Interim report on operations
at 31 March 2013

CONTENTS

Highlights 5

Corporate officers 7

Interim report on operations 9
- Significant events during the period 9
- Sales performance 10
- Income statement 17
- Financial situation 19
- Events taking place after the end of the period 21
- Outlook 21
- Information on the figures presented 22
- Other information 22

Highlights

	31 March 2013 € million	31 March 2012 € million	change %	Change % at constant exchange rates
Net sales	**315.2**	**279.3**	**12.9**	**14.5**
Contribution margin	115.1	117.0	-1.6	-0.5
EBITDA before non-recurring items	57.1	71.4	-20.0	-19.6
EBITDA	**61.0**	**70.1**	**-13.0**	**-12.6**
Result from recurring activities	47.6	63.8	-25.3	-25.1
Operating result	**51.5**	**62.4**	**-17.6**	**-17.4**
Operating margin (operating result/net sales)	**16.3%**	**22.4%**		
Profit before tax	39.5	52.8	-25.3	
Group profit before tax	**39.4**	**52.8**	**-25.4**	

	31 March 2013 € million	31 December 2012 € million
Net debt	**914.1**	**869.7**

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, General Counsel and Business Development Officer
Eugenio Barcellona	Director and member of the Risk Control Committee and of the Remuneration and Appointments Committee
Camilla Cionini Visani	Director and member of the Risk Control Committee and of the Remuneration and Appointments Committee[4] [5]
Karen Guerra	Director
Thomas Ingelfinger	Director and member of the Risk Control Committee and of the Remuneration and Appointments Committee[4] [5]
Marco P. Perelli-Cippo	Director

Board of Statutory Auditors[2]

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

Independent auditors[3]

PricewaterhouseCoopers S.p.A.

[1] The 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.
The Board of Directors, at a meeting held on the same date, 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 Risk Control Committee and the Remuneration and Appointments Committee were appointed, for the three year period 2013-2015, by the Board of Directors on 30 April 2013.

Interim report on operations

Significant events during the period

Purchase of distribution rights for Appleton brands in the US

In connection with the acquisition of Lascelles deMercado & Co. Limited, completed in 2012, the Group purchased the marketing and distribution rights of the Appleton Rum portfolio in the US through Campari America, LLC for USD 20 million, with effect from 1 March 2013.

Continuation of the Group's rationalisation process

On 30 January 2013, the Group announced the termination, as of June 2013, of all commercial activities at Campari International S.A.M., based in Munich. The company's operations, which consist of managing the Group's operations in numerous international markets, will be taken over by Campari International S.r.l., a newly-established subsidiary of Davide Milano S.p.A. with registered office in Sesto San Giovanni at the Group's headquarters. The mission and geographical basis of consolidation of the International Business Unit will however remain unchanged. This change is intended to speed up decision-making processes, communication and the sharing of information, and to enable the harmonisation of procedures, the improved use of shared tools and processes, and the rapid integration of new trademarks.

Exercise of put and call options on the minority interest in Campari Rus OOO

On 28 February 2013, the Group exercised previously-agreed options for the purchase of the remaining 20% stake in Campari Rus OOO for € 2.1 million. This amount did not generate any additional charge over what was already recorded at 31 December 2012.

Sale of the Punch Barbieri brand

On 1 March 2013, the Group completed the sale of the Punch Barbieri brand to Distilleria Moccia for € 4.45 million.
This operation will enable the Group to focus on the priority brands in its portfolio.

Launch of Campari Orange Passion

Campari Orange Passion is the new aperitif made with Campari, orange juice and cane sugar, launched on the Italian market by Gruppo Campari in March 2013.
This ready-to-serve cocktail was born from the success of Campari Orange Passion, the "muddled" cocktail launched in 2010 as a reinterpretation of the Garibaldi (traditional Campari Orange) to celebrate Campari's 150th anniversary.
The new product is set apart by the original design of the bottle and respect for the environment, thanks to its easily recyclable packaging.

Purchase of own shares

From 1 January to 31 March 2013, the Group bought 4,651,944 own shares at an average price of € 5.90, and sold 301,060 shares in relation to the exercise of stock options.
At 31 March 2013, the Parent Company held 8,849,002 own shares, equivalent to 1.52% of the share capital.

Sales performance

Overall performance

During the first quarter of 2013, the Group's net sales amounted to € 315.2 million, an increase of 12.9% compared with the same quarter of last year. This positive result is primarily attributable to the purchase of Lascelles deMercado & Co. Limited. (hereinafter "LdM acquisition"), which took place on 10 December 2012.
In fact, on a same-structure basis and at constant exchange rates, sales decreased by 9.0% in the first quarter of 2013, mainly owing to a sharp decrease in sales on the Italian market. External growth, however, had a positive impact of 23.4%, while the exchange rate effect was negative at 1.6%.

	€ million	% change vs first quarter of 2012
Net sales in the first quarter of 2013	315.2	
Net sales in the first quarter of 2012	279.3	
Total change	**35.9**	**12.9%**
of which		
organic growth	-25.0	-9.0%
external growth	65.4	23.4%
exchange rate effect	-4.5	-1.6%
Total change	**35.9**	**12.9%**

The negative organic growth of 9.0% registered by the Group in the first quarter of 2013 was mainly determined by one-off factors, which were largely expected and anticipated, and which had a significant impact on performance in the Italian market, as well as by uneven sales performances on the key markets.
Specifically, in Italy, sales in March did not get their traditional boost from promotional activities usually scheduled for the spring, based on significant payment extensions to customers in the traditional channel (wholesalers). This activity, aimed at increasing Group product penetration in the channel sufficiently ahead of the summer peak in consumption, can no longer be implemented as of 2013 due to new legislation (article 62, Law 27 of 24 March 2012).
The estimated impact on sales resulting from this situation, which caused sales to be shifted from the first to the second and third quarters, is approximately € 25 million, i.e. equal to the entire negative organic growth registered by the Group in the first quarter.
As regards the sales performance in other markets outside of Italy, where consumption suffered due to the negative economic environment and a serious lack of confidence regarding short-/medium-term expectations, the Group also registered a drop in sales in Germany and Australia during the first quarter.
These negative trends were offset by the excellent result achieved on the Russian market and by extremely positive Group sales performances in the US and South America.

