



Anheuser-Busch (BUD)

Family Business Fund

February 24th, 2025 – Sell Recommendation Analysts: Tyler Kelley, Mike Cloen, Kevin Kelly, Anthony Cimino, Mike Clouden, Ryan Berry and Luke Van Splunder

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Section I. Company Overview

Analyst(s): Mike Cloen, Kevin Kelly



Company Summary

Anheuser-Busch

Anheuser-Busch InBev (BUD)

- Founded in St. Louis in 1852 by George Schneider, who then sold the company to Eberhard Anheuser
- Acquired by InBev in 2008 for \$52 billion, forming Anheuser-Busch InBev
- The world's largest beer brewer, makes up 26.9% of the global market share
- Based out of Leuven, Belgium, AB InBev operates in 50 countries and sells its products in over 100 countries worldwide
- As of February 2025, AB InBev has a market cap of \$94.51 billion, a 5.78% increase from last year
- 1.20% annual yield, annual dividend of \$0.65 per share
- 20.06% dividend payout ratio



Company Summary

Anheuser-Busch

Financial Summary

- Fundamentals do not point to an undervalued company
- Debt Struggles
- Declining EPS growth
- RSI indicates overbought

Index	-	P/E	18.68	EPS (ttm)	2.89
Market Cap	94.51B	Forward P/E	15.38	EPS next Y	3.51
Income	5.93B	PEG	2.05	EPS next Q	0.69
Sales	59.91B	P/S	1.58	EPS this Y	9.39%
Book/sh	39.82	P/B	1.36	EPS next Y	5.24%
Cash/sh	4.37	P/C	12.36	EPS next 5Y	9.09%
Dividend Est.	0.97 (1.80%)	P/FCF	8.87	EPS past 5Y	3.67%
Dividend TTM	0.88 (1.63%)	Quick Ratio	0.51	Sales past 5Y	3.65%
Dividend Ex-Date	May 03, 2024	Current Ratio	0.69	EPS Y/Y TTM	-7.56%
Employees	154540	Debt/Eq	1.00	Sales Y/Y TTM	-0.48%
Option/Short	Yes / Yes	LT Debt/Eq	0.97	EPS Q/Q	30.39%
Sales Surprise	-3.49%	EPS Surprise	6.35%	Sales Q/Q	1.86%
SMA20	6.28%	SMA50	7.64%	SMA200	-7.74%
Insider Own	0.00%	Shs Outstand	1.75B	Perf Week	1.68%
Insider Trans	-	Shs Float	1.75B	Perf Month	13.47%
Inst Own	6.29%	Short Float	0.27%	Perf Quarter	-4.41%
Inst Trans	1.80%	Short Ratio	1.96	Perf Half Y	-10.80%
ROA	2.78%	Short Interest	4.64M	Perf Year	-14.07%
ROE	7.60%	52W Range	45.94 - 67.49	Perf YTD	7.87%
ROI	3.84%	52W High	-19.97%	Beta	1.00
Gross Margin	54.48%	52W Low	17.57%	ATR (14)	0.79
Oper. Margin	23.83%	RSI (14)	72.39	Volatility	1.09% 1.19%
Profit Margin	9.89%	Recom	1.62	Target Price	67.39
Payout	24.41%	Rel Volume	0.74	Prev Close	53.15
Earnings	Feb 26 BMO	Avg Volume	2.37M	Price	54.01
Trades	🔒	Volume	1,740,728	Change	1.62%

