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December 6, 2018

2018-2019 HALF-YEARLY RESULTS

RECURRING OPERATING MARGIN CONFIRMED AT 13.9%

SOUND PERFORMANCE DESPITE THE SHARP INCREASE IN THE COST OF CORK

RENEWED CONFIDENCE FOR SECOND-HALF 2018-2019

CONSOLIDATED PROFIT & LOSS STATEMENT (€M)	H1 2017-2018 PUBLISHED	H1 2017-2018 ADJUSTED*	H1 2018-2019	CHANGE
TURNOVER	**135.7**	**125.4**	**130.0**	**+3.6%**
o/w Closures	86.5	76.3	82.5	+8.1%
o/w Winemaking	49.2	49.1	47.5	-3.4%
RECURRING OPERATING PROFIT	**24.7**	**25.8**	**18.1**	**-29.3%**
o/w Closures	16.2	17.3	11.5	-33.5%
o/w Winemaking	10.4	10.4	7.8	-25.0%
o/w Corporate	(1.9)	(1.9)	(1.2)	
NON-RECURRING OPERATING PROFIT/(LOSS)	**(0.7)**	**(1.1)**	**(0.1)**	
OPERATING PROFIT	**23.9**	**24.6**	**18.0**	**-26.8%**
Financial profit/(loss)	(1.3)	(1.2)	(0.9)	
Tax	(6.7)	(6.7)	(4.8)	
NET PROFIT	**16.0**	**16.7**	**12.3**	**-26.3%**
Net profit/(loss) from discontinued operations	-	(0.7)	(1.5)	
GROUP NET PROFIT	**16.0**	**16.0**	**10.9**	**-31.9%**
SHAREHOLDERS' EQUITY	**219.9**	**219.9**	**241.3**	**+13.4%**
NET DEBT	**63.5**	**63.5**	**74.6**	**+15.7%**

**Natural and composite/disk closures production for the Closures division, which are currently in the process of being sold, have been reclassified as assets and liabilities related to operations held for sale in accordance with IFRS 5, and have been consolidated under Net profit/(loss) from discontinued operations. The half-yearly financial statements for 2017-2018 have been adjusted for the purpose of comparison with 2018-2019. The application of IFRS 15 did not have any material impact.*

Oeneo's 2018-2019 half-yearly consolidated financial statements have been reviewed by the Group's Statutory Auditors and were approved by its Board of Directors on December 5, 2018. The half-yearly financial report will be available on the Group's website www.oeneo.com from December 7, 2018.

Oeneo Group reported faster growth over the second quarter as **operations held up well** against the unfavorable conditions seen since the beginning of the financial year.

Turnover was up 3.6% (1.5% like-for-like) over the first half of the year, coming in at €130.0 million. Continued strong growth from the Closures business, bolstered once again by an increase in market share for Diam closures, offset the seasonal contraction for the Winemaking division linked to later harvests and the deferral of orders to the second half which affected certain sectors.

Recurring operating profit came in at €18.1 million, a decrease of €7.7 million, bringing the recurring operating margin to 13.9%. This was in line with the Group's most recent forecasts on November 5, 2018. Profitability was still good, but was heavily penalized in Closures by a sharp increase in the cost of cork to record-high prices and in Winemaking by an unfavorable seasonal effect. Sound management of overall operating costs helped partially offset these temporary setbacks.

Given the lack of any significant non-recurring expenses, **operating profit came in at €18.0 million**. Financial expenses contracted to €0.9 million (compared with €1.2 million in the first half of the previous year). After taking into account a tax expense of €4.8 million, **net profit stood at €12.3 million, down €4.4 million on the previous year**. Discontinued operations which are still in the process of being sold generated a net loss of €1.5 million.

Shareholders' equity continued to rise, amounting to €241.3 million at the end of the first half compared with €219.9 million at September 30, 2017. **Net debt at September 30, 2018 came to €74.6 million**, resulting in a net gearing ratio of 30.9%, which is similar to the ratio reported a year prior. Investments over the period totaled €11.0 million and included payment for the acquisitions in the first half (Tonnellerie Millet and Etablissements Cenci). As every year, working capital reached a seasonal peak at September 30 (up €33.5 million from March 31, 2018), accentuated this year by the strategic reinforcement of hedging on cork inventories at high market prices.

Thanks to the measures taken to absorb the increase in raw materials costs in Closures and a significantly stronger level of activity in the second half for Winemaking, the Group's recurring operating margin should return to a more standard level and make up for some of the lag incurred in the first half. Cash flow generation, which is typically higher in the second half of the year, should also help bring net gearing down by the end of the year.

