



PRESS RELEASE

Campari approves half-year results as at 30 June 2004

Growth continues in sales and at all levels of profitability

Consolidated net sales: €367.4 million (+10.4%)

EBITDA: €84.7 million (+7.4%)

EBIT: €58.3 million (+2.4%)

Group profit before taxes: €48.7 million (+11.8%)

Net profit: €30.9 million (+10.7%)

Milan, 8 September 2004 - The Board of Directors of Davide Campari-Milano S.p.A. has approved the half-year results to 30 June 2004. **Growth in sales and at all levels of profitability continued**, thanks to the consolidation of the newly-acquired Barbero 1891 S.p.A. and to a good performance from the Group's existing business, despite the ongoing impact of negative exchange rate movements.

Moreover, if sales and main profitability indicators were considered before the impact of exchange rates (i.e. using average rates for the first six months of 2003), they would show **double-digit growth** versus the same period of last year.

	2004 half-year results € million	Change at actual exchange rates	Change at constant exchange rates
• Net sales	367.4	10.4%	13.3%
• EBITDA	84.7	7.4%	13.1%
• EBITA	75.9	7.1%	11.0%
• EBIT = Operating profit	58.3	2.4%	7.3%
• Group profit before taxes	48.7	11.8%	17.5%
• Net profit	30.9	10.7%	18.0%

EBITA = EBIT (operating profit) before amortisation of goodwill and trademarks

2004 CONSOLIDATED HALF-YEAR RESULTS

In the first half of the year, **Group sales** totalled €367.4 million, **an increase of 10.4%** (+13.3% at constant exchange rates). **Organic growth** was **4.6%**, while exchange rate movements had a negative effect of 2.9%, mainly because of the fall in value of the US dollar. **External growth of 8.7%** was due almost entirely to the newly-acquired Barbero 1891 S.p.A.

Trading profit increased by 13.8% to €104.1 million, or 28.3% of sales.

EBITDA rose by 7.4% (+13.1% at constant exchange rates) to €84.7 million, or 23.1% of sales.

EBITA increased by 7.1% (+11.0% at constant exchange rates) to €75.9 million, or 20.7% of sales.

EBIT went up by 2.4% (+7.3% at constant exchange rates) to €58.3 million, or 15.9% of sales.

Profit before taxes and minority interests was €55.0 million, **up 7.0%** (+13.1% at constant exchange rates).

Group profit before taxes (i.e. profit before taxes and after minority interests) was €48.7 million, **up 11.8%** (+17.5% at constant exchange rates).

Group net profit was €30.9 million, an increase of 10.7% (+18.0% at constant exchange rates).

Consolidated shareholders' equity was €550.3 million at 30 June 2004.

As of 30 June 2004, **net debt** stood at €303.0 million (€297.1 million at 31 December 2003). The debt to equity ratio at 30 June 2004 was 55.1%.

2004 FIRST-HALF SALES

The **spirits segment**, which accounted for 65.5% of total sales, recorded **growth of 10.4%**, due to the combination of **organic growth of 3.8%**, **external growth of 10.7%** and a negative exchange rate effect of 4.1%. The **Campari** brand posted **growth of 6.0%** at constant exchange rates (4.1% at actual exchange rates): the positive performance registered in Brazil, Italy, Japan and other important European markets more than offset the drop in consumption on the German market caused by particularly adverse weather conditions in the second quarter. **SKYY Vodka** sales **rose by 2.8%** at constant exchange rates. Sales of **SKYY flavours** (15% of total SKYY brand sales), however, showed a decline of 17.3% at constant exchange rates, due to the comparison with an extremely strong first half in 2003, which coincided with the launch of new line-extensions. Overall, **SKYY brand sales, including the flavours range, fell by 0.7%** at constant exchange rates (-10.2% at actual exchange rates). The spirits segment also benefited from a good performance from its **Brazilian brands** (+25.1% at constant exchange rates), **CampariSoda** (+6.2% at constant exchange rates), **tequila 1800** (+30.7% at constant exchange rates), **Ouzo 12** (+10.6% at constant exchange rates) and **Scotch whisky** (+6.4% at constant exchange rates). However, sales of **Cynar** and **Jägermeister** dropped by 1.9% and 1.1% respectively. **External growth** was entirely due to Barbero 1891 S.p.A. All Barbero **brands made a positive contribution**, especially **Aperol**, which recorded **volume growth of 18.8%** compared with the first half of last year.

