Interim report
at 30 September 2014

CONTENTS

Disclaimer
This document contains forward-looking statements that relate to future events and future operating, economic and financial results of Campari Group. By their nature, forward-looking statements involve risk and uncertainty because they depend on the occurrence of future events and circumstances. Actual results may differ materially from those reflected in forward-looking statements due to a variety of factors, most of which are outside of the Group's control.

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 interim report on operations at 30 September 2014 was prepared in compliance with the provisions of Legislative Decree 58/1998 as subsequently amended (the 'TUF'), as well as the regulation adopted by Consob with Resolution 11971 of 14 May 1999 as subsequently amended (the 'Issuer Regulations').
The recognition and measurement criteria are the same as those used to prepare the 2013 annual financial statements and the half-year financial statements to 30 June 2014, to which reference is made.
This document has not been audited.

first nine months	30 September 2014	30 September 2013	change	
			total	constant rates
	€ million	€ million	%	%
Net sales	**1,060.5**	**1,052.5**	**0.8%**	**5.9%**
Contribution margin	391.8	392.6	-0.2%	4.6%
EBITDA before non-recurring items	**222.7**	**229.2**	**-2.8%**	**1.5%**
EBITDA	**189.4**	**224.5**	**-15.6%**	
Result from recurring activities	**193.7**	**198.6**	**-2.5%**	**1.7%**
Operating result	**160.3**	**193.9**	**-17.3%**	
Operating margin (operating result/net sales)	**15.1%**	**18.4%**		
Profit before tax	117.3	149.9	-21.7%	
Group profit before tax	**116.9**	**149.5**	**-21.8%**	
	30 September 2014	31 December 2013		
	€ million	€ million		
Net debt	1,035.0	852.8		

Q3	Q3 2014	Q3 2013	change	
			total	constant rates
	€ million	€ million	%	%
Net sales	**374.3**	**353.9**	**5.8%**	**8.2%**
Contribution margin	138.0	134.6	2.5%	4.8%
EBITDA before non-recurring items	**79.5**	**83.6**	**-4.9%**	**-3.4%**
EBITDA	**49.3**	**83.8**	**-41.1%**	
Result from recurring activities	**69.3**	**73.2**	**-5.4%**	**-4.0%**
Operating result	**39.1**	**73.4**	**-46.8%**	
Operating margin (operating result/net sales)	**10.4%**	**20.7%**		
Profit before tax	26.0	57.7	-54.9%	
Group profit before tax	**25.9**	**57.6**	**-55.1%**	

Corporate officers

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][5]
Camilla Cionini-Visani	Director and member of the Control and Risks Committee and the Remuneration and Appointments Committee[4][5][6]
Karen Guerra	Director [6]
Thomas Ingelfinger	Director and member of the Control and Risks Committee and the Remuneration and Appointments Committee[4][5][6]
Marco P. Perelli-Cippo	Director

Board of Statutory Auditors[2]

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

Independent auditors[3]

PricewaterhouseCoopers S.p.A.

[1] The nine members of the Board of Directors were appointed on 30 April 2013 by the shareholders' meeting and will remain in office for the three-year period 2013-2015. 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 2015 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 30 April 2013 by the shareholders' meeting for the three-year period 2013-2015.

[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][5] The Control and Risks Committee and the Remuneration and Appointments Committee were appointed by the Board of Directors on 30 April 2013 for the three-year period 2013-2015.

[6] Independent director.

Management report on operations

Significant events during the period

Acquisitions and sales of companies, brands and distribution rights

Acquisition of Forty Creek Distillery Ltd.
On 2 June 2014, Gruppo Campari completed the acquisition of 100% of Forty Creek Distillery Ltd.
The acquired company is an independent market leader in the Canadian spirits market. The acquired business includes the full brand portfolio of Forty Creek Distillery Ltd., the stocks, distilleries and manufacturing facilities and a hospitality centre located in Grimsby, Ontario (Canada).
This transaction has enabled the Group to build its critical mass in key North American markets and marks its first move into the important Canadian whisky segment. Moreover, it adds a high-end premium brand to its current portfolio of brown spirits, a high-potential strategic category, especially in the US market.
The product portfolio includes whisky, vodka, brandy, rum and liqueurs, with Forty Creek Canadian whisky as its core brand. The Forty Creek whisky family includes Barrel Select, Copper Pot Reserve and Forty Creek Cream Whisky and offers high-end limited releases, including Forty Creek Confederation Oak, Double Barrel and a special John K. Hall Reserve. Forty Creek is the fastest-growing brand in the Canadian whisky category in Canada, and it is well-positioned in the high-potential US market.
The total price of the transaction was € 133.6 million, which includes a total price of C$ 198.2 million paid in cash (€ 133.7 million at the exchange rate on the closing date) and financial cash and cash equivalents at the closing date of € 0.1 million. The transaction price was based on a multiple of 14.5 times EBITDA for the financial year ended 31 March 2014.
In the financial year ended 31 March 2014, the acquired company recorded net sales of C$ 40.3 million and EBITDA of C$ 13.7 million.

Acquisition of Fratelli Averna S.p.A.
On 3 June 2014, Gruppo Campari completed the acquisition of 100% of Fratelli Averna S.p.A. (hereinafter 'Averna Group').
Fratelli Averna S.p.A. has its head office in Caltanissetta (Sicily). It is a leading company in the spirits market in Italy, and the owner of Averna, the bitters with the second-highest sales in Italy and one of the best-known and popular Italian liqueurs in the world. In addition, Averna Group owns a portfolio of products characterised by their premium positioning, high profitability and leadership in the categories concerned, including Braulio, a herb-based bitters that is particularly popular in northern Italy, Limoncetta, a naturally sweet liqueur obtained from lemon peel, and Grappa Frattina.
The acquisition of Averna Group is an opportunity to leverage the direct distribution structure in key markets for brands acquired in order to accelerate their profitable growth in keeping with the growth strategy through acquisitions.
The total purchase price for 100% of Fratelli Averna S.p.A. was € 103.7 million, consisting of a cash payment of € 98.0 million and financial net debt of € 5.7 million and corresponding to a multiple of 9.2 times pro-forma EBITDA for the year ended 31 December 2013.
In the year ended 31 December 2013, Averna Group generated total net sales of € 61.8 million, an increase of 3.1% over the previous year. About 48% of sales were from the Averna and Braulio brands. The remaining sales came from a spirits portfolio that includes the Limoncetta and Grappa Frattina brands. In terms of geographical distribution, Italy represents about 65% of the total revenues of the business acquired, while the remaining 35% of sales are generated mainly in Germany and Austria.

Consolidation and reinforcement of the sales force in Canada and the UK

The Group brand distribution businesses in Canada and the UK will be transferred respectively to subsidiaries Forty Creek Distillery Ltd. on 1 January 2015 and J. Wray & Nephew (UK) Ltd. on 1 March 2015.
The Group integrated these companies as part of the acquisition of Forty Creek in the first half of 2014 and the Jamaican acquisition in 2012, respectively. The respective sales forces are now being reinforced in the aim of capitalising on the growth opportunities for the Group's entire portfolio in Canada and the UK.

Acquisition of the distribution of Molinari Sambuca in Germany and the duty-free channel

On 1 April 2014, the Group began to distribute Molinari Sambuca Extra in Germany and other selected markets based on agreements entered into with the Molinari family, which also include the distribution of Molinari Caffè in Germany.

Creation of Campari Peru S.A.C.

On 18 August 2014, the Group set up Campari Peru S.A.C., a company that has been operational since October 2014 and is responsible for all marketing and coordination activities for countries in South America, except for Brazil and Argentina, in order to ensure a more comprehensive oversight of these markets and to support the growth of the Group's brands.

Sale of CISC 'Odessa Sparkling Wine Company' in Ukraine

The sale of CISC 'Odessa Sparkling Wine Company', brand-owner of Odessa sparkling wine, was completed on 24 April 2014.
At 31 December 2013, the Group had already adjusted the company's asset values to the estimated sale value, resulting in a total write-down of € 4.1 million.
In Ukraine, the Group's products are distributed by Campari Ukraine LLC, a company established in 2013.

Sale of a non-core production and commercial business in Jamaica

As part of the Group's streamlining process, on 30 June 2014 it sold the non-core business that produces and sells the 'Clean Clean' brand of detergents in Jamaica.
The business, which generated insignificant net revenues for the Group in 2013, was sold at a loss of € 0.2 million.

Sale of Société Civile du Domaine de Lamargue and Lamargue S.a.r.l.

The sale of Société Civile du Domaine de Lamargue and Lamargue S.a.r.l, manufacturing and commercial companies operating in the wines sector, was completed on 1 August 2014.
This transaction formed part of the Group's streamlining process and included the sale of all the companies' assets except for all Lamargue-branded products in China.

Termination of the distribution of Cachaça 51 and Santa Teresa rum in Italy

In the first few months of 2014, the agreements to distribute Cachaça 51 and Santa Teresa rum in Italy were terminated in order to promote the distribution of the Group's own products, Sagatiba and Appleton.
The impact on the Group's sales is not significant (around 0.1%).

Termination of the distribution of Flor de Caña in the US

In the first few months of 2014, the agreements to distribute Flor de Caña in the US were terminated in order to focus on the distribution of the Appleton rum portfolio.
In 2013, Flor de Caña sales represented around 1% of the Group's turnover.

Termination of the distribution of Kimberly Clark consumer products in Jamaica

In February 2014, the agreements to distribute Kimberly Clark consumer products in Jamaica were terminated. The decision is consistent with the Group's desire to maintain only sufficiently profitable distribution agreements.
The impact on the Group's annual sales, based on revenue achieved in 2013, is around 0.5%.

