DAVIDE CAMPARI-MILANO S.p.A.
ADDITIONAL FINANCIAL INFORMATION
AT 31 MARCH 2017

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Disclaimer

This document contains forward-looking statements relating to future events and the operating, economic and financial results of Gruppo Campari. These statements contain an element of risk and uncertainty since, by their very nature, they depend on future events and developments. Actual results may vary significantly from those forecast for a number of reasons, most of which are beyond the Group's control.

The official text is the Italian version of the document. Any discrepancies or differences arisen in the translation are not binding and have no legal effect. In case of any dispute on the content of the document, the Italian original shall always prevail.

Highlights

This periodic additional financial information for the quarter ending 31 March 2017 has been prepared using the same recognition and measurement criteria as those used to prepare the 2016 annual financial statements, to which reference is made. This document has not been audited.
Pursuant to CONSOB Resolution 19770 of 26 October 2016, which introduced Article 82-*ter* on the subject of 'periodic additional financial information' effective from 2 January 2017, Gruppo Campari hereby advises that it considers it appropriate, with a view to ensuring the continuity and regularity of financial information provided to shareholders, the financial community and stakeholders generally, to continue to publish, on a voluntary basis, quarterly information in a format and content that are broadly in line with the provisions of pre-existing regulations.
Specifically, 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 the consolidated net financial debt.

	2017	2016	change	
			total	at constant exchange rates
	€ million	€ million	%	%
Net sales	**376.6**	**327.4**	**15.0%**	**12.3%**
Contribution margin	151.4	126.7	19.4%	16.8%
Adjusted EBITDA(1)	78.6	66.8	17.7%	15.8%
EBITDA	**77.8**	**60.8**	**27.8%**	**25.8%**
EBIT adjusted (1)	64.4	53.9	19.5%	17.8%
EBIT	**63.6**	**47.9**	**32.6%**	**30.8%**
Profit before tax	53.6	34.2	56.6%	53.5%
Group profit before tax	**53.6**	**34.2**	**56.7%**	**53.6%**
Ajusted Group profit before tax(1)	**54.4**	**34.9**	**56.0%**	
EBIT margin (EBIT/net sales)	**16.9%**	**14.6%**		
	31 March 2017	31 December 2016		
	€ million	€ million		
Net debt	1,206.3	1,199.5		

(1) For information on the definition of alternative performance indicators, see the section of this periodic additional financial information on 'Alternative performance indicators' below.

Information on the figures presented

For ease of reference, all figures in this additional financial information are expressed in millions of euro to one decimal place, whereas the original data is recorded and consolidated by the Group in thousands of euro. Similarly, all percentages that relate to changes between two periods, as well as percentages of 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 percentage changes.
For information on the definition of alternative performance indicators, see the next section of this additional financial information.

Corporate officers

Marco P. Perelli-Cippo	Honorary Director

Board of Directors[(1)]

Luca Garavoglia	Chairman
Robert Kunze-Concewitz	Managing Director and Chief Executive Officer
Paolo Marchesini	Managing Director and Chief Financial Officer
Stefano Saccardi	Managing Director and General Counsel and Business Development Officer
Eugenio Barcellona	Director and member of the Control and Risks Committee and the Remuneration and Appointments Committee[(4)]
Giovanni Cavallini	Director[(5)]
Camilla Cionini-Visani	Director and member of the Control and Risks Committee and the Remuneration and Appointments Committee[(4)(5)]
Karen Guerra	Director [(5)(6)]
Thomas Ingelfinger	Director and member of the Control and Risks Committee and the Remuneration and Appointments Committee[(4)(5)]
Annalisa Elia Loustau	Director[(5)]
Catherine Vautrin-Gérardin	Director[(5)]

Board of Statutory Auditors[(2)]

Pellegrino Libroia	Chairman
Enrico Colombo	Statutory Auditor
Chiara Lazzarini	Statutory Auditor
Giovanni Bandera	Alternate Auditor
Graziano Gallo	Alternate Auditor
Piera Tula	Alternate Auditor

Independent auditors[(3)]

PricewaterhouseCoopers S.p.A.

[(1)] The 11 members of the Board of Directors were appointed on 29 April 2016 by the shareholders' meeting and will remain in office for the three-year period 2016-2018. At the same shareholders' meeting, Luca Garavoglia was appointed Chairman and granted powers in accordance with the law and the Company's articles of association.
At a meeting held on the same date, the Board of Directors gave Managing Directors Robert Kunze-Concewitz, Paolo Marchesini and Stefano Saccardi the following powers for three years, until approval of the 2018 financial statements:
- individual signature: powers of ordinary representation and management, within the value or time limits established for each type of function;
- joint signature: powers of representation and management for specific types of function, within the value or time limits deemed to fall outside ordinary activities.

[(2)] The Board of Statutory Auditors was appointed on 29 April 2016 by the shareholders' meeting for the three-year period 2016-2018.

[(3)] On 30 April 2010, the shareholders' meeting appointed PricewaterhouseCoopers S.p.A. as its independent auditors for the nine-year period 2010-2018.

[(4)] The Control and Risks Committee and the Remuneration and Appointments Committee were appointed by the Board of Directors on 29 April 2016 for the three-year period 2016-2018.

[(5)] Independent director.

[(6)] Appointed by resolution of the Board of Directors on 29 April 2016.

Periodic additional financial information for the quarter ending 31 March 2017

Significant events during the period

Acquisitions and sales of companies, brands and distribution rights

Acquisition of Bulldog London Dry Gin
On 10 February 2017, the Group acquired ownership of the brand of Bulldog London Dry Gin – the fourth-largest premium gin in the world, available in 95 countries, for USD 55 million plus working capital and assumed liabilities of USD 3.4 million. Gruppo Campari has distributed Bulldog Gin on some markets since 2014 via its own network, under an exclusive five-year agreement, which also included a call option to acquire ownership of the brand in 2020. After re-negotiating the terms of the agreement, Gruppo Campari is to acquire the brand in advance of this date. The agreement includes a potential earn-out payment to be made on the achievement of specific sales volumes that exceed agreed objectives.

Sale of non-core businesses Lapostolle Chilean wines
On 31 January 2017, the Group closed the deal to sell Lapostolle Wines in Chile, which had become part of the Campari perimeter on the acquisition of Grand Marnier, for a total consideration of € 30.0 million, gross of net financial debt.
The business sale, whose net assets have already been classified as held for sale in the financial statements at 31 December 2016, does not have any significant impact on the Group's financial results.

Innovation and new product launches

Campari Calendar (R)evolution
On 24 January 2017, the lead story of the global initiative, 'Campari Calendar (R)evolution', was unveiled in Rome, with a short film entitled 'Killer in Red', written and directed by Paolo Sorrentino, and featuring Clive Owen. The initiative received around 20 million views worldwide via a media campaign carried out in conjunction with Google and You Tube.

