



News Insight FMCG

Middle East and Africa

September 2016

The "News Insight FMCG" newsletter aims at collecting news and developing insights on the Fast Moving Consumer Goods market in the Middle East and Africa.

Infomineo gathers insights covering MEA region market trends and FMCG players' strategic plans: expansion projects, M&A, partnerships and projects, latest nominations, publications and events across countries of the region.

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Agenda

- [Latest news on FMCG players](#)
- [Updates on retail industry](#)

Latest news on FMCG players

L'Oréal opens its Research center for Sub-Saharan Africa

- A new Research and Innovation center for Sub-Saharan Africa has been inaugurated by L'Oréal in South Africa.
- This center will be focusing on studies related to African hair and skin specificities as well as to the beauty routines and expectations of sub-Saharan consumers.
- As Sub-Saharan Africa is one of the fastest-growing regions for the company, the objective of this new center is to increase product development in the region.

[Read more – Cosmetics Technology](#)

Heineken recorded disappointing sales in Africa

- Heineken is experiencing a slowdown in Africa that could impact its global earnings for some time.
- The Africa, Middle East and Eastern Europe division, which represents roughly 20% of the group's beer sales volume, was the weak spot. This unit posted a 19% drop in operating profit (to 267 million euros) before exceptional items.
- Overall, the company reported a net profit of 586 million euros, compared to 1.14 billion euros a year earlier.

[Read more – Wall Street Journal](#)

Coca-Cola Beverages Africa starts operations in July

- The merger parties of Coca-Cola Beverages Africa (SABMiller, The Coca-Cola Company and Gutsche Family Investments) completed the transaction on July 2nd, 2016.
- The new company will produce and distribute approximately 40% of all Coca-Cola beverage volumes in Africa.
- CCBA, which is headquartered in South Africa, will manufacture and sell 40 still and sparkling drink brands from 30 African bottling partners.

[Read more – ABI](#)

Coca-Cola Sabco invests in a new bottling plant in Mozambique

- The South African Group, Coca-Cola Sabco invested USD130 million in the construction of a new bottling plant in Mozambique.

- The new facility will have an annual production capacity of 50 million Coca-Cola product crates with plans to increase this figure to 70 million, and later to 150 million crates per year.

[Read more – Herald](#)

PepsiCo is opening a bottling plant in Zimbabwe

- The world's second-largest food and beverage company is building a bottling plant in Harare for an investment cost of \$30 million.
- The facility will be built and run by the Indian company Varun Beverages which has 20 bottling plants for PepsiCo in Asia and Africa.
- For the Zimbabwean plant, Varun Beverages will be working with a local partner (Glaciem) and Adam Molai, a local private investor. The facility is expected to be completed in the first quarter of 2017, and will employ 600 people directly.

[Read more – Herald](#)

Groupe Castel to acquire a 59% stake in Carlsberg Malawi

- The Danish brewer, Carlsberg has agreed to sell its 59% share of Carlsberg Malawi to the Castel Group.
- The divestment is in line with Carlsberg's strategy to slim down the company and focus on core businesses for future growth.
- As part of the deal, the brewer has signed a license agreement allowing Carlsberg beer to be produced and sold in Malawi.

[Read more – Reuters](#)

South African sugar tax may affect merger terms of Coca-Cola Beverages Africa

- South Africa's National Treasury recommended on July a tax on sugar-sweetened beverages of 2.29 cents per gram of sugar. This levy would generate almost USD 813 million in additional annual government revenue.
- Following this announcement, Coca-Cola Beverages Africa, a bottling joint venture between Coca-Cola and SABMiller, is considering to review its investments plans in South Africa should the proposed tax be implemented. Coca-Cola Beverages Africa believes that the sugar tax is discriminatory and will have a "huge economic impact".

[Read more – Bloomberg](#)

Nestlé Angola announces increase in investments

- The Swiss multinational food company announced that it will increase its investments in Angola with the opening of two new production lines by the end of the year.
- In 2012, Nestlé Angola developed a production plant for Angolan food and coffee-related products for an investment of USD 1.6 billion.
- The company is also willing to replace part of its imports in the country with locally available products.

