

Purcari Wineries Plc

1Q 2021 Results Presentation

18 May 2021



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Today's presenters

Victor Bostan
CEO, Founder



- Founded the Group in 2002
- Over 35 years of experience in wine industry
- Built and exited one of the largest wine companies in RU
- Technical University, Oenology
- Speaks FR, RO, RU

Eugen Comendant
COO



- Over 10 years of management experience
- Ex Virgin Mobile, ACN in senior Business Development, Sales and Marketing roles
- Amsterdam University of Applied Sciences, ESSEC Business School
- Speaks EN, RO, RU, NL, FR

Victor Arapan
CFO



- 20 years of experience in banking, audit, corporate finance
- 10+ years experience in wine making companies
- Ex-PWC, Acorex Wineries
- International Management Institute
- Speaks EN, RO, RU

Vasile Tofan
Chairman



- Over 10 years experience in FMCG
- Partner at Horizon Capital, \$850m+ AUM
- Ex- Monitor Group, Philips
- MBA Harvard Business School
- Speaks EN, RO, RU, FR, NL

AGENDA



1 Our Group, Vision and Strategy

2 1Q 2021 Operational Results

3 2021 Outlook

4 Q&A



Viorica de Purcari caters to the increasing interest in indigenous aromatic grapes. **BEST IN SHOW** at Decanter 2020, 97 pts.

1 Purcari Wineries Group at a glance



Leading wine player in Central and Eastern Europe...

Founded in 1827 by French colonists, Purcari group is now...

- #1** Most awarded CEE winery of the year in 2015-2020 at Decanter London, "wine Olympics"
- #1** Best premium wine brand in Romania, Moldova
- #1** Fastest growing large winery in CEE
- #1** Largest exporter of bottled wine from Moldova
- top** 1 300+ hectares of prime vineyards, top production assets
- top** Listed on Bucharest Stock Exchange, with reputable shareholders alongside founder, Victor Bostan: Horizon Capital, Fiera Capital, Conseq, East Capital, Paval Holding, Franklin Templeton, SEB etc.

6 production sites and 4 brands, covering a broad spectrum of segments



CRAMA CEPTURA



BOSTAVAN

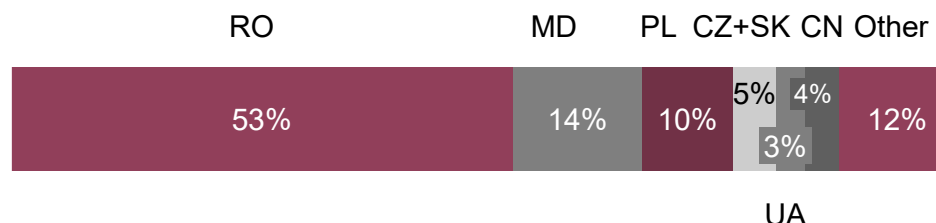


DIVIN BARDAR



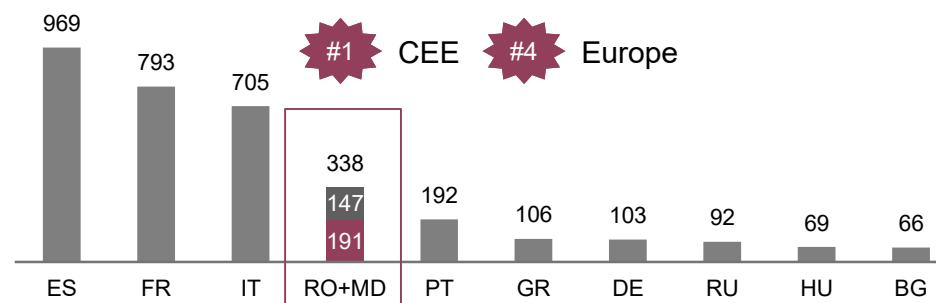
... with a strong & expanding regional footprint

Geographical breakdown of sales in value terms, 1Q21, %



Located in a region with one of the richest wine heritages

Top 10 European countries by area under vines, kha



1 Our Group: competitive advantage in an attractive market

Attractive market

Secular shift from beer, spirits to wine, especially in CEE

Competitive advantage

#1 premium wine brand in Romania

Wine growth '16-'20F in Romania 9.0% vs. 1.9% for beer

Plenty to catch up: wine consumption in Poland = $\frac{1}{4}$ Germany, per cap.

#1 fastest growing large winery in Romania

#1 most awarded CEE winery at Decanter, "wine Olympics"

Shrinking vine plantations, create shortage, push prices up

Romania + Moldova undisputable #1 vineyards size in CEE, 5x vs #2

#1 EBITDA margin among global publicly traded wine peers

#1 on Instagram, Vivino engaging millennials in Romania

1 Our business model: Affordable Luxury

Modern
cost-competitive
winemaking

Purcari is positioned at the intersections of three themes:

- **Modern winemaking:** the company is brand, as opposed to *appellation*-centric and runs a cost-efficient business
- **Affordable luxury:** as an aspirational brand, Purcari wines are an example of affordable luxury, building on a heritage dating back to 1827 and ranking among the most awarded wineries in Europe
- **Differentiated marketing:** the company is not afraid to be quirky about the way it approaches marketing, prioritizing digital channels and focusing on engaging content as opposed to traditional advertising



Our mission

To bring joy in people's lives, by offering them high quality, inspiring, ethical wines and excellent value for money.

