



GRUPO Damm

BRAZIL EXPANSION

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AGENDA

GRUPO



CURRENT SITUATION

WHY BRAZIL?

STRATEGIC RECOMMENDATION

FINANCIALS

CURRENT: Mission and Goals

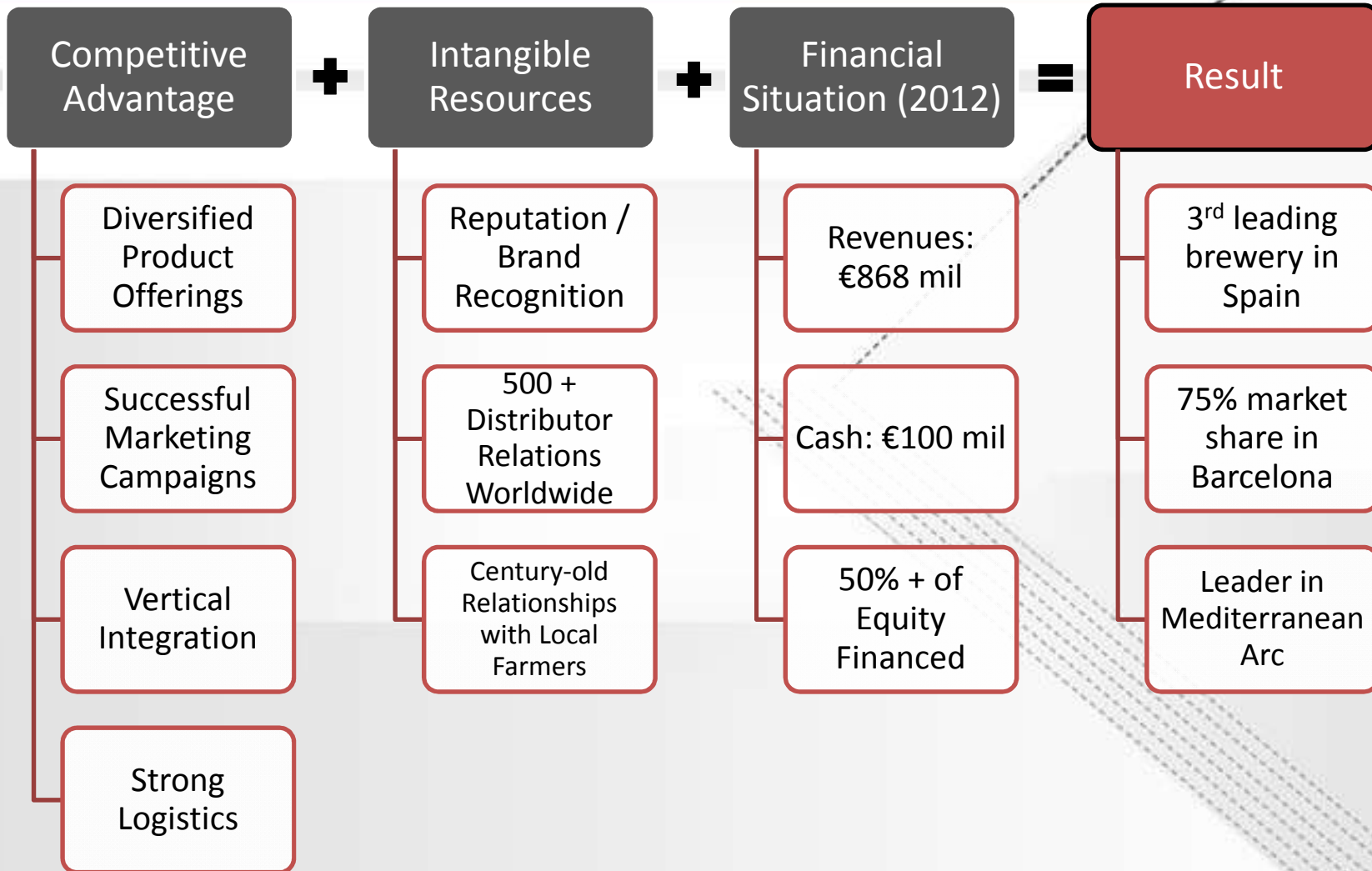
MISSION

- “Seeking to be **competitive** and **profitable** through **consumer, customer, shareholder and employee satisfaction**, offering a high quality product and always acting with the utmost respect for the environment and human safety.”

GOALS

- “Achieve **sustainable** and **profitable growth** in each of the sectors in which it operates with the highest quality and technological efficiency.”

CURRENT: Competitive Advantage, Financials, Intangibles



Current Situation

Why Brazil?

Strategy

Financials

CURRENT: SWOT Analysis

| | | | |
|----------------------|--|--|---|
| STRENGTHS | Comprehensive product portfolio | Strong operational efficiency | Strong financial position |
| WEAKNESSES | Weak inventory turnover | Domestic operations generate most of its revenue | |
| OPPORTUNITIES | Partnerships / acquisitions of other companies | Beer markets abroad shows higher growth | |
| THREATS | Intense competition in beverages market | Spanish economic downturn | Europe: increasing government regulation on alcohol |

CURRENT: Proposal Based on Current Situation

**“Minimize our threats
through
leveraging partnerships
in Brazil.”**


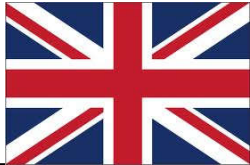



Utilize financial
capability

Adapt to growing
industry abroad

Mitigate risks of
geographic
concentration

Discover
opportunities
abroad

WHY BRAZIL: Market Comparisons

| Factors / Country |  |  |  |  |  |
|------------------------------------|---|--|---|---|---|
| Avg. GDP Growth (2013-2017) | 0.26% | 0.92% | -0.2% | 2.3% | 3.42% |
| Market Size (by 2016) | €13.1 bn (-1.3% CAGR) | €18.1 bn (-1.0% CAGR) | €1.8 bn (-2.9% CAGR) | €70.3 bn (-0.2% CAGR) | €43.3 bn (5.0% CAGR) |
| Industry Competition (2011) | Heineken (29%) | AB-InBev (20%) | Heineken (38%) | AB-InBev (48%) | AB-InBev (60%) |
| Problems for Doing Business | Strict Labor Laws | Tax Rates | Declining Beer Consumption | Tax Rates | Poor Infrastructure |

Current Situation

Why Brazil?

