Purcari Wineries Plc

9M2018 results presentation

November 15, 2018

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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, 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
IR 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, $800m+ AUM
- Ex- Monitor Group, Philips
- MBA Harvard Business School
- Speaks EN, RO, RU, FR, NL

AGENDA

1 **Our Group**

2 9M2018 Operational Results

3 Update on 2018 Outlook

4 Q&A

Rose de Purcari, 90 points by Wine Enthusiast, #1 premium Rosé in Romania

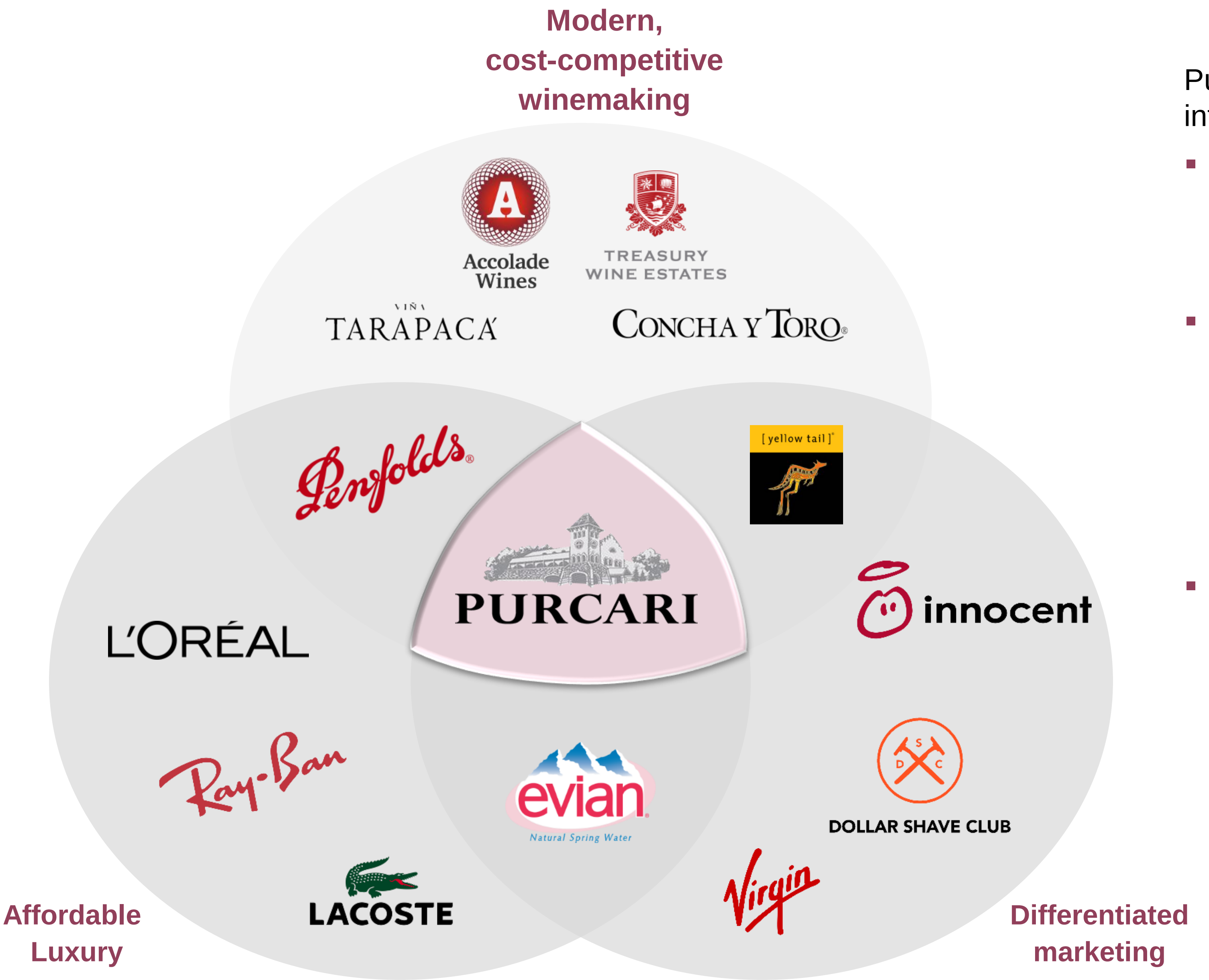
1 OUR GROUP: COMPETITIVE ADVANTAGE IN A GREAT MARKET

PURCARI

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 = ¼ 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

1 OUR BUSINESS MODEL: AFFORDABLE LUXURY

PURCARI



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

1 OUR MISSION, VISION AND VALUES

PURCARI

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

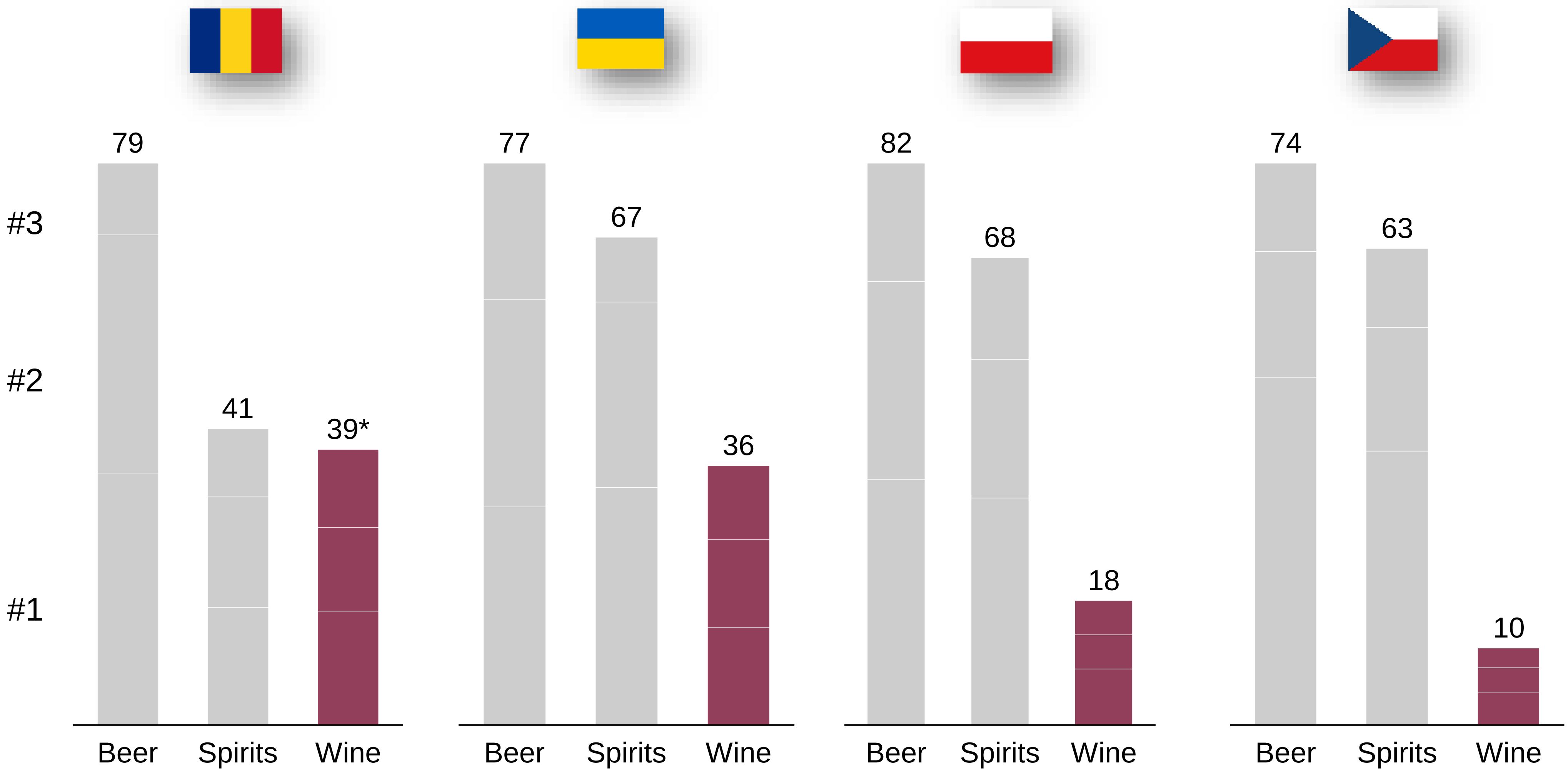
Different
We proud ourselves on taking a fresh look on things