Our vision

To become the undisputable wine champion in CEE, acting as a consolidator of a fragmented industry

Our values

Hungry

We win in the marketplace because we want it more

Ethical

Always do the right thing and the money will follow

Thrifty

The only way we can offer better value for money

Different

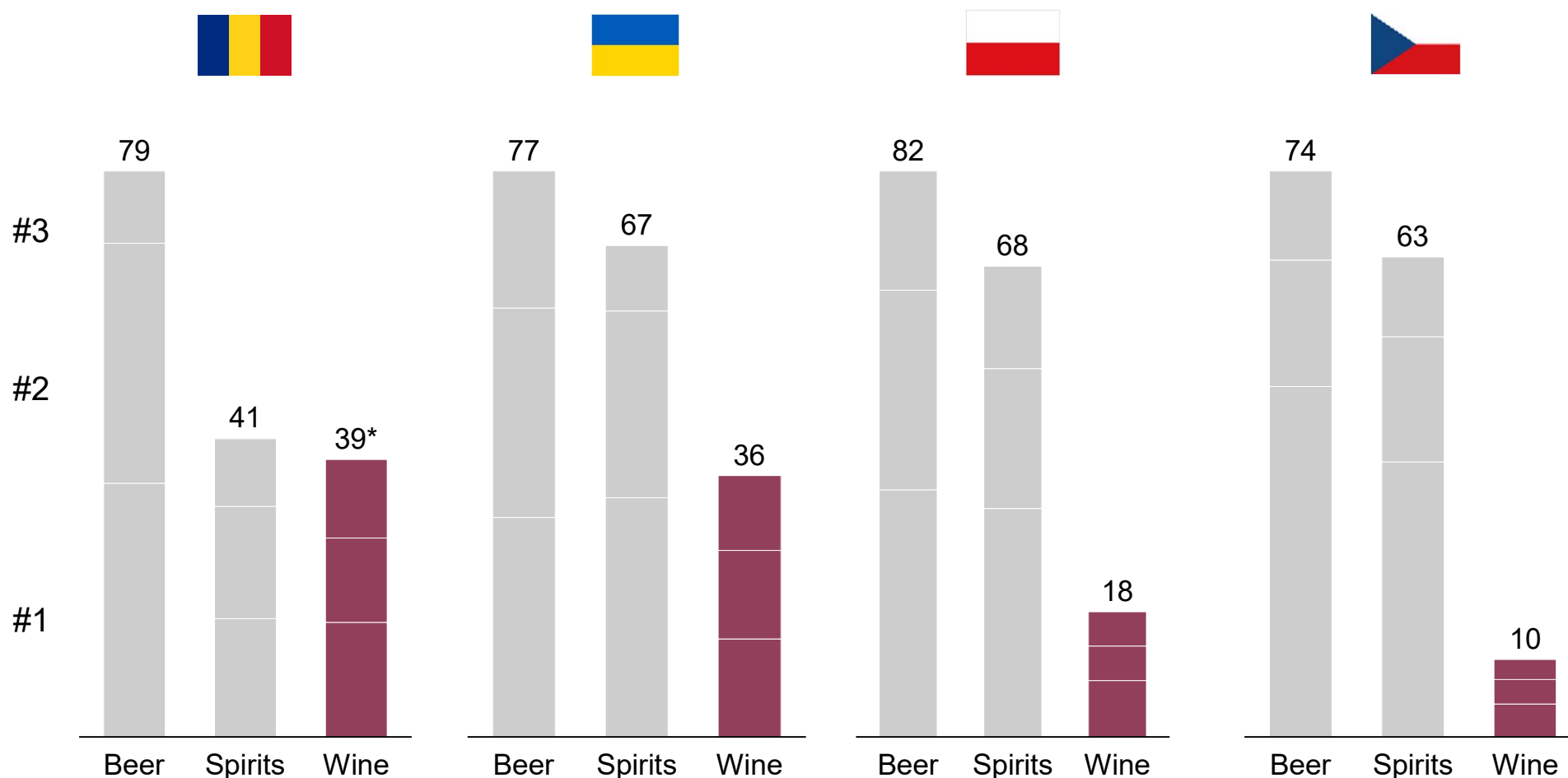
We proud ourselves on taking a fresh look on things

Better

We keep improving – both our wines and our people

1 Vision: be the consolidator of a fragmented market

Volume share top-3 players by country, %

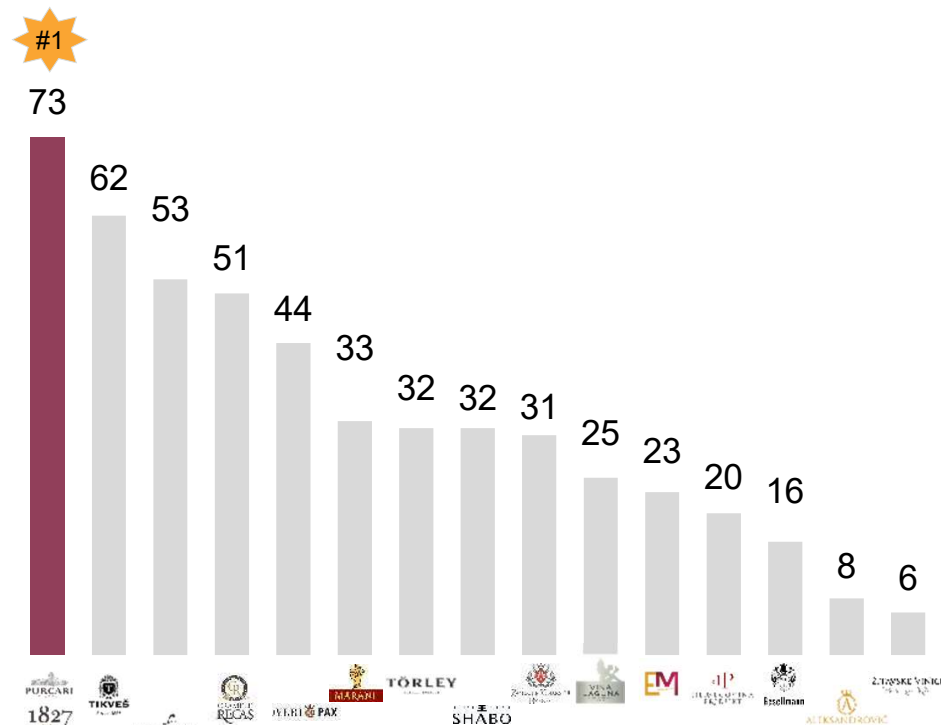


Unlike beer or spirits, wine market remains very fragmented; players who have the scale and sophistication needed – are in a great position to consolidate it

