2011 First Quarter Results

Presentation to Analysts and Investors

12 May 2011

Results highlights

Bob Kunze-Concewitz, CEO

2011 First Quarter Results - Highlights

	1Q 2011 € million	Published change	Organic change	FX effects	Perimeter change
Net sales	**268.4**	*14.9%*	*10.5%*	*1.9%*	*2.5%*
Contribution after A&P	**109.2**	*16.5%*	*10.6%*	*2.0%*	*3.9%*
EBITDA pre one-off's[1]	**69.4**	*17.4%*	*11.5%*	*1.6%*	*4.4%*
EBIT pre one-off's[1]	**61.6**	*17.9%*	*11.4%*	*1.5%*	*4.9%*
Group net profit	**50.5**	*16.6%*			

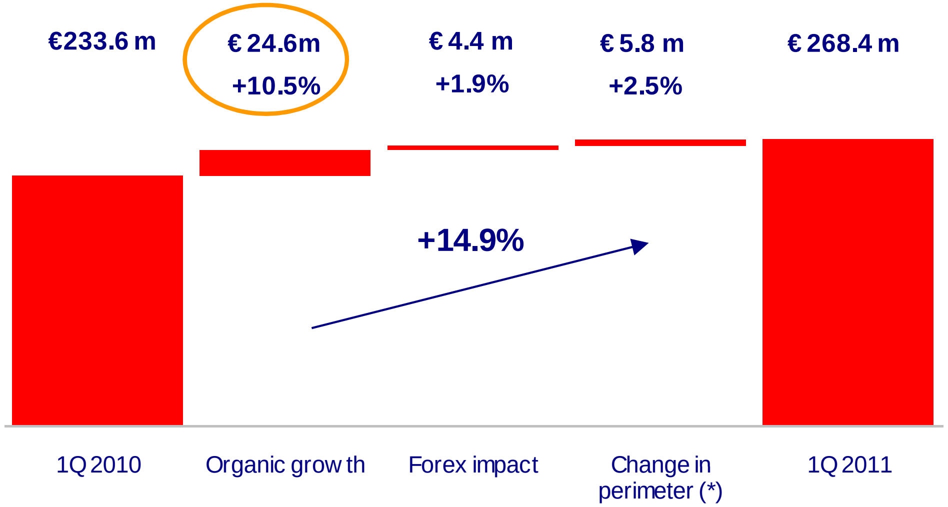
[1] One-off's of (€ 0.8) m in 1Q 2011 vs. (€ 0.5) m in 1Q 2010

- **A good start to the year** with **strong growth** across **all key indicators** despite tough comparison base and a late Easter
- **Organic performance:**
  - **sales change of +10.5% in 1Q 2011** (+14.5% in Q1 2010) driven by top spirits brands, Cinzano and a normalised trend in Australian market following transition to direct distribution
  - improvement in **CAAP** and **EBIT margins on net sales** notwithstanding increased A&P spending
- **Perimeter change:**
  - **accretive effect** of former C&C brands: growth in **EBIT pre one-off's (+4.9%)** higher than **net sales (+2.5%)**
- **Positive exchange rate effects** in Q1 2011
- **A&P spend up +17.7%** (17.5% of net sales vs. 17.1% in Q1 2010)
- **Net debt reduced to € 618.7** (from € 677.0 on 31 Dec 2010), thanks **to good generation of cash and positive exchange rate effects**

Sales review

Bob Kunze-Concewitz, CEO

2011 First Quarter Net Sales - Growth drivers



(*) Breakdown of change in perimeter

	€ m
Acquisitions [(1)]	**6.6**
Agency brands, net [(2)]	**(0.8)**
Total external growth	**5.8**

(1) Former C&C brands (Frangelico, Carolans and Irish Mist) for € 6.6 m (Jan-Mar 2011)

(2) New agency brands for € 2.0 million offset by termination of Tullamore Dew and co-packing € (2.8 m)

> **Strong organic performance** in 1Q 2011 **(+10.5%),** driven by strong momentum across key spirits brands, Cinzano and others sparkling wines brands

