DAVIDE CAMPARI-MILANO S.p.A.
HALF-YEAR REPORT
AT 30 JUNE 2017

TOASTING LIFE TOGETHER

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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 half-year report at 30 June 2017, comprising the interim report on operations and the condensed half-year financial statements, was prepared in accordance with article 154-*ter* of Legislative Decree 58/1998 as subsequently amended (the 'TUF').
The report was prepared in accordance with the International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB'), endorsed by the European Union, and in accordance with International Accounting Standard ('IAS') 34—Interim Financial Reporting.

	2017	2016	change	
			total	at constant exchange rates
	€ million	€ million	%	%
Net sales	**844.7**	**743.9**	**13.5%**	**11.8%**
Contribution margin	342.8	297.6	15.2%	13.7%
Adjusted EBITDA[1]	**191.7**	**172.0**	**11.5%**	**10.7%**
EBITDA	**186.8**	**157.4**	**18.6%**	**18.0%**
EBIT adjusted[1]	**163.4**	**146.4**	**11.6%**	**11.0%**
EBIT	**158.4**	**131.9**	**20.1%**	**19.7%**
Profit before tax	108.5	102.5	5.9%	4.9%
Net profit - Group and non-controlling interests	108.6	67.2	61.7%	61.0%
Group net profit	**108.6**	**67.2**	**61.7%**	**61.0%**
Ajusted Group net profit[1]	**93.5**	**77.3**	**21.1%**	
Free cash flow	70.8	203.8		
EBIT margin (EBIT/net sales)	**18.8%**	**17.7%**		
ROI % (Operating income / fixed assets)	**5.3%**	**4.3%**		
Basic and diluted earning per share (€)[2]	0.09	0.06		
Basic and diluted earning per share (€) adjusted[1][2]	0.08	0.07		
Average number of employees	4,105	4,161		
	30 June 2017	31 December 2016		
	€ million	€ million		
Acquisition and sale of companies or business division	37.8	469.7		
Net debt[3]	1,252.8	1,192.4		
Shareholders' equity - Group and non-controlling interests	1,823.3	1,900.0		
Fixed assets[3]	2,977.9	3,164.9		
Other assets and liabilities[3]	98.1	(72.6)		

[1] For information on the definition of alternative performance indicators, see the next section of this interim report on operations in the section 'Alternative performance indicators'.
[2] Basic and diluted earnings include the effect of the share split approved by Davide Campari-Milano S.p.A. on 28 April 2017.
[3] The statement of financial position figures shown at 31 December 2016 have been adjusted as a result of the provisional allocation of business acquisition values. See note 6-'Reclassifications to comparison book value as of 30 June 2016 and 31 December 2016' of the condensed half-year financial statements.

Information on the figures presented
For ease of reference, all figures in this half-year report, in both the report on operations and the consolidated financial statements, 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, rather than figures shown as a percentage of sales or other indicators, are always calculated on the basis of 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 half-year report.

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.
The next Board of Directors held on 29 April 2016 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 and ratified by the Shareholders' meeting on 28 April 2017.

Report on operations

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 3.9 million. Gruppo Campari had already 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 renegotiating the terms of the agreement, Gruppo Campari acquired the brand before this date. The agreement includes a potential earn-out to be paid to the sellers on the achievement of specific sales volumes above agreed objectives, estimated to be USD 28.6 million at the purchase date.

Sale of non-core businesses Lapostolle Chilean wines
The deal to sell Lapostolle in Chile, a business that had become part of the Campari perimeter on the acquisition of Société des produits Marnier Lapostolle S.A. ('SPML'), via the sale of Marnier Investissments S.A. to some of the former shareholders of SPML, was closed on 31 January 2017. The enterprise value, gross of net financial debt, was € 30.0 million. As the company's net assets had already been shown as 'held-for-sale' in the financial statements at 31 December 2016, the sale transaction had no 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 YouTube.

Bourbon Whiskey
In February 2017, the Whiskey Barons Collection – a project created to celebrate 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 the Oscar winner Matthew McConaughey, was launched on the Australian market, on national TV, on digital channels and via advertising hoardings.

Forty Creek Whisky
The tenth limited edition of Forty Creek Whisky, called Founders Reserve, was launched in the first quarter of 2017. Created in honour of founder John K. Hall, pioneer of the Canadian whisky industry, this rare whisky is infused with flavours of exotic spices and rich aromas of apricot and orange.
In June 2017, the gift packaging of Forty Creek Confederation Oak Reserve was also redesigned to commemorate the 150th anniversary of Canadian independence.

SKYY Vodka
In May 2017, SKYY-Line, the new SKYY packaging, was launched. The name was inspired by the sunsets of cities such as San Francisco, Rio, Cape Town and Dubai.

SKYY Infusions
In the first quarter 2017, two new variant of SKYY infusion were launched the the US market, California Apricot, the first flavoured vodka infused with real apricot that celebrates SKYY's Californian origins, and Bartlett Pear, with the flavour of pear.

With regard to new packaging, a new limited edition of SKYY Vodka was launched in the first quarter of the year called Starry SKYY, which glows when exposed to ultraviolet light. This limited edition was launched in over ten markets, including Italy, Switzerland, South Africa, China and the Global Travel Retail channel.

Appleton Estate
In early 2017, the Appleton Estate Joy Anniversary Blend was launched to celebrate the 20th anniversary of Joy Spence as master blender. This limited edition 25-year-old blend, prepared with rums selected by hand, has a balanced taste with subtle oak notes.

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 a new packaging. The aim of this is to highlight the product's premium characteristics. The process of revamping its visual identity continued in the second quarter, which saw the introduction of the new Pro-Spritz design, aimed at identifying a specific sparkling wine to accompany Aperol in preparing the perfect Aperol Spritz.

Aperol restyling
At the start of the second quarter of 2017, Aperol's restyled packaging was launched in its core markets; the new design aims to increase the perception of the brand's value and show that it is different from the competition. The restyling of brand lines Aperol Spritz and Aperol Soda will be unveiled during the year.

Negroni Week 2017
In the last five years of Negroni Week, held in June each year, Campari has been the main sponsor of the Imbibe magazine charity program Negroni Week, with the aim of reinforcing the message ‘No Negroni without Campari’ via the strengthening of its working relationship with the main brand ambassador, the bartender community. The 2017 edition was a great success, with 7,740 sales outlets around the world taking part (up 28% on last year). The main markets involved were the USA, Germany, Argentina and Canada.

Other significant events

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 fully paid share capital of 580,800,000 shares with a nominal value of € 0.10 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 from 1 January 2016. The current fully paid share capital of € 58,080,000.00 (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 number of shares doubled and, at the same time, the current value of the stock was halved.

Purchase of own shares

Between 1 January and 30 June 2017, the Group purchased 3,910,000[1] own shares at an average price of € 5.01, and sold 3,934,061 own shares to serve the exercise of stock options. At 30 June 2017, the Parent Company held 2,660,627 own shares, equivalent to 0.23% 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 related 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 the French Group Camus, for the domestic Chinese market. The aim of this sales agreement is to expedite growth in the Chinese market, on the back of the well-established distribution network of Yuanliu, a distributor of products 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 moved distribution, under SGWS, into 14 new states that were previously managed by the Republic National Distributing Company. SGWS's distribution capacity will enable the Group to increase its market penetration in both new countries and established areas.

Bond purchase and new issue

During the first half 2017, Davide Campari-Milano S.p.A. placed two unrated bonds (a seven-year and a five-year bond for € 150 million and € 50 million respectively), reserved for institutional investors only. This transaction constituted an exchange for 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 of existing bonds.

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 difference settled in cash for a total of € 27.1 million, of which € 3.9 million was for the instalment of interest that had accrued on the existing loans that were exchanged, and € 23.2 million related primarily to the difference between the purchase price of the existing bonds compared with their nominal values, including transaction costs. The value of the previously issued bonds was therefore eliminated by Davide Campari-Milano S.p.A. and the above-mentioned difference was recognised in the Group's financial results as a non-recurring financial expense.

The outstanding nominal amounts of the existing notes at 30 June 2017 therefore breaks down as follows:

- € 219.1 million due on 25 October 2019 (nominal fixed annual coupon of 4.50%);
- € 580.9 million due on 30 September 2020 (nominal fixed annual coupon of 2.75%);
- € 50.0 million due on 5 April 2022 (nominal fixed annual coupon of 1.768%);

[1] Figure restated following the share split in the ratio of two new shares per share held on 8 May 2017, pursuant to a resolution passed at the Extraordinary Shareholders' Meeting of 28 April 2017.

- € 150.0 million due on 5 April 2024 (nominal fixed annual coupon of 2.165%).

This transaction enabled 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.

Lastly, it should also be noted that, after the date of this report, on 3 August 2017 Davide Campari-Milano S.p.A. took the opportunity to extend, by two years, the € 300.0 million bullet bank facility taken out in August 2016. The new maturity of the loan and associated revolving credit facility (RCF) of € 200 million is now August 2021, from the original date of August 2019. However, the agreement mantains its advantageous financial conditions.

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 for the purposes of a ‘patent box’, i.e. the size of the financial 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%. At the date of publication of these half-year financial statements at 30 June 2017, the total tax benefit (for IRES and IRAP purposes) recorded is € 36.2 million, of which:

- € 12.0 million relating to the 2015 tax period;
- € 15.5 million relating to the 2016 tax period;
- € 8.6 million relating to the first half of 2017.

The non-recurring tax benefit has been deducted from the tax payments of Davide Campari-Milano S.p.A. starting from June 2017.

Group operating and financial results

Sales performance

Overall performance

In the first half of 2017, the Group's net sales totalled € 844.7 million, an overall increase of +13.5% on the same period in 2016. Specifically, the period saw steady organic growth in sales of +6.8%, as well as positive exchange rate variations (+1.8%) and external growth (+5.0%). The following table shows these effects on the various geographical regions.

	2017		2016		total change	first half, of which				change % second quarter	
	€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate	total	organic
Americas	375.5	44.5%	297.7	40.0%	77.8	26.1%	7.6%	15.7%	2.8%	22.2%	7.4%
Southern Europe, Middle East and Africa	258.8	30.6%	258.7	34.8%	0.1	0.0%	2.8%	-3.0%	0.3%	1.3%	3.8%
North, Central and Eastern Europe	157.0	18.6%	139.5	18.7%	17.6	12.6%	13.8%	-2.3%	1.0%	12.9%	15.5%
Asia-Pacific	53.3	6.3%	48.0	6.5%	5.3	11.0%	2.8%	2.6%	5.7%	12.2%	6.4%
Total	**844.7**	**100.0%**	**743.9**	**100.0%**	**100.7**	**13.5%**	**6.8%**	**5.0%**	**1.8%**	**12.4%**	**7.6%**

Organic change

The first half of the year generated organic growth of +6.8%, due to an upturn in growth in the second half (+7.6%) after an excellent first quarter (+5.7%).
Over the six months as a whole, all geographical regions recorded growth, with the second-quarter figures confirming the positive trend already seen in the first quarter. Similarly, all the global priority brands, with the exception of SKYY, and nearly all the regional priority brands continued the growth seen in the first six months. These results were driven by the ongoing improvement in the product/market sales mix, in line with the Group's growth strategy.

The main trends by individual geographical region are shown below.

- The **Americas** region closed with organic growth of +7.6% for the first half (+7.4% in the second quarter); this performance was driven by the US (+5.0% in the first six months), which continued to make good progress in the second quarter (+3.0%) after a very strong first quarter, and boosted in part by technical effects due to the changes in distribution. All the major markets in the region showed a positive trend. Specifically, Jamaica, Brazil and Mexico showed double-digit growth in the first half.
- The **Southern Europe, Middle East and Africa** region posted organic growth of +2.8% in the first half, with +3.8% in the second quarter; Italy's performance was positive (+1.4%) in the first six months, due to a good performance in the second quarter (+3.4%), driven by a sustained positive trend by Aperol, and more generally, by the timing of Easter. Among the other countries in the region, growth continued in France, Spain and South Africa.
- The **Northern, Central and Eastern Europe** region recorded positive growth in most markets, closing the first half with organic growth of +13.8% (+15.5% in the second quarter), mainly driven by Russia and the UK.
- The **Asia-Pacific** region recorded growth of +2.8% in the first half (+6.4% in the second quarter), due to growth in Japan and China, which benefited from a favourable basis of comparison; this offset the decrease in the Australian market (-2.7% in the first half), which had been penalised by an unfavourable basis of comparison in the first half of the previous year.

The main trends by brand are shown below.

- The **Group's global priority brands** posted organic growth of +9.2% (+8.0% in the second quarter), with all brands except SKYY making a positive contribution. Sales of aperitifs accelerated in the second quarter, enabling **Campari** to confirm solid global growth in the first six months; this was driven by positive growth in most of its core markets, such as Italy, the US, Brazil, Jamaica and France. **Aperol** continued to post double-digit growth in both its core markets and its high-potential markets. The **Wild Turkey** portfolio posted growth in the first six months on the back of good results in the US and an upturn in Japan. The **Jamaican rums portfolio** reported growth in the period, due primarily to the US's positive performance, but also to healthy growth in Jamaica, its core market, and the UK. **SKYY** declined in the first half due to the performance of SKYY Vodka and SKYY Infusions in the US, which was affected by the fierce competition in the category and the ongoing weakness in the flavoured vodkas segment; this was only partly offset by the overall increase in the international markets.

  Grand Marnier, a global priority brand with sales of € 56.5 million in the first half, did not affect the figure for organic sales growth but is included in the perimeter effect since the acquisition of the brand was completed on 29 June 2016.

- **Regional priority brands** recorded double-digit growth of +11.5% in the first half, and the second quarter was also positive (+9.9%). Growth was spread across nearly all the core brands, especially Espolòn, Cinzano, sparkling wines and Bulldog. It should be noted that sales of the Bulldog brand, which was acquired in February 2017, are included in organic growth as it already formed part of the Group's network at the time it was acquired by way of a distribution agreement. As a result, Bulldog was reclassified from an agency brand in the 'Rest of the Portfolio' to a regional priority brand from February 2017.
- **Local priority brands** showed a slightly positive trend in the first half (+0.3%), with second-quarter growth (+2.7%), mainly due to the Brazilian brands and Cabo Wabo.

Perimeter effect

The positive perimeter effect of +5.0% is attributable to the consolidation of SPML, the owner of the Grand Marnier brand, from 1 July 2016. This contribution 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.
As explained above, 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 regards business disposals, the first half includes the effects of the sale of the Chilean wines business, acquired as part of the SPML deal, signed on 31 January 2017, and the sale of Sella & Mosca S.p.A. and Teruzzi & Puthod S.r.l. to Terra Moretti in the fourth quarter of 2016.

The impact of these factors on sales in the period is analysed in the table below.

Breakdown of the perimeter effect	€ million	% change on 2016
Acquisitions and disposal of business		
Acquisitions (SPML)	58.9	7.9%
Disposal	(14.4)	-1.9%
Total acquisition and disposal	**44.6**	**6.0%**
Distribution contracts		
New agency brands distributed	2.4	0.3%
Discontinued agency brands	(10.0)	-1.3%
Total distribution contracts	**(7.6)**	**-1.0%**
Total perimeter effect	**37.0**	**5.0%**

Exchange rate effects

The positive exchange rate effect in the first half was +1.8% (+1.1% in the second quarter) and related to the depreciation of many of the Group's currencies against the Euro, such as the US Dollar. Other currencies appreciated such as the Australian Dollar, the Canadian Dollar, the Brazilian Real and the Ruble.

The table below shows the average exchange rates for the first half of 2017 and spot rates at 30 June 2017 for the Group's most important currencies, together with the percentage change against the Euro, compared with the corresponding average exchange rates and spot rates in 2016 and the spot rates at 31 December 2016.

	average exchange rates			spot exchange rates		
	2017	2016	change compared with 2016	30 June 2017	change compared with 30 June 2016	change compared with 31 December 2016
	: 1 Euro	: 1 Euro	%	: 1 Euro	%	%
US Dollar (USD)	1.082	1.116	3.1%	1.141	-2.7%	-7.6%
Canadian Dollar (CAD)	1.444	1.486	2.9%	1.479	-2.7%	-4.0%
Jamaican Dollar (JMD)	139.080	136.743	-1.7%	146.466	-4.3%	-7.9%
Mexican Peso (MXN)	21.018	20.170	-4.0%	20.584	0.2%	5.8%
Brazilian Real (BRL)	3.439	4.134	20.2%	3.760	-4.5%	-8.8%
Argentine Peso (ARS)	16.993	15.990	-5.9%	18.885	-12.2%	-11.3%
Russian Ruble (RUB)	62.744	78.436	25.0%	67.545	5.9%	-4.8%
Australian Dollar (AUD)	1.435	1.522	6.1%	1.485	0.5%	-1.7%
Chinese Yuan (CNY)	7.440	7.295	-1.9%	7.739	-4.7%	-5.4%
Pound Sterling (GBP)	0.860	0.779	-9.4%	0.879	-6.0%	-2.6%
Swiss Franc (CHF)	1.076	1.096	1.8%	1.093	-0.6%	-1.7%

Sales by region

Sales for the first half and second quarter are analysed by region and key market below. Unless otherwise stated, the comments mainly relate to the organic component of the change in each market.

- **Americas**

The region, broken down below into its core markets, recorded overall organic growth of +7.6%.

	% of Group total	2017		2016		total change	first half, of which				change % second quarter	
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate	total	organic
US	27.6%	232.8	62.0%	174.7	58.7%	58.1	33.2%	5.0%	24.9%	3.2%	25.7%	3.0%
Jamaica	4.4%	36.8	9.8%	33.7	11.3%	3.1	9.1%	10.7%	0.2%	-1.9%	-2.9%	-1.8%
Brazil	3.1%	26.4	7.0%	17.0	5.7%	9.4	55.2%	29.0%	0.1%	26.1%	37.4%	19.0%
Argentina	2.2%	18.9	5.0%	20.6	6.9%	-1.7	-8.1%	3.1%	-5.5%	-5.8%	19.3%	36.4%
Canada	3.2%	26.9	7.2%	21.5	7.2%	5.3	24.7%	8.1%	13.4%	3.1%	23.5%	10.7%
Other countries	4.0%	33.7	9.0%	30.1	10.1%	3.6	12.0%	10.0%	4.4%	-2.4%	19.8%	15.6%
Americas	**44.5%**	**375.5**	**100.0%**	**297.7**	**100.0%**	**77.8**	**26.1%**	**7.6%**	**15.7%**	**2.8%**	**22.2%**	**7.4%**

The **United States** closed the first half with organic growth of +5.0%, showing the expected normalisation after a particularly positive start to the year. The early-year figure reflected the recovery in orders after the destocking that took place in the fourth quarter of 2016 ahead of the changes in distribution. The positive performance was driven by growth in the core brands of Wild Turkey and American Honey, as well as in Aperol and Campari, where the double-digit growth trend seen in the first quarter continued for the first six months.
Among the regional and local priority brands, Espolòn and Cabo Wabo tequilas and Averna and Cynar bitters continued to report double-digit growth, which more than offset the slight decline in sales of Forty Creek and Frangelico.
These results more than offset the fall in sales of the SKYY franchise (-2.7%), the result of fierce competition within the category and the ongoing weakness of the flavoured vodkas segment, which penalised overall performance. Marketing support to the brand was constant over the first half of the year.

Jamaica posted organic sales growth of +10.7% in the first half, driven by +14.0% growth in global priority brands, thanks to the good performance of the Jamaican rums portfolio (especially Wray&Nephew Overproof), in addition to Campari that has recorded a double digit growth.

In **Brazil**, a market that is experiencing an improvement in economic conditions, the positive trend in the first quarter continued, leading to growth of +29.0% in the first half (+19.0% in the second quarter), a period of typically modest trading volumes. It should be noted, despite the signs of recovery in this market, the macroeconomic conditions remain weak and the Group's forecasts for the rest of the year remain prudent. The result also reflects a favourable basis of comparison in the first half of 2016 (-26.5%). Global priority brands Campari, SKYY Vodka and Aperol, and local priority brand Dreher contributed to this positive performance.

Argentina, which was penalised by a particularly unfavourable first quarter (-26.3%), made up for this decline in the second quarter (+36.4%), closing the first half with organic growth of +3.1%. The recovery was mainly due to excellent performances by SKYY and Cynar in the second quarter, which were driven by volume and value increases. Note also the Aperol brand's excellent performance in this market, where, despite its still-modest starting point, it posted double-digit volume and value growth in the first half.

Sales in **Canada** rose by +8.1% in the first half, driven by SKYY Vodka and Forty Creek. Sales of Campari and Aperol continue to grow, confirming the positive first-quarter trend. Baron Samedi, the spicy rum brand recently introduced into this market, also contributed to overall growth.

Among the other countries in the region, note the excellent performance by **Mexico**, which reported double-digit growth due to the highly positive development of SKYY ready-to-drink, Appleton Estate, Campari, SKYY Vodka, Aperol and GlenGrant.

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

The region, which is broken down by core market in the table below, reported organic growth of +2.8%.

	% of Group total	2017		2016		total change	first half, of which				change % second quarter	
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate	total	organic
Italy	23.1%	194.8	75.3%	200.6	77.5%	-5.8	-2.9%	1.4%	-4.3%	0.0%	-0.4%	3.4%
Other countries of the region(*)	7.6%	64.0	24.7%	58.1	22.5%	5.9	10.1%	7.6%	1.2%	1.3%	7.0%	5.2%
Southern Europe, Middle East and Africa	**30.6%**	**258.8**	**100.0%**	**258.7**	**100.0%**	**0.1**	**0.0%**	**2.8%**	**-3.0%**	**0.3%**	**1.3%**	**3.8%**

(*) The item includes the Global Travel Retail channel.

In **Italy**, after a slightly negative first quarter (-1.4%), which was penalised by the different timing of Easter, a good second-quarter performance (+3.4%) enabled the region to close the first half with growth of +1.4%.
Performance was driven by Aperol, which continues its double-digit growth trend. Campari, Braulio and Zedda Piras, along with the Lemonsoda range, reported positive results in the first half. Sales of single-serve aperitifs Campari Soda and Crodino fell in the first half, despite the improving trend in the second quarter.

The **other countries in the region** reported positive sales growth of +7.6%, as a result of the healthy performance of many markets, including France, Spain and South Africa. In Nigeria, the ongoing socio-economic instability is adversely affecting market performance.

In **France**, growth was driven by Aperol, Campari and Riccadonna, while in Spain, Aperol, Campari, Bulldog and Cinzano reported growth.

The **global travel retail** channel decreased by -5.8% as a result of a number of transitory events that adversely affected sales for the period, despite the excellent performance of Aperol, Bulldog and GlenGrant.

- **Northern, Central and Eastern Europe**

The region posted overall organic growth of +13.8%, spread across its core markets.

	% of Group total	2017		2016		total change	first half, of which				change % second quarter	
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate	total	organic
Germany	8.3%	69.7	44.4%	75.6	54.2%	-5.9	-7.8%	-0.3%	-7.4%	0.0%	-7.6%	0.5%
Russia	2.5%	21.1	13.5%	7.1	5.1%	14.0	197.0%	111.7%	32.4%	52.9%	241.5%	146.9%
Other countries of the region	7.8%	66.2	42.2%	56.8	40.7%	9.4	16.6%	20.4%	0.2%	-4.1%	19.0%	22.9%
North, Central and Eastern Europe	**18.6%**	**157.0**	**100.0%**	**139.5**	**100.0%**	**17.6**	**12.6%**	**13.8%**	**-2.3%**	**1.0%**	**12.9%**	**15.5%**

Germany closed the first half with only slightly negative organic growth (-0.3%), due to the positive second-quarter performance (+0.5%), which offset the first-quarter decline (-1.5%) that had been mainly brought about by the fall in agency brand sales. Global priority brands, driven by Aperol, recorded growth of +10.1% in the first half; among the regional priority brands, sales of Averna and Frangelico rose, which partly offset the fall in Cinzano sparkling wines and vermouths, and in Campari and Ouzo 12.

In **Russia,** the favourable trend seen at the start of the year continued; the region reported healthy growth in the first half, driven by the extremely positive performance of Mondoro and Cinzano sparkling wines, but also by increases in sales of Aperol, Campari, Espolòn and Wild Turkey. It should be noted, however, that despite the signs of recovery in this market, the Group's forecasts for the rest of the year remain prudent.

Sales in the **other countries in the region** increased by +20.4% in the first half (+22.9% in the second quarter), with double-digit growth in most of the markets, including the UK (Aperol, Wray&Nephew Overproof rum, Campari, Appleton Estate, Wild Turkey, Bulldog and GlenGrant), Belgium (Aperol, Bulldog and Crodino), Poland and the Czech Republic.

- **Asia-Pacific**

The table below shows the region, broken down into Australia and the other countries, with details of the changes during the period.

	% of Group total	2017		2016		total change	first half, of which				change % second quarter	
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate	total	organic
Australia	4.4%	37.0	69.4%	35.7	74.3%	1.3	3.8%	-2.7%	0.5%	5.9%	1.2%	-2.5%
Other countries of the region	1.9%	16.3	30.6%	12.3	25.7%	4.0	32.1%	18.7%	8.4%	5.0%	39.0%	28.2%
Asia-Pacific	**6.3%**	**53.3**	**100.0%**	**48.0**	**100.0%**	**5.3**	**11.0%**	**2.8%**	**2.6%**	**5.7%**	**12.2%**	**6.4%**

The first half closed with total organic growth of +2.8% for the area; this was due to second-quarter growth of +6.4%, which offset the decline in the first quarter (-1.1%).

In **Australia**, sales recorded a slight decrease of -2.7% at organic level (-2.5% in the second quarter). The market, which posted excellent performances in the aperitifs segment (particularly Aperol), continues to suffer from competitive pressure in the whiskey segment (especially Wild Turkey ready-to-drink).

Sales in the **other countries** rose by +18.7%. In this region, performance was driven by SKYY in the Chinese market, thanks to the strengthening of the distribution force, and by Campari and Wild Turkey in Japan, with the latter experiencing strong growth after making up the ground lost in orders during the previous year.

Sales by major brands at consolidated level

The following table summarises growth in the Group's core brands in the first half and the second quarter, broken down into the main categories identified by the Group based on the priorities (global, regional, local and other) assigned to them.

