

AB InBev-SABMiller Merger Bash: Who Will Have the Most Fun

By [HELEN THOMAS](#) And [SPENCER JAKAB, WSJ](#), Sept. 16, 2015 12:53 p.m. ET

Anheuser-Busch InBev has finally opted to down its pint, but everyone else in the bar may end up having more fun. The world's largest brewer by sales said Wednesday that it [planned to make an offer](#) to buy [SABMiller](#), a long-awaited deal that would bring together companies controlling 30% of global beer volumes.

The timing, at least from AB InBev's standpoint, makes sense. SABMiller has underperformed other beer companies this year, thanks to its huge emerging-markets exposure. Nearly 70% of its sales are made in China or markets reliant on commodities like Nigeria, Australia or sub-Saharan Africa, notes [Barclays](#), the highest in the European staples sector.

Longer-term this should translate into higher growth. Indeed, increasing its exposure to markets like Colombia, Peru and in Africa may be part of the appeal for AB InBev. But given current anxieties, SABMiller's valuation had dropped to about 18 times forecast earnings, a slight discount to the sector. Over the past year, the stock has underperformed AB InBev by about 30 percentage points.

SABMiller still won't come cheap. Even before the deal announcement, its valuation was at a slight premium to its five-year average of about 18.3 times. Its substantial shareholders, [Altria](#) and Colombia's Santo Domingo family, from whom SAB bought Bavaria in 2005, together control more than 40% of the company.

But AB InBev's [formidable reputation in slashing costs](#) means a deal helps to offset concerns about its own slowing growth. The fact that big investors like Altria may prefer to take shares, rather than cash for tax reasons could ease financing constraints, in a deal that could top \$100 billion.

Emerging-markets issues are a near-term concern, but AB InBev may be wisely taking a longer view. Those markets, after all, are where the growth will be in coming years for big brewers. Beer consumption in developed markets like the U.S. has slowed in recent years and craft brewers, while still a small factor overall, have nonetheless been taking market share.

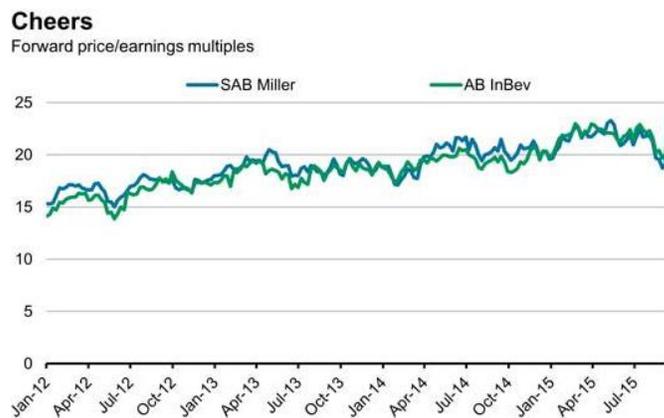
But it could be other brewers that are really raising their glasses. A combination would set off a chain reaction that would force valuable assets onto the market and lead to a shakeout in partnerships and alliances around the industry.

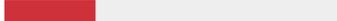
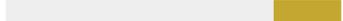
SAB last year agreed to merge its soft-drinks bottling operations with [Coca-Cola's](#) in Africa, a deal that has yet to close but presents a potential conflict with AB InBev's relationship with [PepsiCo](#) in Latin America. Antitrust concerns could force the sale of SAB's 49% stake in China Resources Snow Breweries, a potential opportunity for rivals to buy into the [country's largest brewer](#) by volume.

Meanwhile, the deal would almost certainly mean a windfall for North America's [Molson Coors Brewing](#). Its MillerCoors joint venture with SABMiller controls two of the top four best-selling beer brands in the U.S. AB-InBev has the No. 1 beer by sales in the U.S., Bud Light. All this would push a combined global mega-brewer well past the threshold of what U.S. regulators could accept.

Molson Coors shares were up over 14% in early New York trading. The stunning results enjoyed by [Constellation Brands](#) are likely figuring in investors thinking. Before 2012, Constellation was known for wine and spirits. But in that year, AB InBev made an offer for Mexico's Grupo Modelo. It had a 50-50 joint venture with Constellation in Crown Imports, which distributed Modelo's beer brands in the U.S. Constellation then became the only natural buyer for the other half of Crown when the merger forced a sale of that stake.

Constellation's stock has appreciated by 560% since that deal was announced. The shares had been moribund beforehand. As lucky brewers all over the world may soon find out, sometimes the stars just line up perfectly.



Anheuser-Busch InBev		SABMiller
Leuven, Belgium	HEADQUARTERS	London, U.K.
Budweiser, Corona, Stella Artois, Beck's Hoegaarden, Skol, Victoria Bitter	BRANDS	Miller, Aguila, Peroni, Pilsner Urquell
U.S., Brazil, China	MAJOR GEOGRAPHIC MARKETS	Latin America and Central America (e.g. Colombia, Peru, Ecuador, Panama), Europe, South Africa
Brussels and New York	STOCK LISTINGS	London and Johannesburg
155,000 	EMPLOYEES = 10,000	69,000 
20.80%	2014 MARKET SHARE BY GLOBAL SALES	9.70%
\$47.10 billion 	REVENUE (FISCAL/FULL YEAR 2014)	\$34.10 billion 
\$171 billion 	MARKET CAPITALIZATION	\$75.30 billion 

Potential Anheuser-Busch InBev Takeover of SABMiller Has Pitfalls

Buying SABMiller is a considerably riskier deal than AB InBev has attempted before

SAABIRA CHAUDHURI, WSJ, Sept. 30, 2015 6:50 a.m. ET

LONDON—An [Anheuser-Busch InBev](#) NV takeover of [SABMiller](#) PLC has been rumored for so long that people might be tempted to take its merits at face value, but several analysts think the drawbacks and obstacles in such a deal outweigh any advantages.

Buying SABMiller, which has operations in 80 countries, is a considerably riskier deal than AB InBev's leadership has attempted before—with either its 2008 acquisition of Anheuser-Busch or its 2013 deal to buy Mexican brewing giant Grupo Modelo SAB.

One issue is price. [AB InBev's courtship of its smaller rival was confirmed Sept. 16](#), when SABMiller was forced to put out a statement by the U.K.'s takeover regulator after its shares moved on media speculation. The publicity could make it harder for AB InBev's management to “maintain financial discipline,” said RBC analyst James Edwardes Jones. Above an offer price for SABMiller of £42 (\$63.62) a share, or about \$103 billion, “any acquisition would move into the realms of value destruction,” he said.

The payoffs likely wouldn't come quickly, either. If AB InBev were to buy SABMiller for £39 a share—a roughly 30% premium to SABMiller's share price before the takeover approach—it would take seven years for the return of capital from the deal to exceed SABMiller's underlying cost of capital, said Bernstein analyst Trevor Stirling.

Another issue is how the deal would be structured, given that SABMiller's largest shareholders, [Altria Group](#) Inc. and the Santo Domingo family of Colombia, would prefer shares over cash for taxation purposes.

