DAVIDE CAMPARI-MILANO S.p.A.
ADDITIONAL FINANCIAL INFORMATION
AT 30 SEPTEMBER 2017

Contents

Highlights **5**
Corporate officers **7**
Additional financial information for the nine months ending 30 September 2017 ..... **9**
Significant events during the period 9
Acquisitions and sales of companies, brands and distribution rights 9
Innovation and new product launches 10
Other significant events 11
Group operating and financial results 13
Sales performance in the first nine months and third quarter of 2017 13
Income statements for the first nine months of 2017 19
Financial position 23
Significant events taking place after the end of the period 25
Conclusions on the first nine months of 2017 and outlook 26
Alternative performance indicators 27
Other information 28

Disclaimer
This document contains forward-looking statements relating to future events and the operating, economic and financial results of Gruppo Campari. These statements contain an element of risk and uncertainty since, by their very nature, they depend on future events and developments. Actual results may vary significantly from those forecast for a number of reasons, most of which are beyond the Group's control.
The official text is the Italian version of the document. Any discrepancies or differences arisen in the translation are not binding and have no legal effect. In case of any dispute on the content of the document, the Italian original shall always prevail.

Highlights

This additional financial information for the quarter ending 30 September 2017 has been prepared using the same recognition and measurement criteria as those used to prepare the 2016 annual financial statements, to which reference is made. This document has not been audited.
Pursuant to CONSOB Resolution 19770 of 26 October 2016, which introduced Article 82-*ter* on the subject of 'periodic additional financial information' effective from 2 January 2017, Gruppo Campari hereby advises that it considers it appropriate, with a view to ensuring the continuity and regularity of financial information provided to shareholders, the financial community and stakeholders generally, to continue to publish, on a voluntary basis, quarterly information in a format and content that are broadly in line with the provisions of pre-existing regulations.
Specifically, the quarterly information provides a description of the significant events that occurred during the period, the Group's sales performance, broken down by region, the Group's profit before tax and the consolidated net financial debt.

	nine months 2017	nine months 2016	change	
			total	at constant exchange rates
	€ million	€ million	%	%
Net sales	**1,275.8**	**1,180.4**	**8.1%**	**7.7%**
Contribution margin	522.3	468.9	11.4%	11.2%
Adjusted EBITDA[(1)]	**299.3**	**272.7**	**9.8%**	**9.9%**
EBITDA	**337.5**	**245.0**	**37.8%**	**37.9%**
EBIT adjusted[(1)]	**257.3**	**234.0**	**9.9%**	**10.1%**
EBIT	**295.5**	**206.4**	**43.2%**	**43.4%**
Profit before tax	238.2	131.5	81.1%	81.4%
Group profit before tax	**238.2**	**131.5**	**81.1%**	**81.4%**
Ajusted Group profit before tax[(1)]	**224.6**	**183.7**	**22.3%**	
EBIT margin adjusted (EBIT adjusted/net sales)[(1)]	**20.2%**	**19.8%**		
	30 September 2017	31 December 2016		
	€ million	€ million		
Net debt[(2)]	**1,079.8**	**1,192.4**		

	third quarter 2017	third quarter 2016	change	
			total	at constant exchange rates
	€ million	€ million	%	%
Net sales	**431.2**	**436.5**	**-1.2%**	**-2.2%**
Contribution margin	179.5	171.3	4.8%	4.2%
Adjusted EBITDA[(1)]	**107.6**	**100.7**	**6.9%**	**6.8%**
EBITDA	**150.8**	**87.6**	**72.2%**	**72.3%**
EBIT adjusted[(1)]	**93.9**	**87.6**	**7.2%**	**7.3%**
EBIT	**137.1**	**74.5**	**84.1%**	**84.5%**
Profit before tax	129.8	29.1	346.3%	346.6%
Group profit before tax	**129.8**	**29.1**	**346.3%**	**346.6%**
Ajusted Group profit before tax[(1)]	**86.8**	**71.2**	**21.8%**	
EBIT margin adjusted (EBIT adjusted/net sales)[(1)]	**21.8%**	**20.1%**		

[(1)] For information on the definition of alternative performance indicators, see the next section of this additional financial information 'Alternative performance indicators'.
[(2)] The statement of financial position figures shown at 31 December 2016 have been adjusted as a result of the provisional allocation of business acquisition values. See note 'Reclassified financial position' of this additional financial information as of 30 September 2017 for more details.

Information on the figures presented

For ease of reference, all figures in this additional financial information are expressed in millions of euro to one decimal place, whereas the original data is recorded and consolidated by the Group in thousands of euro. Similarly, all percentages that relate to changes between two periods, as well as percentages of sales or other indicators, are always calculated using the original data in thousands of euro. The use of values expressed in millions of euro may therefore result in apparent discrepancies in both absolute values and percentage changes.
For information on the definition of alternative performance indicators, see the next section of this additional financial information.

Corporate officers

Marco P. Perelli-Cippo	Honorary Director

Board of Directors[1]

Luca Garavoglia	Chairman
Robert Kunze-Concewitz	Managing Director and Chief Executive Officer
Paolo Marchesini	Managing Director and Chief Financial Officer
Stefano Saccardi	Managing Director and General Counsel and Business Development Officer
Eugenio Barcellona	Director and member of the Control and Risks Committee and the Remuneration and Appointments Committee[4]
Giovanni Cavallini	Director[5]
Camilla Cionini-Visani	Director and member of the Control and Risks Committee and the Remuneration and Appointments Committee[4][5]
Karen Guerra	Director [5][6]
Thomas Ingelfinger	Director and member of the Control and Risks Committee and the Remuneration and Appointments Committee[4][5]
Annalisa Elia Loustau	Director[5]
Catherine Vautrin-Gérardin	Director[5]

Board of Statutory Auditors[2]

Pellegrino Libroia	Chairman
Enrico Colombo	Statutory Auditor
Chiara Lazzarini	Statutory Auditor
Giovanni Bandera	Alternate Auditor
Graziano Gallo	Alternate Auditor
Piera Tula	Alternate Auditor

Independent auditors[3]

PricewaterhouseCoopers S.p.A.

[1] The 11 members of the Board of Directors were appointed on 29 April 2016 by the shareholders' meeting and will remain in office for the three-year period 2016-2018. At the same shareholders' meeting, Luca Garavoglia was appointed Chairman and granted powers in accordance with the law and the Company's articles of association.
At a meeting held on the same date, the Board of Directors gave Managing Directors Robert Kunze-Concewitz, Paolo Marchesini and Stefano Saccardi the following powers for three years, until approval of the 2018 financial statements:
- individual signature: powers of ordinary representation and management, within the value or time limits established for each type of function;
- joint signature: powers of representation and management for specific types of function, within the value or time limits deemed to fall outside ordinary activities.

[2] The Board of Statutory Auditors was appointed on 29 April 2016 by the shareholders' meeting for the three-year period 2016-2018.

[3] On 30 April 2010, the shareholders' meeting appointed PricewaterhouseCoopers S.p.A. as its independent auditors for the nine-year period 2010-2018.

[4] The Control and Risks Committee and the Remuneration and Appointments Committee were appointed by the Board of Directors on 29 April 2016 for the three-year period 2016-2018.

[5] Independent director.

[6] Appointed by resolution of the Board of Directors on 29 April 2016 and ratified by the Shareholders' meeting on 28 April 2017.

Additional financial information for the nine months ending 30 September 2017

Significant events during the period

Acquisitions and sales of companies, brands and distribution rights

Acquisition of Bulldog London Dry Gin

On 10 February 2017, the Group acquired ownership of the brand of Bulldog London Dry Gin – the fourth-largest premium gin in the world, available in 95 countries – for US$ 55 million plus working capital and assumed liabilities of US$ 3.9 million. Gruppo Campari had already distributed Bulldog on some markets since 2014 via its own commercial network, under an exclusive five-year agreement, which also included a call option to acquire ownership of the brand in 2020.
After renegotiating the terms of the agreement, Gruppo Campari acquired the brand before this date. The agreement includes a potential earn-out to be paid to the sellers on the achievement of specific sales volumes above the agreed objectives, estimated to be US$ 28.6 million at the purchase date.

Sale of non-core businesses – Lapostolle Chilean wines

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

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

On 1 July 2017, after obtaining the approval of the local agricultural development body (SAFER) and the administrative authorisation of the French agriculture ministry’s government commissioner, the deal was closed to sell the French winery Château de Sancerre to Maison Ackerman, the wine division of Terrena, a company based in France with diversified interests in the agriculture industry.
The business sold includes the Sancerre wines, as well as property, vineyards, wine-making and production equipment, and inventory. The price of the transaction was € 20.1 million (€ 20.5 million excluding price adjustments made after closing).
As the company’s net assets had already been shown as ‘held-for-sale’ in the half-year financial statements at 30 June 2017, the sale transaction had no significant impact on the Group’s financial results.
The completion of this agreement marks Gruppo Campari’s final move away from the still wines business in line with its strategy to rationalise its non-core activities and increase its focus on the core business spirits.

