



2007 Nine Months Results

Conference call

8 November 2007





Results highlights and sales review

Bob Kunze-Concewitz, CEO



Nine months ended 30 September 2007 – Key Highlights

	9M 2007 €million	% change at actual forex	% change at constant forex
Net sales	644.6	+2.8%	+5.0%
EBITDA before one-off's ⁽¹⁾	144.6	+3.9%	+6.3%
EBIT before one-off's ⁽²⁾	130.1	+3.9%	+6.5%
Group's pretax profit	115.5	+1.5%	+3.9%

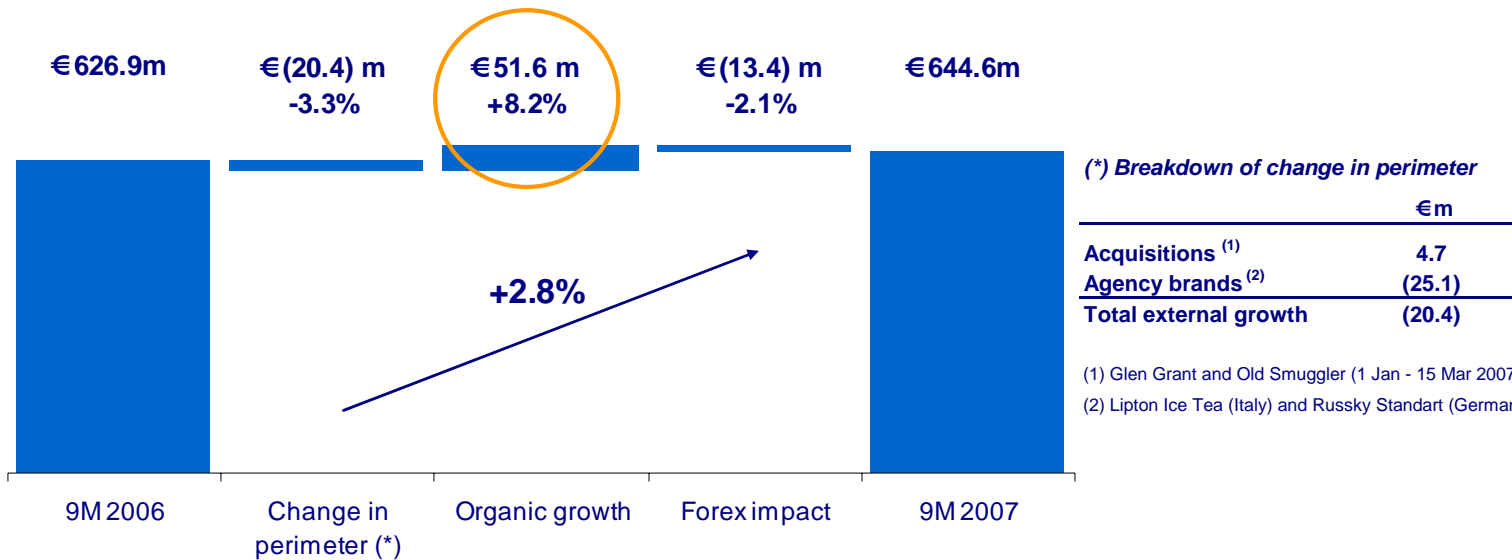
⁽¹⁾ EBITDA: € 143.4 million

⁽²⁾ Operating profit = EBIT: € 128.8 million

- > Results were **in line with expectations**, driven by **positive organic growth across our portfolio**
- > Importantly, these results were achieved notwithstanding **tough comparison base** (7.6% organic growth in Q3 2006) and **significant negative FX effects**
- > **Positive momentum** in 2007 reflects **strengthened investments behind structure and brand building** (A&P investments: +50 bps as % of sales)
- > **Excellent generation of cash flow: €144.2 m in the first nine months 2007** before X-Rated acquisition (€29 m) and dividends (€29 m). **Net financial debt down by €86.2 m in 9M 2007 to €293.3 m at 30 September 2007**