1 Quality highly commended, remain the most awarded winery in CEE

Leading medal-winning winery in CEE at Decanter, the Wine "Olympics"

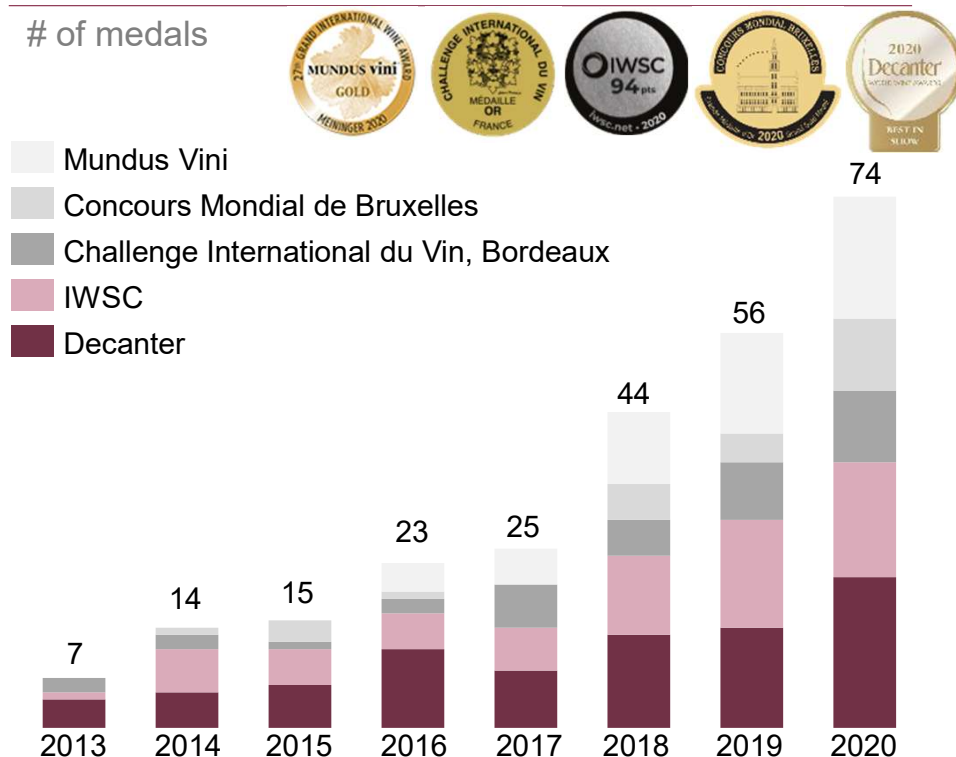
of Decanter medals in 2015 – 20



- Most awarded winery to the east of Rhine, ahead of reputable (and much pricier!) German, Hungarian or Austrian wineries

Increasing number of medals won from year to year

of medals

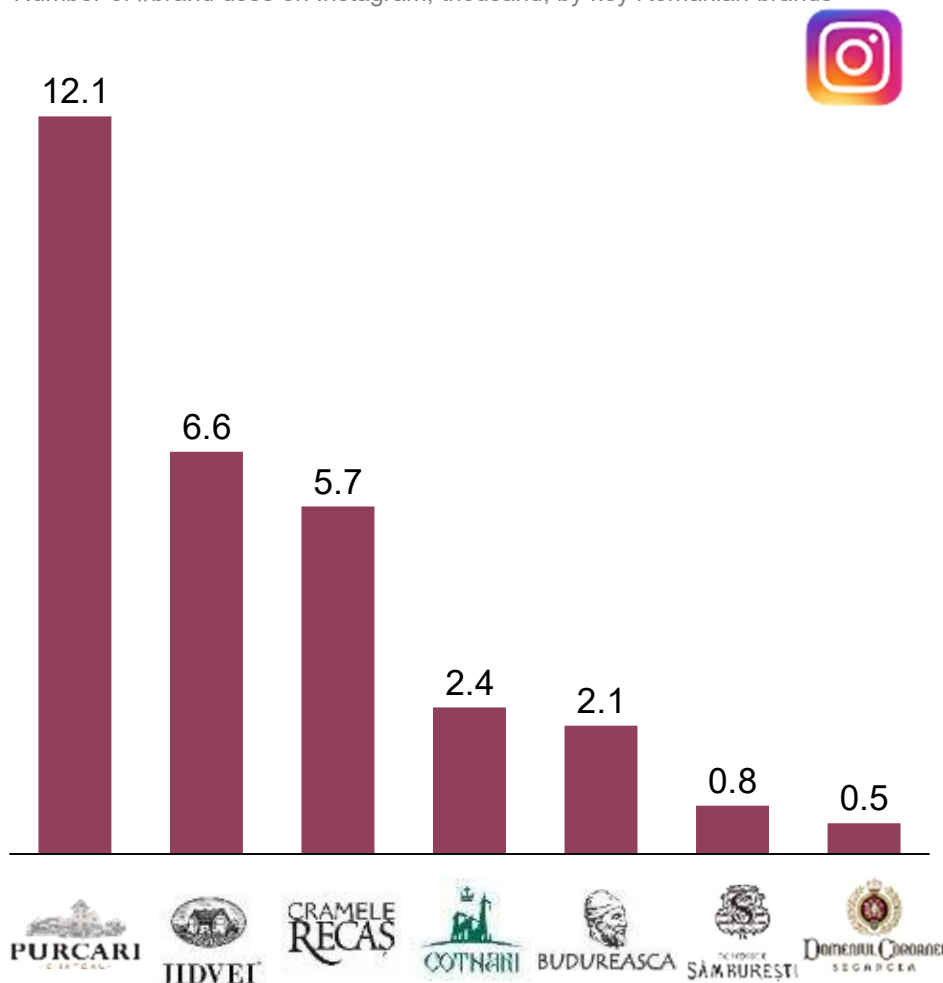


- Unlike beer or spirits, wine production is more prone to quality fluctuations. The Group has demonstrated the ability to keep raising the bar quality wisely, as illustrated by the mounting number of medals won at top global competitions

