CAMPARI GROUP

Following an extremely strong start of the year, declining results in a small quarter

Results reflect the initial impact of COVID-19 on top of a tough comparison base, with Italy impacted the most starting from March

A very challenging environment with some resilient pockets of growth

Q1 2020-HIGHLIGHTS

- **Declining results in a small quarter,** following an extremely strong start of the year, reflecting the **initial impact of COVID-19** on top of a **tough comparison base**. **Italy** hit the most, and, to a lesser extent, the rest of Europe and GTR.
- **Reported sales of €360.2 million**. **Organic decline** of **-5.3%**. On a **reported basis**, total change of **-2.7%** after positive exchange rate and perimeter effects.
- **EBIT adjusted**[1] of **€47.9 million**. **Organic decline of -35.3%**, largely due to a **tough comparison base** (+15.4%, +100 bps margin accretion in Q1 2019) coupled with a **lower absorption of fixed costs**, **magnified in a small quarter**.
- **Group pre-tax profit adjusted**[2] of **€34.7 million**, down **-45.7%**. **Group pre-tax profit** at **€30.6 million**, down **-51.6%**.
- **Net financial debt** of **€887.1 million** as of March 31st, 2020, up €109.7 million vs. €777.4 million as of December 31st, 2019, mainly due to the acquisition of the French distributor Baron Philippe de Rothschild France Distribution S.A.S. and the share buyback.
- **Strong financial position**: the **available liquidity**, combined with **credit lines** and **the new debt facility**[3] amount to **more than €1.9 billion**.

Milan, May 5th, 2020-The Board of Directors of Davide Campari-Milano S.p.A. (Reuters CPRI.MI-Bloomberg CPR IM) approved the additional financial information at March 31st, 2020.

Q1 RESULTS AND 2020 GUIDANCE

After an extremely strong start in January and February, **the first quarter results reflect the initial COVID-19 impact** which mostly hit the Italian market starting from March. The results were also impacted by a **tough comparison base in a small seasonality period**. **The Pandemic is currently generating high level of uncertainties** given its geographic expansion, the extent of the restrictions on the on-premise channel and the different reopening measures expected to be taken by the various governments, affecting consumer behaviours. Regarding the **short-term**, the **overall impact on the Group's business performance for the current year remains uncertain and difficult to be assessed** at this stage. Looking forward, with most of its key markets being affected by COVID-19, the Group expects its performance to be **more impacted in the second quarter and the beginning of the third, the peak season for the high margin and on-premise skewed aperitif business**. With the gradual lifting of the restrictive measures across markets, **the negative impact is expected to lessen throughout the remainder of year** based on the current visibility.

Bob Kunze-Concewitz, **Chief Executive Officer**: '*In this period of high uncertainty and difficulty, our key priority remains to ensure the safety of our Camparistas and business partners. Inevitably our business is facing short-term headwinds. As a highly agile organization, we are taking* ***rapid actions to mitigate costs and preserve liquidity*** *whilst remaining focused on our long term strategic agenda. To this extent, we are* ***accelerating programs in digital transformation and e-commerce*** *to further strengthen our digital capabilities across the entire organization. We are continuing to execute our* ***m&a strategy focused on long-term brand building****. Last, but quite importantly,* ***our financial profile remains very solid****. Looking at the* ***long-term****, we* ***remain confident of the positive consumption trends*** *and* ***growth opportunities of our business****. We will continue to* ***leverage the strength and resilience of our brands and business****, ensuring we are* ***strongly positioned and ready to accelerate our growth as soon as the consumer demand normalises****. As a committed and long-term brand builder, we will remain* ***focused and highly engaged*** *in the on-premise opportunity with our distinctive brand portfolio,* ***firmly convinced that the out of home social experience and conviviality will remain essential to consumers' lifestyles***.'

[1] Before operating adjustments of €(5.6) million in Q1 2020 and €(0.8) million in Q1 2019.
[2] Before total operating and financial adjustments of €(4.2) million in Q1 2020 (vs. €(0.8) million adjustments in Q1 2019).
[3] Refer to the press release published on 14th April 2020, for further details.

