



# Gruppo CAMPARI

*Toasting life together...for many years to come*

*Deutsche Bank Global Consumer Conference  
Paris, June 13<sup>th</sup> 2017*

# Contents

## Gruppo Campari

- Strategic pillars & priorities

## Positioned to leverage key industry trends

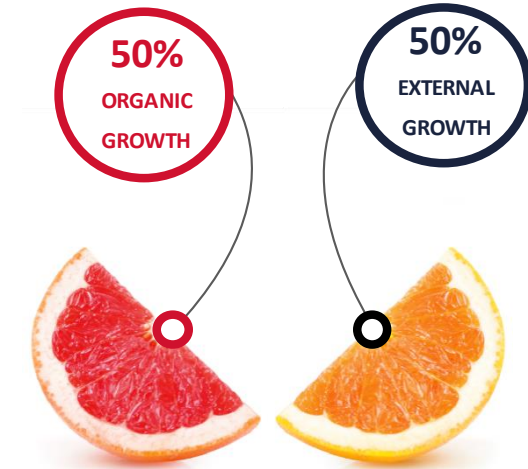
- Aperol, the contagious joy of life
- Riding the wave of the Classic Cocktail culture
- Russell's Reserve: our answer to rising craft bourbon
- Bulldog Premium Gin



# Gruppo Campari: a success built on a focused strategy

## Our key pillars

- A successful story that started more than 150 years ago built on a clear strategy combining organic growth with acquisitions
- Continuous sales mix improvement via a strong focus on our high margin 6 Global Priority Brands and key Regional Brands in premium markets while disposing lower margin assets
- Continuous leverage of our enhanced distribution platform that benefits from recent investments in route-to-market start ups and strengthened on premise capabilities in established markets
- Continuous leverage of our brand successful growth models and experiential brand building tools globally across the entire portfolio aiming at continuous improvement of ROI on marketing investments
- Focus maintenance capex to 'must haves' and, in addition to product innovation projects, move forward only with capex projects with short payouts and significant long term saving opportunities



NET SALES CAGR 2006 – 2016: **+6.4%**

EBITDA<sup>(1)</sup> CAGR 2006 – 2016: **+6.8%**

Free Cash Flow CAGR 2006 – 2016: **+9.7%**

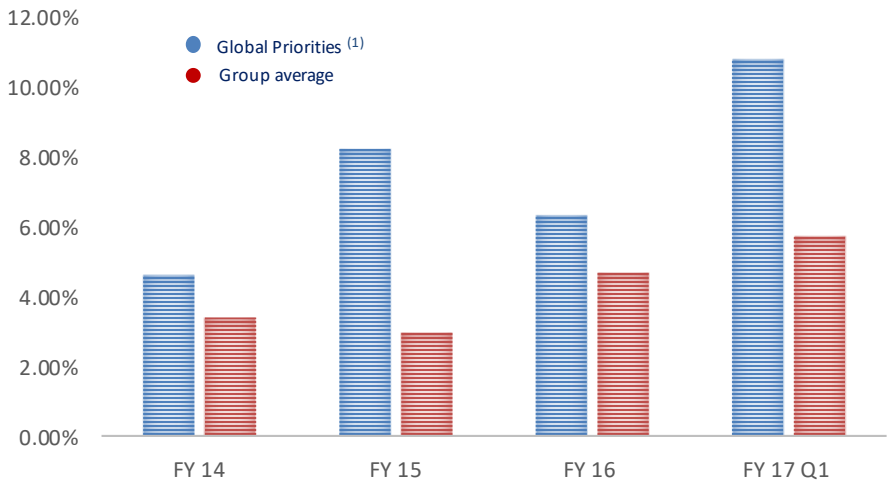
Total Shareholder Return  
CAGR 2006 – 2016: **+20%**

# Continuous sales mix improvement via outperformance of our Global Priorities and key Regional Brands

## Brand building is a key priority

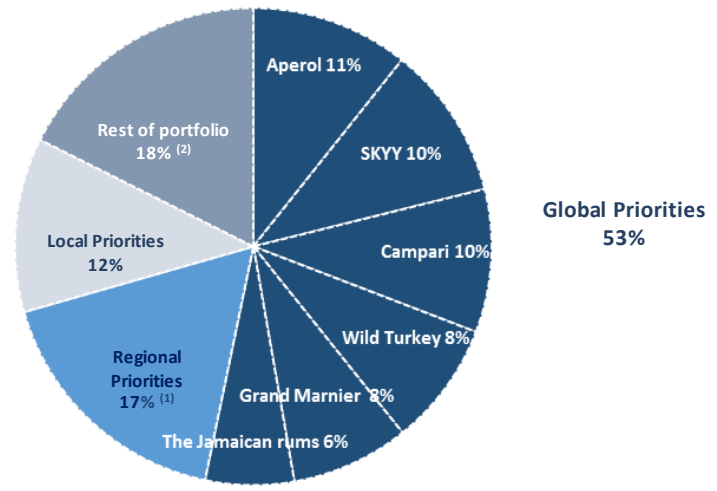
Premium Global brands continue to generate outperformance

Historical performance of Global Priorities vs. Group average



(1) FY14 sales data for Global Priorities excluding the Cinzano Portfolio which was moved to Regional Priorities in FY15 after realignment of our key brands

Q1 2017 Net sales: €376.6 m  
Group organic growth: +5.7%



(1) Key Regional Priorities include: Bulldog Gin, Espolòn, Cynar, Frangelico, GlenGrant Avena, Braulio, Cinzano, Mondoro & Riccadonna, Forty Creek  
(2) Including other own brands 9.5%, agency brands 6.5% and bulk & co-packing 2%