1 Topping competition at engagement and quality

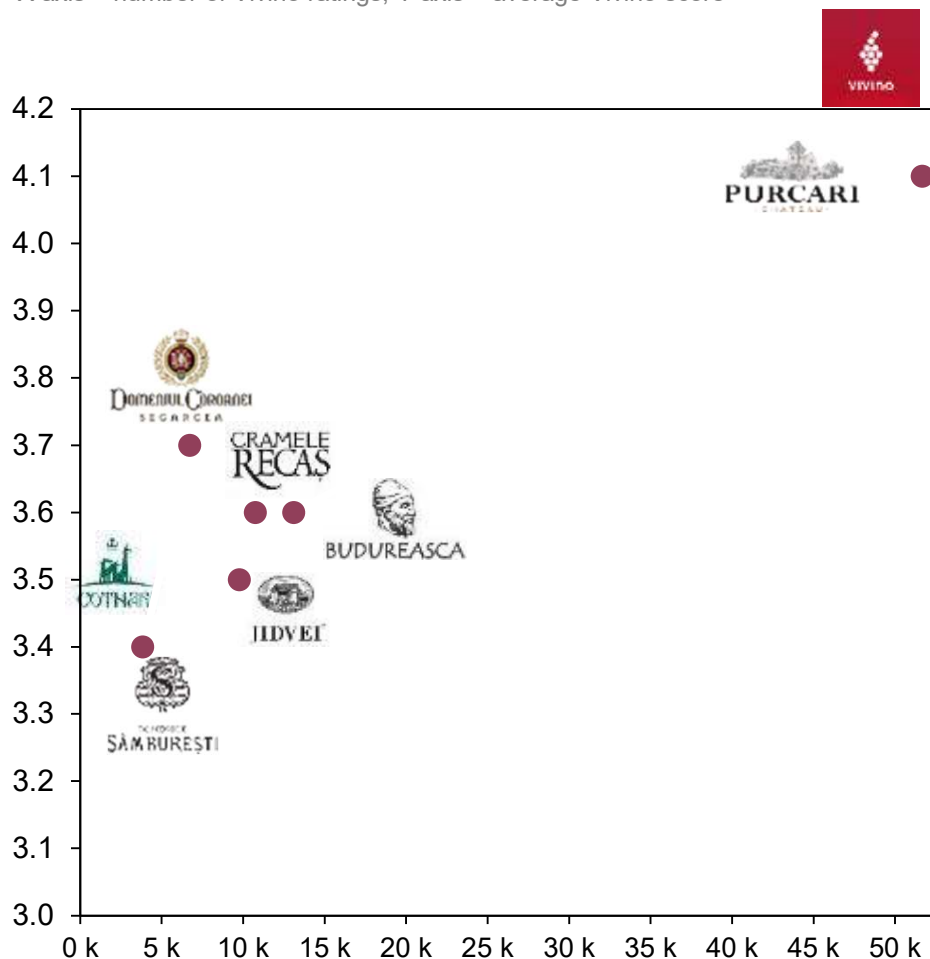
Aspirational brand which consumers like sharing about

Number of #brand uses on Instagram, thousand, by key Romanian brands



Highest number of ratings and highest scores on Vivino

X axis – number of Vivino ratings; Y axis – average Vivino score



Note: Purcari - #purcari, Cramele Recas - #recas, Jidvei - #jidvei, Cotnari - #cotnari, Budureasca - #budureasca, Samburesti - #samburesti, Segarcea - #segarcea

Sources: Instagram, Vivino as of May 2021

1 Vivino feedback remains very strong, essential for online sales



#1 presence in the crucial RON 30-60 segment, holding 13 out of TOP-25 positions



#1



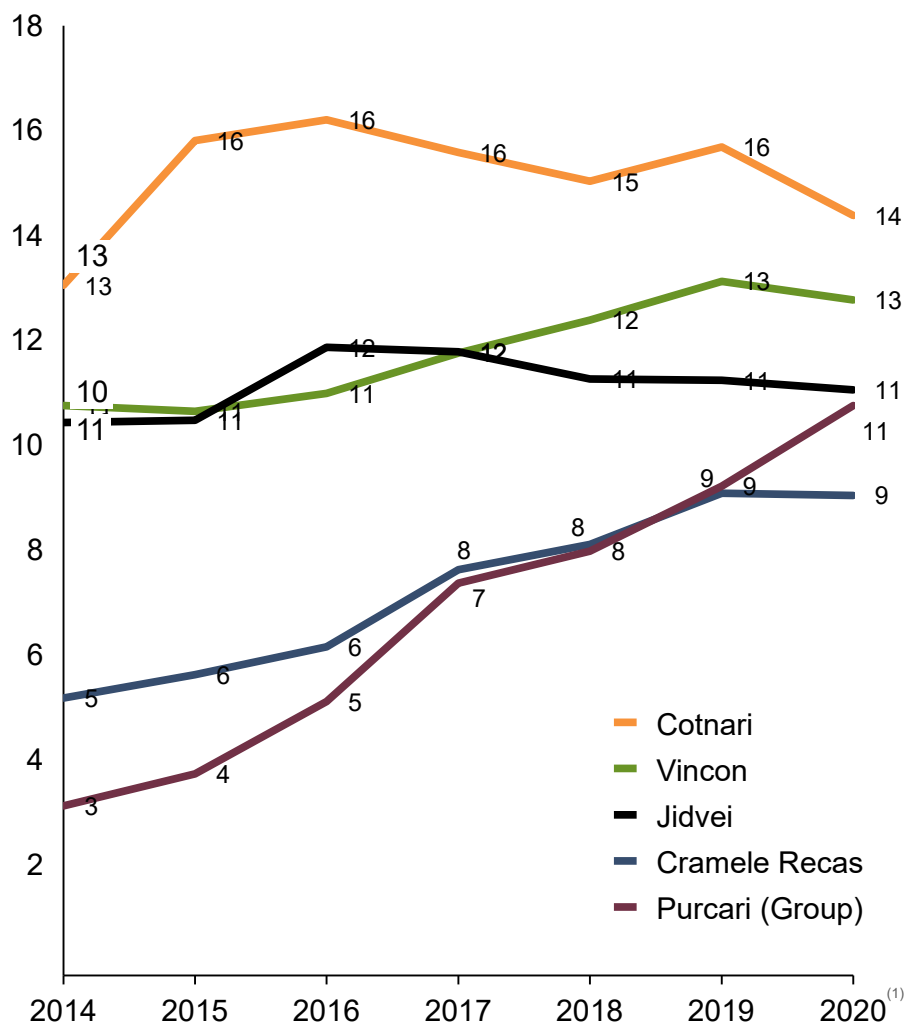
- We remain **obsessed with the quality of our wines**, which pays off in excellent consumer feedback
- In our core premium segment, 30-60 RON per bottle shelf price, we dominate the category with **13 best-rated wines in Vivino's top-25**
- Negru de Purcari 2015 among the **top 1% of all wines in the world**
- We remain convinced, it is the **product that will make the difference** in the mid and long term with consumers, so we are focusing on making exciting wines that capture people's imagination