External growth had an extremely significant positive impact of 23.4%, which is almost entirely attributable to the LdM acquisition (22.6%).

Sales in the first three months of 2013: breakdown of external growth	% change vs first quarter of 2012	€ million
Total Lascelles deMercado & Co. Limited business	22.6%	63.1
New agency brands	1.2%	3.5
Termination of distribution of other agency brands	-0.4%	-1.2
Total external growth	**23.4%**	**65.4**

With regards to the contribution made by the LdM acquisition, which was € 63.1 million in the first quarter of 2013, the tables below break down sales by sector of activity and, in the spirits & wines segment, also by region and main brand.

LdM acquisition: sales	€ million
Spirits & wines	34.8
Merchandise and agri-pharma divisions	15.5
Supply chain sales (sugar and bulk rum)	12.8
Total	**63.1**

Note that the bulk of supply chain sales and those of sugar in particular are concentrated in the first quarter of the year.
The table below shows LdM sales be region: note that sales in the US were heavily impacted by the transition following the purchase of distribution rights for this market, on 1 March 2013, a process that has significantly slowed shipments to distributors.

LdM acquisition: spirits & wines sales by region	€ million
Jamaica and the Caribbean (excluding local duty free shops)	19.2
Canada	2.6
USA	0.6
Other countries, Americas area	0.3
Subtotal: Americas	**22.7**
New Zealand	2.3
Other countries, Rest of the World and duty free area	7.6
Subtotal: Rest of the World and duty free	**9.9**
UK	2.1
Other countries, Rest of Europe Area	0.1
Subtotal: Rest of Europe	**2.2**
Total spirits & wines, LdM acquisition	**34.8**

LdM acquisition: spirit & wine sales for the main brands	€ million
W&N White Overproof	9.5
Appleton	8.5
Coruba	1.8
Subtotal: international brands	**19.8**
Magnum Tonic wine	5.5
Charley's	1.8
Other Group spirit & wine brands	5.1
Third-party brands distributed	2.6
Subtotal: local brands	**15.0**
Total spirits & wines, LdM acquisition	**34.8**

Changes in average exchange rates had a negative impact on sales for the first quarter of 2013 of € 4.5 million, or -1.6%.
Compared with the first quarter of 2012, the Brazilian real (-12.1%) and the Argentinean peso (-14.0%) registered substantial depreciation against the euro. In addition, almost all the Group's other key currencies fell in value, albeit to a lesser extent: -0.7% for the US dollar, -2.3% for the Australian dollar and -1.7% the Swiss franc.
The table below compares the changes in exchange rates for the Group's most important currencies, both as a spot rate at 31 March and as an average figure for the period.

Exchange rates for the period : currency X € 1	Q1 2013	Q1 2012	% Change
US$ x € 1 average for the period	1.320	1.311	-0.7%
US$ x € 1 rate at 31 March	1.281	1.336	4.3%
BRL x € 1 average for the period	2.635	2.316	-12.1%
BRL x € 1 rate at 31 March	2.570	2.432	-5.4%
CHF x € 1 average for the period	1.228	1.208	-1.7%
CHF x € 1 rate at 31 March	1.220	1.205	-1.2%
CNY x € 1 average for the period	8.218	8.271	0.7%
CNY x € 1 rate at 31 March	7.960	8.409	5.6%
GBP x € 1 average for the period	0.851	0.835	-2.0%
GBP x € 1 rate at 31 March	0.846	0.834	-1.4%
ARS x € 1 average for the period	6.619	5.691	-14.0%
ARS x € 1 rate at 31 March	6.558	5.842	-10.9%
AUD x € 1 average for the period	1.271	1.242	-2.3%
AUD x € 1 rate at 31 March	1.231	1.284	4.3%
MXN x € 1 average for the period	16.692	17.014	1.9%
MXN x € 1 rate at 31 March	15.815	17.022	7.6%
RUB x € 1 average for the period	40.148	39.541	-1.5%
RUB x € 1 rate at 31 March	39.762	39.295	-1.2%
JMD x € 1 average for the period	125.529	113.667	-9.4%
JMD x € 1 rate at 31 March	125.790	115.880	-7.9%

Sales by region

The LdM acquisition and the concurrent slowdown in Group sales in Italy and in some other European markets significantly changed the distribution of the business by geographical region.

The region of the Americas, which registered an excellent sales performance in the first quarter of 2013 in its two main markets, the United States and Brazil, currently accounts for more than 90% of sales relative to the LdM acquisition, which are concentrated mainly in Jamaica, but also in Canada, the Caribbean and the United States. During this quarter, the region reported overall growth of 66.7%, and represented 45.1% of total Group sales; it accounted for 30.5% of Group sales in the first quarter of 2012 and 34.7% for FY 2012.

Italy (with a 26.2% decrease) and the Rest of Europe (with a 2.8% decrease) saw their overall contribution to total Group sales fall to under 50% for the first time in the first quarter of 2013.

In the Rest of the World and duty free region, which also benefited from the LdM acquisition, sales increased by 24.5% in the first quarter, and their contribution to total Group sales increased further, to 11.9%.