2007 Nine months net sales - Growth drivers

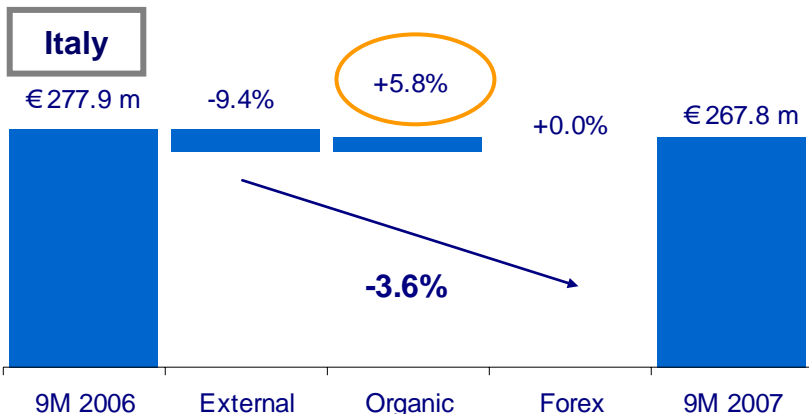


(1) Glen Grant and Old Smuggler (1 Jan - 15 Mar 2007); X-Rated Brands (1 Aug - 30 Sep 2007)
 (2) Lipton Ice Tea (Italy) and Russky Standart (Germany and Switzerland)

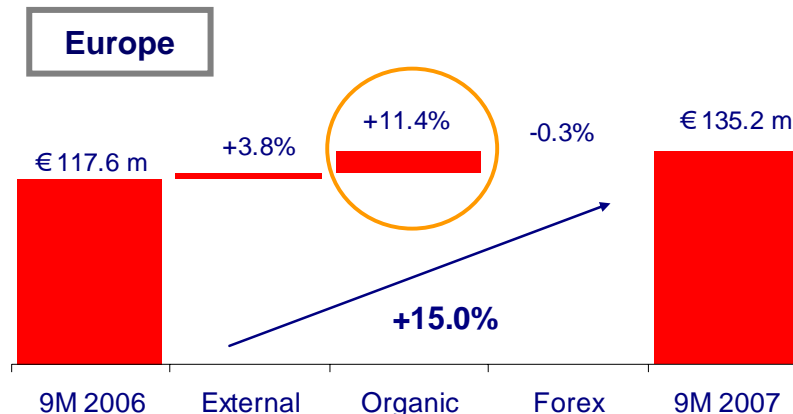
- > **Organic growth** was driven by a **solid performance across all segments and regions**
- > Negative change in 9M 2007 perimeter related to the **termination of Lipton Ice Tea**, given Q3 high seasonality, in part offset by **positive contribution of Glen Grant, Old Smuggler** (1 Jan - 15 March 2007) and **newly acquired X-Rated** (1 Aug – 30 Sep 2007)
- > **Negative foreign exchange impact** was attributable to US Dollar (-7.5% in 9M 2007), in part offset by Brazilian Real (+1.0% in 9M 2007)



