DAVIDE CAMPARI-MILANO N.V.
ADDITIONAL FINANCIAL INFORMATION
AT 30 SEPTEMBER 2020

CAMPARI
GROUP

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Disclaimer
This document contains forward-looking statements relating 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 forecast for a variety of reasons, most of which are beyond the Group's control. This document was not made available to the public with a signed version, which is retained at the Group corporate office.

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Key highlights

This additional financial information report at 30 September 2020 has been prepared using the same recognition and measurement criteria as those used to prepare the 2019 consolidated annual report, to which reference is made.
This document has not been audited. The quarterly information provides a description of the significant events that occurred during and after the end of the period, the Group's sales performance, broken down by region, the Group's profit before taxation and its consolidated net financial debt.

	nine months 2020	nine months 2019	change	
			total	organic
	€ million	€ million	%	%
Net sales[(1)]	**1,282.5**	**1,303.8**	**-1.6%**	**-2.8%**
Contribution margin	546.1	576.4	-5.2%	-7.2%
EBITDA	258.9	326.4	-20.7%	
EBITDA adjusted	**307.1**	**340.3**	**-9.7%**	**-11.7%**
EBIT	200.3	274.1	-26.9%	
EBIT adjusted	**248.5**	**288.0**	**-13.7%**	**-15.1%**
Profit before taxation and non-controlling interests	189.4	245.1	-22.7%	
Group profit before taxation	**190.2**	**245.1**	**-22.4%**	
Adjusted Group profit before taxation	**220.0**	**259.0**	**-15.1%**	
ROS % (EBIT/net sales)	15.6%	21.0%		
ROS % (EBIT adjusted/net sales)	**19.4%**	**22.1%**		

	30 September 2020	31 December 2019
	€ million	€ million
Net financial debt	1,068.2	777.4

	third quarter 2020	third quarter 2019	change	
			total	organic
	€ million	€ million	%	%
Net sales[(1)]	**513.8**	**455.6**	**12.8%**	**12.9%**
Contribution margin	215.0	202.0	6.4%	6.8%
EBITDA	116.5	119.9	-2.8%	
EBITDA adjusted	**137.4**	**125.2**	**9.8%**	**10.6%**
EBIT	97.3	102.5	-5.0%	
EBIT adjusted	**118.2**	**107.7**	**9.7%**	**11.2%**
Profit before taxation and non-controlling interests	88.4	91.5	-3.4%	
Group profit before taxation	**88.7**	**91.5**	**-3.1%**	
Adjusted Group profit before taxation	**109.3**	**96.8**	**13.0%**	
ROS % (EBIT/net sales)	18.9%	22.5%		
ROS % (EBIT adjusted/net sales)	**23.0%**	**23.6%**		

(1) Sales after deduction of excise duties.

Information on the figures presented
For ease of reference, all the figures in the additional financial information are expressed in millions of Euros to one decimal place, whereas the original data was recorded and consolidated by the Group in Euros. Similarly, all percentages relating to changes between two periods or to percentages of net sales or other indicators are always calculated using the original data in Euros. The use of values expressed in millions of Euros may therefore result in apparent discrepancies in both absolute values and data expressed as a percentage.
For information on the definition of the alternative performance measures, see the section 'Definitions and reconciliation of the Alternative Performance Measures' in the next part of this additional financial information.

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Corporate bodies

Board of Directors[1]

Luca Garavoglia[2]	Chairman
Robert Kunze-Concewitz[3]	Chief Executive Officer
Paolo Marchesini[3]	Chief Financial Officer
Fabio Di Fede[3]	General Counsel and Business Development Officer
Eugenio Barcellona[2]	Director and Member of the Control and Risks Committee and the Remuneration and Appointments Committee
Fabio Facchini[2][4]	Director and Member of the Control and Risks Committee
Alessandra Garavoglia[2]	Director
Michel Klersy[2]	Director
Catherine Gérardin-Vautrin[2]	Director and Member of the Control and Risks Committee and the Remuneration and Appointments Committee
Annalisa Elia Loustau[2]	Director and Member of the Control and Risks Committee and the Remuneration and Appointments Committee

External auditor [5]

Ernst & Young Accountants LLP

[1] The Board of Directors of Davide Campari Milano N.V. (the 'Company' or 'Davide Campari' or 'Campari') was appointed by the Company's Shareholders' meeting of 16 April 2019 for a three-year term 2019-2021.

[2] Non-executive directors.

[3] The first Company's Board of Directors' meeting since the redomiciliation transaction took effect was held on 6 July 2020 and confirmed Robert Kunze-Concewitz, Paolo Marchesini, Fabio Di Fede as, respectively, Chief Executive Officer, Chief Financial Officer and General Counsel and Business Development Officer.

[4] Appointed as non-executive director by the Company's Extraordinary General meeting on 18 September 2020. On that same date, Fabio Facchini was also appointed as a member of the Control and Risks Committee by the Company's Board of Directors.

[5] The Company's Shareholders' meeting held on 27 March 2020 resolved that, as from the effective date of the redomiciliation to Amsterdam, the Netherlands, Ernst&Young Accountants LLP succeed without any interruption to EY S.p.A. (an Italian company within the same network), in the mandate of independent external auditor already granted by the Company's Shareholders' meeting of 16 April 2019.

Campari Group additional financial information at 30 September 2020

Updates on the Covid-19 outbreak

During the third quarter 2020, with the progressive uplifting of restrictive measures after the lockdown, the Group's business performance benefitted from a recovery as people spent holidays in their home country rather than abroad. This effect temporarily impacted in particular the Group's aperitifs business in its peak summer season for core on-premise markets, whilst home spirits consumption continued in off-premise skewed regions. However, towards the end of the quarter, the resurgence of the pandemic had been confirmed in many areas of the world, unfortunately corroborating that a second wave of the Covid-19 outbreak is still possible. Multiple European countries, which had eased their lockdowns during the summer period, have recently re-introduced confinements and other restrictions in their worst-affected regions, making fresh appeals for people to continue to take any precautions and abide by safety measures, including wearing face coverings and keep to social distancing rules. The pattern of rising infections following the slackening of lockdown restrictions is not limited to Europe, however. Other countries have seen a resurgence of the virus. The United States, Mexico, Brazil, Argentina, Peru, Russia, South Africa and India are still among the most affected countries, whilst Jamaica is also fighting to contain its worst outbreak of the virus.

As a result of the ongoing Covid-19 outbreak and the restrictive measures re-introduced by the governments of affected countries in an attempt to contain the second wave of the pandemic, uncertainty remains as regards the extent and timing of the economic recovery to pre-Covid-19 levels. Measures, restricting social contacts, have had, and continue to have, an adverse effect in general on global trade. More specifically, with respect to the spirits business, they have had a significant adverse effect on consumption levels, given the sector's natural exposure to consumption in the on-premise distribution channel, mainly represented by bars and restaurants. Over the past few months, many on-premise outlets have failed to re-open, and although a considerable number of outlets have expanded their outdoor spaces to give customers a greater sense of safety, many people are still cautious and are avoiding public places. Social distancing is also reducing the number of clients that can be served. With restrictive measures remaining in place, each of these factors is likely to continue to impact consumption trends and affect the Group's ability to continue to implement brand building strategies targeting the on-premise channel. Furthermore, the significant reduction in travel resulting from travel restrictions is having an adverse effect on the Group's global retail travel sales.

Nevertheless, in this volatile context, Campari Group plants and distilleries continue to be fully operational while complying with rigorous health and safety protocols. Whilst advocating smart-working as the recommended policy for office-based employees, Campari Group has put in place stringent measures to ensure a safe return to the workplace, wherever feasible, confirming a strong commitment to and responsible behaviour in complying with the latest regulations and protocols. However, in many parts of the world, new restrictive measures are being re-introduced, thus making a return to normality highly challenging.

With regard to consumption patterns, based on analyses of sell-out statistics and consumer data, new trends in consumer habits have been detected during the Covid-19 outbreak, which the Group has started to actively leverage. In particular, in new scenarios of forced physical distancing, the human desire to socialise remains strong, with new occasions for consumption developing as consumers attempt to make bar-quality drinks at home. This shift from on-trade to the off-trade channel, which is taking place on an unprecedented scale, is impacting the performance of the spirit industry, including Campari Group businesses. Home-made cocktail making could be viewed as a new source of entertainment and social gatherings, driving increased consumption opportunities in the off-premise channel.
As at-home consumption benefits from social distancing measures affecting out-of-home drinking habits, more and more consumers have shown an inclination to purchase beverages online, which has resulted in a significant increase in e-commerce sales. The strategic relevance of digital transformation and the importance for Campari of reinforcing this channel led the acquisition of a 49% interest in Tannico (the leading online wines and premium spirits platform in Italy), which is an essential part of the digital transformation journey undertaken across the entire organisation.

While Campari Group is continuing to monitor and assess the evolution of the pandemic and its effects on the macroeconomic scenario, on the markets in which it operates, on the behavioural patterns of its consumer base and on the Campari Group's financial position and on the results of its operations, significant uncertainty remains as to the duration and the extent of the restrictions in the markets in which Campari Group operates.

Although the overall scenario still appears to be deeply uncertain in terms of the possible future development of the pandemic, within this radically changed global context, Campari Group is continuing to confirm its long-term vision. After the successful completion of the acquisitions of Champagne Lallier, the Group's distribution company in France and the above mentioned interests in Tannico, on 6 October 2020, Campari Group successfully placed a €550 million bond on the Euro market, reflecting Campari Group's excellent business and financial profile as well as its strong reputation in the capital markets. In a period characterised by global macroeconomic volatility, the transaction was highly successful and attracted a geographically well-diversified base of European high-quality investors. It was also a concrete evidence of the Group's commitment to engage in major projects, mastering new challenges whilst confirming its long-term objectives in terms of business growth and development. Despite the challenging environment, the Group continues its unrelenting work, building on its brands for the years to come: September culminated with a celebration of Campari's 160 years of history since its foundation. This was marked by the unveiling in Sesto San Giovanni (Milan), the Group's headquarters, of a unique work of art, Infinito Campari, a sculpture produced by Oliviero Rainaldi that represents the soul of Campari, exalting its ambition to last over time as only art can do.

Main brand-building activities

The brand portfolio represents a strategic asset for the Campari Group. One of the main pillars of the Group's mission is to build and develop brands. The Group has an ongoing commitment to investment in marketing designed to strengthen the recognition and reputation of iconic and distinctive brands in the key markets, as well as launching and developing them in new high-potential geographical regions. The Group is developing its strategies with an increasing focus on new communications tools, especially the digital media channel, which is seen as strategic thanks to its interactive, customisable and measurable properties.

The main marketing initiatives undertaken in the first nine months of 2020 focused on global and regional priority brands, are set out below. Since the outbreak of the Covid-19 pandemic the brand-building investments, particularly brand-activation initiatives aimed at consumers and commercial partners in the on-premise and Global Travel Retail channels, have been reshaped and mainly refocused into digital activations. With the gradual reopening of the on-premise channel and relaxing of emergency containment, initiatives that had previously suspended during lockdown were resumed on a selected basis.

As a result of the restrictive measures gradually introduced to fight the pandemic, the Group's visitor centres around the world were temporarily closed. Some of them gradually reopened in June 2020, although with reduced opening hours, limited tours and experiences and rigorous compliance with the emergency health measures in force to protect the health of both Camparistas and guests.

Global priority brands

Aperol

Overall, throughout the first nine months of 2020 in the context of the Covid-19 outbreak, several successful **charity initiatives** were promoted by Aperol under '**Together we Can**', involving donations to good causes in Italy while maintaining an active involvement of the audience and strengthening the concept of Togetherness. Moreover, **Aperol digital experiences** were implemented across markets to entertain people with the positive and light-hearted mood of Aperol Spritz.

In September 2020, **out-of-home placements** were secured in the United States, precisely in New York and Los Angeles, and muralists have been hired to paint Aperol postcards incorporating scenes from notable Italian locations and aimed at promoting the brand heritage and provenance while connecting with consumers who were missing their vacations.

In August 2020, the **Aperol Spritz O Meter** campaign was launched in United Kingdom to celebrate the national Prosecco Day. The campaign aimed at engaging and educating the British on the perfect Aperol Spritz to serve using a simple key visual, demonstrating the wrong ways in which an Aperol Spritz is commonly made.

In July 2020, an edutainment content was launched in Italy to teach the consumers about Aperol Spritz perfect serve, leveraging on the rotation filming technique. The users, connecting at the **#AperolSpritzChallenge**, were invited to replicate the recipe at home while having fun trying to master the rotation twist.

In June 2020, the Aperol digital campaign **The sound of togetherness** was launched in 20 countries. The campaign features a series of scenes of consumers at home, showing their moments of 'conviviality' during the lockdown period while enhancing the positive mood that people have in common.

In the United States, in May 2020, Aperol launched the digital campaign **Elevate summer moments with Aperol Spritz at home** on social media and partnered with Spotify to drive awareness and consideration by focusing on Aperol Spritz as the perfect summer cocktail for at home consumption. At the same time Aperol kicked off a social media initiative #TogetherWeToast, encouraging consumers to spread positivity by posting a virtual toast to a friend and in turn support US hospitality workers.

From the end of first quarter 2020, in United Kingdom, Australia, Spain and Germany, **Aperol virtual toast events** were carried out to enhance virtual connection and promoting at home consumption, in some cases with the collaboration of chefs, influencers, DJ sets and concerts.

In January 2020, for the fourth year in a row, Aperol was the **official aperitif of the Australian Tennis Open**, renewing its official partnership. Pop-up bars and gardens were specially designed for the two main brand experiences, Club Aperol and Casa Aperol.

