



BUSINESS DEVELOPMENT PLAN



OUR MISSION

To launch RIO RUM, the true taste of Brazil and
to build the brand to 100,000 cases by 2016

“We will have the great chance to show to the world, a still unknown nation in all its diversity for the billions of people who will see these events. These spectators will not only see the competitions, but also be exposed to the culture and the Brazilian way of life”

- Jeanine Pires, President of Embratur



BRAZIL



- Brazil is the 5th most populated country in the world with a population of 190 million people.
- According to surveys conducted by Embratur (Brazil's Tourism Board), to foreign tourists who visited the country:
 - 97.2% intend to return soon.
 - 56.5% had their expectations completely satisfied.
 - 31.7% stated it exceeded their expectations in every way.
- A vast mixture of races has made Brazil culturally rich and at the same time very unique. The result is a happy people, open to everything new, a people one can only find in Brazil.



RIO RUM

RIO DE JANEIRO



- Rio de Janeiro, known as “Cidade Maravilhosa” or “The Marvelous City” is the second largest in Brazil and the 26th largest city in the world.
- Inhabited by 6.3 million people known as “Cariocas” it is the most visited city in the southern hemisphere with 1.4 million tourists annually.
- Known for its gorgeous beaches, natural beauty and Carnaval, it is home to Sugarloaf Mountain as well as the Corcovado. More commonly known as “Christ the Redeemer” the Corcovado is the largest art deco statue in the world and one of the New Seven Wonders of The World.



RIO RUM

FIFA WORLD CUP



- Brazil is futebol!
- In June 2014, The most watched TV sport returns to South America for the first time since 1978.
- According to FIFA, Brazil is the most watched international team due to the “Samba” style of play and unparalleled success with five FIFA cup wins.
- Viewership of the 2010 World Cup reached nearly 8 billion viewers (112 million in the US) exceeding total viewership by 2% over 2006.



RIO RUM

2016 OLYMPICS



- In 2016, the biggest sporting event in the world will take place for the first time in South America, playing host to more than 10,500 athletes from 205 nations competing in 28 sports.
- Over 7 million tickets will be sold for the 30 venue event.
- Nearly 4.7 billion people tuned into the 2008 Beijing Olympic Games (211 million in the US- the most-viewed event in American television history!) outpacing the 2004 games by 21%.
- Investment by China raised host city awareness from 57% in May 2007 to 79% in May 2008.



TOURISM



According to Embatur, (Brazil's Tourism Board) plans call for:

- A \$107 million multimedia campaign entitled “Brazil Sensational” will reach over 400 million people in over 100 countries. Americans are the main targets as the United States is the second largest source of tourists to Brazil behind Argentina.
- <http://www.youtube.com/visitbrasil>
- 1.4 million tourists visit Rio de Janeiro every year and this is expected to more than double, increasing to 3.3 million. For Brazil, the goal is to increase the number from 5 to 10 million visitors annually.
 - Foreign Tourist Spending will see an increase of 304% to \$17.6 billion.



ECONOMICS & EXPORTS



- Highest GDP in Latin America and the seventh largest in the world.
- Brazil is the 18th largest supplier of goods imports to the US in 2010.
- From Havaianas to coffee and branded coconut water, U.S. imports from Brazil totaled \$23.9 billion in 2010, a 19.2% increase (\$3.8 billion) from 2009, and up 175% over the last 16 years!



RIO RUM



KEY TRENDS & CATEGORY

KEY MACRO TRENDS

- **A New Generation of Consumers:** There's 70 million Millennials out there (born between 1980 and 2000), including 20 million who have yet to come of legal drinking age. Clearly, this demographic represents a tremendous amount of purchasing power.
- **Alternative Lifestyles:** Findings from the latest Pew Research Center political typology survey, a majority of Americans (58%) say that homosexuality should be accepted, rather than discouraged, by society.
- **New Transparency:** Social networks have changed the way companies connect with their consumers, allowing them to give customers information immediately and allowing them to engage in conversation.
- **"Me in Media":** We have entered into the conversation economy where old media rules no longer apply. Consumers control time, place and format in which media is consumed. Furthermore, consumers are no longer satisfied with just watching but participating in media generation.



