



Campari Group

Equity Valuation

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Dissertation written under the supervision of Professor:

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Dissertation submitted in partial fulfilment of requirements for the MSc in Finance, at the Universidade Católica Portuguesa, June 1st.

Equity Research

Buy recommendation: This study establishes a target price of EUR 6,95, allowing the investor to a potential 16,4% return compared to the current price of EUR 5,97 in the 18th of March, 2025. The target price was calculated using the DCF method (Free cash flow to equity approach) and was supported by an in-depth analysis of the macroeconomic outlook, sector trends, industry features and the company's past performance and *status quo*.

Profile: Campari Group is a global leader in the spirits industry, ranking among the top players in the premium and super-premium spirits segments. With a diverse portfolio of over 50 brands, the company has a strong presence in over 190 countries. Campari dominates the aperitif market, particularly in Europe and North America, benefiting from the global cocktail culture trend. Strategic acquisitions and premiumization efforts have reinforced its market position, driving consistent revenue growth and geographic expansion.

Macroeconomic Outlook: The spirits industry is facing a moderate growth outlook, with challenges such as economic uncertainty, shifting consumer preferences, and regulatory pressures. However, premiumization remains a key driver, as consumers increasingly opt for high-quality, craft, and luxury spirits over mass-market alternatives.

Company's strategy: Campari Group is strategically aligning with the premiumization trend by elevating its priority brands and expanding into higher-margin categories. The company is also streamlining its portfolio, divesting non-core assets to enhance focus on key growth areas. Additionally, a cost containment plan was put in place, with operational efficiency initiatives aimed at improving margins and sustaining profitability in a competitive market. Recently appointed CEO Simon Hunt has furthermore announced that the company will be focusing on reducing its debt.

João Nunes

18 March 2025

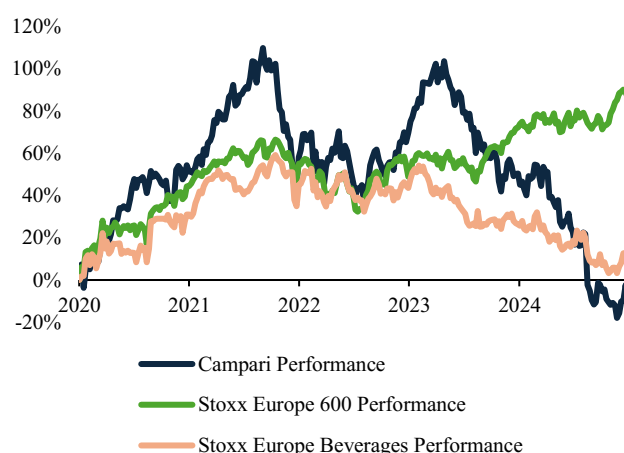
Sector: Spirits

MSE: CPR.MI

Current Price	EUR 5,97
Target Price	EUR 6,95
Recommendation	BUY
Return	16,40%

Key data

52 Week Range:	5,10 - 10,09
# Shares outstanding:	1.231 M
Free-float:	45,90%
Market Cap (EUR):	7.349 M



Currency: EUR M	2025F	2026F	2027F	2028F	2029F
Net Sales	3.241	3.420	3.593	3.757	3.835
EBITDA	754	834	914	977	998
<i>EBITDA margin</i>	23,3%	24,4%	25,4%	26,0%	26,0%
Net earnings	437	498	562	610	633
<i>Net margin</i>	13,5%	14,6%	15,6%	16,2%	16,5%
FCFE	82	340	418	478	556
<i>FCFE margin</i>	2,5%	9,9%	11,6%	12,7%	14,5%

Title: Campari Group, Equity Valuation

Author: João Nunes

Abstract

English and Portuguese

The primary objective of this study is to determine the target share price of Davide Campari-Milano N.V., a leading company in the global alcoholic beverages industry, providing an investment recommendation, based on a comprehensive valuation analysis. This research evaluates Campari's strategic positioning, industry trends, and key market dynamics that influence its financial performance. To estimate Campari's intrinsic value, this study applies a Discounted Cash Flow (DCF) model, discounting future cash flows using the Cost of Equity, capturing the intrinsic value from an equity-holder perspective, reaching a target share price of EUR 6,95. A Relative Valuation approach is also performed to benchmark Campari's valuation implicit multiples against those of its industry peers. Comparing the target price to the market value as of March 18, 2025 (EUR 5,97), our estimated valuation of EUR 6,95 is located beyond the +10% minimum limit for a BUY recommendation. Comparatively, Jefferies' equity research report from March 7, 2025, sets a target price of EUR 6,60. While their estimate is slightly lower than this study, the difference is marginal, and both valuations fall within a similar range. Overall, the valuation study suggests the market is underestimating the intrinsic value of Campari Group.

Keywords: Spirits; Campari; Intrinsic Value; Free cash flow to equity; Target Share Price

O objetivo deste estudo é determinar o valor intrínseco das ações da Davide Campari-Milano N.V., líder no setor global de bebidas alcoólicas, e fornecer uma recomendação de investimento baseada numa análise de avaliação. Considera-se o posicionamento estratégico da Campari, as tendências do setor e as dinâmicas de mercado que impactam o seu desempenho financeiro. Para estimar o valor intrínseco, aplica-se um modelo de Discounted Cash Flow (DCF), descontando os fluxos de caixa futuros com o Cost of Equity, obtendo um preço-alvo de EUR 6,95. Por forma a complementar, uma abordagem de Relative Valuation compara a avaliação por múltiplos implícitos com os múltiplos do mercado onde a Campari se insere. Face ao valor de mercado a 18 de março de 2025 (EUR 5,97), a nossa avaliação de EUR 6,95 situa-se acima do limite mínimo de +10%, sustentando uma recomendação de BUY. O equity research da Jefferies' (7 de março de 2025) apontava um preço-alvo de EUR 6,60, aproximando-se deste estudo mas emitindo uma recomendação diferente. Em suma, o estudo conclui que o mercado estará a subestimar o valor intrínseco da Campari Group.

Palavras-chave: Espirituosas; Campari; Valor Intrínseco; Free cash flow to equity; Preço-alvo

Acknowledgments

I am profoundly grateful to my parents, Bruno Nunes and Amélia Rosa, and my brother, Rodrigo Nunes, for their unconditional support and the values they instilled in me. Their guidance and encouragement have been the foundation of my journey, and I owe them everything.

During my time at university, I was fortunate to build a strong friendship that evolved into a true investment partnership. For that, I want to acknowledge João Vigário for the key role he has come to play in my life – both personally and professionally.

Finally, I extend my sincere gratitude to my advisor, Professor Tudela Martins, whose support and guidance were instrumental throughout this thesis. Even in challenging circumstances, his availability and insights were invaluable in helping me navigate this final stage.

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List of Abbreviations

Abbreviation	Definition
A&P	Advertising and Promotional
APV	Adjusted Present Value
CAGR	Compound Annual Growth Rate
CAPEX	Capital Expenditures
CAPM	Capital Asset Pricing Model
CCC	Cash Conversion Cycle
CCC	Cost Containment Program
COGS	Costs of Goods Sold
D&A	Depreciation and Amortization
DCF	Discounted Cash Flow Model
EBIT	Earnings before Interests and Taxes
EBITDA	Earnings before Interests, Taxes, Depreciation, and Amortization
EMH	Efficient Markets Hypothesis
EPS	Earnings per Share
EV	Enterprise Value
EV	Equity Value
FCF	Free Cash Flow
FCFE	Free Cash Flow to the Equity
FCFF	Free Cash Flow to the Firm
IMF	International Monetary Fund
NWC	Net Working Capital
PP&E	Property Plant and Equipment
ROIC	Return on Invested Capital
ROU	Right-of-Use Assets
SG&A	Selling, General and Administrative Expenses
TV	Terminal Value
WACC	Weighted Average Cost of Capital

1. Introduction

Valuation plays a fundamental role in financial decision-making, serving as a cornerstone for investment analysis, corporate strategy, and capital allocation. As markets evolve, the ability to assess a company's intrinsic worth has become increasingly relevant for investors, executives, and other stakeholders (Penman, 2010). Beyond guiding investment decisions, valuation supports corporate finance by influencing mergers, acquisitions, and strategic planning (Koller et al., 2020). One of the central objectives of corporate finance is the maximization of shareholder value, which requires a clear understanding of how financial choices impact firm performance and long-term growth.

Managers rely on valuation techniques to evaluate investment opportunities, optimize resource allocation, and assess strategic initiatives (Brealey et al., 2017). The ability to identify mispriced assets in the market is particularly crucial for active investors, who use fundamental analysis to compare a stock's intrinsic value with its market price (Damodaran, 2016). While some argue that markets efficiently incorporate all available information, as suggested by the Efficient Market Hypothesis (Fama, 1970), others contend that inefficiencies create opportunities for investors to capitalize on mispricings through disciplined valuation techniques (Shiller, 2003). This ongoing debate underscores the importance of robust valuation models in financial markets, forming the basis of this study's approach to assessing Campari's stock.

This study conducts a fundamental analysis to determine the fair value of Davide Campari-Milano N.V., a key player in the spirits industry. The valuation, based on data as of March 18, 2025, is compared to the prevailing market price to assess whether the stock is undervalued, overvalued, or fairly priced, leading to an investment recommendation.

The dissertation begins by exploring valuation methodologies, identifying the most suitable approach for Campari's assessment. It then delves into an extensive review of the company's operations, industry trends, and macroeconomic factors, offering context for the financial evaluation. A detailed examination of Campari's financial performance follows, incorporating projections for future growth and profitability to derive the estimated share price. Finally, the findings are benchmarked against an independent equity research report by Jefferies, analysing any divergences and reinforcing the investment conclusion.

2. Literature Review

Introduction and Valuation Models

Valuation is a systematic process that requires a structured approach. Koller, Goedhart, and Wessels (2020) emphasize that understanding the business is the initial and most critical step in any valuation exercise. This includes analysing the company's operations, industry positioning, and financial health. Annual reports and industry analyses play a crucial role in providing insights into the firm's past performance, future potential, and the overall market dynamics. Once the operational framework is understood, analysts should study the external environment, focusing on key drivers such as industry trends, regulatory influences, and competitive forces, which shape the firm's strategic direction.

Following this, the next phase involves forecasting the company's future performance. This step is inherently subjective and requires careful consideration of the firm's historical data and market outlook. Accurate financial modelling hinges on reliable assumptions regarding revenue growth, profit margins, and capital expenditures. However, as Damodaran (2012) notes, the reliance on assumptions introduces the risk of biases, which can significantly impact valuation accuracy. Analysts must remain objective and base their projections on a blend of empirical data and informed judgment.

Fernandez (2015) highlights that the most common errors in valuation are from mismatched assumptions with the macroeconomic or competitive landscape. These inconsistencies can undermine the credibility of the valuation process. After gathering sufficient information and crafting realistic projections, the final step involves selecting an appropriate valuation method tailored to the firm's characteristics and the purpose of the analysis.

Based on Damodaran's classification (2006), valuation methods can be categorized into three primary approaches:

1. Intrinsic Valuation, exemplified by Discounted Cash Flow (DCF) methods.
2. Adjusted Valuation, such as the Adjusted Present Value (APV) approach.
3. Relative Valuation, which relies on market-based multiples.

2.1. Discounted Cash Flow

The Discounted Cash Flow (DCF) method is one of the most widely used approaches to business valuation. It relies on projecting future cash flows and discounting them to their present value, offering a comprehensive assessment of a company's intrinsic worth. Since this method requires a deep understanding of financial dynamics and value drivers, it serves as a foundation for various valuation techniques.

DCF valuation is based on estimating future cash flows and adjusting them for risk. By discounting these projections, the method accounts for the time value of money, ensuring that expected earnings are reflected in today's terms. This approach provides a more precise measure of a company's financial standing and helps investors make well-informed decisions.

$$\text{Equation 1) } V = \frac{CF_1}{1+r} + \frac{CF_2}{(1+r)^2} + \frac{CF_3}{(1+r)^3} + \dots + \frac{TV_n}{(1+r)^n}$$

Where:

CF_i : Cash flow generated in year i

TV : Terminal Value

r : Discount rate

There are three main variations of the DCF methodology, each suited to different valuation perspectives. The first evaluates the company by analysing cash flows available to both equity and debt holders. This framework, known as Free Cash Flow to the Firm (FCFF), is commonly used in enterprise valuation, particularly when a company's capital structure is expected to change.

The second approach focuses on cash flows available exclusively to equity holders after deducting financial obligations such as interest and debt repayments. Referred to as Free Cash Flow to Equity (FCFE), it provides a direct estimate of shareholder value and is useful for assessing a company's stock price.

A third variation, the Adjusted Present Value (APV) method, separately evaluates a company's operational performance and financial structure. Unlike traditional DCF models, which integrate debt financing effects into the discount rate, APV first values the business on

a standalone basis and then adjusts for financing-related benefits like tax shields. This method is particularly effective for firms undergoing significant leverage changes.

Each of these valuation approaches offers a distinct perspective on a company's financial health. Selecting the most appropriate method depends on the specific characteristics of the business being analysed and the investor's valuation objectives.

FCFF and FCFE

To evaluate a company's ability to generate cash flow consistently from its core operations, one can analyse the cash flows from operations and deduct capital expenditures. This calculation provides a clear picture of the firm's capacity to maintain and grow its business using internally generated funds.

Understanding the distribution of cash flows among different stakeholders is essential when valuing a company. A firm's cash flow is accessible to various claim holders, including stockholders, bondholders, and preferred shareholders. To measure the total value of the business, analysts use Free Cash Flow to the Firm (FCFF), which represents the cash flow available to all capital providers and is used to determine Enterprise Value.

Alternatively, Free Cash Flow to Equity (FCFE) provides a more precise estimate of the cash flow exclusively available to equity holders. While similar to general free cash flow, FCFE accounts for debt repayments, making it a more direct measure of the funds that can be distributed to shareholders. This metric plays a key role in determining a company's Equity Value.

When applied correctly, FCFF and FCFE should theoretically yield the same valuation results, provided the underlying assumptions remain consistent. These two approaches offer complementary perspectives, helping investors assess a company's worth from both an enterprise and an equity standpoint.

Discounted FCFF at WACC

One of the most effective ways to estimate Free Cash Flow to the Firm (FCFF) is by computing the cash flows the company generates before making payments to lenders and preferred shareholders. This is achieved by adjusting operating earnings for taxes, non-cash expenses, capital expenditures, and changes in working capital requirements. The formula is expressed as:

$$\text{Equation 2) } FCFF = EBIT * (1 - Tax\ rate) + D\&A - Capex - \Delta NWC$$

Unlike net income, FCFF does not account for the tax benefits derived from interest payments. The reason for this is that the impact of debt financing, including tax shields and the associated risks, is already reflected in the Weighted Average Cost of Capital (WACC), which serves as the discount rate for these cash flows.

When a company reaches a mature growth phase after a certain number of years, its enterprise value is calculated by discounting all projected FCFF values and the terminal value to the present, using the following equation:

$$\text{Equation 3) } Enterprise\ Value = \sum_{t=1}^n \frac{FCFF_t}{(1+WACC)^t} + \frac{TV_n}{(1+WACC)^n}$$

Where:

$FCFF_t$: Free Cash Flow to the Firm at time t

$WACC$: Weighted Average Cost of Capital

TV : Terminal value of the Company in perpetuity

Discounted FCFE at Cost of Equity

A practical way to calculate Free Cash Flow to Equity (FCFE) is by determining the cash flows available exclusively to shareholders after accounting for necessary reinvestments and financial obligations. FCFE is derived from net income, adjusted for non-cash expenses, capital expenditures, changes in working capital, and net borrowing activities. The formula is as follows:

$$\text{Equation 4) } FCFE = \text{Net Income} + D\&A - \text{CapEx} - \Delta NWC$$

Unlike Free Cash Flow to the Firm (FCFF), FCFE explicitly considers the impact of the company's financing structure by incorporating changes in debt levels. Since FCFE represents the cash flows that belong solely to equity holders, it is discounted using the cost of equity to determine the company's equity value.

