



B E R

***The contribution of the South
African Breweries to the SA
economy***

Hugo Pienaar
29 April 2008

Outline

- **Methodology**
- **Company overview**
- **Employment contribution**
- **Bolstering public finances**
- **A responsible corporate citizen**
- **SAB and the consumer**

Methodology

- Measure SAB's impact on employment, income & tax revenue
- Direct impact: data sourced from SAB
- Economy wide (direct, indirect & induced): Input-output analysis, Social Accounting Matrix (SAM)
- Direct impact – sum total of SAB's initial injection and impact on 1st round suppliers
- Indirect – impact when SAB suppliers purchase from their suppliers
- Induced – occurs when supplying sectors and their employees re-spend in economy, generating further economic activity
- Standard way of modeling the linkages (and economy-wide effects) of a specific sector

Overview

- Founded in 1895, listed on JSE in 1897 (1st industrial share)
- Parent company (SABMiller) also listed on the LSE
- In 2004, SAB acquired ABI (largest producer & distributor of Coca-Cola brands in SA)
- SAB boasts brand of 10 beers, 4 FABs, including SA's favourite beers (Markinor/Sunday Times Top Brands Survey)



Employment (direct impact)

- **23% of all workers in beverage manufacturing sector employed by SAB (0.7% of total manu)**

	2006/07	2007/08
Number of employees	8 780	8 972
Labour remuneration (R million)	1 825	2 032
Average annual wage (R)	207 895	226 524
Average monthly wage (R)	17 324	18 877
Average monthly wage (total manufacturing)*	6 761	7 209
SAB's wage as % of total	256%	262%

* Source: Stats SA

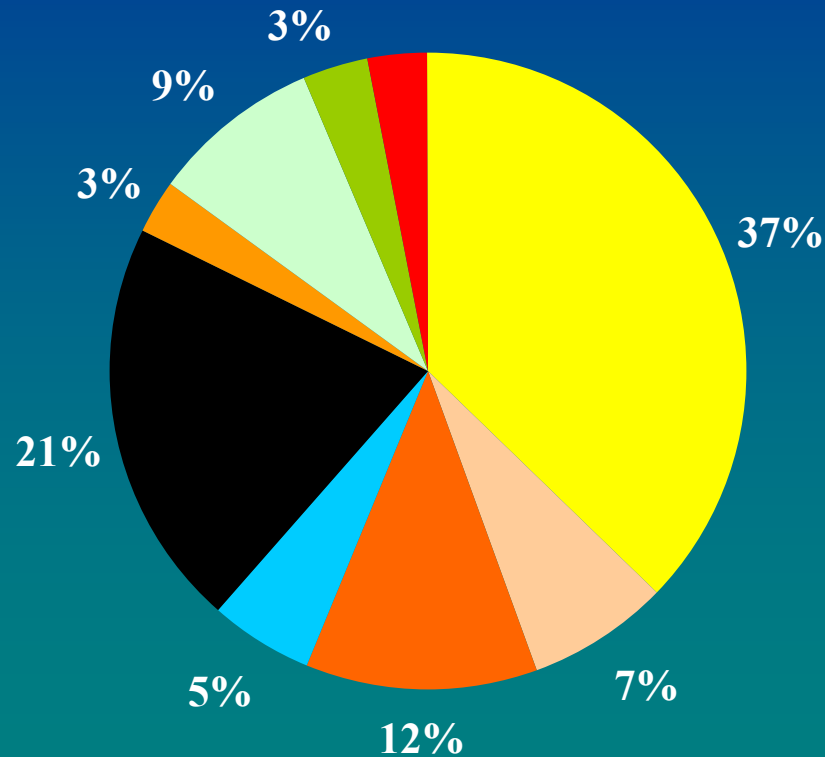
Employment (by skill, race)

- More than 75% of all workers are previously disadvantaged individuals (PDIs)

	PDI	White	Total	PDI % of total	Black % of total
Highly skilled	758	911	1 669	45.4	21.6
Skilled	3 330	1 194	4 524	73.6	53.8
Semi- and unskilled	2 707	72	2 779	97.4	88.3
Total	6 795	2 177	8 972	75.7	58.5

