

**CAMPARI GROUP**

**Davide Campari-Milano S.p.A.**

**Transfer of the registered office to the Netherlands  
and enhancement of the current increased  
voting rights mechanism**

**Investor presentation**

**18 February 2020**

**TOASTING LIFE TOGETHER**

# Disclaimer

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# A new milestone in continuity with the past

## Key highlights

- > **Transfer of the registered office** of Davide Campari-Milano S.p.A. to the Netherlands
  - > **Current double voting rights mechanism to be enhanced** through the progressive introduction of additional voting rights
- 
- > Transaction aimed at **encouraging a capital structure more supportive of the Group's external growth strategy** in the long run and **rewarding a shareholder base with a long term investment horizon, in line with the Group's strategic guidance**
  - > **Controlling shareholder Lagfin S.C.A. confirms its long-term commitment to the Group strategy and prospects and its support to the Transaction**
  - > **Full continuity throughout all Company's aspects** upon the Transaction completion
    - **No impact** on the organization, management, business operations and employees
    - **Tax residence of the Company will be maintained in Italy**
    - **Company's legal status preserved** without any impact on its legal relationships
    - **No accounting impact** on financial reporting (IFRS confirmed)
    - **Sole listing** of the Campari ordinary shares **on the Italian Stock Exchange**
    - **Identity and historic presence of Campari Group in Italy preserved**

# Compelling rationale for the Transaction

## Continued focus on long term growth pillars

- > Through the **transfer of the registered office in the Netherlands** and the simultaneous **enhancement of the current double voting rights mechanism**, the Company aims at:
  - adopting a **flexible share capital structure** to allow the **Company to maintain and further strengthen a loyal and committed shareholding structure** while **combining this essential goal with the objective of further supporting the Group's growth strategy via external opportunities**
  - **rewarding a shareholder base with a long term investment horizon**, capable of underpinning the **Group's long term growth objectives and ambitions**, in line with its strategic guidance
  - benefitting from a **corporate law framework highly recognized and appreciated** by international investors and market operators, so as to **promote the global profile achieved** by Campari Group, while in the meantime **preserving the identity and historic presence of the Company in Italy**

# Campari Group today

Poised to continue playing an active role in the premium spirits industry consolidation

## World Class Brand Portfolio

- > Portfolio of **50+** premium brands, across all spirit categories, leveraging the key trends in the premium spirit industry
- > Strong focus on **six Global priority brands** and **selected high potential Regional and Local priority brands** fuelling the Group's long term and profitable growth

## Increased Global Reach

- > **Continuous strengthening of the Group's route-to-market**, now directly serving **20 markets** (16 new markets in the last 15 years), representing **92%** of 2019 Group's net sales
- > **Strong focus on premium spirits geographies**: US, the largest market for premium spirits worldwide, is the Group's top market with **27%** of net sales in 2019

## Brand Building and Marketing Capabilities

- > Strong focus on the continuous strengthening of **iconic and distinctive brands**, with **best-in-class marketing capabilities, innovation and brand building initiatives**, capable of **driving faster and consistent growth**

## Strengthened Business Infrastructure

- > **Built significant new capabilities** throughout Campari Group
  - **Enhanced commercial capabilities** to continuously strengthen the **Group's route-to-consumer**
  - **State of the art infrastructure** in terms of **Supply Chain** and **support functions**, successfully re-envisioned thanks to **global transformational investments** to support future growth

## Increased Business Scale

- > **Sixth largest player worldwide** in the premium spirits industry<sup>(1)</sup> thanks to the achievement of consistent growth via a **combination of sustained organic growth and value creative acquisitions**

## Financial discipline

- > **Financial discipline** with focus on **strict acquisition financial criteria, conservative leverage profile** and **strong cash flow generation**
- > **Strong M&A track record with 30 acquisition for c.€3 billion in total value**

