



# 2005 Full Year Results

Presentation to Analysts and Investors

22 March 2006



# Results highlights

Enzo Visone, CEO



# Strong performance across all indicators

IAS/IFRS results	FY 2005 € million	% change at actual exchange	% change at constant exchange
Net sales	809.9	+7.8%	+6.6%
Trading profit	234.8	+7.1%	+6.8%
EBITDA before one-off's	196.6	+7.8%	+7.9%
EBITDA	201.3	+9.1%	+8.9%
EBIT before one-off's	179.1	+8.9%	+9.1%
Operating profit = EBIT	183.9	+10.3%	+10.3%
Group's net profit	118.0	+21.8%	+22.1%

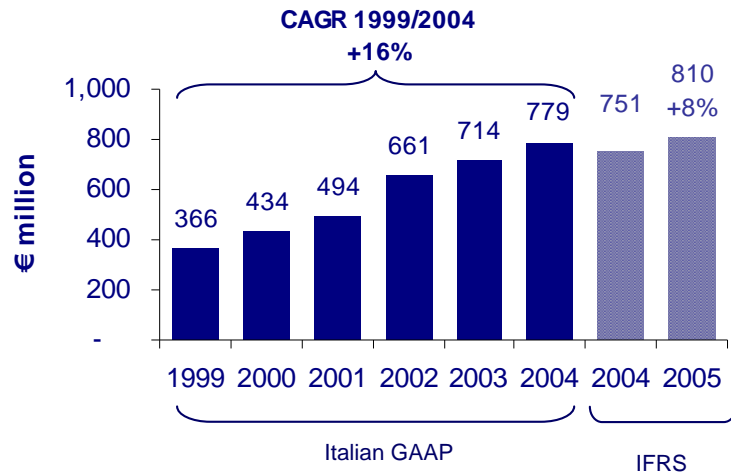
> 2005 full year results:

- top line growth driven by **solid performance in the Group's core brands**
- growth in operating profits driven by **favorable sales mix** and **operating efficiencies** achieved in existing business
- strong growth in net profits also driven by **accretive effect from Sky minority stake deal**

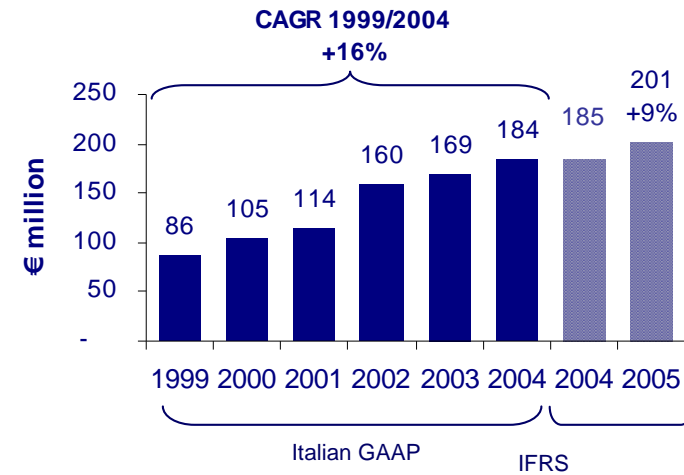


# Delivering consistent growth

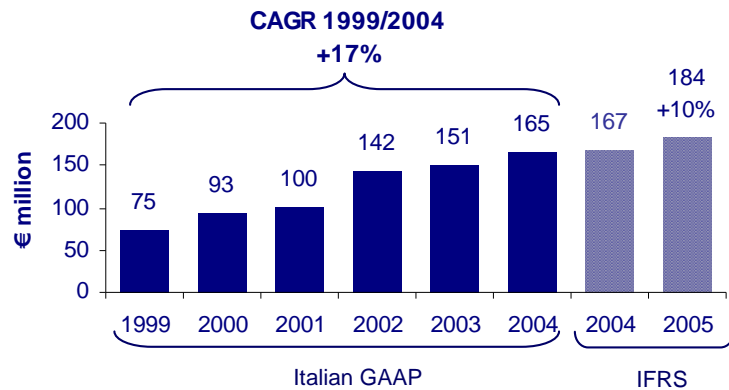
## Net turnover



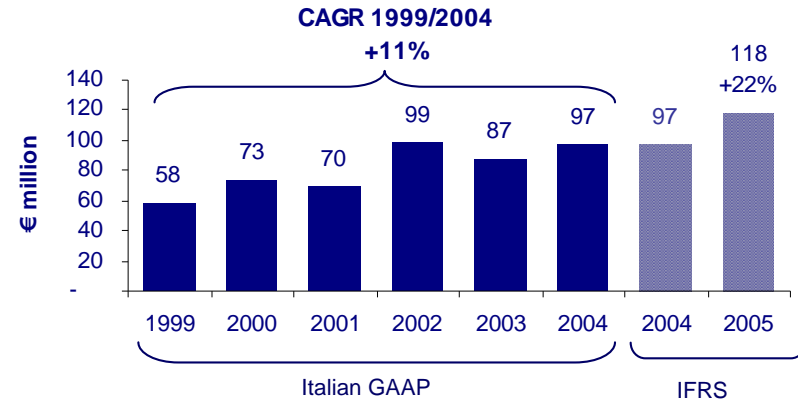
## EBITDA



## EBIT<sup>(1)</sup>



## Net income<sup>(2)</sup>



(1) EBITA=EBIT before goodwill amortisation from 1999 to 2003 (Italian GAAP)

(2) Net income adjusted for goodwill amortisation, exceptionals and tax effects from 1999 to 2003 (Italian GAAP)