Termination of the distribution of products under the Suntory brand

Following the acquisition of Beam Inc. by Suntory Holdings Ltd. and the subsequent change in Suntory's distribution and marketing presence on the US market, Suntory announced that, as of the second half of 2014, it would terminate its agreement with Gruppo Campari for the distribution in the US of products under the Suntory brand.
The portfolio includes Midori, Yamazaki, Hibiki, Hakashu, Bowmore, Glen Garioch, McClelland's and Auchentoshan.
In 2013, US sales of Suntory-branded products represented around 1% of Group sales.

Innovation and new product launches

Launch of Crodino Twist

A new product comprising two varieties of the Crodino brand - Crodino Twist Agrumi and Crodino Twist Frutti Rossi, both in larger sizes than the current Crodino product - was launched in Italy in January 2014.

Launch of the new Green Apple flavour of SKYY liqueurs

The Green Apple flavour of SKYY liqueurs was launched in Italy in early 2014, with the aim of expanding the distribution of these products.

Launch of Mondoro vermouth

In early 2014, the line extension in the premium vermouth segment of Mondoro was launched in Russia. The new product aims to increase the brand's presence in the premium segment of the Russian market.

Launch of the new Cinzano vermouth drink

In the first few months of 2014, the new Cinzano 1757 drink was launched in the premium segment in Argentina, Italy and North America. This red vermouth takes its name from the year the brand was created.

Launch of flavoured sparkling wine in Germany and Belgium

Naturally flavoured varieties of Cinzano and Riccadonna were introduced, in Germany and Belgium respectively, during the second quarter of 2014.

Launch of Wild Turkey Diamond

In July 2014, the Group launched the limited-edition Wild Turkey Diamond to celebrate master distiller Jimmy Russell’s 60th anniversary at the Lawrenceburg distillery.

Other significant events

Continuation of the restructuring process and the refocusing of the products portfolio

Following the completion of the acquisition of Fratelli Averna S.p.A. on 3 June 2014, it has become necessary to begin a restructuring process to adjust the business objectives to Gruppo Campari's strategies. In particular, Averna and Braulio brands are being transferred into the Gruppo Campari organisations. The distribution of the two brands will be moved to Group's sales network in Italy as of January 1, 2015. The programme includes a redundancy procedure, launched on 16 September 2014, which involves a total of 45 members of staff from the production, sales, administrative and business support structure, 35 of whom are based in the Caltanissetta production facility and 10 in the offices of Finale Emilia. Under the procedure, defined on 3 November 2014 with the trade unions, staff may be reassigned within Gruppo Campari, or be provided with outplacement support and financial incentives.

Furthermore, following the resolution of current agreements, Averna and Braulio will be distributed in Germany and Austria by Gruppo Campari from 1 January 2015, while transition of distribution in other international markets is in progress.

The rationalisation of the business in Jamaica continues, with the Group announcing that it is to withdraw from the non-core activity of general merchandise distribution during the first quarter of 2015. This will enable the Group to focus more on developing its spirits portfolio, by downsizing its local organisational structure.

Finally, following internal and external events that have affected the Wine Business Unit, the Group decided to refocus this business unit, in order to make the management of its own brand product portfolio more efficient. The growth strategy will focus on products with higher margins, with the objective of developing in more profitable markets so as to achieve a progressive improvement in the product and geographical mix.

During the third quarter, in connection with the still wine business, the events mentioned above have been considered triggering events leading to the performance of impairment test of the net assets included in the Group consolidated financial statements. The result of the impairment test shows that the carrying amount of the business exceeds the related recoverable amount. This difference is not belonging to temporary or contingency events and consequently an impairment loss of € 16.1 million is included in the figures at 30 September 2014 and allocated to the Italy cash-generating unit, to which this goodwill relates to.

Furthermore, an amount of € 11.7 million has been recognised at 30 September 2014 for charges and provision accruals in connection with the above restructuring and reorganization processes.

Since the above non-recurring charges, totalling € 27.8 million, were subject to reasonable estimates as at the date of this report, the actual charges that will be recorded at the end of the processes could differ from these estimates.

Sponsorship agreement between Aperol and Manchester United
Aperol is the official global spirits partner of Manchester United from 1 January 2014 until the end of the 2016/17 season. The brand appears on the Old Trafford digital advertising boards during Premier League, FA Cup and Capital One Cup matches. A brand launch program has also been activated in the key markets, with above-the-line and below-the-line communications, which includes on-trade, digital and public relations activities.

Opening of visitor centre in Lawrenceburg, Kentucky
The new visitor centre in Lawrenceburg, Kentucky, the site of one of the Group's distilleries, opened on 15 April 2014. Thanks to the Kentucky Bourbon Trail, which provides visibility and information on the art of producing bourbon, the Group expects to receive some 80,000 visitors annually.

Purchase of own shares
Between 1 January and 30 September 2014, the Group bought 2,399,964 own shares at an average price of € 5.84, and sold 3,176,372 shares after stock option exercises.
At 30 September 2014, the Parent Company held 4,340,416 own shares, equivalent to 0.75% of the share capital.

Sales performance in the first nine months of 2014

Overall performance

In the first nine months of 2014, the Group's net sales came in at € 1,060.5 million, and were overall in line with the figure for 2013, with a total increase of 0.8%, on the back of organic growth of 3.8% and a perimeter effect of 2.8%. However, the negative exchange rate effect of 5.1% largely eroded this growth, as shown in the following table:

	€ million	% change on first nine months of 2013
net sales 1 January 2013 – 30 September 2014	1,060.5	
net sales 1 January 2013 – 30 September 2014	1,052.5	
total change	**8.0**	**0.8%**
of which:		
organic change	32.7	3.1%
perimeter effect	29.0	2.8%
exchange rate effect	-53.7	-5.1%
total change	**8.0**	**0.8%**

The changes above are analysed below.
The next section comments on trends in organic growth for the key geographical areas.
Finally, we report on the global organic growth of the Group's main brands.

Organic change

In terms of organic growth, the rather slow start to the year, marked by a contraction of 3.0% in the first quarter, was subsequently offset by a positive performance in the second quarter (+9.4%) and an overall positive third quarter (+1.7%), with growth over the first nine months of 3.1%, a slightly lower rate than in the first six months of the year, when it was 3.8%.

The main market trends that marked the third quarter, and consequently had an impact on the first nine months of the year, were as follows:

- in the US, a strong recovery in shipments for the main franchises, in line with expectations, which enabled the Group to make up the ground lost as a result of the slowdown in the first half of the year, leading to organic growth over nine months of 0.4% (+8.6% in the third quarter alone);
- in South America, continued sound growth and the development of the Group's business, particularly in Argentina;
- in Italy, growth of 4.2% in the first nine months, despite a sharp slowdown in the third quarter (-5.1%), owing to a mix of negative factors, including a short summer and an unfavourable comparison with the very high figures of the third quarter of 2013;
- in the Rest of Europe, an overall stable performance, but with different trends in certain countries, affected in the last few quarters by macroeconomic phenomena, political-financial crises, climate factors and a general fall in consumer confidence; looking at the two main markets of the region, the contraction in Germany continued (-5.2% on nine months), while Russia closed the first nine months at the level of the previous year in a context of ongoing volatility; in contrast, many markets in central Europe, including France, Austria, Switzerland and Belgium, continued to perform very well;
- in Asia and the Rest of the World, an overall positive performance in the first nine months, with growth on markets such as Australia, New Zealand and Japan currently having temporarily stalled, while other markets such as Nigeria and South America continue to trend upwards.

As regards the main product categories, the first nine months of the year were marked by the following phenomena:

	2014		2013		% change
	€ million	%	€ million	%	2014 / 2013
top 6 international franchises [1]	541.2	51.0%	560.0	53.2%	-3.4%
high-potential brands[2]	154.0	14.5%	140.5	13.3%	9.6%
key local brands[3]	190.0	17.9%	182.4	17.3%	4.1%
agency brands	100.0	9.4%	98.5	9.4%	1.5%
non-core business	75.2	7.1%	71.0	6.8%	5.9%
total	**1,060.5**	**100.0%**	**1,052.5**	**100.0%**	**0.8%**

breakdown of % change	total	organic change	perimeter effect	exchange rate effect
Top 6 international franchises [1]	-3.4%	1.6%	0.0%	-5.0%
high-potential brands[2]	9.6%	4.1%	10.7%	-5.2%
key local brands[3]	4.1%	6.4%	1.4%	-3.7%
agency brands	1.5%	2.4%	3.7%	-4.6%
non-core business	5.9%	5.4%	10.9%	-10.4%
total	**0.8%**	**3.1%**	**2.8%**	**-5.1%**

(1) These include Campari, Aperol, SKYY, Wild Turkey, the Jamaican rum portfolio and Cinzano.

(2) These include the tequilas (Espolòn and Cabo Wabo), Scotch whisky (including GlenGrant) and liqueurs and specialties (including Frangelico and Carolans)

(3) These include single-serve aperitifs in Italy and local Brazilian brands.

The top 6 franchises confirmed their positive sales trend in organic terms (+1.6% in the first nine months); SKYY made up the delay in shipments, while Cinzano and Wild Turkey, despite contracting in the first nine months overall, closed the third quarter broadly stable, thereby limiting the loss of the first half; Jamaican rums also contracted in the first nine months, after having registered a positive third quarter, in line with the second, partly making up for the weak start to the year;
High-potential brands had an excellent third quarter, particularly Carolans, Espolòn, GlenGrant, Riccadonna and Mondoro, which offset the less positive performance of Frangelico in the US;
The key local brands were again positive, driven by the excellent performance of Campari Soda, Crodino and Dreher; however, in the third quarter, growth in the category was negatively impacted by the particularly short summer in Europe, which reduced sales of Lemonsoda drinks in the core market of Italy.
The agency brand category registered high organic growth, both in the third quarter (+6.2%) and in the first nine months (+2.4%), due to the positive performance of the Jack Daniel's, William Grant's and Bols brands in the main markets on which they are distributed by Gruppo Campari: Italy, Germany and Argentina respectively.