2 Turned crisis into an opportunity, boosting market share in Romania



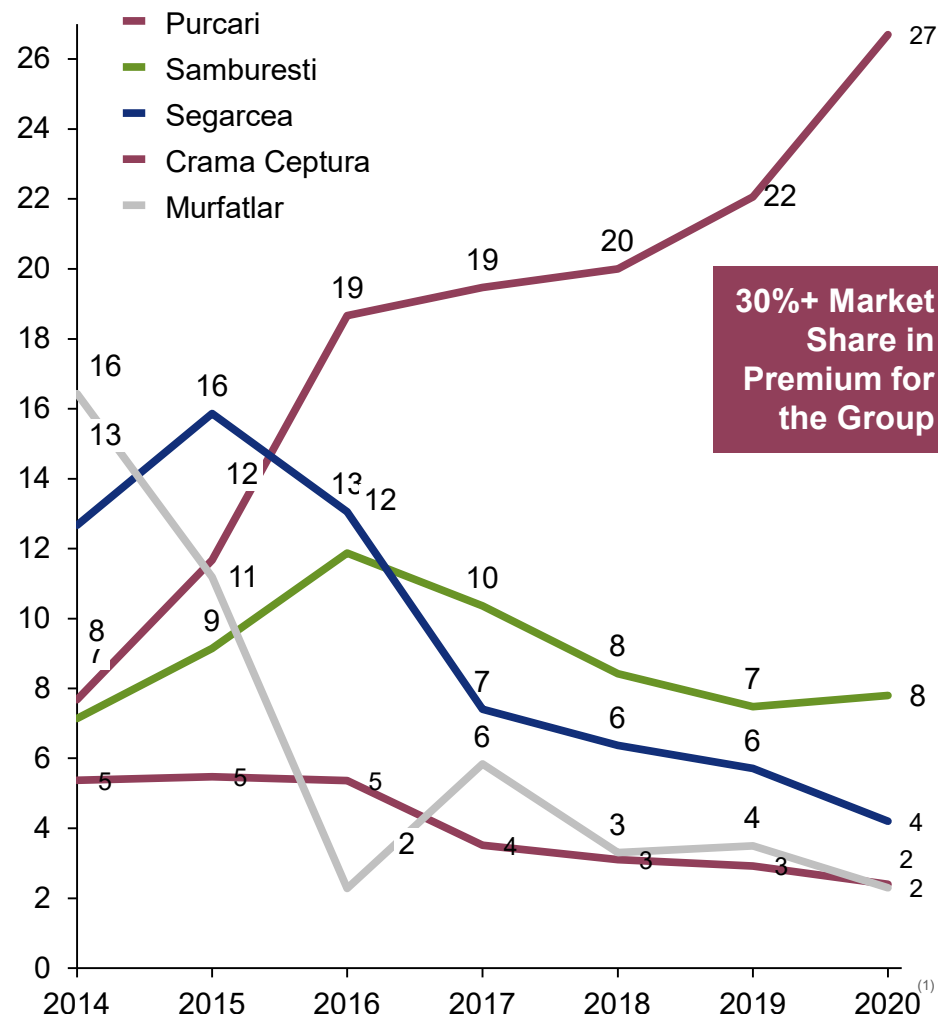
Jumped to #4 in overall market, reaching 10%+ share...

Value share of TOTAL retail market, Romania, %



...while distancing by 20+ percentage points vs #2 in premium

Value share of Premium (RON 30+/liter) retail market, Romania, %



30%+ Market Share in Premium for the Group

Notes: (1) YTD Nov 2020

Sources: Nielsen report; Purcari Group = Purcari, Crama Ceptura and Bostavan brands;

1 Growth in Vivino usage, key for consumer engagement



4.24

Average score out of
5.0 in 1Q21

84%

Scores equal or
above 4.0

Top 1%

Global ranking based
on avg. score received

25,256

Vivino scans in
1Q21

+30%

March 2021 YoY
scans growth

61

of countries where
Purcari has been
scanned

AGENDA



1 Our Group, Vision and Strategy

2 **1Q 2021 Operational Results**

3 2021 Outlook

4 Q&A



Negru de Purcari 2015, **GOLD** at **Decanter 2020**, **95 pts.**, 4.4 score on Vivino, top 1% wine globally

