

ROSE  
*Brut*



**Purcari Wineries Plc**  
Corporate Presentation  
October, 2018

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# Purcari Wineries at a glance

## Leading wine player in Romania and the CEE...

Founded in 1827 by French colonists, **Purcari Group** is now...

- #1** awarded CEE winery of the year in 2015-2018 at Decanter London, "wine Olympics"
- #1** premium wine brand in Romania, Moldova
- #1** fastest growing large winery in Romania
- #1** largest exporter of wine from Moldova
- top** 1,060 hectares of prime vineyards, top production assets
- top** Reputable shareholders alongside founder, Victor Bostan: Horizon Capital, Fiera Capital, Franklin Templeton, SEB, IFC etc.

## 4 brands, covering a broad spectrum of segments



CRAMA  CEPTURA

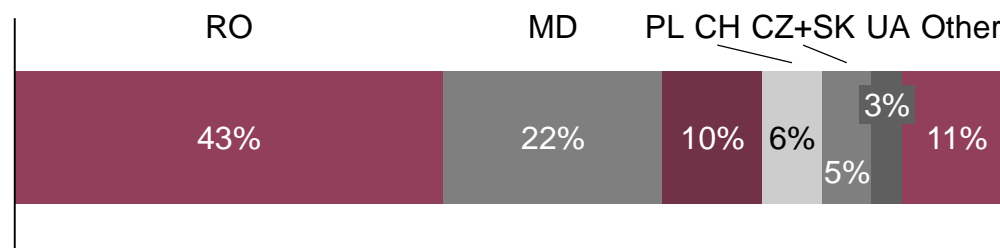


 BOSTAVAN



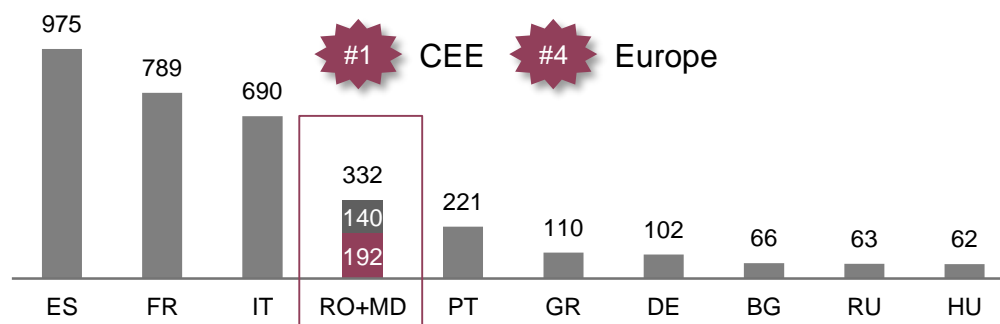
## ... with a strong & expanding regional footprint

Geographical breakdown of sales in value terms, 1H 2018, %



## Located in a region with one of the richest wine heritages

Top 10 European countries by area under vines, kha



## Our group: competitive advantage in a great market

### Attractive market

Secular shift from beer, spirits to wine, especially in CEE

### Competitive advantage

#1 premium wine brand in Romania

Wine growth '16-'20F in Romania 9.0% vs. 1.9% for beer

Plenty to catch up: wine consumption in Poland =  $\frac{1}{4}$  Germany, per cap.

#1 fastest growing large winery in Romania

#1 most awarded CEE winery at Decanter, "wine Olympics"

Shrinking vine plantations, create shortage, push prices up

Romania+Moldova undisputable #1 vineyards size in CEE, 5x vs #2

#2 EBITDA margin among global publicly traded wine peers

#1 on Instagram, Vivino engaging millennials in Romania



# 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 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



## Our mission, vision and values

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### 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

# Purcari brand is part of the popular culture, a true icon



Known as the brand with a long standing tradition of shipments to Royal courts



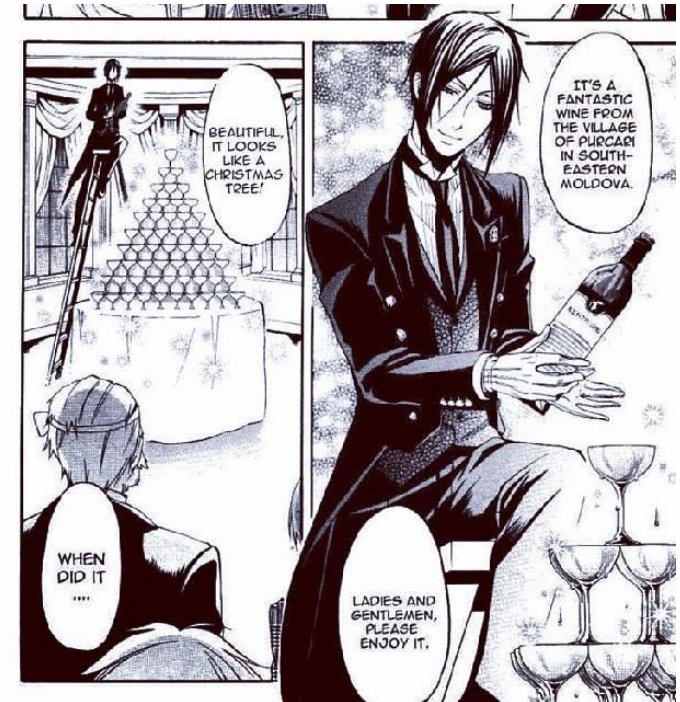
Școala de agricultură Purcari. Camion de distribuție.

Liberi. Вільні. თავისუფალი.

#freedomblend



Wine with an attitude, taking position on key societal issues



With a cosmopolitan image; here showcased by John Kerry, the US State Secretary; but also featured in the very popular Black Butler comics (Kuroshitsuji manga), in Japan

# Successful IPO increasing visibility with consumers, partners

## Unprecedented press coverage, boosting brand

Selected titles



*“Noroc (cheers) for Moldovan wine”*



*“Purcari Wineries lists on Bucharest Stock Exchange after successful IPO”*



*“Putting New World techniques into Old World wine bottles”*



*“Winemaker Purcari Looking to Expand in China After Romanian IPO”*



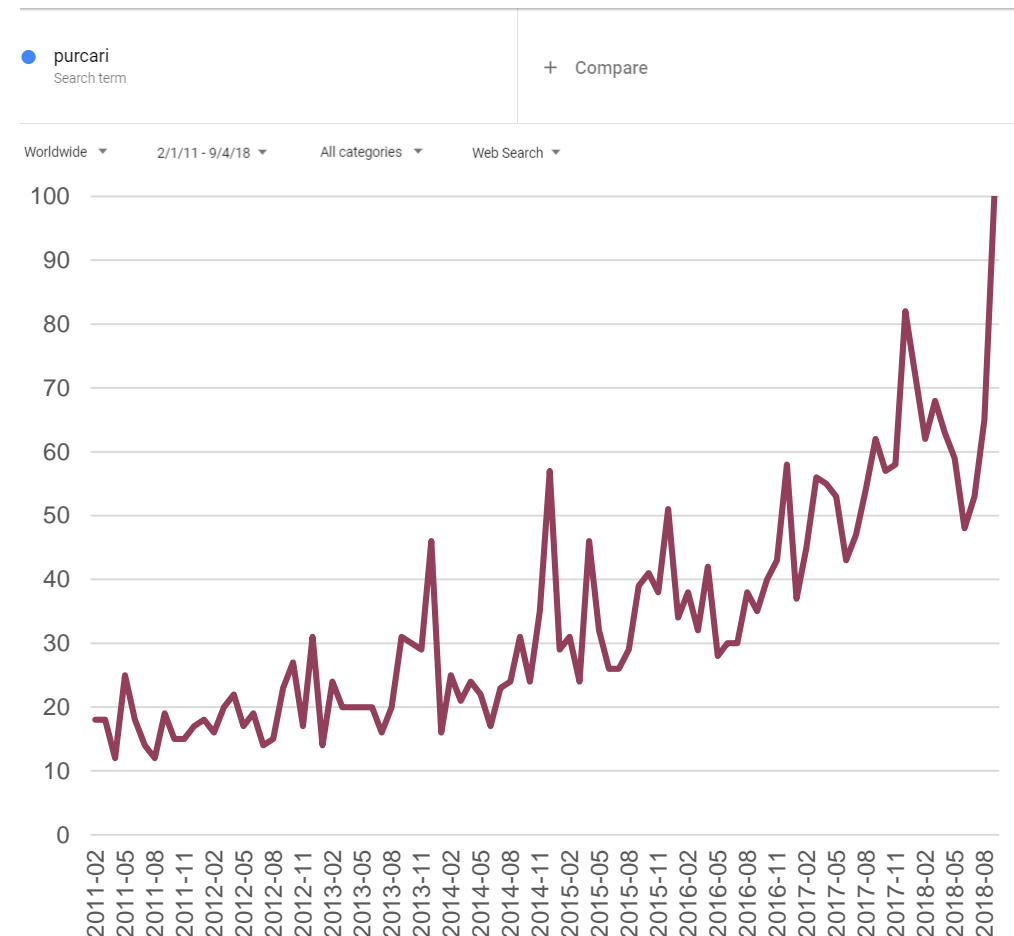
*“Vinurile Purcari au reușit să obțină 186 mil. lei deși piețele bursiere au avut o săptămână de coșmar”*



*“Oferta Purcari Wineries, suprasubscrisă de 4 ori pe tranșa de retail”*

## Increase in interest from general audience

Number of Google searches for “purcari”, relative development





**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, finance
- Speaks EN, RO, RU

**John Maxemchuk**  
COO



- 20 years of management experience, including over 10 years in Moldova
- Ex-MetroMedia, Sun/Orange, AT&T
- Wharton, MBA Harvard Business School
- Speaks EN, RO

**Diana Durnescu**  
Investor Relations Manager



- Over 5 years of experience in business development and FDI attraction
- Ex-Prime Minister's office for FDI
- Academy of Economic Studies
- Speaks EN, RO, RU

**Vasile Tofan**  
Chairman



- Over 10 years experience in FMCG
- Partner at Horizon Capital, \$700m+ AUM
- Ex- Monitor Group, Philips
- MBA Harvard Business School
- Speaks EN, RO, RU, FR, NL

## Victor Bostan

CEO, Founder  
Executive Director



- 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 of Moldova, degree in oenology

## John Maxemchuk

COO  
Executive Director



- 20 years of management experience, including over 10 years in Moldova
- Ex-MetroMedia, Sun/Orange, AT&T
- Wharton, MBA Harvard Business School

## Monica Cadogan

Non-executive Director



- Over 10 years of management experience
- CEO of Vivre Deco, leading CEE e-commerce home products company
- Bucharest University of Economic Studies

## Neil McGregor

Non-executive Director



- Over 20 years of legal experience
- Managing partner of McGregor & Partners
- Vice-president of the British Romanian Chamber of Commerce
- University of Aberdeen

## Vasile Tofan

Chairman  
Non-executive Director

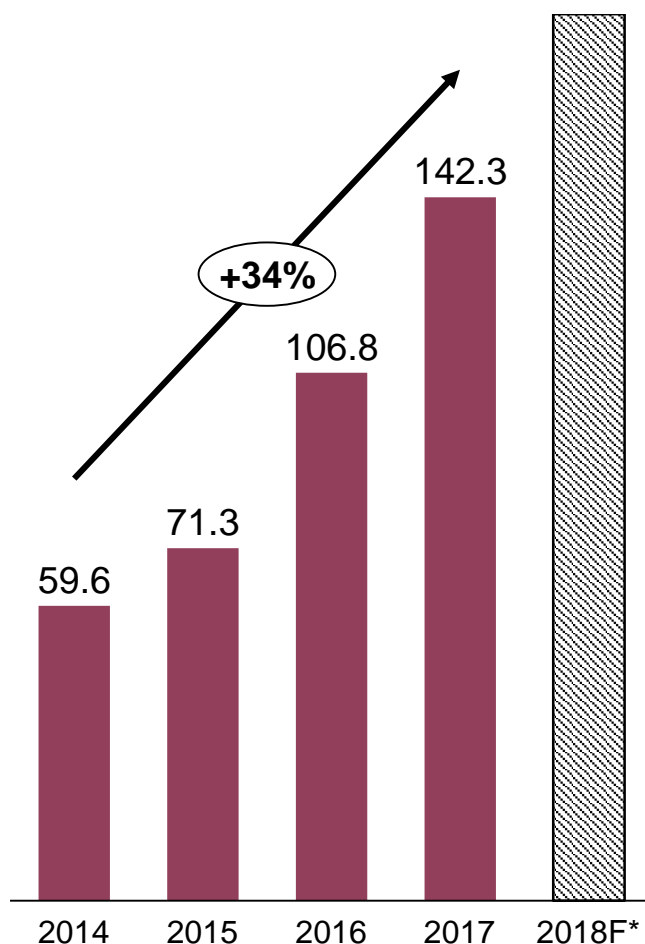


- Over 10 years experience in FMCG
- Partner at Horizon Capital, \$700m+ AUM
- Ex- Monitor Group, Philips
- MBA Harvard Business School

# Fundamental advantages driving consistent growth across metrics

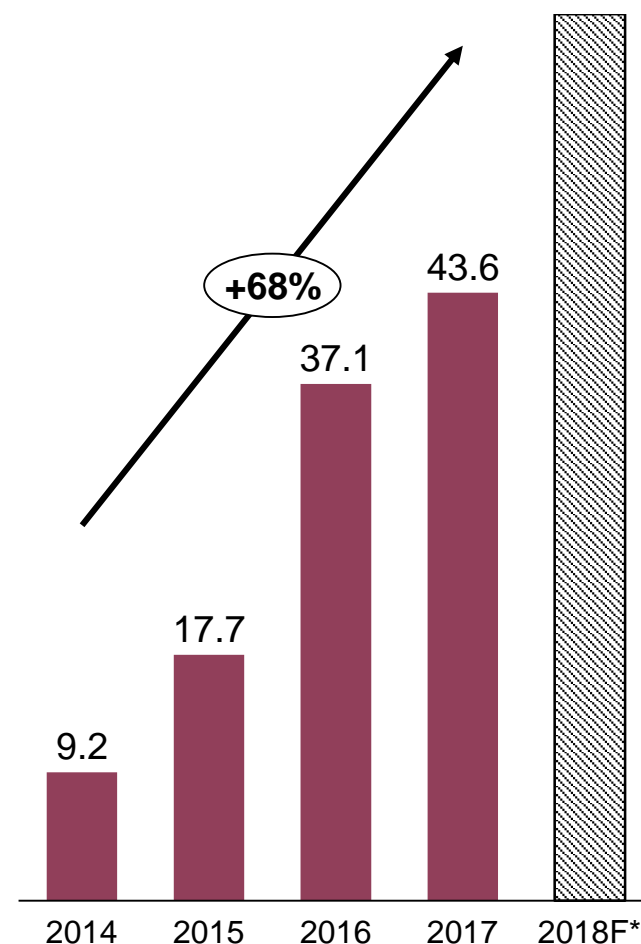
## Revenues

RON m



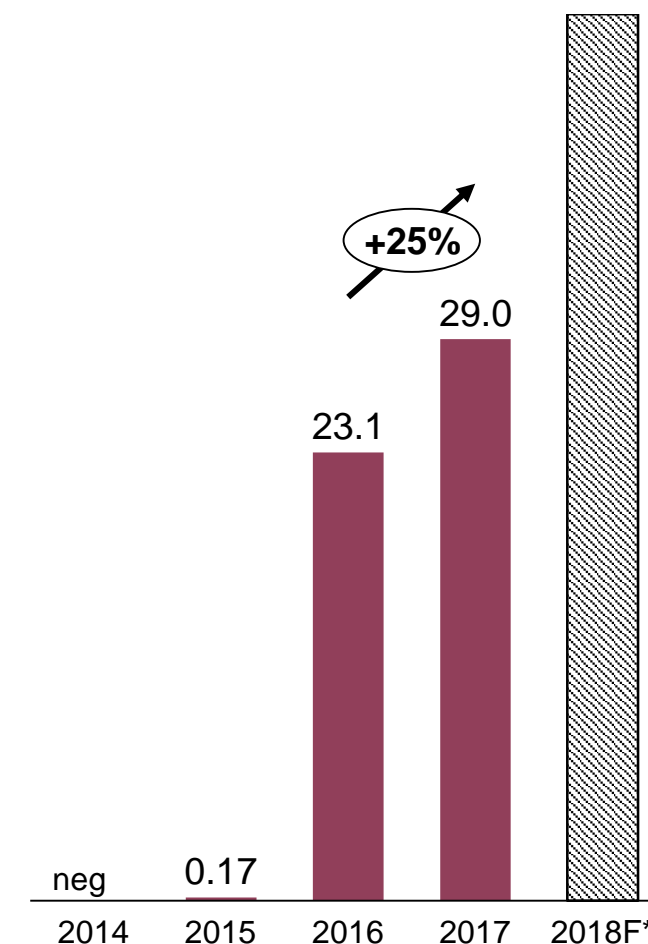
## EBITDA<sup>1</sup>

RON m



## Net Income

RON m



- 1 **Favorable macro fuels growth in our key regions**
- 2 Secular growth of wine market, especially in CEE
- 3 Highest quality acknowledged by experts and consumers
- 4 Best of both worlds: low cost + pricing premium = great margins
- 5 Strategic vision: build #1 CEE winery, consolidate market
- 6 Excellent team, resources to deliver on the vision
- 7 Robust 2018 performance and strong guidance