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Financials

WHY BRAZIL: CAGE Analysis

C

MED: Portuguese language / history, **Greater need for rules, Long term oriented**, Spanish population in Brazil, High context, **Football** as most popular sport

A

MED: Federal Republic, vs. Constitutional Monarchy, New election term promises for **streamlining taxation**, Good relations

G

FAR: 8390 KM distance, US = 5770 KM distance, but **Damm already present in Brazil**

E

MED: Generally moderate tariffs, **Increasing GDP/Capita, Increasing middle class**, Steady productivity, Similar demographic breakdown

WHY BRAZIL: Great Fit for Damm's Core Business



5th largest population in the world. 60% of population age 15-54.

Rank 3 in global beer consumption at 14 Bn liters. **52%** of Brazilian population within middle class.

Pilsner beers are the **most popular** in Brazil and account for about **98% of consumption.**

Already present in Brazil. Understand barriers to entry.

Current Situation

Why Brazil?

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WHY BRAZIL: Future Outlook is Positive

World Cup and **Olympics: Reverse seasons** to support Damm's traditionally down periods.

Past history of government **cutting import taxes** for beer to fulfill local demands during special events.

Increasing consumption for beer.

Increasing demand for imported lager.

Rapidly growing middle class.

Brazil - Beer Value/Volume Sales



STRATEGY: Increase Distribution with New Partner

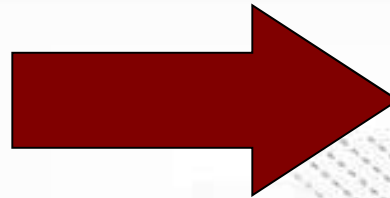
Current Partnership



Small company size: 15 employees

Primarily an **importer** rather than a distributor

Prospective Partnership



Previous partnerships in UK and Spain

Largest beer company in the world and Brazil

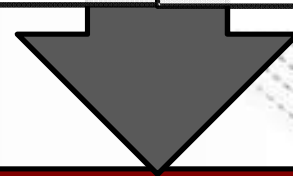
Large existing distribution network in Brazil

STRATEGY: Partnership with AB InBev

Remember: Mission + SWOT

Building Relations
Profitability

Utilizing opportunities
Minimizing threats



Benefits

Improving relations with AB
InBev

Diversifying revenue
streams

Current Situation

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STRATEGY: Timing to Increase Brand Awareness



Utilize high profile events to increase brand awareness.



At least 30% - 50% increase in beer sales

80% of annual consumption
70% tourism increase

STRATEGY: Create Competitive Advantage



1. **Utilize relationships** with Brazilian Soccer Players on FC Barcelona to create new competitive advantages.
2. Create **print ads / commercials** with players.
3. Advertise our “Mediterranean” lifestyle beer.

Current Situation

Why Brazil?

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STRATEGY: Social Media to Raise Brand Awareness

Focus on **TV, print, and online advertising**

Leverage social media (Facebook, Twitter) in our other campaigns



Current Situation

Why Brazil?

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FINANCIALS: Growth Forecast

| (Amounts in millions) | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|-----------------------|--------|--------|--------|---------|---------|---------|
| Market Size - R\$ | 79,568 | 85,387 | 97,135 | 103,237 | 112,684 | 122,825 |
| Market Size - EUR | 30,236 | 32,447 | 36,911 | 39,230 | 42,820 | 46,674 |
| Industry Growth | 5.87% | 7.31% | 13.76% | 6.28% | 9.15% | 9.00% |

Damm Brazil

Optimistic Case

| | | | | | | |
|-------------------------------|--------|--------|--------|--------|--------|--------|
| Target Growth (x4 ind growth) | 23.49% | 29.25% | 55.04% | 25.13% | 36.60% | 36.00% |
| Target Market Share | 0.006% | 0.007% | 0.010% | 0.012% | 0.014% | 0.018% |
| Target Revenue - % of total | 0.25% | 0.32% | 0.50% | 0.62% | 0.85% | 1.15% |
| Total Sales | 1.80 | 2.33 | 3.61 | 4.51 | 6.17 | 8.39 |

Conservative Case

| | | | | | | |
|-------------------------------|--------|--------|--------|--------|--------|--------|
| Target Growth (x2 ind growth) | 11.75% | 14.63% | 27.52% | 12.56% | 18.30% | 18.00% |
| Target Market Share | 0.006% | 0.007% | 0.008% | 0.008% | 0.009% | 0.010% |
| Target Revenue - % of total | 0.25% | 0.29% | 0.37% | 0.41% | 0.48% | 0.57% |
| Total Sales | 1.80 | 2.06 | 2.63 | 2.96 | 3.50 | 4.14 |

FINANCIALS: Revenue Breakdown

| (Sales in € Millions) | 2011A | 2012A | 2013F | 2014F | 2015F | 2016F | 2017F |
|--------------------------|---------|---------|---------|---------|---------|---------|---------|
| Sales - Spain | 681,030 | 691,376 | 693,173 | 694,976 | 696,782 | 698,594 | 700,410 |
| % Growth | | 1.52% | 0.26% | 0.26% | 0.26% | 0.26% | 0.26% |
| Sales - UK & Europe | 12,187 | 16,204 | 16,366 | 16,530 | 16,695 | 16,862 | 17,031 |
| % Growth | | 32.96% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |
| Sales - US | 5,735 | 7,202 | 7,346 | 7,493 | 7,643 | 7,795 | 7,951 |
| % Growth | | 25.58% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Sales - Others | 2,151 | 3,601 | 3,781 | 3,970 | 4,169 | 4,377 | 4,596 |
| % Growth | | 67.44% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| Sales - Brazil | 1,434 | 1,800 | 2,459 | 4,150 | 5,454 | 7,949 | 11,526 |
| % Growth | | 25.58% | 36.56% | 68.80% | 31.41% | 45.75% | 45.00% |
| Total Sales - S. A. Damm | 716,874 | 720,183 | 723,125 | 727,118 | 730,743 | 735,578 | 741,515 |
| y-o-y growth | | 0.46% | 0.41% | 0.55% | 0.50% | 0.66% | 0.81% |

| <u>Sales Breakdown Assumptions</u> | | | | | | | <u>Target</u> |
|------------------------------------|--------|--------|--------|--------|--------|--------|---------------|
| Spain | 97.00% | 96.00% | 95.88% | 95.65% | 95.48% | 95.20% | 94.86% |
| UK & Europe | 1.70% | 2.25% | | | | | |
| United States | 0.80% | 1.00% | | | | | |
| Others | 0.30% | 0.50% | | | | | |
| Brazil | 0.20% | 0.25% | 0.32% | 0.50% | 0.62% | 0.84% | 1.14% |

Current Situation

Why Brazil?

