

SAB seeks African growth via larger maltings plant

By [Nick Hedley](#)

13 Mar 2014

The local arm of SABMiller (SAB), South African Breweries' maltings division is looking to supply product to other African countries following its investments to expand capacity, according to the unit's general manager Thinus van Schoor.



SAB is expanding its malting plant and will provide malted barley to other African countries. Image: SAB Miller

SAB Maltings, a wholly owned subsidiary of the brewer, began construction work in January on a R700m maltings plant in Gauteng, which will replace a much older and smaller plant.

SAB is also looking to lift the local barley farming industry through support services and guarantees, in order to ensure local barley supply as it gears up for higher production capacity.

The new maltings plant, at SAB's Alrode site in Alberton, will replace its existing 48-year-old facility, and will produce 130,000 tons of malted barley a year.

This is more than three times the current plant's output of 42,000 tons.

Van Schoor said the new plant could be expanded at a later stage to 150,000 tons to keep up with demand from the group's African operations.

Commissioning

Commissioning of the new plant is expected by the middle of next year, Van Schoor said. SAB Maltings produces 222,000 tons of malted barley each year.

Van Schoor said SAB required 300,000 tons of the product each year in South Africa and Namibia, which meant the

shortfall had to be imported at higher costs and from volatile international markets.

"The new Alrode plant would boost local capacity to about 310,000 tons, which created excess capacity for the fast-growing African beer market," he said. The extra malting capacity also paved the way for a bigger barley farming industry.

"There's a lot of opportunity that comes with this expansion," Van Schoor said. SAB Maltings has established a pilot "go farming" initiative, which aims to support the development and sustainability of emerging and small-scale barley farmers.

Support includes analyses and recommendations, as well as a financial guarantee in the trial phase that farmers would be no worse off growing barley than they would be growing wheat.

The brewer sources its barley from 378 farmers in the Western Cape and from 162 commercial farmers and 97 emerging farmers in the Northern Cape.

Van Schoor said barley farming was more profitable but slightly riskier than wheat farming. He said there had been a clear divergence in barley and wheat yields over the past few years thanks to barley breeding initiatives where new varieties produced higher yields.

He said there were opportunities to expand the local barley growing industry in new areas, particularly the Northern Cape.

For more, visit: <https://www.bizcommunity.com>