

# FINANCIAL REVIEW

SE Market Wrap - Street Talk  
 HD **Accolade team heads to Hong Kong, China**  
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Just a tipple

Australia's wine exports

	Volume	Change	Value	Change	Value	Change
	(ml)	(%)	(\$m)	(%)	(\$/litre)	(%)
2005	702	+9	2795	+2	3.98	-7
2006	760	+8	2822	+1	3.72	-7
2007	786	+3	3002	+6	3.82	+3
2008	698	-11	2465	-18	3.53	-8
2009	764	+9	2271	-8	2.97	-16
2010	781	+2	2073	-9	2.65	-11
2011	706	-10	1900	-8	2.69	+2
2012	725	+3	1865	-2	2.57	-4
2013	686	-5	1786	-4	2.6	-1
2014	700	+2	1820	+2	2.6	-
2015	734	+5	1962	+8	2.67	+3

SOURCE: WINETITLES, BLOOMBERG

Chinese strategic investors are being courted to take a cornerstone stake in the country's second-largest wine company Accolade Wines ahead of its looming \$1 billion-plus initial public offering.

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Accolade's advisers and executives reckon they are a good bet given how enamoured China's elite are becoming with the booming sales of Treasury Wine Estates and its big brands Penfolds and Wolf Blass in Asia.

As Street Talk revealed on Thursday, Accolade management and CHAMP Private Equity representatives will be in Hong Kong and China next week for a series of meetings to introduce Accolade to potential institutional investors ahead of the IPO in the first half of 2017.

It's understood the team will also press the flesh with Chinese strategic players with a view towards securing pre-prospectus cornerstone commitments.

Australia's wine exports to mainland China have climbed 50 per cent in the past 12 months to \$419 million. Accolade management and top brass from 80 per cent owner CHAMP will point to the rising sales to Asia of some of Accolade's key brands, such as Hardys and Grant Burge.

It's understood Accolade's pitch will note that China will be the world's largest market for imported wine in the next five years and that the drinking population in China is increasing by a staggering 10

million persons per annum. Meanwhile, China and Hong Kong are already Australia's largest market for wine exports.

Mainland China is the No.2 export destination for Australian wine behind the United States, and is on course to overtake it over the next year if current growth rates continue.

CHAMP and Accolade's 20 per cent shareholder, the New York-listed alcoholic beverages giant Constellation Brands, are each likely to retain a small stake in the business after listing.

The doubling in share price of rival Treasury Wine Estates in less than two years since late 2014 is likely to result in strong interest from investors in the IPO. Accolade generates annual net profit after tax of between \$70 million and \$75 million. It produces 37 million cases of wine annually from an array of brands.

Corporate advisory boutique Reunion Capital Partners won the role of independent advisor for the Accolade IPO in August as revealed by The Australian Financial Review.

**CO** coneul : Accolade Wines Limited | amezza : Castle Harlan Australian Mezzanine Partners Pty Ltd

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