Davide Campari-Milano S.p.A.

Explanatory Report by the Board of Directors to the

Extraordinary General Meeting on amendments to the Articles of Association.

This report has been drawn up by the Board of Directors of Davide Campari-Milano S.p.A. (the 'Company'), pursuant to Article 72 of Consob Regulation 11971 of 14 May 1999 to explain the amendment to the Articles of Association (the 'Articles of Association') that will be proposed at the Extraordinary General Meeting convened, in a single call, for 28 April 2017 with the following agenda item:

'Approval of the proposed split of 580,800,000 (five hundred eighty million eight hundred thousand) outstanding ordinary shares, having a nominal value of Euro 0.10 (ten Euro cents) each, into 1,161,600,000 (one billion one hundred sixty one million six hundred thousand) newly issued ordinary shares, having a nominal value of Euro 0.05 (five Euro cents) each, having the same characteristics as the ordinary shares outstanding, with the assignment of 2 (two) newly issued shares to replace each outstanding ordinary share. Approval of the consequent amendments to the articles of association'.

The Board of Directors intends to submit a stock split transaction and, consequently, the amendments to Article 5 of the Articles of Association outlined below to the shareholders' meeting for approval, for the following reasons.

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The Board of Directors points out that the envisaged stock split transaction has essentially in view a reduction in the per share market value of the shares and is aimed to (i) facilitate trading in the shares by retail investors, (ii) increase average daily trading volumes and, consequently, (iii) improve the share's liquidity.

Furthermore, the stock split transaction has no effects with reference to both administrative rights of the shareholders (which will not incur any modifications) and the amount of the share capital (which remains unchanged, as well). Therefore, the stock split transaction is absolutely neutral in those respects.

In the past, already twice the Board of Directors has proposed and the shareholders' meeting has approved transactions aimed to achieve a reduction in the per share market value of the shares in order to pursue the above-mentioned objectives.

In 2005, when the per share market value of the shares over the course of the first quarter reached and exceeded the value of Euro 50 (as of 25 February 2005 it totaled Euro 50,10), the Board of Directors proposed, and the shareholders' meeting approved, a first stock split, which was carried out at the ratio of 10 new shares having a nominal value of Euro 0.10 for each old share having a nominal value of Euro 1.00. Following such split, the per share market value of the Company's shares was proportionately reduced.

Similarly, in 2010, when the shares reached over the course of the first quarter a per share market value that was almost twice the per share market value of the same following the above-mentioned split (as of 26 March 2010 it totaled Euro 8.20), the Board of Directors proposed, and the shareholders' meeting approved, a free share capital increase with the assignment of one new share for each share held. Even though a free share capital increase with assignment of new shares does not technically represent a stock split transaction, its effects in terms of reduction in the per share market value of the shares are similar and the objectives pursued are similar, as well.

Had the stock split of 2005 and the free share capital increase of 2010 not been carried out, would, at present, the per share market value of the Company's shares total circa Euro 194. The current per share market value of the Company's shares (equal to Euro 9.55 as of 28 February 2017) has already (i) almost doubled with respect to the per share market value of the same following the 2005 stock split and (ii) more than doubled with respect to the per share market value of the shares following the 2010 free share capital increase.

Therefore, at present, the very same reasons exist that led the Board of Directors to propose to the shareholders' meeting a stock split in 2005 and a capital increase transaction in 2010: both of which transactions were viewed favorably by the same and turned out to be consistent with the objectives pursued.

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For the reasons illustrated above, the Board of Directors therefore proposes to amend article 5 of the Articles of Association by increasing the total number of shares representing the share capital (which remains unchanged in the amount of Euro 58,080,000.00 – fifty eight million eighty thousand –) from 580,800,000 (five hundred million eight hundred thousand) shares to 1,161,600,000 (one billion one hundred sixty one million six hundred thousand) shares, therefore reducing the nominal value of the Company's shares from Euro 0.10 to Euro 0.05 (five Euro cents).

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A comparison of the existing text of the article to be amended and the amended text proposed by the Board of Directors is set out below.

It should be pointed out that the amendment concerned will come into effect on the date on which the minutes of the extraordinary shareholders' meeting convened, in a single call, for 28 April 2017 are filed with the relevant Companies Register, and shall not give rise to any right of withdrawal.

Current text of the Articles of Association	**New text proposed**
Article 5	**Article 5**
1. The company's share capital is € 58,080,000.00 (fifty-eight million eighty thousand/00), represented by 580,800,000 (five hundred eighty million eight hundred thousand) shares with a par value of € 0.10 (zero point one) each.	1. The company's share capital is € 58,080,000.00 (fifty-eight million eighty thousand/00), represented by **1,161,600,000 (one billion one hundred sixty one million six hundred thousand)** shares with a par value of € **0.05 (five Euro cents)** each.

Sesto San Giovanni, February 28th, 2017

Davide Campari–Milano S.p.A.
Chairman

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