2010 First Quarter Results

Conference call

13 May 2010

Results highlights

Bob Kunze-Concewitz, CEO

First Quarter ended 31 March 2010 - Highlights

	Q1 2010 € million	Published change	Organic change	FX effects	Perimeter change
Net sales	**233.6**	*22.9%*	*14.5%*	*0.2%*	*8.2%*
Contribution after A&P	**93.7**	*17.3%*	*11.5%*	*-0.5%*	*6.3%*
EBITDA pre one-off's[(1)]	**59.1**	*22.6%*	*18.7%*	*-1.1%*	*4.9%*
EBIT pre one-off's[(1)]	**52.3**	*21.3%*	*19.0%*	*-1.3%*	*3.6%*
Group Pretax profit	**43.3**	*12.7%*			

(1) One-off's of (€ 0.5) m in 1Q 2010 vs. (€ 0.5) m in 1Q 2009

> **Very strong overall results with double digit growth** across all indicators, overall and on an organic basis

> **Organic performance:**

- **sales growth of 14.5% in Q1 2010,** driven by a very good performance of all key brand and market combinations (in part. core aperitifs business in Europe) and easy comparison base
- **strong growth** in **CAAP** and **EBIT** driven by favourable **sales mix** and **cost discipline** notwithstanding **significant increase in A&P spend (+62.3%)**

> **Perimeter change:**

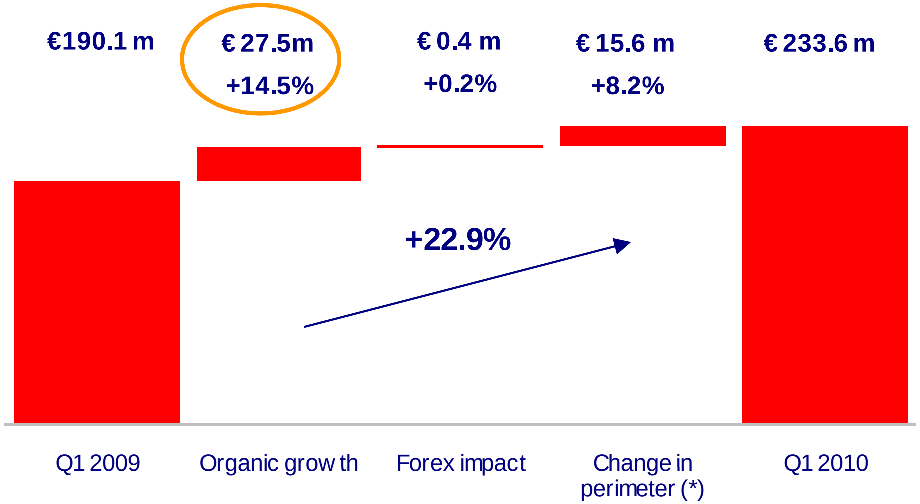
- **sales contribution of +8.2%** vs**. EBITDA contribution of +4.9%** due to A&P and structure costs (due to set up of new Australian organization)

> **Net financial debt down by € 37.4 m to € 593.4 m,** thanks to **continued strong cash generation**

Sales review

Bob Kunze-Concewitz, CEO

2010 First quarter net sales - Growth drivers



(*) Breakdown of change in perimeter

	€ m
Acquisitions [(1)]	**15.9**
Agency brands, net [(2)]	**(0.3)**
Total external growth	**15.6**

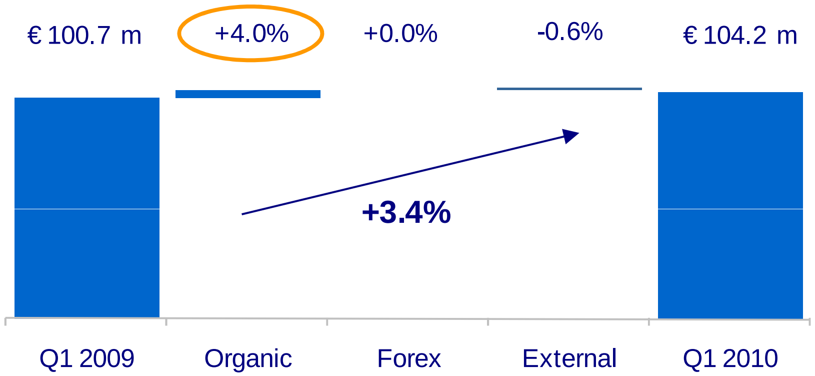
(1) Wild Turkey (€ 14.9 m) and Odessa sparkling w ines (€1.0 m)

