



DAVIDE CAMPARI-MILANO S.p.A.

(incorporated with limited liability under the laws of the Republic of Italy)

€600,000,000

2.75 per cent. Notes due 30 September 2020

The issue price of the €600,000,000 2.75 per cent. Notes due 30 September 2020 (the **Notes**) of Davide Campari-Milano S.p.A. (the **Issuer**) is 99.715 per cent. of their principal amount.

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on 30 September 2020. The Notes are subject to redemption in whole at their principal amount at the option of the Issuer at any time in the event of certain changes affecting taxation in the Republic of Italy. See “*Terms and Conditions of the Notes – Redemption and Purchase*”.

The Notes will bear interest from 30 September 2015 at the rate of 2.75 per cent. per annum payable annually in arrear on 30 September each year commencing on 30 September 2016. Payments on the Notes will be made in Euros without deduction for or on account of taxes imposed or levied by the Republic of Italy to the extent described under “*Terms and Conditions of the Notes – Taxation*”.

Application has been made to the Luxembourg *Commission de Surveillance du Secteur Financier* (the **CSSF**), which is the Luxembourg competent authority for the purpose of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU) (the **Prospectus Directive**) and for the purposes of the Luxembourg Act dated 10 July 2005 on prospectuses for securities, as amended (the **Prospectus Act 2005**) to approve this document as a Prospectus. By approving this Prospectus, the CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act 2005. Application has also been made for the Notes to be admitted to listing on the official list and trading on the Luxembourg Stock Exchange’s Regulated Market (defined by Directive 2004/39/EC) in accordance with the Prospectus Directive. This Prospectus (together with any documents incorporated by reference herein) is available on the Luxembourg Stock Exchange website (www.bourse.lu). This Prospectus constitutes a prospectus for the purposes of article 5.3 of the Prospectus Directive and for the purposes of the Prospectus Act 2005. The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (the **Securities Act**) and are subject to United States tax law requirements. The Notes are being offered outside the United States by the Joint Lead Managers (as defined in **Subscription and Sale**) in accordance with Regulation S under the Securities Act (**Regulation S**), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes will be in bearer form and in the denomination of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. The Notes will initially be in the form of a temporary global note (the **Temporary Global Note**), without interest coupons, which will be deposited on or around 30 September 2015 (the **Closing Date**) with a common safe-keeper for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking S.A., Luxembourg (**Clearstream, Luxembourg**). The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the **Permanent Global Note**), without interest coupons, not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form in the denomination of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000 and with interest coupons attached. See “*Overview of Provisions Relating to the Notes in Global Form*”.

An investment in the Notes involves certain risks. Prospective investors should have regard to the factors described under the heading “Risk Factors” on page 6.

Joint Lead Managers

BNP PARIBAS

BofA Merrill Lynch

Deutsche Bank

**Société Générale Corporate & Investment
Banking**

UniCredit Bank

29 September 2015

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IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, to the best of its knowledge, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

The Issuer has confirmed to BNP Paribas, Deutsche Bank AG, London Branch, Merrill Lynch International, Société Générale and UniCredit Bank AG (together, the **Joint Lead Managers**) that this Prospectus contains all information regarding the Issuer and the Notes which is (in the context of the issue, offering and sale of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make all information contained herein not misleading in any material respect; and all reasonable enquiries have been made to ascertain and to verify the foregoing.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Information Incorporated by Reference*"). This Prospectus should be read and construed on the basis that such documents are incorporated in and form part of the Prospectus.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Prospectus or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Joint Lead Managers.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same, or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus.

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Joint Lead Managers that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Joint Lead Managers to any person to subscribe for or to purchase any Notes.

The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Neither the Issuer nor the Joint Lead Managers represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Joint Lead Managers which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*".

In particular, the Notes have not been and will not be registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

In this Prospectus, unless otherwise specified, references to a **Member State** are references to a Member State of the European Economic Area, references to **U.S.\$, USD, U.S. dollars or dollars** are to United States dollars, references to **£, GBP or sterling** are to pounds sterling, references to **J.\$ or JMD** are to Jamaican dollars, references to **R.\$ or BRL** are to Brazilian real and references to **€, EUR or Euro** are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended. References to **billions** are to thousands of millions.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables, including percentages, may not be an arithmetic aggregation of the figures which precede them.

In connection with the issue of the Notes, UniCredit Bank AG (the Stabilising Manager) (or persons acting on behalf of the Stabilising Manager) may over allot Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Words and expressions defined in “Terms and Conditions of the Notes” or elsewhere in this Prospectus have the same meaning in this section. References to a “Condition” is to such numbered condition in the Terms and Conditions of the Notes. Prospective investors should read the entire Prospectus.

Risks relating to the Issuer

Adverse macroeconomic and business conditions may significantly and negatively affect the Campari Group’s revenues, profitability and results of operations.

Global economic conditions and conditions specific to developed markets, including Italy, other major European countries, the United States and Australia as well as emerging markets in which the Campari Group does business could substantially affect its sales and profitability. Global economic activity went through a sharp economic downturn from 2007 until the beginning of 2014. During this period, global credit and capital markets experienced unprecedented volatility and disruption and business credit and liquidity have tightened in much of the world. Consumer credit also contracted in a number of major markets, including Italy, and global unemployment rates increased significantly. Since 2014, global economic activity has started to recover, albeit with only moderate and varied intensity across the different regions. Economic activity has gained some strength in selected developed markets, including the United States but has weakened in the emerging economies. Cyclical misalignment has led to a growing divergence of monetary policies in the advanced countries, with the stance becoming even more expansionary in the euro area while being gradually normalised in the United States. Recovering disposable income and improved consumer confidence, supported by measures introduced by national governments in some developed markets, has led to moderate growth in consumption. Such developments have had, to a certain extent and with different strength across the markets, an impact also on alcohol consumption. However, tighter credit conditions imposed on the corporate sector by banks, particularly in some emerging markets, have started to cause major liquidity problems, especially for smaller companies, and this has led to some of the Campari Group’s customers reducing their orders and stock levels. The recovery remains uncertain and burdened by continuing geopolitical tension in the short and medium term, owing to persistent weakness in the euro area and to economic and political uncertainties in some emerging markets, particularly Russia. In response to the unfavourable economic situation globally and in the euro area, exacerbated by uncertainty over the political and financial situation in Greece, volatility in global financial markets has increased again in the recent past. It is difficult to determine the breadth and duration of the economic and financial market problems and their potential effects on consumers of the Group’s products and its suppliers, customers and business in general. For example, distributors may reduce inventory levels, consumers may choose to buy fewer spirits or to “trade-down” by buying fewer premium products in preference for lower categories of spirits or wines and a lower volume of travellers, especially air travellers, may reduce retail travel sales, and competitors may reduce prices. Continuation or further worsening of these difficult financial and macroeconomic conditions could materially adversely affect the Campari Group’s sales, profitability and results of operations.

The Campari Group's industry is competitive, prone to consolidation and subject to consumer preferences; if the Group is unable to compete for a share of the market in a cost-effective way, the Group's results of operations and financial condition could be adversely affected.

The Campari Group competes mainly in the spirits and wines businesses, which are characterised by intense competition and the potential for rapid change in consumer preferences. The Campari Group competes with companies around the world, including large, well-established and successful companies, many of which have significant financial, marketing, sales and development resources. The Campari Group also competes against strongly entrenched local brands in many of the Group's markets. The Group's competitors may succeed in developing products that are more popular with consumers or less expensive than any which the Group currently markets or may develop. In addition, the consolidation of participants in these businesses may increase competitive pressures as larger suppliers are able to offer a broader product line. Consolidation in the beverage industry may also reduce the number of distribution outlets available to the Group, or lead to higher distribution costs. The Campari Group competes with other brands for shelf space in retail stores and marketing focus by independent wholesalers. Independent wholesalers and retailers offer other products, sometimes including their own brands, that compete directly with the Campari Group's products. If independent wholesalers and retailers give higher priority to other brands, purchase less of or devote inadequate promotional support to the Campari Group's brands, it could materially and adversely affect the Group's sales and reduce the Group's competitiveness. For example, due to intense competition in Europe, the Campari Group may not be able to increase prices of its brands in line with rising production, selling and promotional costs. Moreover, delays or unanticipated increases in the costs of developing new products or in gaining market acceptance for new products could further adversely affect the Campari Group's competitive position and results of operations.

Risks relating to the Campari Group's dependence on consumer preference and propensity to spend.

The Campari Group depends on its ability to satisfy consumer preferences and tastes and to adapt its sales and marketing strategies to anticipate market trends and developments in forms of media and marketing tools. Consumer preferences and tastes can change in unpredictable ways due to a variety of factors, such as changes in demographics, consumer health and wellness, concerns about obesity or alcohol consumption, product attributes and ingredients, changes in travel, vacation or leisure activity patterns, weather, negative publicity resulting from regulatory action or litigation against the Campari Group or comparable companies or a downturn in economic conditions.

Consumers also may begin to prefer the products of competitors or may generally reduce their demand for products in the spirits and wine categories. Failure by the Campari Group to anticipate or respond adequately either to changes in consumer preferences and tastes or to developments in new forms of media and marketing could adversely impact its business, results of operations and financial condition.

If the social acceptability of the Campari Group's products declines or governments adopt policies against alcoholic beverages, its business could be materially adversely affected.

The Campari Group's ability to market and sell its alcoholic beverage products depends heavily on both society's attitudes toward drinking and governmental policies that flow from those attitudes. In recent years, increased social and political attention has been directed at the alcoholic beverage industry. The recent attention has focused largely on public health concerns related to alcohol abuse, including drinking and driving, underage drinking, and health consequences from the misuse of alcoholic beverages. Alcohol critics in Europe, the United States and elsewhere increasingly seek governmental measures to make alcoholic beverages more expensive, less available, and more difficult to advertise and promote. If the social acceptability of alcoholic beverages were to decline significantly, sales of the Campari Group's products could materially decrease. The Campari Group's sales would also suffer if governments ban or restrict advertising or promotional activities, limit hours or places of sale, or take other actions designed to discourage alcohol consumption.

Tax increase and changes in other fiscal regulations could adversely affect demand for the Campari Group's products.

Distilled spirits and wines are subject to import duties or excise taxes in many countries where the Group operates. Many jurisdictions are considering excise tax increases. An increase in import duties or excise taxes

could adversely affect profit margins or sales revenue by reducing overall consumption or encouraging consumers to switch to lower-taxed categories of alcoholic beverages. As at 30 June 2015, a tax dispute relating to a local production tax and a dispute relating to a tax inspection report in connection with payment of a local tax on the consumption of goods and services were pending with the Brazilian tax authorities, as further described in “*Description of the Issuer – Legal Proceedings*” below. The outcome of these, and any future, tax disputes and investigations may adversely affect the Group’s financial position.

The Campari Group depends on sales of key products, and any reduction in such sales could have a material adverse impact on its results of operations, financial condition, business and/or prospects.

A significant proportion of the Campari Group’s sales are focused on certain key brands, such as *Aperol*, *Campari*, *SKYY Vodka*, *Wild Turkey*, *Appleton Estate* and *J. Wray&Nephew*, *Campari Soda*, *Cinzano* and *Crodino*. Accordingly, any factor adversely affecting the sale of these key products individually or collectively could have a material adverse effect on the Campari Group’s results of operations. Production and sale of each of the key products could be rendered uneconomical by regulatory or competitive changes. The sale of the key products could also be adversely affected by other factors, including supply, production or distribution interruptions, marketing or pricing actions by one or more of the Campari Group’s competitors, changes in consumer preferences or other factors. Any reduction in sales of key products could lead to an increase in stock levels and/or could render production uneconomical, which could have a material adverse impact on the results of operations, financial condition, business and/or prospects of the Campari Group.

The Campari Group depends upon its trademarks and proprietary rights, and its competitive position may be adversely affected if it fails to protect the Group’s intellectual property rights or is subject to claims that the Group is infringing upon the rights of others.

The Campari Group’s success depends, in large part, on its ability to protect its current and future products and to defend its intellectual property rights. The Campari Group has registered numerous trademarks covering its products, and has filed, and expects to continue to file, trademark applications seeking to protect newly-developed products. The Campari Group cannot be sure that registration of trademarks will be obtained with respect to any of the Group’s pending trademark applications or that any existing or future trademarks registered to or licensed by the Campari Group will not be challenged, invalidated or circumvented by competitors.

The Campari Group also relies on trade secrets, proprietary know-how not protected by patents and continuing technological innovation that it seeks to protect, in part by confidentiality agreements with licensees, suppliers, employees and consultants. The Campari Group cannot be sure that its trade secrets and proprietary know-how will not be compromised as a result of breaches of intellectual property rights or agreements or otherwise become known or be independently developed by the Group’s competitors or, if patents are not issued with respect to products arising from research, that the Group will be able to protect such products.

The Campari Group may be required to defend against charges of infringement of trademarks, patents or proprietary rights of third parties. Such defences could require the Group to incur substantial expense and to divert significant effort of its technical and management personnel, and could result in the Group’s loss of rights to develop or make certain products or require the Group to pay monetary damages or royalties to license proprietary rights from third parties. Furthermore, if the level of potentially infringing activities by others were to increase substantially, the Group might have to increase the resources it dedicates to the protection of its intellectual property rights. An adverse outcome of any dispute with respect to trademarks, patents or other proprietary rights or any required increase in the resources dedicated by the Group to the protection of trademarks, patents or other proprietary rights may adversely affect the Group’s competitive position and results of operations, including by reducing the Group’s future sales or causing it to incur additional costs in defending its rights.

Possible future acquisitions, and integration of the Group’s recent acquisitions, may involve considerable costs and may place a significant strain on the Campari Group’s management, financial and other resources, which could make it difficult for the Group to execute its growth strategy.

The Campari Group expects that the ongoing consolidation within the spirits business will continue. The Campari Group will continue to evaluate potential acquisitions. The pursuit of these opportunities, and, if such

pursuit is successful, the subsequent integration of the businesses acquired, places significant demands on the time and attention of the Campari Group's senior management and may involve considerable financial and other costs (for example, in the identification and investigation of potential acquisitions, the negotiation of agreements and the challenges associated with integration, particularly where the accounting and management systems differ materially from those used elsewhere in the Group). In addition, the Campari Group may from time to time incur additional indebtedness to finance acquisitions. The Campari Group may therefore be exposed to risks in relation to acquisitions which may have an adverse effect on the Campari Group's financial condition and results of operations.

The Campari Group's growth prospects will suffer if the Group is unable to implement its acquisition strategy and/or realise the full intended benefits of synergies if, for example, the Group encounters unexpected difficulties when integrating the businesses acquired. Employees and customers of acquired businesses may sever their relationships with those businesses during or after completion of the transaction. In addition, if the Campari Group makes an acquisition in a market outside of those in which the Group currently has a presence, the Group will have to address an unfamiliar regulatory and competitive environment and may not be able to do so successfully.

If the Campari Group is not able to attract and retain qualified personnel, this may adversely affect its business.

The Campari Group's success depends in part on the efforts and abilities of its senior management team and key employees. The loss or retirement of senior management or other key personnel, or an inability to identify, attract and retain qualified personnel in the future, may make it difficult for the Group to manage its business and could adversely affect its operations and financial results.

The Issuer is a holding company.

The production and distribution of the Campari portfolio in Italy is carried out directly by the Issuer. The remaining operations of the Group are carried out through its subsidiaries and to such extent, the Issuer depends on the earnings and cash flows of, and the distribution of funds from, these subsidiaries to meet its debt obligations, including its obligations with respect to the Notes. Generally, creditors of a subsidiary, including trade creditors, secured creditors and creditors holding indebtedness and guarantees issued by the subsidiary, and preferred shareholders, if any, of the subsidiary, will be entitled to the assets of that subsidiary before any of those assets can be distributed to shareholders upon liquidation or winding up. As a result, the Issuer's obligations in respect of the Notes will, to the extent described above, effectively be subordinated to the prior payment of all the debts and other liabilities of the Issuer's direct and indirect subsidiaries, including the rights of trade creditors and preferred shareholders (if any), as well as contingent liabilities, all of which could be substantial.

Disruptions or termination of the Campari Group's arrangements with the Group's third party manufacturers or distributors could reduce the Group's sales and operating income.

The production and distribution of the Campari portfolio is carried out, to a large extent, directly by the Campari Group. However, the Campari Group relies upon third parties to produce and distribute a number of its brands in a number of markets under licensing arrangements. Outside of the Campari Group's eighteen direct markets, including six in the Americas (the United States, Jamaica, Brazil, Canada, Argentina and Mexico), ten in Europe (Italy, Germany, Russia, Switzerland, Austria, Belgium, Luxembourg, the United Kingdom, Spain and Ukraine) and two in Asia Pacific (Australia and China), the Group generally depends upon third parties to distribute its products. The use of third parties for these critical functions entails risks, including the risk of termination. Furthermore, the Group has less control over the quality of products manufactured by third parties. Moreover, in certain cases, there are no suitable replacements for the Campari Group's third party manufacturers. A disruption or termination of the Campari Group's present arrangements with these third parties without suitable alternative arrangements in place could have a material adverse effect on the Group's business, prospects, results of operations and/or financial condition.

An increase in the cost of raw materials or energy could affect profitability.

The components that the Campari Group uses to produce its beverage products are largely commodities that are subject to price volatility caused by changes in global supply and demand, inflation, weather conditions, agricultural uncertainty or governmental controls. Commodity price changes may result in unexpected increases in the cost of raw materials, glass bottles and other packaging materials for the Campari Group's products.

In addition, energy cost increases result in higher transportation, freight and other operating costs.

An increase in the cost of raw materials or energy could therefore affect the Campari Group's profitability.

The Campari Group could have insufficient or surplus product by inaccurately forecasting production or other circumstances affecting its inventory.

The Campari Group has a substantial inventory of aged product categories, such as Bourbon whisky, Scotch whisky, Canadian whisky, rum and tequila which mature over lengthy periods. While the maturing inventory is stored at numerous locations throughout the world, the loss as a result of contamination, fire or other natural disaster or destruction resulting from negligence or the acts of third parties or otherwise of all or a portion of the inventory of any one of those aged product categories may not be replaceable and, consequently, may lead to a substantial decrease in supply of those products. Additionally, the judgmental nature of determining how much of the Group's aged products to lay down in any given year for future consumption involves an inherent risk of forecasting error. This could either lead to an inability to supply future demand leading to a loss of sales and market share or lead to future surplus inventory and decrease of profit margin.

The Campari Group's operations are conducted in many countries and, as a result, fluctuations between the euro and other major currencies may affect financial results.

While the Campari Group reports its financial results in euros, the Group's portfolio of brands generates sales and costs of sales throughout the world in a variety of currencies. In 2014, around 55.7 per cent. of the Group's consolidated net sales came from outside the European Union. Accordingly, fluctuations between exchange rates (in particular, between the euro and the U.S. dollar, Jamaican dollar, Russian rouble, Australian dollar, Brazilian real or Argentinian peso) may affect the Group's financial results. The exchange rates between some of the foreign currencies in which the Group operates and the euro have fluctuated significantly in recent years and may continue to do so in the future. The Group seeks to manage its foreign currency exposures with hedging contracts, but may incur losses under those hedges or may not be able to protect itself from the medium or long term effects of exchange rate fluctuations as hedging activities cannot be expected to eliminate all exchange rate risks. Any such exchange rate fluctuations may have a negative impact on the Group's reported financial results.

Risks relating to international trade and operations in emerging markets.

In line with its international growth strategy, the Group currently operates in numerous markets, and plans to expand in certain emerging countries, especially in Eastern Europe, Latin America and Asia. Operating in emerging markets makes the Group vulnerable to various risks inherent in international business, including exposure to an often unstable local political and economic environment, exchange rate fluctuations (and related hedging issues), export and import quotas, and limits or curbs on investment, advertising or repatriation of dividends.

The Campari Group's operations are subject to environmental regulations, which could expose it to significant compliance costs and litigation relating to environmental issues

The Campari Group's operations are subject to environmental regulations by national, state and local agencies, including, in certain cases, regulations that impose liability without regard to fault. These regulations can result in costs or liability, including fines and/or environmental remediation obligations, which might adversely affect the Campari Group's operations. The environmental regulatory climate in the markets in which the Campari Group operates is becoming stricter, with a greater emphasis on enforcement.

While the Campari Group has implemented dedicated procedures relating to safety and qualitative controls in the area of environmental pollution and the disposal of solid and liquid waste and has budgeted for future capital

and operating expenditures to maintain compliance with environmental laws and regulations, there can be no assurance that it will not incur substantial environmental liability and/or costs or that applicable environmental laws and regulations will not change or become more stringent in the future. Any increase in environmental compliance costs, other related costs and fines could have an adverse effect on the Campari Group's business, prospects, financial condition and/or results of operations.

Risks relating to product compliance and safety.

If any of the Campari Group's products are defective or found to contain contaminants, the Campari Group may be subject to product recalls or other liabilities. Although Campari takes precautions to ensure that its beverage products are free from contaminants and that its packaging materials are free of defects in the event that contamination or a defect does occur in the future, it may lead to business interruptions, product recalls or liability, each of which could have an adverse effect on the Campari Group's business, reputation, prospects, financial condition and/or results of operations.

Although Campari maintains insurance policies against certain product liability risks, in the event that contamination or a defect occurs, any amounts that Campari recovers may not be sufficient to offset any damage it may suffer, which could adversely impact its business, results of operations and/or financial condition.

Seasonal consumption cycles may result in fluctuations in demand for certain of the Campari Group's products.

Sales of certain Campari Group products are more affected than others by seasonal factors because of different consumption patterns or consumer habits. In particular, aperitif and soft-drink consumption tends to be concentrated in the hottest months of the year (May to September), whereas sales of other products, such as sparkling wines and spirits, are concentrated in the last quarter. Seasonal consumption cycles in the markets in which the Campari Group operates may have an impact on its operations. This is particularly true in the summer months, when unseasonably cool or wet weather can affect sales volumes. Although this risk is somewhat mitigated by the Campari Group's diversified product portfolio and global presence, seasonal factors could adversely impact the Campari Group's business, results of operations and/or financial condition.

Risks relating to employees.

In several countries where the Campari Group has subsidiaries, the Campari Group's dealings with its employees are regulated and protected by collective labour agreements and regulations in force locally.

If significant disputes arise with employees, the Campari Group's ability to implement any reorganisation or restructuring or other long-term strategy may be affected, which could adversely impact the Campari Group's business, results of operations, prospects and/or financial condition.

The Notes are not rated.

Neither the Notes nor the long-term debt of the Issuer are rated. To the extent that any credit rating agencies assign credit ratings to the Notes, such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A rating or the absence of a rating is not a recommendation to buy, sell or hold securities.

Risks relating to the Notes

There is no active trading market for the Notes.

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although applications have been made for the Notes to be admitted to listing on the official list and trading on the Luxembourg Stock Exchange's regulated market, there is no assurance that such applications will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes.

Transfers of the Notes may be restricted, which may adversely affect the secondary market liquidity and/or trading prices of the Notes.

The ability to transfer the Notes may also be restricted by securities laws or regulations of certain jurisdictions or regulatory bodies. See "*Subscription and Sale*".

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (**Securities Act**) or any state securities laws or the securities laws of any other jurisdiction. Noteholders may not offer the Notes in the United States or for the account or benefit of a U.S. person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. It is the obligation of each Noteholder to ensure that offers and sales of Notes comply with all applicable securities laws. In addition, transfers to certain persons in certain other jurisdictions may be limited by law, or may result in the imposition of penalties or liability. For a description of restrictions which may be applicable to transfers of the Notes, see "*Subscription and Sale*".

