



Paris, 7 November 2017

Q3 2017 net sales increased +7.5%

- **Branded business sales decreased –4.9%**
- **Other Businesses top-line grew +25.3%**
- **YTD net sales growth of +5.1%**
- **Action plan in place to address operating challenges**

Marie Brizard Wine & Spirits (Euronext: MBWS; ISIN code: FR0000060873), today announced its consolidated non-audited net sales for the Q3 2017 reporting period. MBWS reported Q3 2017 net sales of €111.4m, a +7.5% increase compared to the previous year. For the year-to-date period at 30/9/2017 net sales totaled €323.9m, an increase of +5.1% versus the same period in 2016.*

“MBWS’ sales increase of +7.5% in Q3 2017 comprises two realities,” commented Jean-Noël Reynaud, CEO of MBWS. “The company’s tactically important Other Businesses grew dynamically, by more than 25%. However, the -4.9% sales decrease generated by MBWS’ Branded Business in Q3 2017 is disappointing and below our expectations.”

Mr. Reynaud continued, “Net sales during the period were impacted by three specific headwinds: 1) weak sales delivered by Fruits and Wine in France, on-trend with the market; 2) a sales decrease of clear Krupnik in Poland’s traditional trade due to pricing pressure; and 3) lower than expected shipments of Sobieski in the United States. We have identified the issues that are curtailing our performance in each market, and are executing an action plans for each business that should lead to better results going forward,” concluded Mr. Reynaud.

Q3 2017 Net Sales by Cluster

	Q3 2016 Restated**	Organic Growth	Currency impact	Q3 2017	Organic growth (excl. currency impact)	Organic growth (incl. currency impact)
WEMEA	33.6	-2.5	0.0	31.1	-7.5%	-7.5%
France	27.1	-1.7	0.0	25.5	-6.1%	-6.1%
Rest of WEMEA	6.5	-0.9	0.0	5.6	-13.4%	-13.4%
CEE	20.7	0.6	0.3	21.5	2.6%	3.9%
Poland	13.5	-0.3	0.3	13.4	-2.6%	-0.7%
Rest of CEE	7.2	0.9	0.0	8.1	12.4%	12.4%
Americas	5.7	-1.1	-0.3	4.3	-19.0%	-23.8%
Asia Pacific	0.8	0.1	0.0	0.9	10.3%	10.3%
Sub-Total Branded Business	60.9	-3.0	0.0	57.9	-4.9%	-4.9%
Other Businesses:						
Sobieski Trade	20.1	6.3	0.5	27.0	31.4%	33.9%
Private Label	22.2	4.4	0.0	26.6	19.7%	19.7%
Sub-Total Other Businesses	42.3	10.7	0.5	53.5	25.3%	26.5%
TOTAL MBWS	103.2	7.7	0.5	111.4	7.5%	8.0%

* All percentage growth rates in this document are expressed in organic terms and exclude foreign currency impact, unless stated otherwise.

** Q3 2016 net sales restated for comparability to Q3 2017. Restated figures reflect the end of the Mateus and Ferreira contracts in WEMEA, the reclassification of Pulco in Spain to Private Label activity, and the sale of the Augustowianka water brand in Poland (Sobieski Trade).



Western Europe, Middle East and Africa

Net sales in the Western Europe, Middle East and Africa cluster (WEMEA) totaled €31.1m in Q3 2017, a -7.5% decrease compared to the year-ago period. Net sales in France were €25.5m, a -6.1% decline versus year ago. In the rest of the cluster, sales decreased by -13.4% to €5.6m.

In France, results were primarily affected by weak sales delivered by Fruits and Wine, in a category that declined -14.8% in the quarter (source: IRI P7 through P9 2017). This performance is consistent with the weak top-line results reported by most weather-sensitive spirits and consumer goods categories in France during the third quarter of the year, as they were uniformly affected by unfavorable summer weather. Despite the weak sales that resulted in a top-line decrease, Fruits and Wine outgrew its category and reached 30.0% market share, a gain of +0.8 point (source: IRI P9 YTD 2017).