Products

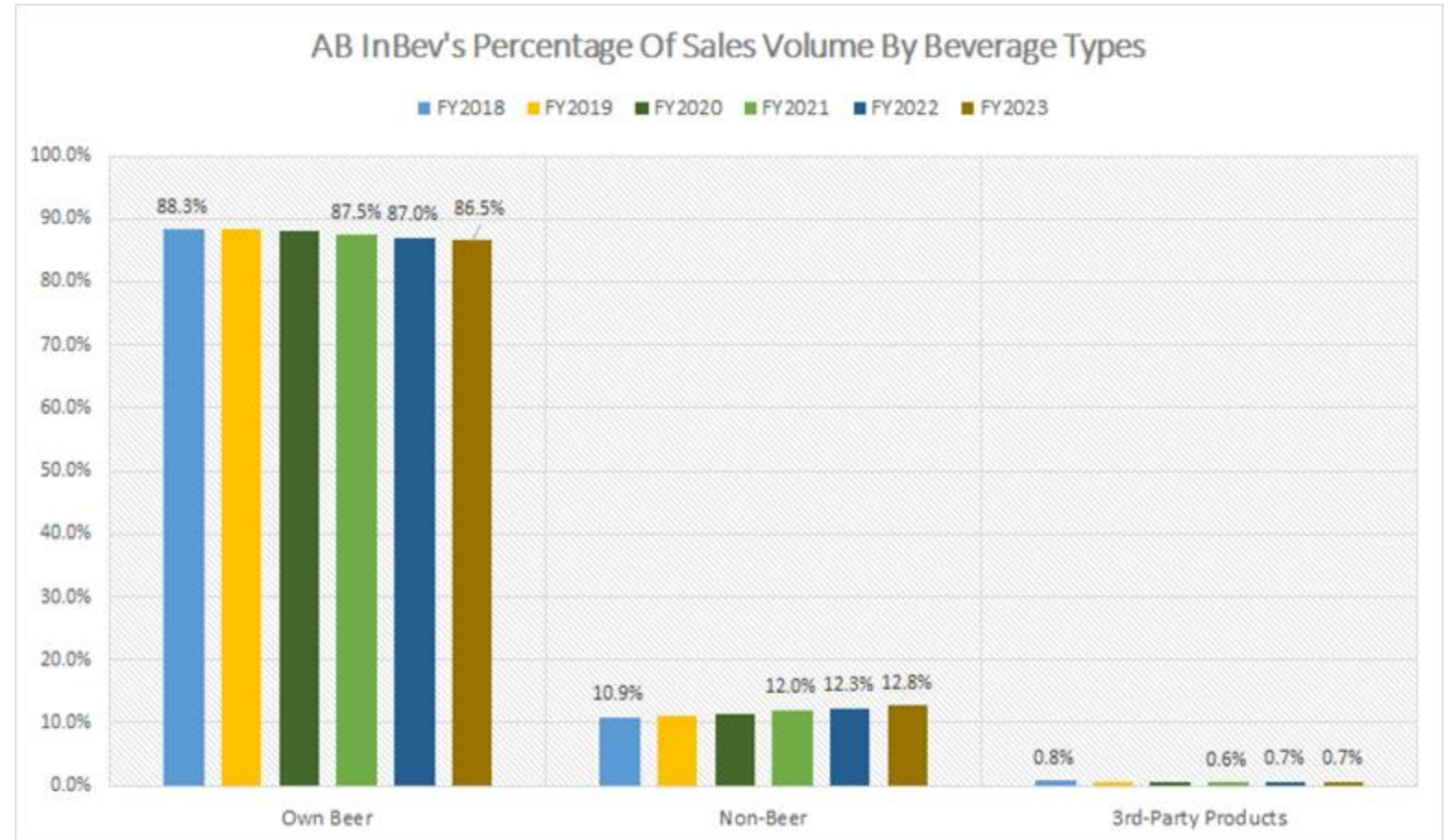
Anheuser-Busch

- The owner and parent company of over 500 brands worldwide, AB InBev has four main categories to classify brands
- Global Brands (Budweiser, Corona Extra, Michelob ULTRA, Stella Artois)
- Local Brands (Aguila, Brahma, Carling Black Label, ... etc)
- Beyond Beer (Brutal Fruit Spritzer, Cutwater, Nutrl...)
- Non-alcoholic (Budweiser Zero, Corona Zero, Stella Artois Liberte)



Sales Constraint

- Gradual but steady erosion in their core beer segment causes concern
- While diversification is generally positive, it also signals stagnation in their core market and a struggle to capture consumer interest in beer.