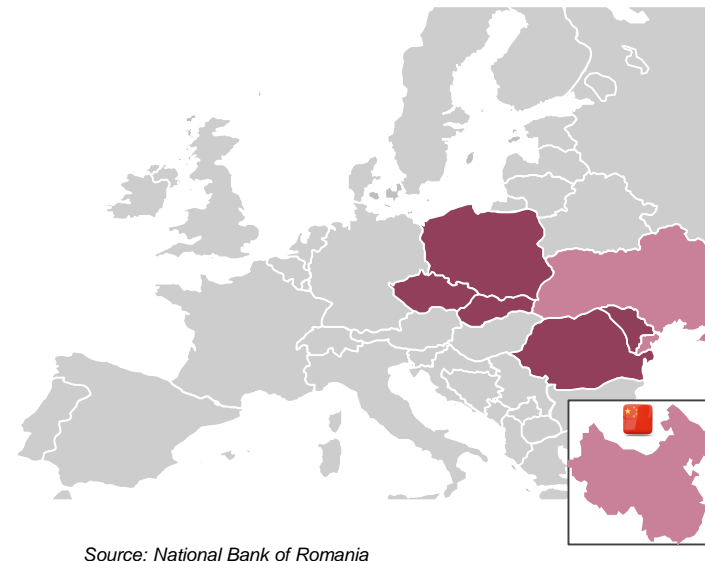
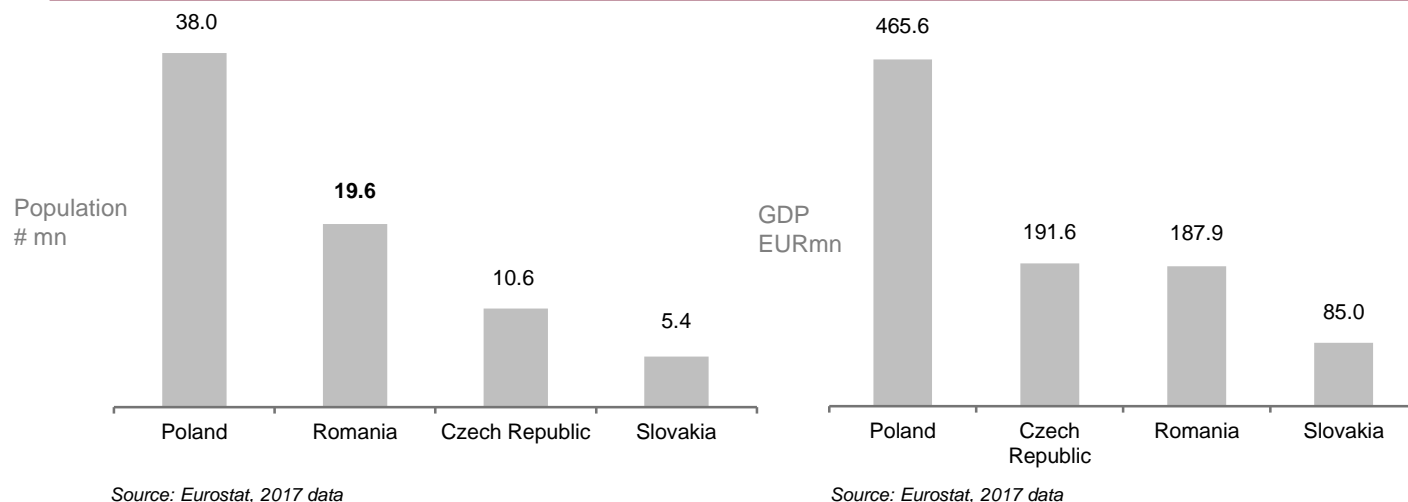


Crama Ceptura – *Astrum*, the latest introduction in the Ceptura line-up, targeting the 15-20 RON/bottle segment, which accounts for circa 20% of market sales, which the Group started pursuing only now

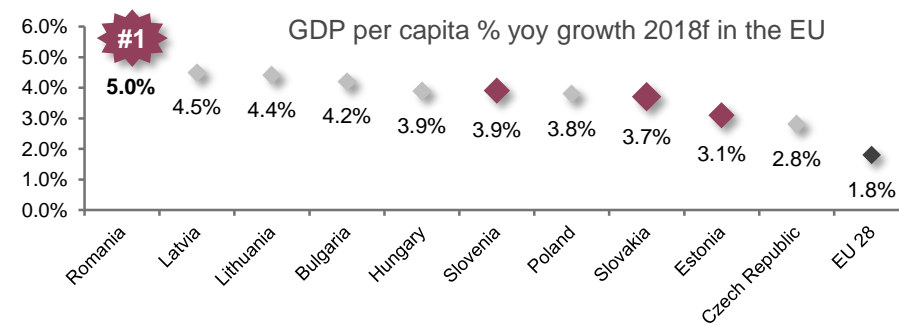
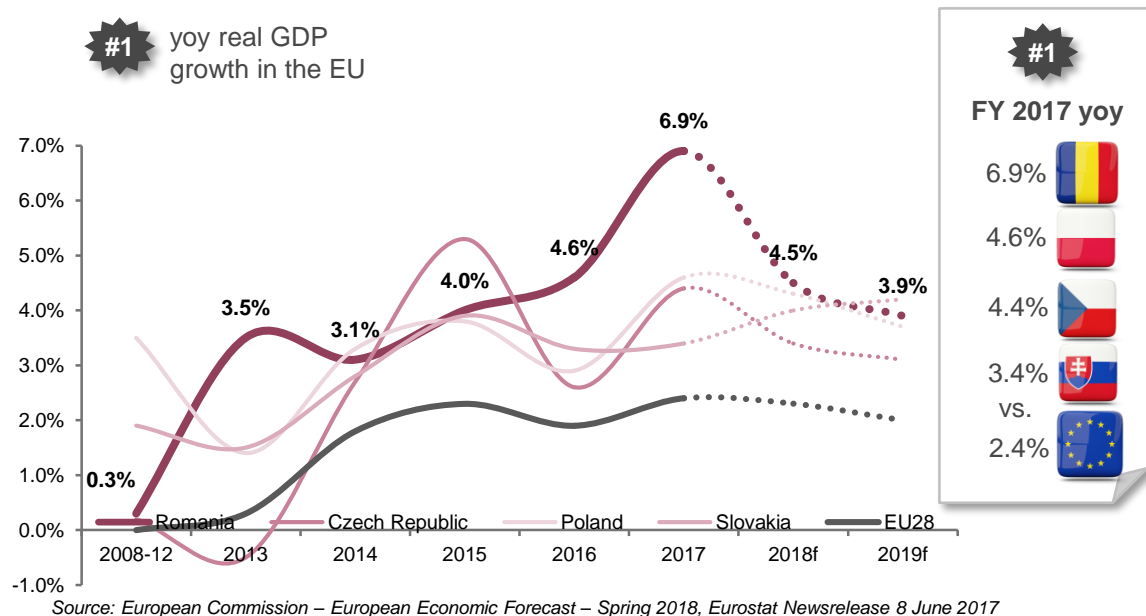


# 1 Favorable macro fuels growth in our key regions

## Sizeable CEE economies...



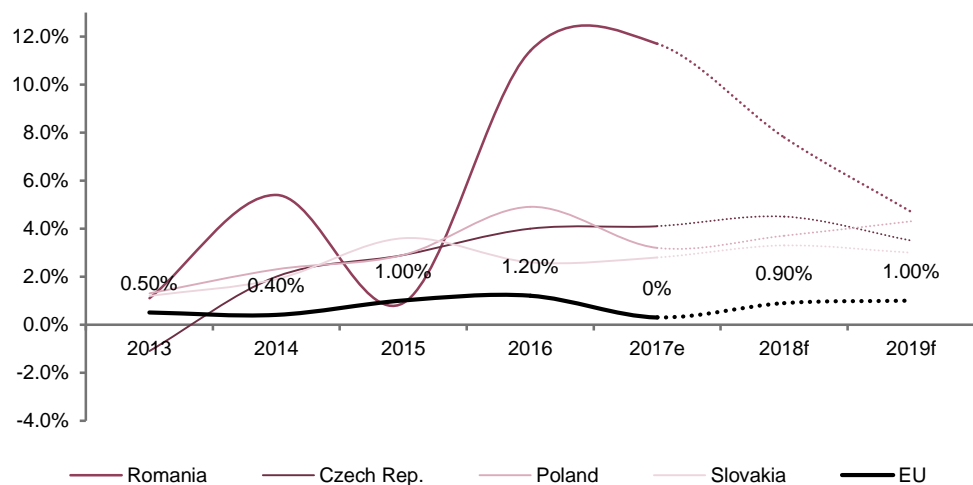
## ...with strong above average growth and positive outlook....



2017	Population (mn.)	Real GDP % YoY	Unemployment rate	GDP / capita (EUR)
Moldova	3.5	4.5%	3.3%	2,039
Ukraine	42.3	2.5%	9.5%	2,371
China	1,390	6.9%	3.9%	7,794

# 1 Supportive momentum for consumption; good business climate

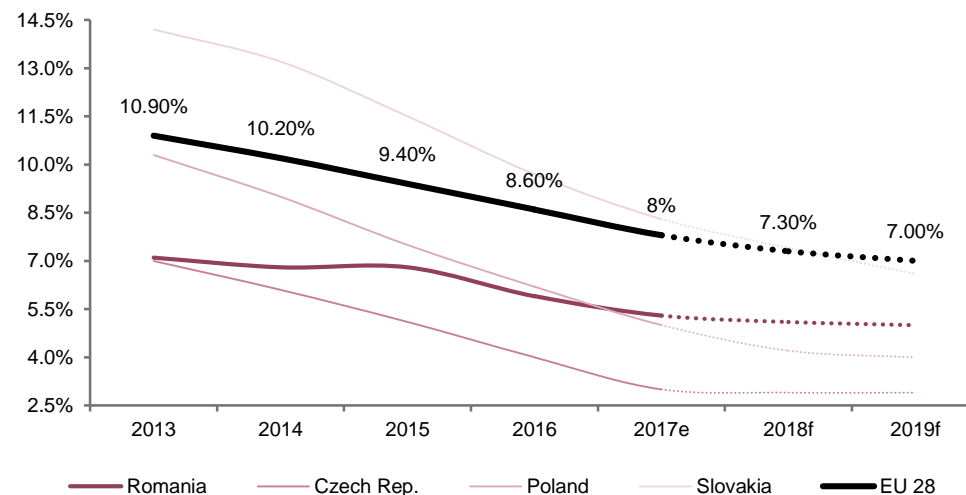
## Highest Growths in Real Compensation of Employees(1) (yoy %)



Source: European Commission – European Economic Forecast – Autumn 2017

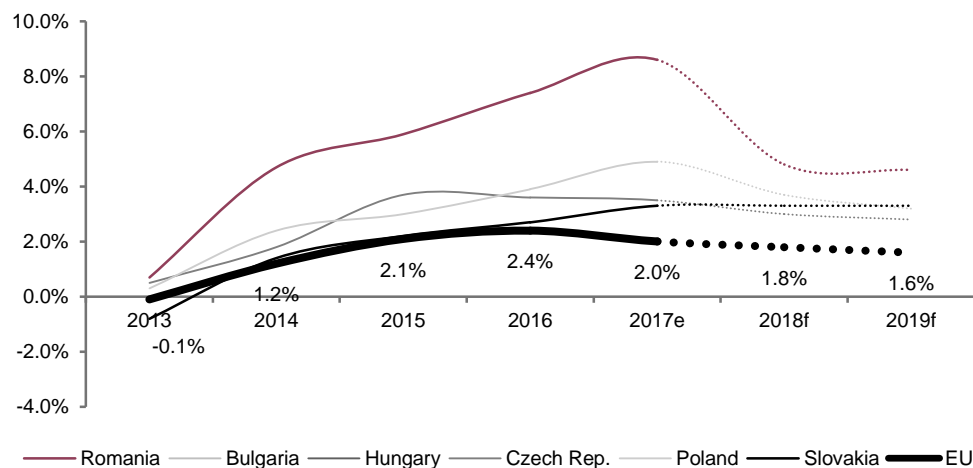
(1) Total remuneration incl. wages & salaries, social contributions; deflated by price deflator of private consumption

## Declining Unemployment Rates Below EU Levels



Source: European Commission – European Economic Forecast – Autumn 2017, Eurostat

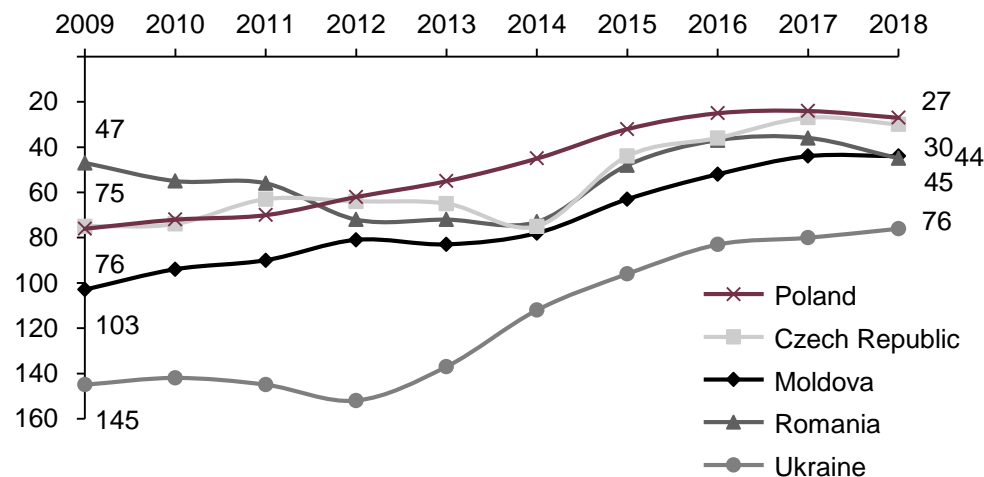
## Growing Private Consumption above EU levels (yoy %)








Source: European Commission – European Economic Forecast – Spring 2017, Eurostat

## Key markets score well in Ease of Doing Business Ranking

Rank in Ease of Doing Business, 2017



# 1 Sizeable, growing wine sector across the CEE markets

					
<b>Market volume, 2016 [m liters]</b>	323	244	216	81	168
<b>Market value, 2016 [m Euro]</b>	686	1,090	1,019	571	600
<b>Share of premium &amp; super-prem<sup>1)</sup>, 2016 [%]</b>	8.8	21.6	20.9	22.6	25.0
<b>Historical cons. growth, CAGR '14-'16 [%]</b>	7.4	1.9	3.5	0.2	-1.0
<b>Forecasted cons. growth, CAGR '16-'20 [%]</b>	9.0	3.2	1.6	1.4	2.9
<b>Wine consumption, 2016, [l/ capita]</b>	16.4	6.4	20.5	14.9	4.0
<b>Beer consumption, 2016, [l/ capita]</b>	90.0	105.2	143.2	77.4	41.3
<b>Spirits consumption, 2016, [l/ capita]</b>	3.1	9.3	6.0	7.8	4.2

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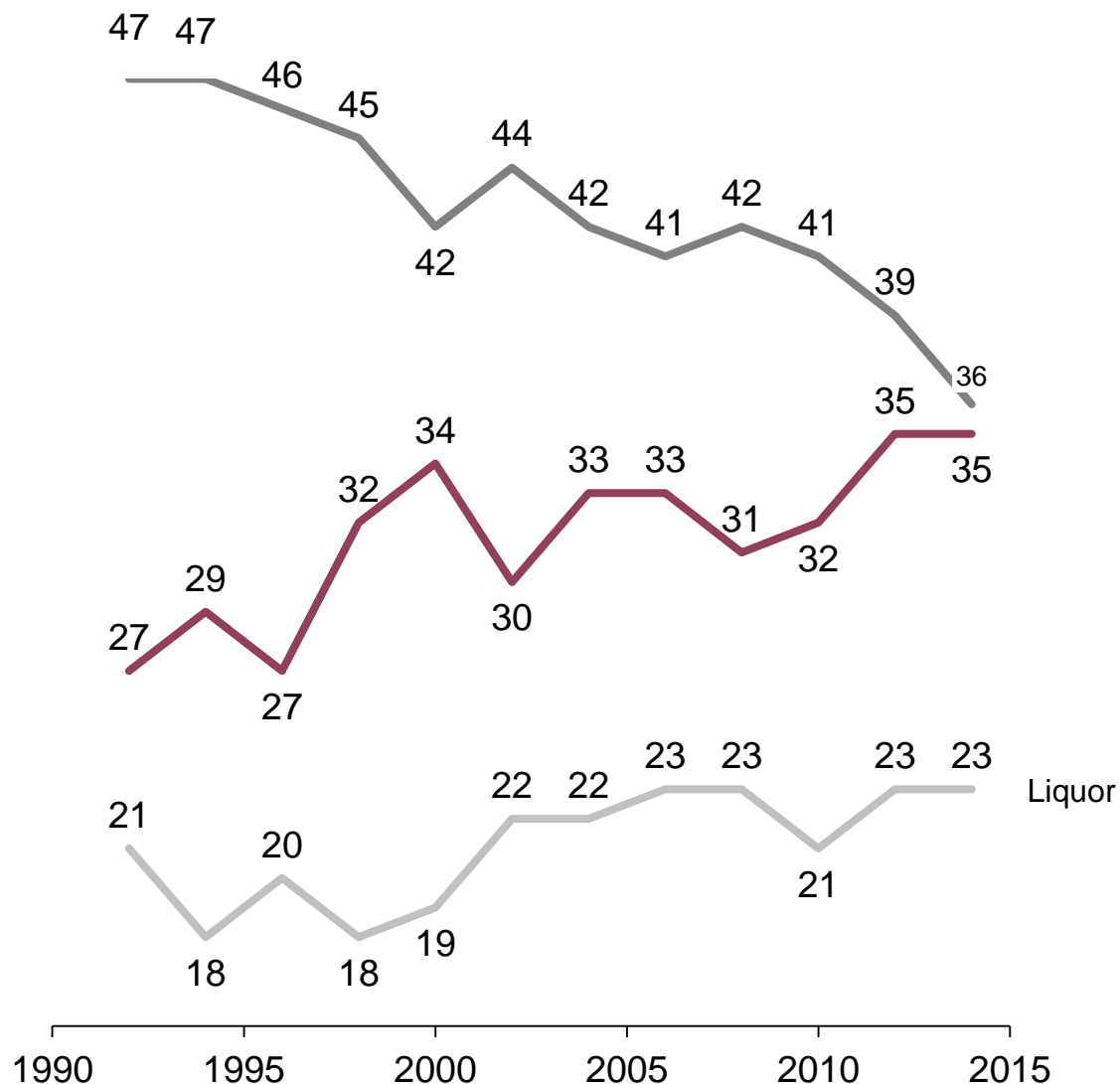
Crama Ceptura – *Astrum*, the latest introduction in the Ceptura line-up, targeting the 15-20 RON/bottle segment, which accounts for circa 20% of market sales, which the Group started pursuing only now