(2) New agency brands for € 1.0 million offset by termination of Grand Marnier in Germany and Italy € (1.3 m)

- **Double digit organic performance** in Q1 2010 **(+14.5%),** driven by strong portfolio performance across all markets and favourable comparison with a weak Q1 2009 (-4.2%, due to destocking activities)
- **Forex impact of +0.2%** due to the **depreciation of USD** (-5.9%), almost offset by the **appreciation of BRL** (20.9%)
- **Positive perimeter effect of +8.2%** driven by acquisitions (mainly **Wild Turkey**, included in Group's perimeter as of June 2009)

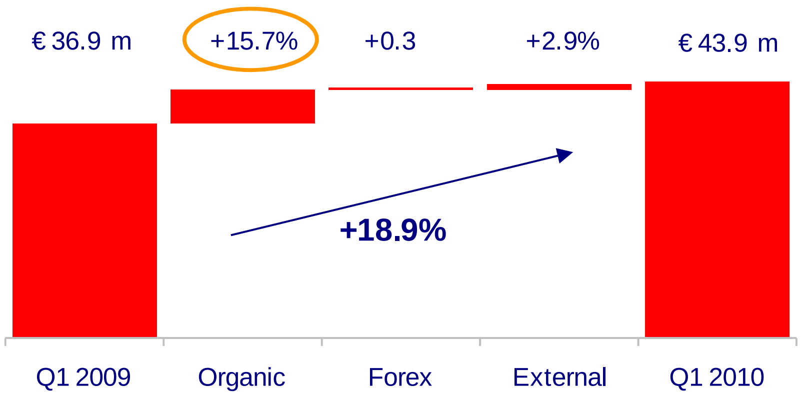
Net sales analysis by region

Italy



- **Strong results** in a still tough environment
- **Positive momentum of the aperitif consumption occasion continues** and drives **good performance** of key aperitifs **Aperol** and **Campari**
- Good quarter for brown spirits (GlenGrant)
- Soft performance of soft drinks

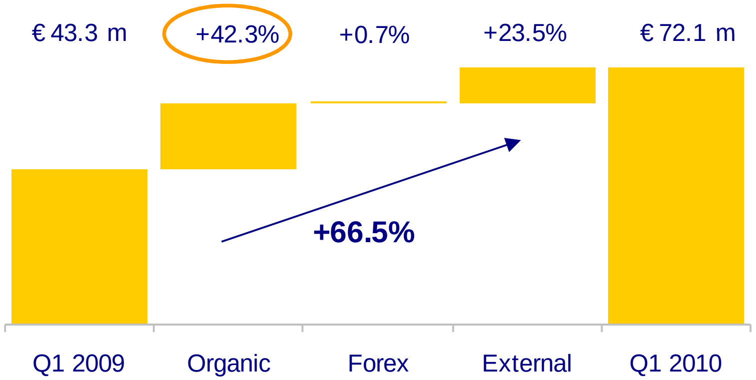
Europe (excl. Italy)



- **Strong organic growth** continues across **key Western markets** (Germany, France, Austria, Switzerland)
- Good recovery in Russia in addition to favourable comps base
- Change in perimeter attributable to **Odessa sparkling wines**

Net sales analysis by region

Americas

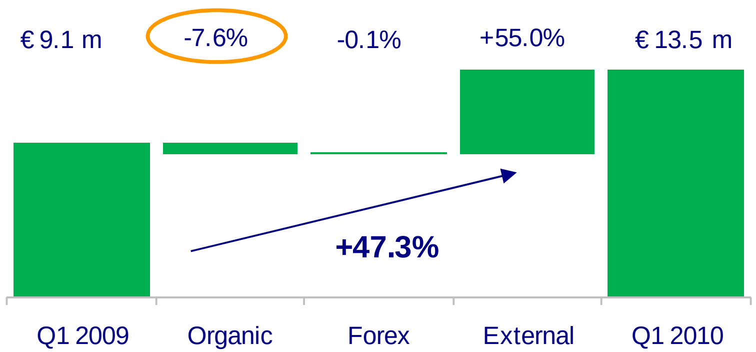


> **Positive organic growth** driven by:
- **US** organic trend **(+18.7**%) driven by good consumption momentum across portfolio and easy comps in Q1 (-12.7% in Q1 2009)
- **Brazil (+335.8**%): driven by return to regular trading after successful execution of new commercial policy and easy comps (-49.2% in Q1 2009)