	First quarter 2013		First quarter 2012		% change
	€ million	%	€ million	%	2013/2012
Italy	75.0	23.8%	101.6	36.4%	-26.2%
Rest of Europe	60.4	19.2%	62.2	22.3%	-2.8%
Americas	142.2	45.1%	85.3	30.5%	66.7%
Rest of the World and duty free	37.6	11.9%	30.2	10.8%	24.4%
Total	315.2	100.0%	279.3	100.0%	12.9%

In **Italy**, sales totalled € 75.0 million in the first quarter of 2013, a sharp decrease on the figure for the same period last year (-26.2%). As anticipated in the introduction, this result should be considered and interpreted in light of two significant factors.

First of all, the first quarter of 2013 was negatively affected by a technical factor, namely the impossibility to launch the traditional spring promotion, aimed at increasing Group product penetration in the traditional channel sufficiently ahead of the summer consumption peak. The new legislation (article 62, Law 27 of 24 March 2012), which strictly regulates payment terms, is estimated to have caused a shift in sales from the first to the second and third quarters quantified at approximately € 25 million. Stripping out this effect, it is estimated that sales on the Italian market would have contracted by just a few percentage points in the first quarter.

This negative sales performance is attributable to the gradual socio-economic decline of Italy starting in the second half of 2012, which has seen a contraction in GDP and an increase in unemployment, especially among young people. In this environment, the country has seen a progressive and generalised contraction in consumption that has affected the whole food industry and the beverage sector in particular.

Stripping out the structural effects of the current economic crisis, a portion of the sales lost in March due to the cancelled early shipments for the spring promotion can expected to be recovered in the second and third quarters. Undoubtedly, weather conditions, which determine the consumption of aperitifs in spring and summer, will have a definite impact on the Group's capacity to make up the delay in sales.

The table below shows sales performance for the quarter by business area, and breaks down the change by organic and external growth.

Italy	First quarter 2013 € million	First quarter 2012 € million	Total change	organic growth	external growth	exchange rate effect
Spirits	54.9	69.8	-21.4%	-21.4%	0.0%	0.0%
Wines	4.8	6.2	-22.3%	-23.9%	1.6%	0.0%
Soft drinks	15.3	25.6	-40.1%	-40.1%	0.0%	0.0%
Total	**75.0**	**101.6**	**-26.2%**	**-26.3%**	**0.1%**	**0.0%**

In Italy, external growth had an extremely marginal effect on sales for the quarter (+0.1%), and the negative organic growth of 26.3% therefore corresponds to the overall change.

Spirit sales registered organic negative growth of 21.4%, and almost all the main brands (Campari, Campari Soda, GlenGrant, and SKYY Vodka) registered a double-digit decrease. The only positive exception was Aperol, whose sales grew compared with the first quarter of 2012, partly thanks to a healthy increase in distribution and consumption in the central and southern regions of Italy.

Wine sales were also very negative. Overall sales decreased by 22.3%, but excluding the slight positive effect of new distribution agreements (+1.6%), the organic decrease in sales was 23.9%.

Given the fall in consumption due to the current economic crisis, the trend in this segment was also negative for the main brands, i.e. Cinzano and Sella & Mosca. Furthermore, in Italy, the wine market is suffering as a result of a sharp

contraction in consumption in the restaurant channel, which is even greater than the fall registered in restaurant bookings.
The soft drinks segment registered an even more marked decrease (-40.1%), as it was affected to an even greater extent by the absence of the spring promotion mentioned above.

In the **Rest of Europe**, sales totalled € 60.4 million in the first quarter of 2013, a decrease of 2.8% compared with the same period in 2012. As regards organic growth, however, sales decreased by 8.8%, since the positive performance achieved in the Russian market was offset by the extremely negative results registered in western Europe, particularly in Germany, France and Spain. The overall results for this region were positively affected by external growth of 6.5% and negatively affected by a marginal exchange rate effect of 0.5%.

Rest of Europe	First quarter 2013 € million	First quarter 2012 € million	Total change	organic growth	external growth	exchange rate effect
Spirits	36.6	41.3	-11.6%	-20.5%	9.2%	-0.3%
Wines	20.4	18.2	12.0%	12.5%	0.4%	-0.9%
Soft drinks	1.2	1.2	2.5%	3.4%	0.0%	-0.9%
Other sales	2.3	1.5	53.5%	45.8%	9.9%	-2.2%
Total	**60.4**	**62.2**	**-2.8%**	**-8.8%**	**6.5%**	**-0.5%**

With reference to the individual business areas, as shown in the table above, the decrease was entirely due to spirits, which registered a decrease of 11.6%. At constant exchange rates and on a same-structure basis, however, the decrease was even more marked, at 20.5%.
This result was strongly influenced by the negative performance of Aperol and Campari in Germany, which had a greater overall impact in the region than some individual good performances, such as that of SKYY Vodka and Ouzo 12 in Germany, Aperol in Belgium and Campari in Austria.
On the German market, particularly in relation to sales of Aperol and Campari, note too that the particularly cold weather in the first quarter of 2013, unprecedented in the last ten years, had a heavy impact on the on-premise consumption of aperitifs.
Spirit sales in the region benefitted, however, from external growth of 9.2%, due to both the distribution of Tullamore DEW in Germany and LdM brand sales, currently concentrated almost exclusively in the UK, in subsidiary J.Wray&Nephew Ltd.
Wine sales in the Rest of Europe increased by 12.0% compared with the first quarter of 2012 (+12.5% on a same structure basis and at constant exchange rates) due to positive business growth in the important Russian market and strong double-digit growth of Cinzano (both vermouth and sparkling wines) and Mondoro. As regards Mondoro sparkling wine, sales at the beginning of 2013 compare favourably to those of the first quarter of 2012, when the Group's shipments to Russia were limited because of the product surplus placed on the market by the previous distributor.
In contrast, sales of Cinzano sparkling wine in Germany and of Odessa in Ukraine fell.
The soft drinks segment, which is marginal in this region, increased sales (+3.4% at constant exchange rates) thanks to positive growth for the Lemonsoda range in Switzerland. The "other sales" segment, also marginal but with growth of 53.5%, reported a sharp increase in sales of malt distillate to third parties in Scotland.

