



Paris, 25<sup>th</sup> March 2019

## Strategic Plan 2019 - 2022

- *Building the foundations for a sustainable return to profitable growth in the medium term*
  - *2022 EBITDA objective in a range of €13m to €19m*
  - *Supplement to the Prospectus available (in French)*
- *COFEPP will exercise €15m of its Short-Term Stock Warrants, as agreed previously*
  - *Production has begun at Lancut*

Marie Brizard Wine & Spirits (Euronext: MBWS) today published its new strategic plan for the years 2019 -2022.

With the publication of this strategic plan, Marie Brizard Wine & Spirits has disclosed the organization and business model that will drive the creation of a profitable and sustainable Group in the wine and spirits markets. In order to achieve this objective, the Group will pursue a transformation based on **six** strategic priorities:

- Focus the recovery measures and investments on value-creating assets;
- Redefine the Group's international footprint;
- Develop value-creating partnerships;
- Simplify the operating model and reduce the cost base;
- Strengthen synergies and collaboration with COFEPP;
- Engage the Group's employees and provide them with the necessary tools for planning and control.

This transformation will take place in **two** stages:

- **In the short-term (2019 and 2020)**, confirm the strategic direction according to each activity's contribution to profitability improvement, leading to a gradual return to positive EBITDA.
- **In the medium-term (2021 and 2022)**, set the conditions for future growth by reinvesting the cash flow generated, with the objective of delivering EBITDA in a range of €13m to €19m in the year 2022.

Andrew Highcock, Chief Executive Officer of Marie Brizard Wine & Spirits, declared, *"With this strategic plan, we have reassessed Marie Brizard Wine & Spirits' business model, by pragmatically addressing our industrial and geographic footprint, as well as our organization. The strategic analysis carried out since I joined MBWS as CEO has exposed the need to return to the fundamentals of our business in order to build a sustainable Group, capable – as a result of this strategic plan – of generating profitable growth. Instead of volumes, we will prioritize value growth, profitability and the cash flow generation that should come from our strategic decisions. The closer collaboration with COFEPP, which was authorized less than a month ago, opens a number of different kinds of opportunities. We have identified several of these opportunities and they will be implemented gradually. We understand the challenges facing our business and our roadmap is clear. We thus face the coming years with agility and ambition."*



## Strategic priorities for 2019 to 2022

### 1. Focus the recovery efforts and investment on value-creating brands and assets

With a portfolio of leading brands that generate in-store traffic, and an attractive price positioning in its key geographies, Marie Brizard Wine & Spirits has a solid base from which to turn its business around, and from which to develop a sustainable business. To this end, the Group's strategy consists of concentrating its resources on the brands that have the greatest value-creating capacity in the long-term.

At the same time, the Group is establishing a systematic assessment of its assets in light of their financial, tactical and strategic importance, and of their capacity to create value in the long term. Within this context, choices could be made to ensure the coherence of the Group's portfolio of assets and greater latitude to implement change, to enable more significant investment in strategic and profitable activities.

As indicated previously, the complete implementation of this strategic plan remains subject to reaching an agreement with MBWS' banking partners within the framework of ongoing discussions. In addition to the commitment made by COFEPP to exercise €15m of its Short-Term Stock Warrants, if the contribution by shareholders resulting from the exercise of their Stock Warrants is deemed insufficient, the Group may find itself in the position – after March 2020 – of needing to sell assets or brands that are non-contributive to EBITDA, or to reestablish lines of credit.

### 2. Redefine the Group's international footprint

A pragmatic and case-by-case approach is currently being implemented to assess and redefine the Group's international footprint, based on the potential for long-term value creation. Each of the affiliates has a roadmap and a concrete action plan, with the objective of sustainable profitability in each case. Thus, the strategy for the Group's main markets is as follows:

#### **France: maximize value via a targeted commercial strategy**

In France, MBWS' recovery will depend on increasing the revenue generated by its products, in partnership with the Group's customers. This pro-active financial rationalization strategy could, in the short-term, have a negative impact on volumes. The strategy will rely on the strength of the brands, the brand loyalty demonstrated by customers, and the effectiveness of the value-for-money proposition.

The Group also intends to deploy a dedicated commercial strategy, as well as targeted investments in support of the brands, accounts and regions that are deemed to be the most value-creating. This strategy and related investments will be carried out both in the off-trade (large retailers) and in the on-trade segments.

