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# 2004 First Half Results

Conference call

*8 September 2004*

A vertical, close-up photograph of a Campari bottle. The bottle is white with gold accents, including a decorative crest and the word "CAMPARI" embossed on the glass. The bottom of the bottle is filled with a vibrant red liquid, and a bright yellow light source is visible at the bottom, creating a warm, glowing effect.

# Highlights and sales review

Enzo Visone, Chief Executive Officer

# Six months ended 30 June 2004



## Key financial results

	<b>1H 2004</b> <b>€ million</b>	<b>% change</b> <b>at constant exchange</b>	<b>% change</b> <b>at actual exchange</b>
<b>Net sales</b>	367.4	+13.3%	+10.4%
<b>EBITDA</b>	84.7	+13.1%	+7.4%
<b>EBITA</b>	75.9	+11.0%	+7.1%
<b>EBIT</b>	58.3	+7.3%	+2.4%
<b>Profit before taxes and minority interests</b>	55.0	+13.1%	+7.0%
<b>Group profit before taxes</b>	48.7	+17.5%	+11.8%
<b>Group net profit</b>	30.9	+18.0%	+10.7%

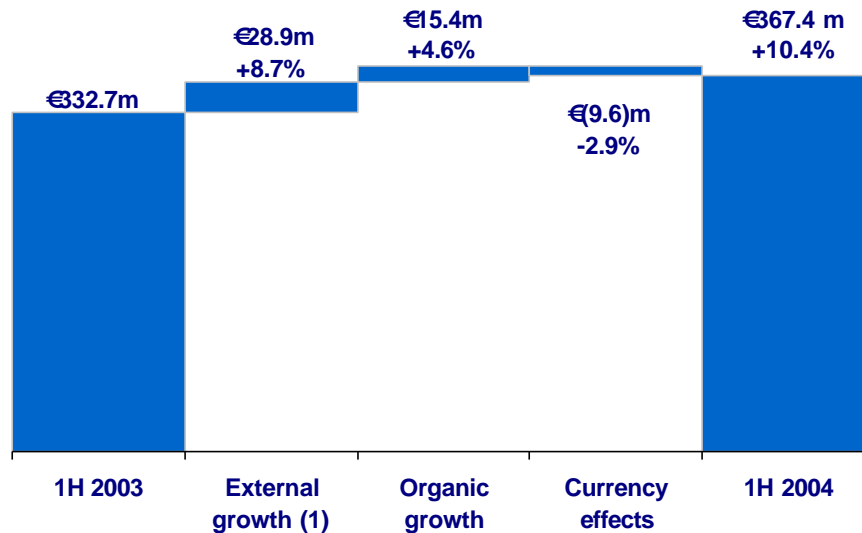
- > Growth continues in sales and at all levels of profitability
  - positive contribution of newly-acquired Barbero 1891 S.p.A.
  - good performance enjoyed by existing business
  - impact of exchange rates still negative

# Breakdown of sales growth



## 2004 first half sales

- > 4.6% organic sales growth
- > Continued strong performance of newly-acquired Barbero brands
- > Exchange rates still unfavourable



Notes:

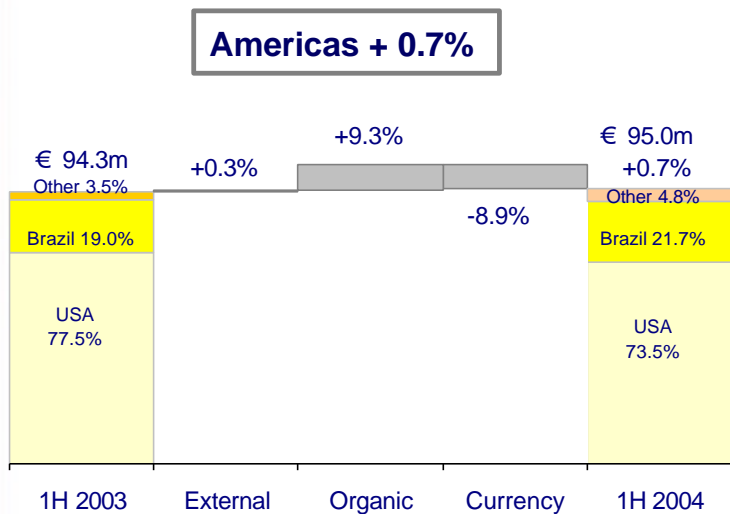
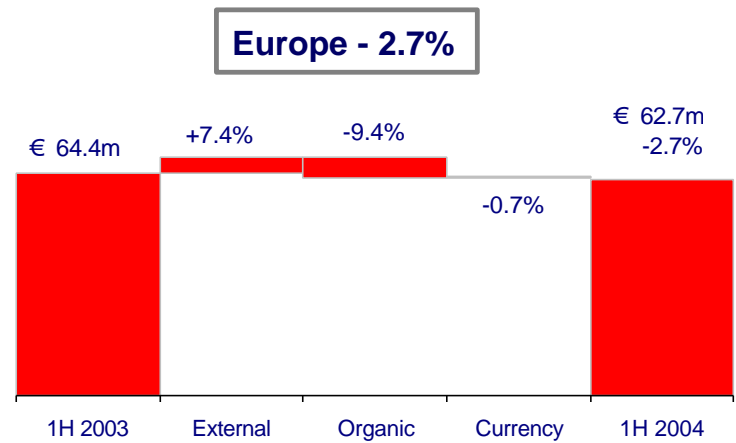
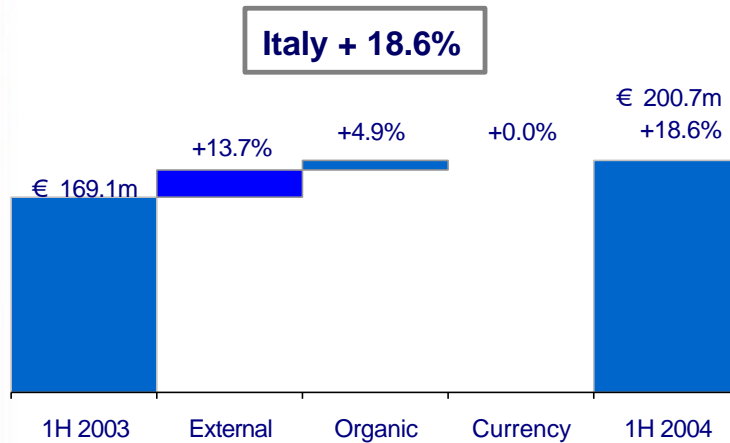
(1) Includes:

- sales of Barbero 1891 S.p.A. (€28.5m), fully consolidated as of December 2003
- sales of Qingdao Sella & Mosca Winery Co. Ltd. and Société Civile Immobiliare de la Margue (€0.4 m), fully consolidated as of January 2004