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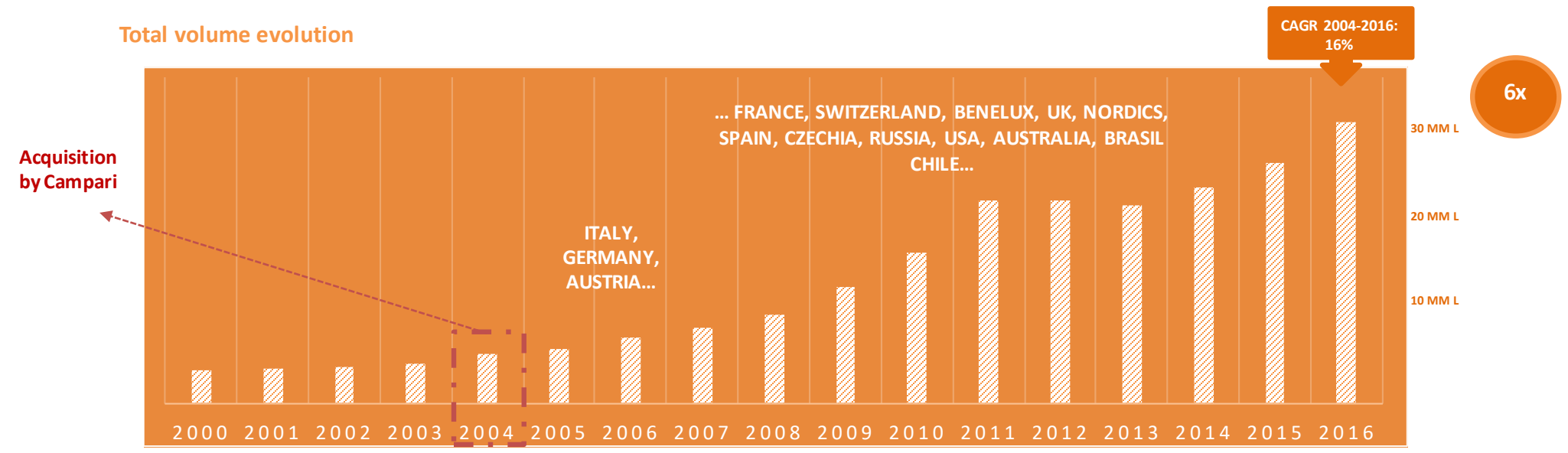


*‘Aperol will spread its orange vibe and joy of connecting through its quintessential social signature drink Aperol Spritz while enhancing the emotional bond with consumers’*

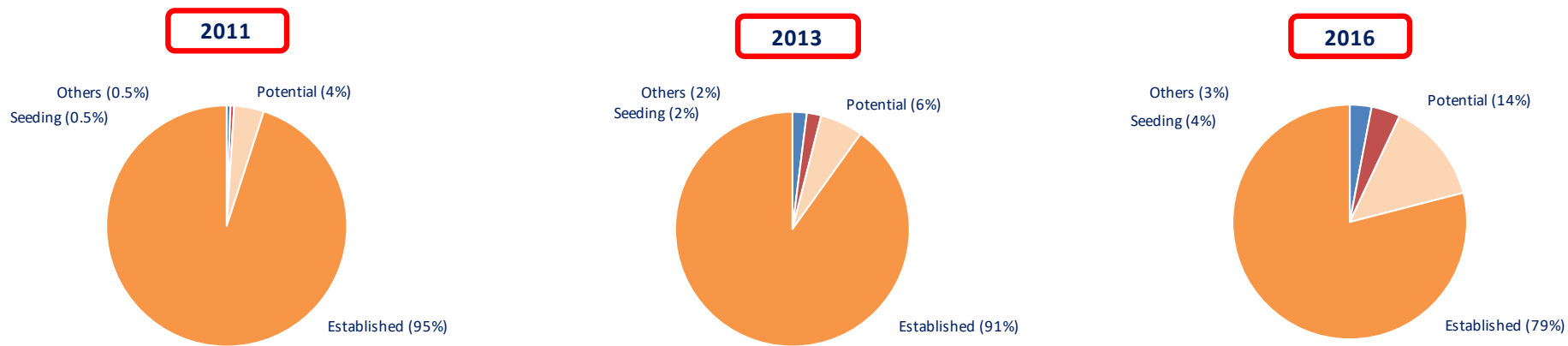
# Aperol: a success story



## Total volume evolution



APEROL's international expansion is allowing a gradual reduction of the concentration of volumes in a few markets. First three markets of Aperol now account for 70% of total volumes in 2016 vs 95% in 2011. We have high potential markets where Aperol has barely scratched the surface, setting up huge growth potential for years to come...



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Source: Internal data shipments 2016

# Aperol: the product

*Unique bitter-sweetness*



- Aperol was invented in 1919 in Padova, created by the Barbieri Brothers, specialists in liqueur production since 1880
- Aperol was launched behind the revolutionary idea of creating the lightest of liqueurs: an aperitif with an alcohol content of only 11%



- Aperol is an infusion of precious herbs and roots in a **perfectly balanced combination**
- **Bright orange in color**, Aperol has a **unique bitter-sweet taste** deriving from a secret recipe that is guarded jealously and has remained unchanged over the course of time
- Two are the mostly recognizable elements in its distinctive taste: the **fresh and lively sweetness** - given by the **Oranges**; and the **unmistakable bitter tang** - given by the **Rhubarb**