PERFORMANCE REVIEW BY DIVISION

CLOSURES: Strong impact from the sharp increase in the cost of cork – Measures underway

Oeneo's Closures division turned in a dynamic sales performance in the first half of 2018-2019, with organic growth of 8.1% from continuing operations and more than 1.1 billion cork closures sold over the period. These very strong results were bolstered by rising volumes despite a less favorable backdrop (impact of last year's weak harvests on bottling) and by an improved mix and higher prices to offset the increase in raw materials costs.

The cost of cork almost doubled compared with the previous year, which had a gross impact of nearly €10 million on the division's recurring operating profit. However, increased volumes and the first effects of the measures put in place (higher prices and optimization of productivity and expenses) helped limit the decline in recurring operating profit, which came to €11.5 million at the end of the first half compared with €17.3 million at September 30, 2017.

The Closures division should continue to increase its market share in the second half, particularly for its Diam range, which continues to attract winegrowers from all over the world, with especially strong growth in Bordeaux wines.

The Group is pressing ahead with continued efforts on a range of productivity measures, which will help to further reduce the impact of higher cork costs in the second half. This could potentially have a strong leverage effect on results once the cost of cork returns to a level which is more in line with historical prices.

WINEMAKING: Shift in activity toward the second half – Positive outlook for the year

The first half of the year was an unusual six months for the Winemaking division due to a shift in orders for large containers and casks toward the second half of the year as a result of later harvests in Europe this year. Turnover was down by 3.4% (down 8% in organic terms) at €47.5 million.

These phasing issues have a natural impact on the first half profitability, given the lower absorption of fixed overheads. The recently acquired companies (Etablissements Cenci, Tonnellerie Millet and Galileo) continued to follow their business plans and the successful integration of teams over the period and were able to break even in operational terms. Manufacturing and sales synergies will be implemented gradually.

In a more favorable economic environment than last year and with global production predicted to increase, **the division expects to see its economic performance improve in the second half of the year as it combines growth and profitability**. The Group is also pressing ahead with its innovation strategy. Its recent participation in the Vinitech trade show was a huge success as it presented GalileOak, its new high-end spherical and rotating oak barrel. GalileOak is the result of collaborative work between Seguin Moreau and Galileo, a company acquired by the Group a year ago.

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OENEO GROUP WILL PUBLISH ITS TURNOVER FOR THE THIRD QUARTER OF 2018-2019 ON JANUARY 21, 2019 AFTER THE MARKETS HAVE CLOSED.

About OENEO Group

Oeneo Group is a major wine industry player with high-end and innovative brands. Present around the world, the Group covers each stage in the winemaking process through two core and complementary divisions:

- Closures, involving the manufacture and sale of cork closures, including high value-added technological closures through its DIAM and PIETEC ranges.
- Winemaking, providing high-end solutions in winemaking and spirits for leading market players through its cooperage brands Seguin Moreau, Boisé, Millet, Fine Northern Oak and Galileo, and developing innovative solutions for the wine industry with Vivelys (R&D, consulting, systems).

Oeneo prides itself in offering solutions in the production, maturing, preservation and enhancement of wines or spirits that faithfully convey all of the emotion and passion of each winegrower and improve their performance.

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APPENDICES

BALANCE SHEET

In thousands of euros	September 30, 2017	September 30, 2018
Goodwill	45,990	46,244
Intangible assets	4,584	4,800
Property, plant & equipment	114,951	124,497
Financial assets	688	845
Deferred tax assets and other long-term assets	2,090	340
Total Non-Current Assets	**168,304**	**176,730**
Inventories and work in progress	112,464	121,088
Trade and other receivables	77,902	80,790
Tax receivables	132	487
Other current assets	3,154	2,875
Cash and cash equivalents	57,322	47,651
Total Current Assets	**250,975**	**252,891**
Assets related to operations held for sale	-	12,975
Total Assets	**419,279**	**442,597**

In thousands of euros		
Paid-in capital	63,181	64,104
Share premium	20,664	28,000
Reserves and retained earnings	119,990	138,210
Profit for the period	15,996	10,854
Total Shareholders' Equity (Group share)	**219,831**	**241,167**
Minority interests	84	84
Total Shareholders' Equity	**219,915**	**241,250**
Borrowings and financial debt	81,217	58,351
Employee benefits	3,206	3,284
Other provisions	929	960
Deferred taxes	3,216	4,462
Other non-current liabilities	17,521	8,414
Total Non-Current Liabilities	**106,088**	**75,472**
Borrowings and short-term bank debt (portion due in less than 1 year)	39,597	63,861
Provisions (portion due in less than 1 year)	268	650
Trade and other payables	47,412	45,524
Other current liabilities	5,998	12,087
Total Current Liabilities	**93,275**	**122,122**
Liabilities related to operations held for sale		3,754
Total Liabilities	**419,279**	**442,597**

