

Distell full-year revenue rises as thirst for wine grows

By [Colleen Goko](#)

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Stellenbosch-based liquor conglomerate Distell (DST) on Wednesday reported a surge in revenue driven by the domestic market as consumers' thirst for the group's wine brands grew...



In the year ended June 2015, the company's wines outpaced local market growth to gain market share with volumes rising 13.6%, while value increased by 16.4%. Among standout performers were 4thStreet, Nederburg and Durbanville Hills.

As a result, Distell saw a 10.4% rise in group revenue to R19.6bn. Domestic market revenue increase by 11.8%, while revenue derived from the sale of the group's brands in other international markets, outside Africa, grew 3.8%.

Sales volume in SA rose by 6.7% but declined by 5.5% in international markets.

Distell said the performance in the local market had been achieved in a challenging economic and trading environment.

"The strong performance reflects the benefits flowing from the group's refreshed corporate strategy and stepped-up investments in marketing, sales and distribution.

"The group's wine portfolio delivered strong double-digit growth, while cider and RTD (ready-to-drink) brands reflected satisfactory volume growth, albeit at a slower pace than in previous years. The spirits portfolio showed a marginal volume increase, while premium brands grew strongly," the company said.

Distell is a producer and marketer of wines, spirits and flavoured alcoholic beverages. Its brands include Klipdrift and Bunnahabhain. Remgro and beer giant SABMiller are both major shareholders in the company.

In the period under review, Distell reported a 5.4% decrease in diluted headline earnings per share to 653.7c from the 691.3c in June 2014. Operating profit fell by 1.8% to R2.1bn.

Capital expenditure for the year amounted to R768.4m of which R321.8m was spent on the replacement of assets. A further R446.6m was directed to the expansion of capacity, mainly in relation to the group's cider and whisky manufacturing facilities, the company said.

Looking ahead, MD Richard Rushton said challenging trading conditions were expected in many of Distell's key markets.

"The risks to top line growth momentum are higher in some markets. However, given our ongoing geographic diversification, the progress we have made in optimising our attractive portfolio of strong, differentiated and price- and occasion-diverse brands and our improving routes to market, we are confident in being able to deliver continued growth to our stakeholders," he said.

At 2.30pm, Distell was down 1.46% to R168.51, valuing the company at about R37.9bn.



Richard Rushton

Source: BDpro

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