Better
We keep improving – both our wines and our people

1 VISION: BE THE CONSOLIDATOR OF A FRAGEMENTED MARKET

PURCARI

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***

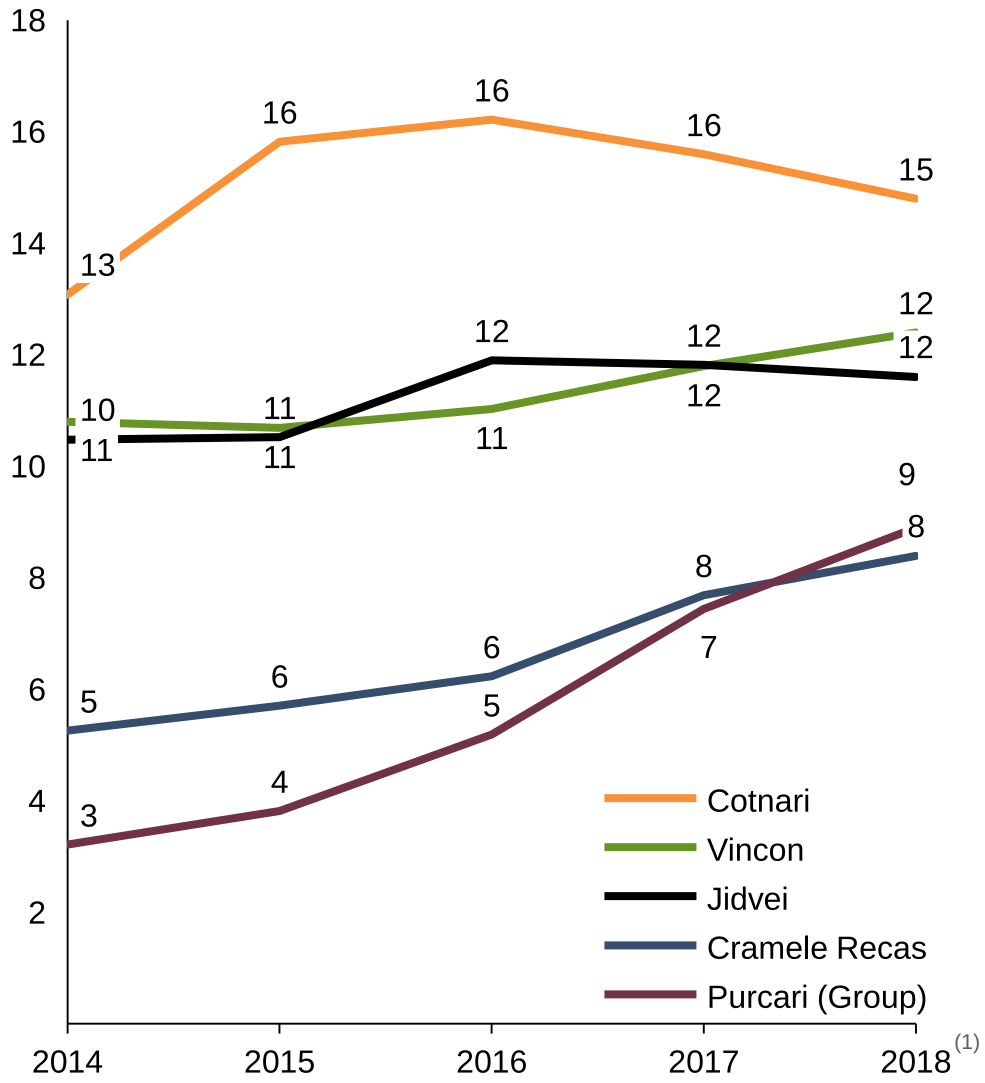
*Source: Euromoniitor 2016, market share for top-3 players in the still wine category; *excludes Murfatlar, in insolvency*

1 CLEAR #1 IN PREMIUM IN ROMANIA, KEEP GAINING SHARE

PURCARI

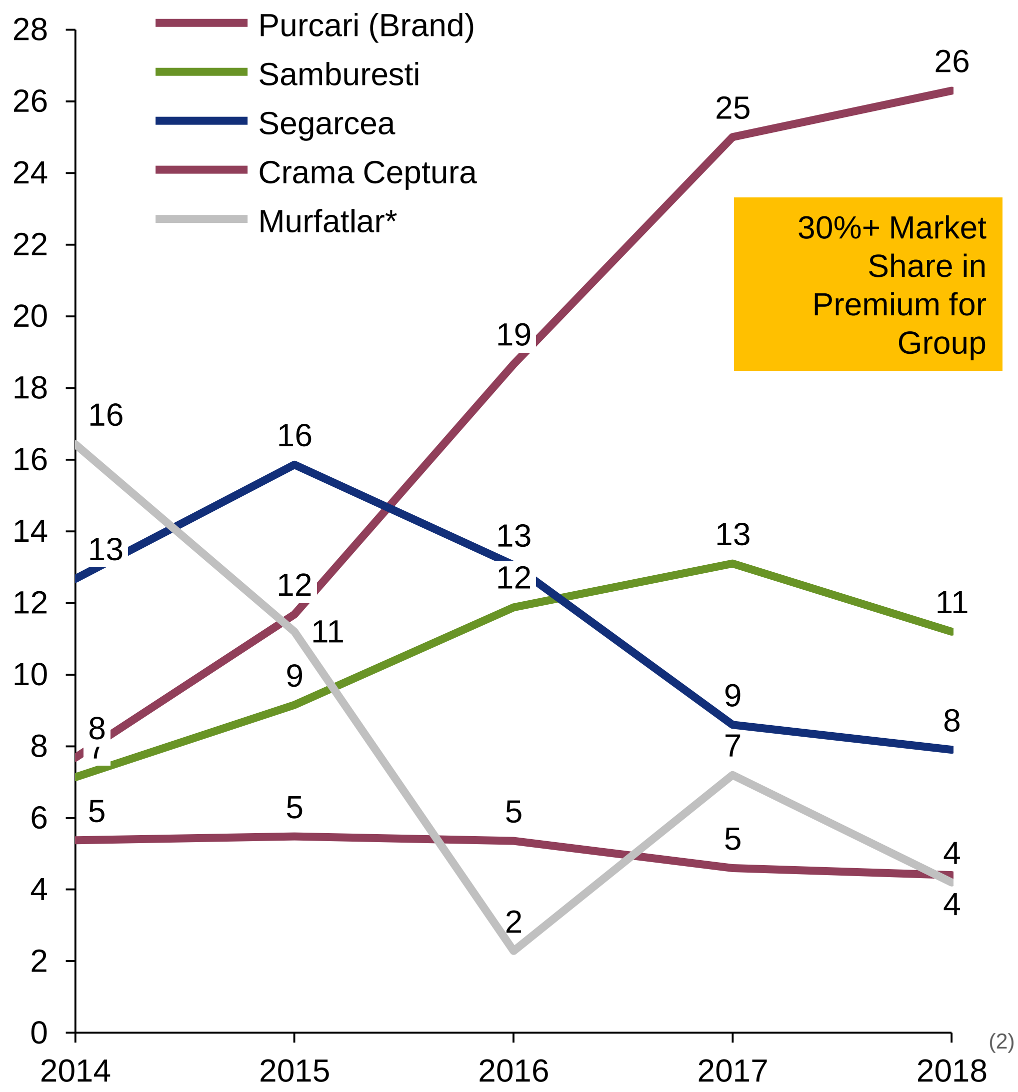
Overall, Purcari has tripled MS in 4 years….

Value share of TOTAL retail market, Romania, %



…while becoming a clear #1 in Premium

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



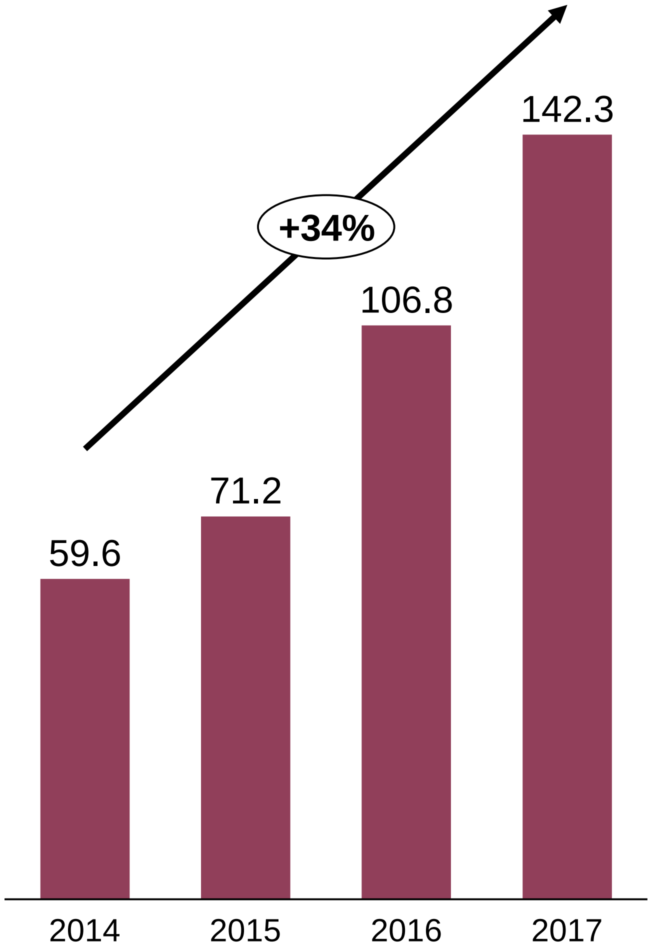
Notes: (1) period from Jan 2018 to May 2018 (2) period from Jan 2018 to May 2018
Sources: Nielsen report; Purcari Group = Purcari, Crama Ceptura and Bostavan brands; Lacrima lui Ovidiu brand