The table below summarises organic growth in the individual quarters of the year, and the cumulative figures both by market and product category.

% organic growth 2014	Q1	Q2	H1	Q3	9M
Americas	-4.8%	5.8%	0.9%	8.0%	3.1%
Italy	5.2%	11.2%	8.7%	-5.1%	4.2%
rest of Europe	0.4%	3.5%	2.2%	-1.4%	0.8%
rest of the World and Duty Free	-18.0%	43.2%	7.7%	2.4%	5.7%
total	**-3.0%**	**9.4%**	**3.8%**	**1.7%**	**3.1%**
top 6 international franchises	-0.9%	4.4%	2.1%	0.6%	1.6%
high-potential brands	-3.5%	7.1%	2.3%	7.3%	4.1%
key local brands	4.1%	14.0%	9.9%	-0.8%	6.4%
agency brands	-2.6%	3.4%	0.6%	6.2%	2.4%
non-core brands	-23.3%	57.2%	7.7%	-2.4%	5.4%
total	**-3.0%**	**9.4%**	**3.8%**	**1.7%**	**3.1%**

Perimeter effect

The perimeter effect of +2.8% in the first nine months (+6.5% in the third quarter) was attributable to the net effect of acquisitions, company disposals, new distribution agreements and the termination of distribution agreements. At 30 September 2014, it included the first-time consolidation of Forty Creek Distillery Ltd. and the Averna Group, acquisitions completed by the Group in June 2014.

The main changes in distribution contracts were:

- the distribution, from 1 July 2013, of the entire William Grant & Sons portfolio in Germany, including the Glenfiddich, Grant's and Balvenie Scotch whiskies, Sailor Jerry rum and Hendrick's gin;
- the distribution of other third-party brands, including Bulldog gin from 1 January 2014 and Molinari Sambuca from 1 April 2014 in Germany and some selected markets;
- the termination of several distribution agreements, including Flor de Caña and Suntory brand products in the US, Kimberley Clark in Jamaica, Russian Standard vodka in Germany and Caffè Lavazza in Russia.

The impact of these factors on sales in the period is analysed in the table below:

breakdown of the perimeter effect	% change on first nine months of 2013	€ million
acquisition of Averna Group	1.7%	17.9
acquisition of Forty Creek Distillery Ltd.	0.9%	9.5
bottling activities in Australia (Copack business acquired in September 2013)	0.7%	7.6
distribution of William Grant&Sons in Germany (*)	0.8%	8.7
other third-party brands distributed	0.6%	6.7
discontinued third-party brands	-1.9%	-19.9
other	-0.1%	-1.5
total perimeter effect	2.8%	29.0

(*) excluding Tullamore Dew Irish whiskey previously distributed by the Group in the market since 2012.

Exchange rate effects

The unfavourable exchange rate effect in the first nine months, equal to 5.1%, fell compared with the first half of 2014 (when it was -6.5%), since the depreciation of many of the Group's functional currencies compared with 2013 was reduced slightly. The exchange rate effect was -2.4% in the third quarter. Specifically, there was an appreciation in the Jamaican Dollar (depreciation of 12.9% in September compared with -14.5% in June), the Argentine Pesos (-35.8% in September and -37.4% in June), the Australian Dollar (-8.8% in September and -13.5% in June), the Brazilian Real (-10.3% in September and -15.3% in June), the Russian Rouble (-13.3% in September and -15.1% in June) and the US Dollar (-2.8% in September and -4.2% in June).

The table below shows the average exchange rates in the first nine months of 2014 and the percentage change compared with the corresponding average exchange rates in the first nine months of 2013.
It also shows the spot exchange rates at 30 September 2014, and the changes compared with the corresponding period in 2013 and with 31 December 2013; the latter determine the exchange rate effects incorporated in the changes to the statement of financial position for the first nine months.

	average exchange rates		spot exchange rates		
	Q3 2014 : 1 Euro	change compared with Q3 2013 %	30 September 2014 : 1 Euro	change compared with 30 September 2013 %	change compared with 31 December 2013 %
US dollar (USD)	1.355	-2.8%	1.258	7.3%	9.6%
Canadian dollar (CAD)	1.483	-9.1%	1.406	-1.0%	4.4%
Jamaican dollar (JMD)	149.312	-12.9%	141.526	-1.6%	3.3%
Mexican peso (MXN)	17.781	-6.0%	16.998	5.0%	6.3%
Brazilian real (BRL)	3.104	-10.1%	3.082	-1.3%	5.7%
Argentine peso (ARS)	10.826	-35.8%	10.651	-26.5%	-15.6%
Russian rouble (RUB)	48.039	-13.3%	49.765	-11.9%	-8.9%
Australian dollar (AUD)	1.4765	-8.8%	1.444	0.3%	6.8%
Chinese yuan (CNY)	8.357	-2.8%	7.726	7.0%	8.1%
UK pound (GBP)	0.812	4.9%	0.777	7.6%	7.3%
Swiss franc (CHF)	1.218	1.1%	1.206	1.3%	1.8%

Sales by region

The breakdown of business by region, shown in the following table, is broadly similar to that in 2013. However, there was a slight increase in the contribution of Italy and other European countries to consolidated sales, due to their greater organic growth compared with the Americas region, which also suffered from an unfavourable exchange rate in nearly all its markets. Furthermore, in the Americas, the reduction in sales resulting from the termination of distribution contracts cancelled out the positive perimeter effects generated by company acquisitions.

	2014		2013		% change
	€ million	%	€ million	%	2014/2013
Americas	418.3	39.4%	446.1	42.4%	-6.2%
Italy	287.9	27.2%	267.0	25.4%	7.8%
rest of Europe	241.2	22.7%	234.1	22.2%	3.0%
rest of the World and Duty Free	113.0	10.7%	105.3	10.0%	7.3%
total	**1,060.5**	**100.0%**	**1,052.5**	**100.0%**	**0.8%**

breakdown of % change	total	organic change	perimeter effect	exchange rate effect
Americas	-6.2%	3.1%	0.0%	-9.3%
Italy	7.8%	4.2%	3.7%	0.0%
rest of Europe	3.0%	0.8%	4.5%	-2.2%
rest of the World and Duty Free	7.3%	5.7%	8.2%	-6.6%
total	**0.8%**	**3.1%**	**2.8%**	**-5.1%**

- **Americas**

In the Americas, the excellent performance in the third quarter (+8.0%) led to positive organic growth in the first nine months of 3.1%, which enabled the Group to make up for the weak performance in the first half (+0.9%).
The following changes occurred in the area's main markets:

	percentage	2014		2013		% change
	of Group sales	€ million	%	€ million	%	2014/2013
US	20.0%	211.9	50.7%	220.2	49.4%	-3.8%
Jamaica	7.0%	74.6	17.8%	96.8	21.7%	-22.9%
Brazil	4.9%	52.4	12.5%	54.1	12.1%	-3.1%
Argentina	2.3%	24.6	5.9%	27.3	6.1%	-10.0%
Canada	2.5%	26.7	6.4%	22.2	5.0%	20.2%
other countries	2.6%	28.1	6.7%	25.4	5.7%	10.4%
total Americas	**39.4%**	**418.3**	**100.0%**	**446.1**	**100.0%**	**-6.2%**

breakdown of % change	total	organic change	perimeter effect	exchange rate effect
US	-3.8%	0.4%	-1.4%	-2.8%
Jamaica	-22.9%	-6.1%	-5.4%	-11.4%
Brazil	-3.1%	7.9%	0.0%	-11.0%
Argentina	-10.0%	40.1%	0.0%	-50.1%
Canada	20.2%	-5.2%	33.6%	-8.1%
other countries	10.4%	18.4%	3.9%	-11.9%
total Americas	**-6.2%**	**3.1%**	**0.0%**	**-9.3%**

The positive results for the quarter were achieved mainly in the **US**, where the market grew by 8.6% in the third quarter, improving the result from a contraction in the first half to a gain of 0.4% in the first nine months, thanks to the positive performance of the top franchises SKYY and Wild Turkey, on the back of the expected recovery in shipments that negatively affected performance in the first half, despite positive consumption trends, and of Jamaican rums.

The second market driving organic sales growth in the area was **Argentina** (+40.1% in the first nine months and +42.6% in the third quarter alone), with continued excellent performances from Campari and SKYY Vodka, Old Smuggler holding up well, and the first positive results of the market repositioning activities for the Cinzano brand.

Brazil closes the first nine months with growth of 7.9%, lower than that of the first six months (+14.8%), due to the slowdown in local admix whiskies. This was in line with the trend in the category, which made a significant contribution to the overall contraction in the market in the third quarter of 3.6%. The Group's premium brands continued to do well, particularly SKYY Vodka, while Campari held up well, and there were initial signs that Aperol's launch, with the start of a development plan dedicated to the brand, was a success.

Performances in **Canada** and **Jamaica** picked up in the third quarter (-0.6% and +2.1% respectively), with positive results from Jamaican rums, and for Canada, from Carolans, which enabled the contraction in the first half of the year to be reduced. Over nine months, the fall in sales was 6.1% and 5.2% respectively.

In relation to other countries in the area, positive growth was recorded in the rum and sparkling wine categories in Peru, where the Group is present with the Riccadonna and Appleton brands. Other markets in Central and South America also did well, with growth in Campari, Appleton, Carolans and Frangelico.

