Interim report for the quarter ending 31 March 2009

INTERIM REPORT
FOR THE QUARTER ENDING

31 MARCH 2009

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Highlights

	31 March 2009 € million	31 March 2008 € million	% change	% change at constant exchange rates
Net sales	**190.1**	**190.9**	**-0.4**	**-2.5**
Contribution margin	79.9	76.7	4.2	1.3
EBITDA before one-offs	**48.2**	**47.3**	**1.9**	**-1.7**
EBITDA	**47.7**	**50.2**	**-5.0**	**-8.4**
EBIT before one-offs	**43.1**	**42.1**	**2.3**	**-1.8**
EBIT	**42.6**	**45.0**	**-5.4**	**-9.2**
EBIT margin (EBIT/net sales)	22.4%	23.6%		
Group profit before tax	**38.4**	**40.1**	**-4.1**	**-7.9**

	31 March 2009 € million	31 December 2008 € million
Net debt	302.3	326.2

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
Stefano Saccardi	Managing Director and Officer Legal Affairs and Business Development
Eugenio Barcellona	Director and member of the Remuneration and Appointments Committee
Enrico Corradi	Director, member of the Remuneration and Appointments Committee and member of the Audit Committee
Cesare Ferrero	Director and member of the Audit Committee
Marco P. Perelli-Cippo	Director and member of the Audit Committee
Renato Ruggiero	Director and member of the Remuneration and Appointments Committee

Board of Statutory Auditors[2]

Antonio Ortolani	Chairman
Alberto Lazzarini	Statutory Auditor
Giuseppe Pajardi	Statutory Auditor
Alberto Giarrizzo Garofalo	Deputy Auditor
GianPaolo Porcu	Deputy Auditor
Paolo Proserpio	Deputy Auditor

Independent auditors[3]

Reconta Ernst & Young S.p.A.

1) The nine-member Board of Directors was appointed by the ordinary shareholders' meeting of 24 April 2007 and will serve for the three-year period 2007-2009.
Luca Garavoglia was confirmed as Chairman of the Board of Directors and granted powers in accordance with the law and the company's articles of association.
The shareholders' meeting of 29 April 2008 ratified the appointment of Robert Kunze-Concewitz as Director on 8 May 2007.
At the same meeting on 8 May 2007, the Board of Directors vested Managing Directors Paolo Marchesini and Stefano Saccardi with the following powers for three years until approval of the 2009 accounts:
- with individual signature: powers of ordinary representation and management, within the value or time limits established for each type of function;
- with joint signature: powers of representation and management for specific types of function, within the value or time limits deemed to fall outside ordinary activities.

On 14 May 2008 the Board of Directors confirmed Robert Kunze-Concewitz in the post of Managing Director with the same powers as those granted on 23 July 2007 and those granted to Paolo Marchesini and Stefano Saccardi.

2) The Board of Statutory Auditors was appointed by the shareholders' meeting of 24 April 2007 and will remain in office until the approval of the 2009 accounts.

3) Appointed by the shareholders' meeting of 24 April 2007, which confirmed that Reconta Ernst & Young S.p.A. would audit the 2007, 2008 and 2009 accounts.

SIGNIFICANT EVENTS IN THE PERIOD

Acquisition of Odessa

On 13 March 2009, the Campari Group completed the acquisition of 99.25% of the share capital of Ukrainian company CJSC Odessa Plant of Sparkling Wines.

The price, paid in cash, was US$ 18.1 million (€ 14.2 million at the exchange rate on the day of closing), equivalent to a multiple of 7 times estimated 2009 EBITDA.

The remaining 0.75% of the share capital continues to be held by a number of shareholders who are independent of the sellers of the majority stake.

Purchase of own shares

In the period 1 January - 31 March 2009, 269,000 own shares were acquired at the average price of € 4.20 per share.

At 31 March 2009, the Parent Company held 2,209,747 own shares, equivalent to 0.7% of the share capital.

Campari stock joins S&P index

The Campari stock joined the S&P/MIB index following the closure of the market on Friday 20 March 2009; it began trading on the index on Monday 23 March 2009.

The S&P/MIB index measures the performance of 40 Italian equities.

It is derived from the universe of stocks trading on the Borsa Italiana main equity market.

Standard & Poor's reviews the composition of the index every six months to ensure it is representative of the Italian market in terms of sectoral classification, free float-adjusted market capitalisation and liquidity, and the Campari stock entered the index as a consequence of this process.