First-round employment impact

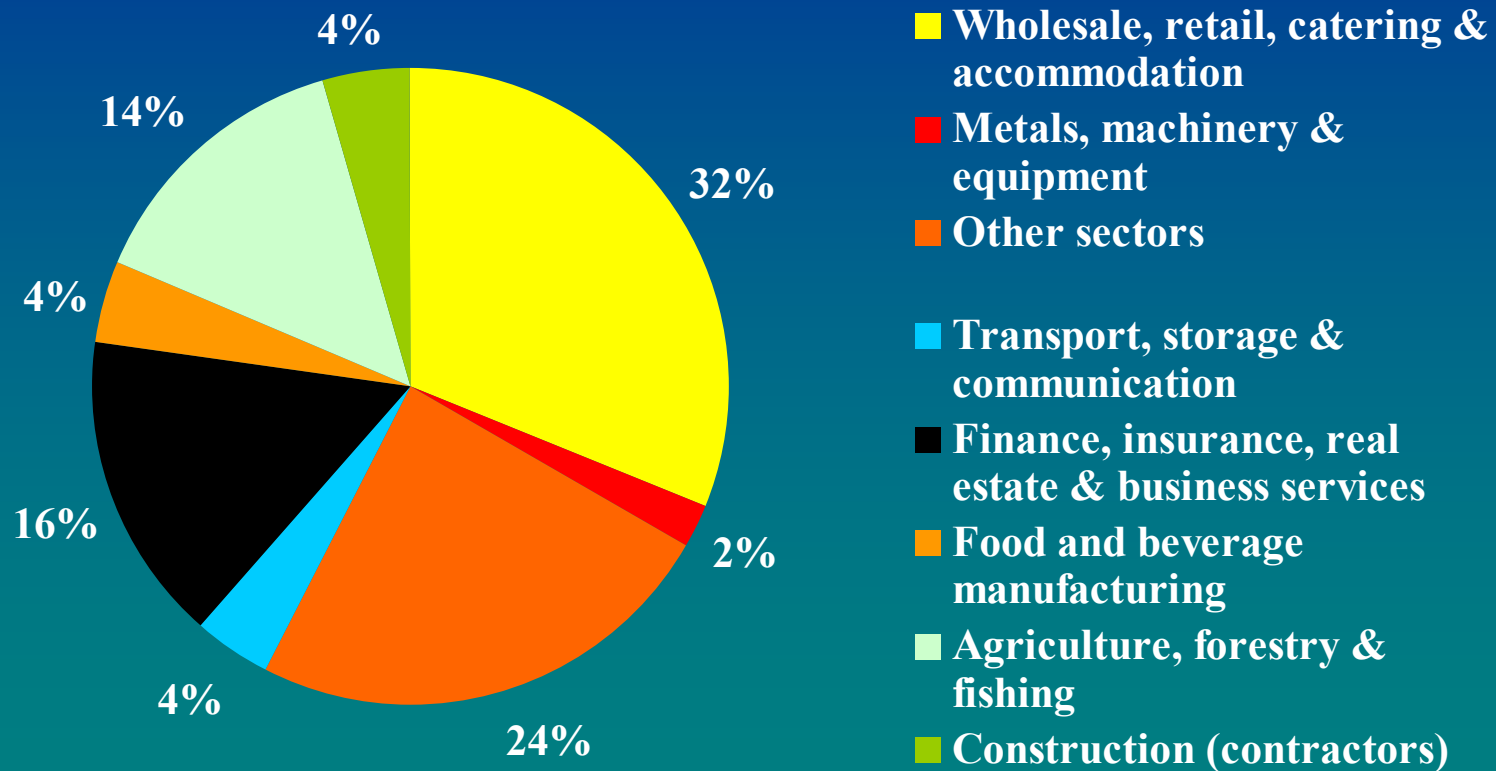
SAB's direct suppliers employ 47 800 workers



