



Paris, 30th September 2020

2020 First Half Results

Continued restoration of the Group's profitability in a public health context that adversely affects the Branded Business in the first half of 2020

- EBITDA¹ of €7.0m at 30th June 2020, of which €3.3m related to one-off bulk sales to the disinfectant markets, an improvement of €14.4m compared with the first half of 2019
- Materialisation of the effects of the commercial policy focused on profitable volumes in France and new distribution partnerships in the United States and in Spain
- Group share of net profit: -€1.4m (vs. -€24.3m at 30 June 2019)

Note: all net sales growth figures mentioned in this press release are expressed at constant structure and exchange rates, unless stated otherwise

Marie Brizard Wine & Spirits (Euronext: MBWS) announces today its consolidated results for the first half of 2020, approved by the Group's Board of Directors held on 29th September 2020. The audit procedures have been completed.

Andrew Highcock, CEO of Marie Brizard Wine & Spirits, comments: " *In a public health context that heavily impacted our Branded Business, the first-half performance reflects the relevance of the strategic choices made and the Group's resistance, notably thanks to the opportunistic nature of the bulk business during the pandemic. We have pursued resolutely the execution of our strategic plan aimed at a sustainable return to profitability, and the Group was able to count on the mobilisation of its teams despite the adversity of the Covid-19 crisis. The Group is reaping the first fruits of its actions, which allows us to remain confident. Nevertheless, health uncertainties persist in the second half of the year and force us to remain cautious about the outlook, as the seasonality of our business is very strong in the second half of the year, with a fourth quarter that will be decisive for the year as a whole.*"

Simplified income statement for First Half 2020

<i>In €m, except EPS</i>	H1 2019 restated (*)	H1 2020	2020/19 Change
Net sales (excluding excise tax)	134.7 ⁽²⁾	135.3	0.4%
Gross profit	52.1	56.1	7.7%
Gross margin	38.7%	41.5%	
EBITDA	(7.4)	7.0	193.9%
Current operating income	(13.3)	1.8	113.9%
Attributable net income	(24.3)	(1.4)	94.3%
Earnings per share	(0.65)	(0.03)	95.4%

(*) 2019 financial statements have been restated for the effects of the application of IFRS 5

¹ EBITDA = EBIT – provisions for current assets – depreciations – pensions liabilities.

² Following the operations of consolidation of the interim financial statements at 30th June 2020, the restatement related to IFRS5 (Assets sold: removal from the consolidation scope of the Sobieski Trade company sold in November 2019) has been adjusted. As a result, compared with the data published in the 2020 half-year revenue press release dated 29th July 2020, restated revenue for the first half of 2019 was €134.7m, €6.8m lower than the amount presented in the 29 July publication. As a result, like-for-like revenue for the first half of 2020 is up 0.4% compared with the -4.3% decline reported on 29 July, and the Branded Business is down 10.8% compared with the -17.2% reported on 29th July. These items had no impact on revenue or on the presentation of the consolidated financial statements at 30th June 2020.



2020 FIRST HALF SALES (see note 2 page 1)

Revenue for the first half of 2020 amounted to €135.3m, up 0.4% on a like-for-like basis compared with €134.7m in 2019, after application of IFRS 5 related to the disposal of Sobieski Trade at the end of October 2019. This increase was largely driven by the one-off recovery in bulk sales in Poland and Lithuania, linked to the global pandemic.

Branded Business revenue for the first half of 2020 amounted to €80.6m, compared with €90.4m at 30th June 2019, down 10.8%. This decline was heavily impacted in the second quarter by the lock-down measures related to Covid-19. The Group also continued its proactive, value-focused commercial policy, which temporarily weighed on volumes.

As a result, the gross margin for the first half of 2020 is up 7.7%, representing a 2.8point increase in the gross margin rate to 41.5% in the first half of 2020 compared with 38.7% at 30th June 2019.

EBITDA at end-June 2020 was €7.0m, an improvement of €14.4m compared with end-June 2019. This change reflects both the improvement in gross margin and the almost 23% reduction in external charges, linked to the voluntary reduction in marketing expenditure. This performance illustrates the relevance of the major structural changes made in several markets, particularly the effects of the new partnerships formed for the distribution of products in France, Spain and the United States. The contribution from bulk sales, buoyed by the pandemic context, amounted to €3.3m over the half year.

After factoring in net financial income of €2.2m, which includes financial income of around €6.7m related to the additional repayment of a receivable from Clico Investment Bank in Trinidad and Tobago, net profit attributable to the Group for the first half of 2020 amounted to -€1.4 m, a strong recovery compared with the first half of 2019.