The **wines segment** (12.2% of total sales) **posted growth of 22.9%**. **Organic growth (+14.9%)** benefited from the **steady advance** of **Cinzano sparkling wines** (+4.9% at constant exchange rates), thanks to a good performance on the Italian market, and of **Cinzano vermouths** (+5.5% at constant exchange rates), on the back of increased sales in Japan and the main European markets. The wines segment was also boosted by a good performance from **Sella & Mosca (+11.7%)** and **Riccadonna**. **External growth (+9.7%)** was almost entirely due to Barbero 1891 S.p.A., particularly the Mondoro and Enrico Serafino brands.

Sales of soft drinks accounted for 21.2% of the total, and were generated almost entirely on the Italian market. This segment posted **growth of 3.0%**, thanks to a good performance from **Crodino (+8.7%)** and **Lipton Ice Tea (+4.3%)**. Sales of **Lemonsoda, Oransoda and Pelmosoda**, meanwhile, slipped by **5.3%**, as the weather was much better in the second quarter of last year.

By region, first-half sales in **Italy** posted **organic growth of 4.9%**, and accounted for 54.6% of total Group sales, owing to the significant contribution of Barbero 1891 S.p.A. (+13.7%), whose sales are concentrated on the Italian market. **Sales in Europe** (17.1% of the total) as a whole were also boosted significantly by **external growth (+7.4%)**, again mostly attributable to Barbero 1891 S.p.A., but organic growth was negative (-9.4%) following a poor performance in Germany, partly because of the termination of Campari Mixx distribution due to increased duties on ready-to-drinks.

In the Americas, which account for 25.9% of total sales, the **US market** posted **growth of 6.1%** (at constant exchange rates), which was completely wiped out by negative exchange rate movements (-10.6%), while **sales in Brazil** grew by **17.6%** in local currency terms (+15.3% at actual exchange rates).

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CONFERENCE CALL

Please note that at **17.00 today, Wednesday 8 September 2004**, Campari's management will hold a conference call to present the Group's first-half results to analysts, investors and journalists. To participate, please dial one of the following numbers:

- from Italy: 800 914 576 (toll free number)
- from abroad: +39 02 3700 8208

The presentation can be downloaded before the conference call from the Investor Relations homepage of Campari's website, at www.campari.com/ir.

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CAMPARI GROUP - RESULTS FOR THE FIRST HALF OF 2004

Table 1) Campari Group - net revenues by segment

	1 January - 30 June 2004		1 January - 30 June 2003		Change %
	€million	%	€million	%	
Spirits	240.6	65.5%	217.8	65.5%	10.4%
Wines	44.7	12.2%	36.4	10.9%	22.9%
Soft Drinks	77.7	21.1%	75.5	22.7%	3.0%
Other revenues	4.4	1.2%	3.0	0.9%	44.9%
Total	367.4	100.0%	332.7	100.0%	10.4%

Table 2) Campari Group - net revenues by geographic area

	1 January - 30 June 2004		1 January - 30 June 2003		Change %
	€million	%	€million	%	
Italy	200.7	54.6%	169.1	50.8%	18.6%
Europe	62.7	17.1%	64.4	19.4%	-2.7%
Americas	95.0	25.9%	94.3	28.4%	0.7%
Rest of the world	9.0	2.5%	4.8	1.4%	88.1%
Total	367.4	100.0%	332.7	100.0%	10.4%

