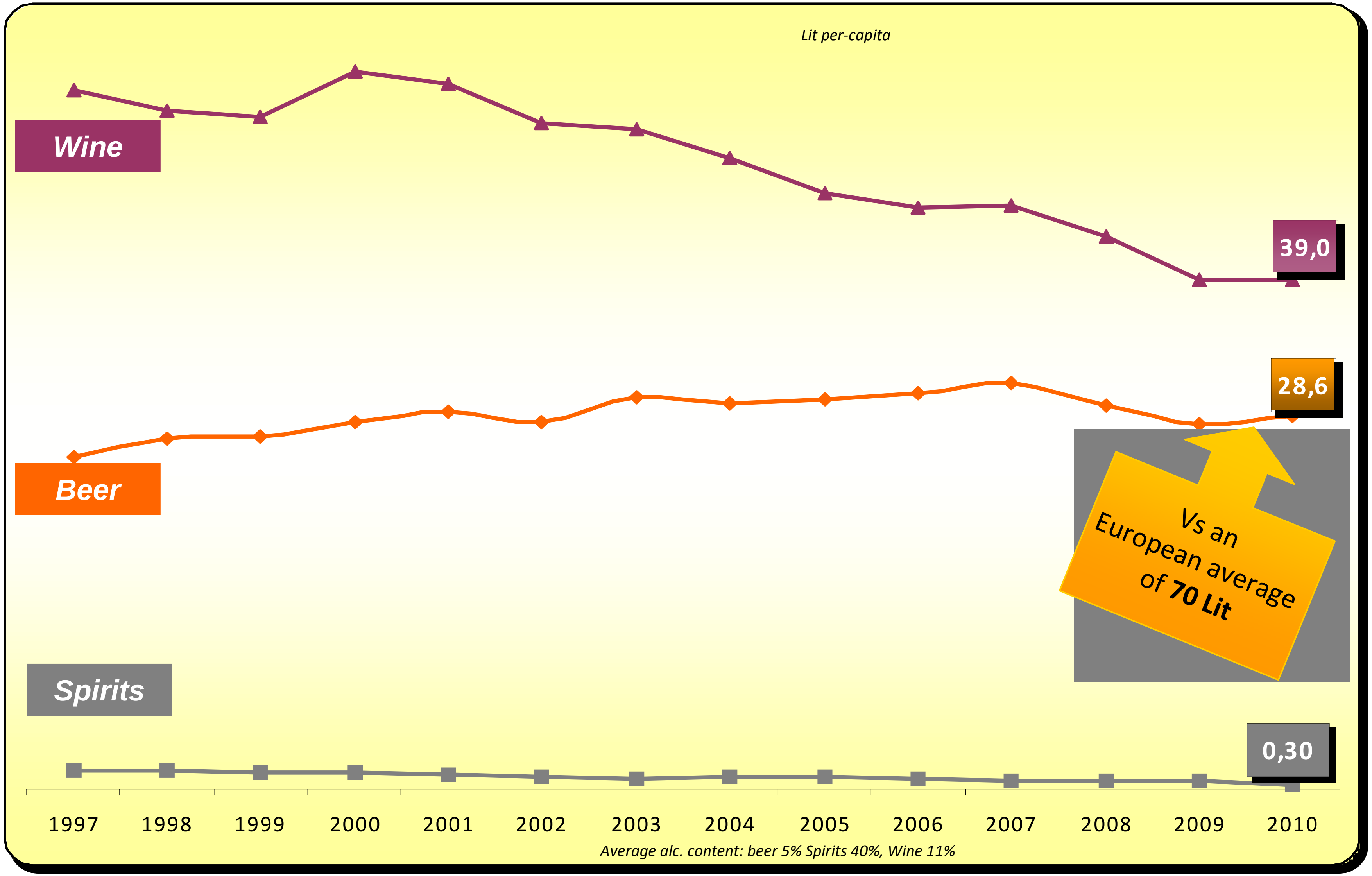
CERES S.p.A.
Update on Italian Market
Milan 27 March 2012

