Report for the Quarter ending
30 September 2006

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HIGHLIGHTS

FIGURES RELATE TO THE FIRST NINE MONTHS OF 2006

	30 September 2006 € milion	30 September 2005 € milion	% change	change at constant exchange rates
Net sales	**626.9**	**543.3**	**15.4%**	**14.0%**
Trading profit	**170.8**	**158.6**	**7.7%**	**6.8%**
EBITDA before one-offs	139.2	132.4	5.2%	4.6%
EBITDA	**139.1**	**135.9**	**2.4%**	**1.8%**
EBIT before one-offs	125.2	119.5	4.7%	4.2%
EBIT	**125.1**	**123.1**	**1.7%**	**1.2%**
EBIT margin (1)	20.0%	22.7%		
Group profit before tax	113.7	112.8	0.9%	0.3%

(1) EBIT/net sales

	30 September 2006 € milion	30 June 2006 € milion	change € milion	31 December 2005 € milion	change € milion
Net debt	418.7	479.5	(60.8)	371.4	47.3

SIGNIFICANT EVENTS IN THE PERIOD

Distribution of the C&C and Midori brands in the United States

The Group's US portfolio was extended in January 2006 following the conclusion of two new major distribution agreements by Skyy Spirits, LLC, relating to prestigious international brands owned by the Suntory group (Midori, a melon-flavoured liqueur) and the C&C group (Carolans Irish Cream, a whiskey-based cream liqueur, the Irish whiskey Tullamore Dew and the Irish Mist liqueur).

The distribution agreement with C&C covers a number of other markets besides the US, including Brazil.

Acquisition of Glen Grant, Old Smuggler and Braemar

The Campari Group completed the acquisition of the Glen Grant, Old Smuggler and Braemar Scotch whisky brands from the Pernod Ricard group on 15 March 2006.

The acquisition, which was announced on 22 December 2005, was part of a programme of disposals imposed on the French company by the European Commission following its acquisition of Allied Domecq together with the US group Fortune Brands.

Under the terms of the agreement, the Campari Group acquired the three aforementioned brands, the related inventory (including finished products and stock in the ageing process) and the Glen Grant distillery in Rothes, Scotland.

The price of the transaction was around € 130 million: € 115 million for Glen Grant (equivalent to 9.2x the brand's contribution margin in 2004) and € 15 million for Old Smuggler and Braemar (equivalent to 2.5x the brands' contribution margin in 2004).

Sesto San Giovanni site

In early June 2006, the local authority of Sesto San Giovanni definitively approved the integrated programme of action put forward by the Campari Group for the urban regeneration of its former site.

The local authority ruling was implemented at the end of July when it was published in the Regional Official Bulletin.

On 20 September 2006, the agreement governing relations with the Sesto San Giovanni local authority for the urban regeneration and construction of new buildings was signed.

On 4 October 2006 (after the period covered by this report), demolition work began on the industrial buildings, and on 12 October, the Group submitted a building application.

Construction work is scheduled to start in January 2007 and should be completed in around two years' time.

Reorganisation of sales network in Italy

The Group launched a drive to rationalise its Italian sales networks at the start of 2006.

The project entailed the creation of two separate sales organisations, one focusing on spirits and non-alcoholic beverages and controlled by Campari Italia S.p.A., the other dedicated mainly to the distribution of wines and managed by Sella & Mosca S.p.A. in Sardinia and by Sella & Mosca Commerciale S.r.l. elsewhere in Italy.

As part of this reorganisation, Barbero 1891 S.p.A. discontinued its sales and distribution activities.

Merger of Barbero 1891 S.p.A. into Davide Campari-Milano S.p.A.

On 6 September 2006, the Board of Directors of Barbero 1891 S.p.A. approved the proposed merger of Barbero 1891 S.p.A. into Davide Campari-Milano S.p.A; the proposal was subsequently approved by the Board of Directors of Davide Campari-Milano S.p.A on 11 September 2006.

On 8 November 2006, the merger was approved by their respective Boards of Directors pursuant to article 2502 of the Italian civil code, and the merger agreement will be effective as of 1 December 2006.

The associated tax effects will be backdated to 1 January 2006.

SALES PERFORMANCE

Introduction

All figures in this section of the report are expressed in million euro.

In certain cases, this rounding has resulted in small inconsistencies, since all changes and percentages are calculated using amounts expressed in thousand euro.

All sales figures are shown net of excise duties and trade discounts.

Overall performance

In the first nine months of 2006, the Group's net sales totalled € 626.9 million, an overall increase of 15.4% compared with the same period of last year.

This result was achieved thanks to particularly strong sales in the third quarter, and meant that growth improved by a further 0.6% on the figure of 14.8% recorded in the first six months of the year.

The 15.4% increase comprised organic growth of 4.2%, external growth of 9.8%, and a positive impact of 1.4% from exchange rate variations.

Breakdown of change in net sales	€ million	% change on first nine months of 2005
– net sales 1 January - 30 September 2006	626.9	
– net sales 1 January - 30 September 2005	543.3	
Total change	**83.6**	**15.4%**
of which:		
organic growth before exchange rate effect	22.8	4.2%
external growth	53.1	9,8%
exchange rate effect	7.8	1,4%
Total change	**83.6**	**15.4%**

Organic growth was due to healthy sales of all the Group's most important brands in all business areas. SKYY Vodka and Aperol were the best-performing brands, but Campari and Cinzano vermouth again began to show encouraging growth, thanks to good third-quarter sales.

