

SAB's BBEE deal opens for retailers

Global brewing giant SABMiller plc's (SAB) local unit, The South African Breweries, announced Monday, 22 February 2010, that the retailer component of its broad-based empowerment transaction - SAB Zenzele - is now open for participation by retailers.



The offer is scheduled to close on 7 April and will be implemented in May 2010.

The broader BBEE transaction, which involves the establishment of the SAB Zenzele Employee Trust and the SAB Foundation, was first announced in July 2009.

It will place 8.45% of the company's shares under black ownership and is estimated to be worth R7.3 billion.

In order to qualify to participate in the SAB Zenzele transaction, black applicants must have a valid liquor licence, show proof of application for a liquor licence or be registered ABI soft-drinks customers.

"In designing the SAB Zenzele transaction, we were determined to look beyond traditional business approaches and search for pioneering solutions to black economic empowerment that would deliver real benefits to the lives of many thousands of South Africans," said SAB Managing Director Norman Adami.

"I truly believe that participation by qualifying retailers will create genuine broad-based empowerment and improve their social well-being.

"We are very excited that the SAB Zenzele transaction is today open for participation," Adami continued.

The benefits of the deal are targeted at key stakeholder groups who play a meaningful role in the long term business success of SAB and its soft drinks division ABI and no external bank funding is required.

Moreover, a meaningful bi-annual cash dividend is expected to be paid from year one and the transaction is affordable and easily accessible - qualifying retailers will make only a small cash investment.

The fact that SAB Zenzele also acts as an incentive for beer and other liquor retailers to become licensed is a key societal benefit and in keeping with SAB's belief that the liquor industry as a whole can only become sustainable once it has been normalised.

Retailers can apply for a base allocation of R50 000 worth of SAB Zenzele shares for an investment from as little as R100.

In addition, retail liquor licence holders can apply for a maximum of R500 000 worth of SAB Zenzele shares for a cash investment of R25 000.

Retail liquor licence applicants can apply for a maximum of R100 000 worth of SAB Zenzele shares for a cash investment of R2 500 and ABI retailers can apply for a maximum of R250 000 worth of SAB Zenzele shares for a cash investment of R10 000.

SAB said there has been significant interest from retailers in the offer, and the attendance at workshops, as well as requests for assistance to apply for their licences, have been far ahead of SAB's original expectations.

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