



## Trading Statement

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SABMiller PLC  
21 July 2016

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### SABMiller plc Trading update

SABMiller plc today issues its trading update for the group's first quarter ended 30 June 2016.

Alan Clark, Chief Executive of SABMiller, said:

"This was another quarter of good underlying momentum for our subsidiaries with continued delivery of our strategic priorities, in particular Europe, South Africa, Colombia, Peru and Australia delivered good growth. Our performance was tempered by a more challenging quarter in some markets in the rest of Africa, where volume was negatively impacted by economic volatility and challenging trading conditions. We also continued to face trading headwinds in our associates' and joint ventures' key markets such as China, Angola and the USA."

Q1 v prior <sup>1</sup> Organic, constant currency growth	Group NPR growth %	Beverage volume growth %	Group NPR/hl growth %
Latin America	5	1	5
Africa	6	-	6
Asia Pacific	(2)	(3)	1
Europe	6	8	(2)
North America	(3)	(4)	-
<b>Total</b>	<b>2</b>	<b>-</b>	<b>2</b>
<b>Total reported</b>	<b>(4)</b>	<b>-</b>	<b>(5)</b>

<sup>1</sup> First quarter information by key country is provided at the end of this announcement

The calculation of organic growth rates excludes the impact of acquisitions and disposals. All growth rates in this trading update are for the quarter over the prior year comparative period and are quoted on an organic basis for volumes and an organic, constant currency basis for group net producer revenue (NPR) and group NPR per hectolitre (hl), unless noted otherwise.

### First quarter highlights

- Group NPR grew by 2% driven by price and mix realisation. Beverage volumes and lager volumes were in line with the prior year, soft drinks volumes were up 2% and other alcoholic beverage volumes were down 11% driven by a decline in Africa.
- Our subsidiaries continued to perform strongly, with NPR growth of 7% supported by beverage volume growth of 4%, with lager volumes up 5%.
- For our associates and joint ventures, group NPR, beverage volumes and lager volumes declined by 4%, 4% and 5%, respectively, reflecting continued industry trends in the USA and macro-economic and trading headwinds in the major markets of our associates, in particular China, Angola and Turkey.
- Premium lager brand<sup>2</sup> NPR growth was 10%, supported by global lager brands<sup>2</sup> NPR growth of 5%.
- Soft drinks volumes grew by 2%, with growth in Africa and Europe partly offset by a decline in Latin America.
- On a reported basis, group NPR declined by 4% due to the adverse translational impact on our results of the depreciation of our key operating currencies against the US dollar.

<sup>2</sup> Both on a subsidiary basis, excluding home markets for global brands.

### Latin America

#### Top-line growth supported by underlying lager volume growth and selective pricing

In **Latin America**, group NPR for the quarter grew by 5%, with beverage volumes up 1%. Lager volume growth of 1% was hindered

by the earthquakes in April in Ecuador and an excise-driven price increase in May. Group NPR per hl benefited from selective price increases in the second half of the prior year.

- In **Colombia**, group NPR grew by 7%, with beverage volumes in line with the prior year, cycling a strong comparative period. Group NPR per hl growth of 7% benefited from price increases in the second half of the prior year together with continued premiumisation. Lager volumes increased by 4% despite a national transport strike towards the end of the quarter. Lager growth was driven by robust growth in our mainstream brand Poker and our upper mainstream brand Aguila Light, supported by double digit growth in our local premium brand Club Colombia. Soft drinks volumes declined by 20% as our non-alcoholic malt beverage brand, Pony Malta, continued to be affected following an unfounded social media rumour in October.
- In **Peru**, group NPR grew by 6% with beverage volumes up 3%. Group NPR per hl growth of 3% reflected selective price increases in August 2015 and positive brand mix from the continued growth of our local premium brand Cusqueña. Lager volumes grew 4% supported by our mainstream brand Cristal following the targeted roll-out of affordable bulk packs.
- In **Ecuador**, group NPR was down 13%, driven by a beverage volume decline of 20% as a result of the earthquakes in April 2016 that affected several regions of the country. In addition, lager volumes were adversely impacted by price increases following the 66% increase in excise in May and a VAT increase in June, with volumes down 19% in the quarter. Soft drinks volumes were down 32%, impacted by our donations of water which are not included in sales, to support the communities affected by the earthquake.
- In **Central America**, group NPR grew by 9% driven by beverage volume growth of 6%, with lager volumes increasing by 12% and soft drinks volumes by 4%. Our affordability initiatives in Honduras and El Salvador continued to drive robust lager volume growth and, in Panama, lager volumes returned to growth assisted by our recently introduced easy drinking mainstream brands.

