



Impact of Local Sourcing Initiatives: A case of Nile Breweries Ltd's (SABMiller) Sorghum and Malting barley programmes in Uganda

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Nile Breweries Ltd (NBL) is a beverage company operating in Uganda and is a subsidiary of SABMiller, which is the second biggest brewing company in the world.

The Local Enterprise & Agriculture (local sourcing) programme currently covers Sorghum, Maize, Barley development and the Maltings plant operations in Uganda



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Agenda



- ✓ Background
 - History, mission & vision
 - Alcohol Market
 - Brand portfolio
- ✓ Sorghum and Barley foot print
- ✓ Raw material usage trends
- ✓ Supply chain model
- ✓ Maltings plant
- ✓ Socio-Economic Impact
 - Tax contribution
 - Job creation
 - Local enterprise development
- ✓ Corporate social responsibility & Sustainable Development
- ✓ Key challenges
- ✓ Conclusion



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History, Vision, Mission & Values



- NBL was established in 1951 by local Ugandans and sold to Madhvani in 1957
- 1971-1992 was under control of government and handed back to Madhvani in 1992
- 1997: joint venture formed with SABMiller & SABMiller bought out Madhvani group in 2001



Our Vision

To be the leading brewery in Uganda by market share, brand health, and product quality, and to be in the top quartile of SABMiller breweries globally by key functional measures.

Our Mission

To own and nurture local and international brands that are the first choice of the consumer

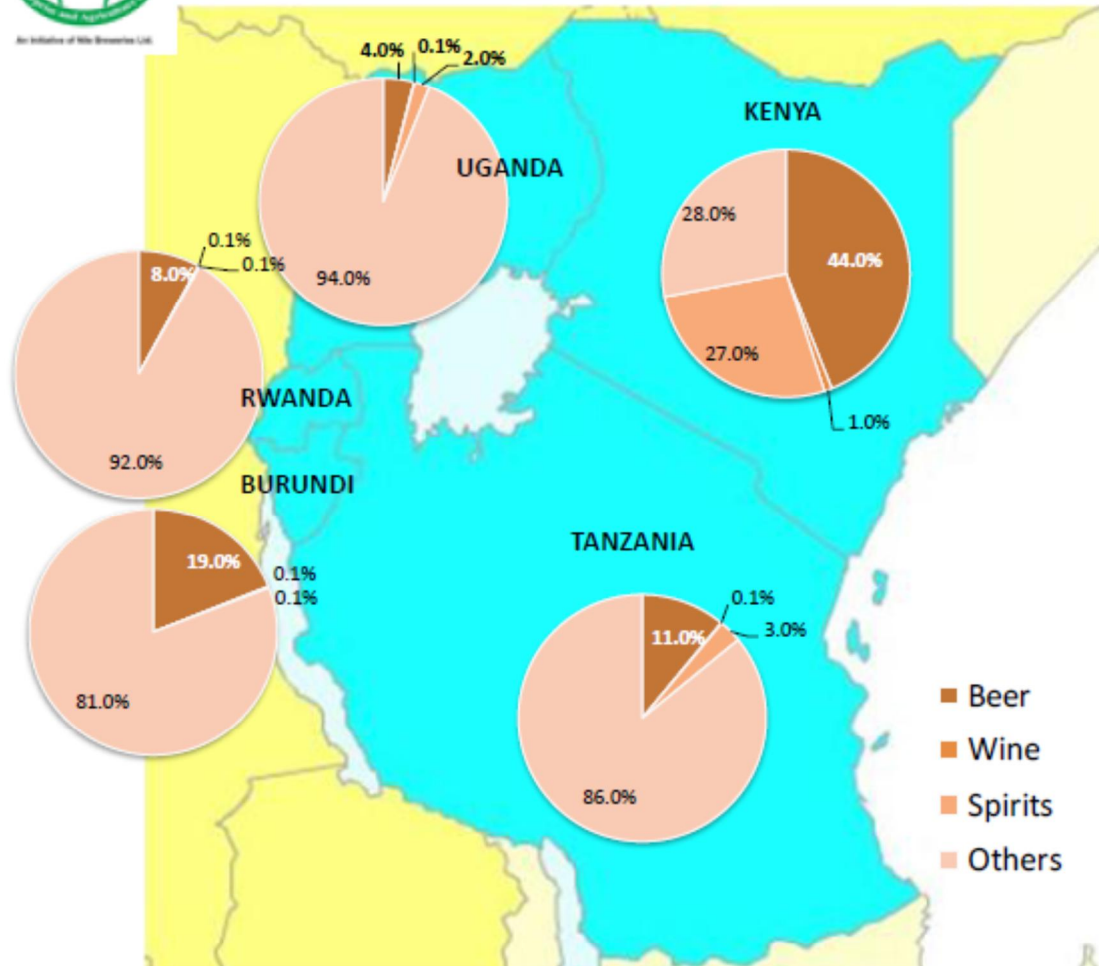
Our Values

- Our people are our enduring advantage
- Accountability is clear and personal
- We work and win in teams
- We understand and respect our customers and consumers
- Our reputation is indivisible





