CAMPARI GROUP

Strong momentum in the first nine months despite the expected normalisation in the third quarter and poor weather conditions in Europe

Positive brand momentum confirmed, in particular from the aperitifs, tequila and bourbon

Continuous industry outperformance in the core markets combined with robust pricing across the portfolio

FIRST NINE MONTHS 2023-RESULTS HIGHLIGHTS

- **Reported net sales** of **€2,201.3 million**, **up +9.8% on a reported basis**. **Organic growth** of **+10.5%** in the first nine months of the year thanks to **solid brand momentum**, in particular **aperitifs, tequila** and **premium bourbon** as well as robust pricing across the portfolio. Organic growth in the third quarter (+4.4%) reflected the expected **normalisation** as well as **the very tough comparison base** (**Q3 2022: +18.6%**, benefiting from the second round of price increases) and unfavourable **weather conditions** across key European markets, in particular Italy.
- **EBIT-adjusted** of **€520.5 million**, 23.6% on net sales, up **+5.7%** on a reported basis.
  - **Organic growth** of **+10.8%** in the first nine months, +10bps organic margin expansion, of which: **gross margin dilutive** (-10bps)**, impacted by continued COGS inflation,** only partially mitigated by positive pricing and mix, **A&P accretive** (+50bps) due to very poor weather conditions impacting summer activations, **SG&A dilutive** (-40bps) **reflecting the continuous investment in the business infrastructure, including the future route-to-market expansion in Greece.**
  - **Organic growth** of **+3.3%** in the third quarter, with margin dilution (-20bps), largely impacted by **SG&A costs** which grew faster than sales.
  - **Negative FX** (-6.1%, or €(30.1) million)**,** mainly driven by **the transactional forex effect of MXN penalising tequila costs,** together with the depreciation of the **US dollar** and **Argentine Peso.** The **perimeter effect** was **positive** (+1.1%, or €5.4 million).
- **Group profit before taxation-adjusted** of **€473.8 million, down -2.0%**. **Group profit before taxation-adjusted excluding the unrealised exchange gains/(losses)** reached **€485.9 million, up + 2.1%. Group profit before taxation** of **€445.2 million,** down **-1.7%**.
- **Net financial debt** of **€1,815.6 million** as of September 30th, 2023, **up €260.3 million** vs. December 31st 2022[1], as positive cash flow generation was more than offset mainly by **planned capex investments to increase production capacity** as well as **cash outlays for the dividend payment**. **Net debt to rolling EBITDA-adjusted ratio at 2.6 times** as of September 30th, 2023, compared with 2.4 times on December 31st, 2022.

Milan, **October 26th, 2023**-The Board of Directors of Davide Campari-Milano N.V. (Reuters CPRI.MI-Bloomberg CPR IM) approved the additional financial information for the nine months ended September 30th, 2023.

Bob Kunze-Concewitz, **Chief Executive Officer**: '*Overall, our **strong performance** continued into **the nine months thanks to solid brand momentum, in particular from aperitifs, tequila and bourbon,** as well as **robust pricing across the portfolio, whilst also reflecting the expected normalisation in the third quarter and the impact of poor weather in Europe. Looking at the remainder of 2023**, we expect our **topline performance to reflect the strength of our key brands** with **continued outperformance vs. core reference markets**, **positive pricing** and the continued **normalisation of volume growth**. Concomitantly, **margins** are expected to reflect **positive pricing**, **sales mix linked to business seasonality**, the **normalisation of input costs inflation** as well as the continued investments to strengthen the Group's commercial capabilities. **On a full year basis**, we **confirm our guidance of a flat organic EBIT-adj. margin despite the current volatile macro-environment**[2]**.** In addition, we expect **the negative forex trends to continue**, reflecting the **weakening US dollar** and other key emerging market currencies as well as the appreciation of the Mexican Peso.*

*In the **medium term**, we remain confident to **continue delivering strong organic topline** and **margin expansion leveraging mix improvement** as well as **input cost inflation easing**.'*.

