

Distell aims to push exports to 35% of total sales

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Stellenbosch-based liquor group Distell aims to push its international sales to 35% of total sales in the medium-term, underlining this ambition by appointing a top SABMiller executive with global market experience to replace retiring managing director Jan Scannell.



Distell on Wednesday (21 August) released results for the year to June that showed a 12% hike in sales to almost R16bn on a sales volume increase of 7.2%.

International sales - including African markets - came in at R4.2bn, representing about 27% of total sales.

Scannell - who has headed the company since the merger between Stellenbosch Farmers' Winery and Distillers Corporation in 2001 - said the increasing portion of international sales was achieved despite Distell's success in rapidly growing its South African business with its best selling ready-to-drink and cider ranges (which include brands like Savanna and Hunters).

Strong sales push

Distell's strong sales push into international territories - fortified by the recent £160m purchase of Scottish whiskey maker, Burn Stewart Distillers - is all the more intriguing now that the company has confirmed the appointment of Richard Rushton as an executive director from November.

Rushton is expected to head Distell in 2014 after Scannell's retirement at the end of December. The SABMiller executive's appointment is surprising since Distell was expected to appoint a successor from within its ranks. He is currently president of SABMiller's Colombian operations and has extensive experience in Latin America and India.

Ironically Rushton will be the first SABMiller executive on the Distell board despite the the fact that SABMiller has held an influential 29% stake in the company. The Remgro-CapeVin axis holds sway in terms of shareholder influence at Distell with a 58% stake.

Opportune Investments director Chris Logan said Rushton's appointment, following the acquisition of Burn Stewart, could be interpreted as a big step in Distell's ambitions to become a global liquor company. Interestingly Distell, which has carved out

lucrative offshore niches for its Amarula cream liqueur, is seeing most international sales coming from Africa, which accounts for about 56% of its international revenue with cider sales featuring prominently.

Scannell said the company was building a well-resourced business in Africa to further unlock opportunities on the continent.

"We continue to partner in joint ventures with local companies in appropriate markets as far as possible to enhance our price-competitiveness, while countering high import costs and government tariffs. We have made good progress in the key markets of Angola, Ghana and Kenya," said Scannell.

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