



Ivry-sur-Seine, 12 December 2016

## MBWS presents an update of its BiG 2018 strategic plan, BiG 3.0

- Focus on growth
- 2018 guidance reconfirmed:  
EBITDA range of €68m to €77m

Marie Brizard Wine and Spirits (Euronext: MBWS), announces the presentation of its strategic plan update, BiG (Back in the Game) 3.0, to be broadcast today at 10AM (CET) via webcast. The presentation will provide an update of the strategic plan's first two components, Rationalization and Optimization, and will outline the final component of the plan: Growth. The growth component of BiG is the company's primary focus going forward and through year-end 2018, when BiG is set to conclude.

### Recap of BiG 2.0: Rationalization and Optimization mostly finalized

#### Rationalization: MBWS to keep Sobieski Trade; BiG 2.0 objectives exceeded

At year-end 2016, the rationalization component of the strategic plan will have generated cash proceeds of approximately €30m, of which €13m was received during this year, and €17m will be received in 2017. As communicated previously, Galeria Alkoholi and properties in Cracow (Poland) have been sold. Disposal of the property in Bordeaux is expected to close in Q1 2017. Additionally, MBWS announces today the sale of its Augustowianka mineral water producer in Poland.

Regarding Sobieski Trade, MBWS' fully-owned wholesale business in Poland, the decision has been made to keep it, as this business provides a number of tactical advantages:

- Although a loss-maker in the past, post-restructuring Sobieski Trade will be profitable in 2016, and will be slightly incremental to MBWS' overall profits beginning in 2017;
- Owning Sobieski Trade guarantees MBWS access to the Polish traditional trade, which accounts for 50% of spirits sales in Poland, enables an accelerated introduction to this channel of MBWS' pillar brands (primarily William Peel and Fruits and Wine), and also complements the strategic alliance with Eurocash; and
- The agreement signed with Coca-Cola HBC Polska for the distribution of Coca-Cola products to the traditional trade in Poland significantly strengthens Sobieski Trade's distribution network in Poland and allows MBWS to increase the presence of its own brands throughout the traditional trade.

At present, some assets remain to be sold, primarily smaller real estate assets and production equipment in Poland. The disposal of these assets is expected to generate approximately €5m.

Consequently, the objectives set forth in the BiG 2.0 strategic plan for the Rationalization component have been surpassed, with a break-even EBITDA for Sobieski Trade, and total cash proceeds from disposals expected to reach €35m. Pro-forma for retaining Sobieski Trade within the group, the total amount of disposals exceeds the €40m guidance of BiG 2.0.



Optimization: 2016 EBITDA reflects gains, carried out in line with targets

The optimization program outlined for twelve elements of MBWS' operations have been finalized, or are well on their way to completion, as follows:

- The modernization of the industrial footprint has been completed, with the exception of the planned distillation capacity in Poland which will be finalized by year-end 2017; additional EBITDA contribution of approximately €8m per year is anticipated beginning in 2018;
- The reduction of procurement costs has been achieved, specifically via the signing of procurement agreements at the MBWS corporate level and by the agreement for the supply of Scotch Whisky primarily with La Martiniquaise Bardinet;
- The distribution model (route-to-market) has been reconfigured, with further detail provided in the Growth section of this press release;
- The simplification of operations is quite advanced, with SKU rationalization in France and Lithuania completed, and to be completed in Poland. Moreover, the analysis of recipe reformulations for Marie Brizard liqueurs has been finalized, and will also be completed for wine and vodka brands in 2017;
- The development of core capabilities in commercial excellence (category management in France and Poland) and Sales and Operations Planning are ongoing. The targets established for these activities should be met in 2018.

These areas of optimization, which contribute to MBWS' profits, should generate most of the EBITDA growth between 2015 and 2016, estimated at €5m. Optimization is expected to generate more than €20m of EBITDA improvement for the Group in 2017 and 2018.