As FCFE projections extend over time, they are discounted back to the present using the cost of equity, ensuring that future cash flows are reflected in today's terms. Once the firm is expected to reach a stable growth phase, the equity value is computed as follows:

$$\text{Equation 5) } \text{Equity Value} = \sum_{t=1}^n \frac{FCFE_t}{(1+r_e)^t} + \frac{TV_n}{(1+r_e)^n}$$

Where:

$FCFE_t$: Free Cash Flow to Equity at time t

r_e : Cost of Equity

TV : Terminal value of the Company in perpetuity

Terminal Value

Terminal value is a key component in valuation models, representing the value of a company beyond the explicit forecast period. Since businesses are typically assumed to operate indefinitely, terminal value captures the long-term financial prospects that are otherwise difficult to project. It is commonly estimated using the perpetuity growth model, which assumes a stable long-term growth rate. The accuracy of terminal value calculations is crucial, as it often constitutes the largest portion of a firm's overall valuation. Misjudging growth assumptions or discount rates can significantly impact valuation outcomes, making a careful selection of inputs essential (Brealey, Myers, & Allen, 2006).

$$\text{Equation 6) } \textit{Terminal Value} = \frac{FCF_N * (1+g)}{r - g}$$

FCF_N : Last Free Cash Flow forecasted

g : Perpetual rate

r : Discount rate

WACC

The weighted average cost of capital is a key financial metric that represents the required return a company must earn to compensate both its equity and debt investors. It is widely used in valuation models as a discount rate for future cash flows, ensuring that investment decisions align with the firm's cost of financing. WACC is calculated by combining the cost of equity and the after-tax cost of debt in proportion to the company's capital structure. Given that it reflects market conditions and company-specific risk factors, small changes in interest rates, tax rates, or equity risk premiums can significantly affect valuation results. As a fundamental concept in corporate finance, an accurate estimation of WACC is essential for investment analysis and capital budgeting decisions (Fernandez, 2007).

$$\text{Equation 7) } WACC = \sum_{t=1}^n \frac{E}{E+D} * r_e + \frac{D}{E+D} * r_d * (1 - T)$$

Where:

E : Market value of Equity

D : Market value of Debt

r_e : Cost of Equity

r_d : Cost of Debt

T : Corporate Tax Rate

Cost of Equity

The cost of equity represents the return that shareholders require for investing in a company's stock, reflecting the level of risk associated with the firm's equity. It is a fundamental component in valuation and capital allocation, as it determines the rate at which future cash flows are discounted. The most widely used approach for estimating the cost of equity is the capital asset pricing model, which incorporates the risk-free rate, the market risk premium, and the company's systematic risk, measured by beta. Since it is influenced by market conditions and investor sentiment, the cost of equity can fluctuate due to changes in interest rates, macroeconomic trends, and company performance. A precise estimation is crucial, as it impacts both the weighted average cost of capital and the valuation of a firm's financial assets (Damodaran, 2012).

$$\text{Equation 8) } r_e = r_f + \beta * MRP$$

Where:

r_e : Cost of Equity

r_f : Risk free rate

β : Beta of the stock

MRP : Market Risk Premium

Beta

Beta quantifies a stock's exposure to market risk, measuring its volatility relative to a broad market index. As a key input in the capital asset pricing model, it helps determine the cost of equity by reflecting the systematic risk investors face. A beta greater than one indicates higher sensitivity to market fluctuations, while a beta below one suggests lower risk. Since beta is influenced by industry factors, financial leverage, and market conditions, selecting an appropriate value is crucial for accurate valuation and investment analysis (Roll, 1977).

$$\text{Equation 9) } \beta = \frac{\text{Cov}(\text{Stock returns}, \text{Market Returns})}{\text{Var}(\text{Market Returns})}$$

Risk-free rate

The risk-free rate is the return on an investment with no default risk, typically derived from government bonds in stable economies. It is a key input in asset pricing models, influencing the cost of equity and the weighted average cost of capital. As it reflects macroeconomic conditions, it fluctuates with monetary policy, inflation, and market risk perception. Accurate estimation is crucial, as small changes can significantly impact valuations and investment decisions (Brealey, Myers, & Allen, 2011).

Market Risk Premium

The market risk premium represents the additional return investors require for holding a diversified portfolio of equities over a risk-free asset. It reflects the compensation for taking on market risk and is a key input in the capital asset pricing model to determine the cost of equity. The market risk premium is influenced by economic conditions, investor sentiment, and historical market performance, making its estimation subject to variation over time. An accurate assessment is essential, as it directly impacts valuation models and investment decisions (Ibbotson & Chen, 2003).

2.2. Adjusted Present Value (APV)

The Adjusted Present Value (APV) approach has been gaining recognition among business executives due to its ability to provide a clearer breakdown of how an asset's value is derived. Unlike traditional valuation methods that incorporate financing effects into the discount rate, APV evaluates each component of value separately. This allows for a more transparent assessment of how different factors, particularly financing decisions, contribute to a company's overall worth.

One of the key advantages of APV is that it isolates the impact of debt, enabling each component to be discounted at a rate that accurately reflects its risk. By distinguishing between the core value of the business and the effects of financial structure, this method provides a more precise valuation.

The APV model is implemented by first estimating the company's value under the assumption that it is entirely equity-financed. Once this base valuation is determined, the effects of debt are introduced, including both the benefits, such as tax shields, and the associated risks, such as potential bankruptcy costs.

$$\text{Equation 10) Value of Levered Firm} = PV(\text{Unlevered Firm}) + PV(ITS) + BC$$

Where:

PV : Present Value

ITS : Interest Tax Shield

BC: Expected Bankruptcy Costs

The valuation of an unlevered firm is determined by discounting its free cash flows using the unlevered cost of equity. Unlike the Weighted Average Cost of Capital (WACC) method, where the effects of leverage are incorporated into the cost of capital, the Adjusted Present Value (APV) approach separates these effects. In APV, the benefits of debt, such as tax shields, are discounted at the cost of debt rather than being embedded in the overall discount rate. This reflects the specific risk associated with the cash flows generated by financing decisions, allowing for a more detailed breakdown of their impact on valuation.

Equation 11) $PV(ITS) = \frac{T * D * r_d}{(1 + r_d)^t}$

Where:

T : Tax Rate

D : Debt

r_d : Cost of Debt

However, increased reliance on debt also introduces additional risks that must be considered when valuing a company. These risks primarily stem from the probability of default and the potential costs of bankruptcy. While the APV model effectively isolates these factors, a key challenge is that they cannot be directly observed and must instead be estimated based on reasonable assumptions.

Equation 12) *Expected Bankruptcy Costs = Prob.of Default * Bankruptcy Costs*

2.3. Relative Valuation

Relative valuation is a widely used approach in financial analysis that estimates a company's value by comparing it to similar firms within the same industry. Unlike intrinsic valuation methods, which focus on a firm's ability to generate future cash flows, relative valuation is based on how the market values comparable businesses. This method is particularly useful for investors and analysts as it provides a quick and straightforward way to assess whether a company is priced relative to its peers.

The core of this approach lies in the use of financial multiples, which allow for standardized comparisons across firms. These multiples can be classified into two main categories: price-based multiples and enterprise multiples. Price-based multiples, such as the price-to-earnings (P/E) and price-to-book (P/B) ratios, evaluate a company's stock price relative to its earnings or assets. Enterprise multiples, such as the enterprise value-to-EBITDA (EV/EBITDA) ratio, assess a firm's total value in relation to its operating performance. These metrics help analysts determine whether a company is undervalued or overvalued in comparison to its competitors.

One of the key advantages of relative valuation is its practicality. It requires fewer assumptions than discounted cash flow models, making it a faster method to estimate a firm's value. Additionally, because it reflects market sentiment, it incorporates real-time investor perceptions and industry trends. However, this reliance on market pricing also introduces potential weaknesses. If the overall market is mispriced due to speculation, economic cycles, or irrational investor behaviour, relative valuation may lead to misleading conclusions. For this reason, it is often recommended that relative valuation be used alongside intrinsic valuation techniques to provide a more balanced and comprehensive assessment of a company's true worth.

2.4. Adopted Valuation Approaches

This valuation follows two key approaches: the discounted cash flow model and relative valuation using market multiples. The discounted cash flow method provides an intrinsic valuation based on Campari's projected financial performance, while the relative valuation assesses the company's market positioning against its industry peers.

For the discounted cash flow approach, we opted for the free cash flow to equity (FCFE) model, discounting by the cost of equity rather than the free cash flow to the firm (FCFF) discounted by the weighted average cost of capital (WACC). This choice aligns with the objective of valuing Campari's equity directly, since FCFE accounts for the actual cash flows available to shareholders after debt-related obligations. Additionally, the spirits industry is not highly capital-intensive, meaning that leverage fluctuations are less critical compared to industries with significant debt financing. By using the cost of equity as the discount rate, the valuation reflects the required return for equity investors, ensuring consistency with the approach of directly estimating Campari's stock value.

To complement the intrinsic valuation, a market-based relative valuation was conducted using EV/EBITDA, EV/Sales, and P/E multiples. EV/EBITDA was selected as it evaluates Campari's operating profitability while neutralizing differences in capital structure and tax environments, making it a preferred metric for industry comparisons. EV/Sales was included to assess the company's ability to generate revenue relative to its enterprise value, a key consideration in the premium spirits sector, where brand strength and pricing power drive growth. P/E was used to measure valuation in relation to earnings, focusing on the profitability available to shareholders. Since Campari operates within a high-margin industry with strong brand positioning, earnings-based valuation plays an essential role in determining whether the market accurately prices its future profitability potential.

By combining these two approaches, the valuation ensures a balanced assessment of Campari's financial standing. The discounted cash flow model provides a forward-looking perspective based on internal financial projections, while the relative valuation benchmarks the company's market pricing against comparable firms.

3. Company Overview

3.1. Company's Activity

Campari Group is a major player in the global branded spirits industry and was founded in 1860 in Milan. With a portfolio of more than 50 premium and super-premium brands and with leadership positions in Europe and the Americas, Campari Group had sales of EUR 3.070 M in 2024, being the sixth-largest player worldwide in the global premium spirits industry. Campari Group, headquartered in Sesto San Giovanni (Milan), Italy, operates 22 production facilities and employs approximately 5.100 people globally, distributing its brands across 190 markets through 26 in-market companies.

Campari Group's portfolio is anchored by its global priority brands, including Aperol, Campari, Espolòn, Wild Turkey, SKYY, Grand Marnier, Jamaican Rums and Courvoisier, which drive its international presence and represent its most strategic and iconic offerings.

Aperol, created in 1919 by Silvio and Luigi Barbieri in Padova, joined Campari Group in 2003 through the Barbero 1891 S.p.A. acquisition. Since then, it has grown over tenfold, driven by its versatile appeal and strong marketing. Key markets include Italy, Germany, the U.S., France, and the U.K. Aperol, contributed 24,0% to Campari Group's portfolio in 2024, generating EUR 740,9 M in revenue. It achieved a total growth of 5.3% year-on-year, primarily driven by strong organic growth of 5.1%, supported by continued global demand for Aperol Spritz.

Campari, the iconic Italian red spirit embodying "Red Passion," has been a symbol of excellence since 1860. Known for its vibrant red colour and versatile taste, it is the key ingredient in classic cocktails like the Negroni and Americano. Sold in over 190 countries, the brand leverages growing consumer interest in bitters and classic cocktails for global expansion. Key markets include Italy, the U.S., Brazil, Jamaica, and Germany. Campari accounted for 10,9% of the Campari Group's portfolio in 2024, generating EUR 337,4 M in sales. It achieved a total growth of 9.0% year-on-year, primarily driven by an impressive organic growth rate of 8.8%.

Espolòn, crafted at the San Nicolas distillery in Los Altos, Jalisco, was founded in 1998 by Maestro Cirilo Oropeza with the vision of combining artisanal Mexican tradition with modern production technologies. Acquired by the Campari Group in 2008, Espolòn has been re-launched as a super-premium tequila brand. The United States and Mexico remain its core markets, with ongoing expansion into international markets such as Australia, Canada, and

Italy. Espolòn contributed 8,6% to Campari Group's portfolio in 2024, generating EUR 264,6 M in sales. It achieved a total growth of 13.5% year-on-year, fuelled by exceptional organic growth of 13.7%, making it the fastest-growing brand in the portfolio.

Wild Turkey, an authentic Kentucky Straight Bourbon Whiskey since 1855, was acquired by Campari Group in 2009. Under Master Distiller Jimmy Russell's guidance, it has achieved significant growth. Campari focuses on improving the brand with premium extensions and limited editions. Key markets include the U.S., Australia, South Korea, Japan, and Canada. The Wild Turkey portfolio contributed 7,0% to Campari Group's portfolio in 2024, generating EUR 215,7 M in sales. It recorded a decline of 4.9% year-on-year, impacted by a 4.2% drop in organic sales.

Jamaican rums portfolio, acquired in 2012, features iconic brands like Appleton Estate and Wray & Nephew Overproof, renowned for their rich flavours and mixology versatility. With a focus on premium innovation, the portfolio has seen strong growth in Jamaica and key international markets, including the U.S., U.K., Canada, and Mexico. The Jamaican Rums portfolio accounted for 4,7%, with sales of EUR 147.1 M, experiencing a sales decline of 6.0% year-on-year, mainly due to a 5.2% drop in organic growth.

Grand Marnier, created in 1880, is an iconic blend of French cognac and exotic orange essence, renowned for its timeless bottle and rich heritage. Acquired by Campari Group in 2016, it has been revitalized with updated packaging, a focus on mixology (notably the Grand Margarita), and premium offerings like Cuvée du Centenaire. Key markets include the U.S., Canada, France, Global Travel Retail, and Mexico. Grand Marnier represented 4,7% of the portfolio, generating EUR 144.7 M. It recorded a modest growth of 1.1% year-on-year, supported by 1.3% organic growth, but was significantly impacted by a 10.6% decline in the fourth quarter.

SKYY Vodka, created in San Francisco in 1992, revolutionized vodka with its quadruple-distillation and triple-filtration process. Recently, it enhanced its recipe with Pacific minerals for a fresher taste. Known for its iconic cobalt-blue bottle, SKYY was acquired by Campari Group in 2001. While the U.S. remains its largest market, key growth markets include Argentina, Germany, China, and South Africa. SKYY contributed 4,1%, with EUR 127,3 M in sales, achieving a total growth of 2.3%, though organic sales declined by 8.5%, highlighting persistent challenges in the vodka category.

Courvoisier was incorporated into Campari Group’s global priority brands in May 2024, following its strategic acquisition. This milestone represents an important step in Campari’s efforts to premiumize its portfolio and expand its global footprint in the aged spirits category. Founded in 1828 by Félix Courvoisier in Jarnac, France, the brand is celebrated as the youngest and most awarded of the ‘big four’ historical cognac houses. Its prestigious legacy includes being the Official Supplier to the House of the Emperor by Napoléon III, serving royal courts across Europe, and being the drink of choice for iconic celebrations during the Belle Époque. Courvoisier’s core markets are the United States and the United Kingdom, with a growing presence in China and other regions across Asia-Pacific. Courvoisier generated EUR 72.5 M in sales, accounting for 2,3% of Campari Group’s portfolio. The integration is progressing in line with expectations, with the strengthening of sales capabilities underway in key focus markets such as the United States, the United Kingdom, and China.

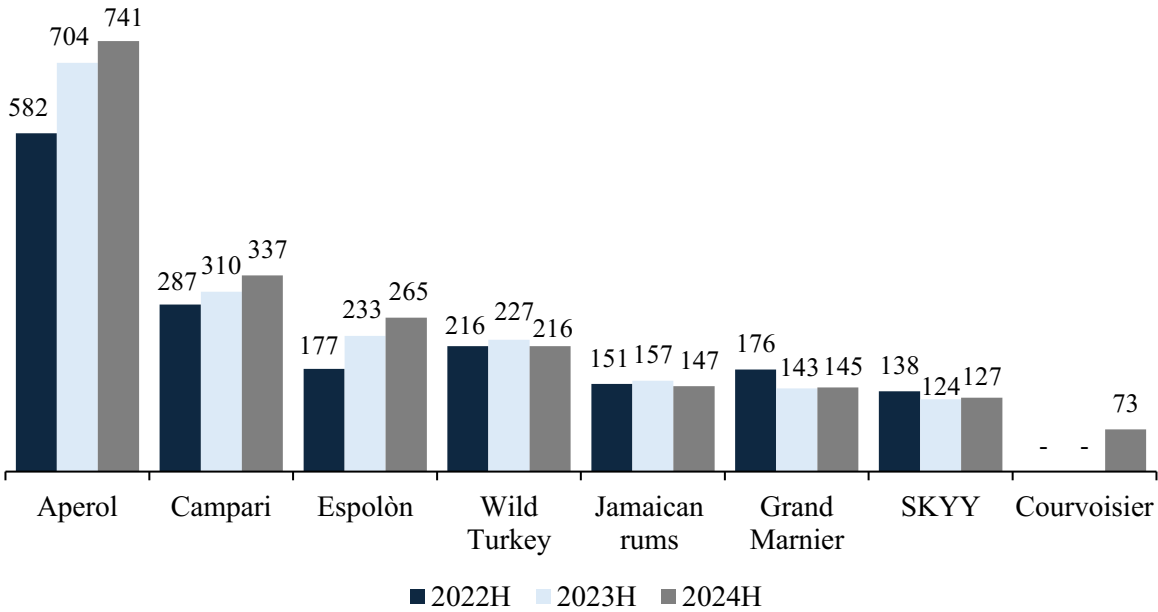


Exhibit-1: Revenue (EUR M) of Global Priority Brands, 2022-2024. Campari AR

3.2. Stock Price – Performance

Davide Campari-Milano N.V., trading under the ticker "CPR.MI", is listed on the Euronext Milan stock exchange. The company has a strong presence in the global spirits industry, ranking

among the leading premium spirits producers. As of the latest financial report, Campari had a market capitalization of approximately €7.410 M, with a stock price of €6,02 per share.

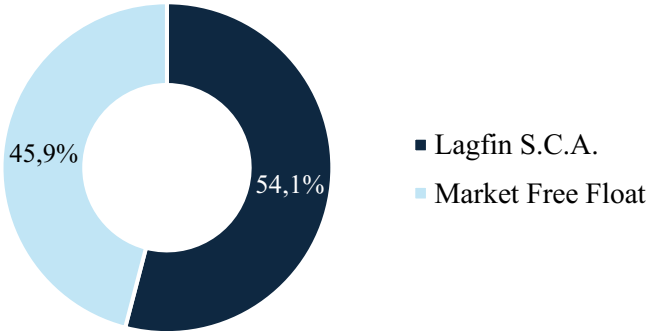


Exhibit-2: Campari Group’s Shareholder’s Structure, 2024. Campari AR

As of 31 December 2024, Davide Campari-Milano N.V. had a total of 1.896.986.080 issued shares, comprising 1.231.267.738 ordinary shares and 665.718.342 special voting shares (A & B). The company's ownership structure is dominated by Lagfin S.C.A., which holds approximately 637,2 million ordinary shares, equivalent to 51,7% of the ordinary share capital, granting it 82,6% of total voting rights due to the special voting shares structure.

Additionally, Campari holds approximately 28.8 million treasury shares, accounting for 2,3% of the ordinary share capital. The free float, which represents shares available for public trading, amounts to approximately 565,6 million ordinary shares, equating to 45,9% of the total issued share capital.