[1] Values restated as a result of the purchase price allocation of Wilderness Trail Distillery, LLC
[2] Guidance provided upon Full Year 2022 results on 21st February 2023.

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REVIEW OF CONSOLIDATED SALES FOR THE FIRST NINE MONTHS 2023 RESULTS

Analysis of **organic net sales change by geography:**

- **Americas** (44% of total Group sales) were up organically by **+6.5%.** The **Group's largest market**, **the US**, grew by **+9.1%**, **or +4.9% in the third quarter**, reflecting the **very tough comparison base** (**Q3 2022: +30.2%**) **as well as industry normalisation,** although the Group continues to **outperform the overall market** both **in terms of Nielsen** and in terms of **NABCA data**. **Jamaica** grew overall (**+4.3%**) despite a softer Q3 (-11.7%) due to supply constraints and a tough comparison base. Overall positive performance for the **other markets**, with strong growth in Brazil and Mexico offsetting weakness in other markets due to major macroeconomic challenges, in particular Argentina**.**

- **Southern Europe, Middle East and Africa**[3] (29% of total Group sales) grew by **+9.2%**. The region's largest market, **Italy**, was up **+5.9%**, after a softer performance in the third quarter which was impacted by the tough comparison base (+7.9%), wholesaler caution as well as poor weather affecting the aperitifs in their peak season. **France** delivered strong growth of **+12.8%** while **other markets** in the region registered an **overall positive performance**, including double-digit growth in **Spain** and **Greece**, led by **Aperol** and **Campari**. **GTR was up +36.9%** (Q3: +16.4%) with good momentum across the portfolio while weakness in Nigeria remained.

- **North, Central and Eastern Europe** (20% of total Group sales) grew organically by **+16.1%**. **Germany** registered strong growth of **+24.6%**, **boosted by an acceleration in Q3** (**+38.8%**), helped also by **robust pricing**. The growth was largely driven by the aperitif portfolio in their peak season, including **Aperol**, **Aperol Spritz ready-to-enjoy, Campari**, **all growing double digits,** alongside the recent **innovation Sarti Rosa**. The **UK** grew by **+14.7%** despite difficult consumer dynamics as well as unfavourable weather in the third quarter thanks to momentum in **the aperitifs** and **Wray&Nephew Overproof**. Good underlying trends remain in **other markets** despite the poor weather.

- **Asia Pacific** (7% of total Group sales) grew organically by **+26.6%**. **Australia** grew **+9.4%**, with **an acceleration in the third quarter** (**+12.9%**) largely led by **Wild Turkey ready-to-drink, Wild Turkey bourbon** and **Aperol. Other markets** in the region registered an **overall very positive performance** (**+54.7%**), in particular **South Korea**, **Japan** and **China**.

Analysis of organic sales change by brand:

- **Global Priorities** (59% of total Group sales) registered an organic growth of **+10.9%**. **Aperol** delivered strong growth across all markets (**+23.3%**)**, with positive momentum continuing during the peak summer season despite unfavourable weather, boosted also by pricing and strong consumption**, particularly in Germany**.** The **Q3 performance was positive overall** (**+9.0%**) despite a tough comparison in the core US market (Q3 2022: +110.3%), bad weather and wholesaler caution in core Italy. **Campari** delivered **solid growth** of **+9.2%** despite a softer Q3 (+1.8%) which reflected a **tough comparison base** (Q3 2022: +26.0%), **poor weather conditions in core European markets** and **weakness in Argentina, Nigeria,** and **Jamaica**. The **Wild Turkey franchise** registered a **positive performance** (**+10.9%**) overall, as **strong brand momentum** continued into Q3 (+8.0%) despite the tough comparison base (Q3 2022: +30.2%) with sustained **outperformance of high-margin Russell's Reserve.** **Grand Marnier was impacted by the US destocking in the first half and declined -21.8%**, **despite a normalisation of the trend in the third quarter**. **The Jamaican rum portfolio grew +7.8%** overall, driven by core **Jamaica, the US** and the **UK** thanks to continued favourable category trends in premium rum. **SKYY grew +2.4%** overall thanks to growth in international markets such as **China**, **while the third quarter registered a decline largely due to Argentina and the US.**