**CAMPARI GROUP**

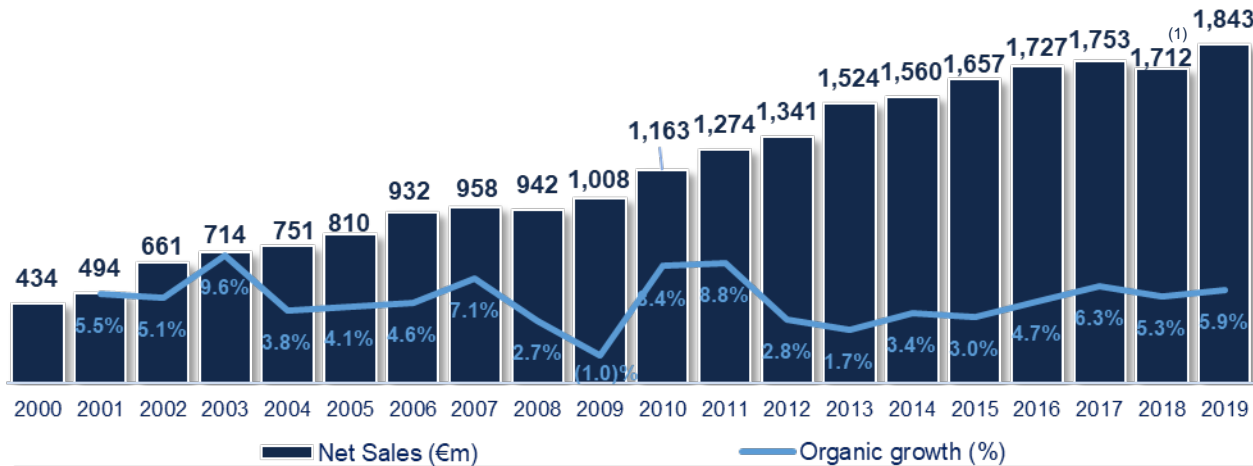
(1) Source: Impact's top 100 Premium Spirits Brands Worldwide by Company, March 2019.



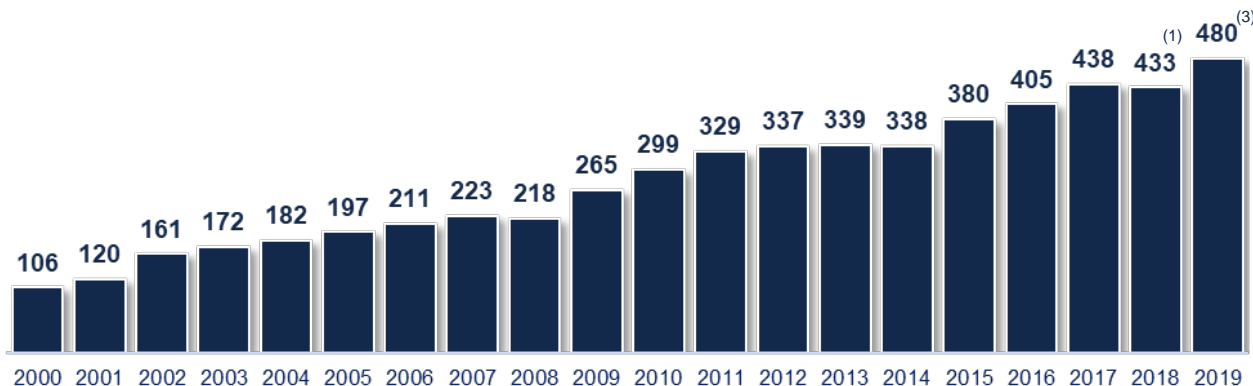
# Track record of well-balanced and profitable growth

Consistently delivering on strategy since IPO

Net Sales (€m)



EBITDA Adjusted <sup>(2)</sup> (€m)



- > Net sales and EBITDA increased 4 times since 2000
- > Sustained organic growth consistently outperforming the industry growth:
  - 5y CAGR 2015-2019: net sales +5.0%  
EBITDA adjusted <sup>(3)</sup> +7.5%
- > 30 acquisitions completed since 1995 with over €3bn in total value
- > Strategy has paid off since IPO:
  - Absolute share price performance increased 12 times
  - Total Shareholder Return CAGR of ~16% (with dividend reinvested) outperforming industry peers

