



Nine-Month 2003 Results

Conference call

10 November 2003

Highlights

Nine months to 30 September 2003

Overview

- > Growth in top line and all operating indicators continues to be strong
- > Continued sales growth in Q3
- > Lower currency impact in 9M versus H1
- > Double digit growth in all levels of operating profitability at constant exchange rates

	9M 2003 € million	% change <i>at constant exchange</i>	% change <i>at actual exchange</i>
Net sales	505.7	+17.1%	+10.6%
EBITDA	118.7	+12.4%	+6.2%
EBITA	106.4	+12.5%	+6.3%
EBIT	85.5	+15.6%	+7.8%
Profit before taxes	114.1	+54.6%	+47.8%
Group's profit before taxes	102.1	+58.2%	+53.8%

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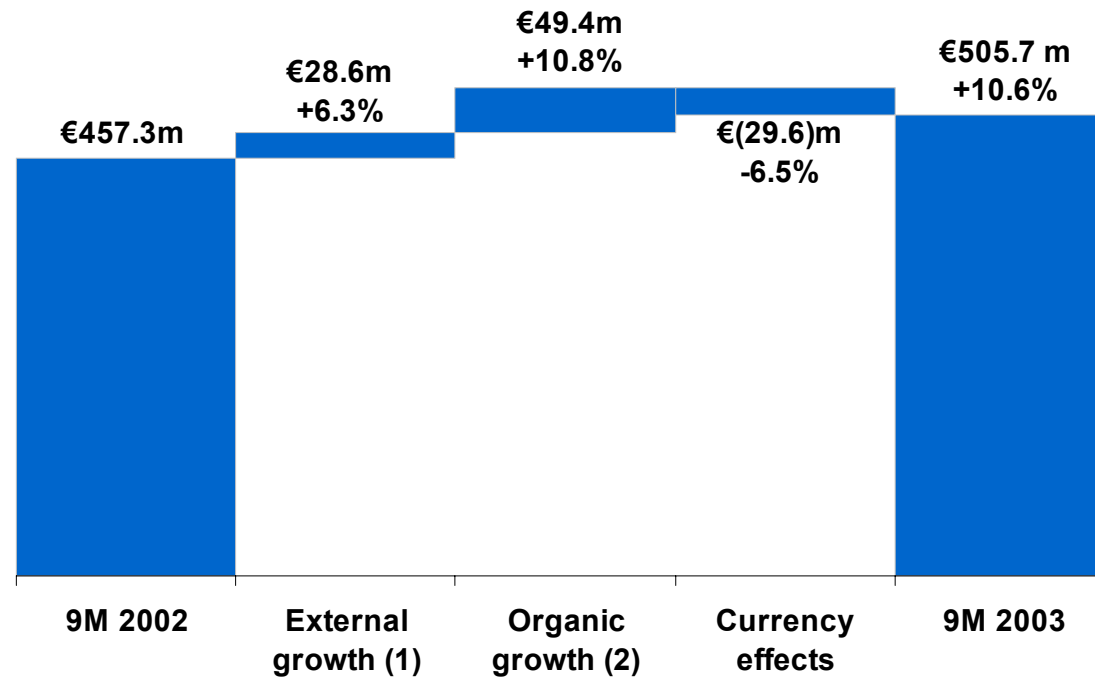
Sales growth analysis

+10.8% organic growth

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- (1) Tequila 1800 distribution agreement
- (2) At constant exchange rates



