CAMPARI GROUP

Very positive first half results with solid brand momentum continuing in the second quarter

Double-digit organic sales growth across all regions, with aperitifs, tequila and premium bourbon outperforming

FIRST HALF 2023-RESULTS HIGHLIGHTS

- **Reported net sales** of **€1,457.8 million**, **up +16.0% on a reported basis**. **Organic growth** of **+14.2%** in the first half as **solid brand momentum** continued in the **second quarter** (**+10.1%**), in particular, **aperitifs, tequila** and **premium bourbon**, boosted also by **pricing**. The performance in the second quarter reflected the **expected reversal of the temporary phasing effects** from the first quarter, as well as **very poor weather** across core **Southern**&**Central Europe** and temporary delistings from selected European retailers due to commercial negotiations in connection with price increases, which were subsequently passed through successfully.
- **EBIT-adjusted** of **€359.7 million**, 24.7% on net sales, up **+15.7%** on a reported basis.
  - **Organic growth** of **+15.1%** in the first half, +20bps organic margin expansion, of which: **gross margin dilutive** by -50bps**, impacted by continued COGS inflation,** only partially mitigated by positive pricing and mix, **A&P accretive** (+50bps) due to phasing in connection with the late start of the summer brand activations impacted by very poor weather conditions, **SG&A is accretive** (+20bps) **thanks to the strong topline**.
  - **Organic growth** of **+5.3%** in the second quarter, with margin dilution of -120bps, largely impacted by **gross margin dilution** driven by the expected strong cost inflation impacting in particular the aperitifs in their peak season
  - **Negative FX** (-1.9%, or €(6.0) million)**,** mainly driven by the depreciation of the **US dollar** in the second quarter; **positive perimeter** effect (+2.5%, or €7.8 million).
- **Group net profit-adjusted** of **€233.9 million, up +6.2%**. **Group net profit** of **€216.9 million, up +8.9%**.
- **Net financial debt** of **€1,823.2 million** as of June 30th, 2023, **up €268.0 million** vs. December 31st, 2022[1], mainly driven by the strong cash absorption of the inventory build-up. **Net debt to rolling EBITDA-adjusted ratio at 2.5 times** as of June 30th, 2023, compared with 2.4 times on December 31st, 2022.

Milan, **July 26th, 2023**-The Board of Directors of Davide Campari-Milano N.V. (Reuters CPRI.MI-Bloomberg CPR IM) approved the half year financial report, as of June 30th, 2023.

Bob Kunze-Concewitz, **Chief Executive Officer**: '***Looking at the remainder of 2023****, we* ***remain confident*** *of the* ***positive business momentum*** *across key brand-market combinations, reflecting business seasonality and expected normalisation in volume growth, thanks to* ***strong brand equity*** *and* ***continued strength in the on-premise****. Regarding margins, we expect the trends to reflect the* ***sales mix evolution****,* ***different comparison bases for pricing effects*** *as well as the* ***initial easing effects on input costs inflation****, alongside the* ***phasing of A&P*** *and* ***continued sustained investments to strengthen the Group's commercial capabilities****.* ***On a full year basis****, we* ***confirm our guidance of a flat organic EBIT-adj. margin in the current volatile macro-environment[2].*** *In addition, we expect an* ***acceleration in the negative forex trend*** *to reflect the* ***weakening US dollar*** *as well as other key Group currencies whilst* ***perimeter is expected to generate approximately €10-15 million of EBIT-adj.*** *on a full year basis****,*** *reflecting the* ***prioritization of bulk liquid allocation of the Wilderness Trail Distillery to the future development of own brands.***

In the ***medium term****, we remain confident of* ***continuing to deliver strong organic topline*** *and* ***margin expansion leveraging mix improvement*** *as well as* ***input cost inflation normalisation****.'.*

[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 HALF 2023 RESULTS

Group sales totalled **€1,457.8 million**, up +16.0% on a reported basis or **+14.2% in organic terms**. **The perimeter effect** (**+1.8%**, **€22.7 million**) while **the FX effect** was **neutral** with the positive effects of the first quarter broadly offset by the reversed trends in the second quarter mainly due to the weakening US dollar.

