# 2007 first half results

Conference call

11 September 2007

# Results highlights and sales review

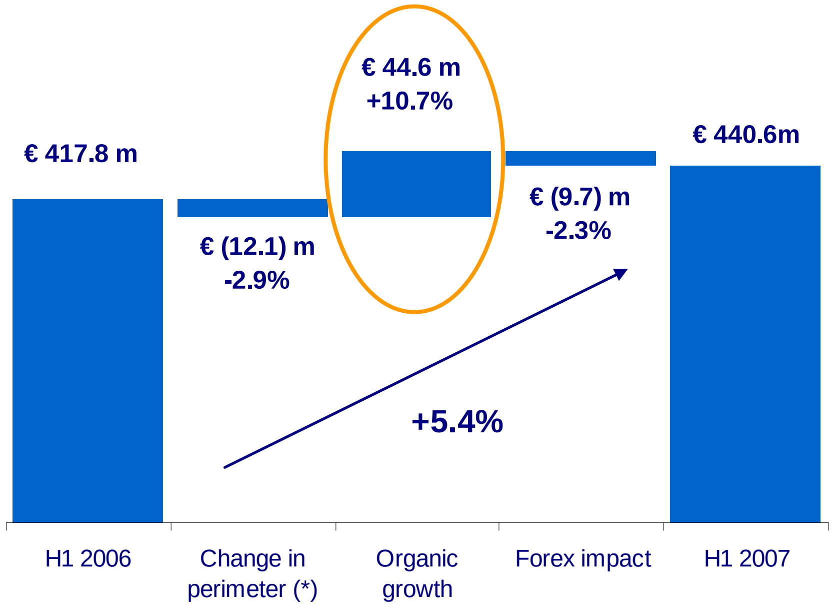
Bob Kunze-Concewitz, CEO

# First half ended 30 June 2007

| | H1 2007 € million | *% change* at actual forex | *% change* at constant forex |
|---|---|---|---|
| **Net sales** | 440.6 | *+5.4%* | *+7.8%* |
| **Trading profit** | 123.7 | *+7.2%* | *+9.4%* |
| **EBITDA before one-off's** | 102.4 | *+7.5%* | *+9.7%* |
| **EBITDA** | 100.8 | *+5.9%* | *+8.1%* |
| **EBIT before one-off's** | 92.7 | *+7.9%* | *+10.3%* |
| **Operating profit = EBIT** | 91.1 | *+6.1%* | *+8.5%* |
| **Group pretax profit before minority interests** | 82.7 | *+2.8%* | *+5.0%* |
| **Group net profit** | 56.9 | *+2.5%* | *+4.6%* |

- Results in the first half of 2007 were **strong across the portfolio of brands and markets**
- **Achieved solid growth** in sales and all profit indicators notwithstanding negative FX effects
- Net profit was impacted by one-off's
- Good results reflect **strengthened investments behind structure and brand building**

# 2007 first half net sales - Growth drivers




***(*) Breakdown of change in perimeter***

| | **€ m** |
|---|---|
| **Acquisitions** [1] | **4.0** |
| **Agency brands** [2] | **(16.1)** |
| **Total external growth** | **(12.1)** |

(1) Glen Grant and Old Smuggler (1 Jan - 15 Mar 2007)

(2) Lipton Ice Tea and Russky Standart (Germany and Switzerland)

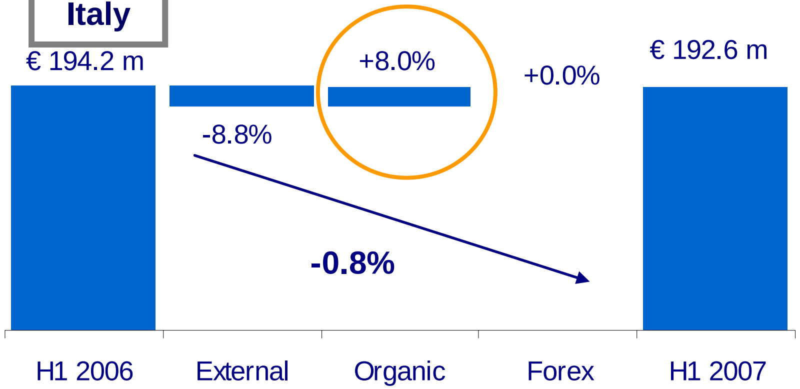
> **Organic growth** was driven by a **solid performance across all brands and geographies**

> Negative change in perimeter related to **termination of Lipton Ice Tea**, in part offset by **positive contribution of Glen Grant and Old Smuggler** (1 Jan - 15 March 2007)

> **Negative foreign exchange impact** was attributable to US Dollar (-7.6% in H1 2007) and Brazilian Real (-1.0% in H1 2007)