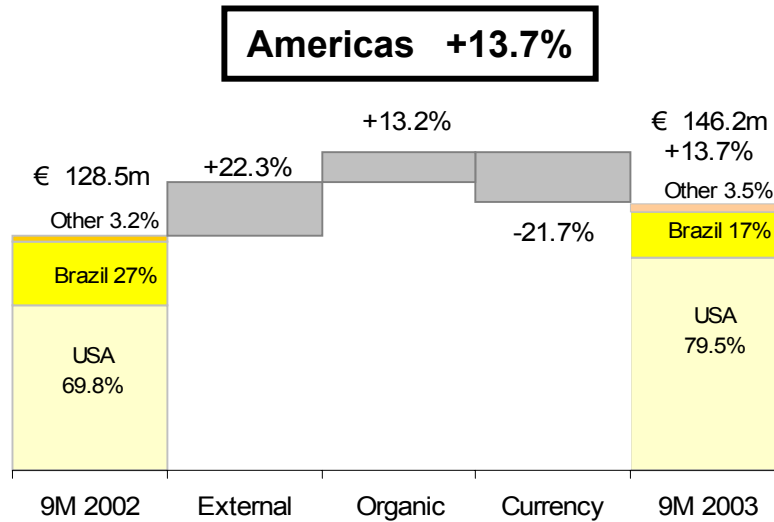
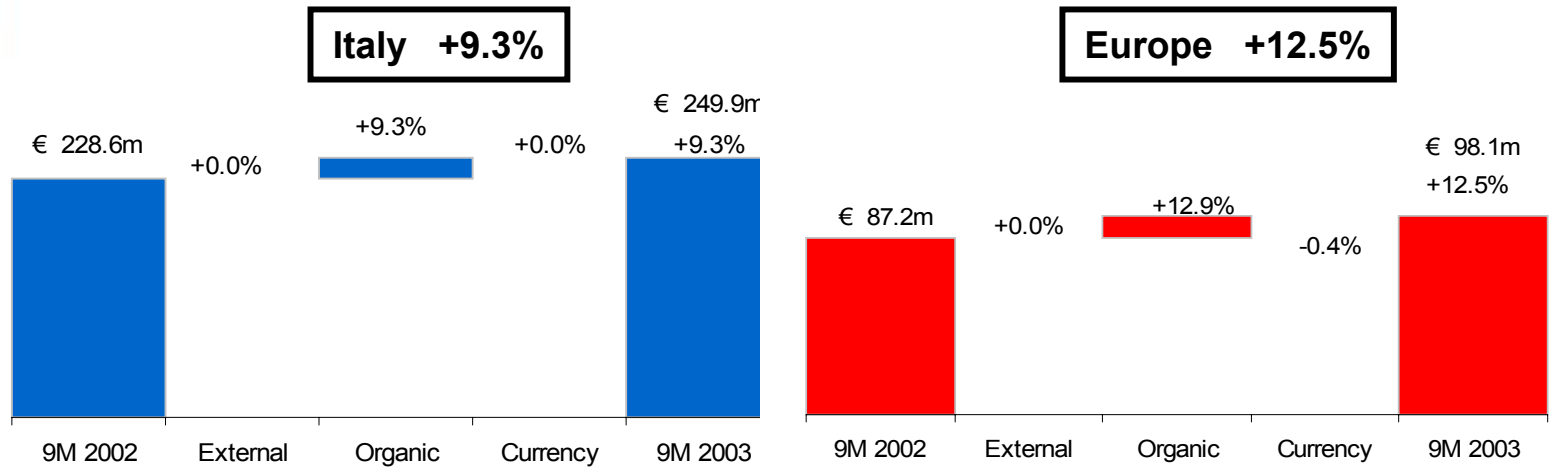
9M 2003 sales analysis

Net sales by region

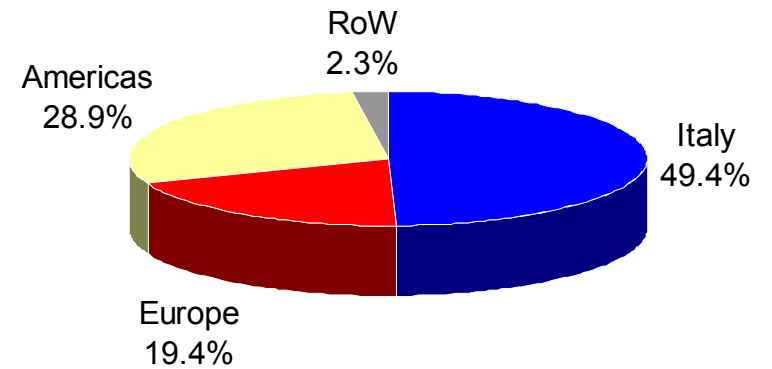
Solid organic growth across the three regions

