

# CAMPARI GROUP

**Campari Group has committed to acquire Courvoisier cognac from Beam Suntory, a premium top four historical cognac house boasting world renowned brand credentials with a strong US and growing Asia Pacific footprint**

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

**Cognac now primed to become the fourth major leg of Campari Group along with aperitifs, bourbon and tequila**

**Largest deal in Campari Group's history, enabling a significant step up in the US presence with long term transformational potential in strategic Asia**

## HIGHLIGHTS

- **Courvoisier premium cognac range to further strengthen Campari Group's portfolio of global brand priorities, particularly in aged spirits, as well as supporting future long-term premiumisation ambitions in key strategic segments**
- **World renowned brand and global icon of luxury provides the opportunity to build leverage in one of the most relevant spirit categories in the US and transform Campari Group's growth profile in Asia and GTR via expansion of its footprint of luxury expressions**
- **Courvoisier will benefit from Campari Group's proven leadership, focus and brand development capabilities, leveraging the Group's enhanced operational and business infrastructure**
- **Strong fit with the Group's French icons offering: 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**
- **Enterprise value of USD1.32 billion (€1.22 billion at today's exchange rate) on a cash free/debt free basis, consisting of a fixed purchase price of USD1.20 billion (€1.11 billion) 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**
- **Brand's net sales of USD249 million in 2022, according to the Seller's view, of which c. 60% in US. Maturing stock with a book value of USD365 million as of 31 October 2023 with well-balanced age profiles to support future brand development**

Milan, December 14<sup>th</sup>, 2023-Campari Group announced today it has entered into exclusive negotiations with Beam Suntory, Inc (the 'Seller') 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 (the 'Target').

## DEAL RATIONALE

**Bob Kunze-Concewitz, Chief Executive Officer Campari Group: 'We are very pleased to acquire a top four historical cognac house, Courvoisier with great latent equity and highly acclaimed expressions. The addition of Courvoisier**

# CAMPARI GROUP

*cognac to our portfolio of global priorities is a rare and unique opportunity to expand our premium spirits portfolio and cognac offering. By leveraging our heavy cognac expertise at Board and Executive Team level, Campari Group has a fantastic opportunity to reinforce this brand's credentials as a global icon of luxury, priming cognac to become Campari Group's fourth major leg along with aperitifs, bourbon and tequila. Concomitantly, we are looking forward to accelerating our premiumisation journey, further enriching our RARE portfolio, the division created to unlock and accelerate the growth potential of a select range of high-end individual expressions in our core premium spirits markets.'*

**Matteo Fantacchiotti, Deputy Chief Executive Officer Campari Group:** *'In what is the biggest deal in Campari Group's history, Courvoisier will enable a significant step up in the US while also permitting long-term transformational potential in the strategic Asia-Pacific region. In addition to acquiring a globally recognized brand with strong premiumisation credentials, we have a unique opportunity to expand our cognac production and bottling capacity in France, a core platform of our global supply chain. Our recent investments into business infrastructure and enhanced operation capabilities, combined with Campari Group's formidable reputation for investing in brands with strong equity and potential for long-term sustainable growth will allow us to unlock Courvoisier's full potential. We are very excited to further build upon our premium portfolio of brands in the US, simultaneously adding significant leverage into China and the wider Asia Pacific arena, while also expanding the premium innovation platform for our cognac portfolio.'*

**Greg Hughes, President and CEO of Beam Suntory:** *'We are proud to have nurtured the iconic Courvoisier brand for nearly 20 years, investing in its growth across key global markets and transforming it into a symbol of modern luxury and an industry leader in awards and sustainability. The brand is very well positioned for its next chapter of growth, and we are confident that Campari Group is the right partner to take Courvoisier into the future. This move will allow us to further focus our portfolio on our core areas of strength as we accelerate our global growth ambitions.'*

## BUSINESS OVERVIEW

Maison **Courvoisier** was founded in 1828, by Félix Courvoisier in **Jarnac**, the **Charente** region of **France**. **Courvoisier** is the youngest and most awarded of the 'big four' historical cognac houses and received the title of Official Supplier to the House of the Emperor by Napoléon III, supplied the royal courts of Europe and was the **drink of choice of the Belle Epoque**, chosen to **celebrate the inauguration of the Eiffel Tower** and the opening of **Moulin Rouge**.

**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**. The **Courvoisier Château** serves today as the **main headquarters from the brand**, 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**. For a **deeper experience**, the **premium tour opens the doors of the Courvoisier Château** and invites you to delve into the heart of the **Courvoisier history and passion**. From the visit of unique places such as the **Paradis cellar**, to **tastings and sensorial experience** for a privileged moment.