### Shifting consumer preferences: wine up, beer down

US Gallup survey: Do you most drink liquor, wine or beer? %



*"Rosé Is Seeing Explosive Growth as Its Summer Rival, Beer, Goes Flat"*

– 3 August, 2017

**Bloomberg**

*"Goldman downgrades beer stocks because millennials like wine better"*

– 24 July, 2017

**CNBC**

*"Millennials Are Drinking More Wine Than Boomers"*

– 17 February, 2016

**FORTUNE**

*"The world is facing a wine shortage, with global consumer demand already significantly outstripping supply, a report [by Morgan Stanley] has warned."*

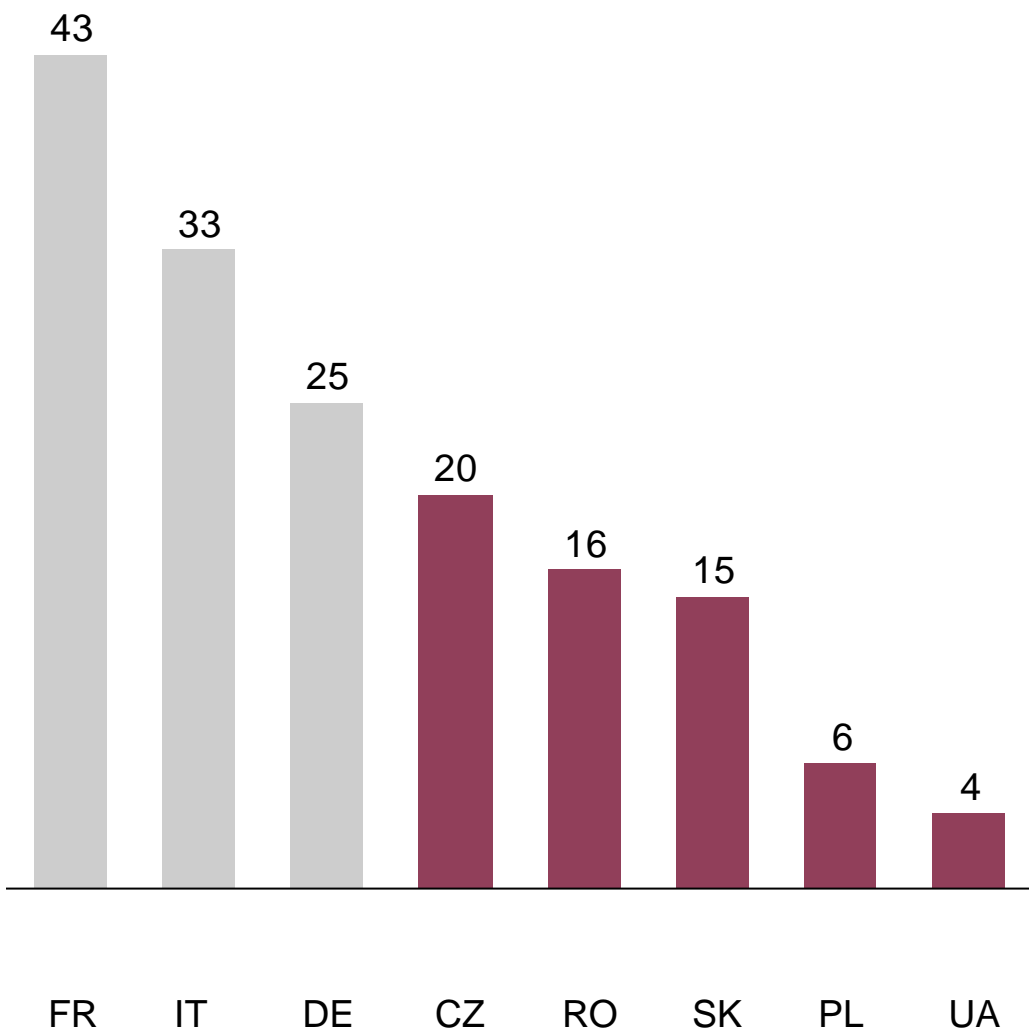
– 30 October 2013

**BBC**

## 2 CEE consumption especially strong, on shifting drinking patterns

### Plenty of catch up for CEE countries

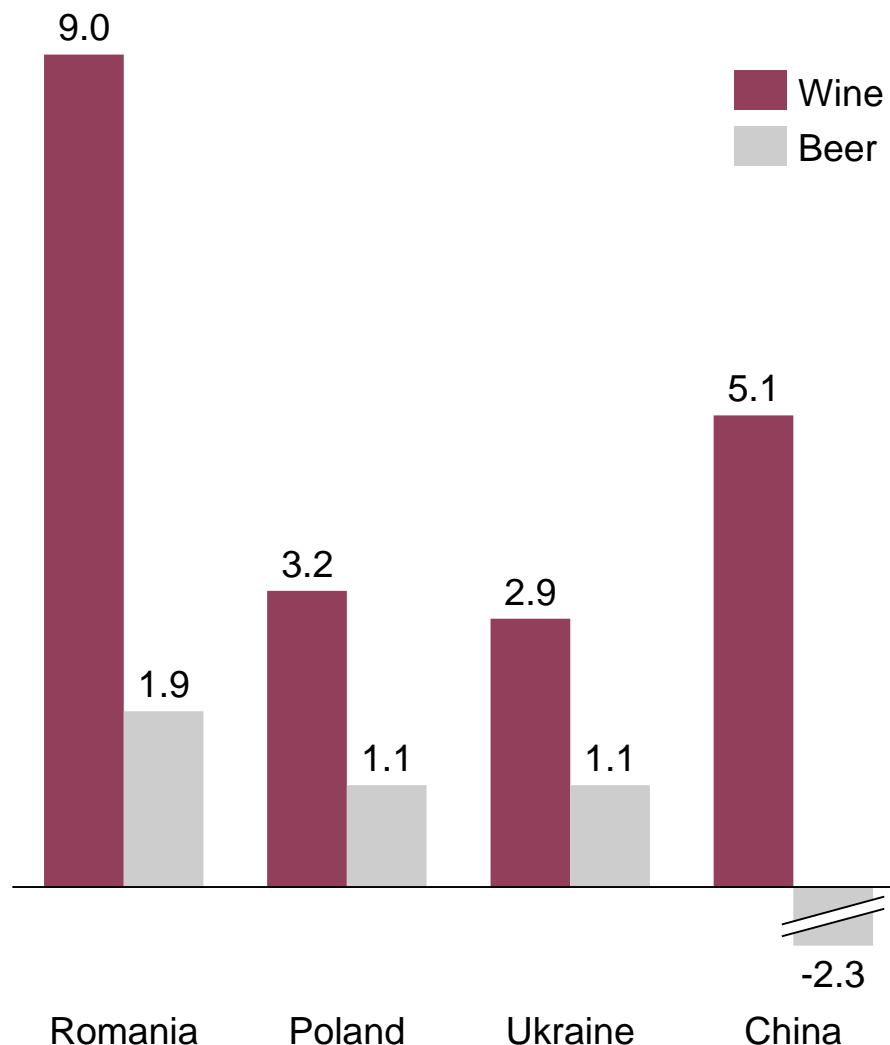
Wine consumption, litres per capita, selected countries



- Per capita wine consumption in CEE lags significantly WE levels, but catches up on growing share vs. beer

### Wine steals share from beer

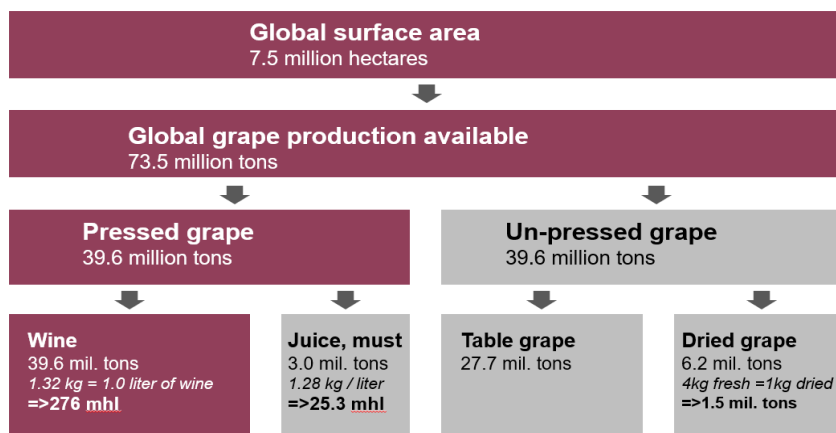
Forecast growth by category, by country 2016-2020F, %



- Romania, Group's largest market, show fastest growth forecast in CEE

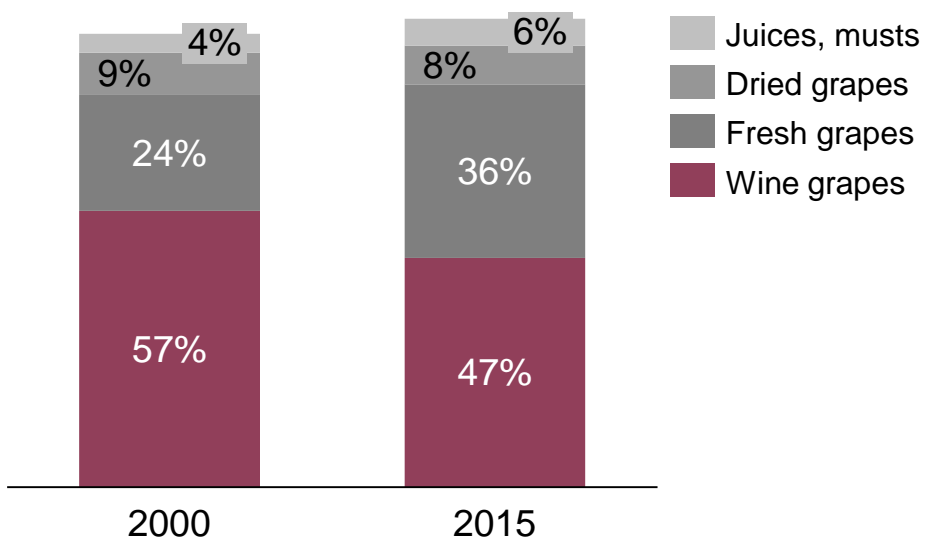
## 2 On supply side, the vineyards base has been shrinking, constraining output

### Less than 50% of grapes collected go for wine making



### Share of wine grape declining in total grape production

Grape end uses, 2000 vs. 2015, %



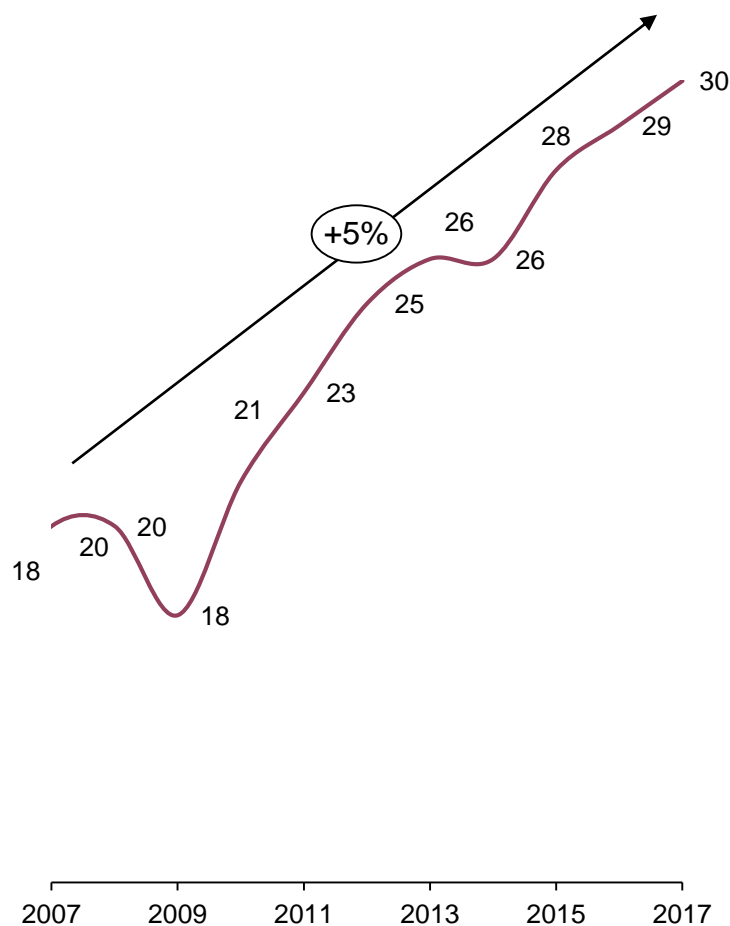
### Commentary

- Global area under vines, has gradually decreased between 2000 and 2015 from 7,782 ha to 7,515 ha, according to OIV;
- Overall, the corresponding share of wine grape production (versus other grape uses), has dropped from 57% to 47%, during the same period, from which one can infer an approximate 20% drop in vine surfaces used for wine grape cultivation;
- Much of the drop was driven by the EU, where regulation has been in place limiting planting rights and subsidizing so called grubbing-up schemes, in an attempt to address the oversupply;
- In China, among the very few countries which increased the vineyard plantations, only 12% of grape output goes to make wine (the rest being fresh and dried grapes);
- Global wine consumption in 2017 is estimated at 243m hl, with a corresponding production of 247m hl – a significant departure from the structural over-supply that plagued the market for decades;
- For instance, the average global consumption to production ratio has been at 0.85, on average, between 1995 and 2004; 0.90 for 2005-2014 and estimated as high as 0.98 in 2017, impacted also by a poor harvest season, which is limiting the supply.

