OENEO

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December 4, 2019

2019-2020 HALF-YEARLY RESULTS

STRONG GROWTH IN THE FIRST HALF OF THE YEAR: +9.5%

SHARP INCREASE IN THE RECURRING OPERATING PROFIT: +26%

RECURRING OPERATING MARGIN: 16% (+2 POINTS)

CONSOLIDATED PROFIT & LOSS STATEMENT (€M)	H1 2018-2019 PUBLISHED	H1 2018-2019 ADJUSTED*	H1 2019-2020	CHANGE
TURNOVER	**130.0**	**130.6**	**143.0**	**+9.5%**
o/w Closures	82.5	83.1	92.1	+10.9%
o/w Winemaking	47.5	47.5	50.9	+7.2%
RECURRING OPERATING PROFIT	**18.1**	**18.5**	**23.3**	**+26.0%**
o/w Closures	11.5	11.9	16.6	+39.5%
o/w Winemaking	7.8	7.8	7.8	=
o/w Corporate	(1.2)	(1.2)	(1.1)	
NON-RECURRING OPERATING PROFIT/(LOSS)	**(0.1)**	**(0.1)**	**(0.3)**	
OPERATING PROFIT	**18.0**	**18.4**	**23.0**	**+25.0%**
Financial profit/(loss)	(0.9)	(0.9)	(0.6)	
Tax	(4.8)	(4.8)	(6.5)	
NET PROFIT	**12.3**	**12.7**	**16.0**	**+26.0%**
Net profit/(loss) from discontinued operations	(1.5)	(1.9)	(1.1)	
GROUP NET PROFIT	**10.9**	**10.9**	**14.8**	**+35.8%**
SHAREHOLDERS' EQUITY	**241.3**	**241.3**	**271.6**	**+12.6%**
NET DEBT	**74.6**	**74.6**	**80.6**	**+8.0%**

** The Portuguese subsidiary SA Sobrinho (purchase/resale of cork and by-products) was classified as a discontinued operation in accordance with IFRS 5. Following the decision to retain this business, it was reclassified as a continuing operation for the 2018-2019 comparative period.*

The application of IFRS 16 did not have any material impact on the indicators shown.

Oeneo's 2019-2020 half-yearly consolidated financial statements have been reviewed by the Group's Statutory Auditors and were approved by its Board of Directors on December 4th, 2019. The half-yearly financial report will be made available on the Group's website www.oeneo.com on December 5th, 2019.

Oeneo Group posted a good performance in the first half of 2019-2020, with solid growth and a marked improvement in profitability. These results confirm the pertinence of the Group's shift towards mid- and high-end ranges and the measures taken to absorb the increase in raw materials costs.

Turnover was up 9.5% over the first half of the year, coming in at €143.0 million on an organic basis. Both divisions contributed to this growth. The Closures division enjoyed double-digit growth, still driven by the worldwide success of the Diam range, where both volumes and value increased sharply. The Winemaking division also reported strong growth momentum, particularly within Cooperage.

Recurring operating income jumped an impressive 26% to €23.3 million, following the minimal impact of the application of IFRS 16 "Leases" (+€0.1 million).
The increase is entirely due to the Closures division's sales initiatives and measures to streamline productivity, which helped to better absorb the persistently high cost of cork. The Winemaking division's activity remained stable, but includes losses in relation to Etablissements Cenci. In addition, the cost of long-term incentive plans for key managers in the form of performance shares came to €1.1 million over the first half of the year (of which €0.8 million for plans set up in July 2019).

Given the lack of any significant non-recurring expenses, **operating profit came in at €23.0 million**. Financial loss improved to €0.6 million (compared with €0.9 million in the first half of the previous year). After taking into account a tax expense of €6.5 million, **net profit stood at €16.0 million, up €3.3 million**.

Shareholders' equity continued to rise, amounting to €271.6 million at September 30th, 2019 compared with €241.3 million one year earlier. **Net debt** (excluding €4.1 million in debt linked to leases as a result of the application of IFRS 16 "Leases") **came to €76.5 million at September 30th, 2019, representing a tightly controlled net gearing ratio of 28.2%**. Investments over the period totaled €7.9 million, including primarily the Opticork plan, which aims to improve yield and industrial efficiency, and the opening of a stave mill in the United States. As every year, working capital reached a seasonal peak on September 30th (up €29.3 million from March 31st, 2019), with inventory levels remaining high during this period.

