

Distell sets R500m aside for Africa expansion

By [Nick Hedley](#)

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Distell Group has set aside more than R500m for investments in various African countries and it will fund the investment through a cost saving and supply chain efficiency programmes, the liquor group claims.



Distell's Richard Rushton says that Africa is the focus for the group this year and it has set aside R500m for its expansion plans. Image: [Hotel & Restaurant](#)

Meanwhile, it announced that group revenue from Africa outside South Africa grew 20% in its year to June, helping overall revenue rise 12.8% to R17.7bn.

The weaker rand and the first full contribution from Scotch whisky business Burn Stewart Distillers, bought last year, also boosted revenue.

The group generated 32% of its sales internationally, up from 26% previously. Distell's headline earnings per share jumped 35.7% to 721.3c, though this was skewed by a once-off fair value reassessment of the contingent purchase price relating to the Burn Stewart takeover. Normalised headline earnings grew 1.7% to R1.37bn.

Managing Director Richard Rushton said Distell's international growth would include bulking up Burn Stewart's Taiwanese business and integrating its distribution operation in the US with Distell's. "But the rest of Africa is our priority," he said.

Africa is Distell's priority this year

After the end of the reporting period, Distell bought a 26% stake in Kenya Wine Agencies East Africa for R105m.

Rushton said Distell would step up its investments in countries including Angola, Ghana and Nigeria and would invest in local production, route-to-market infrastructure and in people.

Distell has commissioned a bottling line in Ghana and has bought land in Nigeria and Angola to set up plants.

"We have gone through some structural change in Distell as a result of the revised corporate strategy," Rushton said. "And as part of that, we have embarked on a much more ambitious savings and supply chain efficiency programme," he added.

Rushton said the group would also focus on the "premiumisation" of various brands. It had already done this with Bain's Cape Mountain Whisky, leading to the brand doubling its volumes in the year to June.

"We understand premiumisation is a global trend that we need to get on top of," Rushton said. He described the group's full-year performance as resilient given difficult trading conditions, particularly in South Africa.

Distell left its final dividend at 183c per share.

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