KEY COCKTAIL TRENDS

- **Adult Cocktails:** Pre-mixed cocktails that riff on classics. “Healthy Cocktails” with goji, acai and superfruits sweetened with alternatives such as agave syrup, cane sugar and stevia.
- **Herbal Infusions:** More herbally infused beverages and cocktails on the horizon. While still somewhat in the novelty stage, can be used to create drinks that are less sweet than fruit based cocktails.
- **Nuevo Latino Culinary Culture:** As Latino culinary culture becomes more mainstream, anticipate further growth in inspired cocktails.
- **Simplified Cocktails:** Quality ingredients in the glass but amount of ingredients will be scaled back with specific ingredients showcased.
- **Cocktail Punches:** Simple is in and punches will be the “cupcake” of house party cocktails in 2011 forward.



U.S. RUM OVERVIEW

- According to DISCUS, Rum consumption has grown 3.2% CAGR since 1997.
- At 24.9 million cases, Rum is the second largest distilled spirits category at 13%.
- The Super and Ultra-premium segments present great opportunity for new entrants with 2010 growth rates of 3.1 and 2.4% respectively.
- According to Nielsen, the 52-week period ending 9.17.11, Ultra-premiums were the fastest growing segment, up 11.7% by volume.
- Rum has not fully capitalized on the tremendous growth of the Super/Ultra-premium segments like Vodka & Tequila.

RIO RUM is well poised to take this segment by storm!





THE BRAND

COMPETITIVE ADVANTAGES

- **Exposure:** RIO RUM will be well positioned to leverage media exposure and tourism rates that Rio de Janeiro will experience due to the forthcoming 2014 FIFA World Cup and the 2016 Olympic Games and will further quench America's thirst for all things Brazilian.
- **Packaging & Pedigree:** We will fully express the handcrafted, small batch nature of the product through our unique package design, and leverage our 150+ year, award winning distilling history of Weber Haus.
- **Behavior:** Versus traditional imported Cachaças, RIO RUM will move beyond the Caipirinha and behave as a rum in the marketplace.
- **Look, Tone & Feel:** While we pride ourselves on being classified as "Premium" RIO RUM is a welcome respite from traditional elitism. RIO RUM will be positioned as the spirit of pure fun.



RIO RUM

PACKAGING

- Though contemporary in design at first glance, the logo and iconography were greatly influenced by the natural beauty of Rio de Janeiro.
- The etched, clear bottle highlights Christ The Redeemer, one of the most recognized icons of Brazil and one of the new Seven Wonders of the World.
- The stars make up the Cruzeiro do Sul. Found on the Brazilian flag, this constellation was used by sailors to determine the southern direction at sea. Furthermore, they point to Ivoti in the southern region, home of our award-winning distillery, Weber Haus.
- The shoulders of the bottle reflect the Carioca Aqueduct located in the vibrant neighborhood of Lapa, Rio de Janeiro.
- Bubbles found in the heavy glass base give the package a substantial, handcrafted feel.



SIZES/SRP/FLAVORS

Both Silver and Gold will be available in the following sizes Year 1:

- 1L
- 750 ML
- 50 ML

SRP is \$28.99 and \$34.99 respectively.

Post Year 1 anticipate roll-out of **1 to 2 flavors annually.**

Specific flavors TBD:

(Passion Fruit, Papaya, Mango, Coconut, Açai Berry, Cinnamon, Ginger)



OUR DISTILLERY

- RIO RUM has selected Weber Haus for production.
- Since 1848, the award-winning distillery has been making cachaça at their family owned estate in Ivoti, Rio Grande do Sul in the southern region of Brazil.
- Everything that goes into their cachaça is produced on the grounds of the estate.
- Weber Haus was one of the first distilleries to be certified by the National Institute of Metrology Normalization and Industrial Quality (INMETRO) the official accreditation body in Brazil.
- Weber Haus was the first distillery to make flavored cachaças and are one of the few distilleries with the capacity to produce “Certified Organic” cachaças.

CACHAÇARIA

Desde 1948
**WEBER
HAUS**




RIO RUM



THE PLAN

TARGET AUDIENCE

RIO RUM will be targeted to those that “Celebrate Life”

Primary Target:

- **Alternative Lifestyle**
- **Millennials**

Secondary Target:

- **Women**
- **White Spirits Drinkers**



ALTERNATIVE LIFESTYLE

- 16.3+ million strong, with high geographic densities in cities such as New York, Los Angeles, Chicago and San Francisco.
- “Own” products and services that support and embrace their lifestyle.
- Represent \$830+ billion in purchasing power, with high disposable incomes. Bob Witeck, CEO of Witeck-Combs Communications, referencing a new online study, said that “gay consumers consistently budget more discretionary dollars towards travel, even during downturns in the economy such as we face now.”
- LGBT Travel is highly developed in Brazil, with over 6000 registered LGBT friendly hotels and hostels as nearly 26% of visitors lead alternative lifestyles!
- The city of Rio de Janeiro was elected the best LGBT destination in the world as well as the “sexiest” city according to the LOGO channel and TripOutGayTravel.
- With more than 3 million attendees every year since 2006, including an estimated 400,000 tourists annually, São Paulo Gay Pride is the best-attended gay pride event in the entire world!



