CAMPARI GROUP

2018 Full Year Results

Investor Presentation

5 March 2019

TOASTING LIFE TOGETHER

Table of contents

Results for full year ended 31 December 2018

Consistent solid performance across all key underlying indicators

Key figures	FY 2018		Change vs. FY 2017 (1)			
	€ million	*% on sales*	Reported	*Organic (2)*	*FX*	*Perimeter (3)*
Net sales	**1,711.7**	*100.0%*	**-2.4%**	**+5.3%**	**-4.2%**	**-3.4%**
of which: Global priorities				*+8.9%*		
Regional priorities				*+2.8%*		
Gross profit	**1,028.1**	*60.1%*	**+1.6%**	**+7.5%**	**-4.3%**	**-1.6%**
margin accretion (bps) (4)			+230bps	*+120bps*	*0bps*	*+110bps*
EBIT adjusted (5)	**378.8**	*22.1%*	**-0.4%**	**+7.6%**	**-3.3%**	**-4.7%**
margin accretion (bps) (4)			+40bps	*+50bps*	*+20bps*	*-30bps*
EBITDA adjusted (5)	**432.6**	*25.3%*	**-1.1%**	**+6.8%**	**-3.5%**	**-4.4%**
margin accretion (bps) (4)			+30bps	*+40bps*	*+20bps*	*-30bps*
Group net profit adjusted (6)	**249.3**	*14.6%*	**+6.8%**			
Adjusted basic EPS (€)	**0.22**		**+7.4%**			
Recurring free cash flow	**267.7**		**+7.2%**			
Net Debt at period end	**846.3**					
Dividend per share (7)	**€0.05**					

(1) FY 2017 results restated according to IFRS15 implementation as of 1 January 2018. Under IFRS15 certain A&P expenses are reclassified in deduction of sales. In full year 2017 restated, the reclassification under IFRS 15 implies a reduction of €62.7 million in sales (-3.5%) and, by the same amount, in A&P expenses
(2) Results at constant perimeter and FX
(3) Mainly including the disposal effects of Carolans (July 2017) and Lemonsoda (January 2018) and agency brands distribution termination
(4) Basis points rounded to the nearest ten
(5) Before positive operating adjustments of €1.9 million in FY 2018, mainly attributable to the gain on the Lemonsoda business disposal, net of provisions for restructuring initiatives. Positive operating adjustments of €13.9 million in FY 2017
(6) Group net profit before total adjustments of €47.0 million in FY 2018, including operating and financial adjustments of €3.7 million, related fiscal effects and other tax adjustments of €17.4 million and 'Patent box' tax benefits of €26.0 million. Total adjustments of €123.0 million in FY 2017
(7) Proposed dividend

Key highlights

Sustained organic growth, fuelling investments back into the business

> **Net Sales**

- **Positive organic growth in FY 2018 (+5.3%)** thanks to a **continuous improvement in sales**, driven by the **Global Priorities**
  - **Continuous improvement in sales mix** thanks to the **consistent outperformance of key high-margin brands** in **core developed markets**
    - **By brand: Global Priorities** continuing to **outperform (+8.9% in FY 2018)** driven by **Aperol, Campari, Grand Marnier** as well as **brown spirits. Regional priorities up +2.8% in FY 2018** against a difficult comparison base (FY 2017: +13.0%)**,** driven by **Espolòn, Forty Creek, Braulio** and **Bulldog**, while **Local Priorities were down -1.5%,** mostly due to a decline in Brazilian brands
    - **By geography: solid growth in high-margin developed markets,** driven by **North America**, **Western Europe** and **Australia**, whilst softness in lower-margin emerging markets continued due to macro-volatility and tough comparison bases, especially in Russia and Argentina
  - Organic growth excludes positive pricing effect in Argentina of 30bps in FY 2018 and 80bps in Q4 2018
- **Reported change of -2.4%,** reflecting **negative perimeter effect of -3.4% or €(60.2) million**, and **FX effect of -4.2% or €(73.5) million**

> **EBIT adjusted**

- **Organic growth of +7.6%, ahead of organic sales growth (+50 bps margin accretion), driven by strong organic gross margin expansion of +120 bps** thanks to positive sales mix by brand and market, despite adverse agave and sugar effects, more than offsetting the reinvestments in brand building initiatives behind key global brands as well as selective strengthening of the Group's on-premise capabilities, as expected
- **Reported change of -0.4%, taking into account the negative effects of disposals of -4.7% or €(18.0) million** and **FX of -3.3% or €(12.6) million**

> **Net profit**

- **Group net profit adjusted** to €249.3 million, up **+6.8%**
- **Group net profit reported** to €296.3 million, down **-16.8%** (1)

> **Free cash flow**

- **Free cash flow at €235.6 million**, of which **recurring free cash flow of €267.7 million**

> **Net debt**

- **Net financial debt at €846.3 million** as of 31 December 2018 vs. €981.5 million as of 31 December 2017, **down €135.3 million**, thanks to the positive free cash flow generation, the proceeds of the Lemonsoda business disposal, net of the acquisition of Bisquit, the dividend payment and the net purchase of own shares (2)
- **Net debt to EBITDA pro-forma ratio at 1.9 times** as of 31 December 2018

> **Dividend**

- **Proposed full year dividend to €0.05 per share, unchanged vs. last year**

(1) Group net profit after total adjustments of €47.0 million in FY 2018, including operating and financial adjustments of €3.7 million, related fiscal effects and other tax adjustments of €17.4 million and 'Patent box' tax benefits of €26.0 million. Total adjustments of €123.0 million in FY 2017

(2) Please refer to slide 49 on the net financial debt for details

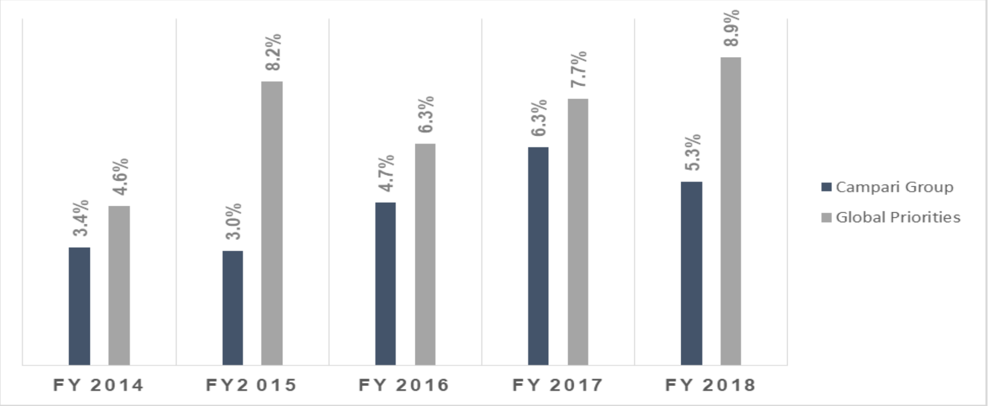
Delivering on strategy

Continued positive margin momentum driven by strong organic performance of Global Priorities

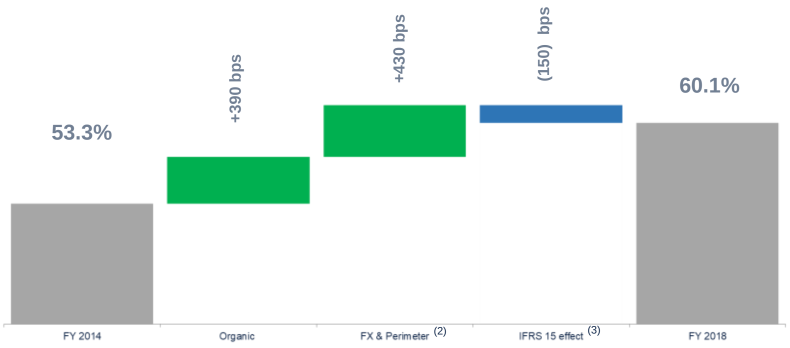
> **Strong gross margin expansion driven by sales mix improvement, fuelling consistent re-investments in brand building and business infrastructure for future growth**

Organic net sales growth

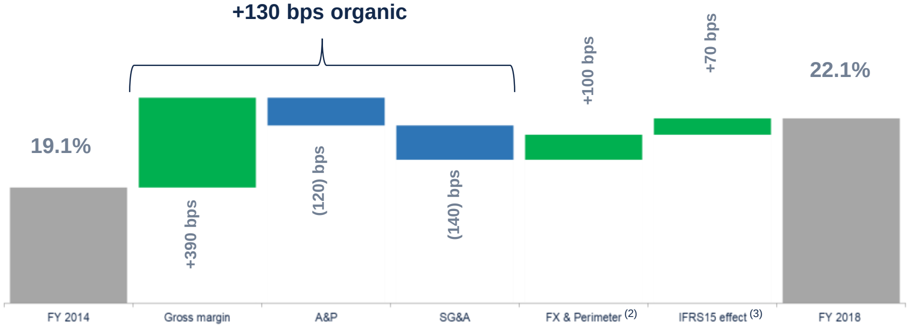
(FY 2014 - FY 2018)



Gross margin improvement FY 2014 – FY 2018 (1)



EBIT adjusted improvement by key driver (1)



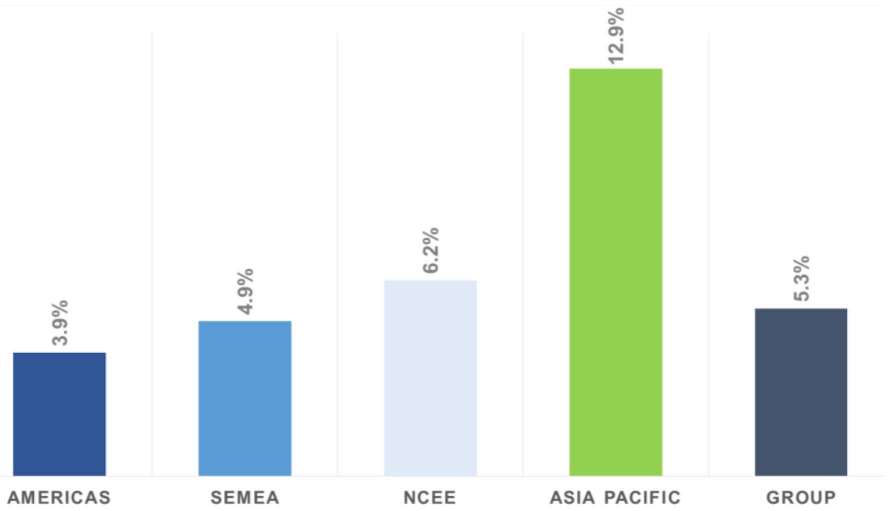
> **Cumulative 4-year: +680 bps, of which +390 bps organic**

> **Cumulative 4-year: +300 bps, of which +130 bps organic**

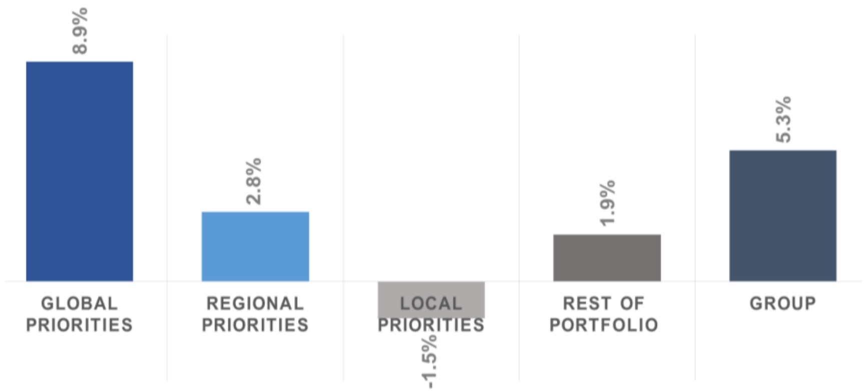
(1) Basis points rounded to the nearest ten
(2) Including effect of IAS 29 hyperinflation in Argentina (non-material)
(3) IFRS15 implementation as of 1 January 2018. Under IFRS15 certain A&P expenses are reclassified in deduction of sales

Positive overall organic sales growth

Continuous sales mix improvement driven by key high-margin Global and Regional Priorities in core developed markets



- **Americas:** weakness in South America (-11.3%), especially in Argentina, was more than offset by sustained growth in North America (+6.7%), with the core US market up +4.4%
- **SEMEA:** core Italy up +3.6%, with good growth across the rest of the region, including Western Europe, Global Travel Retail and Africa
- **NCEE:** solid growth across the region driven by Germany (+6.5%) and the UK, despite the decline in Russia
- **Asia Pacific:** double-digit performance across the region driven by Australia (+10.5%) and Japan



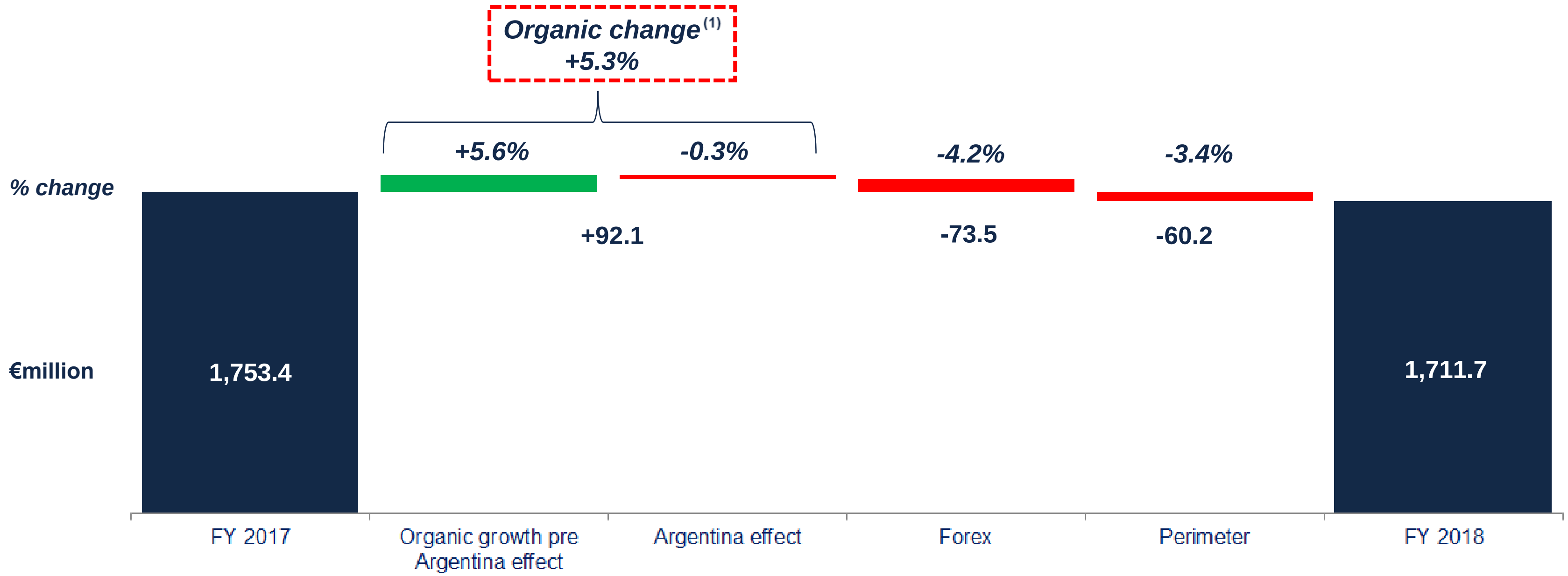
- **Global Priorities:** overall strong full year performance (+8.9%), despite a decline in SKYY which was impacted by further de-stocking in the core US market, with continued double-digit growth of Aperol (+28.1%) and a solid performance of Campari (+5.1%) [(1)], Wild Turkey (+7.0%), the Jamaican rums (+8.3%) and Grand Marnier (+5.2%)
- **Regional Priorities:** very positive performance of Espolòn (+26.1%), Forty Creek, Braulio, Bulldog and Riccadonna helped offset some weakness in Cinzano
- **Local Priorities:** decline in Brazilian brands and some softness in local Italian portfolio more than offset the positive growth of Wild Turkey ready-to-drink (+5.6%) in Australia