Bourbon Whiskey
In February 2017, the 'Whiskey Barons Collection' – a project created in honour of two brands of bourbon, Bond & Lillard and Old Ripy, from the pre-Prohibition period – was unveiled in the US. These high-quality bourbons, which are produced in the oldest distillery in Kentucky, reflect the authenticity of the product and the original packaging.
In the US market, Bourbon Wild Turkey Master's Keep Decades, produced using selected barrels ranging in age from 10 to 20 years old, was introduced nationally as a limited edition.

In the same month, the new global Wild Turkey campaign, directed by Oscar-winner Matthew McConaughey, was launched on the Australian market, on national TV, the digital channels and via external advertising.

SKYY Infusions
In March 2017, California Apricot, a new flavour of SKYY Infusions, was launched on the US market. The new product is the first flavoured vodka infused with real apricot, and celebrates SKYY's Californian origins.

Crodino
In March 2017, a new flavour of Crodino, 'Crodino blood orange flavour', which combines the fruity blood orange note with the intense bitter-sweet taste of Crodino, was launched on the Italian market.

Cinzano sparkling wine
In the first quarter of 2017, Cinzano sparkling wine launched new packaging on the Italian market, with the other markets due to follow suit. The aim is to highlight the product's premium characteristics.

Other significant events

Purchase of own shares

Between 1 January and 31 March 2017, the Group purchased 1,580,000 own shares at an average price of € 9.66, and sold 1,352,125 own shares after the exercise of stock options. At 31 March 2017, the Parent Company held 1,570,219 own shares, equivalent to 0.27% of the share capital.

Consolidation and strengthening of the sales force in South Africa

On 1 January 2017, the Group started to distribute its own brands in the South African market, acting directly through the subsidiary Campari South Africa Pty. Ltd.. The respective sales force is currently being strengthened with the aim of investing in the distribution network and capitalising on growth opportunities for the Group's entire portfolio in this market.

Distribution agreement in China

In March 2017, the Group signed an exclusive distribution agreement with Yuanliu International Trade, a subsidiary of French group Camus, relating to the domestic Chinese market. The aim of this sales agreement is to accelerate growth in the Chinese market, on the back of the well-established distribution network of Yuanliu, a distributor of products that are complementary to those of the Group.

Extension of distribution agreements in the US

On 1 March 2017, Campari America renewed and extended its existing distribution agreements with Southern Glazer ('SGWS'), the largest wine and spirits distributor in North America. Following the extension of this partnership, Campari America switched distribution, under SGWS, into 14 new countries that were previously managed by the Republic National Distributing Company. SGWS's distribution capacity will enable the Group to further increase its market penetration in both new and established markets.

Group operating and financial results

Sales performance

Overall performance

In the first quarter of 2017, the Group's net sales came in at € 376.6 million, a total increase of +15.0% on the same period of last year. This increase in the period breaks down into consistent organic growth plus positive perimeter and exchange rate effects, as shown in the table below.

	2017		2016		total change		3 months change, of which		
	€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate
Americas	176.4	46.8%	134.8	41.2%	41.6	30.9%	8.0%	19.5%	3.4%
Southern Europe, Middle East and Africa	109.2	29.0%	111.0	33.9%	-1.8	-1.6%	1.4%	-3.6%	0.7%
North, Central and Eastern Europe	65.7	17.4%	58.6	17.9%	7.1	12.1%	11.5%	-2.2%	2.8%
Asia-Pacific	25.4	6.7%	23.1	7.1%	2.3	9.8%	-1.1%	2.9%	8.0%
Total	**376.6**	**100.0%**	**327.4**	**100.0%**	**49.2**	**15.0%**	**5.7%**	**6.6%**	**2.7%**

Organic change

In the first quarter of the year, which is the least significant in terms of business seasonality, organic sales growth was +5.7%, driven by the good performance of most of the regions, especially the Americas and Northern, Central and Eastern Europe, which more than offset the slight reduction recorded in the Asia-Pacific region. Similarly, all the global and regional priority brands, the Group's high-margin products, recorded excellent performances, although the result was partly offset by the weakness of the local priority brands.

These results have therefore driven the improved sales mix in terms of products and markets, in line with the Group's strategies.

It should be noted, moreover, that the first quarter, which is the least significant quarter in terms of business seasonality, traditionally suffers from changes in the timing of Easter; the significant percentage changes this may lead to will then be partly reabsorbed in the following quarters. The results obtained in the first quarter should be viewed as particularly positive in light of the unfavourable comparison with the first quarter of 2016, in which organic growth was +7.2% and which benefited from an early Easter and other positive one-off effects.

The main trends by individual geographical region are shown below.

- The **Americas** region closed the quarter with organic growth of +8.0%, driven by the performance of the US (+7.5%), which confirmed its position as the Group's main market, with 30.1% of total sales, and the excellent result achieved by Brazil (+51.7%) in a less important quarter for this market, and Jamaica (+25.7%), as well as the other markets, in particular Mexico (+44.4%).
- The **Southern Europe, Middle East and Africa** region reported organic growth of +1.4% in the first quarter. In Italy, organic growth was slightly negative (-1.4%), as it was also partly affected by the comparison with the previous year, which had benefited from the positive effect of an early Easter. The **other countries in the region** reported double-digit growth of +10.6% thanks to the healthy performance of the Global Travel Retail channel. In South Africa, the Group benefited from the transition to its own direct sales structure.
- The **Northern, Central and Eastern Europe** region recorded organic growth of +11.5%, driven, in particular, by positive double-digit performances in Russia, the UK, Belgium and Austria, while there was a slight, temporary fall in the German market, due to the agency brands which suffered from an unfavourable basis for comparison; meanwhile the lower-margin Cinzano franchise continued to underperform.
- The **Asia-Pacific** region recorded a slight fall of -1.1% in sales in the first quarter, mainly due to the negative performance of the Australian market (-3.0%), which was affected by unfavourable weather conditions and strong competitive pressure; this was partly offset by the positive performances of China and Japan.

The main trends by brand are shown below.

- The **Group's global priority brands** posted organic growth of +10.8%, with all brands making a positive contribution. Specifically, Aperol and Campari registered positive performances of +17.7% and +3.1% respectively, a highly satisfactory result in light of the particularly unfavourable basis for comparison; Wild Turkey and the Jamaican rums portfolio posted double-digit growth, indicating the expected recovery compared with the last quarter of the previous year. SKYY recorded broadly stable growth of +0.2%. Lastly, Grand Marnier, which became part of the Group's portfolio in July 2016 and is therefore included in the positive perimeter effect, contributed to the global priority brands' overall performance, which recorded sales of € 31.0 million (8.2% of the Group's sales) in the first quarter of the year.
- **Regional priority brands** also posted double-digit organic growth of +13.2% in the quarter. All the main brands contributed to growth, especially the performances of Espolòn, Frangelico, GlenGrant, Cinzano and Bulldog.
- Growth in **local priority brands**, however, declined by -3.0% during the quarter, mainly due to the decrease in sales of Campari Soda in Italy and Wild Turkey ready-to-drink in Australia.