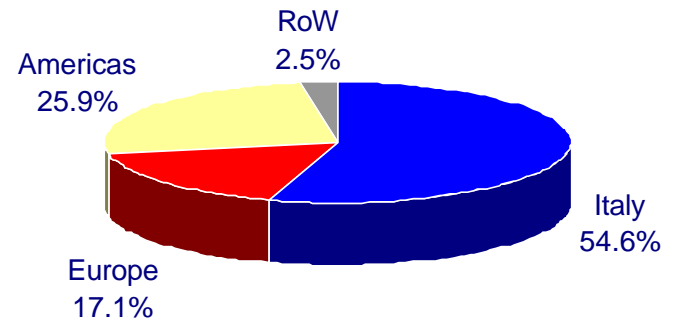
# Net sales by region



Positive development in Italy and the Americas



**1H 2004 sales by region**  
€367.4 m

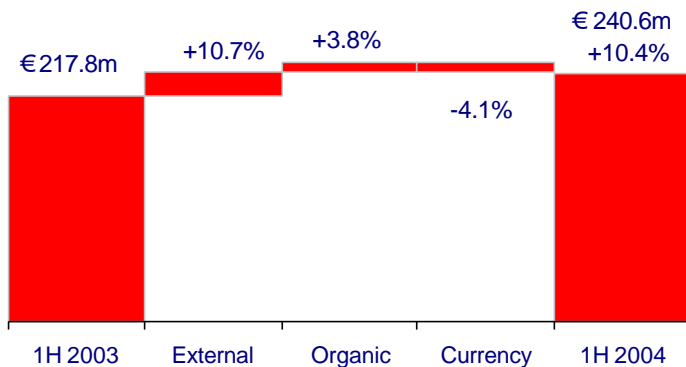


# Net sales by segment

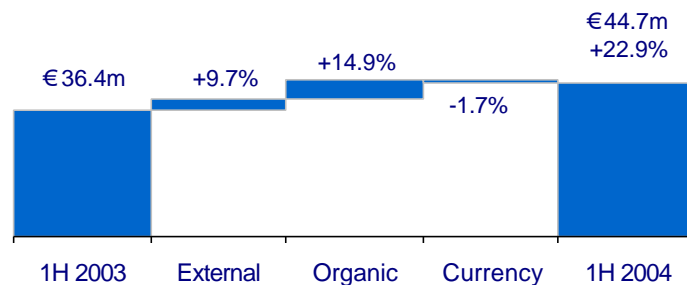


Positive performance enjoyed by all segments

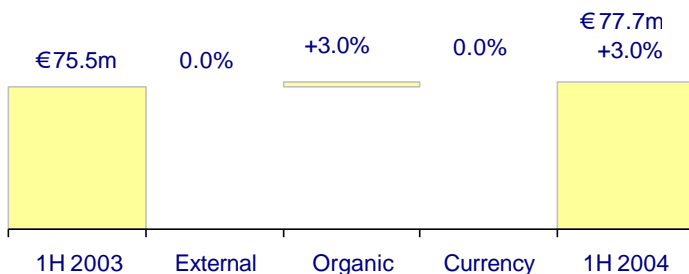
**Spirits + 10.4%**



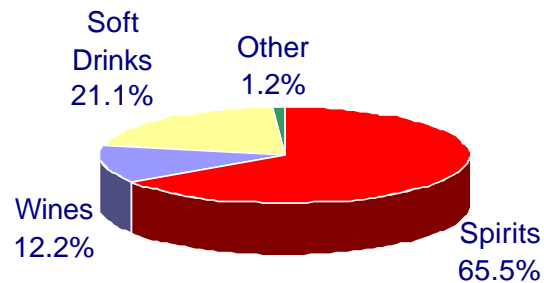
**Wines + 22.9%**



**Soft drinks + 3.0%**



**1H 2004 sales by segment**  
€367.4 m

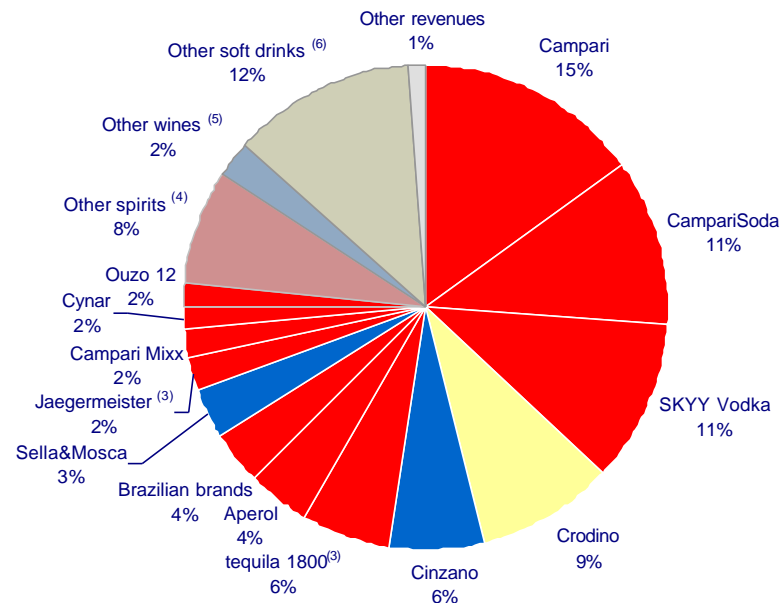


# Key brands sales performance (1/3)



1H 2004/1H 2003	% change in value	
	at constant exchange	at actual exchange
<b>Spirits</b>		
Campari <sup>(1)</sup>	+6.0%	+4.1%
CampariSoda	+6.2%	+6.2%
SKYY <sup>(2)</sup>	-0.7%	-10.2%
Cynar	-1.1%	-1.9%
Ouzo 12	+10.6%	+9.8%
Brazilian brands	+25.1%	+22.6%
Jaegermeister <sup>(3)</sup>	-1.1%	-1.1%
tequila 1800 <sup>(3)</sup>	+30.7%	+17.8%
<b>Wines</b>		
Cinzano sparkling wines	+4.9%	+3.9%
Cinzano vermouths	+5.5%	+2.2%
Sella & Mosca	+12.2%	+11.7%
<b>Soft drinks</b>		
Crodino	+8.7%	+8.7%
Carbonated soft drinks	-5.3%	-5.3%

1H 2004 sales by product  
(in value at actual exchange)



Notes:

- (1) Excl. Campari Mixx
- (2) Incl. SKYY Vodka (+2.8% at constant exchange) and SKYY flavoured vodkas (-17.3% at constant exchange)
- (3) Agency brand
- (4) Incl. Whiskies, Zedda Piras
- (5) Incl. Riccadonna
- (6) Incl. carbonated soft drinks, Lipton Ice Tea



