CAMPARI GROUP

Positive momentum in the nine months
driving growth across organic top line and profit indicators

Sustained performance in the third quarter, despite a tough comparable base
and poor weather conditions in Northern Europe

RESULTS FOR THE NINE MONTHS TO SEPTEMBER 30TH, 2019-HIGHLIGHTS

- **Reported sales of €1,303.8 million**. **Organic growth** of **+6.9%**. On a **reported basis**, growth of **+8.6%** after the exchange rate and perimeter effects.
- **Strong organic sales growth**, showing **continuous sales mix improvement** driven by the Global Priorities in the high margin developed markets. Strong third quarter, driven by high margin aperitifs business, despite a tough comparable base and adverse weather conditions in northern Europe.
- **EBIT adjusted**[1] of **€288.0 million**, up **organically by +9.9%** (+11.1% on a reported basis). Margin expansion of **+60 basis points**, enhanced in the third quarter (+90 basis points) by phasing effects in sales mix, impacting gross margin and advertising investments.
- **Group pre-tax profit adjusted**[2] of **€259.0 million**, **up +10.0%**. **Group pre-tax profit** of **€245.1 million**, **-1.7%** on a reported basis.
- **Net financial debt** of **€874.4 million** as of September 30th, 2019 up €28.1 million vs. €846.3 million as of December 31st, 2018, entirely due to the effect of the first-time adoption of IFRS 16-'Leases' (effective as of 1 January 2019).

Milan, October 29th, 2019-The Board of Directors of Davide Campari-Milano S.p.A. approved the additional financial information at September 30th, 2019.

Bob Kunze-Concewitz, **Chief Executive Officer**: *'In the first nine months 2019 we achieved **strong organic sales growth**, despite the tough comparable base and poor weather across Northern Europe, driven by the positive underlying sales momentum in the core developed markets, particularly the aperitifs business. **Key underlying profitability indicators grew ahead of organic sales development**, thanks to **a very positive sales mix**, which helped offset the dilutive impact generated by the **agave** cost and the emerging markets sales recovery, as well as favourable phasing effects in the third quarter. The **outlook remains unchanged** and **fairly balanced in terms of risks and opportunities** on a full year basis. We remain confident in delivering a **positive performance across all key underlying business indicators**.'*.

SUMMARY FINANCIAL INFORMATION FOR THE FIRST NINE MONTHS ENDED 30TH SEPTEMBER 2019

	9M 2019 € million	9M 2018 € million	Reported change	Organic change	Forex impact	Perimeter impact
Net sales	**1303.8**	**1200.6**	**8.6%**	**6.9%**	**2.6%**	**-0.9%**
Gross profit	**808.6**	**731.8**	**10.5%**	**8.3%**	**2.4%**	**-0.2%**
% on sales	*62.0%*	*61.0%*				
EBIT adjusted	**288.0**	**259.2**	**11.1%**	**9.9%**	**1.9%**	**-0.7%**
% on sales	*22.1%*	*21.6%*				
EBIT	274.1	271.5	1.0%			
Group pre-tax profit adjusted	**259.0**	**235.5**	**10.0%**			
Group pre-tax profit	**245.1**	**249.4**	**-1.7%**			
EBITDA adjusted	**340.3**	**299.8**	**13.5%**	**12.2%**	**1.9%**	**-0.6%**
% on sales	*26.1%*	*25.0%*				
EBITDA	326.4	312.2	4.5%			
Net financial debt (*)	**874.4**					

(*) At period end.

[1] EBIT before negative operating adjustments of €(13.9) million in the nine months 2019, mainly attributable to restructuring operations. In the nine months 2018, positive operating adjustments of €12.3 million.
[2] Group pre-tax profit before negative adjustments of €(13.9) million in nine months 2019. In the nine months 2018, overall adjustments of €13.9 million of which €1.6 million of financial adjustments.

GUIDANCE FOR 2019

The outlook remains fairly balanced in terms of risks and **opportunities**.

