



2005 First Quarter Results

Conference call

13 May 2005

Highlights and sales review

Enzo Visone, CEO

First quarter ended 31 March 2005



Key financial results

	1Q 2005 €million	% change at constant exchange	% change at actual exchange
Net sales	152.6	+1.7%	+0.9%
EBITDA	37.6	+9.3%	+7.9%
EBITA	33.2	+10.6%	+9.0%
EBIT	23.0	+8.5%	+6.3%
Group profit before taxes	20.0	+8.8%	+7.1%

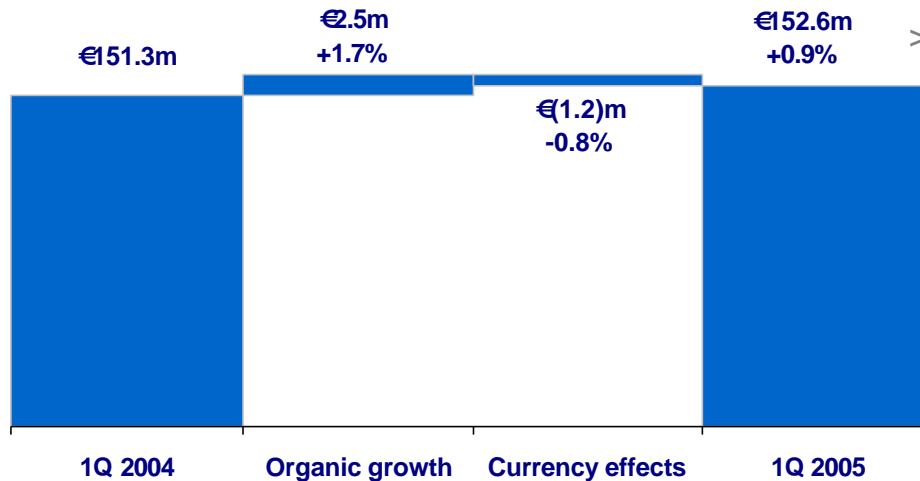
> 2005 first quarter results:

- top line affected by poor performance of low-margin products and other temporary effects
- solid performance in all profitability indicators
- moderate negative currency effects

2005 first quarter net sales



Growth drivers



> Negative effects on organic growth:

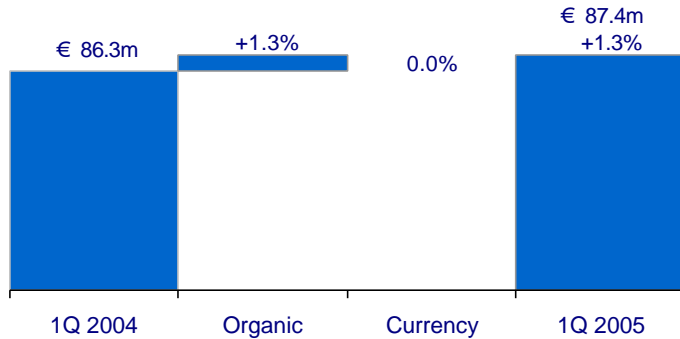
- poor performance of low-margin products:
 - Campari Mixx -1.2%
 - Carbonated soft drinks -0.9%
- temporary effects:
 - Ouzo 12 (Greece) -0.6%
 - Austria & Russia -1.2%
- **Total effects - 3.8%**

- > Moderate negative currency effects
 - negative impact of US dollar was in part offset by positive impact of Brazilian Real
- > No external growth in 1Q 2005

