



First Half Results as to
June 30, 2002

Conference call

September 10, 2002

Marco Perelli-Cippo, CEO



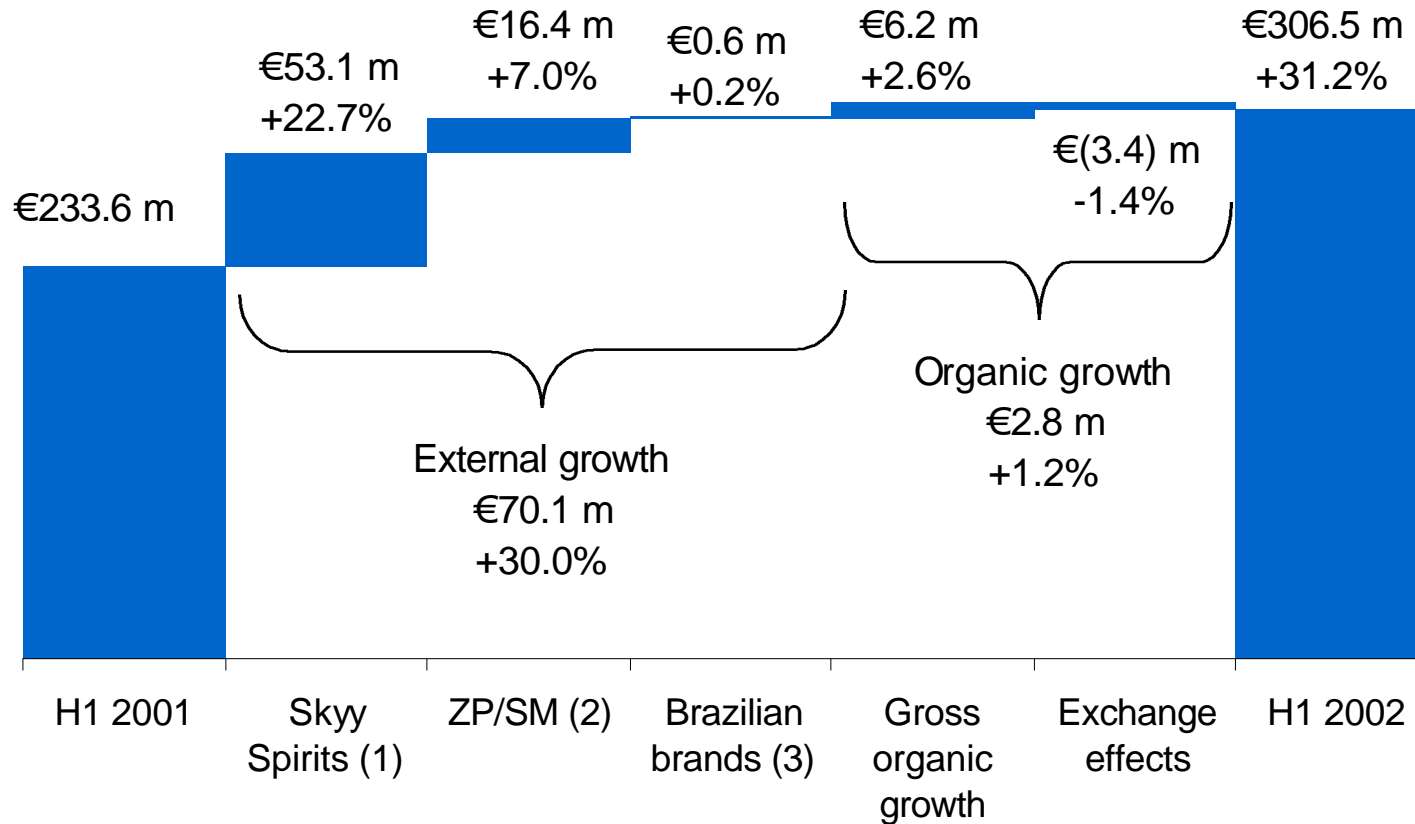
First half 2002 summary financials

- ◆ Net revenues of €306.5 million, up 31.2%
- ◆ EBITDA of €75.3 million, up 44.6%
- ◆ EBITA of €67.5 million, up 48.2%
- ◆ EBIT of €53.7 million, up 34.5%
- ◆ Net income of €32.0 million, up 41.0%
- ◆ EPS of €1.10, up 41.0%
(EPS adj. for GW amort. of €1.58, up 61.8%)