Annotated Price Chart

Anheuser-Busch

Students in Money Management



1. July-October 2021: Significant decrease in sales volume, especially in the Asia Pacific region
1. October 2022: Strong Q3 earnings report exceeds market expectations
1. May 2023: Major backlash from LGBTQ commercial leads to sharp decline in sales.
1. October 2024: Poor Q3 earnings shows revenue shortfall and fall in sales

Anheuser-Busch vs. S&P 500

Anheuser-Busch



BUD

SPY



Section II. Industry Overview

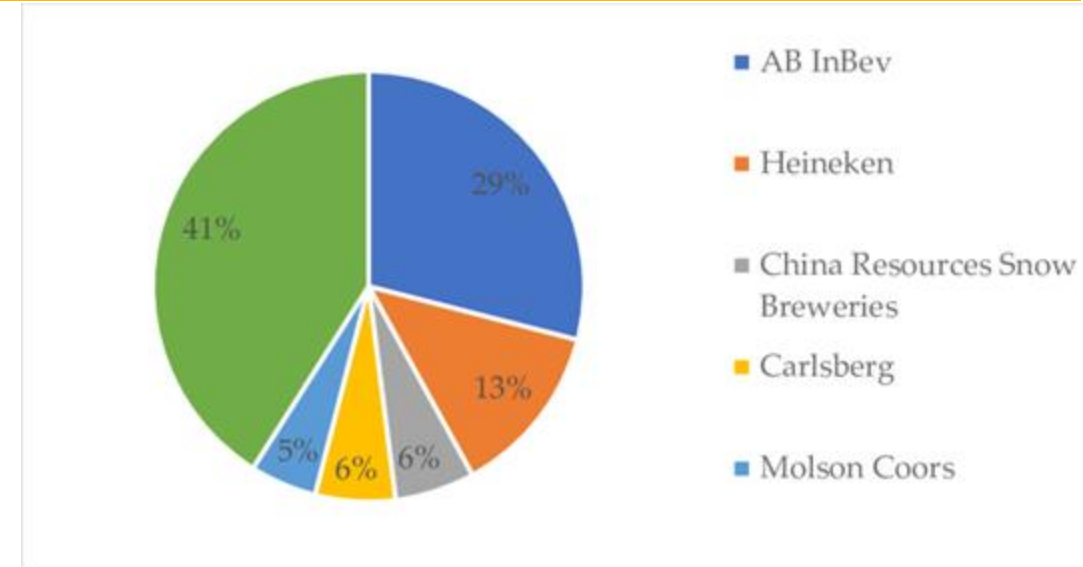
Analyst(s): Tyler Kelley, Anthony Cimino



Industry Overview

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- The global beer market valued at \$851B (Dec. 2024)
- Europe leads with 33.9% market share, U.S. 13.9%
- Asia/Latin America are emerging markets: driving future growth due to rising income and urbanization
- Government's are tightening alcohol regulations (advertising bans, higher taxes)
- US tariffs on Mexican, Canadian, and Chinese imports could possibly increase production costs for brewers. *



How Tariffs can affect Anheuser

Anheuser-Busch

- Newly announced tariff introduces a blanket duty of 25% on all steel and aluminum imports
- Steel is used in every step of the craft brewing process
- Beer in aluminum cans accounted for approx. 75% of craft breweries' revenue



Key Competitors

Anheuser-Busch



Key Trends

E-commerce & DTC sales

- Digital Sales are surging, with breweries investing in online platforms and delivery services
- Regulatory changes are making it easier for consumers to buy beer online.