Sale of the Carolans and Irish Mist brands

On 1 August 2017, Gruppo Campari finalised agreements to sell the Carolans and Irish Mist brands to Heaven Hill Brands, an independent US company operating in the alcoholic distillates sector. The enterprise value was US$ 165.0 million (€ 139.4 million at the exchange rate on the closing date), on a cash-free/debt-free basis, and it is subject to the usual price adjustment mechanisms. The sold business includes the Carolans Irish Cream and Irish Mist (Irish Mist Liqueur and Irish Mist Whisky) brands, inventory and production assets. The total value of the transaction corresponds to a multiple of around 9 times the contribution margin.
Carolans and Irish Mist had been acquired by Gruppo Campari in 2010 as part of the acquisition of a portfolio of brands that also included Frangelico, the main acquisition target. Made in Ireland with the finest ingredients, including fresh cream, honey and Irish Whisky, Carolans is the second best-selling Irish whisky in the world. Irish Mist Liqueur, the first liqueur to be made in Ireland, is a blend of Irish whisky, honey and natural aromatic spices.
In the fiscal year ended 31 December 2016, Carolans and Irish Mist recorded total net sales of € 34.0 million and CAAP (contribution after A&P) of € 16.3 million. Sales of the brands represent around 2% of Gruppo Campari’s total sales in 2016, of which 70% was achieved in the United States, its core reference market.
As part of the transaction, Gruppo Campari and Heaven Hill Brands signed an exclusive multi-year distribution agreement, effective from the closing date, under which Gruppo Campari will continue to distribute Carolans and Irish Mist in the international markets outside the United States.
The signing of this agreement forms part of Gruppo Campari’s continued rationalisation of its non-strategic portfolio in order to focus more on its priority spirits brands, especially in the United States, the Group’s core market and main geographical region. In addition, this sale helps to further expedite the process of reducing the Group’s financial debt. The sale generated a total capital gain of around € 50 million, which is shown under Adjustments to operating income (charges).

Innovation and new product launches

Campari Calendar (R)evolution
On 24 January 2017, the lead story of the global initiative, 'Campari Calendar (R)evolution', was unveiled in Rome with the short film 'Killer in Red', written and directed by Paolo Sorrentino and featuring Clive Owen. The initiative received around 20 million views worldwide via a media campaign carried out in conjunction with Google and YouTube.

Bourbon Whisky
In February 2017, the 'Whisky Barons Collection' – a project created to celebrate two brands of bourbon, Bond & Lillard and Old Ripy, from the pre-Prohibition period – was unveiled in the US. These high-quality bourbons, which are produced in the oldest distillery in Kentucky, reflect the authenticity of the product and the original packaging.
In the same month, Bourbon Wild Turkey Master's Keep, a limited edition produced using selected barrels aged 17 years old, was launched on the US market.
Moreover, in August 2017, Wild Turkey 'Master's Keep 1894' was launched exclusively on the Australian market. This is a limited edition Kentucky Straight Bourbon Whisky, aged in barrels selected personally by master distiller Eddie Russell.
The global Wild Turkey campaign, directed by Oscar winner Matthew McConaughey, was launched on the Australian market in September, on national TV, on digital channels and via advertising hoardings. And again in September, the second phase of the 'Real Bourbon. No Apologies' campaign was launched globally, with Matthew McConaughey as creative director. By the end of September, the campaign had generated more than ten million YouTube views.

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

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

SKYY Infusions
In the first quarter of 2017, two new varieties of SKYY Infusions were introduced to the US market: California Apricot, the first flavoured vodka to be infused with real apricot, which celebrates SKYY's Californian origins, and Bartlett Pear.
With regard to new packaging, a new limited edition of SKYY Vodka was launched in the first quarter of the year called 'Starry SKYY', which glows when exposed to ultraviolet light. This limited edition was launched in over ten markets, including Italy, Switzerland, South Africa, China and the Global Travel Retail channel.

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

Crodino
In March 2017, a new flavour of Crodino, Crodino blood orange flavour, which combines the fruity blood orange note with the intense bitter-sweet taste of Crodino, was launched on the Italian market.

Cinzano sparkling wine
In the first quarter of 2017, Cinzano sparkling wine launched new packaging for the global market. The aim is to highlight the product's premium characteristics. The process of revamping its visual identity continued in the second quarter, which saw the introduction of the new Pro-Spritz design, aimed at identifying a specific sparkling wine to accompany Aperol in preparing the perfect Aperol Spritz.

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

Negroni Week 2017
Over the last five years, Campari has been the main sponsor of Imbibe Magazine's charity programme Negroni Week, which is held every June. The aim is to reinforce the message 'No Negroni without Campari' by strengthening the working relationship with the main brand ambassador, the bartender community. The 2017 edition was a great success, with 7,740 sales outlets around the world taking part (up 28% on last year). The main markets involved were the USA, Germany, Argentina and Canada.

Other significant events

Sale of real estate in France
On 25 July 2017, Gruppo Campari reached an agreement to sell the Grand Marnier premises in Paris, for € 35.3 million. The building became part of the scope of Campari when SPML was acquired, and the sale is in line with the Group's strategy to streamline its non-core activities.
As the property had already been shown as 'held-for-sale' in the half-year financial statements at 30 June 2017, its sale had no significant impact on the Group's financial results.

Ordinary and Extraordinary Shareholders' Meetings of the Parent Company
On 28 April 2017, the Extraordinary Shareholders' Meeting of Davide Campari-Milano S.p.A. approved the split of its paid-up share capital of 580,800,000 shares with a nominal value of € 0.1 per share to be carried out via the issue of two new shares with a nominal value of € 0.05 per share for each existing share, carrying dividend rights effective from 1 January 2016. The current paid-up share capital of € 58,080,000.00 (unchanged) is therefore divided into 1,161,600,000 shares. The share split was carried out on 8 May 2017, doubling the number of shares and thereby halving the stock's value.

Purchase of own shares
Between 1 January and 30 September 2017, the Group purchased 7,910,000 own shares[1] at an average price of € 5.58, and sold 4,114,711 own shares after the exercise of stock options. At 30 September 2017, the Parent Company held 6,479,977 own shares, equivalent to 0.56% of the share capital.

Consolidation and strengthening of the sales force in South Africa
On 1 January 2017, the Group started to distribute its own brands in the South African market, acting directly through the subsidiary Campari South Africa Pty. Ltd. The related sales force is currently being strengthened with the aim of capitalising on growth opportunities for the Group's entire portfolio in this market.

Distribution agreement in China
In March 2017, the Group signed an exclusive distribution agreement with Yuanliu International Trade, a subsidiary of the French Group Camus, for the domestic Chinese market. The aim of this sales agreement is to expedite growth in the Chinese market, on the back of the well-established distribution network of Yuanliu, a distributor of products that are complementary to those of the Group.

Extension of distribution agreements in the United States
On 1 March 2017, Campari America renewed and extended its existing distribution agreements with Southern Glazer ('SGWS'), the largest wine and spirits distributor in North America. Following the extension of this partnership, Campari America handed over distribution to SGWS for 14 new states that were previously managed by the Republic National Distributing Company. SGWS's distribution capacity will enable the Group to increase its market penetration in both new countries and established areas.

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

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

notes previously issued by Davide Campari-Milano S.p.A. and purchased by BNP Paribas pursuant to a tender offer launched on 22 March 2017 and concluded on 29 March 2017, for a total amount of € 200,001,000.
The bonds redeemed were as follows:

- a total nominal amount of € 180,943,000 of existing notes issued in 2012 with a nominal value of € 400 million, fixed interest of 4.50% and due on 25 October 2019;
- a total nominal amount of € 19,058,000 of existing notes issued in 2015 with a nominal value of € 600 million, fixed interest of 2.75% and due on 30 September 2020.

On 5 April 2017, the new bonds were admitted to trading on the unregulated market ('Third Market') of the Vienna Stock Exchange and, at the same time, the difference settled in cash (for a total of € 27.1 million, of which € 3.9 million was for the instalment of interest that had accrued on the existing notes that were repurchased, and € 23.2 million related primarily to the difference between the purchase price of the existing bonds compared with their nominal values, plus various transaction costs. The value of the previously issued bonds was therefore eliminated by Davide Campari-Milano S.p.A. and the above-mentioned difference was recognised in the Group's financial results as a non-recurring financial liability.
The outstanding nominal amounts of the notes in existence at 30 September 2017 therefore breaks down as follows:

- € 219.1 million due on 25 October 2019 (nominal fixed annual coupon of 4.50%);
- € 580.9 million due on 30 September 2020 (nominal fixed annual coupon of 2.75%);
- € 50.0 million due on 5 April 2022 (nominal fixed annual coupon of 1.768%);
- € 150.0 million due on 5 April 2024 (nominal fixed annual coupon of 2.165%).

This transaction enabled Davide Campari-Milano S.p.A. to optimise its debt structure by extending the average maturity of its liabilities and thereby benefit from the low interest rates on the market.
Lastly, it should also be noted that on 3 August 2017, Davide Campari-Milano S.p.A. took the opportunity to extend by two years the € 300 million bullet bank facility taken out in August 2016. The new maturity of the loan and associated revolving credit facility (RCF) of € 200 million is now August 2021, from the original date of August 2019. However, the agreement retains its advantageous financial conditions.

