

Purcari Wineries Plc

1H 2021 Results Presentation

26 August 2021



METHODE TRADITIONNELLE

CUVÉE DE
PURCARI

Ieteasca Albă
BRUT

1827
S I N C E

Fabricat în Moldova

Produce și îmbuteliat la IM „Vinăria Purcari” SRL, s. Purcari



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Today's presenters

Victor Bostan
CEO, Founder



- Founded the Group in 2002
- Over 35 years of experience in wine industry
- Built and exited one of the largest wine companies in RU
- Technical University, Oenology
- Speaks FR, RO, RU

Victor Arapan
CFO



- 20+ years of experience in banking, audit, corporate finance
- 10+ years experience in wine making companies
- Ex-PWC, Acorex Wineries
- International Management Institute
- Speaks EN, RO, RU

Eugeniu Baltag
Investor Relations



- Over 10 years in financial management, internal audit
- Ex Transoil, Orange, PWC
- Academy of Economic Studies
- Speaks EN, RO, RU

Eugen Comendant
COO



- Over 15 years of management experience
- Ex Virgin Mobile, ACN in senior Business Development, Sales and Marketing roles
- Amsterdam University of Applied Sciences, ESSEC Business School
- Speaks EN, RO, RU, NL, FR

Vasile Tofan
Chairman



- Over 15 years experience in FMCG
- Partner at Horizon Capital, \$850m+ AUM
- Ex- Monitor Group, Philips
- MBA Harvard Business School
- Speaks EN, RO, RU, FR, NL

AGENDA

1 Our Group, Vision and Strategy

2 1H 2021 Operational Results

3 2021 Outlook

4 Q&A



Cuvée de Purcari
Alb Brut, 4.2 score on Vivino, top 2%
wine globally.
BEST IN SHOW
at Mundus Vini
2021.

1 Purcari Wineries Group at a glance

Leading wine player in Central and Eastern Europe...

Founded in 1827 by French colonists, Purcari group is now...

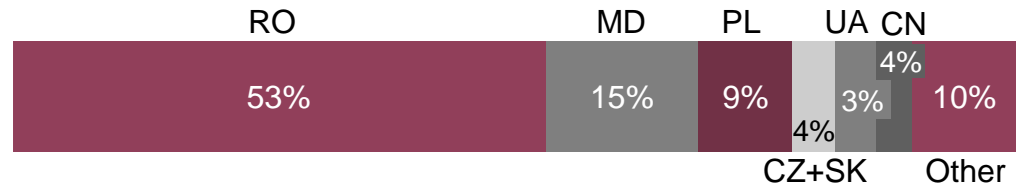
- #1 World's most awarded winery in 2021
- #1 Most awarded CEE winery of the year in 2015-2021 at Decanter London, "wine Olympics"
- #1 Best premium wine brand in Romania, Moldova
- #1 Fastest growing large winery in CEE
- #1 Largest exporter of bottled wine from Moldova
- top 1 300+ hectares of prime vineyards, top production assets
- top Listed on Bucharest Stock Exchange, with reputable shareholders alongside founder, Victor Bostan: Horizon Capital, Fiera Capital, Conseq, East Capital, Paval Holding, Franklin Templeton, SEB etc.

6 production sites and 4 brands, covering a broad spectrum of segments



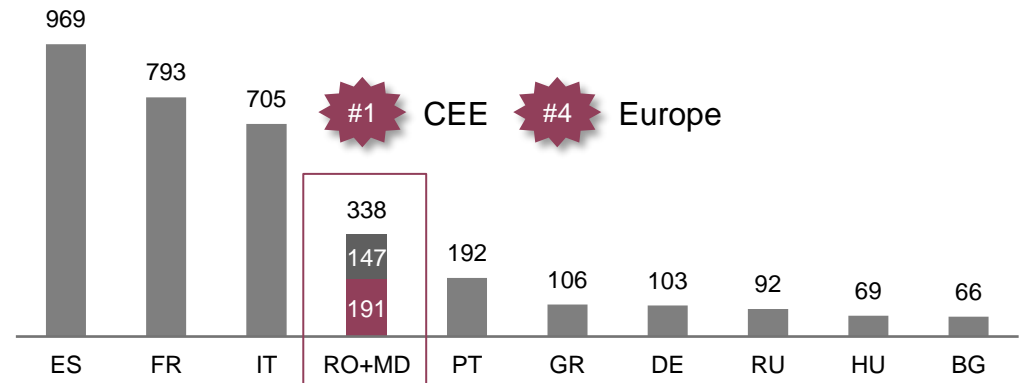
... with a strong & expanding regional footprint

Geographical breakdown of sales in value terms, 1H21, %



Located in a region with one of the richest wine heritages

Top 10 European countries by area under vines, kha



1 Our Group: competitive advantage in an attractive market

<p><u>Attractive market</u></p>	<p>Secular shift from beer, spirits to wine, especially in CEE</p>	<p><u>Competitive advantage</u></p>	<p>#1 premium wine brand in Romania</p>
<p>Wine growth '16-'20F in Romania 9.0% vs. 1.9% for beer</p>	<p>Plenty to catch up: wine consumption in Poland = ¼ Germany, per cap.</p>	<p>#1 fastest growing large winery in Romania</p>	<p>#1 most awarded CEE winery at Decanter, “wine Olympics”</p>
<p>Shrinking vine plantations, create shortage, push prices up</p>	<p>Romania + Moldova undisputable #1 vineyards size in CEE, 5x vs #2</p>	<p>#1 EBITDA margin among global publicly traded wine peers</p>	<p>#1 on Instagram, Vivino engaging millennials in Romania</p>

1 Our business model: Affordable Luxury

Modern
cost-competitive
winemaking

Purcari is positioned at the intersections of three themes:

- **Modern winemaking:** the company is brand, as opposed to *appellation*-centric and runs a cost-efficient business
- **Affordable luxury:** as an aspirational brand, Purcari wines are an example of affordable luxury, building on a heritage dating back to 1827 and ranking among the most awarded wineries in Europe
- **Differentiated marketing:** the company is not afraid to be quirky about the way it approaches marketing, prioritizing digital channels and focusing on engaging content as opposed to traditional advertising



1 Our mission, vision and values

Our mission

To bring joy in people's lives, by offering them high quality, inspiring, ethical wines and excellent value for money.

