Inbev anheuser busch merger analysis

In July this year, the US Department of Justice gave its blessing to AB InBev's proposed acquisition of SABMiller, meaning the world's largest brewery will be allowed to combine its business with the world's second largest brewery, making AB InBev what we call a super megabrewery in the legal world. AB InBev was formed by the merger of Interbrew of Belgium, AmBev of Brazil, and Anheuser-Busch in the United States. The company that would later become known as Anheuser-Busch was founded as the Bavarian brewery in 1852 in St. Louis by the German immigrant George Schneider. It was later bought by Eberhard Anheuser and William D'Oench. In 1869, Anheuser's son-in-law, Adolphus Busch, bought D'Oensch's stake in the company and soon after the company took over the name Anheuser-Busch. The company was responsible for a number of notable innovations in beer production, with Busch being the first brewer to use pasteurization, the first to use mechanical cooling and refrigerated rail cars, and the first to sell bottled beer on the mass market. In the 1870s, Busch toured Europe to study various brewing techniques used there. A beer that particularly interested him was a lager brewed in the Czech city of Ceské Budejovice. When he returned to St. Louis, he emulated the style of that beer, calling his new creation Budweiser, based on Budweis, the German name of the town of Ceské Budejovice. Due to Busch's groundbreaking use of refrigerated shipping, Budweiser American Lager became the first mass-produced national beer brand in the United States, and remains one of the most iconic symbols of Americana to this day. The company now operates twelve breweries across the country and produces a wide variety of beers, including Busch, Michelob, Rolling Rock, Shock Top and Natural Light (more affectionately known as Natty Light among American collegiate fraternal organizations) (Anheuser-Busch History). SABMiller is based in London and was formed by the merger of South African Breweries (SAB) and Miller Brewing Company in 2002. The Miller Brewing Company was founded in 1855 by Frederick Miller (born Friedrich Eduard Johannes Müller), a German immigrant who bought the existing Plank Road Brewery outside Milwaukee. Born into a wealthy and respectable family in Germany, Miller learned to brew beer on his uncle's estate in France. Because of the political turmoil that plagued Central Europe in the 1850s, Miller and his family emigrated to the United States in 1854, eventually settling in Milwaukee. With Plank Road Brewery in his hands, Miller continued to produce beer there in the style he had learned in the old country. His beer was immensely popular among the German community in Milwaukee and his empire grew and flourished. The Miller Brewing Company remained in the Miller family until 1966, after which it changed hands several times, including sales to Grace & Co. in 1966, Philip Morris in 1969 and SAB in 2002. Some of SABMiller's most popular beers include the classic Miller beers (Miller Genuine Draft, Miller Lite and Miller High Life), Blue Moon, Foster's and Leinenkugels (Miller History). The total cost of AB InBev's purchase of its rival SABMiller is about $100 billion dollars. Due to the behemoth size of both of these companies, a combination of their business would give AB InBev control over about 30% of the world's beer. Naturally, this prospect has raised some antitrust issues and the DOJ stepped in to review the deal. After months of review, the DOJ signed on to it, albeit with three major warnings: AB InBev will sell SABMiller's stake in MillerCoors AB InBev will end its practice of rewarding distributors who sell more of their beer than their competitors All future acquisitions of craft breweries will be reviewed by DOJ Because AB InBev will sell SABMiller's stake in MillerCoors , the merger will have minimal impact on the US beer market, but will significantly increase AB InBev's access to SABMiller's operations in emerging markets in Latin America and Africa (Chicago Tribune). In the spirit of full disclosure, The Law Office is based in St. Louis, home of Anheuser-Busch (AB in AB InBev), which also serves as the North American headquarters of the parent company. As such, we like our beer, and we have kept an eye on this potential merger. And since we are in the business of evaluating the relative patent prosecutions of the companies, we wanted to see what form both of these companies are in in that regard. So, after some digging through our extensive collection of patent data, we figured out how well each company handles patent prosecutions. What we discovered is that AB InBev stands to significantly improve its patent prosecution calculations with the acquisition of SABMiller. See the graphs below for our findings. AB InBev stands to significantly increase its average quota rate and reduce its prosecution timeline with the acquisition. Usually when we compare two similar companies in this way, the margins of victory are quite