

Jose Cuervo®



Bece, S.A.B. de C.V.

Corporate Presentation

Nov, 20 2018

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A Leading Global Spirits Company and Undisputed Leader in Tequila Worldwide



Created in 1758, **Cuervo is today an 11th generation managed**, the only Latin American public spirits company



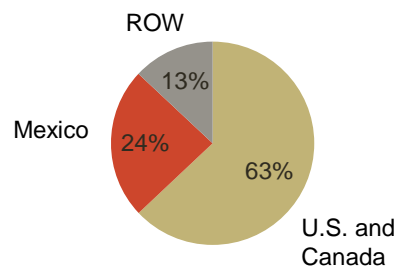
- ✓ **Undisputed leader in tequila globally**, ~30% market share⁽¹⁾
- ✓ Comprehensive portfolio of **over 30 brands** retailed in more than 90 countries.
- ✓ Track record of **innovation and value enhancing/strategic M&A**
- ✓ **Strong geographic diversification** and relevant exposure to the U.S. and Canada, the world's largest profit pool
- ✓ Strong market position in high growth Irish Whiskey category with **Bushmills**
- ✓ **Vertically integrated** from production to distribution

Key Figures – Combined Financial Statements TTM

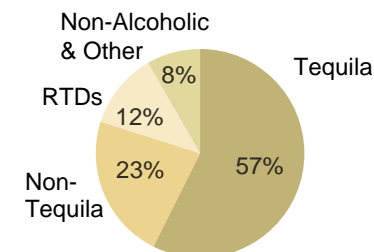
Volume (9L cases)	20.4mm
Net Sales	P\$26,228 MM
EBITDA	P\$5,897 MM
EBITDA Margin	22.5%

Net Sales Value Breakdown – TTM

By Region



By Category



Source: Company information and IWSR

Notes:

1. Based on IWSR total volume as of 2017





1 Undisputed leader in tequila worldwide



2 Unique portfolio of iconic brands in key fast-growing spirit categories, built upon an innovation focus and value enhancing M&A



3 Global spirits company with leading presence in most profitable spirits markets with significant upside potential



4 Integrated model with robust route-to-market strategy



5 Track record of profitable growth and resilient cash flow generation



6 Heritage built upon continued value creation and consistent family leadership



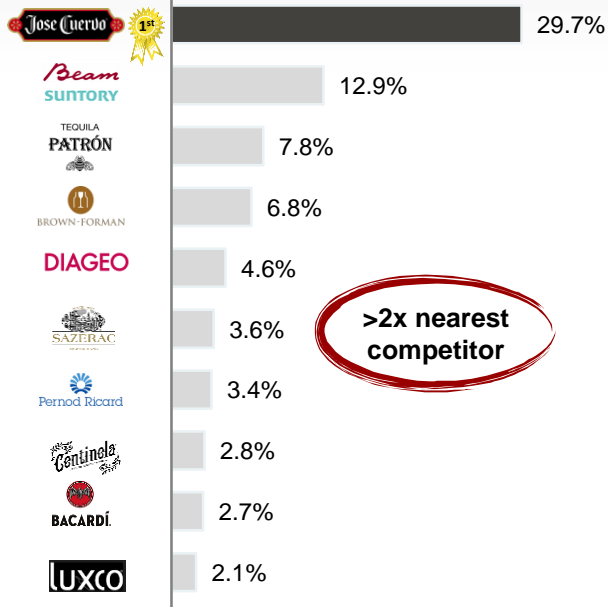
Undisputed Leader in Tequila Worldwide



Tequila Global Market Share

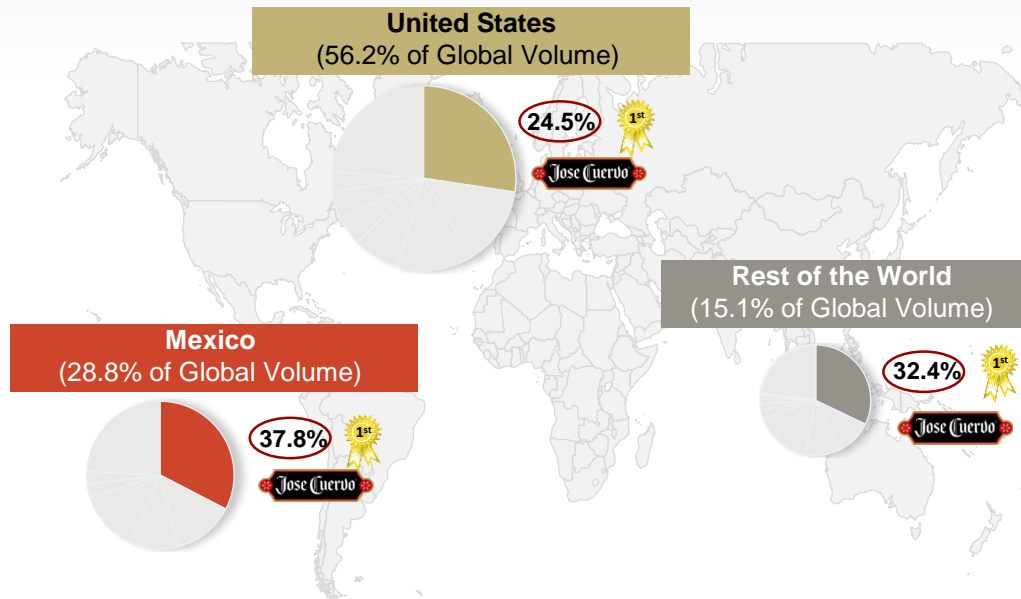
As % of volume – 2017

Total Market Size 31.2mm 9L Cases

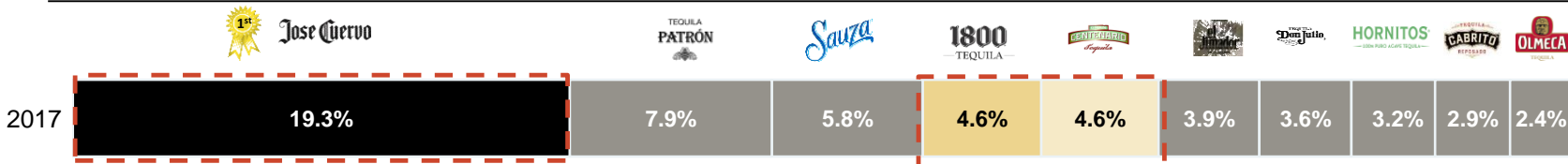


Tequila Market Share by Region

As % of volume – 2017



Cuervo Is the Owner of 3 of the Top 5 Selling Tequila Brands by Volume Globally



Source: IWSR (total volume data as of June 2017)





