



2004 First Quarter Results

Conference call

10 May 2004



Highlights and sales review

Enzo Visone, Chief Executive Officer

First quarter ended 31 March 2004



Key financial results

	1Q 2004 €million	% change at constant exchange	% change at actual exchange
Net sales	151.3	+15.5%	+11.9%
EBITDA	34.8	+13.2%	+9.7%
EBITA	30.4	+11.5%	+7.7%
EBIT	21.6	+6.2%	+1.3%
Profit before taxes and minority interests	20.1	+17.6%	+12.1%
Group's profit before taxes	18.6	+26.4%	+21.6%

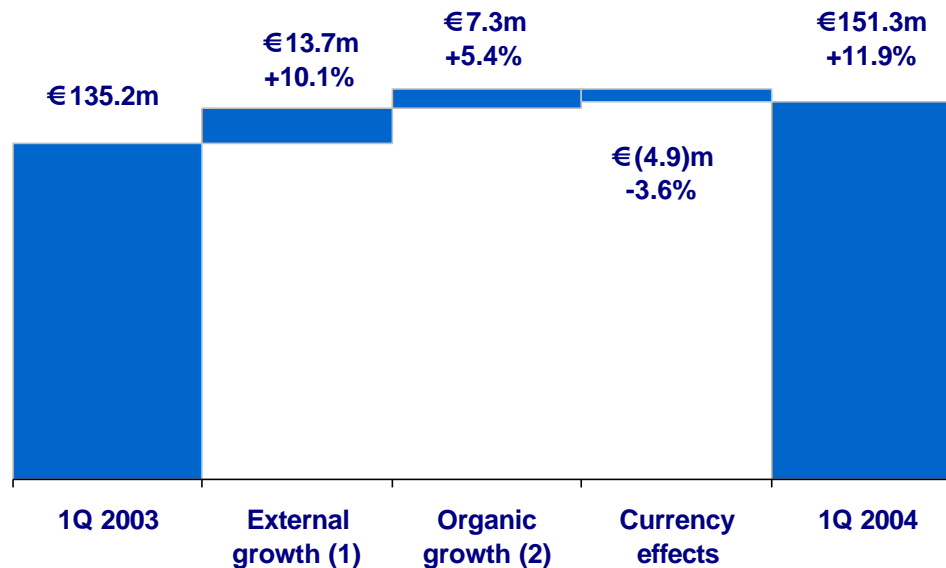
- > Positive trend in sales and profitability continued in 1Q 2004
- > External growth benefited from strong performance of Barbero 1891 S.p.A.
- > Negative impact of Forex still significant

Breakdown of sales growth



2004 first quarter sales

- > Strong contribution of Barbero 1891 S.p.A. to external growth
- > Organic growth partially offset by negative currency impact (US dollar)



Notes:

(1) Includes sales of Barbero 1891 S.p.A. (€13.5m) and sales of Qingdao Sella & Mosca Winery Co. Ltd. and Société Civile Immobiliare de la Margue (€0.2m), fully consolidated as of 2004.

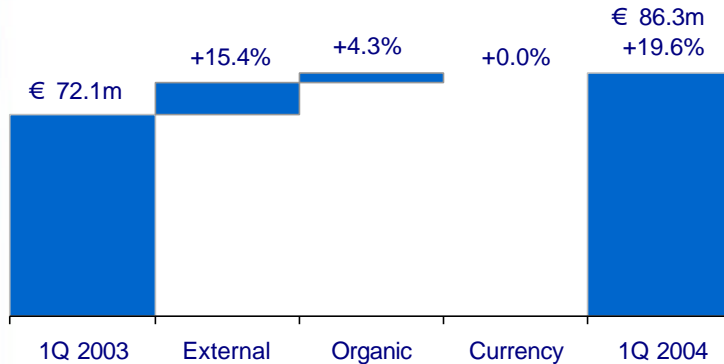
(2) Includes Riccadonna sales on Italian market (€0.9m)

