



## PRESS RELEASE

### DAVIDE CAMPARI-MILANO S.P.A.: ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING

#### 2004 results approved

**10 : 1 stock split approved: ten new shares will be issued in replacement of each outstanding share**

**Dividend of €0.10 per share following the stock split approved (+13.6%)**

\* \* \*

Milan, 29 April 2005 - The Shareholders' meeting of Davide Campari-Milano S.p.A. **today approved the company's 2004 results.**

The extraordinary Shareholders' meeting approved the **stock split** of the 29,040,000 shares with a nominal value of € 1.00 each currently making up the Group's share capital, via the issue of **ten new shares with a nominal value of € 0.10 each for each existing share**. The new shares qualify for dividends from 1 January 2004, and the current fully paid up share capital of € 29,040,000 (which remains unchanged) is subsequently divided into 290,400,000 shares. The resolution will be entered in the Milan Trade Register on 5 May 2005 and **the stock split will be effective from 9 May 2005.**

The meeting approved **a dividend of € 0.10 per share following the stock split** (this is **an increase of 13.6% on last year's dividend** of € 0.088 on a adjusted basis), with the detachment of coupon no. 1 on 9 May 2005 and payable as of 12 May 2005.

#### 2004 CONSOLIDATED RESULTS

As indicated on 21 March, the consolidated results for 2004 showed strong **growth in sales and at all levels of operating profitability**, thanks to the consolidation of the newly-acquired Barbero 1891 and to a good performance from the Group's existing business, despite the impact of negative exchange rate movements.

**In 2004, Group sales** totalled € 779.2 million, **an increase of 9.1%** (+11.9% at constant exchange rates). **Organic growth** was **3.8%**, while exchange rate movements had a negative effect of 2.8%, mainly because of the fall in value of the US dollar. **External growth of 8.2%** was due almost entirely to the newly-acquired Barbero 1891.

**Trading profit** increased by **13.5%** to € 219.1 million (+17.0% at constant exchange rates), or 28.1% of sales.

**EBITDA rose by 8.5%** (+12.1% at constant exchange rates) to € 183.6 million, or 23.6% of sales.

**EBITA increased by 9.5%** (+13.3% at constant exchange rates) to € 164.9 million, or 21.2% of sales.

**EBIT went up by 6.2%** (+11.0% at constant exchange rates) to € 129.8 million, or 16.7% of sales.

**Profit before taxes and minority interests** was € 123.2 million, a fall of 10.8% (-6.8% at constant exchange rates). This was **due entirely to the significant drop in extraordinary income, which in 2003 included the capital gain resulting from the sale of the building in Via Filippo Turati, Milan, for €33.7 million.**

**Net profit attributable to the Group** was € 69.3 million, a fall of 13.2% (-9.5% at constant exchange rates). However, **the net profit adjusted for exceptional income, with particular reference to the capital gain mentioned above**, and the associated taxes, was € 67.8 million **(+5.1%)**.

**Group shareholders' equity** was € 596.0 million at 31 December 2004.

At 31 December 2004, **net financial debt** was € 228.7 million (€ 297.1 million at 31 December 2003). **The debt to equity ratio** at 31 December 2004 was 38.4%.

#### **EVENTS TAKING PLACE AFTER THE END OF 2004**

**Purchase of a minority stake in Skyy Spirits, LLC.** On 25 February 2005, the Campari Group acquired a further 30.1% shareholding in Skyy Spirits, LLC via the exercise of a call option, under the terms agreed in January 2002 when Campari bought a majority shareholding in the company. The payment of US\$ 156.6 million (equivalent to around € 118 million at the exchange rate on the date of the transaction) was made in cash. The acquisition was financed partly using own funds and partly via bank debt.

**New initiatives in the US ultra premium spirit segment.** On 31 March 2005, the Campari Group announced the launch of SKYY90, the first modern luxury vodka, thereby entering the ultra premium category, an extremely dynamic segment of the key vodka market. On the same date, Campari was awarded the US distribution rights starting from April 2005 for Martin Miller's ultra premium gin, a brand owned by the UK-based Reformed Spirits Company Ltd. An agreement signed between Reformed Spirits Company Ltd. and Davide Campari-Milano S.p.A. grants the Group an option to acquire the Martin Miller's brand. The two new commercial initiatives on the US spirits market are aimed at strengthening the Group's presence in the ultra premium category, the high-end spirits segment. Both initiatives are being carried out through Skyy Spirits, LLC.