2020 First Half EBITDA by cluster

EBITDA <i>(in €m)</i>	H1 2019	Organic Growth	FX Impact	H1 2020
BRANDED BUSINESS	(8.1)	12.5	0.1	4.6
WEMEA	3.1	2.0	0.0	5.1
CEE	(5.9)	7.4	0.0	1.6
Americas	(0.6)	3,8	0.1	3.3
Asia-Pacific	(0.4)	0.5	0.0	0.1
HOLDING	(4.4)	(1.1)	0.0	(5.5)
OTHER BUSINESSES	0.6	1.8	0.0	2.4
Sobieski Trade	(0.1)	0.1	0.0	0.0
Private Label	0.7	1.7	0.0	2.4
TOTAL MBWS	(7.4)	14.3	0.1	7.0

In the first half of 2020, EBITDA for the Branded Business amounted to €4.6m, an improvement of €12.5m on the first half of 2019. The commercial policies adopted as part of the strategic plan resulted in better protection of the gross margin of these activities.



WEMEA

Despite a 16.0% decline in sales (to €45.0m), EBITDA for the WEMEA Cluster amounted to €5.1m for the first half of 2020 (up 63% compared with the first six months of 2019). The selective sales policy based on profitable volumes, together with reductions in marketing costs and overheads, drove this growth, particularly in France, where EBITDA improved by €1.9m to €4.6m, despite a drop in sales at Fruits & Wines, whose volumes fell sharply in a market that remains competitive. In the rest of the WEMEA cluster, where on-trade sales were also particularly affected by the Covid-19 environment with the closure of bars and restaurants, EBITDA rose to €0.5m, up €0.1m thanks in particular to lower costs resulting from the adoption of the new distribution model in Spain.

CEE

In the first half of 2020, sales for the CEE cluster amounted to €23.1m (vs. €27.4m at 30 June 2019), a 15.4% decline that reflects the effects of the containment measures that weighed particularly heavily in Poland on sales to supermarkets. Poland's operating performance nevertheless improved, with a return to positive EBITDA of €0.5m in the first half of 2020, up €7.9m compared with the first half of 2019. The strong acceleration in sales in the bulk business from March 2020 enabled better absorption of fixed costs. Against the backdrop of the global health crisis and an increase in excise duties in Lithuania, EBITDA for the rest of the Cluster declined slightly, to €1m compared with €1.4m in the first half of 2019, partly masking efforts to streamline the product mix and control marketing expenditure.

Americas

EBITDA for the Americas cluster improved by €3.8m over the first half, with EBITDA of €3.3m at 30th June 2020 (vs. -€0.6m in the first half of 2019), largely driven by off-trade performance in the United States. The start of the distribution partnership with the Sazerac group in the United States from January 2020 had a strong positive impact due to the build-up of our importer's inventories, and a slowdown in this rate is therefore expected in H2.

Asia-Pacific

The first half of 2020 sees a return to a positive EBITDA of €0.1m for the Asia-Pacific cluster, an improvement of €0.5m compared with 30th June 2019, thanks in particular to a reduction in overheads following the reorganisation of the Chinese entity.

Other Businesses

In the first half of 2020, Private Label France saw its supermarket and hypermarket sales positively affected during the containment period but remained well below the 2019 figure (-13%). The private label wine market in France remains highly competitive. EBITDA is just breaking even, deteriorating by €0.8m compared with 2019, and was heavily impacted by the under-absorption of fixed costs and significant volume losses. The latter were partially offset by the price of wine raw materials.

Driven by a very sharp increase in bulk sales, EBITDA for Other Activities totalled €2.4m in the first half of 2020, up €1.8m compared with the first half of 2019 (€0.6m).

Holding

In the first half of 2020, the Holding company's EBITDA was -€5.5m compared with -€4.4m in the first half of 2019. This €1.1m decline reflects the impact of a negative foreign exchange result of €0.9m, mainly in GBP and PLN, compared with a positive figure of €0.3m at 30th June 2019. In the framework of its banking agreements, the Holding company was unable to benefit from the implementation of new currency hedges. In addition, the favourable impact of the change of headquarters in June 2020 will materialise in the second half of the year.



Balance sheet at 30th June 2019

Shareholders' equity (Group share) was €92.1m at 30th June 2020 compared with €93.5m at 31th December 2019, resulting from the recognition of net profit for the first half of the year.

Net financial debt stood at €52.8m at 30 June 2020. It consists mainly of the €45m senior loan drawn down, bought back by COFEPP from the bank lenders under the tripartite agreement signed on 17th January 2020. MBWS benefited from advances granted by COFEPP of €21m in the first half of 2020.

OUTLOOK

During the first half of 2020, which was marked by an unprecedented global health crisis, the Group resolutely pursued its strategic roadmap, while working to adapt its fixed costs and overheads in line with the expected impact of Covid-19 on business. The very buoyant bulk business in the second quarter, voluntary commercial policies and strategic choices of distribution partnerships in certain key countries enabled MBWS to show a certain resilience to this difficult context. Nevertheless, the disruptions related to Covid-19 will continue into the second half of the year and, given the uncertainty as to the duration of this crisis, the Group does not yet have sufficient visibility on the outlook for the year.

