

# Our History

# Our History

## A Group of Pioneers Becomes a Leading Multinational Group The Birth of Arcor



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Arcor was founded in 1951 by a group of pioneers, whose vision was to offer quality food at a reasonable price to consumers all over the globe.

The Company's history traces back to 1924, when a young Italian immigrant named Amos Pagani decided to settle in Arroyito, a small town in the province of Cordoba, Argentina.

Once there, he set up a bakery just as he had done in his native Italy. Four years later, the second of his five children was born: Fulvio Salvador. He would be the one who, a few years later, would come to a group of young entrepreneurs with the idea of setting up a candy factory with a significant volume of production in order to reduce costs and increase competitiveness.

The creation of Arcor is the result of the efforts made by this group of young friends, who also had a background in industrial work.

The Group was made up of brothers Fulvio, Renzo and Elio Pagani; brothers Modesto, Pablo and Vicente Maranzana; Mario Seveso and Enrique Brizio.

In 1951, construction works for the first factory started, and on July 5th, the brand-new plant opened and started production.

This is how Arcor was born. The Group decided to name their venture Arcor, being the combination of the first two letters of "Arroyito" and the first three letters of "Cordoba".



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## Arcor's Expansion



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A few years later, in 1958, Arcor reached 60,000 kilograms of confectionery production per day. At the same time, it ceased to be exclusively a candy factory as a result of their entry into other industries with a clear goal in mind: to supply the Company with its strategic inputs in order to offer the best quality at the best price. This would allow the Group to sustain a unique commitment to its consumers.

In the 1960s, Arcor Group already saw the value of Latin American integration and the potential of a large common export market. Adopting this early export policy was key to position the Company at the forefront of the industry.

Fulvio S. Pagani always voiced the importance of reaching to international markets, stressing the need to “aim at the world” and to “go out and look for opportunities”.

In 1964, the Group made its first sales abroad and began to participate in international fairs. In 1970, when the first International Confectionery Trade Fair (ISM) was held in Cologne, Germany, the Group proudly had its own stand. The first exports consisted of the sale of glucose by-products to European countries in 1964, and confectionery products to the United States in 1968.

The experience of the Group's first export deal became an anecdote that shows the difficulties that the Company overcame as it expanded into new markets.

On that occasion, two containers of milk candies were shipped, which, transported in a regular cargo hold, melted as they passed through the Equator.

Goods were shipped to the United States in a single batch, and Arcor decided to pay the invoice in full to the importers, even though it meant a high cost.

This attitude gave Arcor enough credibility so that within a few months those clients would personally visit the Company and build a solid relationship.





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## The Development of a Unique Distribution System



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By 1967, Arcor had already established a system of Official Distributors, which continues to be as innovative and distinctive as it was at its inception.

In subsequent years, selling through official distributors, carefully selected by the Company's wholesale representatives, helped the Group enhance the range of available products and speed up the delivery process.

During all these years, the Company's production was almost exclusively allocated to the domestic market, in particular, the inner cities of the country.

The strong expansion towards the city of Buenos Aires began at the early 1970s.



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## Steady Growth

Also in the 1970s, Arcor consolidated its vertical integration strategy through the construction of industrial plants, aimed at meeting the Company's diverse needs, from raw materials to packaging, including energy.

Thus, they opened up a plant in Tucumán (1970); in San Rafael, Mendoza (1972); in Villa del Totoral, Córdoba (1975); in San Pedro, Buenos Aires (1975); another one in Villa del Totoral (1979); and in Paraná, Entre Ríos (1980), with the creation of Cartocor, a corrugated cardboard manufacturer. By that time, Arcor had already turned into a huge industrial complex, setting the tone for other national companies moving forward.

Meanwhile, the Company would continue to grow both in Argentina and in different countries of the region.

In 1976 the company set up business in Paraguay, in 1979 in Uruguay, in 1981 in Brazil, and in 1989 it arrived in Chile. Arcor had understood early the value of Latin American integration and the great potential of a large common market in the region, creating its very own MERCOSUR, way before the word even existed.

Arcor Group decided to consolidate its position in the markets where it already had a solid foundation, and develop those others where it had a low presence, but a sure potential for sustained growth. The overall strategy involved prioritizing the product markets with the greatest growth potential for the Company. The prestige of the Bon o Bon brand, the success achieved with the launch of Cofler chocolates, and its entry into the fine chocolate market in 1991, were the initial pillars of this new strategy.



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During this period, the Group acquired Águila Saint (1993), one of the most traditional and prestigious Argentine chocolate companies, in order to reinforce its leadership in the chocolate category.

A year later, a model chocolate factory was built in Colonia Caroya —the largest and most modern in Latin America at the time.





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## Always Committed to Society

Ever since its inception, Arcor followed a development path that fosters the creation of economic, social and environmental value.

Accordingly, the Company promotes a sustainable management in order to strike a balance between its business activity and the interests of the various audiences with which it relates.

