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Singapore's F&N agrees Myanmar brewery sale

Jennifer Hughes in Hong Kong

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Singapore's Fraser & Neave has agreed to sell its controlling stake in Myanmar's biggest brewery to a Myanmar government-linked group for \$560m, ending a lengthy dispute that had raised fears over economic interference.

The sale comes as international brewing groups including Heineken and Carlsberg have set up local brewing facilities in an effort to position themselves for further opening of the once-closed Southeast Asian economy.

The brewery, known for its Myanmar Beer and Andaman Gold, is Myanmar's largest taxpayer and well placed to benefit from economic growth in the under-developed country.

It was set up in 1995 as a joint venture between Myanmar Economic Holdings (MEHL) and Asia-Pacific Breweries — itself a joint venture between Heineken and F&N.

Last year MEHL won an arbitration case against F&N, which was ordered to sell its 55 per

cent of Myanmar Brewery to the conglomerate controlled by members of Myanmar's armed forces. The actual sale was delayed, however, by disagreements over the exchange rate to be used.

MEHL has been at pains to allay any corporate fears about the risk of interference in Myanmar from the still-powerful military, claiming the tussle was strictly commercial. To enhance the credibility of the process, the group voluntarily agreed to the brewery arbitration taking place in Singapore rather than Myanmar.

Last month an independent assessment valued F&N's stake at 500bn Myanmar kyat, or \$560m at the April 2013 exchange rate.

Thursday's announcement marks something of a victory for the Singaporean company as MEHL had sought to pay in kyat, which would put the price tag at about \$400m at the current exchange rate.

The Myanmar conglomerate first moved for control of the brewery after F&N was taken over in 2013 by Thai billionaire Charoen Sirivadhanabhakdi following a drawn-out battle against Indonesia's influential Riady family.

Mr Charoen's Thai Beverages group produces Chang beer and has a commanding position in the Thai spirits market.

MEHL began its legal battle in 2013 in an effort to force F&N to sell its stake for \$246m. It claimed that under the terms of the original joint venture agreement it should have been given the chance to buy F&N's stake before the company was sold to Mr Charoen.

That figure was set aside by the arbitration panel in October last year, with the sale value to be determined by an independent group.

In 2012, JPMorgan valued F&N's shareholding at between \$164m and \$519m as part of advice given during the Charoen-Riady battle for control of the company.

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