

# Distell increases investment in Africa, buys into Kenyan company

The Distell Group is to acquire a 26% stake in KWA Holding East Africa Limited (KHEAL), Kenya's foremost spirits manufacturer, bottler and distributor, increasing its investment in Africa.



(Image extracted from the Distell website)

Richard Rushton, Distell Group CEO said the KES860m (roughly R105m) deal would give the company access to market for several leading brands.

"We are thrilled with our latest investment, which comes at a time when the economic prospects across East Africa are promising. East Africa Common Market's combined population of more than 150 million and an economy boosted by recent energy discoveries, present exciting opportunities," said Rushton.

The acquisition is Distell's latest in a series of strategic direct investments on the African continent. Last month, it opened a bottling plant in Accra, Ghana. It has also secured land in Nigeria and Angola for manufacturing plants, scheduled to come on-stream next year.

The Kenyan investment was an expression of the company's confidence in KHEAL, its staff and the people of Kenya, said Rushton. "The acquisition strengthens the relationship with KHEAL and takes the partnership to a significantly more sustainable level."

## A long relationship

Its relationship with the Nairobi-based KHEAL dates back to 1998. Since then KHEAL has been producing, bottling and distributing several Distell spirits brands. The company produces and bottles Viceroy Brandy, Clubman Punch, Castle Brand Aperitif and distributes these along with Amarula, Drostdy-Hof and Cellar Cask, amongst others.

KHEAL owns a number of leading local Kenya brands such as Kingfisher, Kibao, Caprice and Yatta wines that have shown strong growth in recent years and which Distell, through its involvement in the business, aims to support.

Rushton said Distell would now forge ahead with growing the potential of the business and would seek to expand local skills and build on the brand platforms already established in the country. This would be done by working closely with all stakeholders in this enterprise, from government and the local community, to staff and customers.

"The company's wealth of experience in the ciders, spirits and wine segments will bring new capabilities to KHEAL and increase its competitive position, unlocking and creating significant value."



Richard Rushton, Distell Group CEO.

KHEAL is Kenya's dominant spirits player, operating five distribution centres in the country, one in Uganda as well as a wholly owned subsidiary in Rwanda. The company also sells products through duty-free outlets in Kenya and Rwanda.

Rushton said Distell employed a partnership model wherever this was possible as far as its African investments were concerned, combining its technical skills with local in-market expertise to add value and stimulate growth.

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