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Belgian brewer may bid for Anheuser Busch

Report: Belgian brewer mulls offer for U.S. rival

The Associated Press

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LONDON - Shares of Anheuser-Busch hit an all-time on Friday on reports that Europe's InBev SA was working on a $46 billion bid for the St. Louis-based brewer.

Anheuser-Busch shares rose 6.7 percent, or $3.54, to $56.12 in midday trading after reaching as high as $58.

The share surge followed a report on the Financial Times Web site that InBev, the world's biggest brewer by volume, may directly approach Anheuser chief executive August Busch IV.

Anheuser-Busch declined comment, and messages left with InBev were not returned.

"It is our policy to not confirm, deny or speculate on rumors of potential investments, acquisitions, mergers, new business partnerships or other transactions," said W. Randolph Baker, Anheuser-Busch's vice president and chief financial officer.

InBev makes Beck's, Brahma, Stella Artois and Skol beer. Reports of its interest in Anheuser-Busch have circulated for months.

Anheuser-Busch makes Budweiser and Bud Light. The company has an estimated 50.9 percent domestic market share.

Ken Crawford, an analyst with Argent Capital of suburban St. Louis, said the deal would make sense for Anheuser-Busch.

"We see a company that's very, very profitable, generates a lot of cash," Crawford said of Anheuser-Busch. "The question is: Where and how do they grow? It would not be unrealistic that they look abroad either for acquisitions or to partner with someone."

It would be just the latest deal in a consolidating beer industry. Miller Brewing Co., the nation's second-largest beer-maker, and No. 3 Molson Coors Brewing Co. are planning to combine U.S. operations in a deal expected to be completed by midsummer. Miller will distribute Grolsch in the U.S. after a February takeover by SABMiller of Europe.

Crawford said the impact on consumers remains to be seen.

"We don't know if greater purchasing power would decrease costs and control prices, or if consolidation in the industry would allow those remaining to price more aggressively," he said.

Anheuser-Busch has been a St. Louis icon since the mid-19th century. Eberhard Anheuser acquired the Bavarian brewery in 1860 and renamed it E. Anheuser & Co. His son-in-law, Adolphus Busch, joined the company in 1864 and it was eventually renamed Anheuser-Busch.

The company survived Prohibition by selling products ranging from ice cream to root beer.

Ground was broken in 1950 for its first brewery outside of St. Louis, in Newark, N.J. Today, Anheuser-Busch operates 12 breweries in the U.S. and has operations around the globe, with a growing presence in China and Mexico, among other nations.

Anheuser-Busch saw its profit slip 1.4 percent in the first quarter in results announced last month. The company said higher costs for beer ingredients more than offset rising revenue. Core brands, including

Budweiser and Bud Light, have also seen declines in sales as consumers increasingly opt for cocktails, wine and craft beers.

Brewers around the world have been hurt in recent months by a spike in the price of key ingredients like hops and barley.

InBev posted an unexpected 11 percent drop in its first-quarter profit on May 8, also blaming rising ingredient costs as well as shipping costs and weak sales in Brazil, where it does half its business.

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