CAMPARI GROUP

# Ordinary Shareholders' meeting of Davide Campari-Milano S.p.A.

- **Approval of the company's accounts for the fiscal year ending 31 December 2017**
- **Distribution of a dividend per share of €0.05 for the full year 2017 (+11.1% increase compared to the dividend distributed in 2016 fiscal year)**

**Milan, April 23rd, 2018**-The Shareholders' meeting of Davide Campari-Milano S.p.A. (Reuters CPRI.MI-Bloomberg CPR IM) **approved** today **the company's accounts for the fiscal year ending 31 December 2017**.

The Shareholders' meeting **approved a cash dividend per share of €0.05 for the fiscal year 2017** (**+11.1% increase compared to the dividend distributed in 2016 fiscal year**). The cash dividend will be payable from May 23rd, 2018 (the detachment date of the coupon n. 2 will be May 21st, 2018 pursuant to the Borsa Italiana calendar), and record date May 22nd 2018.

**OTHER RESOLUTIONS**

**Remuneration Report.** The Shareholders' meeting approved the Remuneration Report drawn up in accordance to article 123-*ter* of the Consolidated Law on Financial Intermediation.

**Stock options**. The Shareholders' meeting approved a stock option plan pursuant to article 114-bis of the Consolidated Law on Financial Intermediation, and in accordance with the stock option Regulation in effect, granting the relevant bodies the authorization for the plan execution by June 30th, 2019.

**Own shares.** The Shareholders' meeting authorized the Board of Directors to restore the reserve of own shares, via the purchase and/or sale of own shares in the market, to be used in particular to service the stock option plans for the Group's management, according to the limits and procedures provided by the applicable laws and regulations. The authorization will remain valid until June 30th, 2019.

**2017 FULL YEAR RESULTS**

With reference to the consolidated results, approved by the Board of Directors on February 27th, 2018, in 2017 **Group sales** totalled **€1,816.0 million,** showing an increase of +5.2%. The **organic sales growth** was **+6.3%**, thanks to the **continued outperformance of Global Priorities, up by +7.7%** driven by Aperol and Campari, and the **Regional Priorities up by +13.0%**, driven by Espolòn, Bulldog and GlenGrant. In geographic terms **the Americas, NCEE**[1] and **SEMEA**[2] all contributed to the solid organic growth.

The **exchange rate effect was slightly negative at -0.8%**, mainly due to the progressive strengthening of the Euro against the US Dollar, particularly in the fourth quarter. The **perimeter effect** of **-0.4%** was driven by the combined effect of the Grand Marnier acquisition, the sale of non-core businesses, such as Carolans and the still wine business, and the termination of some agency brands. The acquisition of Bulldog London Dry Gin (which closed in February 2017) did not produce any perimeter effects as the brand was already integrated into the Group's distribution network.

**Gross profit** was up by +9.2% to €1,075.0 million, at 59.2% on net sales. It grew organically by +**8.6%,** generating a **margin expansion of +120 bps** driven by favourable sales mix, in line with the Group's strategy.

[1] North, Central and Eastern Europe.
[2] South Europe, Middle East and Africa.

**Advertising and Promotion spending (A&P)** increased overall by +11.0% to **€342.5 million**, at 18.9% of sales. It grew organically by +9.2%, though normalising in the second half 2017 as planned, reflecting **major investments in global campaigns and activations behind the key Global and Regional Priorities**.

**CAAP** (Contribution after A&P) was up by +**8.3%** to **€732.4 million** (+8.3% organically), at 40.3% of sales.

**Structure costs**, i.e. selling, general and administrative costs, were up by +8.8% to **€351.9 million**, at 19.4% of sales. The organic increase was **+7.9%,** reflecting the route-to-market investments in US, South Africa, Global Travel Retail and Peru, which were mitigated by the efficiencies released by the Grand Marnier company integration from the second half of 2017.

**EBITDA adjusted** was up by **+8.0%** to **€437.6 million** (+8.9% organic growth), at 24.1% of sales.

**EBIT adjusted** increased by **+7.9%** to **€380.5 million, at 21.0% of sales**. Organic growth was **+8.7%, ahead of sales growth**, more than offsetting the re-investments into brand building and distribution enhancement initiatives, thus delivering **+50 bps organic accretion on net sales**.

**Operating adjustments** were positive by **€13.9 million**, mainly attributable to the capital gain on Carolans and Irish Mist disposal of €47.9 million, net of transactions costs and provisions for restructuring costs[3].