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9M 2003 sales by region € 505.7 m

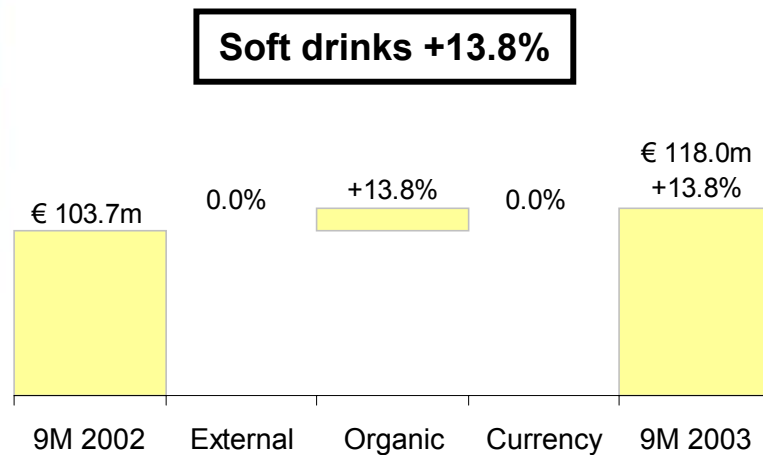
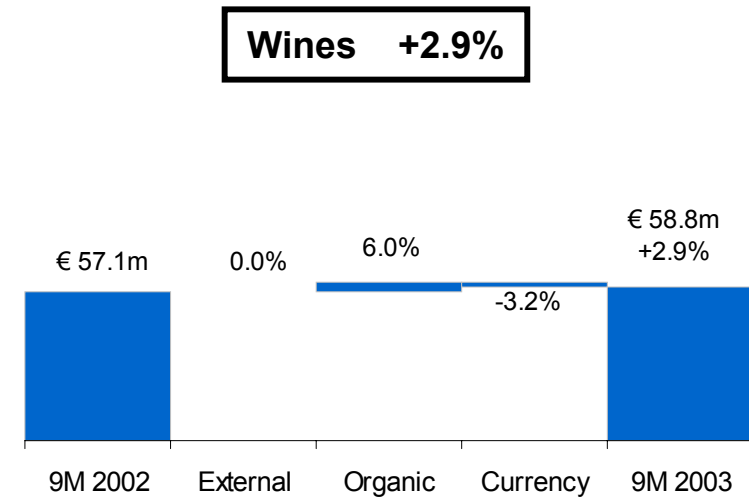
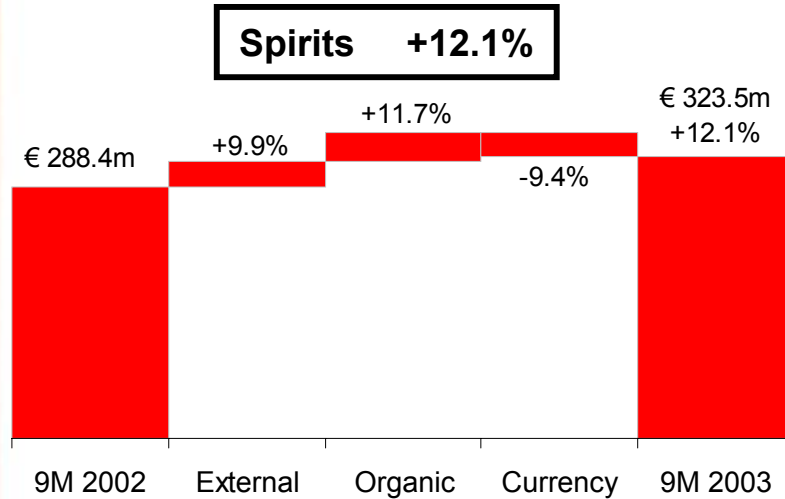


