

CLM Top Stories
HD Treasury **Wine** Gets Rival Takeover Bid From TPG

BY By Ross Kelly

WC 467 words

PD 11 August 2014

ET 20:26

SN Dow Jones Top North American Equities Stories

SC DJTNAE

LA English

CY Copyright © 2014 Dow Jones & Company, Inc.

LP

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.

TD

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

IN ibevrge : Beverages/Drinks | i81501 : Credit Types/Services | i831 : Financial Investments | i426 : Wine
| ialtin : Alternative Investments | icnp : Consumer Goods | i41 : Food/Beverages/Tobacco | i81502 :
Trusts/Funds/Financial Vehicles | ialco : Alcoholic Beverages/Drinks | ibnk : Banking/Credit | ifinal :
Financial Services | iinv : Investing/Securities | i8150203 : Private Equity

NS cactio : Corporate Actions | ccat : Corporate/Industrial News | c181 : Acquisitions/Mergers/Divestments |
c18 : Ownership Changes | ncat : Content Types | nfact : Factiva Filters | nfcpin : C&E Industry News
Filter

RE austr : Australia | easiaz : Eastern Asia | namz : North America | usny : New York State | pacisz : Pacific
Islands | ustx : Texas | usa : United States | use : Northeast U.S. | uss : Southern U.S. | apacz : Asia
Pacific | asiaz : Asia | ausnz : Australia/Oceania

PUB Dow Jones & Company, Inc.

AN Document DJTNAE1120140811ea8b00096