Alcohol Market in East Africa



RECORDED ADULT (15+) ALCOHOL CONSUMPTION BY TYPE OF ALCOHOLIC BEVERAGE (IN % OF PURE ALCOHOL), 2005

- Only 4% of alcohol consumed in Uganda is clear beer.
- 94% of the alcohol market in Uganda is non branded – the market is dominated by the informal sector – this sector does not pay taxes and also sell products with quality and safety concerns
- NBL took up the challenge to provide a brand that would attract customers from this segment to take up a hygienic branded beer.
- NBL is the market share leader with approximately 56% market share of clear beer market in Uganda





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Barley and Sorghum foot print

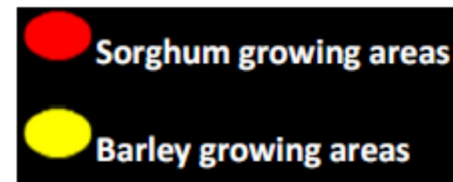
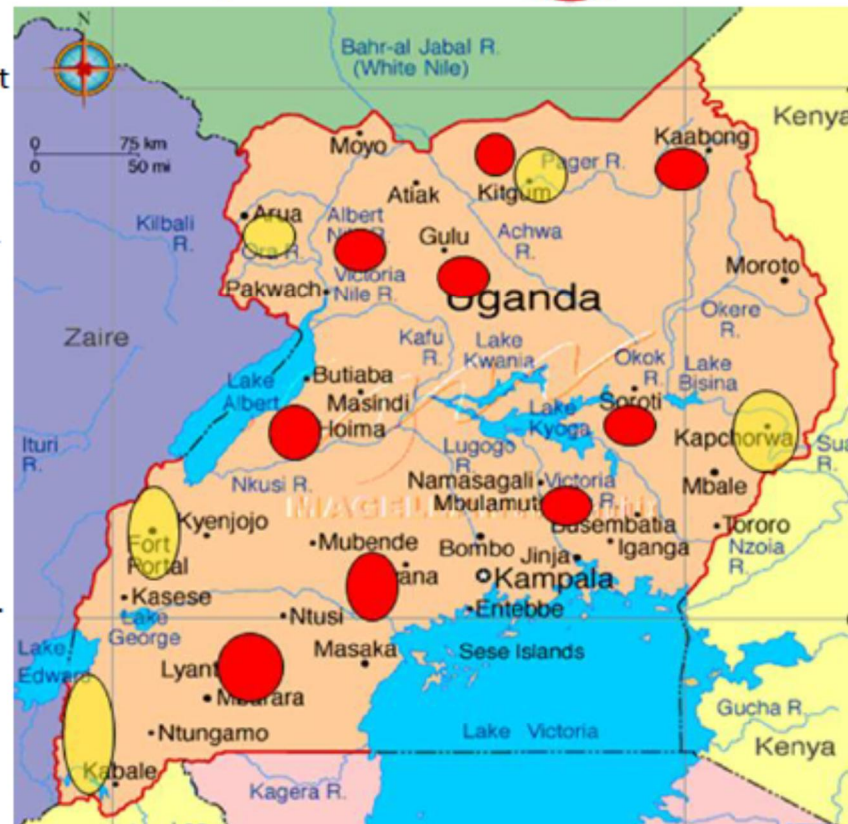


NILE
Breweries Ltd.