Key items featuring the first half of 2002

- ◆ Net revenues growth and operating results driven by acquisitions of Skyy Spirits and Sella&Mosca and Zedda Piras
- ◆ Performance of acquired businesses in line with expectations
- ◆ Lower organic sales growth in Q2 compared to Q1 due to some announced one-off benefits in Q1 as well as weak performance of some markets
- ◆ Negative impact of Brazilian Real devaluation on net turnover, notwithstanding the good performance of the business
- ◆ Persistent difficulties in Germany due to slow down in consumption at the macroeconomic level and weak brand positioning
- ◆ Successful expansion into the US RTD market
- ◆ Tax burden reduced significantly due to fiscal benefits in H1 2002

Net turnover - external and organic growth



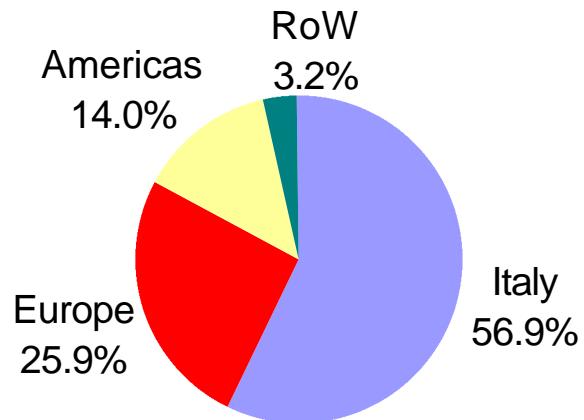
(1) Split by product: SKYY Vodka = €40.6m; other spirits = €12.5m

(2) Split by product: Zedda Piras = €5.2m; Sella&Mosca = €11.0m; other = €0.2m

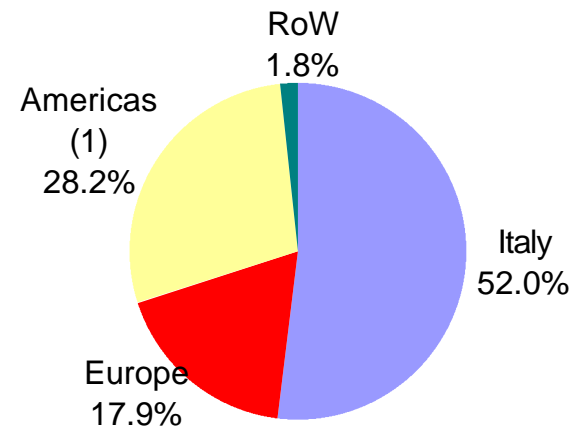
(3) Non-consolidated period in 2001

Net turnover by region

First Half 2001
Net turnover €233.6 m



First Half 2002
Net turnover €306.5 m



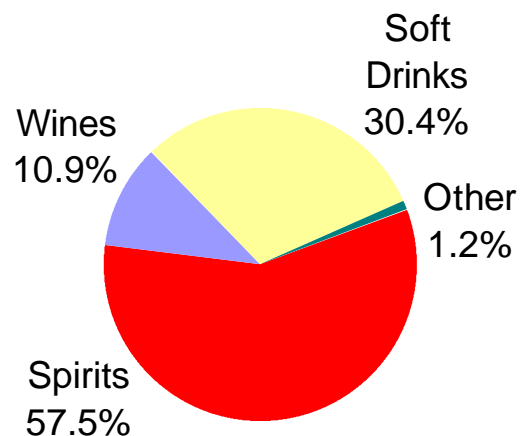
(1) of which:

- US	18.9%
- Brazil	8.3%
- Other	1.0%
Total Americas	28.2%

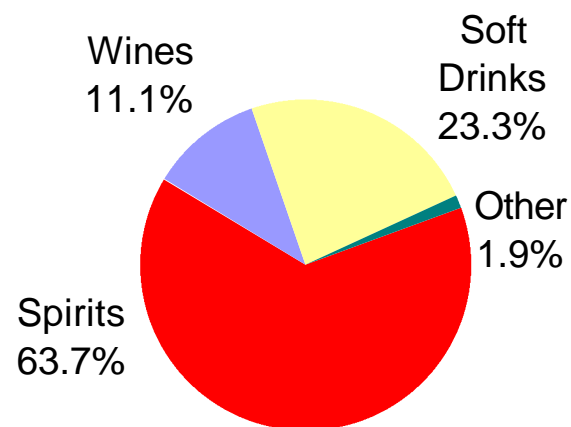


Net turnover by segment

First Half 2001
Net turnover €233.6 m



First Half 2002
Net turnover €306.5 m



	Net turnover growth	of which: organic growth
	% change in value	
Spirits	45.2%	1.5%
Wines	33.3%	-9.8%
Soft Drinks	0.7%	0.7%
Other	113.6%	101.6%
Total	31.2%	1.2%



Product overview (existing portfolio)

	H1 2002 / H1 2001 % change in value
<u>Spirits</u>	
Campari ⁽¹⁾	-3.4%
CampariSoda	+9.2%
Skyy Vodka ⁽²⁾	+52.5%
Cynar	-3.4%
Ouzo 12	+6.2%
Brazilian brands ⁽³⁾	+0.9%
Jaegermeister ⁽⁴⁾	+7.3%
<u>Wines</u>	
Cinzano Sparkling wines	+5.4%
Cinzano Vermouth	-17.4%
<u>Soft drinks</u>	
Crodino	+2.4%
Lemonsoda, Oransoda, Pelmosoda	-4.7%

(1) -2% gross of exchange rate effect (Brazilian Real)

(2) Outside US

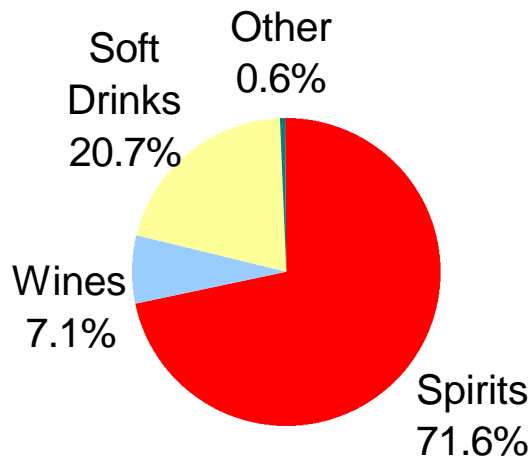
(3) +14.9% gross of exchange rate effect