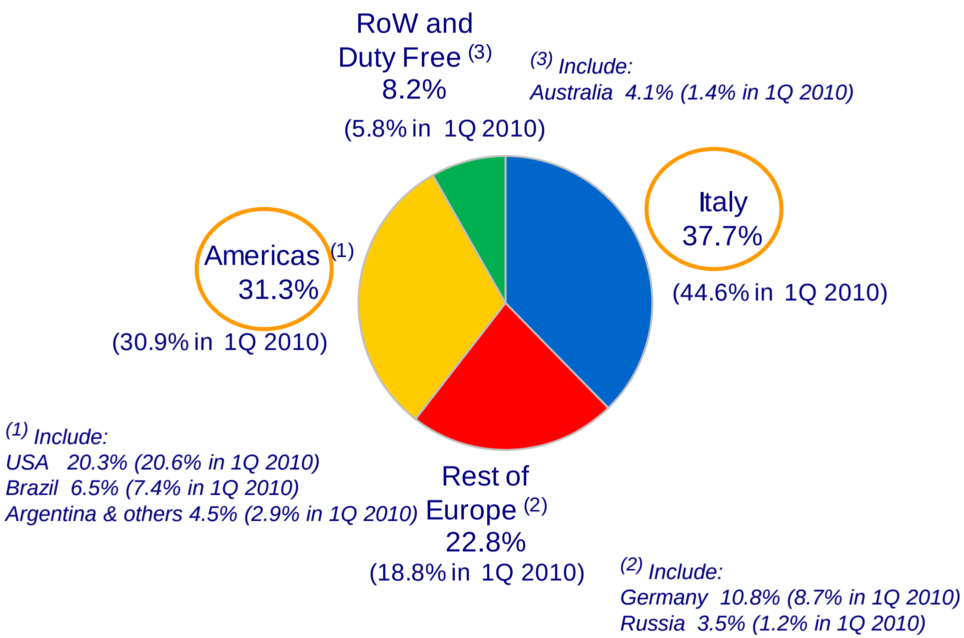
> **Forex impact of +1.9%** mainly due to the **appreciation of BRL** (+9.5%) and, to a lesser extent, **USD** (+1.3%) average rate

> **Positive perimeter effect of +2.5%** driven by acquisitions, mainly **former C&C brands** (Frangelico, Carolans and Irish Mist), consolidated as of October 2010

