Company Description

- Based in St. Louis,
- Largest beer company in the world!
- 49.6% market share in USA - #1
- 45.6% market share in North America - #1
- 8.8% global market share - #1
- Owns Sea World and Busch Gardens theme parks
The Beer Menu

• Background
• Domestic and International Markets
• Why Anheuser-Busch?
• Risks
• Stock Price
• Valuation
• Conclusion/Questions

History Lesson on Beer

• Founded in 1852 by Adolphus Busch
• Budweiser was created in 1876 and trademarked two years later
• Historic growth through acquisitions and construction of new breweries
• Busch Gardens opened in 1959
More than just getting drunk

- Beer – 84% of 2003 sales
  - Domestic sales (~95%)
  - International sales (~5%)
- Packaging – 9% of 2003 sales
- Entertainment – 7% of 2003 sales
- Various investments in international beer companies and unrelated businesses

Proprietary Beer Menu

- Massive brand portfolio
  - 30 brands (12 domestic)
  - Budweiser
  - Bud Light
  - Michelob
  - Busch, etc.
North American Beer

• 46.5% Anheuser Busch vs 16.6% SABMiller
• 16.7% Bud Light vs 6.8% Miller Lite (Leading Brands)
• 36.9% market share owned by 18 others

International Beer

• 8.8% Anheuser Busch vs. 7.3% SABMiller
• 3.1% Budweiser vs. 1.2% Miller Lite (Leading Brands)
• 83.9% distributed amongst 70 other firms having more than .1%
International Beer Bellies

Beer & Sports: A Man’s Best Friends

• Domestic Sports Sponsorships
  – U.S. Olympic Team till 2008
  – NBA, MLB, NHL, 27 out of 32 NFL teams, and NASCAR

• International
  – FIFA
  – Manchester United
  – Formula 1
Why Drink Anheuser-Busch?

• International Expansion
  – Latin America
    • Grupo Modelo
    • CCU
  – Asia (China and India)
    • Tsingtao Breweries – increasing stake
    • Budweiser Wuhan International Co. – 97% owned
  – Europe (joint marketing partnerships)

Why Drink Anheuser-Busch?

• Better Return on Assets and Equity over the past 5 years

![Graph showing Return on Assets and Equity over 5 years from 1999 to 2003]
Why Drink Anheuser-Busch?

- Better Return on Assets and Equity relative to its main competitors

![Graph showing ROA and ROE for Adolphus Coors Co., SABMiller, and Anheuser Busch.]

Risk of Intoxication?

- Miller Lite vs. Bud Light
- Anheuser-Busch’s Budweiser vs. Budejovicky Budvar “Bud”
  - Trademark Fight
  - European Union
  - Possible privatization and buyers
Flat or Hops?
Quality of Beer

- Valuation Assumptions
  - Growth Rate: 6%
    - Greater than current growth rate of 4%
    - Assume that international expansion through acquisitions will enhance growth
  - Net capital expenditures include acquisitions
  - Economies of scale
- Let’s look at the spreadsheet!

To Drink or Not to Drink?

- Recommendation: Hold
- Why?
  - Efficacy of international expansion (Emerging Markets)
  - Ability to extract growth in domestic and developed markets
  - Anheuser-Busch’s Bud vs. Miller and Budvar’s Bud?
Want to Grab a Bud?

Questions