



The Glory, the Passion, the Dollars and Cents

The 2010 incarnation of the FIFA World Cup kicked off on 11 June and will continue for one month until 11 July in South Africa. In addition to being the most popular team sport in the world, association football is showcased at its highest level in this international tournament and the popularity of this event is unrivalled - the final match is touted to be the most watched sporting event ever!

However, while many of us will be spending the next couple of weeks debating which player will win the "golden boot" or the probability of their favourite team winning the coveted title; I would like to take this opportunity rather, to focus on some companies that could stand to gain financially as a result of this year's World Cup.

Adidas (OTC: ADDYY) stands to gain from the international attention of the 2010 World Cup Finals as an official FIFA partner. The German athletic giant has grown significantly in the past 15 years through its acquisition of Reebok and TaylorMade, and this world cup partnership is expected to boost the company's revenue and market share even more. The apparel maker will be outfitting twelve (12) teams, which include the host nation South Africa, tournament favourites Spain, and perennial power houses Argentina and Germany. Additionally, Adidas makes the official ball of the World Cup; the 'Jabalani' Ball, which will be used in every game of the tournament. Although many players have voiced their disapproval of the ball thus far, it is expected to have a minimal impact on the company's revenues unless it becomes a bigger issue over the course of the tournament. Adidas is also expecting to generate revenue from the sale of its new 'F50 adiZero' – Adidas' lightest football boot ever, launched in May of this year. Eleven players in this World Cup will be wearing the F50 adiZero, including 2009 FIFA Player of the year Lionel Messi and Spain's striker David Villa. Adidas said in a statement that they expect record sales of at least US\$1.9bn in its soccer category this year as sales are boosted by the FIFA World Cup. This represents a 15% increase from soccer-related sales in 2008 and a 25% increase from the last World Cup year in 2006.

Adidas' share price has exhibited great volatility for the first six (6) months of 2010, trading between a high of US\$29.90 and a low of US\$23.12. Lacklustre fourth quarter earnings (64% below the previous year, and 31% lower than average) saw the share price falling drastically during the months of February at which time the stock was listed as "Sell" by most international brokers. However, with high anticipation surrounding World Cup sales, the share price started to trend upward in March as the stock was tipped as a 'Buy" by Standard and Poors' and Commerzbank, peaking a mere three (3) days after the launch of the 'Jabalani Ball'. A subsequent dip was soon followed by an upward trend in mid May when the company launched its 'F50 adiZero' football shoe offsetting any volatility experienced due to the European Debt Crisis. Its share price has been showing favourable signs and upwards trends since the 11 June kick off in South Africa.

Nike (NYSE:NKE), the premier athletic apparel company in the world also expects to benefit from the 2010 World Cup Final fever. Brand president Charlie Denson is expecting total revenue growth will likely mirror a global economic recovery, with the 32-nation World Cup in South Africa helping extend the company's lead over rival Adidas. Denson declined to put a figure on

Nike's expected sales of soccer-related products for this year but said that "from a revenue standpoint, we feel we're the biggest and best football company in the world." Nike, the world's largest athletic shoe company is betting the World Cup would add to its dominance. Nike bought England team sponsor Umbro in 2007, a key acquisition to a group that includes Brazil, Portugal and Holland. It will also take over sponsorship of the French team from next year, after besting Adidas for the contract in 2008.

Nike has also launched its "Elite Series" of football boots in May, which will help to affirm Nike's hold on the market. Nike's Mercurial Vapor SuperFly II, CTR360 Maestri, Total90 Laser III and Tiempo Legend III all feature improve on-field visibility and a reengineered outsole to deliver lightweight performance for every style of player. Over 90% of the players in the tournament are wearing one of the Metallic Mach Purple and Total Orange boots from this series, including Brazil's Kakà and Portugal's Cristiano Ronaldo.

The first four months of 2010 saw Nike's share price appreciate 14% peaking at US\$78.23 in April upon the publication of its optimistic forecasted year end earnings. Citibank also provided impetus by raising its target price for Nike shares from US\$80.00 to US\$86.00 reiterating its opinion of the stock as a strong 'Buy'. This peak was followed by a sharp decline which was broken by the launch of the "Elite Series" football boots in early May which saw the price return to its April high of US\$78.23. The impact of the European Debt crisis took a toll on this stock which displayed increased volatility for the rest of May, reaching as low as US\$69.59, however with austerity measures put in place and the World Cup at hand, Nike' share price has been on a steady upward trend since 9th June.

Anheuser-Busch InBev (NYSE:BUD) Breweries, pubs and bars are expecting to rake in huge revenues from the social activities of die hard football fans. According to a report by PricewaterhouseCoopers, 20% of people viewing the World Cup will do so in a pub; it is also expected that retail sales of alcohol can surpass US\$1bn during the competition. One of the world's biggest alcohol producers is Anheuser-Busch InBev which boasts over three hundred (300) brands, (thirteen (13) of which generate revenues exceeding US\$1bn) including Budweiser which is the official beer of the World Cup. Other brands such as Beck's (Germany) and Brahma (Brazil) give Anheuser-Busch InBev a global presence that will go a long way in generating revenues all over the globe during the competition.