## Africa

### Good NPR growth driven by price realisation, with volumes impacted by weaker consumer demand

**Africa** delivered group NPR growth of 6%, driven by strong performances in South Africa, Nigeria and Zambia, despite the impact on volume growth from challenging trading and macro-economic conditions and consumer pricing effects in some markets which have seen higher imported inflation due to the ongoing material depreciation of local currencies. This resulted in a 1% decline in lager volumes and an 11% decline in other alcoholic beverage volumes. Beverage volumes were in line with the prior year, supported by soft drinks volume growth of 3%.

- In **South Africa** group NPR grew by 6%, against the backdrop of a weak economy, driven by pricing and positive brand mix, and underpinned by volume growth of 2%. Lager volume growth of 1% was driven by premium brand volume growth of 11% led by Castle Lite. Mainstream beer volumes declined by 3% driven by Hansa Pilsener, only partially offset by the growth of Castle Lager. Soft drinks volume growth of 6% was driven by targeted promotional activity and new pack formats.
- Our subsidiaries in the rest of Africa delivered NPR growth of 9%, although beverage volumes declined by 2%. Lager volumes were in line with the prior year and other alcoholic beverages were down double digits reflecting a slowdown in consumer demand following material local currency depreciation in some markets.
  - In **Tanzania**, group NPR declined by 13% with beverage volumes down 16%. Lager volumes declined by 16% and other alcoholic beverages declined by 20% reflecting selective price increases coupled with aggressive pricing by competitors in both lager and spirits.
  - In **Mozambique**, group NPR growth of 8% primarily reflected inflation-driven pricing following significant local currency depreciation. Beverage volumes declined by 10%, with the lager volume decline of 12% only partly offset by strong growth in our traditional beer segment, led by Chibuku Super as affordability became a key focus for consumers.
  - In **Zambia**, group NPR growth was 25%, together with favourable category and segment mix offsetting the 11% decline in beverage volumes. Lager volumes grew by 12% driven by convenience packs of Castle Lite in the premium segment and Eagle Lager in the affordable segment. Traditional beer volumes declined by 26% following a price increase, with some consumers moving to traditional beer produced by competitors in prohibited bulk formats.
  - Group NPR in **Nigeria** grew by 36% driven by beverage volume growth of 25% together with favourable category mix. In a quarter that was not impacted by inflation-driven pricing following local currency depreciation, lager volume growth of 30% was driven by continued strong growth in our mainstream brands Hero and Trophy supported by increased capacity and enhanced market execution.
- Our associate **Castel** delivered group NPR growth of 1%. Beverage volumes declined by 4%, constrained by weak economic fundamentals in Angola where Castel has scaled back activity significantly. Excluding Angola, group NPR growth was 4% and beverage volumes were down 3%.

## Asia Pacific

### Continuing top-line momentum in Australia, offset by China

**Asia Pacific** group NPR declined by 2% with growth in Australia offset by China. Beverage volumes were down 3% and group NPR per hl up 1%.