(4) Agency brand

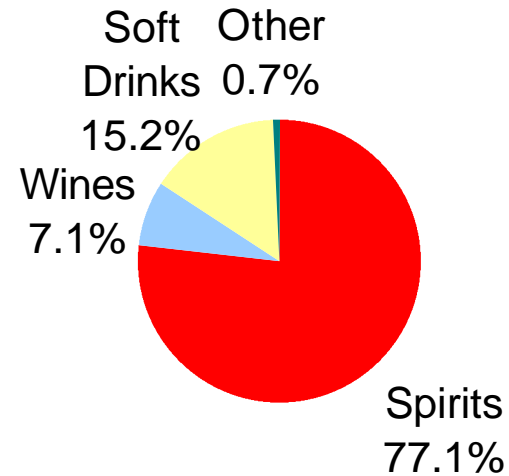


Profitability breakdown

H1 2001 Trading profit
€ 64.4 m



H1 2002 Trading profit
€86.1 m

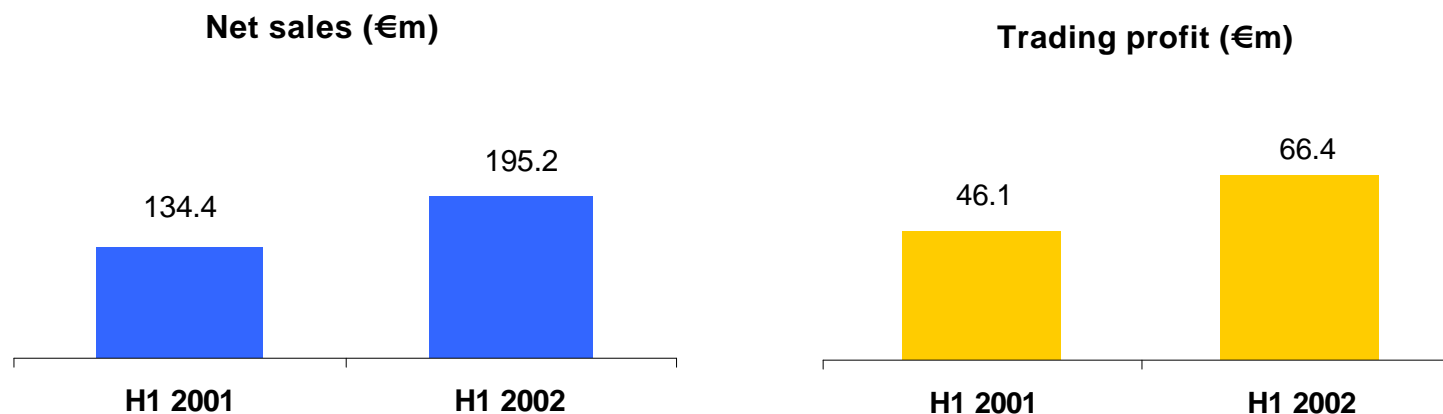


- ◆ Spirits & wines account for 84.2% of trading profit in H1 2002

Paolo Marchesini, CFO



Spirits segment overview

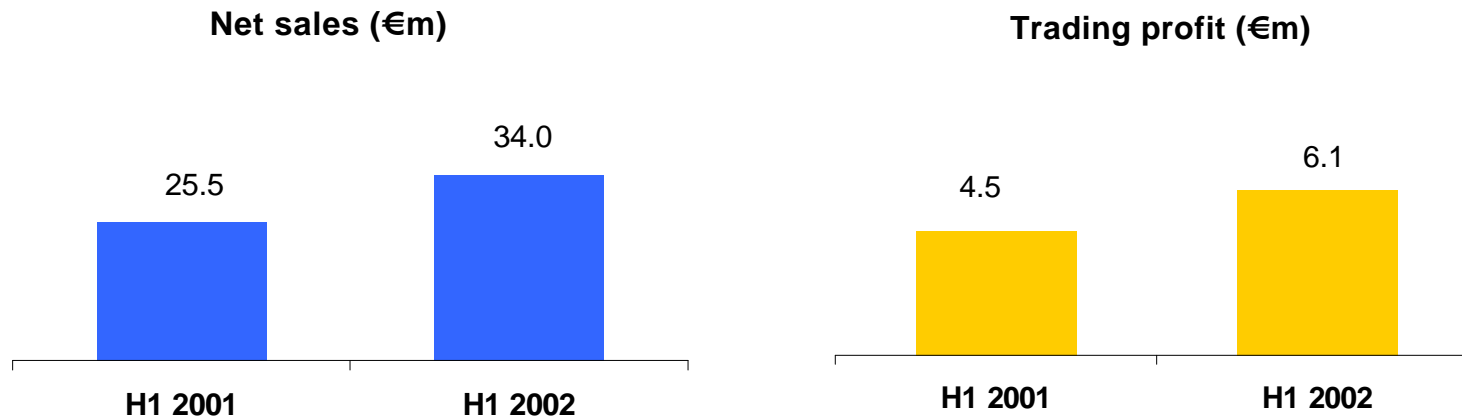


	H1 2001		H1 2002		Change
	€ m	%	€ m	%	%
Net sales	134.4	100.0	195.2	100.0	45.2
Trading profit	46.1	34.3	66.4	34.0	43.9

- ◆ Trading profit up 43.9% and margin down 0.3 pts due to higher COGS of Skyy Spirits portfolio attributable to agency brands (Cutty Sark) and lower A&P as a percentage of sales of newly acquired businesses