The Group intends to maintain this momentum in the second half of the year, capitalizing on its global sales performance and the gradual easing of cork costs. Cash flow generation, which is typically higher in the second half of the year, should also help bring the net gearing down by the end of the year.

PERFORMANCE REVIEW BY DIVISION

CLOSURES: Marked improvement in profitability – measures taken are beginning to bear fruit

Oeneo's Closures division performed very well in the first half of the year, with growth of 11%, still driven by the worldwide success of the Diam range.

The average cost of cork used throughout the first six months of the year remained high given the inventory stockpiled in advance, more or less stable compared with 2018-2019. Against this backdrop, the division still managed to increase its recurring operating profit by €4.7 million to €16.6 million thanks to volume and price increases, as well as positive trends in product mix and, lastly, the implementation of the "Opticork" plan, which aims to optimize productivity.

Recurring operating margin for the period rose to 18.0%, up 3.7 points from first-half 2018-2019. This improvement is expected to continue in line with the progressive decrease in the cost of cork.

Over the coming half-year periods, the division will continue to focus on its strategy to capture new market shares, capitalizing on the loyalty of existing clients as well as new account wins across all geographic regions.

WINEMAKING: Excellent performance mitigated by temporary difficulties at Cenci

The Winemaking division enjoyed solid dynamic growth during the first half of 7.2% (of which 6.4% at constant exchange rates). The barrels business was particularly strong, with buoyant growth in volumes at both Seguin Moreau and Millet, which was acquired in 2018. Large containers and Galileo (spherical concrete tanks), the latter acquired in 2018, made an increasingly strong contribution to the division's performance. Vivelys' Services business is also trending upwards, solidifying the Group's position across the entire wine value chain.

The positive effect of growth on recurring operating margin, in particular a better absorption of overheads, was nevertheless impacted by the recurring operating loss of €1.4 million (for €2.2 million in turnover) of Etablissements Cenci, acquired in 2018 and hampered by a lack of business on its primary market. As a result, the division's recurring operating profit remained stable at €7.8 million.

A complete management restructuring and the stepping up of synergies (development of [i] an own stave mill on site, [ii] lumber milling for large containers and [iii] manufacturing of alternative products) is expected to return the division to even keel in the short term before the positive impact of synergies kicks in.

Consequently, the Group confirms the continuation of this strong momentum into the second half, in line with the division's medium-term goal of progressively arriving at €100 million in turnover thanks to a solid operating performance.

OENEO GROUP WILL PUBLISH ITS TURNOVER FOR THE THIRD QUARTER OF 2019-2020

ON JANUARY 21, 2020 AFTER TRADING.

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 on 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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INFORMATION AND PRESS RELATIONS

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APPENDICES

BALANCE SHEET

In thousands of euros	September 30, 2018	September 30, 2019
Goodwill	46,244	47,474
Intangible assets	4,800	4,688
Property, plant & equipment	124,497	127,841
Financial assets	845	938
Deferred tax assets and other long-term assets	340	1,456
Total non-current assets	**176,730**	**182,397**
Inventories and work in progress	121,088	140,924
Trade and other receivables	80,790	94,184
Tax receivables	487	524
Other current assets	2,875	2,799
Cash and cash equivalents	47,651	25,632
Total current assets	**252,891**	**264,062**
Assets related to operations held for sale	12,975	1,577
Total assets	**442,597**	**448,037**

In thousands of euros		
Paid-in capital	64,104	65,052
Share premium	28,000	35,648
Reserves and retained earnings	138,210	156,060
Profit for the period	10,854	14,846
Total shareholders' equity (Group share)	**241,167**	**271,607**
Minority interests	84	6
Total shareholders' equity	**241,250**	**271,612**
Borrowings and debt	58,351	36,062
Employee benefits	3,284	3,586
Other provisions	960	612
Deferred taxes	4,462	3,899
Other non-current liabilities	8,414	8,392
Total non-current liabilities	**75,472**	**52,551**
Borrowings and short-term bank debt (portion due in less than 1 year)	63,861	70,233
Provisions (portion due in less than 1 year)	650	662
Trade and other payables	45,524	49,923
Other current liabilities	12,087	3,055
Total current liabilities	**122,122**	**123,873**
Liabilities related to operations held for sale	3,754	-
Total liabilities	**442,597**	**448,037**