(1) Campari +11.7% organically excluding Argentinian market

Table of contents

Net sales results for Full Year 2018

Growth drivers



- **Organic change of +5.3%** (after excluding the price effect in Argentina of 30bps)[(1)] or €92.1 million, largely driven by high-margin Global Priorities. **Organic change** of **+2.1% in Q4** (excluding the price effect in Argentina of 80bps)
- **Forex effect of -4.2%** or €(73.5) million, **due to a strengthened Euro against all Group currencies**, particularly the US Dollar, the Brazilian Real, the Russian Ruble, the Argentinean Peso, the Jamaican Dollar and the British Pound vs. FY 2017
- **Perimeter impact of -3.4%** or €(60.2) million, mainly due to the sale of non-core businesses (Carolans and Lemonsoda businesses) and agency brands distribution termination, partially offset by the Bisquit acquisition[(2)]

(1) Following the inclusion of Argentina into the cluster of hyperinflationary economies, sales organic change in this country in the FY 2018 has been calculated to reflect only the volume change, therefore excluding the price effect and the revaluation component required by IAS 29 (both included in FX effect)
(2) Perimeter effect ended during August 2018 for Carolans disposal. The perimeter effect for Lemonsoda disposal and Bisquit acquisition to end during January 2019

Net sales by regions & key markets in FY 2018

The US is the largest market with 26.0% of Group Net Sales

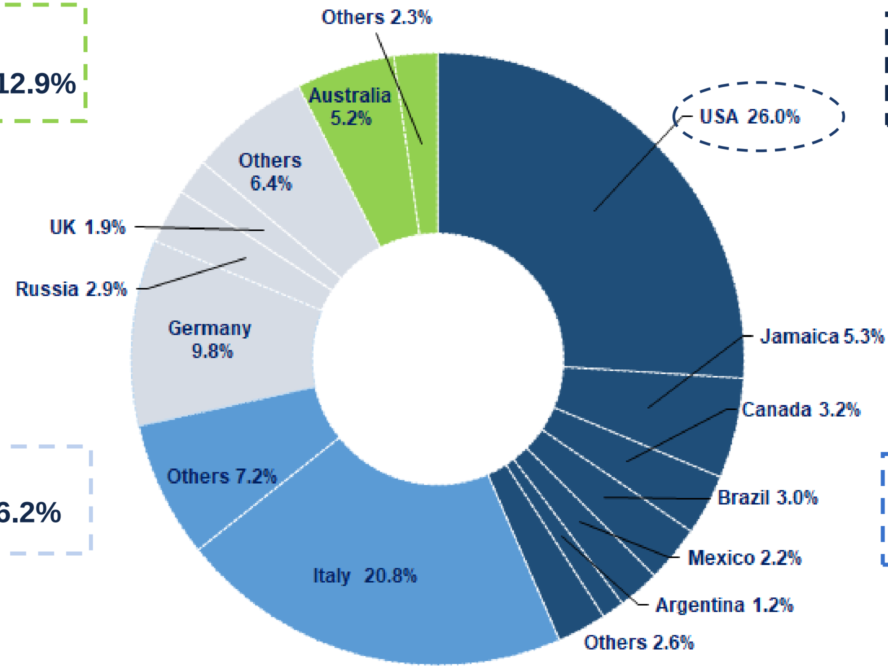
FY 2018 Group Net Sales €1,711.7 million
Organic growth +5.3%

Asia Pac: 7.5% of total
Organic growth: +12.9%

Americas: 43.5% of total
Organic growth: +3.9%

NCEE: 21.0% of total
Organic growth: +6.2%

SEMEA: 28.0% of total
Organic growth: +4.9%



Developed vs. emerging markets (1): 81% vs. 19%

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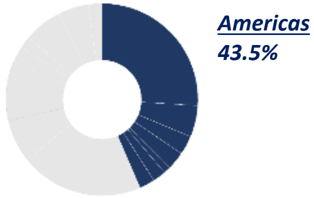
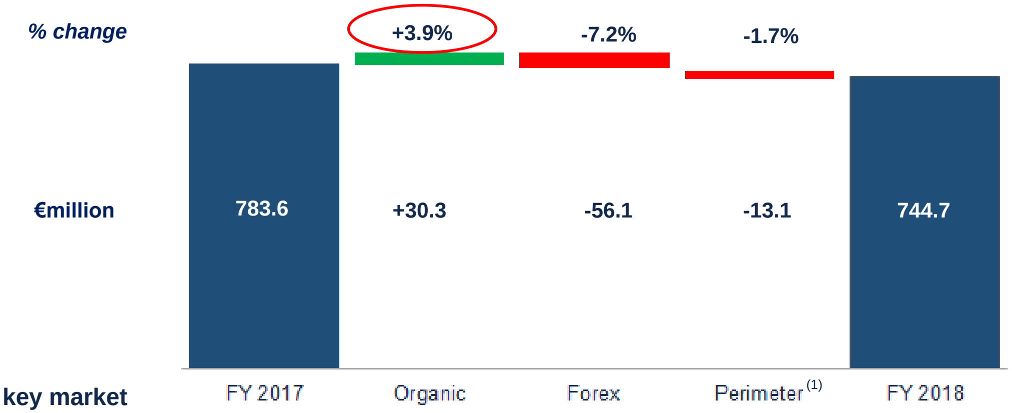
(1) Key emerging markets include Jamaica, Russia, Brazil, Argentina, Mexico, South Africa, Peru, China and Nigeria

Americas: +3.9% organic





Regional net sales organic growth by quarter

	Q1	Q2	Q3	Q4
2018	2.9%	6.0%	4.7%	2.1%
2017	8.0%	7.4%	5.6%	9.4%

Organic growth by key market

North America: +6.7%

> **US** **+4.4%**
- **Solid full year performance of +4.4%,** driven by continued **outperformance of Espolòn, Aperol** and **Campari,** growing at **sustained double-digit rates**, and the positive contribution of **Wild Turkey, Grand Marnier** and the **Jamaican rums.** This was enough to offset the **decline in the SKYY portfolio**, which continued to be affected by destocking exercises while the gap to more favourable consumption trends is attenuating

> **Jamaica** **+14.4%**
- **Very strong** and **consistent performance** throughout the year with **very positive mix** driven by core **Wray&Nephew Overproof (+14.1%), Campari (+28.7%)** and **Appleton Estate (+22.4%)** as well as local brands such as **Magnum Tonic Wine (+20.4%)**

> **Others** **+10.5%**
- **Canada registered a positive performance (+4.1%)** thanks to **Forty Creek, Aperol, Appleton Estate, Espolòn**, **Campari** and **Wild Turkey**, and **Mexico** reported solid results **(+16.1%)** largely driven by **SKYY ready-to-drink, SKYY, Aperol, Riccadonna** and **Espolòn**

South America: -11.3%

> **Brazil** **-2.8%**
- **Macroeconomic weakness, high unemployment rates** and **political instability impacted the Brazilian market over the year.** The overall negative performance is largely driven by weakness in the local Brazilian brands, while SKYY also declined. There was, however, good growth from **Cynar** and **Campari** as well as **Aperol,** which continues its double-digit growth trend

> **Argentina** **-32.4%**[2]
- **Negative performance due to a deterioration in macroeconomic conditions** and **tightened credit policies. Volume declines** in core **Campari** and **Cinzano Vermouth** only partly mitigated by **favourable trends in Aperol** and **SKYY**

> **Others** **+29.7%**
- The Group's newest direct market **Peru grew +41.8%, driven by Riccadonna, Jamaican rums, SKYY** and **Aperol**

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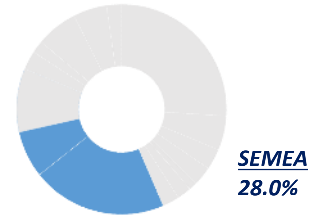
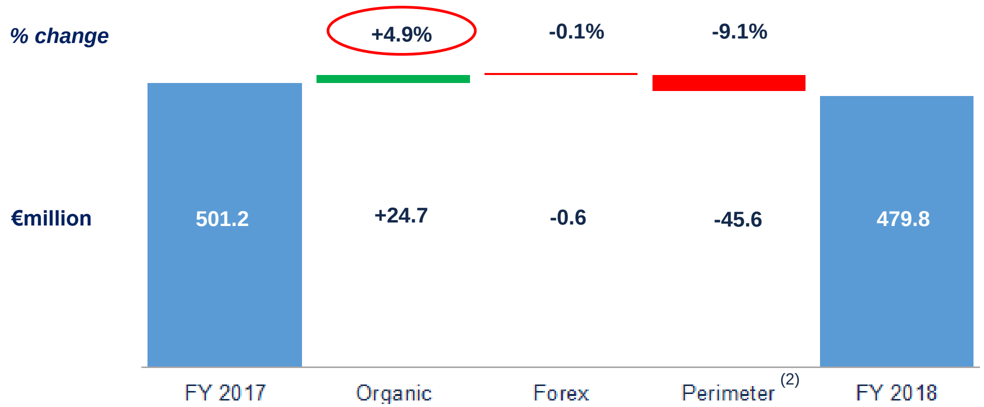
(1) Perimeter effect mainly driven by Carolans disposal
(2) Following the inclusion of Argentina into the cluster of hyperinflationary economies, sales organic change in this country has been calculated to reflect only the volume change, therefore excluding the price effect and the revaluation component required by IAS 29 (both included in FX effect)

SEMEA[1]: +4.9% organic





Regional net sales organic growth by quarter

	Q1	Q2	Q3	Q4
2018	1.1%	6.3%	9.6%	2.8%
2017	1.4%	3.8%	7.4%	8.9%

Organic growth by key market

> **Italy** **+3.6%**

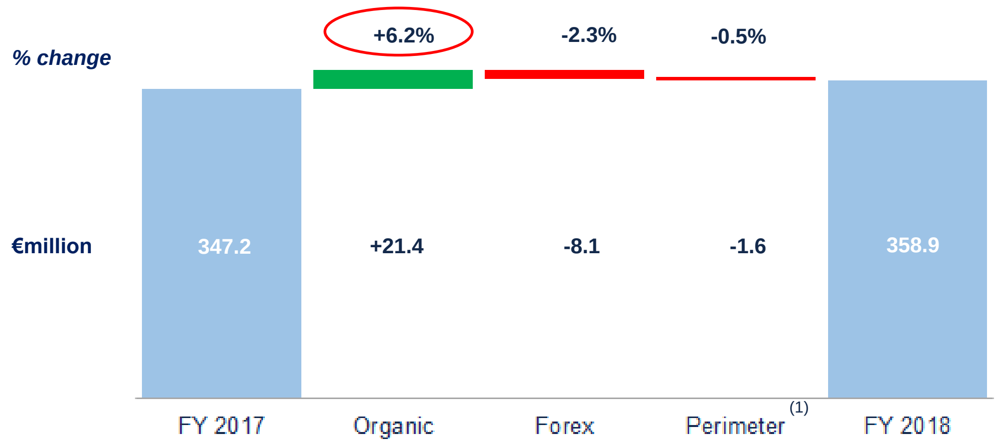
- **Very solid full year performance** driven by excellent double-digit growth of **Aperol (+15.3%)** and **solid growth of Campari (+7.4%)** as well as positive trends in **Braulio, Espolòn** and **SKYY,** offsetting some softness in **Campari Soda, Crodino** and **Cinzano sparking wines**

> **Others** **+9.4%**

- **France** grew **+10.0%** thanks to strong growth from **Aperol, Riccadonna, Campari** and **Bulldog.** Positive trends in **Spain** continued with full year growth of **+6.7%**, driven by **Aperol, Campari, SKYY** and **Cinzano sparkling wine**, offsetting some temporary weakness in Bulldog. In the African markets, **Nigeria** grew **+54.4%** thanks to a strong performance of **Campari** while **South Africa** was slightly negative due to a difficult comparison base which was positively influenced by the start of the new distribution organization in FY 2017
- **Global Travel Retail** grew **+10.2%** thanks to strong performances of **Aperol, Wild Turkey bourbon**, **Grand Marnier, Braulio, Appleton Estate** and **Bulldog**

(1) Incl. Global Travel Retail
(2) Perimeter effect in Italy driven by disposals of non-core Lemonsoda businesses and agency brand distribution termination

NCEE: +6.2% organic



Regional net sales organic growth by quarter

	Q1	Q2	Q3	Q4
2018	-3.8%	14.4%	13.9%	-0.2%
2017	11.5%	15.5%	3.8%	1.9%

Organic growth by key market

> **Germany** **+6.5%**
- **Very satisfactory results in Germany** largely driven by double-digit growth of **Aperol (+22.6%)** and **Campari (+13.9%)** as well as **positive trends** in **Bulldog** and **Grand Marnier**, more than offsetting negative trends in **Ouzo 12, Averna, SKYY** and **GlenGrant**

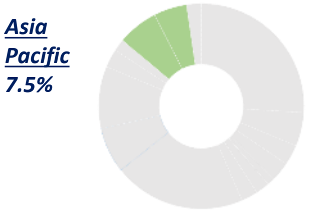
> **UK** **+19.1%**
- **Solid result** showing **double-digit growth across all brands: Aperol (+56.0%), Campari (+39.3%)**, **Bulldog (+24.8%), Appleton Estate (+25.4%)** and **Wray&Nephew Overproof (+12.6%)**

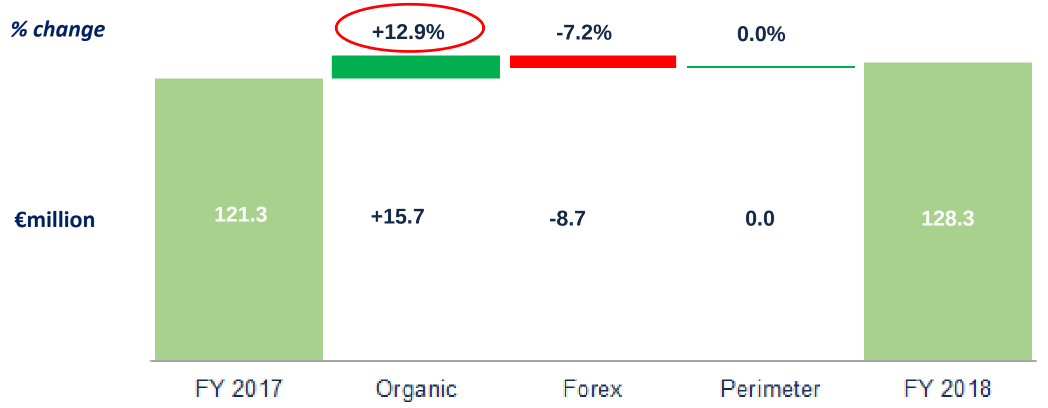
> **Russia** **-11.4%**
- **Negative performance** due to both continued market volatility and an **unfavorable comparison base** (FY 2017: +40.6%). Decline in **Cinzano** portfolio only partly mitigated by growth in **Mondoro** sparkling wine and **double-digit growth** in **Campari** and **Aperol**

> **Others** **+13.0%**
- **Good performance** among the other markets, with solid growth in **Austria** (Aperol, Averna), **Switzerland** (Aperol, Crodino), **Benelux** (Aperol, Crodino, Cinzano portfolio) and the **Czech Republic** (Aperol, Crodino, Cinzano sparling wine)

(1) Perimeter effect mainly driven by termination of agency brands in Germany and Russia

Asia Pacific: +12.9% organic





Regional net sales organic growth by quarter

	Q1	Q2	Q3	Q4
2018	17.8%	11.7%	19.2%	6.0%
2017	-1.1%	6.4%	-3.5%	-2.9%

Organic growth by key market

> **Australia** **+10.5%**
- **Strong performance** and **sustained growth with key brands growing ahead of the market.** The outperformance was driven by **Wild Turkey bourbon,** boosted by the introduction of the new premium extension **Wild Turkey Longbranch**, **Espolòn, GlenGrant, SKYY** and **Campari** while **Wild Turkey ready-to-drink** also grew positively. **Aperol** continues its double-digit trend, up by **+38.8%**

> **Others** **+18.8%**
- **Solid growth in Japan (+22.0%)** which, benefitting from renewed distributors set-up, registered a positive performance for **SKYY ready-to-drink, Wild Turkey bourbon** and the **Cinzano portfolio. China** also grew positively (**+23.4%**) thanks to **Cinzano sparkling wine, SKYY, Grand Marnier** and **Campari**. **New Zealand** was slightly positive

