
Paris, 27 May 2020

# 2019 Annual Results

- **2019 EBITDA[1] improved by €15.1M compared to 2018 restated to € -12.1M**
  €-17.3M before IFRS 16 & IFRS 5 representing a + €10.7M improvement
  - Increase in the profitability of the WEMEA cluster supported by a strategy of reducing the unprofitable volumes in France and new distribution partnerships
  - Persistent difficulties in Poland (CEE Cluster) in a still very competitive market
- **Net income, Group share 2019: € -65,9M**
- **Strict measures to control cost in the face of the Covid-19 crisis**
- **Suspension of guidance due to the uncertain macro environment**

*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) today announced its consolidated results for the financial year 2019, as approved by the Group's Board of Directors held on May 26th, 2020. Audit procedures have been completed.

**Andrew Highcock, CEO of Marie Brizard Wine & Spirits, comments:** " *The improvement in EBITDA 2019 demonstrates the relevance of the choices and execution of our strategic transformation plan aimed at a return to profitability. Significant advances will take full effect in 2020: the implementation of distribution agreements in Spain, the United States and France with the redeployment of part of the field sales force, and the adoption of a sales policy focusing on profitable volumes. Our objective is also to reduce our cost base by focusing our efforts on value-creating assets, where our differentiation and innovation pay off. In this unprecedented context of the Covid-19 crisis, cost control remains our priority and we are taking all necessary measures to limit the impact of this pandemic. The interim financing agreement that has just been signed with COFEPP secures our short-term liquidity in this critical period. Nevertheless, the extent of the effects of this health crisis in 2020 is still uncertain and forces us to remain cautious at this stage about the outlook. Our teams remain fully committed and focused on the success of our Group.”*

## Simplified income statement for FY 2019

| *in M€, except EPS* | **2018** *excl. IFRS5* | **2019** *excl. IFRS 16 & IFRS 5* | **Organic Growth excl. Change** | **2018** *incl. IFRS 5* | **2019** *incl. IFRS16 & IFRS5* | ***Var°*** *incl. IFRS M€ except %* |
|---|---|---|---|---|---|---|
| **Net Sales (excluding excise tax)** | **388.9** | **365.0** | | **280.8** | **275.5** | ***-1.9%*** |
| **EBITDA** | **-28.0** | **-17.3** | ***+38.2%*** | **-27.2** | **-12.1** | ***+15.1*** |
| **Recurring Operating Profit (Loss)** | **-37.9** | **-31.1** | | **-35.9** | **-28.4** | ***+ 7.5*** |
| **Attributable Net Income (Loss)** | **-61.9** | **-66.5** | | **-61.9** | **-65.9** | |
| **Net Income (Loss) from continuing operations** | **-61.9** | **-66.5** | | **-58.9** | **-58.6** | |
| ***Earnings per share*** | ***-2.12*** | | | ***-2.12*** | ***-1.60*** | |

[1] *EBITDA = EBIT - provisions for current assets - depreciation and amortization - pension obligations.*

## RESULTS BY CLUSTER

### 2019 Net Sales

| in € M | 2018 | Organic Growth | Forex Impact | Activity discontinued IFRS 5 | 2019 | Organic Growth (excl. FX impact) | Reported Growth (inc. FX impact) | Activity discontinued IFRS 5 |
|---|---|---|---|---|---|---|---|---|
| **BRANDED BUSINESS** | 195.7 | 1.4 | 0.4 | -3.3 | 194.2 | 0.7% | -0.7% | -1.7% |
| WEMEA | 118.4 | -11.4 | 0.0 | 0.0 | 106.9 | -9.6% | -9.6% | |
| CEE | 57.2 | 12.2 | -0.4 | -3.3 | 65.9 | 21.4% | 20.9% | -5.8% |
| Americas | 17.0 | 1.1 | 0.8 | 0.0 | 18.9 | 6.6% | 11.2% | |
| Asia Pacific | 3.1 | -0.5 | 0.0 | 0.0 | 2.5 | -17.4% | -17.4% | |
| **Others Businesses** | 193.3 | -25.1 | -0.7 | -86.2 | 81.2 | -13.0% | -13.3% | -44.6% |
| **TOTAL MBWS** | 388.9 | -23.7 | -0.3 | -89.5 | 275.5 | -6.1% | -6.1% | -23,0% |
| **TOTAL MBWS** (restated IFRS5) | 280.8 | -3.0 | 0.4 | -2.6 | 275.5 | -1.1% | -0.9% | -0.9% |

2019 sales were down -1.9% compared to the restated 2018 financial year. The Branded Business generated revenue of €194.2 million in 2019, representing organic growth of 0.7% compared to 2018, driven by strategic changes and a proactive sales policy that favours value creation over volume. This increase is attributable to the Americas and Central Europe regions.

