MARIE BRIZARD
WINE & SPIRITS

Paris, 19 September 2019

First-half 2019 results

EBITDA improvement of €13.4 million versus H1 2018

Marie Brizard Wine & Spirits (Euronext: MBWS), today announced its consolidated results for the first half of 2019. The interim accounts were approved by the Board of Directors at its meeting also held today. The limited review procedures by the auditors are ongoing.

For the first half of 2019, the Group reported net sales of €185.8 million, down 1.7% compared with the prior year[1]. EBITDA[2] was a loss of €7.7 million[3], a significant €13.4 million improvement compared with a loss of €21.1 million in the first half of 2018.

Andrew Highcock, CEO of Marie Brizard Wine & Spirits, commented as follows: “The Group’s results for this first half of the year are encouraging overall and confirm the relevance of the strategic choices we have made. Profitability has improved for our operations in France thanks to the Branded Businesses. In Poland and the United States, the first effects of the strategic plan’s implementation are now visible, but still insufficient. Further efforts along the same lines are therefore required. Many initiatives have already been launched and others are in preparation. The disposals of Porto Pitters and Sobieski Trade announced in July are a prime example of this. I look forward to the future with renewed confidence in our project and I remain committed to executing on our strategy, which is critical to our Group’s success in the coming years.”

Condensed income statement for the six months ended 30 June 2019

In € millions, except EPS	**H1 2018**	**H1 2019**	**IFRS 16 impact**
Net sales (excluding excise tax)	**190.0**	**185.8**	
Gross profit	**48.6**	**54.7**	
Gross margin	**25.6%**	**29.4%**	
EBITDA	**(21.1)**	**(7.7)**	**2.4**
Current operating income	**(27.5)**	**(14.4)**	**0.4**
Attributable net income	**(35.6)**	**(24.3)**	**(0.1)**
Earnings per share	**(1.28)**	**(0.65)**	**-**

Net sales totalled €185.8 million in the first half of 2019, down 1.7% compared with the prior year period. The Group’s Branded Business generated net sales of €92.5 million, a 4.7% increase relative to the first half of 2018, spurred by a proactive sales and marketing strategy, with an emphasis on value over volume. Consequently, the Group’s gross profit improved in the first half of 2019 despite lower net sales, with gross margin reaching 29.4%. It thus rose 3.8 percentage points from its level in the first half of 2018.

---

[1] *All percentage growth rates in this document are expressed in organic terms and exclude any foreign currency impact, unless stated otherwise.*
[2] *EBITDA = EBIT – provisions for current assets – amortisation – retirement benefit obligations.*
[3] The Group EBITDA data and comparisons at June 30, 2019 mentioned in this press release include an IFRS 16 impact of €2.4 million

EBITDA was a loss of €7.7 million in the first half of 2019, up €13.4 million compared with the year-earlier period, including €2.4 million related to the initial application of IFRS 16, the new lease accounting standard, at 1 January 2019. The remainder of this increase was mainly due to the improved gross profit and cost-cutting efforts.
Lastly, attributable net income in the first half of the year was a loss of €24.3 million, representing an improvement of €11.3 million.

H1 2019 EBITDA by cluster

	H1 2018	H1 2019
Western Europe, Middle East and Africa (WEMEA)	0.5	3.1
Central and Eastern Europe (CEE)	(11.2)	(6.0)
Americas	(1.6)	(0.6)
Asia Pacific	(0.6)	(0.4)
Total Branded Business	**(12.8)**	**(3.8)**
Holding company	**(6.7)**	**(4.4)**
Sobieski Trade	(1.4)	(0.2)
Private Label	(0.1)	0.7
Other Businesses	**(1.5)**	**0.5**
TOTAL MBWS	**(21.1)**	**(7.7)**

EBITDA for the Branded Business was a loss of €3.8 million in the first half of 2019, an increase of €9.0 million, including €1.9 million related to the application of IFRS 16 from 1 January 2019. The remainder of this rise was due in particular to higher net sales and an improvement in the gross profit for these businesses.

WEMEA: first effects of the value-oriented strategy

Net sales for the WEMEA cluster totalled €53.6 million in the first half of 2019, down 8.7% compared with the year-earlier period. The cluster delivered EBITDA of €3.1 million, up €2.6 million from the same period in 2018, including €0.5 million related to the initial application of IFRS 16 at 1 January 2019.

