CAMPARI GROUP

Very solid start to the year benefitting from previous price increases and some temporary effects in a small quarter

Solid brand momentum in aperitifs, tequila and bourbon continues

Accelerating our route-to-market roadmap

Commitment to Sustainability roadmap with new and more ambitious environmental targets

FIRST QUARTER 2023-RESULTS HIGHLIGHTS

- **Reported net sales** of **€667.9 million**, up +**24.9%** on a reported basis. **Organic growth** of **+19.6%** benefitting from **previous year's price increases** as well as **some temporary effects** including **some shipment phasing** and **early Easter calendar**.
- **EBIT-adjusted** of **€159.3 million**, 23.9% on net sales, up **+39.4%** on a reported basis.
  - **organic growth** of **+32.0%**, **+220 basis points organic margin expansion** benefiting largely from the **phasing of the previous year's price increases** (with multiple rounds), **favourable sales mix** (outperformance of the high-margin aperitifs) as well as **operating leverage** on fixed production costs, more than offsetting the still high **COGS inflation,** particularly glass.
  - **favourable FX,** mainly driven by the **strong US dollar vs. Q1 2022**; **positive perimeter** effect.
- **Excluding the estimated temporary effects, the net sales organic growth** in the quarter **would be approx. 13%, with EBIT-adj. growing in line with net sales leading to flat organic margin.**
- **Group profit before taxation of €133.6 million, up +24.8%. Group profit before taxation-adjusted of €139.2 million, up +24.6%.**
- **Net financial debt** of **€1,616.1 million** as of March 31st, 2023, **up €63.6 million** vs. December 31st, 2022, mainly driven by cash absorption of working capital increase and capital expenditure. **Net debt to rolling EBITDA-adjusted ratio at 2.3 times** as of March 31st, 2023 (or 2.2 times on pro-forma basis) broadly unchanged vs. December 31st, 2022.

Milan, **May 2nd, 2023**-The Board of Directors of Davide Campari-Milano N.V. (Reuters CPRI.MI-Bloomberg CPR IM) approved the additional financial information for the three months ended March 31st, 2023.

Campari Group delivered a **very solid start** to the year, in a small quarter, with continued **strong sales performance** and **positive brand momentum especially in aperitifs, tequila and bourbon** in a **resilient consumer environment**, particularly in the on-premise. In organic terms, the strong top line performance benefitted from the **phasing of the previous year's multiple price increase rounds** as well as **some temporary effects** including **some shipment phasing** and early Easter calendar, whilst the trend in the operating result also reflected the **positive sales mix** and the **favourable operating leverage**.

Bob Kunze-Concewitz, **Chief Executive Officer**: '*Looking at the remainder of 2023, we **remain confident** about the **positive business momentum** across **key brands and markets** thanks to **strong brand equity** as well as strength in the on-premise. Concomitantly, in the **current volatile macro-environment** we **confirm the guidance of flat organic EBIT-adj. margin in full year 2023**[1]**.** Whilst inflation on input costs is showing initial easing effects, margin trends are expected to show **pricing effects increasingly entering in the base over the course of the year**, alongside **sales mix evolution** and a **normalisation in volume growth**. In addition, in the remainder of the year the **forex trend is expected to reverse mainly due to weakening USD dollar.***

*Meanwhile, we continue to **pursue our growth strategy in Asia Pacific** by further strengthening our route-to-market capabilities for continuous brand focus enhancement. Particularly, we decided to **accelerate the acquisition of majority stakes in our local commercial JVs in Japan and New Zealand**, via an early exercise of call options, triggering their inclusion in our direct distribution network.*

[1] Guidance provided upon Full Year 2022 results on 21st February 2023.

*In the **medium term**, we remain confident to **continue delivering strong organic topline** and **mix improvement**, leading to **organic margin expansion**.'.*

REVIEW OF CONSOLIDATED SALES FOR THE FIRST QUARTER 2023 RESULTS

Group sales totalled **€667.9 million**, up +24.9% on a reported basis or **+19.6% in organic terms**. **The perimeter effect** was **+2.0%**, while **the FX effect** was **+3.3%** (or **€17.5 million**) mainly driven by the appreciation of the US Dollar vs. the first quarter of 2022.

Analysis of **organic change by geography:**

- Sales in the **Americas** (47% of total Group sales) were up organically by **+19.5%**. The **Group's largest market**, **the US**, grew by **+23.0%**, thanks to the **strong double-digit growth** of **Espolòn, core Wild Turkey bourbon, Russell's Reserve,** and **Campari**, as well as the **triple-digit growth** in **Aperol,** thanks to strong consumer demand and price increases**.** The shipments of **Grand Marnier** declined double-digits impacted by the destocking due to balancing out of the inventory levels after a normalisation of logistics. **Jamaica** registered a double-digit growth driven by Wray&Nephew and Appleton Estate. The **rest of the region**, including **Latin America,** grew double-digit.