Net sales by region

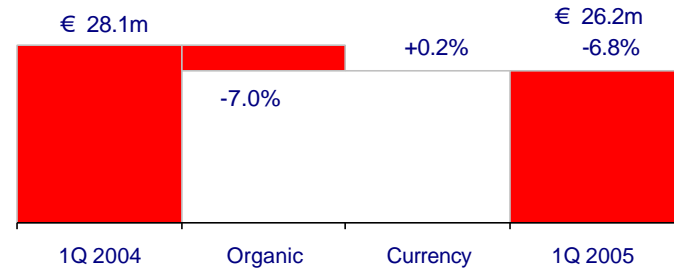


Italy +1.3%



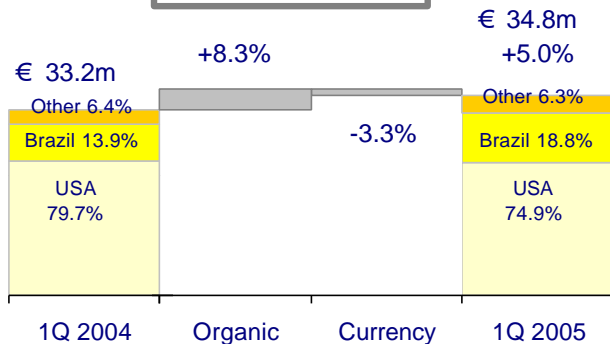
- > Positive contribution of Campari and main spirits brands
- > Slight decline in wines, significant drop in soft drinks and Mixx

Europe -6.8%



- > Decline is due to temporary drop in sales by distributors in Austria and Russia as a result of distributor changes
- > Slight decline in Germany (Cinzano)
- > Growth in all other core European markets

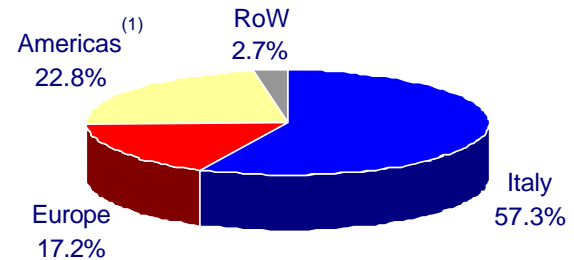
Americas +5.0%



- > Growth in US (+3.4%) was driven by SKYY and tequila 1800 and in part offset by declining whiskies
- > Strong growth in Brazil (+37.5%) helped by all brands

1Q 2005 sales by region

€152.6 m

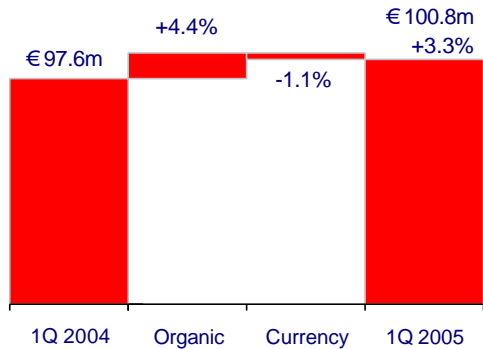


(1) Include: USA 17.1%; Brazil 4.3%; other 1.4%

Net sales by segment

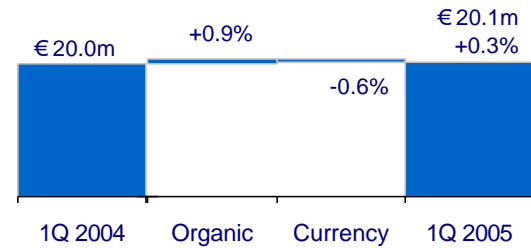


Spirits + 3.3%



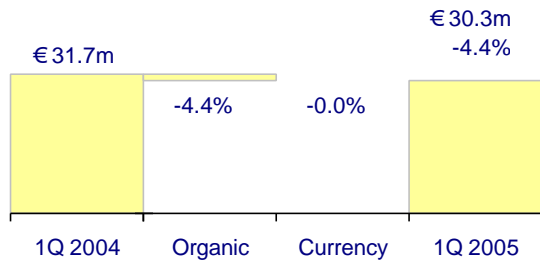
- > Solid growth in SKYY, Aperol, Brazilian brands and Cynar was in part offset by weaker performance on Campari and Ouzo 12

Wines + 0.3%



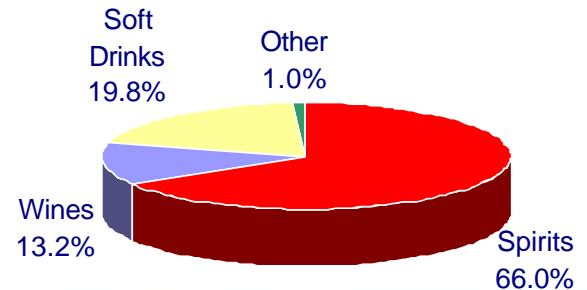
- > Strong performance by Cinzano vermouth, Riccadonna and Mondoro is in part offset by Cinzano sparkling wines and Sella & Mosca