The **positive business momentum is expected to be reflected on a full year basis**, with expected volatility in emerging markets in their key seasonality period. A **positive organic EBIT growth** is expected, whilst **EBIT margin expansion** will be **moderated by a higher than expected increase in the agave purchase price**, exacerbated by Espolòn outperformance on a full year basis, as well as reinvestments into brand building initiatives and strengthened sales capabilities.

With regards to the overall results, the **strengthening of the US Dollar against the Euro will continue to offset the weakness in the emerging market's currencies** which are expected to remain volatile during the business peak season in the fourth quarter.

REVIEW OF CONSOLIDATED SALES FOR FIRST NINE MONTHS 2019

By **geography**:

- Sales in the **Americas** (44.8% of total Group sales) grew organically by **+6.5%**, thanks to the Group's largest market, **the US**, which grew organically by **+6.0%**, with solid growth across all brands but SKYY and Grand Marnier, as well as **Jamaica**, which registered positive organic growth of **+17.3%**, thanks to the rum portfolio and Campari. In **South America**, **Brazil** and **Argentina**, which benefitted from a favourable comparison base, grew respectively by **+6.5%** and **+5.5%**, largely thanks to Aperol and Campari. Macroeconomic weakness and political instability remain.

- Sales in **Southern Europe, Middle East and Africa**[3] (27.8% of total Group sales) registered positive organic growth of **+8.1%**, driven by a very solid performance in **Italy** (**+8.4%**), thanks to the entire aperitif brands portfolio, while **other markets in the region** grew **+7.2%** overall, largely driven by **France** (**+10.3%**), thanks to Aperol and Riccadonna, and the **African markets**.

- **North, Central and Eastern Europe** (20.6% of total Group sales) grew organically by **+8.3%** thanks to positive organic growth in **Germany** (**+5.7%**), **the UK** (**+27.9%**) and **Russia** (**+11.6%**) and a continued positive momentum in the other European markets. The performance was largely driven by **double-digit growth** of **Aperol across the region** despite the adverse weather conditions in the northern markets.

- Sales in **Asia Pacific** (6.7% of total Group sales) grew organically by **+0.9%**, as the largest market **Australia** registered an organic growth of **+3.7%**, **driven by Aperol** and **Wild Turkey ready-to-drink** and **bourbon**, **SKYY** and **Espòlon**, while the **other markets in the region** declined organically by **-4.8%**, largely due to a tough comparison base.

By **brand**:

- **Global Priorities** (59% of total Group sales) registered strong organic growth (**+8.2%**), despite a low-single digit decline in **SKYY** due to persistent competitive pressure in the US market and the continued destocking mainly affecting flavours which are down double-digit, and in **Grand Marnier**, due to **phasing in Q3 in the core US market**, despite positive sell-out trends. The positive performance was driven by **Aperol** (**+21.8%**), thanks to a double digit growth in its three largest markets (Italy, Germany and the US) as well as **across all the other high potential markets**, a solid performance of **Campari** (**+5.0%**), largely driven by core geographies, **Wild Turkey** (**+6.7%**), thanks to core US and Australian markets, and the **Jamaican rums** (**+6.2%**), thanks to core **Wray&Nephew Overproof.**

- **Regional Priorities** (15% of total Group sales) grew organically by **+5.3%**, thanks to a very positive performance from **Espolòn** (**+24.9%**), despite the negative shipment phasing in the third quarter in the core US market, expected to reverse in the fourth quarter. Sell-out trends remain at strong double-digits, continuing to outpace the category. A solid growth in **Riccadonna** was more than offset by weakness in **GlenGrant**, which reflects the long-term strategic refocus into the super-premium and high margin aged variants, and **Cinzano**.

- **Local Priorities** (12% of total Group sales) registered a positive organic performance of **+5.2%**, with growth across the **whole portfolio**, especially the single serve aperitifs **Campari Soda** (**+6.7%**), benefitting from a new marketing campaign

[3] Includes Global Travel Retail.

in the Italian market, and **Crodino** (**+6.0%**), with an acceleration in the third quarter in the Italian market and sustained growth in seeding international markets, albeit from a small base.