SUMMARY FINANCIAL INFORMATION FOR THE FIRST QUARTER ENDED 31 March 2020

	Q1 2020 € million	Q1 2019 € million	Reported change	Organic change	Forex impact	Perimeter impact
Net sales	**360.2**	**370.1**	**-2.7%**	**-5.3%**	**0.7%**	**1.9%**
Gross profit	**209.0**	**223.8**	**-6.6%**	**-9.2%**	**1.6%**	**0.9%**
% on sales	*58.0%*	*60.5%*				
EBIT adjusted	**47.9**	**72.4**	**-33.9%**	**-35.3%**	**4.2%**	**-2.8%**
% on sales	*13.3%*	*19.6%*				
EBIT	42.3	71.7	-41.0%			
Group pre-tax profit adjusted	**34.7**	**63.9**	**-45.7%**			
Group pre-tax profit	30.6	63.2	-51.6%			
EBITDA adjusted	**67.5**	**89.6**	**-24.7%**	**-27.2%**	**3.3%**	**-0.8%**
% on sales	*18.7%*	*24.2%*				
EBITDA	61.9	88.8	-30.3%			
Net financial debt at period end(*)	**887.1**					

*Net financial position as of 31st December 2019 equal to €777.4 million.

REVIEW OF CONSOLIDATED SALES FOR THE FIRST QUARTER 2020 RESULTS[4]

By **geography**:

- Sales in the **Americas**[5] (50.6% of total Group sales) slightly down organically by **-0.9%**. **Growth in the Group's largest market**, **the US** (**+1.1%**) thanks to Espolòn, Aperol, Campari and SKYY, **despite the tough comparison base** as well as the **initial negative effect of COVID-19** driven by the lockdown of the on-premise (accounting for ca. 30% of the market net sales in FY 2019). This was more than offset by the performance of **Jamaica**, which registered a decline of **-7.3%** driven by the decline in the rum portfolio mostly due to **on-premise closures** and **reduced touristic flows**, amplified by a tough comparison. **Canada** grew by **+9.3%** thanks to Forty Creek and Appleton Estate. In South America, **Brazil** suffered from a tough comparison base, registering a decline of **-13.2%**.

- Sales in **Southern Europe, Middle East and Africa**[6] (23.4% of total Group sales) registered a strong organic decline of **-23.0%**, driven by the **sizeable decline** in **Italy** (**-24.4%**), despite the extremely positive start to the year in the market (the first two months of the year were up by double digit), driven by the **progressive on-premise closures introduced in March as a reaction to the COVID-19 pandemic** (with on-premise accounting for ca. 70% of the market's net sales in FY 2019), affecting **particularly aperitifs**, while **limitations on customer traffic in the off-premise** also contributed to the decline. **Other markets in the region** were down **-18.6%,** with **France** declining **-41.6%** mainly impacted by the comparison base affected by the one-off sale of excessive cognac bulk last year as well as the initial impacts of COVID-19 in March. **Global Travel Retail was down -18.9%**, as shopper traffic fell sharply, especially within the Asian market, starting with the COVID-19 crisis.

- **North, Central and Eastern Europe**[7] (19.1% of total Group sales) grew organically by **+6.6%**: the **slight decline** in **Germany** (**-0.3%**), where positive sell-out trends outpaced shipments in a predominantly off-premise market (accounting for ca. 70% of the market net sales in FY 2019), was **more than offset by the strong growth in the UK** (**+38.3%**), driven by Wray&Nephew Overproof rum, Magnum Tonic Wine, Appleton Estate and Campari. **Russia also grew strongly** (**+30.4%**), despite a tough comparison base. **Other markets in the region** were flattish (**-0.3%**).

- Sales in **Asia Pacific**[8] (6.9% of total Group sales) grew organically by **+3.5%**. **Australia** registered a **very contrasted quarter** with a weak start of the year due to bushfires affecting consumption, while the last part of the quarter registered strong sales in the off-premise channel (accounting for ca. 85% of the market net sales in FY 2019) ahead of the COVID-19 lockdown, resulting in an overall organic growth of **+18.2%**. **Other markets in the region** declined overall by **-33.1%**, as China was impacted by the COVID-19 pandemic and Japan registered a decline due to destocking ahead of the new route-to-market set up.