Patent box

On 28 April 2017, Davide Campari-Milano S.p.A. signed an agreement with the relevant tax authority that defines the methods and criteria to be used to calculate the portion of income that is exempt from IRES and IRAP for the purposes of a 'patent box', i.e. the size of the financial contribution to the company's income generated by intangible assets.
Under this regulation, a preferential tax regime applies to companies that generate income through the direct use of intellectual property or the granting to third parties of the rights to it.
The agreement relates to the tax years 2015-2019.
For 2015, the tax reduction is calculated by excluding 30% of the income attributable to the use of eligible intangible assets from the tax base; for 2016, the portion will be 40%, while for the three-year period 2017-2019 it will be 50%.
At the date of publication of this additional financial information at 30 September 2017, the total tax benefit (for IRES and IRAP purposes) recorded is € 36.2 million, of which:

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

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

Group operating and financial results

Sales performance in the first nine months and third quarter of 2017

Overall performance

In the first nine months of 2017, the Group's net sales totalled € 1,275.8 million, an overall increase of +8.1% on 2016. Specifically, the period saw steady organic growth in sales of +6.2%, as well as positive exchange rate variations (+0.3%) and external growth (+1.6%). The following table shows these effects on the various geographical regions.

	nine months 2017		nine months 2016		total change	nine months change, of which				change % third	
	€ million	%	€ million	%	€ million	total	organic	perimeter	exchange	total	organic
Americas	568.2	44.5%	494.1	41.9%	74.0	15.0%	6.8%	8.2%	-0.1%	-1.9%	5.6%
Southern Europe, Middle East and Africa	380.2	29.8%	381.5	32.3%	(1.3)	-0.3%	4.3%	-4.8%	0.2%	-1.1%	7.4%
North, Central and Eastern Europe	244.0	19.1%	225.2	19.1%	18.7	8.3%	10.0%	-2.1%	0.4%	1.4%	3.8%
Asia-Pacific	83.5	6.5%	79.5	6.7%	4.0	5.0%	0.3%	1.5%	3.2%	-4.2%	-3.5%
Total	**1,275.8**	**100.0%**	**1,180.4**	**100.0%**	**95.5**	**8.1%**	**6.2%**	**1.6%**	**0.3%**	**-1.2%**	**5.1%**

Organic change

In the first nine months of the year, organic sales growth was +6.2%, with an extremely positive performance in the third quarter (+5.1%), following growth of +6.8% in the first half.
Overall, the nine months showed an organic increase for all geographical regions.
Similarly, all the global priority brands, with the exception of SKYY, and the main regional priority brands, delivered sustained growth. These results were driven by the ongoing improvement in the product/market sales mix, in line with the Group's growth strategy.

The main trends by individual geographical region are shown below.

- The **Americas** region closed with organic growth of +6.8% for the nine months (+5.6% in the third quarter); this performance continued to be driven by the US (+4.2% in the nine months), which continued to make good progress in the third quarter (+3.0%). In the first nine months of 2017 all the major markets in the region showed a positive trend. Specifically, Mexico, Brazil and Jamaica showed double-digit growth.
- The **Southern Europe, Middle East and Africa** region posted organic growth of +4.3% during the nine months, with a good result for the third quarter (+7.4%); Italy's performance was positive (+2.7%), partly due to a good performance in the third quarter (+5.7%), driven by the sustained positive trend shown by Aperol, Campari and Crodino. Among the other countries in the region, growth continued in France, Spain and South Africa;
- The **Northern, Central and Eastern Europe** region recorded positive growth in most markets, closing the nine months with organic growth of +10.0% (+3.8% in the third quarter), mainly driven by Russia, the UK, Austria and the Czech Republic;
- The **Asia-Pacific** region recorded growth of +0.3% for the period as a result of the decrease recorded in the third quarter (-3.5%), which was mainly due to the adverse timing of orders on the Japanese market. In the first nine months, the region's performance was mainly driven by good results in the Asian markets, particularly in China. However, the Australian market (-2.5% for the nine months) was penalised by an unfavourable basis of comparison in the same period in the previous year, as well as by continued competitive pressure in the whisky and ready-to-drink segment, despite the double-digit growth delivered by Aperol.

The main trends by brand are shown below.

- The **Group's global priority brands** posted organic growth of +7.4% (+4.8% in the third quarter), with all brands except SKYY making a positive contribution. For aperitifs, whose sales continued to perform extremely well, **Campari** confirmed solid global growth for the nine months, due to sustained growth in most of its core markets such as Italy, the US, Brazil, Jamaica and France. **Aperol** continued to show sustained growth in all markets. The **Wild Turkey** portfolio posted growth in the nine months, mostly on the back of good results in the main US market, as well as in the Canadian market. The **Jamaican rums** portfolio reported growth in the period, thanks primarily to the positive performance in Jamaica, its core market, and in the UK and the US. **SKYY** declined during the period, dragged down by its performance in the US, a market that was negatively impacted both by the hurricanes in the third quarter and by the continued fierce competition within the category and the ongoing weakness of the flavoured vodkas segment. This performance was only partly offset by the overall increase in international markets.
  Grand Marnier, a global priority brand, recorded total sales of € 100.5 million in first the nine months of 2017. The brand has been included in organic sales since the third quarter of 2017, having previously been included in the perimeter effect, since the acquisition of the brand was completed on 29 June 2016. In the third quarter Grand Marnier recorded organic sales growth of +11.0%, driven mainly by the phasing of orders in the main markets of the US and Canada;

- **Regional priority brands** recorded double-digit growth of +13.5% in the period, and the third quarter was especially positive (+17.1%). Growth was spread across nearly all the core brands, especially Espolòn, Cinzano, sparkling wines, Frangelico, GlenGrant and Bulldog. The Bulldog brand, which was acquired in February 2017 but was already included in the organic sales growth as it already formed part of the Group's network by way of a pre-existing distribution agreement, was reclassified from an agency brand to a regional priority brand.
  At the same time although the Carolans Irish Cream and Irish Mist brands, sold to Heaven Hill in the third quarter of 2017 (transaction closed on 1 August 2017), were still sold by the Group outside the US and Ireland by way of a distribution agreement with the buyer, were reclassified from regional priority brands to agency brands from August 2017. As a consequence, total organic growth for the regional priority brands in the first nine months of 2017 was calculated taking both the above-mentioned effects into account.
- **Local priority brands** showed a positive trend in the period (+2.4%), with third-quarter growth (+7.0%), mainly due to the Brazilian brands and Cabo Wabo. Crodino also recovered, mainly due to its positive performance in the Italian market in the third quarter.

Perimeter effect

The positive perimeter effect of +1.6% in the first nine months of 2017 was attributable to the consolidation of SPML, owner of the Grand Marnier brand, for which the external growth effect was recorded in the first half of 2017, since it was consolidated from 1 July 2016. This factor more than offset the sales of businesses and the termination of distribution agreements, which reflect the Group's strategy to rationalise non-core, low-margin activities and increase its focus on the core business of spirits.
However, as explained above, the acquisition of Bulldog London Dry Gin, completed in February 2017, did not generate any perimeter effects as the brand was already distributed by the Group when the acquisition took place.

With regard to business disposals, the period includes the effects of the sale of the Chilean wines business, acquired as part of the SPML deal, which closed on 31 January 2017, and the sale of Sella & Mosca S.p.A. and Teruzzi & Puthod S.r.l. to Terra Moretti in the fourth quarter of 2016.
The disposal of the French winery Château de Sancerre, acquired as part of the SPML deal, which was closed on 4 July 2017, also had an effect.
With regard to the sale of the Carolans Irish Cream and Irish Mist brands (closed on 1 August 2017), sales in the US and Irish markets are included in the negative perimeter effect, but not those recorded in the other markets in which the Group continues to sell these products by way of a multi-year distribution agreement.

The impact of these perimeter effects on the above-mentioned sales is analysed in the table below.

Breakdown of the perimeter effect	€ million	% change on 2016
Acquisitions and sales of business		
Acquisitions (SPML)	58.9	5.0%
Disposal	-31.0	-2.6%
Total acquisition and sales	**27.9**	**2.4%**
Distribution contracts		
New agency brands distributed	4.3	0.4%
Discontinued agency brands	-13.6	-1.2%
Total distribution contracts	**-9.2**	**-0.8%**
Total perimeter effect	**18.6**	**1.6%**

Exchange rate effects

The impact of exchange rates in the period was slightly positive at +0.3% and is linked to appreciation against the euro of many of the Group's currencies, including the Australian Dollar, the Canadian Dollar, the Brazilian Real and the Rouble, while the US Dollar was broadly flat in the first nine months compared with the same period of the previous year. In the third quarter the exchange rates recorded a decrease (-2.1%) against the major currencies, driven in particular by a steady appreciation of the euro against the US Dollar.

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

	average exchange rates		spot exchange rates		
	2017	change compared with 2016	30 September 2017	change compared with 30 September 2016	change compared with 31 December 2016
	: 1 Euro	%	: 1 Euro	%	%
US Dollar (USD)	1.113	0.3%	1.181	-5.5%	-10.7%
Canadian Dollar (CAD)	1.453	1.6%	1.469	0.0%	-3.4%
Jamaican Dollar (JMD)	143.035	-3.3%	152.952	-6.7%	-11.8%
Mexican Peso (MXN)	20.991	-2.7%	21.461	1.3%	1.4%
Brazilian Real (BRL)	3.531	12.3%	3.764	-3.8%	-8.8%
Argentine Peso (ARS)	18.091	-10.3%	20.663	-17.6%	-18.9%
Russian Ruble (RUB)	64.913	17.6%	68.252	3.3%	-5.8%
Australian Dollar (AUD)	1.452	3.6%	1.508	-2.8%	-3.2%
Chinese Yuan (CNY)	7.571	-3.0%	7.853	-5.2%	-6.8%
Pound Sterling (GBP)	0.873	-8.0%	0.882	-2.4%	-2.9%
Swiss Franc (CHF)	1.094	-0.1%	1.146	-5.1%	-6.3%

Sales by region

Sales for the first nine months and the third quarter are analysed by region and key market below. Unless otherwise stated, the comments mainly relate to the organic change in each market.

