

Purcari Wineries Plc

Annual General Meeting

29 April 2020



This picture was taken at the Purcari vineyard on April 15. It shows a Merlot grape bud, pushing stubbornly ahead, oblivious to the pandemic.

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Our AGM team today

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

Eugeniu Baltag
Investor Relations



- Over 10 years in financial management, internal audit
- Ex Transoil, Orange, PWC
- Academy of Economic Studies
- Speaks EN, RO, RU

Eugen Comendant
COO



- Over 10 years of management experience
- Ex Virgin Mobile, ACN in senior Business Development, Sales and Marketing roles
- Amsterdam University of Applied Sciences, ESSEC Business School
- Speaks EN, RO, RU, NL, FR

Vasile Tofan
Chairman



- Over 10 years experience in FMCG
- Partner at Horizon Capital, \$850m+ AUM
- Ex- Monitor Group, Philips
- MBA Harvard Business School
- Speaks EN, RO, RU, FR, NL

Our Board going forward

Victor Bostan
Executive Director



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- Speaks EN, RO, RU, NL, FR

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
- Speaks EN, RO

Neil McGregor
Non-executive Director



- Over 20 years of legal experience
- Managing partner of McGregor & Partners
- President of the British Romanian Chamber of Commerce
- University of Aberdeen
- Speaks EN, RO

Vasile Tofan
Chairman,
Non-executive Director



- Over 10 years experience in FMCG
- Partner at Horizon Capital, \$850m+ AUM
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1 Our Group and Strategy

2 Operational Performance 2019

3 Covid-19 impact and view on 2020

4 Our view on Purcari stock

5 Resolutions subject to AGM voting



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

1 Purcari Wineries at a glance

Leading wine player in Romania and the CEE...

Founded in 1827 by French colonists, Purcari group is now...

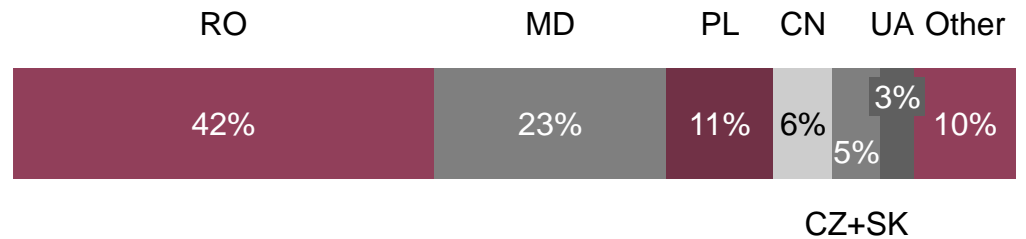
- #1** awarded CEE winery of the year in 2015-2019 at Decanter London, "wine Olympics"
- #1** premium wine brand in Romania, Moldova
- #1** fastest growing large winery in Romania
- #1** largest exporter of wine from Moldova
- top** 1,392+ hectares of prime vineyards, top production assets
- top** Reputable shareholders alongside founder, Victor Bostan: Fiera Capital, Aberdeen, Conseq, East Capital, SEB, Franklin Templeton, Horizon Capital, etc

4 brands, covering a broad spectrum of segments



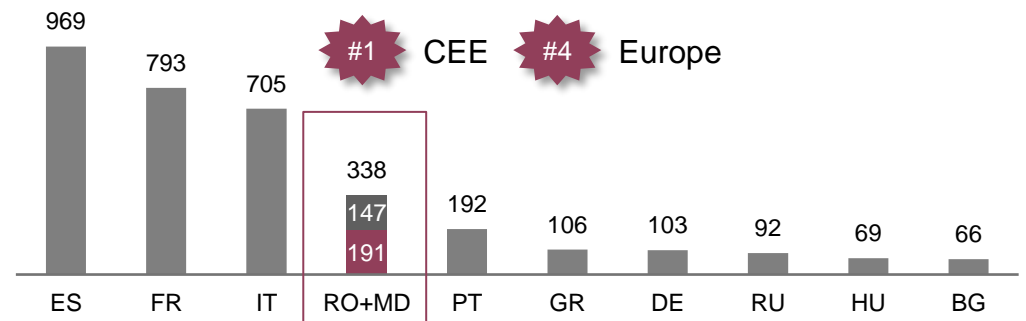
... with a strong & expanding regional footprint

Geographical breakdown of sales in value terms, 2019, %



Located in a region with one of the richest wine heritages

Top 10 European countries by area under vines, kha



1 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.



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

1 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



1 Our mission, vision and values

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

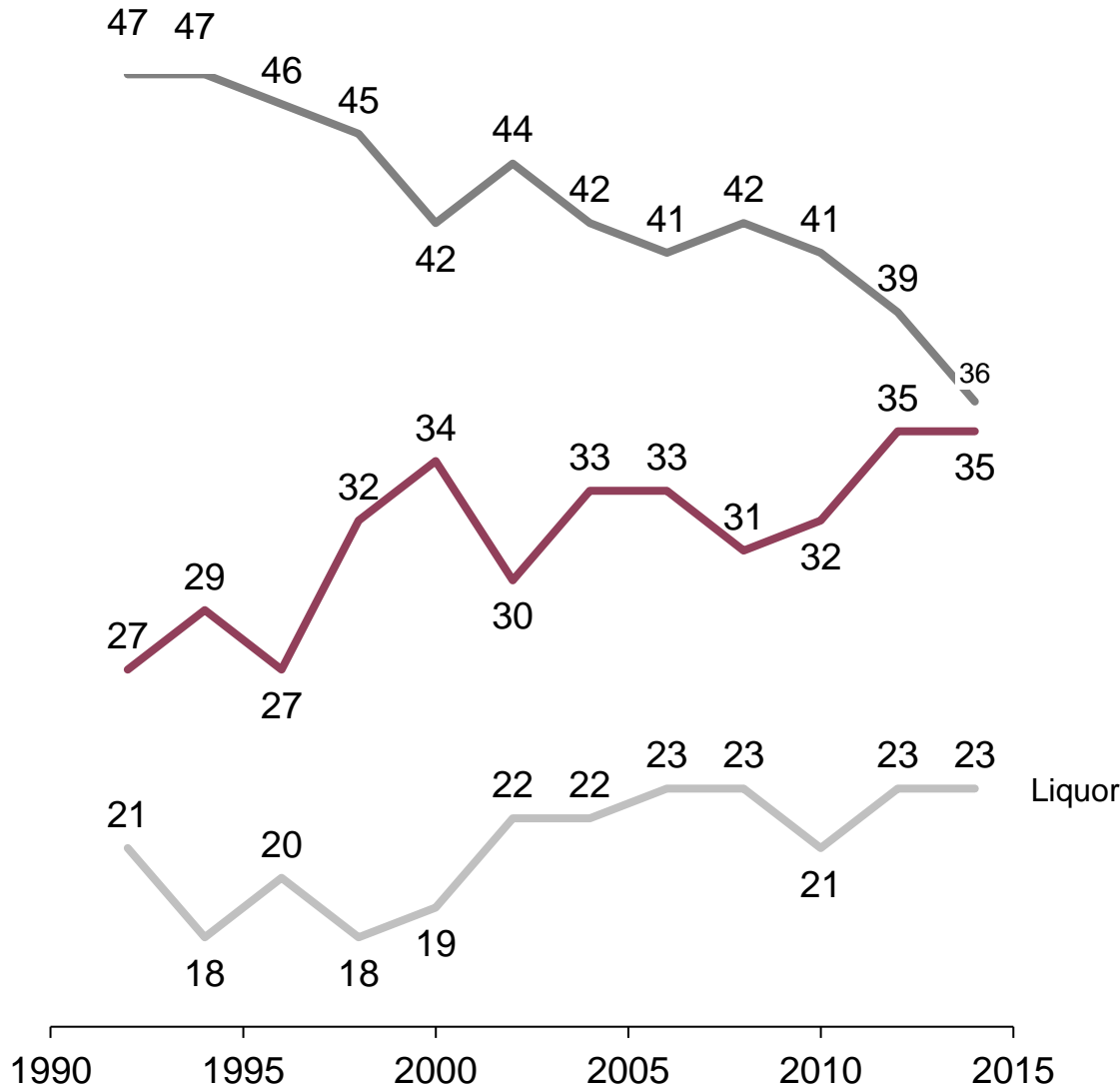
We keep improving – both our wines and our people



1 Consumption trends favour wine vs. alternative drinks, pushing demand up

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



“Goldman downgrades beer stocks because millennials like wine better”

– 24 July, 2017



“Millennials Are Drinking More Wine Than Boomers”

– 17 February, 2016



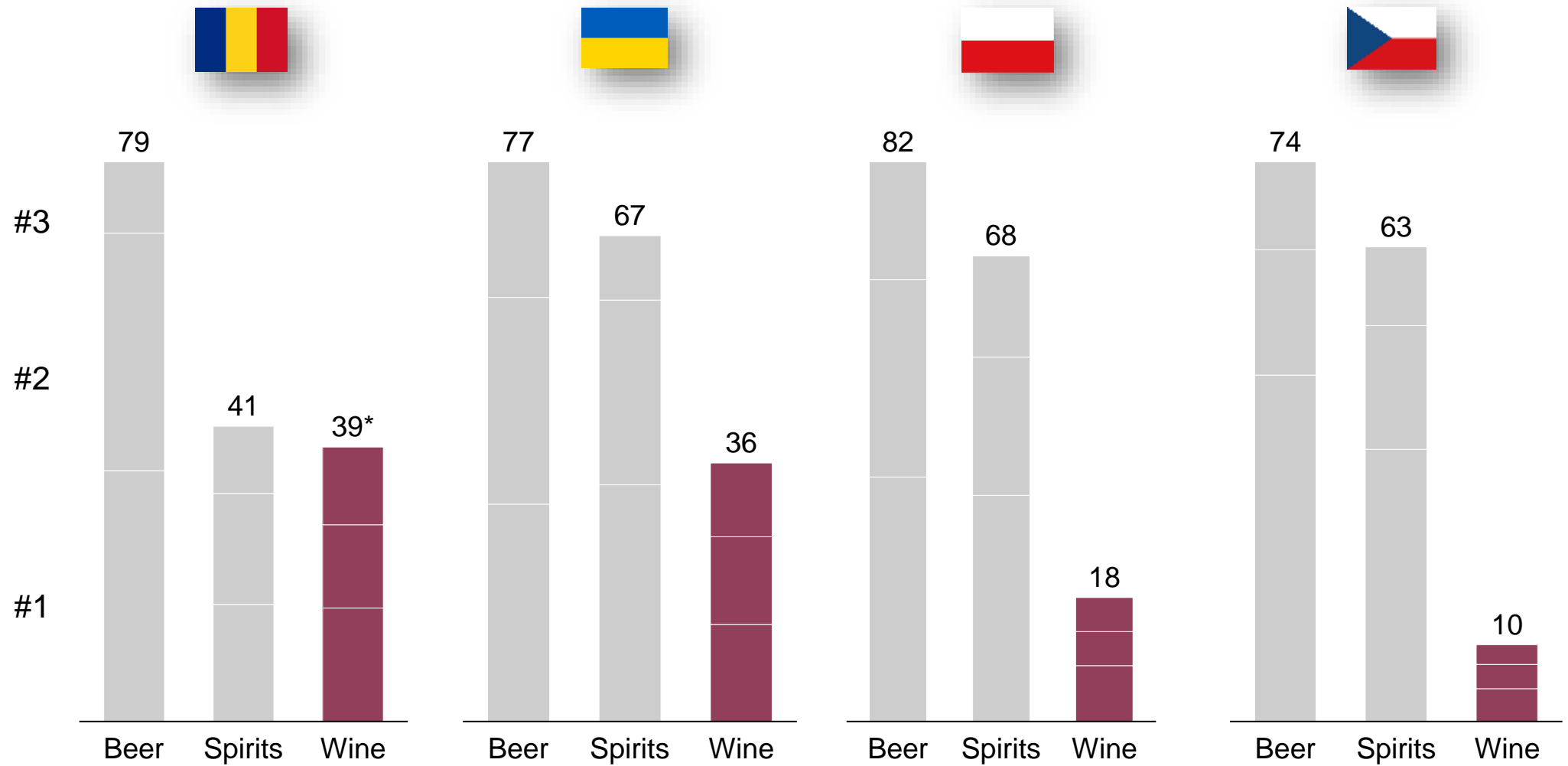
“The world is facing a wine shortage, with global consumer demand already significantly outstripping supply, a report [by Morgan Stanley] has warned.”