In the Americas region, changes by product category break down as follows:

	percentage	2014		2013		% change
	of Group sales	€ million	%	€ million	%	2014/2013
top 6 international franchises	21.6%	228.9	54.7%	240.0	53.8%	-4.6%
high-potential brands	5.8%	61.9	14.8%	60.3	13.5%	2.7%
key local brands	5.0%	53.3	12.7%	55.7	12.5%	-4.5%
agency brands	2.4%	25.1	6.0%	31.1	7.0%	-19.3%
non-core business	4.6%	49.2	11.8%	59.0	13.2%	-16.5%
total	**39.4%**	**418.3**	**100.0%**	**446.1**	**100.0%**	**-6.2%**

breakdown of % change	total	organic change	perimeter effect	exchange rate effect
top 6 international franchises	-4.6%	3.5%	0.0%	-8.1%
high-potential brands	2.7%	-2.2%	11.8%	-7.0%
key local brands	-4.5%	2.6%	4.3%	-11.4%
agency brands	-19.3%	8.4%	-13.9%	-13.9%
non-core business	-16.5%	4.2%	-8.6%	-12.2%
total	**-6.2%**	**3.1%**	**0.0%**	**-9.3%**

The **top 6 international franchises** registered positive organic sales growth of 3.5%, with the broadly stable first half (-0.3%) followed by solid growth in the third quarter of 11.3%.

SKYY, which generates 85% of the franchise's consolidated sales in the Americas, fully made up for the first-half contraction (-4.5%) over nine months, thanks to growth of 10.9% in the third quarter, driven by the expected recovery of shipments, closing the first nine months with a performance of +0.6%. The quarter was a particularly positive one in the US, the franchise's main market, with growth of 12.9%, leading to a complete recovery over nine months (-0.6%) of the contraction registered in the first half due to the weakness of shipments, in a positive depletion environment.
Other markets in the region, particularly Brazil and China, continue to register satisfactory growth.
Looking at the breakdown between SKYY Vodka and the Infusions range in the US market, the recovery of the franchise is due to the strong recovery in shipments of SKYY Vodka in the quarter, while the Infusions range continues to show signs of a slowdown in shipments, in line with the category. Consumption and depletion of the brand held up well, however.

The **Wild Turkey** franchise, which includes Wild Turkey straight bourbon and American Honey and for which the Americas region accounts for approximately 50% of sales, also benefited from the recovery of the US market in the third quarter (+1.0%), thanks to the expected recovery in shipments, which limited the organic contraction in the region, which was 5.0% over the first nine months.

Looking at the breakdown between Wild Turkey and American Honey, Wild Turkey has staged a more obvious recovery, which has taken organic growth to -5.1% in the first nine months, while the figure for American Honey was slightly lower, at -5.4%.
The other two important markets of the region, Brazil and Canada, registered satisfactory growth over the first nine months.

Jamaican rums, mainly comprising Appleton and Wray&Nephew White Overproof, closed the first nine months with a contraction of 5.0% in the Americas, which account for approximately 70% of the franchise's sales. However, the third quarter was positive, and in Jamaica, Canada and the US, there were the first positive signs that the portfolio repositioning strategies are bearing fruit, with satisfactory growth in the franchise's three core markets.

The **Campari** and **Aperol** franchises continue to benefit from the positive trend of aperitifs and Italian specialty drinks, which recorded growth in almost all markets in the Americas region.
The region accounts for a significant portion of Campari sales (approximately one third), while for Aperol, sales are still marginal, but currently registering triple-digit growth in many markets.
Campari registered organic growth of 28.6% in the first nine months, mainly driven by the continued strengthening in Argentina and Brazil, while Aperol's triple-digit growth of 270% was chiefly thanks to the US, as well as the development of new markets such as Brazil, Canada, Argentina, and to a lesser extent, other countries in the region.

The ***Cinzano*** franchise, which registered an organic contraction of 5.6% on a consolidated basis, registered growth of 18.3% in the Americas.
Cinzano vermouth grew by 13.2% thanks to its main market, Argentina, and the positive trend in the US, where both Cinzano vermouth and Cinzano sparkling wines posted satisfactory growth.

High-potential brands, which contracted by 2.2% in the first nine months, were stable overall in the third quarter (+0.9%) owing to the excellent performance of Carolans and Espolòn in the US, offset by the ongoing contraction of Frangelico in the same market, the most important market in the world for these brands.

Key local brands put in an overall positive performance of 2.6%, driven by the positive performance, among Brazilian brands, of Dreher, which continues to register excellent results in Brazil, partly offset by the contraction in local admix whiskies.

- **Italy**

Italy, which confirmed its position as the Group's main market, accounting for 27.2% of consolidated sales, registered organic growth of 4.2% in the first nine months, lower than that registered in the first half (+8.7%) owing to a slowdown in sales in the third quarter (-5.1%).
It should be remembered that the first two quarters of 2013 were negatively impacted by the introduction of new legislation relating to payments, while the third quarter made up much of the ground lost, with organic growth of 24.5%.
In addition, the particularly short summer throughout Europe led to lower sales for many of the Group's brands on this market.

The performances of the various product categories break down as follows:

	percentage	2014		2013		% change
	of Group sales	€ million	%	€ million	%	2014/2013
top 6 international franchises	9.2%	97.9	34.0%	95.4	35.7%	2.6%
high-potential brands	2.9%	30.6	10.6%	25.2	9.4%	21.5%
key local brands	11.6%	123.5	42.9%	112.9	42.3%	9.3%
agency brands	2.9%	30.4	10.5%	31.2	11.7%	-2.6%
non-core business	0.5%	5.6	1.9%	2.3	0.9%	140.2%
total	**27.2%**	**287.9**	**100.0%**	**267.0**	**100.0%**	**7.8%**

breakdown of % change	total	organic change	perimeter effect	exchange rate effect
top 6 international franchises	2.6%	2.6%	0.0%	0.0%
high-potential brands	21.5%	-0.4%	21.8%	0.0%
key local brands	9.3%	8.1%	1.2%	0.0%
agency brands	-2.6%	-0.3%	-2.3%	0.0%
non-core business	140.2%	-16.1%	157.9%	-1.5%
total	**7.8%**	**4.2%**	**3.7%**	**0.0%**

The **top 6 international franchises** registered organic growth of 2.6%, benefiting from the positive performance of **Aperol**, which closed the first nine months with growth of 5.4%, while **Campari** slowed temporarily, with a contraction of 5.9% in the first nine months.

High-potential brands remained stable in the first nine months compared with the previous year (-0.4%), with a good performance from still wines, which registered an increase of 3.1% (Sella&Mosca, Teruzzo&Puthod and Serafino), as well as from Espolòn and Sagatiba, offset by the slowdown registered by the Riccadonna and Zedda Piras brands.

Among **key local brands**, single-serve aperitifs **Campari Soda** and **Crodino** continue to register double-digit growth, of 10.4% and 21.7% respectively, which for Crodino includes the launch of Crodino Twist at the beginning of the year.
The range of **Lemonsoda** drinks closed the first nine months with a negative performance (-6.0%) owing to the very short summer season.

- **Rest of Europe**

The Rest of Europe area, which accounts for 22.7% of consolidated sales, saw mixed performances in the first quarters of the year in individual countries, which led to a broadly stable performance in organic terms in the first nine months (+0.8%), while sales contracted by 1.4% in the third quarter.
The region's main markets break down as follows:

	percentage	2014		2013		% change
	of Group sales	€ million	%	€ million	%	2014 / 2013
Germany	10.4%	110.0	45.6%	106.5	45.5%	3.3%
Russia	2.8%	29.7	12.3%	37.1	15.8%	-19.9%
other countries	9.6%	101.5	42.1%	90.5	38.7%	12.1%
total Rest of Europe	**22.7%**	**241.2**	**100.0%**	**234.1**	**100.0%**	**3.0%**

breakdown of % change	total	organic change	perimeter effect	exchange rate effect
Germany	3.3%	-5.2%	8.6%	0.0%
Russia	-19.9%	0.0%	-7.7%	-12.2%
other countries	12.1%	8.3%	4.6%	-0.7%
total Rest of Europe	**3.0%**	**0.8%**	**4.5%**	**-2.2%**

In the first nine months of the year (-5.2%), **Germany** confirmed the trend registered in previous quarters, closing the third quarter with a negative performance of 4.0%. Aperol continues to show signs of slowing in this market, owing to persistent pressure from competitor products. In addition, unfavourable weather further heightened the weakness of the aperitifs segment at the seasonal sales peak In contrast, the third quarter was a positive one for Cinzano sparkling wines, enabling them to make up part of the ground lost in previous quarters; over nine months, the franchise closed with a contraction of 18.6%. The SKYY brand also benefited from a positive trend, with growth of 4.5% in the first nine months.

Hit in the first half of the year by political and economic problems that resulted in a highly negative performance, **Russia** again temporarily settled on overall organic growth of around zero, both over the first nine months and the third quarter, in an environment that nevertheless remains marked by high volatility. In particular, the good performance of Mondoro and Cinzano sparkling wines and Riccadonna was offset by the ongoing contraction in Cinzano vermouth sales.

The other countries in the Rest of Europe area registered sales growth over the period of 8.3%, thereby making up for the negative results of the German market, thanks to good performances in France (+57.9%), Switzerland (+4.1%), Austria (+5.4%) and Belgium (+3.8%), mainly driven by Aperol and Campari.

The main product categories in this area break down as follows:

	percentage of Group sales	2014 € million	2014 %	2013 € million	2013 %	% change 2014 / 2013
top 6 international franchises	12.3%	130.0	53.9%	139.6	59.6%	-6.9%
high-potential brands	4.6%	49.0	20.3%	42.4	18.1%	15.5%
key local brands	1.0%	10.8	4.5%	11.5	4.9%	-5.8%
agency brands	3.9%	41.9	17.3%	34.0	14.5%	23.3%
non-core business	0.9%	9.6	4.0%	6.7	2.8%	44.5%
total	**22.7%**	**241.2**	**100.0%**	**234.1**	**100.0%**	**3.0%**

breakdown of % change	total	organic change	perimeter effect	exchange rate effect
top 6 international franchises	-6.9%	-5.1%	0.0%	-1.8%
high-potential brands	15.5%	16.1%	5.1%	-5.7%
key local brands	-5.8%	8.0%	-11.8%	-2.0%
agency brands	23.3%	-0.1%	23.7%	-0.4%
non-core business	44.5%	19.4%	23.1%	2.0%
total	**3.0%**	**0.8%**	**4.5%**	**-2.2%**

The **top 6 international franchises**, which account for more than half of the area's sales, declined by 5.1% in the first nine months, due to the negative performance of Cinzano (-13.6%), which contracted by 18.6% and 11.8% respectively in its two key markets of Germany and Russia.
Campari and Aperol continue to register growth in France, Austria, Switzerland and Belgium, which was however offset by the negative performance on the German market, resulting in overall changes over nine months of 1.0% for Aperol and 5.6% for Campari.