• Americas

The region, broken down below into its core markets, recorded overall organic growth of +6.8%.

	% of Group sales	nine months 2017		nine months 2016		total change	nine months change, of which				change % third quarter	
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate	total	organic
US	27.5%	350.6	61.7%	298.7	60.5%	51.9	17.4%	4.2%	12.9%	0.3%	-5.0%	3.0%
Jamaica	4.3%	55.5	9.8%	51.4	10.4%	4.1	7.9%	11.5%	0.1%	-3.7%	5.8%	13.0%
Brazil	3.3%	41.6	7.3%	33.0	6.7%	8.7	26.3%	12.4%	0.1%	13.8%	-4.6%	-5.3%
Argentina	2.2%	27.5	4.8%	29.3	5.9%	-1.8	-6.2%	8.8%	-4.2%	-10.8%	-1.6%	22.2%
Canada	3.2%	41.4	7.3%	36.5	7.4%	4.9	13.4%	6.8%	5.0%	1.6%	-2.8%	4.9%
Other countries	4.0%	51.5	9.1%	45.3	9.2%	6.3	13.9%	13.5%	3.1%	-2.7%	17.7%	20.5%
Americas	**44.5%**	**568.2**	**100.0%**	**494.1**	**100.0%**	**74.0**	**15.0%**	**6.8%**	**8.2%**	**-0.1%**	**-1.9%**	**5.6%**

The **United States** closed the period with organic growth of +4.2%, even though the result for the third quarter had been impacted by natural events that had hit, in particular, Florida and Texas, markets that are especially key for SKYY. The violent hurricanes that followed one another in the last part of the quarter created significant distribution difficulties in these states for all brands, but in particular for SKYY, leading to a slowdown in sales in the third quarter.
The positive performance was driven by growth recorded by Wild Turkey, Aperol and Campari which confirmed the double-digit growth of the first half, as well as the good performance delivered by the Jamaican rum portfolio and Grand Marnier. With regard to regional priority and local brands, double-digit growth continued for Espolòn along with the positive performance of Cabo Wabo.
These results helped to offset the negative performance of SKYY, the result of continuing competition within the category characterised by aggressive pricing policies, and the ongoing weakness of the flavoured vodkas segment. In addition, the third quarter performance was also heavily penalised by the dramatic weather events above mentioned.

Jamaica posted organic sales growth of +11.5% in the period, driven by the global priority brands due to excellent results from the Jamaican rums portfolio (especially Wray & Nephew Overproof and Appleton Estate), as well as Campari, which recorded double-digit growth.

Brazil closed the period with growth of +12.4%, driven by local brands as well as Campari and Aperol, despite a not positive third quarter. As a consequence, despite some signs of recovery seen at the beginning of the year, macroeconomic conditions remain volatile, so the Group's forecasts for the rest of the year remain prudent.

Argentina closed the first nine months of the year with a result of +8.8% (partly due to an excellent third quarter that yielded +22.2%), driven by double-digit growth for SKYY and Cynar and a good recovery from Campari. In addition, the Aperol brand reported an excellent performance in this market. Despite its still-modest basis of comparison it recorded double-digit volume and value growth in the first nine months.

Canada grew by +6.8% in the period, a result that was driven by the double-digit performances of SKYY, Aperol and Wild Turkey. The positive contribution of Baron Samedì to results for the period was confirmed.

Notable among the other countries in the region is the excellent performance by **Mexico**, (+33.0%) thanks to SKYY ready-to-drink.

• Southern Europe, Middle East and Africa

The region, which is broken down by core market in the table below, reported organic growth of +4.3%.

	% of Group sales	nine months 2017		nine months 2016		total change	nine months change, of which				change % third quarter	
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate	total	organic
Italy	22.0%	280.1	73.7%	285.9	74.9%	-5.7	-2.0%	2.7%	-4.7%	0.0%	0.1%	5.7%
Other countries of the region (*)	7.8%	100.1	26.3%	95.6	25.1%	4.4	4.6%	9.1%	-5.3%	0.9%	-3.9%	11.3%
Southern Europe, Middle East and Africa	**29.8%**	**380.2**	**100.0%**	**381.5**	**100.0%**	**-1.3**	**-0.3%**	**4.3%**	**-4.8%**	**0.2%**	**-1.1%**	**7.4%**

(*) Includes the Global Travel Retail channel.

Italy saw organic growth for the period of +2.7%, an increase on the first half (+1.4%), due to an excellent performance in the third quarter (+5.7%). The global priority brands generated organic growth of +5.9% in the first nine months of the year, thanks to the continued positive performance of Aperol and Campari. The good performance of Crodino in the third quarter also contributed to the overall increase.

The **other countries in the region** reported positive sales growth of +9.1%, as a result of the healthy performance of many markets including **France** (+15.8%), with double-digit growth for Aperol, Campari and Riccadonna. Results were also positive for **Spain** (+15.5%, due to Aperol, Campari, Cinzano and Bulldog) and **South Africa** (+29.2%, mainly due to double-digit growth for SKYY and the excellent trend for Aperol). These results helped to compensate declines in **Nigeria**, which is impacted from sustained socio-economic instability.

The **Global Travel Retail** channel recorded organic growth of +1.5%, driven by an excellent third quarter (+13.7%), that entirely offset the negative one-off's recorded in the first half. In the first nine months Aperol, Bulldog and Grand Marnier performed excellently.

• Northern, Central and Eastern Europe

The region posted overall organic growth of +10.0%, spread across its core markets.

	% of Group sales	nine months 2017		nine months 2016		total change	nine months change, of which				change % third quarter	
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate	total	organic
Germany	8.4%	107.6	44.1%	120.9	53.7%	-13.3	-11.0%	-3.8%	-7.2%	0.0%	-16.3%	-9.6%
Russia	2.6%	33.6	13.8%	13.2	5.9%	20.4	154.8%	91.6%	29.4%	33.7%	105.2%	68.1%
Other countries of the region	8.1%	102.8	42.1%	91.2	40.5%	11.6	12.7%	16.6%	-0.1%	-3.8%	6.3%	10.1%
North, Central and Eastern Europe	**19.1%**	**244.0**	**100.0%**	**225.2**	**100.0%**	**18.7**	**8.3%**	**10.0%**	**-2.1%**	**0.4%**	**1.4%**	**3.8%**

In **Germany,** sales registered a fall of -3.8% in the period. This performance was strongly affected by a slowdown, which was particularly acute in the third quarter, affected by poor weather conditions, in particular for some low-margin products such as Cinzano sparkling wines, vermouth and agency brands. This result was only partially offset by the good growth shown by Aperol, bulldog, Frangelico and Wild Turkey during the period.

In **Russia,** the highly favourable sales performance continued (double-digit growth of +91.6% in the first nine months), driven by the excellent performance of Mondoro and Cinzano sparkling wines, and also by the continued growth shown by Aperol, Espolòn and Wild Turkey. It should be noted, however, that despite the signs of recovery in this market, the Group's forecasts for the last quarter remain prudent. This is very important given the highly seasonal nature of the business.

Sales in the **other countries in the region** increased by +16.6% in the period (+10.1% in the third quarter), with double-digit growth in most of the markets, including the UK (driven by Aperol, Wray & Nephew Overproof rum, Campari and Bulldog), Austria, (Aperol and Campari), the Czech Republic, Poland and Sweden. In the first nine months, particularly in the third quarter, performances in Belgium, Luxembourg and Switzerland were affected by poor weather condition

• Asia-Pacific

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

	% of Group sales	nine months 2017		nine months 2016		total change	nine months change, of which				change % third quarter	
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate	total	organic
Australia	4.5%	57.5	68.8%	56.7	71.3%	0.8	1.4%	-2.5%	0.3%	3.6%	-2.6%	-2.1%
Other countries of the region	2.0%	26.0	31.2%	22.8	28.7%	3.2	13.9%	7.3%	4.5%	2.2%	-7.4%	-6.2%
Asia-Pacific	**6.5%**	**83.5**	**100.0%**	**79.5**	**100.0%**	**4.0**	**5.0%**	**0.3%**	**1.5%**	**3.2%**	**-4.2%**	**-3.5%**

Australia recorded a fall in organic sales of -2.5% (-2.1% in the third quarter) against an unfavourable basis of comparison in the previous year (+9.3% in the first nine months of 2016). The market recorded excellent performance of the aperitifs segment (with double-digit growth from Aperol), good results of Espolòn, SKYY and GlentGrant and a slight overall market improvement and a beginning of the year affected by poor weather conditions. Nevertheless Australian market continued to suffer from competitive pressure in the whiskey and ready-to-drink segment (especially Wild Turkey ready-to-drink).

Sales in the **other countries** rose by +7.3%. This region's performance was mainly driven by SKYY in the Chinese market and Campari and SKYY in Japan. In Japan sales were positive for Campari, SKYY and Aperol, completely offsetting the weakness in Wild Turkey which suffered from shipment phasing in the third quarter. In China, following the recent strengthening of our distribution with Camus, SKYY, Grand Marnier and GlenGrant registered a positive growth, albeit off a small base.