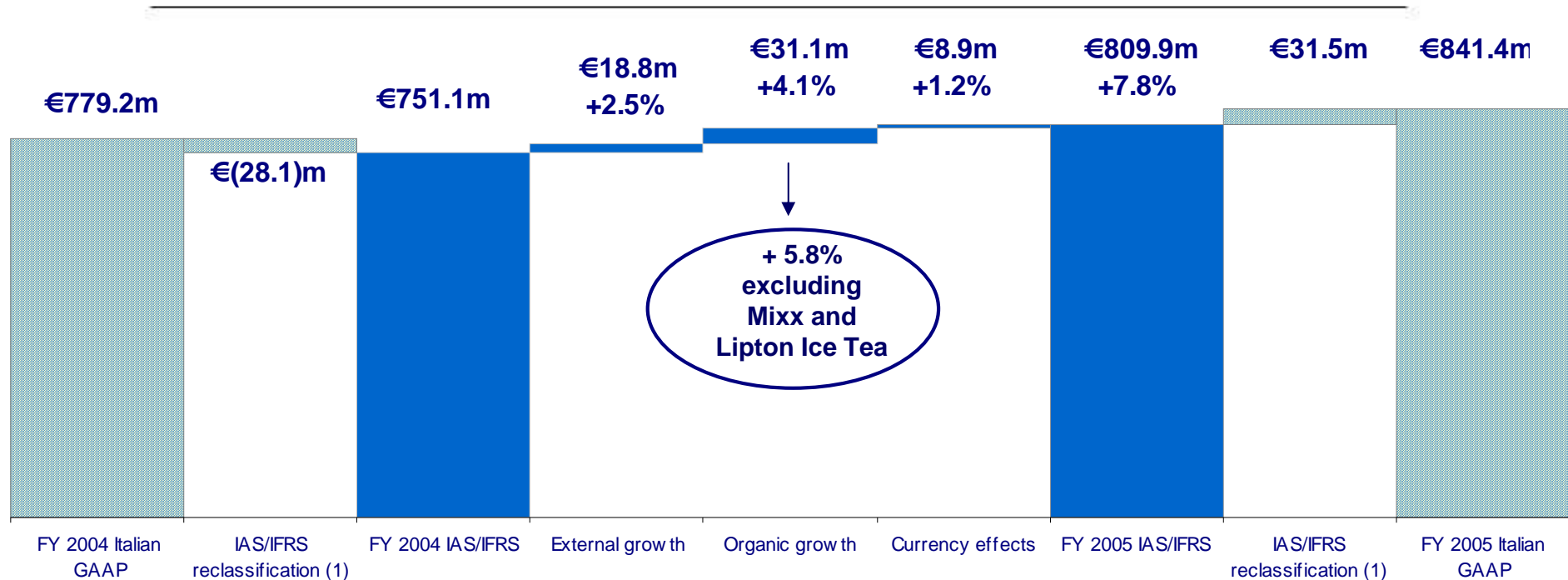


# 2005 sales review

Enzo Visone, CEO



# 2005 net sales growth drivers

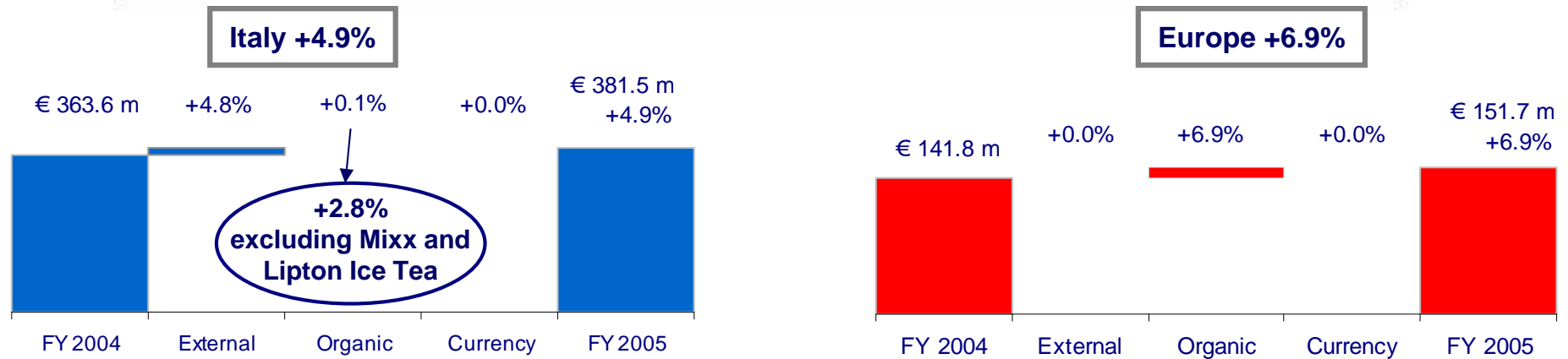


(1) Reclassification between net sales and A&P expenses in application of IAS 18. The amounts subject to these reclassifications relate to trade promotions invoiced by customers to the Group.

- > **Organic growth** is driven mainly by **good performances from the core brands** and in part offset by the weaker performance in Mixx and Lipton Ice Tea (**+5.8% organic growth if these two brands were excluded**)
- > **External growth** relates to the **distribution of Brown-Forman's brands in Italy** and Martin Miller's gin in USA
- > Positive currency effect is mainly attributable to Brazilian Real

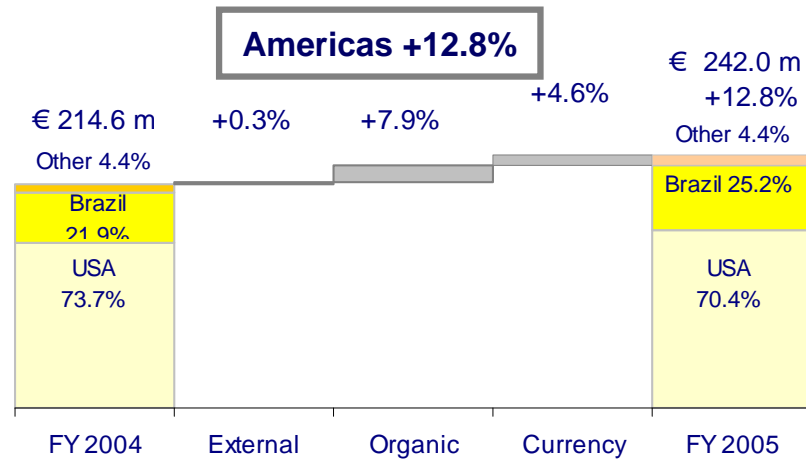


# Net sales by region



- > **Positive performance on all core brands**
- > Organic growth of **+2.8%** if **Mixx and Lipton Ice Tea** were excluded
- > External growth generated by the distribution of Brown-Forman brands

- > Positive results in **major European markets including Germany**

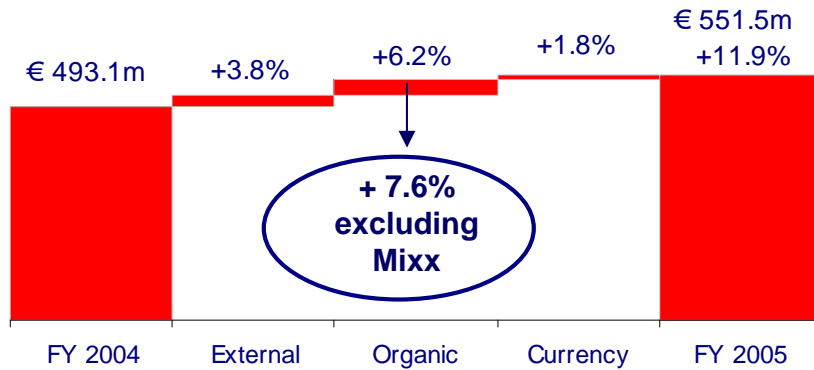


- > Organic growth driven by **US (+7.5%)**, **Brazil (+8.7%)**
- > External growth driven by Martin Miller's gin in the US



