

# Purcari Wineries

## First Quarter 2022 Financial Results

17 May 2022

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## Today's presenters

### Victor Bostan

Chief Executive Officer,  
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

Chief Operational Officer



- Over 15 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

Chief Financial Officer



- 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

### Eugeniu Baltag

Investor Relations Manager



- Over 10 years in financial management, internal audit
- Ex-Transoil, Orange, PWC
- Academy of Economic Studies
- Speaks EN, RO, RU

### Vasile Tofan

Chairman of the Board



- Over 15 years experience in FMCG
- Partner at Horizon Capital, \$1,100m+ AUM
- Ex- Monitor Group, Philips
- MBA Harvard Business School
- Speaks EN, RO, RU, FR, NL

## 1 Our Group, Vision and Strategy

## 2 1Q 2022 Operational Results

## 3 Q&A



### Freedom Blend

A courageous blend of indigenous grapes from Moldova, Ukraine and Georgia, launched back in 2014 and today it is more actual than ever.



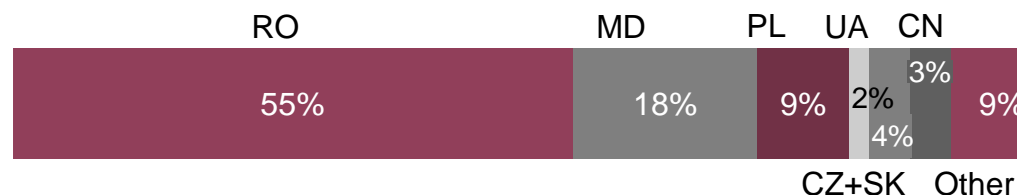
## Leading wine player in Central and Eastern Europe...

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

- #1 World's most awarded winery in 2021.
- #1 Most awarded CEE winery of the year in 2015-2021 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 1,350+ 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.

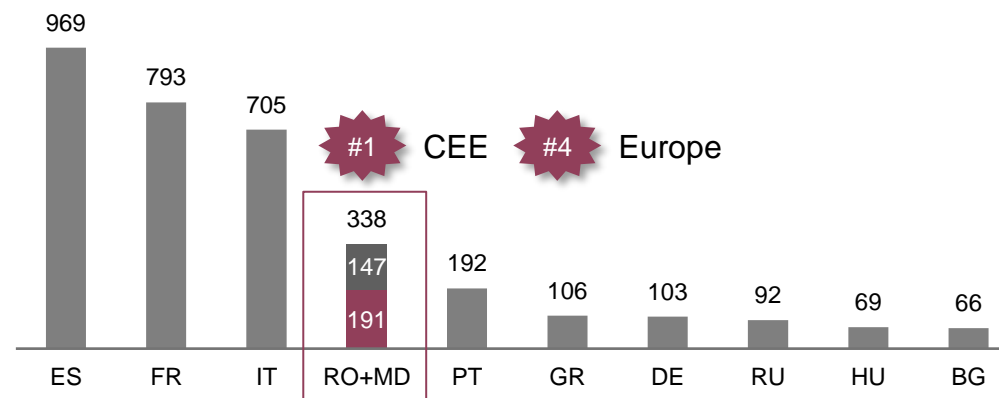
## ... with a strong & expanding regional footprint

Geographical breakdown of sales in value terms, 1<sup>st</sup> Quarter, 2022, %



## Located in a region with one of the richest wine heritages

Top 10 European countries by area under vines, kha



## 6 production sites and 5 brands, covering a broad spectrum of segments...



## Sustainable profitability accompanying strong growth

	2017	2018	2019	2020	2021
Revenue	142.3	168.1	199.1	203.7	248.1
CoS	(74.5)	(85.5)	(100.2)	(105.9)	(132.3)
Gross profit	67.7	82.6	98.9	97.8	115.8
Gross profit margin, %	47.6%	49.2%	49.7%	48.0%	46.7%
SG&A	(31.7)	(36.0)	(44.2)	(49.2)	(53.5)
EBITDA	42.4	54.4	65.4	60.5	75.2
EBITDA margin, %	30%	32%	33%	30%	30%
Depreciation	(5.9)	(6.8)	(9.6)	(12.1)	(13.5)
Net finance cost	(1.6)	1.0	(6.9)	21.7	0.1
Income tax	(5.9)	(7.0)	(8.5)	(10.8)	(10.5)
Net Profit	29.0	41.7	40.5	59.2	51.4
Net profit margin, %	20%	25%	20%	29%	21%
Earnings per share*, RON	na	0.96	0.91	1.42**	1.19

\* Common denominator being the number of shares at 31<sup>st</sup> December 2021, following doubling of issued share capital.

\*\* Including proceeds from sale of the stake in Glass Container Company.

## Comments

- IPOed on Bucharest Stock Exchange in February 2018.
- 75% increase in revenues since IPO.
- Strong operating results and cost-efficient production.
- SG&A stable over time at 22% of revenue.
- Maintained strong EBITDA margin at 30%.
- Positioned both as a growth and a value company, with dividends paid for 2018 (RON 0.475 per share\*), 2020 (RON 0.65 per share) and 2021 (RON 0.51 per share).

## 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 a 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.

### Operational excellence

- **Location:** low cost production platform in Romania, Moldova, very competitive vs. other EU, New world
- **Scale:** large and growing scale in a fragmented market where scale matters
- **Processes:** solid processes in place, minimizing the guesswork and human factor in operations
- **Culture:** past crises – following 2006, 2013 embargos cultivated hard learned cost-discipline
- **Balance sheet:** strong balance sheet to trade payment terms for margin
- **Quality:** offer superior quality at a given price point

