



Paris, 30 April 2019

MBWS FY 2018 Results and Q1 2019 Net Sales

- Full-year EBITDA -€28.0m, as previously announced
- 2018 net loss of -€61.9m
- Sequential improvement in H2 2018 EBITDA across all clusters
- Q1 2019 Net Sales flat vs year-ago; Branded Business up 12.8%
- Progress on refinancing and ongoing discussions with banking partners

Marie Brizard Wine and Spirits (Euronext: MBWS), today announced its consolidated results for the full year 2018. The accounts were approved by the company's Board of Directors on 30 April 2019. The audit procedures on the consolidated financial statement as of year-end 2018 are in progress. The Company also reported its consolidated unaudited Q1 2019 net sales.

For the full-year 2018, MBWS reported net sales of €388.9m, a decrease of -6.2% versus the previous year.¹ EBITDA² totalled -€28.0m in FY 2018, compared to €-11.9m in FY 2017. Attributable net loss in FY 2018 is -€61.9m, versus -€67.3m in 2017.

Q1 2019 consolidated net sales reached €81.6m, a slight +0.2% increase versus Q1 2018 on an organic basis. The Branded Business delivered +12.8% net sales growth to €41.2m. This growth was partially offset by net sales in the Other Businesses, which decreased by -10.0% to €40.4m.

Andrew Highcock, CEO of MBWS, commented, *"Full-year EBITDA for 2018 totalled -€28.0m, as expected and previously announced. However, most of this EBITDA loss was concentrated in the first half of the year, with all MBWS clusters delivering sequential improvement in H2 2018, an encouraging sign that underscores the relevance of the measures being taken to move our business forward in each of our key markets. The momentum in MBWS' results was further confirmed by Q1 2019 net sales, with the Branded Business growing double-digits. While 2019 remains a year of transition, I am confident that we are on the path to reestablishing profitable businesses across our clusters in the medium term, and setting the bases for future growth."*

"We are working full-speed ahead to execute the 2019-2022 Strategic Plan, and remain focused on implementing the measures to address the challenges facing each one of our markets, as well as identifying top-line and cost synergies to be generated through our close collaboration with COFEPP. The activities that will be implemented through this strategic relationship are key to improving profitability at MBWS in the years ahead," continued Mr. Highcock. "I am also pleased to announce that the Short Term Stock Warrant program was finalized yesterday. MBWS shareholders collectively subscribed 15.4% of the issued warrants, yielding MBWS €20.1m in new funds which will be used to execute the strategic plan. We are grateful for the ongoing support and investment of our

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

² EBITDA = EBIT – provisions for current assets – amortization – retirement benefits



shareholders, and I look forward to reporting in the coming months on the progress we are making to create value for all of MBWS' stakeholders," he concluded.

FY 2018 Condensed Income Statement

<i>In €m, except EPS</i>	FY 2017 Restated*	FY 2018	H1 2018**	H2 2018**
Net Sales (excluding excise tax)	414.7	388.9	190.0	198.9
Gross profit	125.6	105.3	48.6	56.7
Gross margin	30.3%	27.1%	25.6%	28.5%
EBITDA	-11.9	-28.0	-21.1	-6.9
Current operating loss	-26.8	-37.9	-27.5	-10.4
Attributable net loss	-67.3	-61.9	-35.6	-26.3
Earnings per share	-2.42	-2.23	-1.28	-0.95

* FY 2017 figures have been restated to reflect the impact of the IFRS 15 accounting norm; ** Unaudited figures

FY 2018 net sales, excluding excise tax, decreased -6.2% to €388.9m in FY 2018 versus the previous year. Gross profit was €105.3m for the year, a -16.2% decrease versus 2017, resulting in a gross margin of 27.1%. This represents a 3.2 percentage point erosion as compared to FY 2017 gross margin of 30.3%. The narrowing of consolidated gross margin is due to the greater weight of Other Businesses in the consolidated net sales mix in FY 2018 (49.7%) as compared to the previous year (44.4%). Additionally, gross margin suffered the impact of top-line decreases – attributable to both volume and price – across all clusters. Gross profit improved on a sequential basis, and the operating loss narrowed in the second half of the year compared to the first semester.