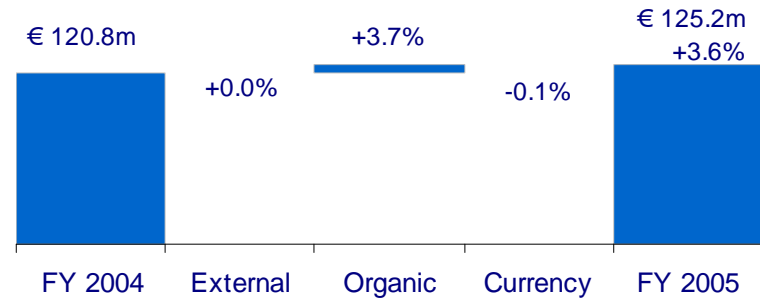
# Net sales by segment

**Spirits +11.9%**



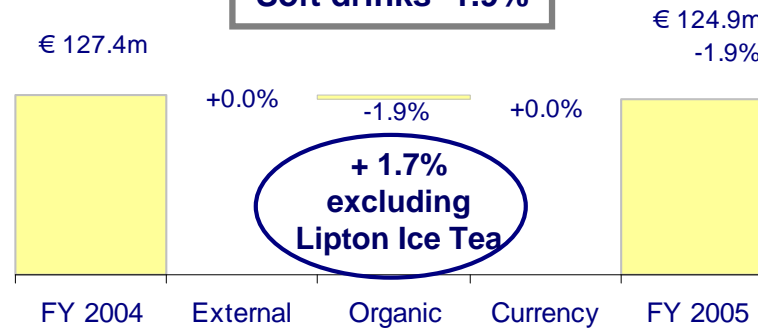
> Organic growth driven by all spirits brands

**Wines +3.6%**



> Positive trend on all brands

**Soft drinks -1.9%**



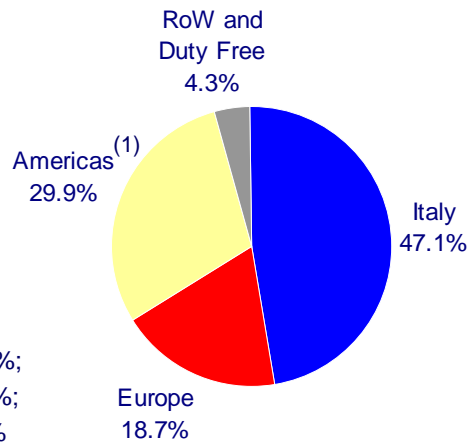
> Positive contribution of Crodino (+3.2%) and carbonated soft drinks offset by weaker performance of Lipton Ice Tea



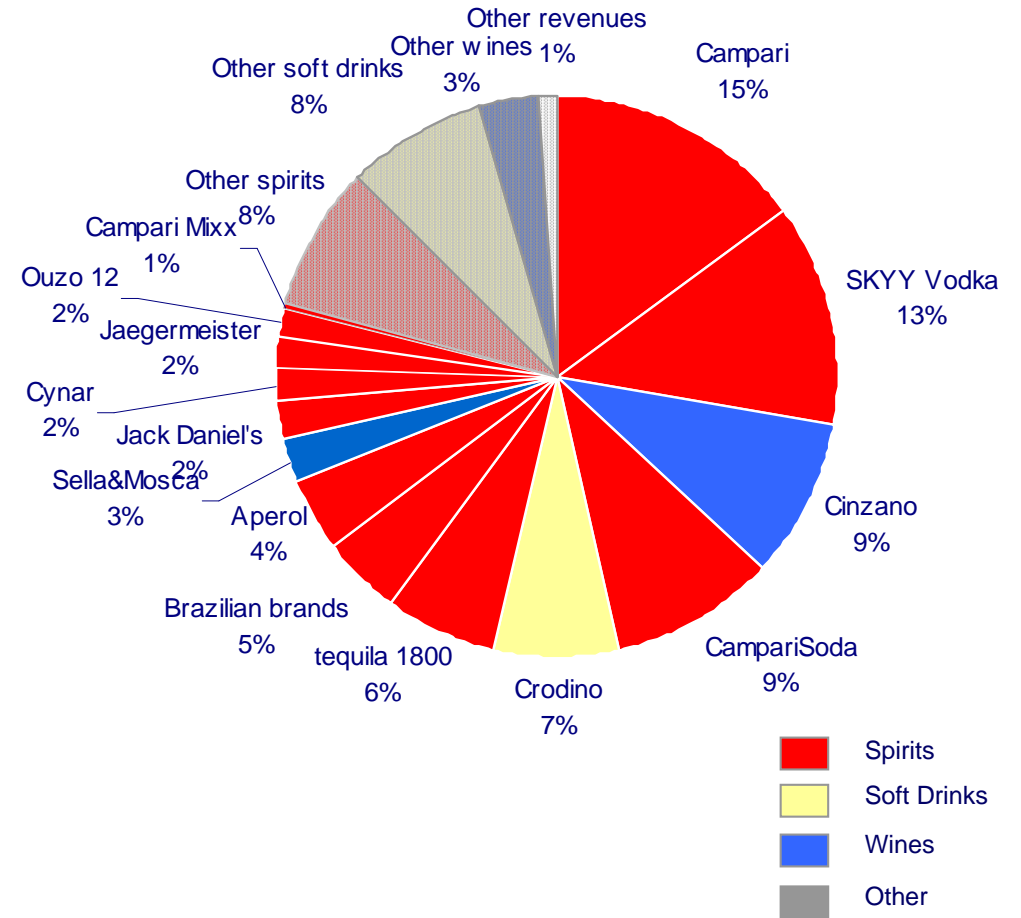


# Net sales breakdown

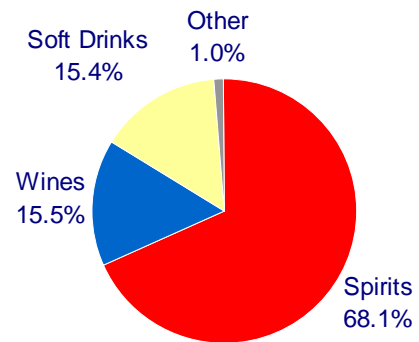
**FY 2005 sales by region**



**FY 2005 sales by brand**



**FY 2005 sales by segment**



# Review of main brands (1 of 2)

<b>% change in value FY 2005 / FY 2004</b>	<b>at constant exchange</b>	<b>at actual exchange</b>	
<b>Spirits</b>			
<b>Campari</b>	+4.1%	+5.8%	> Solid performance in major European markets, including Germany.
<b>SKYY</b>	+8.9%	+8.8%	> Strong growth in the US (+6.9% at constant exchange). US depletions show consistent double digit growth in SKYY core and slowdown in flavours range. Strong growth in sales outside US (above 30%) which accounts for 15% of total SKYY volumes.
<b>CampariSoda</b>	+1.4%	+1.4%	> Solid performance for this brand mainly concentrated on the Italian market.
<b>Aperol</b>	+23.2%	+23.2%	> Excellent performance on key Italian market and good progression in other markets.
<b>Brazilian brands</b>	+9.6%	+31.0%	> Positive trend both in Dreher and admix whiskies sales.
<b>Cynar</b>	+16.2%	+20.4%	> Excellent performance attributable to the extended distribution in Brazil and distributor change in Switzerland.
<b>Ouzo 12</b>	+2.1%	+2.1%	> Positive performance aided by the introduction of the packaging upgrade.
<b>tequila 1800</b>	+14.9%	+14.8%	> Continuing double digit growth in key US market.
<b>Jägermeister</b>	+3.5%	+3.7%	> Mainly concentrated on the Italian market.



