Gruppo Campari – Overview & recent developments

Deutsche Bank 8th Annual Global Consumer Conference

Paris, 15 June 2011

Historical perspective

Bob Kunze-Concewitz, CEO

Gruppo Campari today

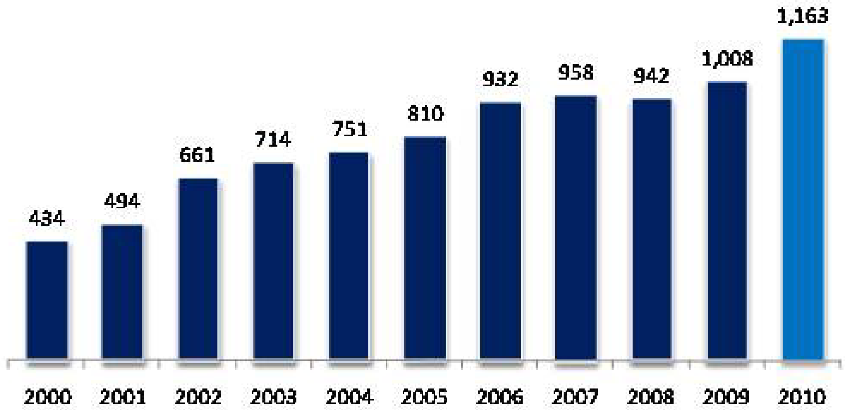
- Major player in the global branded beverage industry, with a portfolio of over **40 premium and super premium brands**
- Extensive portfolio spanning three business segments, **spirits, wines** and **soft drinks**, marketed and distributed in more than **190 countries**
- **Sixth-biggest player worldwide** in the branded spirits category*, boasting a **leading position in Italy** and in **Brazil** and has a **strong presence in the US** and in **continental Europe**
- Strong focus on **brand building** with entrepreneurial drive and functional excellence. To accomplish that, Gruppo Campari embraces a two-pronged approach with **external growth** through acquisitions and distribution deals alongside **focus on organic growth**

* Source: Impact’s top 100 Premium Spirits Brands Worldwide by Company, February 2011

Consistent growth in 2000-2010(*)

