DAVIDE CAMPARI-MILANO S.p.A.
ADDITIONAL FINANCIAL INFORMATION
AT 30 SEPTEMBER 2019

CAMPARI GROUP

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Highlights

This additional financial information at 30 September 2019 has been prepared using the same recognition and measurement criteria as those used to prepare the 2018 annual financial statements, to which reference is made, with the exception of those relating to leases. The impact of applying the new accounting standard IFRS 16-'Leases' is described in note 4-'Changes in accounting standards' of the condensed half-year financial statements at 30 June 2019, to which reference is made.
This document has not been audited. The quarterly information provides a description of the significant events that occurred during the period, the Group's sales performance, broken down by region, the Group's profit before tax and consolidated net financial debt.

	nine months 2019	nine months 2018	change	
			total	organic
	€ million	€ million	%	%
Net sales	**1,303.8**	**1,200.6**	**8.6%**	**6.9%**
Contribution margin	576.4	521.0	10.6%	8.8%
EBITDA	326.4	312.2	4.5%	
EBITDA adjusted	**340.3**	**299.8**	**13.5%**	**12.2%**
EBIT	274.1	271.5	1.0%	
EBIT adjusted	**288.0**	**259.2**	**11.1%**	**9.9%**
Profit before tax	245.1	249.4	-1.7%	
Group profit before tax	**245.1**	**249.4**	**-1.7%**	
Group profit before taxes adjusted	**259.0**	**235.5**	**10.0%**	
ROS % (EBIT/net sales)	21.0%	22.6%		
ROS (EBIT adjusted/net sales)	**22.1%**	**21.6%**		

	30 September 2019	31 December 2018
	€ million	€ million
Net financial debt	874.4	846.3

	third quarter 2019	third quarter 2018	change	
			total	organic
	€ million	€ million	%	%
Net sales	**455.6**	**422.4**	**7.9%**	**4.9%**
Contribution margin	202.0	184.0	9.8%	7.6%
EBITDA	119.9	104.6	14.6%	
EBITDA adjusted	**125.2**	**111.9**	**11.9%**	**11.4%**
EBIT	102.5	91.4	12.1%	
EBIT adjusted	**107.7**	**98.7**	**9.2%**	**8.9%**
Profit before tax	91.5	83.4	9.7%	
Group profit before tax	**91.5**	**83.4**	**9.7%**	
Group profit before taxes adjusted	**96.8**	**90.7**	**6.7%**	
EBIT margin (EBIT/net sales)	22.5%	21.6%		
EBIT margin (EBIT adjusted/net sales)	**23.6%**	**23.4%**		

Information on the figures presented
For ease of reference, all the figures in additional financial information are expressed in millions of euros to one decimal place, whereas the original data is recorded and consolidated by the Group in thousands of euro. 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 thousands of Euro. The use of values expressed in millions of Euro 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 paragraph 'Alternative performance indicators' in the next part of this additional financial information.

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Corporate officers

Board of Directors[(1)]

Luca Garavoglia	Chairman
Robert Kunze-Concewitz	Managing Director and Chief Executive Officer
Paolo Marchesini	Managing Director and Chief Financial Officer
Fabio Di Fede	Director, and Group General Counsel and Business Development Officer
Eugenio Barcellona,	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
Alessandra Garavoglia	Director
Catherine Gérardin-Vautrin[(2)]	Director and member of the Control and Risks Committee and the Remuneration and Appointments Committee
Michel Klersy[(2)]	Director

Board of Statutory Auditors[(3)]

Ines Gandini	Chairman
Fabio Facchini	Statutory Auditor
Chiara Lazzarini	Statutory Auditor
Piera Tula	Alternate Auditor
Giovanni Bandera	Alternate Auditor
Pierluigi Pace	Alternate Auditor

Independent auditors[(4)]

EY S.p.A.

(1) The Shareholders' meeting of 16 April 2019 appointed the new Board of Directors for the three-year period 2019-2021, comprising Luca Garavoglia, Eugenio Barcellona, Fabio Di Fede, Annalisa Elia Loustau, Alessandra Garavoglia, Catherine Gérardin-Vautrin, Michel Klersy, Robert Kunze-Concewitz and Paolo Marchesini, it also confirmed Luca Garavoglia as Chairman of the Board of Directors for the same three-year period.
The new Board of Directors, which met after the Shareholders' meeting, confirmed Robert Kunze-Concewitz as Chief Executive Officer and Paolo Marchesini as Chief Financial Officer for the three-year period 2019-2021. It appointed Eugenio Barcellona, Annalisa Elia Loustau and Catherine Gérardin Vautrin as members of the Control and Risks Committee and the Remuneration and Appointments Committee for the same three-year period.

(2) Independent director.

(3) The Board of Statutory Auditors was appointed on 16 April 2019 by the Shareholders' meeting for the three-year period 2019-2021.

(4) On 19 December 2017, the Shareholders' meeting appointed EY S.p.A. as its independent auditors for the nine-year period 2019-2027.

Additional financial information at 30 September 2019

Significant events during the period

Main brand-building activities

The brand portfolio represents a strategic asset for 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 investing in marketing designed to strengthen the recognition and reputation of iconic and distinctive brands in the 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 the on-premise channel, which is considered key for brand building, and on new communication tools, especially digital media, thanks to their interactive, customisable and measurable properties.

The main marketing initiatives carried out in the first nine months of 2019, which focused on the global and regional priority brands, are shown below.

Global priority brands

Aperol

March 2019 saw the launch of the new global campaign **Together We Joy**, which depicts the brand as a universal language that can connect people through the emotion of joy. Directed by French duo Greg & Lio, the campaign takes its inspiration from their musical experience, introducing a new way of communicating with colour and pop, to portray a joyful mood and the idea of connections between people.

From May 2019, a number of events were arranged to **celebrate the centenary of Aperol,** which was created in Padua in 1919. At the end of June 2019, a unique event, **Aperol Happy Together Live**, was held in St. Mark's Square in Venice, Italy, involving numerous artists with different styles but united by the passion for music. The event, which was attended by 6,000 people, was recorded and broadcast on the Sky TV channel in July 2019. In Germany, Cologne was the scene of the Aperol City Takeover in July 2019, an amazing 360° activation with events and entertainment involving the whole city. Further celebrations were held during the summer in trendy venues in Madrid and Barcelona, as well as in London and Manchester.

Campari

With the aim of cementing the indissoluble link with cinema culture, Campari, as **main sponsor**, was the protagonist of the 76th **Venice International Film Festival**. During the ten days of the festival, Campari was a reference point for celebrities, influencers, filmmakers and new talents, with its many activations, including the Campari Lounge, the red carpet, a floating Venetika cinema and the secret closing party, Entering Red. Moreover, in September 2019, Campari was the **exclusive spirits partner** of the **57th New York Film Festival**, hosted by the Lincoln Center Film Society, with its Campari Red Diaries platform.
June 2019 saw the launch of the seventh edition of **Negroni Week**, a global initiative held in bars, restaurants and shops around the world to raise funds for charitable causes. In 2019, the event gained over 12,000 accounts, 2,000 more than the previous year, in over 60 international markets. To celebrate the cocktail's centenary, the launch of Negroni Week took place in Florence, where Negroni was invented by the homonymous Count. At the start of the year, the short movie for the 2019 **Campari Red Diaries** campaign, Entering Red, directed by Matteo Garrone, was unveiled in Milan featuring film star Ana De Armas.

Wild Turkey

The limited edition **Master Keep Cornerstone Rye**, the fourth release in the award-winning Master Keep series, crafted by master blender Eddie Russell with liquid from among the oldest barrels of rye whiskey in the Wild Turkey distillery, was launched in August 2019.

SKYY

In June 2019, SKYY Vodka was the official vodka partner of the **WorldPride festivals** in New York City and Los Angeles, showing its ongoing commitment to supporting diversity. In addition, to commemorate the 50th anniversary of the Stonewall movements, SKYY partnered with a group of Vogue artists to pay homage to the people and history that shaped the LGBT+ culture.

During 2019, the new SKYY Vodka label was launched in its core US market and in other markets, including Germany, Brazil and South Africa. Bearing the slogan **Born in San Francisco**, it is designed to strengthen the link with the history and heritage of the brand, which was born in San Francisco, a city with a welcoming spirit and home to progressive thinking.

Grand Marnier
In January 2019, the new **Grand Marnier Cuvée Louis Alexandre** was launched in the United States. Created by Patrick Raguenaud, Grand Marnier master blender, the hallmark of the cuvée is the new VSOP liquid, the result of a careful selection of cognacs, enriched with the highly aromatic essence of bitter oranges, and launched in a new premium packaging.

Jamaican rums
In September 2019, the Everyday People series of events launched in Miami and New York, featuring funky music, food tasting and cocktails, with the aim of introducing **Appleton Estate** in venues culturally relevant to the target audience. In June 2019, CNN also celebrated the Appleton Estate brand in the '100 Club' programme, which is dedicated exclusively to brands that have remained innovative for over 100 years.