# Review of main brands (2 of 2)

<b>% change in value FY 2005 / FY 2004</b>	<i>at constant exchange</i>	<i>at actual exchange</i>	
<b>Wines</b>			
<b>Cinzano sparkling wines</b>	+1.0%	+0.9%	> Positive results in Germany following the introduction of new packaging in July 2005. Packaging upgrade in Italy planned for the first half of 2006.
<b>Cinzano vermouths</b>	+16.0%	+16.6%	> Strong progression driven by major European markets.
<b>Sella &amp; Mosca</b>	+1.0%	+1.3%	> Very positive performance considering the competitive and difficult international environment.
<b>Riccadonna</b>	+14.1%	+11.7%	> Solid growth in its core markets.
<b>Mondoro</b>	+7.6%	+7.3%	> Solid growth in its core markets.
<b>Soft drinks</b>			
<b>Crodino</b>	+3.2%	+3.2%	> Solid growth trend sustained by strong brand awareness and leadership in its core market.
<b>Carbonated soft drinks</b>	+1.2%	+1.2%	> Positive performance after recovery in the second half of the year.
<b>Lipton Ice Tea</b>	-12.6%	-12.6%	> Low margin agency brand.

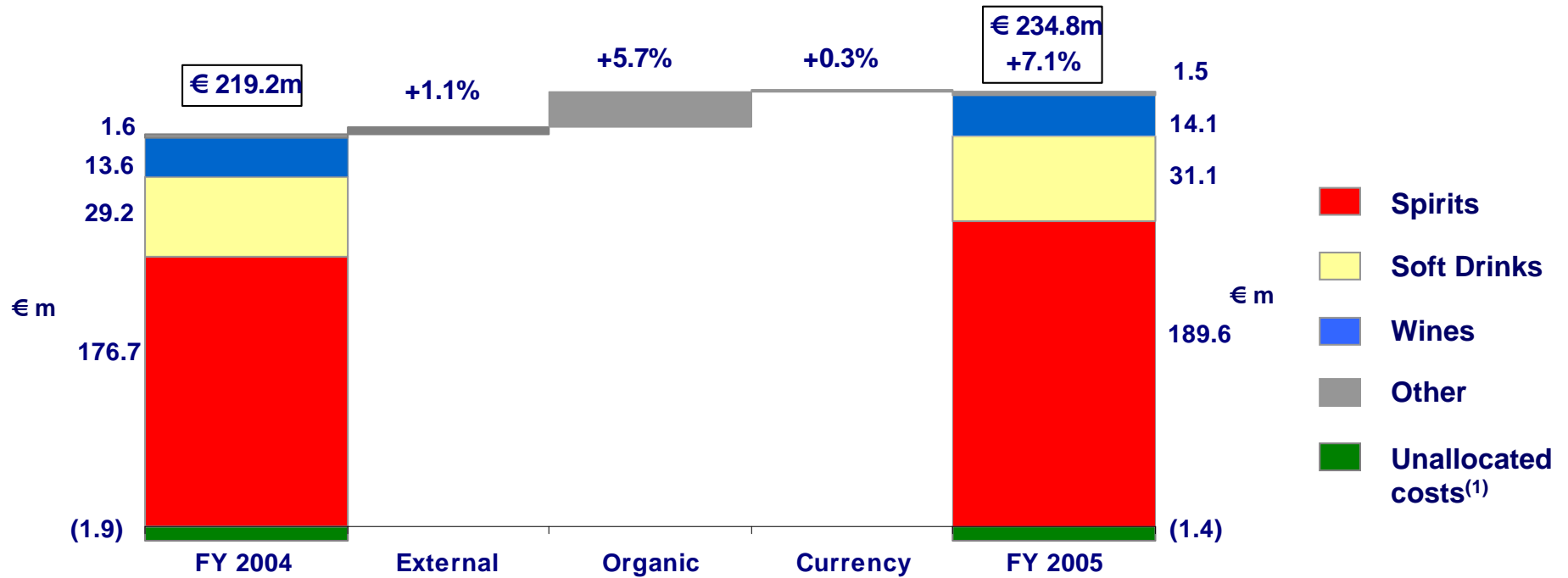


# 2005 profitability by business area

Paolo Marchesini, CFO



# Consolidated trading profit



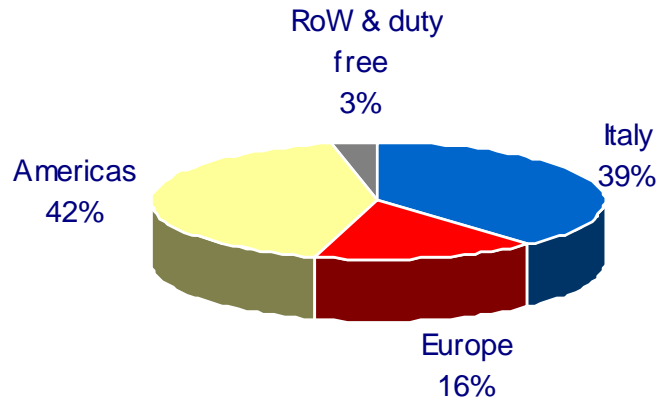
Notes:

(1) Unallocated costs relating to incremental production fixed costs generated by transition to new Novi Ligure plant slightly decreased versus 2004. Growth in trading profit of 6.9% before unallocated costs.

