

June 11, 2020

2019-2020 ANNUAL RESULTS

TURNOVER UP NEARLY 8%
 RECURRING OPERATING MARGIN OF 15.3%
 NET PROFIT: +11.8%

REVIEW OF 2020-2021 OUTLOOK WITHIN THE CONTEXT OF COVID-19

CONSOLIDATED PROFIT & LOSS STATEMENT (€M)	2018-2019*	2019-2020	CHANGE
TURNOVER	269.4	290.3	+7.8%
O/w Closures	177.1	195.3	+10.3%
O/w Winemaking	92.3	95.0	+3.0%
RECURRING OPERATING PROFIT	41.2	44.3	+7.4%
O/w Closures	29.7	36.2	+22.0%
O/w Winemaking	14.4	11.7	-18.7%
O/w Corporate	(2.8)	(3.6)	N/A
NON-RECURRING OPERATING PROFIT/(LOSS)	(1.8)	(1.8)	
OPERATING PROFIT	39.4	42.5	+7.9%
Financial profit/(loss)	(1.0)	(1.8)	
Tax	(10.5)	(11.2)	
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	27.9	29.5	+5.5%
Net profit/(loss) from discontinued operations	(2.7)	(1.2)	
CONSOLIDATED NET PROFIT/(LOSS)	25.3	28.3	+12.0%
CONSOLIDATED NET PROFIT/(LOSS), GROUP SHARE	25.3	28.3	+11.8%
SHAREHOLDERS' EQUITY	256.4	286.8	+11.9%
NET DEBT	60.2	54.3**	-9.8%

* The Portuguese subsidiary SA Sobrinho (purchase/resale of cork and by-products) was classified as a discontinued operation in accordance with IFRS 5. Following the decision to retain this business, it was reclassified as a continuing operation for the 2018-2019 comparative period.

** Of which €6.2 million is linked to the application of IFRS 16 – Leases

Oeneo's consolidated statements for financial year 2019-2020 ended March 31, 2020 were approved by its Board of Directors on June 10, 2020. The consolidated financial statements have been audited in full. The auditors' report will be published once the procedures required for the publication of the annual financial report have been completed.



The Group delivered a particularly solid performance in 2019-2020, a year of both growth and operational performance. The year was particularly marked by the strengthening and development of the Group's market share across its various regions.

Annual turnover for 2019-2020 rose 7.8% (8.0% at constant exchange rates) to €290.3 million. Momentum was mainly driven by the Closures division, which recorded double-digit growth, once again benefiting from the global success of Diam closures.

Recurring operating profit rose 7.4% to €44.3 million, bringing the Group's consolidated recurring operating margin to 15.3%, on par with the previous year. Recurring operating profit takes into account the cost of performance shares granted to the Group's main executives, which increased from €1.1 million in 2018-2019 to €3.6 million in 2019-2020.

Excluding the cost of performance shares, recurring operating profit was up 13.2%, and recurring operating margin up 0.8 points to 16.5%. This solid performance was driven by the significant improvement in the Closure division's operational profitability. The contribution of Winemaking for the year declined, mainly due to the under-performance of one subsidiary during the period.

Non-recurring expenses were stable at €1.8 million. **Net operating profit improved almost 8% to reach €42.5 million.** After recording higher financial expenses of €1.8 million (including €0.6 million in foreign exchange losses in South America) and a €11.2 million tax expense, **net profit from continuing operations was up 5.5% to €29.5 million.**

The reduction in losses from discontinued operations to €1.2 million (compared with €2.7 million a year earlier) led to an 11.8% increase in **consolidated net profit, Group share, which came in at €28.3 million.**

Shareholders' equity rose to €286.8 million. Cash flow from operations rose sharply to €34.6 million, boosted by earnings growth and tightly controlled working capital. The year's net investments came in at €17.5 million, versus €15.4 million one year earlier. **Oeneo's cash generation has allowed the Group to reduce its net debt to €54.3 million, limiting the gearing ratio to 19%.** This includes the first-time application of IFRS 16 relating to the recognition of liabilities for leases (€6.2 million impact).

Towards the end of the year, before the health crisis began, the Group refinanced most of its debt using a syndicated loan with long-term maturities at negotiated rates, allowing the Group to confront the health crisis with confidence at the start of 2020-2021.



2019-2020 PERFORMANCE REVIEW BY DIVISION

CLOSURES: A very solid year of growth and improved profitability

In 2019-2020, the division posted turnover of €195.3 million, representing an increase of 10.3% (10.7% at constant exchange rates). The Group continued to reap the benefits of the worldwide success of the Diam closures range, and notably accelerated development of high-end product lines. Including other technical closures, the Group sold nearly 2.4 billion cork closures in full-year 2019-2020.

