SABMiller loses fizz in third quarter

By Kgomotso Mathe

20 Jan 2010

Brewing giant SABMiller performed below analysts' expectations in the third quarter to last month, as it said beer sales by volume were flat worldwide.

The London-based company, headed by Graham Mackay, said lager volumes for the third quarter were level with the prior year, and were 1% below 2008 for the first nine months of the financial year.

Soft-drink volumes saw organic growth of 2% in the quarter.

“Their trading update was slightly below analysts' expectations. Most analysts were expecting a 1% improvement in global volumes and the group exhibited flat volume growth, at least on an organic basis,” Absa asset management analyst Chris Gilmour said.

“The two areas that outperformed were Latin America and Africa, while Europe underperformed quite badly and SA was disappointing.”

In Africa, both lager and soft drink volumes grew 7%.

However, in SA, lager volumes declined 4% in the quarter as the country continued to experience a softening of consumer demand.

“Africa continued to be the unsung hero of SABMiller's portfolio,” Gilmour said.

“SA was poor, with the group losing slight market share.

“Though it is not abundantly clear which brands suffered most, anecdotal evidence suggests Black Label is struggling to maintain its market share, but Castle Lite is doing exceptionally well. This may seem incongruous, given that Castle Lite is positioned as a premium brand and premium brands should be doing worse than mainstream brands in a recession.”

Soft-drink volumes fell 5%, due to the weak economy and unseasonally cold weather.

“Consumer demand during the quarter varied across our markets, with some showing tentative signs of recovery, whilst in others demand remained subdued,” the group said.

In Botswana, lager volumes slid 29% as a result of a social alcohol levy and a weak economy. This was offset by growth of 17% in both Angola and Zambia, and 11% growth in Mozambique.

In Latin America, lager volumes grew 4%, Colombia 6% and Asia 5%, while Europe saw a 2% decline, with Poland falling 5%.

In the US, where SABMiller formed the MillerCoors joint venture in 2008, sales to retailers were 3,6% down in the quarter with key brands Miller Lite and Coors Light showing volume declines.

Overall, SABMiller's “wide geographical diversification has held it in good stead”, Gilmour said. “Beyond the 2010 financial year, SABMiller is looking good. Most of the jurisdictions in which it operates are recovering and SABMiller should participate fully in these recoveries.”

Source: Business Day

Published courtesy of

I-Net Bridge