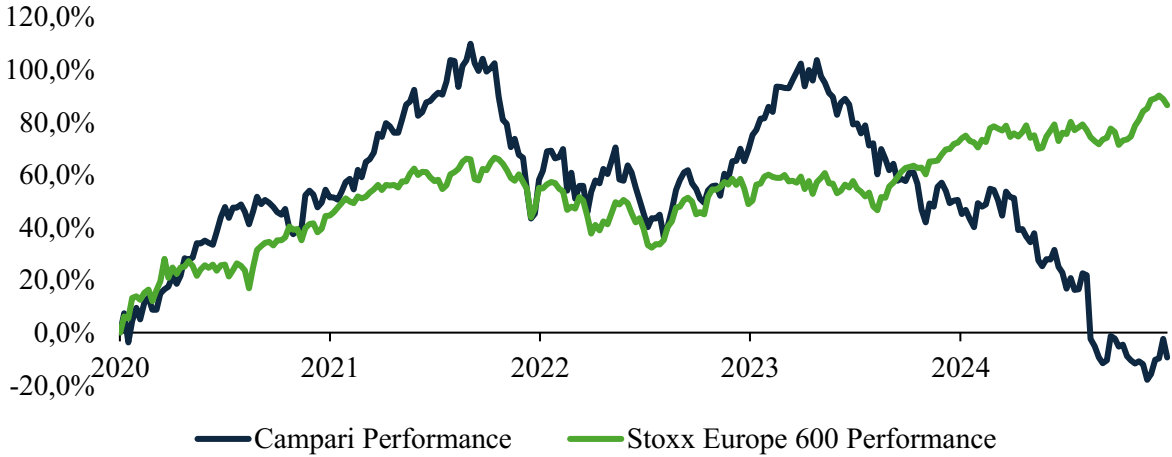


Exhibit-3: Campari’s Comparative Performance (Weekly Data), 2020-2025. R. Eikon

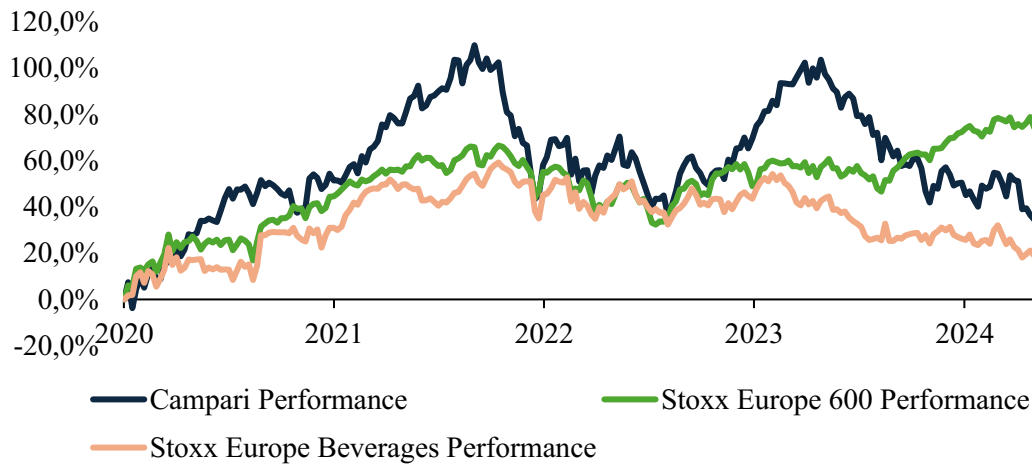


Exhibit-4: Campari's Comparative Performance (Weekly Data), 2020-2025. R. Eikon

Over the past five years, Campari's stock has experienced both strong growth and sharp declines, driven by macroeconomic trends, industry shifts, and company strategies. In 2020, despite the pandemic, the stock rose 14,7%, benefiting from strong off-premise sales. This momentum continued in 2021, with a 37,6% increase, fuelled by the reopening of bars and restaurants and strong demand for premium brands like Aperol and Campari. However, in 2022, rising inflation and supply chain challenges led to a 26,2% decline, as higher costs weighed on margins. In 2023, the stock saw modest growth of 7,7%, though it underperformed market benchmarks. The most significant drop came in 2024, when Campari's stock plummeted 41,1% due to industry-wide destocking, weak weather-driven sales, and foreign exchange headwinds.

3.3. Company's Strategy

Campari Group is undergoing a strategic transformation, leveraging its strong brand heritage while adapting to evolving market conditions. The company's long-term growth strategy is built on premiumization, geographic expansion, operational efficiency, and disciplined cost management, ensuring sustainable value creation. Recent initiatives reflect a balanced approach to expansion, prioritizing high-growth categories and markets while optimizing operations to ensure scalability and sustained margin improvements.

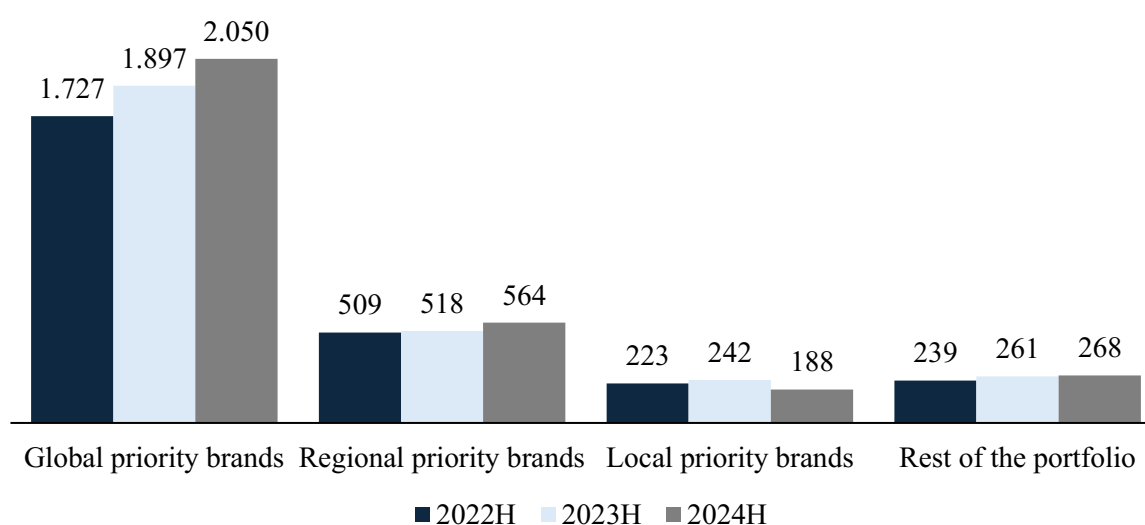


Exhibit-5: Net Sales (EUR M) per Brand segment, 2022-2024. Campari AR

Premiumization remains a fundamental pillar of Campari's strategy, with continued investments in high-margin, super-premium, and luxury spirits. The company has strengthened its brand portfolio by focusing on key flagship brands, including Aperol, Campari, Espolòn, Wild Turkey, and Grand Marnier, reinforcing their positioning within the premium segment. Strategic acquisitions such as Courvoisier Cognac further enhance Campari's "RARE" portfolio strategy, bolstering its presence in the super-premium and luxury spirits category. Through innovative marketing campaigns, digital consumer engagement, and exclusive product launches, Campari is capitalizing on the rising global demand for high-end spirits, particularly in mature Western markets and select emerging economies.

As part of its strategic transformation, Campari has implemented a **Portfolio Streamlining** initiative aimed at optimizing its brand portfolio through the disposal of non-core brands. This

strategy allows the company to enhance its commercial focus on core priority accelerator brands, ensuring resources are allocated to the most impactful and high-growth segments. The streamlining efforts also play a critical role in supporting margins by redirecting efficiencies into investments that drive brand equity and operational effectiveness.

A key component of this initiative is the **House of Brands model**, which segments Campari’s portfolio into distinct categories to improve strategic oversight and category-specific investments. This structure accelerates the growth of priority brands while creating a more efficient and focused brand ecosystem. The initiative aims to free up resources that can be reallocated to strengthen core brand positioning and long-term profitability. While no further updates on the timeline have been provided, the optimization of potential proceeds remains a key consideration in the execution of this strategy.

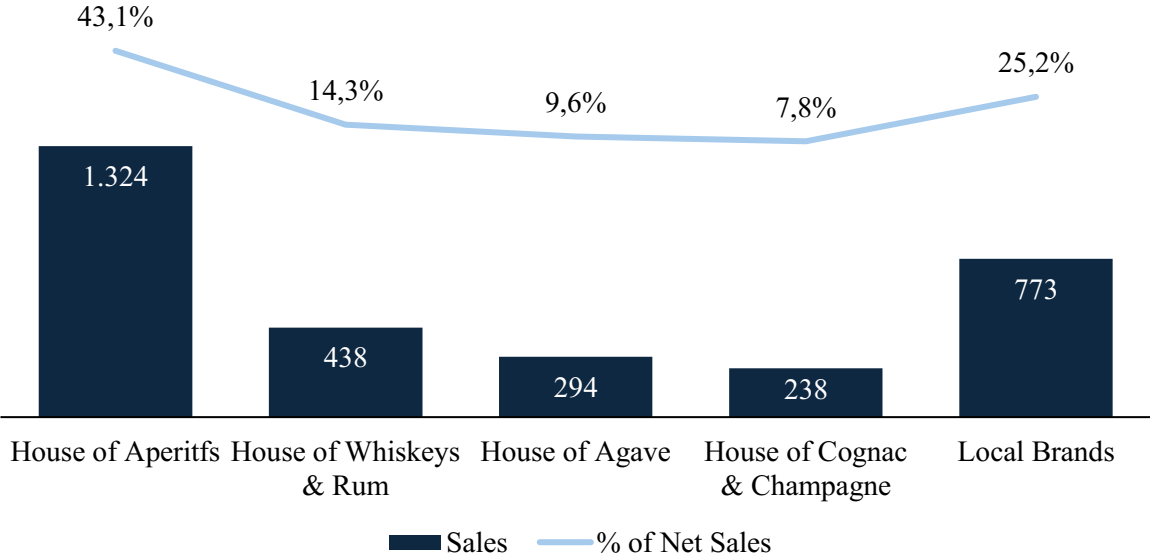


Exhibit-6: Net Sales (EUR M) per House of Brand, 2024. Campari AR

To enhance operational efficiency and drive long-term profitability, Campari has introduced a **Cost Containment Program** focused on streamlining its cost structure and reinforcing financial discipline. This initiative leverages operating model reorganization, delayering, and portfolio streamlining, alongside investments in tech infrastructure and next generation planning processes to create a more agile and cost-effective organization. The program is designed to generate a 200-bps overall benefit on SG&A as a percentage of net sales by 2027, ensuring progressive operating leverage and sustained margin accretion. Key actions within the program include the implementation of the House of Brands model, a review of global and

regional structures, optimization of remuneration policies, and an assessment of non-people-related costs.

Geographic expansion remains a key element of the company's long-term strategy, with a selective investment focus in priority markets. The United States continues to serve as Campari's largest and most profitable market, driven by strong demand for aperitifs, bourbon, and tequila. The Asia-Pacific region, despite recent macroeconomic challenges in China and India, presents significant opportunities, particularly in Japan, which remains a key focus for growth. In Europe, Campari is expanding its footprint in Global Travel Retail, Greece, and Spain, capitalizing on increasing consumer demand for aperitifs and premium spirits. While Asia-Pacific has experienced mixed results, Campari remains committed to long-term expansion, adjusting its strategy to align with shifting economic conditions and evolving consumer behaviours. The company is balancing short-term challenges with strategic market investments, ensuring sustained penetration into high-growth regions.

Revenue Growth Management (RGM) plays an increasingly significant role in Campari's strategy, allowing the company to refine pricing strategies and optimize promotional investments while ensuring volume growth translates into sustainable margin expansion. The implementation of a more sophisticated RGM framework enables dynamic pricing adjustments based on inflationary trends and market conditions, while strategic promotional planning maximizes the efficiency of marketing expenditures. Campari's ability to maintain pricing discipline across diverse markets strengthens its profitability, ensuring that growth is not solely volume-driven but also margin-protective.

To support its long-term expansion goals, Campari continues to invest in supply chain resilience and sustainability, particularly in high-growth product categories such as tequila, bourbon, and cognac. The company has placed a strong emphasis on long-term agave sourcing strategies to secure stability in tequila production, digital transformation in supply chain operations to enhance logistics efficiency, and sustainability initiatives aimed at reducing carbon emissions, increasing renewable energy usage, and improving resource efficiency. By integrating operational resilience with sustainability commitments, Campari is future-proofing its business model while reinforcing its reputation as a leader in responsible production and corporate environmental responsibility.

4. Industry Overview

4.1. Key Industry Drivers

Premiumization continues to redefine the global spirits industry, driven by shifting consumer preferences toward high-quality and luxury products. Consumers, particularly millennials and Gen Z, are prioritizing craftsmanship, heritage, and unique stories over commoditized offerings. According to a report by Grand View Research, the global premium spirits market is expected to reach USD 408,7 B in 2030, growing at a compound annual growth rate (CAGR) of 9.7% from 2024 to 2030. This trend is especially evident in categories like super-premium tequila, bourbon, cognac, and aged rums, which are witnessing double-digit growth in key markets such as the U.S. and Asia-Pacific. The demand for premium and super-premium spirits is further fuelled by the "affordable luxury" mindset, where consumers prefer high-quality spirits without breaking the bank. In mature markets, such as Europe and North America, this trend is coupled with the rise of experiential consumption, as consumers seek elevated drinking experiences tied to lifestyle, culture, and social status.

Davide Campari has fully embraced premiumization, focusing on iconic brands such as Aperol, Campari, Wild Turkey, and Espolòn Tequila to meet consumer demand for high-quality, authentic spirits. Through its "RARE" portfolio strategy, the company emphasizes limited-edition and super-premium offerings, including premium expressions of Wild Turkey and Appleton Estate. The acquisition of Courvoisier Cognac has further boosted Campari's presence in the luxury spirits category, particularly in the U.S. and Asia-Pacific markets. Innovative campaigns like Negroni Week and targeted marketing efforts continue to elevate Campari's position as a leader in premium and super-premium spirits.

The **health and wellness** movement are significantly reshaping the beverage industry, with consumers increasingly seeking products that align with healthier lifestyle choices. This shift has led to a surge in **demand for low-alcohol and non-alcoholic beverages**, propelled by the "sober-curious" movement and a heightened awareness of the health impacts of excessive alcohol consumption. Notably, younger demographics are moderating their alcohol intake without compromising their social experiences. The global non-alcoholic spirits market exemplifies this trend, with a valuation of approximately USD 385,4 M in 2023 and an anticipated compound annual growth rate (CAGR) of 8.7% from 2024 to 2030, according to a Grand View Research report. Additionally, functional beverages infused with botanicals,

adaptogens, and low-sugar alternatives are gaining popularity, as consumers seek drinks that are both healthier and sophisticated.

In response to these evolving consumer preferences, Campari has diversified its portfolio to include non-alcoholic and low-alcohol options. The company's flagship non-alcoholic brand, Crodino, has successfully attracted health-conscious consumers seeking premium alternatives in social settings. Building on this success, Campari is exploring the development of non-alcoholic versions of iconic brands like Aperol and Campari to meet the growing demand in markets such as Europe and North America. Furthermore, Campari has positioned its low-ABV offerings, such as the Aperol Spritz, as lighter, refreshing choices for mindful drinkers. By emphasizing wellness without sacrificing flavour or sophistication, Campari continues to resonate with a younger, health-conscious audience while maintaining its premium brand image.

The COVID-19 pandemic initiated a significant shift toward **home mixology** and the **utilization of digital channels** for purchasing spirits, trends that have continued to evolve. In 2023, the global alcohol e-commerce market was valued at approximately USD 56,7 B and is projected to grow at a compound annual growth rate (CAGR) of 15,9%, reaching USD 120,6 B by 2028, as reported by Business Research Company. This growth is particularly notable in the United States, where alcohol e-commerce revenues reached nearly USD 23,5 billion in 2023, according to Statista. At the same time, the home mixology trend has gained momentum, with consumers investing in premium spirits and ingredients to recreate bar-quality experiences at home.

Considering these evolving consumer behaviours, Davide Campari-Milano N.V. has strategically enhanced its digital presence to engage consumers and drive sales. The company has partnered with leading e-commerce platforms to ensure its premium products are readily accessible online. Additionally, Campari has invested in its own direct-to-consumer channels, offering curated cocktail kits and virtual mixology classes to contribute to the home mixology trend. By leveraging data-driven marketing strategies, Campari delivers personalized content and product recommendations, effectively deepening customer engagement and loyalty. These initiatives have enabled Campari to maintain brand relevance and capitalize on the growing consumer demand for online alcohol purchases, reinforcing its position in both the digital and physical marketplaces.

5. Campari Group – Valuation

5.1. DCF Valuation

In this section, Campari Group's historical financial performance is analysed followed by a discussion of the financial drivers considered pertinent for the company's valuation. It is estimated that Campari Group reaches its steady-state stage by 2029. This assumption is since this is a previously well-established company that is part of an industry in a mature state of its lifecycle. Most recent events presented a setback that led Campari Group to announce further investment in more stable brands which are expected to perform in accordance with the equation market estimates. Furthermore, new CEO Simon Hunt announced plans to focus on reducing debt. After the 6-year explicit period, the growth rate of sales is expected to stabilize as the company is anticipated to consolidate its market share in the industry. Apart from achieving long-term sales growth, at the end of the explicit period, the company reaches a constant capital structure and CAPEX level converging towards depreciation.

5.1.1. Sales Analysis

5.1.1.1. Historical Sales Analysis

The period comprised between 2022 and 2024 was selected as historical. Starting in 2024, Campari Group reorganized its regional clusters to enhance efficiency and align strategies with market dynamics. The previous structure, divided into Americas, SEMEA (Southern Europe, Middle East, and Africa), NCEE (Northern, Central, and Eastern Europe), and APAC (Asia-Pacific), was streamlined into three main business units: Americas, EMEA (Europe, Middle East, and Africa), and APAC (Asia-Pacific). The new structure aims to strengthen leadership across Europe and neighbouring regions while optimizing resource allocation.