High-potential brands registered growth of 16.1%, driven by the positive performances of Riccadonna in Russia and France, Mondoro in Russia and Ukraine, and Frangelico and Carolans in various European markets.

- **Rest of the World and Duty Free**

The Rest of the World area, which includes the duty free channel, posted organic growth of 5.7%, broken down as follows:

	percentage of Group sales	2014 € million	2014 %	2013 € million	2013 %	% change 2014 / 2013
Australia	4.9%	52.3	46.3%	48.6	46.1%	7.7%
other countries	5.7%	60.7	53.7%	56.7	53.9%	7.0%
total rest of the World and Duty Free	**10.7%**	**113.0**	**100.0%**	**105.3**	**100.0%**	**7.3%**

breakdown of % change	total	organic change	perimeter effect	exchange rate effect
Australia	7.7%	0.8%	15.8%	-8.9%
other countries	7.0%	9.9%	1.7%	-4.6%
total rest of the World and Duty Free	**7.3%**	**5.7%**	**8.2%**	**-6.6%**

The results of the Rest of the World and Duty Free area are in line with those of the first half; specifically, in the first nine months of the year, the weak performances of Australia (+0.8%), Japan (-18.7%) and New Zealand (-31.9%) were more than offset by ongoing growth in Nigeria (+62.1%) and South Africa (+16.2%), taking overall growth for the entire area up to 5.7%.

Products break down as follows:

	percentage of Group sales	2014 € million	2014 %	2013 € million	2013 %	% change 2014/2013
top 6 international franchises	8.0%	84.4	74.7%	84.9	80.7%	-0.7%
high-potential brands	1.2%	12.6	11.2%	12.7	12.0%	-0.2%
key local brands	0.2%	2.5	2.2%	2.3	2.2%	8.4%
agency brands	0.3%	2.7	2.4%	2.3	2.2%	18.9%
non-core business	1.0%	10.8	9.6%	3.1	2.9%	249.0%
total	**10.7%**	**113.0**	**100.0%**	**105.3**	**100.0%**	**7.3%**

breakdown of % change	total	organic change	perimeter effect	exchange rate effect
top 6 international franchises	-0.7%	6.0%	0.0%	-6.7%
high-potential brands	-0.2%	2.7%	2.1%	-5.0%
key local brands	8.4%	10.7%	5.7%	-8.0%
agency brands	18.9%	-5.4%	28.0%	-3.7%
non-core business	249.0%	12.7%	246.0%	-9.7%
total	**7.3%**	**5.7%**	**8.2%**	**-6.6%**

The **top 6 international franchises**, which account for approximately 75% of the region's sales, registered organic growth of 6.0%, attributable to growth at **Campari** driven by Nigeria, **SKYY** in the South African and Chinese markets, and **Aperol,** particularly in the duty free channel, while the Wild Turkey franchise and Jamaican rums put in negative performances in Australia, New Zealand and Japan.

Sales by major brands at consolidated level

In addition to the information provided above on the performance of the individual regions, the following is a summary of growth (organic and total) in the Group's main brands in the first nine months of the year.

	percentage of Group sales %	change first nine months organic %	change first nine months total %
top 6 franchises	***51.0%***	***1.6%***	***-3.4%***
Campari	10.1%	7.2%	1.4%
Aperol	11.0%	6.8%	6.4%
SKYY	10.5%	1.5%	-2.2%
Wild Turkey	8.8%	-3.1%	-8.5%
Jamaican rums	5.6%	-1.5%	-9.8%
Cinzano	5.1%	-5.6%	-15.0%
high-potential brands	***14.4%***	***4.1%***	***8.6%***
Carolans	1.7%	13.2%	8.3%
Frangelico	1.3%	-6.2%	-9.7%
Tequila (Cabo Wabo and Espolòn)	1.5%	10.8%	6.8%
Scotch whisky (GlenGrant and Old Smuggler)	1.8%	10.4%	-0.7%
other sparkling wines (Mondoro and Riccadonna)	2.0%	15.5%	3.5%
still wines (Sella&Mosca, Teruzzi&Puthod and Enrico Serafino)	1.7%	2.2%	2.0%
key local brands	***18.1%***	***6.4%***	***4.9%***
Campari Soda	4.3%	10.5%	10.5%
Crodino	4.4%	20.7%	20.7%
Lemonsoda range	2.6%	-1.9%	-1.9%
Brazilian brands (Dreher, Old Eight and Drury's)	2.6%	4.9%	-5.6%

Among the **top 6 international franchises**, which grew by 1.6% over the nine months and by 0.6% in the third quarter, **Aperol** and **Campari** continued to grow over the nine months but experienced a decline in some European markets in the third quarter, offset partly by continued strong performance in expanding markets such as the US, South America and Nigeria.

The **SKYY** franchise performed superbly in the third quarter in its primary market, the US, which enabled it to recover from a decline in sales in the first half of the year to record organic growth of 1.5% over the nine months.
The **Wild Turkey** franchise saw sales drop by 3.1% over the nine months but, in spite of the persistent decline in Australia and New Zealand, a solid performance in the US (+1.0%) and Japan and a good debut in various markets enabled the franchise to recover part of the slowdown suffered in the first six months.
The **Jamaican rums**, Appleton Estate, Wray&Nephew White Overproof and Coruba, saw sales increase by 5.4% during the third quarter in three key markets (Jamaica, the US and Canada), which largely offset the contraction in the first six months of the year to reduce the decline over the nine months to 1.5%.
The 5.6% drop in **Cinzano** sales over the nine months was due to the mixed performance of the franchise's two brands. Cinzano sparkling wine recorded a 1.7% drop in sales over the nine months, but a recovery in Germany and Russia resulted in excellent growth of 16.3% in the third quarter. However, despite a good performance in its primary market of Argentina, Cinzano vermouth experienced a 9.6% fall in organic sales over the nine months (-12.5% in the third quarter alone) due to a sharp decline in its two other core markets: Germany and Russia.

Organic growth of 4.1% (+7.3% in the third quarter) among the **high-potential brands** was driven by a strong performance from Carolans and Espolòn in their main market of the US, and by GlenGrant, Mondoro and Riccadonna in Europe.
Despite growth in several markets over the nine months, sales of Frangelico dropped by 6.2% overall as a result of a sharp decline in its main market of the US.

The **key local brands**, which include Campari Soda, Crodino, Lemonsoda and the Brazilian brands, produced a solid year-on-year performance in the third quarter to ensure overall growth of 6.4% over the nine months, driven by the excellent performance of Campari Soda (+10.5%), Crodino (+20.7%) and the Brazilian brands (+4.9%), which was offset slightly by a 1.9% decline in sales of Lemonsoda drinks in Italy.

Sales performance in the third quarter of 2014

Net sales in the third quarter of 2014 totalled €374.3 million, representing an increase of +5.8% compared with 2013.

As mentioned earlier in the section on sales over the nine months, there was organic growth of 1.7% in the third quarter on the back of a particularly strong second quarter (+9.4%) and a more disappointing first quarter (-3.0%).

Of the external growth of 6.5% in the third quarter, 2.6% was due to the Group's acquisitions in June of Averna Group and Forty Creek Distillery Ltd.

Lastly, there was a lesser negative effect of -2.4% in the third quarter of 2014 due to depreciation in average exchange rates in the period (lower than the cumulative figure of -6.5% recorded in June).

	€ million	% change compared with the third quarter of 2013
net sales in the third quarter of 2014	374.3	
net sales in the third quarter of 2013	353.9	
total change	**20.4**	**5.8%**
of which:		
organic change	6.1	1.7%
perimeter effect	22.9	6.5%
exchange rate effect	-8.5	-2.4%
total change	**20.4**	**5.8%**

The effects by product category are as follows:

	Q3 2014		Q3 2013		% change
	€ million	%	€ million	%	2014 / 2013
top 6 international franchises	191.9	51.3%	195.8	55.3%	-2.0%
high-potential brands	67.7	18.1%	50.7	14.3%	33.4%
key local brands	60.5	16.2%	58.5	16.5%	3.5%
agency brands	30.9	8.3%	32.8	9.3%	-5.6%
non-core brands	23.3	6.2%	16.1	4.6%	44.2%
total	**374.3**	**100.0%**	**353.9**	**100.0%**	**5.8%**

breakdown of % change	total	organic change	perimeter effect	exchange rate
top 6 international franchises	-2.0%	0.6%	0.0%	-2.6%
high-potential brands	33.4%	7.3%	29.1%	-2.9%
key local brands	3.5%	-0.8%	5.3%	-1.0%
agency brands	-5.6%	6.2%	-9.2%	-2.6%
non-core brands	44.2%	-2.4%	49.5%	-2.9%
total	**5.8%**	**1.7%**	**6.5%**	**-2.4%**

The **top 6 franchises** continued to produce a stable performance in terms of organic sales (+0.6% in the third quarter), with the individual franchises performing as follows:

- SKYY recovered from a slowdown in its core market of the US in the first six months to record third-quarter growth of 9.9%, while the Jamaican rums also recovered in their core markets to post growth of 5.4% during the third quarter;
- sales of Wild Turkey (-0.1%) and Cinzano (+0.2%) were stable, which partly reduced the decline in the first half of the year;
- a decline in sales of Aperol (-6.2%) and Campari (-2.6%), mainly in Italy and Germany, which was only partly offset by a good performance on other European and American markets.