Beverage market in Italy dominated by water with wine declining

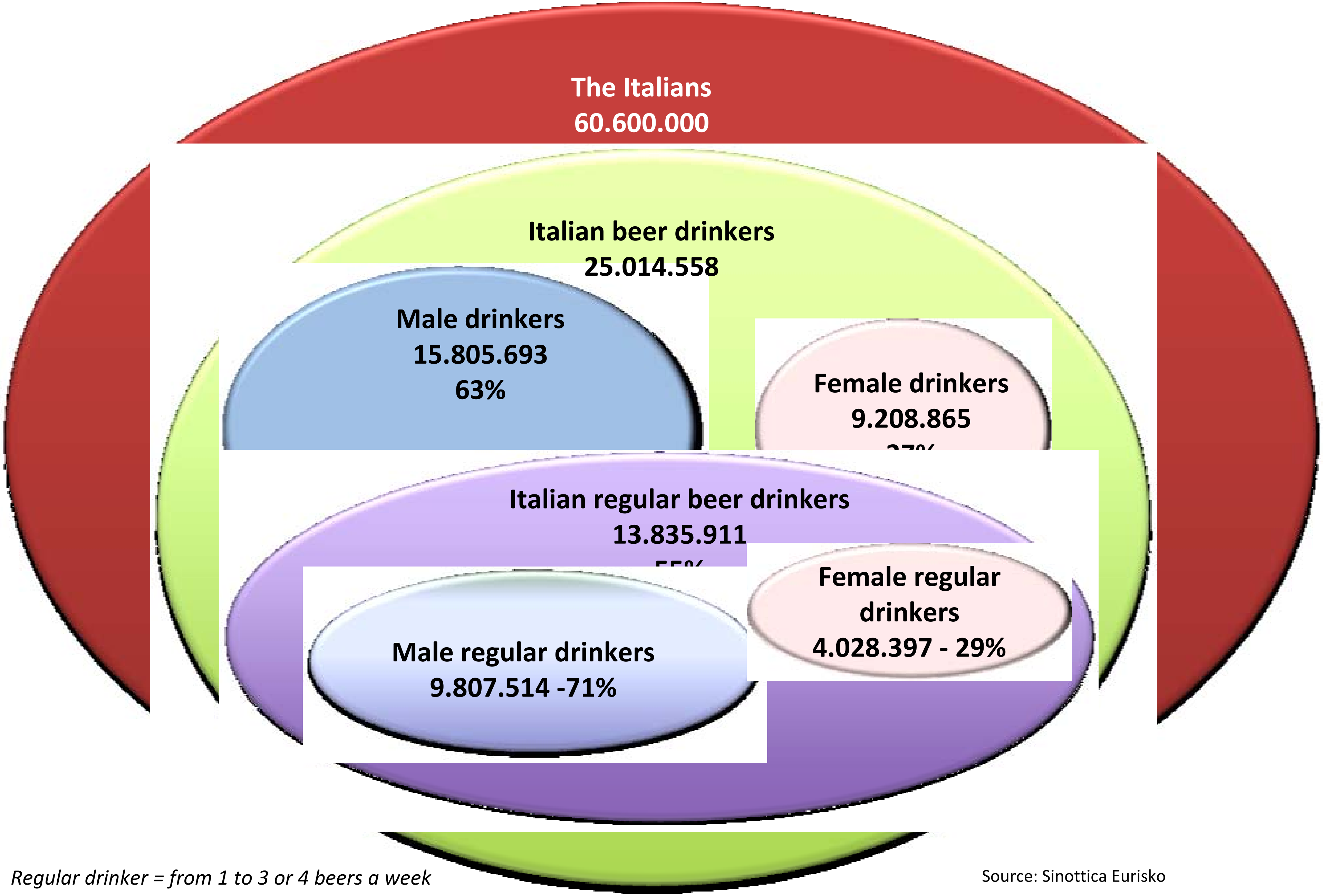
Source: Assobirra '11

Beer per-capita consumption in Italy increasing however still the lowest in Europe



Source: Assobirra''11

The Italian Beer consumers: Men

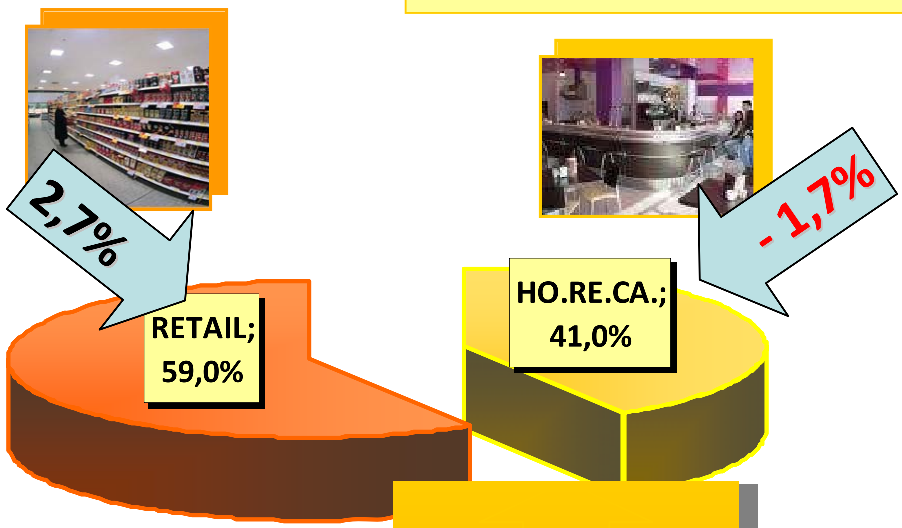


Regular drinker = from 1 to 3 or 4 beers a week

Source: Sinottica Eurisko

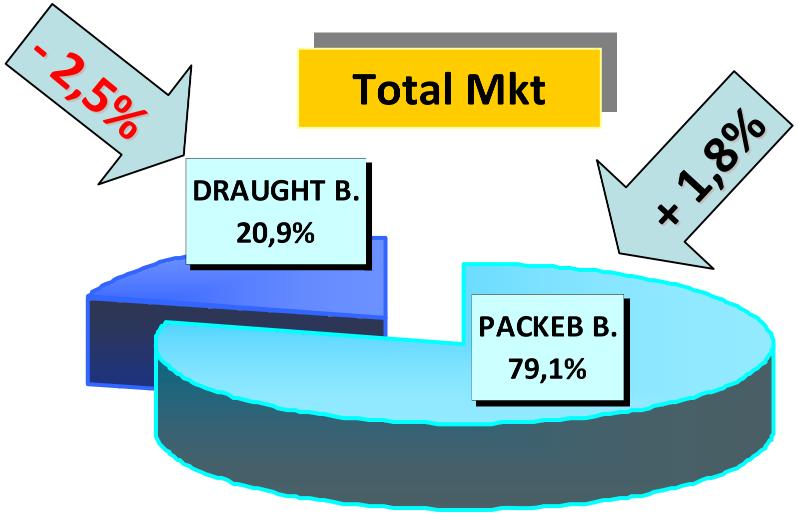
Sell Out: Beer market flat sustained by Retail