Regional priority brands

Initiatives involving the regional priority brands include the launch in Spain, Belgium and Germany of the new integrated global campaign for **Bulldog**, '**Shine in Your Own Light**', and **Averna**'s partnership with master *chocolatier* Andrea Bonajuto, representing Sicilian excellence in the chocolate industry.
Turning to awards, **GlenGrant** Single Malt 15-Year-Old Batch Strength was honoured with the Spirit of Speyside Whisky Award in the 13- to 20-year-old category, while **Forty Creek** 22-Year-Old Rye was named best whisky in Canada' in 2019, at the ninth Canadian Whisky Awards.
Moreover, in April 2019, the new Cinzano Vermouth super premium 1757, available in 'rosso' and 'extra dry', was launched as a tribute to the birth of the brand in 1757. In February 2019, Cinzano 'classico' vermouth was relaunched with a brand restyling that reinterprets the iconic Cinzano blue and red.

Acquisitions and commercial agreements

Acquisition of Trois Rivières and La Mauny French rums
On 1 October 2019, Campari Group completed the acquisition Rhumantilles SAS, a French company owner of 96.5% of Bellonnie&Bourdillon Successeurs S.A., headquartered in Martinique. The related negotiation had been announced in a press release on 20 July 2019.
The reported net sales of Rhumantilles SAS were €24.1 million in 2018.
The enterprise value of the acquisition is €60.0 million, corresponding to a multiple of around 9.5 times the contribution margin (contribution after advertising and promotion, or CAAP), restated in accordance with IFRS principles. The CAAP of the acquired company was €6.5 million in 2018. As a result of this acquisition, Campari Group has added prestigious *agricole* rum brands to its portfolio, strengthening its position in the rums category, where demand for premium products is continuing to rise, and which is currently benefiting from the positive trend in mixology and the growing cocktail culture.
<u>Provisional purchase price allocation</u>
The transaction was completed on 1 October 2019, and consequently no value was reported for the acquired business in the Group's consolidated accounts at 30 September 2019. On the date this additional financial information was authorized, the Group began the process of recognising and restating the information necessary for allocating the purchase price at the fair value of the net assets acquired. The above analysis will be carried out within 12 months of the closing date, based on IFRS 3-'Business Combinations'. The business acquired includes the Trois Rivières and La Mauny brands (strategic brands with premium positioning) and Duquesne (a brand designed for the local market of Martinique), as well as the land properties, distilleries and visitor centres, and the warehouse for maturing high-quality liquids.
Trois Rivières and La Mauny give Campari Group significant critical mass in France, a key region for the brands and set to become one of the Group's strategic markets. Furthermore, with the aim of exploiting future potential growth, Campari Group intends to leverage its business infrastructure in order to undertake new brand development initiatives, which will be assessed after the acquisition.

Disposals

Agreement to sell Villa 'Les Cèdres'
On 1 August 2019, Campari Group reached a preliminary agreement for the sale of the real estate property 'Villa Les Cèdres', located in Saint-Jean-Cap-Ferrat, France, at a price of €200 million. The Villa entered Campari Group's perimeter within the context of Grand Marnier acquisition in 2016. It was publicly put for sale immediately after the closing, according to an agreement reached with the Grand Marnier' sellers, as described in the Tender

Offer dated 13 May 2016. As part of Tender Offer, Davide Campari-Milano S.p.A. undertook to pay all shareholders of Société des Produits Marnier-Lapostolle S.A., in addition to the offer price, a potential price supplement in the event of the successful disposal of the Villa under certain conditions. The price supplement is equal to the difference between the net sale price of the Villa (to be calculated based on terms established by the Tender Offer) and an agreed floor value of €80 million, which will be retained by Campari Group. Following this disposal, the process to divest non-core assets relating to the Grand Marnier acquisition is almost complete. The deal, subject to certain conditions precedent, is expected to complete by 30 October 2019.

Other significant events

Purchase of own shares
Between 1 January and 30 September 2019, the Group purchased 6,493,669 own shares at an average price of €8.40, and sold 10,077,651 own shares after the exercise of stock options, for a total outlay of €27.2 million. At 30 September 2019, the Parent Company held 11,397,976 own shares, equivalent to 0.98% of the share capital.

Ordinary General meeting of the Parent Company
On 16 April 2019, the Ordinary General meeting of Davide Campari-Milano S.p.A. approved the 2018 financial statements and agreed the distribution of a dividend of €0.05 per outstanding share (unchanged from the dividend paid for 2017). The total dividend, calculated on the outstanding shares and excluding own shares in the portfolio (15,745,745 shares) on the date of the Ordinary General Meeting, was €57,292,713.
The Ordinary General meeting also appointed the Board of Directors and the Board of Statutory Auditors for the three-year period 2019-2021. The composition of these boards is shown in the 'Corporate bodies' section.
Lastly, the Board of Directors appointed the members of the Control and Risks Committee and the Remuneration and Appointments Committee, as also shown in the 'Corporate bodies' section.

Financial debt management
On 23 April 2019, Davide Campari-Milano S.p.A. successfully placed an unrated bond issue with a five-year term, reserved for Italian and international institutional investors only. Banca IMI S.p.A. (Intesa Sanpaolo Group) acted as Sole Lead Manager for the issue of the new bond. This transaction enabled the Group to optimise its debt structure by extending the average maturity of its liabilities, benefitting from the low interest rates on the market. The new bond was issued for a total nominal amount of €150 million, with a fixed annual coupon of 1.655%, an issue price of 100% and a maturity of 30 April 2024. On 30 April 2019, the new bond was admitted to trading on the unregulated market ('Third Market') of the Vienna Stock Exchange; payment for the bond was completed on the same day.

On 31 July 2019, Davide Campari-Milano S.p.A. subscribed to a term loan with a nominal amount of €250 million, maturing on 31 July 2024, at an interest rate of 3-month Euribor plus a 1.25% spread. The loan was accompanied by a new revolving credit facility of the same amount and maturity, at an interest rate of 3-month Euribor plus a 0.75% spread, as well as utilisation fees. At 30 September 2019, this line of credit had not been used.

The proceeds of the above-mentioned transactions will be used for general corporate purposes, including but not limited to the refinancing of existing debt. In particular, on 31 July 2019, the Group repaid the term loan subscribed on 3 August 2016, ahead of schedule, with a nominal amount of €300 million which was accompanied by a revolving credit facility of €200 million, both with ordinary maturities of August 2021; on 25 October 2019, the Eurobond issued on 25 October 2012 with a nominal amount of €219.1 million, which had matured, was repaid.

Group operating and financial results

Sales performance

Overall performance

In the first nine months of 2019, the Group's net sales totalled €1,303.8 million, an overall increase of +8.6%. The organic growth component continued to show a positive trend, and contributed +6.9% to growth in the nine-month period. Foreign exchange rate variation, which was positive at +2.6%, was only partly offset by the negative perimeter effect of -0.9%.

	nine months 2019		nine months 2018		total change	9 months change, of which				change % third quarter
	€ million	%	€ million	%	€ million	total	organic	perimeter	exchange(*)	organic
Americas	584.7	44.8%	520.3	43.3%	64.4	12.4%	6.5%	-0.1%	5.9%	0.5%
Southern Europe, Middle East and Africa	362.6	27.8%	345.7	28.8%	17.0	4.9%	8.1%	-3.0%	-0.1%	8.9%
North, Central and Eastern Europe	268.7	20.6%	247.1	20.6%	21.6	8.7%	8.3%	-	0.5%	10.4%
Asia-Pacific	87.8	6.7%	87.6	7.3%	0.2	0.3%	0.9%	-	-0.7%	0.7%
Total	**1,303.8**	**100.0%**	**1,200.6**	**100.0%**	**103.2**	**8.6%**	**6.9%**	**-0.9%**	**2.6%**	**4.9%**

(*) Includes the hyperinflation effects of Argentina.

Organic change

Solid organic growth of +6.9% was recorded in the first nine months of 2019. The third quarter contribution was +4.9%, despite an unfavourable comparison base (+8.9% in the third quarter of 2018) and poor weather in Northern Europe. The third quarter follows a first half which registered very strong growth of +8.0%, which had benefited from favourable timing of orders.

Overall, sales recorded an organic increase in all geographical regions, particularly in Europe, where growth was driven by the key high-margin markets. The Americas region, in turn, showed a positive trend, with a favourable sales mix, supported by good performances in the United States, one of the Group's highly profitable core markets. The emerging markets, especially Latin America and eastern Europe, saw positive growth, mainly due to a favourable comparison base.

Regarding brands, the growth was mainly driven by the global priority brands segment, especially Aperol and the brown spirits portfolio, in line with the Group's growth strategy of continuously strengthening its high-margin brands in the core developed markets. The regional priority brands also reported significant growth, despite a slower third quarter due to the different timing of orders. Overall, the local priority brands made a positive contribution to growth in the period.

With reference to the methodology for calculating organic growth, it should be noted that, in conjunction with the first application of IAS 29-'Financial Reporting in Hyperinflationary Economies' with effect from publication of the additional financial information at 30 September 2018, the organic growth at consolidated level excludes the hyperinflationary effects relating to the Argentine market, as a prudent measure. Specifically, the organic change in this market includes only the component attributable to volumes sold, while the price variation, which includes inflation, is included in the exchange rate effect. The change in methodology had a negative effect on the Group's organic sales growth, equivalent to 50 basis points in the first nine months of 2019.