**BiG 3.0: Delivering the growth component of the strategic plan**

The third and final component of the BiG strategic plan is Growth, which is estimated to generate between €28m and €37m of EBITDA to 2018. MBWS' growth strategy is built on a business model rooted in the mainstream segment of the wine and spirits markets in all countries where it operates, with a portfolio of brands that are delivering market share gains. The company has developed a branded business, consisting of six pillar brands and a number of local brands in each market. This branded business constitutes the company's tool box to drive its mainstream spirits growth agenda across MBWS' four geographic clusters. Moreover, MBWS has recently announced strategic partnerships to strengthen its distribution networks, providing a clear route-to-market strategy in all of the company's geographies.

Following are the main elements of BiG's growth component:

Business Model: Capturing the Mainstream Opportunity

MBWS' strategy is built on the conviction that the bulk of the wine and spirits market growth over the coming years will be driven by the mainstream and value-for-money segment of the industry, where quality products at affordable prices continue to gain market share. There are a number of trends that support this strategy:

1. On-going sluggish macroeconomic growth in developed countries and slowing growth in many emerging markets.



2. Growth of the middle class across emerging markets. As an example, the middle class in China is forecast to double from 109 million people in 2016, to 220 million in 2022. This is the foundation of MBWS' recently announced partnership with COFCO (further details in Route-to –Market section of this press release);
3. Increasing restrictions on advertising, driven by public health policy on one hand, and the decreasing ability to convey “emotional benefits” of products on the other hand, thus constraining the justification for premium pricing.
4. Growth in size and market share of mainstream retailers, with an offer that is skewed toward private label products and mainstream brands, and limited shelf space available for niche/craft/premium SKUs.
5. Evolving consumer preferences, particularly in the Generation Y demographic, where personalized experiences and value-for-money play an increasingly important role.

MBWS' portfolio offers mainstream brands across the wine and spirits sector, without compromising on quality, thus leading to the democratization of quality wine and spirits.

### Branded business

MBWS' branded spirits business consists primarily of six pillar brands:

- **William Peel** Scotch Whisky, an accessible, quality scotch whisky at an affordable price; estimated 2015 - 2018 volume CAGR: 6%.
- **Krupnik**, genuine traditional Polish vodka, with a broad range of flavors; estimated 2015 - 2018 volume CAGR: 7%;
- **Sobieski**, authentic Polish vodka, deeply rooted in Poland, made from 100% rye; estimated 2015 - 2018 volume CAGR: 14%;
- **Marie Brizard** liqueurs, iconic pioneering liqueur brand, dating from the mid-18<sup>th</sup> century; premium liqueur at an affordable price; estimated 2015 - 2018 volume CAGR: 26%;
- **Fruits and Wine** aromatized wine beverage, with a broad range of fruit flavors; estimated 3-year volume CAGR between 2015 and 2018 estimated 2015 - 2018 volume CAGR: 13%; and
- **Cognac Gautier**, born in 1755, with stronger credentials than many premium cognacs; estimated 2015 - 2018 volume CAGR: 48%.

These six pillar brands, which account for approximately 50% of MBWS' branded sales, are supported by local brands which play specific strategic roles within the portfolios of their respective countries.

### Other Businesses

While MBWS drives its sales and derives the bulk of its profits from the branded business, the company has two related businesses which will continue to play tactical roles within the overall business model, supporting incremental top-line growth, optimizing asset use and the industrial footprint, and amplifying commercial relationships. These are:

- Private label business: MBWS produces private label wines for a number of large retailers. Although the profit margins on private label wines are lower than on the branded business, this activity cultivates MBWS' strong relationships with key retailers, and also optimizes the use of productive assets.
- Sobieski Trade is a fully-owned wholesaling subsidiary of MBWS in Poland, the company's second largest market, that distributes MBWS products to a broad range of traditional trade clients. In addition to MBWS'



brands, Sobieski Trade distributes other complementary products in Poland, including Coca-Cola products starting in 2017. Ownership of Sobieski Trade provides MBWS with a tool to ensure a broader distribution reach across the traditional trade in Poland.

#### Four Geographic Clusters

Going forward, MBWS will divide its business and will report its results along four geographic clusters for the branded business, for which it will provide volume, revenue and EBITDA details:

- Western Europe, Middle East and Africa (including France for which volume growth and sales details will be provided);
- Central and Eastern Europe (including Poland for which volume growth and sales details will be provided);
- Americas; and
- Asia Pacific.

