



# 2006 Nine Months Results

Conference call

8 November 2006



# Results highlights and sales review

Enzo Visone, CEO



## Nine months ended 30 September 2006

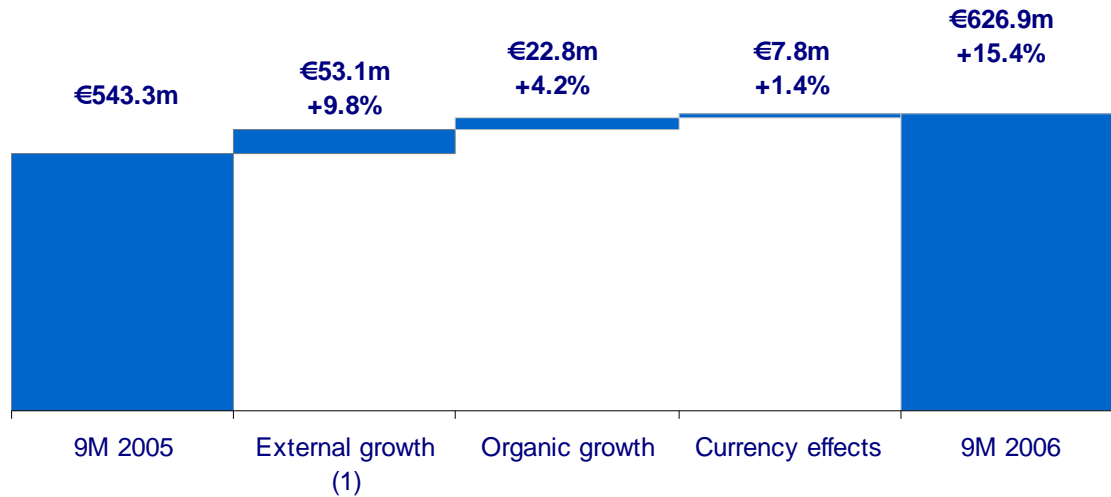
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IAS/IFRS results	9M 2006 € million	% change at actual exchange	% change at constant exchange
<b>Net sales</b>	626.9	+15.4%	+14.0%
<b>Trading profit</b>	170.8	+7.7%	+6.8%
<b>EBITDA before one-off's</b>	139.2	+5.2%	+4.6%
<b>EBITDA</b>	139.1	+2.4%	+1.8%
<b>EBIT before one-off's</b>	125.2	+4.7%	+4.2%
<b>Operating profit = EBIT</b>	125.1	+1.7%	+1.2%
<b>Group's pretax profit</b>	113.7	+0.9%	+0.3%

- > 2006 nine months results were positive, thanks to positive contribution of new business and organic growth.
- > EBIT growth affected by tough comparison due to 2005 one-off gains relating to asset disposals



# Growth drivers of 2006 nine months net sales



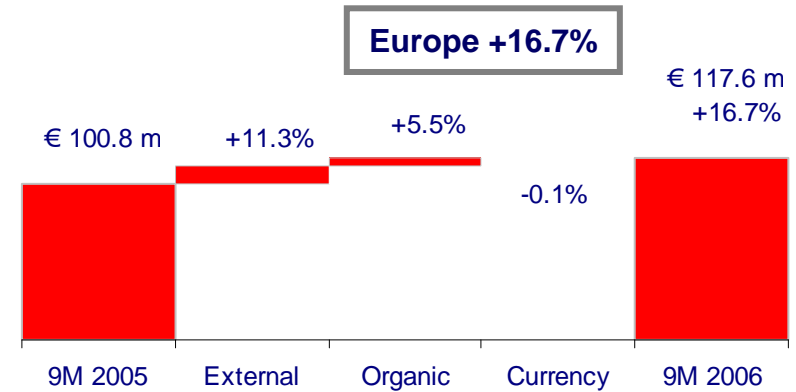
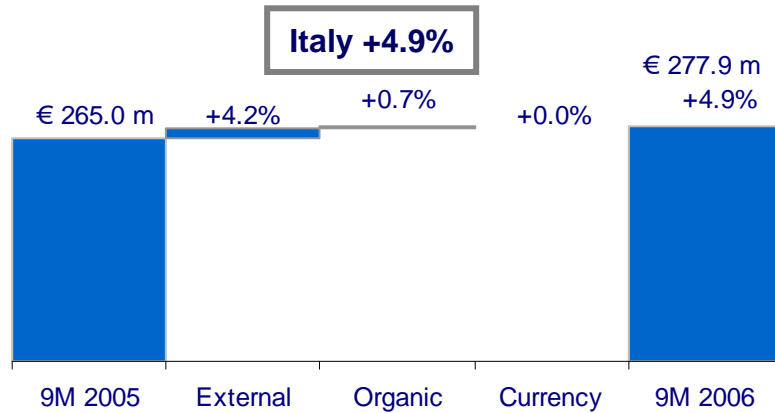
## (1) Breakdown of external growth

