



Acquisition of Courvoisier

Cognac to become Campari Group's fourth largest leg, enabling deeper expansion into the US and Asia Pacific region

Investor presentation

14 December 2023

Acquisition rationale

- > Unique opportunity to enter the cognac category with top four historical house boasting world renowned brand credentials
- > To re-establish Courvoisier as a global icon of luxury, priming cognac to become Campari Group's fourth largest leg along with aperitifs, bourbon and tequila
- > Largest deal in Campari Group's history, enabling further portfolio premiumisation and a significant step up in the US presence with long-term transformational potential in strategic Asia





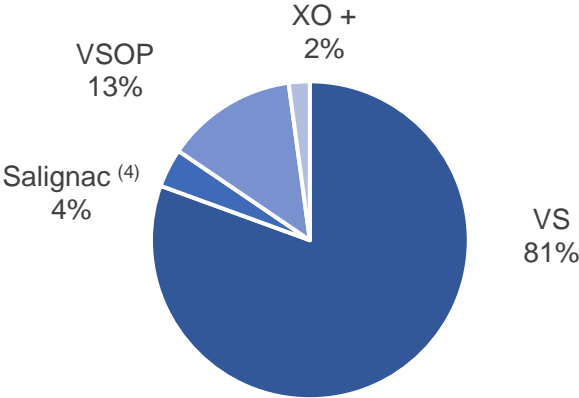
Maison Courvoisier overview

- > Maison Courvoisier was founded in 1828, by Felix Courvoisier in Jarnac, the Charente region of France. **Courvoisier** is the youngest and most awarded of the ‘**big four**’ historical cognac houses
- > **Courvoisier’s signature styles** reveal the intricate nuances of the **cognac craft** which have led the **House to become the Most Awarded Cognac House based on 20 top spirits competitions since 2019** and the **only cognac house** to ever win the coveted ‘**Prestige de la France**’ title
- > With its core collection of **VS, VSOP** and **XO** which are further reinforced by a **premium range of limited editions**, **Courvoisier has built solid brand credentials** across a **multitude of versatile liquid** styles
- > Strong versatility of the VSOP liquid, designed back in the 1950s especially for cocktails, has made in-roads into the mixology scene
- > The **Courvoisier Château** serves today as the **main headquarters of the brand in Jarnac**, but it also hosts a **museum, a visitor centre** as well as **maturing cellars**. The Maison tour will bring you to the **heart of its history**, from **Paris to Jarnac** and describe the **special features of Courvoisier cognacs**, complemented by the discovery of an **ageing cellar** and **tastings**

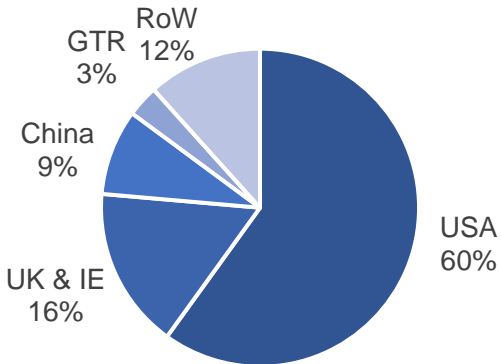
Courvoisier key facts (1)

- > In FY2022 net sales of USD249 million, with Contribution After A&P (CAAP) of USD78 million (2)
- > In 2023 to 31 Oct 2023 net sales of USD148 million, with a decline of 33% vs 2022 (3), and CAAP of USD37 million (2)
 - performance impacted by recent market driven trends such as normalizing consumption in the US after peak post-covid sales and destocking at wholesaler level, in-line with the wider cognac industry
- > Sold in 160 markets, with US accounting for c.60% of net sales, followed by UK, China and GTR
Geographic mix reflecting current VS and VSOP skew
- > Volume of 1.2 million 9L cases in 2022
- > The acquired business includes an enviable inventory of maturing liquid, with a book value of USD365 million as of 31 October 2023, consisting of well-balanced age profiles and superb mix of eaux-de-vie quality to support future brand development

