

CAMPARI GROUP

Strong performance in the nine months thanks to robust brand momentum and pricing effect, further boosted by positive exchange rates effects

In the third quarter sustained topline growth continued whilst gross margin reflected the expected heightened inflationary pressure on costs and geographic mix

Business development initiatives continue with the acquisition of minority equity stake in spirits brand incubator Catalyst Spirits

FIRST NINE MONTHS 2022-RESULTS HIGHLIGHTS

- **Strong double-digit organic growth** continued in the third quarter, thanks to robust brand momentum and pricing. In particular, the performance was led by the aperitifs in their key peak season, benefitting also from favourable weather conditions, as well as brown spirits.
- **Net sales of €2,005.7 million**, up +27.3% on a reported basis. **Organic growth of +19.0% vs. the first nine months 2021 (+47.0% vs. the first nine months 2019 or 3-year organic CAGR of +13.7%). Organic growth of +18.6% in the third quarter.**
- **EBIT-adjusted of €492.2 million**, up +36.8% on a reported basis. **Organic growth of +21.5% vs. the first nine months 2021 (+58.6% vs. the first nine months 2019 or 3-year organic CAGR of +16.6%), +50 basis points organic margin accretion. Organic growth of +10.6% in the third quarter, -160 basis points organic margin dilution due to heightened cost inflation**, particularly **logistics** and **less favorable geographic sales mix**, only partially mitigated by the **initial impact of successful price increases**.
- **EBITDA-adjusted of €557.8 million**, 27.8% of sales, up +33.4% on a reported basis. **Organic growth of +19.5% vs. the first nine months 2021.**
- **Positive FX effects (+8.5% on sales or €133.5 million, and +14.4% on EBIT-adjusted or €51.7 million)**, mainly driven by the **strong US dollar**.
- **Group profit before taxation of €452.7 million**, up +32.7%. **Group profit before taxation adjusted of €483.3 million**, up +40.8%.
- **Net financial debt of €961.2 million** as of September 30th, 2022, **up €130.2 million** vs. December 31st, 2021, following the payments for acquisitions (€150.0 million), the net purchase of own shares (€107.1 million) and dividend (€67.6 million). **Net debt to rolling EBITDA-adjusted ratio at 1.5 times** as of September 30th, 2022, improved from 1.6 times as of December 31st, 2021 and improved from 1.8 times as of September 30th, 2021.

Milan, October 27th, 2022-The Board of Directors of Davide Campari-Milano N.V. (Reuters CPRI.MI-Bloomberg CPR IM) approved the additional financial information at September 30th, 2022.

Bob Kunze-Concewitz, Chief Executive Officer: *'Overall, our strong topline performance continued over the key summer season thanks to strong brand momentum, continued on-premise strength and favourable weather as well as the initial impact of the price increases, which have been successfully implemented during the nine months. Looking at the remainder of 2022, we remain confident about the positive business momentum with the outperformance of our key brands vs. reference markets thanks to their strong brand equity. From a shipment standpoint, we expect trends to normalise in the last quarter reflecting seasonal sales mix as well as supply chain challenges in selected areas. Concomitantly, volatility and uncertainty remain due to the ongoing pandemic, geopolitical tensions and elevated inflationary pressure, with the latter to be mitigated by pricing. Overall, notwithstanding the margin dilution in the third quarter due to the expected heightened inflation on cost of goods sold and a less favourable sales mix, we confirm our full year guidance of flat organic margin in EBIT-adjusted⁽¹⁾. Regarding the exchange rate effect, we expect a continued positive contribution driven by the US dollar. Looking at the medium term, we remain confident in the strength of our brands, enabling adequate pricing actions, to navigate through the current challenges.'*

¹ Guidance provided upon full year 2021 results release on February 23rd 2022.

