



Acquisition of Carolans, Frangelico and Irish Mist

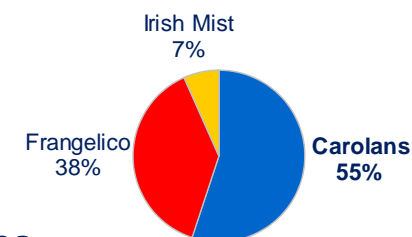
16 September 2010



Gruppo Campari acquires Carolans, Frangelico and Irish Mist



Net sales by brand *



(*) FY 2010A ending Feb 2010

- **High quality and profitable business with upside potential:**
 - **Carolans:** world's second best selling Irish cream liqueur
 - **Frangelico:** leading specialty premium hazelnut liqueur
 - **Irish Mist:** leading Irish whiskey based liqueur
- **Further strengthening of premium brands portfolio: ca. 1,000,000 9 liter cases and net sales of €50 million on annual basis**
- **Financially attractive acquisition:** multiple of 7.5x pro-forma EBITDA 2009 and **accretive** in year 1
- **Low risk and easy integration:** we already account for 60% of portfolio volume (distributors for Carolans and Irish Mist in US and other key international markets) and we are the global production source for Frangelico
- **Strengthens critical mass in highly profitable US market and increases Group's exposure to a number of int'l markets: Australia, Russia, Canada, Spain and the UK**

Perfect fit in our acquisition framework in terms of type of brands as well as critical mass



GRUPPO
CAMPARI

Carolans, Frangelico and Irish Mist acquisition- 2

CAROLANS.

IRISH CREAM



CAROLANS.
IRISH CREAM

- Strong number 2 Irish cream liqueur brand in the world selling more than 600,000 cases (9 liter cases)
- Growing mid single digit over the last ten years
- International brand sold in more than 60 countries
- The biggest market is USA, ca. 60% of its total sales, growing mid single digit
- High quality: Double Gold medal at the San Francisco World Spirits Competition
- Growth potential in some attractive markets for the group
- Growing faster than category
- Opportunities for product innovation
- Increasing Consumer diversification (women target)





- Frangelico is a premium Italian hazelnut liqueur
- Highly profitable specialty brand
- International brand sold in more than 90 countries
- The biggest market is **USA** (ca. 50% of its total sales), followed by **Spain** and **Australia**
- High quality: gold medals in 2009 at the International Wine & Spirit Competition
- Distinctive packaging
- Strong on-premise presence
- Always been produced by one of Campari's Italy-based plant (Canale, which came with the Aperol acquisition)



IRISH MIST.



IRISH MIST.

- **Irish Mist** is a **liqueur** made from a blend of **Irish whiskey**, honey and natural aromatic spices
- **International brand** sold in **more than 40 countries**
- Exploit the strong momentum of the Irish whiskey category
- The biggest market is **USA**, followed by **Ireland** and **Canada**
- **High quality: Double Gold medal award at the San Francisco World Spirits Championship in 2008**
- **Great trademark**
- **New product development opportunities**



Acquisition overview



Acquired business

- Carolans, Frangelico and Irish Mist trademarks
- Inventory including finished goods
- Very limited headcounts

Price & Financials

- The enterprise value of the acquired business is € 128.2 million (purchase price of € 129.0 million, cash position of € 0.8 million)
- Implied acquisition multiple: 7.5x pro-forma EBITDA 2009*
- Fully self-financed (reducing excess cash)

Timetable

- Expected closing on October 1, 2010 no antitrust approvals required

Product supply agreement


- A product supply agreement with the seller for bottling of Carolans and Irish Mist is currently being negotiated between the parties

(*) Pro-forma EBITDA 2009: (inclusive of the distribution margins of the Frangelico brand in US (excluded by William Grant and Sons previous deal) as well as US distribution margins on Carolans and Irish Mist)



Impact on net debt



- > **Pro-forma Net debt / EBITDA* ratio at 2.5x**  **well below covenants**
- > **Business acquired: strong cash generator**

(*) Group 12 months rolling EBITDA including acquisition full year effect.





Conclusion



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Conclusion



- With **Carolans, Frangelico and Irish Mist** the Group strengthens its position as a **fast growing company** in the **US** and other **key international premium spirits markets**
- Enters **new, attractive** and **growing spirits categories**
- **Financially-attractive** and **low-risk transaction**
- **Perfect fit with the guiding principles of our acquisition framework (type of brand, enhancing critical mass and price valuation)**
- **Upside potential driven by new product development and organic growth**
- **Still room for further M&A activities**





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