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

❖ **Geographical regions**

- The **Americas** region recorded organic growth of +6.5% (+0.5% in the third quarter); this performance was supported mainly by the United States (+6.0%), the Group's largest market, Jamaica (+17.3%) and Brazil (+6.5%).
- The **Southern Europe, Middle East and Africa** region reported organic growth of +8.1% (+8.9% in the third quarter), driven by the performance of its main market, Italy, where sales increased by +8.4%. The other countries in the region posted a strong performance, propelled mainly by France, South Africa and Nigeria, which reported double-digit growth.
- The **Northern, Central and Eastern Europe** region recorded organic growth of +8.3% (+10.4% in the third quarter), thanks to a good performance by Germany (+5.7%), the region's core market, the double-digit growth of the UK and Russia, and excellent performances by Austria, Belgium, Poland and the Scandinavian markets.
- The **Asia-Pacific** region recorded growth of +0.9% (+0.7% in the third quarter), driven by Australia, the region's core market, where sales rose by +3.7%; this was partly offset by a fall in sales in Japan and China.

❖ **Brands**

- The Group's **global priority brands** recorded total organic growth of +8.2% (+5.5% in the third quarter), continuing to outperform the Group's average organic growth. Performance was supported by Aperol, which continued to report double-digit growth (+21.8%), and the Wild Turkey portfolio (+6.7%), as well as good performances by Jamaican rums (+6.2%) and Campari (+5.0%). Sales of Grand Marnier and SKYY fell by -4.3% and -2.6% respectively.
- The **regional priority brands** reported total organic growth of +5.3% (-4.2% in the third quarter). In the first nine months of 2019, the strong performance of Espolòn (+24.9%) and healthy growth by Riccadonna enabled the Group to offset the fall in sales of GlenGrant and Cinzano, while sales in the rest of the portfolio were broadly stable.
- The **local priority brands** showed growth of +5.2% (+7.6% in the third quarter), driven by healthy growth in all brands, especially the high margin single-serve aperitifs Campari Soda and Crodino, as well as the Wild Turkey ready-to-drink portfolio, Cabo Wabo and the Brazilian brands.

Perimeter variation

The impact of the marginal perimeter variation in the first nine months of 2019 on sales in the same period in previous year is -0.9% and is analysed in the table below.

breakdown of the perimeter effect	€ million	% on 2018
acquisitions (Bisquit Debouché et Cie S.A.)	0.1	-
disposals	(0.2)	-
acquisitions and disposals of business	**(0.1)**	**-**
new agency brands distributed	0.2	-
discontinued agency brands	(11.0)	-0.9%
total distribution contracts	**(10.8)**	**-0.9%**
total perimeter effect	**(10.9)**	**-0.9%**

- **Business acquisitions**

In the first nine months of 2019, the perimeter variation due to business acquisitions and disposals was neutral overall as the acquisition of Bisquit Dubouché et Cie. S.A., owner of the brand of the same name, contributed to the Group's result from 1 February 2018, offsetting the changes attributable to business disposals, and specifically, Lemonsoda, which was completed on 2 January 2018.

- **Brands distributed**

In the first nine months of 2019, the perimeter variation due to brands distributed by the Group was mainly due to the termination of the distribution agreement for the Brown Forman product portfolio in Italy, which expired in April 2018.

Exchange rate effects

The positive exchange rate effect in the first nine months of 2019 was +2.6%, due to the strengthening of the US Dollar, the Group's main currency, against the Euro, as well as the Jamaican Dollar, the Mexican Peso and the Canadian Dollar, which, overall, more than offset the weakness of the South American currencies. In addition, the financial results for the period ended 30 September 2019 include the effects of applying to Argentina IAS 29-Financial Reporting in Hyperinflationary Economies. The exchange rate effect includes both the impact of applying the standard (including the 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 of calculating organic growth for the Argentine market.

The table below shows the average exchange rates for the first nine months of 2019 and spot rates at 30 September 2019 for the Group's most important currencies, together with the percentage change against the Euro, compared with the same period in 2018 and at 31 December 2018.

	average exchange rates against the Euro		spot exchange rates against the Euro		
	nine months 2019	revaluation/(devaluation) vs. nine months 2018	30 September 2019	revaluation/(devaluation) vs. 30 September 2018	revaluation/(devaluation) vs. 31 December 2018
	1 Euro	%	1 Euro	%	%
US Dollar	1.124	6.3%	1.089	6.3%	5.2%
Canadian Dollar	1.494	3.0%	1.443	4.4%	8.2%
Jamaica Dollars	148.623	3.6%	146.412	6.4%	-0.4%
Mexican Peso	21.635	5.1%	21.452	1.5%	4.8%
Brazilian Real	4.364	-1.6%	4.529	2.8%	-1.9%
Argentine Peso(*)	62.400	-52.3%	62.400	-26.2%	-30.8%
Russia Rubles	73.095	0.4%	70.756	7.6%	12.7%
Australian Dollar	1.607	-1.9%	1.613	-0.5%	0.6%
Yuan Renminbi	7.712	0.9%	7.778	2.4%	1.2%
Great Britain Pounds	0.883	0.1%	0.886	0.2%	1.0%
Switzerland Francs	1.118	3.8%	1.085	4.3%	3.9%

(*) The average exchange rate for the Argentine Peso is the same as the spot exchange rate on 30 September 2019.

Sales by region

Sales for the first nine months of 2019 are analysed by region and key 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 overall organic growth of +6.5% (+0.5% in the third quarter of 2019).

	% of Group total sales	nine months 2019		nine months 2018		total change	9 months change, of which				change % third quarter
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate(*)	organic
US	28.2%	367.7	62.9%	326.2	62.7%	41.5	12.7%	6.0%	-	6.7%	-2.8%
Jamaica	5.5%	71.3	12.2%	58.7	11.3%	12.6	21.4%	17.3%	-0.1%	4.2%	14.7%
Canada	3.2%	41.4	7.1%	38.9	7.5%	2.5	6.5%	3.4%	-	3.1%	-2.5%
Mexico	2.1%	27.5	4.7%	25.8	5.0%	1.7	6.5%	2.2%	-0.8%	5.2%	11.1%
Brazil	2.6%	34.5	5.9%	32.9	6.3%	1.6	4.8%	6.5%	-	-1.7%	6.2%
Other countries of the region	3.2%	42.3	7.2%	37.8	7.3%	4.5	12.0%	0.6%	-0.2%	11.6%	-3.0%
Americas	**44.8%**	**584.7**	**100.0%**	**520.3**	**100.0%**	**64.4**	**12.4%**	**6.5%**	**-0.1%**	**5.9%**	**0.5%**

(*) Includes the hyperinflation effects of Argentina.

The **United States**, the Group's largest market with 28.2% of sales, closed the period with organic growth of +6.0%, despite a negative third quarter (-2.8%) which reflects the expected normalisation of orders after a very strong first half. The positive performance in the first nine months was achieved thanks to the double-digit growth of Aperol, Espolòn, the Wild Turkey portfolio and Campari. Grand Marnier sales fell in the nine months due to different timing of orders in the third quarter. By contrast, the brand continues to show a positive trend in terms of the sell-out data. Moreover, SKYY sales were negative due to the ongoing competitive pressure in the vodka category, combined with the destocking under way, aimed at reducing the gap to more favourable sell-out trends.

Jamaica recorded a highly positive increase in sales of +17.3% (+14.7% in the third quarter), due to the double-digit growth achieved in the period by Wray&Nephew Overproof, Campari and Appleton Estate, as well as the positive performance of Campari and other brands, especially Magnum Tonic.

Canada saw sales growth of +3.4% in the period (-2.5% in the third quarter), achieved thanks to the contribution of Aperol and Espolòn, which posted double-digit growth, and Campari, which fully offset the slight fall in sales of Appleton Estate.

Mexico posted sales growth of +2.2% (+11.1% in the third quarter) thanks to the positive performances of Aperol, SKYY ready-to-drink and SKYY Vodka; this was only partly offset by the fall in sales of the Jamaican rum brands.

In **Brazil**, the positive performance (+6.5%) in the period (+6.2% in the third quarter) was mainly driven by Campari, Aperol and the local brands, especially Dreher, and was only partially offset by a fall in the sales of Cynar and SKYY Vodka. Although there are some signs of recovery, the market is still suffering from a difficult macroeconomic situation, political instability and high unemployment rates.

Lastly, the **other countries in the region** showed positive growth overall, driven by Chile and Argentina; this more than offset the decline in sales in the Peruvian market, which suffered from an unfavourable comparison base against the same period in the previous year due to the direct route-to-market set up. Specifically, sales in Argentina, which represent 1.1% of Group sales, showed positive organic growth of +5.5%, driven by SKYY

Infusions, Aperol, Campari and also benefited from a favourable comparison base with the same period in 2018 (-20.2%). The market continues to be affected by the economic backdrop of instability, high inflation and a low propensity to spend. It should be noted that, as a prudent measure, the organic change in this market includes solely the component attributable to volumes sold, in order to strip out the effects of inflation.

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

The region, which is broken down by core market in the table below, reported organic growth of +8.1% (+8.9% in the third quarter of 2019).