Total market – Year ending Jan '12 → **13.099 HL/000 flat**

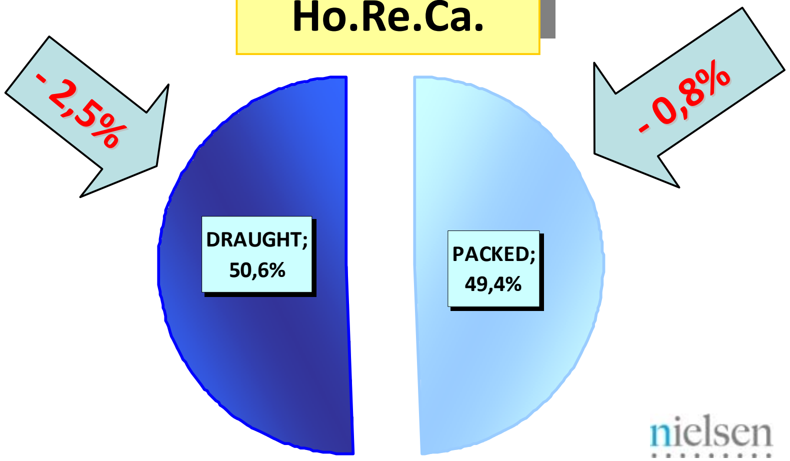


Nielsen coverage
68% vs Assobirra

Total Mkt



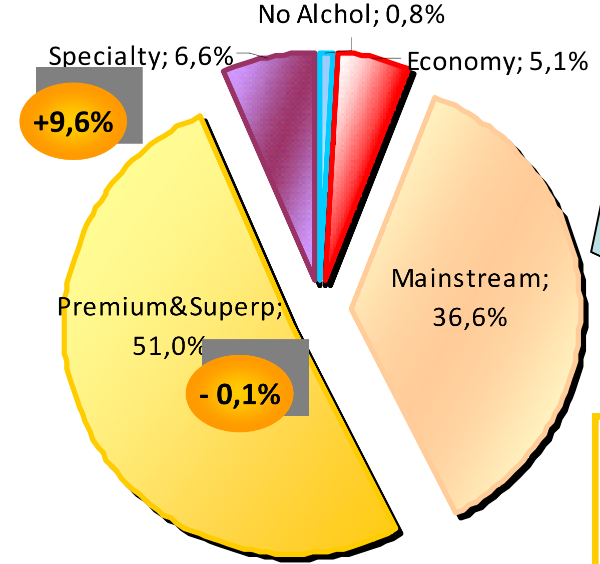
Ho.Re.Ca.



At year ending Jan '12, beer market tracked by Nielsen:

- **keeps stable volumes** vs previous year, despite economic crisis and summer weather trend (bad July, but "long summer tail" till the beginning of October);
- **Retail performance drives the trend**, vs a loss in Horeca volumes, mainly due to draught beer

Premium & Superpremium biggest packed segments with Specialties growing strongly

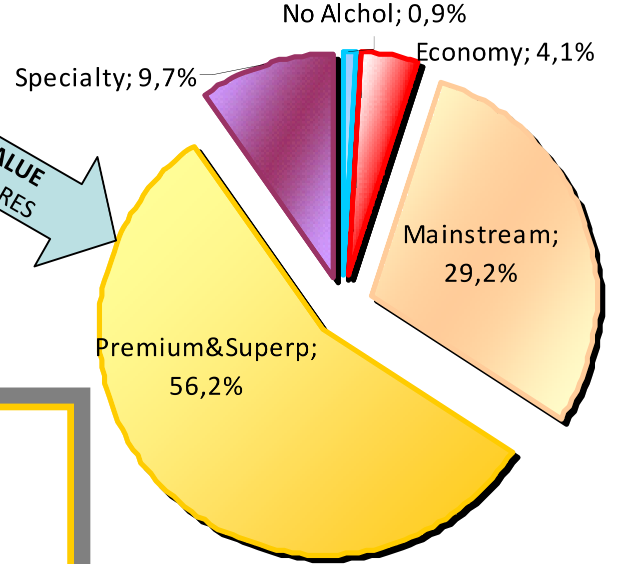


VOLUME SHARES

Ho.Re.Ca. -1,7%

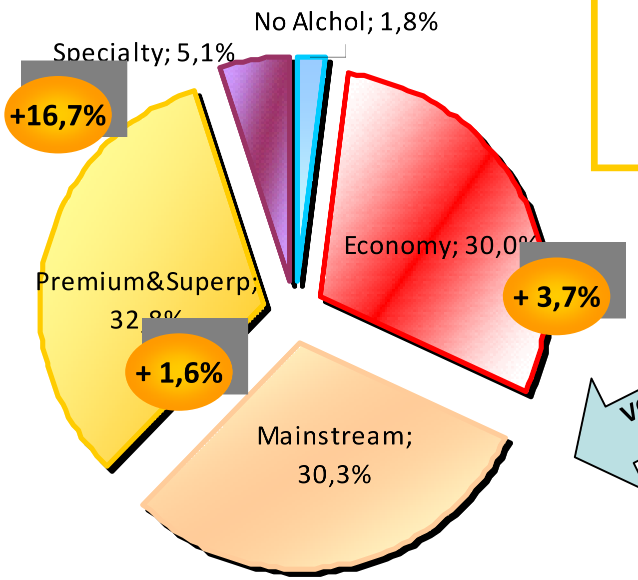
Mkt share year ending Jan'12, dev % vs '11