- Agriculture, forestry & fishing
- Metals, machinery & equipment
- Other sectors
- Food and beverage manufacturing
- Finance, insurance, real estate & business services
- Wood, paper, publishing & printing
- Wholesale, retail, catering & accommodation
- Construction (contractors)
- Petroleum products, chemicals, rubber & plastic

Economy-wide impact on employment

More than 378 000 jobs supported by all activities related to production & sale of SAB products



Bolstering public finances

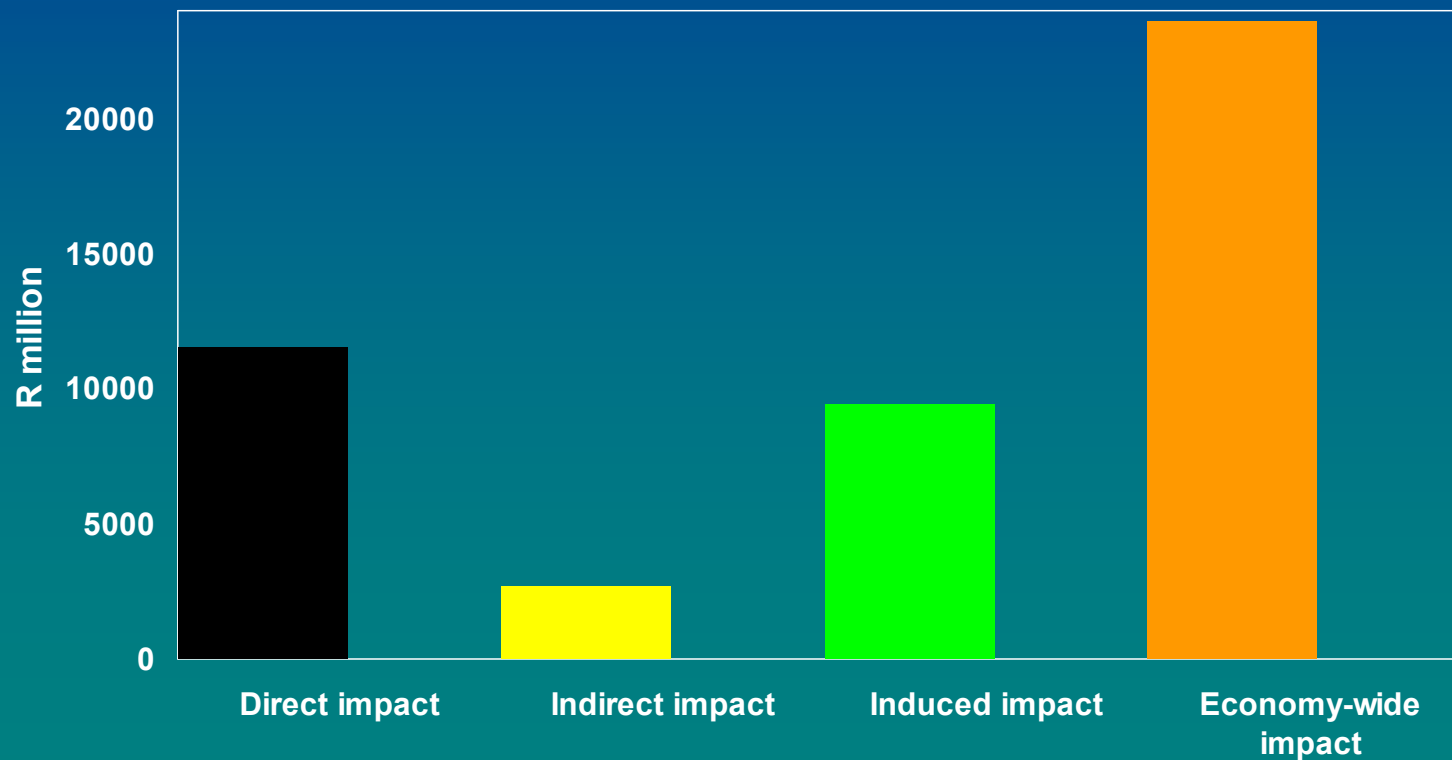
- **SAB contributes almost a third to gov excise tax revenue (2006/07)**