Table of contents

Net sales by key brand

Global Priorities

56% of Total
Organic change: +8.9%

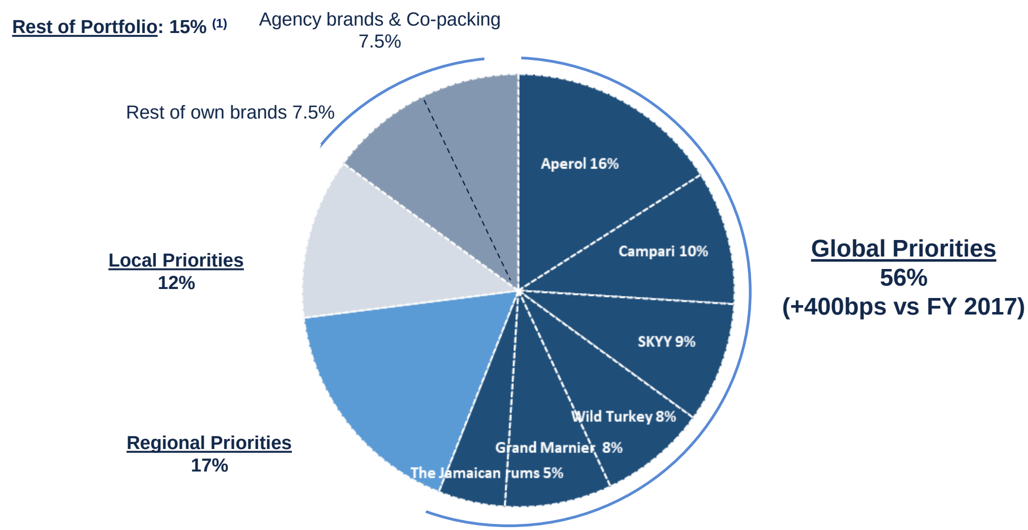
Regional Priorities

17% of Total
Organic change: +2.8%

Local Priorities

12% of Total
Organic change: -1.5%

FY 2018 Group Net Sales €1,711.7 million
Organic growth +5.3%



(1) Rest of Portfolio at 15% of group net sales in FY 2018, down -400bps vs. FY 2017

Mixology in focus: Top Ten cocktails 2019(1)

Campari Group provides premium spirits for each of the top ten cocktails in the world

#1 Old Fashioned

- Wild Turkey 101
- Russell's Reserve

Most ordered gin-based cocktail 5 years in a row

#2 Negroni

- Campari
- Bulldog / O'ndina
- Cinzano Vermouth

#3 Whisky Sour

- Wild Turkey 101

#4 Daiquiri

- Appleton Estate

#5 Manhattan

- Wild Turkey 101
- Cinzano Vermouth

#6 Dry Martini

- Bulldog / O'ndina
- Cinzano Vermouth

#7 Espresso Martini

- SKYY Vodka

#8 Margarita

- Espolòn
- Grand Marnier

Up 3 places vs. 2018

#9 Aperol Spritz

- Aperol
- Cinzano Prosecco

#10 Moscow Mule

- SKYY Vodka

(1) Source: Drinks International (4 January 2019)
http://drinksint.com/news/fullstory.php/aid/8115/The_World_92s_Best-Selling_Classic_Cocktails_2019.html?current_page=5

Aperol (16% of Group sales): +28.1%[1]

Global priorities

Organic growth in sales value
(5y average growth: +17.0%)

Top 5 markets by value

> **Italy**
> **Germany**
> **US**
> **Austria**
> **Switzerland**

- **Strong double-digit sales growth in the full year** building on an **outstanding performance from previous years** thanks to growth in the **brand's core** and **high potential markets, in line with the brand's growth model,** as well as **new activations in seeding markets. Aperol is the Group's largest brand by value** and **continues to outperform in every market** with **improving geographic mix**, helping it enter the **Top Ten most sold cocktails in the world** [(2)]
- **Performance by market stage:**
  - **Core Established**
    - Strong result in **Italy (+15.3%)** driven by continued **deseasonalisation of the brand** while **extending the usage occasions via food pairing** in the brand's core market. Aperol continues to grow by underlying double-digit after 15 years of guidance via the brand's strategy
    - **Germany registered solid double-digit growth of +22.6%** thanks to **continued strengthening** and **deseasonalisation** of the brand outside of the summer season. **Austria** and **Switzerland** also achieved **double-digit growth**
  - **High Potential**
    - **Excellent result in the US market** (**+73.7%**), which is the **brand's 3rd largest market by value and 5th largest by volume**. The high growth is testament to the **marketing activations** that kicked off across the **East and West coasts this year**, namely in **NY** and **LA**, as the brand begins to penetrate both the on and off premise occasion
    - **Continued double-digit growth in the UK, up +56.0%** as the brand remains one of the fastest growing brands in the UK for the fourth year in a row, while **Russia** is also growing high double-digits
    - **Solid growth** in **France** and **Spain** as well as **very solid development** in **Global Travel Retail (+25.3%)**
    - **Australia continued double-digit growth, up +38.8%**
  - **Seeding**
    - **High double-digit growth across Europe** (particularly **Netherlands, Scandinavian markets, Czech Republic, Poland**), **Americas** (particularly **Argentina, Canada, Brazil, Chile**)

(1) Sales at constant FX. Q4 2018 sales organic growth: +18.7%
(2) Source: Drinks International (4 January 2019)

Spreading the orange wave in 2018

Global priorities

Orange slopes – Happy Together Winter Tour

This winter, **the ski slopes turned orange** in the **heart of the dolomites** as **Aperol** chose Madonna di Campiglio for an **exclusive snow party** to **spread its orange vibe** into the new year

The FIS 3 world cup slope has been **lit up with the unmistakable vibrant orange**, while the impressive 'Aperol Spritz' snowmobile has been adapted as a stand out bar and DJ stage for evening après-ski. Aperitif lovers enjoyed freshly served Aperol Spritz on the slopes as the brand continues to deseasonalise in selected developed markets including **Germany**, **Switzerland** and **Austria**

'Aperol Big Spritz Social' – May 2018

Shoreditch in East London was **awash with Orange** in May

A **sensorial environment** was **custom built** to **encourage spontaneous spritz sociability** - with **interactive seating areas**, an **Aperol canal** to sip a **Spritz with friends**, and the **biggest Aperol Bar the UK has ever seen**

The event was **completely sold out weeks in advance**!

'Aperol Happy Together Live' – August 2018

In June this year, **Aperol** brought '**Happy Together Live**' to Naples, Italy: a message that builds on **cohesion** and **openness** together with the **unique aperitif**

Aperol conquered the **waterfront of Naples** with pop-up bars, **supporting digital** and **social media engagement** and **consumption activations prior to the big event**: over **70,000 people** descended onto the waterfront to watch **three different styles of music** over the evening – culminating in a joint performance

Coast to Coast – Summer 2018

This summer the **US market was bathed in orange**, with **Aperol Spritz** hosting events from **coast to coast, literally.** After the very successful **Aperol Spritz activation campaign in the Hamptons, NY**, last year, **32 separate Aperol Spritz events in particular** were activated in both **NY and LA**. All the events were a key part of the **360-degree plan** to make the **Aperol Spritz the #1 datyime-cocktail**

The bulk of the activations ran throughout August and September

WEST

EAST

ART MARKET HAMPTONS

GOV BALL NYC

KAABOO DEL MAR

Jazz Age Lawn Party

OHANA

CINESPIA

Campari (10% of Group sales): +5.1%[1]

Global priorities

Top 5 markets by value

- Italy
- US
- Germany
- Brazil
- Jamaica

- **Campari registered positive growth of +5.1% in the year,** building on the positive trends in the previous four years. Overall performance was hindered by a **double-digit volume decline in Argentina in FY 2018**: growth of the brand would be **+11.7% excluding Argentinian market.** Sales organic change in Q4 (-4.7%) was entirely driven by Argentina
- **Performance by region**
  - **SEMEA**
    - **Core market of Italy registered solid growth of +7.4%** benefitting from very solid underlying strength
    - Positive results in **France, up double digits** and **Spain**
  - **North, Central & Eastern Europe**
    - **Germany registered double-digit growth of +13.9%**, experiencing solid and accelerating consumption growth
    - Very strong **double-digit growth** in the **UK (+37.3%)** and **Russia (+53.4%)** as the brand continues to receive marketing support alongside specific mixology and cocktail events such as the Negroni week and a sustained performance in **Belgium**
  - **Americas**
    - **The US, now the brand's second largest market by value, grew by +27.9%** as the brand continues to benefit from the **revival of Campari-based classic cocktails** and **speakeasy-style mixology,** in particular the **Negroni, Americano** and **Boulevardier**
    - **Argentina** declined by **high double digits** due to the tough macroeconomic situation while **Brazil**, despite continued market volatility, **registered low-single digit growth**
    - **Continued double-digit growth in Jamaica** and **Canada**
  - **Asia Pacific**
    - **Australia** continued to register **double-digit growth** while **Japan declined**, though progressively recovering after changes in distribution setup at the beginning of the year

(1) Sales at constant FX

Cocktail focus: essential for mixology

CAMPARI

Global priorities

'75th Venice International Film Festival' – September 2018

With the aim of confirming its **ever-stronger bond with the world of cinema**, **Campari** chose to walk the **Red Carpet** of the **75th Venice International Film Festival** of **La Biennale di Venezia** as their Main Sponsor. During the 10-day festival, the **iconic brand** was present at the Lido with a **Campari Lounge**, near the **Red Carpet**, in addition to other **dedicated spaces** in the **most representative Festival venues**, **proposing an aperitif in perfect Italian style**

Campari Creates – London, September 2018

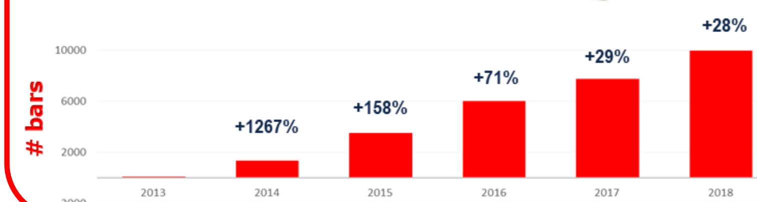
In September, a **unique Campari-inspired** installation designed by London based artist Mark McClure, with a **bar at the heart of its structure**, was set up in trendy East London which enabled consumers to step into the art piece to enjoy conversations with like-minded art lovers and experts to create their own artwork with Campari being a main catalyst. **Campari-based cocktails** were the center-piece of the art creation, with lessons in creating (and drinking!) the **Negroni, Boulevardier, Americano, Negroni Sbagliato** and **Campari & Tonic**

Negroni week: 10,000 bars in 69 countries – June 2018

Following the success of Negroni week from its inception in 2013 (100 bars), some of the **world's best bartenders**, including **Campari's 'Red Hand' bartenders**, showcased their talents in **making classic Negronis (#2 most served cocktail in the world),** as well as **variations such as the Americano** or the **Boulevardier** (#23 & #20 respectively) (1) – all with **Campari** at front and center, as the **defining ingredient of the cocktail**

THERE'S NO NEGRONI WITHOUT CAMPARI

imbibe CAMPARI NEGRONI WEEK JUNE 4-10 a drink for your cause NEGRONIWEEK.COM



(1) Source: Drinks International (4 January 2019)

SKYY (9% of Group sales): -8.1%[1]

Global priorities

Top 5 markets by value

- US
- South Africa
- China
- Argentina
- Germany

- **The SKYY franchise declined by -8.1% in FY 2018,** driven by core US following the announced destocking activity, with declines continuing into the fourth quarter (-8.0%)
- **The international markets, which account for 27.0% of global sales value, were up low-single digit in the year**
- **Performance by region**
  - **US**
    - **The US market registered a low double-digit decline (high-single digit decline in Q4)** as the brand continues to be impacted by destocking activity, with the **gap between the brand's sales** and **more positive consumption data progressively reducing**. Concomitantly, the brand continues to suffer from strong competitive pressure and reduced innovation in infusions. The 'Proudly American' and 'The Pledge' marketing campaigns kicked off this year, keeping the brand premium and relevant among millennial consumers
  - **International markets**
    - **Development into the Americas continues: good growth in Argentina** (4th largest market) and **double-digit growth** in **Mexico** offset some weakness in **Brazil**
    - Within **SEMEA**, **growth in Italy** more than offset a **flattish performance in South Africa** due to a difficult comparison base
    - In **North, Central & Eastern Europe**, **double-digit growth in UK** was partly mitigated by **weakness in Germany**
    - In **Asia Pacific**, **China** (3rd largest market) and **Australia** registered **double-digit growth**

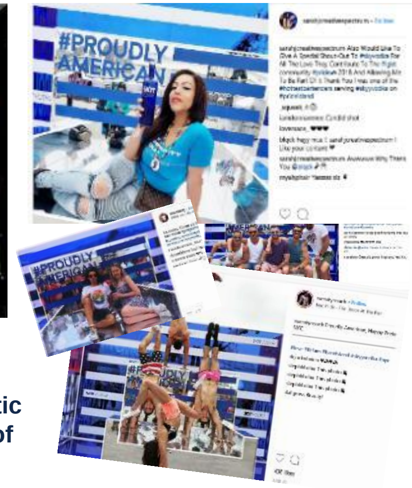
(1) Sales at constant FX

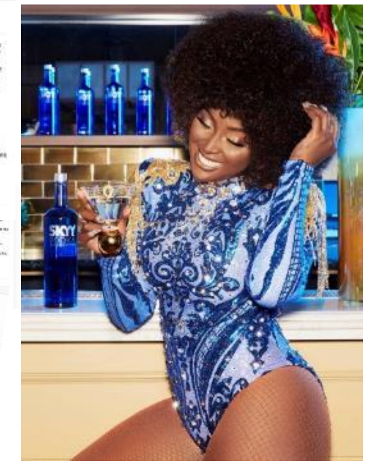
Celebrating the best of the US

Global priorities

SKYY VODKA

SKYY Vodka: Proudly American – 2018 campaign





SKYY Vodka launched its groundbreaking '**Proudly American**,' campaign this summer which will continue well into 2019 with a line-up of well-known sporting stars and celebrities who are 'proudly American'. The new integrated marketing campaign **celebrates the spirit of today's bold**, **optimistic Americans.** The campaign **juxtaposes famous phrases from American history**, such as '**Home of the Brave**', with **powerful, vivid imagery featuring people who shine brightly in the face of adversity**, **celebrate diversity**, and **are proud to inspire today's articulation of being American**

Proudly American recognizes the **evolution of American values** and **champions a generation** whose **voice has helped reshape the USA to what it is today**. The campaign captures **SKYY's progressive** and **innovative origins** kicked off with out-and-proud **Olympian Gus Kenworthy** and '**RuPaul's Drag Race**' favorites **Trixie Mattel** and **Dusty Ray Bottoms**

In November 2018**,** SKYY announced the addition of **WWE Superstar, Actor, Television Personality** and **Humanitarian**, **John Cena**, to its '**Proudly American'** campaign. Debuting a new digital video starring Cena, **'The Pledge'** SKYY continues its positive platform in telling the stories of those who believe in celebrating the spirit of today's bold Americans. Then, in December, SKYY also launched another chapter of its 2018 influencer program, with **Amara La Negra**. She is an inspiring singer and entertainer with a **strong voice on diversity in America**. The overall campaign **reflects SKYY's core beliefs** which stem from the **brand's San Francisco roots** – **celebrating a progressive, diverse and innovative society. Watch "The Pledge" here:** https://www.youtube.com/watch?v=mNuiH2N7CJc

Wild Turkey (8% of Group sales): +7.0% (1) (2)

Global priorities

Top 5 markets by value

- US
- Australia
- Japan
- GTR
- Canada

- **Very positive organic growth of +7.0% in FY 2018**, while the fourth quarter registered a small decline due to a difficult comparison base from the prior year
  - **Wild Turkey bourbon grew +8.4%** and the **Russell's Reserve** premium offering continued its solid growth
  - **American Honey** registered a positive performance overall, driven by its core market, the US, only partly offset by some temporary weakness in Australia
- **Performance by region**
  - **Americas**
    - **Positive trends in the core US market continue,** with **Wild Turkey bourbon up +5.7%** alongside continued **national marketing support** from the Matthew McConaughey campaigns and other brand activations. Premium extensions and offerings such as the newly released **Wild Turkey Longbranch**, **Russell's Reserve** and **Master's Keep Revival** ensure that the **brand remains a top choice for high-end mixologists** and **connoisseurs**, while also leveraging on the **brand's quality, heritage** and **craft credentials**
    - **Double-digit growth in Canada,** albeit off a small base
  - **Asia Pacific**
    - **Australia registered strong double-digit growth (+13.0%) for Wild Turkey bourbon** as well as **Japan**
    - **New Zealand** grew positively off a small base
  - **SEMEA** and **North, Central & Eastern Europe**
    - **Positive momentum** for **Wild Turkey bourbon** in the seeding European markets remains as the **UK, Italy, Germany** and **Austria** all grew

