



## PRESS RELEASE

### Campari approves first quarter results as at 31 March 2004

#### Growth continues

**Consolidated net sales: €151.3 million (+11.9%)**

**EBITDA: €34.8 million (+9.7%)**

**EBIT: €21.6 million (+1.3%)**

**Group's profit before taxes: €18.6 million (+21.6%)**

**Milan, 10 May 2004** - The Board of Directors of Davide Campari-Milano S.p.A. has approved the first quarter results to 31 March 2004. **Growth in sales and at all levels of profitability continued**, thanks to the consolidation of the newly-acquired Barbero 1891 S.p.A. and to a good performance from the Group's existing business, despite the ongoing impact of negative exchange rate movements.

It should be stressed that if sales and main profitability indicators were considered before exchange rates impact (i.e. using average exchange rates for the first quarter of 2003), they would show **double-digit growth** versus the previous year.

	2004 first quarter results (€ million)	Change at actual exchange rates	Change at constant exchange rates
Net sales	151.3	+11.9%	+15.5%
EBITDA	34.8	+9.7%	+13.2%
EBITA	30.4	+7.7%	+11.5%
EBIT = Operating income	21.6	+1.3%	+6.2%
Profit before taxes and minority interests	20.1	+12.1%	+17.6%
Group's profit before taxes	18.6	+21.6%	+26.4%

EBITA = EBIT (operating profit) before amortisation of goodwill and trademarks.

#### 2004 CONSOLIDATED FIRST-QUARTER RESULTS

In the first three months of the year, **Group sales** totalled €151.3 million, **an increase of 11.9%** (+15.5% at constant exchange rates). **Organic growth** was **5.4%**, while exchange rate movements had a negative effect of 3.6%, mainly because of the fall in value of the US dollar. **External growth of 10.1%** was due almost entirely to the newly-acquired Barbero 1891 S.p.A.

**Trading profit jumped by 16.6%** to €43.5 million, or 28.8% of sales.

**EBITDA rose by 9.7%** (+13.2% at constant exchange rates) to €34.8 million, or 23% of sales.

**EBITA increased by 7.7%** (+11.5% at constant exchange rates) to €30.4 million, or 20.1% of sales.

**EBIT went up by 1.3%** (+6.2% at constant exchange rates) to €21.6 million, or 14.3% of sales. The lower growth rate was due to higher goodwill amortisation charges following the consolidation of Barbero 1891 S.p.A.

**Profit before tax and minority interests** was €20.1 million, up 12.1% (+17.6% at constant exchange rates).

**Group's profit before taxes** (i.e. profit before tax and after minority interests) was €18.6 million, up 21.6% (+26.4% at constant exchange rates).

At 31 March 2004, **net debt** stood at €271.3 million (€298 million at 31 December 2003).

## 2004 FIRST QUARTER SALES

The **spirits segment**, which accounted for 64.5% of total sales, recorded a **positive performance of 10.6%**, determined by **organic growth of 3.3%**, **external growth of 12.6%** and a negative exchange rate effect of 5.3%. The **Campari brand** posted **growth of 9%** at constant exchange rates (+6.6% at actual exchange rates). **Positive performances** in **Brazil, Japan** and **other major European markets** more than offset the contraction of sales in Italy (which was expected after many distributors had increased their stocks in December 2003 in view of an increase in excise duties on alcohol, which became effective on 1 January 2004) and in Germany (due to a different phasing in advertising and promotion activities). Sales of **SKYY Vodka**, including flavours, fell by 5.3% in local currency terms. This result was generated entirely on the US market, as a result of too optimistic expectations of wholesalers on consumption levels during the Christmas season. Regarding the other main brands, spirits also benefited from a good performance from the **Brazilian brands** (+11.4% at constant exchange rates), **Cynar** (+4% at constant exchange rates), **tequila 1800** (+22% at constant exchange rates) and **Scotch whisky** (+34.9% at constant exchange rates). However, sales of **CampariSoda, Jaegermeister** and **Ouzo 12** declined by 2.4%, 4.6% and 2.7% respectively. **External growth**, entirely attributable to Barbero 1891 S.p.A., benefited from the positive contribution of all brands acquired, especially **Aperol**, which recorded **volume growth of 26.8%** compared to the first quarter of last year.