Arcor Foundation is created in 1991 to put into actual action the social commitment inspired by its founders.

Its mission is to help education become an equal-opportunity tool for children.

Arcor Foundation seeks to achieve this mission by focusing on two main goals: To create and share knowledge and working methods on social investment, and to help position childhood in the public agenda, thereby encouraging other actors to join in.



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## Luis A. Pagani Takes Over as President of Arcor Group



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On December 29, 1990 Fulvio died in an accident. In 1993, at the age of 35, accountant Alejandro Pagani, the eldest of his six children, takes over as President of Arcor Group.

By that time, the Company received a renewed impetus that definitely projected it into the world. It underwent a profound process of management transformation, reaching a high level of professionalism, an essential requisite to adapt quickly and efficiently to new local and international economic scenarios.

Under the leadership of Luis A. Pagani, the Group acquires Noel, a renowned brand of food and confectionery with over one hundred years of history and prestige.

In 1995, the most modern cookies plant in Argentina was opened in Salto, province of Buenos Aires, equipped with the latest technological advances in the field and built in a record time of just one year.

In 1997, a new plant was built for the production of corrugated cardboard boxes in Luján, province of Buenos Aires, strategically located close to its customers.

This plant would help consolidate the national leadership of Cartocor S.A., a company part of Arcor Group.





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## Arcor in the Region

Continuing its solid expansion in South America, Arcor arrived in Peru in 1995, with the construction of an important candy production plant.

In 1997 the Group acquired LIA, a renowned cookie company based in Argentina. During that same year, to celebrate all its actions developed until then, it inaugurated the Arcor Museum in Arroyito, province of Córdoba, an initiative whose main objective is to share snippets of the Company's history with the people. The museum welcomes over 5,000 visitors every year.

In 1998, Arcor closed one of its most important business deals: The Group acquired the Chilean company Dos en Uno, national leader in the confectionery industry with a strong presence in the region.

A year later, in 1999, it set up a chocolate factory in Bragança Paulista (Brazil), equipped with the most advanced technology in the region and a model distribution center. That the same year, it opened commercial offices in the U.S.A.

This venture, which placed it at the forefront of production technology in the Americas, meant a significant step towards building an important presence in the vast and attractive Latin American market.



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## Arcor Revamps its Visual Identity and Continues its Expansion throughout the World

To fully reflect these achievements and its global business scale, in 1999 Arcor Group decided to revamp its brand image, creating a highly innovative visual identity.

In 2000, it opened new business offices in Mexico and Colombia, and a new distribution center in Chile.

A year later, the Group opened commercial offices in Canada. Also in 2001, it reached a production agreement with Brach's, a leading North American company, and Arcor Brazil acquired a set of well-known Brazilian brands such as Kid's, Poosh, Amor, Pirapito and 7Belo from Nestlé.

Arcor Group arrived in Europe in 2002 by opening commercial offices in Barcelona, Spain.

In 2004, reaffirming its policy of constant investment, it opened up a flexible packaging conversion plant in Cartocor, Luján, province of Buenos Aires. This unit has a machine that is unique in Latin America.

Strengthening its commitment to the communities where it operates, in 2004, the Company creates the Brazil Arcor Institute with the aim of helping to create equal opportunities by supporting educational projects that benefit children and young people in Brazil.



*Le damos sabor al mundo*



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Instituto **ARCOR** Brasil

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## Arcor Enters a New Business: Impulse Ice-Cream

During 2005, Arcor Group launched a new line of ice-cream business in Argentina.

The commercial launch was made through the distributors channel, given their reach to retail points of sale such as kiosks and gas station convenience stores, which enabled a fast coverage of national distribution.

As a result, Arcor became the unchallenged Argentine leader in the sector.

In line with the Group's international vision, Arcor exports its ice-cream to neighboring countries such as Paraguay, Bolivia and Uruguay.



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## Bagley Latin America, One of the Leading Companies in the Region

With the aim of fulfilling its vision of being the number one confectionery and cookies company in Latin America, and in order to consolidate its share in the world market, a strategic partnership was established in 2005 with the French group Danone.

The cookies & crackers, *alfajores* and cereal bars businesses were unified through this agreement under Arcor's management in Argentina, Brazil and Chile.

Bagley Latinoamérica S.A. was thus created, which is one of the leading cookies and crackers companies in the region.



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## A Century-Old Brand

At the end of 2005, Arcor Group acquired the traditional Argentine company Benvenuto S.A.C.I., leader in food products in the local market.

As a result, it incorporated the traditional lines of canned fish, tomatoes, beans and vegetables, *dulce de leche* (caramel spread), jams, fruits and dressings from a portfolio of highly valued brands such as La Campagnola, Nereida, BC, Salsati, and Poncho Negro, among others.

With the acquisition of Benvenuto S.A.C.I., Arcor adds three new factories located in Choele-Choel (Río Negro), Mar del Plata (Buenos Aires) and San Martín (Mendoza).