In the **Americas**, total sales for the first quarter were € 142.2 million and increased by 66.7% compared with the same period in 2012. This growth comprised positive organic growth (10.8%), external growth (60.2%) and a negative exchange rate effect (-4.4%).
As anticipated above, the strong external growth component in the region was almost entirely due to sales derived from the LdM acquisition, mainly in Jamaica and the Caribbean, but also in Canada and other countries in the Americas.
As regards business areas, as shown in the table below, external growth (i.e. the LdM acquisition) had a noticeable impact on spirits (almost all of the 23.7% recorded in the whole area), a very strong relative impact (149.9%) on wines (albeit more modest in absolute terms) and an extremely strong impact on the "other sales" segment, which after the LdM acquisition, now includes sales from the merchandise and agri-pharma divisions, as well as sales of sugar and bulk rum.

Americas	First quarter 2013 € million	First quarter 2012 € million	Total change	organic growth	external growth	exchange rate effect
Spirits	102.9	80.1	28.5%	8.9%	23.7%	-4.1%
Wines	10.5	4.2	149.1%	13.1%	146.9%	-10.9%
Soft drinks	0.1	0.0	n.s.	n.s.	n.s	n.s
Other sales	28.6	1.0	n.s.	164.5%	27 x	-4.7%
Total	**142.2**	**85.3**	**66.7%**	**10.8%**	**60.2%**	**-4.4%**

For a more complete analysis of the sales performance in this region, the two tables below break down the values relating to the two main markets (excluding Jamaica), that is the US and Brazil, as well as "other countries" in the Americas.

	First quarter 2013 € million	%	First quarter 2012 € million	%	% change 2013/2012
US	61.8	43.5%	57.6	67.5%	7.3%
Brazil	12.6	8.9%	11.7	13.8%	7.6%
Other countries	67.7	47.6%	16.0	18.7%	324.5%
Total Americas	**142.1**	**100.0%**	**85.3**	**100.0%**	**66.7%**

Breakdown of % change	Total	organic growth	external growth	exchange rate effect
US	7.3%	7.6%	0.4%	-0.7%
Brazil	7.6%	22.4%	0.0%	-14.8%
Other countries	324.5%	14.0%	320.4%	-9.9%
Total Americas	**66.7%**	**10.8%**	**60.2%**	**-4.4%**

The **United States**, which represent 43.5% of sales in the Americas and about 20% of total Group sales, reported solid organic growth of 7.6% for the first quarter of 2013, thanks to the positive performance of two main brands, SKYY Vodka (particularly the steady performance of the infusions range), and the Wild Turkey franchise, whose brand core registered double-digit growth.
Among the Group's other brands, the quarter was positive for the tequilas CaboWabo and in particular Espolón, while Carolans, Frangelico and X Rated registered a decrease in sales.
External growth in the quarter was marginal (+0.4%), since the effects of the LdM acquisition on the US market were influenced by the purchase by subsidiary company Campari America, LLC of the distribution rights to the Appleton rum portfolio on 1 March 2013. The slight depreciation of the US dollar also had a negative exchange rate effect of 0.7%.

The sales performance was also extremely positive in **Brazil**, where organic growth came out at 22.4% in the first quarter of 2013. Partly owing to an extremely favourable comparison base with a particularly weak first quarter of 2012, all the main brands performed remarkably well on the Brazilian market, with double-digit growth for both international (Campari, SKYY Vodka and Sagatiba) and local (Dreher, OldEight and Drury's) brands.
However, the depreciation of the Brazilian real and the subsequent negative exchange rate effect had a very negative impact, of 14.8%; stripping out the exchange rate effect, overall sales growth in Brazil was limited to 7.6%.

Excluding the effects of the LdM acquisition, which have already been covered extensively, sales in **other countries on the American continent** maintained a positive trend, with organic growth of 14.0%.
Excluding Jamaica, the three main markets in the region - Argentina, Canada and Mexico - continue to put in positive performances. During the quarter, the Group saw especially good results in the Argentinean market, partly thanks to Campari's excellent growth; in Canada, Campari showed more modest growth, but Carolans registered positive results.

In the **Rest of the World and duty free** region, sales totalled € 37.6 million in the first quarter of 2013, an increase of 24.5% compared with the same period of 2012. This mainly consisted of external growth (+32.9%), i.e. sales of Appleton, Coruba and other LdM brands in New Zealand and in the duty free channel.
The region reported negative organic growth of 6.9%, as a result of a weak first quarter for sales on the Australian and Japanese markets. Among other markets, however, the Group reported growth in China, Nigeria, and in the duty free channel. The overall exchange rate effect was negative (-1.5%) due to the depreciation of the Australian dollar and the yen.
The table below shows the sales performance by business area in the Rest of the World and duty free region as a whole.