Our vision

To become the undisputable wine champion in CEE, acting as a consolidator of a fragmented industry

Our values

Hungry

We win in the marketplace because we want it more

Ethical

Always do the right thing and the money will follow

Thrifty

The only way we can offer better value for money

Different

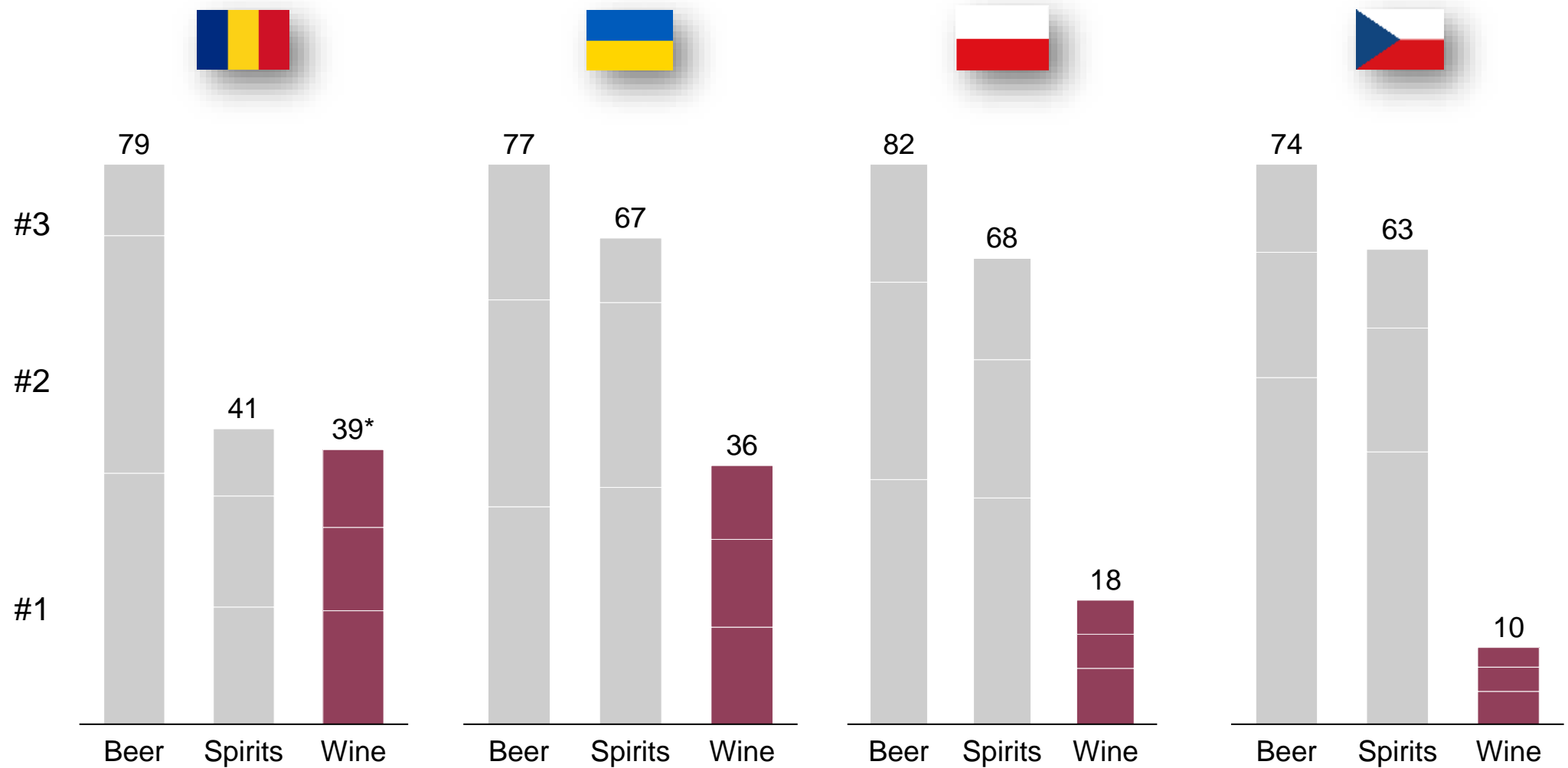
We proud ourselves on taking a fresh look on things

Better

We keep improving – both our wines and our people

1 Vision: be the consolidator of a fragmented market

Volume share top-3 players by country, %



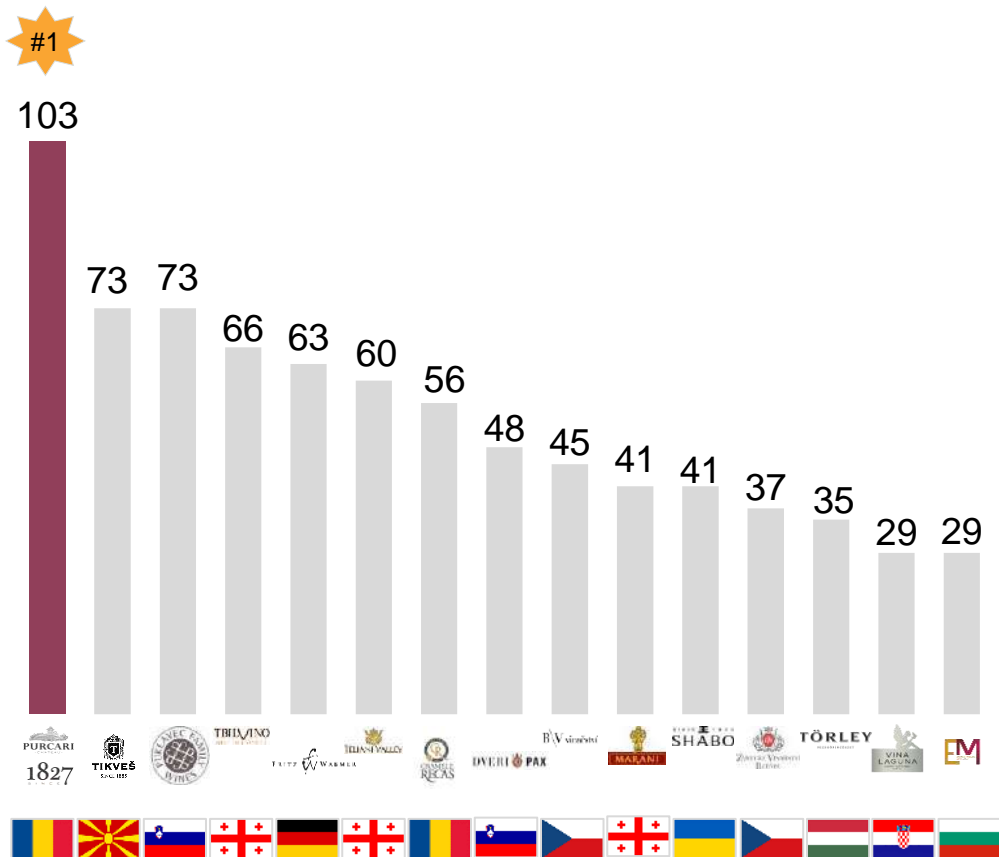
Unlike beer or spirits, wine market remains very fragmented; players who have the scale and sophistication needed – are in a great position to consolidate it



