

CLM Top Stories
HD Treasury **Wine** Gets Rival Takeover Bid From TPG
BY By Ross Kelly
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SYDNEY--A takeover fight has broken out between two of the world's biggest buyout firms for an Australian winemaker that produces California's mass-market Beringer **brand** as well as the premium local Penfolds label.

U.S. private-**equity firm** TPG is behind a 3.38 **billion** Australian dollar (US\$3.14 **billion**) rival bid for Treasury **Wine** Estates Ltd. that matches one made days earlier by KKR & Co. and Rhone **Group** LLC, said a person familiar with the matter.

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The vintner said Monday that it had received a nonbinding takeover proposal from a private-**equity firm** it didn't identify. Treasury **wine** has given the new bidder access to its books, according to the **company**, which said the private-**equity firm**'s offer wouldn't necessarily translate into a formal proposal.

Last week, KKR and Rhone also offered A\$5.20 a share--10.6% above a A\$4.70-a-share proposal by KKR acting alone in April. KKR and Rhone have also been given permission to carry out due diligence.

Treasury **Wine** shares rose as much as 3.7% in Sydney to A\$5.32 on Monday, a sign some investors expect the competing suitors to fight it out. Private-**equity** firms including KKR, Blackstone **Group** L.P. and TPG Inc. are flush with cash after taking advantage of buoyant share markets to sell earlier investments worth hundreds of **billions** of dollars.

Treasury **Wine** is the world's second-biggest listed winemaker behind Constellation Brands Inc. of the U.S. It became more vulnerable to a takeover in July 2013, when poor sales of cheaper brands such as Beringer forced the **company** to destroy thousands of gallons of **wine** that had passed the drink-by date and book a A\$155 **million** write-down.

Problems have plagued Melbourne-based Treasury **Wine** since its 2011 spinoff from Australian brewer Foster's **Group**, which was later bought by SABMiller. Back then, a glut of Australian grapes and weak sales in the U.S. weighed on profit, contributing to a A\$1 **billion** write-down of the **business** before the spinoff.

Meanwhile, U.S. consumers have been developing a taste for more expensive wines than many of those currently produced for that market by Treasury **Wine**. The Australian dollar's stubborn strength has also made the winemaker's products less attractive than competing vintages from rival regions such as South America.

Treasury **Wine** is also facing intense competition in Australia, including from a wave of New Zealand imports, while a **Chinese** crackdown on extravagant gift-giving as part of an anticorruption drive has stalled sales in the world's second-biggest economy.

Write to Ross Kelly at ross.kelly@wsj.com

CO kkr : KKR & Co. L.P. | tpgpar : TPG Capital Management LP | trzwn : Treasury Wine Estates Ltd

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