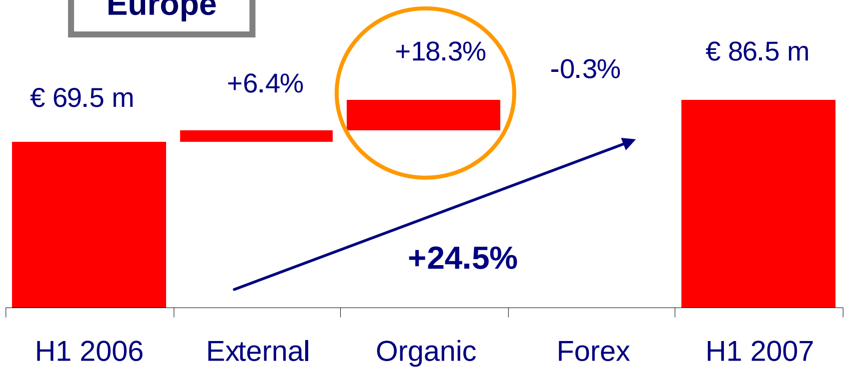
# Net sales analysis by region

## Italy



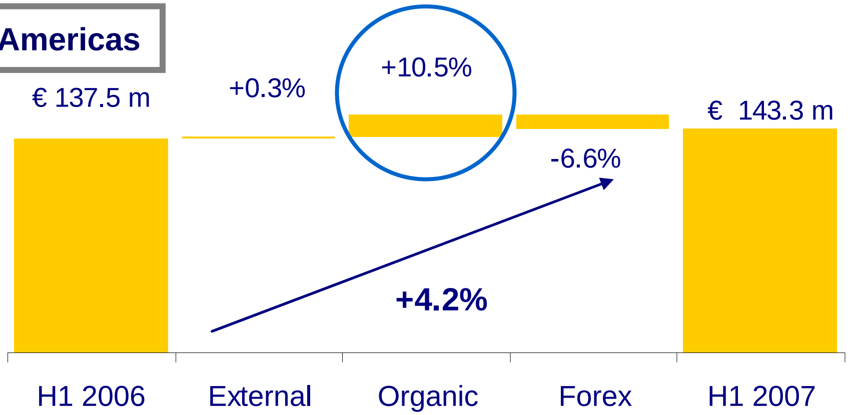

> Solid organic **growth driven by all key brands**
> Negative change in perimeter due to **Lipton Ice Tea, in part offset by Glen Grant**

## Europe



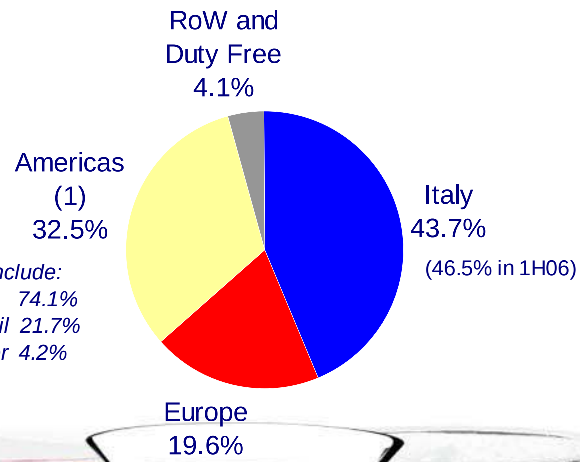

> Existing business driven by **good progression in major markets**, in particular Russia
> External growth mainly related to Glen Grant and Russky Standart

## Americas




> Solid organic growth driven by both **US (+9.8%)** and **Brazil (+11.0%)**
> External growth related to Old Smuggler in US

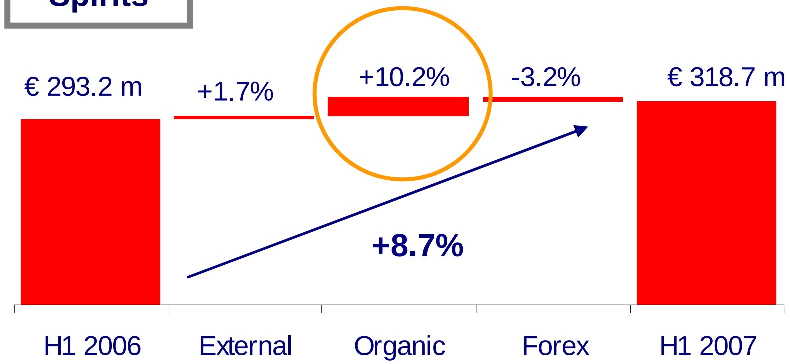
## Breakdown by region




*(1) Include:*
*USA 74.1%*
*Brazil 21.7%*
*Other 4.2%*

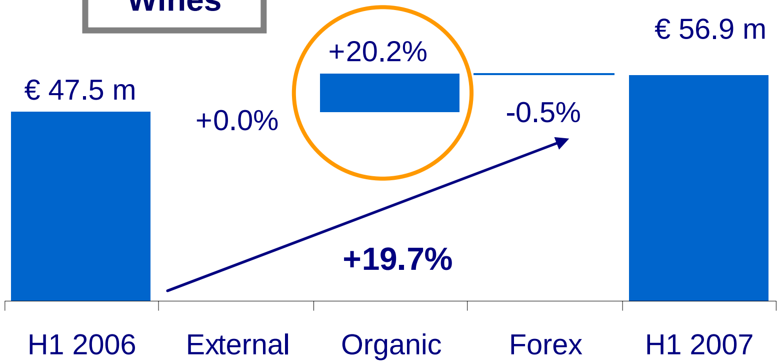
# Net sales analysis by segment

**Spirits**



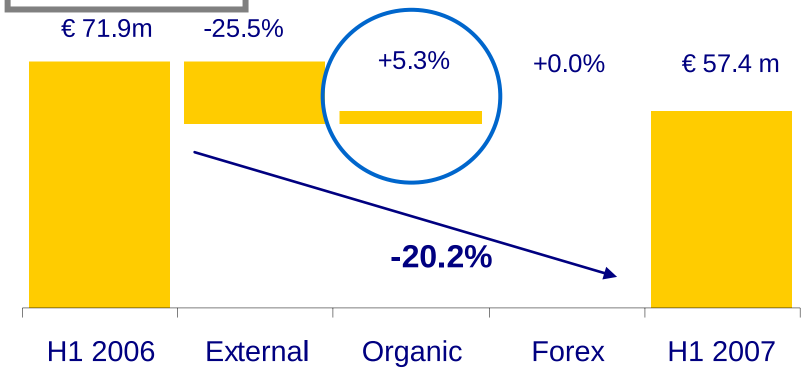

> Solid organic growth driven **by good growth on all brands**
> External growth related to **Glen Grant** and **Russky Standart**

**Wines**



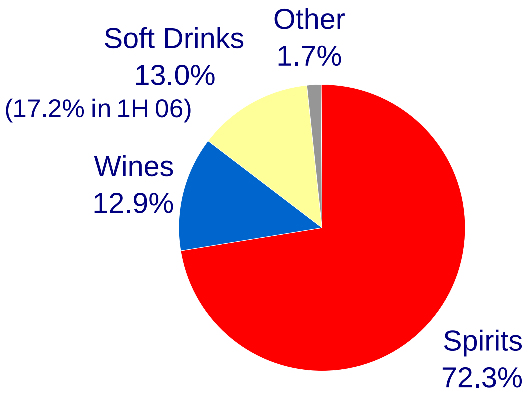

> Excellent performance of all brands

**Soft drinks**




> Positive performance driven by strong **Crodino** and **carbonated soft drinks**
> Negative change in perimeter related to Lipton Ice Tea