[AB InBev also would have to navigate a variety of likely antitrust concerns](#) in jurisdictions such as the U.S., some South American countries and possibly China.

While [3G Capital Partners LP, the private-equity firm](#) run by some of AB InBev's controlling shareholders, has a reputation for wringing costs out of the businesses it acquires, SABMiller is widely seen as an efficiently run business already, meaning AB InBev should expect fewer synergies as a percentage of sales than it realized in prior acquisitions.

“We are not convinced that the potential acquisition of SABMiller would work culturally or strategically,” said Mr. Edwardes Jones, who downgraded AB InBev's shares following the announcement about a possible takeover of SABMiller and cut his price target on the stock.

SABMiller's dominant position in Africa—where it operates on its own or through partnership in 37 countries—was widely seen as a key driver of AB InBev's interest in the company, but some analysts posit that operating on the continent would present a raft of challenges for AB InBev.

“The margins AB InBev has enjoyed have been top-of-class, but the structural costs in Africa will be higher,” said Barclays analyst Kenny Lam, noting that infrastructure limitations in Africa force brewers to operate breweries in virtually every country they sell in. That doesn't fit with AB InBev's business model, “which is about scale and efficiency,” he said.

Selling SAB's sub-Saharan Africa business would reduce the risk and complexity of a deal but would also “significantly reduce” the combined company's prospects for growth, Mr. Stirling said.

[SABMiller Chief Executive Alan Clark](#) has emphasized the company's soft-drink portfolio as an engine for growth, something Mr. Lam predicts would take a back seat in the combined company. “It could be a major strategy change,” he said. Soft drinks now make up 22% of SABMiller's total sales by volume, compared with 17.2% in 2009. By contrast, AB InBev gets 10% from its sales by volume from non-beer categories, including soft drinks and other products such as cider, up from 9.1% in 2009.

The two companies have different approaches to ownership, Mr. Edwardes Jones said. Mr. Clark owns 298,000 shares of SABMiller, compared with an estimated 2.39 million shares held by AB InBev CEO [Carlos Brito](#), he said.

SABMiller and AB InBev declined to comment.

While SABMiller doesn't mind taking a back seat on certain businesses, AB InBev likes to stay in control. Roughly 30% of SABMiller's earnings last year came from entities it doesn't control, but AB InBev's share of such income was just 0.1%, illustrating a distinctly different attitude toward how to make profit.

With SABMiller's and AB InBev's respective roles as bottlers for [Coca-Cola](#) Co. and [PepsiCo](#) Inc. there is a chance that one of those lucrative relationships might have to be jettisoned given the rivalry between the soft-drink makers.

“In a transformational deal you would expect some sort of give-and-take on the overall strategy, but this would be more than a give-and-take, it would be a fundamental overhaul,” Mr. Edwardes Jones said.



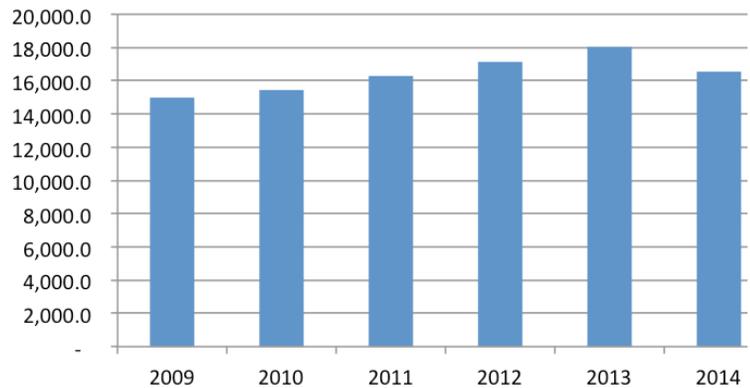
Diageo: What Could the AB InBev - SABMiller Deal Mean?

Forbes, 9/22/15

[Diageo](#), the world leader in spirits has been seeing tougher times of late. Some may call this sheer bad luck, where the company, in spite of having a world class product portfolio, has been subjected to losses in light of a slowdown in markets across [Asia](#) and Latin America, changing tastes and preferences in markets such as the U.S., tough economic conditions across [Europe](#), and currency headwinds. Recently, the news of a takeover offer between the world leader in beer, [Anheuser-Busch InBev](#) and second in line, [SABMiller](#) emerged. Could [Diageo](#)'s woes worsen if this takeover actually occurs?

First and foremost, let's understand the nature of rivalry between these relevant firms. While Diageo is the leader in spirits, AB InBev and SABMiller dominate the global beer market. However, it may not be entirely accurate to write off Diageo as a competitor for AB InBev and SABMiller. After all, ever so often, we hear of how shifts in consumer preferences from beer to spirits or vice versa have been hurting certain company's performance. Now, clearly if AB InBev and SABMiller decide to join forces, it is very straightforward to expect large-scale efficiency gains, given the massive size of these names. In this case, the post merger entity could very well transfer a part of these cost savings to consumers. A study titled "[Competitive Analysis with Differentiated Products](#)" suggests that the own-price elasticity estimate for various beer brands ranges between -3.8 and -6.2. In this case, if price declines resulting from cost savings are instituted, many spirits consumers could shift to beer, particularly in emerging markets where price is a major consumption consideration.

Diageo Revenues (in \$ million)



The next factor stems from the fact that Diageo does not only compete with the likes of SABMiller and AB InBev as a spirits maker but also has its own line up of beers. The company is the proud owner of the world's no.1 stout beer brand, Guinness, apart from other beer brands such as Kilkenny, Meta Beer, and Dublin Extra Lager. Guinness is a particular favorite of African citizens, with stout beer having an approximate 45% market share in the region. More recently however, the sale of Guinness, particularly in big African markets such as Nigeria, have been troubled due to a weaker consumer environment forcing customers to down-trade to less premium options. Against this, Guinness experienced a 5% volume decline in the last fiscal year. Now, Diageo's main competitor in the market is SABMiller, who with their cross shareholding in the Castel group have managed to set foot in over 35 African countries. With their roots in South Africa, SABMiller has managed to carve its way to being the market leader in Africa. With AB InBev having no meaningful presence in Africa, SABMiller's solid hold over this lucrative market makes it the top selling point for the acquisition. If the joint entity can ensure better price competitiveness in the region by passing on cost savings, to make good quality beers available at more competitive prices, Diageo's Guinness may have much more to deal with in the region.

Now, what has Diageo been banking on to drive their beer brands in the lucrative African market? Top on the list is innovations. For instance, the last fiscal year witnessed the national roll-out of Orijin, a kind of fruity drink that has 6% alcohol content. Orijin has seen growing popularity particularly in key African markets such as Nigeria, with the brand aiding a 9% beer net sales increase. [Bloomberg](#) describes the brand to be a "faster-growing addition in Nigeria to its flagship Guinness stout." However, competitors are not sitting still, with many innovating in this space to get a slice in Orijin's growth. The next is pricing. Clearly, Diageo acknowledges the losses that they have encountered in top markets such as Nigeria due to their premium pricing position and will be expected to show more subtlety in pricing going forward. However, in the situation that the AB InBev takeover does come through, Diageo may have to ramp up their rate of innovation in the region along with offering more competitive prices to avoid losing market share. The combined impact of this could very well weigh on their finances.

