term reaction to weak consumer spending. CLSA said management sees a risk that the move from on-premise drinking to home consumption could prove structural if broader economic conditions do not improve. On that view, a 2027 recovery in China's beer market would depend largely on a macroeconomic rebound rather than a simple seasonal recovery.

For Budweiser APAC, the channel change has direct implications for pricing and product mix. Management said the company does not plan to raise prices in the current environment because demand conditions are not supportive. Instead, it is relying on premiumization within its lineup to support pricing, with "core plus" products still

growing while core and value brands continue to decline in the second half of 2026.

That pattern matters because beer sold for home consumption or through quick delivery platforms often follows different price dynamics than beer sold in restaurants, bars and clubs. In restaurants and nightlife venues, brewers typically benefit from immediate consumption and a different package mix. In home and delivery channels, price transparency is higher and promotions are easier for consumers to compare. Management's comments suggest Budweiser APAC sees mix improvement as more realistic than headline price increases under current conditions.

The company also flagged pressure from raw materials. The report said aluminum costs, after beginning to rise in the second half of 2025, could start affecting results in the second half of 2026. Budweiser APAC is maintaining its rolling 12-month hedging policy for commodities. Management also said barley should still provide some benefit this year, but less than last year, while pricing for 2027 remains under negotiation.

Taken together, the comments describe a China market where volumes remain under strain even in the summer, which is normally the strongest period for beer makers. The pressure is not only cyclical but increasingly tied to where consumers choose to drink. If households keep shifting more of their beer purchases to supermarkets, convenience stores and delivery apps rather than restaurants, brewers may need to adjust packaging, route-to-market decisions and sales incentives across channels.

That is especially important for Budweiser APAC because China has long been central to its premium strategy. Growth in higher-end labels has helped offset broader industry softness in past years. But the current mix shows limits to that model when consumers are cutting back on discretionary spending and favoring cheaper occasions of consumption. Management said core and value segments are still shrinking, which suggests that weakness is broad-based even if some higher-tier products are performing better.

The report also noted that the company is still reviewing its dividend plans and gave no new update on acquisitions. Management said that if profitability remains under pressure in the second half of 2026, the dividend may not match last year's level. While that comment relates to shareholder returns rather than beer demand, it underscores

how the weak China environment is affecting broader financial decisions.

Outside China, management said South Korea has been gaining market share and that the goal for the second half is to perform in line with or slightly better than the industry, which is down by a low-single-digit to mid-single-digit rate from a year earlier. In India, the company said the business contributes a mid- to high-single-digit share of sales and remains focused on scale expansion. Even so, the China update drew the most attention because it highlights a possible long-term rebalancing of beer consumption across channels in the region’s largest market.

For now, Budweiser APAC’s message is that the operating backdrop in China remains weak, the company is not counting on price increases to drive results, and home drinking has become the dominant route for its sales volume there. The strongest growth is coming from O2O delivery, but from a small base and with lower prices that may not translate into stronger average revenue per unit.