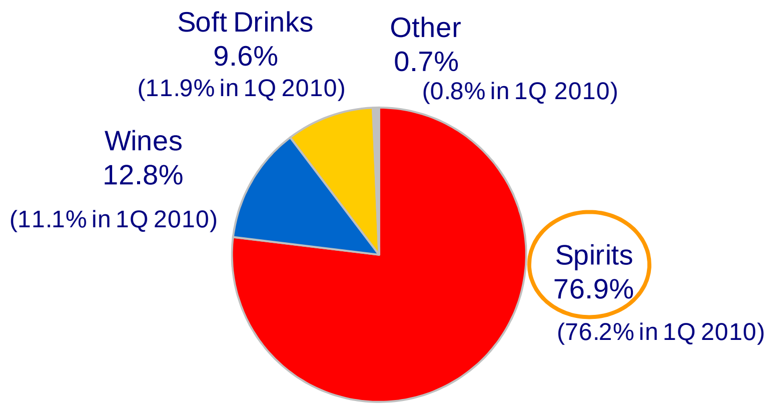
2011 First Quarter Net Sales breakdown

1Q 2011 Net Sales: € 268.4 m

Breakdown by region

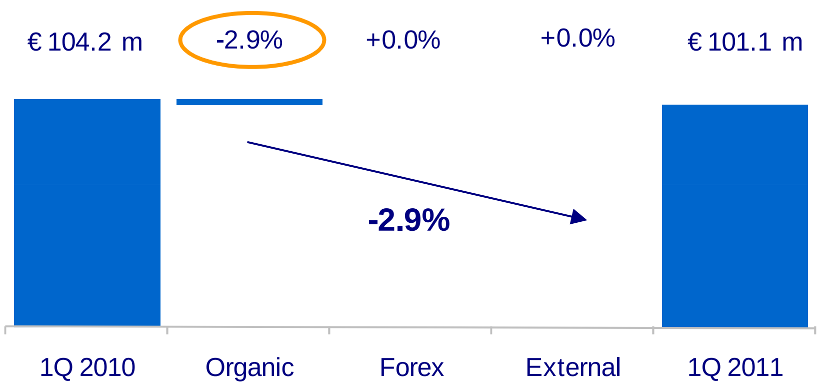


Breakdown by segment



2011 First Quarter Net Sales - analysis by region

Italy



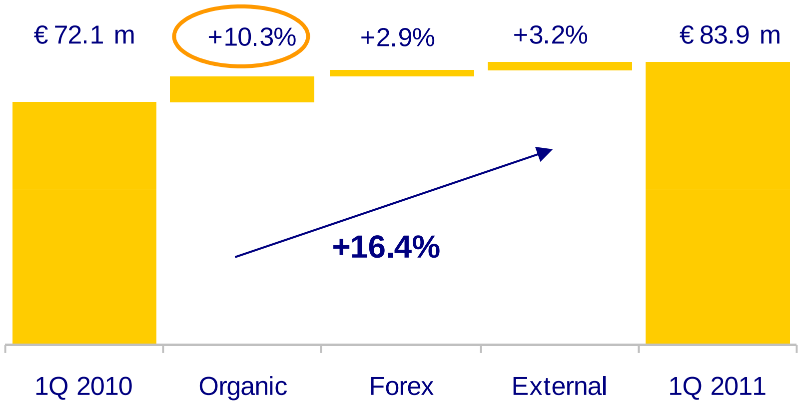
- Continued positive performances by **Aperol** and **Campari driven by positive aperitifs momentum**
- **Late Easter** and consequent different phasing of marketing activities impacted **Campari Soda, Crodino**, **GlenGrant** and **sparkling wines**

Rest of Europe

- **Outstanding organic growth** driven by **Germany (+42.1%)**, thanks to solid growth mainly across aperitifs, and **Russia (+170.8%)**, thanks to positive consumption trend and anticipation of sales ahead of distribution licenses renewal
- **Positive growth** achieved also in **Switzerland**, **Austria** and **Spain**
- **Change in perimeter** attributable to **former C&C brands** and agency brands in Russia
- **Forex**: positive effect driven by CHF

2011 First Quarter Net Sales - analysis by region (cont'd)

Americas

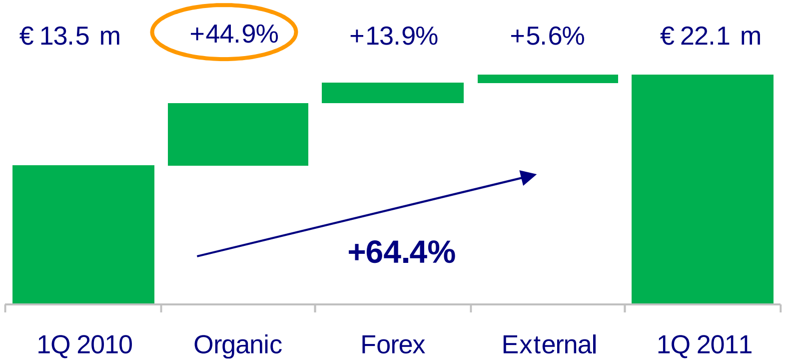


> **Positive organic growth** driven by:
- **US** organic trend (+9.5%) driven by SKYY and Wild Turkey, following good December consumption and depletions
- **Brazil** (-8.7%): low season quarter was negatively affected by tough comparison base in Q1 2010 (+335.8%)
- **Other Americas** (+65.5%) mainly driven by Argentina, thanks to good performance of all Group's brands and positive effect of Cinzano distribution rights

> **Positive change in perimeter** due to the acquisition of former C&C brands (USA and Canada)

> **Forex**: positive effect driven by the appreciation of the BRL and to a lesser extent the USD

RoW and DF



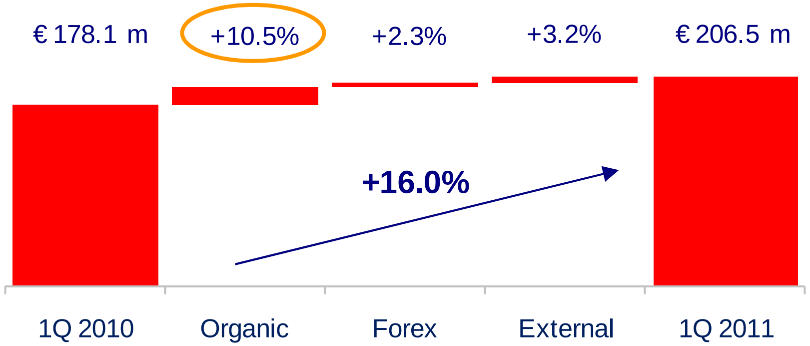
> Excellent organic growth across the portfolio, mainly thanks to **Australia,** due to good consumption pattern as well as a **return to normalised trend in sales** following transition to direct distribution, and a **favourable comparison base** in Q1 2010 (-7.6%)

