

GRUPPO

**CAMPARI**



## **2003 Full Year Results**

Presentation to Analysts and Investors

22 March 2004

# Year ended 31 December 2003



## Key financial results

	<b>FY 2003 € million</b>	<b>% change at constant exchange</b>	<b>% change at actual exchange</b>
<b>Net sales</b>	714.1	+14.5%	+8.1%
<b>EBITDA</b>	169.2	+12.4%	+5.8%
<b>EBITA</b>	150.7	+12.8%	+5.8%
<b>EBIT</b>	122.2	+15.3%	+6.6%
<b>Profit before taxes and minority interests</b>	138.1	+19.2%	+11.9%
<b>Group's net profit</b>	79.8	-3.9%	-7.9%

- > Solid performance overall
- > Double digit growth in sales and all operating indicators (at constant exchange rates)
- > Decline in net income due to return of tax rate to higher normalised level
- > Clean EPS of € 2.75 (-7.9%). Adj. EPS<sup>(1)</sup> of € 2.96 (-7.7%)
- > Proposed full year dividend of € 0.88 per share (unchanged vs. last year), corresponding to a 2.4% yield on current share price

Note:

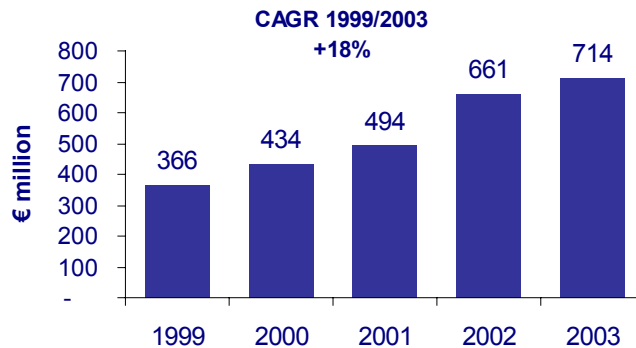
(1) EPS adjusted for GW amortisation, exceptionals and tax effects

# Continuing growth

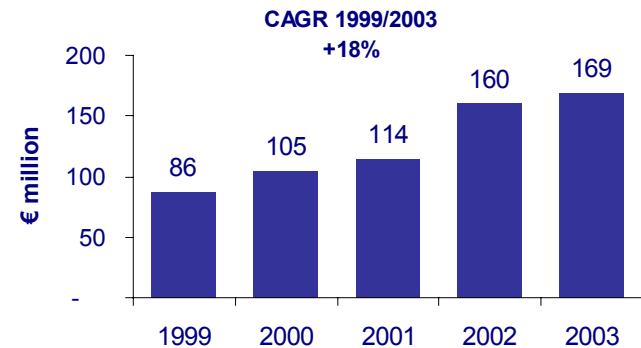
4th consecutive year of solid performance



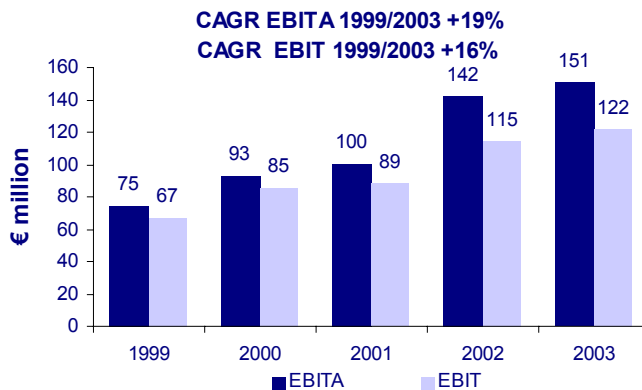
## Net turnover



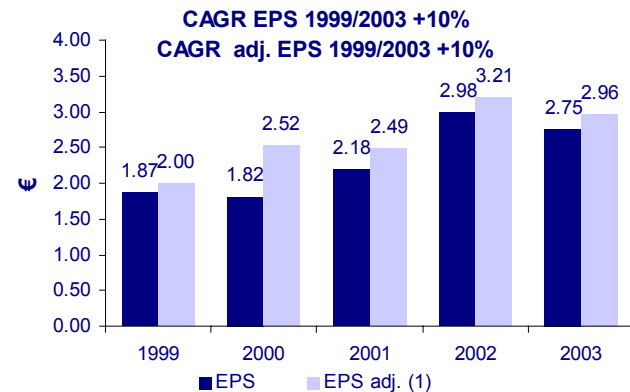
## EBITDA



## EBITA and EBIT



## EPS and adj. EPS



(1) EPS adjusted for GW amortisation, exceptionals and tax effects

# The 6<sup>th</sup> player in the spirits industry

## IMPACT global ranking



Rank 2004	Rank 2003	Rank 2002	Company	Number of Top 100 Brands	2003E 9-ltr cases m.	Percent Change 2002-2003E
1	1	1	Diageo	16	70.5	5.4%
2	3	2	Allied Domecq	13	29.6	3.3
3	2	4	Pernod Ricard	12	27.7	2.0
4	4	3	Bacardi Ltd	5	27.6	1.7
5	5	5	Brown-Forman	5	14.1	1.2
<b>Total Top 5</b>				<b>51</b>	<b>169.4</b>	<b>3.5</b>
<b>6</b>	<b>6</b>	<b>7</b>	<b>Campari Group <sup>(1)</sup></b>	<b>4</b>	<b>8.2</b>	<b>4.1</b>
7	7	6	V&S Vin & Sprit AB	1	8.1	7.7
8	9	12	Remy Cointreau SA	4	7.3	3.8
9	8	8	Jim Beam Brands	3	7.2	-1.9
10	11	10	Tequila Cuervo SA	1	5.8	5.5
<b>Total Top 10</b>				<b>64</b>	<b>206.0</b>	<b>3.6</b>
11	10	9	William Grant & Sons	2	5.3	-4.3
12	12	13	De Kuyper BV	1	4.8	1.5
13	14	15	Brugal & Co.	1	4.0	7.5
14	13	14	Eckes AG	3	3.9	-4.7
15	15	11	Moët-Hennessy (LVMH)	1	3.4	5.0
<b>Total Top 15</b>				<b>72</b>	<b>227.3</b>	<b>3.3</b>
Other Companies				28	44.1	2.4
<b>Total Top 100</b>				<b>100</b>	<b>271.4</b>	<b>3.1</b>

Source: IMPACT Databank, February 2004

(1) Includes: Campari, CampariSoda, SKYY Vodka, Cynar

A vertical strip on the left side of the slide shows a close-up of a Campari bottle. The bottle has a white label with gold lettering and a gold crest. The liquid inside is a vibrant red color, and there is a bright yellow light source at the bottom, creating a glow.

# Sales review

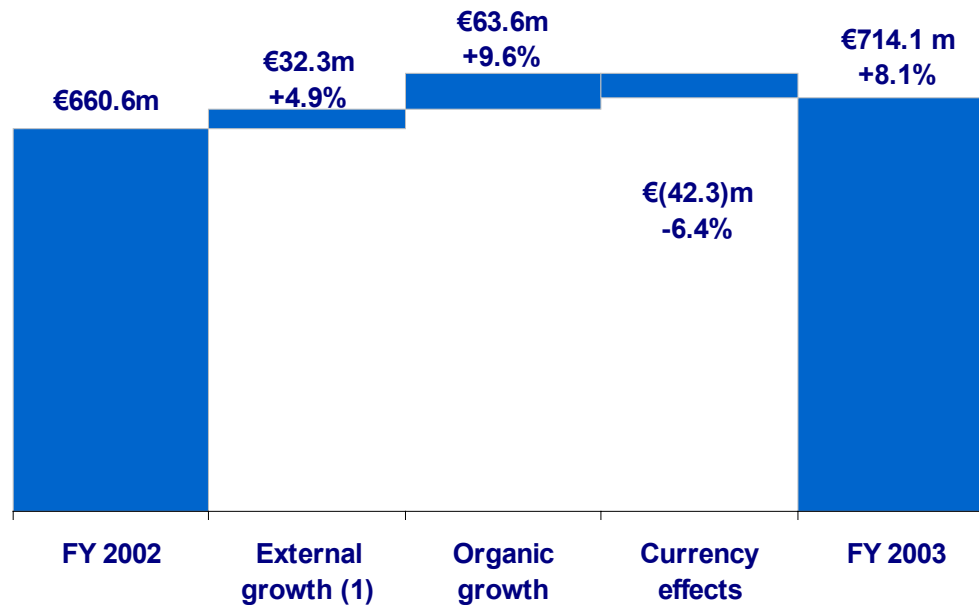
Enzo Visone, Deputy CEO

# Breakdown of sales growth



Solid underlying performance

- > Strong organic growth in 2003: +9.6% (+5.1% in 2002)



Notes:

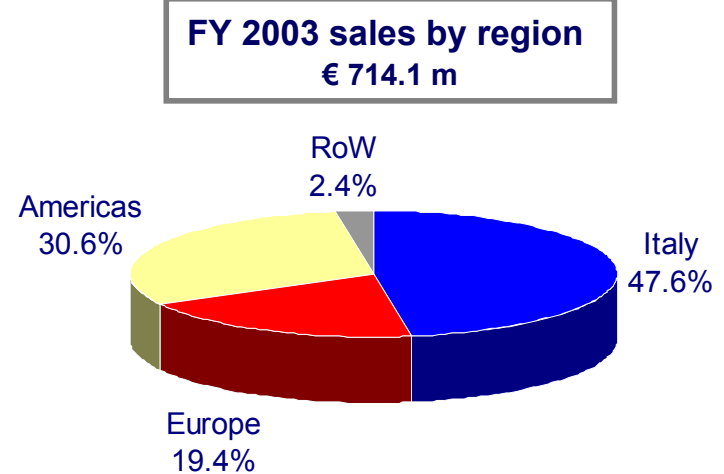
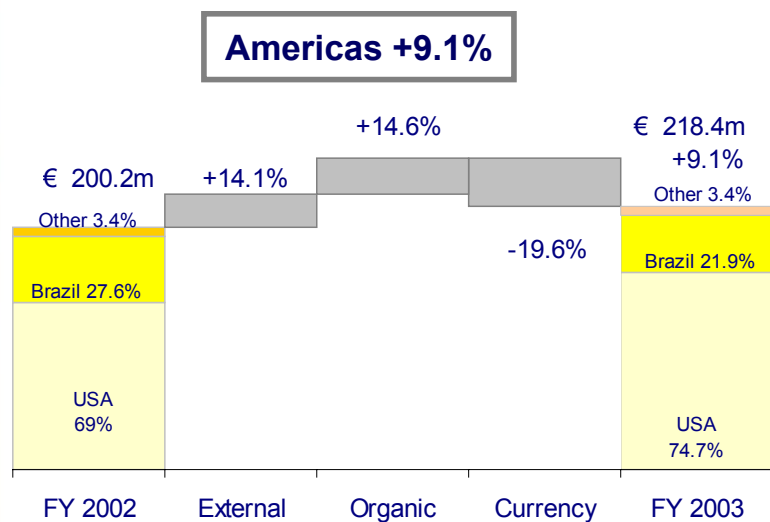
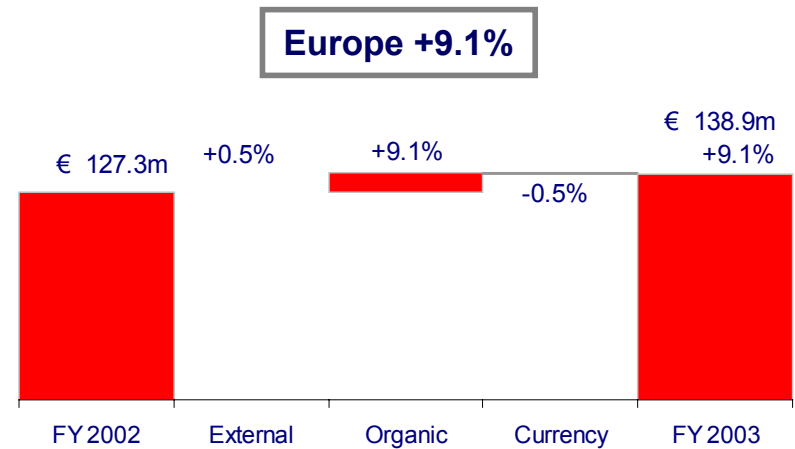
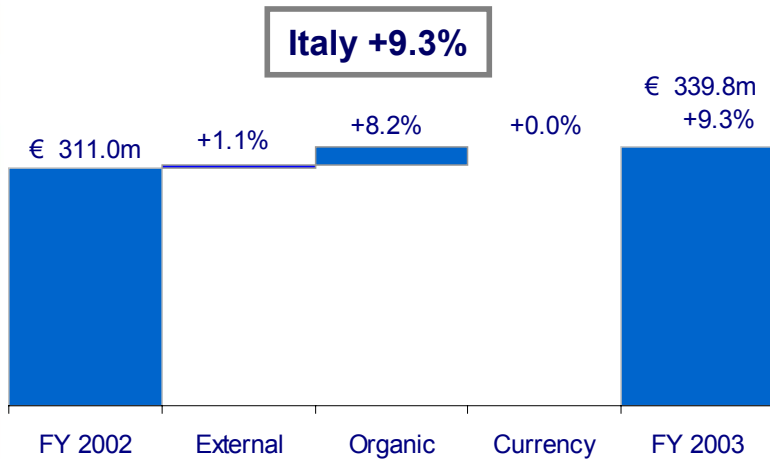
(1) Includes tequila 1800 (€ 28.1m) and Barbero 1891, consolidated only in Dec 03 (€ 4.2m).

Q4 sales of tequila 1800 are included in organic growth.

# Net sales by region



Solid organic growth across the three regions

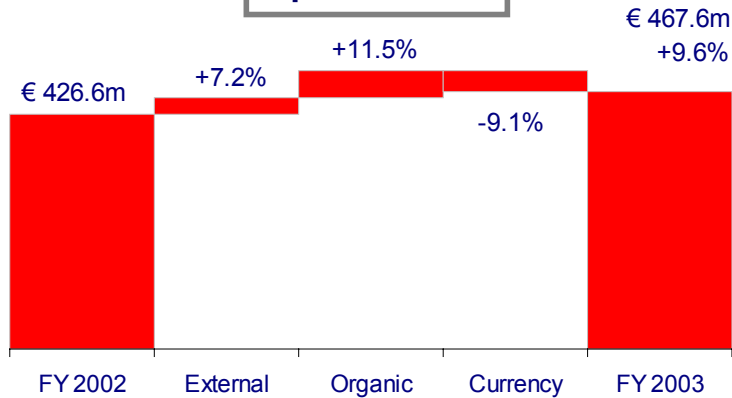


# Net sales by segment

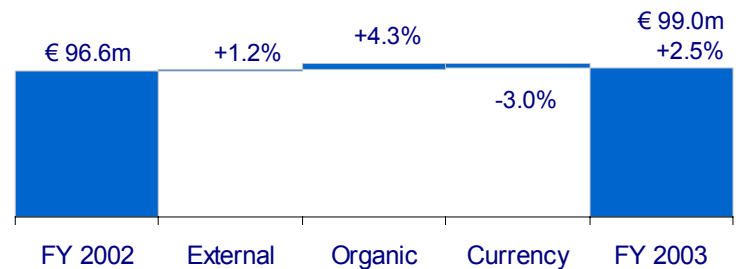


Solid organic growth across the portfolio

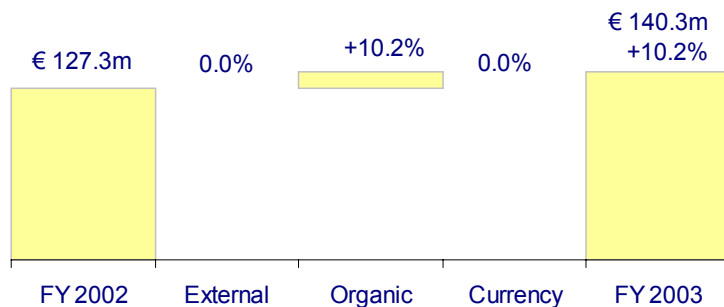
**Spirits +9.6%**



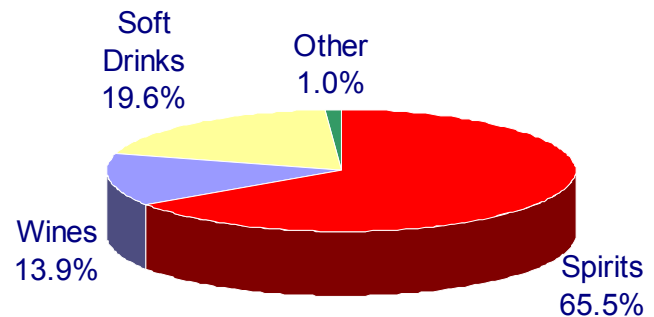
**Wines +2.5%**



**Soft drinks +10.2%**



**FY 2003 sales by segment**  
€ 714.1 m





# Key brands performance

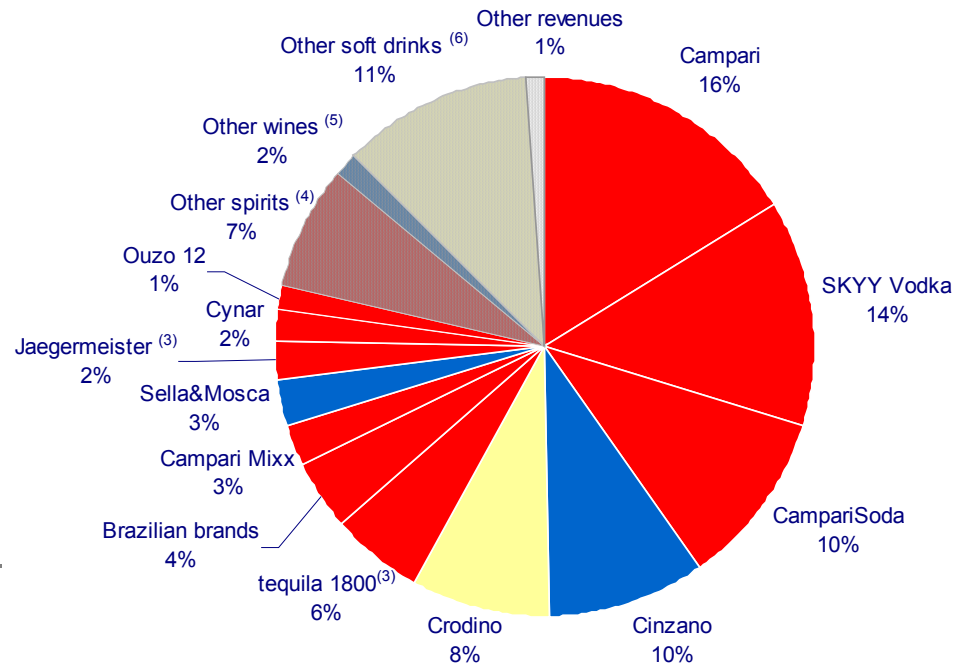


FY 2003/FY 2002	% change in value	
	at constant exchange	at actual exchange
<b>Spirits</b>		
Campari <sup>(1)</sup>	+3.4%	-1.1%
CampariSoda	+4.4%	+4.3%
SKYY <sup>(2)</sup>	+24.5%	+4.5%
Cynar	-0.6%	-0.7%
Ouzo 12	+8.7%	+7.4%
Brazilian brands	+6.8%	-14.3%
Jaegermeister <sup>(3)</sup>	+5.7%	+5.3%
<b>Wines</b>		
Cinzano sparkling wines	+5.3%	+4.2%
Cinzano vermouths	+0.8%	-3.9%
Sella & Mosca	-0.4%	-0.6%
<b>Soft drinks</b>		
Crodino	+2.2%	+2.2%
Carbonated soft drinks	+16.1%	+16.1%