Perimeter effect

The positive perimeter effect of +6.6%, which translates into growth of +16.2% in the adjusted result from recurring activities, is attributable to the consolidation of Société des Produits Marnier Lapostolle S.A. (SPML) from 1 July 2016. This factor more than offset the sales of businesses and the termination of distribution agreements in line with the Group's strategy to rationalise non-core, low-margin activities and increase its focus on the core business of spirits.
It should be noted that the acquisition of Bulldog London Dry Gin, which was completed in February 2017, did not generate any perimeter effects, as the brand was already integrated into the Group's distribution network.

As regards business disposals, the quarter includes the effects of the sale of the Chilean wines business, purchased as part of the SPML deal, which closed on 31 January 2017, and the sale of Sella&Mosca S.p.A. and Teruzzi&Puthod S.r.l. to Terra Moretti Distribuzione S.r.l. during the fourth quarter of 2016, and of the business belonging to Casoni Fabbricazione Liquori S.p.A. and its subsidiary Stepanow S.R.O., for which the deal was closed on 30 March 2016.

The impact of these perimeter effects on the above-mentioned sales is analysed in the table below.

Breakdown of the perimeter effect	€ million	% change on 2016
Acquisitions and sales of business		
Acquisitions (SPML)	32.5	9.9%
Disposal	-7.8	-2.4%
Total acquisition and sales	**24.7**	**7.6%**
Distribution contracts		
New agency brands distributed	0.9	0.3%
Discontinued agency brands	-3.9	-1.2%
Total distribution contracts	**-3.1**	**-0.9%**
Total perimeter effect	**21.7**	**6.6%**

Exchange rate effects

The positive exchange rate effect (+2.7%) was associated with the revaluation of many of the Group's currencies in markets such as Brazil, the US, Russia, Canada and Australia. This appreciation offset the euro's rise against other currencies such as the Mexican Peso and UK Sterling.

The table below shows the average exchange rates for the first quarter of 2017 and spot rates at 31 March 2017 for the Group’s main currencies, together with the percentage change against the euro, compared with the average exchange rates and spot rates in 2016 and the spot rates at 31 December 2016.

	average exchange rates		spot exchange rates		
	2017	change compared with 2016	31 March 2017	change compared with 31 March 2016	change compared with 31 December 2016
	: 1 Euro	%	: 1 Euro	%	%
US Dollar (USD)	1.065	3.5%	1.069	6.5%	-1.4%
Canadian Dollar (CAD)	1.409	7.6%	1.427	3.3%	-0.5%
Jamaican Dollar (JMD)	136.239	-2.0%	136.989	1.1%	-1.5%
Mexican Peso (MXN)	21.633	-8.0%	20.018	-2.1%	8.8%
Brazilian Real (BRL)	3.346	28.7%	3.380	21.8%	1.5%
Argentine Peso (ARS)	16.692	-4.7%	16.459	1.0%	1.8%
Russian Ruble (RUB)	62.532	32.0%	60.313	26.5%	6.6%
Australian Dollar (AUD)	1.405	8.9%	1.398	5.9%	4.4%
Chinese Yuan (CNY)	7.334	-1.7%	7.364	-0.2%	-0.6%
Pound Sterling (GBP)	0.860	-10.4%	0.856	-7.5%	0.1%
Swiss Franc (CHF)	1.069	2.5%	1.070	2.2%	0.4%

Sales by region

Sales for the quarter are analysed by geographical region and key market below. The comments mainly relate to the organic component of the change in each market.

- **Americas**

The region, broken down below into its main markets, recorded overall organic growth of +8.0%.

	% of Group sales	2017		2016		total change		3 months change, of which		
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate
US	30.1%	113.3	64.2%	79.7	59.1%	33.6	42.2%	7.5%	31.0%	3.8%
Jamaica	5.0%	18.9	10.7%	15.3	11.4%	3.6	23.4%	25.7%	0.3%	-2.5%
Brazil	2.7%	10.2	5.8%	5.2	3.9%	5.0	95.5%	51.7%	0.2%	43.6%
Argentina	2.0%	7.4	4.2%	10.9	8.1%	-3.5	-32.4%	-26.3%	-2.8%	-3.3%
Canada	3.1%	11.8	6.7%	9.3	6.9%	2.5	26.3%	4.8%	13.6%	7.9%
Other countries	3.9%	14.8	8.4%	14.3	10.6%	0.5	3.3%	3.8%	4.4%	-5.0%
Americas	**46.8%**	**176.4**	**100.0%**	**134.8**	**100.0%**	**41.6**	**30.9%**	**8.0%**	**19.5%**	**3.4%**

The **United States,** with organic growth of +7.5%, confirmed its position as the Group's main market (30.1% of total sales). This particularly satisfactory performance, in light of the unfavourable comparison with the first quarter of 2016 (+14.8%), was due to double-digit growth in the quarter by the main brands, such as Wild Turkey, Aperol and Campari, and the Jamaican rums, as well as the continuous development of Espolòn. These results more than offset the decline in SKYY sales during the quarter, which was the result of fierce competition within the category and the continuing weakness of the flavoured vodkas segment, which penalised overall performance. Marketing support to the brand was postponed to the second quarter of the year, in conjunction with the launch of the new advertising campaign.

Sales in **Jamaica** rose by +25.7% in the quarter thanks to the excellent results achieved by Campari and the Jamaican rums portfolio, particularly Wray&Nephew Overproof.

In **Brazil**, although the economic situation is improving, the country still faces political instability and high unemployment rates. Sales growth was +51.7% in the quarter, mainly due to the favourable basis for comparison with the first quarter of 2016. The brands that contributed most to this performance were Campari and the local brands (Dreher and Sagatiba).

Argentina posted a negative performance of -26.3%, mainly due to an unfavourable basis for comparison with the first quarter of 2016 (+87.6%), but also due to the slowdown of consumption currently under way and the general macroeconomic situation in the country, which has particularly affected Campari and Cinzano, the most important brands in this market.

Sales in **Canada** rose by +4.8% in the quarter, led by SKYY Vodka, Forty Creek and Carolans. Campari and Aperol continued to grow, albeit starting from a low base in volume terms, confirming the positive trend seen in 2016.

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

The region, which is broken down by main market in the table below, grew by +1.4%.

