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Leopard Invests \$2 M Into High-End Beer Market

By PAUL VRIEZE AND CHHORN CHANSY THE CAMBODIA DAILY, 04 AUGUST 2009

The private equity fund Leopard Capital said Sunday it will invest \$2 million in creating a microbrewery in Phnom Penh that will produce beer for a high-end share of Cambodia's beer market, which those in the industry say will likely grow over the coming years.

Douglas Clayton, the fund's managing partner, said Leopard will own 55.5 percent of the new venture, Kingdom Breweries, which would not try to compete directly with other major beer brands but would be targeting a market niche.

Kingdom Breweries would produce "craft beer"-that is, beer brewed using traditional methods to create a more distinctive flavor and visitors would be able to tour and drink beer in its microbrewery premises, according to Leopard Capital's website.

"Cambodia needs more [beer] brands," Mr Clayton said.

The fund foresees a doubling of the Cambodian beer market over the next five to ten years as Cambodia's large "under-age" population group gets older and wealth grows.

"We are aiming at a portion of that [population segment]," Mr Clayton said, adding the microbrewery would open sometime next year and would be led by a British manager with 52 years of brewing experience.

Leopard Capital has raised more than \$28 million since its inception in 2007 and Kingdom Breweries would be the fund's fourth investment after investing \$4.6 million so far, he added.

Koh Tai Hong, general manager of Cambodia Brewery Ltd-which brews Anchor, Tiger, ABC Stout and Gold Crown Beer-said Monday that he thought the current market conditions might hamper the launch of a brand aimed at the high-end consumer, but added that the future outlook for the Cambodian beer market remained good.

"Now with the recession it might not be the best time to start a microbrewery ... people are worried about spending. But if it's not for mass consumption, if you are talking about a small volume, that's possible, they could reach their target," he said.

"Long term of course, they are right to say the [beer] market will expand," he added, saying that the aging of Cambodia's large young population along with sustained economic growth would drive market expansion.

"[I]f this will be double digit growth will remain a question," Mr Hong said, adding that as the economy progresses other alcoholic beverages such as wines and cocktails will increasingly compete with beer.

Mr Hong said Cambodia Brewery was feeling the effects of the economic crisis and was not having a banner year so far.

His company, he said, produces about 700,000 hectoliters the equivalent of about 8.8 million 24-can cartons of beer-annually. Mr Hong added he could not estimate total beer volume sold on the Cambodian market.

Ich Ty, manager of Munich Beer Restaurant in Phnom Penh, which serves beer from its own microbrewery, said he did not know if beer demand was growing but added that he thinks people are becoming "more conscious of the quality of food and beer."

His restaurant, Mr Ty said, had received a growing number of visitors since it opened in August 2008 and has gradually gone from brewing 2,000 liters of beer per week to 2,000 liters every two days.

"Now my customers enjoy my product; next year I plan to open a new restaurant," he added.