



Acquisition of Skyy Spirits, LLC

*Conference Call
Milan, 13 December 2001*



SKYY VODKA

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Executive Summary

- Campari announces today the acquisition of a further 50% stake in Skyy Spirits LLC, reaching a total ownership of 58.9% of SKYY Vodka share capital, net of dilutive effect deriving from a further 4% stock compensation assigned to management members
- Skyy Spirits, based in San Francisco, California, is owner of SKYY Vodka, one the fastest growing brands in the premium vodka market
- SKYY Vodka offers Campari a strong potential for external and organic growth in the US, as well as in the international markets, where the brand is already distributed under license by Campari



AGENDA

- Vodka market overview
- Overview of Skyy Spirits, LLC
- Deal terms
- Acquisition rationale and strategic issues for Campari
- Q&A

Appendices



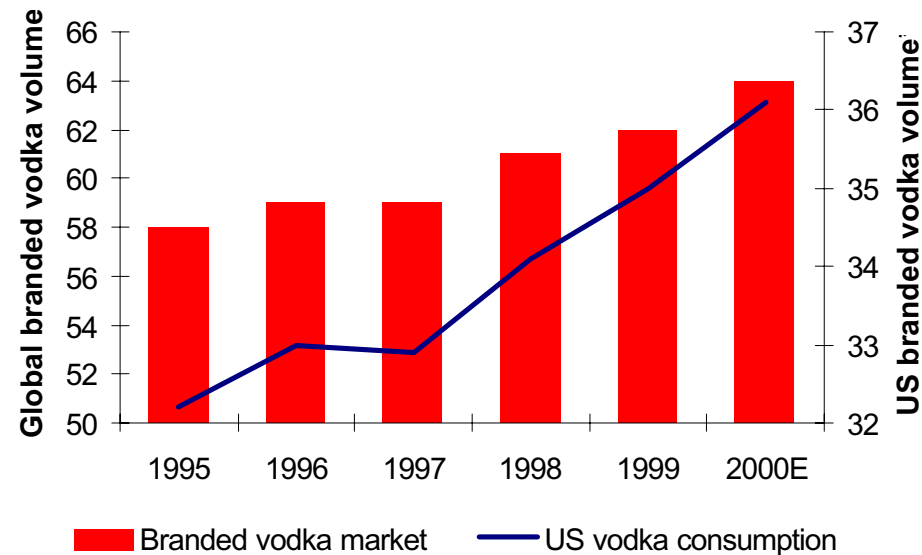
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Vodka market overview



Global branded vodka consumption



Note: * 9-ltr cases million

Source: Canadean, brokers' estimates

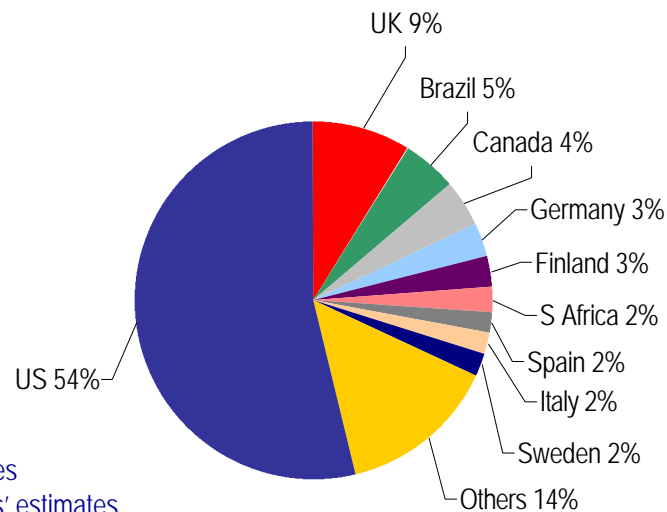
- The branded distilled vodka market has shown consistent volume growth since 1995 (CAGR 2%)
- The US vodka consumption grows at a higher rate (CAGR 2.3%)



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Geographical breakdown of branded vodka market