External growth totalled € 53.1 million (see table below), of which € 17.6 million came from new acquisitions and € 35.5 million from sales of third-party brands covered by new distribution agreements.

As regards new acquisitions, the first nine months of 2006 included both sales of the Scotch whisky brands Glen Grant, Old Smuggler and Braemar (included from 15 March 2006, the date on which the acquisition was finalised), and sales of Teruzzi & Puthod wines (consolidated from the beginning of the year).

With regard to third-party brands, in the second half of 2005, the Group began distributing Jack Daniel's and other Brown-Forman brands on the Italian market, plus Martin Miller's ultra premium gin, owned by Reformed Spirits Company Ltd., on the US market.

Also, at the start of 2006, the Group began distributing Midori, a melon-flavoured liqueur owned by the Suntory group, and the spirits portfolio of the C&C Group (Carolans, Tullamore Dew and Irish Mist), in the US.

The new agreement with the C&C Group also covers Brazil where, in addition to the aforementioned brands, the Campari Group is now distributing the liqueur Frangelico.

Lastly, the distribution of third-party whisky brands on the Brazilian market ended at the beginning of the year, so these were no longer included in the basis of consolidation.

External growth in the first nine months of 2006	€ million
Glen Grant (including bulk sales to third parties)	10.4
Old Smuggler and Braemar	4.5
Teruzzi & Puthod wines	2.6
Sub-total Group brands	17.6
Jack Daniel's and other Brown-Forman group brands	7.9
C&C group brands	19.1
Suntory group brands	9.6
Martin Miller's	0.1
Third-party whisky brands no longer distributed in Brazil	–1.2
Sub-total third-party brands	35.5
Total external growth	53.1

Lastly, sales in the first nine months were boosted by a positive exchange rate effect of 1.4%, due to appreciation of the two foreign currencies that have the biggest impact on the Group's results, i.e. the US dollar and the Brazilian real (+1.5% and +16.4% respectively versus the average figure for the same period in 2005), and depreciation of the Japanese yen (–5.6%).

Average exchange rates for the period 1 January-30 September	2006	2005	% change
US$ x 1 €	1.244	1.263	
€ x 1 US$	0.8039	0.7916	1.5%
BRL x 1 €	2.717	3.163	
€ x 1 BRL	0.3681	0.3162	16.4%
CHF x 1 €	1.566	1.549	
€ x 1 CHF	0.6384	0.6457	–1.1%
JPY x 1 €	144.128	136.020	
€ x 1000 JPY	6.9383	7.3518	–5.6%

Sales by region

Sales in all four regions were positive during the first nine months of the year, with Europe, the Americas and the rest of the world all posting double-digit growth.

The fastest growth was achieved in the Americas region, where the combined effect of healthy organic growth and strong external growth, as mentioned above, led to an overall increase in sales of 28.3% (+33.3% including the positive exchange rate effect).

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

Sales by region	1 January-30 September 2006		1 January-30 September 2005		% change
	€ milion	%	€ milion	%	2006 / 2005
Italy	277.9	44.3%	265.0	48.8%	4.9%
Europe	117.6	18.8%	100.8	18.6%	16.7%
Americas	202.7	32.3%	152.1	28.0%	33.3%
Rest of the world and duty free	28.7	4.6%	25.4	4.7%	12.9%
Total	**626.9**	**100.0%**	**543.3**	**100.0%**	**15.4%**

Breakdown of % change in sales by region	Total % change 1 January-30 September	of which external growth	of which organic growth before exchange rate effect	of which exchange rate effect
Italy	4.9%	4.2%	0.7%	0.0%
Europe	16.7%	11.3%	5.5%	–0.1%
Americas	33.3%	19.6%	8.7%	5.0%
Rest of the world and duty free	12.9%	3.0%	9.3%	0.6%
Total	**15.4%**	**9.8%**	**4.2%**	**1.4%**

In **Italy** net sales rose by 4.9% thanks to external growth of 4.2%, due mainly to Glen Grant and Jack Daniel's; while sales of Teruzzi & Puthod wines, acquired at the end of 2005, only marginally affected the Italian market as they are mainly concentrated on other European markets.

The existing part of the business put in a positive performance, although growth was a modest 0.7%.

Of the core brands, Aperol – and to a lesser extent, Crodino – continue to do well, while sales of Campari, and wines in general, lagged behind those of the same period last year.

The downturn in the ready-to-drink market, and therefore of Campari Mixx, continued to impact on overall sales on the Italian market (overall organic growth was down by –0.5% as a result).

In **Europe**, third-quarter sales were buoyant, taking growth for the nine months to 16.7%, of which 11.3% was attributable to external growth (Glen Grant, Old Smuggler, Braemar and Teruzzi & Puthod) and 5.5% to the development of the existing business.

As regards organic growth on the main European markets, sales were particularly positive in Germany, which saw growth in all its core brands, and in Russia and France.

In the first nine months, the **Americas** region posted another excellent result, with overall year-on-year growth of 33.3% comprising organic growth of 8.7%, external growth of 19.6% and a positive exchange rate effect of 5.0%.

The tables below give more details of the Group's performance in the Americas.