1 TRACK RECORD IN GROWTH, PROFITABILITY STRONG, IMPROVING

PURCARI

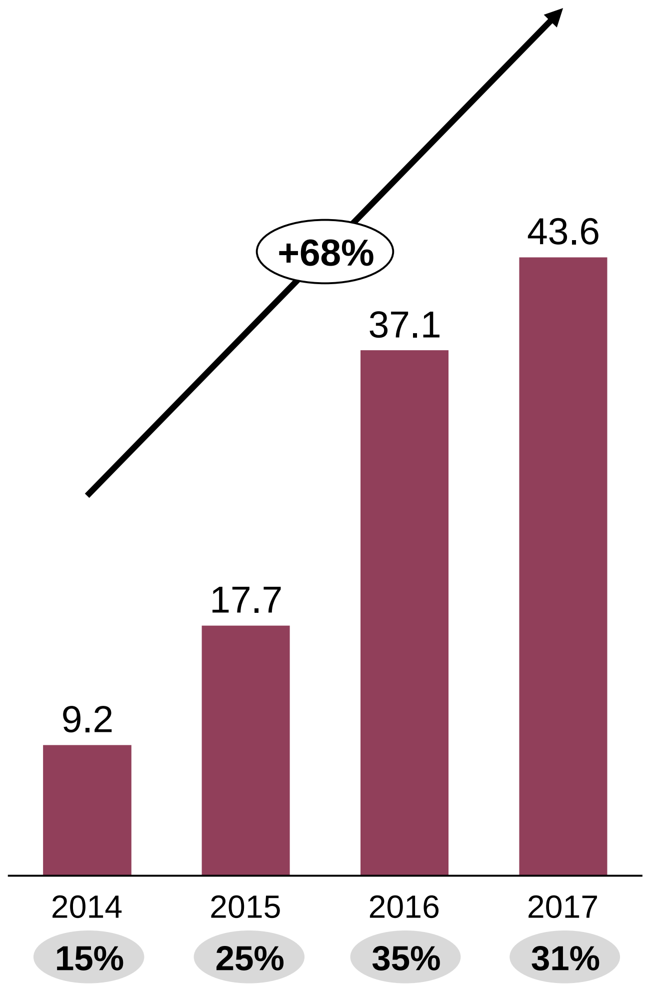
Revenues

RON m



EBITDA[1]

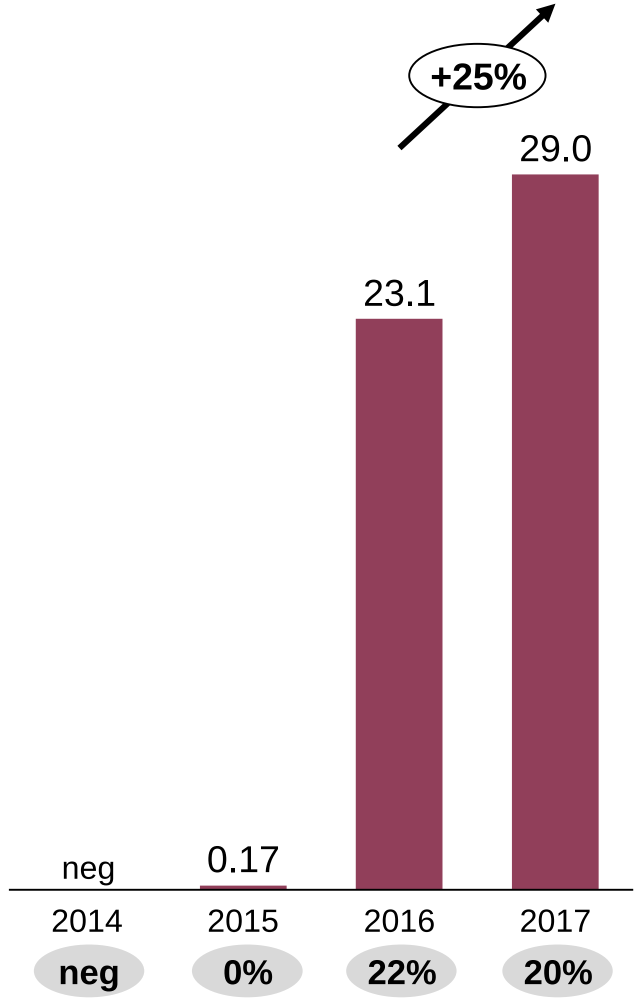
RON m



EBITDA margin

Net Income

RON m

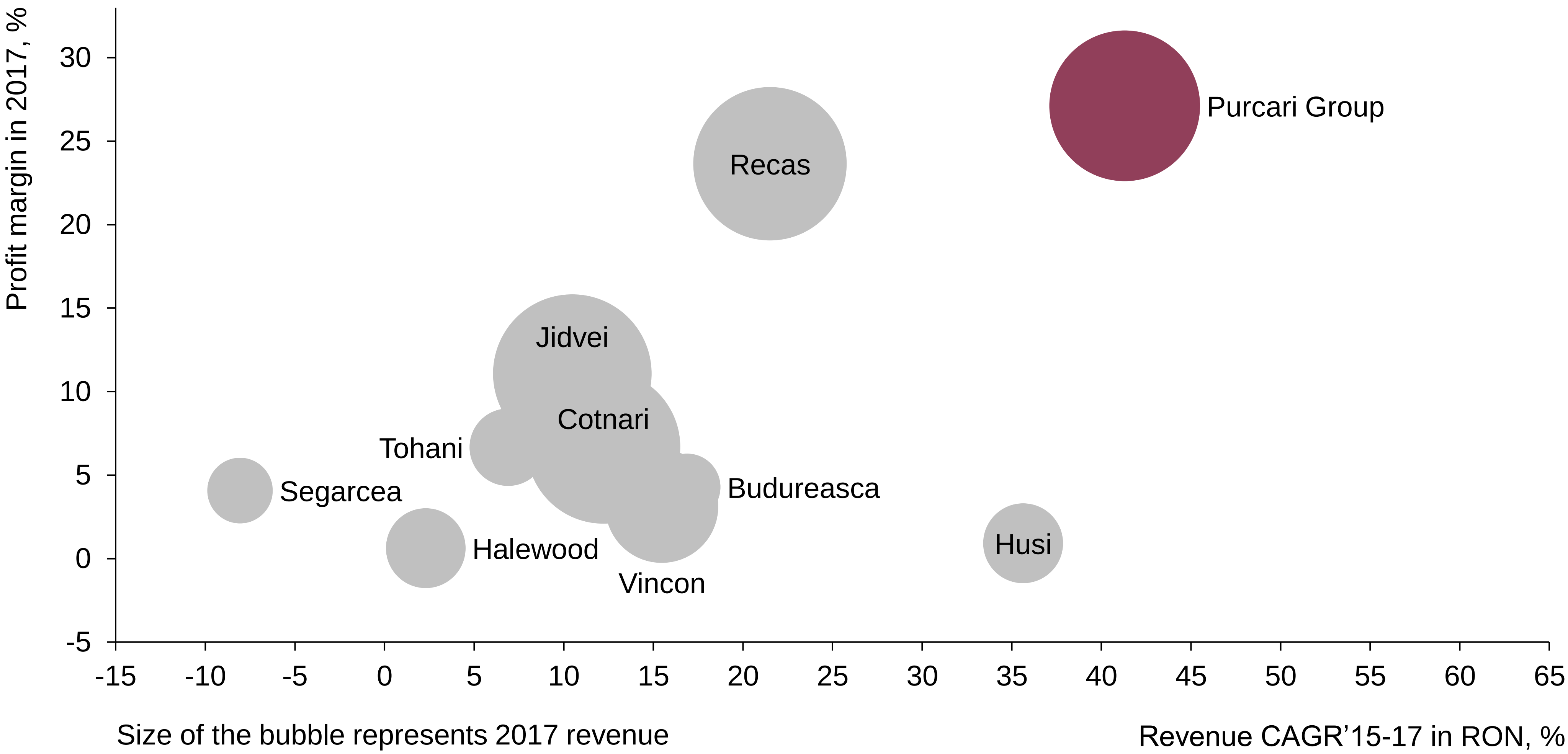


Net Income margin

Note: (1) For 2017, un-normalized EBITDA is RON 42.4m, while Adjusted EBITDA is RON 43.6 m – normalizing the EBITDA for non-recurring, IPO related expenses

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



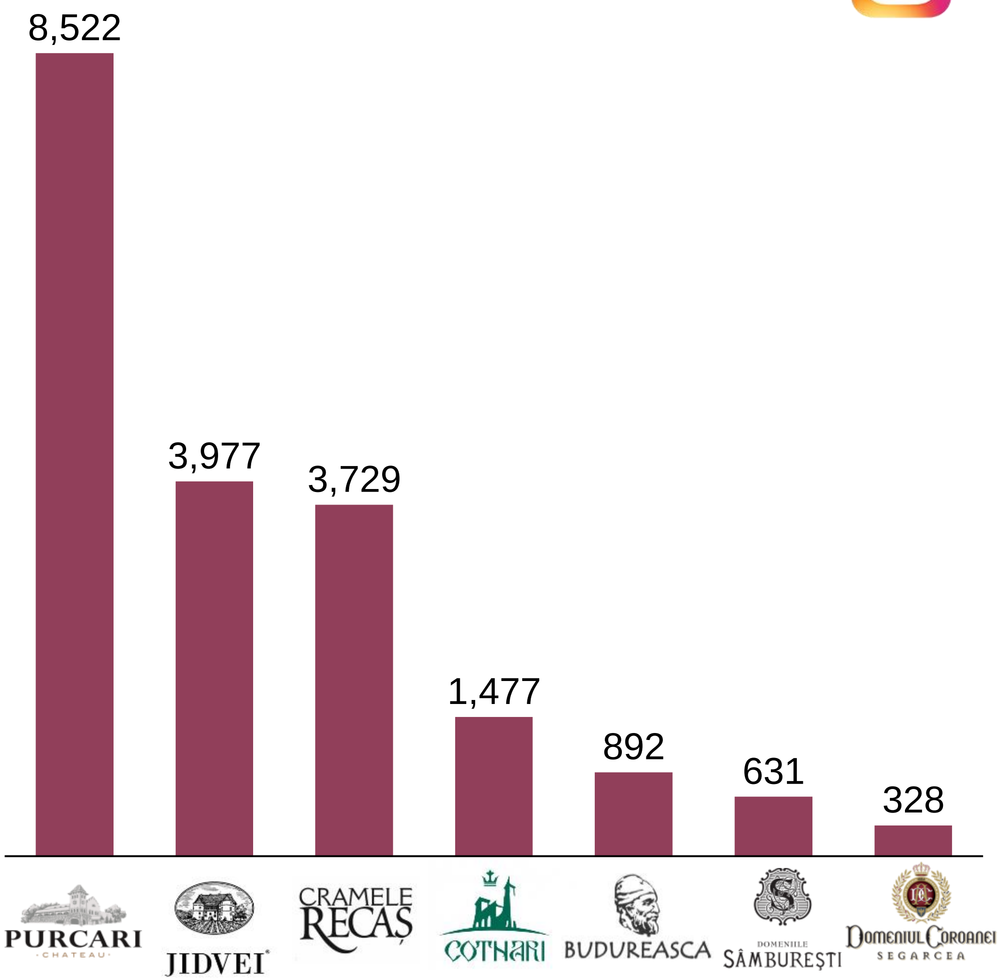
Note: Revenue for Purcari Group as per consolidated financial statements, revenue for other wineries as reported by the Ministry of Finance statutory accounts; The Ministry of Finance data is not on a consolidated basis. For Recas, Vincon, Halewood, Tohani, Budureasca only the main company of the group 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

