



## Portfolio mix poised for future growth

Bob Kunze-Concewitz, CEO

Deutsche Bank 13<sup>th</sup> Annual Global Consumer Conference  
Paris, 14 June 2016



# Agenda

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- **What did we say and what have we delivered**
- **What are our priorities going forward**
- **Key market trends and how is our portfolio positioned**
- **Q&A**

# What did we say last year?

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## Key objectives

- 1 **Improve mix by accelerating growth in Global Priority Brands** (Campari, Aperol, SKYY, Wild Turkey and Jamaican rum)
- 2 **Leverage across the globe proven successful growth models and brand building tools** across the portfolio and **improve efficiencies on marketing investments**
- 3 Continue to **exploit enhanced distribution capabilities by performing and expanding critical mass in new route-to-market startups** and **optimize resource allocation in established markets**

Note:Deutsche Bank 12<sup>th</sup> Annual Global Consumer Conference, Paris, 10 June 2015

# What have we achieved so far?



## Existing Business

### ✓ 2015 full year results - key achievements:

- Net sales organic growth of +3.0%, EBIT <sup>(1)</sup> organic growth of +6.1%, delivering +60 bps margin expansion
- Achieved continuous improvement of sales mix by brand and market: thanks to outperformance of Global priorities (+8.2% organic sales growth)

## Perimeter

### ✓ Favourable perimeter mix:

- Acquisition of Grand Marnier premium business (on-going)
- Disposals of low-margin non-core assets
- Reduced weight of agency brands (US, Italy)

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<sup>(1)</sup> EBIT pre one-off's

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# Strategic pillars going forward



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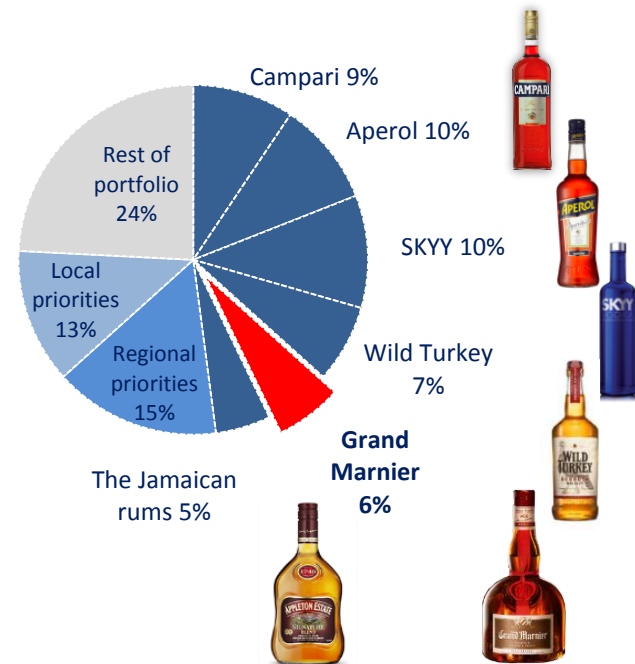
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# Grand Marnier to reshape Group's global priorities portfolio

> Grand Marnier to join Group's GPBs

- > **A perfect strategic fit** in terms of **geography, premium positioning and scale**
- > It enables the Group to:
  - further **capitalize on the revival of classic cocktails** and the **growing interest in specialties and liqueurs, particularly in the US**
  - **enhance the Group's exposure to the premium on-trade channel as well as Global Travel Retail**
- > **A high-margin brand and cash generative business**

**Gruppo Campari**  
2015 pro-forma net sales by brands <sup>(1)</sup>



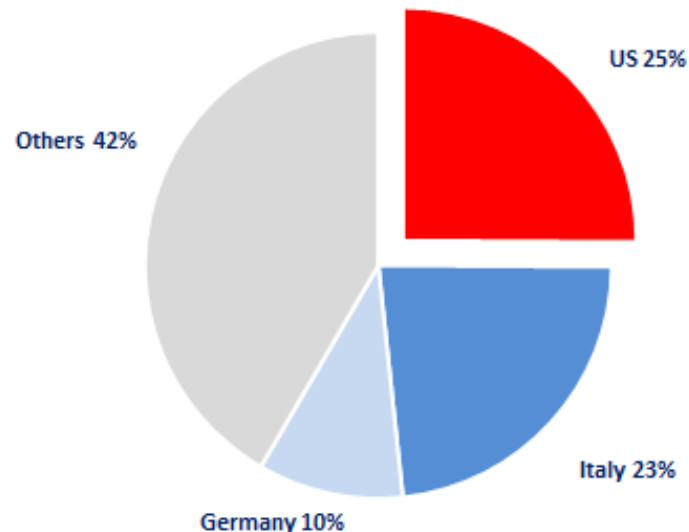
<sup>(1)</sup> Estimated pro-forma sales breakdown