- Sales in **Southern Europe, Middle East and Africa**[2] (29% of total Group sales) grew by **+23.5%**. The region's largest market, **Italy**, was up **+21.6%** despite the tough comparison base (+70.2% in Q1 2022), benefitting from the full year effect of last year's price increase rounds, favoured also by shipment phasing and the early Easter calendar. **The performance was driven by a double-digit growth in Aperol, Campari, Crodino, Campari Soda and Aperol Spritz ready-to-enjoy**. **France** grew **+6.5%** against an unfavourable comparison base, driven by core **Aperol** and **Campari** as well as **Lallier** and **Trois Rivières**. Other markets in the region registered a very positive performance driven by the aperitifs. **GTR** was up **+126.5%**, with triple-digit growth in Aperol, Grand Marnier, The GlenGrant, SKYY Vodka and Wild Turkey bourbon.

- **North, Central and Eastern Europe** (16% of total Group sales) grew organically by **+16.0%**. **Germany** registered a strong growth of **+11.1%**, as our brand portfolio momentum remains solid, benefitting also from the Easter calendar shift, driven largely by **Aperol**, **Aperol Spritz ready-to-enjoy**, **Ouzo 12** and non-alcoholic aperitif Crodino. **Campari** was slightly negative after a significant price repositioning. The **UK** grew by **+21.5%** mainly driven by the continued positive momentum of core **Aperol, Magnum Tonic** and **Wray&Nephew,** all up strong double-digits. **The other markets** in the region were overall positive, **led by the Aperitifs**, including **Crodino**.

- Sales in **Asia Pacific** (8% of total Group sales) grew organically by **+14.5%**. **Australia** grew **+5.1%**, driven by **Aperol** and **Wild Turkey bourbon**, while **Wild Turkey ready-to-drink** temporarily declined due to the trade reactions after last year's supply constraints. **Other markets** in the region registered an **overall very positive performance** (**+30.4%**), in particular **South Korea** (**+90.9%**). **China remains volatile** growing +6.8% largely thanks to SKYY Vodka. **India** was positive albeit off a small base.

Analysis of organic change by brand:

- **Global Priorities** (58% of total Group sales) registered an organic growth of **+22.0%. Aperol** delivered strong double-digit growth (**+43.6%**) despite the tough comparison base (+71.9% in Q1 2022), benefitting from a resilient consumer environment, particularly in the on-premise, further favoured by shipment phasing and the early Easter calendar. The brand grew double-digit in core **Italy, Germany, France, the UK,** and **Spain** and triple-digit growth in core **US** and **GTR**. **Campari** delivered a **strong growth** of **+23.9%** despite the tough comparison base (+56.6% in Q1 2022). The performance was largely driven by core **Italy (+18.6%),** the **US (72.6%)**, **Brazil** and **Argentina**, offsetting a temporary weakness in **Jamaica**. **Wild Turkey franchise had a strong start to the year** (**+26.9%**), mainly thanks to the core **US market**, **South Korea** and **GTR**, with **high-end Russell's Reserve outperforming**. **American Honey** also grew double digits. **Grand Marnier declined -30.7% impacted by the US destocking**. **Jamaican rum portfolio grew +15.7%** overall, mainly thanks to **Jamaica**, the **UK**, **Mexico** and **GTR**. **SKYY** grew +20.8% against a favourable comparison base (-11.5% in Q1 2022) with

[2] Includes Global Travel Retail.

a positive shipment performance in the core US market thanks to restocking, as well as growth in international markets such as Argentina, South Africa, Italy, China and GTR.

- **Regional Priorities** (25% of total Group sales) grew **+27.3%**. **Espolòn** grew strong double digits (**+62.4%**), thanks to a very strong momentum in the core US market (+66.9%), driven by consumer demand and strong growth in the smaller international markets. **Crodino** grew **double digits** driven by strong growth in core Italy as well as seeding markets such as Belgium, Austria, Switzerland, Germany and the UK. **The GlenGrant grew double digits** driven by **premiumisation**, in particular in South Korea and Global Travel Retail. The other brands such as the **Italian specialties, Cinzano sparkling wines** and **vermouth (+11.8%)** and **Aperol Spritz ready-to-enjoy** all **delivered solid growth**. **Magnum Tonic** was up +30.0% thanks to a strong momentum in the core UK.