1 TOPPING COMPETITION AT ENGAGEMENT, QUALITY

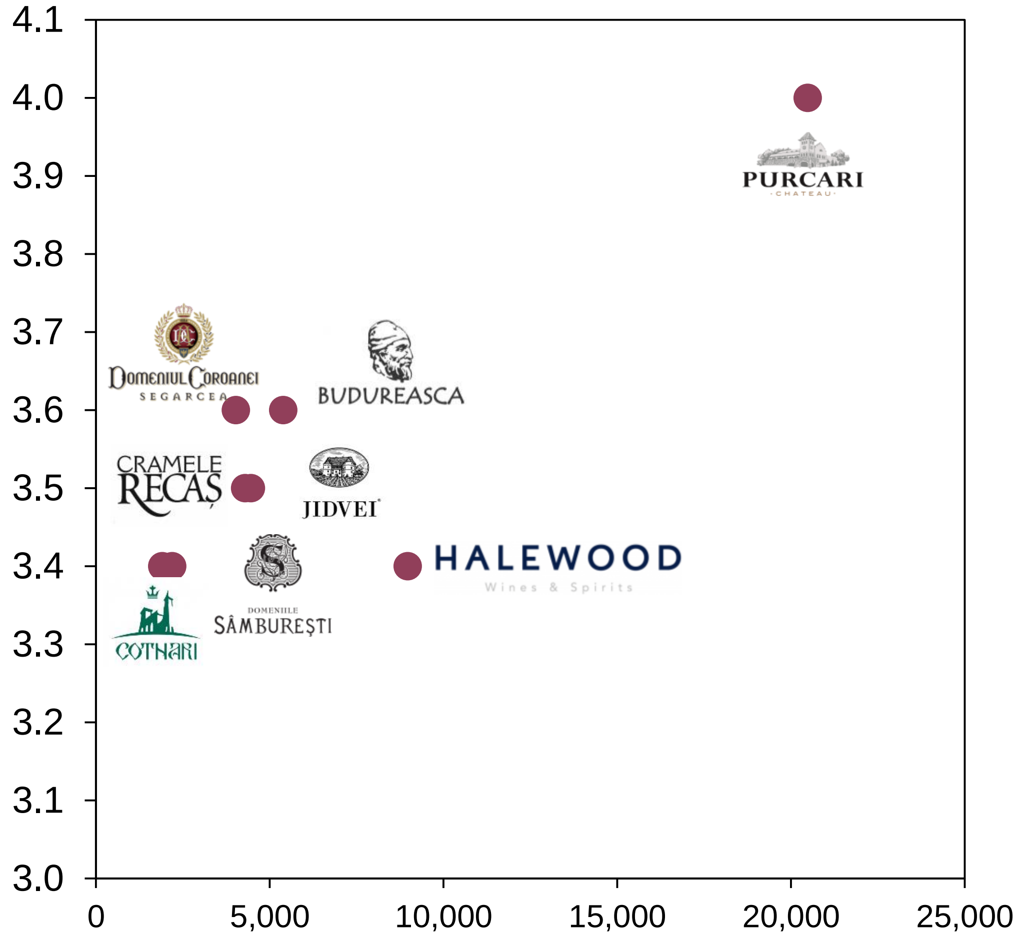
Aspirational brand which consumers like sharing about

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



Note: Purcari - #purcari, Cramele Recas - #recas, Jidvei - #jidvei, Cotnari - #cotnari, Budureasca - #budureasca, Samburesti - #samburesti, Segarcea - #segarcea
Sources: Instagram, Vivino as of Nov 11, 2018

AGENDA

PURCARI

1. Our Group
2. **9M2018 Operational Results**
3. Update on 2018 Outlook
4. Q&A

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 in 2017

2 KEY OPERATIONAL HIGHLIGHTS FOR 9M18

PURCARI

Solid revenue growth

- Sales up 20% yoy in 9M18, to RON 113m, on high base in comparative period last year
- Balanced growth across markets, with Romania still pulling highest weight, +32% in 9M18
- Maintained premiumization trend, with Purcari, Bardar, Ceptura growing much faster than Bostavan

Very strong 2018 harvest, setting for promising 2019

- Harvest of own grapes up 19% year-on-year; excellent quality, in particular for reds, given hot summer
- Aggressive purchases of third party grapes, up 74%, on favorable pricing and strong 2019 expectations
- Expect higher share of inventories set for maturation, given fast premiumization of portfolio

Margins improve, despite adverse Fx

- Gross margin up 3pp, to 50%, despite much stronger MDL, compensated by better mix, pricing
- EBITDA margins up 2pp, to 35% vs. 9M17; flat Net Income margin at 23%, on higher financing costs
- Tax reforms of MD government kicking in 4Q18, positively impacting salary costs

Quality feedback stronger than ever

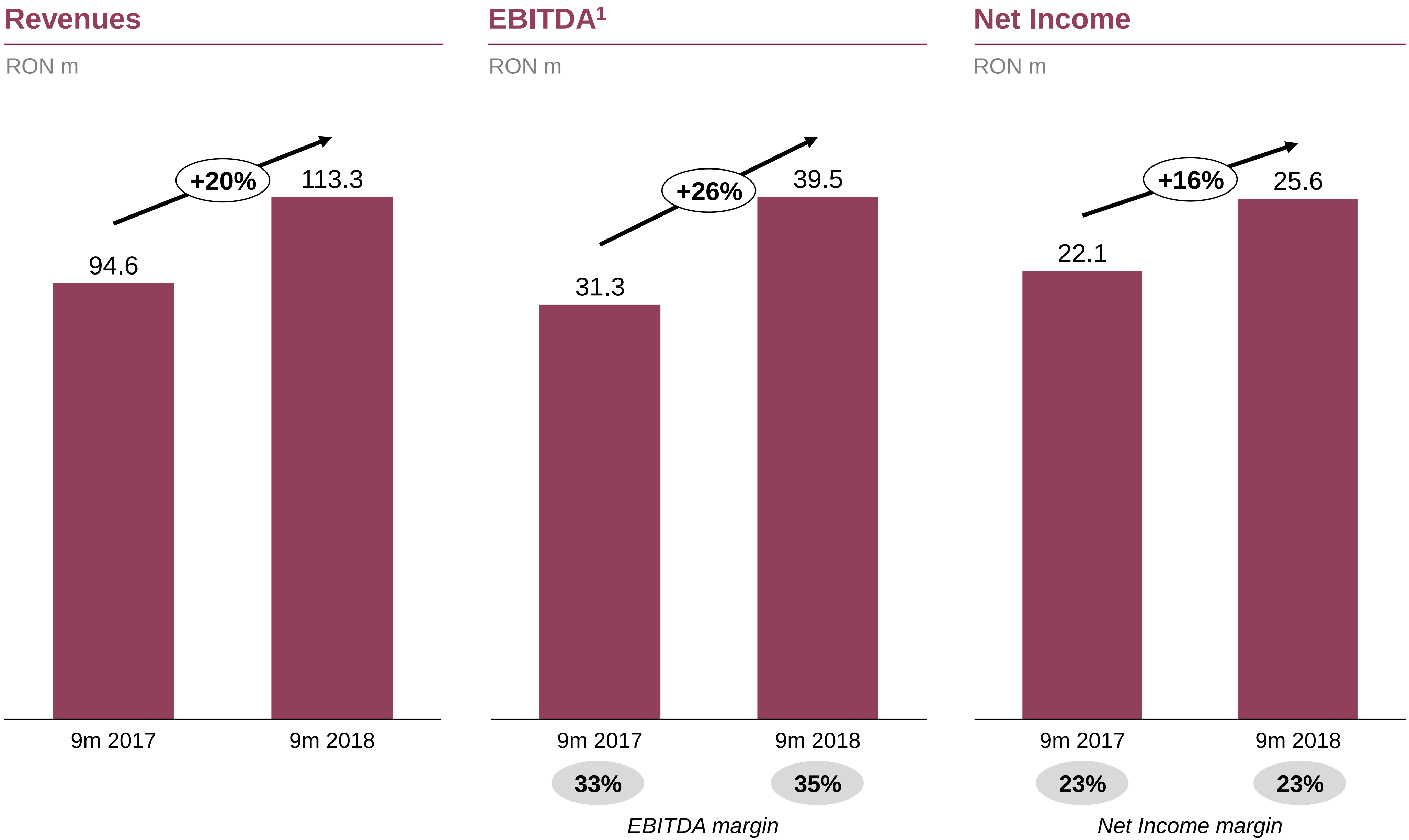
- 7 Purcari wines out of top-25 in the core 30-60 RON segment according to Vivino in Romania
- Average Vivino score at 4.0 (was 3.9 in 2017) based on over 20,000+ reviews
- Quality increasingly important in a more sophisticated market, differentiating from competition