A final consideration is of how likely the take over is expected to be. It is obvious that an acquisition of this magnitude that involves the two top players in the global beer market is bound to have numerous anti-trust issues to overcome. Given that the addition of SABMiller to AB InBev's umbrella is going to literally complete the latter by bringing in untapped markets across Africa and South America, along with bringing the combined market share in key markets such as the U.S. to over 70%, might make it almost impossible for other players in the beer space to compete. Furthermore, the move is bound to bring in major economies of scale along with production, distribution, and marketing efficiencies, which might institute various barriers to entry and expansion for other existing and prospective players in the global beer market. In this case, even if the deal is passed, it might involve significant divestitures, which may not make the post-merger entity as much of a threat as they seem to be currently.

In conclusion, although an AB InBev – SABMiller combination could threaten Diageo and force them to scale up innovations and offer competitive prices, potential anti-trust issues might just mitigate the kind of threat that this duo could pose. Even then, Diageo has the potential to stand up to this force since they do, after all, specialize in spirits rather than beer, which has been seeing more favorable consumption trends in a number of top markets such as the U.S. Lastly, the prospects of this takeover coming through could be highly questionable since this is not the first time that talks of such a takeover have surfaced.

Trefis has a [\\$115 price estimate for Diageo](#), which is above the current market price.

Investors See Big Yields Brewing in AB InBev-SABMiller Deal Talk

Katie Linsell & Cordell Eddings, Bloomberg, September 25, 2015

Corporate-bond investors are salivating.

Anheuser-Busch InBev NV talks to buy rival SABMiller Plc are spurring anticipation that investors will soon be offered another mega bond sale. And if the last several big deals are any indication, it will come with juicy yields.

The beer maker would probably raise about \$60 billion of debt to finance the acquisition, Owen Murfin, a London-based portfolio manager on BlackRock Inc.'s global bond team, said Thursday. That would be a record bond offering, exceeding the \$49 billion that Verizon Communications Inc. raised two years ago to fund its buyout of Vodafone Group Plc's stake in a wireless venture.

"AB InBev would have to make concessions to get that size of deal done in this kind of market," said Chris Bowie, a London-based money manager at Twentyfour Asset Management, which oversees about 5 billion pounds (\$7.6 billion) of assets including AB InBev bonds. "There's a lot of risk out there for fixed-income investors at the moment."

While an AB InBev-SABMiller deal is far from certain, the amount of debt that would be needed to fund the takeover would likely be marketed to investors at a premium in order for the market to absorb it. Verizon offered as much as 0.47 percentage-point more what debt with similar ratings and maturities was yielding at the time.

Investors also have been demanding more compensation during the past few months as a slowdown in China roiled markets. Yields on corporate bonds worldwide, after falling to an all-time low in April, have risen by more than 0.5 percentage point to 2.9 percentage points, Bank of America Merrill Lynch index data show. Investment-grade bonds have handed investors a 0.04 percent-return this year, compared with 6.03 percent in the same period last year, according to the data.

"Given the volatility in the market they will have to pay up," said Jack Flaherty, a money manager in New York at GAM Holdings AG, which oversees \$127 billion. "It's exciting, given the uncertainty in the market and the continued need for yield."

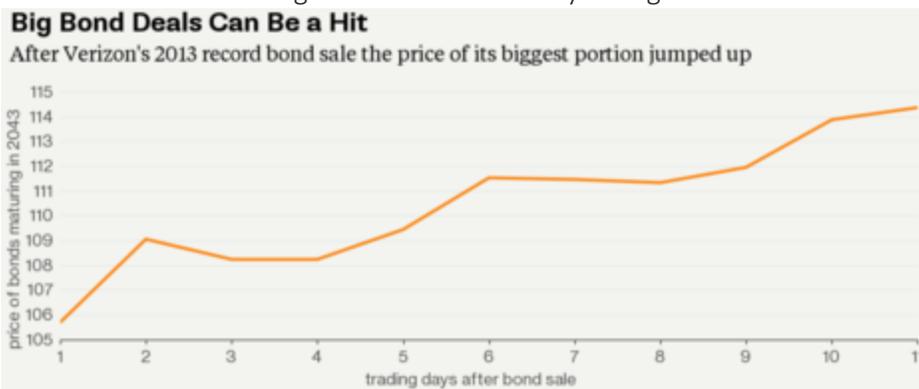
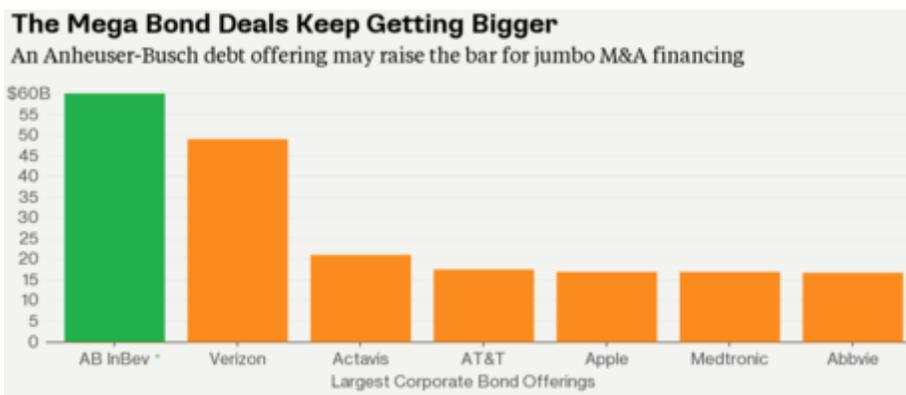
Largest Beer Maker

Banks are willing to offer more than \$50 billion of debt for the brewery acquisition, people with knowledge of the matter said last week. AB InBev has reached out to Altria Group Inc., which owns about 27 percent of SABMiller, about a deal.

AB InBev executives declined to comment on the company's financing plans and a spokesman at SABMiller declined to comment on the potential deal.

A possible merger may result in a lot of regulatory scrutiny, as combining the two companies would create the world's largest beer maker, controlling almost 30 percent of the global market.

The bond market "would accept it pretty easily, despite the size," said Matthew Duch, a money manager at Calvert Investments in Bethesda, Maryland, which oversees more than \$13 billion in assets. The biggest concern is whether a takeover would be approved "and that is still a big question," he said.



How marketing could be structured at a AB InBev/SABMiller mega brewer

Natalie Mortimer and Seb Joseph, The Drum, September 25, 2015

The world's two biggest beer makers are brewing a mega deal that would need to resolve a clash in marketing cultures if brands like Budweiser and Peroni are to win over drinkers who have a wider repertoire than ever before.