Notes:

- (1) Excl. Campari Mixx
- (2) Incl. SKYY Vodka and SKYY flavoured vodkas
- (3) Agency brand
- (4) Incl. Whiskies, Zedda Piras, Aperol
- (5) Incl. Riccadonna
- (6) Incl. carbonated soft drinks, Lipton Ice Tea

**FY 2003 sales by product**  
(in value at actual exchange)



# Campari

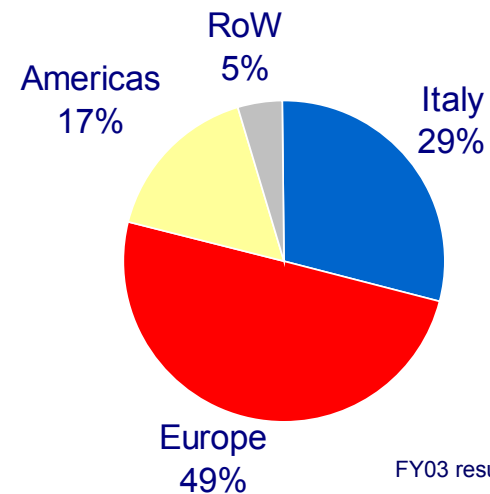
## Brand review

- > 16% of Group's sales
- > 3.4% sales growth in 2003 (+2.6% in 2002)
- > Italy: sales remain buoyant (+10.8%)
- > Brazil: positive development, but strong currency impact
- > Germany: upturn in sales continued in H2 2003. Full year growth ahead of expectations
- > Contrasting performances in international markets: strong in Austria and Russia, but weak in Japan, France and Spain

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Campari's net sales by region



# SKYY Vodka

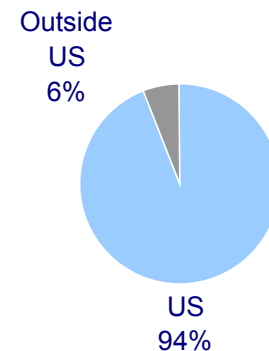
## Brand review

- > 14% of Group's sales
- > Another year of excellent performance: 24.5% sales growth
- > total volume of 2 million 9ltr cases achieved in 2003
- > Named as a "Hot Brand" in the US by Impact for the ninth consecutive year
- > Successful launch of flavoured vodkas (SKYY Berry, SKYY Spiced and SKYY Vanilla which were added to the existing SKYY Citrus) accounting for 16% of total SKYY sales in 2003
- > 32.2% growth outside US (6% of total product sales): Canada and Italy showed strong dynamism
- > SKYY Melon to be launched in first quarter of 2004

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### SKYY's net sales by region



# Other spirit brands



## Own brands

- > **CampariSoda (+4.4%)**: 10% of Group's sales. Italy accounts for 98% of product's sales. The brand showed solid performance in a mature market
- > **Brazilian brands (+6.8%)**: 4% of Group's sales
  - Strong performance of Dreher, as a result of effective advertising investments (+14.9%)
  - Weak performance of admix whiskies (Old Eight and Drury's, -5%) due to higher price positioning but in line with category
- > **Cynar (-0.6%)**: weakness is in part offset by strong recovery in Italian market
- > **Ouzo 12 (+8.7%)**: solid growth driven by German market
- > **Campari Mixx**: sales benefit from positive brand development in Italy and incremental sales from product introduction into new European markets. Successful launch of Mixx Orange in Italy in 2003. Two new flavours (Lime and Peach) will be launched in Italy in Q1

## Agency brands

- > **Tequila 1800**: distributed in the US since the last quarter of 2002. Over 320,000 9ltr cases achieved in 2003
- > **Jaegermeister (+5.7%)**: brand remains strong in Italy

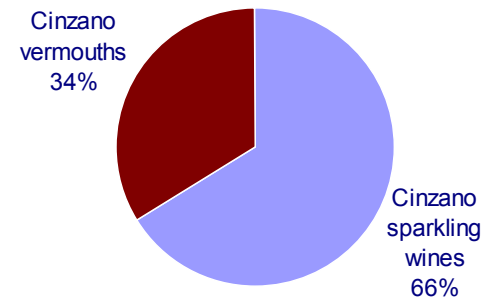
# Cinzano

## Brand review

- > 10% of Group's sales
- > Sparkling wines (+5.3%)
  - double digit growth in Italy, thanks to strong acceleration in Q4
  - negative performance in second largest market Germany due to persisting weakness of "Asti" category
- > Vermouth (+0.8%)
  - positive development in Eastern Europe (Russia) thanks to new distribution agreements
  - destocking in major markets in the view of introduction of new bottle
- > Production of Cinzano was operated by third parties until Dec 2003. Storage and bottling activities started at new "Novi Ligure" plant in Aug 2003 and Jan 2004, respectively

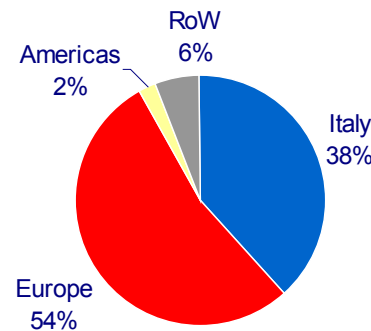


### Cinzano mix

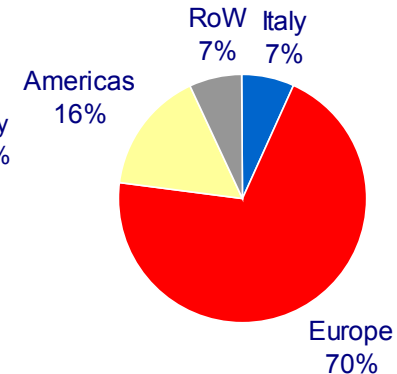


### Cinzano's net sales by region

#### Sparkling wines



#### Vermouths



# Other brands



## Other wines

- > **Sella & Mosca** (-0.4% at constant exchange; -0.6% at actual exchange)
  - negative performance attributable to limited quantities available as a consequence of very poor harvest in 2002 which was not the case for the 2003 harvest
- > **Riccadonna** (+6.2% at constant exchange; -7.2% at actual exchange)
  - strong currency impact determined by high concentration of sales in Australia

## Soft drinks

- > **Crodino (+2.2%):**
  - 8% of Group's sales
  - growth driven by solid brand positioning in domestic market. Sales are less correlated to weather conditions than other soft drinks
- > **Carbonated soft drinks (+16.1%):**
  - strong growth driven also by very hot summer season in 2003



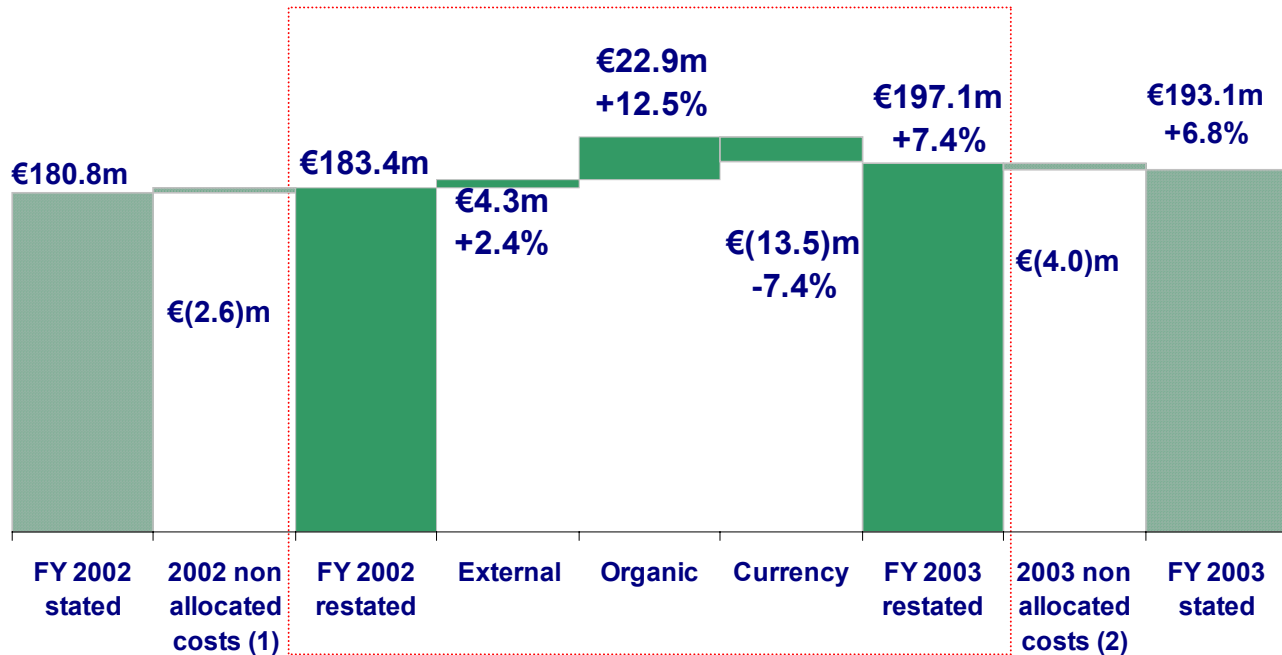
# Profitability by business area

Paolo Marchesini, CFO

# Consolidated trading profit



## Growth analysis



Notes:

- (1) 2002 non-allocated costs relate to development, quality assurance and engineering expenses which were restated from "Production costs" to "General and administrative expenses" as of 2003
- (2) 2003 non-allocated costs relate to incremental expenses generated by transition to new production structure (Novi Ligure plant)

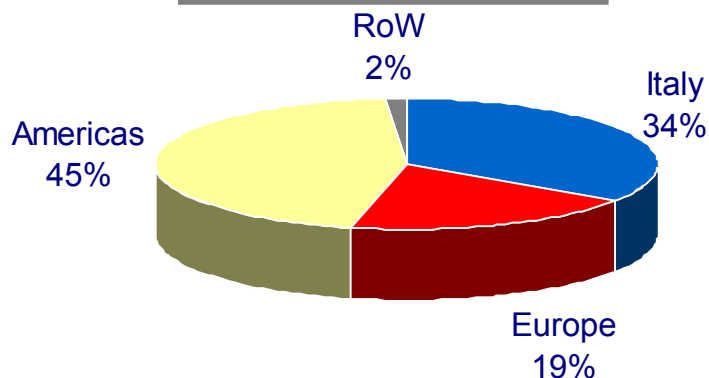


# Spirits

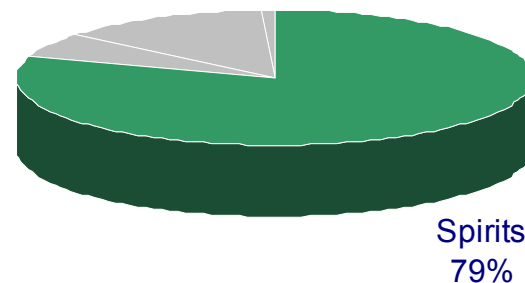


## Profitability analysis

**Spirits sales by region**



**Spirits trading profit as % of Group**



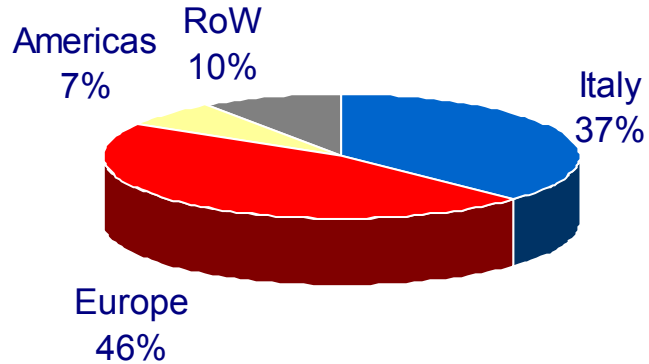
	FY 2003		FY 2002		Change %	of which:		
	€ million	%	€ million	%		external	organic	currency
Net sales	467.6	100.0%	426.6	100.0%	9.6%	7.2%	11.5%	-9.1%
Gross margin	308.2	65.9%	281.6	66.0%	9.5%	4.9%	13.0%	-8.4%
<b>Trading profit</b>	<b>157.7</b>	<b>33.7%</b>	<b>145.6</b>	<b>34.1%</b>	<b>8.3%</b>	<b>3.1%</b>	<b>13.6%</b>	<b>-8.4%</b>

- > 13.6% organic growth in trading profit is driven by SKYY Vodka, Campari, CampariSoda and Jaegermeister
- > 3.1% external growth is generated mainly by tequila 1800
- > Dilution effect of tequila 1800 on gross margin is compensated by higher profitability of Campari Mixx
- > Decrease in trading margin reflects disproportionate A&P investments on Campari Mixx

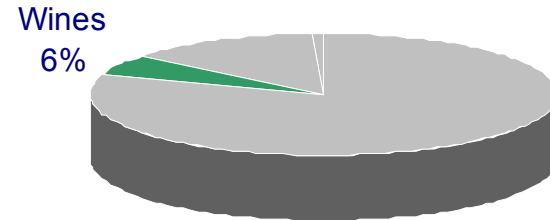
# Wines

## Profitability analysis

Wines sales by region



Wines trading profit as % of Group



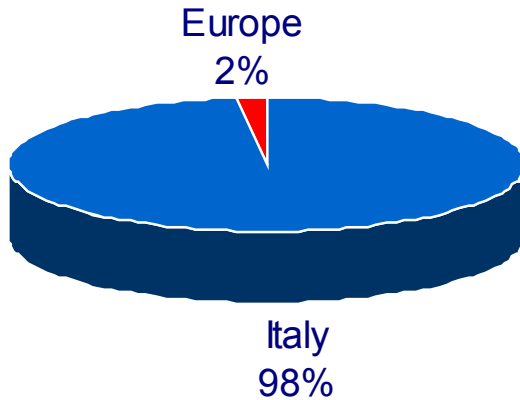
	FY 2003		FY 2002		Change %	of which:		
	€ million	%	€ million	%		external	organic	currency
Net sales	99.0	100.0%	96.6	100.0%	2.5%	1.2%	4.3%	-3.0%
Gross margin	44.2	44.6%	44.6	46.2%	-1.0%	0.3%	3.4%	-4.7%
<b>Trading profit</b>	<b>11.3</b>	<b>11.5%</b>	<b>11.9</b>	<b>12.3%</b>	<b>-4.3%</b>	<b>-1.2%</b>	<b>5.7%</b>	<b>-8.8%</b>

- > 4.3% decrease in trading profit is entirely attributable to negative currency impact
- > 5.7% organic growth is driven by Cinzano vermouths
- > External variation relates to Barbero's wines (Mondoro)

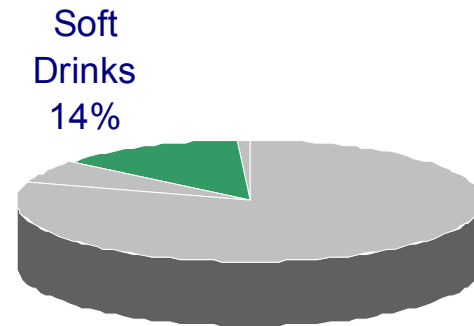
# Soft drinks

## Profitability analysis

Soft drinks sales by region



Soft drinks trading profit as % of Group



	FY 2003		FY 2002		Change %	of which:		
	€ million	%	€ million	%		external	organic	currency
Net sales	140.3	100.0%	127.3	100.0%	<b>10.2%</b>	0.0%	10.2%	0.0%
Gross margin	63.1	45.0%	58.8	46.2%	<b>7.3%</b>	0.0%	7.3%	0.0%
<b>Trading profit</b>	<b>26.7</b>	<b>19.0%</b>	<b>24.2</b>	<b>19.0%</b>	<b>10.4%</b>	<b>0.0%</b>	<b>10.4%</b>	<b>0.0%</b>

- > 7.3% growth in gross profit (vs. 10.2% growth in sales) reflects unfavourable sales mix
- > 10.4% growth in trading profit (vs. 7.3% growth in gross margin) reflects reduction in A&P expense as % of sales



# Consolidated results

Paolo Marchesini, CFO

# Trading profit

## Consolidated results



	FY 2003		FY 2002		Change at actual exchange	Change at constant exchange
	€ m	%	€ m	%	%	
<b>Net turnover</b>	<b>714.1</b>	<b>100.0%</b>	<b>660.6</b>	<b>100.0%</b>	<b>8.1%</b>	<b>+14.5%</b>
Cost of materials	(256.3)	-35.9%	(230.4)	-34.9%	11.3%	
Production costs <sup>(1)</sup>	(44.9)	-6.3%	(45.9)	-6.9%	-2.2%	
<b>COGS</b>	<b>(301.2)</b>	<b>-42.2%</b>	<b>(276.3)</b>	<b>-41.8%</b>	<b>9.0%</b>	
<b>Gross profit</b>	<b>412.9</b>	<b>57.8%</b>	<b>384.3</b>	<b>58.2%</b>	<b>7.4%</b>	
Advertising and promotion	(143.7)	-20.1%	(130.8)	-19.8%	9.9%	
Sales and distribution expenses	(76.1)	-10.7%	(72.7)	-11.0%	4.7%	
<b>Trading profit</b>	<b>193.1</b>	<b>27.0%</b>	<b>180.8</b>	<b>27.4%</b>	<b>6.8%</b>	

(1) Fixed operating costs amounting to € 2.9 m in FY 2003 restated from Production costs to G&A