In February 2020, Aperol was the official **sponsor** of the **Venice Carnival**, one of the most famous public celebrations in Italy. The sponsorship, giving great resonance to the brand in Venice after the centenary celebration, included the Carnival's opening dinner at the Casino and nine days of activities brought to life mainly in St. Mark's Square, which was completely coloured in orange with two bars and a large Aperol-branded stage. Each year a young Venetian woman is chosen as 'angel' of the year and floats down on a cable from the bell tower into the square. This year, she was dressed in a long orange gown inspired by the colour of Aperol.

Campari

In September 2020, for the third consecutive year, Campari sponsored the **Venice International Film Festival**, celebrating the values of passion and creativity. In the Campari Lounge, the audience had the chance to get immerged in the brand essence, thanks to an experiential installation. Moreover, in this very special year, a brand new cinema experience was built through a platform on the water in the heart of the Lagoon named Campari Boat-in Cinema. In this location, a series of events were designed to shine a light on young, upcoming talents and the Campari Passion For Film Award was assigned. Lastly, a Celebrative campaign was shot during the festival and aired during the following week in order to strengthen the bond between the brand and the Venice Film Festival.
In September 2020, for the second year in a row, Campari was the exclusive spirits partner of the **New York Film Festival**, the premier US showcase of the best-in-world cinema that is presented by the Film Society of Lincoln Center. The sponsorship confirmed Campari’s long-standing commitment to the world of film and art and also covered the world premiere of On The Rocks film as well, directed by Sofia Coppola and starring Bill Murray and Rashida Jones.
For the 8th consecutive year, the **Negroni Week** was held thanks to the partnership with Imbibe magazine. During this special year, the Negroni week invited everyone to **Raise a Negroni to your bar** in order to raise funds to charities supporting the hospitality industry directly.
From June 2020, **Campari Negroni RTE** (ready-to-enjoy), the Negroni being the second most consumed and renowned classic cocktail in the world (according to Drinks 2019), was gradually launched globally with a 50 cl bottle offering.
At the end of first quarter 2020, after the outbreak of Covid-19, Campari launched a series of local digital initiatives:

- as the official partners of the **22nd Biennale of Sydney**, the biggest cultural event in Australia, Campari switched from an offline to an online event, and invited visitors to live an experience from home, visiting the exhibition online and attending virtual workshops;
- in Italy and Germany, Campari organized **Drink delivery experiences at home**, collaborating with delivery companies. A perfect serve kit was created to educate consumers on how to make cocktails at home;
- in the United Kingdom, Campari launched the initiative **Campari reopens**. Some of the world-best bars, such as the Dante in New York, Drink Kong in Rome, and Three Sheets in London, were virtually reopened, allowing consumers to experience a top-end bar, creating their own cocktails in a Campari masterclass with a world-class bartender.

In February 2020, Campari sponsored the **Vienna Opera Ball**, one of the biggest cultural events in Austria and which also attracts significant media coverage in Europe, Japan and the United States.

Wild Turkey

In September 2020, the digital campaign for the super premium expression of Wild Turkey, **Longbranch**, was launched in United States. It was aimed at driving awareness by leveraging the co-creator, Matthew McConaughey. The slogan **Wonder What If** highlights the rich storytelling that McConaughey has brought to the brand as Creative Director, building a campaign that is blend of the culturally curious and the artistic in equal parts.
Wild Turkey Rare Breed Rye was launched in July 2020 as a blend of 4-6 and 8-year-old non-chill filtered rye, crafted in one of the few distilleries dedicated to the art of rye whiskey.
In June 2020, the 6th release in the award-winning Wild Turkey Master’s Keep series, **Master’s Keep Bottled in Bond**, was launched globally. It is a 17-year-old Kentucky straight bourbon whiskey with the bottled-in-bond label, a certification that guarantees a strict production process and ensures incomparable flavour and consistency.
Talk Turkey, the first series of advertainment on the Wild Turkey brand, starring Matthew McConaughey, got underway in 2019 and continued throughout the first quarter of 2020.

SKYY

During the third quarter 2020, in United States, SKYY Vodka launched a **new themed video** across all digital and social channels to the tune of the famous **Victoria Monet track Do You Like It**. In-stream video was added to engage consumers across online publishers, such as Rolling Stone, GQ, People and Thrillist. As at-home online activity continued to increase, SKYY e-commerce initiatives, together with search media, were pursued to keep consumers excited for at home cocktail.
A digital and social campaign **We Are The Pride** was launched in United States in June 2020 in support of the LGBTQ+ Community. The campaign featured pop star Kim Petras and RuPaul’s Drag Race talents like Violet Chachki and Heidi N Closet.

Jamaican rums

With reference to the Jamaican rums portfolio, the **Appleton Estate** brand was relaunched in its key markets with a new packaging design which emphasizes the brand’s premium characteristics and the minimum aging statement.

In addition, a new range of aged rum, **Kingston 62**, was launched in the Jamaican market in the first quarter 2020 and in Peru and the United Kingdom in July 2020, supported by point-of-sale trade communications as well as a digital campaign aimed at communicating the new brand name, new packaging and outstanding quality of rum.

Grand Marnier

In June 2020, Grand Marnier launched a **new global social media campaign** aimed at enabling consumers to find their own **Grand Moment** in everyday life by taking good care of themselves and finding their own new normality. International bartenders hosted live sessions on Instagram with social clips by master blender Patrick Raguenaud, the brand ambassador for Grand Marnier.
In January 2020, the new **Cuvée du Centenaire**, which was created in 1927 to celebrate the first century of the House of Marnier Lapostolle, was rolled out worldwide with premium packaging inspired by the *art nouveau* movement.

Regional and local priority brands

Concerning the regional priority brands, the first global campaign of **Averna** Open Sicily was launched, celebrating the vibrant world of Sicily and the modern expressions of the island with a new brand visual identity, packaging and communication.
In addition, the new packaging of **Bisquit&Dubouché** VS and VSOP was launched in Belgium. With respect to **Espolòn**, the brand received the Impact Hot Brand 2019 award for the fourth year in a row, and a national digital campaign around Mexican Independence Day week was launched in September 2020 in the United States, aimed at increasing brand awareness, maintaining the good growth rate and ensuring the brand to continue to stand apart from the competitive crowd.
Concerning the local priority brands, **Crodino** was relaunched with an adult and premium offering in the European markets. Lastly, **Campari Soda** launched the digital campaign Design Connection: a collection of three design objects made with the iconic Campari Soda bottle and produced with the collaboration of three young and talented designers; the campaign was aimed at strengthening the brand linkage with design, given the iconic bottle, a design masterpiece, conceived in the early 30s by Futurist Fortunato Depero.

Corporate activities

In September 2020, Campari Group celebrated its **160th anniversary** with a sculpture that represents the values that have guided the Group since its foundation in 1860.
The 160th anniversary was celebrated in Sesto San Giovanni (Milan), where the Company's first bottling plant was built, in place of which the Group's headquarters is today, with the inauguration of **Infinito Campari**, a work of art designed and created by the internationally renowned sculptor Oliviero Rainaldi; that consists of two elements: a work of landscape art, entitled the Telescopic Labyrinth, and a monumental sculpture in Carrara marble that lies at its heart. The work is inspired by the history of Campari and in particular by two works created by artists who, in their time, made key contributions to building the brand: the futurist Fortunato Depero, with his work of 1931 entitled The Campari Pavilion, and the painter and illustrator Leonetto Cappiello who, with Lo Spiritello (1921), marked the history of the brand.
Furthermore, on the occasion of this anniversary, Campari Group presented the **160 Years of Campari stamp** issued by the Italian Ministry of Economic Development and belonging to the thematic series 'Excellencies of the Italian productive and economic system'.

Significant events during and after the end of the period

i. Significant events after the end of the period

Group significant events

Bond issue
On 6 October 2020 the Company successfully issued an unrated 7-year Eurobond targeted at institutional investors. The offering, for a principal of €550 million, pays a fixed annual coupon of 1.25%. The effective gross yield to maturity is 1.2860%. The issue price is 99.76% and the spread over the midswap is 165 basis points.
Since its inaugural issue in 2009, Campari Group has cumulatively raised €2.3 billion in funds in the unrated Eurobond market, including this issue, confirming its positive long-lasting relationship with the debt-capital markets. The proceeds of the issue of the notes will be used by the Campari Group for general corporate purposes and in line with the Group's strategy, including but not limited to the refinancing of the Group's existing indebtedness.

ii. Significant events during the period

Corporate actions

Ordinary and Extraordinary shareholders' meeting held on 27 March 2020
The Extraordinary shareholders' meeting resolved to transfer the registered office of Davide Campari-Milano S.p.A. to the Netherlands, subject to certain conditions precedent.
The Ordinary shareholders' meeting approved the 2019 annual financial statements and agreed the distribution of a dividend of €0.055 per outstanding share, an increase of +10.0% on the previous year. The total dividend, calculated on the outstanding shares and excluding own shares in the portfolio (18,451,416 shares on the date of the Company's Shareholders' meeting), amounted to €62,873,172.12 and was paid on 22 April 2020 (with an ex-date for coupon n. 4 of 20 April 2020, and with a record date of 21 April 2020).

Transfer of the registered office in the Netherlands
On 4 July 2020, the transfer of the official seat of Davide Campari-Milano S.p.A. to the Netherlands ('redomiciliation'), with its simultaneous conversion to a Naamloze Vennootschap (N.V.) governed by Dutch law, was completed: the Dutch notarial deed for the transfer of Campari's official seat resolved by the extraordinary shareholders' meeting of 27 March 2020 was executed, with effect on the same date. The new company name is therefore 'Davide Campari-Milano N.V.' (the 'Company' or 'Davide Campari' or 'Campari') and the new articles of association have come into effect.
As part of this operation, the Company was required to pay to shareholders who exercised their right of withdrawal a reference unitary price per share set at €8.376 (this withdrawal price having been determined in accordance with Article 2437-ter(3) of the Italian Civil Code). The cash outflow borne by the Company for the liquidation of 7.7 million shares, net of withdrawn shares for which the option and pre-emption right was exercised, for a substantially full amount, by the controlling shareholder Lagfin S.C.A., Société en Commandite par Actions (for an overall commitment of above €250 million) and the shares for which the withdrawal was waived, on 7 July 2020, was €64.7 million. This result confirmed the full compliance with the Group's commitment not to exceed the maximum cost cap of €7/8 million deemed by the Company to be acceptable. This implied a negative price difference, to be recognized within Group equity, for an amount of €3.4 million (well below the maximum acceptable amount set by Campari Group) based on the difference between the withdrawal price of €8.376 and the closing price on the settlement date (7 July 2020) of €7.94 per share, or an amount of €5.2 million, based on the difference between the withdrawal price of €8.376 and the market closing price of €7.70 per share on the date of the transaction approval (22 June 2020).
With the transfer of the sole registered office which does not entail any changes in the organization, management or operational activities and, above all, envisages that the tax residence of the Group is maintained in Italy, the key objective pursued by the Company is to enhancing its increased voting mechanism in favour of long-term shareholders and, therefore, the adoption of a flexible capital structure that can further support the Group in pursuing growth opportunities also via major acquisitions.
Additional information on the redomiciliation in compliance with applicable legislation and regulations is provided and made available on the Campari's website (www.camparigroup.com).

Extraordinary General meeting
On 18 September 2020 the Extraordinary General meeting of the Company resolved to:
a) reduce the nominal value of each ordinary share from €0.05 to €0.01 and consequently reduce the nominal

value of each special voting share A from €0.05 to €0.01, the nominal value of each special voting share B from €0.20 to €0.04 and the nominal value of each special voting share C from €0.45 to €0.09. After the capital reduction, Campari's share capital will be equal to €11,616,000.00, and the total amount of the capital reduction (equal to €46,464,000.00) will be allocated to the Company's non-distributable reserves. Therefore, the Company's share capital will continued to be composed of 1,161,600,000 ordinary shares, which are listed, freely transferable and each of them confers the right to cast 1 vote. The special voting shares are not listed on a regulated market, are not transferable and do not confer any economic right. Each of the special voting shares A, B and C confers the right to cast respectively 1, 4 and 9 votes.
The capital reduction will be effected with due observance of the relevant provisions of Dutch law (sections 2:99 and 2:100 of the Dutch Civil Code), including the requirement to deposit the shareholders' resolution with the Dutch Commercial Register. The capital reduction resolution remains pending during a period of two months as from its deposit's date, i.e. 23 September 2020.
The aim of the above transaction is to minimize the impact of the issuing of special voting shares on the Company's reserves. Indeed, the Company's articles of association permit the issue of such shares without requiring the shareholders so entitled to pay for the nominal value of the special voting shares but rather through the use of the Company's available reserves.
b) Implement provisions of the articles of association on the conversion of the shares into Special Ordinary Shares. In order to implement Article 13.11 of the Company's articles of association, the Extraordinary General meeting of the Company approved the authorization to provide holders of special voting shares C of a right to exchange one special voting share C, together with the corresponding qualifying ordinary share, for one special ordinary share giving right to 20 votes (the Special Ordinary Share). This right of conversion is aimed at further strengthening the Group's stability and fostering the development and the continuous involvement of a stable base of long-term shareholders. For a special voting share C, and the corresponding qualifying ordinary share, to qualify for conversion into a Special Ordinary Share giving the right to 20 votes, a shareholder must hold that special voting share C at the time of the designated conversion period. There will be two windows for holders of special voting shares C to apply for conversion: (i) the first conversion period will start on 1 November 2028 and end on 30 November 2028, and (ii) the second conversion period will start on 1 November 2030 and end on 30 November 2030. The second conversion period will allow all shareholders as at the date hereof to qualify for conversion of their shares into Special Ordinary Shares: all shareholders opting to become eligible for special voting shares A prior to 30 November 2020 will be qualified for holding special voting shares C during the second conversion period and will thus be entitled to exercise their conversion right into Special Ordinary Shares. The Special Ordinary Shares will have the same economic rights as the existing ordinary shares, and will not be listed on a regulated market.
c) Appoint Fabio Facchini as non-executive director for the period ending at the closure of the Annual General meeting of shareholders to be held in 2022. Fabio Facchini, whose nomination is binding pursuant to article 15.2 of the Company's articles of association, is considered independent within the meaning of the Dutch Corporate Governance Code. The Board of Directors believes that his audit experience and general management expertise will provide a valuable contribution to the Board of Directors
d) Approve the remuneration policy, as updated and amended in accordance with the new Dutch legal framework. The remuneration policy provides for the parameters for remuneration of the executive directors and the non-executive directors, taking into account the relevant legal requirements and the principles of the Dutch Corporate Governance Code that follow from the applicable Dutch and European legislation. The remuneration policy is made available on Campari's website (https://www.camparigroup.com/en/page/group/governance).

