

# Coca-Cola sells 21.5% of Appletiser shares in BEE deal

Coca-Cola Beverages South Africa (CCBSA) has announced the sale of 21.5% of its shareholding in Appletiser South Africa (ASA) in two BEE deals.



Black-owned investment company, African Pioneer Group (APG), has acquired 17.5% and an additional 4% has been sold to a new entrant black empowerment partner, Siphon Excellent Madlala, a 20-year veteran of CCBSA. The value of the respective stakes was not disclosed.

The sale of the equity stakes was sealed after a process of evaluation and selection, facilitated by Standard Bank. It meets one of the merger conditions agreed to with the Competition Tribunal in relation to the creation of CCBSA last year. These were agreed when the southern and east African non-alcoholic ready-to-drink bottling operations of SABMiller, The Coca-Cola Company (TCCC) and Gutsche Family Investments were combined last May.

SABMiller previously wholly owned Appletiser but, with the merger, the manufacturing facility, ASA, became a subsidiary of CCBSA, the South African operation of Coca-Cola Beverages Africa (CCBA).

The Tiser brands (Appletiser, Grapetiser and Peartiser), also previously owned by SABMiller, were sold to TCCC as part of the CCBSA merger agreements. This meant that following the brand sale, the operating model of ASA changed from one of an owned-brand production company to a licensed manufacturer of TCCC brands.

## Board members ready for action

As part of the merger conditions, the company undertook that ASA's operations in Elgin (as well as related ASA operations) would be maintained and grown and that CCBSA would sell 20% of Appletiser in South Africa to a black economic empowerment holding which we have concluded ahead of the required timeline.

Through its 17.5% shareholding, APG will have a seat on the board of Appletiser. Stephen Dondolo, its CEO, already has experience sitting on the CCBSA board (and the Coca-Cola Fortune board before that). Through his 4% acquisition, Madlala will also acquire a seat on the board of ASA. Both will be active partners in the business, in keeping with the provisions of the merger conditions.

## International expansion plans

Apart from Elgin, the Tiser brands are produced at one other South African facility, in Midrand, and at facilities in the UK, the Canary Islands, Belgium and Australia. However, the Appletiser facility in the Elgin valley in the Western Cape is the original – and the largest – producer of the products and accounts for some 59% of Tiser brands produced globally. Tiser products produced at ASA are marketed in a range of territories including Botswana, Namibia, Zambia, Lesotho, Mozambique, Japan, Australia, New Zealand, Hong Kong, Mauritius and Swaziland.



In terms of the Merger Agreement, at least 80% of the apples, pears, grapes and similar fruit inputs used for all juice concentrate used in producing Tiser products will be procured from fruit grown in South Africa. Plans are sufficiently in progress to increase the procurement of South African grapes for juice concentrate in Grapetiser over the next five years. Currently, all apple and pear concentrate is sourced from South Africa, with grape concentrate increasingly sourced locally, depending on availability and affordability of supply.

CCBSA MD, Velaphi Ratshefola said the company was confident that Appletiser has the capacity to increase production output considerably to serve the domestic market and to be used as a base for export to the rest of the continent and elsewhere in the world. There are plans in place for ASA to produce other TCCC brands (in addition to Tiser) that are currently produced at the other CCBSA manufacturing sites. With the addition of 200ml, 330ml and 440ml cans of other Coca-Cola products, the facility will produce around 5 million physical cases, which is well in excess of prevailing volumes at the time of the merger.

“We are delighted to have these two partners on board. African Pioneer Group has a long history with CCBSA through Coca-Cola Fortune. Madlala has worked his way up the ladder through hard work and perseverance. His experience in our industry is of enormous value and we have in both APG and Excellent long-term, dedicated and active partners for Appletiser.”

## **Success story**

Madlala’s personal story is one of constant self-improvement and achievement, having started his working life as a cleaner at Amalgamated Beverage Industries (now part of CCBSA). Rising through the ranks, and earning a marketing qualification from Durban University of Technology along the way, he was promoted into positions that were more senior.

Given his leadership skills, he achieved a leadership position as district manager at ABI before the company merged to become part of CCBSA last year, heading up a 94 member-team. Madlala will retain this role in CCBSA following the transaction.

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