VALUE SHARES



Premium and Specialty are the high value segments

In 2011, especially in the latest months, beer market has shown a polarization between lowest and highest value segments

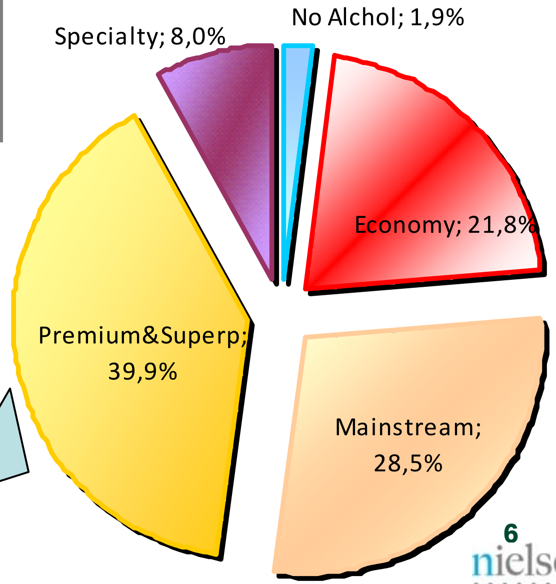


VOLUME SHARES

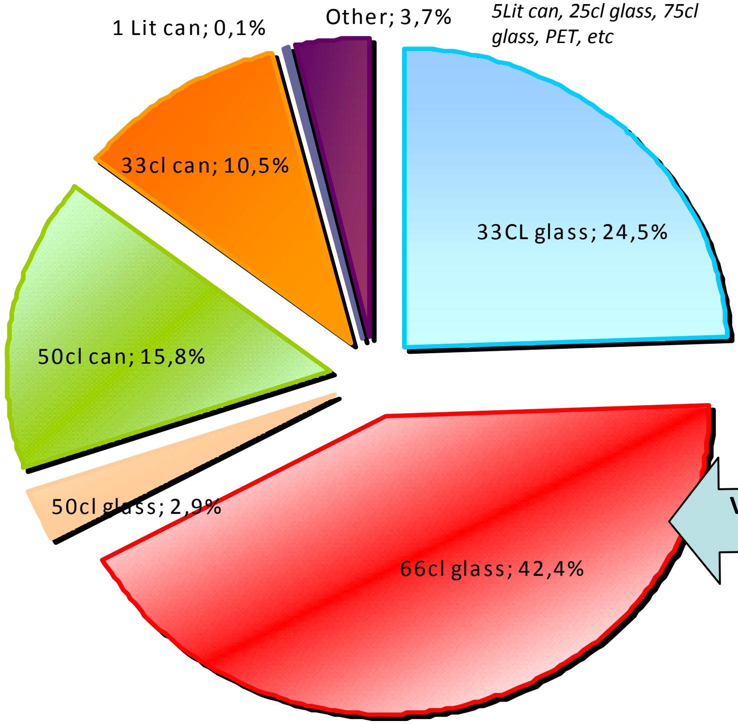
Retail + 2,7%

Mkt share year ending Jan'12, dev % vs '11

VALUE SHARES



At home and out home serviced by different formats with glass representing more than 50% of total packs

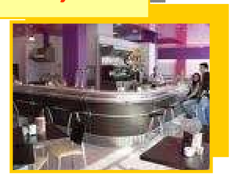


VOLUME SHARES

Retail + 2,7%

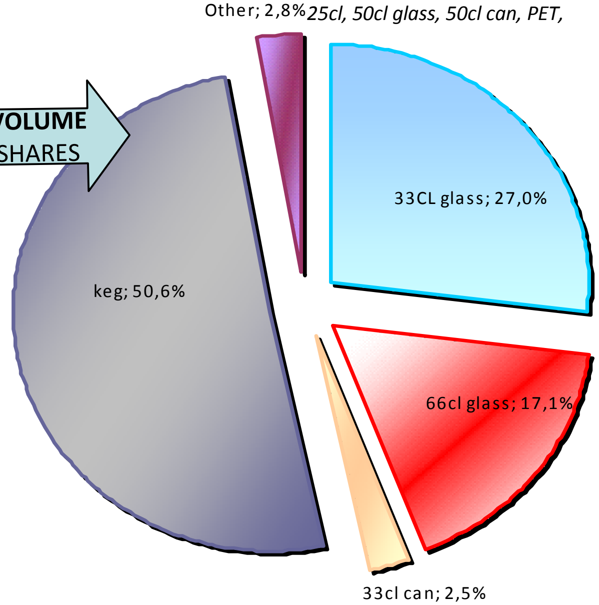
Mkt share and data at year ending Jan'12, dev % vs '11

