CAMPARI GROUP

Solid growth driven by Global Priority brands, primarily in the Americas while EMEA remained resilient despite the impact of very poor weather

Continued industry outperformance leveraging strong brand momentum, particularly in aperitifs and tequila

Aperol spritz selected as the most popular cocktail in the US and also topping drinks trends in Germany(1)

FIRST HALF 2024-KEY HIGHLIGHTS

Campari Group delivered a solid performance in the first six months of 2024 with organic growth of +3.8% in net sales, accelerating in the second quarter (+6.9%). Growth was driven by continued **strength in aperitifs** led by **Campari** and **Aperol**, especially in the Americas and Germany, while the rest of EMEA was impacted by very poor weather, as well as **double digit growth in Espolòn** and **Grand Marnier** in the US. EBIT-adjusted grew by +2.1% organically, with -40bps margin impact vs H1 2023 mainly due to negative mix effect on gross margin of fast growth in Espolòn and impact of very poor weather in EMEA on high-margin aperitifs.

- **Net sales of €1,523.4 million, up +3.8% organically and +4.5% on a reported basis** including perimeter impact of +1.2% driven by Courvoisier and agency brands and FX effect of -0.5%.
- **EBIT-adjusted of €360.0 million, up +2.1% organically and +0.1% on a reported basis**, with margin of 23.6%.
- **EBITDA-adjusted of €418.8 million**, up +3.5% organically and +1.9% **on a reported basis**, with margin of 27.5%.
- **Group net profit at €219.7 million**, up +1.3% on a reported basis. **Group net profit-adjusted of €239.0 million**, up +2.2%.
- **Net debt to EBITDA-adj. at 3.5x on a reported basis** (including earn-outs and put options for a total amount of €333.6 million as well as incorporating first-time consolidation of Courvoisier).

Milan, July 30th, 2024-The Board of Directors of Davide Campari-Milano N.V. (Reuters CPRI.MI-Bloomberg CPR IM) approved the additional financial information for the six months ended June 30th, 2024.

Matteo Fantacchiotti, Chief Executive Officer: '*We recorded a* ***solid performance in the first half of the year*** *with acceleration in the second quarter,* ***yet again outperforming the industry****.* ***In the remainder of the year, we expect to continue to outperform the industry leveraging our strong brands playing in growing categories*** *in an environment currently showing softer market dynamics and increased price competition in core markets, while the macro remains volatile. On a full year basis,* ***our ability to expand gross margin is expected to be impacted by some temporary headwinds*** *(such as poor weather affecting high-margin aperitifs and agave supply contract renewals) guiding both unfavorable sales mix and shifting some of the related expected COGS benefits into next year. However,* ***for the medium-term, we remain confident in the continued growth momentum and our ability to deliver profitable growth with consistent operating margin expansion.***
We have palpable excitement in the organization around Courvoisier. *In parallel to the first-time brand consolidation in the last two months of the semester, we started to enhance our capabilities to compete in this category and build this brand unleashing its long-term great potential.*'.

(1) Based on a study conducted by Coffeeness in the US and CGA by NIQ insights in Germany on-premise.

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Review of Organic sales performance

Analysis of **organic change by geography:**

- Sales in the **Americas** (45% of total Group sales) were up by **+6.8%**. The **core US market** was up by +3.5% with acceleration in the second quarter (+7.2%). The solid performance was mainly due to continuing double digit growth from **Espolòn** as well as growth in **Aperol** and **Grand Marnier**. **Jamaica** recorded +10.7% growth mainly driven by order catch-up following supply shortages in rums in the first quarter. The other markets in the region grew double digit overall, with strong growth in **Brazil** (driven by aperitifs and local Brazilian brands) and flattish performance in **Canada** (despite growth in **Aperol** and **Forty Creek**) offsetting soft performance in **Argentina** despite some trend improvement in the second quarter.

- Sales in **EMEA**(2) (49% of total Group sales) grew by **+3.3%**. **Italy** was down by -5.2**%** with pressure on high-margin aperitifs from very poor weather as well as impact of a high comparison base (H1 2023 +13.4%). **Germany** grew by +13.4% with acceleration of growth in the second quarter largely driven by **Aperol, Sarti Rosa** as well as **Ouzo 12**. **France** was impacted by poor weather (-0.2%) and **UK** by both weather and a challenging trading environment (-7.2%). Other markets in the region were positive (+13.4%) driven by **GTR**, **Spain**, **Greece** and **the Netherlands**.