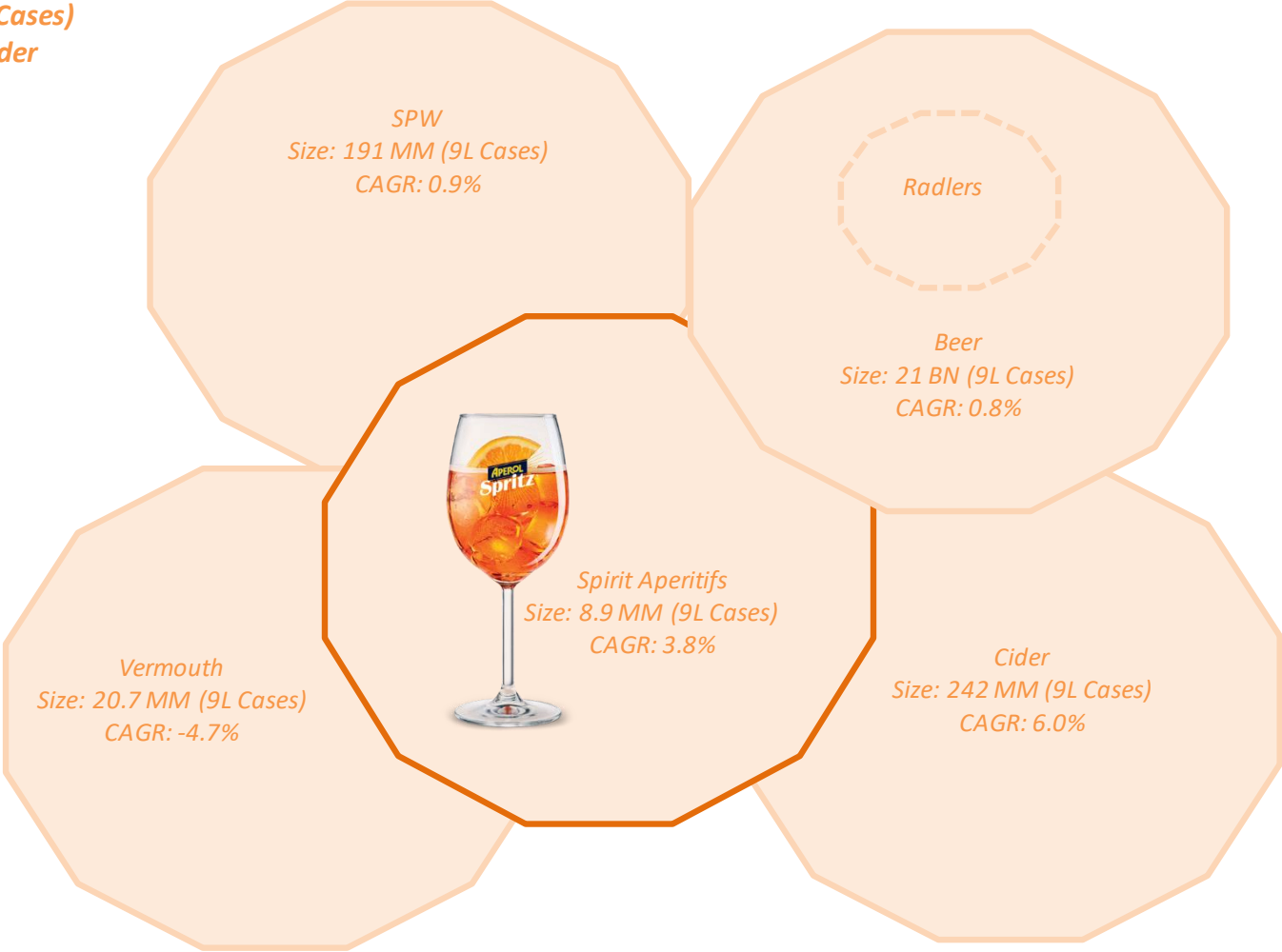




# Aperol: key sources of volume

Aperitif growth among beverages

Size: 246MM (9L Cases)  
Excl. Beer & Cider  
CAGR: 0.5%



# Gruppo Campari's laboratory: testing the strategy...

## ITALY

- Using our core home-market as a laboratory, Campari can test the brand building strategy in real-time
- Geomarketing strategy via footprint expansion: by creating consumer strongholds in key cities, it forms the base of the Group's brand building pyramid
- Key cities then establish relevant on-trade visibility, engage in barman educations & Point of Sale
- Geographical expansion moves the brand focus into other cities within the market, reaching new consumers in high potential areas while growing frequency in strongholds
- The lab technique allows Campari to monitor success, tweak and update the strategy according to new markets as well as delivering key sustained organic growth for the brand which will be at different stages of maturity in our global markets



