



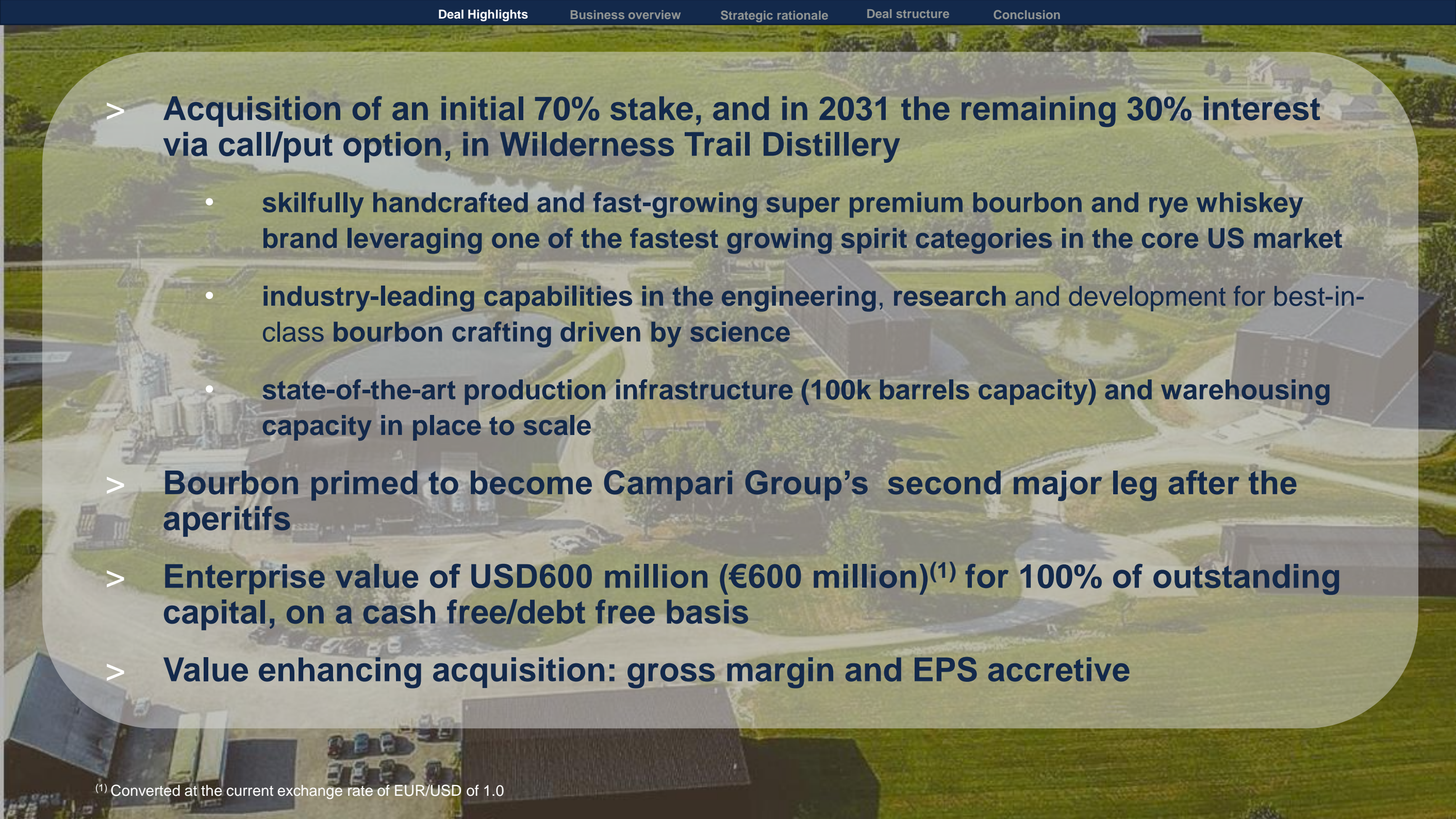
CAMPARI GROUP

Acquisition of Wilderness Trail Distillery

Bourbon primed to become
Campari Group's second major leg

31 October 2022

TOASTING LIFE TOGETHER

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- > **Acquisition of an initial 70% stake, and in 2031 the remaining 30% interest via call/put option, in Wilderness Trail Distillery**
 - **skilfully handcrafted and fast-growing super premium bourbon and rye whiskey brand leveraging one of the fastest growing spirit categories in the core US market**
 - **industry-leading capabilities in the engineering, research and development for best-in-class bourbon crafting driven by science**
 - **state-of-the-art production infrastructure (100k barrels capacity) and warehousing capacity in place to scale**
 - > **Bourbon primed to become Campari Group's second major leg after the aperitifs**
 - > **Enterprise value of USD600 million (€600 million)⁽¹⁾ for 100% of outstanding capital, on a cash free/debt free basis**
 - > **Value enhancing acquisition: gross margin and EPS accretive**

