

ITALIAN WINE BRANDS

FY Results 2019

23 March 2020



ITALIAN WINE BRANDS

The best is yet to come.

At the moment, it seems there is no sun, only clouds.

When the sea is rough and the waves appear formidable, we stay strong by holding fast to the helm believing that we will soon reach the shore safely.

I would like to thank all of those at Italian Wine Brands for their exceptional commitment in this difficult situation.

Despite the restrictions, we continue to produce and supply our beloved wines to our valued customers.

And we, soon, will all see the sunshine again!

**Alessandro Mutinelli – Chairman and Group CEO
March 21, 2020**



Alessandro Mutinelli
Chairman and Group CEO



Pier Paolo Quaranta
Executive board member and MD



1. Group Overview

2. Financial Highlights

3. Annexes

4. Q&A

1. Group Overview

ITALIAN WINE BRANDS

Italian Wine Brands is one of the largest wine groups in Italy, the first to be listed on the Milan stock market.

We produce high quality wines with proprietary brands originated in the most well-renowned wine-growing areas in Italy.

We own two state of the art wineries where our oenologists work to realize legendary products.

We distribute our products worldwide through two different sales channels: Wholesale (retail chains and HORECA) and Distance Selling (Direct to customers).

We delivered solid and growing financial results across the latest 4 years.

Eur 157,5 m

NET SALES 2019 (+5,1% YOY)

80%

SALES ON INTERNATIONAL MARKETS

Eur 18,1 m

Adj. EBITDA 2019 (+23,9% YOY)

Gross of Eur 1,1m of IFRS 16 positive effect

+3,5%

2019 DIVIDEND YIELD FOR SHAREHOLDERS

Eur 7,9 m

NET PROFIT 2019 (+24,4% YOY)

Gross of Eur 0,3m of IFRS 16 neg. effect

Eur 0,6 m

NET CONSOLIDATED CASH

Net of Eur 11,2 m of IFRS 16 neg. effect



1. Group Overview – Figures

Net Sales

Consolidation of international markets

- 2019 net sales up to Eur 157.5 m from Eur 149.9 m in 2018, +5.1% yoy
 - International: Eur 123.5 m, +7,1% yoy, 77,4% on total
 - Domestic : Eur 33.3 m, -1.4% yoy, 22,6% on total
 - Other: Eur 0,7 m, stable yoy

Wholesale

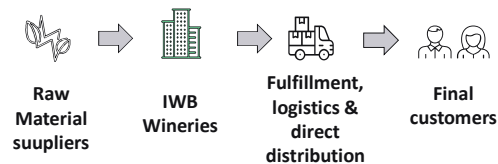
Exceptional growth



- 2019 net sales up to Eur 87.7 m from Eur 77.2 m in 2018, +13.6% yoy
- Excellent relationships and competitive positioning with existing retailers and new accounts
- Exceptional performance of proprietary wine brands, in particular GRANDE ALBERONE®

Distance Selling

Stabilization of the business



- 2019 net sales down to Eur 69.2 m from 72.0 m in 2018, -3,9% yoy
- Stabilization of the business in terms of # orders - thanks to Digital activities, revenues decrease only due to average receipt reduction
- Very good recovery in terms of operating margins

1. Group Overview – 2019 projects

GRANDE ALBERONE



- **Grande Alberone®**: line extension with new still whites, organics, and sparkling
- Revenues of Eur 13,3 m, + 36 %yoy

- Launch of new line of superpremium Tuscan wines under the **POGGIO DEL CONCONE®** brand made from Merlot, Cabernet and Sangiovese grapes
- Identified vineyards in 2017 in the area between Bolgheri and the Maremma, oenologists followed all the production phases, from the vineyard to the bottling
- "Cuvée 1," produced in a super limited edition of 4,999 numbered bottles, will be soon on sale in at a consumer price of about €70 a bottle
- Standard Poggio del Concone® is on the market in Italy, Switzerland and Germany, positioned with a price of around €15 a bottle

Svinando®

Digital Transformation

- **Svinando®** in 2019 has been strategic for the distance selling offering
- Completed website renewal, opening of new countries – ongoing
- New ux/ui, more than 500 new sku's, strong momentum in 2020
- New CRM for Wholesale, based on Microsoft 365 Dynamics – fully operating from Feb '20
- New Winery management software – fully operating from Dec '19
- ERP renewal – ongoing