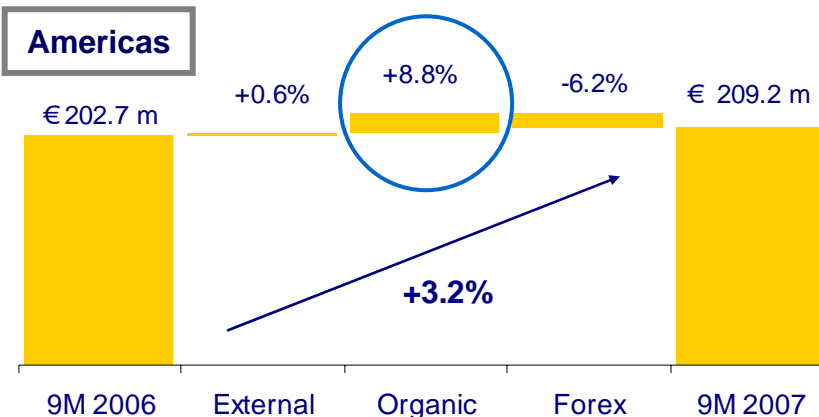
Net sales analysis by region



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

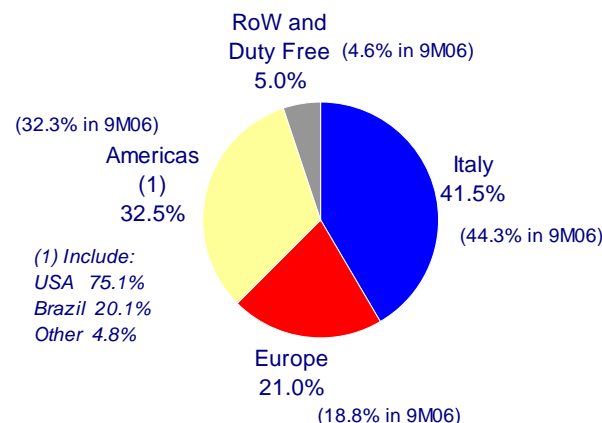


- > Existing business driven by **good progression in major markets**, in particular Russia and Germany
- > External growth mainly related to **Glen Grant** and **Russky Standart**

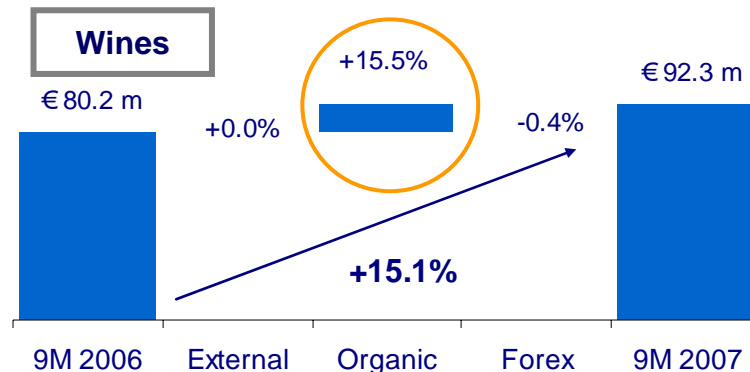
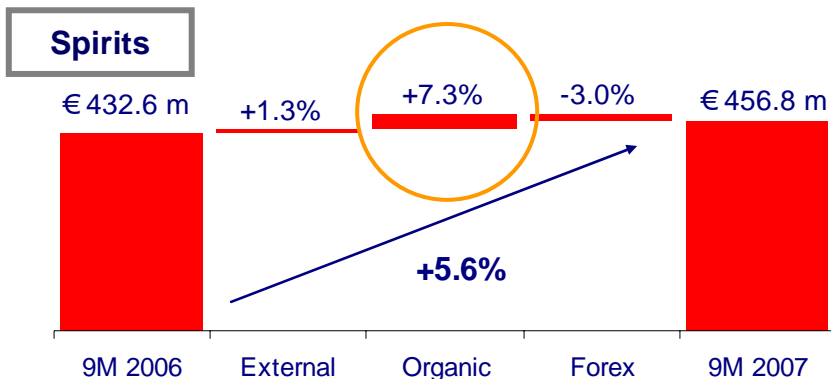


- > Solid organic growth driven by both **US (+7.1%)** and **Brazil (+8.4%)**
- > External growth related to newly acquired **X-Rated** and **Old Smuggler** in US