# Key brands sales performance (2/3)



## **Campari + 6.0%**

- > Positive performance in Italy after weak Q1, Brazil and other major international markets (Japan, Spain, Greece, France, Netherlands). Weak performance in Germany due to difficult trading environment and unfavourable weather conditions

## **CampariSoda + 6.2%**

- > Strong progress in Q2 after weak first quarter

## **SKYY - 0.7%**

- > Core SKYY Vodka up 2.8% in 1H 2004 at constant exchange rates (-11.5% in Q1, +12.6% in Q2); SKYY flavours, accounting for 15% of total SKYY sales, down 17.3% at constant exchange rates (+49.5% in Q1, -35.5% in Q2) due to comparison with strong 1H 2003 which coincided with the launch of line extensions. Continued positive development outside US market

## **Barbero 1891 S.p.A.**

- > Strong growth in all spirits sales. In particular, Aperol up +18.8% in volume

## **Brazilian brands + 25.1%**

- > Continuation of favourable trend in all brands sales: Dreher up 23.1% at constant exchange and admix whiskies up 29.9% at constant exchange



# Key brands sales performance (3/3)



## Other spirits brands

- > 10.6% growth in Ouzo12 sales driven by good performance in Germany and Greece
- > Solid performance enjoyed by tequila 1800<sup>(1)</sup> (+30.7% at constant exchange) and Scotch whiskies (6.4% organic growth), driven by Cutty Sark <sup>(1)</sup>

## Cinzano sparkling wines + 4.9%

- > Strong growth achieved in Italy is partially offset by weak performance in Germany due to increased competition in the category and adverse weather conditions

## Cinzano vermouths + 5.5%

- > Good performance driven by Japan and major European markets

## Sella & Mosca + 12.2%

- > Solid performance driven by volume growth and improved sales mix

## Crodino + 8.7%

- > Continued robust growth enjoyed in Q2 thanks to strong brand positioning

## Other soft drinks brands

- > 5.3% decrease in carbonated soft drinks sales in 1H 2004 due to tough comparison base

(1) Agency brand



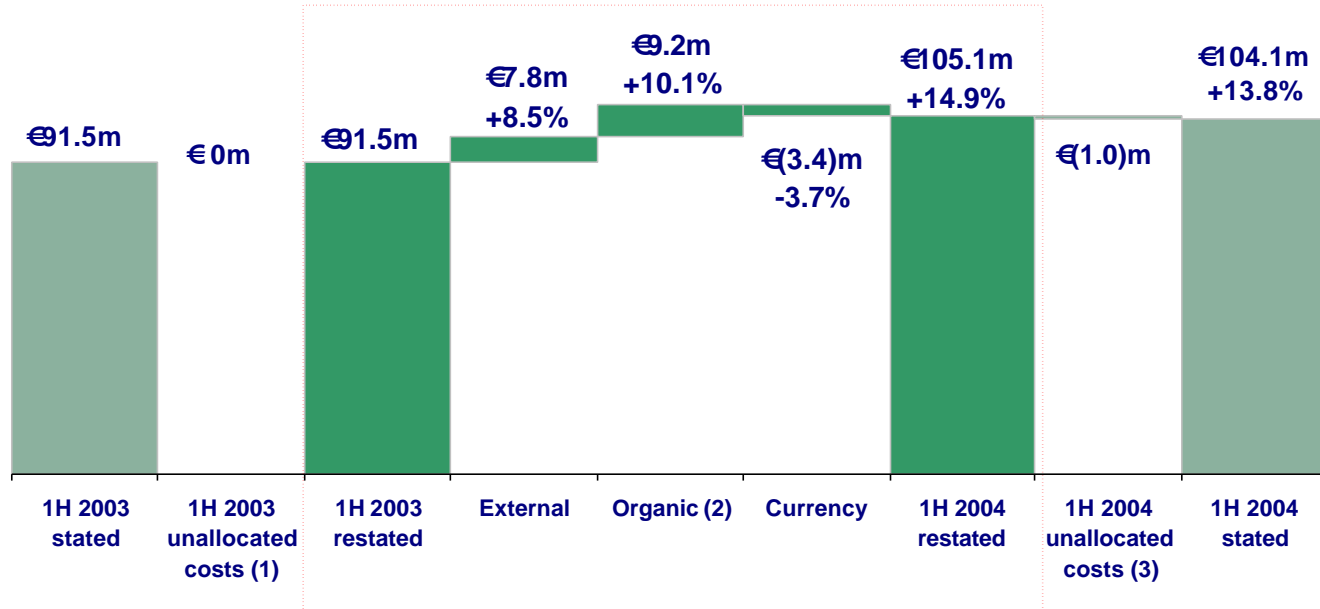
# Profitability by business area

Paolo Marchesini, Chief Financial Officer

# Consolidated trading profit



## Growth analysis



Notes:

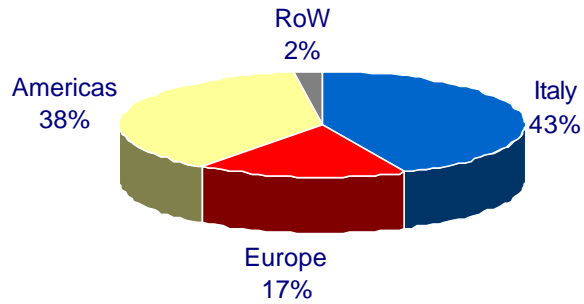
- (1) Unallocated production costs, relating to new Novi Ligure plant, were recorded in second half-year of 2003
- (2) 9.0% organic growth (€8.2 m) after 1H 2004 unallocated costs
- (3) 1H 2004 unallocated production costs relate to new Novi Ligure plant (mainly depreciation charges)

# Spirits

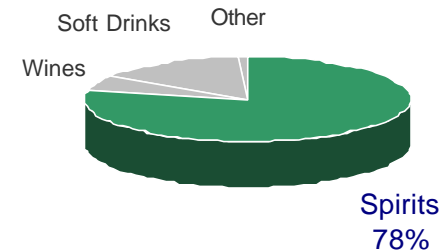


## Profitability analysis

**Spirits sales by region**



**Spirits as % of Group trading profit <sup>(1)</sup>**



(1) Restated trading profit

	1H 2004		1H 2003		Change %	of which:		
	€ million	%	€ million	%		external	organic	currency
Net sales	240.6	100.0%	217.8	100.0%	<b>10.4%</b>	10.7%	3.8%	-4.1%
Gross margin	162.3	67.5%	146.8	67.4%	<b>10.5%</b>	12.0%	2.4%	-3.8%
<b>Trading profit</b>	<b>82.2</b>	<b>34.2%</b>	<b>71.6</b>	<b>32.9%</b>	<b>14.7%</b>	<b>10.2%</b>	<b>8.6%</b>	<b>-4.1%</b>

