

Purcari Wineries Plc

June 2020



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- 1 Our Group, Vision and Strategy**
- 2 1Q20 Operational Results + COVID19 Update
- 3 Update on 2020 Outlook + Contingency Plans
- 4 View on Purcari's Stock
- 5 Bigger Vision ... after becoming the undisputed CEE champion



Our newest launch, Viorica de Purcari, caters to the increasing interest in indigenous aromatic grapes. Truly, an explosion of aromas and likely summer hit.

1 Purcari Wineries 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 2015-2019 at Decanter London, "wine Olympics"
- #1** Best premium wine brand in Romania, Moldova
- #1** Fastest growing large winery in CEE
- #1** Largest exporter of wine from Moldova
- top** 1 400+ hectares of prime vineyards, top production assets
- top** Listed on Bucharest Stock Exchange, with reputable shareholders alongside founder, Victor Bostan: Fiera Capital, Aberdeen, Conseq, East Capital, SEB, Franklin Templeton, Horizon Capital etc.

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



CRAMA CEPTURA



BOSTAVAN

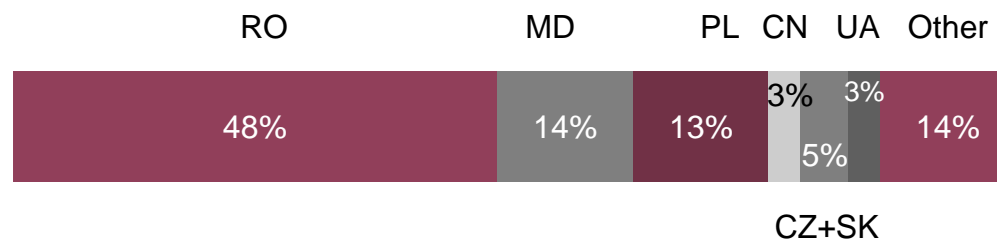


DIVIN BARDAR



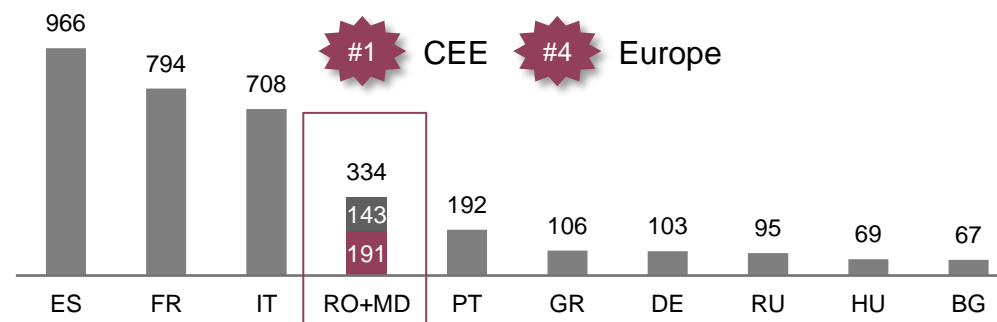
... with a strong & expanding regional footprint

Geographical breakdown of sales in value terms, 2020, %



Located in a region with one of the richest wine heritages

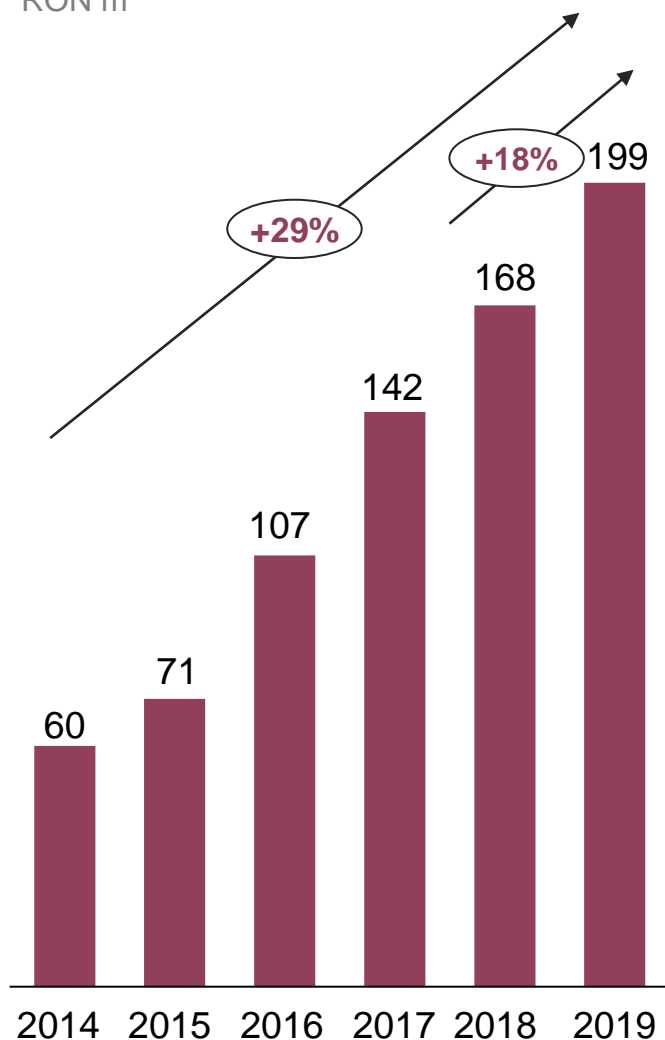
Top 10 European countries by area under vines, kha



1 Strong track record of growth

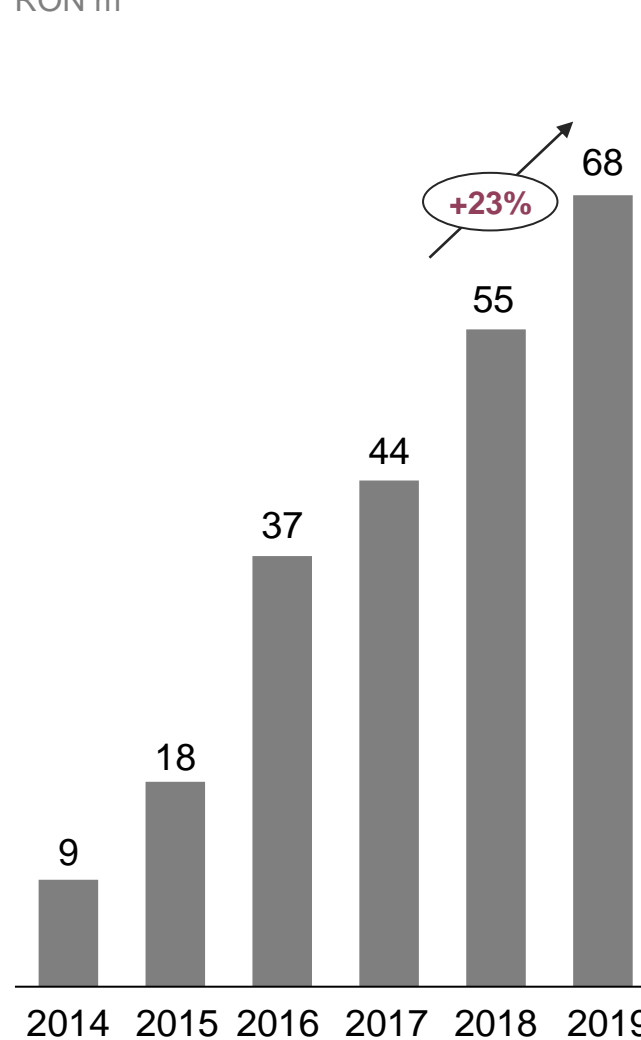
Revenues

RON m



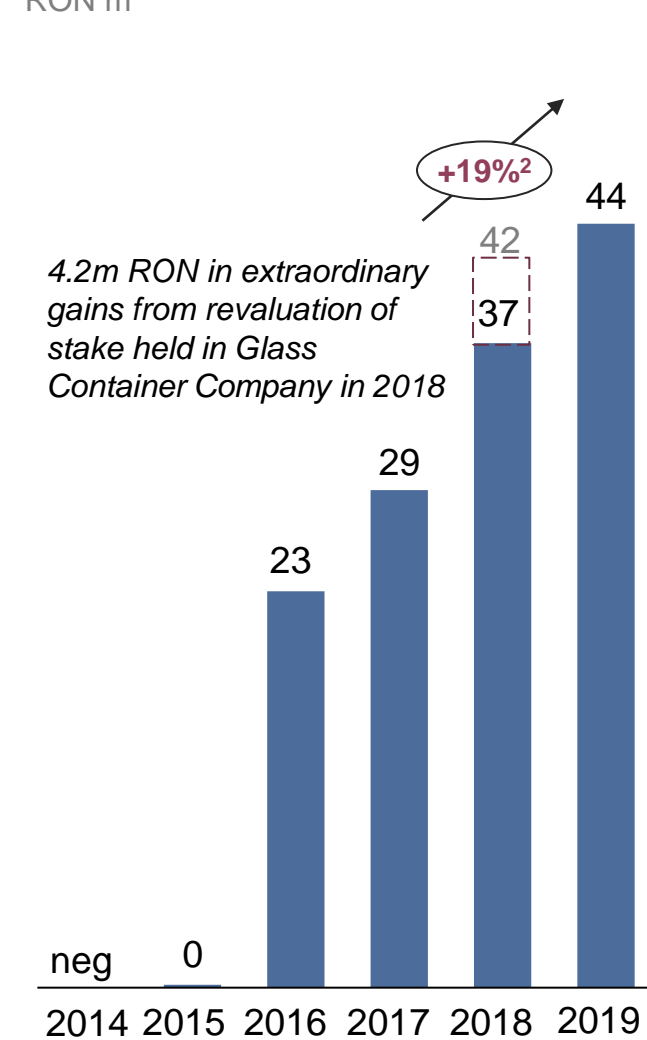
EBITDA¹

RON m



Net Income normalized²

RON m



EBITDA margin

33%

34%

NI normalized margin

22%

22%

Note: (1) EBITDA normalized for non-recurring, IPO-related expenses incurred in 2017 and 2018

(2) Net income normalized for Net gain on equity instruments, namely investment in Glass Container Company at FVTPL in 2018 (-RON 4.17m) and 2019 (+RON 0.24 m).

Net Income in 2018 RON 41.7m and 2019 RON 44.3 m, up 6% YoY

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"

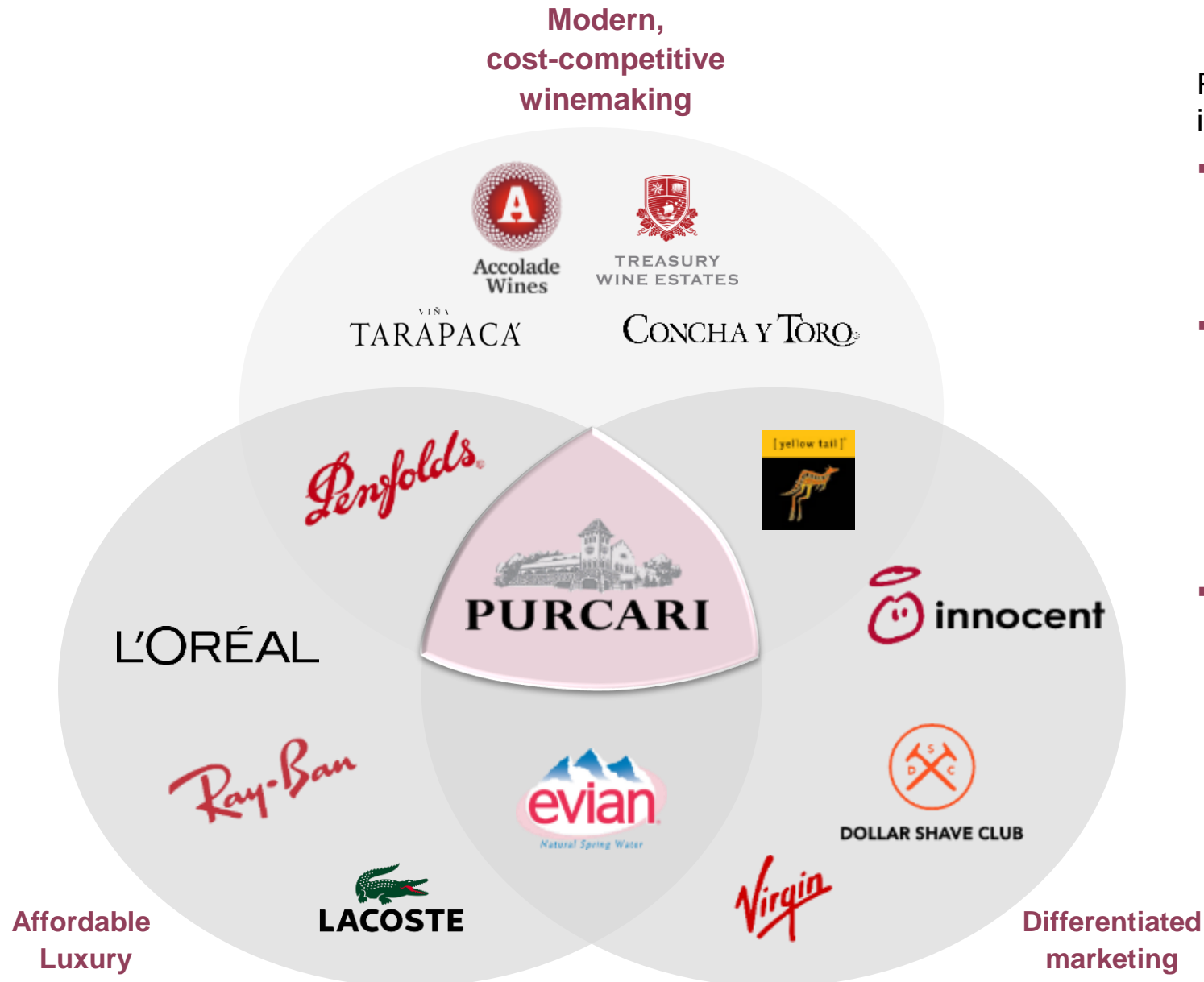
Shrinking vine plantations, create shortage, push prices up