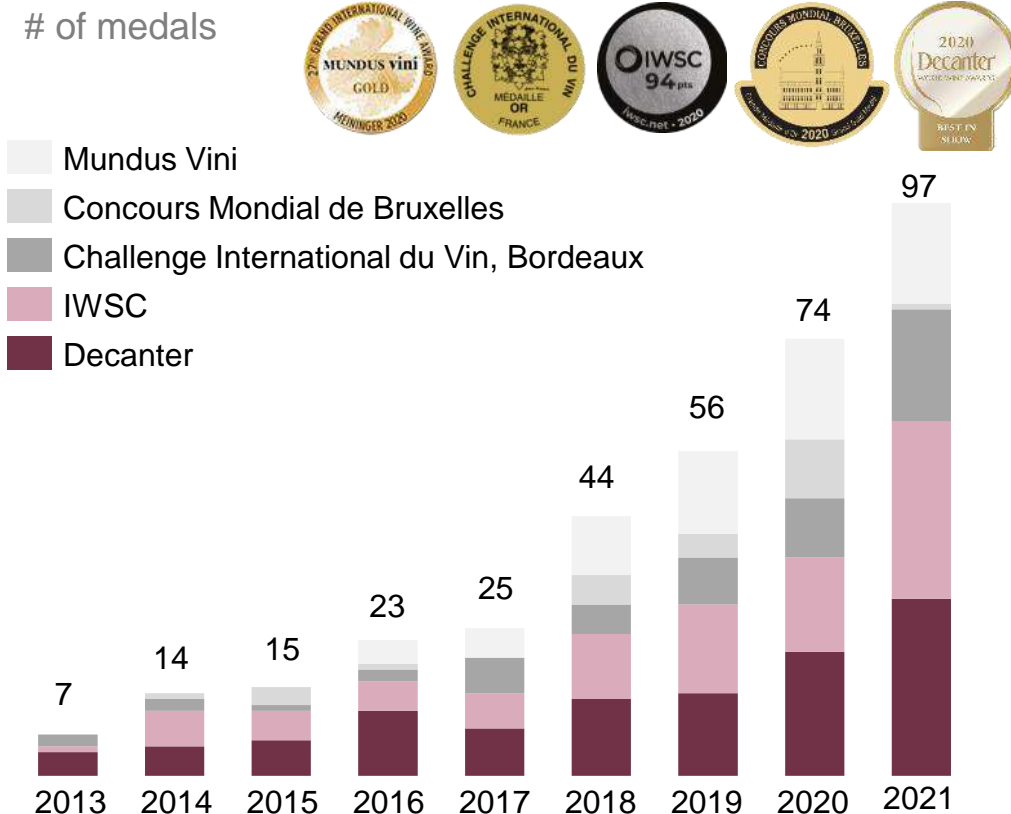
1 Quality highly commended, remain the most awarded winery in CEE PURCARI

Leading medal-winning winery in CEE at Decanter, the Wine "Olympics"

of Decanter medals in 2015 – 21



Increasing number of medals won from year to year



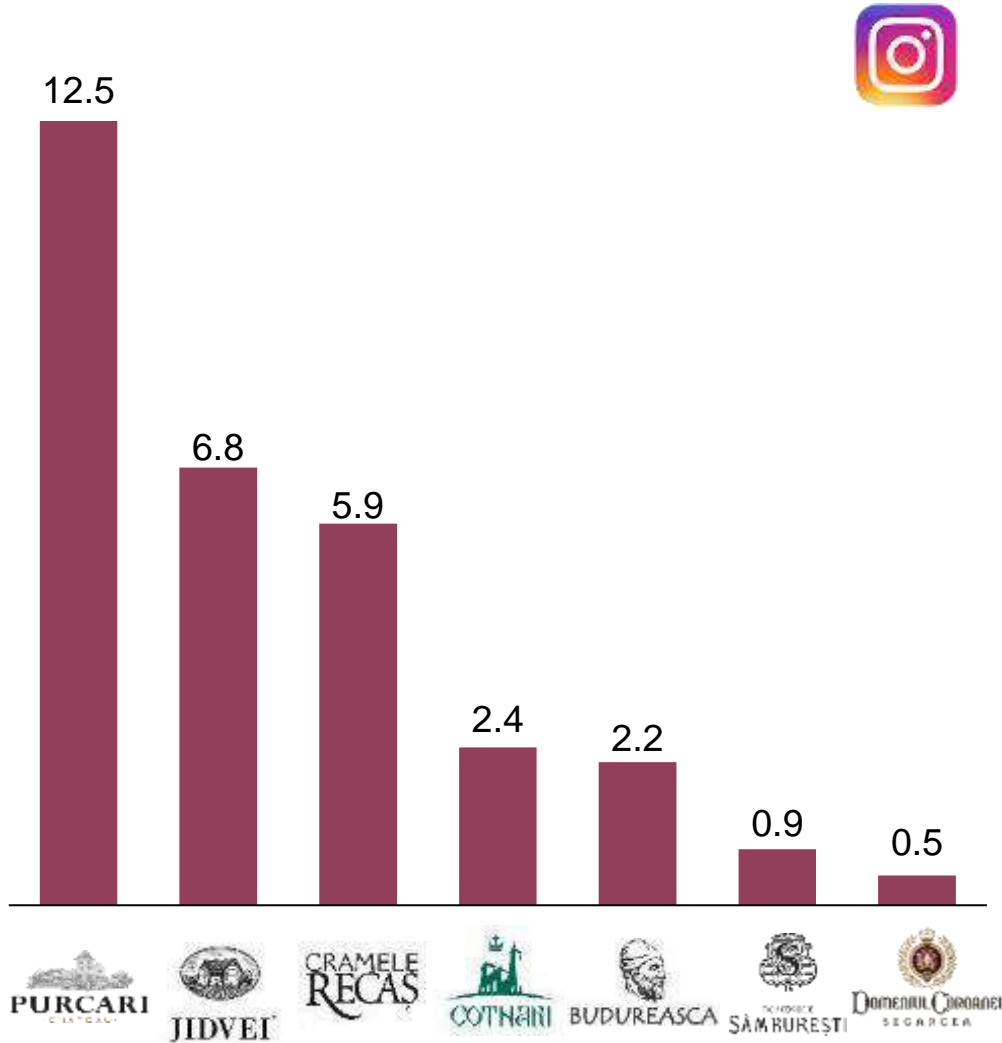
- Most awarded winery to the east of Rhine, ahead of reputable (and much pricier!) German, Hungarian or Austrian wineries

- Unlike beer or spirits, wine production is more prone to quality fluctuations. The Group has demonstrated the ability to keep raising the bar quality wisely, as illustrated by the mounting number of medals won at top global competitions