	% of Group sales	2017		2016		total change		3 months change, of which		
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate
Italy	21.3%	80.1	73.4%	85.5	77.0%	-5.4	-6.3%	-1.4%	-4.9%	0.0%
Other countries of the region (*)	7.7%	29.1	26.6%	25.5	23.0%	3.6	14.0%	10.6%	0.6%	2.9%
Southern Europe, Middle East and Africa	**29.0%**	**109.2**	**100.0%**	**111.0**	**100.0%**	**-1.8**	**-1.6%**	**1.4%**	**-3.6%**	**0.7%**

(*) Includes the Global Travel Retail channel.

In **Italy** organic growth was slightly negative (-1.4%), as it was also affected by the comparison with the previous year, which had benefited from the positive effect of an early Easter. The Global priority brands recorded a positive performance (+3.0%) due to continuous growth in Aperol; this offset a slight, temporary slowdown in Campari, which was penalised by an extremely unfavourable comparison with the first quarter of 2016 (+44.0%) in this market. Sell-out figures confirm the extremely positive state of health of the brands. Market performance has been affected by the local priority brands, which recorded a fall of -5.6%, mainly attributable to Campari Soda.

The **other countries in the region** recorded double-digit growth of +10.6%, due to the healthy performance of the Global Travel Retail channel (where growth was driven not only by global priority brands Aperol and Wild Turkey, but also by GlenGrant and Appleton). Sales growth in South Africa was associated with the launch of its own distribution structure. This

performance offsets the negative trend in Nigeria, which has been affected by prolonged socio-economic instability. Growth in the other markets in the region was stable and slightly positive.

- **Northern, Central and Eastern Europe**

The region posted overall organic growth of +11.5%, spread across its main markets.

	% of Group sales	2017		2016		total change	3 months change, of which			
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate
Germany	7.9%	29.7	45.3%	32.3	55.2%	-2.6	-8.0%	-1.5%	-6.4%	0.0%
Russia	2.9%	11.0	16.8%	4.2	7.1%	6.9	165.3%	86.5%	19.1%	59.7%
Other countries of the region	6.6%	24.9	37.9%	22.1	37.7%	2.8	12.6%	16.6%	-0.1%	-3.8%
North, Central and Eastern Europe	**17.4%**	**65.7**	**100.0%**	**58.6**	**100.0%**	**7.1**	**12.1%**	**11.5%**	**-2.2%**	**2.8%**

In **Germany**, the first quarter closed with a fall of -1.5%, mainly due to the unfavourable basis for comparison (+10.6%). Specifically, the global priority brands recorded positive growth of +14.0% due to the excellent performances of Aperol and Campari, while the agency brands reported a fall during the quarter. Regional brands Averna, Frangelico and Bulldog also registered growth, which was partly offset by the fall in Cinzano sparkling wines.

In **Russia,** the first quarter of 2017 began positively with growth of +86.5%, particularly due to the performance of the Cinzano and Mondoro sparkling wines. It should also be noted that this performance was achieved despite a relatively unfavourable basis for comparison with 2016. However, competition remains fierce and the macroeconomic situation is set to continue for the whole of 2017. Therefore, the Group's forecasts remain cautious.

Sales in the **other countries in the region** increased by +16.6% in the quarter, with double-digit growth in the UK, Austria and Belgium, driven by global priority brands Campari, Aperol and Appleton.

- **Asia-Pacific**

The table below shows the region, broken down into Australia and the other countries, with details of the changes during the period. The first quarter closed with a fall in sales of -1.1%.

	% of Group sales	2017		2016		total change	3 months change, of which			
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate
Australia	5.1%	19.1	75.3%	18.0	77.8%	1.1	6.3%	-3.0%	0.6%	8.7%
Other countries of the region	1.7%	6.3	24.7%	5.1	22.2%	1.1	22.2%	5.5%	11.0%	5.8%
Asia-Pacific	**6.7%**	**25.4**	**100.0%**	**23.1**	**100.0%**	**2.3**	**9.8%**	**-1.1%**	**2.9%**	**8.0%**

In **Australia**, the region's main market**,** sales contracted slightly by -3.0%. The excellent performance of Aperol, SKYY and Espolòn was partly offset by the weakness of Wild Turkey ready-to-drink and bourbon, which was partly due to strong competitive pressure and unfavourable weather conditions.

In the **other countries**, which recorded growth of +5.5%, China and Japan recorded good performances, with the latter making up some of the ground lost during the previous year, especially relating to sales of Wild Turkey. SKYY and Cinzano sparkling wines also posted positive growth.

Sales by major brands at consolidated level

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

	% of Group sales	3 months change, of which			
		total	organic	perimeter	exchange rate
Campari	9.7%	4.4%	3.1%	-	1.3%
SKYY [(1)]	10.4%	4.6%	0.2%	-	4.5%
Aperol	10.7%	18.8%	17.7%	-	1.1%
Wild Turkey portfolio [(1)(2)]	8.4%	29.0%	23.9%	-	5.1%
Jamaican rums portfolio [(3)]	5.8%	16.1%	16.8%	-	-0.7%
global priority brands (excluding Grand Marnier)	**45.1%**	**13.2%**	**10.8%**	**-**	**2.4%**
Grand Marnier	8.2%	-	-	-	-
global priority brands	**53.3%**	**33.9%**	**10.8%**	**20.7%**	**2.4%**
Cinzano	4.0%	14.4%	6.1%	-	8.3%
Frangelico	1.7%	14.4%	12.2%	-	2.2%
Averna and Braulio	1.8%	2.4%	2.0%	-	0.4%
Forty Creek	1.1%	18.6%	11.6%	-	7.0%
Espolòn	2.4%	83.0%	75.3%	-	7.8%
Bulldog	0.7%	36.2%	34.9%	-	1.3%
other	5.6%	11.5%	4.7%	-	6.8%
regional priority brands	**17.3%**	**19.1%**	**13.2%**	**-**	**5.8%**
Campari Soda	3.7%	-8.5%	-8.5%	-	0.0%
Crodino	3.2%	-1.7%	-1.8%	-	0.0%
Wild Turkey portfolio ready-to-drink [(4)]	2.0%	-3.7%	-11.6%	-	7.9%
Brazilian brands Dreher and Sagatiba	1.2%	88.7%	48.8%	-	39.9%
other	1.7%	-0.3%	-1.6%	-	1.3%
local priority brands	**11.8%**	**0.8%**	**-3.0%**	**-**	**3.8%**
rest of the portfolio	**17.6%**	**-15.7%**	**-4.2%**	**-11.8%**	**0.4%**
total	**100.0%**	**15.0%**	**5.7%**	**6.6%**	**2.7%**

(1) Excludes ready-to-drink.
(2) Includes American Honey.
(3) Includes Appleton, J.Wray and Wray & Nephew Overproof rum.
(4) Includes American Honey ready-to-drink.

