Czech University of Life Sciences Prague

Faculty of Economics and Management

Master's Thesis

Master’s thesis title

Financial analysis of Anheuser-Busch (Ab Inbev)

Author of the thesis

Vikas Mishra

© 2023 CZU Prague

CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

DIPLOMA THESIS ASSIGNMENT

Vikas Mishra

Economics and Management

Thesis title

Financial analysis of Anheusher Busch (Ab Inbev)

Objectives of thesis

The main objective of the thesis is to assess the financial situation and the stability of the company based on a detailed analysis of financial reports.
The sub objective is to compare company performance over the last decade.

Methodology

The data would be gathered from annual reports, financial statements,gernal meetings, magazine and publications of AB Inbev. Besides, additional details will be collected by me from the already published literature to illustrate this company's financial reports. Main historical pattern to concentrate the analysis and conduct the study to clarify the company's financial status, including the annual reports from 2011 to 2020. I will gather the data from AB Inbev reports and would assess the company's financial situation including Balance sheet, Cash flow and other key financial ratios. I would use the below methods and asses the company's financial performance.

The below approach will be used by me for the latest AB Inbev planning and financial analysis report

• Balance sheet report.

• Cash Flow analysis.

• Working Capital analysis and other key financial ratios.

The proposed extent of the thesis

60 – 80

Keywords

Financial analysis of Anheusher Busch (Ab Inbev)

Recommended information sources

Alexander, D., & Nobes, C. (2007). Financial accounting: an international introduction. Pearson Education.

Edmonds, T. P., McNair, F. M., Olds, P. R., & Milam, E. E. (2013). Fundamental financial accounting concepts. New York, NY: McGraw-Hill Irwin

Harrison Jr, W. T., Horngren, C. T., & Thomas, C. W. (2014). Financial accounting. Pearson Education.

Mark Graham Brown. 2013. Killer Analytics Top 20 metrics missing from your balance sheet, Hoboken, NJ: Wiley ISBN 9781118631713

Maynard, J. (2017). Financial accounting, reporting & analysis. Oxford University Press. Narayanaswamy, R. (2017). Financial accounting: a managerial perspective. PHI Learning Pvt. Ltd.

Professor Carsten Berkau and Keabetswe Sylvia Berkau. 2020. Financial Statements International Accounting (IFRS), Konstanz, UVK ISBN 9783739830933.

Sharma, A., & Panigrahi, P. K. (2013). A review of financial accounting fraud detection based on data mining techniques. arXiv preprint arXiv:1309.3944.

Shaviro, D. (2008). The optimal relationship between taxable income and financial accounting income: analysis and a proposal. Geo. LJ, 97, 423

Walton, P., & Aerts, W. (2006). Global financial accounting and reporting: principles and analysis. Cengage Learning.

Weetman, P. (2006). Financial accounting: an introduction. Pearson Education. Weil, R. L., Schipper, K., & Francis, J. (2013). Financial accounting: an introduction to concepts, methods and uses. Cengage Learning.

Expected date of thesis defence

2022/23 SS – FEM

The Diploma Thesis Supervisor

Ing. Karel Malec, Ph.D.

Supervising department

Department of Economics

Electronic approval: 16. 6. 2022

prof. Ing. Miroslav Svatoš, CSc.

Head of department

Electronic approval: 27. 10. 2022

doc. Ing. Tomáš Šubrt, Ph.D.

Dean

Prague on 21. 03. 2023

CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE 1906

CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

DIPLOMA THESIS ASSIGNMENT

Vikas Mishra

Economics and Management

Thesis title

Financial analysis of Anheusher Busch (Ab Inbev)

Objectives of thesis

The main objective of the thesis is to assess the financial situation and the stability of the company based on a detailed analysis of financial reports.
The sub objective is to compare company performance over the last decade.

Methodology

The data would be gathered from annual reports, financial statements,gernal meetings, magazine and publications of AB Inbev. Besides, additional details will be collected by me from the already published literature to illustrate this company's financial reports. Main historical pattern to concentrate the analysis and conduct the study to clarify the company's financial status, including the annual reports from 2011 to 2020. I will gather the data from AB Inbev reports and would assess the company's financial situation including Balance sheet, Cash flow and other key financial ratios. I would use the below methods and asses the company's financial performance.

The below approach will be used by me for the latest AB Inbev planning and financial analysis report

- Balance sheet report.
- Cash Flow analysis.
- Working Capital analysis and other key financial ratios.

Official document * Czech University of Life Sciences Prague * Kamýcká 129, 165 00 Praha - Suchdol

The proposed extent of the thesis

60 – 80

Keywords

Financial analysis of Anheusher Busch (Ab Inbev)

Recommended information sources

Alexander, D., & Nobes, C. (2007). Financial accounting: an international introduction. Pearson Education.

Edmonds, T. P., McNair, F. M., Olds, P. R., & Milam, E. E. (2013). Fundamental financial accounting concepts. New York, NY: McGraw-Hill Irwin

Harrison Jr, W. T., Horngren, C. T., & Thomas, C. W. (2014). Financial accounting. Pearson Education.

Mark Graham Brown. 2013. Killer Analytics Top 20 metrics missing from your balance sheet, Hoboken, NJ: Wiley ISBN 9781118631713

Maynard, J. (2017). Financial accounting, reporting & analysis. Oxford University Press. Narayanaswamy, R. (2017). Financial accounting: a managerial perspective. PHI Learning Pvt. Ltd.

Professor Carsten Berkau and Keabetswe Sylvia Berkau. 2020. Financial Statements International Accounting (IFRS), Konstanz, UVK ISBN 9783739830933.

Sharma, A., & Panigrahi, P. K. (2013). A review of financial accounting fraud detection based on data mining techniques. arXiv preprint arXiv:1309.3944.

Shaviro, D. (2008). The optimal relationship between taxable income and financial accounting income: analysis and a proposal. Geo. LJ, 97, 423

Walton, P., & Aerts, W. (2006). Global financial accounting and reporting: principles and analysis. Cengage Learning.

Weetman, P. (2006). Financial accounting: an introduction. Pearson Education. Weil, R. L., Schipper, K., & Francis, J. (2013). Financial accounting: an introduction to concepts, methods and uses. Cengage Learning.

Expected date of thesis defence

2022/23 SS – FEM

The Diploma Thesis Supervisor

Ing. Karel Malec, Ph.D.

Supervising department

Department of Economics

Electronic approval: 16. 6. 2022

prof. Ing. Miroslav Svatoš, CSc.

Head of department

Electronic approval: 27. 10. 2022

doc. Ing. Tomáš Šubrt, Ph.D.

Dean

Prague on 15. 03. 2023

Official document * Czech University of Life Sciences Prague * Kamýcká 129, 165 00 Praha - Suchdol

Declaration

I declare that I have worked on my master's thesis titled "Financial analysis of Anheuser-Busch (Ab Inbev)" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the master's thesis, I declare that the thesis does not break any copyrights.

In Prague on 31.03.2023

Acknowledgement

I would like to thank Ing. Karel Malec, Ph.D. for his help in preparing the thesis and invaluable recommendations. Provided invaluable support from the beginning of the topic selection until the completion of the thesis. I would like to thank all professors at the Czech University of Life Sciences for the knowledge gained in the field of economics and management.

Financial analysis of Anheuser-Busch (Ab Inbev)

Abstract

This thesis is to discuss about the financial analysis of Anheuser-Busch (Ab Inbev) for the USA market period 2011-2020. Anheuser-Busch is the leading business in Beer and non-alcoholic products. The company is based in Belgium with a history of more than 600 years. The company has more than 600 brands across the world. This company is not just one company they merged with Interbrew from Belgium, Ambev of Brazil, and Anheuser-Busch of the United States. The most recent acquisition was when AB-Inbev bought the British Multinational brewer SAB miller. The diploma thesis includes a practical and theoretical part. The theoretical part consists of the literature review that describes the financial analysis of the company over the period 2011-2020. The literature review is based on research and debates related to individual topics and represents in a written report form.

The literature review is done to Analyse the performance of the company based on the parameters of the Balance sheet, ratios analysis, cash flow, working capital, etc.

Keywords: Assets, liabilities, balance sheet, income statement, cash flow statement, profit, loss, revenue, gross margin, operating profit, working capital.

Financial analysis of Anheuser-Busch (Ab Inbev)

Abstrakt

Tato diplomová práce pojednává o finanční analýze společnosti Anheuser-Busch (Ab Inbev) pro období 2011-2020 na americkém trhu. Anheuser-Busch je předním podnikem v oblasti piva a nealkoholických výrobků. Společnost sídlí v Belgii s historií více než 600 let. Společnost má více než 600 značek po celém světě. Tato společnost není jen jednou společností, kterou spojili s Interbrew z Belgie, Ambev z Brazílie a Anheuser-Busch ze Spojených států. Poslední akvizicí bylo, když AB-Inbev koupil britský nadnárodní pivovar SAB miller. Diplomová práce obsahuje praktickou a teoretickou část. Teoretická část se skládá z přehledu literatury, který popisuje finanční analýzu společnosti za období 2011-2020. Přehled literatury je založen na výzkumu a debatách souvisejících s jednotlivými tématy a představuje v písemné formě zprávy.

Přehled literatury se provádí za účelem analýzy výkonnosti společnosti na základě parametrů rozvahy, analýzy poměrů, cash flow, provozního kapitálu atd.

Klíčová slova: Aktiva, závazky, rozvaha, výsledovka, výkaz peněžních toků, zisk, ztráta, výnosy,hrubá marže, provozní zisk, provozní kapitál.

Table of content

1. Introduction **13**
1.1 Organizational structure: 16
1.2 Product and Marketing Strategic: 17
1.3 Marketing plans marketing research: 18
1.4 Marketing Strategies (divides into individual steps): 19
1.5 Marketing missions (goodwill of a company): 20
1.6 Market Cap and Competitors: 21
1.7 Market risk and Marketing Mix: 22
2.Objective and Methodology: **24**
2.1 Objective: 24
2.2 Methodology: 24
3. Literature Review: **32**
3.1 Financial Analysis: 32
3.2 External and Internal User of financial statement: 32
3.3 Income Statement: 36
3.4 Vertical Analysis: 44
3.5 Horizontal Analysis: 47
3.6 Balance Sheet: 49
3.7 Cash Flow: 55
3.8 Net Working Capital: 57
3.9 Cash Conversion Cycle: 59
3.10 Financial Ratios 61
3.10.1 Liquidity Ratio 61
3.10.2 Profitability Ratio 63
3.10.2 Leverage Ratio 64
3.10.3 Activity Ratio 67
4 Practical Part **71**
4.1 Income statement analysis: 71
4.2 Balance sheet Analysis 73
4.3 Cash Flow Analysis 76
4.4 Ratios Analysis 80
4.4.1 Liquidity Ratio 80
4.4.1.1 Current Ratio 80

4.4.1.2 Quick Ratio 82
4.4.2 Profitability Ratio 84
4.4.2.1 Gross profit margin 84
4.4.2.2 Net profit margin 85
4.4.2.3 Return on Assets Ratio (ROA) 87
4.4.2.4 Return on Equity (ROE) 89
4.4.3 Leverage Ratio 91
4.4.3.1 Debt-to-equity ratio 91
4.4.3.2 Debt-to-Assets Ratio 92
4.4.3.3 Interest coverage ratio 93
4.4.4 Activity Ratio 95
4.4.4.1 Inventory Turnover Ratio 95
4.4.4.2 Total Assets Turnover Ratio 96
4.4.4.3 Fixed Assets Turnover Ratio 97
4.4.4.4 Receivable Turnover Ratio 99
4.5 Cash Conversion Cycle (CCC) 101
4.5.1 Days of sales outstanding 101
4.5.2 Days of Payable outstanding 103
4.5.3 Net Working Capital 105
5. Results and Discussion 107
5.1 Results 107
5.2 Recommendation 117
6. Conclusion: 118
7. References 125
8. Appendix 128

List of Picture

Picture 1: Company Brand and Footprints 14
Picture 2: Operations around the world 15
Picture 3: Organizational structure 17
Picture 4: Anheusher Brands 18
Picture 5: Income Statement 72
Picture 6: Balance sheet 74
Picture 7: Cash Flow 77

List of Formula

Formula 1: Current ratio 26
Formula 2: Quick ratio 26
Formula 3: Gross profit margin 27
Formula 4: Net profit margin 27
Formula 5: Return on assets 27
Formula 6: Return on Equity 28
Formula 7: Debt-to-Equity Ratio 29
Formula 8: Debt-to-Assets ratio 29
Formula 9: Interest Coverage Ratio 29
Formula 10: Inventory Turnover Ratio 30
Formula 11: Total Assets Turnover Ratio 30
Formula 12: Fixed Assets Turnover Ratio 30
Formula 13: Receivable Turnover Ratio 31
Formula 14: Cash Conversion Cycle 31
Formula 15: Days of Sales Outstanding 31
Formula 16: Days of Payable Outstanding 31
Formula 17: Net Working Capital 32

List of Graphs

Graph 1: Current ratio 83
Graph 2: Quick ratio 84
Graph 3: Gross profit margin 86
Graph 4: Net profit margin 87
Graph 5: Return on assets 89
Graph 6: Return on Equity 90
Graph 7: Debt-to-Equity Ratio 92
Graph 8: Debt-to-Assets ratio 93
Graph 9: Interest Coverage Ratio 94
Graph 10: Inventory Turnover Ratio 97
Graph 11: Total Assets Turnover Ratio 98
Graph 12: Fixed Assets Turnover Ratio 99
Graph 13: Receivable Turnover Ratio 101
Graph 14: Days of Sales Outstanding 104
Graph 15: Days of Payable Outstanding 105
Graph 16: Net Working Capital 107
Graph 17: Revenue Growth Comparison 110
Graph 18: EBIT Growth Comparison 112
Graph 19: Days of Sales Outstanding Comparison 113
Graph 20: Days of Payables Outstanding Comparison 115
Graph 21: Cash Conversion Cycle Comparison 117

List of Tables

Table 1: Cash flow from Operating Activities 78
Table 2: Cash Flow from Investing Activities 79
Table 3: Cash Flow from Financial Activities 80
Table 4: Current Ratio 81
Table 5: Quick Ratio 83
Table 6: Gross Profit Margin 85
Table 7: Net Profit Margin 86
Table 8: Return on Assets Ratio 88
Table 9: Return on Equity 89
Table 10: Debt-To-Equity Ratio 91
Table 11: Debt-To-Assets Ratio 92
Table 12: Interest Coverage Ratio 93
Table 13: Inventory Turnover Ratio 95
Table 14: Total Assets Turnover Ratio 97
Table 15: Fixed Assets Turnover Ratio 99
Table 16: Receivable Turnover Ratio 100
Table 17: Days of Sales Outstanding 102
Table 18: Days of Payable Outstanding 104
Table 19: Cash Conversion Cycle 105
Table 20: Net Working Capital 106
Table 21: Revenue Comparison 108
Table 22: Revenue Growth Comparison 110
Table 23: EBIT Growth Comparison 111
Table 24: Days of Sales Outstanding Comparison 113
Table 25: Days of Payable Outstanding Comparison 114
Table 26: Cash Conversion Cycle Comparison 116

List of abbreviations:

CCC-Cash Conversion Cycle

EBIT- Earnings before interests and taxes

DSO- Days of Sales Outstanding

DPO- Days of Payables Outstanding

NWC- Net Working Capital

ROA- Return on Assets

ROE-Return on Equity

1. Introduction

Anheuser-Busch InBev (AB-Inbev) is one of the world's largest brewers. It has a history of more than 600 years coming from different continents and types of beers. Based in Belgium it is not one company but a merger of different ones. It is a merger of Interbrew from Belgium, Ambev of Brazil, and Anheuser-Busch of the United States. The most recent acquisition was when AB-Inbev bought the British Multinational brewer SAB miller. The company has annual sales of about $52.3 Billion in 2019, a slight slump during covid in 2020 to about $46 Billion, and a recovery in 2021 to $54 Billion (ND, 2019).

Unlike many other companies, AB-Inbev is not one brand of beer but about 630 different brands of beer. Not many people would know Ab-Inbev by name but by the beer brands some of the most famous ones being Budweiser, Stella Artois, Corona, Leffe, and more (ND, 2019). The company has operations in the geographic zone with 200,000 employed and the beer is sold in 150 countries

Picture 1 Company Brand and Footprints

Source: Seeking Alpha 2022

Picture 2: Operations around the world

Source: Anheuser Busch's annual report, 2022

The working model of Ab-Inbev is how best to derive value from its operators. They aim to control the beer market by trying to capture markets in different segments of the world by having local operations as well. An example of that would be the beer Budweiser is sold in India as Budweiser Magnum this beer is only manufactured in India and it is made to match the taste buds of the local market.

The way Ab-Inbev (ABI) works is by using the **2 methodologies below**:
1.Mergers and Acquisitions: As we saw above ABI is a culmination of different companies and this way, they have been able to grow the brand to have 630 different brands of beer. It is widely known that ABI has specific change management and integration programs that help validate the merger. There is a standard set of KPIs, Tools, and processes to help achieve the merger with as little hassle as possible (Shaviro, D. 2008).

2.Cost efficiency: The main working methodology of ABI is that every spending needs to have a justifiable reason. They use what is known as ZBB (Zero-Base Budgeting) where the projection for spending is not based on previous years spend but by starting from 0 for the new years spend. They look at every day spend by integrating various tools that help keep the financial reporting and different performance management systems to help achieve profitability

as fast as possible. In terms of having multiple brands what ABI also does is that they look at the brand performance and based on the performance invest in brands which are giving the right results as they desire (Shaviro, D. 2008).

The aim of this paper is to look at the different financial reports of ABI and derive on an understanding of its overall performance.

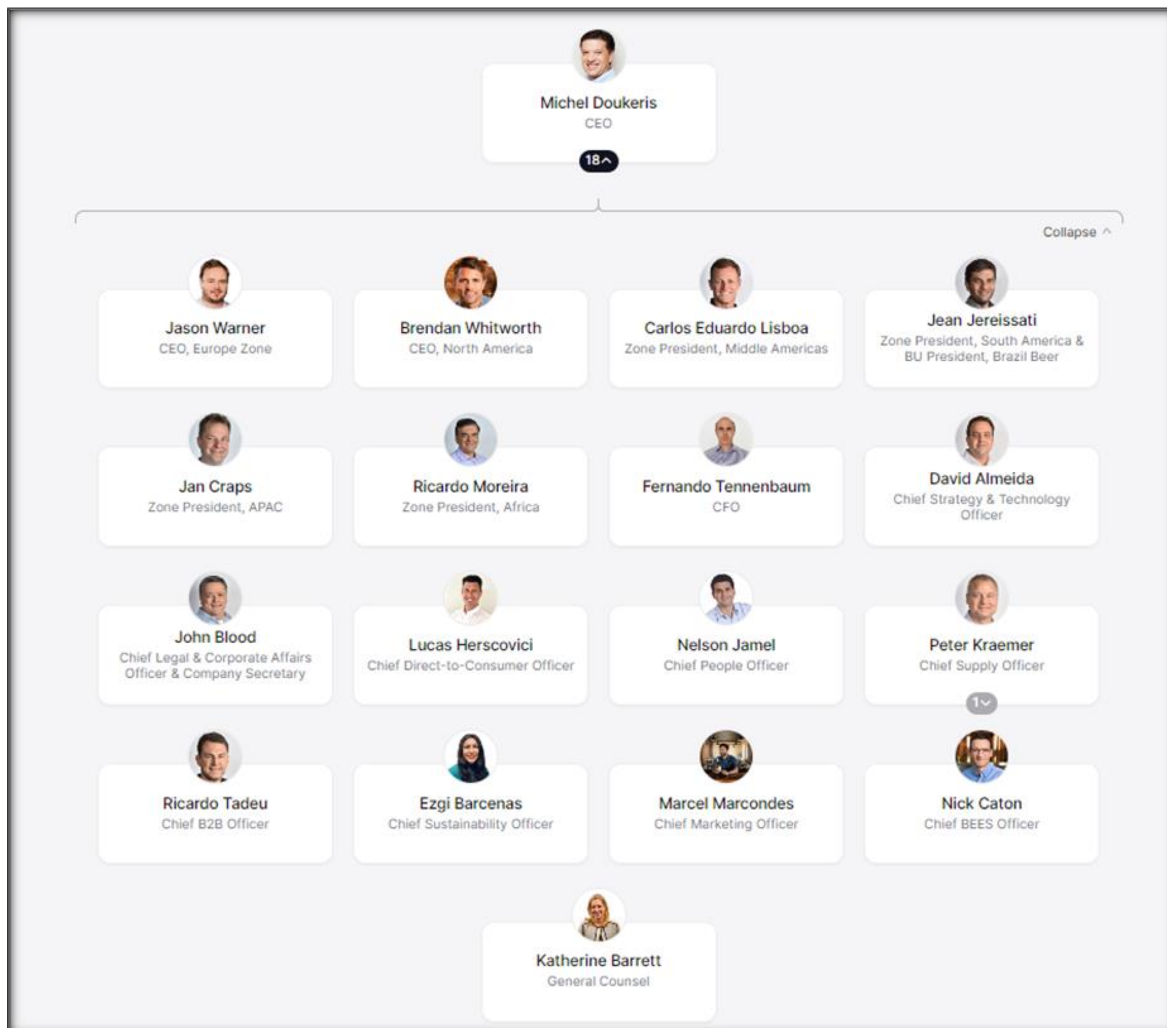
1.1 Organizational structure:

Organizational structure aims to strike a balance between centralization and decentralization, allowing the business to maintain a recognizable global brand and while functioning well enough in regional markets.

Below picture show the current organisational structure of Anheusher Busch.

Anheusher operates under a decentralized organizational structure, permitting its subsidiaries to operate with certain authority but keeping to the corporate plan as a whole. A Board of Directors and an Executive Management Committee serve as AB InBev's highest levels of management. The Executive Management Committee is in charge of setting up the strategic plan overall and managing the business.

Picture 3: Organizational structure



Source: Anheuser Busch’s annual report, 2022

1.2 Product and Marketing Strategic:

Description of products and services:

Beer: Budweiser, Bud light, Corona, Michelob, Rolling Rock, Busch etc.

Malt beverages: King Cobra, Spykes

Energy drinks: 80 Blue and Budweiser Select 55

Bottled water: Natural Light, Natural Ice

(ANHEUSER-BUSCH, 2023)

Picture 4: Anheusher Brands

Source: Anheuser Busch's annual report, 2022

1.3 Marketing plans marketing research:

Anheuser-Busch used a variety of marketing techniques to promote its products. Some of these techniques include:

Television and print advertising: Anheuser-Busch has a history of running large-scale advertising campaigns on television and in print media. These campaigns often feature iconic imagery and slogans that are designed to appeal to a wide range of consumers.

Sponsorships and event marketing: Anheuser-Busch has also used sponsorships and event marketing to promote its brands. This includes events such as sporting events, music festivals, and other types of public events where they could showcase their products, distribute free samples, and create an experience that would be associated with their brand.

Product packaging and branding: The company also made sure that its product packaging would stand out in the market, specially designed its cans and bottles, and added iconic eagles to the logo to make it more appealing to the consumer.

Digital marketing: Anheuser-Busch has also used digital marketing techniques such as social media and online advertising to promote its products. This includes creating social media pages for their products, influencer marketing, and paid ads that would be targeted to specific demographics.

Overall, Anheuser-Busch's marketing strategy has been to create a strong brand image that is associated with fun, celebration, and good times, which is consistently communicated through all of its marketing campaigns.

(Tucker, 2022)

1.4 Marketing Strategies (divides into individual steps):

Anheuser-Busch has likely evolved its marketing strategies over time to adapt to changes in technology, consumer behavior, and the broader business environment. However, some examples of the company's marketing strategies from the past include:
Leveraging sports sponsorships: Anheuser-Busch has been a major sponsor of sports teams and events for many years. This includes sponsoring the "Budweiser Cup" in the 90s as well as the "Bud Bowl" which was a series of Super Bowl advertisements featuring animated bottles of Budweiser competing in a humorous American football game. Recently football world cup sponsorship in Russia and Qatar, in 2018 and 2022 respectively.
Emphasizing product innovation: Anheuser-Busch has also been known for introducing new products and packaging designs to keep the brands fresh and appealing to consumers. One example was the introduction of Bud Light Lime, a flavoured beer, which was aimed at capturing a younger and more diverse demographic.
Building a strong brand image: Anheuser-Busch has long emphasized the importance of building a strong brand image for its products. This has involved creating iconic advertising campaigns, such as the "This Bud's for you" campaign that ran for decades, as well as using consistent imagery and messaging across all of its products.
Overall, it is likely that the company's marketing strategies have evolved over time in response to changing consumer preferences and market conditions, but Anheuser-Busch has always been consistent in promoting its products as synonymous with fun, celebration, and good times. Tucker, N. (2022).

Segmentation, Targeting, and Positioning:

The company uses a segmentation, targeting, and positioning (STP) strategy to market its products to different consumer groups.
Segmentation: Anheuser-Busch segments the market based on demographic, geographic, and psychographic factors. Demographically, the company targets men and women of legal drinking age, with a focus on the 21-35 age group. Geographic segmentation focuses on urban and suburban areas, while psychographic segmentation targets consumers who enjoy socializing and are looking for a premium and enjoyable drinking experience.