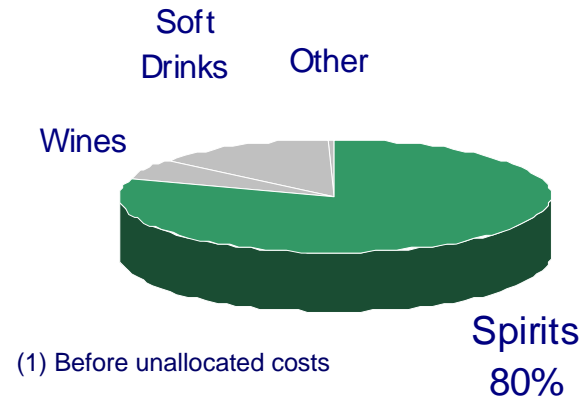


# Spirits - trading profit analysis

**Spirits sales by region**



**Spirits as % of Group trading profit (1)**



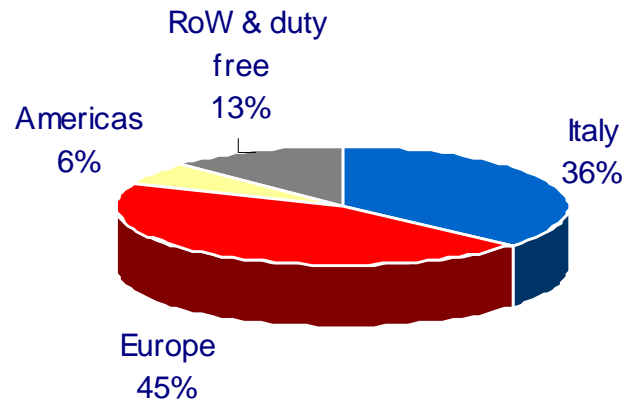
	FY 2005		FY 2004		Change	of which:		
	€ million	%	€ million	%		external	organic	currency
Net sales	551.5	100.0%	493.1	100.0%	11.9%	3.8%	6.2%	1.8%
Gross margin	353.4	64.1%	327.1	66.3%	8.0%	1.2%	5.6%	1.2%
<b>Trading profit</b>	<b>189.6</b>	<b>34.4%</b>	<b>176.7</b>	<b>35.8%</b>	<b>7.3%</b>	<b>1.4%</b>	<b>5.3%</b>	<b>0.7%</b>

- > Increase in organic trading profit of **5.3%** driven by positive performance on core brands

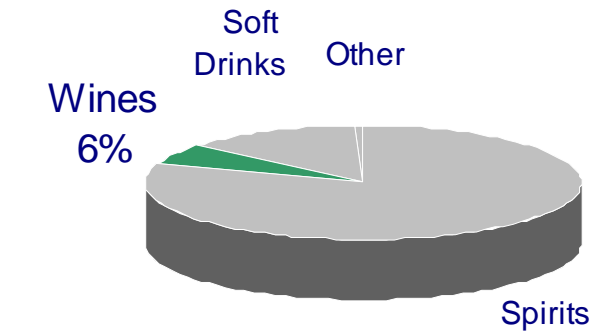


# Wines - trading profit analysis

Wines sales by region



Wines as % of Group trading profit (1)



(1) Before unallocated costs

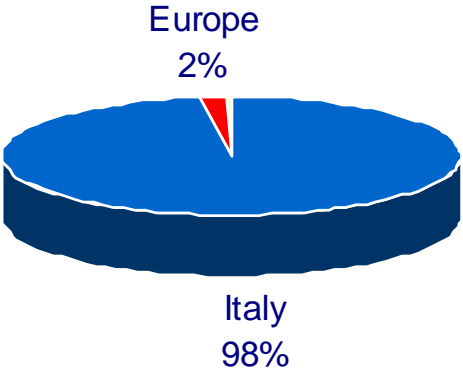
	FY 2005		FY 2004		Change	of which:		
	€ million	%	€ million	%		external	organic	currency
Net sales	125.2	100.0%	120.8	100.0%	3.6%	0.0%	3.7%	-0.1%
Gross margin	53.4	42.6%	50.8	42.1%	4.9%	0.0%	5.8%	-0.8%
Trading profit	14.1	11.3%	13.6	11.2%	3.9%	0.0%	8.0%	-4.1%

- > **Strong organic growth in trading profit (+8.0%)** is driven by positive performance on most brands

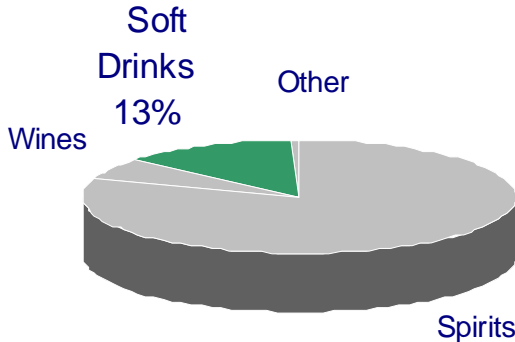


# Soft Drinks - trading profit analysis

Soft drinks sales by region



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



(1) Before unallocated costs

	FY 2005		FY 2004		Change	of which:		
	€ million	%	€ million	%		%	external	organic
Net sales	124.9	100.0%	127.4	100.0%	-1.9%	0.0%	-1.9%	0.0%
Gross margin	57.7	46.2%	56.5	44.4%	2.1%	0.0%	2.1%	0.0%
Trading profit	31.1	24.9%	29.2	23.0%	6.5%	0.0%	6.5%	0.0%

- > Positive trend in trading profit is mainly driven by the **good performance of the highly profitable Crodino brand** and by a lower A&P as % of sales due to a budget reallocation among the Group's brands





# 2005 consolidated results

Paolo Marchesini, CFO



# Consolidated EBIT

	FY 2005		FY 2004		Change at actual exchange	Change at constant exchange
	€ m	%	€ m	%	%	
<b>Net turnover</b>	<b>809.9</b>	<b>100.0%</b>	<b>751.1</b>	<b>100.0%</b>	<b>7.8%</b>	<b>+6.6%</b>
COGS	(345.1)	-42.6%	(316.6)	-42.1%	9.0%	
<b>Gross margin</b>	<b>464.9</b>	<b>57.4%</b>	<b>434.6</b>	<b>57.9%</b>	<b>7.0%</b>	
Advertising and promotion	(139.7)	-17.2%	(131.3)	-17.5%	6.4%	
Sales and distribution expenses	(90.3)	-11.1%	(84.1)	-11.2%	7.4%	
<b>Trading profit</b>	<b>234.8</b>	<b>29.0%</b>	<b>219.2</b>	<b>29.2%</b>	<b>7.1%</b>	<b>+6.8%</b>
G&A and other operating income/expenses	(55.7)	-6.9%	(54.7)	-7.3%	1.8%	
<b>EBIT before one-off's</b>	<b>179.1</b>	<b>22.1%</b>	<b>164.4</b>	<b>21.9%</b>	<b>8.9%</b>	
One-off's <sup>(1)</sup>	4.7	0.6%	2.2	0.3%	113.6%	
<b>Operating profit = EBIT</b>	<b>183.9</b>	<b>22.7%</b>	<b>166.7</b>	<b>22.2%</b>	<b>10.3%</b>	<b>+10.3%</b>
<i>Other information:</i>						
Depreciation	(17.4)	-2.1%	(17.8)	-2.4%	-2.2%	
EBITDA before one-off's	196.6	24.3%	182.3	24.2%	7.8%	
<b>EBITDA</b>	<b>201.3</b>	<b>24.9%</b>	<b>184.5</b>	<b>24.5%</b>	<b>9.1%</b>	<b>+8.9%</b>

(1) According to IAS/IFRS net exceptional income (renamed as one-off's) is reclassified as a component of operating profit.

