



Purcari sales slip 3% in the first semester of 2020, while growth in Romania, Group's largest market, reaches 24% amid strong share gain

Bucharest, August 20th, 2020

Purcari Wineries Plc ("Group"), the CEE's leading wine producer, announced today the publication of results for the first semester of 2020. Revenues were down 3%, to RON 84.9 million, with EBITDA and Net Profit contracting by 6% and 9% respectively, to RON 28.3 million and RON 15.6 million. The EBITDA and Net Income margins held well given the circumstances, reaching 33% and 18% correspondingly.

The revenue decline was driven mainly the weak performance in China and Moldova, the latter heavily reliant on the Horeca and Duty Free segments, as well as the tourism sales at Chateau Purcari, which were all severely affected by the lockdowns. In contrast, the performance in Romanian market, Group's largest, was very strong, with revenues up 24% and a market share gain for the flagship Purcari brand of 5 percentage points in the premium segment. The Group delivered a solid performance also in the other core CEE markets, including Baltics, Czechia, Poland, Slovakia and Ukraine.

The demand environment started showing signs of improvement with July revenues returning to year-on-year growth at Group level, while August orders sustain the trend.

The Group's Net Debt level decreased by 10% as of June 30, 2020 compared to year-end 2019, improving the leverage ratio to 1.4 times, expressed as Net Debt to LTM EBITDA. The Group also saw its cash balance increase by 26%, on back of tighter liquidity and expenses management. The strong balance sheet positions Purcari well to weather any possible deterioration of macro environment.

"As a company used to grow for many years at a high double-digit rate, we don't easily take the results of the second quarter. That being said, our team has put a huge amount of energy in coping with the many challenges inflicted by the pandemic and I want to express my profound gratitude to all of them for the hard work and dedication. We do believe any crisis also opens opportunities and the strong market share gains recorded by our group is a testament to the strength of our brands and channels. We continued our investments as we prepare for the imminent rebound and are well positioned to emerge as winners from this crisis", said Victor Bostan, CEO.

Key highlights

- **Romania:** Sales expanded 24%, despite COVID-19 restrictive measures. Very strong performance for the flagship Purcari brand, up 29% YoY. Crama Ceptura reinvigorated growth on the back of quality improvements, active marketing, expanding 18%; Bardar +51%, albeit from a lower base. The challenges in the Horeca segment were compensated by very strong traction in modern trade channel, especially with international key accounts;
- **Moldova:** Revenues down 49%, given market's strongest dependence on Horeca and Duty Free segments in Group's universe. Also, given the lockdowns, the Group accrued virtually no tourism revenues for Chateau Purcari (~2% of revenues). A detailed action plan has been adopted for 2H20. Slow recovery expected as avoiding short term solutions, focus on preserving brand equity;
- **Poland:** Growth of 6% fueled by an improved product mix, medium price segment sales growth and new listings. Certain deliveries shifted to July. Doubling sales with Purcari and Bardar brands albeit from a smaller base;
- **Asia:** Revenues down 70% as COVID-19 outbreak disrupted commercial activity for all major Wine players in China. Sales slowly started to recover, but still remain far from the pre-COVID levels. Engaging with existing and potential new partners seeking to regain lost sales;
- **Czechia and Slovakia:** Revenue drop of 4% mainly driven by the weaker results of 1Q20, while sales returned to growth in 2Q20. Good dynamic with main channel partners, positioning for a decent overall performance in 2020;
- **Ukraine:** Revenues expanded by 51%, with Purcari brand up 90%, as it becomes increasingly popular with Ukrainian consumers, influencers, given excellent value for money offered.

2020 guidance

Due to the high uncertainty related to the effects of COVID-19, the Group suspended on April 21, 2020 its previously announced annual guidance. Group's management will revert with an updated guidance when a better visibility regarding steady-state demand environment is reached.

Selected financial information

	2Q			1H		
	2019	2020	Δ 2Q	2019	2020	Δ 1H
Revenue	45,576,104	38,532,603	-15%	87,794,126	84,892,384	-3%
Gross Profit	23,018,800	17,280,913	-25%	43,221,331	40,871,325	-5%
<i>% Gross margin</i>	<i>51%</i>	<i>45%</i>	<i>(6 pp)</i>	<i>49%</i>	<i>48%</i>	<i>(1 pp)</i>
EBITDA	16,172,883	10,939,613	-32%	30,110,613	28,298,933	-6%
<i>% EBITDA margin</i>	<i>35%</i>	<i>28%</i>	<i>(6 pp)</i>	<i>34%</i>	<i>33%</i>	<i>(1 pp)</i>
Net profit	8,449,846	7,540,988	-11%	17,118,073	15,574,020	-9%
<i>% Net profit margin</i>	<i>19%</i>	<i>20%</i>	<i>+1 pp</i>	<i>19%</i>	<i>18%</i>	<i>(1 pp)</i>

Investors' call

The conference call for discussion and presentation of 1H 2020 results shall be held on August 21st, at 15:00 PM EEST, 14:00 PM CEST. Attached are the Preliminary Unaudited Financial Results for 1H 2020 and the Presentation for the conference call.

About Purcari Wineries

Purcari Wineries Plc (Purcari, Crama Ceptura, Bostavan and Bardar brands) is one of the largest wine and brandy groups in the CEE region. The Group manages around 1,400 hectares of vineyards and operates four production platforms in Romania and Moldova. Purcari is the leader in the premium wine segment in Romania, with a 30% segment share, and the largest wine exporter from Moldova, delivering to over 40 countries. Founded in 1827, Purcari is the most awarded winery in CEE at Decanter London 2015-2019 and among the best ranked on Vivino, with an average score of 4.1 out of 5.0, based on over 41,000 reviews. Starting February 2018, the Group is listed on the Bucharest Stock Exchange, under the ticker WINE. Purcari is led by Victor Bostan, a 30+ years wine business veteran and backed by top institutional investors, including Aberdeen Standard, Conseq, East Capital, Fiera Capital, Franklin Templeton, Horizon Capital and SEB.

Enquiries

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