

A global approach to portfolio refinement

Partnering with Diageo to deliver strategic portfolio optimisation across continents

Diageo, headquartered in London, is the world's largest spirits company, with an iconic portfolio of brands. As part of its strategy to optimise its global portfolio, Diageo embarked on a series of projects to dispose of non-core brands and pivot to an asset-light beer operating model in local markets. As longstanding advisers, our teams have been instrumental in navigating the complexities of this strategy. Our multidisciplinary expertise in corporate transactions, commercial supply chains and intellectual property has enabled us to deliver seamless support across a range of high-profile deals, all contributing to Diageo's wider commercial objectives.



WHAT HAPPENED

We worked alongside Diageo to deliver a series of complex transactions that would help reshape its global portfolio. This involved navigating brand disposals and strategic repositioning in certain markets, each requiring a unique and carefully considered approach.

A key element of the strategy was Diageo's decision to revise its brewing operations in Africa and move to an asset-light model in local markets. We helped to deliver this outcome in Ethiopia and the Seychelles as well as providing strategic support in Ghana and Nigeria. Each of these exits involved the sale of businesses and corporate assets, while retaining the Guinness brand and continuing supply in those markets through long-term licence and royalty arrangements with the local buyer. With all brands and buyers based outside of the UK, deals like these require careful navigation of cross-border complexities and we collaborate closely with teams overseas, ensuring smooth transitions and compliance with both local and international regulations, as well as anticipating and taking account of local market and stakeholder expectations.

We also supported Diageo on the recent separate disposals of four non-core brands: Cacique rum, Pampero rum, Safari liqueur and Sheridan's liqueur. Over several months, our sector specialists worked closely with Diageo's legal, supply, operational, tax, and in-market teams. Together, we developed a detailed understanding of every stage in each brand's value chain globally to build

up a granular picture. This comprehensive approach covered everything from the supply of raw materials, through manufacturing and logistics, to distribution across multiple markets. This allowed our team to create and deliver bespoke deal perimeters and complex transition plans, giving buyers confidence in the processes, reducing execution risk and maximising deal value.

By anticipating and addressing the intricacies of each transaction with precision and pragmatic commercial insight, we have helped Diageo execute its strategy effectively, helping to position the global business for future growth.

THE OUTCOME

Our collaborative partnership with Diageo has enabled the business to reshape its portfolio and align its African brewing operations with strategic objectives. Our integrated approach means that, although we are an external adviser, we work alongside all of Diageo's internal teams, including legal, operations, supply, tax, and others.

By leveraging our sector knowledge and a thorough understanding of Diageo's strategic priorities and operational model, we adopt an in-house mindset, aligning ourselves with their goals and culture. It continues to build on our 30-year relationship, working with their business on

multiple legal challenges in multiple markets around the world.

This collaboration underscores our ability to deliver innovative, commercially focused solutions for complex, multinational transactions and our standing as a market-leading FMCG advisor. We are proud to support Diageo as it continues to evolve and strengthen its position as a global leader in the alcoholic beverages industry.

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As Diageo continues to evolve its global portfolio, we are proud to have played a central role in delivering complex, cross-border transactions that support its strategic ambitions. Our collaborative approach, working seamlessly with Diageo's teams across legal, operational, and commercial functions, enabled us to navigate these intricate carve-outs and disposals, including the challenge of separating brands that are integrated on their global platform. This trusted partnership reflects our commitment to providing innovative, commercially focused solutions for our clients' most significant challenges.

James Tatro, Partner, Addleshaw Goddard

8 TRANSACTION PROCESSES

COMPLETED OVER TWO YEARS

30-YEAR RELATIONSHIP AS TRUSTED LEGAL ADVISERS