Net sales by region

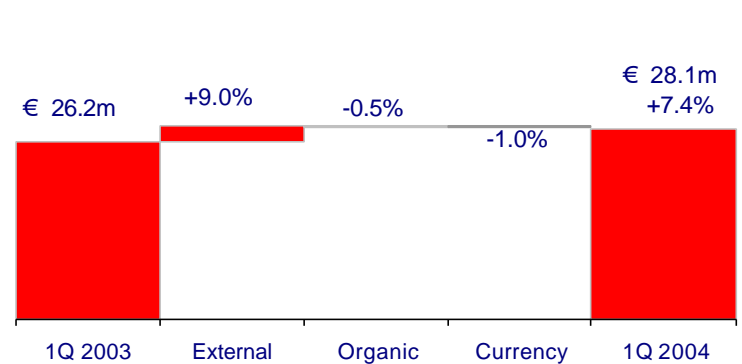


Domestic and European markets benefit from external growth

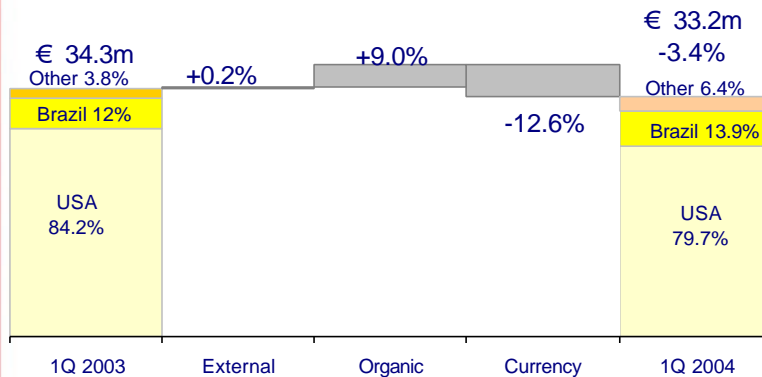
Italy +19.6%



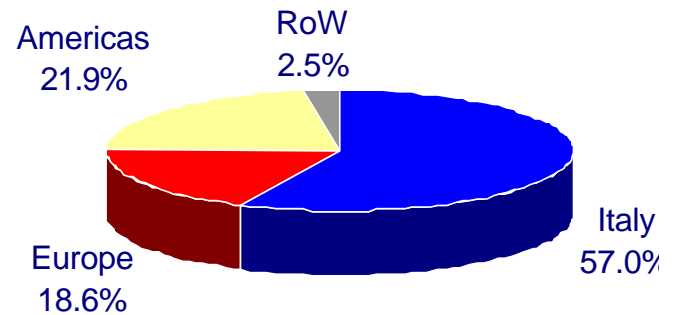
Europe +7.4%



Americas -3.4%



**1Q 2004 sales by region
€151.3m**

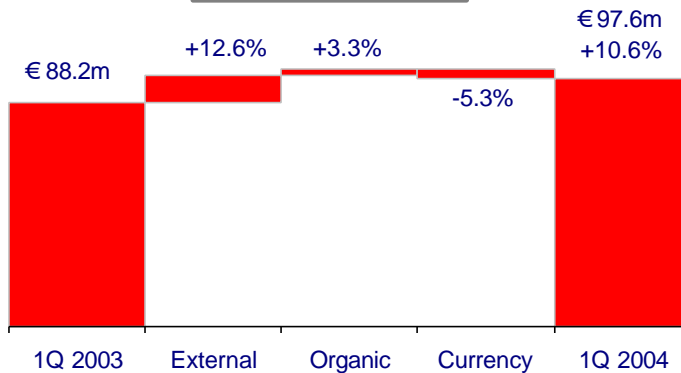


Net sales by segment

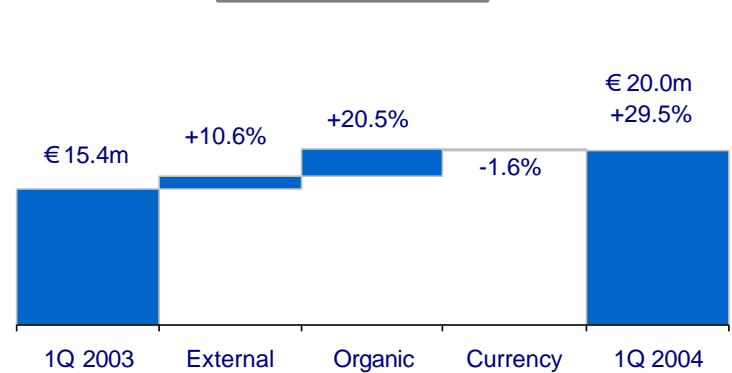


Spirits and wines specifically benefit from both external and organic growth

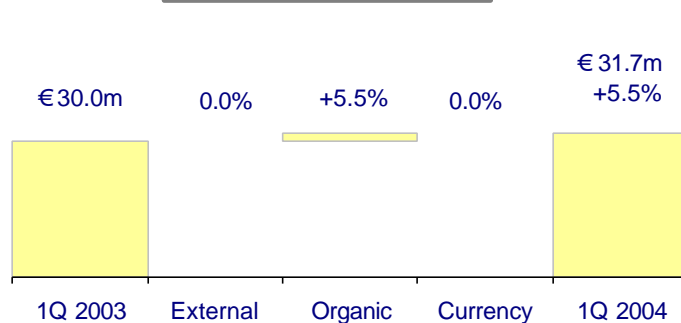
Spirits +10.6%



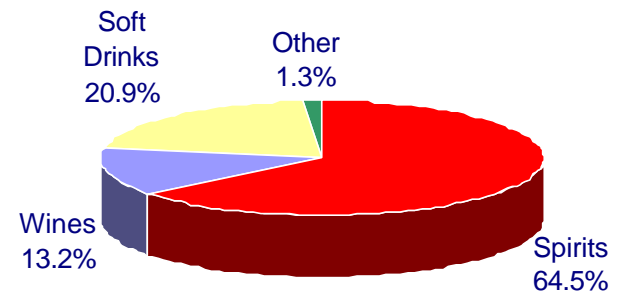
Wines +29.5%



Soft drinks +5.5%



**1Q 2004 sales by segment
€151.3m**



Key brands sales performance (1/3)

1Q 2004/1Q 2003	% change in sales value	
	<i>at constant exchange</i>	<i>at actual exchange</i>
Spirits		
Campari ⁽¹⁾	+9.0%	+6.6%
CampariSoda	-2.4%	-2.4%
SKYY ⁽²⁾	-5.3%	-18.0%
Cynar	+4.0%	+3.2%
Ouzo 12	-1.8%	-2.7%
Brazilian brands	+11.4%	+15.3%
Jaegermeister ⁽³⁾	-4.6%	-4.6%
tequila 1800 ⁽³⁾	22.0%	+4.8%
Wines		
Cinzano sparkling wines	+18.4%	+17.8%
Cinzano vermouths	+18.7%	+15.0%
Sella & Mosca	+5.8%	+5.3%
Soft drinks		
Crodino	+7.9%	+7.8%
Carbonated soft drinks	+2.9%	+2.9%

Notes:

(1) Excl. Campari Mixx

(2) Incl. SKYY Vodka and SKYY flavoured vodkas

(3) Agency brand

Key brands sales performance (2/3) **CAMPARI**

Campari +9.0%

Positive performances in Brazil, major European markets (Switzerland, Belgium, Spain and Greece) and Japan. Decrease in Italy, following overstocking by distributors in December 2003 in view of the introduction of an increase in excise duties as of 1 Jan 2004, and in Germany, due to different phasing of marketing activities

CampariSoda -2.4%

Decline attributable to different phasing of A&P activities versus 1Q2003

SKYY -5.3%

The decline was generated entirely on US market, as a result of far too optimistic expectations of wholesalers on consumption level during Christmas season

Cynar +4.0%

Driven by positive performance on Italian market

Brazilian brands +11.4%

Positive performance of Dreher (+7.6% at constant exchange rates) and admix whiskies (+20.6% at constant exchange rates)