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



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

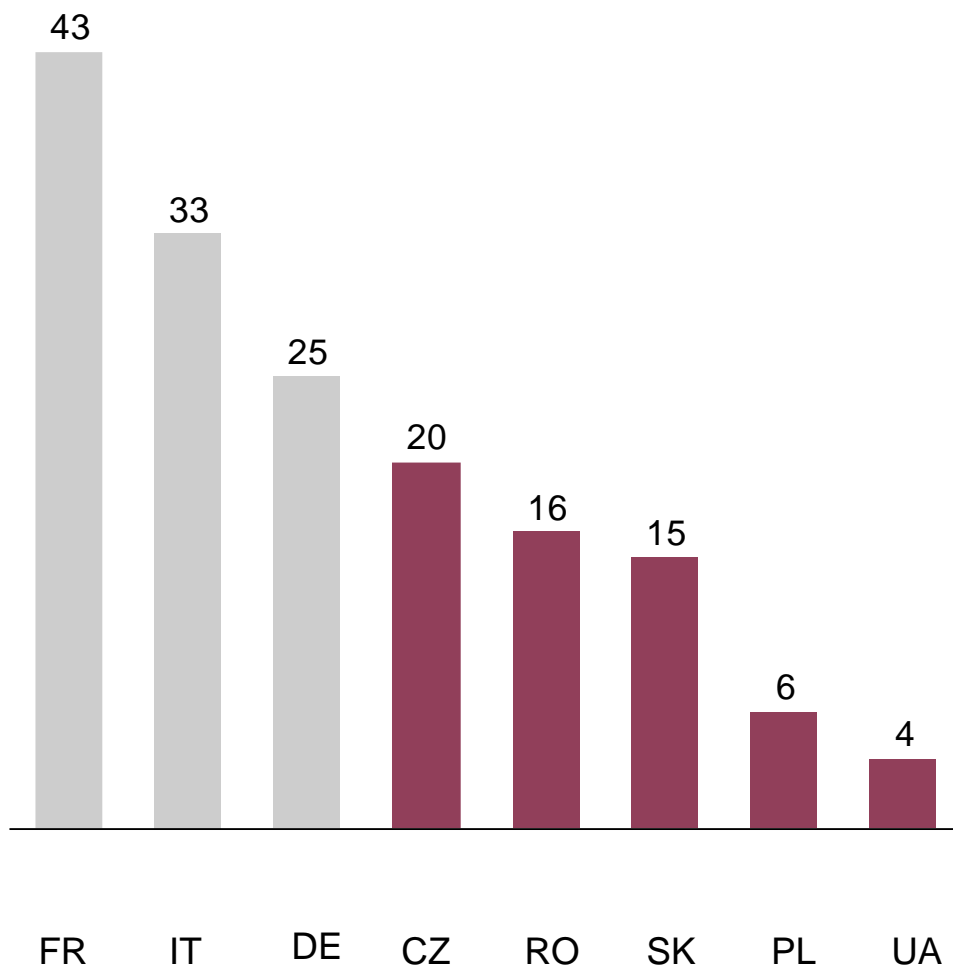
Better

We keep improving – both our wines and our people

1 CEE consumption especially strong, on shifting drinking patterns

Plenty of catch up for CEE countries

Wine consumption, litres per capita, selected countries

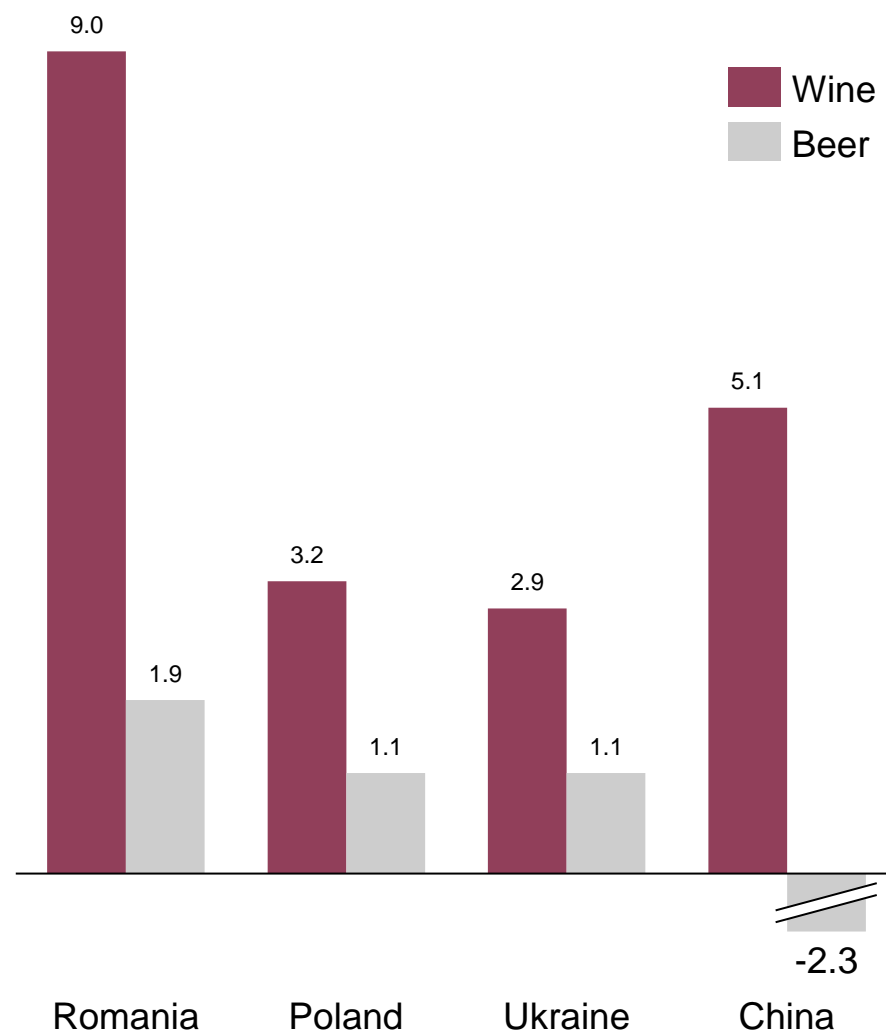


- Per capita wine consumption in CEE lags significantly WE levels, but catches up on growing share vs. beer

Source: Statista, Euromonitor, Nielsen

Wine steals share from beer

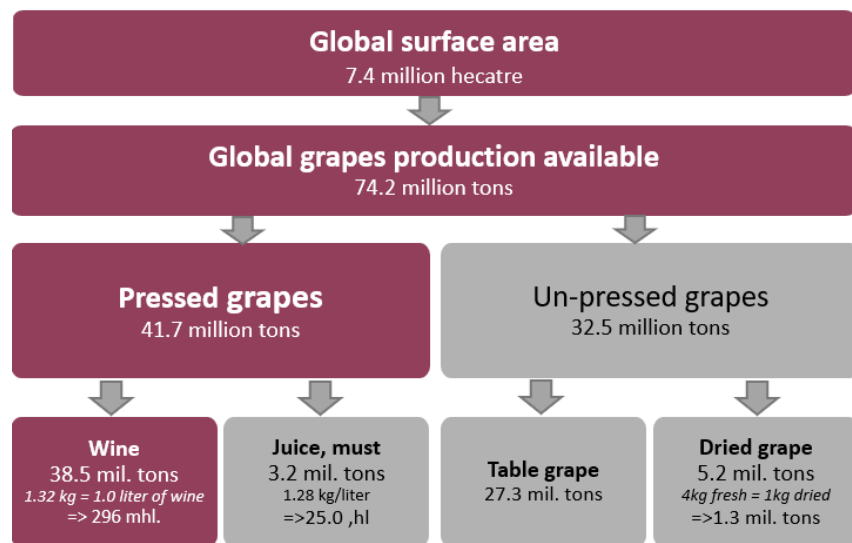
Forecast growth by category, by country 2016-2020F, %



- Romania, Group's largest market, show fastest growth forecast in CEE

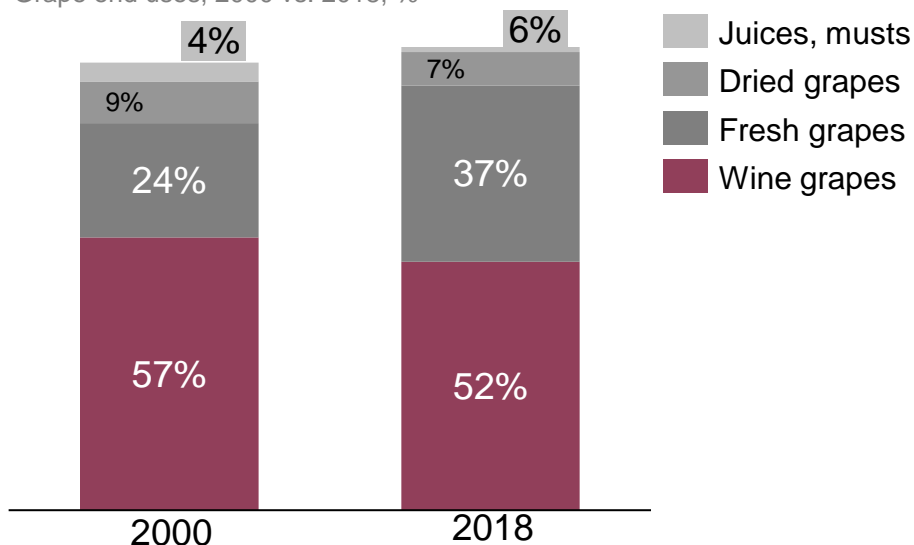
1 On supply side, the vineyards has been shrinking, constraining output

50% of grapes collected go for wine making



Share of wine grape declining in total grape production

Grape end uses, 2000 vs. 2018, %



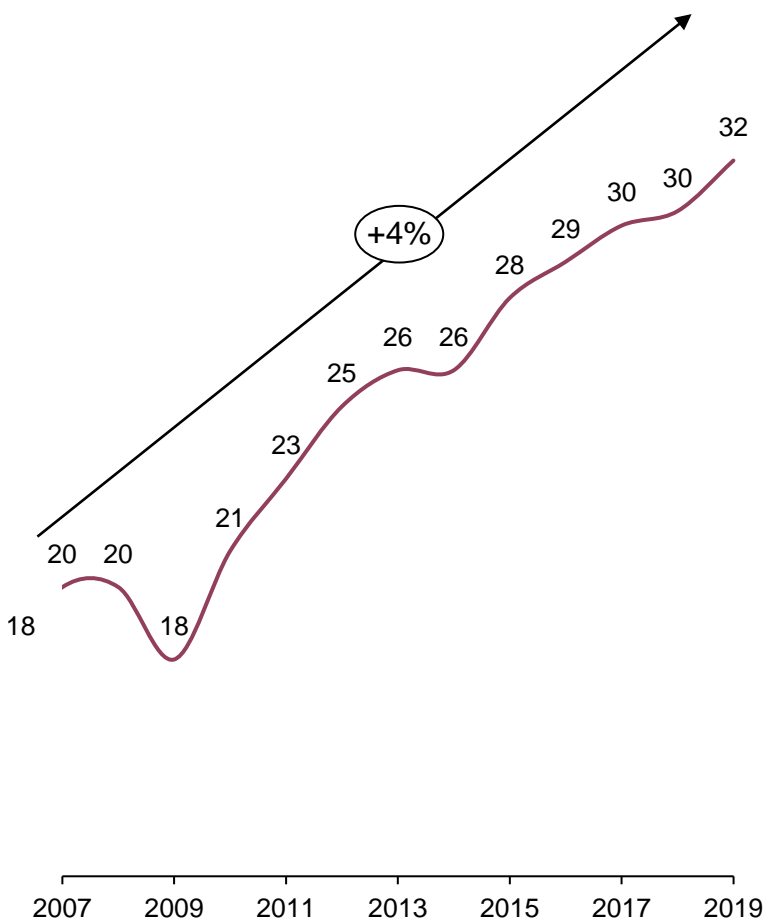
Commentary

- Global area under vines, has gradually decreased between 2000 and 2019 from 7,782 ha to 7,449 ha, according to OIV;
- Overall, the corresponding share of wine grape production (versus other grape uses), has dropped from 57% to 52%, during the same period, from which one can infer an approximate 20% drop in vine surfaces used for wine grape cultivation;
- Much of the drop was driven by the EU, where regulation has been in place limiting planting rights and subsidizing so called grubbing-up schemes, in an attempt to address the oversupply;
- In Moldova, area under vines decreased to 143 kha in 2019 driven by the transformation of vineyards, historically composed of small plots that are currently being restructured;
- In China, among the very few countries which increased the vineyard plantations, only 12% of grape output goes to make wine (the rest being fresh and dried grapes);

1 These secular shifts, have been favourable to wine pricing globally

As wine trade grows at a fast pace...

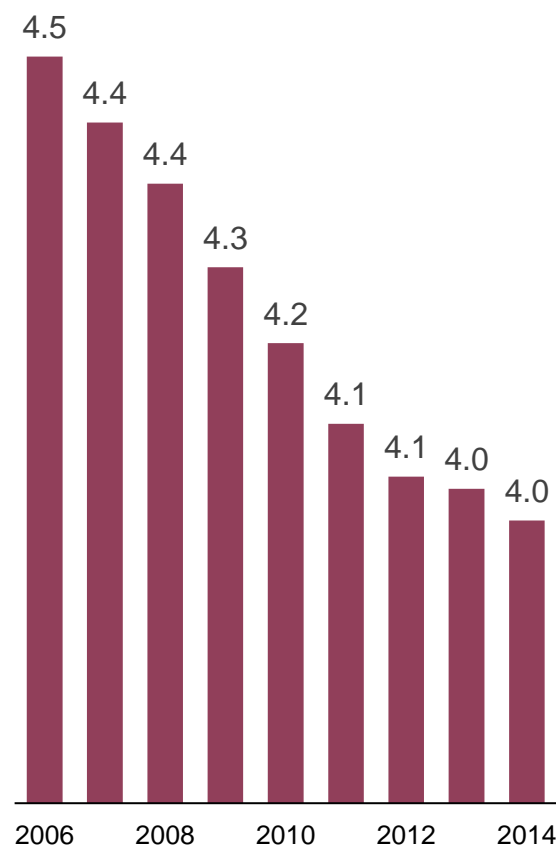
Global wine trade, €bn



- Wine trade has grown strong, as the sector becomes increasingly global

... and vine areas are decreasing...

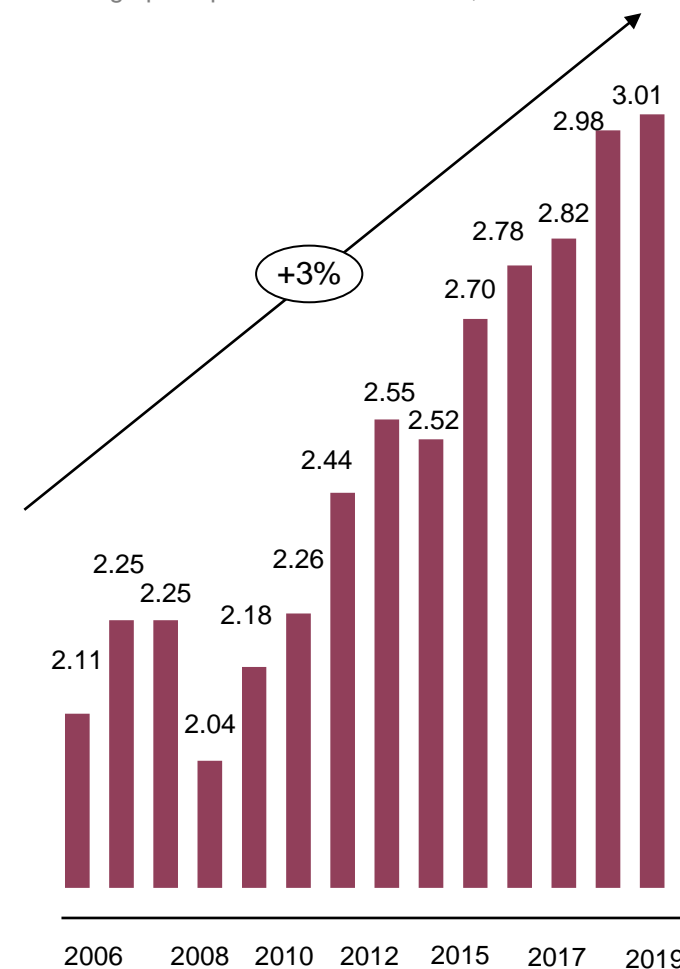
Area of vineyards in continental Europe, mn ha



- Regulation limiting new plantations, grubbing-up subsidies and generational change has led to a decrease in vine areas