Tequila Portfolio Across Price Points



- Most comprehensive tequila portfolio across price segments
- Focus on premiumization with a strong portfolio of ultra premium and prestige tequila brands

Portfolio of *Powerful Established Brands*...

... With a Focus on Fast-Growing *Ultra Premium and Prestige Segments*...

			Focus on brand premiumization			
Jose Cuervo Especial	CENTENARIO <i>Tequila</i>	JOSE CUERVO TRADICIONAL		Brand	1800 TEQUILA	MAESTRO TEQUILERO
Premium	Super Premium	Super Premium	Segment	Super Premium/ Ultra Premium	Ultra Premium	Prestige
			Main Markets			
 			Market Position in Segment	 	 	

Source: Company information, IWSR





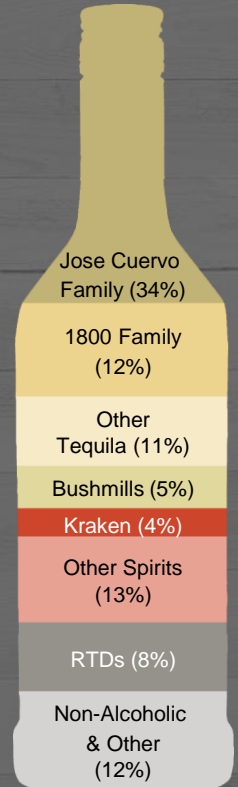
Extensive Portfolio of Leading Non-Tequila Brands



- Over 15 brands in non-tequila categories
- 8 brands in #1 / #2 position within their segment

Net Sales by Family / Category

TTM
Total
Ps\$26,228 MM



Irish & American Whiskey

BUSHMILLS Premium / Ultra Premium (USA #2, Global #3)

Stranahan's Ultra Premium (USA #7)

TINCUP Premium (USA #2)

PENDLETON Premium / Ultra Premium (USA #2)

Rum

The KRAKEN Premium (USA #2, Italy #2)

Castillo Standard (Italy #3)

Vodka

Hangar 1 Ultra Premium (USA #3)

Three Olives Premium (USA #3)

GÖTLAND Premium (Italy #3)

OSO NEGRO Value (Italy #1)

Gin

BOODLES Premium (USA #3)

Mezcal

CREYENTE Ultra Premium

RTD's

1800 Premium (USA #1)

Jose Cuervo Mid Price (USA #1)

GOLDEN Premium (USA #1)

Non-alcoholic

Jose Cuervo Premium (USA #1)

b:oot_ Premium (Italy #3)

Sanchez Premium (Italy #1)

Source: Company information, IWSR Note: Company's portfolio includes other brands not displayed above





Focus on Innovation...



Fast-Growing Recently Developed Brand



Premium Rum
Launched in 2009

Key Market



Growing above category average and gaining market share in the U.S.

Developed the *Cristalino* Category



Ultra Premium Tequila
Launched in 2009

Key Markets



Ultra Premium Tequila
Launched in 2015

Key Markets



Cristalino brands were introduced to compete in the ultra-premium segment, the fastest growing tequila segment globally

Continuous Brand Development and Rejuvenation

Tequila



Reserva de la Familia
2016
Prestige



Maestro Tequilero
2005
Ultra Premium

Whiskey



Stranahan's Diamond Peak
2015
Ultra Premium



Bushmills Steamship (Travel Retail)
2016
Ultra Premium

Vodka / Mezcal



Hangar 1 FogPoint
2016
Ultra Premium Vodka



Creyente
2016
Ultra Premium Mezcal

RTDs



JC Especial Cans
2016
Premium Tequila RTD



JC Authentic Margarita
1993
Premium Tequila RTD





Value-Enhancing M&A



Bushmills Irish Whiskey: a Milestone in our M&A Strategy

Key Acquisition Criteria

✓ Value Creation Potential:



Irish whiskey in the U.S. by volume



Irish whiskey in the world by volume

✓ Category with Attractive Growth Profile:

- 17.9% CAGR 2009-2015 in volume in the U.S.

✓ Premium Brands: well known brands with broad portfolio offering

✓ Global Presence in Key Countries:

- Key Markets: 1) U.S. and Canada, 2) Eastern Europe, 3) Western Europe, 4) UK/Ireland, 5) Global Duty Free

✓ Commercial Synergies



2015A figures (10 months)⁽¹⁾

Volume: 579,071 9L Cases

Revenues: Ps\$867 MM

Source: Company information

Notes:

1. From March to December



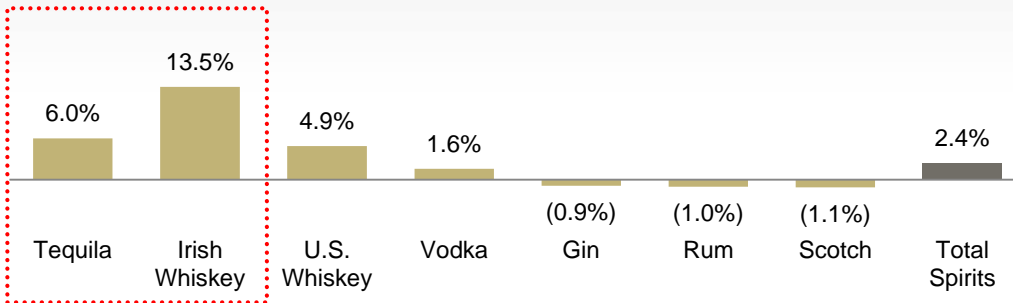


Right Brands / Right Categories / Right Markets



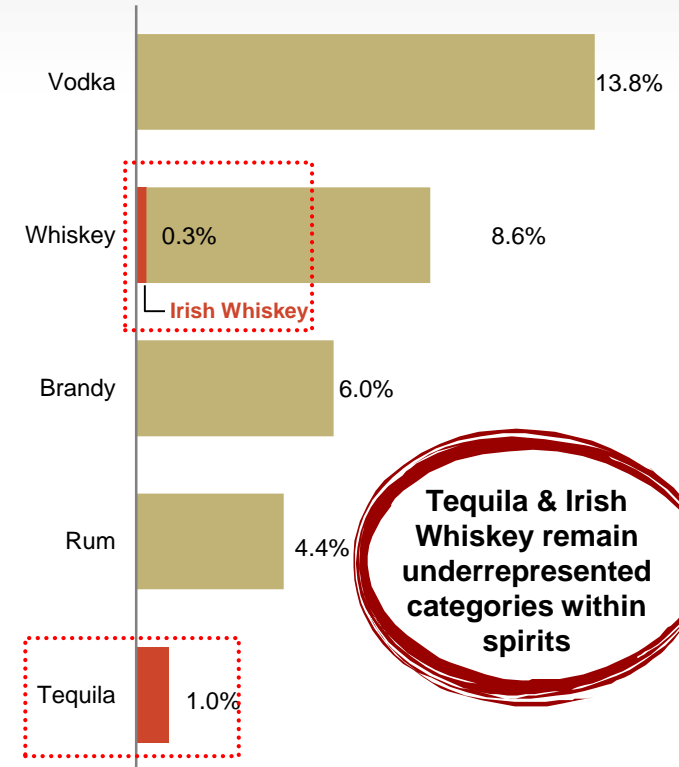
U.S. Spirits – Growth

2013-2017 Volume CAGR



Spirits Categories – Global Market Share

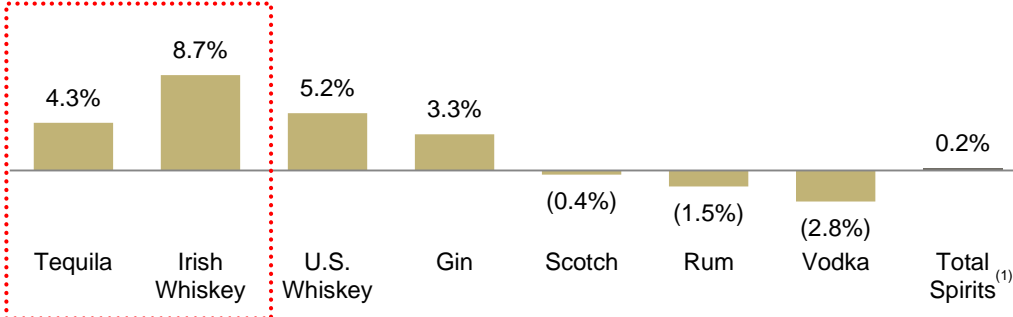
% Volume – 2017



Tequila & Irish Whiskey remain underrepresented categories within spirits

Global Spirits – Growth

2013-2017 Volume CAGR



Source: IWSR

Notes:

1. Excludes Baiju





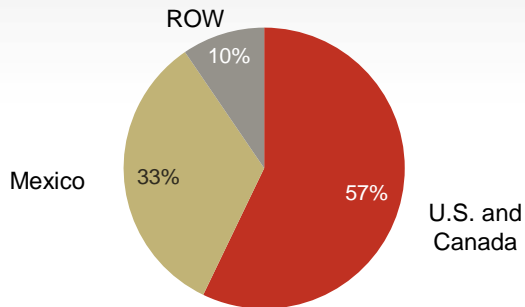
Global Reach and Established U.S. Platform



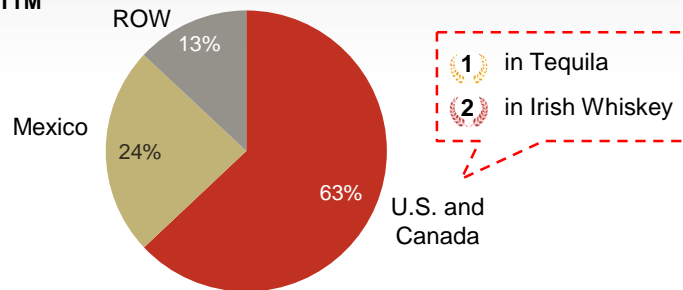
Continued Geographic Diversification: U.S. and Canada Represent ~63% of the Company's Revenues in TTM

Net Sales by Region

2013A

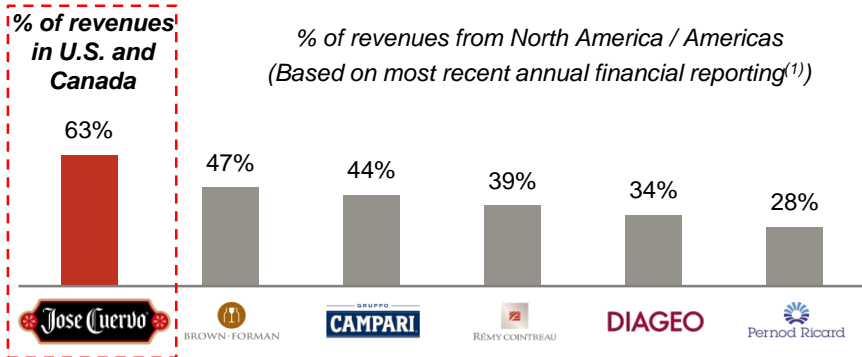


2018 TTM



Source: Company information

Higher Exposure to Dynamic U.S. Market...