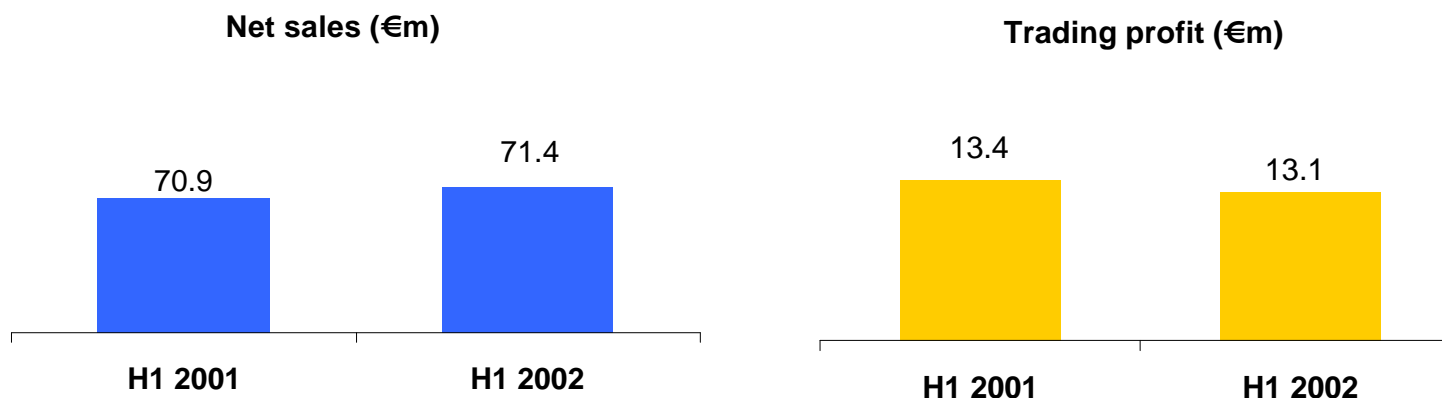
Wines segment overview



	H1 2001		H1 2002		Change
	€ m	%	€ m	%	%
Net sales	25.5	100.0	34.0	100.0	33.3
Trading profit	4.5	17.8	6.1	17.9	33.9

- ◆ Trading profit growth entirely generated by the consolidation of Sella&Mosca
- ◆ Margin on sales up slightly due to lower production costs of Sella&Mosca wines and higher selling and distribution costs connected with the strengthening of sales structure in Italy

Soft drinks segment overview



	H1 2001		H1 2002		Change
	€ m	%	€ m	%	%
Net sales	70.9	100.0	71.4	100.0	0.7
Trading profit	13.4	18.8	13.1	18.3	-2.1

- ◆ Trading profit down by 2.1% as a consequence of higher marketing spending behind Crodino

Summary income statement

	H1 2001		H1 2002		Change
	€ m	%	€ m	%	%
Net turnover	233.6	100.0	306.5	100.0	31.2
Trading profit	64.4	27.6	86.1	28.1	33.7
EBITA	45.6	19.5	67.5	22.0	48.2
EBIT	39.9	17.1	53.7	17.5	34.5
Net income	22.7	9.7	32.0	10.4	41.0
Net income adj. for GW and TM	28.3	12.2	45.8	15.0	61.8
EBITDA	52.1	22.3	75.3	24.6	44.6
EPS	0.78		1.10		41.0
EPS adj. for GW and TM	0.98		1.58		61.8
Depreciation	(5.4)		(6.4)		
Amortisation, of which:	(6.8)		(15.2)		
- Amortisation of goodwill and trademarks	(5.7)		(13.9)		
- <i>Brazilian brands</i>	(1.6)		(1.9)		
- <i>Skyy Spirits, LLC</i>	0.0		(6.6)		
- <i>Sella&Mosca and Zedda Piras</i>	0.0		(1.4)		
- <i>organic goodwill and trademarks</i>	(4.1)		(4.0)		
- Amortisation of software and other intangibles	(1.1)		(1.3)		

Net turnover to trading profit

	H1 2001		H1 2002		Change
	€ m	%	€ m	%	%
Net turnover	233.6	100.0	306.5	100.0	31.2
COGS	(97.9)	(41.9)	(126.3)	(41.2)	29.0
Gross margin	135.7	58.1	180.2	58.8	32.9
Advertising & promotion	(44.0)	(18.8)	(57.6)	(18.8)	31.0
Sales and distribution expenses	(27.3)	(11.7)	(36.5)	(11.9)	33.9
Trading profit	64.4	27.6	86.1	28.1	33.7