The Notes are fixed rate securities and are vulnerable to fluctuations in market interest rates.

The Notes will carry fixed interest. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital market (the **Market Interest Rate**). While the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such security changes in the opposite direction. If the Market Interest Rate increases, the price of such security typically falls, until the yield of such security is approximately equal to the Market Interest Rate. Conversely, if the Market Interest Rate falls, the price of a security with a fixed interest rate typically increases, until the yield of such security is approximately equal to the Market Interest Rate. Investors should be aware that movements of the Market Interest Rate could adversely affect the market price of the Notes.

The Notes may not be a suitable investment for all investors.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes may be redeemed prior to maturity.

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may

redeem all outstanding Notes in accordance with the Conditions. If the Issuer calls and redeems the Notes in the circumstances mentioned above, the Noteholders may not be able to reinvest the redemption proceeds in securities offering a comparable yield.

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

The Notes will be represented by the Global Notes except in certain limited circumstances described in the Permanent Global Note. The Global Notes will be deposited with a common safe-keeper for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes and, while the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common safe-keeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

The Notes do not restrict the amount of debt which the Issuer may incur.

The terms and conditions relating to the Notes do not contain any restriction on the amount of indebtedness which the Issuer and its Subsidiaries may from time to time incur. In the event of any insolvency or winding-up of the Issuer, the Notes will rank equally with the Issuer's other unsecured senior indebtedness and, accordingly, any increase in the amount of the Issuer's unsecured senior indebtedness in the future may reduce the amount recoverable by Noteholders. In addition, the Notes are unsecured and, save as provided in Condition 3 (*Negative Pledge*), do not contain any restriction on the giving of security by the Issuer and its Subsidiaries over present and future indebtedness. Where security has been granted over assets of the Issuer to secure indebtedness, in the event of any insolvency or winding-up of the Issuer, such indebtedness will rank in priority over the Notes and other unsecured indebtedness of the Issuer in respect of such assets.

In relation to the assets and indebtedness of the Issuer's subsidiaries, see also "*Risks relating to the Issuer – The Issuer is a holding company*".

Minimum Denomination.

As the Notes have a denomination consisting of the minimum denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €100,000 that are not integral multiples of €100,000. In such case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to the minimum denomination. If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of €100,000 may be illiquid and difficult to trade.

Payments in respect of the Notes may in certain circumstances be made subject to withholding or deduction of tax.

All payments in respect of Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, the Issuer will pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required. The Issuer's obligation to gross up is, however, subject to a number of exceptions, including withholding or deduction of:

- (a) Italian substitute tax (*imposta sostitutiva*), pursuant to Italian Legislative Decree No. 239 of 1 April 1996 as amended or replaced from time to time; and
- (b) withholding tax operated in certain EU Member States pursuant to EC Council Directive 2003/48/EC and similar measures agreed with the European Union by certain non-EU countries and territories,

a brief description of which is set out below. See “*Terms and Conditions of the Notes – Condition 7 (Taxation)*”.

Prospective purchasers of Notes should consult their tax advisers as to the overall tax consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws of any country or territory. See also “*Taxation*”.

Italian substitute tax

Italian substitute tax is applied to payments of interest and other income (including the difference between the redemption amount and the issue price) at a rate of 26 per cent. to (i) certain Italian resident Noteholders and (ii) certain non-Italian resident Noteholders who have not filed in due time with the relevant depository a declaration (*autocertificazione*) stating, *inter alia*, that he or she is resident for tax purposes in a country which allows for an adequate exchange of information with the Italian tax authorities.

EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income (the **Savings Directive**), Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 24 March 2014, the Council of the European Union adopted a Council Directive (the **Amending Directive**) amending and broadening the scope of the requirements described above. The Amending Directive requires Member States to apply these new requirements from 1 January 2017, and if they were to take effect the changes would expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities. They would also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported or subject to withholding. This approach would apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

However, the European Commission has proposed the repeal of the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying

Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive.

FATCA may affect payments made in respect of the Notes

Whilst the Notes are held through Euroclear and Clearstream, Luxembourg (together the **ICSDs**), in all but the most remote circumstances, it is not expected that the new reporting regime and potential withholding tax imposed by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) will affect the amount of any payment received by the ICSDs (see “*Taxation – Foreign Account Tax Compliance Act*”). However, FATCA may affect payments made to custodians or intermediaries (including any clearing system other than an ICSD) in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It may also affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives a payment) with any information, forms or other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA, including any local law intended to implement an inter-governmental agreement, if applicable) and provide each custodian or intermediary with any information, forms or other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how it may affect them. The Issuer’s obligations under the Notes are discharged once it has paid made payment to, or to the order of, the common depositary or common safekeeper for the ICSDs and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an **IGA**) are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make.

Change of law

The terms and conditions of the Notes are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus.

Modification

The terms and conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

The Notes may have no established trading market when issued and one may never develop. If a market does develop, it may not be very liquid and, consequently, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes.

The market value of the Notes may also be significantly affected by factors such as variations in the Group’s annual and interim results of operations, news announcements or changes in general market conditions. In

addition, broad market fluctuations and general economic and political conditions may adversely affect the market value of the Notes, regardless of the actual performance of the Group.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to the purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than Euro. These include the risk that exchange rates may change significantly (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (i) the Investor's Currency- equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

INFORMATION INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated in, and to form part of, this Prospectus:

- (1) the audited annual consolidated financial statements of the Issuer as at and for the years ended 31 December 2012, 2013 and 2014;
- (2) the unaudited interim condensed consolidated financial statements of the Issuer as at and for the six months ended 30 June 2015,

in each case together with the accompanying notes and applicable auditors' reports.

Information contained in the documents incorporated by reference other than the information listed in the cross-reference list below does not form part of this Prospectus and is either not relevant or covered elsewhere in this Prospectus.

The Issuer will provide, without charge to each person to whom a copy of this Prospectus has been delivered, upon the request of such person, a copy of any or all the documents deemed to be incorporated by reference herein. Requests for such documents should be directed to the Issuer at its offices set out at the end of this Prospectus. In addition such documents will be available, without charge, at the specified office of the Listing Agent in Luxembourg and on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Cross-reference list

The following table shows where the information set out below can be found in the above-mentioned documents incorporated by reference.

Audited Annual Consolidated Financial Statements

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Consolidated income statement	Page 50	Page 58	Page 60
Consolidated statement of financial position	Page 51	Page 59	Page 61
Consolidated statement of cash flows.....	Page 52	Page 60	Page 62
Statement of changes in consolidated shareholders' equity.....	Page 53	Page 61	Page 63
Notes to the consolidated financial statements	Pages 54 - 115	Pages 62 - 123	Pages 64 - 126
Auditors' report	Page 180	Page 184	Page 186

Unaudited Interim Consolidated Financial Statements

	<u>2015</u>
Consolidated income statement	Page 35
Consolidated statement of financial position	Page 36
Statement of changes in consolidated shareholders' equity.....	Page 38
Consolidated statement of cash flows.....	Page 37
Notes to the interim condensed consolidated financial statements	Pages 39-65
Auditors' review report	Page 67-68

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which (subject to completion and amendment) will be endorsed on each Note in definitive form. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Overview of Provisions relating to the Notes in Global Form" below.

The €600,000,000 2.75 per cent. Notes due 30 September 2020 (the **Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 13 (*Further Issues*) and forming a single series with the Notes) of Davide Campari-Milano S.p.A. (the **Issuer**) are issued subject to and with the benefit of an Agency Agreement dated 30 September 2015 (such agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) made between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as issuing agent and principal paying agent (the **Agent**) and the other initial paying agents named in the Agency Agreement (together with the Agent, the **Paying Agents**).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement are available for inspection during normal business hours by the Noteholders and Couponholders the holders of the Notes (the **Noteholders**) and the holders of the interest coupons appertaining to the Notes (the **Couponholders** and the **Coupons** respectively) at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References in these Conditions to the Agent and the Paying Agents shall include any successor appointed under the Agency Agreement.

1. FORM, DENOMINATION AND TITLE

1.1 *Form and Denomination*

The Notes are in bearer form, serially numbered, in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Notes in definitive form will be issued with a denomination above €199,000. Each Note will be issued with Coupons attached on issue. Notes of one denomination may not be exchanged for Notes of another denomination.

1.2 *Title*

Title to the Notes and to the Coupons will pass by delivery.

Notes shall not be physically delivered in Belgium except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.

1.3 *Holder Absolute Owner*

The Issuer and any Paying Agent may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon).

2. STATUS OF THE NOTES

The Notes and the Coupons are direct, unconditional and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

3. NEGATIVE PLEDGE

3.1 *Negative Pledge*

So long as any of the Notes remains outstanding, the Issuer will not, and will procure that none of its Material Subsidiaries will, create or have outstanding any Security Interest (other than a Permitted Security Interest) upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness of the Issuer, unless the Issuer at the same time or prior thereto procures that:

- (a) all amounts payable by it under the Notes and the Coupons are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or
- (b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as is approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

3.2 *Interpretation*

For the purposes of these Conditions:

- (a) **Indebtedness** means any indebtedness (whether being principal, premium or interest) of any Person for or in respect of any money borrowed or raised;
- (b) **Material Subsidiary** means, at any time, any Subsidiary of the Issuer whose revenues or total assets on a non-consolidated or, if applicable, consolidated basis, as shown in the most recent audited consolidated or non-consolidated financial statements of such Subsidiary, represent 10 per cent. or more of the consolidated revenues or consolidated total assets, respectively, of the Issuer, as shown in or calculated by reference to the Issuer's most recent audited consolidated financial statements;
- (c) **Permitted Security Interest** means:
 - (i) any Security Interest arising by operation of law; or
 - (ii) any Security Interest created by any entity upon the whole or any part of its undertaking or assets and subsisting at the time such entity (i) merges or consolidates with or is demerged, contributed or merged into or transferred to the Issuer or a Material Subsidiary, (ii) becomes a Material Subsidiary of the Issuer or (iii) sells, contributes or transfers all or substantially all of its assets to the Issuer or a Material Subsidiary, *provided that* such Security Interest was not created in connection with, or in contemplation of, such merger, consolidation, demerger, contribution, transfer or sale or such entity becoming a Material Subsidiary and *provided further that* the amount of Relevant Indebtedness secured by such Security is not subsequently increased; or
 - (iii) any Security Interest to secure Relevant Indebtedness upon or with respect to any present or future assets, receivables, remittances or payment rights of the Issuer or any of its Material Subsidiaries (the **Charged Assets**) which is created pursuant to any securitisation or like arrangements whereby all or substantially all the payment obligations in respect of such Relevant Indebtedness are to be discharged solely from the Charged Assets;
- (d) **Person** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

- (e) **Relevant Indebtedness** means (i) any Indebtedness, whether present or future, which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange, over-the-counter or other organised market for securities or (ii) any guarantee and/or indemnity in relation to any such Indebtedness;
- (f) **Security Interest** means any mortgage, charge, pledge, lien or other form of security interest including, without limitation, anything substantially analogous to any of the foregoing under the laws of any jurisdiction; and
- (g) **Subsidiary** means *società controllata*, as defined in Article 2359, first and second paragraphs, of the Italian Civil Code.

4. INTEREST

4.1 *Interest Rate and Interest Payment Dates*

The Notes bear interest on their outstanding principal amount from and including 30 September 2015 at the rate of 2.75 per cent. per annum (the **Rate of Interest**), payable annually in arrear on 30 September in each year (each an **Interest Payment Date**). The first payment (representing a full year's interest) shall be made on 30 September 2016. The amount of interest payable on each Interest Payment Date shall be €27.50 per €1,000 in principal amount of the Notes. The amount of interest payable per Note of a given specified denomination will be the product (without any further rounding) of (i) the amount in euros calculated above per €1,000 and (ii) the applicable specified denomination divided by €1,000.

4.2 *Interest Accrual*

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) seven days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 11 (*Notices*).

4.3 *Calculation of Broken Interest*

If interest is required to be paid in respect of a Note on any date other than an Interest Payment Date, it shall be calculated by applying the Rate of Interest to €1,000, multiplying such sum by the Day Count Fraction and rounding the resultant figure to the nearest cent, with 0.5 cents being rounded up. The amount of interest payable per Note of a given specified denomination will be the product (without any further rounding) of (i) the amount in euros calculated above per €1,000 and (ii) the applicable specified denomination divided by €1,000.

Day Count Fraction means (a) the actual number of days in the period from and including the date from which interest begins to accrue (the **Accrual Date**) to but excluding the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date.

5. PAYMENTS

5.1 *Payments in respect of Notes*

Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the

case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

5.2 *Method of Payment*

Payments will be made, at the option of the payee, by a cheque in by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by euro cheque.

5.3 *Missing Unmatured Coupons*

Each Note should be presented for payment together with all relative unmatured Coupons failing which the full amount of any relative missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7 (*Taxation*)) in respect of the relevant Note (whether or not the Coupon would otherwise have become void pursuant to Condition 8 (*Prescription*)) or, if later, five years after the date on which the Coupon would have become due, but not thereafter.

5.4 *Payments subject to Applicable Laws*

Payments in respect of principal and interest on Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*).

5.5 *Payment only on a Presentation Date*

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 4 (*Interest*), be entitled to any further interest or other payment if a Presentation Date is after the due date.

Presentation Date means a day which (subject to Condition 8 (*Prescription*)):

- (a) is or falls after the relevant due date;
- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and
- (c) in the case of payment by credit or transfer to a euro account as referred to above, is a TARGET2 Settlement Day.

In this Condition, **Business Day** means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place and **TARGET2 Settlement Day** means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) system is open.

5.6 *Initial Paying Agents*

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

- (a) there will at all times be an Agent;
- (b) so long as the Notes are listed on any stock exchange or admitted to trading by any relevant authority, a Paying Agent (which may be the Agent) having its specified office in such place

as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;

- (c) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (d) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the Republic of Italy or (if different) the jurisdiction to which the Issuer is subject for the purpose of Condition 7.2 (*Taxing Jurisdiction*).

Notice of any termination or appointment and of any changes in specified offices given to the Noteholders promptly by the Issuer in accordance with Condition 11 (*Notices*).

6. REDEMPTION AND PURCHASE

6.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 30 September 2020.

6.2 Redemption for Taxation Reasons

If:

- (a) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy or any political sub-division of, or any authority in, or of, the Republic of Italy having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective after 30 September 2015, on the next Interest Payment Date the Issuer would be required to pay additional amounts as provided or referred to in Condition 7 (*Taxation*); and

- (b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 11 (*Notices*) (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption *provided that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts, were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Agent (i) a certificate signed by an authorised signatory of the Issuer stating that the requirement referred to in (a) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer taking reasonable measures available to it and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of the change or amendment.

6.3 Redemption at the Option of the Holders upon a Change of Control

In the event of a Change of Control (as defined below), each Noteholder may, during the Change of Control Redemption Period (as defined below), notify the Issuer, as further provided below, that it requires the early redemption of all or some of its Notes. The Issuer, will redeem in whole (but not in part) the Notes the subject of the notice on the Change of Control Redemption Date (as defined below) at their principal amount together with accrued interest thereon up to (but excluding) the Change of Control Redemption Date.

Any Change of Control shall be notified to the Noteholders in accordance with Condition 11 (*Notices*) by the Issuer within five Business Days of its occurrence. Such notice shall also indicate the relevant Change of Control Redemption Period (as defined below) and Change of Control Redemption Date. For so long as the Notes are listed on the regulated market of the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer shall also notify the Luxembourg Stock Exchange promptly of any Change of Control.

Any such notification will indicate the date of the Change of Control, the period in which the early redemption of the Notes may be requested (the **Change of Control Redemption Period**) and the Change of Control Redemption Date. The Change of Control Redemption Period will run for 20 Business Days following the date on which notice of the Change of Control is given to the Noteholders in accordance with Condition 11 (*Notices*) and, for the purpose of this Condition 6.3, **Change of Control Redemption Date** means the date specified in the notification of Change of Control by the Issuer, being a date not earlier than 5 nor later than 10 Business Days after expiry of the Change of Control Redemption Period.

To exercise the right to require early redemption of any Notes, the holder of the Notes must deliver at the specified office of any Paying Agent, on any Business Day during the Change of Control Redemption Period, a duly signed and completed notice of exercise in the form (for the time being current and which may, if such Notes are held in a clearing system, be in any form acceptable to such clearing system and may be delivered in any manner acceptable to such clearing system) obtainable from the specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by such Notes or evidence satisfactory to the Paying Agent concerned that such Notes will, following the delivery of the Put Notice, be held to its order or under its control. A Put Notice given by a holder of any Note shall be irrevocable except where, prior to the Change of Control Redemption Date, an Event of Default has occurred and is continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Put Notice.

As used herein:

A **Change of Control** shall be deemed to occur if any person or group of persons acting in concert, other than the Shareholders, who obtain the power (either directly or indirectly) to (i) appoint or remove a majority of the directors or other equivalent officers of the Issuer or (ii) exercise a majority of the votes cast at an ordinary shareholders' meeting of the Issuer or (iii) otherwise exercise control (as such term is defined in Article 93 of the Legislative Decree No. 58 of 24 February 1998) over the Issuer.

For the purposes of this definition;

acting in concert means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Issuer by any of them, either directly or indirectly, to obtain or consolidate control of the Issuer; and

Shareholders means, with reference to the shares of the Issuer, Rosa Anna Magno Garavoglia and any other member of the Garavoglia family (together with partners, children and other direct or indirect descendants or heirs), any Person controlled by the aforementioned physical persons, directly or indirectly, individually or collectively, and any trust, parental trust fund for minors or private foundation set up by any member of the Garavoglia family.

6.4 *No Other Redemption*

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 6.1 (*Redemption at Maturity*) to 6.3 (*Redemption at the Option of the Holders upon a Change of Control*) above.

6.5 *Purchases*

The Issuer or any of its Subsidiaries may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price. Such Notes may be held, reissued or resold or, at the option of the Issuer, surrendered to the Agent for cancellation.

6.6 *Cancellations*

All Notes which are (a) purchased by or on behalf of the Issuer or any of its Subsidiaries and surrendered for cancellation or (b) redeemed, and any unmatured Coupons attached to or surrendered with them, shall be cancelled and may not be reissued or resold.

6.7 *Notices Final*

Upon the expiry of any notice as is referred to in paragraph 6.2 or 6.3 above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph.

7. TAXATION

7.1 *Payment without Withholding*

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of the Republic of Italy, or any political subdivision of, or any authority in, or of, the Republic of Italy having power to tax, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:

- (a) presented for payment by, or on behalf of, a holder who is liable to pay Taxes in respect of the Note or Coupon by reason of his having some connection with the Republic of Italy other than the mere holding of the Note or Coupon; or
- (b) presented for payment in the Republic of Italy; or
- (c) presented for payment by or on behalf of a holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (d) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (e) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or
- (f) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or other amounts is paid to a non-Italian resident legal

entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with the Italian authorities; or

- (g) in relation to any payment or deduction of any interest, premium or other proceeds of any Note or Coupon on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996, as amended and restated from time to time.
- (h) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Presentation Date (as defined in Condition 5 (*Payments*)).

For the avoidance of doubt, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of US Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions) or pursuant to any agreement with the US Internal Revenue Service (**FATCA withholding**) as a result of a holder, beneficial owner or an intermediary that is not an agent of the Issuer not being entitled to receive payments free of FATCA withholding. The Issuer will have no obligation to pay additional amounts or otherwise indemnify a holder for any such FATCA withholding deducted or withheld by the Issuer, a Paying Agent or any other party.

7.2 *Taxing Jurisdiction*

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Italy, references in these Conditions to the Republic of Italy shall (unless the context requires otherwise) be construed as references to the Republic of Italy and/or such other jurisdiction.

7.3 *Interpretation*

In these Conditions, **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 11 (*Notices*); and

7.4 *Additional Amounts*

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition.

8. **PRESCRIPTION**

Notes and Coupons will become void unless presented for payment within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, subject to the provisions of Condition 5 (*Payments*).

9. **EVENTS OF DEFAULT**

The holder of any Note may give notice to the Issuer that the Note is, and it shall accordingly forthwith become, immediately due and repayable at its principal amount, together with interest accrued to the date of repayment, if any of the following events (**Events of Default**) occurs:

- (a) *Non-payment*: if default is made in the payment of any amount due in respect of the Notes or any of them and, in the case of a payment of interest or principal, the default continues for a period of 10 days; or
- (b) *Breach of other obligation*: if the Issuer fails to perform or observe any of its other obligations under these Conditions (being obligations other than payment obligations to which Condition 9(a) (*Non-payment*) above applies) and the failure continues for the period of 30 days following the service by any Noteholder on the Issuer of notice requiring the same to be

remedied, except in any case where the failure is incapable of remedy, when no such continuation or notice will be required; or

- (c) *Cross-default*: if (i) any Indebtedness of the Issuer or any of its Material Subsidiaries becomes due and repayable prematurely by reason of an event of default (however described), or (ii) the Issuer or any of its Material Subsidiaries fails to make any payment in respect of any of its Indebtedness on the due date for payment as extended by any originally applicable grace period, or (iii) any security given by the Issuer or any of its Material Subsidiaries becomes enforceable, or (iv) default is made by the Issuer or any of its Material Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness, unless such payment (or the anticipated maturity thereof), enforcement of security or default, as the case may be, is contested in good faith by the Issuer or the relevant Material Subsidiary by all appropriate means, including (where applicable) an application to a competent court for a declaration that such payment is not due, such security is not enforceable and/or such default has not occurred (as the case may be) and provided that, in the case of (i), (ii) and (iv) above, such Indebtedness is, either individually or in the aggregate, in a principal amount of €20,000,000 or more, or its equivalent in any other currency; or
- (d) *Unsatisfied judgment*: if one or more judgment(s) or order(s) for the payment of any amount is rendered against the Issuer or any of its Material Subsidiaries and continue(s) unsatisfied and unstayed for a period of 21 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) *Winding-up*: if any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer or any of its Material Subsidiaries, except for the purposes of, or pursuant to, a Permitted Transaction; or
- (f) *Cessation of business/Inability to pay debts*: if (i) the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on the whole or substantially the whole of its business, except for the purposes of, or pursuant to, a Permitted Transaction or (ii) the Issuer or any of its Material Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (g) *Insolvency/enforcement proceedings*: if (i) proceedings are initiated against the Issuer or any of its Material Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Material Subsidiaries or, as the case may be, in relation to the whole or substantially the whole of the undertaking or assets of the Issuer or any of its Material Subsidiaries or (ii) an encumbrancer takes possession of the whole or substantially the whole of the undertaking or assets of the Issuer or any of its Material Subsidiaries or (iii) a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or substantially the whole of the undertaking or assets of the Issuer or any of its Material Subsidiaries, and (iv) in any of the foregoing cases unless initiated by the Issuer or the relevant Material Subsidiary, is not contested in good faith by all appropriate means by the Issuer or the relevant Material Subsidiary, or is not stayed or dismissed, in each case within 30 days (such period commencing on the date of presentation of the relevant petition or application); or
- (h) *Liquidation/composition*: if the Issuer or any of its Material Subsidiaries initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or

makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or

- (i) *Analogous event*: if any event occurs which, under the laws of the Republic of Italy, has an analogous effect to any of the events referred to in Conditions 9(e) to (h) above; or
- (j) *Unlawfulness/unenforceability*: if it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Agency Agreement or any such obligations cease or will cease to be legal, valid, binding and enforceable.