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FINANCIALS: Optimistic Scenario



| OPTIMISTIC CASE (In € thousands) | 2011A | 2012A | 2013E | 2014E | 2015E | 2016E | 2017E |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Sales | 716,874 | 720,183 | 722,993 | 726,576 | 729,803 | 733,795 | 738,375 |
| % change | | 0.46% | 0.39% | 0.50% | 0.44% | 0.55% | 0.62% |
| Other Revenue | 79647 | 73,436 | 73,005 | 73,774 | 73,944 | 74,114 | 74,284 |
| Total Revenue | 796,521 | 793,619 | 796,598 | 800,350 | 803,747 | 807,909 | 812,660 |
| % change | | -0.36% | 0.38% | 0.47% | 0.42% | 0.52% | 0.59% |
| COGS | 301,368 | 317,747 | 318,117 | 319,693 | 321,113 | 322,870 | 324,885 |
| % of sales | 42.04% | 44.12% | 44.00% | 44.00% | 44.00% | 44.00% | 44.00% |
| Gross Profit | 495,153 | 475,872 | 478,481 | 480,657 | 482,634 | 485,039 | 487,775 |
| % change | | -3.89% | 0.55% | 0.45% | 0.41% | 0.50% | 0.56% |
| Payroll | 99,219 | 98,986 | 99,339 | 99,832 | 100,275 | 100,823 | 101,453 |
| % of sales | 13.84% | 13.74% | 13.74% | 13.74% | 13.74% | 13.74% | 13.74% |
| SG&A | 230,943 | 222,530 | 223,405 | 224,512 | 225,509 | 226,743 | 228,158 |
| % of sales | 32.22% | 30.80% | 30.80% | 30.80% | 30.80% | 30.80% | 30.80% |
| EBITDA | 164,991 | 154,356 | 155,737 | 156,313 | 156,850 | 157,473 | 158,164 |
| Depreciation | 66,541 | 67,157 | 67,773 | 68,389 | 69,005 | 69,621 | 70,237 |
| Other Income | 4657 | 12124 | 12,730 | 13,367 | 14,035 | 14,737 | 15,474 |
| % change | | 160.34% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| EBIT | 103,107 | 99,323 | 100,694 | 101,291 | 101,880 | 102,589 | 103,400 |
| % change | | -3.67% | 1.38% | 0.59% | 0.58% | 0.70% | 0.79% |
| Taxes | 35750 | 23230 | 24,167 | 24,310 | 24,451 | 24,621 | 24,816 |
| Net Income | 67,357 | 76,093 | 76,528 | 76,981 | 77,428 | 77,968 | 78,584 |
| % change | | 12.97% | 0.57% | 0.59% | 0.58% | 0.70% | 0.79% |

Current Situation

Why Brazil?

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FINANCIALS: Conservative Scenario



| CONSERVATIVE CASE | | | | | | | |
|-------------------|---------|---------|---------|---------|---------|---------|---------|
| (In € thousands) | 2011A | 2012A | 2013F | 2014F | 2015F | 2016F | 2017F |
| Sales | 716,874 | 720,183 | 722,698 | 725,486 | 728,042 | 730,855 | 733,802 |
| % change | | 0.46% | 0.35% | 0.39% | 0.35% | 0.39% | 0.40% |
| Other Revenue | 79647 | 73,436 | 73,605 | 73,774 | 73,944 | 74,114 | 74,284 |
| Total Revenue | 796,521 | 793,619 | 796,303 | 799,260 | 801,986 | 804,969 | 808,087 |
| % change | | -0.36% | 0.34% | 0.37% | 0.34% | 0.37% | 0.39% |
| COGS | 301,368 | 317,747 | 317,987 | 319,214 | 320,338 | 321,576 | 322,873 |
| % of sales | 42.04% | 44.12% | 44.00% | 44.00% | 44.00% | 44.00% | 44.00% |
| Gross Profit | 495,153 | 475,872 | 478,316 | 480,046 | 481,647 | 483,393 | 485,214 |
| % change | | -3.89% | 0.51% | 0.36% | 0.33% | 0.36% | 0.38% |
| Payroll | 99,219 | 98,986 | 99,299 | 99,682 | 100,033 | 100,419 | 100,824 |
| % of sales | 13.84% | 13.74% | 13.74% | 13.74% | 13.74% | 13.74% | 13.74% |
| SG&A | 230,943 | 222,530 | 224,036 | 224,901 | 225,693 | 226,565 | 227,479 |
| % of sales | 32.22% | 30.80% | 31.00% | 31.00% | 31.00% | 31.00% | 31.00% |
| EBITDA | 164,991 | 154,356 | 154,981 | 155,464 | 155,921 | 156,408 | 156,911 |
| Depreciation | 66,541 | 67,157 | 67,773 | 68,389 | 69,005 | 69,621 | 70,237 |
| Other Income | 4,657 | 12,124 | 12,730 | 13,367 | 14,035 | 14,737 | 15,474 |
| % change | | 160.34% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| EBIT | 103,107 | 99,323 | 99,938 | 100,442 | 100,951 | 101,524 | 102,147 |
| % change | | -3.67% | 0.62% | 0.50% | 0.51% | 0.57% | 0.61% |
| Taxes | 35750 | 23230 | 23,985 | 24,106 | 24,228 | 24,366 | 24,515 |
| Net Income | 67,357 | 76,093 | 75,953 | 76,336 | 76,723 | 77,158 | 77,632 |
| % change | | 12.97% | -0.18% | 0.50% | 0.51% | 0.57% | 0.61% |

Current Situation

Why Brazil?