**Breakdown by segment**



# Review of main brands

| Spirits | Sales as % of Group H1 2007 *at actual FX* | % change in sales value H1 2007 / H1 2006 *at constant FX* | *at actual FX* | |
|---|---|---|---|---|
| **Campari** | *13%* | *+10.6%* | *+9.7%* | > Good progression in Italy, Germany, Brazil and major European countries |
| **SKYY** | *12%* | *+13.3%* | *+5.4%* | > Maintained sales growth in the US notwithstanding price repositioning. Strong growth in sales also outside US in main export markets |
| **CampariSoda** | *9%* | *+2.6%* | *+2.6%* | > Positive performance thanks to strong recovery in Q2 (+28.1%). New advertising campaign launched during Q2 |
| **Aperol** | *6%* | *+23.7%* | *+23.6%* | > Excellent performance on key Italian market (90% of total sales). Good progression in the international markets, in particular Germany |
| **tequila 1800** | *6%* | *+10.9%* | *+2.6%* | > Solid growth thanks to strong performance during the second quarter |
| **Brazilian brands** | *5%* | *+9.2%* | *+8.1%* | > Solid growth driven by all brands |
| **Glen Grant** | *2%* | *+123%* | *+123%* | > Total sales growth includes organic change (+63%) and external change (+60% in Jan-Mar 2007) |
| **Cynar** | *2%* | *+4.8%* | *+3.8%* | > Good progression in Brazil and Switzerland |
| **Ouzo 12** | *1%* | *+1.1%* | *+0.6%* | > Good growth driven by German market compensating weakness in Greece |

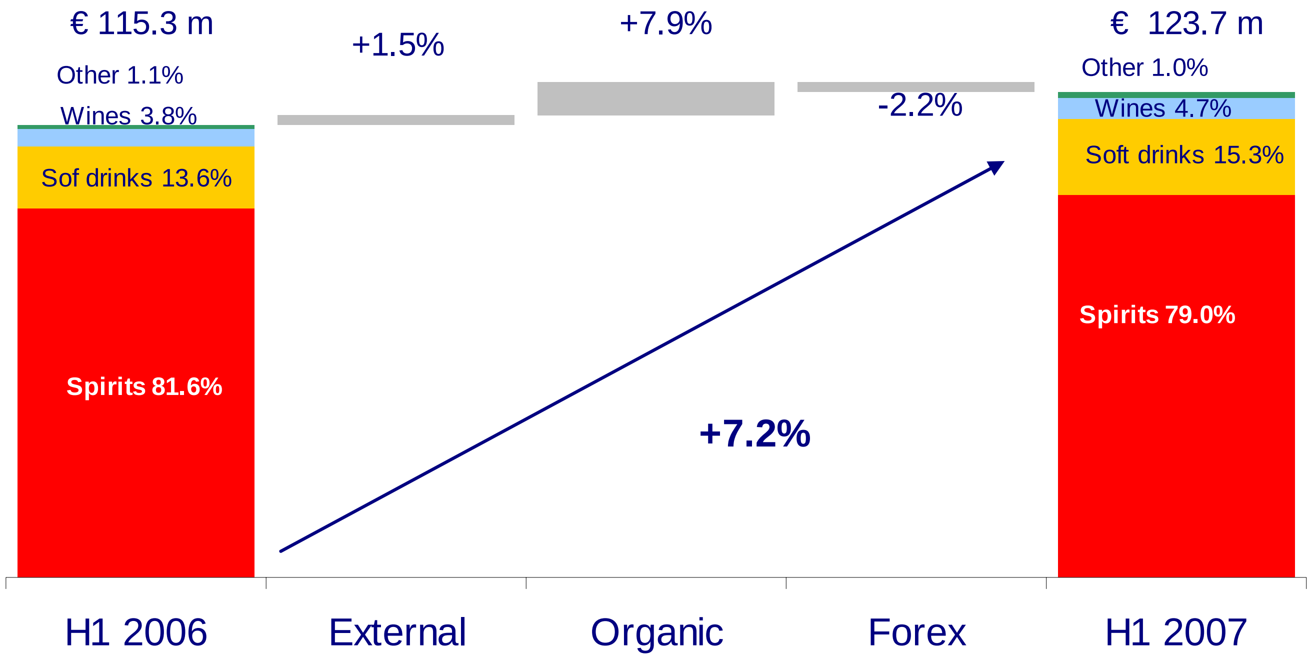
# Review of main brands (cont'd)

| | Sales as % of Group H1 2007 | % change in sales value H1 2007 / H1 2006 | | |
|---|---|---|---|---|
| **Wines** | *at actual FX* | *at constant FX* | *at actual FX* | |
| **Cinzano sparkling wines** | *4%* | *+25.3%* | *+24.8%* | > Excellent performance mainly driven by innovation in major markets (Germany and Italy) in a low seasonality period |
| **Cinzano vermouths** | *4%* | *+43.2%* | *+42.2%* | > Excellent result achieved in major markets (in particular Russia). Favourable comparison base |
| **Sella & Mosca** | *3%* | *+4.6%* | *+4.6%* | > Solid performance mainly driven by international markets (USA and Germany) |
| **Soft drinks** | | | | |
| **Crodino** | *8%* | *+5.5%* | *+5.5%* | > Positive trend sustained by strong brand awareness and leadership in its core market |
| **Carbonated drinks** | *5%* | *+8.2%* | *+8.2%* | > Positive performance driven by favourable weather conditions in Italy |