> Positive impact of perimeter attributable to former C&C brands

> **Forex**: positive effect driven by the AUD

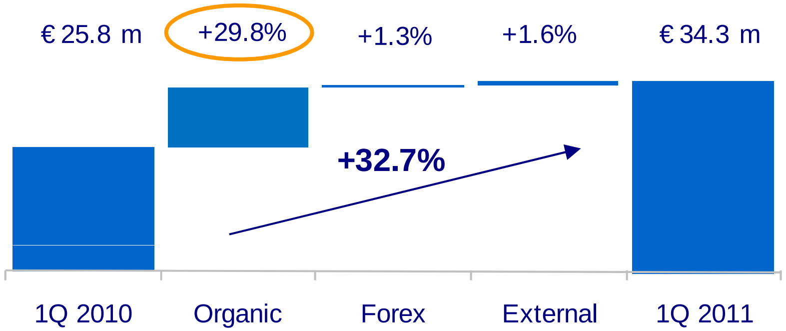
2011 First Quarter Net Sales - analysis by segment

Spirits



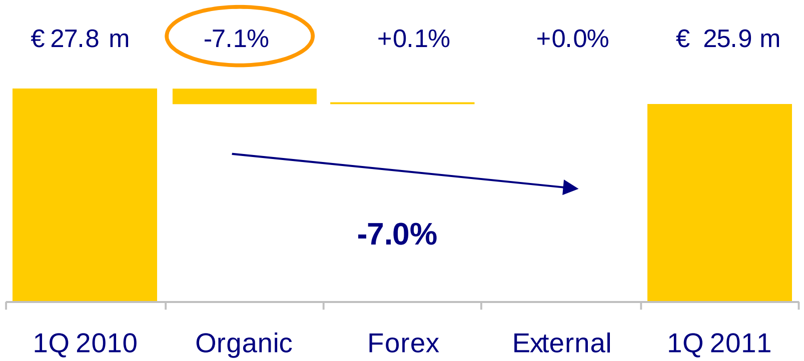
- **Strong organic sales growth** driven by Aperol, Wild Turkey, SKYY and Campari
- **External growth** due to the former C&C brands acquisition

Wines



- **Strong organic growth** driven by **Cinzano vermouths** (Russia and Argentina), **Cinzano sparkling wines** and **Mondoro** in Russia, and **Riccadonna** in Australia, in part offset by slow start of still wines
- **External growth** due to new agency brands in Italian still wine markets

Soft drinks



- Negative variation driven by **Crodino**, mainly due to different phasing of Easter and consequent marketing activities in key Italian market

Review of top brands - Spirits

Spirits	Net Sales as % of Group 1Q 2011	% change in sales value 1Q 2011 / 1Q 2010 Organic change	Total change	
CAMPARI	*12%*	*+3.5%*	*+ 5.4%*	> Strong results driven by positive performances in Germany and Italy, in part offset by Brazil due to tough comp base. Positive progression in high potential Argentine market
SKYY VODKA	*11%*	*+8.4%*	*+ 10.3%*	> Following good holiday season performance continued positive results driven by SKYY Infusions and core vodka in US (Infusions outperformance) and increased momentum in key int'l markets (notably Brazil, Italy and Germany)
APEROL	*10%*	*+57.1%*	*+ 57.5%*	> Continued outstanding growth led by strong performances in core Italian market (now below 60% of sales) as well as development in int'l markets (notably Germany and Austria) supported by sustained A&P investments
WILD TURKEY	*8%*	*+43.1%*	*+ 52.3%*	> Good performance across WT franchise. Growth driven by WT core brand in key US (+5.6%), Australian and Japanese markets, WT RTD in Australia and New Zealand, American Honey (+30%) in USA and Australia
CAMPARISODA	*7%*	*- 6.2%*	*- 6.1%*	> Sales decline, worse than sell out trend, as a consequence of late Easter and different phasing of marketing activities in key Italian market where the brand maintain leadership

Review of top brands - Spirits

Spirits	Net Sales as % of Group 1Q 2011	% change in sales value 1Q 2011 / 1Q 2010 Organic change	Total change	
Frangelico liqueur, Carolans Irish Cream, Irish Mist **Former C&C brands**	*4%*	*+ 0.0%*	- -	> Overall sales of € 10.9 million in Q1 2011 (vs. € 6.0 million in Q1 2010). Flat organic shipments performance. Positive depletion trends with good progression of Frangelico
Dreher, Drury's, Old Eight **Brazilian brands**	*4%*	*-15.7%*	*- 7.7%*	> Tough comparison base (Q1 2010: +534.7%)
GlenGrant Single Malt	*1%*	*-6.8%*	*-6.2%*	> Sales decrease in a low season quarter in its key markets mainly attributable to late Easter
Cabo Wabo Tequila, Espolón **Tequilas**	*1%*	*+27.8%*	*+ 29.9%*	> Good progression of recently re-launched Espolón