Soft drinks -4.4%



- > Poor performance particularly in carbonated soft drinks sales

1Q 2005 sales by segment
€152.6 m



Review of main brands (1/2)



% change in value 1Q2005 / 1Q2004	<i>at constant exchange</i>	<i>at actual exchange</i>	
Spirits			
Campari	-4.6%	-4.9%	> Performance is negatively affected by tough comparison base (+9.0% in Q1 2004) and by a reorganisation of the distribution agreements in Austria and Russia, which triggered a temporary drop in sales (Campari performance excl. Russia and Austria: +1.5%). Positive trend in all other core markets.
SKYY	+14.6%	+9.8%	> US market: strong growth in shipments (+9.6% at constant exchange rate). Depletions continue to grow at double digit rate. Excellent performance in sales outside US (in excess of +50%).
CampariSoda	-0.3%	-0.3%	> Mainly concentrated on Italian market.
Aperol	+11.5%	+11.5%	> Continued outperformance on key domestic market. Good progression in Germany.
Brazilian brands	+50.4%	+55.8%	> Excellent performance by Dreher and admix whiskys achieved in a period traditionally low in sales.
Cynar	+31.6%	+32.4%	> Strong performance benefited from the extended distribution in Brazil.
Ouzo 12	-32.9%	-33.0%	> Sales drop due to reduction in stocks in Greece in anticipation of the introduction of a new packaging in April 2005. Slight growth in Germany.
tequila 1800	+8.1%	+3.3%	> Continuing strong growth in key US market.
Jaegermeister	+14.3%	+14.3%	> Strong sales growth in the Italian market.

Review of main brands (2/2)



% change in value 1Q2005 / 1Q2004	<i>at constant exchange</i>	<i>at actual exchange</i>	
Wines			
Cinzano sparkling wines	-9.2%	-9.3%	> Weak quarter in Italy and Germany. Q1 sales historically have been low owing to seasonal factors (15% of the brand full-year sales in 2004).
Cinzano vermouths	+21.7%	+21.0%	> Strong progression driven by Italian market and major European markets.
Sella & Mosca	-12.3%	-12.3%	> Decline attributable to weaker sales in international markets. Steadiness of sales in Italy.
Soft drinks			
Crodino	-0.5%	-0.5%	> Trend is negatively affected by tough comparison base (+7.9% in Q1 2004).
Carbonated soft drinks	-14.3%	-14.3%	> Q1 sales historically have been low owing to seasonal factors.

1Q 2005 consolidated results

Paolo Marchesini, CFO

EBIT

Consolidated results

	1Q 2005		1Q 2004		Change at actual exchange	Change at constant exchange
	€ m	%	€ m	%	%	
Net turnover	152.6	100.0%	151.3	100.0%	0.9%	+1.7%
COGS	(59.3)	-38.9%	(60.0)	-39.6%	-1.1%	
Gross profit	93.3	61.1%	91.3	60.4%	2.2%	
Advertising and promotion	(27.6)	-18.1%	(27.7)	-18.3%	-0.5%	
Sales and distribution expenses	(19.6)	-12.8%	(20.1)	-13.3%	-2.7%	
Trading profit	46.2	30.3%	43.5	28.8%	6.1%	+7.3%
General and administrative expenses	(13.1)	-8.6%	(13.1)	-8.6%	0.1%	
Other operating income	0.1	0.0%	0.0	0.0%		
EBITA	33.2	21.7%	30.4	20.1%	9.0%	+10.6%
Goodwill and trademarks amortisation	(10.2)	-6.7%	(8.8)	-5.8%	15.5%	
EBIT	23.0	15.0%	21.6	14.3%	6.3%	+8.5%
Total D&A⁽¹⁾	(14.6)	-9.6%	(13.2)	-8.7%	10.6%	
EBITDA	37.6	24.6%	34.8	23.0%	7.9%	+9.3%