# Key elements of the Transaction

## Enhancement of the current increased voting mechanism

- > **Transfer of the registered office to the Netherlands** and adoption of the company form known as *Naamloze Vennootschap* (N.V.) under Dutch law
- > **Enhancement of the double voting rights mechanism** currently in force <sup>(1)</sup> through the **adoption of a mechanism based on the assignment of special voting shares**
  - Assignment of **2, 5 and 10 voting rights for each Ordinary Share which is held for 2, 5 or 10 years**
  - Such additional voting rights are subject to the **uninterrupted holding of Ordinary Shares**: the **transfer of the Ordinary Shares** to which the Special Voting Shares are associated and the **occurrence of change of control will cause the loss of the benefit of the increased voting rights**
  - Shareholders who are entitled to the current double voting benefit (*voto maggiorato*) as of the effective date of the Transaction will be **entitled to the same benefit immediately thereafter**, while loyal shareholders who are not yet entitled **will be allowed to carry over the registration period in the special register for the purpose of the assignment of 2 voting rights**
- > **Shareholders who do not support the adoption of the resolution on the Transaction will be entitled to exercise their withdrawal right** (*diritto di recesso*)
- > The Transaction is subject to the satisfaction of a limited number of conditions precedent, including the amount of cash to be paid to **shareholders exercising their withdrawal right not exceeding in aggregate the amount of €150 million (calculated after taking into account the amounts payable by the shareholders exercising their option and pre-emption rights pursuant to applicable laws and by other third parties)**

# Controlling shareholder Lagfin supports the Transaction

Confirmed its long-term commitment to Campari Group strategy and prospects

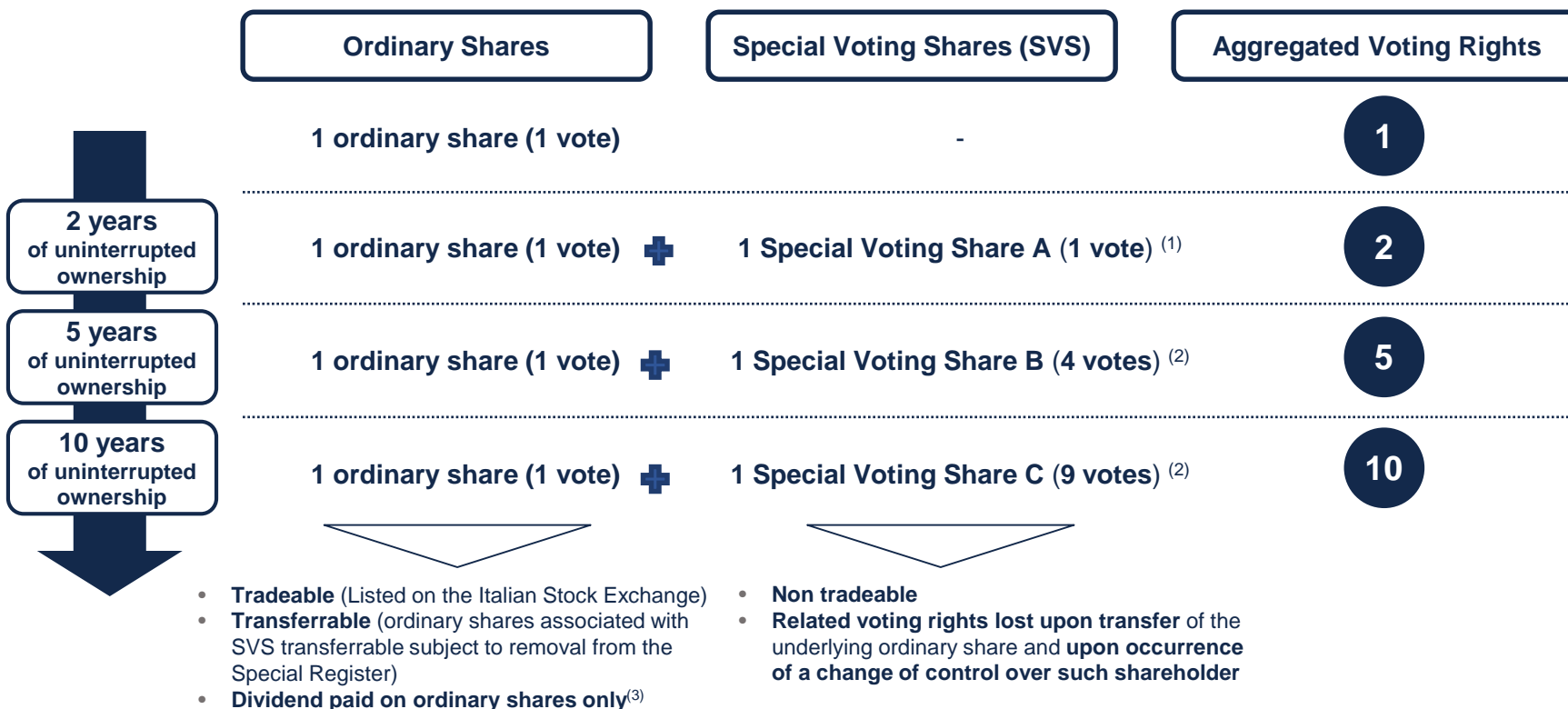
- > Campari's controlling shareholder **Lagfin**, which today holds **51% of Campari's issued capital and 65.3% of the voting rights**, has confirmed its **long-term commitment to the Group strategy and prospects** and **its support to the Transaction**
- > For the purpose of **strengthening the Transaction certainty** and **mitigating the potential cash outflows** resulting from the withdrawal process, **commitment to acquire withdrawn shares** in the context of the offer and sale process provided for under Italian law **up to an aggregate amount of €76.5 million**