SALES PERFORMANCE

Overall performance

The liquidity crisis affecting the capital markets and the resulting credit crunch have led distributors to reduce their stock levels, which impacted on sales in the first quarter of 2009.

This development, which began towards the end of 2008 and continued in the first quarter of 2009, meant that there was a substantial slowdown in orders from customers who were finding it difficult to obtain credit.

It is worth noting that the trend in consumption in the Group's most important brands and markets remains solid, and in some cases, is increasing.

Net sales in the first quarter of 2009 were € 190.1 million, down 0.4% overall on the same period of 2008.

On a same-structure basis and at constant exchange rates, sales were down 4.2%; however, external growth and exchange rate movements had a positive effect of 1.7% and 2.1% respectively, as shown in the table below.

	€ million	% change versus first quarter of 2008
- net sales in the first quarter of 2009	190.1	
- net sales in the first quarter of 2008	190.9	
Total change	**-0.9**	**-0.4%**
of which		
organic growth	-8.0	-4.2%
external growth	3.3	1.7%
exchange rate effect	3.9	2,1%
Total change	**-0.9**	**-0.4%%**

The organic growth component was particularly hard hit by stock reductions in the US, Brazil and eastern Europe, while destocking in Italy, Germany and central Europe seems to be coming to an end.

Among the main brands, Aperol, SKYY Vodka and Campari Soda produced positive performances, while sales of Campari, Crodino and Cinzano sparkling wines fell slightly and Cinzano vermouth suffered a steep decline.

External growth was positive at € 3.3 million, a year-on-year increase of 1.7%.

The termination of distribution in Italy of scotch whiskies Grant's and Glenfiddich was largely offset by the positive contribution of the recent acquisitions in Mexico and Argentina, and the new distribution agreements in Germany and Brazil.

The table below shows details of external growth, broken down by Group brands (Espolon tequila) and third-party brands such as Grant's and Glenfiddich, the brands distributed by Sabia S.A. in Argentina, Licor 43 in Germany and Cointreau in Brazil.

Sales in the first quarter of 2009: breakdown of external growth	€ million
Espolon tequila	0.6
Sub-total - Group brands	**0.6**
Termination of distribution of Grant's and Glenfiddich in Italy	-0.4
Third-party brands distributed in Argentina, Licor 43 in Germany and Cointreau in Brazil	3.1
Sub-total - third-party brand	**2.7**
Total external growth	**3.3**

Exchange rates had a positive effect on sales of 2.1% overall in the first quarter of the year.

The euro weakened further against the US dollar, with the average exchange rate at 1.30 in the quarter, 15.2% lower than in the same period of 2008.

By contrast, the Brazilian real lost 13.7% of its value against the euro compared with the average rate in the first quarter of 2008.

Among the other currencies, sterling showed a marked negative trend (-16.6%).

The table below shows the average exchange rates for the currencies of greatest importance for the Group.

Average exchange rates for the period 1 January - 31 March	2009	2008	% change
US$ x € 1	1.302	1.500	
€ x US$ 1	0.768	0.667	15.2%
BRL x € 1	3.016	2.602	
€ x BRL 1	0.332	0.384	-13.7%
CHF x € 1	1.497	1.600	
€ x CHF 1	0.668	0.625	6.9%
CNY x € 1	8.904	10.736	
€ x CNY 1000	112.312	93.144	20.6%
GBP x € 1	0.908	0.758	
€ x GBP 1000	1.101	1.320	-16.6%
ARS x € 1	4.614	4.729	
€ x ARS 1000	0.217	0.211	2.5%
MXN x € 1	18.719	16.203	
€ x MXN 1000	53.421	61.715	-13.4%

Sales by region

In the first quarter of 2009, sales growth was recorded in Italy and in the rest of the world and duty free segment.

However, in Europe as a whole, sales were down, despite a strong contribution from western European markets.

Sales also fell in the Americas, with the drop in organic growth outweighing positive external growth and exchange rate effects.

The first table below shows the breakdown and growth of sales by region, while the second breaks down the overall change in each region by organic growth, external growth and the effect of exchange rate movements.