# Analysis of trading profit by business area

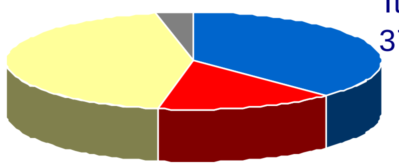
Paolo Marchesini, CFO

# Consolidated trading profit

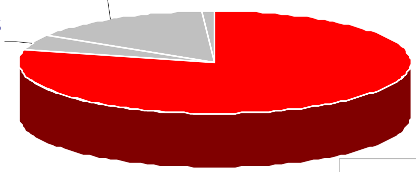


# Spirits - trading profit analysis

**Breakdown of spirits sales by region**




**Spirits as % of Group trading profit**



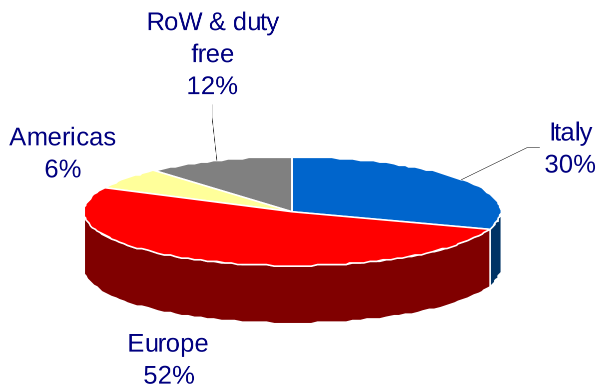

| € million | H1 2007 | | H1 2006 | | Change | *of which:* external | *of which:* organic | *of which:* forex |
|---|---|---|---|---|---|---|---|---|
| Net sales | 318.7 | 100.0% | 293.2 | 100.0% | **8.7%** | *1.7%* | *10.2%* | *-3.2%* |
| Gross profit | 196.5 | 61.7% | 180.7 | 61.6% | **8.8%** | *1.4%* | *10.2%* | *-2.9%* |
| **Trading profit** | **97.7** | **30.7%** | **94.1** | **32.1%** | **3.8%** | ***1.4%*** | ***4.9%*** | ***-2.5%*** |

> At **constant perimeter**, growth in **gross profit** in line with sales (+10.2% organic growth in sales and in gross profit) was driven by good performance on high contribution brands (Campari, Aperol and SKYY) which compensated the increase in some input costs

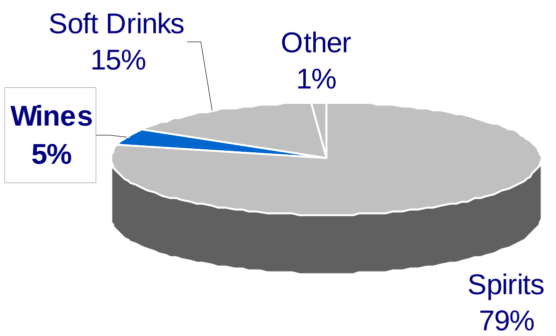
> Increase in **trading profit** was lower than gross profit due to higher investments in A&P on existing and new brands

# Wines - trading profit analysis

**Breakdown of wines sales by region**




**Wines as % of Group trading profit**

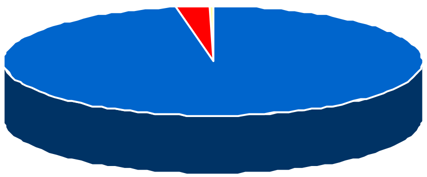



| € million | H1 2007 | | H1 2006 | | Change | *of which:* external | *of which:* organic | *of which:* currency |
|---|---|---|---|---|---|---|---|---|
| Net sales | 56.9 | 100.0% | 47.5 | 100.0% | **19.7%** | *0.0%* | *20.2%* | *-0.4%* |
| Gross profit | 25.4 | 44.7% | 22.3 | 46.9% | **14.2%** | *0.0%* | *14.8%* | *-0.6%* |
| **Trading profit** | **5.9** | **10.3%** | **4.3** | **9.1%** | **34.9%** | ***0.0%*** | ***38.0%*** | ***-3.1%*** |

- Increase in **gross profit** was lower than sales due to unfavourable sales mix in a low seasonality period
- **Investments in A&P** were in line with last year in value terms, therefore improving trading margin on sales (+120 bps)

# Soft Drinks - trading profit analysis

**Breakdown of soft drinks sales by region**




**Soft drinks as % of Group trading profit**


| € million | H1 2007 | | H1 2006 | | Change | of which: external | organic | currency |
|---|---|---|---|---|---|---|---|---|
| Net sales | 57.4 | 100.0% | 71.9 | 100.0% | **-20.2%** | *-25.5%* | *5.3%* | *0.0%* |
| Gross profit | 32.3 | 56.2% | 31.8 | 44.2% | **1.4%** | *-5.7%* | *7.1%* | *0.0%* |
| **Trading profit** | **18.9** | **32.9%** | **15.7** | **21.8%** | **20.5%** | ***3.8%*** | ***16.7%*** | ***0.0%*** |

> **Gross margin** increased in absolute terms due to change in perimeter

> Strong increase in **trading profit** was due to more efficient A&P investments on some soft drink brands

# H1 2007 consolidated results

Paolo Marchesini, CFO

# Consolidated trading profit

| (€ million) | H1 2007 | | H1 2006 | | Change at actual forex | Change at constant forex |
|---|---|---|---|---|---|---|
| **Net sales** | **440.6** | ***100.0%*** | **417.8** | ***100.0%*** | ***5.4%*** | ***+7.8%*** |
| COGS | (185.0) | *-42.0%* | (181.6) | *-43.5%* | *1.9%* | |
| **Gross margin** | **255.6** | ***58.0%*** | **236.3** | ***56.5%*** | ***8.2%*** | |
| Advertising and promotion | (79.8) | *-18.1%* | (70.9) | *-17.0%* | *12.6%* | |
| Selling and distribution expenses | (52.1) | *-11.8%* | (50.0) | *-12.0%* | *4.1%* | |
| **Trading profit** | **123.7** | ***28.1%*** | **115.3** | ***27.6%*** | ***7.2%*** | ***+9.4%*** |

- Decrease in **COGS** by 150bp on net sales:
  - decrease in cost of materials due to favourable sales mix and termination of Lipton Ice Tea agency brand (-210 bps)
  - at constant perimeter (excluding Lipton Ice Tea), COGS up by 60 bps on net sales due to input costs
- **A&P** increase of 110 bps on net sales due to:
  - increase of A&P pressure on existing brands (+30 bps)
  - change in perimeter due to Lipton Ice Tea (+80 bps)
- Decrease in **selling and distribution expenses** by 20 bps driven by strong sales and therefore leverage on recent investments in the operational structure