MILLENNIALS (GEN:Y)

- Born between 1976 and 1995, they are 80 million strong (26% of population) and represent the future of brands.
- \$200+ billion in purchasing power, they are highly experimental and promiscuous in their drinking behavior.
- Also known as the “fingertip generation”, they were raised on the internet and are engaged in social media, craving new experiences that have “social currency.”

Some rules of the road:

- **Images** - Millennials think in images, “the language of story-telling.”
- **Stories** - Millennials remember stories, not facts. Stories provide an opportunity for engagement where facts don’t.
- **Messages** - Consumers will integrate your brand message with their own personal brand message.
- **Authenticity** - Millennials don’t want to connect with you on social media for the hell of it; they want authenticity, relevance, and emotion.



RIO RUM

BEYOND THE CAIPIRINHA

- While the Caipirinha may be the national cocktail of Brazil, we believe that there's much greater opportunity to source volume if we behave like a rum.
- Brazilian Rum has heritage and authenticity – not a new, fabricated spirit making it easy to differentiate from other rums.
- Ultra premium rum as a category is underdeveloped and ripe for expansion.
- Consumers are interested in new mixed drinks. Fits well with mixability.
- Market for mixable white spirits is huge and growing.
- Key influencers (mixologists, bloggers, etc.) interested in new ideas and news.
- Excellent potential to capitalize on consumers' interest in small, handcrafted/artisanal products.
- Consumer interest in and willingness to pay for imported super-premium products and perceived differences.
(e.g. añejo or 100% blue agave for tequila)