- > Increase in A&P from 19.8% to 20.1% entirely attributable to Campari Mixx (activities to support product launch). By excluding Campari Mixx, A&P on sales would be down from 19.1% in 2002 to 18.7% in 2003
- > Reduction in sales and distribution expenses as % of sales achieved through controlled variable costs
- > Dilution in trading margin reflects also transition costs relating to start of operations at Novi Figure plant

# EBIT

## Consolidated results



	FY 2003		FY 2002		Change at actual exchange	Change at constant exchange
	€ m	%	€ m	%	%	
<b>Trading profit</b>	<b>193.1</b>	<b>27.0%</b>	<b>180.8</b>	<b>27.4%</b>	<b>6.8%</b>	
General and administrative expenses <sup>(1)</sup>	(46.9)	-6.6%	(43.3)	-6.6%	8.1%	
Other operating revenues	6.9	1.0%	5.8	0.9%	19.6%	
Goodwill and trademark amortisation	(28.4)	-4.0%	(27.8)	-4.2%	2.5%	
Non-recurring costs	(2.5)	-0.3%	(0.8)	-0.1%	206.2%	
<b>EBIT</b>	<b>122.2</b>	<b>17.1%</b>	<b>114.7</b>	<b>17.4%</b>	<b>6.6%</b>	<b>+15.3%</b>
Depreciation of tangible assets	(15.4)	-2.2%	(14.4)	-2.2%	7.3%	
Amortisation of intangible assets <sup>(2)</sup>	(31.6)	-4.4%	(30.9)	-4.7%	2.1%	
<b>Total D&amp;A</b>	<b>(47.0)</b>	<b>-6.6%</b>	<b>(45.3)</b>	<b>-6.9%</b>	<b>3.7%</b>	
<b>EBITDA</b>	<b>169.2</b>	<b>23.7%</b>	<b>160.0</b>	<b>24.2%</b>	<b>5.8%</b>	<b>+12.4%</b>
<b>EBITA</b>	<b>150.7</b>	<b>21.1%</b>	<b>142.4</b>	<b>21.6%</b>	<b>5.8%</b>	<b>+12.8%</b>

(1) Fixed operating costs amounting to € 2.9 m in FY 2003 restated from Production costs to G&A

(2) Incl. amortisation of goodwill and trademarks and amortisation of other intangible assets

- > Other operating revenues include royalties of € 4.9m mainly attributable to SKYY Blue (€ 5.8m in 2002)
- > Non-recurring expenses include legal and restructuring costs
- > Increase in amortisation of goodwill generated by purchase of residual minority stake in Sella & Mosca and acquisition of Barbero 1891 (consolidated only in December 2003)

# Net profit

## Consolidated results



	FY 2003		FY 2002		Change at actual exchange	Change at constant exchange
	€ m	%	€ m	%	%	
<b>EBIT</b>	<b>122.2</b>	<b>17.1%</b>	<b>114.7</b>	<b>17.4%</b>	<b>6.6%</b>	<b>+15.3%</b>
Net financial income (expenses)	(8.8)	-1.2%	(6.1)	-0.9%	45.5%	
Income (losses) on net rates	1.6	0.2%	8.2	1.2%	-80.1%	
Other non operating income (expenses)	23.1	3.2%	6.6	1.0%	246.6%	
<b>Pretax profit</b>	<b>138.1</b>	<b>19.3%</b>	<b>123.4</b>	<b>18.7%</b>	<b>11.9%</b>	<b>+19.2%</b>
Minority interests	(17.9)	-2.5%	(15.8)	-2.4%	12.7%	
<b>Pretax profit after minorities</b>	<b>120.2</b>	<b>16.8%</b>	<b>107.6</b>	<b>16.3%</b>	<b>11.8%</b>	
Taxes	(40.4)	-5.7%	(20.9)	-3.2%	93.4%	
<b>Net income</b>	<b>79.8</b>	<b>11.2%</b>	<b>86.7</b>	<b>13.1%</b>	<b>-7.9%</b>	<b>-3.9%</b>
<i>Tax rate before minorities</i>	29.3%		17.0%			
<i>Tax rate after minorities</i>	33.6%		19.4%			

- > Increase in interest expenses due to higher exposure to fixed interest rates in connection with private placements. Fixed rates were swapped to variable rates in 2H 2003
- > Other non-operating income include:
  - capital gain of € 33.7m from sale of Head Office building completed in July 2003
  - asset write-off of € 3.8m relating to shift to non-returnable bottles system (CampariSoda and Crodino)
  - provision for termination indemnities of € 2.7m
  - provision for future restructuring costs of € 3.5m
- > Decrease in net income entirely attributable to return to normalised level of tax rate as opposed to the previous year

# EPS and EPS adj.



## Calculation

		2003	2002	2001	2001/2003 CAGR
<b>Stated Net profit</b>	€ m	79.8	86.7	63.4	12.2%
<b>Adjustment A</b>					
Goodwill amortisation	€ m	28.4	27.8	11.4	
Tax saving on deductible goodwill	€ m	(6.1)	(6.1)	(1.2)	
<b>Net profit restated for goodwill and tax saving</b>	€ m	<b>102.2</b>	<b>108.3</b>	<b>73.6</b>	<b>17.8%</b>
<b>Adjustment B</b>					
Exceptional income, net	€ m	(24.8)	(14.8)	(2.2)	
Taxes on net exceptional income	€ m	8.5	(0.4)	0.7	
<b>Net profit restated for goodwill, exceptionals and fiscal effects on goodwill and exceptionals</b>	€ m	<b>85.9</b>	<b>93.1</b>	<b>72.2</b>	<b>9.1%</b>
<b>Clean EPS</b>	€	<b>2.75</b>	<b>2.98</b>	<b>2.18</b>	<b>12.2%</b>
<b>EPS adj. for goodwill amort. and fiscal effect (A)</b>	€	<b>3.52</b>	<b>3.73</b>	<b>2.54</b>	<b>17.8%</b>
<b>EPS adj. for goodwill amort., except. and fiscal effects (A+B)</b>	€	<b>2.96</b>	<b>3.21</b>	<b>2.49</b>	<b>9.1%</b>



# Free cash flow

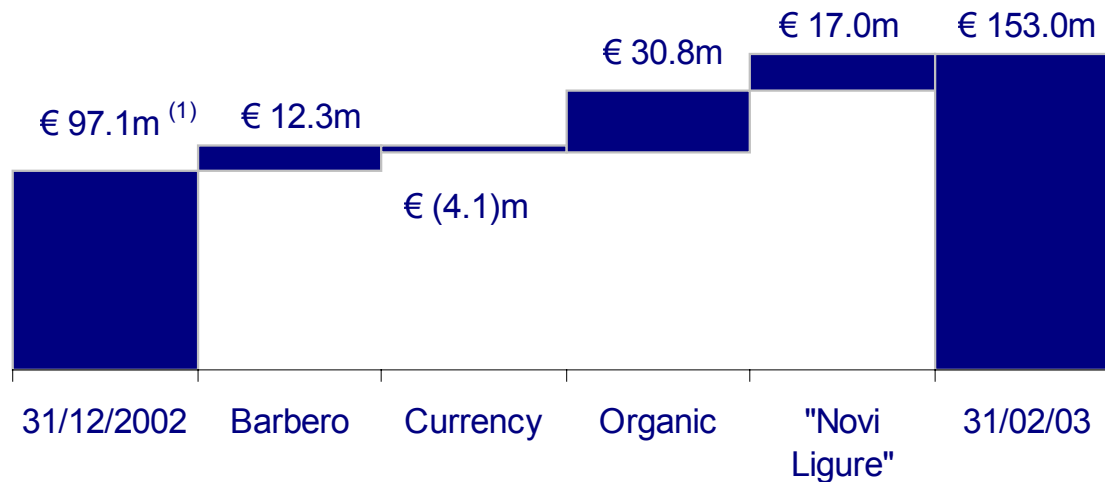
**CAMPARI**

	31-12-2003 Total	Change in perimeter (Barbero 1891)	31-12-2003 at 2002 perimeter	31-12-2002
	€ m	€ m	€ m	€ m
<b>Profit before taxes</b>	<b>120.2</b>		<b>120.2</b>	<b>107.6</b>
Depreciation and amortization	47.0		47.0	45.3
Gains on sale of fixed assets	(34.4)		(34.4)	(5.7)
Other non cash items	13.8	8.0	5.8	(15.6)
Taxes	(37.2)		(37.2)	(27.1)
Other	8.9	3.6	5.3	(8.6)
<b>Cash flow by op. activities before change in OWC</b>	<b>118.3</b>	<b>11.6</b>	<b>106.7</b>	<b>95.9</b>
Change in operating working capital	(43.1)	(12.3)	(30.8)	(3.2)
<b>Cash flow generated by operating activities</b>	<b>75.2</b>	<b>(0.7)</b>	<b>75.9</b>	<b>92.7</b>
Acquisition of tangible assets	(36.1)	(7.7)	(28.4)	(56.2)
Change in payables to suppliers for Novi Ligure investments	(17.0)		(17.0)	17.0
Acquisition of intangible assets	(7.6)	(0.2)	(7.4)	(2.0)
Net income from disposals of tangible fixed assets	40.3		40.3	8.8
<b>Free cash flow</b>	<b>54.8</b>	<b>(8.6)</b>	<b>63.4</b>	<b>60.3</b>
Acquisition of new subsidiaries net of cash			(155.6)	(358.0)
Goodwill from new acquisitions	(142.1)	(142.1)		
Other investment activities	(5.2)	(5.5)	0.3	2.3
Dividends paid	(24.7)		(24.7)	(24.7)
<b>Cash flow by investing activities</b>	<b>(172.0)</b>	<b>(147.5)</b>	<b>(180.0)</b>	<b>(380.3)</b>
Exchange rate differences and other movements <sup>(1)</sup>	18.9	0.5	18.4	24.6
<b>Net increase (decrease) in net financial position</b>	<b>(98.3)</b>	<b>(155.6)</b>	<b>(98.3)</b>	<b>(295.4)</b>

Notes: (1) Includes positive exchange rates effects on OWC of € 4.1m in 2003 and € 23.4m in 2002

- > Unfavourable movement in working capital requirement
  - increase of € 43.1m, before “Novi payables” of € 17 m and exchange effect of € (4.1)m
- > Extraordinary capex for completion of Novi Ligure project
  - investment of € 45.4m, including “Novi” payables of € 17m
- > Net income from disposal of tangible fixed assets of € 40.3m relates mainly to the sale of head office in Milan
- > Acquisition of minority stake in Sella&Mosca (€ 8.5m) and Barbero 1891 (€ 147.1m)

# Operating working capital



> OWC/sales = 19.8% (excluding Barbero effects)

Note:

(1) Trade receivables from associate companies and trade payables due to associate companies were classified under trade receivables and trade payables respectively in 2003 and, in order to provide a meaningful comparison, also in 2002.