De-seasonalisation



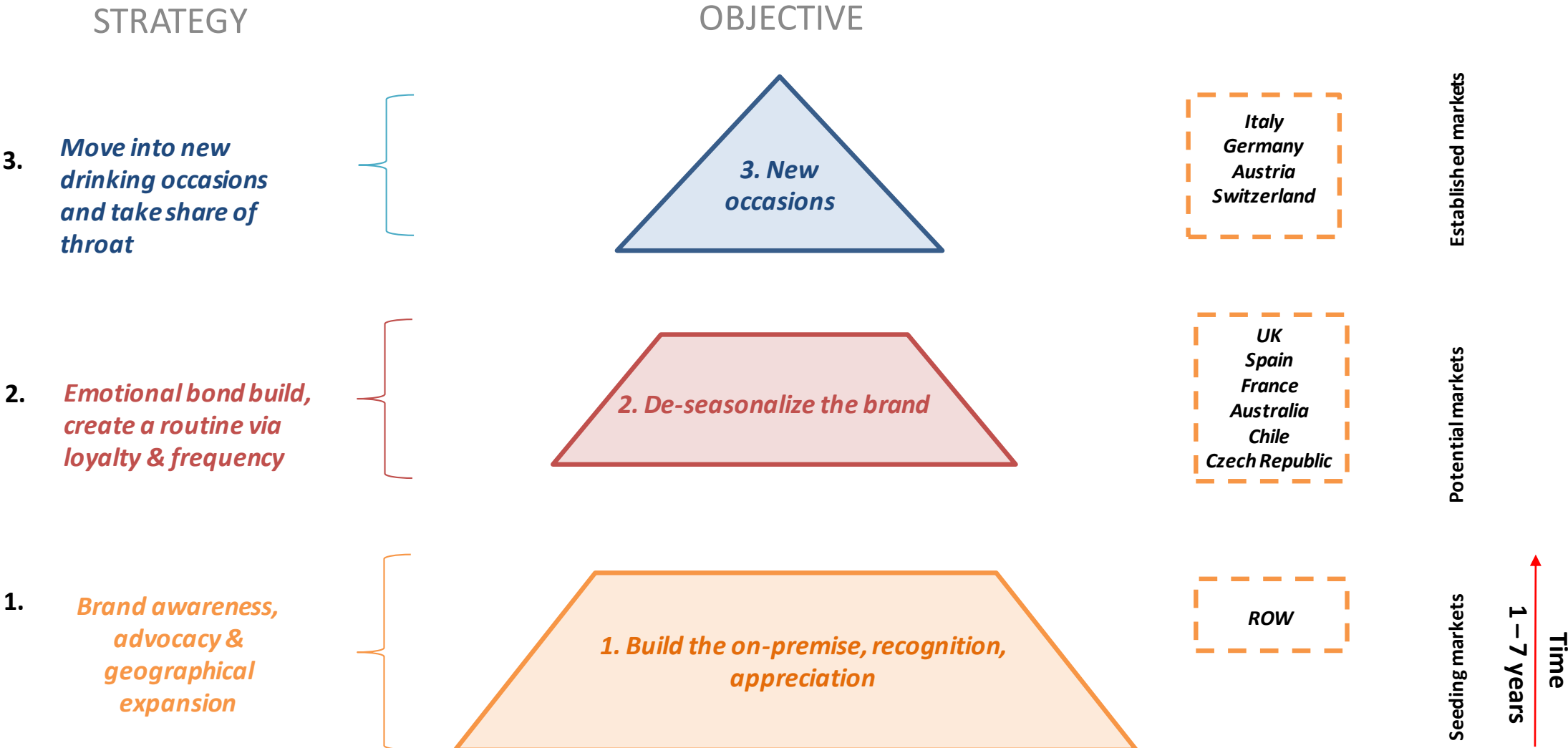
New occasions



Geographic expansion



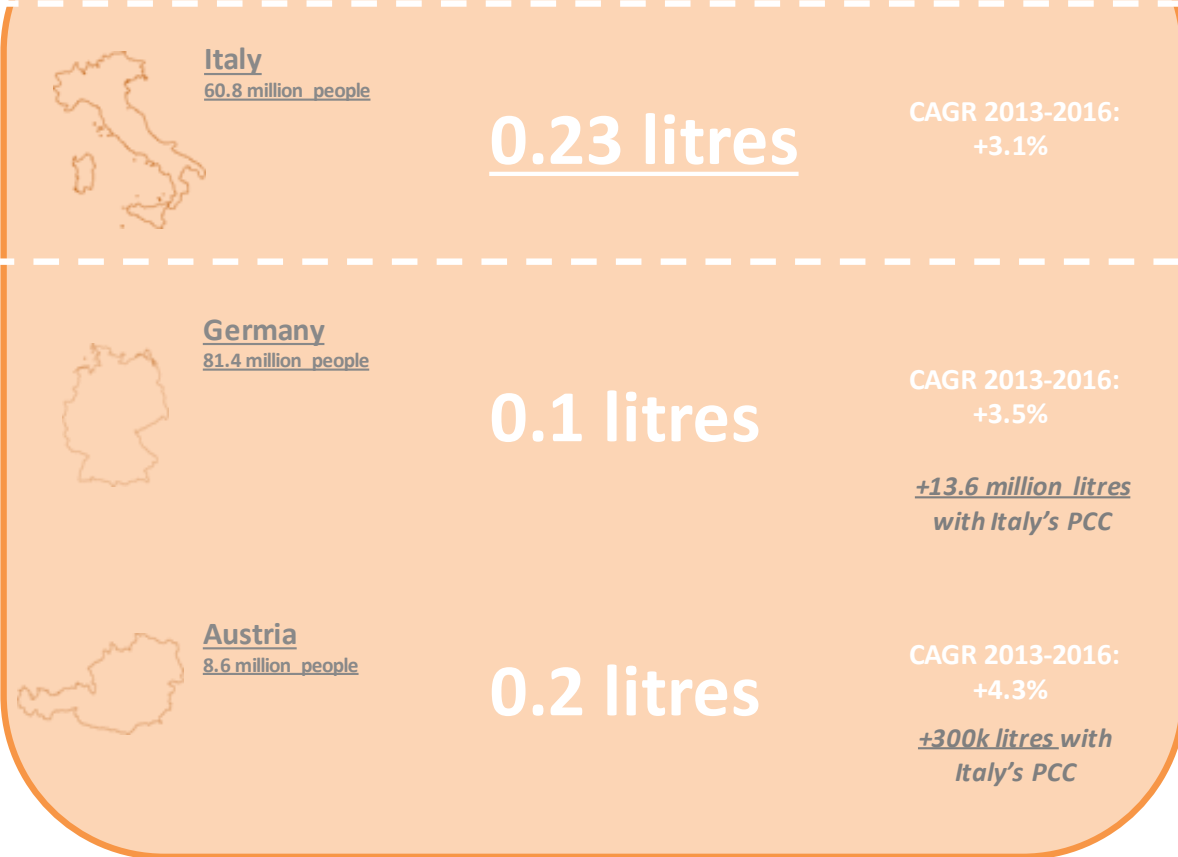
# The fundamental three-stage approach to our brand-building growth strategy



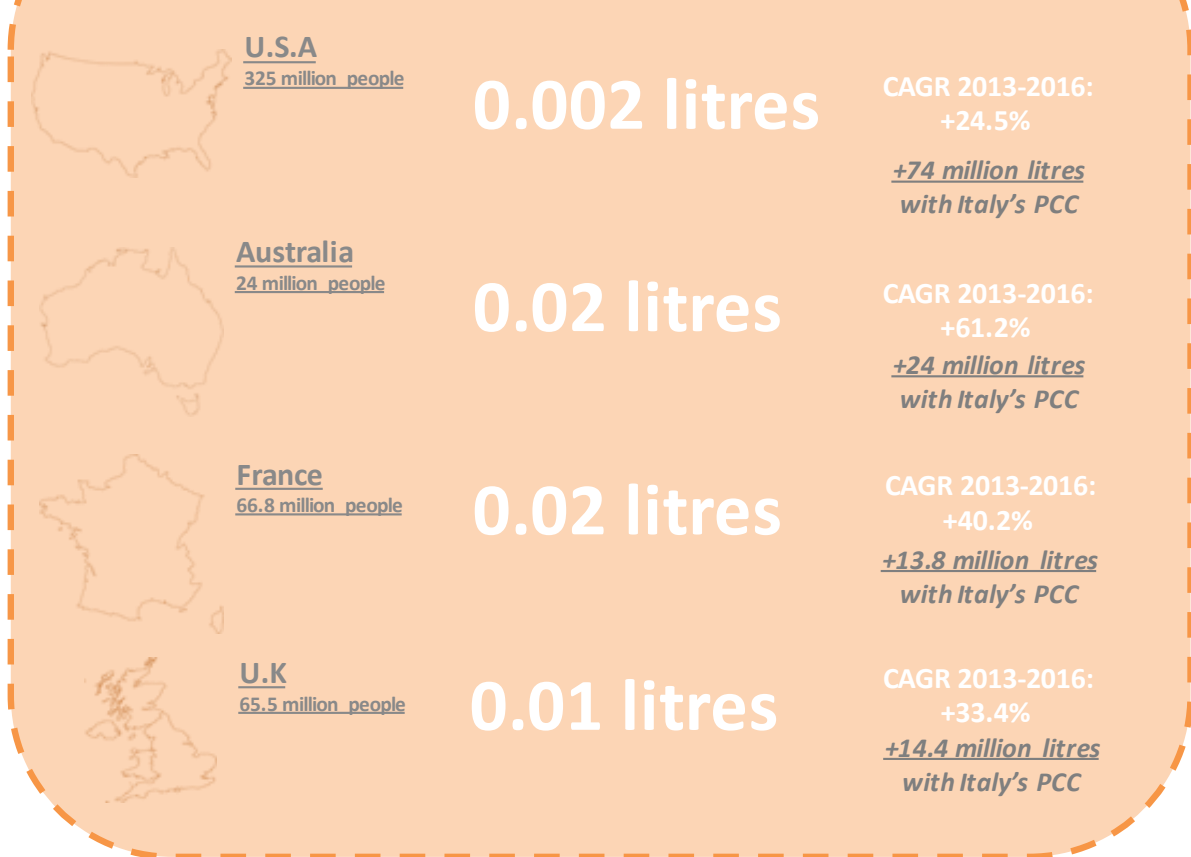
# Aperol: Per capita consumption

*Aperitif growth: lots of room to grow – barely scratching the surface*

## ESTABLISHED MARKETS: Per Capita Consumption 2016



## POTENTIAL & SEEDING MARKETS: Per Capita Consumption 2016



Vs.