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

- sales in the **Americas** (43% of total Group sales) were up organically by **+10.6%**. The **Group's largest market**, **the US**, grew by **+11.7%**, **or +3.3% in the second quarter** (vs. **depletion in the second quarter +16.3%**), reflecting the **expected shipment phasing reversal** from the first quarter and destocking in Grand Marnier. The positive performance in the first half was mainly driven by the strong growth of **Aperol**, **Espolòn**, **Appleton Estate**, as well as **Russell's Reserve**. **Jamaica** registered double-digit growth driven by Magnum Tonic, Appleton Estate and Wray&Nephew Overproof. The **rest of the region** was overall positive, with growth in **Brazil** and **Mexico** offsetting weakness in other markets.

- **Southern Europe, Middle East and Africa**[3] (30% of total Group sales) grew by **+16.6%**. The region's largest market, **Italy**, was up **+13.4%**, with a very positive second quarter (+8.1%), driven by pricing, including the most recent round, despite phasing reversal from the first quarter and very poor weather. **The performance in the first half was driven by Aperol, Campari, Campari Soda** and **Crodino**. **France** delivered strong growth of **+21.0%**, driven by core **Aperol** and **Campari** as well as **Riccadonna sparkling wine** and **Lallier**. **Other markets** in the region registered **overall positive performance**, thanks to continued momentum in a resilient consumer environment, led by **Aperol** and **Campari**. **GTR was up +49.8%** (Q2 +11.6%) with good momentum in Aperol, Campari, SKYY and Frangelico.

- **North, Central and Eastern Europe** (19% of total Group sales) grew organically by **+14.5%**. **Germany** registered a strong growth of **+16.4%**, as the brand portfolio momentum remains solid, driven largely by **Aperol**, **Aperol Spritz ready-to-enjoy, Campari** and **innovation** (**Sarti Rosa**). The **UK** grew by **+20.9%** in a tough market mainly driven by the continued positive trends in **Aperol, Magnum Tonic, Campari** and **Wray&Nephew Overproof**. Good underlying trends remain in **other markets**, despite the poor weather earlier in the quarter.

- **Asia Pacific** (7% of total Group sales) grew organically by **+26.2%**. **Australia** grew **+7.5%**, with **an acceleration in the second quarter** (**+10.1%**) largely led by **Wild Turkey ready-to-drink,** thanks to a recovery in shipments, as well as strong momentum in **Wild Turkey bourbon** and **Aperol. Other markets** in the region registered an **overall very positive performance** (**+57.7%**), in particular, **South Korea**, **Japan**, **China** and **India**.

Analysis of organic sales change by brand:

- **Global Priorities** (59% of total Group sales) registered an organic growth of **+15.0%. Aperol** delivered strong double-digit growth (**+32.4%**, **+26.6% in Q2**) thanks to **strong momentum**, **boosted also by positive pricing**, **driven by triple-digit growth in core US** (**+122.5%**) and in **GTR**, and double-digit growth in **Italy**, **Germany**, **France**, **UK**, **Spain**, **Canada**, **Australia** as well as other **European markets**. **Campari** delivered **solid growth** of **+13.2%** (**Q2 up +5.0%**) despite the negative phasing reversal impacting the core US. In the second quarter, both Campari and Aperol were negatively impacted by poor weather conditions and temporary delistings in selected European markets in connection with price increases. The **Wild Turkey franchise** registered **positive performance** (**+12.5%**), driven by core **US**, **Australia**, **Japan** and **South Korea**, with an outperformance **by high-margin Russell's Reserve** (+76.0%). **Grand Marnier continued to be impacted by the US destocking and declined -30.1%**. **The Jamaican rum portfolio grew +13.9%** overall, driven by core **Jamaica** and the **UK** thanks to continued favourable category trends in premium rum. **SKYY grew +7.3%** overall thanks to growth in international markets such as **China**, **Australia**, **South Korea**, **Japan** as well as **GTR**. The **US** also grew overall, after the expected reversal in Q2.

- **Regional Priorities** (24% of total Group sales) grew **+16.7%**. **Espolòn** grew strong double digits (**+43.4%**), thanks to continued strong momentum in the core US market (Q2 +30.8%), as the brand continues to attract consumers and gain share. **Crodino** delivered an overall positive performance. **The GlenGrant grew double digits** driven by **premiumisation**, in particular in South Korea, Australia, Japan and China. **Aperol Spritz ready-to-enjoy delivered solid growth**. **Magnum**

[3] Includes Global Travel Retail.