## 2 These secular shifts, have been favourable to wine pricing globally

### As wine trade grows at a fast pace...

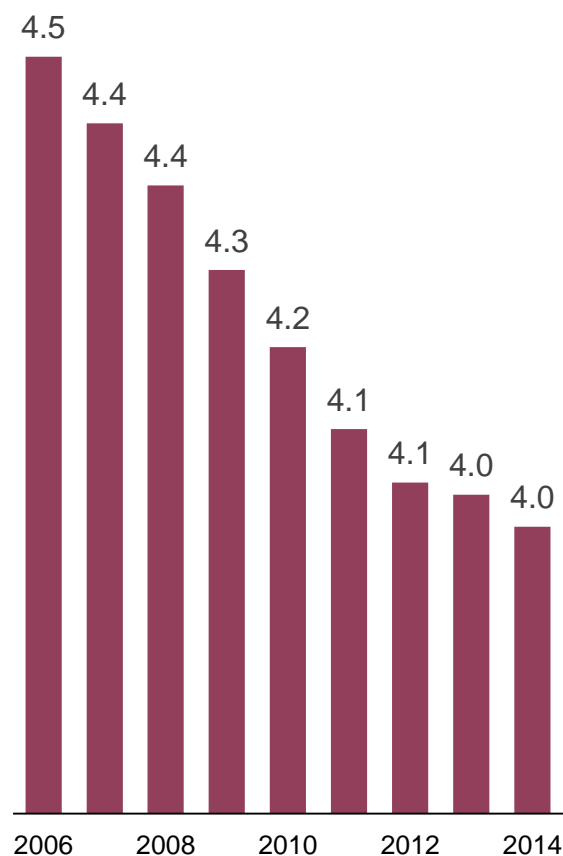
Global wine trade, €bn



- Wine trade has grown strong, as the sector becomes increasingly global

### ... and vine areas are decreasing...

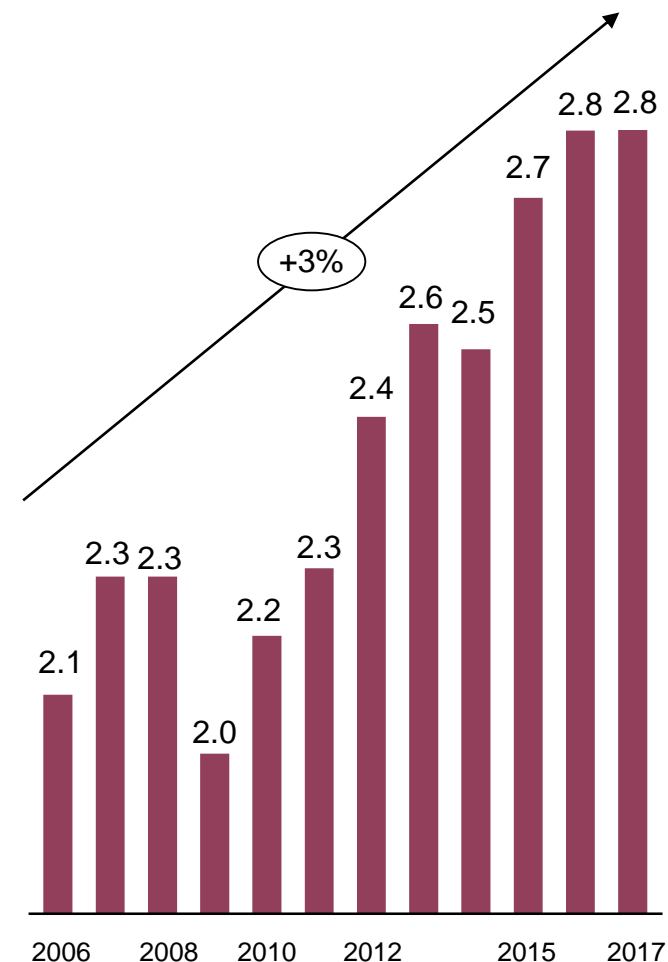
Area of vineyards in continental Europe, mn ha



- Regulation limiting new plantations, grubbing-up subsidies and generational change has led to a decrease in vine areas

### ... prices keep rising

Average price per liter of traded wine, €



- The resulting supply decrease, combined with rising demand, has pushed prices up



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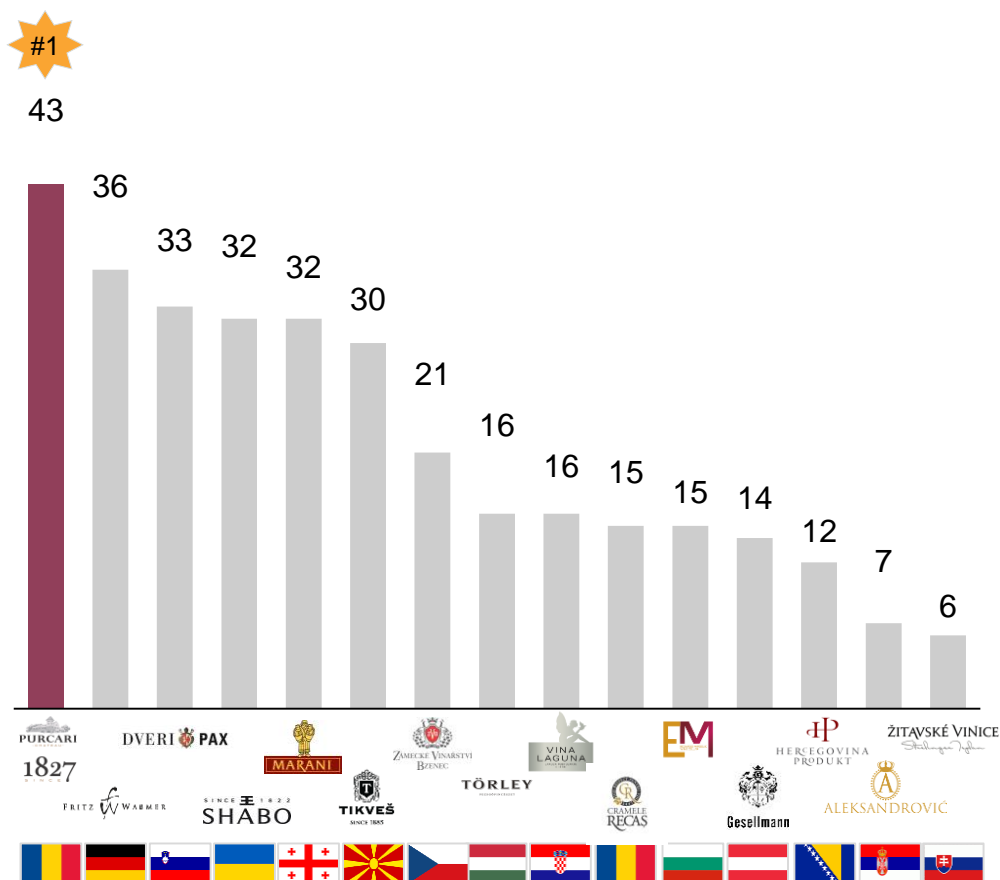


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### 3 Quality highly commended, remain the most awarded winery in CEE..

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

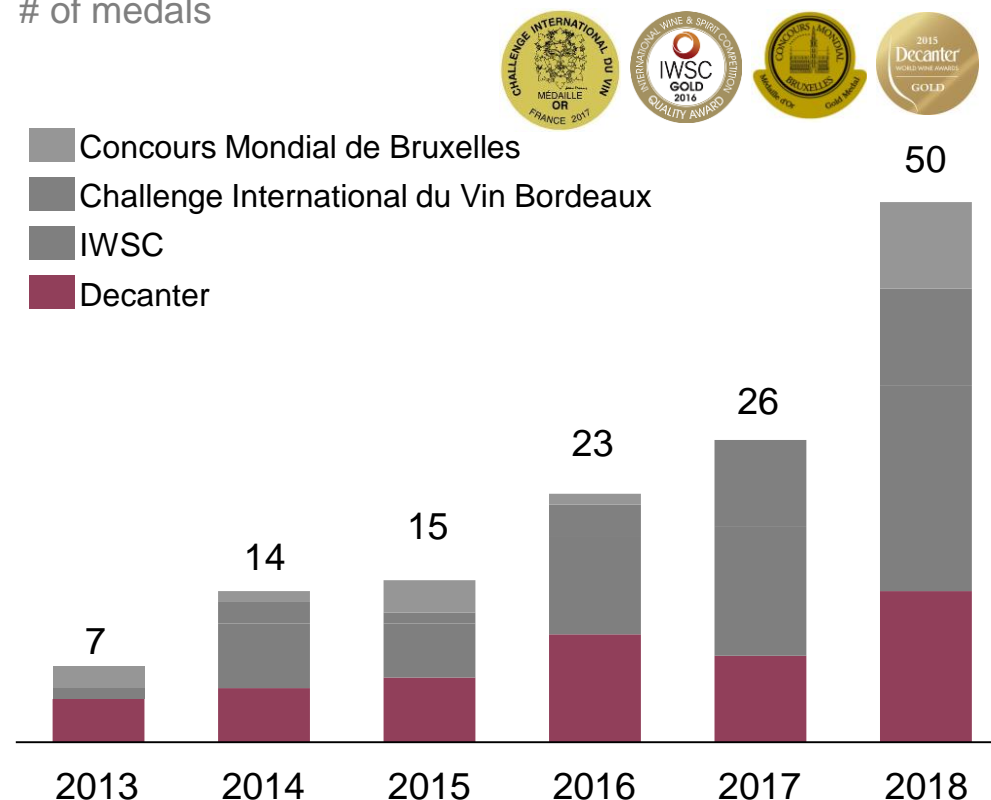
# of Decanter medals in 2015 - 18<sup>(1)</sup>



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

Increasing number of medals won from year to year

# of medals



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



2 in top-5 and 6 in top-25 wines in Romania; we beat many pricier ones<sup>1</sup>



4 in top-25 wines in Ukraine; undisputable #1 on this metric<sup>2</sup>

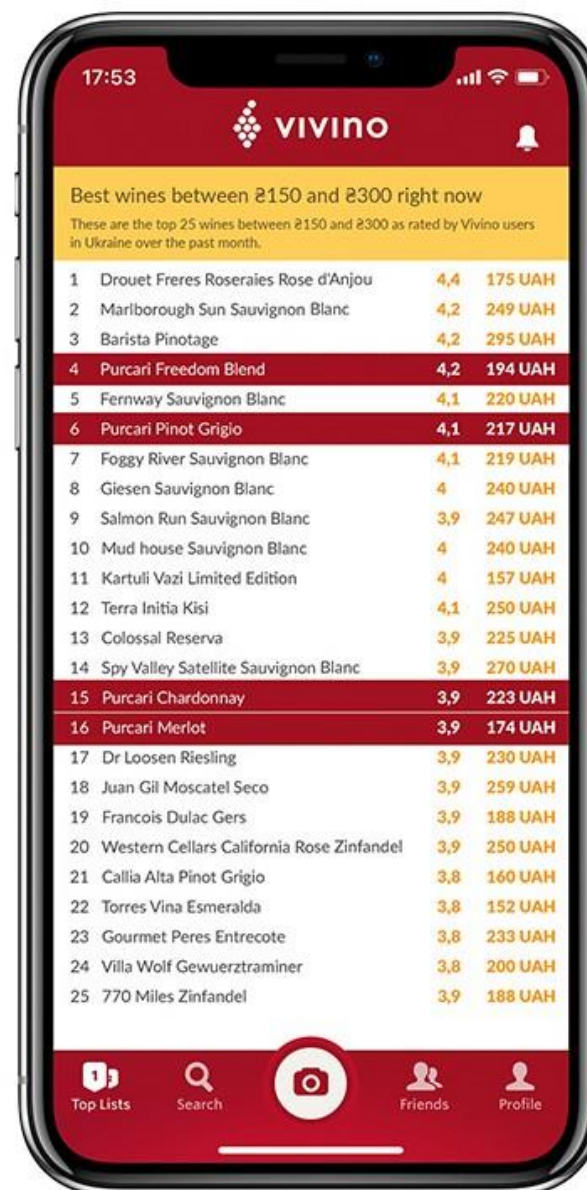
#1



Best wines between L30 and L60 right now  
These are the top 25 wines between L30 and L60 as rated by Vivino users in Romania over the past month.

1	Purcari Pinot Grigio	4,3	31 RON
2	Carpe Diem Bad Boys	4,3	56,94 RON
3	Purcari Rara Neagra	4,2	35 RON
4	Tenuta Sant Antonio Scaia Veneto	4,2	54,5 RON
5	Liliac Sauvignon Blanc	4,3	58 RON
6	Villa Maria Private Bin Sauvignon Blanc	4,2	52 RON
7	Sole de Recas Chardonnay Barrique	4,1	50,5 RON
8	Purcari Freedom Blend	4,1	35,35 RON
9	Purcari Vinohora Rara Neagra Malbec	4,1	48 RON
10	Alpha Estate Malagouzia Turtles	4,1	49,45 RON
11	Sarica Caili de la Letea Aligote	4,2	47 RON
12	Carl Reh La Cetate Feteasca Neagra	4	38,87 RON
13	Serafim Feteasca Neagra	4	38 RON
14	M1 Crama Atelier Charme de la Mer	4	38 RON
15	Tohani Siel Red Alb	3,9	33,5 RON
16	Purcari Rose	3,9	35 RON
17	Purcari Cabernet Sauvignon	3,9	33 RON
18	Chateau Pigoudet Premier Rose	3,9	33,51 RON
19	Liliac Rose Pinot Noir	3,9	43 RON
20	Petro Vaselo Alb	3,9	36 RON
21	Cricova Cabernet Sauvignon	3,9	55 RON
22	Vitis Metamorfosis Via Coltul Pietrei	4,3	44 RON
23	Aurelia Visinescu Promessa Rose	3,9	36 RON
24	Gitana Surori Saperavi Rara Neagra	3,5	55,5 RON
25	Carl Reh La Cetate Shiraz	3,9	50 RON

#1



Best wines between €150 and €300 right now  
These are the top 25 wines between €150 and €300 as rated by Vivino users in Ukraine over the past month.

1	Drouet Freres Roseaies Rose d'Anjou	4,4	175 UAH
2	Marlborough Sun Sauvignon Blanc	4,2	249 UAH
3	Barista Pinotage	4,2	295 UAH
4	Purcari Freedom Blend	4,2	194 UAH
5	Fernway Sauvignon Blanc	4,1	220 UAH
6	Purcari Pinot Grigio	4,1	217 UAH
7	Foggy River Sauvignon Blanc	4,1	219 UAH
8	Giesen Sauvignon Blanc	4	240 UAH
9	Salmon Run Sauvignon Blanc	3,9	247 UAH
10	Mud house Sauvignon Blanc	4	240 UAH
11	Kartuli Vazi Limited Edition	4	157 UAH
12	Terra Initia Kisi	4,1	250 UAH
13	Colossal Reserva	3,9	225 UAH
14	Spy Valley Satellite Sauvignon Blanc	3,9	270 UAH
15	Purcari Chardonnay	3,9	223 UAH
16	Purcari Merlot	3,9	174 UAH
17	Dr Loosen Riesling	3,9	230 UAH
18	Juan Gil Moscatel Seco	3,9	259 UAH
19	Francois Dulac Gers	3,9	188 UAH
20	Western Cellars California Rose Zinfandel	3,9	250 UAH
21	Callia Alta Pinot Grigio	3,8	160 UAH
22	Torres Vina Esmeralda	3,8	152 UAH
23	Gourmet Peres Entrecote	3,8	233 UAH
24	Villa Wolf Gewuerztraminer	3,8	200 UAH
25	770 Miles Zinfandel	3,9	188 UAH

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## 4 Purcari formula: operational excellence meets sound marketing

### Operational excellence

- **Location:** low cost production platform in Romania, Moldova, very competitive vs. other EU, New world
- **Scale:** large and growing scale in a fragmented market where scale matters
- **Processes:** solid processes in place, minimizing the guesswork and human factor in operations
- **Culture:** past crises – following 2006, 2013 embargos cultivated hard learned cost-discipline
- **Balance sheet:** strong balance sheet to trade payment terms for margin
- **Quality:** offer superior quality at a given price point

Lower costs

### Clever marketing

- **Philosophy:** be genuine, talk to the consumer, don't sell to them
- **On a shoestring:** focus on creative, viral marketing, on small budgets
- **Digital first:** focus on new media, with Facebook, Instagram and YouTube as main platforms
- **"Lean Startup":** fast prototyping, encourage experimentation, tolerate failure, react fast to flops
- **Product innovation:** constantly innovate line-up and packaging, to keep up with the changing tastes
- **Influencer marketing:** work along key opinion leaders, including bloggers and fashion divas