1. Group Overview – 2020 news

ITALIAN WINE BRANDS

M&A



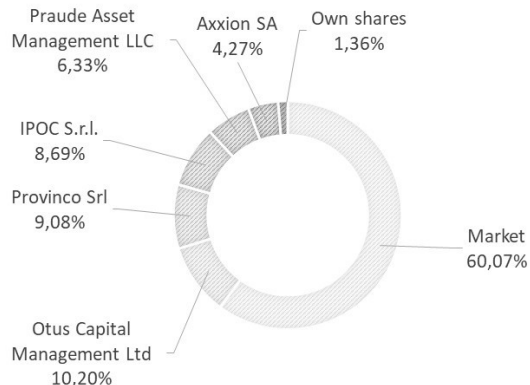
RAPHAEL DAL BO
PROSECCHI E SPUMANTE

- RdB AG is one of the leader in Switzerland in production and distribution of Italian organic sparkling wines
 - 2019 Net Sales of CHF 10.7 m, Ebitda margin higher than IWB, strong cash flow
 - Acquisition finalized on March 2, 2020 for a total maximum EV CHF 13,4 m, Ebitda multiple paid in line with IWB trading multiples
 - 85% Price paid at closing with a combination of cash to sellers (76%) and IWB treasury shares (24%); 15% Price paid at March 2021 based on 2020 results (Ebitda 2020 > 110% Ebitda 2019) with a combination of cash to sellers (70%) and IWB treasury shares (30%)
 - Mr Dal Bo confirmed as a CEO of the company, fully committed, owning about 2.8% of IWB share capital with a 36 months lock-up period
-
- As of today, IWB is fully operating both in terms of production and distribution, being “Beverage Production” considered as one of strategic categories to be preserved by Italian Government
 - As of today, IWB is well positioned in terms of sales channel, being focused on supermarkets and direct to customers distribution and not involved in Hotel, Restaurants, Catering distribution
 - All the security protocols provided by Italian Government and local authorities have been implemented in the wineries, bottling plants and logistic platforms; 90% of white collars are now operating in “smart working” from their home
 - Some troubles in Italian direct mailing distribution (Poste Italiane is not fully operating), almost fully compensated with more digital activities
 - Implemented reduction of fixed running costs, such as personnel (CIGO) and logistic rent (under negotiation with landlord)

Coronavirus Covid-19

1. Group Overview

Shareholders structure as at 03.15.2020



Provinco Srl is the holding company owned by Alessandro Mutinelli

IPOC Srl is the holding company owned by SPAC promoters, led by Simone Strocchi

Governance

Name	Role
Alessandro Mutinelli	Chairman and Group CEO
Simone Strocchi	Vice – Chairman
Pier Paolo Quaranta	Executive Director and MD
Angela Oggioni	Director
Massimiliano Mutinelli	Director
Antonella Lillo	Independent Director
Carlo Giordano	Independent Director

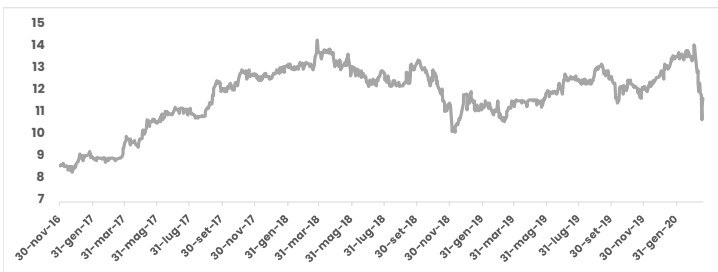
The BoD has been renewed by the General Shareholders' meeting on 13 April 2018 with a three years mandate.

The BoD is compliant with gender diversity and best practices on independent directorship.

Market Cap as at 03/20/2020

Eur 86.6 m + 105% compared to 11/30/2016

Eur 11.70 per share outstanding shares 7.402.077



ITALIAN WINE BRANDS

2. Financial Highlights

We delivered strong financial results in 2019 thanks to a continuing development of top line combined with operating expenses control.

We strive to improve further organic and external growth both through our proprietary brands development and M&A deals.