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## Arcor Continues its Expansion throughout the World

During the same period, it set up sales offices in Venezuela, South Africa and China to reinforce the presence of its products in the most distant markets.

In 2006, this continuous search for business in foreign markets allowed for a productive partnership in Mexico with Bimbo Group in order to manufacture confectionery and chocolates in Mexico, with the aim of supplying the Mexican market and other parts of the world.



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## Recent Events

Ever since the inception of Arcor Group, its founders understood that economic progress was necessarily associated with social development and the protection of natural resources.

This philosophy guides the Company's actions, promoting a sustainable management based on the creation of economic, social and environmental value.

This has been a distinctive feature of Arcor, that recently ratified its commitment by adopting a Sustainability Policy, aimed at sharing a sustainable vision in all the Group's businesses, thus promoting a responsible management in all the communities where it operates. Through all these actions, Arcor seeks to build a future for all.

In mid-2009, the corporate mascot called "Arcorito" was created, along with the new slogan "Magical Moments".

Over the last 10 years, Arcor, already established as a leading company with a strong background, continues to grow and bet on the future.



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## Strategic Partnerships and Ventures into New Businesses

In 2010, Arcor made a decision that surprised the market by creating a strategic partnership with Coca-Cola.

Cobrandings and new product developments resulted from this strategic alliance.

Innovative products were developed with original combinations of both companies' brands, such as: Menthoplus-Powerade; T-Pop's-Sprite; Topline-Sprite Zero, and Fanta ice-cream, among others.

During 2011 Arcor takes a new challenge by venturing into a new product category with the launching of Arcor and BC powder juice mixes.

This great initiative positioned the Company among the sector leaders.

Customer proximity was also achieved based on innovation and constant communication.

In 2012, Arcor raised the stakes by entering into a new business: it launched ARCOR cereals.

Now, and for the first time, the Company competes in a fast-growing market both in Argentina and in the region. With a range of 7 high-quality products, Arcor aims to lead in the short term and has so far succeeded in it. Arcor strives to build customer loyalty, this being a public led mainly by children and their mothers, followed by young adults.



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## Cartocor's 30 Years

Cartocor, Arcor Group's manufacturer of corrugated cardboard containers, celebrated 30 years of leadership and sustained growth.

Having established a solid background and an unrivaled reputation, today the company satisfies the market needs with the highest product quality, expertise and customer service.

It has 5 production units of cardboard and boxes, a paper production plant and is the largest manufacturer in Argentina and one of the leaders at the regional level. With pride and dedication it has been packaging the work of a country for 30 years.



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## Featured Anniversaries



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In 2012, La Campagnola, the traditional Argentine brand, member of Arcor Group, reached its first century. It celebrated 100 years bringing products to the market of the highest quality and with an increasingly strong recognition and appreciation.

It is one of the few hundred-year-old brands of Argentina and throughout the years, has always managed to remain present, generation after generation, inspiring its consumers and offering them unique products that Argentines share daily at their tables.

This same year Arcor Foundation celebrated 20 years of commitment to society. This entity was created by Arcor Group aimed at children under the conviction that education is the key tool to create equal opportunities for all.

The Foundation helps promote and support projects focused on children's education, strengthening community organizations that serve the integral development of children from an educational perspective, creating training processes, placing the issue on the social agenda and mobilizing multiple actors.

It has been 20 years working to promote the effective realization of the right to children's education.



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## Association with and Investment in Mastellone Hnos.



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With 65 years of history, Arcor continues to create new projects, always aiming at the same goal: to offer quality products at reasonable prices to consumers all over the world.

By the end of 2015, Arcor and Bagley partnered with Mastellone, the Argentine company with over 85 years of history, leader in the manufacture and marketing of dairy products. The Group acquired a 40.24% stake in Mastellone through various capital contributions made during the last years, thereby closing a historic deal between leading food companies, and committing itself to purchasing 100% of the shares by 2020.

In addition, it opened up the Bicentenario Plant in Chile and a Corn Wet Milling Plant was started up in Arroyito.



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## Arcor's Acquisition of Zucamor Group

In 2017 Arcor Group acquires a 100% interest in Zucamor, a company focused on packaging production, thereby growing its market share in the Paper and Cardboard business, where it has built a presence with Cartocor S.A.

By incorporating the 7 industrial plants of Zucamor, Arcor Group's packaging business added the production of virgin fiber paper, bag paper (Sack Kraft), and paper bags to its portfolio to serve different industry sectors (cement, flours and sugar, among others).

This way, Arcor Group is strengthening its positioning in the packaging business, thus becoming one of the major producers of recycled paper in Argentina and South America.



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All of these milestones turned Arcor into one of the most important companies in the region, and a successful example of global expansion.

Arcor is currently reaching more than 120 countries on five continents, with its products being enjoyed by millions of consumers in markets that are both diverse and demanding.



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