**If these countries *alone* achieved Italy's Aperol per capita consumption in 2016, we could add over 133 million litres to Aperol's volume !!!**



Source: Internal data





madonna

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madonna I ♥you Saturday! 🍷🍸🍹🍺🍻🍾🍷🍸🍹🍺🍻🍾

load more comments

jjjaene What is it? Is it a rosé?

jjjaene And last night I dreamed you had a pop up haberdashery.

keniamagnus 😊😊

anacristinataveira Beijinhos 🍷🍷🍷🍷

marialuisamgo ummm

nicola\_zanetti\_ 🍷

martineluxury Rosé or Italian aperol spritz? I had one in Florence. 😊

loveiisorange Lb

markforeveryoung #aperolspritz #aperol  
♥

jenny.jh828 Wuaooooo pues yo le invito botella completa asta en Philadelphia



88,669 likes

2 DAYS AGO

Log in to like or comment.



*Riding the wave of the Classic Cocktail culture*





# Classic Cocktail culture

*Relish the classic cocktail revival*



No.1  
Old Fashioned

- Wild Turkey 101



No.2  
Negroni

- Campari
- Cinzano
- Bulldog Gin



No.3  
Manhattan

- Wild Turkey / Russell's Reserve Rye
- Cinzano



No.7  
Margarita

- Espolòn Tequila
- Grand Marnier

*Campari Group provides premium spirits for each of the TOP #10 most served cocktails in the world*

- |                   |                     |                      |                         |                     |                 |
|-------------------|---------------------|----------------------|-------------------------|---------------------|-----------------|
| No.4<br>Daiquiri  | No.5<br>Gin Martini | No.6<br>Whiskey Sour | No.8<br>Sazerac         | No.9<br>Moscow Mule | No.10<br>Mojito |
| ○ Espolòn Tequila | ○ Bulldog Gin       | ○ Wild Turkey 101    | ○ Russell's Reserve Rye | ○ SKYY Vodka        | ○ Appleton Rum  |
|                   |                     |                      | ○ Grand Marnier         |                     |                 |



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Source: DI Annual Bar Report: The World's 50 Best Selling Classic Cocktails 2017

# Classic Cocktail culture

*A superior premium portfolio to capture growth*

- Whiskey cocktails are the most prevalent across bar menus... **23%** share
- Followed by Rum **16%** share
- ...and finally Gin **15%** share



*Campari Group is riding the Classic cocktails revival wave with a premium portfolio*



Boulevardier

- Wild Turkey 101 / Russell's Reserve Rye
- Campari
- Cinzano



Mint Julep

- Wild Turkey 101



Tom Collins

- Bulldog Gin



Mojito

- Appleton Special & White



- The new **Grand Marnier** drinking strategy will **inspire and educate bartenders** on the superior quality of the liquid, helping to **reconnect** with older **millennial consumers** via a **modern** way of drinking

## The Grand Long Drinks

### Grand COLLINS

*"The Refined Refreshment"*



### Grand TONIC

*"The Refined Refreshment"*



## The Grand Classics

### Grand SIDECAR

*"The Distinctive Elevation"*



### Grand OLD FASHIONED

*"The Elegant Touch"*



### Grand MARGARITA

*"The Refreshing Sophistication"*



### Grand MAI TAI

*"The Premium Choice"*



# Campari



the celebration of the classic cocktail with the global Negroni Week: **7,780 bars served!**

## NEGRONI WEEK

<b>USA</b>	<b>3,006</b>
<b>Germany</b>	<b>949</b>
<b>Argentina</b>	<b>595</b>
<b>Canada</b>	<b>557</b>
<b>Greece</b>	<b>418</b>
<b>Australia</b>	<b>321</b>
<b>U.K</b>	<b>272</b>
<b>Spain</b>	<b>185</b>
<b>and many more...</b>	

From 100 participating bars in 2013 to **7,780 bars** in 2017...the classic Negroni is being enjoyed globally

	2013	2014	2015	2016	2017
#outlets	100	1,367	3,533	6,040	7,780
Growth %		+1267%	+158%	+71%	+29%



CAMPARI

Source: Internal data





*Russell's Reserve: our craft  
bourbon primed for growth*

# American Whiskey & bourbon

Trends in the American Whiskey category



The Bourbon Category is the **second fastest growing category globally**

There is **strong growth** being generated outside of the Top 3 Bourbon markets

Bourbon's international growth driven by **Classic Cocktails and Versatility**

Craft credentials drive Bourbon's **appeal for Millennials** around the world

Global surge in **RYE** interest

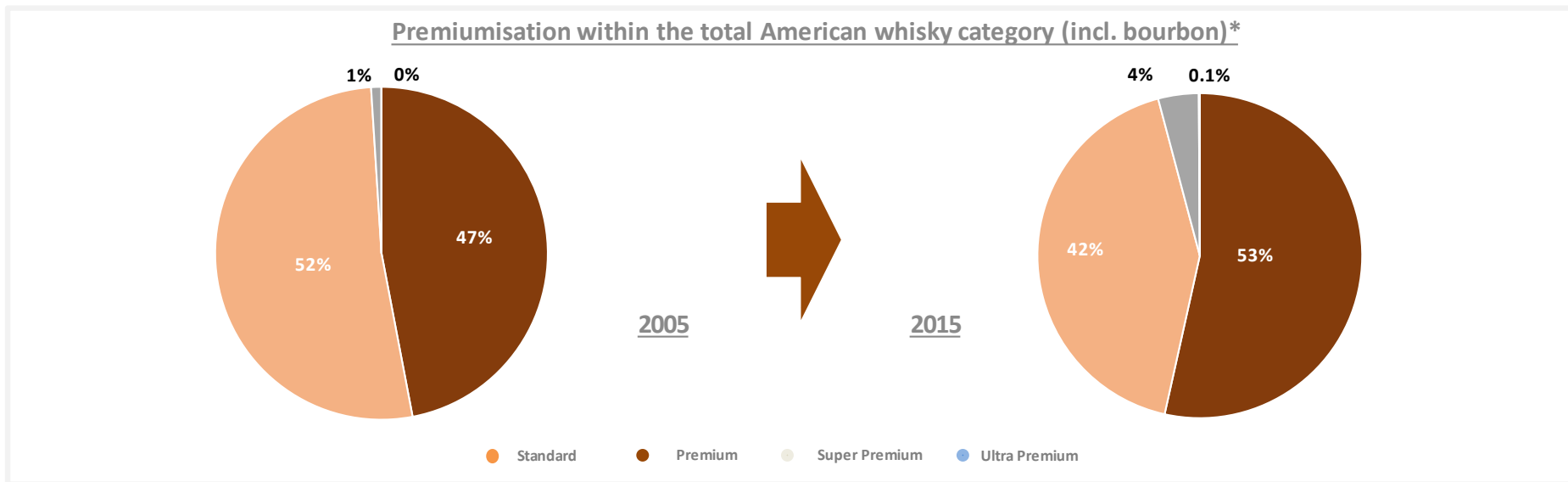
American Whiskey continues to **premiumise**





# The American whisky category continues to premiumise

Our American Whiskey is also on a premiumisation journey...