High-potential brands had a satisfactory third quarter (+7.3%), thanks to sales of Carolans, Espolòn, GlenGrant, Riccadonna and Mondoro, which offset the less positive performance of Frangelico and X-Rated in the US.

Sales of the **key local brands** stalled in the third quarter, due to the particularly short summer in Europe, which drove down sales of Lemonsoda drinks in the core Italian market, and to a decline in local admix whiskies in Brazil. However, Campari Soda and Dreher continued to register growth, while sales of Crodino were stable after double-digit growth in the first six months.

Sales by region

As the table below shows, the third quarter registered strong organic growth in the Americas, and to a lesser extent, the Rest of the World, and a decline in Italy and the Rest of Europe.

	Q3 2014		Q3 2013		% change
	€ million	%	€ million	%	2014 / 2013
Americas	143.2	38.3%	135.4	38.2%	5.8%
Italy	93.9	25.1%	87.8	24.8%	7.0%
rest of Europe	93.3	24.9%	90.3	25.5%	3.3%
rest of the World and Duty Free	44.0	11.8%	40.5	11.4%	8.6%
total	**374.3**	**100.0%**	**353.9**	**100.0%**	**5.8%**

breakdown of % change	total	organic change	perimeter effect	exchange rate
Americas	5.8%	8.0%	2.1%	-4.3%
Italy	7.0%	-5.1%	12.1%	0.0%
rest of Europe	3.3%	-1.4%	7.0%	-2.3%
rest of the World and Duty Free	8.6%	2.4%	7.6%	-1.5%
total	**5.8%**	**1.7%**	**6.5%**	**-2.4%**

Growth was largely attributable to the **Americas**, which contributed 8.0%, thanks to the recovery in sales in the US and Jamaica, and continued growth in South America, particularly Argentina.

Italy registered a 5.1% drop in sales, although a comparison with the +24.5% organic growth in the third quarter of the previous year is difficult, due to lending restrictions that had a major impact on the Group's business in the first half of 2013. In addition, the particularly short summer across Europe affected third-quarter sales of the Group's main brands.

Sales in the **Rest of Europe** area were largely stable (-1.4%), but varied considerably among individual markets for different reasons. Germany, which was hit hard by a continuing decline in consumer confidence, intense competitive pressure on the market and unfavourable weather conditions during peak sales time, registered a 4.0% contraction in sales. The crisis in Russia in the first half appears to have eased somewhat, with third-quarter sales down by 0.5%. Elsewhere in Europe, sales growth came in at 1.3% during the third quarter, driven by France and other developing European markets.

Growth of 2.4% in the **Rest of the World and Duty Free** area during the third quarter came in spite of a 1.6% drop in sales in Australia, which was offset by a strong performance from the duty free channel and growth in other markets.

Income statement for the first nine months of 2014

In absolute terms, the Group recorded total sales growth of 0.8% in the first nine months of 2014 compared with the previous year, a broadly stable gross profit, which decreased by 0.3%, and a decrease of 2.5% in the operating result before non-recurring components. The overall dilution in profitability was 60 basis points, both at the level of gross profit and the result from recurring activities.

Organic sales growth over the period was 3.1%, generating lower growth in gross profit and the result from recurring activities, which increased by respectively by 2.3% and 0.2% in absolute terms. This in turn generated a dilution of 40 and 50 basis points.
The perimeter effect was positive overall, at 2.8% on sales and 1.5% on the result from recurring activities, and includes external growth resulting from the acquisitions of Forty Creek Distillery Ltd. and Averna Group, as well as changes in agency brand distribution contracts.
Exchange rates again had a negative effect over the period, eroding sales by 5.1% and the result from recurring activities by 4.2%.

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

	30 September 2014		30 September 2013		total	of which		
					change	organic	perimeter	forex
	€ million	%	€ million	%	%	%	%	%
Net sales	**1,060.5**	**100.0**	**1,052.5**	**100.0**	**0.8%**	**3.1%**	**2.8%**	**-5.1%**
Cost of goods sold after distribution costs	(495.1)	-46.7	(485.2)	-46.1	2.0%	4.1%	3.7%	-5.7%
Gross profit after distribution costs	**565.3**	**53.3**	**567.3**	**53.9**	**-0.3%**	**2.3%**	**2.0%**	**-4.6%**
Advertising and promotional costs	(173.5)	-16.4	(174.6)	-16.6	-0.6%	1.9%	1.7%	-4.2%
Contribution margin	**391.8**	**36.9**	**392.6**	**37.3**	**-0.2%**	**2.5%**	**2.1%**	**-4.8%**
Overheads	(198.1)	-18.7	(194.0)	-18.4	2.1%	4.8%	2.8%	-5.5%
Result from recurring activities	**193.7**	**18.3**	**198.6**	**18.9**	**-2.5%**	**0.2%**	**1.5%**	**-4.2%**
Non-recurring income (charges)	(33.4)	-3.1	(4.7)	-0.4	-	-	-	-
Operating result	**160.3**	**15.1**	**193.9**	**18.4**	**-17.3%**	**-**	**-**	**-**
Net financial income (charges)	(42.1)	-4.0	(43.9)	-4.2	-4.0%	-	-	-
Non-recurring financial income (charges)	(0.8)	-0.1	(0.1)	0.0	-	-	-	-
Profit before tax and non-controlling interests	**117.3**	**11.1**	**149.9**	**14.2**	**-21.7%**	-	**-**	**-**
Non-controlling interests	(0.5)	-	(0.5)	-	0.4%	-	-	-
Group profit before tax	**116.9**	**11.0**	**149.5**	**14.2**	-21.8%	-	**-**	**-**
Total depreciation and amortisation	(29.1)	-2.7	(30.6)	-2.9	-4.9%	-5.3%	5.2%	-4.9%
EBITDA before other non-recurring income and charges	**222.7**	**21.0**	**229.2**	**21.8**	**-2.8%**	**-0.5%**	**2.0%**	**-4.3%**
EBITDA	**189.4**	**17.9**	**224.5**	**21.3**	**-15.6%**			

For more detailed information on **net sales,** see the previous sections.

For the purposes of analysing the Group's profitability in organic terms, the table below shows the income statement for the first nine months of 2014 on a same perimeter basis as for 2013. This removes the exchange rate and perimeter effects and shows the change in both total and organic profitability, calculated in basis points, separately.

	30 September 2014 in line with 2013(*) € million	%	30 September 2013 € million	%	change in profitability total basis points	organic basis points
Net sales	**1,085.2**	**100.0**	**1,052.5**	**100.0**		**-**
Cost of goods sold after distribution costs	(504.9)	-46.5	(485.2)	-46.1	-60	-40
Gross profit after distribution costs	**580.3**	**53.5**	**567.3**	**53.9**	**-60**	**-40**
Advertising and promotional costs	(177.9)	-16.4	(174.6)	-16.6	20	20
Contribution margin	**402.4**	**37.1**	**392.6**	**37.3**	**-40**	**-20**
Overheads	(203.4)	-18.7	(194.0)	-18.4	-20	-30
Result from recurring activities	**199.0**	**18.3**	**198.6**	**18.9**	**-60**	**-50**
Total depreciation and amortisation	(29.0)	-2.7	(30.6)	-2.9	20	20
EBITDA before other non-recurring income and charges	**228.0**	**21.0**	**229.2**	**21.8**	**-80**	**-80**

(*) Profitability to 30 September 2014 was recalculated on a same perimeter basis as 2013, excluding the perimeter effect and exchange rate effects for the period

Gross profit, which was € 565.3 million at 30 September 2014, decreased slightly by 0.3% compared with 2013, leading to a total dilution in profitability of 60 basis points in the first nine months.
Stripping out the perimeter and exchange rate effects, gross profit for the organic part of the business grew by 2.3%, resulting in an organic dilution on profitability of 40 basis points. This was the result of contrasting effects in the various regions relating to the sales mix, in terms of both market and product, for the first half of the year. Specifically, as regards the geographical mix, gross profit in the first nine months included more than proportional growth in less profitable markets such as South America, as well as an erosion of profitability in Germany and Australia due to high competitive pressures. This effect was partly offset by highly profitable products on the Italian and other European markets. It should also be noted that the organic dilution is also due in part to the impact of the gradual start-up of the Group's new bottling plant in the US and the consequent external co-packing costs.

Advertising and promotional costs were 16.4% as a percentage of sales in the first nine months of 2014, slightly lower than in the previous year (16.6%), and thereby made up for part of the dilution at gross profit level at contribution margin level.

The **contribution margin** was € 391.8 million in the first nine months of 2014, representing a decrease in absolute terms of 0.2% compared with the previous year, and a total dilution in profitability of 40 basis points.
Stripping out the negative exchange rate effect of 4.8% and the positive perimeter effect of 2.1%, organic growth was positive at 2.5%, leading to a dilution in organic profitability of 20 basis points compared with 2013.

Overheads increased by 2.1% overall in the first nine months, due to a positive exchange effect of 5.5%, offset by organic growth of 4.8% and a perimeter effect of 2.8%.
At organic level, therefore, overheads as a percentage of sales grew by 30 basis points, from 18.4% in 2013 to 18.7% in 2014. Overheads increased as a result of initiatives to consolidate and strengthen sales forces in the UK and Canada, commented on in the section 'Significant events during the period', which began to be implemented in the third quarter, and to the launch of direct distribution in Spain at the beginning of the year.

The result from recurring activities was €193.7 million, a decrease of 2.5% compared with 2013. This was 18.3% as a percentage of sales, compared with 18.9% in the previous year, and led to a decrease in profitability of 60 basis points.
Net of the impact of the perimeter effect (+1.5%) and negative exchange rate differences (-4.2%), the result from recurring activities grew by 0.2% on an organic basis, with a dilution in organic profitability of 50 basis points, due to:

- an organic dilution in gross profit (40 basis points);
- a reduction in advertising and promotional costs (20 basis points);
- an organic increase in overheads (30 basis points).

