

CAMPARI GROUP

Campari Group acquires a controlling interest in the Ancho Reyes and Montelobos super premium brands

Milan, October 9th, 2019-Campari Group announces that, following the fulfilment of certain condition precedents, it **has acquired from a group of Mexican entrepreneurs a controlling interest in the share capital of (i) Licorera Ancho Reyes y CIA S.A.P.I. de C.V., and (ii) Casa Montelobos S.A.P.I. de C.V..**

The two companies are respectively owners of **super premium brands Ancho Reyes spicy liqueur and Montelobos mezcal. Ancho Reyes is a natural and authentic liqueur, crafted from ancho and poblano chiles** cultivated in the volcano-enriched soils of Puebla, Mexico. It represents a versatile proposition, offering an ideal fit to mixology as a foundation for innovative cocktails. **Montelobos is an artisanal mezcal, a successful expression of respect for tradition combined with desire for experimentation. It was born from the vision and passion of Mexican distiller Iván Saldaña, world renowned expert in agave and mezcal.**

Mezcal is a distilled alcoholic spirit manufactured from agave plants, produced in Mexico. Its production can be almost **entirely considered truly craft**, justifying a premium price point. This spirits category is currently exported into over fifty countries in the world, offering the **United States the biggest potential for the category growth. Mezcal retail sales almost decupled globally over the last decade**, outperforming significantly the volume growth, witnessing the premiumization experienced by the category. In the US market only, **mezcal value sales achieved a CAGR of 30.4% in 2008-2018**, which compares with a CAGR of 24.1% worldwide over the same period.

In 2018 the **core market for Ancho Reyes and Montelobos was the United States** which accounted for **66.4% of the combined sales**, with Mexico, UK and other international markets for the balance of net sales. In 2018 the **net sales achieved by the two brands jointly amounted to approx. USD7 million** (approx. €6 million), **before any distribution synergies**. The two brands achieved a CAGR of 53.7% overall in 2016-2018.

The **overall consideration for 51% interest in the two companies is USD35.7 million** (corresponding to €32.7 million at the exchange rate on the announcement date) and is subject to customary price adjustments. The consideration will be financed through available resources and will be paid using cash. Pursuant to the share purchase agreements the remaining shareholdings are subject to **customary reciprocal put and call options** which can be exercised starting from 2024.

The scope of the acquisition includes the brands, the intellectual property and the related inventories. The business leverages a **fully integrated supply chain for the two brands**, through leased production and bottling facilities, whilst agave, the main raw material to produce mezcal, is sourced through third party agreements with major local growers to secure constant supply. All aspects related to supply chain will be managed in continuity with the past.

The deal is **expected to close by year end**.

Bob Kunze-Concewitz, Chief Executive Officer: *'We are very pleased to **enrich our offering with two super premium brands, Ancho Reyes spicy liqueur and Montelobos mezcal: they give us the opportunity to add a unique and versatile liqueur with a strong international potential, riding the very positive mixology trend, as well as to enter the premium and high performing mezcal category. We acquire two truly handcrafted gems and we continue to premiumise our portfolio with a particular focus on the key US market, enhancing our exposure to the strategic premium on-premise distribution channel.***

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FOR FURTHER INFORMATION

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ABOUT CAMPARI GROUP

Campari Group is a major player in the global spirits industry, with a portfolio of over 50 premium and super premium brands, spreading across Global, Regional and Local priorities. Global Priorities, the Group's key focus, include **Aperol**, **Appleton Estate**, **Campari**, **SKYY**, **Wild Turkey** and **Grand Marnier**. Campari Group was founded in 1860 and today is the sixth-largest player worldwide in the premium spirits industry. It has a global distribution reach, trading in over 190 nations around the world with leading positions in Europe and the Americas. Campari Group's growth strategy aims to combine organic growth through strong brand building and external growth via selective acquisitions of brands and businesses.

Headquartered in Milan, Italy, Campari Group owns 18 plants worldwide and has its own distribution network in 20 countries. Campari Group employs approximately 3,600 people. The shares of the parent company Davide Campari-Milano S.p.A. (Reuters CPRI.MI - Bloomberg CPR IM) have been listed on the Italian Stock Exchange since 2001. For more information: <http://www.camparigroup.com/en>

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