	1 January - 31 March 2009 € million	%	1 January - 31 March 2008 € million	%	% change 2009 / 2008
Italy	100.7	53.0%	99.2	52.0%	1.5%
Europe	36.9	19.4%	39.1	20.5%	-5.6%
Americas	43.3	22.8%	44.3	23.2%	-2.3%
Rest of the world and duty free	9.1	4.8%	8.3	4.3%	10.2%
Total	**190.1**	**100.0%**	**190.9**	**100.0%**	**-0.4%**

Breakdown of % change	Total	% change organic growth	external growth	exchange rate effect
Italy	1.5%	2.0%	-0.5%	0.0%
Europe	-5.6%	-6.2%	1.0%	-0.4%
Americas	-2.3%	-18.4%	7.5%	8.6%
Rest of the world and duty free	10.2%	7.3%	0.0%	2.9%
Total	**-0.4%**	**-4.2%**	**1.7%**	**2.1%**

In **Italy**, organic growth was 2.0%, thanks to good performances from Campari, Aperol, Campari Soda and third-party brands distributed by the Group, which offset the decline in the wine segment and, above all, in soft drink sales.

Sales in **Europe** fell year-on-year by 5.6% (-6.2% at constant exchange rates and on a same-structure basis).

The Group's main markets in western Europe, particularly Germany (+12.0%), Belgium, Austria and Spain posted growth, but this was insufficient to fully compensate for the drop in sales in eastern Europe.

In particular, results were affected by a substantial fall in orders for Cinzano vermouth on the Russian market, where despite the positive trend in sales to end consumers, the credit crunch is having a greater impact than on other markets.

In the **Americas**, organic sales growth contracted by 18.4% overall in the first quarter.
The two tables below give further detail of each market in this region.

	1 January - 31 March 2009 € million	%	1 January - 31 March 2008 € million	%	% change 2009 / 2008
US	34.3	79.1%	34.2	77.1%	0.2%
Brazil	3.3	7.6%	7.4	16.6%	-55.5%
Other countries	5.8	13.3%	2.8	6.3%	107.6%
Total	**43.3**	**100.0%**	**44.3**	**100.0%**	**-2.3%**

Breakdown of % change	Total	% change organic growth	external growth	exchange rate effect
US	0.2%	-12.7%	0.0%	12.9%
Brazil	-55.5%	-49.2%	0.7%	-7.0%
Other countries	107.6%	-6.7%	117.6%	-3.3%
Total	**-2.3%**	**-18.4%**	**7.5%**	**8.6%**

In the **US**, first-quarter sales were broadly flat year-on-year (+0.2%) overall, as the slowdown in organic growth (12.7%) was more than offset by a positive exchange rate effect of 12.9%.

The slump in organic growth in the first quarter was caused by distributors reducing their stocks considerably across the entire portfolio of the Group's products.

Compared with the previous year, Cabo Wabo and the third-party brands distributed by the Group were particularly hard hit, while SKYY Vodka continued to perform well, with a double-digit increase in sales to end consumers, despite stock reductions by distributors.

In **Brazil**, sales fell sharply versus the first quarter of 2008, as expected: the overall drop was 55.5%, with organic growth down 49.2%.

The exchange rate effect was negative at -7.0%, while the impact of external growth was positive, though marginal, at 0.7%.

Given that the consumption trend for the Group's main brands remains positive, this sharp slowdown in sales was due to three factors:

- the increase in excise duties (IPI) that had been previously announced more than once (and postponed) before finally coming into force on 1 January 2009 prompted substantial stock building by distributors from September 2008;
- the credit crunch, which is leading wholesalers to cut their stocks significantly;
- a gradual change in commercial policy introduced by Campari do Brasil Ltda. in January 2009 with the aim of reducing its dependence on individual clients, by expanding its customer base and obtaining a greater number of smaller orders; in its initial phase, in 2009, this change will involve a structural reduction in distributors' stock levels and a further fall in sell-in as a result.

However, given that sales in the Brazilian market are traditionally concentrated in the last few months of the year, it is worth noting that the significance of the first-quarter results is much lower than in the Group's other markets.

Sales in the other countries in the Americas were up 107.6%, largely due to external growth following the new acquisitions in Argentina (third-party brands distributed by Sabia S.A.) and Mexico (Espolon tequila).

In the **rest of the world and duty free** segment, sales rose by 10.2% overall during the quarter (+7.3% at constant exchange rates and on a same-structure basis).

The sales trend was influenced by a good performance in Australia and Japan, although duty free sales were down, because of a drop in air traffic.