With reference to the perimeter effect of 1.5%, the positive change attributable to Forty Creek Distillery Ltd and the Averna Group was 2.3% (or € 4.6 million) at 30 September 2014. This positive change was partly offset by the negative effect attributable to the termination of some third-party brands.

Non-recurring income and charges showed a net negative balance of €33.4 million, compared with a net negative balance of €4.7 million in 2013. The item includes charges of € 27.8 million for goodwill impairment loss of € 16.1

million and restructuring, reorganisation and other costs related to the Group's refocusing of the product portfolio of € 11.7 million, commented on in the 'Significant events during the period' section. It also includes other net charges of € 5.6 million.
With regard to the non-recurring charges relating to the Group’s restructuring projects amounting to € 11.7 million, the expected positive effect in 2015 of the three restructuring projects on a combined basis is in excess of 1% of the Group result from recurring activities expected in 2014, corresponding to a payback period of approximately 3 years.

The **operating result** for the first nine months of 2014 was € 160.3 million, representing a decrease of 17.3% compared with 2013.
ROS (return on sales, i.e. operating result as a percentage of net sales) was 15.1%, a decrease on the 18.4% recorded in the previous year, due to non-recurring charges allocated by the Group in the third quarter of 2014.

Depreciation and amortisation for the period totalled € 29.1 million, down 4.9% compared with 2013, mainly due to the exchange rate effect (-4.9%).
EBITDA before non-recurring income and charges decreased by 2.8% (a 0.5% decrease at organic level) to € 222.7 million.
EBITDA after non-recurring charges for the period was € 189.4 million, a decrease of 15.6%.

Net financial charges stood at € 42.9 million at 30 September 2014, representing a decrease of € 1.1 million compared with the € 44.0 million recorded in 2013.
Average debt for the period was € 954.6 million, compared with € 909.7 million in 2013. It should be noted that average debt includes the acquisitions made in the period (Forty Creek Distillery Ltd. and Averna Group) from the closing date for both transactions at the beginning of June 2014.
The average cost of debt for the first nine months of 2014, at 5.9%, was in line with the previous year. This cost includes the effects of the negative carry on interest generated by cash and cash equivalents, held partly to pay for the acquisitions in the period, compared with the interest paid on medium-/long-term debt.

Group profit before tax was € 116.9 million at 30 September 2014, down 21.8% compared with 2013.

Income statement for the third quarter of 2014

The income statement for the third quarter of 2013 shows a positive change in sales of 5.8%, while the result from recurring activities decreased by 5.4% due to an organic contraction in the third-quarter result (-7.4%) and a negative exchange rate effect (-1.4%), only partly offset by a positive perimeter effect (+3.3%).

	Q3 2014		Q3 2013		total	of which		
					change	organic	perimeter	forex
	€ million	%	€ million	%	%	%	%	%
Net sales	**374.3**	**100.0**	**353.9**	**100.0**	**5.8%**	**1.7%**	**6.5%**	**-2.4%**
Cost of goods sold after distribution costs	(174.5)	-46.6	(160.0)	-45.2	9.0%	3.7%	8.0%	-2.6%
Gross profit after distribution costs	**199.8**	**53.4**	**193.9**	**54.8**	**3.1%**	**0.1%**	**5.2%**	**-2.2%**
Advertising and promotional costs	(61.9)	-16.5	(59.2)	-16.7	4.4%	1.8%	4.7%	-2.0%
Contribution margin	**138.0**	**36.9**	**134.6**	**38.0**	**2.5%**	**-0.7%**	**5.4%**	**-2.3%**
Overheads	(68.7)	-18.4	(61.4)	-17.3	11.9%	7.3%	8.0%	-3.4%
Result from recurring activities	**69.3**	**18.5**	**73.2**	**20.7**	**-5.4%**	**-7.4%**	**3.3%**	**-1.4%**
Non-recurring income (charges)	(30.2)	-8.1	0.2	-	-	-	-	-
Operating result	**39.1**	**10.4**	**73.4**	**20.7**	**-46.8%**	**-**	**-**	**-**
Net financial income (charges)	(13.0)	-3.5	(15.6)	-4.4	-17.0%	-	-	-
Non-recurring financial income (charges)	(0.1)	-	-	-	-	-	-	-
Profit before tax and non-controlling interests	**26.0**	**7.0**	**57.7**	**16.3**	**-54.9%**	**-**	**-**	**-**
Non-controlling interests	(0.2)	-	(0.2)	-	-6.7%	-	-	-
Group profit before tax	**25.9**	**6.9**	**57.6**	**16.3**	**-55.1%**	**-**	**-**	**-**
Total depreciation and amortisation	(10.3)	-2.7	(10.3)	-2.9	-0.9%	-7.8%	8.7%	-1.8%
EBITDA before other non-recurring income and charges	**79.5**	**21.2**	**83.6**	**23.6**	**-4.9%**	**-7.4%**	**4.0%**	**-1.4%**
EBITDA	**49.3**	**13.2**	**83.8**	**23.7**	**-41.1%**			

For information on **sales** growth in the third quarter, see the section 'Sales performance in the third quarter'.

For the purposes of analysing the Group's profitability in organic terms, the table below analyses the income statement for the third quarter of 2014 on a same perimeter basis as for 2013. This removes the exchange rate and perimeter effects and shows the change in both total and organic profitability, calculated in basis points, separately.

	Q3 2014 in line with 2013(*)		Q3 2013		change in profitability	
					total	organic
	€ million	%	€ million	%	basis points	basis points
Net sales	**360.0**	**100.0**	**353.9**	**100.0**		-
Cost of goods sold after distribution costs	(166.0)	-46.1	(160.0)	-45.2	-140	-90
Gross profit after distribution costs	**194.0**	**53.9**	**193.9**	**54.8**	**-140**	**-90**
Advertising and promotional costs	(60.3)	-16.7	(59.2)	-16.7	20	0
Contribution margin	**133.7**	**37.1**	**134.6**	**38.0**	**-120**	**-90**
Overheads	(65.9)	-18.3	(61.4)	-17.3	-100	-90
Result from recurring activities	**67.9**	**18.8**	**73.2**	**20.7**	**-220**	**-180**
Total depreciation and amortisation	(9.5)	-2.7	(10.3)	-2.9	20	30
EBITDA before other non-recurring income and charges	**77.4**	**21.5**	**83.6**	**23.6**	**-240**	**-210**

(*) Profitability for the third quarter of 2014 was recalculated on a same perimeter basis as 2013, excluding the perimeter and exchange rate effects for the period.

Gross profit rose by 3.1% in absolute terms in the third quarter, a total dilution of 140 basis points compared with the third quarter of 2013, decreasing as a percentage of sales from 54.8% in 2013 to 53.4% in 2014.
At organic level, the dilution was reduced to 90 basis points, which was however higher than that in the first nine months (40 basis points), as a result of the lower results achieved in the quarter in the historically highly profitable markets of Italy and the Rest of Europe, which were not completely offset by the strong recovery in sales in the US.

Spending on **advertising and promotions** was broadly in line with the previous year as a percentage of sales, at 16.5% in 2014 compared with 16.7% in 2013. At the organic level, the figure was unchanged compared with 2013.

The **contribution margin** in the quarter, at € 138.0 million, increased by 2.5%, a smaller increase than that registered by sales, due to organic growth (-0.7%), a negative exchange rate effect (-2.3%) and a positive perimeter effect (+5.4%). The total dilution of 120 basis points is reduced to 90 basis points at organic level.

Overheads for the quarter increased by 11.9% in absolute terms, and were higher as a percentage of sales than in the third quarter of 2013 (18.4% in 2014 compared with 17.3% in 2013).
Stripping out exchange rate and perimeter effects, organic growth was 7.3%, contributing to a dilution in the result from recurring activities of 90 basis points. Overheads increased as a result of initiatives to consolidate and strengthen sales structures in the UK and Canada, commented on in the section 'Significant events during the period', which began to be implemented in the third quarter, and to the launch of direct distribution in Spain at the beginning of the year.

The **result from recurring activities,** at € 69.3 million, decreased by 5.4% compared with the third quarter of 2013, leading to a total dilution in profitability of 220 basis points.
Excluding the negative exchange rate effect of 1.4% and the positive perimeter effect of 3.3%, the organic component made a negative contribution of 7.4%, which reduced the organic dilution of profitability to 180 basis points.
With reference to the perimeter effect of 3.3%, the positive change attributable to Forty Creek Distillery Ltd and the Averna Group was 6.3% (or € 4.6 million) at 30 September 2014. This positive change was partly offset by the negative effect attributable to the termination of some third-party brands.

Net non-recurring charges, at € 30.2 million, notably included goodwill impairment loss of € 16.1 million, restructuring, reorganisation and other costs related to the Group's refocusing of the Group's product portfolio of € 11.7 million, for a total of € 27.8 million, allocated in the third quarter and commented on in the 'Significant events during the period' section. It also includes other net charges of €2.4 million.

As a result of the phenomena commented on above and in particular to the non-recurring costs of the quarter, the **operating result** was €39.1 million, with a total contraction of 46.8%.

EBITDA before non-recurring items decreased by 4.9% to €79.5 million.
EBITDA decreased by 41.1% compared with the third quarter of 2013 to €49.3 million, due to non-recurring charges in the third quarter.

Net financial charges were € 13.1 million in the third quarter, in line with the previous quarters of the year, despite an increase in net debt. This increase, which was due to acquisitions in the year, did not generate additional interest costs, as the transactions were largely financed using the Group's cash. Compared with the previous year, the quarter was boosted by exchange rate gains.

Group profit before tax was € 25.9 million in the third quarter of 2014, a decrease of 55.1% compared with the third quarter of 2013.