> **Positive change in perimeter** due to acquisition of Wild Turkey (USA)

> **Forex**: depreciation in USD, in part offset by appreciation of BRL

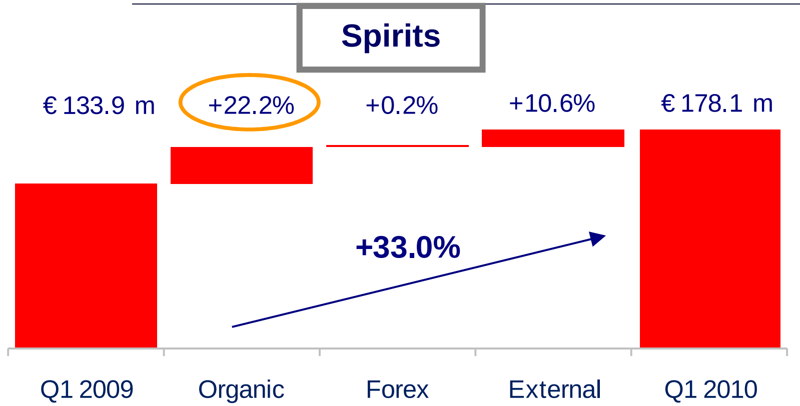
RoW and DF



> Overall growth driven by positive change in perimeter due to **Wild Turkey** in **Australia**, **Japan** and **duty free**

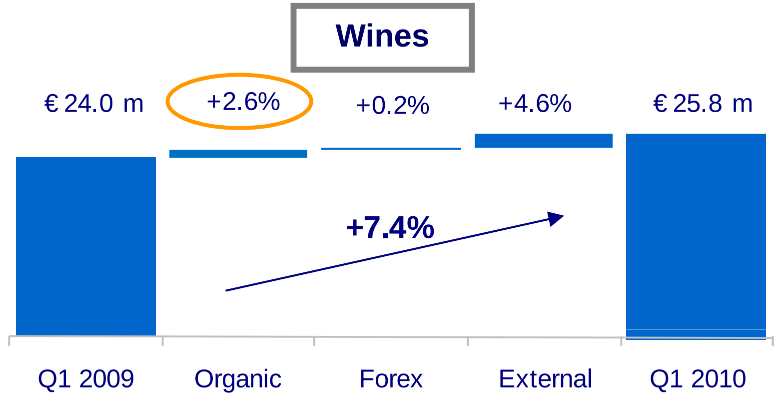
> Organic decrease due to temporary slow-down in shipments ahead of transition to the Group's new distribution platform in key Australian market

Net sales analysis by segment



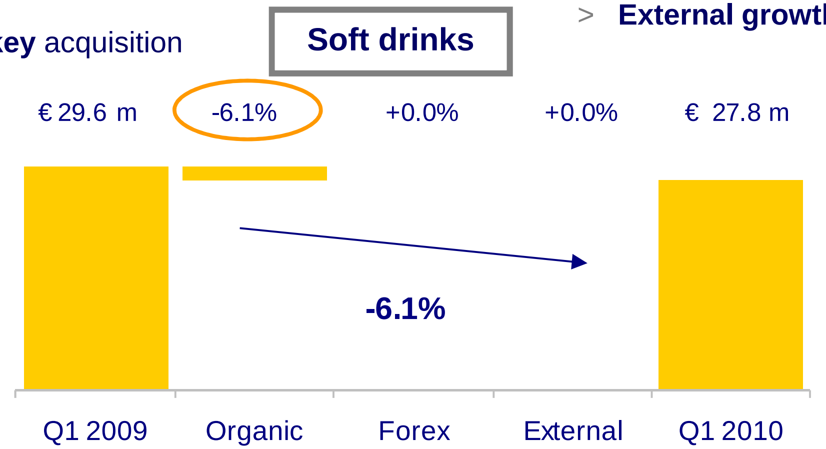
> **Strong organic sales growth**, driven by very **strong results** of core brands **Campari, Aperol, SKYY, Brazilian brands** as well as **Cabo Wabo**