**EBITDA** reached **€451.4 million**, at 24.9% of sales.

**EBIT** reached **€394.3 million**, at 21.7% of sales.

**Net financial costs were €40.0 million**, down by €18.5 million, thanks to the reduced average cost of debt following the recent liability management transaction, which generated a **one-off financial adjustment** of **€(24.8) million**[4].

**Group pre-tax profit adjusted** was **€337.7 million (+14.6%). Group pre-tax profit** was **€326.7 million**, an increase of **+38.0%.**

**Tax was a positive income of €29.7 million**, driven by the 'Patent Box' one-off tax benefit of €44.8 million relating to the fiscal years 2015, 2016 and 2017, as well as a one-off non cash benefit of €81.9 million related to the reduction in the US deferred tax liability, recorded in previous years, due to the change in the local tax rate introduced by the US tax reform in 2018 (Tax Cuts and Jobs Act).

**Group net profit adjusted**[3] was **€233.4 million (+17.5%). Group net profit** was **€356.4 million**, an increase of **+114.3%.**

**Free cash flow** was €227.0 million overall in 2017, of which the **recurring free cash flow** was **€249.7 million**.

Net financial debt stood at €981.5 million as of December 31st, 2017, down from €1,192.4 million as of December 31st, 2016[5], thanks to the healthy cash flow generation, and after disposals of non-core assets, net of the outflow effects of the Bulldog acquisition, the dividend payment, the liability management transactions and the purchase of own shares[5].

**Net debt to EBITDA pro-forma ratio** was 2.0 **times as of December 31st, 2017**, down from 2.9 times as of December 31st, 2016. The net debt position and EBITDA pro-forma ratio as of 2017 year end exclude the proceeds from the disposal of the Lemonsoda business, net of the Bisquit acquisition as the two transactions closed respectively in January 2nd and 31st, 2018.

### IFRS 15-Revenue from Contracts with Customers (applicable from 1 January 2018)

The new accounting standard IFRS 15 will be implemented as of fiscal year 2018. Under IFRS 15 certain A&P expenses will be reclassified in deduction of sales. The reclassification is neutral on EBIT value but has an impact on margin ratios on sales post reclassification. In FY2017 restated, the reclassification under IFRS 15 implies a reduction €62.7 million in sales (-3.5%) and, by the same amount, in A&P expenses. See Appendix for FY 2017 results re-stated for IFRS 15 implementation.

### FILING OF DOCUMENTATION

The annual financial statements for the year ending 31 December 2017, and the other documents included in the Annual Report have been made available to the general public at the Company's head office and on 1Info system for the storage of Regulated Information, operated by Computershare S.p.A. (www.1info.it). The documentation is also available in the 'Investor' section of the website www.camparigroup.com/en and by all other means allowed by applicable regulations.
The minutes of the Shareholders' meeting will be made available by the applicable regulations, pursuant to articles 77 and 85 of Consob Regulation No. 11971/99.

[3] In FY 2016 negative adjustments of €(33.2) million, attributable to transaction and restructuring costs.
[4] Financial adjustment mainly due to the delta value between the purchase price of the bonds bought back and their nominal value.
[5] Overall value of the Bulldog acquisition of €82.3 million (including the estimated earn out), liability management cash outflow of €23.2 million, the value of the Chilean winery disposal of €30.0 million, the French winery disposal of €20.1 million, and Carolans & Irish Mist disposal of €139.8 million (at the exchange rate at *closing* date).

*The Executive responsible for preparing Davide Campari-Milano S.p.A.'s financial reports, Paolo Marchesini, certifies-pursuant to article 154-bis, paragraph 2 of the Legislative Decree 58/1998-that the accounting disclosures in this statement correspond to the accounting documents, ledgers and entries.*

**FOR FURTHER INFORMATION**


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**ABOUT CAMPARI GROUP**

Campari Group is a major player in the global spirits industry, with a portfolio of over 50 premium and super premium brands, spreading across Global, Regional and Local priorities. Global Priorities, the Group's key focus, include **Aperol, Appleton Estate, Campari, SKYY**, **Wild Turkey** and **Grand Marnier**. The Group was founded in 1860 and today is the sixth-largest player worldwide in the premium spirits industry. It has a global distribution reach, trading in over 190 nations around the world with leading positions in Europe and the Americas. Campari Group's growth strategy aims to combine organic growth through strong brand building and external growth via selective acquisitions of brands and businesses.

