

SABMiller's earnings up despite challenges

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22 Nov 2013

Brewing company SABMiller plc (SAB) reported a 4% rise in group net producer revenue on an organic, constant currency basis for the six months to September, driven by an increase in total beverage volumes and higher revenues per hectolitre.



SABMiller's chief executive Alan Clark says the company's performance remained solid. Image: SABMiller

Chief executive Alan Clark said the group had continued to deliver on the potential of its businesses in both developed and developing markets, with revenue and margin improvements amid mixed trading conditions.

"We have improved the reach of our mainstream brands across most regions, and through initiatives such as the launch of Redd's Apple Ale in the USA, the momentum behind Castle Lite across Africa and the increasing appeal of Peroni Nastro Azzurro from Europe to Australia," said Clark.

He said SABMiller was strengthening its premium propositions across the group and evolving its high-end brand portfolios to appeal to an ever wider range of consumers.

The group reported net producer revenue and earnings growth in the first half of the year despite trading challenges in a number of territories.

Group net producer revenue and volume growth remained strong in Africa, with the benefit of increased capacity and operational capability, while performance was robust in SA despite the economic headwinds associated with the depreciation of the rand.

Group performance

"Performance in Latin America was impacted by an excise increase in Peru and national strikes and social unrest in Colombia, but favourable pricing and a good performance from some premium brands continued to drive group net producer revenue growth," SABMiller said.

Double digit net producer revenue growth in China, along with good progress in Australia on brand restoration and the establishment of premium growth platforms, resulted in group net producer revenue growth for the Asia Pacific region.

SABMiller said conditions in North America and Europe remained challenging.

The company said that group net producer revenue growth of 4% on an organic, constant currency basis - which removes the effect of acquisitions and disposals - for the first half of the year was driven by an increase in total beverage volumes and higher group net producer revenue per hectolitre".

Lager volume growth of 1% on an organic basis reflected strong growth in Africa and SA, partially offset by declines in Europe and North America, although growth in sales of higher margin products helped to drive an improved margin in North America.

The company said soft drinks volumes increased by 23% in the period, benefiting from the full consolidation of Coca-Cola Icecek in SABMiller's associate Anadolu Efes in the



The increasing appeal of Peroni provide growth in various markets. Image: SABMiller

period, while on an organic basis soft drinks volumes grew by 5%, reflecting growth in both Africa and Latin America.

"Earnings before interest, taxes and amortisation grew by 4% on a reported basis as adverse foreign currency movements had a significant negative impact on the translation of financial results in SA, Latin America and Australia," SABMiller said.

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