



**HD** FED:Woolworths moves into **China** drinks market

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**LP**

WOOLWORTHS By Stephen Johnson and Evan Swarten

SYDNEY, Dec 3 AAP - Woolworths has bought one of **China**'s major alcohol distributors in its first foray into the world's second largest economy.

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The supermarket giant has bought Summergate Fine **Wine** and Spirits, only weeks after Australia signed a free trade deal with **China**.

Summergate was co-founded in 1999 by two expat **wine** enthusiasts, and distributes imported alcoholic beverages across **China**.

It also owns a retail **business**, Pudao Wines.

Woolworths has not revealed the cost of the acquisition, but it expects strong growth from Summergate.

General manager Ian Ford, an American who co-founded Summergate with his Kiwi **business** partner Brendan O'Toole, told AAP the **business** achieved annual sales of \$US40 **million** (\$A43.28 **million**).

Morningstar senior analyst Tim Montague-Jones said the sales figure suggests Woolworths paid between \$US16 **million** to \$US20 **million**.

"It's just a small, little toehold into a potentially large market just to give them a bit of feel for that sort of environment," Mr Montague-Jones said.

It could be a decade before Woolworths injected capital into the **business**, he added.

Mr Ford said Summergate and Woolworths shared a long term view on future opportunities, and have the resources and expertise to support accelerated growth.

Woolworths owns the Dan Murphy's, BWS and Cellarmasters brands in Australia, which generated total sales of \$7.4 **billion** in 2013/14.

Woolworths shares were up 59 cents, or 1.9 per cent, at \$30.83 at 1545 AEDT.

Its move into **China** comes two years after Woolworths pulled out of India by selling its **stake** in Woolworths Wholesale to a Tata Sons-owned **company**.

AAP saj/dmc

**CO** wolwth : Woolworths Limited

**IN** i64 : Retail/Wholesale | i641 : Food Retailing | i6411 : Supermarkets/Grocery Stores | i654 : Specialty Stores | iretail : Retail

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