As used herein, **Permitted Transaction** means:

- (i) any “*fusionne*” or “*scissione*” (such expressions bearing the meanings ascribed to them by the laws of the Republic of Italy) or any other reconstruction, amalgamation, reorganisation, merger, consolidation, or other similar arrangement, in each case (A) on terms approved by an Extraordinary Resolution of the Noteholders or (B) in the case of a Material Subsidiary, a transaction whilst solvent whereby the assets and undertaking of such Material Subsidiary are transferred to or otherwise vested in the Issuer or another Subsidiary of the Issuer; or
- (ii) in the case of a Material Subsidiary, a transfer by such Material Subsidiary to a third party or parties of its business as a going concern for full consideration on arm’s length terms.

10. REPLACEMENT OF NOTES AND COUPONS

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Agent or the Paying Agent in Luxembourg, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

11. NOTICES

11.1 *Notices to the Noteholders*

All notices to the Noteholders will be valid if published in a leading English language daily newspaper published in London or such other English language daily newspaper with general circulation in Europe as the Issuer may decide and, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, in one daily newspaper published in Luxembourg. It is expected that publication will normally be made in the *Financial Times* and the *Luxemburger Wort* or the *Tageblatt*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

11.2 *Notices from the Noteholders*

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent or, if the Notes are held in a clearing system, may be given through the clearing system in accordance with the standard rules and procedures.

12. MEETINGS OF NOTEHOLDERS, NOTEHOLDERS' REPRESENTATIVE AND MODIFICATION

12.1 *Meetings of Noteholders*

The Agency Agreement contains provisions consistent with the laws, legislation, rules and regulations of the Republic of Italy (including without limitation Legislative Decree No. 58 of 24 February 1998, as amended) for convening meetings of the Noteholders to consider any matter affecting their interests, including, *inter alia*, the modification or abrogation by Extraordinary Resolution (as defined in the Agency Agreement) of any of these Conditions or any of the provisions of the Agency Agreement. Subject to mandatory provisions of Italian law applicable from time to time, any such meeting may be convened by the directors of the Issuer or the Noteholders' Representative (as defined below) at their discretion and, in any event, upon the request in writing signed by Noteholders holding not less than one-twentieth of the aggregate principal amount of the Notes for the time being outstanding. If the Issuer defaults in convening such a meeting following such request or requisition by the Noteholders representing not less than one-twentieth of aggregate principal amount of the Notes outstanding, the same may be convened by decision of the competent court upon request by such Noteholders. Every such meeting shall be held at such time and place as provided pursuant to Article 2363 of the Italian Civil Code.

According to the laws, legislation, rules and regulations of the Republic of Italy: (a) if Italian law and the Issuer's by-laws provide for multiple calls, such meetings will be validly held if (i) in the case of a first meeting (*prima convocazione*), there are one or more persons present being or representing Noteholders holding at least one-half of the aggregate principal amount of the outstanding Notes; (ii) in the case of a second meeting (*seconda convocazione*), there are one or more persons present being or representing Noteholders holding more than one-third of the aggregate principal amount of the outstanding Notes; or (iii) in the case of any further adjourned meeting (*convocazione successiva*), there are one or more persons present being or representing Noteholders holding at least one-fifth of the aggregate principal amount of the outstanding Notes, provided that the Issuer's by-laws may in each case (to the extent permitted under the applicable laws and regulations of the Republic of Italy) provide for a higher quorum; and (b) if Italian law and the Issuer's by-laws provide for a single call (*convocazione unica*), the quorum under (iii) above shall apply, provided that a higher majority may be required by the Issuer's bylaws. The majority required to pass a resolution at any meeting (including any adjourned meeting) convened to vote on any resolution (subject to compliance with mandatory laws, legislation, rules and regulations of Italy in force from time to time) will be (a) for voting on any matter other than a Reserved Matter, one or more persons holding or representing at least two-thirds of the aggregate principal amount of the outstanding Notes represented at the meeting or (b) for voting on a Reserved Matter, one or more persons holding or representing not less than one-half of the aggregate principal amount of the outstanding Notes. The Issuer's by-laws may in each case (to the extent permitted under applicable Italian law) provide for higher majorities.

Any resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not. An Extraordinary Resolution (as defined in the Agency Agreement) passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders.

Reserved Matter has the meaning given to it in the Agency Agreement and includes any proposal, as set out in Article 2415 of the Italian Civil Code, to modify the Terms and Conditions of the Notes (including, *inter alia*, any proposal to modify the maturity of the Notes or the dates on which interest is payable on them, to reduce or cancel the principal amount of, or interest on, the Notes, or to change the currency of payment of the Notes).

12.2 *Noteholders' Representative*

A joint representative of Noteholders (*rappresentante comune*) (the **Noteholders' Representative**) may be appointed pursuant to Articles 2415 and 2417 of the Italian Civil Code in order to represent the

Noteholders' interests under these Conditions and to give effect to resolutions passed at a meeting of the Noteholders. If the Noteholders' Representative is not appointed by a meeting of Noteholders, the Noteholders' Representative shall be appointed by a decree of the competent court where the Issuer has its registered office at the request of one or more Noteholders or at the request of the directors of the Issuer. The Noteholders' Representative shall have the powers and duties set out in Article 2418 of the Italian Civil Code shall remain appointed for a maximum period of three years but may be reappointed again thereafter.

12.3 *Modification*

The Agent may agree, without the consent of the Noteholders or Couponholders, to any modification of any of these Conditions or any of the provisions of the Agency Agreement either (i) for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest or proven error or any other defective provision contained herein or therein or (ii) in any other manner which is not materially prejudicial to the interests of the Noteholders. Any modification shall be binding on the Noteholders and the Couponholders and, unless the Agent agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 11 (*Notices*).

13. **FURTHER ISSUES**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the amount of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes.

14. **GOVERNING LAW AND SUBMISSION TO JURISDICTION**

14.1 *Governing Law*

The Agency Agreement, the Notes and the Coupons and any non contractual obligations arising out of or in connection with the Agency Agreement, the Notes and the Coupons are governed by, and will be construed in accordance with English law, provided that Condition 12.1, Condition 12.2 and the provisions of the Agency Agreement concerning meetings of Noteholders are subject to compliance with the laws of the Republic of Italy.

14.2 *Jurisdiction of English Courts*

The Issuer has irrevocably agreed for the benefit of the Noteholders and the Couponholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes or the Coupons and accordingly has submitted to the exclusive jurisdiction of the English courts. The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.

The Noteholders and the Couponholders may take any suit, action or proceeding arising out of or in connection with the Notes or the Coupons respectively (together referred to as **Proceedings**) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

14.3 *Appointment of Process Agent*

The Issuer hereby irrevocably and unconditionally appoints Glen Grant Limited at its registered office for the time being as its agent for service of process in England in respect of any Proceedings and undertakes that in the event of such agent ceasing so to act it will appoint another person as its agent for that purpose.

14.4 *Other Documents*

The Issuer has in the Agency Agreement submitted to the jurisdiction of the English courts and appointed an agent in England for service of process, in terms substantially similar to those set out above.

15. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

There will appear at the foot of the Conditions endorsed on each Note in definitive form the names and Specified Offices of the Paying Agents as set out at the end of this Prospectus.

OVERVIEW OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

*The following is an overview of the provisions to be contained in the Temporary Global Note and the Permanent Global Note (together, the **Global Notes**) which will apply to, and in some cases modify, the Terms and Conditions of the Notes while the Notes are represented by the Global Notes.*

1. **Payments**

On and after 9 November 2015, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made to the bearer of such Global Note and, if no further payment falls to be made in respect of the Notes, against surrender of such Global Note to the order of the Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. The Issuer shall procure that the amount so paid shall be entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg and the nominal amount of the Notes recorded in the records of Euroclear and Clearstream, Luxembourg and represented by such Global Note will be reduced accordingly. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of Euroclear and Clearstream, Luxembourg shall not affect such discharge. Payments of interest on the Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made. Notwithstanding Condition 5.2, payments on a Global Note will be made solely by credit or transfer to a euro account (or any other account to which euro may be credited or transferred).

2. **Notices**

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders rather than by publication as required by Condition 11 (*Notices*), provided that, so long as the Notes are listed on the Luxembourg Stock Exchange, notice will also be given by publication on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in a daily newspaper published in Luxembourg if and to the extent that the rules of the Luxembourg Stock Exchange so require. Any such notice shall be deemed to have been given to the Noteholders on the second day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

Whilst any of the Notes held by a Noteholder are represented by a Global Note, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through Euroclear and/or Clearstream, Luxembourg and otherwise in such manner as the Agent and Euroclear and Clearstream, Luxembourg may approve for this purpose.

3. **Accountholders**

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of Notes (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of that principal amount for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders and giving notices to the Issuer pursuant to Condition 9 (*Events of Default*) and Condition 6.3 (*Redemption at the Option of the Holders upon a Change of Control*)) other than with respect to the payment of principal and interest on the principal

amount of such Notes, the right to which shall be vested, as against the Issuer solely in the bearer of the relevant Global Note in accordance with and subject to its terms. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

4. Prescription

Claims against the Issuer in respect of principal and interest on the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 7 (*Taxation*)).

5. Cancellation

Cancellation of any Note represented by a Global Note and required by the Terms and Conditions of the Notes to be cancelled following its redemption or purchase will be effected by Euroclear and Clearstream, Luxembourg making the appropriate entries in their respective records to reflect such cancellation.

6. Put Option

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, the option of the Noteholders provided for in Condition 6.3 (*Redemption at the Option of the Holders upon a Change of Control*) may be exercised by an Accountholder giving notice to the Agent in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common safe-keeper for them to the Agent by electronic means) of the principal amount of the Notes in respect of which such option is exercised and at the same time presenting or procuring the presentation of the relevant Global Note to the Agent within the time limits set forth in that Condition.

7. Euroclear and Clearstream, Luxembourg

Notes represented by a Global Note are transferable in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as appropriate. References in the Global Notes and this overview to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system through which interests in the Notes are held.

8. Exchange

The Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes only if:

- (a) an event of default (as set out in Condition 9 (*Events of Default*)) has occurred and is continuing; or
- (b) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available.

The Issuer will promptly give notice to Noteholders if an Exchange Event occurs. In the case of (a) or (b) above, the holder of the Permanent Global Note, acting on the instructions of one or more of the Accountholders (as defined below), may give notice to the Issuer and the Agent.

On or after the Exchange Date the holder of the Permanent Global Note may surrender the Permanent Global Note to or to the order of the Agent. In exchange for the Permanent Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes (having

attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Agency Agreement. On exchange of the Permanent Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

For these purposes, **Exchange Date** means a day specified in the notice requiring exchange falling not less than 30 days after that on which such notice is given, being a day on which banks are open for general business in the place in which the specified office of the Agent is located or in the case of exchange pursuant to (b) above, in the place in which the relevant clearing system is located.

DESCRIPTION OF THE ISSUER

Introduction

Davide Campari-Milano S.p.A. (the **Company** or the **Issuer**) is the parent company of the Campari Group (the **Campari Group** or the **Group**). The Group is a major player in the global branded beverage 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.

The brand portfolio of the Group is well diversified, covering a wide range of spirits categories including Aperitif, Vodka, Liqueurs, Bitters, Whisky (including American whisky, Canadian whisky and Scotch whisky), Tequila and Rum. The Group categorises its brands by four main groups (global priorities, regional priorities, local priorities and rest of portfolio) based on the geographic scale, business priority and growth potential of the brands.

The Group has a wide geographic exposure, with distribution of its brands in over 190 markets across the globe. It has direct distribution networks in eighteen markets, including six in the Americas (the United States, Jamaica, Brazil, Canada, Argentina and Mexico), ten in Europe (Italy, Germany, Russia, Switzerland, Austria, Belgium, Luxembourg, the United Kingdom, Spain and Ukraine) and two in Asia Pacific (Australia and China). These markets generated approximately 92 per cent. of the Group's net sales for the financial year ended 31 December 2014.

Management believes that the Group's performance demonstrates the strength of its core brands reflecting a consistent commitment to brand building initiatives and portfolio enhancement. Moreover, the Group benefits from its ability to leverage its extended distribution network, in which the Group has increasingly invested in recent years, in both developed and emerging economies.

The table below summarises the Group's financial performance in the financial years ended 31 December 2014 and 31 December 2013.

Net Sales and EBITDA pre one-off's ⁽¹⁾

Year ended 31 December	Net Sales	EBITDA pre one-off's ⁽¹⁾
		<i>(€ millions)</i>
2014.....	1,560.0	337.5
2013.....	1,524.1	339.1

⁽¹⁾ EBITDA pre one-off's: EBITDA before non-recurring income and charges. EBITDA is defined as profit for the period before taxes, income/(charges) relating to put options and earn-outs, share in profit (loss) of companies valued at equity, financial income and charges and depreciation and amortisation. It should be noted that EBITDA is not recognised as a measure of performance or liquidity under IFRS and should not be recognised as an alternative to operating income or net profit or any other performance measures derived in accordance with IFRS or any other generally accepted accounting principles. EBITDA is used by management to monitor the underlying performance of the business and operations. EBITDA is not indicative of the Group's historical operating results, nor is it meant to be predictive of future results. Since all companies do not calculate these measures in an identical manner, the Group's presentation may not be consistent with similar measures used by other companies. Therefore, undue reliance should not be placed on this data.

The table below sets forth a reconciliation of EBITDA and EBITDA pre one-off's for the years ended 31 December 2014 and 31 December 2013:

	Years ended 31 December	
	2014	2013
	<i>(€ millions)</i>	
Profit for the period	129.5	150.4
<i>Adjustments for:</i>		
Taxes	64.6	79.8
Income (charges) relating to put options and earn-outs	(0.5)	(0.2)
Share in profit (loss) of companies valued at equity	0.2	0.2

	Years ended 31 December	
	2014	2013
	<i>(€ millions)</i>	
Financial income and charges	61.1	59.1
Depreciation and amortisation	39.4	39.5
EBITDA	294.3	328.8
One-off's ⁽¹⁾	43.2	10.3
EBITDA pre one-off's	337.5	339.1

⁽¹⁾ Negative one-off's amounting to € 43.2 million in 2014 are composed of: impairment of goodwill and brands of €(23.7) million; €(12.0) million related to the restructuring and refocusing of the Group's product portfolio; €(1.5) million related to acquisitions made during the year; and €(6.0) million other net charges.

Negative one-off's amounting to €10.3 million in 2013 are composed of: €(4.0) million related to impairment of assets connected with the disposal of CJSC 'Odessa Sparkling Wine Company' (asset sold in April 2014); € (6.8) million for provisions for a legal dispute; €(1.1) million related to the acquisition of Copack Beverage A Limited Partnership in Australia; €(2.3) million related to restructuring initiatives in Jamaica in connection with the acquisition of J. Wray&Nephew Ltd. (formerly Lascelles deMercado & Co.); €(5.2) million for restructuring costs mainly in Italy, Brazil and Australia; and €9.1 million gains mainly from assets disposals.

The Issuer was incorporated in Italy as a limited liability company (*società per azioni*) on 16 September 1982. It is registered in the Companies' Registry of Milan under number 06672120158 and its registered office and principal place of business is at Via Franco Sacchetti 20, 20099 Sesto San Giovanni (Milan) with telephone number +39 02 62251. The Issuer has been listed on the Italian Stock Exchange since 2001. Its shares are listed on the *Mercato Telematico Azionario*, the screen-based market of the Italian Stock Exchange. As at 30 June 2015, the Issuer's share capital was comprised of 580,800,000 fully paid-up ordinary shares with a nominal value of €0.10 each.

History and Development

The Campari Group traces its roots back to 1860 when Gaspare Campari developed the red, bittersweet aperitif that bears his name. From the opening of Café Campari in Milan in 1867 through the 1920s, the Campari Group expanded its product offerings to include a broad range of spirits and other drinks. During the 1920s, however, Gaspare's son, Davide Campari, narrowed his focus to offer only two products: Campari and Campari Cordial. In 1932, he added Campari Soda, the first 'ready-to-drink' single serving alcoholic aperitif, marketed in modernistic bottles designed by the renowned artist Fortunato Depero.

For the next several decades, the Campari Group concentrated on its three flagship products and continued its international expansion, which had begun in the 1920s. By the 1960s, the Group's products were distributed in approximately 80 countries, and by the 1980s, the Group had manufacturing facilities in Italy, France and Brazil.

In the early 1990s, the beverage industry went through a significant consolidation process with a series of mergers and acquisitions and global groups with wide-ranging portfolios emerged. The Campari Group chose to expand through carefully selected acquisitions designed to enhance its brand portfolio and global reach. Since 1995, the Group has grown substantially, primarily through a combination of organic growth and selective acquisitions of brands and businesses.

The Group has completed 24 acquisitions spreading over various geographies and categories since 1995. In terms of acquisition value and strategic importance, the three main acquisitions were Skyy Spirits, LLC (2001), Wild Turkey (2009) and J. Wray&Nephew Ltd. (formerly Lascelles deMercado & Co.) (2012). In 2001, the Group took control of Skyy Spirits, LLC, giving it a direct distribution platform in the United States, the world's largest spirits market, and a leading position in the premium vodka category with SKYY vodka. In 2009, the Group completed the acquisition of Wild Turkey, obtaining leading premium bourbon brands and further strengthening its position among the leaders in the US premium spirits market and some important international markets. In 2012, the Group finalised the acquisition of J. Wray&Nephew Ltd. (formerly Lascelles deMercado & Co.), based in Kingston, Jamaica. This transaction permitted the Group to strategically further enrich its offerings through the introduction into the rum category. Moreover, the Group has also diversified its portfolio

by adding a number of other key brands, expanding into existing as well as new categories including Aperol (Aperitif), Espolón (Tequila), GlenGrant (Scotch whisky) and Frangelico (Liqueurs).

In 2014, the Group completed the acquisitions of Forty Creek Distillery Ltd. (Canada) and Fratelli Averna S.p.A. (Italy) (for a consideration of €132.4 million and €103.7 million, respectively). The former transaction enabled the Group to build its critical mass in key North American markets and marked its first move into the important Canadian whisky segment with high-end premium brands. The latter allowed the Group to leverage its enhanced distribution capabilities to further expand the premium Italian bitter brands acquired (mainly Averna and Braulio).

The table below shows the history of the acquisitions completed by the Campari Group:

Year	Acquisition	Country
2014	<i>Fratelli Averna S.p.A.</i>	<i>Italy</i>
2014	<i>Forty Creek Distillery Ltd.</i>	<i>Canada</i>
2013	<i>Copack Beverage A Limited Partnership</i>	<i>Australia</i>
2012	<i>J. Wray&Nephew Ltd. (formerly Lascelles deMercado & Co.)</i>	<i>Jamaica</i>
2011	<i>Cazalis and Reserva San Juan</i>	<i>Argentina</i>
2011	<i>Sagatiba</i>	<i>Brazil</i>
2011	<i>Vasco</i>	<i>Russia</i>
2010	<i>Carolans, Frangelico and Irish Mist</i>	<i>Ireland</i>
2009	<i>Wild Turkey and American Honey</i>	<i>USA</i>
2008	<i>Destiladora San Nicolas, S.A. de C.V. (Espolón and San Nicolas)</i>	<i>Mexico</i>
2008	<i>Sabia S.A.</i>	<i>Argentina</i>
2008	<i>CJSC ODESSA Plant of Sparkling wines</i>	<i>Ukraine</i>
2007	<i>Cabo Wabo Tequila</i>	<i>USA</i>
2007	<i>X-Rated Fusion Liqueur</i>	<i>USA</i>
2005	<i>GlenGrant & Old Smuggler</i>	<i>Italy</i>
2005	<i>Teruzzi&Puthod Winery</i>	<i>Italy</i>
2003	<i>Riccadonna Sparkling Wines</i>	<i>Italy</i>
2003	<i>Barbero1891 S.p.A. (Aperol, Mondoro)</i>	<i>Italy</i>
2002	<i>Sella&Mosca S.p.A.</i>	<i>Italy</i>
2001	<i>SKYY Spirits, LLC</i>	<i>USA</i>
2000	<i>Brazilian brands</i>	<i>Brazil</i>
1999	<i>Cinzano</i>	<i>Italy</i>

1999	<i>Ouzo12</i>	<i>Greece</i>
1995	<i>Cynar, Crodino and Lemonsoda</i>	<i>Italy</i>

While the Group remains an active player in the industry consolidation, it has started to gradually streamline its business through disposals of non-core assets, in line with its strategy of focusing on its core high-margin spirits business.

The table below shows the history of the disposals completed by the Campari Group:

Year	Disposal	Country
2015	<i>Enrico Serafino S.r.l.</i> ⁽¹⁾	<i>Italy</i>
2015	<i>Limoncetta di Sorrento</i> ⁽¹⁾	<i>Italy</i>
2015	<i>Agri-Chemicals Division</i> ⁽¹⁾	<i>Jamaica</i>
2015	<i>Federated Pharmaceutical division</i> ⁽¹⁾	<i>Jamaica</i>
2014	<i>CJSC ODESSA Plant of Sparkling wines</i>	<i>Ukraine</i>
2013	<i>Punch Barbieri</i>	<i>Italy</i>

⁽¹⁾ Transactions closed after 31 December 2014 as described in the section “Recent events”

Over the past decade, the Group has gone through a significant transformational process. In an increasingly challenging economic environment, other than being very active in acquisitions and continuing to invest in brand building and portfolio enhancement, the Group has made significant investments in strengthening its distribution capabilities as well as global infrastructures, including production supply chain and IT systems.

In particular, since 2004 it has significantly strengthened its direct distribution network from five to eighteen countries, where, for the year ended 31 December 2014, it generated approximately 92 per cent. of the Group revenues. Moreover, the Group has increased its exposure to emerging markets via a combination of organic growth and selected acquisitions. Net sales in emerging markets accounted for approximately 27 per cent. of Group’s net sales in 2014. Key emerging markets include Jamaica, Brazil, Argentina, Russia and Mexico.

The Group insourced bottling activities in the core US and Australian markets and significantly expanded its distilling and warehousing capabilities. Overall it increased its manufacturing plants from eight in 2004 to eighteen as at the date of this Prospectus. In addition, the Group owns two wineries in Italy.

The Group currently aims to continue achieving profitable growth with strong cash generation, and to be a leading player in the global spirits industry by combining its passion for brand building with entrepreneurial drive and functional efficiency. Overall, the Group believes it is strongly positioned for future growth leveraging on the expansion of the international footprint of its enhanced brand portfolio and on external growth through acquisitions.

The Group believes that the following are its key strengths:

- **Enhanced brand portfolio with growth potential**

The Group has a strongly diversified brand portfolio with more than 50 premium brands covering the key categories, including Aperitifs, Vodka, Liqueurs, Bitters, Whisky (including American whisky, Canadian whisky and Scotch whisky), Tequila and Rum. Among these brands, the Group has identified 5 top Global Spirits Brands (Campari, Aperol, SKYY, Wild Turkey, Jamaican rum portfolio, including Appleton Estate, J. Wray and Wray & Nephew Overproof). These high margin brands currently enjoy strong market positioning in their core markets where they have, to a certain extent, further penetration opportunities, and have the strength and potential to be developed internationally, continuously expanding their footprints across markets to a larger extent than already done. Therefore, the Group believes they offer the strongest potential upside in terms of sales growth and mix improvement. Moreover, the Group manages a pool of regional brands, which currently still have limited scale but the Group believes have expansion potential within their regions. In addition, the Group has a portfolio of

selected local priority brands which offer growth upside through further penetration of their domestic markets.