... prices keep rising

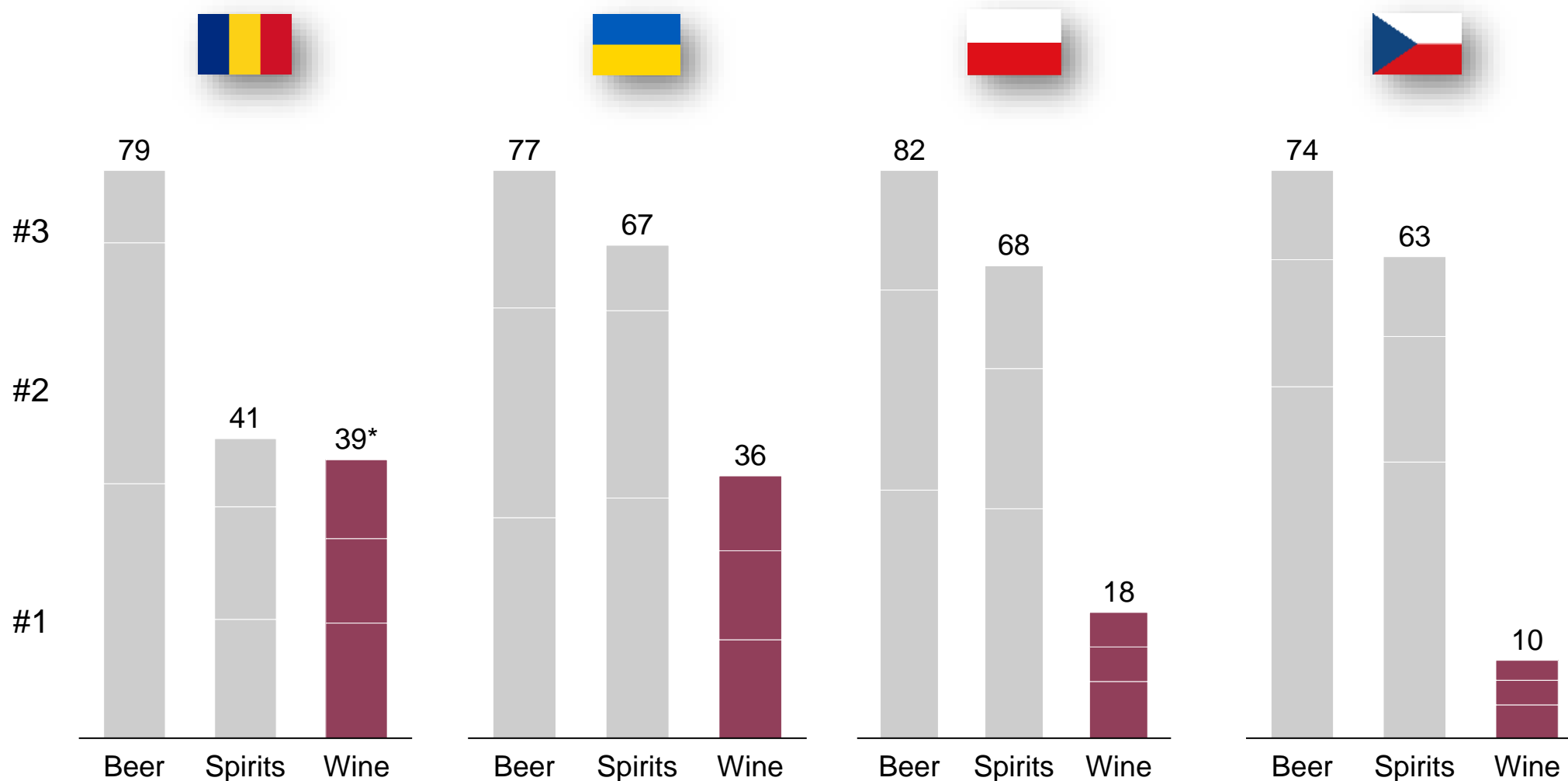
Average price per liter of traded wine, €



- The resulting supply decrease, combined with rising demand, has pushed prices up

1 Vision: be the consolidator of a fragmented market

Volume share top-3 players by country, %

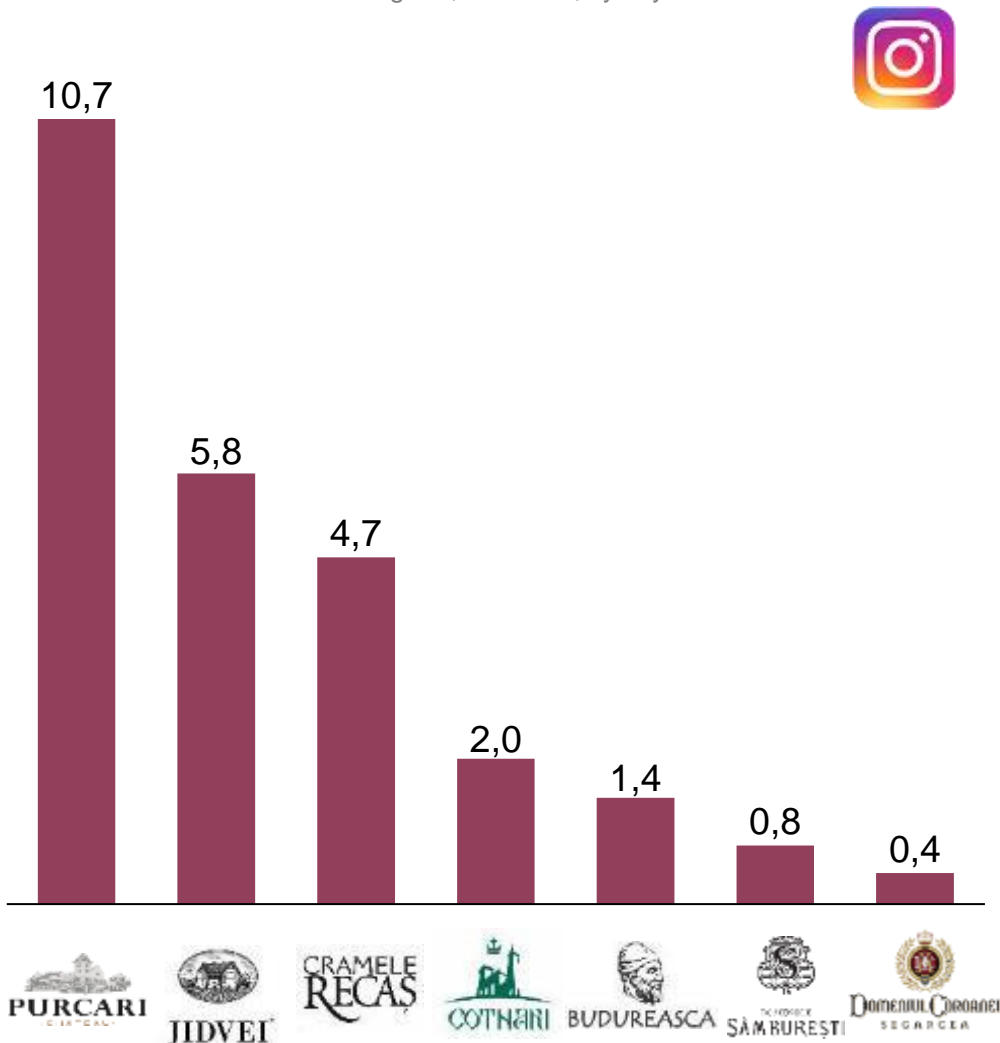


*Unlike beer or spirits, **wine market remains very fragmented**; players who have the scale and sophistication needed – are in a **great position to consolidate it***

1 Topping competition at engagement, quality

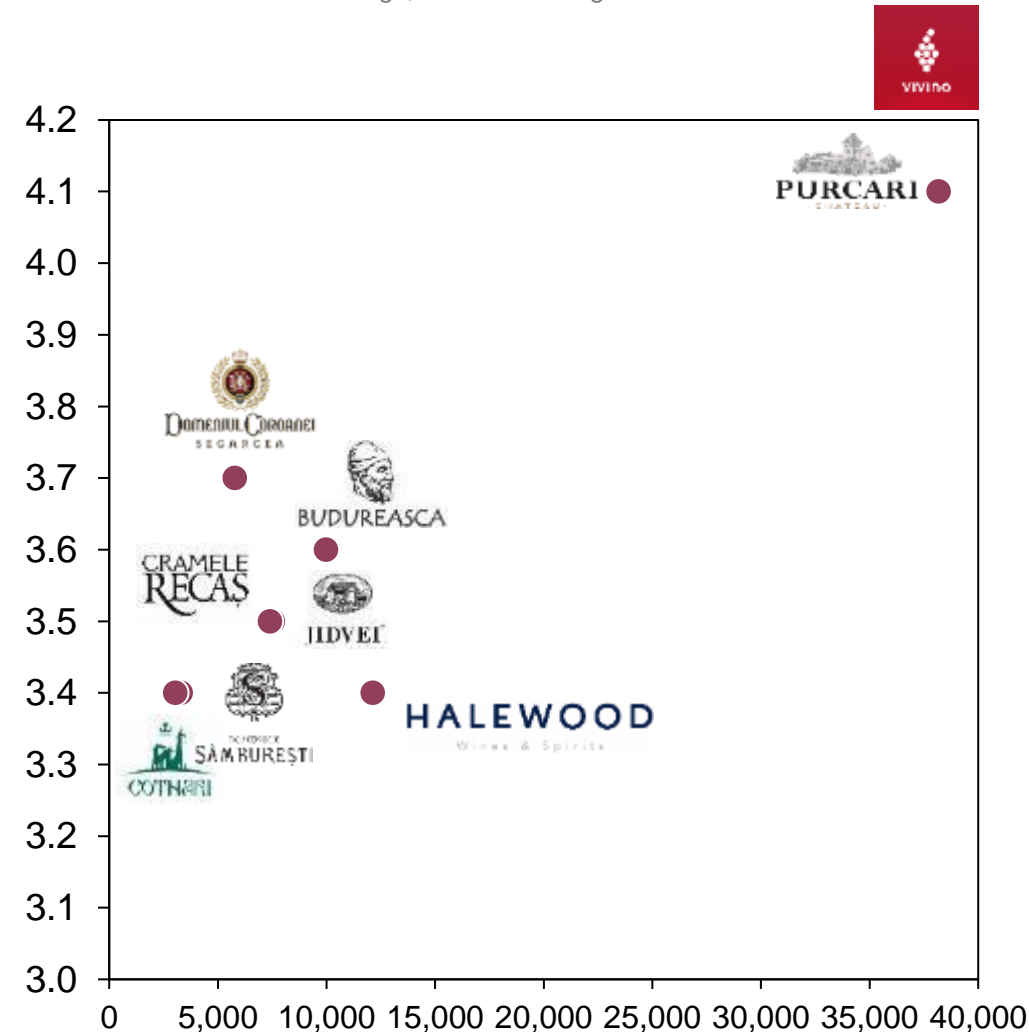
Aspirational brand which consumers like sharing about

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



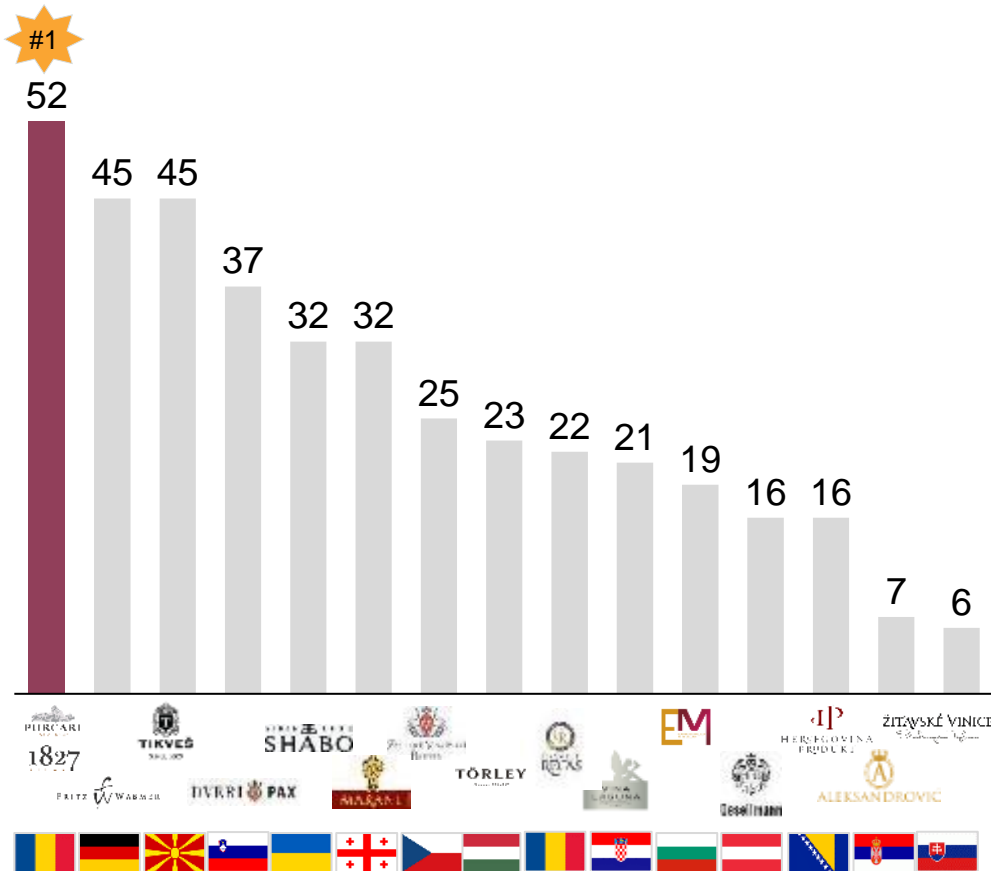
Note: Purcari - #purcari, Cramele Recas - #recas, Jidvei - #jidvei, Cotnari - #cotnari, Budureasca - #budureasca, Samburesti - #samburesti, Segarcea - #segarcea

Sources: Instagram, Vivino as of May 2020

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

Leading medal-winning winery¹ in CEE at Decanter, the Wine "Olympics"