Table 3) Campari Group - consolidated income statement

	1 January - 30 June 2004		1 January - 30 June 2003		Change %
	€million	%	€million	%	
Net revenues ⁽¹⁾	367.4	100.0%	332.7	100.0%	10.4%
Cost of materials	(122.4)	-33.3%	(113.9)	-34.2%	7.5%
Production costs	(26.5)	-7.2%	(20.7)	-6.2%	27.8%
Total cost of goods sold	(148.9)	-40.5%	(134.6)	-40.5%	10.6%
Gross margin	218.5	59.5%	198.1	59.5%	10.3%
Advertising and promotion	(71.5)	-19.5%	(69.2)	-20.8%	3.3%
Selling and distribution expenses	(42.9)	-11.7%	(37.4)	-11.2%	14.9%
Trading profit	104.1	28.3%	91.5	27.5%	13.8%
General and administrative expenses	(26.4)	-7.2%	(23.7)	-7.1%	11.9%
Other operating revenues	0.3	0.1%	3.5	1.1%	-91.0%
Amortisation of goodwill and trademarks	(17.6)	-4.8%	(13.9)	-4.2%	26.3%
Non-recurring expenses	(2.1)	-0.6%	(0.5)	-0.2%	289.7%
EBIT = Operating income	58.3	15.9%	56.9	17.1%	2.4%
Net interest income (charges)	(3.9)	-1.1%	(5.0)	-1.5%	-20.1%
Exchange-rate gains (losses). net	0.0	0.0%	(0.5)	-0.2%	
Other non operating income (charges)	0.6	0.2%	(0.0)	0.0%	
Profit before taxes and minority interests	55.0	15.0%	51.4	15.5%	7.0%
Minority interests	(6.3)	-1.7%	(7.8)	-2.4%	-19.9%
Group profit before taxes	48.7	13.3%	43.6	13.1%	11.8%
Taxes	(17.8)	-4.8%	(15.6)	-4.7%	13.7%
Group net profit	30.9	8.4%	28.0	8.4%	10.7%
Depreciation	(7.6)	-2.1%	(6.8)	-2.0%	12.7%
Amortisation of goodwill, trademarks and other intangibles	(18.8)	-5.1%	(15.2)	-4.6%	23.7%
Total depreciation and amortisation	(26.4)	-7.2%	(22.0)	-6.6%	20.3%
EBITDA	84.7	23.1%	78.9	23.7%	7.4%
EBITA ⁽²⁾	75.9	20.7%	70.9	21.3%	7.1%

(1) Net of discounts and excise duty.

(2) EBITA = EBIT before amortisation of goodwill and trademarks.

Table 4) Campari Group - consolidated balance sheet

	30 June 2004	31 December 2003
	€million	€million
Cash and banks	173.5	133.6
Marketable securities	7.8	1.9
Accounts receivable, net of devaluation reserve	177.9	174.2
Inventories	125.7	106.4
Other current assets	51.7	55.4
Total current assets	536.6	471.5
Tangible assets, net	158.9	152.4
Goodwill, net	536.5	552.2
Other intangible assets, net	30.3	19.4
Financial assets	0.1	7.8
Other non-current assets	5.8	5.8
Treasury shares	30.0	31.0
Total non-current assets	761.6	768.6
Total assets	1,298.2	1,240.1
Short-term financial debt	52.9	30.1
Accounts payable	147.6	127.6
Other current liabilities	70.1	78.1
Total current liabilities	270.6	235.8
Medium and long term loans	426.9	398.1
Employee's termination pay	15.3	15.6
Other non - current liabilities	32.1	37.7
Minority interests	3.0	4.7
Total non - current liabilities	477.3	456.1
Shareholders' equity	550.3	548.2
Total liabilities and shareholders' equity	1,298.2	1,240.1

The Campari Group

The Campari Group is the sixth player in the global spirits sector, trading in over 190 markets around the world with a leading position in the Italian and Brazilian markets and a strong presence in the US, Germany and Switzerland. The Group has an extensive portfolio that spans three business segments: spirits, wines and soft drinks. The Group's portfolio includes a combination of strong international brands, such as Campari, SKYY Vodka, Cynar and Cinzano and leading local brands, such as CampariSoda, Campari Mixx, Crodino, Aperol, Aperol Soda, Sella & Mosca, Zedda Piras, Biancosarti, Barbieri, Enrico Serafino, Lemonsoda, Oransoda and Pelmosoda in Italy, Ouzo 12 in Greece and in Germany, Dreher, Old Eight, Drury's and Liebfraumilch in Brazil, Gregson's in Uruguay, Riccadonna in Australia and New Zealand and Mondoro in Russia. The Group has 1.500 employees, and shares of the parent company Davide Campari-Milano S.p.A are listed on the Milan stock exchange.

FOR FURTHER INFORMATION:**Investor enquiries:****Chiara Garavini**

Tel.: +39 02 6225 330

Email: investor.relations@campari.com

Website: www.campari.com

Media enquiries:**Chiara Bressani**

Tel.: +39 02 6225 206

Email: chiara.bressani@campari.com

Moccagatta Pogliani & Associati

Tel.: +39 02 8693806

Email: segreteria@moccagatta.it