REVIEW OF FIRST NINE MONTHS 2019 RESULTS

Group sales totalled **€1,303.8 million,** up by **+8.6%** in value **on a reported basis**. The result reflects a **positive organic sales performance** of **+6.9%,** a **positive FX effect** of **+2.6%**, thanks to a strengthening US Dollar vs. the Euro, and a **negative perimeter effect** of **-0.9%**[4], driven by the termination of low margin distribution contracts.

Gross profit was **€808.6 million**, up by **+10.5%** in value **on a reported basis** and up **+110 basis points** to 62.0% of net sales. It **grew organically** by **+8.3%,** ahead of sales, generating an organic margin expansion of **+80 basis points**, driven by **favourable sales mix by brand and market**, particularly the **positive performance of the high-margin aperitifs**. The **strong performance in the third quarter** (**+70bps**) was particularly favoured by the **high-margin aperitif business in Italy** which largely offset the lower than expected dilution from agave due to the shipment phasing of Espolòn into the fourth quarter.

Advertising and Promotion spending (**A&P**) was **€232.3 million**, up by **+10.2%** in value **on a reported basis**, corresponding to 17.8% of net sales. **It grew organically** by **+6.9%,** in line with sales, and therefore neutral on margin, due to a favourable phasing of advertising expenses ahead of their peak season in the fourth quarter.

CAAP (Contribution after A&P) was **€576.4 million**, up by **+10.6%** in value **on a reported basis** (up **organically** by **+8.8%**), corresponding to 44.2% of net sales.

Structure costs, i.e. selling, general and administrative costs, totalled **€288.3 million**, up by **+10.1%** in value **on a reported basis** (**up organically** by **+7.8%**), to 22.1% of net sales.

EBIT adjusted was **€288.0 million**, up by **+11.1%** in value **on a reported basis** and up +50 basis points to 22.1% of net sales. It **grew organically** by **+9.9%**, ahead of sales growth, leading to a margin accretion of **+60 basis points**, as the solid gross margin expansion more than offset sales capabilities investments. The **forex and perimeter changes** had a combined effect of **+1.2% in value**, corresponding to **-10 bps** margin dilution. The adoption of **IFRS16-'Leases'** accounting principle from 1 January 2019 generated a positive effect of **€1.3 million** on EBIT adjusted.

EBITDA adjusted was **€340.3 million**, up by **+13.5%** in value **on a reported basis** (**up organically +12.2%**), corresponding to 26.1% of net sales. The increase includes a positive effect generated by the adoption of **IFRS 16-'Leases'** of **€11.4 million**.

EBIT (21.0% of net sales) and EBITDA (25.0% of net sales) reached €274.1 million and €326.4 million respectively, after negative **operating adjustments** of **€**(**13.9**) **million**, mainly attributable to restructuring initiatives.

Net financial costs were €25.4 million, up by €3.0 million vs. the same period in 2018, reflecting the effect of IFRS 16-'Leases' application, which generated additional financial charges of €2.5 million in the nine months, and the negative carry effect on the excess cash.

Group pre-tax profit adjusted was **€259.0 million** (**+10.0%**)**. Group pre-tax profit** was **€245.1 million**, down **-1.7%**.

Net financial debt stood at **€874.4 million** as of September 30th, 2019 (€846.3 million as of December 31st, 2018), an increase of **€28.1 million**, entirely driven by the incremental debt generated by the adoption of IFRS 16-'Leases'. Excluding such effect, the net financial debt would have decreased by 53.1 million, thanks to the positive cash flow generation and after the dividend payment of 57.3 million and the net purchase of own shares of 27.2 million.

Net debt to EBITDA pro-forma ratio was **1.9 times as of September 30th, 2019**, in line with December 31st, 2018.

FILING OF DOCUMENTATION

The additional financial information at September 30th, 2019 will be made available to the general public at the Company's head office and on the 1INFO circuit for the storage of Regulated Information, operated by Computershare (www.1Info.it) within the limits expressed by the law. The documentation will also be available in the 'Investors' section of the website www.camparigroup.com/en and by all other means allowed by applicable regulations.