[4] Group on-premise vs. off-premise split based on FY 2019 net sales: 40% vs. 60%.
[5] Americas' split on-premise vs. off-premise based on net sales of FY 2019 at regional level: 35 % vs. 65%.
[6] Includes Global Travel Retail. SEMEA's split on-premise vs. off-premise based on net sales of FY 2019 at regional level: 65 % vs. 35%.
[7] NCEE's split on-premise vs. off-premise based on net sales of FY 2019 at regional level: 30 % vs 70%.
[8] Asia Pacific split on-premise vs. off-premise based on net sales of FY 2019 at regional level: 30 % vs 70%.

By **brand**:

- **Global Priorities** (58% of total Group sales) registered an organic decline (**-4.0%**), with **Aperol** and **Campari** flattish (**-0.2%** and **+0.3%** respectively) as the decline in core Italy driven by on-premise closure in March due to COVID-19 entirely offset growth in most of the other markets: **Aperol** and **Campari** organic growth in the quarter, **excluding Italy**, would have been **respectively +22.1% and +9.3%**. Declines also on **Grand Marnier** (**-10.8%**), with the US market affected by a tough comparison base as well as declines in consumption in the on-premise channel impacted by COVID-19. **SKYY** declined by **-4.7%**, despite overall positive results in the core US market driven by consumers shifting to the off-premise because of the on-premise closures in March. **Wild Turkey's shipments** declined (**-12.7%**), with the core US market affected by the destocking ahead of the new packaging (now postponed), nonetheless sell-out trends remain very positive for the brand. Growth in the **Jamaican rum portfolio** (**+3.7%**) was driven by the core US, the UK and Canada.

- **Regional Priorities** (17% of total Group sales) declined organically by **-7.9%**, with the positive performance from **Espolòn** (**+10.0%**), driven by the core US market, more than offset by declines in **Riccadonna**, **Cinzano**, **Bulldog** and **GlenGrant**. **Mondoro** and **Forty Creek** had positive results, driven by their respective core markets of Russia and Canada.

- **Local Priorities** (11% of total Group sales) registered a negative organic performance of **-7.2%**. **Wild Turkey RTD**, **Cabo Wabo** and **Ouzo 12** all registered **positive growth**, which was unable to offset **declines in the single-serve aperitifs**, **Campari Soda** (**-19.9%**) and **Crodino** (**-15.5%**), due to their strong exposure to the Italian on-premise channel, largely hit by COVID-19.

REVIEW OF FIRST QUARTER 2020 RESULTS

Group sales totalled **€360.2 million,** down by **-2.7%** in value **on a reported basis**. The result reflects a **negative organic sales performance** of **-5.3%**, a **positive FX effect** of **+0.7%**, thanks to a stronger US Dollar vs. Euro, and a **positive perimeter effect** of **+1.9%**[9]. The organic change was achieved in a **small quarter** and **against a tough comparable base** (+9.6% in Q1 2019) and, despite a positive start of the year, was largely due to the **on-premise lockdown within the Italian market during March to combat the COVID-19** pandemic, offsetting the resilient organic growth in Northern Europe, the US, Canada and Australia.

Gross profit was **€209.0 million**, down by **-6.6%** in value **on a reported basis** and **down -250 basis points** to 58.0% of net sales. It **declined organically** by **-9.2%**, generating an organic margin dilution of **-250 basis points**, driven by **unfavourable sales mix by market and brand**, in particular by the **negative performance of the high-margin aperitifs business in Italy due to COVID-19**.

Advertising and Promotion spending (**A&P**) was **€57.1 million**, down by **-2.8%** in value **on a reported basis**, corresponding to 15.9% of net sales, in line with Q1 2019. **It declined organically** by **-5.0%**, neutral on margin, due to revised phasing of some marketing initiatives due to COVID-19.

CAAP (Contribution after A&P) was **€151.8 million**, down by **-8.0%** in value **on a reported basis** (down **organically** by **-10.6%**), corresponding to 42.2% of net sales.