As a result, the gross margin rate reached 35% compared to 33.8% in 2018, an increase of 1.2 points.

The 2019 EBITDA reached €-12.1 million in 2019, representing an improvement of €15.1million compared to 2018, of which €+5.2million related to the 1st application of the IFRS 16 accounting standard on January 1, 2019 and of the IFRS 5. This increase results in particular from the improvement in gross margin and the almost 20% decrease in external expenses over the year, particularly marketing expenses.

### 2019 EBITDA

| EBITDA *(in € M)* | 31.12.2018 | *Organic Growth* | *Forex impact* | 31.12.2019 excl. IFRS16 | *Organic Growth (excl. FX impact)* | *Organic Growth (incl. FX)* | *IFRS 16 + IFRS 5* | 31.12.2019 incl. IFRS 16 + IFRS 5 |
|---|---|---|---|---|---|---|---|---|
| **BRANDED BUSINESS** | **-13.9** | **9.8** | **0.0** | **-4.0** | **71.0%** | **71.1%** | **1.9** | **-2.1** |
| WEMEA | 3.9 | 2.5 | 0.0 | 6.5 | 63.8% | 63.8% | 0.7 | 7.2 |
| CEE | -14.5 | 7.1 | 0.1 | -7.4 | 48.7% | 49.3% | 0.9 | -6.5 |
| Americas | -2.4 | 0.1 | -0.1 | -2.4 | 4.7% | 1.9% | 0.2 | -2.1 |
| Asia Pacific | -0.8 | 0.1 | 0.0 | -0.7 | 16.4% | 13.9% | 0.0 | -0.7 |
| **HOLDING** | **-10.8** | **-0.2** | | **-10.9** | **-1.5%** | **-1.5%** | **1.7** | **-9.2** |
| **TOTAL BRANDED BUSINESS** | **-24.6** | **9.7** | **0.0** | **-14.9** | **39.3%** | **39.4%** | **3.6** | **-11.3** |
| **OTHER BUSINESSES** | **-3.4** | **1.0** | **0.0** | **-2.3** | **30.0%** | **30.4%** | **1.6** | **-0.7** |
| **TOTAL MBWS** | **-28.0** | **10.7** | **0.0** | **-17.3** | **38.2%** | **38.3%** | **5.2** | **-12.1** |

In 2019, EBITDA of the Branded Business excluding the cost of the holding company amounted to €-4.0 million excluding IFRS16 & IFRS 5 (€-2.1 million after IFRS 16 and IFRS 5), reflecting an improvement of €+9,9 million compared to the EBITDA for fiscal year 2018. This marked improvement reflects the commercial policies adopted as part of the strategic plan to better protect the gross margin of these activities.

The WEMEA cluster benefited from the selective volume reduction adopted on the French market and the distribution synergies implemented in Spain and Scandinavia. This strategy had a favourable impact on the profitability of the region, with EBITDA excluding IFRS 16 reaching €6.5 million in 2019 (€+7.2 million after IFRS 16), up 63.8% compared to the previous year.

In the CEE cluster, sales grew by a +21.4% in 2019, benefiting in particular in Poland from the windfall effect in the 4th quarter ahead of the change in taxation (10% increase in excise duties applied as of January 1, 2020). However, in a still highly competitive vodka market and despite a determination to better control sales budgets and refocus the portfolio on profitable ranges in Lithuania, the cluster's EBITDA at the end of 2019, up €7.1 million compared with 2018, remained negative at €-7.4 million before IFRS 16 (€-6.5 million after IFRS 16).

In the Americas cluster, revenue growth (+6.6%) in both Brazil and the US market made it possible to absorb the cost of inventory clean-up and reorganization in the United States, following the implementation of the partnership with Sazerac. The cluster's EBITDA thus remains stable at €-2.4 million in 2019 (€-2.1 million after IFRS 16 & IFRS 5).

The decline in EBITDA of the Asia-Pacific cluster was limited to €-0.1 million, amounting to €-0.7 million at the end of 2019.

Sales of Other Businesses (Private Label in particular) are down 5.3% in fiscal year 2019, as the Group favoured profitability over volumes in a difficult context in France. Negative EBITDA improved by €1 million to €-2.3 million (€-0.7 million including IFRS 16& IFRS 5).