Targeting: Anheuser-Busch targets specific consumer groups based on their segmentation. For example, Bud Light is targeted at a more general consumer base looking for a casual, easy-drinking beer, while Michelob Ultra is targeted at health-conscious consumers who are looking for a lower-calorie option.

Positioning: Anheuser-Busch positions its brands based on its target market and unique selling proposition. For example, Budweiser positions itself as the "King of Beers," and promotes its heritage and tradition. Bud Light positions itself as the "perfect beer for whatever happens," and is targeted at young adult consumers. Michelob Ultra is positioned as a beer that is both refreshing and healthy, with a slogan of "Live Ultra". (Pro, 2021)

1.5 Marketing missions (goodwill of a company):

Bringing people together for a better world. The company has a very strong image associated with its brand some of the global brands are Budweiser, Corona, Stella, etc.

- To increase brand awareness and loyalty among consumers.
- To drive sales and grow market share for its various brands.
- To build a positive image and reputation for the company and its brands.
- To target specific demographic groups with targeted marketing efforts.
- To build a strong emotional connection with the customers and create brand loyalty.
- To connect with their customers through experiential marketing activities.
- To continuously introduce new products and packaging designs to keep the brands fresh and appealing.

Anheuser-Busch's marketing mission has been to establish its brands as the top choice for consumers and to create a strong emotional connection with its customers through effective marketing campaigns, sponsorships and events, digital strategies, and packaging design.
(Parker, 2023)

1.6 Market Cap and Competitors:

Market share of 30% as of Oct'22 growing 7% annually. Revenue of 46.9 billion and Net income of 1.4 billion USD dollar approx. as of 2020.
(Statista.com, 2020)

Anheuser-Busch is one of the largest brewing companies in the world, and it faces competition from a number of other large and small companies in the beer industry. Some of the major competitors of Anheuser-Busch include:
MillerCoors: MillerCoors is a joint venture between SABMiller and Molson Coors Brewing Company and is one of the largest brewing companies in the United States. The company produces a wide range of beer brands, including Miller Lite, Coors Light, and Blue Moon.
Heineken: Heineken is a Dutch brewing company that is one of the largest beer producers in the world. The company produces a wide range of beer brands, including Heineken, Amstel, and Dos Equips.
Diageo: Diageo is a British multinational alcoholic beverages company that also brews beers such as Guinness, Harp, and Smithwick's,
Boston Beer Company: Boston Beer Company is a craft brewing company that produces Samuel Adams beer. The company has been rapidly growing and expanding its market share in the US.
Constellation Brands: Constellation Brands is a US-based Alcoholic Beverages company with a portfolio of beer, wine, and spirits. They own several beer brands such as Corona and Modelo among others.
In addition to these large global and national competitors, Anheuser-Busch also faces competition from smaller regional and local breweries that focus on craft beer. This growing market has been attracting more and more consumers which want a unique taste and experience.

Overall, the beer industry is highly competitive, and Anheuser-Busch must continually innovate and adapt its products and marketing strategies to maintain its competitive position in the market.
(Craft, 2023)

1.7 Market risk and Marketing Mix:

Anheuser-Busch, like any company, faces a variety of market risks that can affect its performance and profitability. Some of the major market risks for Anheuser-Busch include:

Competition: As I mentioned before, the beer industry is highly competitive, and Anheuser-Busch faces competition from both large global and national companies as well as smaller regional and local breweries. This competition can lead to price pressure and difficulty maintaining market share.

Changing consumer preferences: Consumer preferences for beer and other alcoholic beverages can change rapidly. Anheuser-Busch must continually innovate and adapt its products to meet changing consumer tastes and preferences, which can be difficult and risky.

Regulatory risk: The brewing industry is heavily regulated, and changes to regulations can have a significant impact on Anheuser-Busch's operations and profitability. For example, changes to taxes on beer and other alcoholic beverages, as well as changes to advertising regulations, can affect the company's bottom line.

Weather Risk: Anheuser-Busch, as well as other brewing companies, are exposed to weather risks that can affect the quality and quantity of the crops used for brewing beer. The weather conditions can affect the price of raw materials and can also change the production and distribution plans.

Economic Risk: The beer industry is affected by the state of the economy, recessions and inflation can affect consumers' buying habits and decrease the demand for beer products.

Geopolitical risk: Anheuser-Busch operates globally and is exposed to geopolitical risks such as trade tensions, tariffs, currency fluctuations, and natural disasters can also have an impact on Anheuser-Busch's operations, as well as its exports and imports.

Overall, Anheuser-Busch, like any other company, faces a variety of market risks that can affect its performance and profitability. The company must constantly monitor and assess these risks and take appropriate actions to mitigate them as much as possible.

Tucker, N. (2022)

Marketing Mix:

The marketing mix, also known as the "4 Ps" of marketing, consists of the product, price, place, and promotion elements of a company's marketing strategy. Anheuser-Busch uses a marketing mix strategy to promote its products and build its brand.

Product: Anheuser-Busch's main product is beer. The company has a wide range of beer brands that are targeted at different consumer segments, such as Budweiser, Bud Light, Michelob Ultra, and others. These products come in a variety of packaging options, such as cans, bottles, and kegs, to meet different consumer preferences.

Price: Anheuser-Busch uses a mix of pricing strategies to promote its products. The company uses premium pricing for its flagship brands such as Budweiser while using more competitive pricing for its other products such as Bud Light, Michelob Ultra, and others to reach a larger customer base. The company also uses promotional pricing strategies such as discounts and deals to increase sales during specific periods.

Place: Anheuser-Busch distributes its products through a variety of channels, including retail stores, bars, and restaurants. The company has a large distribution network, which includes its own breweries, wholesalers, and distributors, to make sure that its products are widely available. Additionally, the company has been expanding its online presence and e-commerce sales to reach more customers.

Promotion: Anheuser-Busch uses a variety of promotion techniques to promote its products, including advertising, sponsorships, events, and digital marketing. The company uses traditional advertising methods such as TV and print ads, and it also uses digital marketing methods such as social media, online advertising, and influencer marketing to reach a larger audience.

Overall, Anheuser-Busch uses a marketing mix strategy to promote its products and build its brand. The company uses a mix of different products, pricing strategies, distribution channels, and promotion methods to reach different consumer segments and increase sales.

(Addison, 2019)

2.Objective and Methodology:

2.1 Objective:

1. The main aim of the thesis is to assess the financial situation and the stability of the company.
2. Overall performance of the company based on financial ratio between 2011 to 2020.
3. Draw recommendations and conclusion on company performance.

2.2 Methodology:

The data would be gathered from annual reports, financial statements, general meetings, magazines, and publications of AB Inbev. Besides, additional details will be collected by me from the already published literature to illustrate this company's financial reports. Main historical pattern to concentrate the analysis and conduct the study to clarify the company's financial status, including the annual reports from 2011 to 2020 for USA Market. A significant part of the literature review outlines methods of financial analysis and ratio analysis such as liquidity, profitability, leverage, activity ratio. The Practical part describes the fundamental information about the company. Based on the presented methods and indicators of financial analysis described in the literature review, the results will be compared to industry averages and draw some conclusion the performance of the company.
I will gather the data from AB Inbev reports and would assess the company's financial situation including Balance sheet, Cash flow, and other key financial ratios. I would use the below methods and assess the company's financial performance.

Collection of Data:
The below approach will be used by me for the latest AB Inbev planning and financial analysis report:

- Annual Report.
- Income and Balance sheet report.
- Cash Flow report.

Establishing Relationship:
Ratio analysis Includes- Liquidity, Profitability, Leverage and Activity ratio.

Liquidity ratios:

Liquidity ratio is one of the types of financial ratio that measures company ability to meet short term obligation over a period of time. There are two types of liquidity ratio- current ratio and quick ratio.

Current ratio:

Current ratio measure company current liabilities over current assets, whether company able to pay the short-term debts. The formula to calculate current ratio as shown below:

Formula1

$$Current\ ratio = \frac{Current\ assets}{Current\ liabilites} \qquad \textbf{(1)}$$

Quick ratio:

Quick ratio is also called acid test ratio; this ratio is check company ability to meet short term obligation over a period of time, but this ratio does not depend on inventory. This ratio does not considered inventory for current assets calculations whereas there is no change in current liabilities approach. The formula to calculate Quick ratio as shown below:

Formula 2

$$Quick\ ratio = \frac{Current\ assets - inventory}{Current\ liabilites} \qquad \textbf{(2)}$$

Profitability Ratio:

Profitability ratio means company profitability and potential to generate income compared to expense and costs. This ratio provides a company performance that is income versus expenses comparison.

Gross profit margin:

Gross profit margin explains how much margin over sales is compared to its expenses.

The formula to calculate Gross profit margin as shown below:
Formula 3

$$Gross\ Profit\ Margin = \frac{Gross\ Profit}{Total\ revenue} \quad \textbf{(3)}$$

Net profit margin:
These ratios evaluate the net profit over total sales that is what is the profit over sales after all the expenses. The formula to calculate net profit margin as show below:

Formula4

$$Net\ Profit\ Margin = \frac{Net\ Profit}{Total\ revenue} \times 100 \quad \textbf{(4)}$$

Return on Assets Ratio (ROA):
This ratio shows how much profit is earned from the total Assets. This shows investors on how efficient the assets are providing returns.
The formula to calculate Return on assets as shown below:

Formula5

$$Return\ on\ Assets = \frac{Net\ Income}{Total\ assets} \quad \textbf{(5)}$$

Return on Equity (ROE):

This ratio measures a company's profitability in relation to its shareholders' equity. A higher ROE indicates that a company is generating more profit for each dollar of shareholder equity. The formula to calculate ROA as shown below:

Formula6

$$Return\ on\ equity = \frac{Net\ Income}{Total\ Average\ Shareholders\ equity} \quad \textbf{(6)}$$

Leverage Ratio

These ratios asses the company is ablity to meet the debt obligations and these ratios are to be considered as very risky for the organization

Debt-to-equity ratio:

This ratio indicates how much a company finances or loan taken to invest in the company. In other words, it indicates the sources of amount coming to business that is capital invested in the company. The formula to calculate to Debt-to-equity ratio as shown below:

Formula 7

$$Debt - to - equity\ ratio = \frac{Total\ liabilites}{Total\ Shareholders\ equity} \qquad \textbf{(7)}$$

Debt-to-Assets Ratio:

This ratio indicates the proportion of a company's assets that are financed by debt. The formula to calculate to Debt-to-assets ratio as shown below:

Formula 8

$$Debt - to - assets\ ratio = \frac{Total\ debt}{Total\ assets} \qquad \textbf{(8)}$$

Interest coverage ratio:

This ratios indicate company ability to pay interest on loan and advances or capabilities to pay the interest on debt financing. The formula to calculate to Interest coverage ratio as shown below:

Formula 9

$$Intrest\ coverage\ ratio = \frac{Operating\ income}{Interest\ expenses} \qquad \textbf{(9)}$$

<u>Activity Ratio</u>

Activity ratios is a financial ratios which indicate company operating efficiency towards fixed assets, stock & inventories, and debtors

Inventory Turnover Ratio:

This ratio indicates the rate at which inventory is sold over a period of time. The formula to calculate to Inventory Turnover ratio as shown below:

Formula 10

$$Inventory\ Turnover\ Ratio = \frac{Cost\ of\ goods\ sold}{Average\ inventory} \quad \textbf{(10)}$$

$$*\ Average\ inventory = \frac{opening\ inventory + closing\ inventory}{2}$$

Total Assets Turnover Ratio:

This ratio measure company efficiency with respect to revenue generated by company assets over a period of time. The formula of Total Assets Turnover ratio as shown below:

Formula 11

$$Total\ assets\ Turnover\ Ratio = \frac{Revenue}{Assests} \quad \textbf{(11)}$$

Fixed Assets Turnover Ratio:

This ratio measure company efficiency with respect to revenue generated by company fixed assets over a period of time. The formula of Fixed Assets Turnover ratio as shown below

Formula 12

$$Total\ Fixed\ assets\ Turnover\ Ratio = \frac{Revenue}{Fixed\ Assests} \quad \textbf{(12)}$$

Receivable Turnover Ratio:

This ratio measure company efficiency with respect to collecting its accounts receivables from the customer over a period of time. The formula to calculate receivable turnover as shows below:

Formula 13

$$Receivable\ Turnover\ Ratio = \frac{Cost\ of\ goods\ sold}{Average\ inventory} \quad \textbf{(13)}$$

$$*\ Average\ inventory = \frac{opening\ inventory + closing\ inventory}{2}$$

Cash Conversion Cycle

It Indicates the amount of time a company takes to convert its investments in inventory and other resources into cash receive from sales.

Formula 14

$$CCC\ =\ Days\ IN\ Inventory\ +\ Days\ of\ Sales\ Outstanding\ - \\ Days\ Payable\ outstanding \quad \textbf{(14)}$$

Days of sales outstanding: DSO is financial metric to check how many days a company takes to collect money from the customer. The formula to calculate Days of Sales Outstanding as shows below:

Formula 15

$$DSO = \frac{Account\ receivable}{Net\ credit\ sales} \times number\ of\ days \quad \textbf{(15)}$$

Days of payable outstanding: DPO is a financial metric to check how long company takes to pay the bills to vendors. The formula to calculate Days of Sales Payable as shows below:
Formula 16

$$DPO = \frac{Accounts\ payable}{Cost\ of\ goods\ sold} \times number\ of\ days \quad \textbf{(16)}$$

Net working capital:

It indicates company's liquidity and operating efficiency, to pay the company short term financial obligations. The formula to calculate Net working capital as shows below:

Formula 17

$$Net\ working\ capital\ =\ current\ \ assets -\ current\ liabilites \tag{17}$$

3. Literature Review:

3.1 Financial Analysis:

Financial analysis means to check the health of the particular organisation over a period of time. It is very important for the organisation to see how the company is performing, so that in future they can take necessary steps to improve the organisation growth. This will give an idea how company is performing in the current period and how it will affect future performance. There are some of the indicators to assess the financial position of the company which can be Balance sheet analysis, income statement analysis, ratio indicators to check the performance of the company. Moreover, financial analysis is an independent examination of an entity weather it is profit oriented or not and irrespective of the size of the organisation that mean it did not matter how big or small the company is and eventually each company need to perform financial regularly to keep a track of business and sustain in the long run.
(Bragg, 2006)
However, it is also important for company's goodwill in the market if they perform better so that more investors will invest in the business. Below we will analysis how it will affect internal and external point of view.
(Bragg, 2006)

3.2 External and Internal User of financial statement:

The analysis of financial statement helps as below in terms of external and internal point of view:

As per Investors point of view they look at a Balance Sheet to decide whether to invest in a company. This is an external review of the balance sheet.
From an investor's point of view, the balance sheet can provide valuable insights into a company's financial position and potential for growth. Some key points an investor might consider when analysing a balance sheet include:

Liquidity: Investors will want to see that a company has enough current assets to cover its short-term liabilities, as indicated by a healthy current ratio or quick ratio. This indicates that

the company is able to meet its short-term obligations and may have the flexibility to take on new opportunities. (IEDU, 2021)

Leverage: A low debt-to-equity ratio indicates that a company is using less debt to finance its operations and may be less risky. However, a high debt-to-equity ratio may indicate that a company is leveraging its equity to make acquisitions or invest in growth opportunities, which could potentially lead to higher returns.

Asset Efficiency: A high asset turnover ratio indicates that a company is effectively using its assets to generate revenue, which could indicate strong growth prospects.

Profitability: A high return on equity (ROE) indicates that a company is generating a high level of profit relative to its shareholder equity, which could indicate strong earning potential.
Cash Flow: The balance sheet will show the amount of cash and cash equivalents the company holds. A company with a strong cash position is less likely to face financial difficulties. (Fabozzi & Peterson, 2003)

Working Capital: A positive working capital means that a company has enough liquidity to meet its short-term obligations and therefore it would be less likely to face a cash crunch.
It's also important for an investor to compare the company's ratios with industry averages and to evaluate the company's historical performance to get a better understanding of its financial position. (Wiley, 2019)
Auditors also look at the Balance Sheet to ensure that company is following the reporting laws. This is also an external review.

From an auditor's point of view: the balance sheet provides a snapshot of a company's financial position at a specific point in time, and it is an important document for the auditor to review during an audit. Some key points an auditor might consider when analysing a balance sheet include:

Accrual Basis: An auditor will want to ensure that the balance sheet is prepared on an accrual basis, which means that revenue is recognized when earned and expenses are recognized when incurred, rather than when cash is received or paid out.

Classification: An auditor will want to ensure that the balance sheet is properly classified, with assets, liabilities, and equity presented in separate sections. This makes it easier to understand the company's financial position and identify any potential issues.

Valuation: An auditor will want to ensure that the assets and liabilities are properly valued and that any estimates used are reasonable and supported by appropriate documentation.

Disclosure: An auditor will want to ensure that all required disclosures are included in the balance sheet, such as notes on significant accounting policies, contingencies, and commitments.

Consistency: An auditor will also want to ensure that the balance sheet is consistent with the other financial statements, such as the income statement and cash flow statement, and that any differences are properly explained.
(Principles of Accounting I, 2013)

Compliance: An auditor will also ensure that the balance sheet is in compliance with the Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS) as applicable.
An auditor's job is to express an opinion on whether the balance sheet is free from any material misstatements or not. It's also important for the auditor to perform analytical procedures, testing and to verify the information and data presented in the balance sheet with the underlying records and documents.

Business uses it to build the organizational strategy. This type is an internal review.

From an organization's point of view: the balance sheet provides a snapshot of the organization's financial position and can be used to identify potential risks or opportunities. Some key points an organization might consider when analysing its own balance sheet include:

Financial Position: The balance sheet can be used to assess the organization's overall financial position, including its liquidity, leverage, and profitability.

Asset Utilization: The balance sheet can be used to assess how efficiently the organization is using its assets to generate revenue and profits.

Risk Management: The balance sheet can be used to identify potential risks, such as high levels of debt or insufficient liquidity, and to develop strategies to manage those risks.

Capital Planning: The balance sheet can be used to identify areas where additional capital may be needed and to develop plans to raise that capital.

Performance Evaluation: The balance sheet can be used to evaluate the performance of the organization over time and to identify areas where improvements are needed.
Benchmarking: The balance sheet can be used to compare the organization's financial position with that of its peers or competitors in the industry and to identify areas for improvement. (IEDU, 2021)

An organization should also ensure that their balance sheet is in compliance with the relevant accounting principles and laws, and the auditor should ensure that the balance sheet is free from any material misstatements. The balance sheet analysis should be part of the organization's internal control and risk management process and should be reviewed regularly to ensure that the organization's financial position is being effectively managed.

Employee point of view: It also helps the internal employees to understand what strategy needs to be followed to help reach the goals of the organization. This is also an internal review. From an employee's point of view, the balance sheet provides important information about the financial position of the organization they work for. Some key points an employee might consider when analysing the balance sheet include:

Stability: The balance sheet can be used to assess the overall stability and financial health of the organization, which can have an impact on job security and the ability of the organization to invest in growth and development opportunities.

Company's Performance: The balance sheet can be used to understand the company's performance, profitability, and its ability to generate cash flows. This can provide the employee with an insight on the company's ability to pay salaries, bonuses, and provide benefits.

(Wiley, 2019)

Investment: The balance sheet can be used to understand the company's investment and growth opportunities, which can have an impact on the employee's career development opportunities within the organization.
Risk Management: The balance sheet can be used to understand the company's risk profile, which can have an impact on the employee's job security, in case the company faces financial difficulties.
It's important for the employee to have a good understanding of the company's financial position and performance, as it can have a direct impact on their job security and career development opportunities within the organization. (Sherman, 2019)

The main equation of Balance Sheet is Assets = Liability+Equity. The main concept is that Balance sheet should always balance. If the Balance Sheet doesn’t balance as per equation above, then it is for certain that there have been some errors. Most common errors are incorrect transactions, Missing or incomplete data, exchange rate calculations and much more. Let us understand the different aspects of Balance sheet.
(IEDU, 2021)

3.3 Income Statement:

Income statement is where all the Incomes and Expenses are shown over a given period. The income statement would have gain, expense, loss transactions and Revenue. Income statements would be published Quarterly or Yearly and would always show a trend over a period.
An accountant when preparing income statement using trail balances for 2 points of time, depending on the period which they are reporting. Income statement along with other financial tools would help in understanding if a business is generating profit. Some of the items which would stand out is if the cost has increased, company is spending more than it earns. If the company is generating a profit or it has enough money to invest back in its business. Income statement is something which is viewed on a regular basis as this helps companies to adjust the way they are doing business and change accordingly. Income statement also helps a company determine in-depth if they want to cut costs. This can also
help track on the growth trajectory of a company and help investors in understanding if the current actions need to be continued or not. (Bragg, 2006)

Below are the items listed of Income Statement is below:

Revenue: is the income generated by a business or organization through the sale of goods or services, or other means such as investments or grants. It is typically used as a measure of a company's financial performance and is an important factor in determining the value of a company.

Purchases: refer to the act of buying goods or services from a seller or vendor. There are several ways to do it person, online, or over the phone. The payment for the purchase can be made using cash, credit/debit card, or other forms of electronic payment or upon invoice receive.

Gross profit: Gross profit is a financial metric that represents the amount of money a company earns from its products or services after deducting the cost of goods sold (COGS).
Gross profit is an important indicator of a company's financial performance, as it shows the profitability of a company's products or services before factoring in other expenses such as overhead and administrative costs. A high gross profit margin indicates that a company can effectively control its COGS and charge appropriate prices for its products or services.
It's also used as a measure of company's efficiency in production and pricing, A company with a high gross profit margin is typically considered to be more financially healthy than one with a low margin. (CFI, 2022)

Expense: refer to the money a business or organization spends to generate revenue. These can include cost of goods sold, operating expenses such as rent and salaries, and other expenses such as marketing and advertising. Expenses are subtracted from revenue to calculate a company's net income or profit. It is important for a business to keep track of expenses to maintain financial stability and plan for future growth.
There are various types of expenses that a company may incur, including:
(CFI, 2022)

Cost of goods sold (COGS): is the direct cost associated with producing a product or providing a service. It includes the cost of materials, labour, and any other direct expenses incurred in the

production process. COGS do not include indirect expenses such as overhead or sales and marketing expenses.
COGS is an important metric for businesses, as it is subtracted from revenue to determine gross profit. By understanding their COGS, businesses can make informed decisions about pricing and production, and identify ways to reduce costs and increase efficiency.

Operating expenses: Operating expenses, also known as "operating costs," are the expenses that a company incurs to keep its business running on a day-to-day basis. These expenses include things like salaries, rent, utilities, and supplies. They are typically reported on a company's income statement as "selling, general and administrative expenses" (SG&A). They are different from non-operating expenses, such as interest or taxes, which are not directly related to the company's main operations.

Non-operating expenses are expenses that are not directly related to a company's main operations. They are reported separately on a company's income statement and can include things like interest expense, foreign exchange gains or losses, and gains or losses from investments.

Interest expense: Interest expense is the cost of borrowing money, typically from issuing bonds or taking out loans. It is considered a non-operating expense because it is not directly tied to the production of goods or services. (IEDU, 2021)

Foreign exchange gains or losses: Foreign exchange gains or losses occur when a company conducts business in multiple currencies and the value of one currency changes relative to another. These gains or losses can be considered non-operating expenses because they are not directly tied to the company's main operations.
Gains or losses from investments are realized or unrealized profits or losses from investments that a company holds, such as stocks or bonds. These can be considered non-operating expenses because they are not directly tied to the company's main operations.
In summary, non-operating expenses are expenses that are not directly related to a company's main operations. They are reported separately on a company's income statement and can include things like interest expense, foreign exchange gains or losses, and gains or losses from

investments. These expenses are not related to the company's core business and can have a large impact on the company's profitability and cash flow. (Bragg, 2006)

Selling, general, and administrative expenses (SG&A): Selling, general, and administrative expenses (SG&A) is a category of expenses found on a company's income statement that includes the costs associated with running the business that are not directly tied to the production of goods or services. SG&A includes expenses such as sales and marketing, general administration, and executive salaries. These expenses can include things like rent, utilities, office supplies, and legal and accounting fees. They also include the costs of running the company's sales force, such as salaries, commissions, and travel expenses. SG&A is a key metric used by investors and analysts to evaluate a company's efficiency and profitability.

Depreciation: Depreciation is an accounting method used to allocate the cost of a long-term asset, such as property, plant, or equipment, over its useful life. The idea is that the asset's value decreases over time, due to factors such as wear and tear, obsolescence, or physical deterioration. Depreciation is recorded as an expense on a company's income statement, and it reduces the company's taxable income.

There are various methods to calculate depreciation, including straight-line, declining balance, and sum-of-the-years'-digits. The most common method is the straight-line method, which spreads the cost of the asset evenly over its useful life.