More conservative guidance on revenue growth 2018

- We revise revenue growth outlook to +18-22% in FY18, on lower than expected September sales, as well as potential delayed shipments to Asia, and Q4 uncertainties in Moldova shipments
- Uncertainty in Moldova particularly high on strategic review of current distributor relationship
- We maintain our margin guidance, 34-37% for EBITDA and 24-27% for Net Income

2 CONSISTENT REVENUE GROWTH, EXPANDING MARGINS

PURCARI



Note: (1) For 9M 2018, un-normalized EBITDA is RON 38.6m, while Adjusted EBITDA is RON 39.5 m – normalizing the EBITDA for non-recurring, IPO related expenses

2 MARKETS: ROMANIA LARGEST AND HIGHEST GROWTH MARKET

PURCARI

Market	Share of sales, 9M18, %	Growth, 9M18 yoy, %
RO	38%	+32%
MD	24%	+13%
PL	11%	+10%
ASI	5%	+39%
CZ SK	7%	+15%
UA	3%	-1%
RoW	12%	+22%

Comments

- RO: growth continues to be driven by premium Purcari brand, +35% yoy with long-term upside for the Crama Ceptura brand, playing in both mainstream and premium segments. – Soft-launched Bardar brandy brand in Romania.
- MD: secondary sales remain strong, but primary shipments lagging on a strategic review, negotiations regarding our distribution set-up in Moldova; may substantially affect our Q4 shipments.
- PL: improving results, with growth picking up in 3Q18, though strategic priority is rejuvenation of Bostavan brand, preparations underway. Lidl account started in July performs well.
- ASIA: very strong growth in 3Q18, growth catching up fast vs. weaker 1H, but shipments still below full-year plan. Risk of certain shipments slipping to 2019. Team spends significant resources on solidifying growth in China.
- CZ, SK: very strong growth in 3Q18, as Slovakia distribution challenges have been overcome. As in Poland, focus on rejuvenating Bostavan brand.

2 CONTINUING SHIFT TO PREMIUM, FOCUSING ON PURCARI GROWTH

Brand	Share of sales, 9M18, %	Growth, 9M18 yoy, %
PURCARI CHATEAU	37%	+22%
BOSTAVAN	32%	+15%
CRAMA CEPTURA	16%	+27%
DIVIN BARDAR	15%	+30%

Comments

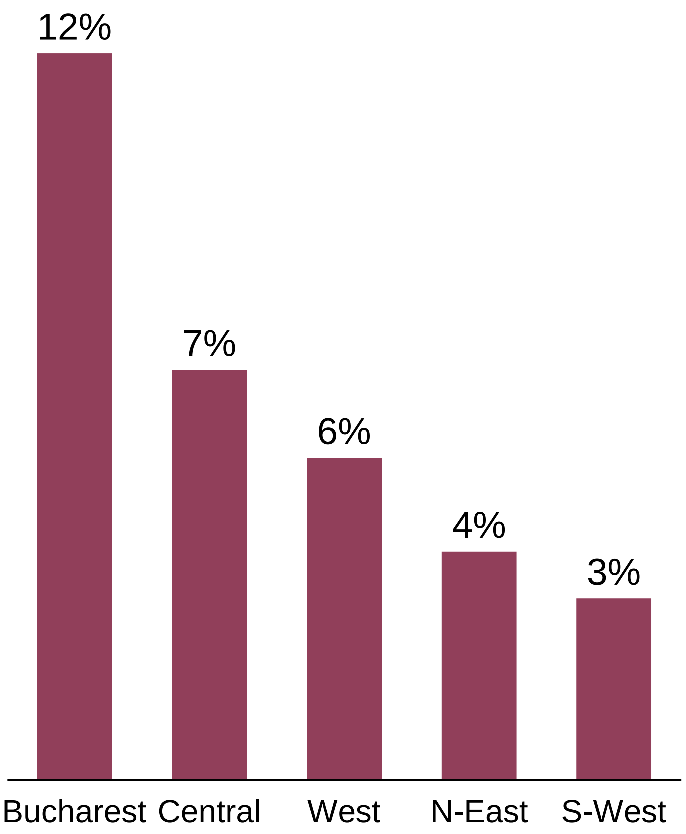
- PURCARI: continue to see strong growth, including the core Romanian market, where Purcari remains still largely a Bucharest-based brand, with significant potential for growth through geographic expansion. A number of exciting innovations prepared for 2019.
- BOSTAVAN: performance improved in 3Q vs 1H driven by core export markets in CEE. Strategic priority remains rejuvenating the brand. Work with a number of creative agencies on both, new packaging and communication, rolling out in 2019.
- CRAMA CEPTURA: Middle-market product line, Astrum, continues to drive growth. Successful packaging upgrade for Magnus line. Prepare a new launch in the 20-25 RON/bottle segment, currently untapped.
- BARDAR: continue to see strong growth in bottled brandy as reduce bulk sales; Soft-launched the brand in Romania, testing full rollout.

2 ROMANIA STILL OFFERS PLENTY OF HEADROOM FOR GROWTH

PURCARI

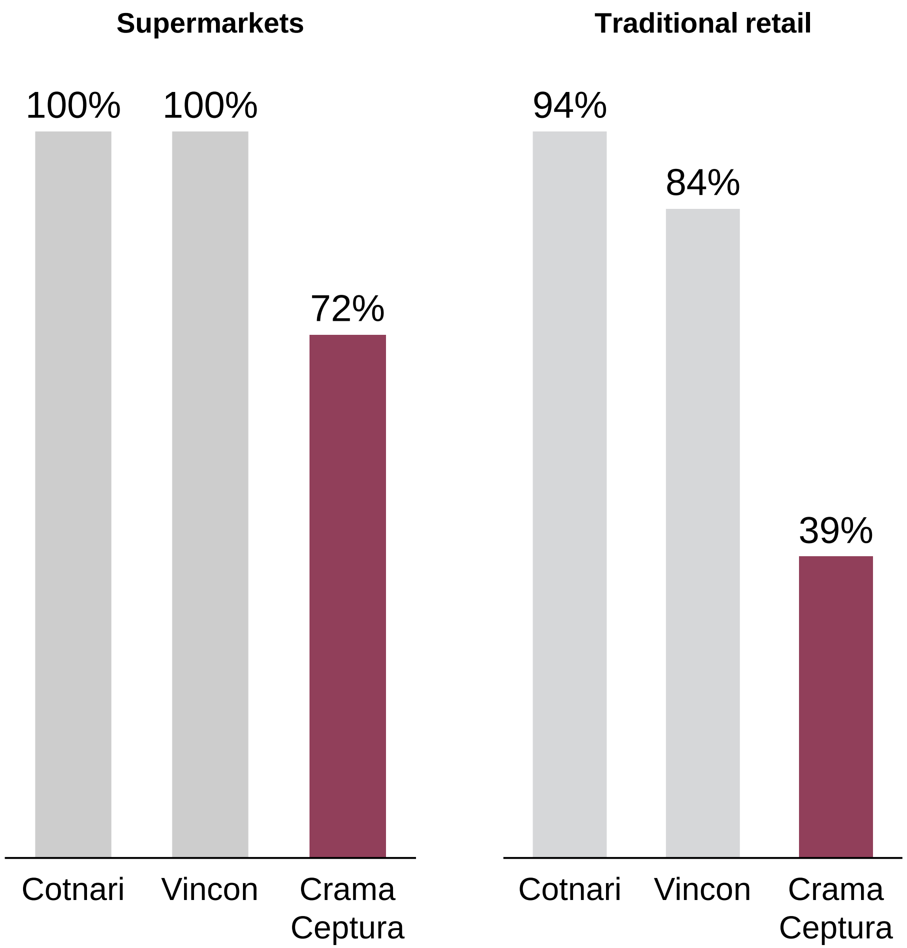
Focus on growth beyond Bucharest

Purcari Group market share by region, 2017



Big headroom for increasing distribution

Crama Ceptura brand – weighted distribution vs. peers, 2017



Global peer group

Market share, %

TELIANI VALLEY

35% MS in Georgia[1]

E&J. Gallo Winery

21% MS in US[2]

CONCHA Y TORO DESDE 1883

18% MS in Chile[3]

Note 1 – Source: Bank of Georgia, 9M 2017 Report; Note 2 – Source: Statista, Market share of domestic wine producers in the United States in 2015; Note 3 – Concha y Toro annual report 2016 for sales in Chile and market size figures from Wine of Chile.