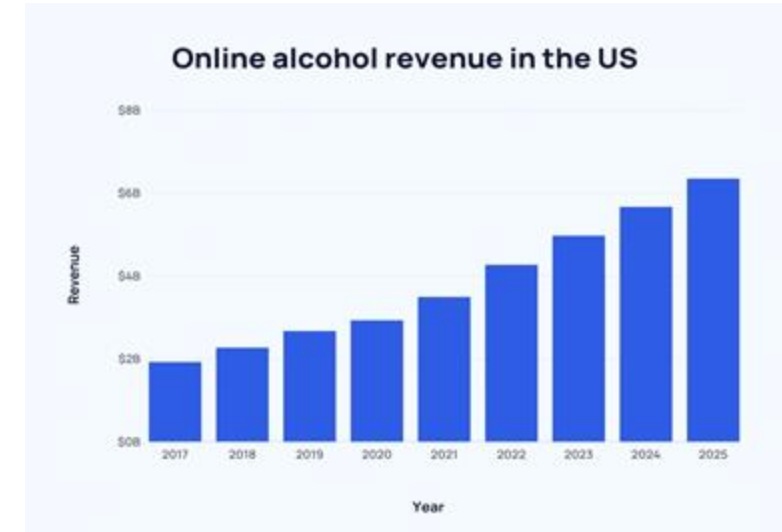
Health & Wellness

- Non-Alcoholic and low-calorie beers are gaining traction as consumers become more health-conscious
- Heineken 0.0 saw 10% sales growth in 2024, signaling increasing demand for alcohol-free options

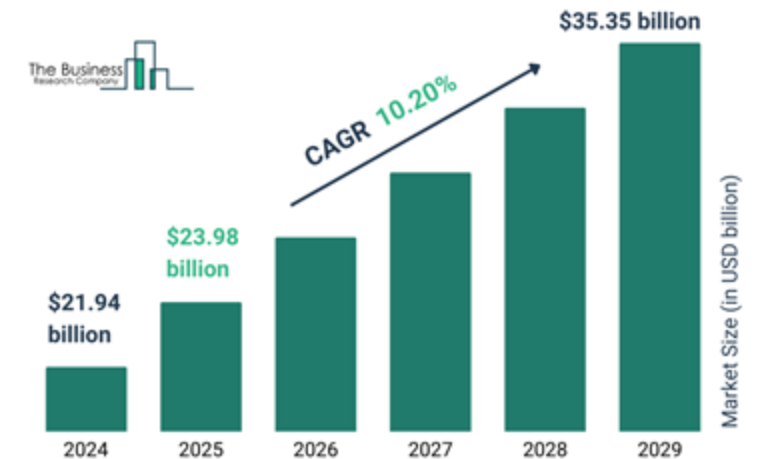
Craft Beer Growth & Premiumization

- Consumers are shifting towards premium beers, seeking unique flavors and higher quality
- U.S. craft beer industry continues to expand, despite consolidation among major brands

[Heineken Sales Growth](#)
[National Beer Data](#)