The **Group's global priority brands** (53.3% of the Group's sales) recorded organic sales growth of +10.8%. The perimeter effect, arising from the inclusion of Grand Marnier, was +20.7% (equivalent to € 31 million), while the exchange rate effects for the quarter had a modest positive impact (+2.4%). Overall growth was +33.9%.

Campari reported organic growth of +3.1%, due, in particular, to the solid growth recorded in the US, Germany, France, Austria, Brazil and Jamaica. These positive factors offset the temporary decline in some markets, such as Argentina and Italy, that was partly due to the particularly unfavourable basis for comparison with the first quarter of 2016, and the ongoing weakness in Nigeria.

SKYY closed the quarter with broadly stable organic growth of +0.2%, compared with the year 2016. The negative performance by the United States – mainly attributable to the fierce competition within the category and the ongoing weakness in the flavoured vodkas segment, which penalised overall growth – was offset by the positive performance of some markets such as South Africa (where the Group has launched its own distribution structure), Brazil, Canada, China, Nigeria, Australia, Japan and the UK. Marketing support to the brand was postponed to the second quarter of the year, in conjunction with the launch of the new advertising campaign.

Aperol reported substantial organic growth of +17.7%, due to increased sales in the Group's main geographical areas, especially Italy, the US, Germany and Austria, but also Australia, Spain, Russia, Brazil, Canada, Greece and South Africa.

The **Wild Turkey** portfolio, which includes American Honey, grew by +23.9% during the period, due to a very substantial increase in sales in the US and Japanese markets, attributable to the expected recovery, and in other markets where volumes are still modest.

It should be noted that the performance described does not include the Wild Turkey ready-to-drink portfolio which, given that it is an exclusively domestic business in the Australian market, is classified under local priority brands.

The **Jamaican rums portfolio** (Appleton Estate, J.Wray and Wray&Nephew Overproof) reported overall organic growth of +16.8%, with positive performances in Jamaica, the main market for these brands, the US and the UK.

The **regional priority brands** (17.3% of the Group's sales) also reported double-digit growth of +13.2% in the period, spread across all the main brands in the category, especially Espolòn, Frangelico, GlenGrant, Bulldog and Mondoro.

In addition to its positive performances in the US and the UK, **Frangelico** (+12.2%) reported an excellent result in Germany in the quarter.

Averna (+0.9%) recorded positive results in the US and Germany, offsetting less favourable results in some minor markets and in Italy, due to a particularly unfavourable basis for comparison with the first quarter of 2016.

Bulldog, a brand that was officially included in the Group's regional priority brand portfolio during the quarter, recorded growth of +34.9% due to the performances posted in markets such as Germany, the US, Belgium and the UK.
Espolòn (+75.3%) continued to report solid double-digit growth in the US, as well as positive results in the markets in which the brand is currently being developed, including Australia, Russia and Italy.
Of the regional brands, **Cinzano** also achieved growth of +6.1%, most of which was recorded by Cinzano sparkling wines on the Russian market; this offset the negative performances of Cinzano vermouth in Argentina, partly due to a particularly unfavourable basis for comparison with the first quarter of 2016, and Cinzano sparkling wine in Germany.
Forty Creek recorded positive growth of +11.6%, due to a healthy performance in its main markets of Canada and the US.
Other brands to post positive first-quarter results in the segment were GlenGrant, Carolans, Braulio and Mondoro, due to favourable performances in their main markets, Italy, the US, France and Russia, while sales of Riccadonna fell slightly, mainly due to delays in shipments.

The **local priority brands** (11.8% of the Group's portfolio) reported a slightly negative performance of -3.0% during the quarter, due to the decline in sales of Campari Soda in Italy and the effects of a late Easter, and Wild Turkey ready-to-drink in Australia, due to strong competitive pressure and particularly unfavourable weather conditions at the start of the year. The Brazilian brands, however, experienced a recovery (+48.8%).

The **rest of the portfolio** (17.6% of the Group's sales) reported an organic decline on the previous year (-4.2%), mainly due to lower sales of bulk products, especially on the US market, but also to third-party bottling activity in Australia.

Income statements

Preliminary remarks

The income statement for the first quarter of 2017, compared with 2016, shows a positive performance by all of the main operating profitability indicators in terms of both organic and total changes.
At consolidated level, as described in the previous section, sales reported overall growth of +15.0% compared with the same period of the previous year. This result was due to organic growth of +5.7%, plus a positive perimeter effect of +6.6% and a positive exchange rate effect of +2.7%.
At operating performance level, owing to improvements in the sales mix in terms of products and markets, in line with the Group’s growth strategy, the gross margin increased by +21.6% (+8.5% at organic level), the contribution margin by +19.4% (+6.1% at organic level) and the result from recurring activities by +19.5% (+1.6% at organic level).
The Group's adjusted profit before tax increased by +56.7%. During the two periods under comparison, the effects of adjustments to operating and financial income and charges (also measured before taking account of the related tax effect), which in the first quarter of 2016 were represented by ancillary costs relating to the acquisition of SPML, restructuring expenses and the sale of the Group's non-core businesses, and non-recurring income from the sale of financial assets, were modest overall, confirming the Group's adjusted profit before tax of € 54.4 million, an increase of +56.0%.