Depreciation is not a cash outflow, and it is a non-cash expense, meaning it does not involve any actual cash transactions. But it is used to reduce the value of the assets in balance sheet, and it reduces the company's taxable income. The company can use the depreciation expense to offset its revenue to reduce its tax liability. (Bragg, 2006)

Amortization: Amortization is similar to depreciation, but it is used to allocate the cost of intangible assets, such as patents, trademarks, and copyrights, over their useful lives. Like depreciation, amortization is recorded as an expense on a company's income statement and reduces the company's taxable income.

(CFI, 2022)

Amortization is also a non-cash expense; it does not involve any actual cash transactions. It is used to reduce the value of the intangible assets in balance sheet, and it reduces the company's

taxable income. The company can use the amortization expense to offset its revenue to reduce its tax liability.

There are several methods of amortizing intangible assets, including the straight-line method and the accelerated method. The straight-line method spreads the cost of the asset evenly over its useful life, while the accelerated method allocates a higher portion of the cost in the early years of the asset's useful life.
In summary, Depreciation and Amortization are accounting concepts that allow companies to allocate the cost of long-term assets and intangible assets over their useful lives and report them as expenses on the income statement. Both are non-cash expenses that can be used to offset revenue and reduce tax liability. Shaviro, D. (2008)

Interest expense: Interest expense is the cost incurred by a company for borrowing money, such as from issuing bonds or taking out loans. It is the cost of borrowing money, and it is reported as an expense on a company's income statement. Interest expense is a non-operating expense, meaning it is not directly related to the company's main operations.

Interest expense is calculated by multiplying the rate of interest by the balance principal amount of the debt. The interest rate can be fixed or variable, and it is determined by the terms of the loan or bond agreement. (Bragg, 2006)

Companies will typically have to pay interest on loans they take out from banks, bonds they issue to investors or any other forms of debt they have. The interest expense is a necessary cost of doing business for companies that rely on borrowing to finance their operations.
Interest expense can have a significant impact on a company's profitability and cash flow. High levels of interest expense can indicate that a company is heavily reliant on debt to finance its operations, which can be a concern for investors and creditors.

Taxes: Taxes are the financial charges imposed by the government on individuals and businesses. Companies are responsible for calculating and paying taxes on their income and other financial transactions.
Shaviro, D. (2008)

The most common type of tax that companies must pay is income tax, which is based on a company's net income. Other taxes that companies may be subject to include sales tax, property tax, and payroll taxes.
Taxes are reported as an expense on a company's income statement and reduce the company's net income. Companies can also deduct certain expenses, such as depreciation and employee benefits, to reduce their taxable income.
Tax laws and regulations can vary depending on the country or state where a company operates. It's important for companies to understand and comply with the tax laws and regulations that apply to them, to avoid penalties and fines.
In summary, taxes are financial charges imposed by the government on individuals and businesses. Companies must calculate and pay taxes on their income and other financial transactions. Taxes are reported as an expense on a company's income statement and can reduce the company's net income. Companies can also deduct certain expenses to reduce their taxable income.
(BRIGHAM Y,2007)
Losses: when a company incurs a loss from investments or other non-operating activities.

Capital Expenditure: expenses incurred to acquire or upgrade long-term assets such as property, plant, and equipment.

Research and Development: costs of researching and developing new products or services.
The specific types of expenses a company incurs will depend on the nature of its business and operation.

Operating Income: Operating income, also known as operating profit or EBIT (earnings before interest and taxes), is a measure of a company's financial performance calculated as revenue minus operating expenses. It does not include non-operating income or expenses such as interest income or gains/losses from investments. It is a measure of a company's core profitability from its ongoing operations and is often used to compare companies in the same industry.
(Bragg, 2006)

Income before taxes: Income before taxes, also known as "pre-tax income," is a financial metric that represents a company's net income before taxes are considered. It is calculated by

subtracting all operating and non-operating expenses, including depreciation and amortization, from a company's revenue.

This metric is used to measure a company's profitability before the impact of taxes. It can be found on a company's income statement and gives a more accurate picture of a company's true earnings power.

Income before taxes is an important metric for investors and analysts, as it can indicate the company's ability to generate profits and pay dividends. It also helps to identify trends in a company's profitability and can be used to compare the performance of different companies within the same industry. Shaviro, D. (2008)

It is important to note that Income before taxes is not cash flow and it doesn't reflect the cash a company has available, it only gives an idea of how much a company is earning before paying taxes.

In summary, Income before taxes is a financial metric that represents a company's net income before taxes are considered. It is calculated by subtracting all operating and non-operating expenses from a company's revenue. It's an important metric for investors and analysts, as it can indicate the company's ability to generate profits and pay dividends.

Net Income: Net income, also known as "net profit" or "bottom line," is a financial metric that represents a company's total earnings after all expenses have been considered. It is calculated by subtracting all operating and non-operating expenses, including taxes, from a company's revenue.

Net income is the most used measure of a company's profitability, and it is typically found at the bottom of the income statement. It is the result of a company's income statement and shows the amount of money that the company has earned after all expenses have been paid.

Net income is an important metric for investors and analysts, as it can indicate the company's ability to generate profits and pay dividends. It also helps to identify trends in a company's profitability and can be used to compare the performance of different companies within the same industry.

Net income is also used to calculate other financial metrics such as earning per share (EPS) and price-to-earnings (P/E) ratio.

(Goel, 2016)

It is important to note that Net income is not cash flow, it only shows the profit a company has made, not the cash that the company has available.

In summary, Net income is a financial metric that represents a company's total earnings after all expenses have been considered. It is calculated by subtracting all operating and non-operating expenses, including taxes, from a company's revenue. It is the most used measure of a company's profitability and is an important metric for investors and analysts.

Earnings per Share (EPS): Earnings per Share (EPS) is a financial metric that shows how much profit a company has earned for each share of its common stock. It is calculated by company net income divided by the number of shares outstanding.

EPS is an important metric for investors and analysts, as it can indicate a company's profitability and growth potential. It is also used to calculate other financial metrics such as the price-to-earnings (P/E) ratio, which compares a company's stock price to its EPS.

EPS can be calculated in different ways, depending on the company's situation. For example, a company may have preferred shares, which are different from common shares and have different rights, such as priority in dividends payments. In this case, the company may calculate a different EPS for each type of share.

EPS can also be calculated on a diluted basis, which considers the potential dilution of a company's earnings if all outstanding options, warrants, and convertible securities were exercised. Diluted EPS gives a more conservative estimate of a company's earnings per share and is typically used by analysts and investors to evaluate a company's performance.

In summary, Earnings per Share (EPS) is a financial metric that shows how much profit a company has earned for each share of its common stock. EPS is an important metric for investors and analysts, as it can indicate a company's profitability and growth potential and it is also used to calculate other financial metrics such as the price-to-earnings (P/E) ratio. EPS can be calculated in different ways, depending on the company's situation, such as considering preferred shares or diluted shares.

(CFI, 2022)

EBITDA: EBITDA full form is Earnings Before Interest & Taxes, Depreciation, and Amortization. It is a measure of a company's financial performance that calculates its operating profitability, by removing the impact of non-operating expenses such as interest, taxes, depreciation, and amortization. It is widely used by investors, analysts, and other stakeholders to evaluate a company's financial performance and compare it to others in the
same industry. EBITDA can be used as a measure of a company's ability to generate cash flow and can also be used to assess the value of a company. (CFI, 2022)

3.4 Vertical Analysis:

In this method each line of the Income statement is listed as a % to the base value. Example would be in an income statement it would be as percentage of Gross sales instead of revenue values. This helps show a relative value of expenses on how they relate to each other. Like showing different expenses showing as a percentage to the total operating expense. This helps understanding of proportions and to look at directly if any of the metrics are improving. The most important questions we achieve to answer from this would be to understand what main contribution to the profit is, how has costs risen and over what exact period of time

Vertical analysis, also known as common-size analysis, is a technique used in financial analysis to compare different elements of a single financial statement. It involves expressing each item on a financial statement as a percentage of a base figure, typically total assets, or total revenue. This allows for an easier comparison of the relative size of each item and can reveal important information about the structure of a company's financial statements.
(S, 2019)

For example, in a vertical analysis of an income statement, each expense would be expressed as a percentage of total revenue. This would allow for a comparison of the relative size of different expenses, such as cost of goods sold, selling, general and administrative expenses, and research and development expenses.

Similarly, in a vertical analysis of a balance sheet, each item would be expressed as a percentage of total assets. This would allow for a comparison of the relative size of different items, such as cash and cash equivalents, accounts receivable, inventory, property, plant and equipment, and long-term debt. (Bragg, 2006)

Vertical analysis can also be used to compare a company's financial statements to industry averages or to the financial statements of a peer group. This can reveal important information about the company's competitive position and financial performance.

It's used in conjunction with horizontal analysis, which compares financial data over a period. Together, these two techniques can provide a comprehensive view of a company's financial performance and position. (S, 2019)

A vertical analysis of a fast-moving consumer goods (FMCG) company would involve expressing each item on the company's financial statements as a percentage of a base figure, typically total revenue, or total assets. This would allow for an easier comparison of the relative size of different items on the financial statements and can reveal important information about the structure of the company's financials.

For example, in a vertical analysis of an income statement for FMCG company, each expense would be expressed as a percentage of total revenue. This would allow for a comparison of the relative size of different expenses, such as cost of goods sold, selling, general and administrative expenses, and research and development expenses. This will also show the gross margin, operating margin, and net margin as a percentage of revenue.
(S, 2019)
Similarly, in a vertical analysis of a balance sheet for FMCG company, each item would be expressed as a percentage of total assets. This would allow for a comparison of the relative size of different items, such as cash and cash equivalents, accounts receivable, inventory, property, plant and equipment, and long-term debt. This will also show the current ratio, quick ratio, and debt-to-equity ratio as a percentage of total assets.

By expressing each item on the financial statements as a percentage of a base figure, a FMCG company can identify trends and patterns that may indicate potential opportunities or risks. For example, an increasing trend in gross margin and operating margin may indicate strong pricing power and effective cost management, while a decreasing trend may indicate a decline in profitability. Similarly, a high current ratio and quick ratio may indicate that the company has a strong liquidity position, while a low current ratio and quick ratio may indicate that the company is facing liquidity challenges.
(S, 2019)
In addition to this, comparison of these figures with industry averages or with the financial statements of a peer group can reveal important information about the company's competitive position and financial performance.

A vertical analysis of Anheuser-Busch's financial statements would involve expressing each line item on the income statement or balance sheet as a percentage of total revenue or total assets, respectively. This would allow for easy comparison of the company's revenue and expenses, as well as its assets and liabilities, over time. (S, 2019)

3.5 Horizontal Analysis:

In this type of Analysis, a company would focus on each line item versus the same item in the last period. We would look at statements over multiple periods and look at how the changes have occurred over the period. Horizontal method is the most accepted accounting as per GAAP standards. The biggest advantage of Horizontal analysis is that helps in the understanding of trends and what is driving the performance over a period. An example would be looking at how performance has changed and in what aspect between Q1 and Q2 (BRIGHAM Y,2007)

The best would be to use both aspects to give a better understanding of the Income Statement and a more in-depth Analysis.

Horizontal analysis, also known as trend analysis, is a technique used in financial analysis to compare financial data over a period. It involves comparing financial statements or other financial data from different periods, such as from one year to the next or from one quarter to the next, to identify trends and patterns. The data is typically presented in the form of financial ratios or percentage changes, with the purpose of identifying significant changes and trends that may indicate potential opportunities or risks. This technique is often used in conjunction with vertical analysis, which compares different elements of a single financial statement.

Horizontal analysis of a fast-moving consumer goods (FMCG) company would involve comparing the financial statements of the company over a period. This would typically include the income statement, balance sheet, and cash flow statement. For example, the income statement would be analysed for changes in revenue, gross profit, operating income, and net income over the period. S, S. (2019)

The balance sheet would be analysed for changes in assets, liabilities, and shareholder's equity over the period. The cash flow statement would be analysed for changes in cash flow from operating, investing, and financing activities over the period. By comparing these financial statements over a period, a FMCG company can identify trends and patterns that may indicate potential opportunities or risks. For example, an increasing trend in revenue and net income may indicate strong sales and market share, while a decreasing trend may indicate a decline in sales and market share. Similarly, an increasing trend in liabilities may indicate a higher level of debt, which could be a potential risk for the company.

In addition to this, specific key ratio like Gross margin, Operating margin, Net margin, return on assets, Return on Equity, etc would be calculated and compared over time to get a deeper understanding of the financial performance of the company.
(Bragg, 2006)
A horizontal analysis of Anheuser-Busch's financial statements would involve comparing financial data, such as revenue, expenses, assets, and liabilities, for the company over a period, such as several years or fiscal quarters. This would allow for the identification of trends and patterns in the company's financial performance, such as whether revenue is increasing or decreasing, expenses are rising or falling, and whether assets or liabilities are growing or shrinking.
A deep vertical analysis of Anheuser-Busch (AB InBev) would involve a thorough examination of the company's financial statements, with a focus on the percentage of total revenue or total assets represented by each line item. This would allow for a detailed analysis of the company's revenue and expenses, as well as its assets and liabilities, in relation to its overall financial performance. (S, 2019)
For example, a deep vertical analysis of AB InBev's income statement would involve calculating the percentage of total revenue that each expense category, such as cost of goods sold, marketing expenses, and general and administrative expenses, represents. This would give a clear picture of how much of the company's revenue is being spent on different aspects of the business, and how this has changed over time.
Similarly, a deep vertical analysis of AB InBev's balance sheet would involve calculating the percentage of total assets that each category of assets and liabilities represents. This would give an idea of how the company is financing its operations and how it has changed over time.
It's important to note that this analysis should be done in conjunction with other analysis like horizontal analysis, industry comparison and ratio analysis to have a more comprehensive view of the company's financial performance. (CFI, 2022)

3.6 Balance Sheet:

Elements of Balance Sheet:

Assets: Assets are anything which is owned by the company which has a value attached to it. In case of need a business would be able to liquify the assets and generate cash. Assets are mostly added on Balance Sheet as a positive item on the Balance Sheet. It can be further divided into Current and Non-Current Assets. A company must know the eact understanding of the Assets they have and how each of these assets are valued. As this speaks to the company's health (Fabozzi, F. J., & Peterson, P. P. (2003).

Current Assets: Current assets are assets that are supposed to be converted into cash within year. These assets are considered liquid, meaning they can easily be converted into cash to meet the company's short-term obligations. Examples of current assets include cash, debtors (amount expected to receive), prepaid and inventory. Current assets are important for a company to maintain a strong cash flow and to meet its short-term financial obligations, such as paying bills and salaries. Current assets are reported on the balance sheet and are listed in order of liquidity, with cash and cash equivalents listed first.

Cash: Cash in hand means how much company has cash at the end of the period. Further in the cash account we can also see the company transactions like cash payment to suppliers, and incoming payments from debtors in case of sale. Apart from these, we can also see the foreign exchange transactions, etc. This includes physical cash, checking and savings accounts, and short-term investments that can be easily converted to cash.

Prepaid expenses: Prepaid expenses are payments made by a company for goods or services that will be received in the future. These expenses are recorded as current assets on the balance sheet because they provide future economic benefits to the company. Examples of prepaid expenses include:

Insurance: A company may pay for insurance coverage in advance, such as a one-year policy.

Rent: A company may pay for several months of rent in advance.

Supplies: A company may purchase supplies in bulk and pay for them in advance, such as office supplies or raw materials. (S, 2019)

Taxes: A company may pay estimated taxes in advance.

Prepaid expenses are considered current assets because they are expected to be used or consumed within one year. As the company uses or consumes the goods or services covered by the prepaid expenses, the value of the prepaid expense asset is reduced, and the corresponding expense is recognized in the income statement.

It's important to keep track of prepaid expenses separately because they represent a use of cash in the short term but will not affect the company's income statement until they are consumed or expire, thus affecting the company's liquidity and cash flow. W. (2006)

Inventory:

Inventory is the raw materials, work-in-progress, and finished goods that a company has on hand and plans to sell. Inventory is considered a current asset on the balance sheet because it is expected to be sold or consumed within one year.

There are several types of inventories:

Raw materials: These raw material is used to manufacture a product with the help of raw material purchased and used to manufacture product.

Work-in-progress: These are the goods that are in the process of being manufactured but have not yet been completed.

Finished goods: These are the goods that have been completed and are ready to be sold.

Maintenance, repair, and operating (MRO) supplies: These are items that a company uses to maintain and repair its equipment, such as oil or replacement parts.

Slow-moving inventory: This refers to inventory items that are not selling as quickly as others and may be at risk of becoming obsolete.

Inventory is important for a company because it allows the company to have goods available for sale when customers want to buy them. However, having too much inventory can tie up cash and increase storage costs, so companies must carefully manage their inventory levels.
W. (2006)

In accounting, companies use different inventory valuation methods such as: FIFO (First-In-First-Out), LIFO (Last-In-First-Out), and Weighted Average Cost. These methods have an impact on the calculation of cost of goods sold, inventory value and gross profit, so it is important to choose the method that best represents the flow of inventory in a company.
Fabozzi, F. J., & Peterson, P. P. (2003)

FIFO: The First-In-First-Out method is a method for organizing and manipulating a data structure called a queue. In a FIFO queue, the first element added to the queue will be the first one to be removed. This principle is used in various real-world scenarios such as scheduling processes, handling interrupts in an operating system, and managing buffers in computer networks. The FIFO method ensures that the oldest element in the queue is processed first, making it useful in situations where elements are added to the queue in a specific order and must be processed in that same order.

LIFO: The Last-In-First-Out (LIFO) method is a method for organizing and manipulating a data structure called a stack. In a LIFO stack, the most recent element added to the stack will be the first one to be removed. This principle is used in various real-world scenarios such as undo/redo functionality in software applications, function call stacks in programming languages, and memory management in computer systems. The LIFO method ensures that the most recent element in the stack is processed first, making it useful in situations where elements are added to the stack in a specific order and must be processed in reverse order. This method is also known as a "FILO" (First in Last Out) data structure.

Weighted Average Cost: is used in the periodic inventory system, which assumes that all inventory purchases and sales happen at the end of the period.
Under this method, the cost of goods sold (COGS) is calculated by multiplying the quantity of goods sold by the weighted average cost of goods available for sale. The ending inventory is valued at the same weighted average cost. The weighted average cost is calculated by dividing the total cost of goods available for sale by the total quantity of goods available for sale.
The Inventory Weighted Average cost method is useful for companies that have a high turnover of inventory and purchase goods at varying prices. It gives a more accurate representation of the cost of goods sold and ending inventory than the FIFO (First in First Out) or LIFO (Last in

First Out) methods, which only consider the cost of goods sold based on the purchase price of the oldest or most recent inventory respectively.
Alexander, D., & Nobes, C. (2007)

Accounts Receivables: This is also called Debtors. Company either sell some good or services and excepting the money to receive in future. These services can be cash or credit. Cash sales mean the company receives the cash while selling goods and services, whereas credit sales mean the company will receive the money in the near future, generally there is a credit period called DSO (Days of sales outstanding) and mostly there is an agreement between the company and the buyer that in how many days he will pay back.

Non-Current Assets: These are mostly long-term investments which may not be converted to cash within the year. Items in this bracket include Land, Building, Goodwill, Patents, intellectual property, factory Equipment.
Land & Building: This is categories as tangible assets company use or benefit in future as and when needed. They called as tangible because this asset can be physical in nature. Whereas there are some intangible assets that are nonphysical for example- Copyright, goodwill etc.

Goodwill: is intangible in nature, for example when one company buy another company and they pay more than its value listed on the company balance sheet. The access amount paid by the company called goodwill. Francis, J. (2013)

Patents: this is also treated as intangible assets because patent does not have a physical existence. For example, copyright.

Fixed assets: Fixed assets, also known as non-current assets, are long-term tangible assets that a company uses to produce goods or services. These assets have a useful life of more than one year and are not intended for sale in the normal course of business. Examples of fixed assets include property, plant, and equipment such as buildings, machinery, vehicles, furniture and office equipment, land, and long-term investments in stocks or bonds.

Liabilities: This we can call as an opposite of an asset. This is what a company owes. These are the legal obligations which a company must pay to its debtors and always shown as a

negative in the balance sheet. Liabilities are also current and non-current liabilities Alexander, D., & Nobes, C. (2007)

Current Liabilities: Current liabilities are financial obligations that a company expects to pay within one year or within the normal operating cycle of the business, whichever is longer. These are obligations that are due in the short-term and are expected to be settled using current assets or through the creation of other current liabilities. Examples of current liabilities include accounts payable, short-term loans, taxes payable, salaries, wages and other compensation, dividends, and interest payable, and unearned revenues.
It's important to manage current liabilities effectively, as it can affect liquidity and ability to meet short-term obligations. A high level of current liabilities may indicate that a company is having difficulty generating cash flow or managing its working capital, which could be a warning sign of financial distress.

Accounts Payable: these are company short-term obligations that need to be paid off within a certain time limit, for example suppliers agree to 30,45,60 or 90 days of term payment. It depends between the agreement between these two parties.
Weetman, P. (2006)

Accrued Expenses: These are the expenses which are occurred but not yet paid. These expenses are booked into the account when they are incurred but not when they are paid.

For example- purchase from a vendor but did not receive an invoice yet. In this, we identified that there is an expense that needs to be paid when receiving the invoice.

Payroll: Companies have some responsibility for legal tax and health insurance of the employees. So, these payments need to be paid on time.

Deferred revenue: These are the revenue of the company but consider liabilities because the company has already received money from the customer and they are going to deliver the goods and services in the future, so this became the obligation for the company and that’s why it is considered as liabilities.
Weetman, P. (2006)

Non-Current Liabilities: These are liabilities that are long-term and would not be due for payment within the year. The most common aspects are Leases, Bank Loans, Provisions, Deferred Taxes, and so on.

Alexander, D., & Nobes, C. (2007)

Leases: Company signs a lease agreement over a period of one year this includes office space, machinery, rented property, etc. These lease items than listed on the company balance sheet under assets.

Deferred Taxes: The tax which is going to be deferred to next year due to some specific reason that may include less income in the current accounting period, and heavy taxes incurred while setting up or launching the new products.

Bank Loans: these loans are taken to pay the financial obligation and other due short and term dues. For example, when a company buys a Machine then they need to pay the regular instalments for that purpose we need these funds.

Provisions: The company makes provision for future unforeseen situations and to cover the losses they need to plan in advance, for example- pension, losses, etc.

Equity: This basically in larger companies is what is also known as Share Holders equity.

The basic understanding is that Equity is that all of the items which belong to the owners of the company after the liabilities are paid for. This would include the money which they have contributed when buying shares and the part of earnings which the company has generated over the year. Weetman, P. (2006)

3.7 Cash Flow:

This is a measure that helps determine what happened to a company's cash flow over a period. This statement would talk about company inflow and outflow of cash how spend over a period of time in terms of investment, non-cash expenditure like depreciation, dividend paid to shareholders etc. Typically, over the year. The cash flow statement is looked at in the following aspects
Weetman, P. (2006).

Operating Activities: This is the cash flow which is generated when the company delivers the goods. This can include both revenue and expenses. This also include day by day operation expenses to run the business for example depreciation, loss on sale of fixed assets, Increase/decrease in current assets and current liabilities which all sum up to the operating activities, however if the company has a positive operating activities after sum up all the elements then it is good sign for the business whereas if it's a negative sign then probably company needs to tentative and improve in the next cycle to improve.

Investing Activities: This is the cash which is used or generated from purchasing or selling of property. Mostly real estates, patents and so on. When a company sells any particular assets then company received money, and this would be considered as inflow of cash flow in the business and marks as positive sign while preparing the investing activities. Whereas when a company bought any particular assets then company needs to pay, and this would be considered as outflow of cash flow in the business and marks as negative sign while preparing the investing activities.

So, investing activities is a very important element in the cash flow reporting because the analyst and investors will be able to see and forecast how the company is perform. If the company is selling too much of assets or let say majority of assets, then it wont be good sign for the investors and they might assume in negative way that company is not going to sustain in the long run. On the other side if the company is buying more and more than it may be outflow of cash for the business but it's a very good sign in the long run. Moreover, the total of investing activities can be positive or negative in sign.
Weetman, P. (2006)

Financing Activities: this shows the cash flow from the financing of debt and equity.
When analysing the cash flow, we have to look at 2 items Positive or Negative Cash flow. A positive cashflow means that the company is bringing in more money than it is spending and the other way around when we have negative cashflow. An ideal situation would be to have a positive cash flow. When a company is showing a negative cash flow then it must take immediate call to action. However, the investors are more interested in seeing how much company a paid dividend to its shareholder had because this is a very important element for the business.

Operating Cash flow: This shows how much revenue is generated from every value of sale this is also known as net sales. There is no industry standard to follow however this is also the higher the better ratio
Free Cash Flow: This is basically the operating cash flow versus the capital expenditures. This shows how a company is efficiently generating cash flow Weetman, P. (2006)

3.8 Net Working Capital:

The net working capital is a very important instrument to know the company short term obligation and are they able to pay them on time or fulfil it.
Working capital can be calculated by total current assets minus total current liabilities. After calculating net working capital, the financial analyst should check if it is positive working capital or negative working capital because both the different impact.