- > **Gross margin** down from 57.9% to 57.4% on net sales due to perimeter effects (-0.8% on net sales due to new agency brands, mainly Jack Daniel's) is in part offset by existing business (+0.3% on net sales due to lower cost of production)
- > **A&P** expenses down from 17.5% to 17.2% due to perimeter effects (new agency brands benefit from third party A&P contributions). Organic A&P as % of net sales unchanged
- > **Sales and distribution** at 11.1% on net sales as a result of lower logistics costs
- > **G&A and other operating income/expenses** decrease from 7.3% to 6.9% on net sales
- > **One-off's** of € 4.7 m attributable to real estate capital gain in Switzerland (€ 1.9 m) and other one-off's
- > Change in **trading profit** is composed of 5.7% organic growth, 1.1% external growth and 0.3% currency effect



# Consolidated net profit

	FY 2005		FY 2004		Change at actual exchange	Change at constant exchange
	€ m	%	€ m	%	%	
<b>Operating profit = EBIT</b>	<b>183.9</b>	<b>22.7%</b>	<b>166.7</b>	<b>22.2%</b>	<b>10.3%</b>	<b>+10.3%</b>
Net financial income (expenses)	(9.9)	-1.2%	(9.6)	-1.3%	3.1%	
Income from associates	0.3	0.0%	0.0	0.0%	0.0%	
<b>Pretax profit</b>	<b>174.2</b>	<b>21.5%</b>	<b>157.1</b>	<b>20.9%</b>	<b>10.9%</b>	
Taxes	(51.2)	-6.3%	(43.1)	-5.7%	18.8%	
<b>Net profit</b>	<b>123.1</b>	<b>15.2%</b>	<b>114.0</b>	<b>15.2%</b>	<b>8.0%</b>	
Minority interests	(5.0)	-0.6%	(17.1)	-2.3%	-70.8%	
<b>Group's net profit</b>	<b>118.0</b>	<b>14.6%</b>	<b>96.9</b>	<b>12.9%</b>	<b>21.8%</b>	<b>+22.1%</b>

- > Increase in **net financial expenses** is due to the higher average net debt in FY 2005, as a result of the acquisition of an additional 30.1% stake in Skyy Spirits on 25 February 2005 (€ 118 million)
- > Decrease in **minority interests** attributable to the reduction in the stake held by third parties in Skyy Spirits



# Analysis of tax rate

(€ million)	FY 2005	FY 2004
<b>Pretax after minorities (A)</b>	<b>169.2</b>	<b>140.0</b>
Deferred tax on GW amortisation deductible for tax purposes <sup>(1)</sup>	(12.9)	(6.5)
Other tax (B)	(38.3)	(36.6)
Total Tax	(51.2)	(43.1)
<b>Net income</b>	<b>118.0</b>	<b>96.9</b>
Adj. Tax rate (B / A)	<b>22.7%</b>	<b>26.1%</b>

Note:

(1) In some countries fiscal amortisation of GW remains deductible for tax purposes notwithstanding termination of GW amortisation in consolidated accounts.

> Tax rate in 2005 benefits from Skyy minority stake deal



# Consolidated free cash flow

€ million	Notes	31 December 2005	31 December 2004
Net profit		118.0	96.9
Non-cash items	(1)	29.3	13.7
<b>Cash flow from operating activities before changes in working capital</b>		<b>147.3</b>	<b>110.6</b>
Net change in Operating Working Capital	(2)	(50.2)	4.2
<b>Cash flow from operating activities (A)</b>		<b>97.1</b>	<b>114.8</b>
<b>Cash flow from investing activities (capex) (B)</b>	(3)	<b>(15.0)</b>	<b>(16.4)</b>
<b>Free cash flow (A+B)</b>		<b>82.1</b>	<b>98.4</b>
Acquisitions	(4)	(130.7)	(14.1)
Other changes		2.1	2.1
Dividends paid		(28.1)	(24.7)
<b>Cash flow from other activities (C)</b>		<b>(156.7)</b>	<b>(36.7)</b>
Exchange rate differences and other movements (D)		(24.6)	6.4
<b>Net increase (decrease) in net financial position (A+B+C+D)</b>		<b>(99.2)</b>	<b>68.1</b>
Expected cost relating to eventual exercise of put option on Skyy minority stake	(5)	(45.5)	
<b>Net increase (decrease) in net financial position</b>		<b>(144.7)</b>	<b>68.1</b>
Net financial position at start of period		(226.7)	(294.8)
Net financial position at end of period		(371.4)	(226.7)

- Notes:
- (1) Include: depreciation € 17.4 m, deferred taxes € 19.3 m, net change in provisions € (5.9) m, other € (1.6) m
  - (2) Increase in Operating Working Capital due to new distribution agreements (€ 18.3 m) and increase in trade receivables due to strong sales in Q4 2005
  - (3) Investments, net of disposals (€ 3.8 m), include € 12.7 m of maintenance capex, € 2.2 m in Sella & Mosca vineyards, € 3.9 m in Koutsikos
  - (4) Include acquisition of 30.1% minority stake in Skyy Spirits in February 2005 (€ 118.5 m) and 100% of Teruzzi & Puthod in December 2005 (€ 12.2 m)
  - (5) Expected cost of acquisition of remaining minority stake of 11% in Skyy Spirits in respect of the put option expiring in 2007



# Financial indebtedness

€ million	Notes	31 December 2005	31 December 2004
Cash at bank and marketable securities		247.5	246.0
Borrowings		(112.8)	(55.6)
Real estate leases (current portion)	(1)	(3.1)	(2.9)
Private placement and bonds (current portion)		(9.6)	(7.8)
Other assets or liabilities		(1.4)	(1.1)
<b>Total short-term cash/(debt)</b>		<b>120.6</b>	<b>178.5</b>
Borrowings from banks		(26.7)	(0.8)
Real estate leases	(1)	(19.0)	(22.0)
Private placement and bonds	(2)	(397.7)	(378.0)
Other financial liabilities		(3.0)	(4.4)
<b>Total medium to long-term cash/(debt)</b>		<b>(446.5)</b>	<b>(405.2)</b>
<b>Total net cash/(debt) relating to activities</b>		<b>(325.9)</b>	<b>(226.7)</b>
Debt for eventual exercise for put option on remaining Skyy minority stake	(3)	(45.5)	
<b>Total net cash/(debt)</b>		<b>(371.4)</b>	<b>(226.7)</b>

(1) Real estate lease relates to industrial property in Novi Ligure

(2) According to IAS 32 and 39, underlying financial liabilities are recorded at fair value

(3) Debt for eventual exercise for put option (expiring in 2007) on remaining 11% minority stake in Skyy Spirits, LLC