Sales in the Americas	1 January-30 September 2006		1 January-30 September 2005		% change
	€ milion	%	€ milion	%	2006 / 2005
US	157.2	77.5%	112.9	74.2%	39.2%
Brazil	38.5	19.0%	31.7	20.8%	21.4%
Other countries	7.1	3.5%	7.5	4.9%	–5.3%
Total	**202.7**	**100.0%**	**152.1**	**100.0%**	**33.3%**

Breakdown of % change in sales in the Americas	Total % change 1 January - 30 September	of which external growth	of which organic growth before exchange rate effect	of which exchange rate effect
US	39.2%	27.0%	10.5%	1.7%
Brazil	21.4%	–2.2%	6.7%	16.8%
Other countries	–5.3%	0.3%	–11.2%	5.7%
Total	**33.3%**	**19.6%**	**8.7%**	**5.0%**

Sales in the **United States** were extremely robust, up 39.2% in total.

SKYY Vodka and other brands distributed by the Group posted organic growth of 10.5%, while the new distribution agreements with the C&C and Suntory groups (effective as of 1 January 2006) boosted sales by around USD 35 million, thereby contributing to external growth of 27.0%.

Sales in **Brazil** were also strong, with organic growth at 6.7%, due mainly to good performances by Campari and Dreher.

Moreover, total growth in euro was much higher, at 21.4%, thanks to the positive impact of the revaluation of the Brazilian real (16.8%).

The Brazilian market posted negative external growth of –2.2%, due to the loss of Grant's and Glenfiddich Scotch whisky sales, as local distribution of these third-party brands ceased during the year.

However, the Group plans to re-enter the key imported whiskies segment, and is preparing to launch its own Glen Grant brand in Brazil in the next few months.

Total sales in the **other countries of the Americas** fell by 5.3% (organic growth: –11.2%), despite continuing healthy sales in Canada, the region's main market.

Rest of the world and duty free sales, which account for 4.6% of the Group total, posted organic growth of 9.3%.

A new dedicated business unit set up during the period for duty free sales, which account for around one third of this category's total sales, posted particularly strong growth.

Sales by business area

Sales grew by 15.4% in the first nine months of 2006, and were strong in all business areas.

The basis of consolidation expanded significantly in both the spirits and wines areas compared to the same period last year, owing to acquisitions and new distribution agreements.

Stripping out the positive impact of this external growth (together with the positive exchange rate effect), the spirits and wines segments nevertheless contributed to satisfactory organic sales growth, given the particular conditions on the Group's key markets.

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

Sales by segment	1 January-30 September 2006		1 January-30 September 2005		% change
	€ milion	%	€ milion	%	2006 / 2005
Spirits	432.6	69.0%	358.3	66.0%	20.7%
Wines	80.2	12.8%	75.6	13.9%	6.0%
Soft drinks	105.3	16.8%	103.3	19.0%	1.9%
Other sales	8.9	1.4%	6.1	1.1%	46.5%
Total	**626.9**	**100.0%**	**543.3**	**100.0%**	**15.4%**

Breakdown of % change in sales by segment	Total % change 1 January-30 September	of which external growth	of which organic growth before exchange rate effect	of which exchange rate effect
Spirits	20.7%	13.3%	5.4%	2.1%
Wines	6.0%	3.5%	2.1%	0.5%
Soft drinks	1.9%	0.0%	1.9%	0.0%
Other sales	46.5%	48.2%	–2.5%	0.8%
Total	**15.4%**	**9.8%**	**4.2%**	**1.4%**

Spirits

Net sales of spirits totalled € 432.6 million, a rise of 20.7% on the same period of 2005.

Stripping out the significant contribution of external growth (13.3%) and the positive exchange rate effect (2.1%), the segment registered organic growth of 5.4%.

Net sales of **Campari** went up by 1.2% at constant exchange rates (2.8% at actual exchange rates, mainly as a result of the revaluation of the Brazilian real).

With regard to its three main markets, the brand continued to perform well in Germany and Brazil over the period, while sales slowed in Italy because of the downturn in the market.

In the second quarter, the Group began to introduce new Campari packaging in some of its markets: the replacement of old packaging is now almost complete in directly managed markets, but work still remains to be done in many markets served by third-party distributors.

The **SKYY** brand (including the core brand SKYY Vodka and flavoured lines) posted double-digit organic growth in the first nine months: 10.3% at constant exchange rates and 12.1% at actual exchange rates, including the positive effect of the revaluation of the US dollar.

The trend remains very positive in the US, where the brand accounts for around 85% of volumes and regularly records double-digit growth rates: sales for the period rose 9.4% in local currency, with figures for the flavoured lines declining somewhat.

The sales performance in export markets remains positive, particularly in Germany, Italy and Canada, with growth of more than 20%.

Sales of **CampariSoda**, which are almost entirely concentrated on the Italian market, rose slightly for the third quarter of the year, but fell by 0.8% for the first nine months.

Aperol sales advanced 19.5% in the first nine months, continuing a double-digit growth trend that has been uninterrupted since 2003 (the year the brand was acquired by the Group).

This performance was driven by strong and sustained growth in consumption on the Italian market, which accounts for 90% of the brand's sales, as well as a significant rise in exports, both in established (Germany) and new markets (the US).

The first nine months of 2006 was also very positive for sales of **Aperol Soda** (+15.7%), a product sold exclusively on the Italian market; the resumption of the advertising campaign, with a new TV commercial broadcast in the last quarter, undoubtedly contributed to the improvement.