Operating expenses decreased by -6.1% in 2018 versus year ago. However, this reduction was not enough to offset the gross profit decline, and consequently consolidated EBITDA for the full year 2018 fell to -€28.0m, a further decrease from -€11.9m reported for FY 2017, and as announced previously. Nevertheless, -€6.9m EBITDA in H2 2018 represents a year-on-year improvement versus the EBITDA of -€10.0m generated in H2 2017, and a sequential improvement compared to H1 2018 EBITDA of -€21.1m.

Attributable net loss was -€61.9m in FY 2018.



FY 2018 Net Sales by Cluster

In €m IFRS 15	FY 2017 Restated*	Organic Growth**	Forex impact	FY 2018	Organic Growth (excl.foreign exchange impact)	Reported Growth (incl.foreign exchange impact)
Branded Business	230.7	-34.2	-0.7	195.8	-14.8%	-15.1%
WEMEA	131.7	-13.5	0.1	118.4	-10.3%	-10.2%
France	108.9	-12.1	0.0	96.9	-11.1%	-11.1%
Rest of cluster	22.8	-1.5	0.1	21.5	-6.4%	-5.8%
CEE	69.0	-12.1	0.4	57.3	-17.5%	-16.9%
Poland	39.8	-11.2	0.4	29.0	-28.2%	-27.2%
Rest of cluster	29.2	-0.9	0.0	28.3	-3.0%	-3.0%
Americas	25.6	-7.3	-1.2	17.0	-28.6%	-33.5%
Asia Pacific	4.4	-1.3	0.0	3.1	-29.2%	-29.4%
Other Businesses	184.1	8.0	1.2	193.3	4.4%	5.0%
Sobieski Trade	100.2	6.1	1.2	107.5	6.1%	7.3%
Private Label	83.9	1.9	0.0	85.8	2.3%	2.3%
TOTAL MBWS	414.7	-26.2	0.5	388.9	-6.3%	-6.2%

* FY 2017 net sales restated to reflect the IFRS 15 Accounting norm.

** At constant exchange rate and scope. Net sales and EBITDA are recalculated at the exchange rate of the base year (in this case, 2017); the exchange rate of the base year is applied to the data for the current year. No change in scope between 2017 et 2018.

FY 2018 EBITDA by Cluster

	FY 2017 Restated	Organic Change	Currency impact	FY 2018	H1 2018	H2 2018
Branded Business						
WEMEA	9.2	-5.3	0.0	3.9	0.5	3.4
CEE	-7.6	-6.9	0.1	-14.5	-11.2	-3.3
Americas	3.7	-6.3	0.2	-2.4	-1.6	-0.8
Asia Pacific	-0.6	-0.3	0.0	-0.9	-0.6	-0.3
Total Branded Business	4.8	-18.9	0.2	-13.9	-12.8	-1.1
Corporate expenses	-13.1	2.3	0.0	-10.8	-6.7	-4.0
Other Businesses	-3.6	0.2	0.0	-3.4	-1.6	-1.8
TOTAL MBWS	-11.9	-16.3	0.1	-28.0	-21.1	-6.9

In FY 2018, the Branded business generated net sales of €195.8m, a -14.8% decrease versus the previous year. The top-line fall-off was attributable primarily to the WEMEA and CEE clusters, which saw their net sales decline by -



10.3% and -17.5% respectively. The Americas and Asia Pacific clusters also generated net sales decreases of -28.6% and -29.2% respectively. Other Businesses posted net sales growth of +4.4%.

Branded Business EBITDA was -€13.9m in 2018 compared to €4.8m in 2017. These results are attributable to the top-line decrease, which drove down gross and operating margins, in spite of greater operating efficiency across the clusters. Corporate expenses decreased by 18.1% during the year due to the implementation of effective cost-cutting measures.

Other Businesses generated an EBITDA loss of -€3.4m in FY 2018, a slight improvement compared to -€3.6m in FY 2017.

