



Mergers and Acquisitions – A Spotlight on the Central Coast

Central Coast Market Trends and Transactions

Matt Franklin
March 29, 2022
















ZEPPONI
& Company®

Mergers &
Acquisitions

Major Central Coast Transactions

Recent notable Central Coast wine industry transactions since 2020

| Date | Client | Asset Type | Acquirer/Target | Geography |
|--------|---|------------|---|---------------|
| Feb-22 |  | Integrated | Private Individual Buyer | Santa Barbara |
| Dec-21 |  | Integrated |  | Paso |
| Nov-21 |  | Integrated |  Constellation Brands | Paso |
| Jan-21 |  | Brand |  | Paso |
| Jul-20 |  | Integrated |  Constellation Brands | Paso |
| Jan-20 |  | Brand |  | Central Coast |
| Jan-20 |  | Brand |  | Santa Cruz |

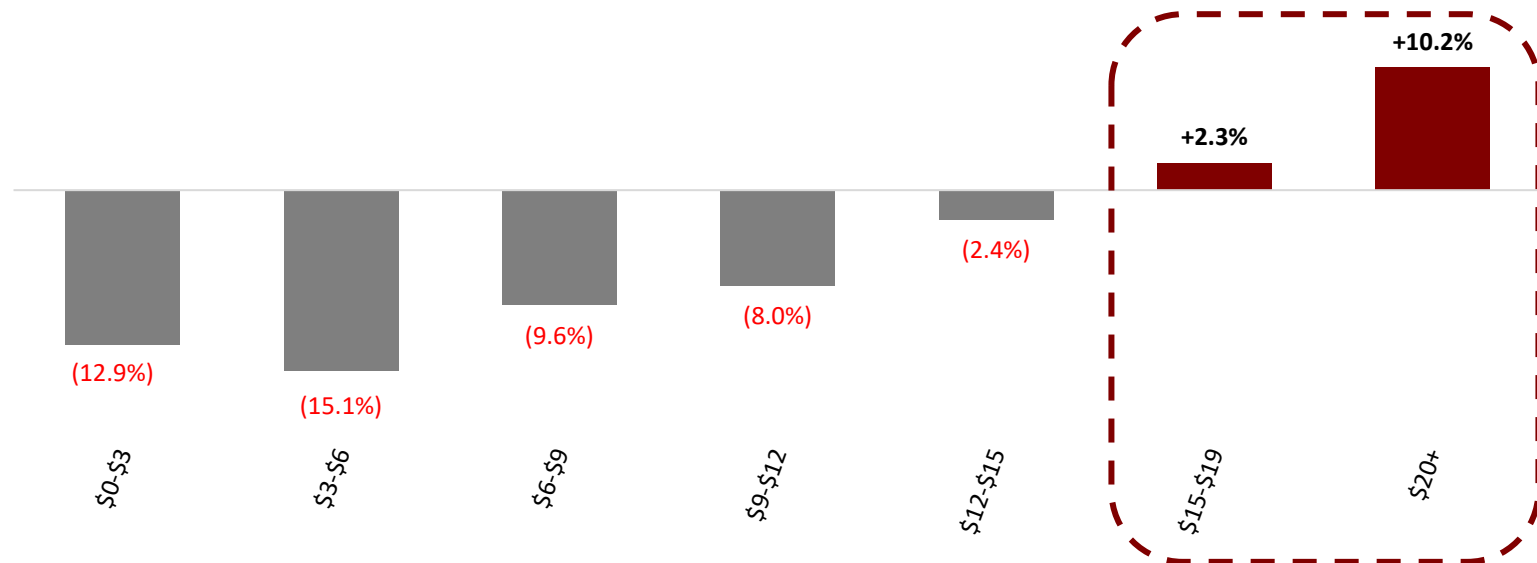


Premiumization

Paso Robles is benefitting from premiumization trends

- Growth is occurring at price points above \$15/bottle
- Paso Robles is uniquely positioned to take advantage of this trend
 - Prestige and recognition for world-class vineyards and luxury-priced wines
 - Focus on Cabernet Sauvignon and red blends
 - Adequate grape supply at reasonable prices
 - Independent brands gaining scale and broad distribution
- Strategies are taking note and have acquired, will acquire, or are building their own Paso-centric brands (standalone and line extensions)