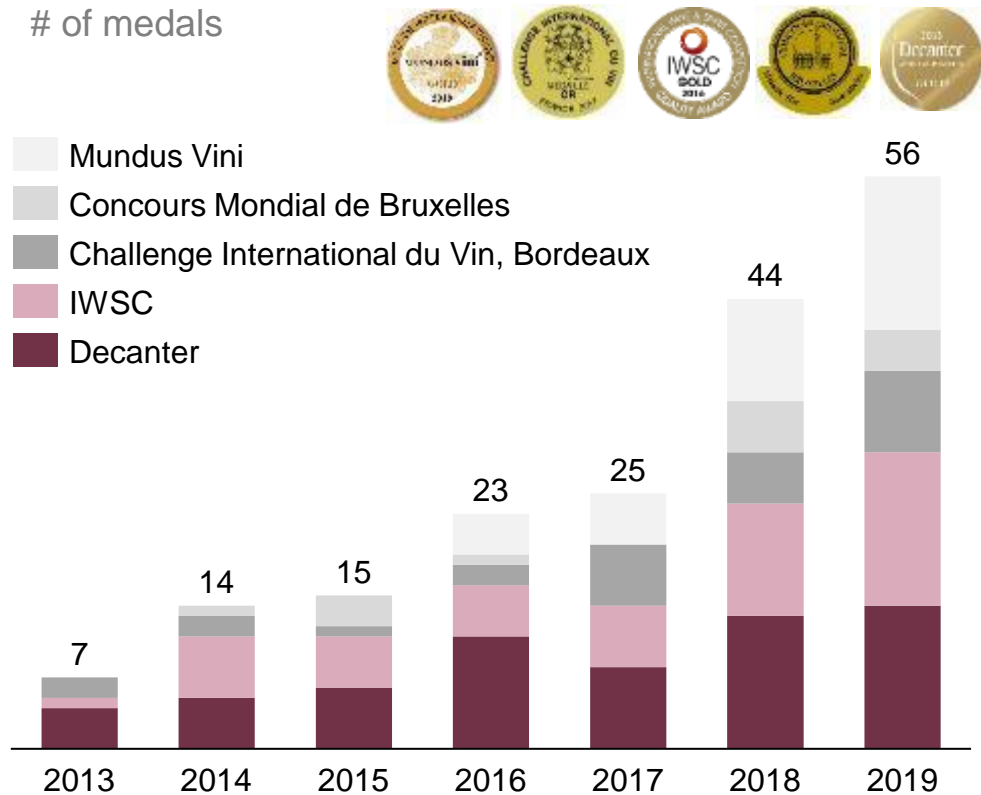
of Decanter medals in 2015 - 19



- 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



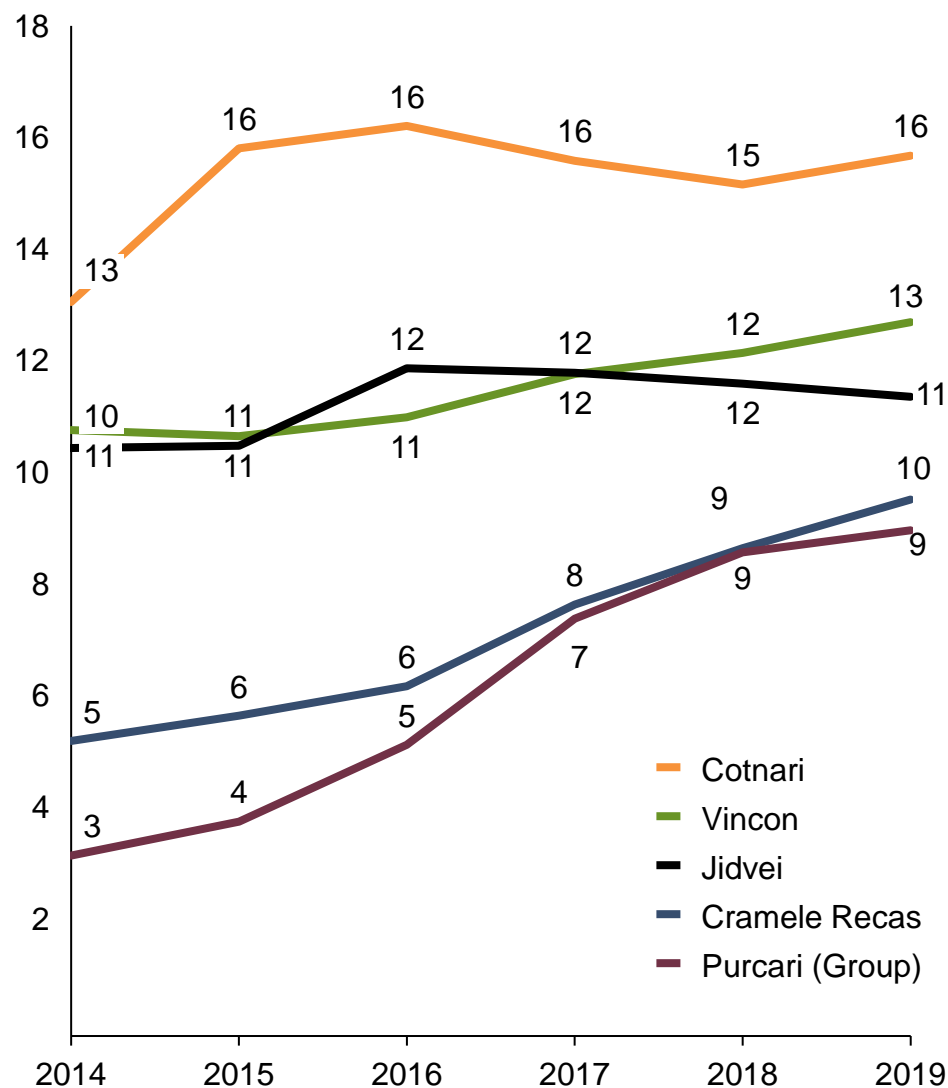
- Unlike beer or spirits, wine production is more prone to quality fluctuations. The Group has demonstrated the ability to keep raising the bar quality wisely, as illustrated by the mounting number of medals won at top global competitions



1 Clear #1 in premium in Romania, keep gaining share, ample headroom

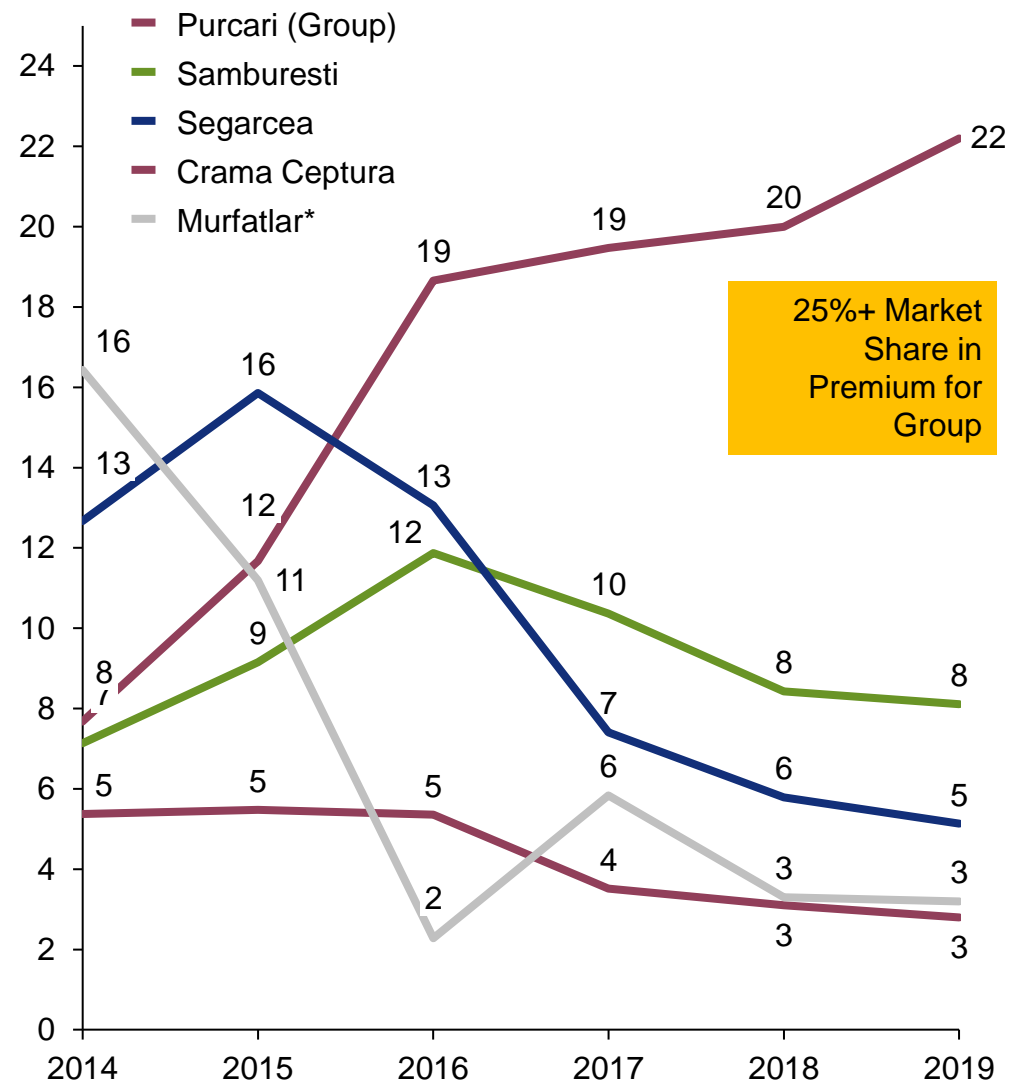
Overall, Purcari has tripled MS in 5 years....

Value share of TOTAL retail market, Romania, %



...while becoming a clear #1 in Premium¹

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



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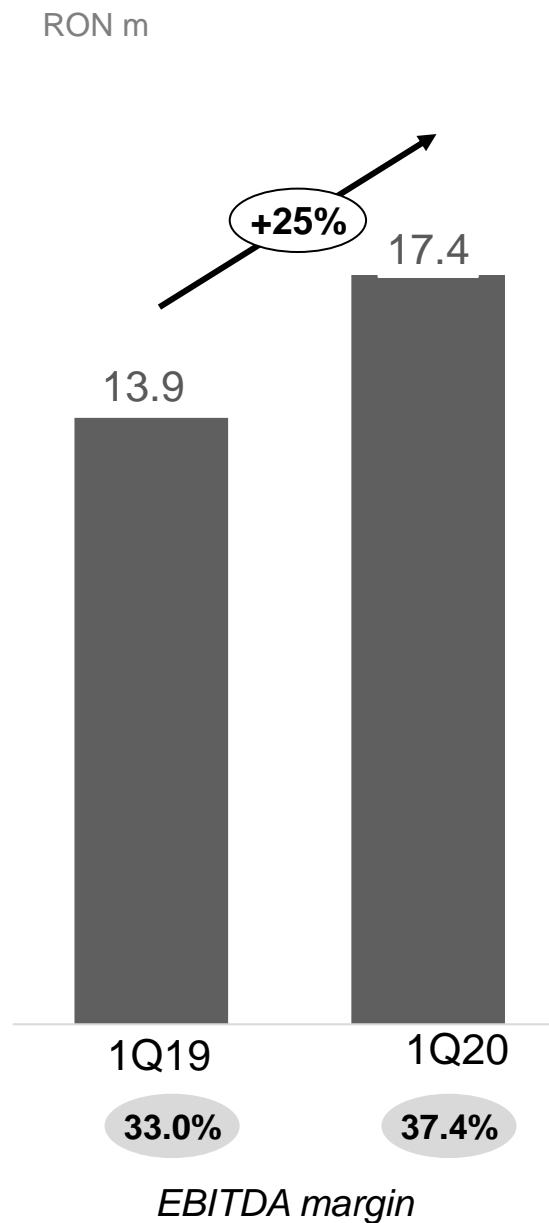
Negru de Purcari
2013, 4.4 score on
Vivino, top 1% wine
globally