Lower costs

### Clever marketing

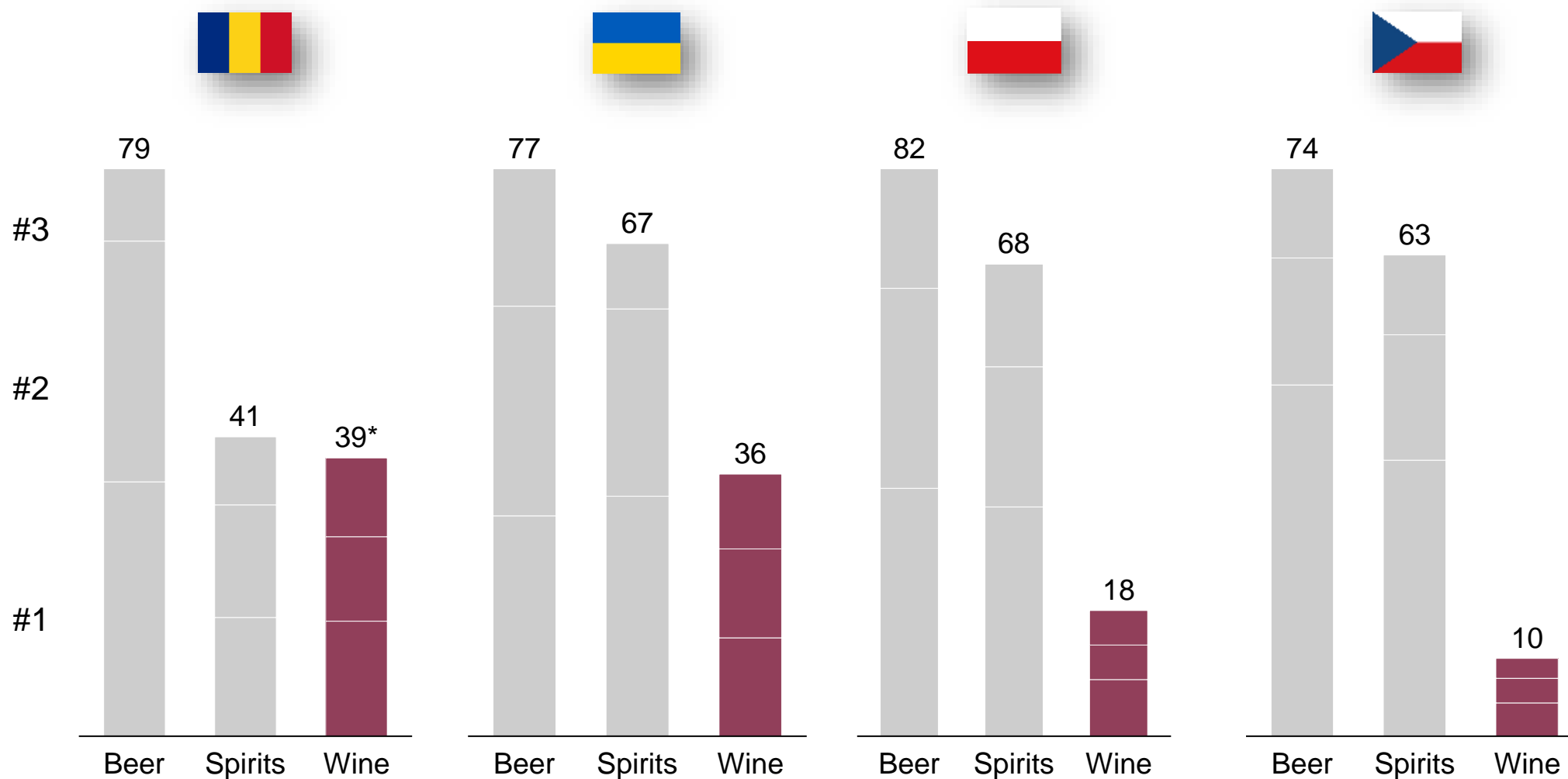
- **Philosophy:** be genuine, talk to the consumer, don't sell to them
- **On a shoestring:** focus on creative, viral marketing, on small budgets
- **Digital first:** focus on new media, with Facebook, Instagram and YouTube as main platforms
- **"Lean Startup":** fast prototyping, encourage experimentation, tolerate failure, react fast to flops
- **Product innovation:** constantly innovate line-up and packaging, to keep up with the changing tastes
- **Influencer marketing:** work along key opinion leaders, including bloggers and fashion divas

Brand premium

Strong sales and margins

# 1 Vision: be the consolidator of a fragmented market

Volume share top-3 players by country, %



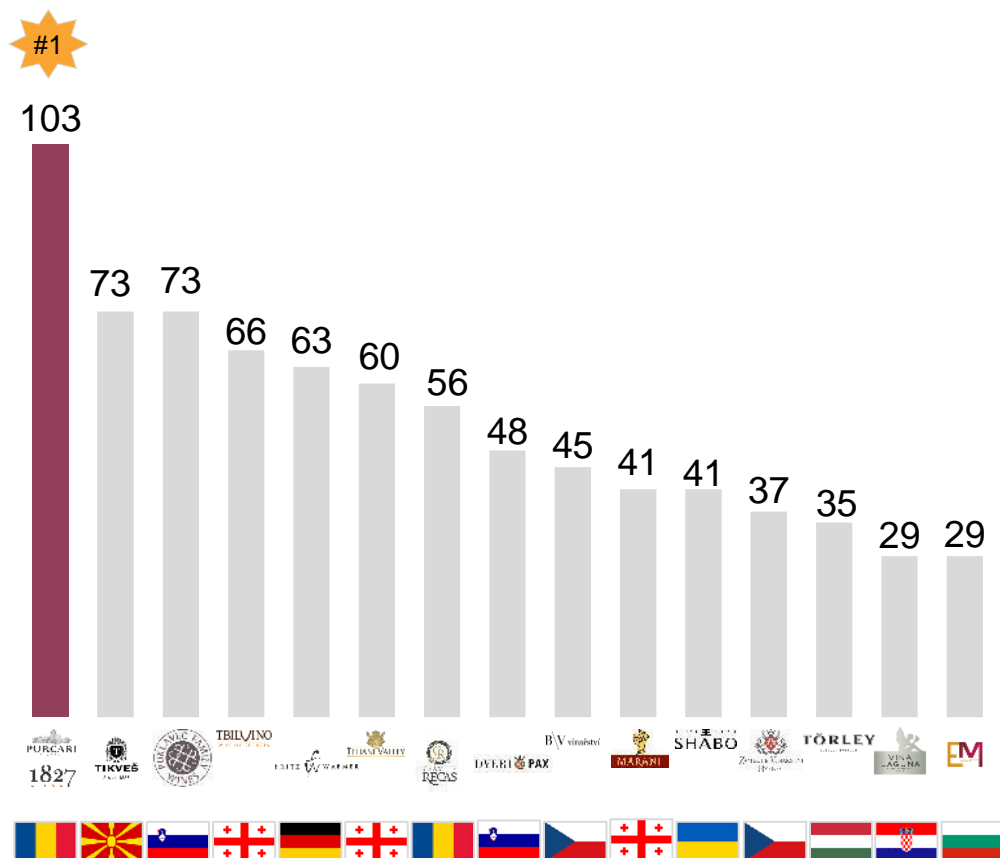
*Unlike beer or spirits, **wine market remains very fragmented**; players who have the scale and sophistication needed – are in a **great position to consolidate it***