1 Topping competition at engagement and quality

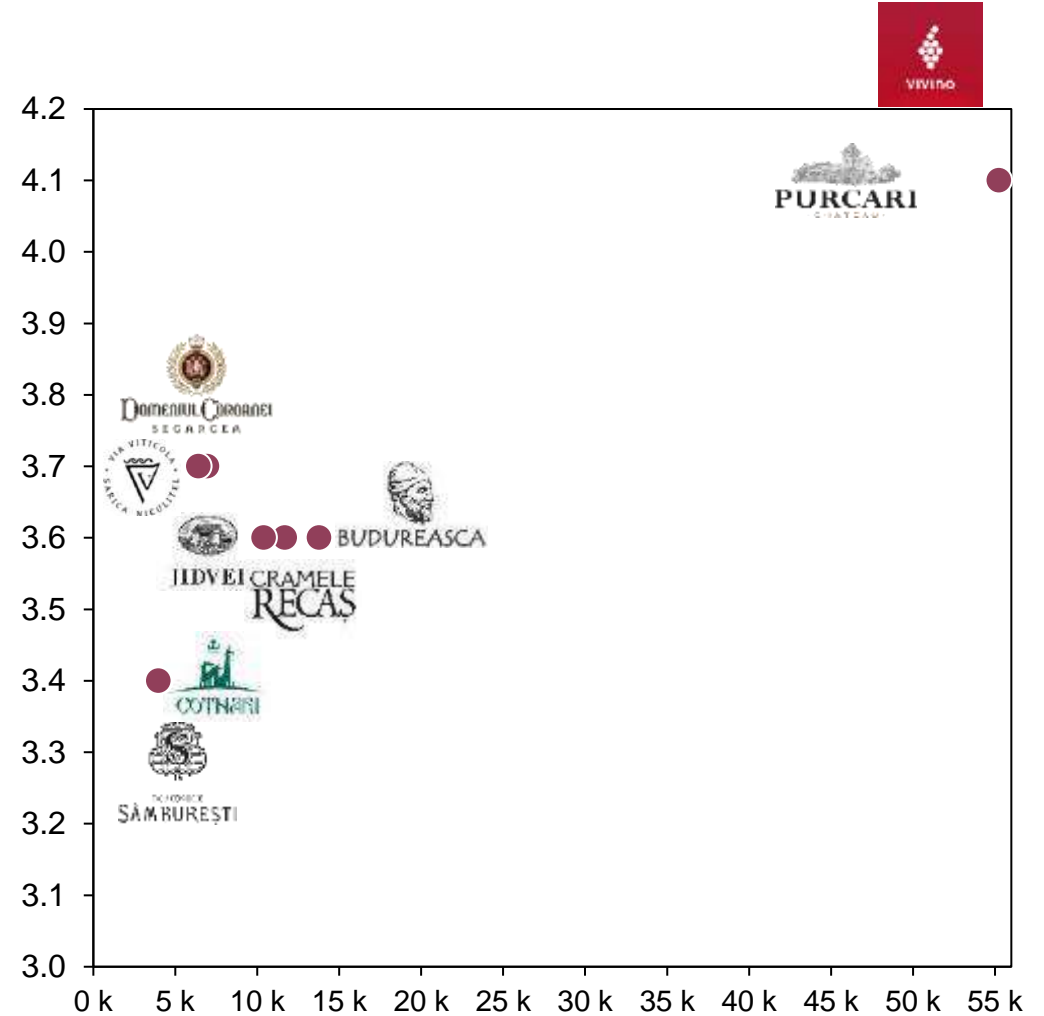
Aspirational brand which consumers like sharing about

Number of #brand uses on Instagram, thousand, by key Romanian brands



Highest number of ratings and highest scores on Vivino

X axis – number of Vivino ratings; Y axis – average Vivino score



Note: Purcari - #purcari, Cramele Recas - #recas, Jidvei - #jidvei, Cotnari - #cotnari, Budureasca - #budureasca, Samburesti - #samburesti, Segarcea - #segarcea

Sources: Instagram, Vivino as of August 2021

1

Vivino feedback remains very strong, essential for online sales

#1 presence in the crucial RON 30-60 segment, holding 11 out of TOP-25 positions

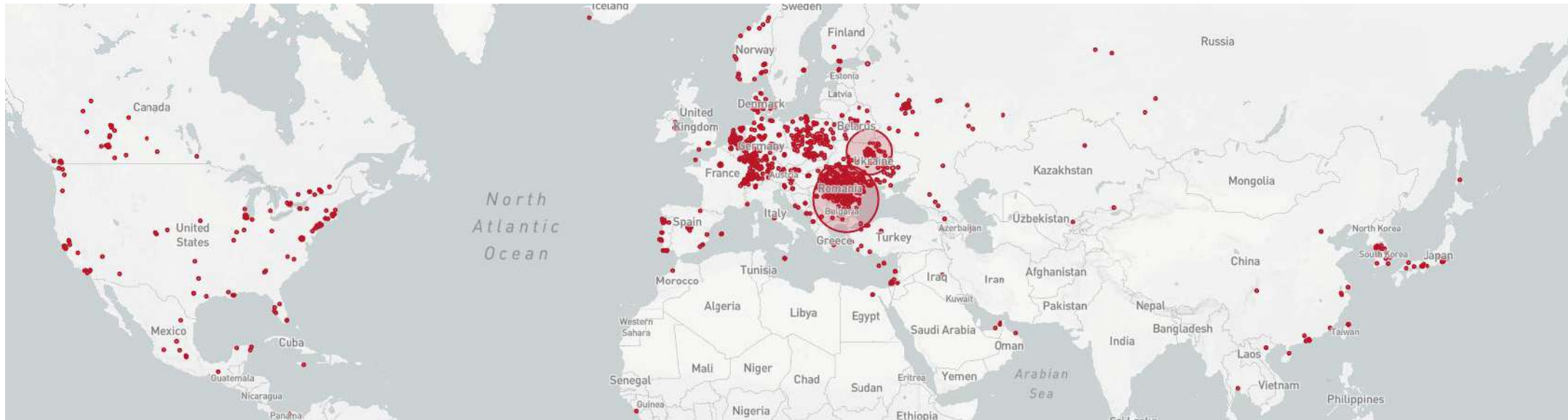


#1



- We remain **obsessed with the quality of our wines**, which pays off in excellent consumer feedback
- In our core premium segment, 30-60 RON per bottle shelf price, we dominate the category with **11 best-rated wines in Vivino's top-25**
- Negru de Purcari 2015 among the **top 1% of all wines in the world**
- We remain convinced, it is the **product that will make the difference** in the mid and long term with consumers, so we are focusing on making exciting wines that capture people's imagination

1 Growth in Vivino usage, key for consumer engagement



4.22

Average score out of 5.0 in 1H21

83%

Scores equal or above 4.0

Top 1%

Global ranking based on avg. score received

55,358

Total Vivino scans in 1H21

+21%

1H 2021 YoY scans growth

914

of cities where Purcari has been scanned

1 Our Group, Vision and Strategy

2 **1H 2021 Operational Results**

3 2021 Outlook

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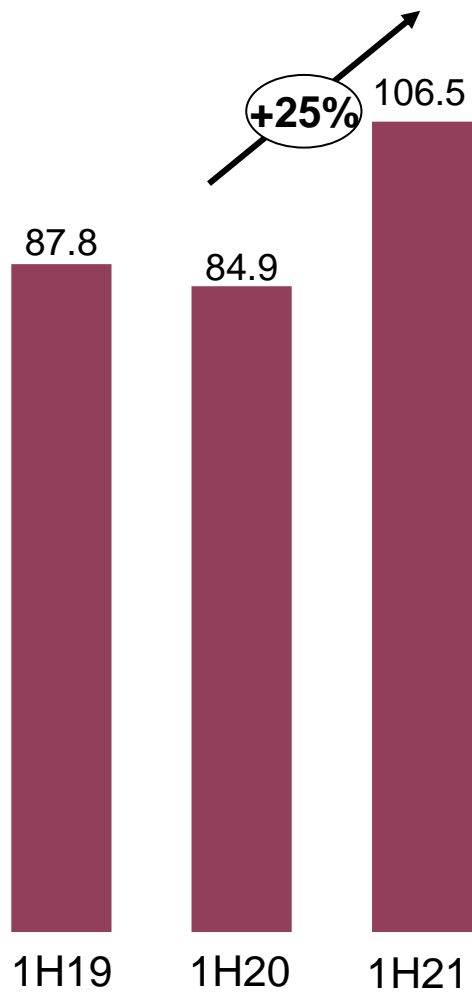


