Purcari EBITDA up 26% for 9 months 2018, while excellent 2018 harvest positions for a good 2019

Bucharest, November 15th, 2018

Purcari Wineries Plc (the "Group"), the CEE's leading wine producer, announced today consolidated financial results for the nine months of 2018. Revenue was up 20%, compared to the same period last year, while adjusted EBITDA increased 26%.

"We are satisfied about the results for the first nine months as we are focusing on the crucial fourth quarter of the year, which, given seasonality, accounts for about a third of our sales. We are also delighted about the very strong harvest this year, both in terms of quantity and quality, which positions us for an excellent 2019. In terms of innovations, we keep launching products that capture consumers' imagination, like the latest Feteasca Alba sparkling, fermented in-bottle, a liquid gem for your holiday season celebrations!", commented Victor Bostan, CEO of Purcari Wineries.

Key highlights

- Ongoing strong traction in core markets, with 9M18 year-on-year sales up by 32% in Romania, 13% in Moldova, 10% in Poland, 15% in Czechia and Slovakia and 39% in Asia;
- 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;
- Continuing premiumization of the portfolio, with growth for the more premium Purcari and Bardar brands growing at 22% and 30% year-on-year respectively, above the company-wide growth rate;
- Gross margin, improved for the period, by 3pp, to 50%, on the back of the effective grape sourcing strategy in the 2017 season, which increased reliance on own processed grapes vs. buying third-party bulk wine;
- The 2018 harvest very strong, both quantity and quality. Own production up circa 19% year-on-year, while purchases of third-party grapes from partner-farmers up 74%, in preparation for a strong 2019. Cost base attractive, despite ongoing headwind of Moldovan currency appreciation.

Update on guidance

We update our guidance for 2018 revenue growth to 18-22% year-on-year, based on delayed or lower than planned deliveries to Asia and Russia, despite very strong year on year growth in these markets, as well as a strategic review of our distribution setup for Moldova, which may result in certain shipments shifting to 2019. We maintain the EBITDA and Net Income margin guidance for the year at 34-37% and 24-27% respectively, on the back of ongoing gross margin improvements and overall cost controls. The guidance for 2019 will be shared following the formal approval of the 2019 budget.

Selected financial information

	9M 2018	9M 2017	YoY change
Revenue	113,341,860	94,585,800	+20%
Gross Profit	56,578,941	43,941,593	+29%
% Gross margin	*50%*	*46%*	*+3 pp*
Adj. EBITDA	39,492,348	31,336,383	+26%
% EBITDA margin	*35%*	*33%*	*+2 pp*
Net Income	25,640,681	22,078,927	+16%
% Net Income margin	*23%*	*23%*	*-1 pp*

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 20,000 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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