

4Q25 Preview - Limited Asymmetry

A different approach to pricing, volumes and margins

Before we dig into 4Q25 expectations, let us digress a bit. 2025 was a year in which Ambev defied some of the most longstanding commercial practices. Instead of raising prices ahead of the summer, Ambev brought a good chunk of its price hike forward to Q2, when sales volumes are seasonally the weakest of the year. Why? Based on hedges, Ambev knew costs would escalate toward the back half of the year, and it wanted to be better able to navigate that and preserve profit margins. This also highlights another change in Ambev's approach: the past five years have been ones in which Ambev was all about maximizing volumes via top-line growth, even at the expense of profitability. Margins were a consequence of a well-executed commercial strategy. In the new CEO's own words, Ambev now seems to be looking for a more balanced strategy between turnover and profitability, where margins gain more relevance. In a way, 4Q25 was the culmination of that. More below:

Brazil Beer: Softer on pricing, not so bad on volumes; Mind SG&A gains

We're modeling a Brazil beer volume drop of 2.2% y/y in 4Q25. That's obviously not great, but probably better than what the consensus is expecting based on IBGE's alcoholic production y/y drop of ~4-5% (December data still not out). The decision to anticipate price hikes to Q2 also arguably allowed Ambev to go easier on pricing in Q4. It possibly helped volumes while still keeping an in-line-with-inflation FY2025 average price gain (~4.2%). As a result, we have Rev/HL growing only 3.2% y/y in 4Q25. Unit costs are expected to have peaked during the quarter (+13% y/y), with gross margin down 420bps y/y to 51.4% (one of the lowest ever for a Q4). But we expect a combination of better SG&A and, even more, higher contribution from other operating income to lead to an EBITDA margin drop of only 290bps to 34.9%.

Elsewhere: Not much to cheer or worry about

The times of booming volumes aren't gone only for Brazil beer but also for many of Ambev's other BUs. We expect volumes to decline y/y for all geographies except for CAC, where we see a 2.2% y/y volume gain. We also expect a CAC to post solid EBITDA margin of 44.2% (up slightly y/y). For LAS, a distorted comparison base is expected to drive lower reported y/y EBITDA, but we're still looking at a solid R\$1.6bn (34% margin), with fewer accounting/operational distortions caused by FX/inflation. Brazil NAB is expected to see similar trends to Brazil beer (lower volumes and margin pressure partially offset by better SG&A and other operating incomes), while Canada

Rating	Neutral												
12m Price Target	R\$15.00/US\$2.80												
Price	R\$14.04/US\$2.62												
RIC:	ABEV3.SA												
BBG:	ABEV3 BZ												
Trading Data & Return Forecasts													
Forecast price appreciation	+6.8%												
Forecast dividend yield	8.8%												
Forecast stock return	+15.6%												
52-wk range	R\$ 14.2-R\$ 10.0												
Market cap.	R\$ 218,918 mn												
Shares o/s (m)	15,592.4 mn												
Free Float	29.0												
Avg. daily value	R\$ 402 mn												
Stock Performance - Ambev (R\$)													
15													
12													
9													
6													
3													
0													
15-Jan-23	04-Apr-23	22-Jun-23	11-Sep-23	29-Nov-23	16-Feb-24	07-May-24	25-Jul-24	14-Oct-24	01-Jan-25	20-Mar-25	09-Jun-25	27-Aug-25	14-Nov-25
Target Price	Stock Price												

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Valuation	12/2023	12/2024	12/2025E	12/2026E	12/2027E
RoIC (EBIT) %	27.1	30.9	30.9	33.9	36.3
EV/EBITDA	7.4	5.5	7.0	6.7	6.2
P/E	13.9	12.9	15.3	14.3	13.0
Net dividend yield %	5.4	6.0	8.9	6.7	7.4
Financials (R\$mn)	12/2023	12/2024	12/2025E	12/2026E	12/2027E
Revenues	79,737	89,453	87,368	92,899	99,042
EBITDA	25,237	28,829	28,997	30,211	32,552
Net Income	14,502	14,437	15,081	15,324	16,777
EPS (R\$)	0.93	0.93	0.97	0.98	1.08
Net DPS (R\$)	0.74	0.70	1.23	0.94	1.04
Net (debt) / cash	12,835	26,385	15,603	15,603	15,603

ANALYST CERTIFICATION AND REQUIRED DISCLOSURES BEGIN ON PAGE 5

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should see volume decline accelerating due to tougher comps (-6.2% y/y).