Tonic was up **+46.9%**, thanks to a strong momentum in the core UK and Jamaica. The other brands such as the **Italian specialties**, **Cinzano sparkling wines** and **vermouth** were **flat.**

- **Local Priorities** (9% of total Group sales) grew **+8.0%** with a **double-digit growth** of **Campari Soda** and **SKYY ready-to-drink**. **X-Rated** and **Wild Turkey ready-to-drink** also recorded **positive performance**.

REVIEW OF FIRST HALF 2023 RESULTS

Gross profit totalled **€872.3 million**, corresponding to 59.8% of net sales, up by **+13.8%** in value on a reported basis. It **grew organically** by **+13.3%** with a margin dilution of **-50 basis points**. The organic margin dilution reflected the high COGS inflation, only partially mitigated by the strong pricing. In the second quarter gross margin decreased organically by -100bps due to expected strong COGS inflation, particularly glass, which impacted in particular the Aperitifs portfolio in their peak season.

Advertising and Promotion expenses (**A&P**) were **€225.5 million**, corresponding to 15.5% of net sales, up **+11.2%** in value on a reported basis, reflecting the continued investments behind key brands. They increased **organically by +10.7%,** lower than net sales, thus generating margin accretion of **+50 basis points** which reflected some **phasing effects** due to very poor weather conditions delaying the start of some **summer brand activations**.

CAAP (Contribution after A&P) was **€646.7 million**, corresponding to 44.4% of net sales, up by **+14.7%** in value on a reported basis and up **+14.2% organically**.

Selling, **general and administrative expenses** (**SG&A**) totalled **€287.0 million**, corresponding to 19.7% of net sales, up by **+13.6%** in value on a reported basis. They grew **organically by +13.1%**, reflecting the continuous investments in the business infrastructure and route-to-market, generating a **margin accretion of +20 basis points** thanks to the strong topline growth.

EBIT-adjusted was **€359.7 million**, corresponding to 24.7% of net sales, up by **+15.7%** in value on a reported basis. It **grew organically** by **+15.1%**, generating a margin accretion of **+20 basis points**. The **perimeter effect** on EBIT-adjusted was **+2.5%** (or **€7.8 million, +10bps** accretive) thanks to the consolidation of Picon and Wilderness Trail Distillery, with the latter generating lower than originally guided contribution, due to the prioritisation of liquid allocation from bulk sales for the future growth of high-margin own brands. The **FX** on EBIT-adjusted was negative by **-1.9%** (or **€(6.0) million**, **-40 basis points** on margin), mainly driven by the depreciation of the US dollar vs. the second quarter 2022.

EBITDA-adjusted was **€411.1 million**, up by +16.4% in value on a reported basis (**up organically +15.1%**), corresponding to 28.2% of net sales.

Operating adjustments were negative at **€**(**16.0**) **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 (23.6% of net sales) and **EBITDA** (27.1% of net sales) were at **€343.7 million** and **€395.0 million** respectively.

Net financial expenses were **€32.4 million**. Excluding the exchange loss, the **net financial expenses were €21.9 million**, **showing an increase of €11.9 million** compared with the first half of 2022 due to the combined effect of the **higher level of average net debt** in the six months ended 30 June 2023 (€1,664.9 million vs. €890.2 million in the same period of 2022), and higher average **cost of net debt** (**2.6%** vs. 2.2% in H1 2022).

Profit before taxation-adjusted was **€326.2 million**, **up +7.2%** vs. the same period in 2022. **Profit before taxation** was **€311.1 million.**

Taxation totalled **€93.4 million**, on a reported basis. **Recurring income taxes** were equal to **€91.6 million**, excluding tax adjustments, totalling €(1.9) million.

Group net profit at €216.9 million. **Group net profit adjusted**[4] was **€233.9 million**, **up +6.2%** vs. the same period in 2022.

Recurring cash flow from operating activities before working capital changes was **€340.4 million,** up €91.3 million, or +36.6% vs. H1 2022. **Recurring free cash flow** amounted to €(91.7) million (vs. €98.4 million in the same period in 2022). This decrease was mainly driven by the **planned inventory build-up** to support consumer demand ahead of the key summer season, as well as **temporary safety stock build** in connection with the plant capacity expansion. **Free cash flow** was **€(154.4) million** (vs. €40.2 million in H1 2022).

[4] Before total adjustments (including tax effects) of €(17.0) million (vs. €(21.1) million adjustments in the same period in 2022.

Total capex investment of **€88.4 million** in **the first half of 2023**, of which extraordinary capex of €46.9 million, mainly related to the production capacity expansion projects to satisfy future sustained consumer demand, expected to accelerate in the second half of the year, in line with the announced capex plan.