CAMPARI GROUP

(1) Sales at constant FX
(2) Incl. Wild Turkey bourbon, Russell's Reserve, American Honey. Wild Turkey ready-to-drink and American Honey ready-to-drink are excluded

Premiumisation journey

Global priorities

Wild Turkey: Longbranch bourbon – March 2018

Matthew McConaughey and the legendary **Wild Turkey Distillery** launched **Wild Turkey Longbranch**, a collaboration between the **whiskey brand's creative director** and **Master Distiller Eddie Russell** in March this year

Inspired by McConaughey's Kentucky and Texas roots, this **rare small-batch Kentucky bourbon** is **refined with Texas Mesquite and oak charcoals** - a **unique method** that **deepens the flavor and complexity of the whiskey**. This launch marks the **first time Wild Turkey** has unveiled a product that bears signature of someone other than the **Master Distillers Jimmy and Eddie Russell**

McConaughey launched the brand live, via Facebook, alongside his mother, while the brand received **full digital** and **social media support, generating over 107 million impressions in the first two days of launch. Watch the launch video** **here**

Wild Turkey: Russell's Reserve 2002 – June 2018

Following closely on the heels of **Wild Turkey Master's Keep Revival** comes another gem from high above the Kentucky River – **Russell's Reserve 2002**

The first barrel proof offering from the brand, **Russell's Reserve 2002** is a **non-chill filtered bourbon** that serves as the sequel to the highly acclaimed **Russell's Reserve 1998. Only 25 hand-selected barrels were used to create 2002, making it one of the rarest whiskies the distillery has ever created**

Wild Turkey: Giving back – November 2018

Wild Turkey and the brand's Creative Director, **Matthew McConaughey,** celebrated **National First Responders Day** by **giving** thanks to a dedicated group of police officers, firefighters, 911 operators, and emergency staff. The team surprised these first responders with **roasted turkey feasts** as a way to thank them for their valiant efforts. **Media coverage** of this event has **garnered over 1.2 billion** total **earned impressions** across broadcast, **digital and social platforms**

Wild Turkey: Master's Keep Revival - #1 Bourbon of 2018

With an overall score of **96 out of 100**, **Wild Turkey Master's Keep Revival tops Wine Enthusiast's "Top Spirits of 2018" Guide this year!** As is the case annually, ***Wine Enthusiast*** has announced their **annual top honors**, culled from all the products reviewed in the **Spirit Buying Guide** from the previous 12 months

Spirits writer Kara Newman writes, *"...Aged 12 to 15 years in American oak, then finished in oloroso sherry barrels, this starts with a big, spicy kick, rounding into a long vanilla and caramel finish. Adding water reveals delicious, concentrated layers of spiced caramel, finishing with hints of mocha, hazelnut, lemon peel, and dazzling candied ginger heat."*

Grand Marnier (8% of Group sales): +5.2%[1]

Global priorities

Top 5 markets by value

- US
- Canada
- France
- GTR
- Italy

- **In the brand's first full year of organic performance, the brand registered positive growth of +5.2%.** Double-digit growth in Q4 largely due to catch-up from Q3
- The launch of the '**Live Grand**' campaign, alongside a **redefined drinking strategy**, including the **redesigned logo** and **label**, kicked-off in March 2018 in NY and extended to Europe in Paris in October 2018. Meanwhile **some discontinued brand extensions** such as the flavours and non-cognac versions, particularly in European markets, **have been cycled out**. The brand's underlying growth is in line with expectation

- **Performance by region**
  - **Americas**
    - **The core US market grew by +6.1%** in the year with the brand strategy being executed, while **Canada was slightly down due to a weak Q4,** due to price repositioning
  - **SEMEA, North, Central and Easter European markets** and **Asia Pacific**
    - **Positive progression** in **Italy** and **Global Travel Retail** while **France** was flat
    - **Positive performance** in **Germany, Belgium** and **Austria** while the rest of Europe was impacted by the phase-out of low-margin line extensions
    - **Good momentum** in **China** from a small base

(1) Sales at constant FX

Live Grand: the Grand Mixes

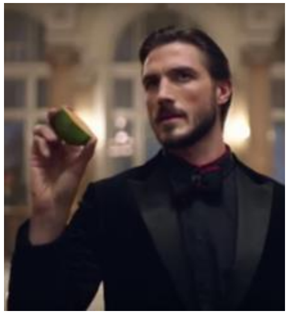
Global priorities

Grand Marnier: Live Grand – March 2018 & October 2018

Grand Marnier's major new **'Live Grand' campaign** was launched in NY in early March and in Paris during October. Between the two events, an **immersive experience was created** that brought the **brand's sophisticatedly eccentric world to life**

The 'Live Grand' campaign commenced in the USA following the launch event, with a **multi-channel media plan**, including **TV**, **digital**, **search** and **social media**. Aimed at upscale consumers, '**Live Grand**' invites them to **celebrate life's more luxurious**, **out-of-the ordinary experiences**, to move from '**good to grand**'. The supporting campaign encourages Grand Marnier to be a **central ingredient** in **both classic cocktails** as well as **easy mixes**

In the third quarter of 2018**, Grand Marnier** continued to roll-out the '**Live Grand**' campaign across all geographies, with a **multi-channel media plan**, **including TV, digital, search** and **social media in US** and **Canada**. In the meantime below the line activations were executed in Europe, with focus in France and UK



Jamaican rums (5% of Group sales): +8.3% (1) (2)

Global priorities

Top 5 markets by value

- **Jamaica**
- **US**
- **Canada**
- **UK**
- **Mexico**

- Very positive growth for the Jamaican rum portfolio in the year (+8.3%) with continued **exceptional outperformance** of **Wray&Nephew Overproof** and **positive development** of **Appleton Estate**.
- **Wray&Nephew Overproof** registered **+12.3% growth in FY 2018 (Q4: 22.2%)** and continues to develop its reputation as a **mixologist's favourite** due to the **depth of flavour, versatility** and **unmatched quality. The brand grew double-digit in the core market of Jamaica** as well as **the US** and **the UK**
- **Appleton Estate** continues to **premiumise its offerings** while communicating the **qualities, heritage** and **craft credentials of Jamaican rum** and had **good growth in the core markets of Canada (+3.0%), the US (+9.3%)** and **Jamaica (+22.4%)**
- **Performance by region**
  - **Americas**
    - The Jamaican rum portfolio grew by **mid-single digits** in the **core US market** driven by **Wray&Nephew Overproof** as well as **Appleton Estate**
    - **Positive double-digit growth in Jamaica** driven by both **Appleton Estate** and **Wray&Nephew Overproof**
  - **SEMEA, North, Central and Easter European markets** and **Asia Pacific**
    - **The UK continues its double-digit growth**, largely driven by **Wray&Nephew Overproof, up +12.6%** in the year
    - **Positive progression** in seeding markets such as **Australia, Austria** and **Switzerland**

(1) Sales at constant FX. Q4 2018 organic sales growth: +16.3%
(2) Incl. Appleton Estate and Wray & Nephew Overproof

The authentic rum experience

Global priorities

Appleton Estate: 30 year old Jamaican rum – September 2018

In September 2018, **Appleton Estate 30 Year Old Jamaican Rum** was released to **16 global markets** as well as to the **Global Travel Retail** channel. This **rare rum blend is a tribute to the unparalleled aged rum inventory in Jamaica**. Although younger, it **includes rums up to 50 years old from the very same barrels used for the 50 Year Old blend**. All rums in the blend are **at least 30 years old**

The Joy Spence Appleton Estate Rum Experience – Jamaica, January 2018

Appleton Estate, the **oldest continuously-run sugar Estate and distillery in Jamaica**, opened the doors to its **newly renovated, world-class visitor facility in 2018. The Joy Spence Appleton Estate Rum Experience** is an **interactive visitor experience** celebrating the **Estate's history, heritage** and **commitment to quality**. In addition to the outdoor attractions and expansive new Estate tour, visitors can experience:

- A new welcome pavilion with a bar as well as new ticketing, artifact displays, tour maps, and guest services
- A 3,000-square-foot theater, with a newly produced custom film for the Estate tour
- A 20-person VIP tasting room with three separate tasting rooms, each accommodating 35 guests and housing their own bar and much more

Appleton Estate: Wilderness Festival – August 2018

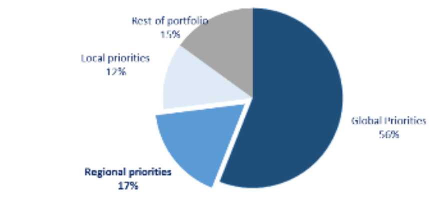
The **Appleton Estate** Jamaican Rum Bar returned to the Wilderness Festival, a boutique festival **attracting an influential audience of 30k people** in August 2018. **Appleton Estate** was the **official rum** of the festival; the **Jamaican Mule** featured **all high volumes among the bars** and was the **best seller on the biggest night of the festival** -outperforming the G&T

Appleton Estate: 15 year old edition – October 2018

Crafted by Master Blender Joy Spence, our **limited edition Appleton Estate 15YO Jamaican Rum** was introduced exclusively in the **Canadian market in October 2018**. This rum is a tribute to the **Estate's longstanding** and **greatly valued relationship with Canada.** In 1988, Canada welcomed Appleton Estate into the local marketplace, and has since distinguished itself as the leading global market for this brand. Today, in 2018, this **15YO rum blend was introduced exclusively to Canada** as a means to **celebrate 30 years of Canadians toasting with Appleton Estate Jamaica Rums**. Joy hand-selected the rums to be blended for this limited edition, with each **rum aged in oak barrels at least 15 years**, and **as long as 18 years**

Brand sales review

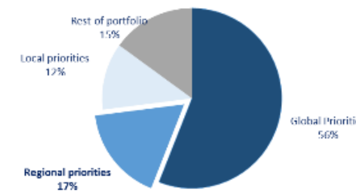
Regional priorities



	Regional priorities	Brand sales as % of Group's sales in FY 2018	Organic change in FY 2018	Organic change in Q4 2018	
Tequila	ESPOLÒN	3%	+26.1%	+11.6%	> **Core US market continued to grow by sustained double digits (+30.6%)** and seeding markets such as **Australia, Italy, Canada** and **Mexico** registered **positive performance** as well, offsetting temporary weakness in Russia
Gin	BULLDOG LONDON DRY GIN	1%	+7.2%	+11.7%	> **Double-digit growth** in the **UK, Germany, Italy** and **Portugal** partly offset by temporary weakness in Spain due to market competition and slowdown ahead of brand repositioning in 2019
Whiskies	GLENGRANT SINGLE MALT	1%	-5.7%	-13.8%	> Weakness in **Italy, Germany, France** and **Global Travel Retail** partially mitigated by the positive performance in **the US, South Africa** and **Australia,** reflecting the strategic refocus of the portfolio to higher-margin and longer-aged premium expressions away from unaged variants
	FORTY CREEK	1%	+8.5%	+18.5%	> **Strong performance** in the core market of **Canada (+12.4%) more than offset** some weakness in the **US**

Brand sales review

Regional priorities

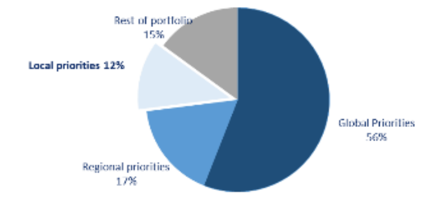


	Regional priorities	Brand sales as % of Group's sales in FY 2018	Organic change in FY 2018	Organic change in Q4 2018	
Italian bitters and liqueurs	Braulio, Cynar, Averna, Frangelico	4%	-1.2%	-6.2%	> **Very positive performance** of **Braulio in core market of Italy (+17.0%)** and seeding markets such as **the US, Global Travel Retail** and **Germany** also **performed positively** > **Flattish performance** of **Cynar** behind the **soft results in core markets of Italy** and **Switzerland** > **Averna** registered weak results in the core markets of **Italy** and **Germany**, partly mitigated by the rest of Europe > Overall **soft performance** of **Frangelico** despite **good growth in Australia**
Sparkling wine & vermouth	Cinzano	4% [1]	-8.7%	-11.3%	> **Vermouth down -7.7%** in the year as the core markets of **Argentina** and **Russia registered a double-digit decline. Positive performance** in **Germany**, **Australia** and the **Czech Republic** > **Sparkling wines down -9.4%** due to weakness in **core markets** of **Russia** and **Italy, while Germany** was flat. Some positive growth in seeding markets of **China, Japan** and **Eastern European** markets
	Mondoro, Riccadonna	2%	+9.2%	+9.6%	> **Solid performance of Mondoro (+8.2%)** driven by the core market of **Russia** as well as seeding markets of **Ukraine** and **the US** > **Riccadonna registered positive results of +10.3%** thanks to a **good performance** in the core markets of **France** and **Peru**

[1] Incl. Cinzano vermouth and Cinzano sparkling wines

Brand sales review

Local priorities



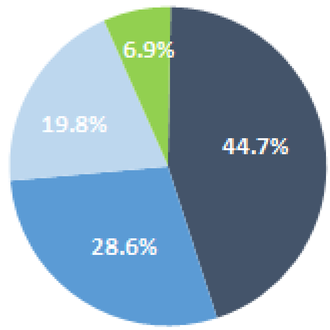
Local priorities	Brand sales as % of Group's sales in FY 2018	Organic change in FY 2018	Organic change in Q4 2018	
CAMPARISODA	3%	-1.0%	+0.9%	> **Some weakness** in core **Italian market**
CRODINO	3%	-2.9%	-1.1%	> **Overall negative performance** in core market of **Italy,** impacted by a tough comparison base due to the previous year's innovation pipeline. **Solid double-digit growth** in seeding markets of **Belgium, Switzerland** and **the Netherlands** from a small base
	2%	+5.6%	-1.2%	> **Good performance** in core **Australia** despite tougher comparison base in Q4
Dreher Sagatiba	1%	-6.2%	+3.5%	> **Negative overall performance** due to **weakness** in **Brazil**. Positive Q4 performance largely driven by an easier comparison base
12 OUZO	1%	-3.2%	-6.0%	> Weakness in core market of **Germany**
CABO WABO	1%	-2.7%	-8.3%	> **Temporary weakness** in core **US market** while underlying consumption remains positive

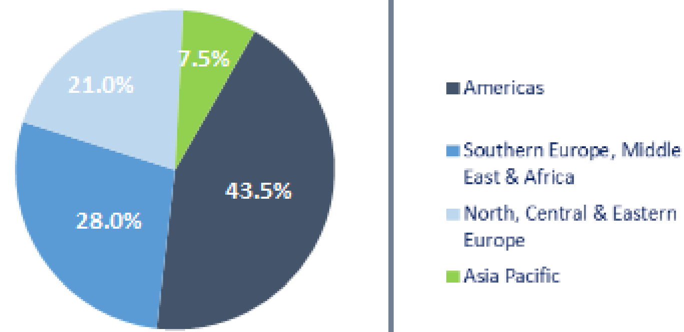
Table of contents

Net sales & EBIT analysis by region

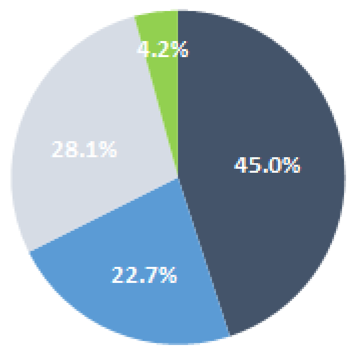
FY 2017 (1) | **FY 2018**

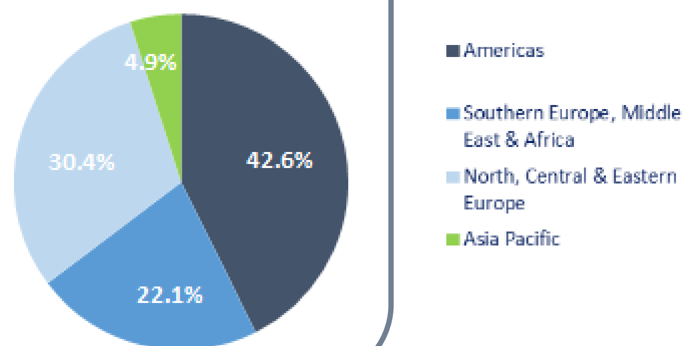
Net Sales breakdown by region





EBIT (2) breakdown by region





The **Americas remain the Group's largest region in terms of net sales and profitability** (43.5% of Group's net sales and 42.6% of Group's EBIT(2) in FY 2018). Decrease in the Americas' weight on sales (-120 bps) and EBIT adjusted (-240 bps) vs. FY 2017 driven by a decline in South American markets, the negative FX effect and the outperformance of the high-margin NCEE region

