

Fawu's fight in AB InBev's takeover of SABMiller pays off

By [Ann Crotty](#)

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Workers at South African Breweries (SAB) who own shares through the Zenzele scheme are to get an average advance payment of about R32,000 when the deal with Anheuser-Busch InBev (AB InBev) goes through, following a hard-fought battle by the Food and Allied Workers Union (Fawu).



Picture: [Bloomberg/Waldo Swiegers](#)

The deal was struck on Friday, after Fawu had threatened to strike over the issue. The union had complained that while 1,700 SAB managers would receive a \$1.9bn early payout on their share options, workers had to wait until the Zenzele scheme matured in 2020.

SAB initially offered an immediate payout of about R16,000, which would have been an interest-bearing loan against the value of the shares when they vest. SAB had wanted to charge Zenzele members interest on the prepayment equivalent to 85% of the prime rate.

The improved offer, which is largely attributable to Fawu's determination, doubles the amount proposed originally by SAB and removes the requirement that recipients pay interest on what is essentially a prepayment of dividends.

Fawu general secretary Katishi Masemola said the revised terms fell considerably short of his union's demands and were far less generous than the payouts enjoyed by management, but he was pleased industrial action was off the table.

"The matter was before the (Commission for Conciliation, Mediation and Arbitration) and industrial action was looming," he said.

Masemola said that although the SAB employees were relatively well paid, they had debts they were keen to pay off. "This debt burden weakened their resolve to fight."

Masemola's determination to ensure that the Zenzele scheme was included in discussions about AB InBev's acquisition of SABMiller and that employees should benefit as much as management has won the union support among white-collar workers at SAB who face an uncertain future under the new owners.

"The merger conditions have guaranteed manning levels at the company, but it's unclear what will happen to the quality of jobs. White-collar workers are joining us now, not in droves, but in surprising numbers," Masemola said.

AB InBev said in a statement that it was pleased to have reached agreement with Fawu on enhancements to the Zenzele scheme.

When the megabrew merger is completed, Zenzele participants will receive a total R1.5bn, up from the original R750m.

"We have also confirmed that we will guarantee that Zenzele participants will benefit from the premium implied by the revised cash price of £45 per share being offered to SABMiller shareholders," AB InBev said.

In terms of the new deal, Zenzele participants will receive a R32 dividend for every participation right they hold. The R32 is equivalent to the previous five years' dividends. The prepayment will be deducted from the final payout when the scheme matures in 2020.

Each blue-collar worker has an average of 1,000 participation rights.

SAB employees hold 40% of the Zenzele participation rights equivalent to 18.5-million shares in unlisted SAB. In terms of the original plan, the SAB shares were to be converted into SABMiller shares in 2020.

AB InBev has committed to converting the Zenzele participation rights into cash at a minimum value of £45, the price paid to SABMiller shareholders. Zenzele participants will also benefit from any accretion in SAB value up to 2020.

SAB employees account for just 9,146 of the Zenzele scheme participants. Liquor store owners and taverners, who account for another 30,000 plus, will also benefit from the deal agreed with SAB.

Although the Zenzele discussion was withdrawn from consideration before the Competition Tribunal, the merging parties are required to implement a new black economic empowerment scheme when the Zenzele scheme matures.

Source: Business Day

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