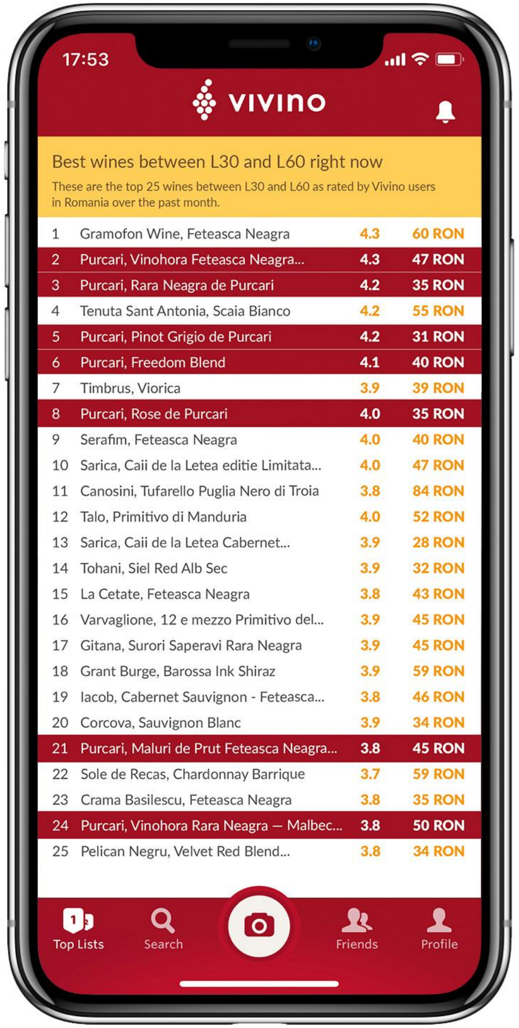
2 EXCELLENT FEEDBACK FROM DIGITAL NATIVES

PURCARI

#1 presence in the RON <30 and RON 30-60 segment;
Hold 5 out of TOP-10 positions in the crucial RON 30-60 segment, 7 in TOP-25

1	Gitana, Alb de Gitana Sec	4.2	24 RON
2	Crama Basilescu, Busuioaca de Bohotin	4.3	26 RON
3	Jidvei, Gewuerztraminer Demisec	3.9	49 RON
4	Chateau Vartely, D'or Malbec – Syrah...	4.0	17 RON
5	Bostavan, Dor Rara Neagra – Cabernet...	3.8	20 RON
6	Cricova, Orasul Subteran Shiraz	3.6	23 RON
7	Castel Huniade, Roze Demisec	3.8	19 RON
8	Crama Ceptura, Astrum Cervi Feteasca...	3.8	22 RON
9	Castillo de Alcoy, Reserva	3.8	13 RON
10	Cimarosa, Sauvignon Blanc	3.7	24 RON
11	Sarica, Merlot Cabernet Sauvignon...	3.6	15 RON
12	Domeniul Coroanei, Roze Sec	3.7	29 RON
13	Domeniile Samburesti, Roze	3.5	29 RON
14	Crama Ceptura, Cervus Magnus Monte...	3.6	30 RON
15	Domeniile Samburesti, Cabernet...	3.8	29 RON
16	Timbrus, Rara Neagra	3.6	30 RON
17	Crama Basilescu, Eclipse Cupaj Rosu...	n/a	30 RON
18	Allini, Conegliano Valdobbiadene Prosecco	3.6	28 RON
19	Crama La Salina, Satyr Demi Sec Dealurile	3.6	25 RON
20	Bold Spicy Shiraz	3.5	11 RON
21	Caloian, Feteasca Neagra	3.6	29 RON
22	Maiastru, Muscat Ottonel Demisec	5.0	17 RON
23	Halewood, Floare de Luna Private...	3.5	30 RON
24	Primitivo	3.5	27 RON
25	Cricova, Crisecco	3.5	26 RON

#1



1	Gramofon Wine, Feteasca Neagra	4.3	60 RON
2	Purcari, Vinohora Feteasca Neagra...	4.3	47 RON
3	Purcari, Rara Neagra de Purcari	4.2	35 RON
4	Tenuta Sant Antonia, Scaia Bianco	4.2	55 RON
5	Purcari, Pinot Grigio de Purcari	4.2	31 RON
6	Purcari, Freedom Blend	4.1	40 RON
7	Timbrus, Viorica	3.9	39 RON
8	Purcari, Rose de Purcari	4.0	35 RON
9	Serafim, Feteasca Neagra	4.0	40 RON
10	Sarica, Caii de la Letea editie Limitata...	4.0	47 RON
11	Canosini, Tufarello Puglia Nero di Troia	3.8	84 RON
12	Talo, Primitivo di Manduria	4.0	52 RON
13	Sarica, Caii de la Letea Cabernet...	3.9	28 RON
14	Tohani, Siel Red Alb Sec	3.9	32 RON
15	La Cetate, Feteasca Neagra	3.8	43 RON
16	Varvaglione, 12 e mezzo Primitivo del...	3.9	45 RON
17	Gitana, Surori Saperavi Rara Neagra	3.9	45 RON
18	Grant Burge, Barossa Ink Shiraz	3.9	59 RON
19	Iacob, Cabernet Sauvignon - Feteasca...	3.8	46 RON
20	Corcova, Sauvignon Blanc	3.9	34 RON
21	Purcari, Maluri de Prut Feteasca Neagra...	3.8	45 RON
22	Sole de Recas, Chardonnay Barrique	3.7	59 RON
23	Crama Basilescu, Feteasca Neagra	3.8	35 RON
24	Purcari, Vinohora Rara Neagra – Malbec...	3.8	50 RON
25	Pelican Negru, Velvet Red Blend...	3.8	34 RON

#1

1	Fautor, Negre Feteasca Regala – Rara...	4.6	78.33 RON
2	Cantine San Marzano, 60 Sessantanni...	4.5	113 RON
3	Gitana, Lupi Rezerva	4.4	99 RON
4	Purcari, Negru de Purcari	4.4	91 RON
5	Varvaglione, Papale Linea Oro...	4.4	106 RON
6	Cantine San Marzano, F Negroamaro	4.4	107 RON
7	Crama Oprisor, Cabernet Sauvignon	4.4	86 RON
8	Biblia Chora, Ovilos White	4.4	116 RON
9	Gitana, Saperavi	4.3	74 RON
10	Cuvee Ueberland, Single Vineyard	4.3	105 RON
11	Solo Quinta, Branco	4.0	79 RON
12	Tenuta Ulisse, Amaranta Montepulciano...	4.3	79 RON
13	Farnese, Edizione Cinque Autoctoni	4.3	102 RON
14	Atalaya, Alaya Tierra	4.3	112 RON
15	Aurelia Visinescu, Anima 3 Fete Negre	4.3	109 RON
16	7Arts, Cvartet	4.4	70 RON
17	Purcari, Cuvee de Purcari Alb Brut N.V.	4.2	81 RON
18	Vitis Metamortosis, Via Marchizului...	4.2	65 RON
19	Crama Rasova, Imperfect Feteasca...	4.2	90 RON
20	Nativ, Blu Onice Aglianico	4.2	118 RON
21	Jidvei, Owner's choice Ana Sauvignon...	4.3	62 RON
22	Gerovassiliou, Malagousia Single...	4.2	79 RON
23	Stefanesti, Truda Fanny Red	4.0	90 RON
24	Corte Guala, Terre di Marna...	4.2	71 RON
25	Tohani, Principele Radu Merlot	4.3	75 RON

1 – as per Vivino breakdowns as of Nov 14, 2018

2 MARGINS: SOLID DESPITE ADVERSE FX EFFECTS

PURCARI

RON m	9M17	9M18	Δ '18/'17
Revenue	94.6	113.3	+20%
Cost of Sales	(50.6)	(56.8)	+12%
Gross Profit	43.9	56.6	+29%
Gross Profit margin	*46%*	*50%*	*+3 pp*
SG&A	(17.5)	(24.0)	+37%
Marketing and selling	(5.0)	(8.5)	+70%
General and Administrative	(12.5)	(15.6)	+25%
Other income/(expense)	(0.0)	0.1	n.a.
EBITDA	31.3	38.6	+23%
Adj. EBITDA[1]	31.3	39.5	+26%
Adj. EBITDA margin	*33%*	*35%*	*+2 pp*
Net Profit	22.1	25.6	+16%
Net Profit Margin	*23%*	*23%*	*-1 pp*
Net profit after minorities	*19.2*	*22.8*	+18%
Net profit margin, after min	*20%*	*20%*	-

Comments

- Gross margin up 3pp, on effect of strong 2017 harvest, increasingly showing up in the 2018 sales and improving mix. This comes despite ongoing adverse effects of an ever strengthening MDL, though trend stabilized in Q3.
- SG&A up 37%, driven by spike in marketing and selling expenses. However, increase significantly affected by differences in expenses timing in 9M18 vs. 9M17. Expecting ~11-13% growth in SG&A for FY2018. Cost controls remain tight, especially given headwind from MDL appreciation.
- 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 2pp to 35%, within guidance range and expected to remain at a high level for FY18.
- Net Income grows at a lower pace than EBITDA on higher financing costs, driven by increase in net debt, higher interest rates on loans from Romanian banks, as well as strengthening MDL, USD vs. RON for loans in the Moldovan banks.