> **External growth** due to **Wild Turkey** acquisition



> **Strong performance of Cinzano sparkling wines** across all key countries, partly offset by negative result of **Riccadonna** ahead of distribution handover

> **External growth** due to **Odessa sparkling wines**

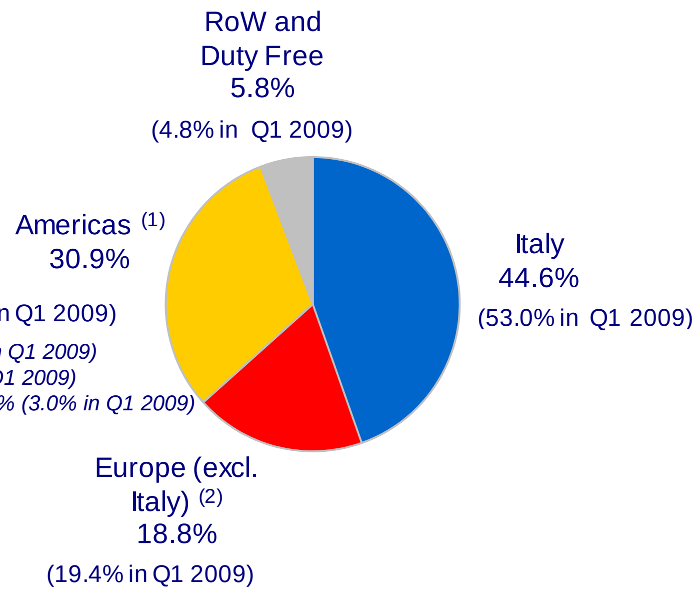


> Negative variation due to weak performance of soda business and Crodino due to a different phasing of promotional activities in the off trade channel

Net sales breakdown

Q1 2010 consolidated net sales : € 233.6 m

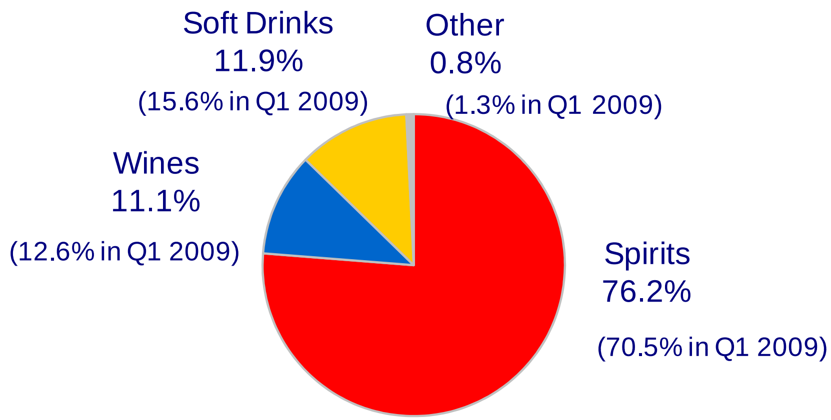
Breakdown by region



(1) Include:
USA 20.6% (18.0% in Q1 2009)
Brazil 7.4% (1.7% in Q1 2009)
Argentina & others 2.9% (3.0% in Q1 2009)

(2) Include:
Russia: 1.2%

Breakdown by segment



Review of top brands

Spirits

Brand	% change in sales value 1Q 2010 / 1Q 2009 – At constant FX	At actual FX	Comment
CAMPARI	*+18.2%*	*+ 20.8%*	> Strong results driven by very strong performance of Brazil (easy comps) and good consumption patterns across all key markets
SKYY VODKA	*+17.9%*	*+ 12.4%*	> Strong results driven by good SKYY franchise performance in US and increased momentum in key int'l markets
APEROL	*+36.4%*	*+ 36.3%*	> Continued outstanding growth led by strong performances in core Italian market as well as in Germany and Austria
CAMPARISODA	*- 0.1%*	*- 0.1%*	> Results in line with last year trend
Dreher, Drury's, Old Eight	*+534.7%*	*+ 666.4%*	> Triple digit performance in Brazilian brands sales driven by successful transition to new commercial policy and easy comps (Q1 09: -66.1%)
GLENGRANT SINGLE MALT	*+ 50.7%*	*+ 50.5%*	> Strong performance in all key countries behind good sell out at Christmas 2009 and earlier Easter
CYNAR	*+ 3.5%*	*+ 7.5%*	> Good consumption pattern