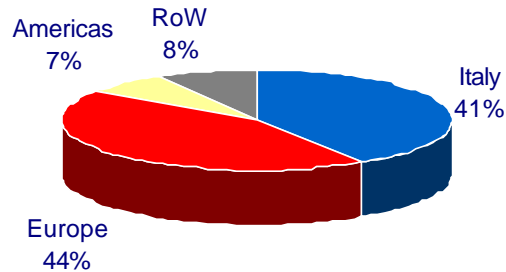
- > Trading profit up from 32.9% to 34.2% on net sales, thanks to growth in organic trading margin
- > Growth in organic trading profit (+8.6%) is driven by CampariSoda and SKYY Vodka
- > Profitability of Barbero's spirits brands is in line with high profitability of existing spirits portfolio

# Wines

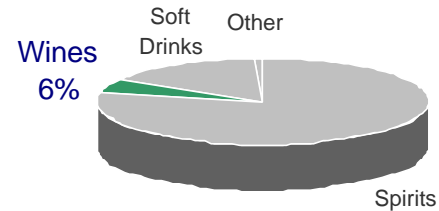


## Profitability analysis

Wines sales by region



Wines as % of Group trading profit <sup>(1)</sup>



(1) Restated trading profit

	1H 2004		1H 2003		Change %	of which:		
	€ million	%	€ million	%		external	organic	currency
Net sales	44.7	100.0%	36.4	100.0%	22.9%	9.7%	14.9%	-1.7%
Gross margin	20.1	44.9%	17.4	47.7%	15.7%	6.4%	12.1%	-2.8%
<b>Trading profit</b>	<b>6.0</b>	<b>13.3%</b>	<b>6.2</b>	<b>17.0%</b>	<b>-3.5%</b>	<b>6.0%</b>	<b>-3.4%</b>	<b>-6.1%</b>

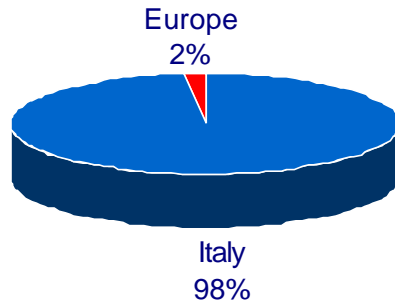
- > Decrease in trading profit of 3.5% determined by:
  - negative currency impact of 6.1% (transaction effect)
  - negative performance of organic trading profit (-3.4%):
    - gross margin: shift from variable to fixed costs in a low seasonality period and higher production costs due to start up costs incurred in connection with new Novi Ligure plant
    - trading profit: disproportionate A&P investments in wines brands
  - positive contribution of newly-acquired Barbero brands (+6.0%)

# Soft drinks

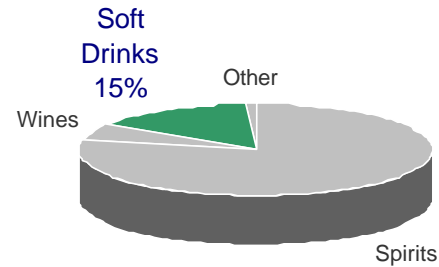


## Profitability analysis

Soft drinks sales by region



Soft drinks as % of Group trading profit <sup>(1)</sup>



(1) Restated trading profit

	1H 2004		1H 2003		Change %	of which:		
	€ million	%	€ million	%		external	organic	currency
Net sales	77.7	100.0%	75.5	100.0%	3.0%	0.0%	3.0%	0.0%
Gross margin	36.0	46.4%	33.7	44.6%	7.1%	0.0%	7.1%	0.0%
<b>Trading profit</b>	<b>16.1</b>	<b>20.8%</b>	<b>13.5</b>	<b>17.8%</b>	<b>19.7%</b>	<b>0.0%</b>	<b>19.7%</b>	<b>0.0%</b>

- > Strong increase in soft drinks trading profit is driven by solid performance of highly profitable Crodino



# Consolidated 1H 2004 results

Paolo Marchesini, Chief Financial Officer

# Trading profit

## Consolidated results



	1H 2004		1H 2003		Change at actual exchange	Change at constant exchange
	€ m	%	€ m	%	%	
<b>Net turnover</b>	<b>367.4</b>	<b>100.0%</b>	<b>332.7</b>	<b>100.0%</b>	<b>10.4%</b>	<b>+13.3%</b>
Cost of materials	(122.4)	-33.3%	(113.9)	-34.2%	7.5%	
Production costs	(26.5)	-7.2%	(20.7)	-6.2%	27.8%	
<b>COGS</b>	<b>(148.9)</b>	<b>-40.5%</b>	<b>(134.6)</b>	<b>-40.5%</b>	<b>10.6%</b>	
<b>Gross profit</b>	<b>218.5</b>	<b>59.5%</b>	<b>198.1</b>	<b>59.5%</b>	<b>10.3%</b>	
Advertising and promotion	(71.5)	-19.5%	(69.2)	-20.8%	3.3%	
Sales and distribution expenses	(42.9)	-11.7%	(37.4)	-11.2%	14.9%	
<b>Trading profit</b>	<b>104.1</b>	<b>28.3%</b>	<b>91.5</b>	<b>27.5%</b>	<b>13.8%</b>	<b>+17.5%</b>

- > **Gross profit:** unchanged at 59.5% on sales due to:
  - **cost of materials:** down to 33.3% on sales due to termination of Cinzano bottling fees and reduction in cost of raw materials
  - **production costs:** up to 7.2% on sales:
    - shift from variable to fixed costs in a low seasonality period
    - higher production costs due to start up costs incurred in connection with the opening of the Novi Ligure plant
    - overlapping costs (unallocated costs of €1m in 1H 2004)
- > **Advertising & promotion spending:** down to 19.5% on sales due to different phasing of marketing activities and termination of investments in Campari Mixx in Germany
- > **Sales and distribution expenses:** up to 11.7% on sales due to newly-acquired Barbero
- > **Trading profit:** 13.8% growth determined by organic growth of 9.0%, external growth of 8.5% and negative currency impact of 3.7%