Holding costs remained relatively stable compared to 2018.

After taking into account other net non-operating expenses related to the Group's financial restructuring (€-23.2 million) and the financial result of €-6.6 million, mainly corresponding to the cost of financial debt, the Group's share of net income was €-65.9 million for fiscal year 2019.

## Balance sheet

At December 31, 2019, taking into account the results of the period, the Group's shareholders' equity amounted to €93.7 million compared to €103.3 million at the end of 2018.

Net financial debt amounted to €46.7 million at the end of December 2019, a decrease of €22.3 million compared to 2018. At the end of December 2019, gross financial debt consisted mainly of the senior loan drawn down for €45 million. In accordance with the agreements announced on December 20, 2019, this loan was sold to COFEPP, with sale of the receivables realized in January 2020.

The certification reports on the consolidated and annual financial statements are in the process of being issued and will contain a paragraph to draw the reader's attention to the significant uncertainty related to events or circumstances likely to affect the continuity of operations mentioned in the notes to the financial statements, as well as an observation on the first application of IFRS 16 relating to leases and IFRIC 23 on uncertainties about tax treatments.

## Covid-19 – Outlook

More than ever, the Group's strategy remains focused on implementing the strategic initiatives, defined in March 2019, in terms of their contribution to improving operating profitability.

Significant progress in the execution of the Group's strategic plan was announced in 2019 and early 2020, including new distribution agreements with partners in Spain and the United States, the disposals of Porto Pitters and Sobieski Trade and the redeployment of part of the field sales force in France.

Since March 2020, the global fight against Covid-19 has imposed restrictions that are currently impacting Marie Brizard Wine & Spirits' activities in some of its markets. With the extension of the containment measures, these significant effects are expected to last at least through the second quarter of 2020.

Even if it is too early to assess the impact of Covid on the 2020 financial year, both the commercial results at the end of Q1 2020 (as published in the press release of 29 April last) and those at the end of April, with Group net sales of €85.9 million (-3% compared to 2019 on a constant scope and exchange rate basis), in line with our estimates, partly due to the bulk business, demonstrate to date the resilience of Marie Brizard Wine & Spirits' business.

A great deal of effort is made to ensure business continuity while ensuring the health of employees. Since the beginning of the crisis and the containment measures, the Group's stakeholders have been meeting three times a week to review the activity in each of the Group's entities, ensure the implementation and monitoring of best practices, and implement any measures required by the situation.

In this context, management is taking the necessary initiatives to limit the effects of the pandemic on its cash position and to ensure that its resources are allocated to the Group's priority needs, through a weekly review. In addition to the measures taken as part of the strategic plan, it is working to achieve reductions in fixed costs and overheads, which are reviewed and adjusted according to the anticipated impact on the business. Working capital requirements are also strictly controlled. The Group is also taking all necessary steps to benefit from the government measures implemented in Europe, aimed at enabling companies to adjust their personnel costs to a level of activity that deteriorated during the crisis, while protecting jobs.

Even if the first outcomes of the execution of the strategic plan are encouraging, the uncertainty and the duration of the global Covid-19 pandemic do not allow Marie Brizard Wine & Spirits to assess precisely the impact of the Covid-19 crisis on its 2020 forecast activity to date. As a result, the Group cannot confirm at this stage its previously announced EBITDA objective for 2022.

## POST CLOSURE EVENTS

### Agreement to sell to COFEPP all the receivables of MBWS's bank lenders

In accordance with this agreement, COFEPP signed a tripartite agreement on January 17, 2020 between MBWS, COFEPP and MBWS' bank lenders to acquire the receivables resulting from the €45 million credit agreement signed on July 26, 2017 and the overdrafts drawn. The effective sale of the aforementioned receivables took place at the end of January 2020.

In this context, COFEPP has confirmed that it will grant MBWS a waiver on the payment of all bank claims acquired to be capitalized in the context of the planned capital increase. This waiver has been renewed on 20 May 2020, expiring on 26 January 2021, in order to take into account a possible delay in the implementation of the planned capital increase.

## Implementation of a 1Bis Advance in May 2020

In accordance with the agreement signed on December 20, 2019 (the "Initial Agreement"), COFEPP entered into a first current account advance with MBWS and MBWS France in the amount of €15 million which was put in place during the first quarter of 2020 (see press release dated January 17, 2020).

