



2010 Full Year Results

Presentation to Analysts and Investors

21 March 2011



Results highlights

Bob Kunze-Concewitz, CEO



2010 Full Year Results - Highlights

	FY 2010 €million	Published change	Organic change	FX effects	Perimeter change
Net sales	1,163.0	15.3%	8.4%	3.8%	3.1%
Contribution after A&P	463.6	15.6%	8.3%	3.6%	3.7%
EBITDA pre one-off's ⁽¹⁾	298.6	12.6%	8.2%	3.6%	0.8%
EBIT pre one-off's ⁽¹⁾	272.8	13.8%	8.8%	3.8%	1.3%
Group net profit	156.2	14.0%			

⁽¹⁾ One-off's of €3.3 m in FY 2010 vs. €4.1 m in FY 2009

- > **Very strong full year results with consistent double digit growth across all indicators**
- > **Organic performance:**
 - sales change of **+8.4% in FY 2010**, enhanced by **robust** organic sales in Q4 2010 (+12.0%) driven by performances of key spirits and wines brands
 - **strong growth in CAAP and EBIT** notwithstanding increase in A&P spending and structure costs
- > **Perimeter change:**
 - sales growth (+3.1%) higher than EBIT pre one-off's (+1.3%) due to structure costs linked to set up of **new Australian organization**
- > **A&P spend (17.5% on net sales) up by 18.4% (+ €31.6 m) vs. FY2009 (17.0% on net sales)**
- > **Net debt reduced to € 677.0** (from € 719.0 on 1 Oct 2010), driven by healthy cash generation in Q4.
Net debt / EBITDA pro-forma ratio at 2.2X

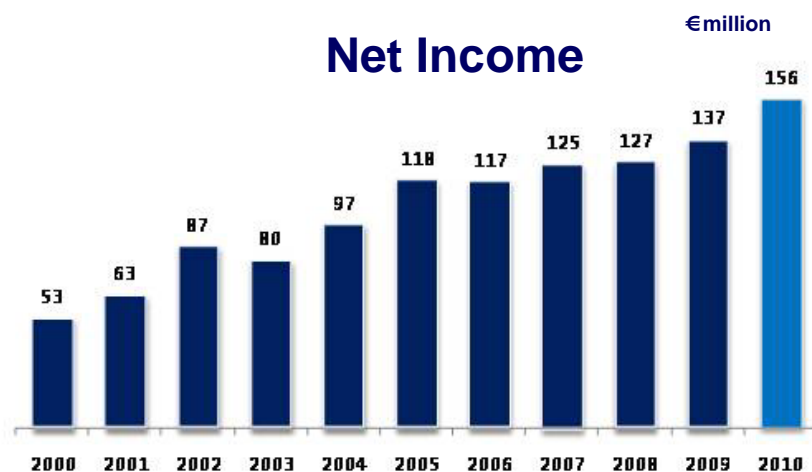
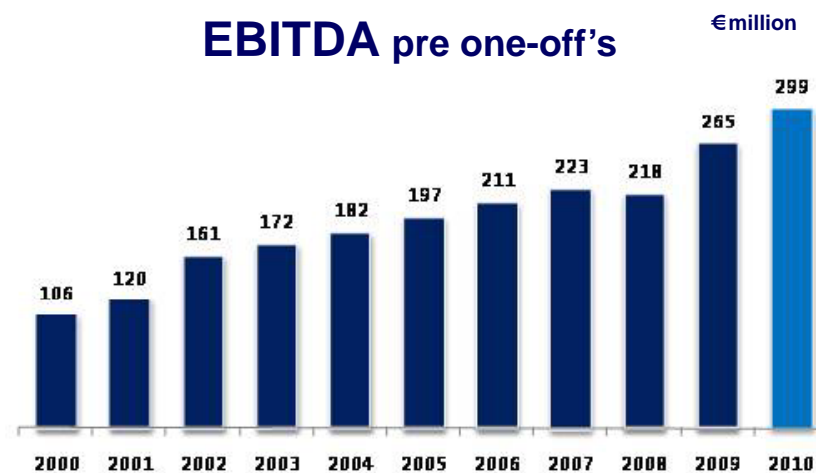
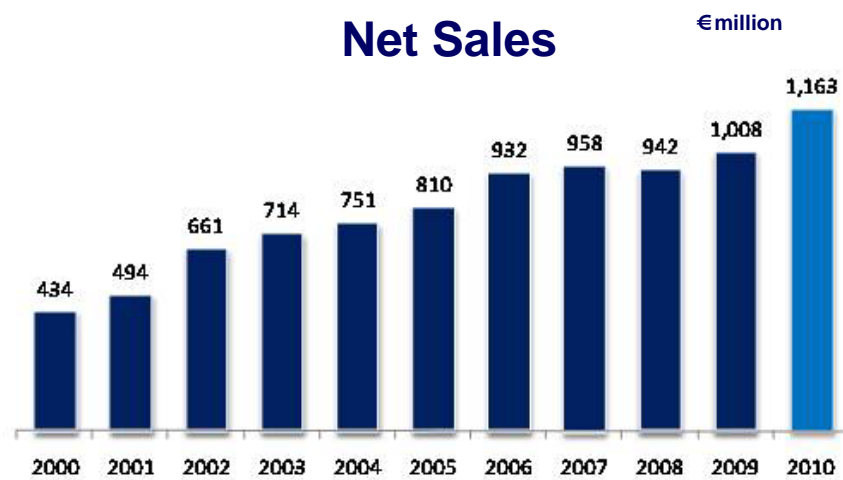


Historical perspective

Bob Kunze-Concewitz, CEO



Consistent growth in 2000-2010^(*)

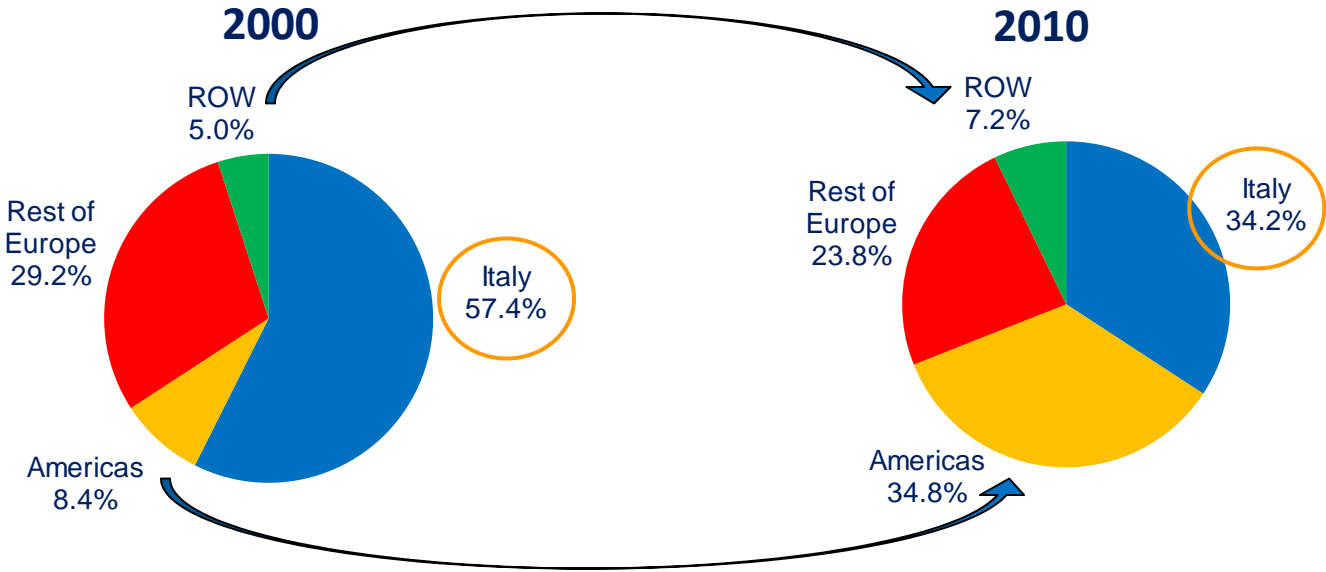


> **Strong consistent growth across key indicators reflecting investments in brand building, portfolio enhancement and strengthened route-to-market**

^(*) Italian GAAP in 2000-2003. IAS/IFRS in 2004-2010



Sales development in 2000-2010



	2000	2010
# of own brands	10	45
# key Int'l & regional brands	3	10
# of in-market companies	4	13
Developed vs. Emerging markets ⁽¹⁾	92% vs. 8%	84% vs. 16%