Net financial debt at €1,823.2 million as of 30 June 2023**, up €268.0 million** vs. 31 December 2022[5] (€1,555.3 million), reflecting the negative free cash flow for €(154.4) million largely due to cash absorption for the **inventory build-up** as well as **cash outlays** for the **dividend payment** (€67.5 million).

Net debt to EBITDA-adjusted ratio at 2.5 times as of 30 June 2023**,** slightly increased from 2.4x as of 31 December 2022**.**

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FILING OF DOCUMENTATION

The half year financial report at June 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.

The Board of Directors is responsible for preparing the half year report, inclusive of the first half year condensed consolidated financial statements and the half year management report at June 30th, 2023, in accordance with the Dutch Financial Supervision Act and the applicable International Financial Reporting Standards (IFRS) for interim reporting, IAS 34-'Interim Financial Reporting'

ANALYST CONFERENCE CALL

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

- **https://event.choruscall.com/mediaframe/webcast.html?webcastid=4tc4Upl5**

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 Wednesday August 2nd, 2023.
To listen to it, please call the following number:

- **(+39) 02 802 09 87**

(Access code: 700931#)
(PIN: 931#)

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

[5] Values restated as a result of the purchase price allocation of Wildernes Trail Distillery, LLC

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

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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 4,500 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 income statement for the first half 2023

	1 January-30 June 2023		1 January-30 June 2022		
	€ million	**%**	**€ million**	**%**	**Change**
Net sales	**1,457.8**	**100.0%**	**1,256.9**	**100.0%**	**16.0%**
Cost of goods sold(1)	(585.5)	-40.2%	(490.5)	-39.0%	19.4%
Gross profit	**872.3**	**59.8%**	**766.5**	**61.0%**	**13.8%**
Advertising and promotional costs	(225.5)	-15.5%	(202.8)	-16.1%	11.2%
Contribution margin	**646.7**	**44.4%**	**563.7**	**44.8%**	**14.7%**
SG&A(2)	(287.0)	-19.7%	(252.7)	-20.1%	13.6%
Result from recurring activities (EBIT-adjusted)	**359.7**	**24.7%**	**310.9**	**24.7%**	**15.7%**
Other operating income (expenses)	(16.0)	-1.1%	(22.1)	-1.8%	-27.3%
Operating result (EBIT)	**343.7**	**23.6%**	**288.9**	**23.0%**	**19.0%**
Financial income (expenses)	(32.4)	-2.2%	(4.7)	-0.4%	-
Hyperinflation effects	1.2	0.1%	(0.4)	-	-
Profit (loss) related to associates and joint ventures	(1.4)	-0.1%	(1.6)	-0.1%	-11.2%
Profit before taxation	**311.1**	**21.3%**	**282.3**	**22.5%**	**10.2%**
Profit before taxation adjusted	**326.2**	**22.4%**	**304.3**	**24.2%**	**7.2%**
Taxation	(93.4)	-6.4%	(82.7)	-6.6%	12.9%
Net profit for the period	**217.6**	**14.9%**	**199.5**	**15.9%**	**9.1%**
Net profit for the period adjusted	**234.6**	**16.1%**	**220.6**	**17.5%**	**6.4%**
Non-controlling interests	0.7	0.1%	0.4	-	81.7%
Group net profit	**216.9**	**14.9%**	**199.1**	**15.8%**	**8.9%**
Group net profit-adjusted	**233.9**	**16.0%**	**220.2**	**17.5%**	**6.2%**
Depreciation and amortisation	(51.3)	-3.5%	(42.1)	-3.3%	22.0%
EBITDA-adjusted	**411.1**	**28.2%**	**353.0**	**28.1%**	**16.4%**
EBITDA	**395.0**	**27.1%**	**330.9**	**26.3%**	**19.4%**

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

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Consolidated net sales breakdown by brand cluster for the first half 2023

	% on Group sales	% change, of which:			
		total	organic	perimeter	forex
Global Priorities	59.2%	14.7%	15.0%	-	-0.3%
Regional Priorities	23.7%	17.5%	16.7%	1.1%	-0.3%
Local Priorities	8.7%	19.5%	8.0%	10.7%	0.7%
Rest of portfolio	8.4%	17.7%	7.5%	7.8%	2.3%
Total	**100.0%**	**16.0%**	**14.2%**	**1.8%**	**-**