In 2024, the Americas region, contributing EUR 1.389 M (45,2% of total sales), remained the largest driver of performance, led by tequila, bourbon, and aperitifs in the U.S., Brazil, and Canada. The new EMEA cluster emerged as the largest region by revenue, generating EUR 1.465 M (47,7% of net sales), driven by Aperol, Campari, and sparkling wines in Italy, Germany, France, and the U.K. Meanwhile, APAC accounted for EUR 217 M (7,1% of sales), fuelled by premiumization and expansion in Australia, China, and Japan. This new structure better reflects the Group’s evolving strategy and sets a strong foundation for future growth. Compared to peers with greater diversification in Asia, Campari's exposure to this high-growth region is underdeveloped. This gap presents a compelling opportunity to accelerate expansion in Asia-Pacific, leveraging the growing consumer base and premiumization trends in spirits.

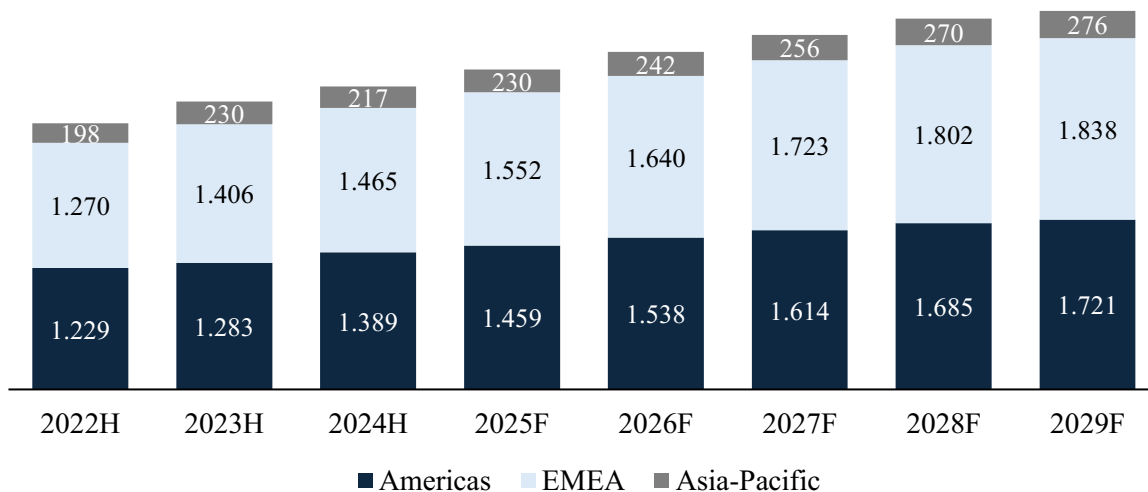


Exhibit-7: Net Sales (EUR M) per Business Area, 2022-2029

The **Asia-Pacific** region reported a total decline of -5,9%, facing challenges in several key markets. Australia, which represents 3,8% of total Group sales, declined by -6,0%, impacted by softening demand despite Q4 growth of +2,1%, supported by aperitifs and a renewed on-premise strategy. Espolòn continued to show strong growth, particularly in bottled formats and RTD innovations. The rest of the region recorded a total decline of -5,8%, with Japan seeing weaker results due to underperformance in RTD innovations and Wild Turkey bottle sales. However, China and India posted a Q4 recovery (+7,1%), supported by expanded distribution and route-to-market investments. Despite the negative full-year results, Campari Group remains committed to long-term growth in the Asia-Pacific market, underscored by its newly established operating company in Singapore, aimed at strengthening its presence and future expansion. The company is expected to leverage China, India, and Japan as key growth drivers while further reinforcing its position in Australia’s premium spirits market.

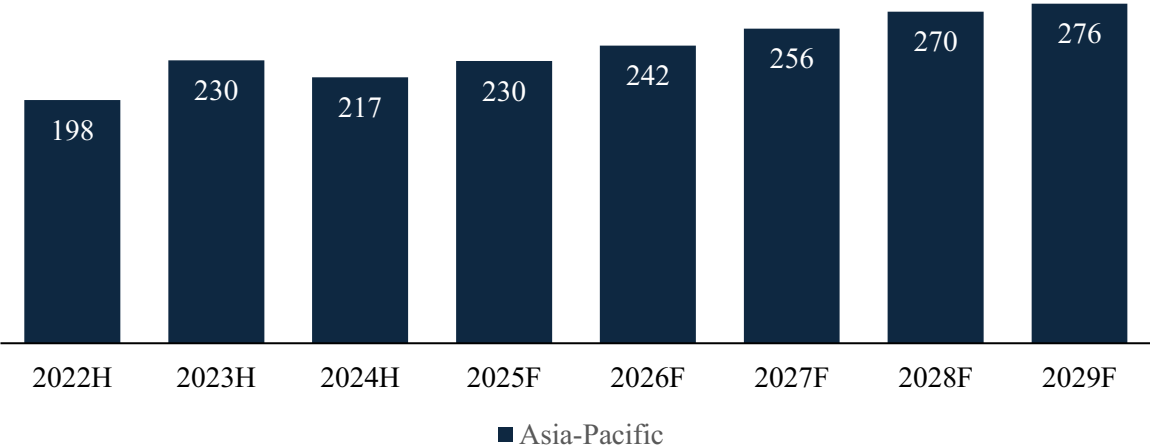


Exhibit-8: Asia-Pacific’s Net Sales (EUR M), 2022-2029

The **Americas** region recorded total sales growth of 8.3% in 2024, maintaining its position as the largest contributor to Campari Group’s revenues. The United States, which accounts for 28.0% of total Group sales, grew by 5.8%, supported by the strong performance of Espolòn (+11.8%) and Aperol (+10.9%). However, Q4 saw a decline of -6.5%, impacted by a challenging comparison base from the prior year. While Grand Marnier continued to outperform, SKYY struggled with ongoing challenges, and Wild Turkey softened in the premium whiskey segment. Jamaica, which contributed 4.8% of Group sales, saw a total decline of -1.8%, reflecting the residual impact of the hurricane that disrupted rum production and

supply chains in mid-2024. However, Q4 showed positive momentum (+1.5%), as sales of Appleton Estate and Magnum Tonic Wine rebounded, with price increases helping to offset previous supply constraints, particularly in Wray & Nephew Overproof. The rest of the region delivered strong total growth of 19.3%, led by double-digit expansion in Brazil, where aperitifs and local Brazilian brands outperformed expectations. Other markets in the Americas also contributed to sustained growth, with Aperol playing a key role in driving momentum.

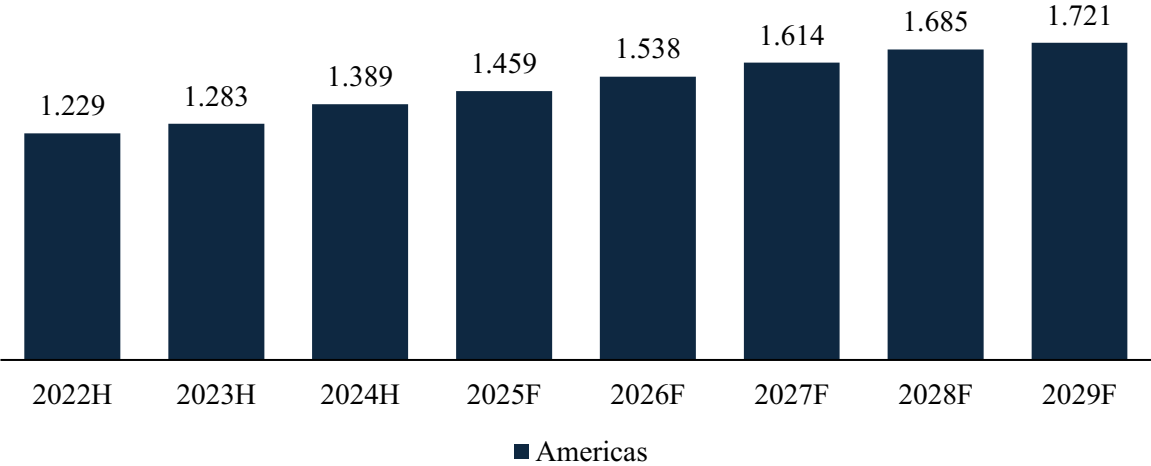


Exhibit-9: Americas’ Net Sales (EUR M), 2022-2029

The **EMEA** region recorded total sales growth of 4.2% in 2024, with mixed performances across key markets. Italy, the region’s largest contributor, experienced a decline of -4.2%, primarily due to poor weather, commercial disputes, and wholesaler de-stocking. However, performance stabilized in Q4 (+0.9%), supported by strong demand for Aperol and Campari.

Germany grew by 5.5%, benefiting from the continued success of aperitifs like Aperol and Sarti Rosa, reinforcing its strong market positioning. France saw a total decline of -6.7%, though it experienced a strong Q4 rebound (+9.4%), driven by a more favourable comparison base and steady demand for Campari and Picon.

The United Kingdom posted a total growth of 23.2%, reflecting gains from previous investments, though organic sales were negatively impacted by supply constraints in Jamaican rums and Magnum Tonic Wine.

The rest of the region recorded total growth of 13.7%, supported by strong performances in Spain, the Netherlands, Greece, and GTR, with aperitifs and Espolòn tequila driving sales.

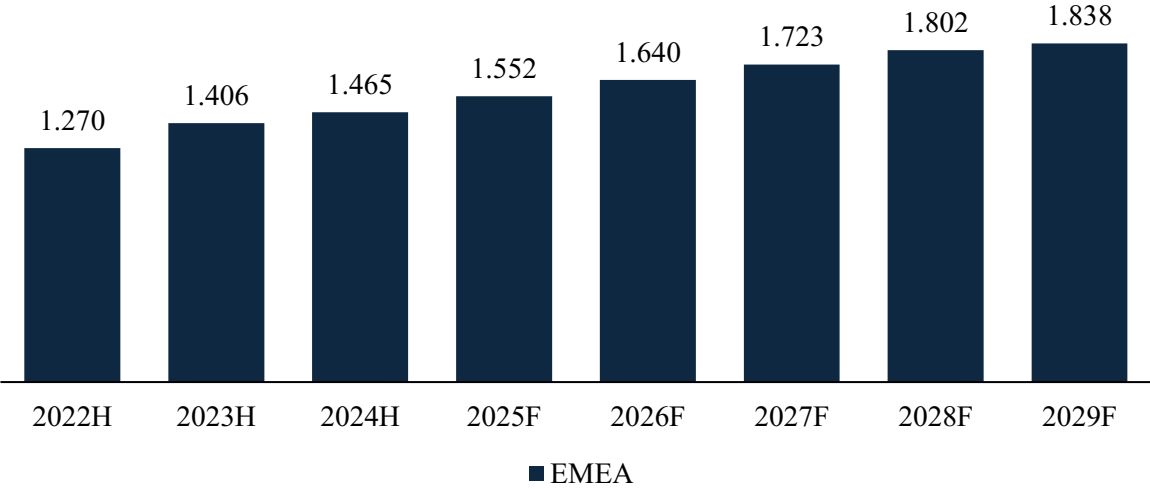


Exhibit-10: EMEA's Net Sales (EUR M), 2022-2029

Overall, while macroeconomic factors and specific disruptions (such as the hurricane in Jamaica and poor weather in Europe) had a significant impact globally, regional dynamics – as in U.S. consumption trends, European consumer confidence, and slower recovery in Asia-Pacific – were crucial in the recent underperformance.

5.1.1.2. Sales Projections

With spirits sales depending majorly on market conditions and the Group increasingly tilting toward the more Premium side what goes in line with customers' shifting preferences, sales projections result from a three-factor model rationale.

Equation 12) $Sales_t = Sales_{t-1} \times (1 + Market\ Real\ g^e) \times (1 + Inflation^e) \times (1 + \alpha)$

Where:

t : represents fiscal year t

e : expected

Market Real g : Spirits market consumption real growth rate

α : Campari's historical growth rate differential against market

5.1.1.3. Market Expected Growth Rate

Resorting to Euromonitor’s Passport portal, estimates for consumption of spirits in several areas of the globe were used to estimate future real growth rates.

For the Americas region, estimates for Latin America and North America were considered. The data presented indicates that consumption in millions of liters will increase between 2024 and 2028 from 3.750 M to 3.937 M. Within this time period, positive increases are expected every year.

In the EMEA region, similar demand behaviour is expected with consumption rising from 4.386 M liters in 2024 to 4.650 M liters in 2028. Similarly, every year within the time frame is expected to register positive growth.

For the Asia-Pacific region, growth is projected at faster pace, with consumption expected to increase from 10.820 M liters in 2024 to 11.752 M liters in 2028. This means that, in average, real growth rates are estimated to be double of the other regions, thus reflecting the bet from Campari Group in this market.

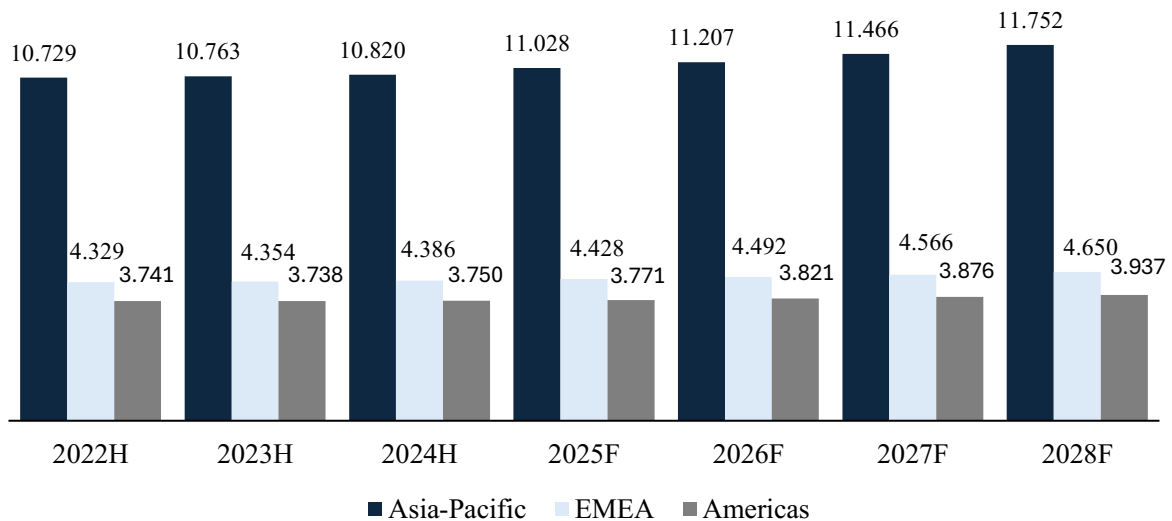


Exhibit-11: Consumption liters (M liters) per Business Area, 2022-2028. Euromonitor

5.1.1.4. Campari's historical growth rate differential against market

Being a well-established player in the spirits industry worldwide, Campari has seen its market share increase gradually over the years – both through organic and inorganic growth initiatives. Campari has therefore registered faster growth in its priority regions when compared to the region market itself. To account for further edge above the market average, historical differential in growth rates were calculated and therefore projected to decay until steady state is achieved in 2029.

In the Americas region, Campari Group maintained a solid competitive edge, achieving an average alpha of 260 bps between 2023 and 2024, indicating steady outperformance in a relatively mature market. In EMEA, the Group exceeded market growth by 290 bps, reflecting its strong positioning despite varied country-level performances. In Asia-Pacific, where macroeconomic challenges weighed on results, Campari sustained a positive differential of 180 bps, highlighting its resilience amid regional headwinds. These results reaffirm Campari's ability to maintain above-market growth across its core geographic segments, with EMEA showing the strongest relative outperformance.