Review of top brands – Wines and Soft Drinks

	Net Sales as % of Group 1Q 2011	% change in sales value 1Q 2011 / 1Q 2010: Organic change	Total change	
Wines				
CINZANO Vermouths	4%	+114.5%	+ 115.1%	> Outstanding performance in Russia and Argentina. In Russia positive rebound, thanks to positive consumption trend and anticipation of sales ahead of distribution licenses renewal. In addition, positive effect of Argentina
CINZANO Sparkling wines	4%	+3.6%	+ 4.2%	> Growth driven by a positive performance in Russia, which offset a slight decline in Germany and Italy, the latter negatively affected by late Easter in 2011
RICCADONNA, MONDORO, ОДЕССА Other sparkling wines	2%	+45.6%	+ 51.4%	> Strong performance thanks to Riccadonna return to normalised sales trend in key Australian market following transition to direct distribution platform and strong sales of Mondoro, in part offset by soft performance of Odessa
SELLA&MOSCA, ENRICO SERAFINO, Teruzzi&Puthod Still wines	2%	- 8.7%	- 1.6%	> Slow start in a small quarter
Soft drinks				
CRODINO	7%	- 9.0%	- 8.9%	> Negative variation mainly due to different phasing of Easter and consequent marketing activities in key Italian market

1Q 2011 consolidated results

Paolo Marchesini, CFO

Consolidated CAAP

(€ million)	1Q 2011		1Q 2010		Change at actual forex	Organic growth	FX	Perimeter
Net sales	**268.4**	***100.0%***	**233.6**	***100.0%***	***14.9%***	***10.5%***	***1.9%***	***2.5%***
COGS [1]	(112.3)	*-41.8%*	(100.0)	*-42.8%*	*12.4%*			
Gross margin	**156.1**	***58.2%***	**133.6**	***57.2%***	***16.8%***			
Advertising and promotion	(46.9)	*-17.5%*	(39.9)	*-17.1%*	*17.7%*			
Contribution after A&P	**109.2**	***40.7%***	**93.7**	***40.1%***	***16.5%***	***10.6%***	***2.0%***	***3.9%***

[1] COGS= cost of materials, production and logistics expenses

> Increase in **gross margin** on sales by 100 bps, due to:

- In **existing business**, margin improvement of **+30 bps**:
  - **COGS** positively impacted by **favourable sales mix** (particularly Aperol and Wild Turkey) in part offset by increased logistics costs (Australia)
- In **perimeter**, accretive effect by former C&C brands of **+70 bps**

> **A&P spend (17.5% on net sales)** up by +17.7% vs. 1Q 2010 due to announced strengthening of brand building activities

> **Contribution after A&P up by 16.5%** due to:

- organic growth of +10.6%
- perimeter effect of +3.9%
- exchange rate effect of 2.0%

GRUPPO CAMPARI

Consolidated EBIT

(€ million)	1Q 2011		1Q 2010		Change at actual forex	Organic growth	FX	Perimeter
Contribution after A&P	**109.2**	***40.7%***	**93.7**	***40.1%***	***16.5%***	***10.6%***	***2.0%***	***3.9%***
SG&A [1]	(47.6)	*-17.7%*	(41.5)	*-17.8%*	*14.7%*			
EBIT before one-off's	**61.6**	***23.0%***	**52.3**	***22.4%***	***17.9%***	***11.4%***	***1.5%***	***4.9%***
One-off's	(0.8)	*-0.3%*	(0.5)	*-0.2%*	-			
Operating profit = EBIT	**60.8**	***22.6%***	**51.8**	***22.2%***	***17.4%***	***11.0%***	***1.4%***	***5.0%***
Other information:								
Depreciation	(7.7)	*-2.9%*	(6.8)	*-2.9%*	*14.0%*			
EBITDA before one-off's	**69.4**	***25.8%***	**59.1**	***25.3%***	***17.4%***	***11.5%***	***1.6%***	***4.4%***
EBITDA	**68.5**	**25.5%**	**58.6**	**25.1%**	**17.0%**	***11.1%***	***1.5%***	***4.4%***

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

> Increase in **SG&A** by **+14.7% driven by:**

- organic growth of +9.6% (vs. organic sales increase of +10.5%), mainly impacted by strengthened route-to-market as well as variable selling expenses
- perimeter impact of +2.6%, due to new newly created platform in Australia (started operations in Q2 2010)
- FX effect of +2.5%

> **Negative one off's** of **€ 0.8 m** related to restructuring expenses

> Increased **EBITDA** and **EBIT** margin by 40 bps as % of net sales

> **EBITDA** and **EBIT** up **11.1%** and **11.0%** respectively, primarily driven by strong growth in existing business (higher than sales organic growth) and, to a lesser extent, to both perimeter and FX