Financial situation

Breakdown of net debt

At 30 September 2014, consolidated net debt stood at €1,035.0 million, or € 182.3 million higher than the € 852.8 million registered at 31 December 2013.

However, compared with 30 June 2014, net debt was down by € 64.1 million due to cash flows generated during the period.

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

	30 September 2014 € million	30 June 2014 € million	change € million	31 December 2013 € million	change € million
cash and cash equivalents	262.2	272.8	(10.6)	444.2	(182.0)
payables to banks	(93.1)	(175.6)	82.5	(122.3)	29.1
real estate lease payables	(0.1)	(0.1)	-	(0.0)	(0.1)
private placement and bond	(86.0)	(0.0)	(86.0)	(28.9)	(57.1)
other financial receivables and payables	(38.0)	(30.3)	(7.7)	18.9	(56.9)
short-term net cash position	**45.0**	**66.8**	**(21.7)**	**311.9**	**(266.9)**
payables to banks	(11.7)	(14.8)	3.0	(0.6)	(11.2)
real estate lease payables	(1.3)	(1.3)	(0.0)	(1.3)	(0.0)
private placement and bond	(1,097.2)	(1,170.0)	72.8	(1,167.7)	70.5
other financial receivables and payables	35.2	25.0	10.2	9.6	25.6
medium-/long-term net debt	**(1,075.0)**	**(1,161.1)**	**86.0**	**(1,159.9)**	**84.9**
debt relating to operating activities	**(1,030.0)**	**(1,094.3)**	**64.3**	**(848.0)**	**(182.0)**
payables for put options and earn-out	(5.0)	(4.8)	(0.2)	(4.8)	(0.2)
net debt	**(1,035.0)**	**(1,099.1)**	**64.1**	**(852.8)**	**(182.3)**

The increase in debt compared with 31 December 2013 was due to two acquisitions completed in the first half of 2014: Forty Creek Distillery Ltd. and Averna Group. These were settled in June 2014 for a total acquisition cost of € 237.3 million. The financial position at 30 June 2014 already took account of these acquisitions.

In terms of structure, the net financial position at 30 September 2014 confirms a positive split between the Group's short- and medium-/long-term debt.
The short-term net cash position was € 45.0 million at 30 September 2014, consisting of cash and cash equivalents of € 262.2 million, offset by payables to banks totalling € 93.1 million.
With regard to changes in the short-term debt items, the $ 40 million first tranche of the private placement issued by Campari America in 2009 was extinguished in June 2014.
At 30 September 2014, the first tranche of the bond issued by the Parent Company in 2003 and maturing in 2015 (€ 86 million) was reclassified as short-term debt.
The remaining tranches of the Parent Company's bonds and Campari America's private placement are all classified as medium-to-long-term debt since they mature more than 12 months after the date of this report.

Medium-to-long-term debt, almost exclusively comprising existing bonds, decreased mainly as a result of the reclassification described above, with a remaining balance, at the date of this Report, of €1,075.0 million.

Currency fluctuations between 31 December 2013 and 30 September 2014, particularly in the US dollar, had a considerable effect on consolidated net debt, causing it to rise by € 11.4 million.

Furthermore, the Group's net debt shows a financial payable of €5.0 million that includes the residual payable for the Sagatiba earn-out and the purchase of non-controlling interests in relation to the Jamaican acquisition. The changes in the period were fully offset, and include a decrease relating to a payment of € 0.3 million and an increase relating to exchange rate effects of € 0.5 million.

The agreements relating to the bonds issued by the Parent Company and the Campari America private placement include negative pledges and covenants. If the Group does not comply with the clauses mentioned below, after an

observation period in which any breach has not been rectified, it may be served with notice to repay the residual debt. The ratios are constantly monitored by the Group.
The negative pledge clauses are intended to limit the Group's ability to grant significant rights over the Group's assets to third parties, in particular by establishing specific restrictions on selling or pledging assets.
The covenants include the Group's obligation to attain particular levels for certain financial indicators, most notably the ratio of net debt to EBITDA. 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 acquisitions in the past 12 months.
At 30 September 2014, this multiple was 2.9 (compared with 3.1 at 30 June 2014 and 2.5 at 31 December 2013).

Operating working capital

The breakdown of the total change compared with 31 December 2013, divided into organic change, exchange rate effects and perimeter effect, is as follows:

	30 September 2014	31 December 2013	total	of which		
			change	organic	perimeter	forex
	€ million	€ million	€ million	€ million	€ million	€ million
receivables from customers	261.7	288.5	(26.9)	(49.6)	23.5	(0.7)
inventories	542.2	447.1	95.1	51.9	22.2	21.0
payables to suppliers	(208.8)	(198.1)	(10.7)	9.0	(15.6)	(4.0)
operating working capital	**595.1**	**537.5**	**57.6**	**11.3**	**30.1**	**16.2**

Operating working capital at 30 September 2014 was € 595.1 million, up € 57.6 million on 31 December 2013.
Of the € 30.1 million perimeter effect, € 32.3 million is due to the acquisitions of Forty Creek Distillery Ltd. and Averna Group. The remainder concerns the deconsolidation of CISC 'Odessa Sparkling Wine Company', which was sold in April 2014, and of Société Civile du Domaine de Lamargue and Lamargue S.a.r.l., which were sold in August 2014.
Net of this perimeter effect (+€ 30.1 million) and the exchange rate effect (+€ 16.2 million), working capital increased by a net € 11.3 million in the first nine months of 2014. This change was mainly due to an increase of € 51.9 million in the value of inventories, offset by a € 49.6 million reduction in trade receivables, both of which were the result of the seasonal nature of the Group's business, meaning that inventories are very high at the end of September, while receivables are traditionally higher in December in absolute terms than in the rest of the year. The continued expansion of the Group into new markets also dictates a need to adjust inventories.

The table below compares the working capital figures at 30 September 2014 with those at 30 June 2014, 31 December 2013 and 30 September 2013; operating working capital is also shown, for each period-end, as a proportion of sales over the previous 12 months.

	30 September 2014	30 June 2014	31 December 2013	30 September 2013
	€ million	€ million	€ million	€ million
receivables from customers	261.7	312.9	288.5	274.7
inventories	542.2	498.1	447.1	489.2
payables to suppliers	(208.8)	(193.4)	(198.1)	(202.5)
operating working capital	**595.1**	**617.5**	**537.5**	**561.4**
sales in the previous 12 months	1,532.1	1,511.7	1,524.1	1,461.7
working capital as % of sales in the previous 12 months	38.8	40.9	**35.3**	**38.4**
operating working capital as % of sales in the previous 12 months, adjusted for the perimeter effect (%)	**37.4**	**38.7**		

Operating working capital as a percentage of net sales in the last 12 months was 38.8% at 30 September 2014.
Since the acquisitions of Forty Creek Distillery Ltd. and Fratelli Averna S.p.A. took place in June 2014, the statement of financial position data at 30 September 2014 include the working capital of the acquired companies, while the sales reported for the previous 12 months include sales from the acquired brands for the third quarter of 2014 only. However, if the statement of financial position data and income statement data is adjusted to take account of the consolidation of the acquired companies, the operating working capital would be reduced to 37.4% of net sales, compared with 38.7% at 30 June 2014, 35.3% at 31 December 2013 and 38.4% in the corresponding period of the previous year.

Events taking place after the end of the period

No significant events have taken place after the end of the period.

Outlook

Results in the first nine months 2014 showed key indicators in line with expectations.
With regard to the third quarter, despite the very adverse weather conditions in Europe and a very tough comparison base in Italy, organic sales performance was positive and driven, in particular, by the expected recovery in the US.
Looking at the year end, we believe that despite the persistent volatility in some of the Group's markets and the unfavourable macroeconomic scenario, the good momentum behind the key combinations of brands and markets will continue, driving the Group's outperformance of local trends in core markets. In particular, we expect that the good momentum of the aperitifs portfolio across all markets will continue, positively impacting the business in the last quarter.
On the other hand, the full recovery of the gross margin dilution registered in the first nine months 2014 on a full year basis will depend upon the evolution of the sales mix. In particular, the positive effect of the good momentum of aperitifs business across all markets could be overall lessened by the relative outperformance of the lower margin markets (Latin America and Russia) and a persisting price competition in Australia and in Germany.
Moreover, we expect that the start-up of the recent initiatives strengthening the Group's distribution platforms in Canada and UK as well as the set-up of the in-market company in Spain are expected to drive a temporary spike in organic growth of structure costs in the remainder of the year.
Looking forward, the positive evolution of the business is expected to continue, benefitting also from a more benign input costs environment, the positive reversal in 2015 of the temporary overlapping production costs affecting 2014, and the paybacks of the announced restructuring projects, mentioned in the comments to nine months results, which are expected to increase focus on the owned core business as well as the new investments in strengthened distribution capabilities.

Information on the figures presented

For ease of reference, all figures in this interim report on operations 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, rather than figures shown as a percentage of sales or other indicators, are always calculated on the basis of the original data in thousands of euro.
The use of values expressed in millions of Euros may therefore result in apparent discrepancies in both absolute values and percentage changes.

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 defined as they were in the 2013 annual report, are used to analyse the Group's performance in the 'Highlights' and 'Half-year report' sections.

Other information

In accordance with article 70, paragraph 8, and article 71, paragraph 1-*bis*, of Consob's Issuer Regulations, 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, capital increases through contributions in kind, acquisitions and disposals.

Sesto San Giovanni, 12 November 2014

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, this interim report accurately represents the figures contained in the Group's accounting records.

Chief Financial Officer
Paolo Marchesini

Davide Campari – Milano S.p.A.

Registered office: Via Franco Sacchetti 20, 20099 Sesto San Giovanni (MI)
Share capital: € 58,080,000 fully paid in
Tax code and Milan company register no. 06672120158

Investor Relations
Phone: (39) 02 62251
Fax: (39) 02 6225479
e-mail: investor.relations@campari.com

Website
www.camparigroup.com