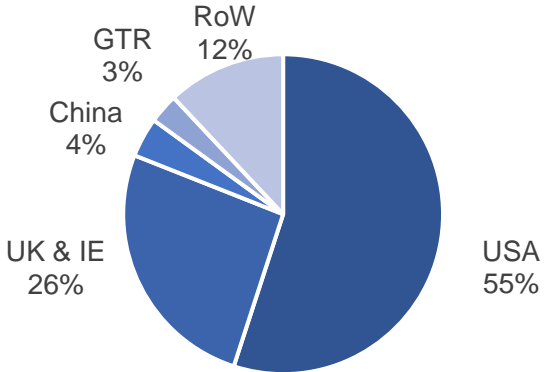
Courvoisier liquid quality by volume (2022)



Courvoisier net sales market split (2022)



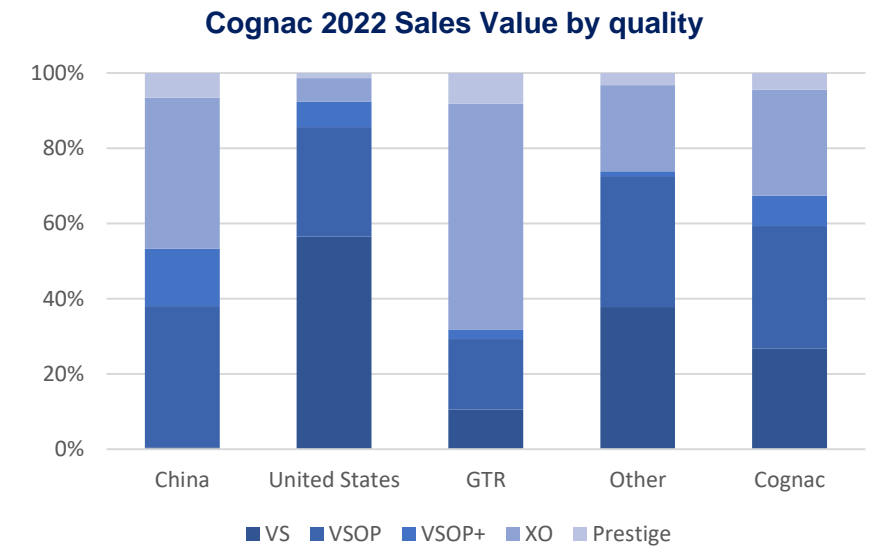
Courvoisier Volume market split (2022)



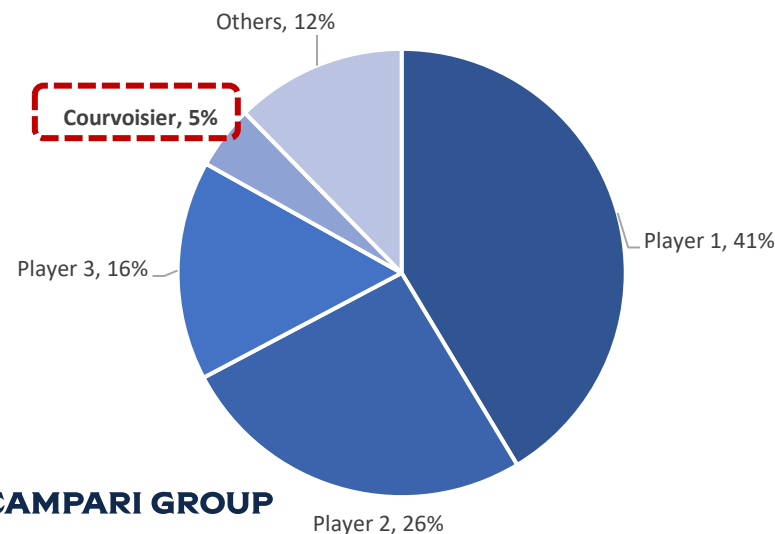
(1) All data and financials according to Seller's view
 (2) According to IFRS
 (3) Vs. 31 October 2022
 (4) VS cognac brand sold in the US, included in transaction perimeter

Unique opportunity for Campari Group to enter the top league of super premium cognac category