Negru de Purcari 2015, **GOLD** at **Concours Mondial de Bruxelles**, 4.4 score on Vivino, top 1% wine globally

2 Strong growth, offsetting pandemic effects

Revenues

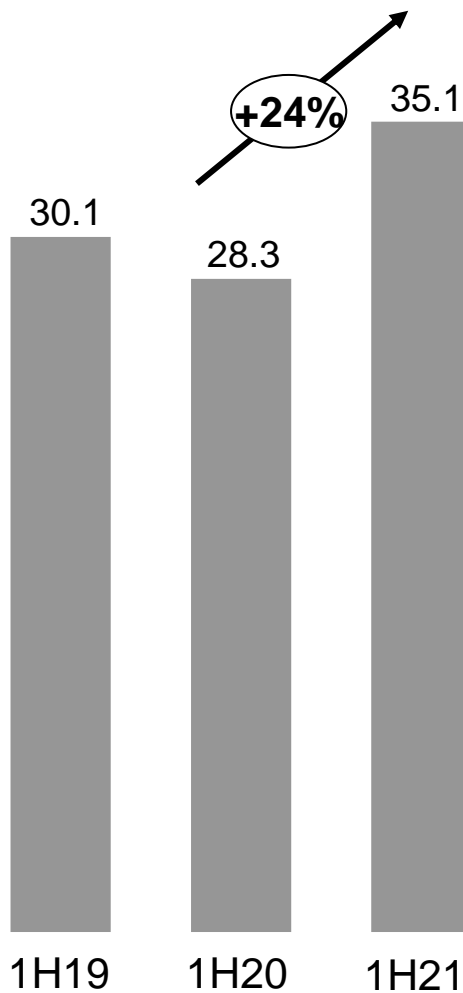
RON m



Growth vs. 1H19, +21%

EBITDA

RON m



34%

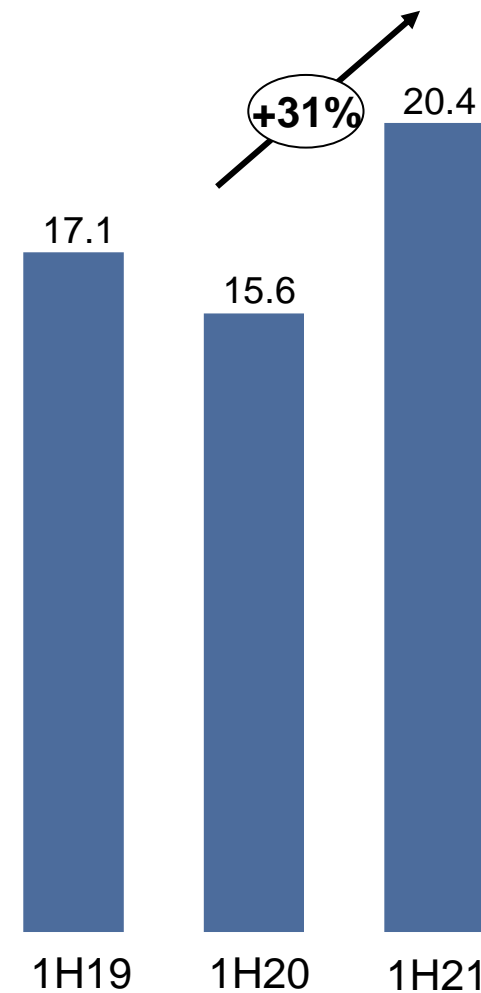
33%

33%

EBITDA margin

Net Income

RON m



19%

18%

19%

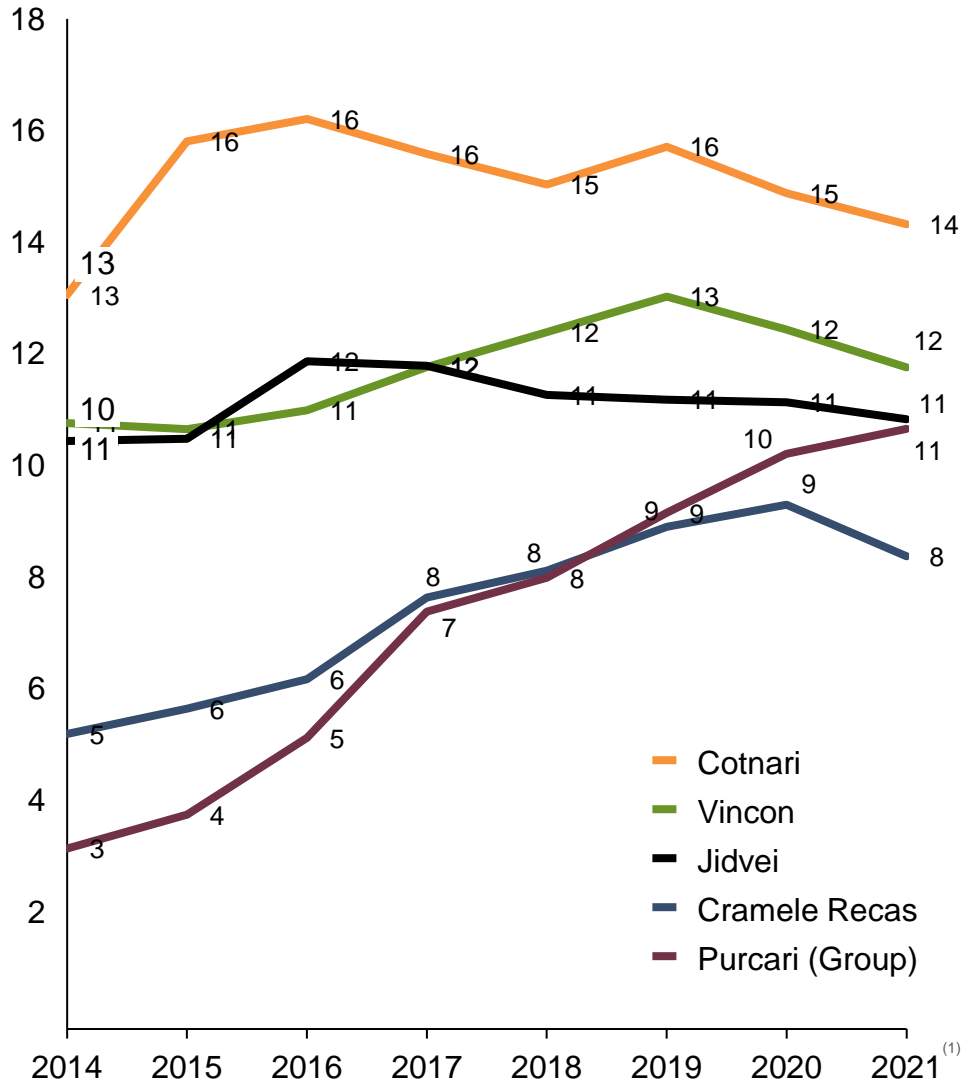
Net Income margin