	% of Group	nine months 2019		nine months 2018		total change	9 months change, of which				change % third quarter
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate	organic
Italy	20.4%	266.3	73.4%	254.7	73.7%	11.6	4.6%	8.4%	-3.8%	-	12.5%
France	2.2%	29.1	8.0%	26.4	7.6%	2.7	10.3%	10.3%	-	-	-12.5%
Global Travel Retail	1.6%	21.4	5.9%	22.2	6.4%	-0.8	-3.6%	-0.8%	-2.7%	-0.1%	-3.9%
Other countries of the region	3.5%	45.8	12.6%	42.3	12.2%	3.5	8.2%	9.5%	-0.3%	-1.0%	13.4%
Southern Europe, Middle East and Africa	**27.8%**	**362.6**	**100.0%**	**345.7**	**100.0%**	**17.0**	**4.9%**	**8.1%**	**-3.0%**	**-0.1%**	**8.9%**

Italy continued to record an excellent performance of +8.4% (+12.5% in the third quarter), driven by double-digit growth in sales of Aperol (+15.1%) and positive trends in Campari, Campari Soda and Crodino. Of the Italian bitters and liquors, Cynar recorded growth.

France saw sales growth of +10.3% (-12.5% in the third quarter), driven by Aperol and Riccadonna, which offset the decline recorded by Campari and GlenGrant.

The **Global Travel Retail** (GTR) channel reported a slight decrease of -0.8% in organic sales (-3.9% in the third quarter) due to an unfavourable comparison base against the previous year (+13.0%). Aperol and GlenGrant posted double-digit growth, which fully offset the fall in sales recorded by Campari and Grand Marnier.

The **other countries in the region** grew by +9.5% (+13.4% in the third quarter), driven by good performances in nearly all the markets. Specifically, **South Africa** recorded double-digit growth, thanks to SKYY and Bulldog, as did **Nigeria**, thanks to Campari and the Wild Turkey portfolio. The Nigerian market is still affected by ongoing socio-economic volatility. Lastly, **Spain** saw growth thanks to increased sales in Aperol and Cinzano; meanwhile Bulldog continues to show weakness due to the ongoing competition in the gin category.

- **Northern, Central and Eastern Europe**

This region reported overall organic growth of +8.3% (+10.4% in the third quarter of 2019), broken down as follows in the main markets.

	% of Group total sales	nine months 2019		nine months 2018		total change	9 months change, of which				change % third quarter
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate	organic
Germany	9.4%	122.8	45.7%	116.2	47.0%	6.6	5.7%	5.7%	-	-	8.7%
United Kingdom	2.3%	29.7	11.1%	23.2	9.4%	6.5	28.0%	27.9%	-	0.1%	52.6%
Russia	2.1%	27.1	10.1%	24.2	9.8%	2.9	12.1%	11.6%	-	0.5%	12.4%
Other countries of the region	6.8%	89.0	33.1%	83.5	33.8%	5.6	6.7%	5.5%	-0.1%	1.2%	0.6%
North, Central and Eastern Europe	**20.6%**	**268.7**	**100.0%**	**247.1**	**100.0%**	**21.6**	**8.7%**	**8.3%**	**-**	**0.5%**	**10.4%**

In **Germany**, sales grew by +5.7% (+8.7% in the third quarter). Of particular note was the double-digit growth of Aperol, which continues to benefit from the trend of new consumer occasions, as well as the positive performances of SKYY Vodka, Frangelico and GlenGrant. These trends offset the weakness in Cinzano sparkling wines and vermouth, and in Campari, with the latter due to an unfavourable comparison base against the same period in the previous year (+9.4%), as well as the price increase at the start of the year.

The **United Kingdom** showed a very strong increase of +27.9% (+52.6% in the third quarter), despite the political and economic uncertainty associated with the Brexit negotiations. Growth in the period in question was supported by sales of Aperol, Magnum Tonic and Wray&Nephew Overproof.

Russia recorded an increase in sales of +11.6% (+12.4% in the third quarter), which benefited from a favourable comparison base against the same period in the previous year (-16.5%). Growth was driven by Aperol, followed by Cinzano vermouth and sparkling wines. The macroeconomic environment remains volatile and affected by a low propensity to spend.

The **other countries in the region** grew by +5.5% in the period (+0.6% in the third quarter), with positive performances in nearly all the markets, including **Austria** and **Belgium**, both driven by sales of Aperol and Campari, as well as in the Scandinavian markets and Poland, driven mainly by Aperol.

- **Asia-Pacific**

This region, which is broken down by core market in the table below, recorded an organic increase of +0.9% (+0.7% in the third quarter of 2019).

	% of Group total sales	nine months 2019		nine months 2018		total change	9 months change, of which				change % third quarter
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate	organic
Australia	4.6%	60.2	68.6%	59.2	67.6%	1.0	1.7%	3.7%	-	-2.0%	3.9%
Other countries of the region	2.1%	27.6	31.4%	28.4	32.4%	-0.8	-2.7%	-4.8%	-	2.1%	-5.7%
Asia-Pacific	**6.7%**	**87.8**	**100.0%**	**87.6**	**100.0%**	**0.2**	**0.3%**	**0.9%**	**-**	**-0.7%**	**0.7%**

In **Australia**, the region's largest market, organic growth in the period was +3.7% (+3.9% in the third quarter). The main positive performances are attributable to Aperol, Wild Turkey ready-to-drink, SKYY Vodka and Espolòn.

The **other countries in the region** showed a decline of -4.8% (-5.7% in the third quarter), mainly due to the negative sales trends in Japan and China, partly as a result of an unfavourable comparison base with the same period of the previous year (+30.2% and +32.7% respectively).

Sales by major 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 2019, broken down into the categories identified by the Group based on the priority (global, regional, local and other) assigned to them.

	Percentage of Group sales	9 months change, of which				change % third quarter
		total	organic	perimeter	exchange rate	organic
Aperol	20.5%	22.8%	21.8%	-	1.0%	21.5%
Campari	10.1%	6.7%	5.0%	-	1.6%	3.5%
SKYY(1)	8.1%	2.0%	-2.6%	-	4.6%	-1.9%
Grand Marnier	7.3%	0.9%	-4.3%	-	5.2%	-14.7%
Wild Turkey portfolio(1)(2)	8.1%	12.2%	6.7%	-	5.5%	-1.1%
Jamaican rums portfolio(3)	5.3%	10.0%	6.2%	-	3.7%	4.8%
global priority brands	**59.2%**	**11.3%**	**8.2%**	**-**	**3.1%**	**5.5%**
Espolòn	3.8%	31.9%	24.9%	-	6.9%	-11.7%
Bulldog	0.7%	-1.5%	-0.9%	-	-0.5%	3.0%
GlenGrant	1.0%	-9.3%	-9.9%	-	0.6%	-7.9%
Forty Creek	1.1%	4.1%	0.6%	-	3.5%	0.1%
Italian bitters and liquors(4)	3.6%	1.2%	-0.4%	-	1.6%	-3.1%
Cinzano	2.7%	-2.3%	-3.9%	-	1.6%	-9.4%
Bisquit	0.3%	33.9%	36.2%	1.6%	-3.9%	43.4%
Other sparkling wine (Mondoro and Riccadonna)	1.7%	12.5%	11.7%	-	0.8%	3.1%
regional priority brands	**14.9%**	**7.8%**	**5.3%**	**-**	**2.5%**	**-4.2%**
Campari Soda	3.4%	6.8%	6.7%	-	-	9.6%
Crodino	3.4%	6.1%	6.0%	-	0.1%	12.3%
Wild Turkey portfolio ready-to-drink(5)	1.9%	2.0%	3.9%	-	-2.0%	5.8%
Dreher and Sagatiba	1.3%	2.4%	4.0%	-	-1.6%	4.1%
other	1.8%	5.9%	3.1%	-	2.7%	3.8%
local priority brands	**11.9%**	**5.1%**	**5.2%**	**-**	**-**	**7.6%**
rest of the portfolio	**14.0%**	**1.7%**	**5.0%**	**-6.1%**	**2.9%**	**10.9%**
total	**100.0%**	**8.6%**	**6.9%**	**-0.9%**	**2.6%**	**4.9%**

(1) Excludes ready-to-drink.
(2) Includes American Honey.
(3) Includes Appleton Estate and Wray&Nephew Overproof.
(4) Includes Braulio, Cynar, Averna and Frangelico.
(5) Includes American Honey ready-to-drink.

The **Group's global priority brands** (59.2% of sales) registered organic growth of +8.2%; overall growth of +11.3% was boosted by exchange rate effects of +3.1%.
The comments below relate to the organic performance of the brands.
Aperol continued to record stable, double-digit organic growth of +21.8%, thanks to highly positive results in all the markets where the brand is being developed and consolidated. Of particular note is the double-digit growth in the brand's three core markets by value, namely Italy (+15.1%), Germany (+17.1%) and the United States (+44.6%). Highly positive results were also recorded in France, Russia, the UK, Spain, Scandinavia, Australia and the Global Travel Retail channel.
Campari closed the period with organic growth of +5.0%, with good results achieved in Italy, the United States (the brand's second-largest market by value), Brazil and Jamaica. The good overall performance was achieved despite the fall in sales recorded in Germany due to the combined effect of an unfavourable comparison base and the price increase introduced at the start of the year.
SKYY closed the first nine months of 2019 with a fall in sales of -2.6%, associated mainly with the weakness in the United States (-4.5%); this is due to both the ongoing competition in the category (particularly the flavoured vodkas segment) and the destocking currently under way, which is partly aimed at reducing the gap to more favourable consumption trends. In contrast, positive performances were recorded in the international markets (26% of the brand's total sales), including Australia, Argentina and Germany.
Grand Marnier recorded a fall of -4.3% in the organic sales; this was due to the negative performance of the core US market, mainly due to a phasing effect in the third quarter. In contrast, the sell-out data continued to be positive in this market. Grand Marnier also recorded a decline in Canada, the brand's second-largest market, due to the introduction of price increase at the start of the year.
The **Wild Turkey** portfolio, which includes American Honey, reported organic growth of +6.7% in the period, thanks both to its core US market (which also benefited from improvements in the sales mix as a result of the excellent performance of premium versions, such as Wild Turkey Longbranch and Russell's Reserve), and the markets in which it has recently been introduced, where volumes are still modest (Germany, Italy, Nigeria, New Zealand and the UK). This result enabled the Group to completely offset the decline in Russia, the Global Travel Retail channel and Japan, the latter being affected by a particularly unfavourable comparison base with the first nine months in 2018.