Positive Working Capital: A positive working capital means that a company has enough liquidity to meet its short-term obligations and therefore it would be less likely to face a cash crunch.
It's also important for an investor to compare the company's ratios with industry averages and to evaluate the company's historical performance to get a better understanding of its financial position.

Positive Working Capital: A negative working capital mean that a company has not enough liquidity to meet its short-term obligations and therefore it would be less likely that they would be able to meet the short-term obligation and can face challenges and also investors may also consider this as weak, and it may influence the investing decision in the company.
(Zimon, 2021)
It is very important to know the reason why the working capital is negative, this can happen when current liability is over current assets meaning current liabilities is more than current assets and there can be several reasons as listed below:

The formula for Net working capital:

$$Net\ working\ capital\ =\ current\ \ assets -\ current\ liabilites$$

Unable to collect payments:
It might be a situation that the company is unable to collect payment on time because of company payment policy or it can be situation that the company has a less receivables and inventory listed on the Balance sheet compared to vendors payment.

Longer payment policy:

Company might have a longer payment policy for vendors it can happen depending upon the company strategic and business model because every company has a different set of financial strategic and also it depends on the business model, and sometimes its good that the company is using the cash to invest money in the business for growth, so the longer payment policy does mean it is a bad thing for the company, but it can affect inventors' decision to invest in the company.

However, considering this above two situation the financial analyst and controller should keep in mind how it can affect investors so it's better to improve the networking capital in future or make the discourse on the financial report. (Loth, 2022).

(Zimon, 2021)

3.9 Cash Conversion Cycle:

Cash Conversion Cycle: It helps to calculate how long a company takes to pay its bills. Apart from this we also look at days payable outstanding. This is the average number of days a company takes to pay its suppliers and vendors. We would also look at the number of days inventory sits idle. When calculated the CCC shows the time a company requires to collect on its sales and the amount of time taken for inventory turnover. This is a ratio where the shorter it is the better. (Smith, 2022)
The formula is below for Cash conversion cycle (CCC):

$$CCC = Days\ IN\ Inventory + Days\ of\ Sales\ Outstanding - Days\ Payable\ outstanding$$

We would try and find a CCC over an extended period of time to understand the actual performance of the company (Loth, 2022).

Now let's understand the both the components' days if sales outstanding (DSO) and days of payable of outstanding (DPO):

Days of sales outstanding: DSO is financial metric to check how many days a company takes to collect money from the customer. **DSO can be calculated by (account receivables divided by net credit sales) * number of days**. DSO is calculated to know the average number of days a company takes to collect money from the customers. Generally, it is 30 to 60 days depending upon the services and product company sold, However the collection days can be higher or lower its completely depend upon the company policy and its product and services but in general investors see if the company has a lower collection day that is between 30 to 60 days or even lower, then it would be great indicator not only for investors but also for the company. The formula to calculate DSO (Days of sales outstanding):

$$DSO = \frac{Account\ receivable}{Net\ credit\ sales} \times number\ of\ days$$

(Smith, 2022)

Days of payable outstanding: DPO is a financial metric to check how long company takes to pay the bills to vendors. DPO can be calculated Accounts payable/Cost of goods sold. DPO is calculated to know how long a company takes to pay the bills as this is a very important indicators for investors as well as for the company. Generally, it is between 38 to 56 days but again it is completely depending upon the business strategic and product & services that company engaged in manufacturing. This metric is very hard to predict if the company is better DPO because if the company takes long time to pay the bills it does not mean that this metric is bad as it is completely depending upon the product and services of the company. The formula to calculate DSO (Days of sales outstanding):

$$DPO = \frac{Accounts\ payable}{Cost\ of\ goods\ sold} \times number\ of\ days$$

(Smith, 2022)

3.10 Financial Ratios

Financial ratios are a metric used to determine the financial position of the company of the company over a period of time. This is combination of several financial which tell the liquidity, profitability, leverage, and other ratios performance. Every ratio has a different motive and angle towards the financial performance thus it will give financial analyst and investors a fair idea about the company financial positions over a period of time. It will also let financial analyst to know in which area company is performing better and areas where there is a chance of improvement which can influence investors decision to invest in the company. In other words, we can say financial ratios is a metric which determine the company financial performance and with the help of this tool it gives financial analyst true and fair view about the company performance over a period of time. This metric is also used by auditors in order to check the performance of the company and at the end this will gives fair idea of the performance of the company and also gives idea to improve the financial position of the company.

Goel, S. (2015)

There are four main types of financial ratios which we will discuss in the next chapter.

3.10.1 Liquidity Ratio

Liquidity ratio is one of the types of financial ratio that measures company ability to meet short term obligation over a period of time. This ratio provides company potential and effectiveness towards the short-term obligations. In a company there are certain short time obligations like payment to vendors, rent, mortgage etc. This payment needs to pay on time to run the business and its operations. There are two types of liquidity as below:

Current ratio: this ratio check company current liabilities over current assets, whether company able to pay the short-term debts. The formula to calculate is current assets divided by current liabilities. A higher current ratio means company will be able to meet the current short term financial obligations whereas lower current ratio means difficulties in making short term

financial obligations. Ratio of more than 1 is acceptable in most of the cases but it also depends on business to business and its strategic.
The formula to calculate Current Ratio:

$$Current\ ratio = \frac{Current\ assets}{Current\ liabilites}$$

Quick ratio: this ratio is also called acid test ratio; this ratio is check company ability to meet short term obligation over a period of time, but this ratio does not depend on inventory and the ratio can be calculated as (current assets-inventory) divided by current liabilities. This ratio does not considered inventory for current assets calculations whereas there is no change in current liabilities approach. A higher quick ratio means company will be able to meet the short-term financial obligations whereas lower quick ratio means difficulties in making short term financial obligations. Ratio of more than 1 is acceptable in most of the cases but it also depends on business to business and its strategic. This ratio is very much similar to current ratio except the non-consideration of inventory.
Goel, S. (2015)

The formula to calculate Quick Ratio as shown below:

$$Quick\ ratio = \frac{current\ assets - inventory}{Current\ liabilites}$$

Both the ratio is important for company in order to check the short-term liquidity of the company. Most of the investors check this indictor before investing into in the company, however this ratio is also very important indicators for internal purpose such if this ratio is strong then it is clear indication that company can sustain not only in the short run, but it can also influence longer term growth and capabilities of the company. Moreover, the bank will also check this ratio to identify if the company is able to meet its short-term financial obligation if not then they might hesitate to provide or grants any loan which can affect business. (C. F. I. ,2022)

3.10.2 Profitability Ratio

Profitability ratio means company profitability and potential to generate income compared to expense and costs. This ratio provides a company performance that is income versus expenses comparison. Below are the profitability ratios:

Gross profit margin is calculated by (Gross profit divided by Total revenue) *100. This ratio explains how much margin over sales is compared to its expenses. Higher ratios indicate company is generating profit from its revenue or number of units sold, whereas lower ratio indicates weak profit, which is not good indicators of any organisation, but financial analyst needs to take necessary steps to improve the ratios. Goel, S. (2015)

The formula to calculate Gross profit margin as shown below:

$$Gross\ Profit\ Margin = \frac{Gross\ Profit}{Total\ revenue}$$

Net profit margin: These ratios evaluate the net profit over total sales that is what is the profit over sales after all the expenses. The formula to calculate net profit margin is Net profit margin = (Net profit divided by Total revenue) *100. Higher profit indicates company is able to generate profit over sales after considering all the expenses. Whereas as net loss indicates the company is not generating enough profit to cover all the expenses. Profit is very important for any business to sustain but this can happen due to unforeseen situation like earthquake, Covid-19 etc and company may recover in upcoming year depending upon the market situation and business strategy. Goel, S. (2015)

The formula to calculate net profit margin as show below:

$$Net\ Profit\ Margin = \frac{Net\ Profit}{Total\ revenue} \times 100$$

Return on Assets Ratio (ROA): This is also known as profitability ratio. It shows how much profit is earned from the total Assets. This shows investors on how efficient the assets are providing returns and also on how maintained the equipment is. If any equipment is not providing the right turn over, we can safely assume that they are not being used effectively and the underlying reasons helps determine why. It is best to look at ROA over a long period of time to understand the trend. This is a higher the better ratio. Goel, S. (2015)

The formula to calculate ROA as shown below:

$$Return\ on\ Assets = \frac{Net\ Income}{Total\ Average\ total\ sales}$$

$$*\ Average\ toatl\ assets\ = \frac{Beginning\ of\ assets + Ending\ of\ assets}{2}$$

Return on Equity (ROE): This ratio measures a company's profitability in relation to its shareholders' equity. To calculate ROE the net income should divided by shareholder equity. A higher ROE indicates that a company is generating more profit for each dollar of shareholder equity.

It's important to note that these ratios and metrics should be analysed in the context of the industry the company operates in, and also should be compared with the company's historical data and its peers in the industry. Goel, S. (2015)

$$Return\ on\ equity = \frac{Net\ Income}{Total\ Average\ Shareholders\ equity}$$

3.10.2 Leverage Ratio

These ratios asses if the company is able to meet the debt obligations and these ratios are to be considered as very risky for the organisation. The company is using the debt to finance for its

business operations and investments or in other words we can say how much a company is dependent on debt to buy assets or to do investment. A low debt-to-equity ratio indicates that a company is using less debt to finance for its operations and may be less risky for the business. However, a high debt-to-equity ratio may indicate that a company is leveraging its equity to make acquisitions or invest in growth opportunities, which could potentially lead to higher returns. Below are the leverage ratios:
Goel, S. (2015)

Debt-to-equity ratio: This ratio indicates how much a company finances or took loan to invest in the company. In other words, it indicates the sources of amount coming to business that is capital invested in the company via loan or other resources where company needs to pay back with interest. Below is the formula to calculate debt-equity ratios:
Total liabilities divided by Total shareholders' Equity. Higher debt-equity ratios indicate company is relay on debt financing whereas lower debt ratio indicates company has enough funds to finance in the business. The formula to calculate to Debt-to-equity ratio as shown below:

$$Debt - to - equity\ ratio = \frac{Total\ liabilites}{Total\ Shareholders\ equity}$$

Debt-to-Assets Ratio: This ratio indicates how much company assets financed by debt. In other words, if the company needs to buy an asset and if they are able to buy from own capital or it is financed from any other company it terms loan or financing. The formula to calculate debt-assets ratios is equal to Total liabilities divided by Total assets. Higher debt-equity ratios indicate company majority of the assets listed on the balance sheet is finance on debt financing whereas lower ratio indicates company has enough funds to finance in the business. Goel, S. (2015)

$$Debt - to - assets\ ratio = \frac{Total\ liabilites}{Total\ assets}$$

Interest coverage ratio: This ratios indicate company ability to pay interest on loan and advances or capabilities to pay the interest on debt financing. To calculate interest coverage

ratio is equal to Operating income divided by Interest expenses. A higher interest ratio mean company has a potential to pay the interest on debt and payments whereas lower ratios indicate company is not strong enough to pay interest on payments.

$$Intrest\ coverage\ ratio = \frac{Operating\ income}{Interest\ expenses}$$

Goel, S. (2015)

3.10.3 Activity Ratio

Activity ratios is a financial ratios which indicate company operating efficiency towards fixed assets, stock & inventories, and debtors. These ratios will give idea the rate in which company is collecting payments and the inventories cycle of the company over a period of time. This ratio is very important form the point of Investors and as well as financial analyst. However, there are four types of financial ratios as below:

Inventory Turnover Ratio: This ratio asses the inventory at which rate it has been sold. It will give an idea at which the inventory is sold over a period of time. In other words, how many times a company has sold and replace inventory over a period of time related to cost of goods sold. Goel, S. (2015)

The formula of inventory or stock turnover ratio as shown below:

$$Stock\ Turnover\ Ratio = \frac{Cost\ of\ goods\ sold}{Average\ inventory}$$

$$*\ Average\ inventory = \frac{opening\ inventory + closing\ inventory}{2}$$

cost of goods sold divided by average inventory; here **average inventory means** (opening inventory plus closing inventory) divided by 2. Higher inventory indicates company strong sales and better inventory cycle whereas low inventory indicates mean weak sales, but this can be advantage for company during inflation and supply chain

Goel, S. (2015)

Total Assets Turnover Ratio: This ratio measure company efficiency with respect to revenue generated by company assets over a period of time. In other words, how the company assets are performing and generating revenue in the company. The formula to calculate assets turnover ratio is Revenue divided by assets. Here revenue means total sales generated by company from sell of goods and services whereas assets mean total assets listed on the

company balance sheet which include current assets- inventory, receivables, cash, prepaid and fixed assets such as land & building, plants & equipment, and machinery.
The higher assets turnover indicates company is efficient in generating revenue from its assets whereas low assets turnover indicates company is inefficient or unable to utilize its assets properly to generate revenue. The formula of Total Assets Turnover ratio as shown below:

$$Total\ assets\ Turnover\ Ratio = \frac{Revenue}{Assests}$$

Goel, S. (2015)

Fixed Assets Turnover Ratio:

This ratio measure company efficiency with respect to revenue generated by company fixed assets over a period of time. Fixed assets are assets that company use for longer period of time such as land & building, plant & equipment's etc. In other words, how the company fixed assets are performing and generating revenue. The formula to calculate fixed assets turnover ratio is Revenue divided by fixed assets. Here revenue means total sales generated by company from sell of goods and services whereas fixed assets mean company fixed assets listed on the company balance sheet which include land & building, plants & equipment, and machinery. The formula of Fixed Assets Turnover ratio as shown below:

$$Total\ Fixed\ assets\ Turnover\ Ratio = \frac{Revenue}{Fixed\ Assests}$$

The higher fixed assets turnover indicates company is efficient in generating revenue from its fixed assets whereas low fixed assets turnover indicates company is inefficient or unable to utilize its fixed assets properly to generate revenue.

Goel, S. (2015)

Receivable Turnover Ratio:

This ratio measure company efficiency with respect to collecting its accounts receivables from the customer over a period of time. Account receivables are listed under current assets of the balance sheet. Account receivables are those amount which company sell its good and services, but customer did not pau back. Generally, there is an agreement between the company and the customer about the payment terms, usually it is between 30 to 60 days dependent upon the industries. The formula to calculate receivable turnover as shows below:

$$Receivable\ Turnover\ Ratio = \frac{Net\ credit\ sales}{Average\ average\ receivable}$$

$$*\ Average\ receivable = \frac{opening\ receivable + receivableinventory}{2}$$

Net credit sales mean company is sold its product or services to customer but did not receive the money yet, whereas average AR means opening AR plus ending AR divided by 2.
Goel, S. (2015)

4 Practical Part

In this practical part the author will explain the outcome of Income statement, Balance sheet, Cash flow statement and financial ratios.

4.1 Income statement analysis:

The below part shows the Income Statement for the period 2011-2020 for Anheusher Busch.

Picture 5 Income Statement

Millions	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenue	39,046	39,758	43,195	47,063	43,604	45,517	56,444	53,041	52,329	46,881
Cost Of Goods Sold	16,610	16,422	17,594	18,756	17,137	17,803	21,386	19,933	20,362	19,634
Gross Profit	**22,436**	**23,336**	**25,601**	**28,307**	**26,467**	**27,714**	**35,058**	**33,108**	**31,967**	**27,247**
Gross margin	**57%**	**59%**	**59%**	**60%**	**61%**	**61%**	**62%**	**62%**	**61%**	**58%**
Research And Development Expenses										
SG&A Expenses	10,505	11,241	12,558	14,385	13,732	15,171	18,099	16,807	16,421	15,369
Other Operating Income Or Expenses	694	684	1,160	1,386	1,032	732	854	575	795	663
Operating Expenses	26,773	27,015	29,110	32,032	30,090	32,565	39,099	36,528	36,158	36,997
Operating Income	12,273	12,743	14,085	15,031	13,514	12,952	17,345	16,513	16,171	9,884
Operating Income%	**31%**	**32%**	**33%**	**32%**	**31%**	**28%**	**31%**	**31%**	**31%**	**21%**
Total Non-Operating Income/Expenses	(2,588)	(1,738)	4,449	(1,230)	(1,054)	(8,619)	(6,271)	(8,772)	(3,395)	(7,805)
Pre-Tax Income	9,685	11,005	18,534	13,801	12,461	4,334	11,076	7,741	12,776	2,079
Income Taxes	1,826	1,680	2,016	2,499	2,594	1,613	1,920	2,585	2,786	1,932
Income After Taxes	7,859	9,325	16,518	11,302	9,867	2,721	9,156	5,156	9,990	147
Other Income										
Income From Continuous Operations	7,859	9,325	16,518	11,302	9,867	2,721	9,156	5,156	9,990	147
Income From Discontinued Operations						48	28	531	424	2,055
Net Income	5,779	7,160	14,394	9,216	8,273	1,241	7,996	4,370	9,171	1,405
Net Income%	**0.15**	**0.18**	**0.33**	**0.20**	**0.19**	**0.03**	**0.14**	**0.08**	**0.18**	**0.03**
ROE	**14%**	**16%**	**26%**	**17%**	**18%**	**2%**	**10%**	**6%**	**11%**	**2%**
ROA	**5%**	**6%**	**10%**	**6%**	**6%**	**0%**	**3%**	**2%**	**4%**	**1%**
Debt- equity	**1.74**	**1.70**	**1.56**	**1.63**	**1.94**	**2.15**	**2.07**	**2.25**	**1.80**	**1.89**
EBITDA	15,056	15,490	17,070	18,384	16,667	16,429	21,621	21,137	20,828	14,713
EBIT	12,273	12,743	14,085	15,031	13,514	12,952	17,345	16,513	16,171	9,884
Basic Shares Outstanding	1,595	1,600	1,617	1,634	1,638	1,717	1,971	1,975	1,984	1,998
Shares Outstanding	1,614	1,628	1,650	1,665	1,668	1,755	2,010	2,011	1,984	2,037
Basic EPS	4	4	9	6	5	1	4	2	5	1
Earnings Per Share	4	4	9	6	5	1	4	2	5	1

Source: author based on Anheuser Busch's annual report, 2022

Below is the Income statement analysis from the **period 2011 to 2020**.

Revenue:

The company's revenue sources include sales of its flagship brands such as Budweiser, Bud Light, and Stella Artois, as well as sales from its non-alcoholic beverage portfolio and packaging operations. Starting from the year 2011 we can see in the above table, the revenue was 39 billion compared to 56 billion in 2017 and in 2020 the revenue was decreased and stand to 46Billion due to competition, consumer preferences mergers and acquisitions and also COVID-19.

In recent years, the beer industry has faced challenges due to shifting consumer preferences towards craft beers and other alternative beverages. Despite this, Anheuser-Busch has continued to perform well, driven by its strong brand portfolio, strategic marketing and sales initiatives, and efficient cost management.
Overall, Anheuser-Busch has maintained a strong financial position and is well-positioned to continue its growth trajectory in the future.

Gross Profit Margin:
Gross profit is quite stable for the company over the year as we can see in the table 1 gross profit is around 60% on average in the period 2011 to 2020. The company net sales minus less COGS. Company is able to maintain health amount of gross margin over the period and this is because the company is keep generating revenue and also at the same this, they are able to cut the some of the cost which is impacted in the gross profit margin.

Operating Expenses: Company operating expenses has been increased in the period 2011 to 2020. In 2011 the operating expenses was 26 billion and it has been reached to 36 Billion the main reason for spike in this is due to business expansion (Merger with SAB Miller in 2016) and also company has also introduced new product which leads to **increase in Selling, general, and administrative expenses.**

Operating income: Operating income for the company is quite stable over the year as we can see in the table 1 operating income is around 30% on average in the period 2011 to 2020 but a 10% decrease in the year 2020 which result the operating income is 21%. The reason for this decrease is due to decrease in revenue in COVID-19. The business is interrupted because of pandemic as this most of the business comes from live events such as sports, music etc.

Net Income: From the table 1 we can see the average net income for the company in the period 2011 to 2020 is 15%. In the first half between 2011 to 2015 is 21% but in the last half it reduces to 9% due to **increase in interest cost -the price of material and labour expenses**, sales have been decreased but this sale is not the major impact, Increase in Financial expenses taxes, other cost such as merger & acquisition and other external cost.

4.2 Balance sheet Analysis

The below part shows the Balance sheet for the period 2011-2020 for Anheusher Busch.

Picture 6 Balance sheet

Millions	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cash On Hand	5,423	7,051	9,839	8,357	6,923	8,579	10,472	7,074	7,238	15,252
Short Term Investments	72	91						87	92	396
Receivables	2,660	2,745	2,985	3,415	3,298	4,608	4,918	4,555	4,166	3,401
Inventory	2,466	2,500	2,950	2,974	2,862	3,889	4,119	4,234	4,427	4,482
Pre-Paid Expenses		453	616	554	465	316	428	329	563	354
Other Current Assets	1,702	7,790	2,300	3,241	4,746	25,625	4,023	2,003	12,328	2,634
Total Current Assets	12,323	20,630	18,690	18,541	18,294	43,017	23,960	18,282	28,814	26,519
Property, Plant, And Equipment	16,022	16,461	20,889	20,263	18,952	26,219	27,184	27,615	27,544	26,419
Long-Term Investments	6,940	7,346	380	735	555	4,552	5,388	6,535	6,103	6,418
Goodwill And Intangible Assets	75,120	76,137	99,265	100,681	94,738	180,653	186,814	178,142	170,566	162,498
Other Long-Term Assets	2,022	2,047	2,442	2,330	2,096	2,145	2,780	3,294	3,621	4,555
Total Long-Term Assets	**100,104**	**101,991**	**122,976**	**124,009**	**116,341**	**213,569**	**222,166**	**215,586**	**207,834**	**199,890**
Total Assets	**112,427**	**122,621**	**141,666**	**142,550**	**134,635**	**256,586**	**246,126**	**233,868**	**236,648**	**226,410**
Total Current Liabilities	19,644	20,408	25,627	27,208	28,456	40,369	36,211	34,826	34,841	32,352
Long Term Debt	34,598	38,951	41,274	43,630	43,541	113,941	108,949	106,997	97,564	95,478
Other Non-Current Liabilities	5,850	6,641	6,616	4,754	4,958	6,148	7,639	6,991	6,866	7,603
Other Non-Current Liabilities	11,279	11,168	12,841	12,701	11,961	14,703	13,107	13,165	12,824	12,627
Other Non-Current Liabilities	17,129	17,809	19,457	17,455	16,919	20,851	20,746	20,156	19,690	20,230
Total Long Term Liabilities	51,727	56,760	60,731	61,085	60,460	134,792	129,695	127,153	117,254	115,708
Total Liabilities	71,371	77,168	86,358	88,293	88,916	175,161	165,906	161,979	152,095	148,059
Common Stock Net	1,734	1,734	1,735	1,736	1,736	1,736	1,736	1,736	1,736	1,736
Retained Earnings	17,744	21,519	31,004	35,174	35,949	28,214	28,394	26,068	31,484	30,870
Comprehensive Income						(15,626)	(14,784)			(30,841)
Other Share Holders Equity	1,070	634	(1,475)	(6,226)	(14,110)	45,726	45,726	19,061	24,882	51,220
Share Holder Equity	41,056	45,453	55,308	54,257	45,719	81,425	80,220	71,889	84,553	78,351
Total Liabilities And Share Holders Equity	112,427	122,621	141,666	142,550	134,635	256,586	246,126	233,868	236,648	226,410

Source: author based on Anheuser Busch's annual report, 2022

Total assets: The total assets of Anheuser-Busch have been stable over the period of 2011 to 2020. This generally indicates that the company has been acquiring more resources over time, which could be a positive sign of growth. Stating 2011 total assets is 112,427 million US dollars and gradually its increased over the years and stand to 226,410 million US dollars. We can see the total assets has more than double in last 10 years which is quite a significant improvement for the company and going concern in the long run.

Current assets: These are expected to be converted to cash within the year. In 2011 Current assets were 12 million and it increased over the years and stand at 26 million in 2020. As we can see from the above table the company's current assets is increased and in 2016 with the acquisition of SAB miller it increased to 43 million but again it gets decreased because they have invested lot of cash in SAB miller acquisition and spent 122 billion dollars for acquisition

and that is why they were unable to maintain cash. And also, During COVID-19, especially in 2020 mid, they lost business and were unable to maintain their current assets.
The other reason is company reduces short term investment plan and focus more on long term investment.

Inventory: The company has a stable inventory during this period which means they are selling and maintaining a good amount of inventory. In 2011 it was 2.4 million and it's increased to 4.4 million of receivables.

Property, Plant, And Equipment: The company has a stable PPE which indicates that the company has been stable in its production capabilities.
In 2011 its 16 million and it increased to 26 million dollar one of the reasons for this spike is due to its expansion in Africa market and they keep on investing in acquisition and maintaining breweries plant across the US market.

Long-term investment:
Below are some of the key investments done by Anheusher Busch.

In 2016 Anheuser-Busch InBev announced that it would spend $2 billion to upgrade its U.S. breweries, expand capacity and improve sustainability.
In 2019 Anheuser-Busch invested in Beyond Meat, the plant-based meat producer, which in addition to being an investment, it is also a strategic partnership to explore opportunities to bring plant-based protein to market, using Beyond Meat's technology.
In 2020, the company announced a commitment to spend $1 billion over five years to support sustainable agriculture and to decrease greenhouse gas emissions.
These investments, alongside other long-term investments, demonstrate the company's focus on increasing production capabilities and exploring new opportunities to grow its business. These investments may have been intended to help the company compete more effectively in its market and prepare for future growth.