Structure costs, i.e. selling, general and administrative costs, totalled **€104.0 million**, up by **+12.2%** in value **on a reported basis**, to 28.9% of net sales. They grew **organically** by **+8.7%**, generating a **dilution of -370 basis points**, mainly driven by the initiatives already planned to strengthen commercial and distribution capabilities in some selected geographies, in particular in Asia as a result of the relocation of the head office from Sydney to Singapore, and the lower absorption of fixed costs in a small quarter with strong organic sales decline.

EBIT adjusted was **€47.9 million**, down by **-33.9%** in value **on a reported basis**, at 13.3% of net sales (-630 basis points). It **declined organically** by **-35.3%** generating **-620 bps margin dilution**, largely due to a **tough comparison base** (+15.4% in value and +100 bps margin accretion in Q1 2019), the **impact from COVID-19**, hitting in particular the high-margin aperitif business in Italy and **lower absorption of fixed costs throughout all cost lines in a small quarter**, given the top-line decline as well as the timing of the lockdown coinciding with the end of the quarter, limiting the Group's implementation of mitigation actions.

[9] Mainly including the effect from the acquisitions of Rhumantilles, Ancho Reyes and Montelobos (completed in Q4 2019) and the French distributor Baron Philippe de Rothschild France Distribution S.A.S. ('RFD'), now named Campari France Distribution S.A.S., completed at the end of February 2020. For the latter, only the third-party brands managed by RFD were included in the perimeter effect.
Post-closing integration of French Distributor RFD operations according to plan. For reference, RFD sales in FY 2019 amounted to €149.8 million under local GAAP, corresponding to €100.0 million under IFRS after sales reclassifications (mainly attributable to commissioner agreements)

Operating adjustments were negative at **€(5.6) million**, including restructuring initiatives as well as the donations made to combat the COVID-19 emergency (ca. €2 million).

EBITDA adjusted was **€67.5 million**, down by **-24.7%** in value **on a reported basis** (**down organically -27.2%**), corresponding to 18.7% of net sales.

EBIT (11.7% of net sales) and **EBITDA** (17.2% of net sales) were at €42.3 million and €61.9 million respectively.

Net financial costs were **€12.8 million**, an **increase of €4.5 million** vs. Q1 2019, despite the lower average indebtedness (€832.3 million in Q1 2020 vs. €870.2 million in Q1 2019), **mainly due to negative exchange rate differences and effects on the current valuations of financial assets**, generating €4.3 million negative impact overall, as well as a **higher average cost of net debt to 4.7%** in Q1 2020, up from 3.7% in Q1 2019, reflecting an increase in the already significant negative carry.

Positive financial adjustments of **€1.4 million**, essentially related to the management of the term loan debt signed in July 2019, carried out in order to benefit from better economic conditions.

Group pre-tax profit adjusted[10] was **€34.7 million** (**-45.7%**)**. Group pre-tax profit** was **€30.6 million**, down **-51.6%**.

Net financial debt stood at **€887.1 million** as of March 31th, 2020 (€777.4 million as of March 31st, 2019), up **€109.7 million**, mainly due to the acquisition of the French distributor (€54.6 million) and the share buyback (€41.1 million). **Existing credit lines of €500 million** were only marginally used as of 31 March 2020 and an additional **term debt facility** for an amount **up to €750 million** was negotiated in April 2020. The **available liquidity**, **credit lines** and the **new debt facility combined amounted to above €1.9 billion**. The outstanding debt has no **financial covenant attached to it**.

Net debt to EBITDA adjusted ratio at **1.9 times**[11] **as of March 31st, 2020**, up from 1.6 times as of December 31st, 2019.

CAMPARI GROUP ANNOUNCES THE SIGNING OF THE AGREEMENT FOR THE ACQUISITION OF CHAMPAGNE LALLIER

Further to the communication of April 17th, 2020, regarding the exclusive negotiations with SARL FICOMA for the acquisition of an 80% interest, with a medium-term route to total ownership, in the share capital of **SARL Champagne Lallier** and **other group companies** (jointly as the '**Company**'), **Campari Group announces today the signing of the deal**.