The **Jamaican rums portfolio** (Appleton Estate and Wray&Nephew Overproof) recorded organic growth of +6.2% during the period. Specifically, Wray&Nephew Overproof reported double-digit growth, thanks to excellent performances in the brand's core markets of Jamaica, the United States and the UK. Sales of Appleton Estate were stable overall: healthy performances in Jamaica and the US were largely offset by a fall in Mexico and Canada.

The **regional priority brands** (14.9% of the Group's sales) saw organic growth of +5.3%, with an overall increase of +7.8%, which was increased by an exchange rate effect of +2.5%.
The comments below relate to the organic performance of individual brands.
Espolòn maintained its double-digit growth (+24.9%) thanks to an excellent performance in its core market, the United States, where, despite a fall in the third quarter due to the different timing of orders, the brand continues to show highly positive sell-out data that are above average for the category. The brand also recorded highly encouraging results – albeit with volumes that are still low – in the international markets in which it was recently introduced, including Australia, Russia, Italy and Canada.
Bulldog sales fell slightly (-0.9%), mainly due to Spain, Belgium and the UK; this is the result of strong competition in the gin category. The negative performance was partly offset by positive growth in South Africa.
GlenGrant recorded a negative performance of -9.9% in the period. The performance reflects the ongoing and progressive long-term strategic repositioning of the brand, intended to improve the sales mix, driven by premium versions of the high-margin products in the strategic markets for the single malt scotch whisky category. The brand recorded positive results in the United States, Germany and the Global Travel Retail channel.
Forty Creek recorded modest growth of +0.6%, thanks to its performance in the United States.
Italian bitters and liqueurs were broadly stable (-0.4%). The positive performance of **Averna** in the United States and Austria did not fully offset the temporary weakness of **Cynar**, **Frangelico** and **Braulio**. The latter suffered from an unfavourable comparison base with the same period the previous year (+17.1%).
Cinzano posted a slight fall of -3.9% overall, which was mainly attributable to the decline in the vermouth segment in Germany and in the rest of Europe. The sparkling wines segment was stable overall; this was the result of positive performances in Russia and China, which offset the fall in the core German market.
In the other brands, **Riccadonna** recorded an excellent performance, mainly driven by Aperol's positive trend in the French market; **Mondoro** posted a fall due to the weakness in the core Russian market.
Recently-acquired **Bisquit** contributed to the Group's organic sales effect from February 2019, and recorded an organic increase of +36.2%, which was mainly concentrated in the brand's core markets of South Africa and Belgium.

The **local priority brands** (11.9% of the Group's portfolio) showed organic sales growth of +5.2%, with an overall increase of +5.1%, which was only marginally offset by the exchange-rate component.
The comments below relate to the organic performance of individual brands.
The organic performance of the local brands is the result of healthy growth by the entire portfolio. With specific reference to Italian single-serve aperitifs, **Campari Soda** (+6.7%) benefited from the new advertising campaign in its key Italian market. Increased sales of **Crodino** (+6.0%) were driven both by the Italian market and by the international market (mainly central Europe), which represents 13.0% of the brand's total sales, where growth was positive, although volumes are still low. The **Brazilian brands** (**Dreher** and **Sagatiba**) showed a positive trend, overall, partly thanks to a favourable comparison base with the first nine months of 2018. Sales of **Wild Turkey ready-to-drink** rose by +3.9% and of **Cabo Wabo** by +5.6%, driven by their core markets of Australia and the US respectively.

The **rest of the portfolio** (11.9% of the Group's sales) showed positive organic growth of +5.0%, driven specifically by **SKYY ready-to-drink** in Mexico and **Magnum Tonic** in Jamaica and the UK.

Income statement

Highlights
In the income statement for the first nine months of 2019, all the profitability indicators monitored by the Group showed a positive organic performance, above net organic sales growth. This result reflects the continuous strengthening of the underlying business and the improvement in the product/market sales mix, in line with the Group's growth strategy.

Specifically, the gross margin, contribution margin and result from recurring activities (EBIT adjusted) showed organic growth of +8.3%, +8.8% and +9.9% respectively. These performances compare with organic sales growth of +6.9%, thus generating a healthy increase in the sales margin.

With regard to the total changes in the sales and profitability indicators, the favourable exchange rate effect, driven by the strengthening of the US dollar, which was only partly mitigated by the depreciation of the currencies in the Group's main emerging markets, more than offset the remaining negative impact of the deconsolidation of some businesses that were sold in previous months.

The income statement for the first nine months of 2019 reflects the application of the new accounting standard IFRS 16-'Leases'. Under this standard, the recognition of operating lease costs on a straight-line basis is replaced with depreciation of the right of use asset and the financial charges relating to the lease liabilities. The new standard was introduced on 1 January 2019, and the figures for the comparative period have not been restated. For more details about the adoption of this standard, see section 4-'Changes in accounting standards' of the condensed half-year financial statements at 30 June 2019.
With reference to the main levels of operating profitability, the application of the new methodology for presenting lease transactions generated a positive effect of €1.3 million on EBIT adjusted and €11.4 million on EBITDA adjusted in the first nine months of 2019, corresponding to an impact of 10 basis points and 90 basis respectively, on both the overall change and the organic change.

Lastly, it should be noted that the methodology for presenting the figures for the Argentine business was changed starting from publication of the additional financial information for the quarter ending 30 September 2018, with the effect calculated from 1 January 2018. The figures shown for 30 September 2018 and 30 September 2019 are therefore consistent.

The table below shows the income statement[1] for the first nine months of 2019 and a breakdown of the total change by organic growth, perimeter and exchange rate effects.

	nine months 2019		nine months 2018		total change		of which organic		of which external		of which due to exchange rates and hyperinflation	
	€ million	%	€ million	%	€	%	€	%	€	%	€	%
Net sales	**1,303.8**	**100.0**	**1,200.6**	**100.0**	**103.2**	**8.6%**	**83.2**	**6.9%**	**(10.9)**	**-0.9%**	**31.0**	**2.6%**
Cost of goods sold	(495.2)	(38.0)	(468.8)	(39.0)	(26.4)	5.6%	(22.4)	4.8%	9.2	-2.0%	(13.1)	2.8%
Gross profit	**808.6**	**62.0**	**731.8**	**61.0**	**76.8**	**10.5%**	**60.7**	**8.3%**	**(1.7)**	**-0.2%**	**17.8**	**2.4%**
Advertising and promotional costs	(232.3)	(17.8)	(210.8)	(17.6)	(21.4)	10.2%	(14.6)	6.9%	(0.2)	0.1%	(6.7)	3.2%
Contribution margin	**576.4**	**44.2**	**521.0**	**43.4**	**55.4**	**10.6%**	**46.1**	**8.8%**	**(1.9)**	**-0.4%**	**11.2**	**2.1%**
Overheads	(288.3)	(22.1)	(261.8)	(21.8)	(26.5)	10.1%	(20.3)	7.8%	0.1	-0.1%	(6.3)	2.4%
Result from recurring activities (EBIT adjusted)	**288.0**	**22.1**	**259.2**	**21.6**	**28.9**	**11.1%**	**25.8**	**9.9%**	**(1.8)**	**-0.7%**	**4.8**	**1.9%**
Adjustments to operating income (charges)	(13.9)	(1.1)	12.3	1.0	(26.2)	-212.7%						
Operating result	**274.1**	**21.0**	**271.5**	**22.6**	**2.6**	**1.0%**						
Financial income (charges)	(25.4)	(1.9)	(22.4)	(1.9)	(3.0)	13.3%						
Adjustments to financial income (charges)	-	-	1.6	0.1	(1.6)	-100.1%						
Proft (loss) related to companies valued at equity	0.1	-	(0.1)	-	0.2	-224.7%						
Put option, earn-out income (charges) and hyperinflation effects	(3.7)	(0.3)	(1.2)	(0.1)	(2.5)	205.1%						
Profit before tax and non-controlling interests interest	**245.1**	**18.8**	**249.4**	**20.8**	**(4.2)**	**-1.7%**						
Group profit before tax	**245.1**	**18.8**	**249.4**	**20.8**	**(4.2)**	**-1.7%**						
Group profit before tax adjusted	**259.0**	**19.9**	**235.5**	**19.6**	**23.6**	**10.0%**						
Total depreciation and amortisation	(52.2)	(4.0)	(40.7)	(3.4)	(11.6)	28.4%	(10.7)	26.3%	-	0.1%	(0.8)	2.0%
EBITDA adjusted	**340.3**	**26.1**	**299.8**	**25.0**	**40.4**	**13.5%**	**36.5**	**12.2%**	**(1.7)**	**-0.6%**	**5.7**	**1.9%**
EBITDA	**326.4**	**25.0**	**312.2**	**26.0**	**14.2**	**4.5%**						

[1] For information on the definition of the alternative performance measures, see paragraph 'Alternative performance indicators' in the next part of this additional financial information.