Other spirits brands

Strong growth in Scotch whiskies (+34.9% at constant exchange rates), driven by Cutty Sark ⁽¹⁾ on US market

(1) Agency brand

Key brands sales performance (3/3) **CAMPARI**

Cinzano sparkling wines +18.4%

Positive trend in its two biggest markets (Germany and Italy)

Cinzano vermouths +18.7%

Continued growth in major European markets

Sella & Mosca +5.8%

Positive performance driven by favourable sales mix

Crodino +7.9%

Acceleration of sales in 1Q 2004

Barbero 1891 S.p.A.

- > Strong performance of all spirits brands in 1Q 2004, especially Aperol up by +26.8% in volume⁽¹⁾
- > Stable trend in Enrico Serafino wines sales and slight decline in Mondoro sales. Barbero's brands were integrated in Group's international sales network as of mid January 2004

(1) According to data provided by Barbero 1891 S.p.A. for 1Q 2003



Consolidated 1Q 2004 results

Paolo Marchesini, Chief Financial Officer

Trading profit

Consolidated results



	1Q 2004		1Q 2003		Change at actual exchange	Change at constant exchange
	€ m	%	€ m	%	%	
Net turnover	151.3	100.0%	135.2	100.0%	11.9%	+15.5%
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%	
COGS	(60.0)	-39.6%	(53.1)	-39.3%	12.8%	
Gross profit	91.3	60.4%	82.1	60.7%	11.3%	
Advertising and promotion	(27.7)	-18.3%	(27.3)	-20.2%	1.7%	
Sales and distribution expenses	(20.1)	-13.3%	(17.5)	-12.9%	15.0%	
Trading profit	43.5	28.8%	37.3	27.6%	16.6%	+20.2%

- > **Cost of materials:** decrease to 31.6% on sales due to termination of Cinzano bottling fee and favourable sales mix of newly-acquired Barbero 1891 S.p.A., notwithstanding unfavourable sales mix of Skyy Spirits
- > **Production costs:** increase to 8% on sales due to overlapping costs in connection with start of production at new plant in Novi Ligure
- > **Advertising & promotion spending:** decrease to 18.3% on sales due to extra investments behind Campari MIXX carried out in 1Q 03, and different phasing of marketing activities on domestic market in 1Q 04 versus 1Q 03
- > **Sales and distribution expenses:** increase to 13.3% on sales attributable to consolidation of Barbero 1891 S.p.A.
- > **Trading profit:** growth of 16.6% determined by organic growth of 9.7%, external growth of 10.5% and negative currency impact of 3.6%

EBIT

Consolidated results



	1Q 2004		1Q 2003		Change at actual exchange	Change at constant exchange
	€ m	%	€ m	%	%	
Trading profit	43.5	28.8%	37.3	27.6%	16.6%	+20.2%
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%	
Goodwill and trademark amortisation	(8.8)	-5.8%	(6.9)	-5.1%	27.5%	
Non-recurring costs	0.0	0.0%	(0.1)	-0.1%	-100.0%	
EBIT	21.6	14.3%	21.3	15.8%	1.3%	+6.2%
Depreciation of tangible assets	(3.8)	-2.5%	(2.9)	-2.1%	32.5%	
Amortisation of intangible assets ⁽¹⁾	(9.4)	-6.2%	(7.6)	-5.6%	25.1%	
Total D&A	(13.2)	-8.7%	(10.4)	-7.7%	27.1%	
EBITDA	34.8	23.0%	31.7	23.5%	9.7%	+13.2%
EBITA	30.4	20.1%	28.3	20.9%	7.7%	+11.5%

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

- > **G&A expenses:** increase of 28.1% mainly due to head office building rent and one-off's
- > **Goodwill amortisation:** increase to € 8.8 million mainly attributable to higher charges following the consolidation of newly-acquired Barbero 1891 S.p.A., Riccadonna and other brands