Headquartered in Milan, Italy, Campari Group owns 18 plants worldwide and has its own distribution network in 20 countries. Campari Group employs approximately 4,000 people. The shares of the parent company Davide Campari-Milano S.p.A. (Reuters CPRI.MI - Bloomberg CPR IM) have been listed on the Italian Stock Exchange since 2001. For more information: http://www.camparigroup.com/en

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**- Appendix to follow -**

**CAMPARI GROUP**

**Consolidated income statement for the full year 2017**

| | 1 January-31 December 2017 | | 1 January-31 December 2016 | | |
|---|---|---|---|---|---|
| | € million | % | € million | % | Change |
| **Net sales**(1) | **1,816.0** | **100.0** | **1,726.5** | **100.0** | **5.2%** |
| Total cost of goods sold(2) | (741.1) | (40.8) | (741.9) | (43.0) | -0.1% |
| **Gross profit** | **1,075.0** | **59.2** | **984.6** | **57.0** | **9.2%** |
| Advertising and promotion | (342.5) | (18.9) | (308.6) | (17.9) | 11.0% |
| **Contribution after A&P** | **732.4** | **40.3** | **676.0** | **39.2** | **8.3%** |
| SG&A(3) | (351.9) | (19.4) | (323.5) | (18.7) | 8.8% |
| **EBIT adjusted**(4) | **380.5** | **21.0** | **352.5** | **20.4** | **7.9%** |
| Adjustments | 13.9 | 0.8 | (33.2) | (1.9) | -141.8% |
| **Operating profit=EBIT** | **394.3** | **21.7** | **319.4** | **18.5** | **23.5%** |
| Financial income (expenses) | (40.0) | (2.2) | (58.6) | (3.4) | -31.6% |
| Adjustments to financial income (expenses) | (24.8) | (1.4) | (24.6) | (1.4) | 0.7% |
| Put option income (charges) | (2.8) | (0.2) | 0.6 | - | - |
| **Profit before taxes and non-controlling interests** | **326.7** | **18.0** | **236.7** | **13.7** | **38.0%** |
| **Group profit before taxes adjusted** | **337.7** | **18.6** | **294.5** | **17.1** | **14.6%** |
| Income Tax expense | 29.7 | 1.6 | (70.5) | (4.1) | -142.1% |
| **Net Profit** | **356.4** | **19.6** | **166.3** | **9.6** | **114.3%** |
| Minority interests | - | - | - | - | - |
| **Group net profit** | **356.4** | **19.6** | **166.3** | **9.6** | **114.3%** |
| **Group net profit adjusted**(5) | **233.4** | **12.9** | **198.6** | **11.5** | **17.5%** |
| | | | | | |
| Depreciation and amortisation | (57.1) | (3.1) | (52.7) | (3.1) | 8.3% |
| **EBITDA adjusted**(4) | **437.6** | **24.1** | **405.3** | **23.5** | **8.0%** |
| **EBITDA** | **451.4** | **24.9** | **372.1** | **21.6** | **21.3%** |

(1) Net of discounts and excise duties.
(2) Includes cost of material, production and logistics costs.
(3) Includes selling, general and administrative costs.
(4) EBITDA and EBIT before operating adjustments in full year 2017 and full year 2016. In full year 2017 positive operating adjustments of €13.9 million, mainly driven by the capital gains on Carolans and Irish Mist brand disposal of €49.7 million.
(5) Group net profit before operating and financial adjustments of €(11.0) million pre-tax, and fiscal effects and tax benefits of overall €133.9 million (of which fiscal effects on operating and financial adjustments and other tax adjustments of €7.2 million, one-off non-cash reduction in US deferred tax liability, recorded in the previous years, as €81.9 million, and 'Patent Box' tax benefit of €44.8 million, consisting of €12.0 million for the fiscal year 2015, €15.5 million for the fiscal year 2016 and €17.3 million for the fiscal year 2017).