⁽¹⁾ Include: LATAM, Eastern Europe, Middle East and Africa



Track record of successful acquisitions

2010						
2009						
2008						
2007						
2005						
2003						
2002						
2001						
2000						
1999						
1995						

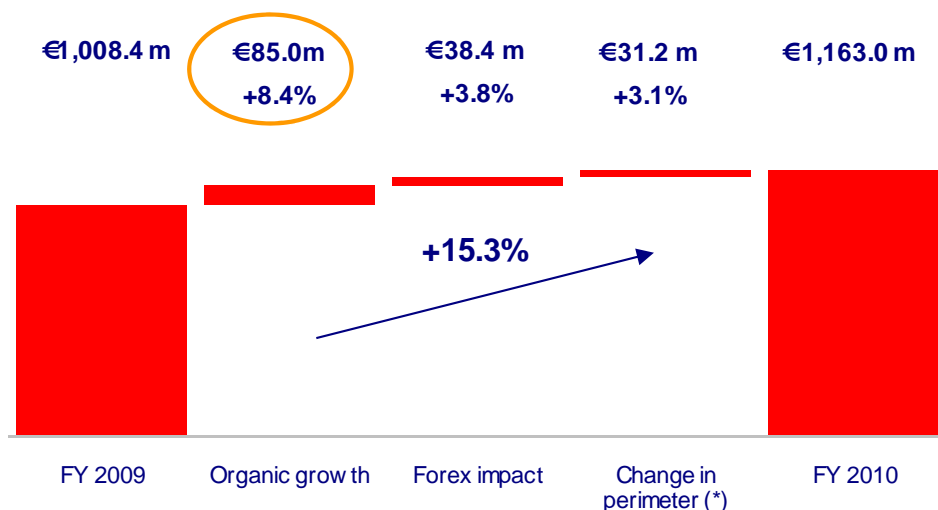


Sales review

Bob Kunze-Concewitz, CEO



2010 Full Year Net Sales - Growth drivers



(*) Breakdown of change in perimeter

	€m
Acquisitions ⁽¹⁾	33.3
Agency brands, net ⁽²⁾	(2.1)
Total external growth	31.2

(1) Wild Turkey for €26.8 m (Jan-May 2010), former C&C brands (Frangelico, Carolans and Irish Mist) for €5.4 m (Oct-Dec 2010) and Odessa sparkling wines for €1.1 m (Jan-April 2010)

(2) New agency brands for €3.1 million offset by termination of Grand Marnier in Germany and Italy €(5.2 m)

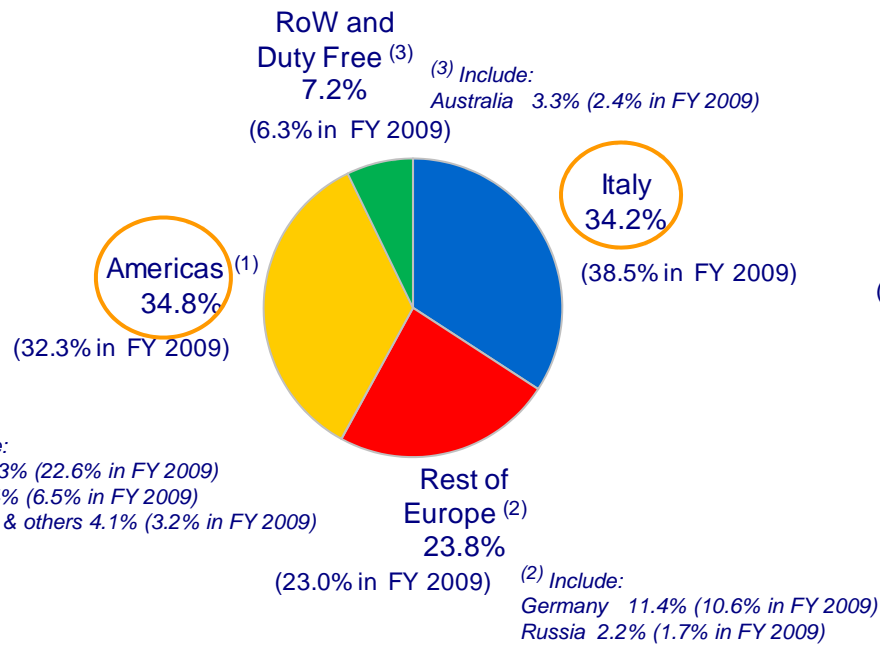
- > **Strong organic performance** in Q4 10 (+12.0%), driven by accelerated momentum across key spirits and wines brands
- > **Forex impact of +3.8%** mainly due to the **appreciation of BRL (+18.7%)** and **USD (+5.0%)** average rate
- > **Positive perimeter effect of +3.1%** driven by acquisitions (mainly **Wild Turkey**, consolidated as of June 2009 and the **former C&C brands (Frangelico, Carolans and Irish Mist)**, consolidated as of October 2010)



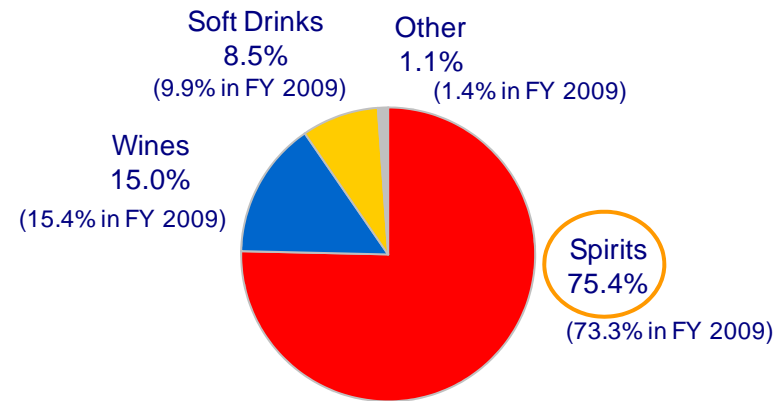
2010 Full Year Net Sales breakdown

FY 2010 Net Sales: €1,163.0 m

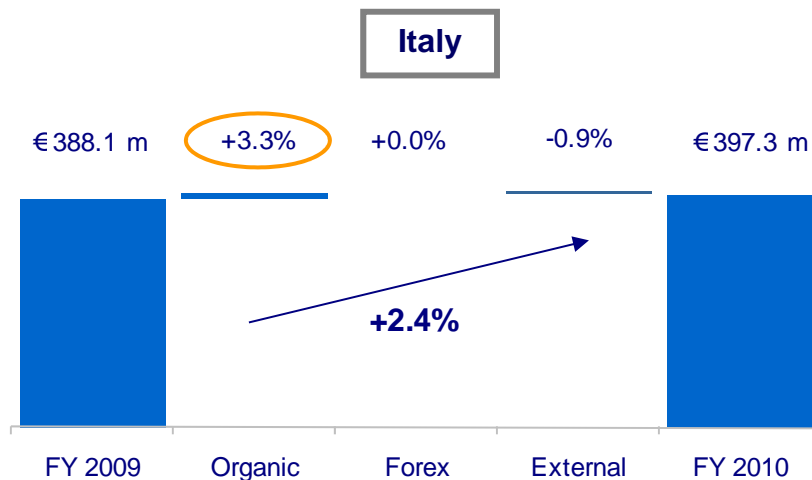
Breakdown by region



Breakdown by segment



2010 Full Year Net Sales - analysis by region



- > **Solid results** in a still weak overall consumption environment. Strong growth across the **entire spirits portfolio (+5.3% organic growth)**, with remarkable performances by **Aperol** and **Campari** in FY 2010 and good growth of **wines (+3.6%)** in FY 2010, thanks to strong results in key Q4
- > Overall results softened by performance of soft drinks (-2.2% suffering from weakness in day bars channel)
- > Perimeter change due to the termination of the Grand Marnier agency

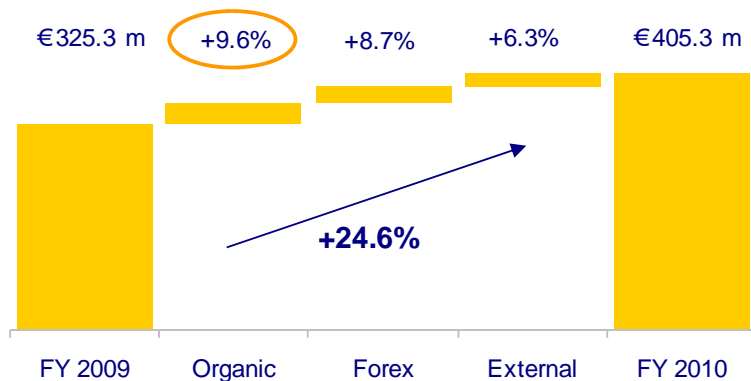


- > **Strong organic growth** continues, driven by **key Western markets (Germany, Austria, France and Spain)**
- > **Good recovery in Eastern European countries** (especially **Russia**) in addition to favourable comparison base
- > Change in perimeter mainly attributable to **Odessa** which more than offset termination of the Grand Marnier agency (Germany and Belgium)
- > **Forex:** positive effect driven by CHF