- > Increase in net debt mainly due to acquisition of a further 30.1% stake in Skyy Spirits (€ 118.5 m) and:
  - Expected cost of eventual exercise of put option on 11% minority stake in Skyy (expir. 2007) € 45.5 m
  - Acquisition of Teruzzi & Puthod (completed on 27 Dec 2005) € 12.2 m
  - Exchange rate differences on US dollar denominated debt at 31 Dec 2005 € 21.1 m
  - Increase in Operating WC due to new distribution agreements (Brown-Forman brands) € 18.3 m
  - € 97.1 m**
- > Debt to Equity ratio at 53.4% at 31 December 2005
- > Acquisition of Glen Grant, Old Smuggler and Braemar for € 130 million was completed and paid in cash on 15 March 2006



# Outlook

Enzo Visone, CEO



# Outlook

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- > The extremely positive results achieved in 2005 demonstrate a sound organic and external growth strategy
- > **We remain confident for a positive performance in 2006 and the medium term across our core markets:**
  - The **Italian business** is expected to benefit also from some recent initiatives
    - **Acquisition of Glen Grant**, brand leader in the domestic whisky market
    - **Reorganisation of the Group's sales forces in Italy** aimed at creating more focused and effective organisation (two separate divisions for spirits and wines)
    - **Reorganisation of production facilities in Italy** completed at the end of 2005
    - **Positive contribution of distribution of agency brands** (mainly Jack Daniel's) as 2006 will be first full year
  - In **Germany** and **other European markets**, which show more interesting sign of growth, we expect to continue to develop positively our core brands
  - **Brazilian business** is expected to continue to perform positively also supported by favourable economic scenario
  - **US business** is expected to continue to develop positively thanks to the strong SKYY and tequila 1800 brands as well as the recent distribution agreements (C&C international spirits brands and Midori)
  - With regard to **currencies movements**, the strong revaluation in the Brazilian Real together with a more stable US dollar exchange rate strengthen our confidence for 2006 and the medium term







## Supplementary schedules

- Schedule - 1 Analysis of net sales growth by segment and region
- Schedule - 2 Consolidated income statement
- Schedule - 3 Consolidated balance sheet (invested capital and financing sources)
- Schedule - 4 Consolidated balance sheet (asset and liabilities)
- Schedule - 5 Consolidated cash flow
- Schedule - 6 Average exchange rates

## Net sales analysis by segment and region

### Consolidated net sales by segment

	FY 2005		FY 2004		Change %	of which:		
	€ m	%	€ m	%		external	organic	currency
Spirits	551.5	68.1%	493.1	65.6%	11.9%	3.8%	6.2%	1.8%
Wines	125.2	15.5%	120.8	16.1%	3.6%	0.0%	3.7%	-0.1%
Soft drinks	124.9	15.4%	127.4	17.0%	-1.9%	0.0%	-1.9%	0.0%
Other revenues	8.3	1.0%	9.9	1.3%	-15.9%	0.0%	-16.2%	0.3%
<b>Total</b>	<b>809.9</b>	<b>100.0%</b>	<b>751.1</b>	<b>100.0%</b>	<b>7.8%</b>	<b>2.5%</b>	<b>4.1%</b>	<b>1.2%</b>

### Consolidated net sales by region

	FY 2005		FY 2004		Change %	of which:		
	€ m	%	€ m	%		external	organic	currency
Italy	381.5	47.1%	363.6	48.4%	4.9%	4.8%	0.1%	0.0%
Europe	151.7	18.7%	141.8	18.9%	6.9%	0.0%	6.9%	0.0%
Americas (1)	242.0	29.9%	214.6	28.6%	12.8%	0.3%	7.9%	4.6%
RoW & Duty Free	34.8	4.3%	31.1	4.1%	11.9%	1.9%	13.0%	-3.0%
<b>Total</b>	<b>809.9</b>	<b>100.0%</b>	<b>751.1</b>	<b>100.0%</b>	<b>7.8%</b>	<b>2.5%</b>	<b>4.1%</b>	<b>1.2%</b>

### (1) Breakdown of Americas

	FY 2005		FY 2004		Change %	of which:		
	€ m	%	€ m	%		external	organic	currency
USA	170.4	70.4%	158.2	73.7%	7.7%	0.4%	7.5%	-0.1%
Brazil	61.0	25.2%	46.9	21.9%	29.9%	0.0%	8.7%	21.2%
Other countries	10.6	4.4%	9.5	4.4%	11.6%	0.0%	11.0%	0.6%
<b>Total</b>	<b>242.0</b>	<b>100.0%</b>	<b>214.6</b>	<b>100.0%</b>	<b>12.8%</b>	<b>0.3%</b>	<b>7.9%</b>	<b>4.6%</b>



# Consolidated income statement

	FY 2005		FY 2004		Change
	€ m	%	€ m	%	%
<b>Net sales (1)</b>	<b>809.9</b>	<b>100.0%</b>	<b>751.1</b>	<b>100.0%</b>	<b>7.8%</b>
COGS	(345.1)	-42.6%	(316.6)	-42.1%	9.0%
<b>Gross margin</b>	<b>464.9</b>	<b>57.4%</b>	<b>434.6</b>	<b>57.9%</b>	<b>7.0%</b>
Advertising and promotion	(139.7)	-17.2%	(131.3)	-17.5%	6.4%
Sales and distribution expenses	(90.3)	-11.1%	(84.1)	-11.2%	7.4%
<b>Trading profit</b>	<b>234.8</b>	<b>29.0%</b>	<b>219.2</b>	<b>29.2%</b>	<b>7.1%</b>
G&A and other operating income/expenses	(55.7)	-6.9%	(54.7)	-7.3%	1.8%
<b>EBIT before one-off's</b>	<b>179.1</b>	<b>22.1%</b>	<b>164.4</b>	<b>21.9%</b>	<b>8.9%</b>
One-off's	4.7	0.6%	2.2	0.3%	113.6%
<b>Operating profit = EBIT</b>	<b>183.9</b>	<b>22.7%</b>	<b>166.7</b>	<b>22.2%</b>	<b>10.3%</b>
Net financial income (expenses)	(9.9)	-1.2%	(9.6)	-1.3%	3.1%
Income from associates	0.3	0.0%			
<b>Pretax profit</b>	<b>174.2</b>	<b>21.5%</b>	<b>157.1</b>	<b>20.9%</b>	<b>10.9%</b>
Taxes	(51.2)	-6.3%	(43.1)	-5.7%	18.8%
<b>Net profit</b>	<b>123.1</b>	<b>15.2%</b>	<b>114.0</b>	<b>15.2%</b>	<b>8.0%</b>
Minority interests	(5.0)	-0.6%	(17.1)	-2.3%	-70.8%
<b>Group's net profit</b>	<b>118.0</b>	<b>14.6%</b>	<b>96.9</b>	<b>12.9%</b>	<b>21.8%</b>
<i>Other information:</i>					
Depreciation	(17.4)	-2.1%	(17.8)	-2.4%	-2.2%
EBITDA before one-off's	196.6	24.3%	182.3	24.2%	7.8%
<b>EBITDA</b>	<b>201.3</b>	<b>24.9%</b>	<b>184.5</b>	<b>24.5%</b>	<b>9.1%</b>