R million	SAB	Gov tax revenue	SAB % of gov
Excise tax	4 984	16 369	30.5%
Company tax and STC	1 996	134 290	1.5%
VAT	2 111	134 463	1.6%
SITE/PAYE	421	140 578	0.3%
Other	81	59 815	0.1%
Total taxes	9 593	495 515	1.9%

Sources: SAB, National Treasury

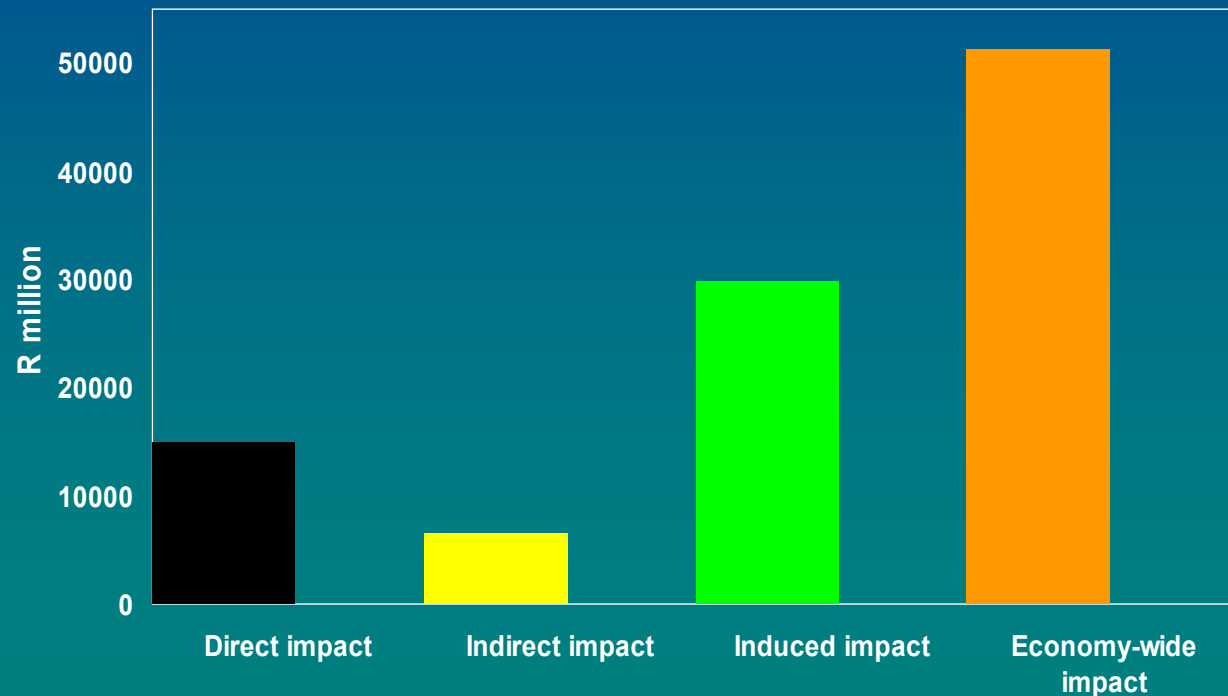
Economy wide tax impact

- Direct, indirect & induced impact of SAB's operations generate tax revenue in excess of R23bn



Economy wide GDP impact

- SAB's contribution to value added (including all multiplier effects) estimated at R51bn, or 3.3% of GDP
- For every R1.00 in SAB sales revenue, R1.82 added to SA's GDP



