

Heineken to buy SA drinks maker Distell, along with Namibia Breweries

European brewing giant Heineken has agreed to buy Distell, South Africa's largest alcohol producer, in a deal that values Distell at approximately R40.1bn. The company made a recommended offer of R180 a share, according to a statement released on Monday.



Source: Distell

The Distell takeover forms part of a larger transaction that sees Heineken having entered into an agreement with Distell, Namibia Breweries Limited (NBL) and Ohlthaver & List Group of Companies (O&L) with the intention to merge their respective businesses in southern Africa into one large southern African drinks group worth €4bn (\$4.6bn).

Distell is Africa's leading producer and marketer of ciders, flavoured alcoholic beverages, wines and spirits, owning prominent brands including Savannah, Nederburg, Klipdrift, Amarula and Hunters Dry, while NBL is the beer market leader in Namibia with brands including Windhoek and Tafel.

Dutch group Heineken is the world's second-largest brewer after Anheuser-Busch InBev.

“ We are excited to announce that Distell has received a firm offer from Heineken, which would create a world class, diversified Southern-African focused alcoholic beverages champion. For more, click on the link: <https://t.co/RVy4gLF9X4> pic.twitter.com/rBQTbVdMut— @DistellGroup (@distellgroup) November 15, 2021 ”

New entity dubbed Newco

Heineken said the proposed deal will be implemented through a number of inter-conditional steps, and will involve:

- A recommended offer by Heineken for Distell, which values Distell at approximately \$2.5bn (€2.2bn)
- The proposed acquisition from NBL of its 25% shareholding in Heineken South Africa (HSA), which values the whole of Heineken's SA operations at approximately \$1.7bn (€1.5bn)
- The acquisition of O&L's 50.01% interest in Namibia Breweries Limited, the controlling shareholder with a 59.4% shareholding in NBL. Heineken already owns a 49.99% interest in the Namibian brewer. NBL's current market valuation is approximately \$458m (€400m).

Heineken will contribute these acquired assets plus its 75% directly-owned shareholding in Heineken South Africa and certain other fully-owned export operations in Africa, into an unlisted public holding company called Newco. Heineken's total investment in Newco will be approximately €2.5bn (\$2.86bn), in return for a 65% shareholding, with the remainder held by Distell shareholders who elect to reinvest.

Distell communicated the possibility of a merger [with shareholders in May](#) this year. The deal marks Heineken's most significant acquisition since 2018, reports [Bloomberg](#).



Heineken in takeover talks with Distell

18 May 2021



Gateway to Africa

Heineken said the deal will create a "southern Africa champion" and an important gateway to Africa, which it views as the next frontier of growth. Expanding on this the brewing giant said the transaction will bring about the following benefits:

Strengthen Heineken's number two position in South Africa with a unique multi-category portfolio:

- Bring together strong portfolios in premium beer, cider, flavoured alcoholic beverages (Fabs), wine, and #2 in spirits, with well-known brands such as Heineken, Savanna, Hunters, 4th Street wine, and Amarula
- Beer to benefit from increased scale and continued premiumisation
- Acquire the leading cider and Fab portfolio
- Wine and spirits offering complementarity and optionality
- Combine two highly complementary route-to-markets, reaching more consumers and customers, more often

Acquire control of the beer market leader in Namibia:

- Providing premiumisation and other growth opportunities whilst benefitting from cost efficiencies when becoming part of the Heineken group.

Strengthen and optimise Heineken's footprint across southern Africa to accelerate growth:

- Combine route-to-markets and portfolios in export countries, to increase efficiency and capture additional growth, especially in attractive markets like Kenya and Tanzania
- Explore wider opportunities to grow the acquired cider and beer brands, such as Savanna and Windhoek, outside their home markets.



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Heineken Beverages 26 Oct 2021



Heineken's CEO and chairman of the executive board Dolf van den Brink said: "We are very excited to bring together three strong businesses to create a regional beverage champion, perfectly positioned to capture significant growth opportunities in Southern Africa. Distell is a highly regarded, resilient business with leading brands, a talented workforce and a strong track record of innovation and growth in Africa. With NBL, there are exciting opportunities to expand premium beer and cider in Namibia and grow the iconic Windhoek brand beyond its home market.

"Together we will be able to better serve our consumers and customers through a unique combination of multi-category leading brands and a strengthened route-to-market. The businesses share common values derived from their family heritage, long-term perspectives, entrepreneurial spirit, and care for people and planet.

"We have successfully built our business in Africa over 100 years. Today's announcement is a vote of confidence in the long-term prospects of South Africa and Namibia and we commit to being a strong partner for growth and to make a positive impact in the communities in which we operate."

Distell CEO Richard Rushton commented: "Together, this partnership has the potential to leverage the strength of Heineken's global footprint with our leading brands to create a formidable, diverse beverage company for Africa. I am excited for what lies ahead as we look to combine our strong and popular brands and highly complementary geographical footprints to create a world-class African company in the alcohol beverage sector. Our combined entity will grow our local expertise and insights to better serve consumers across the region."



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Investing in local communities

Headquartered in South Africa, Heineken said the merged entity Newco is ambitious for growth and will engage positively and proactively with stakeholders on measures demonstrating its long-term commitment to the region. This will include ongoing investment in the business, employment, localisation and supplier development, talent development, and contribution to the economic development of the region.

"Heineken is keenly aware of the importance of economic transformation in South Africa through Broad-Based Black Economic Empowerment and intends to enhance the enlarged business' empowerment ownership post completion of the transaction," Heineken said.

Completion of the transaction between Heineken, Distell and NBL is subject to customary and applicable (including regulatory and shareholder) approvals.

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