Our American Whiskey portfolio continues to premiumise along with the trend, with **Craft brand extensions** such as **Master's Keep** and **Russell's Reserve**



## MASTER'S KEEP

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



## RUSSELL'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



## RUSSELL'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



## RUSSELL'S RESERVE® SINGLE BARREL RYE

New packaging



## RUSSELL'S RESERVE® SINGLE BARREL BOURBON

Russell's Reserve single barrel bourbon, matured in American White Oak barrels and hand picked by our master distillers was released across the US in early 2017

Premiumisation



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Source: IWSR 2015

Deutsche Bank Global Consumer Conference 2017, Paris



# Craft revolution in American Whiskey

Craft revolution driving innovation

The continued demand for **CRAFT BRANDS** broadens the attention on the US whiskey category...**Craft brands appear to promise an experience of complexity, sophistication and high quality** – key values that Russell's Reserve conveys



## CRAFT BEER

## CRAFT SPIRITS

**21%** Vs. **3%**

Craft beer began as a **niche trend**, yet now takes up **21% of value share in the USA**. Whereas craft spirits accounts for just **3% value share in the USA**: there is room to grow



## Innovation

- The demand for Craft authenticity has driven the need for innovation within brand portfolios
- **Innovation** will be used to **reinforce our quality credentials and brand story** as we match the demand for **Heritage, Story, Production method, quality non-mixable liquid to be enjoyed neat or on the rocks...**
- Our American Whiskey innovation territories must:
  - Be in the premium to super premium segment
  - Be limited editions and brand / story led
  - Build trust and confidence in the brand
  - Be quality liquid to be enjoyed neat or on the rocks
  - Provide diversification and uniqueness



# Russell's Reserve

*capturing the spirit of "craft" with Russell's Reserve Bourbon*

## Russell's Reserve

- Russell's Reserve continues to grow in its two key markets, the US (95%) and Australia (4%), backed by the surge in demand for high quality, craft bourbon bourbons...
- Russell's Reserve is a premium, craft bourbon: hand-crafted, small-batch, individually bottled, authentic and Kentucky-spirited bourbon
- A range of offerings under the Russell's Reserve portfolio offer distinctive tasting notes as the consumer's desire for high-quality and discovery becomes greater:
  - 10 year old Bourbon with a rich caramel & vanilla taste with smooth finish
  - Single Barrel Rye, delivering pepper, vanilla and tobacco flavours
  - Single Barrel bourbon, guaranteeing maximum flavour from a unique personality of toffee & vanilla
  - 6 year old Rye, delivering a smooth, crisp taste



## Packing & Pricing evolution



- Russell's Reserve has been given a premium makeover, harking back to the imagery of classic craft bourbon bottles, appealing to all: from exploratory millennials to whiskey connoisseurs alike
- Coupled with the updated packaging, the price point evolution of Russell's Reserve has increased and now yields a premium price, reflecting the quality of the liquid

GRUPPO

**CAMPARI**

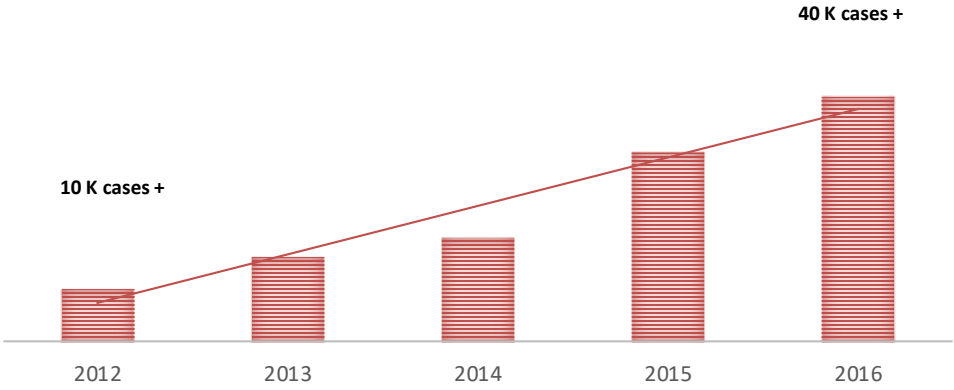
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### Net Sales growth: Russell's Reserve

CAGR Net Sales 2012-2016 : +46%

CAGR Volumes 2012-2016 : +33%



- Gruppo Campari leverages its capacity to innovate and develop craft concepts
- Sustainable growth in Craft brands thanks to our unique distillation capabilities

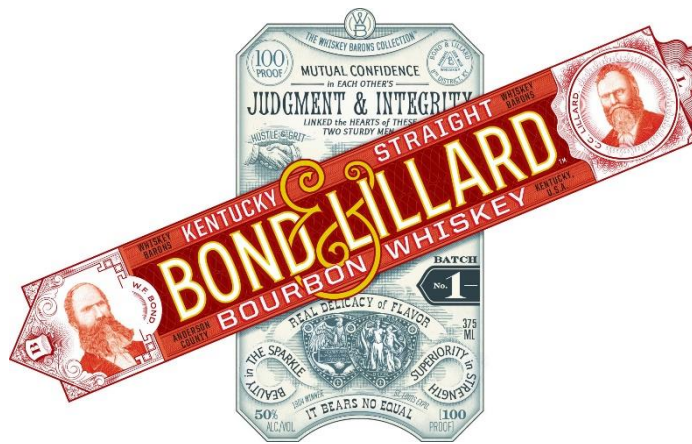




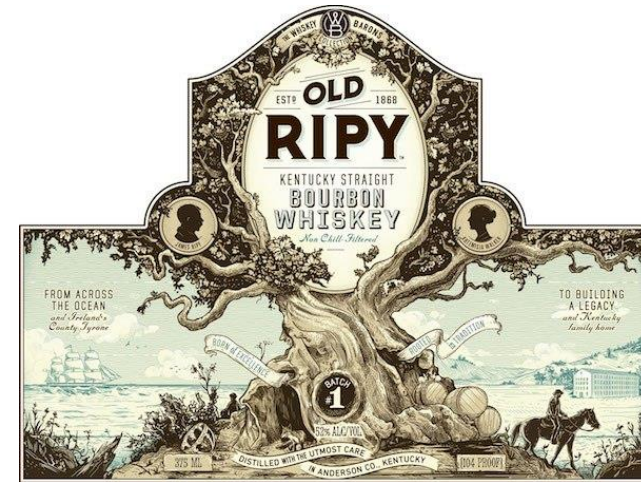


*More to come...*

**B**ond & Lillard  
Kentucky Straight  
Bourbon



**O**ld Ripy Kentucky  
Straight Bourbon





**Matthew McConaughey**  [@McConaughey](#) TWEETS 1,685 FOLLOWING 153 FOLLOWERS 2.41M

**Matthew McConaughey**  [@McConaughey](#) · May 5

[@WildTurkey](#)'s Jimmy Russell once told me his recipe for world's best Mint Julep. So good I wrote it down. Sharing just in time for Derby

1. Pour 200 ML of Wild Turkey 101. Set aside.
2. Make sure you have a proper stainless steel julep cup.
3. Pick fresh mint sprigs. Must be fresh from garden. Muddle mint in bottom of cup.
3. Don't use crushed ice. Get a block of ice and shave ice into cup. This is very important.
4. Once cup is cold and sweating, add simple syrup, powdered sugar, and mint sprigs.

