

# SoftBev: Time-frame troubles

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An unexpectedly flat performance from plastic packaging specialist Bowler Metcalf's 43%-owned soft-drink bottling subsidiary, SoftBev, has resulted in an outpouring of speculation.



Friedel Sass

Picture: [Financial Mail](#)

SoftBev was created in 2014 when Bowcalf, headed by Friedel Sass, merged its Cape Town-based Quality Beverages soft-drink bottling operation with Durban-based Shoreline. It was expected to hit the ground running in its first year of operation. SoftBev, which produces brands like Jive, Coo-ee, Pepsi and Capri-Sun, was expected to generate revenues of between R1bn and R1.2bn. Results at the interim stage to end-December 2015 were promising, with operating profits of R14.5m generated.

However, Bowcalf's results for the year to end-June showed its portion of SoftBev's profits was only R1.2m, after directors admitted that time frames for project implementations had been ambitious. Specifically, there were delays in the Pepsi bottling deal (taken over from Pioneer Foods' Ceres Beverages) and a late start to the manufacturing of recently secured fruit juice brand Capri-Sun.

Market talk suggests that predators might start circling SoftBev if the company continues to battle for operational traction,

especially as it looks to secure a viable niche in the competitive Gauteng market. Longer-term prospects have also been soured by the proposed sugar tax. Suggestions are that KWV or Clover could be possible suitors for Bowcalf's stake in the company.

One shareholder, who asked not to be named, says it was probably naive to think the newly merged soft-drink operations would not incur teething problems. "I'm still excited about SoftBev, but perhaps more transparency is needed around operational developments."

The shareholder suggests that Bowcalf accelerate medium-term listings plans for SoftBev. "There will be more transparency if it's listed — which is better than the murky update in the recent set of Bowcalf results."

**Source:** Financial Mail

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