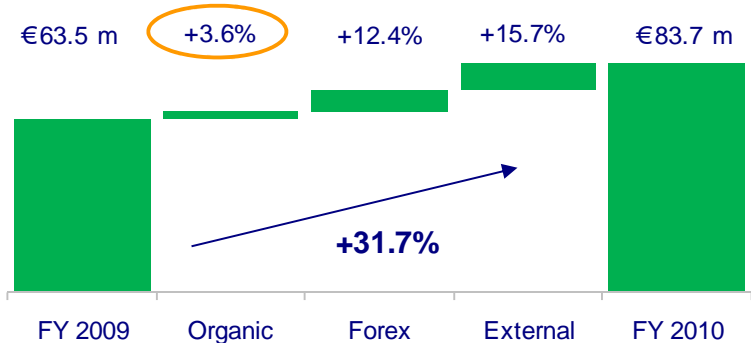
2010 Full Year Net Sales - analysis by region (cont'd)

Americas



- > **Positive organic growth** driven by:
 - **US** organic trend (+2.1%) in line with depletions and US spirits market
 - **Brazil (+23.4%)**: return to regular trading after successful execution of new commercial policy and easy comps (-13.6% in FY 2009)
- > **Positive change in perimeter** due to the acquisition of Wild Turkey (USA), and to a lesser extent to Frangelico
- > **Forex**: positive effect driven by the appreciation of the BRL and the USD average rate

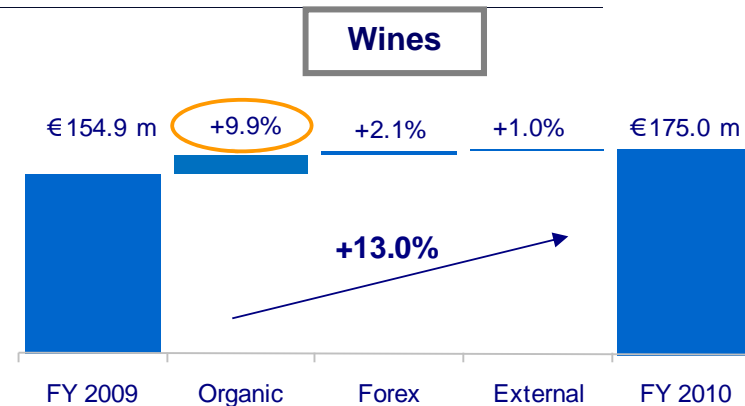
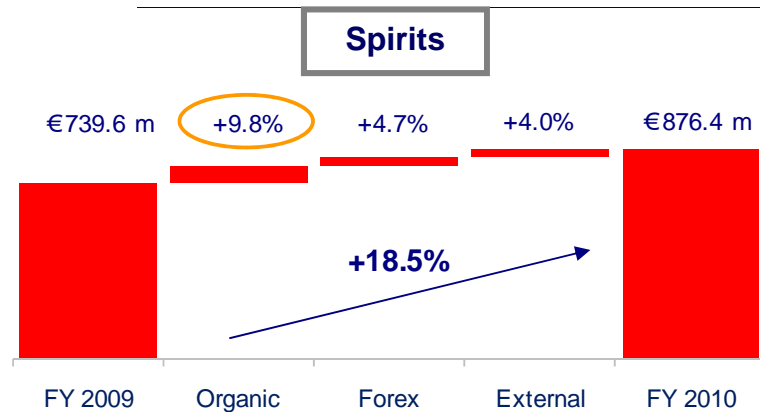
RoW and DF



- > Overall growth driven by positive change in perimeter mainly due to **Wild Turkey in Australia**
- > Whilst **consumption was strong** across the portfolio in **Australia**, shipments were negatively affected by the transition phase
- > **Forex**: positive effect driven by the AUD

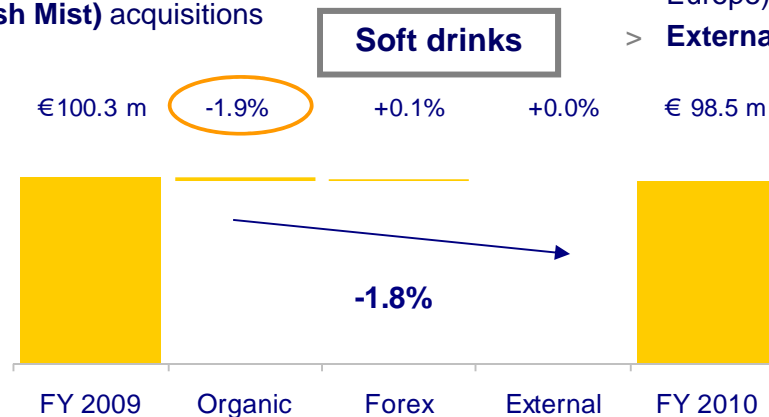


2010 Full Year Net Sales - analysis by segment



- > **Strong organic sales growth** across the whole portfolio, in particular aperitifs
- > **External growth** due to the **Wild Turkey and former C&C brands (Frangelico, Carolans and Irish Mist)** acquisitions

- > **Strong performances of Cinzano vermouths** (mainly thanks to Russia recovery) **and sparkling wines** (strong results in key markets: Germany, Italy and Eastern Europe). Good results of Still wines
- > **External growth** due to **Odessa sparkling wines**



- > Overall **soft performance**, with positive results in **Q4 2010 (+3.3%)**



Review of main brands - Spirits

SKYY
VODKA®

Sales as % of Group: 12%

Organic change: +2.8%

Total change: +8.2%



- > **Good result** driven by improving consumption pattern in the US
- > **Successful performance of SKYY Infusions** continues
- > Continued **growth in key int'l markets which increased to 15%** of brand's global sales, driven by Europe and emerging markets (Brazil)



GRUPPO
CAMPARI

Review of main brands - Spirits

CAMPARI



Sales as % of Group: 12%

Organic change: +8.4%

Total change: +12.3%

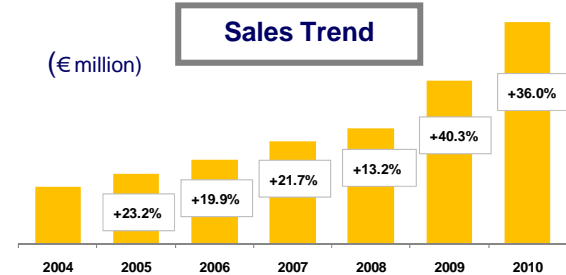
- > **Strong results** driven by positive performances across all key **European markets** and a **strong recovery** in **Brazil**
- > Beginning to **reap benefits** of **new consumer recruitment activities** (**tastings and education**) and **strengthened route-to-market**



Review of main brands - Spirits



Sales as % of Group: 9%
Organic change: +35.7%
Total change: +36.0%



- > **Double digit growth**, sixth year in a row (since its acquisition in 2004), driven by **core Italian market** and other key European markets (**Germany and Austria**)
- > Brand almost **quadrupled sales value** since acquisition and reached **2 million cases** threshold
- > Among the World's Premium Top 100's fastest growing brands in 2005-2010 according to Impact Magazine ⁽¹⁾
- > **Strong upside outside Italy**: now accounting for 40% of the brand's global sales

(1) Impact Databank, Global News and Research for the Drinks Executive. February 1 & 15, 2011



Review of main brands - Spirits



Sales as % of Group: 8%



- > **Good results** of Wild Turkey business thanks to **positive consumption** and **depletion patterns** in key **US and Australian markets**
 - > **US market: portfolio growing low single digit**
 - > **Australia: mid single digit growth**
- > **Wild Turkey bourbon growing low single digit**
- > **American Honey grew very fast and crossed 200k cases barrier**
- > **Good momentum of RTD business in Australia** and positive contribution of Russell's reserves



Review of main brands - Spirits



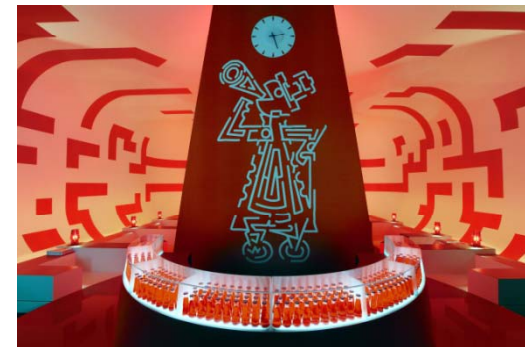
Sales as % of Group: 6%

Organic change: -2.1%

Total change: -2.0%



- > Soft shipments performance linked to **weakness of day bars Italian market**
- > **Flat consumption overall**
- > **Positive progression of key marketing KPIs (awareness and penetration)**



Review of main brands - Spirits

Brazilian Brands



Sales as % of Group: 5%
Organic change: +22.0 %
Total change: +44.7%

- > Very strong performance in Brazilian brands sales driven by **successful transition to new commercial policy and easy comps**
- > **Consumption pattern still healthy** despite significant excise duty increase



Review of main brands - Spirits

Frangelico
liqueur

CAROLANS.
IRISH CREAM

IRISH MIST.