[Read more – Angola Today](#)

SCA integrates its operations in Africa, the Middle East and India into consumer goods

- The Swedish consumer goods company has set a new organizational structure aiming at consolidating its Middle East, India and Africa business unit offering personal care products and tissues with the Consumer Goods Business Unit offering consumer goods in Europe.
- The integration aims at capturing synergies and facilitating best practice sharing within the consumer business.
- According to the company's CEO, the relevant parts of the European Go-to-market program will be implemented in Africa, the Middle East and India.

[Read more – Tissue World Magazine](#)

P&G partners with midwives' association in Kenya to boost maternal health services

- As part of its mother and baby healthcare program, P&G has partnered with the Midwives Association of Kenya.
- This partnership will allow the company to open a new direct marketing channel for the supply of product information and free product samples to new mothers through the Midwives' association.
- Since its inception, P&G's mother and baby program has reached approximately 10 million mothers worldwide.

[Read more – Business Daily Africa](#)

A pan-African private equity firm to invest in a Nigerian biscuit company

- A consortium led by 8 Miles, a sub-Saharan Africa-focused private equity firm has bought a minority stake in Beloxi, a Nigerian biscuit manufacturer.
- The amount of the deal is estimated at \$80 million and the investment is driven by the company's ability to meet the rising demand of a growing consumer class.

- The \$80-million investment will enable the company to increase domestic production and expand its export base into neighboring French-speaking West Africa.

[Read more – Private Equity Wire](#)

Updates on retail industry

Solid business in non-South African operations lift Shoprite results

- The retailer's operational update reported a 32.6% growth in sales in its non-South African activities. The region contributed to about 16.4% of the company's total turnover, however Shoprite is aiming for a 50% revenue share from the region.
- This performance is driven by Shoprite's stronghold in West Africa, but the company has yet to successfully branch out in East Africa.

[Read more – Business Day Live](#)

Label'Vie Group and Carrefour open a new hypermarket in Morocco

- The two retailers opened a 6,300 sqm hypermarket in Tangiers, Morocco. This new facility is part of a 55,000 sqm shopping center which comprises 90 stores, 15 restaurants and a 3,000 sqm leisure area.

[Read more – Carrefour](#)

Shoprite introduces discount chain in Nigeria

- Shoprite continues to expand its presence across Africa with the launch of its Usave discount chain in Nigeria.
- The new outlet is located in Maryland shopping mall in Greater Lagos. Shoprite reports that it will study the performance of this business line before considering any further expansion.

[Read more – Supermarket retailer](#)

Massmart records 6-month sales rise in South Africa

- Massmart Holdings Ltd sales' in the six months to June 30 stood at ZAR42.3 billion, recording a 8.7% increase. Total sales from the non-South African stores grew by 23% for the same period.
- The retailer also plans to open five stores outside South Africa in the next 18 months.

[Read more – Bloomberg](#)

Mezzan Holding takes majority stake in Al Safi Food Company

- The Kuwaiti food distributor Mezzan Holding has acquired a 70% share of Saudi-based Al Safi Food Company.
- Mezzan Holding acquired the stake throughout a capital injection of 90.75 million Saudi Riyals into Al Safi Food Company.
- Under the terms of the deal, Al Safi will be renamed Mezzan Food Company and will be authorized to import, manufacture, sell and distribute all Mezzan Holding brands in Saudi Arabia. The company will also continue to manufacture and distribute Al Faisaliah Group's bakery and snack products.

[Read more – The National](#)

Majid Al Futtaim is shifting its investment focus

- Majid Al Futtaim foresees a slowdown in sales which will continue throughout 2017, and is shifting its investment focus to domestic customers rather than international visitors.
- The group's retail sales are affected by a decrease in the number of Russian and Chinese visitors, low oil prices, and the strength of dollar to which the UAE dirham is pegged.
- The retail group is also planning on investing USD 8 billion in the UAE by opening 10 new City Centre malls, six hotels, 28 cinemas and 40 Carrefour supermarkets.

[Read more – The National](#)

Majid Al Futtaim opens a new mall in Al in Barsha

- Majid Al Futtaim has opened its second "My City Centre" branded shopping mall in Al Barsha, a neighborhood retail destination located in Dubai Science Park.
- The AED 57 million mall is set to address the daily shopping needs of the 40,000 residents anticipated in the area by 2017.

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