- **Increased global reach**

The Group has invested significantly over the past ten years in strengthening its distribution capabilities. Currently, it has direct distribution networks in eighteen markets, covering approximately 92 per cent. of the Group's net sales for the year ended 31 December 2014. Setting direct markets allows the Group to increase its focus on own brands in a given market from a marketing as well as a commercial standpoint, improve working capital management and achieve financial benefits whenever the critical mass reached by the Group in a given market makes a direct investment by the Group in that market financially attractive. The Group believes the distribution network it has today broadly covers its direct market targets and the Group is now well positioned to leverage these strengthened platforms to accelerate its growth.

- **Brand building and marketing capabilities**

The Group considers the brands as its key assets. It has a strong history of long-term brand building and development. The Group strives to grow and maintain its market share by positioning and building its brands clearly and consistently across all their markets. Today its brands are well placed to further benefit from continuing trends towards premium spirits. The Group's focus in the coming years will be on the increasingly important premium end of the market and the Group will continue to invest to support its growth objectives and its long-term prospects via best-in-class marketing and innovation initiatives. With the rise of new technology, the Group has increased its use of diverse media to build and communicate its marketing message and create awareness of the Group's various brands in diverse markets. In particular, the Group is consistently enhancing its marketing model via a more focused targeting of its core consumers by placing a greater emphasis on experiential marketing at the point of consumption, and leveraging more consistently brand-related public relations activities, interactive digital marketing tools as well as digital media.

- **Strengthened business infrastructure**

The Group undertook an intensive investment cycle aimed at significantly strengthening its global infrastructure. The Group has made significant investments to revamp and expand its production facilities in the recent years. Currently, the Group has a state-of-the-art and fully integrated supply chain across the globe, which allows the Group to react more quickly to market demand and run innovation in a more timely and flexible manner. Moreover, the Group has made significant investments in standardising and upgrading its IT system in order to create a common platform for business intelligence. The Group now has rolled out a common SAP system globally, which allows the Group to more efficiently manage its business with higher level of operating coordination and deeper visibility. Going forward, the Group expects its capital expenditure to be primarily driven by maintenance investments, aiming to maintain its plants and systems with up-to-date standards and technology to continue to operate in an efficient manner. In addition, with the objective of standardising and harmonising the financial administrative processes at a global level, the Group has created a central shared service centre, which provides financial services to a pool of Europe-based legal entities with a standard accounting model and system. It increases effectiveness and efficiency and decreases overall application maintenance costs with synergies and economy of scale.

- **Increased business scale**

The Group generated over €1.5 billion revenues in 2014, more than doubling its revenues compared with 10 years ago. This result has been achieved via a combination of organic growth, through the expansion of the Group's own brands, as well as through acquisitions. Over the years, the Group has gradually reduced the weight of third-party brands in its portfolio, now accounting for approximately 9.6 per cent. of the Group's net sales, while focusing more and more on its own brands. While

benefitting from an increased scale at a global level, the Group remains committed to pursuing a growth strategy which gives it the opportunity to build and maintain a leading position in all the markets where it has a direct presence. The Group now has a scalable business model, which can be leveraged across the whole organisation.

- **Strong cash flow generation**

The Group has a strong track record of cash flow generation. In recent years, the Group has concluded a series of investments (route-to-market, product supply chain, IT, investments in ageing spirits after expansion to brown spirits), aimed at fuelling future business growth. With the completion of this significant investment cycle and its continuing commitment to efficient operating working capital management, the Group believes it has significant opportunities of further expanding its solid cash flow generation. The strong cash flow generation, achieved as a result of sustained operating performance, positive return on investments and efficient working capital management, has enabled the Group to quickly deleverage after acquisitions, whilst maintaining a disciplined approach to financial management and remaining focused on a conservative leverage profile.

- **Solid track record in acquisitions**

The Group has been very active in the industry consolidation process with a solid track record of acquisitions. Since 1995, the Group has completed a total of 24 acquisitions, which significantly strengthened the Group's brand offerings and extended its geographic reach. The Group has a strong history of developing the acquired brands via efficient marketing tools and leveraging its enhanced route-to-market.

Strategy

The Group's growth strategy aims to combine organic growth through strong brand building, via marketing, innovation and development of the existing brand portfolio, with strategic acquisitions, as further detailed below. Spirits are the Group's core business and where it focuses its acquisition efforts. The Group's strategy is driven by the objective to reach or enhance critical mass in key geographic markets.

Organic Growth

The Group continues to generate growth for its core brand portfolio through the development of existing brands and/or the introduction of new products to brand line extensions. Key Group objectives are to:

- Drive faster growth for the five global priority brands (Campari, Aperol, SKYY, Wild Turkey, Jamaican rum portfolio, including Appleton Estate, J. Wray and Wray & Nephew Overproof), and incubate potential brands with best-in-class marketing, innovation and brand building;
- Generate steady growth in key regional and local priority brands through periodic renewal;
- Leverage on rigorous cost discipline to reinvest savings in strategic brand building; and
- Develop the Group's presence in high-potential markets.

External growth

The Group's acquisition strategy is driven by the objective to reach or enhance its critical mass in key geographic markets. The Group focuses its acquisition efforts on premium spirits brands.

Key Group objectives are to:

- Seek acquisitions in markets where the Group has a direct distribution network;

- Acquire local brands with strong brand equity and leading local market positions to allow the Group to build new direct distribution platforms;
- Identify specialty brands with strong brand equity and unique market position hence strong pricing power; and
- Maintain financial discipline.

The Group remains committed to pursuing potential acquisitions of brands and/or businesses in accordance with the Group's philosophy of realistically evaluating the contribution capacity of the target business to the Group's overall profitability and adhering to a disciplined valuation of the target business.

In addition to acquiring businesses that have reached a meaningful scale on a stand-alone basis in given markets, thus giving the Group the critical mass to build new distribution capabilities, the Group also remains committed to achieving potential synergies from acquiring brands and/or businesses in markets where the Group has already established a strong presence.

Business Overview

Geographic regions

Historically, the Group segmented its business for financial reporting purposes in terms of geographic regions as follows: Americas, Italy, Rest of Europe, Rest of World & Global Travel Retail.

The table below summarises the Group's net sales by geographic region in absolute terms and as a percentage of Group's net sales for the financial years ended 31 December 2014 and 31 December 2013.

Region	2014		2013	
	Amount (€m)	% of Group net sales	Amount (€m)	% of Group net sales
Americas	605.1	38.8%	623.3	40.9%
Italy	411.9	26.4%	376.4	24.7%
Rest of Europe	382.0	24.5%	368.3	24.2%
Rest of World & Global Travel Retail	161.0	10.3%	156.2	10.3%
Total	1560.0	100.0%	1524.1	100.0%

Americas

With net sales of €605.1 million in 2014, Americas represented the main geographical region for the Group's business during 2014, accounting for 38.8 per cent. of Group's net sales. Compared with 2013, net sales were down overall by 2.9 per cent., entirely due to an unfavourable currency effect driven by weakness against the euro in all Group functional currencies in the region, in particular, the Argentinian Peso, the Jamaican Dollar, the Brazilian Real and the Mexican peso. Key markets in the Americas include the United States, Jamaica, Brazil, Canada and Argentina.

The table below summarises the Group's net sales in Americas by key markets in absolute terms and as percentages of the Group's net sales for the years ended 31 December 2014 and 31 December 2013:

Group Net sales by market	2014		2013	
	Amount (€m)	% of Group net sales	Amount (€m)	% of Group net sales
United States	305.3	19.6%	312.6	20.5%
Jamaica	101.5	6.5%	124.7	8.2%
Brazil	81.7	5.2%	82.7	5.4%
Canada	38.8	2.5%	29.7	2.0%
Argentina	36.0	2.3%	37.8	2.5%

Other countries	41.7	2.7%	35.8	2.3%
Total Americas	605.1	38.8%	623.2	40.9%

United States

With net sales of €305.3 million in 2014, the United States is the Group's second largest market, accounting for 19.6 per cent. of the Group's net sales in 2014. Compared with 2013, net sales were down by 2.3 per cent., due to the termination of agency brands distribution as well as an unfavourable currency effect. Excluding these two effects, the underlying business delivered a positive performance.

The US spirits market is the world's largest spirits market by profits and a key priority in terms of expansion for the Group. The Group established its platform in the United States with the acquisition of SKYY Spirits, LLC in 2001, which gave the Group access to the world's largest spirits market through SKYY Vodka. The SKYY brand was further strengthened in the following years through the introduction of line extensions, including a new product line of naturally flavoured vodkas, SKYY *Infusions*, and more recently the launch of SKYY Barcraft, a new line of cocktail-inspired vodka. Over the years, the Group has significantly diversified its portfolio in terms of brands and categories in the US market through acquisitions of brands with strong positions in the US market. In particular, the Group added Wild Turkey (Bourbon), Appleton Estate (Rum) and Forty Creek (Canadian whisky). In addition, the Group successfully developed Espolón (Tequila), allowing the acquired brand to reach the attractive US market. Moreover, over the last few years, as a result of a rediscovery of classic cocktails and with consumers starting to embrace bitter flavours, Italian spirits like Campari and also Aperol, Cynar and Frangelico started to show a growing influence on local consumption preferences.

Jamaica

As a result of the acquisition of J. Wray & Nephew Ltd. (formerly Lascelles de Mercado & Co.) in 2012, the Group increased significantly its exposure to Jamaica. With net sales of €101.5 million in 2014, Jamaica accounted for 6.5 per cent. of Group net sales, down by 18.6 per cent. compared to 2013 due to a combination of weaker performance of non-core activities, an unfavourable currency effect and the termination of non-core consumer products distribution agreements. The Group has a strong leadership position in this market thanks to a portfolio of strong local spirit and wine brands. Since the acquisition, the Group has undertaken a series of reorganisation processes also in this market aimed at strengthening the focus of the local organisation on the core spirits and wine business. Contemporaneously, with the objective of streamlining the business, the Group has started a process to gradually exit non-core businesses. In particular, following the termination of the consumer products distribution agreements, the Group divested the Federated Pharmaceutical division. The Group also manages agricultural operations in Jamaica, where it grows and harvests sugar cane from which it extracts sugar sold to third parties in the region as well as molasses for the production of rum. This business is considered fully integrated into the local supply chain for the production of the Group's rum products. Therefore, although non-strategic, these activities are not included in the potential divestments envisaged by the Group in this market.

Brazil

Brazil represented 5.2 per cent. of the Group's net sales for the year ended 31 December 2014, amounting to €81.7 million. Net sales decreased by 1.2 per cent. compared to 2013, entirely due to unfavourable currency effect. The existing business performed positively. Over the years, the Group has strengthened its presence in Brazil, historically one of the core markets of the Campari brand. Commencing in 2001 the Group completed the acquisition of local Brazilian brandy and whisky brands, followed by the 2011 acquisition of super premium cachaca brand *Sagatiba* and further enhanced its offering with the successful introduction of SKYY Vodka. Today in Brazil the Group manages and distinguishes its business by reference to two different portfolios: premium spirits portfolio (including mainly Campari, SKYY and Aperol) and local portfolio (including Dreher and other local brand). In recent years, the focus of the Group has progressively shifted to high margin premium brands in Brazil, with the objective to capture the increasing demand for high end spirits driven by the improving socio economic conditions of the emerging middle class in this country.

Canada

Canada represented 2.5 per cent. of the Group's total net sales for the year ended 31 December 2014, amounting to €38.8 million. Net sales were up by 30.3 per cent. compared to 2013, mainly driven by the acquisition of Forty Creek Distillery Ltd. (transaction closed in June 2014). This acquisition further strengthened the Group's position in the Canadian market and allowed the Group to set up direct distribution by leveraging on the acquired business's structure. The Group's key brands in this market include Appleton, Carolans, Forty Creek whisky, SKYY Vodka, Campari and Wild Turkey.

Argentina

Argentina represented 2.3 per cent. of the Group's net sales for the year ended 31 December 2014, amounting to €36.0 million. Net sales were down by 4.7 per cent. compared to 2013, entirely due to a highly unfavourable currency effect. The existing business performed very positively. With a strong culture of aperitifs and bitters, Argentina is a very attractive market for the Group. The Group core brands in this market include Cinzano Vermouth, Campari, Old Smuggler and SKYY. Aperol and Cynar represent further opportunities in this attractive market. The Campari brand has continued its very positive development in this market in recent years. According to 2014 results, Argentina has become the third largest market by volume and fourth largest market by value for the Campari brand at a global level. Over the years, to better satisfy the increasing consumer demand and improve profitability, the Group has progressively localised the production of the top brands in this key market by making investment in local bottling facilities.

Other countries

The other markets in the Americas region represented 2.7 per cent. of the Group's net sales for the year ended 31 December 2014, amounting to € 41.7 million. Net sales were up by 16.7 per cent. compared to 2013. Key markets include Mexico and Peru.

In Mexico, the key Group brands include SKYY ready-to-drink, Appleton, SKYY Vodka, Frangelico, Riccadonna, Espolón and Campari.

In Peru, the Group set up a trading company in the second half of 2014. It is responsible for all the marketing and coordination activities for countries in South America except Brazil and Argentina, in order to ensure a more comprehensive oversight of these markets and to support the growth of the Group's brands. Key brands sold in this market are Riccadonna, Appleton and SKYY.

Italy

Over the years, the Group has largely diversified its geographic exposure and reduced the weight of the Italian market. Italy represented 26.4 per cent. of the Group's total net sales for the year ended 31 December 2014, amounting to €411.9 million. Compared with 2013, net sales were up by 9.4 per cent., due to the combination of a positive growth of the existing business and the F.lli Averna S.p.A. acquisition (transaction closed in June 2014).

The Group enjoys an unrivalled position in the aperitif market in Italy, a key and growing category, with the Group's top-selling brands in terms of net sales being Aperol, Campari Soda, Crodino and Campari, which accounted for approximately 58 per cent. of net sales in Italy for the year ended 31 December 2014. After many years of successful development of Aperol in Italy, Aperol Spritz has become the number one Italian cocktail¹ by volume. Recently, the Group also relaunched its core Crodino brand via innovation activities, such as the successful introduction of a line extension - Crodino Twist.

The Group has also developed its presence in the vodka market, through SKYY Vodka, in the whisky market, through its own brands GlenGrant and Wild Turkey, and through the distribution of Jack Daniel's. In the rum

¹ Source: GfK Total Single Source Panel data – Italian market release 2014.2 processed by DCM S.p.A.

market, it has developed its presence through Appleton Estate. The Group also has a strong presence in the bitter category in Italy with Cynar and the Jägermeister agency brand. Its bitter portfolio offering has recently expanded thanks to the addition of the Averna and Braulio brands.

Rest of Europe

Rest of Europe accounted for 24.5 per cent. of the Group's net sales in 2014, amounting to €382.0 million. Compared with 2013, net sales increased by 3.7 per cent. Key markets include Germany, Russia, Switzerland, Austria, Benelux, Spain, United Kingdom and France.

The table below summarises the Group's net sales in Rest of Europe by key markets in absolute terms and as percentages of Group net sales for the years ended 31 December 2014 and 31 December 2013:

Group Net sales by market	2014		2013	
	Amount (€m)	% of Group net sales	Amount (€m)	% of Group net sales
Germany	167.9	10.8%	158.0	10.4%
Russia	70.5	4.5%	79.5	5.2%
Other countries	143.6	9.2%	130.8	8.6%
Total Rest of Europe	382.0	24.5%	368.3	24.2%

Germany

Germany represented 10.8 per cent. of the Group's net sales for the year ended 31 December 2014, amounting to €167.9 million. Net sales increased by 6.3 per cent. compared to 2013, entirely attributable to the F.lli Averna S.p.A. acquisition. The Group's key brands in this market include Aperol, Cinzano sparkling wines, Campari, Ouzo, Averna, SKYY and GlenGrant. Notwithstanding the challenging market conditions in this market, the Group continues its commitment to long-term brand development with strong focus on the on-premise channel (any locations that serve drinks meant to be consumed on site, such as bars and restaurants).

Russia

Russia represented 4.5 per cent. of the Group's net sales for the year ended 31 December 2014, amounting to €70.5 million. Net sales decreased by 11.3 per cent. compared to 2013, negatively impacted by the unfavourable currency effect as well as the termination of non-core local distribution agreements. The existing business performed positively. The Group's core brands in this market are sparkling wines (Cinzano and Mondoro) and vermouth (Cinzano). Leveraging its sparkling wines portfolio, the Group is gradually building out its premium spirits brands such as Espolón, Campari, Carolans and Wild Turkey in this market. In past years, the Group has experienced very positive growth in the Russian market, particularly after the Group established its own in-market company in 2011. Growth has been driven by the extended distribution of its brands throughout the market as well as increasing market share compared to competition. The Group has witnessed an increasing volatility in its results performance in the last year as a consequence of the recent economic and political uncertainties in the country, and the consequent heightened credit quality control implemented by the Group.

Other countries

Other markets in the Rest of Europe region represented 9.2 per cent. of the Group's net sales for the year ended 31 December 2014, amounting to €143.6 million. Net sales were up by 9.8 per cent. compared to 2013. Key markets in the region include Switzerland, Austria, Spain, the United Kingdom and France. Campari, Aperol, Cynar and Frangelico are the Group's key brands in Switzerland and Austria. With the recently acquired Averna brand, the Group has further increased its critical mass and brand offerings in these markets.

Spain became a direct market of the Group in April 2014. The key brands in this market include Campari, Frangelico, Aperol and Cinzano Vermouth.

The Group started its direct distribution in the United Kingdom in January 2015. The Jamaican rum portfolio, Campari, Aperol and Cinzano Vermouth are the Group's key brands in this market.

In France, the Group uses third party distributors for the distribution of its brands. Campari, GlenGrant, Aperol and Riccadonna are the Group's key brands in this market. The brands are developing very positively. In particular, the Aperol brand is growing very strongly.

Rest of World & Global Travel Retail

The Rest of World & Global Travel Retail region is the smallest within the Group. With net sales of €161.0 million in 2014, it represented 10.3 per cent. of the Group's net sales. Net sales were up by 3.0 per cent. compared to 2013. Australia (4.9 per cent. of the Group's net sales) is the biggest market in this region. Other key markets include Global Travel Retail and China.

The table below summarises the Group's net sales in Rest of World & Global Travel Retail by key markets in absolute terms and as percentages of Group net sales for the years ended 31 December 2014 and 31 December 2013:

Group net sales by market	2014		2013	
	Amount (€m)	% of Group net sales	Amount (€m)	% of Group net sales
Australia	75.8	4.9%	76.6	5.0%
Other countries	85.2	5.5%	79.6	5.2%
Total Rest of World & Global Travel Retail	161.0	10.3%	156.2	10.3%

Australia

Australia represented 4.9 per cent. of the Group's net sales for the year ended 31 December 2014, amounting to €75.8 million. Net sales were down by 1.1 per cent. compared to 2013. The key Group brands in this market include Wild Turkey ready-to-drink, Wild Turkey bourbon, American Honey, Riccadonna and Frangelico. It is the second largest market by value for the Group's Wild Turkey portfolio. In recent years, market conditions have been quite challenging, with increasing price competition and low consumer confidence affecting the performance of the Group.

Other countries

The other markets in the Rest of World & Global Travel Retail region represented 5.5 per cent. of the Group's net sales for the year ended 31 December 2014, amounting to € 85.2 million. Net sales were up by 7.0 per cent. compared to 2013. Key markets include Global Travel Retail and China.

Global Travel Retail

Global Travel Retail is a key channel for the Group to build brand visibility. It has continued to develop very positively. The Group's key brands in this channel include Campari, Appleton, SKYY, Aperol, GlenGrant and Wild Turkey.

China

The Group's business in China has grown positively, from a small base. In particular, SKYY has grown very quickly over the years, becoming the Group's core brand and key growth engine in the market. The portfolio also includes Cinzano, Campari, GlenGrant and Aperol, which are continuing their positive development.

In recent years, following the introduction of the austerity measures of the Chinese government, the Chinese spirits market has been particularly volatile, negatively impacting some premium imported spirits categories. As the Group has no exposure to these categories, it has not been hit and continues its positive development.

Brands

The Campari Group's portfolio comprises over 50 brands across a wide range of categories, including Aperitif, Vodka, Liqueurs, Bitters, Whisky (including American whisky, Canadian whisky, Scotch whisky), Tequila and Rum. They span across all major consumption occasions, including aperitif, dinner, after dinner and night.

The Group categorises its brands in three main groups (global priorities, regional priorities, local priorities), based on the geographic scale, business priority and growth potential of the brands. Moreover, the Group manages a portfolio of other brands, including local non-priority brands as well as non-core assets.

The table below summarises the Group's net sales by key brands for the financial years ended 31 December 2014 and 31 December 2013.

Priority scale	Brand	Category	2014		2013	
			Net sales (€ m)	% of Group net sales	Net sales (€ m)	% of Group net sales
Global	Campari	Aperitif	155.9	10.0%	149.4	9.8%
	SKYY Vodka	Vodka	157.4	10.1%	157.4	10.3%
	Aperol	Aperitif	152.1	9.8%	142.6	9.4%
	Wild Turkey ⁽¹⁾	American whisky	137.7	8.8%	146.5	9.6%
	Rum Portfolio	Rum	88.1	5.7%	89.6	5.9%
Regional	Cinzano	Sparkling wines & Vermouth	101.7	6.5%	114.8	7.5%
	Carolans & Frangelico	Liqueurs	48.2	3.1%	50.8	3.3%
	Glen Grant & Old smuggler	Scotch whisky	28.8	1.8%	28.9	1.9%
	Averna	Bitters	15.7	1.0%	-	-
	Braulio	Bitters	3.5	0.2%	-	-
	Forty Creek	Canadian whisky	12.3	0.8%	-	-
	Espolón & Cabo Wabo	Tequila	22.6	1.4%	21.5	1.4%
	Mondoro & Riccadonna	Sparkling wines	49.3	3.2%	48.2	3.2%
Local	Crodino	Aperitif	61.4	3.9%	53.8	3.5%
	Campari Soda	Aperitif	62.4	4.0%	59.0	3.9%
Rest of portfolio	Agency brands		150.0	9.6%	153.0	10.0%
	Others		312.7	20.0%	308.7	20.3%
	Total		1,560.0	100.0%	1,524.1	100.0%

⁽¹⁾ Including ready-to-drink's.

Below is a review of key brands:

Campari

Campari is the signature brand of the Group. With a history which began in 1860, the brand is the base for many famous classic cocktails around the world such as the Negroni. With net sales of €155.9 million in 2014 (up 4.4 per cent. compared to 2013, or 9.8 per cent. at constant exchange rate), Campari accounted for 10.0 per cent. of the Group's net sales for that period.

The brand has well a diversified geographic exposure. Italy, the biggest market for the brand, accounted for approximately one quarter of the brand's net sales in 2014. Key international markets for the Campari brand include Brazil, Germany, Argentina and the United States.

In recent years, the Group believes that consumers are increasingly embracing bitters and showing growing interest in classic cocktails across the globe. Because it is easy to mix and a key ingredient for many classic cocktails, Campari is well positioned to leverage this trend for further expansion. Moreover, the aperitif culture is spreading internationally, which presents a further growth opportunity for Campari.