	€ m
Acquisitions	17.6
Agency brands	35.5
<b>Total external growth</b>	<b>53.1</b>

- > **Organic growth** is driven by a **good performance across all the main brands**. **SKYY Vodka and Aperol** posted a strong performance in the period, but also **Campari and Cinzano vermouths** recovered as expected
- > **External growth** relates to the recent acquisitions (Glen Grant and Teruzzi & Puthod) and to various **new distribution agreements** (C&C brands, Jack Daniel's and Midori)
- > Positive currency effect is attributable to Brazilian Real and US Dollar

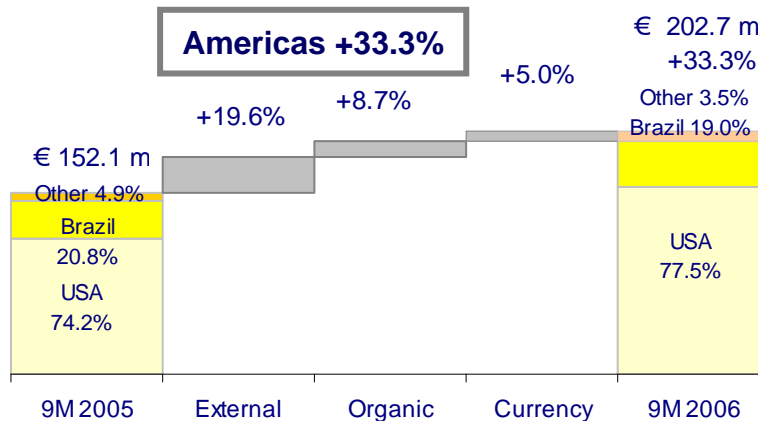


# Net sales by region

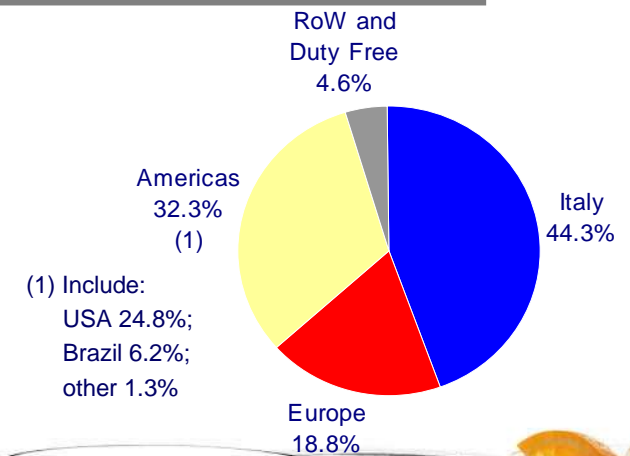


- > Positive performance in existing business relative to market trends
- > External growth mainly generated by the distribution of **Brown-Forman brands** and **Glen Grant**

- > Existing business driven by positive results of main brands in major markets
- > External growth mainly generated by **Glen Grant** and by **Teruzzi & Puthod** wines



**9M 2006 sales by region € 626.9 m**

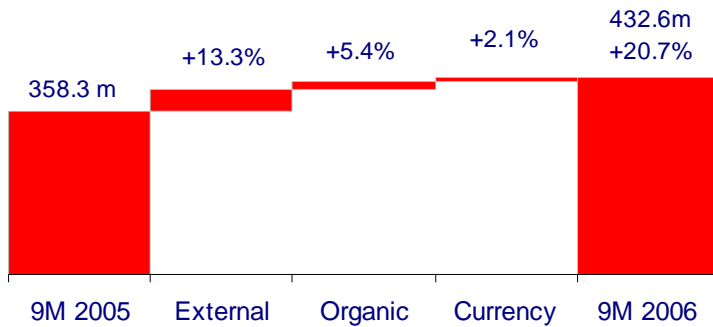


- > Organic growth driven by both **US (+10.5%)** thanks to solid performance on all brands, and **Brazil (+6.7%)**
- > External growth driven by **new distribution contracts** (C&C and Suntory brands)