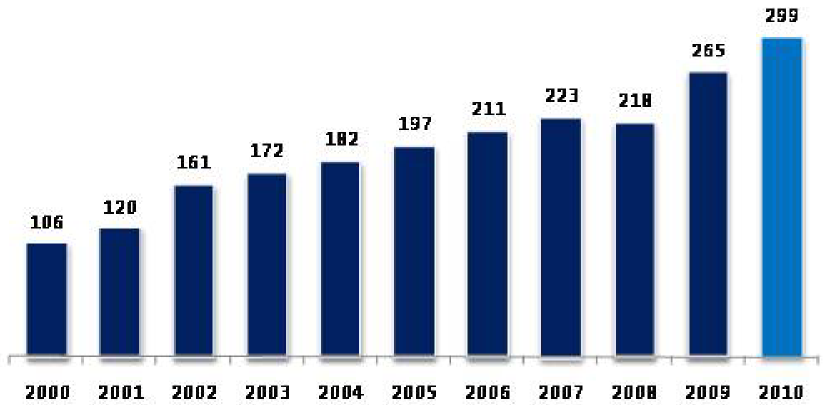
Net Sales

€ million



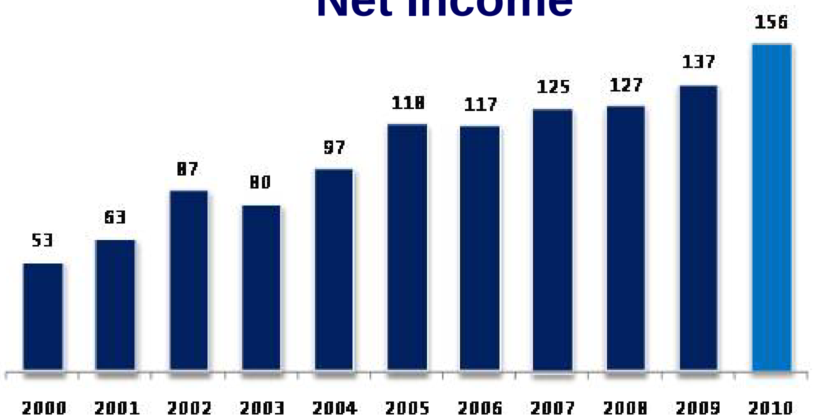
EBITDA pre one-off's

€ million



Net Income

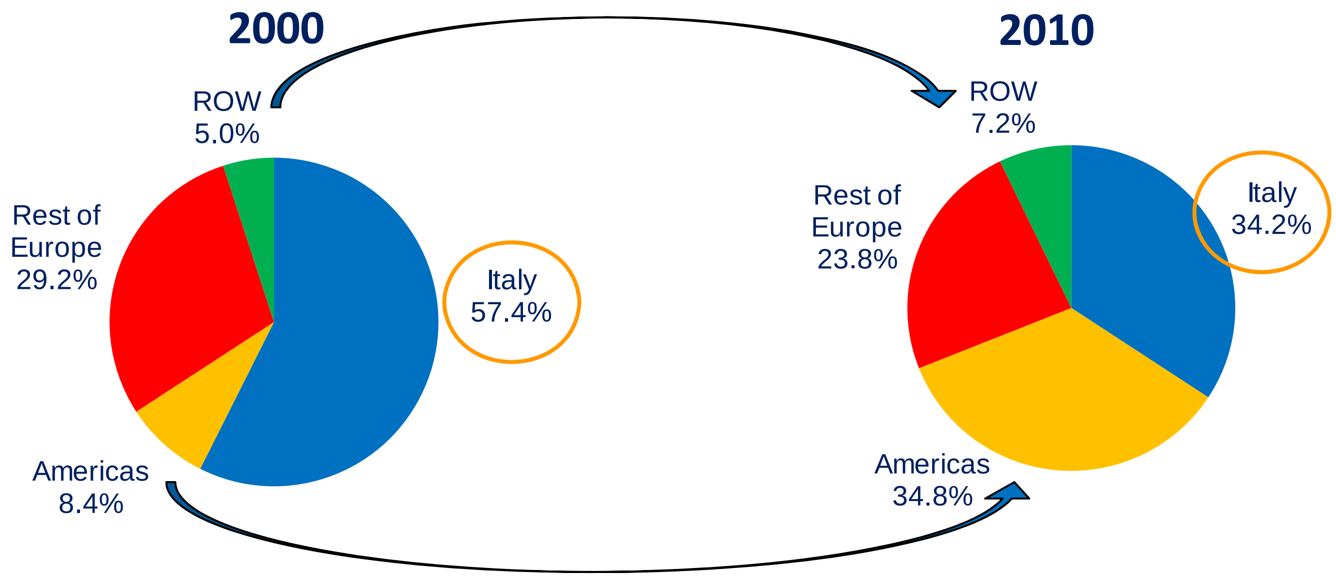
€ million



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

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

Sales development in 2000-2010



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

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

A track record of successful acquisitions

2011	VASCO CIS-MOSCOW					
2010	CAROLANS IRISH CREAM	Frangelico	IRISH MIST			
2009	WILD TURKEY	AMERICAN HONEY				
2008	ESPOLÒN	sabia	ОДЕССА			
2007	CABO WABO	X RATED				
2005	GLENGRANT SINGLE MALT	OLD Smuggler	Teruzzi & Puthod			
2003	APEROL	APEROL SODA	MONDORO	BARBIERI	ENRICO SERAFINO	RICCADONNA
2002	SELLA & MOSCA	CHÂTEAU LAMARGUE	ZEDDA PIRAS			
2001	SKYY VODKA					
2000	Dreher	Drury's	OLD EIGHT	Gregson's	Liebfraumilch	
1999	CINZANO	12 OUZO				
1995	CRODINO	CYNAR	BIANCOSARTI	LEMONSODA / ORANSODA	CRODO	

Growth strategy

ORGANIC GROWTH

- Drive **faster growth of key international and regional brands with best-in-class marketing and innovation**;
- Generate **steady growth in key local brands by refreshing them regularly**;
- Develop the Group's **presence in emerging markets**;
- Leverage a rigorous cost discipline so as to **reinvest savings into strategic brand building**.