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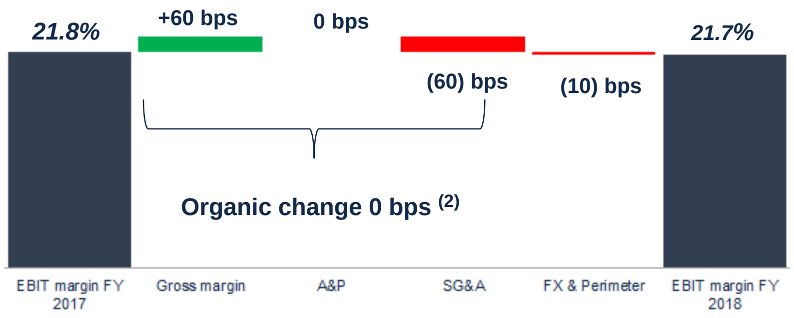
(1) FY2017 results restated according to IFRS 15 implementation as of January 1st, 2018
(2) EBIT adjusted

EBIT (1) by region - Americas

	FY 2018		FY 2017		Reported change	Organic change
	€ million	% of sales	€ million	% of sales	%	%
Net sales	744.7	100.0%	783.6	100.0%	-5.0%	+3.9%
Gross profit	434.8	58.4%	454.1	58.0%	-4.3%	+4.9%
A&P	(136.4)	-18.3%	(142.1)	-18.1%	-4.0%	+3.8%
SG&A	(137.0)	-18.4%	(141.0)	-18.0%	-2.8%	+7.5%
EBIT [1]	**161.5**	**21.7%**	**171.1**	**21.8%**	**-5.6%**	**+3.7%**

-10 bps



> Organic change: EBIT adjusted organic growth of +3.7% (broadly in line with sales), thanks to **positive growth across the high-margin North American region**, more than **offsetting weakness in Argentina** and **Brazil**. Key drivers:

Gross Profit

- Growth ahead of topline, leading to **+60 bps margin accretion,** thanks to **positive sales mix by brand and market,** driven by **high-margin global priority brands in North America** (Aperol, Grand Marnier and Wild Turkey), despite SKYY's negative performance, further helped by the counter-dilutive effect of the negative performance of lower-margin Latin America. This positive sales mix improvement **helped overcome the adverse effects of both the agave purchase price, progressively more impactful in the last part of the year, and the losses in the sugar business**

A&P

- A&P grew **in line with topline**, with particular focus on global priorities (Grand Marnier, Aperol, Wild Turkey and SKYY) and regional priorities (Espolòn) in the US

SG&A

- SG&A increase **ahead of topline (-60 bps dilutive**), mainly due to strengthening of on-premise capabilities in certain North American markets

> FX & Perimeter: Negative FX effect largely driven by strengthening of the Euro vs USD and Latin American currencies, and negative perimeter effect reflecting the disposal of Carolans

> EBIT margin: **EBIT margin** at **21.7% in FY 2018**, -10 bps vs. FY 2017, due to FX & Perimeter

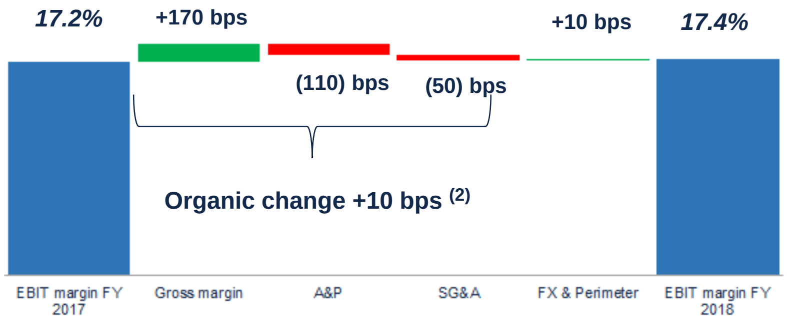
CAMPARI GROUP

(1) EBIT adjusted
(2) Bps rounded to the nearest ten

EBIT [(1)] by region - SEMEA

	FY 2018		FY 2017		Reported change	Organic change
	€ million	% of sales	€ million	% of sales	%	%
Net sales	479.8	100.0%	501.2	100.0%	-4.3%	+4.9%
Gross profit	312.8	65.2%	295.0	58.9%	+6.0%	+8.0%
A&P	(83.7)	-17.4%	(73.6)	-14.7%	+13.6%	+12.6%
SG&A	(145.6)	-30.3%	(135.1)	-27.0%	+7.7%	+7.1%
EBIT [(1)]	**83.6**	**17.4%**	**86.2**	**17.2%**	**-3.0%**	**+5.6%**

+20 bps



> Organic change: **EBIT adjusted organic growth of +5.6% (+10 bps accretion)**, thanks to **key Italian market** and sustained growth in the rest of the region, in particular **France**, **Spain** and **Global Travel Retail**. Key drivers:

Gross Profit
- **Strong gross margin expansion (+170 bps)** driven by **solid performance** of **high-margin aperitif portfolio, in particular Aperol** and **Campari,** across the region

A&P
- A&P increase above topline **(-110 bps**) driven by **brand building investments behind aperitifs** across **Europe** and **high-potential markets**, as well as some **selective regional priority brands** in the **Global Travel Retail channel**

SG&A
- SG&A increase (**-50 bps**) driven by the strengthening of on-premise capabilities in selected markets

> FX & Perimeter: Neglectable FX effect, and negative while accretive perimeter effect, almost entirely attributable to the disposal of low-margin, non-core business and termination of agency brand distribution, particularly in Italy

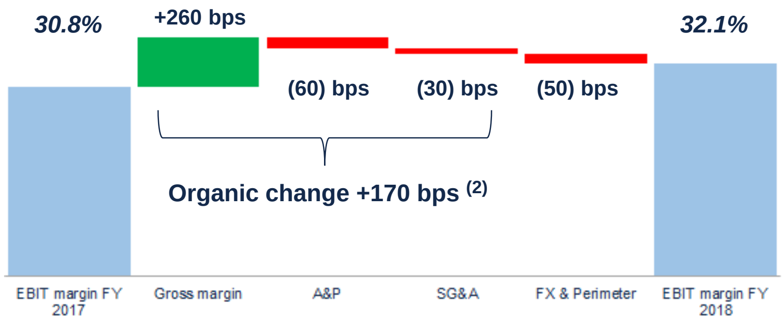
> EBIT margin: **EBIT margin** up to **17.4% in FY 2018** (+20 bps vs. FY 2017)

(1) EBIT adjusted
(2) Bps rounded to the nearest ten

EBIT [1] by region - NCEE

	FY 2018		FY 2017		Reported change	Organic change
	€ million	% of sales	€ million	% of sales	%	%
Net sales	358.9	100.0%	347.2	100.0%	+3.4%	+6.2%
Gross profit	220.7	61.5%	205.7	59.2%	+7.3%	+10.9%
A&P	(51.3)	-14.3%	(46.9)	-13.5%	+9.3%	+11.3%
SG&A	(54.4)	-15.2%	(51.7)	-14.9%	+5.2%	+8.1%
EBIT [1]	**115.1**	**32.1%**	**107.1**	**30.8%**	**+7.5%**	**+12.1%**

+ 120 bps



> Organic change: **EBIT adjusted organic growth of +12.1**%, well ahead of sales growth **(+170 bps accretion)**, mainly driven by **strong performance of aperitif portfolio across the region**. Key drivers:

Gross Profit

- Growth ahead of sales **(+260 bps),** driven by **strong sales mix improvement** led by the positive performance of the **high-margin aperitif portfolio (in particular Aperol), growing by double-digit in core high-margin markets** such as **Germany, UK** and **Austria**

A&P

- A&P increase (**-60 bps**) to support the strong growth of aperitif portfolio

SG&A

- SG&A increase ahead of sales (**-30 bps**) reflecting the enhancement of on-premise capabilities in selective high-potential markets

> FX & Perimeter: Negative FX, mainly driven by the devaluation of Russian Ruble, and negative perimeter driven by the termination of some agency brands distribution

> EBIT margin: **EBIT margin** up to **32.1% in FY 2018** (+120 bps vs. FY 2017)

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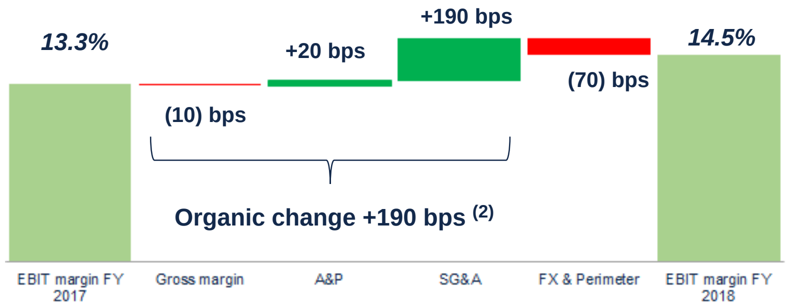
(1) EBIT adjusted
(2) Bps rounded to the nearest ten

EBIT [1] by region - Asia Pacific

	FY 2018		FY 2017		Reported change	Organic change
	€ million	% of sales	€ million	% of sales	%	%
Net sales	128.3	100.0%	121.3	100.0%	+5.8%	+12.9%
Gross profit	59.6	46.5%	57.4	47.3%	+3.8%	+12.7%
A&P	(17.9)	-14.0%	(17.2)	-14.2%	+4.2%	+11.4%
SG&A	(23.1)	-18.0%	(24.1)	-19.9%	-4.3%	+2.4%
EBIT [1]	**18.7**	**14.5%**	**16.2**	**13.3%**	**+15.5%**	**+29.4%**

+ 120 bps



> Organic change: **EBIT adjusted organic growth of +29.4**%, well ahead of sales growth **(+190 bps accretion)**, thanks to positive results across the region, in particular Australia. Key drivers:

Gross Profit
- Gross margin up **double digits**, broadly **in line with sales growth**

A&P
- A&P grew **slightly below topline (+20 bps**)

SG&A
- **Moderate increase in SG&A**, generating **+190 bps margin accretion**, driven by **cost containment** and **positive operating leverage**

> FX & Perimeter: Negative FX effect largely driven by weakness in the Australian Dollar vs. Euro and neglectable perimeter impact

> EBIT margin: **EBIT margin** up to **14.5% in FY 2018** (+120 bps vs. FY 2017)

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(1) EBIT adjusted
(2) Bps rounded to the nearest ten

Table of contents

FY2018 consolidated P&L

	FY 2018		FY 2017							
	€ million	% of sales	€ million	% of sales	Reported change	Organic margin accretion/(dilution) (bps) (3)	Organic change	Forex impact	Perimeter effect	Q4 2018 organic change
Net sales	**1,711.7**	**100.0%**	**1,753.4**	**100.0%**	**-2.4%**		5.3%	-4.2%	-3.4%	2.1%
COGS (1)	(683.6)	-39.9%	(741.1)	-42.3%	-7.7%	120	2.2%	-4.0%	-5.9%	-3.0%
Gross profit	**1,028.1**	**60.1%**	**1,012.3**	**57.7%**	**1.6%**	**120**	**7.5%**	**-4.3%**	**-1.6%**	**6.2%**
Advertising and promotion	(289.2)	-16.9%	(279.9)	-16.0%	3.3%	-40	7.8%	-4.7%	0.2%	0.4%
Contribution after A&P	**738.9**	**43.2%**	**732.4**	**41.8%**	**0.9%**	**80**	**7.4%**	**-4.2%**	**-2.3%**	**8.4%**
SG&A (2)	(360.1)	-21.0%	(351.9)	-20.1%	2.3%	-30	7.1%	-5.1%	0.3%	12.8%
EBIT adjusted	**378.8**	**22.1%**	**380.5**	**21.7%**	**-0.4%**	**50**	**7.6%**	**-3.3%**	**-4.7%**	**5.3%**
Operating adjustments	1.9	0.1%	13.9	0.8%	-86.6%					
Operating profit = EBIT	**380.7**	**22.2%**	**394.3**	**22.5%**	**-3.5%**					
Net financial income (charges)	(33.8)	-2.0%	(40.0)	-2.3%	-15.6%					
Adjustments to financial income (charges)	1.8	0.1%	(24.8)	-1.4%	-107.3%					
Proft (loss) related to companies valued at equity	(0.2)	0.0%	0.0	0.0%	-					
Put option costs	2.3	0.1%	(2.8)	-0.2%	-182.3%					
Profit before tax and non-controlling interests	**350.8**	**20.5%**	**326.7**	**18.6%**	**7.4%**					
Taxes	(54.5)	-3.2%	29.7	1.7%	-283.6%					
Net profit	**296.3**	**17.3%**	**356.4**	**20.3%**	**-16.8%**					
Non-controlling interests	0.0	0.0%	0.0	0.0%	-					
Group net profit	**296.3**	**17.3%**	**356.4**	**20.3%**	**-16.8%**					
Group net profit adjusted	**249.3**	**14.6%**	**233.4**	**13.3%**	**6.8%**					
Other information:										
Depreciation	(53.8)	-3.1%	(57.1)	-3.3%	-5.8%	10	1.8%	-5.1%	-2.5%	-12.1%
EBITDA adjusted	**432.6**	**25.3%**	**437.6**	**25.0%**	**-1.1%**	**40**	**6.8%**	**-3.5%**	**-4.4%**	**3.4%**
EBITDA	434.5	25.4%	451.4	25.7%	-3.8%					

(1) COGS = cost of materials, production and logistics expenses
(2) SG&A = selling, general and administrative expenses
(3) Bps rounded to the nearest ten

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EBIT adjusted - Key highlights

> **Gross profit**: on a **reported** basis up **+1.6% in value**, to 60.1% on sales (**+230 bps accretion**):

- **Organic** growth of **+7.5% in value**, **+120 bps margin expansion**. Organic growth ahead of topline thanks to **favourable sales mix by brand and market**: outperformance of key high-margin Global and Regional Priorities in core developed markets, overcoming the adverse effects of both the agave purchase price, progressively more impactful in the last part of the year, and the losses in the sugar business
- **Forex and perimeter** combined effect of **-5.9% in value**, **+110 bps** margin expansion, driven by disposals of low-margin businesses and agency brands distribution termination

> **A&P**: on a **reported basis up +3.3% in value**, to 16.9% on net sales (**-90 bps dilution**)

- **Organic** growth of **+7.8% in value**, **-40 bps** margin dilution, reflecting higher marketing investments in brand building initiatives, in particular, behind global brands (Aperol, Campari, SKYY, Wild Turkey and Grand Marnier)
- **Forex and perimeter** combined effect of **-4.5% in value**, **-50 bps** margin dilution, driven by disposals of low A&P-intensity businesses such as Carolans, Lemonsoda and agency brands distribution termination