(1) Incl. amortisation of goodwill and trademarks and amortisation of other intangible assets

- > **Gross profit** up from 60.4% to 61.1% on net sales driven by lower cost of materials and favourable sales mix
- > **A&P** expenses down from 18.3% to 18.1% on net sales due to different phasing of advertising activities, in particular in Italy
- > **Sales and distribution** expenses down from 13.3% to 12.8% on net sales due to reduction in both variable costs (logistics costs) and fixed costs (marketing and sales)
- > 6.1% increase in **trading profit** is determined by 7.3% organic growth and 1.2% negative currency effects
- > Increase in **goodwill and trademark amortisation** of € 1.4 m is attributable to the additional goodwill generated by the acquisition of a further 30.1% stake in Skyy Spirits

Pretax profit

Consolidated results



	1Q 2005		1Q 2004		Change at actual exchange	Change at constant exchange
	€ m	%	€ m	%	%	
EBIT	23.0	15.0%	21.6	14.3%	6.3%	+8.5%
Net financial income (expenses)	(2.4)	-1.6%	(2.1)	-1.4%	15.9%	
Income (losses) on net exchange rates	(0.4)	-0.3%	0.1	0.1%		
Exceptional income (expenses)	0.2	0.1%	0.5	0.3%	-52.4%	
Pretax profit	20.4	13.4%	20.1	13.3%	1.5%	
Minority interests	(0.4)	-0.3%	(1.5)	-1.0%	-70.3%	
Pretax profit after minorities	20.0	13.1%	18.6	12.3%	7.1%	8.8%

- > Increase in **net financial expenses** is due to the higher average net debt in 1Q 2005, as a result of the acquisition of an additional 30.1% stake in Skyy Spirits on 25 February 2005
- > Decrease in **minority interests** entirely attributable to the reduction in the stake held by third parties in Skyy Spirits

Financial indebtedness



	31 Mar 2005	31 Dec 2004	Change
	€ m	€ m	€ m
Cash and banks	211.3	239.5	(28.2)
Marketable securities	17.2	6.4	10.8
Bank borrowings and other financial payables	(114.5)	(59.6)	(54.9)
Real estate lease (current portion) ⁽¹⁾	(3.0)	(2.9)	(0.1)
Accrued interests on private placement	(2.7)	(4.9)	2.2
Total S-T debt, net	108.3	178.5	(70.2)
L-T bank borrowings and other financial payables	(28.1)	(5.2)	(22.9)
Real estate lease ⁽¹⁾	(21.3)	(22.0)	0.7
Senior notes issues (US private placements)	(386.0)	(380.0)	(6.0)
Total L-T debt	(435.4)	(407.2)	(28.2)
Net cash/(debt)	(327.1)	(228.7)	(98.4)

Note:

(1) Real estate lease relates to industrial property in Novi Ligure

- > Acquisition of a further 30.1% stake in Skyy Spirits for a total amount of US\$ 156.6 m (€ 118 m) paid in cash on 25 February 2005
- > Total **capex** of € 4.5 million
- > Increase in **Operating WC** of € 9.3 million
 - **Operating WC as % of last 12 months sales** from 18.5% at 31 March 2004 to 20.8% at 31 March 2005
 - **Inventories** were artificially increased in anticipation of the closing down of Sesto S. Giovanni plant

Outlook & Conclusion

Enzo Visone, CEO

> **Outlook for 2005 remains unchanged**

- The drop in sales to distributors occurred in Q1 2005 in some European markets is to be considered a temporary effect
- Economic forecasts for the Group's main strategic areas confirm the current trends of modest growth in the Eurozone and stronger growth in the US and Brazil
- Our well-established, leading premium brands enable us to look at 2005 and the medium term with confidence and to expect our organic business to continue to develop positively

Supplementary schedules



- Schedule - 1** Consolidated income statement
- Schedule - 2** Currency effects on net sales
- Schedule - 3** Average exchange rates