Sales of Group brands in Brazil grew by 10.8% overall in local currency, or 29% at actual exchange rates, thanks to the sharp rise in value of the Brazilian real.

Dreher aguardiente continues to follow a very positive trend, while sales of **admix whiskies** Old Eight and Drury's, after slowing somewhat in the third quarter, were broadly stable year-on-year compared to the first nine months of 2005.

Sales of **Ouzo 12** recorded overall growth of 12.3%, thanks to the excellent results achieved on the important German market.

In Greece however, sales remained weak, partly due to an unfavourable comparison base with 2005 relating to the introduction of new packaging.

Sales of **Cynar** fell by 7.5% versus last year (–4.8% at actual exchange rates) as a result of the negative sales performance in both Brazil and Italy, the brand's two main markets.

On the Italian ready-to-drink market, meanwhile, last year's severe downturn continued, leaving sales of **Campari Mixx** 43.8% lower than in the same period of 2005**.**

Although net sales of the brand have fallen significantly in absolute terms compared to the highs of 2003, this decline is still having a substantial negative impact on the spirits sales trend.

Sales of the main **non-Group brands** were positive overall, and included:

- organic growth of 10.7% for Scotch whiskies at constant exchange rates, due mainly to a good performance by Cutty Sark in the US;
- an 11.4% sales increase in local currency for 1800 Tequila, also on the US market;
- a rise of +1.7% for Jägermeister, almost entirely due to its performance on the Italian market;
- total growth of 2.3% for Grand Marnier, distributed in Germany, Italy and Switzerland.

Wines

Net wine sales in the first nine months of 2006 were € 80.2 million, an increase of 6% compared to the same period of 2005; this comprised organic growth of 2.1%, a contribution of 3.5% from Teruzzi & Puthod wines (consolidated from January 2006) and a positive exchange rate effect of 0.5%.

Of the core brands, **Cinzano sparkling wines** put in a good performance, registering organic growth of 13.2% (13% at actual exchange rates).

Sales were very strong in Germany, where the entire range was relaunched with new packaging and expanded to include new types of sparkling wine.

On the Italian market, sales for the nine months were down slightly; however, the full-year result will be determined by the last quarter, which, because of Christmas, is traditionally the strongest period.

Cinzano vermouth registered strong sales in the third quarter, reversing the negative trend of the first half of the year, with growth of 6.7% at constant exchange rates (+8.1% at actual exchange rates).

Over the period, the brand put in an excellent performance in Russia, which confirmed its status as a key growth market for this brand.

Sella & Mosca wines posted overall growth of 0.8% (+1% at constant exchange rates), the combined effect of a positive export trend and a slight drop in sales on the Italian market.

Results for the Group's other brands were mixed.

Sales of **Riccadonna** sparkling wines in Australia and Italy, and of **Cantina Serafino** wines in Italy fell, but sales of **Mondoro** sparkling wine continued to rise, due to very healthy growth in Russia, its primary market, which is helping to strengthen its position in the Italian premium sparkling wines segment.

Soft drinks

From January to September 2006 net sales of soft drinks totalled € 105.3 million, a rise of 1.9% compared to 2005.

Of the Group's brands, **Crodino**, a non-alcoholic aperitif, which accounts for more than 40% of the segment's net sales, registered growth of 2.8%, while sales of **Lemonsoda, Oransoda and Pelmosoda,** which performed well in the third quarter, reported nine-month sales broadly in line with the same period last year (-0.4%).

Lipton Ice Tea, a third-party brand distributed on the Italian market, saw growth of 5.3%.

Other sales

This minor segment, which complements others, includes revenues from co-packing and sales to third parties of raw materials and semi-finished goods.

In the first nine months of the year, "other sales" totalled € 8.9 million, equating to an overall advance of 46.5%, wholly due to external growth.

Sales of new filling, the malt distillate produced and sold by the Glen Grant Distillery Company Ltd. to the Pernod Ricard group pursuant to the agreements concluded at the time of the acquisition of Glen Grant, Old Smuggler and Braemar, have been included under this segment since 15 March 2006.

Sales performance in the third quarter of 2006

Net sales in the third quarter of 2006 totalled € 209 million, an increase of 16.5% compared to 2005.

The overall business performance was more than satisfactory, with organic growth (7.6%) higher than that registered in the nine-month period (4.2%) and external growth of 9.7%, in line with the nine-month figure (9.8%).

Exchange rates had a negative impact (–0.9%), mainly because of the depreciation of the US dollar in the third quarter of 2006 (+1.4% like-for-like for the first nine months of the year).

Breakdown of change in sales	€ milion	% compared to the third quarter of 2005
– net sales for the third quarter of 2006	209.0	
– net sales for the third quarter of 2005	179.4	
Total change	**29.6**	**16.5%**
of which:		
organic growth before exchange rate effect	13.7	7.6%
external growth	17.5	9,7%
exchange rate effect	–1.6	–0,9%
Total change	**29.6**	**16.5%**

Sales in the quarter were positive in all four regions, both as regards overall growth, which was boosted by the sale of new brands, and organic growth.

Sales in Italy rose by a total of 5.4%, split equally between organic growth (Aperol, Campari Soda, Crodino and Jack Daniel’s) and external growth, which in the quarter, only included sales of Glen Grant.

The region that registered the largest increase in sales was Europe (+32.2%): organic growth was 17.2%, thanks to the positive results registered by all core brands on all the main markets (particularly Germany and Russia); sales of Glen Grant and Old Smuggler Scotch whisky brands supported external growth, which was 15%.