Dubbed 'Megabrewer' by the beer industry, AB InBev began talks to acquire SABMiller for \$122bn earlier this month. A consolidated "megabrewer" would have the marketing and distribution might to be more aggressive in its product promotion in mature markets and equally aggressive in opening newer markets. But the deal wouldn't come without its casualties.

AB InBev's heavyweight, big-budget national campaigns are at odds with the more measured, localised efforts of SABMiller. And from a strategic perspective, plans devised for the likes of Budweiser and Stella Artois are more quantitative driven than their SABMiller-owned counterparts due to the influence of the private-equity firm 3G Capital.



A closer look at the marketing for AB InBev's Stella Artois and SABMiller's Peroni highlights their conflicting approaches to brand building but also opportunities for brand development. Even with years of investment in quality messaging, the ultra competitive premium beer market still seems to see Stella Artois' multi pack formats being red-ticketed in supermarket aisles. Compare this to Peroni's nuanced, confident, traditional advertising; it may lack the big media and activation budgets (for now) of its American and Belgian cousins but the brand still feels Italian and more importantly premium.

It's a chance for Budweiser to learn from a fresh approach to brand building, particularly in developing markets across the globe, and Peroni to broaden its marketing repertoire

Alcohol owners are increasingly aware they need to mend the disconnect between how their brands need are advertised and sold to consumers more open to experimentation. More than ever, the mature beer markets are full of consumers who aren't clearly defined mainstream beer drinkers, making provenance and content more potent components of a beer marketing plan.

Speaking to The Drum Matthew Bennett, creative partner at ZAK, which develops campaigns for Magners, said that he will be keeping a close eye on what could happen to the handful of top brands for each: Stella and Bud for ABInbev, and Peroni, Pilsner Urquell and Meantime, for SAB Miller.

"I've picked those out deliberately to make a comparison between the behemoths of Stella and Bud, [which are] truly global brands. And wow don't they feel it with the budgets to force their way into your consciousness, long ago having lost any sense of real home place, versus brands that just seem to feel a lot more authentic."

The challenge then, will be for the two brewers not only align their brand strategies but to also build an umbrella portfolio strategy to allow the two companies to co-exist without overshadowing the other, in everything from brand advertising to channels and distribution.

"This merger, if successful, will also provide AB InBev and their brands with unparalleled access to the wealth of expertise held by SABMiller in building brands in developing markets across the globe," said Brand Union's managing director Jonny Westcar.

"Equally, it is interesting to see how the amalgamation of these corporations will settle within a marketplace whose growth is currently driven by the influence and innovation of small scale craft brewers. With the recent backlash globally to Heineken's purchase of US craft beer maker Lagunitas, could this new conglomerate risk seeing drinkers shun corporate domination?" he added.

There's also the prospect of the prospective 'megabrewer' impacting agencies. Existing deals could end and new ones formed as they have done in similar situations for the recently-formed Kraft Heinz Company and Mondelez following its spin off from Kraft in 2012.

"As an agency owner, I'd want a brief to rediscover how to make punters feel Stella and Bud, the same way that I feel Peroni and Urquell," said Bennett. "And incidentally, I'd exit football: there are so many better brands, better placed between those two brewing big boys to authentically claim a stake in the world's biggest game."

AB InBev's purchase of SABMiller has been rumoured for some years but never materialised, most likely because of the debts taken on by the former to fund its acquisitions over the last five years. Should it be given the green light to go ahead, it could give AB inBev control of almost one third of global beer volumes. It could open up opportunities for rivals Heineken and Carlsberg, given SABMiller's stake in Miller Coors would probably need to be sold in order to appease competition regulators. Alcohol experts have predicted Carlsberg and Heineken would likely swoop for any major assets should the "megabrewer" deal actually happen.

AB InBev seen reining in SABMiller's decentralized culture

BY [MARTINNE GELLER](#), REUTERS, 10/6/15

If brewing giant Anheuser-Busch InBev ([ABI.BR](#)) buys SABMiller ([SAB.L](#)), it will likely force its centralized and standardized operating model on a business known for regional independence.

A culture clash is common in any merger. Here, SAB's integration into AB InBev may mean an end to the partnerships and equity stakes it has around the world. The combined company may also adopt a centralized structure that better suits a focus on global brands like AB InBev's Budweiser and Corona, whereas SAB has historically nurtured local brews like Castle in South Africa and Aguila in Colombia.

Yet with AB InBev much more profitable than SAB or other brewers, investors are unlikely to mind. "Investors recognize that organizations have different cultures but at the end of the day, really they're concerned about sustainable earnings growth," said Bernstein Research analyst Trevor Stirling. "There's not much sentimentality when it comes to these things."

Bernstein estimates that cost savings from the deal could result in a 7.5 to 12.5 percentage point benefit to margins. AB InBev had a profit margin of 39 percent last year, versus 23 percent for SABMiller.

"The operating ethos at SAB was very decentralized," according to a former SAB executive. Managers under former CEO Graham Mackay were encouraged to use their own initiative and judgment, he said. Mackay, who led SAB's international expansion with a string of deals over two decades, died in 2013.

Big brewers have been cutting costs recently as sales slow in many markets due to faltering economies and competition from craft beers and cocktails -- a trend which has led SAB to move toward consolidated procurement. But the company has tried to stay decentralized where possible.

"I think (AB InBev CEO) Carlos Brito will come in and rightly recognize the huge amount of additional cost that's been layered into the business to try to protect that local culture," said the executive, speaking on condition of anonymity. "They'll have no compunctions at all about throwing over this rather delicate operational culture for something that's more financially driven."

Brito runs Belgium-based AB InBev from New York with a legendary zeal for cost-cutting and performance analytics inherited from his mentors, the billionaire founders of private equity firm 3G Capital who are among the group of insiders who collectively own about 52% of the company. "You're always running, always close to a limit. You're working very hard and being evaluated all the time," 3G founder Jorge Paulo Lemann told Fortune Magazine in 2013 about the 3G culture. "People either like it or don't like it."

The two companies, which both declined to comment for this article, revealed last month that AB InBev had approached SAB about a combination. Under UK takeover rules, the company has until Oct. 14 to make a firm offer.

'COMPLETELY OPPOSITE'

A combined AB InBev and SABMiller, dubbed "MegaBrew" by analysts, would make nearly one out of every three beers drunk globally. Its U.S. share would touch 70 percent, so any deal will likely lead to the disposal of SAB's 58 percent stake in the U.S. joint venture it has with Molson Coors ([TAP.N](#)).

Many analysts also expect MegaBrew would unwind SAB's 49 percent stake in its joint venture with China Resources ([0291.HK](#)), even if not required by a change of control clause or antitrust concerns.

The Chinese venture makes Snow, the world's top-selling beer by volume, but the market is not very profitable, and having a large financial stake without control is "completely opposite" AB InBev's typical approach, according to an industry banker. "ABI want to run businesses they control, where they can really leverage their know-how," the banker said, noting that such a structure is also better for shareholders. "If you're an investor, you're buying into the management team operationally."