Rest of the world and duty free	First quarter 2013 € million	First quarter 2012 € million	Total change	organic growth	external growth	exchange rate effect
Spirits	29.7	26.2	13.4%	-7.4%	22.4%	-1.6%
Wines	5.6	3.8	46.0%	-5.5%	52.8%	-1.3%
Soft drinks	0.1	0.1	-13.0%	-13.8%	0.7%	0.1%
Other sales	2.3	0.2	1300.4%	46.8%	13 x	-3.3%
Total	**37.6**	**30.2**	**24.5%**	**-6.9%**	**32.9%**	**-1.5%**

Sales of **spirits**, which represent 79.0% of total sales in this region, registered negative organic growth of 6.9%, mainly due to the significant delay in sales of the entire Wild Turkey franchise in Australia. In this market, the beginning of 2013 was marked by the launch on the market of many new products by Wild Turkey's competitors, and by aggressive promotional campaigns by consolidated players. In addition, note that the first quarter is not particularly significant for sales in Australia, and that sales for the first quarter of 2012 were particularly high as they received greater support from promotional campaigns.
Among the Group's other spirit brands in the region, Campari registered good results in Nigeria, and SKYY Vodka did well in China.
Sales of **wines,** which represent about 15% of sales in the region, decreased by 5.5% in the first quarter of 2013, since the decrease in Riccadonna sales was greater than the increase in Cinzano sparkling wine and vermouth sales.

Consolidated sales by business area and by key brand

The two tables below show changes in sales by business area and a breakdown of the overall change in each business area by organic growth, external growth and the effect of exchange rate movements.
As seen above for the geographical regions, the LdM acquisition significantly changed the distribution of sales at business area level. Specifically, the contribution of the "other sales" segment to total sales increased from 2.6% in the first quarter of 2012 to 10.5% in the first quarter of 2013, following the consolidation of the merchandise and products divisions for agriculture and pharmaceuticals, and of sales to third parties of sugar and bulk rum.

	First quarter 2013		First quarter 2012		% change
	€ million	%	€ million	%	2013/2012
Spirits	224.1	71.1%	217.4	77.8%	3.1%
Wines	41.3	13.1%	32.4	11.6%	27.4%
Soft drinks	16.7	5.3%	26.9	9.6%	-38.0%
Other sales	33.2	10.5%	2.6	1.0%	12.8 x
Total	**315.2**	**100.0%**	**279.3**	**100.0%**	**12.9%**

Breakdown of % change	Total	organic growth	external growth	exchange rate effect
Spirits	3.1%	-8.4%	13.2%	-1.7%
Wines	27.4%	3.5%	25.9%	-2.0%
Soft drinks	-38.0%	-38.2%	0.2%	0.0%
Other sales	12.8 x	90.2%	10.8 x	-3.2%
Total	**12.9%**	**-9.0%**	**23.4%**	**-1.6%**

Spirits

Sales of spirits, which totalled € 224.1 million, registered an overall increase of 3.1%. The LdM acquisition, mainly with Appleton, W&N Overproof and Coruba rums, further strengthened the Group's core business: Spirit sales in the first quarter registered external growth of € 28.6 million, representing an increase of 13.2% of sales compared with the first quarter of 2012. Stripping out this external component and the negative exchange rate effect (1.7%), spirits registered negative organic growth of 8.4%.
In addition to the information provided above on the sales performance of the main brands in individual regions, a summary of the overall results of the Group's main brands is provided below.

Group's main spirit brands Q1 sales in 2013 vs Q1 sales in 2012	change at constant exchange rates	change at actual exchange rates
Campari	-12.4%	-15.0%
SKYY Vodka (including the infusions range)	1.9%	0.7%
Aperol	-15.3%	-15.5%
Campari Soda	-28.3%	-28.3%
Franchise Wild Turkey	-0.3%	-1.7%
Wild Turkey core brand	*1.2%*	*0.1%*
Wild Turkey ready to drink	*-13.6%*	*-15.5%*
American Honey	*-2.1%*	*-3.0%*
Brazilian brands (Old Eight, Drury's and Dreher)	15.9%	2.0%
Former C&C brands	-15.4%	-16.1%
Carolans	*-13.5%*	*-14.0%*
Frangelico	*-17.2%*	*-18.1%*
GlenGrant	-11.8%	-12.1%
OldSmuggler	1.2%	-8.1%
Ouzo 12	-1.4%	-1.5%
Cynar	0.8%	-2.7%
Tequila(CaboWabo and Espolón)	35.3%	34.6%

In the first quarter of 2013, third-party spirits distributed by the Group (which represent approximately 10% of sales in this segment) registered overall growth of 1.4%, but on a same-structure basis and at constant exchange rates, they decreased by 9.7%.

Wines

Sales of wines in the first quarter of 2013 totalled € 41.3 million, an increase of 27.4% compared with the same period of last year. The impact of the LdM acquisition was also significant in this segment, and determined an external growth effect of € 8.4 million, or 25.9%. On a same-structure basis and at constant exchange rates, the segment did however achieve a positive result, with organic growth of 3.5%.
The following is a summary of the consolidated sales performance of the key brands.

Group's wine brands Q1 sales in 2013 vs Q1 sales in 2012	change at constant exchange rates	change at actual exchange rates
Cinzano sparkling wines	-10.5%	-10.9%
Cinzano vermouth	7.8%	2.5%
Other sparkling wines (Riccadonna, Mondoro and Odessa)	49.9%	47.1%
Sella & Mosca	-8.4%	-8.4%

In wines, the agency brands account for a lower proportion of total sales than in spirits (approximately 6%); as a result, the overall double-digit growth represents a fairly limited increase in value.
The growth strategy for still wines that also includes expanding the portfolio to the distribution of new third-party brands led to the signing of new agreements in 2013. Among these was the agreement to distribute Volpe Pasini wines.