Sales by major brands at consolidated level

The following table summarises growth in the main brands in the nine months of the year, broken down into the categories identified by the Group based on the priorities (global, regional, local and other) assigned to them.

	Percentage of Group sales	nine months change, of which				change % third quarter
		total	organic	perimeter	exchange rate	organic
Aperol	14.5%	19.3%	19.5%	-	-0.2%	15.2%
Campari	9.9%	7.1%	7.4%	-	-0.3%	6.8%
SKYY (1)	9.8%	-5.1%	-5.7%	-	0.5%	-9.8%
Wild Turkey portfolio [(1)(2)]	7.3%	5.9%	5.1%	-	0.8%	-7.3%
Jamaican rums portfolio [(3)]	5.0%	4.3%	6.4%	-	-2.0%	11.9%
global priority brands (excluding Grand Marnier)	**46.5%**	**7.1%**	**7.2%**	**-**	**-0.1%**	**3.6%**
Grand Marnier	7.9%	-	-	-	-	11.0%
global priority brands	**54.4%**	**16.9%**	**7.4%**	**9.5%**	**-0.1%**	**4.8%**
Cinzano	3.6%	9.2%	7.1%	-	2.1%	9.1%
Frangelico	1.4%	3.7%	3.4%	-	0.4%	11.5%
Averna, Braulio and Cynar	2.4%	1.1%	0.7%	-	0.4%	-2.7%
Forty Creek	1.1%	-4.1%	-5.4%	-	1.2%	-12.9%
Espolòn	2.5%	57.8%	56.2%	-	1.6%	70.4%
Bulldog	0.8%	30.7%	31.2%	-	-0.5%	33.5%
GlenGrant	1.3%	5.3%	5.2%	-	0.0%	11.0%
other	1.5%	41.9%	32.7%	-	9.2%	42.9%
regional priority brands [(4)]	**14.6%**	**15.2%**	**13.5%**	**-**	**1.7%**	**17.1%**
Campari Soda	3.3%	-0.4%	-0.4%	-	-0.0%	8.7%
Crodino	3.5%	3.8%	3.8%	-	-0.0%	13.8%
Wild Turkey portfolio ready-to-drink [(5)]	1.9%	-1.4%	-4.8%	-	3.5%	1.6%
Dreher and Sagatiba	1.8%	23.0%	10.2%	-	12.8%	-2.8%
other	1.9%	6.9%	6.9%	-	0.0%	12.6%
local priority brands	**12.5%**	**4.6%**	**2.4%**	**-**	**2.1%**	**7.0%**
rest of the portfolio	**18.5%**	**-13.4%**	**1.1%**	**-13.9%**	**-0.6%**	**-2.4%**
total	**100.0%**	**8.1%**	**6.2%**	**1.6%**	**0.3%**	**5.1%**

(1) Excludes ready-to-drink.
(2) Includes American Honey.
(3) Includes Appleton, J.Wray and Wray & Nephew Overproof rum.
(4) Does not include Carolans and Irish Mist classified in the 'Rest of portfolio' within agency brands category
(5) Includes American Honey ready-to-drink.

The **Group's global priority brands** (54.4% of sales) posted organic growth of +7.4% (+4.8% in the third quarter) and recorded a significant perimeter effect (+9.5%). Exchange rate variations made a slightly negative contribution of -0.1% in the period.

Aperol continued its strong organic growth (+19.5% in the period and +15.2% in the third quarter). It is one of the Group's fastest-growing brands and is top in terms of net sales. The positive results were due to the healthy performances of its core markets – most notably, Italy, Germany, Austria and Switzerland – but also generally across all high-potential markets where the brand is currently being developed, especially France, the US, the UK, Spain, Russia and the duty-free channel. Moreover, the brand is growing in many other markets, including Australia, Brazil and the Czech Republic, in which it was more recently introduced, albeit from a still-modest starting point, with highly satisfactory results.

Campari closed the period with solid growth of +7.4% (+6.8% in the third quarter), due to positive results achieved in the US, Argentina, Brazil, Jamaica, France, Japan and Austria. Italy, the brand's main market, made a positive contribution to results (+4.9%); this was due to its recovery in the second and third quarters after a weak start to the year.

SKYY closed the period with a fall of -5.7%. The brand recorded a fall of -9.8% in the third quarter. This result is mainly due to a negative performance in its core US market, where sales were hard-hit by the hurricanes of the third quarter in the first two main selling states, Florida and Texas, and were also penalised by the ongoing competitive pressure in the vodka category in general, and the flavoured vodka segment in particular. This performance was partly offset by the good results achieved in the international markets overall and, in particular, in Argentina, Canada, China and South Africa.
The **Wild Turkey** portfolio, which includes American Honey, registered a positive organic change of +5.1%, driven by Wild Turkey in key US market, despite a slower growth rate in third quarter due to hurricanes (which caused a decrease of -7.3% in the third quarter). High potential markets (Canada, the UK, Russia, Germany and Italy) registered a positive growth for Wild Turkey. Russell's Reserve continues to register double-digit gains in the core US market and American Honey, despite weakness in Australia, grew in the US as well as in smaller markets.
It should be noted that the performance described does not include the Wild Turkey ready-to-drink portfolio which, given that it is an exclusively domestic business in the Australian market, is classified under local priority brands.
The **Jamaican rum portfolio** (Appleton Estate, J.Wray and Wray & Nephew Overproof) reported a positive result for the period (+6.4%) due to third-quarter growth of +11.9%, driven by the good performance of Jamaica, the US, the UK and Mexico.

Grand Marnier, a brand which became part of the Group's portfolio in July 2016, has contributed to the generation of organic growth since the third quarter. It delivered a result for the nine months and for the quarter of +11.0%, mainly due to the phasing of orders in the third quarter and less discount in US and Canada, the brand's core market. It accounted for 7.9% (representing a total of € 100.5 million) of the Group's total sales in the period.

The **regional priority brands** (14.6% of Group sales) increased by +13.5% during the period (+17.1% in the third quarter), spread across many of the core brands, particularly Cinzano, Espolòn and Bulldog.
Espolòn (+56.2% in the period, +70.4% in the third quarter) continued to enjoy excellent double-digit growth in the US, the brand's core market, achieving highly satisfactory results in the new international markets on which the brand has recently been launched, including Australia, Russia, Italy and Canada.
GlenGrant posted organic growth of +5.2%, driven by South Africa, China, UK and US.
Forty Creek recorded a -5.4% fall in the period, due to the decline in the US after being hampered in third quarter by hurricanes in Texas, the brand's largest state as well as the relaunch behind the new packaging.
Averna, Braulio and **Cynar** recorded an increase of +0.7% in the period.
Frangelico closed the period with a solid +3.4% increase on the back of an excellent quarter (+11.5%). This performance was generated by the results in the German and UK markets.
The **Bulldog** brand, which is now in the Group's portfolio of regional priority brands but had already been part of its distribution network for some time, recorded excellent growth of +31.2% in the period, following growth of +33.5% in the third quarter. The performance was driven, in particular, by the UK, the Global Travel Retail segment, Spain, the US and Italy.
Cinzano reported overall growth of +7.1% in the period, with growth of +9.1% in the third quarter, which confirmed the good results of the first half of the year.
This was the result of a good performance by sparkling wines and vermouth in Russia, which has completely offset the slowdown in Germany and Argentina.
Riccadonna and Mondoro sparkling wines recorded good results in the period due to their positive performance in France, Russia and Australia.
The Carolans and Irish Mist products, with effect from their sale which took place in the third quarter of 2017, and the relevant exclusive multi-year distribution agreement that was signed for international markets not including the US and Ireland, in which the Group will continue to sell these brands, were reclassified from regional priority brands to agency brands in the 'Rest of Portfolio' from August 2017.

Local priority brands (12.5% of the Group's portfolio) recovered on the first quarter, growing by +2.4% on the period; this was due to a good third quarter that showed growth of +7.0%. The core brands of Campari Soda (-0.4%) and Crodino (+3.8%) recorded positive organic growth in the third quarter, which made it possible to offset the negative result recorded for the first six months. The Brazilian brands, partly due to a favourable basis of comparison, delivered growth for the period of +10.2%. Cabo Wabo showed growth of +18.9% for the period, partly due to the good performance of premium tequila spirits in the US market.

The **rest of the portfolio**, which represents just under one-fifth of Group sales (including agency brands), reported organic growth of +1.1%, broadly in line with last year. In this category SKYY ready-to-drink showed good growth in Mexico.

Income statements for the first nine months of 2017

Preliminary remarks

The table below shows the income statement for the first nine months of 2017 and a breakdown of the total change by organic growth, perimeter and exchange rate effects.