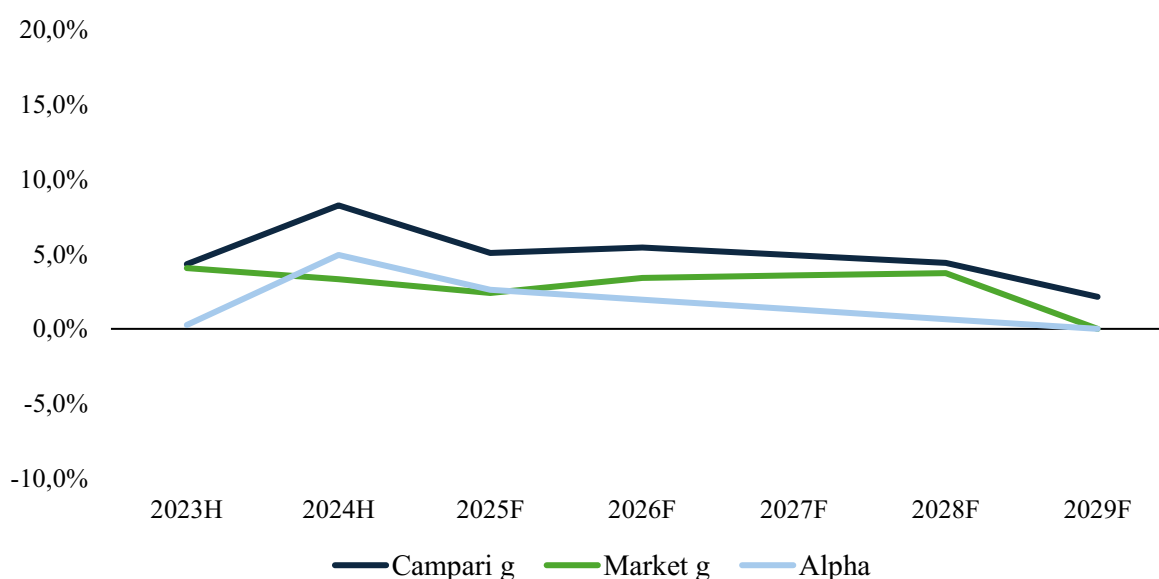


Exhibit-12: Americas' Region: Campari vs Market, 2023-2029. Euromonitor

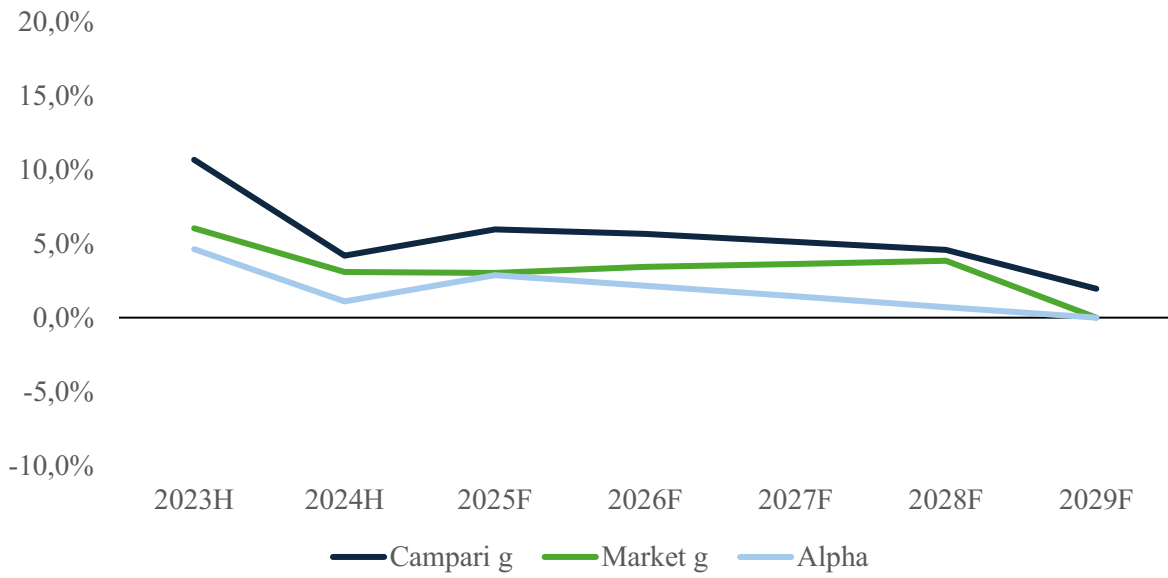


Exhibit-13: EMEA's Region: Campari vs Market, 2023-2029. Euromonitor

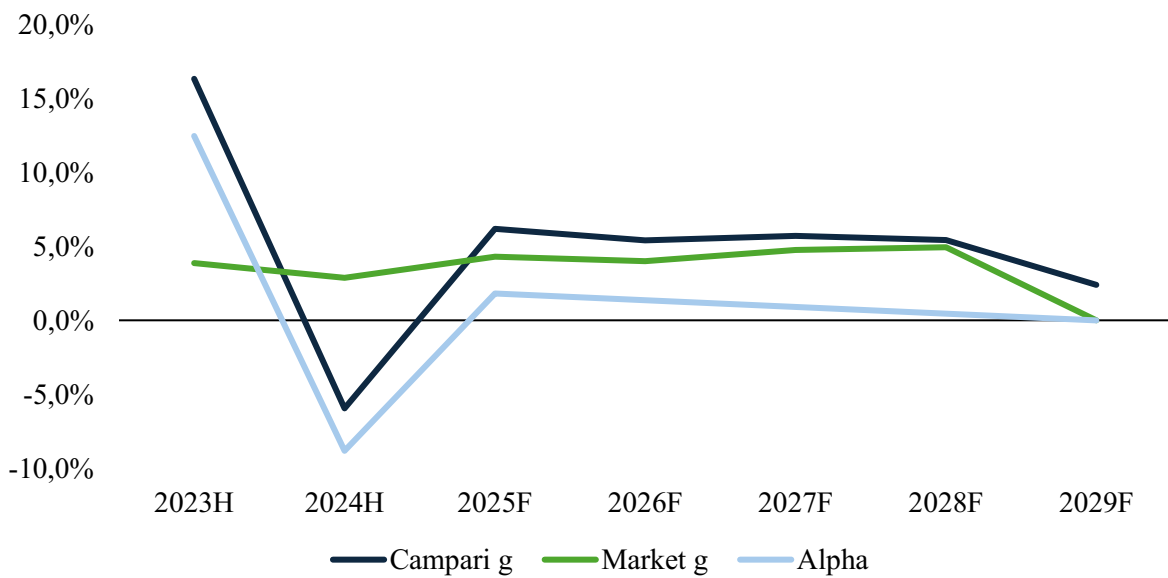


Exhibit-14: Asia-Pacific's Region: Campari vs Market, 2023-2029. Euromonitor

5.1.1.5. Projected Sales Figures

As a result of the two factors mentioned above and considering the expected inflation effect for the regions, Sales were projected as follows:

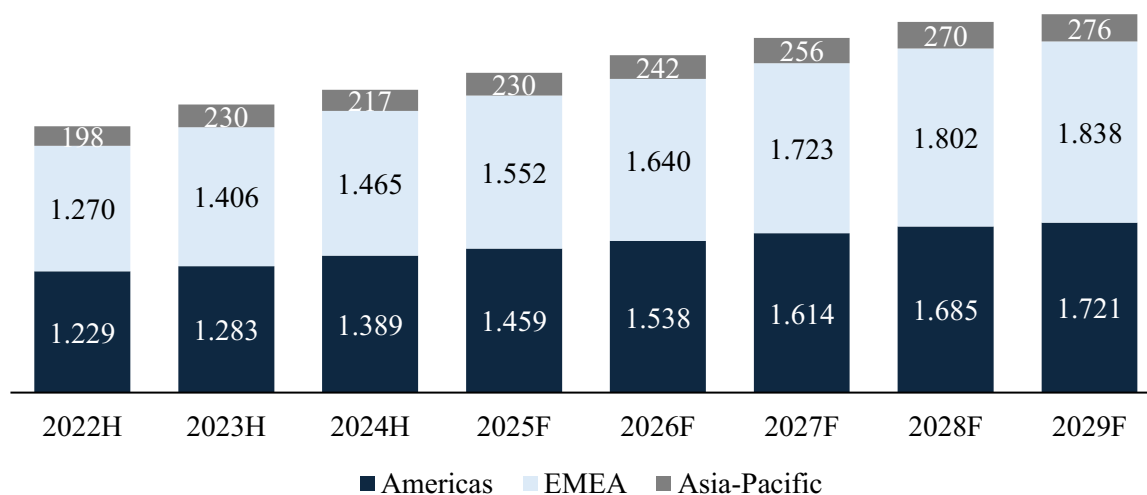


Exhibit-15: Net Sales (EUR M) per Business Area, 2022-2029

Net sales in the Americas region are estimated to increase from EUR 1.389 M in 2024 to EUR 1.721 M in 2029, registering a 4,4% CAGR during the period. When it comes to its weight in total net sales, the region is expected to see its relevance decrease, going from 45,2% to 44,9% and becoming the second after EMEA.

With higher growth estimated for the EMEA, this is projected to become the most representative region in terms of net sales. A 4,6% CAGR between 2024 and 2029 is expected to drive regional net sales from EUR 1.465 M to EUR 1.838 M. As such, the weight on total net sales shall improve from 47,7% to 47,9%.

Finally, Asia-Pacific is projected to register a 5,0% CAGR during the time frame between 2024 and 2029, rising its weight in total net sales from 7,1% to 7,2%. Therefore, sales should go up from EUR 217 M in 2024 to EUR 276 M in 2029.

5.1.2. Operating Expenses

5.1.2.1. Cost of Sales, A&P Costs and SG&A Expenses

The variable side of the Group's cost structure is split into Cost of Sales, Advertising & Promotional Costs and SG&A Expenses. Campari Group has announced a Cost Containment Program to achieve improved operating margins by 2027 reflecting mostly on Advertising & Promotional Costs and SG&A Expenses.

For the first, the weight of raw materials and finished goods weight on net sales stabilizes at 27,2%. Among the other items in the **Cost of Sales**, the highlight goes to Variable transport costs which account for 4,1% of net sales. Overall, this is expected to remain the most relevant cost item in the income statement, accounting for 35,2% of net sales in a steady state.

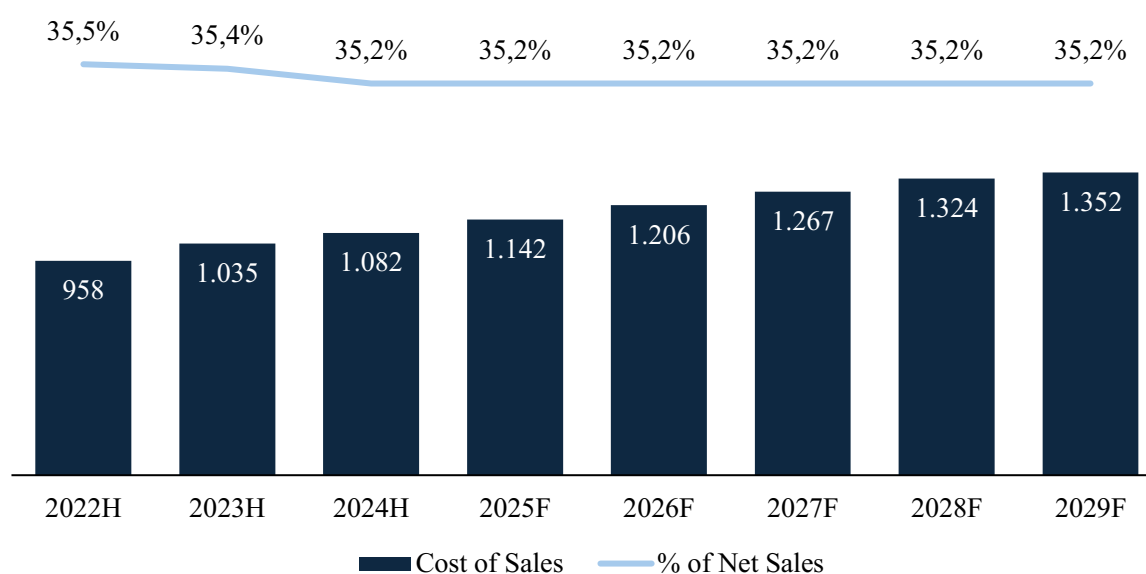


Exhibit-16: Cost of Sales Evolution (EUR M) and % of Net Sales, 2022-2029

Regarding **Advertising & Promotional Costs**, the Group's initiative is drawn to increasingly impact the operating margin until 2027. Merchandising and Promotional costs line should remain the most representative, stabilizing at 6,6% of net sales. Considering the remaining items (including Advertising spaces and Sponsorships, testimonial, influencers & events), the A&P costs should stabilize at 16,4%.

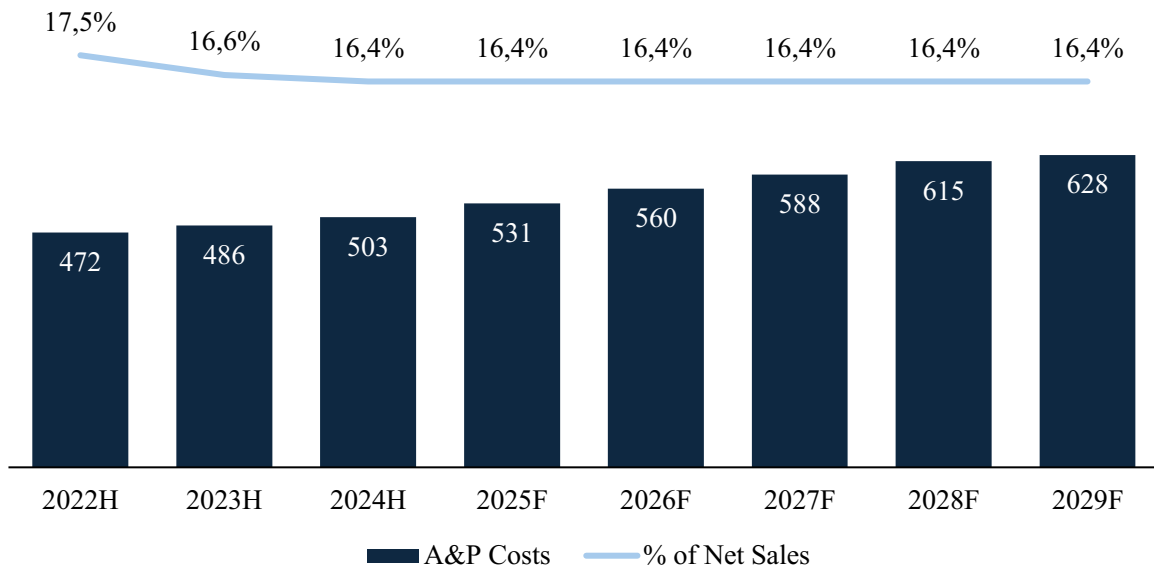


Exhibit-17: A&P Costs Evolution (EUR M) and % of Net Sales, 2022-2029

Lastly, when it comes to **SG&A** Expenses, a 10,3% weight in net sales is expected to decrease 200 bps until 2027, as it was announced in Campari's Cost Containment Program. This will be the result of technology infrastructure investments (more detail in Expansion Capex chapter) and a comprehensive review of all functional organizations. The impact of these initiatives is reflected on the weight of the Services, maintenance and insurance line, that will stabilize at 8,3% of net sales in steady state.

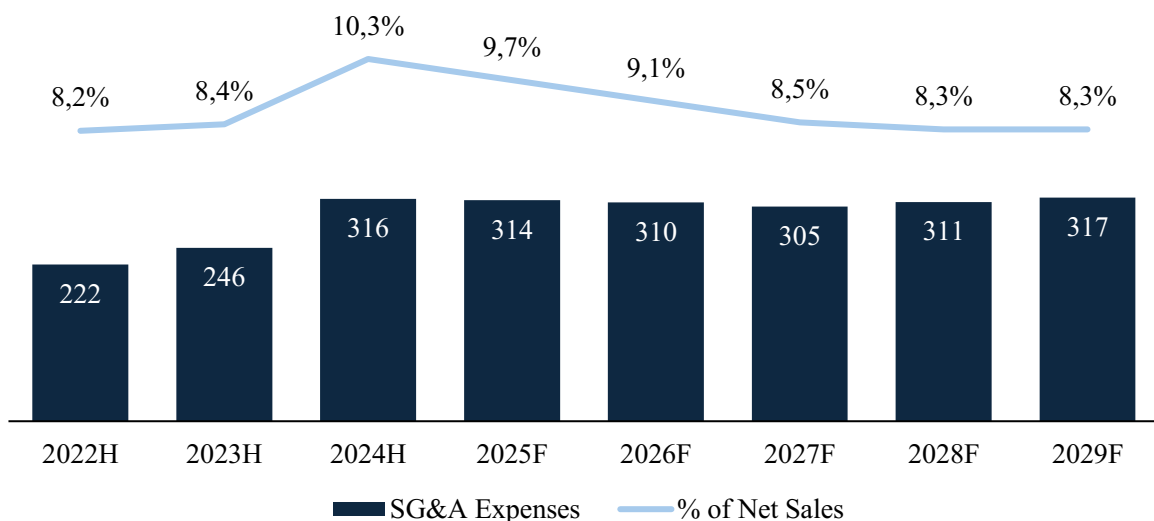


Exhibit-18: SG&A Evolution (EUR M) and % of Net Sales, 2022-2029

5.1.2.2. Personnel Costs

According to the Group’s annual report, the average headcount for full-time employees rose from 4.166 people in 2022 to 5.114 people in 2024. For 2025, Campari Group implemented a workforce restructuring to enhance operational efficiency and optimize personnel costs, aligning with its long-term strategic objectives. This initiative included a 10% workforce reduction, affecting approximately 500 positions, and resulted in a EUR 102,6 M expense, primarily covering severance payments and organizational realignment. To retain key leadership, Campari also introduced a long-term incentive scheme for senior management totalling EUR 2,5 M, reinforcing its commitment to streamlining operations while maintaining a strong talent base. Considering total Personnel Costs derived from Cost of Sales, Advertising & Promotional Costs and SG&A Expenses, Campari Group saw personnel costs increase from EUR 444 M in 2022 to EUR 650 M in 2024.

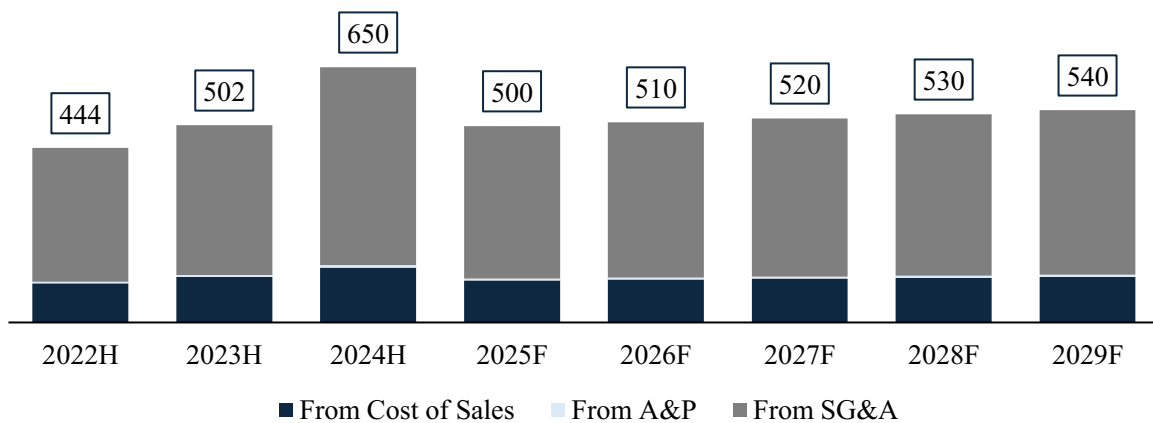


Exhibit-19: Personnel Costs Evolution (EUR M), 2022-2029

After expurgating the amount from the workforce restructuring and loyalty bonuses, an average EUR 108 k per full-time employee is calculated for 2024. Assuming the workforce to be operating at stabilized efficiency and an increase in average cost per full-time employee in line with the expected inflation, it is estimated that Personnel Costs will rise to EUR 540 M in 2029 and lower the weight in net sales by 710 bps during this period, stabilizing at 14,1 % in steady state.

