

ANHEUSER-BUSCH COMPANIES, INC.
Form 10-Q
October 26, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

- QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD
ENDED SEPTEMBER 30, 2007
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD
FROM TO

COMMISSION FILE NUMBER: 1-7823

ANHEUSER-BUSCH COMPANIES, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(State of Incorporation)

43-1162835
(I.R.S. Employer Identification No.)

One Busch Place, St. Louis, Missouri 63118

(314) 577-2000

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

\$1 Par Value Common Stock – 733,837,351 shares as of September 30, 2007.

1

Anheuser-Busch Companies, Inc. and Subsidiaries
Consolidated Balance Sheet (Unaudited)

<u>In millions, except per share</u>	Sept. 30, 2007	Dec. 31, 2006
Assets		
Current Assets:		
Cash	\$301.5	\$219.2
Accounts receivable	1,048.8	720.2
Inventories	666.5	694.9
Other current assets	202.6	195.2
Total current assets	2,219.4	1,829.5
Investments in affiliated companies	3,817.5	3,680.3
Plant and equipment, net	8,773.1	8,916.1
Intangible assets, including goodwill of \$1,112.5 and \$1,077.8	1,472.4	1,367.2
Other assets	639.3	584.1
Total Assets	\$16,921.7	\$16,377.2
Liabilities and Shareholders Equity		
Current Liabilities:		
Accounts payable	\$1,450.0	\$1,426.3
Accrued salaries, wages and benefits	338.2	342.8
Accrued taxes	294.1	133.9
Accrued interest	117.8	124.2
Other current liabilities	240.5	218.9
Total current liabilities	2,440.6	2,246.1
Retirement benefits	1,165.8	1,191.5
Debt	8,344.2	7,653.5
Deferred income taxes	1,207.7	1,194.5
Other long-term liabilities	225.5	152.9
Shareholders Equity:		
Common stock, \$1.00 par value, authorized 1.6 billion shares	1,480.1	1,473.7
Capital in excess of par value	3,205.9	2,962.5
Retained earnings	17,950.3	16,741.0
Treasury stock, at cost	(17,942.4)	(16,007.7)
Accumulated non-owner changes in equity	(1,156.0)	(1,230.8)
Total Shareholders Equity	3,537.9	3,938.7
Commitments and contingencies	--	--
Total Liabilities and Shareholders Equity	\$16,921.7	\$16,377.2

See the accompanying footnotes on pages 5 to 12.

Anheuser-Busch Companies, Inc. and Subsidiaries
Consolidated Statement of Income (Unaudited)

<u>In millions, except per share</u>	Third Quarter Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Gross sales	\$5,237.4	\$4,876.5	\$14,769.2	\$14,026.8
Excise taxes	(619.7)	(595.8)	(1,777.7)	(1,734.5)
Net Sales	4,617.7	4,280.7	12,991.5	12,292.3
Cost of sales	(2,868.5)	(2,644.6)	(8,201.1)	(7,723.0)
Gross profit	1,749.2	1,636.1	4,790.4	4,569.3
Marketing, distribution and administrative expenses	(777.4)	(738.2)	(2,199.3)	(2,068.2)
Gain on sale of distribution rights	26.5	--	26.5	--
Operating income	998.3	897.9	2,617.6	2,501.1
Interest expense	(119.4)	(111.3)	(359.0)	(341.6)
Interest capitalized	4.5	4.4	12.2	13.4
Interest income	0.7	0.6	2.7	1.4
Other income/(expense), net	(12.6)	0.9	(8.9)	(2.2)
Income before income taxes	871.5	792.5	2,264.6	2,172.1
Provision for income taxes	(350.0)	(311.5)	(902.7)	(846.9)
Equity income, net of tax	185.2	156.5	539.3	449.3
Net income	\$706.7	\$637.5	\$1,901.2	\$1,774.5
Basic earnings per share	\$.96	\$.83	\$2.53	\$2.30
Diluted earnings per share	\$.95	\$.82	\$2.49	\$2.28

See the accompanying footnotes on pages 5 to 12.

Anheuser-Busch Companies, Inc. and Subsidiaries
Consolidated Statement of Cash Flows (Unaudited)

<u>In millions</u>	Nine Months Ended September 30,	
	2007	2006
Cash flow from operating activities:		
Net income	\$1,901.2	\$1,774.5
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	748.3	740.3
Decrease in deferred income taxes	(71.1)	(38.8)
Stock compensation expense	46.4	52.1
Undistributed earnings of affiliated companies	(126.0)	(202.2)
Gain on sale of business	(42.5)	--
Other, net	79.6	(131.2)
Operating cash flow before the change in working capital	2,535.9	2,194.7
(Increase) / Decrease in working capital	(83.4)	30.8
Cash provided by operating activities	2,452.5	2,225.5
Cash flow from investing activities:		
Capital expenditures	(564.8)	(486.5)
Acquisitions	(84.7)	(82.3)
Proceeds from sale of business	41.6	--
Cash used for investing activities	(607.9)	(568.8)
Cash flow from financing activities:		
Increase in debt	906.4	317.3
Decrease in debt	(257.8)	(902.8)
Dividends paid to shareholders	(691.8)	(645.0)
Acquisition of treasury stock	(1,934.9)	(580.2)
Shares issued under stock plans	215.8	119.4
Cash used for financing activities	(1,762.3)	(1,691.3)
Net increase / (decrease) in cash during the period	82.3	(34.6)
Cash, beginning of period	219.2	225.8
Cash, end of period	\$301.5	\$191.2

See the accompanying footnotes on pages 5 to 12.

Anheuser-Busch Companies, Inc. and Subsidiaries
Notes to Unaudited Consolidated Financial Statements

1. Unaudited Financial Statements

The unaudited financial statements have been prepared in accordance with U.S. generally accepted accounting principles and applicable SEC guidelines pertaining to quarterly financial reporting, and include all adjustments necessary for a fair presentation. These statements should be read in combination with the consolidated financial statements and notes included in the company's annual report on Form 10-K for the year ended December 31, 2006.

2. Business Segments Information

Following is comparative business segments information for the third quarter and nine months ended September 30 (in millions):

Third Quarter	U.S. Beer	International Beer	Packaging	Entertainment	Corporate & Elims	Consolidated
2007						
Gross Sales	\$3,810.0	373.7	698.6	479.5	(124.4)	\$5,237.4
Net Sales:						
- Intersegment	\$0.8	0.1	256.9	--	(257.8)	\$--
- External	\$3,258.1	305.0	441.7	479.5	133.4	\$4,617.7
Income Before Income Taxes	\$814.4	33.7	50.6	175.0	(202.2)	\$871.5
Equity Income	\$1.8	183.4	--	--	--	\$185.2
Net Income	\$506.7	204.3	31.4	108.5	(144.2)	\$706.7

2006						
Gross Sales	\$3,594.2	319.1	641.8	444.4	(123.0)	\$4,876.5
Net Sales:						
- Intersegment	\$0.7	--	240.4	--	(241.1)	\$--
- External	\$3,054.9	262.0	401.4	444.4	118.0	\$4,280.7
Income Before Income Taxes	\$776.6	27.3	39.0	157.3	(207.7)	\$792.5
Equity Income	\$1.4	155.1	--	--	--	\$156.5
Net Income	\$482.8	172.0	24.2	97.5	(139.0)	\$637.5

	U.S. Beer	International Beer	Packaging	Entertainment	Corporate & Elims	Consolidated
Nine Months 2007						