Sales in the Americas registered very positive growth (+23.5%), on the back of both strong results from existing brands (mainly SKYY Vodka and Dreher) and the major contribution of sales of the C&C and Suntory group brands, which the group began distributing in 2006.

In the rest of the world and duty free business, sales increased by a total of 11.3%, mainly driven by organic growth.

Net sales by region	Third quarter of 2006		Third quarter of 2005		% change
	€ milion	%	€ milion	%	2006 / 2005
Italy	83.6	40.0%	79.3	44.2%	5.4%
Europe	48.1	23.0%	36.4	20.3%	32.2%
Americas	65.2	31.2%	52.8	29.4%	23.5%
Rest of the world and duty free	12.1	5.8%	10.9	6.0%	11.3%
Total	**209.0**	**100.0%**	**179.4**	**100.0%**	**16.5%**

Breakdown of the % change in sales by region	Total % change third quarter	external growth	organic growth	exchange rate effect
Italy	5.4%	2.7%	2.6%	0.0%
Europe	32.2%	15.0%	17.2%	0.0%
Americas	23.5%	18.1%	8.3%	–2.9%
Rest of the world and duty free	11.3%	2.7%	9.1%	–0.5%
Total	**16.5%**	**9.7%**	**7.6%**	**–0.9%**

Sales in all business areas improved significantly in the third quarter, particularly in terms of organic growth.

In the first half of the year, spirits recorded organic growth of 3.7%, while the advance was 9.1% in the third quarter alone.

Sales of wines in the existing portfolio posted a fall of 0.8% in the first half, compared to third-quarter growth of 6.5%.

Soft drink sales registered growth of 5.9% in the third quarter, compared to first-half sales in line with the previous year (+0.2%).

Sales of spirits and wines were also boosted by significant external growth of 13.3% and 2.8% respectively, with growth in line with that recorded in the first half of the year.

Sales by business area	Third quarter of 2006		Third quarter of 2005		% change
	€ milion	%	€ milion	%	2006 / 2005
Spirits	139.3	66.7%	115.2	64.2%	20.9%
Wines	32.6	15.6%	29.9	16.6%	9.3%
Soft drinks	33.3	15.9%	31.5	17.6%	5.9%
Other sales	3.7	1.8%	2.9	1.6%	30.1%
Total	**209.0**	**100.0%**	**179.4**	**100.0%**	**16.5%**

Breakdown of the % change in sales by business area	Total % change third quarter	external growth	organic growth	exchange rate effect
Spirits	20.9%	13.3%	9.1%	–1.4%
Wines	9.3%	2.8%	6.5%	0.1%
Soft drinks	5.9%	0.0%	5.9%	0.0%
Other sales	30.1%	47.4%	–17.2%	–0.1%
Total	**16.5%**	**9.7%**	**7.6%**	**–0.9%**

Consolidated financial statements

PREPARATION CRITERIA

In accordance with the provisions of Regulation (EC) 1606 / 2002 dated 19 July 2002, the Campari Group adopted international accounting standards (IAS / IFRS) from 1 January 2005.

As a result, this quarterly report as at 30 September 2006 was prepared by applying the valuation and measurement criteria set by IAS / IFRS and adopted by the European Commission.

The same criteria were used to prepare comparable profit and loss accounts and balance sheets.

The accounting principles applied in the preparation of the report to 30 September are the same as those used to prepare the consolidated financial statements for the year ending 31 December 2005.

It should be noted that the valuation and measurement of accounting figures presented in this report are based on international accounting standards and related interpretations currently in effect.

Thus, these figures could be revised to reflect changes that may occur before 31 December 2006 as a result of the European Commission’s future approval of new standards, new interpretations or guidelines issued by the International Financial Reporting Interpretation Committee (IFRIC).

The quarterly report and consolidated financial statements for the period to 30 September 2006 have been prepared in accordance with Issuer Regulations 11971 / 1999, as amended by Consob resolution 14990 of 14 April 2005.

In particular, as provided for in article 82 ("Quarterly reports") of the aforementioned regulation, this report is not subject to audit, and has been prepared in accordance with Appendix 3D.

The quarterly report to 30 September 2006 was authorised for publication by resolution of the relevant administrative body on 8 November 2006.

BASIS OF CONSOLIDATION

The consolidated quarterly report includes the profit and loss accounts and balance sheets of the Parent Company and Italian and foreign subsidiaries at 30 September, which were prepared in accordance with international accounting standards.

Joint ventures and companies over which the Group exercises a significant influence are accounted for by the equity method.

Changes in the basis of consolidation since the end of last year are set out below.

After the acquisition of Glen Grant, Old Smuggler and Braemar, the following companies, owned by DI.CI.E. Holding B.V., were included in the basis of consolidation during the first quarter of the year:

– Glen Grant Whisky Company Ltd.;
– Glen Grant Distillery Company Ltd.;
– Glen Grant Ltd.;
– Old Smuggler Whisky Company Ltd.

In addition, a new Brussels-based company, Campari Finance Belgium S.a.r.l., was created, which is 100% owned by the Parent Company.

Teruzzi & Puthod S.r.l. was not included in the basis of consolidation at 30 September 2005, since it was not acquired until the end of December 2005.