# Consolidated EBIT

| (€ million) | H1 2007 | | H1 2006 | | Change at actual forex | Change at constant forex |
|---|---|---|---|---|---|---|
| **Trading profit** | **123.7** | ***28.1%*** | **115.3** | ***27.6%*** | ***7.2%*** | ***+9.4%*** |
| G&A and other operating income/expenses | (31.0) | *-7.0%* | (29.4) | *-7.0%* | *5.5%* | |
| **EBIT before one-off's** | **92.7** | ***21.0%*** | **86.0** | ***20.6%*** | ***7.9%*** | ***+10.3%*** |
| One-off's[1] | (1.6) | *-0.4%* | (0.1) | *0.0%* | - | |
| **Operating profit = EBIT** | **91.1** | ***20.7%*** | **85.9** | ***20.6%*** | ***6.1%*** | ***+8.5%*** |
| *Other information:* | | | | | | |
| Depreciation | (9.7) | *-2.2%* | (9.3) | *-2.2%* | *3.8%* | |
| **EBITDA before one-off's** | **102.4** | ***23.2%*** | **95.3** | ***22.8%*** | ***7.5%*** | ***+9.7%*** |
| **EBITDA** | **100.8** | **22.9%** | **95.2** | **22.8%** | **5.9%** | ***+8.1%*** |

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

- **One-off's** of € (1.6) m in H1 2007 include exceptional personnel costs in part offset by capital gain from sale of real estate
- Increase in **trading profit** of 7.2% was composed of:
  - organic growth: +7.9%
  - forex impact: -2.2%
  - change in perimeter: +1.5% (contribution of Glen Grant more than offset profit lost from termination of low margin Lipton Ice Tea)
- **G&A** and other operating income/expenses increased by 5.5%

# Consolidated Group's net profit

| (€ million) | H1 2007 | | H1 2006 | | Change at actual forex |
|---|---|---|---|---|---|
| **Operating profit = EBIT** | **91.1** | **20.7%** | **85.9** | **20.6%** | **6.1%** |
| Net financial income (expenses) | (8.5) | *-1.9%* | (5.5) | *-1.3%* | *55.7%* |
| Income from associates | 0.1 | *0.0%* | (0.0) | *0.0%* | - |
| **Pretax profit** | **82.7** | **18.8%** | **80.4** | **19.2%** | **2.8%** |
| Taxes | (25.7) | *-5.8%* | (22.5) | *-5.4%* | *14.2%* |
| **Net profit** | **57.0** | **12.9%** | **57.9** | **13.9%** | **-1.6%** |
| Minority interests | (0.0) | *0.0%* | (2.3) | *-0.6%* | *-97.9%* |
| **Group's net profit** | **56.9** | **12.9%** | **55.5** | **13.3%** | **2.5%** |

> Increase in **Net financial expenses** due to combined effect of:

- higher net debt following the payment of acquisitions of Glen Grant and Skyy minority stake
- increase in floating rates (Group's exposure to floating rates is almost 100% through July 2008)
- positive FX effects on interest charges on US dollar denominated debt
- net financial expenses include positive exchange rate differences of € 0.1m in H1 2007 (€ 0.7m in H1 2006)

> Decrease in **minority interests** following the acquisition of the remaining stake in Skyy Spirits

# Analysis of tax rate

| (€ million) | H1 2007 | H1 2006 | FY 2006 |
|---|---|---|---|
| **Pretax profit** | **82.7** | **80.4** | **175.5** |
| Minority interests | (0.0) | (2.4) | (3.2) |
| **Pretax after minority interests (A)** | **82.6** | **78.0** | **172.3** |
| Income and deferred taxes (excl. GW) (B) | (20.2) | (18.5) | (43.9) |
| GW deferred taxes | (5.5) | (4.0) | (11.3) |
| Total Taxes (C) | (25.7) | (22.5) | (55.2) |
| **Net income** | **56.9** | **55.5** | **117.1** |
| *Adj. tax rate (B / A)* | ***24.5%*** | ***23.7%*** | ***24.8%*** |
| *Total tax rate (C / A)* | ***31.1%*** | ***28.8%*** | ***32.0%*** |

> Increase in Total tax rate to 31.1% in H1 2007 (from 28.8% in H1 2006) due to the following unfavourable effects:

- increase of tax burden in Italy following the introduction of a new tax treatment for deductible costs
- increase in weight of US pretax profits (taxed higher than average) and capture of minority interests (which were recognised gross of taxes in 2006)

# Consolidated free cash flow

| (€ million) | Notes | 30-Jun-07 | 30-Jun-06 |
|---|---|---|---|
| Net profit | | 56.9 | 55.5 |
| Depreciation and other non-cash items | | 12.0 | 10.2 |
| Net change in tax credits and liabilities and in other non financial assets and liabilities | | 16.2 | 2.1 |
| **Cash flow from operating activities before changes in working capital** | | **85.1** | **67.8** |
| Net change in Operating Working Capital | *(1)* | (14.3) | (27.3) |
| **Cash flow from operating activities (A)** | | **70.8** | **40.5** |
| **Cash flow from investing activities (capex) (B)** | *(2)* | **(6.8)** | **(9.5)** |
| **Free cash flow (A+B)** | | **63.0** | **30.9** |
| Acquisitions | *(3)* | (1.2) | (128.9) |
| Other changes | *(4)* | 8.2 | 0.1 |
| Dividends paid | | (29.0) | (28.1) |
| **Cash flow from other activities (C)** | | **(22.1)** | **(157.1)** |
| Exchange rate differences and other movements (D) | | 9.5 | 18.1 |
| **Net increase (decrease) in net financial position from activities (A+B+C+D)** | | **51.5** | **(108.1)** |
| Future exercise for put option on Skyy minority stake | | | (45.5) |
| **Net increase (decrease) in net financial position** | | **51.4** | **108.1** |
| Net financial position at start of period | | (379.5) | (371.4) |
| Net financial position at end of period | | (328.0) | (479.5) |