- **Regional Priorities** (24% of total Group sales) grew **+13.0%**. **Espolòn** grew strong double digits (**+37.6%**), thanks to continued strong momentum in the core US (Q3 +32.4%) as the brand continues to gain market share. **The GlenGrant grew double digits** driven by **premiumisation**, while **Aperol Spritz ready-to-enjoy** was up **+7.9%** and **Magnum Tonic** was up **+28.4%**. The other brands such as **Crodino**, **Cinzano sparkling wines** and **vermouth** were all positive while the **Italian Specialities** were negative overall, largely due to Frangelico.

- **Local Priorities** (8% of total Group sales) grew **+2.9%** with **positive growth from Wild Turkey ready-to-drink** and **SKYY ready-to-drink**. **X-Rated** and **Campari Soda grew as well.**

[3] Includes Global Travel Retail.

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REVIEW OF FIRST NINE MONTHS 2023 RESULTS

Gross profit totalled **€1,303.1 million**, 59.2% of net sales, up by **+7.7%** in value on a reported basis. It **grew organically** by **+10.4%** with a margin dilution of **-10 basis points**. The organic margin dilution reflected the impact from high COGS inflation, only partially mitigated by pricing and the sales mix. In the third quarter, the gross margin was **accretive by +60bps** thanks to positive pricing, offsetting easing input cost inflation.

Advertising and Promotion expenses (**A&P**) were **€350.8 million**, 15.9% of net sales, up **+6.7%** in value on a reported basis. A&P increased **organically by +7.3%,** lower than net sales, thus generating margin accretion of **+50 basis points** driven by continued poor weather conditions impacting summer activations.

CAAP (Contribution after A&P) was **€952.3 million**, corresponding to 43.3% of net sales, up by **+8.0%** in value on a reported basis and up **+11.5% organically**.

Selling, **general and administrative expenses** (**SG&A**) totalled **€431.8 million**, 19.6% of net sales, up by **+10.9%** in value on a reported basis. This grew **organically by +12.5%**, generating **-40bps margin dilution** due to normalised topline growth, reflecting the continuous **investments in the business infrastructure**, including the **setting up of a new route-to-market in Greece**.

EBIT-adjusted was **€520.5 million**, corresponding to 23.6% of net sales, up by **+5.7%** in value on a reported basis. It **grew organically** by **+10.8%**, generating a margin accretion of **+10 basis points**. The **perimeter effect** on EBIT-adjusted was **+1.1%** (or **€5.4 million**) driven by the decision to significantly reduce third party bulk sales of Wilderness Trail bourbon. The **FX effect** on EBIT-adjusted was negative by **-6.1%** (or **€ (30.1) million**), mainly driven by the transactional FX effect of MXN penalising tequila cost together with the depreciation of the US dollar and the Argentine Peso.

EBITDA-adjusted was **€601.3 million**, up by +7.8% in value on a reported basis (**up organically +11.4%**), corresponding to 27.3% of net sales.

Operating adjustments were negative at **€**(**29.4**) **million**, mainly attributable to provisions linked to restructuring initiatives and long-term retention schemes, as well as other non-recurring costs related to IT projects.

EBIT (22.3% of net sales) and **EBITDA** (26.0% of net sales) were at **€491.1 million** and **€571.9 million** respectively.

Net financial expenses were **€50.5 million**. Excluding the mostly unrealised exchange losses, the **net financial expenses were €38.4 million**, **showing an increase of €24.3 million** compared with the first nine months of 2022 due to the combined effect of the **higher level of average net debt** in the nine months ended 30 September 2023 (€1,702.5 million vs. €907.9 million in the same period of 2022), and higher average **cost of net debt** (**3.0%** vs. 2.1% in 9M 2022).