# Capital expenditure



## Tangible fixed assets

- > Total investment of € 28.4m:
  - € 17.3 m relating to completion of Novi Ligure plant (total capital invested as of 31 Dec. 2003: € 51.7 m)
  - € 4.2m relating to investments of Skyy Spirits in plant and machinery<sup>(1)</sup> and offices
  - € 3.2m relating to investments of Sella & Mosca in vineyard equipment
  - € 3.7m relating to other investments (maintenance)

## Intangible fixed assets

- > Total investment of € 7.4m, including software and SAP licenses, other investments in brands and other deferred costs

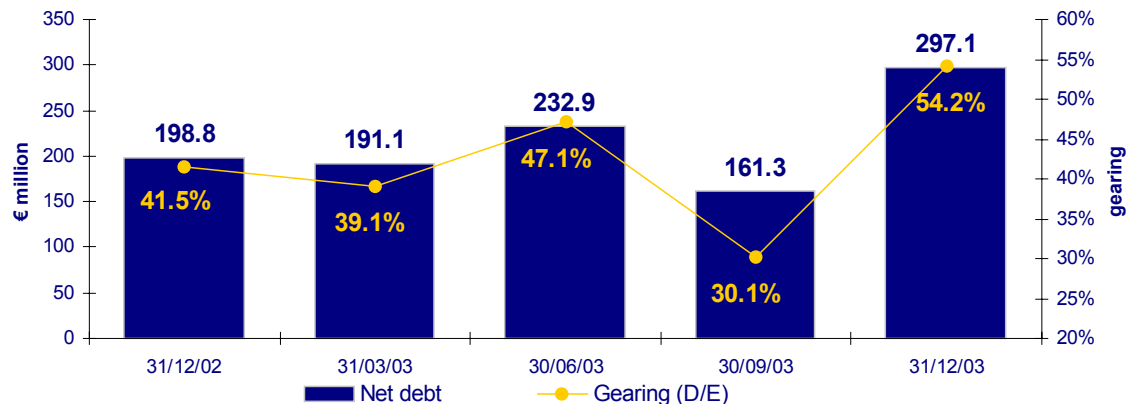
Note:

(1) Joint investments with Brown Forman Corp. on the basis of a contract to manufacture SKYY products

# Financial indebtedness



	31 Dec 2003	31 Dec 2002	Change
	€ m	€ m	€ m
Cash and banks	133.6	103.5	30.1
Marketable securities	1.9	4.2	(2.3)
Bank borrowings	(30.1)	(120.2)	90.1
Accrued interests on private placement	(4.4)	(3.3)	(1.1)
Real estate lease	0.0	(2.0)	2.0
<b>Total S-T debt, net</b>	<b>101.0</b>	<b>(17.8)</b>	<b>118.8</b>
L-T bank debt and other financial debt	(5.5)	(6.5)	1.0
Real estate leasing (L-T)	0.0	(11.4)	11.4
Senior notes issues (private placements)	(392.6)	(163.1)	(229.5)
<b>Total L-T debt</b>	<b>(398.1)</b>	<b>(181.0)</b>	<b>(217.1)</b>
<b>Net cash/(debt)</b>	<b>(297.1)</b>	<b>(198.8)</b>	<b>(98.3)</b>



- > Issue of USD 300m bond issue in July 2003
- > Acquisition of Barbero 1891 for a net cash outflow of € 147.1 m in December 2003



# Outlook and conclusion

Enzo Visone, Deputy CEO

# 2004 outlook



## General

- > Decline in consumer confidence and propensity to consume in major markets
- > Uncertain political and economic environment
- > Exchange rates scenario still extremely uncertain

## Company specifics

- > **Italy:** all of the main brands showed solid performance in 2003 but trading conditions remain tough. Domestic business will benefit from contribution of Barbero 1891 acquired in December 2003 and, to a lesser extent, Riccadonna
- > **Other Europe:** unfavourable macroeconomic scenario across European countries expected to persist. Prospects in Germany look better after recovery achieved throughout 2003, although underlying consumer confidence and consumption remain low. In some European markets (incl. Germany) the RTD category is expected to be seriously hit by tax hikes
- > **US:** good performance of SKYY is expected to continue, although the brand continues to face increased competition in the premium vodka market
- > **Brazil:** business performance remains highly correlated with trends in local economy

# Supplementary schedules

- |              |  |
|--------------|--|
| Schedule - 1 | Consolidated income statement                      |
| Schedule - 2 | Consolidated balance sheet (asset and liabilities) |
| Schedule - 3 | Consolidated balance sheet (capital invested)      |
| Schedule - 4 | Consolidated cash flow                             |
| Schedule - 5 | Currency effects on net sales                      |
| Schedule - 6 | Average exchange rates                             |
| Schedule - 7 | Campari stock performance                          |
| Schedule - 8 | Shareholder structure                              |

# Consolidated income statement

## Year ended 31 December

	FY 2003		FY 2002		Change
	€ m	%	€ m	%	%
<b>Net sales (1)</b>	<b>714.1</b>	<b>100.0%</b>	<b>660.6</b>	<b>100.0%</b>	<b>8.1%</b>
Cost of materials	(256.3)	-35.9%	(230.4)	-34.9%	11.3%
Production costs	(44.9)	-6.3%	(45.9)	-6.9%	-2.2%
<b>Total cost of goods</b>	<b>(301.2)</b>	<b>-42.2%</b>	<b>(276.3)</b>	<b>-41.8%</b>	<b>9.0%</b>
<b>Gross margin</b>	<b>412.9</b>	<b>57.8%</b>	<b>384.3</b>	<b>58.2%</b>	<b>7.4%</b>
Advertising and promotion	(143.7)	-20.1%	(130.8)	-19.8%	9.9%
Sales and distribution expenses	(76.1)	-10.7%	(72.7)	-11.0%	4.7%
<b>Trading profit</b>	<b>193.1</b>	<b>27.0%</b>	<b>180.8</b>	<b>27.4%</b>	<b>6.8%</b>
General and administrative expenses	(46.9)	-6.6%	(43.3)	-6.6%	8.1%
Other operating revenues	6.9	1.0%	5.8	0.9%	19.6%
Goodwill and trademark amortisation	(28.4)	-4.0%	(27.8)	-4.2%	2.5%
Non recurring costs	(2.5)	-0.3%	(0.8)	-0.1%	206.2%
<b>EBIT</b>	<b>122.2</b>	<b>17.1%</b>	<b>114.7</b>	<b>17.4%</b>	<b>6.6%</b>
Net financial income (expenses)	(8.8)	-1.2%	(6.1)	-0.9%	45.5%
Income (losses) on net rates	1.6	0.2%	8.2	1.2%	-80.1%
Other non operating income (expenses)	23.1	3.2%	6.6	1.0%	246.6%
<b>Pretax profit</b>	<b>138.1</b>	<b>19.3%</b>	<b>123.4</b>	<b>18.7%</b>	<b>11.9%</b>
Minority interests	(17.9)	-2.5%	(15.8)	-2.4%	12.7%
<b>Pretax profit after minorities</b>	<b>120.2</b>	<b>16.8%</b>	<b>107.6</b>	<b>16.3%</b>	<b>11.8%</b>
Taxes	(40.4)	-5.7%	(20.9)	-3.2%	93.4%
<b>Net income</b>	<b>79.8</b>	<b>11.2%</b>	<b>86.7</b>	<b>13.1%</b>	<b>-7.9%</b>
Depreciation of tangible assets	(15.4)	-2.2%	(14.4)	-2.2%	7.3%
Amortisation of intangible assets (2)	(31.6)	-4.4%	(30.9)	-4.7%	2.1%
<b>Total D&amp;A</b>	<b>(47.0)</b>	<b>-6.6%</b>	<b>(45.3)</b>	<b>-6.9%</b>	<b>3.7%</b>
<b>EBITDA</b>	<b>169.2</b>	<b>23.7%</b>	<b>160.0</b>	<b>24.2%</b>	<b>5.8%</b>
<b>EBITA (3)</b>	<b>150.7</b>	<b>21.1%</b>	<b>142.4</b>	<b>21.6%</b>	<b>5.8%</b>

