

## CAMPARI GROUP; Toasting life together<sup>1</sup>

### CAMPARI GROUP IN 2021

This is how Campari Group presented itself (see Annex 1) in a comment by Bob Kunze-Concewitz, CEO of the company since May 2007 during the Investor Presentation of September 2020:

*“Campari Group today is a major player in the global branded spirits industry, with a portfolio of over 50 ‘premium’ and ‘super premium’ brands, marketed and distributed in over 190 markets around the world, with leading positions in Europe and the Americas. Campari groups its brands, according to the degree of penetration and geographical extent, into three categories, ‘global priorities’, brands with global extension, ‘regional priorities’, brands with regional extension, ‘local priorities’ brands with local extension. The Group employs around 4,000 people. Shares of the parent company Davide Campari Group - Milano N.V. are listed on the Italian Stock Exchange since 2001”.*

The CEO went on to state that Campari Group is today the sixth-largest player worldwide in the *premium* spirits industry <sup>2</sup>:

- |                  |                         |
|------------------|-------------------------|
| 1. Diageo        | 6. Campari Group        |
| 2. Pernod Ricard | 7. Constellation Brands |
| 3. Bacardi Ltd.  | 8. E.&J. Distillers     |
| 4. Brown-Forman  | 9. Mart-Jägermeister    |
| 5. Beam Suntory  | 10. The Edrington Group |

And he highlighted the Campari Group mission:

*“The smallest big company in the spirits industry building iconic brands and superior financial returns together with inspired and passionate Camparistas<sup>3</sup>”.*

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<sup>1</sup>Case of the Research Division of San Telmo Business School, Spain. Prepared by Professor Antonio García de Castro and D. Vincenzo Marino.

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<sup>2</sup> Impact’s top 100 Premium Spirits Brands Worldwide by Company, March 2019.

<sup>3</sup> Camparistas: Campari employees who work with commitment and passion for the brand.

*“Our strategy —he continued stating—combines organic growth with mergers and acquisitions. This is critical to enable continued margin expansion and to drive substantial reinvestment in brand building and business infrastructure for growth.*

*At Campari Group we are passionate about our work and deeply committed to building iconic brands. They are iconic because they attract consumers, customers, ‘bartenders’, and ‘influencers’ from around the world due to their unique taste, unparalleled quality, and intriguing and authentic stories.*

*Together we embrace our responsibilities and share our knowledge and best practices, accepting challenges and helping others to do the same with honesty and courage. ‘Together’ we break all cultural, organizational, and geographical barriers, working across countries, businesses and functions, with mutual trust based on our common values and goal.*

*During 2020, whilst we continued to execute our long-term strategy also via M&A, we increased our investments to drive new home consumption opportunities and we geared our organization towards more agile ways of working and new business priorities”.*

The presentation of the CEO continued with a quick analysis of the financial results obtained in 2020 (see Annex 2), a year that had been strongly marked by the effects of the pandemic:

*“Campari Group reported a 4.1% fall in like-for-like sales in 2020. Like-for-like sales, which strip out currency swings and any acquisitions or sales of assets, were down 7% in the fourth quarter.*

*Adjusted earnings before interest and taxes (EBIT) fell 21.1% on a year-on-year basis to 322 million euros (\$388.40 million).*

*EBIT margin on sales, which is an indicator of profitability, came in at 18.2%, down from 21.1% in 2019”.*

The board of directors of Davide Campari Group-Milano NV approved the half-year financial report as of June 30, 2021 (see Annex 3).

This is how Bob Kunze-Concewitz, Chief Executive Officer, commented the results:

*"In the first half of 2021 we recorded double-digit growth in all key markets and clusters of brands, as well as all performance indicators. These positive trends accelerated in the seasonal peak of the second quarter, thanks to sustained consumption at home, the gradual reopening of the HORECA channel<sup>4</sup>, effects*

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<sup>4</sup> The HORECA channel is an acronym that refers to the first two letters of "hotels, restaurants and cafes" and is used on a daily basis to refer to businesses in this sector

*amplified by a favorable base of comparison, the year 2020, where the effects of Covid had had a significant impact on Campari in terms of results.*

*In relation to the spread of Covid variants and the possible reintroduction of new restrictive measures, we remain confident in the continuing strong momentum of the brands, fueled by sustained marketing investments, accelerating in the seasonal peak of aperitifs. This July we are proudly celebrating our 20th anniversary as a listed company. Looking back on the success of the last 20 years, the strength of Campari group's business and its financial performance have been reflected in the company's market capitalization value, which has increased fifteen times since the IPO to today reach € 13 billion. With an annualized total return to shareholders of 16%, we outperformed our main competitors in the spirits sector and the market index. We would like to thank our shareholders and all camparistas for their continued support to our group.*

*The Group reported very positive business dynamics, driven by the recovery in consumption in the on-premise<sup>5</sup> channel thanks to the gradual reopening in the second quarter. The off-premise channel was driven by strong domestic consumption.*

*The financial statements show net sales of € 1,000.8 million, with an organic change of + 37.1% compared to the first half of 2020 (+ 30.2% total change) and + 22.3% compared to the first half of 2019. Adjusted EBIT was € 223.2 million, with an organic change of + 88.7%, +640 basis points (+ 33.3%, +190 basis points compared to the first half of 2019).*

*Group net profit adjusted was € 156.8 million, up + 101.9% excluding total positive adjustments of € 2.8 million. Finally, the net financial debt was € 1,064.8 on June 30, 2021, down by € 39.0 million compared to € 1,103.8 million reported on December 31, 2020. The recurring free cash flow was € 141,6 million, an increase of € 76.5 million or + 117.7% compared to the first half of 2020 thanks to the strong performance of the business”.*

On February 23, 2022, the Davide Campari Group-Milano NV board of directors approved the results for 2021, confirming the trend of organic growth in net sales towards 2019 and 2020. A double-digit growth in the main financial indicators and a decreasing trend of the Net Financial Debt thanks to a very positive cash flow (see Annex 4).

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<sup>5</sup> The on-premise channel is an English term that refers to those channels in which the product or merchandise is used or consumed within the sales channel itself (mainly bars and restaurants). It therefore includes the HORECA channel