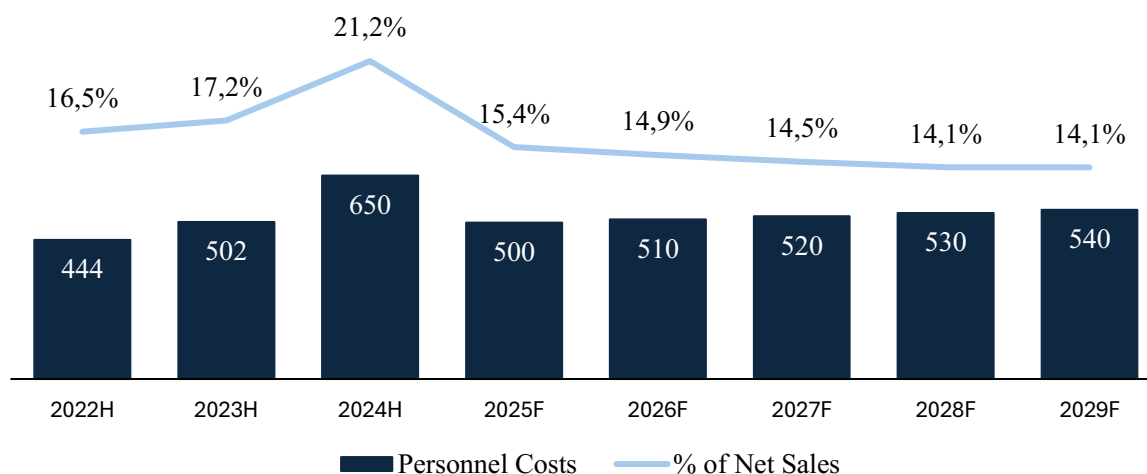


Exhibit-20: Personnel Costs Evolution (EUR M) and % of Net Sales, 2022-2029

5.1.3. Profitability Analysis

Campari’s historical performance reflects consistent profitability, though 2024 saw a temporary decline in EBITDA margins. The EBITDA margin dropped from 22,3% in 2023 to 16,9% in 2024, signalling a short-term contraction in operational efficiency. However, in the forecasted years, profitability is expected to recover, with the EBITDA margin projected to rise steadily to 26,0% by 2029, reaching an EBITDA of EUR 998 M. This marks a consistent upward trend, suggesting that Campari’s cost optimization strategies and revenue growth will drive long-term profitability improvements.

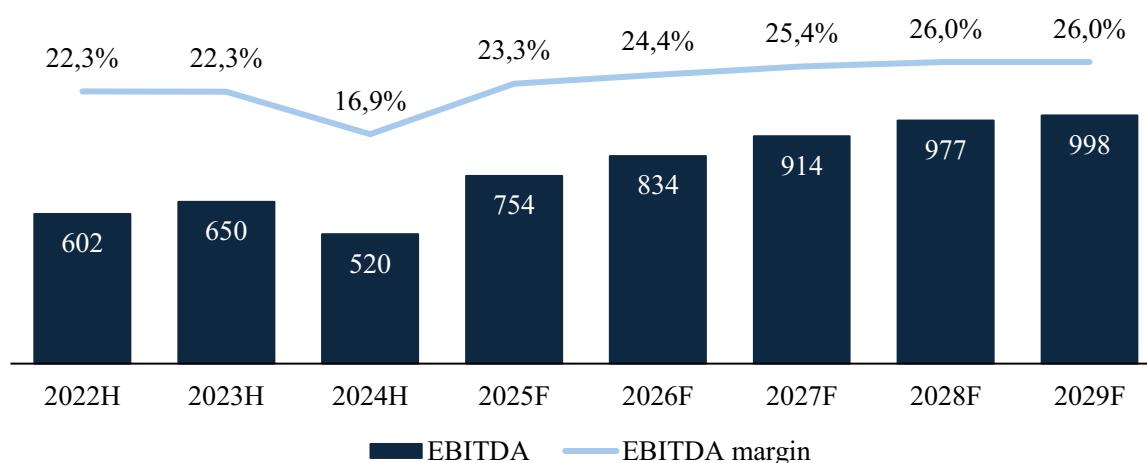


Exhibit-21: EBITDA Evolution (EUR M) & EBITDA Margins (%), 2022-2029

5.1.4. Interest expenses

The forecasted interest expenses reflect a deliberate approach to reduce debt weight on capital structure over the forecast period which is in line with CEO Simon Hunt stated objective. To achieve this, only bonds and non-term loans were projected to be renewed with the same structure as the ones existing. For bonds and loans, the interest payments for the forecast years were calculated as follows:

Equation 13) $Interest\ rate = risk - free\ proxy + spread$

Where:

Risk – free proxy: historical 12-month EURIBOR

Spread: historical interest rate - historical 12-month EURIBOR

5.1.4.1. Bonds

Interest rate on bonds is expected to vary between 2,8% and 2,6% during the explicit period, with current and non-current bonds projected to stabilize at 2024 levels, amounting to EUR 1.580 M throughout the 2024-2029 period.

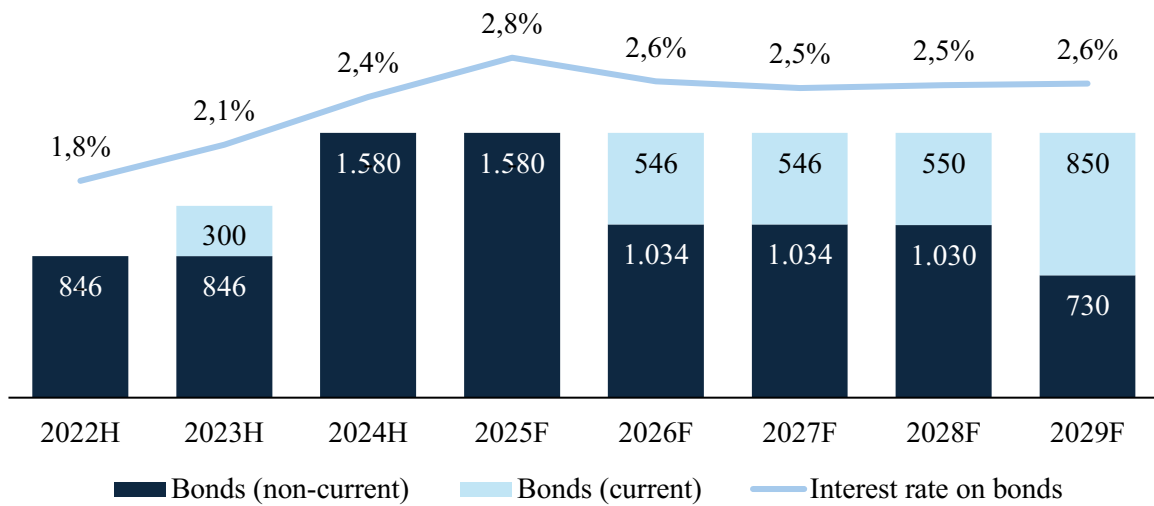


Exhibit-22: Evolution of Campari's Bonds (EUR M) & Interest rates, 2022-2029

5.1.4.2. Loans

Interest rate on loans is expected to oscillate between 4,5% and 4,3% during the explicit period. Reflecting Simon Hunt's objective to reduce debt levels, term loans and other group company loans are projected to be paid out between 2025 and 2028, leading total Loans to decrease from EUR 1.206 M in 2024 to EUR 297 M before perpetuity.

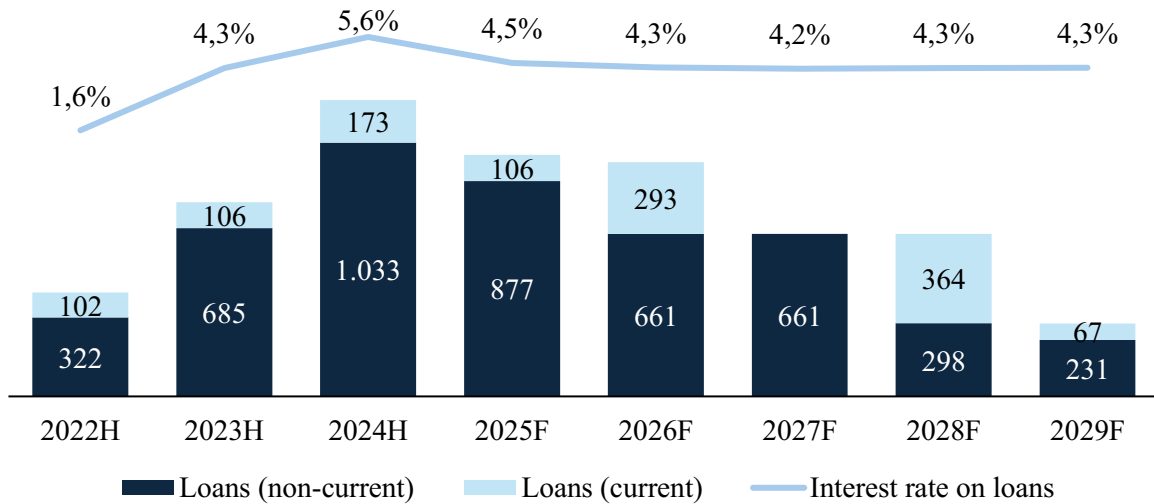


Exhibit-23: Evolution of Campari's Loans (EUR M) & Interest rates, 2022-2029

5.1.5. Net earnings

Net earnings were calculated by deducting interest expenses and income taxes from operating income.

Regarding the income taxes, the Italian statutory tax, 24%, was applied in our forecasted years. Based on the forecasted net margin, the company is expected to see a steady improvement in profitability over the forecasted years. Starting from 6,6% in 2024, the net margin progressively increases to 16,5% by 2029.

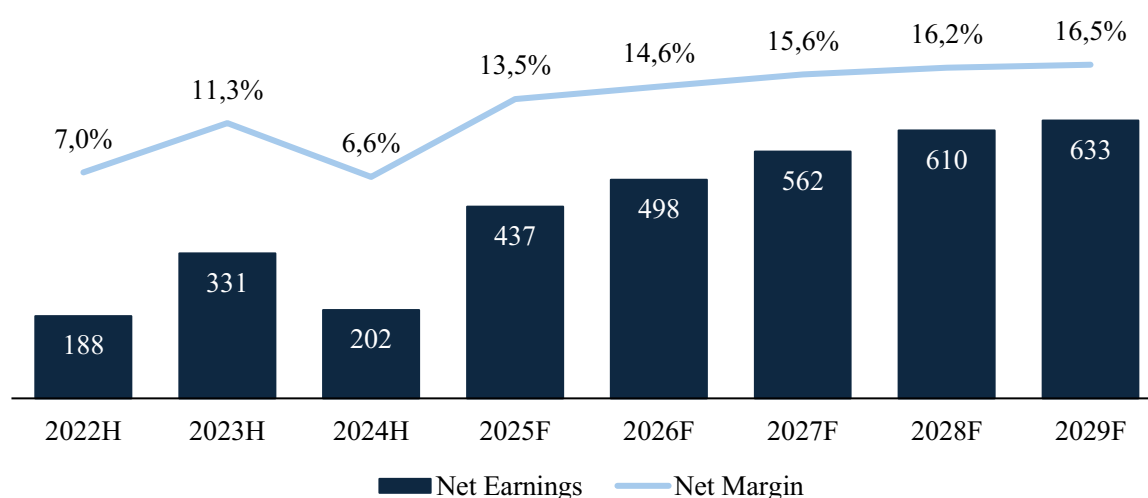


Exhibit-24: Net Earnings Evolution (EUR M) & Net Margins (%), 2022-2029

5.1.6. NWC

From 2024 to 2029, Campari Group's Net Working Capital components remain stable, reflecting a structured and optimized approach to cash flow management and operational efficiency. Efficient inventory management is critical for the company, given its diverse product portfolio sold across multiple customer segments, leading to significant capital being tied up in inventory. Average inventory increased from €136 million in 2022 to €200 million in 2024, where it remains constant through 2029, ensuring an optimized balance between stock availability and storage costs.

Similarly, average days receivables rose from 42 days in 2022 to 51 days in 2024, maintaining this level in subsequent years, indicating a standardized credit policy for customers. Average days payables fluctuated before stabilizing at 96 days from 2024 onwards, suggesting a structured approach to supplier payment terms. The cash conversion cycle increased from 83

days in 2022 to 154 days in 2024, remaining unchanged through 2029, reflecting a balanced and predictable working capital cycle. The stabilization of these metrics indicates that Campari has established fixed payment schedules and credit terms, ensuring predictability in cash flow and financial stability while maintaining operational efficiency.

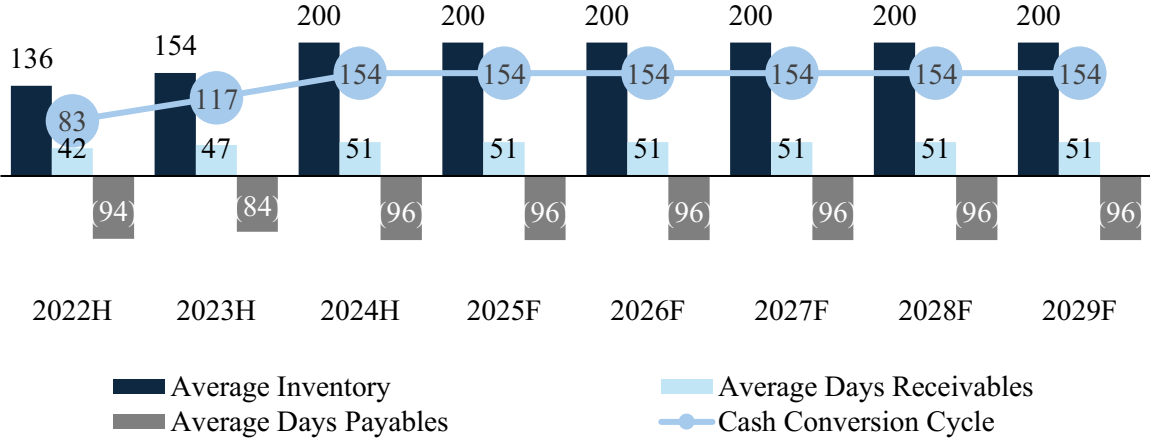


Exhibit-25: NWC Cycle Evolution (EUR M), 2022-2029

5.1.7. Capex and Depreciation

5.1.7.1. Existing Assets

Operating assets in Campari Group’s balance sheet can be split into: Fixed Tangible – PP&E, Right-of-use assets and Biological assets; and Intangible – Goodwill, Brands and Other intangible assets.

Within PP&E, the Group’s balance sheet registered EUR 872 M in Lands and Buildings, EUR 807 M in Plant and Machinery and EUR 448 M in Other PP&E in 2024. Average useful lifetime for PP&E nears 25 years, reflecting the nature of the assets in this class.

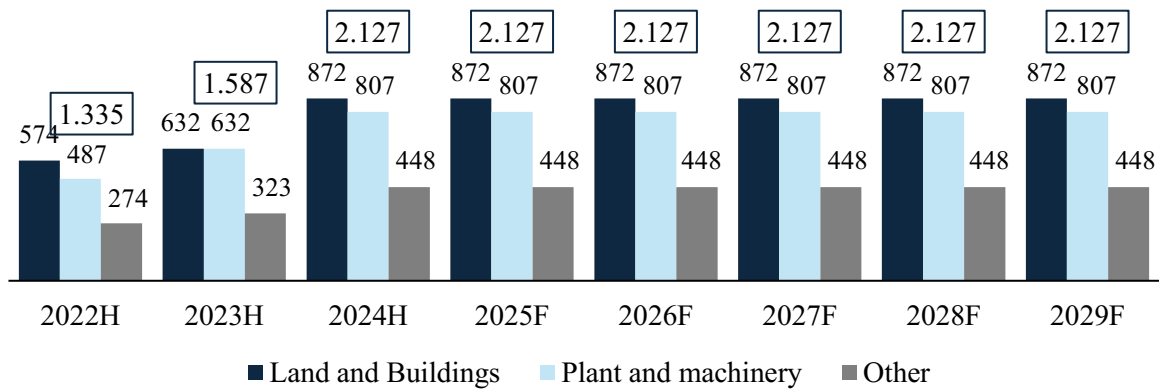


Exhibit-26: Land & Buildings, Plant & Machinery and Other Evolution, 2022-2029

Regarding the remaining lines, the most representative lines in the Group’s assets are Goodwill and Brands, accounting for EUR 2.423 M and EUR 1.397 M in 2024, respectively.