Financial debt management
On 14 April 2020, the Company entered into a term debt facility agreement for an amount of up to €750 million ('the Facility') with a pool of leading international banks. The Facility consists of a short-term bridge loan with an interest rate of 3-month Euribor plus a 0.65% spread, on top of utilization fees, with an initial maturity date of 30 June 2021 and an option for extension to 31 December 2021.
The purpose of the Facility is to support the general corporate purposes of Campari Group, including but not limited to, the redemption of the Eurobond issued by Davide Campari in 2015, and expiring in September 2020, for a residual nominal amount of €581 million. Ahead of the 2015 Eurobond redemption, the Facility has been drawn for an amount of €600 million, whilst a second tranche of €150 million is still undrawn and available to the Company.

Share buyback plan
With regard to execution of the share buyback program, the Company's Board of Directors decided, on 18 February 2020, to continue it for an increased amount of up to €350 million over the next twelve months. The increase of buyback will serve the new strategy of having a portfolio of own shares to meet all the existing stock option plans, rather than just those plans that are close to being exercised. The aim is to hedge the risk of an increase in price of the shares underlying the options and, as a result, contain the Company's overall outlay required to service the incentive plans. The Company's Shareholders' meeting, confirming the purposes

mentioned above, authorised the Board of Directors to purchase and/or sell own shares until 30 June 2021, to re-constitute the portfolio of own shares to serve the current and future stock option plans for the Group's management, while complying with the limits and procedures laid down in the applicable laws and regulations.

Purchase of own shares
Between 1 January and 30 September 2020, the Group purchased 29,674,953 own shares, at an average price of €7.72, for a total amount of €229.0 million[1], and sold 5,911,326 own shares for an outlay of €16.8 million, after the exercise of stock options. At 30 September 2020, the Company held 37,467,827 own shares, equivalent to 3.23% of the share capital.

Acquisitions and commercial agreements

Acquisition of a 49% interest in Tannico
On 29 June 2020, Campari Group completed the acquisition of a 49% interest in Tannico S.p.A. ('Tannico'). Founded in 2013, Tannico is the market leader in online sales of wines and premium spirits in Italy, with a market share of over 30%. Tannico has progressively expanded into business-to-business, offering targeted value-added services to professional operators in areas such as assortment and warehouse management, as well as tailored delivery solutions. Since 2017, Tannico has expanded its footprint to more than 20 markets, including the USA, Germany, UK, and France.
In 2019, Tannico achieved net sales of €20.6 million (under local GAAP). The compound annual growth rate (CAGR) for net sales for the past three years (2016-2019) was approximately 50%, with net sales rising significantly in 2020, partly due to the Covid-19 emergency, almost reaching break-even from a profitability standpoint.
The total consideration paid for the 49% interest was €23.5 million, which was financed from available resources. Under the investment agreement, Campari Group will have the possibility of increasing its interest to 100% from 2025, subject to certain conditions.
Tannico is a unique and strategic fit with Campari Group's long-term business development goals. By leveraging Tannico's expertise, the Group will greatly enhance its digital capabilities and accelerate its development plans in e-commerce, a channel that is already growing and is set to become of even greater strategic importance given the likely long-lasting change in consumer behaviour due to the Covid-19 emergency.

Acquisition of Champagne Lallier
On 10 June 2020, Campari Group completed the acquisition of an 80% interest, with a medium-term route to total ownership, in the share capital of Champagne Lallier S.a.r.l. and other group companies (jointly, the 'company'), from the privately-owned French company Ficoma S.a.r.l., the family holding company of Mr Francis Tribaut. The company is the owner of the champagne brand Lallier, which was founded in 1906 in Aÿ, one of the few villages classified as 'Grand Cru' in Champagne, a clear indication of the product's quality.
In 2019, the Company's sales amounted to €21 million (under local GAAP), including primarily sales relating to champagne of approximately 1 million bottles, of which close to 700,000 bottles of Lallier.
The consideration paid was €21.3 million (excluding the net financial debt at the closing date) and was financed from available resources. The transaction encompasses the brands, related stocks, real estate assets (including owned and operated vineyards) and production facilities.
Under the agreement, the remaining shareholding is subject to reciprocal put and call options, which can be exercised from 2023. Mr. Francis Tribaut will continue in his role as managing director of Champagne Lallier.
With this acquisition, which marks the entry of the first Italian player into the Champagne category, Campari Group has added to its portfolio a premium and historical champagne brand, Lallier, mainly being sold in selected on-trade outlets and bottle shops, further extending its range of premium offerings to this key channel for brand building. Moreover, Campari Group will build further critical mass in the strategic French market where the Group recently started to sell through its own in-market company.

Acquisition of Baron Philippe de Rothschild France Distribution S.A.S.
On 28 February 2020, Campari Group completed the acquisition of 100% of French distributor Baron Philippe de Rothschild France Distribution S.A.S. ('RFD'), a wholly owned subsidiary of Baron Philippe de Rothschild S.A. specializing in the distribution of a diversified portfolio of international premium spirits, wine and champagne brands in France. RFD is the sole distributor for the French market of the Campari Group's portfolio, which is currently the main contributor to RFD's sales and growth. With regard to the rest of the portfolio, RFD is the exclusive distributor for the French market of the seller's premium and super premium wines, including the Mouton Rothschild and Mouton Cadet brands. The total acquisition price was €50.3 million (excluding the net financial debt at the closing date). The transaction was financed using the Group's available resources.

[1] The amount doesn't include a liability to be paid in connection with the share buy back program, estimated at €1.3 million as at 30 September 2020.

In 2019, RFD's total sales were €149.8 million, based on local accounting principles (€100.0 million after the reclassification based on International Financial Reporting Standards principles 'IFRS').
The incorporation of the distribution structure of RFD (now called Campari France Distribution S.A.S.) into Campari's network and the possibility of operating directly in France (a high-potential market for the Group) represents a unique opportunity to enhance the Group's focus on its key brands and benefit from the increased critical mass of the aperitifs business and the newly-acquired Trois Rivières and La Mauny premium rhum agricole brands.

Joint venture in Japan
On 14 February 2020, the Group signed an agreement to create CT Spirits Japan Ltd., a joint venture in Japan, with a local partner experienced in the food&beverage sector. The aim of the joint venture is to promote and develop the Group's products in this market. The Group holds a stake of 40% and has a call option on the remaining holding of 60% of the share capital, which can be exercised from 2023.

Other significant events impacting Group results

Restructuring program in the Agri Business in Jamaica
In July 2020, the Group launched a restructuring programme in Jamaica for the agricultural sugar business, in the wake of financial losses accumulated over the years as a result of the global decline in the price of sugar, a reduction in demand in the local market and heightened competition, and exacerbated by the COVID-19 scenario. The restructuring programme is aimed at preserving the business continuity of the core spirits business in Jamaica. The consultation process with the local authorities and trade unions started in July 2020, with a view to achieving the best possible outcome for the local community. In view of the scale of the restructuring program, which will ultimately result in the recognition of restructuring costs for the Group, to be determined based on the outcome of the consultation process, the Group is managing the initiative with the local authorities with great care and sensitivity for the local community. Following the start of consultations, on 29 July 2020 it was announced that the Group will cease operating its Appleton Estates Sugar Factory. In the period ending 30 September 2020 the Group accrued €11.2 million relating to the estimated restructuring costs, subject to final corroboration.

Donations in response to the Covid-19 pandemic emergency
In response to the pandemic emergency, Campari Group participated in a series of initiatives aimed at supporting the local communities and providing active help to deal with the emergency situation.
Among the various initiatives, the Company donated €1 million in March 2020 to fund a general intensive care operational unit for the Covid-19 emergency at the public health institution ASST Fatebenefratelli Sacco in Milan, a reference point for the management of patients most seriously affected by coronavirus.
In April and June 2020 respectively, the Company made a donation to the Italian Civil Protection and to FNOPI (National Federation of Healthcare Workers) through the Aperol video initiatives 'Together we can' and 'Together we can dance'. The first initiative was organized in conjunction with Rockin'1000 and featured 1,200 musicians from all over the world singing from their homes a choral song written by the popular Italian musician Max Gazzè. The second initiative was supported by Luca Tommassini, a world-renowned dancer and choreographer, and over 1,000 dancers from all around the world participated in this video, creating a virtual dance choreography side by side for a good cause.
Campari Group made a donation to Fondazione MultiMedica Onlus, the foundation for Gruppo MultiMedica, one of the largest hospital groups in Lombardy (Italy). The aim was to strengthen the Intensive and Sub-intensive Care Units and to ensure personal protective equipment for healthcare operators in the field.
In the United States, Campari America donated USD1 million to Another Round, Another Rally, a non-profit organization that raises emergency funds offering relief to workers and bartenders in the hospitality industry, which has been forced to shut down its commercial operations as a result of the Covid-19 emergency. This initial donation, supported on social media by the main brands, SKYY, Wild Turkey, Appleton Estate, Campari, Aperol, Grand Marnier, Espolòn, Cabo Wabo and Bulldog, and by various influencers, including Matthew McConaughey, gave rise to the #OneMoreRound challenge, in which the public were encouraged to make donations.
The initiative was deployed in many countries: Campari Canada donated to the Bartenders Benevolent Fund; Campari UK staff and Campari UK jointly donated to The Drink Trust; Campari Deutschland donated to the non-profit organization StartNext; Campari Australia supported the venues by providing access to contactless bottled cocktail delivery and collection services, product donations and marketing toolkits.
Lastly, Group companies operating in different markets launched a number of initiatives to support local communities: these mainly consisted of making donations of pure alcohol to various organizations that manufacture hand sanitizer.

Group financial review

Sales performance

OVERALL PERFORMANCE
In the first nine months of 2020, the Group's net sales totalled €1,282.5 million, with an overall decrease of -1.6% compared to the first nine months of 2019. The organic growth component showed a negative trend, with a contribution of -2.8%. The exchange rate component was negative at -1.5%, while the perimeter effect was positive at +2.7%.

	first nine months 2020		first nine months 2019		total change	9 months change, of which				change % third quarter
	€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate[1]	organic
Americas	552.2	43.1%	584.7	44.8%	-32.5	-5.6%	-3.6%	0.6%	-2.5%	4.3%
Southern Europe, Middle East and Africa	348.7	27.2%	362.6	27.8%	-13.9	-3.8%	-14.2%	10.3%	0.1%	23.8%
North, Central and Eastern Europe	291.8	22.8%	268.7	20.6%	23.2	8.6%	11.3%	-2.0%	-0.7%	20.2%
Asia-Pacific	89.7	7.0%	87.8	6.7%	1.9	2.1%	5.5%	-	-3.4%	2.9%
Total	**1,282.5**	**100.0%**	**1,303.8**	**100.0%**	**-21.3**	**-1.6%**	**-2.8%**	**2.7%**	**-1.5%**	**12.9%**

[1] Includes the effects associated with hyperinflation in Argentina.

Organic change
The nine month performance showed an organic change of -2.8%, driven by a very positive third quarter (+12.9%), while the ongoing effect of the Covid-19 pandemic is still active and challenging in many markets due to restrictive measures put in place.
The Group mainly benefitted from a recovery in the third quarter, driven by increased consumption in consumers' home countries, where they spent their holidays rather than travelling abroad ('staycation' effect). This effect temporarily affected in particular the aperitif business in its peak summer season in the on-premise (a channel which represents approximately 40% of overall sales for the Group), which was heavily impacted in the first half of the year due to the measures to combat the virus. In particular, the on-premise skewed Italian market grew strongly in the third quarter, temporarily boosted also by favourable weather conditions and the reopening of on-premise. Sustained consumption continued in off-premise skewed Northern European markets, Australia and Canada. A flat performance in the United States was achieved after a positive third quarter (+8.9%) driven by Espolòn and the Jamaican rums thanks to strong category momentum, whilst destocking is continuing at wholesaler level.

Although the evolution of the pandemic remains highly uncertain in most of countries and given that it may take the economies of multiple markets a very long time to recover to pre-Covid-19 levels, the strong brand momentum continued in terms of sell-out consumptions, tracking ahead of shipments. The sell-out data were driven by brand building activities, mainly influenced by initiatives in digital channels and on-premise events on a selective basis. Meanwhile, whilst many markets benefitted from the staycation effect, the destocking initiatives continued in selected markets, particularly in the United States.

The breakdown of net sales in 2019 for the on and off-premise channels for the geographical areas covered by the Group is shown below.

		percentage on 2019 net sales of on-off premise channels			
		% on-premise		*% off-premise*	
Americas		35%		65%	
	of which United States		*30%*		*70%*
Southern Europe, Middle East and Africa		65%		35%	
	of which Italy		*70%*		*30%*
North, Central and Eastern Europe		30%		70%	
	of which Germany		*30%*		*70%*
Asia-Pacific		30%		70%	
	of which Australia		*15%*		*85%*
Group average		**40%**		**60%**	

With regard to brand performance, the overall picture shows an across-the-board decline in all three segments, with the global priority brands reporting a decrease of -2.6%, the regional priority brands of -1.3%, and the local priority brands of -0.9%.