CAMPARI GROUP

## Consolidated balance sheet as of 31 December 2017

| | 31 December 2017 € million | 31 December 2016 € million[1] |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Net tangible fixed assets | 430.9 | 509.6 |
| Biological assets | 1.0 | 7.8 |
| Investment property | 120.9 | 122.6 |
| Goodwill and trademarks | 2,302.7 | 2,490.9 |
| Intangible assets with a finite life | 32.8 | 26.3 |
| Deferred tax assets | 43.1 | 35.2 |
| Other non-current assets | 46.5 | 64.3 |
| **Total non-current assets** | **2,978.0** | **3,256.7** |
| **Current assets** | | |
| Inventories | 491.4 | 536.1 |
| Current biological assets | 0.4 | 7.5 |
| Trade receivables | 317.5 | 306.3 |
| Short-term financial receivables | 9.3 | 7.2 |
| Cash and cash equivalents | 514.5 | 354.1 |
| Income tax receivables | 28.6 | 12.3 |
| Other receivables | 31.8 | 26.8 |
| **Total current assets** | **1,393.4** | **1,250.2** |
| Assets held for sale | 47.7 | 43.0 |
| **Total assets** | **4,419.1** | **4,549.9** |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **Shareholders' equity** | | |
| Share capital | 58.1 | 58.1 |
| Reserves | 1,884.5 | 1,841.9 |
| Parent company's portion of shareholders' equity | 1,942.6 | 1,900.0 |
| Non-controlling interests' portion of shareholders' equity | - | - |
| **Total shareholders' equity** | **1,942.6** | **1,900.0** |
| **Non-current liabilities** | | |
| Bonds | 995.6 | 992.4 |
| Other non-current liabilities | 493.6 | 459.5 |
| Defined benefit obligations | 34.4 | 36.4 |
| Provisions for risks and charges | 123.7 | 93.3 |
| Deferred tax liabilities | 364.0 | 482.9 |
| **Total non-current liabilities** | **2,011.3** | **2,064.6** |
| **Current liabilities** | | |
| Payables to banks | 13.8 | 106.9 |
| Other financial liabilities | 62.1 | 58.5 |
| Payables to suppliers | 225.6 | 262.5 |
| Income tax payables | 21.8 | 14.0 |
| Other current liabilities | 141.7 | 138.8 |
| **Total current liabilities** | **465.1** | **580.8** |
| Liabilities held for sale | 0.1 | 4.6 |
| **Total liabilities** | **2,476.5** | **2,649.9** |
| **Total liabilities and shareholders' equity** | **4,419.1** | **4,549.9** |

[1] After reclassifications to the opening balance sheet as a result of the final purchase price allocation of the Grand Marnier acquisition values.

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## Consolidated cash flow statement as of 31 December 2017

| | 31 December 2017 | 31 December 2016 |
|---|---|---|
| | € million | € million |
| **EBITDA adjusted** | **437.6** | **405.3** |
| Adjustments to operating profit | (26.5) | 6.8 |
| Taxes paid | (41.3) | (46.6) |
| **Cash flow from operating activities before changes in working capital** | **369.9** | **365.5** |
| Changes in net operating working capital | (58.6) | 29.9 |
| **Cash flow from operating activities** | **311.3** | **395.4** |
| Net interests paid | (27.0) | (71.5) |
| Adjustments to financial income (charges) | (24.8) | (24.6) |
| Cash flow used for investment | (32.5) | (56.1) |
| **Free cash flow** | **227.0** | **243.2** |
| (Acquisition) sale of companies or business division | 123.6 | (429.9) |
| Financial position of acquired and sold companies | 23.4 | 33.9 |
| Sale and purchase of brands and rights, and payment of put option and earn outs | (0.2) | (0.3) |
| Dividend paid out by the Parent Company | (52.1) | (52.1) |
| Other changes | (54.3) | (7.2) |
| **Total cash flow used in other activities** | **40.4** | **(455.6)** |
| **Exchange rate differences and other changes** | **(28.4)** | **26.5** |
| **Change in net financial position due to operating activities** | **239.0** | **(186.0)** |
| Change in payable for the exercise of put options and earn out payments | (21.0) | (192.7) |
| Re-classifications to the opening balance sheet | (7.2) | - |
| Receivables arising from business disposals | - | 5.0 |
| **Net cash flow of the period=change in net financial position** | **210.8** | **(373.7)** |
| | | |
| Net financial position at the beginning of the period reclassified[1] | (1,192.4) | (825.8) |
| **Net financial position at the end of the period reclassified[1]** | **(981.5)** | **(1,192.4)** |
| **Net financial position at the end of the period published** | **(981.5)** | **(1,199.5)** |

[1]After reclassifications of €7.2 million to the opening balance sheet of 2017 as a result of the final purchase price allocation of the Grand Marnier acquisition values.