Group profit before taxation-adjusted was **€473.8 million**, **down -2.0%** vs. the same period in 2022. **Group profit before taxation-adjusted excluding the mostly unrealised exchange gains/(losses)** of **€485.9 million, up + 2.1%** vs. the same period in 2022. **Group profit before taxation** was **€445.2 million.**

Net financial debt at €1,815.6 million as of 30 September 2023**, up €260.3 million** vs. last year, as positive cash flow generation was more than offset mainly by **planned capex investments** as well as cash outlays for the **dividend payment** (€67.5 million).

Net debt to EBITDA-adjusted ratio at 2.6 times as of 30 September 2023**,** slightly increased from 2.4x as of 31 December 2022.

* * *

FILING OF DOCUMENTATION

The additional financial information for the nine months ended September 30th, 2023 is available to the general public on the Company's website (https://www.camparigroup.com/en/page/investors), and by all other means allowed by applicable regulations.

Disclaimer
This press release contains certain forward-looking statements relating to the Campari Group. All statements included in this press release concerning activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. Forward-looking statements are based on current expectations and projections about future events and involve known and unknown risks, uncertainties and other factors, including, but not limited to, the following: volatility and deterioration of capital and financial markets, changes in general economic conditions, economic growth and other changes in business conditions, changes in government regulation and other economic, business and competitive factors affecting the businesses of Campari Group. Such factors include, but are

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These forward-looking statements speak only as of the date of this document and Campari does not undertake an obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise, except as required by law.

ANALYST CONFERENCE CALL

Campari's management team will host a conference call to present **the Group's First Nine Months 2023 Results** today at **1:00 pm (CET)**. To participate via webcast (listen only):

- https://event.choruscall.com/mediaframe/webcast.html?webcastid=GhmB6hLI

To participate via audio and ask questions, please dial one of the following numbers:
- **from Italy: (+39) 02 802 09 11**
- **from abroad: +44 1212 818004**

Digital Playback:

- A digital playback of the conference call & webcast will be available from today, until Thursday, November 2nd, 2023. **(+39) 02 802 09 87**

(Access code: 700953#)
(PIN: 953#)

Presentation slides:
The presentation slides available to download from Campari's Investor Relations Home Page at the address:

https://www.camparigroup.com/en/page/investors

FOR FURTHER INFORMATION

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ABOUT CAMPARI GROUP

Campari Group is a major player in the global spirits industry, with a portfolio of over 50 premium and super premium brands, spreading across Global, Regional and Local priorities. Global Priorities, the Group's key focus, include **Aperol, Campari, SKYY**, **Grand Marnier, Wild Turkey** and **Appleton Estate**. The Group was founded in 1860 and today is the sixth-largest player worldwide in the premium spirits industry. It has a global distribution reach, trading in over 190 nations around the world with leading positions in Europe and the Americas. Campari Group's growth strategy aims to combine organic growth through strong brand building and external growth via selective acquisitions of brands and businesses.

Headquartered in Milan, Italy, Campari Group operates in 23 production sites worldwide and has its own distribution network in 25 countries. Campari Group employs approximately 4,700 people. The shares of the parent company Davide Campari-Milano N.V. (Reuters CPRI.MI - Bloomberg CPR IM) have been listed on the Italian Stock Exchange since 2001. For more information: http://www.camparigroup.com/en. Please enjoy our brands responsibly.

- Appendix to follow -

Consolidated net sales breakdown by brand cluster for the first nine months 2023

	% on Group sales	% change, of which:			
		total	organic	perimeter	forex
Global Priorities	58.9%	8.7%	10.9%	-	-2.2%
Regional Priorities	24.1%	11.1%	13.0%	1.0%	-2.9%
Local Priorities	8.3%	9.6%	2.9%	6.9%	-0.2%
Rest of portfolio	8.7%	13.6%	8.0%	6.1%	-0.5%
Total	**100.0%**	**9.8%**	**10.5%**	**1.3%**	**-2.1%**