Review of top brands (cont'd)

% change in sales value
1Q 2010 / 1Q 2009

Wines	At constant FX	At actual FX	
CINZANO Sparkling wines	+17.5%	+ 17.5%	> Strong performance mainly attributable to key markets (Germany and Italy and early sign of recovery in Eastern European countries
CINZANO Vermouths	+3.2%	+ 4.2%	> Positive results due to early sign of recovery in Eastern European countries (mainly Russia) offset by temporary slowdown in Western Europe related to re-launch (new packaging and formulations)
SELLA&MOSCA	+ 0.0%	- 0.2%	> Results in line with last year trend
Riccadonna	- 51.1%	- 50.0%	> Poor performance mainly attributable to Australia, ahead of distribution handover

Soft drinks	At constant FX	At actual FX	
CRODINO	- 4.8%	- 4.8%	> Soft performance in a small quarter, due to a different planning of promotional activities in the off trade channel

Q1 2010 consolidated results

Paolo Marchesini, CFO

Consolidated CAAP

(€ million)	Q1 2010		Q1 2009		Change at actual forex	Organic growth	FX	Perimeter
Net sales	**233.6**	***100.0%***	**190.1**	***100.0%***	***22.9%***	***14.5%***	***0.2%***	***8.2%***
COGS [1]	(100.0)	*-42.8%*	(85.6)	*-45.1%*	*16.7%*			
Gross margin	**133.6**	***57.2%***	**104.5**	***54.9%***	***27.9%***			
Advertising and promotion	(39.9)	*-17.1%*	(24.6)	*-12.9%*	*62.3%*			
Contribution after A&P	**93.7**	***40.1%***	**79.9**	***42.0%***	***17.3%***	***+11.5%***	***-0.5%***	***6.3%***

[1] COGS= cost of materials, production and logistics expenses

> In a relatively small quarter, decrease in **COGS** on sales by 230 bps, due to:

- **favourable sales mix** (spirits sales grew 33% vs. rest of portfolio down 1.2%)
- **stable input costs**
- **higher absorption of fixed production costs in Brazil** thanks to more regular sales pattern on the back of the implementation of new commercial policy

> **A&P spend increased by € 15.3 m (+62.3%)** to 17.1% of sales (from 12.9% of sales), due to return to a more normalised investment trend, increasing brand building activities

> **Contribution after A&P up by 17.3%** due to:

- organic growth of +11.5%
- perimeter effect of +6.3%
- exchange rate effect of -0.5%

GRUPPO CAMPARI

Consolidated EBIT

(€ million)	Q1 2010		Q1 2009		Change at actual forex	Organic growth	FX	Perimeter
Contribution after A&P	**93.7**	***40.1%***	**79.9**	***42.0%***	***17.3%***	***11.5%***	***-0.5%***	***6.3%***
SG&A[1]	(41.5)	*-17.8%*	(36.8)	*-19.4%*	*12.7%*			
EBIT before one-off's	**52.3**	***22.4%***	**43.1**	***22.7%***	***21.3%***	***19.0%***	***-1.3%***	***3.6%***
One-off's	(0.5)	*-0.2%*	(0.5)	*-0.3%*	-			
Operating profit = EBIT	**51.8**	***22.2%***	**42.6**	***22.4%***	***21.5%***	***19.1%***	***-1.2%***	***3.6%***
Other information:								
Depreciation	(6.8)	*-2.9%*	(5.0)	*-2.7%*	*34.4%*			
EBITDA before one-off's	**59.1**	***25.3%***	**48.2**	***25.3%***	***22.6%***	***18.7%***	***-1.1%***	***4.9%***
EBITDA	**58.6**	**25.1%**	**47.7**	**25.1%**	**22.9%**	***18.8%***	***-0.9%***	***4.9%***

[1] SG&A: selling expenses + general and administrative expenses

> Decrease of **SG&A** from 19.4% to 17.8% of sales (overall increase of **12.7%) driven by:**

- **organic increase of 2.8%**
- **perimeter impact of 9.6%,** due to **start up of newly established subs in Australia and Belgium**
- **exchange rate effect of 0.4%**