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Financials

TAKEAWAYS: Continued Expansion in Brazil Upholds Mission

Long Term Profitability

Reduce financial risk of Spanish recession

Increase in customer base

Utilizing relationships

Support long-term globalization

Brand awareness

THANK YOU

QUESTIONS?

The slide features a dark grey background on the left and a white background on the right, separated by a vertical line. Two horizontal red lines are positioned near the top and bottom. A dashed diagonal line runs from the top right to the bottom left. The word 'APPENDIX' is centered across the vertical line, with 'APPEN' in white on the dark grey background and 'DIX' in black on the white background.

APPENDIX

SWOT: PESTEL Analysis

Political:

“It is unlikely that Ms Rousseff will use her authority to push through ambitious structural reforms (including broader fiscal and labour-market reforms) ... legislative agenda is likely to concentrate this year on simplifying the tax system (notably taxes deducted on payrolls and sales, such as PIS/Cofins and ICMS) and reforming the mining code, among others).”

Economic:

Our long-term growth forecast anticipates more rapid average annual GDP growth over the next 19 years (3.8%) than over the past 25 (2.8%). Improvements in infrastructure and education, trade expansion, a broader presence of multinational business, a reduction in the debt-service burden and the development of Brazil's huge oil reserves will mitigate slower labour force growth and help to sustain labour productivity growth at 2.7%.

Social:

Mariano Rajoy insisted that "relations between Spain and Brazil must have the same ambition as the relations between our companies and citizens". He recalled that "Brazil is the leading destination for Spanish investment in Latin America and the second anywhere in the world. With almost 55 billion euros of accumulated investment, Brazil accounts for almost half of our investment in Latin America”.

Technological:

| 9th pillar: Technological readiness | | | |
|-------------------------------------|--|------|----|
| 9.01 | Availability of latest technologies | 5.3 | 50 |
| 9.02 | Firm-level technology absorption | 5.2 | 47 |
| 9.03 | FDI and technology transfer | 5.2 | 24 |
| 9.04 | Individuals using Internet, %* | 45.0 | 62 |
| 9.05 | Broadband Internet subscriptions/100 pop.* | 8.6 | 63 |
| 9.06 | Int'l Internet bandwidth, kb/s per user* | 29.0 | 46 |
| 9.07 | Mobile broadband subscriptions/100 pop.* | 20.9 | 47 |

Environmental:

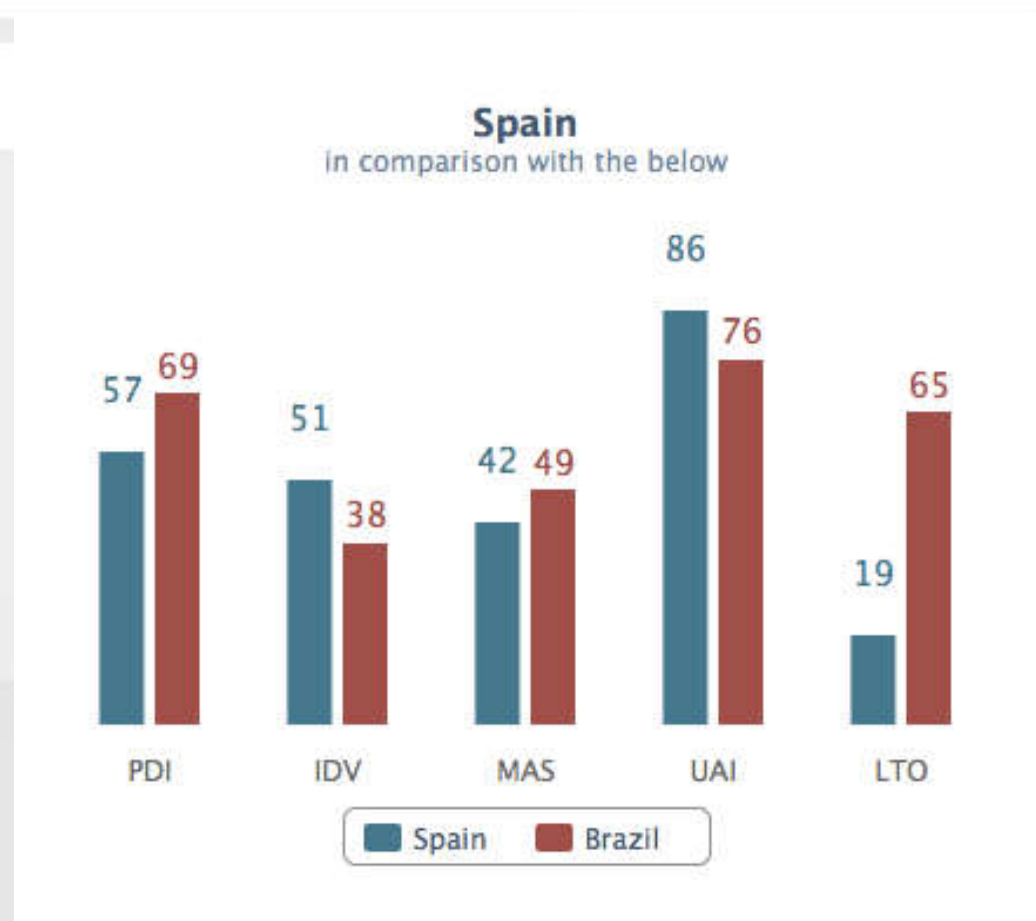
Mainly tropical and sub-tropical; mild on the southern coast and in the higher regions. Weather in São Paulo (altitude 760 metres). Hottest month, December, 23-30°C; coldest month, June, 15-22°C, average monthly minimum and maximum; driest month, August; wettest month, February

Legal:

Brazil's tariffs are generally moderate, with a declining cap for most goods under the common external tariff (tarifa externa comum—TEC).