The **wines segment** (13.2% of total sales) **posted growth of 29.5%**. Organic growth (+20.5%) was helped by a jump in sales of **Cinzano sparkling wines** (+18.4% at constant exchange rates) due to a good performance on the Italian and German markets, and of **Cinzano vermouth** (+18.7% at constant exchange rates), following growth on its most important European markets, including Russia. Wines were also boosted by a good performance from **Sella & Mosca** (+5.3%) and **Riccadonna**. **External growth (+10.6%)** was almost entirely due to Barbero 1891 S.p.A., particularly the Mondoro and Enrico Serafino brands.

**Sales of soft drinks** accounted for 20.9% of the total, and were generated almost entirely on the Italian market. This segment posted **growth of 5.5%** thanks to a good performance from all brands, especially **Crodino (+7.8%)**, **Lemonsoda, Oransoda and Pelmosoda (+2.9%)** and **Lipton Ice Tea (+4.5%)**.

**By region, Italy** accounted for 57% of 2004 first quarter Group sales owing to the significant contribution of Barbero 1891 S.p.A. (+15.4%), whose sales are concentrated on the Italian market. **Sales in Europe** (18.6% of the total) as a whole were also boosted significantly by external growth (+9%), again mostly attributable to Barbero 1891 S.p.A. Organic growth was however slightly negative (-0.5%); this was due entirely to the performance of Campari Mixx on European markets. As announced previously, the distribution of Campari Mixx was terminated in Germany and Switzerland because of tax hikes which hit ready-to-drinks. In the Americas, which account for 21.9% of total sales, the **US market** posted **growth of 6.5% at constant exchange rates**, which was completely wiped out by negative exchange rate movements (-15.1%), while sales in **Brazil grew by 7.7%** in local currency terms. Sales here also benefited from a positive exchange rate effect (+3.8%).

## BOARD OF DIRECTORS

The Board of Directors (appointed by the Shareholders' meeting of 29 April) has appointed **Enzo Visone as Chief Executive Officer**. Luca Garavoglia was appointed as Chairman directly by the Shareholders' meeting.

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## CONFERENCE CALL

Please note that at **17.00 today, Monday 10 May 2004**, Campari's management will hold a conference call to present the Group's 2004 first quarter 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 page of Campari's website, at [www.campari.com/ir](http://www.campari.com/ir).

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## CAMPARI GROUP - RESULTS FOR THE FIRST QUARTER OF 2004

Table 1) Campari Group - net revenues by segment

	1 January - 31 March 2004		1 January - 31 March 2003		Change	
	€million	%	€million	%		%
Spirits	97.6	64.5%	88.2	65.2%	10.6%	
Wines	20.0	13.2%	15.4	11.4%	29.5%	
Soft Drinks	31.7	20.9%	30.0	22.2%	5.5%	
Other revenues	2.0	1.3%	1.6	1.2%	28.6%	
<b>Total</b>	<b>151.3</b>	<b>100%</b>	<b>135.2</b>	<b>100%</b>	<b>11.9%</b>	

Table 2) Campari Group - net revenues by geographic area

	1 January - 31 March 2004		1 January - 31 March 2003		Change	
	€million	%	€million	%		%
Italy	86.3	57.0%	72.1	53.3%	19.6%	
Europe	28.1	18.6%	26.2	19.3%	7.4%	
Americas	33.2	21.9%	34.3	25.4%	-3.4%	
Rest of the world	3.7	2.5%	2.6	1.9%	42.8%	
<b>Total</b>	<b>151.3</b>	<b>100%</b>	<b>135.2</b>	<b>100%</b>	<b>11.9%</b>	