PROFIT & LOSS

In thousands of euros	**September 30, 2018 Adjusted***	**September 30, 2019**
Turnover	130,574	143,027
Other operating income	392	132
Cost of goods purchased	(58,598)	(60,136)
External costs	(20,894)	(23,270)
Payroll costs	(24,094)	(26,118)
Tax	(1,228)	(1,300)
Depreciation and amortization	(5,799)	(6,739)
Provisions	(1,515)	(2,789)
Other recurring income and expenses	(346)	481
Recurring operating profit	**18,492**	**23,288**
Other non-recurring operating income and expenses	(115)	(265)
Operating profit	**18,376**	**23,024**
Income from cash and cash equivalents	*131*	*129*
Cost of gross debt	*(618)*	*(676)*
Cost of net debt	(486)	(548)
Other financial income and expenses	(409)	(43)
Profit before tax	**17,481**	**22,432**
Income tax	(4,794)	(6,505)
Profit after tax	**12,686**	**15,927**
Net profit of companies accounted for by the equity method	49	39
Net income from continuing operations	**12,735**	**15,966**
Minority interests	(41)	21
Group net profit from continuing operations	**12,776**	**15,945**
Net profit/(loss) from discontinued operations	**(1,923)**	**(1,141)**
Net profit from consolidated operations	**10,812**	**14,825**
Group net profit	**10,853**	**14,846**

* *The Portuguese subsidiary SA Sobrinho (purchase/resale of cork and by-products) was classified as a discontinued operation in accordance with IFRS 5. Following the decision to retain this business, it was reclassified as a continuing operation for the 2018-2019 comparative period in the consolidated profit & loss statement and cash flow statement.*

The application of IFRS 16 did not have a material impact on the indicators used.

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CASH FLOW STATEMENT

In thousands of euros	September 30, 2018 Adjusted*	September 30, 2019
CASH FLOW LINKED TO OPERATIONS		
Consolidated net profit	10,812	14,825
Profit/(loss) from discontinued operations	(1,923)	(1,141)
= Consolidated net profit from continuing operations	**12,735**	**15,966**
Elimination of the share in profit of companies accounted for by the equity method	(49)	(39)
Elimination of amortization and provisions	5,370	6,256
Elimination of disposal and dilution gains and losses	43	(46)
Expenses and income linked to share-based payments	546	1,053
Other income and expenses with no impact on cash flow	139	(82)
= Cash flow after cost of net debt and tax	**18,784**	**23,108**
Tax expense	4,794	6,505
Cost of net debt	486	548
= Cash flow before cost of net debt and tax	**24,064**	**30,161**
Tax paid	(2,478)	(6,590)
Change in WCR linked to operations	(33,883)	(29,316)
Net cash flow linked to continuing operations	**(12,297)**	**(5,745)**
Net cash flow linked to discontinued operations	**80**	**(423)**
= Net cash flow linked to operations	**(12,217)**	**(6,168)**
CASH FLOW LINKED TO INVESTMENTS		
Impact of changes in scope	(3,995)	-
Acquisitions of property, plant & equipment and intangible assets	(7,090)	(7,934)
Acquisitions of financial assets	(2)	-
Disposals of property, plant & equipment and intangible assets and financial assets	29	65
Change in loans and advances	14	(1)
Net cash flow linked to investment activities from continuing operations	**(11,044)**	**(7,870)**
Net cash flow linked to investment activities from discontinued operations	(9)	486
= Net cash flow linked to investments	**(11,053)**	**(7,384)**
CASH FLOW LINKED TO FINANCING ACTIVITIES		
Acquisitions and disposals of treasury shares	106	28
Loans issued	9,336	6,072
Repayment of loans	(16,892)	(18,670)
Net interest paid	(486)	(547)
Parent company dividends	(1,244)	(969)
Minority interest dividends	-	(102)
Net cash flow linked to financing activities from continuing operations	**(9,180)**	**(14,188)**
Net cash flow linked to financing activities from discontinued operations	**(71)**	**(63)**
= Net cash flow linked to financing activities	**(9,251)**	**(14,251)**
Impact of changes in foreign exchange rates	101	21
Change in cash from continuing operations	**(32,420)**	**(27,782)**
Change in cash from discontinued operations	**-**	**-**
Change in cash	**(32,420)**	**(27,782)**