Neutral rated

We remain Neutral ahead of the results, but our stance is different from what it had been for some time now. For years, our Neutral was based on our sense that there was some sort of 'excess' investor confidence. Expectations had been too high in the face of the challenges surrounding the business, and valuations, as a result, were too demanding. We no longer see that. After a period defined by market share losses, margin compression, and repeated resets of expectations, the last five years saw Ambev capable of stabilizing its operational footing. Volumes recovered, margins stopped collapsing, and execution improved. The profit machine no longer looks broken. Perhaps even more importantly, expectations have come to such a low point that we struggle to find much of a downside risk now. 2025 brought us lower volumes, a controversial pricing strategy, continuous competitive pressure and a new cycle of cost inflation. This is all reflected in ours and (we believe) investors expectations —and 4Q25 earnings should somehow attest to that. Valuation isn't particularly undemanding at 14.5x P/2026E, but remains at a discount to its most obvious global peers. We believe the stock should continue trading in a narrow range. The downside is cushioned by cash generation, balance sheet strength, and dividend capacity. Upside is capped by a lack of growth compound.

Table 1: Ambev - 4Q25 Preview

Income Statement (R\$mn)	4Q25E	4Q24	3Q25	YoY	QoQ
Net Revenues	23,933	27,035	20,847	-11.5%	14.8%
- COGS	(11,548)	(12,524)	(10,120)	-7.8%	14.1%
= Gross Profit	12,385	14,512	10,727	-14.7%	15.5%
- Selling Expenses	(5,135)	(5,798)	(4,480)	-11.4%	14.6%
- General and administrative	(1,672)	(1,888)	(1,355)	-11.4%	23.4%
+/- Other	795	688	634	15.6%	25.3%
= EBIT	6,374	7,514	5,527	-15.2%	15.3%
+ Depreciation	1,906	2,044	1,599	-6.8%	19.2%
= EBITDA	8,280	9,558	7,126	-13.4%	16.2%
(-)Financial Results	(930)	(612)	(1,091)	51.9%	-14.8%
+/- Non-Operating	0	9	778	n.m.	n.m.
= EBT	5,444	6,911	5,214	-21.2%	4.4%
Minorities Interest	(124)	(144)	(119)	-14.1%	4.4%
- Income Tax	(1,418)	(1,886)	(350)	-24.8%	304.9%
= Net Earnings	3,902	4,880	4,745	-20.0%	-17.8%
= Adj. Net Earnings	3,902	4,871	3,967	-19.9%	-1.6%
= EPS	0.25	0.31	0.30	-20.0%	-17.8%
= Adj. EPS	0.25	0.31	0.25	-19.9%	-1.6%
Gross Margin	51.8%	53.7%	51.5%	-1.9p.p	0.3p.p
Operating Margin	26.6%	27.8%	26.5%	-1.2p.p	0.1p.p
EBITDA Margin	34.6%	35.4%	34.2%	-0.8p.p	0.4p.p
Net Margin	16.3%	18.1%	22.8%	-1.7p.p	-6.5p.p
Adj. Net Margin	16.3%	18.0%	19.0%	-1.7p.p	-2.7p.p

