Regional review continued
Americas

"Pricing more than offset volume declines in a difficult environment, with profit from operations increasing"

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Key markets
Argentina, Brazil, Canada, Chile, Colombia, Mexico

Volume and market share

Volume was 5.0% lower in 2017 at 107 billion, as growth in Mexico was more than offset by the difficult economic conditions which led to continued down-trading and industry contraction in Brazil and Argentina, and the growth of illicit trade in Chile. Market share was flat as the combined growth in Mexico, Argentina, Colombia and Chile offset Brazil, which was lower despite the continued success of Minister and Kent (following the migration from Free).

In 2016, volume was down 8.8% at 113 billion (2015: 124 billion) as higher volume in Mexico and Colombia was more than offset by declines in Brazil (due to the VAT and excise-led price increase) and Venezuela, where price increases impacted consumer affordability and disposable income.

Volume
107 bn
2016: 113 bn
2015: 124 bn

Market share
Flat

GDB as % of volume
43%
2016: 36%
2015: 31%

Revenue

Revenue grew by 9.0% in 2017, to £3,125 million. This was driven by pricing across the region, with revenue higher in Canada, Mexico, Chile and Colombia, more than offsetting a decline in Brazil and in Venezuela, where the deterioration in the exchange rate more than offset higher pricing due to local inflation. On a constant rate basis adjusted revenue was up 10.8% at £3,178 million.

In 2016, revenue was up by 5.4% at £2,868 million (2015: £2,720 million), driven by pricing in Canada, Chile, Venezuela, and Colombia more than offsetting the volume decline and delay in pricing in Mexico. The reported results were also impacted by the volatility on the currency markets. On a constant rate basis, adjusted revenue increased by 10.8%.

Revenue (£m)
£3,125m
2016: £2,868m (+5.4%)
2015: £2,720m (-9.0%)

Change in adjusted revenue at constant rates (%)
+10.8%
2016: +10.8%
2015: +11.7%
Non-GAAP

Profit from operations

In 2017, profit from operations increased by 12.8%, to £1,147 million. This was mainly due to the growth in revenue noted above. Excluding adjusting items, that largely relate to the amortisation of acquired trademarks, and the impact of currency, adjusted profit from operations at constant rates increased by 9.9% to £1,288 million.

Profit from operations fell by 6.0% in 2016 to £1,017 million (2015: £1,082 million). Growth in profit from operations in Canada, Chile and Colombia, driven by the increase in revenue and the positive impact of the weakness of sterling, was more than offset by lower profit in Brazil, which was due to the lower revenue and costs associated with the factory down-sizing. After adjusting for such restructuring costs, the amortisation of acquired trademarks and the impact of exchange rate movements, adjusted profit from operations at constant rates increased by 2.8% to £1,202 million (2015: £1,169 million).

Profit from operations (£m)
£1,147m
2016: £1,017m (-6.0%)
2015: £1,082m (-9.6%)

Change in adjusted profit from operations at constant rates
+9.9%
2016: +2.8%
2015: +10.9%
Non-GAAP

Operating margin
36.7%
2016: 35.5%
2015: 39.8%

Adjusted operating margin
40.2%
2016: 40.9%
2015: 42.9%
Non-GAAP