2021 Off-Premise \$ Volume Growth by Price Segment



Reference: AC Nielsen Food/Liquor 52 weeks ended January 1, 2022



Justin Vineyards & Winery

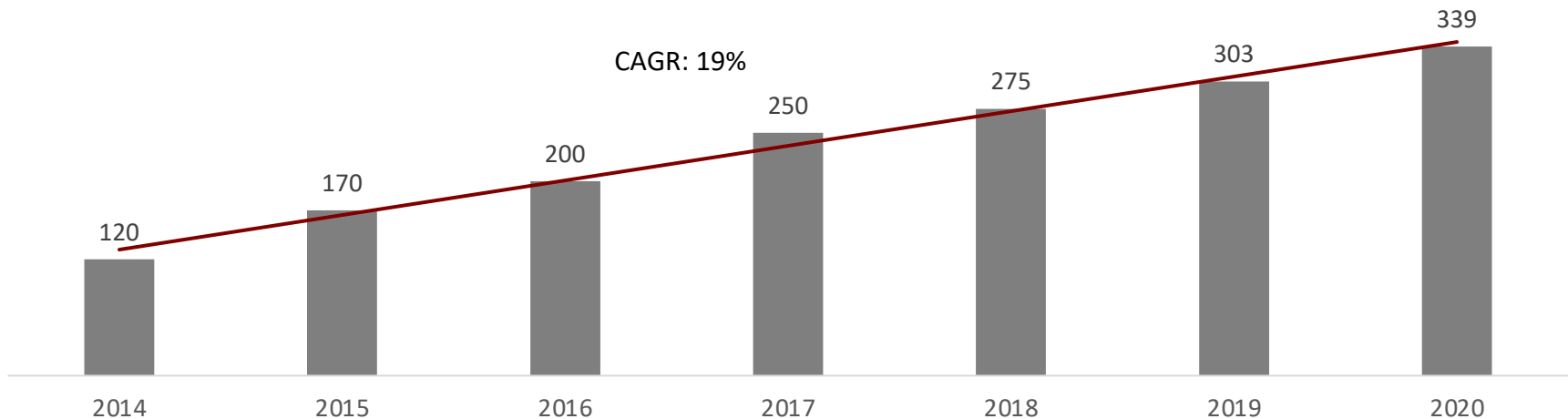
Justin pioneered luxury-priced Paso Robles wine with Isosceles



Overview

- Founded in 1981 by Justin Baldwin with a focus on Bordeaux-style blends
- Isosceles was the first nationally recognized luxury-priced wine from Paso Robles
- Business acquired by The Wonderful Company in 2010
- Isosceles was leveraged to grow entry level Paso Robles Cabernet Sauvignon brand at \$20+ price point

Justin Vineyards – Annual Case Volume (in thousands of nine-liter cases)



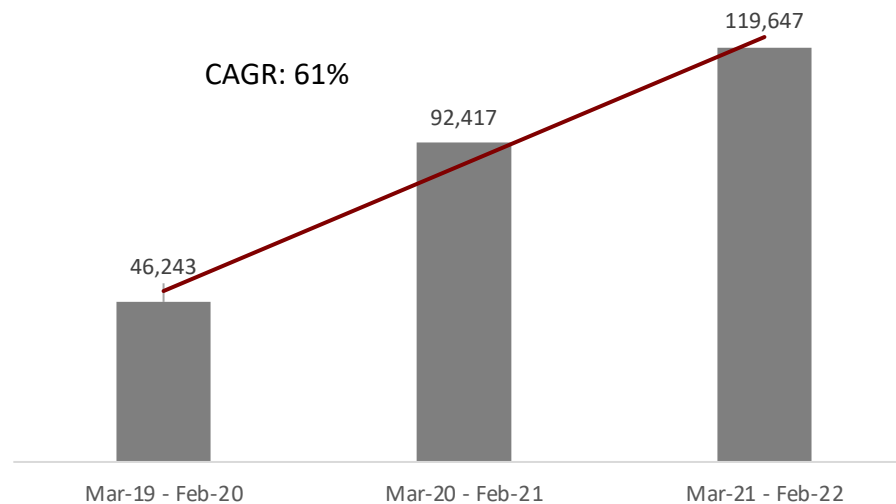
Reference: Shanken's IMPACT Databank Review and Forecast 2021 Edition



Founded in 2007, Daou has emerged as a leader in Paso Robles at \$20+ price points



DAOU – Food/Liquor channel 52-week volume (nine-liter cases)



Reference: AC Nielsen Food/Liquor 52 weeks ended February 26, 2022



Booker

Highly celebrated Paso Robles brand builds scalable portfolio that attracts top strategic buyer

Overview

- Booker was founded in 2001 by Eric and Lisa Jensen
- Initial focus on critically acclaimed, luxury-priced wines via DTC channel
- More approachable pricing tiers introduced later for wholesale channel expansion
- In 2020, Constellation Brands acquired a minority position in the business
- Constellation's investment surpassed expectations, and in 2022, they exercised their option to purchase the entire business