Consolidated Group's pretax profit

(€ million)	1Q 2011		1Q 2010		Change at actual forex
Operating profit = EBIT	**60.8**	**22.6%**	**51.8**	**22.2%**	**17.4%**
Net financial income (expenses)	(10.3)	*-3.8%*	(8.3)	*-3.6%*	*23.5%*
Income from associates	0.1	*0.0%*	(0.0)	*0.0%*	
Put option costs	0.0	*0.0%*	(0.1)	*0.0%*	
Pretax profit	**50.6**	**18.8%**	**43.4**	**18.6%**	**16.6%**
Minority interests	(0.1)	*0.0%*	(0.1)	*0.0%*	
Group's pretax profit	**50.5**	**18.8%**	**43.3**	**18.5%**	**16.6%**

- Increase in **Net financial expenses** due to **higher average net financial debt** (€ 647.9 m in 1Q 2011 vs. € 612.5 m in 1Q 2010) as a result of 2010 acquisitions
- Average cost of debt at 6.3%, due to increased negative carry on excess cash and higher interest rates in the Eurozone
- **Group pre-tax profit up 16.6%** (at 18.8% of net sales from 18.5%)

Net Working Capital

(€ million)	31 March 2011	31 Dec 2010	Change	31 March 2010	Change
Receivables	237.1	269.4	(32.3)	192.5	44.6
Inventories	305.8	294.9	10.9	289.2	16.6
Payables	(178.6)	(187.4)	8.8	(175.9)	(2.8)
Net Working Capital	**364.3**	**376.8**	**(12.5)**	**305.8**	**58.4**
Last Twelve Months (LTM) Sales	1,197.9	1,163.0	34.9	1,051.9	146.0
NWC / LTM Sales (%)	***30.4%***	***32.4%***		***29.1%***	

> **NWC** as of **31 March 2011 decreased by € 12.5 m vs. 31 December 2010 (down from 32.4% to 30.4%)**:

- Organic decrease of € 2.8 million, affected by seasonal trends (decrease in receivables and increase in inventory plus payables)
- Favourable exchange rate effect of € 13.6 million (USD and BRL)
- Unfavourable perimeter effect of € -3.9 million due to newly acquired Russian distribution company

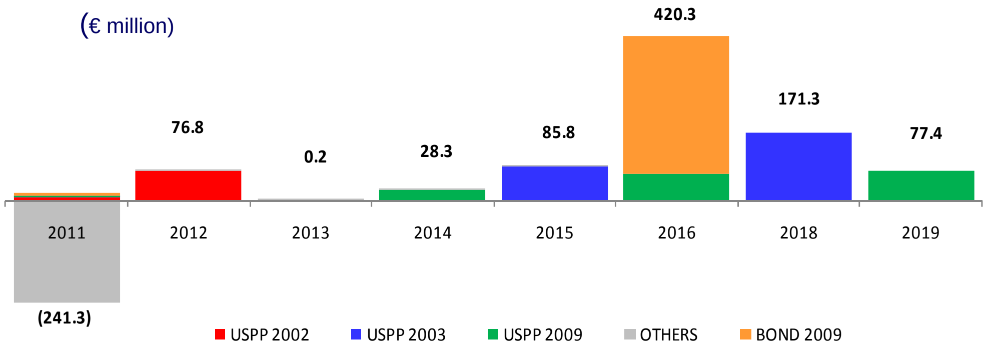
> **NWC as of 31 March 2011 higher than 31 March 2010 as % of net sales (30.4% vs. 29.1%)** due to build up of receivables and inventory in Q1 2011 following the establishment of new distribution platform in Australia

Analysis of debt structure

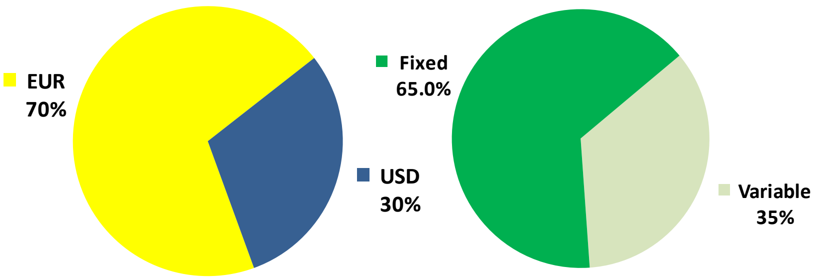
€ million	31 March 2011	31 December 2010
Cash and cash equivalents	255.4	259.7
Payables to banks	(25.2)	(38.4)
Real estate lease payables	(3.6)	(3.4)
Private placement and bond issues	(5.9)	(6.2)
Other assets or liabilities	20.7	(10.7)
Total short-term cash/(debt)	**241.3**	**201.0**
Payables to banks	(0.4)	(0.4)
Real estate lease payables	(3.2)	(4.4)
Private placement and bond issues	(850.7)	(869.0)
Other financial payables	(0.5)	(0.7)
Total medium to long-term cash/(debt)	**(854.8)**	**(874.5)**
Total cash/(debt) on ordinary activities	**(613.5)**	**(673.6)**
Liabilities for put option and earn-out payments	(5.2)	(3.4)
Total net cash/(debt)	**(618.7)**	**(677.0)**