⁽¹⁾ Converted at the current exchange rate of EUR/USD of 1.0

Wilderness Trail super premium bourbon and rye whiskey range to further strengthen Campari Group's brand portfolio

- > Located in **Danville, Kentucky, USA**, the distillery was launched in 2012 as a 'premium craft distillery' with a clear focus on making the highest quality bourbon and rye whiskey
- > Two expertly handcrafted and super/ultra premium brands were launched in 2018: **Wilderness Trail Bourbon and Rye Whiskey**
- > The product range currently includes **two bottled-in-bond wheat small grain and rye small grain bourbon brands, one rye whiskey brand, a silver label 6-years and 8-years bourbon line for a deeper and mature flavor**
- > **Average selling prices range from USD55 for the 75cl Wilderness Trail Bourbon to USD75+ for the 6- & 8-year-old bourbon expressions**
- > **Widespread distribution** across key US states via independent wholesalers/distributors, helping grow brand awareness



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(1) To qualify as a Heritage Member, a distillery must have 25,000 barrels of distilled spirits aging in its warehouse

(2) Source: IWSR

Campari Group's bourbon premiumization journey



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\$110+



\$90-\$110



\$55-\$90



\$32 - \$55



High-end mixology & sipping



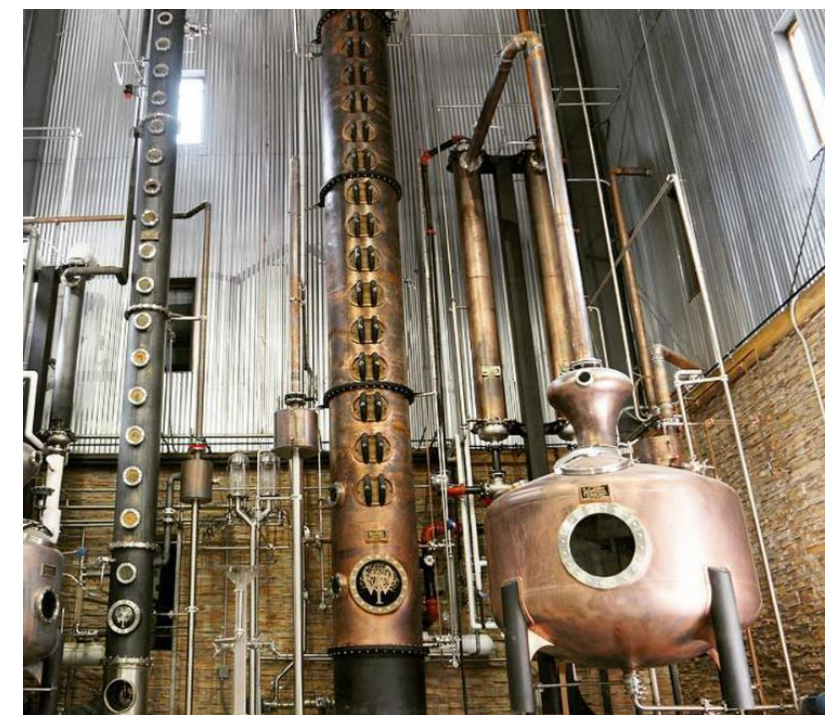
Entry level



Flavoured

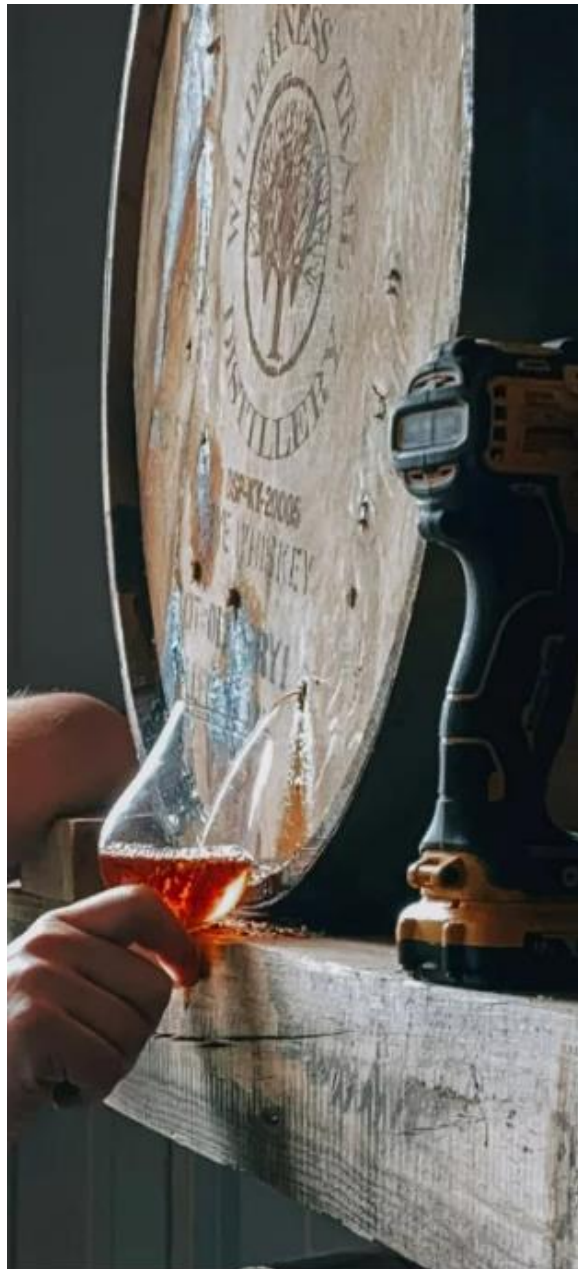
Fine bourbon crafting through a blend of innovation and tradition, enabling Campari Group to accelerate and significantly expand its innovation platform