## Grand Marnier to reshape Group's geographic mix

### > Shifting the geographical and portfolio mix

- > Grand Marnier to become a key priority in the Group's core markets, particularly in North America
- > With c. 60% of Grand Marnier sales coming from the US:
  - US poised to become the Group's largest market
  - Grand Marnier to become the second largest brand in North America

Gruppo Campari  
2015 pro-forma net sales by  
market <sup>(1)</sup>



<sup>(1)</sup> Estimated pro-forma sales breakdown



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# Portfolio positioning across key industry trends and categories

	Aperitifs	Bitters & Specialities	Whisk(e)y	Vodka	Tequila	Rum	Gin
Premiumisation							
Return of classic cocktails - Mixology							
Brown Spirits							
Pre-dinner & after dinner							
Rise of Craft							
Innovation & flavours							

GRUPPO

## Premiumisation - a key driver of the industry growth

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- The spirit industry experienced a **significant trading-up across the majority of categories** over the years
- Growth in demand for premium products characterized by their **authenticity, provenance and craftsmanship**
- **Increasing importance of on-premise channel**
- **Millennials**: interest in discovery

# Wild Turkey continues its premiumisation journey

## FY2015 sales organic growth: +8.8%

BRAND EXTENSIONS

### PREMIUMISATION



#### MASTER'S KEEP

17-year-old bourbon the distillery's oldest bourbon in the US and Australian markets



#### RUSSEL'S RESERVE® 1998

Exquisite small batch bourbon, honouring one of the most endearing father and son distilling teams in the spirits industry, Jimmy Russell and his son Eddy



#### RUSSEL'S RESERVE® SINGLE BARREL RYE

First single barrel rye with a 104 proof, barrel-aged Russell's Reserve. Legendary Master Distiller Jimmy Russell is responding to increasing demand for Rye Whiskey not seen since prior to Prohibition



#### RUSSEL'S RESERVE® SINGLE BARREL RYE

New packaging

#### RUSSEL'S RESERVE® 10Years & 6Years RYE

New packaging putting 95-year family legacy in the spotlight - Small Batch Line of Bourbon and Rye Debuts New Look



#### WILD TURKEY

New packaging of Wild Turkey in Japan



#### WILD TURKEY KENTUCKY STRAIGHT BOURBON WHISKEY, 86.8 PROOF

New packaging in Australia and South Africa



#### MILITARY LIMITED EDITION



New Limited Edition supporting Veteran Artist Program. Military label designed by veteran Shawn Ganther

#### WILD TURKEY



Wild Turkey Bold new brand packaging for the key global family of products better reflecting the core values of the historic brand and Eddie Russell's recent promotion to Master Distiller. Available in US, Australia and South Africa

INNOVATION

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# Appleton Estate spans a rich premium and ultra premium range

FY2015 sales organic growth: +12.9%



# GlenGrant - new premium aged range and image upgrades

FY2015 sales organic growth: +4.8%



- GlenGrant 5 YO and The Majors Reserve re-packaged with a premium and modern design leveraging the historic Grant family monogram
- There new variants released: **GlenGrant 12 YO**, **GlenGrant 12 YO Non-chill filtered** and **Glen Grant 18 YO**

# Aperol well poised to enjoy the growing pre-dinner moments

FY2015 sales organic growth: +11.8%

- Growing consumption occasions of aperitifs
- Aperol is well positioned to spread its joyful orange colour all over the world

## CONTINUING FOCUS IN CORE MARKETS

### ITALY



### SWITZERLAND



## FURTHER LEVERAGE THE POSITIVE TREND IN HIGH POTENTIAL MARKETS

### UK



### FRANCE



### SPAIN

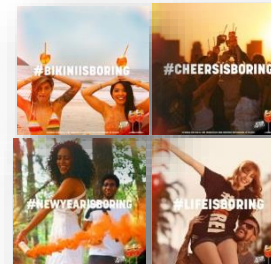


## BUILD THE MOMENTUM IN SEEDING MARKETS

### Australia



### Brazil



### Argentina



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# Return of classic cocktails