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE FIRST NINE MONTHS OF 2006

	30 September 2006		30 September 2005		Change
	€ milion	%	€ milion	%	%
Net sales	**626.9**	**100.0%**	**543.3**	**100.0%**	**15.4%**
Cost of goods sold	(275.7)	–44.0%	(228.2)	–42.0%	20.8%
Gross profit	**351.1**	**56.0%**	**315.1**	**58.0%**	**11.4%**
Advertising and promotional costs	(106.5)	–17.0%	(92.3)	–17.0%	15.3%
Sales and distribution costs	(73.8)	–11.8%	(64.2)	–11.8%	15.1%
Trading profit	**170.8**	**27.2%**	**158.6**	**29.2%**	**7.7%**
General and administrative expenses and other operating expenses and income	(45.6)	–7.3%	(39.0)	–7.2%	16.8%
EBIT before one-offs	125.2	20.0%	119.5	22.0%	4.7%
One-offs	(0.1)	0.0%	3.5	0.6%	–102.7%
EBIT	**125.1**	**20.0%**	**123.1**	**22.7%**	**1.7%**
Net financial income (charges)	(8.2)	–1.3%	(6.8)	–1.3%	20.8%
Profit (loss) of companies valued at equity	(0.4)	–0.1%	(0.4)	–0.1%	–14.6%
Profit before tax and minority interests	**116.5**	**18.6%**	**115.8**	**21.3%**	**0.6%**
Minority interests	(2.8)	–0.4%	(3.1)	–0.6%	–9.4%
Group profit before tax	**113.7**	**18.1%**	**112.8**	**20.8%**	**0.9%**
Total depreciation and amortisation	(14.0)	–2.2%	(12.8)	–2.4%	9.6%
EBITDA	**139.1**	**22.2%**	**135.9**	**25.0%**	**2.4%**
EBITDA before one-offs	**139.2**	**22.2%**	**132.4**	**24.4%**	**5.2%**

Net sales in the first nine months of the year totalled € 626.9 million, an increase of 15.4% on the previous year, due to organic growth of 4.2%, external growth of 9.8% and a 1.4% positive exchange rate effect.

The **cost of goods sold** went up by two percentage points as a proportion of net sales, from 42% to 44%, owing entirely to the dilutive effect of the first-time consolidation of third-party brands under new distribution agreements, which generate lower margins than those of the Group's existing business.

Specifically, in the period under review, external growth had a negative impact of 2.5 percentage points on the cost of goods sold as a proportion of sales.

Production costs, which are the main fixed component of the cost of goods sold, fell by 0.5 points as a percentage of sales, thus mitigating the dilutive effect referred to above.

In absolute terms, production costs benefited from the effects of the industrial restructuring programme carried out in Italy, which more than offset the inclusion of the new acquisitions (Glen Grant and, to a lesser extent, Teruzzi & Puthod) whose production costs account for a higher proportion of sales.

Advertising and promotional costs stood at 17% of sales in the first nine months of the year, the same proportion as last year.

While advertising and promotional spending on the Group's existing business went up by 0.4 percentage points, this was fully offset by the consolidation of new third-party brands distributed by the Group, which reduced these expenses by the same amount.

Advertising and promotional costs are always shown without the contributions received from the brand owners based on the distribution agreements, and therefore, as in the case of the new third-party brands distributed in the first nine months of the year, the costs shown on the profit and loss are lower than the total amount spent.

Sales and distribution costs came in at 11.8% of sales, unchanged on last year.

Distribution costs, which by their nature are almost entirely variable, went up by a similar amount to the growth in sales.

Although sales and marketing costs have a larger fixed component, they remained steady as a proportion of sales compared with the same period of last year, following investments aimed at strengthening the company's sales and marketing operations.

In the US, this was necessary to allow the company to effectively manage the distribution of new brands; it was also needed in other international markets considered to be of strategic importance for future business growth, in order to capitalise on opportunities offered by these markets.

The financial benefits deriving from the restructuring of sales networks in Italy were partly offset by start-up costs for the new sales operations.

Trading profit for the first nine months of 2006 came in at € 170.8 million, an overall increase of 7.7% on the same period of last year, attributable to:

– organic growth of 3.0%;

– external growth of 3.8%;

– a positive exchange rate effect of 0.9%.

General and administrative expenses and other operating costs went up by 16.8% in total, and stood at 7.3% of sales, in line with last year.

The sharp rise in this item during the period was due to a series of one-off factors.

First, stripping out external growth and the exchange rate effect, organic growth in general expenses was 10.4%; this rise includes costs relating to the new stock option plan and non-recurring costs for business consultancy services, and excluding these two factors, the increase stood at only 4.9%.

With the adoption of the new international accounting standards (IAS 38), the value of consolidation differences and trademarks with an indefinite life may no longer be amortised.

Consequently, "goodwill and trademark amortisation" no longer appears as an item in the profit and loss account prepared using IAS / IFRS in the two periods under comparison.

EBIT before one-offs was € 125.2 million in the first nine months of 2006, up 4.7% on the same period last year.

The EBIT margin stood at 20% (22% in 2005).

One-offs showed a negative balance of € 0.1 million.

In the same period of last year the figure was positive at € 3.5 million, which included a capital gain of € 1.9 million from the sale of real estate in Switzerland and windfall gains of € 1.4 million relating to the acquisition in Brazil in 2001.

The impact of the change in this item on the group's results was therefore to reduce operating profit by € 3.6 million.

