



LAVAZZA AGREES TO ACQUIRE MARS DRINKS BUSINESS (FLAVIA AND KLIX SYSTEMS) FROM MARS, INCORPORATED

- *The transaction, which is subject to regulatory approvals and employee consultation in certain jurisdictions, is expected to close in December 2018. Mars Drinks generated approximately US\$350 million in revenue in 2017.*
- *With this deal Lavazza Group will continue its international expansion strategy in key markets such as North America, Germany, the UK and France and further strengthen its Office Coffee Service (OCS) and Vending channels, which offer considerable opportunities for growth and development.*
- *The business to be acquired from Mars, Incorporated includes the single-serve Flavia machine and the Klix freestanding Vending machine business – two leading brands in the OCS and Vending segments – and a number of strong proprietary brands.*
- *The acquisition will allow the Lavazza Group to consolidate its direct coverage of all coffee market segments, with a particular focus on the Away-from-Home business as part of a direct consumer interaction approach.*

Turin, Italy / Mclean, VA - October 1st, 2018 – The Lavazza Group has agreed to acquire Mars' Drinks business, including the Flavia and Klix systems, leading brands in the Office Coffee Service (OCS) and Vending segments.

“This acquisition fits perfectly within our international expansion strategy, the objective of strengthening key markets, as well as the pursuit of having an even closer relationship with end consumers. Indeed, this acquisition strengthens the Lavazza Group’s position in the OCS and Vending segments, which offer considerable opportunities for growth and development,” stated Antonio Baravalle, CEO of the Lavazza Group. “Today’s transaction with Mars, Incorporated is consistent with a common vision and shared values between two prominent family-owned companies who have a strong focus on delivering quality products with uncompromising commitment to our employees and associates, with a long-term vision.”

Speaking on the agreement, **Grant F. Reid CEO/Office of the President, Mars, Incorporated** said: *“Mars Drinks has been an important part of our business for many years, and while it’s always hard to say goodbye to great brands, valued Associates and friends, we believe now is the right time for a change. We are confident this decision will better enable long-term success for the Drinks business with Lavazza – a company that shares our values and has a dedicated focus on beverages – and will allow the business and its Associates to continue to thrive.”*

Through this deal, the Lavazza Group, in accordance with its strategy of consolidation at the international level, will acquire Mars' coffee businesses in North America, Germany, the UK, France, Canada and Japan, including its related systems and its production facilities in the UK and United States. The acquisition includes the Flavia tabletop machines business and the Klix freestanding Vending machine business, which boast a large machine park installed throughout their markets of operation, and a broad portfolio of coffee and other hot beverages commercialized under both proprietary brands (e.g. Alterra) as well as through licensed brands.



The businesses involved in the acquisition generated a turnover of approximately US\$350 million in 2017, and has a workforce of approximately 900 people.

The deal is expected to close by the end of 2018, subject to regulatory approvals and procedures being completed.

In line with its previous acquisitions — Carte Noire and ESP in France, Merrild in Denmark, Kicking Horse Coffee in Canada, NIMS in Italy and Blue Pod Coffee in Australia — Lavazza intends to continue to enhance the acquired businesses, thereby strengthening its direct coverage of all segments of the coffee markets concerned, with a particular emphasis on Away-from-Home, according to an approach based on increasingly direct interaction with consumers.

Lavazza was advised by J.P. Morgan, Cleary Gottlieb Steen & Hamilton, PwC and The Boston Consulting Group. Mars, Incorporated was advised by BofA Merrill Lynch, Freshfields Bruckhaus Deringer LLP, KPMG LLP and Rabo Securities USA.

About Lavazza Group

Established in 1895 in Turin, the Italian roaster has been owned by the Lavazza family for four generations. Among the world's largest coffee companies, the Lavazza Group currently operates in more than 90 countries through subsidiaries and distributors, with 63% of revenues coming from markets outside of Italy. Lavazza employs a total of about 3,000 people generating a turnover of more than €2.0 billion in 2017. Lavazza invented the concept of blending — or in other words the art of combining different types of coffee from different geographical areas — in its early years introducing its consumers to flavor consistency as well as innovation, and these continue to be distinctive features of most of its products.

With over 25 years of experience Lavazza was also a pioneer in the production and sale of portioned coffee systems and products, being the first Italian company to offer capsule espresso systems. Lavazza operates in all business segments: at home, away-from-home and office coffee service, always with a focus on innovation in consumption technologies and systems.

For more information please visit www.lavazza.com

About Mars, Incorporated

Mars is a family-owned business with more than a century of history making diverse products and offering services for people and the pets people love. With over \$35 billion in sales, the company is a global business that produces some of the world's best-loved brands: M&M's®, SNICKERS®, TWIX®, MILKY WAY®, DOVE®, PEDIGREE®, ROYAL CANIN®, WHISKAS®, EXTRA®, ORBIT®, 5™, SKITTLES®, UNCLE BEN'S® and COCOAVIA®. Mars also provides veterinary health services that include BANFIELD® Pet Hospitals, Blue Pearl®, VCA® and Pet Partners™. Headquartered in McLean, VA, Mars operates in more than 80 countries. The Mars Five Principles – Quality, Responsibility, Mutuality, Efficiency and Freedom – inspire its more than 115,000 Associates to create value for all its partners and deliver growth they are proud of every day.

For more information about Mars, please visit www.mars.com. Join us on Facebook, Twitter, LinkedIn, Instagram and YouTube.