William Peel has gained half a point of market share year-to-date in a declining scotch whisky category, for a share of the market of 24.8% (Nielsen YTD P09 2017). Sobieski continued to outgrow the vodka category, further consolidating its position as the second largest vodka brand in France, and gaining one point of market share over the first nine months of the year to a share of 15.4%.

	Change in Volumes vs. 2016		Market Share	
	Market	MBWS	MBWS	Change
<u>France</u>				
William Peel	-1.8%	+0.3%	24.8%	+0.5 pt
Sobieski	+2.9%	+10.0%	15.4%	+1.0 pt
Fruits and Wine	-9.3%	-6.9%	30.0%	+0.8 pt

Source : Nielsen YTD P9 2017 ; IRI YTD P9 2017

The rest of the WEMEA cluster was most significantly affected by the net sales decrease delivered by MBWS-Spain. MBWS is executing an action plan to reverse this performance.

Action Plan

- The acceleration of commercial excellence is the company's priority in France. MBWS-France's senior management has been strengthened and given the assignment to increase revenue generation and profitability via: 1) category management; 2) ensuring greater visibility in stores; and 3) more efficient promotional activity.
- MBWS is reviewing the strategy for Fruits and Wine.
- In Spain, MBWS is reviewing its distribution contracts, pricing structure, and promotional strategy. The company is also leveraging innovation by introducing a new Marie Brizard brand product to expand its targeted consumer base.



Central and Eastern Europe

Net sales in the Central and Eastern Europe cluster (CEE) totaled €21.5m in Q3 2017, an increase of +2.6% year over year, driven by the strong performance of the vodka portfolio in Lithuania and growth in Bulgaria. Those two markets together delivered a 12.4% growth in net sales to €8.1m.

Net sales in Poland decreased by -2.6% to €13.4m. On-going extreme competition in the clear vodka segment continued in the quarter, and Krupnik was at a disadvantage in the traditional trade where its level of distribution is not as widespread as its competitors'. Weakness in the traditional trade resulted in a -5.4% volume fall-off year-to-date for the brand. This decrease was partially offset by the ongoing dynamism of flavored Krupnik.

	Change in Volumes vs. 2016		Market Share	
	Market	MBWS	MBWS	Chge
<u>POLAND</u>				
Krupnik Clear	-0.8%	-5.4%	14.9%	-0.7 pts
Krupnik Flavored	+8.6%	+19.8%	4.9%	+0.5 pts
Krupnik Total Brand	+1.4%	-3.4%	12.5%	-0.6 pts

Source : Nielsen YTD P09 2017

Action Plan

- Ongoing execution of the recent distribution agreements and “push” strategies to ensure MBWS’ better visibility in the traditional trade channel (“perfect store” program).
- Defense of clear Krupnik’s market share via pricing effectiveness.
- Development of flavored Krupnik to reach 20% of brand volume sales.
- Acceleration of the distribution of William Peel and MBWS’ other pillar brands.

Americas

Net sales in the Americas cluster decreased -19.0% to €4.3m in Q3 2017, impacted by ongoing destocking, and exacerbated by the hurricanes in September. This result in shipments does not reflect the improvement in depletions in July and August of this year.

In spite of an ongoing difficult macroeconomic backdrop, MBWS-Brazil’s top-line returned to slight growth in Q3 2017.

Action Plan

- Execution of the distribution agreements with Southern Glazers Wine & Spirits (SGWS) and Empire Merchants, along with greater promotional efficiency.
- Planned re-launch of Sobieski with new brand packaging.
- Acceleration of the distribution of Marie Brizard, building on the brand’s recipe for success and best practices in the on-trade channel in Great Britain.



Asia Pacific

On-going investment in the Asia Pacific cluster drove third quarter 2017 net sales to increase +10.3% to €0.9m versus the year-ago period. MBWS continued to ramp up its business in that region, primarily in China.