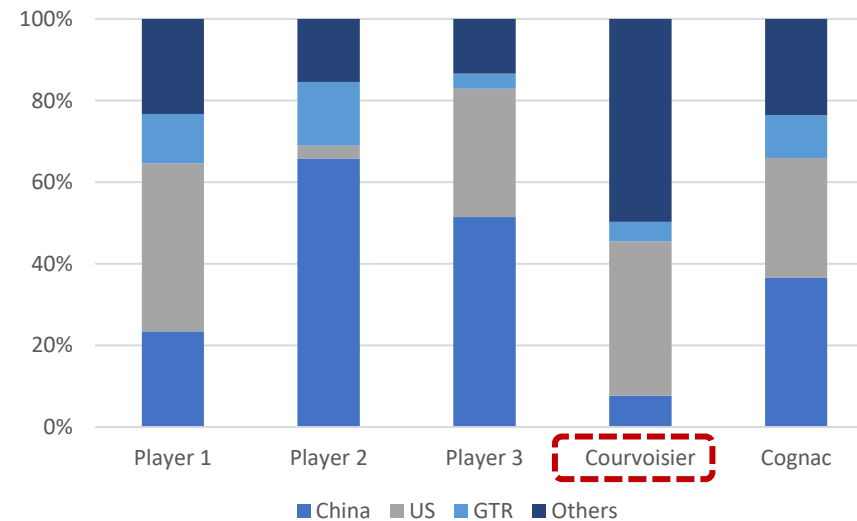
- > Top four cognac suppliers account for 90% of worldwide sales and have **differing skews into markets and liquid variants, with Courvoisier currently skewing strongly to the US with its VS offering**
 - **China dominates in value terms** via premium variants **VSOP+, XO and Prestige**, while conversely, in the second largest market, **the US**, is **dominated by entry-level VS plus VSOP**, while **VSOP+ and XO high-end offerings are growing off a small base** in-line with premiumisation trends
 - Third largest market **Global Travel Retail** is **dominated by XO**, while **Prestige and VSOP+** are increasingly popular
- > Despite recent **negative trends driven by destocking** following strong pandemic-induced **growth**, also **amplified by inflationary circumstances**, **structural premiumisation trends** in the industry's most relevant markets such as the **US, China and GTR** will continue to drive the **long-term prospects of the category**, supported by its **scarcity value** and **superior liquid quality**



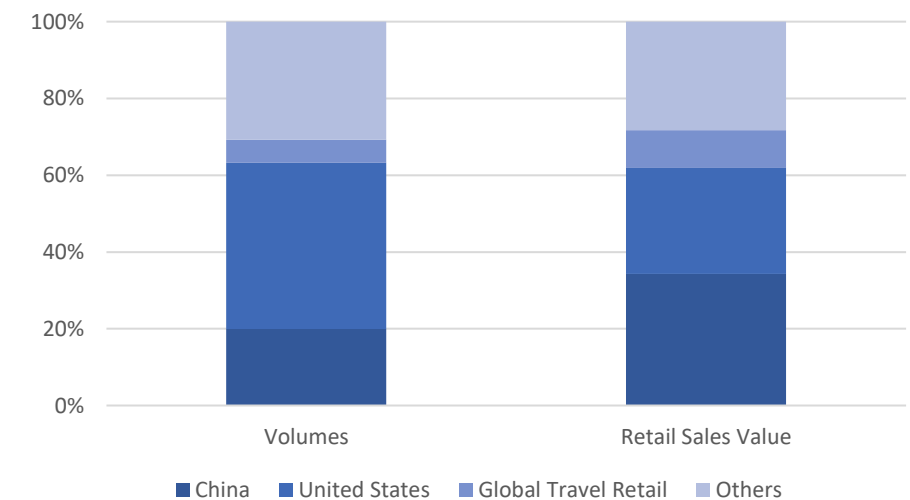
Cognac sales value by supplier FY 2022



Supplier cognac sales value by country (2022)



Cognac volume by main markets (2022)



The addition of Courvoisier is a strong fit to Campari Group's RARE division, with strong premiumisation opportunities

\$2,000+



L'Essence de Courvoisier

\$200-\$650



Extra & XO Royal

\$70-\$180



XO

\$35 - \$70

Mixology / easy mixes



VS & VSOP

CAMPARI GROUP

World renowned brand, poised to be re-established as global icon of luxury under Campari Group's proven leadership, focus and brand development capabilities

- > A strong history of proven strategic premium development capabilities including premium packaging and bottle upgrades, age-statement focus with premium pricing tiers, liquid quality focus, consistent and targeted brand messaging on superior liquid and quality, focus on core mother-brand while cutting flavour or value extensions