The table below shows the income statement[1] for the third quarter of 2019 broken down into total change, organic growth, external growth and exchange rate effects.

	third quarter 2019		third quarter 2018		total change		of which organic		of which external		of which due to exchange rates and hyperinflation	
	€ million	%	€ million	%	€ million	%	€	%	€ million	%	€ million	%
Net sales	455.6	100.0	422.4	100.0	33.2	7.9	20.7	4.9%	(0.3)	-0.1%	12.9	3.0%
Gross profit	282.8	62.1	259.9	61.5	22.9	8.8	15.9	6.1%	(0.1)	-0.1%	7.2	2.8%
Contribution margin	202.0	44.3	184.0	43.6	18.0	9.8	13.9	7.6%	(0.2)	-0.1%	4.3	2.3%
Result from recurring activities (EBIT adjusted)	**107.7**	**23.6**	**98.7**	**23.4**	**9.1**	**9.2**	**8.8**	**8.9%**	**(0.2)**	**-0.2%**	**0.5**	**0.5%**
Operating result	**102.5**	**22.5**	**91.4**	**21.6**	**11.1**	**12.1**						
Group profit before tax	**91.5**	**20.1**	**83.4**	**19.7**	**8.1**	**9.7**						
EBITDA adjusted	**125.2**	**27.5**	**111.9**	**26.5**	**13.3**	**11.9**	**12.7**	**11.4%**	**(0.2)**	**-0.2%**	**0.8**	**0.7%**
EBITDA	**119.9**	**26.3**	**104.6**	**24.8**	**15.3**	**14.6**						

(1) For information on the definition of the alternative performance measures, see paragraph 'Alternative performance indicators' in the next part of this additional financial information.

The increase in profitability in the first nine months and in the third quarter 2019 shown by the operating profitability indicators, expressed as a percentage (basis points) of net sales at total and organic level, and including the effects of the first-time adoption of the standard IFRS 16-'Leases', as commented on above, is shown in the following table.

	nine months 2019		third quarter 2019	
margin accretion (dilution) in basis point[1]	Total	Organic	Total	Organic
Cost of goods sold	110	80	50	70
Gross margin	**110**	**80**	**50**	**70**
Advertising and promotional costs	(30)	-	20	40
Contribution margin	**80**	**80**	**80**	**110**
Overheads	(30)	(20)	(50)	(20)
Result from recurring activities (EBIT adjusted)[2]	**50**	**60**	**30**	**90**

(1) There may be rounding effects given that the basis points have been rounded to the nearest ten.
(2) For information on the definition of these alternative performance measures, see paragraph 'Alternative performance indicators' in the next part of this additional financial information.

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 margin** for the period was €808.6 million (€282.8 million in the third quarter), an increase of +10.5% on the same period in the previous year. The organic growth component of +8.3% was higher than organic sales growth (+6.9%), while the exchange rate variation (+2.4%) was only slightly offset by a negative perimeter effect (-0.2%). As a percentage of sales, profitability rose overall from 61.0% in the first nine months of 2018 to 62.0% in the period in question, an increase of 110 basis points, of which 80 related to organic growth and 40 to the perimeter effect. The exchange rate effect generated a dilutive effect of 10 basis points in the period in question. The organic accretion effect recorded in the first nine months of the year, which increased substantially in the third quarter (70 basis points), was driven by a highly favourable product/market mix and supported by the performance of high-margin brands, especially aperitifs, in the key developed markets. This result amply absorbed the dilutive effects generated by the recovery in the less profitable emerging markets and the negative impact of the price of agave, which continues to rise. With specific reference to the third quarter, margin growth was supported by a particularly favourable trend in the single-serve aperitifs business in Italy; this largely offset the dilution coming from the agave price, which was mitigated in the third quarter by shipment slowdown of Espolòn.
Although the external component associated with the termination of low-margin distribution contracts had a negative impact on the gross margin, it made a positive contribution to the increase in profitability.

Advertising and promotional costs totalled €232.3 million (€80.8 million in the third quarter), up by +10.2% overall compared with the first nine months of 2018. These costs represent 17.8% of sales, an overall increase of 30 basis points.
Organic marketing costs increased in line with the change in sales in the first nine months, absorbing in the third quarter the rise in costs seen in the second quarter, which, together with the fourth quarter, represents the seasonal peak for spending on advertising. In the first nine months of 2019, the Group continued with its marketing investment programme, focusing on global priority brands, such as Aperol, Campari, SKYY and Grand Marnier, as well as selected regional priority brands. The growth component attributable to exchange rate effects and perimeter variations together totalled +3.3%, with a resulting dilutive effect on margins of 30 basis points. This was mainly due to the sale of businesses with very low spending on promotional activity.

The **contribution margin** was €576.4 million (€202.0 million in the third quarter), a rise of +10.6% overall. This figure represents 44.2% of sales, an overall increase of 80 basis points compared with the first nine months of 2018.
The organic growth component of +8.8%, which was higher than organic sales growth (+6.9%), generated an improvement in margins of 80 basis points. The perimeter effect was negative at -0.4%. This had a positive impact on margins of 20 basis points, due to sales of businesses that made a low contribution. The effect of exchange rate variations was positive, at +2.1%, with a negative impact on margins of 20 basis points.

Overheads amounted to €288.3 million (€94.3 million in the third quarter), up by +10.1% on the first nine months of 2018. Overheads as a percentage of sales amounted to 22.1%, compared with 21.8% in the period under comparison, with a resulting dilutive effect on margins of 30 basis points (20 basis points in the third quarter).
The organic growth component of +7.8%, which was higher than organic sales growth (+6.9%), generated a resulting dilutive effect on margins of 20 basis points. This was driven by initiatives to strengthen the Group's commercial presence, especially in the on-premise distribution channel, in selected key markets. Growth due to perimeter and exchange rate effects, totalling +2.3%, generated a dilutive effect on margins of 10 basis points. This was mainly due to the sale of businesses with minimal overheads.

The **result from recurring activities (EBIT adjusted)** was €288.0 million (€107.7 million in the third quarter), an increase of +11.1% overall on the same period of 2018. Adjusted return on sales (ROS), which measures the impact on sales in the first nine months of 2019, was 22.1%, an increase of 50 basis points compared with the same period in 2018, when the figure was 21.6%. The adoption of the new accounting rules relating to lease operations in the period generated a positive effect of €1.3 million on EBIT adjusted, corresponding to 10 basis points on both overall and organic growth.
The organic growth component of +9.9%, which was higher than organic sales growth (+6.9%), generated a resulting improvement in profitability of 60 basis points.
The resulting impact of the perimeter variations on EBIT adjusted was -0.7% and is mainly due to the termination of distribution agreements; the component arising from exchange rate variations was, however, positive at +1.9%, and mainly relates to the strengthening of the US dollar against the Euro.

Adjustments to operating income and charges showed a net charge of €13.9 million, mainly attributable to provisions for restructuring operations launched in 2018 and still in progress. This item compares with net income €12.3 million in the first nine months of 2018, generated by a capital gain of €38.5 million on the sale of the Lemonsoda business and partly offset by restructuring expenses.

The **operating result** was €274.1 million in the first nine months of 2019, an increase of +1.0% on the same period in 2018; this was mainly due to different adjustments made to operating income and charges in the period in question. The ROS (operating result as a percentage of net sales) amounted to 21.0% (22.6% in the first nine months of 2018).

Depreciation and amortisation totalled €52.2 million, up +28.4% on the same period in 2018. The increase reflects €10.2 million relating to amortisation of rights of use recognised following the adoption of the new accounting standard IFRS 16-'Leases'.

EBITDA adjusted came in at €340.3 million, an increase of +13.5% (+12.2% at organic level).
Exchange rate effects made a positive contribution of +1.9%, while perimeter variations had a negative impact of -0.6%. The adoption of the new IFRS 16-'Leases' had a positive effect of €11.4 million on EBITDA adjusted in the first nine months of 2019, corresponding to 90 basis points on both overall and organic growth.

EBITDA amounted to €326.4 million, an increase of 4.5% on the first nine months of 2018 (€312.2 million).

Net financial charges stood at €25.4 million, an increase of €3.0 million on the figure of €22.4 million in the same period in 2018.
Average debt at 30 September 2019 was €888.0 million, a fall on the figure of €945.2 million at 30 September 2018.
The average cost of debt for the first nine months of the year amounted to 4.1%, up +3.1% on the same period in 2018. The following factors affected the change:
- a significant negative carry due to excess interest paid on existing medium and long-term debt compared with that accrued on available liquidity (€6.7 million), which was higher in the first nine months of 2019 than in the corresponding period of 2018 (€4.4 million);
- the new methodology for reporting lease agreements, according to IFRS 16-'Leases', which entailed the recognition of notional interest payable of €2.5 million. For more details about the adoption of this standard, see section 4-'Changes in accounting standards' of the condensed half-year financial statements at 30 June 2019.