Source: Company / BTG Pactual Estimates

Table 2: Ambev - 4Q25 Preview - Operating Highlights

Operating Highlights	4Q25E	4Q24	3Q25	YoY	QoQ
Volumes ('000 hl)	49,482	50,416	42,419	-1.9%	16.6%
BEER - BRAZIL	24,743	25,299	21,557	-2.2%	14.8%
CSD & NANC - BRAZIL	9,361	9,591	7,760	-2.4%	20.6%
CANADA	1,985	2,116	2,400	-6.2%	-17.3%
LAS	9,969	10,060	7,605	-0.9%	31.1%
CAC	3,424	3,350	3,098	2.2%	10.5%
Net Revenues/hl (R\$/hl)	484	536	491	-9.8%	-1.6%
BEER - BRAZIL	462	448	449	3.2%	3.0%
CSD & NANC - BRAZIL	268	249	268	8.0%	0.0%
CANADA	1,161	1,233	1,190	-5.8%	-2.4%
LAS	461	739	459	-37.7%	0.3%
CAC	902	976	884	-7.7%	2.0%
COGS/hl (R\$/hl)	233	248	239	-6.1%	-2.2%
BEER - BRAZIL	225	199	220	13.0%	2.0%
CSD & NANC - BRAZIL	145	127	148	14.0%	-2.2%
CANADA	494	523	501	-5.5%	-1.3%
LAS	228	366	238	-37.7%	-4.1%
CAC	402	443	390	-9.3%	3.0%
EBITDA (R\$ mn)	8,280	9,558	7,126	-13.4%	16.2%
BEER - BRAZIL	3,994	4,289	3,451	-6.9%	15.7%
CSD & NANC - BRAZIL	736	733	597	0.4%	23.2%
CANADA	620	663	857	-6.5%	-27.7%
LAS	1,563	2,431	993	-35.7%	57.4%
CAC	1,366	1,442	1,227	-5.3%	11.3%
EBITDA margin (%)	34.6%	35.4%	34.2%	-0.8 p.p.	0.4 p.p.
BEER - BRAZIL	34.9%	37.8%	35.7%	-2.9 p.p.	-0.7 p.p.
CSD & NANC - BRAZIL	29.3%	30.8%	28.7%	-1.5 p.p.	0.6 p.p.
CANADA	26.9%	25.4%	30.0%	1.5 p.p.	-3.1 p.p.
LAS	34.0%	32.7%	28.4%	1.4 p.p.	5.6 p.p.
CAC	44.2%	44.1%	44.8%	0.2 p.p.	-0.6 p.p.
EBITDA/hl (R\$/hl)	167	190	168	-11.7%	-0.4%
BEER - BRAZIL	161	170	160	-4.8%	0.8%
CSD & NANC - BRAZIL	79	76	77	2.8%	2.1%
CANADA	312	313	357	-0.3%	-12.6%
LAS	157	242	131	-35.1%	20.0%
CAC	399	430	396	-7.3%	0.7%