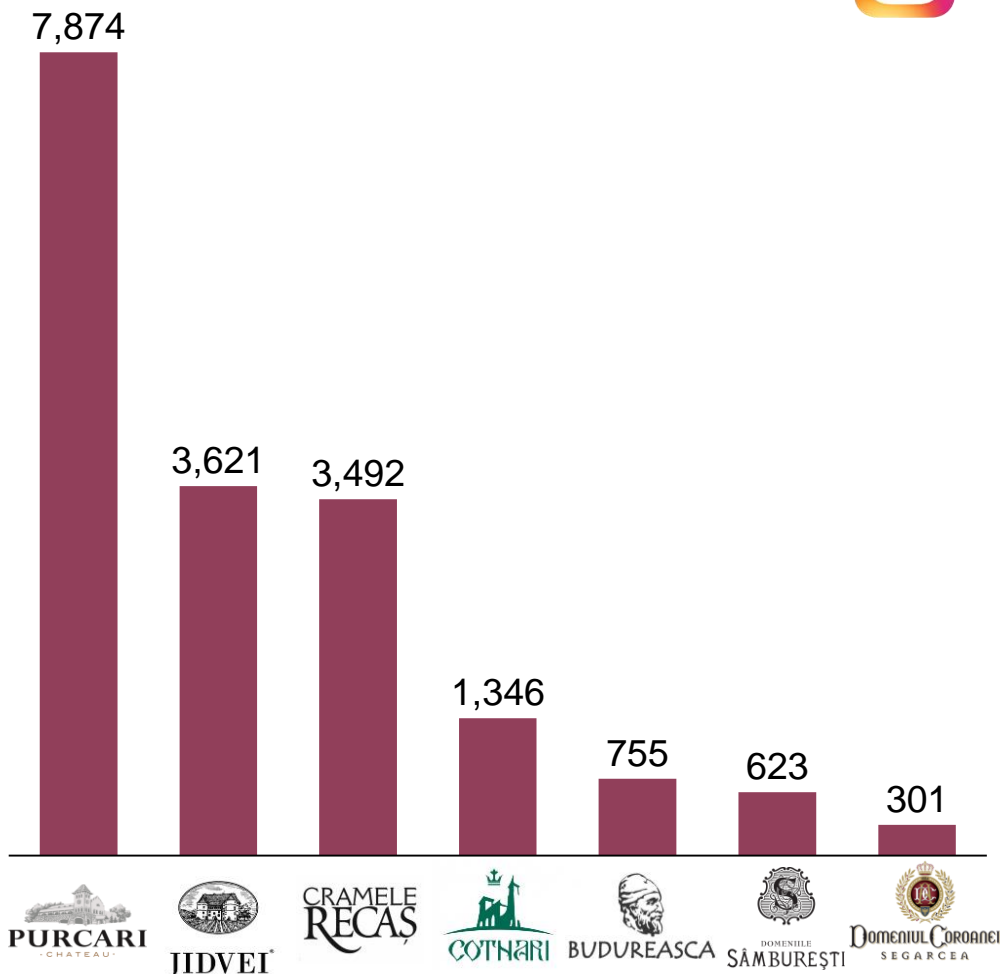
Brand premium

Strong sales and margins

## 4 Topping Romanian wineries at engagement, quality

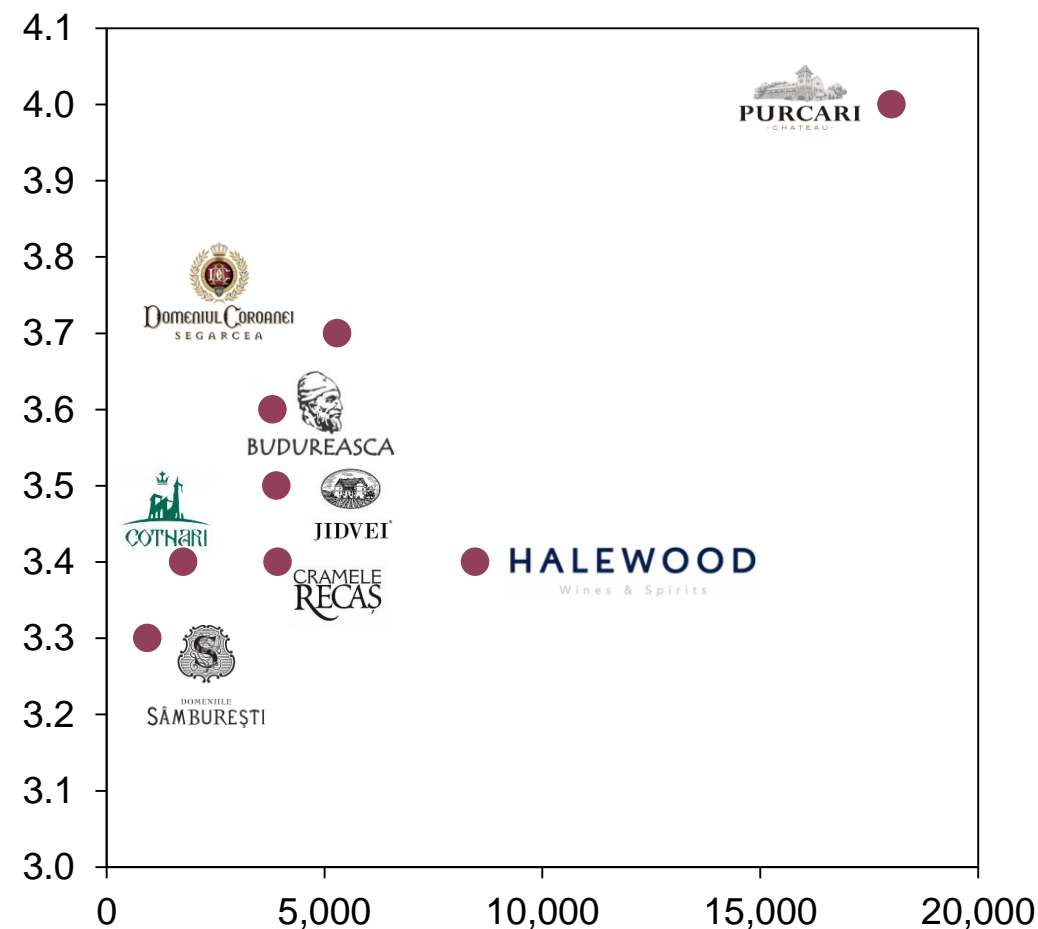
### Aspirational brand which consumers like sharing about

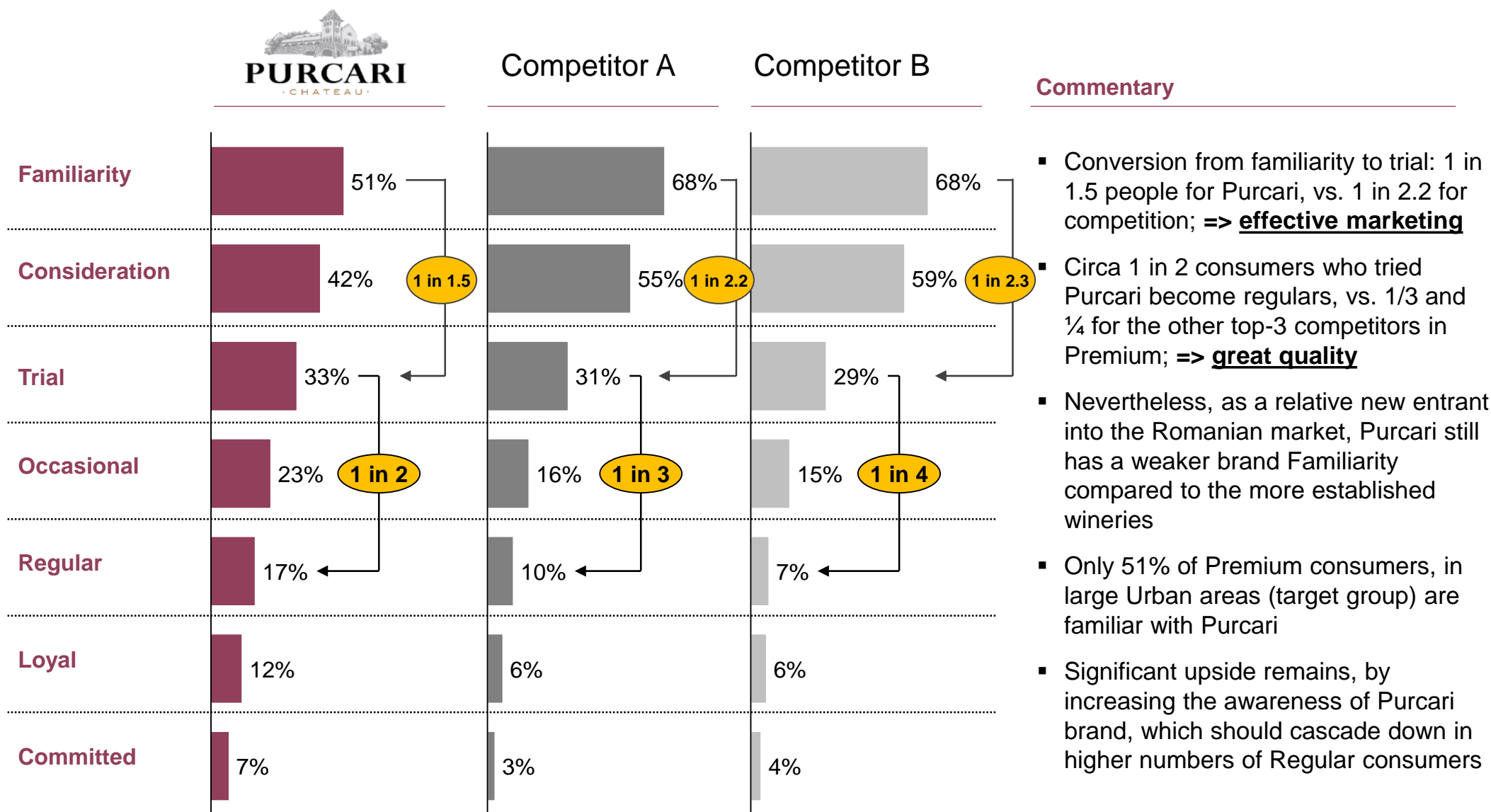
Number of #brand uses on Instagram, by key Romanian brands



### Highest number of ratings and highest scores on Vivino

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





## Romania National Day (2013)

History of Romania told by a sand artist



52k+

## Glossa (2014)

National poem put on video



1,215k+

## Takk Norge (2015)

Our workers thank Norwegian consumers



120k+

## We are the champions (2016)

Purcari villagers sing a Queen classic



120k+

## Winedrone (2016)

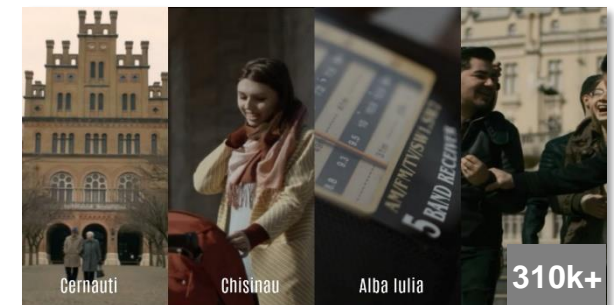
April's Fool prank



40k+

## Maluri de Prut (2016)

Celebrate Romania's unification



310k+

## Digital Label (2017)

April's Fool prank



70k+

## Purcari Wine Run (2017)

10km through the vineyards



65k+

## Winelicious (2017)

Short 1-6, viral, video recipes



525k+

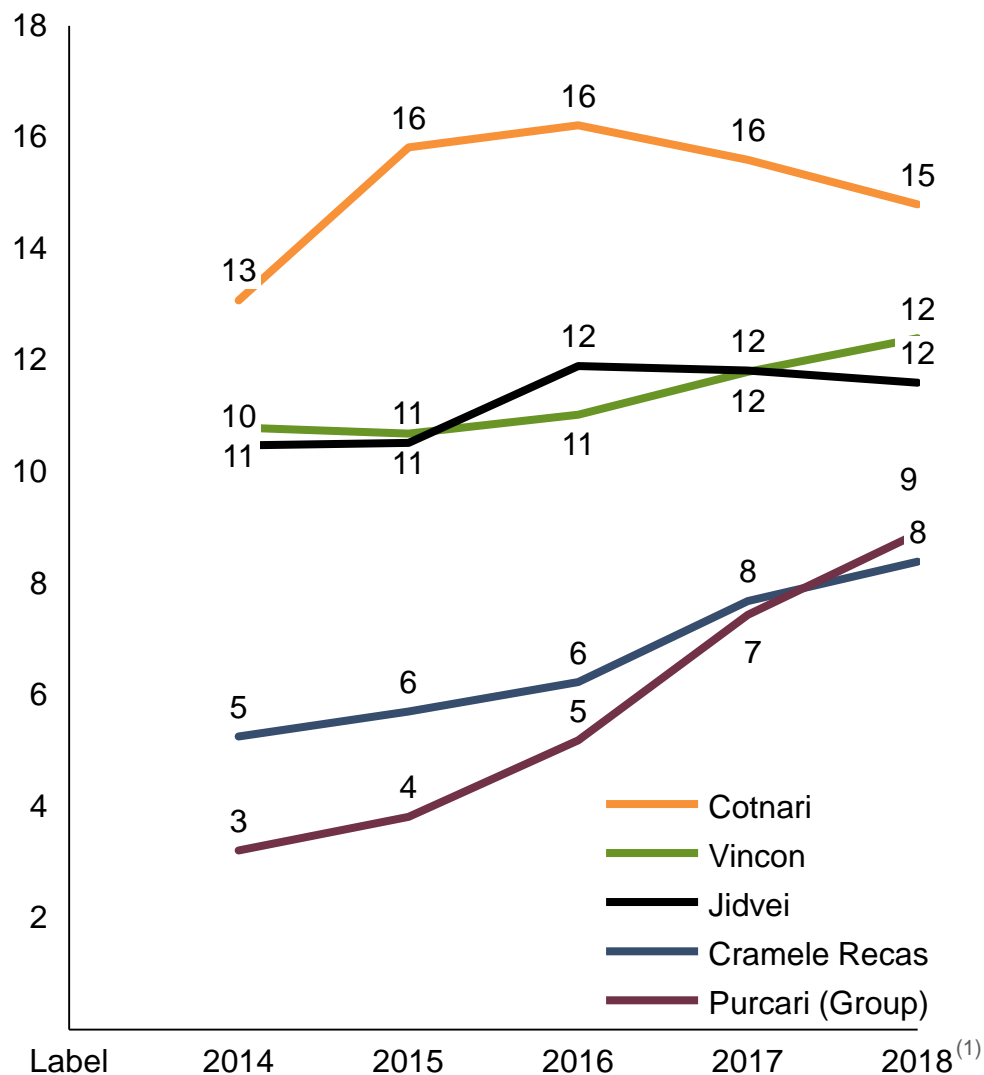




## 4 Clear results of marketing efforts: #1 in Romania premium, gaining share

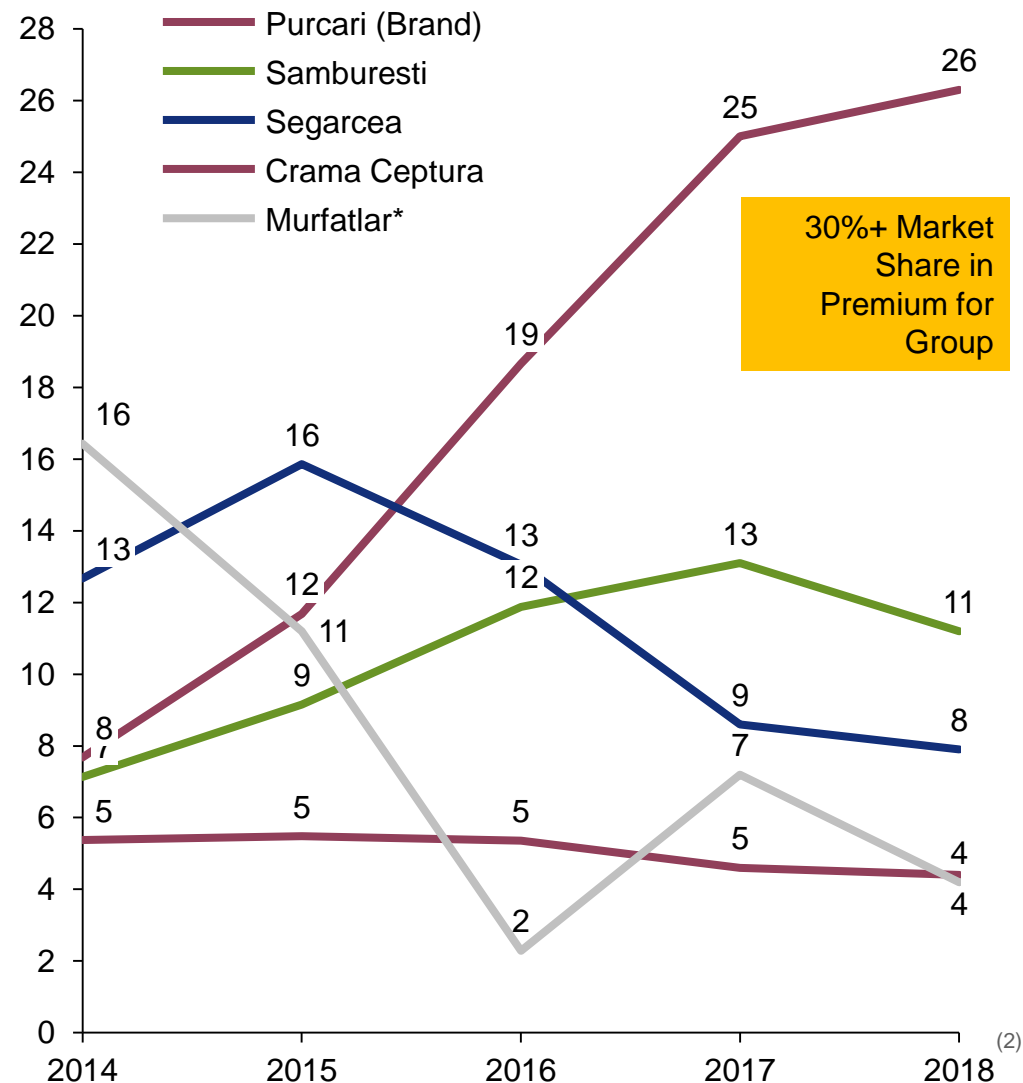
### Overall, Purcari has tripled MS in 4 years....