As a reminder, the Initial Agreement also provided for a second current account advance in the amount of € 17 million, which was to be made available to MBWS during the first quarter of 2020 (the "Advance No. 2"), subject to certain conditions. As the conditions precedent of the Advance n°2 have not yet been lifted to date, and the fulfilment in particular of the condition to amend the Scotch Whisky bulk supply contract remains uncertain, it was decided to amend the Initial Agreement in order to secure the Group's immediate cash needs, through a new agreement entered into on May 13, 2020 (see press release of May 13, 2020).

In the framework of this amended agreement, COFEPP made available on 25 May 2020 a current account advance of € 6 million (remunerated at the annual capitalised rate EURIBOR 3 months with a floor at zero + 425 bps) in favour of MBWS. An additional current account advance for a maximum amount of € 4 million is also provided for to meet the cash requirements of the MBWS Group until 15 July 2020, subject to the approval of the COFEPP and upon proof of the cash requirements concerned. The amount of these advances will be deducted from the initially planned amount of Advance No. 2, in the event that the conditions for the implementation of the latter are lifted.

The Group's 2019 annual and consolidated financial statements have been prepared in accordance with the going concern principle, taking into account the known situation at the closing date of the financial statements, in particular taking into account the latest post-closing events as described above, the latest estimates of cash requirements made in the context of the evolving health crisis related to Covid-19 and on the assumption that the conditions precedent to Advance No. 2 in the amount of €17 million would be lifted in the coming months, thus enabling the recapitalisation of the Group.
If the above assumptions were not to be met, the Group might not be able to realise its assets and repay 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 Universal Registration Document, including the annual financial report: 2 June 2020
- General Meeting of Shareholders on July 31, 2020, in the presence of the members of the Board of Directors and shareholders

**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

## FY 2019 Consolidated Financial Statements

### INCOME STATEMENT

| *(in €000)* | 31.12.2019 | 31.12.2018 Restated (1) |
|---|---|---|
| **NET SALES** | **483,485** | **472,855** |
| Excices tax | (207,999) | (192,102) |
| **NET SALES EXCL TAX** | **275,486** | **280,753** |
| Cost of goods sold | (179,178) | (185,929) |
| External charges | (44,852) | (55,517) |
| Salary expenses | (56,450) | (59,556) |
| Taxes and Duties | (3,957) | (4,837) |
| Depreciation and Amortization | (21,389) | (9,704) |
| Other operating income | 10,135 | 10,805 |
| Other operating expenses | (8,161) | (11,882) |
| **RECURRING OPERATING PROFIT** | **(28,366)** | **(35,867)** |
| Extraordinary income | 3,307 | 1,196 |
| Extraordinary expenses | (26,461) | (12,860) |
| **OPERATING PROFIT** | **(51,520)** | **(47,531)** |
| Interest income | 26 | 42 |
| Interest expenses | (6,127) | (5,834) |
| **NET COST OF DEBT** | **(6,101)** | **(5,792)** |
| Other interest income | 3,388 | 7,448 |
| Other interest expenses | (3,881) | (7,567) |
| **NET INTEREST EXPENSES** | **(6,594)** | **(5,911)** |
| **PRE-TAX INCOME** | **(58,114)** | **(53,442)** |
| Income tax/credit | (512) | (5,560) |
| **INCOME FROM ONGOING OPERATIONS** | **(58,626)** | **(59,002)** |
| **INCOME FROM DISCONTINUED OPERATIONS (1)** | **(7,295)** | **(2,997)** |
| **NET INCOME** | **(65,921)** | **(61,999)** |
| Attributable net income | (65,926) | (61,904) |
| Of which net income from ongoing operations | (58,631) | (58,907) |
| O which net income from discontinued operations(1) | (7,295) | (2,997) |
| Non-controlling interests | 5 | (95) |
| Of which net income from ongoing operations | 5 | (95) |
| O which net income from discontinued operations | | |
| Attributable Net income per share (in €) | -1.42€ | -2.23 € |
| Attributable net income from ongoing operations per share fully diluted (in €) | -1.42 € | -2.23 € |
| Net income per share (in €) | -1.60 € | -2.12 € |
| Net income per share diluted (in €) | -1.60€ | -2.12 € |
| Weighted average number of outstanding shares | 41 249 151 | 27 751 313 |
| Weighted average diluted number of outstanding shares | 41 249 151 | 28 224 513 |

*(1) The financial statements (income statement) at December 31, 2018 have been restated for the effects of the application of IFRS 5 - Discontinued operations.*