Western Europe, Middle East and Africa: Sharp EBITDA decrease mainly attributable to spirits category slow-down

FY 2018 net sales in the Western Europe, Middle East and Africa cluster (WEMEA) totalled €118.4m, a -10.3% decrease versus the previous year. In France, which accounted for 82% of the cluster's top-line, sales decreased -11.2% during the year to €96.9m. The top-line performance of MBWS France reflects the impact of the dynamics in the overall market, with the value of the spirits category declining by -1.8% in 2018. Moreover, the value of MBWS' largest categories decreased even more sharply during the year: Scotch whisky -3.3%, vodka -2.8% and fruit-flavored wine beverages -10.0%. In response to this decline, promotional pricing increased across the category, resulting in a volume and pricing decrease for MBWS which in turn drove down gross margin. FY 2018 net sales in the rest of the cluster fell by -6.4% to €21.5m.

FY 2018 EBITDA was €3.9m, a -57.3% decrease compared to the previous year of which H2 EBITDA reached €3.4m, a sequential improvement vis-à-vis the €0.5m EBITDA generated in the first half of the year. The top-line decline during the year, due to a commercial policy that did not generate the anticipated results, largely explains the EBITDA decrease in the cluster.

Central and Eastern Europe: Negative EBITDA due to destocking in first half of year

Top-line in the Central and Eastern Europe cluster (CEE) totalled €57.3m in FY 2018, marking a -16.9% decrease versus the previous year, mainly attributable to net sales in Poland, which declined -28.2% over the period to €29.0m. This decrease was due to the proactive destocking policy implemented in Poland by MBWS in H1 2018, with the intent to normalize stock levels of the company's products in the spirits market. Consequently, net sales in Poland decreased -62.0% in H1 2018, partially offset by a +22.6% top-line increase in H2 2018. The new agreements signed with a broader network of distributors in Poland drove sales growth in the second half of the year.

In the rest of the CEE cluster, top-line decreased -3.0% to €29.0m in 2018 due to the impact of regulatory issues in Lithuania early on in the year, with sales in that market gradually recovering in the second half. Thus, the CEE cluster generated top-line growth in H2 2018 of +5.2%.

The CEE cluster generated an EBITDA loss of -€14.5m in FY 2018, versus -€7.6m in 2017, due largely to Poland. On a half-year view, H2 2018 EBITDA of -€3.3m in the CEE cluster marked an improvement compared to the -€9.8m EBITDA generated in H2 2017, and also improved sequentially compared to the -€11.2m reported for H1 2018.

Americas: Negative EBITDA, but H2 improved versus H1



The Americas cluster reported FY 2018 net sales of €17.0m, a decrease of -28.8% versus the previous year, as the US vodka category continued to suffer the effects of a highly competitive market. Shipments were also affected by destocking in some US markets. Nonetheless, Marie Brizard liqueurs and Cognac Gautier continued to grow dynamically off of a small base.

The cluster generated an EBITDA loss of -€2.4m in FY 2018, versus EBITDA of €3.7m in FY 2017. The loss in 2018 is attributable most significantly to the downturn in net sales. The result in H2 2018, with EBITDA of -€0.8m marks a sequential improvement compared to H1 2018 EBITDA of -€1.6m

Asia-Pacific: investing in infrastructure for growth in 2018

The Asia-Pacific cluster reported net sales of €3.1m in FY 2018, a -29.2% decrease versus full-year 2017. EBITDA in the Asia-Pacific cluster was -€0.9m for the full-year, a -67% decrease compared to FY 2017.

Other Businesses

Other Businesses generated an EBITDA loss of -€3.4m in FY 2018, almost flat compared to FY 2017.

Corporate Expenses

Corporate expenses totalled €10.8m for full year 2018, an improvement of €2.3m compared to the previous year. The operating efficiency gains were due in large part to the cost control measures, largely related to head-count and salary freezes, implemented over the course of the year, in light of the difficult top-line and profit outlook.

FY 2018 Balance Sheet items

At 31 December 2018 the company had shareholders' equity of €103.3m, a -36.9% decrease versus the previous year, resulting from the net loss recorded during the year.

Net debt totaled €68.9m at year-end 2018, as announced previously, an increase of €65.3m compared to year-end.