Total Liabilities:

Current Liabilities- Total Current Liabilities has been increased as we can see from the table. In 2011 it was 19 million and increased to 32 million in 2020. This is due to fact the company has a long-term payment cycle to its vendors. The payment cycle is quite high we can and that is one of the major reasons of high current liabilities stated on the balance sheet.

Long Term Debt: Debt of the company is also increased over the period, and it is almost three times from 2011 to 2020, 34 million to 95 million. But the good thing is this money has a been invested in the business to grow further and the tax benefit for the business.

Retained Earnings: As we can see that the retain earning is increased from 17 million to 30 million in the time frame of 10 years. This is the part of net income which company earned over the years and invested in the business to keep growth of business. This is a positive sign for the investors because that the mean company is keep generating profit and it has strength enough to expand in future.

Long Term Debt: Debt of the company is also increased over the period, and it is almost three times from 2011 to 2020, 34 million to 95 million. But the good thing is this money has a been invested in the business to grow further and the tax benefit for the business.

Retained Earnings: As we can see that the retain earning is increased from 17 million to 30 million in the time frame of 10 years. This is the part of net income which company earned over the years and invested in the business to keep growth of business. This is a positive sign for the investors because that the mean company is keep generating profit and it has strength enough to expand in future.

4.3 Cash Flow Analysis

The below part shows the Cash Flow Statement for the period 2011-2020 for Anheusher Busch.

Picture 7 Cash Flow

USD Million	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net Income/Loss	7859	9325	16518	11302	9867	2769	9183	5157	9990	147
Total Depreciation And Amortization	2783	2747	2985	3353	3153	3477	4276	4624	4657	4829
Other Non-Cash Items	4737	3656	-2265	3676	3706	10095	8208	11446	7012	12279
Total Non-Cash Items	7520	6403	720	7029	6859	13572	12484	16070	11669	17108
Change In Accounts Receivable	174	-102	-25	-371	-138	-714	67	-105	-258	516
Change In Inventories	-157	-130	-129	-354	-424	-364	-213	-588	-426	-427
Change In Accounts Payable	1392	1331	1020	1540	2348	1251	365	1170	679	503
Change In Assets/Liabilities	-710	-621	-653	-458	-449	-470	-616	-487	-715	-616
Total Change In Assets/Liabilities	699	478	213	357	1337	-297	-397	-10	-720	-24
Cash Flow From Operating Activities	**12486**	**13268**	**13864**	**14144**	**14121**	**10,110**	**15,430**	**14,181**	**14,036**	**10,891**
Net-change-in-property-plant-equipment	-3256	-3089	-3612	-4122	-4337	-4768	-4124	-4568	-4854	-3687
Net Change In Intangible Assets	0	0	0	0	0	0	0	0	0	0
Net Acquisitions/Divestitures	-25	-1412	-17397	-6700	-918	-49616	11141	-329	-110	10315
Net Change In Short-term Investments	539	-6688	6838	-188	123	-5812	4550	-156	0	0
Net Change In Long-Term Investments	0	0	0	0	0	0	0	0	0	0
Net Change In Investments	539	-6688	6838	-188	123	-5812	4550	-156	0	0
Investing Activities	11	-152	3890	-50	202	119	-3713	1196	33	-292
Cash Flow From Investing Activities	**-2731**	**-11341**	**-10281**	**-11060**	**-4930**	**(60,077)**	**7,854**	**(3,857)**	**(4,931)**	**6,336**
Net Long-Term Debt	-4558	3649	4458	3223	457	62675	-9981	-4707	-8008	-8294
Net Current Debt	0	0	0	0	0	0	0	-423	-441	-461
Debt Issuance/Retirement Net	-4558	3649	4458	3223	457	62675	-9981	-5130	-8449	-8755
Net Common Equity Issued/Repurchased	155	102	73	83	-995	0	0	0	5575	0
Net Total Equity Issued/Repurchased	155	102	73	83	-995	0	0	0	5575	0
Total Common And Preferred Stock Dividends Pai	-3088	-3632	-6253	-7400	-7966	-8450	-9275	-7761	-5015	-1800
Financial Activities - Other	-1505	43	2063	147	-777	-3494	-1748	-1436	-866	2080
Cash Flow From Financial Activities	**-8996**	**162**	**341**	**-3947**	**-9281**	**50,731**	**(21,004)**	**(14,327)**	**(8,755)**	**(8,475)**
Net Cash Flow	815	1739	2782	-1517	-1406	1485	1961	-3396	209	8078
Stock-Based Compensation	203	201	240	249	221	231	351	333	340	169
Common Stock Dividends Paid	-3088	-3632	-6253	-7400	-7966	-8450	-9275	-7761	-5015	-1800

Source: author based on Anheuser Busch's annual report, 2022

Cash flow from operating activities: The cash generated by the company from its primary business that is selling beer, soft drinks etc and other non-alcoholic product.

Table1 Shows the Comparison of Cash Flow from Operating Activities from 2011 to 2020

USD Million	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cash Flow From Operating Activities	12,486	13,268	13,864	14,144	14,121	10,110	15,430	14,181	14,036	10,891

Source: author based on Anheuser Busch's annual report, 2022

Starting 2011 cash flow from operating activities was 12,438 million and this this keep increase but in 2016 the cash flow operation was 10,110 which is less than 4,011(14,121-10,110) compared to previous year 14,121. This is decrease of 28% from 2015. The reason for this decrease in 2016 is due to less profit accumulated in the 2016 it was 2769 million whereas 9,867 in 2015 and 16,518 in 2014. The again question came why the profit is has significantly reduce in 2016 compared to other years almost 80% reduction in profit. The reason behind the reduction in profit is due to increase in operating and non-operating expenses. However, if we see the overall cash flow from operation for the company in this period 2011 to 2020 is significantly increased and looks promising in upcoming year, the good part was the cash flow from operation was a positive figure across the years, which is really a great plus point for company as this statements and figure is careful considered by lots of shareholder for investment purpose.

Cash Flow from Investing Activities: The cash which is used or generated from purchasing or selling of property. Mostly real estates, patents and so on. When a company sells any particular assets then company received money, and this would be considered as inflow of cash flow in the business and marks as positive sign while preparing the investing activities.

Table 2 Shows the Comparison of Cash Flow from Investing Activities from 2011 to 2020

USD Million	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cash Flow From Investing Activities	(2,731)	(11,341)	(10,281)	(11,060)	(4,930)	(60,077)	7,854	(3,857)	(4,931)	6,336

Source: author based on Anheuser Busch's annual report, 2022

Starting 2011 we can see the cash flow from investing was -2,731 and this keep increasing until -60,007 in 2016. The means that company year by year investing, this is basically cash outflow for the company. For any company investing in long plant and equipment is a good sing for business in the long run. We can see the increase in investment from 2011 to 2016 was 57,346 almost 21000 $\frac{2731}{60077}$ times than year 2011. This is good sign for company that they are investing huge in plant and equipment's, short term investment and acquisition. Later from period 2017 to 2020 company started selling, in year 2017 the cash flow from investing activities was +7,854 and stand 6,336 in 2020. This shows that later part of the year company is focusing on selling instead of acquiring a new plant or acquisition. At the end we can say company has invested approx. 100,000 million from 2011 to 2016 and approx. 4,000 in 2018, this suggested that company has total invested or cash outflow during the approx. 104,000 million in the period 2011 to 2020 whereas 14000 million of cash inflow by selling the plant and equipment's. As an overall we can say the period 2011 to 2020 went well form the company in terms of investment in long term projects and research and development which includes the SAB miller acquisition in 2016.

Cash Flow from Financial Activities: this shows the cash flow from the financing of debt and equity.

Table 3 Shows the Comparison of Cash Flow from Financial Activities from 2011 to 2020

USD Million	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cash Flow From Financial Activities	8,996	162	341	3,947	9,281	50,731	(21,004)	(14,327)	(8,755)	(8,475)

Source: author based on Anheuser Busch's annual report, 2022

Starting 2011 we can see the cash flow from financing activities was 8,996 and this roses to 50,731 million in 2016. This figure suggests that the company long term debt is keep increasing. Increase of 4 times in overall Financial Activities this is due to increase in debt. In 2012 debt was 3,649 which is roses to 62,675 an increase of 59,026, approx. increase of 1700%. Which is huge in terms of increase in debt and financing. Whereas from 2017 to 2020 company has reduce the debt and company started paying the debt. In the period 2011 to 2020 company has taken a debt of 74,462 and on the other hand company paid the debt of 36,873.

4.4 Ratios Analysis

In this section financial ratio will explain in detail and see how the company is performing based on the below financial ratios:

4.4.1 Liquidity Ratio

Liquidity ratio is one of the types of financial ratio that measures company ability to meet short term obligation over a period of time.

4.4.1.1 Current Ratio

The Current ratio is calculated to asses the short-term obligation for the company.
Table 4 Shows the Comparison of Current Ratio from 2011 to 2020

USD in Million	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Liquidity Ratios										
Current ratio	0.63	1.01	0.73	0.68	0.64	1.07	0.66	0.52	0.83	0.82

Source: author based on Anheuser Busch’s annual report, 2022.

$$Current\ ratio = \frac{Current\ assets}{Current\ liabilites}$$

Below is the example how the Current ratio was calculated for the period 2020. The formula to calculate current ratio is current assets divided by current liabilities.
The current assets for the period were 26,519 and current liabilities was 32,352

$$Current\ ratio = \frac{26519}{32352} = 0.82$$

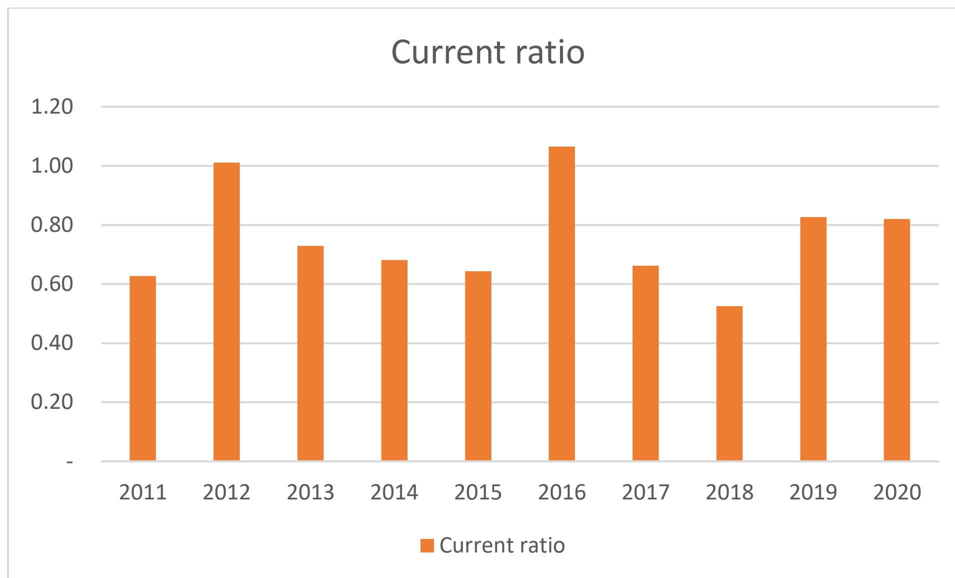
A high current ratio is not necessarily a good thing. The company may be inefficiently using its current assets or short-term financing facilities.

While a low current ratio (values less than 1) may indicate that a firm is having difficulty meeting current obligations, it may also reflect the organizations' ability to borrow against good prospects to meet current obligations. Strong businesses that can turn inventory faster than due dates on their accounts payable may also have a current ratio less than one.

The current ratio is calculated as the ratio of current assets to short-term liabilities. From the above table we can see the current ratio was 0.63, which means that the company had $0.63 in current assets for every $1 of short-term liabilities. This indicates that the company had a relatively weak financial position in the short-term. However, over the years it got improved and it stands 1.01 in 2012 to 1.07 in 2016 and finally it stands to 0.82 in 2020.

0.5 in 2018 is the minimum and the maximum is 1.1 in 2016, however the average of this period is 0.8 which signify a low current ratio because as per the industry standard it should be between 1.5 to 3, the reason for low current ratio is current assets is not significantly less compared to current liabilities, thus we can say company might have difficulty in making short-term financial obligation.

Graph 1 Shows the Comparison of Current Ratio from 2011 to 2020



Source: author based on Anheuser Busch's annual report, 2022.

4.4.1.2 Quick Ratio

Quick ratio is also called acid test ratio; this ratio is check company ability to meet short term obligation over a period of time, but this ratio does not depend on inventory

Table 5 Shows the Comparison of Quick Ratio from 2011 to 2020

USD in Million	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Liquidity Ratios										
Quick ratio	0.50	0.89	0.61	0.57	0.54	0.97	0.55	0.40	0.70	0.68

Source: author based on Anheuser Busch's annual report, 2022

The quick ratio is to measure company financial short-term obligation which includes cash, account receivable but it does not include

Below is the example how the Quick ratio was calculated:

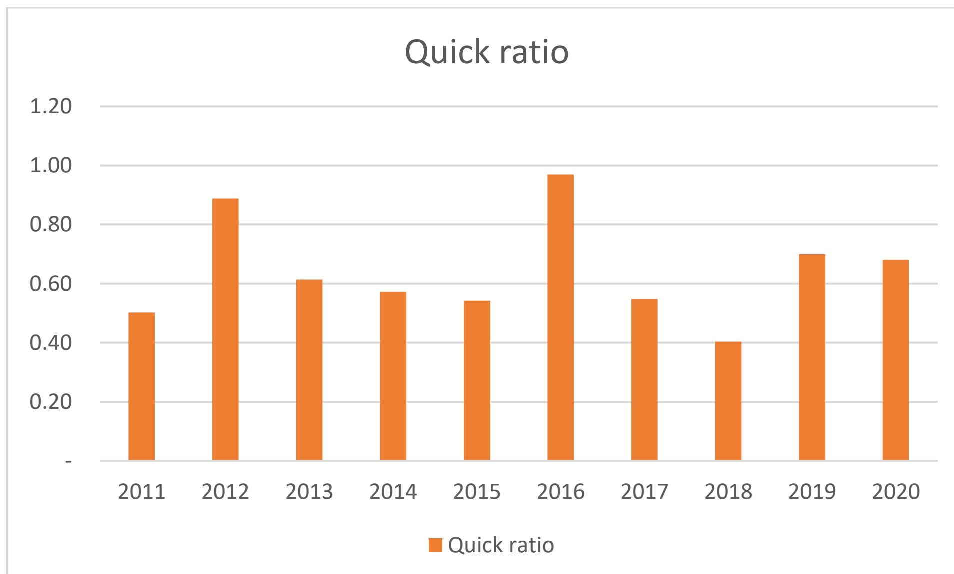
The current assets for the period 2020 were 26,519 and inventory was 4482 so the total current assets less inventory is $26519 - 4482 = 22037$, however the current liabilities was 32,352. The company highest quick ratio is in 2016 0.97 and the lowest was in 2018 0.40.

$$Quick\ ratio = \frac{current\ assets - inventory}{Current\ liabilites}$$

$$Quick\ ratio = \frac{22037}{32352} = 0.68$$

However, we can say that the starting 2011 the quick ratio was 0.50 and it keep increasing which is good sing for the company, but we can also observe the ratio is less than 1 across the period from 2011 to 2020, which states that the current liabilities is more than current assets which can be difficult situation for company for pay its short term payments.

Graph 2 Shows the Comparison of Quick Ratio from 2011 to 2020



Source: author based on Anheuser Busch's annual report, 2022.

4.4.2 Profitability Ratio

Profitability ratio means company profitability and potential to generate income compared to expense and costs. This ratio provides a company performance that is income versus expenses comparison.

4.4.2.1 Gross profit margin

is calculated by (Gross profit divided by Total revenue) *100. This ratio explains how much margin over sales is compared to its expenses. Higher ratios indicate company is generating profit from its revenue or number of units sold, whereas lower ratio indicates weak profit, which is not good indicators of any organisation, but financial analyst needs to take necessary steps to improve the ratios.

Table 6 Shows the Comparison of Gross Profit Margin from 2011 to 2020

USD in Million	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Gross profit margin	57%	59%	59%	60%	61%	61%	62%	62%	61%	58%

Source: own processing based on data from Anheusher Busch Annual Report 2011-2020.

Below is the example how the Gross profit margin was calculated for 2020:

$$Gross\ Profit\ Margin = \frac{Gross\ Profit}{Total\ revenue}$$

As per the income statement the Gross profit was 27,247 and the total revenue was 46,881

$$Gross\ profit\ margin = \frac{27247}{46881} * 100 = 58\%$$

This shows that company is generating 58% of gross profit by selling 46,881 million of goods. The company highest gross profit margin is approx. 62% between 2015 to 2019 in 2016 0.97 and the lowest was in 2011 57%.

This shows that company is performing well because company is generating more than 50% during the period 2011 to 2020 and if the company gross margin is between 50% to 70% it is considering to be good.

Graph 3 Shows the Comparison of Gross Profit Margin from 2011 to 2020

Source: author based on Anheuser Busch's annual report, 2022.

4.4.2.2 Net profit margin

These ratios evaluate the net profit over total sales that is what is the profit over sales after all the expenses. Higher profit indicates company is able to generate profit over sales after considering all the expenses. Whereas as net loss indicates the company is not generating enough profit to cover all the expenses.

Table 7 Shows the Comparison of Net profit margin from 2011 to 2020

USD in Million	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Net profit margin	15%	18%	33%	20%	19%	3%	14%	8%	18%	3%

Source: author based on Anheuser Busch's annual report, 2022

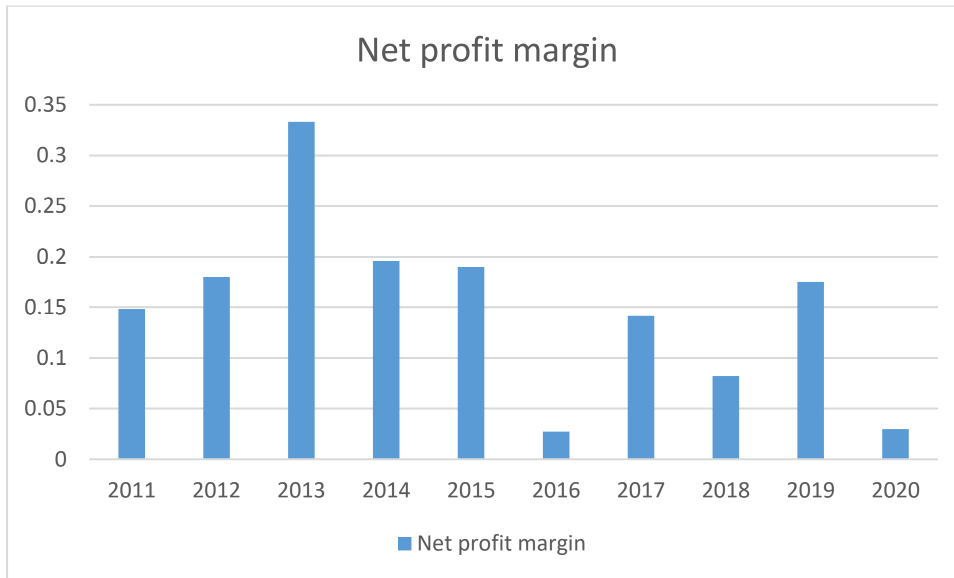
Below is the example how the Net profit margin was calculated for 2020:

$$Net\ Profit\ Margin = \frac{Net\ Profit}{Total\ revenue} \times 100$$

$$Net\ Profit\ Margin = \frac{1405}{46881} \times 100 = 3\%$$

This shows that company is generating 3% of net profit by selling 46,881 million of goods after managing all the expenses. The company highest net profit margin is approx. 33% in 2013 and the lowest was in 2020 3%. However, starting 2011 the net profit margin was 15% and it keeps increasing until 2013, 33% and in 2014 it was 20%, 19% in 2015 but it keeps falls after 2013 and stand to 3% in 2020. We can see between 2011 to 2015 it was stable, and average of net profit was 21%, however between 2016 to 2020 the average of net profit margin was only 9% which is quite low if we compare from 2011 to 2015. $= \frac{21-9}{9} \times 100 = 133\%$. Almost 3 times reduction in the net profit margin.

Graph 4 Shows the Comparison of Net profit margin from 2011 to 2020



Source: author based on Anheuser Busch's annual report, 2022.

4.4.2.3 Return on Assets Ratio (ROA)

This is also known as profitability ratio. It shows how much profit is earned from the total Assets. This shows investors on how efficient the assets are providing returns and also on how maintained the equipment is.

Table 8 Shows the Comparison of Return on Assets Ratio from 2011 to 2020

USD in Millions	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Return on Assets Ratio	5.1%	6.1%	10.9%	6.5%	6.0%	0.6%	3.2%	1.8%	3.9%	0.6%

Source: author based on Anheuser Busch's annual report, 2022.

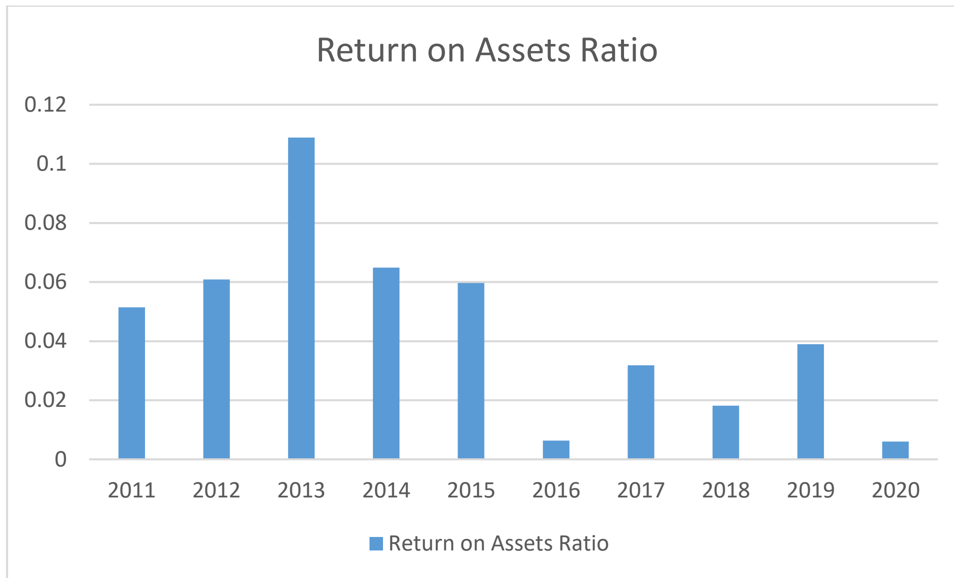
Below is the example how the Return on Assets was calculated for 2020:

$$Return\ on\ Assets = \frac{Net\ Income}{Total\ Assets}$$

$$Return\ on\ Assets = \frac{1405}{226410} = 0.6\%$$

This shows that how company is using its assets to generate profits. In 2020 return on assets was 0.6% which is significantly low. Starting 2011 the return on assets was 5.1% and keeps on increasing over a period until 2015 but it keeps falling from year 2016 and stand 0.6% in 2020. We can see between 2011 to 2015 it was between 5% to 6 % and average of return on assets was 6.9%, however between 2016 to 2020 the average of return on assets was only 2% which is quite low if we compare from 2011 to 2015. There is 250% of reduction in net profit $= \frac{7-2}{2} \times 100 = 250\%$ almost 3.5 times reduction in return on assets.

Graph 5 Shows the Comparison of Return on Assets Ratio from 2011 to 2020



Source: author based on Anheuser Busch’s annual report, 2022.

4.4.2.4 Return on Equity (ROE)

This ratio measures a company's profitability in relation to its shareholders' equity. To calculate ROE the net income divided by shareholder equity. A higher ROE indicates that a company is generating more profit for each dollar of shareholder equity.

Table 9 Shows the Comparison of Return on Equity from 2011 to 2020

USD in Millions	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Return on Equity	14.1%	15.8%	26.0%	17.0%	18.1%	1.5%	10.0%	6.1%	10.8%	1.8%

Source: author based on Anheuser Busch’s annual report, 2022.