In France, net sales totalled €44.5 million, down 11.0%. This decline was mainly due to the implementation of a value-oriented sales and marketing strategy, characterised in particular by a reduction in promotional activities in France.
Nevertheless, this strategy resulted in an improvement in EBITDA for France, which rose €1.8 million to reach €2.7 million, although still below the Group's past performance in this country.
Net sales grew 4.9% for the rest of the WEMEA cluster. This rise in sales, together with the distribution synergies across operations in Spain and Scandinavia made possible through the partnership with COFEPP, resulted in a slightly positive EBITDA of €0.4 million, an increase of €0.7 million versus the first half of 2018.

CEE: slight improvement in profitability

Net sales for the CEE cluster totalled €29.5 million in the first half of 2019, up 41.6%. Spurred by the rise in net sales, the cluster's EBITDA saw a €5.2 million improvement (including €0.4 million related to the application of IFRS 16 from 1 January 2019) and was thus negative at €6.0 million.
Poland reported a doubling of net sales in the first half of 2019, driven by the gradual ramp-up of the distribution agreements signed during the second half of 2018 as well as its sales and marketing strategy aimed at further diversification of the customer base. EBITDA generated by Poland rose €4.4 million in the first half of 2019 and was thus negative at €7.4 million. Given this persistently high negative result, further additional efforts will be required to achieve recovery.
Net sales came to €12.1 million for the remainder of this cluster, a decrease of 1.1%. This decline is due to the discontinuation of sales for certain products in Lithuania having a negative impact on the Group's profitability. EBITDA for these other CEE countries thus rose €0.8 million to €1.4 million.

Americas: EBITDA improvement due to cost-cutting measures

Net sales for the Americas cluster rose 11.1% to €8.4 million in the first half of 2019. Reductions in advertising costs and overheads delivered a €1.0 million improvement in EBITDA (including €0.1 million related to the application of IFRS 16 from 1 January 2019). However, EBITDA for the cluster remained negative at €0.6 million.

Asia Pacific: lower cost base in line with the slowdown in sales

Net sales for the Asia-Pacific cluster in the first half of 2019 were down 22.1% to €1.0 million. The slight improvement in the cluster's EBITDA, up €0.3 million yet remaining negative at €0.4 million, was due to the lower cost base.

Other Businesses

Net sales for the Group's Other Businesses totalled €93.3 million in the first half of 2019, down 7.3%.
EBITDA generated by Other Businesses grew €2.0 million (including €0.5 million related to the application of IFRS 16 from 1 January 2019) to reach €0.5 million, thanks to the reduction in the contribution of certain less profitable businesses and efforts undertaken in Poland to streamline operations.

Holding company

As announced previously, cost savings effectively lowered holding company expenses in the first half of 2019, in comparison with the same period in 2018.

Balance sheet at 30 June 2019

At 30 June 2019, the Group's share of equity was €136.0 million, an increase of €32.6 million. This change was mainly the combination of i) the capital increase subscribed by COFEPP and the subsequent subscription of short-term warrants for a total amount of €58.5 million in the first half of 2019 and ii) the negative €24.3 million attributable net income in the first half of the year.

Net debt totalled €57.4 million at 30 June 2019, down €11.6 million year on year. This improvement is the result of an increase in debt related to the application of the IFRS 16 norm for €16.6 million, a decrease in short-term debt of €18.3 million and a cash improvement of €10.0 million.

Outlook

Discussions with the Group's banking partners have continued, with a view to reaching an agreement on the refinancing of the Group. As a reminder, the Group has obtained approval from its banking partners for the extension of the standstill on early repayment of the medium-term loan until 30 June 2020.

Notable achievements in the execution of the Group's strategic plan were announced during the first half of 2019. Distribution synergies have already been achieved outside France through the Group's partnership with COFEPP, others are being examined and a project for the redeployment of part of the field sales team in France is under way. In addition, two disposals were announced in July of this year.
The first of these, the disposal of the Porto Pitters brand and its associated business, was agreed on 31 July 2019 between Marie Brizard Wine & Spirits and International Drinks Limited (IDL), for the acquisition of the brand, and Quinta & Vineyard Bottlers (QVB), for production, distribution and quality control aspects. Both of these companies are entities of The Fladgate Partnership, a Portuguese group. After receiving the approval of the Autorité de la Concurrence (the French competition authority) at the end of August, this disposal was completed on 2 September 2019.
The second disposal relates to Sobieski Trade, which operates independently from the Group's other businesses in Poland. This transaction remains subject to various conditions, including the approval of the Polish competition authority.