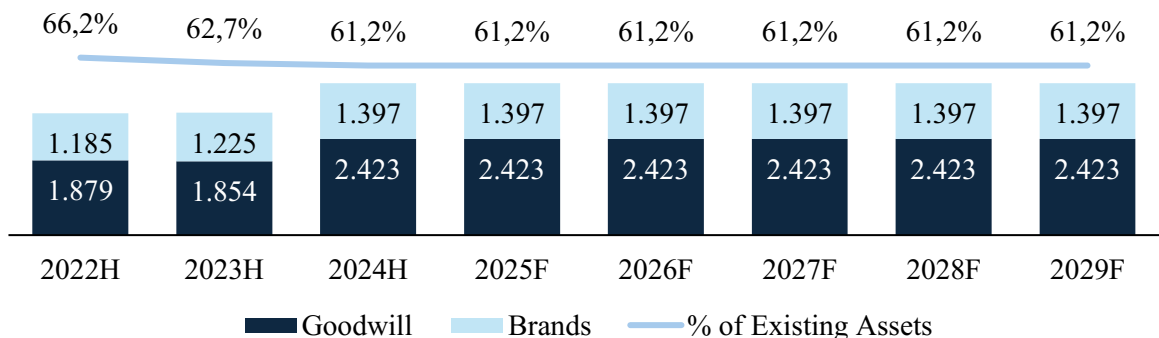


Exhibit-27: Goodwill & Brands Evolution (EUR M), 2022-2029

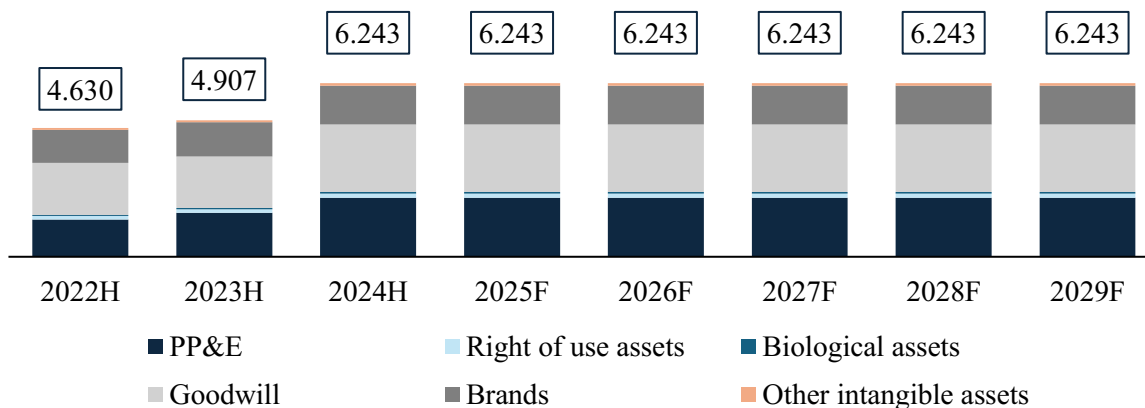


Exhibit-28: Total Existing Assets Evolution (EUR M), 2022-2029

5.1.7.2. Maintenance Capex

Considering the necessary investments to sustain the Group's existing asset base and ensure smooth ongoing operations, a maintenance capital expenditure is projected. As such, Campari Group is estimated to invest an amount close to projected depreciation and amortization of its current fixed tangible and intangible assets in the future. This value is expected to reach EUR 107 M in 2029.

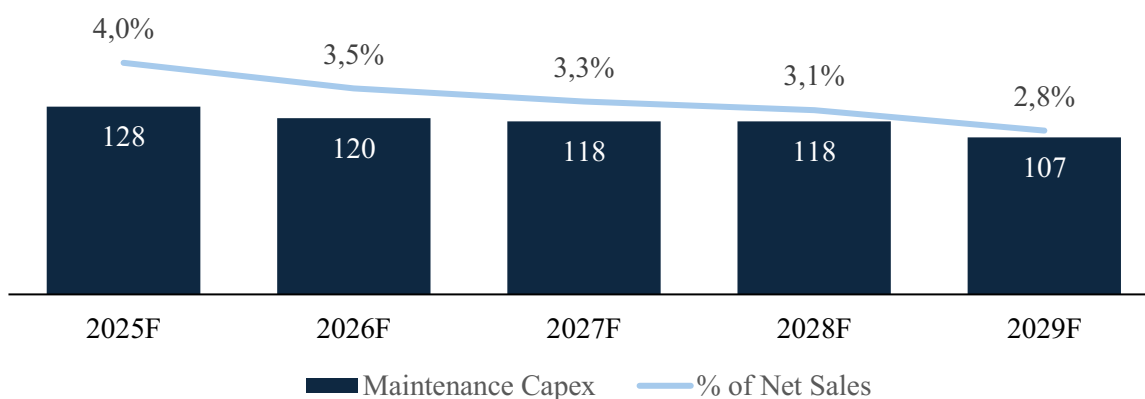


Exhibit-29: Maintenance Capex Evolution (EUR M), 2025-2029

5.1.7.3. Expansion Capex

Campari Group has underlined a future expansion plan requiring further investment mostly in fixed tangible assets. As such, additional Capex was projected to finalize the Group’s commitment towards the 3-year projects in 2023-2025 aimed at completing the expansion of the overall production capacity for key categories (aperitifs, bourbon and tequila). Initial project estimations pointed to EUR 600 M Capex, EUR 200 M to be incurred in 2025, split between 70% Lands and buildings and the remaining 30% towards Plant and machinery.

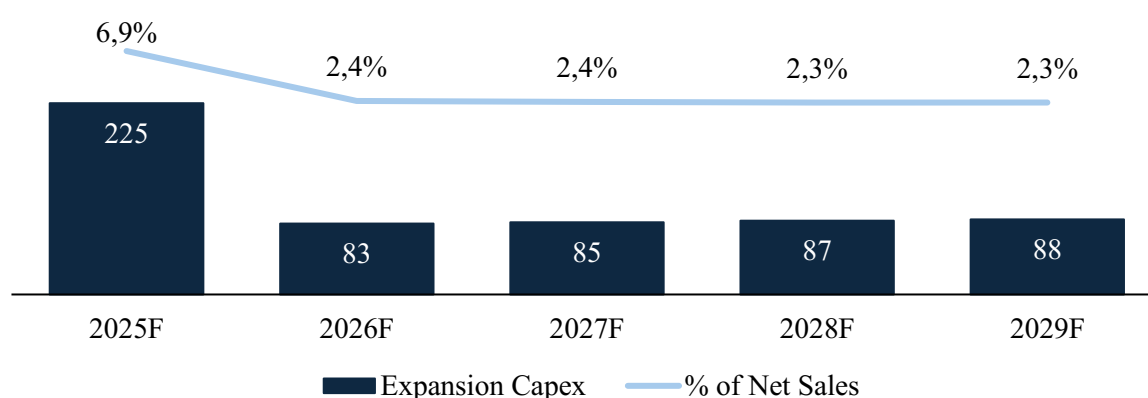


Exhibit-30: Expansion Capex Evolution (EUR M) and % of Net Sales (%), 2025-2029

Furthermore, a EUR 16,2M investment in energy efficiency was announced in the 2024 annual report – an effort expected to be repeated throughout the explicit period. The same rationale was applied to another EUR 4,1 M investment in water related problems. Together, these initiatives result in a EUR 20,3 M expansion capex in 2025.

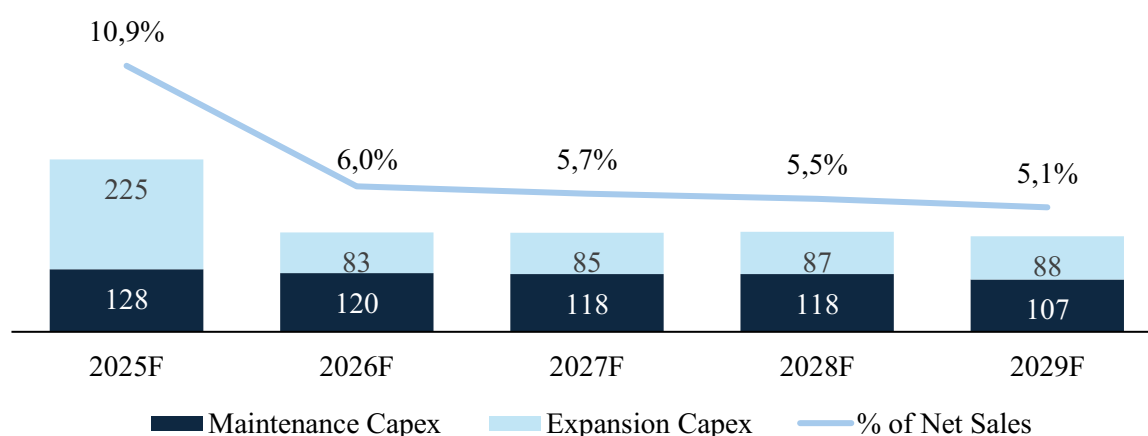


Exhibit-31: Maintenance and Expansion Capex Evolution (EUR M), 2025-2029

As such, Capex schedule is as follows:

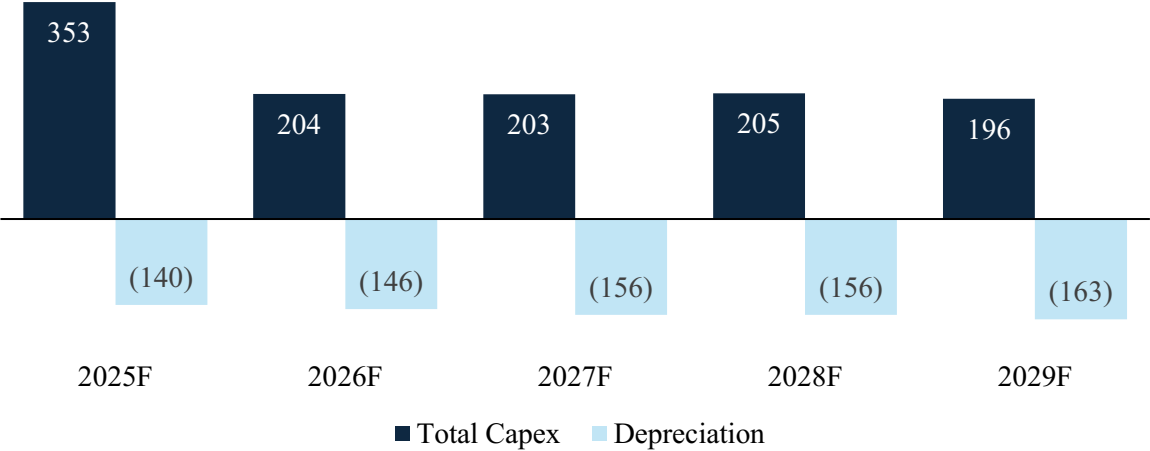


Exhibit-32: Total Capex & Depreciation Evolution (EUR M), 2025-2029

5.1.8. FCFE

Campari Group's Free Cash Flow to Equity (FCFE) is expected to grow substantially in the coming years, reflecting stronger profitability and improved cost efficiency. Starting at EUR 82 M in 2025, FCFE is projected to rise to EUR 340 M in 2026 and reach EUR 478 M in 2028. By 2029, FCFE is expected to be EUR 556 million, representing a 14,0% CAGR from 2026 levels. This expansion is primarily driven by improving operating margins, controlled capital expenditures, and enhanced cash flow management. Additionally, FCFE as a percentage of net sales is forecasted to increase from 2,5% in 2025 to 14,5% in 2029, highlighting Campari's ability to strengthen shareholder value through consistent cash generation.

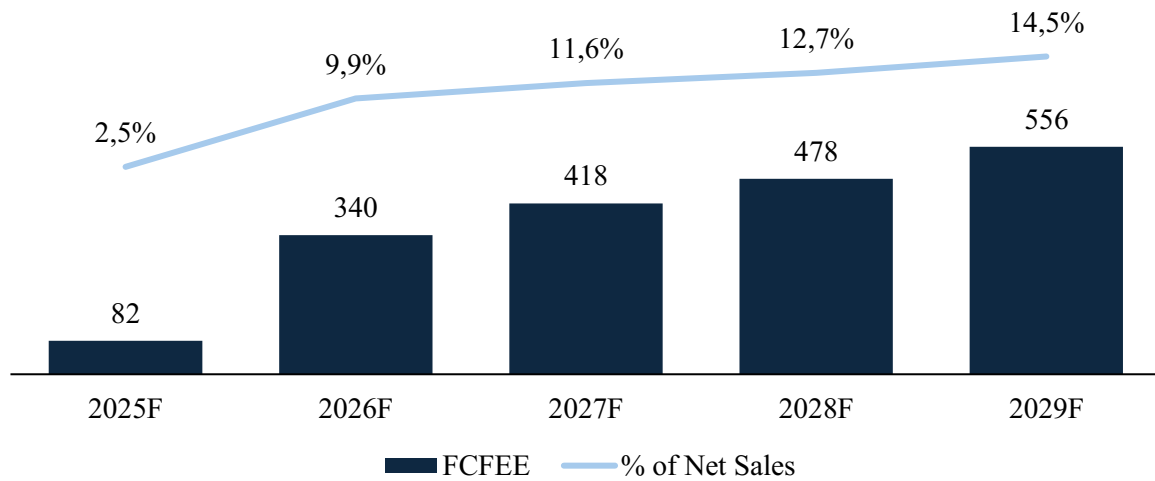


Exhibit-33: FCFE Evolution (EUR M) and % of Net Sales (%), 2025-2029

5.2. Discount Rate – Cost of Equity

To estimate the cost of equity, I applied the Capital Asset Pricing Model (CAPM). For the risk-free rate, I used the relevant Euribor rate for 2024.

To determine beta, I conducted a peer analysis by collecting the levered betas of comparable companies. I then unlevered these betas to isolate business risk and calculated the average. Finally, I re-levered the beta using Campari's capital structure, arriving at a value of 0.68.

For the market risk premium (MRP), I assumed the standard value of 6%, according to Statista, in line with commonly accepted financial practices. This approach ensures a reliable estimate of Campari's cost of equity based on industry benchmarks.

As a result, Campari's cost of equity is determined to be 7.8%, reflecting its risk profile and expected market returns. Additionally, a long-term growth rate (g) of 2.0% was assumed in valuation models, aligning with industry expectations for sustainable expansion.

Company	β (Lev.)	D/E ratio	Tax Rate	β (Unlev.)	β (Relev.)
Diageo Plc	0,54	1,40	0,24	0,26	
Pernod Ricard SA	0,59	0,79	0,26	0,37	
Rémy Cointreau	0,51	0,37	0,27	0,40	
Brown-Forman	0,78	0,75	0,21	0,49	
Becele	0,71	0,43	0,30	0,55	
Campari	0,63	0,86	0,24	0,41	0,68

Exhibit-34: Campari Beta estimation via industry peers. Capital IQ

5.3. Effective Tax Rate

Campari Group's Effective Tax Rate declined from 28,7% in 2023 to 24,6% in 2024, primarily due to a combination of tax benefits and structural adjustments. The Italian Patent Box tax benefit contributed €24,9 M, significantly reducing the overall tax burden. Additionally, the company recaptured €18.4 million from previous years' tax payments, further lowering the reported tax expense. A more favourable country tax mix, along with net releases to tax provisions (€5,1 million), also played a role in reducing the tax rate. These factors collectively led to a €71,1 M decrease in total taxation, with the total tax charge for 2024 amounting to €63 M, compared to €134 M in 2023.

5.4. Perpetual Growth Rate

Between the last year of the explicit period and perpetuity, the model reaches a Free Cash flow to Equity growth rate of 3,3%, showcasing the steady state status quo. This rate is slightly above the long-term inflation rate for the Euro Area (2,0%), indicating that the company is expected to show positive real long-term growth. This assumption goes in line with the value creation metrics of the company during the explicit period. The company presented a ROIC higher than its WACC over the explicit period, which reinforces the capability of continuing to generate value for its shareholders in the future. Nevertheless, to stay in line with the principle that no company may perpetuity grow at faster pace than the Economy itself, the IMF long-term inflation estimate for the Euro Area was used as the perpetuity growth rate.

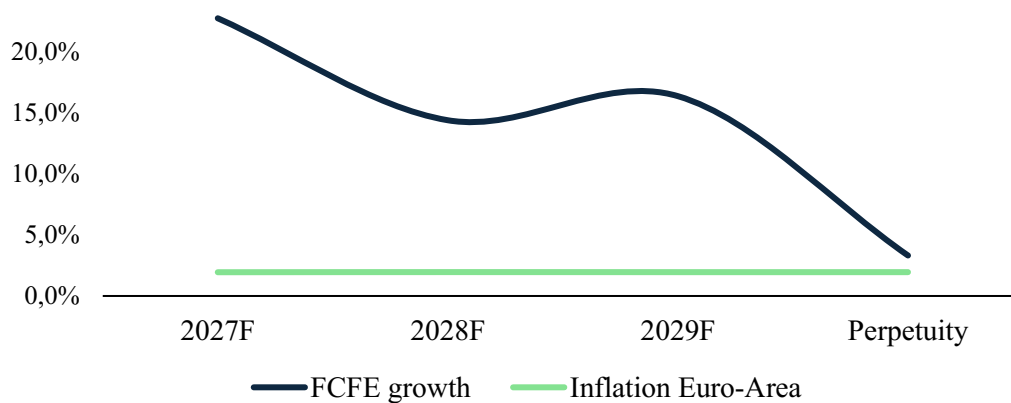


Exhibit-35: FCFE Growth (%) vs Inflation Euro-Area Growth (%), 2027-2029. IMF

5.5. Target Price

Campari Group's equity value as of March 2024 was estimated at EUR 8.555 M, with 1.231 M shares outstanding, resulting in a target price of EUR 6,95. Since this valuation falls beyond the minimum +10% of the current market price of EUR 5,97, the stock appears undervalued, leading to a BUY recommendation.