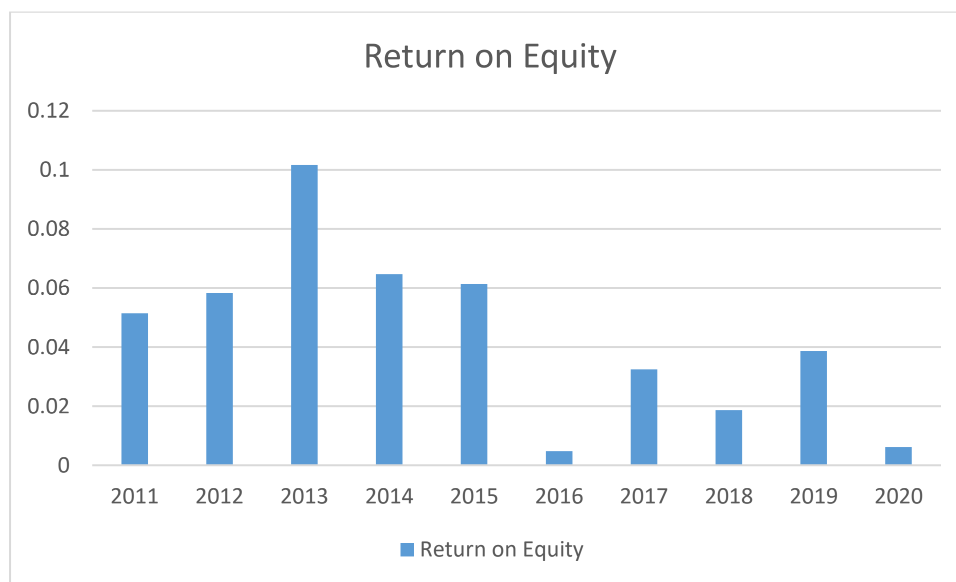
Below is the example how the Return on equity was calculated for 2020:

$$Return\ on\ equity = \frac{Net\ Income}{Total\ Average\ Shareholders\ equity}$$

$$Return\ on\ equity = \frac{1405}{78{,}351} = 14.1\%$$

In 2020 return on equity was 1.8% which is significantly low. Starting 2011 the return on equity was 14.1% and keeps on increasing over a period until 2015 and stand to 18.1% but it keeps falling from year 2016 and stand 1.8% in 2020. We can see between 2011 to 2015 it was between 14% to 18 % and average of return on assets was 18.2% and company is able to utilize its assets properly, however between 2016 to 2020 the average of return on assets was only 6% which is quite low if we compare from 2011 to 2015. There is 203% of reduction in return on equity = $\frac{18.2-6}{6} \times 100 = 203\%$ more than 2 times reduction in return on equity.

Graph 6 Shows the Comparison of Return on Equity from 2011 to 2020



.

Source: author based on Anheuser Busch’s annual report, 2022.

4.4.3 Leverage Ratio

These ratios asses if the company is able to meet the debt obligations and these ratios are to be considered as very risky for the organisation.

4.4.3.1 Debt-to-equity ratio

This ratio indicates the sources of amount coming to business that is capital invested in the company via loan or other resources where company needs to pay back with interest. Higher debt-equity ratios indicate company is relay on debt equity financing whereas lower debt ratio indicates company has enough equity funds to finance in the business.

Table 10 Shows the Comparison of Debt-to-Equity Ratio from 2011 to 2020

USD in Millions	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt-to-equity ratio	174%	170%	156%	163%	194%	215%	207%	225%	180%	189%

Source: author based on Anheuser Busch's annual report, 2022.

Below is the example how the debt on equity was calculated for 2020:

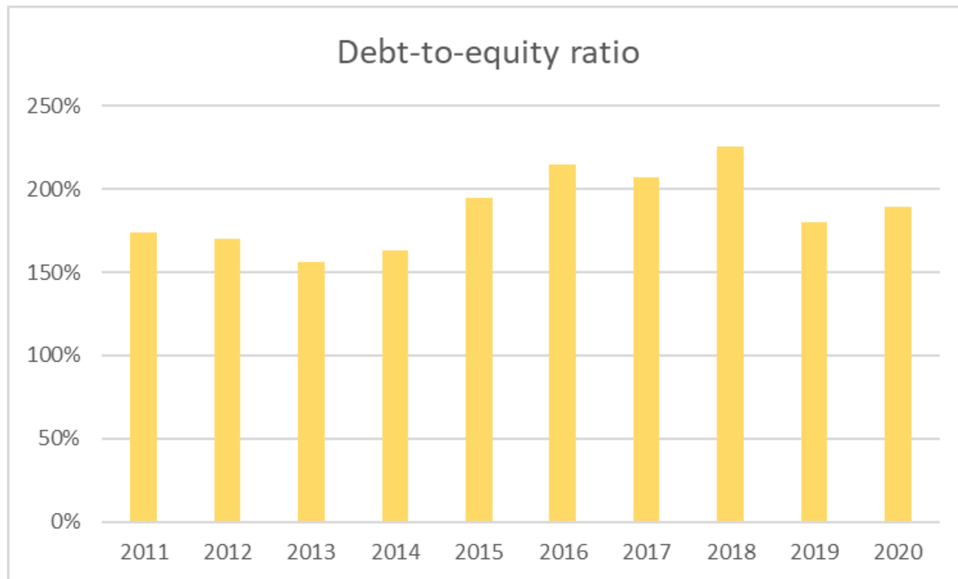
$$Debt - to - equity\ ratio = \frac{Total\ liabilites}{Total\ Shareholders\ equity}$$

$$Debt - to - equity\ ratio = \frac{148{,}059}{78{,}351} = 189\%$$

In 2020 debt to equity was 189% which is significantly high. Which states that company total debt is 1.89 time greater than its Shareholders equity.

Starting 2011 the debt equity was 174.1% and over the years if did not change much from 2011 to 2020 and it stands to 189% in 2020. The average for period 2011 to 2020 was 187% and this indicate that company is heavily depends on debt financing during this period.

Graph 7 Shows the Comparison of Debt-to-Equity Ratio from 2011 to 2020



Source: author based on Anheuser Busch's annual report, 2022.

4.4.3.2 Debt-to-Assets Ratio

This ratio indicates the proportion of a company's assets that are financed by debt. High debt to assets ratio means company is more depended on debt financing whereas low debt to assets ratio means company is less depended on or use own fund for financing its assets.

Table 11 Shows the Comparison of Debt-to-Assets Ratio from 2011 to 2020

USD in Millions	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt-to-Assets Ratio	31%	32%	29%	31%	32%	44%	44%	46%	41%	42%

Source: author based on Anheuser Busch's annual report, 2022.

Below is the example how the debt to assets was calculated for 2020:

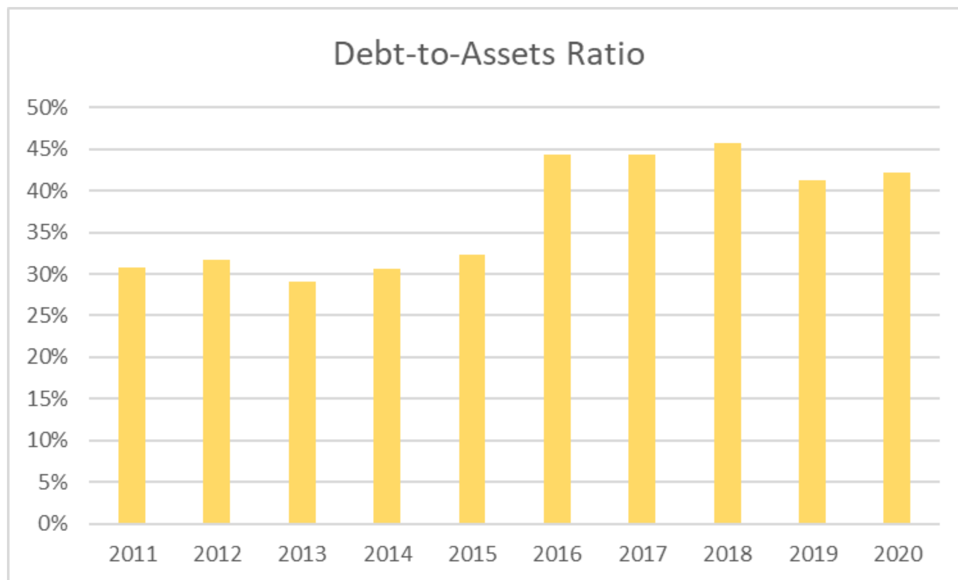
$$Debt - to - assets\ ratio = \frac{Total\ debt}{Total\ assets}$$

$$Debt - to - assets\ ratio = \frac{95{,}478}{226{,}410} = 42\%$$

In 2020 debt to assets was 42% which states that company 42% total assets are financed by debt whereas 58% of assets is financed by company own fund in the form of Shareholders equity.

Starting 2011 the debt asset was 31% and over the years it changed very slightly and stand to 32% in 2015 and 42 % in 2020. From 2011 to 2015 the average debt assets ratio was 31% and from 2016 to 2020 it was 44% on debt financing during this period.

Graph 8 Shows the Comparison of Debt-to-Assets Ratio from 2011 to 2020



Source: author based on Anheuser Busch's annual report, 2022.

4.4.3.3 Interest coverage ratio

This ratios indicate company ability to pay interest on loan and advances or capabilities to pay the interest on debt financing. A higher ratio indicates company has enough earning to cover the interest expenses whereas lower ratio indicate weak earning and it can be at financial risk.

Table 12 Shows the Comparison of Interest Coverage Ratio from 2011 to 2020

USD in Millions	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Interest coverage ratio	4.05	5.72	5.60	6.57	5.30	1.75	3.09	2.28	3.48	1.75

Source: author based on Anheuser Busch's annual report, 2022.

Below is the example how the interest coverage was calculated for 2020:

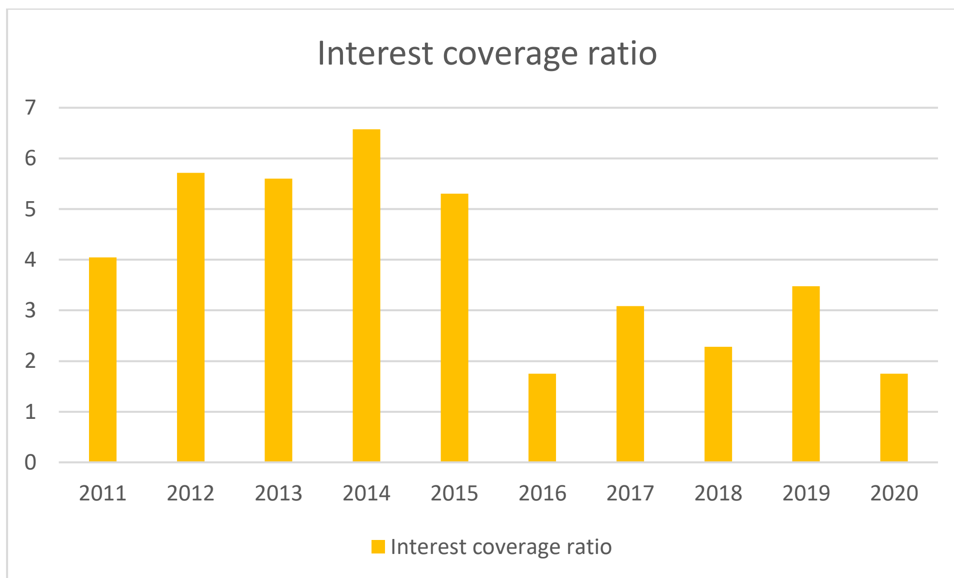
$$Intrest\ coverage\ ratio = \frac{Earning\ before\ interest\ and\ taxes}{Interest\ expenses}$$

$$Intrest\ coverage\ ratio = \frac{14713}{8{,}419} = 1.75$$

In 2020 interest coverage ratio was 1.75 which states company EBIT is 1.75 greater than its interest expense. This shows that company is generating enough earnings to cover the interest payment.

Starting 2011 the interest coverage was 4.05 and over the years it keeps increasing and stand to 5.3 in 2015 and 1.75 in 2020. From 2011 to 2015 the average interest coverage ratio 5.45 and from 2016 to 2020 it was 2.47. A reduction of 121%. The interest has been increased between 2016 to 2020 but the earning has very steady.

Graph 9 Shows the Comparison of Interest Coverage Ratio from 2011 to 2020



Source: author based on Anheuser Busch’s annual report, 2022.

4.4.4 Activity Ratio

Activity ratios is a financial ratios which indicate company operating efficiency towards fixed assets, stock & inventories, and debtors. These ratios will give idea the rate in which company is collecting payments and the inventories cycle of the company over a period of time.

4.4.4.1 Inventory Turnover Ratio

This ratio asses the inventory at which rate it has been sold. It will give an idea at which the inventory is sold over a period of time. A high inventory indicates that a company is managing its inventory effectively and selling the goods quickly whereas as low inventory turnover indicates company is unable to manage its inventory effectively.

Table 13 Shows the Comparison of Inventory Turnover Ratio from 2011 to 2020

USD in Millions	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Inventory turnover ratio	6.74	6.57	5.96	6.31	5.99	4.58	5.19	4.71	4.60	4.38

Source: author based on Anheuser Busch's annual report, 2022.

Below is the example how the Inventory Turnover Ratio was calculated for 2020:

$$Inventory\ Turnover\ Ratio = \frac{Cost\ of\ goods\ sold}{Average\ inventory}$$

$$*\ Average\ inventory = \frac{opening\ inventory + closing\ inventory}{2}$$

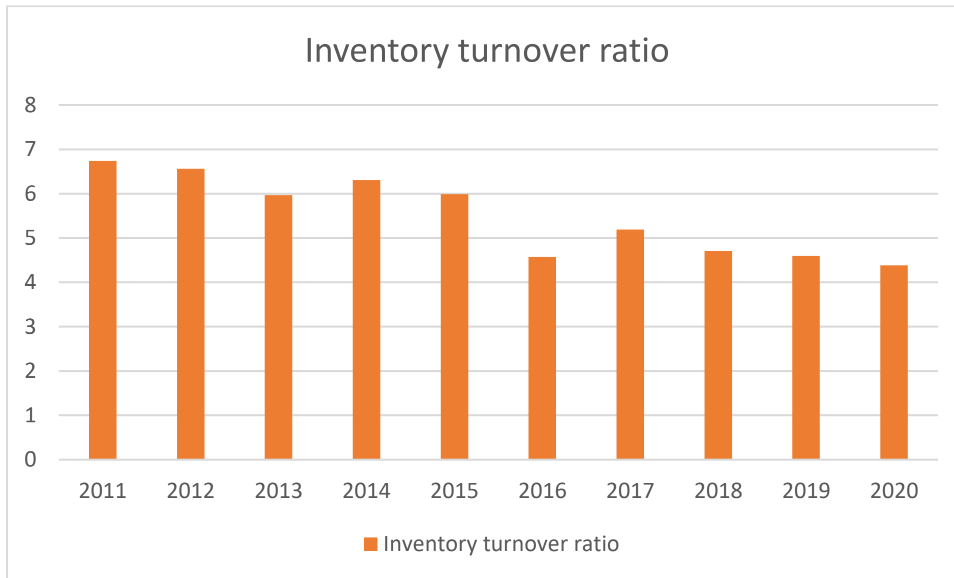
$$Inventory\ Turnover\ Ratio = \frac{19{,}634}{4{,}482} = 4.38$$

In 2020 interest inventory turnover ratio was 4.38 which states company inventory is sold and replaced 4.38 times during 2020.

Starting 2011 the inventory turnover ratio was 6.74 states that company inventory is sold and replaced 6.74 times during the year and over the years it was stable and stand to 5.99 times company sold and replace its inventory in 2015 and 4.38 times in 2020. From 2011 to 2015 the

average inventory turnover ratio 6.31 and from 2016 to 2020 it was 4.63. A reduction of 35%. The turnover has been decreased in this period but quite steady.

Graph10 Shows the Comparison of Inventory Turnover Ratio from 2011 to 2020



Source: author based on Anheuser Busch’s annual report, 2022.

4.4.4.2 Total Assets Turnover Ratio

The total assets turnover ratio means company's ability to generate revenue from its assets. In other words, how the company assets are performing and generating revenue.

Table 14 Shows the Comparison of Total Assets Turnover Ratio from 2011 to 2020

USD in Millions	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Assets Turnover	0.35	0.32	0.30	0.33	0.32	0.18	0.23	0.23	0.22	0.21

Source: author based on Anheuser Busch’s annual report, 2022.

Below is the example how the Inventory Turnover Ratio was calculated for 2020:

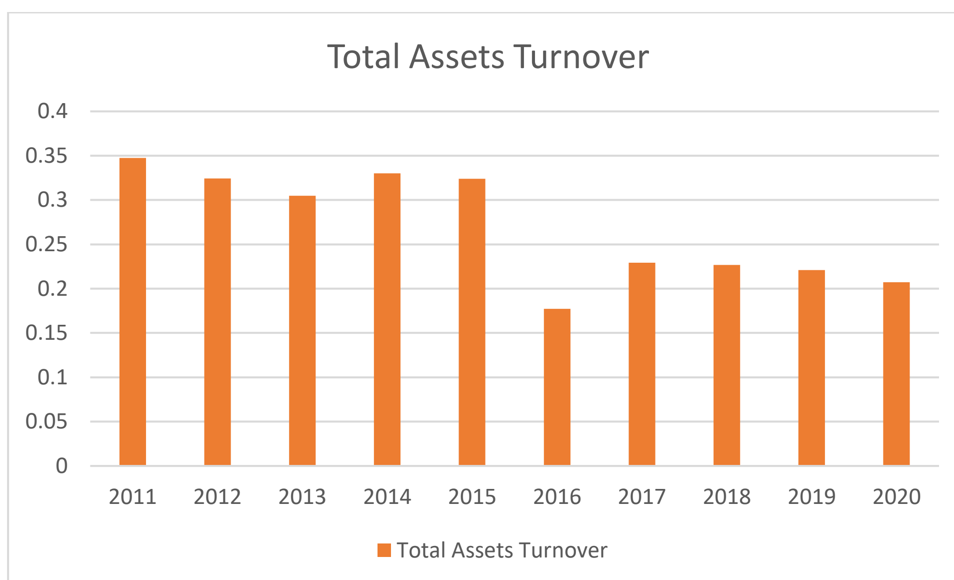
$$Total\ assets\ Turnover\ Ratio = \frac{Revenue}{Assests}$$

$$Total\ assets\ Turnover\ Ratio = \frac{Revenue}{Assests} = 0.21$$

In 2020 total assets turnover ratio was 0.21 which states for each dollar of assets company is generating $0.21 of revenue.

Starting 2011 total assets turnover ratio was 0.35 states for each dollar of assets company is generating $0.21 of revenue and over the years it was stable and stand to 0.32 in 2015 and stand to 0.21 in 2020. From 2011 to 2015 the average total assets turnover ratio 0.33 and from 2016 to 2020 it was 0.21. A reduction of 57%. The asset turnover has been decreased in this period but quite steady.

Graph 11 Shows the Comparison of Total Assets Turnover Ratio from 2011 to 2020



Source: author based on Anheuser Busch's annual report, 2022.

4.4.4.3 Fixed Assets Turnover Ratio

This fixed assets turnover ratios measure company efficiency with respect to revenue generated by company fixed assets over a period of time. A higher ratio indicates that the company is generating more revenue from its fixed assets, whereas lower ratio suggests that the company is less efficient in using its fixed assets to generate revenue.

Table 15 Shows the Comparison of Fixed Assets Turnover Ratio from 2011 to 2020

USD in Millions	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fixed Assets Turnover Ratio	2.44	2.42	2.07	2.32	2.30	1.74	2.08	1.92	1.90	1.77

Source: author based on Anheuser Busch's annual report, 2022.

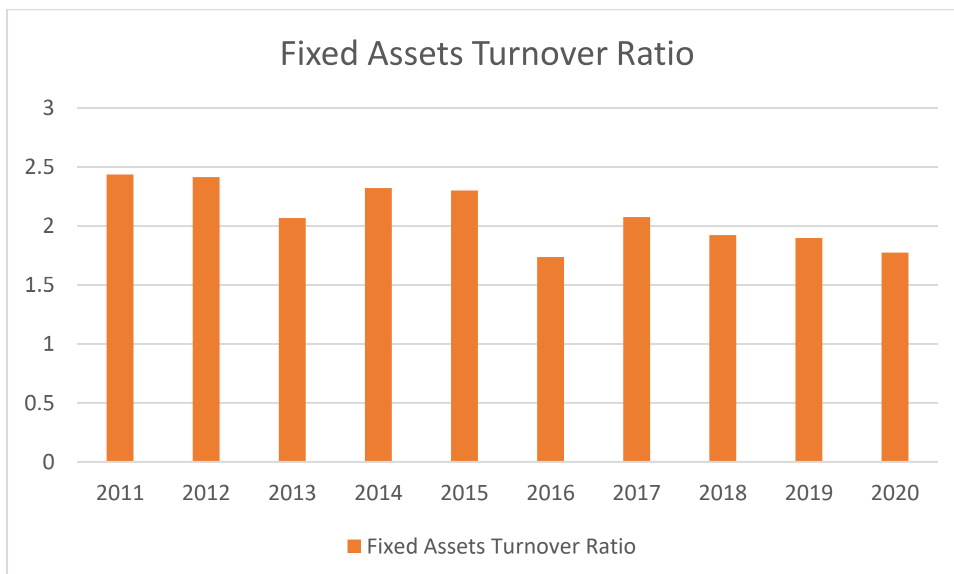
Below is the example how the Fixed assets turnover ratio was calculated for 2020:

$$Total\ Fixed\ assets\ Turnover\ Ratio = \frac{Revenue}{Fixed\ Assests}$$

$$Total\ Fixed\ assets\ Turnover\ Ratio = \frac{46{,}881}{26{,}419} = 1.77$$

Revenue for 2020 was 46,881 and total fixed assets was 26,419, so the total assets turnover for this period is 1.77 which states that for company is generating $1.77 of revenue from every dollar of fixed assets. This means the company is effectively using its fixed assets and generating revenue for the company for a period of time. In 2011 the fixed assets turnover ratio was 2.44 and deeps to 2.30 in 2015 and stands to 1.77 in 2020.

Graph 12 Shows the Comparison of Fixed Assets Turnover Ratio from 2011 to 2020



Source: author based on Anheuser Busch's annual report, 2022.

4.4.4.4 Receivable Turnover Ratio

This ratio measure company efficiency with respect to collecting its accounts receivables from the customer over a period of time. A high receivable turnover means indicates that a company is collecting money quickly from its customer, whereas a low ratio indicate that a company is having difficulties in collecting payments from its customers.

Table 16 Shows the Comparison of Receivable Turnover Ratio from 2011 to 2020

USD in Millions	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Receivables Turnover Ratio	14.68	14.48	14.47	13.78	13.22	9.88	11.48	11.64	12.56	13.78

Source: author based on Anheuser Busch's annual report, 2022.

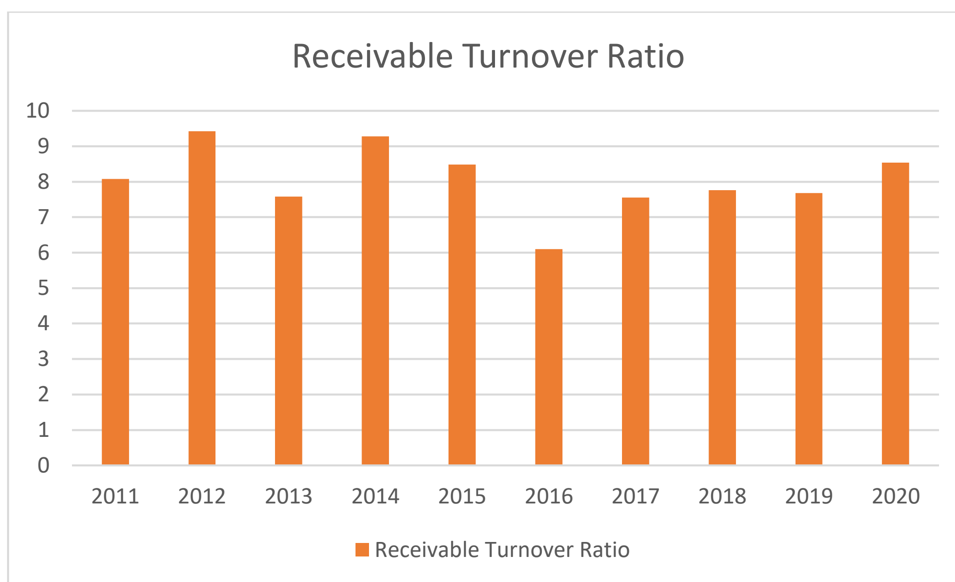
Below is the example how the receivable turnover ratio was calculated for 2020:

$$Receivable\ Turnover\ Ratio = \frac{Net\ credit\ sales}{Average\ average\ receivable}$$

$$Receivable\ Turnover\ Ratio = \frac{46{,}881}{3{,}401} = 13.78$$

Revenue for 2020 was 46,881 and receivables was 3,401, so the receivable turnover for this period is 13.78 times which states company is collecting payment 13.78 times a year or we can say company is collection day is $\frac{365}{13.78}$=26.48. So, every 26.48 days company is collecting payments from its customer. In 2011 the receivables turnover ratio was 14.68 times, and it was consistent until 2015 and stand to 13.22 times but a sharp decline in 2016 and stand to 9.88 times which means $\frac{365}{9.88}$=36.94 was the collection days.

Graph 13 Shows the Comparison of Receivable Turnover Ratio from 2011 to 2020.



Source: author based on Anheuser Busch’s annual report, 2022.

4.5 Cash Conversion Cycle (CCC)

It basically helps calculate how long a company takes to collect and pay its bills. To measure how many days a company takes to collect money from its customer (DSO) and how many days a company takes to pay their bills to its supplier (DPO).