2 Turned crisis into an opportunity, boosting market share in Romania



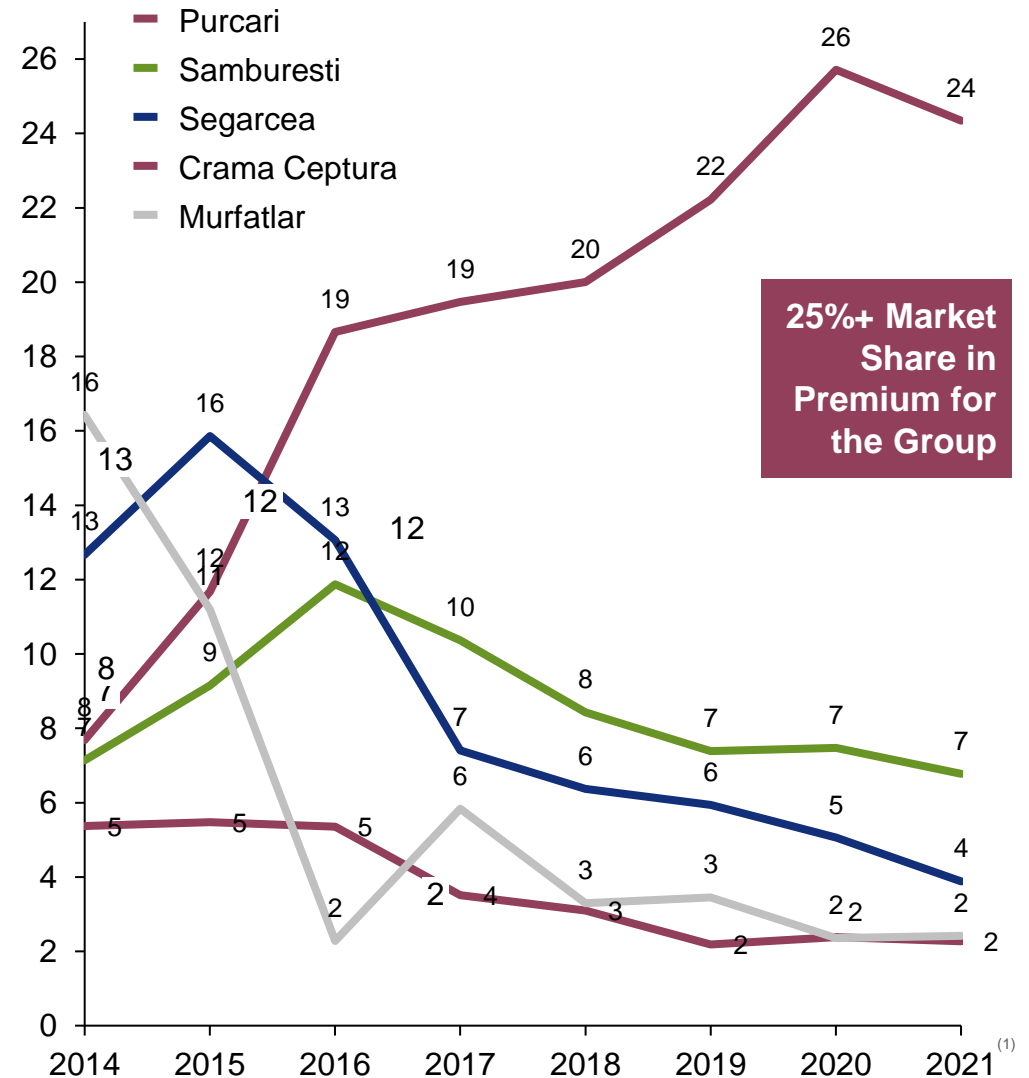
Consolidated #4 in overall market at 10%+ share...

Value share of TOTAL retail market, Romania, %



...while maintaining pole position in premium #1

Value share of Premium (RON 30+/liter) retail market, Romania, %

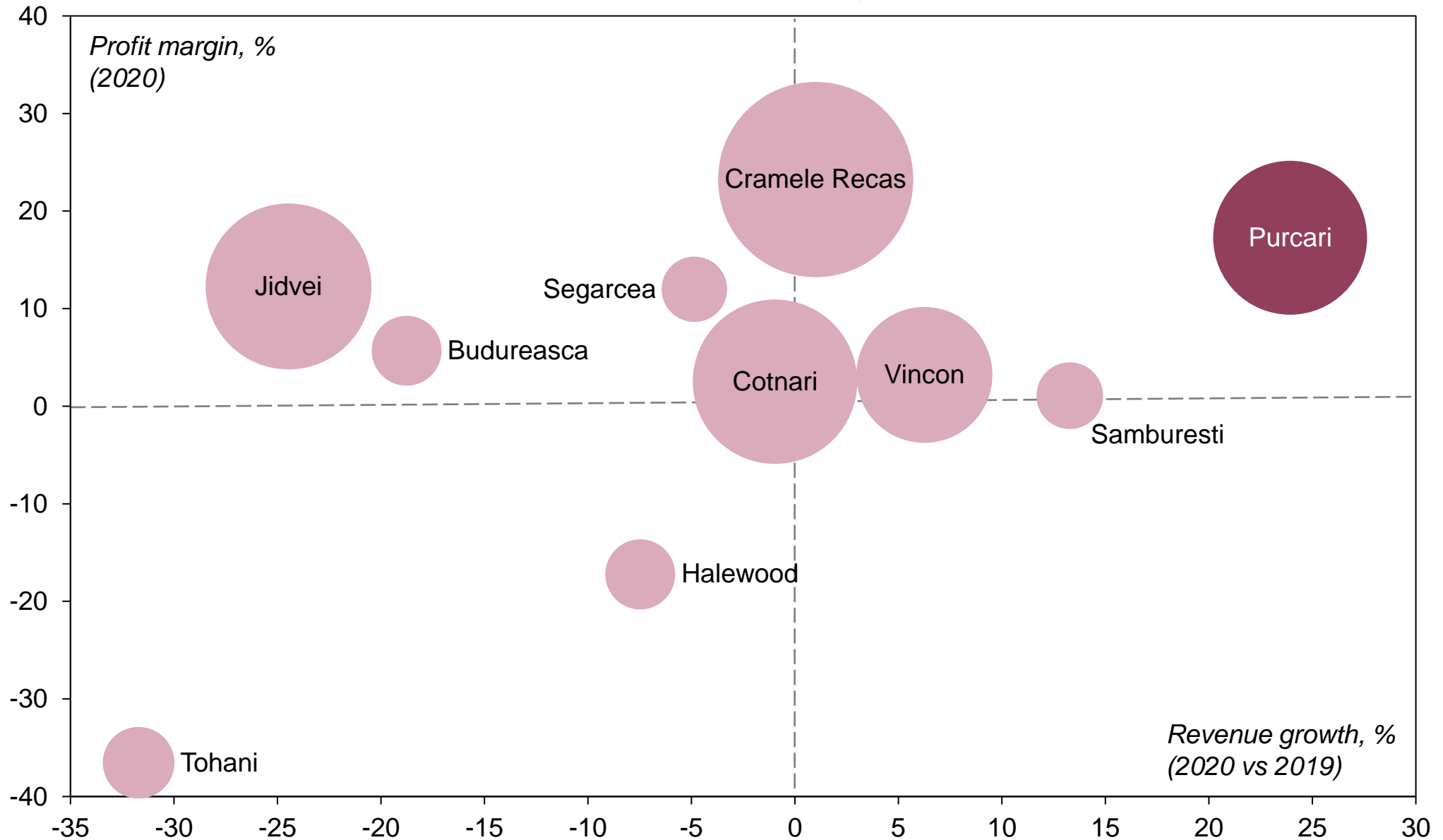


Notes: (1) YTD Jun 2021

Sources: Nielsen report; Purcari Group = Purcari, Crama Ceptura and Bostavan brands;