- > Co-founders **Shane Baker** and **Dr. Pat Heist** with more than **20 years'** experience in the production of whiskey are recognized as **pioneers in fermentation and distilling activities** with immense technical and product development understanding to produce superior whiskey
- > 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
- > Careful selection of locally-sourced premium seed grade corn, wheat and rye varieties, the pioneering use of chemical-free steam in the boiler or the lowest proof entry into the barrel of its rye whiskeys to magnify the taste



Scaled and flexible state-of-the-art production infrastructure and warehousing capacity, significantly expanding our production capacity and ageing inventory to satisfy the future growth of our premium bourbons

- > Ranked as the 14th largest bourbon distillery in the world, the manufacturing asset has **ample distilling, bottling and warehousing capacity**, stretching over **168 acres**
- > Including a **16.5k sq. ft bottling facility**, the distillery's current **annual production capacity** of ca. 85 thousand barrels (or ca. 1.6 million cases) is expected to increase to **100 thousand barrels** (or ca. 1.9 million cases) by 2023 and **storage capacity to 250 thousand barrels** (or ca. 4.7 million cases) by the same horizon
- > By 2028 the overall maximum capacity is expected to increase to **125 thousand barrels** (or above 2.3 million cases) with **storage capacity up to ca.0.5 million barrels** (or above 9 million cases) by the same horizon



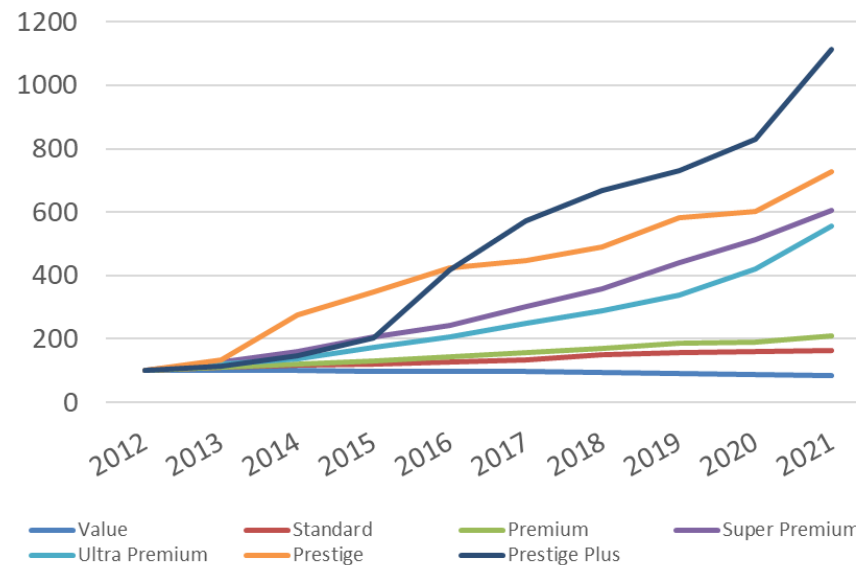
American whisky well positioned to continue its positive trends