- Sales in **Asia Pacific** (6% of total Group sales) declined by **-10.7%** with improving trends in the second quarter. **Australia** was down by -11.2%, due to challenging macro and competitive environment but with recovery in underlying trends in the second quarter. **Other markets** in the region registered an overall decline (-10.2%) impacted by route-to-market changes in the region, albeit **China** was already back to growth in the second quarter and with ongoing growth momentum in both **Japan** and **New Zealand** during the first half and **South Korea** in the second quarter of the year.

Analysis of organic change by brand:

- **Global Priorities** (68% of total Group sales) registered growth of **+5.9%. Aperol** grew by +4.7% despite the impact of very poor weather, especially in Italy and France as well as overall tough comparison base (H1 2023 +32.4%). Growth mainly led by **Germany** and the **Americas** including the **US** and seeding markets such as **Brazil** and **Mexico** as well as **Australia and Greece. Campari** also grew by +9.3% with acceleration of growth in the second quarter (+11.7%) led by **Brazil, Jamaica, Greece, GTR and France. Espolòn** was up by +22.2% with growth driven by the **core US market** despite a high comparison base (H1 2023 +43.4%) with growth also accelerating in seeding markets from a small base. The **Wild Turkey** portfolio remained stable driven by **core US, South Korea and GTR**. **Grand Marnier** grew by +13.3% led by **core US** market off an easy comparison base and **Jamaican rum portfolio** by +1.9% supported by positive underlying trends in premium rums. Lastly, **SKYY** declined by -11.9%, in line with category trends in the US.

- **Regional Priorities** (17% of total Group sales) declined by **-3.4%**. Good momentum in **Cinzano sparkling wine**, **Lallier Champagne, Mondoro**, **Aperol Spritz ready-to-enjoy, Averna** as well as the **French specialties** was mainly offset by **Magnum Tonic** and **The GlenGrant** due to some phasing and tough comparison bases.

- **Local Priorities** (6% of total Group sales) declined by **-2.3%** as positive growth in **Ouzo 12** was offset by weakness in **Wild Turkey ready-to-drink, Campari Soda** due to very poor weather in core Italy and **SKYY ready-to-drink** impacted by highly competitive core Mexican market.

Review of First half 2024 Results

Net sales totalled **€1,523.4 million**, up by +4.5% and **+3.8% in organic terms**. **The perimeter effect** was **+1.2%** (€17.6 million) driven by agency brands and Courvoisier (€8.3 million(3)) primarily in the US and UK, while **the FX effect** was **-0.5%** (€(7.9) million).

Gross profit totalled **€897.5 million** (58.9% of net sales), up by +2.9%. It **grew organically by +4.5%** with a **-30bps impact on margin**. The dilution was entirely due to the negative mix effect of both fast growth in Espolòn and impact of very poor

(2) Includes GTR.
(3) Includes Salignac.

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weather especially in EMEA on high-margin aperitifs in Q2. The positive pricing impact, skewed into Q1, was fully offset by COGS inflation, largely driven by carry forward effect of last year high-cost stock.

Advertising and promotion expenses (**A&P**) were **€231.6 million** (15.2% of net sales), up by +2.7%. **A&P increased organically by +2.1%**, generating margin accretion of +30 basis points as very poor weather in Q2 impacted the start of summer activations.

Selling, general and administrative expenses (**SG&A**) totalled **€305.9 million** (20.1% of net sales), up by +6.6%. They **grew organically by +6.0%**, generating -40bps margin dilution, reflecting ongoing investments to sustain growth.

EBIT-adjusted was **€360.0 million** (23.6% on sales), up by +0.1%. It **increased organically by +2.1%**, generating a margin dilution of **-40bps**. The **perimeter effect** was negative by **-0.5%** (€(1.7) million, -40bps dilutive), due to the negative effect of agency brands partly offset by Courvoisier business contribution from May onwards. The **FX effect** was negative by **-1.5%** (**€(5.5) million**, -20bps dilutive) mainly driven by the Mexican Peso.

Operating adjustments were negative at **€(24.4) million,** mainly attributable to Courvoisier deal related costs.

EBIT (22.0% on net sales) and **EBITDA** (25.9% on net sales) were at **€335.6 million** and **€394.4 million** respectively. **EBITDA-adjusted** was **€418.8 million** (27.5% of net sales), up by +1.9% (**organically +3.5%**).