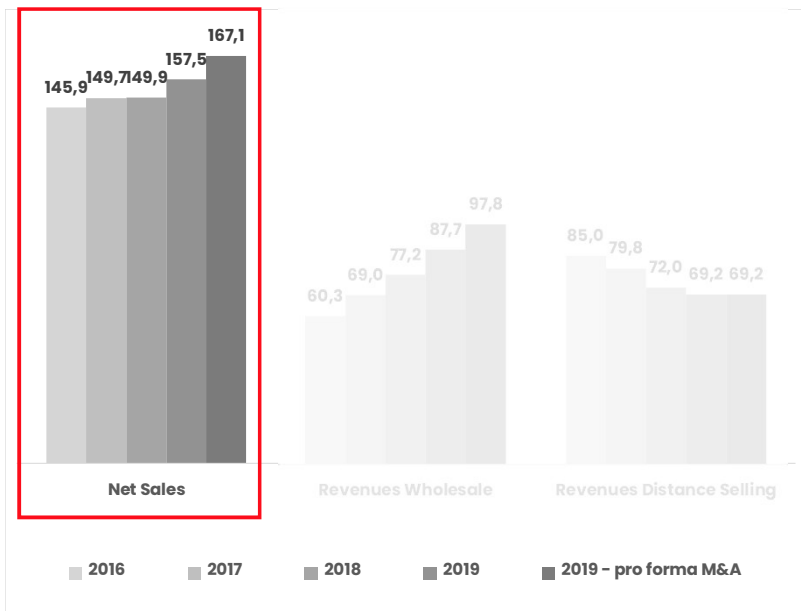
This actions allowed for a structural increase of financial performances in the past four years and put the basis for a long-term sustainable growth.

**Pier Paolo Quaranta – Executive board member and MD
March 21, 2020**



2. Financial Highlights

Net Sales - Total

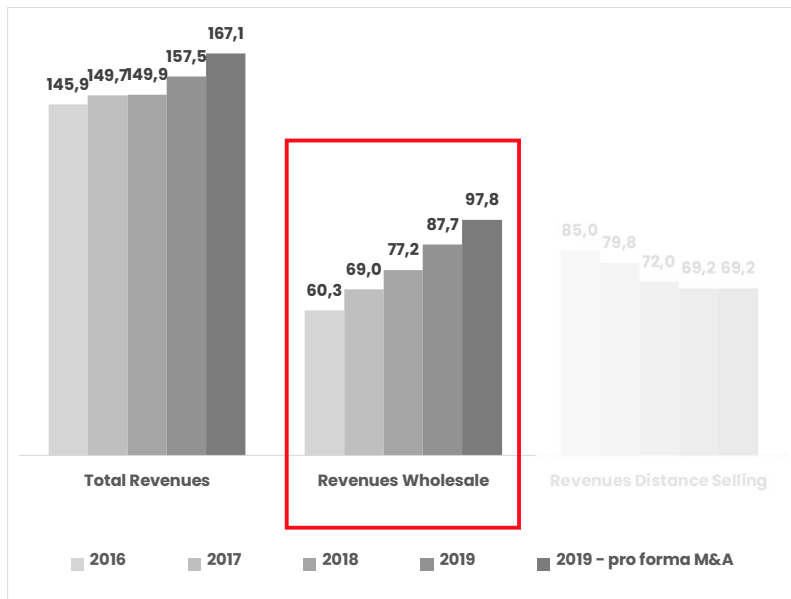


- **Growth of Net Sales 2016-2020 pro-forma M&A with a Cagr of 4,6%, compared to 2/3% of growth of Italian wines on the same reference markets**
- **Increased market shares compared to competitors in Switzerland, Germany, UK and Nordic area.**
- **Success on the market of branded products, in particular Grande Alberone®, Ronco di Sassi®, Sellaronda®, Aimone® which today account for more than 90% of the sales**
- **Continuous product innovation and reinforcement of sales force and market reach**