Notes:

(1) See Slide 21 for an analysis of Operating Working Capital

(2) Capex of € (6.8) m in H1 2007:
- ordinary capex : € (7.6) m
- extraordinary capex (new headquarters) : € (5.6) m
- proceeds from sale of real estate : € 6.4 m (P&L capital gain of € 1.4 m)

(3) In H1 2007, acquisition of ownership rights for Old Smuggler brand in Argentina (€ 1.2 m). In H1 2006, acquisition of Glen Grant and Old Smuggler

(4) In H1 2007, sale of treasury shares

# Analysis of net debt and interest charges

| € million | 30 June 2007 | 31 December 2006 |
|---|---|---|
| Cash at bank and marketable securities | 187.7 | 240.3 |
| Borrowings from banks | (113.0) | (209.3) |
| Real estate leases (current portion) | (3.1) | (3.1) |
| Private placement and bonds (current portion) | (17.8) | (17.7) |
| Other assets or liabilities | 0.0 | 0.3 |
| **Total short-term cash/(debt)** | **53.8** | **10.4** |
| Borrowings from banks | (1.1) | (1.2) |
| Real estate leases | (14.4) | (16.0) |
| Private placement and bonds | (364.2) | (370.6) |
| Other financial liabilities | (2.1) | (2.2) |
| **Total medium to long-term cash/(debt)** | **(381.8)** | **(390.0)** |
| **Total net cash/(debt)** | **(328.0)** | **(379.5)** |

> Decrease in **Net financial debt** of € 51.0 m from year end 2006, thanks to good generation of cash flow in the first half of 2007 and positive impact of US$ currency on US$ denominated debt

**Analysis of net debt by exposure to interest rate at 30 June 2007**

*(as % of net debt)*

| | |
|---|---|
| Variable : | 99% |
| Fix : | 1% |
| Total | 100% |

*Until June 2008.*

*From July 2008:*

€ 128 m at 4.36% fix until 2018;

€ 43 m at 4.25% fix until 2015

**Analysis of net debt by currency at 30 June 2007**

(Net debt) / cash (€ million) :

| | |
|---|---|
| - Euro : | (249.2) |
| - US Dollar : | (132.1) |
| - Other: | 53.3 |
| **Total** | **(328.0)** |

# Net Working Capital

| (€ million) | 30 Jun 2007 | 31 Dec 2006 | Change | 30 Jun 2006 |
|---|---|---|---|---|
| Trade receivables | 232.9 | 257.1 | (24.2) | 229.2 |
| Inventories | 180.4 | 169.9 | 10.5 | 187.0 |
| Trade payables | (131.7) | (161.9) | 30.2 | (147.0) |
| **Net Working Capital** | **281.6** | **265.1** | **16.5** | **269.2** |
| Last 12 months sales to 30 Jun 2007 | 955.1 | 932.4 | 22.8 | 863.9 |
| ***NWC / LTM (%)*** [(1)] | ***29.5%*** | ***28.4%*** | | ***31.2%*** |

*(1) LTM = Last 12 Months*

> Decrease in **net working capital as % of LTM** to 29.5% in H1 2007 (from 31.2% in H1 2006)

# Recent developments: evolution of US portfolio

Bob Kunze-Concewitz, CEO

# Campari gains long-term control over key tequila category

- Today we announced that the US distribution contracts for the **1800 and Gran Centenario tequila brands will end on December 31, 2007**
- Starting in January 2008, **Gruppo Campari will refocus its tequila business on the Cabo Wabo brand**
- The acquisition of Cabo Wabo tequila range was announced on 7 May 2007. The **transaction is on track to close in January 2008**. The **price for the acquisition is US$ 80 million** (or € 58 million at current exchange rate), corresponding to **11.8 times the expected EBITDA in 2007**
- Thanks to its outstanding track record and proven expertise in handling super premium tequila brands, Gruppo Campari is now **perfectly positioned to exploit the strong upside** of its newly acquired **ultra premium tequila range**
- This deal will increase Gruppo Campari's focus in tequila **by directly owning a brand, even better positioned (ultra premium vs. super premium), in a key and fastly growing category**


GRUPPO CAMPARI

# Campari further strengthens in the ultra premium segment via X-Rated

- On 1 August 2007 Gruppo Campari finalised the **acquisition of the super premium X-Rated Fusion Liqueur, Jean-Marc XO luxury vodka** and **X-Rated ultra premium vodka**
- As illustrated at the acquisition announcement on 19 July 2007, **the price for the acquisition, paid in cash, was US$ 40 million** (or € 29 million at the exchange rate at transaction date). According to the deal, a price adjustment will be paid in the next three years based on the incremental sales volume performance over the same period (2006 volumes of 70,000 9-liter cases overall)
- The price corresponds to an **estimated multiple of 9 times the full year expected brand contribution**
- The integration of the new business has been fully executed
- X-Rated is yet **another strategic acquisition with high upside for Gruppo Campari** and contributes to **further strengthen our presence in the key US ultra premium spirits market**

# Outlook and conclusion

Bob Kunze-Concewitz, CEO

# Outlook

> **Results in the first half of 2007 were strong, driven by good organic growth across brands and geographies**

> **Beyond tougher comparison base, the second half of 2007 is expected to be influenced by:**

- different phasing and increase in A&P investments
- short term effect on volumes of price repositioning activities
- increase in some input costs

> **Outlook for full year 2007 continues to remain relatively optimistic due to:**

- good consumption trends across key brands and markets
- accretive impact on margins led by price repositioning activities
- growth driven by new business

# 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 |
| Schedule - 5 | Consolidated cash flow |
| Schedule - 6 | Average exchange rates |