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

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

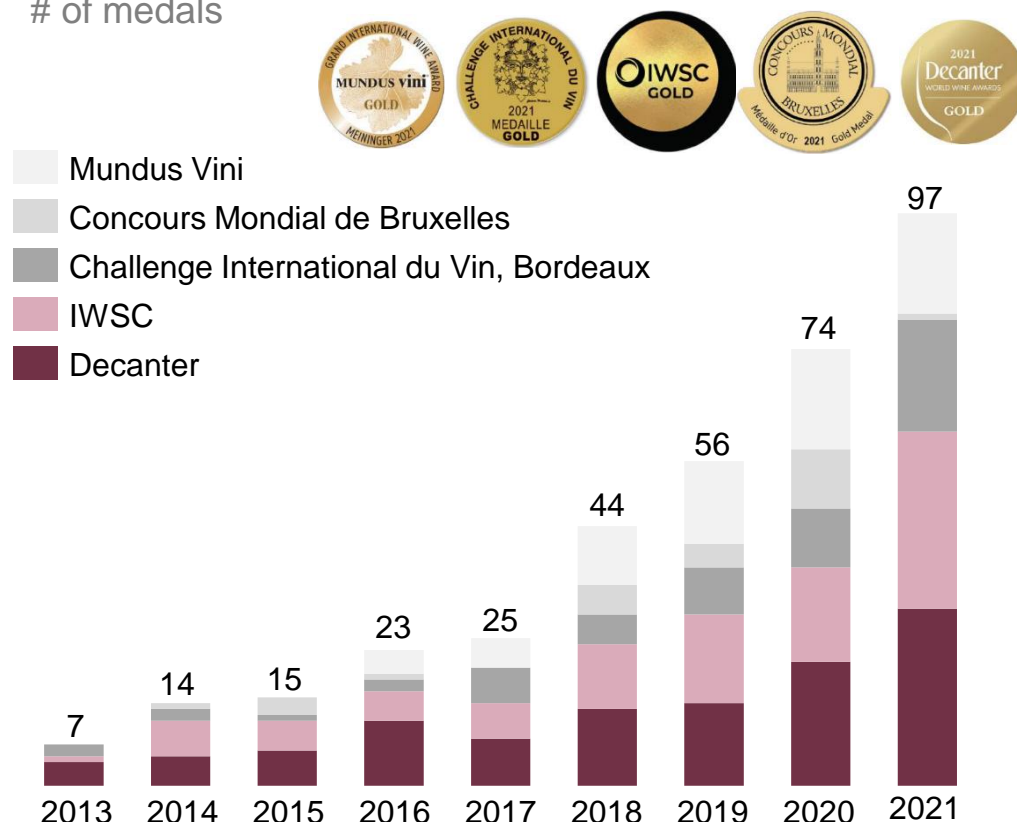
# of Decanter medals in 2015 – 2022



- 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, In 2021 the most awarded winery in the World

# of medals

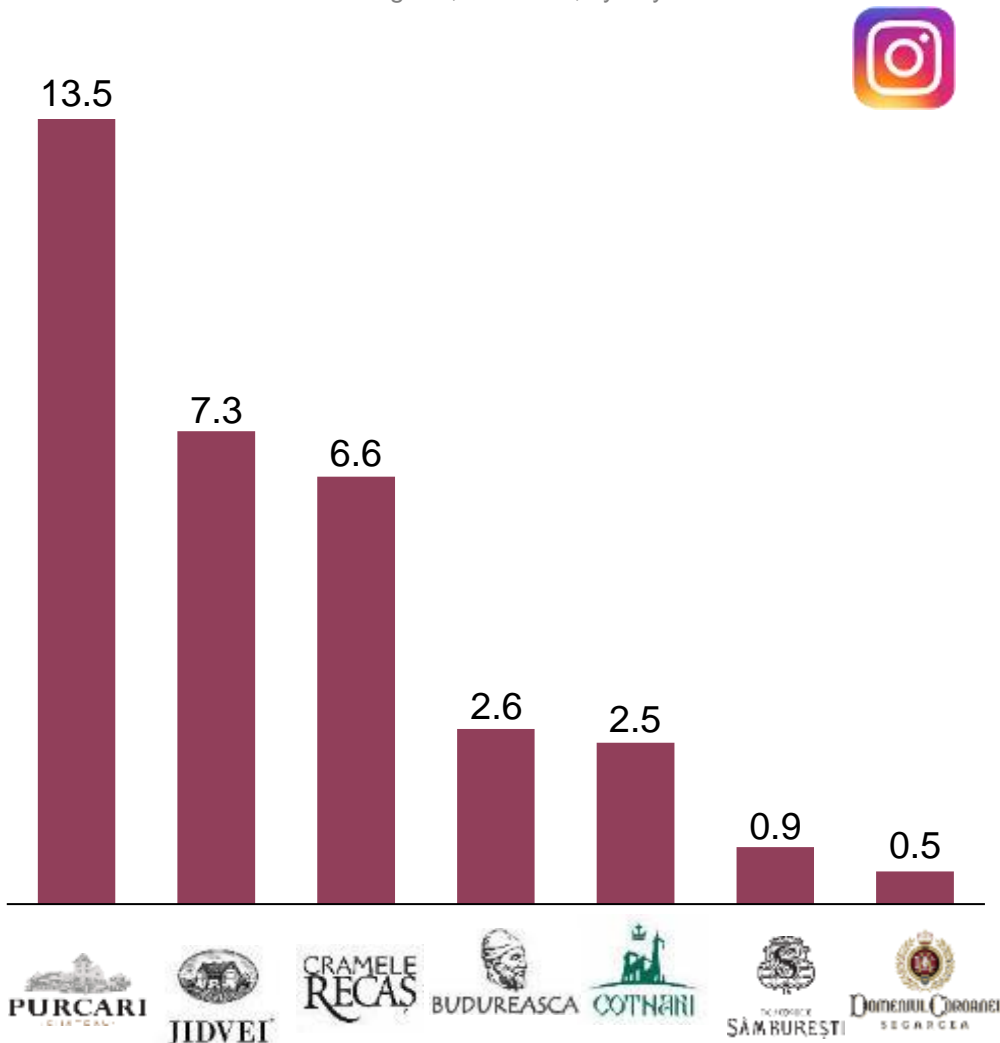


- Unlike beer or spirits, wine production is more prone to quality fluctuations. The Group has demonstrated the ability to consistently raise its quality bar, as illustrated by the mounting number of medals - won at top global competitions.