A responsible corporate citizen

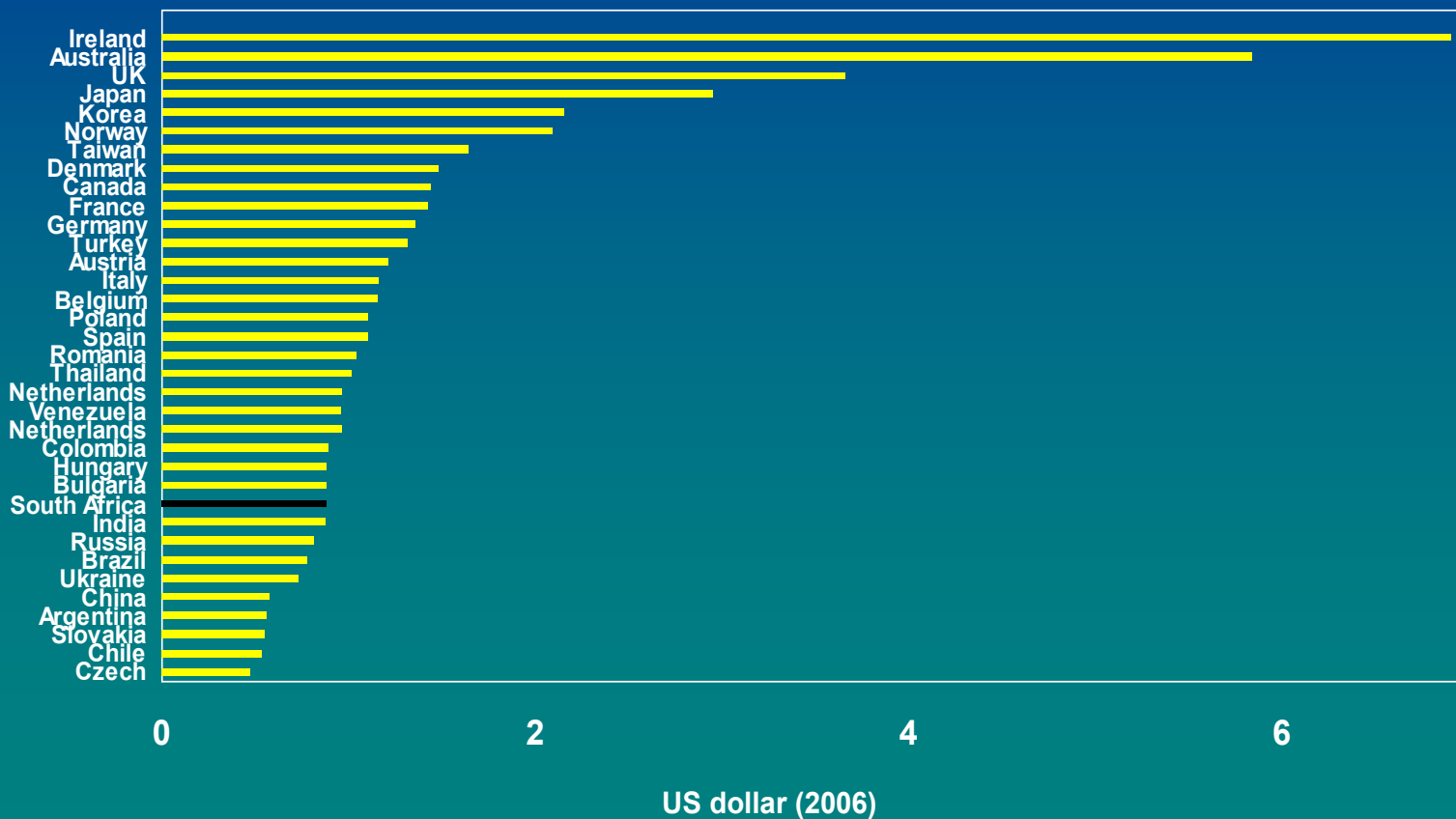
- CSI spend equaled 1.1% of after-tax profit in 2006/07 (benchmark = 1.0%)

Category	2006/07 (R million)
Responsible alcohol use campaigns	18.5
Taverner training	14.9
Education	7.5
KickStart (Entrepreneurial development)	5.5
Total	58.9

SAB and the consumer

■ Spoiled for choice and competitively priced

Price per litre of beer, excluding excise duties & VAT/GST



Summary of economy-wide impact

	2006/07
Employment	378 000
Tax	R23 billion
Value added	3.3% of GDP
CSI	R58.9 million



Thank you!