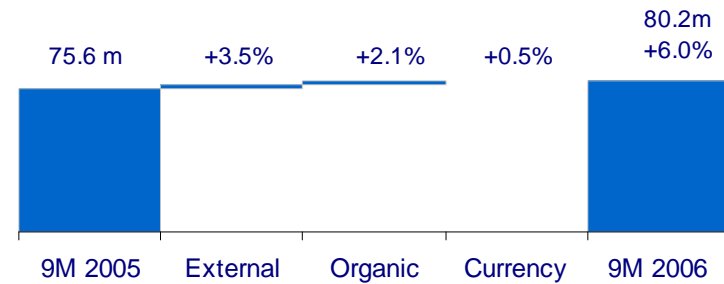


# Net sales by segment

## Spirits +20.7%



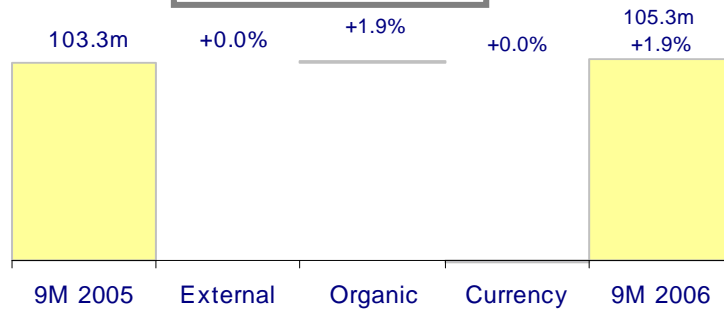
## Wines +6.0%



- > Organic growth mainly driven by **SKYY** and **Aperol**
- > External growth driven by **Glen Grant** and **new distribution contracts**

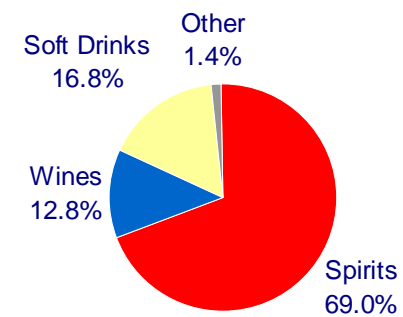
- > Positive performance in existing business mainly driven by **Cinzano**
- > External growth generated by **Teruzzi & Puthod**

## Soft drinks +1.9%



- > Organic growth mainly generated by **Crodino**

## 9M 2006 sales by segment € 626.9 m



# Review of main brands (1 of 2)

% change in value 9M 2006 / 9M 2005	at constant exchange	at actual exchange	
<b>Spirits</b>			
<b>Campari</b>	+1.2%	+2.8%	> Positive performance thanks to recovery in Q3 as expected. The roll-out of new packaging is proceeding as planned.
<b>SKYY</b>	+10.3%	+12.1%	> Strong growth in the US (85% of global volumes). US depletions show consistent double digit growth in SKYY core. Strong growth in sales also outside US (above 20% organic growth).
<b>CampariSoda</b>	-0.8%	-0.8%	> Sales in line with last year, mainly concentrated on the Italian market.
<b>Aperol</b>	+19.5%	+19.5%	> Excellent performance on key Italian market and good progression in other new markets.
<b>Brazilian brands</b>	+10.8%	+29.0%	> Solid growth mainly driven by Dreher.
<b>Cynar</b>	-7.5%	-4.8%	> Weaker performance in its major markets.
<b>Ouzo 12</b>	+12.0%	+12.3%	> Strong growth driven by German market.
<b>tequila 1800</b>	+11.4%	+13.1%	> Continuing growth in key US market.
<b>Jägermeister</b>	+1.7%	+2.0%	> Mainly concentrated in the Italian market.



## Review of main brands (2 of 2)

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<b>% change in value 9M 2006 / 9M 2005</b>	<i>at constant exchange</i>	<i>at actual exchange</i>	
<b>Wines</b>			
<b>Cinzano sparkling wines</b>	+13.2%	+13.0%	> Positive result driven mainly by major markets.
<b>Cinzano vermouths</b>	+6.7%	+8.1%	> Excellent performance thanks to recovery in Q3.
<b>Sella &amp; Mosca</b>	+0.8%	+1.0%	> Positive performance driven by all markets.
<b>Soft drinks</b>			
<b>Crodino</b>	+2.9%	+2.8%	> Positive trend sustained by strong brand awareness and leadership in its core market.
<b>Carbonated soft drinks</b>	-0.4%	-0.4%	> Good third quarter performance.
<b>Lipton Ice Tea</b>	+5.3%	+5.3%	> Distribution agreement ends on 31 December 2006.