> **American Whiskey** (incl. Kentucky Bourbon, Tennessee Whiskey, Rye Whiskey and Blended) is currently **among the hottest spirits category in the US market**, leveraging the continued positive trend across brown spirits, **premium cocktail revival** and **mixology**

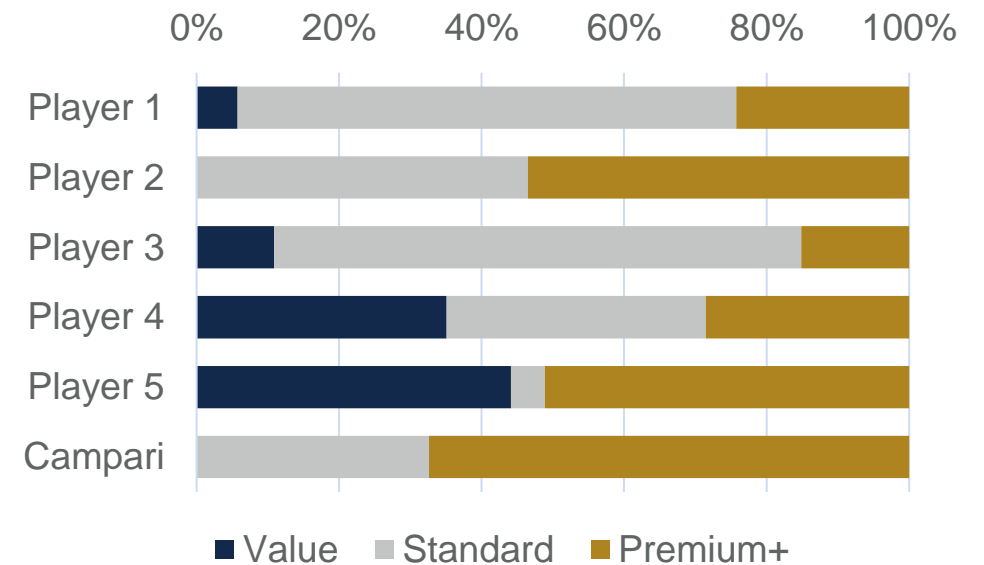
- 7% value growth in 2021 versus previous year with the **super-premium price segment outperforming at +17%**⁽¹⁾
- 13% of US spirits value in 2021⁽¹⁾, with room for continued **premiumization within the category**
- **commanding predominant position** in global **high-end mixology**⁽²⁾: the old fashioned (#2), Manhattan (#8), whisky sour (#10), Boulevardier (#12) with Campari as mandatory component
- **bourbon** was the single **biggest contributor to US spirits volume growth** over the last 5 years⁽³⁾, with **internationalization only at the beginning of its generational life cycle** driven by **high-end mixology** and **premium sipping**, as many markets excluding the US are under penetrated, particularly Australia, Germany, the UK as well as Asia Pacific markets



10 year US whiskey volume growth (indexed) by price point



Top 6 American Whiskey players volumes by price point



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(1) DISCUS 2021

(2) [https://drinksint.com/news/fullstory.php/aid/9865/The World s Best-Selling Classic Cocktails 2022](https://drinksint.com/news/fullstory.php/aid/9865/The_World_s_Best-Selling_Classic_Cocktails_2022)

(3) IWSR (CAGR: 2010-2020)