Net sales by segment

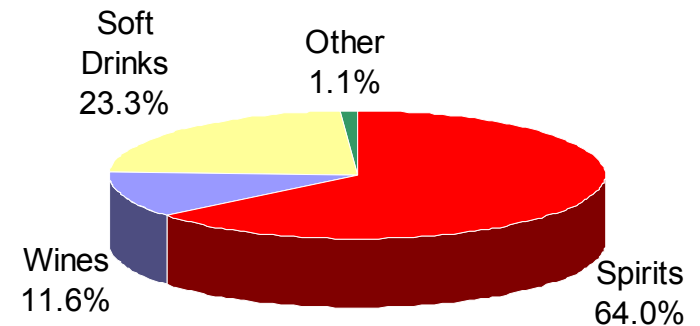
Solid organic growth across the three business segments

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9M 2003 sales by segment € 505.7 m



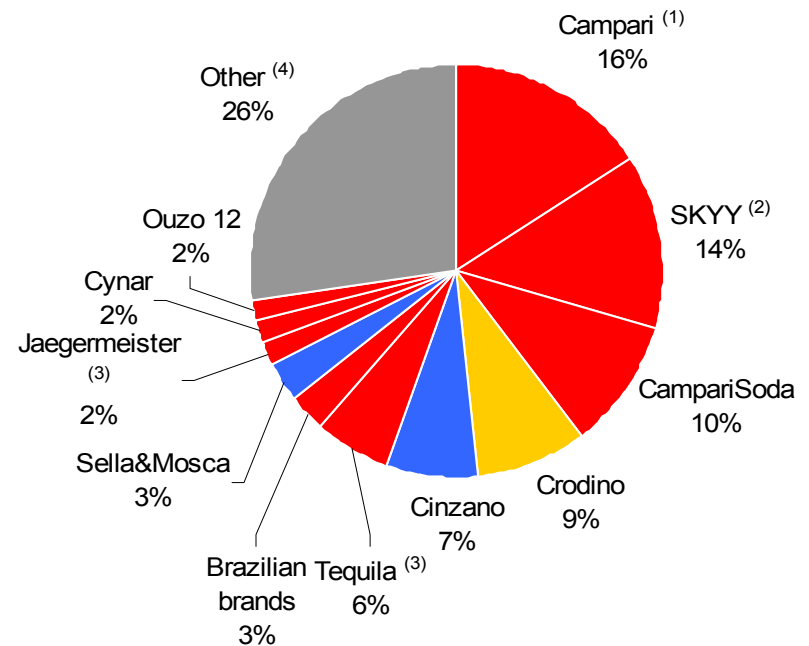
Performance of key brands

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9M 2003/9M2002	% change in value	
	at constant exchange	at actual exchange
Spirits		
Campari ⁽¹⁾	+0.3%	-4.3%
CampariSoda	+4.9%	+4.8%
SKYY ⁽²⁾	+25.3%	+5.2%
Cynar	-3.8%	-4.0%
Ouzo 12	+10.3%	+9.0%
Brazilian brands	-4.8%	-32.0%
Jaegermeister ⁽³⁾	+2.0%	+1.6%
Wines		
Cinzano sparkling wines	+7.7%	+6.7%
Cinzano vermouths	+7.2%	+2.1%
Sella & Mosca	-1.2%	-1.4%
Soft drinks		
Crodino	+5.6%	+5.5%
Carbonated soft drinks	+17.8%	+17.8%

9M 2003 sales by product
(at actual exchange)



(1) Excl. Campari Mixx

(2) Incl. SKYY Vodka and SKYY flavoured vodkas

(3) Agency brand

(4) Incl. Campari Mixx, Zedda Piras, Whisky, Carbonated soft drinks, Lipton Ice Tea





9M 2003 financial results

Consolidated trading profit

	9M 2003		9M 2002		Change
	€ m	%	€ m	%	%
Net turnover	505.7	100.0%	457.3	100.0%	10.6%
Cost of materials	(180.3)	-35.7%	(155.3)	-33.9%	16.2%
Production costs ⁽¹⁾	(30.9)	-6.1%	(34.4)	-7.5%	-10.4%
COGS	(211.2)	-41.8%	(189.7)	-41.5%	11.3%
Gross profit	294.5	58.2%	267.6	58.5%	10.0%
Advertising and promotion	(102.1)	-20.2%	(87.1)	-19.1%	17.1%
Sales and distribution expenses	(56.0)	-11.1%	(52.5)	-11.5%	6.7%
Trading profit	136.4	27.0%	128.0	28.0%	6.6%