EXTERNAL GROWTH

- Seek acquisitions in **markets where Gruppo Campari controls its distribution**;
- **Acquire local brands with strong equity** to build new distribution platforms in emerging markets;
- **Generate synergies** by acquiring new agency brands;
- **Maintain financial discipline**.

Gruppo Campari aims to remain a highly profitable top player in the global spirits industry by combining its passion for brand building with entrepreneurial drive and functional excellence

Top brands review

Bob Kunze-Concewitz, CEO

Review of main brands - Campari

2010 sales as % of Group: 12%

FY 2010 organic change: +8.4% (total change: +12.3%)

Q1 2011 organic change +3.5% (total change: +5.4%)

- Strong results driven by **positive performances in Germany and Italy**, in part offset by Brazil due to tough comp base. Positive progression in **high potential Argentine market**
- Beginning to **reap benefits of new consumer recruitment activities (tastings and education)** and **strengthened route-to-market**
- Top markets: **Italy, Brazil, Germany, France**

Review of main brands - SKYY

2010 sales as % of Group: 12%

FY 2010 organic change: +2.8% (total change: +8.2%)

Q1 2011 organic change: +8.4% (total change: +10.3%)

- Following good holiday season performance, continued positive results were **driven by SKYY Infusions** and **core vodka in US** (Infusions outperformance) and **increased momentum in key int'l markets** (notably Brazil, Italy and Germany)
- Top markets: **USA, Brazil, Canada, Italy**
- **New line extensions:** SKYY Infusions Blood Orange and Dragon Fruit

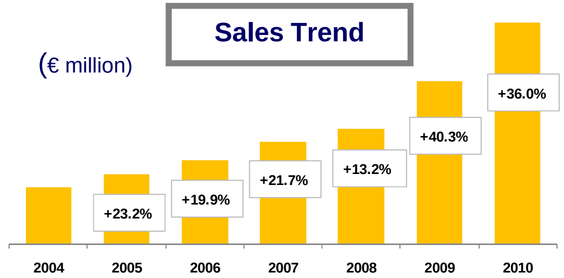
GRUPPO CAMPARI

Review of main brands - Aperol

2010 sales as % of Group: 9%

FY 2010 organic change: +35.7% (total change: +36.0%)

Q1 2011 organic change: +57.1% (total change: +57.5%)



- > Continued outstanding growth led by **strong performances in core Italian market** (now below 60% of sales) as well as **development in int'l markets** (notably Germany and Austria) supported by sustained A&P investments
- > Brand almost **quadrupled sales value** since acquisition and reached **2 million cases** threshold
- > Among the World's Premium Top 100's fastest growing brands in 2005-10 according to Impact Magazine [(1)]
- > Top markets: **Italy, Germany, Austria**
- > **Aperol new packaging**
- > New line extension: **Aperol Spritz**

Before

After

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

Review of main brands – Wild Turkey

2010 sales as % of Group: 8%

Q1 2011 organic change: +43.1% (total change: +52.3%)

> Acquired in June 2009

> **Good performance across Wild Turkey franchise**

> Growth driven by Wild Turkey **core brand in key US (+5.6%)**, **Australian** and **Japanese markets**, **Wild Turkey RTD in Australia and New Zealand**, **American Honey (+30%)** in USA and Australia

> Top markets: **USA, Australia, Japan**

> **Wild Turkey relaunch:**

Before **After**

Review of main brands - Cinzano

Sparkling wines

2010 sales as % of Group: 6%

FY 2010 organic change: +9.9% (total change: +10.5%)

Q1 2011 organic change: +3.6% (total change: +4.2%)

- Q1 2011 growth driven by a positive performance in Russia, which offset a slight decline in Germany and Italy, the latter negatively affected by late Easter in 2011
- Top markets: **Germany, Italy, Russia**

Vermouth

2010 sales as % of Group: 3%

FY 2010 organic change: +14.2% (total change: +16.7%)

Q1 2011 organic change: +114.5% (total change: +115.1%)

- Outstanding rebound in Russia, thanks to positive consumption trend and anticipation of sales ahead of distribution licenses renewal
- **Positive results** in **Argentina** after buy-back of local distribution rights in September 2010
- Top markets: **Argentina, Russia, Germany, Italy**