Q1 2019 Net Sales

The Group's consolidated non-audited net sales in the first quarter of 2019 totaled €81.6m, +0.2% versus Q1 2018 on an organic basis. However, the Branded Business generated net sales growth of +12.8% to €41.2m. These gains were partially offset by a -10.0% contraction of the Other Business top-line to €40.4m. The Branded Business accounted for 50.5% of total sales, an increase from 44.4% in Q1 2018.



Q1 2019 net sales, by cluster (IFRS 15)

In €m IFRS 15	Q1 2018	Organic Growth	Forex impact	Q1 2019	Organic Growth (excl.foreign exchange impact)	Reported growth (incl.foreign exchange impact)
Branded Business	36.5	4.7	0.1	41.2	12.8%	13.0%
WEMEA	25.0	-0.9	0.0	24.1	-3.6%	-3.6%
France	21.6	-1.2	0.0	20.4	-5.5%	-5.5%
Rest of cluster	3.4	0.3	0.0	3.7	8.6%	8.6%
CEE	8.6	4.1	-0.2	12.5	48.0%	46.1%
Poland	3.0	2.9	-0.2	5.7	94.9%	89.6%
Rest of cluster	5.5	1.2	0.0	6.8	22.5%	22.5%
Americas	2.5	1.4	0.2	4.1	53.6%	63.0%
Asia Pacific	0.4	0.1	0.0	0.5	23.7%	23.7%
Other Businesses	45.6	-4.5	-0.7	40.4	-10.0%	-11.4%
Sobieski Trade	26.4	-2.0	-0.7	23.8	-7.4%	-10.0%
Private Label	19.2	-2.6	0.0	16.6	-13.5%	-13.5%
TOTAL MBWS	82.0	0.1	-0.6	81.6	0.2%	-0.6%

Western Europe, Middle East and Africa (WEMEA): First impact of new commercial policy in France; strong growth in the rest of the cluster

The top-line in France decreased by -5.5% to €20.4m in Q1 2019, in line with expectations and as a consequence of the suspension of promotional activity. MBWS management expects that this commercial policy, whose objective it is to drive greater profitability, can deliver the anticipated results. The decrease in France was partially offset by +8.6% growth to €3.7m in the rest of the cluster, with the export markets performing strongly.

Central and Eastern Europe (CEE): Strong growth in quarter driven by Poland

In the CEE cluster, top-line increased by 48.0% to €12.5m during the quarter. This growth was due primarily to the ongoing momentum driven by expanding distribution in Poland, where net sales increased +94.9% versus year-ago to €5.7m. This top-line growth also reflects improving product mix, one of the main objectives of the commercial policy implemented beginning in H2 2018.

Elsewhere in the cluster, sales grew by 22.5% to €6.8m, due largely to strong sales in Lithuania in advance of an excise duty increase that went into effect in early March, and may have an impact on sales growth in Q2 2019. Bulgaria also performed strongly during the quarter.

Americas: Sales growth across the cluster

Top-line in the Americas cluster increased +53.6% during the quarter to €4.1m. This year-on-year increase was largely attributable to the end of de-stocking of Sobieski in the US market which affected 2018 net sales. The sales increase in Q1 2019 was in evidence across most of the regions where MBWS products are sold. Year-over-year top-line growth in Brazil also boosted the cluster's net sales during the period.



Asia-Pacific: Growth off of a low base

In the Asia Pacific region, net sales increased +23.7% off of a low base in the first quarter, to €0.5m.

Other Businesses

The Other Businesses reported a sales decrease of -10.0% to €40.4m in Q1 2019, attributable to lower sales at Sobieski Trade and the Private Label business. Sobieski Trade's top-line declined by -7.4% to €23.8m due in part to a larger portion of MBWS-Polska's sales flowing through new distribution agreements, and to the decision to focus on better margin products. Private Label top-line decreased by -13.5% in the quarter to €16.6m due to fewer third party contracts during the period.

Events after year-end 2018

Lancut distillery now operating

Operations at the Lancut distillery in south-eastern Poland began in February 2019, and are now in the ramp-up phase. The new distillery is expected to produce distillate for use in MBWS' vodka production, and in particular, the Krupnik and Sobieski brands.