> **Net debt / EBITDA pro-forma ratio at 2.0X** as of 31 March 2011 (2.2X as of 31 Dec 2010)

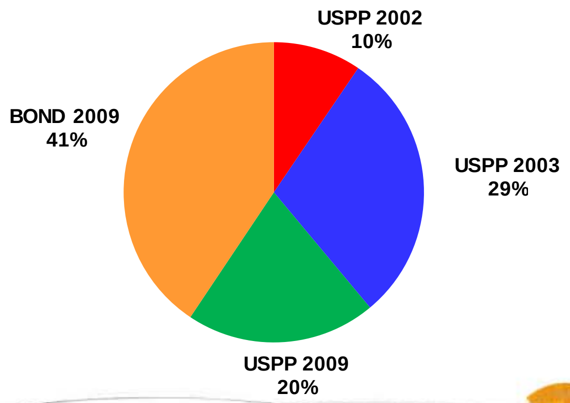
Debt maturity profile as of 31 Mar 2011 (avg: 6.6 years)



Analysis of debt by currency and interest rates



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



Update on business initiatives

Bob Kunze-Concewitz, CEO

New business initiatives

> **Wild Turkey relaunch:**

Before

After

> **Aperol new packaging:**

Before

After

New business initiatives

> **New line extensions :**

- SKYY Infusions Blood Orange and Dragon Fruit
- Aperol Spritz
- Dreher Cremoso

SKYY Infusions Blood Orange and Dragon Fruit

Aperol Spritz

Dreher Cremoso

Conclusion and outlook

Bob Kunze-Concewitz, CEO

Conclusion & outlook

> **Strong overall results in a small quarter:**
>
> - **Headwind from challenging comp. base and late Easter, tailwind from strengthened route-to-market and anticipation of shipments to Russia ahead of import licence renewal**

> **Looking forward:**
>
> - **Key growth engines (aperitifs in Europe and South America, vodka in the Americas, and the bourbon range in US & Australia) proceeding in line with expectations**
> - **Two operationally intense quarters (innovation, aperitifs peak seasonality) with high A&P investments ahead of us**

Balanced risks and opportunities, we remain optimistic about our full year prospects

Supplementary schedules

Schedule - 1	Analysis of 1Q 2011 net sales growth by segment and region
Schedule - 2	1Q 2011 consolidated income statement
Schedule – 3	Exchange rates effects

Supplementary schedule - 1

Net sales analysis by segment and region

Consolidated net sales by segment

	1Q 2011		1Q 2010		Change	of which:		
	€ m	%	€ m	%	%	*organic*	*forex*	*external*
Spirits	206.5	76.9%	178.1	76.2%	**16.0%**	*10.5%*	*2.3%*	*3.2%*
Wines	34.3	12.8%	25.8	11.1%	**32.7%**	*29.8%*	*2.1%*	*1.6%*
Soft drinks	25.9	9.6%	27.8	11.9%	**-7.0%**	*-7.1%*	*0.1%*	*0.0%*
Other revenues	1.7	0.7%	1.9	0.8%	**-2.4%**	*11.2%*	*2.3%*	*-16.1%*
Total	**268.4**	**100.0%**	**233.6**	**100.0%**	**14.9%**	***10.5%***	***1.9%***	***2.5%***

Consolidated net sales by region

	1Q 2011		1Q 2010		Change	of which:		
	€ m	%	€ m	%	%	*organic*	*forex*	*external*
Italy	101.1	37.7%	104.2	44.6%	**-2.9%**	*-2.9%*	*0.0%*	*0.0%*
Rest of Europe	61.3	22.8%	43.9	18.8%	**39.7%**	*32.2%*	*1.2%*	*6.3%*
Americas (1)	83.9	31.3%	72.1	30.9%	**16.4%**	*10.3%*	*2.9%*	*3.2%*
RoW & Duty Free	22.1	8.2%	13.5	5.8%	**64.4%**	*44.9%*	*13.9%*	*5.6%*
Total	**268.4**	**100.0%**	**233.6**	**100.0%**	**14.9%**	***10.5%***	***1.9%***	***2.5%***