Consolidated net sales by geographic area for the first half 2023

	% on Group sales	% change, of which:			
		total	organic	perimeter	forex
Americas	43.4%	13.6%	10.6%	1.6%	1.5%
Southern Europe, Middle East and Africa	30.3%	19.0%	16.6%	2.7%	-0.2%
North, Central and Eastern Europe	19.1%	14.4%	14.5%	1.0%	-1.1%
Asia Pacific	7.2%	22.6%	26.2%	1.9%	-5.5%
Total	**100.0%**	**16.0%**	**14.2%**	**1.8%**	**-**

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Consolidated balance sheet as of 30 June 2023

	30 June 2023 € million	31 December 2022 [1] € million
ASSETS		
Non-current assets		
Property, plant and equipment	832.4	781.3
Right of use assets	64.9	68.4
Biological assets	22.8	17.5
Goodwill	1,873.7	1,878.5
Brands	1,175.9	1,183.1
Intangible assets with a finite life	49.1	52.1
Interests in associates and joint ventures	39.7	36.0
Deferred tax assets	77.9	72.6
Other non-current assets	25.1	24.1
Other non-current financial assets	20.7	48.2
Total non-current assets	**4,182.1**	**4,161.9**
Current assets		
Inventories	1,237.8	1,004.6
Biological assets	10.7	7.1
Trade receivables	433.7	308.2
Other current financial assets	21.5	18.7
Cash and cash equivalents	623.7	435.4
Income tax receivables	23.7	19.1
Other current assets	105.8	60.3
Total current assets	**2,456.8**	**1,853.4**
Total assets	**6,638.9**	**6,015.3**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity		
Issued capital and reserves attributable to Shareholders of the parent Company	2,843.8	2,676.2
Non-controlling interests	1.4	1.4
Total shareholders' equity	**2,845.2**	**2,677.6**
Non-current liabilities		
Bonds	845.3	846.3
Loans due to banks	929.5	770.9
Other non-current financial liabilities	310.2	301.4
Post-employment benefit obligations	23.5	24.1
Provisions for risks and charges	34.0	39.0
Deferred tax liabilities	403.2	399.4
Other non-current liabilities	35.4	30.9
Total non-current liabilities	**2,581.1**	**2,412.1**
Current liabilities		
Bonds	300.0	-
Loans due to banks	74.9	107.0
Other current financial liabilities	29.2	32.0
Trade payables	549.5	541.6
Income tax payables	40.7	72.5
Other current liabilities	218.4	172.5
Total current liabilities	**1,212.7**	**925.6**
Total liabilities	**3,793.7**	**3,337.7**
Total liabilities and shareholders' equity	**6,638.9**	**6,015.3**

[1] Values restated as a result of the purchase price allocation of Wilderness Trail Distillery, LLC.

Consolidated reclassified cash flow statement for the first half 2023

	H1 2023 € milioni	H1 2022 € milioni
EBITDA	**395.0**	**330.9**
Effects from hyperinflation accounting standard adoption	5.2	3.5
Accruals and other changes from operating activities	44.8	(27.5)
Income taxes paid	(120.4)	(89.8)
Cash flow from operating activities before changes in working capital	**324.6**	**217.2**
Changes in net operating working capital	(372.1)	(108.9)
Cash flow from operating activities	**(47.5)**	**108.2**
Net interests paid	(18.5)	(4.9)
Capital expenditure	(88.4)	(63.1)
Free cash flow	**(154.4)**	**40.2**
Sale and purchase of brands and rights	-	(123.6)
(Acquisition) disposal of business	(13.0)	-
Dividend paid out by the Company	(67.5)	(67.6)
Other changes (incl. net purchase of own shares)	6.3	(68.8)
Total cash flow invested in other activities	**(74.2)**	**(260.0)**
Change in net financial position due to operating activities	**(228.6)**	**(219.8)**
Opening restatements [1]	(2.7)	-
Put option and earn-out liability changes	(17.4)	(4.3)
Increase in investments for lease right of use	(4.2)	(2.9)
Net cash flow of the period = change in net financial debt	**(252.9)**	**(227.0)**
Effect of exchange rate changes on net financial debt	**(17.9)**	**52.9**
Net financial debt at the beginning of the period	**(1,552.5)**	**(830.9)**
Net financial position at the end of the period	**(1,823.2)**	**(1,005.1)**

[1] Values restated as a result of the purchase price allocation of Wilderness Trail Distillery, LLC.