FINAL STEP: take the cup, go to your backdoor, throw the whole thing out and drink the Turkey straight!

 116  684  2.1K

**BULLDOG**  LONDON  
DRY GIN

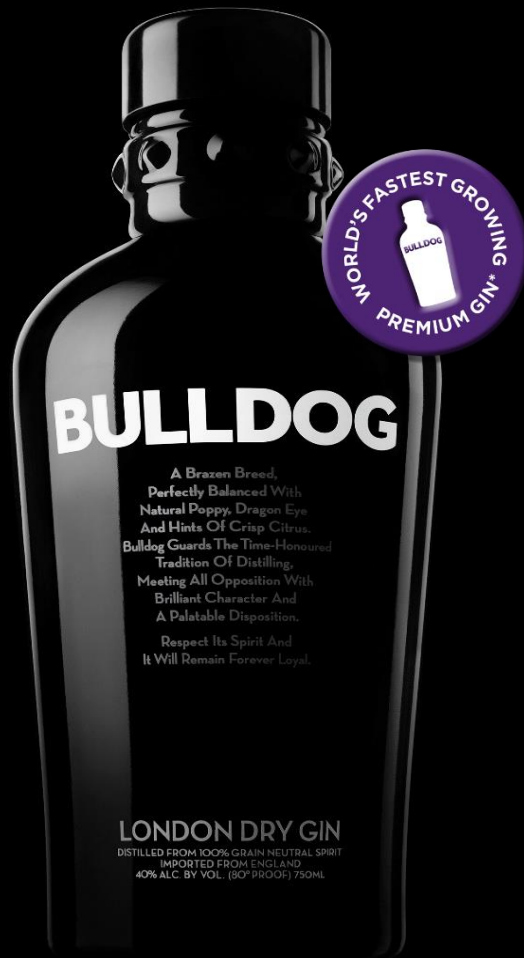


*'Bulldog gin: to be the game-changer in the gin category. Do what Absolut did to vodka and Patron to tequila'*

**MIXES WITH EVERYTHING, SURRENDERS TO NOTHING**



## Iconic Style



## Made for the Modern Age



## Versatile & Distinctive



# Bulldog London Dry gin

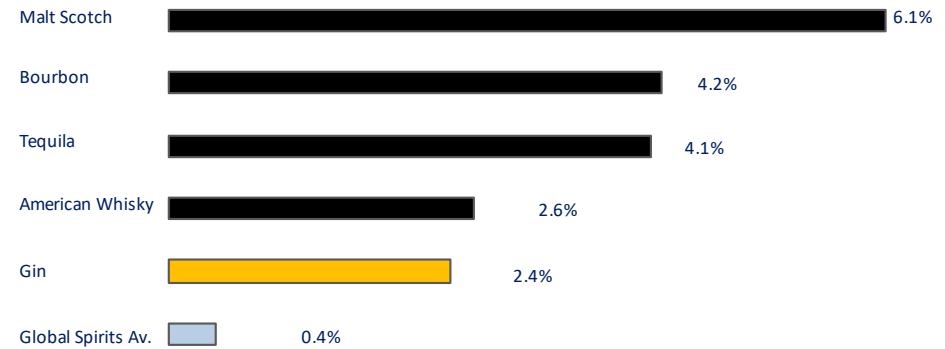
The world's fastest growing premium gin\*



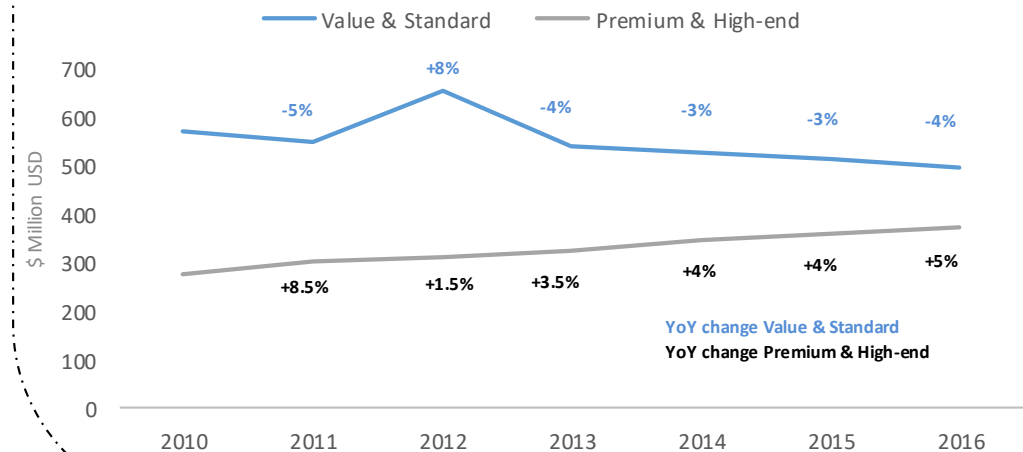
**BULLDOG**  
LONDON DRY GIN

- **Gin category** is 53.9 million 9l cases in 2015, growing by 2.4%
- **Premium (& above) gin** is approximately **13% of total gin** volumes at around 6.7 million cases
- According to IWSR, super premium gin has **grown exceptionally** in the last 10 years, with a **ten-year CAGR (2005-2015) of 30.3%**
- Europe (especially Spain & UK), North America (especially the US) and Australasia have all driven the overall category
- While major players perform well, **new independent and craft** distillers have grown dramatically in response to growing interest in both the gin category and the craft trends

Spirits category growth by volume 2015\*



US Gin Spirits Growth – Total Revenues \$ Million (USD)





# Bulldog London Dry gin

acquisition rationale: from agency to own brand to fully exploit its growth potential