– 30 October 2013



1 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



1 Country origin frontier pushed ahead, as millennials search for authenticity PURCARI

Old World Before 1980s



New World 1980s-2010s

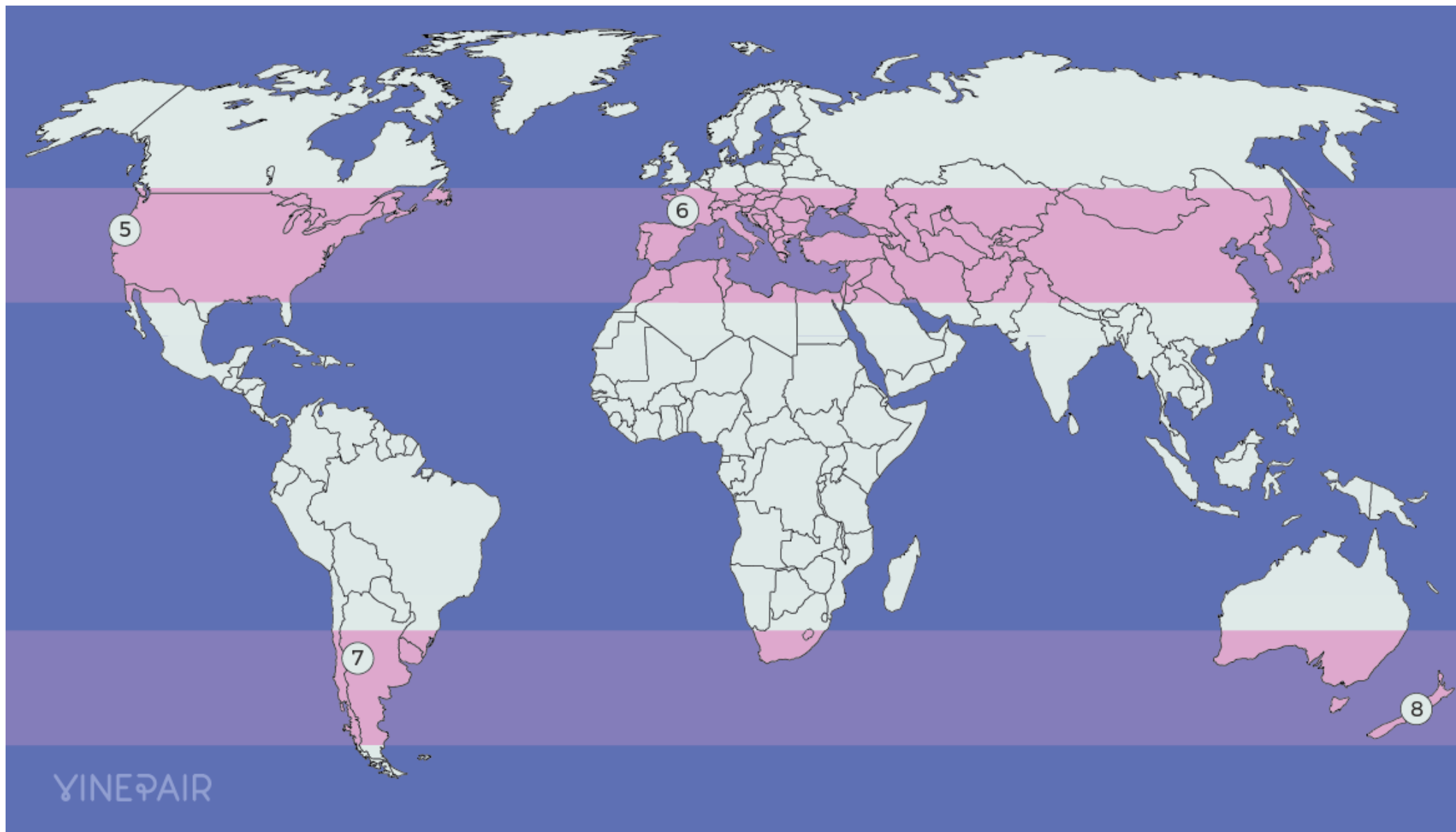


The New Frontiers 2010s - onwards



New Frontier champions will inevitably emerge, leveraging a lower cost structure, better access to new markets and better understanding of local consumers

1 Global wine belt does live ample space for pushing New Frontier ahead



1 Examples: pushing the wine frontier



Case study: Developing Indians' taste for wine

Authorities have reclassified winemaking as an agribusiness

Anand Narasimhan and Aparna M. Dogra DECEMBER 6, 2011



The story. When Rajeev Samant left India to study and work in California, he also found himself learning about wine thanks to that state's burgeoning industry. After returning to India in the late 1990s, he took over land owned by his father outside Nasik, near Mumbai, and tried growing crops such as mangoes, peanuts and roses.

With Nasik being India's biggest table grape region it prompted a question: could he grow wine grapes too and develop a winery that could match foreign wines for quality?

The challenge. Growing and processing the grapes – starting with Sauvignon Blanc – turned out to be the easy part. For Sula Vineyards, the toughest test was how to change consumer tastes.

Alcohol has negative connotations in the Hindu, Buddhist, Jain and Muslim traditions, and most Indians had never tasted wine. Getting it into the Indian shopping basket would require a change in social attitudes.



Opinion FT Magazine Châteaux China

At several wineries, it is clear that Ningxia's raw material is impressively consistent, and five qualify as excellent

JANCIS ROBINSON [+ Add to myFT](#)



Jancis Robinson SEPTEMBER 14, 2012



You know a wine venture is a success if you have the world's most energetic purveyor of special glasses and decanters, Georg Riedel of Austria, volunteering to take part.

Two weeks ago, I flew to a remote province of China to participate in the inaugural Ningxia Wine Festival. But Riedel got there several days before me – and when I managed to visit the

wine producer who first alerted me to the potential of Ningxia, vivacious Emma Gao of Silver Heights, I found that her collection of Riedel glassware took up almost more room than her tiny barrel cellar.

Ningxia is a small, impoverished province 550 miles west of Beijing. Until recently it was best known for its inhospitable mountains and desert, sheep and goji berries, but local government officials have become convinced that Ningxia's future lies in wine. A campaign started in earnest in the late 1990s



Moldovan winemakers turn their eyes to the west

About 90% of exports used to go to other parts of the former Soviet Union



Victor Bostan: wine is in the blood

Henry Foy NOVEMBER 21, 2015



Moldovan winemaker Purcari's Freedom Blend was created in 2011 to commemorate Moldova, Georgia and Ukraine's 20 years of independence from the Soviet Union. But it took on another meaning when Russian tanks rolled into Crimea last year.

1 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



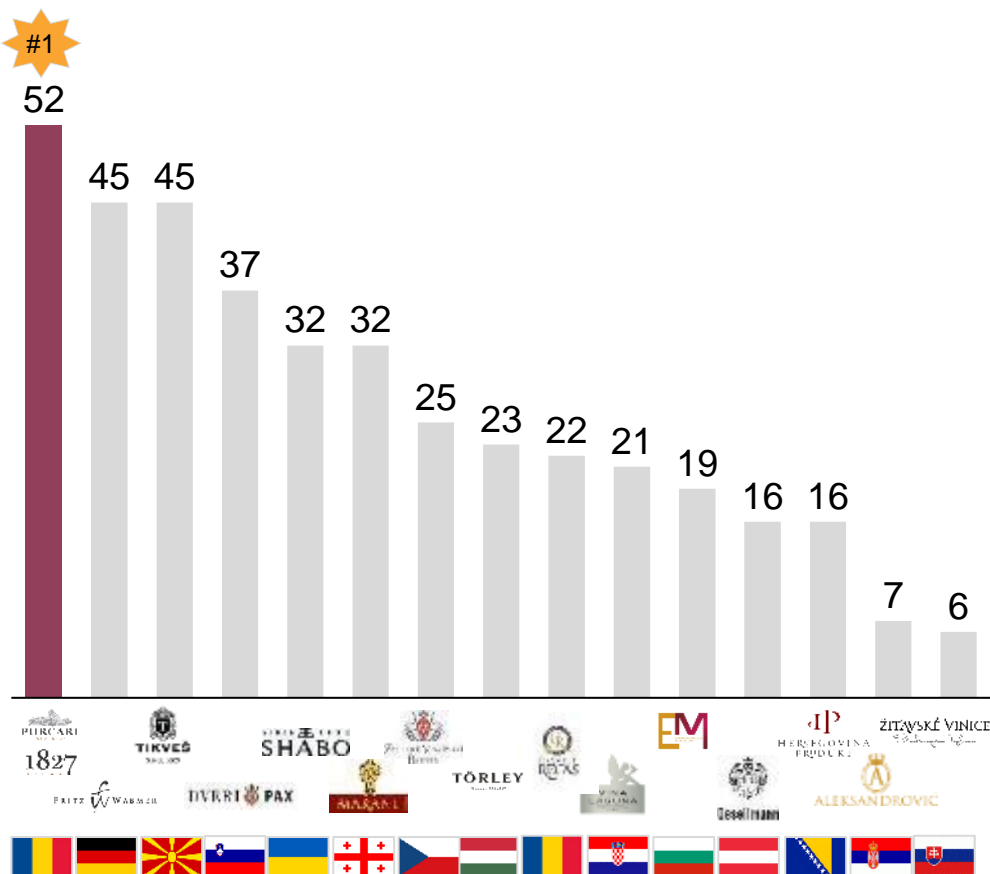
Strong sales and margins



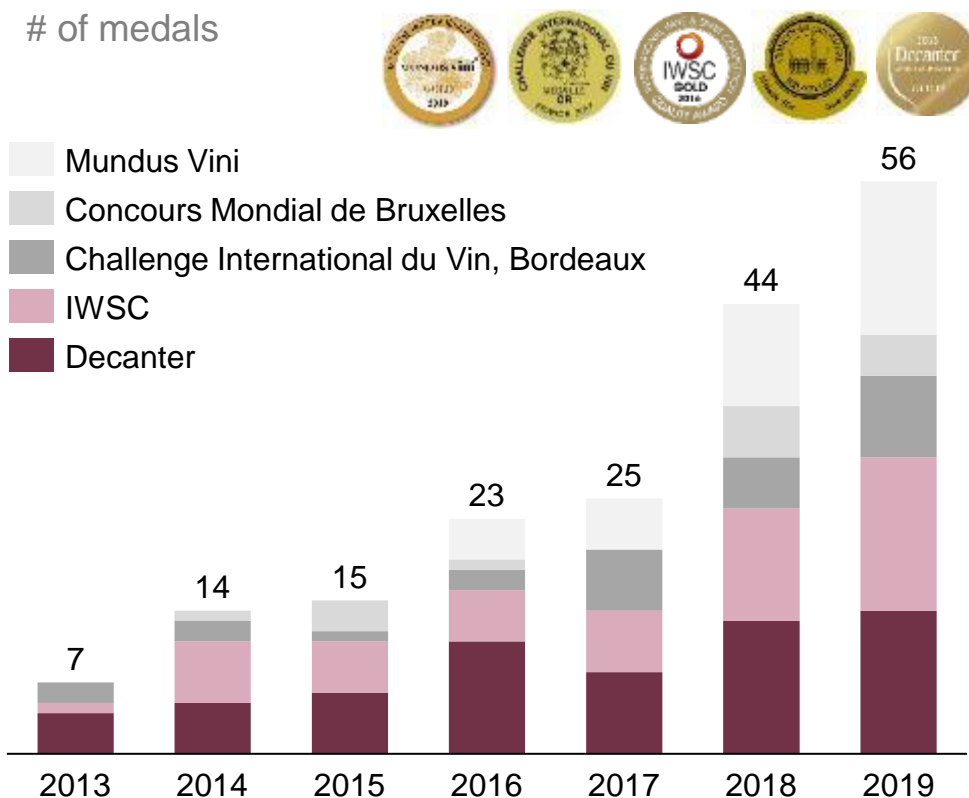
1 Quality highly commended, remain the most awarded winery in CEE PURCARI