small. While this pattern held true here for the average number of office actions, SABMiller's average quota rate and speed at its disposal were both significantly better than AB InBevs. While the acquisition will not be a total victory for AB InBev (SABMiller loses more scope of claim), the significant improvement in quota speed and disposition speed is likely to offset that setback. We will continue to keep an eye on this merger and provide you with updates if there are any changes. Meanwhile, all this writing about brewery companies has made the author quite thirsty. Prost! Are you an in-house advice curious about how your business compares with its competitors? Sign up today and see what Juristat show you. It was a deal intended to complete a two-decade takeover spree to make Anheuser-Busch InBev the undisputed beer king. Instead, the megabrew takeover of rival SABMiller has given its Belgian-Brazilian owner an extended hangover. AB InBev shares are 26 per cent below the level they were at in October 2016 when the £79billion deal was completed, despite a strong rally since the start of the year. The world's largest brewer still carries $106bn in debt taken on paying for the deal, which was intended to boost its position in Africa and Asia where SABMiller was strong. Over the past year, AB InBev has accelerated efforts to win back investor confidence by halving its dividend, replacing the chairman and promising to sell assets. Turnround arguably matters most to AB InBev's largest shareholders - the American tobacco group Altria; Colombia's Santo Domingo family; the three Brazilian founders of 3G Capital; and a group of Belgian families, who together own more than half of the shares. The latest twist in the saga came last Friday, when AB InBev recovered quickly from the failed listing of its Asian operation by revealing the sale of its Australian business to Japan's Asahi for $11.3bn. The Australia unit is just the last part of what was SABMiller to go on the block. Shortly after the megabrew agreement was signed, competition authorities forced the two breweries to sell operations in the United States, Europe and China to compensate for geographical overlap. With the Australia business sold to chip away at debt, some industry leaders and bankers question whether the deal for the London-listed brewer was really worth it. Advisory fees and taxes alone cost $2bn. We have always said that the deal made strategic sense, but AB InBev paid a very high price for what Bernstein analyst Trevor Stirling Every single disposal has been done on a dilutive multiple to what they paid for SABMiller, the share price is lower and they still have a mountain of debt to deal with, said a top consumer industry adviser. AB InBev disputed this criticism, saying the SABMiller takeover brought with it geographical diversification, massive cost savings, as well as a portfolio of strong brands. Through the combination we became a truly global brewer, it said. The combination had a strong strategic rationale in 2016, and it continues to have a strategic rationale today. Yet the figures are undisputed: To get the deal approved by regulators and then to deal with debt, AB InBev has sold parts of SABMiller worth almost a third of the target's one-off enterprise value of $122.5bn. In doing so, AB InBev lost just under half of the $7.1bn in earnings before interest, tax, depreciation and amortisation that it acquired through SABMiller, according to Jefferies analyst Ed Mundy. several retrieved by disposals were 10.2 times ebitda, compared to the 17.3 times that AB InBev paid for the brewer. Bernstein analyst Trevor Stirling still believes AB InBev came ahead of the acquisition because it picked up strong market positions in Africa and India, and Colombia, Ecuador and Peru where it had not had a presence before. We've always said the deal made strategic sense, but AB InBev paid a very high price for it, Stirling said. Even after the sale of assets, AB InBev is left with some really attractive, growing businesses with good long-term prospects. A bright spot from SABMiller is that AB InBev is now among the top four breweries in Africa, where the population is largely young and is expected to drink more beer when economic growth gathers pace. It bought a 20 percent stake in the Africa business of privately owned Castel, which is widely seen as a potential takeover target if the 92-year-old French billionaire owner ever wants to sell. In Colombia, it commands a near monopoly position. AB InBev has also carried out the reckless cost cuts for which it is known, wringing out synergies at SABMiller worth about $2.2 billion annually. Much of the profits lifted from that, however, have been leached away by emerging market currencies weakening against the dollar. Since 2016, Jefferies estimates that unfavorable currency has cost AB InBev $2.3bn. With the exit from Australia, emerging markets are even more important to AB InBev's fortunes and will hold the key to whether megabrew lives up to its name. Name.