Equity Value (EUR M)	8.555
Outstanding shares (# M)	1.231
Share price	6,95
Debt (EUR M)	3.062
Cash (EUR M)	685
Net Debt (EUR M)	2.377
Enterprise Value (EUR M)	10.932

Current share price (18/03/2025)	5.97
Target Price	6.95
Return	16,4%
Reccomendation	BUY

Exhibit-36: Campari's Group Target Price (EUR)

5.6. Sensitivity Analysis

The Terminal Value calculated in 2029, consists of 82,5% of the Equity Value thus the two most important drivers of the company's share price valuation end up being the rate that the company will grow in perpetuity and the discount rate used for the company's cash flows (Cost of Equity). As such, to validate the reliability of the DCF model assumptions, a sensitivity analysis on these two inputs was performed. The company's target share price was estimated under variations of $\pm 0,50\%$ of terminal growth and $\pm 0,50\%$ of Cost of Equity. Finally, the table below shows that the target share price is in a range under the current investment recommendation: sensitivity analysis points to a range between EUR 6,05 and EUR 8,22.

		Share Price Sensitivity Analysis				
Currency: €		Cost of Equity				
		-0,50%	-0,25%	0,00%	0,25%	0,50%
g	0,50%	8,22	7,80	7,41	7,07	6,75
	0,25%	7,91	7,53	7,17	6,85	6,55
	0,00%	7,64	7,28	6,95	6,65	6,37
	-0,25%	7,39	7,05	6,74	6,46	6,20
	-0,50%	7,16	6,84	6,56	6,29	6,05

Exhibit-37: Target Share Price (EUR) - Sensitivity Analysis

6. Relative Valuation

6.1. Peers

The selection of comparable companies is a crucial step in conducting a Relative Valuation analysis. For Davide Campari-Milano N.V., the chosen peer group consists of Diageo Plc, Pernod Ricard SA, Rémy Cointreau, Brown-Forman, and Becele, as these companies share similar industry characteristics, business models, and market positioning within the spirits and alcoholic beverage sector. These firms were selected based on several key factors. First, they operate within the premium spirits and alcoholic beverage industry, focusing on strong brand portfolios, global distribution, and high-margin products. This alignment ensures that their financial and operational structures are comparable to Campari's.

Second, the selected peers have similar revenue streams and product offerings, emphasizing categories such as aperitifs, whiskey, cognac, and tequila. Additionally, they exhibit

comparable levels of profitability and top-line expansion, reflecting similar business dynamics and market performance over recent years.

For instance, Diageo and Pernod Ricard are global leaders in premium spirits, with strong brand diversification, making them relevant comparisons in terms of market influence and pricing strategies. Rémy Cointreau specializes in high-end cognac and liqueurs, aligning with Campari’s focus on premiumization. Brown-Forman is a major player in whiskey and premium spirits, reinforcing its relevance to the comparison.

Additionally, the inclusion of Becele ensures a more geographically diverse peer group, capturing market trends across different regions. Becele, the owner of José Cuervo, represents the Latin American market and the growing tequila segment, which is increasingly relevant to Campari's expansion strategy.

By selecting these peers, the valuation analysis benefits from a well-rounded comparison that reflects global market trends, product positioning, and financial performance similarities, allowing for a more accurate and meaningful benchmarking of Campari's valuation.

Company	Country	Market Cap.	EV	Sales	EBITDA	Net Income
Diageo Plc	UK	55.956	77.849	18.511	5.736	3.293
Pernod Ricard SA	France	25.414	38.529	11.184	3.252	1.097
Rémy Cointreau	France	2.569	3.213	1.091	314	164
Brown-Forman	USA	15.563	17.636	3.705	1.151	906
Becele	Mexico	3.026	3.859	1.995	404	179
Campari	Italy	8.555	10.932	3.070	520	202

Exhibit-38: Peers Group - Financial Metrics, 2024. Capital IQ

Company	Country	EBITDA margin			Sales		
		2023	2024	Average	2023	2024	Acc. Growth
Diageo Plc	UK	33,1%	32,1%	32,6%	0,1%	1,4%	1,5%
Pernod Ricard	France	30,9%	29,5%	30,2%	-4,4%	-3,7%	-7,9%
Rémy Cointreau	France	29,8%	28,4%	29,1%	17,9%	-22,9%	-9,1%
Brown-Forman	USA	31,1%	29,5%	30,3%	-1,2%	-5,0%	-6,1%
Becele	Mexico	18,0%	20,2%	19,1%	-3,0%	-0,9%	-3,9%
Campari	Italy	22,3%	16,9%	19,6%	8,2%	5,2%	13,8%

Exhibit-39: Peers Group – Operating Metrics, 2023-2024. Capital IQ

6.2. Multiples

A robust valuation requires multiple approaches to ensure accuracy and reliability. The income approach through the Discounted Cash Flow model provides a fundamental estimate of Campari's intrinsic value, but given its sensitivity to assumptions, a Market Approach was also conducted using multiples to compare Campari to its industry peers.

Campari's EV/Sales multiple of 3.6x is slightly above the peer average of 3.5x but remains within the industry range, indicating that its revenue generation is valued in line with competitors. This multiple reflects the company's stable top-line growth and focus on premiumization, which supports higher per-unit revenue. Additionally, Campari's direct distribution model in key markets allows for better pricing control, contributing to consistent sales performance. Given that recent acquisitions have expanded the company's portfolio, the EV/Sales multiple remains a relevant valuation metric, providing a more stable view compared to profitability-based multiples that may be temporarily impacted by restructuring and integration costs.

Campari's EV/EBITDA multiple of 21.0x, significantly above the peer range of 9.6x to 15.3x, is largely explained by temporarily depressed EBITDA combined with the company's long-term premiumization strategy. The 2024 acquisition of Courvoisier Cognac, the most expensive in Campari's history, introduced integration and restructuring costs, which weighed on short-term EBITDA. Additionally, the company's ongoing cost containment initiatives and operational restructuring have resulted in further one-time expenses, artificially inflating the multiple. At the same time, Campari's shift toward higher-margin premium spirits supports a structurally higher valuation, as the market anticipates future EBITDA expansion once these temporary effects subside. Furthermore, the potential impact of debt financing from recent acquisitions may have contributed to an increased enterprise value, further affecting the multiple. As a result, Campari's elevated EV/EBITDA reflects both short-term profitability pressures and long-term strategic positioning, rather than an inherent overvaluation.

Similarly, Campari's P/E multiple of 42.5x far exceeds the peer range of 15.7x to 23.2x, reflecting higher market expectations for earnings growth. This could be attributed to the company's reinvestment strategy, where a significant portion of earnings is directed towards brand building, M&A, and expanding its commercial footprint rather than immediate bottom-line maximization. Additionally, Campari's ongoing restructuring initiatives, including the

implementation of the House of Brands model and cost containment measures, may be reinforcing investor confidence by signalling a long-term strategy focused on operational efficiency and profitability.

Company	EV/ Sales	EV / EBITDA	P/E
Diageo Plc	4,2x	13,6x	17,0x
Pernod Ricard SA	3,4x	11,8x	23,2x
Rémy Cointreau	2,9x	10,2x	15,7x
Brown-Forman	4,8x	15,3x	17,2x
Beck's	1,9x	9,6x	16,9x
Campari	3,6x	21,0x	42,5x

Exhibit-40: Peers Group – Market Multiples, 2024. Capital IQ

	Min.	Average	Max.	Campari
Range EV/Sales	1,9x	3,5x	4,8x	3,6x
Range EV/EBITDA	9,6x	12,1x	15,3x	21,0x
Range P/E	15,7x	18,0x	23,2x	42,5x

Exhibit-41: Peers Group – Market Multiple Range, 2024

7. IB Report Comparison

The comparison between this valuation and Jefferies' projections reveals a few differences in financial expectations for Campari over the next five years. Jefferies forecasts a more conservative revenue trajectory, with sales growing from EUR 3.218 M in 2025 to EUR 3.493 M in 2027, whereas my valuation anticipates a stronger expansion, reaching EUR 3.420 M in 2026 and EUR 3.593 M by 2027. The marginal discrepancy is proportionally spread across the geographic regions and indicates that Jefferies adopts a more conservative stance on top-line expansion, factoring in slower organic growth and macroeconomic uncertainties. Furthermore, from 2026 onwards, Jefferies projects no more growth via M&A. In contrast, my valuation presents stronger correlation to market expectations with gradually decreasing competitive advantage towards steady state. The historical outperformance of Campari over the market that is factored in the projected sales growth rates also includes the impact of M&A activity, thus explaining the slight difference in values. Overall, my projections for sales are fractionally higher than Jefferies' as they also include the inorganic component reflected in the past.

Regarding profitability, Jefferies' point of comparison with this valuation is firstly assessed in EBIT projections as cost structures differ. Jefferies projects EBIT to increase from EUR 612,2 M in 2025 to EUR 693,3 M in 2027, with a gradual expansion in operating efficiency from 19,7% to 19,8%. In my valuation, an EBIT of EUR 615 M is expected in 2025, reaching EUR 758 M by 2027, implying a stronger margin expansion over the long run. The divergence stems from differing expectations regarding the impact of Campari's restructuring efforts and cost containment measures. While Jefferies suggests A&P weight in sales will increase, my valuation assumes that this remains stable according to 2025 weights, once there was no evidence in the annual report highlighting a marginal increase of any of the costs included. For COGS, SG&A and Depreciation and Amortization, the projections follow similar growth rates.

When bridging the cash flow from income statement to the final Free cash flow to equity used to estimate the Equity Value, Jefferies projects lower levels of capex (around EUR 330 M – EUR 140 M between 2025-2027 versus EUR 350 M – EUR 200 M in my valuation) and investment in Net Working Capital (fixated at EUR 50 M in Jefferies' versus EUR 140 M – 100 M between 2025-2027 in my valuation). Nevertheless, it assumes Net Debt to decrease at slower pace than this valuation (EUR 2.300M to EUR 1.750M between 2025-2027 versus EUR 2.300 M to EUR 1.540 M in my valuation), leading to higher interest expenses. As this exercise reflects the intention of CEO Simon Hunt to decrease debt levels by not projecting the renewal of term loans and other group company loans, the projected debt outstanding is lower over the

explicit period, producing lower interest expense estimates. As such, the Free cash flow to equity used to arrive to the Equity Value are higher in this model than they are in Jefferies.

Despite these discrepancies, and although both valuations converge on a similar target price, the investment recommendations differ. Jefferies assigns a target price of EUR 6.60, while this valuation estimates EUR 6.95. Jefferies' target price produces a 10,6% return, while the price suggested in this study results in a 16,4% return. As such, Jefferies recommends HOLD, while this valuation recommends BUY.

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9. Appendix

Income statement

Currency: EUR M	2022H	2023H	2024H	2025F	2026F	2027F	2028F	2029F
Net Sales	2.698	2.919	3.070	3.241	3.420	3.593	3.757	3.835
Cost of Sales	(958)	(1.035)	(1.082)	(1.142)	(1.206)	(1.267)	(1.324)	(1.352)
Advertising & Promotional Costs	(472)	(486)	(503)	(531)	(560)	(588)	(615)	(628)
Selling General & Administrative Expenses	(222)	(246)	(316)	(314)	(310)	(305)	(311)	(317)
Personnel costs	(444)	(502)	(650)	(500)	(510)	(520)	(530)	(540)
Other income	-	-	-	-	-	-	-	-
EBITDA	602	650	520	754	834	914	977	998
Depreciation & Amortization	(90)	(110)	(128)	(140)	(146)	(156)	(156)	(163)
EBIT	511	540	392	615	688	758	821	834
Financial Expenses / Income	(30)	(65)	(77)	(52)	(45)	(31)	(30)	(14)
P/L from associates and joint ventures	(7)	(8)	(60)	-	-	-	-	-
Profit before taxation	475	467	256	562	643	727	790	820
Taxation	(144)	(134)	(63)	(135)	(154)	(175)	(190)	(197)
Profit for the period	331	333	193	427	488	553	600	623
Non-controlling interests	(144)	(2)	9	9	9	10	10	10
Group net profit	188	331	202	437	498	562	610	633
<i>KPIs</i>								
<i>Δ Net Sales</i>	<i>n.a.</i>	8,2%	5,2%	5,6%	5,5%	5,1%	4,6%	2,1%
<i>COGS, % of Net Sales</i>	35,5%	35,4%	35,2%	35,2%	35,2%	35,2%	35,2%	35,2%
<i>A&P, % of Net Sales</i>	17,5%	16,6%	16,4%	16,4%	16,4%	16,4%	16,4%	16,4%
<i>SG&A, % of Net Sales</i>	8,2%	8,4%	10,3%	9,7%	9,1%	8,5%	8,3%	8,3%
<i>Personnel costs, % of Net Sales</i>	16,5%	17,2%	21,2%	15,4%	14,9%	14,5%	14,1%	14,1%
<i>EBITDA margin</i>	22,3%	22,3%	16,9%	23,3%	24,4%	25,4%	26,0%	26,0%
<i>EBIT margin</i>	19,0%	18,5%	12,8%	19,0%	20,1%	21,1%	21,8%	21,7%
<i>Net margin</i>	7,0%	11,3%	6,6%	13,5%	14,6%	15,6%	16,2%	16,5%

Exhibit-42: Income Statement

Balance sheet

Currency: EUR M	2022H	2023H	2024H	2025F	2026F	2027F	2028F	2029F
Property, plant and equipment	781	965	1.421	1.632	1.695	1.753	1.803	1.847
Right of use assets	68	65	66	75	73	69	66	63
Biological assets	18	23	31	28	24	20	23	16
Goodwill	1.879	1.851	2.420	2.420	2.420	2.420	2.420	2.420
Brands	1.183	1.156	1.315	1.314	1.313	1.312	1.311	1.311
Other intangible assets	52	56	73	72	72	71	70	69
Interests in joint-ventures	36	33	9	9	9	9	9	9
Deferred tax assets	73	79	102	102	102	102	102	102
Other non-current assets	24	23	98	98	98	98	98	98
Other non-current financial assets	48	10	10	10	10	10	10	10
Total non-current assets	4.162	4.260	5.545	5.759	5.816	5.863	5.912	5.944
Inventories	1.005	1.237	1.682	1.780	1.879	1.974	2.058	2.107
Biological assets	7	15	21	22	24	25	26	27
Trade receivables	308	374	426	451	476	500	521	533
Other current financial assets	19	21	9	9	9	9	9	9
Cash and cash equivalents	435	620	666	525	836	961	1.439	1.631
Income tax receivables	19	46	38	40	42	44	46	47
Other current assets	60	101	96	96	96	96	96	96
Total current assets	1.853	2.416	2.938	2.924	3.362	3.609	4.196	4.450
Total assets	6.015	6.676	8.483	8.682	9.178	9.473	10.108	10.394

Issued capital and reserves	2.676	2.925	3.854	3.854	4.291	4.788	5.351	5.961
Non-controlling interests	1	2	1	1	1	1	1	1
Net Income				437	498	562	610	633
Total Shareholders' equity	2.678	2.927	3.855	3.855	4.292	4.790	5.352	5.962
Bonds	846	846	1.580	1.580	1.034	1.034	1.030	730
Loans due to banks	771	902	916	877	661	661	298	231
Other non-current financial liabilities	301	269	224	224	224	224	224	224
Post-employment benefit obligations	24	23	26	26	26	26	26	26
Provisions for risks and charges	39	41	118	118	118	118	118	118
Deferred tax liabilities	399	404	498	498	498	498	498	498
Other non-current liabilities	31	43	24	24	24	24	24	24
Total non-current liabilities	2.412	2.527	3.386	3.347	2.585	2.585	2.217	1.850
Bonds	-	300	-	-	546	546	550	850
Loans due to banks	107	131	290	106	293	-	364	67
Other current financial liabilities	32	58	52	52	52	52	52	52
Trade payables	542	521	673	658	684	709	734	751
Income tax payables	73	22	6	7	7	7	8	8
Other current liabilities	173	190	221	221	221	221	221	221
Total current liabilities	926	1.222	1.242	1.044	1.803	1.535	1.928	1.948
Total liabilities	3.338	3.749	4.628	4.390	4.388	4.121	4.146	3.799
Total liabilities and shareholders' equity	6.015	6.676	8.483	8.682	9.178	9.473	10.108	10.394

Exhibit-43: Balance sheet

DCF Model

Currency: EUR M	2025F	2026F	2027F	2028F	2029F	Cruise
Group net profit	437	498	562	610	633	645
Depreciation & Amortization (Add-back)	140	146	156	156	163	167
Investment in NWC	(141)	(100)	(98)	(84)	(45)	(38)
Capex	(353)	(204)	(203)	(205)	(196)	(199)
Free Cash flow to Equity	82	340	418	478	556	574
Period (mid-year convention)	0,50	1,50	2,50	3,50	4,50	
Discount factor	0,96	0,89	0,83	0,77	0,71	
Discounted FCFE	79	304	346	368	397	7.061
Equity Value (EUR M)	8.555					
Outstanding shares (# M)	1.231					
Share price	6,95					

Exhibit-44: Discounted cash flow to equity

Peer Group

Product Categories									
Company	Aperitifs	Liqueurs	Whiskey	Vodka	Gin	Rum	Tequila	Sparkling Wines	Ready-to-Drink
Campari	✓	✓	✓	✓	✓	✓	✓	✓	✓
Diageo		✓	✓	✓	✓	✓	✓		✓
Pernod Ricard		✓	✓	✓	✓	✓	✓	✓	
Rémy Cointreau		✓	✓	✓	✓	✓		✓	
Brown-Forman		✓	✓	✓			✓		
Beck's			✓	✓	✓	✓	✓		

Geographical Presence					
Company	North America	Europe	Asia-Pacific	Latin America	Africa
Campari	✓	✓	✓	✓	✓
Diageo	✓	✓	✓	✓	✓
Pernod Ricard	✓	✓	✓	✓	✓
Rémy Cointreau	✓	✓	✓		
Brown-Forman	✓	✓			
Beck's	✓	✓		✓	

Exhibit-45: Peers Group – Categories & Geographical Presence, 2024