Ho.Re.Ca. -1,7%



Mkt share year ending Jan'12, dev % vs '11

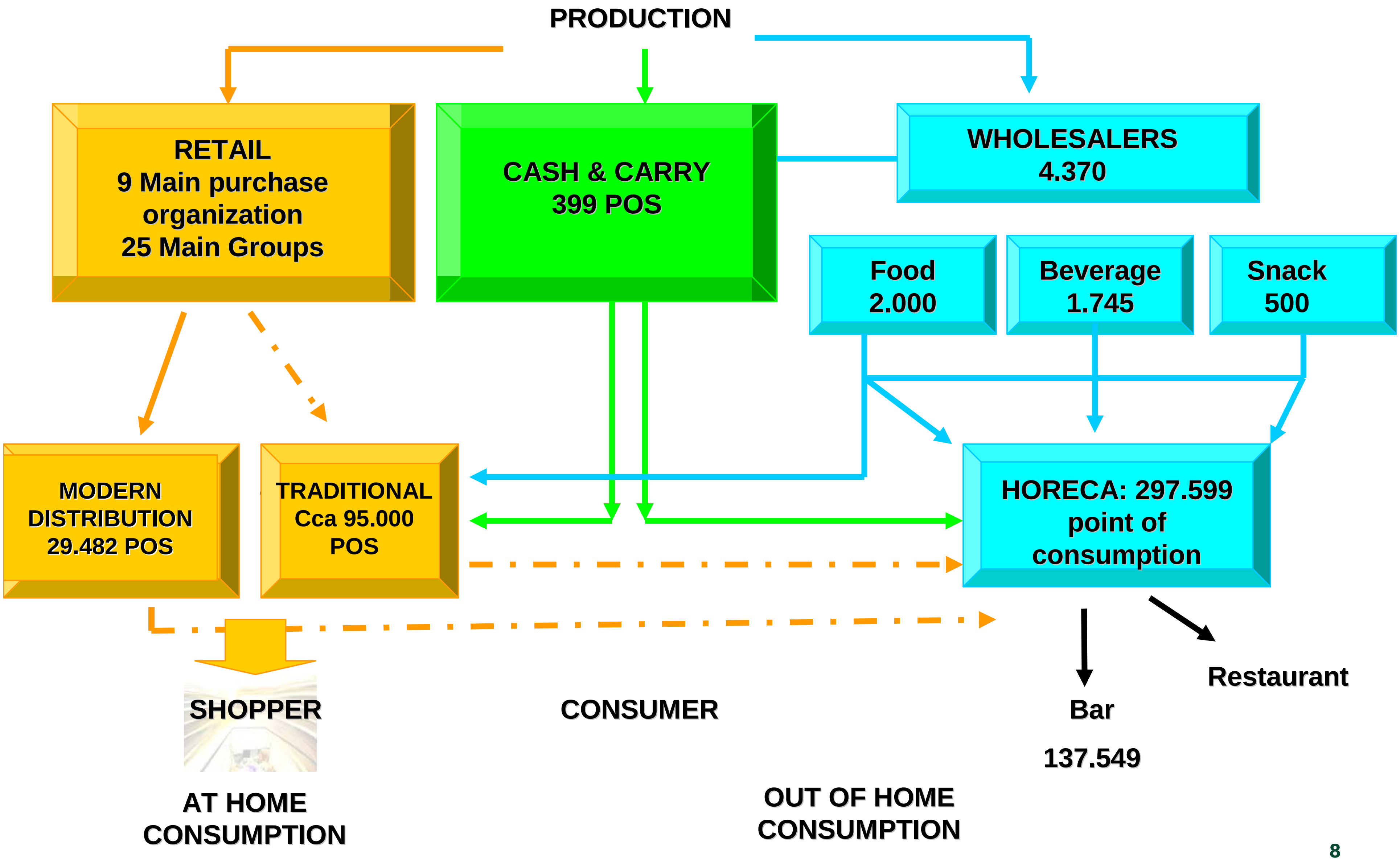
VOLUME SHARES



In Italian beer market glass represents half or more than total packed volumes

- **66cl glass**→ share consumption at home, with high promo intensity in H&S; increasing trend also in Horeca
- **50cl can** → increasing trend in Retail channel, vs 33cl can
- **50cl glass** → increasing trend linked to specialty trend

Route to Consumer complex and Trade channels very fragmented



ROYAL UNIBREW

Retail organized through layers with different level of decision making requiring both Central & Periphery engagement

CENTRAL PURCHASE ORGANIZATION

Centrale Italiana	Sicon	Esd	Auchan	Esselunga	CSA	Finiper	Pam	Bennet
23,3%	17,9%	13%	12%	8,9%	8,5%	7,3%	3%	2,2%

TRADE GROUPS
(Customer decision Center)

POINT OF SALES UNIVERSE

Hyper (>1.500mq) 807

Super (400-1.499mq): 8.291

Superette (<399 mq): 16.023

Discount: 4.361

Wholesalers structure very fragmented with Industry's distribution arm present in the market

WHOLESALERS
4.370

Food Wholesalers
#2.000
58% only Food
23% Food and Beverage
19% Food and Snack

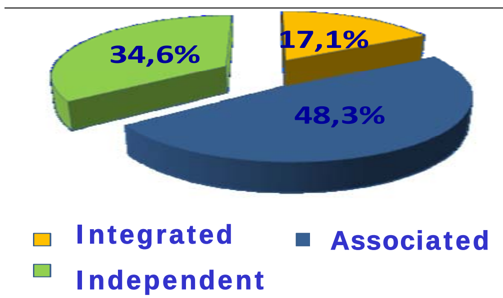
Beverage Wholesalers
#1.745
33% only Beverage
36% Beverage and Food
31% Beverage and Snack