- **Local Priorities** (9% of total Group sales) grew **+3.8%** with a **positive performance** of **Campari Soda**, **X-Rated**, and **SKYY ready-to-drink.** While **Wild Turkey ready-to-drink** recorded a slight decline in core Australia due to shipment phasing.

REVIEW OF FIRST QUARTER 2023 RESULTS

Gross profit totalled **€389.7 million**, corresponding to 58.4% of net sales, up by **+25.1%** in value on a reported basis. It **grew organically** by **+20.5%**, a margin accretion of **+40 basis points,** thanks to **very positive pricing effect** benefiting largely from the phasing of the previous year's price increases (with multiple rounds), **favourable sales mix** (outperformance of the high-margin aperitifs) as well as **operating leverage** on fixed production costs, more than offsetting the still high **COGS inflation,** particularly glass.

Advertising and Promotion expenses (**A&P**) were **€90.1 million**, corresponding to 13.5% of net sales, up by **+13.7%** in value on a reported basis. They increased **organically by +10.4%,** reflecting sustained investments behind key brands, thus generating margin accretion of **+110 basis points** thanks to the strong topline.

CAAP (Contribution after A&P) was **€299.6 million**, corresponding to 44.9% of net sales, up by **+28.9%** in value on a reported basis and up **+23.9% organically**.

Selling, general and administrative expenses (**SG&A**) totalled **€140.3 million**, corresponding to 21.0% of net sales, up by **+18.8%** in value on a reported basis. They grew **organically by +16.1%**, reflecting the continuous investments in the business infrastructure and route-to-market, generating a **margin accretion of +60 basis points** thanks to the strong topline growth.

EBIT-adjusted was **€159.3 million**, corresponding to 23.9% of net sales, up by **+39.4%** in value on a reported basis. It **grew organically** by **+32.0%**, generating a margin accretion of **+220 basis points.** The **perimeter effect** on EBIT-adjusted was **+4.1%** (or **€4.7 million, +30bps** accretive) thanks to the consolidation of Picon and Wilderness Trail Distillery. The **forex effect** on EBIT-adjusted was positive by **+3.3%** (or **€3.8 million,** neutral on margin), mainly driven by the appreciation of the US dollar vs. Q1 2022.

Excluding the estimated temporary effects, the net sales organic growth in the quarter **would be approx. 13%, with EBIT-adj. growing in line with net sales leading to flat organic margin.**

EBITDA-adjusted was **€184.2 million**, up by +36.8% in value on a reported basis (**up organically +29.3%**), corresponding to 27.6% of net sales.

Operating adjustments were negative at **€**(**6.8**) **million**, mainly attributable to provisions linked to restructuring initiatives and long-term retention schemes.

EBIT (22.8% of net sales) and **EBITDA** (26.6% of net sales) were at **€152.5 million** and **€177.3 million** respectively.

Net financial (income) expenses were **€16.1 million**. Excluding the exchange loss, the **net financial expenses were €12.9 million showing an increase of €7.9 million compared with the first quarter 2022** due to the combined effect of the higher level of average net debt in Q1 2023 (€1,584.3 million vs. €832.7 million in Q1 2022) and a higher level of average cost of net debt (3.3% vs. 2.4% in Q1 2022).

Group profit before taxation-adjusted was **€139.2 million**, **up +24.6%** vs. the first quarter 2022. **Group profit before taxation** was **€133.6 million, up +24.8%.**

Net financial debt at €1,616.1 million as of 31 March 2023**, up €63.6 million** vs. 31 December 2022 (€1,552.5 million), mainly driven by strong cash absorption of capital investments and working capital increase, in particular inventory build-up ahead of peak season.

Net debt to EBITDA-adjusted ratio at 2.3 times as of 31 March 2023 (or **2.2 times** including the pro-forma EBITDA of the recent acquisitions)**,** broadly unchanged vs. 31 December 2022**.**

SUSTAINABILITY-NEW ENVIRONMENTAL TARGETS

Following a **very positive progression** that the Group made in 2022 to its environmental commitments, more challenging medium and long-term environmental targets have been set and approved by the Board of Directors.

Energy efficiency & decarbonization: The Group reaffirmed its commitment to achieve **zero net emissions by 2050**, pledging to **reduce GHG emissions** (kgCO2/L) from direct operations (Scope 1 and 2) by 70% by 2030 (interim target of 55% by 2025), using 2019 as baseline (previous target of 20% by 2025 and 30% by 2030) and by 30% from the Total Supply Chain (Scope 1, 2 and 3) by 2030, using 2019 as a baseline (previous target of 25% by 2030). Regarding renewable electricity, the Group has made the commitment to source 90% renewable electricity in the Group's production sites by 2025 (previous target of 100% for EU sites only).