In 2019 the **sales** of the Company amounted to ca **€21 million** (under local GAAP), including primarily sales related to Champagne of approximately 1 million bottles, of which close to 700,000 bottles of Lallier. As of 31st December 2019, the book value of the inventories carried by the Company amounted to approx. €21.0 million.

The **consideration to be paid is €21.8 million**, **which represents 80% of the share capital of the Company** and is subject to customary price adjustments**.** The consideration will be financed through available resources and will be paid using cash. **The net financial debt of the Company is €21.2 million**.

Pursuant to the agreement the remaining shareholding is subject to **customary reciprocal put and call options** which can be exercised starting from 2023. Mr. Francis Tribaut will continue in his role as managing director of Champagne Lallier.

The deal is expected to close during the third quarter of 2020.

With this acquisition Campari Group will **further enhance its premium portfolio** and **build further critical mass in the strategic French market**, where the Group recently started to sell through its own in-market company.

[10] Before total operating and financial adjustments of €(4.2) million in Q1 2020 (vs. €(0.8) million adjustments in Q1 2019).
[11] Calculated as net debt at period end divided by EBITDA adjusted for the last twelve months.

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FILING OF DOCUMENTATION

The additional financial information at March 31st, 2020 will be made available to the general public at the Company's head office and on the 1INFO circuit for the storage of Regulated Information, operated by Computershare (www.1Info.it) within the limits expressed by the law. The documentation will also be available in the 'Investors' section of the website www.camparigroup.com/en and by all other means allowed by applicable regulations.

The Executive responsible for preparing Davide Campari-Milano S.p.A.'s financial reports, Paolo Marchesini, certifies-pursuant to article 154-bis, paragraph 2 of the Legislative Decree 58/1998-that the accounting disclosures in this statement correspond to the accounting documents, ledgers and entries.

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.
It should be noted that the additional financial information is not subject to auditing.

ANALYST CONFERENCE CALL
At **1:00 pm (CET) today, May 5th, 2020**, Campari's management will hold a conference call to present the Group's Q1 2020 results. To participate, please dial one of the following numbers:
- **from Italy: 02 805 88 11**
- **from abroad: + 44 121 281 8003**

The **presentation slides** can be downloaded before the conference call from the main investor relations page on Campari Group's website, at http://www.camparigroup.com/en/investors.
A **recording of the conference call** will be available from today, May 5th, until Tuesday, May 12th, 2020.
To listen to it, please call the following numbers:
- **from Italy: 02 72495**
- **from abroad: +44 1212 818005**

(Access code: **931#**).

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FOR FURTHER INFORMATION

Investor Relations		
Chiara Garavini	Tel. +39 02 6225 330	Email: chiara.garavini@campari.com
Jing He	Tel. +39 02 6225.832	Email: jing.he@campari.com
Thomas Fahey	Tel. +44 (0)20 31009618	Email: thomas.fahey@campari.com
Francesco Pintus	Tel. +39 02 6225 416	Email: francesco.pintus@campari.com
Corporate Communications		
Enrico Bocedi	Tel. +39 02 6225 680	Email: enrico.bocedi@campari.com

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ABOUT CAMPARI GROUP

Campari Group is a major player in the global spirits industry, with a portfolio of over 50 premium and super premium brands, spreading across Global, Regional and Local priorities. Global Priorities, the Group's key focus, include **Aperol, Campari, SKYY**, **Grand Marnier, Wild Turkey** and **Appleton Estate**. The Group was founded in 1860 and today is the sixth-largest player worldwide in the premium spirits industry. It has a global distribution reach, trading in over 190 nations around the world with leading positions in Europe and the Americas. Campari Group's growth strategy aims to combine organic growth through strong brand building and external growth via selective acquisitions of brands and businesses.
Headquartered in Milan, Italy, Campari Group owns 21 plants worldwide and has its own distribution network in 21 countries. Campari Group employs approximately 4,000 people. The shares of the parent company Davide Campari-Milano S.p.A. (Reuters CPRI.MI - Bloomberg CPR IM) have been listed on the Italian Stock Exchange since 2001. For more information: http://www.camparigroup.com/en. Please enjoy our brands responsibly.