Management changes in Poland

MBWS has appointed Robert Cooper as the new General Manager of its Polish subsidiary, MBWS-Polska, following the recent departure of Ania Jakubowski who left the company to pursue other interests.

Robert Cooper is a seasoned general manager who has worked previously in Poland with SAB Miller, where he was part of Andrew Highcock's management team. He brings significant leadership experience to his new role at MBWS, developed over the course of his career at large spirits companies such as Diageo and Campari. Robert, who joined MBWS in mid-April, has a track record of driving results and building strong teams. He will build on the progress made at MBWS-Polska over the last year.

Short-Term Stock Warrants

The period to exercise the Short-Term Stock Warrants began on 29 March 2019 and ended at the close of market on 29 April 2019. Over the course of that period, 15.4m Short-Term Stock Warrants were subscribed, out of a potential 37.76m warrants. COFEPP subscribed 11.5m Short Term Stock Warrants, accounting for 5m newly created shares for an amount of €15m, and representing 74% of the total. Other shareholders, both institutional and individual, subscribed 3.9m Short-Term Stock Warrants equivalent to 1.7m newly created shares for a total amount of €5.1m, and 26% of the total. Overall, €20.1m in new funds were generated.

Update on discussions with financial partners

As previously announced, MBWS has continued discussions with its banking partners, in the presence of COFEPP, and aims to reach an agreement regarding the Group's refinancing within the framework of the ongoing conciliation process.



Over the course of these discussions, and in order to enable the Group's access to financial resources, with a view to enable the carrying out of its Strategic Plan, COFEPP has proposed a new financing arrangement, to be disbursed in several allotments. As of the writing of this press release, it is proposed that the any amount of financing provided by COFEPP should be reduced in relation to the level of the funds generated via the subscription to Short-Term and Long-Term Stock Warrants that have been or will be received by the Company on and after 23rd April 2019 (at present, amounting to roughly €5m).

COFEPP's proposal remains subject to several conditions, in particular those pertaining to (i) the progress of the discussions with banking partners regarding the continuation of the stand-still granted on the medium-term loan of €45m, in principal amount, and to the potential terms and conditions under which the latter would continue working with MBWS in the future, particularly via the reestablishment of a revolving credit facility, (ii) the conclusion of ongoing negotiations regarding the modification of a Scotch Whisky supplier contract, and (iii) a change to the rescheduling plan granted by the Commission of the Heads of Financial Services of Île-de-France ("CCSF").

Additionally, discussions are also ongoing with one of the Group's banking partners in Poland, seeking to extend its authorization for the financing of operations (overdraft authorization and short-term line of credit) beyond 31 May 2019.

As indicated in the press release of 25 March 2019, without this new financing or additional subscription as a result of the exercise of the Warrants, the Group may have to consider future asset disposals in order to ensure its medium-term in the context of the execution of its Strategic Plan.

Availability of the 2018 Registration Document

MBWS' 2018 Registration Document, including full financial statements, management report, and the auditors' report, will be available on or before 15 May 2019.

Outlook

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

The Group is currently assessing its geographic reporting structure, and may modify the composition of its clusters in future quarters.

Financial Agenda

MBWS will report H1 2019 Net Sales on 25th July 2019.



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Appendix 1: FY 2018 Consolidated Income Statement

<i>(in thousands of euros)</i>	31 Dec 2017 (12 months)	31 Dec 2018 (12 months)
Net Sales	414,742	388,905
Cost of Goods Sold	(289,103)	(283,631)
External expenses	(63,700)	(59,949)
Salary expenses	(67,283)	(67,000)
Taxes and duties	(5,910)	(5,239)
Depreciation and Amortization	(9,017)	(10,744)
Other operating income	8,723	12,313
Other operating expenses	(15,283)	(12,545)
Recurring operating profit	(26,831)	(37,891)
Extraordinary income	14,042	1,371
Extraordinary expenses	(59,927)	(13,029)
Operating profit	(72,716)	(49,549)
Interest income	95	42
Interest expense	(5,727)	(6,120)
Net cost of debt	(5,632)	(6,078)
Other interest income	16,323	7,461
Other interest expense	(5,410)	(8,006)
Net interest expense	5,281	(6,624)
Pre-tax income	(67,435)	(56,173)
Income tax/credit	39	(5,826)
Income from ongoing operations	(67,397)	(61,999)
Attributable net income	(67,328)	(61,905)
Earnings per share	-2.42	-2.23



