DAVIDE CAMPARI-MILANO NV

78502934 CORPORATE

BBB- ISSUER RATING
Long term

OUTLOOK
Stable

Initiation date	21/12/2022
Rating Date	15/04/2025

Contacts

Lead analyst
Anne Guy
anne.guy@ethifinance.com

Committee chair
Marc Pierron
marc.pierron@ethifinance.com

Rating Action and Rationale

- EthiFinance Ratings affirms Campari's long-term rating at BBB-, maintaining its Stable outlook.
- Based in Milan (Italy), Campari is a major player in the global spirits industry with a portfolio of over 50 premium and super-premium brands.
- The rating is supported by Campari's positioning as a major player in the global spirits industry, being now the sixth largest global player. The group has a portfolio of over 50 premium brands (such as Campari, Aperol, Wild Turkey, and now Courvoisier) across the main categories. Campari also has good geographical diversification with a global reach, as its products are sold in around 190 countries (with its own distribution network in 26 countries). In April 2024, Campari acquired 100% of Courvoisier S.A.S., the owner of the major French cognac brand Courvoisier. This acquisition of Courvoisier has strengthened further its geographical diversification, expanding its presence in the US (despite some current uncertainties linked to tariffs escalation).
- In addition, we expect the credit metrics to improve over our forecast period (2025-27), after the deterioration following the acquisition of Courvoisier. The acquisition, amounting to around €1.2bn, was paid by a mix of debt and equity. This led to a deterioration of EthiFinance Ratings-adjusted net leverage to 3.9x at YE24 (vs 2.8x at YE23). Over our forecast period, we expect the adjusted net leverage to improve to below 3.0x, without additional M&A and reduced capex from 2026, after significant investments made since 2022.
- However, our rating remains constrained by the discretionary nature of the industry's products, as the consumption of spirits may be negatively impacted by a significant deterioration of the overall macroeconomic environment. The current market environment is challenging for beverage players with soft consumption, high level of stocks at retailers, and geopolitical tensions leading to tariffs in China and potentially in the US. This materialized in Campari's FY24 results as the group generated €3.1bn sales with a moderate organic growth of 2.4%. The overall growth of 5.2% was mainly driven by the change in perimeter (+2.7%), mainly linked to the Courvoisier acquisition. Profitability has slightly deteriorated with an adjusted EBITDA margin of 20.4% (vs 24.0% in FY23). This is linked to higher costs related to Campari's business investments, while pricing and mix effects have been limited. Over our forecast period, we expect the growth in sales to remain soft given the challenging market environment. Regarding profitability, the finalization of investments should contribute to an improvement (expect adjusted EBITDA margin of 23.1% on average). However, our assumptions didn't factor in the potential impact of US tariffs, which could deteriorate the business performance (28% of the FY24 sales generated in the US). Finally, we view negatively the concentration of the group's sales in some global priority brands. In particular, a sustained downturn in Aperol (c. 24% of FY24 sales) or Campari (c. 11%) sales could significantly impact total sales.
- The beverages subsector has medium-to-high ESG risks under our methodology (sector heatmap score between 3.5 and 4), slightly constraining our industry assessment. Regarding environmental factors, the industry has a low impact on climate and biodiversity, but has some impact on pollution linked to the use of glass and plastic bottles. However, the sector raises significant health issues around sugared soft drinks and alcoholic beverages. In particular, the latter can have a higher impact on consumers' health compared to "regular beverages", with alcohol-related harm being a major public health concern (responsible for c.255-290k deaths each year across EU countries, according to the WHO). In addition, legal and regulatory constraints from state authorities (including changes in regulations relating to production, distribution, importation, marketing, advertising, pricing, and packaging) may have a negative impact on the financial performance of a company operating in this subsector.
- Our assessment of the company's ESG policy is advanced (company ESG score of between 0 and 1), positively impacting our financial assessment. Campari's governance and environmental scores are excellent, while the social score remains good. Its very good governance assessment mainly reflects the existence of a business conduct and anti-corruption policy, a good analysis of ESG issues (including the prioritization of ESG issues), and the separation of the roles of chairman and CEO. It's worth mentioning the change in CEO, which has not impacted our government assessment but remains monitored. Regarding environmental factors, we highlight the significant year-on-year decrease in Campari's energy and water consumption, respectively resulting from energy efficiency investments in its production sites, and the launch of a "water reduction programme" to optimize water use. The group is also committed to carbon neutrality by 2050, however its commitments have not been validated by the SBTi. Finally, social factors are supported by the decrease in accident frequency rates, but remain constrained by only the partial certification of its facilities for quality management, and health and safety management.