2 Strong growth, despite many pandemic restrictions still in place

Revenues

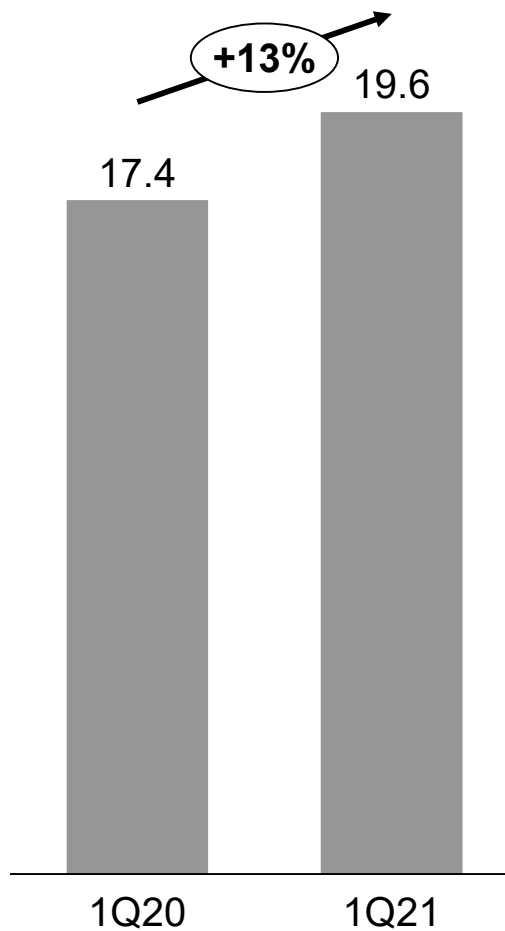
RON m



Growth vs. 1Q19, +18%

EBITDA

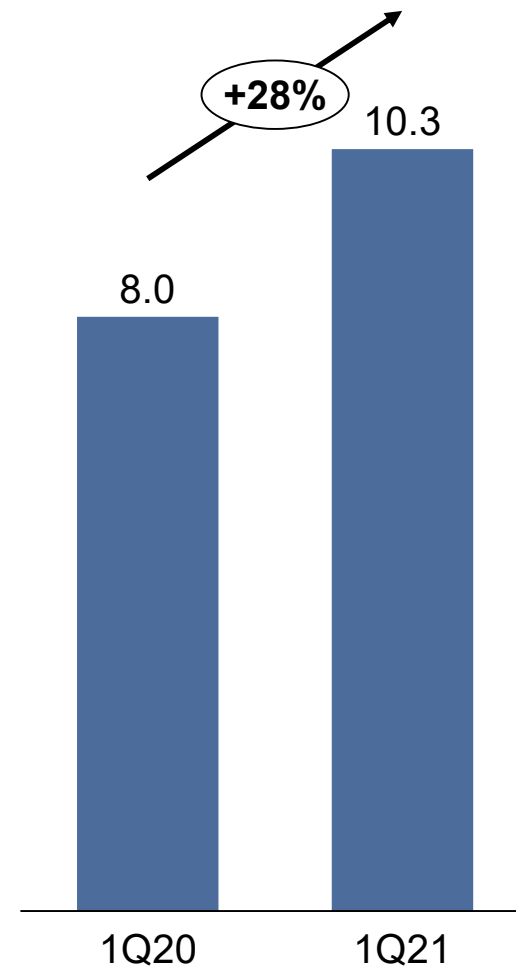
RON m



EBITDA margin

Net Income

RON m



Net Income margin

2 Key operational highlights for 1Q21

Ongoing strong performance in Romania

- Revenues up 8% vs. a largely still strong pre-pandemic 1Q20; growth vs. 1Q19 at +18%
- Strong performance in Romania, with Purcari leading the growth
- Moldova and China having the best quarter since pre-Covid era in 2020
- Bardar still faces adverse effects from pandemic restriction. However, strong growth in Romania and Asia

Investing in boosting ecommerce capabilities

- Announced acquisition of 10% stake in 8wines.com, plus option to increase stake at pre-defined terms
- 8Wines is a Prague based fast growing online wine retailer, with 2020 sales of €1.5M (2.9x up yoy) and a 2021 target of €4.5M
- Investment seeks to boost ecommerce capabilities, thereby positioning Purcari to better to work with online retailers across distribution universe

Strong margins on improving mix

- EBITDA up by 13%, reaching historically highest margin, at 39%; net income up 28%
- Improving mix, with strong growth of flagship Purcari brand, contributing to better margins
- Exceeded provided Guidance on EBITDA margin 28-30%, being slightly above the target with Net Profit margin at 21%.

Investments in quality keep paying off

- 2021 the year of sparkling: Cuvée de Purcari Rosé Brut Gold medal at Concours Mondial de Bruxelles, Cuvee Alb Brut - Best of Show White at Mundus Vini Spring Tasting 2021
- The Group was awarded 100 Medals at 6 high profile wine contests in 2021

Bonus shares and dividends announced, approved

- Doubling issued share capital approved. One bonus share for each share held to be paid on 21.07.2021, ex-date: 19.07.2021
- Dividend of 1.3 RON/share approved to be paid on 09.09.2021, ex-date: 19.08.2021

2 P&L: solid performance and margins in a restrictive environment



RON m	1Q20	1Q21	Δ '21/'20
Revenue	46.4	49.8	8%
Cost of Sales	(22.8)	(23.8)	5%
Gross Profit	23.6	26.0	10%
<i>Gross Profit margin</i>	<i>51%</i>	<i>52%</i>	<i>1 pp</i>

SG&A:	(9.5)	(11.0)	16%
<i>Marketing and selling</i>	(3.9)	(5.0)	26%
<i>General and Administrative</i>	(5.6)	(6.0)	9%
Other income/expenses:	(0.0)	1.3	na

EBITDA	17.4	19.6	13%
<i>EBITDA margin</i>	<i>37%</i>	<i>39%</i>	<i>2 pp</i>

Net Profit	8.0	10.3	28%
<i>Net Profit margin</i>	<i>17%</i>	<i>21%</i>	<i>4 pp</i>








Comments

- 1Q21 continues the growth momentum set in 4Q20, with sales up 8% (and +18% vs. 1Q19). Cost of sales increasing at a slower pace than revenue at 5% YoY.
- Strong Gross margin at 52%, +1 p.p. YoY, on improving mix with higher share of Purcari in total sales. The positive impact from sales increase in markets with higher premium share, including Moldova and China.
- Marketing and selling expenses at 10% of revenue. +26% YoY growth due to different comparable basis, including certain salary cost reallocations¹ from G&A to marketing and selling expenses; agile marketing budget revision initiated in 1Q20 in response to COVID outburst that shifted main costs to the second half of 2020.
- G&A expenses at 12% of revenue, flat YoY. A share of the increase comes from higher professional fees related to Group activity contracted starting from the second half of 2020: i.e. market-making services, M&A consulting, legal fees. Variances in other taxes and fees.
- EBITDA up by 13% to RON 19.6 million with a 39% margin on lower Cost of sales and flat SG&A at 22% of revenue.
- Net profit at RON 10.3 million, increase by 28% YoY with a 21% margin, slightly above the guidance.