Note: excl. Eastern European countries

Source: Impact Databank and brokers' estimates

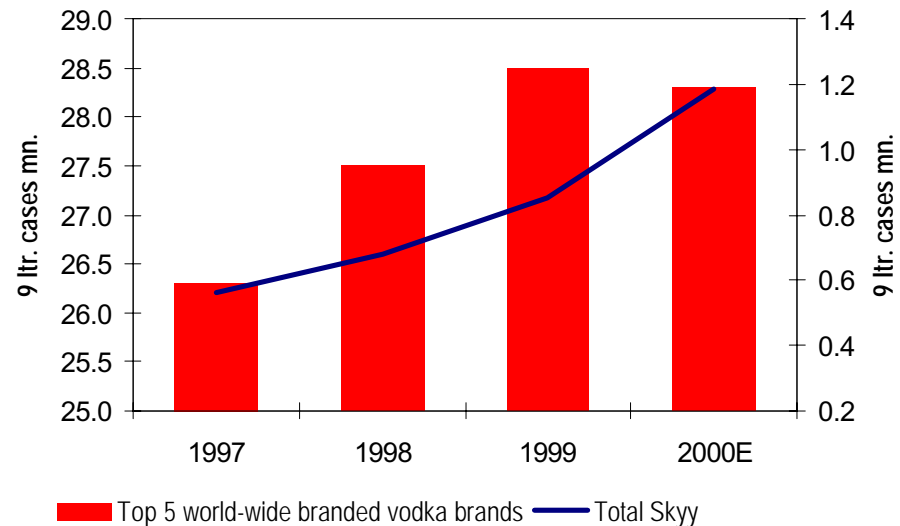
- The US represents by far the largest market for branded vodka
- The vodka category accounts for 26% of US spirits consumption



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Top vodka brands sales performance



Source: Impact Databank

- Top 5 world-wide premium vodka brands:
CAGR 1997/00E 2.5%
- SKYY Vodka is positioned among the premium brands
CAGR 1997/00 28.2%



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Major operators in the branded vodka market

Brand	Company	Volumes 9-ltr cases mn.	1996 Total	1997 Total	1998 Total	1999 Total	2000E Total	2000E of which: US volumes
Smirnoff	UDV Diageo		15.0	15.3	15.9	16.2	15.9	39%
Absolut	V&S Vin & Spirit AB		5.4	5.5	5.9	6.7	7.3	64%
Gordon's Vodka	UDV Diageo		2.3	2.2	2.1	2.0	1.8	61%
Stolichnaya	VAO Sojuzplodoimport		1.7	1.7	1.8	1.8	1.8	67%
Finlandia	Primalco		1.8	1.6	1.7	1.7	1.5	20%
Top 5 premium brands			26.2	26.3	27.4	28.4	28.3	47%
Skyy Vodka	Skyy Spirits		0.6	0.6	0.7	0.9	1.2	93%

Source: Impact Databank, brokers' estimates

- Top 5 vodka brands account for approximately 44% of the world-wide branded vodka market and 37% of the US branded vodka market



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Major operators in the US vodka market

<u>Brand</u>	<u>US volumes</u> 9-ltr cases mn.	<u>Retail price</u> USD
Absolut	4.7	16.99
Gordon's Vodka	1.1	15.99
Skyy Vodka	1.1	14.99
Smirnoff	6.1	9.99
Stolichnaya	1.2	9.99
Finlandia	0.3	8.49

Source: Impact Databank

- SKYY Vodka's retail price enhances its position among the premium brands



Overview of Skyy Spirits, LLC



Company overview

- Skyy Spirits, LLC is an innovative, dynamic global spirits company launched by Maurice Kanbar in 1992 in San Francisco (California) with the introduction of the exceptionally pure SKYY Vodka
- The Company is privately-held and owns the SKYY Vodka and Skyy Citrus brands
- It also has exclusive US distribution rights for high quality third-party brands, such as Cutty Sark Scotch Whisky, Molinari Sambuca, Campari, Cinzano, Ouzo 12
- SKYY Vodka is sold internationally through a strategic distribution alliance with Campari
- 1.6 million 9ltr cases sold with a total net turnover of USD 94.6 million in 2000
- SKYY Vodka was awarded IMPACT's "Hot Brand" award for the 6th consecutive year in 2001



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A recent history of strong growth

1998

- Built on-premise presence and off-premise distribution
- Set consistent price strategy to increase margins
- Developed alliance with Campari
- Attracted agency brands

Net
turnover

USD 33.6 mn.