The main trends by geographical region and by priority brand are shown below.

- **Geographical regions**

- The **Americas** region recorded a decline of -3.6% (+4.3% in the third quarter): the resilient performance of off-premise skewed Canada (+11.1%) as well as the temporary recovery in Argentina (+4.6%) were unable to offset the decline in Jamaica (-7.6%), Mexico (-34.3%) and the remaining South American countries, particularly Brazil (-11.4%). The performance in United States was stable (+0.1%).
- The **Southern Europe, Middle East and Africa** region reported an organic decrease in sales of -14.2% (+23.8% in the third quarter), driven by the negative performance of its core market, Italy (-11.6%), the Global Travel Retail channel (-64.8%), Spain (-45.4%) and South Africa, whose decline was amplified by a route-to-market change.
- The **Northern, Central and Eastern Europe** region showed positive organic growth of +11.3% (+20.2% in the third quarter). Specifically, resilient growth in the region was sustained by the double-digit growth of Russia (+19.8%), the United Kingdom (+22.8%) and Germany (+11.6%).
- The **Asia-Pacific** region recorded a positive performance of +5.5% (+2.9% in the third quarter), driven by Australia, the region's core market, which increased by +21.0%, more than offsetting the negative decline in the rest of the region, especially Japan, which suffered from the destocking carried out ahead of route-to-market changes, as well as China.

- **Brands**

- The Group's **global priority brands** registered an organic sales decrease of -2.6% (+10.7% in the third quarter). The positive contribution of Aperol and the Jamaican rums portfolio was more than offset by the decline in Campari, impacted by negative performance in the core Italian market, with growth in off-premise-skewed markets entirely offset. Grand Marnier, SKYY and Wild Turkey declined overall due to ongoing destocking in the key US market.
- The **regional priority brands** recorded an organic decrease of -1.3% (+18.7% in the third quarter), largely due to the weak performance in sales of core brands, such as Cinzano, The GlenGrant, the bitters and Bulldog, with the exception of Espolòn and Forty Creek, which showed solid growth.
- The **local priority brands** contracted by -0.9% (+22.8% in the third quarter), as a result of the decline in sales of Campari Soda and Crodino, despite the positive performance of Wild Turkey ready-to-drink, the Brazilian brands, as well as other brands, led by Cabo Wabo and Ouzo 12.

Perimeter variation

The perimeter variation of +2.7% in the first nine months of 2020, compared with sales in the same period of 2019, is analysed in the table below.

breakdown of the perimeter effect	€ million	% on first nine months 2019
acquisitions (Rhumantilles, Ancho Reyes and Montelobos, Baron Philippe de Rothschild France Distribution S.A.S.[1] and Champagne Lallier)	41.5	3.2%
total acquisitions	**41.5**	**3.2%**
discontinued agency brands	(6.1)	-0.5%
total discontinued agency brands	**(6.1)**	**-0.5%**
total perimeter effect	**35.4**	**2.7%**

[1] Baron Philippe de Rothschild France Distribution S.A.S. ('RFD'), now named Campari France Distribution S.A.S. ('CFD').

- **Business acquisitions**

In the first nine months of 2020, the perimeter variation due to business acquisitions was positive at +3.2%. It was mainly driven by the acquisition of Rhumantilles, owner of the Trois Rivières and La Mauny brands, which contributed to the Group's results from 1 October 2019, as well as by the acquisition of Ancho Reyes and Montelobos, which contributed to the Group's results from 20 November 2019; the acquisition of CFD, which contributed to the Group's results from 28 February 2020 and the acquisition of Champagne Lallier, which contributed to the Group's results from 30 June 2020. With regard to the CFD acquisition, it should be noted that sales of products in the Campari Group portfolio contributed to changes in organic sales growth, given that they were previously shown as Group sales, by virtue of the distribution agreement that had existed prior to the acquisition, whereas sales of agency brands are classified as perimeter variations.

- **Brands distributed**

The perimeter variation due to termination of the distribution of agency brands in the first nine months of 2020 amounted to -0.5% and affected contracts in Germany and Russia from 1 January 2020.

Exchange rate effects

The exchange rate effect in the first nine months of 2020 was negative at -1.5%, due to the devaluation of almost all Group's currencies against the Euro, with the exception of the Swiss Franc, whilst the average US Dollar exchange rate was broadly unchanged compared to the first nine months of the previous year. The exchange rate effect includes the impact of applying the IFRS guidance on managing hyperinflation in Argentina to both conversion to Euro at the spot exchange rate at the end of the period of all the income statement items expressed in Argentine Pesos and the new method for calculating organic growth for the Argentine market.

The table below shows the average exchange rates for the first nine months of 2020 and the spot rates at 30 September 2020 for the Group's most important currencies, together with the percentage change against Euro as compared with the same period in 2019 and at 31 December 2019.

	average exchange rates		spot exchange rates		
	nine months 2020	revaluation/(devaluation) vs. nine months 2019	30 September 2020	revaluation/(devaluation) vs. 30 September 2019	revaluation/(devaluation) vs. 31 December 2019
	1 Euro	%	1 Euro	%	%
US Dollar	1.124	-	1.171	-7.0%	-4.0%
Canadian Dollar	1.521	-1.8%	1.568	-8.0%	-6.9%
Jamaican Dollar	159.099	-6.6%	165.872	-11.7%	-10.2%
Mexican peso	24.517	-11.8%	26.185	-18.1%	-19.0%
Brazilian Real	5.707	-23.5%	6.631	-31.7%	-31.9%
Argentine Peso(1)	89.123	-30.0%	89.123	-30.0%	-24.5%
Russian Ruble	79.899	-8.5%	91.776	-22.9%	-23.8%
Australian Dollar	1.663	-3.4%	1.644	-1.9%	-2.7%
Yuan Renminbi	7.861	-1.9%	7.972	-2.4%	-1.9%
Great Britain Pound	0.885	-0.2%	0.912	-2.9%	-6.7%
Swiss Franc	1.068	4.7%	1.080	0.4%	0.5%

(1) The average exchange rate of the Argentine Peso for both the first nine months of 2020 and the first nine months of 2019 was equal to the spot exchange rates at 30 September 2020 and 30 September 2019 respectively.

SALES BY REGION

Sales for the first nine months of 2020 are analysed by geographical region and core market below. Unless otherwise stated, the comments relate to the organic change in each market.

- **Americas**

The region, broken down into its core markets below, recorded an overall organic decrease of -3.6% (+4.3 in the third quarter).

	% of Group total	first nine months 2020		first nine months 2019		total change	9 months change %, of which				change % third quarter
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate(1)	organic
US	28.9%	371.0	67.2%	367.7	62.9%	3.3	0.9%	0.1%	0.8%	-	8.9%
Jamaica	4.8%	61.5	11.1%	71.3	12.2%	-9.8	-13.7%	-7.6%	-	-6.1%	-5.2%
Canada	3.5%	45.3	8.2%	41.4	7.1%	3.8	9.3%	11.1%	0.1%	-2.0%	13.6%
Brazil	1.8%	23.4	4.2%	34.5	5.9%	-11.1	-32.2%	-11.4%	-	-20.9%	-13.9%
Mexico	1.3%	16.0	2.9%	27.5	4.7%	-11.4	-41.6%	-34.3%	0.3%	-7.6%	-6.8%
Other countries of the region	2.7%	35.1	6.4%	42.3	7.2%	-7.2	-17.1%	-16.5%	0.2%	-0.8%	1.4%
Americas	**43.1%**	**552.2**	**100.0%**	**584.7**	**100.0%**	**-32.5**	**-5.6%**	**-3.6%**	**0.6%**	**-2.5%**	**4.3%**

(1) Includes the effects associated with hyperinflation in Argentina. In order to mitigate the hyperinflation effect in Argentina, the organic change in this market includes the component attributable to volumes sold only while the price variation, which includes the hyperinflation, is included in the exchange rate effect.

The **United States**, the Group's largest market, with 28.9% of total sales, closed the first nine months of 2020 with a stable organic performance of +0.1%, affected by ongoing destocking at wholesaler level. Positive shipment performance registered in the third quarter (+8.9%) was largely driven by the strong performance of Espolòn and Jamaican rums thanks to strong category momentum, coupled with a favourable comparison base (-2.8% in the third quarter 2019). In the period, the Espolòn and Jamaican rums strong performances helped offset the shipment declines in SKYY and Wild Turkey affected by the destocking, as well as Grand Marnier and Aperol, which suffered from their strong exposure to the on-premise channel. Depletions continued to grow above shipments (+13.4% in third quarter) and brand momentum in the off-premise continues to be strong across the whole portfolio with sell-out at +30.8% overall and strong double-digit growth in all core brands since lockdown[2], consistently outperforming the local market by +10.4 percentage points.

Jamaica recorded a decrease in sales of -7.6% (-5.2% in the third quarter), penalised in particular by closures in the on-premise channel and a sharp fall in tourist flows caused by the Covid-19 pandemic. The effect was exacerbated by an unfavourable comparison base with the first nine months of 2019 (+17.3%), despite good continued momentum of Wray&Nephew Overproof.

Canada, an off-premise skewed market, showed a resilient positive performance of +11.1% in the period (+13.6% in the third quarter), driven by the healthy contribution of Forty Creek, Appleton Estate, Aperol, Grand Marnier, Campari and Espolòn.

Brazil, one of the countries most affected by the pandemic combined with the already critical macroeconomic situation, recorded a negative performance of -11.4% (-13.9% in the third quarter) due to delicate and uncertain

[2] Source: US Nielsen data xAOC+Total Liquor, representing c.34% of total US off-trade volume, from W/E 7 March 2020 till W/E 3 October 2020.

contingency and its large exposure to the on-premise market. The fall in sales of Campari, Aperol and SKYY was only partially offset by sales of local brands.

Mexico, strongly impacted by the pandemic, recorded an organic decline of -34.3% (-6.8% in the third quarter), which affected the whole portfolio, in particular Jamaican rums, Grand Marnier and SKYY ready-to-drink.

The **other countries** recorded an overall fall in sales of -16.5% (+1.4% in the third quarter). **Argentina** registered a positive growth (+4.6%) thanks to a very strong third quarter, driven by shipments recovery, following a weak first half, in a context of an already unstable economy placed under greater strain by the heavy impact of the pandemic, high inflation and a low propensity to spend. As a prudent measure to strip out the effects of inflation, the organic change in this market includes the component attributable to volumes sold only. **Chile**'s performance was negative due to the ongoing pandemic crisis.

- **Southern Europe, Middle East and Africa**

The region, which is broken down by core market in the table below, reported an organic decrease of -14.2% (+23.8% in the third quarter).

	% of Group total	first nine months 2020		first nine months 2019		total change	9 months change %, of which				change % third quarter
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate	organic
Italy	18.4%	235.7	67.6%	266.3	73.4%	-30.6	-11.5%	-11.6%	0.1%	-	35.4%
France	5.6%	72.1	20.7%	29.1	8.0%	43.0	147.9%	49.5%	98.4%	-	151.8%
GTR(1)	0.5%	7.0	2.0%	21.4	5.9%	-14.4	-67.4%	-64.8%	-2.6%	-	-72.1%
Other countries of the region	2.6%	33.8	9.7%	45.8	12.6%	-11.9	-26.1%	-46.5%	19.9%	0.5%	-56.3%
Southern Europe, Middle East and Africa	**27.2%**	**348.7**	**100.0%**	**362.6**	**100.0%**	**-13.9**	**-3.8%**	**-14.2%**	**10.3%**	**0.1%**	**23.8%**

(1) Global Travel Retail.

Italy recorded an organic decrease in sales of -11.6%, with a recovery of +35.4% in the third quarter driven by the gradual easing of measures aimed at containing the outbreak of Covid-19 pandemic, following a progressive reopening in the on-premise channel during the summer period. The entire portfolio registered growth in the third quarter, most notably the high margin aperitifs (Aperol and Campari) and the single-serve aperitifs (Campari Soda and Crodino), with the latter helped by a seasonal rebound. The outperformance was driven by the short-term reaction to the lifting of restrictive measures as well as a staycation effect which drove domestic consumption, offsetting the lack of international tourism, alongside very favourable weather conditions. The evolution towards the end of the third quarter in the on-premise was characterized by renewed signs of uncertainty due to the resurgence of the pandemic. Overall, over the nine months period, the performance of aperitifs remained negative due to its key exposure to the on-premise channel (70% of the market's net sales in 2019), affected more heavily by the measures taken following the outbreak of Covid-19 pandemic, in an economic context that is suffering from a period of strong tensions.

France was positive at +49.5% (+151.8% in the third quarter), after a weak start of the year, with a recovery in shipments in the third quarter, following route-to-market changes, with solid growth of Aperol, Riccadonna and Campari.

The **Global Travel Retail** channel recorded an organic decrease of -64.8% (-72.1% in the third quarter). The channel is confirmed as being that most heavily impacted by the measures and recommendations limiting the movement of people imposed following the outbreak of Covid-19.

The **other countries in the region** reported an overall fall of -46.5% (-56.3% in the third quarter); this was mainly due to **South Africa**, after planned destocking ahead of some route-to-market changes, as well as the tough comparison base. **Spain** was very weak due to its exposure to the on-premise channel, negatively impacted by Covid-19 restrictions affecting the tourism industry, with a poor performance particularly for Aperol, Campari and Bulldog. **Nigeria**, thanks to Campari, recorded a positive growth in a volatile environment with ongoing socio-economic instability.

