



PRESS RELEASE

CAMPARI APPROVES FIRST-HALF RESULTS TO 30 JUNE 2005

Growth continues in sales and at all levels of profitability

Consolidated net sales €363.9 million (+2.6%)

EBITDA €92.0 million (+7.0%)

Operating result €83.6 million (+7.9%)

Net profit: €53.4 million (+18.4%)

Pierleone Ottolenghi joins the Board of Directors

Milan, 26 September 2005 - The Board of Directors of Davide Campari-Milano S.p.A. has approved the half-year report to 30 June 2005. The results for the Campari Group for the first half of 2005 and the previous comparison periods have been prepared according to IAS/IFRS accounting standards.

The results of the Campari Group for the first half of 2005 were positive and showed growth in sales and profitability compared to the same period last year: sales rose 2.6%, while trading profit and all profitability indicators saw growth of between 3% and 18%.

Consolidated results	2005 half-year results € million	2004 half-year results € million	Change at actual exchange rates	Change at constant exchange rates
Net sales	363.9	354.6	2.6%	3.2%
Trading profit	107.5	104.2	3.2%	4.5%
EBITDA before one-off's	89.4	84.6	5.7%	7.3%
EBITDA	92.0	86.0	7.0%	8.5%
EBIT before one-off's	81.0	76.2	6.3%	8.1%
Operating profit = EBIT	83.6	77.5	7.9%	9.6%
Group's net profit	53.4	45.1	18.4%	20.4%

CONSOLIDATED RESULTS FOR THE FIRST HALF OF 2005

In the first half of 2005, **Group sales** totalled **€ 363.9 million**, an **increase of 2.6%** (+3.2% at constant exchange rates).

Note that with the introduction of new international accounting standards, the Campari Group, in line with the practices of the main international operators in the wines and spirits sector, has adopted a strict interpretation of IAS 18 in relation to expenses that may be classed as discounts in calculating its revenues. According to the standard interpretation, trade promotions have been reclassified as discounts, and therefore have a direct impact on net sales.

The overall change in consolidated sales, shown in accordance with the new interpretation, was generated by **organic growth of 2.8%** and a negative exchange rate effect of 0.5%. **External**

growth of 0.4% was the result of sales of third-party brands that the Group has begun distributing (Jack Daniel's on the Italian market, and to a lesser extent, Martin Miller's Gin in the US).

Trading profit increased by 3.2% to € 107.5 million (+4.5% at constant exchange rates), or 29.5% of sales.

EBITDA before one off's increased by 5.7% (+7.3% at constant exchange rates) to € 89.4 million, or 24.6% of sales.

EBITDA rose by 7.0% (+8.5% at constant exchange rates) to € 92.0 million, or 25.3% of sales.

EBIT before one off's went up by 6.3% (+8.1% at constant exchange rates) to € 81.0 million, or 22.3% of sales.

EBIT increased by 7.9% (+9.6% at constant exchange rates) to € 83.6 million, or 23.0% of sales.

With regard to **depreciation and amortisation**, please note that following the adoption of IAS/IFRS, the amortisation of intangible assets no longer includes goodwill and trademark amortisation.

Profit before tax was € 78.6 million, an **increase of 8.6%** (+10.1% at constant exchange rates).

Group's net profit was € 53.4 million, a **rise of 18.4%** (+20.4% at constant exchange rates).

Shareholders' equity was € 619.4 million at 30 June 2005.

At 30 June 2005, **net debt** stood at € 355.8 million (€ 226.7 million at 31 December 2004). Note that on 25 February 2005, the Campari Group acquired a further stake of 30.1% in Skyy Spirits, LLC, for a cash payment of approximately € 118 million.

CONSOLIDATED SALES IN THE FIRST HALF OF 2005

The **spirits segment**, which accounts for 66.8% of total sales, recorded **growth of 4.2%**, the combination of **organic growth of 4.4%**, external growth of 0.6% and a negative exchange rate effect of 0.7%. The **Campari** brand posted **growth of 3.8%** at constant exchange rates (+4.0% at actual exchange rates), thanks to a positive second-quarter performance in Germany, Italy and other major European markets. Sales of **SKYY Vodka, including the flavoured lines, rose by 12.1%** at constant exchange rates (+7.4% at actual exchange rates), thanks to a positive performance in both the US (+9.6% at constant exchange rates) and international markets (over 30% at constant exchange rates). Regarding the other main brands, the spirits segment benefited from strong performances from **Aperol (+16.4%)**, **Cynar (+30.5%** at constant exchange rates) and **Zedda Piras** liqueurs (**+6.9%**). Meanwhile, **CampariSoda** sales fell **1.0%**, sales of **Brazilian brands** declined **2.1%** at constant exchange rates (but rose 7.6% at actual exchange rates), while after a strong recovery in the first quarter of 2005, **Ouzo 12** sales dipped by **0.4%**. Of the brands under licence, **1800 tequila** performed well (**+15.5%** at constant exchange rates), while sales of **Jägermeister** and **Scotch whiskies** fell by **1.8% and 18.9%** respectively at constant exchange rates.