Sales as % of Group: 3%



- > **Acquired ownership** on October 1st 2010
- > **Total Sales of €30 m** in 2010
- > **Flat organic shipments performance** linked to brand portfolio ownership changes during the year
- > **Positive depletions** trends with promising debut of **Frangelico**



GRUPPO
CAMPARI

Full year results ended 31 December 2010 - 20

Review of main brands - Spirits

GLENGRANT[®] SINGLE MALT



Sales as % of Group: 2%

Organic change: +8.8 %

Total change: +9.2%

- > Solid performance driven by **positive performances across key European markets: Italy, France and Germany**
- > **Positive trend in consumption and market share** reflecting **brand building** and successful introduction of **longer aged line extensions**
- > Roll out into **new markets plus duty free**

Tequilas



Sales as % of Group: 1%

Organic change: +62.4 %

Total change: +71.0%

- > Cabo Wabo strong results: +29.4% organic growth, thanks to **successful introduction of new packaging and brand repositioning in key US market**
- > **Very successful Espolon relaunch**



Review of main brands - Wines



Sparkling wines



Sales as % of Group: 6%

Organic change: +9.9%

Total change: +10.5%

- > **Very strong result due to Q4 solid performances in key markets (Germany and Italy) together with Eastern European markets strong recovery (especially Russia)**

Vermouth



Sales as % of Group: 3%

Organic change: +14.2%

Total change: +16.7%

- > **Strong performance mainly attributable to the recovery in Eastern European countries (mainly Russia) and positive trends in other key markets**
- > **Improved results in Argentina** after buy-back of local distribution rights in September 2010

CINZANO

"Share the Moment"



GRUPPO

CAMPARI

Review of main brands – Soft Drinks



Sales as % of Group: 6%

Organic change: -1.0%

Total change: -0.9%

- > **Strong leader** in the Italian alcohol-free single serve market
- > **Increase in market share and key marketing KPIs**
- > Suffering from **weakness in key day bars channel**



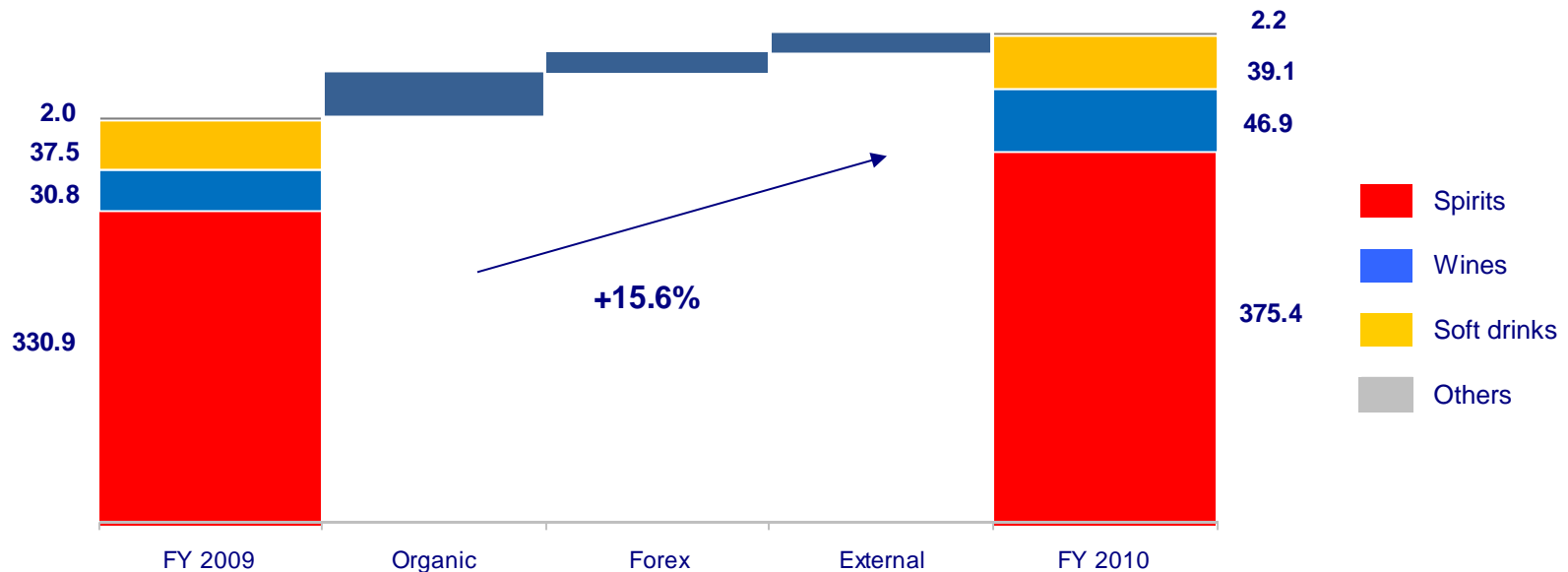
Analysis of CAAP by business area

Paolo Marchesini, CFO



Consolidated CAAP (Contribution after A&P)

Net sales: €1,008.4 m	+8.4%	+3.8%	+3.1%	€1,163.0 m	+15.3%
CAAP: €401.2 m	+8.3%	+3.6%	+3.7%	€463.6 m	+15.6%

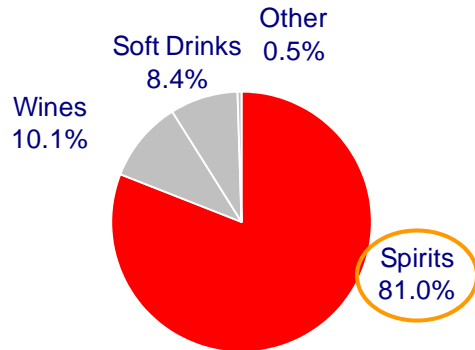


- > **Organic growth in CAAP** of 8.3% in line with organic growth in sales (+8.4%), notwithstanding +18.4% A&P spend increase
- > **Positive FX rates** impact on CAAP (+3.6%)
- > **Perimeter effect:** margin improvement from Wild Turkey led to CAAP increase of +3.7% (vs. sales of +3.1%)

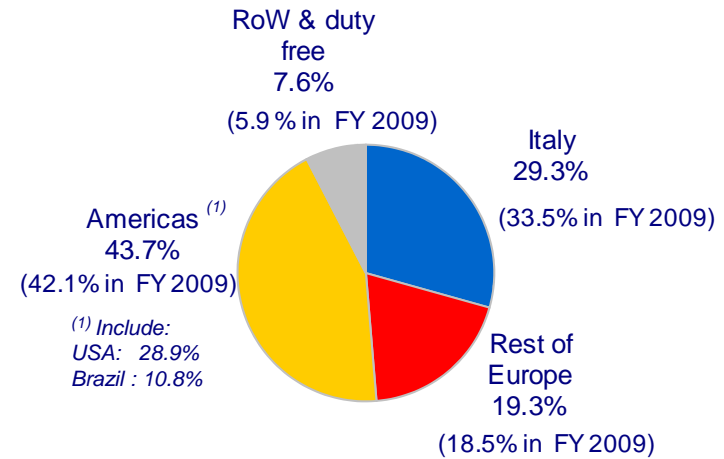


Spirits - CAAP analysis

Spirits as % of Group CAAP



Breakdown of spirits sales by region



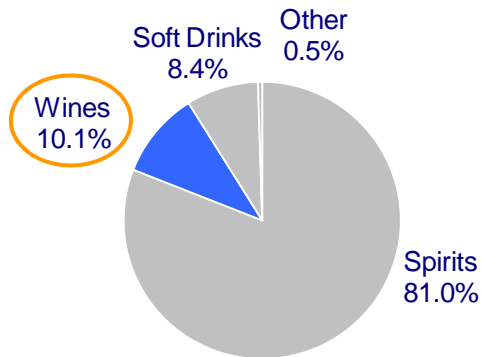
€ million	FY 2010		FY 2009		Change	of which:		
						organic	forex	external
Net sales	876.4	100.0%	739.6	100.0%	18.5%	9.8%	4.7%	4.0%
Gross margin	549.0	62.6%	466.0	63.0%	17.8%	8.6%	4.1%	5.1%
Contribution after A&P	375.4	42.8%	330.9	44.7%	13.4%	5.2%	3.7%	4.5%