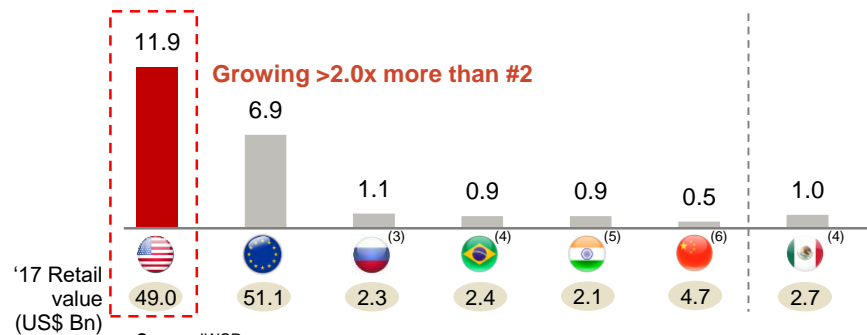


Source: Company information for Cuervo, most recent publicly available annual financial statements for peers. We cannot assure you of the accuracy of our peers' financial statements

1. Brown-Forman: defined as United States; Campari, Remy Cointreau and Pernod Ricard: defined as Americas; Diageo: defined as North America (U.S. Spirits, Diageo-Guinness U.S. and Canada)

...Among the Largest and Fastest-Growing Western Spirits Market

Retail Sales Increase '11 - '17A (US\$ Bn)



Source: IWSR

Notes:

3. Excludes Vodka and local Brandy

4. Excludes Cane

5. Excludes Rum and local Whisky and Brandy

6. Excludes Baiju



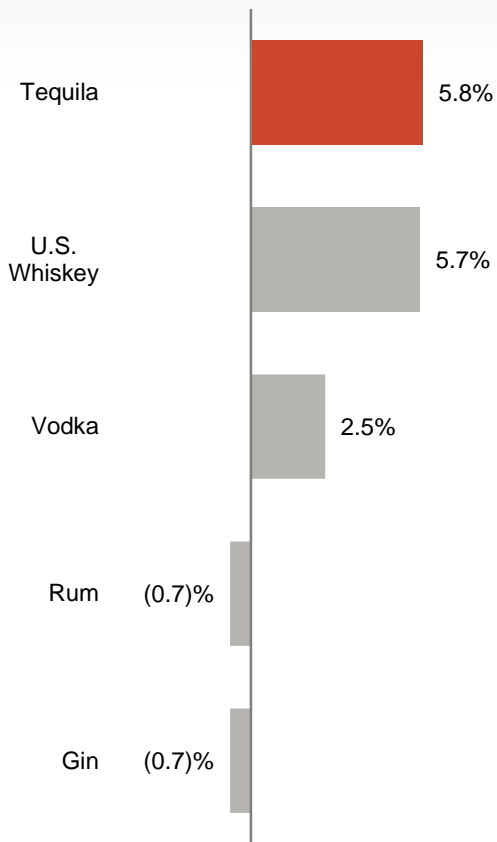


Tequila's Attractiveness in the U.S.



Tequila: Among the Fastest Growing Spirits...

11A – 17A Volume CAGR in the U.S.



...Benefiting from Favorable Secular Trends

1

Younger Consumer Preferences

- Millennials eager to try and embrace variety and differentiating innovation
- Willing to pay a higher price for distinctiveness

2

Craftsmanship and Heritage

- Preference for authenticity, heritage and provenance as differentiating factors
- Ongoing "craft" trend across alcoholic beverages