Leading medal-winning winery¹ in CEE at Decanter, the Wine "Olympics"

of Decanter medals in 2015 - 19



Increasing number of medals won from year to year



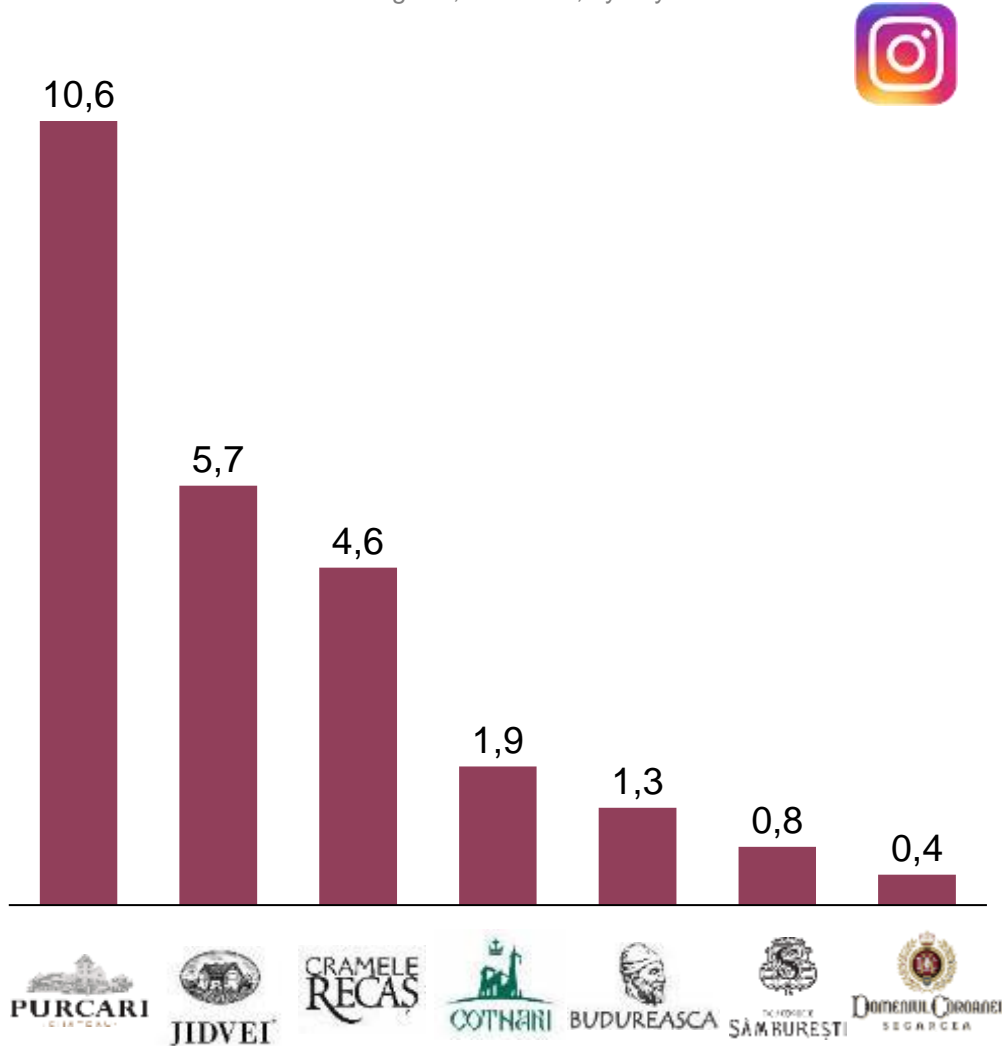
- Most awarded winery to the east of Rhine, ahead of reputable (and much pricier!) German, Hungarian or Austrian wineries

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

1 Topping competition at engagement, quality

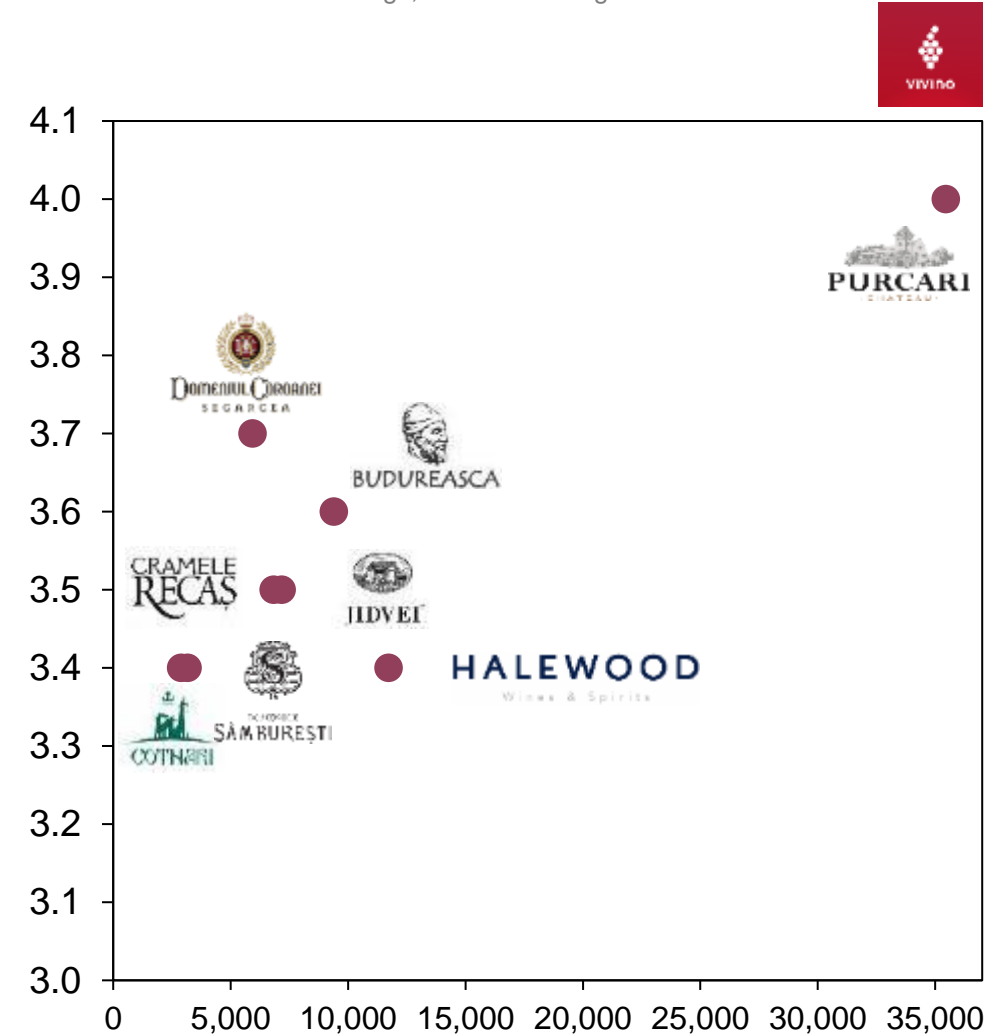
Aspirational brand which consumers like sharing about

Number of #brand uses on Instagram, thousand, 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 February 2020

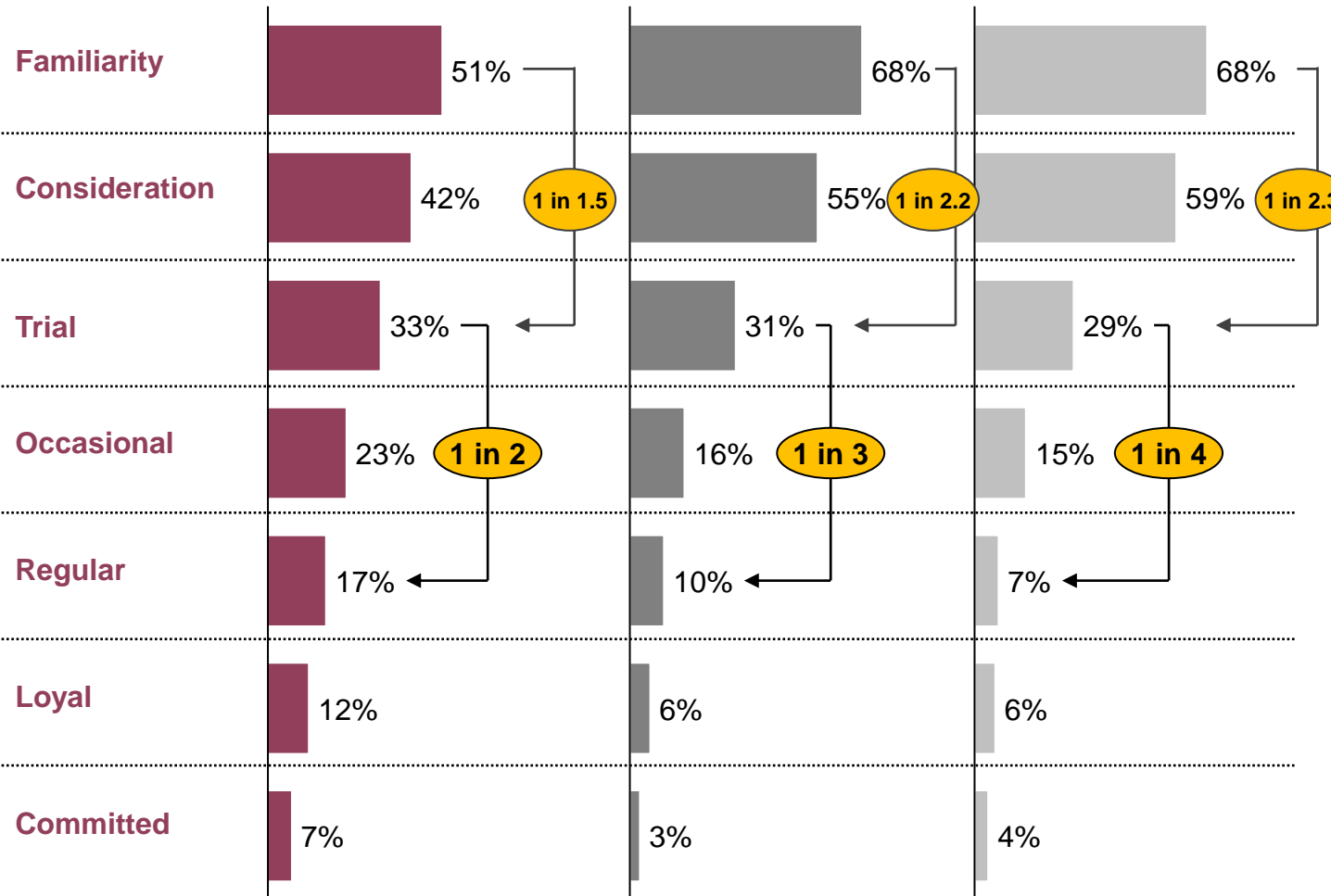
1 Strong conversion across brand pyramid, with room to grow



Competitor A












Competitor B

Commentary



- Conversion from familiarity to trial: 1 in 1.5 people for Purcari, vs. 1 in 2.2 for competition; => **effective marketing**
- Circa 1 in 2 consumers who tried Purcari become regulars, vs. 1/3 and 1/4 for the other top-3 competitors in Premium; => **great quality**
- Nevertheless, as a relative new entrant into the Romanian market, Purcari still has a weaker brand Familiarity compared to the more established wineries
- Only 51% of Premium consumers, in large Urban areas (target group) are familiar with Purcari
- Significant upside remains, by increasing the awareness of Purcari brand, which should cascade down in higher numbers of Regular consumers

1 Costs: sustainable cost advantage, across the cost structure

					
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
Grapes¹⁾ [€/ kg] 	0.90 Val de Loire	0.85-1.20 Rioja	0.30 Colchagua	0.30 Ceptura	0.24 Purcari
Vines²⁾ [€/ ha] 	25 k – 3.4 m	31 k – 50 k	27 k – 48 k	10k – 12k	4k – 9k