- **Northern, Central and Eastern Europe**

The region recorded overall organic growth of +11.3% (+20.2% in the third quarter) spread across its core central and northern European countries, driven by the staycation effect and greater frequency of consumption with more drinking occasions during the day, which favoured the aperitifs in the key summer season.

	% of Group total	first nine months 2020		first nine months 2019		total change	9 months change %, of which				change % third quarter
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate	organic
Germany	10.4%	133.7	45.8%	122.8	45.7%	10.9	8.9%	11.6%	-2.8%	-	25.5%
United Kingdom	2.8%	36.5	12.5%	29.7	11.1%	6.7	22.6%	22.8%	-	-0.2%	5.0%
Russia	2.2%	28.0	9.6%	27.1	10.1%	0.9	3.2%	19.8%	-7.0%	-9.6%	20.6%
Other countries of the region	7.3%	93.7	32.1%	89.0	33.1%	4.7	5.3%	4.5%	-	0.8%	18.4%
North, Central and Eastern Europe	**22.8%**	**291.8**	**100.0%**	**268.7**	**100.0%**	**23.2**	**8.6%**	**11.3%**	**-2.0%**	**-0.7%**	**20.2%**

Sales in **Germany** were up by +11.6% (accelerating in the third quarter,+25.5%, helped by a staycation effect), driven by the double-digit performance of the aperitif brands, Aperol and Campari, as well as Ouzo 12 and Bulldog. The non-alcoholic aperitif Crodino also grew (particularly in the third quarter, +40.8%), albeit off a small base. The high exposure of this market to the off-premise channel (accounting for approximately 70% of market net sales in 2019) positively contributed to organic performance.

Sales in the **United Kingdom** increased by +22.8% (+5.0% in the third quarter), confirming the positive performance of the previous months during the pandemic outbreak and lockdown, sustained by strong growth in the off-premise with a double-digit growth of Aperol, Wray&Nephew Overproof, Campari and Magnum tonic.

Russia recorded an increase of +19.8% in sales (+20.6% in the third quarter) thanks to Aperol, Mondoro and Cinzano vermouth.

Performance in the **other countries in the region** was up overall by +4.5% (+18.4% in the third quarter), with positive double-digit sales growth in **Switzerland** with Aperol.

- **Asia-Pacific**

This region, which is broken down by core market in the table below, recorded organic growth of +5.5% (+2.9% in the third quarter).

	% of Group total	first nine months 2020		first nine months 2019		total change	9 months change %, of which				change % third quarter
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate	organic
Australia	5.5%	70.4	78.5%	60.2	68.6%	10.2	16.9%	21.0%	-	-4.1%	24.7%
Other countries of the region	1.5%	19.3	21.5%	27.6	31.4%	-8.3	-30.0%	-28.3%	-	-1.8%	-42.3%
Asia-Pacific	**7.0%**	**89.7**	**100.0%**	**87.8**	**100.0%**	**1.9**	**2.1%**	**5.5%**	**-**	**-3.4%**	**2.9%**

In **Australia**, the region's largest market, organic growth in the period was very positive at +21.0% (+24.7% in the third quarter), driven by continued strength in Wild Turkey ready-to-drink, Wild Turkey bourbon, American Honey, Campari, Cinzano Vermouth, The GlenGrant and Espolòn.

Sales in the **other countries in the region** fell by -28.3% (-42.3% in the third quarter). This was mainly due to the negative performance of sales in **Japan**, as a result of the destocking carried out by the Group in connection with the change in the route-to-market structure in the region, as well as the negative performance of sales in the rest of Asia, particularly **China,** after negative shipment phasing in the third quarter, despite the strong growth in X-Rated Fusion Liqueur.

SALES BY MAIN BRANDS AT CONSOLIDATED LEVEL

The following table summarises growth (split into its various components) in the Group's main brands in the first nine months of 2020, broken down into the categories identified by the Group based on the priority (global, regional, local and other) assigned to them.

The effects of new acquisitions are shown under the external growth component, represented by perimeter variations, and contributed to the Group's results from the day after the closing date of the acquisition, if not specified differently. With regard to the first nine months 2020, the Trois Rivières and La Mauny French rums were included in the regional priority brands, while the Duquesne brand was classified under local priority brands. The Ancho Reyes and Montelobos brands, resulting from the acquisition completed on 20 November 2019, were included under regional priority brands. The agency brands relating to the acquisition of CFD, which was completed on 28 February 2020, were included in the rest of the portfolio. It should be noted that the products belonging to the Campari Group portfolio sold by CFD continue to be reported as organic changes, in line with previous practice. Lallier, the Champagne brand resulting from the acquisition completed on 10 June 2020, was classified under regional priority brands.

	Percentage of Group sales	9 months change %, of which				change % third quarter
		total	organic	perimeter	exchange rate	organic
Aperol	21.3%	2.2%	2.6%	-	-0.5%	26.2%
Campari	10.0%	-2.4%	-0.7%	-	-1.7%	19.0%
Wild Turkey portfolio(1)(2)	7.8%	-4.8%	-4.3%	-	-0.5%	2.5%
SKYY(1)	6.9%	-15.5%	-15.3%	-	-0.2%	-12.9%
Grand Marnier	6.6%	-10.6%	-10.4%	-	-0.1%	-11.9%
Jamaican rums portfolio(3)	5.5%	2.4%	6.2%	-	-3.8%	8.5%
global priority brands	**58.1%**	**-3.5%**	**-2.6%**	**-**	**-0.9%**	**10.7%**
Espolòn	5.0%	29.4%	29.8%	-	-0.4%	106.7%
Bulldog	0.6%	-21.0%	-20.2%	-	-0.8%	-15.6%
The GlenGrant	0.8%	-27.0%	-26.7%	-	-0.3%	-16.9%
Forty Creek	1.1%	5.8%	7.5%	-	-1.7%	-1.8%
Bitter and Italian liquors(4)	3.0%	-18.9%	-18.3%	-	-0.5%	-8.5%
Cinzano	2.5%	-10.1%	-8.1%	-	-2.1%	10.5%
other(5)	3.1%	56.3%	-5.8%	64.8%	-2.8%	2.0%
regional priority brands	**16.0%**	**6.0%**	**-1.3%**	**8.5%**	**-1.2%**	**18.7%**
Campari Soda	3.1%	-10.4%	-10.4%	-	-	46.3%
Crodino	2.9%	-16.1%	-16.3%	-	0.2%	24.2%
Wild Turkey portfolio ready-to-drink(6)	2.4%	23.1%	27.4%	-	-4.3%	33.5%
Dreher and Sagatiba	1.1%	-19.4%	4.8%	-	-24.2%	-9.8%
other(7)	2.2%	14.6%	11.7%	2.9%	-0.1%	12.2%
local priority brands	**11.6%**	**-3.7%**	**-0.9%**	**0.5%**	**-3.3%**	**22.8%**
rest of the portfolio	**14.2%**	**-0.2%**	**-7.2%**	**10.0%**	**-2.9%**	**8.1%**
total	**100.0%**	**-1.6%**	**-2.8%**	**2.7%**	**-1.5%**	**12.9%**

(1) Excludes ready-to-drink.
(2) Includes American Honey.
(3) Includes Appleton Estate and Wray&Nephew Overproof rum.
(4) Includes Braulio, Cynar, Averna and Frangelico.
(5) Includes Bisquit&Debouché, Riccadonna, Mondoro, Trois Rivières, La Mauny, Ancho Reyes and Montelobos.
(6) Includes American Honey ready-to-drink.
(7) Includes Duquesne.

The Group's **global priority brands** (58.1% of sales) fell by -2.6% at organic level, with an overall decrease of -3.5%, an exchange rate effect of +0.9% and a neutral perimeter effect. The comments below relate to the organic performance of individual brands.

Aperol recorded an increase in sales of +2.6% during the period, following a very positive trend in the third quarter (+26.2%), driven by the core markets for the brand, such as Italy, favoured by positive weather conditions during July and August, as well as Germany, United Kingdom and Switzerland, boosted by a staycation effect.
Notwithstanding this favourable trend driven by the lessening of restrictions that supported the return to consumption in the key aperitif segment, the performance in the period was heavily impacted by the weak first half. Overall, the core on-premise-skewed Italian market, which accounted for 35% of Aperol sales in 2019, remained in negative territory in the period, as did Spain and Global Travel Retail channel. The latter confirmed its strong decline due to reduced passenger numbers and restricted free movements as a result of the pandemic. The brand showed a temporary shipment decline in the United States due to destocking given the on-premise skew of the brand, while both depletion and sell-out trends remain very positive in the off-premise segment.
Campari closed the period with a slight decline of -0.7%, following a positive third quarter (+19.0%), mainly driven by a return to consumption in the on-premise skewed Italian market and a confirmed positive trend in Germany, boosted by the staycation effect. The positive results registered in the period in the highly exposed German off-premise market, as well as in the United States, United Kingdom and France, which was positively impacted by the change in route-to-market, were offset by negative performance in the core Italian market, with key on-premise outlets being closed in the second quarter peak period, as well as Jamaica, Brazil and Spain.
The **Wild Turkey** portfolio, which includes American Honey, showed a reduction of -4.3% in the period due to the core US market, affected by the ongoing destocking activity, as well as Japan, which was impacted by destocking carried out by the Group ahead of the planned change in the region's route-to-market structure. However, the result in the third quarter was positive (+2.5%), following a very favourable trend in United States driven by the off-trade channel with the depletions trend tracking ahead of shipments and sell-out. The Australian market continued to register positive growth.
SKYY closed the first nine months of 2020 with a fall of -15.3%. Core US market was down by -6.9% driven by ongoing destocking, while core SKYY vodka continued to outperform flavours. Shipments in the third quarter improved (-2.1%) continuing to close the gap to more positive depletion and sell-out trends. Internationally, the brand declined due to China, Canada and Italy despite more positive trends in the third quarter as well as South Africa, being impacted by route-to-market change.
Grand Marnier recorded a decline of -10.4%. The positive performance in Canada was more than offset by the negative shipment performance in the core United States market, driving by ongoing destocking and the brand's heavy on-premise skew, as well as in the Global Travel Retail channel. The sell-out trends and depletions in the US remain positive.

The **Jamaican rums portfolio** (Appleton Estate and Wray&Nephew Overproof) recorded an organic growth of +6.2% in the period, sustained by a favourable third quarter (+8.5%), driven by the positive trend in the category. Wray&Nephew Overproof achieved very positive results thanks to good performances in Jamaica, the United States and the United Kingdom, as well as Canada off a small base. Sales of Appleton Estate were negative (-1.2%), mainly due to Jamaica and the Global Travel Retail channel, which were not completely offset by the good performances in Canada, the United States and New Zealand, boosted by the new packaging and product range.

The **regional priority brands** (16.0% of sales) posted an organic decline of -1.3%, with an overall increase of +6.0%, an exchange rate effect of -1.2% and a perimeter effect of +8.5%. The comments below relate to the organic performance of individual brands.
Espolòn (5.0% of sales) recorded a very positive double-digit performance (+29.8%), mainly driven by the core United States market. In this market the third quarter was very strong (+131.6%) as the brand benefitted from solid category momentum as well as a favourable comparison base (-17.6% in third quarter 2019). Depletion and sell-out trends remain very positive.
Bulldog sales fell (-20.2%), due to very negative performances in the Global Travel Retail channel, in its core market Spain, which suffered from the on-premise skew as well as persistent strong category competition, and in South Africa, the latter penalised by the significant destocking required for the planned changes in the route-to-market structures. The overall performance was partly mitigated by positive results in Germany and Belgium.
The GlenGrant recorded a negative performance of -26.7% in the period. This was mainly due to the decline in the Global Travel Retail channel, which was particularly impacted by the effects of Covid-19, as well as sales in the United States, Italy and South Africa, the latter as part of the change in route-to-market strategies. The negative performance was partially offset by positive results in the Australian market. The enhanced focus on the gradual repositioning of the brand from high-volume and short-aged variants into premium higher-margin propositions continues.
Forty Creek recorded a positive performance of +7.5%, thanks to the results achieved in Canada.
Italian bitters and liqueurs (Cynar, Averna, Braulio and Frangelico) were negative overall (-18.3%) largely due to declines in core Italy and US markets given their on-premise skew. Trends improved in the third quarter, particularly for Averna as the brand benefitted from key marketing and brand initiatives.
Cinzano sales fell by -8.1% overall. In the vermouth segment, the negative performance was mainly attributable to Italy, together with the Eastern Europe markets, where the decline was due to brand repositioning as traditional vermouth. The brand reported growth in Russia, Argentina and Australia. Performance in the sparkling wines segment was negative due to the weakness in Italy, China, Russia, Spain and the United States, which completely offset the positive results registered in East European markets.
In the **other brands**, Bisquit&Debouché recorded a decline, mainly in South Africa, due to the planned destocking carried out ahead of some route-to-market changes. Riccadonna recorded a good performance in the French market, positively impacted by both the change in route-to-market and Aperol's positive trend, and Mondoro recorded healthy performance thanks to its core Russian market.

The **local priority brands** (11.6% of the Group's portfolio) showed an organic sales decrease of -0.9%, with an overall variation of -3.7%, an exchange rate effect of -3.3% and a perimeter effect of +0.5%. The comments below relate to the organic performance of individual brands.
The organic performance of the local priority brands is due to the contraction in sales of the Italian single-serve aperitifs, **Campari Soda** and **Crodino**, which were particularly impacted by the effects of the Covid-19 pandemic on the Italian key market; nonetheless the performance was helped by a seasonal rebound during the summer period. The **Brazilian brand** (**Dreher** and **Sagatiba**), **Ouzo**, **Cabo Wabo** and **Wild Turkey ready-to-drink** recorded a positive performance in the related key markets, Brazil, Germany, the United States and Australia respectively.