# 1 Topping competition at engagement and quality

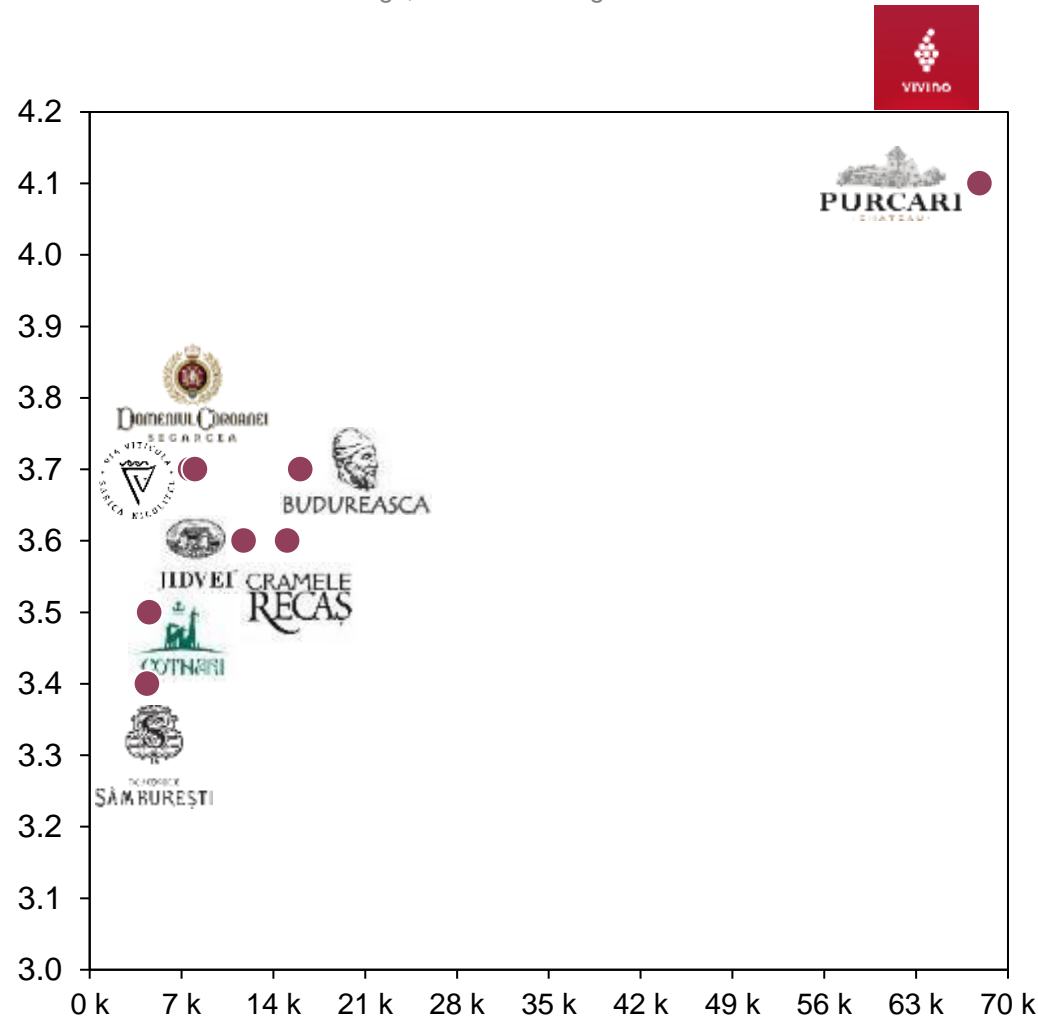
## Aspirational brand which consumers like sharing about

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 2022



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



#1



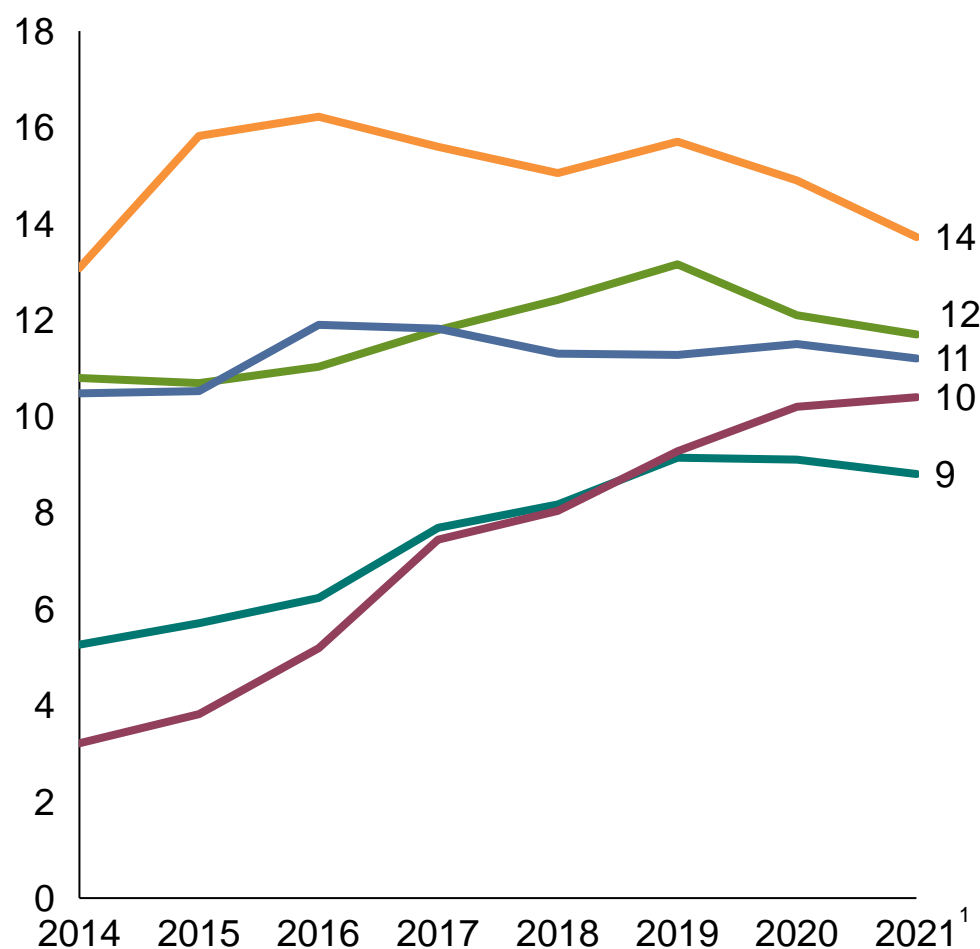
- We remain **obsessed with the quality of our wines**, which pays off in excellent consumer feedback.
- In our core premium segment, 30-60 RON per bottle shelf price, we dominate the category with **13 best-rated wines in Vivino's top-25**.
- Negru de Purcari 2015 -.among the **top 1% of all wines in 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 Steady increase in market share in Romania, our core market