1999

- Capital restructure of company to LLC
- Campari takes minority interest
- Assigned USA importation rights (Cutty Sark, Glenrothes, Glengoyne)
- Introduced Skyy Vodka into 27 countries

USD 68.3 mn.
+103.5%

2000

- Awarded importation rights to Cinzano
- Introduced Skyy Citrus
- Increased National Account Exposure
- Expanded distribution of Skyy in international markets

USD 94.6 mn.
+38.4%



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Outlook on 2001 results

- Expected sales of total 1.9 million 9ltr cases in 2001 (CAGR 1998/01E: 41.8%), of which SKYY Vodka 1.4 million (CAGR 1998/01E: 29.8%)
- Expected net turnover of USD 112 million in 2001 (CAGR 1998/01E: 49.4%)
- Expected income before taxes of USD 28 million (CAGR 1998/01E: 47.9%), before stock compensation to management members



Skyy Spirits' strategy

- Maintain a premium proprietary brand focus and expand in the US and international markets with selected portfolio
- Develop as niche player and achieve strong on-premise presence
- Regularly deliver innovation through all aspects of the business
- Share strategic goals and build partnership philosophy

Permanent and high quality management team with the mandate to build SKYY Vodka domestically and internationally as well as Skyy Spirits, LLC within the US

Build SKYY Vodka to 3 million cases with strong image brand



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SKYY Vodka - Product overview

- Premium vodka distilled in America using a unique four-step distillation process and three-steps filtration system for ultimate smoothness (no more headaches!)
- SKYY Vodka, whose production is outsourced to local operators, is distributed by over 100 wholesalers in the US by Skyy Spirits
- It is distributed internationally through strategic distribution agreement with Campari with the potential to reach into 190 international markets where Campari is already established

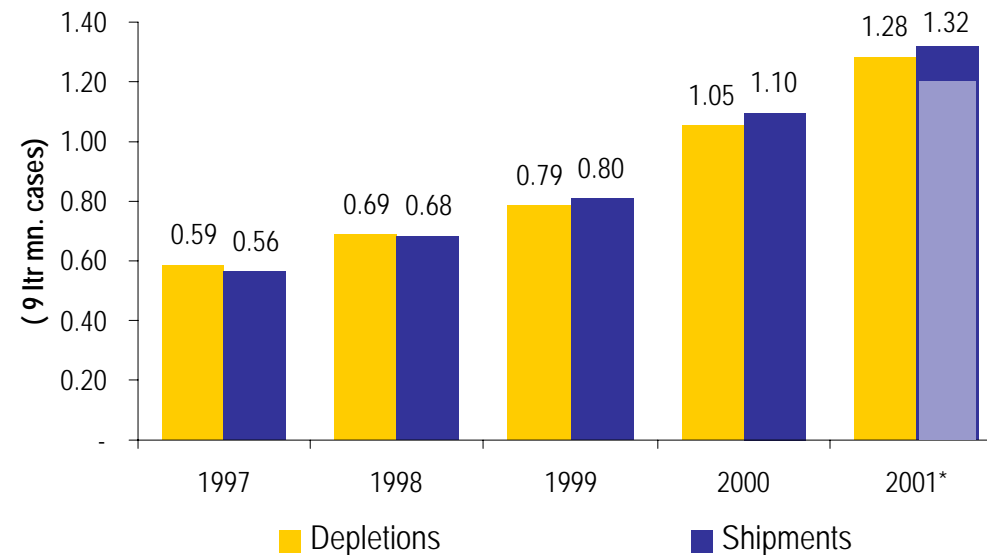


SKYY Vodka - Brand positioning

- More than a product – more than just a bottle of vodka; a lifestyle experience: an expression of innovation, quality and style
- Strong positioning
 - Target: young, educated, urban, culturally and ethnically diverse, confident, stylish, sophisticated, social
 - Image: premium, sophisticated, innovative, fun, exciting and sexy
- SKYY is the extremely pure, premium vodka that defines contemporary cocktail style