3

Premiumization

Average \$/9L Tequila Case in U.S. Market



4

Tequila is a Versatile Category Unlike Any Other

Food



Food pairing

Shots



Release

Long drinks



Social enjoyment

Source: IWSR

Source: IWSR





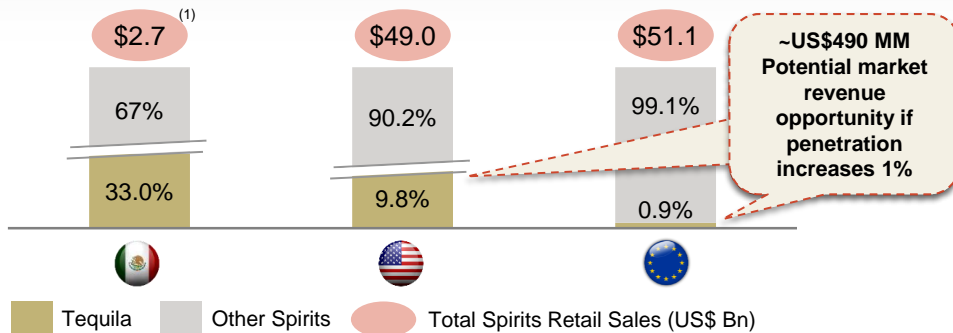
Untapped International Growth



Key Categories Underpenetrated Outside Core Markets

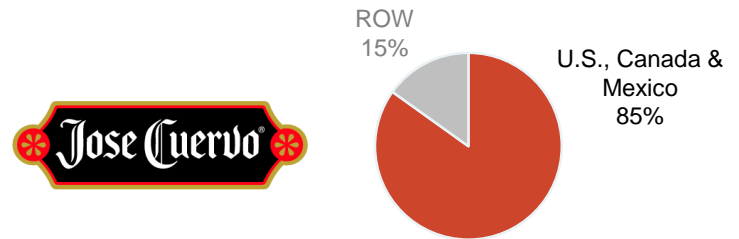
Tequila

As % of Total Spirits Retail Sales – 2017



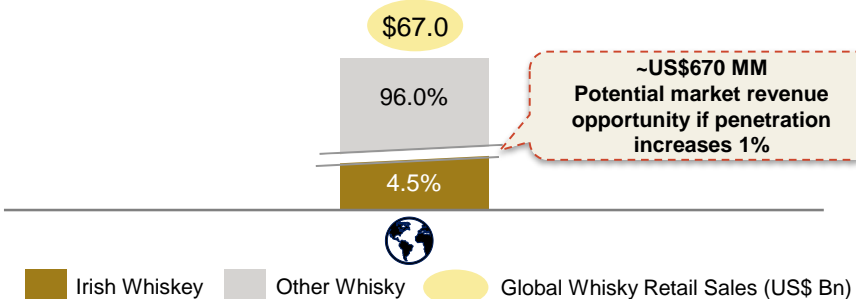
Cross-leverage Platforms to Accelerate Expansion

Cuervo derived ~85% of its 2017 net sales in value from the U.S., Canada and Mexico...

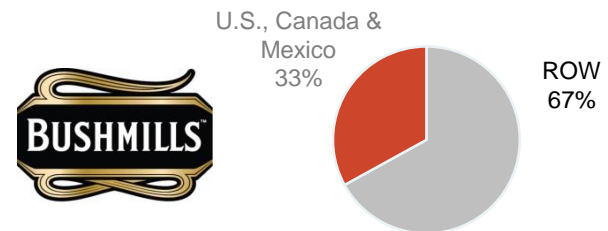


Irish Whiskey

As % of Global Whisky Retail Sales – 2017



... while Bushmills brand reported ~67% coming from ROW



Marginal growth in the underlying markets represents a significant revenue potential for Cuervo

Source: IWSR, Company information





Integrated Platform...



1 Agriculture

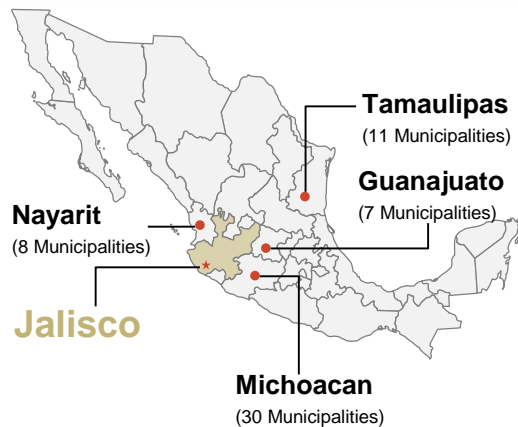


2 Production



Competitive Advantage Resulting from Appellation of Origin for Tequila

Flagship Distilleries and Bottling Facilities Support Route-to-Market Strategy



- Tequila can only be produced from Agave Azul (Tequilana Weber)
- Cuervo is the largest¹ Agave Azul producer
- Critical element in our supply and quality control strategy
- Cuervo is involved in full Agave cycle (plant, grow, harvest and freight)

Source: Company Information



La Rojeña
(Tequila)

Camichines
(Tequila)

EDISA Bottling facility



Stranahan's
(Colorado)

Hangar 1
(California)

Proximo Bottling
(Indiana)



Old Bushmills Distillery
and Bottling
(Northern Ireland)





... with Unique Route-to-Market Distribution



3 Distribution



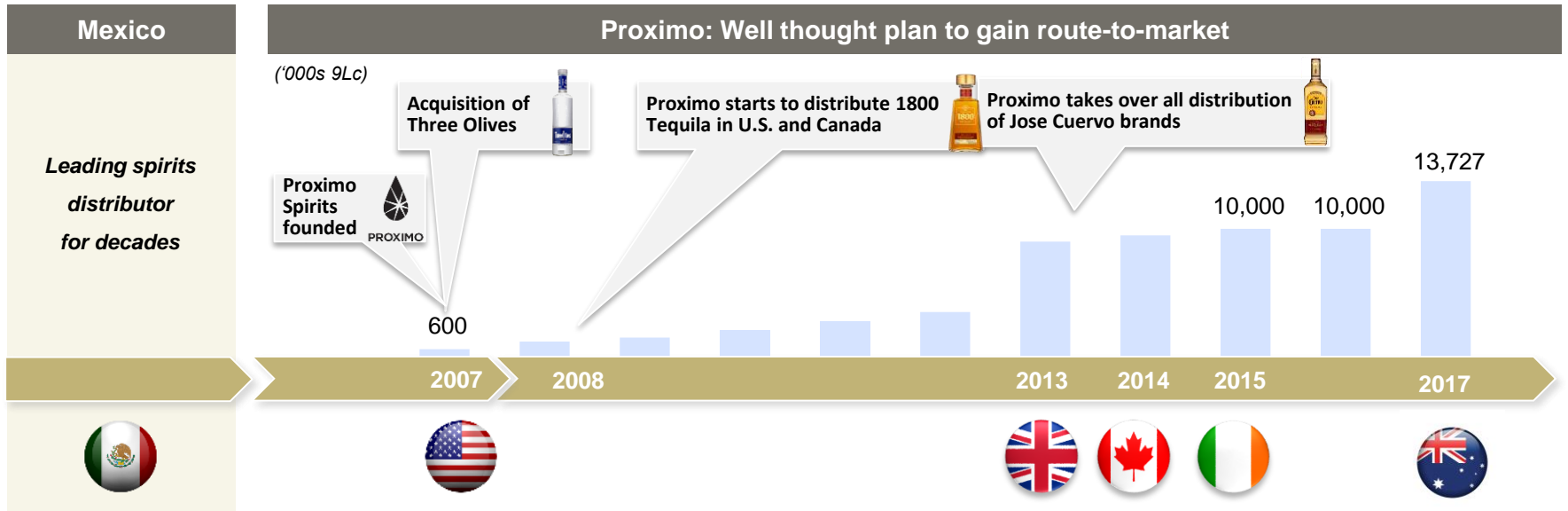
Own Distribution Platform to Control Route-to-Market and Brand Building Strategy