- Appendix to follow -

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Consolidated net sales breakdown by brand for the first quarter 2020

	% on Group sales	% change, of which:			
		total	organic	exchange rate effect	external growth
Global Priorities	57.9%	-2.7%	-4.0%	1.3%	0.0%
Regional Priorities	16.7%	4.7%	-7.9%	1.3%	11.3%
Local Priorities	10.8%	-8.5%	-7.2%	-1.6%	0.4%
Rest of portfolio	14.5%	-5.7%	-6.3%	-0.3%	0.8%
Total	**100.0%**	**-2.7%**	**-5.3%**	**0.7%**	**1.9%**

Consolidated net sales by geographic area for the first quarter 2020

	1 January-31 March 2020		1 January-31 March 2019		%
	€ million	%	€ million	%	Change
Americas	182.2	50.6%	178.9	48.3%	**1.9%**
SEMEA (Southern Europe, Middle East and Africa)	84.5	23.4%	100.8	27.2%	**-16.2%**
North, Central & Eastern Europe	68.7	19.1%	65.4	17.7%	**5.1%**
Asia Pacific	24.8	6.9%	25.0	6.8%	**-0.9%**
Total	**360.2**	**100.0%**	**370.1**	**100.0%**	**-2.7%**

Breakdown of % change	total % change	organic growth	exchange rate effect	external growth
Americas	**1.9%**	-0.9%	1.7%	1.1%
SEMEA (Southern Europe, Middle East and Africa)	**-16.2%**	-23.0%	0.0%	6.8%
North, Central & Eastern Europe	**5.1%**	6.6%	1.1%	-2.6%
Asia Pacific	**-0.9%**	3.5%	-4.4%	0.0%
Total	**-2.7%**	**-5.3%**	**0.7%**	**1.9%**

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Consolidated income statement for the first quarter 2020

	1 January-31 March 2020		1 January-31 March 2019		
	€ million	%	€ million	%	Change
Net sales	**360.2**	**100.0%**	**370.1**	**100.0%**	**-2.7%**
Cost of goods sold[1]	(151.2)	-42.0%	(146.2)	-39.5%	3.4%
Gross margin	**209.0**	**58.0%**	**223.8**	**60.5%**	**-6.6%**
Advertising and promotional costs	(57.1)	-15.9%	(58.8)	-15.9%	-2.8%
Contribution margin	**151.8**	**42.2%**	**165.1**	**44.6%**	**-8.0%**
SG&A[2]	(104.0)	-28.9%	(92.6)	-25.0%	12.2%
Result from recurring activities (EBIT adjusted)	**47.9**	**13.3%**	**72.4**	**19.6%**	**-33.9%**
Adjustments to operating income (expenses)	(5.6)	-1.5%	(0.8)	-0.2%	-
Operating result (EBIT)	**42.3**	**11.7%**	**71.7**	**19.4%**	**-41.0%**
Financial income (expenses)	(12.8)	-3.6%	(8.3)	-2.3%	53.2%
Adjustments to financial income (expenses)	1.4	0.4%	(0.0)	0.0%	-
Profit (loss) related to companies valued at equity	0.1	0.0%	0.2	0.0%	-
Put option, earn out income (charges) and hyperinflation effects	(0.5)	-0.1%	(0.3)	-0.1%	-
Profit before tax and non-controlling interests	**30.5**	**8.5%**	**63.2**	**17.1%**	**-51.8%**
Non-controlling interests	(0.1)	0.0%	-	0.0%	-
Group profit before tax	**30.6**	**8.5%**	**63.2**	**17.1%**	**-51.6%**
Group profit before tax adjusted	**34.7**	**9.6%**	**63.9**	**17.3%**	**-45.7%**
Total depreciation and amortisation	(19.6)	-5.4%	(17.1)	-4.6%	14.3%
EBITDA adjusted	**67.5**	**18.7%**	**89.6**	**24.2%**	**-24.7%**
EBITDA	**61.9**	**17.2%**	**88.8**	**24.0%**	**-30.3%**

(1) Includes cost of material, production and logistics costs.
(2) Includes selling, general and administrative costs.