

# SABMiller's Africa sales slow growth

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SABMiller's (SAB) fourth-quarter revenue growth fell short of analysts' expectations, sending the global brewing company's share price down by 2.21% on the JSE on Tuesday (15 April).



SABMiller's Alan Clark admits that the company had a tough year with Africa's sales lower than expected. Image: SABMiller

SABMiller reported a slowdown in revenue growth for its fourth quarter ended March, partly because of a moderation in sales from its African markets.

Group revenue rose 2% in the fourth quarter - slower than the third quarter's 4% rise. Revenue for the full year was up 3% on an organic, constant currency basis. A Bloomberg analyst survey put the average expectation at 4% sales growth for both the fourth quarter and the full year.

Mathew Baker, Portfolio Manager at Ashburton Investments, said the trading update was "disappointing and missed consensus expectations".

SABMiller's Chief Executive Alan Clark said the group had delivered top-line growth for the year despite a number of difficulties and a challenging fourth quarter.

## Disappointing growth

Fourth-quarter volume growth in Africa disappointed as a result of political tensions in some markets, as well as a 50% excise tax increase in Zambia.

But Baker said the group's exposure to emerging markets should provide a long-term advantage for the company. Africa was expected to remain a key growth region for SABMiller, driven by company's increasing capacity and the continent's rising per capita consumption.

SABMiller's total beverage volumes grew 2% for the full year on an organic basis, with lager volumes up 1% and soft drink volumes up 5%.

The group again said depreciation of key currencies against the dollar would adversely affect its reported results, due to be released on 22 May.

The group's Africa division grew revenue by a moderate 5% for the year, while South Africa was the fastest-growing region by sales, with beverages revenue up 6%.

In Tanzania, lager volumes were up by 4% and Zambian lager volume growth was 6%. But lager volumes fell 2% in Mozambique, 3% in Uganda, and 18% in Zimbabwe.

While lager volumes in South Africa were unchanged, price increases helped increase revenue 6%.



Sales in various African countries showed some growth but volumes in Zimbabwe were down by 18%. Image: SABMiller