(1) Fixed operating costs amounting to € 2 m have been charged to G&A as of 2003

- > Cost of good sold up from 41.5% to 41.8% on net turnover:
 - cost of materials up from 33.9% to 35.7% due to tequila 1800 license agreement and unfavourable sales mix
 - production costs down from 7.5% to 6.1% due to reduction in production costs achieved in Italian units and cost reclassification
- > A&P on net turnover: down to 20.2% in 9M from 20.8% in H1 2003

Consolidated EBIT

	9M 2003		9M 2002		Change
	€ m	%	€ m	%	%
Trading profit	136.4	27.0%	128.0	28.0%	6.6%
General and administrative expenses ⁽¹⁾	(33.9)	-6.7%	(31.1)	-6.8%	8.9%
Other operating revenues	5.1	1.0%	4.1	0.9%	25.2%
Goodwill and trademark amortisation	(20.9)	-4.1%	(20.8)	-4.5%	0.6%
Non recurring costs	(1.2)	-0.2%	(0.8)	-0.2%	53.4%
EBIT	85.5	16.9%	79.4	17.4%	7.8%
Depreciation of tangible assets	(10.2)	-2.0%	(9.5)	-2.1%	6.9%
Amortisation of intangible assets ⁽²⁾	(23.0)	-4.5%	(22.8)	-5.0%	0.7%
Total D&A	(33.1)	-6.6%	(32.3)	-7.1%	2.5%
EBITDA	118.7	23.5%	111.7	24.4%	6.2%
EBITA	106.4	21.0%	100.2	21.9%	6.3%

(1) Fixed operating costs amounting to € 2 m have been charged to G&A as of 2003

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

- > Other operating revenues include € 3.6m in net royalties from SKYY Blue (€ 4.1m in 9M 2002)
- > At constant exchange rates:
 - EBITDA +12.4%
 - EBITA +12.5%
 - EBIT +15.6%

Consolidated pretax profit

	9M 2003		9M 2002		Change
	€ m	%	€ m	%	%
EBIT	85.5	16.9%	79.4	17.4%	7.8%
Net financial income (expenses)	(7.0)	-1.4%	(4.5)	-1.0%	53.9%
Income (losses) on net rates	1.9	0.4%	9.1	2.0%	-78.8%
Other non operating income (expenses)	33.7	6.6%	(6.8)	-1.5%	-593.4%
Pretax profit	114.1	22.6%	77.2	16.9%	47.8%
Minority interests	(12.0)	-2.4%	(11.2)	-2.4%	10.7%
Pretax profit after minorities	102.1	20.2%	66.0	14.5%	53.8%

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- > Net financial expenses of € 7m (vs. € 4.5m in 9M 2002) due to greater average L-T debt and higher cost of debt in connection with private placements
- > Net income on exchange rates of € 1.9m includes:
 - loss of € (0.5)m on currency transactions resulting from operations
 - gain of € 2.4m on closing of exchange position in connection with private placement
- > Other non-operating income includes real estate capital gain of € 33.7m relating to sale of Head Office building completed in July 2003

Financial indebtedness

	30 Sep 2003	30 Jun 2003	31 Dec 2002
	€ m	€ m	€ m
Cash	255.4	55.6	103.5
Marketable securities	3.3	1.9	4.2
S-T bank debt	(8.0)	(120.3)	(120.2)
Accrued interest on Private Placement	(2.1)	(2.9)	(3.3)
Real estate leasing (S-T)	0.0	(2.1)	(2.0)
Total S-T debt, net	248.6	(67.8)	(17.8)
L-T bank debt and other financial debt	(6.0)	(6.0)	(6.5)
Real estate leasing (L-T)	0.0	(10.3)	(11.4)
Private placement (L-T debt)	(403.9)	(148.8)	(163.1)
Total L-T debt	(409.9)	(165.1)	(181.0)
Net cash/(debt)	(161.3)	(232.9)	(198.8)