Increase in business size since acquisition ⁽¹⁾

- c. 47 times updated disruptor-style branding alongside premiumization ladder
- c. 20 times after total brand overhaul and strategic internationalisation, becoming a world renown brand
- c. 3 times thanks to portfolio premiumisation and consistent brand messaging on craft credentials and liquid quality
- c. 1.3 times after complete brand renovation refocus onto high-end expressions, and on core brand via cessation of mainstream flavour variants
- c. 2.2 times thanks to total brand overhaul with aged statement focused premiumisation
- c. 1.4 times following a strategic refocus on long-aged expressions away from value offerings and a complete overhaul of the maturing inventory

Premiumisation journey



⁽¹⁾ Acquisition year: Grand Marnier 2016, Wild Turkey 2009, Appleton Estate 2012, Espolon 2008, GlenGrant 2006, Aperol 2003. Net Sales increase in size

True diversification across the Group's spirits category exposure

- > The addition of **Courvoisier** will further enrich the Group's portfolio, with a healthy exposure to multiple premiumising categories
- > Strong exposure to **aperitifs, bourbon** and **tequila & mezcal** with **cognac** to become the fourth leg

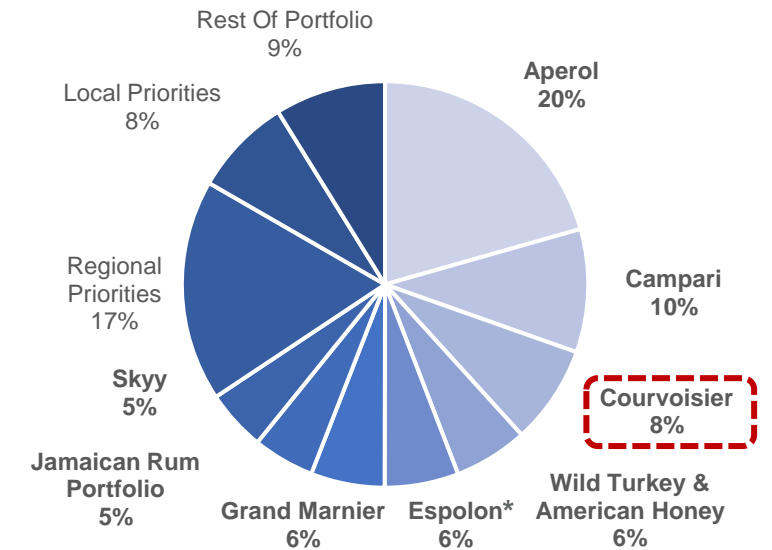
2022 Campari Group Proforma Net Sales by core category with Courvoisier FY 2022



Courvoisier to enter the Global Priority Brands, boosting the US and China

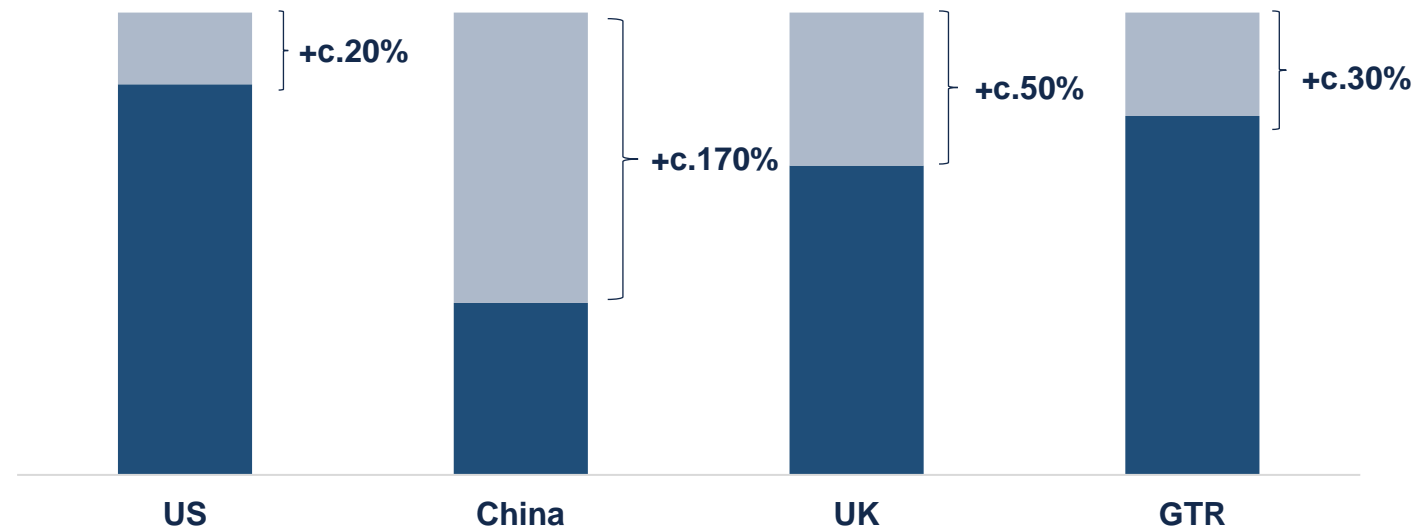
- > **Premium cognac range to further strengthen Campari Group's portfolio:**
 - set to join the **global brand priorities cluster** with enhanced focus; reaching its full potential under **Campari Group's proven leadership, dedication and brand development capabilities**
 - **strengthening our premium portfolio**, particularly in aged brown spirits, as well as supporting future long-term **premiumisation ambitions in key strategic markets**
- > **Courvoisier to boost overall Campari Group's net sales by c.+9% with significant step-up in Campari Group's strategic segments and channels; Courvoisier set to become the third largest brand in the US:**