2 Solid 1Q20 growth, despite headwind in China, HoReCa, DutyFree

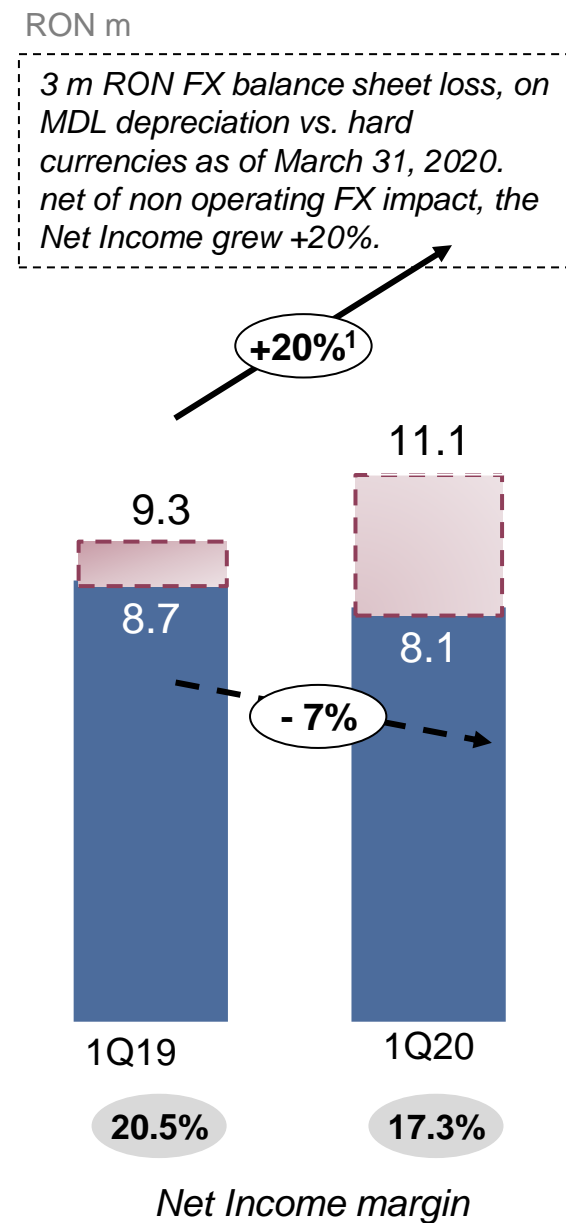
Revenues



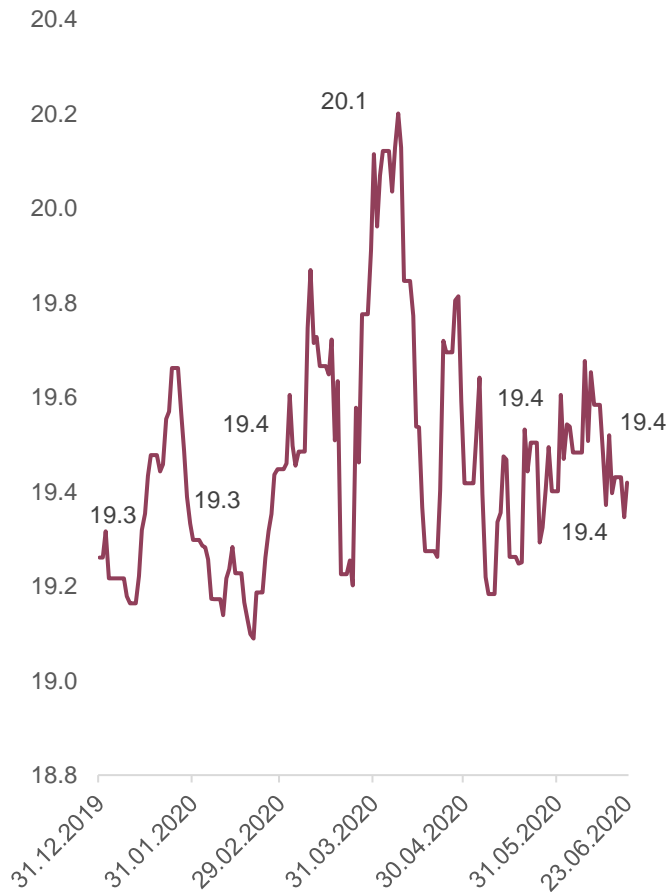
EBITDA



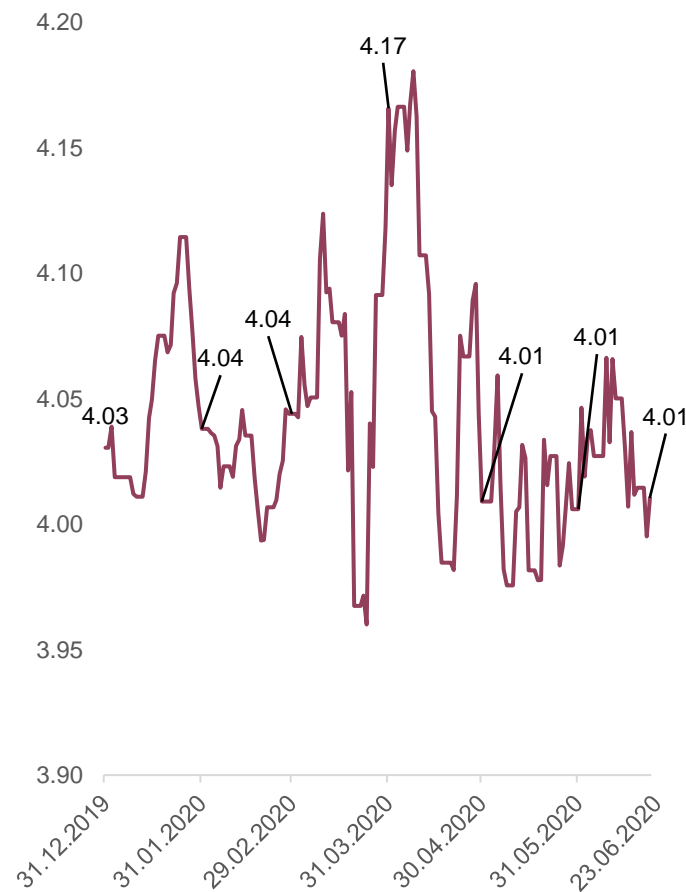
Normalized Net Income



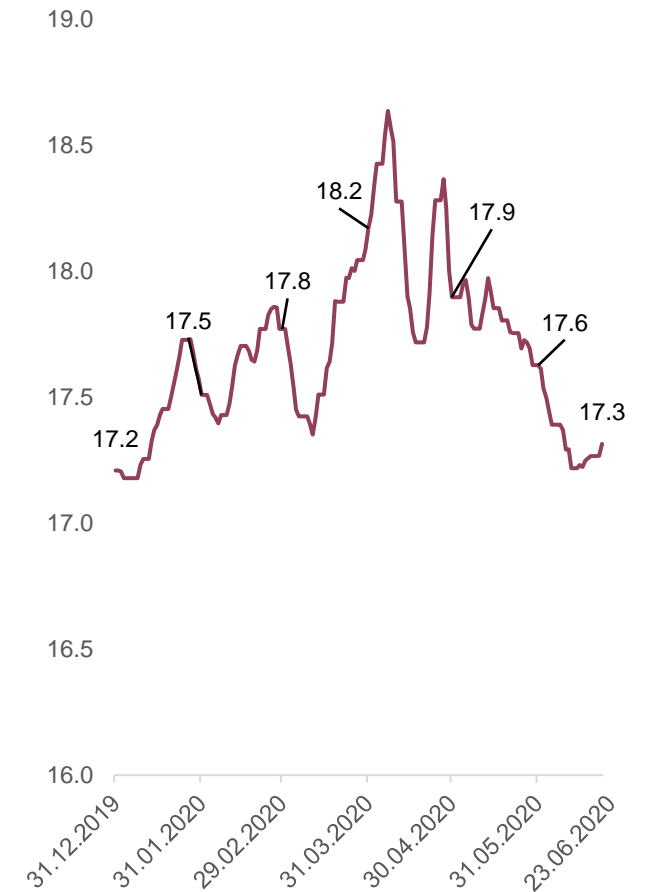
MDL vs EUR



MDL vs USD



MDL vs RON



- FX translation loss for reevaluation of Assets and Liabilities as of 31.03.20, amounting 3m RON vs 0.6m RON in Q1 2019.
- Spike in MDL exchange rate to USD +5%, EUR +4% and RON +2%, due to COVID Outbreak.
- As of date of reporting exchange rates returned to average.
- While MDL weakening vs. hard currencies leads to non-operating balance sheet losses, it does improve the Company margins, given most costs MDL denominated while revenues are largely in RON, EUR, USD.

2 Key operational highlights for 1Q2020

Solid growth, despite China, HoReCa weakness

- Sales up +10%, mainly driven by strong performance in modern-retail segment in core CEE markets
- Shipments to China down by half, given lockdown peak in 1Q20
- HoReCa segment, accounting for <15% of revenues, mostly in Moldova and Romania, as well as DutyFree sales most affected. Tourism sales at Chateau Purcari, ~2% of revenues, affected too.

Still, demand environment remains uncertain

- Despite robust 1Q20 performance, no steady state picture of demand yet can be inferred, given CEE markets boosted by consumer-overstocking in March, while HoReCa / DutyFree impact reflected only in the last two weeks of March
- April sales registered a moderate drop year on year, with May orders ~flat vs. May 2019 sales

Margins holding well, on better mix, cost savings








- Gross margin up 3pp and gross profit up 17%, ahead of sales, given improved mix with Purcari brand showing strongest growth, now accounting for 41% of sales (vs. 37% in 1Q19)
- Ongoing cost optimizations, help lift gross margins further up

Operations largely un-disrupted on supply side





- Despite a number of Covid-19 infections reported at Company's Etulia site (Bostavan) the disruption on supply side has been avoided, given all sites were scheduled for a planned Easter break; sufficient stocks have been prepared in advance at 3rd party facilities, distributors
- All sites re-opened after the Easter closure and operate with heightened safety measures in place

Liquidity position strong, well placed to weather the crisis

- Net debt / EBITDA at 1.3x, offering a comfortable leverage level; grace periods extended on select existing facilities. Additional debt line of 2m EUR in place, optional for draw-down.
- Cash position increase by end of 1Q20, also on back of tighter liquidity management, including A/R

Market	Share of sales, 1Q20	Growth, 1Q20 YoY	Comments
RO 	48%	+39%	<ul style="list-style-type: none"> RO: Strong Purcari performance, up 42% YoY. Crama Ceptura reinvigorated growth on back of quality improvements, active marketing, up 35%; Bardar +80%, albeit from lower base. Growth engine – IKA sales. Very strong year start for HORECA, averaged down to +8% yoy for 1Q20, following March lockdowns
MD 	14%	-17%	<ul style="list-style-type: none"> MD: Market most dependent on HoReCa and DutyFree in Group's universe, suffering most from lockdown. Demand environment continued to be weak in April.
PL 	13%	+12%	<ul style="list-style-type: none"> PL: Growth fueled by improved mix of products, increases in medium price segment sales. Expanding with Purcari and Bardar brands, +21% and +101% accordingly, albeit from a smaller bases.
ASI 	3%	-47%	<ul style="list-style-type: none"> ASIA: Covid-19 outbreak disrupted commercial activity for all major Wine players in China. Sales slowly started to recover, but still far from the pre-Covid levels.
CZ SK 	5%	-34%	<ul style="list-style-type: none"> CZ&SK: Greater magnitude of Covid-19 impact felt vs. other markets. Drop also explained by timing of shipments, with higher base in 1Q19. Sales in April and orders for May showing recovering trajectory.
UA 	3%	+61%	<ul style="list-style-type: none"> UA: expanding sales for Bostavan +39% and Purcari +186%, as the latter becomes increasingly popular with Ukrainian consumers, influencers, given excellent value for money offered.
RoW 	14%	+11%	<ul style="list-style-type: none"> OTHER: Good traction for Bostavan in Baltics +106% and the rest of brands in other countries, totaling +32%.

2 Premium Purcari and Crama Ceptura lead the growth

Brand	Share of sales, 1Q20	Growth, 1Q20 YoY	Comments
	41%	+29%	<ul style="list-style-type: none"> PURCARI: ongoing strong traction in Romania, largely in the IKA segment, compensating for the headwind in HoReCa. Promising performance in newer markets, such as PL +21%, UA +186%. MD most affected by HoReCa and Duty-Free closures, which impacted the premium Purcari brand most.
	31%	-8%	<ul style="list-style-type: none"> BOSTAVAN: Negative sales effects in MD, CZ&SK overshadowed the strong traction in Poland +12% on improved mix of products, increases in medium price segment sales, and the good traction in Baltics and Ukraine.
	17%	+31%	<ul style="list-style-type: none"> CRAMA CEPTURA: the brand is on a strong rebound, falling declining growth rates in 2019 (+11% for the year) as result of re-invigorating marketing campaigns and improvements in quality. Pushing the popular premium offerings most of all – Astrum, Dominum series, which also have better margins.
	12%	-10%	<ul style="list-style-type: none"> BARDAR: Sales in MD down 18%, significantly affected by HoReCa closure and ban on public events (i.e. weddings, anniversaries). Abolition of Tax-Free regime for the duty-free point of sales at the land entrance to MD. Partial shifts of orders for Belarus and Baltics to Q2.

2 P&L – solid growth and margins given circumstances

RON m	1Q19	1Q20	Δ '19/'18
Revenue	42.2	46.4	10%
Cost of Sales	(22.0)	(22.8)	3%
Gross Profit	20.2	23.6	17%
<i>Gross Profit margin</i>	<i>48%</i>	<i>51%</i>	<i>+3 pp</i>

SG&A	(9.1)	(9.5)	5%
<i>Marketing and selling</i>	<i>(3.3)</i>	<i>(3.9)</i>	<i>21%</i>
<i>General and Administrative</i>	<i>(5.8)</i>	<i>(5.6)</i>	<i>-4%</i>
Other income/expenses	0.7	(0.2)	-121%

EBITDA	13.9	17.4	25%
<i>EBITDA margin</i>	<i>33%</i>	<i>37%</i>	<i>+4 pp</i>

Net Profit	8.7	8.0	-7%
<i>Net Profit margin</i>	<i>21%</i>	<i>17%</i>	<i>(4 pp)</i>

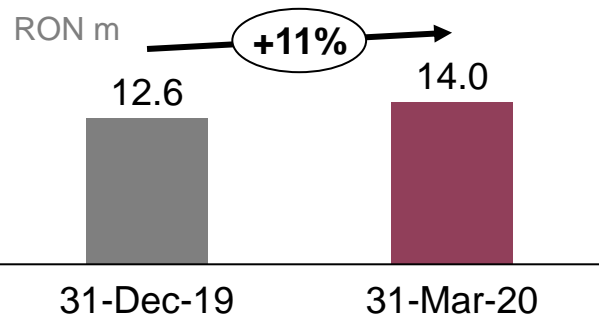
Normalized Net Profit	9.3	11.1	20%
<i>Normalized Net Profit margin</i>	<i>22%</i>	<i>24%</i>	<i>+2 pp</i>

Comments

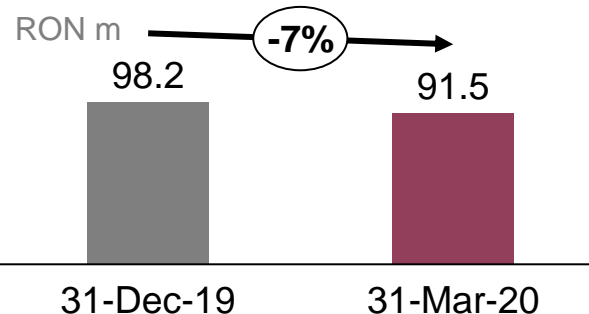
- Gross margin up 3pp with revenues growing faster than cost of goods sold, on improved mix and select price raises combined with a revision of cost lines.
- Maintain stable level of marketing investments, at 8% of revenue. Revised Marketing activities in relation to Covid-19 outbreak. Trade Marketing up 7% in line with Sales growth, concentrated on IKA. Reallocation of certain salary costs from G&A to MK expenses.
- G&A expenses reduced to 12% as share of revenue due to certain salary cost reallocations to MK expenses. Initiated holistic cost optimization program.
- Higher operating expenses reflect adjustment to the maintenance of vineyards costs related to 2018 and performed in 1Q'19, no such reversals required in 2020.
- EBITDA up 25% yoy, with EBITDA margin reaching 37%, on back of good gross margin evolution and containment of fixed costs.
- Normalized Net profit stood at RON 11.1 million, up 20%. Normalization stands for FX translation loss due to depreciation of MDL rate as of March 31, leading to re-adjustment of balance-sheet items, resulting in a negative 3M RON FX impact.

Cash and Receivables

Cash position



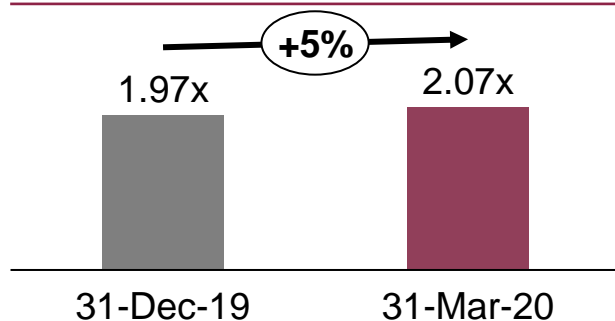
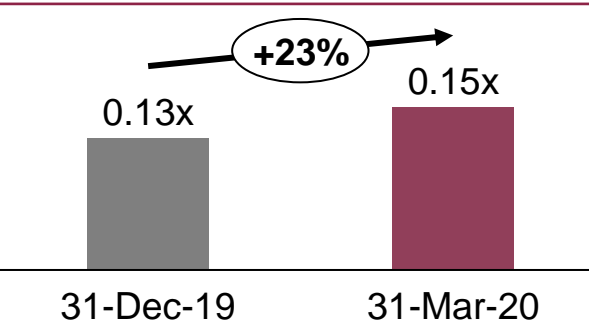
Net Debt



- **Solid Cash position up 11% QoQ**
- **Net Debt improved by 7%** due to both decrease of Debt and increase of Cash balance

Liquidity

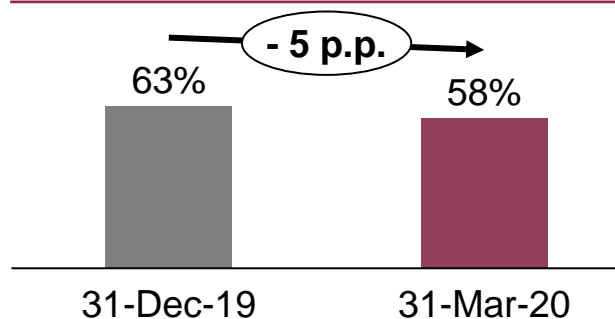
Current ratio

Cash ratio¹

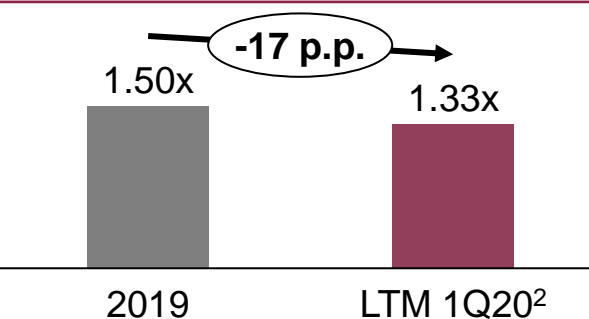
- **Healthy Current ratio above 2x**, as of end of 1Q20
- Increased Cash position **improved cash ratio by 23% QoQ**

Solvency

Debt-to-Equity



Net Debt-to-EBITDA



- In 1Q20 **Total Debt decreased by 5%QoQ**, down to RON 105.5m
- Supported by further EBITDA growth in 1Q20, **Net Debt-to-EBITDA ratio improved by 17 p.p.**

2 Agri, production, distribution – adapted to new Covid-19 reality

Vineyards



- Operating with safety measures in place at all vineyard plots. No disruptions to date.
- March, April – higher intensity manual labor period in vineyards. Finished for all plots.
- May, mid June – limited manual works planned, only low labor mechanized. Very few employees involved.
- Mid June – mid July, higher intensity labor works.
- Mid August – mid October, grape picking season.

Wineries



- Operating with safety measures in place at all production sites.
- Planned closure through May 4 for Easter break was used to further beef up the safety measures.
- Sufficient inventory on 3rd party warehouses, distributors to continue shipment to retail.

Distribution



- Export clearance to / from Romania and from Moldova working without interruptions.
- Green corridor from Moldova to / through Romania for commercial freight, speeding up customs clearance, simplifying logistics.
- No disruptions to date due to transportation capacity shortage (14 days quarantine rule doesn't apply to freight drivers)

Retail



- No major out of stock issues in shipments to retail
- Sharp drop in HoReCa segment, accounting for <15% of Company sales; affecting mostly Moldovan market and to lesser extent Romanian. Virtual closure of DutyFree channel and Tourism Sales (the latter ~2% of revenues).
- Starting from June HoReCa and DutyFree are gradually opening, but with certain restrictions.