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

Value share of TOTAL retail market, Romania, %

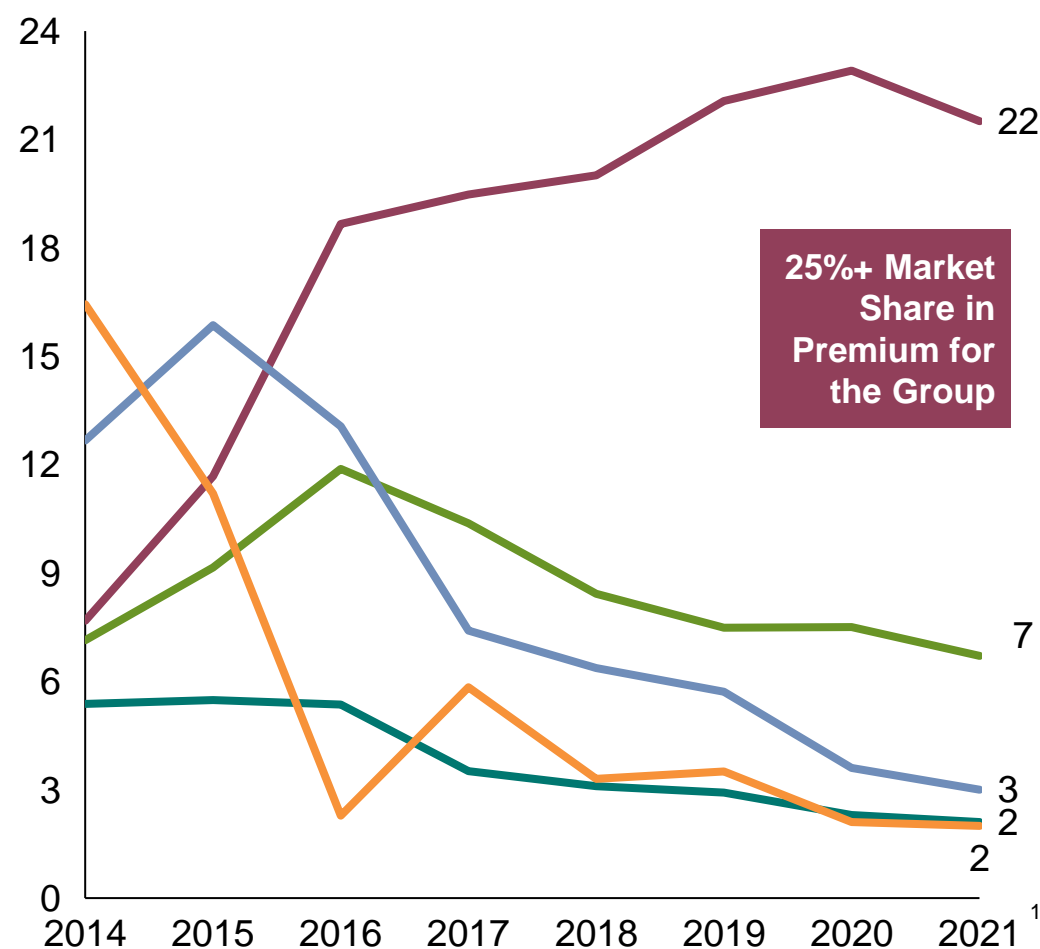
Cotnari Jidvei Purcari  
Vincon Recas



### ...while distancing by 15+ percentage points vs #2 in premium

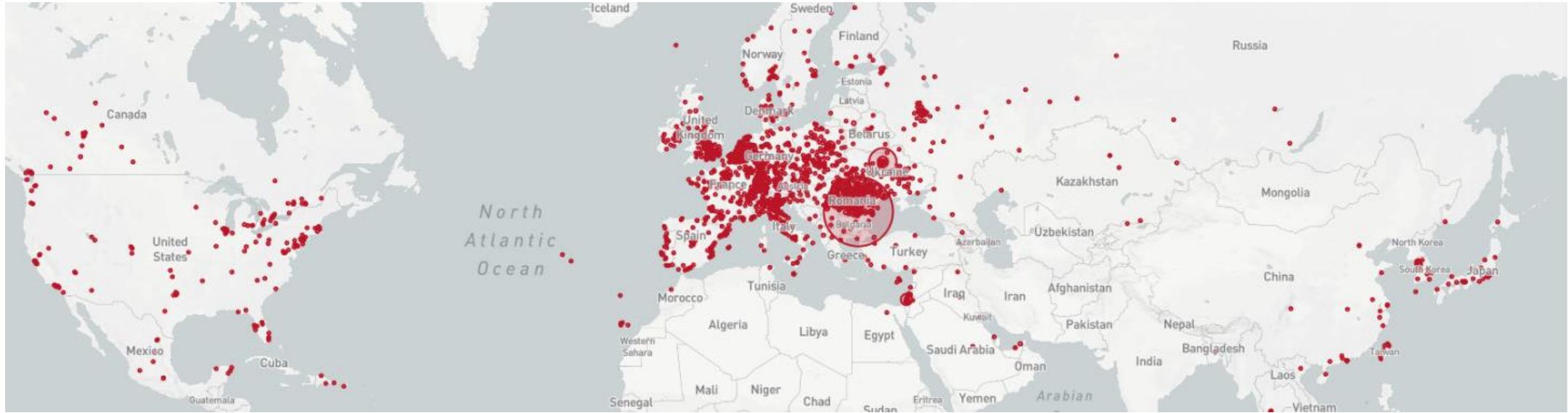
Value share of Premium (RON 30+/liter) retail market, Romania, %