Appendix 2: FY 2018 Consolidated Balance Sheet

<i>(in thousands of euros)</i>	31.12.2017	31.12.2018
Long-term assets		
Goodwill	15,046	15,036
Intangible assets	85,392	88,622
Property, plant and equipment	67,067	69,451
Financial assets	16,285	2,298
Long-term derivative instruments	127	58
Deferred taxes	806	4,315
Total long-term assets	184,723	179,780
Inventory	69,435	64,558
Trade receivables	81,359	61,905
Tax receivables	3,109	1,987
Other short-term assets	23,221	29,782
Short-term derivative instruments	273	94
Cash and cash equivalents	59,731	21,832
Total current assets	237,127	180,158
Assets held for disposal	1,476	138
TOTAL ASSETS	423,326	360,076

<i>(in thousands of euros)</i>	31.12.2017	31.12.2018
Total shareholders' equity	163,875	103,347
Employee benefits	5,963	5,776
Long-term provisions	208	705
Long-term loans	13,339	11,812
Other long-term liabilities	2,224	1,889
Long-term derivative instruments	889	201
Deferred tax liabilities	9,832	19,652
Total long-term liabilities	32,455	39,415
Short-term provisions	4,137	4,053
Short-term portion of long-term debt	48,577	48,897
Short-term debt	1,366	30,115
Supplier and other payables	87,911	67,888
Tax liabilities	865	811
Other short-term liabilities	82,702	64,348
Short-term derivative instruments	1,438	580
Total current liabilities	226,997	216,692
Liabilities held for disposal		
TOTAL LIABILITIES	423,326	360,076



Appendix 3: FY 2018 Consolidated Cash flow Statement

<i>(in thousands of euros)</i>	31.12.2017	31.12.2018
Total consolidated net profit	(67,396)	(61,999)
Amortization and provisions	48,057	8,515
Revaluation gains/losses (fair value)	209	(90)
Gains/losses on disposals and dilution	(11,245)	(44)
Operating cash flow before net cost of debt and tax	(30,375)	(53,618)
Income tax charge (credit)	(39)	5,826
Net cost of debt	5,632	6,078
Operating cash flow after net cost of debt and tax	(24,781)	(41,713)
Change in working capital 1 (inventories, trade receivables and payables)	45,196	3,337
Change in working capital 2 (other items)	7,063	(20,176)
Taxes paid	(2,838)	1,179
Cash flow from operating activities	24,640	(57,372)
Acquisition of minority interests	(1,061)	
Purchase of property, plant and equipment and intangible assets	(22,221)	(22,488)
Increase in loans and advances granted	(807)	(312)
Decrease in loans and advances granted	3,562	16,659
Disposal of property, plant and equipment and intangible assets	15,524	5,040
Impact of change in consolidation scope	(56)	
Cash flow from investing activities	(5,060)	(1,101)
Capital increase	35	51
Share buybacks	(2,746)	(306)
New loans	48,082	11,885
Loan repayment	(50,625)	(6,216)
Net interest paid	(3,316)	(6,667)
Net change in short-term debt	(1,185)	22,080
Cash flow from financing activities	(9,755)	20,826
Impact from changes in foreign exchange rates	(23)	(252)
Change in cash and cash equivalents	9,803	(37,899)



Appendix 4: EBITDA reconciliation

<i>(in thousands of Euros)</i>	31.12.2018	31.12.2017
Current Operating Profit / Loss	(37,891)	(26,831)
Items to be included :		
- Amortization	10,744	9,017
- Retirement benefits	336	391
- Provisions	9,790	12,211
Items to be excluded :		
- Provision reversals	(10,993)	(6,734)
= EBITDA	(28,015)	(11,947)