Pretax profit

Consolidated results



	1Q 2004		1Q 2003		Change at actual exchange	Change at constant exchange
	€ m	%	€ m	%	%	
EBIT	21.6	14.3%	21.3	15.8%	1.3%	+6.2%
Net financial income (expenses)	(2.1)	-1.4%	(2.4)	-1.8%	-14.5%	
Income (losses) on net rates	0.1	0.1%	(0.6)	-0.4%	-117.2%	
Other non operating income (expenses)	0.5	0.3%	(0.4)	-0.3%	-213.2%	
Pretax profit	20.1	13.3%	17.9	13.3%	12.1%	+17.6%
Minority interests	(1.5)	-1.0%	(2.6)	-1.9%	-43.9%	
Pretax profit after minorities	18.6	12.3%	15.3	11.3%	21.6%	+26.4%

- > Decrease in **net financial expenses**, notwithstanding higher average net debt position in 1Q 2004 than in 1Q 2003, attributable to full exposure of debt, unlike in 1Q03, to variable, and therefore lower, interest rates
- > Decrease in **minority interests** due to lower pretax of Sky Spirits versus the previous year

Financial indebtedness



	31 Mar 2004	31 Dec 2003	Change
	€ m	€ m	€ m
Cash and banks	146.0	133.6	12.4
Marketable securities	56.7	1.9	54.8
Bank borrowings and other financial payables	(41.3)	(30.1)	(11.2)
Real estate lease	(2.4)	0.0	(2.4)
Accrued interests on private placement	(2.1)	(4.4)	2.3
Total S-T debt, net	156.9	101.0	55.9
Bank borrowings and other financial payables	(6.5)	(5.5)	(1.0)
Real estate lease	(24.6)	0.0	(24.6)
Senior notes issues (private placements)	(397.1)	(392.6)	(4.5)
Total L-T debt	(428.2)	(398.1)	(30.1)
Net cash/(debt)	(271.3)	(297.1)	25.8
Net cash/(debt) of Domaine de la Margue and Qingdao Sella & Mosca Winery at 31 Dec 2003	-	(0.9)	0.9
Total	(271.3)	(298.0)	26.7

- > **Net financial position** improves by € 26.7m to € 271.3m
 - positive cash flow from operations (decrease in Operating Working Capital of € 20.2m)
 - acquisition of Riccadonna and other brands for € 14.1m
 - capital expenditures for € 2.9m

Analysis of Operating WC



	31 Mar 2004	31 Dec 2003	Change	
	€ m	€ m	€ m	%
Inventories	126.5	106.4	20.1	
Trade receivables	126.3	174.2	(47.9)	
Trade payables	(120.0)	(127.6)	7.6	
Operating Working Capital	132.8	153.0	(20.2)	-13.2%

	31 Mar 2004	31 Mar 2003	Change	
	€ m	€ m	€ m	%
Inventories	126.5	114.4	12.1	
Trade receivables	126.3	113.4	12.9	
Trade payables	(120.0)	(102.4)	(17.6)	
Operating Working Capital	132.8	125.4	7.4	+6.0%
LTM ⁽¹⁾ sales	730.2	668.1	62.1	+9.3%
% OWC on LTM ⁽¹⁾ sales	18.2%	18.8%		

- > **Operating WC** decreases by € 20.2m in 1Q04
- > **Operating WC as % of LTM ⁽¹⁾ sales** down from 18.8% at 31 March 2003 to 18.2% at 31 March 2004

(1) LTM = Last 12 Months



Outlook and conclusion

Enzo Visone, Chief Executive Officer

Outlook and conclusion



**Outlook for 2004 remains unchanged
after first quarter results**



Supplementary schedules

- Schedule - 1 Consolidated income statement
- Schedule - 2 Currency effects on consolidated net sales
- Schedule - 3 Average exchange rates