(1) Breakdown of Americas

	1Q 2011		1Q 2010		Change	of which:		
	€ m	%	€ m	%	%	*organic*	*forex*	*external*
USA	54.4	64.8%	48.0	66.6%	**13.3%**	*9.5%*	*1.3%*	*2.5%*
Brazil	17.5	20.9%	17.3	24.1%	**1.0%**	*-8.7%*	*8.5%*	*1.2%*
Other countries	12.0	14.3%	6.7	9.3%	**78.7%**	*65.5%*	*-0.1%*	*13.3%*
Total	**83.9**	**100.0%**	**72.1**	**100.0%**	**16.4%**	**10.3%**	**2.9%**	**3.2%**

1Q 2011 Consolidated income statement

	1Q 2011		1Q 2010		Change
	€ m	%	€ m	%	%
Net sales [1]	**268.4**	**100.0%**	**233.6**	**100.0%**	**14.9%**
COGS [2]	(112.3)	-41.8%	(100.0)	-42.8%	12.4%
Gross margin	**156.1**	**58.2%**	**133.6**	**57.2%**	**16.8%**
Advertising and promotion	(46.9)	-17.5%	(39.9)	-17.1%	17.7%
Contribution after A&P	**109.2**	**40.7%**	**93.7**	**40.1%**	**16.5%**
SG&A [3]	(47.6)	-17.7%	(41.5)	-17.8%	14.7%
EBIT before one-off's	**61.6**	**23.0%**	**52.3**	**22.4%**	**17.9%**
One-off's	(0.8)	-0.3%	(0.5)	-0.2%	
Operating profit = EBIT	**60.8**	**22.6%**	**51.8**	**22.2%**	**17.4%**
Net financial income (expenses)	(10.3)	-3.8%	(8.3)	-3.6%	23.5%
Income from associates	0.1	0.0%	(0.0)	0.0%	
Put option costs	0.0	0.0%	(0.1)	0.0%	
Pretax profit	**50.6**	**18.8%**	**43.4**	**18.6%**	**16.6%**
Minority interests	(0.1)	0.0%	(0.1)	0.0%	
Group's pre-tax profit	**50.5**	**18.8%**	**43.3**	**18.5%**	**16.6%**
Other information:					
Depreciation	(7.7)	-2.9%	(6.8)	-2.9%	14.0%
EBITDA before one-off's	**69.4**	**25.8%**	**59.1**	**25.3%**	**17.4%**
EBITDA	**68.5**	**25.5%**	**58.6**	**25.1%**	**17.0%**

(1) Net of discounts and excise duties

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

(3) Selling, general and administrative costs

Supplementary schedule - 4

Exchange rates effects

Average exchange rate	1 Jan - 31 March 2011	1 Jan - 31 March 2010	% change 1Q 2011 vs 1Q 2010	1 Jan - 31 Dec 2010	% change 1Q 2011 vs FY 2010
US dollar : 1 Euro	1.367	1.384	1.3%	1.327	-2.9%
Brazilian Real : 1 Euro	2.279	2.495	9.5%	2.334	2.4%
Australian Dollar : 1 Euro	1.360	1.531	12.6%	1.444	6.1%
Argentine Peso : 1 Euro	5.485	5.312	-3.2%	5.188	-5.4%
Pound Sterling : 1 Euro	0.853	0.887	3.9%	0.858	0.6%
Swiss Franc : 1 Euro	1.287	1.464	13.7%	1.382	7.4%
Mexican Peso : 1 Euro	16.491	17.685	7.2%	16.753	1.6%
Chinese Yuan : 1 Euro	8.997	9.451	5.0%	8.981	-0.2%

Period end exchange rate	31 March 2011	31 March 2010	% change 31 March 2011 vs 31 March 2010	31 Dec 2010	% change 31 March 2011 vs 31 Dec 2010
US dollar : 1 Euro	1.421	1.348	-5.1%	1.336	-6.0%
Brazilian Real : 1 Euro	2.306	2.404	4.3%	2.218	-3.8%
Australian Dollar : 1 Euro	1.374	1.474	7.3%	1.314	-4.4%
Argentine Peso : 1 Euro	5.753	5.223	-9.2%	5.310	-7.7%
Pound Sterling : 1 Euro	0.884	0.890	0.7%	0.861	-2.6%
Swiss Franc : 1 Euro	1.301	1.428	9.8%	1.250	-3.9%
Mexican Peso : 1 Euro	16.928	16.657	-1.6%	16.55	-2.2%
Chinese Yuan : 1 Euro	9.304	9.201	-1.1%	8.822	-5.2%

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