Value share of TOTAL retail market, Romania, %



### ...while becoming a clear #1 in Premium

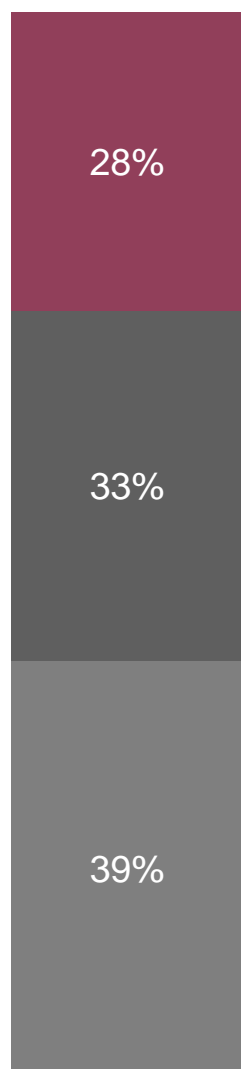
Value share of Premium (RON 30+/liter) retail market, %





## 4 Costs: sustainable cost advantage, across the cost structure (1/2)

### COGS breakdown of the Group, 2016



#### Agriculture

- Labour
- Chemicals
- Land
- Fuel



- Significantly cheaper labour
- No cost advantage in chemicals
- Vineyard prices in Moldova, Romania at lower costs vs. WE
- Fuel, on par or cheaper in Romania, much cheaper in Moldova

#### Production

- Oenological materials
- Labour
- Energy
- Equipment














- No cost advantage
- Significantly cheaper labour
- Cheaper energy
- Moderate cost advantage on locally built equipment, maintenance repair (e.g. storage tanks)

#### Finishing

- Bottle
- Labels
- Cap & Cork
- Labour



- Significantly cheaper bottles, on lower gas, sand, labour costs
- No cost advantage
- No cost advantage
- Significantly cheaper labour

					
Average net salary [€/ month] 	1,913	1,288	646	573	213
Electricity [€/ kwh] 	0.074	0.101	0.114	0.064	0.083
Diesel [€/ liter] 	1.29	1.13	0.71	1.14	0.77
Bottle [€/ 0.75l] 	0.25	0.30	0.15	0.18	0.15
Grapes <sup>1)</sup> [€/ kg] 	0.90 Val de Loire	0.85-1.20 Rioja	0.30 Colchagua	0.30 Ceptura	0.24 Purcari
Vines <sup>2)</sup> [€/ ha] 	25 k – 3.4 m	31 k – 50 k	27 k – 48 k	10k – 12k	4k – 9k

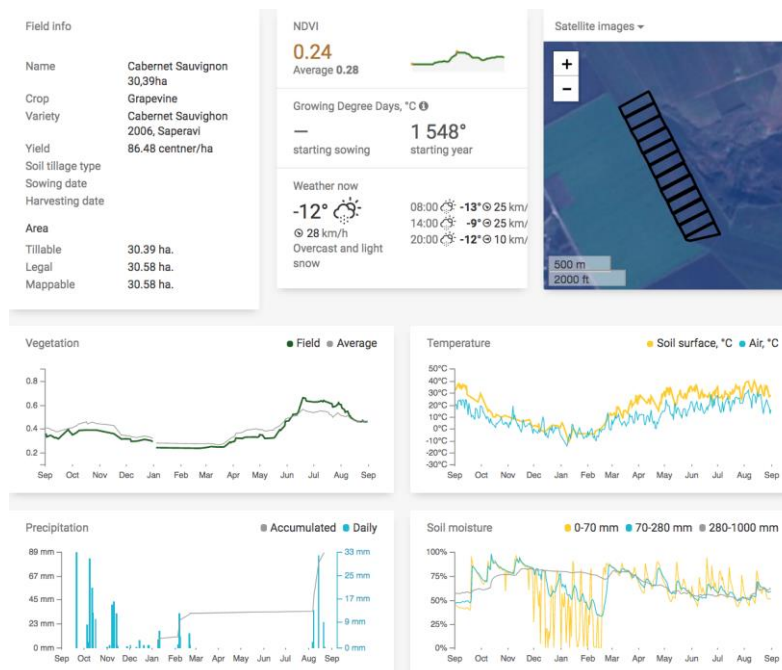
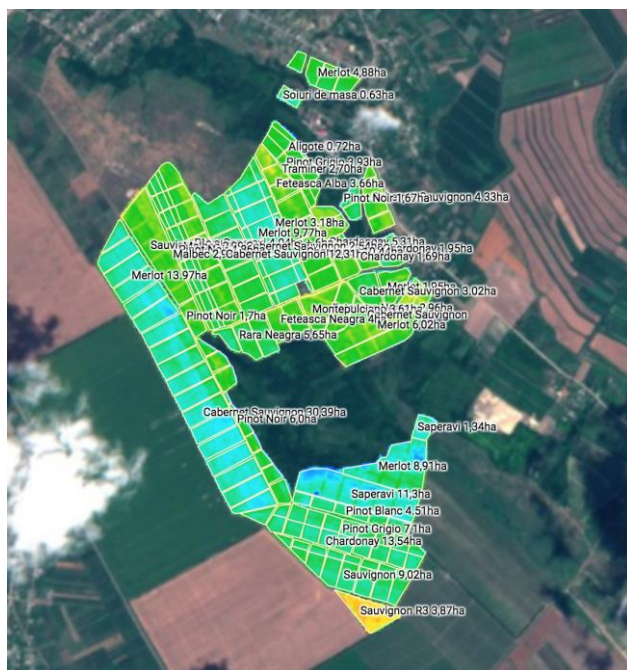
1) Quality comparable to Group's production 2) France (Bordeaux); France (Val de Loire, based on 10t/ha yield calculation); Spain (La Rioja, Pais Vasco); Chile (Colchagua); Romaina (Crama Ceptura Winery, 2017); Moldova (Purcari Winery, 2017)  
Sources: Company data, Numbeo, Eurostat, ODEPA, Ministry of Agriculture of Spain, Agrifrance 2017 Rural Report, [www.vinetur.com](http://www.vinetur.com), [www.larioja.org](http://www.larioja.org), <http://www.lomejordevinoderioja.com>, [www.vivastreet.cl](http://www.vivastreet.cl), [www.Globalpetrolprices.com](http://www.Globalpetrolprices.com), [www.exchangerates.org.uk](http://www.exchangerates.org.uk), [www.elobservador.com.uy](http://www.elobservador.com.uy)

### Push on digitization

- Management focused in digitizing processes, increasing reliance on data in running operations and minimizing human errors
- Implementation of specialized software to monitor agro-operations, including mobile data-tracking, satellite monitoring of vineyards
- Strong belief that digital superiority in operations will serve as competitive advantage vs. other winemakers, lower costs, boost productivity and raise the bar quality wise with help of superior data

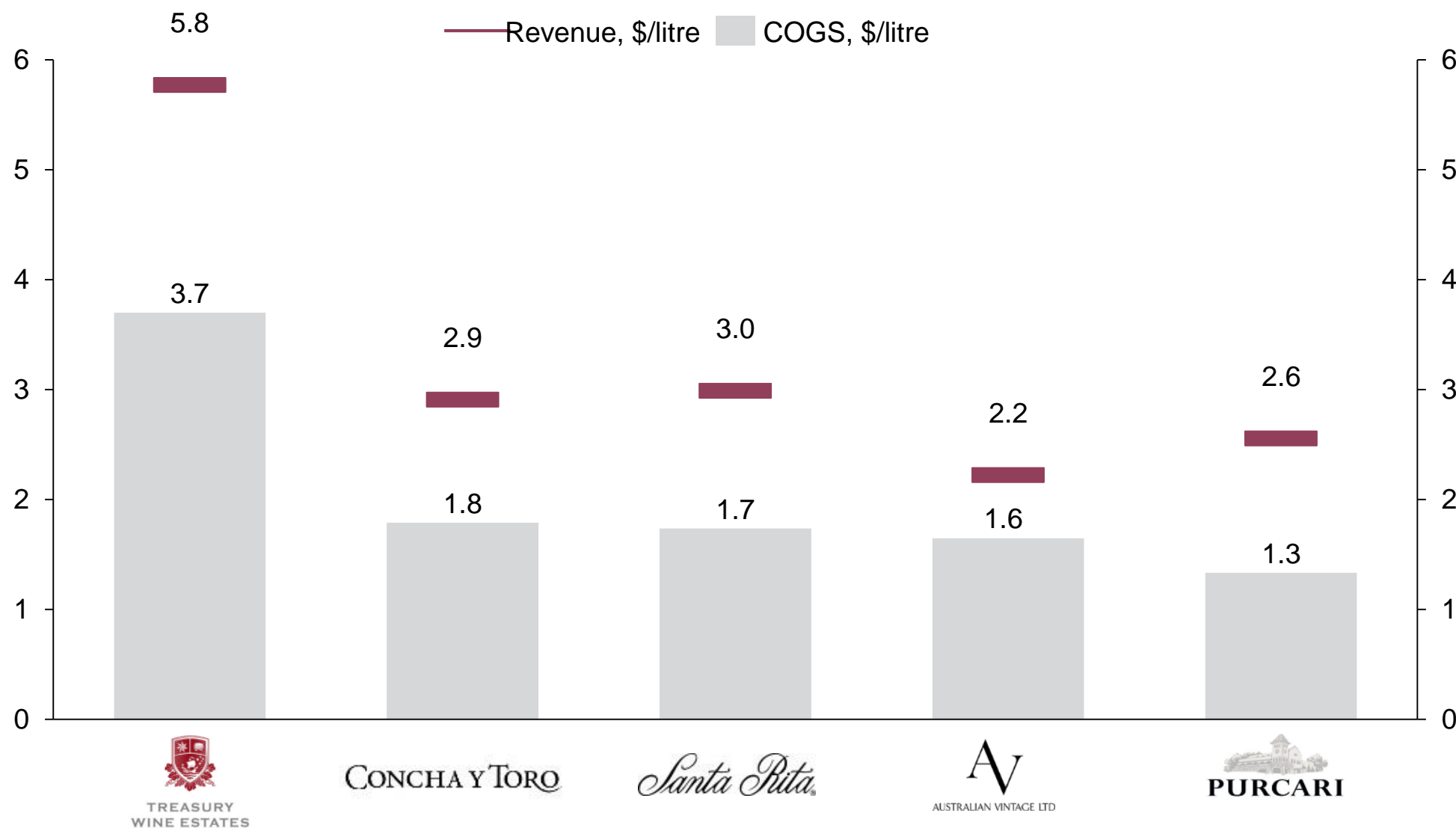
### Ongoing investment in top wine technology

- Continued investing in quality, with Bitzer refrigeration, Bucher pneumatic presses, Pellenc grape sorting line, a full cycle premium sparkling production line, thermovinification etc
- Ongoing commitment to offer excellent wine quality to consumers, which, is impossible without top technology



## 4 Best of both worlds – lower costs and pricing premium...

COGS per liter vs Revenue per liter of peer wineries



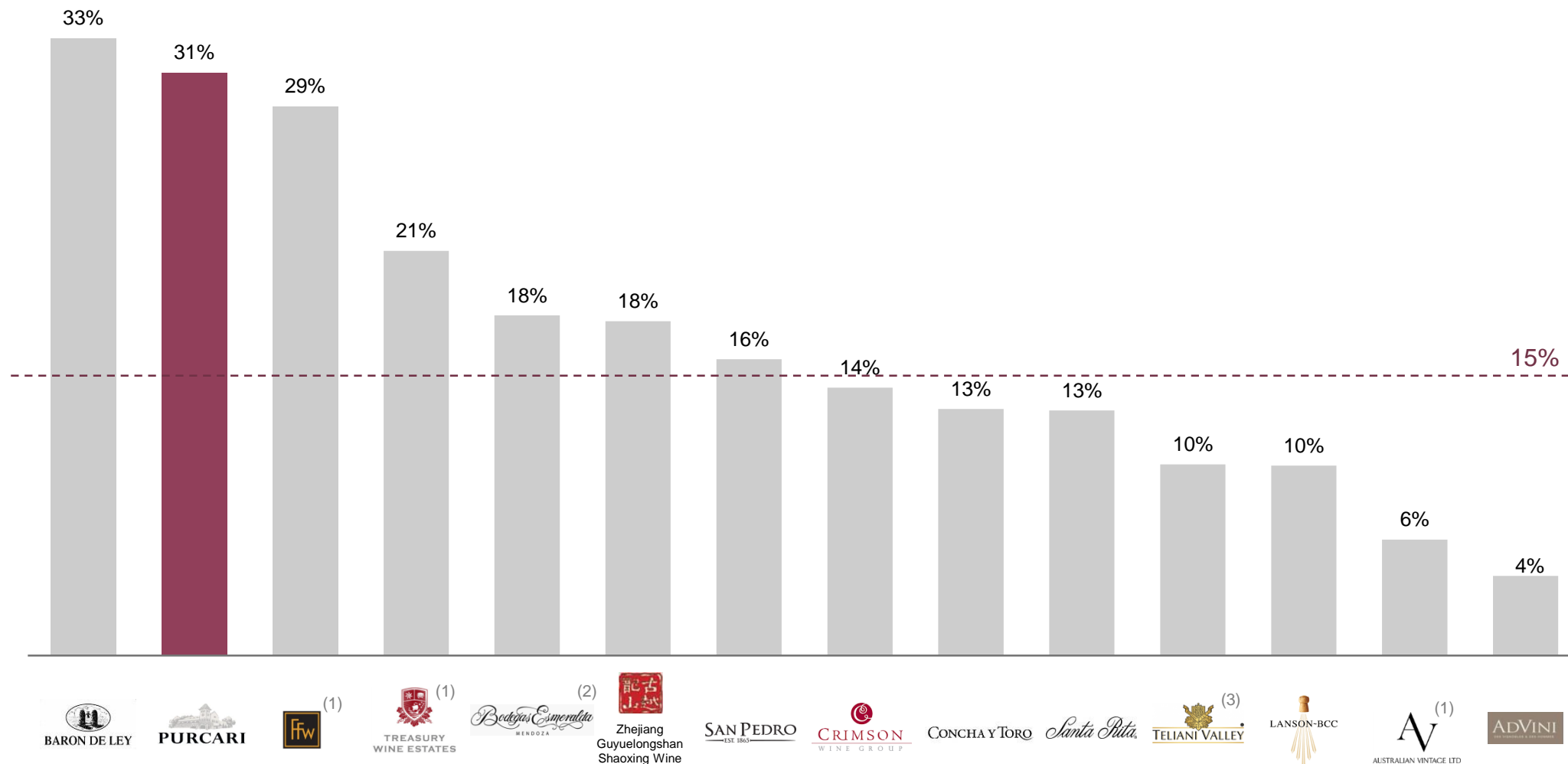
Note: Purcari Wineries: Revenue, COGS and litres are net of Bardar

Sources: TWE Annual Report 2016, Concha y Toro Annual Report 2015, Santa Rita Consolidated Financial Statements 2015, Taylor Collinson Research Jan 2016, Company Information, CapitalIQ

## EBITDA margin – global peer group

EBITDA margin 2017, %

--- Median



Source: IFRS Consolidated Financial Statements of the Group, Capital IQ data as of 11 May 2018 ; all figures are based on data in the functional currency of each company

(1) Financial year ends as of 06/30; e.g. for 2016, financial statements as of 06/30/2017 were taken into account

(2) Financial year ends as of 03/31; e.g. for 2016, financial statements as of 03/31/2017 were taken into account

(3) Financial statements as of 12/31/2016 were taken into account, as FY2017 financial statements are not yet available

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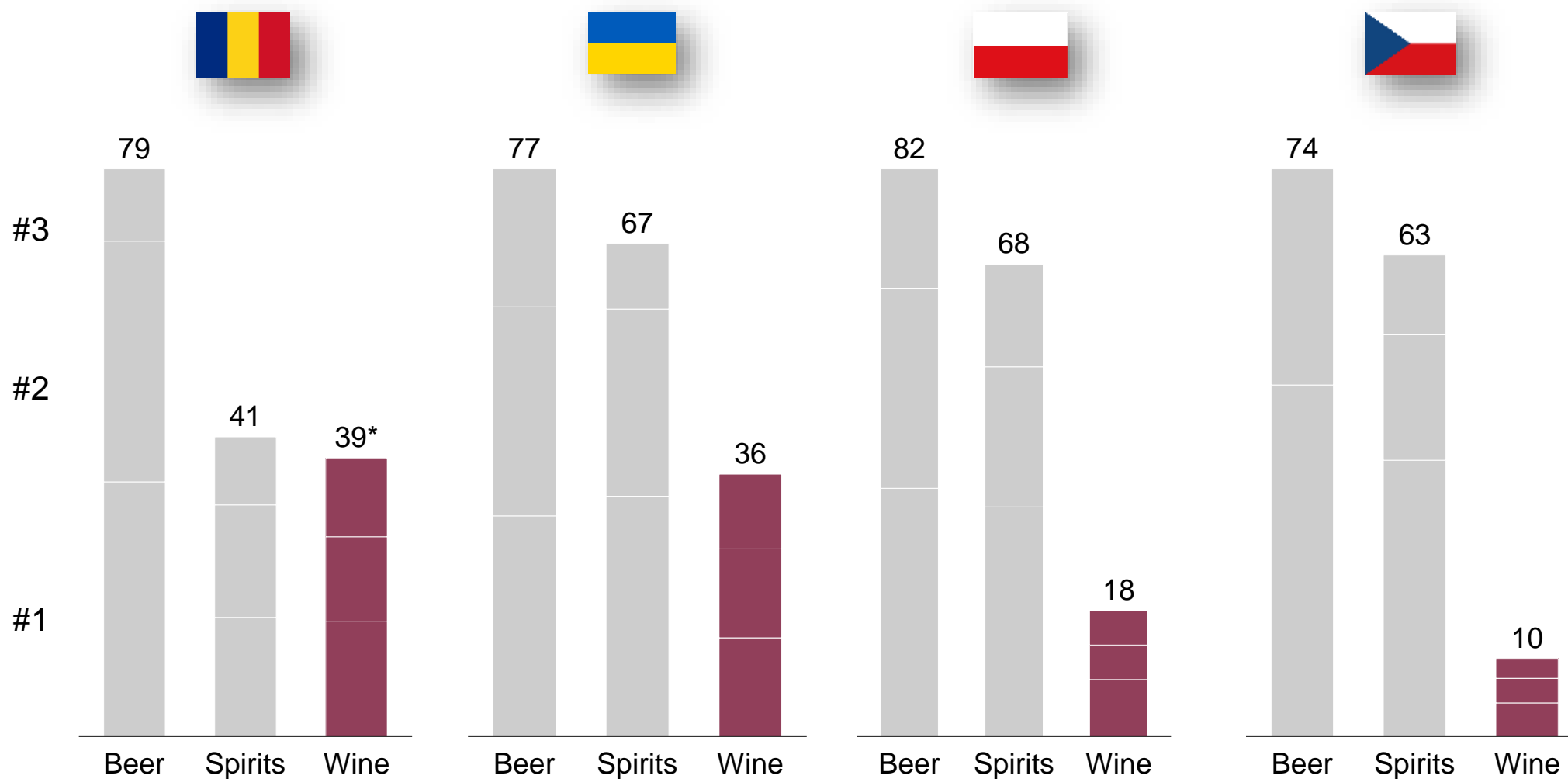