> **Negative one off's** of **€ 0.5 m** in line with 1Q 2009

> **EBITDA up by 22.9%** (25.1% of sales, in line with last year's first quarter)

Consolidated Group's pretax profit

(€ million)	Q1 2010		Q1 2009		Change at actual forex
Operating profit = EBIT	**51.8**	**22.2%**	**42.6**	**22.4%**	**21.5%**
Net financial income (expenses)	(8.3)	*-3.6%*	(3.9)	*-2.0%*	*115.3%*
Income from associates	(0.0)	*0.0%*	(0.3)	*-0.1%*	
Put option costs	(0.1)	*0.0%*	0.0	*0.0%*	
Pretax profit	**43.4**	**18.6%**	**38.5**	**20.3%**	**12.6%**
Minority interests	(0.1)	*0.0%*	(0.1)	*0.0%*	
Group's pretax profit	**43.3**	**18.5%**	**38.4**	**20.2%**	**12.7%**

- Increase in **Net financial expenses** due to:
  - **higher average net debt** in Q1 2010 as a result of completed acquisitions (€ 612.1 m in Q1 2010 vs. € 314.3 m in Q1 2009)
  - **higher exposure to fixed rates (61% of gross debt)**
  - **negative carry** on excess cash
  - net FX gains (non-recurring) of € 1 m
- **Average coupon**, net of non-recurring gains, of **6.1% in Q1 2010**
- **Group's pre-tax profit up 12.7%**

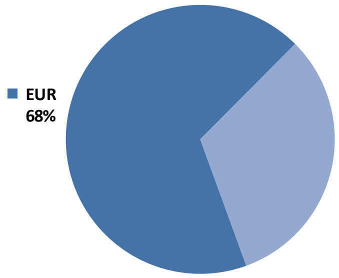
Analysis of debt structure

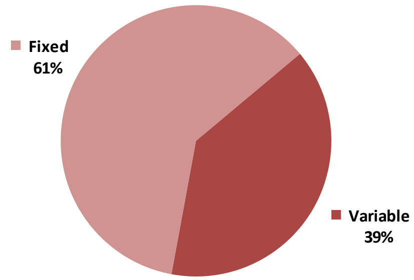
€ million	31 March 2010	31 December 2009
Cash and cash equivalents	185.6	129.6
Payables to banks	(10.2)	(17.3)
Real estate lease payables	(3.3)	(3.3)
Private placement and bond issues	(6.2)	(5.8)
Other assets or liabilities (1)	141.7	(6.9)
Total short-term cash/(debt)	**307.6**	**96.4**
Payables to banks	(0.7)	(0.9)
Real estate lease payables	(5.5)	(6.3)
Private placement and bond issues (2)	(880.6)	(861.8)
Other financial payables	4.0	158.7
Total medium to long-term cash/(debt)	**(882.9)**	**(710.3)**
Total cash/(debt) on ordinary activities	**(575.2)**	**(613.9)**
Estimated debt for possible exercise of put options and payment of earn outs	(18.2)	(16.9)
Total net cash/(debt)	**(593.4)**	**(630.8)**

(1) Incl. € 155 m time deposit expiring March 2011

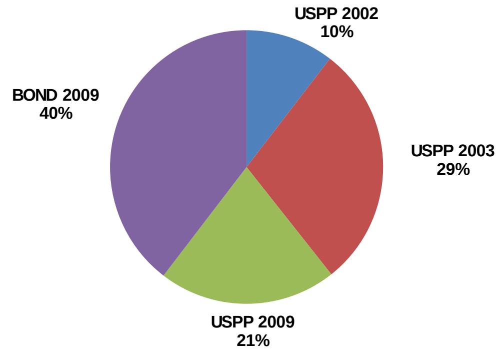
(2) USPP of US$ 250 m and Eurobond of € 350 m to following acquisition of Wild Turkey

Analysis of debt by currency and interest rates (as % of gross debt)