	2017		2016		total change		of which organic		of which external		of which due to exchange rates	
	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%
Net sales	**1,275.8**	**100.0**	**1,180.4**	**100.0**	**95.5**	**8.1%**	**72.8**	**6.2%**	**18.6**	**1.6%**	**4.0**	**0.3%**
Cost of goods sold	(506.4)	-39.7	(502.8)	-42.6	(3.6)	0.7%	(8.5)	1.7%	7.4	-1.5%	(2.5)	0.5%
Gross profit	**769.4**	**60.3**	**677.6**	**57.4**	**91.8**	**13.6%**	**64.2**	**9.5%**	**26.0**	**3.8%**	**1.6**	**0.2%**
Advertising and promotional costs	(247.1)	-19.4	(208.7)	-17.7	(38.4)	18.4%	(28.2)	13.5%	(9.7)	4.6%	(0.6)	0.3%
Contribution margin	**522.3**	**40.9**	**468.9**	**39.7**	**53.4**	**11.4%**	**36.1**	**7.7%**	**16.4**	**3.5%**	**1.0**	**0.2%**
Overheads	(265.0)	-20.8	(234.9)	-19.9	(30.2)	12.8%	(22.3)	9.5%	(6.4)	2.7%	(1.4)	0.6%
Adjusted result from recurring activities [1]	**257.3**	**20.2**	**234.0**	**19.8**	**23.3**	**9.9%**	**13.8**	**5.9%**	**9.9**	**4.2%**	**(0.4)**	**-0.2%**
Adjustments to operating income (charges)[1]	38.2	3.0	(27.7)	-2.3	65.9	(2.4)	-	-	-	-	-	-
Operating result [1]	**295.5**	**23.2**	**206.4**	**17.5**	**89.1**	**43.2%**	**-**	**-**	-	-	-	-
Financial income (charges)	(29.7)	-2.3	(50.4)	-4.3	20.7	-41.1%	-	-	-	-	-	-
Adjustments to financial income (charges)[1]	(24.6)	-1.9	(24.5)	-2.1	(0.1)	-	-	-	-	-	-	-
Put option income (charges)	(3.0)	-0.2	-	-	(3.0)	0.0%	-	-	-	-	-	-
Profit before tax and non-controlling interests interest	**238.2**	**18.7**	**131.5**	**11.1**	**106.7**	**81.1%**	**-**	**-**	-	-	-	-
Group profit before tax	**238.2**	**18.7**	**131.5**	**11.1**	**106.7**	**81.1%**	**-**	**-**	**-**	**-**	**-**	**-**
Group profit before tax adjusted[1]	**224.6**	**17.6**	**183.7**	**15.6**	**41.0**	**22.3%**	**-**	**-**	**-**	**-**	**-**	**-**
Total depreciation and amortisation	(42.1)	-3.3	(38.6)	-3.3	(3.4)	8.8%	(3.4)	8.9%	0.1	-0.2%	(0.0)	0.1%
Adjusted EBITDA[1]	**299.3**	**23.5**	**272.7**	**23.1**	**26.7**	**9.8%**	**17.2**	**6.3%**	**9.8**	**3.6%**	**(0.4)**	**-0.1%**
EBITDA	**337.5**	**26.5**	**245.0**	**20.8**	**92.5**	**37.8%**	**-**	**-**	**-**	-	**-**	-

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

The table below shows the income statement for the third quarter of 2017 broken down into total change and organic growth.

	2017		2016		total change		of which organic		of which external		of which due to exchange rates	
	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%
Net sales	431.2	100.0	436.5	100.0	(5.3)	-1.2%	22.2	5.1%	(18.4)	-4.2%	(9.1)	-2.1%
Gross profit	264.0	61.2	251.6	57.6	12.4	4.9%	23.2	9.2%	(5.6)	-2.2%	(5.3)	-2.1%
Contribution margin	179.5	41.6	171.3	39.2	8.3	4.8%	15.8	9.2%	(4.1)	-2.4%	(3.4)	-2.0%
Adjusted result from recurring activities [1]	**93.9**	**21.8**	**87.6**	**20.1**	**6.3**	**7.2%**	**9.5**	**10.9%**	**(2.0)**	**-2.3%**	**(1.2)**	**-1.4%**
Operating result [1]	137.1	31.8	74.5	17.1	62.6	84.1%	-	-	-	-	-	-
Group profit before tax	**129.8**	**30.1**	**29.1**	**6.7**	**100.7**	**346%**	**-**	**-**	**-**	**-**	**-**	**-**
Group profit before tax adjusted[1]	**86.8**	**20.1**	**71.2**	**16.3**	**15.5**	**21.8%**	**-**	**-**	**-**	**-**	**-**	**-**
Adjusted EBITDA[1]	**107.6**	**25.0**	**100.7**	**23.1**	**6.9**	**6.9%**	**11.3**	**11.2%**	**(2.7)**	**-2.7%**	**(1.7)**	**-1.7%**
EBITDA	150.8	35.0	87.6	20.1	63.2	72.2%	-	-	-	-	-	-

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

The resulting changes in the Group's profitability, calculated in basis points, are shown below.

	9 months 2017		third quarter	
Dilution in basis point[*]	Total	Organic	Total	Organic
Cost of goods sold after distribution costs	290	180	360	230
Gross margin	**290**	**180**	**360**	**230**
Advertising and promotional costs	(170)	(120)	(120)	(70)
Contribution margin	**120**	**60**	**240**	**150**
Overheads	(90)	(60)	(70)	(40)
Result from recurring activities	**30**	**(10)**	**170**	**110**

[*]There may be rounding effects given that the basis points corresponding to the dilution have been rounded to the nearest ten.

The income statement for the first nine months of the year shows a positive performance for all the operating profitability indicators in terms of both organic and total changes. The uptrend in sales during the period compared with the first nine months of the previous year, together with the across-the-board reduction in production and distribution costs, enabled the Group to make the planned investment in advertising and promotions to strengthen the Group's distribution structures and, thereby, increase profitability.

Sales in the first nine months were up +8.1%, with organic growth of +6.2% in all geographical regions (+5.1% in the third quarter) compared with the same period of the previous year. This result was due to the good performance, which had already been established in the first six months, of nearly all the global and regional priority brands, despite the adverse effect of the natural events that affected some areas in the US (especially Florida and Texas), which made the distribution of certain brands very difficult in the latter part of the third quarter.

At operating performance level, owing to improvements in the product/market sales mix, in line with the Group's growth strategy, in the first nine months the gross margin increased by +13.6% (+4.9% in the third quarter), the contribution margin by +11.4% (+4.8% in the third quarter) and the adjusted result from recurring activities by +9.9% (+7.2% in the third quarter). Positive performances were also confirmed at all levels of organic growth; specifically, the gross margin rose by +9.5% in the first nine months of the year (+9.2% in the third quarter), the contribution margin by +7.7% (+9.2% in the third quarter) and the adjusted result from recurring activities by +5.9% (+10.9% in the third quarter).

Group profit before tax increased by +81.1% (+21.8% in the third quarter) as a result of both the operating performance mentioned above and the effects of the sale of the Carolans Irish Cream and Irish Mist brands; the capital gain of around € 50.0 million generated by these sales more than offset the costs of € 23.2 million connected with liability management financial transactions. Before the adjustment for operating and financial non-recurring costs, the Group's profit before tax was € 224.6 million, an increase of +22.3% compared with the same period a year earlier.

Income statement

Net sales in the first nine months of the year totalled € 1,275.8 million, an increase of +8.1% compared with the same period of 2016. The organic component had a crucial impact, making a positive contribution of +6.2% to overall growth. External growth and exchange rate changes had a positive, albeit limited, impact of +1.6% and +0.3% respectively. The external growth component was broadly due to the acquisition of SPML, owner of the Grand Marnier brand. Although the associated perimeter effect relates only to the first half of 2017, it more than offset the effects generated by the sales of non-strategic businesses and the termination of distribution contracts in the first nine months of 2017. The acquisition of Bulldog London Dry Gin in February 2017 did not generate any perimeter effects as the brand had already been integrated into the Group's distribution network.
For more details on these effects and on sales by region and brand, see the section 'Sales performance in the first nine months and in the third quarter of 2017'.

Gross margin in the first nine months was € 769.4 million, an increase of +13.6% compared with first nine months of 2016 (+4.9% in the third quarter).
As a proportion of sales, it rose from 57.4% in 2016 to 60.3% in 2017. This result was obtained thanks to a good sales mix and increased focus on investments of high-margin products/markets, such as Italy and the US, and global priority brands. This strategy enabled the Group to achieve a total reduction in cost of goods sold of 290 basis points, of which 180 were at organic level (230 basis points in the third quarter). External growth made a contribution of +3.8% (120 basis points), due to the acquisition of SPML, owner of the Grand Marnier brand, which has only been included in organic sales growth since the third quarter of 2017, and to the sale of non-core low-margin businesses.

Advertising and promotional costs were 19.4% of sales in the first nine months, an increase on the previous year's figure of 17.7%. Organic costs rose by +13.5%, generating dilution of 120 basis points (70 basis points in the third quarter) and showing a gradual normalization in the third quarter, a key time for aperitifs. The higher investment was due to the launch of certain major marketing campaigns, mainly associated with the global priority brands and some local priority brands. The impact of external growth, which relates to Grand Marnier, net of the sale of businesses with less intensive advertising campaigns, equated to +4.6%, with a dilutive effect of 50 basis points.

The **contribution margin** for the first nine months was € 522.3 million, an increase of +11.4% compared with 2016 (+4.8% in the third quarter), due to the combination of positive effects attributable to organic growth of +7.7% (+9.2% in the third quarter) and a perimeter effect of +3.5%, which were only marginally impacted by positive exchange rate effects of +0.2%. Consequently, profitability as a percentage of sales increased by 120 basis points in total (240 basis points in the third quarter), of which 60 basis points related to organic growth (150 basis points in the third quarter).