Consolidated income statement

	1Q 2005		1Q 2004		Change
	€ m	%	€ m	%	%
Net sales (1)	152.6	100.0%	151.3	100.0%	0.9%
Total cost of goods	(59.3)	-38.9%	(60.0)	-39.6%	-1.1%
Gross margin	93.3	61.1%	91.3	60.4%	2.2%
Advertising and promotion	(27.6)	-18.1%	(27.7)	-18.3%	-0.5%
Sales and distribution expenses	(19.6)	-12.8%	(20.1)	-13.3%	-2.7%
Trading profit	46.2	30.3%	43.5	28.8%	6.1%
General and administrative expenses	(13.1)	-8.6%	(13.1)	-8.6%	0.1%
Other operating income	0.1	0.0%	0.0	0.0%	
Goodwill and trademarks amortisation	(10.2)	-6.7%	(8.8)	-5.8%	15.5%
EBIT	23.0	15.0%	21.6	14.3%	6.3%
Net financial income (expenses)	(2.4)	-1.6%	(2.1)	-1.4%	15.9%
Income (losses) on net exchange rates	(0.4)	-0.3%	0.1	0.1%	
Exceptional income (expenses)	0.2	0.1%	0.5	0.3%	-52.4%
Pretax profit	20.4	13.4%	20.1	13.3%	1.5%
Minority interests	(0.4)	-0.3%	(1.5)	-1.0%	-70.3%
Pretax profit after minorities	20.0	13.1%	18.6	12.3%	7.1%
Depreciation of tangible assets	(3.8)	-2.5%	(3.8)	-2.5%	-0.3%
Amortisation of intangible assets (2)	(10.9)	-7.1%	(9.4)	-6.2%	15.0%
Total D&A	(14.6)	-9.6%	(13.2)	-8.7%	10.6%
EBITDA	37.6	24.6%	34.8	23.0%	7.9%
EBITA (3)	33.2	21.7%	30.4	20.1%	9.0%

Notes:

(1) Net of discounts and excise duty

(2) Include amortisation of goodwill, trademarks and other intangible assets

(3) EBITA = EBIT before amortisation of goodwill and trademarks

Currency effects on net sales



Consolidated net sales by segment

	1Q 2005		1Q 2004		Change %	of which:	
	€ m	%	€ m	%		organic	currency
Spirits	100.8	66.0%	97.6	64.5%	3.3%	4.4%	-1.1%
Wines	20.1	13.2%	20.0	13.2%	0.3%	0.9%	-0.6%
Soft drinks	30.3	19.8%	31.7	20.9%	-4.4%	-4.4%	0.0%
Other revenues	1.5	1.0%	2.0	1.3%	-27.3%	-27.0%	-0.3%
Total	152.6	100.0%	151.3	100.0%	0.9%	1.7%	-0.8%

Consolidated net sales by region

	1Q 2005		1Q 2004		Change %	of which:	
	€ m	%	€ m	%		organic	currency
Italy	87.4	57.3%	86.3	57.0%	1.3%	1.3%	0.0%
Europe	26.2	17.2%	28.1	18.6%	-6.8%	-7.0%	0.2%
Americas (1)	34.8	22.8%	33.2	21.9%	5.0%	8.3%	-3.3%
RoW	4.2	2.7%	3.7	2.5%	11.3%	16.9%	-5.6%
Total	152.6	100.0%	151.3	100.0%	0.9%	1.7%	-0.8%

(1) Breakdown of Americas

	1Q 2005		1Q 2004		Change %	of which:	
	€ m	%	€ m	%		organic	currency
USA	26.1	74.9%	26.4	79.7%	-1.3%	3.4%	-4.7%
Brazil	6.5	18.8%	4.6	13.9%	42.4%	37.5%	4.9%
Other countries	2.2	6.3%	2.1	6.4%	3.0%	6.0%	-3.0%
Total	34.8	100.0%	33.2	100.0%	5.0%	8.3%	-3.3%

Average exchange rates



	1Q 2005	1Q 2004	% change
Brazilian Real : 1 Euro	3.497	3.622	
Euro : 1 Brazilian Real	0.2859	0.2761	3.6%
US dollar : 1 Euro	1.311	1.251	
Euro : 1 US dollar	0.7631	0.7995	-4.6%

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