In fiscal year ending 31<sup>st</sup> December 2022, according to the Seller's view the **Courvoisier business**, which includes also **Salignac brand**<sup>1</sup>, **achieved net sales of USD249 million**, with Contribution After A&P (CAAP) of **USD78 million**, according to IFRS. For the 10 months to October 31<sup>st</sup> 2023, according to the Seller's view, the **net sales were USD148 million**, with a decline of 33% vs. the corresponding period in 2022, and **CAAP was USD37 million**. This performance is 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. According to the Seller's view, the **United States is Courvoisier's largest region**, accounting for **c.60% of net sales in FY2022**, followed by the **United Kingdom** and **China**, combined accounting for **c. 25% of net sales**, while **Global Travel Retail** accounted for just over **3%**.

The **acquired business** includes an **enviable inventory of maturing eaux-de-vie**, with a **book value of approx. USD365 million as of 31 October 2023**, consisting of **well-balanced age profiles to support future brand development**. Moreover, the acquisition perimeter includes the **trademarks** as well as comprehensive **production facilities consisting of distillation**,

---

<sup>1</sup> Small VS cognac brand sold in US

# CAMPARI GROUP

warehouses, vineyards, a visitor centre and château, blending facilities, ageing cellars and an automated bottling plant.

## ACQUISITION STRUCTURE AND METRICS

The fixed purchase price is **USD1.20 billion** (corresponding to €1.11 billion at today's exchange rate), on a cash free / debt free basis, and is subject to the customary price adjustment mechanisms. In addition to the fixed purchase price, an **additional payment of maximum USD 0.12 billion (€0.11 billion)** is expected to be payable in 2029 upon **the achievement of net sales target realized in full year 2028**. The corresponding **Enterprise Value is USD1.32 billion** (€1.22 billion at today's exchange rate) is equivalent to a **multiple of c. 17 times the CAAP in 2022**.

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. **The deal is expected to close in 2024**.

## ACQUISITION FUNDING

The funding of the acquisition is **fully committed via a bridge loan in Euro currency for an amount of 1.2 billion, with a tenor of up to 24 months from closing date**, by a consortium of banks composed by **Crédit Agricole Corporate and Investment Bank** (as global coordinator, mandated lead arranger, bookrunner and underwriter) and **Intesa Sanpaolo** (Divisione IMI CIB), **Bank of America**, **Goldman Sachs Bank Europe SE** and **Mediobanca** (each as mandated lead arranger, bookrunner and underwriter).

Campari Group is **also constantly evaluating various alternatives**, in the context of evolving market conditions, to potentially fund the transaction with a **mix of debt, cash and equity or equity-like instruments**, with timing and amounts yet to be determined.

As a result of this contemplated acquisition, assuming a full debt funded transaction **Campari Group's Net debt/EBITDA-adjusted on a pro-forma basis** is expected to **increase from 2.6 times** as of 30 September 2023 to c. 4 times upon the deal closing. A sustained deleverage is expected thereafter, fuelled by positive cash flow generation.

## OTHER INFORMATION

**Campari Group's journey in super premium French icons started in 2016** via the **acquisition** of the **Grand Marnier** cognac-based liquor brand and distillery in France, with the addition of the **Bisquit Dubouché** cognac brand and distillery in 2017, **Trois Rivières** rhums and distillery (in Martinique) in 2019, **Champagne Lallier** in 2020 and finally with **Picon** in 2022. Since then, Campari Group has been relentlessly focused on the **premiumisation journey** of these franchises, featuring a **streamlining of portfolios and SKUs** across brands, an **upgrade to packaging and bottle design** and **increased focus on super-premium and above variants**, following **investments into liquid quality and ageing**. Campari Group's **ability to invest in strong equity and high potential brands and develop them is unparalleled**: since its acquisition in 2016, Grand Marnier has undoubtedly become **an international French icon**, with **super-premium and above variants** such as the **Grand Cuvées**, re-establishing the brand as a **premium cognac-liquor expression**. The brand itself has increased its size by **c. 1.3 times** after a full portfolio refocus onto high-end expressions, and the cessation of mainstream flavour variants. Similar success stories of Campari Group's expertise across other categories of brown spirits can be said for **Wild Turkey bourbon franchise**, with net sales **c. 3 times bigger than at acquisition time in 2009** and a **significant improved sales mix**; **The GlenGrant single-malt scotch**, with an increase of **c.1.4 times** in net sales since 2006 following a strategic refocus on long-aged expressions away from value offerings and a complete overhaul of the maturing inventory; **Appleton Estate rum**, **c. 2.2 times bigger in net sales since 2012** following a total brand overhaul and **focused premiumisation via aged statements**; and **Espolòn tequila**, **c. 47 times bigger in net sales since inception in 2008**, not to mention the Group's unparalleled success in building the **aperitifs portfolio across international markets**, such as **Aperol**, almost 20 times bigger vs. acquisition time in 2004.