Supplementary schedule - 1

# Net sales analysis by segment and region

**Consolidated net sales by segment**

| | H1 2007 | | H1 2006 | | Change | of which: | | |
|---|---|---|---|---|---|---|---|---|
| | € m | % | € m | % | % | *external* | *organic* | *currency* |
| Spirits | 318.7 | 72.3% | 293.2 | 70.2% | **8.7%** | *1.7%* | *10.2%* | *-3.2%* |
| Wines | 56.9 | 12.9% | 47.5 | 11.4% | **19.7%** | *0.0%* | *20.2%* | *-0.5%* |
| Soft drinks | 57.4 | 13.0% | 71.9 | 17.2% | **-20.2%** | *-25.5%* | *5.3%* | *0.0%* |
| Other revenues | 7.6 | 1.7% | 5.1 | 1.2% | **47.2%** | *22.4%* | *24.6%* | *0.2%* |
| **Total** | **440.6** | **100.0%** | **417.8** | **100.0%** | **5.4%** | ***-2.9%*** | ***10.7%*** | ***-2.3%*** |

**Consolidated net sales by region**

| | H1 2007 | | H1 2006 | | Change | of which: | | |
|---|---|---|---|---|---|---|---|---|
| | € m | % | € m | % | % | *external* | *organic* | *currency* |
| Italy | 192.6 | 43.7% | 194.2 | 46.5% | **-0.8%** | *-8.8%* | *8.0%* | *0.0%* |
| Europe | 86.5 | 19.6% | 69.5 | 16.6% | **24.5%** | *6.4%* | *18.3%* | *-0.3%* |
| Americas (1) | 143.3 | 32.5% | 137.5 | 32.9% | **4.2%** | *0.3%* | *10.5%* | *-6.6%* |
| RoW & Duty Free | 18.2 | 4.1% | 16.6 | 4.0% | **9.5%** | *0.4%* | *11.4%* | *-2.3%* |
| **Total** | **440.6** | **100.0%** | **417.8** | **100.0%** | **5.4%** | ***-2.9%*** | ***10.7%*** | ***-2.3%*** |

**(1) Breakdown of Americas**

| | H1 2007 | | H1 2006 | | Change | of which: | | |
|---|---|---|---|---|---|---|---|---|
| | € m | % | € m | % | % | *external* | *organic* | *currency* |
| USA | 106.2 | 74.1% | 104.1 | 75.7% | **2.1%** | *0.5%* | *9.8%* | *-8.2%* |
| Brazil | 31.1 | 21.7% | 28.3 | 20.6% | **9.9%** | *-0.1%* | *11.0%* | *-1.1%* |
| Other countries | 6.0 | 4.2% | 5.2 | 3.8% | **16.6%** | *0.0%* | *20.5%* | *-3.9%* |
| **Total** | **143.3** | **100.0%** | **137.5** | **100.0%** | **4.2%** | **0.3%** | **10.5%** | **-6.6%** |

Supplementary schedule - 2

# Consolidated income statement

| | H1 2007 | | H1 2006 | | Change |
|---|---|---|---|---|---|
| | € m | % | € m | % | % |
| **Net sales (1)** | **440.6** | **100.0%** | **417.8** | **100.0%** | **5.4%** |
| COGS | (185.0) | -42.0% | (181.6) | -43.5% | 1.9% |
| **Gross margin** | **255.6** | **58.0%** | **236.3** | **56.5%** | **8.2%** |
| Advertising and promotion | (79.8) | -18.1% | (70.9) | -17.0% | 12.6% |
| Selling and distribution expenses | (52.1) | -11.8% | (50.0) | -12.0% | 4.1% |
| **Trading profit** | **123.7** | **28.1%** | **115.3** | **27.6%** | **7.2%** |
| G&A and other operating income/expenses | (31.0) | -7.0% | (29.4) | -7.0% | 5.5% |
| **EBIT before one-off's** | **92.7** | **21.0%** | **86.0** | **20.6%** | **7.9%** |
| One-off's | (1.6) | -0.4% | (0.1) | 0.0% | - |
| **Operating profit = EBIT** | **91.1** | **20.7%** | **85.9** | **20.6%** | **6.1%** |
| Net financial income (expenses) | (8.5) | -1.9% | (5.5) | -1.3% | 55.7% |
| Income from associates | 0.1 | 0.0% | (0.0) | 0.0% | - |
| **Pretax profit** | **82.7** | **18.8%** | **80.4** | **19.2%** | **2.8%** |
| Taxes | (25.7) | -5.8% | (22.5) | -5.4% | 14.2% |
| **Net profit** | **57.0** | **12.9%** | **57.9** | **13.9%** | **-1.6%** |
| Minority interests | (0.0) | 0.0% | (2.3) | -0.6% | -97.9% |
| **Group's net profit** | **56.9** | **12.9%** | **55.5** | **13.3%** | **2.5%** |
| *Other information:* | | | | | |
| Depreciation | (9.7) | -2.2% | (9.3) | -2.2% | 3.8% |
| **EBITDA before one-off's** | **102.4** | **23.2%** | **95.3** | **22.8%** | **7.5%** |
| **EBITDA** | **100.8** | **22.9%** | **95.2** | **22.8%** | **5.9%** |

*Notes:*
*(1) Net of discounts and excise duties*

Supplementary schedule - 3

# Consolidated balance sheet

## Invested capital and financing sources

| (€ million) | 30 June 2007 | 31 December 2006 |
|---|---|---|
| Inventories | 180.4 | 169.9 |
| Trade receivables | 232.9 | 257.1 |
| Trade payables | (131.7) | (161.9) |
| **Operating working capital** | **281.6** | **265.1** |
| Tax credits | 11.1 | 9.6 |
| Other receivables, other current assets | 28.1 | 31.6 |
| **Other current assets** | **39.2** | **41.2** |
| Payables to tax authorities | (35.7) | (26.7) |
| Other current liabilities | (47.6) | (36.3) |
| **Other current liabilities** | **(83.4)** | **(63.0)** |
| Staff severance fund | (12.6) | (12.6) |
| Deferred taxes | (56.2) | (56.1) |
| Pre-paid taxes | 17.8 | 18.5 |
| Other non-current assets | 7.4 | 4.8 |
| Other non-current liabilities | (9.2) | (10.9) |
| **Other net assets/liabilities** | **(52.9)** | **(56.3)** |
| Net tangible assets (included biological assets and property) | 166.5 | 165.3 |
| Goodwill and trademarks | 818.0 | 820.5 |
| Non-current assets for sale | 1.9 | 3.9 |
| Equity investments and own shares | 0.5 | 0.5 |
| **Total fixed assets** | **986.8** | **990.3** |
| **Invested Capital** | **1,171.4** | **1,177.3** |
| Shareholders' equity | 841.5 | 797.8 |
| Minority interests | 1.9 | 1.9 |
| Net financial position | 328.1 | 379.5 |
| **Financing sources** | **1,171.4** | **1,177.3** |