Soft drinks

In the first quarter of 2013, sales of soft drinks totalled € 16.7 million, a decrease of 38.0% compared with the first quarter of 2012 (-38.2% stripping out a marginally positive exchange rate effect).
The result of this segment was wholly due to the negative events that impacted sales in the first quarter on the Italian market. The following is a summary of the key brand trends at consolidated level.

Soft drink brands of the Group Q1 sales in 2013 vs. Q1 sales in 2012	Change at constant exchange rates	Change at actual exchange rates
Crodino	-45.0%	-45.0%
Lemonsoda drinks range	-26.7%	-26.7%
Crodo mineral waters and other drinks	-2.5%	-2.5%

Other sales

Other sales totalled € 33.2 million and, as mentioned at the start of this section, now account for a greater proportion of the Group's business following the LdM acquisition (these sales totalled only € 2.6 million in the first quarter of 2012).

Items in this segment now include:

- sales of finished products that do not fall into the product categories that represent the Group’s core business (spirits, wines and soft drinks), totalling € 27.5 million;
- sales to third parties of raw materials and semi-finished goods, mainly new-production and aged liquid, totalling € 5.3 million;
- revenue from bottling activities carried out on behalf of third parties, totalling € 0.4 million.

Income statement

The Group’s operating performance in the first quarter of 2013 shows a decline in profitability both in absolute terms and as a percentage of sales: the operating result decreased by 17.6% compared with the first quarter of 2012 and the EBIT margin (EBIT as a percentage of sales) fell from 22.4% in the first quarter of 2012 to 16.3%.

These results - which are clearly not satisfactory, albeit not wholly unexpected - reflect, firstly, a number of one-off factors that adversely affected the performance of the Italian market (article 62 of Law 27 of 24 March 2012), and secondly, mixed performances in key markets, as shown in the section on sales performance.

	31 March 2013		31 March 2012		Change
	€ million	%	€ million	%	%
Net sales	315.2	100.0	279.3	100.0	12.9
Cost of goods sold after distribution costs	(154.8)	-49.1	(117.6)	-42.1	31.6
Gross profit after distribution costs	160.4	50.9	161.7	57.9	-0.8
Advertising and promotional costs	(45.3)	-14.4	(44.8)	-16.0	1.2
Contribution margin	115.1	36.5	117.0	41.9	-1.6
Overheads	(67.5)	-21.4	(53.2)	-19.1	26.9
Result from recurring activities	47.6	15.1	63.8	22.8	-25.3
Non-recurring income (charges)	3.9	1.2	(1.3)	-0.5	-
Operating result	51.5	16.3	62.4	22.4	-17.6
Net financial income and charges	(12.0)	-3.8	(9.5)	-3.4	26.2
Non-recurring financial income (charges)	-	-	(0.1)	-	-
Profit before tax and minority interests	39.5	12.5	52.8	18.9	-25.3
Minority interests	(0.1)	-	(0.1)	-	-
Group profit before tax	39.4	12.5	52.8	18.9	-25.4
Total depreciation and amortisation	(9.5)	-3.0	(7.7)	-2.7	23.8
EBITDA before non-recurring income and charges	57.1	18.1	71.4	25.6	-20.0
EBITDA	61.0	19.3	70.1	25.1	-13.0

Net sales for the quarter totalled € 315.2 million, an increase of 12.9%, thanks to strong external growth of 23.4%; stripping out this positive component and the negative exchange rate effect of 1.6%, sales decreased by 9.0%. For more details on these effects and on sales by region and business area, please refer to the section above.

The severe dilution of the Group’s profitability in the first quarter of the year is due almost entirely to the trend in the **cost of goods sold**; in the two periods under comparison, this income statement item increased sharply (by 700 bps) as a percentage of sales, from 42.1% in 2012 to 49.1% in 2013.

Specifically, the bulk of the increase in the percentage of the cost of goods sold is attributable to the LdM acquisition, which alone led to a 450-basis-point dilution. In addition, the dilutive effect of the consolidation of LdM on gross profit appears to be higher in the first quarter than that expected for the whole year, due to the seasonal nature of the business acquired. Specifically, LdM’s sales in the first quarter reflect a higher percentage of components that offer lower margins (such as sugar, bulk rum, merchandise and agri-pharma), compared with higher-margin items

associated with spirits & wines. With regard to the latter, note also that sales of products with high profit margins in international markets slowed somewhat in the first quarter of the year; this coincided with the period of transition of the LdM portfolio from the distributors at the time of its acquisition to the Group's sales organisations in the different markets (primarily, the US) or to the distributors that manage the Group's portfolio in markets where the Group does not control distribution.
However, the cost of goods sold also increased significantly, by 250 basis points, as a percentage of the organic component; this is due to the combined effect of an unfavourable sales mix (accounting for 150 basis points), the lower absorption of industrial and logistics fixed costs owing to lower sales volumes (70 basis points), and the increase in variable distribution costs, also associated with the unfavourable country mix, which saw strong growth in the Russian market (20 basis points).
The slight increase in the unit costs of the main production factors (raw materials and labour) in the first quarter of 2013 was almost completely absorbed by the increase in net sales prices, which limited the negative impact, in terms of the percentage of cost of goods sold, to only 10 basis points.
With regard to the trends that affected the profitability of organic sales, as indicated above, it is worth noting that the impact of the turbulence in the Italian market – a market that offers high profit margins – on the Group's income statement was exacerbated by the modest trading volumes typical of the first quarter. Specifically, the regulatory restrictions imposed by article 62 of Law 27 of 24 March 2013, which prevented the Group from undertaking its traditional spring promotions, shifted first-quarter sales in Italy to the next quarter, which alone accounted for the entire decline in Group sales recorded in the quarter. The unfavourable country mix was also exacerbated by the weak performance recorded in the German market (especially Aperol), although this was partly offset by the good results achieved in less profitable markets, such as Russia and South America.