Volume through own distribution network from ~25% in 2007 to ~90% as of 2015



Benefits

- Vertical integration of profits
- Control and focus of own brands



Target is to selectively replicate “own distribution” model as market and scale allow

Source: Company Information






Route-to-Market Control Was Key to U.S. Success






Sales Turnaround Story in the U.S.: *Jose Cuervo Especial* Case Study



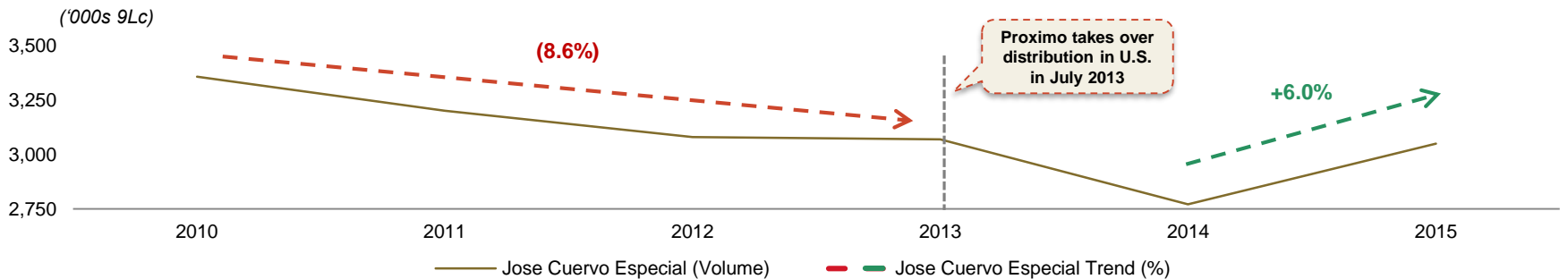
Jose Cuervo Especial

Since Proximo took over the distribution of Jose Cuervo from Diageo, volume grew 6% 2015 vs. 2014

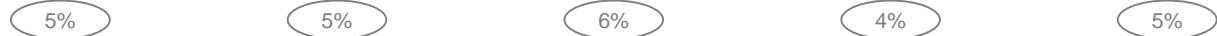
Key Turnaround Initiatives

-  1 Enhancing brand health
-  2 Focused recruitment on 22-34 year old consumers
-  3 Increased focus on *Jose Cuervo Especial* silver variant

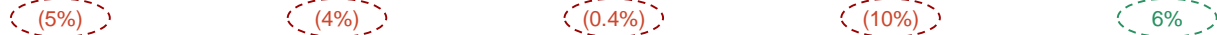
Volume Impact Since Proximo Took Over Distribution in the U.S.



Tequila Category Y-o-Y Growth ⁽¹⁾



Jose Cuervo Especial ⁽²⁾



Source: Company information, Internal information.

Notes:

1. Considers IWSR volume for U.S. tequila category growth Y-o-Y excluding Mezcal
2. Refers to Y-o-Y growth rate



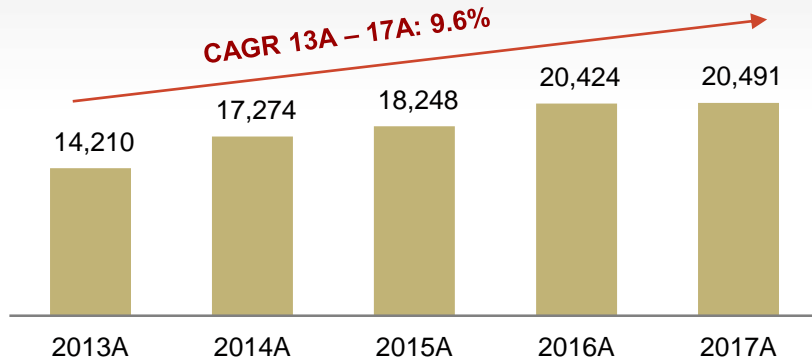


Track Record of Profitable Growth and Cash Flow Generation Capacity...



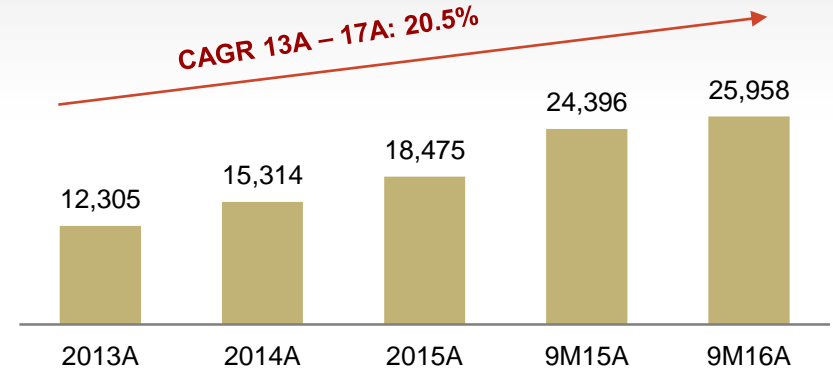
Combined Volume

(000s of 9 Liter Cases)