Total financial expenses including exchange gains (losses) were **€33.0 million**, **relatively flat** compared to €32.4 million in the same period of last year. The **average cost of net debt** stood at **3.7%** (2.6% in the same period of 2023).

Pre-tax profit-adjusted was **€333.3 million,** up **+2.2%**. **Pre-tax profit** was **€310.7 million**, flat compared to the previous year.

Taxation totalled **€94.1 million**. **Recurring income taxes** were equal to **€97.4 million**.

Group net profit at €219.7 million. **Group net profit-adjusted** was **€239.0 million**, **up +2.2%**.

Recurring cash flow from operating activities before working capital changes was **€395.2 million,** up €54.8 million, or +16.1% vs. H1 2023. **Recurring free cash flow** amounted to **€130.8 million** compared to €(91.7) million in the same period in 2023 mainly driven by improved trend in operating working capital increase. **Free cash flow** was **€(60.1) million** vs. €(154.4) million in H1 2023.

Total capex investment of **€219.0 million** in **the first half of 2024**, of which extraordinary capex of €171.5 million, mainly related to the production capacity expansion projects as well as acquisition of the new headquarters building in Milan. Investments are expected to continue in the second half of the year and in 2025, in line with the previously announced extraordinary capex plan.

Net financial debt at **€2,553.2 million** as of 30 June 2024, **up €699.7 million** vs. 31 December 2023 (including earn-outs and put options for a total amount of €333.6 and the impact of the **Courvoisier acquisition**).

Net debt to EBITDA-adj. at 3.5x on a reported basis (including earn-outs and put options for a total amount of €333.6 million as well as incorporating first-time consolidation of Courvoisier).

Total number of own ordinary shares held as of 30 June 2024 totalled **29,176,106.**

OUTLOOK

In the remainder of the year, Campari Group expects to continue to outperform the industry leveraging our strong brands playing in growing categories in an environment currently showing softer market dynamics and increased price competition in core markets, while the macro remains volatile. On a full year basis, **the ability to expand gross margin is expected to be impacted by some temporary headwinds, namely the poor weather affecting high-margin aperitifs**, hence guiding unfavorable sales mix, lower absorption of fixed production costs and higher weight of last year higher-cost inventory, **as well as renewals of agave supply contract** taking longer than expected, shifting some of the related expected benefits into next year. The perimeter reflects the consolidation of Courvoisier as of May 2024 with contained impact expected in the first transition year.

In the medium-term, Campari Group remains confident in continued healthy brand momentum in key brand-market combinations as well as industry outperformance leveraging a strengthened portfolio and geographic exposure, as well as focus on revenue growth management. The Group expects consistent operating margin expansion driven by sales mix, pricing, input cost inflation easing and operational efficiencies, with continuous reinvestment into brand building and marketing & commercial capabilities to fuel organic topline growth.

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FILING OF DOCUMENTATION

The half year financial report at June 30th, 2024 is available to the general public on the Company's website (https://www.camparigroup.com/en/page/investors), and by all other means allowed by applicable regulations.

The Board of Directors is responsible for preparing the half year report, inclusive of the first half year condensed consolidated financial statements and the half year management report at June 30th, 2024, in accordance with the Dutch Financial Supervision Act and the applicable International Financial Reporting Standards (IFRS) for interim reporting, IAS 34-'Interim Financial Reporting'

Disclaimer
This press release contains certain forward-looking statements relating to the Campari Group. All statements included in this press release concerning activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. Forward-looking statements are based on current expectations and projections about future events and involve known and unknown risks, uncertainties and other factors, including, but not limited to, the following: volatility and deterioration of capital and financial markets, changes in general economic conditions, economic growth and other changes in business conditions, changes in government regulation and other economic, business and competitive factors affecting the businesses of Campari Group. Such factors include, but are not limited to: (i) changes in the laws, regulations or policies of the countries where Campari Group operates; (ii) the adoption, both at a global level and in the countries where Campari Group operates, of restrictive public policies that have an impact on the production, distribution, marketing, labelling, importation, price, sale or consumption of alcoholic products; (iii) long-term changes in consumers' preferences and tastes, social or cultural trends resulting in a reduction in the consumption of products of the Campari Group as well as in purchasing patterns and the ability of Campari Group to anticipate these changes in the marketplace; and (iv) increased production costs and volatility of raw materials' prices. Therefore, Campari and its affiliates, directors, advisors, employees and representatives, expressly disclaim any liability whatsoever for such forward-looking statements.
These forward-looking statements speak only as of the date of this document and Campari does not undertake an obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise, except as required by law.