| | 2012-20 | 2021-30 | 2012-30 |
|--|---------|---------|---------|
| Growth and productivity (% change; annual av) | | | |
| Growth of real GDP per head | 3.2 | 3.1 | 3.2 |
| Growth of real GDP | 4.0 | 3.6 | 3.8 |
| Labour productivity growth | 2.4 | 2.9 | 2.7 |

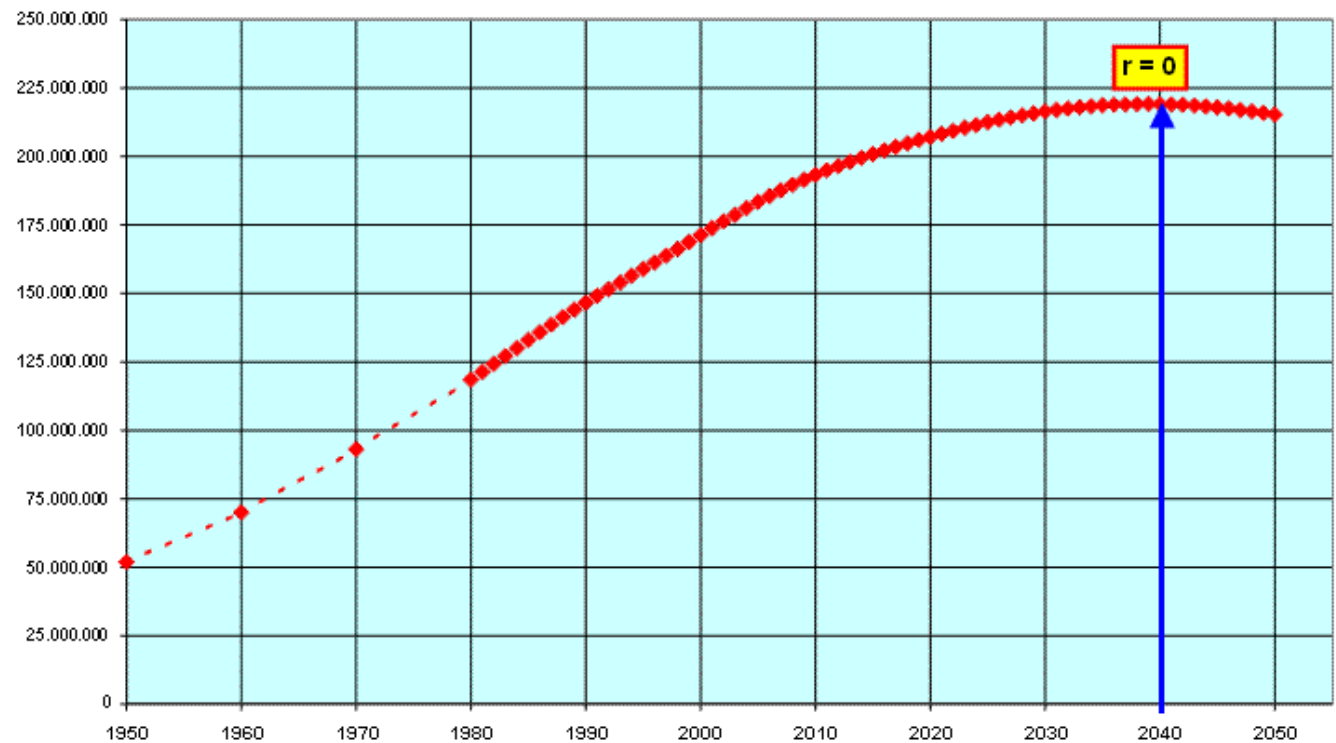
WHY BRAZIL: CAGE Analysis: Hofstede's Framework



WHY BRAZIL: Current Large Population / Pop. Growth

| RANK | COUNTRY | POPULATION | DATE OF INFORMATION |
|------|------------------------|---------------|---------------------|
| 1 | China | 1,349,585,838 | July 2013 est. |
| 2 | India | 1,220,800,359 | July 2013 est. |
| 5 | Brazil | 201,009,622 | July 2013 est. |

Graph 14 – Evolution of the total population according to the demographic censuses and projection: 1950/2050



<https://www.cia.gov/library/publications/the-world-factbook/rankorder/2119rank.html>
<http://saladeimprensa.ibge.gov.br/en/noticias?view=noticia&id=1&busca=1&idnoticia=1272>

WHY BRAZIL: Middle Class Growth

*Table 3: Total Middle Class Consumption, Top 10 Countries
(2005 PPP\$, billions and global share)*

| | 2009 | | | 2020 | | | 2030 | | |
|----|----------------|-------|-----|----------------|-------|-----|---------------|--------|-----|
| 1 | United States | 4,377 | 21% | China | 4,468 | 13% | India | 12,777 | 23% |
| 2 | Japan | 1,800 | 8% | United States | 4,270 | 12% | China | 9,985 | 18% |
| 3 | Germany | 1,219 | 6% | India | 3,733 | 11% | United States | 3,969 | 7% |
| 4 | France | 927 | 4% | Japan | 2,203 | 6% | Indonesia | 2,474 | 4% |
| 5 | United Kingdom | 889 | 4% | Germany | 1,361 | 4% | Japan | 2,286 | 4% |
| 6 | Russia | 870 | 4% | Russia | 1,189 | 3% | Russia | 1,448 | 3% |
| 7 | China | 859 | 4% | France | 1,077 | 3% | Germany | 1,335 | 2% |
| 8 | Italy | 740 | 3% | Indonesia | 1,020 | 3% | Mexico | 1,239 | 2% |
| 9 | Mexico | 715 | 3% | Mexico | 992 | 3% | Brazil | 1,225 | 2% |
| 10 | Brazil | 623 | 3% | United Kingdom | 976 | 3% | France | 1,119 | 2% |

Research from the Federation of Trade in Goods, Services and Tourism of the State of São Paulo (Fecomercio SP) shows that the middle class will be primarily responsible for sustaining a projected cumulative growth of 40% in the Brazilian economy by 2020.

The research predicts that household consumption in Brazil will be R\$3.53 trillion in 2020, compared to R\$2.34 trillion estimated for 2011. This amount represents 65% of Gross Domestic Product (GDP) of the country in 2020. For the entity, the growth of the population's purchasing power will be most evident in class C, which today represents 54% of Brazilians and has a consumption capacity of more than R\$1 trillion, equivalent to 51% of all income from families.

