The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

SABMiller Creates No.2 Brewer in Russia to Chase Baltika

By The Moscow Times

October 19, 2011



Carlsberg's Baltika will retain its top place in Russia, but it may face more competition from newly fortified Efes. **Vladimir Filonov**

SABMiller said it would transfer Eastern European beer businesses worth $1.9 billion to Anadolu Efes Biracilik & Malt Sanayii and take a stake in the enlarged company to create Russia's second-biggest beer maker.

SABMiller, the world's second-largest brewer by volume, will exchange its Russian and Ukrainian units for a 24 percent holding in Istanbul-based Anadolu Efes, the London-based company said Wednesday in a statement. Anadolu Group will maintain control of the Turkish brewer with a reduced stake of 42.8 percent.

"Anadolu Efes's leading position in beer and soft drinks in the Turkish market and an alliance for further growth and acquisitions in the CIS and Middle East are highly attractive," SABMiller chief executive Graham Mackay said in the statement. "The prospects for these

markets are excellent."

SABMiller, which last month agreed to buy Foster's Group for about 9.9 billion Australian dollars ($10.2 billion), is among consumer-goods companies looking to emerging markets including Asia and Africa to drive sales growth as economic stagnation stunts growth in the United States and Europe. Anadolu Efes is the Middle East's largest brewer and gets 31 percent of its sales from Turkey.

Also on Wednesday, SABMiller reported first-half sales that missed analysts' estimates, saying "some particularly poor weather" in Europe and China held back growth. So-called organic volume rose 3 percent, the London-based company said, below the 3.8 percent median estimate of 11 analysts. Organic sales exclude the effect of acquisitions and disposals.

The maker of Grolsch and Peroni, which said financial performance for the half-year was in line with its estimates, brought forward the sales announcement from Thursday.

Anadolu Efes will be the "vehicle for both groups' investments" in Turkey, Russia, the Commonwealth of Independent States, Central Asia and the Middle East, the companies said. The combined business will be Russia's second-biggest beer maker in value terms, they said, challenging Carlsberg's Baltika, and will have 89 percent of the beer market and 69 percent of the carbonated soft drinks market in Turkey.

The companies will also be able to distribute each other's brands in other areas.

"This deal will further strengthen our overall presence in our operating region as a whole and add significant value to both Anadolu Efes and SABMiller stakeholders," said Tuncay Ozilhan, chairman of Anadolu Efes and Anadolu Group. There will be "significant synergy opportunities," he said.

The transaction will lead to cost benefits of at least $120 million a year and add to both brewers' earnings per share in the first full year following completion, the companies said.

SABMiller said in May that it expected "uncertainties in the outlook for inflation and the pace of recovery" in developed markets.

Original url:
https://www.themoscowtimes.com/2011/10/19/sabmiller-creates-no2-brewer-in-russia-to-chase-baltika-a10271