Snack Wholesalers
#500

Associated
- Distributors Network: 27

Integrated
- Controlled by beer producer
- Partesa (Heineken), T&C

Independent



Source: Trade Lab "Away from home outlook 2008", Bain Data base

Horeca Point of consumption very fragmented operated by individual firms showing signs of numeric reduction

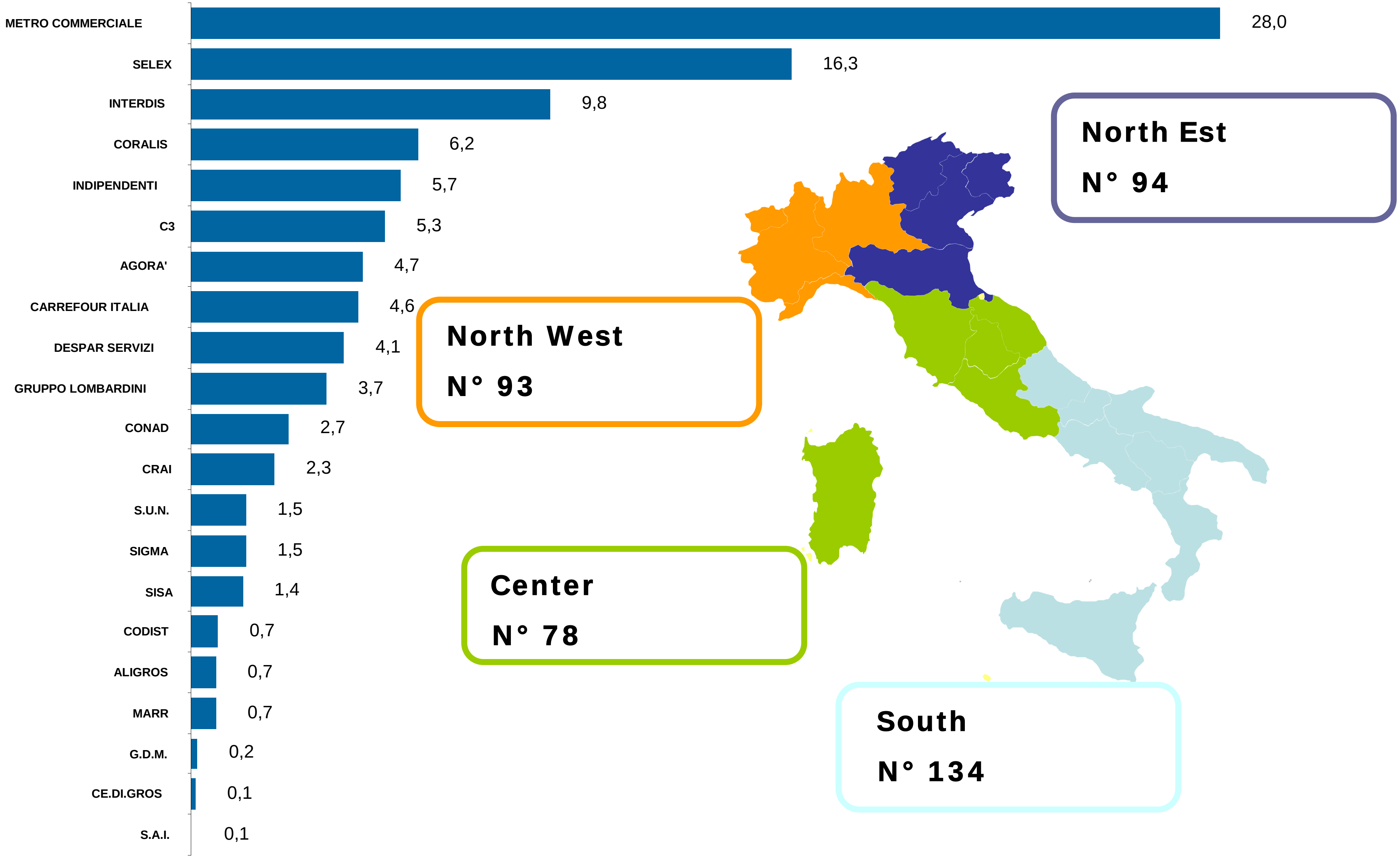
- **Universe : 297.599 total ooh POS**
- **Main region: Lombardia 15,3%; Lazio:10,5%; Campania 9%; Emilia Romagna 7,8%**
- **Bar: 137.549**
- **Restaurant 157.251**
  - **Only relevant multi operators are Autogrill and McDonald**

Bars
Every year 10% of activities close down only partially replaced by new openings

Restaurant
Every year 10% of activities close down only partially replaced by new openings

