



Paris, 25 July 2019

## Net sales for the 1<sup>st</sup> half of 2019 4.4% growth in the Branded Business Strategic plan being rolled out

Marie Brizard Wine & Spirits (Euronext MBWS) today announces its unaudited net sales for the 2<sup>nd</sup> quarter of 2019. Net sales reached €104.0m, down -3.4% in organic terms, excluding foreign currency impact, compared with the 2<sup>nd</sup> quarter of 2018.

Andrew Highcock, CEO of Marie Brizard Wine & Spirits, comments: *“In the first half of the year, net sales of the Branded Business generated sound growth. In accordance with a commercial policy focused on value, total net sales are down in France in favour of increasing profitability of sales. In Poland, the distribution agreements signed in 2018 continued to gain momentum. Today we are announcing concrete progress on finding commercial synergies with COFEPP, including distribution agreements. We will continue to execute our strategy and adapt our organisation to achieve profitable growth in the medium-term.”*

### NET SALES BY CLUSTER

#### Q2 2019

in €m	Q2 2018	Organic growth	Forex impact	Q2 2019	Organic Growth (excl. forex impact)	Organic Growth (incl. forex impact)
<u>Branded Business</u>	51.8	-0.8	-	51.0	-1.5%	-1.5%
WEMEA	33.7	-4.2	-	29.5	-12.5%	-12.5%
France	28.4	-4.3	-	24.0	-15.3%	-15.3%
Rest of cluster	5.4	+0.1	-	5.5	+2.5%	+2.4%
CEE	12.5	+4.7	-0.2	17.0	+37.2%	+35.4%
Poland	5.9	+6.0	-0.2	11.7	+103.1%	+99.3%
Rest of cluster	6.7	-1.4	-	5.3	-20.8%	-20.8%
Americas	4.6	-0.9	+0.2	4.0	-18.4%	-14.2%
Asia Pacific	0.9	-0.4	-	0.6	-39.9%	-40.0%
<u>Other Businesses</u>	56.1	-2.9	-0.2	53.0	-5.2%	-5.6%
Sobieski Trade	27.4	-1.0	-0.2	26.1	-3.7%	-4.6%
Private label	28.7	-1.9	-	26.9	-6.6%	-6.6%
<b>TOTAL MBWS</b>	<b>107.9</b>	<b>-3.7</b>	<b>-0.3</b>	<b>104.0</b>	<b>-3.4%</b>	<b>-3.7%</b>



## H1 2019

in €m	H1 2018	Organic growth	Forex impact	H1 2019	Organic Growth (excl. forex impact)	Organic Growth (incl. forex impact)
<b>Branded Business</b>	<b>88.3</b>	<b>+3.9</b>	-	<b>92.2</b>	<b>+4.4%</b>	<b>+4.5%</b>
<b>WEMEA</b>	<b>58.7</b>	<b>-5.1</b>	-	<b>53.6</b>	<b>-8.7%</b>	<b>-8.7%</b>
France	50.0	-5.5	-	44.5	-11.0%	-11.0%
Rest of cluster	8.7	+0.4	-	9.2	+4.9%	+4.8%
<b>CEE</b>	<b>21.1</b>	<b>+8.8</b>	<b>-0.4</b>	<b>29.5</b>	<b>+41.6%</b>	<b>+39.8%</b>
Poland	8.9	+8.9	-0.4	17.4	+100.3%	+96.0%
Rest of cluster	12.2	-0.1	-	12.1	-1.1%	-1.1%
<b>Americas</b>	<b>7.2</b>	<b>+0.5</b>	<b>+0.4</b>	<b>8.1</b>	<b>+7.2%</b>	<b>+13.2%</b>
<b>Asia Pacific</b>	<b>1.3</b>	<b>-0.3</b>	-	<b>1.0</b>	<b>-22.1%</b>	<b>-22.1%</b>
<b>Other Businesses</b>	<b>101.7</b>	<b>-7.4</b>	<b>-0.9</b>	<b>93.3</b>	<b>-7.3%</b>	<b>-8.2%</b>
Sobieski Trade	53.8	-3.0	-0.9	49.9	-5.5%	-7.2%
Private label	47.9	-4.5	-	43.5	-9.3%	-9.3%
<b>TOTAL MBWS</b>	<b>190.0</b>	<b>-3.5</b>	<b>-0.9</b>	<b>185.6</b>	<b>-1.9%</b>	<b>-2.3%</b>

### WEMEA: impact of the value-focused commercial policy on net sales in France

In France, Q2 2019 net sales were down -15.3% at €24m<sup>1</sup>. As announced, since the start of the financial year, the Group has implemented a commercial policy focused on value creation, notably by reducing the level of promotional activity in France. The Group accepts this loss of net sales in the short term and is systematically prioritising profitability. The project announced on 20 June to redeploy the field sales force in France, which involves pooling sales activities in supermarkets, local stores and the on-trade with COFEPP, is in line with this principle.