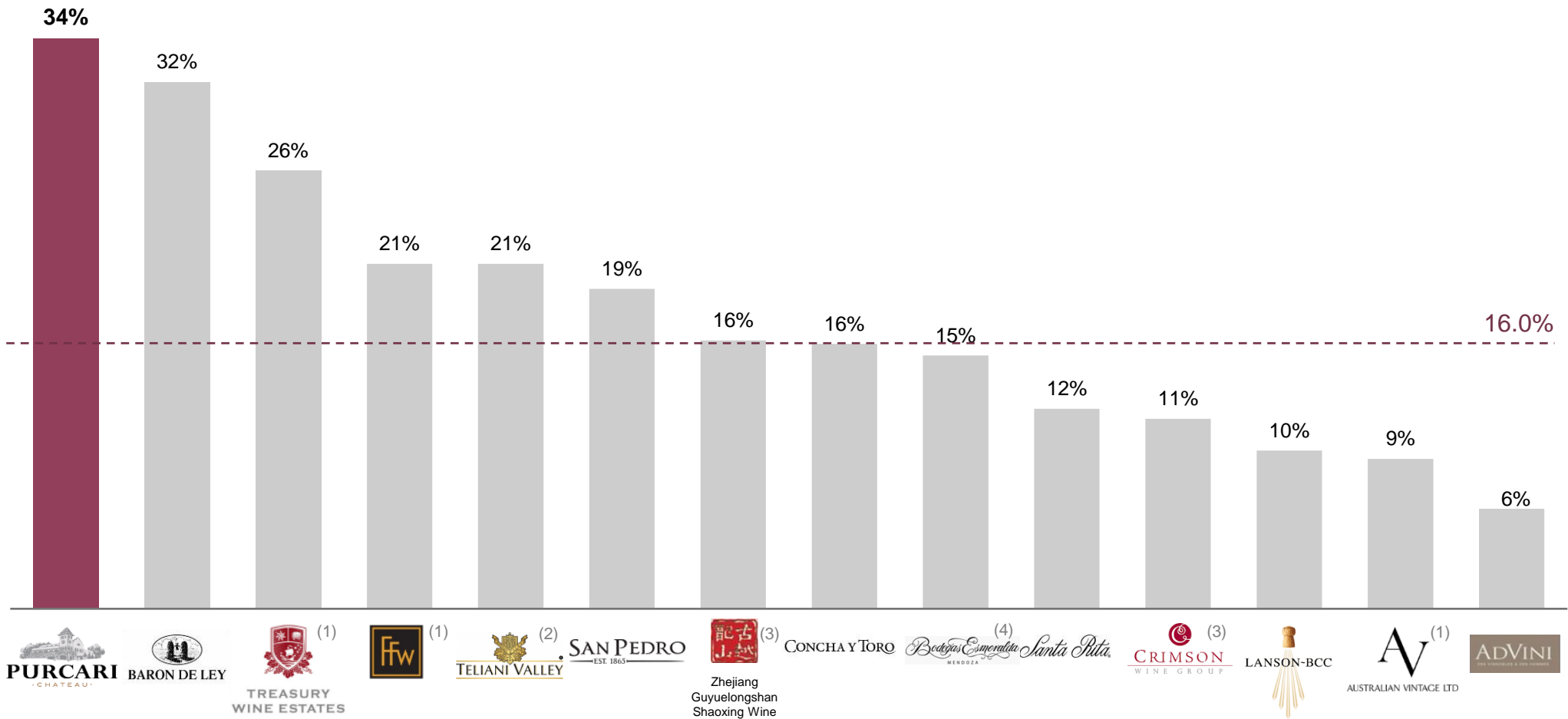
1) Quality comparable to Group's production 2) France (Bordeaux); France (Val de Loire, based on 10t/ha yield calculation); Spain (La Rioja, Pais Vasco); Chile (Colchagua); Romaina (Crama Ceptura Winery, 2017); Moldova (Purcari Winery, 2017)
Sources: Company data, Numbeo, Eurostat, ODEPA, Ministry of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

1 Top of peer group margins; still room to grow

EBITDA margin – global peer group

EBITDA margin 2019, %

--- Median



Source: IFRS Consolidated Financial Statements of the Group, Capital IQ;

- (1) Financial year ends as of 06/30; e.g. for 2019, financial statements as of 06/30/2019 were taken into account
- (2) Wine business of Georgia Capital: Teliani Valley incl. acquired Kindzmaruli and Alaverdi acquisitions
- (3) Financial statements as of 12/31/2018 were taken into account
- (4) Financial year ends as of 03/31; e.g. for 2019, financial statements as of 03/31/2019 were taken into account

- 1 Our Group and Strategy
- 2 Operational Performance 2019**
- 3 Covid-19 impact and view on 2020
- 4 Our view on Purcari stock
- 5 Resolutions subject to AGM voting



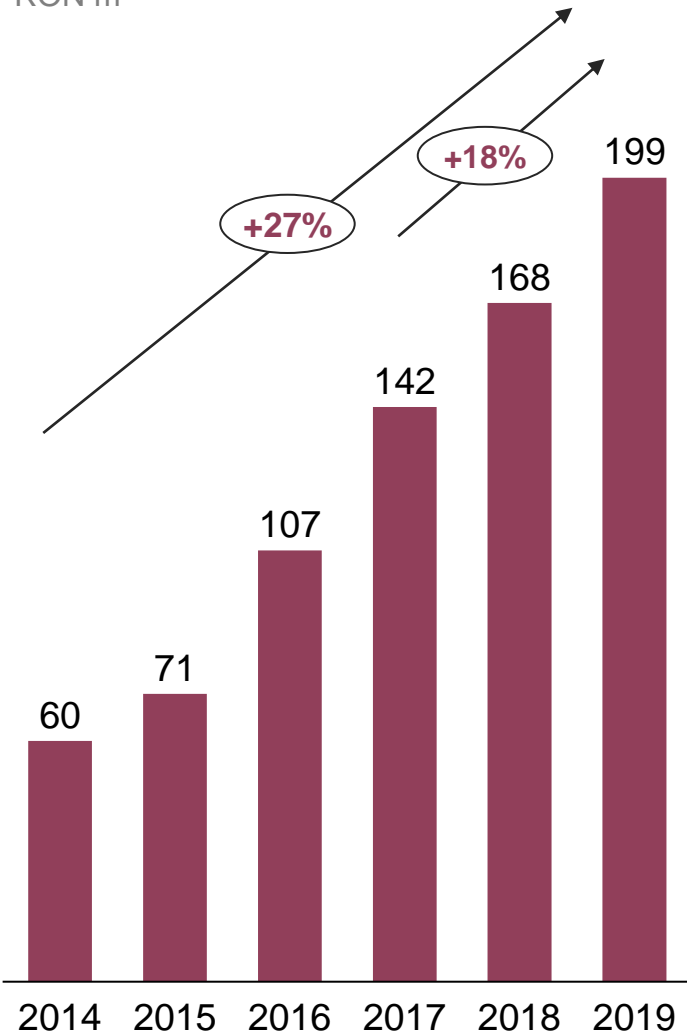
Rose de Purcari,
90 points by
Wine Enthusiast,
#1 premium Rosé in
Romania



2 Robust revenue growth, up 18%, with EBITDA growing ahead of sales

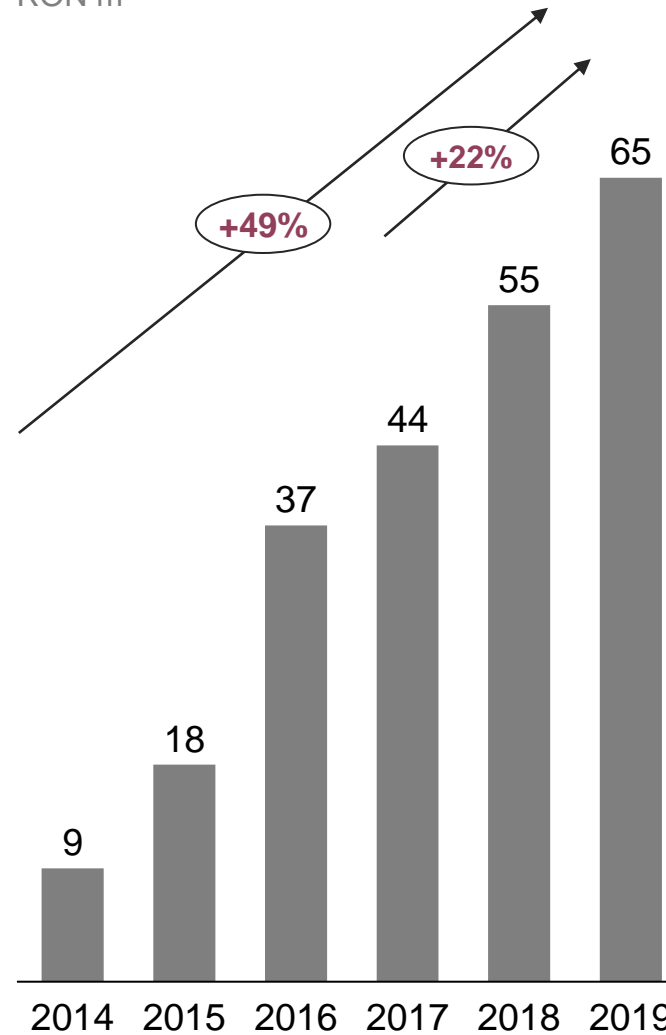
Revenues

RON m



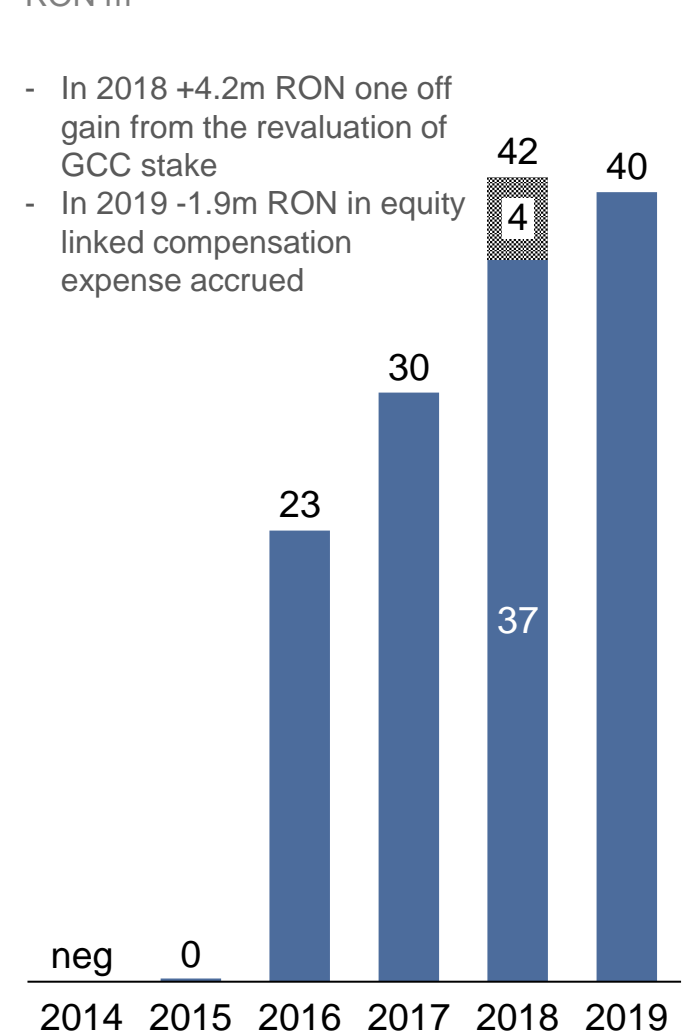
EBITDA








RON m







Net Income

RON m



Market	Share of sales, FY19	Growth, FY19 YoY	Comments
RO 	42%	+26%	<ul style="list-style-type: none"> RO: Strong Purcari performance, up 37% YoY. Bardar up fourfold, albeit from lower base. Crama Ceptura growing at high single-digit rate, launched 360 Ad campaign to boost sales, expected effect in 2020.
MD 	23%	+19%	<ul style="list-style-type: none"> MD: Bardar shows ongoing strong growth. Good ramp up with Coca Cola Hellenic, our distributor; better client services and AR discipline. Significant fragmented channel penetration in Q4, HORECA has recovered growth pace.
PL 	11%	+18%	<ul style="list-style-type: none"> PL: Maintained success in Bostavan development initiatives, expanding within key accounts, price increases pushed through. Continue to work on brand revamp. Entering market with Purcari and Bardar brands, +50% and +112% accordingly, albeit from a smaller bases.
ASI 	6%	+52%	<ul style="list-style-type: none"> ASIA: Strong year, driven by an increase in volumes and improved product mix. Continue work on implementation of the commercial strategy for China.
CZ SK 	5%	-22%	<ul style="list-style-type: none"> CZ&SK: Sales impacted by restructuring process of one of key distributors; buffer stock effects on a large order from key partner; much more aggressive price promo from local and EU competitors. Refocusing the strategy from sweet wine perceived as cheap to more premium dry segments.
UA 	3%	+28%	<ul style="list-style-type: none"> OTHER: Strong performance in Belarus +22%, fueled by Bardar price increase and shift from bulk to bottles. Mid single-digit growth in Baltics partly impacted by high excise tax. Modest growth in RoW as we are yet to establish long term partnerships.
RoW 	10%	+8%	