Aperol

Aperol is renowned as “the perfect aperitif”, launched in Padova, North-eastern Italy, in 1919. It was acquired by the Group in 2003 through the acquisition of Barbero 1891 S.p.A. With net sales of €152.1 million in 2014 (up 6.6 per cent. compared to 2013 or 7.6 per cent. at constant exchange rates), Aperol accounted for 9.8 per cent. of the Group’s net sales for that period. Italy is its core market accounting for approximately half of its sales. Thanks to its easy taste and versatile consumption occasions, Aperol Spritz has grown significantly in Italy over the years, becoming today the number one Italian cocktail by volume². Recently, the Group launched new marketing initiatives in Italy aimed at recruiting new consumers into the on premise channel (any locations that serve drinks meant to be consumed on site, such as bars and restaurants) to increase the brand penetration in southern Italy, which the Group views as underexploited for this product. Moreover, new marketing initiatives were carried out aimed at increasing winter consumption. Since its acquisition, Aperol has achieved very positive development in markets outside Italy where it generates half of its sales. Key international markets for Aperol include Germany, Austria, Switzerland, France but also Spain and UK where the Group has recently set up a direct distribution platform. Moreover, the brand is continuing its global expansion in important markets such as the United States (where the Group is leveraging the brunch enthusiasm), Brazil, Argentina and Australia.

SKYY

Started in San Francisco in 1992, SKYY was acquired by the Group in 2001. SKYY Vodka revolutionised the spirits industry with its proprietary state-of-the-art quadruple distillation and innovative triple-filtration process. With its exceptional smoothness, SKYY is the leading domestic premium vodka in the United States. With net sales of €157.4 million in 2014 (substantially unchanged compared to 2013 or an increase of 1.3 per cent. at constant exchange rates), SKYY accounted for 10.1 per cent. of the Group’s net sales for the year ended 31 December 2014. The United States is the biggest market for SKYY, accounting for approximately 75 per cent. of the brand’s net sales in 2014. Recently, the Vodka category has been increasingly competitive in the US market, with innovation being the key driver of growth. SKYY has continuously innovated, mainly with SKYY infusions. Recently, the Group has introduced two new flavours (SKYY Infusions Texas Grapefruit and SKYY Infusions Pacific Blueberry) and launched SKYY Barcraft, a line of elevated cocktail-inspired vodkas: Watermelon Fresca, Margarita Lime and White Sangria.

At the same time, SKYY has expanded significantly in international markets which now represent key growth drivers for the brand. Key markets outside of the United States include Canada, Mexico, Brazil, Germany, Italy, but also China and South Africa where today SKYY has become one of the leading premium vodka brands.

Wild Turkey

Wild Turkey was acquired by the Group in 2009. The Wild Turkey franchise includes core bourbon (52 per cent. of the franchise’s net sales in 2014), American Honey (23 per cent. of the franchise’s net sales in 2014) and ready-to-drinks (25 per cent. of the franchise’s net sales in 2014). With net sales of €137.7 million in 2014 (down by 6.0 per cent. compared to 2013, or a decrease of 3.2 per cent. at constant exchange rates), Wild Turkey accounted for 8.8 per cent. of the Group’s net sales for the year ended 31 December 2014. The United States is the biggest market for Wild Turkey Bourbon and American Honey, accounting for over 70 per cent. of the net sales in 2014. In the United States, the bourbon category and more generally the brown spirits are currently experiencing positive trends with returning consumer interests.

The ready-to-drinks are almost exclusively sold in Australia. Key markets for Wild Turkey franchise outside of the United States and Australia are Japan, Global Travel Retail, Nigeria and Germany.

A key focus area of the Group to further develop the Wild Turkey brands is innovation through the broadening of its product offering via the introduction of more premium propositions. The Master Distiller of Wild Turkey,

² Source: GfK Total Single Source Panel data – Italian market release 2014.2 processed by DCM S.p.A.

Jimmy Russell is one of the great legends of bourbon. He has been with the distillery for 60 years, the longest tenure of any master distiller in the industry, and he is also considered a pioneer in the premium bourbon and flavoured whisky space. Recently the Group launched Wild Turkey Diamond anniversary limited edition to celebrate Jimmy Russell's six decades with Kentucky distillery. For the American Honey brand, the Group just launched flavoured "American Honey Sting" with ghost peppers.

Jamaican rum

The Jamaican rum portfolio was acquired by the Group in 2012. It includes mainly Appleton Estate, J. Wray and Wray&Nephew White Overproof. With net sales of €88.1 million in 2014 (down 1.6 per cent. compared to 2013 or up 4.4 per cent. at constant exchange rates), the rum portfolio accounted for 5.7 per cent. of the Group's net sales for the year ended 31 December 2014. The rum category continues to innovate and increase its premium positioning via the launch of more high-end propositions with a growing craft and flavours movement.

Appleton Estate is a premium rum brand, accounting for approximately half of the net sales of the rum portfolio in 2014. It is the key focus of the Group within the rum portfolio. Currently, Canada is the biggest market for Appleton Estate, followed by Jamaica, the United States and Global Travel Retail. The Group continues to develop the brands in both its core markets and other international markets such as the United Kingdom, Italy, New Zealand, Peru, Australia and Germany.

Recently, the Group re-designed the Appleton Estate premium range with new packaging and new naming structure. While making no changes to the award-winning product, the new packaging is designed to capture the craftsmanship and exceptional quality of Appleton Estate and celebrate the uniqueness of the Appleton Estate heritage. The new naming structure is designed to assist consumers appreciate the differences and hierarchy among variants and to distinguish the qualities of blending.

GlenGrant

GlenGrant is a single malt Scotch whisky brand, dating back to 1840. It was acquired by the Group in 2005. With net sales of €20.4 million in 2014 (up 6.0 per cent. compared to 2013, or 7.3 per cent. at constant exchange rates), GlenGrant accounted for 1.3 per cent. of the Group's net sales in 2014.

The brand has reached a quite diversified geographic exposure across the years. Today the key markets for the brand are Italy, France, Germany, Global Travel Retail and South Africa. Very recently, the Group launched a GlenGrant 50 YO prestige limited edition to further increase the premium positioning of the brand.

Averna & Braulio

Averna and Braulio were acquired by the Group in June 2014 within the acquisition of Fratelli Averna S.p.A.

Averna is made with 100 per cent. natural ingredients with a secret recipe unchanged for 150 years. It is the second largest bitter brand in Italy and has strong presence in central European countries such as Germany, Switzerland and Austria. It has a premium price positioning.

Braulio, is produced on the basis of an ancient traditional secret recipe, which has remained unchanged since 1875, and which envisages the infusion of roots and alpine herbs which are aged in oak barrels for two years. It is a very popular bitter brand in the Alps region in Italy and it is currently expanding throughout the rest of the country.

The Group believes the international markets would be key growth markets for Averna while growth potential for Braulio is in both domestic and international markets, leveraging the Group's expanded distribution capabilities.

Forty Creek Whisky

Forty Creek Whisky was acquired by the Group in June 2014. It is a high-end, handcrafted Canadian whisky brand. Currently approximately 80 per cent. of the brand's net sales is generated in Canada and 20 per cent. in the United States. At a global level, the United States is the biggest market for the Canadian whisky category. The US market is the biggest expansion opportunity for Forty Creek Whisky.

Carolans & Frangelico

Carolans & Frangelico are specialty brands, acquired by the Group in 2010. With net sales of €48.2 million in 2014 (down by 5.1 per cent. compared to 2013 or 3.3 per cent. at constant exchange rates), they accounted for 3.1 per cent. of the Group's net sales in 2014.

Carolans is an Irish cream liqueur and a leading brand in its category. The United States and Canada are the core markets for Carolans, followed by Russia, Portugal and Czech Republic.

Frangelico is a specialty, very distinctive brand with a hazelnut taste. It is produced in the Piedmont region of northern Italy, and its origins date back more than 300 years. The key markets for Frangelico are the United States, Australia, Germany, Spain and Global Travel Retail.

Espolón

Acquired by the Group in 2008, Espolón has been re-launched as a super-premium tequila brand, handcrafted with 100 per cent. blue agave and successfully expanded into the US market. With net sales of €13.3 million in 2014 (up 24.0 per cent. compared to 2013, or 26.8 per cent. at constant exchange rates), Espolón accounted for approximately 0.9 per cent. of the Group's net sales in 2014. The core market for Espolón is the United States, where the brand is experiencing very strong growth. Moreover, it's continuing to expand to other international markets, such as Russia, Australia, Italy and Brazil.

Cinzano

Acquired by the Group in 1999, the Cinzano portfolio includes sparkling wines and vermouth. With net sales of €101.7 million in 2014 (down by 11.4 per cent. compared to 2013, or 1.4 per cent. at constant exchange rates), Cinzano accounted for 6.5 per cent. of the Group's net sales in 2014. The sparkling wines accounted for approximately 60 per cent. of the Cinzano portfolio for the year ended 31 December 2014.

The key markets for Cinzano sparkling wines are Germany, Russia, Italy, Sweden and Switzerland.

The key markets for Cinzano Vermouth are Russia, Argentina and Germany, followed by Czech Republic and Italy.

Mondoro & Riccadonna

Mondoro is a premium sparkling wine brand. It was first launched in the North American market in 1989 and is sold in 35 countries around the world. Riccadonna is a range of dry and sweet sparkling wines, founded in 1921. With net sales of €49.3 million in 2014 (up by 2.3 per cent. compared to 2013, or 18.4 per cent. at constant exchange rates), Mondoro and Riccadonna accounted for 3.2 per cent. of the Group's net sales in 2014. The key markets for Mondoro and Riccadonna are Russia, Australia, Italy, Peru and Belgium.

Campari Soda

Campari Soda is a single-serve alcoholic aperitif brand. It was first created in 1932 and is considered the first pre-mixed drink in the world. Italy is its core market. Campari Soda accounted for 4.0 per cent. of the Group's net sales in 2014, amounting to €62.4 million (up 5.8 per cent. compared to 2013).

Crodino

Crodino is a single-serve non-alcoholic aperitif, produced since 1964. It was acquired by the Group in 1995. The brand is almost exclusively sold in Italy. With net sales of €61.4 million in 2014 (up 14.2 per cent. compared to 2013), Crodino accounted for 3.9 per cent. of the Group's net sales in 2014.

In January 2014, to reinvigorate the brand, the Group successfully innovated the franchise by introducing a new line extension with two varieties - Crodino Twist Agrumi and Crodino Twist Frutti Rossi in the Italian market.

Agency brands

Over the years, with the aim of increasing focus on its own brands, the Group has continuously reduced the weight of agency brands. Agency brands amounted to €150.0 million in 2014, accounting for 9.6 per cent. of the Group's net sales. Today the Group continues to distribute a selected portfolio of premium agency brands. The key agency brands the Group currently distributes include Jack Daniel's and Jagermeister in Italy, and the William Grant&Sons portfolio in Germany. In particular, these brands have strong presence in the on-premise channel (any locations that serve drinks meant to be consumed on site, such as bars and restaurants) in their respective markets.

Rest of portfolio

The rest of the portfolio includes still wines and other regional and local non-strategic brands. Moreover, it includes sales of bulk, co-packing services and sugar business sales in Jamaica. In addition, it includes sales from other non-core activities. The Group has recently started to streamline this part of the portfolio via disposals.

Marketing and brand building

The Group considers its brand portfolio to be its key asset. Intangible assets are a key component of the market value of spirits products, reflecting the power of brands built up over many years. Advertising and promotion investments build and protect the value of the brands in the long term. Brand image is a critical factor in a consumer's choice of beverage products. Consumers are willing to pay higher prices for brands they like and trust, and the strength of these brands allows companies to build a premium positioning, improve price mix and therefore generate higher returns in the mid- to long-term.

The Group strives to grow and maintain its market share by positioning and building its brands clearly and consistently across all their markets and distribution channels. The Group's main marketing objective is to devise a clear, distinctive and enduring strategy to build, increase the visibility of and develop each of the Group's products as a premium, dynamic and contemporary brand across diverse international markets, usage occasions and consumer audiences. As shown by a number of key Group's brands, like Campari, Wild Turkey and Appleton Estate (in existence, respectively, since 1860, 1855, and 1749), when properly developed, the Group believes that brand life can exist indefinitely. The Campari Group invested €260.8 million on advertising and promotion in 2014, as compared with €249.2 million in 2013 or, respectively, 16.7 per cent. of net sales and 16.4 per cent. of net sales.

In marketing its international brands, the Campari Group first develops a central strategy which globally reflects its group identity and strategic guidelines and then customises an approach for each brand that it views as appropriate to the local market in terms of target audience, consumer preferences and advertising regulations. This central strategy is developed by the Group's global strategic marketing team, and internationally by local business units. Local business units are also responsible for the marketing of local brands in their respective markets. The global strategic marketing team is also responsible for product innovation, which includes the development and the launch of new products and line extensions or the re-launch of existing products. As noted below, growth in the spirit industry is becoming increasingly dependent on innovation, which, like advertising and promotion investments, is critical in driving price and volume. Spirits consumers are increasingly attracted

by new products and line extensions and are likely to pay a higher price for their distinctiveness in terms of premium positioning, quality and consumption usage.

With the rise of new technology, the Group has widened the use of different media to build and communicate its marketing message and create the awareness of the Group's various brands in diverse markets. The Group promotes its products using all major forms of advertising allowed by applicable rules, with an increasing focus on high profile advertising, mainly aimed at brand building, rather than promotion, and at brand launch as well as consumer engagement. While still relying on traditional media, including TV, press, bill-boards and sponsorship, to activate, build and strengthen the image of its brands, the Group is increasingly focusing on targeting its core consumers by placing a greater emphasis on experiential marketing at the point of consumption, and leveraging brand-related public relations activities, interactive digital marketing tools and digital media more consistently. Additionally, more effort is now put into category management, customer relationship management, and more sophisticated interaction with a new generation of young adult consumers in an effort to recruit consumers and enhance the impact of its marketing investment.

The following are some examples of recent marketing initiatives.

Public relations events include the international launch of 2015 Campari Calendar 'Mythology Mixology' featuring Eva Green; the Campari Barman competition in Italy, a cocktail contest sponsored by Campari Academy that awards "Barman of the Year"; and an exclusive event called "Cuentosdeconde (Tales of the Count Negroni)" in Argentina, in which the most important bartenders of Argentina prepared a special version of the famous cocktail.

Social media campaigns include the worldwide Negroni week, a week-long global initiative during which bars and restaurants promote Negroni cocktails; 'Appleton Chiringuito - #MolloTutto' campaign in Italy, with the winner selected through a video competition to travel to Jamaica in order to discover the intense connection between the brand and its origins and share his experience by social media.

Experiential marketing include initiatives like "Aperol Spritz: "3, 2, 1...Everybody's Welcome!@mountain tour" in Italy, proposing an Aperol Spritz in the snow.

Moreover, the Group carried out global sponsorship initiatives such as the Aperol Manchester United sponsorship and Wild Turkey sponsorship of the National Rugby League in Australia. Core television brand campaigns included the roll out of marketing campaigns "#Nevertamed - Jimmy Russell" of Wild Turkey, "West of Expected" of SKYY, "We are rum people" and "From Jamaica With Love" of Appleton Estate.

Innovation

Product innovation includes the development of new products, the launch of limited editions, line extensions of existing brands, and/or the re-launch of existing products. Innovation has become increasingly important for brand building, attracting new consumers, driving sales growth and sales mix improvement in the spirits sector. Spirits consumers are increasingly attracted by new products and, based on experience, are likely to pay a higher price for distinctiveness. Some recent examples include the launch of Wild Turkey Diamond limited edition to celebrate the Master distiller Jimmy Russell's six decades with the Kentucky distillery; the launch of SKYY Barcraft, a line of elevated cocktail-inspired vodka; the introduction of new packaging for Appleton Estate products to capture its craftsmanship and exceptional quality and celebrate the uniqueness of Appleton Estate heritage; the introduction of Crodino Twist, a new line extension with two varieties to reinvigorate the Crodino brand in its core Italian market.

The strengthened distribution networks allow the Group to quickly identify emerging consumption trends in individual markets and react quickly in terms of product development as a result of its enhanced production supply chain. The investments in the insourcing of bottling activities in the United States and Australia were also aimed at achieving a more effective management and implementation of the Group's innovation strategies and processes.

Development and expansion of acquired brands

The Group has a strong history of re-launching and developing acquired brands outside their domestic markets through further expanding the global footprint of these brands and leveraging the Group's enhanced distribution capabilities. Some examples include the re-launch of the SKYY portfolio, such as with the introduction of new packaging for SKYY Vodka and the launch of SKYY Infusions and Barcraft.

The expansion of the Aperol brand was very successful as the brand has more than quintupled its net sales since its acquisition in 2004 via a significant growth in its domestic market as well as a strong expansion in a large and increasing number of international markets which now account for approximately half of its sales. Backed by strong advertising campaigns and communication as well as the Group's sales and distribution network, Aperol became a top selling spirit in Italy and its signature drink Aperol Spritz has become the number one Italian cocktail³. In addition, the aperitif's success was also significant in markets outside Italy. Aperol has become a leading drink in Germany, Austria, Switzerland and Belgium also as a result of successful marketing campaigns, and it is experiencing very positive growth in some other European and international markets, such as the United Kingdom, Spain, France and the United States.

Moreover, following the acquisition of Espolón in 2008, the Group re-launched the brand in the United States in the following year with new packaging, including creative labels. Espolón is now growing quickly in the US market.

The Group also re-launched the Wild Turkey range following the 2009 acquisition, which included the re-packaging of the Wild Turkey bourbon brands, the reformulation of the liquid recipe of certain products within the Wild Turkey range and the launch of Wild Turkey limited editions; the expansion of American Honey liquor in the United States, plus its successful introduction in some international markets; and the renewed line up of Wild Turkey 'ready-to-drink' in Australia, recently innovated with new and more premium offerings.

As regards the Jamaican rum portfolio acquired in 2012, the Group has very recently introduced new packaging for the Appleton Estate premium range, with a more consistent naming structure to help consumers appreciate the differences and hierarchy among variants and to capture the craftsmanship and exceptional quality of Appleton Estate products.

Organisational structure of the Group

The organisational structure of the Group foresees the separation of roles and responsibilities between marketing and sales organisations (the regional business units (**Regional Business Units**)), responsible for sales and marketing activities, *vis-à-vis* the product supply chain (**Product Supply Chain** or **PSC**) organisation, responsible for coordinating all product supply chain activities, including procurement, global planning and logistics, manufacturing, technical functions (such as quality, health, safety and environmental (**Quality, Health, Safety and Environmental** or **QHSE**) management), as well as engineering, capacity selling (such as third party manufacturing services) and innovation.

Regional Business Units

The Group is broadly organised into four regional business units: Americas; Southern Europe, Middle East & Africa; North, Central & Eastern Europe; and Asia Pacific. The regional business units are responsible for the marketing and sales activities of the Group's own brand portfolio as well as any agency brands under distribution in their individual region.

The Group's organisation by business units largely reflects the structure of the Group's distribution network, which is organised by region so that the Group may best serve the local markets in which it is present. The Group's strategy provides for the Group to establish its own distribution network in a given country or market only if the Group achieves critical mass there. Otherwise, the Group distributes through third parties.

³ Source: GfK Total Single Source Panel data – Italian market release 2014.2 processed by DCM S.p.A.

As described in the section “Recent Events”, commencing in 2015, the Group reorganised its geographic reporting segments to reflect some recent organisational changes within its business units, based on the Group’s operating model and current way of working. The new regions are Americas, Southern Europe, Middle East & Africa, North, Central & Eastern Europe and Asia Pacific.

Business Unit Wines

In addition to the four regional business units, the Group’s structure includes a wine business unit, a decentralised organisation responsible for the production, marketing, sales and distribution of the Group’s still wine brands (including Sella&Mosca and Teruzzi&Puthod) in Italy as well as in the international markets.

Distribution network

The Group sells its products to a large and diverse customer base located across 190 countries. In markets where the Group has local sales organisations (so-called direct markets), the Group sells to retailers and wholesalers through its internal sales organisation. In markets where the Group does not have its own local sales organisations (so-called third party markets), the Group works with carefully selected local third party distributors and importers to ensure high-quality distribution and brand development in these markets.

As at the date of this Prospectus, the Group has direct distribution networks in eighteen markets, including six in the Americas (the United States, Jamaica, Brazil, Canada, Argentina and Mexico), ten in Europe (Italy, Germany, Russia, Switzerland, Austria, Belgium, Luxembourg, the United Kingdom, Spain and Ukraine) and two in Asia Pacific (Australia and China). These subsidiaries manage the Group’s own brands and distribute a number of other leading brands under distribution agreements. The Group’s direct markets generated approximately 92 per cent. of its total net sales for the year ended 31 December 2014.

In addition, the Group has recently opened three regional offices in Peru, South Africa and Singapore. The key role of these offices is to manage the third party distributors in their respective areas. They are responsible for all the marketing and coordination activities for countries in the regions, in order to ensure a more comprehensive oversight of these markets and to support the growth of the Group’s brands.

United States (19.6 per cent. of Group’s net sales)

In the United States, Campari America carries out the distribution of the Group’s brands, including SKYY, Wild Turkey, the Jamaican rum portfolio, tequilas (Cabo Wabo and Espolón), Campari, Aperol, Carolans, Frangelico, Irish Mist, Forty Creek Whisky and GlenGrant. Campari America’s distribution network spans across the entire United States. It sells the spirits to wholesalers in open states and to state liquor commissions in those states that control alcohol sales. The team is supported by a sales administration department and a market strategy planning department.

Jamaica (6.5 per cent. of Group’s net sales)

Following the acquisition of J. Wray&Nephew Ltd. (formerly Lascelles deMercado & Co.) in 2012, the Group established its direct distribution in Jamaica. Its subsidiary J. Wray&Nephew Ltd. is responsible for distributing the entire portfolio of rum and other local spirit and wine brands as well as other Group’s brands introduced after the acquisition, such as Campari and SKYY in Jamaica. In addition, it manages sales activities in the Caribbean.

Brazil (5.2 per cent. of Group’s net sales)

The Group’s wholly owned local subsidiary, Campari do Brasil Ltda., distributes a diversified portfolio of brands, including Campari, Dreher, Drury’s, Old Eight, Cynar, SKYY Vodka, Sagatiba, Aperol, Wild Turkey and Cinzano. The Campari do Brasil Ltda. network is organised by region and covers the vast territory and fragmented retail outlets of the Brazilian market.

Canada (2.5 per cent. of Group's net sales)

As of 1 January 2015, the Group transferred the distribution of its own brands (including Appleton, Carolans, SKYY Vodka, Campari) to its fully owned subsidiary Forty Creek Distillery Ltd., acquired in June 2014 and owned via Wray&Nephew (Canada) Ltd. After implementing a reorganisation and a strengthening of the local sales force, today it sells spirits to provincial liquor boards in all Canadian provinces.

Argentina (2.3 per cent. of Group's net sales)

The Group established its own distribution network in Argentina after the acquisition of the Argentinean company Sabia S.A. (now Campari Argentina S.A.) in 2008, the whose assets consisted of one of the largest sales and distribution operations in Argentina. Today the company sells mainly Cinzano, Campari, Cynar, Old Smuggler, SKYY Vodka, Aperol and some agency brands.

Mexico (1.0 per cent. of Group's net sales)

The purchase of Destiladora San Nicolas, S.A. de C.V (now Campari Mexico, S.A. de C.V) in 2008 enabled the Group to gain direct access to the Mexican market via an established production and distribution structure, and to strengthen its presence in a growing market for premium spirits. The acquired product portfolio included the tequila brand Espolón (Espolón Blanco, Espolón Reposado and Espolón Añejo), which has won several awards, and, after a brand re-launch, was successfully introduced in the United States market. The sales force in Mexico is responsible also for the sale of other Group's brands, including SKYY, Appleton, Frangelico and Campari.