- ◆ Increase in gross margin of 0.7 ppts due to:
 - lower cost of raw materials in Brazil
 - favourable product mix
 - positive effect of newly acquired businesses
- ◆ A&P spending stable as a percentage of net turnover
- ◆ Higher sales and distribution costs attributable to the strengthening of the existing sales structure in Italy and proportionally higher costs connected with newly acquired businesses
- ◆ Trading profit up 33.7%, of which 2% organic and 31.7% external

Trading profit to EBIT

	H1 2001		H1 2002		Change
	€ m	%	€ m	%	%
Trading profit	64.4	27.6	86.1	28.1	33.7
G&A	(15.1)	(6.5)	(21.9)	(7.1)	45.6
Other operating income	0.3	0.1	4.0	1.3	-
Goodwill & TM amortisation	(5.7)	(2.4)	(13.9)	(4.5)	144.8
EBIT before non-recurring	43.9	18.8	54.3	17.7	23.5
Non recurring expenses	(4.0)	(1.7)	(0.6)	(0.2)	-86.0
EBIT	39.9	17.1	53.7	17.5	34.5

- ◆ Increase in G&A as a percentage of sales due to restructuring costs in Brazil and Germany
- ◆ Other operating income attributable to net royalties from Skyy Blue
- ◆ Goodwill and trademark amortisation include Skyy Spirits (€6.5m), ZP/SM (€1.4), full consolidation of Brazilian acquisition (€0.3m)

EBIT to income before taxes

	H1 2001		H1 2002		Change
	€ m	%	€ m	%	%
EBIT	39.9	17.1	53.7	17.5	34.5
Net financial income (expenses)	1.9	0.8	(2.2)	(0.7)	-217.5
Income (losses) on net exchange rates	(4.6)	(2.0)	7.4	2.4	-261.7
Other non operat. income (expenses)	(0.2)	(0.1)	(6.7)	(2.2)	-
Income before taxes	37.0	15.8	52.2	17.0	41.1

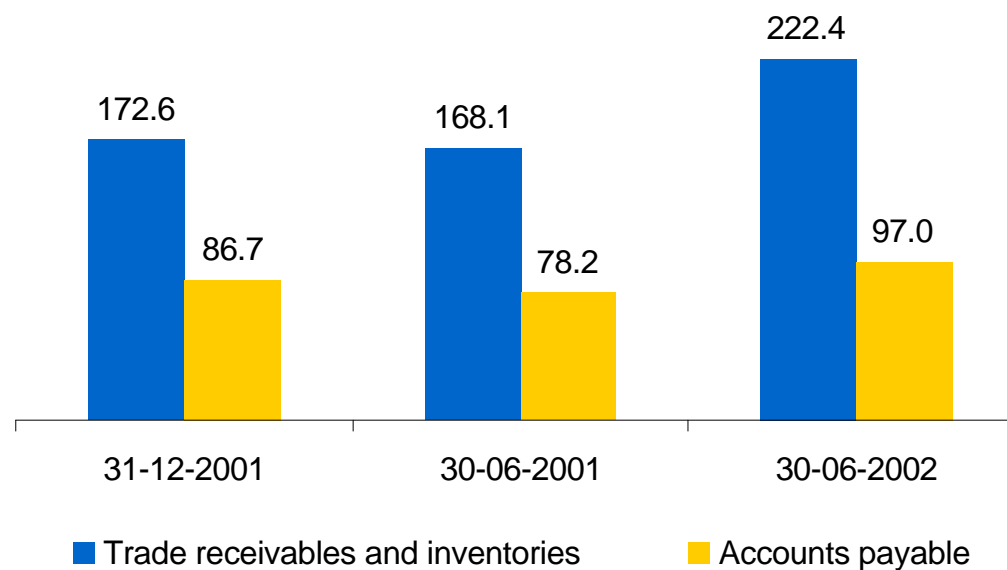
- ◆ Net financial expenses in connection with net indebtedness after acquisition funding in H1 2002
- ◆ Income on net exchange rates includes closing of US\$ denominated credit line (€2.5m) and other non-cash items (€5.4m)
- ◆ Other net operating expenses attributable to capital gains on real estate disposal (€3.3m) and provision of €10m, which includes asset write-off (€ 2.8m) and one-off restructuring costs (€7.2m) in connection with the closing of two plants in Italy