- NBL launched a broad based local enterprise development initiative, with the primary aim of securing continuity of supply and economic benefits through localisation of sorghum and barley growing
- At the same time this strategy delivers a number of socio-economic benefits to the community at large, including employment and improved incomes, which, in turn, should drive certain business benefits (improved government relations, securing our “licence to trade”, enhanced corporate reputation, excise / tax concessions, ethical consumerism etc.)
- Uganda has a tropical climate and Sorghum is grown virtually in all regions in the country.
- Locally developed & bred white sorghum varieties planted.
- Barley foot print is limited to regions at > 1,500 meters above sea level

NBL Interventions

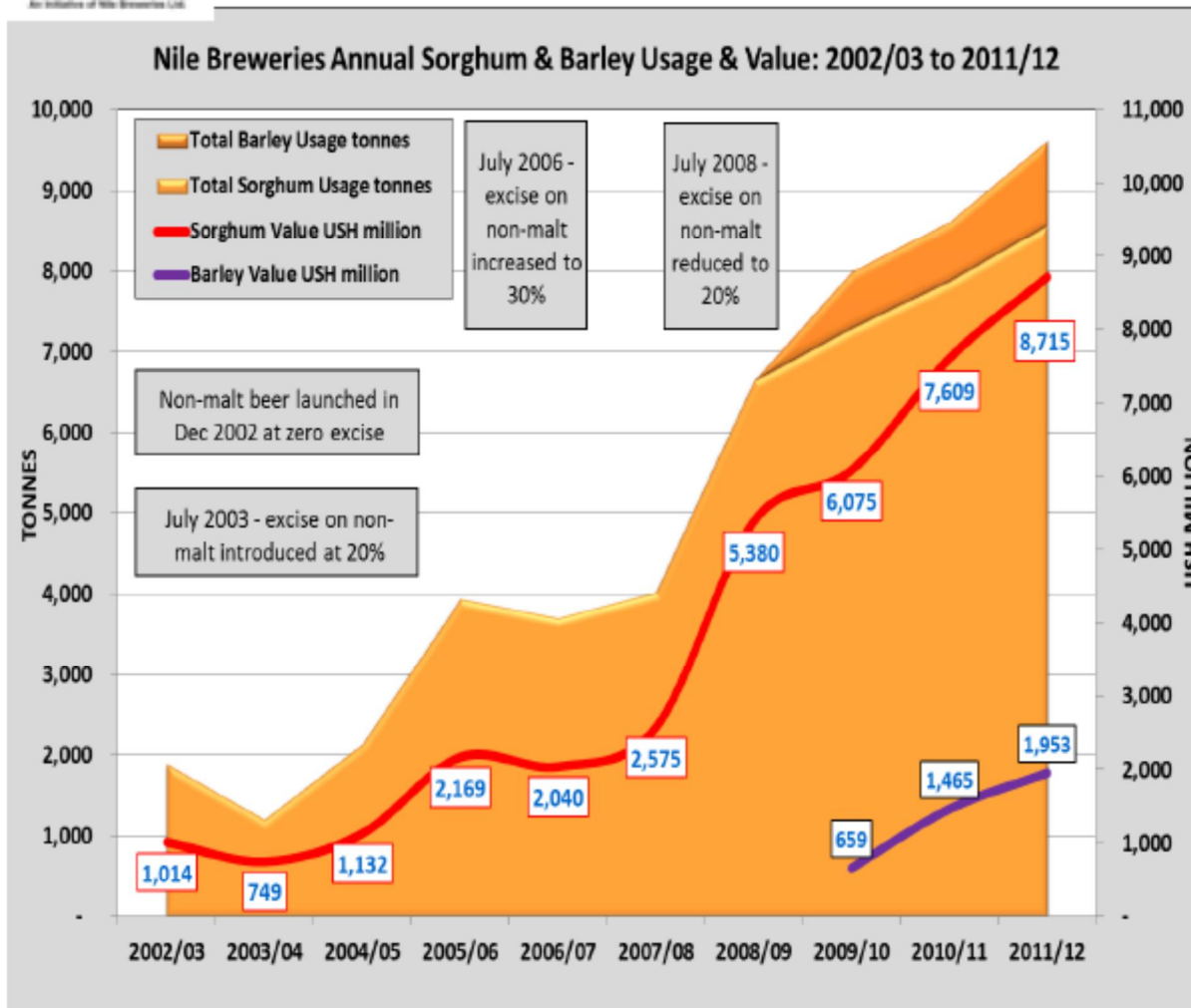
- Extension services – Extension officers
- Supporting operations of nucleus farms
- Seed supply, research etc.
- Supply of fertilizer, herbicides, fungicides, insecticides
- Provision of small scale equipment - dryers, threshers
- Farmer training
- Local Enterprise development – Associations, Unions



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Raw Material usage trends



- Use of local raw materials started in 2002 at Zero excise and it currently at 20%
- In 2011 NBL used local raw materials (barley and sorghum only) worth 11Billion
- Low value brands are very sensitive to price increase.
- Government has to maintain the excise rate
- Barley also used as adjunct
- In 2013 a USD 90Million new brewery will be commissioned and this will increase demand of raw materials