- > In **existing business** CAAP grew less than sales (**+5.2% vs. +9.8%**) due to **significant step up in A&P investments**
- > **FX rates** positively impacted sales and CAAP by +4.7% and +3.7% respectively
- > **External growth:**
 - **Wild Turkey accretive impact** led to increase in gross margin (+5.1%) higher than in Net Sales (+4.0%)
 - CAAP grew less than gross margin (+4.5% vs. +5.1%) due to step up of A&P investments on Wild Turkey

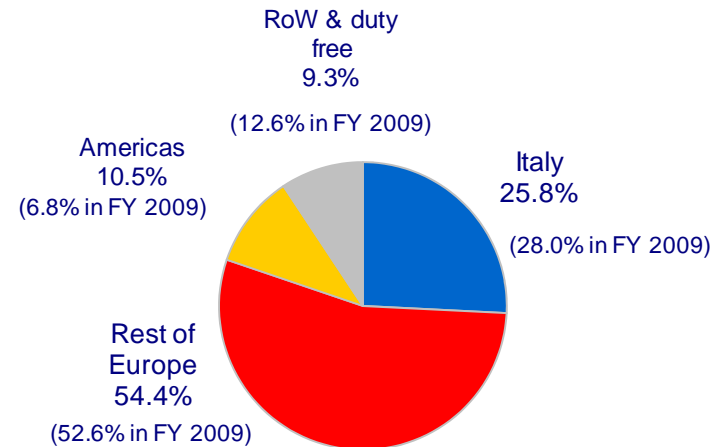


Wines - CAAP analysis

Wines as % of Group CAAP



Breakdown of wines sales by region



€ million	FY 2010		FY 2009		Change	of which:		
						organic	forex	external
Net sales	175.0	100.0%	154.9	100.0%	13.0%	9.9%	2.1%	1.0%
Gross margin	66.4	37.9%	57.9	37.4%	14.7%	10.4%	4.0%	0.3%
Contribution after A&P	46.9	26.8%	30.8	19.9%	52.1%	45.3%	6.2%	0.6%

> Existing business:

- Growth in gross margin higher than Sales (**+10.4% vs. 9.9%**) due to better absorption of production **fixed costs**
- **Strong uplift in CAAP** due to **temporary reduction** as well as **different phasing of A&P investments** in some markets, in particular Australia, Argentina and Russia, due to transition phase

> **FX rates:** transaction effect with CAAP growing faster (+6.2%) than Net Sales (+2.1%)

> **Perimeter effect** mainly **attributable to the acquisition of Odessa**

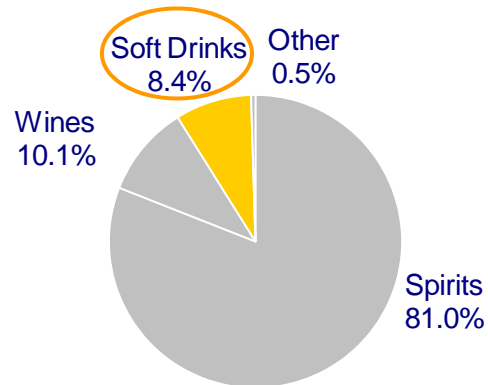


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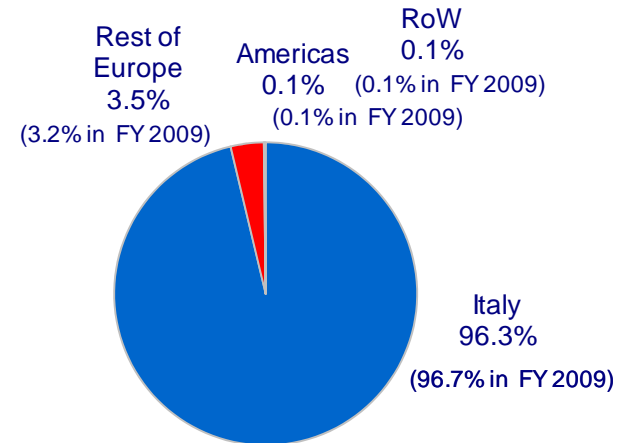
Full year results ended 31 December 2010 - 27

Soft Drinks - CAAP analysis

Soft drinks as % of Group CAAP



Breakdown of soft drinks sales by region



€ million	FY 2010		FY 2009		Change	of which:		
						organic	forex	external
Net sales	98.5	100.0%	100.3	100.0%	-1.8%	-1.8%	0.0%	0.0%
Gross margin	49.2	49.9%	47.0	46.8%	4.8%	4.8%	0.0%	0.0%
Contribution after A&P	39.1	39.7%	37.5	37.4%	4.4%	4.4%	0.0%	0.0%

- > **Improvement in gross margin** by +4.8% notwithstanding decrease in sales (-1.8%) driven by **input cost containment**
- > Change in CAAP (+4.4%) lower than gross margin (+4.8%) due to maintenance of strong A&P investments



FY 2010 consolidated results

Paolo Marchesini, CFO



Consolidated CAAP

(€million)	FY 2010		FY 2009		Change at actual forex	Organic growth	FX	Perimeter
Net sales	1,163.0	100.0%	1,008.4	100.0%	15.3%	8.4%	3.8%	3.1%
COGS ⁽¹⁾	(496.2)	-42.7%	(435.6)	-43.2%	13.9%			
Gross margin	666.8	57.3%	572.8	56.8%	16.4%			
Advertising and promotion	(203.2)	-17.5%	(171.6)	-17.0%	18.4%			
Contribution after A&P	463.6	39.9%	401.2	39.8%	15.6%	8.3%	3.6%	3.7%

⁽¹⁾ COGS= cost of materials, production and logistics expenses

- > Decrease in **COGS** on net sales by 50 bps, due to:
 - **favourable sales mix** (driven by spirits, particularly Aperol, Campari and Wild Turkey)
 - **production efficiencies** (in-sourcing of production and better absorption of production fixed costs)
 - **moderate growth in input costs**
 - **increase in logistic costs in connection with Australian new distribution platform**

- > **A&P spend (17.5% on net sales)** up by 18.4% (+€31.6 m) vs. FY2009, **due to strengthened brand building activities**

- > **Contribution after A&P up by 15.6%** due to:
 - organic growth of **+8.3%**
 - perimeter effect of **+3.7%**
 - exchange rate effect of **+3.6%**



Consolidated EBIT

(€million)	FY 2010		FY 2009		Change at actual forex	Organic growth	FX	Perimeter
Contribution after A&P	463.6	39.9%	401.2	39.8%	15.6%	8.3%	3.6%	3.7%
SG&A ⁽¹⁾	(190.8)	-16.4%	(161.4)	-16.0%	18.2%			
EBIT before one-off's	272.8	23.5%	239.7	23.8%	13.8%	8.8%	3.8%	1.3%
One-off's	(3.3)	-0.3%	(4.1)	-0.4%	-			
Operating profit = EBIT	269.5	23.2%	235.6	23.4%	14.4%	9.2%	3.9%	1.3%
<i>Other information:</i>								
Depreciation	(25.8)	-2.2%	(25.4)	-2.5%	1.5%			
EBITDA before one-off's	298.6	25.7%	265.1	26.3%	12.6%	8.2%	3.6%	0.8%
EBITDA	295.3	25.4%	261.0	25.9%	13.1%	8.6%	3.7%	0.8%

⁽¹⁾ SG&A: selling expenses + general and administrative expenses

- > Increase in **SG&A** by **+18.2%** driven by:
 - **organic growth of +7.5%** driven by **variable costs** (sales commissions) and **strengthened sales organizations** in some existing markets (Argentina, Mexico, China)
 - **perimeter impact of +7.3%**, due to new operating subs. (Australia, Belgium, Ukraine and Ireland)
 - **FX effect of +3.4%**
- > **Negative one off's** of **€3.3 m** related to provisions and restructuring expenses, partly offset by value adjustment of put options and earn outs on minority stakes
- > **EBITDA** and **EBIT** up **13.1%** and **14.4%** respectively, primarily driven by strong growth in existing business and, to a lesser extent, to both perimeter and FX
- > Organic growth of **EBITDA (+8.6%)** and **EBIT (+9.2%)** better than Sales (+8.4%) reflecting improved margins compensating A&P step up and route-to-market investments