	Percentage of Group sales	change in percentage sales of semester, of which				change % second quarter
		total	organic	perimeter	exchange rate	organic
Aperol	14.3%	22.1%	22.0%	-	0.2%	24.2%
Campari	10.0%	8.7%	7.7%	-	1.0%	11.5%
SKYY[(1)]	10.4%	-0.6%	-3.6%	-	3.1%	-6.4%
Wild Turkey portfolio[(1)(2)]	7.4%	16.7%	12.9%	-	3.8%	3.6%
Jamaican rums portfolio[(3)]	4.9%	2.8%	3.4%	-	-0.7%	-8.1%
global priority brands (excluding Grand Marnier)	**47.1%**	**10.7%**	**9.2%**		**1.5%**	**8.0%**
Grand Marnier	6.7%	-	-	-	-	-
global priority brands	**53.8%**	**26.4%**	**9.2%**	**15.7%**	**1.5%**	**8.0%**
Cinzano	3.4%	10.8%	5.9%	-	4.8%	5.7%
Frangelico	1.4%	0.8%	-0.8%	-	1.7%	-13.2%
Averna and Braulio	1.7%	3.0%	2.7%	-	0.3%	3.4%
Forty Creek	1.0%	2.6%	-0.3%	-	3.0%	-8.7%
Espolòn	2.4%	54.3%	48.7%	-	5.5%	32.7%
Bulldog	0.8%	30.2%	29.9%	-	0.4%	27.0%
other	5.0%	14.4%	9.7%	-	4.7%	15.0%
regional priority brands	**15.7%**	**15.1%**	**11.5%**	**-**	**3.7%**	**9.9%**
Campari Soda	3.8%	-3.2%	-3.2%	-	0.0%	1.3%
Crodino	3.7%	-0.1%	-0.1%	-	0.0%	1.0%
Wild Turkey ready-to-drink[(4)]	1.8%	-3.2%	-8.8%	-	5.6%	-6.0%
Dreher and Sagatiba	1.7%	45.4%	22.3%	-	23.2%	13.3%
other	2.0%	5.7%	4.3%	-	1.4%	8.2%
local priority brands	**12.8%**	**3.5%**	**0.3%**	**-**	**3.2%**	**2.7%**
rest of the portfolio	**17.7%**	**-9.2%**	**2.5%**	**-11.8%**	**0.1%**	**8.6%**
total	**100.0%**	**13.5%**	**6.8%**	**5.0%**	**1.8%**	**7.6%**

(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** (53.8% of sales) posted organic growth of +9.2% (+8.0% in the second quarter) and recorded a significant perimeter effect (+15.7%), due to the inclusion of the Grand Marnier brand in the Group's portfolio. Exchange rate variations made a positive contribution of +1.5% in the first half.

Aperol continued its strong organic growth, accelerating in the second quarter (+22.0% in the first half and +24.2% in the second quarter), and is the Group's fastest-growing brand and top in terms of net sales. The positive results were due to the healthy performances of its core markets – most notably, Italy and Germany – but also generally across all high-potential markets where the brand is currently being developed, especially France, the US, Brazil, Spain, Switzerland, the UK, the Czech Republic, Australia, Brazil, Russia, and the duty free channel. Moreover, the brand is growing in many other markets in which it was more recently introduced, albeit from a still-modest starting point, with highly satisfactory results.

Campari closed the second quarter up strongly (+11.5%), generating solid growth of +7.7% in the first half, due to the positive results achieved in the US, Brazil, Jamaica, France, Austria and Japan, and despite the decline in the Argentine and German markets, and the ongoing instability in Nigeria. Italy, the brand's main market, made a positive contribution to the result; this was due to its recovery in the second quarter after a weak start to the year brought about by the different timing of Easter.
SKYY closed the first half with a fall of -3.6%. After a stable first quarter, the brand recorded a fall of 6.4% in the second quarter. This result is mainly due to the negative performance (-5.1%) in its core market of the US, where the brand was penalised by the timing of orders due to the recent changes in distribution, as well as the ongoing competitive pressure in the vodka category in general, and the flavoured vodka segment in particular. This performance was partly offset by the good results achieved on the international markets overall and, in particular, on the South American, Canadian and Chinese markets.
The **Wild Turkey** portfolio, which includes American Honey, grew by an excellent +12.9% during the period (+3.6% in the second quarter), due to a satisfactory result in its core market of the US following recent marketing initiatives, but also in Japan, the UK, Russia and Canada, and despite the decline in the Australian market.
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 +3.4% in the first half, despite falling in the second quarter (-8.1%), mainly because of an unfavourable basis of comparison in the Jamaican market; this result was due to good performances by Jamaica, the US, the UK and Mexico.
The **Grand Marnier** brand, which became part of the Group's portfolio in July 2016, does not yet contribute to the generation of organic growth. Its sales of € 56.5 million, of which 77.0% was achieved in the US, accounted for 6.7% of the Group's total sales in the first half.

The **regional priority brands** (15.7% of Group sales) increased by +11.5% during the first half (+9.9% in the second quarter), spread across many of the core brands, particularly Cinzano, Espolòn and Bulldog.
Cinzano reported overall growth of +5.9% in the first half, with growth of +5.7% in the second quarter, which confirms the good results of the first three months of the year.
This is the result of a good performance by Cinzano sparkling wine, on the back of the upturn in Russia and the unfavorable comparison basis, which was partly offset by a decline in Cinzano vermouth in both Argentine and German markets.
Frangelico closed the first half with a slight decrease (-0.8%), due to a temporary slowdown in the US market.
Averna and Braulio recorded positive results (+2.7% in the first half, +3.4% in the second quarter), especially on the German and US markets with Averna and on the Italian and Swiss markets with Braulio.
Espolòn (+48.7% in the first half, +32.7% in the second quarter) continues to enjoy excellent double-digit growth in the US, the brand's core market; results on the new international markets in which the brand has been recently launched, at around 16% of total sales in the first half, including Australia, Russia, Italy and Canada.
Forty Creek posted a -0.3% fall in the first half, due to a second-quarter decrease of -8.7%. Despite the good performance of the Canadian market, the result was partly offset by a temporary fall in sales on the US market.
The **Bulldog** brand, which is now in the Group's portfolio of regional priority brands but had already been part of its distribution network for some time, recorded excellent growth of +29.9% in the first half, following growth of +27.0% in the second quarter. Performance was driven, in particular, by Spain, Belgium, the US, the UK and the Global Travel Retail segment.
The **other brands** in the category (Carolans, GlenGrant, Cynar and the sparkling wines, Riccadonna and Mondoro) recorded good results in the first half, due to the positive performance of all their core markets, namely the US, France and Russia.

Sales of **local priority brands** (12.8% of the Group's portfolio) recovered on the first quarter with a good second-quarter performance (+2.7%); the category was thus able to close the first half with growth of +0.3%. The core brands of Campari Soda (-3.2%) and Crodino (broadly stable with signs that it is consolidating following recent marketing initiatives and product innovations) recorded positive organic growth in the second quarter, which partly offset the negative first-quarter result due to the slowdown in the Italian market as a result of the different timing of Easter. The Brazilian brands showed solid growth, partly due to a favourable basis of comparison, and closed the first half with a healthy +22.3%, due in particular to Dreher's performance in Brazil. Cabo Wabo also grew in the first half, due partly to the renewed interest in premium tequila spirits on the US market.

The **rest of the portfolio**, which represents just under one fifth of Group sales (including agency brands), reported organic growth of +0.3%, broadly in line with last year. Other good performers in this category were SKYY ready-to-drink, particularly in Mexico, and the Freedea portfolio and Zedda Piras in Italy.

Income statements

Preliminary remarks

The income statement for the first half shows a positive performance overall by all of the main operating profitability indicators in terms of both organic and total changes.

Sales increased overall in all regions (+13.5%), due to the good performance of nearly all the Group's global and regional priority brands in the first half. Organic growth was +6.8% and the positive perimeter and exchange rate effects were +5.0% and +1.8% respectively.

At operating performance level, as a result of improvements in the sales mix in terms of products and markets, in line with the Group's growth strategy, the gross margin increased by +18.6% (+9.6% at organic level), the contribution margin by +15.2% (+6.8% at organic level) and the result from recurring activities by +11.6% (+2.9% at organic level).

The Group's profit before tax and net profit rose by +5.9% and +61.7% respectively; this was due to the highly positive results of the operational management of activities compared with those of the first half of 2016, as well as the tax benefit achieved by the Parent Company under the 'patent box' scheme. Before adjustment for operating and financial non-recurring costs, and deduction of the related tax effects, the Group's profit before tax and net profit would be € 137.8 million and € 93.5 million (increasing respectively of +17.8% and +21.1%).

Income statements

	first half 2017		first half 2016		total change		of which organic		of which external		of which due to exchange rates	
	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%
Net sales	**844.7**	**100.0**	**743.9**	**100.0**	**100.7**	**13.5%**	**50.6**	**6.8%**	**37.0**	**5.0%**	**13.2**	**1.8%**
Cost of goods sold	(339.2)	(40.2)	(317.9)	(42.7)	(21.3)	6.7%	(9.6)	3.0%	(5.4)	1.7%	(6.3)	2.0%
Gross profit	**505.4**	**59.8**	**426.0**	**57.3**	**79.4**	**18.6%**	**41.0**	**9.6%**	**31.6**	**7.4%**	**6.8**	**1.6%**
Advertising and promotional costs	(162.7)	(19.3)	(128.4)	(17.3)	(34.3)	26.7%	(20.7)	16.1%	(11.2)	8.7%	(2.4)	1.9%
Contribution margin	**342.8**	**40.6**	**297.6**	**40.0**	**45.2**	**15.2%**	**20.3**	**6.8%**	**20.4**	**6.9%**	**4.4**	**1.5%**
Overheads	(179.4)	(21.2)	(151.2)	(20.3)	(28.2)	18.7%	(16.1)	10.6%	(8.5)	5.6%	(3.6)	2.4%
Result from recurring activities	**163.4**	**19.3**	**146.4**	**19.7**	**16.9**	**11.6%**	**4.2**	**2.9%**	**11.9**	**8.1%**	**0.8**	**0.6%**
Adjustments to operating income (charges)[1]	(5.0)	(0.6)	(14.5)	(2.0)	9.6	-65.9%	-	-	-	-	-	-
Operating result[1]	**158.4**	**18.8**	**131.9**	**17.7**	**26.5**	**20.1%**	**-**	**-**	-	-	-	-
Financial income (charges)	(23.0)	(2.7)	(34.0)	(4.6)	11.0	-32.3%	-	-	-	-	-	-
Adjustments to financial income (charges)[1]	(24.4)	(2.9)	4.6	0.6	(29.0)	-	-	-	-	-	-	-
Put option, earn-out and discounted effect income (charges)	(2.5)	(0.3)	-	-	(2.5)	0.0%	-	-	-	-	-	-
Profit before tax and non-controlling interests interest	**108.5**	**12.8**	**102.5**	**13.8**	**6.0**	**5.9%**	**-**	**-**	-	-	-	-
Taxes	0.2	0.0	(35.3)	(4.7)	35.5	-100.5%	-	-	-	-	-	-
Net profit	**108.6**	**12.9**	**67.2**	**9.0**	**41.5**	**61.7%**	**-**	**-**	-	-	-	-
Non-controlling interests	-	-	(0.0)	(0.0)	0.0	-100.0%	-	-	-	-	-	-
Group net profit	**108.6**	**12.9**	**67.2**	**9.0**	**41.5**	**61.7%**	**-**	**-**	-	-	-	-
Group profit before tax	**108.5**	**12.8**	**102.5**	**13.8**	**6.0**	**5.9%**	**-**	**-**	**-**	**-**	**-**	**-**
Total depreciation and amortisation	(28.4)	(3.4)	(25.5)	(3.4)	(2.8)	11.0%	(1.7)	6.6%	(0.6)	2.5%	(0.5)	2.0%
EBITDA	**186.8**	**22.1**	**157.4**	**21.2**	**29.3**	**18.6%**	**15.6**	**9.9%**	**12.6**	**8.0%**	**1.1**	**0.7%**
Adjusted EBITDA[1]	**191.7**	**22.7**	**172.0**	**23.1**	**19.8**	**11.5%**	**-**	**-**	**-**	**-**	**-**	**-**
Group profit before tax adjusted[1]	**137.8**	**16.3**	**117.0**	**15.7**	**20.9**	**17.8%**	**-**	**-**	**-**	**-**	**-**	**-**
Group net profit adjusted[1]	**93.5**	**11.1**	**77.3**	**10.4**	**16.3**	**21.1%**	**-**	**-**	**-**	**-**	**-**	**-**

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

The resulting changes in the Group's profitability, calculated in basis points, are shown below. For more detailed comments on the changes in profitability in the individual geographical regions, please refer to the following section 'Profitability by business area'.

Dilution in basis point(*)	Total	Organic
Gross margin	**260**	**150**
Advertising and promotional costs	(200)	(150)
Overheads	(90)	(70)
Result from recurring activities	**(30)**	**(70)**

(*) 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 half of the year totalled € 844.7 million, an increase of +13.5% compared with the same period of the previous year. The organic growth component had a positive impact of +6.8%, while the exchange rate effect added +1.8%. The perimeter effect was positive overall at +5.0%, essentially due to the acquisition of SPML*,* net of the sale of non-strategic businesses and the termination of distribution agreements. For more details on these effects and on sales by region and brand, please see the section above.

Gross profit was € 505.4 million, up +18.6% compared with the first half of 2016.
As a percentage of sales, it rose from 57.3% in 2016 to 59.8% in 2017, with an increase in profitability of 260 basis points (150 basis points at organic level). This result was obtained due to a favourable product/market sales mix, caused by the excellent performance of the high-margin global priority brands and of the regional priority brands, as well as the accretive effect of the acquisition of SPML and the sale of less profitable businesses (120 basis points). Please see the next section for details of profitability by geographical region.

Advertising and promotional costs were 19.3% of sales, an increase on the previous year's figure of 17.3%. The overall increase in investment in the first half, as detailed above, was due to both new initiatives relating to global priority brands and to the phasing of some marketing campaigns, especially in the US. Excluding the external growth effect associated with Grand Marnier, amounting to +8.7% in total (dilutive effect of 50 basis points), organic costs increased by +16.1%, generating dilution of 150 basis points.

The **contribution margin** for the period was € 342.8 million, an increase of +15.2% compared with last year, due to a combination of positive effects attributable to organic growth of +6.8%, a perimeter effect of +6.9%, and a positive exchange rate effect of +1.5%. Consequently, profitability as a percentage of sales increased by 60 basis points in total and was in line with the previous year at organic level.

Overheads increased in the period by +18.7%, due to organic growth of +10.6% and external growth of +5.6%. Exchange rate effects added +2.4%. In the two periods under comparison, overheads as a percentage of sales increased overall from 20.3% in 2016 to 21.2% in 2017, with a total dilutive effect of 90 basis points, including 70 basis points at organic level. The increase, which was in line with the Group's expectations, resulted from the strengthening of the Group's distribution structures in some markets, including:
- the United States, where an investment programme was launched to upgrade the sales structure for the on-premise channel, a strategic distribution segment for the entire premium spirits portfolio;
- South Africa, where a new sales organisation was created in 2016;
- the global travel retail channel, a distribution structure that is currently being strengthened;
- Peru, where the Group has invested in implementing a commercial platform.

The **result from recurring activities** was € 163.4 million, an increase of +11.6% compared with last year. As a percentage of sales it came to 19.3%, a slight decrease of 30 basis points, compared with 19.7% last year. Organic profitability decreased by 70 basis points compared with the previous year, incorporating the effects described above, i.e.:
- an improvement in gross profit, which boosted organic profitability by 150 basis points;
- an increase in the percentage of sales represented by advertising and promotional costs, generating dilution of 150 basis points;
- an increase in overheads, which rose more quickly than organic sales, diluting organic profitability by 70 basis points.

The impact of perimeter changes on the result from recurring activities equates to +8.1% (corresponding to +60 basis points) and is due to the following events:
- the acquisition of SPML, the impact of which (+8.5%) affected the perimeter change from 1 July 2016;
- sales of non-core businesses and businesses with a lower profit margin than the Group's average and the termination of agreements for the distribution of agency brands (-0.4%).

Adjustments to operating income (charges) showed a net charge of € 5.0 million, mainly relating to the restructuring of the Group's organisational and distribution structures.

The **operating result** for the first half of 2017 was € 158.4 million, an overall increase of +20.1% compared with the same period in the previous year. The return on sales, i.e. the operating result expressed as a percentage of net sales, was 18.8% (17.7% in 2016), an increase on the same period of the previous year.

Total **depreciation and amortisation** for the period totalled € 28.4 million, an increase of € 2.8 million (+11.0%) on 2016, partly due to an increase in investment and partly due to the perimeter effect relating to the SPML acquisition. The organic increase fell to 6.6%.

EBITDA was € 186.8 million, an increase of +18.6% on 2016 (+9.9% at organic level).

Adjusted EBITDA came in at € 191.7 million, an increase of +11.5% compared with the previous year.

Net **financial charges** stood at € 23.0 million, a decrease of € 11.0 million on the figure of € 34.0 million recorded in the first half of 2016. This effect is mainly due to the debt restructuring carried out in the third quarter of 2016 and the first half of 2017 to reduce the average cost of debt. The balance includes € 5.0 million of net exchange losses (mainly not realized as of 30 June 2017).

Adjustments to operating income (charges) were negative at € 24.4 million, due mainly to the liability management transactions carried out in the first half of 2017. This is mainly related to the difference between the price paid for the repurchase and the nominal value of the bonds, including transaction costs (€23.2 million), and no cash effects related to the amortised cost accounting.

Average net debt for the first half (€ 1,219.5 million) was higher than in the same period of 2016 (€ 1,030.6 million) and includes the effects of the acquisitions and sales of businesses carried out, with particular reference to the SPML acquisition. The average cost of debt, excluding the effects of exchange rate differences and adjustments to financial income and charges, was 3.0%, a sharp decrease on the average cost for 2016, when the figure was 6.8%, due to the liability management transaction carried out in 2016.

Put option and earn-out income (charges), which also includes the related discounting effects, showed a net charge of € 2.5 million; this was mainly attributable to the impact of the non-cash discounting effects on the income statement of the payable for future commitments to buy the remaining SPML shares.

There were no **portions of profit relating to non-controlling interests** during the period.

The Group's profit before tax was € 108.5 million, an increase of +5.9% compared with the same period of 2016. Net profit as a percentage of sales was 12.8% (13.8% in 2016). Net profit excluding adjustments to operating and financial income and charges for the period (€ 5.0 million and € 24.4 million respectively), was € 137.8 million, an increase of +17.8% compared with net profit for the same period of 2016, which was also adjusted in the same manner. It should be noted that the adjustments to operating and financial income and charges, and to non-recurring tax components, generated a positive tax effect of € 7.4 million.

Income tax for the period totalled € 0.2 million. As described in detail in 'Significant events in the period', the item includes a positive non-recurring component of € 36.2 million, attributable to the reduced IRES and IRAP taxation under the 'patent box' regime, which includes the benefit relating to the 2015 and 2016 tax years (€ 27.5 million), as well as the portion of reduced tax relating to the 2017 year (€ 8.6 million). The reported tax rate, including deferred taxes, fell from 34.4% in 2016 to 0.1% at 30 June 2017, mainly due to non-recurring tax adjustments, as explained above. Excluding the effect of such deferred taxes, the tax effects of the income adjustment components, and the other tax adjustments, the effective tax rate was 32.1% in 2017 (34.0% in the first half 2016).
This item also includes deferred taxes of € 11.9 million in 2017 (€ 13.9 million in 2016), which were reported for the purposes of cancelling out the effect of the tax-deductibility of amortisation on goodwill and brands, permitted under local legislation. The effective tax rate, excluding such deferred taxes, was 23.5%, broadly in line with the rate of full year 2016 equal to 23.1% (22.1% at 30 June 2016).

The **Group's net profit** was € 108.6 million in the first half 2017, an increase of +61.7% compared with 2016. Net profit as a percentage of sales was 12.9% (9.0% in 2016). Net profit excluding adjustments to operating and financial income and charges in the first half of 2017 (€ 29.4 million), the related tax effects and other positive tax adjustments (€ 44.5 million) came to € 93.5 million, up +21.1% on the corresponding profit for the first half of 2016, which had also been adjusted accordingly.

Basic and diluted earnings per share, of €0.09, would have amounted to € 0.08 if adjusted for the above-mentioned components, up +20.9% compared with the figure for the first half of 2016, which had also been adjusted in the same manner. It should be noted that the basic and diluted earnings shown above were calculated taking into account the share split carried out following the approval of the Extraordinary Shareholders' Meeting of Davide Campari-Milano S.p.A. on 28 April 2017 (the 2016 figures were restated accordingly).

Profitability by business area

In the first half of 2017, the four geographical regions contributed to the Group's operating result before adjustments to operating income (charges) as follows: 'Americas' 44.5%, 'Southern Europe, Middle East and Africa' 27.0%, 'Northern, Central and Eastern Europe' 26.7% and 'Asia-Pacific' 1.8%.
The percentage of sales and the operating result of each segment in the two periods under comparison is shown below.

	2017				2016			
	Net sales	% of total	Result from recurring activities	% of total	Net sales	% of total	Result from recurring activities	% of total
	€ million	%	€ million	%	€ million	%	€ million	%
Americas	375.5	44.5%	72.6	44.5%	297.7	40.0%	51.9	35.5%
Southern Europe, Middle East and Africa	258.8	30.6%	44.1	27.0%	258.7	34.8%	57.9	39.5%
Northern, Central and Eastern Europe	157.0	18.6%	43.6	26.7%	139.5	18.7%	33.3	22.8%
Asia-Pacific	53.3	6.3%	3.0	1.8%	48.0	6.5%	3.3	2.2%
Total	**844.7**	**100.0%**	**163.4**	**100.0%**	**743.9**	**100.0%**	**146.4**	**100.0%**

At organic level, the Group's operating result as a percentage of sales incorporated a negative effect of 70 basis points, due to the following factors.

- The **gross margin** increased overall by 150 basis points at organic level, due to a favourable market and product mix recorded primarily in the Americas and the Northern, Central and Eastern Europe regions.
- In both these regions, **advertising and promotional costs** as a percentage of sale increased on the previous year, generating a dilution in profitability of 150 basis points compared with the first half of 2016.
- Group **overheads** increased by 70 basis points at organic level; the main contributors to dilution were the Americas, Southern Europe, Middle East and Africa, due to the strengthening of the Group's distribution structures.

The income statements for each geographical region are shown in the following sections, with a breakdown of the organic change and the related dilution of profitability.

- **Americas**

The region comprises the direct markets of the US, Jamaica, Brazil, Argentina, Mexico, Canada and Perù, which together represent around 90% of the region's sales. In the first half of 2017, this region made the largest contribution (44.5%) to the Group's sales and result from recurring activities.

The results for the period were as follows.

	2017		2016		Total change		Organic change		Organic accretion/dilution of profitability
	€ million	%	€ million	%	€ million	%	€ million	%	Basis points
Net sales	**375.5**	**100.0**	**297.7**	**100.0**	**77.8**	**26.1%**	**22.7**	**7.6%**	**-**
Gross margin	**220.4**	**58.7**	**160.8**	**54.0**	**59.6**	**37.1%**	**21.0**	**13.1%**	**270**
Advertising and promotional costs	(72.7)	(19.4)	(50.2)	(16.8)	(22.5)	44.9%	(10.5)	21.0%	(210)
Overheads	(75.1)	(20.0)	(58.7)	(19.7)	(16.4)	27.9%	(10.1)	17.2%	(180)
Result from recurring activities	**72.6**	**19.3**	**51.9**	**17.4**	**20.7**	**39.8%**	**0.4**	**0.8%**	**(110)**

Overall, the region saw an increase in both sales (+26.1%) and the result from recurring activities (+39.8%).
The large perimeter effect in this region (+15.7% of sales and +38.9% of operating result) is essentially due to the integration of the Grand Marnier brand from 1 July 2016 into the Group's portfolio.
Excluding both the exchange rate effect (minor) and the perimeter effect, organic sales growth in the region was +7.6%, while the result from recurring activities increased by +0.8%, generating a dilution in profitability of 110 basis points. This was due to various contrasting factors, which are analysed below.

In terms of the **gross margin**, the results showed an organic increase of +13.1%, increasing profitability by 270 basis points, due to, on the one hand, a favourable product and market mix, with healthy growth in the global and regional brands in the US, a highly profitable market, and on the other, from a favourable comparison with 2016, which was partly penalised by the results of the sugar business in Jamaica.

Advertising and promotional costs increased as a percentage of sales at organic level, compared with 2016, which generated a dilution of 210 basis points; this increase was due to the phasing of some marketing campaigns related to global brands such as Wild Turkey (e.g. the Matthew McConaughey campaign) and Campari and Aperol.

Overheads increased by +17.2% at organic level, generating a dilution of 180 basis points, due to the focus on and ongoing upgrading of the on-premise distribution capabilities in the US and Perù, in line with the Group's strategy and the integration of Grand Marnier.

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

The region, which includes the direct markets of Italy, Spain and South Africa, as well as markets served by third-party distributors, was the Group's second-largest region in terms of sales and profitability in the first half of 2017, with a contribution of 30.6% and 27.0% respectively.
The results for the period were as follows.

	2017		2016		Total change		Organic change		Organic accretion/dilution of profitability
	€ million	%	€ million	%	€ million	%	€ million	%	Basis points
Net sales	**258.8**	**100.0**	**258.7**	**100.0**	**0.1**	**0.0%**	**7.2**	**2.8%**	-
Gross margin	**161.4**	**62.4**	**161.1**	**62.3**	**0.2**	**0.1%**	**4.0**	**2.5%**	**(20)**
Advertising and promotional costs	(50.6)	(19.6)	(47.0)	(18.2)	(3.6)	7.7%	(3.2)	6.7%	(70)
Overheads	(66.6)	(25.7)	(56.2)	(21.7)	(10.4)	18.5%	(5.6)	9.9%	(150)
Result from recurring activities	**44.1**	**17.1**	**57.9**	**22.4**	**(13.8)**	**-23.8%**	**(4.7)**	**-8.1%**	**(240)**

Sales were broadly stable overall, while the result from recurring activities decreased by -23.8%. It should be noted that the perimeter effects in this region are substantial, especially in terms of the operating result (which resulted in a decrease of -15.5%) due to the SPML effect which, by virtue of the concentration of administrative structures in the area concerned, led to a disproportionate increase in overheads.

Excluding both the exchange rate and the perimeter effect, the region recorded organic growth of +2.8% in sales, while the result from recurring activities decreased by -8.1%, which created a dilution in profitability of 240 basis points.

In terms of **gross profit**, results showed an organic increase of +2.5%, which resulted in a dilution of profitability of 20 basis points. Aperol's excellent performance in all the region's markets, including the global travel retail channel, was partially offset by the performance of single-serve aperitifs in Italy.

Advertising and promotional costs rose by +6.7% at organic level, leading to a decrease of 70 basis points in organic profitability. The increase is partly due to the earlier timing of some initiatives compared with the same period of the previous year, mainly on global priority brands.

Overheads rose by +9.9% in absolute terms, at organic level, generating a dilution in profitability of 150 basis points. The increase is due to the strengthening of the Group's distribution structure in markets such as South Africa and the global travel retail channel in this region.

- **Northern, Central and Eastern Europe**

The region, which includes the direct markets of Germany, Austria, Switzerland, Benelux, the UK, Russia and Ukraine, as well as areas served by third-party distributors, contributed 18.6% to the Group's sales and 26.7% to the result from recurring activities.

The results for the period were as follows.

	2017		2016		Total change		Organic change		Organic accretion/dilution of profitability
	€ million	%	€ million	%	€ million	%	€ million	%	Basis points
Net sales	**157.0**	**100.0**	**139.5**	**100.0**	**17.6**	**12.6%**	**19.3**	**13.8%**	-
Gross margin	**99.4**	**63.3**	**82.4**	**59.0**	**17.0**	**20.7%**	**15.6**	**19.0%**	**270**
Advertising and promotional costs	(30.6)	(19.5)	(24.0)	(17.2)	(6.5)	27.2%	(6.1)	25.5%	(180)
Overheads	(25.2)	(16.0)	(25.0)	(17.9)	(0.2)	0.7%	0.2	-0.7%	230
Result from recurring activities	**43.6**	**27.8**	**33.3**	**23.9**	**10.3**	**30.9%**	**9.7**	**29.1%**	**320**

Overall, sales in the region increased by +12.6%, while the result from recurring activities rose by +30.9%.