2 2020 crystalized Purcari's position as fastest growing player in Romania; top-2 of peer group on net margin too

Top players in Romania: revenues vs. growth vs. net profit margin (2020)



Note: Size of bubble = reported revenues in RON. For Purcari – Crama Ceptura SA numbers, the Romanian subsidiary, not entire Purcari Group, to compare apples to apples. Source: ANAF – the Romanian Tax Authority.

2 Key operational highlights for 1H21

Accelerating revenue growth

- Revenues up 25% vs 1H20 on “back to normal” conditions; surpassing 1H19 by 21%. Revenue growth in 2Q21 at +47% and net income up 34%
- Romania leading the growth with all brands showing strong traction; Moldova and China continue V shape recovery, yet still sales remain under 2019 figures
- Poland facing headwinds on highly competitive environment and discounting battles
- Bardar benefiting from lessened pandemic restrictions, still facing instability in Belarus. Strong growth in Romania and Asia continues

Sustaining high margins

- EBITDA up by 24% at RON 35.1m, maintaining a healthy margin of 33%
- Improving mix, come back on high margin Markets and strong growth on high margin brands
- Exceeding guidance YTD, despite higher pressure on margins from cost side (2020 draught and poor harvest)
- Implementation of Stock Option Plan and Share Grant Program in 2021 led to higher SG&A by RON 5m

Delivering on quality

- Excellent performance at wine tasting competitions, with 335 medals won in 1H21 vs 158 won in full 2020
- 2021 the year of sparkling: Cuvée de Purcari Rosé Brut Gold medal at Concours Mondial de Bruxelles, Cuvee Alb Brut - Best of Show White at Mundus Vini Spring Tasting 2021
- 11 out of top 25 wines in Romania according to Vivino (30-60 RON) are Purcari's.

Committed to shareholder returns

- Doubled issued share capital on 21.07.2021; 1:2 split perceived positively by the market, boosting liquidity
- Dividend of 0.65 RON/share to be paid on 09.09.2021, ex-date: 19.08.2021, 5.0% yield on announcement
- Buyback program of 329,156 shares launched on 10.08.2021
- Additional EUR 978,232 in cash received on 30.07.21 from Glass Container Company exit transaction, supplementing the total payment received to EUR 8,202,325.








2 P&L: Strong performance in a back to normal environment





RON m	1H21	1H20	1H19	Δ '21/'20	Δ '21/'19
Revenue	106.5	84.9	87.8	25%	21%
Cost of Sales	(53.2)	(44.0)	(44.6)	21%	19%
Gross Profit	53.3	40.9	43.2	30%	23%
<i>Gross Profit margin</i>	<i>50%</i>	<i>48%</i>	<i>49%</i>	<i>2 pp</i>	<i>1 pp</i>
SG&A:	(26.0)	(18.7)	(18.3)	39%	43%
<i>Marketing and selling</i>	<i>(11.3)</i>	<i>(8.7)</i>	<i>(6.8)</i>	<i>30%</i>	<i>65%</i>
<i>General and Administrative</i>	<i>(9.8)</i>	<i>(9.1)</i>	<i>(11.4)</i>	<i>8%</i>	<i>-14%</i>
<i>Equity-settled share-based payments¹</i>	<i>(5.0)</i>	<i>(1.0)</i>	<i>-</i>	<i>400%</i>	<i>na</i>
Other income (expenses):	1.1	(6.9)	(10.4)	-116%	-111%
EBITDA	35.1	28.3	30.1	24%	17%
<i>EBITDA margin</i>	<i>33%</i>	<i>33%</i>	<i>34%</i>	<i>-</i>	<i>(1 pp)</i>
Net Profit	20.4	15.6	17.1	31%	19%
<i>Net Profit margin</i>	<i>19%</i>	<i>18%</i>	<i>19%</i>	<i>1 pp</i>	<i>-</i>

Comments

- Revenue well above 1H20 +25% and pre-COVID 1H19 +21% levels. Organic growth and relaxation on pandemic restrictions on most markets in 2Q pushed up the sales.
- Strong Gross margin at 50%, +2 p.p. YoY, on improving mix with higher share of Purcari in total sales and strong rebound in Moldova and China – markets with higher margins in portfolio.
- Marketing and selling expenses at 11% of revenue. +30% YoY growth due to different approach and timing for MK campaigns, including certain salary cost reallocated from G&A. SG&A standing at 24% of Revenue, while Adjusted SG&A¹ improved by 1pp to 20% of Revenue YoY.
- G&A expenses at 9% of revenue, improved from 11% in 1H20 on certain Salary reallocations to Marketing and Selling. Higher professional fees inquired led to 8% increase YoY: i.e. Share capital increase, market-making services, M&A consulting, legal fees. Variances in other taxes and fees.
- Implementation of Stock Option Plan and Share Grant Program no. 2 amounting RON 5m in SG&A.
- EBITDA up by 24% to RON 35.1 million with a 33% margin, being stable YoY, while carrying additional costs of RON 5m with Equity-settled share-based payments¹ representing 5% of additional margin. 1H21 Adjusted EBITDA margin¹ – 38% vs 35% in 1H20.
- Net profit at RON 20.4 million, increase by 31% YoY with a 19% margin within the guidance.

(1) Effects reflected in Salary from implementing Stock Option plan and +38% YTD cotation increase for WINE share: Marketing&Selling (RON 1.5m) in 2021 vs (RON 0.2m) in 2020; G&A (RON 3.5m) in 2021 vs (RON 0.8m) in 2020.