Source: Company / BTG Pactual Estimates

Ambev

Income Statement (R\$mn)	12/2023	12/2024	12/2025E	12/2026E	12/2027E
Revenue	79,737	89,453	87,368	92,899	99,042
Operating expenses (ex depn)	(56,311)	(62,881)	(60,994)	(65,488)	(69,484)
EBITDA (BTG Pactual)	25,237	28,829	28,997	30,211	32,552
Depreciation	(6,418)	(7,126)	(6,921)	(6,474)	(6,928)
Operating income (EBIT, BTG Pactual)	18,819	21,702	22,076	23,737	25,624
Other income & associates	15	103	726	0	0
Net Interest	(3,799)	(2,318)	(3,847)	(2,617)	(2,304)
Abnormal items (pre-tax)	0	0	0	0	0
Profit before tax	15,036	19,487	18,956	21,120	23,320
Tax	(76)	(4,640)	(3,449)	(5,321)	(6,020)
Profit after tax	14,960	14,847	15,507	15,799	17,301
Abnormal items (post-tax)	0	0	0	0	0
Minorities / pref dividends	(459)	(410)	(426)	(475)	(524)
Net Income (local GAAP)	14,502	14,437	15,081	15,324	16,777
Adjusted Net Income	14,502	14,437	15,081	15,324	16,777
Tax rate (%)	1	24	18	25	26
Per Share	12/2023	12/2024	12/2025E	12/2026E	12/2027E
EPS (local GAAP)	0.93	0.93	0.97	0.98	1.08
EPS (BTG Pactual)	0.93	0.93	0.97	0.98	1.08
Net DPS	0.74	0.70	1.23	0.94	1.04
BVPS	5.06	6.33	5.42	5.46	5.50
Cash Flow (R\$mn)	12/2023	12/2024	12/2025E	12/2026E	12/2027E
Net Income	14,502	14,437	15,081	15,324	16,777
Depreciation	6,418	7,126	6,921	6,474	6,928
Net change in working capital	2,432	4,314	(3,977)	1,232	1,355
Other (operating)	0	0	0	0	0
Net cash from operations	23,352	25,878	18,024	23,030	25,060
Cash from investing activities	(2,992)	(10,666)	(3,398)	(8,361)	(8,914)
Cash from financing activities	(11,943)	(11,033)	(19,763)	(14,669)	(16,146)
Bal sheet chge in cash & equivalents	955	13,502	(11,340)	0	(0)
Balance Sheet (R\$mn)	12/2023	12/2024	12/2025E	12/2026E	12/2027E
Cash and equivalents	16,336	29,838	18,497	18,497	18,497
Other current assets	20,227	24,318	22,365	23,343	24,418
Total current assets	36,563	54,156	40,862	41,840	42,915
Net tangible fixed assets	26,630	30,170	26,647	28,534	30,520
Net intangible fixed assets	0	0	0	0	0
Investments / other assets	69,451	78,182	72,416	72,416	72,416
Total assets	132,644	162,508	139,925	142,790	145,851
Trade payables & other ST liabilities	39,707	48,112	42,181	44,391	46,822
Short term debt	1,298	1,276	1,049	1,049	1,049
Total current liabilities	41,005	49,389	43,231	45,440	47,871
Long term debt	2,203	2,176	1,845	1,845	1,845
Other long term liabilities	9,292	11,362	9,604	9,604	9,604
Total liabilities	52,500	62,927	54,680	56,890	59,320
Equity & minority interests	80,144	99,581	85,245	85,900	86,531
Total liabilities & equities	132,644	162,508	139,925	142,790	145,851

Company Profile

Ambev SA is a Brazil-based company engaged in the brewing sector, and sells beer, carbonated soft drinks (CSDs) and other non-alcoholic and non-carbonated (NANC) beverages across the Americas. The Company's activities are divided into three segments: Latin America North, including sell of beer, CSD and NANC drinks in Brazil, the Dominican Republic, Saint Vincent, Antigua, Dominica, Cuba, Guatemala, El Salvador, Honduras, Nicaragua, Barbados and Panama; Latin America South, distributing products in Argentina, Bolivia, Paraguay, Uruguay, Chile; and Canada.

Financial ratios	12/2023	12/2024	12/2025E	12/2026E	12/2027E
EBITDA margin	31.7%	32.2%	33.2%	32.5%	32.9%
Operating margin	23.6%	24.3%	25.3%	25.6%	25.9%
Net margin	18.2%	16.1%	17.3%	16.5%	16.9%
RoE	18.0%	16.3%	16.5%	18.1%	19.6%
RoIC	27.1%	30.9%	30.9%	33.9%	36.3%
EBITDA / net interest	6.6x	12.4x	7.5x	11.5x	14.1x
Net debt / EBITDA	-0.5x	-0.9x	-0.5x	-0.5x	-0.5x
Total debt / EBITDA	0.1x	0.1x	0.1x	0.1x	0.1x
Net debt / (net debt + equity)	-19.1%	-36.0%	-22.4%	-22.2%	-22.0%

Source: Company reports and BTG Pactual estimates. Valuations: based on the last share price of that year(E) based on share price as of 15-Jan-2026

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Ambev	ABEV3.SA	Neutral	R\$14.20/US\$2.63	2026-01-15
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Valuation Methodology

Ambev. [BRABV] - Our TP is DCF-driven and uses a USD-denominated Ke and g of 9.3% and 3.0%.