[4] Does not include the effects generated by recent acquisitions of Bellonnie&Bourdillon Successeurs S.A, closed on 1 October 2019 and Licorera Ancho y Cia S.A.P.I. de C.V and Casa Montelobos S.A.P.I. de C.V nor the disposal of Villa Les Cédres which are expected to close by year end.

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The Executive responsible for preparing Davide Campari-Milano S.p.A.'s financial reports, Paolo Marchesini, certifies-pursuant to article 154-bis, paragraph 2 of the Legislative Decree 58/1998-that the accounting disclosures in this statement correspond to the accounting documents, ledgers and entries.

Disclaimer
This document contains forward-looking statements that relate to future events and future operating, economic and financial results of Campari Group. By their nature, forward-looking statements involve risk and uncertainty because they depend on the occurrence of future events and circumstances. Actual results may differ materially from those reflected in forward-looking statements due to a variety of factors, most of which are outside of the Group's control.
It should be noted that the additional financial information is not subject to auditing.

ANALYST CONFERENCE CALL

At **1:00 pm (CET) today, October 29th, 2019**, Campari's management will hold a conference call to present the Group's results for the first quarter 2019. To participate, please dial one of the following numbers:

- **from Italy: 02 805 88 11**
- **from abroad: + 44 121 281 8003**

The **presentation slides** can be downloaded before the conference call from the main investor relations page on Campari Group's website, at http://www.camparigroup.com/en/investors.
A **recording of the conference call** will be available from today, October 29th, until Tuesday, November 5th, 2019.

To listen to it, please call the following numbers:

- **from Italy: 02 72495**
- **from abroad: +44 1212 818005**

(Access code: **903#**).

FOR FURTHER INFORMATION

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ABOUT CAMPARI GROUP

Campari Group is a major player in the global spirits industry, with a portfolio of over 50 premium and super premium brands, spreading across Global, Regional and Local priorities. Global Priorities, the Group's key focus, include **Aperol, Campari, SKYY**, **Grand Marnier, Wild Turkey** and **Appleton Estate**. The Group was founded in 1860 and today is the sixth-largest player worldwide in the premium spirits industry. It has a global distribution reach, trading in over 190 nations around the world with leading positions in Europe and the Americas. Campari Group's growth strategy aims to combine organic growth through strong brand building and external growth via selective acquisitions of brands and businesses.
Headquartered in Milan, Italy, Campari Group owns 18 plants worldwide and has its own distribution network in 20 countries. Campari Group employs approximately 3,700 people. The shares of the parent company Davide Campari-Milano S.p.A. (Reuters CPRI.MI - Bloomberg CPR IM) have been listed on the Italian Stock Exchange since 2001. For more information: http://www.camparigroup.com/en. Please enjoy our brands responsibly.

- Appendix to follow -

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Consolidated net sales breakdown by brand for the first nine months 2019

	% on Group sales	% change, of which:			
		total	organic	exchange rate effect	external growth
Global Priorities	59.2%	11.3%	8.2%	3.1%	0.0%
Regional Priorities	14.9%	7.8%	5.3%	2.5%	0.0%
Local Priorities	11.9%	5.1%	5.2%	0.0%	0.0%
Rest of portfolio	14.0%	1.7%	5.0%	2.9%	-6.1%
Total	**100.0%**	**8.6%**	**6.9%**	**2.6%**	**-0.9%**

Consolidated net sales by geographic area for the first nine months 2019

	1 January-30 September 2019		1 January-30 September 2018		%
	€ million	%	€ million	%	Change
Americas	584.7	44.8%	520.3	43.3%	**12.4%**
SEMEA (Southern Europe, Middle East and Africa)	362.6	27.8%	345.7	28.8%	**4.9%**
North, Central & Eastern Europe	268.7	20.6%	247.1	20.6%	**8.7%**
Asia Pacific	87.8	6.7%	87.6	7.3%	**0.3%**
Total	**1,303.8**	**100.0%**	**1,200.6**	**100.0%**	**8.6%**