Income before taxes to net income

	H1 2001		H1 2002		Change
	€ m	%	€ m	%	%
Income before taxes	37.0	15.8	52.2	17.0	41.1
Minority interests	0.0	0.0	(7.3)	(2.4)	-
Group income before taxes	37.0	15.8	44.9	14.6	21.3
Taxes	(14.3)	(6.1)	(12.9)	(4.2)	-9.8
Group net income	22.7	9.7	32.0	10.4	41.0
<i>Tax rate</i>	38.7%		28.8%		

- ◆ Minority interests relate to 41.1% of Skyy Spirits and 22.38% of Sella & Mosca (after the acquisition of a further 10% of Sella & Mosca share capital in June 2002)
- ◆ Reduced tax burden as a consequence of fiscal benefits related to the so-called *Dual Income Tax* and the *Tremonti-bis* law in connection with investments in Novi Ligure plant

Operating working capital



	31-12-2001	30-06-2002	Total change	Impact of acquisitions	Organic
	€ m	€ m	€ m	€ m	€ m
Accounts receivable	108.3	132.8	24.5	36.9	(12.4)
Inventories	64.4	89.6	25.2	25.4	(0.2)
Accounts payable	(86.7)	(97.0)	(10.3)	(15.7)	5.4
Operating working capital, net	86.0	125.4	39.4	46.6	(7.2)

Statement of consolidated cash flow

	31-12-01	30-06-02
	€ m	€ m
Net profit	63.4	32.0
Depreciation and amortisation	25.8	21.6
Provisions ⁽¹⁾	0.0	10.0
Total net profit, D&A and provisions	89.2	63.6
Adjustments and other provisions	4.0	(16.1)
Change in Operating NWC (organic)	(5.0)	7.2
Operating cash flow	88.2	54.7
Capex	(14.8)	(18.6)
Operating free cash flow	73.4	36.1
Acquisition of new subsidiaries	(112.6)	(358.0)
Cash flow from other investing activities	(20.3)	42.5
Cash flow from financing activities	96.4	185.5
Dividends	(25.5)	(24.7)
Exchange rates differences	(1.4)	3.6
Net change in cash	10.0	(115.0)
Cash and banks	177.8	62.8

(1) Provision for right-offs and restructuring costs related to Novi Ligure plant

Net financial position

	31 Dec 2001	30 June 2002
	€ m	€ m
Cash	177.8	62.8
Bank debt	(112.3)	(293.1)
Capital lease and other financial debt	(15.3)	(21.1)
Net cash	50.2	(251.4)
Marketable securities	46.4	12.0
Net cash and marketable securities	96.6	(239.4)

- ◆ Total investment of €358.0m in acquisitions, of which:
 - Skyy Spirits: equity value of €235.4m and net financial debt of €29.2m
 - SM/ZP: equity value of €72.0m ⁽¹⁾ and net financial debt of €21.4m
- ◆ Gearing (D/E) at 55.6% as of 30 June 2002

(1) Include €3.8m for acquisition of a further 10% equity stake in Sella&Mosca in June 2002

Marco Perelli-Cippo, CEO



US agreement on Tequila 1800

- ◆ Five-year marketing and distribution agreement in the US for super-premium “Reserva 1800” and ultra-premium “Gran Centenario” *tequilas*
- ◆ Owned by Cuervo Group and produced at Los Camichines, Jalisco, México
- ◆ Annual sales of approximately 300,000 nine-liter cases and a turnover of approximately US\$ 40 million
- ◆ Strengthening of Skyy Spirits’ sales and marketing structure in the US



Campari Mixx, the new RTD

- ◆ An easy to drink, refreshing blend of Campari, fruit juice and carbonated water
- ◆ Aimed at multicultural and innovative young adults aged 18-25
- ◆ Low proof (6.5 vol.%)
- ◆ Innovative packaging
- ◆ Distribution in Italy and Switzerland started late July
- ◆ Significant advertising support (TV, billboard and press) to start end September