Source: elaboration Fipe on Infocamere data year 2011

Cash & Carry more present in the North and dominated by Metro



Top Trade Cash&Carry – aggiornamento al 1/01/11

ROYAL UNIBREW

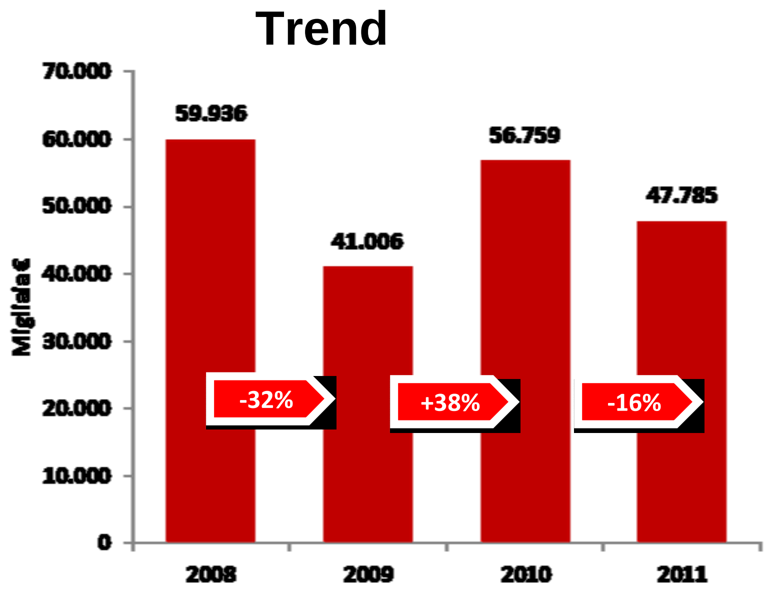
Main Beer players in Italy & their portfolio

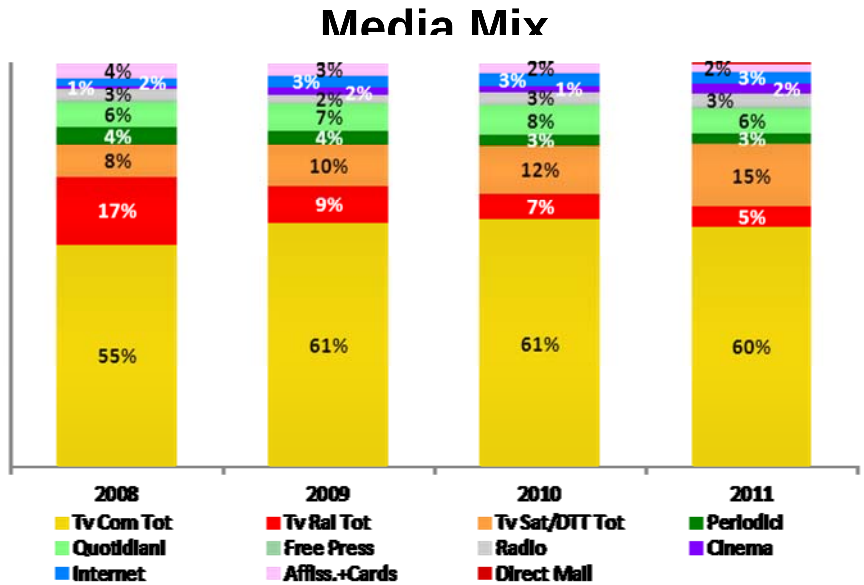
	PRODUCERS					
BRANDS	HEINEKEN	SAB MILLER PERONI	AB INBEV	CARLSBERG	FORST	CASTELLO
INTERNATIONAL	Heineken	Nastro Azzurro, Pilsner Urquel, Miller	Beck's, Stella Artois, Budweiser, Lowenbrau	Carlsberg, Tuborg, Corona, Kronenburg 1664		
NATIONAL	Moretti, Dreher	Peroni			Forst	Castello
REGIONAL	Ichnusa	Raffo				Dolomiti
SPECIALTIES	McFarland, Paulaner, Erdinger, Chimay, Duvel	Peroni Gran Riserva	Tennent's S., Leffe, Franziskaner, Hoegarden	Poretti	Menabrea	Pedavena
PRIVATE LABELS		Kantel, Lander		Krone		Coop Retailer

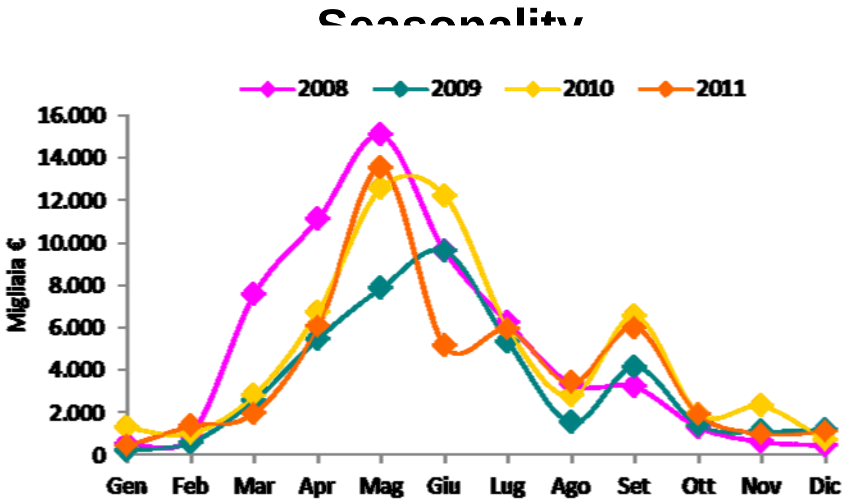
Italian market shows strong differences among Regions

- Brands relevance: ie Peroni in the South and Moretti in the North
- Kegs business: accounting for 21% of Horeca sales in South but for 71% in North-East
- Pack sizes:
  - 33 cl much stronger in the South both in Retail and Horeca
  - 50 cl can very relevant in North-East
  - 66 cl dominant in take home market in North-West and Center
- Trade Structures: many more businesses of smaller size in the South than in the rest of Italy

