

Coca-Cola to retain majority stake in Africa bottling business

The Coca-Cola Company has announced that it will maintain its majority stake in Coca-Cola Beverages Africa, abandoning plans to rebrand its Africa bottling business.



Image credit: CCBA

With the change, Coca-Cola will begin presenting the financial statements of CCBA within its results from continuing operations in the second quarter of 2019, in accordance with U.S. accounting standards. CCBA has been accounted for as a discontinued operation since Coca-Cola became the controlling shareowner in October 2017.

Coca-Cola previously announced its intention to rebrand CCBA, which is the largest bottler of Coca-Cola beverages in Africa, serving 12 countries. The company has had discussions with a number of potential partners.

“Coca-Cola Beverages Africa is a very important part of the Coca-Cola system, and we see great opportunities to create even more value,” said Coca-Cola president and chief operating officer Brian Smith. “While we remain committed to the rebranding process, we believe it’s in the best interests of all involved for Coca-Cola to continue to hold and operate CCBA.”

CCBA was formed in 2016 through the combination of the African nonalcoholic ready-to-drink bottling interests of SABMiller plc, The Coca-Cola Company and Gutsche Family Investments. AB InBev later acquired SABMiller and reached an agreement to transition AB InBev's 54.5% equity stake in CCBA to Coca-Cola. That 2017 transaction made Coca-Cola the controlling shareowner of CCBA.



New CEO for Coca-Cola Beverages Africa

3 Dec 2018



In reclassifying CCBA's results into continuing operations, Coca-Cola expects the following:

- The company will provide reclassified prior year financial information prior to the second quarter earnings release.
- Depreciation and amortization for CCBA will be reinstated, per accounting guidelines. Coca-Cola estimates depreciation and amortization expense for 2018 of approximately \$400 million on a comparable basis.
- With the reclassification, Coca-Cola does not expect an impact to its 2019 organic revenue and comparable EPS growth guidance. The company expects an increase in its 2019 guidance for cash from operations of approximately \$400 million and an increase in capital expenditures of approximately \$400 million.
- CCBA's results will be reported as part of the Bottling Investments Group segment.

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