Breakdown by region

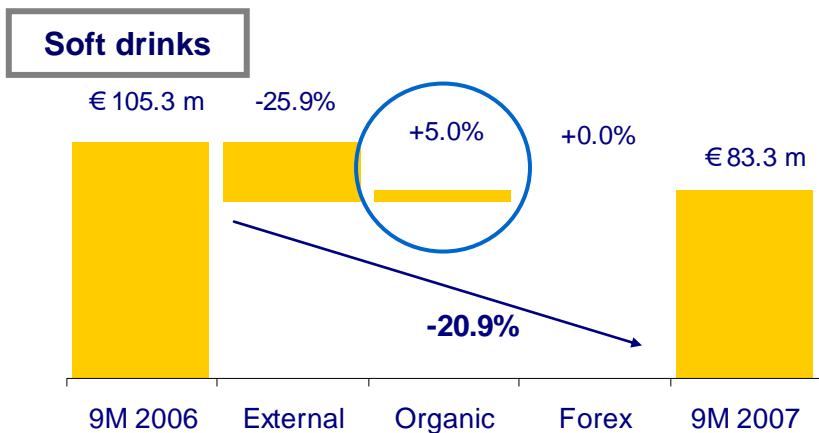


Net sales analysis by segment

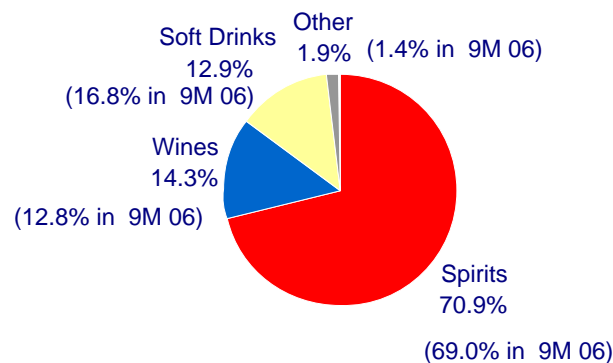


- > Solid organic growth driven by **positive development across portfolio**
- > External growth related to **X-Rated, Glen Grant and Russky Standart**

- > Excellent performance of all brands



Breakdown by segment



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



Review of main brands

	Sales as % of Group 9M 2007 at actual FX	% change in sales value 9M 2007 / 9M 2006		
		at constant FX	at actual FX	
Spirits				
Campari	13%	+2.3%	+1.6%	> Very good progression in Italy, Brazil and other major international markets. Stronger than expected short term effect of price repositioning activities during high seasonality period in Germany
SKYY	13%	+14.5%	+6.6%	> Continued upbeat performance in Q3 in the US. Strong double digit growth in international markets
CampariSoda	8%	+0.1%	+0.0%	> Sales in line with last year, with consumption trends mitigated by temporary destocking
tequila 1800	6%	+6.3%	-1.6%	> Good growth in the US maintained
Aperol	5%	+19.6%	+19.6%	> Excellent performance on key Italian market (90% of total sales). Continued strong progression in the international markets, in particular Germany and Austria
Brazilian brands	4%	+8.7%	+9.7%	> Solid growth driven by all brands
Glen Grant	2%	+40.7%	+40.7%	> Total sales growth includes organic change (+16%) and external change (+25% in Jan-Mar 2007). Sales are mainly concentrated in last quarter of the year
Cynar	2%	+4.4%	+3.9%	> Good progression driven by Switzerland and Duty Free
Ouzo 12	2%	+8.3%	+7.9%	> Solid growth driven by Germany



Review of main brands (cont'd)

	Sales as % of Group 9M 2007 <i>at actual FX</i>	% change in sales value 9M 2007 / 9M 2006		
		<i>at constant FX</i>	<i>at actual FX</i>	
Wines				
Cinzano sparkling wines	4%	+20.2%	+19.6%	> Excellent performance mainly driven by innovation and brand building in major markets (Germany and Italy)
Cinzano vermouths	4%	+18.8%	+18.2%	> Excellent result achieved in major markets (in particular Russia) reflecting strengthened investments on the brand
Sella & Mosca	3%	+5.8%	+5.8%	> Solid performance mainly driven by italian and international markets (USA and Germany)
Soft drinks				
Crodino	8%	+7.9%	+7.8%	> Positive trend sustained by strong brand awareness and leadership in its core market
Carbonated drinks	5%	+5.1%	+5.1%	> Positive performance driven by favourable weather conditions in Italy



9M 2007 consolidated results

Paolo Marchesini, CFO



Consolidated trading profit

(€million)	9M 2007		9M 2006		Change at actual forex	Change at constant forex
Net sales	644.6	100.0%	626.9	100.0%	2.8%	+5.0%
COGS	(273.7)	-42.5%	(275.7)	-44.0%	-0.7%	
Gross margin	370.9	57.5%	351.1	56.0%	5.6%	
Advertising and promotion	(117.4)	-18.2%	(106.5)	-17.0%	10.2%	
Selling and distribution expenses	(76.9)	-11.9%	(73.8)	-11.8%	4.1%	
Trading profit	176.7	27.4%	170.8	27.2%	3.4%	+5.7%