- In **Australia**, group NPR grew by 7% underpinned by volume growth of 4%. We continued to outperform our key competitors in the market, supported by sustained momentum in our premium and contemporary brands. This was partly offset by the continued decline of our mainstream brands Victoria Bitter and Carlton Draught. NPR per hl growth of 3% was driven by favourable price realisation and positive brand mix.
- In **China**, beverage volumes were down 4% owing to the challenging industry and macro-economic conditions, although CR Snow outperformed the market. On an underlying trading basis, excluding the reclassification referred to on the final page of this announcement, group NPR in China declined by 4% with group NPR per hl level. Including the reclassification in the current year only, group NPR declined by 7%.

## Europe

### Strong NPR growth in all of our subsidiaries

Group NPR grew 6% with beverage volumes up 8% on the prior year, driven by a 9% increase in lager volumes, cycling the last quarter of a weak comparative period, and with soft drinks volumes up 3% on the prior year. The contraction in group NPR per hl of 2% reflected the deliberate pricing strategy implemented in Poland in the prior year and the resulting volume growth. Strong subsidiary top-line growth was partially offset by the continuing weakness in the key lager markets of our associate, Anadolu Efes.

- In the **Czech Republic and Slovakia**, NPR grew by 12% with beverage volume growth of 12%, which benefited from a softer prior year quarter and with improving momentum of our key brands. The Kozel brand family and Pilsner Urquell continued to grow strongly offsetting a subdued performance from Gambrinus.
- In **Poland**, NPR grew by 14%. Beverage volumes were up 22% as pricing and sales execution initiatives launched in the second quarter of the prior year restored our competitive position, in addition to the relisting of our brands in a key account. The decline in NPR per hl was driven by our revised pricing strategy, adverse channel mix and growth of our lower mainstream brand Zubr supported by successful consumer activations, which outpaced growth in our premium Lech brand and upper mainstream Tyskie brand.
- In the **United Kingdom**, NPR grew by 13%. Beverage volumes were up 15% driven by the success of our brand portfolio initiatives. Peroni Nastro Azzurro volumes grew by 8%, supported by an increased rate of sale in the on-premise channel and successful pack innovations in the off-premise channel.
- The remainder of our European subsidiaries increased NPR by 7%, underpinned by beverage volume growth of 6%. NPR grew across all our subsidiaries, with good volume performances particularly in **Romania** and **Hungary** supported by firmer pricing and discount management. In the **Netherlands** top-line growth reflected success of Grolsch brand innovations along with favourable brand and pack mix.
- Our associate **Anadolu Efes'** lager volumes continued to be adversely impacted by economic and political instability in its key markets. Soft drinks volume growth was underpinned by a strong performance from Coca-Cola Icecek in Turkey and Pakistan.

## North America

### Lower top-line but premium light brands continue to gain segment share

Group NPR in **North America** declined by 3% with beverage volumes down 4%, driven by the performance of MillerCoors. While MillerCoors' domestic sales to wholesalers (STWs) were down 4% in the quarter, US domestic sales to retailers (STRs) were down 2%. MillerCoors group NPR per hl grew 1%, reflecting positive sales mix together with favourable, although softening, net pricing.

- Premium light STRs declined low single digits, although MillerCoors continued to gain market share in the segment. Miller Lite was in line with the prior year, while Coors Light declined low single digits driven by the discontinuation of Coors Light Citrus Radler summer variant.
- STR volumes in the above premium segment were down low single digits driven by mid single digit declines in both the Redd's brand family and the Blue Moon brand family. This was partially offset by the continued growth of Henry's Hard Soda.
- The below premium portfolio experienced a mid single digit decline, with both Keystone and Miller High Life down mid single digits while Milwaukee's Best declined high single digits.

## Other

On 2 July 2016, having received all necessary approvals, Africa's largest Coca-Cola bottler, Coca-Cola Beverages Africa (CCBA) was formed through the combination of African non-alcoholic ready-to-drink bottling interests of SABMiller plc, The Coca-Cola Company, and Gutsche Family Investments. The new company, which will be consolidated as a subsidiary by SABMiller plc, is the 10th largest Coca-Cola bottler worldwide, initially serving 11 high-growth countries, which will increase to a total of 14 countries and will produce and distribute approximately 40% of all Coca-Cola beverage volumes in Africa. CCBA is headquartered in South Africa and it will manufacture and sell 40 still and sparkling brands from more than 30 African bottling plants.