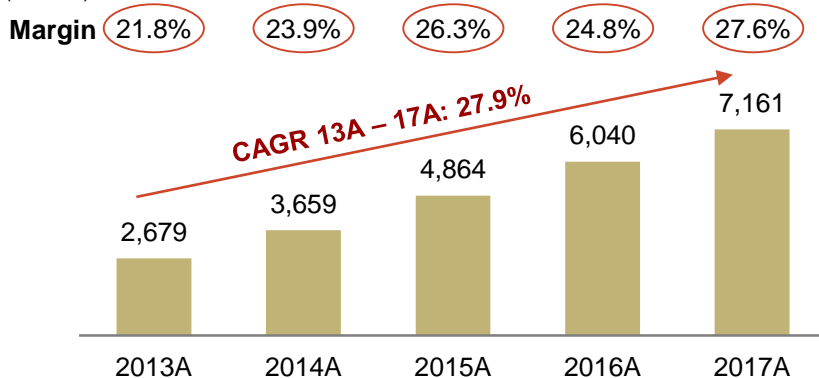
Combined Net Sales

(Ps\$MM)⁽¹⁾



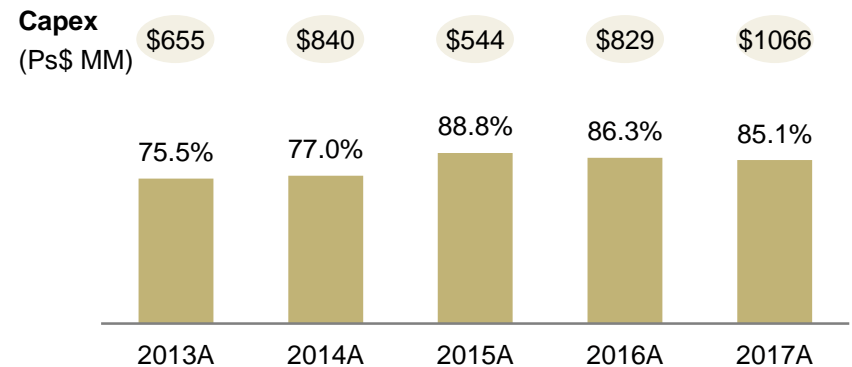
Combined EBITDA⁽²⁾ and Margin

(Ps\$MM)



Cash Flow Conversion⁽³⁾

(%)



Source: Company combined financials statements, Company information

Notes:

- 2015A Considers pro-forma 10 months of Bushmills
- EBITDA calculated as net income plus interest expense, income tax expense and depreciation and amortization, less gain on sale of joint venture available for sale, interest income, foreign exchange loss (gain), net, and equity method in joint venture
- Calculated as (EBITDA-Capex)/EBITDA



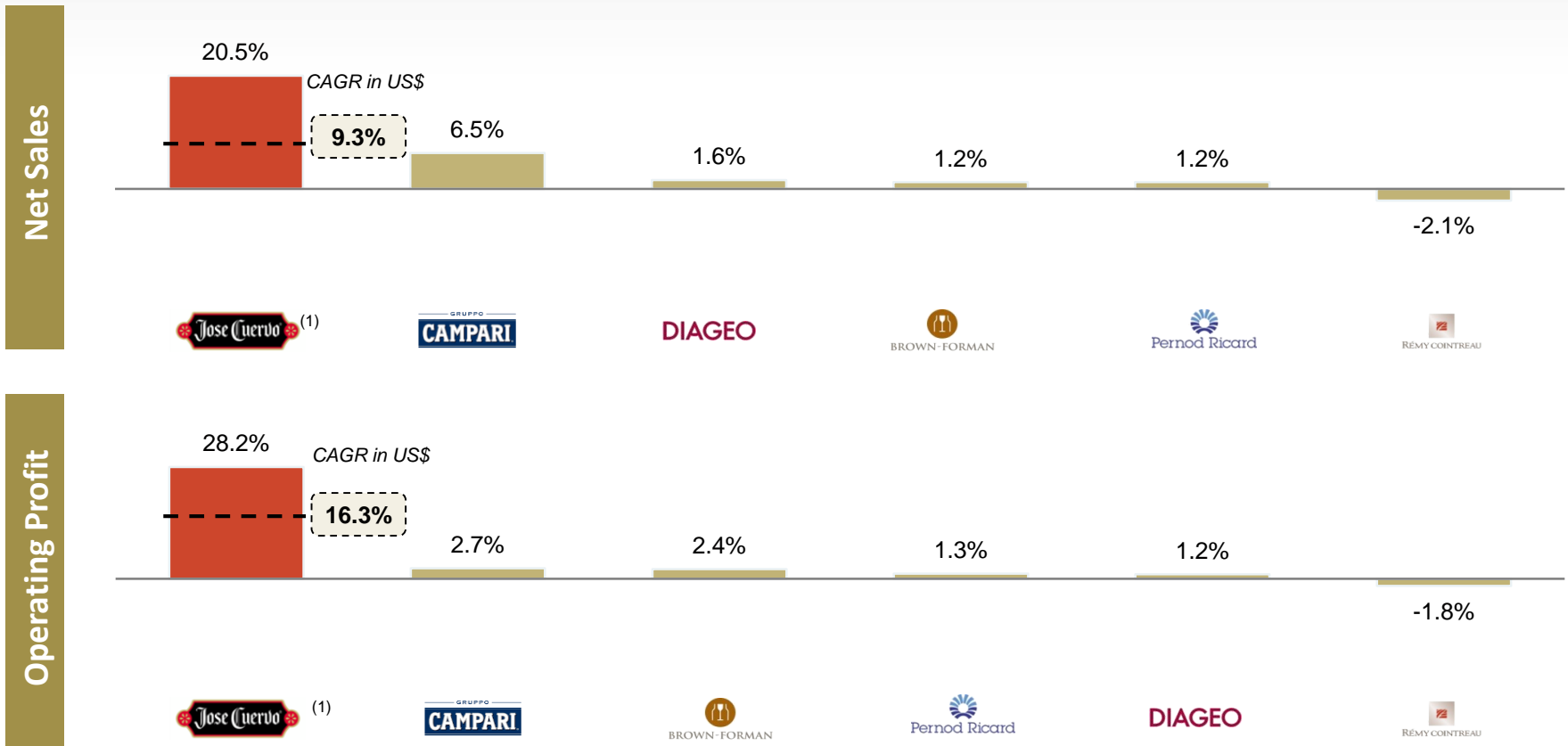


Above Sector Growth



Income Statement Past Performance – 2013A-2017A CAGR

(Fiscal Years, in Reporting Currency)