Consolidated Group's net profit

(€million)	FY 2010		FY 2009		Change at actual forex
Operating profit = EBIT	269.5	23.2%	235.6	23.4%	14.4%
Net financial income (expenses)	(37.5)	-3.2%	(28.9)	-2.9%	29.9%
One-off's financial expenses	1.9	0.2%	(7.7)	-0.8%	
Income (loss) from associates	(0.6)	-0.1%	(0.8)	-0.1%	
Put option gains (costs)	(0.3)	-0.0%	0.0	0.0%	
Pretax profit	232.9	20.0%	198.3	19.7%	17.5%
Taxes	(76.2)	-6.6%	(60.8)	-6.0%	25.4%
Net profit	156.7	13.5%	137.5	13.6%	14.0%
Minority interests	(0.5)	-0.0%	(0.4)	-0.0%	
Group net profit	156.2	13.4%	137.1	13.6%	14.0%

- > Increase in **Net financial expenses** due to:
 - **higher average net financial debt** in 2010 (€623.5 m vs. €521.7 m in 2009) as a result of completed acquisitions
 - **higher cost of debt** due to higher weight of fixed interest rate as well as negative carry (average cost of debt before one-off's of 6.0% in 2010 vs. 5.4% in 2009)

- > **Group net profit up 14.0%**



Analysis of tax rate

(€ million)	FY 2010	FY 2009
Pretax after minorities (A)	232.4	198.6
Cash taxes (B)	(55.4)	(43.9)
Goodwill deferred taxes	(20.8)	(16.9)
Total Tax (C)	(76.2)	(60.8)
Net income	156.7	137.1
Cash tax rate (B / A)	23.8%	22.1%
Total tax rate (C / A)	32.8%	30.6%

- > **2010 cash tax rate** increased to **23.8%** due to change in profit mix by country (higher weight of profits from US)
- > Increase in goodwill deferred taxes following recent Wild Turkey acquisition to € 20.8 m in FY 2010 (vs. € 16.9 m in FY 2009)



Consolidated cash flow

(€ million)	Notes	31 December	31 December
		2010	2009
EBIT		269.5	235.6
Amortisation and depreciation		25.8	25.4
Other changes in non-cash items		9.4	(1.2)
Changes in tax payables and receivables and other non financial receivables and payables		5.5	8.2
Income taxes paid		(50.0)	(43.0)
Cash flow from operating activities before changes in operating working capital		260.2	224.9
Net change in Operating Working Capital (at constant FX)	(1)	(29.6)	46.5
Cash flow from operating activities (A)		230.6	271.4
Net interest paid (B)		(38.9)	(32.3)
Cash flow from investing activities (capex) (C)	(2)	(59.7)	(54.8)
Free cash flow (A+B+C)		132.0	184.3
Acquisitions	(3)	(149.6)	(441.1)
Other changes		2.2	(7.0)
Dividends paid	(4)	(34.6)	(31.7)
Cash flow from other activities (D)		(182.0)	(479.8)
Exchange rate differences and other movements (E)	(5)	(9.7)	(18.7)
Net increase (decrease) in net financial position from activities (A+B+C+D+E)		(59.7)	(314.2)
Change in estimated debt for the exercise of put options and earn outs	(6)	13.5	9.6
Net financial position at 1-Jan		(630.8)	(326.2)
Net financial position at 31-Dec		(677.0)	(630.8)

+15.7%

- (1) Increase in OWC at constant exchange rate mainly attributable to perimeter effect of newly established Australian subsidiary (€21.4 m). OWC at 31 Dec 2009 positively impacted by start up of factoring program of €47.4 m (increase in OWC due to ongoing receivables factoring of €5.3 m at 31 Dec 2010). For further details on OWC see slide #35
- (2) See slide # 36 for further details on Capex
- (3) In 2010 includes former C&C brands (Frangelico, Carolans and Irish Mist) (€128.5 m), Cinzano distribution rights in Argentina (€11 m), buyout of Cabo Wabo minorities (€ 8.5 m) and price adjustments (€1.6m). In 2009 includes Wild Turkey (€418.4 m), Odessa (€ 14.8 m) and price adjustments
- (4) Higher dividend paid reflecting 9% increase on dividend per share in 2010
- (5) Including FX differences in OWC of € 18.7 m
- (6) Adjustment of liabilities related to put options and earn-outs

Net Working Capital

(€ million)	31 Dec 2010	31 Dec 2009	Total change	at constant FX	FX change
Receivables	269.4	236.2	33.2	23.0	10.2
Inventories	294.9	271.4	23.5	10.1	13.4
Payables	(187.4)	(179.1)	(8.3)	(3.4)	(4.9)
Net Working Capital	376.8	328.5	48.3	29.6	18.7
Last Twelve Months (LTM) Sales	1,163.0	1,008.4	154.6		
OWC / FY Sales (%)	32.4%	32.6%			

- > **Flat OWC as % of Net Sales at 32.4%**
- > Increase of € 48.3 m mainly due to **FX effects (€18.7 m)** and **perimeter (€21.4 m)**



Capex 2010-2011

(€ million)	FY 2009A	FY 2010A	FY 2011E
Maintenance capex (net of disposals)	13.5	21.2	27.2
Extraordinary capex New Hq's	9.6	-	-
Brazilian new plant	14.8	20.5	-
Glen Grant warehouse (UK)	1.7	1.6	0.8
New Italy based warehouse	9.4	-	-
New distillery Wild Turkey (USA)	5.7	13.8	1.5
Integration of Cinzano production (Argentina)	-	2.6	2.7
Total extraordinary capex	41.3	38.5	5.0
Total investments	54.8	59.7	32.2

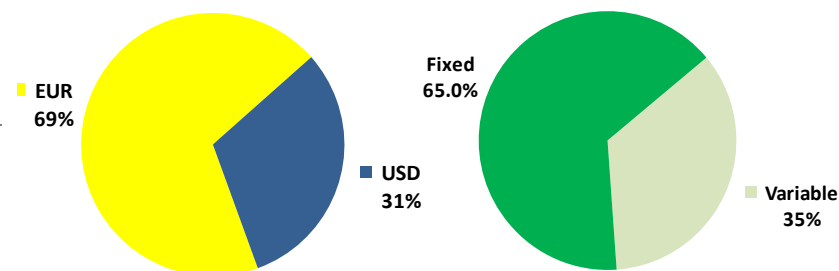
- > Maintenance capex increased to €21.2 m mainly due to Wild Turkey barrels build up and FX effect
- > Extraordinary capex of €38.5 m linked to completion of Brazilian new plant and expansion of Argentinean plant related to the integration of Cinzano production



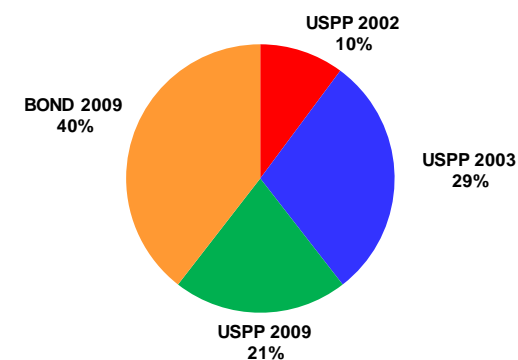
Analysis of net debt and interest charges

€ million	31 December 2010	31 December 2009
Cash and cash equivalents	259.7	129.6
Payables to banks	(38.4)	(17.3)
Real estate lease payables	(3.4)	(3.3)
Private placement and bond issues	(6.2)	(5.8)
Other assets or liabilities	(10.7)	(6.9)
Total short-term cash/(debt)	201.0	96.4
Payables to banks	(0.4)	(0.9)
Real estate lease payables	(4.4)	(6.3)
Private placement and bond issues	(869.0)	(861.8)
Other financial payables	(0.7)	158.7
Total medium to long-term cash/(debt)	(874.5)	(710.3)
Total cash/(debt) on ordinary activities	(673.6)	(613.9)
Liabilities for put option and earn-out payments	(3.4)	(16.9)
Total net cash/(debt)	(677.0)	(630.8)