(1) Net of discounts and excise duty

(2) Include amortisation of goodwill, trademarks and other intangible assets

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



# Consolidated balance sheet



## Year ended 31 December

### Asset and Liabilities

	31-12-2003	31-12-2002	Change
	€ m	€ m	€ m
Cash and banks	133.6	103.5	30.1
Marketable securities	1.9	4.2	(2.3)
Trade receivables (1)	174.2	137.7	36.5
Inventories	106.4	94.9	11.5
Other current assets	55.4	44.2	11.2
<b>Total current assets</b>	<b>471.5</b>	<b>384.5</b>	<b>87.0</b>
Tangible assets	152.4	144.2	8.2
Goodwill, net of depreciation	552.2	437.3	114.9
Other intangible fixed assets, net of depreciation	19.4	16.0	3.4
Equity investments	7.8	8.7	(0.9)
Other assets	5.8	3.4	2.4
Own shares	31.0	31.0	0.0
<b>Total non current assets</b>	<b>768.6</b>	<b>640.6</b>	<b>128.0</b>
<b>Total assets</b>	<b>1,240.1</b>	<b>1,025.1</b>	<b>215.0</b>
Bank borrowings	30.1	122.1	(92.0)
Trade payables (1)	127.6	135.5	(7.9)
Other current liabilities	78.1	52.5	25.6
<b>Total current liabilities</b>	<b>235.8</b>	<b>310.1</b>	<b>(74.3)</b>
Medium and long term loans	398.1	181.0	217.1
Employees' leaving indemnity ("T.F.R.")	15.6	13.1	2.5
Other non current liabilities	37.7	32.0	5.7
Minority interests	4.7	10.0	(5.3)
<b>Total non current liabilities</b>	<b>456.1</b>	<b>236.1</b>	<b>220.0</b>
Group Equity	548.2	478.9	69.3
<b>Total liabilities and net equity</b>	<b>1,240.1</b>	<b>1,025.1</b>	<b>215.0</b>

Note:

- (1) Trade receivables from associate companies and trade payables due to associate companies were classified under trade receivables and trade payables respectively in 2003 and, in order to provide a meaningful comparison, in 2002.

# Consolidated balance sheet



## Year ended 31 December

### Invested capital and financing sources

	31-12-2003	31-12-2002	Change
	€ m	€ m	€ m
Inventories	106.4	94.9	11.5
Trade receivables (1)	174.2	137.7	36.5
Trade payables (1)	(127.6)	(135.5)	7.9
<b>Operating working capital</b>	<b>153.0</b>	<b>97.1</b>	<b>55.9</b>
Other current assets and liabilities	(34.1)	(15.0)	(19.1)
<b>Net Working Capital</b>	<b>118.9</b>	<b>82.1</b>	<b>36.8</b>
Employees' leaving indemnity ("T.F.R")	(15.6)	(13.1)	(2.5)
Deferred taxes	(0.2)	0.6	(0.8)
Other non current liabilities	(21.8)	(22.5)	0.7
<b>Other liabilities</b>	<b>(37.6)</b>	<b>(35.0)</b>	<b>(2.6)</b>
Tangible assets	152.4	144.2	8.2
Intangible assets	571.6	453.2	118.4
	44.7	43.2	1.4
<b>Total fixed assets</b>	<b>768.7</b>	<b>640.6</b>	<b>128.1</b>
<b>Invested Capital</b>	<b>850.0</b>	<b>687.7</b>	<b>162.2</b>
Group Equity	(548.2)	(478.9)	(69.3)
Minority interest	(4.7)	(10.0)	5.3
Net financial position	(297.1)	(198.8)	(98.3)
<b>Financing sources</b>	<b>(850.0)</b>	<b>(687.7)</b>	<b>(162.3)</b>

Note:

- (1) Trade receivables from associate companies and trade payables due to associate companies were classified under trade receivables and trade payables respectively in 2003 and, in order to provide a meaningful comparison, in 2002.

# Consolidated cash flow (1/2)

## Year ended 31 December

	31/12/2003 Total	Change in perimeter (Barbero 1891)	31/12/2003 at 2002 perimeter	31/12/2002
	€ m	€ m	€ m	€ m
Profit before taxes	120.2		120.2	107.6
Depreciation and amortization	47.0		47.0	45.3
Gains on sale of fixed assets	(34.4)		(34.4)	(5.7)
Other non cash items	10.5		10.5	(5.7)
Use of provisions	(4.1)		(4.1)	
Income taxes	(40.3)		(40.3)	(20.9)
Provision (payment) for employees' leaving indemnity	(0.1)		(0.1)	0.6
Deferred taxes	3.2		3.2	(6.2)
Taxes liabilities	8.9	3.6	5.3	(8.6)
Net change in other assets and liabilities, other than OWC	7.5	8.0	(0.5)	(10.4)
<b><i>Cash flow generated by operating activities before net change in operating working capital</i></b>	<b>118.3</b>	<b>11.6</b>	<b>106.7</b>	<b>95.9</b>
Trade receivables (1)	(40.2)	(21.2)	(19.0)	(4.2)
Inventories	(15.6)	(9.3)	(6.3)	(20.7)
Trade payables (1)	12.7	18.1	(5.4)	21.6
<b><i>Net change in Operating Working Capital</i></b>	<b>(43.1)</b>	<b>(12.3)</b>	<b>(30.8)</b>	<b>(3.2)</b>
<b><i>Cash flow generated by operating activities (2)</i></b>	<b>75.2</b>	<b>(0.7)</b>	<b>75.9</b>	<b>92.7</b>
Acquisition of tangible fixed assets	(36.1)	(7.7)	(28.4)	(56.2)
Payables to suppliers for Novi Ligure investments (3)	(17.0)		(17.0)	17.0
Income from disposals of tangible fixed assets	40.3		40.3	8.8
Acquisition of intangible fixed assets	(149.7)	(142.3)	(7.4)	(2.0)
Acquisition of new subsidiaries, net of cash acquired (4)			(155.6)	(358.0)
Net change in equity investments	0.9	0.6	0.3	1.3
Acquisition of own shares				
Net change in marketable securities	2.3		2.3	42.1
Change in financial receivables	0.1		0.1	0.5
Change in minority interests	(5.3)	(6.1)	0.7	1.7
<b><i>Net cash flow generated by investing activities</i></b>	<b>(164.6)</b>	<b>(155.5)</b>	<b>(164.8)</b>	<b>(344.7)</b>

# Consolidated cash flow (2/2)

## Year ended 31 December

	31/12/2003 Total	Change in perimeter (Barbero 1891)	31/12/2003 at 2002 perimeter	31/12/2002
	€ m	€ m	€ m	€ m
Payment of lease instalments	(14.2)		(14.2)	(1.9)
Net change in short-term bank borrowings	(90.0)		(90.0)	7.8
Accrued interests on private placements	1.1		1.1	3.3
Senior notes (Private placements)	258.0		258.0	163.1
Change in other financial payables (non current)	(1.1)		(1.1)	5.3
Dividends paid	(24.7)		(24.7)	(24.7)
<b>Cash flow generated by financing activities</b>	<b>129.1</b>		<b>129.1</b>	<b>153.1</b>
Exchange rate effects on Operating Working Capital	4.1		4.1	23.4
Other exchange rate effects and other	(13.7)	0.5	(14.3)	1.2
<b>Exchange rate differences and other movements</b>	<b>(9.6)</b>	<b>0.5</b>	<b>(10.2)</b>	<b>24.6</b>
<b>Net increase (decrease) in cash and banks</b>	<b>30.1</b>	<b>(155.6)</b>	<b>30.1</b>	<b>(74.3)</b>
Net cash position at the beginning of period	103.5	0.0	103.5	177.8
<b>Net cash position at the end of period</b>	<b>133.6</b>	<b>(155.6)</b>	<b>133.6</b>	<b>103.5</b>

Note:

- (1) Trade receivables from associate companies and trade payables due to associate companies were classified under trade receivables and trade payables respectively in 2003 and, in order to provide a meaningful comparison, in 2002
- (2) Cash flow generated by operating activities is before currency effects which were reclassified under Exchange rate differences in 2003 and 2002
- (3) Change in payables to suppliers for Novi Ligure investments were reclassified under cash flow generated by investing activities
- (4) Acquisition of new subsidiaries relates to Barbero n1891 (€ 147.1m) and residual minority stake in Sella & Mosca (€ 8.5m)

# Currency effects

## Net sales

### Consolidated net sales by segment

	FY 2003		FY 2002		Change %	of which:		
	€ m	%	€ m	%		external	organic	currency
Spirits	467.6	65.5%	426.6	64.6%	9.6%	7.2%	11.5%	-9.1%
Wines	99.0	13.9%	96.6	14.6%	2.5%	1.2%	4.3%	-3.0%
Soft drinks	140.3	19.6%	127.3	19.3%	10.2%	0.0%	10.2%	0.0%
Other revenues	7.2	1.0%	10.1	1.5%	-28.7%	4.9%	-28.5%	-5.1%
<b>Total</b>	<b>714.1</b>	<b>100%</b>	<b>660.6</b>	<b>100%</b>	<b>8.1%</b>	<b>4.9%</b>	<b>9.6%</b>	<b>-6.4%</b>