Non-Alcoholic Beer Global Market Report 2025

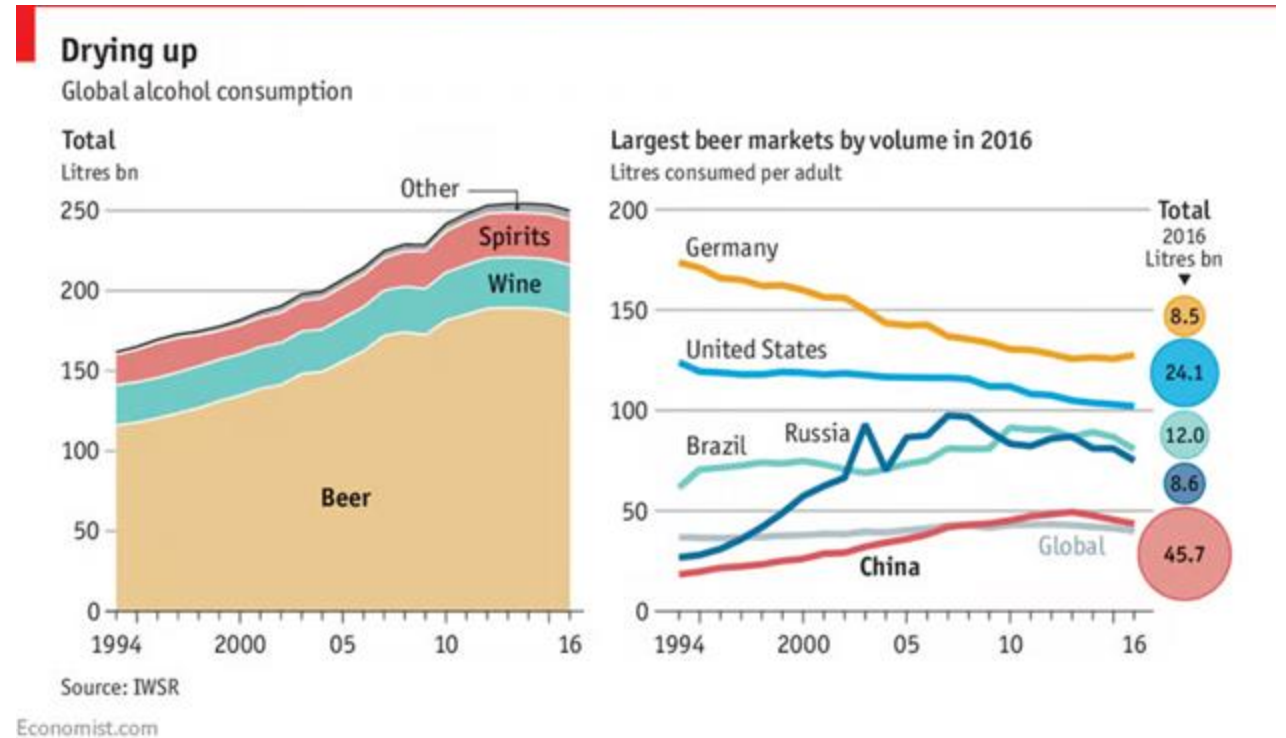




Risks & Headwinds

Challenges facing Alcohol Sector

- U.S. and European per capita Beer consumption is declining, with younger generations favoring spirits, cannabis, and RTD's
- Global beer percentage grew 2% CAGR in last decade
- Inflation and Cost Pressures
 - Barley, Aluminum cans, and energy prices remain elevated
 - Supply chain disruptions and currency fluctuations continue to affect import/export which then affects profitability





Anheuser-Busch

Section IV. Risks & Catalysts

Analyst(s): Ryan Berry, Mike Clouden



Risks and Catalysts

Anheuser-Busch

Risks

- Anheuser-Busch InBev offers an annual dividend yield rate of 1.63%. The company has a history of paying dividends, which can provide a steady income stream as an investor.
- Despite facing stiff competition, BUD's established market position and brand resilience can translate into long-term stability and growth.
- The company operates in multiple markets worldwide, which provides diversification and reduces the impact of economic downturns in any one region.
- BUD has expanded into non-alcoholic and craft beer segments which helps reduce reliance on traditional beer sales, potentially stabilizing revenue during shifts in consumer preferences.

Catalysts

- Analysts forecast will report quarterly earnings of \$0.72 per share. Which is a year over decline of 12.2%.
- Cost of sales and SG&A Q4 costs are expected to rise by 5.7% and 8.9%.
- Deteriorating brand image, specifically due to from involving themselves in social issues in their Ad campaign.
- Reported debt of 78 billion as of June of 2024. Much higher than competitors.
- Lack of new beer drinkers nationally, declining beer consumption in US in general
- Bad fundamentals (P/E, PEG,RSI)

Eroded Brand

Anheuser-Busch





Anheuser-Busch

Section V. Valuation

Analyst(s): Luke Van Splunder


Valuation

Anheuser-Busch

Stock Price	\$ 54.01
Fair Value ?	\$ 52.44 
Margin of Safety	 -2.99%

Saved Fair Values



Stock Price	\$ 54.01
Fair Value ?	\$ 38.95 
Margin of Safety	 -38.66%

Saved Fair Values



Why a Poor Valuation

Anheuser-Busch

- P/E at 18 trails industry average of 12
- With a P/S ratio of 1.58, investors are paying a premium given the declining sales in the core beer segment
- An EV/EBITDA of 9.97 indicates a high valuation, especially concerning given the company's recent operational challenges and market headwinds.
- High debt is constraining potential for crucial acquisitions



Anheuser-Busch

Section VI. Investment Thesis

Analyst(s): Luke Van Splunder

We are recommending a sell of our BUD shares at market price on basis of declining growth, brand erosion and less than stellar fundamentals

- **6 Shares**
- **Approx. \$320**
- **16% loss**