- > Decrease in **COGS** by 150 bps 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 effects), COGS in 9M 2006 at 41.9% on net sales. Increase in input costs in 9M 2007 led to 60 bps increase
- > **A&P** increase of 120 bps on net sales due to:
 - increase of A&P pressure on existing brands (+50 bps)
 - change in perimeter due to Lipton Ice Tea (+70 bps)
 - A&P as % of sales in 9M 2006 at 17.7% if adjusted for Lipton Iced Tea effect
- > **Selling and distribution expenses** as % of sales essentially in line with last year



Consolidated EBIT

(€million)	9M 2007		9M 2006		Change at actual forex	Change at constant forex
Trading profit	176.7	27.4%	170.8	27.2%	3.4%	+5.7%
G&A and other operating income/expenses	(46.6)	-7.2%	(45.6)	-7.3%	2.2%	
EBIT before one-off's	130.1	20.2%	125.2	20.0%	3.9%	+6.5%
One-off's ⁽¹⁾	(1.2)	-0.2%	(0.1)	0.0%	-	
Operating profit = EBIT	128.8	20.0%	125.1	20.0%	3.0%	+5.6%
<i>Other information:</i>						
Depreciation	(14.6)	-2.3%	(14.0)	-2.2%	3.7%	
EBITDA before one-off's	144.6	22.4%	139.2	22.2%	3.9%	+6.3%
EBITDA	143.4	22.2%	139.1	22.2%	3.1%	+5.5%

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

- > Increase in **trading profit** of 3.4% was composed of:
 - organic growth: +4.9%
 - forex impact: -2.2%
 - change in perimeter: +0.8% (contribution of Glen Grant and X-Rated more than offset profit lost due to termination of low margin Lipton Ice Tea)
- > **G&A** and other operating income/expenses increased by 2.2%
- > **One-off's** of €(1.2) m in 9M 2007 include exceptional personnel costs in part offset by capital gain from sale of real estate



Consolidated Group's pretax profit

(€million)	9M 2007		9M 2006		Change at actual forex	Change at constant forex
Operating profit = EBIT	128.8	20.0%	125.1	20.0%	3.0%	+5.6%
Net financial income (expenses)	(13.5)	-2.1%	(8.2)	-1.3%	63.5%	
Income from associates	0.1	0.0%	(0.4)	-0.1%	-	
Pretax profit	115.5	17.9%	116.5	18.6%	-0.9%	
Minority interests	(0.0)	0.0%	(2.8)	-0.4%	-98.6%	
Group's pretax profit	115.5	17.9%	113.7	18.1%	1.5%	+3.9%

- > Increase in **Net financial expenses** due to combined effect of:
 - higher net financial debt following the payment of acquisitions of Skyy Spirits minority stake (November 2006), Glen Grant (March 2006) and X-Rated (August 2007)
 - 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
- > Decrease in **minority interests** following the acquisition of the remaining stake in Skyy Spirits



Net financial position

€ million	30 September 2007	30 June 2007	31 December 2006
Cash at bank and marketable securities	171.7	187.7	240.3
Borrowings from banks	(70.2)	(113.0)	(209.3)
Real estate leases (current portion)	(3.2)	(3.1)	(3.1)
Private placement and bonds (current portion)	(12.1)	(17.8)	(17.7)
Other assets or liabilities	(13.6)	0.0	0.3
Total short-term cash/(debt)	72.6	53.8	10.4
Borrowings from banks	(1.2)	(1.1)	(1.2)
Real estate leases	(13.7)	(14.4)	(16.0)
Private placement and bonds	(349.2)	(364.2)	(370.6)
Other financial liabilities	(2.0)	(2.1)	(2.2)
Total medium to long-term cash/(debt)	(366.0)	(381.8)	(390.0)
Total net cash/(debt)	(293.3)	(328.0)	(379.5)