EBIT came in at € 125.1 million, an increase of 1.7% on last year, with an EBIT margin of 20% (22.7% in the same period of 2005).

Total **depreciation and amortisation** for the period stood at € 14 million, a rise of € 1.2 million on the same period of 2005; as a result, EBITDA before one-offs posted a higher growth rate than EBIT before one-offs, while EBITDA grew more rapidly than EBIT.

EBITDA before one-offs came in at € 139.2 million, up 5.2%.
EBITDA rose by 2.4% to € 139.1 million.

During the period, **net financial charges** totalled € 8.2 million, an increase on the € 6.8 million recorded last year.
The rise was due to the increased debt taken on as a result of the acquisition of Glen Grant for around € 130 million on 15 March 2006.

The Group's share in the **profits or losses of companies valued at equity** showed a loss of € 0.4 million, in line with the result posted in 2005.
The companies accounted for by the equity method are four trading companies that distribute products made by the Group and its partners in the major European markets of Belgium, the Netherlands, the UK and Spain.

Profit before tax and minority interests totalled € 116.5 million in the first nine months, a rise of 0.6% on the same period of last year.

Minority interests (the share of net profit attributable to third parties) came to € 2.8 million, down on the € 3.1 million recorded in the first nine months of 2005.
This item consists essentially of third parties' share of the profit generated by Skyy Spirits, LLC.

After minority interests, **the Group's profit before tax** for the period was € 113.7 million, an increase of 0.9% on the same period of 2005. The figure was 18.1% as a percentage of net sales.

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE THIRD QUARTER OF 2006

	30 September 2006		30 September 2005		Change
	€ milion	%	€ milion	%	2006 / 2005
Net sales	**209.0**	**100.0%**	**179.4**	**100.0%**	**16.5%**
Cost of goods sold	(94.2)	–45.0%	(77.9)	–43.4%	20.9%
Gross profit	114.9	55.0%	101.5	56.6%	13.1%
Advertising and promotional costs	(35.6)	–17.0%	(29.5)	–16.4%	20.7%
Sales and distribution costs	(23.8)	–11.4%	(21.0)	–11.7%	13.8%
Trading profit	**55.4**	**26.5%**	**51.1**	**28.5%**	**8.5%**
General and administrative expenses and other operating expenses and income	(16.2)	–7.8%	(12.5)	–7.0%	29.7%
EBIT before one–offs	39.2	18.8%	38.6	21.5%	1.7%
One-offs	0.0	0.0%	0.9	0.5%	–102.2%
EBIT	**39.2**	**18.8%**	**39.5**	**22.0%**	**–0.8%**
Net financial income (charges)	(2.7)	–1.3%	(2.1)	–1.2%	31.1%
Profit (loss) of companies valued at equity	(0.3)	–0.2%	(0.2)	–0.1%	69.6%
Profit before tax and minority interests	**36.1**	**17.3%**	**37.2**	**20.7%**	**–2.9%**
Minority interests	(0.4)	–0.2%	(1.2)	–0.7%	–65.1%
Group profit before tax	**35.7**	**17.1%**	**36.0**	**20.0%**	**–0.8%**
Total depreciation and amortisation	(4.7)	–2.2%	(4.3)	–2.4%	8.0%
EBITDA	**43.9**	**21.0%**	**43.8**	**24.4%**	**0.1%**
EBITDA before one-offs	**43.9**	**21.0%**	**42.9**	**23.9%**	**2.3%**

The consolidated profit and loss account of the Campari Group for the third quarter of 2006 shows an improvement in results compared to the same quarter of 2005, with an increase of 16.5% in net sales, a rise of 8.5% in trading profit and a 1.7% improvement in EBIT before one-offs.

As mentioned earlier, sales in the quarter were extremely positive, and overall growth – although due largely to external growth – includes a more than satisfactory contribution of 7.6% from organic growth.

The cost of goods sold as a percentage of net sales increased by 1.6 percentage points due to the impact of the above-mentioned external growth (mainly relating to the sale of third-party brands).

Advertising and promotional expenditure was 17% of sales, broadly similar to that of the first half of 2006, in keeping with the Group's budget for the current year, but higher than the 16.4% recorded in the third quarter of 2005.

The combined effects of these two factors had a negative impact on the Group's trading profit, which nevertheless improved by 8.5% compared to the third quarter of 2005, and by 7.3% versus the first half of 2006.

EBIT before one-offs increased by 1.7% to € 39.2 million.

The fall in the growth rate (significantly lower than the Group's 8.5% increase in trading profit) was due to the sharp increase in general and administrative expenses and other operating costs, which were entirely caused by the one-off factors explained in the comments in the section relating to the Group's performance in the first nine months (i.e. costs relating to the new stock option plan and non-recurring costs for business consultancy services).

Both EBIT and Group profit before taxes fell by 0.8% compared to the third quarter of 2005.

The following factors also affected these results:

– one-off items (were zero compared to € 0.9 million in the third quarter of 2005);

– net financial charges rose by € 0.6 million;

– minority interests were down by € 0.8 million.

NET DEBT

The table below shows net debt for the Campari Group at 30 September 2006, compared with the figures at 30 June 2006 and 31 December 2005.

