

\$50m Standard Bank funding to boost CCBA Ethiopia expansion

Standard Bank has arranged and structured \$50m in financing facilities for Coca-Cola Beverages Africa (CCBA) to support its expansion strategy in Ethiopia over the next five years.



The Coca-Cola Company holds a majority stake in CCBA, which is the largest bottler of Coca-Cola beverages in Africa – serving 13 countries on the continent – and eighth largest in the world by revenue.

Ethiopia boasts the second-largest population on the African continent. While consumption of soft drinks is low compared to major markets, demand is expected to swell as the middle-class rises and consumers are empowered with spend.

The bottling company, East Africa Bottling S.C, has already invested \$70m in a new plant that is set to become its largest in Ethiopia with a manufacturing capability of 70,000 cases per day.

Research by Fitch Solutions shows that the global soft drinks industry is worth \$295 billion and is expected to grow to \$377bn by 2023. Africa only accounts for 3% of this total value, despite representing 16% of the global population, which is expected to rise 25% by 2050.



PACKAGING

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Standard Bank, Africa's largest bank by assets, "started its journey with CCBA a few years back and, as the relationship developed, has established itself as a primary banker to CCBA across key Africa geographies in which it operates," says Simon Reeves, Standard Bank's relationship manager for CCBA.

"We have demonstrated the importance of our partnership with CCBA by offering unique solutions to key concerns, of which this transaction is a prime example."

With a presence in markets that match CCBA's operations in Africa and having established a representative office in Addis Ababa in 2015, Standard Bank says it was able to provide insight into the local market that best supported CCBA's growth ambitions in Ethiopia – a high growth region for Coca-Cola.

FDI in Ethiopia

According to the 2018 UNCTAD World Investment Report, Ethiopia was the second-largest recipient of Foreign Direct Investment (FDI). Standard Bank's Soft Drinks in East Africa report for 2019 shows that Ethiopia became the fastest-growing economy in 2017 with consumer-packaged goods and retail making a quarter of FDI projects.

"The CCBA deal holds significance as new FDI will be realised for Ethiopia, set to positively influence the country's economic trajectory," says Taitu Wondwosen, head of Ethiopia for Standard Bank Group.



FMCG

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While Ethiopia's economy continues to record strong economic growth, job creation through private sector reform remains a key imperative.

"CCBA's expansion in the country complements the government's plans. The new bottling capacity that is earmarked for the country will continue to add jobs to those that have already been created by CCBA in Ethiopia and are a vital part of our overall investment ambitions in Ethiopia," says Daryl Wilson, managing director of CCBA Ethiopia. "The funding from Standard Bank is key to our growth ambitions in Ethiopia," he adds.

Coca-Cola entered Ethiopia six decades ago and has since created about 2,100 direct and more than 50,000 indirect jobs in the country.

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