Sales by business area

In the first quarter of 2009, the only business area to produce a positive result was spirits (+3.8%). Sales were down in the other business areas in terms of both organic growth and the overall result.

The first of the two tables below shows growth in sales by business area, while the second breaks down the overall change in each segment by organic growth, external growth and the effect of exchange rate movements.

	1 January - 31 March 2009		1 January - 31 March 2008		% change
	€ million	%	€ million	%	2009 / 2008
Spirits	133.9	70.5%	129.1	67.6%	3.8%
Wines	24.0	12.6%	26.5	13.9%	-9.4%
Soft drinks	29.6	15.6%	31.7	16.6%	-6.6%
Other sales	2.5	1.3%	3.6	1.9%	-31.3%
Total	190.1	100.0%	190.9	100.0%	-0.4%

Breakdown of % change		% change		exchange rate
	Total	organic growth	external growth	effectcambio
Spirits	3.8%	-1.7%	2.3%	3.2%
Wines	-9.4%	-10.5%	1.2%	-0.1%
Soft drinks	-6.6%	-6.6%	0.0%	0.0%
Other sales	-31.3%	-24.9%	0.0%	-6.4%
Total	-0.4%	-4.2%	1.7%	2.1%

Spirits

Sales of spirits totalled € 133.9 million in the first quarter of 2009, a year-on-year increase of 3.8%.

The slight fall in organic growth (-1.7%) was offset by the positive effects of external growth (+2.3%) and exchange rate movements (+3.2%).

External growth was driven by the brands acquired at the end of 2008 (Espolon tequila in Mexico and the brands distributed by Sabia S.A. in Argentina) and new distribution agreements in Germany and Brazil; however, these positive performances were partly offset by the termination of distribution of Grant's and Glenfiddich in Italy.

As for the Group's main brands, sales of **Campari** were down 3.5% at constant exchange rates (3.3% at actual exchange rates) in the first quarter of 2009.

Positive results were achieved in Italy, where growth was in double figures, and in the main European markets and Japan, but these were outweighed by the sales contraction in Brazil, where orders for the brand fell sharply in the period following the increase in excise duties and a change in commercial policy.

Sales of the **SKYY** brand, including the SKYY Infusions range, grew by 8.2% at constant exchange rates and by 21.6% at actual exchange rates, mainly owing to the rise in value of the US dollar.

US sales were positive overall, despite destocking by distributors, which was more than offset by double-digit growth in consumption.

The SKYY brand also did very well outside the US, with double-digit growth in its main overseas markets of Italy, Germany, Canada, Australia and China, and attractive volumes in Brazil, where distribution began at the end of 2008.

Sales of **Campari Soda**, which are almost entirely concentrated on the Italian market, rose by 5.3% in the first quarter.

Sales of this brand were hard hit at the end of last year by the reduction in stock levels, especially in the traditional channel; however, the result achieved in the first quarter of 2009 confirms the positive trend highlighted by the growth in sell-out in the second half of 2008, which was partly attributable to a new television campaign.

Aperol again did very well in the first quarter of 2009, with sales up 22.7%, driven by double-digit growth in the important Italian market and even stronger growth in some European markets, especially Germany and Austria.

First-quarter sales of **Aperol Soda** grew by 1.6% year-on-year.

Sales of the **Brazilian brands** fell sharply in the first quarter of the year, by 66.1% in local currency and 70.8% at actual exchange rates.
However, this result was affected by the increase in excise duties and does not reflect the real consumption trend for these brands, which is generally positive (particularly for Old Eight); the change in percentage growth terms is exaggerated by the low proportion of sales recorded in Brazil in the first quarter of the year.

Sales of the Scotch whiskies **Glen Grant and Old Smuggler** fell by 9.6% overall at constant exchange rates and 9.0% at actual exchange rates.
The decline, determined by sales on its two main markets of Italy and France, was less marked for Glen Grant.
In Italy, where Scotch whisky sales continue to fall, the brand was again the market leader in the first quarter of the year, with a slight increase in market share.
The sharper decline in Old Smuggler sales was largely due to an unfavourable comparison with the first quarter of 2008, when the brand was still sold directly by the Group in the US (as previously reported, in March 2008 the production and distribution rights were assigned to third parties).