	30 September 2006 € milion	30 June 2006 € milion	31 December 2005 € milion
Cash, bank and securities	349.5	361.0	247.5
Payables to bank	(270.8)	(353.5)	(112.8)
Real estate lease payables	(3.1)	(3.1)	(3.1)
Private placement and bond issues	(5.6)	(9.1)	(9.6)
Other financial payables and receivables	(4.1)	(1.3)	(1.4)
Short-term debt	**65.9**	**(5.9)**	**120.6**
Payables to banks	(32.0)	(24.9)	(26.7)
Real estate lease payables	(16.8)	(17.5)	(19.0)
Private placement and bond issues	(384.1)	(386.7)	(397.7)
Other financial payables	(2.6)	(2.6)	(3.0)
Medium and long-term debt	**(435.4)**	**(431.6)**	**(446.5)**
Net debt for the period	**(369.6)**	**(437.5)**	**(325.9)**
Payables for the exercise of the put option on Skyy Spirits, LLC	(49.1)	(42.0)	(45.5)
Net debt	**(418.7)**	**(479.5)**	**(371.4)**

Net debt at 30 September 2006 was € 418.7 million, a decrease of € 60.8 million compared to 30 June 2006; the improvement was mainly due to free cash flow generated during the quarter.

Exchange rates, especially in respect of the US dollar, did not undergo significant variations between 30 June 2006 and 30 September 2006.

There were therefore no changes in net debt during the period due to conversion differences relating to the US subsidiaries' debt.

Compared to the figure at 31 December 2005, however, net debt was up by € 47.3 million, largely because of the investments relating to the acquisition of Glen Grant, Old Smuggler and Braemar in March 2006.

The acquisition, which involved an outlay of € 129 million, was financed using short-term bank loans, which led to the increase in bank debt shown in the table.

Industrial investments totalling € 15.7 million were made in the first nine months of the year, including € 0.5 million relating to the new Sesto San Giovanni site.

The payable for the exercise of the Skyy Spirits, LLC put option was reported in the period to 30 September 2006, relating to the transaction that was completed on 2 November 2006 in respect of the purchase of the 11% portion still owned by the company's management via the advance exercise of these options (see the section on events taking place after the end of the period below for further details).

OPERATING WORKING CAPITAL

The two tables below provide balance sheet information to enable an analysis of working capital as at 30 September 2006 and the change since 31 December 2005.

	30 September 2006 € milion	31 December 2005 € milion	change € milion	change %
Trade receivables	176.8	237.4	–60.6	
Inventories	212.5	135.3	77.2	
Payables to suppliers	–142.5	–150.2	7.7	
Operating working capital	**246.9**	**222.5**	**24.4**	**11%**

The increase of € 24.4 million between 31 December 2005 and 30 September 2006 predominantly reflects the positive exchange rate effect and the increase in working capital due to the change in the basis of consolidation following the acquisition of Glen Grant, Old Smuggler and Braemar.

	€ milion
Total change in working capital	24.4
of which	
Exchange rate effect	–3.0
Change in basis of consolidation (Glen Grant, Old Smuggler and Braemar)	22.7
Change in relation to existing business	4.7
Total change	**24.4**

Moreover, the commencement of distribution of the Suntory and C&C groups' products in the US in the first quarter of 2006 led to a significant increase in working capital at the end of September 2006 compared to the position at 31 December 2005 (recorded under "change in relation to existing business").

The table below shows a comparison between the two periods of the twelve-month moving average of working capital as a percentage of sales.

The table below shows working capital at 30 September 2006 restated to reflect the factors shown in the above table, i.e. the exchange rate effect and the impact of the change in the basis of consolidation.

	30 September 2006 € milion	31 December 2005 € milion
Working capital (adjusted)	227.2	222.5
Sales - 12 - month moving average	893.5	809.9
Working capital as % of sales - 12 - month moving average	**25.4%**	**27.5%**

EVENTS TAKING PLACE AFTER 30 SEPTEMBER 2006

Acquisition of a further 11% of Skyy Spirits, LLC

On 2 November 2006, the Parent Company Davide Campari-Milano S.p.A. announced it had acquired a further 11% of Skyy Spirits, LLC, taking its interest in the company to 100%.

The cost of the transaction was around US$ 62 million (equivalent to around € 49 million at the exchange rate in force on the date of the transaction).

In order to complete the acquisition, the Group exercised its call / put options in accordance with the terms agreed in January 2002 when the Group acquired the majority shareholding in the company.

The transaction was completed in advance of the original deadline of 2007, thanks to an agreement between the parties.

The acquisition was paid for in cash using the Group's own funds.

The transaction price, calculated on the basis of average results obtained in the last five years, in line with the terms of the agreement signed in January 2002, equates to a multiple of less than 10x the pre-tax profit generated by Skyy Spirits, LLC in 2005.

Termination of the distribution contract for Lipton Ice Tea

The contract for the distribution of Lipton Ice Tea branded products in Italy will be terminated on 1 January 2007, following an agreement made between Campari Italia S.p.A. and Unilever, the brand owner.

The change of distributor for Lipton Ice Tea is a consequence of the agreements struck by Unilever and the PepsiCo group, which are already operational in the US and on some European markets.

Net sales of this brand for the Campari Group were € 28.1 million in 2005.

However, profitability on these sales is very low.

OUTLOOK

In the short term, the Group's net sales in its main markets should continue in line with the trend seen in the first nine months of the year, in terms of both organic and external growth.

As regards the medium term, we do not foresee any significant changes to our earlier comments: although consumer spending is fairly weak in Italy and some other European markets, the outlook for sales in the US, Germany and Brazil remains positive.