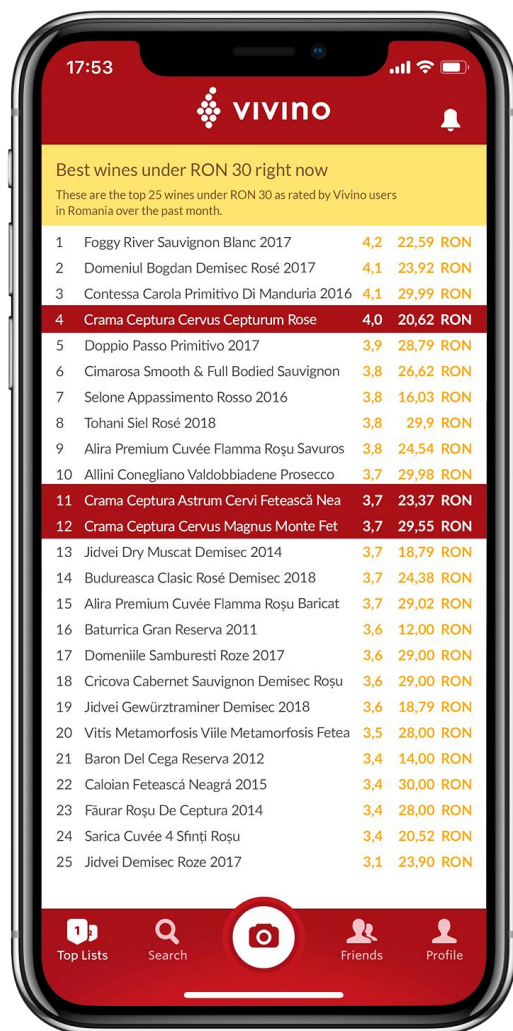
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Freedom Blend,
indigenous grapes
from Moldova,
Georgia, Ukraine;
91 points by Wine
Enthusiast

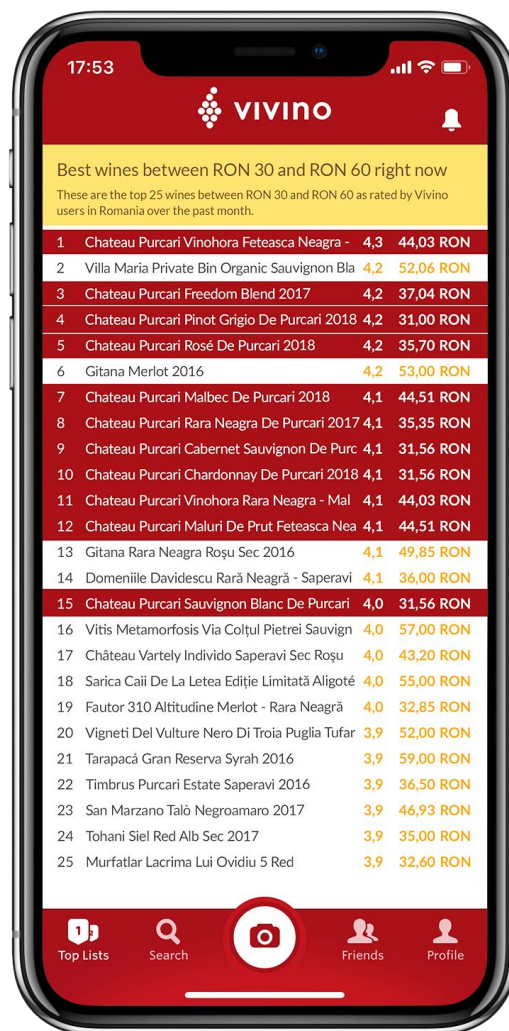
3 Vivino feedback very strong, particularly important for online sales

#1 presence in the RON <30 and RON 30-60 segment;
Hold 10 out of TOP-25 positions in the crucial RON 30-60 segment

Best wines under RON 30 right now
These are the top 25 wines under RON 30 as rated by Vivino users in Romania over the past month.

1	Foggy River Sauvignon Blanc 2017	4,2	22,59 RON
2	Domeniul Bogdan Demisec Rosé 2017	4,1	23,92 RON
3	Contessa Carola Primitivo Di Manduria 2016	4,1	29,99 RON
4	Crama Ceptura Cervus Cepturum Rose	4,0	20,62 RON
5	Doppio Passo Primitivo 2017	3,9	28,79 RON
6	Cimarosa Smooth & Full Bodied Sauvignon	3,8	26,62 RON
7	Selone Appassimento Rosso 2016	3,8	16,03 RON
8	Tohani Siel Rosé 2018	3,8	29,9 RON
9	Alira Premium Cuvée Flamma Roșu Savuros	3,8	24,54 RON
10	Allini Conegliano Valdobbiadene Prosecco	3,7	29,98 RON
11	Crama Ceptura Astrum Cervi Fetească Nea	3,7	23,37 RON
12	Crama Ceptura Cervus Magnus Monte Fet	3,7	29,55 RON
13	Jidvei Dry Muscat Demisec 2014	3,7	18,79 RON
14	Budureasca Clasic Rosé Demisec 2018	3,7	24,38 RON
15	Alira Premium Cuvée Flamma Roșu Baricat	3,7	29,02 RON
16	Baturrica Gran Reserva 2011	3,6	12,00 RON
17	Domeniile Samburesti Roze 2017	3,6	29,00 RON
18	Cricova Cabernet Sauvignon Demisec Roșu	3,6	29,00 RON
19	Jidvei Gewürztraminer Demisec 2018	3,6	18,79 RON
20	Vitis Metamorfosis Vile Metamorfosis Fetea	3,5	28,00 RON
21	Baron Del Cega Reserva 2012	3,4	14,00 RON
22	Caloian Fetească Neagră 2015	3,4	30,00 RON
23	Făurar Roșu De Ceptura 2014	3,4	28,00 RON
24	Sarica Cuvée 4 Sfîrți Roșu	3,4	20,52 RON
25	Jidvei Demisec Roze 2017	3,1	23,90 RON

Best wines between RON 30 and RON 60 right now
These are the top 25 wines between RON 30 and RON 60 as rated by Vivino users in Romania over the past month.

1	Chateau Purcari Vinohora Feteasca Neagra -	4,3	44,03 RON
2	Villa Maria Private Bin Organic Sauvignon Bla	4,2	52,06 RON
3	Chateau Purcari Freedom Blend 2017	4,2	37,04 RON
4	Chateau Purcari Pinot Grigio De Purcari 2018	4,2	31,00 RON
5	Chateau Purcari Rosé De Purcari 2018	4,2	35,70 RON
6	Gitana Merlot 2016	4,2	53,00 RON
7	Chateau Purcari Malbec De Purcari 2018	4,1	44,51 RON
8	Chateau Purcari Rara Neagra De Purcari 2017	4,1	35,35 RON
9	Chateau Purcari Cabernet Sauvignon De Purc	4,1	31,56 RON
10	Chateau Purcari Chardonnay De Purcari 2018	4,1	31,56 RON
11	Chateau Purcari Vinohora Rara Neagra - Mal	4,1	44,03 RON
12	Chateau Purcari Maluri De Prut Feteasca Nea	4,1	44,51 RON
13	Gitana Rara Neagra Roșu Sec 2016	4,1	49,85 RON
14	Domeniile Davidescu Rară Neagră - Saperavi	4,1	36,00 RON
15	Chateau Purcari Sauvignon Blanc De Purcari	4,0	31,56 RON
16	Vitis Metamorfosis Via Colțul Pietrei Sauvign	4,0	57,00 RON
17	Château Vartely Individuo Saperavi Sec Roșu	4,0	43,20 RON
18	Sarica Căii De La Letea Ediție Limitată Aligoté	4,0	55,00 RON
19	Fautor 310 Altitudine Merlot - Rara Neagră	4,0	32,85 RON
20	Vigneti Del Vulture Nero Di Troia Puglia Tufar	3,9	52,00 RON
21	Tarapacă Gran Reserva Syrah 2016	3,9	59,00 RON
22	Timbrus Purcari Estate Saperavi 2016	3,9	36,50 RON
23	San Marzano Talò Negroamaro 2017	3,9	46,93 RON
24	Tohani Siel Red Alb Sec 2017	3,9	35,00 RON
25	Murfatlar Lacrima Lui Ovidiu 5 Red	3,9	32,60 RON











- We remain **obsessed about 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 **11 best rated wines in Vivino's top-25**
- Our **push in upper-mainstream** segment shows good results, with 3 of our wines in top-25 <30 RON
- We remain convinced, it is the **product that will make the difference** in mid and long term with consumers, so we are focusing on making exciting wines, that capture people's imagination

3 Ready for summer: outstanding 2019 vintage whites, rosé



3 Overall, CEE markets coped better with the virus compared to Western EU

Market	Share of sales, FY19	Number of infections ¹	Infections per mln ¹	Number of fatalities ¹	Fatalities per mln ¹	RO number ² *	Doubling time ³ **	Trend ³ ***
RO 	42%	24.291	1,263	1.523	79	1.2	52	▲
MD 	23%	14.363	3,560	484	120	1.2	29	▲
PL 	11%	32.527	859	1.375	36	1.0	-	■
CH 	6%	83.418	58	4.634	3	1.4	-	▼
BL 	4%	59.023	6,246	351	37	1.0	-	▼
CZ 	4%	10.561	986	337	31	1.1	-	▼
UA 	3%	38.074	871	1.035	24	1.2	35	▲
SK 	1%	1.589	291	28	5	1.6	-	■

* RO number (effective reproduction number) – the average number of secondary infections produced by a typical case, used to measure the transmission potential of a disease

** Doubling time – estimate of the doubling time in days (when the rate of growth is negative the doubling time is assumed to be non-existent)

*** based on observed change in daily cases across the last ten days

Note: (1) Worldometers.info as of June 23, 2020 (2) epiforecasts.io as of June 11, 2020 (3) statista as of June 20, 2020

3 Wine category proved resilient through pandemic, yet uncertainty remains

Consumers broadly drinking more the same amount of wine but are drinking more at home....

- “Alcohol sale growth gets back to levels prior to COVID-19. Consumers are shifting the dollars they would have spent on alcohol in a restaurant, bar, or tasting room to alcoholic beverages they can buy at a lower mark-up from retailers, online merchants and even directly from the supplier”, according to Nielsen.
- “Despite deep economic impacts, we continue to see premiumization in the off-premise across all three categories (i.e. the average price per equalized volume is still ahead of where it was last year). Perhaps we’ll see that slow or reverse in the months ahead...”, Danny Brager, Senior Vice President of Beverage Alcohol at Nielsen.
- “Koreans have bought less wine, and spent less per bottle, during the pandemic...the likelihood is that South Korea’s wine market, and particularly its on-trade channel, will bounce back quite rapidly from the trough of March and April”, according to WineIntelligence
- However, consumer behavior difficult to predict amid changing economic situation, likely contraction in purchasing power and subsequent shopping and consumption shifts.



Angela Merkel, 21 March, before self-isolating for quarantine

3 Executed promptly on adapting our marketing to the new COVID reality

Crama Ceptura



- Campaign: “Elbow bump”
- Launched: March 17
- Medium: TV, Social

All brands - Community



- Campaign: “Breath freely”
- Launched: March 24
- Medium: Social

Crama Ceptura



- Campaign: “Easter on Zoom”
- Launched: April 14
- Medium: TV, Social

Purcari



- Campaign: “Thank you, heroes”
- Launched: April 14
- Medium: TV, Social

Bostavan – DOR



- Campaign: “A different Easter”
- Launched: April 15
- Medium: TV, Social

Bardar



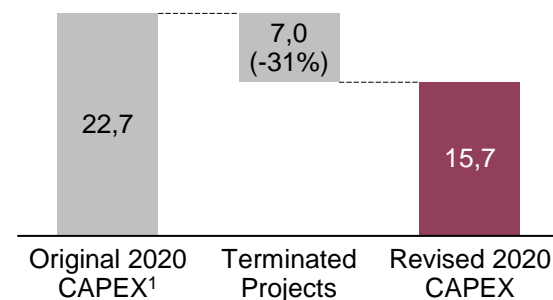
- Campaign: “Cheers to heroes!”
- Launched: April 15
- Medium: TV, Social

3 Broad and deep cost and cash optimization program initiated

A CAPEX cut

- **CAPEX program was revised** with all non-critical projects terminated / postponed, resulting in circa **RON 7 mln savings**, or 31% of original CAPEX program
- Management had **reached out to suppliers** of equipment for revised CAPEX project with **request of discounts** and **revision of payment terms**, to reflect the new realities of the day

2020 CAPEX Program, RON mln



B OPEX cut

- Management had initiated **holistic OPEX cost optimization program**. Cross-functional team is working on design and implementation of cost cutting initiatives across all main pillars.
- **Program is focused on:** procurement excellence, elimination of all non-critical purchases, negotiations of discounts with suppliers, order size optimization, forecasting improvements
- Management and Board have all taken **voluntary salary cuts** of between 25% to 100%, for periods of between 3 and 12 months to set the tone for the rest of organization, protect more vulnerable employees and finance community contributions – more details: <https://bit.ly/34OzGQz>

C Liquidity optimization

- Bank grace extensions in process for ~35M RON in Moldova; extra financing for ~4M RON to be secured; option for additional credit lines (including revolver) of ~12M RON. Expect lower interest rates, amid drop in base rates.
- Tight liquidity monitoring, including working capital. Overall, run more prudent, cautious liquidity profile.

¹ Including agricultural investments

3 We suspend our guidance for 2020; to be updated upon more clarity

Guidance for 2020

Target	2020 guidance	Comments
Organic revenue growth	+16-20%	<ul style="list-style-type: none"> Romania to remain growth driver, continue focusing on Poland, Czech, Slovakia, Ukraine; continue seeding newer markets – Asia, Scandinavia, Germany. Launch a number of new products from our Bostavan winery, on premiumization drive.
EBITDA margin	30-32%	<ul style="list-style-type: none"> Expect moderate increase in COGS given smaller harvest, but to be compensated by favorable pricing environment and ongoing premiumization of portfolio.
Net Income margin	20-22%	<ul style="list-style-type: none"> Financing cost does rise on higher rates in Romania; financing in Moldova remains very competitively priced.