# EBIT

## Consolidated results



	1H 2004		1H 2003		Change at actual exchange	Change at constant exchange
	€ m	%	€ m	%	%	
<b>Trading profit</b>	<b>104.1</b>	<b>28.3%</b>	<b>91.5</b>	<b>27.5%</b>	<b>13.8%</b>	<b>+17.5%</b>
General and administrative expenses	(26.4)	-7.2%	(23.7)	-7.1%	11.9%	
Other operating income	0.3	0.1%	3.5	1.1%	-91.0%	
Goodwill and trademark amortisation	(17.6)	-4.8%	(13.9)	-4.2%	26.3%	
Non-recurring costs	(2.1)	-0.6%	(0.5)	-0.2%	289.7%	
<b>EBIT</b>	<b>58.3</b>	<b>15.9%</b>	<b>56.9</b>	<b>17.1%</b>	<b>2.4%</b>	<b>+7.3%</b>
Depreciation of tangible assets	(7.6)	-2.1%	(6.8)	-2.0%	12.7%	
Amortisation of intangible assets <sup>(1)</sup>	(18.8)	-5.1%	(15.2)	-4.6%	23.7%	
<b>Total D&amp;A</b>	<b>(26.4)</b>	<b>-7.2%</b>	<b>(22.0)</b>	<b>-6.6%</b>	<b>20.3%</b>	
<b>EBITDA</b>	<b>84.7</b>	<b>23.1%</b>	<b>78.9</b>	<b>23.7%</b>	<b>7.4%</b>	<b>+13.1%</b>
<b>EBITA</b>	<b>75.9</b>	<b>20.7%</b>	<b>70.9</b>	<b>21.3%</b>	<b>7.1%</b>	<b>+11.0%</b>

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

- > **Other operating income** relates mainly to net royalties from SKYY Blue in 1H 2003
- > **Goodwill amortisation:** increase of € 3.7 million due to consolidation of newly-acquired Barbero (€ 3.5 m) and other brands
- > **Non-recurring costs:** include extraordinary legal costs (€ 1.5 m) and personnel costs

# Net profit

## Consolidated results



	1H 2004		1H 2003		Change at actual exchange	Change at constant exchange
	€ m	%	€ m	%	%	
<b>EBIT</b>	<b>58.3</b>	<b>15.9%</b>	<b>56.9</b>	<b>17.1%</b>	<b>2.4%</b>	<b>+7.3%</b>
Net financial income (expenses)	(3.9)	-1.1%	(5.0)	-1.5%	-20.1%	
Income (losses) on net rates	0.0	0.0%	(0.5)	-0.2%	0.0%	
Other non operating income (expenses)	0.6	0.2%	0.0	0.0%	0.0%	
<b>Pretax profit</b>	<b>55.0</b>	<b>15.0%</b>	<b>51.4</b>	<b>15.5%</b>	<b>7.0%</b>	<b>+13.1%</b>
Minority interests	(6.3)	-1.7%	(7.8)	-2.4%	-19.9%	
<b>Pretax profit after minorities</b>	<b>48.7</b>	<b>13.3%</b>	<b>43.6</b>	<b>13.1%</b>	<b>11.8%</b>	<b>+17.5%</b>
Taxes	(17.8)	-4.8%	(15.6)	-4.7%	13.7%	
<b>Net income</b>	<b>30.9</b>	<b>8.4%</b>	<b>28.0</b>	<b>8.4%</b>	<b>10.7%</b>	<b>+18.0%</b>
<i>Tax rate after minorities</i>	36.5%		35.9%			

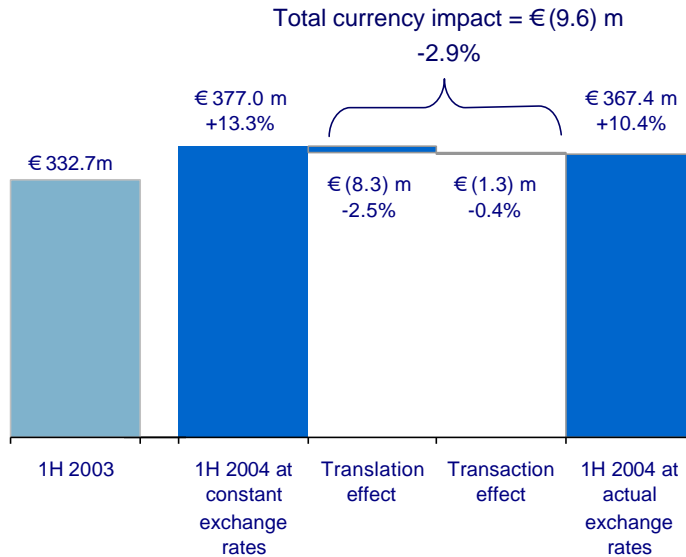
- > Decrease in **net financial expenses**, notwithstanding higher average net debt in 1H 2004, as a consequence of full exposure, unlike in 1H 2003, to variable, and therefore lower, interest rates
- > Decrease in **minority interests** due to lower pretax of Skyy Spirits versus the previous year and negative currency impact

# Currency impact

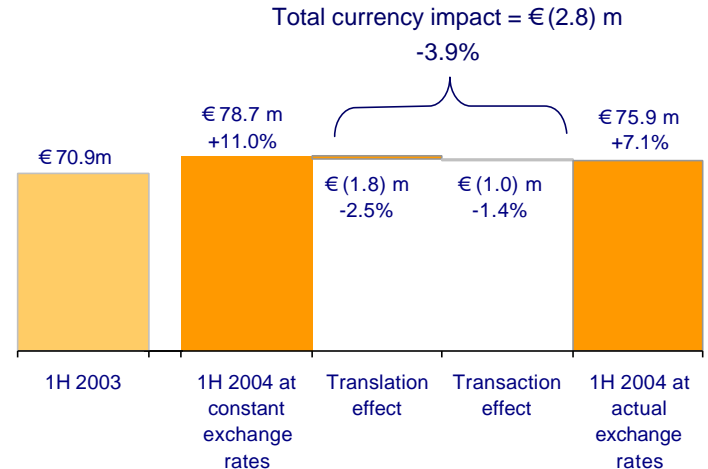


## Translation and transaction effects

### First half consolidated net sales



### First half consolidated EBITA



- > Translation effect is mainly generated by US (Skyy Spirits) and Brazilian businesses
- > Transaction effect is mainly related to wines segment

# Free cash flow



	30 June 2004 at constant perimeter <sup>(1)</sup> € m	30 June 2003 € m	31 December 2003 € m
Profit before taxes	48.8	43.5	120.2
Depreciation and amortization	26.4	22.0	47.0
Gains on sale of fixed assets	(0.4)	(0.4)	(34.4)
Other items	3.9	0.9	5.8
Income and deferred taxes	(16.7)	(17.3)	(37.2)
Variation in tax credits <sup>(2)</sup>	(15.4)	10.9	5.3
<b><i>Cash flow from operating activities before net change in operating working capital</i></b>	<b>46.6</b>	<b>59.5</b>	<b>106.7</b>
Net change in Operating Working Capital	0.0	(37.9)	(30.8)
<b><i>Cash flow from operating activities</i></b>	<b>46.6</b>	<b>21.5</b>	<b>75.9</b>
Acquisition of tangible fixed assets <sup>(3)</sup>	(8.8)	(16.5)	(28.4)
Payables to suppliers for Novi Ligure investments	0.0	(17.0)	(17.0)
Acquisition of intangible assets	(1.6)	(4.2)	(7.4)
Net income from disposals of tangible fixed assets	1.0	1.0	40.3
<b><i>Cash flow from investing activities (capex)</i></b>	<b>(9.4)</b>	<b>(36.7)</b>	<b>(12.5)</b>
<b><i>Free cash flow</i></b>	<b>37.2</b>	<b>(15.2)</b>	<b>63.4</b>
Acquisitions and changes in perimeter <sup>(4)</sup>	(14.1)	0.0	(155.6)
Other investing activities	0.6	(4.7)	0.3
Dividends paid	(24.7)	(24.7)	(24.7)
<b><i>Cash flow from other activities</i></b>	<b>(38.2)</b>	<b>(29.4)</b>	<b>(180.0)</b>
Exchange rate differences and other movements	(4.9)	10.4	18.4
<b><i>Net increase (decrease) in net financial position</i></b>	<b>(5.9)</b>	<b>(34.2)</b>	<b>(98.3)</b>