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SUMMARY FINANCIAL INFORMATION FOR THE FIRST NINE MONTHS ENDED SEPTEMBER 30TH, 2022

	9M 2022	9M 2021	Reported	Organic	Perimeter	Forex	Org change	Org change CAGR
	€ million	€ million	Change	change	Impact	Impact	vs. Q3 2021	9M 2022- 19
Net sales	2,005.7	1,575.7	27.3%	19.0%	-0.2%	8.5%	18.6%	13.7%
Gross profit	1,210.1	961.2	25.9%	15.8%	0.3%	9.8%	10.5%	11.9%
% on sales	60.3%	61.0%						
EBIT-adjusted	492.2	359.8	36.8%	21.5%	0.9%	14.4%	10.6%	16.6%
% on sales	24.5%	22.8%						
EBIT	466.1	350.1	33.1%					
Group profit before taxation-adjusted	483.3	343.3	40.8%					
Group profit before taxation	452.7	341.2	32.7%					
EBITDA-adjusted	557.8	418.0	33.4%	19.5%	0.8%	13.1%	10.8%	15.0%
% on sales	27.8%	26.5%						
EBITDA	531.7	408.4	30.2%					
Net financial debt at the end of the period	961.2							

REVIEW OF CONSOLIDATED SALES FOR THE FIRST NINE MONTHS 2022 RESULTS

Group sales totalled **€2,005.7 million**, up +27.3% on a reported basis or **+19.0% in organic terms** (+18.6% in the third quarter). The perimeter effect was **-0.2%** while the FX effect was **+8.5%** (or **€133.5 million**) mainly driven by the strong US Dollar.

Analysis of organic change by geography:

- Sales in the **Americas** (45% of total Group sales) were up organically by **+18.7%**. The **Group's largest market, the US**, grew by **+14.6%**, thanks to **continued positive momentum in the on-premise and resilient home consumption**, benefitting also from **pricing effects**, as well as some **recovery in wholesaler inventory levels for Espolòn to avoid out of stocks. Wild Turkey bourbon, Espolòn, Aperol and Campari all grew double digits in the nine months. Grand Marnier** shipments were slightly negative in the nine months, despite a partial recovery in the third quarter, due to continuing glass constraints. SKYY also declined. **Canada** grew by **+7.0%**. The rest of the region, including **Jamaica, Brazil, Mexico and Argentina**, grew by **strong double digits** thanks to good consumption trends.
- Sales in **Southern Europe, Middle East and Africa**² (28% of total Group sales) grew by **+23.3%**. The region's largest market, **Italy**, was up **+21.5%** with positive trends continuing in the third quarter (**7.9% or 3-year CAGR of +14.0% vs 2019**) thanks to **strong on-premise and pricing**, helped also by **good weather. The aperitifs registered strong growth** driven by **Aperol (+25.5%), Campari (+34.1%), Campari Soda (+9.2%) and Crodino (+20.6%)**. The *amari* also grew strongly as well as SKYY, albeit off a smaller base. **France** grew **+10.7%**, mainly driven by **Aperol and Riccadonna**. Other markets in the region registered a very positive performance, particularly strong double-digit growth of **Spain and South Africa**. GTR was up +100.4% with continued momentum in the third quarter (+85.7%), benefitting from tourism recovery, which is gradually catching up to the pre-pandemic level.
- **North, Central and Eastern Europe** (20% of total Group sales) grew organically by **+18.3%**. **Germany** registered strong growth of **+22.5%**, thanks to resilient home consumption combined with a strong on-premise, boosted also by pricing and favorable weather. The performance was largely led by **Aperol, Aperol Spritz ready-to-enjoy and Crodino. The UK** grew by **+13.1%** mainly driven by **Aperol and Magnum Tonic. The other markets** in the region were also positive, **led by double-digit growth of the Aperitifs**, including **Crodino**, which continues to expand its international footprint.

² Includes Global Travel Retail.

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- Sales in **Asia Pacific** (7% of total Group sales) grew organically by **+5.6%**. **Australia** grew **+1.3%** following a flattish third quarter, impacted by continued **ocean freight constraints** which temporarily **affected the availability of core Wild Turkey ready-to-drink**. The positive growth was largely driven by **Campari, Wild Turkey bourbon, and SKYY**. **Other markets** in the region registered an **overall positive performance (+13.3%)**, in particular **South Korea (+111.6%)** driven by high-end Wild Turkey offerings, The GlenGrant, X-Rated, and SKYY. **China** was negative due to continued snap lockdowns in relation to the zero-Covid policy. Japan also declined despite a positive third quarter.