Source: Company Audited Financial Statements and most recent publicly available annual financial statements for our peers. We have included the information presented in this chart for illustrative purposes only and we cannot assure you of the accuracy or comparability of our peers' financial statements. Operating profit may be measured differently by our peers for many reasons, including the fact that entities may differ in their application of accounting principles

Notes:

1. Figures denominated in pesos were converted at an exchange rate of MXN12.7573, MXN13.2985, MXN15.8373, MXN18.6376 and MXN18.8597 per U.S. dollar for 2013, 2014, 2015, 2016 and 2017, respectively







Value of Heritage and Corporate Governance





A True Mexican Success Story Lasting Over 250 Years


1758 2017

1795 First license ever to sell tequila 

1812 Oldest distillery in Mexico 

1852 First export to the U.S. 

1880 First distiller to bottle tequila in glass bottles 

1945 Margarita invented using *Jose Cuervo* tequila 

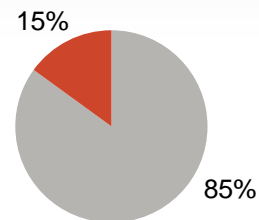
Selected Medals and Awards



Madrid (1907) London (1910) Paris (1909) Spain (1907) Barcelona (1912) Rome (1923) Rio de Janeiro (1923)

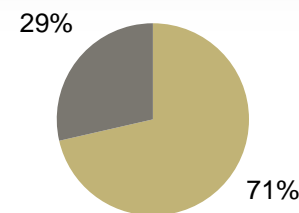
Supported by Robust Corporate Governance

Post IPO Ownership



- Beckmann Family
- Public Float

Independent Board



- Independent
- Non-Independent

- Led by the 11th generation of the Beckmann family
- Independent and experienced Board of Directors
- Experienced management team, with over 140 years of combined experience leading Cuervo



Financial Results



YTD Sept Financial statements summary MXN



As of Sept 30 2018

(MXN MM)	2017		Act 2018		Var (18-17)	
	Abs	%NSV	Abs	%NSV	Abs	%
Ex Rate	18.9351		19.0275		0.1	0.5
Volume 9L	14,075		13,976		-99	-0.7
Net Sales	17,620		17,890		270	1.5
Cost of goods	6,368	36.1%	7,498	41.9%	1,130	17.8
Gross profit	11,252	63.9%	10,392	58.1%	-860	-7.6
AMP	3,819	21.7%	4,058	22.7%	239	6.3
Distribution	616	3.5%	809	4.5%	194	31.5
PLE	6,818	38.7%	5,524	30.9%	-1,293	-19.0
SG&A	1,866	10.6%	2,015	11.3%	149	8.0
Other Exp	153	0.9%	28	0.2%	-125	-81.5
Operating profit	4,798	27.2%	3,481	19.5%	-1,317	-27.4
Financial results, net	1,433	8.1%	737	4.1%	-696	-48.6
Profit before tax	3,365	19.1%	2,744	15.3%	-621	-18.5
Total income taxes	1,068	6.1%	770	4.3%	-297	-27.9
Consolidated Net income	2,292	13.0%	1,974	11.0%	-319	-13.9
EBITDA	5,113	29.0%	3,850	21.5%	-1,263	-24.7

Source: Combined and consolidated financial statements

Notes: 1. Includes differences in exchange rates arising from overseas operations



Assets

	Dec 31, 2017	Sep 30, 2018
(Ps\$ MM)	2017	2018
Cash and cash equivalents	19,996	12,120
Accounts receivable, net	7,260	5,235
Inventories, net	7,419	8,552
Other current assets(1)	1,923	3,516
Total Current Assets	36,598	29,423
Inventories (Non-current)	3,878	6,135
Property, plant and equipment, net	5,280	5,051
Intangible assets and trademarks, net	11,365	13,935
Goodwill	6,274	5,760
Other assets(2)	1,538	1,153
Total Assets	64,933	61,457

Liabilities and Equity

	Dec 31, 2017	Sep 30, 2018
(Ps\$ MM)	2017	2018
Current installment of notes payable to Banks	48	134
Trade accounts payable	2,106	2,047
Accruals	2,087	1,767
Other liabilities(3)	862	838
Total current liabilities	5,103	4,786
Long term debt, excluding current interest payable	9,781	9,330
Other long-term liabilities	125	116
Environmental reserve	119	179
Deferred income taxes	2,820	2,001
Total Liabilities	17,948	16,412
Total controlling interest	46,931	45,002
Non-controlling interest	54	44
Total Stockholders' Equity	46,985	45,046
Total Liabilities and Stockholders' Equity	64,933	61,457

Q3 2018 Cash Flow (MXN)



(Ps\$ MM)	Dec 31, 2017	Sep 30, 2017	Sep 30, 2018
	2017	2017	2018
Income before income taxes	5,955	3,360	2,744
Items related to investing activities	447	338	388
Items related to financing activities	-464	900	-462
Changes In Working Capital	-3,895	-2,117	-4,329
Net Cash provided by operating activities	2,043	2,481	-1,659
Net Cash provided by financing activities	13,069	13,390	-2,190
Net Cash provided by investing activities	-1,155	-315	-3,397
Net increase in cash and cash equivalents	13,957	15,556	-7,246
Translation effect in cash and cash equivalents	379	-2,007	-168
Net increase in cash and cash equivalents	14,336	13,548	-7,414
Cash and cash equivalents at beginning of period	5,128	5,128	19,995
Effects on exchange rate changes on cash and cash equivalents held in foreign currencies	531	0	-462
Cash and Cash Equivalents at end of period	19,995	18,677	12,119