2. Financial Highlights

ITALIAN WINE BRANDS

Net Sales – Wholesale

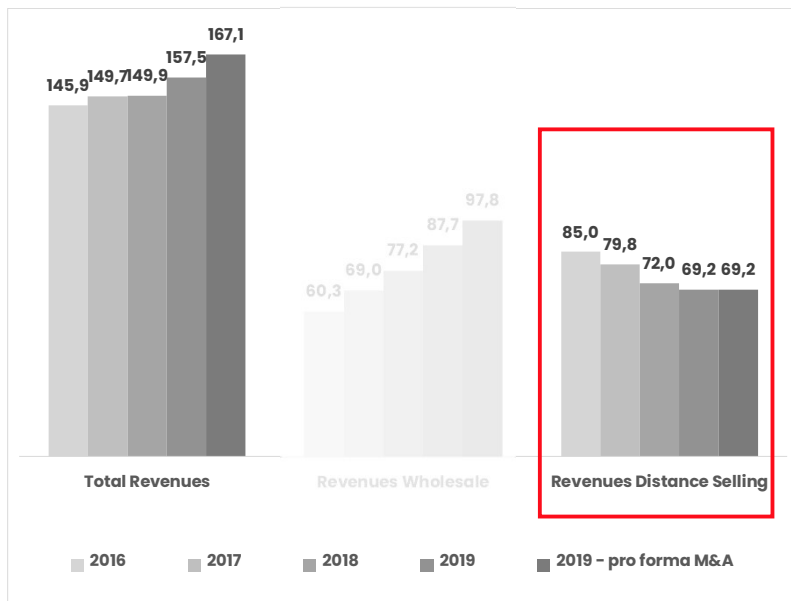


- Exceptional growth 2016–2020 pro-forma M&A: sales up of 62,1% in four years, +Eur 37,5m in absolute terms
- Strong competitive positioning both in terms of brands and in terms of customers/markets
- Overall increase in all markets thanks to continuous product innovation

Eur Millions	2016	2017	2018	2019	Δ % 18/19	Cagr 16/19
Wholesale - Italy	0,0	0,0	2,5	3,6	48,4%	N/A
Wholesale - International	60,1	69,0	74,7	84,0	12,5%	11,8%
Switzerland	21,6	22,6	23,4	24,3	3,74%	3,97%
UK	1,1	5,1	9,7	13,2	36,09%	128,98%
Austria	13,2	13,0	13,1	12,3	(5,62%)	(2,21%)
Germany	8,8	9,5	9,8	11,1	13,74%	8,12%
Denmark	5,1	6,4	5,1	5,2	0,54%	0,50%
Belgium	1,7	2,5	2,7	3,7	34,28%	29,29%
USA	1,6	2,0	2,5	3,0	19,16%	23,55%
Sweden	0,8	1,0	1,2	1,3	7,59%	18,30%
Hungary	0,0	0,0	0,0	1,3	N/A	N/A
China	0,6	0,7	0,9	1,3	34,94%	28,21%
Poland	0,0	0,0	0,0	1,0	N/A	N/A
Ireland	0,0	0,0	0,0	1,0	N/A	N/A
Canada	0,8	0,9	0,6	0,6	4,32%	(8,30%)
Netherlands	0,3	0,6	0,0	0,5	1290,65%	21,82%
France	0,8	0,7	0,5	0,1	(80,82%)	(49,50%)
Other	3,7	4,1	5,0	4,0	(20,21%)	2,45%
Total	60,1	69,0	79,2	87,7	10,7%	13,4%