Table 3) Campari Group - consolidated income statement

	1 January - 31 March 2004		1 January - 31 March 2003		Change	
	€million	%	€million	%		%
<b>Net revenues <sup>(1)</sup></b>	<b>151.3</b>	<b>100.0%</b>	<b>135.2</b>	<b>100.0%</b>	<b>11.9%</b>	
Cost of materials	(47.8)	-31.6%	(43.1)	-31.9%	10.8%	
Production costs	(12.2)	-8.0%	(10.0)	-7.4%	21.1%	
<b>Total cost of goods sold</b>	<b>(60.0)</b>	<b>-39.6%</b>	<b>(53.1)</b>	<b>-39.3%</b>	<b>12.8%</b>	
<b>Gross margin</b>	<b>91.3</b>	<b>60.4%</b>	<b>82.1</b>	<b>60.7%</b>	<b>11.3%</b>	
Advertising and promotion	(27.7)	-18.3%	(27.3)	-20.2%	1.7%	
Selling and distribution expenses	(20.1)	-13.3%	(17.5)	-12.9%	15.0%	
<b>Trading profit</b>	<b>43.5</b>	<b>28.8%</b>	<b>37.3</b>	<b>27.6%</b>	<b>16.6%</b>	
General and administrative expenses	(13.1)	-8.6%	(10.2)	-7.5%	28.1%	
Other operating revenues	0.0	0.0%	1.2	0.9%	-100.0%	
Amortisation of goodwill and trademarks	(8.8)	-5.8%	(6.9)	-5.1%	27.5%	
Non recurring expenses	0.0	0.0%	(0.1)	-0.1%	-100.0%	
<b>EBIT = Operating income</b>	<b>21.6</b>	<b>14.3%</b>	<b>21.3</b>	<b>15.8%</b>	<b>1.3%</b>	
Net interest income (charges)	(2.1)	-1.4%	(2.4)	-1.8%	-14.5%	
Exchange rate gains (losses), net	0.1	0.1%	(0.6)	-0.4%	-117.2%	
Other non operating income (charges)	0.5	0.3%	(0.4)	-0.3%	-213.2%	
<b>Profit before taxes and minority interests</b>	<b>20.1</b>	<b>13.3%</b>	<b>17.9</b>	<b>13.3%</b>	<b>12.1%</b>	
Minority interests	(1.5)	-1.0%	(2.6)	-1.9%	-43.9%	
<b>Group's profit before taxes</b>	<b>18.6</b>	<b>12.3%</b>	<b>15.3</b>	<b>11.3%</b>	<b>21.6%</b>	
Depreciation	(3.8)	-2.5%	(2.9)	-2.1%	32.5%	
Amortisation of goodwill, trademarks and other intangibles	(9.4)	-6.2%	(7.6)	-5.6%	25.1%	
<b>Total depreciation and amortisation</b>	<b>(13.2)</b>	<b>-8.7%</b>	<b>(10.4)</b>	<b>-7.7%</b>	<b>27.1%</b>	
<b>EBITDA</b>	<b>34.8</b>	<b>23.0%</b>	<b>31.7</b>	<b>23.5%</b>	<b>9.7%</b>	
<b>EBITA <sup>(2)</sup></b>	<b>30.4</b>	<b>20.1%</b>	<b>28.3</b>	<b>20.9%</b>	<b>7.7%</b>	

(1) Net of discounts and excise duty.

(2) EBITA = EBIT before amortisation of goodwill and trademarks.

## **The Campari Group**

The Campari Group is the sixth player in the global spirits sector, trading in over 190 markets around the world with a leading position in the Italian and Brazilian markets and a strong presence in the US, Germany and Switzerland. Following an intensive acquisition campaign undertaken over the last few years, 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, Barbieri, Enrico Serafino, Lemonsoda, Oransoda and Pelmosoda in Italy, SKYY Blue and SKYY Sport in the US, 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 1.500 employees, and shares of the parent company Davide Campari-Milano S.p.A have been listed on the Milan stock exchange since July 2001.

### **FOR FURTHER INFORMATION:**

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