Income statement

	2017		2016		total change		of which organic		of which external		of which due to exchange rates	
	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%
Net sales	**376.6**	**100.0**	**327.4**	**100.0**	**49.2**	**15.0%**	**18.8**	**5.7%**	**21.7**	**6.6%**	**8.8**	**2.7%**
Cost of goods sold	(158.8)	-42.2	(148.3)	-45.3	(10.5)	7.1%	(3.5)	2.4%	(3.1)	2.1%	(3.9)	2.6%
Gross profit	**217.9**	**57.8**	**179.2**	**54.7**	**38.7**	**21.6%**	**15.3**	**8.5%**	**18.6**	**10.4%**	**4.9**	**2.7%**
Advertising and promotional costs	(66.5)	-17.7	(52.4)	-16.0	(14.1)	26.8%	(7.6)	14.5%	(4.9)	9.3%	(1.6)	3.0%
Contribution margin	**151.4**	**40.2**	**126.7**	**38.7**	**24.6**	**19.4%**	**7.7**	**6.1%**	**13.7**	**10.8%**	**3.3**	**2.6%**
Overheads	(87.0)	-23.1	(72.8)	-22.2	(14.1)	19.4%	(6.8)	9.3%	(4.9)	6.8%	(2.4)	3.3%
Adjusted result from recurring activities [1]	**64.4**	**17.1**	**53.9**	**16.5**	**10.5**	**19.5%**	**0.9**	**1.6%**	**8.7**	**16.2%**	**0.9**	**1.7%**
Adjustments to operating income (charges)[1]	(0.8)	-0.2	(6.0)	-1.8	5.1	-	-	-	-	-	-	-
Operating result [1]	**63.6**	**16.9**	**47.9**	**14.6**	**15.6**	**32.6%**	**-**	**-**	-	-	-	-
Financial income (charges)	(10.0)	-2.7	(19.0)	-5.8	9.0	-47.3%	-	-	-	-	-	-
Adjustments to financial income (charges)[1]	0.1	0.0	5.3	1.6	(5.2)	-	-	-	-	-	-	-
Profit before tax and non-controlling interests interest	**53.6**	**14.2**	**34.2**	**10.5**	**19.4**	**56.6%**	**-**	**-**	-	-	-	-
Group profit before tax	**53.6**	**14.2**	**34.2**	**10.5**	**19.4**	**56.7%**	**-**	**-**	**-**	**-**	**-**	**-**
Group profit before tax adjusted[1]	**54.4**	**14.4**	**34.9**	**10.6**	**19.5**	**56.0%**	**-**	**-**	**-**	**-**	**-**	**-**
Total depreciation and	(14.2)	-3.8	(12.9)	-3.9	(1.3)	10.1%	(0.9)	6.6%	(0.1)	0.8%	(0.4)	2.8%
Adjusted EBITDA[1]	**78.6**	**20.9**	**66.8**	**20.4**	**11.8**	**17.7%**	**1.7**	**2.6%**	**8.8**	**13.2%**	**1.3**	**1.9%**
EBITDA	**77.8**	**20.7**	**60.8**	**18.6**	**16.9**	**27.8%**	**7.0**	**11.5%**	**8.7**	**14.3%**	**1.2**	**2.0%**

[1] For information on the definition of alternative performance indicators, see the next section of this report on operations in the section ‘Alternative performance indicators’.

The resulting changes in the Group’s profitability, calculated in basis points, are shown below.

Dilution in basis point[*]	Total	Organic
Cost of goods sold after distribution costs	310	140
Gross margin	**310**	**140**
Advertising and promotional costs	(160)	(130)
Contribution margin	**150**	**10**
Overheads	(80)	(80)
Result from recurring activities	**60**	**(60)**

[*] There may be rounding effects given that the basis points corresponding to the dilution have been rounded to the nearest ten.

Net sales in the first quarter of the year totalled € 376.6 million, an increase of +15.0% compared with the same period of 2016. The organic growth component had a positive impact of +5.7%, which was strengthened by a positive exchange rate effect of +2.7%. The perimeter effect was positive overall at +6.6%, essentially due to the acquisition of SPML, net of non-strategic sales and the termination of distribution agreements. The acquisition of Bulldog London Dry Gin, completed in February 2017, did not generate any perimeter effects as the brand was already integrated into the Group's distribution network. For more details on these effects and on sales by region and brand, please see the section above.

Gross profit was € 217.9 million, up +21.6% compared with the first quarter of 2016. As a percentage of sales, it rose from 54.7% in 2016 to 57.8% in 2017, with an increase in profitability of 310 basis points (140 basis points at organic level); this result was obtained due to a favourable product/market mix of sales plus a disproportionate contribution of the US market to the Group's total sales in the first quarter. In addition, it should be noted that external growth, due to the acquisition of

SPML, which only became part of the scope of consolidation on 1 July 2016, net of non-strategic sales and the termination of low-margin distribution agreements, had a positive impact of 70 basis points on gross profit.

Advertising and promotional costs were 17.7% of sales, an increase on the previous year's figure of 16.0%. Organic costs rose by +14.5%, generating dilution of 130 basis points. This acceleration was due to the scheduled planning of some major marketing campaigns, which were launched recently. The impact of external growth equated to +9.3% with a dilutive effect of 30 basis points, due to the sale of some businesses with less intensive advertising campaigns.

The **contribution margin** for the period was € 151.4 million, an increase of +19.4% compared with the year-earlier period, due to the combination of positive effects attributable to organic growth of +6.1% and a perimeter effect of +10.8%, and strengthened by a positive exchange rate effect of +2.6%. Consequently, profitability as a percentage of sales increased by 150 basis points in total, of which 140 basis reflected external growth, which benefited from both the inclusion of Grand Marnier and the sale of less profitable businesses.

Overheads increased in the period by +19.4%, due to organic growth of +9.3% and external growth of +6.8%. Exchange rate effects led to an increase of +3.3%. In the two years under comparison, overheads as a percentage of sales increased slightly overall from 22.2% in 2016 to 23.1% in 2017, with a total dilutive effect of 80 basis points. As expected, the increase was due to a number of initiatives to strengthen its distribution structures launched by the Group in some of its markets during 2016 that are due to be completed in the first half of 2017. We highlight, in particular:
- the United States, which saw the continuation of the investment programme launched in the second quarter of 2016 to upgrade the sales structure for the on-premise channel, a strategic distribution segment for the entire premium spirits portfolio, and also in view of the entry of the Grand Marnier brand;
- South Africa, where investment in the new sales organisation launched in the second half of 2016 continued;
- Peru, where the Group invested in the restructuring of the distribution and sales structure.

The **adjusted result from recurring activities** was € 64.4 million, an increase of +19.5% compared with the same quarter of 2016. It was 17.1% as a percentage of sales, an improvement of 60 basis points, compared with 16.5% last year. At organic level, profitability fell by 60 basis points compared with the previous year. The main factors that affected the organic results were:
- an improvement in gross profit, which boosted organic profitability by 140 basis points;
- as a percentage of sales, advertising and promotional costs increased slightly, generating dilution of 130 basis points;
- an increase in overheads, which rose more quickly than organic sales, diluting organic profitability by 80 basis points.

The impact of the perimeter changes on the adjusted result from recurring activities was +16.2%, which generated a 140-basis point improvement. Of this, 110 basis points reflected the acquisition of SPML, which only had an impact on the perimeter effect from 1 July 2016, equating to +17.1% in the first quarter of 2017. It should be noted that the business Grand Marnier made a contribution of € 32.5 million to net sales and € 9.2 million to the adjusted result from recurring activities in the first quarter of 2017.

Adjustments to operating income and charges showed a net charge of € 0.8 million. Net charges were € 6.0 million in the first quarter of 2016, largely due to the ancillary costs associated with the acquisition of SPML.

The **operating result** for the first quarter of 2017 was € 63.6 million, a sustained overall increase of +32.6% compared with the previous year. The return on sales, i.e. the operating result expressed as a percentage of net sales was 16.9% (14.6% in 2016), an increase on the previous year (equivalent to a 220-basis-point rise).

