

APB Makes Highly Anticipated Move Into India Beer Market

Riding high on its second wave of expansion, Asia Pacific Breweries ("APB") makes its second investment in South Asia (after Sri Lanka in September 2005) by expanding its brewery network to include India. It has acquired an initial 76% stake in Aurangabad Breweries Limited ("AUBL") which owns 2 breweries in Maharashtra and Goa.

Bangalore, Karnataka, May 2, 2006 /[India PRwire](#)/ -- Riding high on its second wave of expansion, Asia Pacific Breweries ("APB") makes its second investment in South Asia (after Sri Lanka in September 2005) by expanding its brewery network to include India. It has acquired an initial 76% stake in Aurangabad Breweries Limited ("AUBL") which owns 2 breweries in Maharashtra and Goa. The deal includes an entitlement for APB to increase its stake in AUBL to 100% by end 2008.

The aggregate investment for the acquisition, approximately USD18 million (approximately S\$[29] million), will be funded through a combination of internal resources and external borrowings.

This acquisition closely follows APB's announcement in November 2005 to build a brewery in Mongolia and its recent entry into the Sri Lanka market via a 60% stake in Asia Pacific Brewery (Lanka) Ltd.

Said Mr Koh Poh Tiong, Chief Executive Officer, APB, "In the last 16 years, our focus was mainly on South East Asia, Indochina, Australasia and China. As our breweries in these markets have shown good growth, it is timely that we look beyond our current markets and set our sights on South Asia for our next wave of regionalisation."

"While our investment in AUBL represents our second foray in South Asia, after our entry into Sri Lanka last year, it marks our first footprint in India. The investment is a continuation of our growth strategy to venture into emerging markets to capitalise on the inherent growth potential of emerging economies. Additionally, it presents new market opportunities for us to bring APB's corporate brands, such as Tiger, Anchor and Baron's Strong Brew into the Indian beer market. Such equity investments in emerging markets like Sri Lanka, Mongolia and now India, represent the planting of seeds for these breweries to take on the role of prime contributors to the next wave of growth for the Group," added Mr Koh.

Aurangabad Breweries Limited (AUBL)

AUBL operates 2 breweries in the states of Maharashtra and Goa; and together they have a combined annual production capacity of approximately 250,000 hectolitres. AUBL produces and markets local beer brands including Cannon-10000 and Arlem.

On why APB is keen on the Indian beer market, Mr Koh explained, "The obvious attraction of the India market is its size and growth. The beer market has been growing at a compounded rate of over 7% annually and growth is expected to accelerate, as deregulation gains momentum across the Indian states. The beer market is also anticipated to grow strongly on the back of a growing young and affluent middle class. Our investment in AUBL places APB in a good position to ride on the economic growth of India and the accompanying growth of the Indian beer market."

The total beer market in India is around 8 million hectolitres per annum, and this translates into a per capita consumption of less than 1 litre. The low per capita consumption signifies a growth opportunity in a country with a population in excess of 1 billion people. With almost 55% of the population in the 21-59 year age group, the potential for growth in beer consumption remains high.

Apart from favourable demographics, India's GDP is expected to grow at a rate of over 7% annually. In view of such positive key growth drivers, APB anticipates the Indian beer market to offer good growth prospects.

APB is no stranger to the Indian beer market. Since 1990, India has been one of APB's export markets which saw mainly institutional sales in the key cities such as Mumbai and Bangalore amongst others. Sales of APB's beers in India, in particular Tiger, have witnessed a 4-fold increase since 1996. By tapping on AUBL's existing operations

and beer brands, APB will be able to quickly penetrate into the affluent and populous Maharashtra where the business climate is most conducive and beer consumption is amongst the highest in India.

APB will continue its tradition of bringing its finest quality brews and offering a wider selection of brand propositions to discerning Indian consumers. Innovation and the application of operational and brand expertise culled from years of experience in managing its beer brands will enable it to enhance the value of AUBL and spur market dynamics.

Including AUBL, APB now owns interests in 26 brewery operations in ten countries in the Asia Pacific region. "Our footprint currently extends from the Pacific Ocean where two of our markets reside (ie New Zealand and Papua New Guinea) to East Asia where we have 11 operating breweries in China. Our main stronghold is South East Asia and Indochina where Singapore, Malaysia, Thailand, Cambodia and Vietnam continue to register strong volume. By mid-2007 our East Asian boundary would have extended to Mongolia when the brewery there is completed. Sri Lanka and now, India, form the South Asia segment of our roadmap as we work towards our goal of being the leading brewer in the Asia Pacific region," added Mr Koh.

Notes to Editor

Asia Pacific Breweries Limited (APB) is a Singapore listed company supported by 26 brewery operations in ten countries in the Asia Pacific, namely Singapore, Malaysia, Thailand, Vietnam, Cambodia, China, New Zealand, Papua New Guinea, Sri Lanka and India.

A joint venture between the Fraser and Neave Group of companies and Heineken of Holland, APB was established as Malayan Breweries Limited (MBL) in 1931. To more accurately reflect the growing regionalisation of its business interests, MBL was renamed Asia Pacific Breweries Limited in 1990.

APB manages a portfolio of over 40 beer brands and brand variants, with Tiger Beer and Heineken as its flagship brands. Tiger Beer is a Singapore icon with international standing, and arguably the most-widely marketed Asian beer brand with a presence in over 60 countries. Amongst its numerous awards and accolades, Tiger Beer had won Gold for Best Lager Beer at the prestigious 1998 Brewing Industry International Awards and more recently took a Gold Medal in the Premium Beer Category at the Association of Brewers World Beer Cup 2004.

With more than 70 years in the brewing industry, APB has been consistently ranked by the Far Eastern Economic Review as one of the top companies in Asia. Its multi-brand portfolio has been valued at S\$1.225 billion by IE Singapore and Interbrand. KPMG also rated APB as among the top ten value creators in Singapore, for having consistently added value for its customers, consumers and shareholders.

For the year ended 30 September 2005, APB reported a revenue of S\$1.44 billion, while its attributable net profit before exceptional items; and profit before interest and taxation stood at S\$115.5 million and S\$220.4 million respectively.

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