PROFIT & LOSS

In thousands of euros	September 30, 2017 Adjusted*	September 30, 2018
Turnover	125,436	129,985
Other operating income	698	392
Cost of goods purchased	(48,201)	(62,353)
External costs	(19,671)	(20,795)
Payroll costs	(24,511)	(24,012)
Tax	(1,308)	(1,228)
Depreciation and amortization	(5,002)	(5,799)
Provisions	(567)	(1,515)
Change in inventories of finished goods and work in progress	(424)	3,755
Other current income and expenses	(688)	(328)
Recurring Operating Profit	**25,762**	**18,102**
Other non-recurring operating income and expenses	(1,114)	(115)
Operating Profit	**24,648**	**17,986**
Income from cash and cash equivalents	*101*	*131*
Cost of gross financial debt	*(717)*	*(618)*
Cost of net financial debt	(616)	(486)
Other financial income and expenses	(585)	(409)
Profit before tax	**23,447**	**17,091**
Income tax	(6,708)	(4,794)
Profit after tax	**16,739**	**12,296**
Net profit of companies accounted for by the equity method	26	49
Net income from continuing operations	**16,765**	**12,345**
Minority interests	25	(41)
Group net profit from continuing operations	**16,740**	**12,386**
Net profit/(loss) from discontinued operations	**(744)**	**(1,533)**
Net profit from consolidated operations	**16,021**	**10,812**
Group net profit	**15,996**	**10,853**

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CASH FLOW STATEMENT

In thousands of euros	September 30, 2017 Adjusted	September 30, 2018
CASH FLOW LINKED TO OPERATIONS		
Consolidated net profit	16,021	10,812
Profit/(loss) from discontinued operations	(744)	(1,533)
= Net profit from continuing operations	**16,765**	**12,345**
Elimination of the share in profit of companies accounted for by the equity method	(26)	(49)
Elimination of amortization and provisions	4,011	5,370
Elimination of gains on disposals and gains and losses on dilution	(9)	43
Dividends received from companies accounted for by the equity method	40	-
Expenses and income linked to share-based payments	628	546
Other income and expenses with no impact on cash flow	820	139
= Cash flow after cost of net financial debt and tax	**22,229**	**18,394**
Tax expense	6,708	4,794
Cost of net financial debt	616	486
= Cash flow before cost of net financial debt and taxes	**29,553**	**23,674**
Tax paid	(4,014)	(2,478)
Change in WCR linked to operations	(22,455)	(33,493)
Net cash flow linked to continuing operations	**3,084**	**(12,297)**
Net cash flow linked to discontinued operations	**60**	**80**
= Net cash flow linked to operations	**3,144**	**(12,217)**
NET CASH FLOW LINKED TO INVESTMENTS		
Impact of changes in scope	-	(3,995)
Acquisitions of property, plant & equipment and intangible assets	(5,974)	(7,090)
Purchases of financial assets	(4)	(2)
Disposals of property, plant & equipment and intangible assets and financial assets	44	29
Change in loans and advances	36	14
Net cash flow linked to investment activities from continuing operations	**(5,898)**	**(11,044)**
Net cash flow linked to investment activities from discontinued operations	-	(9)
= Net cash flow linked to investments	**(5,898)**	**(11,053)**
CASH FLOW LINKED TO FINANCING ACTIVITIES		
Acquisitions and disposals of own shares	(3,385)	106
Loans issued	7,661	9,336
Repayment of loans	(16,409)	(16,892)
Net financial interest paid	(596)	(486)
Parent company dividends	(6,480)	(1,244)
Minority interest dividends	(90)	-
Net cash flow linked to financing activities from continuing operations	**(19,299)**	**(9,180)**
Net cash flow linked to financing activities from discontinued operations	**(60)**	**(71)**
= Net cash flow linked to financing activities	**(19,359)**	**(9,251)**
Impact of changes in foreign exchange rate	(654)	(101)
Change in cash from continuing operations	**(22,767)**	**(32,420)**
Change in cash from discontinued operations	**-**	**-**
Change in cash	**(22,767)**	**(32,420)**