- > Net financial debt down € 71.6m from € 232.9m at 30 June to € 161.3m at 30 September 2003, as a result of:
 - good generation of cash flow by operating activities during third quarter
 - sale of Head Office building in Milan completed in July 2003
- > US\$ 300 million Private Placement issued in July 2003

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- > **Germany:** fairly optimistic in the light of first signs of recovery in domestic consumption and positive development of local business after restructuring
- > **Italy:** good performance of all the main brands expected to continue throughout the fourth quarter
- > **Brazil:** the government measures recently adopted to confront the rising inflation rate, among which the increase in interest rates, led to a slowdown in third quarter orders, which should be at least partly recovered during the last quarter of the year
- > **US:** good performance of SKYY Vodka expected to continue, although the brand continues to face higher competition in the aggressive premium vodka market
- > **Exchange rates:** negative currency impact expected to be significant, though lower overall if exchange rates become more stable in fourth quarter



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- > Consolidated income statement
 - Nine months ended 30 September 2003
 - Third quarter ended 30 September 2003
- > Currency effects on 9M 2003 net sales
- > Average exchange rates

Consolidated income statement

Nine months ended 30 September 2003

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	9M 2003		9M 2002		Change
	€ m	%	€ m	%	%
Net sales (1)	505.7	100.0%	457.3	100.0%	10.6%
Cost of materials	(180.3)	-35.7%	(155.3)	-33.9%	16.2%
Production costs	(30.9)	-6.1%	(34.4)	-7.5%	-10.4%
Total cost of goods	(211.2)	-41.8%	(189.7)	-41.5%	11.3%
Gross margin	294.5	58.2%	267.6	58.5%	10.0%
Advertising and promotion	(102.1)	-20.2%	(87.1)	-19.1%	17.1%
Sales and distribution expenses	(56.0)	-11.1%	(52.5)	-11.5%	6.7%
Trading profit	136.4	27.0%	128.0	28.0%	6.6%
General and administrative expenses	(33.9)	-6.7%	(31.1)	-6.8%	8.9%
Other operating revenues	5.1	1.0%	4.1	0.9%	25.2%
Goodwill and trademark amortisation	(20.9)	-4.1%	(20.8)	-4.5%	0.6%
Non recurring costs	(1.2)	-0.2%	(0.8)	-0.2%	53.4%
EBIT	85.5	16.9%	79.4	17.4%	7.8%
Net financial income (expenses)	(7.0)	-1.4%	(4.5)	-1.0%	53.9%
Income (losses) on net rates	1.9	0.4%	9.1	2.0%	-78.8%
Other non operating income (expenses)	33.7	6.6%	(6.8)	-1.5%	-593.4%
Pretax profit	114.1	22.6%	77.2	16.9%	47.8%
Minority interests	(12.0)	-2.4%	(11.2)	-2.4%	10.7%
Pretax profit after minorities	102.1	20.2%	66.0	14.5%	53.8%
Depreciation of tangible assets	(10.2)	-2.0%	(9.5)	-2.1%	6.9%
Amortisation of intangible assets (2)	(23.0)	-4.5%	(22.8)	-5.0%	0.7%
Total D&A	(33.1)	-6.6%	(32.3)	-7.1%	2.5%
EBITDA	118.7	23.5%	111.7	24.4%	6.2%
EBITA (3)	106.4	21.0%	100.2	21.9%	6.3%