2 Premium brands Purcari and Bardar lead the growth

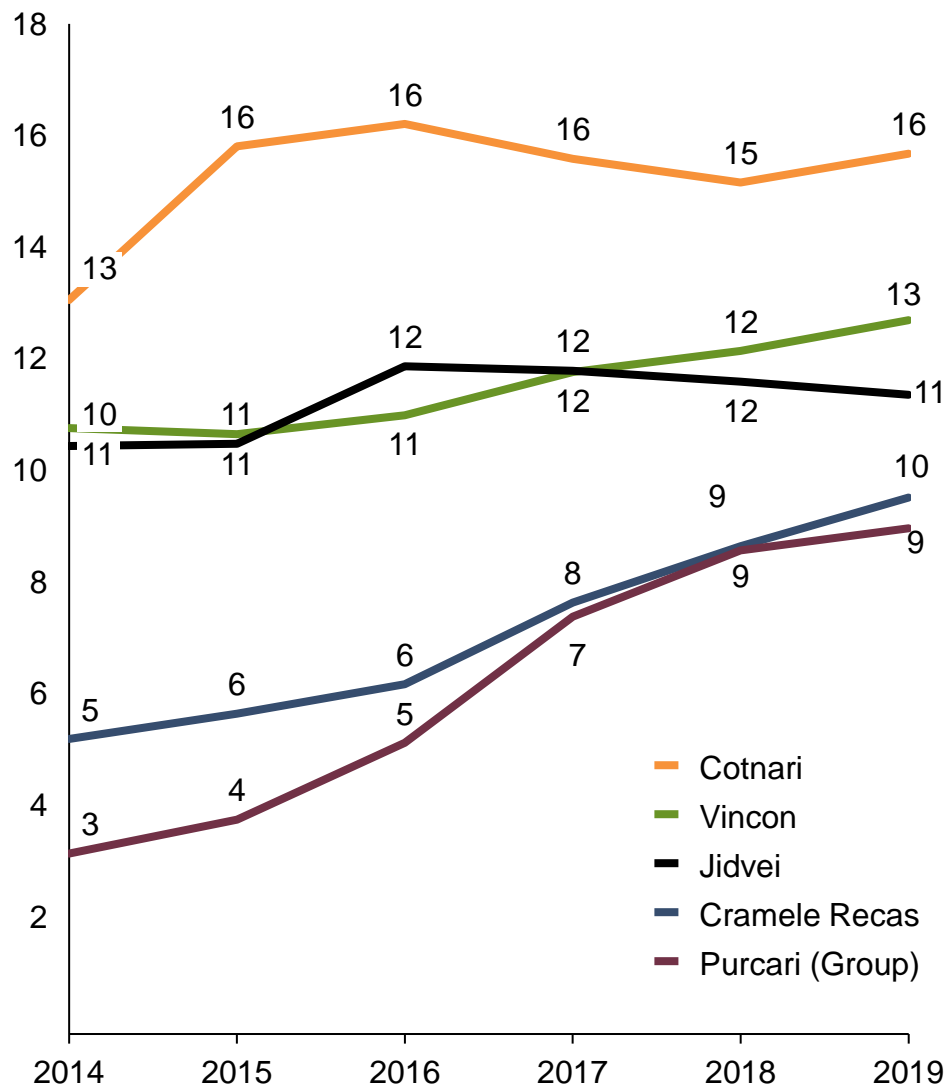
Brand	Share of sales, FY19	Growth, FY19 YoY	Comments
	42%	+33%	<ul style="list-style-type: none"> • PURCARI: ongoing strong traction in Romania, ample headroom remains through geographic expansion and traditional trade segment. Double digit growth in Moldova, larger benefits still to be expected in mid-to-long-term from distributor shift. Promising performance in Asia +71%, Poland +50%, Ukraine +39%.
	28%	+4%	<ul style="list-style-type: none"> • BOSTAVAN: strong traction in Poland +18% as expanding on to new large retail chains. Successfully optimizing pricing policy, average price per liter up 2% YoY. Double digit growth in Asia and Ukraine, albeit from smaller base. Certain challenges in CZ&SK due to key distributor restructuring, aggressive price competition which overall eroded 8% YoY growth. Refocusing the strategy from sweet wine perceived as cheap to more premium dry segments.
	15%	+11%	<ul style="list-style-type: none"> • CRAMA CEPTURA: growing at low double-digit rate, launched 360 Ad campaign to boost sales with an expected effect in 2020. Catch up potential in traditional trade and geographically in Romania.
	15%	+27%	<ul style="list-style-type: none"> • BARDAR: Successful commercial strategy in Moldova resulting in a very strong year. The relation with new distributor, CCH¹, steadily speeds up, significant benefits in channel penetration in Q4, HORECA has recovered growth. Strong performance in Belarus +22%, fueled by Bardar price increase and shift from bulk to bottles



2 Clear #1 in premium in Romania, keep gaining share, ample headroom PURCARI

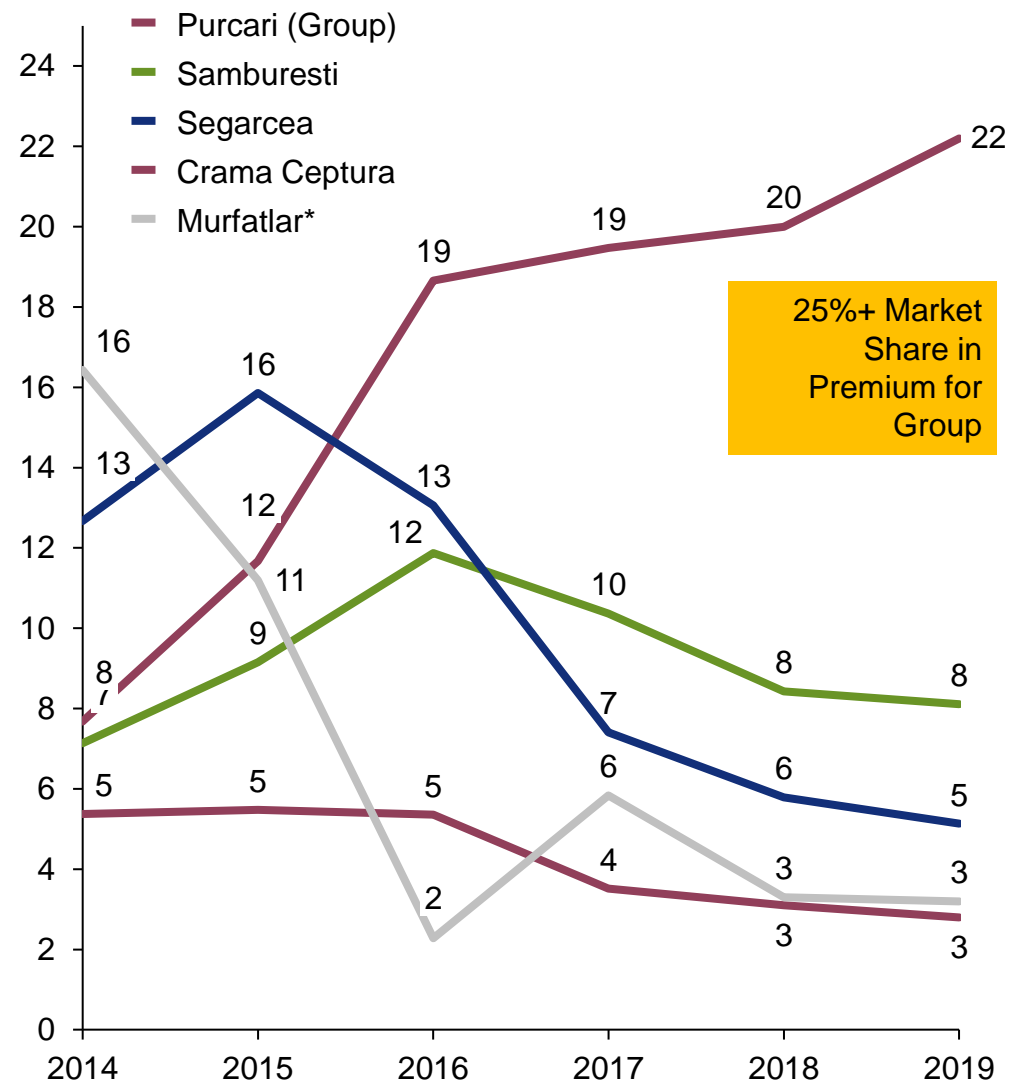
Overall, Purcari has tripled MS in 5 years....

Value share of TOTAL retail market, Romania, %



...while becoming a clear #1 in Premium¹

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



Notes: (1) FY 2019

Sources: Nielsen report; Purcari Group = Purcari, Crama Ceptura and Bostavan brands;



2 Excellent feedback from digital natives, dominate premium segment PURCARI

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



Rank	Wine Name	Score	Price (RON)
1	Cotesa Carola Primitivo Di Manduria 2017	4.2	30.0
2	Gitana Alb De Gitana Sec 2016	4.1	26.0
3	Crama Captura Cervus Cepturum Rose Demi	4.0	19.9
4	Budureasca Clasic Rosé Demisec 2018	3.8	23.5
5	Château Vartely D'or Malbec - Syrah Demi	3.8	17.0
6	Tohani Meste De La Tohani Fetească Neagră	3.8	29.0
7	El Emperador Cabernet - Căminare 2018	3.8	29.1
8	Domeniile Samburestii Chardonnay Sec 2018	3.8	29.0
9	Fauror Rosu De Captura 2017	3.8	27.0
10	Crama Basilescu Eclipse Fetească Neagră De	3.8	28.0
11	Cinaraosa Sauvignon Blanc 2018	3.8	25.8
12	Crama Captura Astrum Cervi Fetească Neag	3.6	22.6
13	Albiu Coregliano Valdobbiadene Prosecco Su	3.7	30.3
14	Domeniul Coroanei Segarcea Rose Sec 2017	3.7	29.0
15	Botanica Gran Reserva 2013	3.7	14.3
16	Cricova Cabernet Sauvignon Demisec Rosu	3.7	29.0
17	Crama Captura Cervus Magnus Morie Syra	3.7	27.4
18	Cotnari Franceză Alb Extraec	3.6	19.5
19	Aurelia Visinescu Arbora Feteasca Alba - Ta	3.6	27.1
20	Domeniile Samburestii Rose 2018	3.6	29.0
21	Crama Captura Cervus Cepturum Cabernet	3.6	21.0
22	Albiu Gewürztraminer Demisec 2018	3.6	18.2
23	Budureasca Fumo Demisec 2018	3.6	29.0
24	Calciul Fetească Neagră 2018	3.5	25.8
25	Sarica Merlot - Cabernet Sauvignon Demisec	3.5	15.5



Rank	Wine Name	Score	Price (RON)
1	Chateau Purcari Cabernet Sauvignon	4.3	31.0
2	Timbrus Purcari Estate Viorica 2018	4.3	41.0
3	Chateau Purcari Rosé De Purcari 2018	4.2	36.2
4	Chateau Purcari Pinot Grigio De Purcari 2018	4.2	32.5
5	Crama Captura Negru Rosu Sec 2017	4.2	53.5
6	Chateau Purcari Rara Neagra De Purcari 2018	4.1	34.8
7	Chateau Purcari Freedom Blend 2018	4.1	36.0
8	Chateau Purcari Chardonnay De Purcari 2018	4.1	30.8
9	Chateau Purcari Vinchona Rara Neagra - Malb	4.1	44.0
10	Gitana Rara Neagra Rosu Sec 2016	4.1	27.5
11	Gitana Merlot 2016	4.1	51.0
12	Sole De Recas Chardonnay Blancique 2018	4.1	34.5
13	Toiu Primitivo Di Manduria 2017	4.1	48.3
14	Gitana Autograf Cabernet Sauvignon 2014	4.1	54.0
15	Crama Oprisor Drapica Rosie 2017	4.0	17.0
16	Domeniile Davidescu Rara Neagră - Saperavi	4.0	34.3
17	Sarica Cal De La Letea Eclipse Limitată Aligone	4.0	53.0
18	Château Vartely Individo Saperavi Sec Rosu	4.0	55.0
19	Domeniile Davidescu Feteasca Neagra - Malb	4.0	34.3
20	Doppio Passo Primitivo 2018	4.0	38.2
21	Chateau Purcari Merlot De Purcari 2017	4.0	30.9
22	Budureasca Noble 5 2017	4.0	54.0
23	Chateau Purcari Pinot Noir De Purcari 2018	3.9	31.0
24	Vitis Metamorfoza Feteasca Neagră 2017	3.9	35.0
25	Domeniul Coroanei Segarcea Marselan 2014	3.9	41.3



- We remain **obsessed about the quality of our wines**, which pays off in excellent consumer feedback
- In our core premium segment, 30-60 RON per bottle shelf price, we dominate the category with **10 best rated wines in Vivino's top-25**
- Our **push in upper-mainstream** segment shows good results, with 4 of our wines in top-25 <30 RON
- We remain convinced, it is the **product that will make the difference** in mid and long term with consumers, so we are focusing on making exciting wines, that capture people's imagination

Purcari

- Built a new bottling section with storing and warehouse facilities, to be fully equipment in 2020
- Increased storing capacities, ~300,000 dal
- Mythos vinificators, which also lowers CO2 footprint, as reusing it during fermentation
- Modernized the sewage processing facility



Bostavan

- Planted 30 ha of new vineyards (60ha planned for 2020)
- Acquisition of production facility at Moscovei with 100ha of winery; acquisition of Chetrosu vineyard 150ha
- Increased storing at Moscovei to 250,000 dal
- Mythos vinificators, lowering the CO2 footprint

Crama Ceptura

- Re-equipped grape processing and fermentation equipment, increasing storing to 500,000 dal, as well as grapes processing capacity
- Switched to new highly efficient filters, lowering the usage of consumables



Bardar

- Distilled more than 70,000 dal to sustain strong growth in demand
- Increased storing capacities for distillates by 50%
- Extended aging warehouse by 15% for additional barrels
- Modernized the entire electricity system

- 1 Our Group and Strategy
- 2 Operational Performance 2019
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Our newest launch, Malbec de Purcari, tapping the global Malbec phenomenon, a fruit-bomb and big hit with consumers.