The US, China and Travel Retail make up c.75% of total cognac sales worldwide. The top four cognac suppliers own almost 90% of worldwide sales and have **differing skews into markets and liquid variants, with Courvoisier currently skewing strongly to core US** with its **VS offering**. Today, in China, the industry's largest region by value, cognac sales are

# CAMPARI GROUP

dominated by premium variants **VSOP+, XO and Prestige**, while conversely, its second largest area, **the US**, is **dominated by VS and VSOP qualities**, while **VSOP+ and XO are growing off a small base** in-line with premiumisation trends. The third largest area, **Global Travel Retail**, is **dominated by XO**, while **Prestige and VSOP+** are also popular.

**Cognac** remains **one of the spirits industry's most successful categories**. Despite current cyclical trends driven by **consumption normalisation**, after **pandemic-induced very strong growth**, negative short-term trends have been further amplified by **inflation-related price increases** which have led to **destocking in core regions**. However, the **long-term prospect** of the category **remains positive** given **structural premiumisation trends** in the **US, China and travel retail**. Within the **US**, **premiumisation across the spirits industry and particularly within brown spirits remains**, while **supporting demographic and macro trends** point to a **recovery in 2024**. Within China, **international spirits** are growing in popularity, particularly among the **younger demographic**, especially **penetrating major tier one cities** while **premiumisation remains**.

## ADVISORS

In this transaction **Goldman Sachs** and **PricewaterhouseCoopers Business Services** acted as financial advisors, **Allen&Overy Paris and New York** acted as legal advisors and **McDermott Will & Emery Italy** and France and **Biscozzi Nobili Piazza** acted as tax advisors to Campari Group.

In the bridge financing transaction **Allen & Overy Milan** acted as legal advisors to Campari Group, and **Clifford Chance** acted as legal advisors to the banks.

\* \* \*

## ANALYST CONFERENCE CALL

Campari Group's management team will host a conference call to present **the transaction on Thursday, December 14<sup>th</sup> 2023 at 6.30 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=rTzGQIEI>

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

## Digital Playback:

A digital playback of the conference call & webcast will be available from today, until December 21<sup>st</sup>, 2023. 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's Investor Relations Home Page at the address: <https://www.camparigroup.com/en/page/investors>]

## FOR FURTHER INFORMATION

### Investor Relations

Chiara Garavini

Tel. +39 02 6225330

Email: [chiara.garavini@campari.com](mailto:chiara.garavini@campari.com)

### Corporate Communications

# CAMPARI GROUP

Enrico Bocedi

Tel. +39 02 6225680

Email: [enrico.bocedi@campari.com](mailto:enrico.bocedi@campari.com)

<https://www.camparigroup.com/en/page/investors>  
<http://www.camparigroup.com/en>  
<http://www.youtube.com/camparigroup>  
<https://twitter.com/GruppoCampari>  
<https://www.linkedin.com/company/campari-group>

Visit [Our Story](#)

## 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 23 production sites worldwide and has its own distribution network in 25 countries. Campari Group employs approximately 4,700 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 **COURVOISIER**

Maison Courvoisier was founded by Félix Courvoisier in 1828 in Jarnac, France. Courvoisier is the Most Awarded Cognac House\* with a range of expressions that appeal to a variety of cognac preferences and lifestyles, including VS, VSOP, XO, and the ultimate expression of the House, L'Essence de Courvoisier. Based on the joyful, generous, and sophisticated house style and commitment to community and craftsmanship, Courvoisier continues to value its relationships with local artisans and winegrowers to produce its high-quality, award-winning cognac portfolio. For more information on Courvoisier, please visit [www.courvoisier.com](http://www.courvoisier.com).  
\*Based on 20 top spirits competitions since 2019.

## DISCLAIMER

*This announcement may contain certain forward-looking statements, estimates and forecasts reflecting management's 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 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 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 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 uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements as a prediction of actual results. Except as required by applicable laws and regulations, the Group expressly disclaims any obligation or undertaking to update or revise any forward-looking statements contained herein to reflect any change in its expectations or any change in events, conditions or circumstances on which such statements are based; the Group expressly disclaims and does not assume any liability in connection with any inaccuracies in any of the forward-looking statements in this document, and in any related oral presentation, including responses to questions following the presentation, or in connection with any use by any third party. Further information on the Group and its activities, including those factors that may materially influence its financial results, are contained in the reports and documents of the Group deposited with the AFM and CONSOB*