#### Strengthened Route-to-Market: a key component of the growth agenda

MBWS recently announced a number of route-to-market enhancements, which underscore the company's growing distribution reach in all of its geographies. The strengthened distribution network, outlined below, is a key component to drive growth through 2018 and beyond.

- In the **Western Europe, Middle East and Africa cluster**: 1) In the UK, a strengthened partnership with Conviviality PLC for the ongoing distribution of Marie Brizard (the UK's No.1 fruit liqueur in the on-trade segment), and for the acceleration of Sobieski and Cognac Gautier; and 2) beginning in early 2017, MBWS brands will be distributed in Morocco by Ebertec, the leading wine and spirits distributor in the country, and a subsidiary of MBWS' industrial shareholder, the Diana Holding Group. The partnership with Ebertec is expected to lead to a joint strengthening of the companies' route-to market on the African continent.
- In the **Central and Eastern Europe cluster**: 1) an expanded strategic partnership with Eurocash in Poland; and 2) a contract between Sobieski Trade and Coca-Cola HBC Polska for the distribution of Coca-Cola products;
- In the **Americas cluster**: 1) a stronger partnership with Southern & Glazer's Wine and Spirits for the distribution of MBWS brands across 30 states; and 2) a partnership with Empire Merchants for the distribution of MBWS brands in New York State;
- In the **Asia Pacific cluster**: 1) in China, a strategic partnership with COFCO for the distribution of William Peel, Sobieski and Marie Brizard in the People's Republic of China; and 2) an agreement with HLX for the distribution of Cognac Gautier in southern China.

For further details regarding MBWS' strengthened distribution networks, please refer to the company's press releases of 28 November 2016, 29 November 2016, and 7 December 2016.

#### **Guidance confirmed**

MBWS reconfirms its guidance of a FY 2016 EBITDA on the order of €20m (excluding the impact of IFRS Standard #2). The guidance for 2018 remains the same in absolute terms, however the decision not to dispose of Sobieski Trade requires a modification in how guidance is expressed. Following is a detailed outline of 2018 guidance:



**BiG 3.0 Guidance**

	BiG 2.0	BiG 3.0		
	2018 MBWS Targets	2018 Branded Business targets	Other Businesses	2018 MBWS Targets
Scope	MBWS excluding Sobieski Trade	Pillar and local brands, and branded wines	Sobieski Trade and Private Label	MBWS including Sobieski Trade and Private Label
Sales	€450m - €500m	€360m - €400m	€230m - €260m	€590m - €660m
EBITDA	€67m - €75m	€61m - €69m	€7m - €8m	€68m - €77m
EBITDA margin	15%	17%	3%	12%

**Webcast and conference call**

The Company's CEO, Deputy CEO and CFO will host a presentation in English, via webcast and conference call only, of the updated strategic plan BiG 3.0 this morning, 12 December 2016 at 10 AM (CET). The webcast and conference call can be accessed via the following link and phone numbers:

<http://edge.media-server.com/m/p/ok5yqir4>

Conference call dial-in details:

UK: +44(0)20 3427 1915  
 France: +33(0)1 70 48 01 66  
 Confirmation code: 2583070

A Q&A session will follow the presentation. A recording of the webcast presentation will also be available on MBWS' website.

**About Marie Brizard Wine & Spirits (MBWS)**

Marie Brizard Wine & Spirits produces and sells a range of wine and spirits primarily in Europe and the United States. 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 the year 1755, to the launch of Fruits and Wine in 2010, Marie Brizard Wine & Spirits 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. MBWS currently has a broad portfolio of leading brands in their respective market segments, most notably William Peel scotch whisky, Krupnik vodka, Sobieski vodka, Fruits and Wine flavored wine and Marie Brizard liqueurs. Marie Brizard Wine & Spirits 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.





**Press:**

**Stéphane Pedrazzi**  
stephane.pedrazzi@mbws.com  
Tel: +33 1 76 28 40 71

**Investors:**

**Raquel Lizarraga**  
raquel.lizarraga@mbws.com  
Tel: +33 1 43 91 50 18

**Simon Zaks, Image Sept**

szaks@image7.fr  
Tel: +33 1 53 70 74 63