# Consolidated balance sheet (1 of 2)

## Assets

| (€ million) | 30 June 2007 | 31 December 2006 |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Net tangible fixed assets | 146.9 | 146.3 |
| Biological assets | 15.5 | 15.0 |
| Investment property | 4.0 | 4.0 |
| Goodwill and trademarks | 813.9 | 816.4 |
| Intangible assets with a finite life | 4.1 | 4.1 |
| Investment in affiliated companies and joint ventures | 0.5 | 0.5 |
| Deferred tax assets | 17.8 | 18.5 |
| Other non-current asssets | 8.5 | 7.7 |
| **Total non-current assets** | **1,011.2** | **1,012.6** |
| | | |
| **Current assets** | | |
| Inventories | 180.4 | 169.9 |
| Trade receivables | 232.9 | 257.1 |
| Short-term financial receivables | 1.4 | 1.0 |
| Cash at bank and securities | 187.7 | 240.3 |
| Other receivables | 39.2 | 41.3 |
| **Total current assets** | **641.6** | **709.6** |
| | | |
| Non-current assets held for sale | 1.9 | 3.9 |
| **Total assets** | **1,654.7** | **1,726.1** |

Supplementary schedule - 4

# Consolidated balance sheet (2 of 2)

## Liabilities and Shareholders' equity

| (€ million) | 30 June 2007 | 31 December 2006 |
|---|---|---|
| **Shareholders' equity** | | |
| Share capital | 29.0 | 29.0 |
| Reserves | 812.4 | 766.8 |
| Group's shareholders' equity | 841.5 | 795.9 |
| Minority interests | 1.9 | 1.9 |
| **Total shareholders' equity** | **843.4** | **797.8** |
| **LIABILITIES** | | |
| **Non-current liabilities** | | |
| Bonds | 310.8 | 322.7 |
| Other non-current financial liabilities | 72.1 | 70.1 |
| Staff severance fund and other personnel-related funds | 12.6 | 12.6 |
| Provisions for risks and future liabilities | 9.2 | 10.9 |
| Deferred tax | 56.2 | 56.1 |
| Other non-current liabilities | 0.0 | 0.0 |
| **Total non-current liabilities** | **460.9** | **472.5** |
| **Current liabilities** | | |
| Banks borrowings | 113.0 | 209.3 |
| Other financial liabilities | 22.3 | 21.6 |
| Payables to suppliers | 131.7 | 161.9 |
| Payables to tax authorities | 35.7 | 26.7 |
| Other current liabilities | 47.6 | 36.3 |
| **Total current liabilities** | **350.4** | **455.8** |
| **Total liabilities and stockholders'equity** | **1,654.7** | **1,726.1** |

# Consolidated cash flow (1 of 2)

| (€ million) | **30 June 2007** | **30 June 2007** |
|---|---|---|
| ***Cash flow generated by operating activities*** | | |
| Net profit | 56.9 | 55.5 |
| Adjustments to reconcile net profit and cash flow | | |
| Depreciation | 9.7 | 9.3 |
| Gains on sale of fixed assets | (1.4) | (0.5) |
| Fund provisions | 1.5 | 0.6 |
| Use of funds | (3.3) | (1.6) |
| Deferred taxes | 4.4 | 4.3 |
| Valuation effects | (0.6) | 0.2 |
| Other non cash items | 1.7 | (2.1) |
| Changes in tax payables and receivables | 3.8 | 9.0 |
| Changes in operating working capital | (14.3) | (27.3) |
| Other changes in non-cash items | 12.4 | (6.9) |
| | **70.8** | **40.5** |
| ***Net cash flow generated (used) by investing activities*** | | |
| Purchase of tangible and intangible fixed assets | (13.2) | (10.0) |
| Gains on sales of tangible fixed assets | 6.4 | 0.4 |
| Acquisition of new subsidiaries | (1.2) | (128.9) |
| Other changes | 0.0 | (0.4) |
| | **(8.0)** | **(138.8)** |

Supplementary schedule - 5

# Consolidated cash flow (2 of 2)

| (€ million) | 30 June 2007 | 30 June 2007 |
|---|---|---|
| ***Cash flow generated (used) by financing activities*** | | |
| New long-term loans | 0.0 | 0.0 |
| Payment of medium-long term loans | (1.5) | (1.7) |
| Net change in short-term bank borrowings | (96.3) | 240.6 |
| Change in other financial receivables and payables | (0.5) | (2.6) |
| Sale of treasury shares | 10.5 | 0.0 |
| Purchase of treasury shares | (2.3) | 0.0 |
| Net change in securities | 1.0 | 0.9 |
| Dividends paid | (29.0) | (28.1) |
| | **(118.1)** | **209.1** |
| **Exchange rate effects and other equity movements** | | |
| Exchange rate effects on Operating Working Capital | (2.2) | 3.4 |
| Other exchange rate effects and other movements | 6.0 | 0.2 |
| | **3.7** | **3.5** |
| ***Net increase (decrease) in cash and banks*** | **(51.6)** | **114.3** |
| Net cash position at the beginning of period | 239.0 | 245.1 |
| **Net cash position at the end of period** | **187.4** | **359.4** |

# Average exchange rates

| | H1 2007 | H1 2006 | % change |
|---|---|---|---|
| **US dollar : 1 Euro** | 1.329 | 1.229 | |
| **Euro : 1 US dollar** | 0.7522 | 0.8137 | -7.6% |
| **Brazilian Real : 1 Euro** | 2.719 | 2.693 | |
| **Euro : 1 Brazilian Real** | 0.3678 | 0.3714 | -1.0% |

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