



## Gruppo Campari to launch a friendly takeover offer for Société des Produits Marnier Lapostolle S.A.



Investor Presentation  
15 March 2016

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## An Iconic Premium French Specialty Brand with a Global Exposure

### The Target

- > Listed French company, **Société des Produits Marnier Lapostolle** ('SPML'), is a **leading spirits supplier, owner of the iconic premium Grand Marnier liqueur brand**
- > **Renowned for its alluring blend of cognac and essence of bitter orange, Grand Marnier is one of the world's most recognized and storied spirits brands with a rich 150-year history and a strong presence in premium on-trade outlets**
- > **Grand Marnier is poised to enter Gruppo Campari's Global Priorities, reshaping, further strengthening and premiumising Gruppo Campari's offering and driving richer product mix**

### Transaction Structure

- > Gruppo Campari has **reached an agreement with the controlling family shareholders of SPML to acquire control of the company**
- > **Pursuant to the terms of the agreements reached with the controlling family shareholders, Gruppo Campari will launch a Tender Offer**
- > **Simultaneously, Gruppo Campari has entered into an exclusive agreement with SPML for the worldwide distribution of the Grand Marnier spirits portfolio**



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## Company Overview

- > **Founded in 1827, SPML is a French company, predominantly focussed on manufacturing and selling premium liqueurs**
- > SPML is listed on Euronext (Paris) with a **market capitalisation of € 427 million as of March 11, 2016**
- > Headquartered in Paris, its main bottling and packaging site is located in Normandy, France
- > In fiscal year ending December 31, 2015, SPML achieved a consolidated **annual turnover of € 151.7 million** <sup>(1)</sup>, of which **€ 129.5 million relating to sales of finished goods, and a consolidated EBITDA of € 30.8 million. It should be noted that SPML's EBITDA does not include the profits sitting at the distributor level**
- > The **Grand Marnier spirit portfolio is SPML's core business, accounting for approx. 85% of the consolidated finished goods sales in 2015**
- > The Grand Marnier portfolio includes **Grand Marnier Cordon Rouge**, Cherry Marnier, Louis Alexandre, Cuvée du Centenaire, Cuvée du Cent Cinquantaire and Quintessence
- > **SPML generated approx. 92% of its consolidated finished goods sales outside France. Key markets are the US, accounting for approx. 60%, Germany, Canada and France**
- > SPML brands are currently **distributed in over 150 countries through third party distributors**









## A focus on core brand Grand Marnier

- **Iconic premium French brand** created in 1880
- Renowned for its alluring blend from the **finest cognac** and essence of wild tropical oranges, according to a secret recipe which has remained unchanged since it was created, **Grand Marnier is one of the world's most recognized and storied spirits brands** with a **rich 150-year history**
- **Aged in oak casks**, giving the liqueur incomparable roundness and subtlety
- **Premium positioning** thanks to its **exceptional quality and international recognition**
- **Key ingredient for many classic cocktails**
- **Strong presence in premium on-trade outlets** as a must have premium brand in cocktail bars



### Premium and Classic Cocktails

Grand Margarita	Grand'O	B-52	Grand Sidecar	Grand Cosmo	Grand Sour
					
<ul style="list-style-type: none"> <li>• Grand Marnier</li> <li>• Tequila</li> <li>• Lime juice</li> <li>• Salt</li> </ul>	<ul style="list-style-type: none"> <li>• Grand Marnier</li> <li>• Orange juice</li> <li>• Soda</li> <li>• Ice</li> </ul>	<ul style="list-style-type: none"> <li>• Grand Marnier</li> <li>• Coffee liqueur</li> <li>• Irish Cream</li> </ul>	<ul style="list-style-type: none"> <li>• Grand Marnier</li> <li>• Cognac VSOP</li> <li>• Lemon juice</li> </ul>	<ul style="list-style-type: none"> <li>• Grand Marnier</li> <li>• Vodka</li> <li>• Cranberry juice</li> <li>• Lemon juice</li> </ul>	<ul style="list-style-type: none"> <li>• Grand Marnier</li> <li>• Lemon juice</li> </ul>



# Plant operations

- > The industrial sites in France include:
  - **Bourg-Charente:** located in the heart of the Cognac region and originally built in the 13th Century
  - **Aubevoye:** bottling and packaging site of SPML, located in Normandy. It was built in 1975 to meet growing demand on a site chosen for its proximity to the large shipping port of Le Havre