In Africa, SAB recently agreed to merge its soft drink bottling operations with those of Coca-Cola ([KO.N](#)). Bernstein's Stirling said he thinks MegaBrew will divest that business, but could keep in place SAB's relationship with French wine maker Castel Group. Castel, a pioneer of the African beer industry, owns 38 percent of SABMiller's Africa business and SAB owns 20 percent of Castel. There has been recurrent speculation about SAB buying the rest, but Pierre Castel, the octogenarian founding president, has not wanted to sell, according to banking and industry sources.

The sources say the Castel relationship is important, however, because AB InBev has very little experience in Africa. They are less clear about the future of SABMiller's 24-percent stake in Turkish brewer Anadolu Efes ([AEFES.IS](#)).

Analysts note that where previous deals by AB InBev have been mostly about consolidation and cost-savings, SAB is also about expansion. "This deal comes with a growth element," said Morningstar analyst Phil Gorham. "It's about trying to offset the declines they've got in other parts of the world."

Like SAB, AB InBev also has a large array of local brands it sells in particular markets, but much of its marketing focus and ambition is bringing its global brands like Budweiser to as many markets as possible. "AB InBev does big global deals, which is probably smart because they have big global brands, and that's how you leverage those brands," said Harry Schuhmacher, publisher of Beer Business Daily. "Their ultimate goal is to have a Coca-Cola of the beer industry."



SABMiller Rejects AB InBev's \$104 Billion Proposal

By SAABIRA CHAUDHURI, WSJ, Oct. 7, 2015 10:39 a.m. ET

LONDON— SABMiller PLC rejected a takeover proposal from Anheuser-Busch InBev NV on Wednesday that valued it as high as £68.24 billion (\$103.88 billion), the latest salvo in what is quickly becoming a tense negotiation between the world's No. 1 and No. 2 brewers.

The tensions extend to SABMiller's two largest shareholders, U.S. tobacco company Altria Group Inc. and the Santo Domingo family of Colombia. Altria, which holds a stake of more than 25%, said it would support a deal at or above AB InBev's proposed price. The Santo Domingos' BevCo Ltd. investment vehicle, with about 15%, joined with the rest of the SABMiller board in rejecting the proposal.

AB InBev said it had proposed a cash price of £42.15 a share, with a so-called partial-share alternative aimed at pleasing SABMiller's largest shareholders. The latest proposal was the third it has made to SABMiller's board, which rejected the earlier two, each company said.

SABMiller said its 16-member board, excluding three directors nominated by Altria, "unanimously rejected" the £42.15 proposal "as it still very substantially undervalues SABMiller, its unique footprint, and its stand-alone prospects."

In a separate release Wednesday, Altria said it supports the current proposal, including the share alternative, and recommended that SABMiller's management engages "promptly and constructively" in talks.

The cash proposal represented a premium of about 44% to SABMiller's closing share price of £29.34 on Sept. 14, the day before SABMiller shares started climbing amid speculation [about an approach from AB InBev](#).

AB InBev had said the share alternative—essentially a less-valuable offer of cash and shares—would be available for 41% of SABMiller shares outstanding. That corresponds to the amount held by Altria and the Santo Domingo family. That offer valued each SABMiller share at £37.49, or a 28% premium, but offers tax advantages to Altria and the Santo Domingos.

The deal's structure has been a key point in negotiations. If SABMiller had agreed to the proposal, and Altria and the Santo Domingo family elected to accept the lower cash-and-stock proposal, AB InBev would have ended up paying £65.14 billion for SABMiller. BevCo didn't immediately respond to a request for comment.

SABMiller shares were up 0.8% at £36.49 on Wednesday afternoon, having risen as much as 4.4% earlier.

AB InBev said it has made two prior written proposals in private to SABMiller, the first for £38 a share in cash and the second, on Monday, for £40 in cash. SABMiller said AB InBev on Monday also indicated the possibility of a raised all-cash price of £42 a share alongside the partial stock alternative. SABMiller said its board—excluding the directors nominated by Altria—concluded that even if AB InBev formalized the £42-a-share proposal, it would reject this.

"AB InBev is disappointed that the board of SABMiller has rejected both of these prior approaches without any meaningful engagement," said the brewer. "AB InBev believes that the revised cash proposal of £42.15 per share is at a level that the board of SABMiller should recommend."

SABMiller said earlier Wednesday that AB InBev had timed the initial approach to take advantage of SABMiller's recently depressed share price, that the structure of the proposals discriminates against some SABMiller shareholders, and that AB InBev hasn't offered it comfort on the significant regulatory hurdles in the U.S. and China.

Under U.K. takeover rules, AB InBev has until 5 p.m. on Oct. 14 to announce a "firm intention" to make an offer for SABMiller and specify the details of the offer. Wednesday's proposal doesn't constitute this, said AB InBev, cautioning that there is no certainty that a firm offer will be made.

Combined, the two companies would generate annual revenue of \$64 billion and earnings before interest, taxes, depreciation and amortization of \$24 billion. Because of the global reach of AB InBev and SABMiller, they will likely have to seek antitrust clearance from jurisdictions around the world, a process that could easily take a year.

The biggest regulatory hurdle is in the crucial U.S. market, where AB InBev already has a roughly 45% market share and U.K.-based SABMiller controls a further 25% through its MillerCoors LLC joint venture with [Molson Coors Brewing Co.](#) Another potential regulatory headache is China, where AB InBev had an estimated 14% volume market share last year, according to Euromonitor. Chinese authorities could require the brewer to exit SABMiller's joint venture with [China Resources Enterprise Ltd.](#), which has 23% of the market and produces the top-selling Snow brand.

In Wednesday's statement, AB InBev said it is "committed to working proactively with regulators," and said in the U.S. and China in particular it would "seek to resolve any regulatory or contractual considerations promptly and proactively."

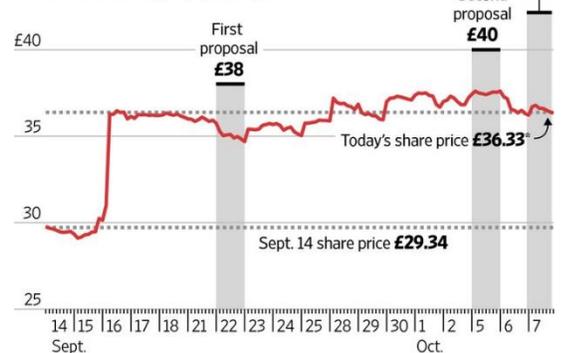
AB InBev said it would establish a secondary listing on the Johannesburg stock exchange and have a local board there. SABMiller's third-largest investor, South Africa's Public Investment Corp., said the offer from AB InBev "addresses one of its concerns," namely that [the company remain listed in Johannesburg](#). PIC said before the rejection that it would wait for guidance from SABMiller's board on the financial benefits of the proposed merger.

[SABMiller on Tuesday brought forward a trading statement](#) originally slated for Oct. 15, a move that was intended to give its shareholders information ahead of a formal proposal being made by AB InBev.

Another Round

AB InBev disclosed a series of proposals it has made for SABMiller.