Total **depreciation and amortisation** in the period stood at € 14.2 million, broadly in line with the year-earlier period, with a slight increase of € 1.3 million.

Adjusted EBITDA amounted to € 78.6 million, an increase of +17.7% (+2.6% at organic level) compared with the same period of the previous year. It should be noted that Grand Marnier made a contribution of € 10.2 million.

EBITDA came in at € 77.8 million, an increase of +27.8%.

Net **financial charges** amounted to € 10.0 million, a decrease of € 9.0 million on the figure of € 19.0 million recorded in the same period of 2016; this was attributable to the lower average cost of debt, brought about by liability management operations carried out in the third quarter of 2016, and despite higher average net debt due to the effects of the SPML acquisition.

Specifically, average net debt for 2017 (€ 1,202.9 million) was higher than in the same period of 2016 (€ 874.5 million) and incorporated the effects of acquiring SPML, which was entirely financed from the Group's available cash. The average cost of debt, excluding exchange rate effects and adjustments to financial income and charges, as described below, was 3.1%, a decrease on the average cost of 8% for 2016, as a result of liability management carried out in the third quarter of 2016, aimed at, *inter alia*, reducing the average cost of debt.

Adjustments to financial income and charges were positive at € 0.1 million in the first quarter of 2017, compared with net income of € 5.3 million in the first quarter of the previous year and were mainly associated with the sale of financial assets arising from the closure of pension plans in Jamaica.

There were no **portions of profit relating to non-controlling interests** in 2017, as in the same period of the previous year.

The Group's profit before tax was € 53.6 million, an increase of +56.7% compared with the same period of 2016. Net profit as a percentage of sales was 14.2% (10.5% in 2016). The Group's profit before tax excluding adjustments to operating and financial income and charges for the period (€ -0.7 million), was € 54.4 million, an increase of +56.0% compared with net profit for the same period of 2016, which was also adjusted in the same manner.

Financial position

Breakdown of net debt

At 31 March 2017, the consolidated net financial position was negative at € 1,206.3 million, a decrease of € 6.8 million on the amount of € 1,199.5 million reported at 31 December 2016.

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

	31 March 2017 € million	31 December 2016 € million	change € million
Cash and cash equivalents	353.6	354.1	(0.5)
Payables to banks	(97.1)	(106.9)	9.8
Other financial receivables and payables	(16.5)	(5.7)	(10.8)
Short-term net financial position	**240.0**	**241.4**	**(1.4)**
Payables to banks	(301.8)	(302.3)	0.4
Real estate lease payables	(1.4)	(2.2)	0.8
Bonds(*)	(993.5)	(994.6)	1.1
Other financial receivables and payables	45.3	55.3	(10.0)
Medium/long-term net financial position	**(1,251.4)**	**(1,243.7)**	**(7.7)**
Debt relating to operating activities	**(1,011.4)**	**(1,002.3)**	**(9.1)**
Liabilities for put option, earn-out payments and SPML purchase commitment	(194.9)	(197.2)	2.3
Net financial position	**(1,206.3)**	**(1,199.5)**	**(6.8)**

(*) Including the relevant derivatives.

Net financial debt stood at € 1,206.3 million as of 31 March 2017, broadly in line in comparison to 31 December 2016 (€ 1.199,5 million), after the payment of the Bulldog acquisition, partially offset by the proceeds from the Chilean winery disposal, for a net cash-out amount of approx. € 40 million.

In terms of structure, at 31 March 2017, the net financial position continued to comprise a larger medium-/long-term debt component compared with the short-term portion.

The short-term final net cash position, at € 240.0 million, was broadly unchanged on that at 31 December 2016 and comprised:

- cash and cash equivalents of € 353.6 million;
- payables to banks totalling € 97.1 million;
- short-term net financial assets totalling € 16.5 million, mainly comprising financial assets of € 5.8 million, net of interest of € 16.0 million accrued on existing loans during the period and payables of € 5.0 million relating to exchange rate hedging agreements.

The medium-/long-term component, totalling € 1,251.4 million, comprises existing bonds of € 993.5 million and bank payables of € 301.8 million.

The other medium-/long-term financial receivables and payables item, amounting to € 45.3 million, mainly included cash investments by the Parent Company.

Separately, the Group's net debt included a financial payable of € 194.9 million, arising from the acquisition of SPML for € 190.8 million. The change of € 2.3 million compared with 31 December 2016 relates to the early implementation of the regulation relating to the Group's commitments to purchase SPML shares, carried out in the form of a dividend distributed by SMPL to former shareholders belonging to the Marnier Lapostolle family. The item also includes € 4.1 million relating to earn-out payments on Sagatiba and the remaining debt for the purchase of non-controlling interests in the Jamaican acquisition, which was broadly unchanged on the previous year.

The Group's debt management objectives are based on its ability to ensure that it retains an optimal level of financial soundness, while maintaining an appropriate level of liquidity that enables it to make an economic return and access external sources of funding. The Group monitors changes to its net debt/EBITDA ratio on an ongoing basis. Net debt is the Group's net financial position calculated at average exchange rates for the previous 12 months; EBITDA is the Group's operating result before depreciation, amortisation and non-controlling interests, pro-rated to take account of sales and acquisitions in the past 12 months. At 31 March 2017, this multiple was 2.9 (unchanged from 31 December 2016).

Events taking place after the end of the period

Bond purchase and new issue

On 30 March 2017, Davide Campari-Milano S.p.A. placed two unrated bond issues, with a duration of seven years and five years respectively, and for € 150 million and € 50 million respectively, reserved for institutional investors only. This transaction constituted an exchange for certain existing notes previously issued by Davide Campari-Milano S.p.A. and purchased by BNP Paribas pursuant to a tender offer launched on 22 March 2017, and concluded on 29 March 2017, for a total amount of € 200,001,000.

The bonds purchased were as follows:

- a total nominal amount of € 180,943,000 of existing notes due on 25 October 2019, issued in 2012 with a nominal value of € 400 million, fixed interest of 4.50%;
- a total nominal amount of € 19,058,000 of existing notes due on 30 September 2020, issued in 2015 with a nominal value of € 600 million, fixed interest of 2.75%.

On 5 April 2017, the new bonds were admitted to trading on the unregulated market ('third market') of the Vienna Stock Exchange and, at the same time, the existing notes were exchanged and the difference settled in cash. The amounts relating to the previously issued notes were therefore cancelled by Davide Campari-Milano S.p.A..

The outstanding nominal amounts of the existing notes at the date of the exchange therefore breaks down as follows:

- € 219.1 million due on 25 October 2019;
- € 580.9 million due on 30 September 2020;
- € 50.0 million due on 5 April 2022;
- € 150.0 million due on 5 April 2024.