Purcari Segarcea Murfaltar  
Samburesti Ceptura



25%+ Market Share in Premium for the Group

# 1 Growth in Vivino usage, key for consumer engagement, ecommerce



**4.24**

Average score out of 5.0 in 1Q22

**81%**

Scores equal or above 4.0

**Top 1%**

Global ranking based on avg. score received

**30,201**

Vivino scans in 1Q22

**+20%**

1Q YoY scans growth

**96**

# of countries where Purcari has been scanned

1 Our Group, Vision and Strategy

2 **1Q 2022 Operational Results**

3 Q&A



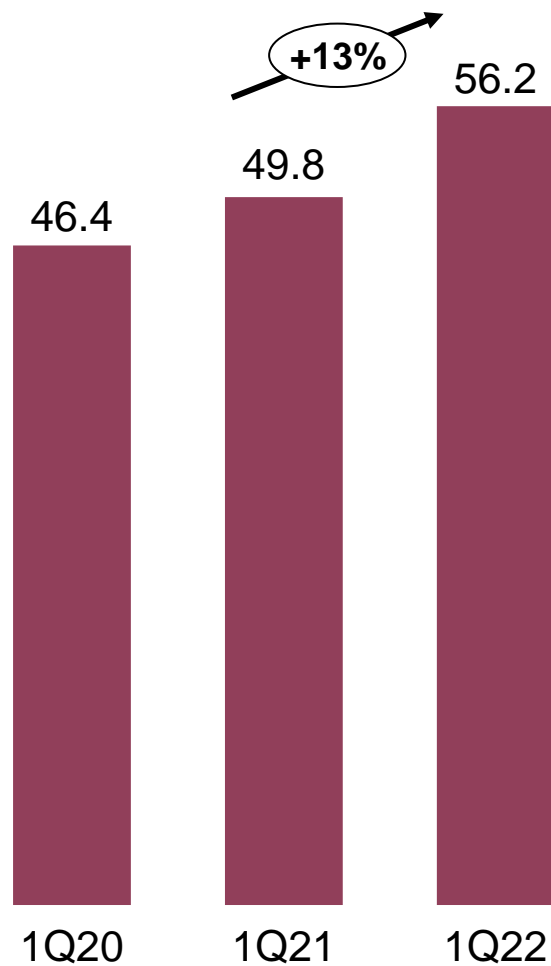
**Negru de Purcari  
2015**

GOLD at Decanter  
2020 with 95 pts and a  
4.4 score on Vivino,  
ranked among the top  
1% wines globally.

## 2 Solid 1Q22 growth with profitability on top of the guidance

### Revenues

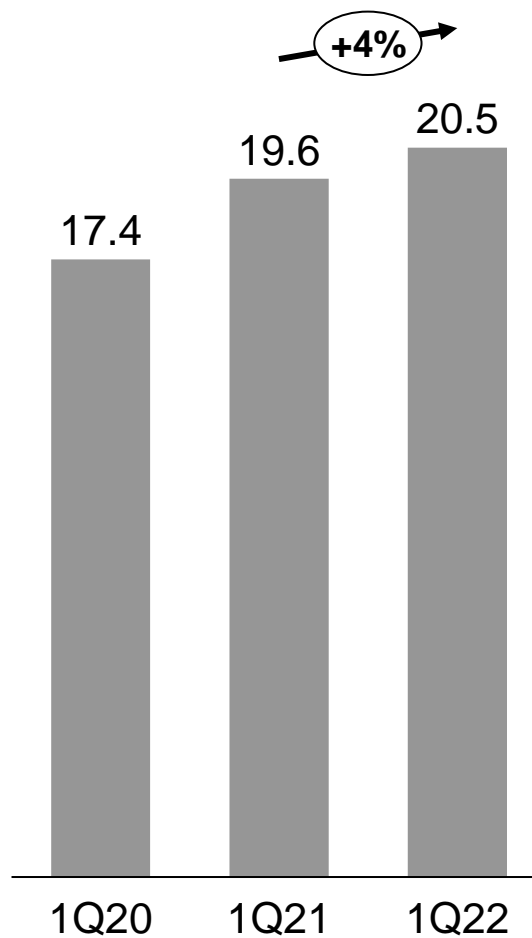
RON m



Growth vs. 1Q20, +21%

### EBITDA

RON m



37%

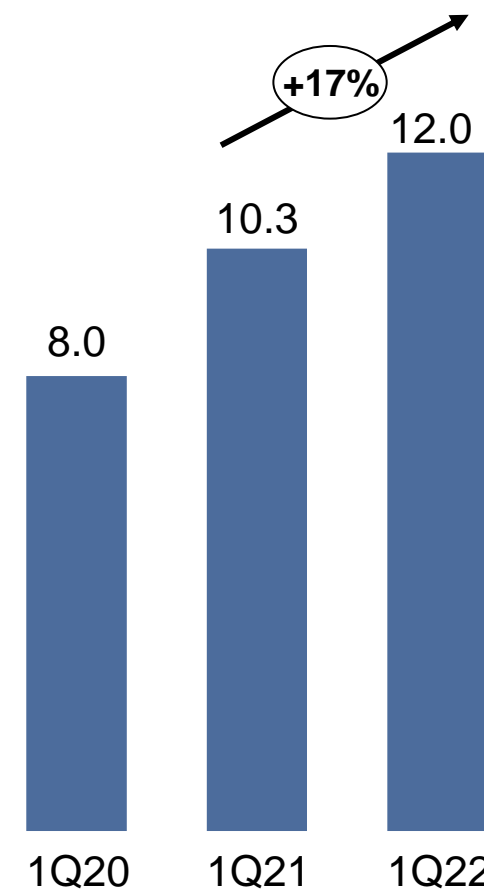
39%

36%

EBITDA margin

### Net Income

RON m



17%

21%

21%

Net Income margin



### Solid growth, despite difficult macro backdrop

- Revenues up 13% on better mix and select price increases applied.
- Strong performance for high premium brands Purcari and Bardar.
- Moldova showing strong evolution, brands performing well across all channels. China showing a 20% increase on quarterly basis.
- Facing well the logistic turmoil for maritime shipments by switching to Constanta port. Certain deliveries postponed to 2Q22.

### Strong margins on improving mix

- Net income up by 17% to RON 12m with EBITDA at RON 20.5m.
- Improving mix, with strong growth of flagship Purcari brand, both value and volume, contributing to better margins. Bardar showing exceptional traction.
- Cost discipline and positive impact from higher sales of the premium brands helped sustain margins, despite the inflationary pressures; EBITDA and Net Profit margins at 36% and 21%, exceeding guidance.

### Academia, a new super-premium range

- Launched a new range of experimental, super-premium wines – Academia Purcari; focus on indigenous grapes, minimally invasive vinification techniques, maturation in amphorae.
- Positive year start with 16 gold and grand gold medals acquired at Challenge International du Vin, Concours Mondial de Bruxelles and Mundus Vini Germany Spring Tasting.

### Committed to humanitarian efforts

- Continued our refugee-help efforts, providing shelter to over 5,000 refugees from Ukraine.
- Unprecedented media coverage, featured on CNN, BBC, Bloomberg, Le Monde, Washington Post etc.
- Visits of appreciation by Samantha Power (US Ambassador to UN, USAID Administrator), Charles Michel (President of the European Council), and Orlando Bloom as UNICEF Ambassador.