2. Financial Highlights

Net Sales – Distance Selling

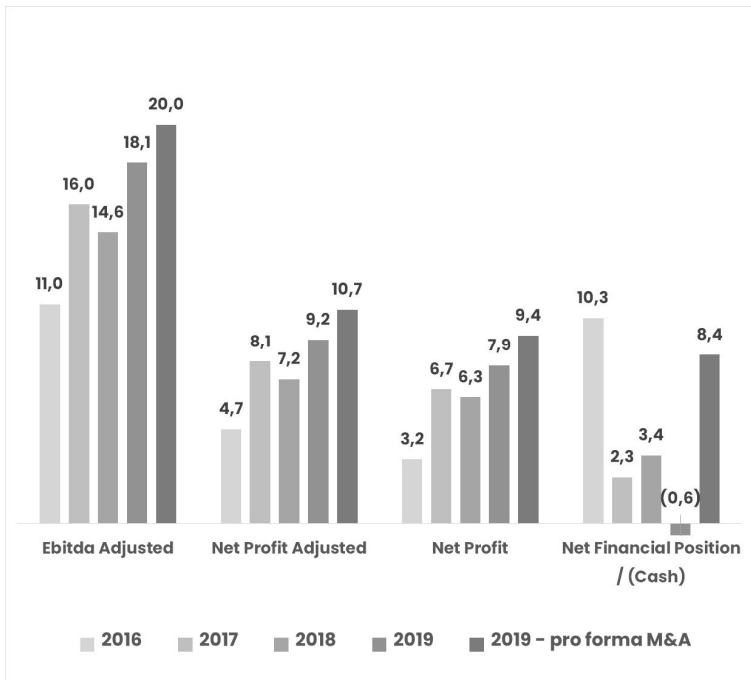


- **Stabilization of the business.** For the first time in 5 years delivered growth in terms of # orders (from 941.623 in 2018 to 942.049 in 2019)
- **Reduction in sales due to decrease of average receipt** (from Eur 89.43 in 2018 to Eur 87.28) as a result of growth Direct Mailing / Digital versus Teleselling
- **Good improvement of business in terms of margins and customer retention**
- **Confirmed as a leading player in Italy in the digital area: pure digital sales up to Eur 13.4 m in 2019 from Eur 12.0 m in 2018**

	2016	2017	2018	2019	Δ % 18/19	Cagr 16/19
Distance selling Italy	41,0	37,3	31,4	29,7	(5,3%)	(10,2%)
Direct Mailing + Digital	20,5	19,5	18,7	18,4	(1,6%)	(3,5%)
Teleselling	20,6	17,8	12,7	11,3	(10,9%)	(18,1%)
% Direct Mailing + Digital	49,9%	52,3%	59,6%	62,0%		
%Teleselling	50,1%	47,7%	40,4%	38,0%		
Distance selling international	44,0	42,5	40,6	39,5	(2,7%)	(3,5%)
Direct Mailing + Digital	31,5	31,1	31,9	32,4	1,4%	1,0%
Teleselling	12,5	11,5	8,7	7,2	(17,9%)	(17,0%)
% Direct Mailing + Digital	71,5%	73,1%	78,5%	81,9%		
%Teleselling	28,5%	26,9%	21,5%	18,1%		
Total	85,0	79,8	72,0	69,2	(3,9%)	(6,6%)

2. Financial Highlights

Ebitda, Net Profit, Net Financial Position



- **Ebitda:** almost doubled from Eur 11.0 m in 2016 to Eur 20.0 m in 2019 pro-forma M&A (net of the positive effect of IFRS 16 of Eur 1.1 m)
 - Overall increase over the period of raw material incidence on sales due to change in revenues mix (+wholesale –distance selling)
 - Strong OPEX decrease over the period due to reorganization of Distance Selling
 - Ebitda margin increased from 7,5% in 2016 to Eur 12.0% m in 2019 pro-forma M&A
- **Net Profit:** almost tripled from Eur 3.2 m in 2016 to Eur 9.4 m in 2019 pro-forma M&A (net of the negative effect of IFRS 16 of Eur 0.5 m)
 - Limited CAPEX (Eur 3.0 m in 2019) not adding significant D&A
 - Debt refinancing in mid 2017 with 7yrs maturity aimed at reducing financial expenses (Eur 1,2 m in 2019 including Eur 0,4 m relating to IFRS 16)
- **Net financial position:** Strong cash flow generation over the period allowing for:
 - Setting to <0 NFP albeit dividend distributions (Eur 2,8 m in 2019) and treasury stock purchases (Eur 1,2 m in 2019)
 - Acquire RdB without further bank debt utilization

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3. Annexes

Be one of the few to
secure a case of
Poggio del Concone
Cuvée 1:
this is the first
release of only 4.999
bottles, each one
numbered.

Don't miss this gem.

Svinando[®]



<https://www.poggiodelconcone.it/>

3. Annexes

Extended P&L 2016 – 2019

Eur/000	31.12.2016	31.12.2017	31.12.2018	31.12.2019
Net Sales	145.937	149.736	149.863	157.494
Change in inventory	825	2.402	(1.162)	1.329
Other income	1.901	1.278	1.486	1.220
Total Revenues	148.664	153.416	150.187	160.043
Raw Material	(78.527)	(83.219)	(86.082)	(92.547)
Services	(46.503)	(45.700)	(41.515)	(41.486)
Personnel	(11.821)	(8.147)	(7.627)	(7.441)
Other expenses	(496)	(319)	(362)	(482)
Total operating costs	(137.347)	(137.385)	(135.586)	(141.956)
EBITDA Adjusted	11.317	16.031	14.601	18.087
Depreciation, Amortization and write-downs	(2.993)	(3.243)	(3.510)	(4.582)
Non-recurring expenses (A)	(2.207)	(1.873)	(1.179)	(1.783)
Provision for risks and charges	(66)	(118)	(36)	0
EBIT	6.052	10.797	9.876	11.722
Financial Expenses	(1.630)	(1.565)	(1.135)	(1.223)
EBT	4.421	9.232	8.741	10.499
Taxes	(1.246)	(2.499)	(2.391)	(2.600)
Net Income (B)	3.175	6.733	6.350	7.899
Tax effects of non-recurring charges (C)	693	479	329	497
Net Income Adjusted (D) = (B)-(A)-(C)	4.689	8.127	7.236	9.185