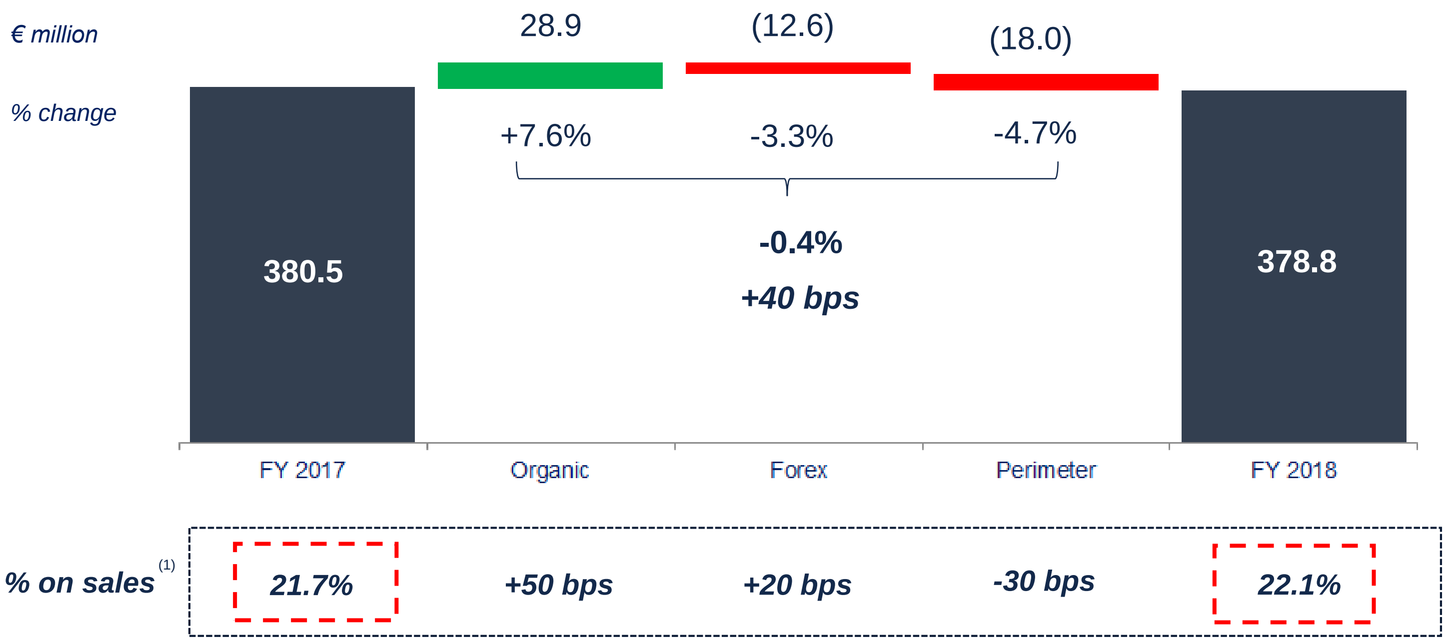
> **SG&A**: on a **reported** basis up **+2.3% in value**, to 21.0% on net sales (**-100 bps dilution**)

- **Organic** growth of +**7.1% in value**, higher than topline growth, **-30 bps** margin dilution, due to selective strengthening of both the Group's on-premise capabilities and Global Travel Retail channel
- **Forex and perimeter** combined effect of **-4.8% in value**, **-70 bps** margin dilution, primarily driven by the deconsolidation of disposed businesses carrying no structure costs

> **EBIT adjusted**: on a **reported** basis down -**0.4% in value**, to 22.1% on net sales (**+40 bps accretion**)

- **Organic** growth of **+7.6% in value**, +**50 bps** margin accretion
- **Forex and perimeter** combined effect of **-8.0% in value**, **-10 bps** margin dilution

EBIT adjusted – summary effects



> **EBIT adjusted of €378.8 million, down -0.4%** on a reported basis, **22.1% margin** on sales **(+40 bps accretion)**. Key drivers:

- **Organic growth of +7.6%,** ahead of topline growth (+**50 bps accretion**), thanks to strong **gross margin expansion (+120 bps**) more than offsetting higher investment in brand building (-40 bps) and sales infrastructure (-30 bps)
- **FX effect of -3.3%** or €(12.6) million (**+20 bps accretion**), driven by a strengthened Euro vs. all Group currencies
- **Perimeter effect of -4.7%** or €(18.0) million (**-30 bps dilution**), largely due to disposals of non-core businesses

> **EBIT of €380.7 million, down -3.5%,** due to unfavourable comparison base of net operating adjustments (positive net amount of €1.9 million in FY 2018 vs. €13.9 million in FY 2017) (2)

> **EBITDA adjusted of €432.6 million,** down -1.1% overall, **25.3% margin on sales**

(1) Bps rounded to the nearest ten

(2) In FY 2018, positive operating adjustments of €1.9 million, attributable to the gain on the Lemonsoda business disposal (€38.5 million), net of provisions for restructuring initiatives. In FY 2017, positive operating adjustments of €13.9 million, attributable to Carolans capital gain of €49.7 million, net of transactions costs and provisions for restructuring initiatives

Financial charges

	FY2018	FY2017	Change
Net financial income (charges) [(1)]	(33.8)	(40.0)	6.3
Adjustments to financial income (charges)	1.8	(24.8)	26.6
Put option income (charges) [(2)]	2.3	(2.8)	5.1
Proft (loss) related to companies valued at equity	(0.2)	0.0	(0.2)
Average net debt	925.4	1,144.0	
Average cost of net debt [(3)]	***3.3%***	***2.9%***	

Notes
(1) Including fx gain/(loss)
(2) Non-cash P&L effects related to commitments to purchase minorities
(3) Excludes FX gains/losses and Put options costs

> **Net financial charges at €33.8 million in FY 2018,** down by €6.3 million vs. FY 2017, thanks to a reduction of average indebtedness (€925.4 million in FY 2018, down from €1,144.0 million in FY 2017) and FX

> **Average cost of net debt of 3.3**% in FY 2018, up from 2.9% in FY 2017, reflecting the negative carry effect on excess cash

> **Positive financial adjustments of €1.8 million** in FY 2018 mainly related to some minor financial assets sale (vs. €(24.8) million in FY 2017 attributable to one-off liability management transactions completed in April 2017)

Group net profit (reported)

€ million	Actual FY2018	Actual FY2017	Reported change
EBIT adjusted	378.8	380.5	-0.4%
Operating adjustments (A)	1.9	13.9	
EBIT reported	380.7	394.3	-3.5%
Recurring net financial charges	(33.8)	(40.0)	
Adjustments to financial income (charges) (B)	1.8	(24.8)	
Put option costs and others	2.1	(2.8)	
Pretax profit reported	**350.8**	**326.7**	**7.4%**
Total taxes, of which:	**(54.5)**	**29.7**	
-Total recurring taxes	*(97.8)*	*(104.3)*	
-Total tax adjustments (C), of which:	*43.4*	*133.9*	
-Fiscal effects on operating, financial adj. and other tax adj.	*17.4*	*7.2*	
-Patent box (1)	*26.0*	*44.8*	
-One-off reduction in US deferred tax liability (US tax reform)	*0.0*	*81.9*	
Group net profit (reported)	**296.3**	**356.4**	**-16.8%**
Total adjustments (A+B+C)	47.0	123.0	
Reported tax rate	***15.5%***	***-9.1%***	

- **Group net profit reported at €296.3 million, down -16.8**%, mainly due to reduced adjustments vs. FY 2017:
  - **Lower positive operating adjustments**: €1.9 million in FY 2018, attributable to the gain on the Lemonsoda business disposal (€38.5 million), net of provisions for restructuring initiatives vs. €13.9 million in FY 2017, attributable to Carolans capital gain of €49.7 million, net of transactions costs and provisions for restructuring initiatives
  - **Positive impact from financial adjustments**: €1.8 million in FY 2018 mainly related to some minor financial assets sale, vs. €(24.8) million in FY 2017 attributable to one-off liability management transactions completed in April 2017
  - **Negative impact from higher total taxes**: €54.5 million tax expenses in FY 2018 vs. €29.7 million tax income in FY 2017, the latter benefitting from one-off tax adjustments related to the US tax reform and 2015-2017 cumulative effect of 'Patent box' tax relief in Italy
  - **Reported tax rate at 15.5% in FY 2018** vs. -9.1% in FY 2017
- **2019 non-recurring adjustments:**
  - Overall net positive adjustments of approx. €14 million expected, derived from the 'Patent box' tax relief in Italy, in what will be its fifth and final year, assumed in line with previous year at approx. €26 million, which will more than offset provisions for the completion of certain reorganisational projects for an estimated amount of €(16) million and corresponding fiscal effects of approx. €4 million

(1) 'Patent box' tax benefit of €26.0 million in FY 2018, of which €22 million relating to the current year and €4 million relating to previous years.(vs. €44.8 million in FY 2017, which included cumulative 'Patent box' benefits for 2015-2017)

Group net profit adjusted and EPS

€ million	Actual FY2018	Actual FY2017	Change
EBIT adjusted	378.8	380.5	-0.4%
Recurring net financial charges	(33.8)	(40.0)	
Put option costs and others	2.1	(2.8)	
Pretax profit adjusted	**347.1**	**337.7**	**2.8%**
Total recurring taxes, of which:	**(97.8)**	**(104.3)**	
- Recurring cash tax	*(81.3)*	*(80.1)*	
- Goodwill deferred tax	*(16.5)*	*(24.2)*	
Group net profit adjusted	**249.3**	**233.4**	**6.8%**
Recurring cash tax rate	***-23.4%***	***-23.7%***	
Recurring effective tax rate	***-28.2%***	***-30.9%***	
Basic earnings per share (€) adjusted [(1)]	**0.22**	**0.20**	**7.4%**

> **Group net profit adjusted at €249.3 million, up +6.8**%, mainly due to:

- **Decrease in recurring net financial charges** of €6.3 million vs. FY 2017, thanks to a reduction of average indebtedness and FX
- **Reduction in put option costs and others** of €4.9 million vs. FY 2017, due to reduced earn-out debt estimation
- **Reduction in total recurring taxes** of €6.4 million vs. FY 2017, driven by lower recurring effective tax rate

> **FY 2018 recurring tax**:

- **Recurring cash tax rate at 23.4%** in FY 2018, down from 23.7% in FY 2017, driven by geographic mix and FX effects
- Goodwill deferred taxes down to €16.5 million in FY 2018, from €24.2 million in FY 2017, mainly due to the reduced tax rate in the US
- **Recurring effective tax rate down to 28.2% in FY 2018**, from 30.9% in FY 2017

(1) EPS calculation based on weighted average outstanding shares (net of own shares) of 1,154,903,852 shares in FY2018 (vs. 1,160,785,339 shares in FY2017)

Table of contents

Free cash flow

	FY 2018		FY 2017		Δ FY18 vs. FY17		*Δ FY18 vs. FY17*	
	Total	*Recurring*	Total	*Recurring*	Total		*Recurring*	
	€ m	€ m	€ m	€ m	€ m	%	*€ m*	%
EBITDA adjusted	**432.6**	***432.6***	**437.6**	***437.6***	**(5.0)**	**-1.1%**	***(5.0)***	***-1.1%***
Taxes paid	(48.5)	*(72.5)*	(41.3)	*(55.8)*	(7.3)		*(16.7)*	
Change in OWC (at constant FX and perimeter)	(25.5)	*(25.5)*	(58.6)	*(58.6)*	33.1		*33.1*	
Financial income (expense)	(21.0)	*(22.8)*	(51.8)	*(27.0)*	30.8		*4.2*	
Capex [(1)]	(70.9)	*(49.7)*	(32.5)	*(55.9)*	(38.4)		*6.2*	
Other non-cash items [(2)]	(31.1)	*5.6*	(26.5)	*9.3*	(4.6)		*(3.7)*	
Free Cash Flow (FCF)	**235.6**	***267.7***	**227.0**	***249.7***	**8.5**	**3.8%**	***18.0***	***7.2%***

[(1)] Recurring capex refers to maintenance capex

[(2)] Other non-cash items mainly attributable to provision for restructuring projects, incentive plans, net use of funds

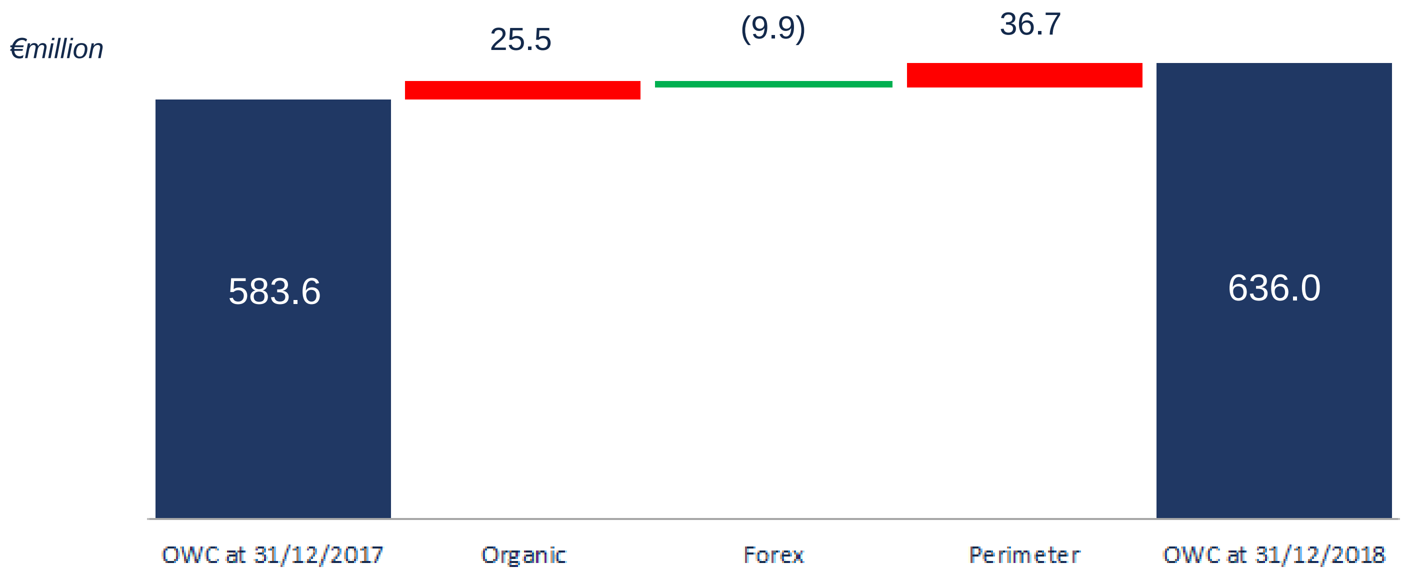
> **Free cash flow at €235.6 million**, up €8.5 million vs. FY 2017. **Recurring free cash flow at €267.7 million, up €18.0 million** vs. FY 2017. Key drivers:

- Slight decrease of EBITDA adjusted of €(5.0) million
- **Tax paid** of €48.5 million in FY 2018 after non-recurring tax benefits ('Patent box') and fiscal effects on adjustments. **Recurring taxes** at **€72.5 million** in FY 2018, with difference vs. FY 2017 due to phasing of tax payments
- **OWC increase of €25.5 million** in FY 2018 (vs. €58.6 million in FY 2017) [(1)]
- **Financial expenses of €21.0 million** in FY 2018, with difference vs. FY 2017 mainly related to the negative adjustments of €(24.8) million in FY 2017 due to one-off costs related to liability management transactions. **Recurring financial expenses of €22.8 million** in FY 2018
- **Capex of €70.9 million** in FY 2018, with difference vs. FY 2017 mainly due to unfavourable comparison base (real estate disposal cash in of €35.3 million in FY 2017). **Maintenance capex of €49.7 million** in FY 2018
- Negative impact from other non-cash items of €(31.1) million in FY 2018, due to provisions for restructuring projects. Recurring at a positive amount of €5.6 million in FY 2018

> **Recurring FCF/EBITDA adjusted ratio up to 61.9% in FY 2018 (from 57.1% in FY 2017)**

(1) Refer to slide 47 'Operating working capital' for details

Operating working capital



% on sales	33.3% (1)	-30 bps	+80 bps	+330 bps	37.2%

> **OWC as % of net sales at 37.2%** as of 31 December 2018, up from 33.3% (1) as of 31 December 2017, mainly due to the change of perimeter (+330 bps)

> **OWC increase of €52.4 million** (2) as of 31 December 2018 vs. 31 December 2017. Key drivers:

- **Organic increase of €25.5 million**, due to increase in inventory of €32.3 million (of which ageing liquid increase of €16.2 million) and decrease in payables of €6.7 million, partially offset by decrease in receivables of €13.6 million thanks to more efficient payment terms management
- **Forex impact of €(9.9) million**, reducing receivables and payables by €18.7 million and €4.0 million respectively and increasing inventory by €4.9 million
- **Perimeter effect of €36.7 million**, mainly due to the acquisition of significant ageing liquid related to Bisquit Cognac (€34.1 million)