Italy (26.4 per cent. of Group's net sales)

The Group's distribution network in Italy is performed by the Company for all its brands with the exclusion of still wines managed by the wine business unit. The Group's continuing emphasis on modernisation, efficiency and economy of scale has allowed it to significantly reduce distribution costs in recent years, even though the volume of the Group's distributed products has increased. Currently, the Group's sales network is organised around a modern trade sales group (focusing on sales made to supermarkets and cash and carries), a traditional trade sales group (focusing on sales made to bars, clubs, restaurants and hotels, and achieved primarily through local wholesalers) and a trade marketing group (focusing on marketing activities aimed at increasing demand at a trade level).

Modern trade sales currently represent approximately half of the Group's total annual sales in Italy.

Traditional trade sales currently represent approximately the other half of the Group's total annual sales in Italy. The Company's traditional trade sales force is responsible for visiting wholesalers and retailers directly, taking orders from wholesalers and promoting the Group's products. The trade marketing group supports the sales force in promoting the Group's products, providing marketing and merchandising materials and introducing new products at the local level.

Germany (10.8 per cent. of Group's net sales)

In Germany, distribution of the Group's products is carried out through Campari Deutschland GmbH, a locally organised subsidiary with a network of salespeople working throughout the country, the portfolio of which includes Aperol, Campari, Cinzano, SKYY Vodka, Glen Grant, Ouzo 12, as well as the brands of William Grant & Sons Distillers Ltd. distributed under an agency agreement. Thanks to the acquisition of F.lli Averna S.p.A. the local portfolio was recently enhanced with the addition of Averna and Braulio bitters. The Group's top clients in Germany are the largest supermarket chains in the country.

Russia (4.5 per cent. of Group's net sales)

Following the acquisition in 2011 of a controlling stake in Vasco (CIS) OOO, a wines and spirits distribution company based in Moscow with a consolidated presence in this market, the Group created a solid basis from which it developed a distribution platform, with the objective of marketing and selling the Group's brands at a

national level in the Russian market. The company sells the Group's spirits and wines products to local distributors and national key accounts throughout the country. The local portfolio includes Cinzano, Mondoro, Old Smuggler, Aperol, Campari, Espolón.

Switzerland (1.6 per cent. of Group's net sales)

In Switzerland, the Group distributes all its products through its subsidiary, Campari Schweiz A.G., which has become a major distributor in the Swiss market. The Campari Group's portfolio in Switzerland includes Campari, Aperol, Campari Soda, Cinzano, GlenGrant, Cynar, SKYY Vodka and Crodino.

Austria (1.4 per cent. of Group's net sales)

In 2007, the Group launched a new Vienna-based trading company, Campari Austria GmbH, to manage the local market via a direct sales and marketing structure. The portfolio includes Aperol, Campari, Frangelico, Cinzano and Campari Soda.

Belgium (1.1 per cent. of Group's net sales)

Established as a direct market in 2009, the Group distributes its portfolio with a strong focus on aperitifs.

United Kingdom (1.1 per cent. of Group's net sales)

As of 1 March 2015, the Group transferred the distribution and marketing of its full brand portfolio to its fully owned subsidiary J. Wray & Nephew (UK) Ltd. (**JWN UK**), which was incorporated by the Group as part of the acquisition of J. Wray & Nephew Ltd. (formerly Lascelles deMercado & Co.). Today the company distributes the Jamaican rum portfolio, Campari, Aperol, Cinzano, SKYY Vodka and Wild Turkey.

Spain (0.6 per cent. of Group's net sales)

In April 2014, the Group set up a new organization Campari España S.L. to directly distribute its brand portfolio in the Spanish market. Key brands include Aperol, Campari, Cinzano and Old Smuggler.

Ukraine (0.2 per cent. of Group's net sales)

The Campari Group established its own distribution network in Ukraine in 2008 following the acquisition of the Odessa company, owner of the sparkling wine brand Odessa. The Odessa Sparkling Wine Company was sold in 2014 by the Group. Today the Group does only distribution activities in the market where it focuses on Cinzano, Mondoro, Old Smuggler, Campari and Aperol.

Australia (4.9 per cent. of Group's net sales)

A distribution platform was created in Australia in 2010 after the acquisition of Wild Turkey. The local organisation is responsible for the sales and distribution of the Group's brands, including the Wild Turkey range, Campari, SKYY Vodka, Aperol, Cinzano and Riccadonna.

China (0.5 per cent. of Group's net sales)

To coordinate its distribution platform in China, the Group established the Campari Beijing Trading Company in 2007, which has its corporate seat in Beijing with a main office in Shanghai. It distributes brands from the Campari Group's portfolio, including Campari, SKYY Vodka and GlenGrant as well as imported wines from Sella&Mosca and Teruzzi&Puthod.

Product Supply Chain

The product supply chain organisation (**Product Supply Chain** or **PSC**) has the objective of coordinating all product supply chain activities, including procurement (**Procurement**), global planning and logistics (**Global Planning & Logistics**), manufacturing, technical functions (such as Quality, Health, Safety and Environmental

management), as well as engineering, capacity selling (such as third party manufacturing services) and innovation.

The fundamental objectives of the PSC organisation are manufacturing and supplying products with high quality and in compliance with all applicable regulations and setting the required output volumes to best satisfy the expected level of sales as required by the regional business units. PSC seeks to achieve this through the continuous increase of productivity, the improvement of quality and service levels and the containment of costs through efficiencies. Moreover, key responsibilities of the PSC organisation are to efficiently contribute to working capital management, particularly in the area of inventory, and to evaluate, manage and continuously control industrial capital expenditure allocation and return on investment. The PSC also coordinates research and development activities as well as the implementation of innovation initiatives. Finally, it establishes and promotes global standardisation of the Group's supply chain processes and coordinates the local PSC departments providing operational expertise and supporting organisational development.

The PSC organisation is committed to achieving these objectives through operational excellence via the implementation of an integrated set of business processes, state-of-the-art technology and IT systems.

Procurement

The Procurement department currently employs approximately 40 people in the 4 main regions where the Group has operations (Europe, North America, South America and Asia Pacific). It manages product related spending (including raw materials and packaging) and a portion of non-product related spending (including media, marketing and T&E). Overall it manages the relationship with circa 12,000 suppliers from around the world and serves the needs for the operations of the Group as a whole. The department has undertaken an important transformation with the creation of category sourcing teams to have a better focus on the management of product related spending (including ingredients, glass, closures, plastic bottles, cans as well as labels, cardboard, overwraps) with the definition of long term sourcing strategies together with value creation/productivity initiatives. Key responsibility of the Procurement department is to implement a structured approach on the management of the supplier relationships to better contribute to innovation, value creation, sustainability and business continuity. In addition, this structure will allow extending the scope on the coverage and management of non-product related spending according to the same approach.

Global Planning & Logistics

In support of the Group's supply chain strategy to deliver the right product to the right place, at the right time at the most optimised cost, the Group's Global Planning & Logistics department is responsible for managing five key areas:

Sales & Operations Planning : fully integrated planning process with business units responsible for delivering forecast and planning. Sales forecast accuracy and inventory days of supply are the leading key performance indicators driving planning accuracy and optimised inventory investment to support demand service levels.

Long Term Forecasting & Planning: the Group recognises the significant investment in its aged inventory portfolio and is applying a more robust process to longer term forecasting and planning liquid stocks. This will ensure future demands are secure whilst carefully managing aged inventory and capex requirements.

SKU Lifecycle Management: developing more efficient phase-in processes to activate new stock keeping units faster and support speed to the market. On the other side, managing an effective phase out process to address slow moving and obsolete items so as to maintain a healthy inventory footprint and reduce product complexity.

Global Logistics: setting in place the Group's strategic approach on logistics as regards primary and secondary transportation, warehousing and distribution platforms to support the Group's route to market network and deliver the right capability and service towards the customers. The initial distribution (primary flow) of finished products from the manufacturing plant to the in-market companies is managed under global service agreements through strategic partnerships delivering more cost effective and improved transportation network. For delivery

of finished goods orders to the Group's third party distributor markets, in most cases the products are sold on Ex-works or FOB (Free On Board) incoterms at the point of supply with the distributor arranging their own pickup and preferred transportation. This is also the main commercial arrangement for the Group's Global Travel Retail customers. Warehouse and distribution operations are managed either internally through local plant operations or through carefully selected third party logistics service providers. For secondary transportation (delivery from in-market company to customer), this is all managed locally and outsourced to preferred carriers. Exceptions in some markets, for example in the USA where it is common practice in the industry for USA distributors to arrange the transport and pickup from the suppliers' warehouse. group logistics works with the PSC regional and local logistics teams to ensure cost, quality, business continuity and service are delivering value to Group's commercial success.

Global Master Data: managing the SAP master data critical to the operations of the Group's ERP systems, ensuring governance, convention and integrity of global data business rules and executing data management activities through a specialised network of master data key users.

Manufacturing

The Campari Group has over fifty brands in its portfolios covering a wide range of categories. Each has a specific production process with cycles ranging from a few hours to many years in the case of aged spirits such as whiskies and rum.

Over the past few years, the Group completed a series of investment projects aimed at renovating, expanding and in-sourcing production capacity to meet the expected future demand of its products. Significant investments in new state-of-the-art facilities (bottling plants, distilleries and warehouses) and the expansion of existing facilities were completed. The Group has today an integrated supply chain, including distilleries, processing and bottling facilities, maturation sites, warehouses and distribution centers. In particular, the Group built brand new plants in the United States (Kentucky), Brazil (Suape) and Italy (Novi Ligure), installed a new bottling facility in Scotland (Rothes) and enhanced its production capacity in Argentina and Mexico. Moreover, the Group in-sourced bottling activities in Australia (Derrimut) via the acquisition of a local co-packer. An investment program in Jamaica has been carried out with the objective to improve the productivity of the local plant as well as comply with local regulations and satisfy environmental requirements

Continuous investments are taking place in order to keep equipment updated with new technology as well as changing safety and quality requirements with the ultimate objective of continuously increase the productivity overall as well as streamline processes with minimum resources and impact on the environment.

The Group currently operates eighteen owned production facilities, including distilleries and bottling plants, in eleven different countries (five in Italy, two in Brazil, three in Jamaica, and one in each of Greece, Scotland, Slovakia, Canada, the United States, Argentina and Mexico) as well as two wineries in Italy. In addition, with regards to the rum business, the Group manages agricultural operations located in Jamaica for the production of sugar.

Today approximately 90 per cent. of the volumes sold by the Group are manufactured at its owned facilities. A small portion of volume not covered by its owned facilities is supplied through arrangements with selected third-party co-packers.

The Campari Group's production facilities

The Group currently has eighteen manufacturing plants in eleven different countries (five in Italy, three in Jamaica, two in Brazil, and one in each of Greece, Scotland, Slovakia, Australia, the United States, Canada, Argentina and Mexico) as well as two wineries in Italy (*Sella&Mosca and Teruzzi&Puthod*).

Italy - Plants

Novi Ligure

The Group completed the construction of its largest-production facility, located in Northwest Italy, in 2003. The plant, with an annual production volume of over 60 million litres, produces mainly Campari, Aperol, SKYY Vodka, Campari Soda, Cynar, Cinzano sparkling wines and vermouths. The 58,000 square metre facility includes office space, laboratory and research and development centres, workshops, a power plant and alcohol tanks.

Crodo

The Crodo plant, constructed in 1968 in the Italian region of Piedmont near the Swiss border, with an annual production volume of over 60 million liters, produces Crodino (including the necessary extracts), Campari Soda, Cinzano, Crodo mineral waters and fruit juice soft drinks, including Lemonsoda, Oransoda and Pelmosoda. The facility, which covers an area of 26,000 square metres, also includes office space, a quality control laboratory, workshops, a transformer room and a finished products warehouse where fruit juice soft drinks and mineral water are stored.

Canale

The Canale plant, which covers an area of 23,500 square metres, was acquired as part of the Group's acquisition of Aperol in 2003 and currently produces mainly Aperol, Frangelico, and Old Smuggler as well as Mondoro and Riccadonna sparkling wines.

Caltanissetta

The Caltanissetta plant, covering an area of 20,200 square metres, was acquired by the Group from the acquisition of Fratelli Averna S.p.A. in 2014. Post the acquisition, the Group transferred the production of the acquired brands Averna and Braulio to its Canale plant (as described above). Currently the Caltanissetta plant is used only for infusion.

Finale Emilia

The Finale Emilia plant, covering an area of 27,100 square metres, was acquired by the Group as part of the acquisition of Fratelli Averna S.p.A. in 2014. It includes cellars, bottling lines and warehouses. Currently the Group continues to use this plant to produce the portfolio of Fratelli Averna S.p.A. with the exception of Averna and Braulio brands which were transferred to the Canale plant as described above.

Italy - Wineries

Sella & Mosca

At this facility, Sella & Mosca wines are produced predominantly from estate-grown grapes. The Sella&Mosca estate in Sardinia extends over 650 hectares (1,606 acres), of which 550 currently produce grapes for wine. Production facilities consist of three vinification lines. In Sella&Mosca cellars maturing and ageing of premium wines is carried out in traditional oak barrels and barriques. At Sella&Mosca the Group also manages a plant for the production of myrtle based liqueur, Zedda Piras.

Teruzzi&Puthod

The Teruzzi&Puthod winery is located in Tuscany and extends over 180 hectares, 94 of which are cultivated as vineyards. In Teruzzi&Puthod cellars maturing and ageing of premium wines is carried out in barriques and tonneaux.

Rest of Europe

Rothes, Scotland

The 32,800 square metre production facility, which includes a distillery, was purchased as part of the GlenGrant acquisition in 2005. The popular Scotch whisky is the only product produced at Rothes. The Group recently completed the purchase of a warehouse to store and age whisky in nearby Burncrook, Scotland, which started operations in 2009. Also a modern bottling line was installed in order to bring in house the activity that previously was contracted.

Volos, Greece

The Volos facility was refurbished in 2004. It produces Ouzo 12 as well as third party brands manufactured under licence. The Volos facility, which covers an area of 8,700 square metres, is currently operating at approximately half its total capacity and could be expanded to include additional product offerings if necessary.

Stepanow, Slovakia

The Stepanow plant, covering an area of 5,000 square meters, was acquired by the Group as part of the acquisition of Fratelli Averna S.p.A. in 2014. It produces mainly local products including vodka.

North America

Lawrenceburg, the United States

Following the Wild Turkey acquisition in 2009, the Group has completed a series of investments to enhance its production capabilities in this important site, including a new, state-of-the-art distillery and new bottling facilities. The new site covers an overall area of over 200,000 square metres. The bottling facility produces primarily the SKYY and Wild Turkey brands.

Arandas, Mexico

The tequila brands (Cabo Wabo and Espolón) are distilled and produced at this plant. It covers an area of 9,416 square metres and was acquired in 2008 within the Destiladora San Nicolas, S.A. de C.V. (now Campari Mexico, S.A. de C.V.).

Grimsby, Canada

The 16,200 square metres facility was purchased as part of the acquisition of Forty Creek Distillery in 2014. It includes distillery, bottle shop, warehouse, cellars, tanks, still house and offices. It produces the whole portfolio of the acquired Forty Creek Distillery. Moreover, it bottles the Appleton rum portfolio for the Canadian market.

Kingston, Jamaica

Spirits production

The spirits production facility in Jamaica includes 2 distilleries (Appleton and New Yarmouth), warehouses, and bottling lines, covering an area of 87,600 square meters. They produce mainly the rum portfolio (such as Appleton Estate, W&N overproof and Coruba) and Campari.

Sugar production

The Group harvests sugar cane on its own farms in Jamaica and processes sugar and molasses in its own sugar factory. The cane field includes 11 farms overall (of which 9 are owned by the Group and 2 are leased), with a total area of 4306 hectares (of which 3,030 are owned by the Group). The average annual production of sugar cane is 30,000 tons.

South America

Suape, Brazil

The production facility is located in Pernambuco, northern Brazil. It covers an area of around 32,900 square metres, including cellars, bottling areas and warehouses. It produces mainly Campari, SKYY, Dreher and Old Eight.

Sorocaba, Brazil

This plant, which covers an area of 32,900 square metres, is located 100 kilometres outside of São Paulo, in Sorocaba. The Group produces Campari, SKYY Vodka, Cynar, Dreher, Drury's, and Old Eight at this facility. The Campari Group also uses the facility for the storage and warehousing of products and the coordination of the external production of Liebfraumilch.

Capilla de Señor, Argentina

The Capilla de Señor plant, which covers an area of around 21,500 square metres, was acquired within the acquisition of Sabia S.A. in 2008. The Group produces mainly Campari, Cinzano, Old Smuggler and SKYY Vodka in this plant.

Asia Pacific

Derrimut, Australia

The Derrimut plant was acquired by the Group in 2013 as part of the acquisition of Copack Beverage A Limited Partnership to in-source manufacturing activities in the key Australian market. The facility covers an area of 13,200 square metres. It produces the Group ready-to-drink products, including Wild Turkey and American Honey. Moreover, it produces and supplies a number of third party brands in the Australian market.

Capacity Selling

A new capacity selling department was created in 2014 aiming at harnessing and leveraging existing production assets. The main scope and mission of the department is to maximise the overhead and fixed cost absorption by using the Group's global footprint to co-manufacture in its plants third party products for selected partners. The key objective is to provide high quality and efficient co-manufacturing services and distilled spirits to the branded beverage industry.

Global Technical

The Campari global technical department is responsible for all Quality, Health, Safety and Environmental (QHSE) management as well as control and validation over product formulas, manufacturing processes and chemical, microbiological and sensory analysis. The Group is committed to ensure the quality and consumer safety of its products, occupational health and safety in the workplace, protection of the environment and compliancy with all relevant laws and regulations in connection with its products and manufacturing processes. The Group's responsible commitment starts with applying high quality standards in the selection of raw materials and it continues through to the production and distribution of safe products. Along this value chain, the Group's efforts are focused on energy efficiency, valorisation of by-products, reduction of water consumption and discharge, packaging optimisation and environmental friendly waste management.

The Group monitors QHSE performance with a specific focus at global level on the following: customer complaints, hygiene standards, energy, water use and water discharge, waste, health and safety and QHSE training. In addition, each production plant and site has a dedicated and specific QHSE programme which includes specific projects and targets on particular QHSE topics (plant process optimisation, wastewater and rainwater reduction, reuse and recycling projects, energy efficiency activities and waste recovery).

The Group initiated a triple certification process in 2010 engaging all production sites on ISO 22000 (food safety), OHSAS 18001 (occupational health and safety) and ISO 14001 (environmental management). To date, 83 per cent. of the Group production volumes are produced in ISO 22000 and OHSAS 18001 certified sites while 91 per cent. of volumes are produced in ISO 14001 certified sites. In addition, certain Group plants also obtained ISO 9001 (quality), BRC, IFS, FSSC 22000 and WQA (food safety) certifications.

Innovation

A project management office has been established in order to guarantee a greater focus on innovation projects, standardisation and efficiency related to the project execution, support the successful delivery of programs through effective facilitation, tracking and reporting, aiming to reduce the time to market for new product development.

Global Engineering

The global engineering department is mainly responsible for leading relevant industrial projects; coordinating the Group's industrial capital expenditure defining methods and contributing to the approval and execution; setting and managing maintenance standards, systems, tools and processes ensuring their application in the plants; defining strategy for relevant machinery and leading major negotiations with suppliers; identifying non-economic key performance indicators in plants and defining relevant methods; leading functional community sharing and promoting best practices.

Investments

The table below summarises the Campari Group's total investments over the financial years ended 31 December 2014 and 31 December 2013 as well as the extraordinary capital expenditures primarily aimed at improving the existing production capacity or the production efficiency.

Year ended 31 December	Capital Expenditure*	
	Total capex (€ millions)	Of which extraordinary capex (€ millions)
2014	47.8	16.4
2013	58.9	25.9

* Capital expenditure is defined as additions to net tangible assets, intangible assets with a finite life and biological assets, net of proceeds from the sale of assets, payments on account and capital grants. It should be noted that capital expenditure is not recognised as a measure of performance or liquidity under IFRS and should not be recognised as a performance measure derived in accordance with IFRS or any other generally accepted accounting principles. Capital expenditure (in this meaning) is used by management as a cash flow measure and is used to monitor the underlying performance of the business and operations. Capital expenditure is not indicative of the Group's historical results, liquidity or cash flows, nor is it meant to be predictive of future results, liquidity or cash flows. Since all companies do not calculate these measures in an identical manner, the Group's presentation may not be consistent with similar measures used by other companies. Therefore, undue reliance should not be placed on this data.

The expected capex for 2015 is €45.0 million including €40 million maintenance capex and €5 million extraordinary capex, of which € 3 million is phased from 2014 projects. After completing an important capital investment program, going forward, the Group expects to continue with prudent capital expenditure to maintain its production facilities and ensure that its production plants are up-to-date.

Inventory

Because some whisky (bourbon, Scotch, Canadian), tequila and rum varieties are aged for different periods of time, the Group maintains substantial inventories of maturing liquids in warehouse facilities. Production of maturing inventory is generally scheduled to meet future demand. Production schedules and barrel inventory are also adjusted to bring inventories in balance with estimated future demand. Based on the positive expectations of future demand for its products such as Bourbon (Wild Turkey) and Rum (Appleton), Scotch whisky (GlenGrant), Tequila (Espolón), over the past few years the Group has accomplished substantial investments in

ageing liquids. As of 31 December 2014, the Group had €243.5 million matured inventory, of which €131 million of bourbon, €45 million of rum, €57 million of scotch whisky, € 7 million of Canadian whisky and €2 million of Tequila.

Financing

As at 31 December 2014, the Campari Group's total outstanding indebtedness was €1,209.4 million, with cash and cash equivalents totalling €230.9 million, resulting in net indebtedness of €978.5 million. Indebtedness is defined as (i) the sum of bonds (comprising the U.S.\$100 million private placement which matured in July 2015, the U.S.\$100 million private placement maturing in June 2016, the U.S.\$200 million private placement maturing in July 2018, the U.S.\$110 million private placement maturing in June 2019, the €350 million Eurobond maturing in October 2016 and the €400 million Eurobond maturing in October 2019), other non-current liabilities (excluding other non-financial liabilities), payables to banks and other financial payables less the sum of (ii) other non-current assets (excluding equity investments in other companies, security deposits, receivables from employee benefit funds and other non-current tax receivables) and short-term financial receivables. It should be noted that indebtedness is not recognised as a measure of performance or liquidity under IFRS and should not be recognised as a performance measure derived in accordance with IFRS or any other generally accepted accounting principles. Indebtedness is used by management to monitor the underlying performance of the business and operations. Indebtedness is not indicative of the Group's historical results, liquidity or cash flows, nor is it meant to be predictive of future results, liquidity or cash flows. Since all companies do not calculate these measures in an identical manner, the Group's presentation may not be consistent with similar measures used by other companies. Therefore, undue reliance should not be placed on this data.

Legal Organisational Structure

The Issuer is the parent company of the Campari Group.

The table below lists the companies included in the basis of consolidation at 31 December 2014.