(1) After discounts and excise duty

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

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



Consolidated income statement

Third quarter ended 30 September 2003

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	Q3 2003		Q3 2002		Change
	€ m	%	€ m	%	%
Net sales (1)	173.0	100.0%	150.8	100.0%	14.7%
Cost of materials	(66.4)	-38.4%	(52.4)	-34.7%	26.8%
Production costs	(10.1)	-5.9%	(11.1)	-7.3%	-8.5%
Total cost of goods	(76.5)	-44.2%	(63.5)	-42.1%	20.7%
Gross margin	96.5	55.8%	87.3	57.9%	10.4%
Advertising and promotion	(32.9)	-19.0%	(29.5)	-19.6%	11.3%
Sales and distribution expenses	(18.6)	-10.8%	(16.0)	-10.6%	16.4%
Trading profit	45.0	26.0%	41.8	27.8%	7.4%
General and administrative expenses	(10.3)	-6.0%	(9.1)	-6.1%	13.5%
Other operating revenues	1.6	0.9%	0.1	0.1%	n.s.
Goodwill and trademark amortisation	(7.0)	-4.0%	(6.9)	-4.6%	0.7%
Non recurring costs	(0.7)	-0.4%	(0.2)	-0.2%	189.8%
EBIT	28.6	16.5%	25.7	17.0%	11.4%
Net financial income (expenses)	(2.0)	-1.2%	(2.3)	-1.5%	-12.4%
Income (losses) on net rates	2.5	1.4%	1.7	1.1%	42.9%
Other non operating income (expenses)	33.6	19.4%	(0.1)	-0.1%	n.s.
Pretax profit	62.7	36.2%	25.0	16.6%	150.9%
Minority interests	(4.1)	-2.4%	(3.5)	-2.3%	17.5%
Pretax profit after minorities	58.6	33.8%	21.5	14.2%	172.7%
Depreciation of tangible assets	(3.4)	-2.0%	(3.0)	-2.0%	12.3%
Amortisation of intangible assets (2)	(7.8)	-4.5%	(7.7)	-5.1%	1.3%
Total D&A	(11.2)	-6.5%	(10.7)	-7.1%	4.4%
EBITDA	39.8	23.0%	36.4	24.1%	9.3%
EBITA (3)	35.6	20.6%	32.6	21.6%	9.0%

(1) After 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 9M 2003 net sales

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Consolidated net sales by segment

	9M 2003		9M 2002		Change %	of which:		
	€ m	%	€ m	%		external	organic	currency
Spirits	323.5	64.0%	288.4	63.1%	12.1%	9.9%	11.7%	-9.4%
Wines	58.8	11.6%	57.1	12.5%	2.9%	0.0%	6.0%	-3.2%
Soft drinks	118.0	23.3%	103.7	22.7%	13.8%	0.0%	13.8%	0.0%
Other revenues	5.4	1.1%	8.0	1.8%	-32.3%	0.0%	-25.2%	-7.1%
Total	505.7	100%	457.3	100%	10.6%	6.3%	10.8%	-6.5%

Consolidated net sales by region

	9M 2003		9M 2002		Change %	of which:		
	€ m	%	€ m	%		external	organic	currency
Italy	249.9	49.4%	228.6	50.0%	9.3%	0.0%	9.3%	0.0%
Europe	98.1	19.4%	87.2	19.1%	12.5%	0.0%	12.9%	-0.4%
Americas (1)	146.2	28.9%	128.5	28.1%	13.7%	22.3%	13.2%	-21.7%
RoW	11.5	2.3%	13.0	2.8%	-11.2%	0.0%	-0.7%	-10.5%
Total	505.7	100%	457.3	100%	10.6%	6.3%	10.8%	-6.5%

(1) Breakdown of Americas

	9M 2003		9M 2002		Change %	of which:		
	€ m	%	€ m	%		external	organic	currency
USA	116.2	79.5%	89.7	69.8%	29.5%	31.9%	16.9%	-19.3%
Brazil	24.8	17.0%	34.8	27.0%	-28.5%	0.0%	0.0%	-28.5%
Other countries	5.1	3.5%	4.1	3.2%	26.0%	0.0%	42.9%	-16.9%
Total	146.2	100.0%	128.5	100.0%	13.7%	22.3%	13.2%	-21.7%

Average exchange rates

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	9M 2003	9M 2002	% change
Brazilian Real : 1 Euro	3.478	2.487	39.8%
Euro : 1 Brazilian Real	0.2875	0.4021	-28.5%
US dollar : 1 Euro	1.111	0.928	19.7%
Euro : 1 US dollar	0.8997	1.0775	-16.5%
	3Q 2003	3Q 2002	% change
Brazilian Real : 1 Euro	3.297	3.070	7.4%
Euro : 1 Brazilian Real	0.3033	0.3257	-6.9%
US dollar : 1 Euro	1.124	0.989	13.7%
Euro : 1 US dollar	0.8895	1.0114	-12.1%



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