The **rest of the portfolio** (14.2% of sales) recorded a negative organic performance of -7.2%, mainly due to **SKYY ready-to-drink** in Mexico and Japan, partly mitigated by the very positive performance of **Aperol Spritz ready-to-drink**[3] in Italy and **Magnum tonic** in the United Kingdom.

[3] A stand-alone brand not included in the Aperol brand performance.

Income statement

Key highlights
The income statement figures for the first nine months of 2020 suffered heavily from the effects of the outbreak of the Covid-19 pandemic. The severe restrictions progressively introduced starting from the end of the first quarter, including the suspension of productive activities defined as non-essential (which does not include beverages), have had a major impact on end clients' propensity to consume, with consequent repercussions for the Group's business, particularly in on-premise skewed markets where the high-margin aperitif business was most affected. Following the slackening of restrictions and the gradual reopening of activities in multiple countries, the third quarter benefitted from a temporary recovery in consumption in on-premise markets, also favoured by positive weather conditions, which were the main drivers for the aperitif business in its peak season. However, at the end of the nine months period, the situation still remains uncertain and at threat from the possible reintroduction of restrictions in many countries, with a global economy still compromised and characterized by an expected long recovery period. Therefore, despite a markedly favourable start to the year in many geographical regions, and while business continuity continues to be ensured, the first nine months of 2020 included the effects of a new economic reality, which was in no way foreseeable. Nonetheless, the strong brand momentum continued as sell-out trends in the off-premise channel remained very healthy and above shipments, which continued to be impacted by destocking activities at distributor level across brands and regions. Despite the very positive organic result in the third quarter, the overall effect in the nine months has culminated in a negative organic performance for all the profitability indicators monitored by the Group.

Specifically, net sales, gross margin, the contribution margin and the result from recurring activities (EBIT adjusted) showed an organic decline of -2.8%, -7.1%, -7.2% and -15.1% respectively in the first nine months of 2020. The results in the period improved with respect to the first half, following a positive recovery in the third quarter showing net sales, gross margin, the contribution margin and the result from recurring activities growing by +12.9%, +10.0%, +6.8% and +11.2% respectively. In the nine-month period, all the indicators showed a decrease that exceeded sales, with a resulting dilution in margins. In particular, in terms of EBIT adjusted, the overall organic dilution of 280 basis points in the period reflects the negative sales mix and the lower absorption of fixed costs (due to the strong contraction in sales), mainly at the level of cost of goods sold and selling, general and administrative expenses, which more than offset the positive margin effect generated by the reduction in advertising and promotional costs in the nine months. With regard to the organic change in value, the performance of EBIT adjusted was also impacted by a tough comparison base compared with the first nine months of 2019 (+9.9% in value in nine months 2019). Cost analysis was carried out at Group level aimed at containing variable and discretionary structure costs, including hiring freeze policies and travels bans, whilst with regard to marketing investments, brand activation initiatives were progressively shifted from the on-premise channel into digital and online, as well as e-commerce. Finally, with regard to non-discretionary spending, the business infrastructure was not impacted, corroborating the Group's unchanging commitment in terms of its long-term development strategy. The Group has confirmed the deployment of initiatives supporting the Group's long-term growth strategy previously planned and aimed at a continued strengthening of its route-to-market. Meanwhile, the available resources have been re-directed to activities useful in the new environment, such as strengthening of IT support activities, monitoring supplies and customer performances, management of the financial structure to prevent liquidity issues, as well as a general redefinition of ways of working by introducing new protocols, work practices and safety measures across the organisation.

The perimeter variations relate to the acquisitions of Rhumantilles, Ancho Reyes and Montelobos, which were completed in the latter part of 2019, and the recent acquisition of RFD, which was finalised on 28 February 2020, net of the termination of some low-margin distribution agreements. The acquisition of Lallier was completed on 10 June 2020 and was included in the consolidation perimeter from 30 June 2020 onwards as the business contribution between the two dates was not meaningful.

With regard to the total changes in profitability indicators, the favourable exchange rate effect on EBIT adjusted, which contrasted with a negative impact on net sales, was generated by the strong devaluation in currencies in low-margin emerging markets against the Euro, whilst the US dollar was broadly unchanged compared with the first nine months of 2019. At the level of EBIT adjusted, this effect was partly offset by the negative perimeter impact, the latter due to the disproportional weight of structure of costs of the newly acquired businesses when compared to the net sales value, severely impacted by Covid-19, hence leading to a lower absorption of mainly fixed structure costs.

The table below shows the income statement[1] for the first nine months of 2020 and a breakdown of the total change by organic growth, external growth and exchange rate effects.

	nine months 2020		nine months 2019		total change		of which organic		of which external		of which due to exchange rates and hyperinflation	
	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%
Net sales[2]	**1,282.5**	**100.0**	**1,303.8**	**100.0**	**(21.3)**	**-1.6%**	**(37.1)**	**-2.8%**	**35.4**	**2.7%**	**(19.6)**	**-1.5%**
Cost of goods sold	(520.9)	(40.6)	(495.2)	(38.0)	(25.8)	5.2%	(20.3)	4.1%	(25.5)	5.2%	20.1	-4.1%
Gross profit	**761.5**	**59.4**	**808.6**	**62.0**	**(47.1)**	**-5.8%**	**(57.4)**	**-7.1%**	**9.8**	**1.2%**	**0.5**	**0.1%**
Advertising and promotional costs	(215.4)	(16.8)	(232.3)	(17.8)	16.9	-7.3%	16.1	-6.9%	(2.0)	0.9%	2.8	-1.2%
Contribution margin	**546.1**	**42.6**	**576.4**	**44.2**	**(30.2)**	**-5.2%**	**(41.3)**	**-7.2%**	**7.8**	**1.4%**	**3.2**	**0.6%**
Selling, general and administrative expenses	(297.6)	(23.2)	(288.3)	(22.1)	(9.3)	3.2%	(2.1)	0.7%	(13.2)	4.6%	6.1	-2.1%
Result from recurring activities (EBIT adjusted)	**248.5**	**19.4**	**288.0**	**22.1**	**(39.5)**	**-13.7%**	**(43.4)**	**-15.1%**	**(5.4)**	**-1.9%**	**9.3**	**3.2%**
Adjustments to operating income (expenses)	(48.3)	(3.8)	(13.9)	(1.1)	(34.4)	247.3%						
Operating result	**200.3**	**15.6**	**274.1**	**21.0**	**(73.9)**	**-26.9%**						
Financial income (expenses)	(27.4)	(2.1)	(25.4)	(1.9)	(2.0)	7.9%						
Adjustments to financial income (expenses)	2.0	0.2	-	-	2.0	-						
Put option, earn out income (expenses) and hyperinflation effect	15.4	1.2	(3.7)	(0.3)	19.1	-514,8%						
Profit (loss) related to associates and joint ventures	(0.9)	(0.1)	0.1	-	(1.0)	-						
Profit before taxation and non-controlling interests	**189.4**	**14.8**	**245.1**	**18.8**	**(55.8)**	**-22.7%**						
Non-controlling interests	(0.8)	(0.1)	-	-	(0.8)	-						
Group profit before taxation	**190.2**	**14.8**	**245.1**	**18.8**	**(55.0)**	**-22.4%**						
Group profit before taxation adjusted	**220.0**	**17.2**	**259.0**	**19.9**	**(39.1)**	**-15.1%**						
Total depreciation and amortisation	(58.6)	(4.6)	(52.2)	(4.0)	(6.4)	12.2%	(3.6)	6.9%	(4.2)	8.1%	1.4	-2.8%
EBITDA adjusted	**307.1**	**23.9**	**340.3**	**26.1**	**(33.1)**	**-9.7%**	**(39.8)**	**-11.7%**	**(1.2)**	**-0.3%**	**7.9**	**2.3%**
EBITDA	**258.9**	**20.2**	**326.4**	**25.0**	**(67.5)**	**-20.7%**						

[1] For information on the definition of alternative performance measures, see the section 'Definitions and reconciliation of the Alternative Performance Measures' in the next part of this half year report.
[2] Sales after deduction of excise duties.

The table below shows the income statement[1] for the third quarter of 2020 broken down into total change, organic growth, external growth and exchange rate effects.

	third quarter 2020		third quarter 2019		total change		of which organic		of which external		of which due to exchange rates and hyperinflation	
	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%
Net sales[2]	**513.8**	**100.0**	**455.6**	**100.0**	**58.2**	**12.8%**	**58.6**	**12.9%**	**17.6**	**3.9%**	**(18.1)**	**-4.0%**
Cost of goods sold	(205.2)	(39.9)	(172.8)	(37.9)	(32.4)	18.7%	(30.3)	17.5%	(13.6)	7.9%	11.6	-6.7%
Gross profit	**308.6**	**60.1**	**282.8**	**62.1**	**25.8**	**9.1%**	**28.3**	**10.0%**	**4.0**	**1.4%**	**(6.5)**	**-2.3%**
Advertising and promotional costs	(93.6)	(18.2)	(80.8)	(17.7)	(12.8)	15.9%	(14.4)	17.9%	(1.0)	1.3%	2.6	-3.3%
Contribution margin	**215.0**	**41.8**	**202.0**	**44.3**	**13.0**	**6.4%**	**13.8**	**6.8%**	**3.0**	**1.5%**	**(3.8)**	**-1.9%**
Selling, general and administrative expenses	(96.8)	(18.8)	(94.3)	(20.7)	(2.5)	2.7%	(1.7)	1.8%	(5.0)	5.3%	4.2	-4.5%
Result from recurring activities (EBIT adjusted)	**118.2**	**23.0**	**107.7**	**23.6**	**10.4**	**9.7%**	**12.1**	**11.2%**	**(2.1)**	**-1.9%**	**0.4**	**0.4%**
Adjustments to operating income (expenses)	(20.9)	(4.1)	(5.3)	(1.2)	(15.6)	295.7%						
Operating result	**97.3**	**18.9**	**102.5**	**22.5**	**(5.2)**	**-5.0%**						
Financial income (expenses)	(8.2)	(1.6)	(10.3)	(2.3)	2.0	-19.7%						
Adjustments to financial income (expenses)	0.4	0.1	-	-	0.4	-						
Put option, earn out income (expenses) and hyperinflation effect	(0.4)	(0.1)	(0.7)	(0.2)	0.3	-45.4%						
Profit (loss) related to associates and joint ventures	(0.7)	(0.1)	-	-	(0.7)	-						
Profit before taxation and non-controlling interests	**88.4**	**17.2**	**91.5**	**20.1**	**(3.1)**	**-3.4%**						
Non-controlling interests	(0.3)	(0.1)	-	-	(0.3)	-						
Group profit before taxation	**88.7**	**17.3**	**91.5**	**20.1**	**(2.8)**	**-3.1%**						
Group profit before taxation adjusted	**109.3**	**21.3**	**96.8**	**21.2**	**12.6**	**13.0%**						
Total depreciation and amortisation	(19.2)	(3.7)	(17.4)	(3.8)	(1.8)	10.3%	(1.2)	7.0%	(1.6)	8.9%	1.0	-5.6%
EBITDA adjusted	**137.4**	**26.7**	**125.2**	**27.5**	**12.2**	**9.8%**	**13.3**	**10.6%**	**(0.5)**	**-0.4%**	**(0.6)**	**-0.5%**
EBITDA	**116.5**	**22.7**	**119.9**	**26.3**	**(3.4)**	**-2.8%**						

[1] For information on the definition of alternative performance measures, see the section 'Definitions and reconciliation of the Alternative Performance Measures' in the next part of this additional financial information.
[2] Sales after deduction of excise duties.

The decrease in profitability in the first nine months and in the third quarter of 2020 shown by the operating profitability indicators, expressed as a percentage (basis points) of total net sales and organic sales, is shown in the following table[1].

	nine months 2020		third quarter 2020	
margin accretion (dilution) in basis point[2]	Total	Organic	Total	Organic
Cost of goods sold	(260)	(270)	(200)	(160)
Gross margin	**(260)**	**(270)**	**(200)**	**(160)**
Advertising and promotional costs	100	80	(50)	(80)
Contribution margin	**(160)**	**(200)**	**(250)**	**(240)**
Selling, general and administrative expenses	(110)	(80)	180	200
Result from recurring activities (EBIT adjusted)	**(270)**	**(280)**	**(60)**	**(30)**

[1] For information on the definition of alternative performance measures, see the section 'Definitions and reconciliation of the Alternative Performance Measures' in the next part of this additional financial information.
[2] There may be rounding effects given that the corresponding basis points have been rounded to the nearest ten.

Income statement in detail

The key income statement items are analysed below.

See the previous section for a detailed analysis of **sales** for the period.

The **gross profit** for the period was €761.5 million, -5.8% on the same period in 2019. The organic component was -7.1%, which was higher than the organic decrease in sales (-2.8%), while the growth components attributable to the exchange rate effect and perimeter variation were marginally positive at +0.1% and +1.2% respectively. As a percentage of sales, the gross margin fell overall, from 62.0% in the nine months period of 2019 to 59.4% in the corresponding period in 2020, with a decrease in total and organic profitability of 260 and 270 basis points respectively. Overall, in the nine months, the unfavourable sales mix, driven by the outperformance of Espolòn, due to high agave price, as well as the shipment declines in higher-margin Grand Marnier, Campari and Aperol in the United States and weak results in the Aperitif portfolio in Italy, in addition to the lower absorption of fixed production costs, lead to an organic dilution of profitability of 270 basis points.
While the result reported in the period as a whole still reflects the outcome resulting from the pandemic, the third quarter alone showed encouraging results, with gross profit growth at the organic level of +10.0% compared with the same period last year. Nevertheless, the gross margin on sales still showed a dilution of 160 basis points as the sales mix was negative despite the strong sales increase, due to the combined effect of the strong growth in lower margin Espolòn and the shipment declines in the higher-margin Grand Marnier and aperitifs business in the US.
The exchange rate effect of a 100 basis point accretion in the period more than offset the perimeter effect having a 90 basis point dilution.