Name, activity	Head office	Share capital at 31 December 2014		% owned by Parent Company		
		Currency	Amount	Direct	Indirect	Direct shareholder
Parent Company						
Davide Campari-Milano S.p.A. , holding and manufacturing company	Via Franco Sacchetti, 20 Sesto San Giovanni	€	58,080,000			
Fully consolidated companies						
<i>Italy</i>						
Campari International S.r.l. , trading company	Via Franco Sacchetti, 20 Sesto San Giovanni	€	700,000	100.00		
Campari Services S.r.l. , services company	Via Franco Sacchetti, 20 Sesto San Giovanni	€	160,000	100.00		
Sella&Mosca S.p.A. , manufacturing, trading and holding company	Località I Piani, Alghero	€	6,180,000	100.00		
Campari Wines S.r.l. , trading company	Località I Piani, Alghero	€	100,000		100.00	Sella & Mosca S.p.A.
Zedda Piras S.r.l. , manufacturing company	Località I Piani, Alghero	€	90,440	100.00		
Enrico Serafino S.r.l. , manufacturing company	Corso Asti 5, Canale	€	90,440	100.00		
Teruzzi&Puthod S.r.l. , manufacturing company	Località Casale 19, San Gimignano	€	90,440	100.00		
Fratelli Averna S.p.A. , manufacturing and trading company	Via Xiboli, 345, Caltanissetta	€	3,900,000	100.00		
Casoni Fabbricazione Liquori S.p.A. , manufacturing and trading company	Via Venezia, 5/A, Finale Emilia	€	929,594		100.00	Fratelli Averna S.p.A.
Alimenta S.r.l. , manufacturing company	Traversa Bagnulo 12, Piano di Sorrento	€	100,000		100.00	Casoni Fabbricazione Liquori S.p.A.
<i>Europe</i>						
Campari Austria GmbH , trading company	Naglergasse 1/Top 13 A, Vienna	€	500,000		100.00	DI.CI.E. Holding B.V.
Campari Benelux S.A. , finance and trading company	Avenue de la Méterologie, 10, Brussels	€	246,926,407	61.00	39.00	Glen Grant Ltd.
Campari Deutschland GmbH , trading company	Bajuwarenring 1, Oberhaching	€	5,200,000		100.00	DI.CI.E. Holding B.V.
Campari España S.L.	Calle de la Marina 16-18, planta	€	3,272,600	100.00		

holding and trading company	28, Barcelona						
Campari International S.A.M. , trading company	14 Boulevard des Moulins, Monaco	€	70,000,000 ⁽¹⁾	100.00			DI.CI.E. Holding B.V.
Campari RUS OOO , trading company	2nd Yuzhnoportoviy proezd 14/22, Moscow	RUB	2,010,000,0 00	100.00			DI.CI.E. Holding B.V.
Campari Schweiz A.G. , trading company	Lindenstrasse 8, Baar	CHF	500,000	100.00			DI.CI.E. Holding B.V.
Campari Ukraine LLC , trading company	8, Illinska Street, 5th Floor, Block 8 and 9, Kiev	UAH	35,598,759	100.00			DI.CI.E. Holding B.V. (99%), Campari RUS OOO (1%)
DI.CI.E. Holding B.V. , holding company	Luna Arena, Herikerbergweg 114, Zuidoost, Amsterdam	€	15,015,000	100.00			
Glen Grant Ltd. , manufacturing and trading company	Glen Grant Distillery, Rothes, Morayshire	GBP	24,949,000	100.00			DI.CI.E. Holding B.V.
J. Wray&Nephew (UK) Ltd. , trading company	82, St. John Street, London	GBP	10,000	100.00			Glen Grant Ltd.
Kaloyiannis-Koutsikos Distilleries S.A. , manufacturing and trading company	6 & E Street, A' Industrial Area, Volos	€	6,811,220	75.00			DI.CI.E. Holding B.V.
TJ Carolan & Son Ltd. , trading company	Ormond Building, Suite 1,05, 31-36 Upper Ormond Quay, Dublin	€	2,600	76.92	23.08		DI.CI.E. Holding B.V.
Stepanow S.R.O. , manufacturing and trading company	07651 Pribenik 111, Slovakia	€	1,334,605	100.00			Casoni Fabbricazione Liquori S.p.A. (83.28%), non-controlling interests (16.72%)

Name, activity	Head office	Share capital at 31 December 2014		% owned by Parent Company			
		Currency	Amount	Direct	Indirect	Direct shareholder	
Americas							
Campari America (Skyy Spirits, LLC) , manufacturing and trading company	1255 Battery Street, Suite 500, San Francisco	USD	566,321,274	100.00			
Campari Argentina S.A. , manufacturing and trading company	Avenida Corrientes, 222 - 3rd Floor, Buenos Aires	ARS	184,006,830		100.00		DI.CI.E. Holding B.V. (96,28%), Campari do Brasil Ltda. 3.72%
Campari do Brasil Ltda. , manufacturing and trading company	Alameda Rio Negro 585, Edificio Demini, Conjunto 62, Alphaville-Barueri-SP	BRL	239,778,071	100.00			
Campari Mexico S.A. de C.V. , manufacturing and trading company	Avenida Americas 1592 3er Piso ol. Country Club, Guadalajara, Jalisco	MXN	665,332,900		100.00		DI.CI.E. Holding B.V.
Campari Peru SAC , trading company	Avenida Santo Toribio 115, Edificio Tempus, Piso 5, San Isidro, Lima	PEN	2,906,753		100.00		Campari España S.L. (99,00%), Campari do Brasil Ltda. 1.00%
Gregson's S.A. , brand owner	Andes 1365, Piso 14, Montevideo	UYU	175,000		100.00		Campari do Brasil Ltda.
J. Wray&Nephew Ltd. , manufacturing and trading company	234, Spanish Town Road, Kingston	JMD	600,000		100.00		Campari España S.L.
J. Wray y Sobrino de Costa Rica S.A. , dormant company	Bulevard Multiplaza, Edificio KPMG, Fifth Floor, San José	CRC	1,000,000 ⁽¹⁾		100.00		J. Wray & Nephew Ltd. (Jamaica)
Red Fire Mexico, S. de R.L. de C.V. , trading company	Camino Real Atotonilco 1081, Arandas, Jalisco	MXN	1,254,250		100.00		DI.CI.E. Holding B.V. (99,80%), Campari Mexico S.A. de C.V. 0.20%
Wray&Nephew (Canada) Ltd. , trading company	5770, Timberlea Blvd, Suite 103, Mississauga	CAD	50,000,100		100.00		DI.CI.E. Holding B.V.
Forty Creek Distillery Ltd. , manufacturing and trading company	297 South Service Road West, Grimsby	CAD	107,282,611		100.00		Wray & Nephew (Canada) Ltd.
Other							
Campari (Beijing) Trading Co. Ltd. , trading company	Xingfu Dasha Building, Block B, Room 511, 3 Dongsanhuan BeiLu, Chaoyang District, Beijing	RMB	65,300,430		100.00		DI.CI.E. Holding B.V.
Campari Australia Pty Ltd. , manufacturing and trading company	Level 10, Tower B, 207 Pacific Highway, St Leonards, Sydney	AUD	21,500,000		100.00		DI.CI.E. Holding B.V.
Campari Japan Ltd. , trading company	6-17-15, Jingumae Shibuya-ku, Tokyo	JPY	3,000,000		100.00		DI.CI.E. Holding B.V.
Campari South Africa Pty Ltd. , trading company	12th Floor, Cliffe Deker Hofmeyr 11 Buitengracht street, Cape Town	ZAR	5,747,750		100.00		DI.CI.E. Holding B.V.
Campari New Zealand Ltd. , trading company	C/o KPMG 18, Viaduct Harbour Av., Maritime Suar	NZD	10,000		100.00		Campari Australia Pty Ltd.
Campari Singapore Pte Ltd. , services company	16 Raffles Quay # 10-00, Hong Leong Building, Singapore	SGD	1		100.00		Campari Australia Pty Ltd.

Name, location, activity	Currency	Share capital at 31 December 2013 ⁽²⁾		% owned by Parent Company		
		Amount	Indirect	Direct shareholder	Valuation method	
Jamaica Joint Venture Investment Co. Ltd. , property company	JMD	450,000	33.33		J. Wray & Nephew Ltd.	Shareholders' equity
Manhart Properties Ltd. , property company	JMD	4,891,032	100.00		Jamaica Joint Venture Investment Co.	Shareholders' equity

City Properties Ltd., property company	7, North Street, Kingston	JMD	370,000	100.00	Jamaica Joint Venture Investment Co. Ltd.	Shareholders' equity
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⁽¹⁾ Company in liquidation.

⁽²⁾ Last approved financial statements; it should be noted that the share held in the joint venture was sold in March 2015. .

As at the date of this Prospectus, 100.00% of the shares held in Alimenta S.r.l., 100.00% of the shares held in Enrico Serafino S.r.l. and 33.33% of the shares held in Jamaica Joint Venture Investment Co. Ltd. were sold.

Shareholding Structure

The table below shows the major shareholders at 30 June 2015.

Shareholder ⁽¹⁾	No. of ordinary shares	% of share capita;
Alicros S.p.A	296,208,000	51.00%
Cedar Rock Capital ⁽²⁾	62,936,560	10.84%
Morgan Stanley Investment Management Limited	11,868,704	2.04%

⁽¹⁾ Shareholders who have notified Consob and Davide Campari-Milano S.p.A. that they have shareholdings greater than 2 per cent. (pursuant to article 117 of Consob Regulation 11971/99 on notification of significant holdings).

⁽²⁾ Andrew Brown, Chief Investment Officer of Cedar Rock Capital Ltd., informed Consob in accordance with article 120 of the TUF.

The Company's shares are listed on the *Mercato Telematico Azionario*, the screen-based market of the Italian Stock Exchange.

Davide Campari-Milano S.p.A. is controlled by Alicros S.p.A. as 51 per cent. majority shareholder. The mother of the Company's Chairman Luca Garavoglia, Mrs. Rosa Anna Magno Garavoglia, controls, directly or indirectly, approximately 60 per cent. of the voting rights in Alicros S.p.A., and is thus the controlling shareholder of Davide Campari-Milano S.p.A. Under the Terms and Conditions of the Notes, the Notes may be redeemed at the option of the Noteholders following a Change of Control in the circumstances described in Condition 6.3. See "*Terms and Conditions of the Notes - Condition 6.3 (Redemption at the Option of the Holders upon a Change of Control)*".

Corporate Governance

The Company has adopted the provisions of the Italian Code of Conduct for Listed Companies (*Codice di Autodisciplina delle Società Quotate*) (the **Code**) as its model for corporate governance. The Code was prepared with reference to the 'Format for corporate governance and ownership structure reporting' issued by the Italian Stock Exchange in July 2014. The aim of the Code is to provide the market and shareholders with information pursuant to article 123-bis of Legislative Decree 58 of 24 of February 1998, as well as a complete disclosure on the corporate governance model used by the Company and on specific compliance matters.

The Company has a traditional administration and control model, consisting of a management body, the Board of Directors and a control body, the Board of Statutory Auditors. In accordance with Article 14 of its Articles of Association (the **Articles of Association**) the Company is run by a Board of Directors comprising between three and fifteen members, appointed by the ordinary shareholders' meeting, which also decides on the number of members. The Board of Directors has full ordinary and extraordinary administrative powers to manage the Company and to achieve its corporate purpose. The Board of Directors is responsible for setting out strategic

and management guidelines for the Company and the Group and for monitoring general performance, as well as defining and applying the Company's corporate governance rules and examining internal audit procedures.

The Board of Statutory Auditors is responsible for ensuring that the law and the Articles of Association are observed and that the principles of correct administration are applied, and in particular, that the system of internal control and organisational, administrative and accounting procedures are adequate and properly functioning. It also ensures that the corporate governance rules in force at the Company are applied correctly. Article 27 of the Articles of Association states that the Board of Statutory Auditors must comprise three permanent auditors and three alternate auditors.

The shareholders' meeting is responsible for, *inter alia*, approving (i) at ordinary sessions, the annual accounts, the appointment and dismissal of members of the Board of Directors and the appointment of members of the Board of Statutory Auditors, establishing the remuneration of members of the Board of Directors and Statutory Auditors, engaging external auditors and granting responsibilities to members of the Board of Directors and Statutory Auditors, and (ii) at extraordinary sessions, approving changes to the Articles of Association.

The Group observes the principle of correctness, loyalty, honesty and impartiality in carrying out its business. To this end the Company adopted a Code of Ethics in 2004, setting out the above principles and defining the mission and values according to which the Group's employees should operate.

Loyalty shares

On 28 January 2015, the extraordinary shareholders' meeting of the Company voted by a large majority to adopt the resolution proposing changes to the articles of association in order to introduce loyalty shares.

Loyalty shares have been introduced with the objective to create a more stable and loyal shareholder structure in view of changes introduced by Article 20 of Legislative Decree 91 of 24 June 2014.

In accordance with the aforementioned changes to the articles of association, shareholders who wish to exercise their option to purchase loyalty shares, which give their holders two votes for every share held, must request registration of the shares in the appropriate shareholder register of the Company for at least 24 months from the registration date, subject to compliance with the requirements of law and of the articles of association.

The new Article 6 of the articles of association and the related Regulation on the special list for double voting rights, approved by the Board of Directors, define the terms and conditions for registration on the list and for requesting removal from it.

Management and Supervisory Bodies

Board of Directors

The current Board of Directors was appointed by the Company's ordinary shareholders' meeting of 30 April 2013 and will serve until the ordinary shareholders meeting approving the financial statements of the fiscal year ending on 31 December 2015. The current members of the Board of Directors are set out below, together with an indication of their principal activities outside the Company in accordance with the criteria on the independence of directors contained in the Code.

Name	Position	Principal activities outside the Campari Group
Luca Garavoglia	Chairman	Member of the Board of Directors of Coesia S.p.A.
Robert Kunze-Concewitz	Managing Director and Chief Executive Officer	Member of the Board of Luigi Lavazza S.p.A. and Yoox S.p.A.

Paolo Marchesini	Managing Director and Chief Financial Officer	None
Stefano Saccardi	Managing Director and General Counsel and Business Development Officer	None
Eugenio Barcellona	Non-executive Director	Member of the Board of Directors of Angelini Finanziaria S.p.A. and Fondazione Angelini
Karen Guerra	Non-executive Director	Member of the Board of Amcor Ltd. and Electrocomponents PLC.
Marco P. Perelli Cippo	Non-executive Director	None
Thomas Ingelfinger	Non-executive Director	Member of the Board of Beiersdorf S.p.A., Beiersdorf AG (Germany), Beiersdorf AG (Switzerland), SA Beiersdorf NV, Beiersdorf Nordic Holding AB
Camilla Cionini-Visani	Non-executive Director	None

The business address of each of the members of the Board of Directors is Via Sacchetti 20, 20099 Sesto San Giovanni (Milan), Italy.

Board of Statutory Auditors

The members of the Board of Statutory Auditors appointed by the ordinary shareholders' meeting of 30 April 2013 until the ordinary shareholders meeting approving the financial statements of the fiscal year ending on 31 December 2015 are listed below:

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

Conflicts of interest

There are no potential conflicts of interest between the duties of members of the Board of Directors and Board of Statutory Auditors to the Company and their private interests or other duties.

Employees

As at 31 December 2014, the Group had approximately 4,200 employees. A summary of the Group's average number of employees by sector, category and region for 2014 and for 2013 is provided in the table below.

2014	2013
-------------	-------------

Business sector

Production	1,949	1,864
Sales and distribution	1,496	1,444
General	783	688
Total	4,229	3,996
Category		
Managers	181	167
Office staff	2,231	2,063
Manual workers	1,816	1,766
Total	4,229	3,995
Region		
Italy	950	812
Abroad	3,278	3,183
Total	4,229	3,996

In all the various countries where the Group has subsidiaries, its dealings with employees are regulated and protected by collective labour agreements and/or the regulations in force locally. Any reorganisation or restructuring, where this becomes essential for strategic reasons, is undertaken on the basis of the plans agreed with employee representatives.

Trademarks and Intellectual Property

The Campari Group has obtained registrations in significant markets for the material trademarks primarily used in its business. The Group believes that its brands and trademarks are of great strategic importance to its business. Accordingly, the Campari Group strives to protect them and is seeking to register them in countries where they are not currently recorded. The Group has protected its most important trademarks in all relevant markets. The Campari Group licenses its products in a manner that protects its proprietary processes and formulas. For example, the Campari Group provides ready-made pre-mix components but does not disclose the Group's product recipes to its licensees.

Legal Proceedings

The Company and its subsidiaries are defendants in legal proceedings arising in the ordinary course of business. While any litigation has an element of uncertainty, save as disclosed below the Company does not expect that the outcome of any such proceeding, either individually or in aggregate, will have a significant effect upon the Group's financial position or profitability.

The information reported below concerns potential liabilities arising from two disputes in progress with the Brazilian tax authorities.

The first dispute relates to production tax (IPI) and the classification of products sold by Campari do Brasil Ltda, which was contested by the Brazilian tax authorities for an additional amount in taxes and penalties totalling BRL 117.2 million (or € 33.8 million converted at the spot exchange rate as at 30 June 2015) plus interest. In March 2012, the company was officially informed of the outcome of the dispute, which was in its favour. However, since the formulation of the ruling was not deemed sufficient to afford the company complete legal safeguards in the event of future litigation relating to the same dispute, the company's lawyers proposed to appeal in order to obtain a ruling that fully protects the company in the event of future disputes.

In view of the outcome of the case and based on the advice of its lawyers, the Group continues to believe that there is no reason to make a specific provision in its financial statements. As a result, no provisions were made for this item in the consolidated accounts for the half-year ended 30 June 2015.

The second dispute relates to a tax inspection report in connection with the payment of ICMS (a local tax on the consumption of goods and services) in respect of sales made by Campari do Brasil Ltda to a single customer in 2007 and 2008. The company was notified of this report on 16 February 2012. The amount stipulated, including penalties and interest, totalled BRL 53.6 million (or € 15.4 million converted at the spot exchange rate as at 30 June 2015)). The dispute is pending before the administrative court, and is not expected to be settled in the near future.

Based on evaluations conducted by external legal consultants, who have appealed against the findings of the local tax authorities, the Group believes that the outcome of the dispute will be favourable to the company. It was therefore deemed unnecessary to establish a specific provision in the half-year consolidated financial statements at 30 June 2015.

Regulation

General

The production, storage, transportation, distribution and sale of the Group's spirits and wines products are subject to extensive governmental regulation throughout the Group's markets and particularly in the United States, Russia, Western Europe and Japan. Such regulations frequently establish a definition of "alcoholic beverages", determine the type of alcohol and additional products that can be used in the production process, regulate packaging and labels, promulgate the procedures that must be followed in importing alcoholic beverages and establish licensing requirements necessary for manufacturing and selling alcoholic beverages in the relevant country.

Sales and advertising

Various jurisdictions prohibit or restrict the sale of spirits and wines in whole or in part. For example, in some of the Campari Group's markets, governmental regulations require that the Group's products be sold only through government monopolies, restrict the times during which sales can be made or limit the retail outlets permitted to sell alcohol to consumers. Regulations in a number of markets, including the United States, Russia, South America and Japan, require that containers of alcoholic beverages bear specific written warning statements. The Campari Group is also subject to regulations concerning the type of advertising that it may use to market its brands. There has been discussion and legislation introduced to ban or significantly restrict television advertising of alcoholic beverages in the United States, France, Russia and a number of other jurisdictions.

Taxation

In most countries, spirits and wines are subject to national excise taxes and customs duties as well as local and other taxes. In some countries, locally produced brands or brands that contain locally produced ingredients are granted preferential tax treatment. Proposals to increase existing taxes or impose new taxes in various jurisdictions are made and implemented from time to time.

Environmental

The Group's industrial activities do not carry any specific risks relating to the environmental policy; however its industrial management has implemented dedicated procedures relating to safety and qualitative controls in the area of environmental pollution and the disposal of solid waste and waste water. The activities are carried out in compliance with the regulations in force in the countries in which the Group operates.

The Group is exposed to risks relating to its responsibility to ensure that its products are safe for consumption. It has therefore put in place procedures aimed at ensuring that products manufactured in Group plants are compliant and safe in terms of quality and hygiene, in accordance with the laws and regulations in force, and voluntary certification standards. In addition the Group has defined guidelines to be implemented if quality is accidentally compromised, such as withdrawing and recalling products from the market.

Social responsibility

The Campari Group has always considered social responsibility and sustainability of fundamental importance for the company's growth. It has identified five areas of focus to promote a responsible and sustainable Group.

People: the Group always highly values and nurtures its employees with passion, considering them the most valuable resource to ensure sustainable growth of the Group's business.

Responsible marketing and practices quality: the Group actively promotes a culture of responsible drinking, having the deep conviction that its brands are a way to enjoy pleasurable moments, celebrations and sociable occasions. Moreover, the Group believes it is essential to promote responsible consumption through the development of marketing activities. This commitment is being put to the test with the advent of social media, which have transformed advertising into a 360-degree experience, in which consumers play an increasingly active role.

Health, safety, security and the environment: the Groups believes that the quality and safety of the beverages produced, the health and safety of its employees and respect for the ecosystem in which the Group operates, all of which are of increasing importance.

Responsible sourcing: the Group's focus is on providing the best products possible to its customers and consumers by always choosing superior, top-tier business partners and by responsibly conducting its activities.

Commitment to the communities in which the Group operates: the Group is committed to promoting excellence, entrepreneurship and equal opportunities in the communities in which it operates.

Recent Events

New segment reporting

Commencing in 2015, the Group reorganised its geographic reporting segments to reflect some recent organisational changes within its business units, based on the Group's operating model and current way of working. The new regions are:

- Americas (including mainly the United States, Jamaica, Brazil, Canada, Argentina and Mexico)
- Southern Europe, Middle East & Africa (including mainly Italy, Global Travel Retail, Spain and France)
- North, Central & Eastern Europe (including mainly Germany, Russia, Switzerland, Austria, Belgium and the United Kingdom)
- Asia Pacific (including mainly Australia, China, New Zealand and Japan).

Disposals

To further strengthen its focus on the core high-margin spirits business, the Group has concluded a series of disposals of non-core assets.

At the beginning of 2015, the Group completed the sale of Limoncetta di Sorrento brand in Italy for a consideration of €7.0 million and as well as the sale of the Federated Pharmaceutical Division in Jamaica for a consideration of €13.0 million.

On 9 July 2015 the Group completed the sale of the Agri-Chemicals Division of J. Wray & Nephew Limited in Jamaica for a consideration of €7.3 million.

On 30 June 2015, the Group concluded the sale of the Enrico Serafino still wines business in Piedmont, Italy for a consideration of €6.1 million.

Revolving Credit Facility

In March 2015, the Company agreed a five-year, €450 million committed revolving credit facility with a pool of six leading banks, taking advantage of favourable financial market conditions. The Company may draw down on the credit line as required in order to fulfil any financial obligation that may arise. The revolving credit facility is currently drawn for €58 million.

OVERVIEW FINANCIAL INFORMATION OF THE ISSUER

The tables below set out an overview of the consolidated financial information of the Campari Group as at and for the years ended 31 December 2012, 2013 and 2014, and as at and for the six months ended 30 June 2015.

The financial information set out below is derived from and should be read in conjunction with, and is qualified in its entirety by reference to the audited annual consolidated financial statements of the Issuer as at and for the years ended 31 December 2012, 2013 and 2014, and the unaudited interim condensed consolidated financial statements of the Issuer as at and for the six months ended 30 June 2015, in each case together with the accompanying notes and auditors' reports, all of which are incorporated by reference in this Prospectus.