4.5.1 Days of sales outstanding

DSO is financial metric to check how many days a company takes to collect money from the customer. Higher collection days indicates company is taking longer time to collect payment from its customer whereas lower collection days indicates company is taking shorter time to collect payment from its customer.

Table 17 Shows the Comparison of Days of Sales Outstanding from 2011 to 2020.

In Days	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Days Sales Outstanding	24.87	25.20	25.22	26.49	27.61	36.95	31.80	31.35	29.06	26.48

Source: author based on Anheuser Busch's annual report, 2022.

Below is the example how the Days of sales outstanding was calculated for 2020:

$$DSO = \frac{Account\ receivable}{Net\ credit\ sales} \times number\ of\ days$$

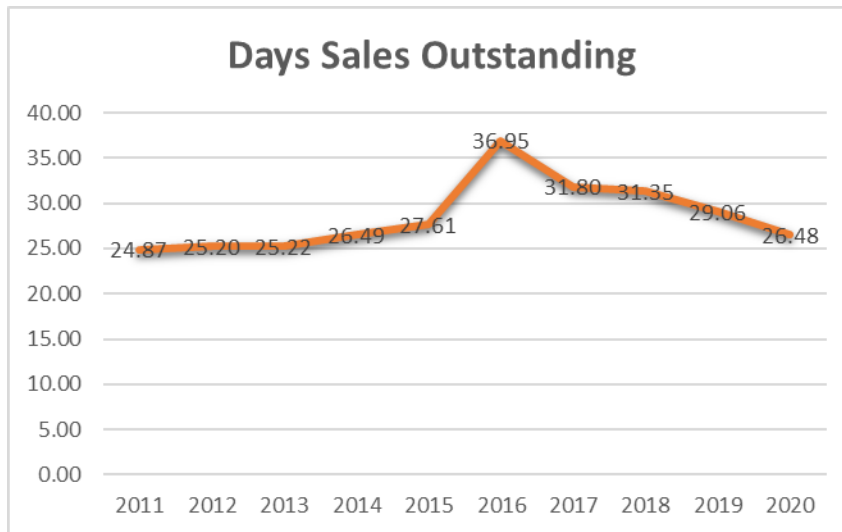
$$DSO = \frac{3,404}{46,881} \times 365 = 26.48\ days$$

Account receivable for 2020 was 3,401 and revenue was 46,881, so to calculate days of sales outstanding was $\frac{3,404}{46,881} \times 365 = 26.48\ days$ which states company is collecting payment in 26.48 days from its customer. In 2011 the days of sales outstanding was 24.87 days, and it

keeps increasing marginally until 2015 and stand to 27.61 days but a sharp increase in 2016 and stand to 36.95 days and again started decline and stand to 26.48 days in 2020 to collect payment from its customer. The highest DSO was 36.95 days in 2016 whereas lowest DSO was 24.87 days.

The average of days of sales outstanding from 2011 to 2015 was 25.88 days and 31.13 days between 2016 to 2020. There was 5 days increase between these periods.

Graph 14 Shows the Comparison of Days Sales Outstanding from 2011 to 2020.



Source: author based on Anheuser Busch's annual report, 2022.

4.5.2 Days of Payable outstanding

DPO is financial metric to check how many days a company takes to pay back money to its vendor or supplier. Higher paybles days indicates company is taking longer time to pay the bills to its vendor whereas shorter time indicates comapny paying the bills quickly to its vendor.

Table 18 Shows the Comparison of Days of Payables Outstanding from 2011 to 2020.

In Days	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Days Payables Outstanding	168	188	204	212	247	288	260	284	285	296

Source: author based on Anheuser Busch's annual report, 2022.

Below is the example how the Days of sales outstanding was calculated for 2020.

$$DPO = \frac{Accounts\ payable}{Cost\ of\ goods\ sold} * 365$$

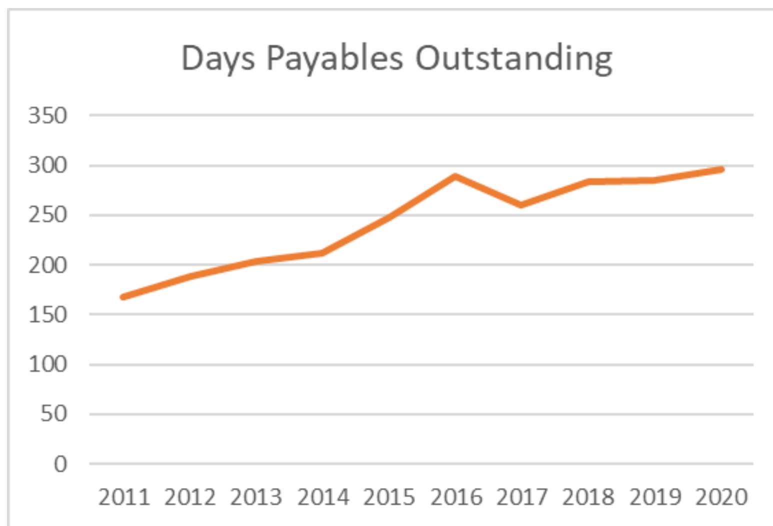
$$DPO = \frac{17{,}810}{19{,}634} * 365 = 296\ days$$

Account payable for 2020 was 17,810 and cost of goods sold was 19,634 for 2020, so to calculate days of payable outstanding was $\frac{17{,}810}{19{,}634} \times 365 = 296\ days$ which states company is

paying bills to its vendor or supplier in 296 days. In 2011 the days of payable outstanding was 168 days, and it keeps increasing 2015. It was 247 days in 2015 and stand to 296 days in 2020. The highest DPO was 296 days in 2020 whereas lowest DPO was 168 days in 2011.

The average of days of payable outstanding from 2011 to 2015 was 204 days and 283 days between 2016 to 2020. There was 115 days increase between these periods.

Graph 15 Shows the Comparison of Days of sales outstanding from 2011 to 2020



Source: author based on Anheuser Busch's annual report, 2022

Table 19 Shows the Comparison of DSO, DPO and Cash conversion cycle from 2011 to 2020

In Days	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Days Inventory Outstanding	55	61	61	57	72	82	71	79	80	83
Days Sales Outstanding	25	26	27	26	33	38	31	30	26	26
Days Payable Outstanding	176.9	203.5	215.2	219.2	273.6	300.5	262.4	287.4	284.8	313.3
Cash Conversion cycle	**(97)**	**(117)**	**(127)**	**(136)**	**(169)**	**(180)**	**(161)**	**(178)**	**(179)**	**(204)**

Source: author based on Anheuser Busch's annual report, 2022.

Below is the example how the Days of sales outstanding was calculated for 2020.

$$CCC = Days\ IN\ Inventory + Days\ of\ Sales\ Outstanding - Days\ Payable\ outstanding$$

$$CCC = 83 + 26 - 313 = (204)$$

4.5.3 Net Working Capital

It indicates company's liquidity and operating efficiency, to pay the company short term financial obligations. A higher net working capital indicates a company has enough current assets than current liabilities to pay short term financial obligation, whereas lower net working capital indicates a company does not have enough current assets to pay short term financial obligation in a particular period.

Table 20 Shows the Comparison of Net Working Capital from 2011 to 2020

USD in Millions	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net Working Capital	(7,321)	222	(6,937)	(8,667)	(10,162)	2,648	(12,251)	(16,544)	(6,027)	(5,833)

Source: author based on Anheuser Busch’s annual report, 2022.

Below is the example how the Net working capital was calculated for 2020.

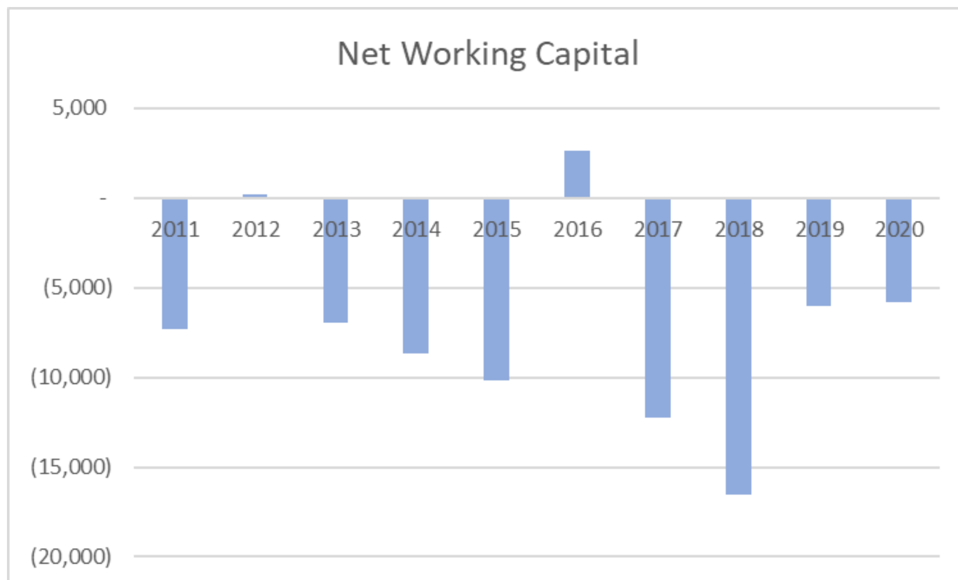
$$\text{Net Working Capital} = \text{Current Assets} - \text{Current Liabilities}$$

$$\text{Net Working Capital} = 26{,}519 - 32{,}352 = (5{,}833)$$

Current assets for 2020 was $26,519 whereas current liabilities were $32,352. We can see the current assets was less than current liabilities by $5,833 which state that current liabilities are exceeds current assets by $5,833. This indicates that company might have difficulties in paying short term obligation which include payment to vendor etc. Starting 2011 we can see the net

working capital was $(7,321) but it 2012 it was positive and stand to 222. However, from 2013 onwards the net working capital is increasing year by year. In 2013 it was (6,937) and stand to (5,833). The highest net negative working capital can be seen in 2018 it stands to (16,544) whereas lowest was 2648 in 2016.

Graph 16 Shows the Comparison of Net Working Capital from 2011 to 2020.



Source: author based on Anheuser Busch's annual report, 2022.

5. Results and Discussion

5.1 Results

Company results for the period 2011 to 2020 was good if we analysis from 2010 to 2020. In the first period 2011 to 2015 company perform well which can be seen by financial performance of the company but from 2016 to 2020 company did not do well if we see some of the metric. However, it is also important to compare the results with competitors and see how the company perform in this period between 2011 to 2020.The major competitor for Anheusher bush is Heineken and Diageo.

<u>Revenue comparison:</u>

Table 21 Shows the Comparison of Days Sales Outstanding from 2011 to 2020.

Revenue Amount in USD Millions

Company	2,011	2,012	2,013	2,014	2,015	2,016	2,017	2,018	2,019	2,020
Anheusher Busch	39,046	39,758	43,195	47,063	43,064	45,517	54,859	53,041	52,329	46,881
Diageo	9,936	10,639	11,303	10,258	10,813	10,485	12,050	12,163	12,867	11,752
Heineken	23,849	23,642	26,445	23,309	22,276	21,884	25,926	25,764	26,886	24,084

Source: author based on Anheuser Busch, Diageo, and Heineken annual report, 2022.

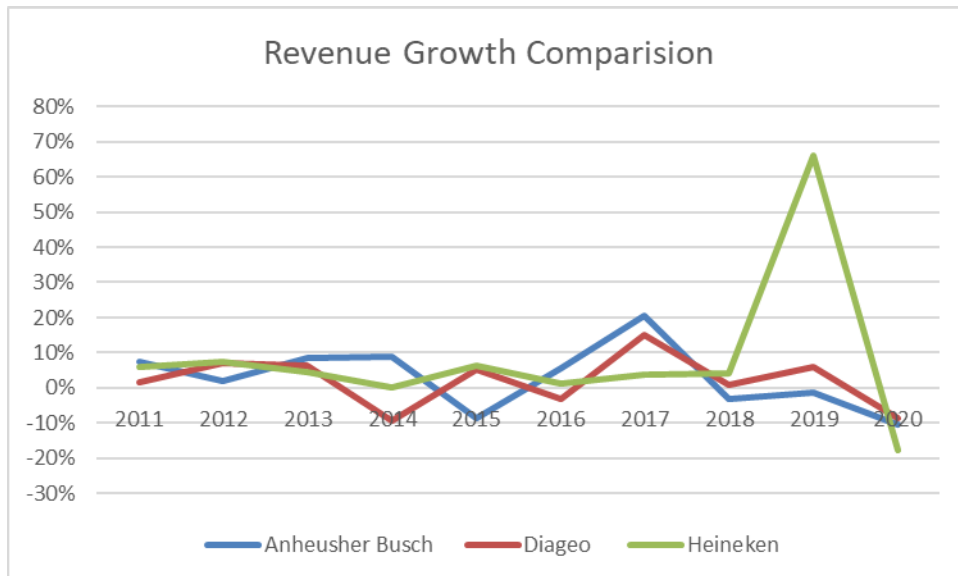
Revenue growth for Anheusher bush, Heineken, and Diageo, we can clearly see from period 2011 to 2020 that Anheusher revenue growth is quite impressive when we compare the industry competitors. Starting 2011 the revenue was $23,849 for Heineken and for Diageo it was $9,936, however if we see the revenue for Anheusher Busch it was $39,046. However, if we compare the average revenue from the period 2011 to 2020. We can see the growth for Anheusher Busch was 2.97%, Diageo 2.10% and 8.25% for Heineken. As we see the revenue for Anheusher Busch was the highest compared to Diageo and Heineken but in terms of revenue growth Anheusher Busch was only able to compete with Diageo 2.10%, but Heineken has been grown a lot and left behind Anheusher Busch (2.9%), Heineken (2.10%) to 8.25%.

Table 22 Shows the Revenue Growth Comparison from 2011 to 2020.

Company	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Anheusher Busch	8%	2%	9%	9%	-8%	6%	21%	-3%	-1%	-10%
Diageo	2%	7%	6%	-9%	5%	-3%	15%	1%	6%	-9%
Heineken	6%	7%	5%	0%	7%	1%	4%	4%	66%	-18%

Source: author based on Anheuser Busch, Diageo, and Heineken annual report, 2022.

Graph 17 Shows the Revenue Growth Comparison from 2011 to 2020.



Source: author based on Anheuser Busch, Diageo, and Heineken annual report, 2022.

EBIT growth comparison:

Table 23 Shows the EBIT Growth Comparison from 2011 to 2020.

USD in millions

Company	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Anheusher Busch	12,273	12,743	14,085	15,031	13,514	12,952	17,345	16,513	16,171	9,884
Diageo	2,890	2,912	2,959	2,695	2,847	2,740	3,394	3,618	4,058	1,998
Heineken	2,996	2,805	3,092	3,572	3,414	3,049	3,789	3,705	4,069	889

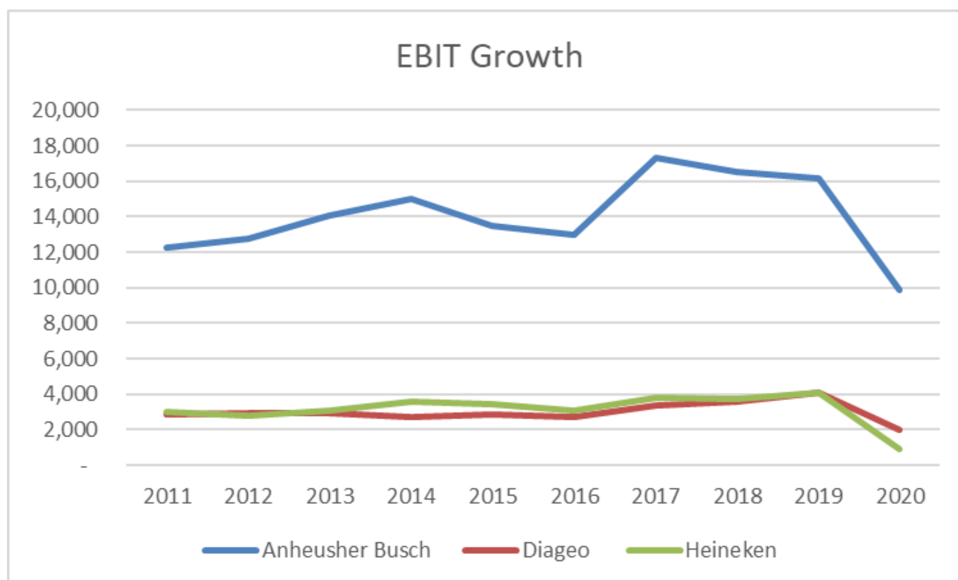
Source: author based on Anheuser Busch, Diageo, and Heineken annual report, 2022.

EBIT growth comparison for Anheusher bush, Diageo, and Heineken we can clearly see from period 2011 to 2020 that Anheusher EBIT growth is quite impressive starting 2011 the EBIT was $12,273 and it keeps increasing until 2019 but there is sharp decrease of $16171 - 9884 = 6287$ there is a decrease of 64% in EBIT. The average EBIT for Anheusher bush in the period 2011 to 2020 was $14,051, highest EBIT was $17,345in year 2017 and lowest was 9,884 in 2020. However, for Diageo starting 2011 the EBIT was $2,890 and stable over the period but did not grow significantly and stand $1,998 in 2020, the average EBIT in this period was $3011highest EBIT was $4,058 in year 2019 and lowest was 1,998 in 2020. At last Heineken starting 2011 the EBIT was $2,996 and did not improve but we can say it is stable. The average EBIT in this period was $3,138 highest EBIT was $4,069 in year 2019 and lowest was 889 in 2020. From the comparison we can say EBIT growth for Anheusher Busch was quite remarkable compared to Heineken and Diageo the EBIT growth for Anheusher Busch was $\frac{16{,}171-12273}{12{,}273} = 32\%$ compared until 2019 as 2020 was the year of exception. Moreover, Diageo and Heineken also grow their EBIT and stand to 40% and 36%.

So, in terms of growth both all three companies have been grown but Anheusher Busch has huge EBIT growth in term of dollar value 3,898 whereas Diageo and Heineken grew 1,168 and 1,073 respectively.

that is when we compare the industry competitors. Starting 2011 the revenue was $23,849 for Heineken and for Diageo it was $9,936, however if we see the revenue for Anheusher Busch it was $39,046. However, if we compare the average revenue from the period 2011 to 2020. We can see the growth for Anheusher Busch was 2.97%, Diageo 2.10% and 8.25% for Heineken. As we see the revenue for Anheusher Busch was the highest compared to Diageo and Heineken but in terms of revenue growth Anheusher Busch was only able to compete with Diageo 2.10%, but Heineken has been grown a lot and left behind Anheusher Busch (2.9%), Heineken (2.10%) to 8.25%.

Graph 18 Shows the EBIT Growth Comparison from 2011 to 2020.



Source: author based on Anheuser Busch, Diageo, and Heineken annual report, 2022.

Days of Sales Outstanding Comparison:

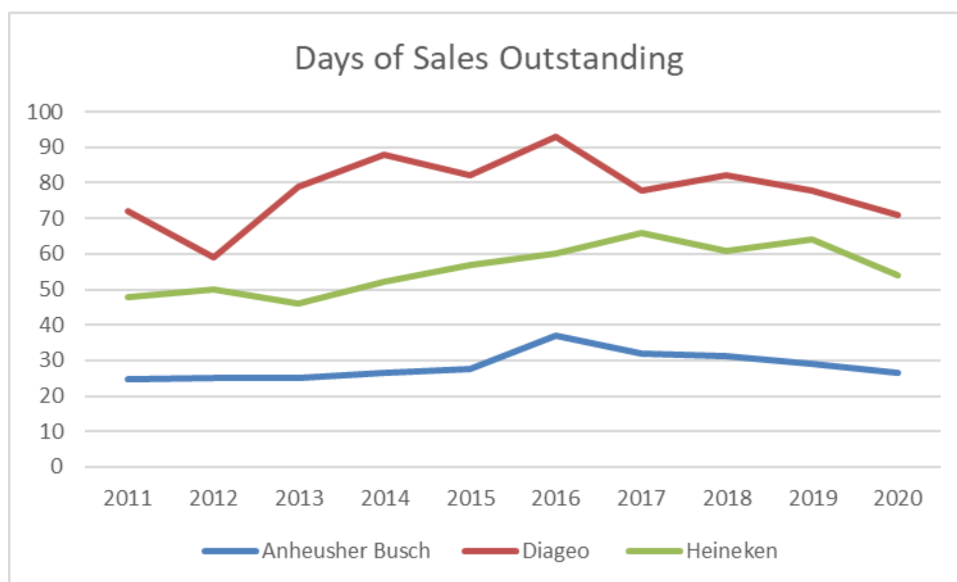
Table 24 Shows the Days of Sales Outstanding Comparison from 2011 to 2020.

Company	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Anheusher Busch	25	25	25	26	28	37	32	31	29	26
Diageo	72	59	79	88	82	93	78	82	78	71
Heineken	48	50	46	52	57	60	66	61	64	54

Source: author based on Anheuser Busch, Diageo, and Heineken annual report, 2022.

DSO comparison for Anheusher bush, Diageo, and Heineken we can clearly see the days of sales outstanding from period 2011 to 2020 that Anheusher DSO is quite impressive starting 2011 the DSO was 25 days, and it is quite consistent until 2015 but there is sharp increase in 2016 and stand to 37 days to collect payment from its customer. The average DSO for Anheusher bush in the period 2011 to 2020 was 29 days, highest DSO was 37 days in 2016 and lowest 25 days each in 2011,2012 and 2013. From this data we can say on an average it takes 29 days to collecting payments from its customer for Anheusher Busch compared to 78 and 56 days for, Diageo, and Heineken respectively.

Graph 19 Shows the Days of Sales Outstanding Comparison from 2011 to 2020.



Source: author based on Anheuser Busch, Diageo, and Heineken annual report, 2022.

Days of Payable Outstanding Comparison:

Below table shows the comparison between Anheusher Busch, Diageo and Heineken.

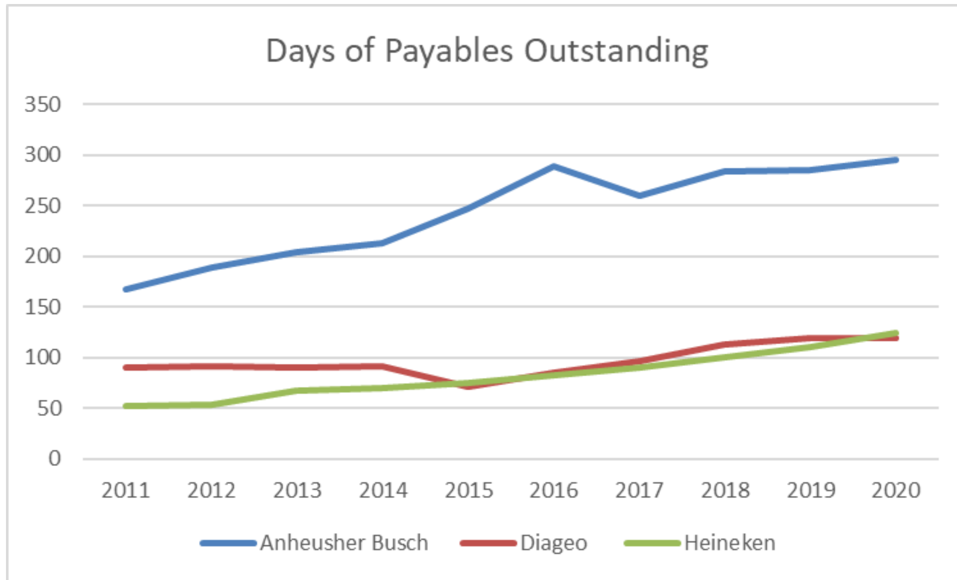
Table 25 Shows the Days of Payables Outstanding Comparison from 2011 to 2020.

Company	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Anheusher Busch	168	188	204	212	247	288	260	284	285	296
Diageo	90	92	90	91	71	85	96	113	120	119
Heineken	52	54	68	70	75	83	90	100	111	125

Source: author based on Anheuser Busch, Diageo, and Heineken annual report, 2022.

DPO comparison for Anheusher bush, Diageo, and Heineken we can clearly see the days of payables outstanding from period 2011 to 2020 that Anheusher DPO is taking longer times to pay the bills to vendor or supplier from where they buy raw material or services. Starting 2011 the DPO was 168 days for Anheusher bush. The average DPO for Anheusher bush in this period was 296 days. It increases up to 76% in terms of number of day payables to its vendor. However, for Diageo, and Heineken is quite impressive it stands to 90 days and 50 days in 2011 respectively but the DPO was increase too for these two companies and stand to 119 and 125 days of DPO. From the above analysis we can say that Anheusher is taking longer time to pay the bills compared to Diageo, and Heineken.

Graph 20 Shows the Days of Payables Outstanding Comparison from 2011 to 2020.



Source: author based on Anheuser Busch, Diageo and Heineken annual report, 2022.

Cash Conversion Cycle Comparison:

It Indicates the amount of time a company takes to convert its investments in inventory and other resources into cash receive from sales.

Table 26 Shows the Cash Conversion Comparison from 2011 to 2020.