Guidance suspended

- Due to **high uncertainty** related to the development of Global COVID-19 crisis
- Including uncertainty on **time and extent** of COVID-19 related **restrictions** and depth of **negative economic** effects
- We must **suspend** earlier disclosed **Guidance for 2020** until a better grasp of what the new steady state looks like

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Cuvée de Purcari, the extension to sparkling launched in 2017. Made according to the traditional, *Champenoise* method, with in-bottle fermentation

4 Low valuation relative to wine peers

Purcari vs Selected wine public companies

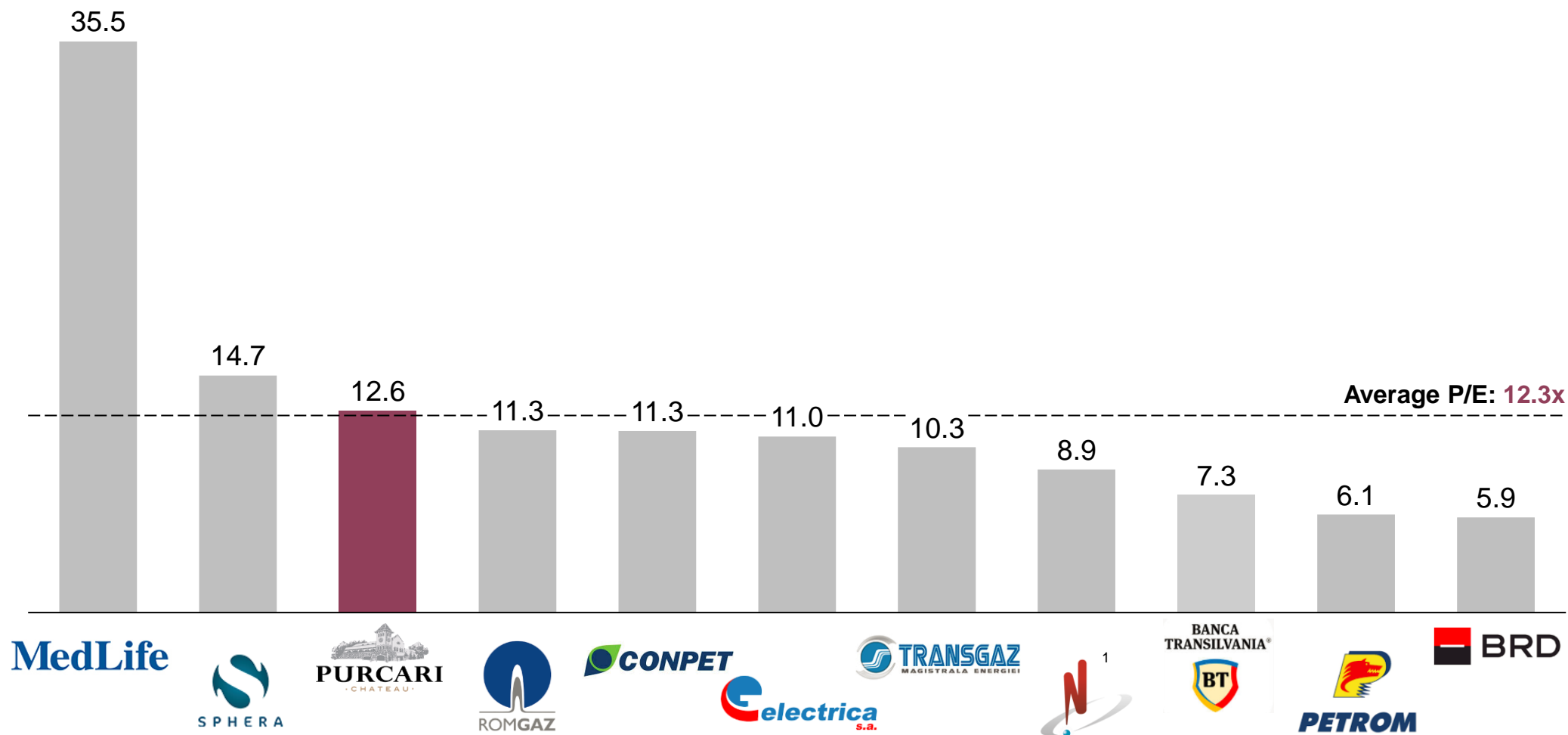
P/E LTM Multiples



4 Average valuation relative to Romanian listed peers

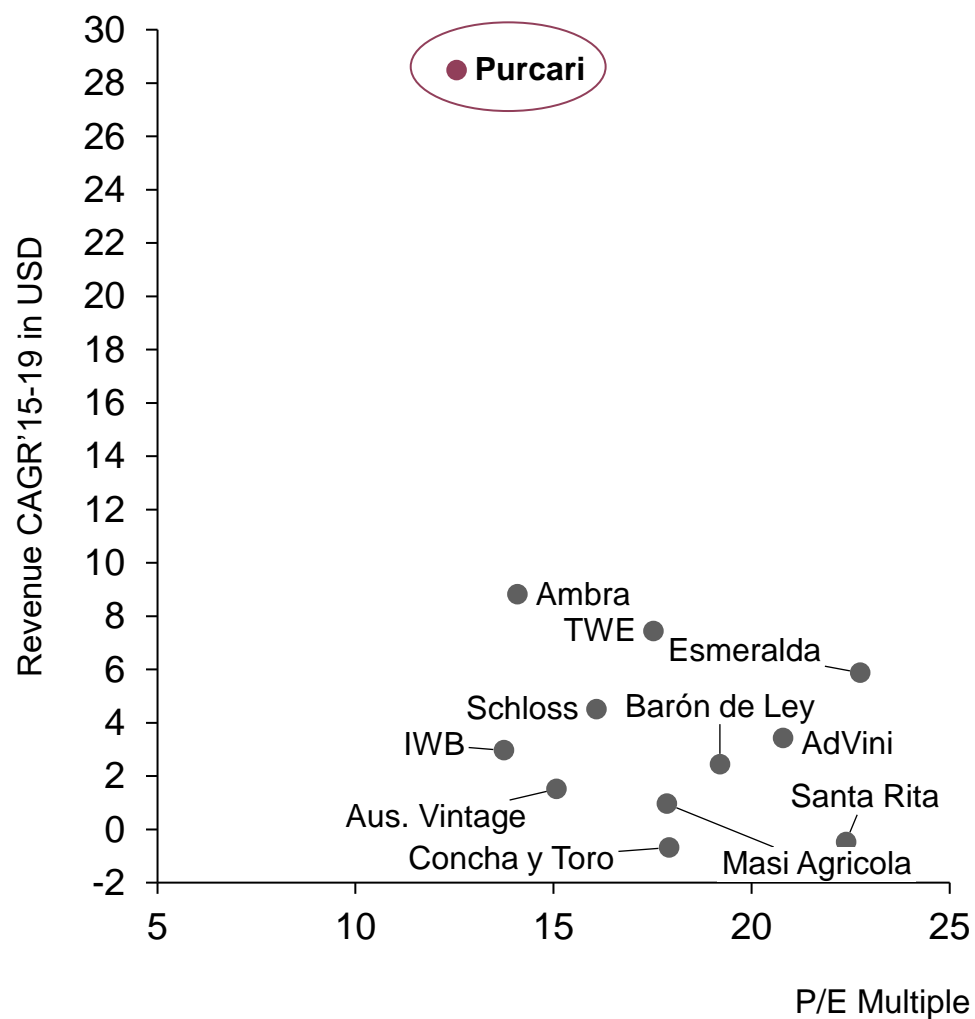
Purcari vs Selected Romanian public companies

P/E LTM Multiples

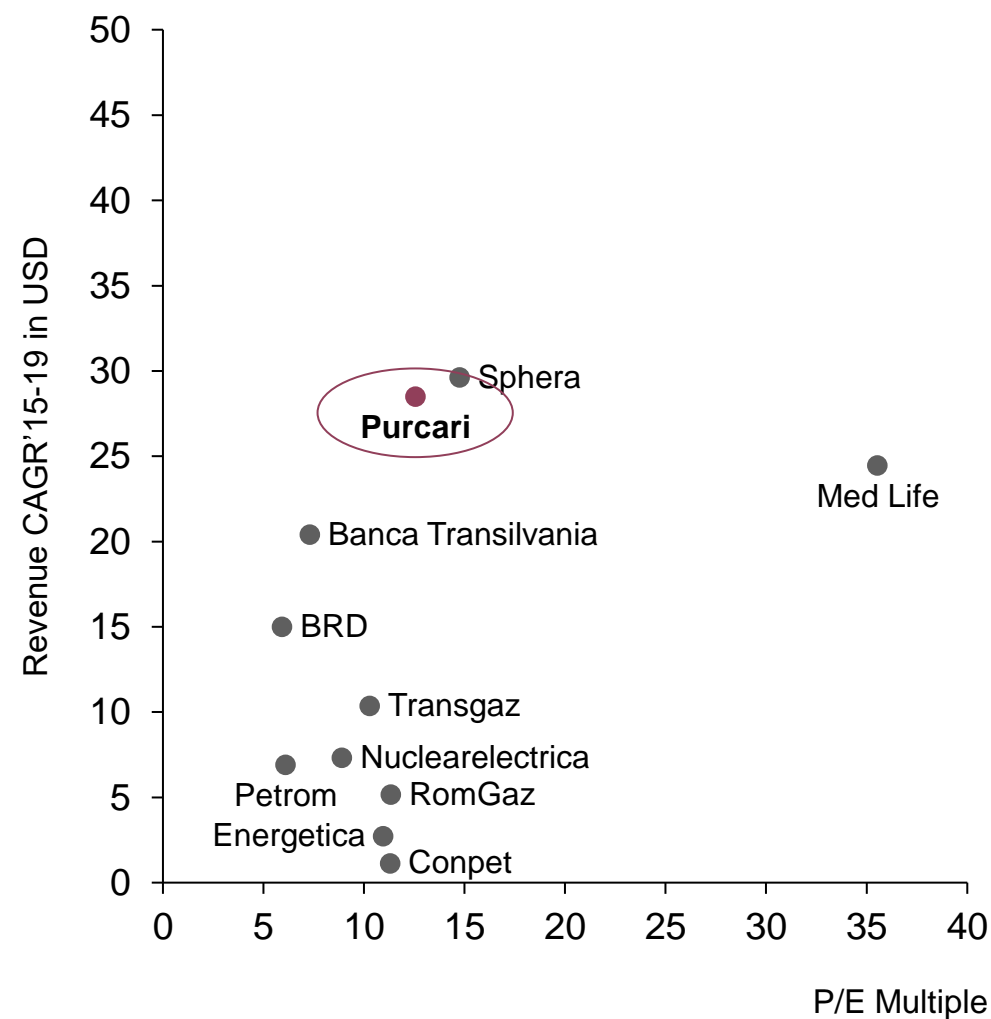


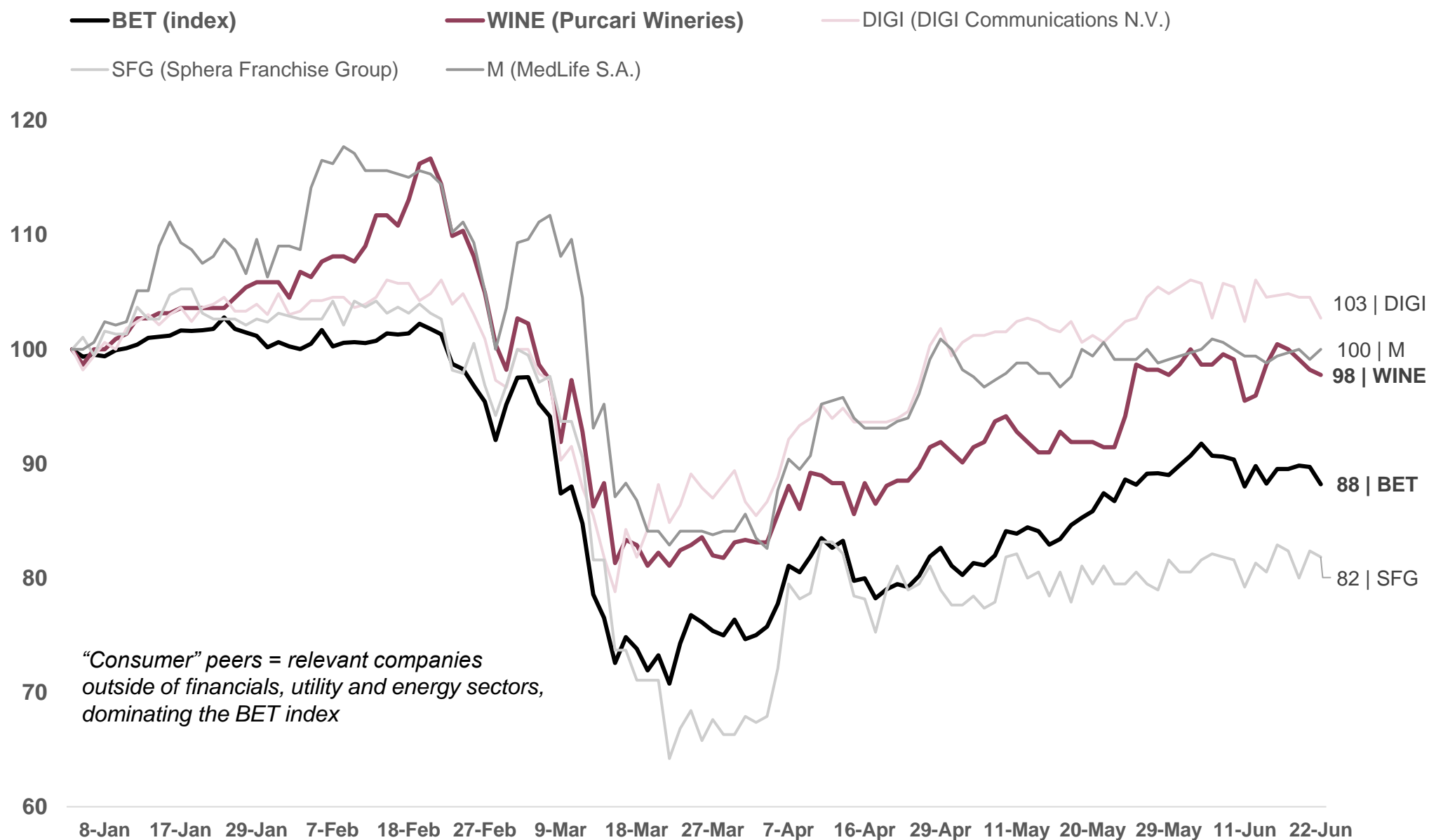
4 High growth not incorporated in valuations yet

Purcari vs Selected wine public companies



Purcari vs Selected Romanian public companies



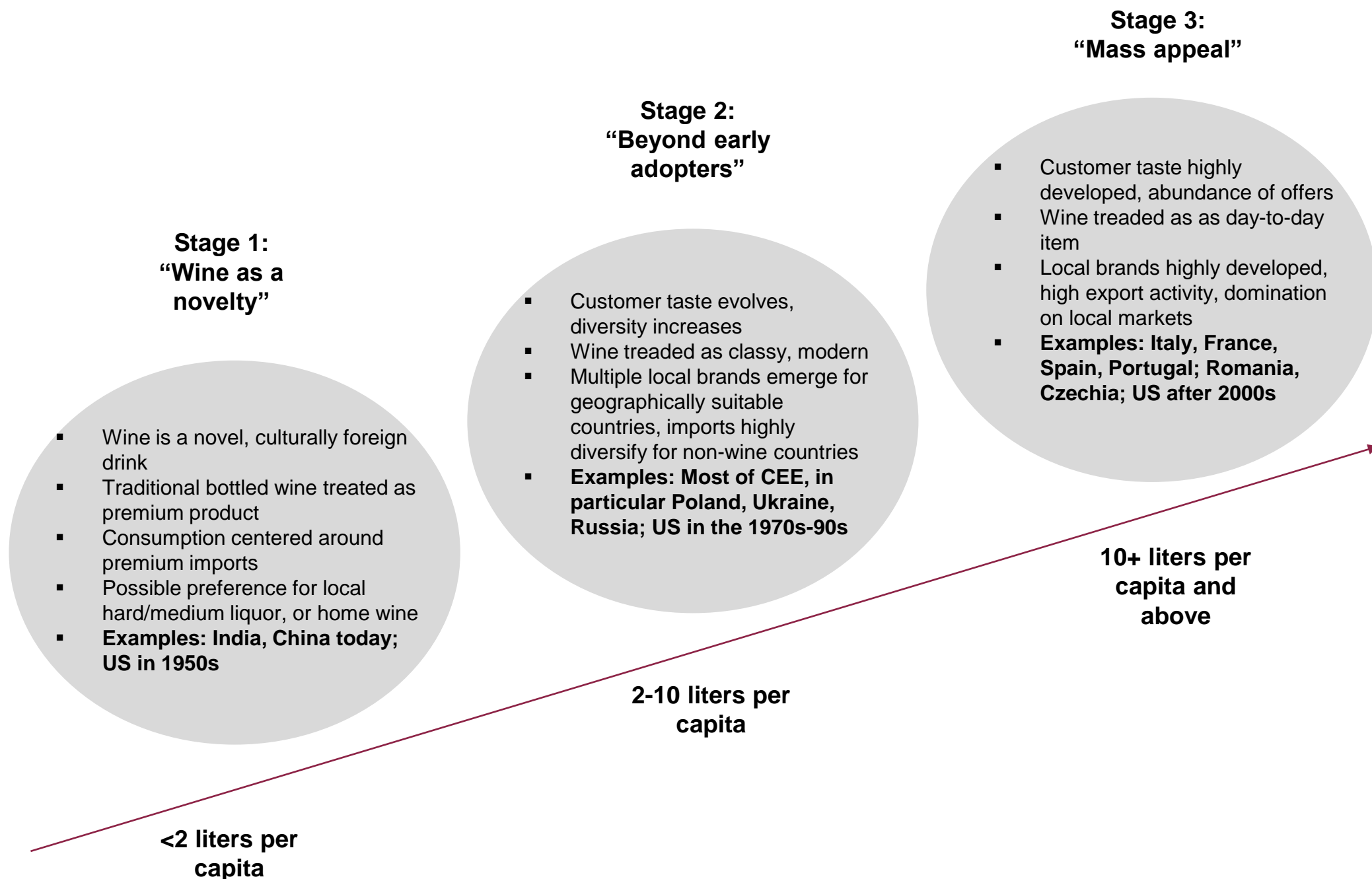


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Purcari Ice Wine,
Decanter Platinum, 95
points, Best CEE sweet

