



Purcari reverts to growth, demonstrating resilience amid pandemic

Bucharest, November 16th, 2020

Purcari Wineries Plc (“Group”), the CEE’s leading wine producer, announced today the publication of financial results for the year to September 30, 2020. Revenues increased by 5% year-on-year in the 3rd quarter, to a total of RON 138.3 million for the nine months to end September. The EBITDA for the period totaled RON 44.2 million, a margin of 32%.

In the year to September 30, 2020, Group’s performance was driven by very strong traction in Romania, up 26%, Poland +18% and Ukraine +23%, all markets with a significant modern trade presence. Moldova and China, two markets which have been disproportionately affected by the pandemic in the 1st half of the year, are firmly on a recovering path, each booking the best quarter of the year.

On agricultural side, the Group faced adverse climatic conditions, especially in the summer, marked by a severe drought in Moldova. As a result, the grape harvest as a whole in the country, was the lowest in over a decade. Nevertheless, the Group has good inventory positions to support the growth plans for 2021, given the exceptionally strong 2018 harvest and the higher than expected 2020 stocks, given Covid induced demand pressures.

The Group’s Net Debt level decreased by 15% as of September 30, 2020 compared to year-end 2019, further improving the leverage ratio to 1.3 times, expressed as Net Debt to LTM EBITDA. The strong balance sheet positions Purcari well to weather any possible deterioration of macro environment, especially amid the mounting possibilities of new lockdowns in areas of Group’s operation.

“We are pleased to be back to growth in the third quarter and well prepared for the year’s final, which is also seasonally the most important period. We cannot control the health crisis affecting the world, but we know strong businesses like ours emerge only stronger from such turbulent times. We will keep investing in preparing ourselves for the imminent market rebound”, said Victor Bostan, CEO.

Key highlights

- **Romania:** Sales accelerated in 3Q20, up 27% YoY, to a total of +26% in 9M20. Purcari and Crama Ceptura brands achieved in 9M20 89% and 73% respectively of FY19 sales, before accounting for seasonally strongest 4Q. Bardar up 51% YoY in 9M20, albeit from a lower base.
- **Moldova:** Demand environment still weak but improving. This is the market most dependent on HoReCa and Duty-Free in Group’s universe. Still, 3Q20 is the best quarter in 2020: Purcari sales

were up 3.4x, Bardar 3.2x and Bostavan 1.4x QoQ. Expect slow recovery, given ongoing weakness in channels beyond modern trade.

- **Poland:** Growth fueled by an improved product mix. Further strengthening Group's position as leader among Moldovan wine players in Poland. Strong growth in the premium segment, with Purcari brand up 84% YoY, albeit from a smaller base.
- **Asia:** Sales on a recovering path; 3Q20 is the best quarter in 2020, yet still down 26% YoY. Good indicators of the downward trend being reversed, but uncertainty persists. Engaging with existing and potential new partners towards recovering sales levels.
- **Czechia and Slovakia:** 2Q20 recovery continued in 3Q20 sustained by the good outcome from trade campaigns with main distribution partners.
- **Ukraine:** Expanding sales for Bostavan +19% YoY and Purcari +28% YoY, as the latter becomes increasingly popular with Ukrainian consumers and influencers.

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

	3Q			9M		
	2019	2020	Δ 3Q	2019	2020	Δ 9M
Revenue	50,765,110	53,430,027	5%	138,559,236	138,322,411	0%
Gross Profit	26,123,541	27,384,745	5%	69,344,872	68,256,070	-2%
% Gross margin	51%	51%	-	50%	49%	(1 pp)
EBITDA	16,123,253	15,891,875	-1%	46,233,867	44,190,808	-4%
% EBITDA margin	32%	30%	(2 pp)	33%	32%	(1 pp)
Net profit	12,293,623	10,021,515	-18%	29,411,696	25,595,535	-13%
% Net profit margin	24%	19%	(5 pp)	21%	19%	(2 pp)
Normalized EBITDA ¹	16,437,538	18,946,173	15%	46,548,152	47,245,106	1%
% Normalized EBITDA margin ¹	32%	35%	+3pp	34%	34%	-
Normalized Net Profit ¹	12,607,908	13,075,813	4%	29,725,981	28,649,833	-4%
% Normalized Net Profit margin ¹	25%	24%	(1 pp)	21%	21%	-

Note: (1) Reflects the adjustment to the FV based on IFRS 13 to own harvested grapes according to Market price. The FV adjustment is a pure IFRS estimation and not an operational result.

Investors' call

The conference call for discussion and presentation of 9 months 2020 results shall be held on November 17th, at 15:00 PM EET, 14:00 PM CET. Attached are the Preliminary Unaudited Financial Results for 9M 2020 and the Presentation for the conference call.

Financial reports, the replays of our conference calls and related presentations are available in our Investor Relations section on our corporate website at this [link](#).

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 2015-2020 and among the best ranked on Vivino, with an average score of 4.1 out of 5.0, based on over 44,000 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

Investor.relations@purcari.wine

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