Football and good weather boost AB InBev sales

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Global brewery group AB InBev credited good weather and thirsty football fans for a rise in beer sales during the second quarter, as profits exceeded analysts expectations.

The Belgium-based company behind the Budweiser, Becks and Stella Artois brands saw net profits rise to $1.5bn in the period, compared with $1.35bn a year ago, on revenue down from $9.5bn to $9.2bn on currency changes. Earnings per share rose from 68 cents to 72 cents.

Management said it expected cost of sales per hectolitre "to run flat or increase in the low single digits for the full year", a reflection of the recent spike in wheat and barley prices used by brewers. The trend has weighed on the ABInBev share price in the last week when it dropped nearly 8 per cent.

As key sponsors, Budweiser and other local company brands such as Brahma and Jupiler were common sights at the FIFA World Cup, which straddled the second and third quarters. That helped boost volumes to 100.6bn thousand hectolitres, up 2 per cent on the equivalent period last year but down 4 per cent on the previous quarter.

The company's focus recently has been on turning round the Bud brand, which has faltered in its home US market where it has been partly cannibalised by the Bud Light brand.

Even outside the US, management said that "we are not pleased with our overall market share performance".

Flagging sales to the US were compensated by stronger sales in Latin America, particularly Brazil, and a stable European market. "Generally favourable weather helped drive volume growth, except in Asia," the company said.

Extra marketing programmes are scheduled for the second half of the year. Higher capital expenditure charges of $2bn-$2.2bn were also forecast if volume growth remains above management expectations.

Financially, the AB InBev continued its long-term deleveraging, undertaken in the wake of the Anheuser-Busch and InBev merger in 2008. Net debt on June 30 was $42.1bn, down $3bn from the previous quarter. That brings its net debt to ebitda ratio down from 3.7 six months ago to 3.3. Net finance costs fell from $1.15bn in 2009 to $519m.

The New York-traded shares closed down $1.38 to $50.85 on Wednesday.

Fonte: Financial Times, London, Aug. 12th 2010, Companies, online.