Notes:

(1) Net of discounts and excise duty



# Consolidated balance sheet

## Invested capital and financing sources

€ million	31 December 2005	31 December 2004
Inventories	135.3	114.4
Trade receivables	237.4	166.3
Trade payables	(150.2)	(127.6)
<b>Operating working capital</b>	<b>222.5</b>	<b>153.0</b>
Tax credits	12.2	10.4
Other receivables, other current assets	12.1	13.0
<b>Other current assets</b>	<b>24.2</b>	<b>23.4</b>
Payables to tax authorities	(25.1)	(20.5)
Other current liabilities	(34.8)	(33.3)
<b>Other current liabilities</b>	<b>(59.8)</b>	<b>(53.8)</b>
Staff severance fund	(14.3)	(15.2)
Deferred taxes	(43.3)	(25.1)
Pre-paid taxes	16.5	15.5
Other non-current assets	5.8	5.1
Other non-current liabilities	(10.1)	(14.3)
<b>Other net assets/liabilities</b>	<b>(45.4)</b>	<b>(33.9)</b>
Net tangible assets (included biological assets and property)	170.6	157.8
Goodwill and trademarks	754.4	579.1
Non-current assets for sale	0.1	0.1
Equity investments and own shares	0.6	30.2
<b>Total fixed assets</b>	<b>925.7</b>	<b>767.2</b>
<b>Invested Capital</b>	<b>1,067.2</b>	<b>855.8</b>
Shareholders' equity	695.8	629.2
Net financial position	371.4	226.7
<b>Financing sources</b>	<b>1,067.2</b>	<b>855.8</b>



# Consolidated balance sheet (1 of 2)

## Assets

€ million	31 December 2005	31 December 2004	Change
<b>ASSETS</b>			
<b>Non-current assets</b>			
Net tangible fixed assets	152.5	144.2	8.3
Biological assets	13.5	9.5	4.0
Property	4.6	4.1	0.5
Goodwill and trademarks	750.6	575.6	175.0
Intangible assets	3.8	3.4	0.4
Interests in associates	0.6	0.4	0.2
Pre-paid taxes	16.5	15.5	1.0
Other non-current assets	11.1	34.9	6.0
<b>Total non-current assets</b>	<b>953.2</b>	<b>787.7</b>	<b>165.5</b>
<b>Current assets</b>			
Inventories	135.3	114.4	20.9
Trade receivables	237.4	166.3	71.2
Short-term financial receivables	3.2	3.9	(0.7)
Cash at bank and securities	247.5	246.0	1.6
Other receivables	24.2	22.9	1.4
<b>Total current assets</b>	<b>647.6</b>	<b>553.4</b>	<b>94.3</b>
Non-current assets for sale	0.1	0.1	(0.0)
<b>Total assets</b>	<b>1,600.9</b>	<b>1,341.2</b>	<b>259.7</b>



# Consolidated balance sheet (2 of 2)

## Liabilities

€ million	31 December 2005	31 December 2004
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Shareholders' equity</b>		
Share capital	29.0	29.0
Reserves	664.5	595.8
Group's shareholders' equity	693.6	624.8
Minority interests	2.2	4.4
<b>Total shareholders' equity</b>	<b>695.8</b>	<b>629.2</b>
<b>Non-current liabilities</b>		
Bonds	374.6	378.0
Other non-current financial payables	122.8	27.2
Staff severance fund	14.3	15.2
Risks fund	10.1	14.3
Deferred tax	43.3	25.1
<b>Total non-current liabilities</b>	<b>565.1</b>	<b>459.7</b>
<b>Current liabilities</b>		
Banks borrowings	112.8	55.6
Other financial payables	17.2	15.3
Trade payables	150.2	127.6
Payables to tax authorities	25.1	20.5
Other current liabilities	34.8	33.3
<b>Total current liabilities</b>	<b>340.0</b>	<b>252.3</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,600.9</b>	<b>1,341.2</b>



## Consolidated cash flow (1 of 2)

€ million	31 December 2005	31 December 2004
<b><i>Cash flow generated by operating activities</i></b>		
Net profit	118.0	96.9
Non-cash items		
Depreciation	17.4	17.8
Gains on sale of fixed assets	(2.3)	(1.5)
Provisions	4.2	3.6
Use of provisions	(10.0)	(5.3)
Deferred taxes	19.3	11.3
Other non cash items	(1.8)	2.4
Net change in tax credits and liabilities	3.9	(16.1)
Net change in Operating Working Capital	(50.2)	4.2
Net change in other non financial assets and liabilities	(1.4)	1.6
	<b>97.1</b>	<b>114.9</b>
<b><i>Net cash flow generated (used) by investing activities</i></b>		
Acquisition of tangible and intangible fixed assets	(18.8)	(30.2)
Income from disposals of tangible fixed assets	3.8	2.6
Acquisition of new subsidiaries	(130.7)	(2.8)
Net change in equity investments	4.0	(4.6)
Other changes	2.1	1.1
	<b>(139.6)</b>	<b>(34.0)</b>



## Consolidated cash flow (2 of 2)

€ million	31 December 2005	31 December 2004
<b><i>Cash flow generated (used) by financing activities</i></b>		
New long-term loans	25.4	27.6
Payment of medium-long term loans	(7.8)	(2.9)
Net change in short-term bank borrowings	57.3	26.6
Change in other financial receivables and payables	4.0	1.7
Dividends paid	(28.1)	(24.7)
	<b>50.8</b>	<b>28.3</b>
<b><i>Exchange rate effects and other equity movements</i></b>		
Effects on equity after introduction of IAS 32 and 39 as at 1/1/2005	(0.5)	0.0
Exchange rate effects on Operating Working Capital	(15.7)	2.8
Other exchange rate effects and other movements	13.4	(6.1)
	<b>(2.8)</b>	<b>(3.3)</b>
<b><i>Net increase (decrease) in cash and banks</i></b>	<b>5.6</b>	<b>105.9</b>
Net cash position at the beginning of period	239.5	133.6
<b>Net cash position at the end of period</b>	<b>245.1</b>	<b>239.5</b>





## Average exchange rates

	FY 2005	FY 2004	% change
<b>Brazilian Real : 1 Euro</b>	3.040	3.634	
<b>Euro : 1 Brazilian Real</b>	0.3289	0.2752	19.5%
<b>US dollar : 1 Euro</b>	1.245	1.243	
<b>Euro : 1 US dollar</b>	0.8035	0.8043	-0.1%
	4Q 2005	4Q 2004	% change
<b>Brazilian Real : 1 Euro</b>	2.672	3.613	
<b>Euro : 1 Brazilian Real</b>	0.3742	0.2768	35.2%
<b>US dollar : 1 Euro</b>	1.189	1.296	
<b>Euro : 1 US dollar</b>	0.8414	0.7718	9.0%





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