



## PRESS RELEASE

### RESULTS FOR THE FIRST NINE MONTHS TO 30 SEPTEMBER 2004

#### Growth continues in sales and at all levels of operating profitability

**Consolidated net sales: €544.7 million (+7.7%)**

**EBITDA: €127.4 million (+7.4%)**

**EBIT: €87.7 million (+2.5%)**

**Group profit before taxes: €70.5 million, down solely as a result of the significant drop in extraordinary income**

**Milan, 8 November 2004** - The Board of Directors of Davide Campari-Milano S.p.A. has approved the results for the first nine months to 30 September 2004. **Growth in sales and at all levels of operating profitability continued**, thanks to the consolidation of the newly-acquired Barbero 1891 S.p.A. and to a good performance from the Group's existing business, despite the ongoing impact of negative exchange rate movements.

Moreover, if sales and main profitability indicators were considered before the impact of exchange rates (i.e. using average rates for the first nine months of 2003), they would show **double-digit growth** versus the same period of last year.

	1 January - 30 September 2004 € million	Change at actual exchange rates	Change at constant exchange rates
• Net sales	544.7	+7.7%	+10.6%
• EBITDA	127.4	+7.4%	+11.2%
• EBITA	114.1	+7.2%	+11.3%
• EBIT = Operating profit	87.7	+2.5%	+7.7%
• Group profit before taxes	70.5	-30.9%	-27.9%

EBITA = EBIT (operating profit) before amortisation of goodwill and trademarks

#### CONSOLIDATED RESULTS FOR THE FIRST NINE MONTHS OF 2004

In the first nine months of 2004, **Group sales** totalled €544.7 million, **an increase of 7.7%** (+10.6% at constant exchange rates). **Organic growth** was **1.8%**, while exchange rate movements had a negative effect of 2.9%, mainly because of the fall in value of the US dollar. **External growth of 8.8%** was due almost entirely to the newly-acquired Barbero 1891 S.p.A.

**Trading profit** increased by **12.7%** (+16.5% at constant exchange rates) to €153.8 million, or 28.2% of sales.

**EBITDA rose by 7.4%** (+11.2% at constant exchange rates) to €127.4 million, or 23.4% of sales.

**EBITA increased by 7.2%** (+11.3% at constant exchange rates) to €114.1 million, or 20.9% of sales.

**EBIT went up by 2.5%** (+7.7% at constant exchange rates) to €87.7 million, or 16.1% of sales.

**Profit before taxes and minority interests** was €81.7 million, a fall of 28.4%. This was due entirely to the significant drop in extraordinary income, which last year included the capital gain resulting from the sale of the building in Via Filippo Turati, Milan, for €33.7 million, in July 2003.

**Group profit before tax** (i.e. profit before tax and after minority interests) was €70.5 million, a fall of 30.9% (-27.9% at constant exchange rates).

At 30 September 2004, **net debt** stood at €256.6 million (€303.0 million at 30 June 2004).

## SALES IN THE FIRST NINE MONTHS OF 2004

The **spirits segment**, which accounted for 64.7% of total sales, recorded **growth of 9.1%**, determined by **organic growth of 2.7%**, external growth of 10.5% and a negative exchange rate effect of 4.2%. The **Campari brand** posted **growth of 5.1%** at constant exchange rates (3.3% at actual exchange rates): the positive performances registered in Brazil, Italy, Japan and other important European markets more than offset the contraction of sales in Germany, where particularly adverse weather conditions led to a sharp fall in consumption. Sales of **SKYY Vodka rose by 4.0%** at constant exchange rates. The **SKYY flavoured vodka** range, which accounted for 15% of total SKYY brand sales, fell by 7.2% at constant exchange rates, owing to an unfavourable comparison base with the same period last year (several new line-extensions were launched in the second quarter of 2003, causing sales to jump). Overall, **SKYY brand sales, including the flavoured range, rose by 2.1%** at constant exchange rates (-7.1% at actual exchange rates). Regarding the other main brands, the spirits segment also benefited from a good performance from **CampariSoda (+4.1%)**, the **Brazilian brands (+16.1%** at constant exchange rates), **Ouzo 12 (+17.1%** at constant exchange rates) and **Cynar (+5.5%** at constant exchange rates). The group's major brands under licence also performed well, including **1800 tequila (+26.6%** at constant exchange rates) and **Jägermeister (+1.9%)**. **External growth** was entirely due to Barbero 1891 S.p.A., whose **brands all made a positive contribution**, especially the main brand **Aperol**, which recorded **volume growth of 20.3%** compared with the same period of last year.