USD in millions

Company	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Anheusher Busch	(97)	(117)	(127)	(136)	(169)	(180)	(161)	(178)	(179)	(204)
Diageo	316	339	310	365	345	379	335	337	334	379
Heineken	20	21	22	23	11	6	1	(12)	(18)	(13)

Source: author based on Anheuser Busch, Diageo, and Heineken annual report, 2022.

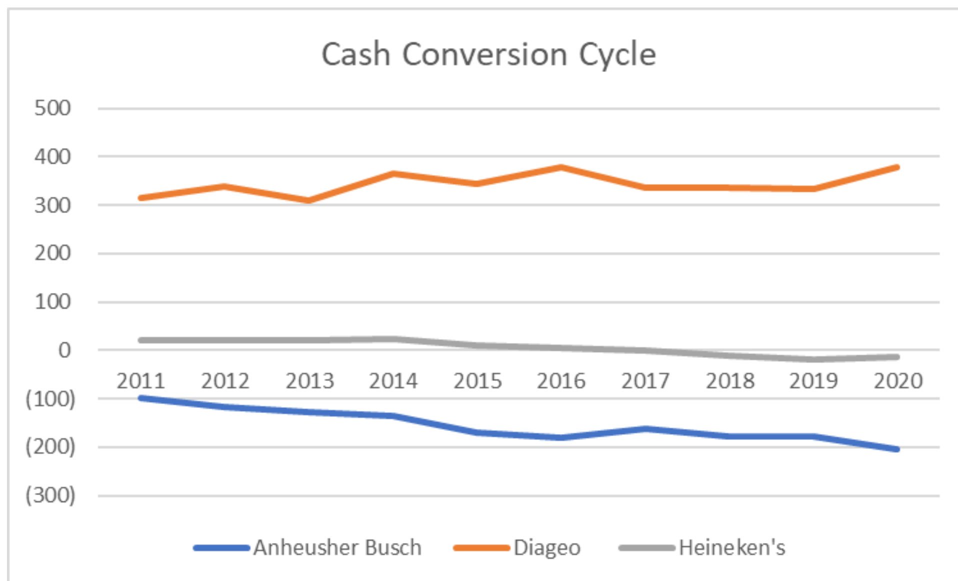
Starting 2011 the cash conversion cycle for Anheuher Bush was (97) days and it keeps increases over the years and stand negative 204 days. Looking back at the last 10 years, Anheuser-Busch cash conversion cycle peaked in 2011 at (97) days. However lowest cash conversion cycle hit its 10-year low in 2020 of (204) days.

Whereas for Diageo in last 10 years the cash conversion cycle peaked in 2016 and 2020 at 379 days for both the years. At last, if we see from the above table for Heineken

Looking back at the last 10 years the cash conversion cycle peaked in 2018 at (12) days. However lowest cash conversion cycle hit its 10-year low in 2019 of (18) days.

From the above comparison we can say the cash conversion cycle for Anheusher was different than Heineken and Diageo. Anheusher Busch able to collect money faster but delay in making payment to supplier or vendor. The overall cash conversion cycle for Anheusher Busch quite high when we compare with Diageo, and Heineken

Graph 21 Shows the Cash Conversion Comparison from 2011 to 2020



Source: author based on Anheuser Busch, Diageo and Heineken annual report, 2022.

5.2 Recommendation

The company has a good reputation in the US market but there is always recommendation to improve in the future. The company has a good reputation in the US market but there is always recommendation to improve in the future. To improve the financial performance further the company needs reduce DPO by closely monitoring cash flow and managing it effectively, and also ensure that they have sufficient funds to pay their bills on time and avoid delaying payments unnecessarily which again increase cost of interest because investors and creditors always keep an eye on whether the company is paying their bills on time or not, currently, the company is struggling to maintain industry standard DPO which can be a disadvantage in the long run, and it can also impact on borrowing and financing.

Focus on e-commerce and digital marketing as more consumers shift to online shopping as this was challenge faced by company during COVID and we observed a sharp decline in growth, Anheuser Busch can also focus on building a strong e-commerce presence to reach customers more easily.

Forming partnerships with other companies or investments in startups that aligned with the company's vision could be a good way to get access to new technologies, channels, and consumer base. The company could look to increase its presence in foreign markets, particularly in high-growth regions like Asia and Latin America.

Anheusher Busch should innovation improved its performance by developing a new products according to taste and preference of the consumer by launching some non-alcoholic products which can bring more customer and increase revenue and growth as the company is more depended on alcoholic product.

Anheusher Busch should focus more on environment to develop its product and sells to customer and consumer as consumer become more aware on the environment protection. They also need to improve on wastage of packaging on products and be eco be competitive in industry as an environmentally focused company. Also needs to think about wastage of water by recycling and optimum of water wastage.

Reduction on dumping the beer as this is the cost of company as it was not only increasing the cost for the company, but it will also affect environmentally.

6. Conclusion:

The main objective of Diploma Thesis was to assess the financial analysis of Anheusher Busch and apply the described theory to obtain a certain number of basic parameters that give a reasonable description of the company's financial position. The purpose of this Thesis is to assess the financial condition of the company over a period from 2011 to 2020. For an accurate assessment of the company's position in the Brewing market, some of the results were compared with Heineken and Diageo for the same period from 2011to 2020.
And based on the results obtained, recommend future performance growth and development. The practical chapter included the application of financial ratios such as liquidity, profitability, leverage, activity ratios. The selected analysed period from 2011 to 2020 reflects the fluctuations in performance of Anheusher Busch across the period. The Calculations were made based on data gathered from Annual reports, Income statement, cash flow statement for the period 2011 to 2020.
The main aim and objective of the thesis is to assess the financial situation and the stability of the company. Overall performance of the company in the last 10 years, starting 2011 to 2020 and provide recommendations on company performance. To assess the financial situation, that is how the company performed during this period and what was the growth and performance of the company, that is in which areas company needs to focus and improve for longer sustainability and growth. And also draw some conclusion and recommendation which can be useful for organisation in the long run.

For the purpose of financial analysis. Below are the Methods used to do the financial analysis:
Ratios analysis which includes:
Liquidity ratios: Liquidity ratio is one of the types of financial ratio that measures company ability to meet short term obligation over a period of time. There are two types of liquidity ratio- current ratio and quick ratio. Current ratios: Current ratio measure company current liabilities over current assets, whether company able to pay the short-term debts. The formula to calculate current ratio which include Quick ratio: Quick ratio is also called acid test ratio; this ratio is check company ability to meet short term obligation over a period of time, but this ratio does not depend on inventory.

Profitability Ratio: Profitability ratio means company profitability and potential to generate income compared to expense and costs. This ratio provides a company performance that is

income versus expenses comparison. The profitability ratio includes gross profit margin which states how much margin over sales is compared to its expenses. The net profit margin evaluates the net profit over total sales that is what is the profit over sales after all the expenses.
Return on Assets Ratio (ROA) This ratio shows how much profit is earned from the total Assets. This shows investors on how efficient the assets are providing returns.
Return on Equity (ROE) This ratio measures a company's profitability in relation to its shareholders' equity. A higher ROE indicates that a company is generating more profit for each dollar of shareholder equity. Leverage Ratio these ratios asses the company is ablity to meet the debt obligations and these ratios are to be considered as very risky for the organization which include Debt-to-equity ratio. This ratio indicates how much a company finances or loan taken to invest in the company. In other words, it indicates the sources of amount coming to business that is capital invested in the company. The Debt-to-Assets Ratio indicates the proportion of a company's assets that are financed by debt. Interest coverage ratio this ratios indicate company ability to pay interest on loan and advances or capabilities to pay the interest on debt financing. Activity ratios is a financial ratios which indicate company operating efficiency towards fixed assets, stock & inventories, and debtors. Inventory Turnover Ratio indicates the rate at which inventory is sold over a period of time. Total Assets Turnover Ratio this ratio measure company efficiency with respect to revenue generated by company assets over a period of time. The formula of total assets Fixed Assets turnover ratio this ratio measure company efficiency with respect to revenue generated by company fixed assets over a period of time. Receivable turnover ratio this ratio measure company efficiency with respect to collecting its accounts receivables from the customer over a period of time.
Cash Conversion Cycle it Indicates the amount of time a company takes to convert its investments in inventory and other resources into cash receive from sales.

Days of sales outstanding: DSO is financial metric to check how many days a company takes to collect money from the customer. Days of payable outstanding: DPO is a financial metric to check how long company takes to pay the bills to vendors. Net working capital it indicates company's liquidity and operating efficiency, to pay the company short term financial obligations.
Apart from the Ratios analysis and Cash conversion analysis the authors of this Diploma thesis also do the comparison between Diageo and Heineken. The comparison was done based on some important metrics such as Revenue growth, net income growth and overall cash conversion cycle.

Below is the conclusion based on the author research for Anheusher Busch from the period 2011 to 2020:

Starting 2011 the revenue for Anheusher Busch was $39,046 million and it keeps growing and cross the mark of $50,000 between 2016 to 2017 and stand at $46,881 in 2020. The highest revenue being recorded was 56,444 in 2017 and the lowest being $39,046 in 2011. The revenue growth for Anheusher Busch was 20% from 2011 to 2020 and it increases by $ 7,835 and stand to $46,881 in 2020. If we check the revenue growth comparison between 2011 to 2019 then the revenue growth was 34% by $ 13,283. So, in the period between 2011 to 2020 company annual growth has been increase significantly. The industry average revenue growth in brewing industries is approx.12% but the revenue growth for Anheusher Busch was only 2.97% which is low as per industry standard. The reason for low revenue was due to higher price in raw material, increase in logistics and also the competition has been increased in brewing market in USA.
The company's net income grew from $ 5,779 million in 2011 to $7,160 in 2012 and $14,394 in 2013 before there is sharp declining in 2016 and stand to $1,241. It again increases in $9,171 in 2019 but decrease again in 2020. The sharp decline of net income in 2016 is due to merger and acquisition with SAB miller and later in 2020 due to COVID-19 impact. Overall, the average net income growth for Anheusher Busch between 2011 to 2020 was 15% which is quite good if we compare with industry average. The net income industry average for brewing company is approx. 15% and Anheusher Busch is able to achieve it so we can conclude that the net income growth for Anheusher Busch was quite competitive in the industry.

The overall company performance and stability for Anheusher Busch in the period 2011 to 2020 was quite remarkable. In 2013 Anheusher Busch has acquisition and one of the most recent acquisition was when Anheusher Busch bought the British Multinational brewer SABMiller ($104B USD) in 2016 and along with the acquisition of Grupo Modelo in 2013 for $20.1 billion. These acquisition helped company generated revenue and increase profit and also it helps increase brand awareness and reputation in the market. With the help of these major acquisition company is able to keep interested investors which is big plus for company. Also, the acquisition of SABMiller British company and Grupo Modelo Mexican company helps Anheusher Busch to expand globally and increase market share at a global level. Over the years company has a very strong brand image in the market, the brand Budweiser, stella, corona is a famous global brand which gives company a boost and keep competitive in the market.

Anheuser-Busch has also used sponsorships and event marketing to promote its brands. This includes events such as sporting events, music festivals, and other types of public events where they could showcase their products, distribute free samples, and create an experience that would be associated with their brand. Goodwill of the company is more than twice listed on the balance sheet which is good for company because it will bring more investors to invest in the company.

The asset growth for Anheusher Busch in the period of 2011 to 2020 is also seen at highest, company has almost double its total assets in this period which is positive sign for company in the long run. The company long term investment was quite impressive, and they focused more on innovation. One of product they focused during 2019 was Bud Light Seltzer in the US to introduced consumer with different brand of experience. However, the long-term debt is also increased between this period, the long-term debt is increased more than three times which is not a good sign but these term debt has been used for some acquisition purpose and long-term investment. The stock performance of Anheusher Busch was quite impressive from 2011 to 2016 but later there is sharp decline in December 2016 due to acquisition of SABMiller in 2016 company debt has been increased after 2015. Company debt to equity has been increased significantly and it was observed that it was highest in the industry. The long-term plan was to acquire SABMiller to increase the performance. Of course, the performance has been increased but at stock price did not improve much. Another reason for decrease in stock price due to competition faced in local US market. Now a days consumer preferred more draft beer, but company is specialized in bottled beer and also at a global level Anheusher Busch has faced many challenges like market restriction, increase in price of raw material. The major hit for company was during 2020 when most of the sports events has been postponed or cancelled due to COVI-19 in this period company was unable to improve his performance. Overall, the income statement, cash flow statement and balance sheet has improved in this period in terms of revenue, EBIT, net income, whereas total assets has been improved significantly but long-term debt and total current has also been seen highest during this period.

Now we will explain some of the major financial ratio's indicators and cash conversion cycle for Anheusher Busch between the period 2011 to 2020. Based on the result of financial ratio explained in the practical part the liquidity ratio of the company has been seen lower as current ratio and quick ratio both was lower, and we can conclude that company has difficulty in making short-term financial obligation. The major reason for this lower ratio was due to increase in long term debt. Based on Profitability ratio for Anheusher Busch between the period 2011 to 2020 explained in practical part it has been seen that the profitability growth was quite

impressive the gross margin, net profit margin and return on equity has been competitive when we compared with industry average because of revenue growth and stable operating expenses result in increase in profitability. The gross profit margin was seen as highest in the industry. However, the other metric performs well and competitive but there was low return on assets due to reduction in net profit specially during 2016 and 2020 because of acquisition and COVID-19. Overall, it has been observed that profitability has been increased during the period. The leverage ratio of Anheusher Busch between the period 2011 to 2020 explained in practical part it has been seen that the debt-to-equity ratio was considered as financially risky whereas debt-to-assets ratio was stable and interest coverage ratio was performed well as per the industry standard and competitive, however it was observed that debt-to-equity ratio did not perform well due to increase in long term debt. To conclude the liquidity ratio, we can say that the Anheusher Busch needs to reduce the long-term debt because company is more dependent on debt to invest rather than own equity fund and also investors always keep an eye on this metric since this is one of the important metric and can influence buyer decision. At last, the activity ratio of Anheusher Busch between the period 2011 to 2020 explained in practical part it has been seen that the all the financial metric was performed well in this period, the inventory turnover was quite remarkable. The inventory turnover was high when compared with industry average, this suggest that the company is effectively managing its inventory, and also indicates that company is able to sell the product quickly. The total assets turnover was quite stable in this period except 2016. The total asset in this period is increased but not significantly increased compared to revenue. The other metric like fixed assets turnover and receivable turnover ratio is quite stable and performed well. Overall, the activity ratio was performed well as it was very competitive when compared with industry average.

The cash conversion cycle Anheusher Busch between the period 2011 to 2020 explained in practical part it has been seen that the all the indicators were not performed well when compared with competitors. The cash conversion cycle for Anheusher Busch between the period 2011 to 2020 was negative in this period due to increase in days of payable outstanding. However, the other metric days of sales outstanding and days of inventory outstanding performance well. The reason for increase in days of payable outstanding due to increase in accounts payable and it keep increasing over the year. Overall, this is one of the most important metric which needs to improve in upcoming year, and this can only be done by reducing the accounts payable amount. However, Anheusher Busch the raw material and supply on credit

and them sell the products on credit but the credit term to make the payment was high compared to amount collect from its customers. Due to this credit term policy the company's accounts payable increased on the liability side as well as accounts receivable on the asset side increased, respectively. Moreover, the cash transaction was involved in this process until the company actually pays its accounts payables liability to suppliers or collects its accounts receivables from customer.

To conclude the Diploma thesis, it has been seen that there are lots of ups and down for Anheusher Busch between the period 2011 to 2020 and the overall, financial performance of Anheuser-Busch between 2011 to 2020 was diversified, with revenue and profitability growth in the early years but a sharp decline at the end of the period. The company's acquisition of SABMiller in 2016 was significant increase in debt and liabilities, which needs to reduce through divestitures and debt reduction payment term policy.
The company has a good reputation in the US market but there is always recommendation to improve in the future. To improve the financial performance further the company needs to work around and think about how they can reduce DPO by closely monitoring cash flow and managing it effectively, and also ensure that they have sufficient funds to pay their bills on time and avoid delaying payments unnecessarily which again increase cost of interest because investors and creditors always keep an eye on whether the company is paying their bills on time or not, currently, the company is struggling to maintain industry standard DPO which can be a disadvantage in the long run, and it can also impact on borrowing and financing. Another recommendation could be focus on e-commerce and digital marketing as more consumers shift to online shopping as this was challenge faced by company during COVID and we observed a sharp decline in growth, Anheuser Busch can also focus on building a strong e-commerce presence to reach customers more easily. Forming partnerships with other companies or investments in startups that aligned with the company's vision could be a good way to get access to new technologies, channels, and consumer base. The company could look to increase its presence in foreign markets, particularly in high-growth regions like Asia and Latin America. Anheusher Busch can also innovation improved its performance by developing a new products according to taste and preference of the consumer by launching some non-alcoholic products which can bring more customer and increase revenue and growth as the company is more depended on alcoholic product. Anheusher Busch can also focus more on environment to develop its product and sells to customer and consumer as consumer become more aware on the environment. The company also needs to improve on wastage of packaging on products

and be eco be competitive in industry as an environmentally focused company. Also needs to think about wastage of water by recycling and optimum of water wastage.
Reduction on dumping the beer as this is the cost of company as it was not only increasing the cost for the company, but it will also affect environmentally.

7. References

Addison , N. (2019, January 24). Marketing mix Anheuser-Busch InBev SA NV. Essay48. Retrieved March 14, 2023, from https://www.essay48.com/term-paper/2801-Anheuser-Busch-InBev-SA-NV-Marketing-Mix

Anheuser-Busch InBev (AB InBev). Statista. Retrieved March 14, 2023, from https://www.statista.com/topics/1904/anheuser-busch-inbev-ab-inbev/#topicHeader__wrapper

ANHEUSER-BUSCH, F. A. M. I. L. Y. (2023). Busch family of brands. Anheuser. Retrieved March 14, 2023, from https://www.anheuser-busch.com/brands

Alexander, D., & Nobes, C. (2007). Financial accounting: an international introduction. Pearson Education.

Box, F. (2021). Finbox Data Explorer. The Complete Toolbox for Investors. Retrieved January 10, 2023, from https://finbox.com/NYSE:BUD/explorer/

BRAAG, S. Financial Analysis: A Controller's Guide, 2Nd Edition. John Wiley & Sons, 2006. ISBN 978-0470055182

BRIGHAM Y., EHRHARDT, M. Financial management. Theory and Practice. 10th Edition. 2007. ISBN 5-94723-537-4

CFI, T. (2022, April 9). Balance sheet. Balance Sheet. Retrieved March 14, 2023, from https://corporatefinanceinstitute.com/resources/accounting/balance-sheet/

Craft, C. (2023). Top Anheuser-Busch Inbev competitors and alternatives - craft. Anheuser-Busch Inbev competitors and similar companies. Retrieved March 14, 2023, from https://craft.co/anheuser-busch-inbev/competitors

Edmonds, T. P., McNair, F. M., Olds, P. R., & Milam, E. E. (2013). Fundamental financial accounting concepts. New York, NY: McGraw-Hill Irwin.

Fabozzi, F. J., & Peterson, P. P. (2003). Financial Management and analysis. John Wiley & Sons.

Goel, S. (2015). Financial Ratios ([first edition]). Business Expert Press. Retrieved from https://www.perlego.com/book/403179/financial-ratios-pdf (Original work published 2015)

IEDU, N. E. T. (2021, February 6). Users of accounting information (internal and external users explained). iEduNote. Retrieved March 14, 2023, from https://www.iedunote.com/users-of-accounting-information

Harrison Jr, W. T., Horngren, C. T., & Thomas, C. W. (2014). Financial accounting. Pearson Education.

Inc, C. (2019, December 16). What is market cap? Fidelity. Retrieved January 7, 2023, from https://www.fidelity.com/learning-center/trading-investing/fundamental-analysis/understanding-market-capitalization

Masters Last Modified Date: January 10, 2023, T. (2023, January 10). What is the relationship between inventory and cost of goods sold? Smart Capital Mind. Retrieved January 10, 2023, from https://www.smartcapitalmind.com/what-is-the-relationship-between-inventory-and-cost-of-goods-sold.htm

Maynard, J. (2017). Financial accounting, reporting & analysis. Oxford University Press.

Mouritsen, J., Larsen, H. T., & Bukh, P. N. (2001). Valuing the future: Intellectual Capital Supplements at skandia.

Parker, B. (2023, January 16). Budweiser Mission Statement: vision: Core values: Analysis (2023). Business Strategy Hub. Retrieved March 14, 2023, from https://bstrategyhub.com/budweiser-mission-statement-vision-core-values-analysis/

Principles of Accounting I, L. L. (2013, May). Financial accounting. Users of Accounting Information | Financial Accounting. Retrieved March 14, 2023, from https://courses.lumenlearning.com/suny-finaccounting/chapter/users-of-accounting-information/#:~:text=Internal%20users%20are%20people%20within,organization)%20who%20use%20accounting%20information.

Pro, E. M. B. A. (2021). Anheuser Busch Inbev (South Africa) marketing segmentation, targeting, differentiation, positioning solution. embapro.com. Retrieved March 14, 2023, from https://embapro.com/frontpage/marketingstpcoanalysis/21869-anheuser-busch-inbev

S, S. (2019, September 24). Difference between horizontal and vertical analysis (with comparison chart). Key Differences. Retrieved March 14, 2023, from https://keydifferences.com/difference-between-horizontal-and-vertical-analysis.html

Sharma, A., & Panigrahi, P. K. (2013). A review of financial accounting fraud detection based on data mining techniques. arXiv preprint arXiv:1309.3944.

Shaviro, D. (2008). The optimal relationship between taxable income and financial accounting income: analysis and a proposal. Geo. LJ, 97, 423.

Sherman, F. (2019, January 28). The importance of accounting standards. Small Business - Chron.com. Retrieved March 14, 2023, from https://smallbusiness.chron.com/importance-accounting-standards-44927.html

Smith, P. (2022, November 3). The cash conversion cycle – did you know CCC=DIO+DSO-DPO? Spend Matters. Retrieved March 14, 2023, from https://spendmatters.com/uk/the-cash-conversion-cycle-did-you-know-cccdiodso-dpo/

Smith, P. (2022, November 3). The cash conversion cycle – did you know CCC=DIO+DSO-DPO? Spend Matters. Retrieved March 14, 2023, from https://spendmatters.com/uk/the-cash-conversion-cycle-did-you-know-cccdiodso-dpo/

Splash, C. (2023). Splash. Anheuser Busch Growth. Retrieved March 14, 2023, from https://splashthat.com/customers/anheuser-busch

Team, C. F. I. (2022, November 2). Ratio analysis. Corporate Finance Institute. Retrieved January 11, 2023, from https://corporatefinanceinstitute.com/resources/accounting/ratio-analysis/

Trends, M. (2020, December 3). MacroTrends. Retrieved September 20, 2022, from https://macrotrends.net/definitions/terms/balance-sheet/

Trends, M. (2021). Anheuser-Busch balance sheet 2009-2022: Bud. Macrotrends. Retrieved September 20, 2022, from https://www.macrotrends.net/stocks/charts/BUD/anheuser-busch/balance-sheet

Tucker, N. (2022). An analysis of Anheuser-Busch's marketing strategy. Bartleby. Retrieved March 14, 2023, from https://www.bartleby.com/essay/An-Analysis-of-Anheuser-Buschs-Marketing-Strategy-P3ZYDPPMZ6FA

Value, H. (2018, March 6). Is Anheuser-Busch InBev for you? (NYSE: bud). SeekingAlpha. Retrieved January 11, 2023, from https://seekingalpha.com/article/4153743

Walton, P., & Aerts, W. (2006). Global financial accounting and reporting: principles and analysis. Cengage Learning.

Weetman, P. (2006). Financial accounting: an introduction. Pearson Education.

Wiley, J. (2019). The impact of internal control, external wiley online library. The impact of internal control, external assurance, and integrated reports on market value. Retrieved March 14, 2023, from https://onlinelibrary.wiley.com/doi/10.1002/csr.1878

Weil, R. L., Schipper, K., & Francis, J. (2013). Financial accounting: an introduction to concepts, methods and uses. Cengage Learning

Zimon, G. (2021, August 6). Working Capital. MDPI. Retrieved March 14, 2023, from https://www.mdpi.com/2673-8392/1/3/58

8. Appendix

Appendix 1: Balance Sheet/ Income Statement 2011-2012 -Anheusher Busch

Appendix 2: Balance Sheet/ Income Statement 2012-2013-Anheusher Busch

Appendix 3: Balance Sheet/ Income Statement 2013-2014-Anheusher Busch

Appendix 4: Balance Sheet/ Income Statement 2014-2015-Anheusher Busch

Appendix 5: Balance Sheet/ Income Statement 2015-2016- Anheusher Busch

Appendix 6: Balance Sheet/Income Statement 2016-2017-Anheusher Busch

Appendix 7: Balance Sheet/Income Statement 2017-2018-Anheusher Busch

Appendix 8: Balance Sheet/Income Statement 2018-2019-Anheusher Busch

Appendix 8: Balance Sheet/Income Statement 2019-2020-Anheusher Busch