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# 9M 2006 consolidated results

Paolo Marchesini, CFO



# Consolidated EBIT

	9M 2006		9M 2005		Change at actual exchange	Change at constant exchange
	€ m	%	€ m	%	%	
<b>Net turnover</b>	<b>626.9</b>	<b>100.0%</b>	<b>543.3</b>	<b>100.0%</b>	<b>15.4%</b>	<b>+14.0%</b>
COGS	(275.7)	-44.0%	(228.2)	-42.0%	20.8%	
<b>Gross margin</b>	<b>351.1</b>	<b>56.0%</b>	<b>315.1</b>	<b>58.0%</b>	<b>11.4%</b>	
Advertising and promotion	(106.5)	-17.0%	(92.3)	-17.0%	15.3%	
Sales and distribution expenses	(73.8)	-11.8%	(64.2)	-11.8%	15.1%	
<b>Trading profit</b>	<b>170.8</b>	<b>27.2%</b>	<b>158.6</b>	<b>29.2%</b>	<b>7.7%</b>	<b>+6.8%</b>
G&A and other operating income/expenses	(45.6)	-7.3%	(39.0)	-7.2%	16.8%	
<b>EBIT before one-off's</b>	<b>125.2</b>	<b>20.0%</b>	<b>119.5</b>	<b>22.0%</b>	<b>4.7%</b>	<b>+4.2%</b>
One-off's <sup>(1)</sup>	(0.1)	0.0%	3.5	0.6%	-102.7%	
<b>Operating profit = EBIT</b>	<b>125.1</b>	<b>20.0%</b>	<b>123.1</b>	<b>22.7%</b>	<b>1.7%</b>	<b>+1.2%</b>
<i>Other information:</i>						
Depreciation	(14.0)	-2.2%	(12.8)	-2.4%	9.6%	
<b>EBITDA before one-off's</b>	<b>139.2</b>	<b>22.2%</b>	<b>132.4</b>	<b>24.4%</b>	<b>5.2%</b>	<b>+4.6%</b>
<b>EBITDA</b>	<b>139.1</b>	<b>22.2%</b>	<b>135.9</b>	<b>25.0%</b>	<b>2.4%</b>	<b>+1.8%</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 58% to 56% on net sales due to perimeter effects (-2.5% on net sales due to new agency brands), in part offset by existing business (+0.5% on net sales due to lower cost of production)
- > **A&P** expenses stable at 17% of sales. Increase by 0.4% on net sales in existing business is offset by perimeter effects (new agency brands benefit from A&P third party contributions)
- > **Sales and distribution** at 11.8% on net sales, unchanged from last year
- > Change in **trading profit** is composed of 3.0% organic growth, 3.8% external growth and 0.9% currency effect
- > Increase in **G&A and other operating income/expenses** by 16.8%, of which existing business +10.4% (+4.9% net of non-recurring expenses).



## Consolidated Group's pretax profit

	9M 2006		9M 2005		Change at actual exchange	Change at constant exchange
	€ m	%	€ m	%	%	
<b>Operating profit = EBIT</b>	<b>125.1</b>	<b>20.0%</b>	<b>123.1</b>	<b>22.7%</b>	<b>1.7%</b>	<b>+1.2%</b>
Net financial income (expenses)	(8.2)	-1.3%	(6.8)	-1.3%	20.8%	
Income from associates	(0.4)	-0.1%	(0.4)	-0.1%	-14.6%	
<b>Pretax profit</b>	<b>116.5</b>	<b>18.6%</b>	<b>115.8</b>	<b>21.3%</b>	<b>0.6%</b>	<b>+0.0%</b>
Minority interests	(2.8)	-0.4%	(3.1)	-0.6%	-9.4%	
<b>Group's pretax profit</b>	<b>113.7</b>	<b>18.1%</b>	<b>112.8</b>	<b>20.8%</b>	<b>0.9%</b>	<b>+0.3%</b>

- > Increase in **Net financial expenses** due to higher net debt after payment of Glen Grant acquisition for €128.9 m on 15 March 2006



GRUPPO  
**CAMPARI**

# Net financial position

€ million	30 September 2006	30 June 2006
Cash at bank and marketable securities	349.5	361.0
Borrowings from banks	(270.8)	(353.5)
Real estate leases (current portion)	(3.1)	(3.1)
Private placement and bonds (current portion)	(5.6)	(9.1)
Other assets or liabilities	(4.1)	(1.3)
<b>Total short-term cash/(debt)</b>	<b>65.9</b>	<b>(5.9)</b>
Borrowings from banks	(32.0)	(24.9)
Real estate leases	(16.8)	(17.5)
Private placement and bonds	(384.1)	(386.7)
Other financial liabilities	(2.6)	(2.6)
<b>Total medium to long-term cash/(debt)</b>	<b>(435.4)</b>	<b>(431.6)</b>
<b>Total net cash/(debt) relating to activities</b>	<b>(369.6)</b>	<b>(437.5)</b>
Debt for exercise for put option on remaining Skyy minority stake <sup>(1)</sup>	(49.1)	(42.0)
<b>Total net cash/(debt)</b>	<b>(418.7)</b>	<b>(479.5)</b>

(1) Estimated debt for exercise of put option on remaining 11% minority stake in Skyy Spirits, LLC.