Anheuser-Busch Inbev has had a rocky first half in terms of share price, starting the year at its peak price of US\$53.49 and hitting a low of US\$45.80 on 7 May. Since then the share price has appreciated, trading in June just below its 2010 high in a range of US\$50.30 and US\$51.92.

Coca Cola (NYSE: KO) also expects World Cup generated revenue as another one of the fifteen (15) FIFA 2010 World Cup official partners. Coca Cola has been a World Cup partner of FIFA since the 1970 tournament in Mexico and has benefited from the equity it has built up in football over many decades. This year it was also immensely helped by its pre-tournament sponsorship of the World Cup trophy's tour of different cities in Africa and the UK, where it was accompanied by England forward Wayne Rooney.

Although Coca Cola's share price displayed a downward trend for the first half of the year from its peak price of US\$57.13 on 14 January, it started to show improvements at the end of May. These dates coincide with the tail end of the Coca Cola world cup trophy tour and the start of the World Cup finals. Although the share price fell once again when the share started to trade ex-dividend on 11 June, it has been on a steady upward trend since, showing that all the World Cup marketing may translate into an increase in its share price.

Walt Disney Co., (NYSE:DIS) the world's biggest media company based in Burbank, California, is yet another company that stands to gain from World Cup 2010. The highly anticipated match between the U.S. and England attracted an average of

14.5 million viewers according to Nielsen Co. Through the first eight matches, the series averaged 3 million viewers on ESPN and ABC, for a hefty 75% increase compared to the 2006 games in Germany. Nearly 1.3 million viewers have also watched live and replay matches on ESPN3.com, officials said. These numbers represent a big payoff for Walt Disney Co., the corporate parent of ESPN (the channel that is screening the matches in 3D) and ABC, which has heavily promoted the games on TV and online.

Disney started the year with their shares on an upward trend from its six (6) month low of US\$29.32. The share peaked on 3 May at US\$37.56, before it experienced a sharp decline. However, since the start of the 2010 World Cup Final, the share price has shown positive improvement and upward trend reaching as high as US\$34.35 on 22 June.

Sony (NYSE: SNE), the electronic equipment manufacturer, is the FIFA official Partner in the category of "Digital Life" which covers a wide variety of business activities from entertainment to electronics. Through this partnership contract, Sony has been given a broad array of rights at FIFA events. It will be able to use the partner logo at the FIFA World Cup and other FIFA events as well as having rights to the use of certain FIFA images and archive materials. Other rights will include advertising boards in stadiums, TV sponsor credits, and preferential negotiation rights for TV Commercial spots. Sony has announced it will be producing the 2010 FIFA World Cup in 3D for Blu-ray, after it covers the event using Sony 3D cameras. It will also enjoy increased revenue from the sales of electronics (mainly television) prior to the start of the World Cup; and games and game consoles after the world cup.

Sony's share price has plummeted from a peak of US\$40.44 on 23 March, to US\$27.56 at close of trade on 22 June. Although the share is currently trading at its lowest price for the six (6) month period, it is expected that all the exposure and revenue Sony experiences as an official FIFA partner should have a positive effect on its share price.

With all this said, it is obvious that it is not only each country vying for glory, but the major corporate players as well. One cannot discount the impact the FIFA World Cup or any major sporting event will have on the revenue generating abilities of companies closely associated with the game. Such a global sporting event comes around, perhaps once every two years if you count the Olympics and can give the much needed boost a company might need in the current less than optimistic economic climate. So just as the world's best football teams plan out their short term game strategy for the next month, so should the savvy investor who may want to consider including some of these star players in his side.

Current Happenings in Local and International Markets:

- CLICO may affect T&T's credit rating
- Agency concerned over negative outlook for two GHL companies
- Moody's warns Barbados of credit rating fall
- U.S. Stock Futures fluctuate; Google gains, Home Depot Declines
- Emerging market stocks climb, set for best week in four months
- U.K. stocks advance, poised for biggest weekly gain in a year
- China's car demand grows at slowest pace in 15 months

Table 1: Regional Market Performance (as at 8 July 2010)

Index	Closing Value	Weekly Change (%)	Monthly Change (%)	YTD Change (%)	1 Year Change (%)
TTSE Composite	825.12	-0.24	-1.29	7.55	5.72
All Trinidad	1,168.48	-0.31	-0.82	5.91	8.22
JSE Index	85,149.29	-1.49	-2.53	2.22	5.47
JSE Select	2,174.59	-1.28	-7.03	14.57	20.48
All Jamaica	80,666.80	-1.53	-5.53	13.67	21.33
BSE Composite	718.42	-0.24	-3.87	-8.63	-14.55

Table 2: International Market Performance (as at 8 July 2010)

Index	Closing Value	Weekly Change (%)	Monthly Change (%)	YTD Change (%)	1 Year Change (%)
S&P 500	1,070.25	4.17	1.88	-5.54	21.68
Nasdaq Composite	2,175.40	3.52	0.07	-5.76	24.51
Dow Jones Industrial	10,138.99	4.18	3.29	-4.20	23.97
German Dax	6,035.66	3.04	2.21	-0.21	31.99
FTSE 100	5,105.45	6.24	0.72	-7.18	23.31
Nikkei 225	9,535.74	3.74	0.16	-10.50	1.22
Hang Seng	20,050.56	0.73	3.47	-8.12	13.15
Eurostoxx	2,666.42	5.87	5.39	-11.64	16.37

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