The **wines segment** (13.5% of total sales) **posted growth of 24.8%**. **Organic growth (+16.3%)** was boosted by a **positive performance** from all main brands: **Cinzano sparkling wines** saw growth of **+7.3%** at constant exchange rates, thanks to a good performance in Italy and other important markets. **Cinzano vermouth** posted growth of **+14.1%** at constant exchange rates, thanks to a positive trend on the main European markets and in Japan. Wines were also supported by the significant growth recorded by **Sella & Mosca (+11.0%)**, also due to a good sales mix, and by **Riccadonna, up 20.0%** at constant exchange rates on the international markets. **External growth (+10.4%)** was almost entirely due to Barbero 1891 S.p.A., particularly the Mondoro and Enrico Serafino brands.

**Soft drinks** (20.4% of total sales, almost entirely on the Italian market) saw their **sales fall by 5.9%**. The **5.7% increase posted by Crodino**, due to the brand's strength, was more than offset by a decline in all the Group's other soft drinks resulting from adverse weather. Sales of the **Lemonsoda, Oransoda and Pelmosoda** range dropped by **14.4%**, while **Lipton Ice Tea** sales slid by **13.4%**.

**By region, Italy** accounted for 51.8% of Group sales in the first nine months of 2004. Sales **posted an organic decline of 0.5%**, owing to the sharp drop in soft drinks and Campari Mixx sales in the third quarter. However, the domestic market benefited from the acquisition of Barbero 1891 S.p.A. (**+13.4%**), whose sales are mainly concentrated in Italy. **Sales in Europe**, accounting for 18.7% of the total, also benefited from the contribution of **acquisitions (+9.1%)**, generated almost entirely by Barbero 1891 S.p.A. Growth was down by 4.8% in like-for-like terms, however, owing to a poor performance from the German market also after the distribution of Campari Mixx was suspended because of a sharp rise in duty on ready-to-drink products in Germany. In the Americas, which account for 26.5% of total sales, the **US market posted growth of 4.7%** at constant exchange rates, which was completely wiped out by negative exchange rate movements (-9.8%), while sales in **Brazil grew by 11.9%** in local currency terms (+6.9% at actual exchange rates). Sales to the **rest of the world**, accounting for 3% of the total, **shot up by 42.5% in organic terms at constant exchange rates**. The performance here was boosted in particular by the expected turnaround on the Japanese market.

## CONFERENCE CALL

Please note that at **5.00 p.m. (CET) today, Monday 8 November 2004**, Campari's management will hold a conference call to present the Group's nine-month results to analysts, investors and journalists. To participate, please dial one of the following numbers:

- **from Italy:** 800 914 576 (toll free number)
- **from abroad:** +39 02 3700 8208

The **presentation slides** can be downloaded before the conference call from the Investor Relations homepage of Campari's website, at [www.campari.com/ir](http://www.campari.com/ir).

A **recording of the conference call** will be available from 8.00 p.m. (CET) on Monday 8 November until 7.00 p.m (CET) on Monday 15 November. To listen to it, please call +44 1296 618 676 (access code: 453201).

\* \* \*

## CAMPARI GROUP - RESULTS FOR THE FIRST NINE MONTHS OF 2004

Table 1) Campari Group - net revenues by segment

	1 January - 30 September 2004		1 January - 30 September 2003		Change
	€million	%	€million	%	%
Spirits	352.8	64.7%	323.5	64.0%	9.1%
Wines	73.4	13.5%	58.8	11.6%	24.8%
Soft Drinks	111.1	20.4%	118.0	23.3%	-5.9%
Other revenues	7.4	1.4%	5.4	1.1%	36.3%
<b>Total</b>	<b>544.7</b>	<b>100.0%</b>	<b>505.7</b>	<b>100.0%</b>	<b>7.7%</b>

Table 2) Campari Group - net revenues by geographic area

	1 January - 30 September 2004		1 January - 30 September 2003		Change
	€million	%	€million	%	%
Italy	282.2	51.8%	249.9	49.4%	12.9%
Europe	101.7	18.7%	98.1	19.4%	3.7%
Americas	144.3	26.5%	146.2	28.9%	-1.3%
Rest of the world	16.5	3.0%	11.5	2.3%	42.7%
<b>Total</b>	<b>544.7</b>	<b>100.0%</b>	<b>505.7</b>	<b>100.0%</b>	<b>7.7%</b>