Gross profit was € 160.4 million, a decrease of 0.8% compared with the first quarter of 2012. As a direct result of the negative and distorting effects reflected in the cost of goods sold, as discussed above, profitability decreased by 700 basis points, from 57.9% in the first quarter of 2012 to 50.9% in 2013.

The first quarter of the year is the period where consumption of the Group's products is at its lowest, which means that advertising and promotional costs as a percentage of sales are normally lower than the annual average; in the first quarter of last year, these costs were 16.0% of sales, compared with an annual average for 2012 of 17.7%.
As a percentage of sales in the first quarter of 2013, these costs seem to be much lower, at 14.4%, but if the external growth effect relating to the consolidation of LdM is excluded, on a same-structure basis, the percentage is only slightly lower than last year, at 15.7%.
As expected, advertising and promotional investment in the LdM acquisition was very low, amounting to 9.1% in the period.

The **contribution margin** for the quarter was € 115.1 million, a fall of 1.6% compared with last year, as a result of the combined effect of external growth of 13.3%, a negative exchange rate effect of 1.1% and a 13.8% decline in organic sales.

Overheads, which include the cost of the sales organisations and general and administrative costs, increased by 26.9% in total during the quarter.
This increase was largely due to external growth following the LdM acquisition, of 22.5%, partly offset by a negative exchange rate effect of 2.1%; stripping out these components, organic growth in overheads for the quarter, amounting to 6.5%, includes the further strengthening of the Group's sales organisations in Russia and the US.

The **result from recurring activities** was € 47.6 million, a decrease of 25.3% compared with the same period of last year.
Stripping out the positive effects of external growth (5.6%) and negative exchange rate effects (0.3%), the result from recurring activities decreased by 30.7%.

Non-recurring income and charges showed a net positive balance of € 3.9 million, compared with a net negative balance of € 1.3 million in 2012. The net positive balance recorded in the first quarter of 2013 is largely due to the sale of the Punch Barbieri brand by the Parent Company, which generated a capital gain of € 4.5 million, and to other non-recurring charges of € 0.6 million.

The **operating result** was € 51.5 million in the first quarter of 2013, representing a total decrease of 17.6% compared with the first quarter of last year. Stripping out the effects of external growth (+5.9%) and exchange rates (-0.2%), the result was an organic decline of 23.3%.

ROS (return on sales, i.e. operating result as a percentage of net sales) was 16.3%, compared with 22.4% last year.

Depreciation and amortisation charges for the period were € 9.5 million, € 1.8 million higher than in the first quarter of 2012. The external growth effect, comprising the LdM acquisition, was € 1.5 million.

EBITDA before non-recurring income and charges decreased by 20.0% (-26.6% on a same-structure basis and at constant exchange rates) to € 57.1 million, while **EBITDA** decreased by 13.0% (-20.0% on a same-structure basis and at constant exchange rates) to € 61.0 million.

Net financial charges for 2013 stood at € 12.0 million, a rise of € 2.4 million compared with the € 9.6 million recorded in the same period of 2012.
The increase in financial charges is due to the rise in average debt, as a result of the LdM acquisition, and the higher proportion of fixed-rate debt.

Group profit before tax decreased by 25.4% year-on-year, to € 39.4 million (-25.2% at constant exchange rates).

Financial situation

Breakdown of net debt

	31 March 2013 € million	31 December 2012 € million	Variation
Cash and cash equivalents	421.9	442.5	(20.6)
Payables to banks	(112.7)	(121.0)	8.2
Other financial receivables and payables	(14.9)	15.0	(29.9)
Short-term net cash position	294.2	336.5	(42.2)
Payables to banks	(0.9)	(1.1)	0.2
Real estate lease payables	(1.4)	(1.4)	-
Private placement and bond issue	(1,210.5)	(1,206.9)	(3.6)
Other financial receivables and payables	12,5	13.3	(0.8)
Medium-/long-term net debt	(1,200.3)	(1,196.1)	(4.2)
Debt relating to operating activities	(906.1)	(859.7)	(46.4)
Payables for the exercise of put options and earn-out payments	(8.0)	(10.0)	2.0
Net debt	(914.1)	(869.7)	(44.4)

The Group's net debt at 31 March 2013 was € 914.1 million, an increase of € 44.4 million on the figure of € 869.7 million reported at 31 December 2012.
This change is partially attributable to the Parent Company's purchase of own shares totalling € 27 million and to the purchase of the distribution and marketing rights of the Appleton Rum portfolio in the US for USD 20 million. In addition, exchange rate effects in the quarter had a negative impact of € 3.1 million.

In February 2013, the Group made a cash payment of USD 18.2 million to the seller in relation to the acquisition of Lascelles deMercado & Co. Limited. This amount did not have any effect on the Group's net debt, as it had already been recorded under other financial payables in the financial statements to 31 December 2012.
In relation to payables for the exercise of put options, in March the Group exercised its own options to acquire the remaining 20% stake in Campari Rus OOO, for € 2.1 million.

Operating working capital

The table below shows figures corresponding to 31 March 2013 compared to those of 31 December 2012 and 31 March 2012; operating working capital is shown, for each period, as a proportion of sales over the previous 12 months.