#### **Poland: accelerate the strategy for returning to profitability; production at Lancut has begun**

As in France, the commercial strategy in Poland is now based on the search for value creation. The Group intends to base its plans on:

- The growth and strengthening of the distribution agreements finalized in H2 2018;



- On-going strategy to broaden the client base;
- Commercial activities and marketing investment in brands, focused on higher-margin products and formats;
- The improvement of production costs linked to the beginning of production and advantages delivered by the Lancut distillery, which will be the subject a press release in April.

### **United States: achieve critical mass**

In the American market, the Group must develop a business model with the objective of ensuring the sustainable profitability of its operations. Marie Brizard Wine & Spirits is evaluating several options, and in the short-term the Company plans to establish an active strategy aiming to grow the top-line of its American subsidiary. The commercial strategy will be based on two main levers:

- A prioritization of the commercial efforts and investments, focused on growing regions: New York state and the control states;
- Improvement in the product mix via strengthening and activation of the higher margin brands, and those with higher growth potential, in particular Marie Brizard and Cognac Gautier.

### **3. Establish value-creating partnerships**

Marie Brizard Wine & Spirits has set an objective for all of its subsidiaries to be profitable by the end of this strategic plan. In keeping with the best practices of all global spirits companies, the Group will assess each of its local partnerships, with a view to strengthening its strategic positioning or financial profile. This review will also take into account commercial and manufacturing considerations, in line with the critical mass of operations in the different markets.

### **4. Simplify the operating model and reduce the cost base**

One of the priorities of the strategic plan is to adapt the strategy and cost base to the size of operations, and to ensure the ability to generate profit and cash flow. In addition to the ongoing cost structure adaptation efforts, cost savings plans will be launched with a view to optimizing the Group's manufacturing, commercial and support function costs.

This strategic priority is expected to generate results that are strongly correlated to the strategic options that will be chosen in terms of the Group's international footprint and its partnership choices.

### **5. Strengthen the synergies and collaboration with COFEPP**

Marie Brizard Wine and Spirits' closer collaboration with COFEPP makes sense from an operational point of view, assuming that the pooling of resources between the two groups achieves benefits for both entities. In addition to the strong complementarity of the two group's brand portfolios, several opportunities have been identified within the context of this strategic plan, particularly in terms of cost and revenue synergies.

Nevertheless, the possibility of open and complete collaboration between leadership teams and sharing of information between the two Groups only became possible as of 28 February 2019 when the French anti-trust



Authorities allowed the closer collaboration between them. Consequently, the complete quantified analysis of the benefits expected has not yet been finalized.

## 6. Engage the Group's employees and provide them with the necessary tools for planning and control

Employee engagement with the new strategic plan will be one of the keys to its success. A pragmatic approach is being taken, based on what exists already, and the following areas of development:

- Increase the capabilities of employees to strengthen operational execution;
- Enable greater mobility within the Group;
- Build an organization in line with the new operating model.

The Group is currently developing projects in order to ensure the availability of tools that will enable it to drive its strategy, both in terms of manufacturing and financial activities. The project to deploy an ERP system (Enterprise Resource Planning) is on schedule with the planned timeframe. It is expected to be operational during H2 2019.

## Financial impact

Estimated EBITDA for FY 2018 is -€28m<sup>1</sup>.

The Group has established as its objective to improve its EBITDA between the years 2018 and 2022 via the combination of the following:

- A value and product mix strategy;
- Optimization of the cost base;
- Synergies with COFEPP, estimated on a first view in a range of €3m and €6m annually, beginning in 2020.

**Based on the six strategic priorities detailed in this document, the Group has set as its FY 2022 objective to reach EBITDA in a range of €13m to €19m.**

*A detailed presentation of this strategic plan is on the Group's website, ([www.mbws.com](http://www.mbws.com)) under "Financial Presentations."*

## Availability of the Supplement to the Prospectus

The Company has also announced that the French Financial Markets Authority ("AMF") has affixed visa n° 19-114 on the Supplement (the "**Supplement**") to the Prospectus, which received visa n°19-066 from the AMF on 28 February 2019, regarding:

- the issue and admission to trading on the regulated market of Euronext Paris of 37,762.312 stock warrants, which can be exercised for a period of one month (the "**Short-Term Stock Warrants**") and allocated free of charge to

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<sup>1</sup> Non-audited number.



shareholders (including the shares held by COFEPP after the reserved issue of shares), which could potentially lead to the issue of 16,418,396 new shares at a price of €3 each (including issue premium);

- the issue and admission to trading on the regulated market of Euronext Paris of 37,762,312 stock warrants, which can be exercised for a period of 42 months (the “**Long-Term Stock Warrants**”) and allocated free of charge to shareholders (including the shares held by COFEPP after the reserved issue of shares), which could potentially lead to the issue of 16,418,396 new shares at a price of €3 each (including issue premium); and

- the admission to trading on the regulated market of Euronext Paris of 32,836,792 new shares from the exercising of the Short-Term Stock Warrants and Long-Term Stock Warrants.