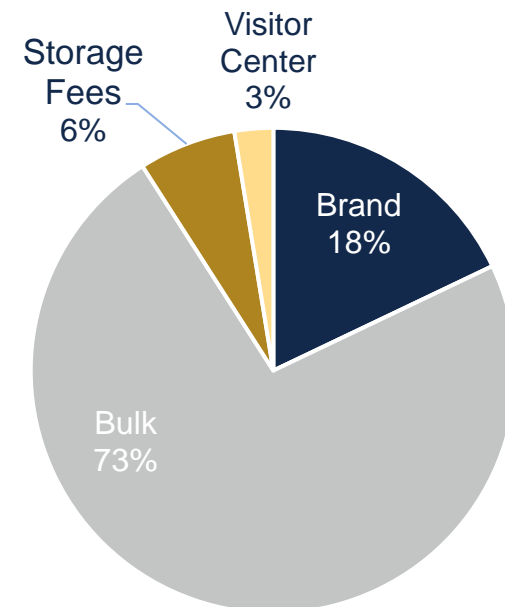
(4) IWSR



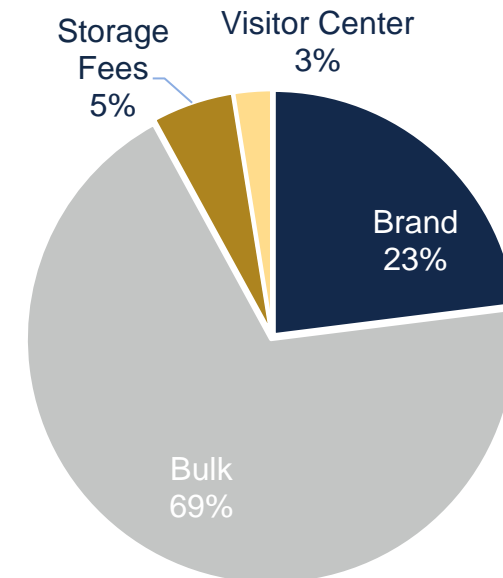
Wilderness Trail portfolio mix is to be reshaped shifting from bulk to brand

- > For FY2021, the acquired business achieved overall net sales of USD40.8 million (of which: Wilderness Trail Distillery brand of USD7.2 million and the balance generated by bulk sales as well as storage fees⁽¹⁾ and visitor centre) and EBITDA of USD22.7 million
- > For FY2022 estimated **net sales of USD57 million** and **EBITDA of USD37 million, with Gross Margin at c.70% of Net sales**
- > The **scarcity value of bourbon liquid** implies very strong demand for bourbon bulk, which today represents an important source of business for the Wilderness Trail Distillery, expected to be reshaped to prioritize brand development
- > 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)