Analysis of organic change by brand:

- **Global Priorities** (60% of total Group sales) registered an organic growth of **+21.2%**. **Aperol** grew **+31.4%**, thanks to core **Italy (+25.5%), Germany (+35.4%), the US (+56.7%), Spain (+100.8%), France (+29.4%)** and the **UK (+21.6%)**, as well as all other **key markets**. The performance was boosted also by **favorable weather conditions**. The peak **third quarter performance was strong overall (+23.1%)** despite the continued elevated comparison bases (3-year CAGR +21.4%), thanks to **numerous activations across all markets** and **strong recruitment in the on-premise** while sustained home-premise consumption remains. **Campari** delivered **strong growth of +29.9% with continued momentum in the third quarter (+26.0%)**. The performance was driven by core **Italy (+34.1%), the US, Brazil, Jamaica, Nigeria, Argentina, GTR** and **Spain**. The brand continues to benefit from the at-home mixology trend, the success of the consumer-driven **Campari spritz** as well as the **upward price repositioning**. **Wild Turkey registered solid growth (+22.1%)** with an **acceleration in the third quarter**, mainly thanks to the core US market and South Korea. **In the nine months, Wild Turkey core bourbon grew +28.4%, high-end Russell's Reserve grew +36.6%** and **American Honey** was slightly positive. **SKYY declined -3.7%** largely due to the US and China, partly mitigated by other international markets. **Grand Marnier was overall positive** thanks to **Canada, France** and **Global Travel Retail**, which more than offset the weak shipment performance in the core **US market** primarily impacted by **glass and logistics constraints** and by a tough comparison base. **Jamaican rum portfolio grew +16.4%** overall against a tough comparison base, mainly thanks to Jamaica, New Zealand and Mexico.
- **Regional Priorities** (24% of total Group sales) recorded a positive performance (**+23.5%**). **Espolòn** grew by double digits (**+32.0%**) with an acceleration in the third quarter (+53.9%) thanks to the core US, partially due to recovery in inventory levels to avoid out of stocks. **Crodino** grew by **strong double digits** driven by strong growth in core Italy as well as seeding markets. **The GlenGrant grew double digits** driven by **premiumisation**, in particular in South Korea, China and Global Travel Retail. The other brands such as the **Italian specialties, the sparkling wines** and **vermouths (Cinzano, Mondoro and Riccadonna)** and **Aperol Spritz ready-to-enjoy** all **delivered positive results**. **Magnum Tonic** declined slightly due to continued procurement constraints.
- **Local Priorities** (8% of total Group sales) grew **+7.2%** with **positive performance** of **Campari Soda, SKYY ready-to-drink** and **Cabo Wabo**. **Wild Turkey ready-to-drink** was flattish due to ocean freights constraints into Australia. **X-Rated** declined driven by weak performance in China due to snap lockdowns.

REVIEW OF FIRST NINE MONTHS 2022 RESULTS

Gross profit totalled **€1,210.1 million**, corresponding to 60.3% of net sales, **up by +25.9%** in value on a reported basis. It **grew organically** by **+15.8%**, a margin dilution of **-160 basis points**, largely impacted by the expected dilution in the third quarter (-430 bps), due to heightened costs inflation, particularly logistics, and less favourable sales mix (i.e. outperformance of South America and Espolòn), only partially mitigated by the initial impact of successful price increases.

Advertising and Promotion expenses (A&P) were **€328.6 million**, corresponding to 16.4% of net sales, up by **+22.5%** in value on a reported basis. They increased **organically by +14.8%**, reflecting sustained investments behind key brands, **+60 basis points** margin accretive thanks to strong topline.

CAAP (Contribution after A&P) was **€881.5 million**, corresponding to 43.9% of net sales, up by **+27.2%** in value on a reported basis and up **+16.2% organically**.

Selling, general and administrative expenses (SG&A) totalled **€389.3 million**, corresponding to 19.4% of net sales, up by **+16.9%** in value on a reported basis. They grew **organically by +10.5%**, lower than net sales, hence generating a **margin accretion of +150 basis points**.

EBIT-adjusted was **€492.2 million**, corresponding to 24.5% of net sales, up by **+36.8%** in value on a reported basis. It **grew organically by +21.5%** (**+10.6%** in the third quarter), generating an accretion of **+50 basis points**. The **perimeter effect** on

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EBIT-adjusted was **+0.9%**. The **forex effect** on EBIT-adjusted was positive by **+14.4%** (or **€51.7 million**), mainly driven by the strong US Dollar.

Operating adjustments were negative at **-€26.1 million**, mainly attributable to provisions linked to the Russia/Ukraine conflict, restructuring initiatives and long-term retention schemes.

EBITDA-adjusted was **€557.8 million**, up by +33.4% in value on a reported basis (**up organically +19.5%**), corresponding to 27.8% of net sales.