Issuer Description

Founded in 1860, Campari is a major player in the global spirits industry (6th largest global player), with a well-diversified portfolio of over 50 premium and super-premium brands across the major categories, including aperitifs, vodka, whisky, tequila, rum, gin, and cognac. Its brands are categorized into global, regional, and local priority brands based on their business priority, geographic scale, and growth potential. Global priority brands represent almost two-thirds of the group's revenues (c.69% of FY24 revenues), and include brands such as Aperol (c.24%), Campari (c.11%), and Espolon (c.9%). Campari owns 25 manufacturing facilities worldwide (including distilleries and bottling plants) and its products are marketed and distributed in around 190 countries, with its own distribution network in 26 countries. These are called direct markets (c.93% of revenues in FY24), where it sells directly to retailers and wholesalers. Campari is listed on the Italian Stock Exchange since 2001, and has a market capitalization of €6.9bn (market close on April 14, 2025). Lagfin (the holding company of the Garavoglia family) controls 51.8%.

For 2024, Campari generated revenues of €3.1bn, representing a 5.2% growth yoy, and adjusted EBITDA of €627.7m (-10.2% yoy), equivalent to a 20.4% margin (vs 24.0% in 2023). The consolidated EthiFinance Ratings net leverage ratio was 3.9x at end-2024 (vs 2.8x at end-2023).

Main Financial Figures

Main financial figures. Millions of €	FY23	FY24	FY25e	FY26e	FY27e	24vs23
Turnover	2 919	3 070	3 146	3 304	3 469	5,2%
EBITDA (1)	699	628	710	770	815	-10,2%
EBITDA Margin (1)	24,0%	20,4%	22,6%	23,3%	23,5%	-3,5pp
EBIT	511	287	577	624	663	-43,7%
EBIT Margin	17,5%	9,4%	18,4%	18,9%	19,1%	-8,1pp
EBT	468	265	471	522	569	-43,4%
Total Assets	6 676	8 483	8 584	8 703	8 758	27,1%
Equity	2 927	3 855	4 067	4 354	4 674	31,7%
Total Financial Debt (2)	2 555	3 105	3 064	2 911	2 616	21,5%
Net Financial Debt (2)	1 935	2 439	2 484	2 323	2 096	26,0%
Equity/TFD (2)	114,5%	124,2%	132,7%	149,6%	178,6%	9,6pp
NFD/EBITDA (2) (1)	2,8x	3,9x	3,5x	3,0x	2,6x	1,1x
Funds From Operations	476	535	462	510	551	12,4%
FFO/NFD (2)	24,6%	21,9%	18,6%	22,0%	26,3%	-2,7pp
EBITDA/Interest (1)	9,9x	5,6x	5,8x	6,5x	7,5x	-4,2x

(1) EBITDA is adjusted for restructuring and reogranization costs, and incentives schemes

(2) Debt is adjusted for pensions, and reverse factoring

Credit Rating

Credit Rating	
Business Risk Profile	**BBB-**
Industry risk assessment	BBB
Industry's ESG	*Negative*
Competitive Positioning	BB+
Governance	BBB-
Financial Risk Profile	**BBB-**
Cash flow and leverage	BB+
Capitalisation	A-
Company's ESG	*Positive*
Anchor Rating	**BBB-**
Modifiers	-
Rating	**BBB-**

Rating Sensitivity

- **Long-term rating positive factors (↑)**

A rating upgrade could be possible with a sustained improvement in Campari's financial profile, particularly if the group manages to deleverage faster than expected following the acquisition of Courvoisier. For the same business risk profile, a decline in the group's EthiFinance Ratings-adjusted net leverage ratio to below 2.8x, for a sustained period of time, could also entail a long-term rating upgrade to BBB.

- **Long-term rating negative factors (↓)**

A rating downgrade could result from a sustained deterioration in Campari's financial profile, which could happen if the group is unable to deleverage following the acquisition of Courvoisier, or if the challenging macroenvironment has a greater negative impact on revenues and profitability (additional tariffs from the US for example). For the same business risk profile, an EthiFinance Ratings-adjusted net leverage ratio above 3.5x for a sustained period of time could entail a long-term rating downgrade to BB+.

Sources of information

The credit rating issued in this report is unsolicited. The credit rating is based exclusively on public information, being the main sources the following:

1. Annual Audit Report.
2. Corporate Governance Report.
3. Corporate Website.
4. Information published in the Official Bulletins.

The information was thoroughly reviewed to ensure that it is valid and consistent, and is considered satisfactory. Nevertheless, EthiFinance Ratings assumes no responsibility for the accuracy of the information and the conclusions drawn from it.

Level of the rated entity participation in the rating process

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	NO
With Access to Internal Documents	NO
With Access to Management	NO

Additional information

- The rating was carried out in accordance with Regulation (EC) N°1060/2009 of the European Parliament and the Council of 16 September 2009, on credit rating agencies. Principal methodology used in this research are :
  - Corporate Rating Methodology - General : https://www.ethifinance.com/download/corporate-rating-methodology-general/?wpdmdl=35203
- The rating scale used in this report is available at https://www.ethifinance.com/en/ratings/ratingScale.
- EthiFinance Ratings publishes data on the historical default rates of the rating categories, which are located in the central statistics repository CEREP, of the European Securities and Markets Authority (ESMA).
- In accordance with Article 6 (2), in conjunction with Annex I, section B (4) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, it is reported that during the last 12 months EthiFinance Ratings has not provided ancillary services to the rated entity or its related third parties.
- The issued credit rating has been notified to the rated entity, and has not been modified since.