

SAB to invest an additional R920m into local breweries

The South African Breweries (SAB), the country's largest beer brewer, is investing a further R920m into its Prospecton and Ibhayi breweries, growing the company's total investment commitment in South Africa to R4.5bn.



Source: Supplied

SAB CEO Richard Rivett-Carnac announced the additional investment at the fourth South African Investment Conference held today, 24 March, at the Sandton Convention Centre in Johannesburg.

“These investments will give us the capacity to not only contribute to the economy but also to be able to contribute to job creation, tax, excise and procurement spend,” said Rivett-Carnac, who was [appointed as the brewer's CEO](#) at the start of this year.

Carnac said this new investment commitment will inevitably have an impact on jobs through direct and indirect employment – adding to the already 250,000 jobs sustained by the national beer sector. To add to the impact, he says this investment will enable SAB to continue transforming the industry by employing Black suppliers such as HTP and Isanti glass.



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SAB’s Prospecton Brewery in Durban will receive a bulk of this new investment with a total of R650m that will help expand its facilities. This investment alone will provide a R3.1bn additional tax revenue and generate 24,000 jobs through the full value chain. Additionally, the investment will generate R4.4bn in additional GDP for the Kwa-Zulu Natal economy.

A further R270m of this investment will be committed to upgrading SAB’s Ibhayi Brewery which is in the Eastern Cape.

Contributing towards economic recovery

Considering the economic impact of the Covid-19 lockdowns, Rivett-Carnac explained that SAB's intention is to assist with economic recovery. "The Budget delivered by the Minister of Finance in February ensured that economic recovery was prioritised by keeping the beer excise adjustment closer to inflation. This has provided us with the financial space to grow the beer category responsibly and aid our government in our collective mission towards economic recovery and growth".

This new investment pledge follows SAB's commitment to invest R2bn into capital expenditure projects in its 2021 financial year, which it channeled into several upgrades at its operating facilities and providing some exciting product innovations.



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According to Rivett-Carnac, the beer industry continues to be a key contributor to the South African economy. He cites a recently published Oxford Economics Research paper (2021) which reveals the South African beer industry contributed approximately R74bn to South Africa's GDP in 2019. This was equivalent to 1.3% of national GDP. The sector sustained over 248,000 jobs in 2019, equivalent to 1.5% of national employment. The tax impact was approximately R45bn in 2019, this was the equivalent of 3.3% of government revenue.

As one of the country's largest businesses, Rivett-Carnac said SAB plays a significant role in igniting economic growth and recovery.

"Our position as an economic-driving, multinational corporation in South Africa means we are keen to play a role in working with our government and social partners to help South Africa recover and grow."

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