Analysis of debt by currency and interest rates

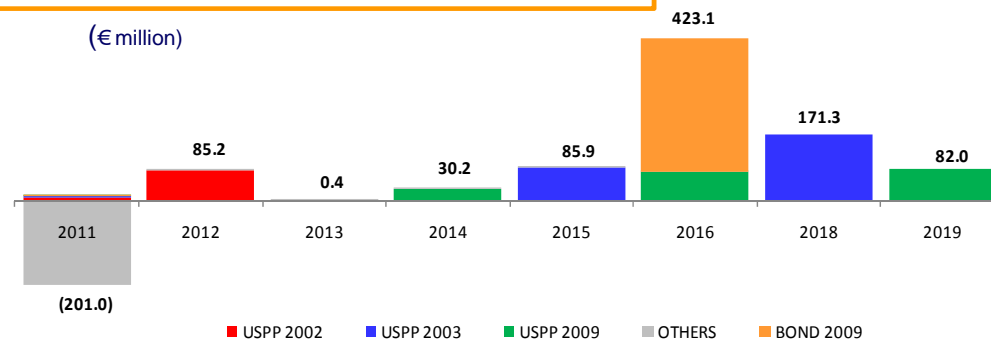


Analysis of debt by class and issue date post bond issue (as % of gross debt)



> **Net debt / EBITDA pro-forma ratio at 2.2X** as of 31 Dec 2010
(2.3X as of 31 Dec 2009)

Debt maturity profile as of 31-Dec 2010 (avg: 7.0 years)



Cumulative	2011	2012	2013	2014	2015	2016	2018	2019
(Cash)/Debt	(201.0)	(115.8)	(115.4)	(85.2)	0.6	423.7	595.0	677.0

Update on business initiatives

Bob Kunze-Concewitz, CEO



Acquired distribution platform in key strategic Russian market

- > On March 1, 2011 Gruppo Campari acquired of a **80% stake** in **Vasco CIS**, a spirits and wines importation and distribution company based in Moscow, for **€6.4 million**. **Put/call option on residual 20% stake** to be exercised in 2012 (estimated value of **€1.8 million**)
- > **Vasco is a well established player in the Russian Federation** and will form the **foundation of the Group's commercial platform**
- > **The transition of the Group's Brands** from the current distributors to **Vasco CIS** will start in July 2011 and will be completed by Jan 2012. In particular:
 - Campari, Old Smuggler, Glen Grant and Aperol on July 1st 2011
 - Cinzano and Mondoro on Jan 1st 2012
 - Odessa and the Group's still wines as soon as possible
- > **Highly strategic market for Campari's portfolio, in particular:**
 - > Cinzano vermouth # 2 player
 - > Mondoro is a leading imported sparkling wine
- > **Following 2011 transition phase, in 2012 weight of Russia is expected to increase from 2% to 4% of Group's Sales**



Conclusion and outlook

Bob Kunze-Concewitz, CEO



Conclusion & outlook

- > Our **performance in 2010 was very positive**, thanks to the **good momentum of key brands** and the **benefits of our strengthened route-to-market**
- > **Favourable business conditions characterising the second half of 2010 are expected to continue in 2011. In terms of risks and opportunities we expect:**

RISKS

- **Competitive pressure in US vodka market**
- **Risk rising input costs** especially in second half of 2011
- **Currency fluctuations**, in particular US dollar
- **Impact of natural catastrophes** on trading in Asia Pacific

OPPORTUNITIES

- **Aperol continued expansion** in both domestic and International markets
- **Positive consumption momentum across key Group brands**
- **Continued positive impetus from stronger A&P and enhanced route-to-market** (in particular Australia)
- **Marketing innovation** hitting markets in Q2-Q3 2011

- > **Overall we are cautiously, though reasonably, optimistic about our full year prospects**



Supplementary schedules

- Schedule - 1 Analysis of FY 2010 net sales growth by segment and region
- Schedule - 2 FY 2010 consolidated income statement
- Schedule - 3 Q4 2010 consolidated income statement
- Schedule - 4 Consolidated balance sheet at 31 December 2010 – Invested capital and financing sources
- Schedule - 5 Consolidated balance sheet at 31 December 2010 – Asset and liabilities
- Schedule - 6 FY 2010 consolidated cash flow
- Schedule - 7 Average exchange rates in FY 2010



Net sales analysis by segment and region

Consolidated net sales by segment

	FY 2010		FY 2009		Change %	of which:		
	€ m	%	€ m	%		organic	forex	external
Spirits	876.4	75.4%	739.6	73.3%	18.5%	9.8%	4.7%	4.0%
Wines	175.0	15.0%	154.9	15.4%	13.0%	9.9%	2.1%	1.0%
Soft drinks	98.5	8.5%	100.3	9.9%	-1.8%	-1.9%	0.1%	0.0%
Other revenues	13.1	1.1%	13.7	1.4%	-3.9%	-4.8%	2.8%	-1.9%
Total	1,163.0	100.0%	1,008.4	100.0%	15.3%	8.4%	3.8%	3.1%

Consolidated net sales by region

	FY 2010		FY 2009		Change %	of which:		
	€ m	%	€ m	%		organic	forex	external
Italy	397.3	34.2%	388.1	38.5%	2.4%	3.3%	0.0%	-0.9%
Rest of Europe	276.7	23.8%	231.6	23.0%	19.5%	16.9%	0.9%	1.7%
Americas (1)	405.3	34.8%	325.3	32.3%	24.6%	9.6%	8.7%	6.3%
RoW & Duty Free	83.7	7.2%	63.5	6.3%	31.7%	3.6%	12.4%	15.7%
Total	1,163.0	100.0%	1,008.4	100.0%	15.3%	8.4%	3.8%	3.1%

(1) Breakdown of Americas

	FY 2010		FY 2009		Change %	of which:		
	€ m	%	€ m	%		organic	forex	external
USA	259.2	63.9%	227.7	70.0%	13.8%	2.1%	4.8%	6.9%
Brazil	97.3	24.0%	65.3	20.1%	49.0%	23.4%	23.0%	2.6%
Other countries	48.8	12.1%	32.2	9.9%	51.5%	34.5%	7.0%	10.0%
Total	405.3	100.0%	325.3	100.0%	24.6%	9.6%	8.7%	6.3%



FY 2010 Consolidated income statement

	FY 2010		FY 2009		Change
	€ m	%	€ m	%	%
Net sales ⁽¹⁾	1,163.0	100.0%	1,008.4	100.0%	15.3%
COGS ⁽²⁾	(496.2)	-42.7%	(435.6)	-43.2%	13.9%
Gross margin	666.8	57.3%	572.8	56.8%	16.4%
Advertising and promotion	(203.2)	-17.5%	(171.6)	-17.0%	18.4%
Contribution after A&P	463.6	39.9%	401.2	39.8%	15.6%
SG&A ⁽³⁾	(190.8)	-16.4%	(161.4)	-16.0%	18.2%
EBIT before one-off's	272.8	23.5%	239.7	23.8%	13.8%
One-off's	(3.3)	-0.3%	(4.1)	-0.4%	
Operating profit = EBIT	269.5	23.2%	235.6	23.4%	14.4%
Net financial income (expenses)	(37.5)	-3.2%	(28.9)	-2.9%	29.9%
One-off's financial expenses	1.9	0.2%	(7.7)	-0.8%	
Income (loss) from associates	(0.6)	-0.1%	(0.8)	-0.1%	
Put option gains (costs)	(0.3)	-0.0%	0.0	0.0%	
Pretax profit	232.9	20.0%	198.3	19.7%	17.5%
Taxes	(76.2)	-6.6%	(60.8)	-6.0%	25.4%
Net profit	156.7	13.5%	137.5	13.6%	14.0%
Minority interests	(0.5)	-0.0%	(0.4)	-0.0%	
Group's net profit	156.2	13.4%	137.1	13.6%	14.0%
<i>Other information:</i>					
Depreciation	(25.8)	-2.2%	(25.4)	-2.5%	1.5%
EBITDA before one-off's	298.6	25.7%	265.1	26.3%	12.6%
EBITDA	295.3	25.4%	261.0	25.9%	13.1%

⁽¹⁾ Net of discounts and excise duties

⁽²⁾ Cost of materials + production costs + logistic costs

⁽³⁾ Selling, general and administrative costs



Q4 2010 Consolidated income statement

	Q4 2010		Q4 2009		Change	
	€ m	%	€ m	%	%	
Net sales ⁽¹⁾	368.1	100.0%	311.9	100.0%	18.0%	
COGS ⁽²⁾	(161.7)	-43.9%	(136.2)	-43.7%	18.7%	
Gross margin	206.4	56.1%	175.7	56.3%	17.5%	
Advertising and promotion	(67.5)	-18.3%	(53.3)	-17.1%	26.7%	
Contribution after A&P	139.0	37.8%	122.4	39.2%	13.5%	
SG&A ⁽³⁾	(52.6)	-14.3%	(42.1)	-13.5%	24.8%	
EBIT before one-off's	86.4	23.5%	80.3	25.7%	7.6%	
One-off's	(0.2)	-0.1%	(2.2)	-0.7%		
Operating profit = EBIT	86.2	23.4%	78.1	25.1%	10.3%	
Net financial income (expenses)	(11.3)	-3.1%	(11.1)	-3.6%	1.5%	
One-off's financial expenses	1.9	0.5%	(2.6)	-0.8%		
Income from associates	(0.4)	-0.1%	(0.3)	-0.1%		
Put option costs	(0.1)	0.0%	0.1	0.0%		
Pretax profit	76.3	20.7%	64.2	20.6%	18.8%	
Minority interests	(0.1)	0.0%	(0.1)	0.0%		
Group's pre-tax profit	76.2	20.7%	64.2	20.6%	18.8%	
<i>Other information:</i>						
Depreciation	(6.9)	-1.9%	(7.0)	-2.3%	-2.2%	
EBITDA before one-off's	93.3	25.3%	87.4	28.0%	6.8%	
EBITDA	93.1	25.3%	85.2	27.3%	9.3%	

