

News

Diageo sells majority stake in Guinness Nigeria to Tolaram

The deal comes shortly after Diageo delayed the plan to set up a wholly-owned subsidiary for a clutch of its spirits brands in west and central Africa.

Henry Mathieu | June 11, 2024

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Johnnie Walker bottle Credit: Billy Watkins/Shutterstock.com

D [iageo](#) has sold its shareholding in publicly-listed Guinness Nigeria to Singapore-based consumer group Tolaram.

The Johnnie Walker whisky maker's 58.02% stake in Guinness Nigeria, the African arm that produces and distributes Guinness in Nigeria, has been bought by Tolaram for a share price of N81.60 (\$0.05) per share.

Guinness Nigeria will continue to have rights to manufacture and distribute the Guinness brand as well

as other Diageo brands that it currently manufactures and distributes, including “mainstream spirits”, a stable of brands that includes Johnnie Walker, Singleton and Baileys.

Diageo said it is creating a “new model for Guinness in Nigeria” and its locally manufactured ready-to-drink and mainstream spirits products in the country partnering with Tolaram, under new, long-term license and royalty agreements.

The London-listed group said the “transaction is consistent with Diageo’s strategy to operate a flexible and asset-light beer operating model”.

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In December, [rumours swirled](#) around the Don Julio Tequila owner’s potential plans to offload a clutch of assets in beer but retain Guinness, its flagship brand in that market.

Debra Crew, Diageo CEO, said: “I’m excited to announce our new partnership with Tolaram. Guinness has been Nigeria’s favourite beer for nearly 75 years.

“Tolaram share this passion for Guinness and for Nigeria, making them the perfect partners as we continue to grow our business and seek to delight even more consumers in the country.”

The deal is expected to be completed in Diageo’s fiscal 2025 “subject to the satisfaction of certain conditions, including various regulatory approvals in Nigeria”.

Tolaram, established in 1948, is a Singapore-headquartered enterprise with operations across Africa, Asia and Europe. In Nigeria, its consumer business operates under joint ventures with consumer multinational companies such as Indofood, Kellanova, Dano and [Colgate-Palmolive](#).

Sajen Aswani, chief executive of Tolaram, said: “Our partnership with Diageo to jointly grow Guinness Nigeria underscores our commitment to build on our strong presence and heritage in Nigeria, cultivated over decades of dedication and unwavering confidence in the future of Africa.

“We take a long-term view on all our investments and this partnership reflects our optimism on the exciting opportunities that lie ahead across the continent.”

In October, it was [announced](#) Diageo will no longer use Guinness Nigeria to import and distribute its premium spirits.

However, in March, Diageo said the plan to set up a wholly-owned subsidiary for a clutch of its spirits brands in west and central Africa has been [pushed back](#) to 2025.

For the nine-month period ended 31 March 2024, Guinness Nigeria generated N220.3bn of revenue, up 28% year-on-year. Operating profit jumped 27% to N22.21bn.

However, unrealized forex losses amounted to N81bn. This was “attributable to the continued devaluation of the Naira”, according to the Nigerian company.

The African country has proved to be a tough place in which to do business in recent quarters due to challenging economic conditions. In April, [Nigerian](#)

[Breweries](#), in which [Heineken](#) owns a majority stake, [set out plans](#) to suspend production at two of its nine plants after posting a loss of N106bn in 2023.

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