



PATRÓN SPIRITS

INTERNATIONAL AG

Patrón Spirits International *Corporate Overview*

Tequila has been around for generations, but it wasn't until Patrón launched in 1989 that the world was introduced to ultra-premium tequila.

Patrón (Spanish for "the good boss") is the brainchild of two entrepreneurs, John Paul DeJoria and Martin Crowley, whose love of tequila and desire to create the best tequila in the world led them to the Highlands of Jalisco, Mexico. There they found tequila industry veteran Francisco Alcaraz and asked him to produce the most extraordinary, highest-quality 100 percent agave tequila possible. From that fortuitous meeting, Patrón tequila was born.

Patrón's success is due in no small part to its founders' hunch early on that consumers were ready for an ultra-premium luxury tequila, a spirits category which at the time didn't exist. Few if any exported tequilas back then were created from 100 percent agave – from the beginning, Francisco's handcrafted method for Patrón included not only 100 percent Weber Blue agave, but also a centuries-old technique called the Tahona process, where agave fibers are slowly crushed by a large volcanic stone wheel, and then the agave juice is fermented and distilled with the agave fiber. Francisco created tequila from this process, and tequila from the more modern roller mill process, and blended them together to become Patrón.

But to successfully market Patrón as a sophisticated and elite drink, Patrón's founders first needed to change the public's perception of tequila. Early adopters who first tried the product and then told others about it discovered that Patrón's smooth taste, extraordinarily refined flavors, and high-quality set it apart from other tequilas. This was a tequila very different from people's notion of tequila.

To communicate the quality of the liquid inside, the founders designed a hand made bottle, created from recycled glass and festooned with ribbons and a natural roundhead cork. To this day, each bottle is still from recycled glass and hand-numbered, creating a further connection between the interior and exterior as true works of art.

The company's first tequilas were Patrón Silver and Patrón Añejo, which were followed in 1992 with the introduction of Patrón Reposado. Also launching that year was Patrón XO Cafe, a distinct coffee liqueur made with Patrón tequila, characterized by its uniquely dry – not a sweet – taste (and in 2012, a line extension called Patrón XO Cafe Dark Cocoa was launched). Patrón Citrónge, an extra-fine orange liqueur, was also created in 1992, offering Patrón lovers the ultimate ingredient for a perfect margarita.

In 1996, seeking to introduce the concept of fine sipping rums, the company launched the Pyrat brand. Blended and bottled in the Caribbean, the line now includes two products: Pyrat XO Reserve, an ultra-premium blend of rums, some up to 15 years old; and Pyrat Cask 1623, a high-end, limited-edition aged dark rum which takes its name from the year that rums were first distilled in the region. Retailing for more than \$250 per bottle, Pyrat Cask 1623 is bottled in a numbered hand-made decanter and packaged in an elegant wood display case.

In 2004, the year when Patrón became the first spirit ever to receive the Five-Star Diamond Award from the American Academy of Hospitality Sciences, Patrón Spirits debuted its Gran Patrón Platinum tequila. This “super ultra-premium” spirit is created from the best agave of the harvest, triple-distilled for extraordinary smoothness, and then packaged in a hand-etched crystal bottle inside an elegant black display case. Joining Gran Patrón Platinum in 2007 was Gran Patrón Burdeos, a beautifully packaged limited-production añejo that is aged for a minimum of 12 months in American and French oak barrels before it is distilled again and racked in hand-selected vintage French Bordeaux barrels.

Also in 2007, in a move to further solidify the company's goal of becoming a significant player in the ultra-premium spirits industry, Patrón Spirits acquired Ultimat vodka. Ultimat is an ultra-premium Polish vodka created from a unique combination of potato, wheat and rye.

Patrón tequilas and liqueurs, Pyrat rum, and Ultimat vodka are today now available in more than 120 countries and islands across the globe, and sold in major duty free outlets worldwide (with a history of solid success in the U.S., Patrón Spirits began developing and growing its international distribution in 2005.) But though Patrón tequila continues to grow, it is still produced in the same way, in the same small batch process that Francisco perfected those years ago. And Francisco still personally approves every batch that leaves the Hacienda del Patrón distillery, located in the same small Jalisco town of Atotonilco where it all started.

Of course as production has increased, so has the need for limiting the environmental impact of that production. Several years ago at the distillery, a multi-million dollar reverse osmosis plant – the first of its kind in the tequila industry – was completed to reclaim wastewater from production and turn it into clean water for cooling towers and gardens. Also, unused agave remnants are turned into organic compost, which is donated to community gardens and given to local farmers to spread in their agave fields. The Hacienda del Patrón distillery has earned ISO 14001 certification and a clean industry award from PROFEPA (the Mexican Federal Environmental Protection Agency) for these efforts to reduce waste, clean the air, and sustain the environment.

In addition to community and environmental efforts in Mexico, Patrón has also given generously over the years to numerous local, national and global charitable organizations that help feed the hungry, care for the environment, and rebuild people’s lives. The company has also been honored with several global industry awards and recognition, including IMPACT and Cheers “Hot Brand” awards, Advertising Age’s “Marketing 50” honor, “Spirit Brand of the Year” accolades from MarketWatch magazine, “Small Company of the Year” from the Beverage Forum, and numerous travel retail honors including a “Best Supplier of the Year” Frontier Award.

Patrón Spirits International continues to evolve with its products. Under the direction of president and CEO Ed Brown (a former Joseph E. Seagram & Sons executive), in tandem with master distiller Francisco Alcaraz and proud owner John Paul DeJoria (who is also the cofounder, chairman and CEO of the highly successful John Paul Mitchell Systems hair care company), the company has experienced industry-leading sales growth year after year, and today Patrón remains one of the fastest-growing global spirits brands.

For more information about Patrón Spirits, please visit www.patronsprits.com.

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