Q1 2011 results highlights and sales review

Bob Kunze-Concewitz, CEO

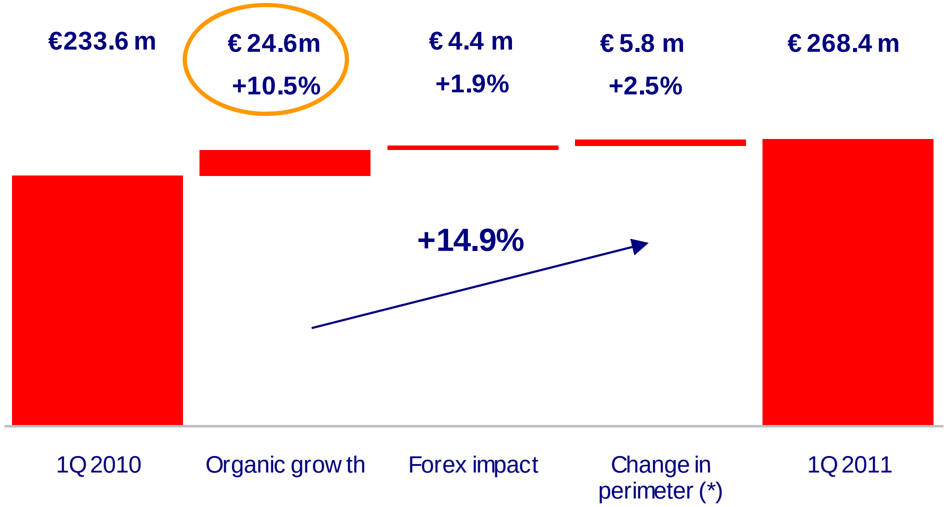
2011 First Quarter Results - Highlights

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

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

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

2011 First Quarter Net Sales - Growth drivers



(*) Breakdown of change in perimeter

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

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

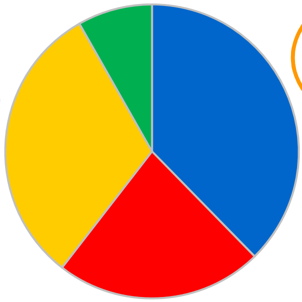
(2) New agency brands for € 2.0 million offset by termination of Tullamore Dew and co-packing € (2.8 m)

- > **Strong organic performance** in 1Q 2011 **(+10.5%),** driven by strong momentum across key spirits brands, Cinzano and others sparkling wines brands
- > **Forex impact of +1.9%** mainly due to the **appreciation of BRL** (+9.5%) and, to a lesser extent, **USD** (+1.3%) average rate
- > **Positive perimeter effect of +2.5%** driven by acquisitions, mainly **former C&C brands** (Frangelico, Carolans and Irish Mist), consolidated as of October 2010

2011 First Quarter Net Sales breakdown

1Q 2011 Net Sales: € 268.4 m

Breakdown by region

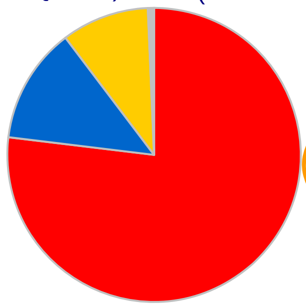


(3) Include:
Australia 4.1% (1.4% in 1Q 2010)

(1) Include:
USA 20.3% (20.6% in 1Q 2010)
Brazil 6.5% (7.4% in 1Q 2010)
Argentina & others 4.5% (2.9% in 1Q 2010)

(2) Include:
Germany 10.8% (8.7% in 1Q 2010)
Russia 3.5% (1.2% in 1Q 2010)