SKYY Vodka US sales - Depletion/shipment summary

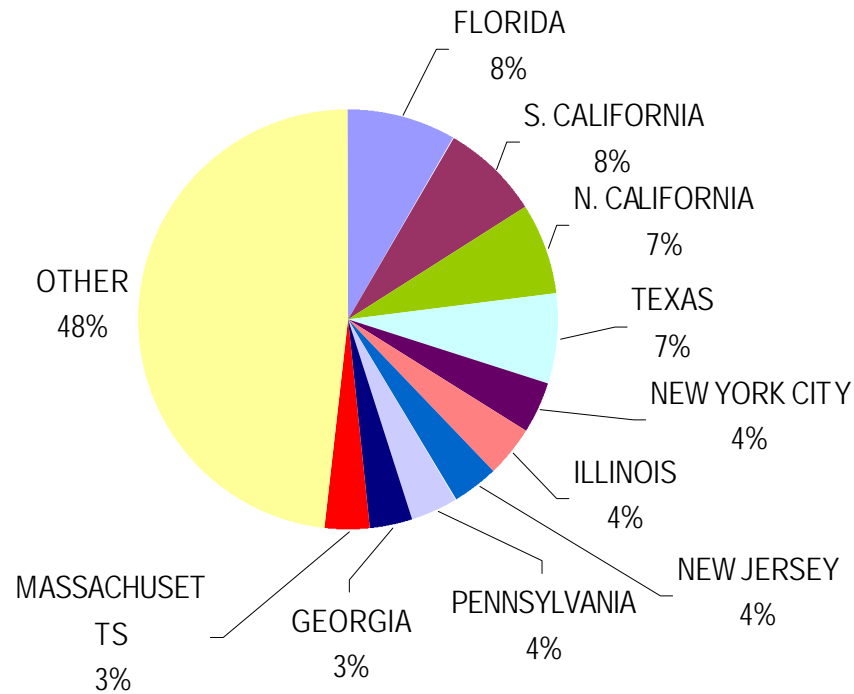


* 2001 FY estimates; 2001 YTD as of 30 November

- Growth in shipments well balanced with increase in depletions since 1997



SKYY Vodka US sales - Top 10 Markets



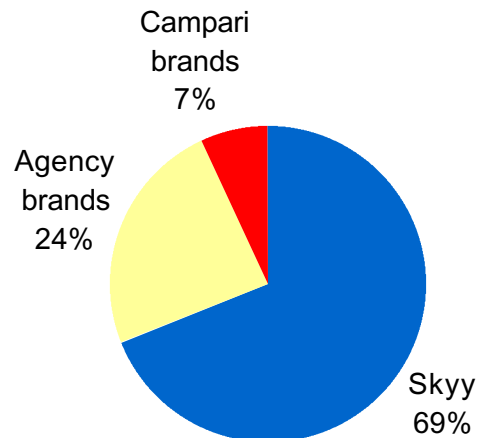
Note: 9Ltr Cases Depletions 2001 YTD as of 30 August



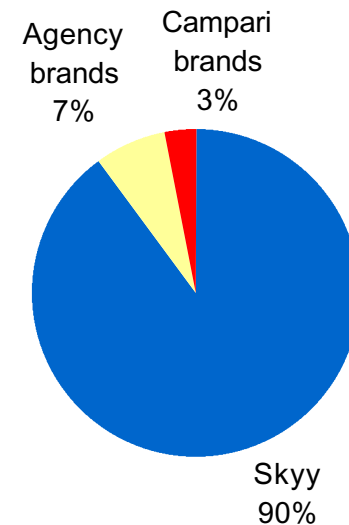
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Skyy Spirits - Profitability breakdown by product 2001

Net turnover breakdown by
brand category 2001



Net contribution breakdown by
brand category 2001



- Skyy accounts for 69% of total net sales and 90% of total net contribution



Skyy Spirits - Financial highlights 1998-2000

US dollar ('000)

	<u>1998</u>	<u>1999</u>		<u>2000</u>	
Net turnover	33,576	68,342	<i>103.5%</i>	94,585	<i>38.4%</i>
COGS *	(8,660)	(29,989)		(40,560)	
Gross margin	24,915	38,354	<i>53.9%</i>	54,024	<i>40.9%</i>
<i>% margin on net turnover</i>	<i>74%</i>	<i>56%</i>		<i>57%</i>	
Commissions	(1,435)	(1,732)		(1,992)	
A&P	(8,945)	(14,099)		(17,871)	
Net contributions	14,535	22,523	<i>55.0%</i>	34,161	<i>51.7%</i>
<i>% margin on net turnover</i>	<i>43%</i>	<i>33%</i>		<i>36%</i>	
G&A **	(5,880)	(10,023)		(13,533)	
Profit before taxes ***	8,655	12,500	<i>44.4%</i>	20,629	<i>65.0%</i>
<i>% margin on net turnover</i>	<i>26%</i>	<i>18%</i>		<i>22%</i>	