The **wines segment**, which accounts for 12.6% of total sales, recorded **growth of 5.6%**, following **organic growth of 6.2%** and a negative exchange rate effect of 0.6%. The positive performance of the business was driven by sales of **Cinzano vermouths**, which grew by **30.3%** at constant exchange rates, thanks to a good showing in Italy and other major European markets. Sales of **Cinzano sparkling wines** fell by **5.2%**. Sales of wines were also supported by a sound performance from **Mondoro (+27.2%** at constant exchange rates) and **Riccadonna (+34.3%** at constant exchange rates), while sales of **Sella & Mosca** declined by **4.2%**.

Soft drink sales (19.7% of total sales, almost entirely on the Italian market) **fell by 2.4%**. The strong performance of **Crodino (+4.0%)** was wiped out by the drop in sales of the less profitable **Lemonsoda, Oransoda and Pelmosoda** range (**-2.9%**) and of **Lipton Ice Tea (-11.8%)**.

Looking now at results **by region**, sales on the **Italian market**, which account for 51.0% of total Group sales, **fell by 1.3%** in the first half of 2005. This was entirely due to the poor performance of two low-margin products, Campari Mixx and Lipton Ice Tea. With respect to the Group's core business, Aperol, Campari, Crodino and Cinzano vermouths had a positive impact on Italian sales. Sales in **Europe** (17.7% of consolidated sales) **grew by 9.7%**, thanks to the strong performance in Germany and other major European markets. In the Americas, which account for 27.3% of total sales, the **US market** posted **organic growth of 8.4%** at constant exchange rates, and of 3.8% at actual exchange rates. **Sales in Brazil** were in line with the same period last year (**+10.0%** at constant

exchange rates). Sales to the **rest of the world** (which include duty free sales), accounting for 4.0% of the total, **jumped by 11.4% in organic terms at constant exchange rates**. This result was boosted in particular by a positive performance on the Australian and New Zealand markets.

BOARD OF DIRECTORS

The **Board of Directors** of Davide Campari-Milano S.p.A. **has appointed Pierleone Ottolenghi** as an independent director replacing Luca Cordero di Montezemolo, who tendered his resignation as an independent director in June 2005 owing to the new system of corporate governance adopted by the FIAT Group, of which Luca Cordero di Montezemolo is Chairman and Luca Garavoglia is independent director.

During his career, Pierleone Ottolenghi has held a series of highly prestigious positions in both Italian and international companies. He was the first Italian to graduate with an MBA from Harvard Business School, and was Vice-Chairman of Caboto. He subsequently joined S.G. Warburg (later SBC Warburg), where he became Chairman and Managing Director of the company's Italian office. Following the merger of SBC Warburg with UBS, he was Chairman of UBS Italia until 2002.

Chairman Luca Garavoglia said of his appointment: "*We are very pleased that Pierleone Ottolenghi is to join our Board as an independent director. With his extensive financial experience, he is sure to bring his great professionalism to bear on the governance and development of our company.*"

The Board of Directors of Davide Campari-Milano S.p.A. comprises eleven members, the majority of whom are independent.

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CONFERENCE CALL

Please note that at **5.00 p.m. (CET) today, Monday 26 September 2005**, Campari's management will hold a conference call to present the Group's 2005 first half 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** can be downloaded before the conference call from the Investor Relations homepage of Campari's website, at www.campari.com/investors.

A **recording of the conference call** will be available from 8.00 p.m. (CET) on Monday 26 September until 7.00 p.m. (CET) on Monday, 03 October. To hear it, please call +44 1296 618 700 (access code: 307896).

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The Campari Group

The Campari Group is a major player in the global beverage sector, trading in over 190 nations 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, 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 over 1,500 employees and shares of the parent company Davide Campari-Milano S.p.A are listed on the Italian stock exchange.

FOR FURTHER INFORMATION:

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CAMPARI GROUP

Consolidated net revenues by segment

	1 January - 30 June 2005		1 January - 30 June 2004		Change %
	€ million	%	€ million	%	
Spirits	243.1	66.8%	233.3	65.8%	4.2%
Wines	45.8	12.6%	43.3	12.2%	5.6%
Soft drinks	71.8	19.7%	73.6	20.8%	-2.4%
Other revenues	3.2	0.9%	4.4	1.2%	-27.8%
Total	363.9	100.0%	354.6	100.0%	2.6%

Consolidated net revenues by geographic area

	1 January - 30 June 2005		1 January - 30 June 2004		Change %
	€ million	%	€ million	%	
Italy	185.6	51.0%	188.1	53.1%	-1.3%
Europe	64.4	17.7%	58.7	16.6%	9.7%
Americas	99.3	27.3%	94.3	26.6%	5.3%
Rest of the world and duty free	14.5	4.0%	13.5	3.8%	7.7%
Total	363.9	100.0%	354.6	100.0%	2.6%

