SABMiller taps savings as AB InBev woos shareholders

LONDON - British brewer SABMiller went on a charm offensive, promising at least a billion dollars in annual savings as it tries to keep AB InBev from wooing away its shareholders.


Alan Clark

"Whilst we are already a highly efficient business we are continuing to remove duplication across markets, bringing specialist expertise in areas like procurement under one roof, and standardising common processes," chief executive Alan Clark said in a statement after meeting with investors.

The pledge to double annual cost savings from current targets came a day after Anheuser-Busch InBev, the world's biggest brewer, appealed directly to SABMiller shareholders to merge their two companies.

Belgian-Brazilian titan AB InBev, which produces Budweiser and Stella Artois lagers, made the appeal after failing with its third takeover tilt at the London-listed maker of Foster's and Grolsch.

The improved third bid - pitched at £42.15 per share in cash and worth £68 billion ($103 billion, 92 billion euros) - was rejected by the SABMiller board as being too low.

In its investor presentation SABMiller repeated that it believes the AB InBev offer "very substantially undervalues the company" and pointed out its highly conditional nature, including significant regulatory hurdles in the United States and in China.

However, SABMiller's pledge to find additional savings, which could generate more profits to be distributed to shareholders, was also conditional that there will be "no change in the ownership or control of SABMiller".

The charm offensive didn't seem to help SABMiller's share price too much. In London afternoon trading SABMiller shares were up 1.07 percent to 3,680 pence.

AB InBev shares climbed 0.95 percent to 98.43 euros in Brussels.

Source: AFP