Overheads increased in the first nine months by +12.8%, due to organic growth of +9.5% (+7.4% in the third quarter) and external growth of +2.7%. Exchange rate effects led to a slight increase of +0.6%. Overheads as a percentage of sales were broadly in line for the two periods under comparison, showing a slight overall increase from 19.9% in 2016 to 20.8% in 2017, with a total dilutive effect of 90 and 60 basis points respectively. The increase was due to a number of initiatives launched by the Group to strengthen its distribution structures in some of its markets, including:

- the United States, where an investment programme was launched to upgrade the sales structure for the on-premise channel, a distribution segment that is strategic for the entire premium spirits portfolio;
- South Africa, where a new sales organisation was created in 2016;
- the global travel retail channel, a distribution structure that is currently being strengthened;
- Peru, where the Group invested in the restructuring of the distribution and sales structure;

- the effect of inflation in some emerging markets such as Argentina.

The aforementioned initiatives were mainly concentrated in the first six months of the year. In particular, organic growth in overheads in the first nine months was + 9.5%, resulting in gradual normalization in the third quarter (+ 7.4%), thanks to the progressive release of efficiencies generated by the integration of Grand Marnier.

The **adjusted result from recurring activities** for the first nine months was € 257.3 million, an increase of +9.9% compared with the same period of 2016 (+7.2% in the third quarter). It was 20.2% as a percentage of sales, an improvement of 30 basis points, compared with 19.8% last year. Organic profitability was in line with the previous year, with a slight dilution of 10 basis points, while the third-quarter organic performance improved by +10.9%, equating to 110 basis points, compared with the same period a year earlier. The main factors that affected the organic results were:

- an improvement in gross margin, which boosted organic profitability by 180 basis points;
- slightly increased advertising and promotional costs as a percentage of sales, generating dilution of 120 basis points;
- an increase in overheads, which rose more quickly than organic sales, diluting organic profitability by 60 basis points.

The impact of the perimeter changes on the result from recurring activities was +4.2%, which generated a 50-basis-point improvement, attributable to the following events:

- the acquisition of SPML, the impact of which (+5.0%) affected the perimeter change in the first half of 2017 only. This acquisition led to a contribution of € 55.3 million to net sales and € 11.8 million to the adjusted result from recurring activities;
- sales of non-core businesses with a lower profit margin than the Group's average, including the Carolans Irish Cream and Irish Mist brands, and the still wines business, as well as the termination of distribution agreements (with a total impact of -0.8%).

Adjustments to operating income and charges in the first nine months showed net income of € 38.2 million. The sale of the Carolans Irish Cream and Irish Mist brands led to the recognition of a capital gain of around € 50.0 million in the third quarter of 2017, which more than offset the additional costs (€ 3.5 million) relating to the sale and disposal of businesses in the third quarter, and the restructuring costs of the Group's organisational and distribution structures. It should be noted that, in 2016, the item in question, totalling € 27.7 million, mainly included costs relating to the acquisition of SPML and the sales of non-core businesses.

The **operating result** for the first nine months of the year was € 295.5 million (€ 137.1 million in the third quarter), showing a sustained overall increase of +43.2% compared with the same period of the previous year. The return on sales, the operating result expressed as a percentage of net sales, was +23.2% (+17.5% in 2016), a significant increase compared with the same period of the previous year.

Depreciation and amortisation for the period totalled € 42.1 million (€ 13.7 million in the third quarter), an increase of € 3.4 million (+8.8%) on 2016, partly due to investment in the period and partly due to the perimeter effect relating mainly to the SPML acquisition.

Adjusted EBITDA amounted to € 299.3 (€ 107.6 million in the third quarter), an increase of +9.8% (+6.3% at organic level).

EBITDA came in at € 337.5 million (€ 150.8 million in the third quarter), an increase of +37.8%.

Net **financial charges** stood at € 29.7 million (€ 6.6 million in the third quarter), a decrease of € 20.7 million on the figure of € 50.4 million recorded in the same period of the previous year. This effect was mainly due to the debt restructuring carried out in the third quarter of 2016 and the first half of 2017 to reduce the average cost of debt. The balance included € 3.9 million of net exchange rate losses.

In the first nine months of 2017, **adjustments to financial income (charges)** were negative at € 24.6 million and were mainly generated by the liability management transactions carried out in the first half of 2017. This mainly related to the difference paid when the existing bonds were bought back at their nominal value (€ 23.2 million).

Average net debt for the first nine months of 2017 (€ 1,184.6 million) was higher than in the same period in 2016 (€ 1,112.6 million), and includes the effects of sales and disposals made during the period in question. The average cost of debt, excluding the effects of exchange rate differences and the above-mentioned financial components, was +2.9%, a sharp decrease for 2016, when the figure was +6.4%, as a result of liability management transactions in the period.

In the first nine months of 2017, the item **income (charges) relating to put options and earn-outs** showed a net charge of € 3.0 million (€ 0.5 million in the third quarter); this was mainly due to the non-cash effects on the income statement of the discounting to present value of the payable for future commitments to buy the remaining SPML shares.

There were no **portions of profit relating to non-controlling interests** in 2017, as was the case in the same period of the previous year.

In the first nine months of 2017, the **Group's profit before tax** was € 238.2 million (€ 129.8 million in the third quarter), an increase of +81.1% compared with the same period of 2016. Net profit as a percentage of sales was 18.7% (11.1% in 2016). The Group's profit before tax excluding adjustments to operating and financial income and charges for the period (€ 13.6 million), was € 224.6 million, an increase of +22.3% compared with the corresponding figure for the same period of 2016, which was also adjusted in the same manner.

Financial position

Breakdown of net debt

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

	30 September 2017	31 December 2016(***)	change	of which perimeter effect for sales(**)
	€ million	€ million	€ million	€ million
Cash and cash equivalents	424.0	354.1	69.9	(1.7)
Payables to banks	(23.3)	(106.9)	83.6	19.8
Lease payables	(0.1)	-	(0.1)	0.0
Private placement and bond	-	-	0.0	-
Other financial receivables and payables	(1.3)	(5.7)	4.4	1.7
Short-term net financial position	**399.3**	**241.4**	**157.9**	**19.8**
Medium/long-term payables to banks	(301.0)	(302.3)	1.3	-
Real estate lease payables	(1.3)	(2.2)	0.9	1.0
Bonds(*)	(995.7)	(994.6)	(1.2)	-
Other financial receivables and payables	37.8	55.3	(17.4)	-
Medium/long-term net financial position	**(1,260.2)**	**(1,243.7)**	**(16.5)**	**1.0**
Debt relating to operating activities	**(860.9)**	**(1,002.3)**	**141.5**	**20.8**
Liabilities for put option, earn-out payments and SPML purchase commitment	(218.9)	(190.0)	(28.9)	-
Net financial position	**(1,079.8)**	**(1,192.4)**	**112.6**	**20.8**

(*) Including the relevant derivatives.

(**) The net financial position of the Chilean wine business was € 20.8 million, to which should be added an amount of € 2.5 million relating to further payables that were eliminated when the transaction was closed.

(***) Details of reclassifications at opening book values are shown below. For further information see note 6 'Reclassifications at opening book values' in the half-year financial statements to 30 June 2017.

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

At 30 September 2017, net financial debt totalled € 1,079.8 million, a decrease on the figure at 31 December 2016 (€ 1,192.4 million) as a result of the following financial events:

- the acquisition of the Bulldog Gin brand, which had a total effect on the net financial position of € 82.3 million (of which € 24.2 million were estimated payables at 30 September 2017 for future earn-out payments);
- the sale of the Chilean and French Château de Sancerre wine business, which made a positive contribution of € 30.0 million and € 20.1 million to the net financial position, respectively;
- liability management transactions carried out in the first half of 2017, which involved a net cash outlay of € 23.2 million;
- the sales of the Carolans and Irish Mist brands, which had a total effect on the net financial position of € 139.4 million (the value of the sale including price adjustments, converted into euros at the exchange rate at the date the acquisition transaction was closed).

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

The final short-term net cash position was € 399.3 million, an increase of € 157.9 million on the figure at 31 December 2016, and consisted mainly of cash and cash equivalents of € 424.0 million, net of payables to banks (€ 23.3 million) and other short-term payables (€ 1.4 million).

Medium/long-term items include bonds for € 995.7 million, bank facilities of € 301.0 million and other medium/long-term financial receivables and payables item, amounting to € 37.8 million, which mainly included cash investments by the Parent Company.

Separately, the Group's net financial position included a financial payable of € 218.9 million, comprising:

- a payable for future commitments to purchase the remaining shares of SPML, totalling € 186.7 million; the change compared with 31 December 2016 reflects the distribution of a dividend totalling € 2.3 million, and the non-cash impact arising from the effects of the amortised cost;

- payables associated with the purchase of Bulldog Gin (an estimated € 24.2 million for future earn-out payments and € 4.4 million in payables relating to guarantees, both converted into euros at the exchange rate on 30 September 2017);
- payables totalling € 3.6 million relating to the earn-out payment on Sagatiba and the purchase of minority holdings connected with the Jamaican acquisition.