The cost of debt, as described above, excludes the effects of exchange rate differences and adjustments for financial components.

The component relating to exchange rate differences, which is included in total net financial charges, had a positive impact of €1.9 million.

In the first nine months of 2019, no **adjustments** were made to **financial income (charges)**, whereas the comparison period benefited from positive adjustments of €1.6 million, due mainly to the sale of financial assets.

In the first nine months of 2019, the **put option, earn-out income (charges) and hyperinflation effects** item included net charges of €0.9 million for put options and earn-out; this was due to the non-cash effects of discounting to present value payables for future commitments to buy minority shareholdings in acquired businesses. The item also includes the effects of applying IAS 29-'Financial Reporting in Hyperinflationary Economies' in Argentina, totalling €2.8 million.

The Group's profit before tax was €245.1 million, a decrease of -1.7% compared with the same period in 2018.
Profit as a percentage of sales was 18.8% (20.8% in the first nine months of 2018).
Excluding the adjustments, the Group's profit before tax amounted to €259.0 million, an increase of +10.0% on the figure for the period under comparison, which was also adjusted in the same manner. The adoption of the new standard IFRS 16-'Leases' in the first nine months of 2019 generated a negative effect of €1.3 million on the Group's profit before tax.

Breakdown of net financial debt

At 30 September 2019, consolidated net financial debt stood at €874.4 million, showing an increase of €28.1 million compared with 31 December 2018 (€846.3 million) and a decrease of €62.8 million compared with 30 June 2019 (€937.1 million, which included the new method of showing lease agreements). However, the balance at 30 September 2019 was significantly affected by the adoption of the accounting standard IFRS 16-'Leases', which implied the recognition of figurative payables and receivables to represent future commitments related to transactions concerning the use of third-party assets, for an overall net exposure of leases of €81.2 million at 30 September 2019. Excluding this effect, the cash generated by the Group would have implied a decrease of €53.1 million in the net financial debt, notwithstanding the dividend payment of €57.3 million and the net purchase of own shares of €27.2 million to service the stock option plans.
Lastly, it should be noted that consolidated net financial debt at 30 September 2019 does not include the effects relating to the acquisitions of Bellonnie&Bourdillon Successeurs S.A., as well as Licorera Ancho y Cia S.A.P.I. de C.V. and Casa Montelobos S.A.P.I. de C.V. (see the section 'Significant events during the period' and 'Events taking place after the end of the period' for details), whose completion is expected to generate an impact in the fourth quarter of 2019.

The table below shows how the debt structure changed during the two periods under comparison.

	30 September 2019 (after IFRS 16)	31 December 2018 (before IFRS 16)	change
	€ million	€ million	€ million
cash and cash equivalents	757.7	613.9	143.8
bonds	(800.0)	(219.1)	(580.9)
payables to banks	(4.7)	(9.3)	4.5
lease payables(1)	(14.6)	(0.5)	(14.1)
lease receivables(1)	2.6	0.3	2.4
other financial receivables and payables	(13.7)	18.1	(31.9)
other financial assets-Joint venture	0.6	0.6	-
short-term net financial debt	**(72.1)**	**404.1**	**(476.2)**
bonds(2)	(349.3)	(790.8)	441.5
payables to banks	(249.0)	(300.0)	51.0
lease payables(1)	(74.8)	(1.0)	(73.8)
lease receivables(1)	5.6	0.8	4.8
other financial receivables and payables	15.0	15.0	-
medium/long-term net financial debt	**(652.5)**	**(1,076.0)**	**423.5**
net financial debt relating to operating activities	**(724.7)**	**(672.0)**	**(52.7)**
liabilities for put option and earn-out payments	(149.7)	(174.3)	24.6
net financial debt	**(874.4)**	**(846.3)**	**(28.1)**

(1) Overall net exposure of leases of €81.2 million at 30 September 2019. For more information on the effects of the first-time adoption of this standard, see note 4-'Changes in accounting standards' of the condensed half-year financial statements at 30 June 2019.
(2) Including the related derivatives.

In terms of structure, net financial debt at 30 September 2019 continued to comprise a larger medium/long-term debt component compared with the short-term portion.

The short-term net financial position was €72.1 million and consists mainly of bonds (€800.0 million) and cash and cash equivalents (€757.7 million). Net debt due within one year was €476.2 million higher than the figure for the year ending 31 December 2018, owing to the recognition of the bond of €579.7 million, maturing in September 2020, under current items (previously classified under the long-term component). This change more than offset the increase in cash and cash equivalents of €143.8 million. A notional short-term financial position relating to lease operations is added to the figure of €4.7 million for payables to banks: this comprises €14.6 million for payables and €2.6 million for receivables. Other financial payables and receivables include a net payable of €13.7 million, which mainly relates to payables for interest routinely accrued on existing bonds (in an amount of €12.2 million). The Parent Company's maturing cash investments, shown under this item at 31 December 2018, were also collected in the period. Financial assets relating to joint ventures include a financial receivable of €0.6 million.

The medium/long-term items comprise bonds of €349.3 million; this figure includes €150.0 million from the placement of an unrated bond with a five-year term, reserved exclusively for institutional investors and issued on 23 April 2019. Bank payables totalled €249.0 million, a decrease of €51.0 million compared with 31 December 2018: on 31 July 2019, the term loan with a nominal amount of €300.0 million was repaid early and, at the same time, the Group subscribed a term loan with a nominal amount of €250.0 million, maturing in 2024. For more details on both transactions, see the section, 'Significant events during the period' of this additional financial information.
Notional payables and receivables relating to long-term leases, in amounts of €74.8 million and €5.6 million respectively, were also recorded. Lastly, medium/long-term net financial debt includes other financial payables and receivables of different nature, represented by a net receivable of €15.0 million relating to various financial assets (€11.6 million) and restricted deposits for the payment of earn-out associated with business acquisitions (€3.4 million).
Separately, the Group's net financial debt shows a payable of €149.7 million, which comprises the payable for future commitments to purchase shareholdings in acquired businesses and earn-out.

The Group's debt management objectives are based on the achievement of an optimal level of financial soundness, while maintaining an appropriate level of liquidity that enables it to make an economic return and, at the same time, gives it sufficient flexibility in terms of how it finances acquisitions. The Group monitors changes to its net debt/EBITDA ratio on an ongoing basis. The Group's net financial debt is calculated at average exchange rates for the previous 12 months. The Group's EBITDA for the past 12 months is pro-rated to take account of the annual effect of the acquisitions and disposals made in the same period, on the assumption that they were completed at the beginning of the 12-month reporting period. Non-cash components of the operating flows are excluded from that value. At 30 September 2019, this multiple was 1.9 times (unchanged from 31 December 2018).

Alternative performance indicators (non-GAAP measures)

This additional financial information presents and comments on certain financial performance indicators that are not defined in the IFRS (non-GAAP measures).
These indicators, which are described below, are used to comment on the Group's business performance in the 'Highlights' and 'Additional financial information' sections, in compliance with the requirements of Consob communication DEM 6064293 of 28 July 2006, as subsequently amended and supplemented (Consob communication 0092543 of 3 December 2015, which incorporates the Guidelines on Alternative Performance Measures (ESMA/2015/1415)).
The alternative performance indicators listed below should be used to supplement the information required by IFRS to help readers of the additional financial information gain a better understanding of the Group's economic, financial and capital position. In addition, alternative performance indicators may be used to facilitate comparison with groups operating in the same sector, although in some cases the calculation method could differ from that used by other companies.

- **Financial indicators used to measure Group operating performance**

Organic change: the Group shows organic changes in performance to comment on its underlying business performance. By using this indicator, it is possible to focus on the business performance common to both periods under comparison and which the management can influence. The organic changes are calculated excluding both the impact of currency changes against the Euro (expressed at average exchange rates for the same period in the previous year) and the effects of business acquisitions and disposals. Specifically:
- the exchange rate effects are calculated by converting the figures for the current period at the exchange rates applicable in the comparative period in the previous year;
- the results due to businesses acquired during the current year are excluded from the organic change for 12 months from the date on which the transaction closed;
- the results due to businesses acquired during the previous year are wholly included 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 acquisition;
- the results due to business disposals or the termination of distribution agreements during the previous year are wholly excluded from the figures for that year and, therefore, from the organic change;
- the results due to business disposals or the termination of distribution agreements during the current year are excluded from the figures for the previous year from the corresponding date of disposal or termination of the agreement.

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 indicator in question for the previous period being compared.

Gross margin: calculated as the difference between net sales and the cost of goods sold (in terms of its materials, production and distribution).

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

Adjustments to operating income (charges) relate to certain transactions or events, identified by the Group as adjustment components to 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 reorganisation costs;
- ancillary costs associated with acquisitions/disposals of businesses or companies;
- other non-recurring income (charges).

The above-mentioned items were deducted from or added to the following indicators: operating result, EBITDA and profit/loss before tax for the period. For a detailed reconciliation of the items that had an impact on the above-mentioned alternative performance indicators in the current and comparison nine-month periods, see the appendix given at the end of this section.
The Company believes that the indicators, appropriately adjusted, are useful to both management and investors in assessing the Group's financial and economic results against those of other companies in the sector, as they exclude the impact of some 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 its materials, production and distribution cost components), advertising and promotional costs, and overheads.