The Issuer has prepared its annual consolidated financial statements and its interim condensed consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union. PricewaterhouseCoopers S.p.A., auditors to the Issuer, have audited the annual consolidated financial statements of the Issuer as at and for the years ended 31 December 2012, 2013 and 2014, and have performed a limited review on the interim condensed consolidated financial statements of the Issuer as at and for the six months ended 30 June 2015 in accordance with Article 81 of CONSOB Regulations No. 11971 of 14 May 1999, as amended.

ANNUAL CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December	
	2014	2013
	(€ millions)	
Net sales	1,560.0	1,524.1
Cost of goods sold	(728.3)	(713.7)
Gross profit	831.7	810.5
Advertising and promotional costs	(260.8)	(249.2)
Contribution margin	570.9	561.2
Overheads	(315.9)	(271.9)
<i>of which: non-recurring</i>	(43.2)	(10.3)
Operating result	255.0	289.3
Financial income and expenses	(61.1)	(59.1)
<i>of which: non-recurring</i>	(0.8)	(0.2)
Portion of profit (loss) of companies valued at equity	(0.2)	(0.2)
Put option income (charge)	0.5	0.2
Profit before tax	194.2	230.2
Taxes	(64.6)	(79.8)
Profit for the period	129.5	150.4
Profit attributable to:		
Parent Company shareholders	128.9	149.8
Non-controlling interests	0.6	0.6
	129.5	150.4
Basic earnings per share (€)	0.22	0.26
Diluted earnings per share (€)	0.22	0.25

31 December 2012

(€ millions)

Net sales	1,340.8
Cost of goods sold	(571.3)
Gross profit	769.5
Advertising and promotional costs	(237.2)
Contribution margin	532.3
Overheads	(244.8)
<i>of which: non-recurring</i>	(17.2)
Operating result	287.5
Financial income charges	(51.2)
<i>of which: non-recurring</i>	(2.6)
Share in profit (loss) of companies valued at equity...	(0.0)
Put option income (charge)	(0.1)
Profit before tax and non-controlling interests	236.2
Taxes	(79.0)
Profit for the period	157.2
Profit attributable to:	
Parent Company shareholders	156.7
Non-controlling interests	0.5
	157.2
Basic earnings per share (€)	0.27
Diluted earnings per share (€)	0.27

ANNUAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December	
	2014	2013
	(€ millions)	
ASSETS		
Non-current assets		
Net tangible fixed assets.....	441.5	396.6
Biological assets.....	17.5	17.3
Investment property.....	1.5	0.5
Goodwill and brands	1,841.0	1,556.4
Intangible assets with a finite life	29.8	26.0
Investments in affiliates and joint ventures	0.7	0.9
Deferred tax assets	19.1	12.4
Other non-current assets	56.7	33.7
Total non-current assets	2,407.7	2,043.7
Current assets		
Inventories.....	477.0	442.6
Current biological assets	4.1	4.5
Trade receivables	313.6	288.5
Short-term financial receivables	22.8	34.1
Cash and cash equivalent ^(*)	230.9	441.6
Current tax receivables.....	13.0	17.0
Other receivables.....	26.7	29.4
Total current assets	1,088.2	1,257.8
Assets held for sale.....	21.9	1.0
Total assets.....	3,517.7	3,302.5

^(*) The 2013 comparative data was reclassified with respect to that published in the 2013 annual consolidated financial statements. See note 7 in the consolidated financial statements as of and for the year ended 31 December 2014 for further details.

	As at 31 December	
	2012 ^(*)	
	(€ millions)	
ASSETS		
Non-current assets		
Net tangible fixed assets.....		388.7
Biological assets.....		17.2
Investment property.....		1.2
Goodwill and brands		1,643.5
Intangible assets with a finite life		20.5
Investments in affiliates and joint ventures		1.1
Deferred tax assets		11.5
Other non-current assets		39.7
Total non-current assets		2,123.4
Current assets		
Inventories.....		434.1

Current biological assets	4.9
Trade receivables	311.9
Short-term financial receivables	42.4
Cash and cash equivalent ^(*)	442.5
Current tax receivables	9.5
Other receivables	33.1
Total current assets	1,278.4
Non-current assets held for sale	1.0
Total assets	3,402.8

^(*) The 2012 comparative figures are different from those published in the 2012 annual consolidated financial statements due to the changes described in note 7 of the 2013 annual consolidated financial statements.

ANNUAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	As at 31 December	
	2014	2013
	(€ millions)	
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity		
Share capital.....	58.1	58.1
Reserves	1,516.8	1,333.6
Parent Company's portion of shareholders' equity	1,574.8	1,391.6
Non-controlling interests: shareholders' equity	5.1	4.5
Total shareholders' equity	1,579.9	1,396.1
Non-current liabilities		
Bonds	1,086.9	1,127.0
Other non-current liabilities	25.8	48.7
Defined benefit plans	9.4	8.6
Provision for risks and charges.....	37.9	32.4
Deferred tax liabilities	266.2	204.7
Total non-current liabilities	1,426.1	1,421.4
Current liabilities		
Payables to banks	36.7	122.3
Other financial liabilities	117.4	44.4
Payables to suppliers	223.2	198.1
Current payables to tax authorities	4.9	7.2
Other current liabilities.....	127.8	113.1
Total current liabilities	509.9	485.0
Liabilities held for sale.....	1.7	
Total liabilities	1,937.8	1,906.4
Total liabilities and shareholders' equity	3,517.7	3,302.5

	As at 31 December	
	2012 ^(*)	
	(€ millions)	
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity		
Share capital.....		58.1
Reserves		1,370.8
Parent Company's portion of shareholders' equity		1,428.9
Non-controlling interests portion of shareholders' equity		4.2
Total shareholders' equity		1,433.1
Non-current liabilities		
Bonds		1,178.2
Other non-current liabilities		35.2
Defined benefit plans		13.0

Provision for risks and future liabilities.....	30.6
Deferred tax liabilities.....	193.6
Total non-current liabilities.....	1,450.5
Current liabilities	
Payables to banks.....	121.0
Other financial payables.....	34.9
Payables to suppliers.....	211.0
Current payables to tax authorities.....	16.3
Other current liabilities.....	136.0
Total current liabilities.....	519.2
Total liabilities and shareholders' equity.....	3,402.8

(*) The 2012 comparative figures are different from those published in the 2012 annual consolidated financial statements due to the changes described in note 7 of the 2013 annual consolidated financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	First half	<i>of which:</i>	First half	<i>of which:</i>
	2015	<i>related parties</i>	2014	<i>related parties</i>
	(€ millions)			
Net sales	757.9		686.1	
Cost of goods sold	(345.7)		(320.6)	
Gross profit	412.2		365.5	
Advertising and promotional costs	(124.9)		(111.7)	
Contribution margin	287.3		253.8	
Overheads	(145.7)	<i>0.1</i>	(132.6)	
<i>of which: non-recurring</i>	<i>2.9</i>		<i>(3.2)</i>	
Operating result	141.6	<i>0.1</i>	121.2	
Financial income (charges)	(28.2)		(29.9)	
<i>of which: non-recurring</i>	<i>(0.2)</i>		<i>(0.7)</i>	
Profit before tax	113.3	-	91.3	
Taxes	(35.0)		(33.7)	
Profit for the period	78.3	-	57.6	
Profit for the period attributable to:				
Parent Company shareholders	77.9		57.3	
Non-controlling interests	0.3		0.3	
Basic earnings per share (€)	0.13		0.10	
Diluted earnings per share (€)	0.13		0.10	

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June	<i>of which:</i>	31 December	<i>of which:</i>
	2015	<i>related parties</i>	2014 (*)	<i>related parties</i>
(€ millions)				
ASSETS				
Non-current assets				
Net tangible fixed assets	444.1		435.2	
Biological assets	16.7		17.5	
Investment property	0.8		0.8	
Goodwill and brands	1,922.3		1,842.2	
Intangible assets with a finite life	30.3		29.8	
Investments in affiliates and joint ventures	-		0.7	
Deferred tax assets	23.9		21.9	
Other non-current assets	67.5	2.2	56.7	2.2
Total non-current assets	2,505.7	2.2	2,404.7	2.2
Current assets				
Inventories	538.2		477.0	
Current biological assets	1.2		4.1	
Trade receivables	271.5		313.6	
Short-term financial receivables	25.6		22.8	
Cash and cash equivalent	270.1		230.9	
Current tax receivables	7.8	0.9	13.0	0.2
Other receivables	36.1		26.7	0.0
Total current assets	1,150.5	0.9	1,088.2	0.2
Assets held for sale	7.9		21.9	
Total assets	3,664.0	3.1	3,514.8	2.5

(*) The comparative figures at 31 December 2014 are different from those published in the 2014 annual consolidated financial statements due to the changes described in note 6 of the interim condensed consolidated financial statements at 30 June 2015 – Reclassifications to comparison book values as of 30 June 2014 and 31 December 2014.

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(continued)**

	30 June	<i>of which:</i>	31 December	<i>of which:</i>
	2015	<i>related parties</i>	2014 (*)	<i>related parties</i>
(€ millions)				
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' equity				
Share capital	58.1		58.1	
Reserves	1,600.1		1,516.8	
Parent Company's portion of shareholders' equity	1,658.2		1,574.8	
Non-controlling interests: shareholders' equity	5.4		5.1	
Total shareholders' equity	1,663.6		1,579.9	
Non-current liabilities				
Bonds	1,027.5		1,086.9	
Other non-current liabilities	11.5		25.8	
Defined benefit plans	8.6		9.4	
Provision for risks and charges	30.2		36.4	
Deferred tax liabilities	291.1		264.8	
Total non-current liabilities	1,368.9		1,423.2	
Current liabilities				
Payables to banks	80.2		36.7	
Other financial payables	228.0		117.4	
Payables to suppliers	189.7		223.2	
Current payables to tax authorities	6.1	4.6	4.9	1.0
Other current liabilities	127.6	8.4	127.8	3.8
Total current liabilities	631.5	13.1	509.9	4.7
Liabilities held for sale	-		1.7	
Total liabilities	2,000.4	13.1	1,934.8	4.7
Total liabilities and shareholders' equity	3,664.0	13.1	3,514.8	4.7

(*) The comparative figures at 31 December 2014 are different from those published in the 2014 annual consolidated financial statements due to the changes described in note 6 of the interim condensed consolidated financial statements at 30 June 2015 – Reclassifications to comparison book values as of 30 June 2014 and 31 December 2014.

TAXATION

Republic of Italy

The statements herein regarding taxation are based on the laws in force in Italy as of the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following overview does not purport to be a comprehensive description of all of the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.

Tax treatment of Notes

Legislative Decree No. 239 of 1 April 1996, as subsequently amended, (**Decree 239**) provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from Notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*), issued, *inter alia*, by Italian resident companies with shares traded on a EU or EEA regulated market or multilateral trading facility. For this purpose, bonds and debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at redemption, an amount not lower than their nominal value and which do not grant the holder any direct or indirect right of participation to (or of control of) to management of the issuer.

Italian resident Noteholders

Where an Italian resident Noteholder is (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the *risparmio gestito* regime – see under “Capital gains tax” below); (b) a non-commercial partnership; (c) a non-commercial private or public institution; or (d) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Notes, accrued during the relevant holding period, are subject to a withholding tax, referred to as “*imposta sostitutiva*”, levied at the rate of 26 per cent. In the event that the Noteholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident Noteholder is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an authorised intermediary, interest, premium and other income from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder’s income tax return and are therefore subject to general Italian corporate taxation (**IRES**) (and, in certain circumstances, depending on the “status” of the Noteholder, also to the regional tax on productive activities (**IRAP**)).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001 (**Decree 351**), as subsequently amended and currently interpreted by the Italian Revenues Agency (*Agenzia delle Entrate*), payments of interest, premium or other proceeds in respect of the Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998 or pursuant to Article 14-bis of Law No. 86 of 25 January 1994 and Italian real estate investment companies with fixed capital (**Real Estate SICAFs**), are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of a real estate investment fund or the Real Estate SICAF.

If the investor is resident in Italy and is an open ended or closed ended investment fund, an Italian investment company with fixed capital (a **SICAF**) or an Italian investment company with variable capital (a **SICAV**) established in Italy (the **Fund**) and either (i) the Fund or (ii) their manager is subject to the supervision of a regulatory authority, and the relevant Notes are held by an authorised intermediary, interest, premium and other income accrued during the holding period on such Notes will not be subject to *imposta sostitutiva*, but must be

included in the management results of the Fund. The Fund will not be subject to taxation on such results but a withholding tax of 26 per cent. (the **Collective Investment Fund Tax**) will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax (with certain adjustments for fiscal year 2014 as provided by Law No. 190 of 23 December 2014 (the **Finance Act for 2015**)).

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Economy and Finance (each an **Intermediary**).

An Intermediary must (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary and (b) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Noteholder.

Non-Italian resident Noteholders

Where the Noteholder is a non-Italian resident without a permanent establishment in Italy to which the Notes are effectively connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy; as listed in the Italian Ministerial Decree of 4 September 1996, as amended from time to time (the **White List**) or in any other decree or regulation that will be issued in the future to provide the list of such countries (the **New White List**), including any country that will be deemed listed therein for the purpose of any interim rule or (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) an institutional investor which is resident in a country, included in the White List (or the New White List once effective) even if it does not possess the status of taxpayer in its own country of residence.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of interest, premium or other income and (a) deposit, directly or indirectly, the Notes with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance and (b) file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001, as subsequently amended.

Capital gains tax

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the “status” of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is an individual not holding the Notes in connection with an entrepreneurial activity and certain other persons, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 26 per cent. Noteholders may set off losses with gains.

In respect of the application of *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual Noteholder holding the Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Pursuant to Law Decree No. 66 of 24 April 2014, as converted into law with amendments by Law No. 89 of 23 June 2014 (**Decree 66**), capital losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08 per cent. of the relevant capital losses realised before 1 January 2012; (ii) 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014.

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the *risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to (a) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries (including permanent establishments in Italy of foreign intermediaries) and (b) an express election for the *risparmio amministrato* regime being punctually made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in its annual tax return. Pursuant to Decree 66, capital losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08 per cent. of the relevant capital losses realised before 1 January 2012; (ii) 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014.

Any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so-called “*risparmio gestito*” regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against any increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in its annual tax return. Pursuant to Decree 66, depreciations may be carried forward to be offset against increases in value of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08 per cent. of the relevant depreciations realised before 1 January 2012; (ii) 76.92 per cent. of the depreciations realised from 1 January 2012 to 30 June 2014.

Any capital gains realised by a Noteholder which is a Fund will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio. Such result will not be taxed with the Fund, but subsequent distributions in favour of unitholders or shareholders may be subject to the Collective Investment Fund Tax.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 20 per cent. substitute tax (with certain adjustments for fiscal year 2014 as provided by the Finance Act for 2015).

Any capital gains realised by a Noteholder who is an Italian real estate fund to which the provisions of Decree 351 as subsequently amended apply or a Real Estate SICAF will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund or the Real Estate SICAF.

Capital gains realised by non-Italian resident Noteholders, not having a permanent establishment in Italy to which the Notes are connected, from the sale or redemption of Notes traded on regulated markets are neither subject to the *imposta sostitutiva* nor to any other Italian income tax.

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (a) is resident in a country included in the White List (or in the New White List once effective); or (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is an institutional investor which is resident in a country included in the White List (or in the New White List once effective) even if it does not possess the status of taxpayer in its own country of residence.

If none of the conditions above is met, capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 26 per cent.

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale or redemption of Notes.

Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, as subsequently amended, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding, for each beneficiary, €1,000,000;
- (ii) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, €100,000; and
- (iii) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above on the value exceeding, for each beneficiary, €1,500,000.

Transfer tax

Following the repeal of the Italian transfer tax, contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds are subject to fixed registration tax at a rate of €200.00; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

Stamp duty

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 (**Decree 201**), a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to a Noteholder in respect of any Notes which may be deposited with such financial intermediary in Italy. As of 1 January 2014, the stamp duty applies at a rate of 0.2 per cent. and, for taxpayers different from individuals, cannot exceed €14,000. This stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Notes held.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 20 June 2012 of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory).

Wealth Tax on Notes deposited abroad

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Notes outside the Italian territory are required to pay an additional tax at a rate of 0.2 per cent.

This tax is calculated on the market value of the Notes at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income (the **Savings Directive**), Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 24 March 2014, the Council of the European Union adopted a Council Directive (the **Amending Directive**) amending and broadening the scope of the requirements described above. The Amending Directive requires Member States to apply these new requirements from 1 January 2017, and if they were to take effect the changes would expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities. They would also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported or subject to withholding. This approach would apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

However, the European Commission has proposed the repeal of the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under

Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

Implementation in Italy of the Savings Directive

Italy has implemented the Savings Directive through Legislative Decree No. 84 of 18 April 2005 (**Decree 84**). Under Decree 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner and shall not apply the withholding tax. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

The proposed European financial transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**).

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate.

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016.

Prospective holders of the Notes are strongly advised to seek their own professional advice in relation to the FTT.

Luxembourg

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject. Please be aware that the residence concept used under the respective headings below applies for Luxembourg tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

Withholding tax

Non-resident Noteholders

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident Noteholders, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident Noteholders.

Resident Noteholders

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (as amended) (the **Relibi Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident Noteholders, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident Noteholders.

Under the Relibi Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg or to a residual entity (within the meaning of the laws of 21 June 2005 implementing the EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**) as amended) established in an EU Member State (other than Luxembourg) or one of the Territories and securing such payments for the benefit of such individual beneficial owner will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Relibi Law will be subject to withholding tax at a rate of 10 per cent.

Foreign Account Tax Compliance Act (FATCA)

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or **FFI** (as defined by FATCA)) that does not become a Participating FFI by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of the Issuer (a **Recalcitrant Holder**). The Issuer may be classified as an FFI.

The new withholding regime is in effect for payments from sources within the United States and will apply to "foreign passthru payments" (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of any Notes that are issued after the "grandfathering date", which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register. If Notes are issued on or before the grandfathering date and additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a Reporting FI not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States has entered into an agreement with Italy based largely on the Model 1 IGA on 10 January 2014, ratified by way of Law No. 95 of 18 June 2015, published in the Official Gazette – general series No. 155, on 7 July 2015 (the **US-Italy IGA**).

If the Issuer is treated as a Reporting FI pursuant to the US-Italy IGA, the Issuer does not anticipate that it would be obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that the Issuer would in the future not be required to

deduct FATCA Withholding from payments it makes. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer or any paying agent, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and the US-Italy IGA, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

SUBSCRIPTION AND SALE

The Joint Lead Managers have, in a subscription agreement dated 29 September 2015 (the **Subscription Agreement**) and made between the Issuer and the Joint Lead Managers upon the terms and subject to the conditions contained therein, jointly and severally agreed to subscribe for the Notes at their issue price of 99.715 per cent. of their principal amount. The Issuer has also agreed to reimburse the Joint Lead Managers for certain of its expenses incurred in connection with the management of the issue of the Notes. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

United Kingdom

Each Joint Lead Manager has represented, warranted and undertaken that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in certain transactions not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (**CONSOB**) (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999 (as amended from time to time) (**Regulation No. 11971**); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**);
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may require information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

Any investor purchasing the Notes is solely responsible for ensuring that any offer or resale of the Notes by such investor occurs in compliance with applicable Italian laws and regulations.

General

No action has been taken by the Issuer or any of the Joint Lead Managers that would, or is intended to, permit a public offering of the Notes or possession or distribution of this Prospectus in any country or jurisdiction where action for that purpose is required. Each Joint Lead Manager has agreed that it will obtain any consent, approval or permission which it is required to obtain for the offer, purchase or sale of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such offers, purchases or sales and it will comply with all such laws and regulations. Persons into whose hands this Prospectus comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

GENERAL INFORMATION

Authorisation

The creation and issue of the Notes has been authorised by the resolution of the Board of Directors of the Issuer dated 4 August 2015 and by the resolutions of certain executive directors of the Issuer dated 18 September 2015 and 25 September 2015.

Listing and Admission to Trading

Application has been made to the CSSF to approve this document as a prospectus. Application has also been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Expenses Related to Admission to Trading

The total expenses related to admission to trading are estimated at €3,450.00.

Use of Proceeds

The net proceeds of the issue of the Notes will be applied by the Issuer to fund the Group's general corporate purposes and in line with the Group's strategy, including but not limited to the refinancing of existing indebtedness of the Group (which may include the Issuer's existing Notes maturing in 2016 in respect of which certain of the Joint Lead Managers acted as managers and/or short term bank facilities granted by certain of the Joint Lead Managers and/or by their affiliates (including parent companies) (see "*General Information – Potential Conflicts of Interest*"), bonds or other existing debt).

Legal and Arbitration Proceedings

Save as disclosed in this Prospectus at pages 66 to 67, there are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer and its Subsidiaries.

Significant/Material Change

Since 31 December 2014 there has been no material adverse change in the prospects of the Issuer and its Subsidiaries and, since 30 June 2015, there has been no significant change in the financial or trading position of the Issuer and its Subsidiaries.

Auditors

The consolidated financial statements of the Issuer and its subsidiaries as at and for the years ended 31 December 2012, 2013 and 2014, incorporated by reference in this Prospectus, have been audited by PricewaterhouseCoopers S.p.A., independent accountants, as stated in their reports incorporated by reference herein.

PricewaterhouseCoopers S.p.A. is registered under No. 43 in the Special Register (*Albo Speciale*) maintained by CONSOB and set out at Article 161 of Legislative Decree No. 58 of 24 February 1998 (as amended) and in the Register of Accountancy Auditors (*Registro dei Revisori Contabili*), in compliance with the provisions of Legislative Decree of 27 January, 1992, No. 88.

Documents on Display

For so long as the Notes remain outstanding, copies of the following documents (together, where appropriate, with English translations thereof) may be inspected during normal business hours at the offices of the Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB:

- (a) the by-laws (*Statuto*) of the Issuer;
- (b) the Subscription Agreement;
- (c) the Agency Agreement;
- (d) the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2012, 2013 and 2014 and the unaudited interim condensed consolidated financial statements of the Issuer as at and for the six months ended 30 June 2015.

Potential Conflicts of Interest

The Joint Lead Managers and their respective affiliates engage, and may in the future engage, in investment banking, commercial banking (including the provision of loan facilities) and other related transactions with the Issuer and its affiliates and may perform services for them, in each case in the ordinary course of business.

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the issuer's affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the avoidance of doubt, in this Prospectus the term 'affiliates' includes also parent companies.

Yield

On the basis of the issue price of the Notes of 99.715 per cent. of their principal amount, the gross yield of the Notes is 2.812 per cent. on an annual basis.

Legend Concerning U.S. Persons

The Notes and any Coupons appertaining thereto will bear a legend to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

ISIN and Common Code

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN is XS1300465926 and the common code is 130046592.

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L 1855 Luxembourg.

Eurosystem Eligibility

The Notes are issued in NGN form and intended to be held in a manner which would allow Eurosystem eligibility. This simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue of the Notes or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met. As at the date of this Prospectus, one of the Eurosystem eligibility criteria for debt securities is an investment grade rating and, accordingly, as the Notes are unrated, they are not expected to satisfy the requirements for Eurosystem eligibility.

REGISTERED OFFICE OF THE ISSUER

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United Kingdom

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United Kingdom

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81925 Munich
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To the Joint Lead Managers as to English and Italian law:

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AUDITORS TO THE ISSUER

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