SABMiller's share price*, hourly data



SABMiller Targets More Cost Savings in Takeover Defense

By CHAD BRAY, NYT, OCT. 9, 2015

LONDON — SABMiller raised its annual cost-savings target by \$550 million on Friday as it tried to convince shareholders that it would be better off remaining as a stand-alone company.

SABMiller, the brewer of Miller Lite and Peroni Nastro Azzurro, has rejected three takeover approaches from its global rival [Anheuser-Busch InBev](#) in recent weeks. SABMiller has said that the unsolicited proposals have substantially undervalued the company, “its unique and unmatched footprint and its stand-alone prospects.”

The announcement of higher cost-cutting ambitions on Friday was the latest salvo in an increasingly contentious back-and-forth between SABMiller and Anheuser-Busch InBev, the world’s largest brewer. SABMiller said that it expected to cut its annual costs by at least \$1.05 billion by March 2020, after originally setting a target of cutting costs by \$500 million by March 2018.

On Thursday, [Anheuser-Busch](#) said it was “surprised” that SABMiller’s board still believed the latest takeover offer undervalued the company and said that the claim “lacks credibility.”

Under British takeover rules, Anheuser-Busch has until Wednesday to make what is considered a formal offer for SABMiller or walk away for up to six months. Under British law, the proposals so far have not been considered formal offers.

On Friday, SABMiller said that about 70 percent of the anticipated cost savings are expected to come from its procurement operations and the remaining 30 percent would come from its manufacturing and distribution arms.

“The measures we are announcing today are a continuation of our existing cost-saving program,” Alan Clark, the company’s chief executive, said in [a news release](#).

“We are continuing to remove duplication across markets, bringing specialist expertise in areas like procurement under one roof, and standardizing common processes,” he added. “It results in our markets being freed up to concentrate on what they do best — growing revenue with local consumers and customers.”

The new cost targets came as SABMiller this week gave investors an earlier-than-expected look at its performance in the second quarter, which ended Sept. 30.

The brewer said that revenue, minus the impact of currency translation, increased 6 percent in the quarter, driven by gains in Latin America and Africa. Including the effect of currencies declining against the United States dollar, revenue was down 9 percent in the quarter, SABMiller said in a [news release](#). But the company did not provide any information on profitability.

SABMiller said that it would meet with investors on Friday to discuss its recent trading statement and update them on its operations.

The shareholder update came as the American tobacco giant [Altria Group](#), which owns about 27 percent of SABMiller, said this week that it was willing to support the Anheuser-Busch InBev deal. SABMiller’s board, minus directors nominated by Altria Group, [rejected](#) Anheuser-Busch InBev’s latest approach on Oct. 7.

Under the terms of the [latest bid](#), Anheuser-Busch InBev said that it would be willing to pay 42.15 pounds, or about \$64.56, a share in cash for SABMiller. That would value the company at as much as \$104 billion.

But the bid includes a precondition that would require SABMiller’s largest shareholders to agree to support the deal and accept shares in lieu of cash at a rate of £37.49 a share, a discount to the cash price. As a result, Anheuser-Busch InBev would most likely pay £65.1 billion.

Anheuser-Busch InBev is hoping to entice SABMiller’s two largest shareholders — Altria and the Santo Domingo family of Colombia — to accept the deal by offering shares. Both would face huge tax bills if they sold their holdings.

Anheuser-Busch InBev, the brewer of Budweiser, Corona and Stella Artois, said this week that it “does not currently have the support” of the Santo Domingo family, whose BevCo owns 14 percent.

The deal, if it were to be completed, would create a combined company with \$64 billion in annual revenue that commands 30 percent of global beer sales. Any deal between the brewing giants would most likely face significant regulatory scrutiny.



AB InBev Slams SABMiller's Rejection of Takeover Offer

Dispute increases uncertainty of an accepted deal by Wednesday's U.K. deadline

SAABIRA CHAUDHURI, WSJ, Oct. 8, 2015 3:32 p.m. ET

LONDON—A public spat continued Thursday between Anheuser-Busch InBev NV and its would-be takeover target SABMiller PLC, increasing the uncertainty of an accepted deal by Wednesday's U.K. deadline.

AB InBev said SABMiller's claim that its latest acquisition proposal undervalues the London-based brewer "lacks credibility." The world's largest brewer, based in Belgium, said SABMiller's shareholders should "voice their views and should not allow the board of SABMiller to frustrate this process and let this opportunity slip away."

"We've noted their announcement—it contains nothing new," an SABMiller spokeswoman responded. The maker of Pilsner Urquell and Peroni Nastro Azzurro previously accused AB InBev of making proposals that are "highly conditional," with several regulatory and structural uncertainties, and said the latest proposal "very substantially undervalues" it.



Over the past three weeks, second-ranked global brewer SABMiller has dug in, rejecting three proposals from AB InBev. On Wednesday, SABMiller took just six hours to reject AB InBev's proposed offer of £42.15 (\$64.80) a share in cash alongside a less valuable cash-and-stock deal available to 41% of SABMiller's shareholders. Under U.K. takeover rules, AB InBev has until Oct. 14 to make a firm offer or walk away for at least six months.

Despite the posturing on both sides, many analysts think a deal will be announced. "Both parties have a lot at stake," said Berenberg analyst Javier Gonzalez Lastra. AB InBev, he said, "needs a sizable transaction for its next cycle of growth as profit growth becomes more difficult to come by in its two core markets of U.S. and Brazil." Meanwhile, "the SABMiller board is increasingly under pressure" now that AB InBev's proposal is public and cigarette maker Altria, SABMiller's largest shareholder, has declared support. The sparring is "more as a form of public negotiation than serious marking of their respective territories," said RBC analyst James Edwardes Jones. "Neither side can afford this deal to fall through."

SABMiller's share price has weakened from a year ago, while AB InBev's performance has worsened. Consumers in North America and Europe have been steadily shifting toward wine or spirits such as bourbon over two decades. When drinking beer, more are bypassing the mass-market lagers that are the mainstays of global beer giants in favor of craft beers and Mexican imports.

Still, SABMiller's shares closed at £36.41 in London on Thursday, implying that investors are baking in the likelihood that a deal might not go through—either due to antitrust issues or because SABMiller's board won't budge.

AB InBev CEO Carlos Brito on Wednesday said the cash-and-stock alternative was designed "with and for" SABMiller's second-largest shareholder, the Santo Domingo family of Colombia. The family and Altria between them hold 41% of the company. The package comes with tax and accounting advantages for those holders to balance the lower nominal value.

Altria has indicated it would accept a deal at or above AB InBev's latest proposed price, but the Santo Domingos continue to hold out. Whether AB InBev can turn that around is a key issue. Referring to both Altria and the Santo Domingo family, Mr. Brito said: "There's no transaction without both of these big shareholders supporting and taking the paper." Alejandro Santo Domingo, one of the family's representatives on the SABMiller board, declined to comment Thursday.