## BALANCE SHEET

### *Assets*

| *(in €000)* | **31.12.2019** | **31.12.2018 (2)** |
|---|---|---|
| **Long term assets** | | |
| Goodwill | 15 039 | 15 036 |
| Intangible assets | 88 031 | 88 622 |
| Property, plant and equipment | 56 180 | 69 451 |
| Financial assets | 2 387 | 2 298 |
| Long-term derivative instruments | | 58 |
| Deferred taxes | 1 328 | 4 315 |
| **Total long-term assets** | **162 965** | **179 780** |
| **Current assets** | | |
| Inventory | 53 991 | 64 558 |
| Trade receivables | 46 669 | 61 905 |
| Tax receivables | 1 735 | 1 987 |
| Other short-term assets | 32 686 | 29 782 |
| Short-term derivative instruments | 157 | 94 |
| Cash and cash equivalents | 26 193 | 21 832 |
| **Total current assets** | **161 431** | **180 158** |
| Assets held for disposal | | 138 |
| **TOTAL ASSETS** | **324 396** | **360 076** |

### *Liabilities*

| *(in €000)* | **31.12.2019** | **31.12.2018 (2)** |
|---|---|---|
| **Total Shareholders' equity** | **93, 737** | **103,347** |
| **Total long-term liabilities** | | |
| Employee benefits | 5,533 | 5,776 |
| Long-term provisions | 3,238 | 705 |
| Long-term loans | 9,689 | 11,812 |
| Other long-term liabilities | 1,855 | 1,889 |
| Long-term derivative instruments | | 201 |
| Deferred tax liabilities | 16,424 | 19,652 |
| **Total long-term liabilities** | **36,739** | **40,036** |
| **Current liabilities** | | |
| Short-term provisions | 10,178 | 4,053 |
| Short-term portion of long-term debt | 50,933 | 48,897 |
| Short-term debt | 12,292 | 30,115 |
| Supplier and other payables | 63,719 | 67,888 |
| Tax liabilities | 481 | 811 |
| Other short-term liabilities | 56,315 | 64,48 |
| Short-term derivative instruments | 2 | 580 |
| **Total current liabilities** | **193,920** | **216,692** |
| Liabilities held for disposal | | |
| **TOTAL LIABILITIES** | **324,396** | **360,076** |

## CONSOLIDATED CASH FLOW STATEMENT

| *(in €000)* | 31.12.2019 | 31.12.2018 (2) |
|---|---|---|
| **Total consolidated net profit** | **(65,921)** | **(61,999)** |
| *Eliminations* : | | |
| Amortization and provisions | 31,407 | 8,515 |
| Revaluation gains / losses (fair value) | 279 | (90) |
| Gains/losses on disposals and dilution | 8,550 | (44) |
| **Operating cash flow after net cost of debt and tax** | **(25,685)** | **(53,618)** |
| Income tax charge (credit) | 512 | 5,826 |
| Net cost of debt | 6,101 | 6,078 |
| **Operating cash flow before net cost of debt and tax** | **(19,072)** | **(41,713)** |
| Change in working capital 1 (inventories, trade receivables and payables) | 19,922 | 3,337 |
| Change in working capital 2 (other items) | (17,524) | (20,176) |
| Tax paid | (301) | 1,179 |
| **Cash flow from operating activities** | **(16,975)** | **(57,372)** |
| Acquisition of minority interests | (1,102) | |
| Purchase of property, plant and equipement and intangible assets | (9,056) | (22,488) |
| Purchase of financial assets | 187 | |
| Increase in loans and advances granted | (117) | (312) |
| Decrease in loans and advances granted | 435 | 16,659 |
| Disposal of property, plant and equipement and intangible assets | 2,429 | 5,040 |
| Impact of change in consolidation scope | (238) | |
| **Cash flow from investing activities** | **(7,462)** | **(1,101)** |
| Capital increase | 58,576 | 51 |
| Share buybacks | 13 | (306) |
| New loans | 235 | 11,885 |
| Loans repayment | (5,356) | (6,216) |
| Net interest paid | (6,877) | (6,667) |
| Net change in short-term debt | (17,933) | 22,080 |
| **Cash Flow from financing activites** | **28,658** | **20,826** |
| Impact from changes in foreign exchange rates | 140 | (252) |
| **Change in cash and cash equivalents** | **4,361** | **(37,899)** |
| Opening cash position | 21,832 | 59,731 |
| Closing cash position | 26,193 | 21,832 |
| **Change in cash and cash equivalents** | **4,361** | **(37,899)** |

*(2) As the Group has opted to apply the simplified retrospective method, the financial statements at December 31, 2018 have not been restated for the effects of applying IFRS16.*