Note: (1) Adj. EBITDA is gross of non-recurrent, one-off IPO related expenses accrued in 2018

2 MDL APPRECIATED STRONGLY, ADVERSELY IMPACTING MARGINS

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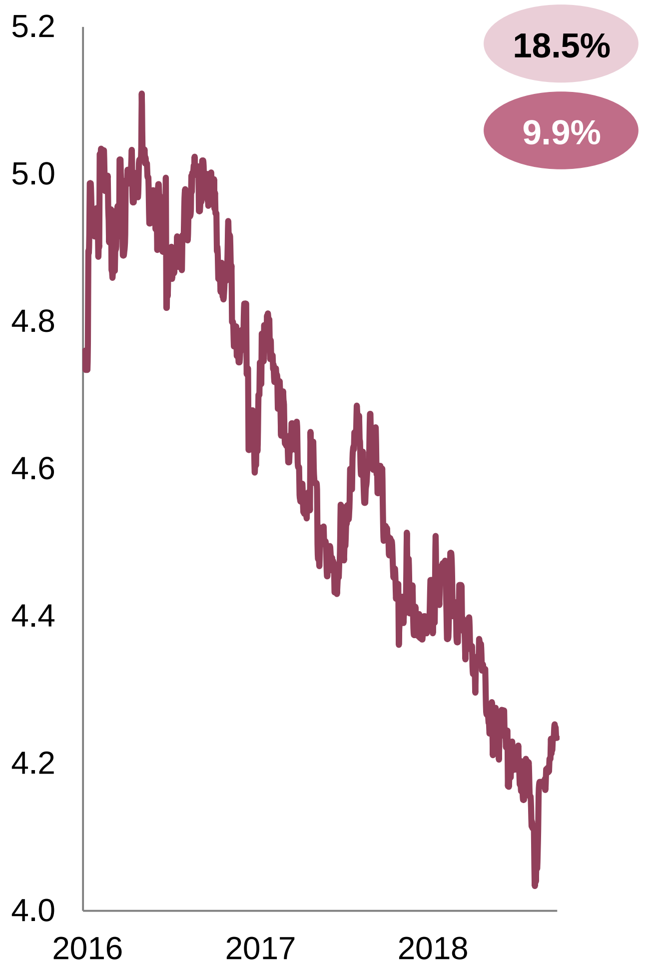
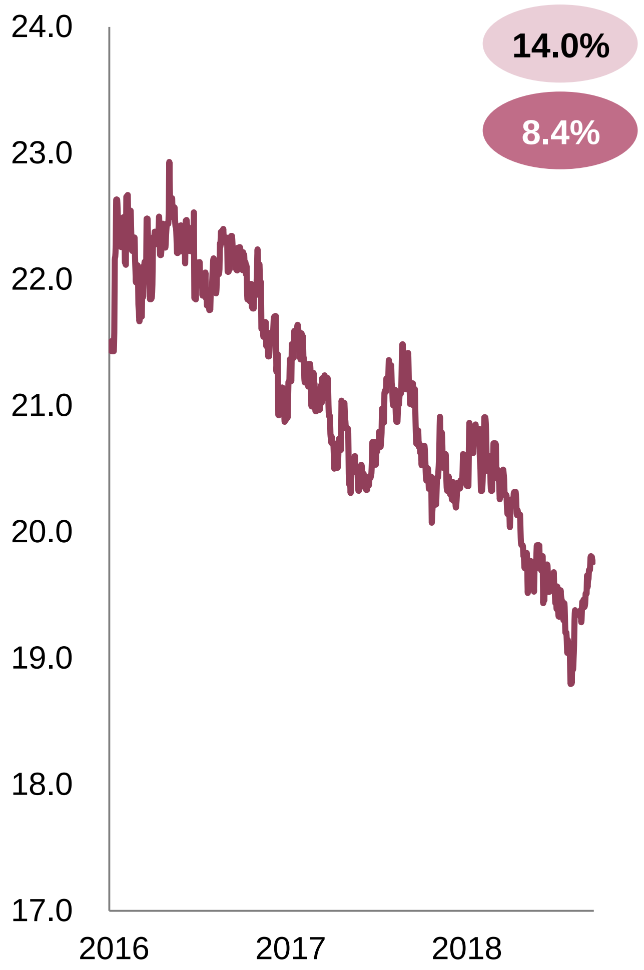
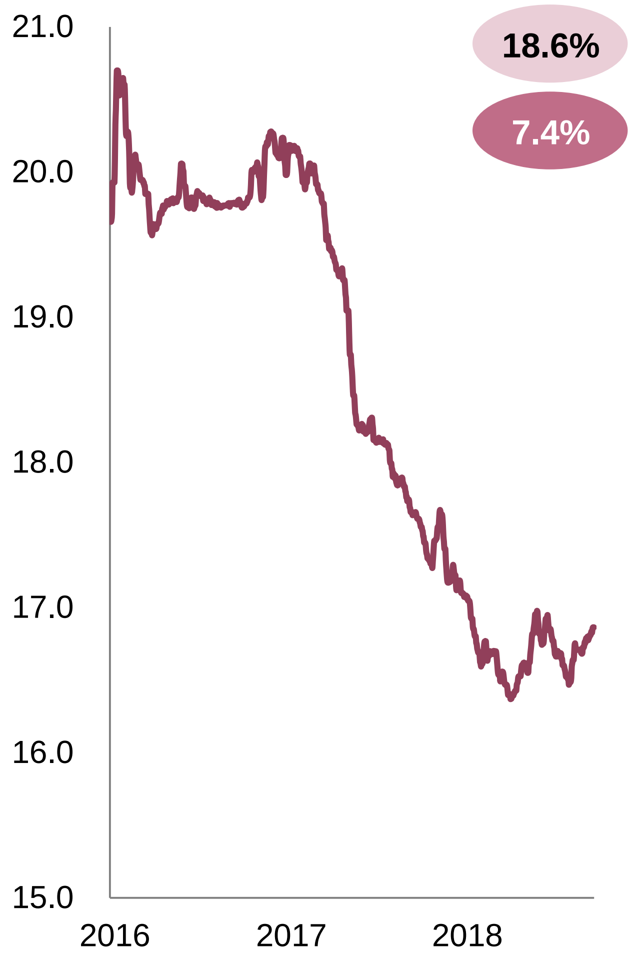
MDL vs RON: 2016 – 2018 FX evolution



MDL vs EUR: 2016 – 2018 FX evolution



MDL vs USD: 2016 – 2018 FX evolution



MDL appreciation vs. 3Q16 avg

MDL appreciation vs. 3Q17 avg

Sources: National Bank of Moldova as of October 1st, 2018; Note: x-rate appreciation is demonstrated on quarter-average period basis

2 WE REMAIN THE MOST AWARDED WINERY IN CEE, KEEP IMPROVING

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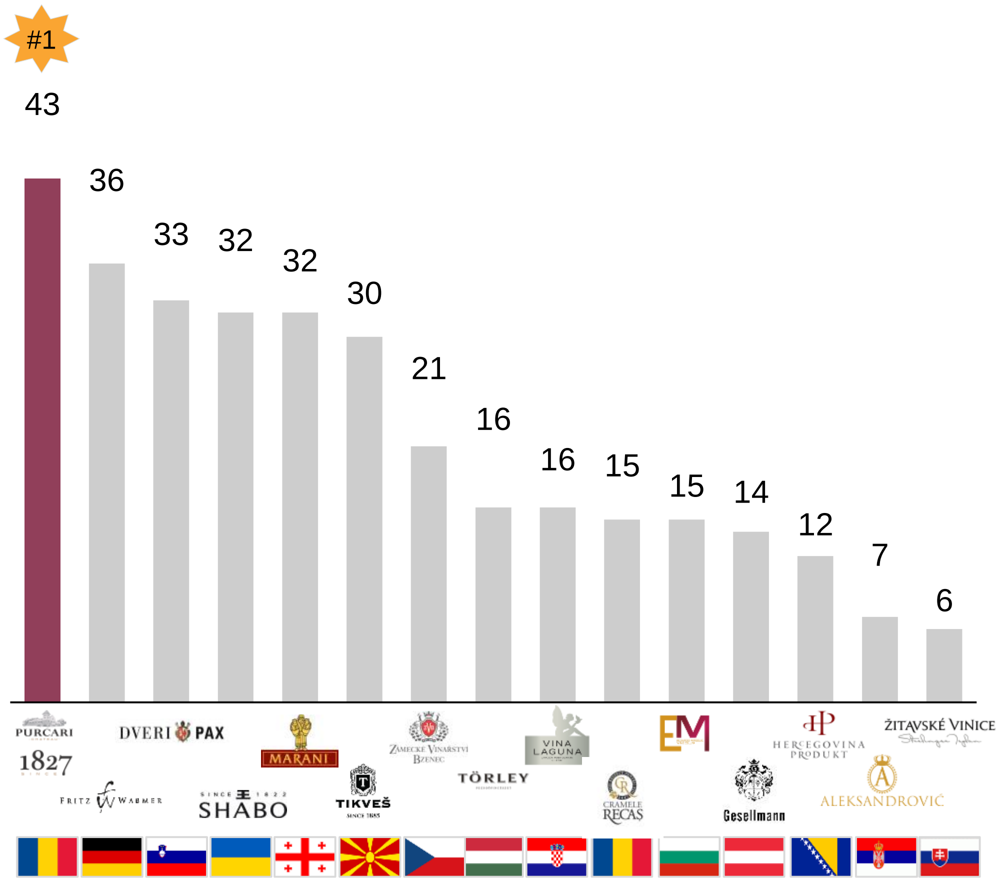
Leading medal-winning winery in CEE at Decanter, the Wine "Olympics"