Breakdown by segment



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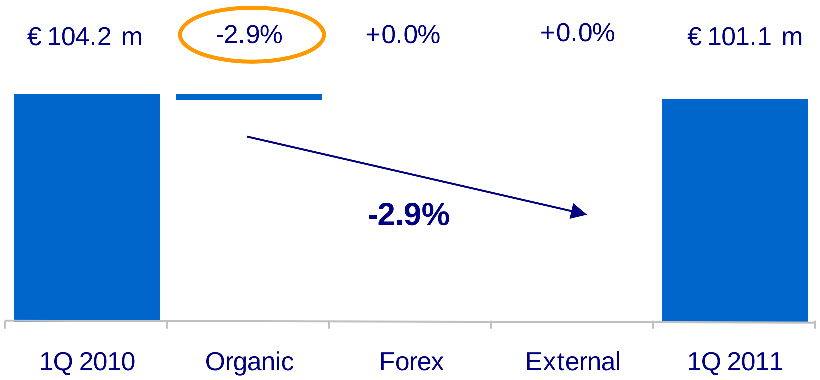
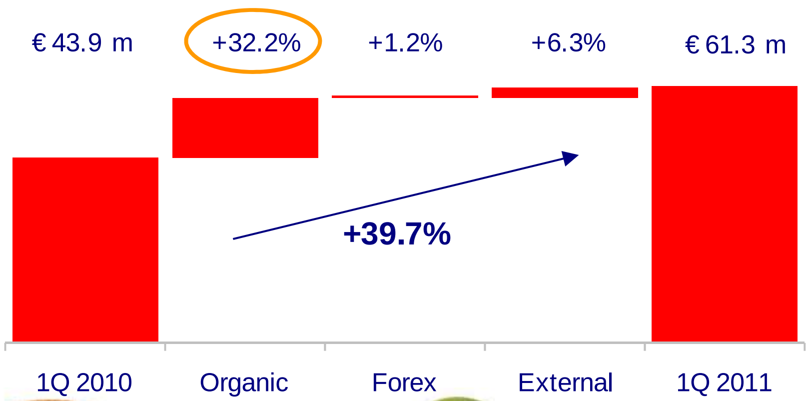
2011 First Quarter Net Sales - analysis by region

Italy



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

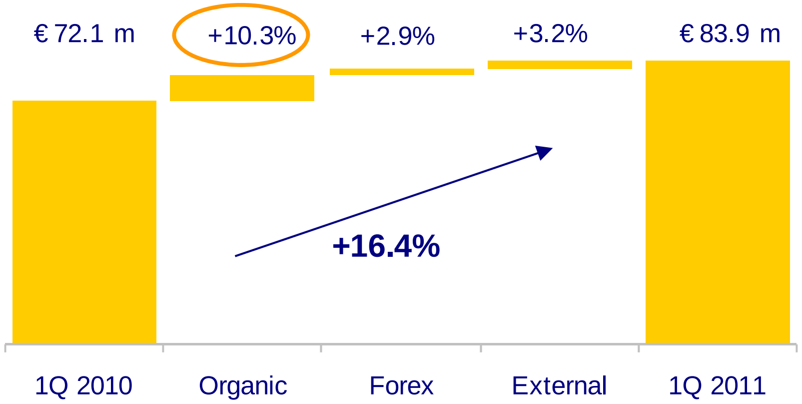
Rest of Europe



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

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

Americas



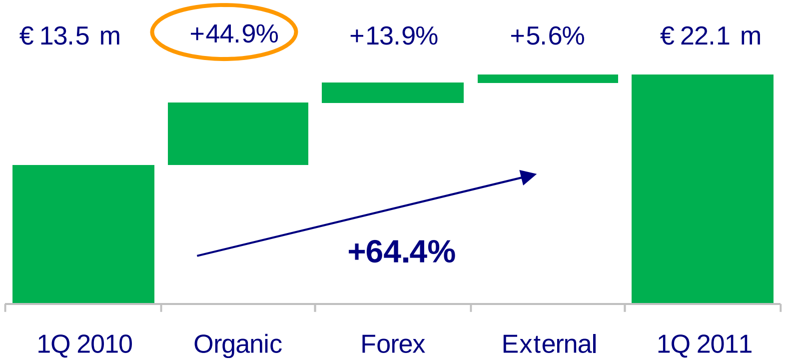
> **Positive organic growth** driven by:

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

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

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

RoW and DF



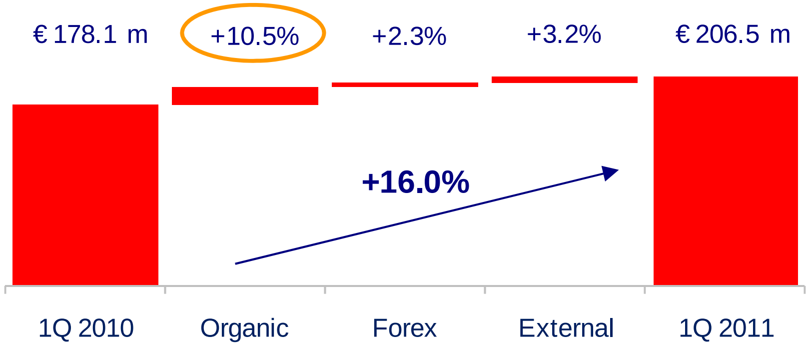
> Excellent organic growth across the portfolio, mainly thanks to **Australia,** due to good consumption pattern as well as a **return to normalised trend in sales** following transition to direct distribution, and a **favourable comparison base** in Q1 2010 (-7.6%)

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

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

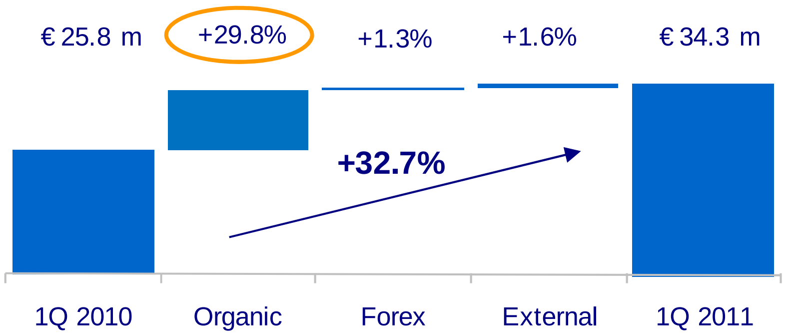
2011 First Quarter Net Sales - analysis by segment

Spirits



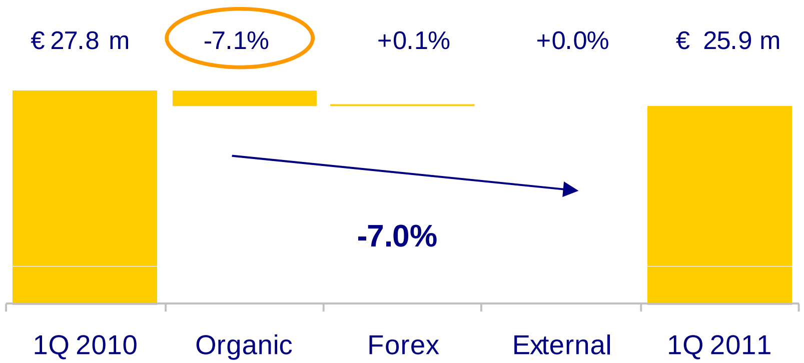
- **Strong organic sales growth** driven by Aperol, Wild Turkey, SKYY and Campari
- **External growth** due to the former C&C brands acquisition

Wines



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

Soft drinks



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

1Q 2011 consolidated results

Paolo Marchesini, CFO

Consolidated CAAP

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

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

- Increase in **gross margin** on sales by 100 bps, due to:
  - In **existing business**, margin improvement of **+30 bps**:
    - **COGS** positively impacted by **favourable sales mix** (particularly Aperol and Wild Turkey) in part offset by increased logistics costs (Australia)
  - In **perimeter**, accretive effect by former C&C brands of **+70 bps**
- **A&P spend (17.5% on net sales)** up by +17.7% vs. 1Q 2010 due to announced strengthening of brand building activities
- **Contribution after A&P up by 16.5%** due to:
  - organic growth of +10.6%
  - perimeter effect of +3.9%
  - exchange rate effect of 2.0%

Consolidated EBIT

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

[1] SG&A: selling expenses + general and administrative expenses

- Increase in **SG&A** by **+14.7% driven by:**
  - organic growth of +9.6% (vs. organic sales increase of +10.5%), mainly impacted by strengthened route-to-market as well as variable selling expenses
  - perimeter impact of +2.6%, due to new newly created platform in Australia (started operations in Q2 2010)
  - FX effect of +2.5%
- **Negative one off's** of **€ 0.8 m** related to restructuring expenses
- Increased **EBITDA** and **EBIT** margin by 40 bps as % of net sales
- **EBITDA** and **EBIT** up **11.1%** and **11.0%** respectively, primarily driven by strong growth in existing business (higher than sales organic growth) and, to a lesser extent, to both perimeter and FX