ANALYST CONFERENCE CALL

Campari's management team will host a conference call to present the First Half 2024 results **on Tuesday July 30th, 2024** at **1:00 pm (CET).**

To join via **Webcast** (listen only), please click on the following link:
https://event.choruscall.com/mediaframe/webcast.html?webcastid=rWASXT5k

To participate **via audio** and **ask questions**, please dial one of the following numbers:
- **from Italy:** +39 02 802 09 11
- **from abroad:** +44 1212 818004

Digital Playback:
A **digital playback of the conference call & webcast** will be available from Tuesday, July 30th until Monday August 5th, 2024.
To listen to it, please call the following number:
(+39) 02 802 09 87
(Access code: **700953#**)
(PIN: **953#**)

Presentation slides:
The **presentation slides** will be available to download from Campari's Investor Relations Home Page at the address:
https://www.camparigroup.com/en/page/investors

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, Espolòn, Courvoisier, 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 operates in 25 production sites worldwide and has its own distribution network in 26 countries. Campari Group employs approximately 4,900 people. The shares of the parent company Davide Campari-Milano N.V. (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 -

Consolidated income statement

	1 January-30 June 2024		1 January-30 June 2023		
	€ million	%	€ million	%	Change
Net sales	**1,523.4**	**100.0%**	**1,457.8**	**100.0%**	**4.5%**
Cost of goods sold[1]	(625.9)	-41.1%	(585.5)	-40.2%	6.9%
Gross profit	**897.5**	**58.9%**	**872.3**	**59.8%**	**2.9%**
Advertising and promotional costs	(231.6)	-15.2%	(225.5)	-15.5%	2.7%
Contribution margin	**665.9**	**43.7%**	**646.7**	**44.4%**	**3.0%**
SG&A[2]	(305.9)	-20.1%	(287.0)	-19.7%	6.6%
Result from recurring activities (EBIT-adjusted)	**360.0**	**23.6%**	**359.7**	**24.7%**	**0.1%**
Other operating income (expenses)	(24.4)	-1.6%	(16.0)	-1.1%	52.3%
Operating result (EBIT)	**335.6**	**22.0%**	**343.7**	**23.6%**	**-2.4%**
Financial income (expenses)	(33.0)	-2.2%	(32.4)	-2.2%	1.9%
Earn-out income (expenses) and hyperinflation effect	10.2	0.7%	1.2	0.1%	774.1%
Profit (loss) related to joint ventures	(2.1)	-0.1%	(1.4)	-0.1%	49.3%
Profit before taxation	**310.7**	**20.4%**	**311.1**	**21.3%**	**-0.1%**
Profit before taxation adjusted	**333.3**	**21.9%**	**326.2**	**22.4%**	**2.2%**
Taxation	(94.1)	-6.2%	(93.4)	-6.4%	0.7%
Net profit for the period	**216.6**	**14.2%**	**217.6**	**14.9%**	**-0.5%**
Net profit for the period adjusted	**235.9**	**15.5%**	**234.6**	**16.1%**	**0.6%**
Non-controlling interests	(3.1)	-0.2%	0.7	0.1%	-
Group net profit	**219.7**	**14.4%**	**216.9**	**14.9%**	**1.3%**
Group net profit-adjusted	**239.0**	**15.7%**	**233.9**	**16.0%**	**2.2%**
Depreciation and amortisation	(58.8)	-3.9%	(51.3)	-3.5%	14.5%
EBITDA-adjusted	**418.8**	**27.5%**	**411.1**	**28.2%**	**1.9%**
EBITDA	**394.4**	**25.9%**	**395.0**	**27.1%**	**-0.2%**

(1) Cost of material, production and logistics costs.
(2) Selling, general and administrative costs.