Ouzo 12 posted sales broadly in line with the same period of last year (+0.7% at constant exchange rates; (+1.0% at actual exchange rates), owing to the combined effect of growth in Greece, but a contraction in Germany.

Cynar sales grew by 18.2% in the first quarter at constant exchange rates (+15.8% at actual exchange rates), thanks to an extremely positive result on the Brazilian market (in marked contrast to the performance of the other Group brands on this market).

The trend in **X-Rated** sales, which are almost entirely concentrated in the US market, continues to be highly satisfactory, with growth of 10.0% in local currency (+25.6% at actual exchange rates).
The results achieved by the brand are very good, and growth in consumption is actually far higher than the sales figures indicate.

Sales of **Cabo Wabo** tequila, meanwhile, contracted by 70.0% (-66.0% at actual exchange rates).
This considerable decline was caused by two main factors:

- destocking by distributors throughout the US market;
- the general impact on the ultra premium brands, given that a significant proportion of sales of these brands is recorded in the on-trade channel, which has been affected more severely by the financial crisis than other channels.

As regards sales of the main **third-party brands**, in the first quarter of the year:
- sales of Jägermeister, which is essentially distributed on the Italian market, were up 6.9%;
- sales of Jack Daniel's, which is also distributed on the Italian market, grew by 3.3%;
- Scotch whisky sales fell by 19.6% at constant exchange rates (-10.0% at actual exchange rates), with the decline attributable to Cutty Sark in the US;
- sales of C&C group brands were down by 15.3% (-3.4% at actual exchange rates);
- sales of Suntory brands fell by 20.6% (-11.3% at actual exchange rates);
- sales of Russian Standard vodka grew by 15.1%, thanks mainly to Switzerland and Italy.

Wines

Sales of wines in the first quarter of 2009 totalled € 24.0 million, a fall of 9.4% compared with the same period of 2008.

The segment benefited from external growth of 1.2% relating to the newly-acquired Argentine company Sabia S.A., while the exchange rate effect was slightly negative (-0.1%); stripping out these effects, organic growth was down 10.5%.

The results for the wine segment were strongly affected by the slowdown in orders for **Campari vermouth** in Russia, and in eastern Europe in general: sales of the brand fell by 34.4% overall at constant exchange rates (34.9% at actual exchange rates) during the period.

However, sales of **Cinzano sparking wines** were down by just 1.4% at constant exchange rates (-1.3% at actual exchange rates).

This result was achieved thanks to a positive performance in Germany and the main European markets, though slower sales were recorded in Italy in the first quarter - traditionally a weak one for sparkling wines - and there was no boost from Easter, which fell in the second first quarter of this year (but in the first quarter of 2008).

The Group's two other sparkling wine brands, whose sales are mostly concentrated in a few markets, were affected by contrasting trends.

Riccadonna sales shot up in the quarter by 114.6% at constant exchange rates, owing to the results achieved in Australia and New Zealand, where there had been a significant decline in orders at the start of last year.

Sales of **Mondoro** sparkling wines, on the other hand, were down by 55.2% at constant exchange rates due to a sharp fall in orders in Russia, the key market for this brand, which was a direct consequence of the credit crunch.

As for the first-quarter performance of still wines, **Sella & Mosca** (-12.5%) and **Teruzzi & Puthod** (-44.3%) sales declined, while **Cantina Serafino** posted growth (+13.3%); in general, sales in Italy were broadly in line with the previous year, while exports were down.

Soft drinks

In the first quarter of 2009, total sales of soft drinks stood at € 29.6 million, a 6.6% drop on the same period of 2008.

Crodino sales fell slightly (-1.2%), reflecting the slowdown in the non-alcoholic aperitif category reported by Nielsen; however, the brand is performing well and increased its market share.

Sales of **Lemonsoda**, Oransoda and Pelmosoda were down 9.2% and **Crodo mineral waters** suffered a decline of 53.9%.

Sales of soft drinks are traditionally low in the first quarter of the year, and the particularly cold weather also had an impact this year.

Other sales

In the first quarter of 2008, other sales (which include sales of raw materials and semi-finished goods to third parties and co-packing revenues) fell by 24.9% at constant exchange rates (31.3% at actual exchange rates) to € 2.5 million.

The decline was largely due to lower sales of malt distillate produced and sold in Scotland by Glen Grant Distillery Company Ltd.

In addition, negative exchange rate effects meant that the decline was greater at actual exchange rates, due to the depreciation of sterling.

INCOME STATEMENT

For information on the changes in the economic environment between the two periods under review and the extent to which the financial crisis impacted on the stock policies of distributors and therefore on the Group's sales, please refer to the previous section.

In view of the above-mentioned circumstances, the financial results achieved in the first quarter of 2009, particularly the EBIT before one-offs figure of € 43.1 million (+2.3%) can be considered reasonably satisfactory.

	First quarter 2009		First quarter 2008		% change
	€ million	%	€ million	%	%
Net sales	**190.1**	**100.0**	**190.9**	**100.0**	**-0.4**
Cost of goods sold, including distribution costs	(85.6)	-45.1	(86.7)	-45.4	-1.2
Gross profit	**104.5**	**54.9**	**104.3**	**54.6**	**0.2**
Advertising and promotional costs	(24.6)	-12.9	(27.6)	-14.5	-11.0
Contribution margin	**79.9**	**42.0**	**76.7**	**40.2**	**4.2**
Structure costs	(36.8)	-19.4	(34.6)	-18.1	6.5
EBIT before one-offs	**43.1**	**22.7**	**42.1**	**22.1**	**2.3**
One-offs: income and charges	(0.5)	-0.3	2.9	1.5	-
EBIT	**42.6**	**22.4**	**45.0**	**23.6**	**-5.4**
Net financial income (charges)	(3.9)	-2.0	(4.5)	-2.3	-13.5
Profit (loss) of companies valued at equity	(0.3)	-0.1	0.1	0.0	-
Profit before tax and minority interests	**38.5**	**20.3**	**40.6**	**21.3**	**-5.3**
Minority interests	(0.1)	0.0	(0.6)	-0.3	-
Group profit before tax	**38.4**	**20.2**	**40.1**	**21.0**	**-4.1**
Total depreciation and amortisation	(5.0)	-2.7	(5.1)	-2.7	-1.8
EBITDA before one-offs	**48.2**	**25.3**	**47.3**	**24.8**	**1.9**
EBITDA	**47.7**	**25.1**	**50.2**	**26.3**	**-5.0**

Net sales for the first quarter of 2009 totalled € 190.1 million.

This represented a decline of 0.4% overall, which was the combination of a 4.2% fall in organic growth and positive external growth (+1.7%) and exchange rate movements (+2.1%).

For more details on these effects and on sales by region and business area, please refer to the sales performance section above.

The cost of goods sold including distribution costs stood at 45.1% of sales, 0.3 percentage points lower than in the same period last year (45.4%).

This improvement was attributable to a more favourable sales mix in the first quarter of 2009, in which, wine and soft drink sales fell, while spirits - which on average account for a smaller proportion of the cost of goods sold - posted growth of 3.8%.

In addition, in the spirits portfolio, the performance of high-margin Group products (Campari, Campari Soda, Aperol and SKYY) was much better than that of the third-party brands distributed by the Group.

Gross profit was up 0.2% on the same period last year at € 104.5 million, and increased as a proportion of sales from 54.6% to 54.9%.

Advertising and promotional costs stood at 12.9% of sales compared with 14.5% in the first quarter of 2008, due to the modified scheduling of advertising and promotions.

It is also worth noting that the 2009 figure benefited from a favourable comparison with the first quarter of 2008, when significant expenses for the production of advertising campaigns and for new packaging research were incurred.

The **contribution margin** for the first quarter of 2009 was € 79.9 million, an overall advance of 4.2% on the same period last year attributable to:

- organic growth of 0.5%;
- external growth of 0.8%;
- a positive exchange rate effect of 2.9%.

Structure costs, which include sales and general and administrative expenses, increased by 6.5% in the first quarter of 2009 (and from 18.1% to 19.4% as a proportion of sales).

The increase was largely attributable to the consolidation of structure costs for the new subsidiaries in Argentina and Mexico and to the net exchange rate effect, which although positive, meant that costs were higher, mainly in the US.

Stripping out these effects, organic growth for the region was 3.0%.

EBIT before one offs for the period was € 43.1 million, up 2.3% compared to last year; this increase had a positive overall effect on profitability, while the contribution from the consolidation of the newly-acquired companies was negligible: at constant exchange rates, however, a decline of 1.8% was recorded.

One offs: income and charges showed a negative net balance in the period of € 0.5 million, mainly due to write-downs and provisions.

In the same period of 2008, the balance of this item was positive, at € 2.9 million, which included a significant capital gain from the sale of a building.

The net difference between the two periods was therefore negative, at € 3.4 million.

EBIT was € 42.6 million, down 5.4% year-on-year; the decrease was entirely due to the above-mentioned unfavourable comparison with the first quarter of 2008, which benefited from a significant capital gain; at constant exchange rates the decline was 9.2%.

The EBIT margin remained solid, at 22.4% (23.6% in the first quarter of 2008).

Depreciation and amortisation charges totalled € 5.0 million in the period, broadly unchanged from the first quarter of last year (€ 5.1 million).

As a direct consequence of this, the year-on-year change in EBITDA was in line with that for EBIT.

Specifically, **EBITDA before one-offs** increased by 1.9% (-1.7% at constant exchange rates) to € 48.2 million, while **EBITDA** fell by 5.0% (-8.4% at constant exchange rates) to € 47.7

million.

Net financial charges decreased to € 3.9 million, from € 4.5 million in the first quarter of 2008.

Although the average debt figure for the first quarter of 2009 was higher than that for the same period of 2008, net interest was lower this year because of the sharp drop in market interest rates.

The Group's portion of **profits or losses of companies valued at equity** showed a negative balance of € 0.3 million, compared with a positive balance of € 0.1 million in the same period last year.

The companies accounted for by the equity method are trading joint ventures that distribute products made by the Group and its partners in Belgium and the Netherlands, and since the beginning of 2009, in India.

Minority interests for the period under review were insignificant, at € 0.1 million (€ 0.6 million in the first quarter of 2008).

Group profit before tax was down 4.1% year-on-year, at € 38.4 million (-7.9% at constant exchange rates).

The net profit margin was 20.2%, slightly lower than in the first quarter of 2008 (21.0%).

FINANCIAL SITUATION

Breakdown of net debt

The Group's consolidated net debt stood at € 302.3 million at 31 March 2009, down from € 326.2 million at 31 December 2008.

In terms of the financial structure, the Group's short-term net cash position had improved by € 34.2 million at 31 March 2009, while medium/long-term net debt increased by € 9.3 million.

In addition, the following items were recorded under the Group's net debt:

- the possible exercise of a put option by minority shareholders of Cabo Wabo, LLC, Red Fire Mexico, S. de R.L. de C.V. and Sabia S.A.;
- potential earn-out payments relating to the acquisitions of X-Rated in 2007 and Destiladora San Nicolas, S.A. de C.V. in 2008.

The Group has recorded 100% of these companies under assets, and the financial liability represented by the put option and potential earn-out payments under liabilities.
At 31 March 2009, this liability stood at € 27.6 million (€ 26.6 million at 31 December 2008).

	31 March 2009 € million	31 December 2008 € million
Cash and equivalents	183.6	172.6
Payables to banks	(87.1)	(107.5)
Real estate lease payables	(3.4)	(3.4)
Private placement and bond issue	(9.3)	(8.9)
Other financial receivables and payables	(4.1)	(7.4)
Short-term net cash position	**79.7**	**45.5**
Payables to banks	(0.9)	(0.9)
Real estate lease payables	(9.7)	(10.5)
Private placement and bond	(347.8)	(337.4)
Other financial receivables and payables	3.9	3.7
Medium/long-term net debt	**(354.4)**	**(345.1)**
Debt relating to operating activities	**(274.7)**	**(299.7)**
Liabilities for put option and earn-out payments	(27.6)	(26.6)
Net debt	**(302.3)**	**(326.2)**

The reduction in total debt recorded on the balance sheet at 31 March 2009 was due to a good first-quarter performance in terms of generating cash flow, which was also used to pay for the acquisition of Ukrainian company CJSC Odessa Plant of Sparkling Wines (US$ 18.1 million, or € 14.2 million at the exchange rate on the day of closing).

Furthermore, it is worth noting that the rise in value of the US dollar between 31 December 2008 and 31 March 2009 led to an increase in consolidated net debt at the end of the period of € 3.5 million.

Operating working capital

Operating working capital at 31 March 2009 was € 255.7 million, a reduction of € 30.0 million versus 31 December 2008.
The decrease was due *inter alia* to seasonal factors that led to a reduction in trade receivables, which was partly offset by an increase in stocks, and to a lesser extent, to a reduction in payables to suppliers.
The table below shows figures at 31 March 2009, 31 December 2008 and 31 March 2008; operating working capital is shown, for each period, as a proportion of sales over the previous 12 months.

	31 March 2009 € million	31 December 2008 € million	% change € million	31 March 2008 € million
Receivables from customers	201.5	272.1	(70.6)	202.9
Inventories	180.5	165.7	14.8	172.8
Payables to suppliers	(126.3)	(152.1)	25.8	(138.9)
Operating working capital	**255.7**	**285.7**	**(30.0)**	**236.7**
Sales - previous 12 months	941.3	942.3	(1.1)	951.9
Operating working capital as % of sales in the previous 12 months	27.2	30.3		24.9

At 31 March 2009 operating working capital was 27.2% as a percentage of net sales in the previous 12 months, versus 30.3% at 31 December 2008.

Compared with 31 March 2008, operating working capital showed an increase of € 19.0 million at 31 March 2009, and represented a slightly higher proportion of sales (24.9% at 31 March 2008).

It should, however, be pointed out that in 2009 the item includes the increase in working capital relating to the newly-acquired companies, and that, stripping out this effect, the figure as a percentage of sales in the previous 12 months falls to 26.7%.

EVENTS TAKING PLACE AFTER THE END OF THE PERIOD

Acquisition of Wild Turkey

On 8 April 2009, the Campari Group announced that it had signed an agreement with the Pernod Ricard group for the acquisition of Wild Turkey, the number one premium brand of Kentucky bourbon worldwide.

This transaction strengthens the Group's leading position in the market for premium spirits in the US and internationally.

The acquisition includes the Wild Turkey and American Honey brands, the distillery in Kentucky (US), and the stocks of aged liquid and finished products.

The price of the acquisition was US$ 575 million (€ 433.3 million at the exchange rate on the day of the announcement), which corresponds to 9.7 times the contribution margin (i.e. gross profit after advertising and promotional expenses) and 12 times estimated EBITDA for the first 12 months after completion of the transaction.

The acquisition is due to be completed by 30 June 2009, subject to approval from the competition authorities, and will be paid for in cash.

It will be financed via credit lines from four banks: Bank of America, BNP Paribas, Calyon and Intesa San Paolo.

Wild Turkey is a global brand, with annual sales in excess of 800,000 nine-litre cases in more than 60 markets.

The US is the most important market, generating around half the brand's sales, followed by Australia and then Japan.

The brand is recording rapid growth in its category in the main geographical markets.
American straight whiskey is a growing spirits category that includes premium and super premium segments, which are driving growth in the US and internationally.

Acquisition of 50% of MCS

On 10 April 2009, the Campari Group formalised the purchase, from the Marnier Lapostolle group, of the 50% stake it did not already own in MCS S.c.r.l., the Brussels-based joint venture operating in Belgium and Luxembourg.

The Group now owns 100% of the company - which posted net sales of € 15.9 million in the year ending 31 December 2008 - and will fully consolidate it in its accounts.

Ordinary shareholders' meeting of the Parent Company

On 30 April 2009 the shareholders' meeting of Davide Campari-Milano S.p.A. approved the accounts for the year ending 31 December 2008 and agreed the payment of a dividend of € 0.11 per share (excluding own shares), unchanged from last year.

The meeting also voted to authorise the Board of Directors to purchase and/or sell own shares, mainly for the purpose of stock option plans.

OUTLOOK

The results attained by the Group in the first quarter of 2009 were in line with expectations of a slower start to the year due to continued destocking by distributors.

However, stable - and in certain cases - higher sales to end consumers suggest that in the absence of further significant financial crises, the stock reductions implemented by distributors should come to an end, and sales are likely to rise during the year as a result.

In addition, the easing of pressure from raw materials costs and exchange rate movements (especially the euro/US dollar rate) that affected the whole of 2008, also suggest that the worst is over.

Milan, 13 May 2009

Chairman of the Board of Directors
Luca Garavoglia

I, Paolo Marchesini, the director responsible for preparing the company's accounting statements, hereby declare that, pursuant to paragraph 2, article 154-bis of the Testo Unico della Finanza law, this first-quarter report accurately represents the figures contained in the Group's accounting records.

Paolo Marchesini
Chief Financial Officer

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Interim report for the quarter ending 31 March 2009