2022 Campari Group Pro-forma Net Sales by brand & category incl. Courvoisier



* Global priority brand from 2024

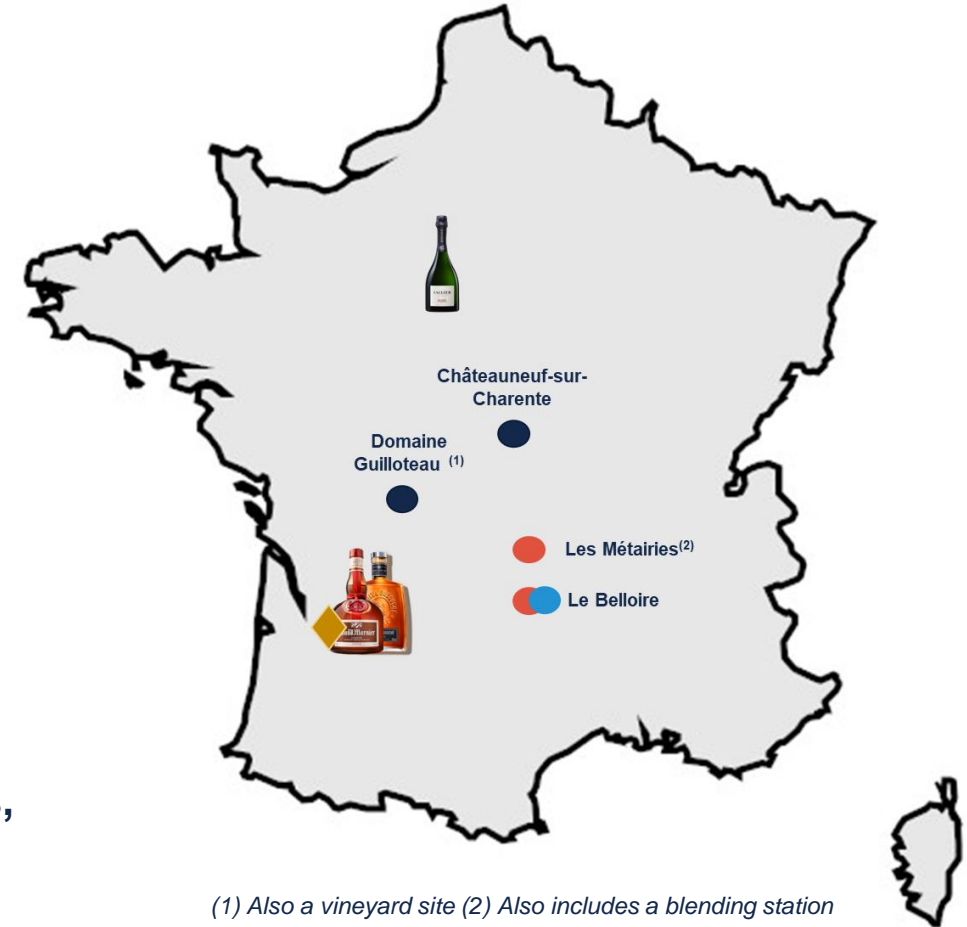
Strategic markets % increase in net sales: Campari FY22 & Target FY22