(1) Upon discussions with Group's auditors, the Company performed certain re-allocations of cost items between G&A and Sales and Marketing categories.





2 Romania leading the growth; Moldova and China on recovery path



Market	Share of sales, 1Q21	Growth, 1Q21 YoY	Comments
RO 	53%	+19%	<ul style="list-style-type: none"> RO: strong growth in 1Q21 +19% yoy. Purcari was leading the growth by 29% yoy. Bardar doubled sales YoY, albeit from smaller base. IKA sales continued growth, Retail grew by 24% despite pandemic emergency situation.
MD 	14%	+10%	<ul style="list-style-type: none"> MD: demand environment significantly improved, but still below 2019 levels. Increased sales YoY in all channels, except HoReCa still being affected by pandemic restrictions. Purcari and Bostavan were leading the Growth. Bardar slightly behind 1Q20.
PL 	10%	-22%	<ul style="list-style-type: none"> PL: revenues down on shifting timing of Easter (seasonality) and ongoing effect of restrictions. Trade marketing campaigns postponed to maximize ROI. Expect 2Q21 results to normalize the effects of the 1st quarter.
ASIA 	4%	+23%	<ul style="list-style-type: none"> ASIA: up 23% yet still below 1Q19 level; catering segment, a significant one for wine sales in China, still not fully recovered. Bostavan benefits from increased demand on middle level wine. Strong interest in Bardar, generating highest margins, albeit from a smaller base.
CZ SK 	5%	+2%	<ul style="list-style-type: none"> CZ&SK: slow recovery, sales up 2% yoy. Both modern and traditional retail channels suffering from restrictive measures, especially in Slovakia. TESCO restructuring still adversely affecting results, but effect diminishing. Entering premium segment with Purcari Wines, sales in 1Q21 at 43% of entire 2020 level.
UA 	3%	+6%	<ul style="list-style-type: none"> UA: doubled sales of Purcari brand yoy, as it becomes increasingly popular with Ukrainian consumers and influencers, providing excellent value for money offered. In process of opening local office to sustain growth.
RoW 	12%	-2%	<ul style="list-style-type: none"> OTHER: good traction for main brands in all countries, except Belarus (demonstrating softer demand), which is a large market for Bardar exports.

2 Premium Purcari and Crama Ceptura brands lead the growth



Brand	Share of sales, 1Q21	Growth, 1Q YoY	Comments
	48%	+29%	<ul style="list-style-type: none"> • PURCARI: Ongoing strong traction in Romania. Moldova at +20% yoy, matching the 1Q19 level, the first growing quarter since 2020. Doubled sales in Ukraine, promising performance in newer markets: Poland, Czech Republic and Slovakia.
	26%	-6%	<ul style="list-style-type: none"> • BOSTAVAN: -6% decrease yoy, impacted by shifts for April in deliveries and effects of Easter timing in Poland, the largest market. Moldova – sales recovered, recording +15% yoy, the first growing quarter since 2020. Strong sales in Asia and Baltics.
	16%	+1%	<ul style="list-style-type: none"> • CRAMA CEPTURA: +1% increase due to high base of 1Q20. Focusing on core brands which grew by low double digits. Shift of sales between quarters with strong traction in April as Easter occurred later in 2021 vs 2020.
	9%	-14%	<ul style="list-style-type: none"> • BARDAR: Following recovering trend. Moldova slightly under 1Q20 results at -2% yoy, still mostly affected by HoReCa closure, ban on public events (i.e. weddings, anniversaries), traveling restrictions continued to adversely affect Duty-Free channel. Largest drop in Sales recorded in Belarus. Elsewhere, sales in Romania and Asia more than doubled, albeit from the smaller base.

AGENDA



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2 1Q 2021 Operational Results




