

# CAMPARI GROUP

**Campari Group acquires an initial 70% stake in Wilderness Trail Distillery, skilfully handcrafted and fast-growing super premium bourbon and rye whiskey brand with world-class distillery facilities**

**Bourbon primed to become the second major leg of Campari Group after aperitifs**

- **Wilderness Trail super premium bourbon and rye whiskey range to further strengthen Campari Group's brand portfolio leveraging one of the fastest growing spirit categories in the core US market**
- **Scaled and flexible state-of-the-art production infrastructure and warehousing capacity coupled with industry-leading expertise in bourbon crafting positioned to support the future growth and innovation path of Campari Group's portfolio**
- **Enterprise value of USD600 million (or €600million<sup>1</sup>) for 100% of outstanding capital, on a cash free/debt free basis**

Milan, October 31<sup>st</sup>, 2022-Campari Group announced today it has reached an agreement to **purchase an initial 70% interest, and in 2031 the remaining 30% interest, of the outstanding capital of Wilderness Trail Distillery, LLC** (the 'Target').

Wilderness Trail Distillery, located in **Danville, Kentucky, USA**, was launched in 2012 as a '**premium craft distillery**' with a **clear focus on making the highest quality bourbon and rye whiskey**. Leveraging the advanced and versatile operational infrastructure, the founders launched in 2018 two **premium proprietary Wilderness Trail expressions: Wilderness Trail Bourbon and Wilderness Trail Rye Whiskey**. The portfolio has been further premiumised with the introduction of the high-end silver label 6-year and 8-year bourbon line for a deeper and mature flavour. The average selling prices range from **USD55 for the 75cl Wilderness Trail Bourbon to USD75+ for the 6 & 8-year old bourbon expressions**.

The founders and current shareholders, **Shane Baker** and **Dr. Pat Heist**, are **fermentation experts** with more than **20 years' experience in the production of whiskey**, consistently recognised as pioneers in the engineering, research and development, fermentation and distilling activities. The distillery's **proprietary infusion mashing process and sweet mash technique have a highly flexible output** driven by the multiple mash bills and yeast strains, crafting bourbons and rye whiskeys with distinctive flavours.

**Bob Kunze-Concewitz, Chief Executive Officer Campari Group:** *'We are very excited to take a controlling interest in world-class Wilderness Trail Distillery. By adding the **fast-growing super premium Wilderness Trail brand we further expand and premiumise our bourbon offering, priming it to become Campari Group's second major leg after the aperitif portfolio. Moreover, we accelerate our premiumisation journey, further enriching our RARE portfolio, the division aimed to unlock and accelerate the growth potential of a select range of high-end individual expressions in our core premium spirits markets. In addition, we have the opportunity to significantly expand our production capacity and ageing inventory to satisfy the future growth of our premium bourbons, such as the high potential Whiskey Barons range, currently capped due to capacity constraints. We are very excited to partner with such a strong team of industry pioneers and distilling experts allowing us to accelerate and significantly expand the innovation platform for our bourbon portfolio.'***

**Shane Baker and Dr. Pat Heist, Co-Founders of Wilderness Trail Distillery:** *'We are thrilled about our partnership with Campari Group. **Premium bourbon and rye whiskies and state-of-the art production facilities** coupled with worldwide distribution, first class marketing and expertise across multiple spirit categories provide the **perfect foundation for the continued success of the Wilderness Trail brand** and ensure it will be enjoyed around the world for years to come. This is a win-win situation for both parties and **we are very proud of this partnership and what we can achieve together with our shared vision.'***

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<sup>1</sup> Converted at the current exchange rate of EUR/USD of 1.0

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**Campari Group's bourbon journey started in 2009** via the acquisition of the **Wild Turkey** brand and distillery. Since then, Campari Group has relentlessly focused on the **premiumisation journey** of the Wild Turkey franchise, featuring also the upgrade and growth acceleration of craft bourbon **Russell's Reserve** and the launch of **small-batch bourbon Longbranch in 2018 in partnership with Matthew McConaughey**. In 2017 Campari Group also launched its **ultra-premium Whisky Barons Collection**, including **Old Ripy, Bond&Lillard** and **William Butler Saffell**. Lastly, in August 2022, Campari acquired an initial minority interest with path to control in **Howler Head**, a **Kentucky Straight Bourbon Whiskey with Natural Banana Flavor**, together with exclusive global distribution rights.

**American whiskey** is currently among the hottest spirits category in the US market, leveraging the continued positive trend across brown spirits, premium classic cocktail revival and mixology. It accounted for **13% of the total US spirits markets in 2021 in value terms**, showing a **growth of 7% versus previous year** with the **super-premium price segment outperforming at +17%<sup>2</sup>**.