### Q1 versus prior year: table by region and key country

Q1 v prior Organic, constant currency growth	Group NPR growth %	Beverage volume growth %	Group NPR/hl growth %
<b>Latin America</b>	<b>5</b>	<b>1</b>	<b>5</b>
Colombia	7	-	7
Peru	6	3	3
Other	3	(1)	3
<b>Africa</b>	<b>6</b>	<b>-</b>	<b>6</b>
South Africa	6	2	4
Rest of Africa (subsidiaries)	9	(2)	11
Other*	-	(4)	3
<b>Asia Pacific (note)</b>	<b>(2)</b>	<b>(3)</b>	<b>1</b>
Australia	7	4	3
China* (note)	(7)	(4)	(3)
Other	(4)	-	(3)
<b>Europe</b>	<b>6</b>	<b>8</b>	<b>(2)</b>

Czech and Slovakia	12	12	-
Poland	14	22	(7)
Other*	2	2	-
<b>North America</b>	<b>(3)</b>	<b>(4)</b>	<b>-</b>
<b>Total (note)</b>	<b>2</b>	<b>-</b>	<b>2</b>

**Note: restating the prior year to phase the year-to-date reclassification undertaken by our associate in China, booked in our Q4 in the prior year(see details below)**

China	(4)	(4)	-
Asia Pacific	-	(3)	2
<b>Total group</b>	<b>3</b>	<b>-</b>	<b>2</b>

\* The performance of our associates' is based on estimated financial results which are then trued-up in subsequent months.

Note:

In the final quarter of the prior year, we recognised our share of a twelve month reclassification undertaken by our Chinese associate of certain discounts from selling expenses to group NPR in its results for the twelve months ended 31 December 2015, without a prior period adjustment. The reclassification was within the income statement and had no impact on profits. A phased estimate has been applied to the prior period, based on volume, in order to present an underlying trading basis for group NPR and group NPR per hl year on year.

**ENDS**

### Enquiries

#### SABMiller plc

t: +44 20 7659 0100

**Christina Mills**  
Director, Group Communications  
and Reputation  
SABMiller plc  
T +44 20 7659 0105

**Richard Farnsworth**  
Group Media Relations  
SABMiller plc  
T +44 7734 776 317

**Gary Leibowitz**  
Director, Investor Engagement  
SABMiller plc  
T +44 20 7659 0119

### Notes to editors

SABMiller is in the beer and soft drinks business, bringing refreshment and sociability to millions of people all over the world who enjoy our drinks. The company does business in a way that improves livelihoods and helps build communities.

SABMiller is passionate about brewing and has a long tradition of craftsmanship, making superb beer from high quality natural ingredients. Our local beer experts brew more than 200 beers from which a range of special regional and global brands have been carefully selected and nurtured.

SABMiller is a FTSE-10 company, with shares trading on the London Stock Exchange, and a secondary listing on the Johannesburg Stock Exchange. At 31 March 2016, the group employed around 70,000 people in more than 80 countries, from Australia to Zambia, Colombia to the Czech Republic, and South Africa to the USA. Every minute of every day, more than 140,000 bottles of SABMiller beer are sold around the world. The group also has a growing soft drinks business as one of the world's largest bottlers of Coca-Cola drinks.

In the year ended 31 March 2016, SABMiller sold 331 million hectolitres of lager, soft drinks and other alcoholic beverages, generating group net producer revenue of US\$24,149 million and EBITA of US\$5,810 million.

This announcement is available on the company website: [www.sabmiller.com](http://www.sabmiller.com)

Further information is also available on:

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