Advertising and promotional costs were €215.4 million, down by -7.3% overall compared with the same period in 2019, with a decrease of -6.9% in organic values. As a percentage of sales, they decreased from 17.8% to 16.8% in the nine months of 2020 and generated an organic accretive effect on sales of 80 basis points. Cost containment measures were enacted at the beginning of the pandemic and investments targeting the on-premise channel were either suspended or redirected to digital brand building, online brand activation and e-commerce initiatives, focused on engaging consumers and industry professionals through social media and driving consumption through e-commerce platforms.
Looking at the third quarter alone, the advertising and promotional costs increased by +15.9%, of which +17.9% at organic level, with a dilutive effect of 80 basis points: investments behind the key high-margin aperitifs in their peak season accelerated in the quarter, driven by continuous enhancement of initiatives in selected markets, including the on-premise skewed segments, which benefitted from a temporary recovery in consumption during the peak summer as restrictive measures were lifted in this channel.

The **contribution margin** was €546.1 million, an overall decrease of -5.2% (+6.4% in the third quarter) on the same period in 2019. As a percentage of sales, it was at 42.6%, an overall dilution of 160 basis points compared with the first nine months of 2019. The organic growth component fell by -7.2% (+6.8% in the third quarter), more than the decline in organic sales growth (-2.8%), generating a dilutive effect of 200 basis points. The impact of the perimeter variation was positive at +1.4%, with a dilutive effect on margins of 50 basis points; this was entirely offset by exchange rate variations, with an accretive effect of 90 basis points (up by +0.6% on the same period in the previous year).

Selling, general and administrative expenses amounted to €297.6 million, up by +3.2% (+2.7% in the third quarter) on the same period of 2019. As a percentage of sales, they amounted to 23.2%, compared with 22.1% in the same period of the previous year, with a resulting dilutive effect on margins of 110 basis points. Organic growth was almost flat at +0.7%, thanks mainly to the containment of variable and discretionary costs (driven by

hiring freeze policies and travels ban, while no structural downsizing actions were taken with regard to the business infrastructure), but generated a dilutive effect of 80 basis points on margins due to the lower absorption of fixed costs in the context of strong organic contraction in sales. In the third quarter alone, selling, general and administrative expenses grew +1.8% organically, well behind net sales growth (+12.9%), thus generating an accretive effect of 200 basis points.

The **result from recurring activities (EBIT adjusted)** was €248.5 million in first nine months of 2020, an overall decrease of -13.7% on the same period in 2019 (+9.7% in the third quarter). Adjusted return on sales (ROS) was 19.4% (22.1% in the first nine months of 2019). The organic decline component was -15.1%, with a tough comparison base with the same period in 2019 (+9.9%) and was considerably stronger than that of organic sales (-2.8%), resulting in a dilutive effect of 280 basis points. Despite the positive effect generated by the reduction in advertising&promotion expenses, the decline was pushed by a negative sales mix, driven by the outperformance of lower-margin business, primary Espolòn, impacted by the high agave price, as well as the lower absorption of fixed structure costs given the topline decline. The impact of perimeter variations on EBIT adjusted was -1.9% mainly due to the unfavourable impact of recent acquisitions. In particular, the first-time consolidation of the French distributor, together with sales having been impacted by destocking and Covid-19, had a disproportional effect due to the lower absorption primarily of fixed structure costs. On the other hand, the exchange rate effect was +3.2%, generated by the strong devaluation in currencies in low-margin emerging markets against the Euro, whilst the US Dollar was broadly unchanged compared to the same nine months in 2019.

Adjustments to operating income (expenses) showed a net charge of €48.3 million. This related namely to the allocation of impairment loss on the Bulldog brand for an amount of €16.1 million[4] as a consequence of the negative impact of Covid-19 on brand performance over a long-term horizon; transaction fees in connection with recent acquisitions of €2.3 million; overall €26.1 million, including transaction costs for the transfer of the Company registered office to the Netherlands, costs related to the restructuring program announced for the Agri-sugar business in Jamaica and reorganisation activities impacting some of the Group's central operations, which were started in previous periods and are still in progress. In addition, this line includes €2.7 million for donations made by the Group to support the pandemic emergency.

The **operating result** for the first nine months of 2020 was €200.3 million, reflecting a decrease of -26.9% on the same period in 2019 (-5.0% in the third quarter). The ROS, which measures the operating result as a percentage of net sales, amounted to 15.6% (21.0% in the first nine months of 2019).

Depreciation and amortisation totalled €58.6 million, up +12.2% on the same period in 2019, of which +6.9% was at organic level. The perimeter variation relating to recent acquisitions had a significant impact, accounting for +8.1%, partly offset by exchange rate variations of -2.8%.

EBITDA adjusted was 307.1 million, a decrease of -9.7%, of which -11.7% was at organic level, +2.3% was due to the positive contribution of exchange rate effects and -0.3% to perimeter impact.

EBITDA was €258.9 million, a decrease of -20.7% compared with the same nine months of 2019 (€326.4 million).

Net financial expenses totalled €27.4 million, showing an increase of €2.0 million compared to the same period of 2019 (€25.4 million), mainly due to the following effects:
- a negative variance of €2.3 million due to exchange rate differences (€0.4 million loss for the nine months of 2020 compared with €1.9 million gain for the same period in 2019);
- decrease in net financial expenses of €0.3 million, after a negative effect of €1.0 million deriving from the current valuations of financial assets measured at fair value, due to the volatility and instability of the financial markets caused by the Covid-19 pandemic. Despite the higher average level of net debt at 30 September 2020 (totalling €948.6 million, compared with €888.0 million at 30 September 2019), the average cost of net debt for the nine months of 2020 (excluding the component relating to exchange rate effects) was 3.8%, showing a decrease compared with the 4.1% attained in the same period of 2019, with both periods impacted by negative carry effect. The decrease is mainly attributable to the reduced average coupon on existing gross debt, thanks to the liability management carried out in the last year. The favourable trend in the average cost of gross debt demonstrates the soundness of the Group financial profile, further strengthened thanks to the new bond issue completed on 6 October 2020 at very attractive conditions, which lead to an average cost of nominal coupons on gross debt from 2.15% to 1.42% post transaction.

[4] Value determined based on average exchange rate for the period 1 January-30 September 2020, equivalent to €15.6 million at the closing exchange rate at 30 September 2020.

Positive **adjustments to financial income (expenses)** of €2.0 million were recorded in the first nine months of 2020. These adjustments related mainly to a liability management transaction for the term loan subscribed in July 2019, to which minor amendments were made to benefit from better financial terms and conditions.

The item **income (expenses) relating to put options, earn out and hyperinflation effects** was positive and totalled €15.4 million. It includes positive income of €15.9 million attributable to the non-cash effects of the remeasurement and discounting to present value of estimated liabilities for future commitments relating to earn out and minority shareholdings in acquired businesses. The decrease is mainly due to the revision of projected cash out from the Bulldog earn out (€16.4 million), the basis of the estimate having been linked to the expected future brand performance: the revision was conducted in conjunction with impairment test of intangible assets to ensure consistency. The item also includes expenses arising from the application of the hyperinflation management measures to the accounts for Argentina, totalling €(0.5) million in net expenses.

The **profit (loss) related to associates and joint ventures** was a charge of €0.9 million, mainly related to the joint venture in Japan.

Profit before taxation and non-controlling interests was €189.4 million, a decrease of -22.7% compared with the same period in 2019. Profit before taxation as a percentage of sales was 14.8% (18.8% in the first nine months of 2019).

Profit (loss) before taxation relating to non-controlling interests for the period in question was marginal and corresponds to a loss of €0.8 million.

The Group's profit before taxation was €190.2 million, a decrease of -22.4% compared with the same period in 2019. Profit before taxation as a percentage of sales was 14.8% (18.8% in the first nine months of 2019). However, after excluding adjustments to the operating and financial components, the Group's profit before taxation amounted to €220.0 million, a decrease of -15.1% on the figure for 2019, which was also adjusted consistently.

Breakdown of net financial debt

At 30 June 2020, consolidated net financial debt was €1,068.2 million, an increase of €290.8 million on the €777.4 million reported at 31 December 2019.

During the third quarter of 2020, Group's financial structure was solid and stable, despite the challenging macroeconomic environment and the effects of the pandemic which resulted in a partial cash absorption in the first months of the outbreak. Against this volatile backdrop, Campari Group successfully issued an unrated 7-year Eurobond, targeted at institutional investors, on 6 October 2020 for a total offering of €550 million. The proceeds from this issue are intended for general corporate purposes in line with the Group's strategy, including but not limited to refinancing the Group's existing indebtedness (for more information please refer to paragraph i.-Significant events after the end of the period). With its extremely sound financial profile, characterized by the absence of any financial covenants on its debt, the Group reimbursed the Eurobond issued in 2015 in September, for a residual nominal amount of €580.9 million, while confirming the continuation of the share buyback programme of up to €350 million. All existing financial commitments were met thanks to the significant amount of available cash and cash equivalents, totalling €758.6 million at 30 September 2020, combined with the available credit lines (totalling €1.200 million), partially drawn down at the same date for €710 million (as included in the financial debt, as set out in the summary table below).

More specifically, the consolidated net financial debt at 30 September 2020 reflected the cash effects of payment commitments for a total amount of €335.0 million, which included the net cash outflow for the purchase of own shares to service stock option plans of €212.3 million during the first nine months of 2020, the dividend of €62.9 million distributed in April 2020 and the outflow of €60.1 million in taxes, in accordance with the payment schedule under the tax regulations applying to the sale of the real estate asset Villa Les Cèdres in France, which was completed in 2019 (for more information about this transaction, please refer to the Campari Group 2019 consolidated annual report). Moreover, during the first nine months of the year, and notwithstanding the pandemic, the Group confirmed its strong commitment to its long-term external growth objectives by completing the acquisitions of Baron Philippe de Rothschild France Distribution S.A.S., Champagne Lallier S.a.r.l. and Les Gloriettes Scev, in addition to the acquisition of interests in Tannico S.p.A., for an overall impact of €126.6 million, as set out in note 4. Operating assets and liabilities of Campari Group half year condensed consolidated financial statements at 30 June 2020, to which reference is made.

Changes in the debt structure in the two periods under comparison are shown in the table below.

	30 September 2020	31 December 2019	total change	of which organic	of which external[2]	of which due to exchange rates
	€ million	€ million	€ million	€ million	€ million	€ million
cash and cash equivalents	758.6	704.4	54.2	85.7	0.5	(31.9)
bonds	-	(580.0)	580.0	580.0	-	-
payables to banks[1]	(839.5)	(34.4)	(805.1)	(787.9)	(20.8)	3.7
lease payables	(16.6)	(15.4)	(1.2)	(2.2)	0.1	0.9
lease receivables	2.2	2.3	(0.1)	-	-	(0.1)
other financial receivables and payables	(1.4)	(5.4)	4.0	7.3	(3.2)	(0.1)
short-term net financial debt	**(96.7)**	**71.5**	**(168.2)**	**(117.2)**	**(23.5)**	**(27.6)**
bonds	(349.5)	(349.4)	(0.1)	(0.1)	-	-
payables to banks	(410.2)	(249.3)	(161.0)	(161.0)	-	-
lease payables	(77.0)	(82.1)	5.1	5.9	(4.4)	3.6
lease receivables	3.0	4.8	(1.8)	(1.6)	-	(0.2)
other financial receivables and payables	9.2	9.8	(0.7)	-	0.1	(0.8)
medium-/long-term net financial debt	**(824.5)**	**(666.1)**	**(158.4)**	**(156.7)**	**(4.3)**	**2.6**
net financial debt before put option and earn-outs payments	**(921.2)**	**(594.6)**	**(326.6)**	**(273.9)**	**(27.8)**	**(24.9)**
liabilities for put option and earn-out payments	(147.0)	(182.8)	35.8	38.9	(4.3)	1.2
net financial debt	**(1,068.2)**	**(777.4)**	**(290.8)**	**(235.0)**	**(32.1)**	**(23.7)**

[1] Including the related derivatives.

[2] The change includes an overall marginal impact of €1.3 million, related to the exit from the consolidation area of the Japanese Group's commercial company operating in the Japanese market following on-going changes in the distribution structure. The main items of net financial position were €3.9 million of cash and cash equivalents, €0.1 million lease payables, €2.2 million other financial payables, €0.4 long term lease payables.

In terms of maturities, the net financial debt at 30 September 2020 continues to show a higher portion of medium to long-term debt as compared to short-term debt.

The short-term net financial position represented a net liability of €96.7 million and consisted mainly of cash and cash equivalents (€758.6 million), net of payables to banks (€839.5 million). The increase in bank payables of €805.1 million was mainly driven by new term debt facilities and uncommitted credit lines drawn down to reimburse the Eurobond issued in 2015 and expiring in September, which consequently generated a positive variation of €580.0 million in the short-term financial position at the end of the reporting period.

The short-term financial position relating to figurative lease components was comprised of €16.6 million in payables and €2.2 million in receivables. Other financial payables and receivables mainly related to payables for interest normally accrued on existing bonds (for an amount of €3.1 million) and other financial payables related to the new acquired companies, net of financial receivables connected with the sale of wine business.