For the fiscal year ended on 31 December 2021, the acquired business achieved overall **net sales of USD40.8 million**, including net sales from **Wilderness Trail Distillery bourbon and rye brand of USD7.2 million** and the balance generated by bulk sales as well as storage fees and visitor centre, and an EBITDA of USD22.7 million under US GAAP.

For the fiscal year ending on 31 December 2022, the acquired business is expected to generate overall sales of c. USD57 million, an increase of c.39% vs. previous year, with an increasing weight of the higher margin business generated by the **Wilderness Trail bourbon and rye brand** versus bulk sales, and an EBITDA of c. USD37 million under local GAAP (an increase of c.64% vs. previous year).

The consideration amounts to **USD420 million (or €420 million) for the initial 70% of the outstanding capital**. The corresponding enterprise value for 100% of the outstanding capital is USD600 million (or €600 million), on a cash free/debt free basis, equivalent to a **multiple of c.16 times the expected 2022 EBITDA**.

Campari Group will acquire the **remaining 30% of the outstanding capital subject to a call/put option exercisable in 2031** at an enterprise value determined by applying the **above multiple to the higher of 2030 or average of 2028-2030 EBITDA**.

As of 30 September 2022, the **inventory's** book value amounted to **USD24.0 million**, exclusively composed of **Wilderness Trail bourbon and rye** (bulk production is sold as new make hence no inventory is built on bulk).

The purchase price to be paid at the closing will be funded using a combination of available cash and bank term loans. As a result of the acquisition, Campari Group's Net debt/EBITDA-adjusted on a pro-forma basis is expected to increase from current 1.5 times to 2.3 times upon the deal closing on a pro-forma basis.

The transaction, which is subject to customary closing conditions, is expected to close before the end of the 2022 calendar year. Until the transaction closes, each company will continue to operate independently.

William Blair & Company acted as exclusive financial advisor to the sellers and Benesch, Friedlander, Coplan and Aronoff LLP acted as their legal advisor. McDermott Will&Emery LLP acted as tax and legal advisor to Campari Group.

## ANALYST CONFERENCE CALL

Campari Group's management team will host a conference call to present **the transaction on Monday October 31<sup>st</sup>, 2022 at 2:00 pm (CET)**. **Please note that the format of the call incorporates a live webcast of the presentation**. To participate via webcast (listen only):

- <https://event.choruscall.com/mediaframe/webcast.html?webcastid=ocxqkG8J>

To participate via audio and ask questions, please dial one of the following numbers:

- from Italy: (+39) 02 802 09 11
- from abroad (United Kingdom): +44 121 281 8004
- from abroad (United States): +1 718 705 8796

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<sup>2</sup> Source: Discus

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## Digital Playback:

A digital playback of the conference call & webcast will be available from today, until Monday November 7<sup>th</sup>, 2022. To listen to it, please call the following number:

- (+39) 02 802 09 87

(Access code: 700903#)  
(PIN: 903#)

## Presentation slides:

The presentation slides available to download from Campari Group's Investor Relations Home Page at the address:

<https://www.camparigroup.com/en/page/investors>

## 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, Campari, SKYY, Grand Marnier, Wild Turkey** and **Appleton Estate**. The 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 operates in 22 production sites worldwide and has its own distribution network in 23 countries. Campari Group employs approximately 4,000 people. The shares of the parent company Davide Campari-Milano N.V. (Reuters CPRI.MI - Bloomberg CPR IM) have been listed on the Italian Stock Exchange since 2001. For more information: <http://www.camparigroup.com/en>. Please enjoy our brands responsibly.

### **ABOUT WILDERNESS TRAIL DISTILLERY, LLC**

Wilderness Trail Distillery is a premium Kentucky Bourbon and Rye Whiskey producer located in Danville, Kentucky. Started in 2012 by industry experts Dr. Pat Heist and Shane Baker, Wilderness Trail Distillery a proud member of the Kentucky Bourbon Trail® and Kentucky Distillers Association Heritage member. Wilderness Trail is recognized as the 14th largest Bourbon Distillery with award-winning Kentucky Bourbon and Rye Whiskey brands known as Wilderness Trail Small Batch, Bottled in Bond made from a proprietary infusion process and the original genuine sweet mash process.

### **DISCLAIMER:**

*This announcement may contain certain forward-looking statements, estimates and forecasts reflecting the Target's management current views with respect to certain future events. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts, including, without limitation, those regarding the Target's and the Group's future financial position and results of operations, strategy, plans, objectives, goals and targets and future developments in the markets where the Group operates or intends to operate. Forward-looking information is based on information available to the Target and to the Group as of today and is based on certain key assumptions; as such, forward-looking statements speak only as of the date of this announcement. No assurance can be given that such future results will be achieved; actual events may materially differ as a result of risks and uncertainties faced by the Target and the Group, which could cause actual result to vary materially from the future results indicated, expressed or implied in such forward-looking statements. Due to such*

# CAMPARI GROUP

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