- > The purchase of the remaining 11% of Skyy Spirits, LLC was completed on 2 November 2006, for a payment of around € 49 million settled through available cash
- > Good free cash flow generation in the third quarter



# Outlook

Enzo Visone, CEO



# Outlook

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- > Positive sales trend achieved in first nine months is expected to continue throughout 2006.
- > European economies remain challenging. Major international markets (including Germany) continue to show solid consumption trends. Therefore, we remain confident for a positive performance in the medium term.
- > Our medium term organic growth target remains unchanged.



## Supplementary schedules

- Schedule - 1 Analysis of net sales growth by segment and region
- Schedule - 2 Consolidated income statement
- Schedule - 3 Average exchange rates



## Net sales analysis by segment and region

### Consolidated net sales by segment

	9M 2006		9M 2005		Change %	of which:		
	€ m	%	€ m	%		external	organic	currency
Spirits	432.6	69.0%	358.3	66.0%	20.7%	13.3%	5.4%	2.1%
Wines	80.2	12.8%	75.6	13.9%	6.0%	3.5%	2.1%	0.5%
Soft drinks	105.3	16.8%	103.3	19.0%	1.9%	0.0%	1.9%	0.0%
Other revenues	8.9	1.4%	6.1	1.1%	46.5%	48.2%	-2.5%	0.8%
<b>Total</b>	<b>626.9</b>	<b>100.0%</b>	<b>543.3</b>	<b>100.0%</b>	<b>15.4%</b>	<b>9.8%</b>	<b>4.2%</b>	<b>1.4%</b>

### Consolidated net sales by region

	9M 2006		9M 2005		Change %	of which:		
	€ m	%	€ m	%		external	organic	currency
Italy	277.9	44.3%	265.0	48.8%	4.9%	4.2%	0.7%	0.0%
Europe	117.6	18.8%	100.8	18.6%	16.7%	11.3%	5.5%	-0.1%
Americas (1)	202.7	32.3%	152.1	28.0%	33.3%	19.6%	8.7%	5.0%
RoW & Duty Free	28.7	4.6%	25.4	4.7%	12.9%	3.0%	9.3%	0.6%
<b>Total</b>	<b>626.9</b>	<b>100.0%</b>	<b>543.3</b>	<b>100.0%</b>	<b>15.4%</b>	<b>9.8%</b>	<b>4.2%</b>	<b>1.4%</b>

### (1) Breakdown of Americas

	9M 2006		9M 2005		Change %	of which:		
	€ m	%	€ m	%		external	organic	currency
USA	157.2	77.5%	112.9	74.2%	39.2%	27.0%	10.5%	1.7%
Brazil	38.5	19.0%	31.7	20.8%	21.4%	-2.2%	6.7%	16.8%
Other countries	7.1	3.5%	7.5	4.9%	-5.3%	0.3%	-11.2%	5.7%
<b>Total</b>	<b>202.7</b>	<b>100.0%</b>	<b>152.1</b>	<b>100.0%</b>	<b>33.3%</b>	<b>19.6%</b>	<b>8.7%</b>	<b>5.0%</b>





## Consolidated income statement

	9M 2006		9M 2005		Change
	€ m	%	€ m	%	%
<b>Net sales (1)</b>	<b>626.9</b>	<b>100.0%</b>	<b>543.3</b>	<b>100.0%</b>	<b>15.4%</b>
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Notes:

(1) Net of discounts and excise duties



## Average exchange rates

	9M 2006	9M 2005	% change
<b>Brazilian Real : 1 Euro</b>	2.717	3.163	
<b>Euro : 1 Brazilian Real</b>	0.3681	0.3162	16.4%
<b>US dollar : 1 Euro</b>	1.244	1.263	
<b>Euro : 1 US dollar</b>	0.8039	0.7916	1.5%
<b>CHF : 1 Euro</b>	1.566	1.549	
<b>Euro : 1 CHF</b>	0.6384	0.6457	-1.1%
<b>JPY : 1 Euro</b>	144.128	136.020	
<b>Euro : 1 JPY</b>	6.9383	7.3518	-5.6%





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