Excluding the negative exchange rate effect and the positive perimeter effect (both of which were minor), sales increased by +13.8% at organic level, and the result from recurring activities by +29.1%, resulting in an increase of 320 basis points. This excellent performance was due to the following factors.

At **gross margin** level, profitability increased by 270 basis points, due to the effects of the favourable geographical and product mix. Specifically, gross margin as a percentage of sales benefited from the excellent performance of Aperol on many of the region's markets, as well as the good performance generally of some markets such as the UK.

Advertising and promotional costs for the period increased as a percentage of sales due to the investments made in these markets, especially Aperol in emerging and high-potential markets, which generated an organic dilution of 180 basis points.

Overheads were unchanged on the previous year, generating an improvement in profitability of 230 basis points.

- **Asia-Pacific**

The region, which includes the direct markets of Australia, New Zealand and China, as well as areas served by third-party distributors, made a contribution of 6.3% to the Group's sales and 1.8% to the result from recurring activities.

The results for the period were as follows.

	2017		2016		Total change		Organic change		Organic accretion (dilution) of profitability
	€ million	%	€ million	%	€ million	%	€ million	%	Basis points
Net sales	**53.3**	**100.0**	**48.0**	**100.0**	**5.3**	**11.0%**	**1.3**	**2.8%**	**-**
Gross margin	**24.2**	**45.5**	**21.7**	**45.2**	**2.5**	**11.7%**	**0.3**	**1.3%**	**(70)**
Advertising and promotional costs	(8.8)	(16.5)	(7.2)	(15.0)	(1.6)	21.9%	(0.9)	12.2%	(140)
Overheads	(12.5)	(23.4)	(11.2)	(23.4)	(1.2)	10.9%	(0.6)	5.2%	(50)
Result from recurring activities	**3.0**	**5.6**	**3.3**	**6.8**	**(0.3)**	**-7.9%**	**(1.2)**	**-36.4%**	**(260)**

The region recorded an overall increase of +11.0% in sales, while the result from recurring activities decreased by -7.9%.

Excluding the negative exchange rate effect and the positive perimeter effects sales increased by +2.8% and the result from recurring activities decreased by -39.4% at organic level. The most significant effects overall were the following.

The **gross margin** grew by +1.3% at organic level, generating a dilution of 70 basis points, due to the slowdown in the whiskey segment in Australia.

Advertising and promotional costs increased in both absolute terms and as a percentage of sales compared with the first half of 2016, which generated a dilution in profitability of 140 basis points; this was due to the investment on Aperol in Australia.

Overheads were unchanged as a percentage of sales but increased by +5.2% at organic level, mainly due to the strengthening of the structure in Australia and the Asian markets. The increase in these costs led to a dilution in the region's profitability of 50 basis points.

Reclassified statement of cash flows

The table below shows a simplified and reclassified version of the statement of cash flows in the financial statements.
The main restatement was the exclusion of cash flows relating to changes in short-term and long-term debt, and in investments in marketable securities. The total cash flow generated (or used) in the period thus corresponds to the change in net financial position.

	first half 2017 € million	first half 2016 € million
EBITDA	**186.8**	**157.4**
Other adjustment to operating profit	(10.7)	10.4
Changes in tax payables and receivables and other non financial receivables and payables	(19.1)	3.5
Taxes paid	(22.2)	(19.2)
Cash flow from operating activities before changes in working capital	**134.8**	**152.1**
Changes in net operating working capital	(13.4)	75.6
Cash flow from operating activities	**121.4**	**227.6**
Net interests paid	(0.1)	(8.7)
Net payments from liability management	(23.2)	-
Cash flow used for investment	(27.3)	(15.1)
Free cash flow	**70.8**	**203.8**
(Acquisition) and sale of companies or business division[3]	(37.8)	(469.7)
Financial position of acquired and sold companies[3]	23.3	36.4
Sale and purchase of brands and rights	(0.2)	0.2
Dividend paid out by the Parent Company	(52.1)	(52.1)
Other changes	(10.9)	(2.7)
Total cash flow used in other activities	**(77.8)**	**(487.9)**
Exchange rate differences and other changes	**(24.1)**	**(22.9)**
Change in net financial position due to operating activities	**(31.0)**	**(306.9)**
Payable for the exercise of put options and earn out payments[2]	(29.1)	0.1
Payable generated in the period for deferred purchases of SPML shares[3]	6.9	(210.2)
Net cash flow of the period = change in net financial position	**(53.3)**	**(517.1)**
Net financial position at the beginning of the period[1]	**(1,199.5)**	**(825.8)**
Reclassification to comparison book values[1]	7.2	-
Net financial position at the beginning of the period-post reclassifications[1]	(1,192.4)	-
Net financial position at the end of the period	**(1,252.8)**	**(1,342.9)**

[1]For information on reclassifications at opening book values, , see note 6-'Reclassifications to comparison book value as of 30 June 2016 and 31 December 2016 of the condensed half-year financial statements.
[2] This item, which is a cash item, was included purely to reconcile the change in the net financial position due to operating activities with the overall change in the net financial position.
[3] These items include the full effects of the acquisitions and sales of companies or businesses during the period which impacted the Group's net financial position and liquidity flows, as detailed below.

	Non-core business of Chilean wines € million	Bulldog[**] € milioni	total € milioni
Acquisition (disposal) of business	**6.7**	**(44.5)**	**(37.8)**
Net financial position of acquired (disposed) companies	**23.3**	**-**	**(23.3)**
Other cost related to acquisition[*]	-	(10.6)	(10.6))
Net effect of acquisitions (disposal)	**30.0**	**(55.1)**	**(25.1)**
earn-out liability estimation	-	(25.0)	(25.0)
Total price of acquisitions (sales) of companies	**30.0**	**(80.1)**	**(50.1)**

[*] including financial guarantees.
[**] amount in USD converted in Euro as of 30 June 2017 exchange rate.

In the first half of 2017, **net cash flow** reflected the use of € 53.3 million, an improvement of € 463.8 million on the first half of 2016, when the result was negative at € 517.1 million due to the acquisition of SPML.

More specifically, **free cash flow** of € 70.8 million was generated in the first half of 2017; this is the result of cash flow from operating activities of € 121.4 million, which was partly used to pay net financial interest of € 0.1 million, payment related to the liability management for an amount of € 23.2 million and to make net investments in fixed assets of € 27.3 million.
A comparison of the free cash flow in the first half with the figure for the same period in 2016 (€ 203.8 million) shows that cash generation was lower by € 133.0 million this year due to various contrasting factors as follows:

- EBITDA increased by € 29.3 million compared with 2016;
- other adjustments to operating profit led to a cash reduction of € 10.7 million, mainly due to greater net uses of provisions, totalling € 3.1 million, changes in the fair value of financial instruments (intercompany loans in foreign currencies and derivative hedging agreements) of € 10.7 million, and other positive changes for € 3.1 million;
- non-financial assets and liabilities led to a cash reduction of € 19.1 million and are related to the settlement of non-financial and non-trade payables and receivables, such as indirect taxation and excise duties;

- income tax paid in the first half 2017 amounts to € 22.2 million, result of a partial benefit from Patent Box, that will be gradually reabsorbed during the year;
- working capital showed an organic increase of € 13.4 million;
- net interest paid were equal to € 0.1 million, € 8.6 million lower than the same period in 2016, due to liability management transactions carried out in the second half of 2016 and the first half of 2017;
- non-recurring payment related to the liability management resulted in € 23.2 million payment;
- investment spending was € 27.3 million mainly due to the maintenance of existing fixed assets.

Cash flow used in other activities was € 77.8 million, compared with € 487.9 million in the same period in 2016, generating a lower cash requirement of € 410.1 million.
The change is mainly due to the extraordinary transactions carried out by the Group in the two periods under comparison:

- on 30 June 2016, the acquisition of SPML generated a total cash requirement of € 440.2 million (of which € 472.7 million was paid by 30 June 2016 and € 32.5 million represented the Group's net cash at the date of acquisition); this was offset by the € 4.4 million generated by the sale of the non-core business belonging to Casoni Fabbricazione Liquori S.p.A.;
- on 30 June 2017, the acquisition of Bulldog generated positive cash flow of € 30.0 million; this involved a net cash outlay of € 44.5 million, which was partially offset by the effects of the sale of the Chilean wine business;

The cash flow used by other assets was also significantly impacted by the payment of dividends of € 52.1 million and the purchase of own shares in support of stock option plan for € 11.1 million.

Exchange rate differences and other changes had a negative impact of € 24.1 million on the 2017 net cash flow; this reflects the effect of exchange rate differences on operating working capital, as well as the recording of some non-cash items, which were included for the purposes of reconciling the changes in cash flow with the change in the net financial position.

The change in **financial payables relating to the exercise of put options and earn-out payments**, which are shown here purely for the purposes of reconciling the financial position for the period with the total net financial position, is due to payables generated in connection with the purchase of Bulldog (€ 4.6 million for guarantees and € 25.0 million for estimated earn-out payments), and of SPML (€ 2.3 million in dividend payments and € 4.6 million relating to the revaluation of the debt).

To conclude, net cash flow of € 53.3 million had been absorbed at 30 June 2017, corresponding to the increase in Group financial debt compared with 31 December 2016. The changes made to the opening book values on the net financial position, totalling € 7.2 million, are shown as changes to this statement of cash flows during the period; as they involve non cash movements, they had no effect on the cash flow for the period.

Breakdown of net debt

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

	30 June 2017	31 December 2016(**)	change	of which perimeter effect for sales(***)
	€ million	€ million	€ million	€ million
Cash and cash equivalents	324.8	354.1	(29.3)	(1.7)
Payables to banks	(89.3)	(106.9)	17.6	19.8
Lease payables	(0.1)	-	(0.1)	0.0
Private placement and bond	-	-	0.0	-
Other financial receivables and payables	(8.9)	(5.7)	(3.2)	1.7
Short-term net financial position	**226.4**	**241.4**	**(15.0)**	**19.8**
Payables to banks	(301.4)	(302.3)	0.8	-
Real estate lease payables	(1.5)	(2.2)	0.7	1.0
Bonds(*)	(994.1)	(994.6)	0.4	-
Other financial receivables and payables	37.3	55.3	(18.0)	-
Medium-/long-term net financial position	**(1,259.7)**	**(1,243.7)**	**(16.0)**	**1.0**
Debt relating to operating activities	**(1,033.3)**	**(1,002.3)**	**(31.0)**	**20.8**
Liabilities for put option, earn-out payments and SPML purchase commitment	(219.4)	(190.0)	(29.4)	-
Net financial position	**(1,252.8)**	**(1,192.4)**	**(60.4)**	**20.8**

(*) Including the relevant derivatives.
(**) For information on reclassifications at opening book values, see note 6-'Reclassifications to comparison book value as of 30 June 2016 and 31 December 2016 of the condensed half-year financial statements'.
(***) The net financial position of the Chilean wine business was € 20.8 million, to which should be added an amount of € 2.5 million relating to further payables that were eliminated when the transaction was closed.

At 30 June 2017, net financial debt totalled € 1,252.8 million, a slight increase on the figure at 31 December 2016 (€ 1,192.4 million) as a result of the following financial events:
- the acquisition of Bulldog, which had a total effect on the net financial position of € 80.1 million (of which € 55.1 million is the value defined at the closing of the deal, plus € 25.0 million as estimated payables for future earn-out payments);
- the sale of the Chilean wine business, which made a positive contribution of € 30.0 million to the net financial position;
- liability management transactions carried out in the first half of 2017, which implied a cash out of € 23.2 million.

In terms of structure, at 30 June 2017, the net financial position continued to comprise a larger medium-/long-term debt component compared with the short-term portion.

The final short-term net cash position was € 226.4 million, a decrease on the figure at 31 December 2016, and consisted mainly of cash and cash equivalents of € 324.8 million, net of payables to banks (€ 89.3 million) and other short-term payables (€ 8.9 million).

The other medium-/long-term financial receivables and payables item, amounting to € 37.3 million, mainly included cash investments by the Parent Company.

Separately, the Group's net financial position included a financial payable of € 219.4 million, comprising:
- a payable for future commitments to purchase the remaining shares of SPML, totalling € 186.2 million; the change compared with 31 December 2016 reflects the distribution of a dividend totalling € 2.3 million, and the non-cash impact arising from the effects of the amortised cost;
- payables associated with the purchase of Bulldog (an estimated € 25.0 million for future earn-out payments and € 4.6 million in payables relating to guarantees, both converted in Euro at 30 June 2017 exchange rate);
- payables totalling € 3.6 million relating to the earn-out payment on Sagatiba and the purchase of minority holdings connected with the Jamaican acquisition.

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 30 June 2017, this multiple was 2.9 (unchanged from 31 December 2016). Considering the effects of the in progress disposal activities at 30 June 2017, this ratio would be 2.2.

Reclassified statement of financial position

The Group's summary balance sheet is shown in the table below in reclassified format, to highlight the structure of invested capital and financing sources.

	30 June 2017 € million	31 December 2016(*) € million	change € million
Fixed assets	2,977.9	3,164.9	(187.0)
Other non-current assets and liabilities	(559.2)	(576.8)	17.7
Operating working capital	566.0	587.4	(21.4)
Other current assets and liabilities	91.3	(83.2)	174.4
Total invested capital	**3,076.0**	**3,092.4**	**(16.3)**
Shareholders' equity	1,823.3	1,900.0	(76.7)
Net financial position	1,252.8	1,192.4	60.4
Total financing sources	**3,076.0**	**3,092.4**	**(16.3)**

(*) For information on reclassifications at opening book values, see note 6-'Reclassifications to comparison book value as of 30 June 2016 and 31 December 2016 of the condensed half-year financial statements'.

Invested capital at 30 June 2017 was € 3,076.0 million, a decrease of € 16.3 million compared with 31 December 2016.
The most significant change in invested capital relates to the decrease of € 187.0 million in fixed assets, against an increase of € 174.4 million in other current assets and liabilities, as a result of reclassifications associated with the sales of businesses under way at 30 June 2017.
Regarding financing sources, the change in shareholders' equity was mainly due to profit for the period, the dividend paid by the Parent Company and translation differences on assets held in currencies other than euro. For details of the changes in the net financial position, totalling € 60.4 million, please see the preceding note 'Breakdown of net debt', where these are addressed in detail.
Please see the section below entitled 'Operating working capital' for further details of changes in net working capital.

As a result of the changes mentioned above, the Group's financial structure showed a ratio of debt to own funds at the end of the period of 68.7%, an increase on the figure of 63.1% recorded at 31 December 2016.

Operating working capital

The breakdown of the total change in operating working capital at 31 December 2016 is as follows.

	30 June 2017	31 December 2016[(*)]	change of which:			
			total	organic	exhange rates	external
	€ million	€ million	€ million	€ million	€ million	€ million
Trade receivables	248.7	306.3	(57.7)	(48.3)	(10.2)	0.9
Inventories, of which						
- maturing inventory	*285.5*	*293.7*	*(8.2)*	*9.1*	*(17.3)*	-
- other inventory	*263.5*	*249.8*	*13.7*	*29.0*	*(8.4)*	*(6.9)*
Total inventories	549.0	543.5	5.5	38.1	(25.7)	(6.9)
Trade payables	(231.6)	(262.5)	30.8	23.6	7.2	-
Operating working capital	**566.0**	**587.4**	**(21.4)**	**13.4**	**(28.8)**	**(6.0)**
Sales in the previous 12 months rolling	1,827.2	1,726.5				
Working capital as % of sales in the previous 12 months	31.0	34.0				

[(*)] For information on reclassifications at opening book values, see note 6-'Reclassifications to comparison book value as of 30 June 2016 and 31 December 2016 of the condensed half-year financial statements'.

At 30 June 2017, operating working capital totalled € 566.0 million, a decrease of € 21.4 million compared with the figure at 31 December 2016.

The exchange rate effect in the first six months of 2017 led to a decrease in operating working capital of € 28.8 million, while the organic increase of € 13.4 million was partly offset by the external growth component, which contributed an amount of € 6.0 million to the total decrease in working capital.

The organic change in working capital comprised a decrease of € 48.3 million in receivables, an increase of € 38.1 million in stocks and a decrease of € 23.6 million in trade payables. Compared with 31 December 2016, seasonal effects in the first half cause a sharp decrease in the value of trade receivables, which at 31 December traditionally show higher absolute values than during the rest of the year. This reduction is partly offset by an increase in inventories of finished goods in light of the seasonal peak in the second half of the year, and by a reduction in the value of trade payables. With reference to the avobe mentioned trade payables, it would be noted a significative decrease totalling € 23.6 million mainly due to seasonal effects and timing effects on year-end payments.
The increase of € 38.1 million in inventories was essentially due to growth in the Group's stocks of finished goods and other merchandise totalling € 29.0 million and in maturing liquids of € 9.1 million.
At 30 June 2017, operating working capital amounted to 31.0% of net sales in the previous 12 months, a decrease of 34.0% compared with the figure at 31 December 2016.

Transactions with related parties

It should be noted that transactions with related parties, including intragroup transactions, are not classed as atypical or unusual, as they are part of the normal business of Group companies. These transactions are carried out under market conditions, taking into account the characteristics of the goods and services provided.
The information on transactions with related parties, including that required by the Consob Communication of 27 July 2006, is shown in note 36 - 'Related parties' of the condensed half-year financial statements at 30 June 2017.

Investor information

The international economy

The recovery in the global economy has been strengthening since the start of the year. However, there are still areas of uncertainty surrounding various global economic policies and continuing geopolitical tensions in the emerging economies.

Regarding the economic performance in the key areas for Gruppo Campari's activities, the upturn in economic activity in Italy continued during the first half of the year. The strengthening of GDP was mainly supported by the rise in household consumption, particularly in services and consumer durables, the favourable trend in the services sector, and the recovery in industry, following the temporary fall recorded at the start of the year. In particular, business confidence indicators remained high in all sectors of activity. Labour market conditions continue to improve; this is reflected in the increase in the number of people in employment, with more stable contractual forms, and the fall in the unemployment rate. Foreign trade had a positive effect on GDP growth, thanks to the increase in exports, mainly in non-EU markets. After first-quarter growth of +0.4%, GDP growth in the second quarter is estimated to be up +0.2% on the previous quarter[2].
The GDP growth estimate for 2017 was upgraded to +1.4% following the positive data for the start of the year[3]. Growth is expected to be supported by household consumption and investment, thanks to the favourable financial conditions and tax relief. Moreover, this positive scenario is contingent on the ECB Governing Council maintaining the expansionary monetary policy. Risks to growth are mainly expected to come from the global environment and, in particular, developments in global economic and commercial policies.

In the Eurozone, the cyclical expansion continues to strengthen, with economic growth improving, mainly supported by investments. Inflation-related risks, which eased in 2016, re-emerged in the first half of the year. In this regard, the ECB Governing Council deemed it necessary to maintain a high degree of monetary accommodation until the end of 2017, and beyond if necessary, to ensure that inflation returns to levels consistent with price stability.
GDP in all major Eurozone countries accelerated in the first half of the year. Economic activity in Germany continues to grow, recording an estimated increase of around +0.5% in the first half of 2017[2]. In France, economic activity was boosted by the positive result of the presidential elections, with growth estimated to be around +0.5% in the first half of 2017[2]. The main risks to Eurozone growth are the uncertainty surrounding the global economy and geopolitical tensions.

In the UK, macroeconomic indicators continue to point to a largely stable economy. GDP growth is estimated to be around +0.2% in the first half of 2017[2]. In the medium term, however, uncertainty over the economic repercussions caused by the UK's exit from the European Union remains high.
With regard to the United States, after slowing in the first few months of the year, more recent indicators suggest economic activity is strengthening, driven by domestic demand[2].
Turning to the Asia-Pacific region, GDP growth is estimated to reach +5.4%[4] in 2017. The economic environment for the main emerging markets remains positive overall. The recession has eased slightly in Brazil, but political uncertainty remains. In Russia, however, such uncertainty has died down.

Overall, according to the latest OECD estimates, global GDP is expected to grow by +3.5% in 2017, an improvement on 2016 (+3.0%), thanks to strengthening investment and employment in advanced economies and Russia's exit from recession.

Financial markets

Since the start of the year, the stock market has continued to rise, in an environment of low volatility. The MSCI Europe closed the first half of 2017 with a gain of +4.0%, while in the US, the S&P500 index increased by +8.2%.

Equities prices continued to rise on the Italian financial markets, mainly in the second quarter, driven predominantly by improved corporate earnings, the publication of better-than-expected data, and easing concerns about the Italian banking sector. In the first half of 2017, the FTSE MIB and FTSE Italia All Shares indices rose by +7.0% and +8.6% respectively.

On the bond markets, after the general fall in spring, yields on government bonds of advanced economies rose again, although they remained at low levels. This performance reflects increased expectations of less accommodative monetary policies in the US and of stronger economic activity in the Eurozone. Sovereign risk premiums in the Eurozone have decreased, partly due to the result of the French elections.

[2] Source: Bloomberg
[3] Source: Bank of Italy
[4] Source: International Monetary Fund

On the Italian market, risk premiums for Italian government bonds have remained broadly unchanged.

Regarding exchange rate fluctuation in the first half of 2017, most of Gruppo Campari's reference currencies appreciated against the Euro. In particular, the average exchange rate for the US Dollar rose by +3.1%. The currencies that appreciated against the Euro include the Canadian Dollar (+2.9%), the Brazilian Real (+20.2%) and the Russian Rouble (+25.0%). Conversely, the currencies that depreciated against the Euro include the Jamaican Dollar (-1.7%), the Mexican Peso (-4.0%) and UK Sterling (-9.4%).

Spirits sector

In the first half of 2017, the Stoxx Europe 600 Food&Beverage index rose by +7.4%, outperforming the MSCI Europe by +3.4%.

Overall, all the main companies recorded positive performances in the spirits sector in the first half of 2017. In general, demand in the sector continues to show positive growth, mainly driven by premium products and an extended product range driven by high-end product innovation. Renewed interest in classic cocktails, fuelled by a highly positive trend in the continually expanding global mixology markets, is an additional driver of demand for premium brands. At the same time, the premium on-premise channel is witnessing an evolution with the emergence of cocktail bars and speakeasy-style bars inspired by the Prohibition era.

Premiumisation is happening both in developed countries, where increasing attention is paid to distinctive factors such as quality, authenticity, provenance and craftsmanship, and in emerging markets such as Asia, Africa and Latin America, where improvement in the socio-economic conditions of the middle class is gradually increasing demand for Western-style premium products .

In the US market, the most important for the industry in terms of size and profitability, brown spirit products continue to outperform market growth by volume and value, driven by the favourable trend for premium products, renewed interest in premium cocktails, and increasing demand for tasting products. The specific categories recording growth are American, Canadian and Irish whiskeys, Scotch whisky and Japanese whisky, as well as tequila and aged rum. Cognac continues to grow globally, especially in the US but also China, where, after a period of contraction due to the introduction of austerity measures in 2012, consumption of imported products has started to rise again. Bitter aperitifs and speciality drinks, driven by mixology and classical cocktails, are also trending positively. It should also be noted that the vodka category in the US market is still subject to fierce competition, which is partly due to growth in craft products, as described below. In other developed markets, such as the UK and continental Europe, consumption of brown spirits has continued to grow, albeit in a more mature environment than in North America.

Emerging trends also include growth in craft spirits. This phenomenon, which originated in the US beer market, is currently also developing in the spirits market, especially in the premium segment. Craft spirits are also expanding in other mature markets and emerging markets for the whisky, vodka and gin categories. The major sector players have reacted to this trend by stepping up the creation of limited and craft editions, fuelling the trend for premium products.

Medium- to long-term expectations regarding the performance of sector companies remain positive. Spirits stocks continue to benefit from better growth expectations than other consumer goods sectors; this is also reflected in valuations, which are at a premium to market indices. In addition, expectations regarding future M&As in the spirits industry remain positive, in line with past figures.

Campari stock price performance[5]

In the economic, industry and financial market environment described above, the Campari stock benefited in the first half of 2017 from the announcement of positive results for all the main performance indicators in 2016, and the positive start to the first quarter of 2017. In addition, the stock was positively influenced by the acquisition of Bulldog announced on February 2nd, 2017 and the sale of the Sancerre winery announced on June 12th, 2017, which marked the Group's complete exit from the non-strategic still wines business, in line with the Group's strategy.

In the first half of 2017, the Campari stock price increased by +32.8% in absolute terms, with total shareholder return (TSR) up +33.8%. The Campari stock price outperformed the FTSE MIB by +25.8%. The stock outperformed the STOXX Europe 600 Food&Beverage index by +25.4% in the period from 1 January to 30 June 2017, and outperformed the MSCI Europe sector index by +28.8%. The Campari stock also recorded the best performance in the first half of 2017 compared with its sector peers.

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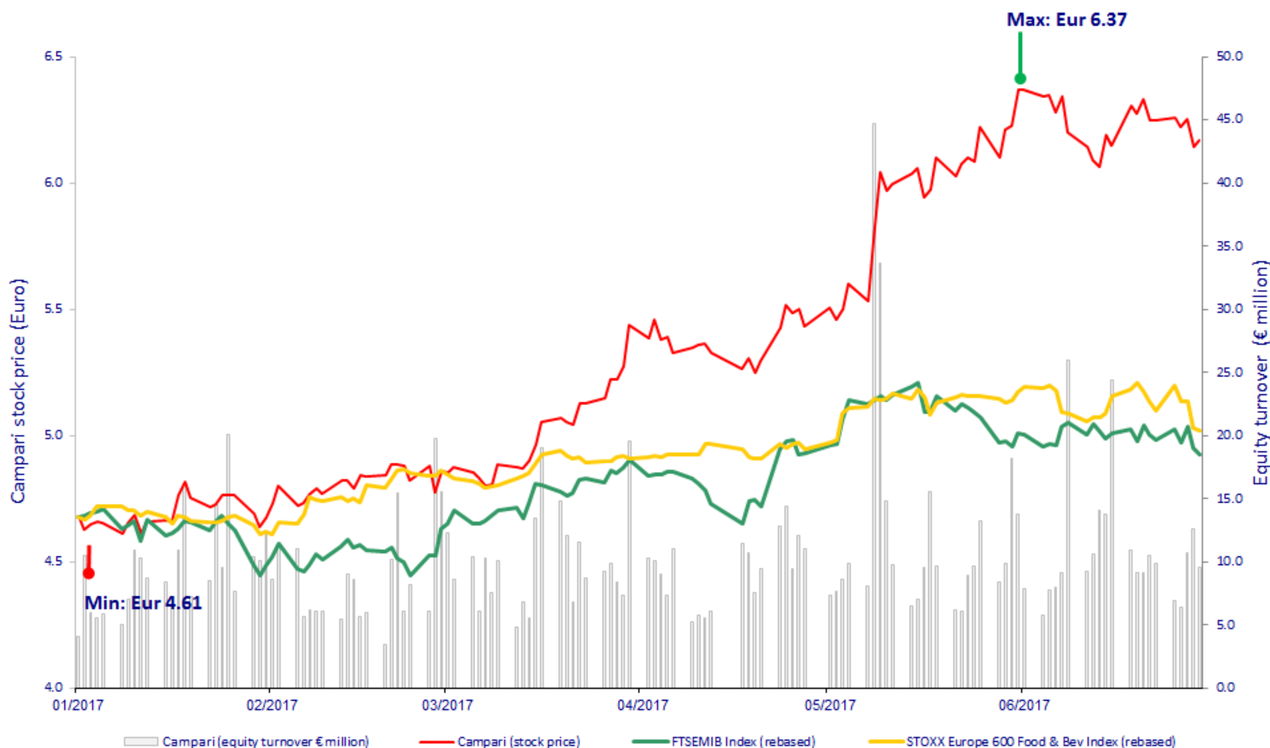
[5] The stock values shown have been adjusted to take account of the share split in the ratio of two new shares for each share held, which became effective on 8 May 2017.