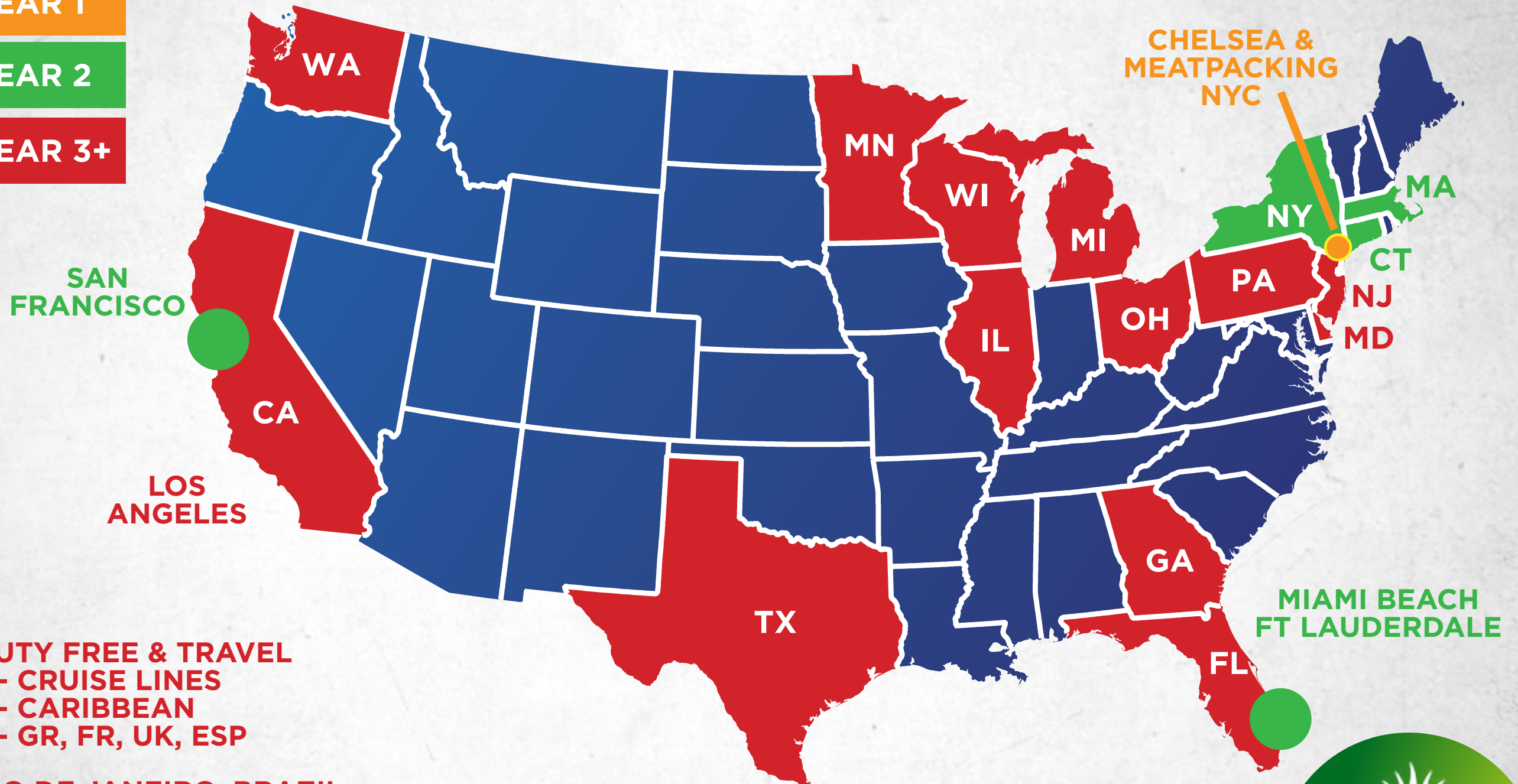


DISTRIBUTION: YEAR 1-3

YEAR 1

YEAR 2

YEAR 3+



DUTY FREE & TRAVEL

- CRUISE LINES
- CARIBBEAN
- GR, FR, UK, ESP

RIO DE JANEIRO, BRAZIL

- LED BY BRAZILIAN DISTILLER

RIO RUM

VOLUME TARGETS: YEAR 1-3

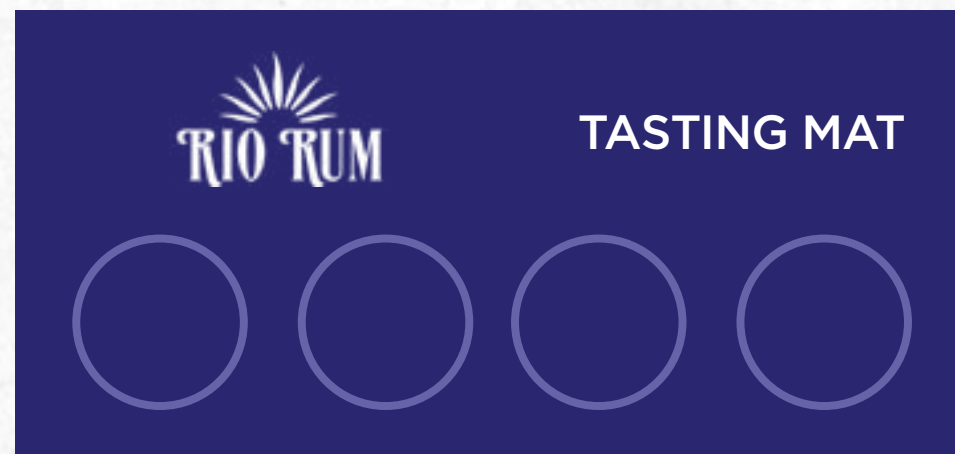
Year One Volume Build								
		Q 1	Q 2	Q 3	Q 4			
	# Brand Ambass	1st Quarter Total	2nd Quarter Total	3rd Quarter Total	4th Quarter Total	Total	Accounts	Annual Volume
On-Premise	1	1	1.5	2	2.5	7	50	350
Off-Premise	1	2	2.5	3	3.5	11	50	550
Duty Free	1	4	5	6	7	22	10	110
Total Cases per quarter (cs)		7	9	11	13	40	110	1010
Cummulative Annual Vol (cs)	1	7	16	27	40	40	110	1010

Year Two Volume Build								
		Q 1	Q 2	Q 3	Q 4			
	# Brand Ambass	1st Quarter Total	2nd Quarter Total	3rd Quarter Total	4th Quarter Total	Total	Accounts	Annual Volume
On-Premise	4	7	9	11.5	12	39.5	275	2,138
Off-Premise	4	11.5	13.5	15.5	15	55.5	325	3562.5
Duty Free	4	11	12	13	14	50	35	415
Total Cases per quarter (cs)		29.5	34.5	40	41	145	635	6115
Cummulative Annual Vol (cs)	4	29.5	64	104	145	145	635	6115