EBIT (23.2% of net sales) and **EBITDA** (26.5% of net sales) were at **€466.1 million** and **€531.7 million** respectively.

Net financial expenses and adjustments were **€10.9 million**. Excluding the exchange gains and the financial adjustments, the **net financial expenses were €14.1 million, (vs. €19.0 million for the first nine months 2021), showing a decrease of €5.0 million** thanks to higher interest income generated by existing liquidity.

Group profit before taxation was **€452.7 million. Group profit before taxation adjusted** was **€483.3 million, up +40.8%** vs. the first nine months 2021.

Net financial debt at €961.2 million as of September 30th, 2022, **up €130.2 million** vs. 31 December 2021 (€830.9 million), mainly driven by the acquisitions, the net purchase of own shares, the dividend payment, as well as cash absorption of planned working capital increase due to buffer stock inventory recovery.

Net debt to EBITDA-adjusted ratio at 1.5 times as of 30 September 2022, improved from 1.6 times as of 31 December 2021 and from 1.8 times as of 30 September 2021.

ACQUISITION OF MINORITY STAKE IN INCUBATOR CATALYST SPIRITS

Following the purchase of an initial minority stake in flavored bourbon Howler Head with exclusive global distribution rights³, **Campari Group recently acquired a minority stake in London-based Catalyst Spirits, a global spirits brand incubator company** and the main shareholder of Howler Head. Helmed by industry veteran **Simon Hunt, Catalyst Spirits'** mission is building and rapidly growing **digitally native premium brands**, matching each brand in the pipeline with the right entertainment/marketing platform.

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FILING OF DOCUMENTATION

The additional financial information at September 30th, 2022 is available to the general public on the Company's website (<https://www.camparigroup.com/en/page/investors>) and by all other means allowed by applicable regulations.

The Board of Directors is responsible for preparing the additional financial information for the nine months ended September 30th, 2022, in accordance with the Dutch Financial Supervision Act and the applicable International Financial Reporting Standards (IFRS).

Disclaimer

This press release contains certain forward-looking statements relating to the Campari Group. All statements included in this press release concerning activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. Forward-looking statements are based on current expectations and projections about future events and involve known and unknown risks, uncertainties and other factors, including, but not limited to, the following: volatility and deterioration of capital and financial markets, changes in general economic conditions, economic growth and other changes in business conditions, changes in government regulation and other economic, business and competitive factors affecting the businesses of Campari Group. Such factors include, but are not limited to: (i) changes in the laws, regulations or policies of the countries where Campari Group operates; (ii) the adoption, both at a global level and in the countries where Campari Group operates, of restrictive public policies that have an impact on the production, distribution, marketing, labelling, importation, price, sale or consumption of alcoholic products; (iii) long-term changes in consumers' preferences and tastes, social or cultural trends resulting in a reduction in the consumption of products of the Campari Group as well as in purchasing patterns and the ability of Campari Group to anticipate these changes in the marketplace; and (iv) increased production costs and volatility of raw materials' prices. Therefore, Campari and its affiliates, directors, advisors, employees and representatives, expressly disclaim any liability whatsoever for such forward-looking statements.

These forward-looking statements speak only as of the date of this document and Campari does not undertake an obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise, except as required by law.

ANALYST CONFERENCE CALL

³ See press release of August 24th, 2022

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Campari's management team will host a conference call to present the **Group's First Nine Month 2022 results** today at **1:00 pm (CET)**. **Please note that the format of the call has been changed to incorporate a live webcast of the presentation.** To participate via webcast (listen only):

- <https://event.choruscall.com/mediaframe/webcast.html?webcastid=cDYsrxGs>

To participate via audio and ask questions, please dial one of the following numbers:

- from Italy: (+39) 02 802 09 11
- from abroad: +44 1212 818004

Digital Playback:

A digital playback of the conference call & webcast will be available from today, until Thursday November 3rd, 2022. To listen to it, please call the following number:

- (+39) 02 802 09 87

(Access code: 700953#)

(PIN: 953#)

Presentation slides:

The presentation slides available to download from Campari's Investor Relations Home Page at the address:

<https://www.camparigroup.com/en/page/investors>

FOR FURTHER INFORMATION

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ABOUT CAMPARI GROUP

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

Headquartered in Milan, Italy, Campari Group operates in 22 production sites worldwide and has its own distribution network in 23 countries. Campari Group employs approximately 4,000 people. The shares of the parent company Davide Campari-Milano N.V. (Reuters CPRI.MI - Bloomberg CPR IM) have been listed on the Italian Stock Exchange since 2001. For more information: <http://www.camparigroup.com/en>. Please enjoy our brands responsibly.