CAMPARI GROUP

Reclassified consolidated income statement

	1 January - 30 June 2005		1 January - 30 June 2004		Change
	€ million	%	€ million	%	%
Net sales (1)	363.9	100.0%	354.6	100.0%	2.6%
Total cost of goods sold	(150.3)	-41.3%	(148.9)	-42.0%	0.9%
Gross margin	213.6	58.7%	205.7	58.0%	3.8%
Advertising and promotion	(62.9)	-17.3%	(58.7)	-16.6%	7.2%
Selling and distribution expenses	(43.2)	-11.9%	(42.9)	-12.1%	0.7%
Trading profit	107.5	29.5%	104.2	29.4%	3.2%
General and administrative expenses and other net operating income	(26.5)	-7.3%	(28.0)	-7.9%	-5.4%
EBIT before one-off's	81.0	22.3%	76.2	21.5%	6.3%
One-off's	2.6	0.7%	1.3	0.4%	100.0%
Operating profit = EBIT	83.6	23.0%	77.5	21.9%	7.9%
Net financial income (expenses)	(4.7)	-1.3%	(4.3)	-1.2%	9.3%
Income from associates	(0.2)	-0.1%	(0.7)	-0.2%	-71.4%
Pretax profit	78.6	21.6%	72.4	20.4%	8.6%
Taxes	(23.4)	-6.4%	(21.0)	-5.9%	11.4%
Net profit	55.2	15.2%	51.4	14.5%	7.4%
Minority interests	(1.8)	-0.5%	(6.3)	-1.8%	-71.4%
Group's net profit	53.4	14.7%	45.1	12.7%	18.4%
<i>Other information:</i>					
Depreciation & Amortisation	(8.5)	-2.3%	(8.5)	-2.4%	0.0%
EBITDA before one-off's	89.4	24.6%	84.6	23.9%	5.7%
EBITDA	92.0	25.3%	86.0	24.3%	7.0%

(1) Net of discounts and excise duty.

CAMPARI GROUP

Reclassified consolidated balance sheet

€ million	30 June 2005	31 December 2004
ASSETS		
Non-current assets		
Net tangible fixed assets	146.8	144.2
Biological assets	9.5	9.5
Property	4.1	4.1
Goodwill and trademarks	693.8	575.6
Intangible assets	4.9	3.4
Interests in associates	0.2	0.4
Own shares	0.0	29.8
Pre-paid taxes	16.9	15.5
Other non-current assets	16.2	5.1
Total non-current assets	892.4	787.7
Current assets		
Inventories	145.7	114.4
Trade receivables	208.5	180.7
Short-term financial receivables	4.1	3.9
Cash, bank and securities	220.5	246.0
Other receivables	16.4	22.9
Total current assets	595.1	567.9
Non-current assets for sale	0.1	0.1
Total assets	1,487.6	1,355.6
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity		
Share capital	29.0	29.0
Reserves	585.0	595.8
Group's shareholders' equity	614.0	624.8
Minority interests	5.4	4.4
Total shareholders' equity	619.4	629.2
Non-current liabilities		
Bonds	384.0	378.0
Other non-current financial payables	73.9	27.2
Staff severance fund	13.6	13.6
Risks fund	15.4	15.9
Deferred tax	31.7	25.1
Other non-current liabilities	0.2	0.0
Total non-current liabilities	518.9	459.7
Current liabilities		
Banks loan	117.1	56.7
Other financial payables	15.6	14.2
Trade payables	158.7	142.1
Payables to tax authorities	23.6	20.5
Other current liabilities	34.4	33.3
Total current liabilities	349.3	266.8
Total liabilities and shareholders' equity	1,487.6	1,355.6

CAMPARI GROUP

Consolidated cash flow statement

€ million	1 January - 30 June 2005
Net profit	53.4
Amortization	8.5
Deferred taxes	7.7
Variation in tax payables and receivables	5.8
- Trade receivables	(18.3)
- Inventories	(24.2)
- Trade payables	13.2
Net change in operating working capital	(29.3)
Other non cash items	1.2
Cash flow from operating activities (A)	47.3
Acquisition of tangible fixed assets	(8.6)
Net income from disposals of tangible fixed assets	3.2
Acquisition of intangible assets	(2.0)
Cash flow from investing activities (capex) (B)	(7.4)
Free cash flow (A+B)	39.9
Acquisitions and changes in perimeter	(118.2)
Acquisition and sale of own shares	(0.5)
Other changes (equity investments, financial receivables)	1.0
Dividends paid	(28.1)
Cash flow from other activities (C)	(145.8)
Exchange rate differences on operating working capital	(13.2)
Other exchange rate differences and other movements	(6.8)
Exchange rate differences and other movements in shareholders' equity (D)	(19.9)
Net increase (decrease) in net financial position (A+B+C+D)	(125.8)
Net financial position at start of period	(230.0)
Net financial position at end of period	(355.8)