5 Wine markets evolve, as wine moves from novelty to masses



5 Country origin frontier pushed ahead, as millennials search for authenticity

Old World *Before 1980s*



New World *1980s-2010s*



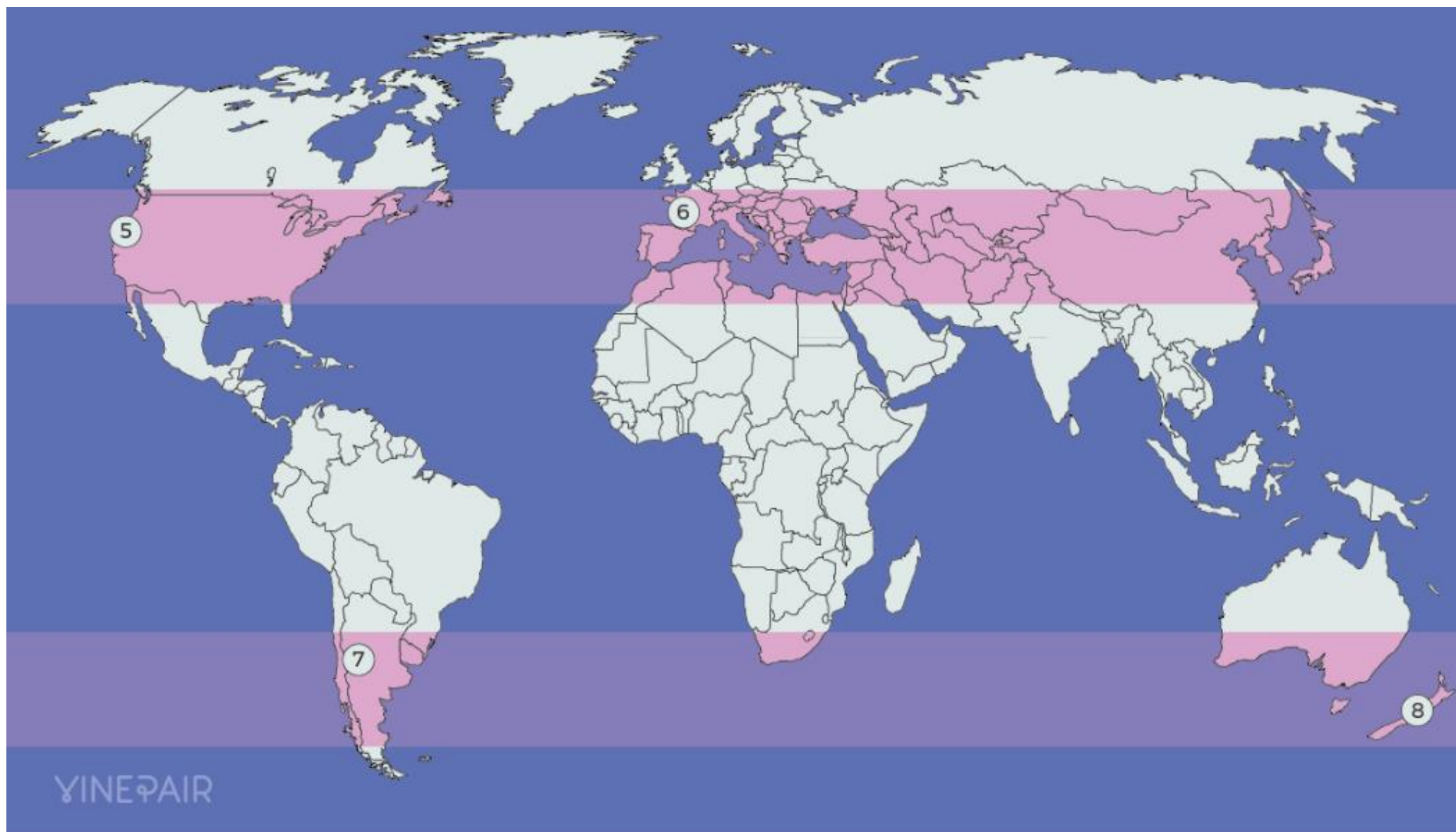
The New Frontiers *2010s - onwards*



New Frontier champions will inevitably emerge, leveraging a lower cost structure, better access to new markets and better understanding of local consumers



5 Global wine belt does leave ample space for pushing New Frontier ahead





Case study: Developing Indians' taste for wine

Authorities have reclassified winemaking as an agribusiness

Anand Narasimhan and Aparna M. Dogra DECEMBER 6, 2011



The story. When Rajeev Samant left India to study and work in California, he also found himself learning about wine thanks to that state's burgeoning industry. After returning to India in the late 1990s, he took over land owned by his father outside Nasik, near Mumbai, and tried growing crops such as mangoes, peanuts and roses.

With Nasik being India's biggest table grape region it prompted a question: could he grow wine grapes too and develop a winery that could match foreign wines for quality?

The challenge. Growing and processing the grapes – starting with Sauvignon Blanc – turned out to be the easy part. For Sula Vineyards, the toughest test was how to change consumer tastes.

Alcohol has negative connotations in the Hindu, Buddhist, Jain and Muslim traditions, and most Indians had never tasted wine. Getting it into the Indian shopping basket would require a change in social attitudes.



Opinion FT Magazine

Châteaux China

At several wineries, it is clear that Ningxia's raw material is impressively consistent, and five qualify as excellent

JANCIS ROBINSON

+ Add to myFT



Jancis Robinson SEPTEMBER 14, 2012



You know a wine venture is a success if you have the world's most energetic purveyor of special glasses and decanters, Georg Riedel of Austria, volunteering to take part.

Two weeks ago, I flew to a remote province of China to participate in the inaugural Ningxia Wine Festival. But Riedel got there several days before me – and when I managed to visit the

wine producer who first alerted me to the potential of Ningxia, vivacious Emma Gao of Silver Heights, I found that her collection of Riedel glassware took up almost more room than her tiny barrel cellar.

Ningxia is a small, impoverished province 550 miles west of Beijing. Until recently it was best known for its inhospitable mountains and desert, sheep and goji berries, but local government officials have become convinced that Ningxia's future lies in wine. A campaign started in earnest in the late 1990s



Moldovan winemakers turn their eyes to the west

About 90% of exports used to go to other parts of the former Soviet Union



Victor Bostan: wine is in the blood

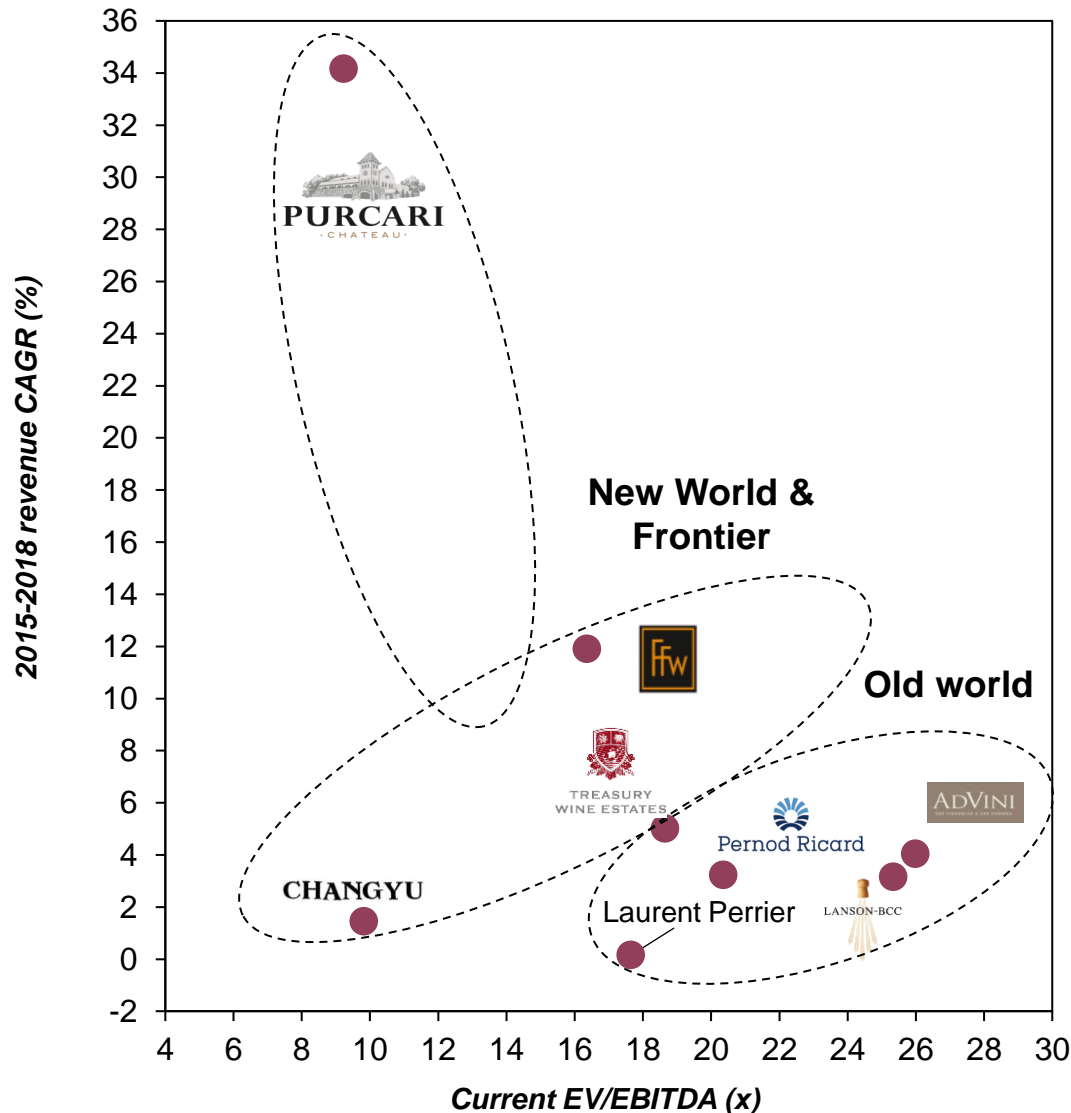
Henry Foy NOVEMBER 21, 2015



Moldovan winemaker Purcari's Freedom Blend was created in 2011 to commemorate [Moldova](#), Georgia and Ukraine's 20 years of independence from the Soviet Union. But it took on another meaning when Russian tanks rolled into Crimea last year.

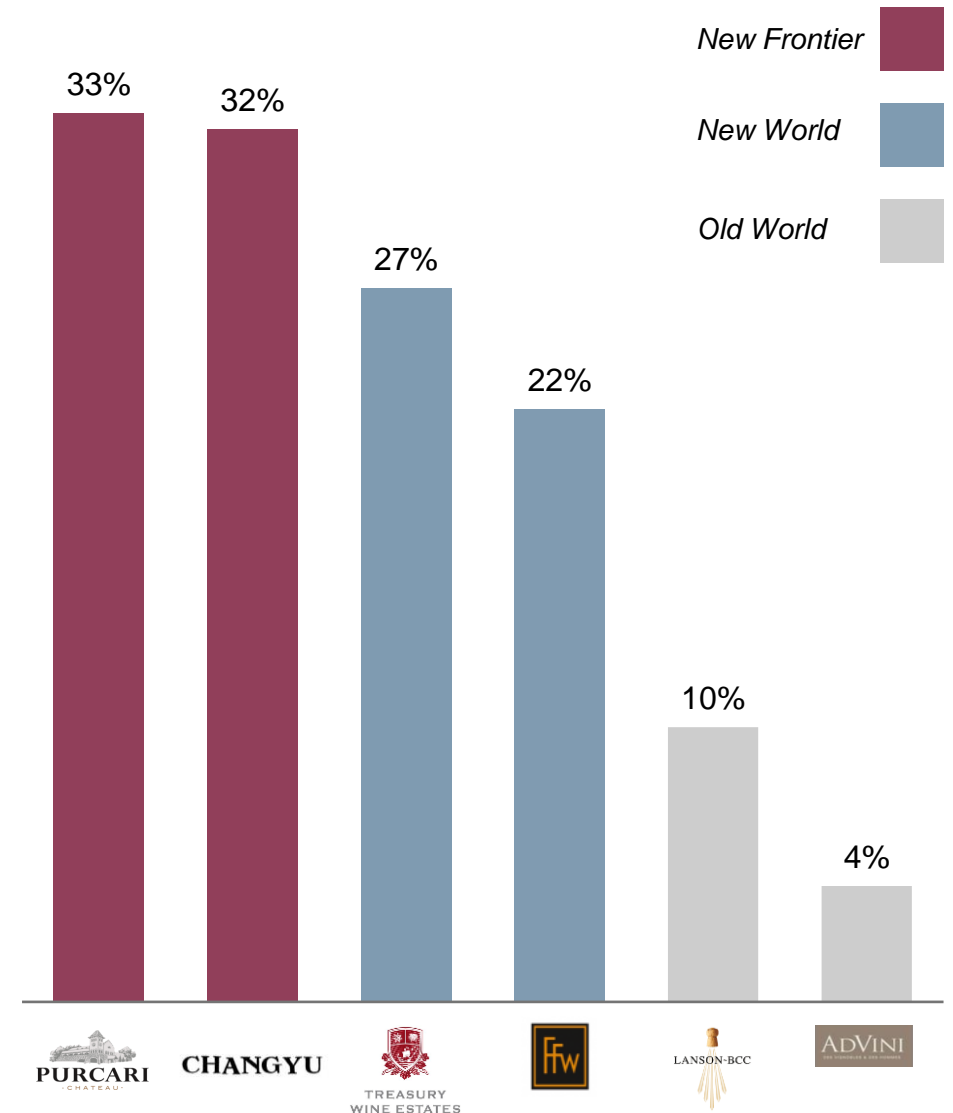
5 New World, Frontier beat Old World on economics, but still trade lower

At some point, the relationship between Sales growth and multiples got to catch up



New Frontier beating New and Old world wineries at economics

EBITDA margin, 2018





Thank you.