

Fila Takes Swing At Golf With Offer To Buy Titleist

Bruce Schreiner, Associated Press

The company behind Fila shoes and clothing is taking a swing at golf, forming a foursome to purchase the maker of Titleist golf balls and FootJoy shoes from liquor company Fortune Brands Inc.

Korean investors led by athletic company Fila Korea Ltd. and Mirae Asset Private Equity plan to buy Fortune's golf giant Acushnet Co. for \$1.2 billion. The purchasing group also includes the National Pension Service of Korea and Korea Development Bank.

Titleist is the top-selling golf ball and a leader in golf clubs, while the unit's FootJoy brand is the leader in golf shoes and also makes golf gloves and jackets, Fortune said.

The legions of golfers who tee up with Titleist balls and clubs won't notice any difference, Fila Korea spokeswoman Lauren Mallon said.

"We're going to stay consistent," she said in a phone interview.

Meanwhile, the deal is a major step in Fortune's plan to transform itself into a standalone liquor company. The company plans to separate its Beam liquor business and its home and security businesses into two companies later this year.

The buyers will keep Acushnet's headquarters in Fairhaven, Mass., and will retain the management team led by CEO Wally Uihlein.

Acushnet's revenue exceeded \$1.2 billion in 2010, with nearly half of that coming outside the U.S., Fortune said. Operating income before charges was \$80 million last year. Acushnet has about 5,000 employees.

"This just underscores the next chapter in the company," Uihlein said. "... We're a global company now. We already knew it, but now we're officially global. The last thing you want to be is U.S.-centric."

Uihlein's son, Peter, is the top-ranked golf amateur in the world. He won the U.S. Amateur last summer at Chambers Bay and earlier this week won the Ben Hogan Award as the nation's top college player. He is playing the U.S. Open and British Open this year before returning to Oklahoma State for his senior season.

Fila Korea acquired the global Fila shoe and clothing brand in 2007. Fila Korea already has a foothold in golf, with a golf clothing and footwear line in Korea. But the acquisition of Acushnet makes the buyers a major player in the golf business.

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"It really gives Fila Korea another entrée to build a business in emerging markets with great growth potential," Mallon said.

Fila executives predicted strong growth opportunities in Asia for the golf brands.

Gene Yoon, chairman and CEO of Fila Korea, said the acquisition will add "a stable of premiere world-class brands."

"With our extensive knowledge and reach in Asia, we believe that the Acushnet brands have incredible new opportunity for growth in the emerging markets in Asia," he said.

Fortune, which acquired Acushnet in 1976, expects to reap \$1.1 billion after taxes and expenses when the deal to sell the unit closes this summer.

The company, based in Deerfield, Ill., announced late last year that it was splitting into three companies, keeping its liquor business led by Jim Beam bourbon, while shedding units that make Titleist golf balls, Moen faucets and Master Locks.

Fortune is the world's fourth-largest premium spirits business with brands that also include Canadian Club, Maker's Mark bourbon and Sauza tequila. The spirits business from its Beam Global Spirits & Wine subsidiary generated 2010 revenue of \$2.7 billion in 2010.

"The proceeds from this sale will strengthen Fortune Brands' balance sheet and support strong capital structures for both Beam and Fortune Brands Home & Security as they look to the prospect of competing as independent companies later this year," Carbonari said.

Fortune said earlier this month that it had submitted filings with federal regulators as part of its proposed spinoff of its home and security business, which also includes MasterBrand cabinets.

Fortune Brands' shares were down 57 cents at \$64.32 in early afternoon trading Friday.

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Schreiner reported from Louisville, Ky. AP Golf Writer Doug Ferguson and AP Business Writer Tom Krisher contributed to this report.

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