Consolidated net sales by geographic area for the first nine months 2023

	% on Group sales	% change, of which:			
		total	organic	perimeter	forex
Americas	43.5%	5.6%	6.5%	1.1%	-2.0%
Southern Europe, Middle East and Africa	28.7%	10.7%	9.2%	1.8%	-0.3%
North, Central and Eastern Europe	20.3%	14.1%	16.1%	0.6%	-2.7%
Asia Pacific	7.5%	21.2%	26.6%	2.6%	-8.1%
Total	**100.0%**	**9.8%**	**10.5%**	**1.3%**	**-2.1%**

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Consolidated income statement for the first nine months 2023

	1 January-30 September 2023		1 January-30 September 2022		
	€ million	%	€ million	%	Change
Net sales	**2,201.3**	**100.0%**	**2,005.7**	**100.0%**	**9.8%**
Cost of goods sold[1]	(898.2)	-40.8%	(795.6)	-39.7%	12.9%
Gross profit	**1,303.1**	**59.2%**	**1,210.1**	**60.3%**	**7.7%**
Advertising and promotional costs	(350.8)	-15.9%	(328.6)	-16.4%	6.7%
Contribution margin	**952.3**	**43.3%**	**881.5**	**43.9%**	**8.0%**
SG&A[2]	(431.8)	-19.6%	(389.3)	-19.4%	10.9%
Result from recurring activities (EBIT-adjusted)	**520.5**	**23.6%**	**492.2**	**24.5%**	**5.7%**
Other operating income (expenses)	(29.4)	-1.3%	(26.1)	-1.3%	12.7%
Operating result (EBIT)	**491.1**	**22.3%**	**466.1**	**23.2%**	**5.4%**
Financial income (expenses) and adjustments	(50.5)	-2.3%	(10.9)	-0.5%	-
Hyperinflation effects	6.4	0.3%	0.8	-	-
Profit (loss) related to associates and joint ventures	(2.6)	-0.1%	(2.3)	-0.1%	11.9%
Profit before taxation	**444.3**	**20.2%**	**453.7**	**22.6%**	**-2.1%**
Profit before taxation- adjusted	**472.9**	**21.5%**	**484.2**	**24.1%**	**-2.3%**
Non-controlling interests before taxation	(0.9)	-	0.9	-	-
Group profit before taxation	**445.2**	**20.2%**	**452.7**	**22.6%**	**-1.7%**
Group profit before taxation -adjusted	**473.8**	**21.5%**	**483.3**	**24.1%**	**-2.0%**
Depreciation and amortisation	(80.8)	-3.7%	(65.5)	-3.3%	23.2%
EBITDA-adjusted	**601.3**	**27.3%**	**557.8**	**27.8%**	**7.8%**
EBITDA	**571.9**	**26.0%**	**531.7**	**26.5%**	**7.6%**

(1) Includes cost of material, production and logistics costs.
(2) Includes selling, general and administrative costs.

Summary of consolidated income statement for the third quarter 2023

	3Q 2023		3Q 2022		Reported change
	€ million	% sales	€ million	% sales	%
Net sales	**743.5**	**100.0%**	**748.8**	**100.0%**	**-0.7%**
Gross profit	430.8	57.9%	443.7	59.3%	-2.9%
Contribution margin	**305.6**	**41.1%**	**317.8**	**42.4%**	**-3.8%**
Result from recurring activities (EBIT-adjusted)	**160.8**	**21.6%**	**181.3**	**24.2%**	**-11.3%**
Operating profit (EBIT)	147.4	19.8%	177.2	23.7%	-16.8%
Profit before taxation	**133.3**	**17.9%**	**171.4**	**22.9%**	**-22.2%**
Profit before taxation-adjusted	**146.7**	**19.7%**	**179.9**	**24.0%**	**-18.5%**
Non-controlling interests before taxation	(2.3)	-0.3%	0.3	-	-
Group profit before taxation	**135.5**	**18.2%**	**171.1**	**22.9%**	**-20.8%**
Group profit before taxation-adjusted	**148.9**	**20.0%**	**179.6**	**24.0%**	**-17.1%**
EBITDA-adjusted	**190.3**	**25.6%**	**204.8**	**27.3%**	**-7.1%**
EBITDA	**176.9**	**23.8%**	**200.7**	**26.8%**	**-11.9%**