3 **2021 Outlook**

4 Q&A



Platinum at Decanter
2020, 97 pts.,
4.4 score on Vivino,
top 1% wine globally

3 Guidance 2021 – maintaining our guidance for the year

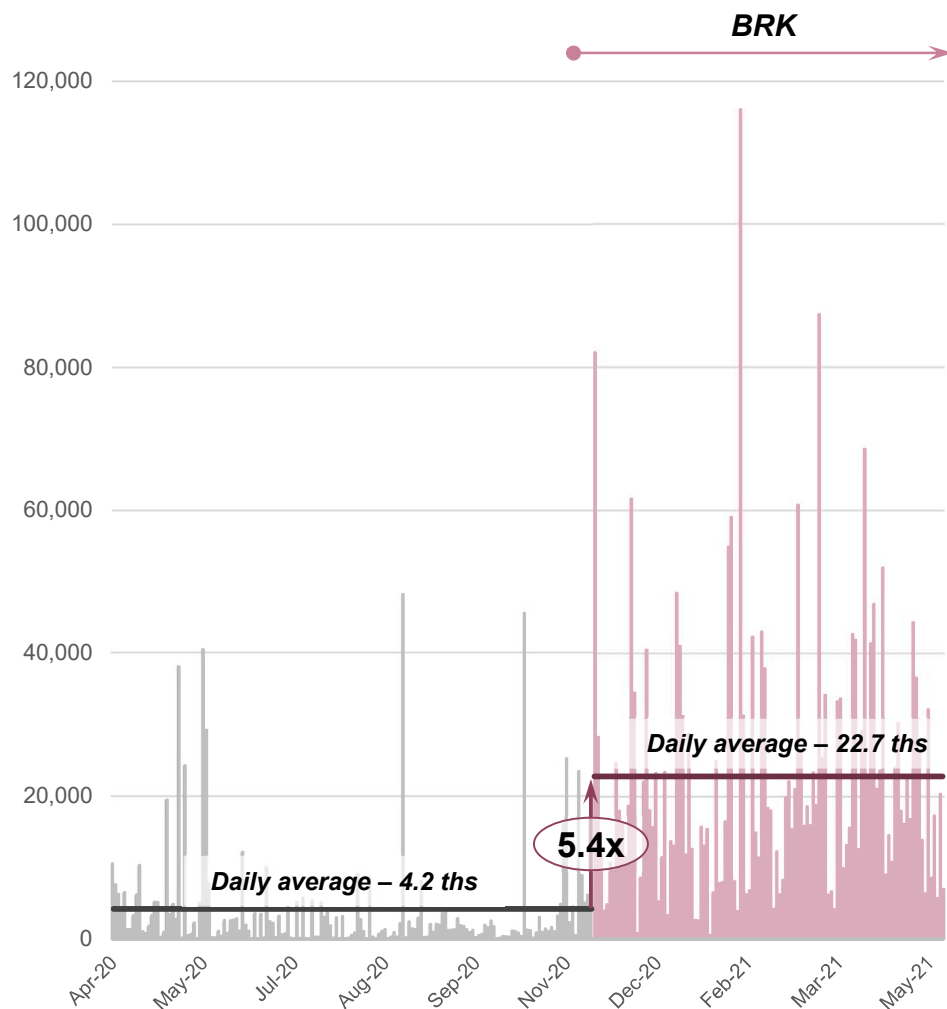
Target	2021 guidance	Status 1Q21	Comments
Organic revenue growth	+12-14%		<ul style="list-style-type: none"> Romania to remain biggest growth driver, continue focusing on Poland, Czechia, Slovakia, Ukraine. Significant recovery expected in Moldova and Asia – most affected by pandemic Bardar is expected to emerge strong after COVID situation is cleared up
EBITDA margin	28-30%		<ul style="list-style-type: none"> Drought and poor harvest in 2020 to drag on margins Assuming harvest back to normal in 2021 (base case for now), to see margins revert to low-to-mid 30s Assuming improving mix trend set in 1Q21 sustains, may overshoot on margins
Net Income margin	18-20%		<ul style="list-style-type: none"> Drought and poor harvest in 2020 to drag on margins Assuming harvest back to normal in 2021 (base case for now), to see margins revert to low-to-mid 20s Assuming improving mix trend set in 1Q21 sustains, may overshoot on margins

3 Boost in liquidity for Purcari stock, on effects of MM services



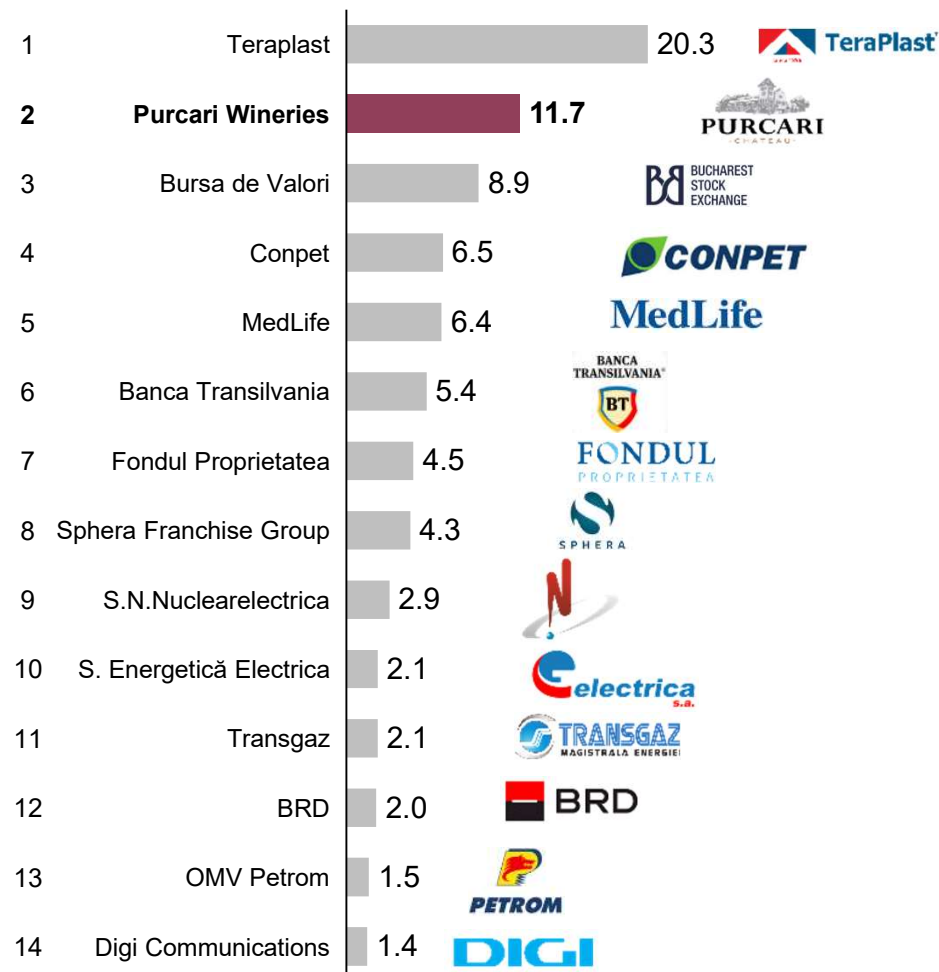
Rapid rise of stock's liquidity after BRK Financial Group became Market Maker for Purcari shares

Daily volume



Relative to Market Cap, Purcari liquidity among strongest in BET

Ratio of daily trade value to Market Capitalisation, 2021 YTD average, bps





Thank you.