⁽¹⁾ Net of discounts and excise duties

⁽²⁾ Cost of materials + production costs + logistic costs

⁽³⁾ Selling, general and administrative costs



Consolidated balance sheet

Invested capital and financing sources

(€ million)	31 December 2010	31 December 2009	Change
Inventories	294.9	271.4	23.5
Trade receivables	269.4	236.2	33.2
Trade payables	(187.4)	(179.1)	(8.3)
Operating working capital	376.8	328.5	48.3
Tax credits	15.2	9.5	5.7
Other receivables and current assets	11.7	14.8	(3.1)
Other current assets	26.9	24.3	2.6
Payables for taxes	(73.3)	(75.8)	2.5
Other current liabilities	(52.2)	(42.7)	(9.5)
Other current liabilities	(125.4)	(118.5)	(6.9)
Staff severance fund and other personnel-related funds	(9.8)	(9.8)	0.0
Deferred tax liabilities	(114.0)	(87.9)	(26.1)
Deferred tax assets	8.4	28.1	(19.7)
Other non-current assets	3.1	2.8	0.3
Other non-current liabilities	(19.6)	(10.7)	(8.9)
Other net assets/liabilities	(131.9)	(77.4)	(54.5)
Net tangible fixed assets	344.3	303.2	41.1
Intangible assets, including goodwill & trademarks	1,427.9	1,204.8	223.1
Non-current assets intended for sale	11.2	11.1	0.1
Equity investments	0.0	0.7	(0.7)
Total fixed assets	1,783.5	1,519.8	263.7
Invested Capital	1,929.9	1,676.8	253.1
Shareholders' equity	1,249.9	1,043.5	206.4
Minority interests	3.0	2.5	0.5
Net financial position	677.0	630.8	46.2
Financing sources	1,929.9	1,676.8	253.1



Consolidated balance sheet (1 of 2)

Assets

(€ million)	31 December 2010	31 December 2009	Change
ASSETS			
Non-current assets			
Net tangible fixed assets	325.7	284.0	41.7
Biological assets	18.1	18.5	(0.4)
Investment property	0.6	0.7	(0.1)
Goodwill and trademarks	1,409.1	1,199.4	209.7
Intangible assets with a finite life	18.8	5.5	13.3
Investment in affiliated companies and joint ventures	0.0	0.7	(0.7)
Deferred tax assets	8.4	7.7	0.7
Other non-current assets	6.7	162.3	(155.6)
Total non-current assets	1,787.4	1,678.6	108.8
Current assets			
Inventories	294.9	271.4	23.5
Trade receivables	269.4	236.2	33.2
Financial receivables	1.6	6.7	(5.1)
Cash and cash equivalents	259.7	129.6	130.1
Receivables for income taxes	5.8	4.9	0.9
Other receivables	21.1	19.5	1.6
Total current assets	852.5	668.2	184.3
Non-current assets held for sale	11.2	11.1	0.1
Total assets	2,651.1	2,358.0	293.1



Consolidated balance sheet (2 of 2)

Liabilities

(€ million)	31 December 2010	31 December 2009	Change
Shareholders' equity			
Share capital	58.1	29.0	29.1
Reserves	1,191.8	1,014.4	177.4
Group's shareholders' equity	1,249.9	1,043.5	206.4
Minority interests	3.0	2.5	0.5
Total shareholders' equity	1,252.9	1,046.0	206.9
LIABILITIES			
Non-current liabilities			
Bonds	846.3	806.4	39.9
Other non-current financial liabilities	34.3	77.7	(43.4)
Staff severance fund and other personnel-related	9.8	9.8	(0.0)
Provisions for risks and future liabilities	19.6	10.7	8.9
Deferred tax	114.0	67.4	46.6
Total non-current liabilities	1,024.0	972.1	51.9
Current liabilities			
Short term debt banks	38.4	17.3	21.1
Other financial liabilities	22.9	25.1	(2.2)
Payables to suppliers	187.4	179.1	8.3
Payables for taxes	28.7	33.7	(5.0)
Other current liabilities	96.8	84.8	12.0
Total current liabilities	374.2	339.9	34.3
Total liabilities and stockholders' equity	2,651.1	2,358.0	293.1



Consolidated cash flow (1 of 2)

€ million	31 December 2010	31 December 2009
<i>Cash flow generated by operating activities</i>		
Ebit	269.5	235.6
Non-cash items		
Depreciation	25.8	25.4
Gains on sale of fixed assets	(0.2)	0.0
Write-off of tangible fixed assets	0.5	0.5
Provisions	5.8	5.3
Use of provisions	(3.6)	(6.0)
Other non cash items	6.9	(1.0)
Net change in Operating Working Capital	(29.6)	46.5
Changes in tax payables and receivables and other non financial	5.5	8.2
Taxes on income paid	(50.0)	(43.0)
	230.6	271.4
<i>Net cash flow generated (used) by investing activities</i>		
Acquisition of tangible and intangible fixed assets	(65.7)	(62.9)
Capital grants received on fixed assets investments	1.6	1.8
Capitalized borrowing costs	(1.0)	(0.1)
Income from disposals of tangible fixed assets	4.6	3.5
Payments on account for new headquarters	0.8	3.0
Purchase of trademarks	(12.6)	(1.6)
Purchase of companies or holdings in subsidiaries	(137.0)	(439.5)
Debt take on as per acquisition	0.0	1.6
Interests received	5.4	6.2
Change in marketable securities	164.7	(155.2)
Dividends received	0.0	0.1
Other changes	0.1	(0.9)
	(39.1)	(644.2)



Consolidated cash flow (2 of 2)

€ million	31 December 2010	31 December 2009
Cash flow generated (used) by financing activities		
Private placement Redfire (issue)	0.0	171.6
Eurobond DCM (issue)	0.0	345.2
Revolving facility loan	0.0	421.9
Repayment of medium-/long -term financing	0.0	0.4
Repayment of private placement	(6.2)	(8.6)
Repayment of revolving facility loan	0.0	(421.9)
Repayment of other medium-/long -term financing	(3.9)	(4.6)
Net change in short-term bank debt	21.3	(90.8)
Interests paid	(44.3)	(38.5)
Change in other financial payables and receivables	0.1	(1.1)
Own shares purchase and sale	1.7	(6.4)
Dividends paid to minorities	(0.3)	0.0
Dividend paid by Group	(34.6)	(31.7)
	(66.2)	335.5
Exchange rate effects and other equity movements		
Exchange rate effects on Operating Working Capital	(18.7)	(10.9)
Other exchange rate effects and other movements	23.6	5.2
	4.9	(5.7)
Net increase (decrease) in cash and banks	130.2	(42.9)
Net cash position at the beginning of period	129.6	172.6
Net cash position at the end of period	259.7	129.6



Exchange rates effects

	Average exchange rate			Period end exchange rate		
	1 Jan - 31 Dec 2010	1 Jan - 31 Dec 2009	% change FY 2010 vs FY 2009	31 Dec 2010	31 Dec 2009	% change 31 Dec 2010 vs 31 Dec
US dollar : 1 Euro	1.327	1.393	5.0%	1.336	1.441	7.8%
Brazilian Real : 1 Euro	2.334	2.771	18.7%	2.218	2.511	13.2%
Australian Dollar : 1 Euro	1.444	1.775	22.9%	1.314	1.601	21.9%
Argentine Peso : 1 Euro	5.188	5.202	0.3%	5.310	5.462	2.9%
Pound Sterling : 1 Euro	0.858	0.891	3.8%	0.861	0.888	3.2%
Swiss Franc : 1 Euro	1.382	1.510	9.2%	1.250	1.484	18.7%
Mexican Peso : 1 Euro	16.753	18.784	12.1%	16.55	18.922	14.4%
Chinese Yuan : 1 Euro	8.981	9.517	6.0%	8.822	9.835	11.5%





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