Notes:

(1) Excluding the effects of consolidation of Qingdao Sella&Mosca Winery Co. Ltd. and Société Civile Immobilière de la Margue

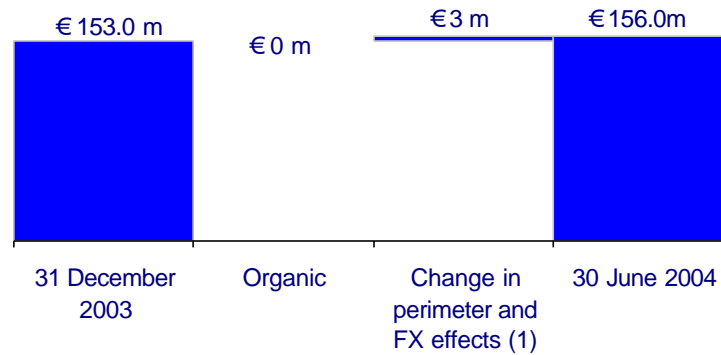
(2) Decrease in tax credits in 1H 2003 as a consequence of use in 2003 of excess tax advances generated by 2002 tax benefits

(3) In 1H 2004 it includes € 3.7 m in plant and machinery in new Novi Ligure plant and € 1.7 m in vineyard equipment

(4) in 1H 2004 it includes the acquisition of Riccadonna (€ 11.3 m) and Coutsicos and consolidation effects of Qingdao Sella&Mosca Winery Co. Ltd. and Société Civile Immobilière de la Margue

> **Free cash flow of € 37.2 m in 1H 2004 versus €(15.2)m in 1H 2003**

# Operating working capital



Note:

(1) Consolidation of Qingdao Sella&Mosca Winery Co. Ltd. and Société Civile Immobilière de la Margue (€2.4m) and FX effects (€0.6m)

- > **Operating Working Capital** as % of LTM<sup>(1)</sup> sales down from 22.1% at 30 June 2003 to 20.8% at 30 June 2004

Notes:

(1) LTM = Last 12 Months

# Financial indebtedness



	30 Jun 2004	31 Dec 2003	30 Jun 2003
	€ m	€ m	€ m
Cash and banks	173.5	133.6	55.6
Marketable securities	7.8	1.9	1.9
Bank borrowings and other financial payables	(49.8)	(30.1)	(120.3)
Real estate lease <sup>(1)</sup>	(3.1)	0.0	(2.1)
Accrued interests on private placement	(4.5)	(4.4)	(2.9)
<b>Total S-T debt, net</b>	<b>123.9</b>	<b>101.0</b>	<b>(67.8)</b>
L-T bank borrowings and other financial payables	(5.8)	(5.5)	(6.0)
Real estate lease <sup>(1)</sup>	(23.2)	0.0	(10.3)
Senior notes issues (US private placements)	(397.9)	(392.6)	(148.8)
<b>Total L-T debt</b>	<b>(426.9)</b>	<b>(398.1)</b>	<b>(165.1)</b>
<b>Net cash/(debt)</b>	<b>(303.0)</b>	<b>(297.1)</b>	<b>(232.9)</b>
Net cash/(debt) of Domaine de la Margue and Qingdao Sella&Mosca Winery at 31 Dec 2003	-	(0.9)	(1.0)
<b>Total net cash/(debt)</b>	<b>(303.0)</b>	<b>(298.0)</b>	<b>(233.9)</b>

Note:

(1) Real estate lease relates to industrial property in Novi Ligure at 30 June 2004 and to head office building at 30 June 2003

- > **Net financial indebtedness** increases by €5.9 m from €298 m at 31 December 2003 to €303 m at 30 June 2004
- > **Debt to equity ratio** at 55.1% at 30 June 2004

A vertical, close-up photograph of a Campari bottle. The bottle is white with a red band and gold accents. The word "CAMPARI" is visible on the bottle. The background is blurred, showing warm, glowing lights.

# Outlook and conclusion

Enzo Visone, Chief Executive Officer

# Outlook and conclusion



- > **Outlook for the second half of 2004 remains unchanged**
- > **Italy:** positive performance of all main brands is expected to continue, notwithstanding weak consumer confidence
- > **Europe:** weak performance of German market due to low propensity to consume and adverse weather conditions is expected to be contrasted by positive performance of other major European markets
- > **US:** favourable trend in SKYY Vodka depletions supports a positive outlook although the brand continues to face strong competition in premium vodka market. Exchange rate scenario remains uncertain
- > **Brazil:** positive performance of Brazilian business is expected to continue in the second half of 2004
- > Strong contribution of **newly-acquired Barbero** brands is expected to continue, with particular reference to the main brand Aperol on the Italian market



A vertical decorative image on the left side of the slide shows a close-up of a glass with a red liquid and a golden emblem. The word "CAMPARI" is partially visible on the glass.

# Supplementary schedules

- Schedule - 1 Consolidated income statement
- Schedule - 2 Consolidated balance sheet (invested capital and financing sources)
- Schedule - 3 Consolidated balance sheet (asset and liabilities)
- Schedule - 4 Consolidated cash flow
- Schedule - 5 Currency effects on net sales
- Schedule - 6 Average exchange rates