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## 5 Vision: be the consolidator of a fragmented market

Volume share top-3 players by country, %

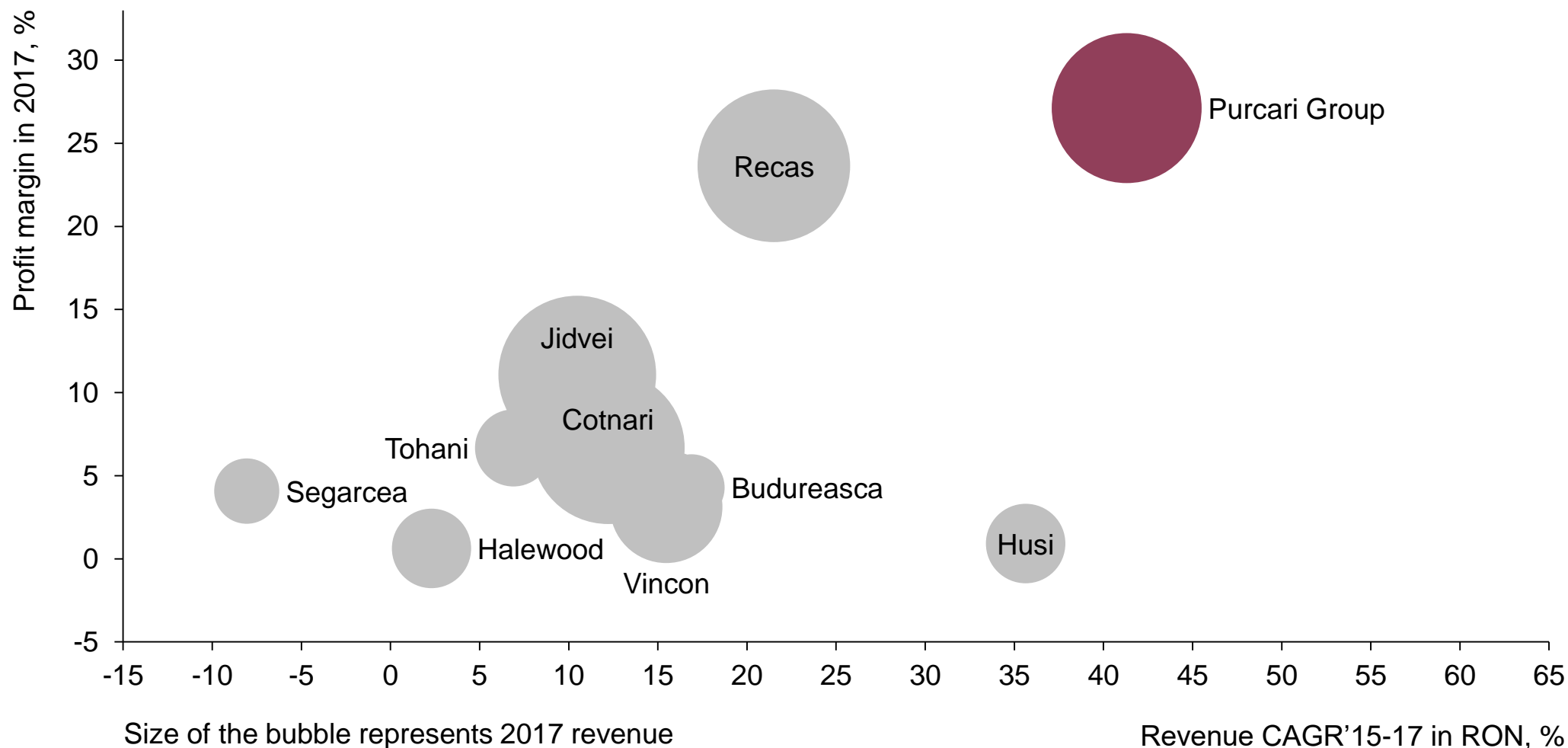


*As wine market moves from **terroir-** to **brand-centric** and leaders **build scale / sophistication**, the market is **ripe for consolidation***

## 5 Clear leadership in Romania, expansion basis for new markets

### Purcari Group – #1 fastest growing and #1 most profitable among large Romanian wineries

Revenue CAGR'15-17 in RON vs. profit margin in 2017 of top 10 wineries in Romania in terms of revenue in 2017



*Note: Revenue for Purcari Group as per consolidated financial statements, revenue for other wineries as reported by the Ministry of Finance statutory accounts; The Ministry of Finance data is not on a consolidated basis. For Recas, Vincon, Halewood, Tohani, Budureasca only the main company of the group was considered. For Husi and Segarcea Profit margin of 2016 and Revenue CAGR'15-16 were considered as 2017 have been not published yet*

*Source: company data, public data*

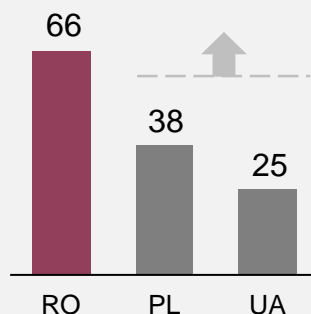
## 5 Multiple avenues available to achieve CEE leadership...

Clear drivers to achieve its goal of building a wine champion and consolidate the CEE market...

### I Build out sales force; direct to retail

- Build out own sales in core-markets, repeat successful Romanian formula
- Grow share of direct to retail sales; lower dependence on distributors

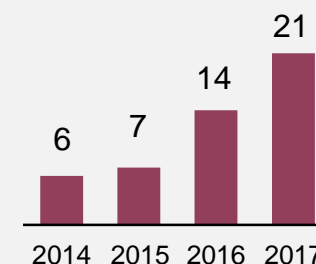
% of direct to retail sales<sup>1</sup>



### II Extend brands to new categories

- Move beyond wine; build on successful push into brandy
- Launched sparkling in 2017, expect non-wine segments to drive growth

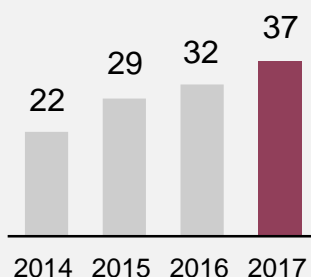
Growth of Bardar brandy<sup>2</sup>, RONmn



### III Continue shift to premium, up mix

- Premium Purcari sales tripled over the last two years, boosting margins
- Way to go as mass-market Bostavan avg price / liter is RON7 while premium Purcari RON26

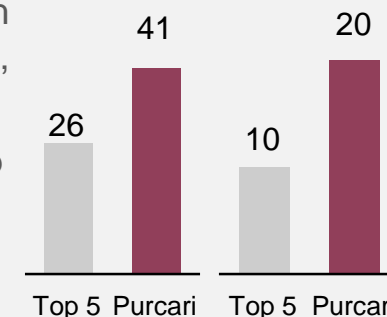
% of premium Purcari sales of total Group<sup>2</sup>



### IV Grow via acquisitions

- Wine sector fragmented, high share of “hobbyist” operators, lacking expertise
- Opportunity to bring these up to the operational standards of Purcari Group

Purcari vs. top-5 Romania, % growth, % net margin<sup>3</sup>

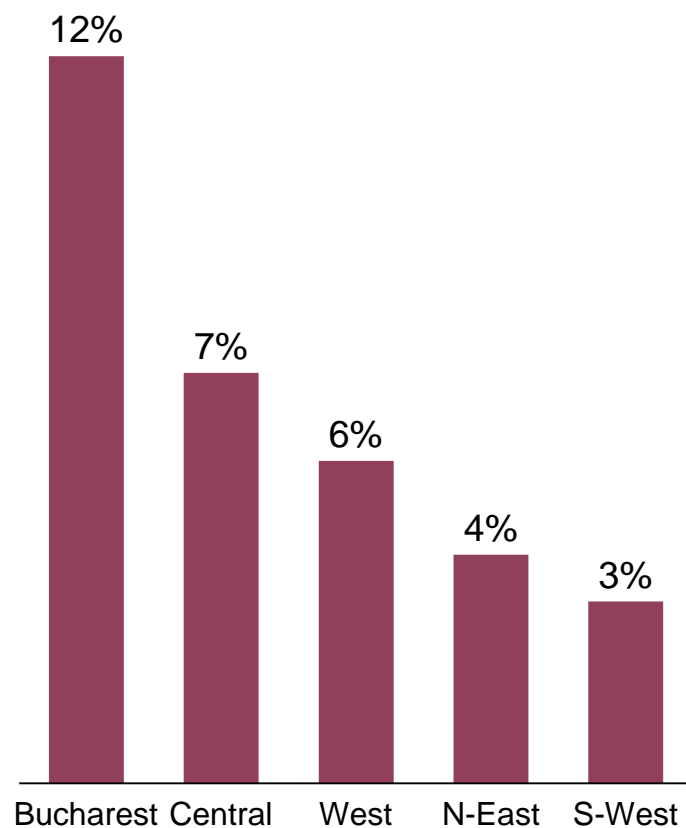


**Vast room to grow in fragmented €3.6bn core CEE market; drive consolidation; bigger scale to further strengthen competitive advantage**

## 5 ..while Romania still offers plenty of headroom for growth

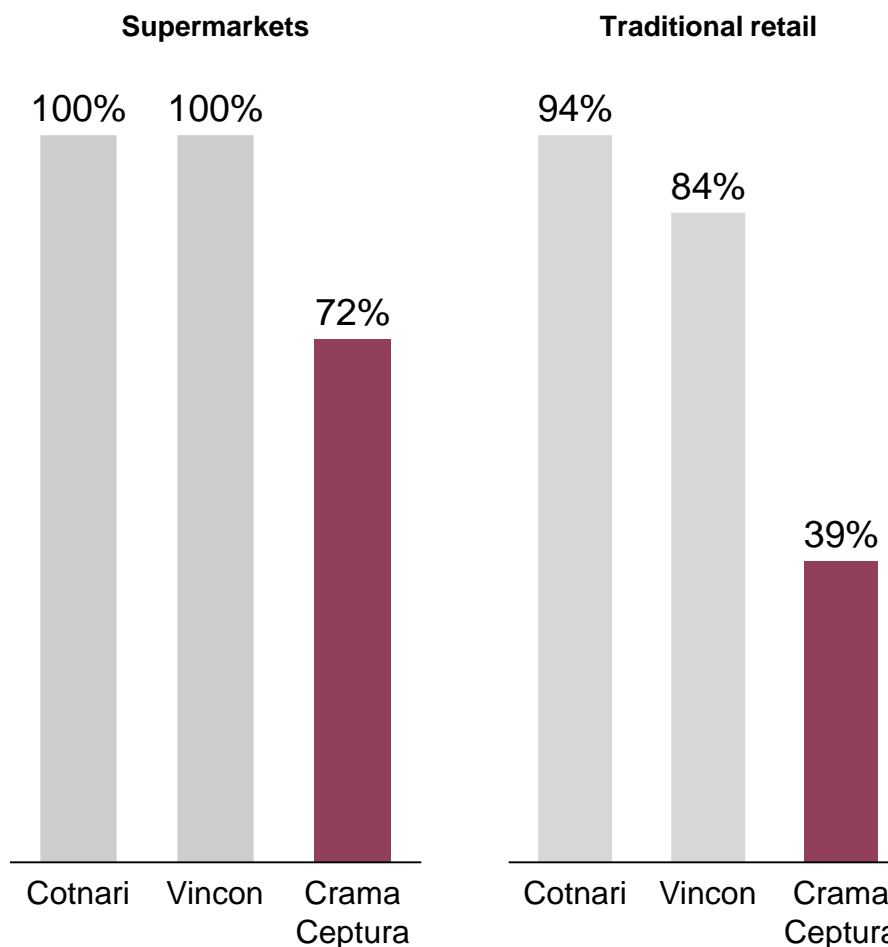
### Focus on growth beyond Bucharest

Purcari Group market share by region



### Big headroom for increasing distribution

Crama Ceptura brand – weighted distribution vs. peers



### Global peer group

Market share, %



**TELIANI VALLEY**  
35% MS in Georgia<sup>1</sup>



**E&J Gallo Winery**  
21% MS in US<sup>2</sup>



**CONCHA Y TORO**  
18% MS in Chile<sup>3</sup>

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**Victor Bostan**  
CEO, 57

- Over 35 years of experience in wine industry
- Successfully sold one of the largest wine companies in RU
- Fluent in FR, RO and RU



**Victor Arapan**  
CFO, 42

- 20 years experience in banking, audit and corporate finance
- Successfully restructured financial and commercial debts
- Fluent in EN, RO and RU



**John Maxemchuk**  
COO, 47

- 20 years of management experience
- Ex-MetroMedia, Sun/Orange, AT&T
- Wharton, MBA Harvard Business School
- Speaks EN, RO



**Marcel Grajdieru**  
GM Romania, 77

- Over 10 years experience in wine sales
- Successfully reconstructed Group's production sites
- Fluent in FR, RO and RU



**Inna Kiriakova**  
Head of HR

- 5 years of experience in Human Resources management.
- Experience in Accounting, Law, Procurement, PR
- Fluent in EN, RO and RU



**Federico Giotto**  
Head Wine Maker, 39

- 15+ years of wine consulting experience
- Laureate of numerous international awards
- Fluent in EN, IT



**Nicolae Chiosa**  
GM Production, 29

- 9 years of experience in wine production, thereof 2 at the Russia-based "Igristie Vinna" and 8 within the Group
- Fluent in EN, RO and RU



**Artur Marin**  
CCO, 38

- Over 10 years of experience in wine sales
- Successfully launched export to CEE and Baltic countries
- Fluent in EN, RO and RU



**Diana Durnescu**  
IR Manager, 29

- Over 5 years of experience in business development and FDI attraction
- Ex-Prime Minister's office for FDI
- Academy of Economic Studies

## Publicly listed on Bucharest Stock Exchange

As of February 2018, Purcari has been listed on the Bucharest Stock Exchange, the first IPO of a company with roots in Moldova

Continues to be backed by reputable legacy investors, including Horizon Capital (23%) and IFC (3%).

Blue chip global investors backed the company at IPO, including Fiera Capital, Franklin Templeton and SEB.

## 10 years of IFRS reporting, Big-4 audits

Purcari has been issuing financial statements in accordance to IFRS and was audited by a big-4 since 2007.





## 6 Circa 1,060 ha of prime vineyards under operation

### Purcari

- Location: Purcari region (high bank of Nistru River, 65km from the Black Sea) – a reputable vine region in Moldova due to its unique microclimate and soil
- Area: 265ha
- Weather: The vineyards are oriented South to South West to guarantee highest number of sun hours
- Soil: black earth carbonate, colluvial soils
- Age of vines: 10-13 years



### Crama Ceptura

- Location: Valea Calugareasca (Slopes of Carpathian mountains), in Dealu Mare area, among most famous wine regions in Romania
- Area: 164ha covering fragmented individual plots within 15 to 40km<sup>(1)</sup>
- Weather: Region is praised for having 14 days more sunshine than country average, favoring rich high quality grape crops
- Soil: reddish brown forest soils
- Age of vines: 80ha of 8-10 years and 84ha of 20-30 years



### Alexandru Ioan Cuza

- Location: Al Cuza, Valul lui Traian region
- Area: 555ha
- Weather: hot and dry conditions ideal for rich red wines;
- Soil: ordinary black, black earth carbonate, alluvial meadow-chernozem soils
- Age of vines: 10-13 years



### Onesti

- Location: Codri Area, considered the heart of white grapes wines)
- Area: 76ha
- Weather: cooler temperatures favorable for high quality whites
- Soil: 25% of the territory covered by oak and lime forests and landscape fragmented by many small rivers and valleys
- Age of vines: 12-13 years





## 6 Unique, highly diverse terroir, matched to individual grape types





### Key interventions to ensure superior quality of Group's wines

#### Harvesting



#### Preparation



#### Fermentation



#### Filtering



#### Storing



#### Blending



- Vineyards located in close proximity to processing + use of modern efficient New Holland machinery = **delivery of harvested grapes within 2 hours** to processing facilities which preserves natural qualities of grapes
- **Hand-harvesting + use of small boxes**, to prevent oxidation in transit
- **The cooling of whites** before processing increases aroma, in particular for aromatic grapes, like Sauvignon Blanc or Feteasca Alba
- **Thermovinification for red wines** – moderately heating up grapes prior to fermentation for greater color and tannin extraction
- Modern tanks allow for controlled and closely monitored vinification process which creates **rich fruity wines, without extracting excessive alcohol** from wine bases, matching latest customer preferences
- Use of **membrane filtering under nitrogen** to provide microbial stability along with clarity of wine. Nitrogen minimizes the levels of oxygen present, preserving flavors and significantly improving shelf life
- **Micro-oxygenation** introduces oxygen into wine base in a controlled manner, adding to roundness and balance of wines
- Storage for reds in Seguin Moreau oak barrels in air-conditioned environment to ensure **right temperature and humidity level**
- **Inspection, tasting, and laboratory** tests of wine base **before and after** aging in oak barrels.
- Blending on different various varieties to **create unique blends** and ensure consistency of wine character across vintages