FY 2021
Net Sales USD40.8 million
EBITDA USD22.7 million



FY 2022E
Net Sales USD57 million +39%
EBITDA USD37 million +64%

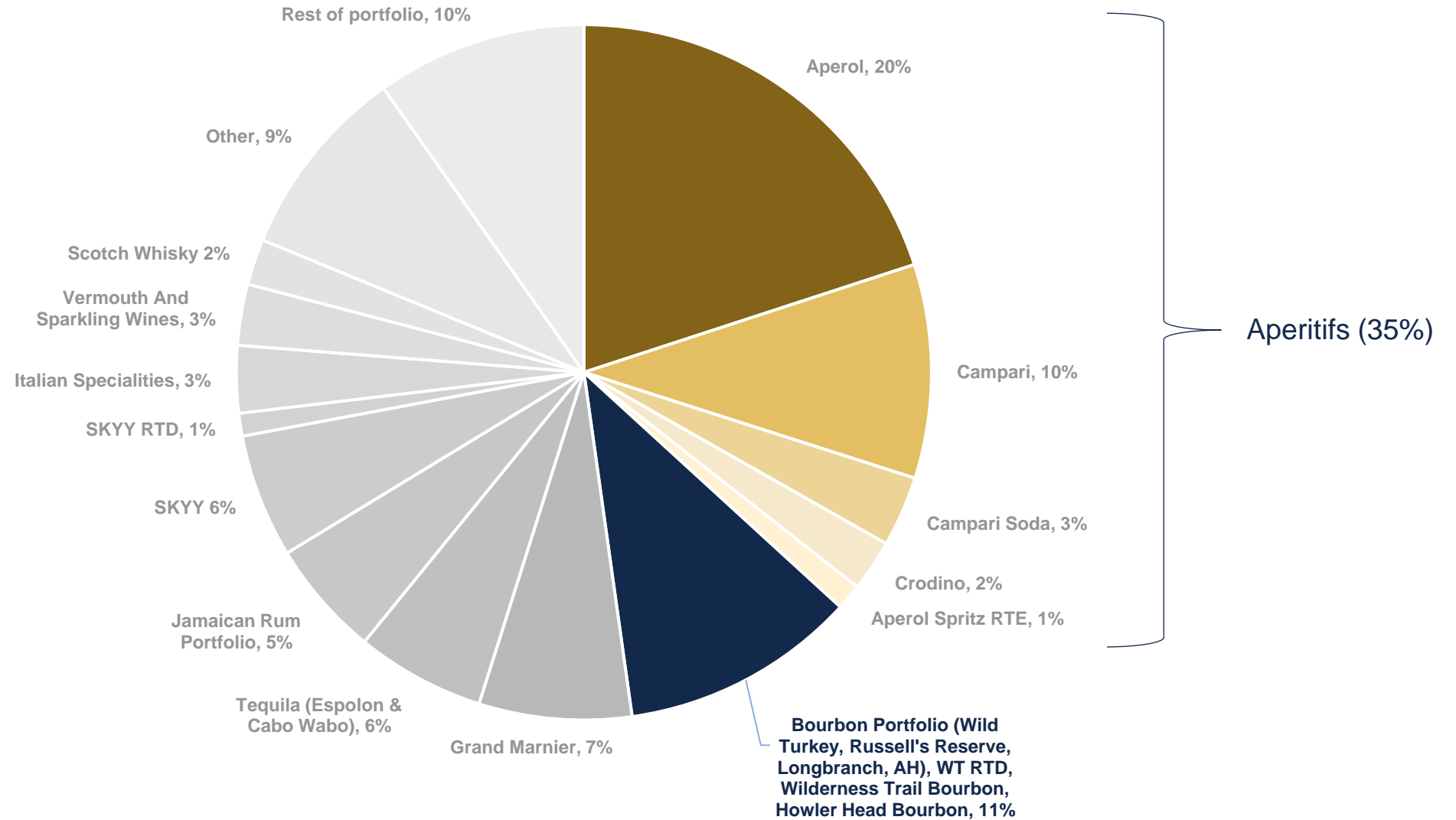


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(1) Bulk production is sold as new make with an option for customers to store bulk barrels for monthly fees in Wilderness Trail rickhouses

Bourbon to become the second major leg after the aperitifs

2021 Campari Group Proforma Net Sales by core brand & category





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Deal structure and valuation

Acquired business

- > **Wilderness Trail Distillery** (including the full **production facilities** and **visitor center**)
- > **Wilderness Trail trademark** and related **inventory**

Price and implied multiple

- > Enterprise value of **USD600 million (€600 million)** for **100% of outstanding capital, on a cash free/debt free basis**
- > Implied **EV/EBITDA multiple of c.16x** based on 2022 estimated EBITDA
- > Goodwill generated by the acquisition, together with the trademark value, is tax deductible in the US over a period of 15 years
- > Value enhancing acquisition: gross margin and EPS accretive

Transaction structure

- > An **initial 70% interest of the outstanding capital, valued at USD420 million (€420 million)**
- > A 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 of the acquired company

Funding and closing

- > To be funded via a combination of available cash and bank term loans
- > Net debt/EBITDA-adjusted on a pro-forma basis of the Group is expected to increase to 2.3 times upon closing (vs. current 1.5 times)
- > Subject to customary closing conditions, the transaction is **expected to close by 2022 year-end**. Until the transaction closes, each company will continue to operate independently

Conclusion

- > **Further expand our bourbon brand portfolio** by adding the fast growing super/ultra premium Wilderness Trail brand, accelerating our **premiumisation journey** and **enriching our RARE portfolio**
- > **Expand production capacity** in order to accommodate the growth of the bourbon portfolio excluding core Wild Turkey
- > **Provide liquid for the accelerated growth** of our high potential and highly profitable **Whiskey Barons Range** (currently capped due to capacity constraints).
- > **Unlock further value from continue differentiation of our bourbon offerings via limited editions**, currently capped by capacity constraints
- > **Accelerate and significantly expand innovation platform** for Campari Group's bourbon portfolio thanks to the Wilderness Trail Distillery's highly flexible output
- > **In-source team of fermentation and distillation experts, pioneer of sweet mash whiskey and developer of proprietary distilling process and methodologies**



Disclaimer

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