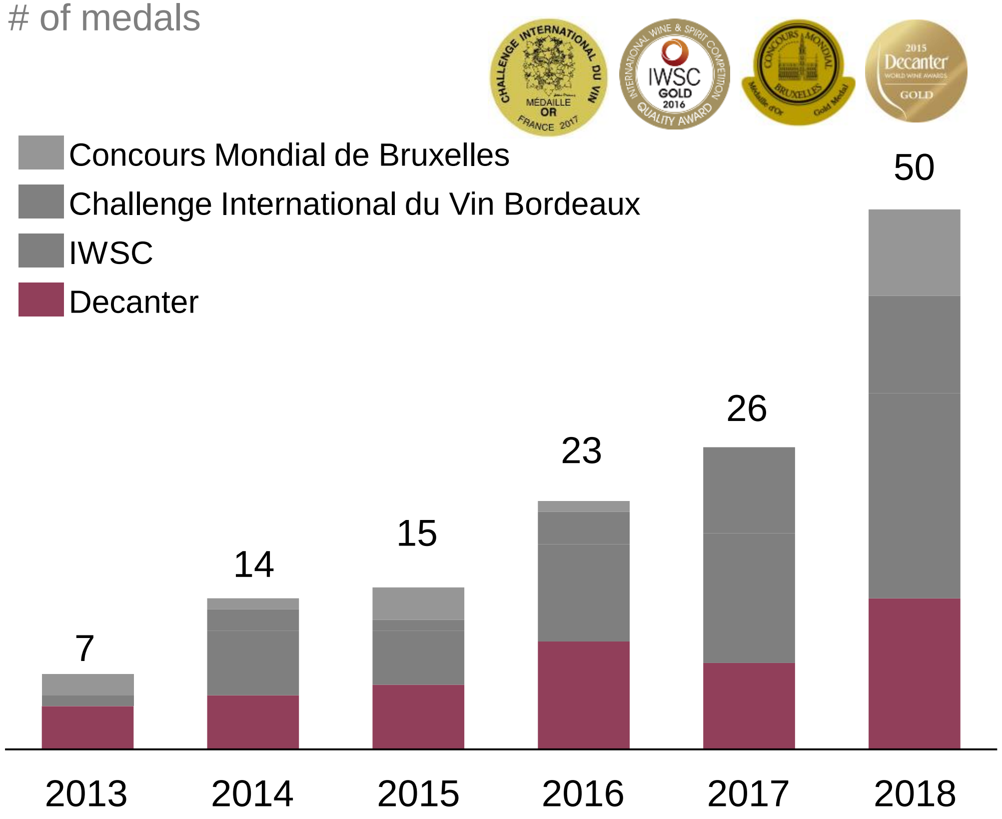
of Decanter medals in 2015 - 18(1)



- 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

WITH GLOBAL SUPPLIES CONSTRAINED, 2018 HAS BEEN A TURNING YEAR FOR EASTERN EUROPEAN WINES, TO CAPITALIZE ON IN YEARS TO COME

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Victoria Mason, Wine Buyer
Waitrose

"Romanian wine is a real success story and word is definitely getting around about how delicious it is…super wines that are exceptionally good value"

Caroline Gilby,
Wine Consultant, Master of Wine

"In Eastern Europe, the quality is as good as anywhere in the world from the top wine producers. It's the last unexplored part of the wine world"

Paul Attwood-Philippe, regional director
VINEX Marketplace

"[major retail buyers are receptive to]…finding new supply partners, and supply from emerging markets, particularly in Eastern Europe…Hungary and Romania have the experience and track record to benefit most"

"The market for new opportunities is moving increasingly towards Moldova and Ukraine thanks to both an increase in quality of the wine, a stronger export strategy and price per litre"

Richard Siddle, wine journalist
Harpers Wine & Spirit

"International buyers have had to look further afield for new suppliers, which has finally opened the door for producers…in Romania, Moldova, Bulgaria, Georgia, Slovenia, Macedonia…"

ALIA AKKAM,
Vogue

"[…] Moldova Is a Wine Destination Worth Knowing Now. […] Finally, other countries are beginning to take note of distinctly Moldovan wine. "

2 STRONG 2018 HARVEST, POSITIONING WELL FOR AMBITIOUS 2019

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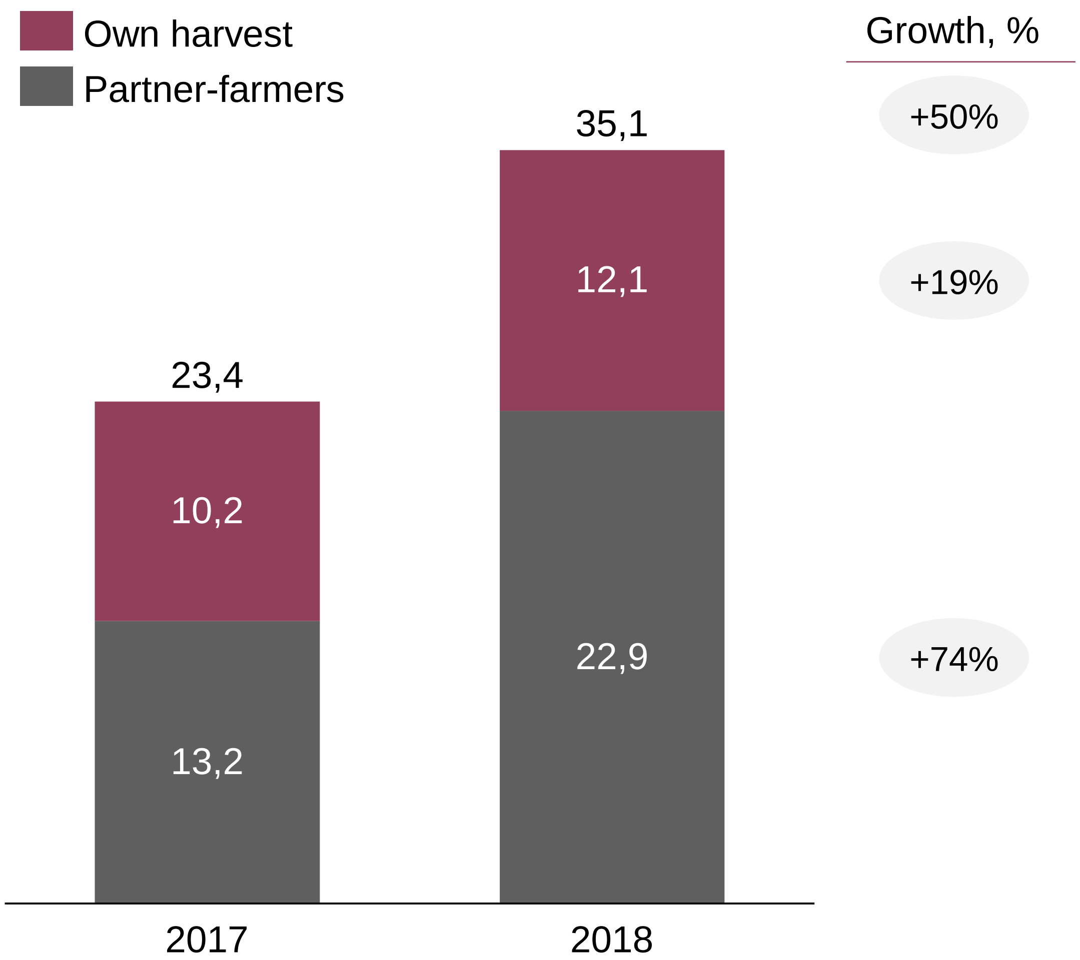
Strong 2018 harvest was complemented by aggressive sourcing of third party grapes from partner-farmers

Own harvest and 3rd party purchases of grapes, million kg



Comments

- There are three generic option for securing wine inventories: (1) growing own grapes, (2) processing 3rd party grapes, (3) purchasing 3rd party bulk;
- Options (1) and (2) are more capital intensive, but ensure best margins and quality
- Harvest on own vineyards was very strong in 2018, both quality, especially for reds, given hot summer, and quantity - +19% vs. 2017 harvest
- Additionally, we ramped up purchases of 3rd party grapes, taking advantage of favorable pricing environment
- Increase in inventories will help (1) abstain from any 3rd party bulk purchases in 2019, (2) set larger amounts of red wines for maturation to satisfy the increasing demand for premium wines, rising much faster in our portfolio vs. mainstream wines, (3) create distillate stocks for Bardar, our brandy line, which grows fastest in our portfolio

AGENDA

PURCARI

1. Our Group
2. 9M2018 Operational Results
3. **Update on 2018 Outlook**
4. Q&A

Negru de Purcari 2013, 4.4 score on Vivino, top 1% wine globally

3 WE UPDATE OUR REVENUE GUIDANCE

Target	Year start guidance	Updated guidance	9M18 fact	Status	Comments
Organic revenue growth	+24-28%	18-22%	20%	▼	• Expected delays for sales in Asia, uncertainty on a new strategic distributor relationship in Moldova may negatively impact relative growth in FY2018 • We are revising guidance to a more conservative level for the year
EBITDA margin[1]	33-36%	34-37%	35%	=	• EBITDA margin on track in 9M 2018, with favorable seasonality effects in Q4, driven both by margin and share of Q4 EBITDA • Positive effect expected from Moldovan tax reforms coming into place in Q4
Net Income margin	23-26%	24-27%	23%	=	• Maintain net income margin guidance, despite increase in financing costs.

Note: 1 – excluding non-recurring, IPO related costs

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Cuvée de Purcari, the extension to sparkling launched in 2017. Made according to the traditional, *Champenoise* method, with in-bottle fermentation


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PURCARI
CHATEAU
1827
SINCE
MERLOT
DE PURCARI
VIN SEC ROȘU
INDICAȚIE GEOGRAFICĂ
PROTEJATĂ ȘTEFAN VODĂ
2017

Thank you.