Strong fit to operational capabilities in France, a core platform for the Group's Supply Chain

- > **Strong fit with the Group's French icons** operations including Grand Marnier, Champagne Lallier and Bisquit&Dubouché: **increased distilling infrastructure, bottling and warehousing capacity in France**, supporting the Group's other local operations, coupled with deep relationships with winegrowers and suppliers in the cognac region
- > **Courvoisier has state-of-the-art facilities across five sites**
 - **Courvoisier's main warehouse facility** is in **La Belloire**, just outside of Jarnac, and **boasts nine maturing warehouses, five bottling lines** and is **fully automated**
 - **Domaine Guilloteau** with its **30 hectors of vineyard**
 - Other sites include **distillery in Châteauneuf-sur-Charente**, **blending stations, maturing warehouses** and of course, the Headquarters in Jarnac with '**Le Chateau**' and **visitor centre**



(1) Also a vineyard site (2) Also includes a blending station

Courvoisier Facilities

- ◆ Visitor Centre & Château (Jarnac)
- Distilling
- Warehousing
- Bottling

Acquisition structure and metrics

- > Campari Group has entered into **exclusive negotiations with Beam Suntory** and granted thereto in such context a put option, with a view to **acquire 100% of the outstanding share capital** of Beam Holding France S.A.S., which holds 100% of the share capital of **Courvoisier S.A.S., owner of Courvoisier**
- > **Enterprise value of USD1.32 billion** (€1.22 billion at today's exchange rate) on a cash free/debt free basis
 - **Fixed purchase price of USD1.20 billion** (€1.11 billion), subject to the customary price adjustment mechanisms and **earn-out for maximum amount of USD0.12 billion** (€0.11 billion) payable in 2029 based on the achievement of net sales targets realized in FY 2028
 - the corresponding **Enterprise Value of USD1.32 billion** (€1.22 billion at today's exchange rate) is equivalent to a **multiple of c. 17 times the CAAP in 2022**
- > **Perimeter includes**
 - **Trademarks and comprehensive production facilities** consisting of distillation, warehouses, vineyards, blending facilities, ageing cellars, an automated bottling plant and the brand headquarters with '**Le Château**' and **visitor centre**
 - **Maturing inventory of USD365 million** as of 31 October 2023 with well-balanced age profiles to support future brand development
 - The perimeter also includes Salignac, a small VS cognac brand sold in the US





Acquisition funding

- > The **signing of the transaction** is subject to the information and consultation of the French employees' representatives and the closing of the transaction will be subject to the completion of the appropriate regulatory processes and customary antitrust approvals
- > Transaction expected to close in 2024
- > The funding of the acquisition is **fully committed via a bridge loan of EUR1.2 billion, with a tenor of up to 24 months from closing date**, by a **consortium of banks composed** by Banca Intesa, Bank of America, Credit Agricole, Goldman Sachs and Mediobanca
- > Campari Group intends to fund the transaction with a **mix of debt, cash and equity or equity-like instruments**, with timing and amounts yet to be determined. Campari will continue to monitor the market conditions in order to assess the best financing alternative
- > As a result of this contemplated acquisition, and assuming a fully-debt funded transaction, **Campari Group's pro-forma Net debt/EBITDA-adjusted** would be expected to **increase from 2.6 times** as of 30 September 2023 to c. 4 times upon the deal closing. A sustained deleveraging is expected thereafter, fuelled by positive cash flow generation.



Conclusion

- > **Unique opportunity for Campari Group to enter the top league of super premium cognac category with a world renowned brand**
- > **Courvoisier will benefit from Campari Group's proven leadership, focus and brand development capabilities, leveraging the Group's enhanced operational and business infrastructure**
- > **Campari Group is poised to leverage heavy expertise in cognac at the Board and Executive team level to re-establish Courvoisier's credentials as a global icon of luxury**
- > **Largest deal in Campari Group's history, enabling further portfolio premiumisation and a significant step up in the US presence with long-term transformational potential in strategic Asia**

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COURVOISIER
Le Cognac de Napoléon

CONTACTS

investor.relations@campari.com

camparigroup.com