

Constellation Brands secures final price of US\$810m for E&J Gallo offload

Rhodri Morgan | 6 January 2021

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Constellation Brands has confirmed a price of US\$810m as it completes a sale of lower-value wine and spirits assets to **E&J Gallo Winery**.



E&J Gallo Winery

The deal between Constellation Brands and E&J Gallo was first announced in April 2019

The final price is some way below the original US\$1.7bn tag attached to the deal when it was **first announced almost two years ago**. Since then, Constellation Brands **has removed brands including Mission Bell Winery and Cook's California Champagne** from the deal because of competition concerns.

Yesterday's announced price is also \$220m less than the **expected amount released late last month**. Constellation said the new transaction price reflects changes in inventory built into the deal.

The deal gives E&J **Gallo** brands predominantly priced at \$11 and below per bottle and some production facilities in the states of California, New York and Washington. A separate agreement with Gallo to offload Nobile Wine in New Zealand also closed yesterday for \$130m. Constellation's offload of its US grape juice concentrate business to Californian grape processor Vie-Del Co has also completed

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Sazerac Co's purchase of Constellation's Paul Masson Grande Amber Brandy, **announced six months ago**, should be finalised this month, Constellation said.

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"The closing of these deals positions our wine and spirits business for accelerated revenue growth and operating margin performance going forward," said Constellation Brands CEO Bill Newlands. "We continue to see the staying power of consumer-driven premiumisation trends, and these moves align with our vision of building a winning portfolio of bold and distinctive higher-end brands."

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