Market	Share of sales 1H21	YoY Variance		Comments
		1H20	1H19	
RO 	53%	+29%	+60%	<ul style="list-style-type: none"> RO: continue the strong rally +29% vs. 1H20 and +60% vs 1H19. Purcari leading the growth by 36% YoY. Bardar doubled sales YoY, albeit from smaller base. IKA sales continued growth, Retail grew by 81% on back of Covid-19 normalization
MD 	15%	+76%	-9%	<ul style="list-style-type: none"> MD: Strong growth YoY, continuing V shape recovery +76%. Still behind 2019 results -9% on 1Q21 COVID restrictions impact. Increased sales YoY per all brands and channels. HORECA and Duty-Free sales still behind 2019 results as most of pandemic restrictions being lifted in late 2Q.
PL 	9%	-11%	-6%	<ul style="list-style-type: none"> PL: revenues down by 11% YoY on strong price competition from International brands, combined with pandemic restrictions in 1Q21 and Tesco restructuring. Adapting trade activity and marketing efforts, expecting effects in 4Q: i.e. targeting Polish HORECA with Nocturne SKUs; new products to be launched.
ASIA 	4%	+160%	-22%	<ul style="list-style-type: none"> ASIA: V shape rebound continues, up 160% YoY, yet behind 1H19 level; All brands showing significant progress. Bardar, generating highest margins, being the only brand surpassing 2019 sales, albeit from a smaller base.
CZ SK 	4%	-1%	-5%	<ul style="list-style-type: none"> CZ&SK: Sales on recovery track -1% yoy. Strict restrictive measures in 1Q21 especially in Slovakia having an effect on full 1H results. TESCO restructuring still adversely affecting results, but effect diminishing. Entering premium segment with Purcari Wines, sales in 1H21 reaching 100% of 2020 figures.
UA 	4%	+6%	+59%	<ul style="list-style-type: none"> UA: Established a local office to sustain growth. Strong traction on Purcari brand YoY, as it becomes increasingly popular with Ukrainian consumers and influencers, providing excellent value for money offered.
RoW 	10%	-1%	+1%	<ul style="list-style-type: none"> OTHER: Purcari and Crama Ceptura leading the growth in all countries. Contrarily Belarus, a large market for Bardar exports, demonstrates softer demand.

Brand	Share of sales 1H21	YoY Variance		Comments
		1H20	1H19	
	49%	+46%	+53%	<ul style="list-style-type: none"> • PURCARI: Ongoing strong traction in all markets, combining volume and value increase. Firm recovery in Moldova and Asia, still behind 1H19 level. Promising performance in newer markets: Poland, Czech Republic and Slovakia. Enforcing sales in Ukraine with a better product mix.
	25%	-1%	-6%	<ul style="list-style-type: none"> • BOSTAVAN: -1% decrease YoY. Moldova – sales recovered, recording +45% YoY, combined with strong sales in Romania and Asia offset lower sales in Poland, the main market for Bostavan.
	16%	+17%	+31%	<ul style="list-style-type: none"> • CRAMA CEPTURA: +17% increase YoY due to strong growth of core brands in Romania. Gaining ground in Asia and other countries, albeit from smaller base.
	10%	+31%	-13%	<ul style="list-style-type: none"> • BARDAR: Strong recovery in Moldova +78% on lessened pandemic restrictions in Q2, still behind 2019 figures. Significantly increasing sales in Romania 2x vs 1H20 and 3x vs 1H19. Good traction in China, above pre-pandemic 1H19. Slower development in Belarus, impacted by political instability and focus on diminishing bulk sales in favor of higher margin bottle sales.

2 Outstanding results at most reputable wine competitions...

PURCARI – THE WORLD’S MOST AWARDED WINERY



* Awards won at the most important international contests in 2021: Decanter World Wine Awards, Concours Mondial de Bruxelles, Mundus Vini Spring Tasting, Citadelles du Vin, Eurasia Wine & Spirits, Concurs International de Lyon, Berliner Wine Trophy, London Wine and Spirits Competition, IWSC, Challenge International du Vin, Vinarium, Women’s International Trophy, Vinalies Internationales.

2 Continue creating, supporting, inspiring...

World's most awarded winery Highest # of medals won



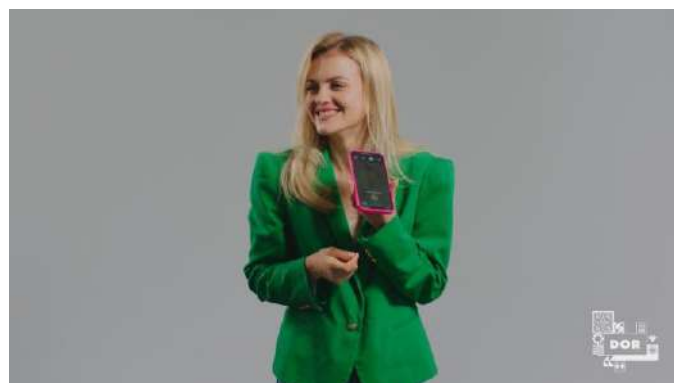
Tokyo 2020 General Sponsor for Moldovan Olympic Team



Purcari (Mar) #9March #EveryDay



Bostavan - #DeDor (Apr-May) "I miss you" 1.2 m views on FB, YT



Purcari Wine Run (Sep) 10km/21km through the vineyards



Bardar – Storytelling (1Q) 5 heroes telling the story of Bardar



New leadership in Moldova



Maia Sandu

President

- World Bank
- UNDP
- Ministry of Economy
- Harvard Kennedy School



Natalia Gavrilita

Prime minister

- Global Innovation Fund
- Oxford Policy Management
- Ministry of Economy
- Harvard Kennedy School



Igor Grosu

President of Parliament

- Amnesty International
- UNDP
- Ministry of Education
- State University

Key developments

- Parliamentary elections on July 11 delivered a resounding victory for President's Sandu PAS party, taking 63 seats in 101 parliament, only 4 seats short of a constitutional majority
- Strong PAS backing, comes following Ms. Sandu's victory at last year's Presidential elections, in November
- New cabinet appointed on Aug 6, dominated by respected technocrats, with less political baggage
- Government announced a reform-focused agenda, centered on judicial and economic reforms, as well as a strong EU-integration vector
- Reformatting of the political leadership in Moldova welcomed by EU, US, IMF as well as foreign press
- The Economist: "She is slight, polite and gets what she wants. On July 11th the party founded by Maia Sandu, Moldova's president, won parliamentary elections by a landslide [...] With her hands on all the levers of power, Ms Sandu now has a unique opportunity".
- Emerging Europe: "Moldova's future is female, it would appear, following the nomination last week of Natalia Gavrilita, an economist with an impressive CV, as the country's next prime minister."

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Gold Medal and Best in Show by Country at London Wine Competition 2021,
A complex of contradictions. The most perfect, yet controversial creature - Sapiens

3 Guidance 2021 – on track to deliver

Target	2021 guidance	1H2021 fact	Status	Comments
Organic revenue growth	+12-14%	+25%	>	<ul style="list-style-type: none"> Romania remains biggest growth driver. Significant recovery in Moldova and Asia – still under 2019 figures Bardar emerging strong, but under 2019 sales. Still facing headwinds in Belarus
EBITDA margin	28-30%	33%	>	<ul style="list-style-type: none"> Drought and poor harvest in 2020 putting pressure on margins Expecting a good 2021 harvest. Harvesting season expected to start on September 1st Improved mix and sales boost in high margin markets supports performance
Net Income margin	18-20%	19%	=	<ul style="list-style-type: none"> Remained thrifty and on strong cost discipline Equity-settled share-based payments of RON 5m, affecting some 5pp in margins Sales boost in Moldova and China, highly margin markets sustained margins



Thank you.