Consolidated income statement **CAMPARI**

First quarter ended 31 March 2004

	1Q 2004		1Q 2003		Change
	€ m	%	€ m	%	%
Net sales (1)	151.3	100.0%	135.2	100.0%	11.9%
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%
Total cost of goods	(60.0)	-39.6%	(53.1)	-39.3%	12.8%
Gross margin	91.3	60.4%	82.1	60.7%	11.3%
Advertising and promotion	(27.7)	-18.3%	(27.3)	-20.2%	1.7%
Sales and distribution expenses	(20.1)	-13.3%	(17.5)	-12.9%	15.0%
Trading profit	43.5	28.8%	37.3	27.6%	16.6%
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%
Goodwill and trademark amortisation	(8.8)	-5.8%	(6.9)	-5.1%	27.5%
Non-recurring costs	0.0	0.0%	(0.1)	-0.1%	-100.0%
EBIT	21.6	14.3%	21.3	15.8%	1.3%
Net financial income (expenses)	(2.1)	-1.4%	(2.4)	-1.8%	-14.5%
Income (losses) on net rates	0.1	0.1%	(0.6)	-0.4%	-117.2%
Other non operating income (expenses)	0.5	0.3%	(0.4)	-0.3%	-213.2%
Pretax profit	20.1	13.3%	17.9	13.3%	12.1%
Minority interests	(1.5)	-1.0%	(2.6)	-1.9%	-43.9%
Pretax profit after minorities	18.6	12.3%	15.3	11.3%	21.6%
Depreciation of tangible assets	(3.8)	-2.5%	(2.9)	-2.1%	32.5%
Amortisation of intangible assets (2)	(9.4)	-6.2%	(7.6)	-5.6%	25.1%
Total D&A	(13.2)	-8.7%	(10.4)	-7.7%	27.1%
EBITDA	34.8	23.0%	31.7	23.5%	9.7%
EBITA (3)	30.4	20.1%	28.3	20.9%	7.7%

(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

Currency effects

1Q 2004 consolidated net sales

Consolidated net sales by segment

	1Q 2004		1Q 2003		Change %	of which:		
	€ m	%	€ m	%		external	organic	currency
Spirits	97.6	64.5%	88.2	65.2%	10.6%	12.6%	3.3%	-5.3%
Wines	20.0	13.2%	15.4	11.4%	29.5%	10.6%	20.5%	-1.6%
Soft drinks	31.7	20.9%	30.0	22.2%	5.5%	0.0%	5.5%	0.0%
Other revenues	2.0	1.3%	1.6	1.2%	28.6%	60.5%	-31.7%	-0.2%
Total	151.3	100%	135.2	100%	11.9%	10.1%	5.4%	-3.6%

Consolidated net sales by region

	1Q 2004		1Q 2003		Change %	of which:		
	€ m	%	€ m	%		external	organic	currency
Italy	86.3	57.0%	72.1	53.3%	19.6%	15.4%	4.3%	0.0%
Europe	28.1	18.6%	26.2	19.3%	7.4%	9.0%	-0.5%	-1.0%
Americas (1)	33.2	21.9%	34.3	25.4%	-3.4%	0.2%	9.0%	-12.6%
RoW	3.7	2.5%	2.6	1.9%	42.8%	8.3%	45.9%	-11.4%
Total	151.3	100%	135.2	100%	11.9%	10.1%	5.4%	-3.6%

(1) Breakdown of Americas

	1Q 2004		1Q 2003		Change %	of which:		
	€ m	%	€ m	%		external	organic	currency
USA	26.4	79.7%	28.9	84.2%	-8.6%	0.0%	6.5%	-15.0%
Brazil	4.6	13.9%	4.1	12.0%	11.5%	0.0%	7.7%	3.8%
Other countries	2.1	6.4%	1.3	3.8%	63.9%	6.0%	67.7%	-9.9%
Total	33.2	100%	34.3	100%	-3.4%	0.2%	9.0%	-12.6%

Average exchange rates



Historic rates

	1Q 2004	1Q 2003	% change
Brazilian Real : 1 Euro	3.622	3.750	
Euro : 1 Brazilian Real	0.2761	0.2667	3.5%
US dollar : 1 Euro	1.251	1.073	
Euro : 1 US dollar	0.7995	0.9316	-14.2%



For additional information:
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