### Consolidated net sales by region

	FY 2003		FY 2002		Change %	of which:		
	€ m	%	€ m	%		external	organic	currency
Italy	339.8	47.6%	311.0	47.1%	9.3%	1.1%	8.2%	0.0%
Europe	138.9	19.4%	127.3	19.3%	9.1%	0.5%	9.1%	-0.5%
Americas (1)	218.4	30.6%	200.2	30.3%	9.1%	14.1%	14.6%	-19.6%
RoW	17.0	2.4%	22.1	3.3%	-23.2%	0.3%	-12.7%	-10.8%
<b>Total</b>	<b>714.1</b>	<b>100%</b>	<b>660.6</b>	<b>100%</b>	<b>8.1%</b>	<b>4.9%</b>	<b>9.6%</b>	<b>-6.4%</b>

### (1) Breakdown of Americas

	FY 2003		FY 2002		Change %	of which:		
	€ m	%	€ m	%		external	organic	currency
USA	163.2	74.7%	138.1	69.0%	18.2%	20.4%	17.0%	-19.1%
Brazil	47.8	21.9%	55.2	27.6%	-13.5%	0.0%	7.8%	-21.4%
Other countries	7.4	3.4%	6.9	3.4%	7.7%	0.2%	22.7%	-15.3%
<b>Total</b>	<b>218.4</b>	<b>100%</b>	<b>200.2</b>	<b>100%</b>	<b>9.1%</b>	<b>14.1%</b>	<b>14.6%</b>	<b>-19.6%</b>

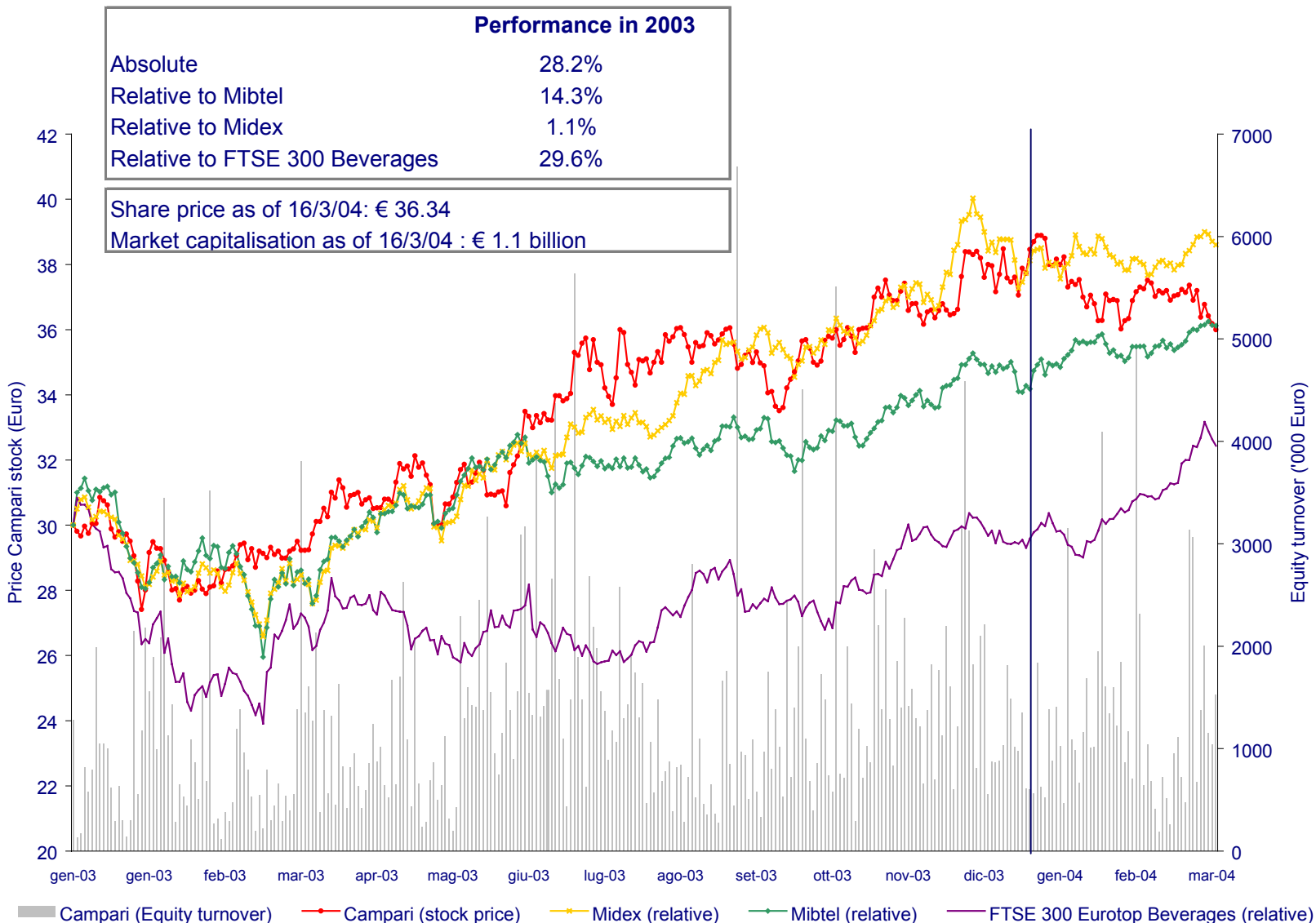
# Average exchange rates



## Historic rates

	<b>FY 2003</b>	<b>FY 2002</b>	<b>% change</b>
<b>Brazilian Real : 1 Euro</b>	3.471	2.784	24.7%
<b>Euro : 1 Brazilian Real</b>	0.2881	0.3593	-19.8%
<b>US dollar : 1 Euro</b>	1.131	0.946	19.5%
<b>Euro : 1 US dollar</b>	0.8843	1.0571	-16.4%
	<b>4Q 2003</b>	<b>4Q 2002</b>	<b>% change</b>
<b>Brazilian Real : 1 Euro</b>	3.449	3.673	-6.1%
<b>Euro : 1 Brazilian Real</b>	0.2899	0.2722	6.5%
<b>US dollar : 1 Euro</b>	1.189	0.9995	19.0%
<b>Euro : 1 US dollar</b>	0.8408	1.0005	-16.0%

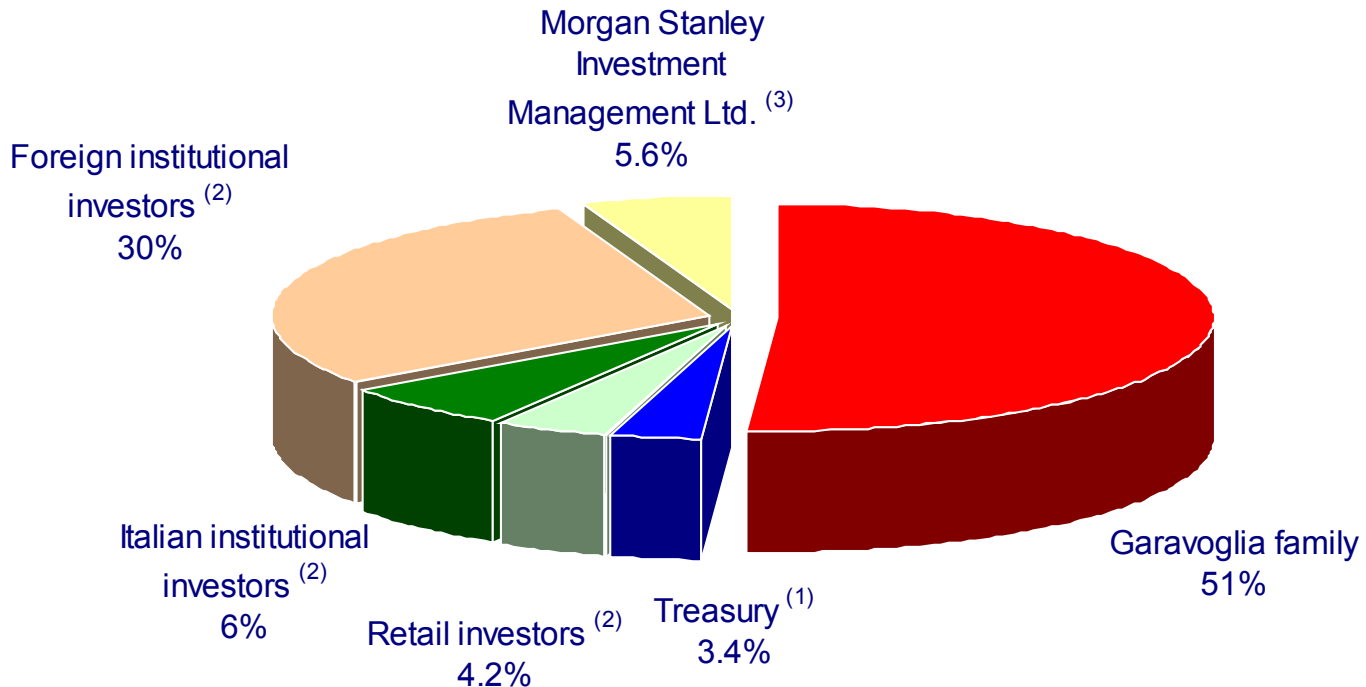
# Campari stock performance



# Shareholder structure



## Free float composition



Notes:

(1) Purchase of own shares aimed at servicing the stock option plan

(2) Based on share ownership data as of 22 May 2003 (dividend payment date)

(3) Except for those mentioned above, there are no other shareholders with interests of more than 2% of the share capital who have given notice to Consob and Davide Campari-Milano S.p.A. according to the Consob regulation 11971/99, Art. 117 regarding obligation to notify major holdings





***For additional information:***  
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