Q3 2017 Pillar Brand Performance

	Q3 2017		Q3 YTD 2017	
	Volume Growth	Net Sales Growth	Volume Growth	Net Sales Growth
William Peel	-0.8%	-0.9%	3.0%	1.3%
Sobieski	-7.7%	-13.6%	-4.7%	-6.6%
Krupnik	-15.9%	-3.5%	-15.3%	-3.5%
Cognac Gautier	119.8%	143.4%	81.8%	93.2%
Marie Brizard	8.2%	4.6%	6.7%	7.1%
Fruits and Wine	-20.7%	-21.1%	-7.8%	-10.2%
Total Pillar Brands	-9.1%	-3.4%	-6.2%	-0.7%

Other Businesses: on-going double-digit growth

Other Businesses drove top-line growth in Q3 2017, increasing 25.3% vs year-ago to €53.5m. Dynamic sales growth of 31.4% to €27.0m at Sobieski Trade was driven by increasing coverage of the traditional trade, a more robust client list, and a broadened portfolio of products distributed. The Private Label business grew its top-line by +19.7% to €26.6m, due to growth in third party bottling activities.

Outlook

The action plans being carried out in each market should enable MBWS' Branded Business to return to dynamic growth. MBWS confirms its Mainstream business model for the long term, and reiterates its growth strategy objectives to 2020.



Annex

Net Sales Results – Q3 YTD 2017

	Q3 YTD 2016 Restated*	Organic Growth	Currency impact	Q3 YTD 2017	Organic growth (excl. Currency impact)	Organic growth (incl. Currency impact)
WEMEA	101.3	-3.9	0.0	97.5	-3.8%	-3.8%
France	83.5	-2.6	0.0	80.9	-3.1%	-3.1%
Rest of WEMEA	17.9	-1.2	-0.0	16.6	-6.9%	-6.9%
CEE	61.9	1.8	0.9	64.5	2.8%	4.2%
Poland	41.2	-1.1	0.9	40.9	-2.7%	-0.6%
Rest of CEE	20.7	2.9	0.0	23.6	13.8%	13.8%
Americas	17.8	-2.5	0.3	15.5	-14.3%	-12.7%
Asia Pacific	2.1	0.5	0.0	2.6	24.7%	24.7%
Sub-Total Branded Business	183.1	-4.1	1.2	180.1	-2.3%	-1.6%
Other Businesses:						
Sobieski Trade	61.3	13.3	1.6	76.2	21.7%	24.3%
Private Label	61.1	6.5	0.0	67.6	10.6%	10.6%
Sub-Total Other Businesses	122.4	19.8	1.6	143.8	16.1%	17.5%
TOTAL MBWS	305.5	15.6	2.8	323.9	5.1%	6.0%

* Q3 YTD 2016 net sales restated for comparability to Q3 YTD 2017. Restated figures reflect the end of the Mateus and Ferreira contracts in WEMEA, the reclassification of Pulco in Spain to Private Label activity, and the sale of the Augustowianka water brand in Poland (Sobieski Trade).

Marie Brizard Wine & Spirits produces and sells a range of wine and spirits across four geographic clusters: Western Europe, Middle East & Africa, Central and Eastern Europe, the Americas, and Asia-Pacific. MBWS has distinguished itself for its know-how, the range of its brands, and a long tradition and history of innovation. From the inception of Maison Marie Brizard in Bordeaux, France in 1755, to the launch of Fruits and Wine in 2010, MBWS has successfully developed and adapted its brands to make them contemporary while respecting their origins. MBWS is committed to providing value by offering its customers bold, trustworthy, flavorful and experiential brands. The company has a broad portfolio of leading brands in their respective market segments, most notably William Peel scotch whisky, Sobieski vodka, Krupnik vodka, Fruits and Wine flavored wine, Marie Brizard liqueurs and Cognac Gautier. MBWS is listed on the regulated market of Euronext Paris, Compartment B (ISIN code FR0000060873, ticker MBWS) and is included in the EnterNext© PEA-PME 150 index, among others.



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