

SAB's earnings up 8% to R3.8bn

South African Breweries (SAB), the local subsidiary of global brewing giant SABMiller, has reported strong results for six months to September.



Norman Adani says SAB has delivered strong and sustainable growth. Image: SAB

SAB Beverages group net producer revenue grew 7% organically to R17.9bn, while earnings before interest, tax, depreciation and amortisation (ebitda) grew 8% organically to R3.8bn.

Lager volumes grew 3% to 12.8m hectolitres and the soft-drinks division's volumes grew 1% to 7.9m hectolitres.

SAB said it benefited from ongoing investment in market-facing activities and retail execution.

"The strong performance was delivered in the face of a challenging trading period with subdued economic growth and continued strong competition. In addition, SAB faced a 7.5% increase in the excise rate this year, following on from the 10% rise in 2012's excise payments," it said.

Good volume growth

Good volume growth was delivered by both the beer and soft-drinks portfolios in the face of rising costs due to the continued weakness of the rand and increased commodity costs, it said.

"The ongoing strategic focus on investing in market-facing operations was funded partly by savings in non-market-facing areas. Good cash flows resulted from ensuring a tight focus on working capital and capital expenditure," it said.

SAB's black economic empowerment scheme, Zenzele, benefited from the stronger performance, with the company declaring an interim dividend of R48.9m. This is the seventh dividend declared since the programme was launched in 2010, bringing the total dividends declared to date to R383.8m.

SAB is made up of the beer business, soft-drinks division ABI, Appletiser and a 29% stake in Distell.

SAB executive chairman Norman Adami said: "Our strong financial results are testimony to the resilience of our strategy at a time when the external environment is highly volatile and factors such as another hike in excise have come into play. We have focused on managing those factors within our control, which has allowed us to continue delivering profitable and sustainable growth."

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