WHY BRAZIL: Beer Consumption Growth

Table 20 Forecast Sales of Beer by Category: % Total Volume Growth 20.

| % total volume growth | 2015/16 | 2011-16 CAGR | 2011/16 Total |
|-------------------------------|---------|--------------|---------------|
| Dark Beer | 9.8 | 12.3 | 78.9 |
| - Ale | 6.9 | 10.0 | 61.3 |
| - Weissbier/Weizen/Wheat Beer | 10.6 | 12.9 | 83.8 |
| Lager | 5.6 | 5.0 | 27.7 |
| - Premium Lager | 12.5 | 13.1 | 85.4 |
| -- Domestic Premium Lager | 12.6 | 13.2 | 85.7 |
| -- Imported Premium Lager | 9.2 | 9.6 | 57.8 |
| - Standard Lager | 4.8 | 4.2 | 22.9 |
| -- Domestic Standard Lager | 4.8 | 4.2 | 22.9 |
| -- Imported Standard Lager | - | - | - |

Table 18 Forecast Sales of Beer by Category: Total Volume 2011-2016

| million litres | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------------------------------|----------|----------|----------|----------|----------|----------|
| Dark Beer | 8.3 | 9.5 | 10.8 | 12.2 | 13.5 | 14.8 |
| - Ale | 1.8 | 2.0 | 2.3 | 2.5 | 2.7 | 2.9 |
| - Weissbier/Weizen/Wheat Beer | 6.5 | 7.5 | 8.6 | 9.7 | 10.8 | 11.9 |
| Lager | 13,221.0 | 13,639.1 | 14,272.5 | 15,371.0 | 15,981.8 | 16,882.5 |
| - Premium Lager | 1,078.6 | 1,190.9 | 1,391.1 | 1,595.7 | 1,776.9 | 1,999.9 |
| -- Domestic Premium Lager | 1,068.6 | 1,180.2 | 1,379.1 | 1,582.4 | 1,762.4 | 1,984.0 |
| -- Imported Premium Lager | 10.1 | 10.7 | 12.0 | 13.3 | 14.6 | 15.9 |
| - Standard Lager | 11,917.5 | 12,219.2 | 12,649.2 | 13,539.5 | 13,965.5 | 14,640.6 |
| -- Domestic Standard Lager | 11,917.5 | 12,219.2 | 12,649.2 | 13,539.5 | 13,965.5 | 14,640.6 |
| -- Imported Standard Lager | - | - | - | - | - | - |

STRATEGY: Increasing Consumption of Beer with Events

For the first time in six years, beer consumption in Germany did not fall. Per capita beer consumption in 2006 was 117.8 litres, a 2% increase from the previous year. The German Brewers Association credits the increase to the hot summer weather, the World Cup and the hearty souls from World Cup Blog who each drank 117.8 litres of beer per day while in the country.

Japanese brewers hope this year's World Cup in South Africa will reverse a previous downturn, after seeing sales fall by four percent since the last World Cup in Germany in 2006. In China, the world's biggest market for beer, the amber nectar has been flowing freely since the beginning of the tournament, especially in large cities. In the central town of Zhuzhou, the country's biggest brewer Tsingtao said that sales had almost doubled. Tsingtao said it had sold around 42,000 bottles a day, against 24,000 bottles before the tournament.

During South Korea's June 17 game against Argentina, shops from the GS25 chain sold 345,000 bottles or cans of beer in South Korea – a 123 percent increase on the previous week. And on June 12, the eve of the opening of the competition, Bokwang Family Mart, another chain of South Korean stores, said that sales of beer had doubled with 45,000 bottles or cans sold.

Carnival is the biggest and most famous event in Brazil. The whole country stops completely for almost a week. Festivities and celebrations are intense, day and night, in the whole country. It is reported that the consumption of beer during carnival accounts for 80% of Brazil's annual consumption and Brazil tourism receives 70% of annual visitors during and around the carnival.

PublicHoliday.org
Riocarnival.net

<http://www.bloomberg.com/news/2010-08-12/ab-inbev-second-quarter-profit-advances-boosted-by-soccer-world-cup.html>

STRATEGY: Leveraging Popularity of Players



Surpassed David Beckham as the most marketable player in the world. 2005: 23 foot statue erected in Chapeco, Barcelona.



Forbes' #15 highest earning player: considered one of the best in the world, and earned the spot's top award from La Liga in 2009.



31.7% of Brazilian respondents listed Neymar as their most liked player.



Forbes' #95 highest earning player: one of the most decorated European players, won the NBA Rookie of the Year in 2002 and has been selected to four All-Star games.