- > Decrease in **Net financial debt** of € 86.2 m from year end 2006 (€ 34.7 m from half year end 2007) deducted the price of the X-Rated acquisition (€ 29 m on 1 August 2007)
- > **Strong generation of cash flow** during the first nine months 2007 following:
 - positive operating results
 - continuous improvement in Net Working Capital management (decrease of € 39.2 m)
 - total capex of € 16.3 m
 - dividend payment of € 29 m in May 2007
 - positive impact of US\$ and BRL currencies on net financial debt (€ 11.7 m)



Net Working Capital

(€ million)	30 Sep 2007	31 Dec 2006	Change	30 Sep 2006
Trade receivables	169.3	257.1	(87.8)	176.8
Inventories	211.4	169.9	41.5	212.5
Trade payables	(154.8)	(161.9)	7.1	(142.5)
Net Working Capital	225.8	265.1	(39.2)	246.9
Last 12 months sales to 30 Jun 2007	950.1	932.4	(39.2)	893.5
NWC / LTM (%) ⁽¹⁾	23.8%	28.4%		27.6%

(1) LTM = Last 12 Months

- > Decrease in **net working capital as % of LTM** to 23.8% at 30 Sep 2007 (down from 28.4% at year end 2006):
 - strong decrease in trade receivables due to seasonal factors
 - peak in inventory levels ahead of big Q4

- > Beyond seasonal factors, decrease in **net working capital** over the same period to 23.8% (down from 27.6% at 30 Sep 2006) was driven by **more efficient NWC management**



Outlook and conclusion

Bob Kunze-Concewitz, CEO



Outlook

- > **Results in the first nine months of 2007 were good**
- > We remain **confident on a positive development** in the fourth quarter of 2007, thanks to the **favourable trend across our segments and regions**
- > Regarding the **medium term**, we expect **to maintain a positive momentum** on our business



Supplementary schedules

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



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Net sales analysis by segment and region

Consolidated net sales by segment

	9M 2007		9M 2006		Change %	of which:		
	€ m	%	€ m	%		external	organic	currency
Spirits	456.8	70.9%	432.6	69.0%	5.6%	1.3%	7.3%	-3.0%
Wines	92.3	14.3%	80.2	12.8%	15.1%	0.0%	15.5%	-0.4%
Soft drinks	83.3	12.9%	105.3	16.8%	-20.9%	-25.9%	5.0%	0.0%
Other revenues	12.3	1.9%	8.9	1.4%	38.8%	12.9%	25.9%	-0.1%
Total	644.6	100.0%	626.9	100.0%	2.8%	-3.3%	8.2%	-2.1%

Consolidated net sales by region

	9M 2007		9M 2006		Change %	of which:		
	€ m	%	€ m	%		external	organic	currency
Italy	267.8	41.5%	277.9	44.3%	-3.6%	-9.4%	5.8%	0.0%
Europe	135.2	21.0%	117.6	18.8%	15.0%	3.8%	11.4%	-0.3%
Americas (1)	209.2	32.5%	202.7	32.3%	3.2%	0.6%	8.8%	-6.2%
RoW & Duty Free	32.4	5.0%	28.7	4.6%	13.1%	0.2%	15.0%	-2.1%
Total	644.6	100.0%	626.9	100.0%	2.8%	-3.3%	8.2%	-2.1%

(1) Breakdown of Americas

	9M 2007		9M 2006		Change %	of which:		
	€ m	%	€ m	%		external	organic	currency
USA	157.0	75.1%	157.2	77.5%	-0.1%	0.8%	7.1%	-7.9%
Brazil	42.1	20.1%	38.5	19.0%	9.4%	0.0%	8.4%	1.1%
Other countries	10.1	4.8%	7.1	3.5%	42.5%	0.0%	48.7%	-6.1%
Total	209.2	100.0%	202.7	100.0%	3.2%	0.6%	8.8%	-6.2%



Consolidated income statement

	9M 2007		9M 2006		Change
	€ m	%	€ m	%	%
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Notes:

(1) Net of discounts and excise duties



Average exchange rates

	9M 2007	9M 2006	% change
US dollar : 1 Euro	1.344	1.244	
Euro : 1 US dollar	0.7438	0.8039	-7.5%
Brazilian Real : 1 Euro	2.690	2.717	
Euro : 1 Brazilian Real	0.3717	0.3681	1.0%



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