Consolidated Group’s pretax profit

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

> Increase in **Net financial expenses** due to **higher average net financial debt** (€ 647.9 m in 1Q 2011 vs. € 612.5 m in 1Q 2010) as a result of 2010 acquisitions

> Average cost of debt at 6.3%, due to increased negative carry on excess cash and higher interest rates in the Eurozone

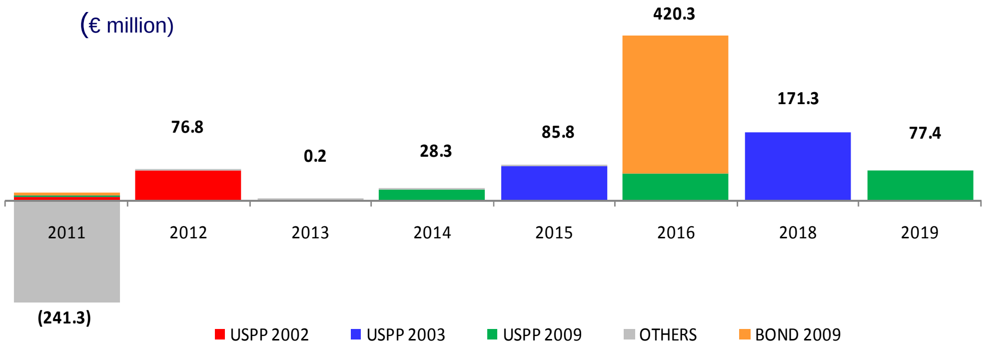
> **Group pre-tax profit up 16.6%** (at 18.8% of net sales from 18.5%)

Analysis of debt structure

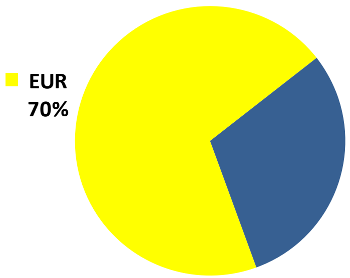
€ million	31 March 2011	31 December 2010
Cash and cash equivalents	255.4	259.7
Payables to banks	(25.2)	(38.4)
Real estate lease payables	(3.6)	(3.4)
Private placement and bond issues	(5.9)	(6.2)
Other assets or liabilities	20.7	(10.7)
Total short-term cash/(debt)	**241.3**	**201.0**
Payables to banks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

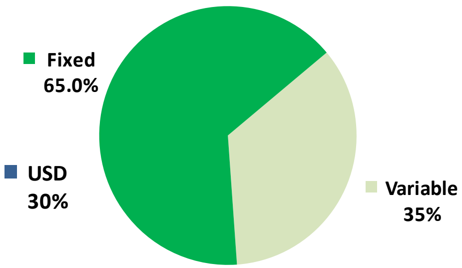
> **Net debt / EBITDA pro-forma ratio at 2.0X** as of 31 March 2011 (2.2X as of 31 Dec 2010)

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

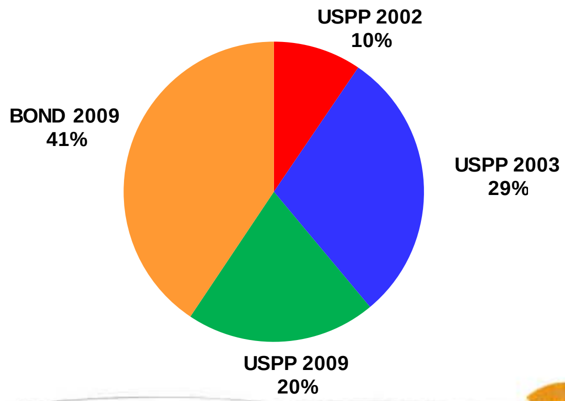


Analysis of debt by currency and interest rates





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



CAMPARI

Conclusion and outlook

Bob Kunze-Concewitz, CEO

Conclusion on Q1 2011 results & outlook

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

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

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

Questions & Answers

Thank you.

For additional information:

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