3. Annexes

2019 P&L – Management adjustments

Eur/000	Reported	Management adjustment		Restated
	31.12.2019	1	2	31.12.2019
Net Sales	157.494			157.494
Change in inventory	1.329			1.329
Other income	1.220			1.220
Total Revenues	160.043			160.043
Raw Material	(92.547)			(92.547)
Services	(42.630)	181	963	(41.486)
Personnel	(7.654)		213	(7.441)
Other expenses	(908)	426		(482)
Total operating costs	(143.739)	607	1.176	(141.956)
EBITDA Adjusted	16.304	607	1.176	18.087
Depreciation, Amortization and write-downs	(4.582)			(4.582)
Non-recurring expenses	0	(607)	(1.176)	(1.783)
Provision for risks and charges	0			0
EBIT	11.722	0	0	11.722
Financial Expenses	(1.223)			(1.223)
EBT	10.499	0	0	10.499
Taxes	(2.600)			(2.600)
Net Income	7.899	0	0	7.899

Management Adjustments

- 1. Eur 607 k** related to restructuring costs of the telephone contact center, subject to change of contract as from 1 April 2019 and the related settlement with 43 former employees of the subsidiary Giordano Vini S.p.A. until 31 July 2016 - already stated in the half-year report at 30 June 2019
- 2. Eur 1.176 k** related to the full accrual and allocation of the third and final tranche of the 2017-2019 Stock Grant Plan, representing 70% of the total value of the plan itself and in line with the achievement of the mean profitability targets and control of the net financial position during the period 2017-2019. In particular, the mean Restated EBITDA target for the three year period 2017-2019 is Eur 15.5 m - Eur 16.2m reached - and the NFP to Restated EBITDA target ratio at 31 December 2019 is less than 1.0x - 0.6 x reached).

3. Annexes

2019 P&L – IFRS 16 Effect

Eur/000	31.12.2019 reported	IFRS 16	31.12.2019 net of IFRS effect
Net Sales	157.494		157.494
Change in inventory	1.329		1.329
Other income	1.220		1.220
Total Revenues	160.043		160.043
Raw Material	(92.547)		(92.547)
Services	(41.486)	(1.153)	(42.639)
Personnel	(7.441)		(7.441)
Other expenses	(482)		(482)
Total operating costs	(141.956)		(141.956)
EBITDA Adjusted	18.087		16.934
Depreciation, Amortization and write-downs	(4.582)	1.194	(3.388)
Non-recurring expenses	(1.783)		(1.783)
Provision for risks and charges	0		0
EBIT	11.722		11.763
Financial Expenses	(1.223)	388	(835)
EBT	10.499		10.928
Taxes	(2.600)	(108)	(2.708)
Net Income	7.899		8.220

3. Annexes

Extended Balance Sheet 2016 – 2019

Eur/000	31.12.2016	31.12.2017	31.12.2018	31.12.2019
Intangibles & Goodwill net of tax reserves	75.890	76.656	78.385	79.424
Tangibles	15.526	14.232	14.736	14.539
Rights of use (Ex IFRS 16)	0	0	0	10.860
Fixed Assets	91.416	90.888	93.121	104.823
Inventory	17.712	20.211	18.997	20.334
Trade Receivables	23.981	22.220	20.785	23.605
Trade Payables	(43.889)	(46.801)	(44.522)	(45.750)
Other	412	(90)	1.000	(1.476)
Net Working Capital	(1.784)	(4.460)	(3.740)	(3.287)
Severance indemnity	(1.007)	(815)	(656)	(651)
Other long term funds	(1.996)	(1.684)	(1.071)	(994)
Total Uses	86.630	83.929	87.654	99.891
Net Worth	76.162	81.624	84.282	89.208
Net Financial Position / (Cash)	10.467	2.306	3.372	(565)
Liabilities for Rights of use (Ex IFRS 16)		0	0	11.248
Total sources	86.630	83.930	87.654	99.891

ITALIAN WINE BRANDS

4. Q&A