- Purchased in February 2017, Gruppo Campari has the opportunity to consolidate its presence as a **key player** in the **attractive super premium gin category** via super-premium own brand
- Premiumise Gruppo Campari's own brand portfolio, driving richer product mix, an increase in on-premise (particularly in the US where we are strengthening our capabilities) as well as Duty Free enrichment
- Increase **critical mass** in selected international markets with recently established route-to-market platforms such as Spain
- **Fully compliment** offerings already within Gruppo Campari's portfolio: the third part to the **World's #2 cocktail, the Negroni** (Gin, Campari, Cinzano Red Vermouth)
- Allows a full compliment to other classic gin-based cocktails such as Gin Martini, Tom Collins, Gin Fizz and of course, Gin & Tonic

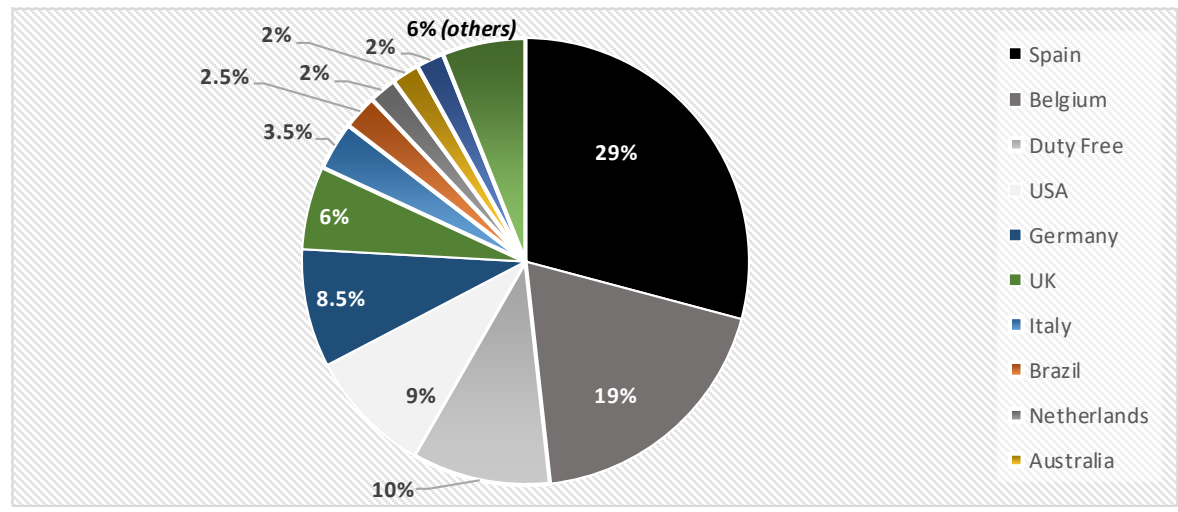


# Bulldog London Dry gin

A premium-craft gin offering which is easily mixable and versatile for emerging trends



Net sales breakdown (2016 Actual)



- BULLDOG's high accessibility as a quality, premium mixable-gin is due to the liquid: high citrus notes and a low juniper taste profile allows BULLDOG to be easily mixable and versatile for recent emerging consumer trends:

Explorers Driving Emerging Trends



Top Long Drink serves that overindex vs. stragglers



Awareness of types of cocktails. The Explorer indexed vs avg. cocktail consumer



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Sources: IWSR 2015, CGA Mixed Drinks Report, Oct 2016

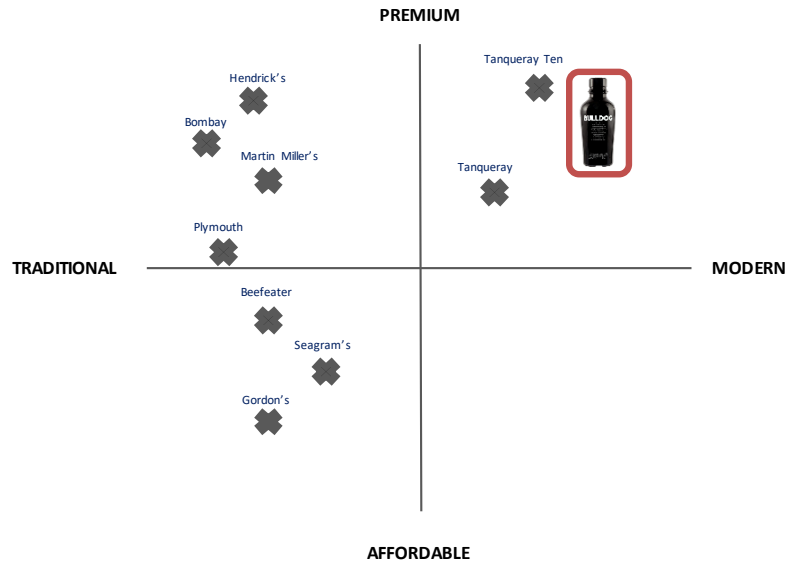
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A premium-craft gin offering which is easily mixable and versatile for emerging trends

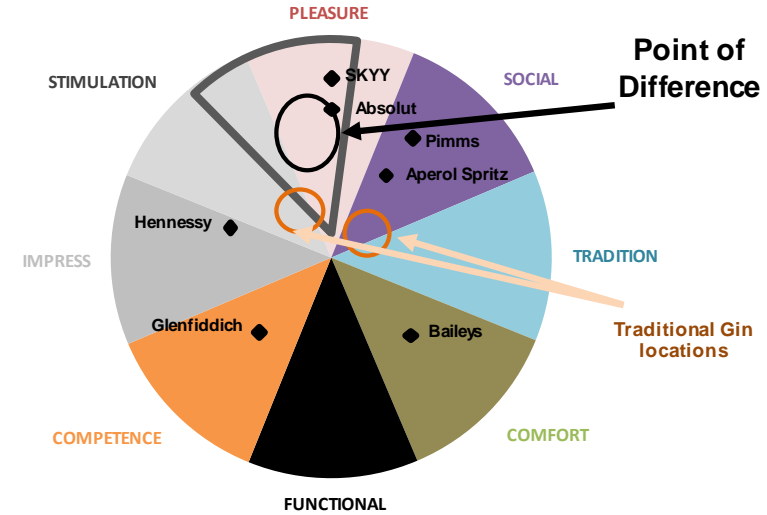


**BULLDOG**  
LONDON DRY GIN

Brand positioning: Premium craft offering



BULLDOG Gin: no other gins within the pleasure-need state



We had a lot more to say today, with many other fantastic brands to discuss...

## Tequila



**ESPOLÓN**  
TEQUILA

NET SALES CAGR 2014-2016:

**+28%**

**AVERNA**  
**BRAULIO**  
BORMIO  
AMARO ALPINO



COMBINED NET SALES  
CAGR 2014-2016:

**+12.5%**

## Bitters



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**THANK-YOU**

**Thirsty yet?**



*For additional information:*

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