

# SABMiller keeps faith with emerging markets

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25 Jun 2013

SABMiller will continue to develop and differentiate its beer and soft drinks brand portfolios, with a focus on developing markets for growth, new CEO Alan Clark said in the global brewing giant's annual report, released yesterday, 24 June 2013.



Clark was appointed CEO 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 CEO 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 longterm 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."

The company's "superior position" in these markets reflected "the longstanding 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," Clark said.

Absa Investments analyst Chris Gilmour said at the start of Clark's tenure as CEO 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 further, 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."

A focus would still be on cost effectiveness, "including continued synergy delivery in Australia and expanding the scope of globally managed procurement", Clark said.

"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 said.

"SABMiller has created and led this local premium segment in many markets, a lead which is now being secured as we do more to develop the opportunity around the world."

Source: Business Day

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