3 Executive summary

A

Health and Safety

- Current Report issued on the five infections identified during April 17-19 (Easter break period in Moldova, Romania) at the Vinaria Bostavan subsidiary
- Full details available here: <https://bit.ly/2Kkh15B>

B

Supply

- All production platforms have been running uninterrupted throughout the pandemic, no supply bottlenecks
- Planned closure for Easter break through May 4, same as in previous years; to use down-period for additional facilities clean-up and disinfection
- Sufficient inventory prepared in advance of planned closure at 3rd party warehouses, distributors, to prevent out of stock in retail

C

Demand

- Sales in 1Q still on solid growth path, +9% yoy; orders for April show moderate growth / flat trend
- China and Moldova markets affected most, the latter on higher dependency on HoReCa segment
- Very strong growth sustained in the Romanian market in 1Q and April
- Unclear steady state demand though, as 4m20 results likely still under impact of retail overstocking
- We're cautiously optimistic, given signals wine doing well in lockdown, as consumers entertain more at home

D

Financials and guidance

- Suspend our guidance for 2020 given high level of uncertainty
- Focus on liquidity management and opex, capex savings
- Downside stress tests show EBITDA and Net Income margins contracting to 28-29% and 17-18% respectively, assuming 6-18% revenue drop range, pointing to margin resilience under the accompanying cost savings plan; liquidity position remains strong, given the suspended dividend for the time being

E

Capital markets

- Range of measures put to vote, aimed at maximizing the optionality for the Company, something which is particularly valuable given the uncertainty environment
- Please consult update in Current Report: <https://bit.ly/3ctBZeI>

3 Health & safety remains a top priority amid suspected staff infections

A

Health and Safety measures	Update on SARS-CoV-2 infections	Actions undertaken
<ul style="list-style-type: none"> • Work for home rule for all administrative staff, as of March 16 • All production sites, continued operating, in line with legislation • Additional safety measures: masks, gloves, sanitizers, workplace distance, regular disinfecting of spaces, temperature checks before shift start, chlorine solution shoes etc • Self-quarantine for employees returning from abroad • Ongoing communication, workplace education regarding health and safety rules 	<ul style="list-style-type: none"> • Five employees at Vinaria Bostavan subsidiary hospitalized, suspected with SARS-CoV-2 during the Easter weekend (April 17-19) • Based on best Company knowledge, all five employees tested positive for the virus • The five employees all live in two villages surrounding Bostavan winery • None of the employees are in serious or critical state based on our latest knowledge • Management is providing all assistance needed to the affected employees and authorities in coping with this situation. 	<ul style="list-style-type: none"> • All four production undergoing additional disinfection during the planned Easter closure period through May 4 • Employees (and their families) suspected to be in contact with the five infected employees to be tested by private lab contracted by Company • All employees resuming work at the four production sites after May 4, to undergo additional testing by Company • No supply disruptions expected as sufficient safety stock has been built up in advance of the planned closure at 3rd party facilities, distributors

Please check Current Report on the latest SARS-CoV-2 infections identified: <https://bit.ly/2Kkh15B>

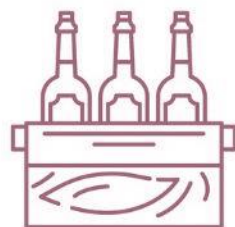


Vineyards



- Operating with safety measures in place at all vineyard plots. No disruptions to date.
- March, April – higher intensity manual labor period in vineyards. Virtually finished for all plots.
- May, mid June – limited manual works planned, only low labor mechanized. Very few employees involved.
- Mid June – mid July, high intensity labor works.
- Mid August – mid October, grape picking season.

Wineries



- Operating with safety measures in place at all platforms.
- Planned closure through May 4 for Easter break. To be used to further beef up safety measures, perform disinfections.
- Sufficient inventory on 3rd party warehouses, distributors to continue shipment to retail.

Distribution



- Export clearance to / from Romania and from Moldova working without interruptions.
- Green corridor from Moldova to / through Romania for commercial freight, speeding up customs clearance, simplifying logistics.
- No disruptions to date due to transportation capacity shortage (14 days quarantine rule doesn't apply to freight drivers)

Retail



















- No major out of stock issues in shipments to retail
- Some out of stocks in store, given overloaded retail capabilities during panic buys in 2nd half of March
- Sharp drop in HoReCa segment, accounting for <15% of Company sales; affecting mostly Moldovan market and to lesser extent Romanian



3 Our key operating markets have been coping well with the outbreak to date

C

Market	Share of sales, FY19	Number of infections ¹	Infections per mln ²	Number of fatalities ¹	Fatalities per mln	RO number* ²	Doubling time** ²	Trend*** ²³
RO 	42%	11.616	604	663	34	1.0	-	
MD 	23%	3.638	902	103	26	1.3	13	
PL 	11%	12.218	323	596	16	1.0	-	
CH 	6%	82.858	58	4.633	3	0.7	-	
BL 	4%	12.208	1,298	79	8	1.2	15	
CZ 	4%	7.504	701	227	21	0.9	-	
UA 	3%	9.866	226	250	6	1.1	44	
SK 	1%	1.384	253	20	4	1.1	92	

* RO number (effective reproduction number) – the average number of secondary infections produced by a typical case, used to measure the transmission potential of a disease

** Doubling time – estimate of the doubling time in days (when the rate of growth is negative the doubling time is assumed to be non-existent)

*** based on expected change in daily cases

Note: (1) as of April 29, 2020 Worldometer (2) epiforecast.io as of April 29, 2020

3 Solid traction in retail, compensating for hit on HoReCa

C

- Overall, the Company showed solid growth in **1Q20, +9% year on year**, despite missing significantly on **China** (down nearly 50%) shipments and drop in Moldova¹
- **April order** book shows **modest growth / flat** trend year on year
- Main drag on performance is the shutdown of HoReCa segment, accounting for <15% of Company sales
- **Moldova** sales strongly affected, down ~17% year on year, given higher reliance on HoReCa, Duty Free and Tourism (Chateau) sales
- On positive side, **Romania** (+36%), **Poland** (+12%), **Baltics** (+66%), **Ukraine** (+61%) performing very strong, helped by reliance on modern trade segment

3 Globally, wine category holding well so far; yet can't conclude on steady state

C

Wine has been holding well through March, across markets....



- Wine sales in US up +10% in March, according to industry body¹, though unclear if consumers buy more or consume more. Wine sales up +28% in the week to March 14, + 66% to March 21 according to Nielsen, so likely signs of overstocking.



- Alcohol sales up +22% in supermarkets and corner shops, according to Kantar. 61% of Britons report to consuming more during lockdown.



- Wine sales at Shinsegae Department Store network rose 5.2% in the week of Feb 11-29 (the strict quarantine period) vs. overall sales drop of 15.8% for the department store as a whole.

...but data remains noisy, given overstocking, no clear steady state

- Data for March is unlikely to be representative for steady state sales, given strong overstocking across markets
- Still, there are numerous indications people have been increasing their wine consumption as a way of entertaining at home
- However, consumer behavior difficult to predict amid changing economic situation, likely contraction in purchasing power and subsequent shopping and consumption shifts.



Angela Merkel, 21 March, before self-isolating for quarantine

3
C

Executed promptly on adapting our marketing to the new COVID reality

Crama Ceptura



- Campaign: “Elbow bump”
- Launched: March 17
- Medium: TV, Social

All brands - Community



- Campaign: “Breath freely”
- Launched: March 24
- Medium: Social

Crama Ceptura



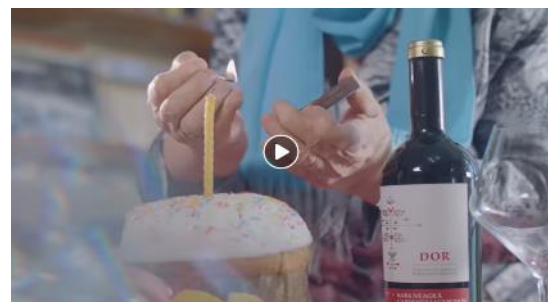
- Campaign: “Easter on Zoom”
- Launched: April 14
- Medium: TV, Social

Purcari



- Campaign: “Thank you, heroes”
- Launched: April 14
- Medium: TV, Social

Bostavan – DOR



- Campaign: “A different Easter”
- Launched: April 15
- Medium: TV, Social

Bardar



- Campaign: “Cheers to heroes!”
- Launched: April 15
- Medium: TV, Social

3 Stress tests for downside scenarios show comfortable safety margin

D

RON	1 – “Headwind”	2 – “Storm”	3 – “Hurricane”
• Revenue 2020 vs. 2019	- 6%	- 12%	- 18%
• EBITDA 2020 vs. 2019	- 20%	- 26%	- 32%
• EBITDA margin	29%	28%	28%
• Net Income 2020 vs. 2019	- 21%	- 28%	- 36%
• Net Income margin	18%	17%	17%
• Dividends	no	no	no
• Capex	22M	17M	13M
• Net Debt / EBITDA	1.2x	1.3x	1.5x
• Ending cash balance	22M	22M	17M

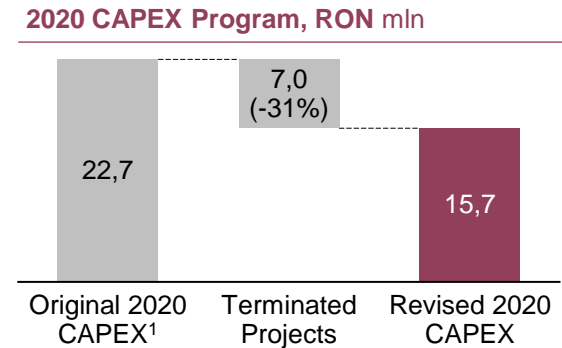
Important: these are stress tests, intended primarily to assess the liquidity position of the company under different stress scenarios; these are NOT estimates of our 2020 results; these downside scenarios are based on multiple additional P&L, BS and CF assumptions, showing a high-level sensitivity analysis of Company’s financials, focused primarily on the liquidity impact. For avoidance of doubt, this does not represent a guidance for 2020.

3 Broad and deep cost and cash optimization program initiated

D

A CAPEX cut

- **CAPEX program was revised** with all non-critical projects terminated / postponed, resulting in circa **RON 7 mln savings**, or 31% of original CAPEX program
- Management had **reached out to suppliers** of equipment for revised CAPEX project with **request of discounts** and **revision of payment terms**, to reflect the new realities of the day



B OPEX cut

- Management had initiated **holistic OPEX cost optimization program**. Cross-functional team is working on design and implementation of cost cutting initiatives across all main pillars.
- **Program is focused on:** procurement excellence, elimination of all non-critical purchases, negotiations of discounts with suppliers, order size optimization, forecasting improvements
- Management and Board have all taken **voluntary salary cuts** of between 25% to 100%, for periods of between 3 and 12 months to set the tone for the rest of organization, protect more vulnerable employees and finance community contributions – more details: <https://bit.ly/34OzGQz>

C Liquidity optimization

- Bank grace extensions in process for ~35M RON in Moldova; extra financing for ~4M RON to be secured; option for additional credit lines (including revolver) of ~12M RON. Expect lower interest rates, amid drop in base rates.
- Tight liquidity monitoring, including working capital. Overall, run more prudent, cautious liquidity profile.