Consolidated net sales breakdown by brand cluster

H1 2024	% on Group sales	% change, of which:			
		total	organic	perimeter	FX
Global Priorities	67.7%	6.4%	5.9%	0.8%	-0.4%
Regional Priorities	16.7%	-4.4%	-3.4%	-	-0.9%
Local Priorities	6.5%	-1.9%	-2.3%	-	0.4%
Rest of portfolio	9.1%	14.4%	8.5%	7.9%	-2.0%
Total	**100.0%**	**4.5%**	**3.8%**	**1.2%**	**-0.5%**

Consolidated net sales by geographic area

H1 2024	% on Group sales	% change, of which:			
		total	organic	perimeter	FX
Americas	45.1%	8.8%	6.8%	2.0%	-
EMEA	48.8%	3.2%	3.3%	0.4%	-0.6%
Asia Pacific	6.1%	-12.0%	-10.7%	2.1%	-3.3%
Total	**100.0%**	**4.5%**	**3.8%**	**1.2%**	**-0.5%**

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Consolidated balance sheet

	30 June 2024	31 December 2023
	€ million	€ million
ASSETS		
Non-current assets		
Property, plant and equipment	1,199.5	964.5
Right of use assets	64.6	65.4
Biological assets	30.2	22.8
Goodwill	2,454.4	1,850.8
Brands	1,371.3	1,155.8
Intangible assets with a finite life	55.6	56.1
Interests in joint-ventures	32.7	32.6
Deferred tax assets	84.6	78.9
Other non-current assets	21.5	22.9
Other non-current financial assets	16.3	9.8
Total non-current assets	**5,330.5**	**4,259.6**
Current assets		
Inventories	1,773.3	1,237.4
Biological assets	17.6	15.1
Trade receivables	497.3	374.3
Other current financial assets	11.0	21.3
Cash and cash equivalents	555.4	620.3
Income tax receivables	31.4	46.1
Other current assets	125.0	101.4
Total current assets	**3,011.0**	**2,415.9**
Total assets	**8,341.5**	**6,675.6**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity		
Issued capital and reserves attributable to Shareholders of the parent Company	3,800.0	2,925.2
Non-controlling interests	0.3	1.6
Total shareholders' equity	**3,800.3**	**2,926.8**
Non-current liabilities		
Bonds	1,576.0	845.8
Loans due to banks	889.5	901.5
Other non-current financial liabilities	367.3	269.0
Post-employment benefit obligations	25.2	22.6
Provisions for risks and charges	37.5	41.4
Deferred tax liabilities	475.8	403.7
Other non-current liabilities	18.5	42.6
Total non-current liabilities	**3,389.7**	**2,526.6**
Current liabilities		
Bonds	-	300
Loans due to banks	234.9	130.6
Other current financial liabilities	68.2	58.1
Trade payables	534	521.1
Income tax payables	68.8	22.3
Other current liabilities	245.6	190.2
Total current liabilities	**1,151.5**	**1,222.1**
Total liabilities	**4,541.2**	**3,748.8**
Total liabilities and shareholders' equity	**8,341.5**	**6,675.6**

Consolidated reclassified cash flow statement

	H1 2024	H1 2023
	€ million	€ million
EBITDA	**394.4**	**395.0**
Income taxes and other changes[1]	(18.5)	(70.5)
Cash flow from operating activities before changes in working capital	**375.9**	**324.6**
Changes in net operating working capital	(190.9)	(372.1)
Cash flow from operating activities	**185.0**	**(47.5)**
Net interests paid	(26.0)	(18.5)
Capital expenditure	(219.0)	(88.4)
Free cash flow	**(60.1)**	**(154.4)**
Sale and purchase of brands and rights	(1,120.6)	(13.0)
(Acquisition) disposal of business	643.3	-
Dividend paid out by the Company	(78.1)	(67.5)
Other changes (incl. net sale of own shares)	39.9	6.3
Total cash flow invested in other activities	**(515.6)**	**(74.2)**
Change in net financial position due to operating activities	**(575.6)**	**(228.6)**
Opening restatements	(99.2)	(17.4)
Put option and earn-out liability changes	(7.1)	(4.2)
Increase in investments for lease right of use	(682.0)	(250.2)
Net cash flow of the period=change in net financial debt	**(17.7)**	**(17.9)**
Effect of exchange rate changes on net financial debt	(1,853.5)	(1,552.5)
Net financial debt at the beginning of the period	**-**	**(2.7)**
Net financial position at the end of the period	**(2,553.2)**	**(1,823.2)**

(1) Including effects from hyperinflation accounting in Argentina, tangible fixed assets impairment, accruals and other changes from operating activities.