## 2 Maintain strong margins, despite inflationary backdrop

RON m	1Q22	1Q21	Δ '22/'21
Revenue	56.2	49.8	13%
Cost of Sales	(26.9)	(23.8)	13%
Gross Profit	29.3	26.0	12%
<i>Gross Profit margin</i>	52%	52%	-

SG&A:	(11.5)	(11.0)	4%
<i>Marketing and selling</i>	(4.9)	(5.0)	-2%
<i>General and Administrative</i>	(6.6)	(6.0)	9%
Other income/expenses:	(1.4)	0.5	-

EBITDA	20.5	19.6	4%
<i>EBITDA margin</i>	36%	39%	(3 pp)

Net Profit	12.0	10.3	17%
<i>Net Profit margin</i>	21%	21%	1 pp

### Comments

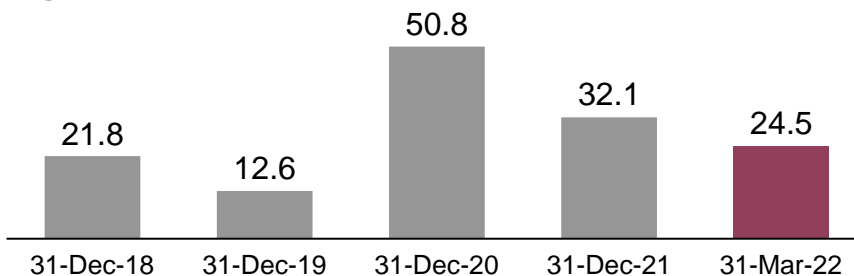
- Gross profit margin at 52%, the highest level since IPO with Revenue and Cost of sales in 1Q22 growing at the same pace. Positive impact on better mix and good control of costs.
- Marketing and selling expenses at 9% of revenue, down 2% vs 1Q21; agile marketing approach, to quickly react to context changes.
- G&A expenses at 11% of revenue, growing slower than inflation in the countries of operation; includes humanitarian expenses related to helping Ukrainian refugees. Ongoing focus on cost discipline.
- Increase in Other expenses, comprising bad debt provision for trade receivables related largely to Ukrainian sales. Receivables related to Belarus being collected in full in 1Q22. Applying a prudent approach as uncertainty in the region persists.
- The second highest quarterly EBITDA since the IPO at RON 20.5m. EBITDA margin of 36% significantly above 20-25% guidance provided.
- Net profit at RON 12 million, increase by 17% YoY with a 21% margin, also above guidance.