In the rest of the cluster, net sales grew by +2.5% compared to the 2<sup>nd</sup> quarter for the previous financial year.

In the 1<sup>st</sup> half of 2019, net sales in the WEMEA cluster stood at €53.6m, down -8.7%.

### Central and Eastern Europe (CEE): continued net sales growth in Poland

In the 2<sup>nd</sup> quarter of 2019, net sales in the CEE cluster were €17.0m, up 37.2%. This top-line growth comes from the business in Poland where net sales have more than doubled, driven by the gradual ramping up of the distribution agreements signed in H2 2018, supported by a commercial policy which aims to diversify the customer base.

In the rest of the cluster, net sales for the 2<sup>nd</sup> quarter fell by -20.8%, essentially due to the increase of excise duties in Lithuania in March 2019, which resulted in the Group's customers ordering early in Q1.

Business in Bulgaria continued to grow during the 2<sup>nd</sup> quarter.

Net sales in 1<sup>st</sup> half of 2019 in the CEE cluster increased +41.6% to €29.5m.

<sup>1</sup> All percentage growth rates in this document are expressed in organic terms and exclude foreign currency impact, unless stated otherwise.



## **Americas: Sobieski sales down in the United States and continued growth in Brazil**

In the Americas cluster, net sales for the 2<sup>nd</sup> quarter of 2019 were €4.0m, down by -18.4%. In the United States, where the vodka market remains polarised with, on one hand, a leading player whose sales are growing rapidly, driving growth in the category as a whole, and on the other hand, price pressure being felt by the other players. Against this backdrop, Sobieski sales were down.

In Brazil, top-line growth continued during the 2<sup>nd</sup> quarter, driven by a commercial policy which aims to develop the Group's local brands in the priority states through an expansion of the customer base.

In the 1<sup>st</sup> half of 2019, net sales in the Americas cluster increased by +7.2% to €8.1m.

## **Asia Pacific**

In the Asia Pacific region in the 2<sup>nd</sup> quarter of 2019, net sales fell by -40.0% to €0.6m. Net sales were €1.0m in the 1<sup>st</sup> half.

## **Other Businesses**

In the 2<sup>nd</sup> quarter of 2019, net sales of the Other Businesses decreased by -5.2% to €53.0m. Net sales at Sobieski Trade were down in the 2<sup>nd</sup> quarter, but at a slower pace than in the 1<sup>st</sup> quarter of 2019. This decrease in net sales is linked to the growth in net sales generated by the new distribution agreements in Poland. Private Labels were down by -6.6%, an improvement compared to the 1<sup>st</sup> quarter of 2019.

## **PROGRESS ON EXECUTION OF THE STRATEGIC PLAN**

### **Establishing distribution synergies with COFEPP**

Marie Brizard Wine & Spirit is today announcing that it has made concrete progress in finding commercial synergies with its majority shareholder, COFEPP.

In line with its stated ambition to combine their resources when there is a shared benefit, Marie Brizard Wine & Spirits and COFEPP have decided to pool their distribution in different geographic areas. In addition to the project to redeploy the field sales force in France announced on 20 June, Marie Brizard Wine & Spirits has entrusted the distribution of its products in Spain to Bardinet Spain, and COFEPP has asked MBWS Scandinavia, the Group's local subsidiary, to handle the distribution of its portfolio in Scandinavia. These decisions are based on an analysis of critical mass, fixed cost absorption and therefore profitability.

### **Roll out of the Group ERP**

As planned, the Group announces the official roll out of its ERP on 1 July 2019, an important step in its evolution, after an 18-month implementation plan. It has initially been rolled out in MBWS France and the Group's Holding Company as pilot sites and the plan is to continue to roll it out to other subsidiaries.

The project aims to rationalise and modernise the Group's information systems, creating common business processes and therefore accelerate integration in the Group.

### **Discussions continue with banking partners**

The discussions with the Group's banking partners continue. The Group has obtained an agreement to extend the standstill on early repayment of the medium-term loan until 30 June 2020.



## OUTLOOK

MBWS reiterates the objective provided in its 2019-2022 strategic plan, which is to gradually return to profitability, putting in place the conditions for future growth, with the objective of generating EBITDA in the range of €13m to €19m in 2022.

## Financial agenda

Marie Brizard Wine & Spirits will report its 2019 half-year results on 19 September 2019.

**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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