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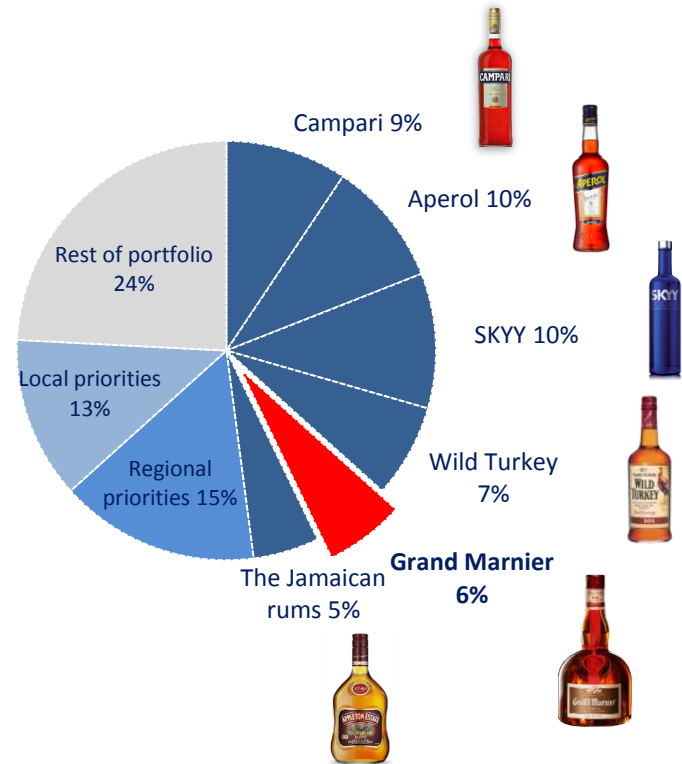
Conclusion



## A perfect fit to Gruppo Campari's acquisition framework

- > **A perfect strategic fit** with Campari Global Priorities portfolio in terms of **brand equity, premium positioning and scale**
- > **A high-margin brand and cash generative business**
- > It enables the Group to:
  - further **capitalize on the revival of classic cocktails** and the **growing interest in specialties and liqueurs in the premium on-premise channel, particularly in the US**
  - leverage the **Group's brand building capabilities** and consolidated track record in re-launching and accelerating momentum of high potential brands

**Gruppo Campari  
2015 pro-forma net sales <sup>(1)</sup>**



<sup>(1)</sup> Estimated pro-forma sales breakdown

## Strategic rationale - A perfect fit

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### Distribution fit

- > **Add further critical mass across the Group's markets, particularly in the key US market, which is expected to become the Group's largest market** in terms of the Group's net sales
- > **Leverage Gruppo Campari's enhanced international distribution capabilities** benefiting from a perfect fit of the distribution reach of the acquired business. **Grand Marnier top markets include the US, Germany, Canada and France**
- > **Enhance the Group's exposure to the premium on-trade channel** as well as **Global Travel Retail**
- > Grand Marnier to benefit from the strategic focus of the strengthened Gruppo Campari route-to-market as a **key brand within our Global Priorities portfolio across all markets**

### Financial fit

- > **Maintain financial discipline**
  - transaction expected to have an **immediate accretive effect on a pro-forma full year basis**
  - **to be fully funded by available cash**

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## Block transaction and Put and Call options

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### Block transactions

- > Gruppo Campari has reached an agreement with the controlling family shareholders of SPML to acquire immediately shares, representing 17.19% in full ownership, 1.06% in bare ownership and 1.54% in usufruct of SPML's capital through block transactions with some of the controlling family shareholders

### Put and Call options and Shareholders' Agreement with Family Shareholders

- > Gruppo Campari agreed via put and call options to acquire as from 2021 the remaining shares currently held by the controlling family shareholders, representing 26.60% in full ownership and 2.24% in bare ownership of SPML's share capital
- > Gruppo Campari and the family shareholders who have entered into the call and put options also entered a shareholders' agreement on the governance of SPML up until the exercise of the above mentioned put and call options
- > It should be noted that any dividend payable by SPML will be deducted from the value of the put and call options