Investors have been burned lately by a string of deals that have fallen through. Following the news that AbbVie Inc. could abandon a \$54 billion takeover for Shire PLC last year, Shire's share price sank 22% in a day. When Monsanto Co. in August dropped its \$46 billion bid for Syngenta AG, the Swiss agribusiness giant's shares fell 18%.

Shares can also trade well below a likely offer price to account for the time it would take for a deal to be completed. Given the antitrust hurdles that would be tied to a merger between the world's two largest brewers, some antitrust experts have estimated the deal could take as long as a year to close.

Many in the industry think AB InBev will go higher than its latest offer. Sterne Agee analyst April Scee said AB InBev's current offer undervalues SABMiller "given Africa is the last frontier in beer." SABMiller has a long-standing presence in Africa, with operations in 38 African markets.

"We expect a deal to be done at around £44 per share," Mr. Edwardes Jones said, referring to the all-cash component. With the cash-and-stock alternative, the overall per-share deal price would come in lower.

While AB InBev's recent overtures have been far from friendly, many industry experts said they would be surprised if the brewer went hostile, or took an offer to shareholders without the blessing of the board. Roughly 30% of SABMiller's earnings last year came from joint ventures and associates, a tangled web of relationships that AB InBev would need its cooperation to navigate.

AB InBev is used to hard negotiating. The company's \$20.1 billion deal for Mexican brewer Grupo Modelo in 2012 was no walk in the park. The Justice Department in 2013 sued AB InBev, seeking to block its deal with the Corona brand owner. The suit eventually was settled after AB InBev agreed to sell Modelo's entire U.S. business to Constellation Brands Inc. and acquire the 50% of Modelo it didn't already own.

AB InBev wins over SABMiller at fifth attempt

BRUSSELS/LONDON | BY [PHILIP BLENKINSOP](#) AND [MARTINNE GELLER](#)

The world's two biggest brewers agreed on Tuesday to create a company making almost a third of the world's beer after SABMiller received an improved offer worth more than \$100 billion from larger rival Anheuser-Busch InBev. If it goes through, the deal would rank in the top five mergers in corporate history and be the largest takeover of a UK company.

The new group would bring together AB InBev's Budweiser, Stella Artois and Corona brands with SABMiller's Peroni, Grolsch and Pilsner Urquell. For AB InBev it would also add more breweries in Latin America and Asia and crucially opens up new growth markets in Africa.

Africa is expected to see a sharp jump in the legal drinking age population in coming years and a fast-growing middle class more willing to switch to lagers and ales from illegal brews.

Having rejected four previous proposals, the breakthrough came on Monday evening in the Mayfair offices of boutique firm Robey Warshaw, when AB InBev Chairman Olivier Goudet agreed to push up the price to a level acceptable for SABMiller.

AB InBev said on Tuesday it would now pay 44 pounds in cash per SABMiller share, with a partial share and cash alternative valued at 39.03 pounds a share designed to appeal only to SABMiller's two biggest shareholders, who together own nearly 41% of the company.

The biggest shareholder, cigarette-maker Altria ([MO.N](#)) with a 26.6% stake, later said it was pleased with the deal, but South Africa said it would need to assess tax implications and could "in the extreme" try to block it.

SABMiller said its board was prepared in principle to recommend the main cash offer to shareholders and has asked for a two-week extension to the UK-imposed deadline (Wednesday) for a formal bid to be made. The new deadline is Oct. 28.

"We have written extensively on the attractions of (an ABI/SAB combination) since 2011 and continue to see major long-term benefits for ABI shareholders now," said Canaccord Genuity analysts. For many observers this would be the final chapter of decades of consolidation in brewing. The big four, AB InBev, SABMiller, Heineken ([HEIN.AS](#)) and Carlsberg ([CARLB.CO](#)), are already present across the globe and brewing more than half of the world's beer.

BREAK FEE

The parties have agreed that AB InBev would pay a break fee of \$3 billion to SABMiller if the deal falls through due to the significant regulatory issues or because AB InBev shareholders do not back it.

The new offer unveiled on Tuesday increases a proposal made on Monday to pay 43.50 pounds in cash, which in turn was an increase from the 42.15 pounds it put forward last week. The 44 pounds now accepted is 50% above SABMiller's share price on Sept 14, the day before speculation surfaced about an impending AB InBev approach.

The partial share alternative offer has also been improved, with an increase in the cash element raising the value to 39.03 pounds a share from 37.49 pounds last week, but remains designed to appeal only to Altria and SABMiller's second-biggest shareholder, Colombia's Santo Domingo family, which owns nearly 14% of the UK-based brewer.

Together with the cash offer to other shareholders, the total price AB InBev is offering to pay for SABMiller is worth 68.5 billion pounds (\$104.2 billion) at current prices.

SABMiller shares were up 9.3% at 39.60 pounds, when AB InBev's share price was up 1.8% at 100.10 euros.

Neil Wilkinson, senior equities fund manager at Royal London Asset Management and an AB InBev investor, said he was pleased to see AB InBev finally closing in on a deal it clearly wanted. "Given its outstanding track record in executing prior transactions, we expect large cost synergies and rapid deleveraging of the balance sheet will allow further transactions a few years down the line, which will enable AB InBev to perpetuate its growth story," he said. AB InBev has a reputation for fierce cost-cutting, but will need to be at its sharpest to extract savings to justify the price as well as pushing its global brands into new markets.

MAJOR ANTITRUST HURDLES

However, significant regulatory hurdles lie ahead for the proposed merger, particularly in the United States where the companies would have about 70% of the beer market. In particular the deal is expected to result in Denver-based Molson Coors ([TAP.N](#)) acquiring SABMiller's 58% stake in their U.S. joint venture.

Analyst say merged group might also have to sell interests in China, where SABMiller's CR Snow joint venture with China Resources Enterprise ([0291.HK](#)) is the market leader.

It could also bring change in the soft drinks sector, where SABMiller is a large distributor for Coca Cola ([KO.N](#)) while AB InBev has ties with rival PepsiCo ([PEP.N](#)).

Bernstein Research beverage analyst Trevor Stirling said that he rated the chances of the deal going through at 80%, with antitrust issues being the main risk. "There is a chance that due diligence throws up something nasty," he said, but added that SABMiller would be unlikely to have accepted AB InBev's approach if they knew of a major problem.



Opinion: 5 ways the A-B InBev-SABMiller deal will ruin your beer

Innovation will disappear, and craft brewers will be put under enormous pressure

By JASON NOTTE, MARKETWATCH, Oct 14, 2015 10:04 a.m. ET

Before we get too carried away with Anheuser-Busch InBev's accepted \$104.5 billion bid for SABMiller, let's just remember that there's a long way to go until we feel its impact here in the U.S.

As we mentioned in mid-September during the deal's earliest rumblings, this isn't really about the U.S. market. A-B InBev wants SABMiller's holdings in the fast-growing African beer market and its contacts in one of the world's largest beer markets in China. Before that happens, though, this deal is going to have to pass antitrust scrutiny here, in Europe and elsewhere.