Year Three Volume Build								
		Q 1	Q 2	Q 3	Q 4			
	# Brand Ambass	1st Quarter Total	2nd Quarter Total	3rd Quarter Total	4th Quarter Total	Total	Accounts	Annual Volume
	# Brand Ambass	1st Quarter Total	2nd Quarter Total	3rd Quarter Total	4th Quarter Total	Total	Accounts	Annual Volume
On-Premise	6	21	23	23	27	94	575	5,913
Off-Premise	6	25	27	25	27	104	925	10675
Duty Free	6	19	20.5	22	23.5	85	39	624
Total Cases per quarter (cs)		65	70.5	70	77.5	283	1539	17212
Cummulative Annual Vol (cs)	6	65	135.5	205.5	283	283	1539	17212

SALES SUPPORT

- Sales Sheets
- Sales Folder
- CD Rom
- Tasting Kit/Mat



ON/OFF-PREMISE SUPPORT

On-Premise:

- “Simple Drink” menus highlight the RIO RUM bar call... RIO & Coke, RIO & Red Bull, RIO & 7, RIO Colada, RIO Margarita...
- Branded Napkin Holders/Napkins
- Branded Condiment Trays
- Branded Gutter Mats
- Lighted Back Bar Pedestal

Off-Premise:

- Shelf Talkers
- Window Clings
- In-Store Posters
- Neck-Tags
- End Caps/Display Units



TRADE SUPPORT

- Imbibe
- Beverage Industry
- The Tasting Panel
- Market Watch
- Nightclub & Bar
- Beverage World
- Bartender Magazine



CONSUMER SUPPORT

- **LGBT Friendly Publications**

Out
The Advocate
Metrosource
Next

- **Entertainment/Culture**

Time Out NY
L-Magazine
Juxtapoz
Paper
Flavorpill.com
Dailycandy.com

- **Key Events**

Gay Pride Parade
Brazil Independence Day
Fire Island Events (The Pines)
NYC Food & Wine Festival

- **Other**

Targeted OOH
PR/Social Media



DAILY
CANDY



RIO RUM



THE TEAM

PRINCIPALS



Jonathan Flaum

is a native New Yorker. Jonathan's 14-year history with Brazil has been both work and pleasure. He has run adventure travel tours through Brazil and has been an investor in an eco-lodge. Jonathan has worked in the film and advertising industry for the last fifteen years.



Adam Jenkins

is from New Zealand and has worked in the film and advertising industry for the last fifteen years. He currently owns a media company and has lived in New York for the last six years.

Jonathan Flaum and Adam Jenkins currently own 100% of the business.

KEY PARTNERS



The James Gang

James Verrier
Principal



Brand Action Team (BAT)

Jeff Grindrod
Managing Partner

Steve Raye
Managing Partner

Denise Menefee
Executive Director



MHW, LLC

John Beaudette
C.E.O



Beacon Beverage

Dave Stringfellow
President



Next-Level Marketing

Mike Ginley
Partner



CURRENT STATUS

- Rio Rum Trademark (word mark & design) filed – serial #77599673
- Weber Haus secured as production partner
- MHW, LLC, Genesis has been selected as distribution partner
- TTB approval finalized
- Finalizing packaging, COLA approval pending



RIO RUM

FINANCING / GROWTH

The Company is seeking investors to provide growth capital to fund the launch, as well as expansion across the US and into international markets. Investment proceeds will be applied to working capital, human capital, in-store merchandising, advertising/promotions/events, distribution expenditures and new product development to support business growth. With cumulative operating expenses over the next 5 years at approximately \$10,683,100, The Company is seeking up to \$11.0 MM for the time period on a stepped basis.

Return on investment in reference to luxury spirits brands has proven quite fruitful for entrant players in the marketplace over the past number of years. For example:

- Bacardi took a major interest in Leblon just two years into the marketplace
- Pernod Ricard picked up distribution rights as well as partial ownership into the Avion Tequila brand for a rumored \$40 million two years in the marketplace
- Grey Goose Vodka was purchased for \$2.3 Billion US after seven years in the marketplace...the largest spirits sale to date!

While past performance is in no way indicative of future results, we have an eye poised toward aggressive growth and potential acquisition by larger players in the industry.



**RIO RUM**



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