## Consolidated income statement

	1H 2004		1H 2003		Change
	€ m	%	€ m	%	%
<b>Net sales (1)</b>	<b>367.4</b>	<b>100.0%</b>	<b>332.7</b>	<b>100.0%</b>	<b>10.4%</b>
Cost of materials	(122.4)	-33.3%	(113.9)	-34.2%	7.5%
Production costs	(26.5)	-7.2%	(20.7)	-6.2%	27.8%
<b>Total cost of goods</b>	<b>(148.9)</b>	<b>-40.5%</b>	<b>(134.6)</b>	<b>-40.5%</b>	<b>10.6%</b>
<b>Gross margin</b>	<b>218.5</b>	<b>59.5%</b>	<b>198.1</b>	<b>59.5%</b>	<b>10.3%</b>
Advertising and promotion	(71.5)	-19.5%	(69.2)	-20.8%	3.3%
Sales and distribution expenses	(42.9)	-11.7%	(37.4)	-11.2%	14.9%
<b>Trading profit</b>	<b>104.1</b>	<b>28.3%</b>	<b>91.5</b>	<b>27.5%</b>	<b>13.8%</b>
General and administrative expenses	(26.4)	-7.2%	(23.7)	-7.1%	11.9%
Other operating income	0.3	0.1%	3.5	1.1%	-91.0%
Goodwill and trademark amortisation	(17.6)	-4.8%	(13.9)	-4.2%	26.3%
Non-recurring costs	(2.1)	-0.6%	(0.5)	-0.2%	289.7%
<b>EBIT</b>	<b>58.3</b>	<b>15.9%</b>	<b>56.9</b>	<b>17.1%</b>	<b>2.4%</b>
Net financial income (expenses)	(3.9)	-1.1%	(5.0)	-1.5%	-20.1%
Income (losses) on net rates	0.0	0.0%	(0.5)	-0.2%	
Other non operating income (expenses)	0.6	0.2%	0.0	0.0%	
<b>Pretax profit</b>	<b>55.0</b>	<b>15.0%</b>	<b>51.4</b>	<b>15.5%</b>	<b>7.0%</b>
Minority interests	(6.3)	-1.7%	(7.8)	-2.4%	-19.9%
<b>Pretax profit after minorities</b>	<b>48.7</b>	<b>13.3%</b>	<b>43.6</b>	<b>13.1%</b>	<b>11.8%</b>
Taxes	(17.8)	-4.8%	(15.6)	-4.7%	13.7%
<b>Net income</b>	<b>30.9</b>	<b>8.4%</b>	<b>28.0</b>	<b>8.4%</b>	<b>10.7%</b>
Depreciation of tangible assets	(7.6)	-2.1%	(6.8)	-2.0%	12.7%
Amortisation of intangible assets (2)	(18.8)	-5.1%	(15.2)	-4.6%	23.7%
<b>Total D&amp;A</b>	<b>(26.4)</b>	<b>-7.2%</b>	<b>(22.0)</b>	<b>-6.6%</b>	<b>20.3%</b>
<b>EBITDA</b>	<b>84.7</b>	<b>23.1%</b>	<b>78.9</b>	<b>23.7%</b>	<b>7.4%</b>
<b>EBITA (3)</b>	<b>75.9</b>	<b>20.7%</b>	<b>70.9</b>	<b>21.3%</b>	<b>7.1%</b>

## Notes:

(1) Net of discounts and excise duty

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

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

# Consolidated balance sheet

## Invested capital and financing sources



	30 June 2004	31 December 2003	30 June 2003
	€ m	€ m	€ m
Inventories	125.7	106.4	104.2
Trade receivables	177.9	174.2	164.7
Trade payables	(147.6)	(127.6)	(117.0)
<b>Operating working capital</b>	<b>156.0</b>	<b>153.0</b>	<b>151.9</b>
Other current assets and liabilities	(29.1)	(34.1)	(30.1)
<b>Net Working Capital</b>	<b>126.9</b>	<b>118.9</b>	<b>121.8</b>
Employees' leaving indemnity ("T.F.R.")	(15.3)	(15.6)	(13.3)
Deferred taxes	2.0	(0.2)	1.8
Other non current liabilities	(19.0)	(21.8)	(17.8)
<b>Other liabilities</b>	<b>(32.3)</b>	<b>(37.6)</b>	<b>(29.3)</b>
Tangible assets	158.9	152.4	154.2
Intangible assets	567.0	571.6	442.5
Financial assets	35.8	44.7	42.1
<b>Total fixed assets</b>	<b>761.7</b>	<b>768.7</b>	<b>638.8</b>
<b>Invested Capital</b>	<b>856.3</b>	<b>850.0</b>	<b>731.3</b>
Group Equity	(550.3)	(548.2)	(494.2)
Minority interest	(3.0)	(4.7)	(4.2)
Net financial position	(303.0)	(297.1)	(232.9)
<b>Financing sources</b>	<b>(856.3)</b>	<b>(850.0)</b>	<b>(731.3)</b>

# Consolidated balance sheet



## Assets and liabilities

	30 June 2004	31 December 2003	30 June 2003
	€ m	€ m	€ m
Cash and banks	173.5	133.6	55.6
Marketable securities	7.8	1.9	1.9
Trade receivables	177.9	174.2	164.7
Inventories	125.7	106.4	104.2
Other current assets	51.7	55.4	39.9
<b>Total current assets</b>	<b>536.6</b>	<b>471.5</b>	<b>366.3</b>
Tangible assets	158.9	152.4	154.2
Goodwill, net of depreciation	536.5	552.2	427.6
Other intangible fixed assets, net of depreciation	30.3	19.4	14.9
Equity investments	0.1	7.8	7.6
Other assets	5.8	5.8	3.5
Own shares	30.0	31.0	31.0
<b>Total non current assets</b>	<b>761.6</b>	<b>768.6</b>	<b>638.8</b>
<b>Total assets</b>	<b>1,298.2</b>	<b>1,240.1</b>	<b>1,005.1</b>
Bank borrowings	52.9	30.1	122.4
Trade payables	147.6	127.6	117.0
Other current liabilities	70.1	78.1	61.5
<b>Total current liabilities</b>	<b>270.6</b>	<b>235.8</b>	<b>300.9</b>
Medium and long term loans	426.9	398.1	165.1
Employees' leaving indemnity ("T.F.R.")	15.3	15.6	13.3
Other non current liabilities	32.1	37.7	27.4
Minority interests	3.0	4.7	4.2
<b>Total non current liabilities</b>	<b>477.3</b>	<b>456.1</b>	<b>210.0</b>
Group Equity	550.3	548.2	494.2
<b>Total liabilities and net equity</b>	<b>1,298.2</b>	<b>1,240.1</b>	<b>1,005.1</b>