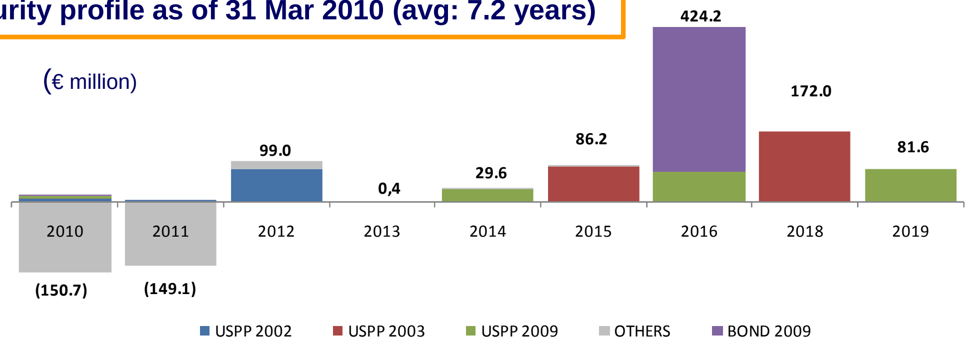




Analysis of debt by class and issue date (as % of gross debt)



Debt maturity profile as of 31 Mar 2010 (avg: 7.2 years)



Cumulative (Cash)/Debt	2010	2011	2012	2013	2014	2015	2016	2018	2019
	(150.7)	(299.8)	(200.8)	(200.4)	(170.5)	(84.4)	340	512	593

CAMPARI

Net Working Capital

(€ million)	31 Mar 2010	31 Dec 2009	Change	31 Mar 2009
Receivables	192.5	236.2	(43.7)	201.5
Inventories	289.2	271.4	17.8	180.5
Payables	(175.9)	(179.1)	3.2	(126.3)
Net Working Capital	**305.9**	**328.5**	**(22.6)**	**255.7**
Last Twelve Months (LTM) Sales [1]	1,051.9	1,008.4	43.5	941.5
NWC / LTM Sales (%)	***29.1%***	***32.6%***		***27.2%***

(1) Wild Turkey sales included in LTM sales as of June 2009

> **NWC** as of **31 March 2010 decreased by € 22.6 m vs. 31 December 2009**:
- due to a decrease in organic NWC of € 34.5 m and negative FX effects of € 11.9 m
- € 43.7 m reduction in trade receivables following year-end peak, partly offset by an increase in inventory and payables, ahead of summer season;

> **NWC as of 31 March 2010 increased by € 50.2 m vs. 31 March 2009** driven by Wild Turkey acquisition (Wild Turkey acquisition price inclusive of inventory)

> **NWC as % of LTM sales** at 31 March 2010 and at 31 December 2009 negatively affected by timing differences in the recognition of Wild Turkey effects on sales (recognized since deal closing in June 2009, for 10 and 7 months respectively) vs. NWC (fully recognized at closing)

Conclusion and outlook

Bob Kunze-Concewitz, CEO

Conclusion & outlook

> Our performance in the first quarter of 2010 was very positive, thanks to
- our **strong consumption momentum across key brand and market combinations**, especially our core aperitifs business in Europe
- return to a **more normal trading patterns across the Americas** as well as by the **effect of the Wild Turkey acquisition**

> This performance enabled us to **considerably increased our marketing investments** without negatively impacting marginality

> Looking forward, we think that **continued volatility might impact trading across quarters**, but we remain **cautiously optimistic about our full year prospects**

Supplementary schedules

Schedule - 1	Analysis of Q1 2010 net sales growth by segment and region
Schedule - 2	Q1 2010 consolidated income statement
Schedule – 3	Exchange rates effects

Supplementary schedule - 1

Net sales analysis by segment and region

Consolidated net sales by segment

	Q1 2010		Q1 2009		Change	*of which:*		
	€ m	%	€ m	%	%	*organic*	*forex*	*external*
Spirits	178.1	76.2%	133.9	70.5%	**33.0%**	*22.2%*	*0.2%*	*10.6%*
Wines	25.8	11.1%	24.0	12.6%	**7.4%**	*2.6%*	*0.2%*	*4.6%*
Soft drinks	27.8	11.9%	29.6	15.6%	**-6.1%**	*-6.1%*	*0.0%*	*0.0%*
Other revenues	1.9	0.8%	2.5	1.3%	**-25.6%**	*-40.3%*	*1.2%*	*13.5%*
Total	**233.6**	**100.0%**	**190.1**	**100.0%**	**22.9%**	***14.5%***	***0.2%***	***8.2%***