The prospectus (the “**Prospectus**”) is comprised of:

- (i) The Company’s Registration Document, submitted to the AMF on 10 January 2019 under the number D.19-0010 ;
- (ii) The Transaction Note, under the visa number 19-066 provided by the AMF on 28 February 2019 (the “**Transaction Note**”);
- (iii) The Prospectus summary (included in the Transaction Note); and
- (iv) The Supplement to the Prospectus which includes the supplement to the summary of the Prospectus.

Copies of the Prospectus (in French) are available free of charge at the Company’s headquarters, on the Company’s website ([www.mbws.com](http://www.mbws.com)), and on the AMF’s website ([www.amf-france.org](http://www.amf-france.org)). Investors are urged to read carefully the detailed risks outlined in point 2.3 of the management report included in the Company’s Registration Document, and in Chapter 2 of the Transaction Note.

## Timeframe for allocation and exercising of the Short-Term Stock Warrants and Long-Term Stock Warrants

In keeping with the indicative timeframe mentioned in section 5.1.3 of the Transaction Note, the allocation of Short-Term Stock Warrants and Long-Term Stock Warrants will take place on 29 March 2019, for the benefit of the Company’s registered shareholders as of 28 March 2019. The period for exercising the Short-Term Stock Warrants and the Long-Term Stock Warrants will close on 29 April 2019 for the Short-Term Stock Warrants, and on 29 September 2022 for the Long-Term Stock Warrants.

The free Stock Warrants allocated to shareholders will be submitted for admission to trading on the regulated market of Euronext Paris. The Short-Term Stock Warrants will be admitted for trading under ISIN code FR0013404936, and the Long-Term Stock Warrants will be admitted to trading under ISIN code FR0013404944.

The new shares created by the exercising of the Stock Warrants will be submitted periodically for admission to trading on Euronext Paris (Compartment C) and will be tradable on the same terms as existing MBWS shares.



**Marie Brizard Wine & Spirits** produces and sells a range of wine and spirits across four geographic clusters: Western Europe, Middle East & Africa, Central and Eastern Europe, the Americas, and Asia-Pacific. MBWS has distinguished itself for its know-how, the range of its brands, and a long tradition and history of innovation. From the inception of Maison Marie Brizard in Bordeaux, France in 1755, to the launch of Fruits and Wine in 2010, MBWS has successfully developed and adapted its brands to make them contemporary while respecting their origins. MBWS is committed to providing value by offering its customers bold, trustworthy, flavorful and experiential brands. The company has a broad portfolio of leading brands in their respective market segments, most notably William Peel scotch whisky, Sobieski vodka, Krupnik vodka, Fruits and Wine flavored wine, Marie Brizard liqueurs and Cognac Gautier. MBWS is listed on the regulated market of Euronext Paris, Compartment B (ISIN code FR0000060873, ticker MBWS) and is included in the EnterNext© PEA-PME 150 index, among others.



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*This announcement is not a prospectus within the meaning of Directive 2003/71/EC of the European Parliament and the Council of November 4th, 2003, as amended, in particular by Directive 2010/73/EU (together, the "Prospectus Directive").*

*No securities offering will be opened to the public in France before the delivery of the visa on a prospectus prepared in compliance with the Prospectus Directive, as approved by the French Autorité des marchés financiers.*

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### **Forward-looking statements**

*This press release contains forward-looking statements regarding objectives and the strategy of the MBWS Group. MBWS’ management believes that this forward-looking information is based on reasonable assumptions, however these assumptions do not constitute a guarantee regarding the future performance of MBWS. The actual results could differ materially from these forward-looking statements, due to a number of possible risks and uncertainties, most of which are not under the control of MBWS. These risks include particularly risks related to the carrying out of the strategic plan and the risks described in the documents submitted by MBWS to the AMF, including those outlined in section 2.3 of the management report reproduced in the Company’s Registration Document.*