POST CLOSURE EVENTS

Signing of an agreement subject to conditions precedent with United Beverages S.A. for the sale of the Group's activities in Poland

In two press releases dated 16th and 29th July 2020, MBWS announced the signing of an agreement under conditions precedent with United Beverages S.A. for the acquisition of all the shares of MBWS Polska and part of the shares of Polmos Lancut in Poland.

The conditions precedent provided for in this agreement have not yet been lifted to date.

Implementation of an additional advance in August 2020

As announced in press releases dated 16th and 29th July, COFEPP has agreed to provide the Group with an additional advance of up to €5.5m (in place of the €4m advance initially planned). An initial payment of €4m was thus made on 10 August, with an additional payment of €1.5m to be made by COFEPP upon proof of the Group's cash flow requirements.

Agreement in principle on the amendment of a Scotch Whisky bulk supply contract with an MBWS supplier

MBWS reached a multi-year agreement in principle on 16 July 2020, following negotiations with one of its whisky suppliers, to amend a contract for the sourcing and bulk supply of Scotch Whisky. The final contractual formalisation of this agreement (which is a condition precedent to the availability of the balance of Advance No.2, amounting to approximately €7m as of today, without taking into account the additional payment of €1.5m referred to above in which case the balance of Advance n°2 will be 5.5M€) remains under negotiation to date.

Agreement in principle with CIRI for the constitution of a tax and social security liability

An agreement in principle by the public creditors on a moratorium on part of the Group's tax and social security debts was validated by the CIRI in September, for a maximum amount of €7.5m, a moratorium that will be put in place over the coming months.



As a reminder, this condition, which was lifted, was one of the three conditions precedent to the availability of the balance of Advance No. 2, alongside with (i) the amendment of a bulk Scotch Whisky supply contract entered into with an MBWS supplier and (ii) the stability of estimated cash requirements for 2020.

The Group's annual and consolidated financial statements at 30th June 2020 were prepared on a going concern basis, taking into account the situation known at the date the financial statements were closed, and in particular (i) the latest post-closing events as described above, (ii) the latest estimates of cash requirements carried out in the context of the evolving health crisis linked to Covid-19 and (iii) based on the assumption that the condition precedent relating to the amendment of a contract for the bulk supply of Scotch Whisky will be lifted in the coming months, allowing the payment of the balance of Advance N°. 2 in the amount of €7m (without taking into account the additional payment of €1.5m referred to above in which case the balance of Advance n°2 will be 5.5M€) and thus the recapitalisation of the Group.

If the assumptions described above were not to materialise, the Group might not be able to realise its assets and settle its debts in the normal course of business, and the valuation and classification of assets and liabilities could be significantly impacted.

Financial calendar

- Availability of the 2020 first half financial report: 30 September 2020
- Publication of sales at end-September 2020: 28 October 2020

About Marie Brizard Wine & Spirits

Marie Brizard Wine & Spirits is a wine and spirits group based in Europe and the United States. Marie Brizard Wine & Spirits stands out for its know-how, a combination of brands with a long tradition and a spirit resolutely turned towards innovation. From the birth of the Maison Marie Brizard in 1755 to the launch the Fruits and Wine in 2010, the Marie Brizard Wine & Spirits Group has been able to develop its brands in a modern way while respecting their origins.

Marie Brizard Wine & Spirits' commitment is to offer its customers trustworthy, bold and full of flavors and experiences. The Group now has a rich portfolio of leading brands in their market segments, including William Peel, Sobieski, Krupnik, Fruits and Wine, Marie Brizard and Cognac Gautier.

Marie Brizard Wine & Spirits is listed on Euronext Paris Compartment B (FR0000060873 - MBWS) and is part of the EnterNext© PEA-PME 150 index



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APPENDIX

FIRST HALF 2020 Consolidated Financial Statements

INCOME STATEMENT

(in €000)