In line with the strategic plan, efforts to adapt and improve the development of the Group's businesses will continue in the coming quarters, particularly in relation to the redefinition of the Group's international footprint, the simplification of its operating model, cost-cutting measures and collaborative projects with value creation partners.

Financial calendar

Marie Brizard Wine & Spirits will report its net sales for Q3 2019 on 7 November 2019.

Marie Brizard Wine & Spirits (MBWS) produces and sells a range of wine and spirits across four geographies: Western Europe, the Middle East and Africa; Central and Eastern Europe; the Americas; and Asia Pacific. MBWS has distinguished itself for its know-how, the range of its brands, all with long-standing traditions, and its history of innovation. From the establishment of Maison Marie Brizard in the French city of Bordeaux 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, flavourful and experiential brands. The company has a broad portfolio of leading brands in their respective market segments, most notably William Peel blended Scotch whisky, Sobieski vodka, Krupnik vodka, Fruits and Wine flavoured wine, Marie Brizard liqueurs and Gautier cognac. 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.

ELIGIBLE PEA PME

Contact
Image Sept
Simon Zaks - Claire Doligez
szaks@image7.fr ,cdoligez@image7.fr
Phone: +33 (0)1 53 70 74 70

ANNEXES

1. Interim consolidated financial statements – 30 June 2019

Consolidated income statement

(in thousands of euros)	30/06/2019 6 months	30/06/2018* 6 months
Net sales	281,690	266,624
Excise tax	(95,845)	(76,616)
NET SALES, EXCLUDING EXCISE TAX	185,844	190,008
Cost of goods sold	(131,193)	(141,403)
External expenses	(25,755)	(30,724)
Personnel costs	(34,403)	(35,497)
Taxes and levies	(2,852)	(3,203)
Depreciation and amortisation	(7,098)	(4,494)
Other operating income	5,442	5,283
Other operating expense	(4,339)	(7,457)
CURRENT OPERATING INCOME	(14,354)	(27,488)
Non-current operating income	770	275
Non-current operating expense	(8,006)	(5,445)
OPERATING INCOME	(21,590)	(32,658)
Income from cash and cash equivalents	18	24
Gross cost of debt	(2,861)	(3,252)
NET COST OF DEBT	(2,843)	(3,228)
Other financial income	3,874	3,873
Other financial expense	(3,404)	(5,275)
NET FINANCIAL EXPENSE	(2,373)	(4,630)
PROFIT/(LOSS) BEFORE TAX	(23,963)	(37,288)
Income tax	(363)	1,583
NET PROFIT FROM CONTINUING OPERATIONS	(24,327)	(35,705)
Profit/(loss) from discontinued operations, net of tax		
NET PROFIT/(LOSS)	(24,327)	(35,705)
Group share	(24,343)	(35,598)
of which net profit/(loss) from continuing operations	(24,343)	(35,598)
of which net profit/(loss) from discontinued operations		
Non-controlling interests	16	(106)
of which net profit/(loss) from continuing operations	16	(106)
of which net profit/(loss) from discontinued operations		
Net earnings per share from continuing operations, Group share (in euros)	(0.65)	(1.28)
Diluted net earnings per share from continuing operations, Group share (in euros)	(0.64)	(1.28)
Net earnings per share, Group share (in euros)	(0.65)	(1.28)
Diluted net earnings per share, Group share (in euros)	(0.64)	(1.28)
Weighted average number of shares outstanding	37,366,868	27,813,971
Diluted weighted average number of shares outstanding	37,835,336	27,831,633

Consolidated balance sheet

Assets

(in thousands of euros)	30/06/2019	31/12/2018*
Non-current assets		
Goodwill	15,040	15,036
Intangible assets	89,772	88,622
Property, plant and equipment	84,274	69,451
Financial assets	2,020	2,298
Non-current derivatives		58
Deferred tax assets	4,505	4,315
Total non-current assets	**195,611**	**179,780**
Current assets		
Inventories and work in progress	69,982	64,558
Trade receivables	48,341	61,905
Tax receivables	1,731	1,987
Other current assets	31,532	29,782
Current derivatives	42	94
Cash and cash equivalents	31,794	21,832
Total current assets	**183,422**	**180,158**
Assets held for sale	5	138
TOTAL ASSETS	**379,038**	**360,076**