Beer Advertsing: erratic and TV dominated with high concentration in the Summer







SOURCES: MEC, Nielsen

Regulatory Issues

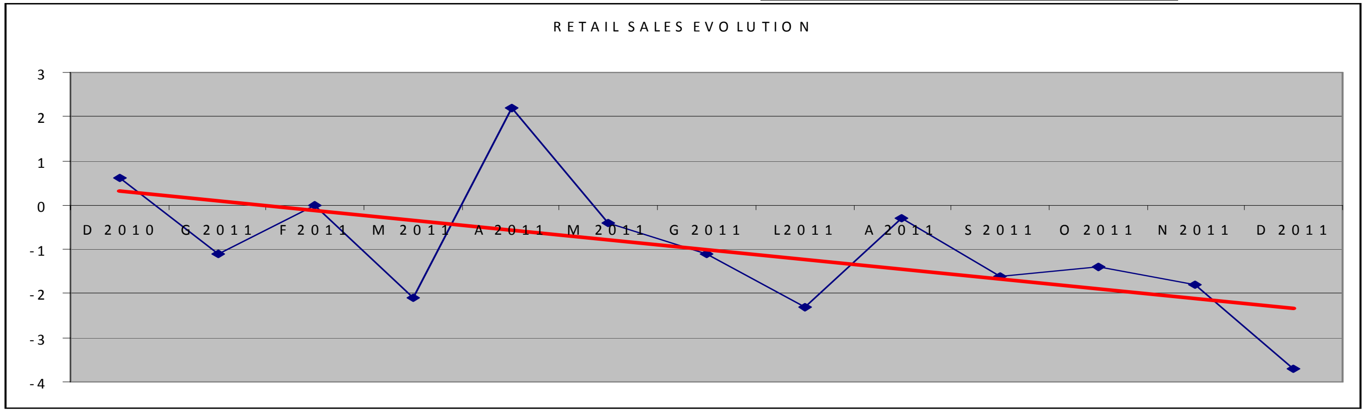
- Excise duties in Italy 2,35€ x % Grado Plato x hl, unchanged since 2006
- Advertising on TV subject to mild restrictions about hours and programming
- In some city centers restrictions operate for glass serving
- Overall strong public pressure against alcohol abuse

Regained International credibility does not make Italian richer in the short term

- Mr Monti has rebalanced international perception of Italy with positive effects on cost of borrowing
- Major pieces of legislation announced and being shaped, with still a lot of unclarity about the effective tax increases households will face.
- Major labour market reforms drafted last week expected to make it more flexible. Households under pressure with disposable income as they now spend more on transport fuel and utilities than on food
- GDP declined also in 4 th Quarter 2011 (-0,7%) putting Italy officially in recession
- Unemployement reached 9,2% in January 2012

The Italian Consumer

WORRIED	ASIMMETRIC	COMPROMISING	RATIONAL
Declining confidence **Declining Disposable Income** **Uncertain Future**	**Looking for bargains but also quality** **Private label growing, but brands still very important**	**From one brand to a basket of options** **Visiting different type of shops to get the best of each**	**Strong planning of purchases** **At home stock reduction** **Looking for promos**



SOURCES: LABOUR MARKET STATISTICS BY EUROSTAT, CORRIERE DELLA SERA, IRI-SYMPHONY, ISTAT

ROYAL UNIBREW

Ceres S.p.A. Portfolio Strategy

SPECIALTY

SUPERPREMIUM & PREMIUM

ETHNIC

Ceres Brand

- POSITIONING: A Sociable and Unconventional brand for People who want to be different
- TARGET CONSUMERS: 18-44 with strong focus on 18-34 living in urban areas, 70% male and 30% female
- CORE OCCASIONS: Out of Home late afternoon-evening-night when sociality and badging become very important drivers of drink choice. Bottle of 33 cl is the key focus as branding the experience is key
- CHANNELS: key focus on Horeca both as Wholesalers and C&C and in major towns the points of consumptions. Retail used to ensure we capture the at home consumption relevant share, here focussing on 66 cl glass pack
- INVESTMENT: Ceres brand marketing mix is allocated across a set of activities
  - Traditional trade-commercial investment, focussed both in sell in and to support the sell out
  - Consumer investment across different platforms:
    - Visibility and secondary Display in Retail
    - Visibility and Activation in Horeca & Events
    - TV advertising
    - Web & new media

Ceres S.p.A. covers Italy with a lean & flexible set up

- Ceres S.p.A. is based in Genova and operates in the all Italian territory.

- We have a central warehouse close to Milan from where we deliver to all Italy.

- Our Sales Organization is based on 2 channel structures:

- **Sales Team Horeca**: focussed in managing Wholesalers,C&C & Travel Retail and points of consumptions in the major towns.
  - 1 Team of Area Managers working with third party Agents to manage the sell in to the RTM operators
  - 1 Team of Field Executives working on the sell out and consumers activations
- **Sales Team Retail**: focussed in managing Retail operators and individual store with high sales weight
  - Retail operators are managed both at Central level (with National Managers) and at Regional level with Area Managers and third party Agents.
  - 1 Team of Store Reps focusses on individual store ensuring local deals and flawless execution

ROYAL UNIBREW

Thank you