



Purcari delivers strong quarter, net income up 59%

Bucharest, August 13th, 2018

Purcari Wineries Plc (the “Group”), the CEE’s leading wine producer, announced today consolidated financial results for the second quarter and first half of 2018. Revenue was up 19% in the first half, compared to the same period last year, while adjusted EBITDA and net income have increased 38% and 41% respectively.

In the second quarter, the year over year growth rate stood at 17%, while adjusted EBITDA expanded 39% with net income up 59%.

Victor Bostan, CEO of Purcari Wineries, commented: “We are pleased with the quarterly results, especially on the margins side, despite the headwind of a very strong MDL. We cemented our quality leadership position with an unprecedentedly successful showing at global wine competitions, with 50 medals won year to date, and remain the most awarded CEE winery at Decanter for the last four years. We don’t pat ourselves on the shoulder though and focus on executing on our vision to become the undisputable wine champion in CEE, consolidating a very fragmented market, all by continuing to offer excellent value for money to our clients. We see our growth accelerating in the second half, already demonstrated by very strong July sales and August orders, as well as a positive outlook for the rest of the year.”

Key highlights:

- Ongoing strong growth in Romania, +44% for the first half. Crama Ceptura – Astrum line, more than doubled sales, targeting the strategic 15-20 RON bottle segment, which accounts for 20% of the market, yet is largely unpenetrated by our brands;
- Market share in Romania to 9% overall (from 3% in 2014), still only #4, plenty of room to catch up vs leaders; market share in premium to 30%, focus on growing segment from low base
- Robust growth in Moldova, +20%, which is the only market with full presence across all three of our key segments – wine, sparkling and brandy – offering a successful template of new category expansion also in other markets;
- Continuing premiumization of the portfolio, with growth for the Purcari, Crama Ceptura and Bardar brands, at +24%, +40% and +28% in the first half, much outpacing the growth of the value Bostavan brand, up only 3%;
- As a result, the markets heavy on Bostavan in terms of mix – Poland, Czech Republic, Slovakia – have under-performed, as the Group has traded volume for margin, pushing for select price increases;
- The Group is reconsidering the brand strategy for Bostavan, having initiated a series of brand innovation workstreams, including launch of new product lines, to strengthen consumer appeal.

Update on guidance

We maintain our revenue guidance for the full 2018, with expected organic growth in the +24-28% range. At the same time, given the positive margin outlook, we increase our profitability guidance by 1.0pp, to 34-37% EBITDA and 24-27% net income margin. We expect growth to accelerate in the crucial second half, which, given seasonality, typically accounts for 55-62% of annual sales. Growth acceleration has been noticed in actual July sales, up 40%+ year on year, as well as August orders, up 25%+.

Selected financial information

	30 June 2018	30 June 2017	% change YoY
Revenue	69,961,134	58,842,149	+19%
Gross Profit	36,024,717	30,494,442	+18%
% Gross margin	51.5%	51.8%	-0.3pp.
G&A costs	12,350,535	12,430,176	-1%
Adj. EBITDA	23,147,711	16,818,085	+38%
% EBITDA margin	33.1%	28.6%	+4.5pp.
Net Income	15,973,325	11,331,864	+41%
% Net Income margin	22.8%	19.3%	+3.5pp.

About Purcari

Purcari Wineries Plc (Purcari, Crama Ceptura, Bostavan and Bardar brands) is one of the largest wine and brandy groups in the CEE region. The Group manages around 1,000 hectares of vineyards and operates four production platforms in Romania and Moldova. Purcari is the leader in the premium wine segment in Romania, with a 30% segment share, and the largest wine exporter from Moldova, delivering to over 30 countries. Founded in 1827, Purcari is the most awarded winery in CEE at Decanter London 2015-2018 and among the best ranked on Vivino, with an average score of 4.0 out of 5.0, based on over 18,000 reviews. Starting February 2018, the Group is listed on the Bucharest Stock Exchange, under the ticker WINE. Purcari is led by Victor Bostan, a 30+ years wine business veteran and backed by top institutional investors, including Horizon Capital, Franklin Templeton, SEB, Fiera Capital and IFC.

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