- Appendix to follow -

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Consolidated net sales breakdown by brand cluster for the first nine months 2022

	% on Group sales	% change, of which:			
		total	organic	external growth	exchange rate effect
Global Priorities	59.5%	29.4%	21.2%	-	8.2%
Regional Priorities	23.8%	32.1%	23.5%	0.1%	8.5%
Local Priorities	8.3%	17.4%	7.2%	6.0%	4.2%
Rest of portfolio	8.4%	11.8%	5.3%	-7.7%	14.2%
Total	100.0%	27.3%	19.0%	-0.2%	8.5%

Consolidated net sales by geographic area for the first nine months 2022

	% on Group sales	% change, of which:			
		total	organic	external growth	exchange rate effect
Americas	45.3%	35.9%	18.7%	-0.1%	17.3%
Southern Europe, Middle East and Africa	28.4%	22.4%	23.3%	-1.1%	0.2%
North, Central & Eastern Europe	19.5%	22.3%	18.3%	0.6%	3.4%
Asia Pacific	6.8%	11.6%	5.6%	0.9%	5.1%
Total	100.0%	27.3%	19.0%	-0.2%	8.5%

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Consolidated income statement for the first nine months 2022

	1 January-30 September 2022		1 January-30 September 2021		Change
	€ million	%	€ million	%	
Net sales	2,005.7	100.0%	1,575.7	100.0%	27.3%
Cost of goods sold ⁽¹⁾	(795.6)	-39.7%	(614.5)	-39.0%	29.5%
Gross profit	1,210.1	60.3%	961.2	61.0%	25.9%
Advertising and promotional costs	(328.6)	-16.4%	(268.2)	-17.0%	22.5%
Contribution margin	881.5	43.9%	692.9	44.0%	27.2%
SG&A ⁽²⁾	(389.3)	-19.4%	(333.1)	-21.1%	16.9%
Result from recurring activities (EBIT-adjusted)	492.2	24.5%	359.8	22.8%	36.8%
Other operating income (expenses)	(26.1)	-1.3%	(9.7)	-0.6%	-
Operating result (EBIT)	466.1	23.2%	350.1	22.2%	33.1%
Financial income (expenses) and adjustments	(10.9)	-0.5%	(10.4)	-0.7%	4.5%
Put option, earn out income (expenses) and hyperinflation effects	0.8	-	(0.2)	-	-
Profit (loss) related to associates and joint ventures	(2.3)	-0.1%	1.6	0.1%	-
Profit before taxation	453.7	22.6%	341.1	21.6%	33.0%
Non-controlling interests before taxation	0.9	-	(0.1)	-	-
Group profit before taxation	452.7	22.6%	341.2	21.7%	32.7%
Group profit before taxation-adjusted	483.3	24.1%	343.3	21.8%	40.8%
Total depreciation and amortisation	(65.5)	-3.3%	(58.2)	-3.7%	12.6%
EBITDA-Adjusted	557.8	27.8%	418.0	26.5%	33.4%
EBITDA	531.7	26.5%	408.4	25.9%	30.2%

(1) Includes cost of material, production and logistics costs.

(2) Includes selling, general and administrative costs.

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Summary of consolidated income statement for the third quarter 2022

	3Q 2022		3Q 2021		Change	
	€ million	%	€ million	%		%
Net sales	748.8	100.0%	574.8	100.0%	30.3%	
Gross profit	443.7	59.3%	357.6	62.2%	24.1%	
Contribution margin	317.8	42.4%	251.2	43.7%	26.5%	
Result from recurring activities(EBIT adjusted)	181.3	24.2%	136.6	23.8%	32.7%	
Operating result (EBIT)	177.2	23.7%	133.0	23.1%	33.3%	
Profit before taxation	171.4	22.9%	126.7	22.0%	35.3%	
Non-controlling interests before taxation	0.3	-	-	-	-	
Group profit before taxation	171.1	22.9%	126.6	22.0%	35.1%	
Group profit before taxation adjusted	179.6	24.0%	130.1	22.6%	38.1%	
EBITDA adjusted	204.8	27.3%	156.3	27.2%	31.0%	
EBITDA	200.7	26.8%	152.7	26.6%	31.5%	