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

EBITDA: the operating result before depreciation and amortisation of tangible and intangible assets.

EBITDA adjusted: EBITDA as defined above, excluding adjustments to operating income (charges) as described above.

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

Group's profit/loss before tax adjusted: profit/loss for the period before tax and before adjustments to operating income (charges) and adjustments to financial income (charges) described above, and before the tax effect.

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.

ROI (return on investment): the ratio of the operating result for the period to fixed assets at the end of the period (see the definition of fixed assets below).

ROI adjusted: the ratio between the result from recurring activities for the period (EBIT adjusted) and fixed assets at the end of the period (see the definition of fixed assets below).

- **Net financial debt**

Net financial debt is calculated as the algebraic sum of:
- cash and cash equivalents;
- non-current financial assets, recorded under Other non-current assets;
- current financial assets, recorded under Other receivables;
- receivables for leases;
- payables to banks;
- payables for leases;
- other financial payables;
- bonds;
- non-current financial liabilities, recorded under Other non-current liabilities;
- payables for put options and earn-out.

Debt/EBITDA ratio
The debt/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 to this indicator on an ongoing basis. Debt is the value of the Group's net financial debt calculated at average exchange rates for the previous 12 months. The Group's EBITDA for the past 12 months is pro-rated to take account of the annual effect of the acquisitions and disposals made in the same period, assuming that they were completed at the beginning of the 12-month reporting period. Non-cash components of the operating flows are excluded from that value.

- **Appendix of alternative performance indicators**

In the EBITDA for the first nine months of 2019, the result from recurring activities (EBIT) and the Group profit before tax were adjusted to take account of the items shown in the table below.

To ensure the figures are fully comparable with those of the same period in 2018, Campari Group will continue to provide alternative performances for 2019, as if IFRS 16-'Leases' had not been applied.

nine months 2019	EBITDA		EBIT		Group net profit before taxes	
	€ million	% on sales	€ million	% on sales	€ million	% on sales
alternative performance indicator 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 indicator adjusted	**340.3**	**26.1%**	**288.0**	**22.1%**	**259.0**	**19.9%**
IFRS 16 effect	11.4	0.9%	1.3	0.1%	(1.3)	-0.1%
alternative performance indicator adjusted for IFRS 16-'Leases' application	**328.8**	**25.2%**	**286.8**	**22.0%**	**260.3**	**20.0%**

nine months 2018	EBITDA		EBIT		Group net profit before taxes	
	€ million	% on sales	€ million	% on sales	€ million	% on sales
alternative performance indicator reported	**312.2**	**26.0%**	**271.5**	**22.6%**	**249.4**	**20.8%**
capital gains / (losses) from business disposals	38.5	3.2%	38.5	3.2%	38.5	3.2%
other gains / (losses) from disposals of tangible and intangible fixed assets	0.3	-	0.3	-	0.3	-
devaluation of tangible assets, goodwill, trademarks and business disposed	(0.2)	-	(0.2)	-	(0.2)	-
fees from acquisition/disposals of business or companies	(0.3)	-	(0.3)	-	(0.3)	-
restructuring and reorganisation costs	(14.7)	-1.2%	(14.7)	-1.2%	(14.7)	-1.2%
other adjustments of operating income (charges)	(11.4)	-0.9%	(11.4)	-0.9%	(11.4)	-0.9%
other adjustments to financial income (charges)	-	-	-	-	1.6	0.1%
total adjustments	**12.3**	**1.0%**	**12.3**	**1.0%**	**13.9**	**1.2%**
alternative performance indicator adjusted	**299.8**	**25.0%**	**259.2**	**21.6%**	**235.5**	**19.6%**

Conclusions on the first nine months of 2019 and outlook

In the first nine months of 2019, Campari Group achieved solid results in terms of both total and organic sales growth as well as across all adjusted profitability indicators.
After a strong first half, the positive performance continued in the third quarter, driven by a good sales performance for the aperitif portfolio in a high seasonality period. Furthermore, the results can be considered very satisfactory in light of the unfavourable comparison base in the third quarter, as well as unfavourable weather conditions in some northern European markets.
In terms of organic performance, sales growth was positive in all of the Group's key geographic areas, and in particular in high-margin European and North American markets. Moreover, the main emerging markets in South America and Eastern Europe recorded a good recovery, supported by a favourable comparison base.
Regarding the brands, organic growth was positive for all brand clusters, in particular the high-margin Global priorities, whose over-performance continued to drive sales mix improvement and therefore supporting operating margin expansion, in line with the Group's strategic objectives.
The gross margin expansion can be considered positive in light of the negative impact driven by trends in agave costs, whose purchase price continues to show a growing trend. Regarding the third quarter results, the gross margin expansion, driven by the particularly favourable performance of the aperitif business, largely compensated for the dilutive effect of the agave purchase price, mitigated in the third quarter by order phasing of Espolòn.
In the nine months, organic operating profitability indicators showed an excellent trend in terms of absolute growth and margin expansion thanks to a normalization of advertising investments in the third quarter, ahead of the seasonal peak in the fourth quarter of the year which is a key period for the spirits business, and after reinvestments in strengthening the Group's commercial structures in selected markets.
Overall, the growth in sales and profitability indicators at an adjusted level reflect the positive change in exchange rates, mainly driven by the strengthening of the US Dollar against the Euro, which more than offset a slightly a negative perimeter impact due to the tail-end effect of a number of agency distribution contract terminations in previous months.
The outlook for 2019 remains balanced in terms of risks and opportunities.
On an organic level, the positive performance of the business will continue into the last quarter. On a full year basis, the key combinations of high-margin brands in the Group's key markets will be the main driver of organic growth and sales-mix improvement.
The Group expects that, on a full year basis, despite a positive continuation of the current operating profit (EBIT), the margin expansion may be moderated by the increase in the agave purchase price, which continues to show a growing trend and is exceeding expectations. Furthermore, the Group will continue to invest in brand building activities and initiatives to strengthen commercial structures into the final quarter of the year, which represents the peak seasonality of the spirits business.
As for the overall results, the strengthening of the US Dollar against the Euro is expected to continue to more than offset the depreciation of emerging market currencies. Finally, regarding changes in the perimeter, it is expected that the negative impact, due to the termination of agency distribution contracts in the first half, could be mitigated by the first consolidation in the fourth quarter of the newly acquired business Trois Rivières and La Mauny.
Overall, the Group confirms its confidence in achieving a positive set of results in 2019, in terms of both organic and overall performance.

Significant events taking place after the end of the period

Acquisitions and commercial agreements

Controlling interest in the Ancho Reyes and Montelobos brands
On 9 October 2019, Campari Group announced the acquisition from a group of Mexican entrepreneurs of the controlling interests in the capital of (i) Licorera Ancho y Cia S.A.P.I. de C.V. and (ii) Casa Montelobos S.A.P.I. de C.V.
The total acquisition price for 51% of the two companies is USD35.7 million, and is subject to customary price adjustment. Under the agreement, the remaining portions of capital of both companies are subject to call and put options, which may be exercised by the counterparties from 2024.
The two companies are the owners, respectively, of the super premium brands Ancho Reyes, a spicy liqueur, and Montelobos, a handcrafted mezcal. In 2018, net sales of the two brands totalled around USD7 million, before any distribution synergies. The United States is the main market for both brands, with 66.4% of sales. The remaining portion of sales occurs in Mexico, the UK and other international markets.
The aim of the acquisition is to enrich the Group's offering of super premium brands, with exposure on the strategic on-premise channel and a specific focus on the key US market. Ancho Reyes is a liqueur with a unique and versatile spicy taste and strong international potential. It is ideally positioned to benefit from the trend in mixology. Montelobos, a handcrafted product experiencing strong growth, will enable Campari Group to enter the premium mezcal segment.

Reorganisation and restructuring activities

Outsourcing of the financial and administrative activities of countries in the Southern Europe, Middle East and Africa region and the Northern, Central and Eastern Europe region
As part of the project to outsource the Group's accounting and administrative functions, the activities previously carried out for the countries in the Southern Europe, Middle East and Africa region and the Northern, Central and Eastern Europe region by the European shared service centre, located in Sesto San Giovanni, were outsourced to an external provider from 1 October 2019. After a detailed evaluation, based partly on its positive experiences in the American region in 2018, the Group concluded that this change could result in improved efficiency of its accounting and administrative procedures, including in terms of automation and technological innovation. A dedicated global business service function was established at the Parent Company, Davide Campari-Milano S.p.A., to manage the external provider for all the above-mentioned geographical regions, which will include monitoring and organisation activities. Campari Services S.r.l. was therefore placed in liquidation.

Other information

In accordance with Article 70, paragraph 8, and Article 71, paragraph 1-bis, of Consob Regulation 11971 of 14 May 1999, the Board of Directors has decided to take advantage of the option to derogate from the obligations to make available to the public the information documents prescribed in relation to significant mergers, spin-offs and capital increases through contributions in kind, acquisitions and disposals.

Sesto San Giovanni (MI), 29 October 2019

Chairman of the Board of Directors

Luca Garavoglia

Paolo Marchesini, the director responsible for preparing the company's accounting statements, hereby declares that, pursuant to paragraph 2, Article 154-bis of the TUF, the accounting information contained in this additional financial information accurately represents the figures contained in the Group's accounting documents, ledgers and records.

Paolo Marchesini

Chief Financial Officer

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