Breakdown of % change	total % change	organic growth	exchange rate effect	external growth
Americas	**12.4%**	6.5%	5.9%	-0.1%
SEMEA (Southern Europe, Middle East and Africa)	**4.9%**	8.1%	-0.1%	-3.0%
North, Central & Eastern Europe	**8.7%**	8.3%	0.5%	0.0%
Asia Pacific	**0.3%**	0.9%	-0.7%	0.0%
Total	**8.6%**	**6.9%**	**2.6%**	**-0.9%**

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Consolidated income statement for the first nine months 2019

	1 January-30 September 2019		1 January-30 September 2018		Reported change
	€ million	%	€ million	%	%
Net sales	**1,303.8**	**100.0%**	**1,200.6**	**100.0%**	**8.6%**
Total cost of goods sold(1)	(495.2)	-38.0%	(468.8)	-39.0%	5.6%
Gross profit	**808.6**	**62.0%**	**731.8**	**61.0%**	**10.5%**
Advertising and promotion	(232.3)	-17.8%	(210.8)	-17.6%	10.2%
Contribution after A&P	**576.4**	**44.2%**	**521.0**	**43.4%**	**10.6%**
SG&A(2)	(288.3)	-22.1%	(261.8)	-21.8%	10.1%
EBIT adjusted(3)	**288.0**	**22.1%**	**259.2**	**21.6%**	**11.1%**
Operating adjustments	(13.9)	-1.1%	12.3	1.0%	-212.7%
Operating profit=EBIT	**274.1**	**21.0%**	**271.5**	**22.6%**	**1.0%**
Financial income (expenses)	(25.4)	-1.9%	(22.4)	-1.9%	13.3%
Adjustments to financial income (expenses)	(0.0)	0.0%	1.6	0.1%	-100.1%
Profit (loss) related to companies valued at equity	0.1	0.0%	(0.1)	0.0%	-224.7%
Put option, earn out income (charges) and hyperinflation effects	(3.7)	-0.3%	(1.2)	-0.1%	205.1%
Group profit before taxes	245.1	18.8%	249.4	20.8%	-1.7%
Group profit before taxes adjusted(4)	**259.0**	**19.9%**	**235.5**	**19.6%**	**10.0%**
Depreciation and amortisation	(52.2)	-4.0%	(40.7)	-3.4%	28.4%
EBITDA adjusted(3)	**340.3**	**26.1%**	**299.8**	**25.0%**	**13.5%**
EBITDA	326.4	25.0%	312.2	26.0%	4.5%

(1) Includes cost of material, production and logistics expenses.
(2) Includes selling, general and administrative costs.
(3) EBIT and EBITDA before negative operating adjustments of €(13.9) million in 9M 2019, mainly attributable to restructuring operations. In 9M months 2018 positive operating adjustments of €12.3 million.
(4) Group pre-tax profit before negative adjustments of €(13.9) million in 9M 2019. In 9M 2018 overall adjustments of €13.9 million of which €1.6 million of financial adjustments.

Summary consolidated income statement for the third quarter 2019

	Q3 2019		Q3 2018		Reported change
	€ million	%	€ million	%	%
Net Sales	**455.6**	**100.0%**	**422.4**	**100.0%**	**7.9%**
Gross Profit	282.8	62.1%	259.9	61.5%	8.8%
Contribution after A&P	202.0	44.3%	184.0	43.6%	9.8%
EBIT adjusted	**107.7**	**23.6%**	**98.7**	**23.4%**	**9.2%**
Operating profit = EBIT	102.5	22.5%	91.4	21.6%	12.1%
Profit before taxes and non-controlling interests	**91.5**	**20.1%**	**83.4**	**19.7%**	**9.7%**
EBITDA adjusted	**125.2**	**27.5%**	**111.9**	**26.5%**	**11.9%**
EBITDA	119.9	26.3%	104.6	24.8%	14.6%