	30.06.2020	30.06.2019 Restated (1)
NET SALES	195,795	203,376
Excises tax	(60,523)	(95,696)
NET SALES EXCL TAX	135,271	134,679
Cost of goods sold	(83,303)	(85,381)
External charges	(18,627)	(24,089)
Salary expenses	(24,488)	(30,745)
Taxes and Duties	(2,504)	(2,644)
Depreciation and Amortization	(7,096)	(6,237)
Other operating income	5,236	5,030
Other operating expenses	(2,739)	(3,871)
RECURRING OPERATING PROFIT	1,750	(13,258)
Extraordinary income	2,647	3,109
Extraordinary expenses	(6,002)	(10,437)
OPERATING PROFIT	(1,604)	(20,586)
Interest income	65	18
Interest expenses	(2,561)	(2,753)
NET COST OF DEBT	(2,496)	(2,735)
Other interest income	6,757	2,105
Other interest expenses	(2,023)	(1,426)
NET INTEREST EXPENSES	2,239	(2,056)
PRE-TAX INCOME	634	(22,643)
Income tax/credit	(2,006)	(355)
INCOME FROM ONGOING OPERATIONS	(1,370)	(22,998)
INCOME FROM DISCONTINUED OPERATIONS (1)		(1,329)
NET INCOME	(1,370)	(24,327)
Attributable net income	(1,392)	(24,343)
Of which net income from ongoing operations	(1,392)	(23,014)
Of which net income from discontinued operations(1)		(1,329)
Non-controlling interests	22	16
Of which net income from ongoing operations	22	16
Of which net income from discontinued operations		
Attributable Net income per share (in €)	-0.03€	-0.65 €
Attributable net income from ongoing operations per share fully diluted (in €)	-0.03 €	-0.65 €
Net income per share (in €)	-0.03 €	-0.65 €
Net income per share diluted (in €)	-0.03€	-0.65 €
Weighted average number of outstanding shares	44,568,731	37,366,868
Weighted average diluted number of outstanding shares	44,568,731	37,835,336

(1) The financial statements (income statement) at 30th June, 2019 have been restated for the effects of the application of IFRS 5 - Discontinued operations.



BALANCE SHEET

Assets

(in €000)

Long term assets

Goodwill	15,024	15,039
Intangible assets	86,726	88,031
Property, plant and equipment	51,926	56,180
Financial assets	2,003	2,387
Long-term derivative instruments		
Deferred taxes	1,259	1,328
Total long-term assets	156,938	162,965

Current assets

Inventory	59,532	53,991
Trade receivables	29,347	46,669
Tax receivables	1,812	1,735
Other short-term assets	31,831	32,686
Short-term derivative instruments		157
Cash and cash equivalents	38,468	26,193
Total current assets	160,988	161,431

Assets held for disposal

TOTAL ASSETS	317,926	324,396
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Liabilities

(in €000)

Total Shareholders' equity

31.12.2019	31.12.2018
92,379	93,737

Total long-term liabilities

Employee benefits	5,773	5,533
Long-term provisions	4,180	3,238
Long-term loans	70,066	9,689
Other long-term liabilities	1,963	1,855
Long-term derivative instruments		
Deferred tax liabilities	16,903	16,424
Total long-term liabilities	98,884	36,739

Current liabilities

Short-term provisions	7,754	10,178
Short-term portion of long-term debt	13,106	50,933
Short-term debt	8,131	12,292
Supplier and other payables	49,874	63,719
Tax liabilities	1,886	481
Other short-term liabilities	45,912	56,315
Short-term derivative instruments	1	2
Total current liabilities	126,664	193,920

Liabilities held for disposal

TOTAL LIABILITIES	317,926	324,396
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CONSOLIDATED CASH FLOW STATEMENT

(in €000)

	30.06.2020	30.06.2019
Total consolidated net profit	(1,370)	(24,327)
Eliminations :		
Amortization and provisions	(8,199)	10,145
Revaluation gains / losses (fair value)		273
Gains/losses on disposals and dilution	5,844	(456)
Operating cash flow after net cost of debt and tax	(3,724)	(14,364)
Income tax charge (credit)	2,002	363
Net cost of debt	2,351	2,844
Operating cash flow before net cost of debt and tax	629	(11,157)
Change in working capital 1 (inventories, trade receivables and payables)	(4,073)	3,511
Change in working capital 2 (other items)	(1,552)	(15,317)
Tax paid	(87)	(177)
Cash flow from operating activities	(5,082)	(23,140)
Acquisition of minority interests	(3,179)	(105)
Purchase of property, plant and equipment and intangible assets		(5,023)
Purchase of financial assets		(4)
Increase in loans and advances granted		
Decrease in loans and advances granted	7,072	239
Disposal of property, plant and equipment and intangible assets	510	1,076
Impact of change in consolidation scope	23	2
Cash flow from investing activities	4,427	(3,815)
Capital increase	4	58,487
Share buybacks		(5)
New loans	67,271	76
Loans repayment	(47,725)	(2,872)
Net interest paid	(1,455)	(2,623)
Net change in short-term debt	(4,734)	(16,216)
Cash Flow from financing activities	13,360	36,846
Impact from changes in foreign exchange rates	(430)	71
Change in cash and cash equivalents	12,275	9,962
Opening cash position	26,193	21,832
Closing cash position	38,468	31,794
Change in cash and cash equivalents	12,275	9,962