

Jack Daniel's Maker Sells Southern Comfort, Tuaca Brands

By Chelsea Naso

Law360, New York (January 14, 2016, 12:07 PM ET) -- Brown-Forman Corp., the company behind Jack Daniel's Whiskey, said Thursday it will sell its Southern Comfort and Tuaca brands to family-owned spirits maker Sazerac as part of an ongoing push to refocus its portfolio.



Brown-Forman sold its Southern Comfort and Tuaca brands to Sazerac for a combined \$543.5 million. (Credit: AP)

Louisville, Kentucky-based Brown-Forman nabbed \$543.5 million for the two liquor brands, according to a statement. The company has marketed Southern Comfort since 1979 and fully acquired Tuaca in 2002.

The move highlights Brown-Forman's efforts to pare down its brands in order to focus its resources on its strategic priorities, the company said.

"Both brands played important roles in the Brown-Forman success story, and we will have fond memories of the enjoyment they brought to consumers, our partners, and to Brown-Forman," Brown-

Forman CEO Paul Varga said in a statement.

Founded more than 145 years ago, Brown-Forman still counts Jack Daniel's, Finlandia, Korbelt, el Jimador, Woodford Reserve, Canadian Mist, Herradura, New Mix, Sonoma-Cutrer, Early Times and Chambord among its portfolio.

Sazerac, a New Orleans-based wine and spirits company formed in 1869, lauded the transaction as an opportunity to add two iconic brands to its portfolio.

"We are very excited about the opportunity to acquire such iconic brands. Brown-Forman has done an excellent job of building both brands over the years and we are looking forward to many more years of successful brand building," Sazerac President and CEO Mark Brown said in a statement.

Southern Comfort and Tuaca will be joining a broad portfolio that features brandy, bourbon, vodka, gin, rum and tequila, among others. Sazerac also owns several distilleries in the U.S., including Buffalo Trace Distillery, A. Smith Bowman and Glenmore Distillery.

The transaction, which is subject to regulatory approval, is expected to close by March 1, the companies said.

The deal comes after a red-hot year in M&A for the food and beverage industry, including one of 2015's largest deals: the more than \$100 billion combination of Anheuser-Busch AB InBev, the world's largest brewer, and No. 2 rival SABMiller Plc.

With 2015's second largest deal falling into the food and beverage industry, deal value for the year soared to \$289.59 billion, making the industry the seventh most active by value after not even cracking into the top ten in 2014, according to data tracked by Dealogic.

Brown-Forman is being advised by a Gibson Dunn & Crutcher LLP team led by partner David Wilf and including associates Sheera Gross and Hilary Adams; intellectual property partner Daniel Angel; and tax partner Jeff Trinklein and associate Kathryn Kelly. Brown-Forman in-house senior attorney Mike Carr also advised on the deal. Goldman Sachs & Co. is acting as financial adviser.

Sazerac is being advised by Cooley LLP. Wells Fargo Securities is acting as financial adviser.

--Editing by Rebecca Flanagan.