¹ Including agricultural investments

3 We suspend our guidance for 2020; to be updated upon more clarity

E

Guidance for 2020

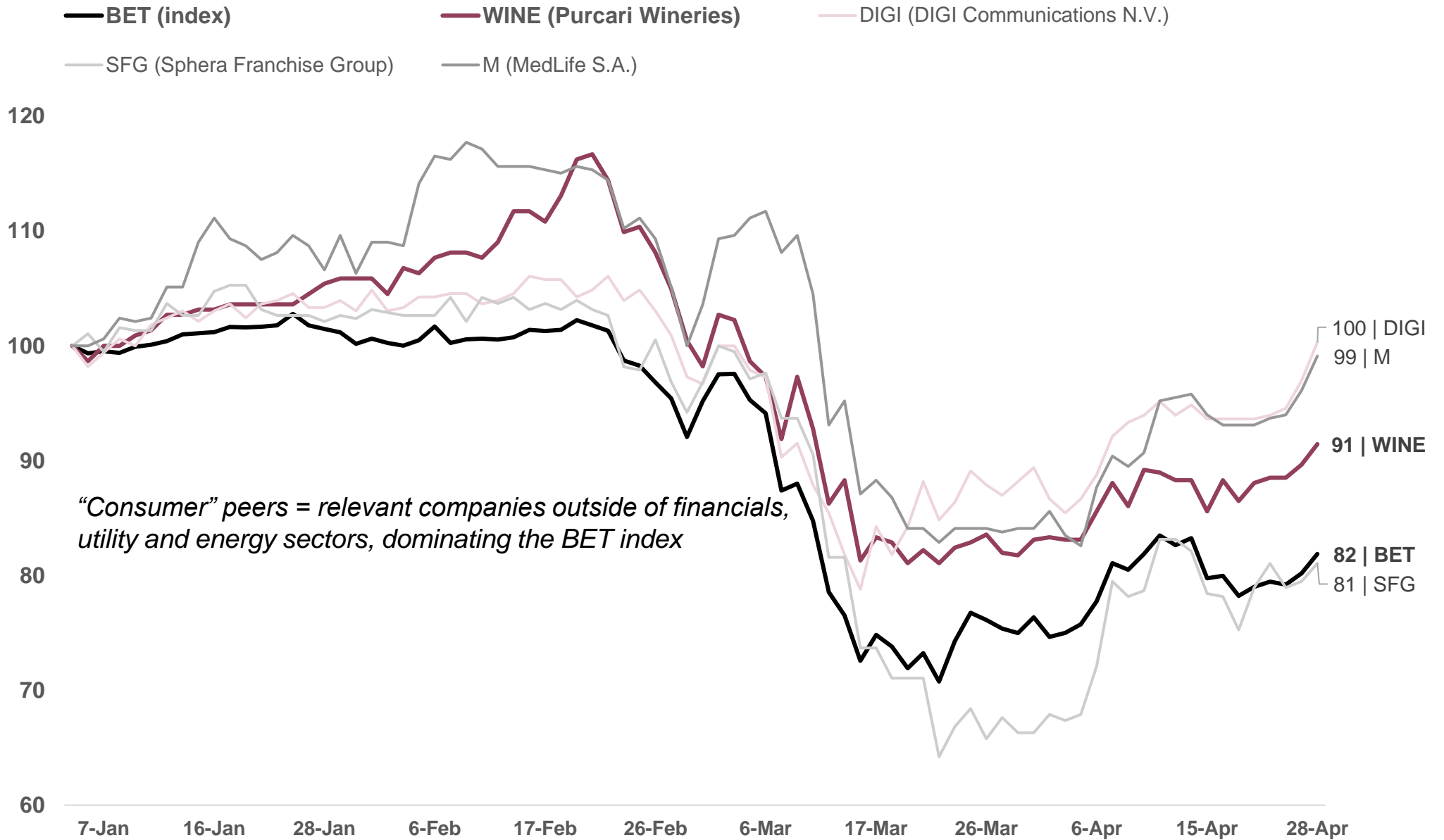
Target	2020 guidance	Comments
Organic revenue growth	+16-20%	<ul style="list-style-type: none"> Romania to remain growth driver, continue focusing on Poland, Czech, Slovakia, Ukraine; continue seeding newer markets – Asia, Scandinavia, Germany. Launch a number of new products from our Bostavan winery, on premiumization drive.
EBITDA margin	30-32%	<ul style="list-style-type: none"> Expect moderate increase in COGS given smaller harvest, but to be compensated by favorable pricing environment and ongoing premiumization of portfolio.
Net Income margin	20-22%	<ul style="list-style-type: none"> Financing cost does rise on higher rates in Romania; financing in Moldova remains very competitively priced.



Guidance suspended

- Due to **high uncertainty** related to the development of Global COVID-19 crisis
- Including uncertainty on **time and extent** of COVID-19 related **restrictions** and depth of **negative economic effects**
- We must **suspend** earlier disclosed **Guidance for 2020** until a better grasp of what the new steady state looks like

3 YTD, Stock performance broadly in line with consumer peers, above BET



3 AGM proposals aiming to increase optionality, room for maneuver

E

Key initiatives:

Expand LTIP program, skewing compensation more towards stock based

- Long Term Incentive Program to be expanded by another 100,000 share grants, 100,000 stock options with strike price 20 RON, 125,000 options with strike price 30 RON and 150,000 options with strike price 40 RON (vs. 19.6 RON as of last close)
- Larger LTIP to help attract new talent to the company and further incentivize current management who have all taken significant salary cuts following the onset of the pandemic; key to company culture to have mid and top management think as shareholders, not merely employees.

Option, but not obligation for additional share buyback, if conditions opportune

- Given the Board has decided not to pay a dividend for the moment, which is a sensible decision with so much uncertainty in the air, we do want to have the option to compensate our shareholders through the means of such a buyback, which would increase the earnings per share, should we believe such purchases are in the interest of shareholders.

Option, but not obligation for additional capital increase, if situation demands it

- A capital increase may be needed both, as a defensive move – for instance, issuing new capital in case the Company will be in urgent need of additional liquidity, but also as an offensive one – for example, should we want to pull the trigger on an acquisition to be paid for in part or in full with stock.
- Any such decision would likely require a swift reaction, so the traditional route of calling an extraordinary GSM could likely prove to be too lengthy and cumbersome to enable a prompt and decisive reaction.

Please check the full AGM notice and letter to shareholders at: <https://bit.ly/3ctBZeI>

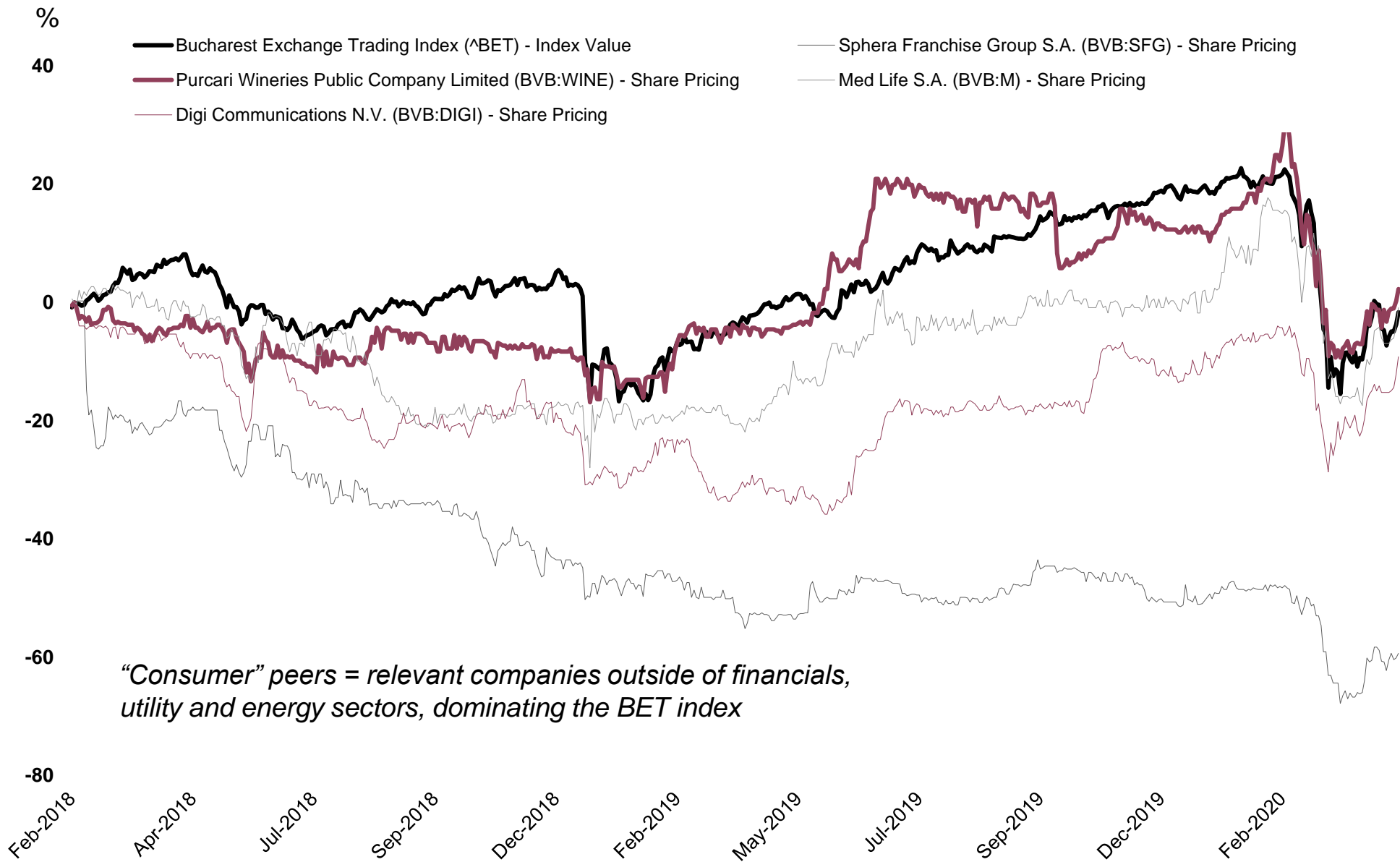
3 In summary

- We will **prioritize health and safety** of our employees, as we seek to find the right balance between protecting our staff and running our operations;
- The **demand for wine** category as a whole has been **holding well through the lockdown** period; nevertheless, we suspend our guidance for 2020 until more clarity emerges of the new normal;
- Company **sales have grown +9% in 1Q20** and show moderate growth / flat trend for April, **despite sharp drop in China and closure of HoReCa, DutyFree**, given strong growth in retail;
- We **adapted promptly our marketing** to better sync with consumers; see **opportunities for share gain**;
- **Broad and deep cost and liquidity optimization** program put in place. Downside stress tests show resilient margins, comfortable liquidity;
- We seek our shareholders' support for **measures put to AGM** vote that would **maximize Company's optionality**, room for maneuver amid unprecedented uncertainty;
- We are confident we will **emerge stronger** from this.

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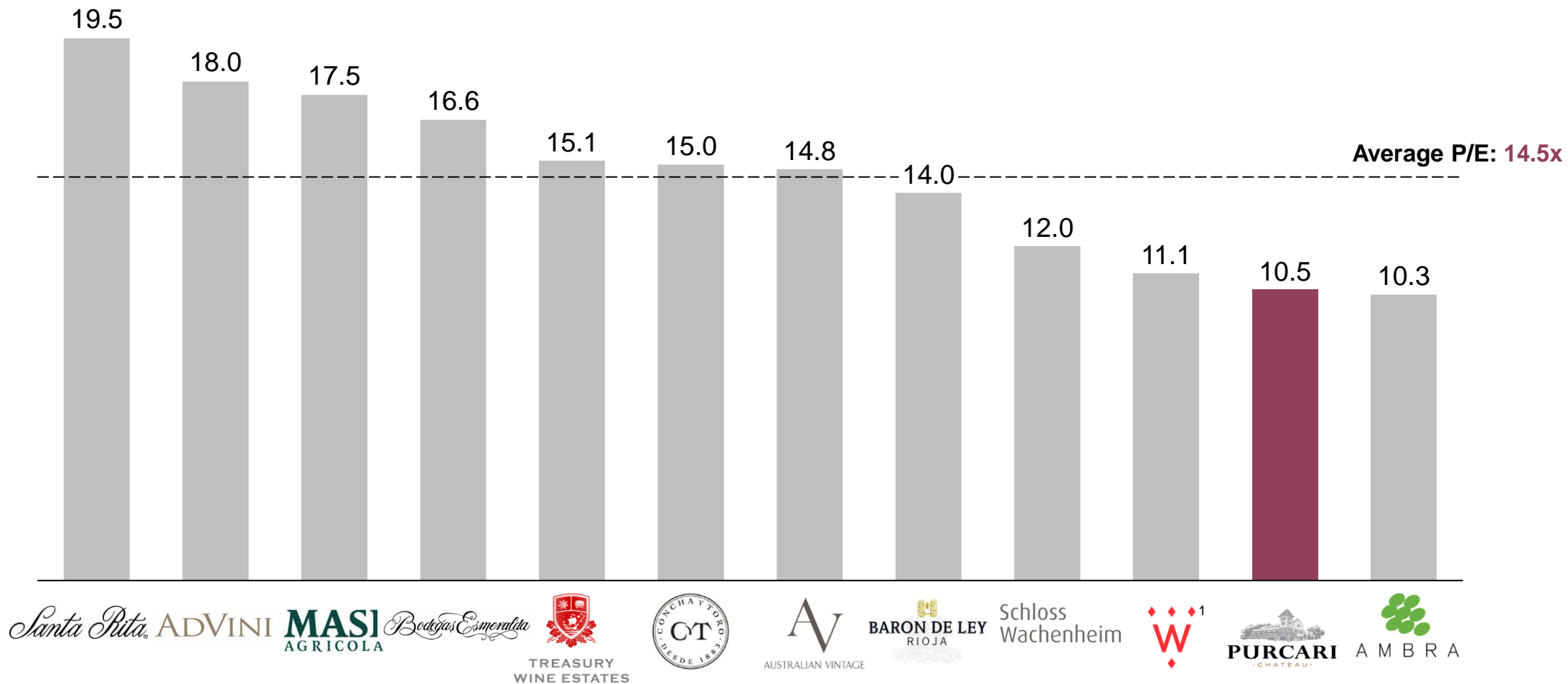
Cuvée de Purcari, the extension to sparkling launched in 2017. Made according to the traditional, *Champenoise* method, with in-bottle fermentation