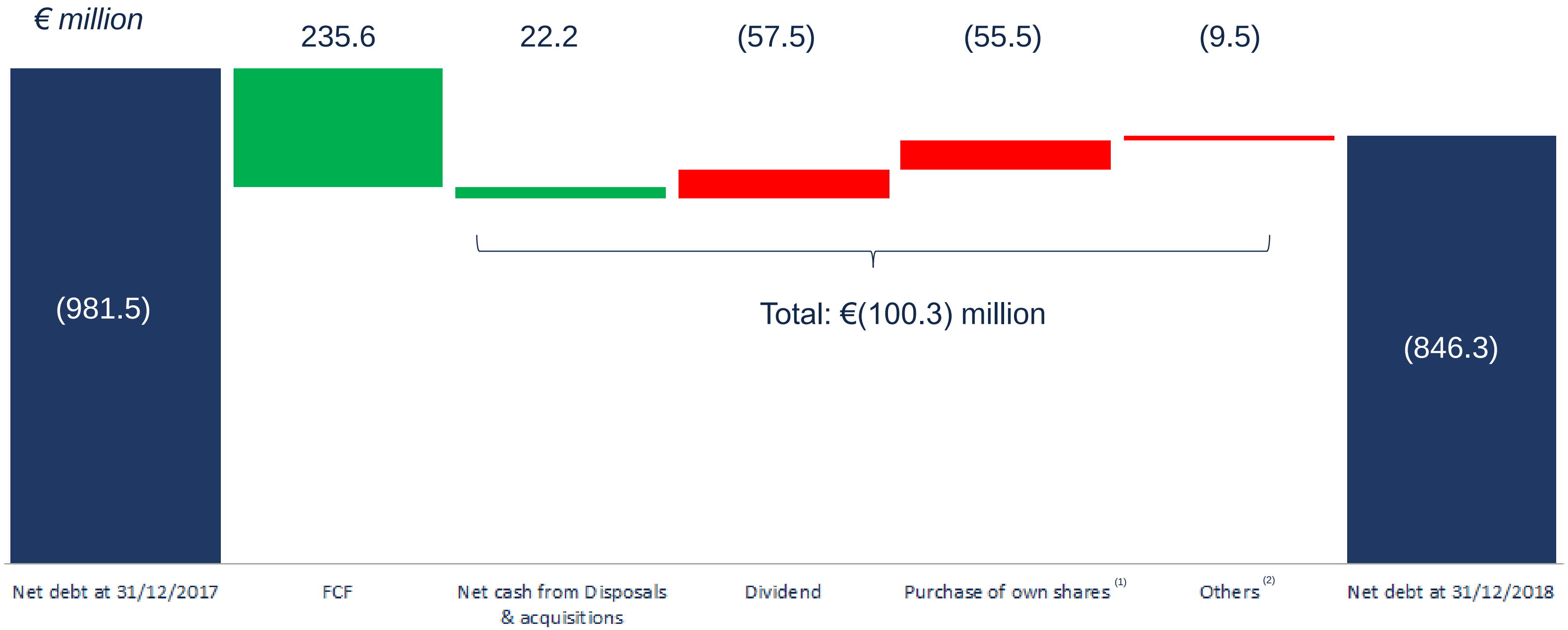
(1) FY 2017 restated according to IFRS 15 implementation as of 1 January 2018. OWC as % on sales ratio pre IFRS 15 was 32.1% in FY 2017
(2) Refer to annex 9 'Operating working capital' for details

CAPEX

€ *million*	FY 2017A	FY 2018A	FY 2019 guidance
Maintenance capex (net of barrel disposal)	**55.9**	**49.7**	**54**
Extraordinary capex (incl.new offices, brand houses and other projects)	**11.9**	**25.6**	**24**
Total capex	**67.7**	**75.3**	**78**
Real estate disposal	(35.3)	(4.4)	
Total capex (net of real estate disposals)	**32.5**	**70.9**	

- **Total capex investment of €70.9 million** in FY 2018, net of the €4.4 million proceeds from real estate assets disposal**. Excluding such effect, the capex investment was €75.3 million**, of which:
  - **€49.7 million maintenance capex**
  - €25.6 million extraordinary capex
- For FY 2019, **maintenance capex is expected at approximately €54 million** and extraordinary capex at approximately €24 million reflecting investments on extra projects (incl. brand houses and other projects)

Net financial debt decreased by €135.3 million



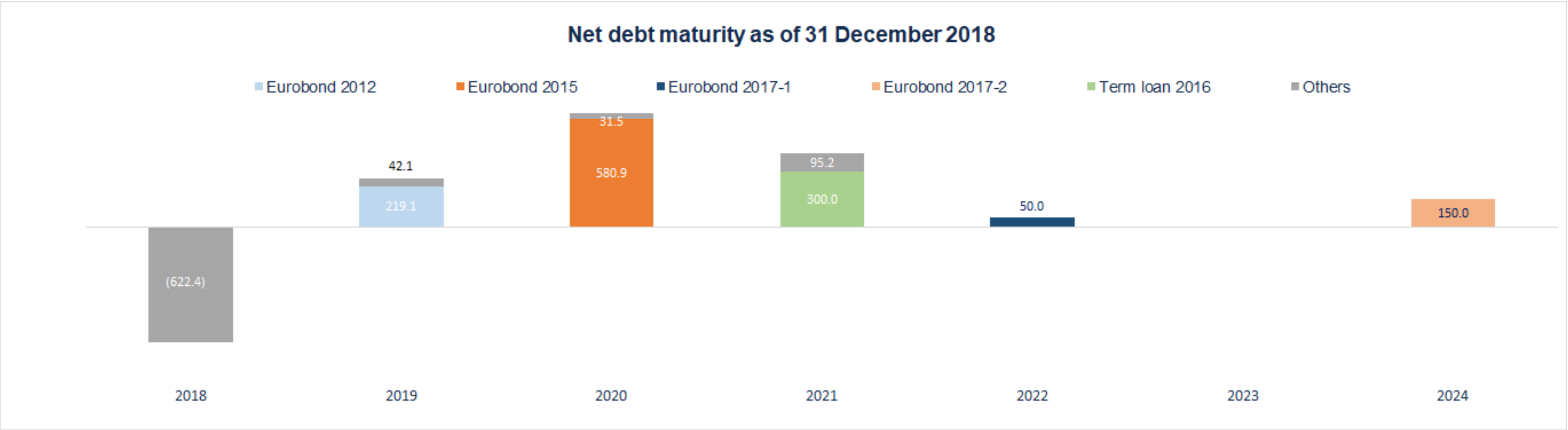
> **Net financial debt** at **€846.3 million** as of 31 December 2018, down from €981.5 million as of 31 December 2017,thanks to the positive free cash flow generation of €235.6 million and after the proceeds from the sale of Lemonsoda, net of the acquisition of Bisquit [3], the dividend payment and the purchase of own shares

> **Net debt to EBITDA pro-forma ratio** [4] **at 1.9x as of 31 December 2018** (vs. 2.0x as of 31 December 2017)

(1) Purchase of own shares net of sale of shares for stock option exercises
(2) Mainly related to FX and earn-out
(3) Lemonsoda business disposal of €80.2 million, inclusive of price adjustments (closed on 2 January 2018). Bisquit Cognac acquisition for €52.7 million, inclusive of price adjustments (closed on 31 January 2018)
(4) Pro-forma ratio mainly to take into account the full year effect of acquisitions and disposals that occurred in the period

Debt maturity

- > **Net debt** of **€846.3 million** as of **31 December 2018**
- > **Long-term gross debt at €1.1 billion** (1)
  - Overall long-term gross debt **average coupon at 2.03%**
  - **Fixed interest rate** debt accounts for **c. 72%** of the overall long-term gross debt



(1) €219.1 million Eurobond expiring in October 2019 reclassified as short-term debt

New accounting standard IFRS 16 - Leases
(effective from fiscal year 2019)

IFRS 16 - Leases as of fiscal year 2019

- Introducing a single lessee accounting model
- Re-measurement of all material lease contracts to be recognized on the balance sheet: asset representing the right to use (to be depreciated on a straight line basis) and liability representing the obligation to make lease payments (to be measured at a discounted value and interest charges to be booked in P&L)
- Therefore, rent expenses in the P&L will be replaced with depreciation on the right of use asset and the interest charge arising from the lease as net borrowing
- To impact profit indicators (immaterial impact on net profit expected) and net financial debt
- To be implemented as of 1 January 2019 (FY 2018 not to be restated)

IFRS 16 estimated impact on Group key financial indicators [1]
(based on outstanding lease contracts as of 31 December 2018)

	FY 2018 Reported € million	IFRS 16 estimated impact		FY 2018 after IFRS 16 estimated impact € million
		€ million	%	
EBITDA adjusted	**432.6**	**15.9**	**3.7%**	**448.5**
EBIT adjusted	**378.8**	**2.4**	**0.6%**	**381.2**
Pre-tax profit adjusted	**347.1**	**(0.7)**	**-0.2%**	**346.5**
EBITDA	434.5	15.9	3.7%	450.4
EBIT	380.7	2.4	0.6%	383.1
Pre-tax profit	350.8	(0.7)	-0.2%	350.1
Depreciation	**(53.8)**	**(13.5)**	**25.0%**	**(67.3)**
Net financial charges	**(33.8)**	**(3.1)**	**9.2%**	**(36.9)**
	Year end 2018			**Estimated opening balance 2019**
Net financial debt	**846.3**	**83.3**	**9.8%**	**929.6**

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(1) Preliminary estimates based on the Group's outstanding lease contracts as of 31 December 2018. Moreover, different values could be determined in 2019 as a result of new lease contracts

Table of contents

Conclusion and Outlook

- **Consistent delivery on strategy** with **a solid organic performance** across **all key profit indicators: robust organic topline growth in FY 2018** with **continuous sales mix improvement** driven by **outperformance of key high-margin brands** in **core developed markets**
  - **On a reported basis**, the overall results reflected the **negative forex** and **perimeter effects**

- **For full year 2019, the outlook remains fairly balanced in terms of risks** and **opportunities:**
  - **Underlying business performance** is expected to **keep current momentum**, despite **uncertain macroeconomic scenarios** and **continued volatility** in some emerging markets
  - **The key high-margin combinations of Global** and **Regional Priorities in core developed markets** are expected to continue supporting sales mix improvement and organic gross margin expansion offsetting the negative agave effect, which will remain at an elevated level due to the strong trend of the tequila category
  - **Current underlying trend in EBIT organic margin expansion is expected to continue**, supported by gross margin accretion, after reinvestments into the business, particularly the Group's on-premise capabilities and the brand houses development
  - **FX and perimeter** effects, driven by the continued volatility of some currencies and the tail-end effect of the previous year's transactions, are expected to be **less adverse** than FY 2018
  - **Net profit reported** is expected to benefit from net positive adjustments driven by **'Patent box' tax relief in Italy** in 2019, in what will be its fifth and final year [(1)]

The Group remains confident in delivering a positive performance across all key underlying business indicators in 2019

(1) Refer to slide 43 for details

Table of contents

Net sales by region & key market

Consolidated Net sales by region

	FY 2018		FY 2017		Change	of which:			Q4 2018
	€ m	%	€ m	%	%	organic	perimeter	forex	organic
Americas	744.7	43.5%	783.6	44.7%	-5.0%	3.9%	-1.7%	-7.2%	2.1%
Southern Europe, Middle East & Africa	479.8	28.0%	501.2	28.6%	-4.3%	4.9%	-9.1%	-0.1%	2.8%
North, Central & Eastern Europe	358.9	21.0%	347.2	19.8%	3.4%	6.2%	-0.5%	-2.3%	-0.2%
Asia Pacific	128.3	7.5%	121.3	6.9%	5.8%	12.9%	-	-7.2%	6.0%
Total	**1,711.7**	**100.0%**	**1,753.4**	**100.0%**	**-2.4%**	**5.3%**	**-3.4%**	**-4.2%**	**2.1%**

Region breakdown by key market

Americas by market

	FY 2018		FY 2017		Change	of which:			Q4 2018
	€ m	%	€ m	%	%	organic	perimeter	forex	organic
USA	445.6	59.8%	456.9	58.3%	-2.5%	4.4%	-2.3%	-4.5%	4.6%
Jamaica	90.1	12.1%	83.0	10.6%	8.6%	14.4%	-	-5.8%	15.1%
Canada	54.8	7.4%	57.6	7.4%	-4.8%	4.1%	-4.6%	-4.3%	-0.5%
Brazil	51.5	6.9%	63.4	8.1%	-18.7%	-2.8%	-	-15.9%	-1.0%
Mexico	37.8	5.1%	34.6	4.4%	9.3%	16.1%	0.3%	-7.1%	24.7%
Argentina	20.1	2.7%	49.1	6.3%	-58.9%	-32.4%	-	-26.6%	-47.1%
Other countries	44.6	6.0%	39.0	5.0%	14.4%	21.1%	-	-6.7%	25.6%
Americas	**744.7**	**100.0%**	**783.6**	**100.0%**	**-5.0%**	**3.9%**	**-1.7%**	**-7.2%**	**2.1%**

Net sales by region & key market

Southern Europe, Middle East & Africa by market

	FY 2018		FY 2017		Change	of which:			Q4 2018
	€ m	%	€ m	%	%	organic	perimeter	forex	organic
Italy	356.1	74.2%	388.0	77.4%	-8.2%	3.6%	-11.8%	-	3.4%
Other countries	123.6	25.8%	113.2	22.6%	9.2%	9.4%	0.3%	-0.5%	0.6%
Southern Europe, Middle East & Africa	**479.8**	**100.0%**	**501.2**	**100.0%**	**-4.3%**	**4.9%**	**-9.1%**	**-0.1%**	**2.8%**

North, Central & Eastern Europe by market

	FY 2018		FY 2017		Change	of which			Q4 2018
	€ m	%	€ m	%	%	organic	perimeter	forex	organic
Germany	167.2	46.6%	157.9	45.5%	5.9%	6.5%	-0.6%	-	1.4%
Russia	48.9	13.6%	62.2	17.9%	-21.3%	-11.4%	-0.2%	-9.7%	-5.6%
UK	32.8	9.2%	27.9	8.0%	17.9%	19.1%	-	-1.2%	21.4%
Other countries	110.0	30.6%	99.3	28.6%	10.7%	13.0%	-0.6%	-1.7%	-3.5%
North, Central & Eastern Europe	**358.9**	**100.0%**	**347.2**	**100.0%**	**3.4%**	**6.2%**	**-0.5%**	**-2.3%**	**-0.2%**

Asia Pacific by market

	FY 2018		FY 2017		Change	of which			Q4 2018
	€ m	%	€ m	%	%	organic	perimeter	forex	organic
Australia	88.3	68.8%	85.7	70.6%	3.0%	10.5%	-	-7.5%	5.7%
Other countries	40.1	31.2%	35.6	29.4%	12.5%	18.8%	0.1%	-6.4%	7.0%
Asia Pacific	**128.3**	**100.0%**	**121.3**	**100.0%**	**5.8%**	**12.9%**	**0.0%**	**-7.2%**	**6.0%**

FY 2018 Consolidated income statement

	FY 2018		FY 2017		Change
	€ million	%	€ million	%	%
Net sales [1]	**1,711.7**	**100.0%**	**1,753.4**	**100.0%**	**-2.4%**
COGS [2]	(683.6)	-39.9%	(741.1)	-42.3%	-7.7%
Gross profit	**1,028.1**	**60.1%**	**1,012.3**	**57.7%**	**1.6%**
Advertising and promotion	(289.2)	-16.9%	(279.9)	-16.0%	3.3%
Contribution after A&P	**738.9**	**43.2%**	**732.4**	**41.8%**	**0.9%**
SG&A [3]	(360.1)	-21.0%	(351.9)	-20.1%	2.3%
EBIT adjusted	**378.8**	**22.1%**	**380.5**	**21.7%**	**-0.4%**
Operating adjustments	1.9	0.1%	13.9	0.8%	**-86.6%**
Operating profit = EBIT	**380.7**	**22.2%**	**394.3**	**22.5%**	**-3.5%**
Net financial income (charges)	(33.8)	-2.0%	(40.0)	-2.3%	-15.6%
Adjustments to financial income (charges)	1.8	0.1%	(24.8)	-1.4%	-107.3%
Proft (loss) related to companies valued at equity	(0.2)	0.0%	0.0	0.0%	-
Put option income (charges)	2.3	0.1%	(2.8)	-0.2%	-182.3%
Profit before tax and non-controlling interests interest	**350.8**	**20.5%**	**326.7**	**18.6%**	**7.4%**
Income tax expense	(54.5)	-3.2%	29.7	1.7%	-283.6%
Net profit	**296.3**	**17.3%**	**356.4**	**20.3%**	**-16.8%**
Minority interests	0.0	0.0%	0.0	0.0%	-
Group net profit	**296.3**	**17.3%**	**356.4**	**20.3%**	**-16.8%**
Group net profit adjusted	**249.3**	**14.6%**	**233.4**	**13.3%**	**6.8%**
Other information:					
Depreciation & Amortisation	(53.8)	-3.1%	(57.1)	-3.3%	-5.8%
EBITDA adjusted	**432.6**	**25.3%**	**437.6**	**25.0%**	**-1.1%**
EBITDA	**434.5**	**25.4%**	**451.4**	**25.7%**	**-3.8%**

