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Pernod Ricard Offloads Wine Brands to Focus on Spirits

Campo Viejo, Jacob's Creek Sold in Major Wine Deal

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Pernod Ricard, the multinational beverage company known for owning wineries such as Campo Viejo, AGE, and Ysios, as well as brands like Azpilicueta, announced this morning that it has signed an agreement to sell its strategic international wine brands to Australian Wine Holdco Limited (AWL). AWL is a consortium of international institutional investors and the owner of Accolade Wines.

The transaction encompasses renowned Spanish brands such as Campo Viejo, Ysios, Tarsus, and Azpilicueta, as well as the three operational wineries in Rioja: Campo Viejo (Logroño), AGE (Fuenmayor), and Ysios (Laguardia). According to Pernod Ricard, "This sale will further strengthen our premiumization strategy and enable us to direct our resources towards our premium international spirits and champagne portfolio, which drives our business growth."

Sources within Pernod Ricard indicated that the agreement will need to be supervised by Australian authorities, potentially delaying its finalization until the second half of next year. Meanwhile, the company assured that there will be no changes in the grape procurement policy with growers or in the labor organization of the wineries.

As the largest operator and marketer of Rioja wines, Pernod Ricard emphasized that the agreement with AWL is the result of a "continuous evaluation of strategic opportunities" in line with its "ongoing policy of delivering sustainable value to its shareholders, employees, customers, and other stakeholders."

The transaction includes the sale of a wide portfolio of international wine brands with a "strong market positioning," owned by Pernod Ricard Winemakers, producing over ten million nine-liter cases annually from three countries of origin.

In addition to the aforementioned Spanish brands, the deal also includes other brands like Jacob's Creek, Orlando, and St Hugo from Australia, and Stoneleigh, Brancott Estate, and Church Road from New Zealand, crafted across seven wineries.

AWL is an international company with a marketing strategy focused exclusively on the wine sector. Pernod Ricard believes these wine brands "will benefit from the dedicated focus required to reach their potential, strengthen their position, and seize new opportunities globally." Alexandre Ricard, Chairman and CEO of Pernod Ricard, stated, "We are very pleased to have found in Australian Wine Holdco Limited, one of the world's leading wine companies, an ambitious partner whose strategy will be further strengthened with our promising portfolio. We are confident they will build on the success we have sown over the years."

The completion of the transaction, subject to the usual contractual conditions and necessary legal authorizations, is expected in the second half of 2025.

Strategic Shift and Future Prospects

This move by Pernod Ricard marks a significant shift in their strategy, focusing more on their premium spirits and champagne portfolio. It reflects a broader industry trend where major beverage companies streamline their operations to concentrate on high-margin products and markets. By selling its wine brands to AWL, Pernod Ricard can allocate more resources to enhance their core business sectors, potentially leading to stronger financial performance and growth in their targeted segments.

For AWL, the acquisition represents a substantial expansion of its global footprint in the wine industry. The inclusion of established and respected brands like Campo Viejo and Jacob's Creek will bolster AWL's portfolio, offering them a more diverse range of products and access to new markets. This strategic acquisition is expected to enhance AWL's competitive edge in the global wine market, allowing them to leverage the strong brand equity and customer loyalty associated with these wine brands.

The transition period will be crucial for both companies. Ensuring a smooth handover and maintaining the quality and heritage of the wine brands will be paramount. Pernod Ricard's commitment to maintaining current operations and employment policies during the transition will help preserve stability and continuity for employees, suppliers, and customers.

Industry analysts are closely watching this deal, which is poised to reshape the competitive landscape of the global wine market. Investors and stakeholders in both companies are keen to see how this strategic move will unfold and what it will mean for future market dynamics. The successful completion of this transaction could set a precedent for similar deals in the beverage industry, as companies continue to adapt to changing market conditions and consumer preferences.

Pernod Ricard's decision to sell its strategic wine brands to AWL is a bold step towards focusing on their premium spirits and champagne segments. This transaction is expected to bring mutual benefits to both parties, paving the way for new growth

opportunities and reinforcing their positions in the global beverage market. As the deal progresses towards its anticipated completion in the latter half of 2025, the industry will be watching closely to gauge its impact and the future trajectory of both Pernod Ricard and AWL.