Note:

* Includes distribution costs

** Includes sales costs

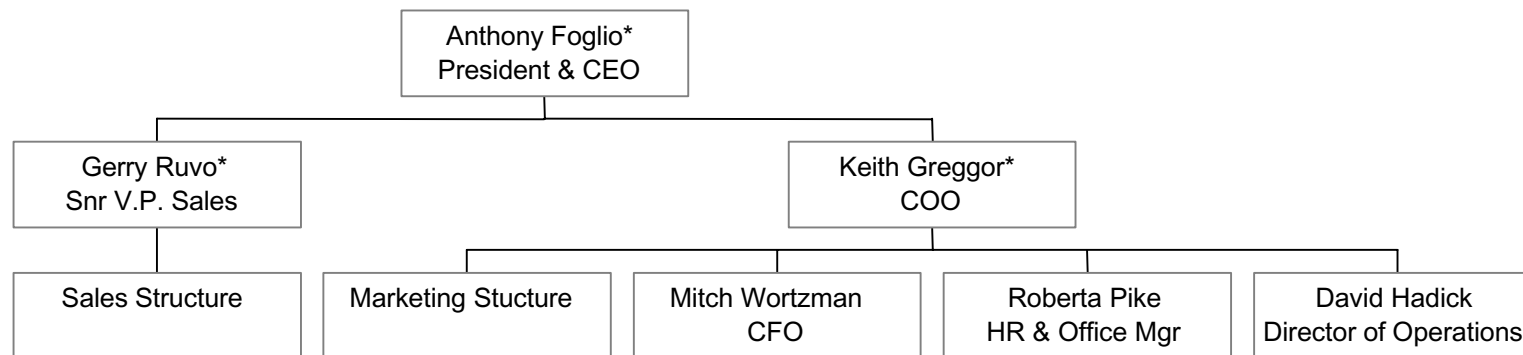
*** Does not include Management stock compensation



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Skyy Spirits Management Team



* denotes "Management Team"

- High quality and commitment of management team



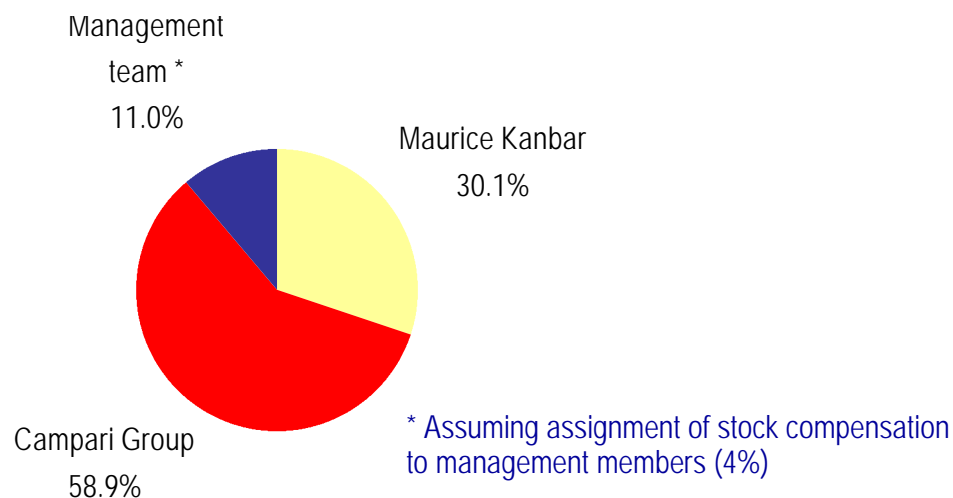
Deal terms



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Skyy Spirits LLC - Shareholding after closing



- Consideration for 50% stake in Skyy Spirits: USD 207.5 mn.