That isn't such a small step, considering that Anheuser-Busch InBev already had a U.S. antitrust decision go against it in 2011 after it bought Mexican brewer Grupo Modelo and its Modelo, Corona and Pacific brands for \$20.1 billion. Constellation Brands earned the right to brew those beers and sell them to the U.S. market, keeping the proceeds out of A-B's hands. As we also noted, it would allow MolsonCoors to increase its share of its North American MillerCoors joint venture with SABMiller from 42% to 50%, give it the rights to the first and last offer on the remaining 50% and allow it to name a new CEO for the whole operation.

We'd love to take U.S. brewers, distributors and consumers by the hand and say that this will all be OK, and that local business deals and antitrust provisions will shield us from Anheuser-Busch InBev's march to global dominance, but it's foolish to believe that everything will move along unchanged. In fact, there are a handful of ways this deal will leave a permanent mark on the U.S. beer industry from this point forward.

1. Distribution: In the U.S. beer industry's three-tier system of business operations, the second tier (distribution) is the vital link between the first (breweries) and the third (points of sale). However, both Anheuser-Busch InBev and MillerCoors have stables of distributors under their banners that not only bring their product to market, but find ways of promoting and displaying it that elbows competitors off shelves and tap handles (as expertly illustrated in the 2009 documentary "Beer Wars").

Thus, it's an interesting coincidence that Reuters reported a day before the A-B/SABMiller deal was announced that the Justice Department and state regulators in California are probing allegations that A-B is buying up distributors to prevent small craft brewers from bringing their product to market. The Brewers Association craft beer industry group telegraphed a potential showdown with Anheuser-Busch InBev in Washington, D.C., when it announced the hiring of its first lobbyist during the Craft Brewers Conference in Portland, Ore., back in April. However, when A-B's purchase of craft brewers Goose Island, Blue Point, 10 Barrel, Elysian, Virtue Cider and Golden Road did little to blunt craft beer's growth — 17.6% in 2014 compared to just 0.5% for the entire U.S. beer industry — its considerable strength in the distribution tier became an even greater asset.

While MolsonCoors could feasibly take over MillerCoors distributors, there's no indication that they'd necessarily go willingly. That could mean more opportunities for craft distribution, but it could also mean more distributors for A-B's portfolio. A Justice Department decision would go a long way toward not only clarifying that



point, but perhaps getting large brewers out of the distribution business altogether, as the [state of Kentucky did earlier this year](#).

2. Jobs: When Anheuser-Busch was purchased by InBev for \$52 billion in 2008, it made \$2.25 billion in cuts over three years and reduced staff in St. Louis alone by 15% in its first year.

Before the SABMiller deal was approved, MillerCoors announced plans to close its plant in Eden, N.C., and cut 520 employees. The 9 million barrels that plant produced were roughly as large as the annual beer output of Samuel Adams brewer Boston Beer Co., Yuengling, Sierra Nevada and New Belgium combined. According to the Beer Institute industry group, 49,576 people work for U.S. breweries and importers, while more than 131,000 work for distributors. Given the continued slide of light-lager brands like Budweiser, Bud Light and Miller Lite — and the fact that the large majority of the nearly 4,000 craft breweries in the U.S. can't match the size and employment power of the big brewers' regional facilities — do you think those beer industry employment numbers are going to go up or down as Anheuser-Busch InBev eliminates redundancies, further automates operations and brings more business from brewing to hop farming into its own system? Take the under.

3. Pricing: A monopoly can raise prices as it sees fit, but it can also lower them to shake out competitors.

Small craft brewers have long feared a price war with the larger brewers' craft brands and, in Washington and Oregon, observers complained about [A-B's pricing of Goose Island](#) to compete with local brands just before the brewer purchased Oregon's 10 Barrel and Washington's Elysian. By bringing SABMiller into the fold, A-B could feasibly play a similar game with brands that compete directly with MolsonCoors product and — as Netflix did with Blockbuster — undercut the competition until it is vanquished. That would be bad for MolsonCoors, but it could be similarly terrible for Pabst and its brands, many of which are contract brewed by MillerCoors. Whether Pabst has its contracts honored by MolsonCoors or is unceremoniously dumped by A-B, its business model of having other brewers fill cans and bottles of intellectual property including the Ballantine, Old Style, Lone Star, Rainier and Olympia brands may need revisiting in the face of a very large opponent.

4. Innovation: The mere fact that Anheuser-Busch InBev is even considering a deal of this magnitude suggests that it's out of ideas. It's watched sales of craft beer and imports soar even as it buys up craft and import brands. It has watched its U.S. sales and market share fall steadily even as homegrown innovations like Budweiser Black Crown, Bud Light Lime, Bud Light Platinum, the A-Rita malt beverage series, Budweiser American Ale, Shock Top and others struggled to catch on.

MillerCoors saw similar struggles but was able to [build its successful Blue Moon line](#) in-house and saw Leinenkugel's, which Miller purchased back in 1988, soar with its Summer Shandy and stay a step ahead of even craft brewers. After this deal, however, those days are over for both A-B and SABMiller. After this, the big brewers are going to resemble large tech firms like Apple, Google and Microsoft, which develop some products on their own, but innovate largely by buying the businesses of more innovative startups. If A-B doesn't become the monolith it was in 1981 — when U.S. brewery numbers stood at 93 after reaching more than 40 after Prohibition and before World War II — it'll be something close, and its international competitors know it. There's a reason why Heineken bought fast-growing craft brewer Lagunitas and why Duvel has [hand-crafted a portfolio of U.S. beer brands](#) including Firestone Walker and Boulevard: Innovation is a small brewer's game. The big boys like a buyout.

5. The beer landscape: As we said, we'd love to say that nothing would change if antitrust rulings go against A-B, but that just isn't the case.

The Miller brands would find themselves in a holding company not dissimilar to Constellation Brands or even Florida Ice and Farm's North American Breweries, which owns Genesee, Dundee, Magic Hat, Pyramid and Portland Brewing. They'd exist, but they'd be effectively rudderless, which would be awkward for folks like, say, the Leinenkugel family, which is still very much involved with its brand and the brewery in Chippewa Falls, Wis. Yes, MolsonCoors could assume stewardship, but so could just about anyone else if MolsonCoors decides it isn't worth their time.

Meanwhile, without any real change in distribution rules, A-B would still be a nightmare to deal with in both supermarkets and bars for not only larger competitors like Heineken, Diageo and others, but for craft brewers that might have to start thinking smaller. As more craft breweries are bought up and A-B wields more influence in distribution, small breweries will rely more heavily on independent bottle shops, taprooms and their own brewpubs to remain viable. That's completely workable, but that sets the clock back on craft beer by about a decade, if not more, for all but the largest of craft breweries. The Brewers Association dreamed of 20% market share by 2020. At this rate, it should feel fortunate if it can cling to or fall slightly above the 11% threshold it established in 2014.

At one time, Miller and Anheuser-Busch were little family-owned Midwest U.S. breweries. Several decades and acquisitions later, even Anheuser-Busch InBev SABMiller can have an impact in a country that two of its core elements haven't called "home" in a good, long time.