Outlook on 2002

- ◆ Good performance of acquired businesses expected to continue in H2 2002
- ◆ Italian market expected to benefit from the good performance of the existing business and the launch of Campari Mixx backed by significant ad support
- ◆ Questionable impact on organic business performance of global macroeconomic scenario

Q&A

Financial appendix

Consolidated income statement

	H1 2001		H1 2002		Change
	€ m	%	€ m	%	%
Net turnover ⁽¹⁾	233.6	100.0	306.5	100.0	31.2
Cost of materials	(78.4)	-33.6	(102.9)	-33.6	31.2
Production expenses	(19.5)	-8.3	(23.4)	-7.6	20.0
COGS	(97.9)	-41.9	(126.2)	-41.2	28.9
Gross margin	135.7	58.1	180.2	58.8	32.9
Advertising & promotion	(44.0)	-18.8	(57.6)	-18.8	31.0
Sales and distribution expenses	(27.3)	-11.7	(36.5)	-11.9	33.9
Trading profit	64.4	27.6	86.1	28.1	33.7
G&A	(15.1)	-6.5	(21.9)	-7.1	45.6
Other operating income	0.3	0.1	4.0	1.3	-
Goodwill & TM amortisation	(5.7)	-2.4	(13.9)	-4.5	144.8
EBIT before non-recurring	43.9	18.8	54.3	17.7	23.5
Non recurring expenses	(4.0)	-1.7	(0.6)	-0.2	-86.0
EBIT	39.9	17.1	53.7	17.5	34.5
Net financial income (expenses)	1.9	0.8	(2.2)	-0.7	-217.5
Income (losses) on net rates	(4.6)	-2.0	7.4	2.4	-261.7
Other non operat. income (expenses)	(0.2)	-0.1	(6.7)	-2.2	-
Income before taxes	37.0	15.8	52.2	17.0	41.1
Minority interests	0.0	0.0	(7.3)	-2.4	-
Group income before taxes	37.0	15.8	44.9	14.6	21.3
Taxes	(14.3)	-6.1	(12.9)	-4.2	-9.8
Group net income	22.7	9.7	32.0	10.4	41.0
Net income adjusted for GW	28.3	12.1	45.8	15.0	61.8
EBITDA before non-recurring	56.1	24.0	75.9	24.8	35.2
EBITDA	52.1	22.3	75.3	24.6	44.6
EBITA before non-recurring ⁽²⁾	49.6	21.2	68.2	22.2	37.4
EBITA ⁽²⁾	45.6	19.5	67.5	22.0	48.2
EPS	0.78		1.10		41.0
EPS adj.	0.98		1.58		61.8
<i>Tax rate</i> ⁽³⁾					
		38.7%		28.8%	



(1) Net of discounts and excise duty

(2) EBITA = EBIT before amortisation of goodwill and TM

(3) On Income before taxes after Minority interests

Consolidated balance sheet

	31-12-2001	30-06-2001	30-06-2002
	€ m	€ m	€ m
Cash and banks	177.8	137.7	62.8
Marketable securities	46.4	41.3	12.0
Accounts receivable	108.3	100.1	132.8
Inventories	64.4	68.0	89.6
Other current assets	29.7	36.8	38.0
Total current assets	426.6	383.9	335.2
Tangible assets	91.0	92.3	115.8
Goodwill	152.6	158.0	449.6
Other intangible assets	18.3	20.0	19.0
Financial assets	18.8	19.9	8.8
Other non-current assets	3.5	3.7	3.8
Treasury	31.0	-	31.0
Total non-current assets	315.2	293.9	628.0
Total assets	741.8	677.8	963.2
Short-term financial debt	114.1	90.8	295.0
Accounts payable	86.7	78.2	97.0
Other current liabilities	44.0	52.9	53.8
Total current liabilities	244.8	221.9	445.8
Medium and long term loans	13.5	13.5	19.2
Employee's termination pay	10.9	11.1	13.0
Other non-current liabilities	40.0	37.2	44.8
Minority interests	2.3	2.3	10.1
Total non-current liabilities	66.7	64.1	87.1
Shareholders' equity	430.3	391.8	430.3
Total liabilities and shareholders' equity	741.8	677.8	963.2