Deal terms I - Price adjustment

- **Price adjustment:** Target of profit before taxes (PBT) of USD 36 million in 2002
 - USD 34 mn. < PBT < USD 37.8 mn. : no adjustment
 - in other cases: proportional adjustment based on the target PBT



Deal terms II - Put/Call options

Call option	Put option
<p>Campari</p> <p><u>Exercise time (T)</u>: 16/01/2005 < T < 31/12/2006</p> <p><u>Strike price</u>: 10x pro-quota PBT in the last FY closed before exercise time</p> <p><u>Floor price</u> based on equity value of USD 415 mn. if 2002PBT >= USD 36 mn.</p>	<p>Maurice Kanbar</p> <p>Management team</p> <p><u>Exercise time (T)</u>: after 31/01/2007</p> <p><u>Strike price</u>: between 5 and 15x average PBT in 2002-2006</p>



Acquisition rationale and strategic issues for Campari



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Acquisition rationale

- Campari's mission is to develop its future as global niche beverage company
- Campari stated growth strategy is through organic growth and selective acquisition
- Campari will build critical mass through selective market involvement and series of distribution partnerships or alliances decided on a market by market basis
- To be global, Campari needs to have a US distribution arm to be more competitive in acquisitions

The US market and Skyy Spirits offer best potential growth for Campari over the next 5-10 years in terms of geographic and brand positioning



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Strategic issues for Campari

- Strengthening in the premium spirits segment
- Expanding internationally in the fastest growing markets
- Playing a leading role in the consolidation of the spirits industry



Delivering shareholder value through higher profitability and strategic strengthening



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Questions & Answers



Website:
www.skyy.com

Appendices



Skyy Spirits management bios

Anthony P. Foglio, President/CEO

Anthony (Tony) Foglio, joined SKYY Spirits in January 1998 to help founder Maurice Kanbar grow SKYY into a leading-edge global spirits company. Mr. Foglio has 28 years of experience in the alcohol beverage industry and was named "Executive of the Year" by Market Watch Magazine in 1997. He is well-respected within the industry for his integrity and visionary leadership. Foglio is an Officer of SKYY Spirits, LLC and is on the Board. He started his career in beverage alcohol at the Theodore Hamm Brewing Company, a division of Heublein Inc. From there he held positions of increasing responsibility within sales at Heublein, Inc. In 1986, he joined IDV as General Manager of the new entrepreneurial division, Morgan Furze, Ltd. In 1989, Foglio was appointed senior vice president sales at The Paddington Corporation, becoming president and CEO in 1993. In 1997, he was appointed president and COO for IDV North America, following the consolidation of The Paddington Corporation and Heublein, Inc. Foglio is a graduate of Southern Illinois University.

Keith Greggor, Chief Operating Officer

Originally from England, Keith Greggor, began his career in the alcohol beverage industry in 1983 with IDV's group marketing division in London, primarily concerned with strengthening marketing practices and new brand development. He transferred to The Paddington Corporation in 1985 as director of planning and development, later becoming the group marketing director managing high profile brands such as Baileys and Malibu. In 1994, Greggor was promoted to vice president, business development and operations. He is an Officer of SKYY Spirits, LLC. Keith Greggor is responsible for planning, development and execution of the company's strategy together with managing the day-to-day operations with a primary focus on marketing. Greggor earned a BSc and a MBA from City University, London.



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Skyy Spirits management bios (cont.)

Gerard M. Ruvo, Senior Vice President Sales

Gerard (Gerry) Ruvo joined Skyy in 1998 to build a comprehensive sales structure and is an Officer of SKYY Spirits, LLC. Ruvo has 24 years experience in beverage alcohol sales management holding positions of increasing responsibility at Gallo and Monsieur Henri (Stolichnaya/Pepsico) before joining The Paddington Corporation as a regional vice president in 1991. He became vice president sales following Foglio's appointment as CEO in 1993, and was named vice president sales of the newly formed UDV North America (Cuervo/J&B/Baileys) in 1997. He has extensive knowledge of the vodka category and is an enthusiastic and well-respected industry leader. Ruvo is a native New Yorker and graduated from the State University of New York at Cortland with a B.A. and M.A. Degree.

Mitchell L. Wortzman, Chief Financial Officer

Mr. Wortzman joined SKYY Spirits as CFO in 1994 and worked directly with Maurice Kanbar for several years. Mr. Wortzman developed SKYY's finance, information systems and customer service infrastructure to be responsive to the high growth needs of an entrepreneurial environment and its customers. He earned his CPA while working for Price Waterhouse (NY) and Burr, Pilger & Mayer (SF). From 1990 to 1994, Mr. Wortzman worked as the financial manager reporting to the CFO and CEO of American Media, a radio group owner. Mr. Wortzman graduated Magna Cum Laude from Tufts University and earned an MBA in Finance and Accounting from Columbia Business School in 1988.