## Tender Offer

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- > **Gruppo Campari has the intention to take full control of the company via a Tender Offer**
- > **Pursuant to the conditions agreed with the controlling family shareholders, the Tender Offer price shall be equal to € 8,050 <sup>(1)</sup> per share in cash, implying a 60.4% premium to the current share price <sup>(2)</sup>**
- > **The payment of an additional earn-out consideration shall be conditional upon the sale of a real estate property currently owned by SPML and located in St. Jean Cap Ferrat (France)**
- > **The Tender Offer will be opened following due work's council consultations and antitrust clearance in the US**
- > **In the event that the outcome of the Tender Offer is such that Gruppo Campari comes to own less than 50.01% of the shares and voting rights in SPML, the controlling family shareholders parties to the call and put options have undertaken to sell in advance their shares and to relinquish their double voting rights to the extent that is necessary for Gruppo Campari to acquire a controlling stake in SPML**

(1) Cum 2015 final dividend

(2) Based on share price of €5,020 as of 11 March 2016

## Tender Offer (cont'd)

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- > **Should Gruppo Campari's stake in SPML come to exceed 95%** (including the shares subject to the put and call options agreements) as a result of the successful completion of the Tender Offer, Campari shall buy out the residual free float shares, which will cause the delisting of SPML
- > Excluding the effects of the sale of the real estate property and the related earn-out consideration, the total **implied Equity Value for 100% of SPML would be € 684 million** <sup>(1)</sup> and the total implied **Enterprise Value for 100% of SPML would be € 652 million** <sup>(2)</sup>. It should be noted that **the net proceeds from the disposal of the real estate property will be retained by Gruppo Campari up to a maximum amount of € 80 million**, whilst **any excess net of any tax and any other costs relating to the disposal will be distributed to all of the selling shareholders** (including the investors that will tender their shares in the context of the Tender Offer)
- > In order to facilitate the managerial transition, **François de Gasperis and Stéphane Marnier Lapostolle will remain respectively chairman of the directoire and in the management team** until the exercise of the put and call options

(1) Based on 85,000 outstanding shares

(2) The Equity to Enterprise value bridge as of December 31, 2015 of € 32.6 million is composed by: net cash position of € 32.3 million, net pension liabilities of € (18.0) million (as of December 31, 2014) and minority interests of € (0.6) million, cash proceeds of the Tender Offer to the treasury shares of € 23.1 million, interim dividend of € (4.2) million paid on January 25, 2016



## Distribution agreement

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- > **Simultaneously to the acquisition of initial stakes in SPML, Gruppo Campari has entered into an agreement with SPML for the worldwide exclusive distribution of the Grand Marnier spirits portfolio**
- > The distribution agreement will become effective on July 1, 2016 and will remain in force for **a period of five and a half years until December 31, 2021**. The initial agreement will be renewable for consecutive five year periods after 2021

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### Deal valuation

- Excluding the effects of the sale of the real estate property and the related earn-out consideration, **the corresponding implied multiple based on the total Enterprise Value for 100% of SPML of € 652 million and a pro-forma EBITDA pre one-off's of € 47.4 million in FY 2015**, which includes the estimated full year effects of the worldwide distribution agreement and excludes any potential synergies, **would be 13.7 times**

### Accretion/(dilution) effect

- **This transaction is expected to have an immediate accretive effect on a pro-forma full year basis**

### Deal financing

- The transaction is to **be funded with available cash**

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- > Grand Marnier is a perfect fit with Gruppo Campari in terms of:
  - Brand profile
  - Distribution network
  - Financial framework
  
- > With Grand Marnier, Gruppo Campari is to:
  - **add a cash generative business and a high-margin, premium and distinctive brand to its Global Priorities portfolio**, thus driving richer product mix by brand and by market
  - consolidate its position as the leading **purveyor of premium liqueurs and bitter specialties worldwide, benefitting from** the revival of classic cocktails, particularly in the US and the **growing interest in specialties and liqueurs in the premium on-premise channel**
  - **continue leveraging its strong marketing capabilities and consolidated track record in re-launching and accelerating momentum of high potential brands**
  - further leverage its expanded international route-to-market and add **further critical mass across the Group's markets, particularly the key US market**
  - **enhance the Group's exposure to the premium on-trade channel as well as Global Travel Retail**
  - **continue to leverage its acquisition framework in a very disciplined and consistent manner for future growth**



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