# Special Voting Mechanism

## Detailed description

### Loyalty voting mechanism rewarding long-term shareholders



> New Articles of Association also provide that the competent corporate bodies' (Board of Directors and Shareholders' meeting) can resolve *una tantum* to give to the holders of Special Voting Shares C (which, jointly with the underlying Ordinary Share, grant 10 voting rights) the right to convert such shares into special class shares granting multiple votes (up to 20 voting rights), which may also be non-listed, and subject to certain transfer restrictions (consistently with the purposes of encouraging the long-term shareholding)

(1) Shareholders entitled to the current increased voting benefit (*voto maggiorato*) as of the date of consummation of the Transaction will be entitled to the same benefit thereafter and the registration period in the current loyalty register will be taken into account for the purposes of the assignment of 2 voting rights.

(2) Each SVS A will be converted into SVS B after three years of uninterrupted holding of SVS A. Each SVS B will be converted into a SVS C after five years of uninterrupted holding of SVS B.

(3) Special Voting Shares do not pay dividend (save for minimal exceptions pursuant to Dutch law).

# Overview of Voting Rights and Shareholding structure upon the Transaction completion

## Voting Structure

Shareholder	As is					To be <sup>(2)</sup>				
	Ordinary Shares <sup>(3)</sup>	% of total Ordinary Shares	<i>of which carrying 2 votes</i>	Voting Rights	% of total voting rights <sup>(4)</sup>	Ordinary Shares (1 vote) <sup>(5)</sup>	% of total Ordinary Shares	Special Voting Share A (1 vote)	Voting Rights	% of total voting rights <sup>(4)</sup>
<b>Lagfin S.C.A</b>	592,416,000	51.00%	592,416,000	1,184,832,000	65.32%	592,416,000	51.00%	592,416,000	1,184,832,000	65.32%
<b>Cedar Rock <sup>(1)</sup> Capital Ltd.</b>	86,395,772	7.44%	62,590,274	148,986,046	8.21%	86,395,772	7.44%	62,590,274	148,986,046	8.21%

(1) As per Notice of 7 February 2020 drawn up pursuant to article 143-quater, paragraph 5, of Consob Regulation No. 11971/99.

(2) Assuming that shareholders registered in the current special register will continue to be registered in the loyalty register under the Special Voting Mechanism. As a result of the Special Voting Mechanism, after the Transaction completion a shareholder's voting power will depend upon the extent to which the shareholders shall take part in the Special Voting Mechanism.

(3) Total number of ordinary shares outstanding of 1,161,600,000, with nominal value of €0.05 per ordinary share.

(4) Total number of voting rights of 1,813,823,912 on the basis of the latest data available to the Company (after deducting treasury shares).

(5) Total number of ordinary shares outstanding of 1,161,600,000, with nominal value of €0.01 per ordinary share after the reduction of the nominal share capital (to be carried out in accordance with Dutch Law) and the allocation of the capital resulting from the reduction to non-distributable reserves. As a result of such transaction, nominal value is of €0.01 per Special Voting Share A, €0.04 per Special Voting Share B, €0.09 per Special Voting Share C.