	31 March 2013	31 December 2012	Change	31 March 2012	Change
	€ million	€ million	€ million	€ million	€ million
Receivables from customers	285.2	312.4	(27.3)	247.2	38.0
Inventories	485.4	451.4	34.0	357.6	127.8
Trade payables	(200.9)	(201.4)	0.4	(160.7)	(40.2)
Operating working capital	**569.6**	**562.5**	**7.1**	**444.1**	**125.5**
Sales in the previous 12 months	1,376.7	1,340.8	35.9	1,285.1	91.6
Working capital as % of sales in the previous 12 months	41.4	42.0		34.6	

Operating working capital at 31 March 2013 was € 569.6 million, an increase of € 7.1 million compared with the figure at 31 December 2012.
Stripping out the exchange rate effect relating to the appreciation of the US dollar and Brazilian real, which increased working capital by € 5.4 million, working capital increased by € 1.7 million in the quarter.
Seasonal effects between the two dates under comparison resulted in a sharp decrease in the first quarter in trade receivables, which are historically higher in absolute terms at 31 December compared with other periods of the year. This increase is offset by an increase in inventories of finished products in view of the seasonal peak in the second quarter.
Working capital increased by € 125.5 million compared with 31 March 2012. This increase was mainly determined to the effects of the first-time consolidation of LdM, purchased in December 2012, which had an impact on working capital of € 96.4 million.
In addition, the exchange rate effect generated an increase of € 4.2 million in working capital, and inventories, excluding external growth resulting from the acquisition, increased by € 39.5 million. Consequently, customer receivables and trade payables registered an organic decrease of € 14.6 million.
Note in this regard that sales in March, and consequently receivable levels, were influenced by the introduction of laws restricting the granting of credit to customers, in force as of October 2012 (article 62, Law 27 of 24 March 2012). This law caused a reduction in inventories held by customers, and resulted in a time lag for sales, receivables and inventories compared with the corresponding quarter in 2012.

At 31 March 2013, operating working capital amounted to 41.4% of net sales in the previous 12 months, in line with the figure of 42.0% registered at 31 December 2012. At 31 March 2012, operating working capital was 34.6% of net sales.

Note that, since the acquisition of Lascelles deMercado & Co. Limited took place in December 2012, the statement of financial position data at 31 March 2013 and 31 December 2012 include the working capital of the acquired companies, while the sales reported for the previous 12 months include sales from the brands acquired for the first quarter of 2013 only. Stripping out the sales and operating working capital of LdM from the total figures for the period to 31 March 2013 and to 31 December 2012, on a same-structure basis (compared with 31 March 2012), the percentages would have been 36.0% at 31 March 2013 and 33.7% at 31 December 2012.

Events taking place after the end of the period

Launch of Bankes London Dry Gin

In April 2013, Gruppo Campari launched Bankes, the new premium London Dry Gin created in partnership with historic British distillery Langley, on the Italian market.
The new product is a premium beverage, obtained through a traditional distillation process, and has a minimal and elegant packaging.

Ordinary shareholders' meeting of the Parent Company

On 29 April 2013, the ordinary shareholders' meeting of Davide Campari-Milano S.p.A. approved the financial statements for 2012 and agreed the payment of a dividend of € 0.07 per share outstanding, unchanged with respect to the dividend paid out for 2011.
The total dividend, calculated on the shares outstanding and excluding own shares (11,542,776 shares) was € 39,848,006.
The shareholders' meeting also:

- appointed the new Board of Directors for the three-year period 2013-2015. The new Board comprises Eugenio Barcellona, Camilla Cionini-Visani, Luca Garavoglia, Karen Guerra, Thomas Ingelfinger, Robert Kunze-Concewitz, Paolo Marchesini, Marco P. Perelli-Cippo and Stefano Saccardi;
- renewed Luca Garavoglia's mandate as Chairman for the three-year period 2013-2015;
- appointed the Board of Statutory Auditors, also for the three-year period 2013-2015, comprising Pellegrino Libroia as Chairman, and Enrico Colombo and Chiara Lazzarini as statutory auditors.

Outlook

As anticipated at the time the financial statements to 31 December 2012 were approved, the results for the first quarter of 2013, traditionally a period of modest trading activity, were not satisfactory; this was mainly due to the contingent reduction in inventories carried out by distributors in Italy following the introduction of restrictive legislative provisions relating to payment terms (article 62, Law 27 of 24 March 2012). This phenomenon led, among other things, to a significant deterioration in the sales mix and further exacerbated the negative impact of the weakness in local consumption trends. By contrast, the Group achieved very positive results in the Americas, thanks to the continuing positive trend in the US, and the improvement in Latin America and Eastern Europe (especially Russia). These results offset the ongoing weakness in Germany, accentuated by extremely adverse weather conditions, and the decline in Australia. In addition, the Group's activities to integrate and develop the business of LascellesdeMercado & Co. Ltd. are proceeding as planned, and the transition of the international business to the Group's distribution network has almost been completed. Looking to the short-term future, expectations for the current year are unchanged. Specifically, developments in consumption trends and the ongoing adverse weather conditions in Italy and other European markets represent the main challenges to the Group's ability to make up for the first-quarter decline in sales over the rest of the year.

Information on the figures presented

For ease of reference, all figures in this interim report on operations are expressed in million euro to one decimal place, whereas the original data is recorded and consolidated by the Group in thousand 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 thousand euro.
The use of values expressed in million euro may result in apparent discrepancies between absolute values and percentage changes.

Other information

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

Sesto San Giovanni (MI), Monday 13 May 2013

Chairman of the Board of Directors

Luca Garavoglia

I, Paolo Marchesini, the director responsible for preparing the company's accounting statements, hereby declare that, pursuant to paragraph 2, article 154-*bis* of the Testo Unico della Finanza law, this first-quarter report accurately represents the figures contained in the Group’s accounting records.

Paolo Marchesini

Chief Financial Officer