## Consolidated cash flow (1/2)



	30 June 2004 at constant perimeter <sup>(1)</sup>	30 June 2003	31 December 2003
	€ m	€ m	€ m
Profit before taxes	48.8	43.5	120.2
Depreciation and amortization	26.4	22.0	47.0
Gains on sale of fixed assets	(0.4)	(0.4)	(34.4)
Other non cash items	0.4	0.0	10.5
Use of provisions	(0.6)	0.0	(4.1)
Income taxes	(17.8)	(15.6)	(40.3)
Provision (payment) for employees' leaving indemnity	(0.3)	0.1	(0.1)
Deferred taxes	1.2	(1.8)	3.2
Net change in tax credits and liabilities	(15.4)	10.9	5.3
Net change in other assets and liabilities, other than OWC	4.4	0.7	(0.5)
<b><i>Cash flow generated by operating activities before net change in operating working capital</i></b>	<b>46.6</b>	<b>59.5</b>	<b>106.7</b>
Trade receivables	(2.8)	(28.0)	(19.0)
Inventories	(16.9)	(9.9)	(6.3)
Trade payables	19.7	(0.1)	(5.4)
<b><i>Net change in Operating Working Capital</i></b>	<b>(0.0)</b>	<b>(37.9)</b>	<b>(30.8)</b>
<b><i>Cash flow generated by operating activities</i></b>	<b>46.6</b>	<b>21.5</b>	<b>75.9</b>
Acquisition of tangible fixed assets	(8.8)	(16.5)	(28.4)
Payables to suppliers for Novi Ligure investments	0.0	(17.0)	(17.0)
Income from disposals of tangible fixed assets	1.0	1.0	40.3
Acquisition of intangible fixed assets	(12.9)	(4.2)	(7.4)
Acquisition of new subsidiaries, net of cash acquired <sup>(2)</sup>	(2.8)	0.0	(155.6)
Net change in equity investments	0.7	1.1	0.3
Acquisition of own shares	1.0	0.0	0.0
Net change in marketable securities	(5.9)	2.4	2.3
Change in financial receivables	0.5	0.0	0.1
Change in minority interests	(1.6)	(5.8)	0.7
<b><i>Net cash flow generated by investing activities</i></b>	<b>(28.9)</b>	<b>(39.1)</b>	<b>(164.8)</b>

## Consolidated cash flow (2/2)



	30 June 2004 at constant perimeter <sup>(1)</sup>	30 June 2003	31 December 2003
	€ m	€ m	€ m
New lease contract	27.6	0.0	0.0
Payment of lease instalments	(1.2)	(1.0)	(14.2)
Net change in short-term bank borrowings	19.6	0.2	(90.0)
Accrued interests on private placements	0.1	(0.5)	1.1
Senior notes (Private placements)	0.0	0.0	258.0
Change in other financial payables (non current)	0.3	(0.5)	(1.1)
Dividends paid	(24.7)	(24.7)	(24.7)
<b>Cash flow generated by financing activities</b>	<b>21.8</b>	<b>(26.5)</b>	<b>129.1</b>
Exchange rate effects on Operating Working Capital	(0.6)	(0.6)	4.1
Other exchange rate effects and other	0.9	(3.3)	(14.3)
<b>Exchange rate differences and other movements</b>	<b>0.4</b>	<b>(3.9)</b>	<b>(10.2)</b>
<b>Net increase (decrease) in cash and banks</b>	<b>39.9</b>	<b>(47.9)</b>	<b>30.1</b>
Net cash position at the beginning of period	133.6	103.5	103.5
<b>Net cash position at the end of period</b>	<b>173.5</b>	<b>55.6</b>	<b>133.6</b>

## Notes:

- (1) Excluding the effects of consolidation of Qingdao Sella&Mosca Winery Co. Ltd. and Société Civile Immobiliare
- (2) In 2003 acquisition of new subsidiaries relates to Barbero 1891 S.p.A. (€ 147.1m) and residual minority stake in Sella & Mosca (€ 8.5m)

# Currency effects



## Net sales

### Consolidated net sales by segment

	1H 2004		1H 2003		Change %	of which:		
	€ m	%	€ m	%		external	organic	currency
Spirits	240.6	65.5%	217.8	65.5%	<b>10.4%</b>	10.7%	3.8%	-4.1%
Wines	44.7	12.2%	36.4	10.9%	<b>22.9%</b>	9.7%	14.9%	-1.7%
Soft drinks	77.7	21.1%	75.5	22.7%	<b>3.0%</b>	0.0%	3.0%	0.0%
Other revenues	4.4	1.2%	3.0	0.9%	<b>44.9%</b>	67.8%	-21.8%	-1.1%
<b>Total</b>	<b>367.4</b>	<b>100%</b>	<b>332.7</b>	<b>100%</b>	<b>10.4%</b>	<b>8.7%</b>	<b>4.6%</b>	<b>-2.9%</b>

### Consolidated net sales by region

	1H 2004		1H 2003		Change %	of which:		
	€ m	%	€ m	%		external	organic	currency
Italy	200.7	54.6%	169.1	50.8%	<b>18.6%</b>	13.7%	4.9%	0.0%
Europe	62.7	17.1%	64.4	19.4%	<b>-2.7%</b>	7.4%	-9.4%	-0.7%
Americas (1)	95.0	25.9%	94.3	28.4%	<b>0.7%</b>	0.3%	9.3%	-8.9%
RoW	9.0	2.5%	4.8	1.4%	<b>88.1%</b>	14.1%	89.8%	-15.8%
<b>Total</b>	<b>367.4</b>	<b>100%</b>	<b>332.7</b>	<b>100%</b>	<b>10.4%</b>	<b>8.7%</b>	<b>4.6%</b>	<b>-2.9%</b>

### (1) Breakdown of Americas

	1H 2004		1H 2003		Change %	of which:		
	€ m	%	€ m	%		external	organic	currency
USA	69.9	73.5%	73.1	77.5%	<b>-4.5%</b>	0.0%	6.1%	-10.6%
Brazil	20.6	21.7%	17.9	19.0%	<b>15.3%</b>	0.0%	17.6%	-2.3%
Other countries	4.5	4.8%	3.3	3.5%	<b>36.0%</b>	8.0%	35.5%	-7.5%
<b>Total</b>	<b>95.0</b>	<b>100%</b>	<b>94.3</b>	<b>100%</b>	<b>0.7%</b>	<b>0.3%</b>	<b>9.3%</b>	<b>-8.9%</b>

# Average exchange rates



## Historic rates

	1H 2004	1H 2003	% change
<b>Brazilian Real : 1 Euro</b>	3.642	3.569	
<b>Euro : 1 Brazilian Real</b>	0.2746	0.2802	-2.0%
<b>US dollar : 1 Euro</b>	1.228	1.105	
<b>Euro : 1 US dollar</b>	0.8145	0.9050	-10.0%
	1Q 2004	1Q 2003	% change
<b>Brazilian Real : 1 Euro</b>	3.622	3.750	
<b>Euro : 1 Brazilian Real</b>	0.2761	0.2667	3.5%
<b>US dollar : 1 Euro</b>	1.251	1.073	
<b>Euro : 1 US dollar</b>	0.7995	0.9316	-14.2%
	2Q 2004	2Q 2003	% change
<b>Brazilian Real : 1 Euro</b>	3.662	3.389	
<b>Euro : 1 Brazilian Real</b>	0.2731	0.2951	-7.5%
<b>US dollar : 1 Euro</b>	1.205	1.137	
<b>Euro : 1 US dollar</b>	0.8299	0.8797	-5.7%





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