The medium and long-term items mainly consisted of bonds, accounting for €349.5 million, and bank payables, for €410.2 million, and showed an increase of €158.4 million compared with 31 December 2019 driven by the subscription of new term debt facility agreements. Figurative payables and receivables relating to long-term leases, of €77.0 million and €3.0 million respectively, were also recorded. Lastly, medium to long-term net financial debt included other financial payables and receivables for a net amount of €9.2 million, relating to financial assets (€5.9 million) and restricted deposits supporting future payments associated with past business acquisitions (€3.1 million).

Separately, the Group's net financial debt shows a liability of €147.0 million, consisting of future commitments to purchase outstanding minority shareholdings in controlled companies, and in particular in Société des Produits Marnier Lapostolle S.A. (for a cash outflow of €114.1 million), Montelobos, Ancho Reyes, J. Wray & Nephew Ltd. and the newly acquired Champagne Lallier, in addition to the earn out relating to the acquisition of Bulldog (for an estimated combined cash outflow of €32.8 million).

The Group's debt management objectives are based on the achievement of an optimal level of financial solidity, while maintaining an appropriate level of liquidity that would enable it to make an economic return and, at the same time, gives it sufficient flexibility in terms of acquisition funding options. The Group monitors the changes in net debt/adjusted EBITDA ratio on an ongoing basis. For the purposes of the ratio calculation, the net debt is the value of the Group's net financial position at 30 September 2020, whereas the consolidated adjusted EBITDA is that of the last 12 months. At 30 September 2020, this multiple was 2.4 times (unchanged from 30 June 2020), as compared with 1.6 times at 31 December 2019 and 1.8 times at 30 September 2019, based on consistent calculation criteria. The increase is the combined effect of the significant cash outlay incurred by Campari Group as a result of the transactions completed in the first nine months of 2020 and the negative impact of Covid-19 on EBITDA adjusted, as set out above.

Conclusions on the first nine months of 2020 and outlook

The first nine months of 2020 confirmed the absolute peculiarity of the current year, characterized by the Covid-19 pandemic, which is heavily marking world history. The Group's business performance during the third quarter of 2020 benefitted from the progressive uplift of restrictive measure after the lockdown was imposed in all countries starting from the end of the first quarter, leading to a recovery in consumption thanks to the 'staycation effect'. This effect temporarily impacted the Group's aperitifs business in particular in its peak summer season in core on-premise markets, notably the Italian market supported by favourable weather conditions, whilst home spirits consumption continued in off-premise skewed regions. However, towards the end of the third quarter the resurgence of the pandemic has been confirmed in many areas of the world, unfortunately corroborating that a second wave of the pandemic remains a possible event in a context of a global economy still compromised and characterized by an expected long recovery period.

Looking at the remainder of the year, uncertainty remains with regards to the evolution of the pandemic and the length and extent of the restrictions in the markets in which Campari Group operates. The restrictive measures being re-introduced by the governments of affected countries are expected to potentially generate adverse effects on consumption levels namely in the on-premise distribution channel mainly represented by bars and restaurants. The trend in this channel remains consequently very difficult to predict, particularly during the key holiday season at year-end. Moreover, shipments in the US are expected to continue to be affected by the ongoing destocking activities across brands and regions at wholesaler level, while progressively catching up with the positive sell-out trends.

Whilst the Group will continue to undertake all the non-structural actions necessary to contain the effects of the pandemic on the business in the short-term, it remains focused on pursuing its long-term growth by continuing to take rapid actions to preserve liquidity. The Group has maintained the capability of promptly adapting its business to meet changing circumstances despite its increased business scale, both with respect to its acquisition strategy and its strategic brand building activities. The recent investment in the leading e-commerce platform Tannico, the acquisitions of Champagne Lallier and the RFD distribution company as well as the Group's prompt refocusing of its strategic brand building investments to digital media, to continue fuelling sustained brand momentum in unprecedented times, demonstrate the agility of the Campari Group in mastering new challenges as well as confirming its long-term objectives in terms of business growth and development commitments even in the challenging conditions resulting from the Covid-19 emergency. Moreover, in a very volatile global macroeconomic context, in October 2020 Campari Group successfully placed a €550 million bond in the Euro market at very attractive conditions, reflecting the Group's excellent business and financial profile, as well as its strong reputation in the capital markets.

Looking at the medium to long-term, the Group remains confident about the long-term consumption trends and growth opportunities. It will continue to leverage the strength and resilience of its brands, business model and strategy, ensuring that it is strongly positioned and ready to accelerate its growth as soon as consumers are able to resume their customary habits in the on-premise segment.
As a committed and long-term brand builder, the Group will remain focused and highly engaged in the on-premise opportunity, thanks to its distinctive brand portfolio, being firmly convinced that the out-of-home social experience and conviviality will remain essential to consumers' lifestyles, as demonstrated by the consumers' consumption behaviours in the third quarter 2020.

Definitions and reconciliation of the Alternative Performance Measures (APMs or non-GAAP measures) with GAAP measures

This additional financial information presents and comments on certain financial performance measures that are not defined in the IFRS (non-GAAP measures).
These measures, which are described below, are used to analyse the Group's business performance in the 'Key Highlights' and 'Additional financial information' sections and comply with the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority in its communication ESMA/2015/1415.
The alternative performance measures listed below should be used to supplement the information required under IFRS to help readers of the additional financial information to gain a better understanding of the Group's economic, financial and capital position. They are applied to Group planning and reporting, and some of them are used for incentive purposes.
Alternative performance measures can serve to facilitate comparison with groups operating in the same sector, although, in some cases, the calculation method may differ from those used by other companies. They should be viewed as complementary to, and not replacements for, the comparable GAAP measures and movements they reflect.

FINANCIAL MEASURES USED TO MEASURE GROUP OPERATING PERFORMANCE
Organic change: the Group shows organic changes to comment on its underlying business performance. By using this measure, it is possible to focus on the business performance common to both periods under comparison and which management can influence. Organic change is calculated by excluding both the impact of currency movement against the Euro (expressed at average exchange rates for the same period in the previous year) and the effects of business acquisitions and disposals, as well as the signing or termination of distribution agreements. In order to mitigate the effect of hyperinflationary economies, organic change for counties having to adopt the hyperinflationary methodology laid down by IFRS only includes the component attributable to volumes sold in relation to net sales, while the effects associated with hyperinflation, including price index variation and price increases, are treated as exchange rate effect.
Specifically:
- the exchange rate effects are calculated by converting the figures for the current period at the exchange rates applicable in the comparative period of the previous year. The exchange rate includes the effects associated with hyperinflation economies;
- the results attributable to businesses acquired or the conclusion of distribution agreements during the current year are excluded from organic change for 12 months from the date on which the transaction is closed;
- the results attributable to businesses acquired or the conclusion of distribution agreements during the previous year are included in full in the figures for the previous year as from the closing date of the transaction, and are only included in the current period's organic change 12 months after their conclusion;
- the results from business disposals or the termination of distribution agreements during the previous year are wholly excluded from the figures for that year and, therefore, from organic change;
- the results from business disposals or the termination of distribution agreements during the current year are excluded from the figures for the previous year from their corresponding date of disposal or termination.

The percentage organic change is the ratio of the absolute value of the organic change, calculated as described above, to the absolute value of the measure in question for the previous period under comparison.

Gross margin: calculated as the difference between net sales and the cost of goods sold (consisting of their materials, production and distribution costs components).

Contribution margin: calculated as the difference between net sales, the cost of goods sold (consisting of their materials, production and distribution cost components) and advertising and promotional costs.

Adjustments to operating income (expenses): relate to certain transactions or events identified by the Group as adjustment components for the operating result, such as:
- capital gains (losses) on the disposal of tangible and intangible assets;
- capital gains (losses) on the disposal of businesses;
- penalties arising from the settlement of tax disputes;
- impairment losses on fixed assets;
- restructuring and reorganization costs;
- ancillary expenses associated with acquisitions/disposals of businesses or companies;
- other non-recurring income (expenses).

These items are deducted from, or added to, the following measures: operating result, EBITDA and profit/loss before taxation for the period. For a detailed reconciliation of the items that had an impact on the alternative performance measures referred to above in the current and comparison years, see the appendix given at the end of this section.
The Group believes that properly adjusted measures help both management and investors to assess the Group's results and cash flows against those of other groups in the sector, as they exclude the impact of certain items that are not relevant for assessing performance.

Operating result (EBIT): calculated as the difference between net sales, the cost of goods sold (in terms of their materials, production and distribution), advertising and promotional costs, and selling, general and administrative expenses.

Result from recurring activities (EBIT adjusted): the operating result for the period before the above-mentioned adjustments to operating income (expenses).

EBITDA: the operating result before depreciation and amortization of tangible and intangible fixed assets and leased assets.

EBITDA adjusted: EBITDA as defined above, excluding the adjustments to operating income (expenses).

Adjustments to financial income (expenses): certain transactions or events identified by the Group as components adjusting the result before taxation related to events covering a single period or financial year, such as:
- expenses related to the early settlement of financial liabilities or liability management operations;
- financial expenses arising from acquisitions/disposals of businesses or companies;
- other non-recurring financial income (expenses).

Put option, earn out income (expenses): relates to the income (expenses) associated with the review of estimates and assessment to expected cash out settlement for put option and earn out, inclusive also of the non-cash effect arising from the related actualization.

Group result before taxation adjusted: the result for the period before tax, before the adjustments to operating income (expenses) and to financial income (expenses), before the put option earn out income (expenses) referred to above and before non-controlling interests result before tax.

Result before taxation adjusted: the result for the period before tax, before the adjustments to operating income (expenses), to financial income (expenses) and before the put option earn out income (expenses) referred to above.

ROS (return on sales): the ratio of the operating result to net sales for the period.

ROS adjusted: the ratio of the result from recurring activities (EBIT adjusted) to net sales for the period.

Net financial debt calculated as the algebraic sum of:
- cash and cash equivalents;
- lease receivables;
- payables to banks;
- lease payables;
- other financial receivables and payables;
- bonds;
- liabilities for put options and earn out.

Debt/adjusted EBITDA ratio
The net debt/adjusted EBITDA ratio is used by management to assess the Group's level of financial leverage, which affects its capacity to refinance its debt by the set maturity dates and to obtain further financing to invest in new business opportunities. The Group monitors changes in this measure on an ongoing basis. Net debt is the Group's net financial debt reported at the closing date of the reference period; the Group's adjusted EBITDA for the past 12 months is calculated based on the reported value at the closing date of the reference period, into which the portion of adjusted EBITDA recorded in the previous year is incorporated for the remaining months.

APPENDIX: ALTERNATIVE PERFORMANCE MEASURES

In the first nine months of 2020, EBITDA, the result from recurring activities (EBIT) and the Group profit before taxation were adjusted to take account of the items shown in the table below.

nine months 2020	EBITDA		EBIT		Group profit before taxation	
	€ million	% on sales	€ million	% on sales	€ million	% on sales
alternative performance measure reported	**258.9**	**20.2%**	**200.3**	**15.6%**	**190.2**	**14.8%**
gains (losses) from disposals of tangible and intangible fixed assets	0.7	0.1%	0.7	0.1%	0.7	0.1%
devaluation of tangible assets, goodwill, brands and business disposed	(16.1)	-1.3%	(16.1)	-1.3%	(16.1)	-1.3%
fees from acquisition/disposals of business or companies	(2.3)	-0.2%	(2.3)	-0.2%	(2.3)	-0.2%
restructuring and reorganisation costs	(26.1)	-2.0%	(26.1)	-2.0%	(26.1)	-2.0%
other adjustments of operating income (expenses)	(4.6)	-0.4%	(4.6)	-0.4%	(4.6)	-0.4%
income (expenses) related to put option and earn out	-	-	-	-	16.4	1.3%
adjustments to financial income (expenses)	-	-	-	-	2.0	0.2%
total adjustments	**(48.3)**	**-3.8%**	**(48.3)**	**-3.8%**	**(29.8)**	**-2.3%**
alternative performance measure adjusted	**307.1**	**23.9%**	**248.5**	**19.4%**	**220.0**	**17.2%**

nine months 2019	EBITDA		EBIT		Group profit before taxation	
	€ million	% on sales	€ million	% on sales	€ million	% on sales
alternative performance measure reported	**326.4**	**25.0%**	**274.1**	**21.0%**	**245.1**	**18.8%**
gains / (losses) from disposals of tangible and intangible fixed assets	1.6	0.1%	1.6	0.1%	1.6	0.1%
devaluation of tangible assets, goodwill, trademarks and business disposed	(2.5)	-0.2%	(2.5)	-0.2%	(2.5)	-0.2%
fees from acquisition/disposals of business or companies	(0.1)	-	(0.1)	-	(0.1)	-
restructuring and reorganisation costs	(8.9)	-0.7%	(8.9)	-0.7%	(8.9)	-0.7%
other adjustments of operating income (charges)	(4.0)	-0.3%	(4.0)	-0.3%	(4.0)	-0.3%
total adjustments	**(13.9)**	**-1.1%**	**(13.9)**	**-1.1%**	**(13.9)**	**-1.1%**
alternative performance measure adjusted	**340.3**	**26.1%**	**288.0**	**22.1%**	**259.0**	**19.9%**

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Davide Campari-Milano N.V.

Official seat: Amsterdam, The Netherlands - Dutch Companies' Register No. 78502934
Corporate address: Via F. Sacchetti, 20 - 20099 Sesto San Giovanni (Milan), Italy
Share capital: €58,080,000[5] fully paid in
Fiscal Code and Milan Companies' Register No. 06672120158 - VAT No. IT06672120158

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[5] Campari's capital reduction to €11,616,000, resolved by the Extraordinary general meeting of 18 September 2020, will be effected with due observance of the relevant provisions of Dutch law (sections 2:99 and 2:100 of the Dutch Civil Code).