- **Classic cocktails** have become extremely trendy, particularly in the **US and Western Europe**
- Innovative and experimental cocktails are also arising as a result of **broadening consumer tastes**, a fascination with niche and unique products
- Bartenders looking to give customers **more of an experience**

## Top 2015 cocktail in premium mixologist bars

1. Old Fashioned
2. Negroni
3. Sazerac
4. Manhattan
5. Dry Martini
6. Daiquiri
7. Margarita
8. Mojito
9. Mai Tai
10. Whisky Sour

Source: Drinks International



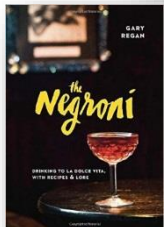
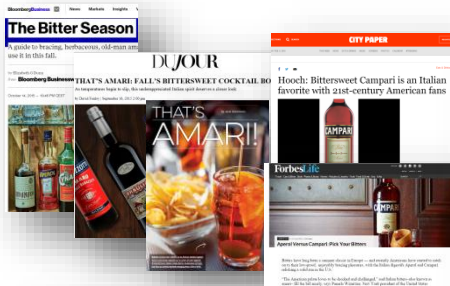


# Campari - consumers rediscovering the legendary Negroni drink

FY2015 sales organic growth: +6.1%

- Thanks to the return of interest to classic cocktails and our continuous brand activation, **Negroni is today the second best selling drink in premium mixologist bars**
- **Continue to sustain consumer interest via effective marketing tools**

## LEVERAGING ON 'BITTER BUZZ' AND 'NEGRONI' TREND



**'The Negroni: Drinking to La Dolce Vita, With Recipes & Lore'** book by bartender legend Gary Regan



**Campari 2016 Calendar 'The Bittersweet Campaign'** Featuring Kate Hudson 'Inaugural Ball' Event in NYC on 18 November 2015



**'Negroni week' goes international**  
Significant Charity Program, achieved record in donations around the world (tripled since previous year)

## INNOVATION



**Negroni Ready-to-Enjoy Launch in the US**  
To build off the growth of Campari in the US - fueled by resurgence of the classic Negroni cocktail - and stimulate making craft cocktail at home

## Craft on the rise

- **Craft has become an important trend** in the spirits category and continues to evolve
- Key drivers of craft - **People, Provenance & Stories**
- We build craftsmanship of our brands via **authenticity, quality** and **premiumization**
- More to come...

### RUSSELL'S RESERVE



Expand Russell's Reserve as our lead "craft" American Whiskey TM in the super premium segment

### BRAULIO RISERVA



Aged to 3 years, a true representation of high quality craftsmanship, the production process uses a milder filtration method to create a slightly denser liquid

### BARON SAMEDI



Premium spiced rum; Natural ingredients & the Haitian Spice; Authentic Baron Samedi Backstory

# Specialties - A rich bitter portfolio for consumers to rediscover

- **Growing bitter appreciation** of consumers
- Influence of food, millennial's palate (much more open and **looking for bitter, spices, deep flavors**) and **rise of craft**

Our rich bitter offering: for cocktail and sipping

**Witty Bartenders  
Companion**



**Classic Amaro**



**Aged Amaro**



**Aged and Crafted  
Specialties**



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## Continuing flavour innovation

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- **Continuing flavour innovation** has become increasingly necessary to meet the demands of **rapidly changing consumer tastes**
- Consumers have become **much more open to new experiences**, reflected in the exploration of new product categories. As such, brands are challenged to work harder to **retain loyalty** and **keep consumers engaged**
- **Flavours now enjoy a much wider application among categories** including **whisky, gin** and **rum** as well as **vodka**

# We continue to innovate on the flavor side

## BARON SAMEDI



- **New Premium Spiced Rum** made up of 100% natural ingredients including vanilla, cocoa, cinnamon and Haitian Vetiver, a bunch grass that adds earthy and woody notes
- On the palate, it is smooth and rich

## GLENGRANT



- Launch of **12 YO Non-chill filtered**

## CRODINO TWIST



- Launch of two Crodino variants: **Crodino Twist Agrumi** and **Crodino Twist Frutti Rossi**, both in larger sizes than the mother brand

## BUCKSHOT



- **Peppered maple bourbon whiskey** with natural flavours

## BUDGER'S BLUFF



- **Fresh cut American whiskey.** Delivers refreshment and more premium RTD experience for a more modern bourbon consumer

## SKYY



- **SKYY Infusions:** Honeycrisp Apple and Tropical Mango



**Thank you**

[www.camparigroup.com](http://www.camparigroup.com)