**New Italian distribution rights.** On 4 April 2005, Campari was awarded the Italian distribution rights for the spirit portfolio of the US-based company Brown-Forman, one of the largest industry players worldwide. The agreement will be effective from 1 May 2005.

#### **OTHER RESOLUTIONS**

**Own shares.** The Shareholders' meeting authorised the purchase and/or sale of own shares, mainly to be used in the Group's stock option plans, to the Board of Directors. The authorisation concerns the purchase and/or sale of a total number of shares, including existing own shares, up to 10% of the share capital. As of today, the company has own shares corresponding to 3.22% of the share capital. The authorisation remains valid until 30 June 2006. The corresponding minimum and maximum purchase and/or sale price will be determined at a unit price which, as regards the said price range, shall not be less than 25% and shall not exceed 25% than the average reference price determined by the three Stock Market sessions prior to each single transaction.

#### **The Campari Group**

The Campari Group is a major player in the global beverage sector, trading in over 190 nations around the world with a leading position in the Italian and Brazilian markets and a strong presence in the US, Germany and Switzerland. 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, Lemonsoda, Oransoda and Pelmosoda in Italy, 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 over 1,500 employees and shares of the parent company Davide Campari-Milano S.p.A are listed on the Italian stock exchange.

#### **FOR FURTHER INFORMATION:**

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## CAMPARI GROUP

### Reclassified consolidated income statement

	1 January - 31 December 2004		1 January - 31 December 2003		Change %
	€ million	%	€ million	%	
<b>Net revenues <sup>(1)</sup></b>	<b>779.2</b>	<b>100.0%</b>	<b>714.1</b>	<b>100.0%</b>	<b>9.1%</b>
Cost of materials	(264.2)	-33.9%	(256.3)	-35.9%	3.1%
Production costs	(52.5)	-6.7%	(44.9)	-6.3%	16.8%
<b>Total cost of goods sold</b>	<b>(316.6)</b>	<b>-40.6%</b>	<b>(301.2)</b>	<b>-42.2%</b>	<b>5.1%</b>
<b>Gross margin</b>	<b>462.6</b>	<b>59.4%</b>	<b>412.9</b>	<b>57.8%</b>	<b>12.0%</b>
Advertising and promotion	(159.5)	-20.5%	(143.7)	-20.1%	11.0%
Selling and distribution expenses	(83.9)	-10.8%	(76.1)	-10.7%	10.3%
<b>Trading profit</b>	<b>219.1</b>	<b>28.1%</b>	<b>193.1</b>	<b>27.0%</b>	<b>13.5%</b>
General and administrative expenses	(53.3)	-6.8%	(46.9)	-6.6%	13.7%
Other operating revenues	1.8	0.2%	6.9	1.0%	-73.6%
Amortisation of goodwill and trademarks	(35.1)	-4.5%	(28.4)	-4.0%	23.5%
Non - recurring expenses	(2.8)	-0.4%	(2.5)	-0.3%	11.7%
<b>EBIT = Operating income</b>	<b>129.8</b>	<b>16.7%</b>	<b>122.2</b>	<b>17.1%</b>	<b>6.2%</b>
Net interest income (charges)	(8.3)	-1.1%	(8.8)	-1.2%	-6.2%
Exchange - rate gains (losses), net	(0.5)	-0.1%	1.6	0.2%	-133.7%
Exceptional income (charges)	2.2	0.3%	23.1	3.2%	-90.4%
<b>Profit before taxes and minority interests</b>	<b>123.2</b>	<b>15.8%</b>	<b>138.1</b>	<b>19.3%</b>	<b>-10.8%</b>
Minority interests	(17.0)	-2.2%	(17.9)	-2.5%	-5.0%
<b>Group profit before taxes</b>	<b>106.2</b>	<b>13.6%</b>	<b>120.2</b>	<b>16.8%</b>	<b>-11.7%</b>
Taxes	(36.9)	-4.7%	(40.4)	-5.7%	-8.7%
<b>Group net profit</b>	<b>69.3</b>	<b>8.9%</b>	<b>79.8</b>	<b>11.2%</b>	<b>-13.2%</b>
Depreciation	(15.7)	-2.0%	(15.4)	-2.2%	2.0%
Amortisation of goodwill, trademarks and other intangibles	(38.0)	-4.9%	(31.6)	-4.4%	20.5%
<b>Total depreciation and amortisation</b>	<b>(53.8)</b>	<b>-6.9%</b>	<b>(47.0)</b>	<b>-6.6%</b>	<b>14.5%</b>
<b>EBITDA</b>	<b>183.6</b>	<b>23.6%</b>	<b>169.2</b>	<b>23.7%</b>	<b>8.5%</b>
<b>EBITA <sup>(2)</sup></b>	<b>164.9</b>	<b>21.2%</b>	<b>150.7</b>	<b>21.1%</b>	<b>9.5%</b>

(1) Net of discounts and excise duty.