Table 3) Campari Group - consolidated income statement

	1 January - 30 September 2004		1 January - 30 September 2003		Change
	€million	%	€million	%	%
<b>Net revenues <sup>(1)</sup></b>	<b>544.7</b>	<b>100.0%</b>	<b>505.7</b>	<b>100.0%</b>	<b>7.7%</b>
Cost of materials	(182.6)	-33.5%	(180.3)	-35.7%	1.3%
Production costs	(39.4)	-7.2%	(30.9)	-6.1%	27.6%
<b>Total cost of goods sold</b>	<b>(222.0)</b>	<b>-40.8%</b>	<b>(211.2)</b>	<b>-41.8%</b>	<b>5.1%</b>
<b>Gross margin</b>	<b>322.6</b>	<b>59.2%</b>	<b>294.5</b>	<b>58.2%</b>	<b>9.5%</b>
Advertising and promotion	(106.7)	-19.6%	(102.1)	-20.2%	4.5%
Selling and distribution expenses	(62.1)	-11.4%	(56.0)	-11.1%	11.0%
<b>Trading profit</b>	<b>153.8</b>	<b>28.2%</b>	<b>136.4</b>	<b>27.0%</b>	<b>12.7%</b>
General and administrative expenses	(38.7)	-7.1%	(33.9)	-6.7%	14.0%
Other operating revenues	1.3	0.2%	5.1	1.0%	-75.5%
Amortisation of goodwill and trademarks	(26.4)	-4.8%	(20.9)	-4.1%	26.1%
Non-recurring expenses	(2.3)	-0.4%	(1.2)	-0.2%	84.1%
<b>EBIT = Operating income</b>	<b>87.7</b>	<b>16.1%</b>	<b>85.5</b>	<b>16.9%</b>	<b>2.5%</b>
Net interest income (charges)	(6.3)	-1.2%	(7.0)	-1.4%	-9.2%
Exchange-rate gains (losses), net	0.0	0.0%	1.9	0.4%	-98.0%
Other non operating income (charges)	0.3	0.1%	33.7	6.6%	-99.2%
<b>Profit before taxes and minority interests</b>	<b>81.7</b>	<b>15.0%</b>	<b>114.1</b>	<b>22.6%</b>	<b>-28.4%</b>
Minority interests	(11.2)	-2.1%	(12.0)	-2.4%	-6.6%
<b>Group profit before taxes</b>	<b>70.5</b>	<b>12.9%</b>	<b>102.1</b>	<b>20.2%</b>	<b>-30.9%</b>
Depreciation	(11.4)	-2.1%	(10.2)	-2.0%	12.5%
Amortisation of goodwill, trademarks and other intangibles	(28.3)	-5.2%	(23.0)	-4.5%	23.2%
<b>Total depreciation and amortisation</b>	<b>(39.8)</b>	<b>-7.3%</b>	<b>(33.1)</b>	<b>-6.6%</b>	<b>19.9%</b>
<b>EBITDA</b>	<b>127.4</b>	<b>23.4%</b>	<b>118.7</b>	<b>23.5%</b>	<b>7.4%</b>
<b>EBITA <sup>(2)</sup></b>	<b>114.1</b>	<b>20.9%</b>	<b>106.4</b>	<b>21.0%</b>	<b>7.2%</b>

(1) Net of discounts and excise duty.

(2) EBITA = EBIT before amortisation of goodwill and trademarks.

## **The Campari Group**

The Campari Group is the sixth player in the global spirits sector, trading in over 190 markets around the world with a leading position in the Italian and Brazilian markets and a strong presence in the US, Germany and Switzerland. The Group has an extensive portfolio that spans three business segments: spirits, wines and soft drinks. The Group's portfolio includes a combination of strong international brands, such as Campari, SKYY Vodka, Cynar and Cinzano and leading local brands, such as CampariSoda, Campari Mixx, Crodino, Aperol, Aperol Soda, Sella & Mosca, Zedda Piras, Biancosarti, Barbieri, Enrico Serafino, Lemonsoda, Oransoda and Pelmosoda in Italy, Ouzo 12 in Greece and in Germany, Dreher, Old Eight, Drury's and Liebfraumilch in Brazil, Gregson's in Uruguay, Riccadonna in Australia and New Zealand and Mondoro in Russia. The Group has 1,500 employees, and shares of the parent company Davide Campari-Milano S.p.A are listed on the Milan stock exchange.

### **FOR FURTHER INFORMATION:**

#### **Investor enquiries:**

**Chiara Garavini**

Tel.: +39 02 6225 330

Email: [investor.relations@campari.com](mailto:investor.relations@campari.com)

Website: [www.campari.com](http://www.campari.com)

#### **Media enquiries:**

**Chiara Bressani**

Tel.: +39 02 6225 206

Email: [chiara.bressani@campari.com](mailto:chiara.bressani@campari.com)

#### **Moccagatta Pogliani & Associati**

Tel.: +39 02 8693806

Email: [segreteria@moccagatta.it](mailto:segreteria@moccagatta.it)