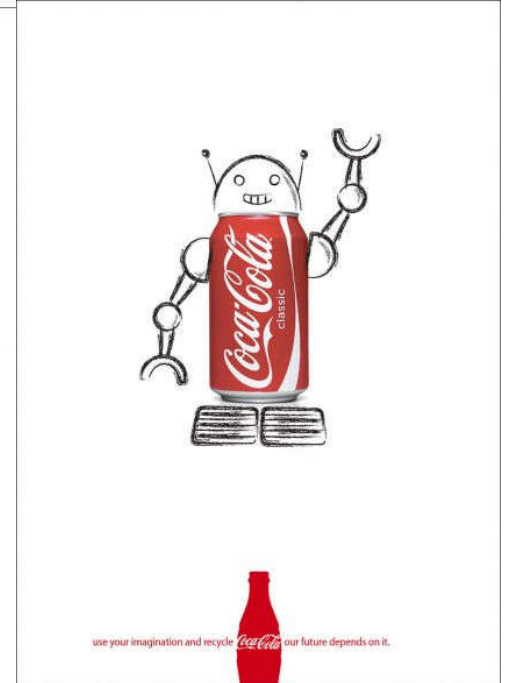
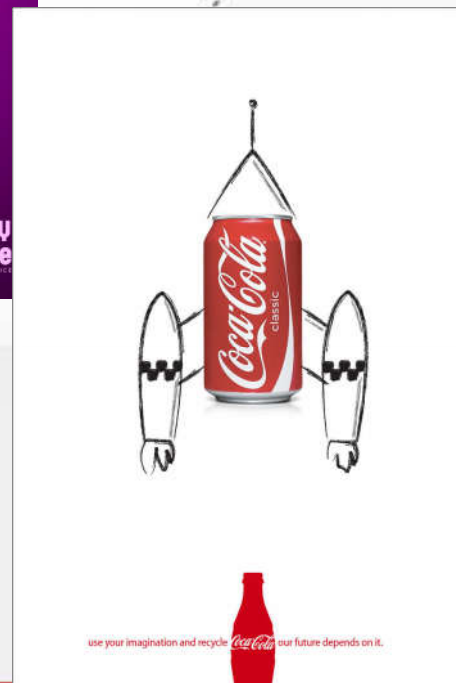
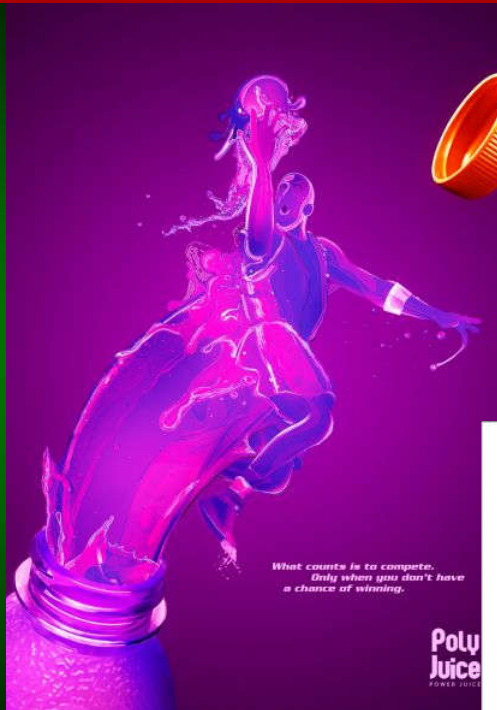
http://www.talkfootball.co.uk/guides/football_legends_ronaldinho.html

<http://www.forbes.com/pictures/mlh45eel/no-15-daniel-alves/>

<http://www.forbes.com/pictures/mli45igdi/95-pau-gasol/>

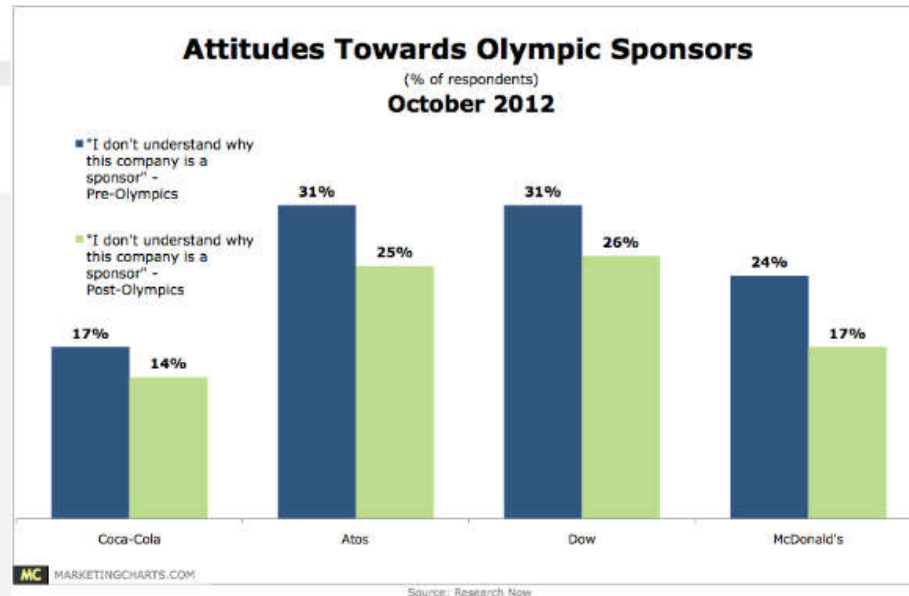
<http://frontiers.sportbusiness.com/frontloaded/head-to-head/neymar-tops-brazilian-popularity-poll>

STRATEGY: Advertising Companies Successful with Beverage Ads



Advertising Agency: Estúdio TZ, São Paulo, Brazil
Advertising School: Miami Ad School, São Paulo, Brazil
Art

STRATEGY: Success of Brand Awareness w/ Olympics



Both the [BMW](#) and [Cadillac](#) brands saw an increase in shopping consideration on Edmunds.com, from the opening to closing ceremonies of the London games. Shopping consideration, measured by visitors who click on the brand and its models, is an indicator of advertising effectiveness, but not necessarily a predictor of future sales. However, Edmunds.com's data, based on actual sales transactions at dealerships during the first couple of weeks of August, showed sales actually did increase, with retail market share for BMW and Cadillac climbing from the comparable period of July.

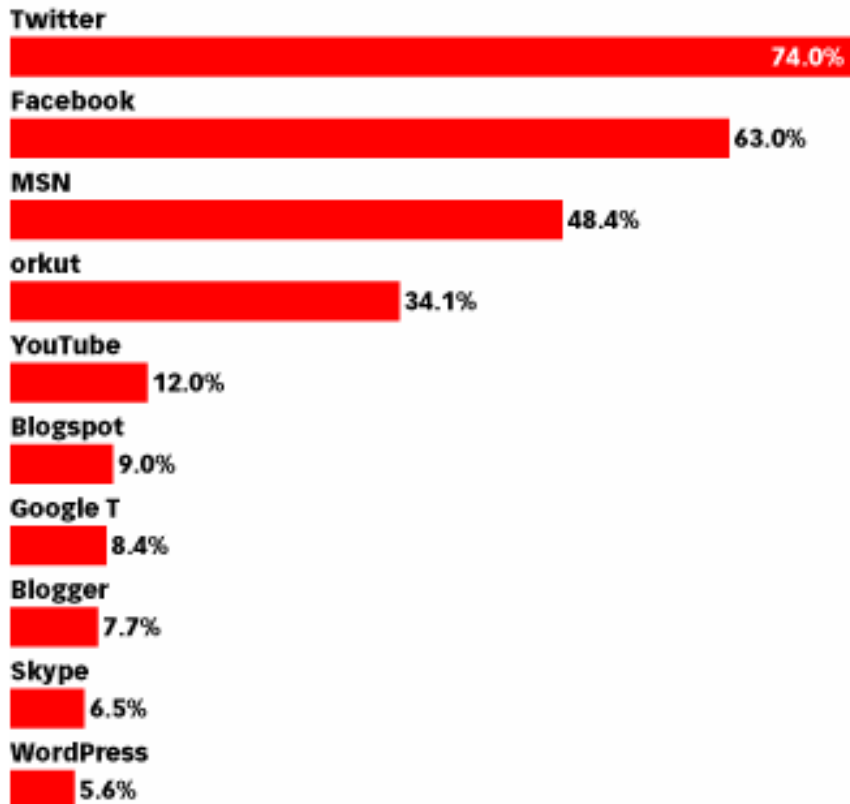
<http://www.marketingcharts.com/wp/topics/branding/some-olympics-sponsors-enjoyed-lift-in-brand-awareness-esteem-24181/>