Equity and liabilities

(in thousands of euros)	30/06/2019	31/12/2018*
Equity		
Share capital	89,384	56,677
Additional paid-in capital	66,705	175,712
Consolidated and other reserves	23,714	(48,636)
Translation reserves	(20,633)	(20,102)
Consolidated net profit/(loss)	(24,343)	(61,905)
Equity (Group share)	134,827	101,746
Non-controlling interests	1,141	1,601
Total equity	**135,969**	**103,347**
Non-current liabilities		
Employee benefits	6,018	5,776
Non-current provisions	480	705
Long-term borrowings – due in more than 1 year	23,115	11,812
Other non-current liabilities	1,733	1,889
Non-current derivatives		201
Deferred tax liabilities	19,777	19,652
Total non-current liabilities	**51,124**	**40,036**
Current liabilities		
Current provisions	7,800	4,053
Long-term borrowings – due in less than 1 year	52,017	48,897
Short-term loans	14,043	30,115
Trade and other payables	64,728	67,888
Tax liabilities	406	811
Other current liabilities	52,617	64,348
Current derivatives	334	580
Total current liabilities	**191,946**	**216,692**
Liabilities held for sale		
TOTAL EQUITY AND LIABILITIES	**379,038**	**360,076**

Consolidated cash flow statement

(in thousands of euros)	30/06/2019	30/06/2018*
Total consolidated net profit/(loss)	**(24,327)**	**(35,705)**
Less net profit/(loss) from discontinued operations		
Net profit/(loss) from continuing operations	**(24,327)**	**(35,705)**
Depreciation, amortisation and provisions	10,145	1,658
Fair value gains/(losses) on financial assets	273	664
Impact of financial discounting		
Difference between the fair value and the cash flows of the FRN debt		
Difference between the fair value of treasury shares and the cash obtained on transfer		
Gains/(losses) on disposals and dilution	(456)	(268)
Impact of discontinued operations		
Operating cash flow before net cost of borrowings and tax	**(14,364)**	**(33,650)**
Income tax charge/(credit)	363	(1,583)
Net cost of borrowings	2,844	3,228
Operating cash flow after net cost of borrowings and tax	**(11,157)**	**(32,006)**
Change in working capital 1 (inventories, trade receivables/payables)	3,511	16,679
Change in working capital 2 (other items)	(15,317)	(34,949)
Taxes paid	(177)	1,237
Net cash from/(used in) operating activities	**(23,140)**	**(49,039)**
Purchase of non-controlling interests	(105)	
Purchase of PP&E and intangible assets	(5,023)	(13,598)
Acquisition of financial assets		
Increase in loans and advances granted	(4)	(13)
Decrease in loans and advances granted	239	15,594
Disposal of PP&E and intangible assets	1,076	2,961
Disposal of financial assets		
Dividends received		
Impact of change in consolidation scope	2	
Net cash from/(used in) investment activities	**(3,815)**	**4,944**
Capital increase	58,487	53
Purchase of treasury shares	(5)	52
Sale of treasury shares		
Loans received	76	
Loans repaid	(2,872)	(533)
Net interest paid	(2,623)	(3,178)
Net change in short-term debt	(16,216)	30,523
Net cash from/(used in) financing activities	**36,846**	**26,917**
Impact of fluctuations in exchange rates	71	(332)
Cash flows from discontinued operations and proceeds from the sale of operations		
Change in cash and cash equivalents	**9,962**	**(17,510)**
Opening cash and cash equivalents	21,832	59,731
Closing cash and cash equivalents	31,794	42,221
CHANGE IN CASH AND CASH EQUIVALENTS	**9,962**	**(17,510)**

* Data published in respect of the 2018 financial year have not been restated to reflect the impact related to the change in accounting policy due to the implementation of IFRS 16, the new lease accounting standard, owing to the choice of the limited retrospective approach for the application of this standard (see Note 1.2 "Change in accounting policy" to the interim condensed consolidated financial statements, included in the 2019 interim financial report).