

Distell tops up with Cruz vodka

Distell has topped up its booze portfolio with a dash of vodka through the purchase of a 75% shareholding in a company that owns the global rights to Cruz Vodka.



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Distell did not disclose details of the price tag but industry sources suggest the company paid about R200m for Cruz, which according to Distell is the "fastest-growing luxury imported vodka in SA".

Blue Sky Brand Company would hold the remaining 25% and will be integrally involved in the future of the Cruz Vodka brand, Distell said.

Distell shareholder Chris Logan welcomed the acquisition, which he said would benefit from the group's excellent route to market capability in SA.

In a Stock Exchange News Service announcement released on Monday, Distell said the premium-vodka category was one of the fastest-growing spirits categories in SA and that it was expected to continue growing strongly.

Distell's product portfolio includes Savanna and Hunter's, two of the largest selling cider brands in the country; wine including Fleur du Cap and Two Oceans; whisky, brandy and Amarula liqueur. Ahead of the Cruz Vodka acquisition the only white spirit in Distell's portfolio was Gordon's Gin.

The agreement to produce, market and distribute Gordon's Gin has been in place since 1975 and was the subject of a high court battle with Diageo back in 2003.

The terms of the agreement with Diageo have been used, by Remgro, to justify not removing Capevin from the Distell control structure. Remgro claims any change to the control structure would enable Diageo to cancel the agreement and take back the production and sales rights to Gordon's Gin.

While shareholders have welcomed the deal it may not be enough to stir up excitement in the share price. The share price is back to a 12-month low of R134.50 after reaching a high of almost R173 in September 2016 in anticipation of a deal that would see Remgro purchase Anheuser-Busch InBev's (AB InBev's) 26% interest.

Shareholders had hoped that with an undisputed controlling stake Remgro would push Distell to develop its international operations. Those hopes were dashed in December when the Public Investment Corporation emerged as the owner of the AB InBev stake.

Source: Business Day

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