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**CAMPARI GROUP**

**Consolidated income statement for the full year 2017 restated for IFRS 15 implementation**

| | **2017 reported** (before IFRS15 implementation) | | **2017 restated** (after IFRS15 implementation) | | **Change** (restated vs. reported) | |
|---|---|---|---|---|---|---|
| | **€ million** | **%** | **€ million** | **%** | **€ million** | **%** |
| **Net sales** | **1,816.0** | **100.0** | **1,753.4** | **100.0** | **(62.7)** | **-3.5%** |
| Total cost of goods sold | (741.1) | (40.8) | (741.1) | (42.3) | - | |
| **Gross profit** | **1,075.0** | **59.2** | **1,012.3** | **57.7** | **(62.7)** | **-5.8%** |
| Advertising and promotion | (342.5) | (18.9) | (279.9) | (16.0) | 62.7 | **-18.3%** |
| **Contribution after A&P** | **732.4** | **40.3** | **732.4** | **41.8** | **-** | **-** |
| SG&A | (351.9) | (19.4) | (351.9) | (20.1) | - | - |
| **EBIT adjusted** | **380.5** | **21.0** | **380.5** | **21.7** | **-** | **-** |
| Adjustments | 13.9 | 0.8 | 13.9 | 0.8 | - | - |
| **Operating profit=EBIT** | **394.3** | **21.7** | **394.3** | **22.5** | **-** | **-** |
| Financial income (expenses) | (40.0) | (2.2) | (40.0) | (2.3) | - | - |
| Adjustments to financial income (expenses) | (24.8) | (1.4) | (24.8) | (1.4) | - | - |
| Put option income (charges) | (2.8) | (0.2) | (2.8) | (0.2) | - | - |
| **Profit before taxes and non-controlling interests** | **326.7** | **18.0** | **326.7** | **18.6** | **-** | **-** |
| Income Tax expense | 29.7 | 1.6 | 29.7 | 1.7 | - | - |
| **Net Profit** | **356.4** | **19.6** | **356.4** | **20.3** | **-** | **-** |
| Minority interests | - | - | - | - | - | - |
| **Group net profit** | **356.4** | **19.6** | **356.4** | **20.3** | **-** | **-** |
| **Group net profit adjusted** | **233.4** | **12.9** | **233.4** | **13.3** | **-** | **-** |
| | | | | | | |
| Depreciation and amortisation | (57.1) | (3.1) | (57.1) | (3.3) | - | - |
| **EBITDA adjusted** | **437.6** | **24.1** | **437.6** | **25.0** | **-** | **-** |
| **EBITDA** | **451.4** | **24.9** | **451.4** | **25.7** | **-** | **-** |

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**DAVIDE CAMPARI-MILANO S.p.A.**

**Parent company income statement**

| | 1 January-31 December 2017 | 1 January-31 December 2016 |
|---|---|---|
| | € million | € million |
| **Net sales** | **661.1** | **605.2** |
| Cost of goods sold, after distribution costs | (291.9) | (270.9) |
| **Gross margin after distribution costs** | **369.2** | **334.4** |
| Advertising and promotional costs | (63.1) | (63.3) |
| **Contribution margin** | **306.0** | **271.1** |
| Structure costs | (112.7) | (100.4) |
| **Adjusted result from recurring activities** | **193.3** | **170.6** |
| Adjustments to operating income (charges) | 37.3 | (1.8) |
| **Operating result** | **230.6** | **168.8** |
| Financial income (charges) | (45.5) | (62.1) |
| Adjustments to financial income (expenses) (1) | (24.8) | (11.5) |
| Put option income (charges) | (3.3) | - |
| Dividends | 41.1 | 138.3 |
| **Profit before tax** | **198.1** | **233.5** |
| Tax | 10.7 | (28.0) |
| **Net profit** | **208.9** | **205.5** |

**Parent company balance sheet**

| | 31 December 2017 | 31 December 2016 |
|---|---|---|
| | € million | € million |
| Total non-current assets | 2,789.3 | 2,871.1 |
| Total current assets | 500.5 | 312.2 |
| Total assets held for sale | 7.7 | 1.0 |
| **Total assets** | **3,297.5** | **3,184.3** |
| Total shareholders' equity | 1,274.0 | 1,162.6 |
| Total non-current liabilities | 1,670.8 | 1,706.6 |
| Total current liabilities | 352.7 | 315.1 |
| Liabilities held for sale | - | - |
| **Total liabilities and shareholders' equity** | **3,297.5** | **3,184.3** |

**Parent company cash flow**

| | 31 December 2017 | 31 December 2016 |
|---|---|---|
| | € million | € million |
| Cash flow generated from (used in) operating activities | 196.5 | 161.6 |
| Cash flow generated from (used in) investing activities | 156.4 | (473.7) |
| Cash flow generated from (used in) financing activities | (232.0) | (157.2) |
| Exchange rate differences  and other changes in shareholders' equity | - | 4.9 |
| **Net change in cash and cash equivalents: increase (decrease)** | **120.9** | **(464.5)** |
| | | |
| Cash and cash equivalents at the beginning of period | 96.7 | 561.1 |
| **Cash and cash equivalents at end of period** | **217.5** | **96.7** |