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

## CAMPARI GROUP

### Reclassified consolidated balance sheet

	31 December 2004 € million	31 December 2003 € million
Cash and banks	239.5	133.6
Marketable securities	6.5	1.9
Accounts receivable, net of devaluation reserve	173.1	174.2
Inventories	114.4	106.4
Other current assets	53.5	55.4
<b>Total current assets</b>	<b>587.0</b>	<b>471.5</b>
Tangible assets, net	156.9	152.4
Goodwill, net	519.7	552.2
Other intangible assets, net	29.4	19.4
Financial assets	0.6	7.8
Other non - current assets	5.0	5.8
Treasury shares	29.8	31.0
<b>Total non - current assets</b>	<b>741.4</b>	<b>768.6</b>
<b>Total assets</b>	<b>1,328.4</b>	<b>1,240.1</b>
Short - term financial debt	59.6	30.1
Private placement	2.9	
Accounts payable	142.1	127.6
Other current liabilities	65.5	78.1
<b>Total current liabilities</b>	<b>270.1</b>	<b>235.8</b>
Medium and long term loans	407.1	398.1
Employee's termination pay	15.2	15.6
Other non - current liabilities	35.7	37.7
Minority interests	4.3	4.7
<b>Total non - current liabilities</b>	<b>462.3</b>	<b>456.1</b>
<b>Shareholders' equity</b>	<b>596.0</b>	<b>548.2</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,328.4</b>	<b>1,240.1</b>

## CAMPARI GROUP

### Consolidated cash flow statement

	31 December 2004 at constant perimeter	31 December 2003
Profit before taxes	106.4	120.2
Depreciation and amortization	53.8	47.0
Gains on sale of fixed assets	(1.5)	(34.4)
Other items	0.4	5.8
Income and deferred taxes	(32.0)	(37.2)
Variation in tax credits and debts	(16.1)	5.3
<b>Cash flow from operating activities before net change in operating working capital</b>	<b>111.0</b>	<b>106.7</b>
Net change in Operating Working Capital	4.2	(30.8)
<b>Cash flow from operating activities</b>	<b>115.2</b>	<b>75.9</b>
Acquisition of tangible fixed assets	(15.9)	(28.4)
Payables to suppliers for Novi Ligure investments		(17.0)
Acquisition of intangible assets	(3.0)	(7.4)
Net income from disposals of tangible fixed assets	2.6	40.3
<b>Cash flow from investing activities</b>	<b>(16.4)</b>	<b>(12.5)</b>
<b>Free cash flow</b>	<b>98.8</b>	<b>63.4</b>
Acquisitions and changes in perimeter	(14.1)	(155.6)
Other investing activities	2.0	0.3
Dividends paid	(24.7)	(24.7)
<b>Cash flow from other activities</b>	<b>(36.8)</b>	<b>(180.0)</b>
Exchange rate differences and other movements	6.3	18.4
<b>Net increase (decrease) in net financial position</b>	<b>68.4</b>	<b>(98.3)</b>

## DAVIDE CAMPARI-MILANO S.p.A.

### Parent company income statement (summary statutory accounts)

	1 January - 31 December 2004 € million
Value of production	284.3
Production costs	(264.0)
Difference between value and cost production	20.3
Total financial income and charges	48.0
Total extraordinary items	71.6
Profit before tax	139.8
Corporate income tax	6.1
Net profit	133.7

### Parent company balance sheet (summary statutory accounts)

	31 December 2004 € million
Total non - current assets	853.7
Total current assets	173.3
Total accruals and deferrals	4.9
Total assets	1,031.9
Total shareholders' equity	453.9
Total provisions for risks and charges	10.4
Staff severance fund	8.7
Total payables	544.4
Total accruals and deferrals	14.5
Total liabilities	1,031.9

### Parent company cash flow (summary statutory accounts)

	31 December 2004 € million
Net profit	133.7
Adjustments to reconcile net profit with cash flow from operations	(17.6)
Cash flow from operations	116.1
Cash flow from investments	54.0
Cash flow used by financial operations	(136.7)
Increase (decrease) in cash and banks	33.3
Cash and banks at start of financial year	22.4
Cash and banks at end of financial year	55.7