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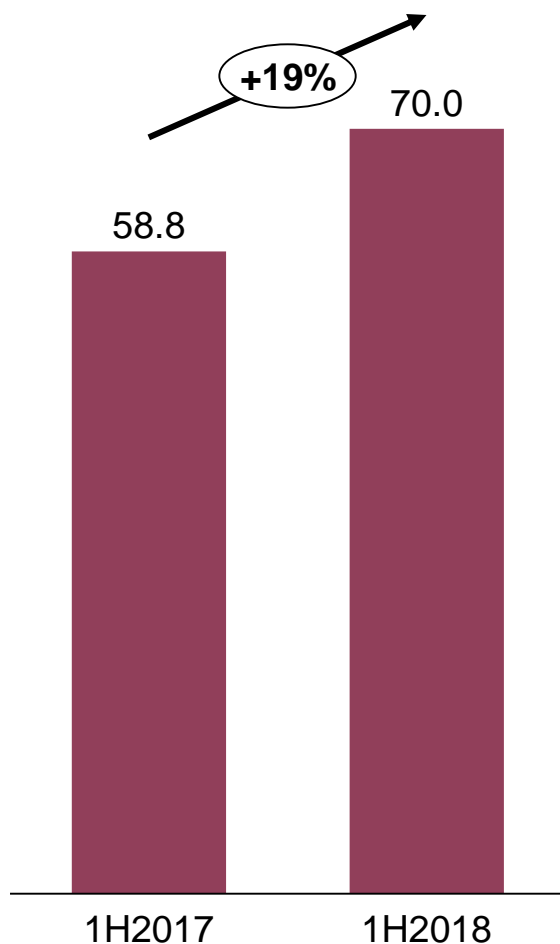


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## 7 Ongoing robust revenue growth with expanding margins

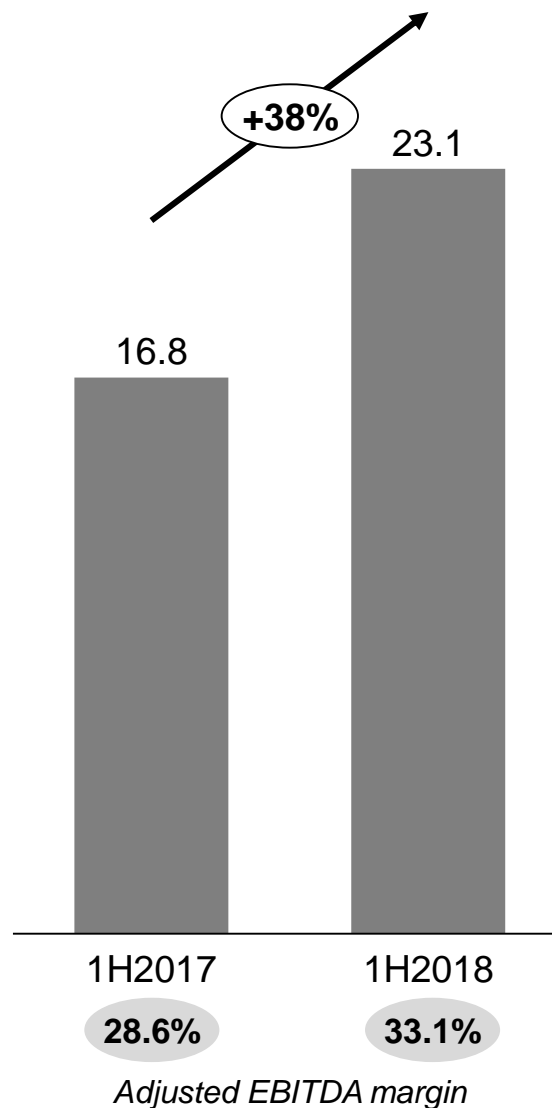
### Revenues

RON m



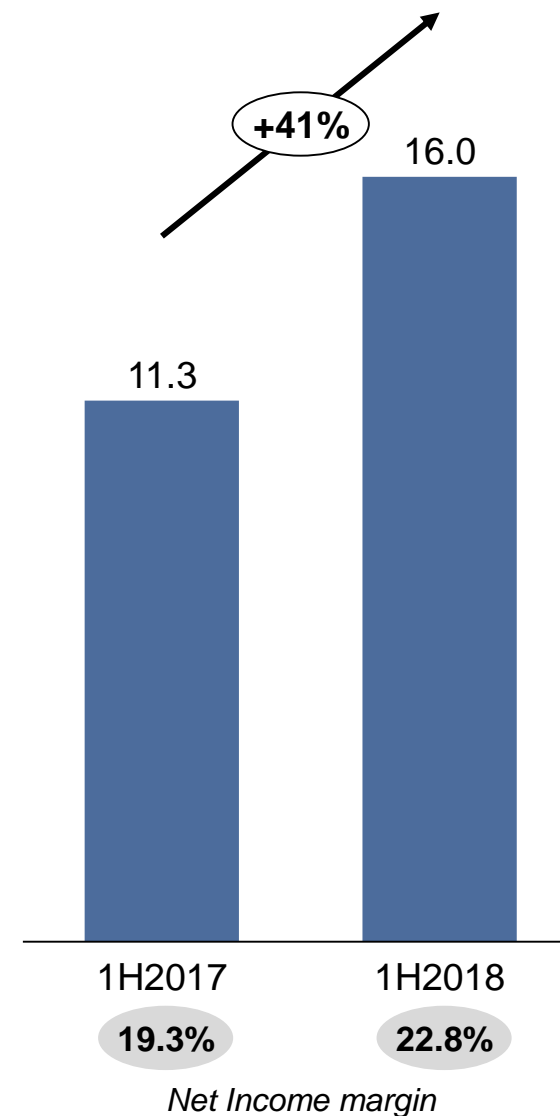
### Adjusted EBITDA<sup>1</sup>

RON m



### Net Income

RON m



## 7 Key operational highlights for 1H18

### Solid revenue growth

- Sales up 19% yoy in 1H, to RON 70m, on high base in comparative period last year
- Romania remains largest growth driver, growth accelerating to +57% yoy in Q2 and +44% in 1H
- Maintained premiumization trend, with Purcari, Bardar, Ceptura growing much faster than Bostavan

### Bostavan growth laggard, focus on rejuvenating brand

- Bostavan grew only 3%, pulling down markets heavy on Bostavan in the mix, Poland, Czechia, Slovakia
- Management prioritizing margin vs. volumes, pushing through select price increases
- Brand line-up being reconfigured, with new launches expected in Q4, ahead of 2019 sales plans

### Margins improve, despite adverse Fx

- Gross margin virtually flat yoy, despite much stronger MDL, compensated by better mix, pricing
- Good control of SG&A pushed EBITDA margins up 4.5 pp, above what is typical for 1H
- We count on further improvements in 2H from tax reforms announced by MD government

### Quality feedback stronger than ever

- 2017 vintages won huge acclaims, with 50 medals won year to date at top competitions
- Average Vivino score climbed to 4.0 (was 3.9) based on over 18,000 reviews
- Strong summer sales, given over-indexing of Rose, Whites in our portfolio

### We up slightly our margin outlook for 2018

- We maintain our revenue outlook for 2018 at +24-28% growth yoy, given acceleration expected in 2H
- July actual growth (40%+ yoy) and August orders (25%+ yoy), supporting acceleration trend
- We raise our margins outlook by 1.0pp to 34-37% for EBITDA and 24-27% for Net Income



## 7 Margins: solid despite adverse FX effects

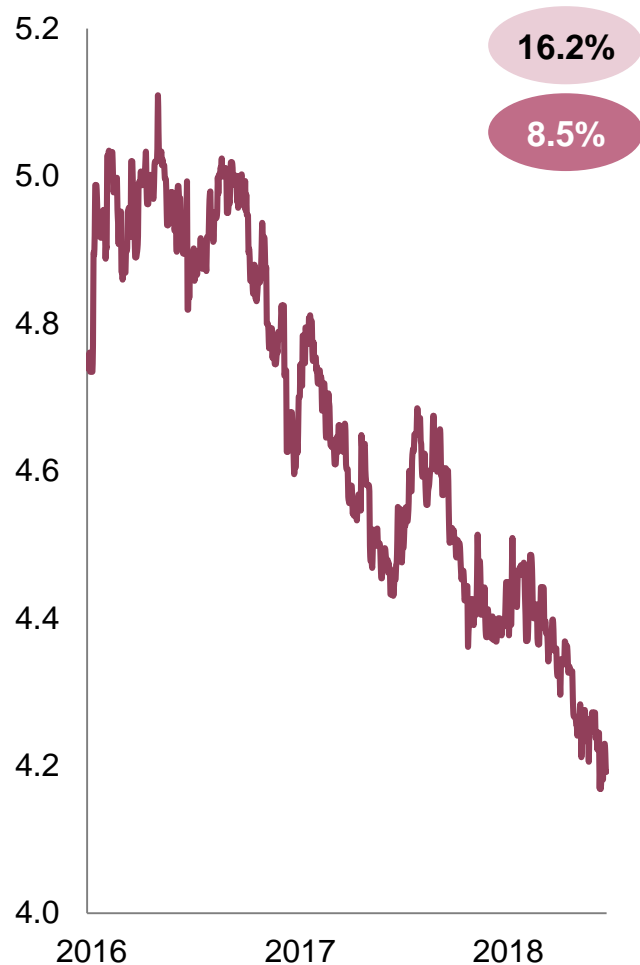
RON m	1H17	1H18	Δ '18/'17
Revenue	58.8	70.0	+19%
Cost of Sales	(28.3)	(33.9)	+20%
Gross Profit	30.5	36.0	+18%
<i>Gross Profit margin</i>	52%	51%	-
SG&A	(16.6)	(17.4)	+5%
Marketing and selling	(4.1)	(5.5)	+34%
General and Administrative	(12.4)	(12.4)	-1%
Other income/(expense)	(0.1)	0.4	n.a.
EBITDA	16.8	22.2	+32%
Adj. EBITDA <sup>1</sup>	16.8	23.1	+38%
<i>Adj. EBITDA margin</i>	29%	33%	-
Net Profit	11.3	16.0	+41%
<i>Net Profit Margin</i>	19%	23%	-
Net profit after minorities	10.0	14.4	+45%
<i>Net profit margin, after min</i>	17%	21%	

### Comments

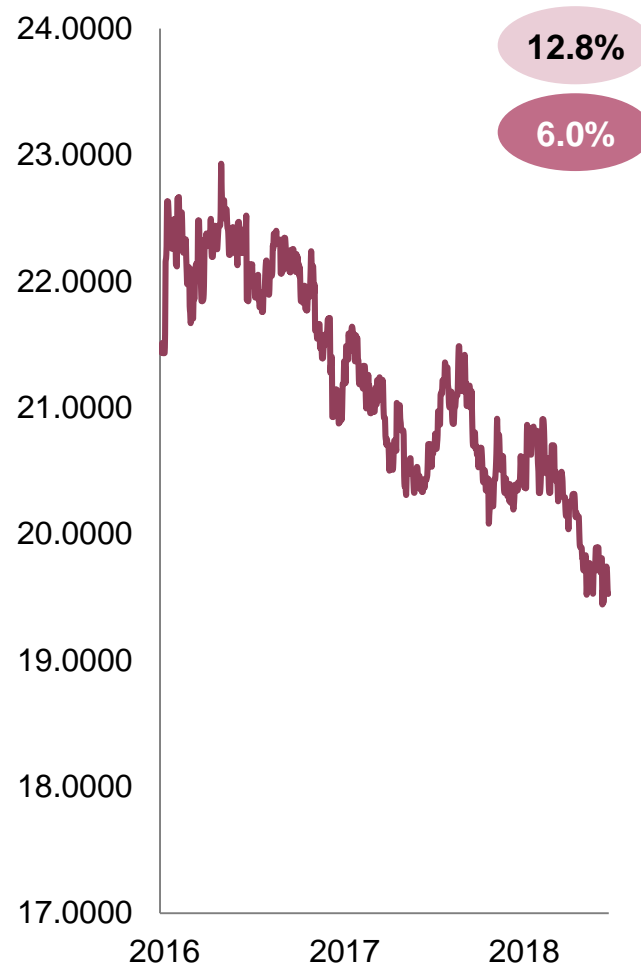
- Gross margin down slightly on ongoing adverse effects of an ever strengthening MDL, trend continuing in Q2. Still, improved mix and select price increases have offset the negative Fx impact.
- SG&A remained under control, again, despite the adverse effect of a stronger MDL on salaries (see details on the next page) as well as team expansion related to being a public company (compliance, legal, IR etc)
- Marketing and selling growing ahead of sales, on new retail listings, which represent an upfront cost for getting new products on the shelf or expand shelf space
- Adj. EBITDA margin up 4.5pp to 33%, within guidance range and expected to strengthen in 2H given larger seasonal sales

## 7 MDL appreciated strongly, adversely impacting margins

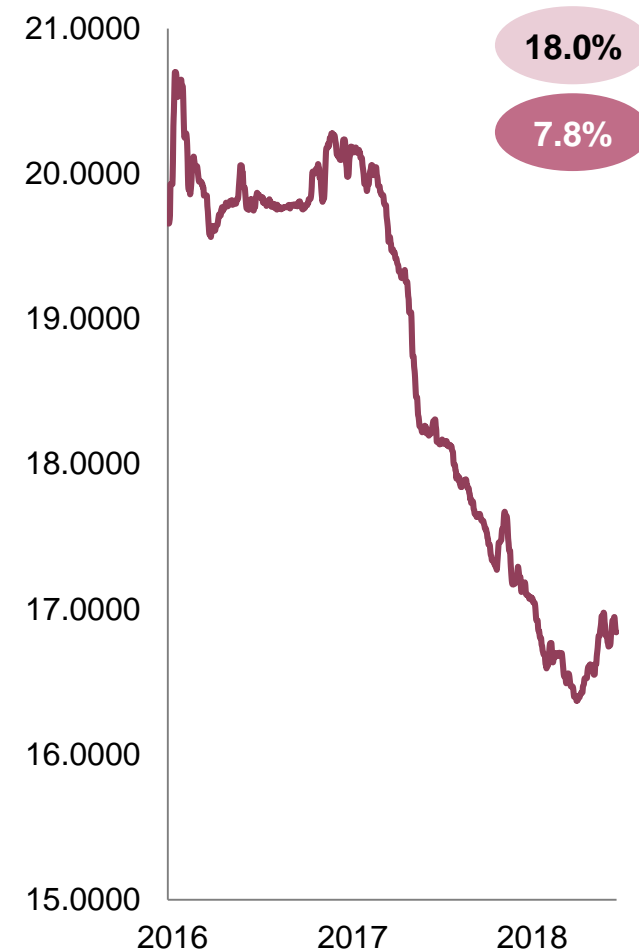
MDL vs RON: 2016 – 2018 FX evolution



MDL vs EUR: 2016 – 2018 FX evolution



MDL vs USD: 2016 – 2018 FX evolution



MDL appreciation vs. 2Q16

MDL appreciation vs. 2Q17

## 7 Disciplined approach to G&A expenses

RON m		1H17	1H18	Δ '18/'17	% of sales '17	% of sales '18
Employee costs	(1)	5.60	6.69	+19%	9.5%	9.6%
Depreciation	(2)	0.47	0.86	+83%	0.8%	1.2%
Amortization		0.07	0.08	+19%	0.1%	0.1%
Professional fees	(3)	0.40	1.98	+400%	0.7%	2.8%
Taxes		0.48	0.56	+17%	0.8%	0.8%
Travel		0.22	0.24	+9%	0.4%	0.4%
Rent		0.23	0.19	-16%	0.4%	0.3%
Bank charges		0.04	0.05	+22%	0.1%	0.1%
Repairs		0.13	0.14	+10%	0.2%	0.2%
Other	(4)	4.80	1.56	-67%	8.2%	2.2%
<b>Total</b>		<b>12.43</b>	<b>12.35</b>	<b>-1%</b>	<b>21.1%</b>	<b>17.7%</b>

### Comments

- G&A costs stable, most articles continue declining in their share of revenue
- (1) Employee costs increased slightly on ongoing MDL appreciation (+8.5% vs. RON YoY in 2Q 2018)
- (2) Slight increase in G&A depreciation due to equipment and vehicle investments
- (3) Circa RON 0.92m IPO costs, increased compliance costs, expected to remain stable going forward
- (4) Significant effect of change in provisions, one-off item

## 7 We maintained revenue and slightly increased profit guidance

Target	Previous guidance	New guidance	1H18 fact	Status	Comments
Organic revenue growth	+24-28%	24-28%	19%	=	<ul style="list-style-type: none"> <li>July actual sales 40%+, August orders 25%+ yoy, with growth accelerating in 2H</li> <li>Historically, 55-62% of annual sales made in 2H, given seasonality, compelling us to maintain existing guidance despite slower growth in 1H</li> </ul>
EBITDA margin <sup>1</sup>	33-36%	34-37%	33%	▲	<ul style="list-style-type: none"> <li>EBITDA margin higher in quarters with larger sales (disproportionate EBITDA earned in Q3-Q4)</li> <li>Expect windfall from new tax reform in Moldova, with introduction of flat PIT at 12% and lowering of employer contribution by 5pp.</li> </ul>
Net Income margin	23-26%	24-27%	23%	▲	<ul style="list-style-type: none"> <li>Net Income margin typically higher in quarters with larger sales (disproportionate Net Income is made in Q3-Q4)</li> <li>Positive impact on reversal of AR impairments, balance-sheet Fx gains</li> </ul>



Thank you.