# Full continuity with past

## Identity and historic presence of Campari Group in Italy preserved

- > **Company's Ordinary Shares will continue to be solely listed on the Italian Stock Exchange of Borsa Italiana**
- > **No reorganization of the Group's operational and managerial activities**, which will continue to be led by the Company on a continuous and uninterrupted basis
- > **Company will maintain its own legal status, without any impact on its legal relationships**, including relationships with its employees, which will continue to be governed by Italian law
- > **The tax residence will be maintained in Italy**
- > **No impact on the financial reporting.** The financial statements will continue to be prepared in accordance with IAS/IFRS
- > The Company's **share buyback program**, to continue up to an **increased amount of €350 million in the next 12 months** <sup>(1)</sup>

# Governance framework following the Transaction

## One-tier board system as provided under Dutch law

- > **No changes in the current composition of the Board of Directors**
- > Adoption of a **one-tier board system as provided pursuant to Dutch law**, under which the **non-executive directors supervise the executive directors**
- > In accordance with Dutch Corporate Governance Code, **internal committees of the Board of Directors will be established, in line with those currently in place:**
  - **Audit Committee** to which audit tasks and duties shall be assigned in accordance with Dutch laws and regulations
  - **Remuneration and Appointment Committee**
- > The **Supervisory Body** (*Organismo di Vigilanza*) pursuant to Legislative Decree no. 231/2001 **will be maintained**
- > In accordance with the one-tier board system, the **Board of Statutory Auditors will cease to exist**

# Indicative Transaction Timetable and key procedures (1)

## Indicative Timetable

- **18<sup>th</sup> February** Announcement of the Proposed Transaction and EGM Call
- **27<sup>th</sup> March** EGM to Approve the Transaction
- **First half of April** Period for the Exercise of the Withdrawal Right
- **22<sup>nd</sup> April** Dividend Payment Date (Coupon Detachment on the 20<sup>th</sup>)
- **Beginning of May until end of July** Offer of withdrawn shares in option and pre-emption to other shareholders. Pre-transaction closing procedures to follow
- **By 31<sup>st</sup> July** **Expected Date of Completion of the Transaction**

## Withdrawal procedure

- > **Redemption price** payable to shareholders exercising their withdrawal right is equal to **€8.376 per Campari share**
- > Following the period for the exercise of the withdrawal right, **withdrawn shares will be offered in option and pre-emption to other shareholders** and, subsequently, the **unsold shares may be offered to third parties**
- > The payment of the redemption price of the withdrawn shares is **subject to, and will occur after, the completion of the Transaction**
- > Withdrawing shareholders **may not sell or otherwise dispose of any of the shares in respect to which the withdrawal right has been exercised until the completion of the Transaction**

# Forward Looking Statement

This communication contains certain forward-looking statements relating to Campari and the proposed transaction. All statements included in this communication concerning activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. Forward-looking statements are based on current expectations and projections about future events and involve known and unknown risks, uncertainties and other factors, including, but not limited to, the following: volatility and deterioration of capital and financial markets, changes in general economic conditions, economic growth and other changes in business conditions, changes in government regulation, uncertainties as to whether the proposed transaction will be consummated, uncertainties as to the timing of the proposed transaction, uncertainties as to how many shareholders will participate in the proposed transaction, the risk that the announcement of the proposed transaction may make it more difficult for Campari Group to establish or maintain relationships with its employees, suppliers and other business partners, the risk that the businesses of Campari Group will be adversely impacted during the pendency of the proposed transaction; the risk that the operations of Campari Group will not be integrated successfully, and other economic, business and competitive factors affecting the businesses of Campari Group. Such factors include, but are not limited to: (i) changes in the laws, regulations or policies of the countries where Campari Group operates; (ii) the adoption, both at a global level and in the countries where Campari Group operates, of restrictive public policies that have an impact on the production, distribution, marketing, labelling, importation, price, sale or consumption of alcoholic products; (iii) long-term changes in consumers' preferences and tastes, social or cultural trends resulting in a reduction in the consumption of products of the Campari Group as well as in purchasing patterns and the ability of Campari Group to anticipate these changes in the marketplace; and (iv) increased production costs and volatility of raw materials' prices.

Therefore, Campari and its affiliates, directors, advisors, employees and representatives, expressly disclaim any liability whatsoever for such forward-looking statements.

These forward-looking statements speak only as of the date of this communication and Campari does not undertake an obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise, except as required by law.

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