

Distell sees cider as means to quench thirst for growth in Africa

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After two major acquisitions in international cognac and whisky brands, Stellenbosch-based liquor group Distell will now be prioritising the global growth of its highly-profitable cider brands.



Enjoying a glass of cider. Image:
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Speaking at the company's annual general meeting on Wednesday (16 October), outgoing managing director Jan Scannell said Distell had a tremendous opportunity to build cider markets in emerging markets and the rest of Africa.

"Our research work into these markets shows enormous promise for cider growth," he said.

Distell, which dominates the local cider market through its best-selling Savanna and Hunters Dry brands, is already ranked as the second-biggest cider company globally (behind Heineken).

In recent years local cider sales have driven top and bottom-line growth at Distell, offsetting weaker trading conditions in the spirits and wine segments.

Demand for ciders has been so strong in recent years that last year Distell expanded both cider production capacity at its primary production plant in Paarl and bottling facilities at the secondary production site in Springs.

Cider sales

Distell does not provide a specific breakdown on cider sales. But a recent presentation showed its Ready-to-Drink (RTD) sales category in South Africa - which is dominated by ciders - grew 18.7% to R5.2bn in the year to-June.

More encouraging was that RTD growth in sub-Saharan Africa markets grew 24% to R938m - comprising 41% of Distell's total sales in that market.

Scannell was upbeat about Distell's two recently acquired global brands, Bisquet (cognac) and Burn Stewart (whisky).

He said Bisquet comprised essentially the brand and stock. "We had to build production facilities, and we are extremely pleased with the progress so far. We think we can compete well with other global (cognac) brands," he said.

Scannell said prospects for Burn Stewart, which was purchased this year were good in the medium- to long-term. "The potential is there," he said.

Distell shareholder Chris Logan of Opportune Investments said management was doing well to globalise the business. He said that Distell's performance for investors was ahead of global liquor companies like SABMiller, Diageo, Pernod-Ricard and Heineken.

"I can liken Distell to the All Black rugby team. Whether they play at home or abroad, the result is always the same," he said.

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