<http://blogs.imediaconnection.com/blog/2012/08/09/the-social-games-marketing-during-olympics/http://www.integralprintmedia.com/marketing-creativity-leads-the-Summer-Olympics-success.html>

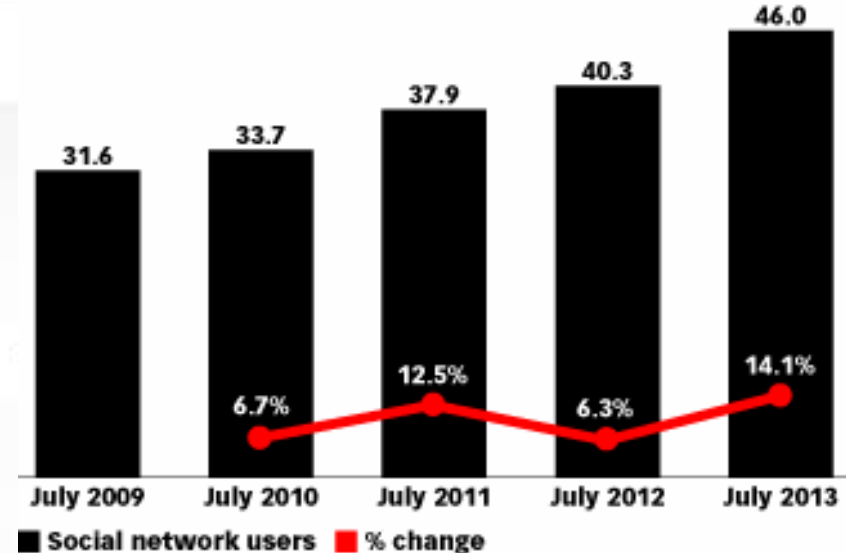
STRATEGY: Social Media Usage in Brazil is High

Top 10 Social Networks* Used by Social Network Users in Brazil, Jan 2011

% of respondents



Social Network Users in Brazil, July 2009-Jan 2013



Facebook Users and Penetration in Brazil, 2011-2017

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------------------|--------|-------|-------|-------|-------|-------|-------|
| Facebook users (millions) | 28.1 | 46.5 | 69.0 | 81.4 | 89.4 | 97.3 | 103.9 |
| —% change | 296.9% | 65.2% | 48.5% | 17.9% | 9.8% | 8.8% | 6.9% |
| —% of social network users | 50.1% | 70.3% | 88.1% | 92.2% | 91.4% | 93.3% | 94.5% |
| —% of internet users | 35.6% | 52.0% | 69.6% | 75.6% | 78.6% | 81.2% | 84.3% |
| —% of population | 14.2% | 23.3% | 34.3% | 40.2% | 43.7% | 47.3% | 50.1% |

STRATEGY: Potential Timeline



FINANCIALS: Cost of Importing

How many bottles/cans are in one cargo load that measures 72in * 72in * 72in?

Bottles

Assumptions:

Each 24-pack case measures 24in* 12in* 12in

This implies we can fit 108 cases in a load, or $(72*72*72)/(24*12*12)$

108 cases * 24 bottles/case = 2592 bottles/load

Cans

Assumptions:

Each 24-pack case measures 24in * 12in * 4.8in

This implies a load we can fit 270 cases in a load, or $(72*72*72)/(24*12*4.8)$

270 cases * 24 cans/case = 6480 cans/load

How much does it cost to ship one load?

Quotas from internet sources show that a load costs about 1200 Euros by sea and 4600 Euros by air, excluding administrative fees.

Note: There is no seaport in Sao Paulo. Cost of transportation from Santo to Sao Paulo is assumed to cost about 100-200 Euros.

What is the value of one load of cans/bottles?

Assumption:

A 6-pack (can or bottle) Estrella Damm costs 1.75 Euro

1 can/bottle costs 0.292 Euro, or $1.75/6$

Value of 1 load of beer bottles

2592 bottles* .292 Euro/bottle = 756.9 Euros

Value of 1 load of beer cans

6480 cans* .292 Euro/can = 1892.2 Euros

FINANCIALS: Cost of Importing

Imports Duties and Taxes

15% Tariff rate on imports.

We also assume an administrative cost of 5% of the value of content.

What is the total import cost?

Cost of shipping + duties and taxes on value of content

Cost of Goods Sold

Can be estimated using historical COGS.

Cost of Partnership

Creating a partnership agreement is free. However, having an attorney drafting the agreement could cost about \$2000 USD, or 1535 Euros.

Usually, the importer pays the duties and taxes of the import. We will agree with our partner in Brazil to pay the duties and taxes and a 10% interest in gross profits.

Cost of Leaving a Partnership

We assume that our interest in Brazilways will be sold back to Brazilways at a discount.

Sales Revenue in Brazil

Premium lager is priced at 1.69 Euro or above in Brazil

Assuming our beer will sell for 1.69 Euro each

Sales = 1.69* total number of cans and bottles sold

GROUP PHOTO:

