Milan, 01 August 2025

Italian Equity Research – 2Q25 Results

CAMPARI

OUTPERFORM

Sector: Consumers

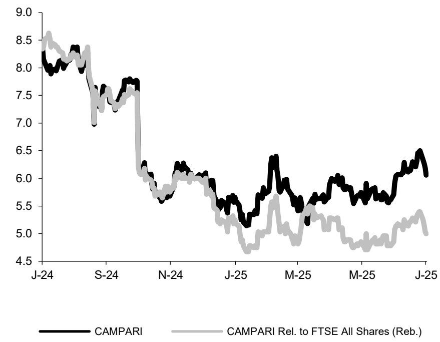
Price: Eu6.06 - **Target: Eu8.00**

Solid 2Q25 Beating Expectations Despite Challenging Scenario

Francesco Brilli +39-02-77115.439
francesco.brilli@intermonte.it
Andrea Randone: +39-02-77115.364
andrea.randone@intermonte.it

Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2025E	**2026E**	**2027E**
Chg in Adj EPS	0.1%	0.8%	0.8%

CAMPARI - 12M Performance



Stock Data			
Reuters code:			CPRI.MI
Bloomberg code:			CPR IM
Performance	**1M**	**3M**	**12M**
Absolute	6.1%	3.0%	-27.3%
Relative	3.2%	-6.0%	-48.3%
12M (H/L)			8.37/5.14
3M Average Volume (th):			7,003.26

Shareholder Data	
No. of Ord shares (mn):	1,162
Total no. of shares (mn):	1,231
Mkt Cap Ord (Eu mn):	7,039
Total Mkt Cap (Eu mn):	7,039
Mkt Float - Ord (Eu mn):	2,757
Mkt Float (in %):	39.2%
Main Shareholder:	
Alicros (Garavoglia Fam.)	51.0%

Balance Sheet Data	
Book Value (Eu mn):	3,325
BVPS (Eu):	2.70
P/BV:	2.2
Net Financial Position (Eu mn):	-2,163
Enterprise Value (Eu mn):	9,624

- **Solid Organic growth in 2Q25, underlying trends still encouraging.** At market close yesterday Campari released 2Q25 results that beat our estimates and consensus on both organic growth and profitability. Sales were up +3.5% organic vs. our +1.3% forecast and consensus at +2% YoY, driving a more positive 1H25 performance. On a reported basis, 1H25 sales stood at Eu1,528mn +0.3% YoY with scope changes (mainly Courvoisier) at +2% more than offsetting negative ForEx (-1.8% YoY). Performance in the quarter included the partial recovery of phasing effects from 1Q25, but more importantly, a continued positive sell-through trend across geographical markets, which improved sequentially thanks to aperitifs and tequila. Data from different markets show sector outperformance in these two categories supporting a positive start to the peak season in 3Q25.
- **Better profitability thanks to gross margin improvements.** 1H25 gross profit was Eu934mn, a 61.1% margin and +2.6% YoY thanks to a remarkable +290bp reported in 2Q25. This was supported by positive COGS trends, with lower agave costs despite an initial tariff impact of Eu2mn in 2Q. Additional A&P investments (+9.7% YoY) ahead of peak season and slightly higher SG&A compared to last year (cost control efforts more visible in 2H25) resulted in adj. EBIT of Eu352mn with a 23% margin (-2.3% YoY) c.8% ahead of consensus expectations.
- **Guidance confirmed amid uncertainties.** Despite the current highly uncertain environment, management reiterated FY25 guidance for moderate organic sales growth and a flattish organic adj. EBIT margin pre tariffs. The impact of tariffs on EBIT is now expected to range from a minimum of Eu4mn (EU tariffs lifted and Canada/ Mexico retaining exemptions) to a maximum of Eu45mn, depending on confirmation of scope and rates, before possible mitigation actions (not significant this year). The likely scenario was indicated at Eu21mn in 2025. Management remains focused on the "controllables" i.e. deleveraging, cost management, marketing and commercial execution, and pricing discipline, on top of portfolio optimisation. Management has scheduled a Strategy Day for 6-7 November to communicate details of the group's strategic roadmap.
- **Change in estimates.** In light of results, we are raising our organic growth assumptions slightly, acknowledging some potential upside while factoring in a harsher ForEx scenario in 2H25. This leaves our bottom line estimates almost unchanged, as operational adjustments were offset by higher financial charges.
- **OUTPERFORM confirmed, target Eu8 (confirmed).** We continue to appreciate Campari's resilience. Despite contingent factors and macroeconomic effects, underlying trends proved solid thanks to one of the industry's most balanced and renowned brand portfolios, which still has notable untapped potential. Moreover, the company can maintain strong price discipline due to high on-premises exposure, strong brand momentum across markets, and a premium positioning, definitely a plus in the current context. We therefore reiterate our OUTPERFORM recommendation, still viewing the stock de-rating as an opportunity in light of future developments. The company's high-end profile and outperformance of the competition justifies a valuation more in line with history (1Y FW EV/EBITDA c.19x historically, vs. c.12x now; 1Y FW P/E c.29x historically vs. 19x now).

Key Figures & Ratios	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**
Sales (Eu mn)	2,919	3,070	3,164	3,329	3,545
EBITDA Adj (Eu mn)	650	520	732	814	878
Net Profit Adj (Eu mn)	390	376	369	423	460
EPS New Adj (Eu)	0.336	0.305	0.300	0.344	0.373
EPS Old Adj (Eu)	0.336	0.305	0.300	0.341	0.370
DPS (Eu)	0.070	0.080	0.090	0.100	0.110
EV/EBITDA Adj	23.0	24.5	13.2	11.5	10.3
EV/EBIT Adj	27.7	32.5	16.5	14.5	13.1
P/E Adj	18.0	19.8	20.2	17.6	16.2
Div. Yield	1.2%	1.3%	1.5%	1.7%	1.8%
Net Debt/EBITDA Adj	2.8	4.6	3.0	2.3	1.8

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (**DCF**) model or similar methods such as a dividend discount model (**DDM**)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the FTSEMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and - 10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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As at 1 August 2025 Intermonte's Research Department covered 134 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	32.84%
OUTPERFORM:	37.31%
NEUTRAL:	29.85%
UNDERPERFORM:	00.00%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (79 in total) is as follows:

BUY:	53.16%
OUTPERFORM:	29.11%
NEUTRAL:	17.73%
UNDERPERFORM:	00.00%
SELL:	00.00%

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