Water: The Group has committed to reduce water intensity (L/L) by 62% by 2030 (interim target of 60% by 2025), using 2019 as a baseline (previous target of 40% by 2025 and 42.5% by 2030).

To achieve these more ambitious targets, the Group has defined a new carbon emission reduction roadmap as well as water reduction program together with other initiatives.

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FILING OF DOCUMENTATION

The additional financial information for the three months ended March 31st, 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.

ANALYST CONFERENCE CALL

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

- **https://event.choruscall.com/mediaframe/webcast.html?webcastid=smF6y4dH**

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 May 9th, 2023.
To listen to it, please call the following number:

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

(Access code: 700903#)
(PIN: 903#)

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 4,300 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 -

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Consolidated income statement for the first quarter 2023

	Q1 2023		Q1 2022		change	Organic change	Perimeter effect	Forex impact
	€ million	% sales	€ million	% sales	%	change	Impact	Impact
Net sales	**667.9**	**100.0%**	**534.8**	**100.0%**	**24.9%**	**19.6%**	**2.0%**	**3.3%**
Cost of goods sold[1]	(278.1)	-41.6%	(223.2)	-41.7%	24.6%	18.4%	2.3%	3.9%
Gross profit	**389.7**	**58.4%**	**311.6**	**58.3%**	**25.1%**	**20.5%**	**1.8%**	**2.8%**
Advertising and promotional costs	(90.1)	-13.5%	(79.2)	-14.8%	13.7%	10.4%	0.6%	2.7%
Contribution margin	**299.6**	**44.9%**	**232.4**	**43.4%**	**28.9%**	**23.9%**	**2.2%**	**2.8%**
SG&A[2]	(140.3)	-21.0%	(118.1)	-22.1%	18.8%	16.1%	0.3%	2.4%
Results from recurring operation (EBIT-adjusted)	**159.3**	**23.9%**	**114.3**	**21.4%**	**39.4%**	**32.0%**	**4.1%**	**3.3%**
Other operating income (expenses)	(6.8)	-1.0%	(4.7)	-0.9%	47.0%			
Operating profit (EBIT)	**152.5**	**22.8%**	**109.6**	**20.5%**	**39.1%**			
Financial income (expenses)	(16.1)	-2.4%	(1.3)	-0.2%	-			
Hyperinflation effects	(0.1)	-	(0.1)	-	-			
Profit (loss) related to associates and joint ventures	(0.6)	-0.1%	(0.8)	-0.2%	-26.3%			
Profit before taxation	**135.6**	**20.3%**	**107.4**	**20.1%**	**26.2%**			
Profit before taxation-adjusted	**141.3**	**21.2%**	**112.1**	**21.0%**	**26.0%**			
Non-controlling interests before taxation	2.1	0.3%	0.4	0.1%	423.6%			
Group profit before taxation	**133.6**	**20.0%**	**107.0**	**20.0%**	**24.8%**			
Group profit before taxation-adjusted	**139.2**	**20.8%**	**111.7**	**20.9%**	**24.6%**			
Total depreciation and amortisation	(24.9)	-3.7%	(20.4)	-3.8%	21.9%	14.2%	5.2%	2.5%
EBITDA-adjusted	**184.2**	**27.6%**	**134.7**	**25.2%**	**36.8%**	**29.3%**	**4.3%**	**3.2%**
EBITDA	**177.3**	**26.6%**	**130.0**	**24.3%**	**36.4%**			

(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 quarter 2023

	% on Group sales	% change, of which:			
		total	organic	perimeter	forex
Global Priorities	57.9%	25.0%	22.0%	-	3.0%
Regional Priorities	25.0%	32.1%	27.3%	1.3%	3.6%
Local Priorities	8.8%	17.4%	3.8%	11.5%	2.1%
Rest of portfolio	8.3%	13.0%	0.8%	6.8%	5.3%
Total	**100.0%**	**24.9%**	**19.6%**	**2.0%**	**3.3%**

Consolidated net sales by geographic area for the first quarter 2023

	% on Group sales	% change, of which:			
		total	organic	perimeter	forex
Americas	47.4%	28.0%	19.5%	1.7%	6.8%
Southern Europe, Middle East and Africa	28.6%	26.8%	23.5%	3.5%	-0.2%
North, Central and Eastern Europe	16.3%	18.7%	16.0%	1.3%	1.5%
Asia Pacific	7.7%	13.7%	14.5%	0.1%	-0.9%
Total	**100.0%**	**24.9%**	**19.6%**	**2.0%**	**3.3%**