4 Low valuation relative to wine peers

Purcari vs Selected wine public companies

P/E LTM Multiples

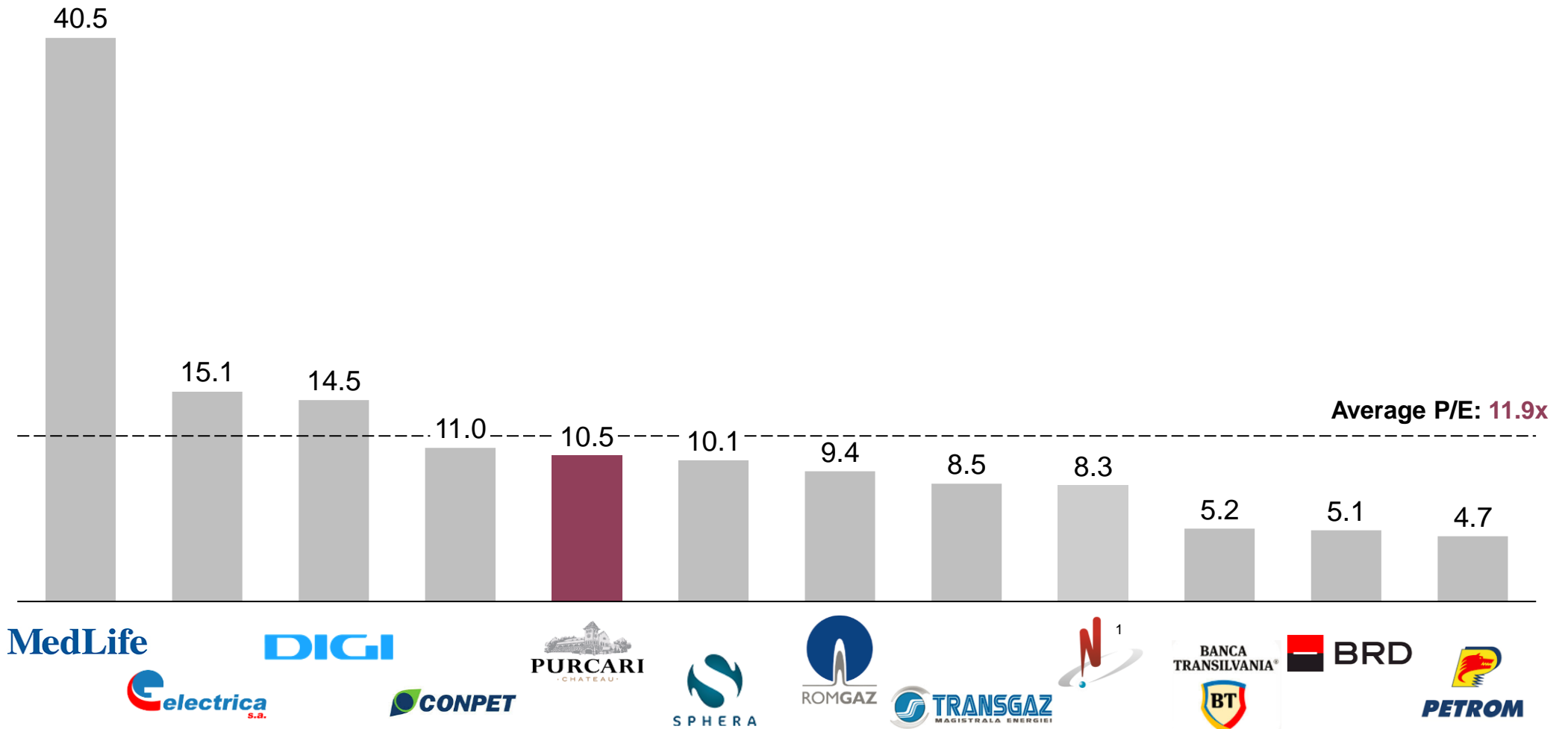


Source: Net Income and Market Cap as per Capital IQ as of Apr 27th, 2020
 Note: Net Profit after minorities is used for P/E multiple (1) Italian Wine Brands

4 Below average valuation relative to Romanian listed peers

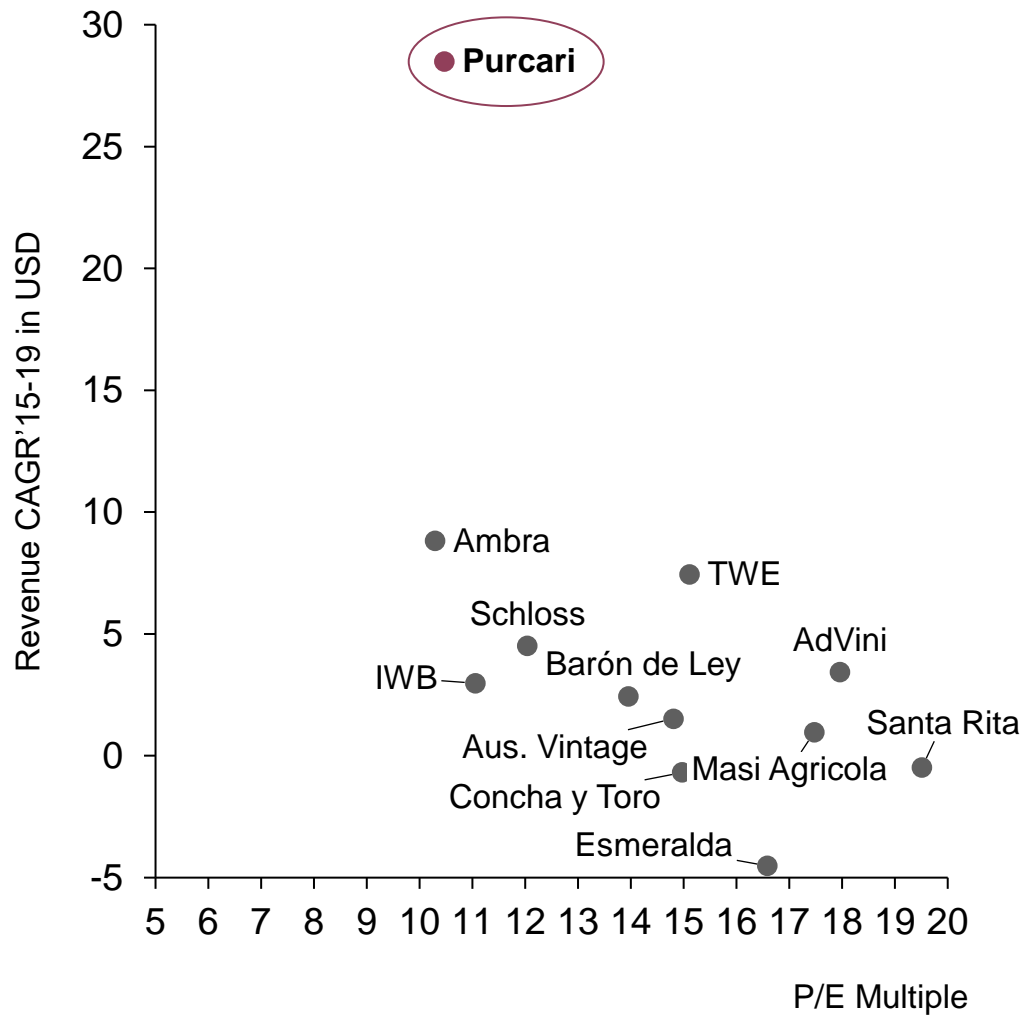
Purcari vs Selected Romanian public companies

P/E LTM Multiples

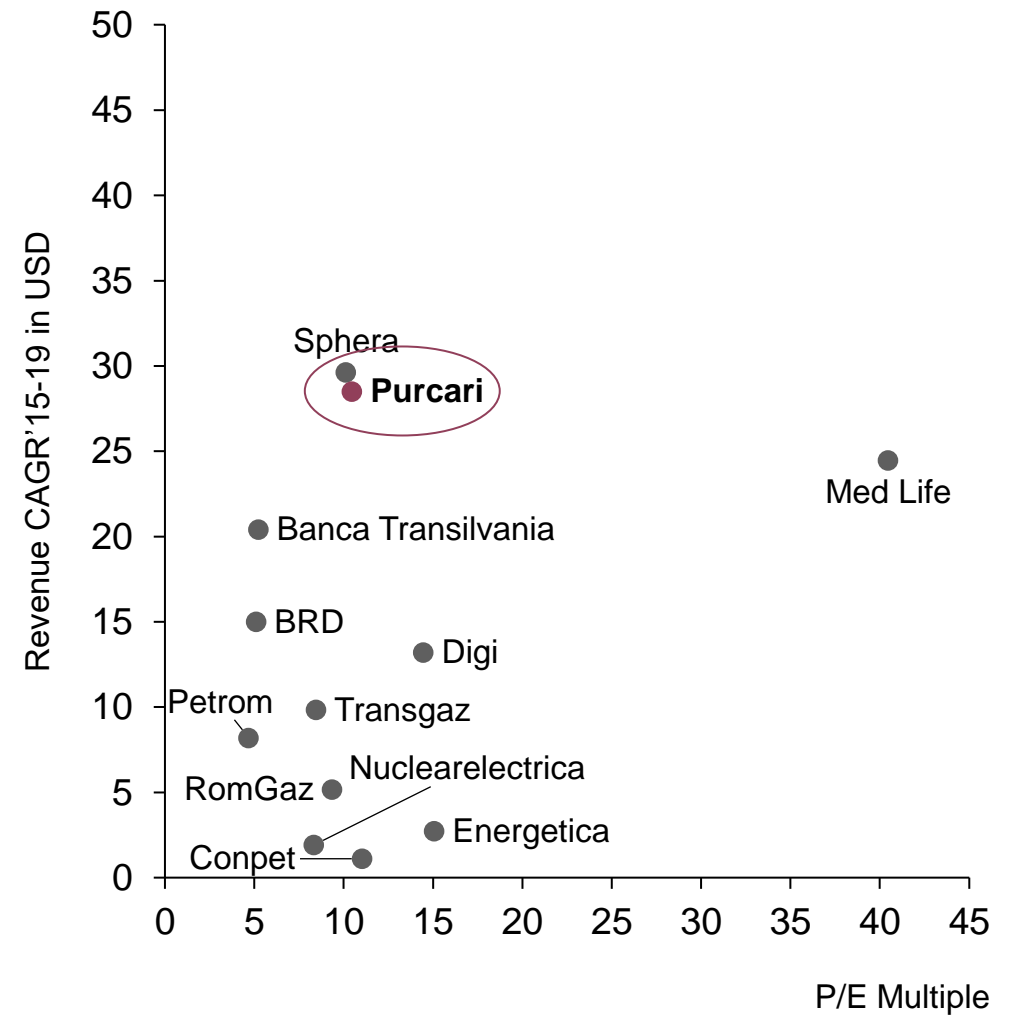


4 High growth not incorporated in valuations yet

Purcari vs Selected wine public companies



Purcari vs Selected Romanian public companies



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Freedom Blend,
indigenous grapes
from Moldova,
Georgia, Ukraine;
91 points by Wine
Enthusiast

5 Resolutions subject to AGM voting

1. Re-appointment of Vasile Tofan as Director	94.89%
2. Appointment of Eugen Comendant as Director	99.66%
3. Approval of non-exec BoD compensation	91.55%
4. Reappointment of KPMG as Auditors	100%
5. Approval of changes to the Management Incentive Program	82.09%
6. Approval of share buy back for Management Incentive Program	82.09%
7. Approval of share buy back option (but not obligation), up to 1.7m shares	93.87%
8. Approve increase of authorized share capital from EUR 200,000 to 210,000	100%
9. Approval of capital increase option (but not the obligation), up to 1.0m shares	100%

Please check the full AGM notice and letter to shareholders at: <https://bit.ly/3ctBZeI>

Thank you.