This transaction will enable Davide Campari-Milano S.p.A. to optimise its debt structure by extending the average maturity of its liabilities and thereby benefit from the low interest rates on the market.

Ordinary and Extraordinary Shareholders' Meetings of the Parent Company

On 28 April 2017, the Extraordinary Shareholders' Meeting of Davide Campari-Milano S.p.A. approved the split of its paid-up share capital of 580,800,000 shares with a nominal value of € 0.1 per share to be carried out via the issue of two new shares with a nominal value of € 0.05 per share for each existing share, carrying dividend rights effective 1 January 2016. The current paid-up share capital of € 58,080,000 (unchanged) is therefore divided into 1,161,600,000 shares. The share split was carried out on 8 May 2017, with the result that the current value of the stock has been halved and the number of shares doubled.

The Ordinary Shareholders' Meeting of Davide Campari-Milano S.p.A., which met on the same date, approved the 2016 financial statements and agreed the distribution of a dividend of € 0.045 per new share (unchanged from the dividend paid for 2015 on an adjusted basis).

The total dividend, calculated on the shares outstanding and excluding own shares was € 52,143,847. It should be noted that, in view of the above-mentioned share split, the number of outstanding shares used to calculate the dividend increased to 1,158,752,164, and the number of own shares held to 2,847,836.

Patent box

On 28 April 2017, Davide Campari-Milano S.p.A. signed an agreement with the relevant tax authority that defines the methods and criteria to be used to calculate the portion of income that is exempt from IRES and IRAP in terms of the 'patent box', i.e. the size of the economic contribution to the company's income generated by intangible assets.

Under this regulation, a preferential tax regime applies to companies that generate income through the direct use of intellectual property or the granting to third parties of the rights to it. The agreement relates to the tax years 2015-2019.

For 2015, the tax reduction is calculated by excluding 30% of the income attributable to the use of eligible intangible assets from the tax base; for 2016, the portion will be 40%, while for the three-year period 2017-2019 it will be 50%. As at the date of publication of this quarterly information, the tax reduction (for IRES and IRAP purposes) for 2015 is around € 12 million, while for 2016 the value is estimated to be approximately € 16 million. The tax reduction applicable to tax years 2015 and 2016 will be recorded in the financial statements for the period ending 30 June 2017 as non-recurring income for the period, and will be deducted from the tax payments of Davide Campari-Milano S.p.A. during 2017.

Conclusions on the first quarter 2017 and outlook

In the first quarter of 2017, the Group reported highly positive results for all performance indicators in terms of both overall results and organic changes. The good organic results in the quarter, which is traditionally a period of modest trading activity, were achieved thanks to positive changes in the sales mix in terms of products and markets, and despite the unfavourable comparison with the first quarter of last year, which benefited from the effect, *inter alia*, of an early Easter. Operating performance indicators also showed the expected acceleration in both advertising investment, due to the timing of major marketing campaigns launched recently, and overheads due to the strengthening of distribution structures undertaken in some markets in the second half of 2016.

Looking ahead to the rest of the year, the Group believes that its growth prospects are broadly balanced and have not changed since its comments at the start of the year.

With specific reference to the macroeconomic environment, the ongoing volatility in some emerging markets, although not currently worsening further, is likely to continue, as is the current political uncertainty in some regions. As a result, the main currencies could continue to oscillate against the euro.
Turning to business performance, the Group is confident that it will achieve a positive and profitable performance this year, driven by the favourable development of its brands and, in particular, the continued out-performance of its global priority and high-margin brands.

With particular reference to the key income statement indicators of organic growth, gross profitability – driven mainly by the sales mix – is expected, on the one hand, to benefit from a gradual recovery in the Jamaican sugar business, but, on the other, to suffer from the impact of inflation on materials costs in emerging markets, and rises in the prices of some raw materials such as agave. Moreover, the expected increase in spending on advertising and promotions and investment in sales structures will continue, as planned, over the first half of the year, although it will also be affected by an unfavourable basis for comparison; we therefore expect a return to a more normal performance in the second half of the year.

Lastly, the business will benefit from the contribution for the full year of the consolidation of Grand Marnier, which was included in the perimeter effect for the first half only, as the brand enters the executive phase of its strategic plan, with support also coming from the development of its distribution in the US. The perimeter effect will also reflect the Group's exit from non-core and less profitable businesses (such as still wines and some agency brands), with positive effects on the Group's profit.

Alternative performance indicators

This interim report on operations presents and comments upon certain financial indicators and reclassified financial statements that are not defined by IFRS.
These indicators, which are described below, are used to analyse the Group's business performance in the 'Highlights' and 'Interim report on operations' 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 measures listed below should be used to supplement the information required by the IFRS to help users of the financial report come to a better understanding of the Group's economic, financial and capital position. The method used by Gruppo Campari to calculate these adjustment measures has been consistent over the years. It should also be noted that these methods could be different from those used by other companies.

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

Contribution margin: calculated as the difference between net sales, the cost of goods sold (in its materials, production and distribution cost components) and advertising and promotional costs.
Adjustments to operating income (charges): defined as certain transactions or events, identified by the Group as adjustment components for the result from recurring activities.
- capital gains/losses on the sale of tangible and intangible assets;
- penalties arising from the settlement of tax disputes;
- impairment losses on fixed assets;
- restructuring and reorganisation costs;
- ancillary costs associated with acquisitions/sales 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, profit/loss before tax for the period and net profit/loss for the period after tax.
The Company believes that these 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 operating performance.
Adjusted result from recurring activities: the operating result for the period net of the above-mentioned adjustments to operating income (charges).
EBITDA: the operating result before depreciation and amortisation of tangible and intangible assets.
Adjusted EBITDA: EBITDA as defined above, excluding adjustments to operating income (charges) as described above.
Adjustments to financial income (charges): several transactions or events identified by the Group as components adjusting the net profit/loss related to events covering a single period or financial year such as:
- charges related to the early termination of financial liabilities;
- financial charges associated with acquisitions/sales of businesses or companies;
- other non-recurring financial income (charges).

Group's adjusted profit/loss before tax: profit for the period before tax and net of 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.

- **Financial position**

Net financial position: calculated as the algebraic sum of:
- cash and cash equivalents
- non-current financial assets, posted to other non-current assets
- current financial assets, posted to other receivables
- payables to banks
- other financial payables
- bonds
- non-current financial liabilities, posted to other non-current liabilities.

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), Tuesday, 9 May 2017

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 interim report on operations accurately represents the figures contained in the Group's accounting documents, ledgers and records.

Paolo Marchesini

Chief Financial Officer

Davide Campari - Milano S.p.A.

Registered office: Via Franco Sacchetti 20, 20099 Sesto San Giovanni (MI)
Share capital: € 58,080,000, fully paid in
Tax code and Milan company register no. 06672120158

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