Consolidated net sales by region

	Q1 2010		Q1 2009		Change	*of which:*		
	€ m	%	€ m	%	%	*organic*	*forex*	*external*
Italy	104.2	44.6%	100.7	53.0%	**3.4%**	*4.0%*	*0.0%*	*-0.6%*
Europe (excl. Italy)	43.9	18.8%	36.9	19.4%	**18.9%**	*15.7%*	*0.3%*	*2.9%*
Americas (1)	72.1	30.9%	43.3	22.8%	**66.5%**	*42.3%*	*0.7%*	*23.5%*
RoW & Duty Free	13.5	5.8%	9.1	4.8%	**47.3%**	*-7.6%*	*-0.1%*	*55.0%*
Total	**233.6**	**100.0%**	**190.1**	**100.0%**	**22.9%**	***14.5%***	***0.2%***	***8.2%***

(1) Breakdown of Americas

	Q1 2010		Q1 2009		Change	*of which:*		
	€ m	%	€ m	%	%	*organic*	*forex*	*external*
USA	48.0	66.6%	34.3	79.1%	**40.1%**	*18.7%*	*-7.0%*	*28.4%*
Brazil	17.3	24.1%	3.3	7.6%	**428.1%**	*335.8%*	*91.0%*	*1.3%*
Other countries	6.7	9.3%	5.8	13.3%	**16.8%**	*15.4%*	*-4.8%*	*6.2%*
Total	**72.1**	**100.0%**	**43.3**	**100.0%**	**66.5%**	**42.3%**	**0.7%**	**23.5%**

Q1 2010 Consolidated income statement

	Q1 2010		Q1 2009		Change
	€ m	%	€ m	%	%
Net sales [1]	**233.6**	**100.0%**	**190.1**	**100.0%**	**22.9%**
COGS [2]	(100.0)	-42.8%	(85.6)	-45.1%	16.7%
Gross margin	**133.6**	**57.2%**	**104.5**	**54.9%**	**27.9%**
Advertising and promotion	(39.9)	-17.1%	(24.6)	-12.9%	62.3%
Contribution after A&P	**93.7**	**40.1%**	**79.9**	**42.0%**	**17.3%**
SG&A [3]	(41.5)	-17.8%	(36.8)	-19.4%	12.7%
EBIT before one-off's	**52.3**	**22.4%**	**43.1**	**22.7%**	**21.3%**
One-off's	(0.5)	-0.2%	(0.5)	-0.3%	
Operating profit = EBIT	**51.8**	**22.2%**	**42.6**	**22.4%**	**21.5%**
Net financial income (expenses)	(8.3)	-3.6%	(3.9)	-2.0%	115.3%
Income from associates	(0.0)	0.0%	(0.3)	-0.1%	
Put option costs	(0.1)	0.0%	0.0	0.0%	
Pretax profit	**43.4**	**18.6%**	**38.5**	**20.3%**	**12.6%**
Minority interests	(0.1)	0.0%	(0.1)	0.0%	
Group's pre-tax profit	**43.3**	**18.5%**	**38.4**	**20.2%**	**12.7%**
Other information:					
Depreciation	(6.8)	-2.9%	(5.0)	-2.7%	34.4%
EBITDA before one-off's	**59.1**	**25.3%**	**48.2**	**25.3%**	**22.6%**
EBITDA	**58.6**	**25.1%**	**47.7**	**25.1%**	**22.9%**

[1] Net of discounts and excise duties

[2] Cost of materials + production costs + logistic costs

[3] Selling, general and administrative costs

Exchange rates effects

Average exchange rate	1 Jan - 31 Mar 2010	1 Jan - 31 Mar 2009	% change Q1 2010 vs Q1 2009	1 Jan - 31 Dec 2009	% change Q1 2010 vs FY 2009
US dollar : 1 Euro	1.384	1.302	-5.9%	1.393	0.7%
Brazilian Real : 1 Euro	2.495	3.016	20.9%	2.771	11.0%

Period end exchange rate	31 Mar 2010	31 Mar 2009	% change 31 Mar 2010 vs 31 Mar 2009	31 Dec 2009	% change 31 Mar 2010 vs 31 Dec 2009
US dollar : 1 Euro	1.348	1.331	-1.3%	1.441	6.9%
Brazilian Real : 1 Euro	2.404	3.077	28.0%	2.511	4.5%

For additional information:
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