

SABMiller targets organic growth

By [Nick Hedley](#)

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SABMiller will continue to develop and differentiate its beer and soft drinks brand portfolios, with a focus on developing markets for growth, new chief executive Alan Clark said in the global brewing giant's annual report, released on Tuesday (25 June).



Clark was appointed in April, three months ahead of schedule, after Graham Mackay went on medical leave of absence following surgery for a brain tumour. The original succession plan was for Clark to assume the role of chief executive after SABMiller's annual general meeting next month.

Mackay has been credited with growing SABMiller into the world's second-largest brewer, thanks largely to several large, strategic acquisitions that extended its footprint across the globe.

Clark said in the company's 2013 annual report that while economic conditions in emerging markets had weakened, the long-term prospects of these regions remained healthy. "With some 72% of earnings before interest, taxes, depreciation and amortisation coming from developing markets, SABMiller continues to enjoy the highest exposure of any global brewer to a wide number of growth opportunities in the beer industry," he said.

"Although underlying economic conditions have slowed in some of those markets during the year, most notably Latin America, SA and China, we believe the economic fundamentals remain highly attractive over the long term," he said.

Value chain

He said the company's position in these markets reflected the long-standing commitment and investment made to securing positions which are now deeply rooted in local markets up and down the value chain, from farming through to production, distribution, retail and consumption.

Absa Investments analyst Chris Gilmour said at the start of Clark's tenure that as there were few large acquisition opportunities left in the global industry, the company was expected to shift its focus towards organic growth.

"With trading conditions expected to be broadly unchanged, there were opportunities to grow our categories, particularly in developing markets", Clark said. "We'll continue to develop and differentiate our beer and soft drinks brand portfolios, leveraging local insights to bring the right products to each market and capture value."

He said a focus on cost effectiveness would remain and would include continued synergy delivery in Australia and expanding the scope of globally managed procurement.

"Cash generation will remain a priority. Targeted investments in production capacity, marketing and sales capability will continue in order to drive growth," Clark said.

SABMiller would focus on growing its core business with its established mainstream brands while driving its local premium portfolios. "Consumer tastes evolve and new generations are now looking for premium and craft beers which are both authentic and clearly differentiated in their markets," he added.

Source: Business Day via I-Net Bridge

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