## 2 Strong balance sheet, providing a solid footing for current macro

### Cash and Receivables

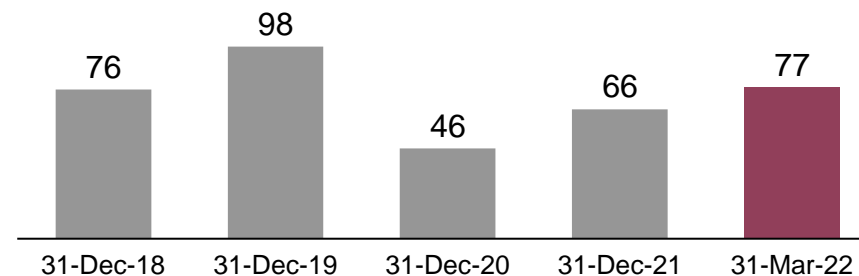
#### Cash Position

RON m



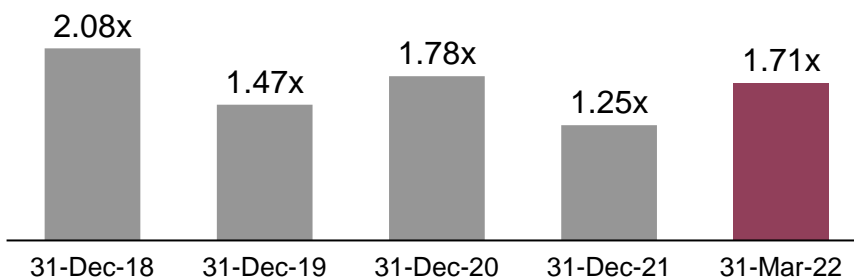
#### Net Debt

RON m

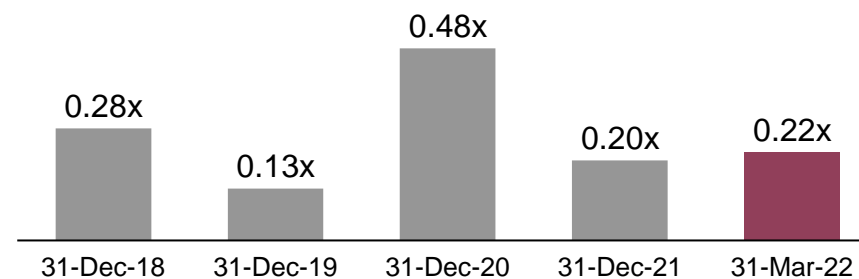


### Liquidity

#### Current Ratio

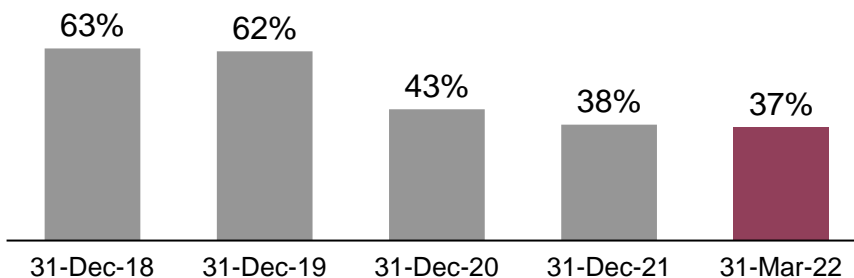


#### Cash Ratio

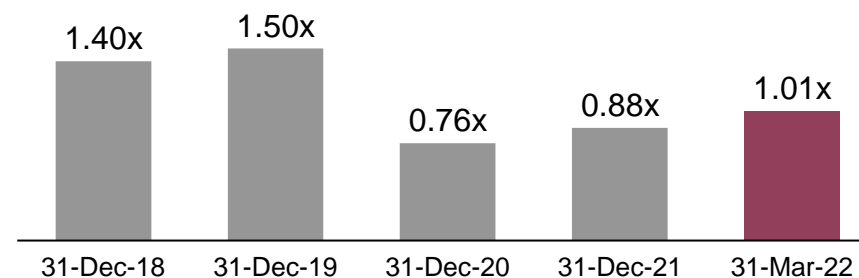


### Solvency








#### Debt-to-Equity







#### Net Debt-to-EBITDA



## 2 Strong traction in markets with higher premium mix

Market	Share of sales, 1Q22	Δ 1Q22 YoY	Comments
RO 	55%	+7%	<ul style="list-style-type: none"> <li><b>RO:</b> Double digit growth for Purcari, strong traction for Nocturne series in HoReCa. Bardar doubled sales YoY on increased demand from Key accounts, albeit from smaller base. Efforts on higher marginal Bostavan SKUs at expense of volume increase.</li> </ul>
MD 	18%	+36%	<ul style="list-style-type: none"> <li><b>MD:</b> Sales accelerating in all channels. Better product mix for all brands with Bostavan and Bardar leading the growth. Strong rebound for Duty Free channel in January and February, with full stop on Moldovan air space being halted in first weeks after Russian war in Ukraine. Robust performance in HoReCa, Covid restriction being fully lifted starting from April to positively contribute to 2Q22 results.</li> </ul>
PL 	9%	-1%	<ul style="list-style-type: none"> <li><b>PL:</b> Prioritizing margin over volumes with Bostavan -4% vs 1Q21 on Lidl sales not yet resumed. Targeting premium segment is paying off with 3.5x increase in Purcari sales. Trading environment still challenging, certain price increases to be in force starting from 2Q22.</li> </ul>
ASIA 	4%	+20%	<ul style="list-style-type: none"> <li><b>ASIA:</b> up 20% with Purcari and Bardar leading the growth. Shipments shifted to 2Q22 due to changes in logistics from Odessa port to Constanta and higher demand for containers. Challenging trading environment in China on general lockdown at the end of 1Q22.</li> </ul>
CZ SK 	4%	-7%	<ul style="list-style-type: none"> <li><b>CZ&amp;SK:</b> ongoing weakness amid Tesco restructuring, but effect diminishing. Price increases agreed with TESCO starting from 1<sup>st</sup> of April, as continue to prioritize margins over volumes.</li> </ul>
UA 	2%	-48%	<ul style="list-style-type: none"> <li><b>UA:</b> Sales stopped after Russian invasion and ban on alcohol sales under martial law. Distribution restarted in mid April in Western Ukraine, certain delivers expected at the end of 2Q22.</li> </ul>
RoW 	9%	-28%	

Brand	Share of sales, 1Q22	Δ 1Q22 YoY	Comments
	52%	+12%	<ul style="list-style-type: none"> <li>• <b>PURCARI:</b> +28% growth in Moldova, followed by double digit growth in Romania. Threefold increase in Poland and +88% increase in Asia and CZ&amp;SK, albeit from a smaller base, compensated for the loss of sales in Ukraine.</li> </ul>
	22%	-13%	<ul style="list-style-type: none"> <li>• <b>BOSTAVAN:</b> Moldova leading the growth with 52% on volume increase and better product mix. Poland showing -4% in challenging trading environment and ongoing focus on margins vs. volumes; positive outcomes on price increase negotiations to be enforce starting from 2Q22. TESCO restructuring still affecting the sales in CZ&amp;SK.</li> </ul>
	14%	-7%	<ul style="list-style-type: none"> <li>• <b>CRAMA CEPTURA:</b> Flat volume and slight downgrade in mix, as lower priced brands saw higher growth. Not seen as trend shift and continue to prioritize premiumization of portfolio, with focus on margins.</li> </ul>
	12%	+29%	<ul style="list-style-type: none"> <li>• <b>BARDAR:</b> Moldova +41% yoy. Romania strong traction +71%, high demand from Key Accounts, increasing numeric distribution. Improving product mix, launched Divin Bardar 25 years. Belarus facing 66% decrease in sales due to Russian war in Ukraine.</li> </ul>



## 2 Academia – our most ambitious oeno-project so far

*“A story about terroir, patience, harmony and experience...”*



4632 bottles



6000 bottles



3250 bottles



6123 bottles

*A range of experimental wines, signed by our oenologist, Federico Giotto.  
Only indigenous grapes, minimally invasive vinification methods  
and maturation in clay amphorae.*

# PURCARI – THE WORLD’S MOST AWARDED WINERY



\* Awards won at the most important international contests in 2021: Decanter World Wine Awards, Concours Mondial de Bruxelles, Mundus Vini Spring Tasting, Citadelles du Vin, Eurasia Wine & Spirits, Concours International de Lyon, Berliner Wine Trophy, London Wine and Spirits Competition, IWSC, Challenge International du Vin, Vinarium, Women's International Trophy, Vinalies Internationales.



The Purcari Help Center opened on 24<sup>th</sup> of February, 11 600 refugees aided, 108 volunteers 27/7



1971 refugees transported to a safer place

**NEW YORK POST**  
Mihaela Lavrov, an office manager at Purcari, Moldova's oldest winery, said Moldovans "can't ignore" Ukrainians' "hard times."



Refugees fleeing war in Ukraine board a bus as they arrive at Palanca, Moldova.  
AP Photo/Aurel Obreja

The winery has allowed refugees to stay at its chateau and another hotel it rented for free. Only two other countries – Poland and Hungary – have taken in more Ukrainian refugees so far.



31.03.2022



The opulent rooms of Chateau Purcari in Moldova are now hosting Ukrainians fleeing the war in their country. For the owner of the hotel, accommodating



Orlando Bloom, UNICEF Goodwill Ambassador visiting refugees at Purcari and Palanca border crossing point

First refugees arriving at Chateau Purcari

**THE BUYER**  
CONNECTING THE PREMIUM ON-TRADE



Three weeks after Putin's tanks invaded Ukraine the world looks on appalled and wonders what next? In the former Soviet republics

III □ <

Samantha Power, the 19<sup>th</sup> Administrator of the USAID on visit to Chateau Purcari



By Rebecca Holland  
April 21, 2022 at 1:00 p.m. EDT



When the war started in Ukraine, Purcari Winery set up a shelter and provided blankets, meals and other aid to refugees crossing into Moldova in February 2022. (Aleksandru Kiriak/Purcari Winery)

Because of this past, Purcari Winery makes a wine called Freedom Blend, made with saperavi grapes from Georgia, bastardo from Ukraine, and rara neagra from Moldova. "All these states have suffered Russian aggression," Comendant said. "It is symbolic to take the grapes of these three countries that are still fighting for their freedom in the real sense. They may have independence, but that doesn't mean they have their freedom."

Meeting room at Chateau Purcari temporary transformed in a logistic center for distributing first aid goods



Purcari Freedom Blend iconic wine on Japanese TV

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2 1Q 2022 Operational Results

3 Q&A



**Malbec de Purcari**  
Gold at both Challenge  
International du Vin and  
Mundus Vini Germany  
Spring Tasting – 2022  
Edition,  
4.3 score on Vivino





Thank you.