[1] Net of discounts and excise duties
[2] Cost of materials + production costs + logistic costs
[3] Selling, general and administrative costs

Q4 2018 Consolidated income statement

	Q4 2018		Q4 2017					
	€ million	% of sales	€ million	% of sales	Reported change	Organic change	Forex impact	Perimeter effect
Net sales [1]	**511.1**	**100.0%**	**522.1**	**100.0%**	**-2.1%**	**2.1%**	**-1.4%**	**-2.8%**
COGS [2]	(214.9)	-42.0%	(234.6)	-44.9%	-8.4%	-3.0%	0.0%	-5.4%
Gross profit	**296.2**	**58.0%**	**287.5**	**55.1%**	**3.0%**	**6.2%**	**-2.6%**	**-0.6%**
Advertising and promotion	(78.4)	-15.3%	(77.4)	-14.8%	1.3%	0.4%	-0.3%	1.1%
Contribution after A&P	**217.9**	**42.6%**	**210.1**	**40.2%**	**3.7%**	**8.4%**	**-3.4%**	**-1.3%**
SG&A [3]	(98.2)	-19.2%	(86.9)	-16.6%	13.1%	12.8%	-0.1%	0.4%
EBIT adjusted	**119.6**	**23.4%**	**123.2**	**23.6%**	**-2.9%**	**5.3%**	**-5.7%**	**-2.5%**
Adjustments	(10.5)	-2.0%	(24.3)	-4.7%	-			
Operating profit = EBIT	109.1	21.4%	98.9	18.9%	10.4%			
Net financial income (charges)	(11.4)	-2.2%	(10.4)	-2.0%	9.6%			
Adjustments to financial income (charges)	0.2	0.0%	(0.2)	0.0%	-195.4%			
Proft (loss) related to companies valued at equity	(0.1)	0.0%	0.0	0.0%	-			
Put option costs	3.5	0.7%	0.2	0.0%	-			
Profit before taxes and non-controlling interests	**101.4**	**19.8%**	**88.5**	**16.9%**	**14.6%**			
Other information:								
Depreciation & Amortisation	(13.1)	-2.6%	(15.0)	-2.9%	-12.6%	-12.1%	-0.8%	0.3%
EBITDA adjusted	**132.8**	**26.0%**	**138.3**	**26.5%**	**-4.0%**	**3.4%**	**-5.2%**	**-2.2%**
EBITDA	122.3	23.9%	113.9	21.8%	7.4%			

[1] Net of discounts and excise duties

[2] Cost of materials + production costs + logistic costs

[3] Selling, general and administrative costs

Reclassified balance sheet

Invested capital and resources

€ million	31 December 2018	31 December 2017	Change
Inventories	566.1	491.7	74.3
Trade receivables	285.9	317.5	(31.5)
Trade payables	(216.0)	(225.6)	9.6
Operating working capital	**636.0**	**583.6**	**52.4**
Tax credits	22.4	28.6	(6.2)
Other receivables and current assets	32.3	31.8	0.5
Assets held for sale	7.8	47.7	(39.9)
Other current assets	**62.6**	**108.1**	**(45.5)**
Payables for taxes	(13.9)	(21.8)	7.9
Other current liabilities	(153.4)	(141.7)	(11.7)
Liabilities held for sale	-	(0.1)	0.1
Other current liabilities	**(167.3)**	**(163.6)**	**(3.7)**
Defined benefit obligations	(31.6)	(34.4)	2.8
Deferred tax liabilities	(368.2)	(364.0)	(4.1)
Deferred tax assets	38.4	43.1	(4.7)
Other non-current assets	8.1	8.7	(0.6)
Other non-current liabilities	(131.6)	(145.6)	14.1
Other net non-current assets / liabilities	**(484.8)**	**(492.3)**	**7.5**
Net tangible fixed assets	578.2	552.9	25.4
Intangible assets, including goodwill & trademarks	2,383.9	2,335.5	48.4
Equity investments	0.4	(0.0)	0.4
Total fixed assets	**2,962.5**	**2,888.4**	**74.2**
Invested capital	**3,009.1**	**2,924.1**	**84.9**
			-
Group net equity	2,162.8	1,942.6	220.2
Minorities interests	0.0	0.0	0.0
Net debt	846.3	981.5	(135.3)
Financing sources	**3,009.1**	**2,924.1**	**84.9**
% Net debt on equity	**39.1%**	**50.5%**	

Consolidated balance sheet (1 of 2)

Assets

	31 December 2018 € million	31 December 2017 € million	Change
ASSETS			
Non-current assets			
Net tangible fixed assets	454.4	430.9	23.5
Biological assets	1.0	1.0	(0.0)
Investment properties	122.8	120.9	1.9
Goodwill and brands	2,341.0	2,302.7	38.3
Intangible assets with a finite life	42.9	32.8	10.1
Investments in associates and joint ventures	0.4	(0.0)	0.4
Deferred tax assets	38.4	43.1	(4.7)
Other non-current asssets	23.9	46.5	(22.6)
Total non-current assets	**3,024.9**	**2,978.0**	**46.9**
Current assets			
Inventories	565.3	491.4	73.9
Current biological assets	0.8	0.4	0.5
Trade receivables	285.9	317.5	(31.5)
Short-term financial receivables	29.1	9.3	19.8
Cash and cash equivalents	613.9	514.5	99.5
Income tax receivables	22.4	28.6	(6.2)
Other receivables	32.3	31.8	0.5
Total current assets	**1,549.8**	**1,393.4**	**156.4**
Assets held for sale	7.8	47.7	(39.9)
Total assets	**4,582.5**	**4,419.1**	**163.5**

Consolidated balance sheet (2 of 2)

Liabilities

	31 December 2018 € million	31 December 2017 € million	Change
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
- Share capital	58.1	58.1	-
- Reserves	2,104.7	1,884.5	220.2
Capital and reserves attributable to Parent Company	2,162.8	1,942.6	220.2
Non-controlling interests	-	-	-
Total shareholders' equity	**2,162.8**	**1,942.6**	**220.2**
Non-current liabilities			
Bonds	778.7	995.6	(216.8)
Other non-current liabilities	463.7	493.6	(29.9)
Post-employment benefit obligations	31.6	34.4	(2.8)
Provisions for risks and charges	118.7	123.7	(5.0)
Deferred tax liabilities	368.2	364.0	4.1
Total non-current liabilities	**1,760.9**	**2,011.3**	**(250.4)**
Current liabilities			
Payables to banks	4.5	13.8	(9.4)
Bonds	218.6	-	218.6
Other financial liabilities	52.5	62.1	(9.6)
Trade payables	216.0	225.6	(9.6)
Income tax payables	13.9	21.8	(7.9)
Other current liabilities	153.4	141.7	11.7
Total current liabilities	**658.9**	**465.1**	**193.8**
Liabilities held for sale	-	0.1	(0.1)
Total liabilities	**2,419.7**	**2,476.5**	**(56.7)**
Total liabilities and shareholders' equity	**4,582.5**	**4,419.1**	**163.5**

Reclassified cash flow statement

	FY 2018 € million	FY 2017 € million	Change € million
EBITDA adjusted	**432.6**	**437.6**	**(5.0)**
Other changes from operating activities	(31.1)	(26.5)	(4.6)
Taxes paid	(48.5)	(41.3)	(7.3)
Cash flow from operating activities before changes in working capital	**353.0**	**369.9**	**(16.9)**
Changes in net operating working capital	(25.5)	(58.6)	33.1
Cash flow from operating activities	**327.5**	**311.3**	**16.2**
Net interests paid	(22.8)	(27.0)	4.2
Adjustments to financial income (charges)	1.8	(24.8)	26.6
Capital expenditure cash outlay	(70.9)	(32.5)	(38.4)
Free cash flow	**235.6**	**227.0**	**8.5**
Acquisition and sale of companies or business division	22.2	147.0	(124.7)
Dividend paid out by the Parent Company	(57.5)	(52.1)	(5.4)
Other changes (incl. net puchase of own shares)	(62.0)	(53.8)	(8.2)
Total cash flow used in other activities	**(97.3)**	**41.0**	**(138.3)**
Exchange rate differences and other changes	(4.0)	(26.6)	22.6
Change in net financial position due to operating activities	**134.3**	**241.4**	**(107.2)**
Put option and earn-out changes	1.0	(23.5)	24.5
Opening restatement	-	(7.2)	**7.2**
Net cash flow of the period = change in net financial position	**135.3**	**210.8**	**(75.5)**
Net financial position at the beginning of the period	(981.5)	(1,192.4)	210.8
Net financial position at the end of the period	**(846.3)**	**(981.5)**	**135.3**

Cash flow statement (1 of 2)

€ million	31 Dec 2018	31 Dec 2017	Change
EBIT	380.7	394.3	(13.7)
Effects from applying hyperinflation accounting	3.0	-	3.0
Depreciation and amortisation	53.8	57.1	(3.3)
Gains and losses on sales of fixed assets	(3.0)	(5.1)	2.0
Gains on sales of business	(38.5)	(49.7)	11.2
Write-downs of tangible fixed assets, goodwill, trademark and business	2.2	6.0	(3.9)
Accruals of provision	2.0	(5.3)	7.3
Use of provisions	5.3	13.2	(7.9)
Net change in Operating Working Capital	(25.5)	(58.6)	33.1
Income tax paid	(48.5)	(41.3)	(7.3)
Joint Venture profit	0.2	-	0.2
Other non-cash items	(2.0)	0.4	(2.4)
Cash flow generated from (used in) operating activities	**329.5**	**311.2**	**18.3**
Purchase of tangible and intangible fixed assets	(82.8)	(85.8)	3.0
Disposal of tangible assets	11.9	53.1	(41.3)
Acquisition and sale of companies or subsidiaries	15.7	123.8	(108.1)
Debt assumed with acquisition	6.5	-	6.5
Purchase of trademarks and distribution rights	-	(0.2)	0.2
Payment of put option and earn out	(42.9)	(2.3)	(40.6)
Interests received	7.1	6.5	0.6
Net change in securities	8.2	(0.9)	9.0
Dividends received	0.1	0.4	(0.3)
Other changes	(0.4)	-	(0.4)
Cash flow generated from (used in) investing activities	**(76.6)**	**94.7**	**(171.3)**

Cash flow statement (2 of 2)

€ million	31 Dec 2018	31 Dec 2017	Change
Liability management cost	-	(23.2)	23.2
Utilization of revolving facility loan	28.0	180.0	(152.0)
Repayment of medium-/long -term financing	-	0.9	(0.9)
Repayment of private placements and bonds	-	0.0	(0.0)
Repayment of revolving facility loan	(28.0)	(227.7)	199.7
Repayment of other medium-/long -term financing	(0.5)	(0.4)	(0.1)
Net change in short-term financial payables and bank loans	(10.4)	(18.8)	8.4
Interests paid	(29.9)	(35.1)	5.2
Change in other financial payables and receivables	(5.7)	19.4	(25.1)
Own shares purchase and sale	(55.5)	(53.6)	(1.9)
Dividend paid by Group	(57.5)	(52.1)	(5.4)
Cash flow generated (used in) financing activities	**(159.5)**	**(210.7)**	**51.1**
Effect of exchange rate differences on net operating working capital	9.9	49.2	(39.3)
Other differences	(3.7)	(84.0)	80.2
Other differences including exchange rate differences	**6.1**	**(34.8)**	**40.9**
Net increase (decrease) in cash and banks	**99.5**	**160.4**	**(60.9)**
Net cash position at the beginning of period	514.5	354.1	160.4
Net cash position at the end of period	**613.9**	**514.5**	**99.5**

Financial debt details

Gross debt composition as of 31 December 2018

Issue date	Maturity	Type	Currency	Coupon	Outstanding Amount	Original tenor	As % of total
Oct 25, 2012 (1)	Oct-19	Unrated Eurobond	EUR	4.5%	219	7 years	17%
Aug 3, 2016	Aug-21	Term Loan	EUR	0.85% +3m euribor	300	3 years	23%
Sep 30, 2015	Sep-20	Unrated Eurobond	EUR	2.75%	581	5 years	44%
Apr 5, 2017	Apr-22	Unrated Eurobond	EUR	1.768%	50	5 years	4%
Apr 5, 2017	Apr-24	Unrated Eurobond	EUR	2.165%	150	7 years	12%
Total gross debt					**1,300**		**100%**
Of which: medium-long term					1,081		

Net financial debt composition as of 31 December 2018

€ million	31 December 2018	31 December 2017	Change
Short-term cash/(debt) (A)	**404.1**	**496.9**	(92.9)
- Cash and cash equivalents	*613.9*	*514.5*	99.5
- Short-term debt	*(209.9)*	*(17.5)*	*(192.3)*
Medium to long-term cash/(debt) (B)	**(1,076.0)**	**(1,260.3)**	184.3
Debt relating to operating activities (A+B)	**(672.0)**	**(763.4)**	91.4
Liabilities for put option and earn-out payments (2)	(174.3)	(218.2)	43.9
Net cash/(debt)	**(846.3)**	**(981.5)**	**135.3**

(1) Reclassified as short-term debt
(2) Including commitments for future minority purchases (including Grand Marnier) and payable for future earn-outs

Operating working capital

	31 December 2018		31 December 2017		Reported change	Organic change	Forex impact	Perimeter effect
	€ million	% sales	€ million	% sales	€million			
Receivables	285.9	16.7%	317.5	18.1%	(31.6)	(13.6)	(18.7)	0.7
Inventories	566.1	33.1%	491.7	28.0%	74.3	32.3	4.9	37.2
- Maturing inventory	340.1	19.9%	282.9	16.1%	57.2	16.2	6.9	34.1
- Other inventory	226.0	13.2%	208.9	11.9%	17.1	16.1	(2.0)	3.1
Payables	(216.0)	-12.6%	(225.6)	-12.9%	9.6	6.7	4.0	(1.1)
Operating Working Capital	**636.0**	**37.2%**	**583.6**	**33.3%**	**52.4**	**25.5**	**(9.9)**	**36.7**

Exchange rates effects

	Average exchange rate		Period end exchange rate	
	FY 2018	change vs FY 2017	31 dicembre 2018	change vs 31 December 2017
	: 1 Euro	%	: 1 Euro	%
US Dollar	1.182	-4.4%	1.145	4.7%
Canadian Dollar	1.530	-4.3%	1.561	-3.6%
Jamaican Dollar	152.188	-5.1%	145.872	2.4%
Mexican Peso	22.714	-6.1%	22.492	5.2%
Brazilian Real	4.309	-16.4%	4.444	-10.6%
Argentine Peso (1)	43.159	-56.6%	43.159	-46.9%
Russian Ruble	74.055	-11.0%	79.715	-13.0%
Australian Dollar	1.580	-6.8%	1.622	-5.4%
Chinese Yuan	7.808	-2.3%	7.875	-0.9%
British Pound Sterling	0.885	-1.0%	0.895	-0.8%
Swiss Franc	1.155	-3.8%	1.127	3.8%

(1) Following the adoption of IAS 29 'Financial reporting Hyperinflationary economies' in Argentina, the average exchange rate of Argentine Peso for FY 2018 was adjusted to be equal to the rate as of 31 December 2018

Disclaimer

This document contains forward-looking statements that relate to future events and future operating, economic and financial results of Campari Group. By their nature, forward-looking statements involve risk and uncertainty because they depend on the occurrence of future events and circumstances. Actual results may differ materially from those reflected in forward-looking statements due to a variety of factors, most of which are outside of the Group's control.

It should be noted that the company's accounts and consolidated results are currently subject to auditing.

CAMPARI GROUP

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