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Austria

Agricultural Situation

Austria's Largest Beverage Concern Expands Abroad 2000

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Report Highlights: Austria's largest brewery concern purchased recently a brewery in Poland. The Austrian company, which owns already breweries in other central European countries, will expand further in these regions.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Vienna[AU1], AU

Austria's Largest Beverage Concern Expands Abroad

Summary

In January Austria's largest brewery concern, which has already considerable beer market shares in central European countries, bought its first brewery in Poland. As the company intends to control 10% of the Polish beer market within the next two years and additional plants will be purchased in Poland. At present, the acquisition of a plant in Warsaw is under discussion. In addition, the Austrian firm intends to increase the number of its breweries in other central European countries. End summary.

In January 2000, Austria's largest brewery company Brau Union, a daughter of the country's largest beverage concern BBAG, took over the brewery Van Pur in Rzeszow, Poland. Van Pur was a private brewery which has an annual turnover of AS 405 million and a market share of 2.5%. The company produces regional beers and, since December 1999, the Brau Union brands "Steffl" and "Kaiser".

Brau Union's next step will probably be the purchase of Krolewski Brewery in Warsaw. "Browar Krolewski" has an annual turnover of AS 380 million and a market share of 3.4%. Through this company, which is particularly strong in the capital, Brau Union would receive a strong Polish brand. It is expected that by May/June, around 600 share holders, mainly employees of the brewery, will decide about the Brau Union's offer. The size of the offer was not disclosed as many other companies are also interested in Browar Krolewski. The main competitors are Heineken with 40%, South African Breweries (SAB), with 20% market share of the total Polish beer market.

Brau Union wants to cover 10% of the Polish market within two years. Thus, if the company is successful in purchasing Browar Krolewski, an additional one or two breweries will have to be acquired. In all of the new plants, Brau Union's Kaiser beer will be produced. According to Brau Union, Kaiser beer is the first international beer of premium class on the Polish market.

BBAG's strategy is to be among the three strongest beer producers in central Europe (Czech Republic, Poland, Slovakia, Hungary, and Romania) and Austria. According to Brau Union, beer consumption is rising in central Europe (58 liter annual per capita consumption in Poland). At present, 10 further brewery acquisitions are under discussion. An expansion in western Europe is not planned in the beer sector as there are already overcapacities. However, BBAG intends to expand its juice and mineral water production in western European countries.

At present, BBAG ranks in eighth position among Europe's largest breweries. It owns 8 breweries in Austria and 8 in central Europe. BBAG's share of the beer market is in Austria 56%, in Hungary 26%, Romania 18%, Czech Republic 4.55, and in Poland 2.5%.