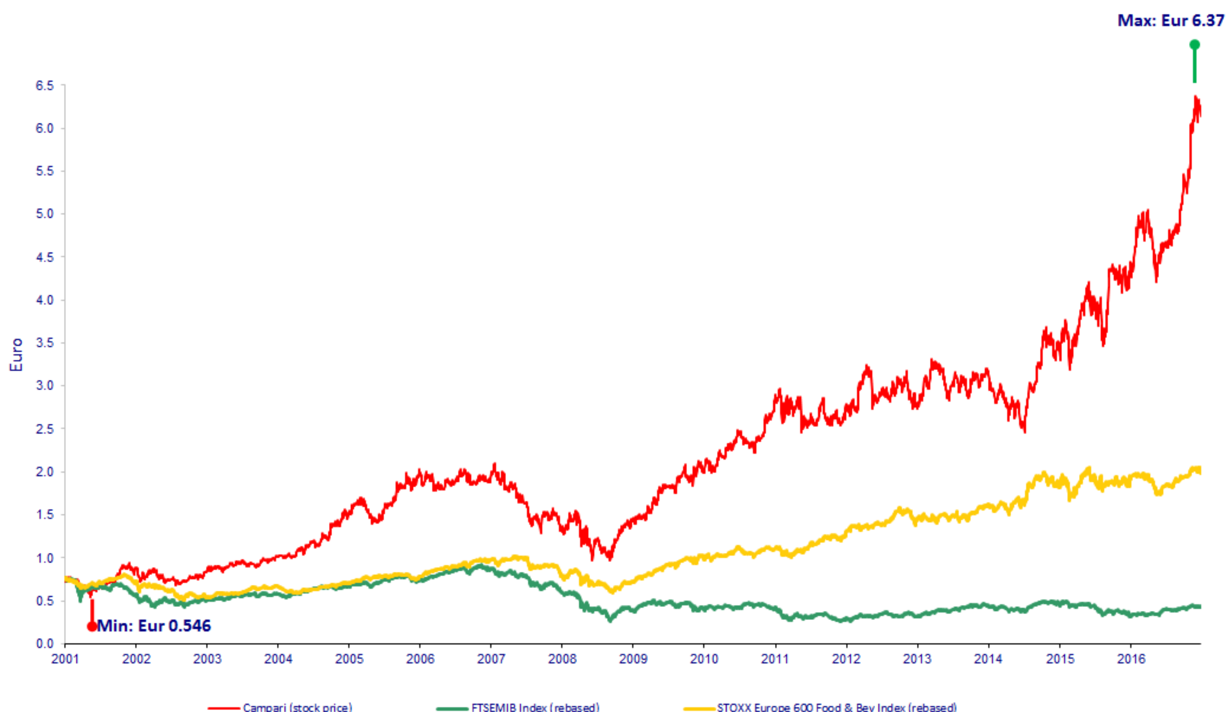
For the first half of 2017, the minimum and maximum closing prices of € 4.61 and € 6.37 were recorded on 9 January 2017 and 1 June 2017 respectively. This was the highest price achieved by the stock since the IPO in 2001. An average of 1.9 million Campari shares were traded daily on the market managed by Borsa Italiana S.p.A. in the first half of 2017, with an average daily value of € 10.3 million. At 30 June 2017, Campari's market capitalisation was € 7.2 billion.

From the date of the initial public offering (IPO) to 30 June 2017, the Campari stock price has increased in absolute terms by +696.1% (an average of +13.9% per year), with total shareholder return (TSR) up +883.3% (an average of +15.4% per year). The Campari stock outperformed the FTSE MIB by +741.4%. The stock outperformed the STOXX Europe 600 Food&Beverage index by +540.5% in the period from the IPO to 30 June 2017, and outperformed the MSCI Europe sector index by +693.8% in the same period.

The performance of the Campari stock and the main benchmark indices from 1 January 2017 to 30 June 2017



The performance of the Campari stock and the main benchmark indices from listing (2001) to 30 June 2017



The figures have been adjusted to reflect the changes in share capital in 2005, 2009 and 2017.
The STOXX Europe 600 Food &Beverage Price Index is a capitalisation-weighted index which includes European companies operating in the food and beverage industry.

Campari stock

Shares

At 30 June 2017, the share capital of Davide Campari-Milano S.p.A. was € 58,080,000, comprising 1,161,600,000 ordinary shares with a nominal value of €0.05 each.

Stock split

On May 8th, 2017, following the approval of the Shareholders' meeting held on April 28th, 2017, the 580,800,000 shares, with a nominal value of € 0.10 each have been split via the issue of two new shares with nominal value of € 0.05 each for each existing with a nominal value of € 0.10. The new shares would qualify from January 1st, 2016. The fully paid up share capital of € 58,080,000 remains unchanged and, following the stock split, is divided into 1,161,600,000 shares.
In carrying out the share split, the number of shares doubled and, at the same time, the value of the share price was halved.

Dividend

On April 28th, 2017, the Shareholders' meeting approved the distribution of a dividend for 2016 of € 0.045 for each share after the stock split (on a rectified basis in line with previous year).
The dividend was paid on May 24th, 2017 (detachment date of the coupon n. 1 on May 22nd, 2017) 7 pursuant to the Borsa Italiana calendar, with a record date of May 23rd, 2017.

Shareholder base

The table below shows the major shareholders at June 30th, 2017.

Shareholder[(1)]	Number of ordinary shares	% of share capital
Alicros S.p.A.	592,416,000	51.00%
Cedar Rock Capital[(2)]	119,277,076	10.27%

[(1)] Shareholders who have notified Consob and Davide Campari-Milano S.p.A. that they have interests of over 3% (pursuant to article 117 of Consob Regulation 11971/99 on notification of significant investments).
[(2)] Andrew Brown, Chief Investment Officer of Cedar Rock Capital Ltd., informed Consob in accordance with article 120 of Legislative Decree 58/1998 (TUF).

Loyalty shares

On January 28th, 2015, the extraordinary shareholders' meeting of Davide Campari-Milano S.p.A. approved a proposal to introduce loyalty shares.

On April 9th, 2017, increased voting rights came into effect. The table below shows the updated position, as at July 7th, 2017, of outstanding shares and the number of voting rights that may be exercised at shareholders' meetings.

	Share capital composition	Number of voting rights
Total amount, of which	1,161,600,000	1,844,820,874
Ordinary Shares (regular entitlement: 1 January 2017) – ISIN code IT0005252207 current coupon no.: 2	478,379,126	478,379,126
Ordinary Shares with increased voting rights (regular entitlement: 1 January 2017) – ISIN code IT0005252215 current coupon no.: 2	683,220,874	1,366,441,748

We show below the updated list, as at July 7th, 2017, of shareholders with an exceeding 3% participation in the share capital of Davide Campari-Milano S.p.A., registered in the special double voting rights list (loyalty shares) and who have attained the benefit of a double voting right after 24 months from registration date.

Declarant	Date of registration in the double voting rights list	Shares for which double voting rights are requested	% of share capital	Total shares owned	% of share capital	Total voting rights	% of voting rights(2)
Alicros S.p.A.	April 9th, 2015	**592,416,000**	**51.00**	**592,416,000**	**51.00**	**1,184,832,000**	**64.225**
Cedar Rock Capital	April 9th, 2015	76,523,074		76,523,074		153,046,148	
	April 7th, 2016	4,811,334		4,811,334		4,811,334	
	April 7th, 2017-	7,112,808		7,112,808		7,112,808	
		-		30,829,860(1)		30,829,860(1)	
	Total:	**88,447,216**	**7.61**	**119,277,076**	**10.27**	**195,800,150**	**10.614**

(1) Total share participation as resulting from the notification released in accordance with applicable law.

(2) Percentage of voting rights based on the total amount of voting rights at July 7th, 2017, communicated pursuant to article 85-bis, section 4-bis, of Consob Regulation 11971/99.

The new Article 6 of the articles of association and the related Regulation on the special list for double voting rights, approved by the Board of Directors, define the terms and conditions for registration on the list and for requesting removal from it.

For more detailed information on this subject, see the report prepared by the Board of Directors, and the Regulation on the special list for double voting rights, which is published on the Company's website (www.camparigroup.com/it/governance/loyalty-shares).

Information on the Campari stock and valuation indicators

The tables below show the performance of the Campari stock and the main valuation indicators used by Gruppo Campari since the IPO.

Year	Minimum price	Maximum price	Average price	Price at 31 December	Change in the Campari stock	Change in FTSE MIB	Average daily trading volume	Average daily trading value	Stock market capitalization at 31 December
	€	€	€	€	%	%	millions of shares	€ million	€ million
(1) 2017	4.61	6.37	5.35	6.17	+32.8%	+7.0%	1.9	10.3	7,167
2016	3.47	5.05	4.38	4.65	+16.1%	-10.2%	2.8	12.0	5,396
2015	2.47	4.21	3.48	4.00	+55.0%	+12.7%	3.8	12.9	4,646
2014	2.52	3.21	2.95	2.58	-15.1%	+0.2%	2.8	8.0	2,997
2013	2.73	3.32	3.00	3.04	+4.8%	+16.6%	2.6	7.9	3,531
2012	2.54	3.25	2.78	2.90	+12.7%	+7.8%	3.4	9.6	3,369
2011	2.22	2.97	2.59	2.58	+5.6%	-25.2%	4.0	10.6	2,988
2010	1.76	2.50	2.08	2.44	+33.5%	-13.2%	3.8	7.6	2,828
2009	0.97	1.86	1.41	1.83	+52.1%	+19.5%	3.2	4.5	2,118
2008	0.97	1.65	1.39	1.20	-26.8%	-49.5%	2.6	3.7	1,394
2007	1.63	2.11	1.89	1.64	-12.8%	-7.0%	3.0	5.8	1,904
2006	1.57	2.03	1.83	1.88	+20.5%	+16.0%	2.4	4.4	2,183
2005	1.12	1.70	1.43	1.56	+32.0%	+15.5%	2.0	2.8	1,812
2004	0.90	1.20	1.01	1.19	+22.9%	+14.9%	1.8	1.7	1,374
2003	0.69	0.97	0.83	0.97	+28.2%	+14.4%	1.6	1.3	1,118
2002	0.64	0.95	0.79	0.75	+13.8%	-27.3%	2.2	1.7	871
(2) 2001	0.55	0.78	0.68	0.66	-14.9%	-14.1%	2.8	2.1	767

(1) Figures as at June 30th, 2017.

(2) Listing on the Italian Stock exchange (MTA) took place on July 6th, 2001. Average daily volume and average daily trading value excluding first week of trading.

The table below shows information on dividends paid on the Campari stock since the IPO.

Year	Number of shares authorised and issued at 31 December	Number of adjusted shares at 31 December [1]	Number of shares with dividend rights [2]	Gross dividend per share (€)	Total dividend (€ million) [3]
2016	580,800,000	1,161,600,000	1,158,752,164	0.045	52.1
2015	580,800,000	1,161,600,000	1,158,508,124	0.045	52.1
2014	580,800,000	1,161,600,000	1,142,500,000	0.040	45.7
2013	580,800,000	1,161,600,000	1,152,019,724	0.040	46.1
2012	580,800,000	1,161,600,000	1,138,514,448	0.035	39.8
2011	580,800,000	1,161,600,000	1,157,273,960	0.035	40.5
2010	580,800,000	1,161,600,000	1,153,344,568	0.030	34.6
2009	290,400,000	1,161,600,000	1,152,761,012	0.030	34.6
2008	290,400,000	1,161,600,000	1,152,761,012	0.028	31.7
2007	290,400,000	1,161,600,000	1,157,422,184	0.028	31.8
2006	290,400,000	1,161,600,000	1,161,597,812	0.025	29.0
2005	290,400,000	1,161,600,000	1,125,424,052	0.025	28.1
2004	29,040,000	1,161,600,000	1,124,192,360	0.025	28.1
2003	29,040,000	1,161,600,000	1,121,600,000	0.022	24.7
2002	29,040,000	1,161,600,000	1,121,600,000	0.022	24.7
2001	29,040,000	1,161,600,000	1,121,600,000	0.022	24.7

[1] Stock information prior to the dates on which changes were made to the amount of share capital has been adjusted to take into account the new composition of share capital as described below:
- two-for-one share split effective as at May 8th, 2017;
- bonus share issue via the issue of 290,400,000 new shares with a nominal value of € 0.10 each to be provided free of charge to shareholders in the ratio of one new share for each share held, which came into effect on May 10th, 2010.
- ten-for-one share split effective as at May 9th, 2005;

[2] Excluding own shares held by Davide Campari-Milano S.p.A.

[3] Total dividend distributed for the period excluding own shares (at the ex-date).

The table below shows information on the main valuation indicators for the Campari stock since the IPO.

Year	earnings per share [1]	price/ shareholders' equity	price/ net profit per share	dividend/ net profit per share	dividend/ price per share
2016	0.14	2.84	32.4	31.4%	1.0%
2015	0.15	2.66	26.5	29.7%	1.1%
2014	0.11	1.90	23.2	35.4%	1.6%
2013	0.13	2.53	23.6	30.8%	1.3%
2012	0.13	2.36	21.5	25.4%	1.2%
2011	0.14	2.19	18.8	25.4%	1.4%
2010	0.13	2.26	18.1	22.1%	1.2%
2009	0.12	2.03	15.5	25.2%	1.6%
2008	0.11	1.46	11.0	25.1%	2.3%
2007	0.11	2.17	15.2	25.4%	1.7%
2006	0.10	2.74	18.6	24.8%	1.3%
2005	0.10	2.61	15.4	23.8%	1.6%
2004	0.08	2.20	14.2	29.0%	2.1%
2003	0.07	2.04	14.0	30.9%	2.3%
2002	0.07	1.82	10.1	28.5%	2.9%
2001	0.05	1.78	12.1	38.9%	3.3%

[1] Up to 2004, Italian Accounting Standards; from 2005 IAS/IFRS.

Investor relations

The Company communicates regularly with investors, shareholders and financial market operators in general, in order to provide complete, accurate and timely information on its operations, while complying with the relevant confidentiality requirements for certain types of information.

Information is disseminated via the publication of documents such as management reports, press releases and investor presentations.
These documents are made available using the 1Info network information system, managed by Computershare S.p.A., via publication on the website www.1info.it.

After the publication on this platform, the Company is able to make all information promptly available on its website (www.camparigroup.com), in the 'Investor' and 'Governance' sections. Information about the Company that is of interest to shareholders and equity and debt investors is also available in these sections to enable them to exercise their rights in an informed manner.

The Company communicates and interacts regularly with the financial markets via analyst calls, investor meetings, roadshows and investor conferences, which are also attended by representatives of senior management. With reference to activities aimed at the analyst and institutional investor category, in the first half of 2017 the Company continued to

communicate through numerous meetings organised in Milan and at the main stock exchanges in Europe and outside Europe, including in the US, Canada, Asia and Australia.
The Investor Relations department is responsible for managing relations with shareholders and investors, and has been operational since the Company's listing in 2001.

Information of interest to shareholders and investors is available on the website, and may also be requested by sending an email to the dedicated email address investor.relations@campari.com.

Events taking place after the end of the period

Acquisitions and disposals of companies, brands and distribution rights

Sale of non-core businesses – Château de Sancerre French wines
On 4 July 2017, after obtaining the approval of the local agricultural development body (SAFER) and the administrative authorisation of the French agriculture ministry's government commissioner, the deal was closed to sell the French winery Château de Sancerre to Maison Ackerman, the wine division of Terrena, a company based in France with diversified interests in the agriculture industry. The business sold includes the Sancerre wines, as well as property, vineyards, wine-making and production equipment, and the storeroom. The enterprise value for the transaction was € 20.2 million (€ 20.5 million in addition to price adjustments following the closing). As the company's net assets were shown as "held-for-sale" in the half-year financial statements at 30 June 2017, the sale transaction will not have a significant impact on the Group's financial results when the deal closes.
The completion of this agreement marks Gruppo Campari's final move away from the still wines business in line with its strategy to rationalise its non-core activities and increase its focus on its core business of spirits.

Sale of the Carolans and Irish Mist brands
On 1 August 2017, Gruppo Campari finalised agreements to sell the Carolans and Irish Mist brands to Heaven Hill Brands, an independent US company operating in the alcoholic distillates sector. The enterprise value was USD 165.0 million (€ 141.7 million at the exchange rate on the date of the agreement, which was signed on 24 July 2017), not including cash or financial debt and excepting the usual price adjustment mechanisms. The sold business includes the Carolans Irish Cream and Irish Mist (Irish Mist Liqueur and Irish Mist Whiskey) brands, the storeroom and production assets. The total value of the transaction corresponds to a multiple of around 9 x the contribution margin.
Carolans and Irish Mist had been acquired by Gruppo Campari in 2010, as part of the acquisition of a portfolio of brands that also included Frangelico, the main acquisition target. Made in Ireland with the finest ingredients, including cream, honey and Irish whiskey, Carolans is the second best-selling Irish whiskey in the world. Irish Mist Liqueur, the first liqueur to be made in Ireland, is a blend of Irish whiskey, honey and natural aromatic spices.
In the tax year ending 31 December 2016, Carolans and Irish Mist recorded total net sales of € 34.0 million and a contribution margin (gross margin after advertising and promotional costs) of € 16.3 million. Sales of the brands represent around 2% of Gruppo Campari's total sales in 2016, of which 70% was achieved in the United States, its core reference market.
As part of the transaction, Gruppo Campari and Heaven Hill Brands signed an exclusive multi-year distribution agreement, effective from the closing date, under which Gruppo Campari will continue to distribute Carolans and Irish Mist in the international markets outside the United States.
The signing of this agreement forms part of Gruppo Campari's continued rationalisation of its non-strategic portfolio in order to focus more on its priority spirits brands, especially in the United States, the Group's core market and main geographical region. In addition, this sale helps to further expedite the process of reducing the Group's financial debt.

Other significant events

Sale of real estate in France
In July 2017, Gruppo Campari reached an agreement to sell SPML premises in Paris, for € 35.3 million. The building became part of the scope of Campari when SPML was acquired, and the sale is in line with the Group’s strategy to streamline its non-core activities.
The building was shown as an available-for-sale asset in the consolidated accounts at 30 June 2017. The sale of the building is not expected to have a significant impact on the Group’s financial accounts.

Conclusions on the first half of 2017 and outlook

During the first semester 2017, the Group registers particularly positive results for all operating performance indicators, both in reported and organic terms. Organic business growth, which accelerated during the second quarter, has been sustained by the positive evolution of the sales mix, by brand and market, in line with the Group's strategy. In particular, the Group continued to deliver a sustained gross margin expansion, both in reported and organic terms, driven by good growth and outperformance of high-margin Global and Regional Priorities, as well as a gradual recovery of the Jamaican sugar business. These effects helped to compensate inflation effects on cost of goods in emerging countries. The expansion of the operating margin has been reabsorbed by important advertising and promotion investments, skewed in the first half. This effect, together with an acceleration of organic structure costs due to the enhancement of distribution capabilities of the Group in some countries, generated a dilution in operating organic margin in the first semester, as expected.
At the same time, regarding perimeter effect, we signal the positive contribution generated by Grand Marnier acquisition both in absolute and sales marginality terms, net of non-core and low-margin businesses related to this acquisition.

Regarding the second part of the year, the outlook remains fairly balanced and unchanged, with respect to what was communicated at the beginning of the year.

With reference to the macroeconomic environment, the Group expects that the volatility in some emerging markets and the political uncertainty persisting in some regions might continue fuelling the volatility of major currencies against the Euro. In particular, a progressive appreciation of the Euro on the US Dollar could determine a more unfavorable impact on exchange effect during the second semester.

Regarding business performance, the Group remains confident to achieve a positive performance across key indicators for the year, driven by the positive trend of key brands, particularly the high-margin global and regional priorities.

On the main income statement indicators, in organic terms, the Group expects the gross margin to benefit from the favorable sales mix despite being penalized by inflationary effects on material costs in emerging markets as well as rising prices in some raw materials such as agave. Furthermore, the operating marginality evolution in organic terms will benefit from a progressive normalization of advertising and promotion investments and structure costs during the second semester. The latter will also benefit from the expected efficiencies generated by the Grand Marnier integration, particularly the central structure reorganization. Indeed, Grand Marnier performance, which will benefit from the execution of the new strategic plan for the brand and the improved distribution network in US , will be included in the organic growth starting from the second semester.

The perimeter effect change will be affected by the disposals of non-core businesses, as the still wines and low-margin agency brands ones, but also by the disposals of Carolans and Irish Mist, starting from the second semester, which will result in an increased focus on the premium high-margin brands in core markets.

The net result is also affected by the tax reduction thanks to the introduction of the Patent Box in Italy. The Patent Box is a tax benefit regime applied starting from the first semester and it will be valid for the years 2015-2019.

Finally, the non-strategic businesses and real estate disposals completed, or which will be completed during the second semester, will generate a further acceleration in Group's net financial debt reduction, together with the sustained cash flow generated by the business.

Alternative performance indicators

This half-year financial report presents and comments upon certain financial indicators and reclassified financial statements (in relation to the statement of financial position and statement of cash flows) that are not defined by the 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.

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 readers 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 after tax for the period.
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 settlement 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.
Group's adjusted net profit/loss: the profit/loss for the period, net of the above-mentioned adjustments to operating income (charges) and adjustments to financial income (charges), the related tax effect and other positive/negative tax adjustments for the period.
ROS (return on sales): the ratio of the operating result to net sales for the period.
ROI (return on investment): the ratio of the operating result for the period to fixed assets at the end of the period (see the definition of fixed assets below).

• **Reclassified statement of financial position**
The items included in the reclassified statement of financial position are defined below as the algebraic sum of specific items contained in the financial statements.
Fixed assets – calculated as the algebraic sum of:
- net tangible fixed assets

- biological assets;
- investment property;
- goodwill and brands;
- intangible assets with a finite life;
- investments in affiliates and joint ventures.

Other non-current assets and liabilities – calculated as the algebraic sum of:
- deferred tax assets;
- other non-current assets, net of financial assets (classified under net debt);
- deferred tax liabilities;
- defined benefit plans;
- provisions for risks and charges;
- other non-current liabilities, net of financial liabilities (classified under net debt);

Operating working capital – calculated as the algebraic sum of:
- inventories;
- trade receivables;
- trade payables;

Other current assets and liabilities – calculated as the algebraic sum of:
- current tax receivables;
- other current receivables, net of financial assets (classified under net debt);
- current tax payables;
- other current payables, net of financial liabilities (classified under net financial position);
- assets (liabilities) classified as held for sale.

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.

• Reclassified statement of cash flows

Free cash flow: cash flow that measures the Group's self-financing capacity calculated on the basis of cash flow from operations, adjusted for net interest paid and cash flow used in investments, net of income from realising fixed assets

Condensed half-year report at 30 June 2017

Financial statements

Consolidated income statements

	Notes	first half 2017	*of which: related parties*	first half 2016	*of which: related parties*
		€ million	*€ million*	€ million	*€ million*
Net sales	9	**844.7**		**743.9**	
Cost of goods sold	10	(339.2)		(317.9)	
Gross profit		**505.4**		**426.0**	
Advertising and promotional costs		(162.7)		(128.4)	
Contribution margin		**342.8**		**297.6**	
Overheads	11	(184.3)	*0.1*	(165.7)	*0.1*
Of which adjustments to operating income (charges) (1)	12	*(5.0)*		*(14.5)*	
Operating result (1)		**158.4**		**131.9**	
Financial income (expenses)	15	(47.4)		(29.4)	
Of which adjustments to financial income (expenses) (1)	15	(24.4)		4.6	
Put option, earn-out and discouted effect income (charges)	16	(2.5)		-	
Profit before tax		**108.5**		**102.5**	
Income tax expense	17	0.2		(35.3)	
Profit for the period		**108.6**		**67.2**	
Profit attributable to:					
Parent Company shareholders		108.6		67.2	
Non-controlling interests		-		-	
Basic earnings per share (€)(2)		0.09		0.06	
Diluted earnings per share (€)(2)		0.09		0.06	

(1) For information on the definition of alternative performance indicators, see the section in the half-year report on operations 'Alternative performance indicators'.
(2) Basic and diluted earning per share include the effect of the share split approved by Davide Campari-Milano S.p.A. on 28 April 2017.

Consolidated income statements of comprehensive income

	Notes	first half 2017	first half 2016
		€ million	€ million
Profit for the period (A)		**108.6**	**67.2**
B1) Items that may be subsequently reclassified to profit or loss			
Cash flow hedge:			
Profit (loss) for the period	28	3.7	0.9
Profit (losses) classified to other comprehensive income	28	(0.6)	0.1
Net gains (losses) from cash flow hedge		4.3	0.8
Tax effect		(0.9)	(0.3)
Total cash flow hedge		**3.4**	**0.5**
Assets available for sale:			
Profit(loss) for the period		-	(6.2)
Total assets available for sale		**-**	**(6.2)**
Translation difference:			
Profit (loss) for the period		2.1	
Profit (losses) classified to other comprehensive income		129.9	25.7
Total translation difference		**(127.8)**	**(25.7)**
Total: items that may be subsequently reclassified to profit or loss (B1)		**(124.5)**	**(31.3)**
B2) Items that may not be subsequently reclassified to profit or loss			
Remeasurements of post-employment benefit obligations:			
Profit(loss) for the period		(0.3)	-
Tax effect		0.1	-
Remeasurements of post-employment benefit obligations		**(0.2)**	**-**
Total: items that may not be subsequently reclassified to profit or loss		**(0.2)**	**-**
Other comprehensive income (expenses) (B=B1+B2)		**(124.7)**	**(31.2)**
Total comprehensive income (A+B)		**(16.1)**	**36.0**
Attributable to:			
Parent Company shareholders		(16.0)	35.9
Non-controlling interests		-	-

For ease of reference, all figures in these condensed half-year financial statements are expressed in millions of Euro to one decimal place, while the original data is recorded and consolidated by the Group in thousands of Euro. In certain cases, this can result in apparent discrepancies, as there may be a difference between the sum of the individual figures and the total, amounting to no more than € 0.1 million.

Consolidated statements of financial position

	Notes	30 June 2017	of which: related parties	31 December 2016[(*)]	of which: related parties
		€ million	*€ million*	€ million	*€ million*
ASSETS					
Non-current assets					
Net tangible fixed assets	18	448.7		509.6	
Biological assets	19	0.3		7.8	
Investment properties	20	120.7		122.6	
Goodwill and brands	21	2,378.1		2,490.9	
Intangible assets with a finite life	22	30.1		26.3	
Deferred tax assets	17	45.3		35.2	
Other non-current asssets	23	47.4	*2.2*	64.3	*2.2*
Total non-current assets		**3,070.6**		**3,256.7**	
Current assets					
Inventories	24	546.2		536.1	
Current biological assets		2.9		7.5	
Trade receivables		248.7		306.3	
Short-term financial receivables	25	11.1		7.2	
Cash and cash equivalents	26	324.8		354.1	
Income tax receivables	32	37.9	*14.8*	12.3	*2.0*
Other receivables		39.7		26.8	
Total current assets		**1,211.1**		**1,250.2**	
Assets held for sale	27	153.7		43.0	
Total assets		**4,435.4**		**4,549.9**	
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity	28				
- Share capital		58.1		58.1	
- Reserves		1,765.2		1,841.9	
Capital and reserves attributable to Parent Company		1,823.3		1,900.0	
Non-controlling interests		-		-	
Total shareholders' equity		**1,823.3**		**1,900.0**	
Non-current liabilities					
Bonds	29	995.2		992.4	
Other non-current liabilities	29	487.2		459.5	
Post-employment benefit obligations		36.2		36.4	
Provisions for risks and charges	31	98.3		93.3	
Deferred tax liabilities	17	464.4		482.9	
Total non-current liabilities		**2,081.4**		**2,064.6**	
Current liabilities					
Payables to banks	30	89.3		106.9	
Other financial liabilities	30	69.8		58.5	
Trade payables		231.7		262.5	
Income tax payables	32	13.3	*0.1*	14.0	*0.5*
Other current liabilities		126.6	*4.5*	138.8	*2.4*
Total current liabilities		**530.8**		**580.8**	
Liabilities held for sale		-		4.6	
Total liabilities		**2,612.2**		**2,649.9**	
Total liabilities and shareholders' equity		**4,435.4**		**4,549.9**	

(*) For information on reclassifications at opening book values, see note 6-'Reclassifications to comparison book value as of 30 June 2016 and 31 December 2016'.

Consolidated statements of cash flows

	Notes	first half 2017	first half 2016
		€ million	€ million
Operating profit		**158.4**	**131.9**
Adjustments to reconcile operating profit and cash flow:			
Depreciation and amortisation		28.4	25.5
Gains on sales of fixed assets	12	(0.7)	(0.7)
Write-downs of tangible fixed assets	12	0.1	0.2
Accruals of provision	31	2.6	1.8
Utilizations of provisions	31	(5.8)	(0.6)
Other non-cash items		(6.9)	9.8
Changes in net operating working capital		(13.4)	75.6
Other changes in non-financial assets and liabilities		(19.1)	3.5
Income taxes paid		(22.2)	(19.2)
Cash flow generated from (used in) operating activities		**121.4**	**227.6**
Purchase of tangible and intangible fixed assets	18-19-22	(31.2)	(20.1)
Proceeds from disposal of tangible assets	12	3.7	6.4
Changes in receivables and payables from investments in fixed assets		0.3	(1.4)
Acquisition and sale of companies or business divisions	7	(37.8)	(469.7)
Cash and cash equivalents at acquired companies	7	-	46.9
Purchase and sale of trademarks and distribution rights		(0.2)	(0.1)
Put options and earn out payments		(2.4)	0.3
Interests received		3.8	3.5
Net changes in securities	23-25	(1.4)	41.5
Dividends received		0.2	0.7
Other changes		0.1	1.4
Cash flow generated from (used in) investing activities		**(64.9)**	**(390.7)**
Liability management effect		(23.2)	-
Repayment of bond and private placement Campari America		(0.0)	(90.1)
Other repayments of other medium- and long-term debts		(0.3)	(0.8)
Net change in short-term financial payables and bank loans		(0.2)	(11.3)
Interests paid		(3.9)	(12.2)
Change in other financial payables and receivables		22.2	(2.1)
Purchase and sale of own shares	28	(11.1)	(4.8)
Dividends paid to to non-controlling interests		-	(0.3)
Dividend paid by the Parent Company	28	(52.1)	(52.1)
Cash flow generated from (used in) financing activities		**(68.6)**	**(173.8)**
Exchange rate differences and other changes in shareholders' equity		**(17.2)**	**0.2**
Net change in cash and cash equivalents: increase (decrease)		**(29.3)**	**(336.6)**
Cash and cash equivalents at the beginning of period	26	354.1	844.3
Cash and cash equivalents at end of period	26	324.8	507.7

Statements of changes in shareholders' equity

	Notes	Attributable to Parent Company shareholders					Shareholders' equity	
		Share capital	Legal reserve	Retained earnings	Other reserves	Total	Non controlling interests	Total
		€ million	€ million	€ million	€ million	€ million	€ million	€ million
Balance at 31 December 2016		**58.1**	**11.6**	**1,751.2**	**79.4**	**1,900.2**	**-**	**1,900.2**
Dividend payout to Parent Company shareholders	28	-	-	(52.1)	-	(52.1)	-	(52.1)
Dividend payout to non-controlling interest		-	-	(2.3)	-	(2.3)	-	(2.3)
Own shares acquired	33	-	-	(19.6)	-	(19.6)	-	(19.6)
Own shares sold	33	-	-	8.5	-	8.5	-	8.5
Stock options	33	-	-	-	3.8	3.8	-	3.8
Stock options exercise	33	-	-	2.7	(2.7)	-	-	-
Other changes		-	-	(2.0)	2.8	0.7	-	0.7
Profit for the period		-	-	108.6	-	108.6	-	108.6
Other comprehensive income (expense)		-	-	-	(124.7)	(124.7)	-	(124.7)
Total comprehensive income		**-**	**-**	**108.6**	**(124.7)**	**(16.0)**	**-**	**(16.0)**
Balance at 30 June 2017		**58.1**	**11.6**	**1,795.0**	**(41.4)**	**1,823.3**	**-**	**1,823.3**

	Notes	Attributable to Parent Company shareholders					Shareholders' equity	
		Share capital	Legal reserve	Retained earnings	Other reserves	Total	Non controlling interests	Total
		€ million	€ million	€ million	€ million	€ million	€ million	€ million
Balance at 31 December 2015		**58.1**	**11.6**	**1,650.7**	**25.1**	**1,745.5**	**0.3**	**1,745.8**
Dividend payout to Parent Company shareholders		-	-	(52.1)	-	(52.1)	-	(52.1)
Dividend payout to non-controlling interest		-	-	(1.3)	-	(1.3)	-	(1.3)
Purchase of non-controlling interests		-	-	0.3	-	0.3	(0.3)	-
Own shares acquired		-	-	(12.9)	-	(12.9)	-	(12.9)
Own shares sold		-	-	8.1	-	8.1	-	8.1
Stock options		-	-	-	3.2	3.2	-	3.2
Stock options exercise		-	-	2.7	(2.7)	-	-	-
Other changes		-	-	(1.1)	-	(1.1)	-	(1.1)
Profit for the period		-	-	67.2	-	67.2	-	67.2
Other comprehensive income (expense)		-	-	(6.2)	(25.1)	(31.2)	-	(31.2)
Total comprehensive income		**-**	**-**	**61.0**	**(25.1)**	**35.9**	**-**	**35.9**
Balance at 30 June 2016		**58.1**	**11.6**	**1,655.4**	**0.6**	**1,725.7**	**(0.0)**	**1,725.7**

Notes to the consolidated financial statements

1. General information

Davide Campari-Milano S.p.A. is a company listed on the Italian stock market, with registered office at Via Franco Sacchetti 20, 20099 Sesto San Giovanni (MI), Italy.
The Company is recorded in the Milan companies register and REA (business administration register) under no. 1112227.
The publication of this half-year report at 30 June 2017, which was subject to a limited audit, was authorised by the Board of Directors on 3 August 2017.
This report is presented in euro, the reference currency of the Parent Company and many of its subsidiaries.

2. Preparation criteria

The condensed half-year financial statements at 30 June 2017 were prepared in consolidated format pursuant to article 154-ter of the Consolidated Law on Finance (TUF) as amended, and were drafted in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and ratified by the European Union. These include all the international accounting standards (IAS) and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor, the Standing Interpretations Committee (SIC).
The condensed half-year financial statements were drafted in accordance with IAS 34 (Interim Financial Reporting), using the same principles as those applied in the preparation of the consolidated financial statements for the year ended 31 December 2016, except for the changes described below in note 3 - Changes in accounting standards.
The condensed half-year financial statements do not include all the information and notes required for the consolidated annual financial statements, and as such should be read in conjunction with the consolidated financial statements at 31 December 2016.
Unless otherwise indicated, the amounts shown in the following explanatory notes are expressed in millions of euro.

Form and content

In accordance with the format selected by the Group, the income statement has been classified by function, and the statement of financial position based on the division between current and non-current assets and liabilities.
We consider that this format will provide a more meaningful representation of the items that have contributed to the Group's results and its assets and financial position.
In the income statement, transactions or events that may generate income and charges that are not relevant for assessing performance, such as capital gains/losses on the sale of fixed assets, restructuring and reorganisation costs, financial charges and any other non-recurring income/expenses, are shown separately; this provides a clearer picture of the company's operating performance. Adjustments to operating and financial income/charges are also discussed in detail in these notes.
This presentation complies with the requirements of Consob communication DEM/6064293 of 28 July 2006, as subsequently amended and consolidated (Consob communication no. 0092543 of 3 December 2015, which incorporates the Guidelines on Alternative Performance Measures (ESMA/2015/1415).
In the first half of 2017, the Group did not carry out any atypical and/or unusual transactions, which are defined in the Consob communication as atypical and/or unusual on the basis of materiality or size, or because the counterparties, the object of the transaction, the method used to determine the price and timing of the transaction (proximity to year end) could give rise to concerns over the accuracy or completeness of the information provided in the financial statements, conflicts of interest, the safeguarding of company assets and the protection of minority shareholders.
The cash flow statement was prepared using the indirect method.
Taxes for the first six months of the year have been accounted for on the basis of the best estimate of the expected tax rate for financial year 2017.
Lastly, with reference to the requirements of Consob Resolution 15519 of 27 July 2006 in relation to financial statements, the income statement and statement of financial position contain columns providing information on any significant transactions with related parties.

Basis of consolidation

The following changes occurred in the basis of consolidation, resulting from the creation, acquisition and sale of companies, described in the Report on operations in the section 'Significant events in the period':

- On 24 December 2016, the Group signed an agreement to sell Lapostolle Wines in Chile, which had been included in the Campari basis of consolidation on the acquisition of Grand Marnier. The deal was closed on 31 January 2017. At 30 June 2017, these companies were therefore no longer included in the basis of consolidation.

The tables below list the companies included in the basis of consolidation as at 30 June 2017.

Name, activity	Head office	Share capital at 31 December 2016		% owned by Parent Company		
		Currency	Amount	Direct	Inderect	Direct shareholder
Parent Company						
Davide Campari-Milano S.p.A., holding and manufacturing company	Via Franco Sacchetti, 20 Sesto San Giovanni	€	58,080,000			
Fully consoldiated companies						
Italy						
Campari International S.r.l., trading company	Via Franco Sacchetti, 20 Sesto San Giovanni	€	700,000	100.00		
Campari Services S.r.l., services company	Via Franco Sacchetti, 20 Sesto San Giovanni	€	160,000	100.00		
Fratelli Averna S.p.A., manufactoring company	Via Xiboli, 345, Caltanisetta	€	3,900,000	100.00		
Europe						
CallMill Ltd., trading company	70, Sir John Rogerson's Quay, dublin	€	1		100.00	Campari Schweiz A.G.
Campari Austria GmbH, trading company	Naglergasse 1/Top 13 A, Wien	€	500,000		100.00	DI.CI.E. Holding B.V.
Campari Benelux S.A., trading and finance company	Avenue de la Méterologie, 10, Bruxelles	€	246,926,407	61.00	39.00	Glen Grant Ltd.
Campari Deutschland GmbH, trading company	Bajuwarenring 1, Oberhaching	€	5,200,000		100.00	DI.CI.E. Holding B.V.
Campari España S.L., holding and trading company	Calle de la Marina 16-18, planta 28, Barcellona	€	3,272,600	100.00		
Campari RUS OOO, trading compnay	2nd Yuzhnoportoviy proezd 14/22, Moscow	RUB	2,010,000,000		100.00	DI.CI.E. Holding B.V.
Campari Schweiz A.G., trading company	Lindenstrasse 8, Baar	CHF	500,000		100.00	DI.CI.E. Holding B.V.
Campari Ukraine LLC, trading company	8, Illinska Street, 5 Floor, block 8 and 9, Kiev	UAH	87,396,209		100.00	DI.CI.E Holding B.V. (99%), Campari RUS OOO (1%)
DI.CI.E. Holding B.V., holding company	Luna Arena, Herikerbergweg 114, Zuidoost, Amsterdam	€	15,015,000	100.00		
Glen Grant Ltd., manufactoring and trading compnay	Glen Grant Distillery, Rothes, Morayshire	GBP	24,949,000	100.00		
Grand Marques Nederland B.V., finance and trading company	91, Boulevard Haussmann, Paris	€	189,000		85.71	Société des Produits Marnier Lapostolle S.A.
Kaloyiannis - Koutsikos Distilleries S.A., manufactoring and trading company	6 & E Street, A' Industrial Area, Volos	€	6,811,220		100.00	DI.CI.E. Holding B.V.
Société Civile Immobilière DU VAL , real-estate company	91, Boulevard Haussmann, Paris	€	16,769,392		99.99	Société des Produits Marnier Lapostolle S.A.
Société des Produits Marnier Lapostolle S.A., holding and manufactoring company	91, Boulevard Haussmann, Paris	€	27,157,500	71.16		
TJ Carolan&Son Ltd., trading company	Ormond Building, Suite 1.05, 31-36 Upper Ormond Quay, Dublin	€	2,600	100.00		
Sorfinn Ltd., trademark owner company	Ormond Building, Suite 1.05, 31-36 Upper Ormond Quay, Dublin	€	2,600	100.00		
Americas						
Campari America LLC, manufactoring and trading company	1255 Battery, Street, Suite 500, San Francisco	USD	566,321,274 (2)	100.00		
Campari Services America LLC, services company	1255 Battery, Street, Suite 500, San Francisco	USD	381,625		100.00	Campari Services S.r.l.
Campari Argentina S.A., manufactoring and trading company	Olga Cossettini, 243 Piso 3, Puerto Madeo, CABA	ARS	344,528,430		100.00	DI.CI.E. Holding B.V. (98,02%), Campari do Brasil Ltda. (1,98%)
Campari do Brasil Ltda., manufactoring and trading company	Alameda Rio Negro 585, Edificio Demini, Conjunto 62, Alphaville-Barueri-SP	BRL	239,778,071	100.00		
Campari Mexico S.A. de C.V., manufactoring and trading company	Avenida Americas 1592 3er Piso ol. Country Club, Guadalajara, Jalisco	MXN	820,187,150		100.00	DI.CI.E. Holding B.V.
Campari Peru SAC, trading company	Avenida Santo Toribio 115, Edificio Tempus, piso 5, San Isidro, Lima	PEN	15,333,589 (2)		100.00	Campari Espãna S.L. (99,81%), Campari do Brasil Ltda. (0,19%)
Forty Creek Distillery Ltd., manufactoring and trading company	297 South Service Road West, Grimsby	CAD	105,500,100 (2)		100.00	DI.CI.E. Holding B.V.
Gregson's S.A.(in liquidation)	Andes 1365, Piso 14, Montevideo	UYU	0 (1)		100.00	Campari do Brasil Ltda.
J. Wray&Nephew Ltd., manufactoring and trading company	234, Spanish Town Road, Kingston	JMD	600,000		100.00	Campari Espãna S.L.
Marnier Lapostolle Inc., trading company	183, Madison Avenue, New York	USD	1,000,000		100.00	Société des Produits Marnier Lapostolle S.A.
Other						
Campari (Beijing) Trading Co. Ltd., trading company	Xingfu Dasha Building, block B, room 511, n° 3 Dongsanhuan BeiLu, Chaoyang District, Beijing	RMB	65,300,430		100.00	DI.CI.E. Holding B.V.
Campari Australia Pty Ltd., manufactoring and trading company	Level 10, Tower B, 207 Pacific Highway, St Leonards, Sydney	AUD	21,500,000		100.00	DI.CI.E. Holding B.V.

Name, activity	Head office	Share capital at 31 December 2016		% owned by Parent Company		
		Currency	Amount	Direct	Inderect	Direct shareholder
Campari India Private Ltd., services company	311B, DLF South Court, Saket, New Delhi	INR	100,000		100.00	DI.CI.E. Holding B.V.
Campari Japan Ltd., trading company	6-17-15, Jingumae Shibuya-ku, Tokyo	JPY	3,000,000		100.00	DI.CI.E. Holding B.V.
Campari New Zealand Ltd., trading company	C/o KPMG 18, Viaduct Harbour Av., Maritime Suar	NZD	10,000		100.00	Campari Australia Pty Ltd
Campari Singapore Pte Ltd., trading company	16 Raffles Quay # 10-00, Hong Leong Building, Singapore	SGD	100,000		100.00	Campari Australia Pty Ltd
Campari South Africa Pty Ltd., **trading company**	12th Floor, Cliffe Deker Hofmeyr 11 Buitengracht street, Cape Town	ZAR	56,247,750		100.00	DI.CI.E. Holding B.V.

(1) Company in liquidation
(2) Capital contribution included

Currency conversion criteria and exchange rates applied to the financial statements

The exchange rates used for conversion are shown below.

	30 June 2017		31 December 2016	
	average rate	end-of-period rate	average rate	end-of-period rate
US Dollar	1.082	1.141	1.107	1.054
Canadian Dollar	1.444	1.479	1.467	1.419
Swiss Franc	1.076	1.093	1.090	1.074
Brazilian Real	3.439	3.760	3.861	3.431
Uruguayan Peso	30.746	32.430	33.393	30.957
Chinese Renmimbi	7.440	7.739	7.350	7.320
UK Pound	0.860	0.879	0.819	0.856
Japanese Yen	121.610	127.750	120.303	123.400
Argentine Peso	16.993	18.885	16.333	16.749
Mexican Peso	21.018	20.584	20.660	21.772
Australian Dollar	1.435	1.485	1.489	1.460
Ukrainian Hryvnia	28.962	29.744	28.284	28.739
Russian Rouble	62.744	67.545	74.226	64.300
South African Rand	14.312	14.920	16.282	14.457
Jamaican Dollar	139.080	146.466	138.379	134.906
Singapore Dollar	1.520	1.571	1.528	1.523
Peruvian Nuevo Sol	3.545	3.710	3.736	3.540
Chilean Peso	713.797	758.214	748.720	704.945
Indian Rupee	71.113	73.745	74.362	71.594
New Zeland Dollar	1.528	1.555	1.590	1.516

Use of estimates

The preparation of the financial statements and related notes in accordance with IFRS requires the management to make estimates and assumptions that have an impact on the value of assets and liabilities in the statement of financial position and on disclosures concerning contingent assets and liabilities at the reporting date.

If, in the future, these estimates and assumptions, based on the best valuation currently available, differ from the actual circumstances, they will be amended accordingly at the time the circumstances change.

In particular, estimates are used to identify provisions for risks with respect to receivables, obsolete inventory, depreciation and amortisation, asset write-downs, employee benefits, taxes, restructuring reserves and accrual of other provisions.

The estimates and assumptions are reviewed periodically and the impact of any change is reflected in the income statement.

Goodwill and intangible assets with an indefinite useful life are subject to annual impairment tests to verify any losses in value.

The calculations are based on the financial flows expected from the cash-generating units to which the goodwill is attributed, as inferred from multi-year budgets and plans.

3. Changes in accounting standards

The accounting policies adopted by the Group have not been changed compared to those applied in the annual financial statements at 31 December 2016. The accounting standards and amendments not yet applicable to the Group are below described.

a. Accounting standards, amendments and interpretations that have been ratified but are not yet applicable/have not been adopted by the Group in advance

IFRS 9 – Financial Instruments (applicable from 1 January 2018)

The new document represents the first part of the process intended to wholly replace IAS 39. IFRS 9 introduces new criteria for the classification and measurement of financial assets and liabilities and for the derecognition of financial assets. Specifically, the recognition and measurement criteria for financial assets and their related classification in the financial statements have been modified. The new provisions establish a classification and measurement model for financial assets, based exclusively on the following categories: assets measured at amortised cost or assets measured at fair value. The new provisions also establish that investments other than those in subsidiaries, associates and joint ventures are measured at fair value and recognised in the income statement. Where such investments are not held for trading purposes, changes to fair value may be reported in the statement of comprehensive income, with only the effects of paying out dividends recognised in profit or loss. When the investment is sold, the amounts recorded in the statement of comprehensive income should not be recognised in profit or loss. On 28 October 2010, the IASB included in the provisions of IFRS 9 the recognition and measurement criteria for financial liabilities. Specifically, the new provisions require that, when a financial liability is measured at fair value and recognised in profit or loss, changes in fair value relating to changes in the issuer's own credit risk are recorded in the statement of comprehensive income; this component is allocated directly to the income statement to ensure symmetry with other accounting items related to the liability, avoiding an accounting mismatch.

In addition, an amendment was published in November 2013 which introduced three important changes. The most important change relates to hedge accounting, and introduces a new model that incorporates a number of improvements intended to harmonise accounting treatment with the risk management policy operated by the company. The other two changes relate to the period of first-time application of the standard, giving companies the option to adopt the standard immediately and directly record the effects of changes in own credit risk on the statement of comprehensive income.

The Group is finalizing the analysis of the business model inherent to the management of financial instruments and the characteristics of cash flows linked to these instruments. In particular, the Group is quantifying the impacts generated by the different classification and consequent valuation of financial assets. Following the first preliminary valuation conducted by the Group, no significant effects on fair value accounting should rise on trade receivables, loans and investments on debt and equity instruments applying the new classification criteria as of 30 June 2017. In particular, with reference to trade receivables, the Group's policy choice for the quantification of the expected loss is the application of the simplified approach (based on the lifetime expected credit losses) as permitted by IFRS 9. Considering the ordinary business activity, the management of relationships with counterparties, the analysis of historic insolvencies and the expected future economic conditions of the counterparts, the Group is now quantifying possible disparities in the measurement of impairment provisions generated by the application of the new approach, which are not expected to be significant. Regarding derivative financial instruments, after having considered the limited incidence of the asset class in the consolidated financial statement and the unchanged Group's hedging strategy, we do not foresee any significant impact on current hedge accounting and valuation methodology. Finally, considering financial liabilities, no significant impacts are expected on Group statements of financial position, cash flow and income statements.

IFRS 15 – Revenue from Contracts with Customers (applicable from 1 January 2018)

The aim of the new standard is to improve the quality and uniformity of revenue recognition and of the comparability of financial statements prepared in accordance with IFRS and US accounting principles. Under the new standard, revenue recognition may no longer be based on the earnings method but on the asset-liability method, which focuses on the date that control of the sold asset was transferred. The Group is finalizing the assessment of the net sales valuation model, as required by the new reporting standard IFRS 15. In particular, no differences in the revenue recognition cut-off have been identified. Subsequently, no impact on economic results is expected from the application of the new standard.

However, the Group identified the following components, which are now accounted in the income statement as advertising and promotion expenses, to be accounted in reduction to sales.

The components can be linked to the cases listed below:

- Extra visibility trade initiatives in points of sale;
- Listing fees;
- Coupons;
- Logistic trade promotions not attributable to advertising and other marketing activities.

The Group decided to apply the retrospective method for transition, as permitted by the new standard. Financial data for the fiscal year 2017 will be revised under the new methodology starting from 1 January 2018. No effect on equity from the adoption of the new standard IFRS 15 is expected.

b. Accounting standards, amendments and interpretations not endorsed yet

IFRS 16 – Leases (applicable from 1 January 2019 with the option for early application, waiting for European Union homologation)
On 13 January 2016, the IASB published the new accounting standard IFRS 16 – Leases. The new standard replaces IAS 17 and provides methods of accounting presentation that more appropriately reflect the nature of leases in the balance sheet. The new IFRS 16 is applicable from 1 January 2019, but early adoption is permitted for companies that also apply IFRS 15 – Revenues from Contracts with Customers. In particular, the Standard introduces a univocal method for financial statement leases classification. The lessee will account for an additional asset representing the right of use on the underlying asset in the contract, and a liability that represents the obligation to pay leasing expenses. Furthermore, leasing expense accounting will also change because, rather than fixed operating expenses, the lessee will have to account for amortization and financial expenses. The Group is completing the analysis of contracts in scope for the application of the new standard. For the identification of the scope, the Group decided to manage separately leases on low value assets (i.e. assets with a unitary value lower than USD 5000) and lease assets pertinent to short-term contracts (i.e. with a leasing period lower than 12 months). Costs related to these typologies of contracts will continue to be accounted as separate operating expenses. The most representative asset class exempted by the application comprises some of the Group's IT Equipment.
The Group is completing the analysis of residual contracts in scope. The major impact generated by the application of the standard, based on provisional analysis, will be related to agreements for the utilization of:
- Buildings;
- Vehicles;
- Industrial Equipment.

Furthermore, the Group completed the preparation of an accounting model for the initial valuation of the impacts generated by the adoption of the new standard, which will allow to quantify the values of fixed assets, financial debt and operating result. The Group will apply the modified retrospective method, as permitted by IFRS 16.
Therefore, data from the comparative period will not be redetermined and the Group will apply the practical simplifications permitted by the standard.
The Group is also considering agreements not contractually structured as leasing or rental agreements but that could include embedded leases following IFRIC 4 guidelines. In these situations, the Group can either decide to:
- apply to all contracts the definition of lease contained in IFRS 16, or
- apply a practical expedient in order to avoid a new valuation for the determination of potential embedded leases contained in such agreements.

The Group is evaluating to apply or not the practical expedient. A valuation phase has been undergone in order to quantify potential impacts on consolidated financial statements and its effects on the identified leases.
Finally, the Group is proceeding in the analysis of an appropriate IT system for the accounting methodology related to the new standard, both on the financial and economic dimension.

IFRS 17 – Insurance contracts (applicable from 1 January 2021)
This standard governs accounting for insurance contracts (previously known as IFRS 4 Phase II). The accounting model stipulated is the Building Block Approach (BBA), based on discounted expected cash flows, which includes the creation of a 'risk adjustment' and 'contractual service margin', which are released via amortisation over subsequent periods. The new accounting standard is not applicable to the consolidated financial statements.

Amendment to IAS 12 – Income Tax (applicable from 1 January 2017 with the option for early application)
On 19 January 2016, the IASB published some amendments to IAS 12. These amendments are intended to clarify how to account for deferred financial assets relating to debt instruments measured at fair value. The Group estimates no significant impacts of the amendment on its financial assets and liabilities.

Amendment to IAS 7 – Statement of Cash Flows (applicable from 1 January 2017, not yet ratified by the European Union)
On 29 January 2016, the IASB issued the amendments to IAS 7 – Statement of Cash Flows: The amendment requires that information relating to the changes in financial liabilities is reported, with the aim of improving the information provided to investors to help them better understand the changes to such payables. This amendment relates purely to the presentation of the financial statements and will not therefore have any effect on the Group's financial position or profitability.

IFRS 14 – Regulatory Deferral Accounts (applicable from 1 January 2016)

Under the new standard, only first-time adopters of IFRS are allowed to continue to recognise amounts relating to the rate regulation according to the previous accounting principles adopted. In order to improve comparability with entities that already apply IFRS and hence do not recognise such amounts, the standard requires the rate regulation effect to be presented separately from the other items. The European Commission has decided not to start the approval process for this interim standard and to wait for the definitive standard. The new standard is not applicable to the consolidated financial statements.

Amendment to IFRS 10-IAS 28 – Sales or Contributions of Assets between an Investor and its Associate/Joint Venture (applicable from 1 January 2016)
The amendment, published in September 2014, is intended to resolve a conflict between the requirements of IFRS 10 and IAS 28 in the event that an investor sells or contributes a business to an associate or joint venture. The main change introduced by the amendment is that the gain or loss resulting from the loss of control must be recognised in full at the time of the sale or contribution of the business. A partial gain or loss is only recorded in the event of a sale or contribution involving individual assets only. The IASB has suspended publication and approval of this amendment until a date that is still to be determined.

Amendment to IFRS 2 – Classification and Measurement of Share-based Payment Transactions (issued on 29 June 2016)
This includes clarifications on the accounting treatment of stock options that are subject to performance-linked vesting conditions. The Group estimates no significant impacts of the amendment on its consolidated financial statements.

Amendment to IFRS 4: Application of IFRS 9 – Financial Instruments, to IFRS 4 – Insurance Contracts (issued on 12 September 2016)
The amendment introduces different methods of accounting treatment for insurance contracts that fall within the scope of application of IFRS 4. The new standard is not applicable to the Group’s consolidated financial statements.

Clarifications to IFRS 15 – Revenue from Contracts with Customers (issued on 12 April 2016)
The IASB has provided practical information on some of the issues covered by IFRS 15 (identification of performance obligations, principal versus agent considerations and licensing). The potential impact of this amendment will be analysed together with IFRS 15 described above.

The annual cycle of improvements to IFRS 2014-2016; the document ‘Annual cycle of improvements to IFRS 2014-2016’, containing essentially technical and drafting amendments to the international accounting standards, has not been endorsed yet. The main clarifications relate to IFRS 1, IAS 28 and IFRS 12 These improvements are not considered likely to have an impact on the Group’s consolidated financial position.

Interpretation IFRIC 22 – Foreign currency transactions and advance consideration (issued on 8 December 2016)
IFRIC 22 aims to clarify the accounting treatment of transactions that involve the receipt or payment of advance consideration in a foreign currency, and, specifically, when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. IFRIC 22 is applicable from 1 January 2018, and early adoption is permitted.

Amendment to IAS 40 – Transfers of Investment Property (issued on 8 December 2016)
One of the main changes introduced by the amendment is that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use.

Interpretation IFRIC 23 – Uncertainty over Income Tax Treatments (issued on 7 June 2017)
IFRIC 23 aims to clarify how to calculate current and deferred taxes when there is uncertainty about the tax treatment adopted by the entity drawing up the financial statements and which may not be accepted by the tax authorities.

4. Seasonal factors

Sales of some Group products are more affected than others by seasonal factors, because of different consumption patterns or consumer habits.
In particular, soft drink consumption tends to be concentrated in the hottest months of the year (May-September), and summer temperature variations from one year to the next may have a significant effect on comparative sales figures.
For other products, such as sparkling wines, sales in some countries are concentrated in certain periods of the year, mainly around Christmas. While external factors do not affect sales of these products, the commercial risk for the Group is nevertheless higher, since the results achieved in these periods may significantly affect full-year sales.

In general, the Group's diversified product portfolio, which includes spirits, soft drinks and wines, and the geographical spread of its sales, help to substantially reduce any risks relating to seasonal factors.

5. Default risk: debt management

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 acquisitions and disposals in the past 12 months.

6. Reclassifications to comparison book value as of 30 June 2016 and 31 December 2016

On 29 June 2016, the Group finalised the acquisition of SPML.
Over the following 12 months, the acquisition values to be allocated were defined. These were published on 30 June 2016 and 31 December 2016. These changes required the opening balances to be shown differently, as detailed in the following table. The above-mentioned allocation did not have a significant impact on the income statement for 2016.

Information on the Report on Operations

- **Reclassifications on the net financial position**

Net financial position		31 December 2016	
€ million	Published figures	*Reclassifications*	Post-reclassification figures
Cash and cash equivalents	354.1	-	354.1
Payables to banks	(106.9)	-	(106.9)
Other financial receivables and payables	(5.7)	-	(5.7)
Short-term net financial position	**241.4**	**-**	**241.4**
Payables to banks	(302.3)	-	(302.3)
Real estate lease payables	(2.2)	-	(2.2)
Private placement and bonds(*)	(994.6)	-	(994.6)
Other financial receivables and payables	55.3	-	55.3
Medium-/long-term net financial position	**(1,243.7)**	**-**	**(1,243.7)**
Debt relating to operating activities	**(1,002.3)**	**-**	**(1,002.3)**
Liabilities for put option, earn-out payments and SPML purchase commitment	(197.2)	*7.2*	(190.0)
Net financial position	**(1,199.5)**	***7.2***	**(1,192.4)**

(*) Derivatives included

- **Reclassifications on the statement of financial position**

Statement of financial position		31 December 2016	
€ million	Published figures	*Reclassifications*	Post-reclassification figures
Fixed assets	3,147.8	*17.1*	3,164.9
Other non-current assets and liabilities	(552.0)	*(24.9)*	(576.8)
Operating working capital	586.6	*0.8*	587.4
Other current assets and liabilities	(82.9)	*(0.2)*	(83.2)
Total invested capital	**3,099.5**	***(7.2)***	**3,092.4**
Shareholders' equity	1,900.0	-	1,900.0
Net financial position	1,199.5	*(7.2)*	1,192.4
Total financing sources	**3,099.5**	***(7.2)***	**3,092.4**

- **Reclassifications on operating working capital**

Operating working capital		31 December 2016	
€ million	Published figures	*Reclassifications*	Post-reclassification figures
Trade receivables	306.4	-	306.3
Inventories, of which			
- maturing inventory	293.7	-	293.7
- other inventory	249.3	*0.5*	249.8
Total inventories	543.0	*0.5*	543.5
Trade payables	(262.8)	*0.3*	(262.5)
Operating working capital	**586.6**	***0.8***	**587.4**
Sales in the previous 12 months rolling	1,726.5		1,726.5
Working capital as % of sales in the previous 12 months	34.0		34.0

Information provided in the consolidated financial statements

- **Reclassifications of the statements of consolidated financial position**

	30 June 2016			31 December 2016		
	Published figures	*Reclassifications*	Post-reclassification	Published figures	*Reclassifications*	Post-reclassification
	€ million	*€ million*	€ million	€ million	*€ million*	€ million
ASSETS						
Non-current assets						
Net tangible fixed assets	488.2	*14.0*	502.3	494.3	*15.3*	509.6
Biological assets	21.7	*7.7*	29.4	0.4	*7.3*	7.8
Investment properties	122.6	*0.6*	123.2	121.9	*0.7*	122.6
Goodwill and brands	2,445.2	*3.3*	2,448.5	2,504.9	*(14.0)*	2,490.9
Intangible assets with a finite life	25.2	*(0.0)*	25.1	26.3		26.3
Deferred tax assets	34.0	*3.6*	37.6	37.2	*(2.0)*	35.2
Other non-current asssets	51.4	-	51.4	64.3		64.3
Total non-current assets	**3,188.3**	***29.2***	**3,217.5**	**3,249.4**	***7.3***	**3,256.7**
Current assets						
Inventories	592.2	*3.4*	595.6	535.5	*0.5*	536.1
Current biological assets	1.8	*4.4*	6.2	7.5		7.5
Trade receivables	235.8	*1.0*	236.8	306.4	*(0.1)*	306.3
Short-term financial receivables	32.0	*0.1*	32.1	7.2	*(0.0)*	7.2
Cash and cash equivalents	507.7	*(1.2)*	506.5	354.1		354.1
Income tax receivables	9.6	*(0.4)*	9.2	12.3		12.3
Other receivables	38.3	*(10.2)*	28.1	26.8		26.8
Total current assets	**1,417.4**	***(2.9)***	**1,414.5**	**1,249.8**	***0.5***	**1,250.2**
Assets held for sale	1.0	*5.4*	6.4	35.2	*7.8*	43.0
Total assets	**4,606.7**	***31.7***	**4,638.4**	**4,534.3**	***15.6***	**4,549.9**
LIABILITIES AND SHAREHOLDERS' EQUITY						
Shareholders' equity						
- Share capital	58.1		58.1	58.1		58.1
- Reserves	1,667.6		1,667.6	1,841.9		1,841.9
Parent Company's portion of shareholders' equity	1,725.7		1,725.7	1,900.0		1,900.0
Non-controlling interests' portion of shareholders' equity	(0.0)		(0.0)	-		(0.0)
Total shareholders' equity	**1,725.7**	-	**1,725.7**	**1,900.0**		**1,900.0**
Non-current liabilities						
Bonds	1,272.0	-	1,272.0	992.4		992.4
Other non-current liabilities	200.3	*(6.2)*	194.1	506.4	*(46.9)*	459.5
Defined benefit obligations	47.6	*(7.9)*	39.7	36.5	*(0.1)*	36.4
Provisions for risks and charges	65.5	*7.7*	73.2	96.6	*(3.2)*	93.3
Deferred tax liabilities	430.6	*36.2*	466.8	456.6	*26.2*	482.9
Total non-current liabilities	**2,016.0**	***29.8***	**2,045.8**	**2,088.6**	***(24.0)***	**2,064.6**
Current liabilities						
Payables to banks	38.3	*(0.9)*	37.4	106.9		106.9
Other financial liabilities	419.5	*1.5*	421.0	18.8	*39.7*	58.5
Trade payables	263.4	*(1.0)*	262.4	262.8	*(0.3)*	262.5
Income tax payables	16.9	*(0.5)*	16.5	14.0		14.0
Other current liabilities	126.9	*2.8*	129.7	138.6	*0.2*	138.8
Total current liabilities	**865.0**	***1.9***	**866.9**	**541.1**	***39.6***	**580.8**
Liabilities held for sale				4.6		4.6
Total liabilities	**2,881.0**	***31.7***	**2,912.7**	**2,634.3**	***15.6***	**2,649.9**
Total liabilities and shareholders' equity	**4,606.7**	***31.7***	**4,638.4**	**4,534.3**	***15.6***	**4,549.9**

7. Business combinations (acquisitions and sales)

The impact of the purchases and sales of businesses carried out in the first half of 2017 on the Group's financial position are summarised below.

	non core chilean wines business € million	Bulldog(**) € million	total € million
Acquisitions and sales of companies or business divisions	6.7	(44.5)	(37.8)
Net financial position of business acquired or sold	23.3	-	23.3
Other costs of the business combination (*)	-	(11.0)	(11.0)
Net impact of business acquired or sold	**30.0**	**(55.4)**	**(25.4)**
Net payables arising from earn-out(*)	-	(26.9)	(26.9)
Net effect on net financial position	**30.0**	**(82.3)**	**(52.3)**

(*) Including payables relating to financial guarantees
(**) Value in USD converted into euro at the exchange rate on the acquisition closing date.

Acquisition of Société des Produits Marnier Lapostolle S.A.

On 29 June 2016, Gruppo Campari completed the acquisition of SPML.

The impact of the acquisition on the Group's financial position is shown below. It should be noted that, when the definitive acquisition values were allocated, the future cash flows relating to payments of the company's remaining shares by 2021, based on existing agreements with the sellers, were discounted to present value and taken into consideration. The effect of the above-mentioned revaluation at fair value was to reduce the debt originally recorded by € 7.2 million. The non-monetary effects of discounting to present value will be charged to the Group's income statement using the amortised cost method over the term of the related debt instrument.

	Purchase of initial shares (15 March 2016) € million	Public purchase offer (27 June 2016) € million	Squeeze out completed within July 2016 € million	Commitment purchases within 2021 € million	Total € million
Payment on closing date of phases of the transaction	125.5	347.2	-	-	472.7
Purchase of shares from members of the family that was the former controlling shareholder of SPML	-	-	6.4	-	6.4
Residual squeeze-out shares on the market	-	-	10.7	-	10.7
Commitments to purchase the family's ex SPML majority shareholders remaining shares by 2021	-	-	-	193.1	193.1
Effect of financial liabilities amortization for future purchase commitments	-	-	-	(7.2)	(7.2)
Total amount net of financial liabilities amortization for future purchase commitments	**125.5**	**347.2**	**17.1**	**185.9**	**675.8**
Total price of company acquisitions	**125.5**	**347.2**	**17.1**	**193.1**	**682.9**
Cash, cash equivalents and financial assets at 30 June 2016	-	-	-	-	56.0
Other financial liabilities at 30 June 2016	-	-	-	-	(23.5)
Net cash and cash equivalents acquired	**-**	**-**	**-**	**-**	**32.5**
Total cost of the acquisition	**125.5**	**347.2**	**17.1**	**193.1**	**650.5**

Definitive purchase price allocation

The definitive purchase price allocation at the fair values of the assets acquired is shown below.

Changes to the net assets of the SPML Group, which were shown provisionally at 30 June 2016, have been identified separately. The final values shown are the result of the recognition and reworking of further information about facts and events existing at the closing date. As a reminder, the analysis was partly carried out with the assistance of independent experts.

Goodwill was deemed to be fully reportable due to the synergies expected to be generated by integrating these brands into the Group's commercial structure. The goodwill is not tax-deductible based on the relevant local regulations.

The values shown here are reported in the notes to the statement of financial position below. The changes to the values included in the Group's consolidated figures at 30 June 2016 and at 31 December 2016 are shown separately in note 6-'Reclassifications to comparison book value as of 30 June 2016 and 31 December 2016'. Where not expressed in euro, the values were converted at the exchange rate on the transaction closing date.

fair value at acquisition date	Provisional fair value published at 30 June 2016 € million	Adjustments and reclassifications € million	fair value published at 30 June 2017 € million
ASSETS			
Non-current assets			
Net tangible assets	58.9	14.0	72.9
Biological assets	4.7	7.7	12.5
Investment property	121.1	0.6	121.7
Brands	256.0	51.1	307.1
Intangible assets with a finite life	0.6	-	0.6
Equity investments in other companies	0.2	-	0.2
Deferred tax assets	17.4	3.6	20.9
Other non-current financial assets	5.8	-	5.8
Total non-current assets	**464.8**	**76.9**	**541.7**
Current assets	-	-	-
Inventories	70.3	3.4	73.6
Current biological assets	-	4.4	4.4
Trade receivables	23.0	1.0	24.0
Short-term financial receivables	3.5	0.1	3.6
Cash and cash equivalents	47.8	(1.2)	46.6
Current tax receivables	2.9	(0.4)	2.4
Other receivables	18.8	(10.2)	8.5
Total current assets	**166.1**	**(2.9)**	**163.2**
Assets held for sale	**-**	**5.4**	**5.4**
Total assets	**630.9**	**79.4**	**710.3**
LIABILITIES	-	-	-
Non-current liabilities	-	-	-
Other non-current financial liabilities	-	0.9	0.9
Defined benefit plans	39.3	(7.9)	31.4
Provisions for risks and charges	32.0	7.7	39.8
Deferred tax liabilities	130.7	36.2	166.9
Total non-current liabilities	**202.1**	**37.0**	**239.0**
Current liabilities	-	-	-
Current payables to banks	20.8	(0.9)	19.8
Other financial liabilities	1.3	1.5	2.8
Trade payables	15.8	(1.0)	14.8
Current payables to tax authorities	1.8	(0.5)	1.3
Other current liabilities	6.9	2.8	9.7
Total current liabilities	**46.6**	**1.9**	**48.5**
Total liabilities	**248.7**	**38.8**	**287.5**
Net assets acquired	382.2	40.6	422.8
Goodwill generated by acquisition	**300.7**	**(47.7)**	**253.0**
Total cost, of which:	**682.9**	**-**	**682.9**
Price paid in cash, excluding ancillary costs	472.7	-	472.7
Payables for squeeze-out	17.1	-	17.1
Payables for the exercise of future purchase rights	193.1	-	193.1
-of which liabilities net of amortised cost effect	-	185.9	185.9
-of which amortised cost effect	-	7.2	7.2
Net cash position acquired, of which:	**35.0**	**(2.5)**	**32.5**
- Cash, cash equivalents and financial assets	57.1	(1.1)	56.0
- Financial debt acquired	(22.1)	(1.4)	(23.5)

Values arising from SPML acquisition	Goodwill € million	Brand € million	Total € million
Provisional fair value published at 30 June 2016	300.7	256.0	556.7
Change resulting from final allocation of acquisition values	(47.7)	51.1	3.3
Provisional fair value published at 30 June 2017	**253.0**	**307.1**	**560.0**

Acquisition of Bulldog London Dry Gin

As described in 'Significant events in the period', on 10 February 2017, the Group completed the acquisition, via Glen Grant Ltd., of Bulldog London Dry Gin brand.

The impact of the acquisition on Gruppo Campari is shown below.

	USD million	Amount in Euro at the closing date exchange rate	Amount in Euro at 30 June 2017 exchange rate
Payments at the closing date	47.3	44.5	44.5
Prepayments paid before acquisition	2.5	2.4	2.4
Guarantees on business acquistion within 2018	5.3	4.9	4.6
Operating working capital acquired	0.9	0.9	0.9
Other liabilities acquired	3.0	2.8	2.8
Total price of acquisition, excluding earn-out	**58.9**	**55.4**	**55.1**
Deferred financial liabilities for earn-out	28.6	26.9	25.0
Total price of acquisitions	**87.5**	**82.3**	**80.1**

Provisional purchase price allocation

The allocation of the purchase price at the fair value of the acquired net assets identified (brand, trade payables and some liabilities and, as the difference, goodwill) is shown below.

It should be emphasised that this allocation is provisional. Once further information about facts and events existing at the closing of the transaction is obtained, recognised and restated, the values calculated may differ from those presented in this report. This analysis will be carried out, in part, with the assistance of an independent expert within 12 months of the closing date.

The values shown here are explained in the following notes to the financial statements, where they are highlighted as changes in the basis of consolidation in the statement of financial position. Where not expressed in euro, the values were converted at the exchange rate on the closing date of the transaction.

Provisional fair value at acquisition date	Net book value at acquisition date € million	Adjustments and reclassifications € million	Provisional fair value at 30 June 2017 € million
ASSETS			
Non-current assets			
Brands		54.6	54.6
Total non-current assets	**-**	**54.6**	**54.6**
Current assets			
Trade receivables	0.9	-	0.9
Total current assets	**0.9**	**-**	**0.9**
Total assets	**0.9**	**54.6**	**55.4**
Net assets acquired	0.9	54.6	55.4
Goodwill generated by acquisition		26.9	26.9
Total cost, of which:	**82.3**		**82.3**
Price paid in cash, excluding ancillary costs	44.5	-	44.5
Receivables for prepayment	2.4	-	2.4
Earn-out liabilities	26.9	-	26.9
Other liabilities arising from acquisition	8.6	-	8.6

Values arising from Bulldog acquisition	Goodwill € million	Brand € million	Total € million
Provisional fair value published at 30 June 2017	**26.9**	**54.6**	**81.5**
Exchange rate effect at 30 June 2017	(1.8)	(1.6)	(3.5)
Provisional fair value published at 30 June 2017	**25.0**	**52.9**	**78.0**

It should be noted that sales of the brand are included in organic growth as it was already part of the Group's network at the time it was acquired by way of a distribution agreement previously agreed at market conditions.

8. Operating segment

The Group's operating businesses are determined on the basis of the results of the operating segments, which are periodically reviewed by the Chief Operating Decision Maker (the CEO) to assess performance and inform resource allocation decisions.

Since 2012, the Group has mainly based its management analysis on geographical regions, identified as operating segments that reflect the Group's operating model and current way of working by business unit.

The geographical regions considered are: i) the Americas, ii) Southern Europe, Middle East and Africa, iii) Northern, Central and Eastern Europe, and (iv) Asia-Pacific.

The level of profitability analysed is the result from recurring activities, equal to the operating result before adjustments to operating income and charges (for a definition of alternative performance indicators, please see the 'Alternative performance indicators' section of the Report on operations above).

In addition, the profitability of each region reflects the profit generated by the Group through sales to third parties in that region, thereby cancelling out the effects of inter-company margins.

first half 2017	Americas € million	Southern Europe, Middle East and Africa € million	Northern, Central and Eastern Europe € million	Asia-Pacific € million	Total allocated € million	Non-allocated items and adjustments € million	Consolidated € million
Net sales to third parties	375.5	258.8	157.0	53.3	844.7	-	844.7
Net sales between segments	17.7	131.0	20.9	0.1	169.7	(169.7)	-
Total net sales	**393.2**	**389.8**	**177.9**	**53.4**	**1,014.4**	**(169.7)**	**844.7**
Segment result	**72.6**	**44.1**	**43.6**	**3.0**	**163.4**	**-**	**163.4**
Adjustment to operating income (charges) [1]	-	-	-	-	-	(5.0)	(5.0)
Operating result	-	-	-	-	-	-	158.4
Financial income (charges)	-	-	-	-	-	(47.4)	(47.4)
Put option, earn-out and discounted effect income (charges)	-	-	-	-	-	(2.5)	(2.5)
Taxes	-	-	-	-	-	0.2	0.2
Group profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**108.6**
Depreciation/amortization	-	-	-	-	-	(28.4)	(28.4)

[1] For information on the definition of alternative performance indicators, see the previous section of this report on operations ('Alternative performance indicators').

first half 2016	Americas	Southern Europe, Middle East and Africa	Northern, Central and Eastern Europe	Asia-Pacific	Total allocated	Non-allocated items and adjustments	Consolidated
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Net sales to third parties	297.7	258.7	139.5	48.0	743.9	-	743.9
Net sales between segments	18.0	77.3	21.6	0.1	116.9	(116.9)	-
Total net sales	**315.7**	**336.0**	**161.0**	**48.1**	**860.8**	**(116.9)**	**743.9**
Segment result	**51.9**	**57.9**	**33.3**	**3.3**	**146.4**	**-**	**146.4**
Adjustment to operating income (charges) [1]	-	-	-	-	-	(14.5)	(14.5)
Operating result	-	-	-	-	-	-	131.9
Financial income (charges)	-	-	-	-	-	(29.4)	(29.4)
Put option, earn-out and discounted effect income (charges)	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	(35.3)	(35.3)
Group profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**67.2**
Depreciation/amortization	-	-	-	-	-	(25.5)	(25.5)

[1] For information on the definition of alternative performance indicators, see the previous section of this report on operations ('Alternative performance indicators').

9. Net sales

	first half 2017 € million	first half 2016 € million
Sale of goods	834.8	735.0
Rendering of services	9.9	8.9
Total net sales	**844.7**	**743.9**

For more detailed analysis of net sales, please refer to the information in the report on operations in the 'Sales performance' section. The provision of services relates to bottling the products of third parties.

10.Cost of goods sold

A breakdown of the cost of goods sold is shown by function and by type in the table below.

	first half 2017 € million	first half 2016 € million
Materials and manufactoring costs	299.7	281.9
Distribution costs	39.6	36.0
Total cost of good sold	**339.2**	**317.9**
Breakdown by type		
Raw materials and finished goods acquired from third parties	203.3	198.7
Inventory write-downs	2.9	1.3
Personnel costs	41.1	36.3
Depreciation/amortisation [*]	19.2	18.3
Utilities	6.9	6.4
External production and maintenance costs	19.4	18.9
Variable transport costs	27.6	25.0
Other costs	18.8	12.9
Total cost of goods sold	**339.2**	**317.9**

[*]In the first half of 2016, depreciation and amortisation is net of amounts pending on final stocks of maturing inventory shown, totalling € 0.9 million.

The increase in the cost of goods sold is commented upon in the Report on operations, where the change in these costs as a percentage of sales is analysed.
For a breakdown of personnel costs, see note 13-'Personnel costs'.

11.Overheads

A breakdown of overheads is shown by function and by type in the two tables below.

	first half 2017 € million	first half 2016 € million
Sales costs	78.2	67.3
General and administrative expenses	106.1	98.4
Total overheads	**184.3**	**165.7**
Agents and other variable sales costs	5.9	9.1
Depreciation/amortisation	8.7	6.9
Personnel costs	105.4	87.0
Travel, business trip, training and meetings	16.9	12.5
Utilities	0.9	0.7
Services, maintenance and insurance	26.1	20.2
Operating leases and rental expenses	6.1	5.6
Other	9.4	9.3
Adjustments to operating income (charges) [1]	5.0	14.5
Total overheads	**184.3**	**165.7**

[1] For information on the definition of alternative performance indicators, see the previous section of this report on operations ('Alternative performance indicators').

The increase in overheads, before adjustments to operating income (charges), is due mainly to an increase in personnel costs. For a breakdown of personnel costs, see note 13-'Personnel costs'.
The increase in the item 'Services, maintenance and insurance' is mainly attributable to costs for the outsourcing of services, various consultancy services and IT services associated with ongoing business management projects.

A breakdown of adjustments to operating income and charges is provided in the next section.

12.Adjustments to operating income and charges

The operating result for the period was affected by the following transactions or events.

	first half 2017 € million	first half 2016 € million
Capital gains from the sale of buildings	-	0.7
Other capital gains on the sale of tangible assets	0.2	0.2
Other income	-	1.7
Total income adjustment items	**0.2**	**2.6**
Capital losses on sale of assets	-	(2.9)
Write-down of tangible assets	(0.1)	(0.2)
Accruals to provisions for staff restructuring	(0.2)	(1.6)
Personnel restructuring costs	(3.3)	(4.0)
Pernalty for the termination of distribution relationship	(1.1)	(0.1)
Acquisition costs	-	(8.0)
Other expenses	(0.5)	(0.4)
Total expense adjustment items	**(5.2)**	**(17.1)**

The positive adjustment items for the period included total income of € 0.2 million, due to the sale of fixed assets.
The negative items include € 1.1 million for costs associated with the termination of distribution agreements in Peru and the US. Lastly, restructuring costs were € 3.5 million, of which € 0.2 million was allocated to provisions for risks and charges, due to the reorganisations under way in Group companies.

13.Personnel cost

	first half 2017 € million	first half 2016 € million
Salaries and wages	109.4	93.4
Social security contributions	25.8	21.6
Cost of defined contribution plans	4.0	3.4
Cost of defined benefit plans	0.2	0.2
Other costs relating to mid/long-term benefits	3.7	2.1
Cost of share-based payments	3.9	3.2
Total personnel costs	**147.0**	**123.9**
of which:		
Included in cost of goods sold	41.1	36.3
Included in overhead	105.4	87.0
Included in advertising and promotional expenses	0.5	0.5
Total	**147.0**	**123.9**

The allocation of personnel costs to the cost of goods sold and overheads was explained in the two previous notes. Personnel costs increased by 18.6% compared with the same period of 2016, as they mainly included the effect of the consolidation of SPML, as well as the effect of strengthening the Group's sales structures.

14.Other costs

Payments under operating leases in the first half of 2017 were € 10.6 million, and relate to contracts held by Group companies regarding property, IT equipment, company cars and other equipment.

15.Financial income and charges

Net financial charges for the period break down as follows.

	first half 2017 € million	first half 2016 € million
Bank term deposit interest	3.8	3.5
Dividends from third parties	0.2	0.7
Other income	0.2	0.1
Total financial income	**4.2**	**4.3**
Net interest payable on bonds and private placements	6.6	(36.0)
Interest payable to banks	(26.7)	(2.0)
Total interest payable	**(20.1)**	**(37.9)**
Net interest on defined benefit plans	(0.2)	-
Bank charges	(1.5)	(1.7)
Other charges and exchange rate differences	(5.4)	1.4
Total financial charges	**(7.1)**	**(0.4)**
Income from financial asset	0.1	5.2
Liability management effect	(24.5)	-
Acquisition costs	-	(0.6)
Total financial income (charges) adjustments	**(24.4)**	**4.6**
Net financial income (charges)	**(47.4)**	**(29.4)**

Net financial charges, which included the effects of exchange rate differences, stood at € 23.0 million, a decrease on the previous year's figure of € 34.0 million. The total change of € 11.0 million was due to the debt restructuring carried out in the third quarter of 2016 and the first half of 2017.
Net financial charges include adjustments totalling € 24.5 million generated by the liability management transactions carried out in the first half of 2017. This relates to the difference paid when the existing bonds were bought back at their nominal value (€ 23.2 million) and the non-cash effects of discounted present value.

The average cost of debt, excluding exchange rate effects and adjustments to financial income and charges, as well as income and charges relating to put options, earn-outs and the related effects of discounting them to present value, was 3.0%, a decrease on the average figure of 6.8% for 2016, due to the restructuring of financial debt.

16.Income and charges relating to put options and earn-outs and the related effects of discount to present value

At 30 June 2017, liabilities totalling € 2.5 million were recorded. These were due entirely to the non-cash effects pertaining to the first half of 2017 of discounting to present value the payable for future commitments to purchase the remaining SPML shares from the former shareholders.

17.Income taxes

Taxes are calculated based on existing regulations, applying the tax rates in force in each country.
Deferred tax income and expense is calculated each year based on the rates in force at the time the temporary differences are reversed; appropriate adjustments are made if the rate is different from that of previous years, provided that the related law has already been issued on the date the financial report is drafted.
The amounts of current and deferred taxes recorded directly in the statement of comprehensive income relate to the effects of the remeasurement of pension funds and the valuation at fair value of cash flow hedging contracts.
Details of current and deferred taxes included in the Group's income statement and statement of comprehensive income are as follows.

	first half 2017 € million	first half 2016 € million
- current taxes for the period	(20.9)	(26.8)
- taxes relating to previous years and tax rate changes	25.9	(1.0)
- deferred tax expenses	(4.9)	(7.5)
Taxes recorded in the income statement	**0.2**	**(35.3)**
Taxes recorded in the statement of comprehensive income	**(0.8)**	**(0.3)**

As commented on in detail in the 'Significant events during the period' section of the Report on operations, 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 for the purposes of Patent box, i.e. the size of the financial contribution to the Company's income generated by intangible assets.
At 30 June 2017, a total tax benefit (for IRES and IRAP purposes) of € 36.2 million was recorded; this includes amounts of € 12.0 million for the 2015 tax year, € 15.5 million for the 2016 tax year and € 8.7 million for the estimate of the first half of 2017. The non-recurring tax benefit was deducted from the tax payments of Davide Campari-Milano S.p.A. from June 2017 with the difference shown as a credit to the shareholder Alicros S.p.A. (see also note 36 - 'Related parties').

A breakdown of current and deferred tax assets and liabilities is shown in the table below.

	30 June 2017	31 December 2016 - post reclassification	31 December 2016 - published
	€ million	€ million(*)	€ million
Deferred tax assets	45.3	35.2	37.2
Deferred tax liabilities	(464.4)	(482.9)	(456.6)
Net deferred tax	**(419.1)**	**(447.6)**	**(419.4)**

(*) For information on reclassifications at opening book values, see note 6-'Reclassifications to comparison book value as of 30 June 2016 and 31 December 2016'.

18.Net tangible fixed assets

Changes in this item are shown in the table below.

	Land and buildings	Plant and machinery	Other	Total
	€ million	€ million	€ million	€ million
Carrying amount at the beginning of the period	387.2	385.4	171.8	944.4
Accumulated amortization at the beginning of the period	(114.6)	(243.6)	(91.8)	(450.1)
Balance at 31 December 2016	**272.6**	**141.8**	**79.9**	**494.3**
Reclassification of opening values(*)	14.2	(0.3)	1.4	15.3
Balance at 31 December 2016 - post-reclassification	**286.8**	**141.5**	**81.4**	**509.6**
Reclassification as assets held for sale	(38.0)	(1.0)	(1.6)	(40.7)
Investments	4.9	5.9	13.9	24.7
Disposals	-	(0.1)	(2.8)	(2.9)
Depreciation	(5.6)	(10.4)	(6.4)	(22.5)
Exchange rate differences and other changes	(7.1)	(6.2)	(6.1)	(19.5)
Balance at 30 June 2017	**240.9**	**129.7**	**78.2**	**448.7**
Carrying amount at the end of the period	354.0	357.6	163.8	875.4
Accumulated amortization at the end of the period	(113.0)	(227.9)	(85.6)	(426.5)

(*) For information on reclassifications at opening book values, see note 6-'Reclassifications to comparison book value as of 30 June 2016 and 31 December 2016'.

Following the definitive allocation of the purchase price of SPML, the opening values of the tangible assets located mainly in France were adjusted by an amount of € 15.3 million. This item does not include the adjustments made to assets relating to the Chilean wines business, which was sold in January 2017, and was therefore classified under held-for-sale assets at 31 December 2016.

Assets reclassified as 'net assets held for sale' in the first half of 2017 are shown at their net carrying amounts and relate to:

- the sale of Château de Sancerre French still wines, which includes buildings in an amount of € 4.1 million, and wine-making equipment, production machinery and other fixed assets totalling € 2.0 million;
- the sale of the former premises of SPML in Paris, totalling € 34.5 million;
- the sale of assets belonging to Carolans Irish Cream and Irish Mist Whiskey, totalling € 0.5 million.

Investment in the period (€ 24.7 million) includes the following projects:

- in Jamaica, € 2.3 million was invested to upgrade the visitor centre;
- in the US, € 1.0 million was invested in extending the warehouses for storing barrels of maturing inventory at the Lawrenceburg plant;
- in Argentina, € 0.6 million was invested in introducing herb infusion equipment and € 0.4 million in installing a new bottling line;
- in Canada, € 0.9 million was invested in improving the bottling lines;
- improvements were made to the efficiency and production capacity of the Group's facilities in Italy (€ 2.7 million), North America (€ 2.6 million), Australia (€ 0.8 million), South America (€ 0.2 million) and other European sites (€ 0.9 million);
- the purchase of barrels for maturing bourbon whisky and rum had an impact of € 10.5 million;
- other projects at the Group's various premises, which are not material individually, had a total impact of € 2.0 million.

Disposals, amounting to € 2.9 million, mainly related to the sale of barrels for maturing inventory in America.

Lastly, it should be noted that, for greater clarity, fixed assets in progress of € 9.0 million were included under the categories to which they relate, depending on the nature of the capital expenditure.

19.Biological assets

This item includes biological assets consisting of fruit-bearing and mature vines that provide grapes for wine production and pre-production vineyards.
The initial asset balance relates to the orange orchards and vineyards owned by the SPML group respectively in the Caribbean area and in France. It should be noted that at 30 June 2017, the biological assets relating to the Château de Sancerre French still wines business (totalling € 7.5 million) were reclassified under 'net assets held for sale'.

Changes in this item are shown in the table below.

	Assets valued at cost € million	Total € million
Carrying amount at the beginning of the period	1.0	1.0
Accumulated amortization at the beginning of the period	(0.6)	(0.6)
Balance at 31 December 2016	**0.4**	**0.4**
Reclassification of opening values(*)	7.3	7.3
Balance at 31 December 2016 - post-reclassification	**7.8**	**7.8**
Reclassification as assets held for sale	(7.5)	(7.5)
Balance at 30 June 2017	**0.3**	**0.3**
Carrying amount at the end of the period	0.9	0.9
Accumulated amortization at the end of the period	(0.6)	(0.6)

(*) For information on reclassifications at opening book values, see note 6-'Reclassifications to comparison book value as of 30 June 2016 and 31 December 2016'.

All residual biological assets at 30 June 2017 are recognised on a cost basis, net of depreciation and impairment.

20.Investment property

At 30 June 2017, investment property, totalling € 120.7 million, related to property owned by SPML, of which € 120.0 million was for the property at St. Jean Cap Ferrat (€ 80.0 million net of the relevant deferred tax effect), as well as minor amounts relating to assets belonging to the Parent Company.
These buildings were recorded in the financial statements at their approximate fair value at the reporting date.

21.Goodwill and brands

Changes during the period are shown in the table below.

	Goodwill € million	Brands with an indefinite life € million	Brands with a finite life € million	Total € million
Carrying amount at the beginning of the period	1,486.2	1,001.1	45.8	2,533.2
Opening impairment	(3.0)	-	(25.2)	(28.3)
Balance at 31 December 2016	**1,483.2**	**1,001.1**	**20.6**	**2,504.9**
Reclassification of opening values(*)	(63.2)	49.2	-	(14.0)
Balance at 31 December 2016 - post-reclassification	**1,420.0**	**1,050.4**	**20.6**	**2,490.9**
Perimeter effect for acquisition	26.8	52.9	-	79.8
Investments	-	0.2	-	0.2
Reclassification as assets held for sale	(25.1)	(67.2)	-	(92.3)
Depreciation	-	-	(1.2)	(1.2)
Other movements	-	0.4	-	0.3
Exchange rate differences	(68.0)	(30.2)	(1.5)	(99.7)
Balance at 30 June 2017	**1,353.6**	**1,006.5**	**17.9**	**2,378.1**
Carrying amount at the end of the period	1,356.6	1,006.5	41.3	2,404.4
Closing impairment	(3.0)	-	(23.3)	(26.3)

(*) For information on reclassifications at opening book values, see note 6-'Reclassifications to comparison book value as of 30 June 2016 and 31 December 2016'.

Intangible assets with an indefinite life are represented by goodwill and brands, both deriving from acquisitions. The Group expects to obtain positive cash flow from these assets for an indefinite period of time. Goodwill and brands with an indefinite life are not amortised but are subject to impairment tests.

Brands with a finite life included the value of the X-Rated Fusion Liqueur which, in previous years, had suffered an impairment loss. During 2015, its useful life was reviewed and determined as a period of 10 years from 2016.

The change in the basis of consolidation was entirely due to the recording of provisional values relating to the acquisition of Bulldog, which was completed in the first half of 2017 (for more information see note 7 - 'Business combinations').
At 30 June 2017, the following values were reclassified as 'assets available for sale':

- the Carolans and Irish Mist brands, in an amount of € 62.6 million with related goodwill of € 25.1 million. The value of goodwill was calculated based on the estimated value of the assets for sale, in relation to their contribution to the total value of the relevant group of cash-generating units;
- the value of the Sancerre brand, in an amount of € 4.5 million.

The negative exchange rate differences, of € 99.7 million, are due to the adjustment of values of brands and goodwill recorded in local currency at the exchange rates at the end of the period.

22.Intangible assets with a finite life

Changes in this item are shown in the table below.

	Software € million	Other € million	Total € million
Carrying amount at the beginning of the period	63.6	14.5	78.1
Accumulated amortization at the beginning of the period	(43.0)	(8.8)	(51.8)
Balance at 31 December 2016	**20.6**	**5.7**	**26.3**
Investments	6.3	-	6.3
Amortisation for the period	(4.0)	(0.4)	(4.4)
Exchange rate differences and other changes	(0.6)	2.6	2.0
Balance at 30 June 2017	**22.2**	**7.8**	**30.1**
Carrying amount at the end of the period	68.0	14.6	82.6
Accumulated amortization at the end of the period	(45.7)	(6.8)	(52.5)

Intangible assets with a finite life are amortised on a straight-line basis according to their remaining useful life.
Investment in intangible assets with a finite life during the period, totalling € 6.3 million, mainly related to projects to continuously upgrade and integrate the IT systems currently used by the Group.

23.Other non-current assets

This item breaks down as follows:

	30 June 2017 € million	31 December 2016 € million
Financial receivables	5.8	21.5
Term deposit	31.5	33.7
Non-current assets for hedging derivatives(*)	1.1	-
Non-current financial assets	**38.4**	**55.3**
Equity ivestment in other companies	1.6	1.7
Security deposits	1.2	1.1
Other non-current receivables from main shareholders	2.2	2.2
Other non-current tax receivables	4.0	4.0
Other non-current assets	**9.0**	**9.0**
Other non-current assets	**47.4**	**64.3**

(*) It should be noted that as of 31 December 2016, the fair value of hedging derivatives is negative and classified among the non current financial liabilities. For more information please refer to note-29'Bonds and other non-current liabilities'.

Deposits, totalling € 31.5 million, comprised cash investments of € 26.4 million by the Parent Company, with a maturity date of 2019, and restricted deposits of € 3.2 million for the settlement of the put option to acquire the remaining minority shares of J.Wray&Nephew Ltd.

Financial receivables include interest-bearing financial receivables from sales of businesses totalling € 5.0 million. The item was lower than at 31 December 2016 following the sale of financial assets arising from the SPML acquisition.

The other non-current tax receivables, totalling € 4.0 million, include receivables from the tax authorities due to the Group's Italian companies (€ 3.7 million) related to the entitlement to refunds of the higher income taxes paid in previous years due to the non-deductibility of IRAP. Additional receivables totalling € 2.2 million due to the ultimate shareholder Alicros S.p.A. were recorded for the tax consolidation periods from 2007 to 2011.

Please see note 36-'Related parties' for details on the relationships with the ultimate shareholder Alicros S.p.A.

24.Inventories and current biological assets

This item breaks down as follows:

	30 June 2017 € million	31 December 2016 - post reclassification figures(*) € million	31 December 2016 - published figures € million
Raw materials, supplies and consumables	48.1	38.3	37.4
Work in progress	59.8	59.3	60.0
Ageing inventory	285.5	293.7	293.7
Finished products and goods for resale	152.8	144.8	144.4
Inventories	**546.2**	**536.1**	**535.5**
Current biological assets	2.9	7.5	7.5
Current biological assets	**2.9**	**7.5**	**7.5**
Total	**549.0**	**543.5**	**543.0**

(*) For information on reclassifications at opening book values, see note 6-'Reclassifications to comparison book value as of 30 June 2016 and 31 December 2016'.

Stocks totalled € 549.0 million at 30 June 2017, a slight increase on 31 December 2016. Exchange rate effects were € 25.7 million in the first half of 2017, which contributed to the reduction in the stocks' value. Inventories recorded organic growth of € 38.6 million; this included increases of € 16.5 million in finished goods, € 11.9 million in raw materials and € 9.1 million

in maturing liquids, and a decrease in current biological assets of € 0.9 million. The increase was the natural effect of the seasonal nature of sales, which are normally concentrated in the second half of the year.
At 30 June 2017, a total value of € 6.9 million relating to the sale of the Sancerre wines business and the Carolans and Irish Mist business was classified as assets held for sale following the signing of an agreement to sell this business (see the 'Significant events during the period' section for more information).

Inventories are reported minus the relevant provisions for write-downs. The changes are shown in the table below.

	€ million
Balance at 31 December 2016	**16.5**
Reclassification of opening value	(1.4)
Balance at 31 December 2016 - post reclassification	**15.1**
Accruals	1.1
Utilisation	(0.6)
Exchange rate differences and other changes	(0.5)
Balance at 30 June 2017	**15.1**

25.Current financial receivables

This item breaks down as follows.

	30 June 2017 € million	31 December 2016 € million
Securities and term deposit	**2.6**	**2.4**
Valuation at fair value of forward contracts	2.0	0.5
Other financial assets	1.9	0.8
Restricted deposits	4.6	3.5
Other current financial receivables	**8.4**	**4.8**
Current financial receivables	**11.1**	**7.2**

Securities mainly include short-term or marketable securities that represent a temporary investment of cash but do not satisfy all the requirements for classification under cash and cash equivalents. The item includes securities falling due within one year.

Other financial assets mainly include the fair value of derivative contracts that do not meet the requirements of hedge accounting.

Restricted deposits at 30 June 2017 include cash earmarked for settling payables for guarantees relating to the acquisition of Bulldog. Current financial payables included liabilities of the same amount, as shown under note 30 - 'Payables to banks and other current financial payables'.
All financial receivables are current and due within a year.

26.Cash and equivalents and reconciliation with net debt

The Group's cash and cash equivalents break down as follows.

	30 June 2017 € million	31 December 2016 € million
Bank current accounts and cash	271.4	308.7
Term deposit maturing within 3 months	53.4	45.4
Cash and cash equivalents	**324.8**	**354.1**

The cash and cash equivalents item comprises bank current accounts, other sight deposits and those that can be withdrawn within a maximum period of three months from the reporting date, which are held at leading banks and pay variable interest rates based on LIBOR depending on the currency and period concerned.
'Cash and cash equivalents' also includes securities that can be readily converted into cash, consisting of short-term, highly liquid financial investments that can be quickly converted to known cash instruments, with an insignificant risk of a change in value.

Reconciliation with net financial position

The reconciliation with the Group's net debt is set out below.

	30 June 2017	31 December 2016 - post reclassification figures(**)	31 December 2016 - published figures
	€ million	€ million	€ million
Cash and cash equivalents	324.8	354.1	354.1
Cash (A)	**324.8**	**354.1**	**354.1**
Securities	2.6	2.4	2.4
Other current financial receivables	8.4	4.8	4.8
Current financial receivables (B)	**11.1**	**7.2**	**7.2**
Current bank payables	(89.3)	(106.9)	(106.9)
Other current financial payables	(20.0)	(12.9)	(12.9)
Current portion of payables for put option and earn-outs	(49.7)	(45.6)	(5.9)
Current financial payables (C)	**(159.1)**	**(165.5)**	**(125.7)**
Net current financial position (A+B+C)	**176.7**	**195.8**	**235.6**
Non-current bank payables	(301.4)	(302.3)	(302.3)
Non-current portion of lease payables	(1.5)	(2.2)	(2.2)
Non-current portion of private placement and bonds	(995.2)	(994.6)	(994.6)
Non-current portion of payables for put option and earn-outs	(169.7)	(144.4)	(191.3)
Non-current financial debt (D)	**(1,467.8)**	**(1,443.4)**	**(1,490.3)**
Net debt (A+B+C+D)(*)	**(1,291.1)**	**(1,247.6)**	**(1,254.8)**
Reconciliation with the Group's financial position, as shown in the Directors'			
Assets for derivatives on bonds, non-current portion	1.0	-	-
Term deposits	25.6	25.6	25.6
Non-current financial receivables	11.7	29.6	29.6
Group net financial position	**(1,252.8)**	**(1,192.4)**	**(1,199.5)**

(*) In accordance with the definition of net debt set out in Consob communication DEM 6064293 of 28 July 2006.

(**)For information on reclassifications at opening book values, see note 6-'Reclassifications to comparison book value as of 30 June 2016 and 31 December 2016'.

For all information concerning the items that make up net debt excluding liquidity, see note 25 - 'Current financial receivables', note 23 - 'Other non-current assets', and note 29 and 30 - 'Financial liabilities'.

27.Net assets held for sale

Net assets held for sale are valued at the lower of net book value and fair value less selling costs. At 30 June 2017 this item included:

- real estate assets relating to a residual portion of the Termoli site (value unchanged from 31 December 2016);
- various buildings in France, including SPML's headquarters in Paris;
- net assets belonging to the Chateau de Sancerre business;
- net assets belonging to the Irish Mist and Carolans business.

At 31 December 2016, this item included the net assets of the Chilean wines business, the sale of which was completed on 31 January 2017.

For more details, see the 'Significant events during the period' and the 'Events taking place after the end of the period' sections.

	French wine business	Carolans/Irish Mist business	Investment properties	30 June 2017
	€ million	€ million	€ million	€ million
Assets				
Net tangible fixed assets(*)	12.0	0.5	41.9	54.5
Goodwill and brands	4.5	87.8		92.3
Inventories	3.9	3.0		6.9
Total assets held for sale	**20.4**	**91.3**	**41.9**	**153.6**

(*) For information on reclassifications at opening book values, see note 6-'Reclassifications to comparison book value as of 30 June 2016 and 31 December 2016'.

28.Shareholders' equity

The Group manages its capital structure and makes changes to it on the basis of the prevailing economic conditions and the specific risks of the underlying asset.
To maintain or change its capital structure, the Group may adjust the dividends paid to the shareholders and/or issue new shares.
In this context, like other groups operating in the same sector, the Group uses the net debt/EBITDA multiple as a monitoring tool.
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 30 June 2017, this multiple was 2.9 (unchanged from 31 December 2016).
If the effects of the transactions under way concerning the sale of businesses and other assets at the date of this half-year financial report were taken into account, the multiple would be 2.2.

For information on the composition of and changes in shareholders' equity for the periods under review, see the statement of changes in shareholders' equity.

Share capital

At 30 June 2017, the share capital of Davide Campari-Milano S.p.A. was € 58,080,000.00, comprising 1,161,600,000 ordinary shares with a nominal value of € 0.05 each, fully paid.
On 28 April 2017, the Extraordinary Shareholders' Meeting approved the split of its 580,800,000 shares with a nominal value of € 0.10 per share, which constituted its share capital at 31 December 2016, to be carried out via the issue of two new shares with a nominal value of € 0.05 per share for each existing share. The share split was carried out on 8 May 2017. The new shares qualify for dividends from 1 January 2016, and the paid-up share capital of € 58,080,000 (unchanged from 31 December 2016) is divided into 1,161,600,000 shares. In carrying out the share split, the number of shares was doubled and, at the same time, the current value of the share price was halved.

Outstanding shares and own shares

The following table shows a reconciliation between the number of outstanding shares at 30 June 2017 and in the last two years, taking account of the effects of the share split approved by the shareholders' meeting on 28 April 2017.

	No. of shares			Nominal value		
	30 June 2017	31 December 2016	31 December 2015	30 June 2017	31 December 2016	31 December 2015
Outstanding shares at the beginning of the period	1,158,915,312	1,158,157,108	1,153,837,434	57,945,766	57,907,855	57,691,872
Purchases for the stock option plan	(3,910,000)	(4,652,270)	(23,036,836)	(195,500)	(232,614)	(1,151,842)
Disposals	3,934,061	5,410,474	27,356,510	196,703	270,524	1,367,826
Outstanding shares at the end of the period	1,158,939,373	1,158,915,312	1,158,157,108	57,946,969	57,945,766	57,907,855
Total own shares held	2,660,627	2,684,688	3,442,892	133,031	134,234	172,145
Own shares as a % of share capital	0.23%	0.23%	0.30%			

In first half 2017, 3,910,000 own shares were acquired at a purchase price of € 19.6 million, which equates to an average price of € 5.01 per share.
In the same period, 3,934,061 shares were sold for a sum of € 17.4 million.

Dividends paid and proposed

Dividends to the value of € 52.1 million relating to 2016 were approved by the shareholders' meeting of the Parent Company on 28 April 2016 and paid in May 2017.

	Total amount		Dividend per share (*)	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	€ million	€ million	€	€
Dividends approved and paid during the period on ordinary shares	52.1	52.1	0.045	0.045
Dividends proposed on ordinary shares	-	52.1	-	0.045

(*) The values include the effects of the share split.

Other reserves

	Stock options	Cash flow hedging	Foreign currency traslation reserves	Remeasurement reserve for actuarial effefts relating to defined benefit plans	Total
	€ million	€ million	€ million	€ million	€ million
Balance at 31 December 2016	**26.2**	**(2.3)**	**59.3**	**(3.9)**	**79.3**
Cost of stock options for the period	3.8	-	-	-	3.8
Stock option exercided	(2.7)	-	-	-	(2.7)
Losses (profits) reclassified in the income statement	-	3.7	2.1	-	5.8
Profits (losses) allocated to shareholders' equity	-	0.6	-	(0.3)	0.3
Tax effect recognised in shareholder's equity	-	(0.9)	-	0.1	(0.8)
Traslation difference	-	-	(129.9)	-	(129.9)
Other movements	-	-	-	2.8	2.8
Balance at 30 June 2017	**27.3**	**1.1**	**(68.5)**	**(1.4)**	**(41.5)**

The stock option reserve contains the provision made as an offsetting entry for the cost reported in the income statement for stock options allocated. The provision is determined based on the fair value of the options established using the Black-Scholes model.
For information on the Group’s stock option plans, see note 33 - ‘Stock option plan’.
The hedging reserve contains amounts (net of the related tax effect) pertaining to changes resulting from fair value adjustments of financial derivatives recorded using the cash flow hedging methodology.
For further information, see note 34 - ‘Financial instruments: disclosures’.
The translation reserve reflects all exchange rate differences relating to the conversion of the accounts of subsidiaries denominated in currencies other than euro.
The remeasurement reserve for actuarial effects relating to defined benefit plans includes the effects of changes to the actuarial assumptions used to calculate net obligations for defined benefits.

29.Bonds and other non-current liabilities

The breakdown of bonds and other non-current liabilities is as follows.

	30 June 2017	Of which perimeter effect and opening reclassification	31 December 2016(*)
	€ million	€ million	€ million
Parent Company bond (Eurobond)issued in 2012	218.3	-	397.2
Parent Company bond (Eurobond)issued in 2015	576.9	-	595.3
Parent Company bond 2017-2022	50.0	-	-
Parent Company bond 2017-2024	150.0	-	-
Total bonds	**995.2**	**-**	**992.4**
Payables and loans due to banks	301.4	-	302.3
Property leases	1.5	(1.0)	2.2
Non current liabilities for hedging derivatives(**)	-	-	2.1
Payables for put option and earn-outs	169.7	(46.9)	144.4
Non-current financial liabilities	**472.6**	**(47.8)**	**451.0**
Other non-financial liabilities	14.6	-	8.5
Other non-current liabilities	**487.2**	**(47.8)**	**459.5**

(*) For information on reclassifications at opening book values, see note 6-’Reclassifications to comparison book value as of 30 June 2016 and 31 December 2016’.
(**) It should be note that as of 30 June 2017, the fair value of hedging derivatives is positive. For more information please refer to note 23-‘Other non-current assets’.

Bonds

As explained in detail in the ‘Significant events during the period’ section, on 30 March 2017, Davide Campari-Milano S.p.A. placed two unrated bonds (a seven-year and a five-year bond for € 150 million and € 50 million respectively), reserved for institutional investors only. This transaction constituted an exchange for existing notes through purchase 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 million of bonds previously issued by Davide Campari-Milano S.p.A..
The bonds purchased were as follows:

- a total nominal amount of € 180.9 million 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 million of existing notes due on 30 September 2020, issued in 2015 with a nominal value of € 600 million – fixed interest of 2.75%.

The transaction incurred non-recurring financial liabilities of € 24.5 million; these mainly constituted the difference in the price of the outstanding bonds being repurchased and their nominal value and various other transaction-related expenses (for a total of € 23.2 million).

At 30 June 2017, the bonds item included the following issues placed by the Parent Company:

- Eurobond 2012, with a duration of seven years and a nominal value of € 219.1 million, due on 25 October 2019. The bond pays a fixed annual coupon of 4.5% and the issue price was 99.068% of par, corresponding to a gross return of 4.659%.
- Eurobond 2015, due on 30 September 2020 and with a nominal value of € 580.9 million. The offer was placed at 99.715% of the nominal value. Coupons are payable at a nominal fixed interest rate of 2.75%. The gross return on the bond is therefore 2.81%;
- bond loan issued in 2017 by the Parent Company, due on 5 April 2022, with a nominal value of € 50 million. The bond pays a fixed annual coupon of 1.768%;
- bond loan issued in 2017 by the Parent Company, due on 5 April 2024, with a nominal value of € 150 million. The bond pays a fixed annual coupon of 2.165%.

The changes recorded in the first half of 2017 relating to the effects of the amortised cost of the above bonds were negative at € 2.8 million.

Payables and loans due to banks

This item includes euro-denominated loans entered into with leading banks, on which interest is mainly due at floating market rates. Specifically, in 2016, the Parent Company took out a € 300 million bullet loan due in three years, at a rate of 3-month Euribor plus a 0.75% spread, made available by Banco Popolare, Intesa Sanpaolo and UniCredit. In conjunction with the term loan, a revolving credit facility (‘RDF’) as granted in an amount of € 200 million, due in three years, which had not been used as at 30 June 2017.

Lastly, it should also be noted that, after the date of this report, on 3 August 2017 Davide Campari-Milano S.p.A. took the opportunity to extend, by two years, the € 300.0 million bullet bank facility taken out in August 2016. The new maturity of the loan and associated revolving credit facility (RCF) of € 200 million is now August 2021, from the original date of August 2019. However, the agreement mantains its advantageous financial conditions.

Leases

This item mainly includes payables for the purchase of vehicles. The decrease is chiefly due to the perimeter effect resulting from the sale of the Chilean wines business (€ 1.0 million).

Payables for put options and earn-outs

At 30 June 2017, the long-term portion of the item ‘Payables for put options and earn-outs’ included:

- a payable (€ 144.7 million) arising from the agreements signed with members of the family that was the controlling shareholder of SPML for the purchase, by 2021, of all the remaining shares held by them;
- an estimated payable for the earn-out associated with the acquisition of Bulldog (€ 25.0 million; value in Euro converted at the exchange rate on 30 June 2017);
- an estimated payable for the earn-out relating to the acquisition of the Sagatiba brand, to be paid after the following year.

Other non-financial liabilities

Other non-financial liabilities at 30 June 2017 mainly include medium- to long-term liabilities relating to incentive-based plans accrued on behalf of employees, totalling € 5.3 million. They also include benefits linked to medical cover for employees, of € 2.7 million.

30.Payables to banks and other current financial payables

The breakdown of payables to bank and other financial payables is as follows.

	30 June 2017	Of which perimeter effect and opening reclassification	31 December 2016(*)
	€ million	€ million	€ million
Payables and loans due to banks	**89.3**	**(21.5)**	**106.9**
Accrued interest on bonds	19.6	-	7.5
Property leases	0.1	-	-
Liabilities on hedging contracts	0.4	(0.1)	5.4
Current liabilities for hedge derivatives, not reported using hedge accounting procedures	0.1	-	-
Payables for put options and earn-outs	49.7	39.7	45.6
Total other financial payables	**69.8**	**39.6**	**58.5**

(*) For information on reclassifications at opening book values, see note 6-‘Reclassifications to comparison book value as of 30 June 2016 and 31 December 2016’.

Payables to banks

Short-term payables to banks related to short-term loans or credit facilities used by the Group to obtain additional financial resources. The total change is mainly due to the repayment of the revolving credit facility used at 31 December 2016 (€ 50

million), the taking out of a short-term loan of € 65 million, and the positive perimeter effect on the short-term position generated by the sale of the Chilean wines business, in an amount of € 18.2 million.
Some loans are secured by mortgages on properties in Caltanissetta, in an amount of € 2.7 million.

Payables for put options and earn-outs
The short-term portion of these payables included payables for put options (€ 44.7 million) and earn-outs (€ 5.0 million).
The payable for put options relates to:
- the purchase of the residual non-controlling shares in J.Wray&Nephew Ltd (€ 3.1 million), for which the Group holds restricted cash and cash equivalents guaranteeing this obligation, as described in note 25-'Current financial receivables';
- an amount of € 41.6 million related to the purchase option of all the remaining shares held by former shareholder of SPML, exercisable in the next 12 months.

Payables for earn-outs relate to:
- the annual tranche of Sagatiba (€ 0.4 million);
- a payable of € 4.6 million generated by the acquisition of Bulldog (value converted into Euro at the exchange rate on 30 June 2017), recorded as a guarantee for the transaction. A restricted deposit of the same amount is recorded under current financial receivables (see note 25-'Current financial receivables').

31.Provisions for risks and charges

The table below indicates changes to this item during the period.

	Tax provision	Restructuring provisions	Agent severance fund	Other	Total
	€ million	€ million	€ million	€ million	€ million
Balance at 31 December 2016	**47.9**	**16.1**	**1.8**	**30.9**	**96.7**
Reclassification of opening balances(*)	0.7	-	-	(3.9)	(3.2)
Balance at 31 December 2016 - post-reclassification	**48.5**	**16.1**	**1.8**	**27.0**	**93.4**
Accruals	14.0	0.2	0.1	-	14.3
Utilizations	-	(3.4)	(0.8)	(1.6)	(5.9)
Realeses	-	-	-	(0.5)	(0.5)
Exchange rate differences and other changes	(1.1)	(0.1)	-	(1.7)	(2.9)
Balance at 30 June 2017	**61.4**	**12.8**	**1.1**	**23.2**	**98.3**

(*) For information on reclassifications at opening book values, see note 6-'Reclassifications to comparison book value as of 30 June 2016 and 31 December 2016'.

In relation to changes in the provisions for risks and charges compared with the 2016 annual financial statements, it should be noted that use was made of the restructuring provision (€ 3.4 million) for payments during the period in connection with the restructuring processes under way within the Group.

The tax provision of € 61.4 million at 30 June 2017 increased by € 14.0 million as a result of the management's assessments of the Group's tax risk.

Other funds reflected the recognition by the Parent Company and subsidiaries of liabilities for various lawsuits, including a legal dispute totalling € 7.5 million over a distribution agreement.

The information reported below concerns potential liabilities arising from disputes in progress, in relation to which the Group did not, however, deem it necessary to make provisions as of the date of this report.

Various disputes were outstanding with the Brazilian tax authorities; however, it is not considered likely that the Group will lose the cases, based on the information available at the date of this report.
• At 31 December 2016, one dispute was outstanding, in which the tax authorities contested the classification of products sold by Campari do Brasil Ltda. for production tax (IPI) purposes. The increase in taxes and penalties was BRL 117.6 million (equivalent to approximately € 30.4 million at the exchange rate on 31 December 2016) plus interest.
In March 2012, the Company was officially informed that the outcome of the dispute was in its favour. However, the formulation of the ruling was deemed inadequate for providing the Company with complete legal safeguards in the event of future litigation relating to the same dispute. In May 2017, the Company received a final ruling on the above-mentioned dispute, stating that an amount of BRL 83.1 million, net of interest (approximately € 22.0 million at the rate applying on 30 June 2017) is no longer subject to any dispute whatsoever.
The Group considers that there are still no grounds for creating a specific provision for the remaining amount of € 34.5 million (approximately € 9.1 million at the exchange rate on 30 June 2017), plus interest. As a result, no provisions were made for this item in the financial statements at 30 June 2017.
• Another outstanding dispute relates to a tax inspection report concerning the payment of ICMS (tax on the consumption of goods and services) with respect to sales made by Campari do Brasil Ltda to a single customer in 2007 and 2008; the Company was notified of this report on 16 February 2012.

The amount stipulated, including penalties, totalled BRL 49.6 million (around € 13.1 million at the exchange rate on 30 June 2017) plus interest.
The dispute is pending before the administrative court, and is not expected to be settled in the near future.
Based on evaluations conducted by external legal consultants, which have appealed against the findings of the local tax authorities, the Group believes that the outcome of the dispute will be in favour of the Company. It is therefore deemed unnecessary at present to create a specific provision.

- In June 2016, the Company received a tax inspection notice relating to the years 2012 and 2013 alleging non-compliance in the use of a tax benefit relating to the sales of finished products manufactured in the Suape plant. The contested amount is BRL 29.1 million (approximately € 7.7 million at the exchange rate at 30 June 2017) including the related penalties. The Company's lawyers have prepared an appeal that demonstrates compliance with all the requirements stipulated by tax law. Based on the advice of its lawyers, the Group continues to believe that there is no reason to make a specific provision.

Lastly, as published in note 38 of the annual financial statements for 2016, in December 2015 a claim for compensation totalling USD 23 million was notified to the subsidiary J.Wray&Nephew Ltd by Algix Jamaica Limited. This company maintains that it has suffered damage to its fish farm due to the waste water from the sugar processing carried out by J.Wray&Nephew Ltd.
During the proceedings, to enable the company to continue with its sugar production business, J.Wray&Nephew Ltd was requested to comply with specific new environmental regulations. At the date this report was approved, J.Wray & Nephew Ltd complied with the above-mentioned regulations, and the sugar production business was therefore authorised to continue. Meanwhile, the first-level ruling on the current case is expected in 2017.
The Company, supported by its own legal advisers, maintains that there is no causal link between its activities and the losses alleged to have been suffered by Algix Jamaica Limited, and that the claim for damages therefore appears groundless both in terms of substance and quantification of damages. No provision was therefore created in this regard.

32.Receivables and payables to tax authorities

This item breaks down as follows.

	30 June 2017 € million	31 December 2016 € million
Income taxes receivables	23.1	10.3
Receivables from main shareholders for tax consolidation	14.8	2.0
Total income tax receivables	**37.9**	**12.3**
Taxes payable	13.2	13.5
Due to controlling shareholder for tax consolidation	0.1	0.5
Total income tax payables	**13.3**	**14.0**

These payables are all due within twelve months.
The corporate income tax payable is shown net of advance payments and taxes deducted at source.

Payables to the ultimate shareholder for tax consolidation at 30 June 2017 relate to the income tax payables of a subsidiary. It should be noted that these payables and receivables are all non-interest-bearing; for further details, see note 36 - 'Related parties'.

33.Stock option plan

Pursuant to Consob resolution 11971 of 14 May 1999 as amended, and Consob communication 11508 of 15 February 2000, the following information is provided on the stock option plan (the 'Plan') approved by the Board of Directors of Davide Campari-Milano S.p.A. on 15 May 2001, which incorporated the framework plan for the general regulation of stock options for Gruppo Campari, approved by the shareholders' meeting of 2 May 2001.
The purpose of the Plan is to offer beneficiaries who occupy key positions in the Group the opportunity of owning shares in Davide Campari-Milano S.p.A., thereby aligning their interests with those of other shareholders and fostering loyalty, in the context of the strategic goals to be achieved.
The recipients are employees, directors and/or individuals who regularly work for one or more Group companies, who have been identified by the Board of Directors of Davide Campari-Milan S.p.A., and who, on the Plan approval date and until the date that the options are exercised, have worked as employees and/or directors and/or in any other capacity at one or more Group companies without interruption.
The Plan regulations do not provide for loans or other incentives for share subscriptions pursuant to article 2358, paragraph 3 of the Italian Civil Code.
The Board of Directors of Davide Campari-Milano S.p.A. has the right to draft regulations, select beneficiaries and determine the share quantities and values for the execution of stock option plans. In addition, Davide Campari-Milano S.p.A. reserves the right, at its sole discretion, to modify the Plan and the regulations as necessary or appropriate to reflect revisions of laws in force, or for other objective reasons that would warrant such modification.

Subsequently, further stock options have been allocated during the years, governed by the framework plan approved by the shareholders' meeting on 2 May 2001.

The following table shows changes in stock option plans during the periods concerned.

	30 June 2017		31 December 2016	
	No. of shares	Average allocation/exercise price (€)	No. of shares	Average allocation/exercise price (€)
Options outstanding at the beginning of the period	61,671,300	3.19	54,189,506	2.75
Options granted during the period	-	-	15,105,018	4.29
(Options cancelled during the period)	(1,125,766)	3.27	(2,075,058)	2.87
(Options exercised during the period) (*)	(3,934,061)	2.16	(5,410,474)	2.01
(Options expired during the period)	(1,000)	-	(137,692)	-
Options outstanding at the end of the period	56,610,473	3.26	61,671,300	3.19
of which those that can be exercised at the end of the period	15,575,654	2.63	3,623,930	1.89

(*) The average market price on the exercise date was € 4.99.

The fair value of stock options is represented by the value of the option calculated by applying the Black-Scholes model, which takes into account the conditions for exercising the option, as well as the current share price, expected volatility and the risk-free rate, and the non-vesting conditions for the plans.
Volatility was estimated with the help of data supplied by a market information provider together with a leading bank, and corresponds to the estimate of volatility recorded in the period covered by the plan.

34.Financial instruments – disclosures

The value of individual categories of financial assets and liabilities held by the Group is shown below.

30 June 2017 € million	Loans and receivables	Fianancial liabilities at amortized cost	Assets and liabilities measured at fair value through profit or loss	Hedging transactions
Cash and cash equivalents	324.8			
Current financial assets	7.8			
Other non-current financial assets	37.3			
Trade receivables	248.7			
Payables to banks		(390.8)		
Real estate lease payables		(1.6)		
Bonds		(995.2)		
Accrued interest on bonds		(19.6)		
Put option and earn-out liabilities		(219.4)		
Trade payables		(231.7)		
Non-current assets for hedge derivtives, not in hedge accounting			1.3	
Current assets for hedging derivatives				2.0
Non-current assets for hedging derivatives				1.1
Current liabilities for forex derivatives				(0.4)
Non-current liabilities for hedging derivatives, not reported using hedge accounting procedures			(0.1)	
Total	**618.6**	**(1,858.3)**	**1.2**	**2.7**

31 December 2016(*) € million	Loans and receivables	Fianancial liabilities at amortized cost	Assets and liabilities measured at fair value through profit or loss	Hedging transactions
Cash and cash equivalents	354.1			
Current financial assets	6.6			
Other non-current financial assets	55.3			
Trade receivables	306.4			
Payables to banks		(409.2)		
Real estate lease payables		(2.2)		
Bonds		(992.4)		
Accrued interest on bonds		(7.5)		
Put option and earn-out liabilities		(190.0)		
Trade payables		(262.8)		
Non-current assets for hedge derivtives, not in hedge accounting			0.1	
Current assets for hedging derivatives				0.5
Non-current liabilities for hedging derivatives				(2.1)
Current liabilities for hedging derivatives				(5.4)
Total	**722.4**	**(1,864.1)**	**0.1**	**(7.0)**

(*) For information on reclassifications at opening book values, see note 6-'Reclassifications to comparison book value as of 30 June 2016 and 31 December 2016'.

35.Assets and liabilities measured at fair value

The following information is provided in accordance with the provisions of IFRS 13 - Fair Value Measurement.
The models currently used by the Group to measure the fair value of financial instruments provide for the inclusion of counterparty non-performance risk rating components. The method used for determining fair value is described below.

Fair value of financial instruments:
- for financial assets and liabilities that are liquid or nearing maturity, it is assumed that the carrying amount equates to fair value; this assumption also applies to term deposits, securities that can be readily converted to cash and variable-rate financial instruments;
- for the valuation of hedging instruments at fair value, the Company used valuation models based on market parameters;
- the fair value of non-current financial payables was obtained by discounting all future cash flows to present value under the conditions in effect at the end of the period.

Fair value of non-financial instruments:
- for the fixed biological assets, the cost method net of accumulated depreciation was used to calculate their reported value;
- for current biological assets (agricultural produce), the fair value was determined based on the sale price net of estimated sales costs.

Investment property is valued at cost, which is considered a reliable approximation of its fair value.

The table below details the hierarchy of financial and non-financial instruments measured at fair value, based on the valuation methods used:
- level 1: the valuation methods use prices listed on an active market for the assets and liabilities subject to valuation;
- level 2: the valuation methods take into account inputs other than previous prices, but only those that can be observed on the market directly or indirectly;
- level 3: the methods used take into account inputs that are not based on observable market data.

In the first half 2017, no changes were made in the valuation methods applied.

Financial instruments

Derivatives, valued using techniques based on market data, are mainly interest rate swaps and forward sale/purchases of foreign currencies to hedge both the fair value of the underlying instruments and cash flows. The most commonly applied valuation methods include the forward pricing and swap models, which use present value calculations.

Payables for put options and earn-outs are valued using discounted cash flow techniques based on market data to identify interest rates and the creditworthiness components.

The models incorporate various inputs, including the credit rating of the counterparty, market volatility, spot and forward exchange rates and current and forward interest rates.

The table below analyses financial instruments measured at fair value based at three different valuation levels.

30 June 2017	Level 1 € million	Level 2 € million	Level 3 € million
Assets valued at fair value			
Interest rate swap on future transaction		1.1	
Futures currency contracts		2.0	
Hedging derivatives not reported using hedge accounting procedures		1.3	
Liabilities valued at fair value			
Put option and earn-out liabilities		211.6	
Forward currency contracts		0.4	
Hedging derivatives not reported using hedge accounting procedures		0.1	

31 December 2016(*)	Level 1 € million	Level 2 € million	Level 3 € million
Assets valued at fair value			
Futures currency contracts		0.5	
Hedging derivatives not reported using hedge accounting procedures		0.1	
Liabilities valued at fair value			
Put option and earn-out liabilities		186.6	
Interest rate swap on future transaction		2.1	
Forward currency and interest rate contracts		5.4	

(*) For information on reclassifications at opening book values, see note 6-'Reclassifications to comparison book value as of 30 June 2016 and 31 December 2016'.

The level 2 valuation method used for financial instruments measured at fair value is based on parameters such as exchange rates and interest rates, which are priced on active markets or are observable on official rate curves.

In the first half 2017, there were no reclassifications between the above-mentioned levels in the fair value hierarchies.

Non-financial instruments

The table below analyses non-financial instruments measured at fair value, and include biological assets only.

30 June 2017	Level 1 € million	Level 2 € million	Level 3 € million
Assets valued at fair value			
Biological assets	-	2.9	-

31 December 2016	Level 1 € million	Level 2 € million	Level 3 € million
Assets valued at fair value			
Biological assets	-	7.5	-

The fair value of non-financial instruments at 30 June 2017 mainly relates to current biological assets recorded after the acquisition of SPML. The level 2 valuation used for biological assets is generally based on expected cash flows resulting from the sale of agricultural products. The sale prices of wine products used as a reference point relate to products that are strictly comparable with those of the Group. The parameters used are the production potential of vineyards grouped by land with similar characteristics and the corresponding overall market value. The sale prices of sugar are valued using the official prices in the reference markets, appropriately adjusted to take account of sales costs.
In the first half 2017, there were no reclassifications between the above-mentioned levels in the fair value hierarchies.

36.Related parties

Davide Campari-Milano S.p.A. is controlled by Alicros S.p.A.
Davide Campari-Milano S.p.A. and its Italian subsidiaries have adopted the national tax consolidation scheme governed by articles 117 *et seq* of the consolidated law on income tax (TUIR), for 2014 and 2019.
The income tax receivables and payables of the individual Italian companies are therefore recorded as payables and receivables to/from the Parent Company’s ultimate shareholder, Alicros S.p.A.
At 30 June 2017, the overall position of the Italian subsidiaries of Davide Campari-Milano S.p.A. and of the Parent Company in respect of the direct ultimate shareholder Alicros S.p.A., in relation to the tax consolidation scheme, is a non-interest-bearing net receivable of € 14.6 million.

Moreover, Alicros S.p.A., Davide Campari-Milano S.p.A. and some of its Italian subsidiaries have joined the Group-wide VAT scheme, pursuant to article 73, paragraph 3 of Presidential Decree 633/72.
At 30 June 2017, the Parent Company and its Italian subsidiaries owed Alicros S.p.A. € 4.5 million for VAT.
The receivables and payables arising as a result of the tax consolidation scheme are non-interest-bearing.

Dealings with related parties form part of ordinary operations and are carried out under market conditions (i.e. conditions that would apply between two independent parties) or using criteria that allow for the recovery of costs incurred and a return on invested capital.
All transactions with related parties were carried out in the Group’s interest.
The amounts for the various categories of transaction entered into with related parties are set out in the table below.

30 June 2017	Receivables (payables) for tax consolidation € million	Receivables (payables) for Group VAT € million	Other non-current tax receivables € million
Alicros S.p.A.	14.6	(4.5)	2.2
Total	**14.6**	**(4.5)**	**2.2**
%	**29%**	**9%**	**5%**

31 December 2016	Receivables (payables) for tax consolidation € million	Receivables (payables) for Group VAT € million	Other non-current tax receivables € million
Alicros S.p.A.	1.5	(2.4)	2.2
Total	**1.5**	**(2.4)**	**2.2**
%	**6%**	**2%**	**3%**

The only economic relationships in place concern the renting of the administrative headquarters.

30 June 2017	Other income and charges € million
Alicros S.p.A.	0.1
Total	**0.1**
%	**-0.0%**

37.Commitments and risks

For information regarding the Group’s commitments and risks, please see note 46 -'Commitments and risks’ in the consolidated financial statements at 31 December 2016.

38.Events taking place after the end of the period

Acquisitions and disposals of companies, brands and distribution rights

Sale of non-core businesses – Château de Sancerre French wines

On 1 July 2017, after obtaining the approval of the local agricultural development body (SAFER) and the administrative authorisation of the French agriculture ministry's government commissioner, the deal was closed to sell the French winery Château de Sancerre to Maison Ackerman, the wine division of Terrena, a company based in France with diversified interests in the agriculture industry. The business sold includes the Sancerre wines, as well as property, vineyards, wine-making and production equipment, and the storeroom. The price of the transaction was € 20.2 million (€ 20.5 million plus price adjustments made after completion). As the company's net assets were shown as 'held-for-sale' in the half-year financial statements at 30 June 2017, the sale transaction will not have a significant impact on the Group's financial results when the deal closes.

The completion of this agreement marks Gruppo Campari's final move away from the still wines business in line with its strategy to rationalise its non-core activities and increase its focus on its core business of spirits.

Sale of the Carolans and Irish Mist brands

On 1 August 2017, Gruppo Campari finalised agreements to sell the Carolans and Irish Mist brands to Heaven Hill Brands, an independent US company operating in the alcoholic distillates sector. The enterprise value was USD 165.0 million (€ 141.7 million at the exchange rate on the date of the agreement, which was signed on 24 July 2017), not including cash or financial debt and excepting the usual price adjustment mechanisms. The sold business includes the Carolans Irish Cream and Irish Mist (Irish Mist Liqueur and Irish Mist Whiskey) brands, the storeroom and production assets. The total value of the transaction corresponds to a multiple of around 9 times the contribution margin.

Carolans and Irish Mist had been acquired by Gruppo Campari in 2010, as part of the acquisition of a portfolio of brands that also included Frangelico, the main acquisition target. Made in Ireland with the finest ingredients, including cream, honey and Irish whiskey, Carolans is the second best-selling Irish whiskey in the world. Irish Mist Liqueur, the first liqueur to be made in Ireland, is a blend of Irish whiskey, honey and natural aromatic spices.

In the tax year ending 31 December 2016, Carolans and Irish Mist recorded total net sales of € 34.0 million and a contribution margin (gross margin after advertising and promotional costs) of € 16.3 million. Sales of the brands represent around 2% of Gruppo Campari's total sales in 2016, of which 70% was achieved in the United States, its core reference market.

As part of the transaction, Gruppo Campari and Heaven Hill Brands signed an exclusive multi-year distribution agreement, effective from the closing date, under which Gruppo Campari will continue to distribute Carolans and Irish Mist in the international markets outside the United States.

The signing of this agreement forms part of Gruppo Campari's continued rationalisation of its non-strategic portfolio in order to focus more on its priority spirits brands, especially in the United States, the Group's core market and main geographical region. In addition, this sale helps to further expedite the process of reducing the Group's financial debt.

Other significant events

Sale of real estate in France

In July 2017, Gruppo Campari reached an agreement to sell the SPML premises in Paris, for € 35.3 million. The building became part of the perimeter of Campari when SPML was acquired, and the sale is in line with the Group's strategy to streamline its non-core activities.

The building was shown as an available-for-sale asset in the consolidated accounts at 30 June 2017. The sale of the building is not expected to have a significant impact on the Group's financial accounts.

Sesto San Giovanni (MI), Thursday 3 August 2017

Chairman of the Board of Directors

Luca Garavoglia

Certification of the condensed half-year financial statements

pursuant to article 81-*ter* of Consob regulation 11971 of 14 May 1999 as subsequent revisions and amendments

1. We, the undersigned, Robert Kunze-Concewitz and Stefano Saccardi, as managing directors, and Paolo Marchesini, managing director and the director responsible for preparing the accounting documents of Davide Campari-Milano S.p.A., hereby certify, taking into account the provisions of paragraphs 3 and 4, article 154-*bis*, of the TUF:

• the appropriateness, in relation to the nature of the business, and

• the effective application

of the administrative and accounting procedures used to prepare the condensed half-year financial statements, in the half-year period to 30 June 2017.

2. We further certify that

2.1. The condensed half-year financial statements:

a) were prepared in accordance with the applicable international accounting standards recognised in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

b) correspond to the figures contained in the accounting records;

c) provide a true and fair view of the financial position of the issuer and the group of companies included in the basis of consolidation.

2.2. The interim report on operations contains an accurate assessment of the significant events that occurred in the first six months of the year and their effects on the condensed half-year financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The interim report on operations also contains an accurate assessment of information on significant transaction with related parties.

Sesto San Giovanni (MI), Thursday 3 August 2017

Chief Executive Officer
Robert Kunze-Concewitz

Chief Executive Officer
and director responsible for preparing
the company's accounting statements
Paolo Marchesini

Chief Executive Officer
Stefano Saccardi

This report has been translated into English from the Italian original solely for the convenience of international readers.

REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

To the shareholders of
Davide Campari-Milano SpA

Foreword

We have reviewed the accompanying condensed consolidated interim financial statements of Davide Campari-Milano SpA and its subsidiaries (Campari Group) as of and for the six-month period ended 30 June 2017 comprising the statement of financial position, the income statement, the statement of comprehensive income, the statements of changes in equity, the statement of cash flows and related notes. Davide Campari-Milano SpA directors are responsible for the preparation of the condensed consolidated interim financial statements in accordance with international accounting standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution 10867 of 31 July 1997. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed consolidated interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Campari Group as of and for the six-month period ended 30 June 2017 have not been prepared, in all material respects, in accordance with the international accounting standard applicable to interim financial reporting (IAS 34), as adopted by the European Union.

Milan, 3 August 2017

PricewaterhouseCoopers SpA

Signed by

Paolo Caccini
(Partner)

This report is an English translation of the original report, which was issued in Italian. This report has been prepared solely for the convenience of international readers.

PricewaterhouseCoopers SpA

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GRUPPO CAMPARI

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