The Group's debt management objectives are based on its ability to ensure that it retains an optimal level of financial soundness, while maintaining an appropriate level of liquidity that enables it to make an economic return and access external sources of funding. The Group monitors changes to its net debt/EBITDA ratio on an ongoing basis. Net debt is the Group's net financial position calculated at average exchange rates for the previous 12 months; EBITDA is the Group's operating result before depreciation, amortisation and non-controlling interests, pro-rated to take account of sales and acquisitions in the past twelve months. At 30 September 2017, this multiple was 2.2 (2.9 at 31 December 2016). If the effects of business sale transactions under way at the date of this interim report were taken into account, the multiple would be 1.9.

Significant events taking place after the end of the period

Acquisitions and disposals of companies, brands and distribution rights

Sale of Lemonsoda business

On 4 October 2017, the Group signed an agreement to sell the Lemonsoda business to Danish-based beverage company Royal Unibrew A/S. The transaction, which is subject to a number of conditions precedent, is expected to be completed by the end of 2017.

The enterprise value is € 80.0 million on a cash-free/debt-free basis for 100% of the issued share capital of a wholly-owned subsidiary of Davide Campari-Milano S.p.A., to which the business was conferred, and it is subject to the customary price adjustment mechanisms. The sold business includes the alcohol free fruit-flavoured carbonated variants Lemonsoda, Oransoda, Pelmosoda and Mojito Soda, grouped under the Freedea brand name, as well as the Crodo brands (but not the brand Crodino). Besides the trademarks, the perimeter includes the manufacturing and bottling facility, located in Crodo, Northern Italy, the water springs and the inventory.

In the fiscal year ended 31 December 2016, the perimeter of the brands sold achieved total net sales of € 32.8 million and CAAP (contribution after A&P) before allocated costs and depreciation, of € 6.3 million. The total net sales relating to the brands sold represented approximately 2% of Gruppo Campari's net sales in FY2016. Italy is the brands' core market, accounting for 84.3% of the overall net sales in FY2016. Total consideration for the deal corresponds to a multiple of approximately 13 times the CAAP (contribution after A&P), before allocated costs and depreciation, relating to the brands sold.

As part of the transaction, and effective from closing, Gruppo Campari and Royal Unibrew will enter into a multi-year manufacturing agreement, under which Royal Unibrew will continue to manufacture certain of Gruppo Campari's owned products which are currently produced at the bottling facility located in Crodo.

This transaction fits Gruppo Campari's efforts to streamline its brand portfolio and focus on its core spirits business. Since the beginning of 2017, Gruppo Campari has divested several non-strategic assets for a total value of approximately € 310.0 million.

Innovation

'Creation' campaign

After the short film 'Killer in Red', the collaboration with Paolo Sorrentino has continued with the launch of the new 'Creation' campaign. Launched in October 2017, this campaign includes a series of messages to increase the impact of communication on various social media channels.

Conclusions on the first nine months of 2017 and outlook

In the first nine months of 2017, the Group reported very positive results across all performance indicators in terms of both overall results and organic changes. Organic growth continued in the third quarter, sustained by the positive evolution of the sales mix, in line with the Group's strategy. In particular, the outperformance of high-profit global and regional priorities continued to drive the sustained organic gross margin expansion, helping to contain the progression of A&P and SG&A investments, albeit gradually normalizing during Q3, as expected. These effects led to a slight margin dilution in organic operating margin in the first nine months, although less so than in the first six months, as expected. At the same time, the perimeter contribution in the first nine months is positive, both overall and in terms of marginality, driven by the Grand Marnier acquisition, net of non-core business disposals. Lastly, the exchange rate effect was not meaningful, overall, in the first nine months of the year, although it had a negative effect in the third quarter, mainly due to the strengthening of the euro against the US Dollar.

Looking ahead to the final quarter of 2017, the Group considers that all organic growth prospects remain fairly balanced and unchanged, in line with previous communications

Regarding business performance, the Group remains confident to achieve a positive performance across key indicators for the year, driven by the positive trend of key brands, particularly the high-margin global and regional priorities.
Regarding organic growth in the Group's, on the one hand we expect that gross margins will continue to benefit from a favourable sales mix, while on the other the gross margin will suffer from the effects of inflation on materials costs in emerging markets, and rises in the prices of some raw materials, such as agave. The effect of the rise in the purchase price of agave could prove to be stronger in 2018 and could endure for the whole year.

Regarding operating margins as percentage of sales, in organic terms it will benefit from the gradual normalisation of spending on advertising and overhead costs, which will continue in the fourth quarter, as expected. The latter will mainly benefitting by the release of the expected efficiency gains generated by the consolidation of Grand Marnier, in relation to the reorganisation of the central structures of the acquired company.

Regarding the perimeter effect, the overall change in the year will reflect the combined positive effect of Grand Marnier and the negative effect of the Group's sales of certain non-strategic businesses, such as still wines, Carolans and Irish Mist, as well as the termination of some low-margin agency brands. In terms of results, the negative perimeter effect is estimated to be a decrease of around € 25 million in net sales and of approximately € 10 million in operating margin in the last quarter of the year. Regarding 2018, the negative impact on the perimeter, combining 2017 tail end effect of the 2017 disposals and the sale of the Lemonsoda business, is estimated at approximately € 50 million on net sales and about € 15 million on EBIT for the full twelve months .

With reference to the macroeconomic environment, the Group expects that the volatility in some emerging markets and the political uncertainty persisting in some regions might continue fuelling the volatility of major currencies against the Euro. The adverse impact of exchange rates, driven by progressive strengthening of the Euro against the US Dollar, is expected to negatively impact net sales by € 30 million and EBIT for € 6 million in 4Q 2017; and a negative net sales impact of € 30 million and € 10 million on EBIT in full year 2018[2].

The sales of non-strategic businesses and real estate assets to be finalised in the last quarter of the year will not only increase the focus on the Group's key activities, but also further accelerate the reduction in the Group's financial debt, alongside the continuous healthy cash-flow generated by our business.

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[2] Based on current spot exchange rates

Alternative performance indicators

This interim report on operations presents and comments upon certain financial indicators and reclassified financial statements that are not defined by IFRS.
These indicators, which are described below, are used to analyse the Group's business performance in the 'Highlights' and 'Interim report on operations' sections, in compliance with the requirements of Consob communication DEM 6064293 of 28 July 2006 as subsequently amended and supplemented (Consob communication 0092543 of 3 December 2015, which incorporates the Guidelines on Alternative Performance Measures (ESMA/2015/1415).
The alternative performance measures listed below should be used to supplement the information required by the IFRS to help users of the financial report come to a better understanding of the Group's economic, financial and capital position.
The method used by Gruppo Campari to calculate these adjustment measures has been consistent over the years. It should also be noted that these methods could be different from those used by other companies.

- **Financial indicators used to measure Group operating performance**

Contribution margin: calculated as the difference between net sales, the cost of goods sold (in its materials, production and distribution cost components) and advertising and promotional costs.
Adjustments to operating income (charges): defined as certain transactions or events, identified by the Group as adjustment components for the result from recurring activities.
- capital gains/losses on the sale of tangible and intangible assets;
- penalties arising from the settlement of tax disputes;
- impairment losses on fixed assets;
- restructuring and reorganisation costs;
- ancillary costs associated with acquisitions/sales of businesses or companies;
- other non-recurring income (charges).

The above-mentioned items were deducted from or added to the following indicators: operating result, EBITDA, profit/loss before tax for the period and net profit/loss for the period after tax.
The Company believes that these indicators, appropriately adjusted, are useful to both management and investors in assessing the Group's financial and economic results against those of other companies in the sector, as they exclude the impact of some items that are not relevant for assessing operating performance.
Adjusted result from recurring activities: the operating result for the period net of the above-mentioned adjustments to operating income (charges).
EBITDA: the operating result before depreciation and amortisation of tangible and intangible assets.
Adjusted EBITDA: EBITDA as defined above, excluding adjustments to operating income (charges) as described above.
Adjustments to financial income (charges): several transactions or events identified by the Group as components adjusting the net profit/loss related to events covering a single period or financial year such as:
- charges related to the early termination of financial liabilities;
- financial charges associated with acquisitions/sales of businesses or companies;
- other non-recurring financial income (charges).

Group's adjusted profit/loss before tax: profit for the period before tax and net of adjustments to operating income (charges) and adjustments to financial income (charges) described above, and before the tax effect.
ROS adjusted (return on sales adjusted): the ratio of the operating result adjusted to net sales for the period.

- **Financial position**

Net financial position: calculated as the algebraic sum of:
- cash and cash equivalents
- non-current financial assets, posted to other non-current assets
- current financial assets, posted to other receivables
- payables to banks
- lease payables
- other financial payables
- bonds
- non-current financial liabilities, posted to other non-current liabilities
- liabilities for put option, earn-out payments.

Other information

In accordance with Article 70, paragraph 8, and Article 71, paragraph 1-*bis*, of Consob Regulation 11971 of 14 May 1999, the Board of Directors has decided to take advantage of the option to derogate from the obligations to make available to the public the information documents prescribed in relation to significant mergers, spin-offs and capital increases through contributions in kind, acquisitions and disposals.

Sesto San Giovanni (MI), Tuesday, 7 November 2017

Chairman of the Board of Directors

Luca Garavoglia

Paolo Marchesini, the director responsible for preparing the company's accounting statements, hereby declares that, pursuant to paragraph 2, Article 154-*bis* of the TUF, the accounting information contained in this interim report on operations accurately represents the figures contained in the Group's accounting documents, ledgers and records.

Paolo Marchesini

Chief Financial Officer

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