The division's gross margin began to benefit from the gradual, albeit slow, decline in the price of cork consumed during the year, despite cork prices remaining at historically high levels. Combined with the impacts of the Opticork plan to optimize production costs, this resulted in a significant improvement in recurring operating profit, which was up 22% to €36.2 million, including the €1.3 million cost of performance shares (versus €0.3 million in 2018-2019). Recurring operating margin came in at 18.5% (19.2% excluding the cost of performance shares).

WINEMAKING: Operational performance offset by increased wood prices

The Winemaking division posted turnover of €95.0 million, up 3.0% (2.7% like-for-like). Growth was driven by barrels and large containers, which recorded significant increases, mainly in the Americas and France.

Recurring operating profit came in at €11.7 million, taking account of the €0.7 million cost of performance shares (€0.3 million in 2018-2019), and recurring operating margin amounted to 12.3% (13.1% excluding the cost of performance shares).

The decline in recurring operating profit was attributable to the under-performance of Etablissements Cenci, which generated a loss of €2.8 million over the year (compared with a €0.6 million loss in 2018-2019). With beech timber as its main business, the subsidiary was heavily impacted by the hike in the material's price, which it was unable to pass on in sluggish markets. The strategic repositioning and the reorganization carried out under new management since the beginning of 2020 are expected to enable a significant turnaround this year.

The other activities' performance has been satisfactory, despite the high price of wood raw materials over the period, which ultimately has an impact on gross margin.



OUTLOOK FOR 2020-2021 – COVID-19 IMPACT

Marked by the Covid-19 health crisis, the start to 2019-2020 has been impacted since April. In this unprecedented context, the Group has managed to maintain the continuity of its operations at almost all of its industrial sites by strengthening health and safety measures for the employees present. All sites have now reopened.

First-quarter turnover will however logically witness a double-digit decline attributable to customers' strong wait-and-see attitude in this particular context, which is linked to their lack of visibility and the drop in consumption caused by the closure of bars and restaurants for approximately two months, particularly in Europe and the United States. That said, the first quarter typically generates the lowest levels of turnover of the year.

With the economy gradually recovering and restrictions starting to ease, the Group expects to benefit from a catch-up in orders over the coming months, the extent of which nevertheless depends on the development of the pandemic across the globe, the volume and quality of the year's wine harvests in Europe and the United States, and consumption levels.

At the date of this press release and according to the most probable scenario, the Group is expecting a more moderate decline in full-year turnover than in the first quarter. The prevailing uncertainties make precise projections impossible, however. The Group is also ensuring that it limits the impact of this decline on its operating profitability as much as possible.

In this uncertain context, and as already announced in the Group's annual turnover press release, Oeneo's Board of Directors will propose not to pay a dividend for 2019-2020 at the Annual General Meeting to be held in Bordeaux in September.

The Group is moving forward with confidence in this crisis, thanks to the strength of its teams and its strategic fundamentals, and its ambition to pursue long-term value creation.

OENEO GROUP WILL PUBLISH ITS TURNOVER FOR THE
FIRST QUARTER OF 2020-2021 ON JULY 21, 2020 AFTER TRADING.





About OENEO Group

Oeneo Group is a major wine industry player with high-end and innovative brands. Present around the world, the Group covers each stage in the winemaking process through two core and complementary divisions:

- Closures, involving the manufacture and sale of cork closures, including high value-added technological closures through its Diam and Pietec ranges.
- Winemaking, providing high-end solutions in winemaking and spirits for leading market players through its cooperage brands Seguin Moreau, Boisé, Millet, Fine Northern Oak and Galileo, and developing innovative solutions for the wine industry with Vivelys (R&D, consulting, systems).

Oeneo prides itself in offering solutions in the production, maturing, preservation and enhancement of wines or spirits that faithfully convey all of the emotion and passion of each winegrower and improve their performance.

WE CARE ABOUT YOUR WINE

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APPENDICES

BALANCE SHEET

<i>In thousands of euros</i>	March 31, 2020	March 31, 2019
Goodwill	47,469	46,417
Intangible assets	4,697	4,837
Property, plant & equipment	138,039	122,318
Financial assets	916	973
Deferred tax assets and other long-term assets	1,724	1,137
Total non-current assets	192,845	175,682
Inventories and work in progress	138,253	127,829
Trade and other receivables	93,926	86,187
Tax receivables	1,299	345
Other current assets	2,765	2,043
Cash and cash equivalents	53,474	39,997
Total current assets	289,718	256,401
Assets held for sale	582	5,856
Total assets	422,072	437,939
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<i>In thousands of euros</i>		
Paid-in capital	65,052	64,104
Share premium	35,648	28,000
Reserves and retained earnings	157,802	138,815
Profit for the period	28,331	25,349
Total shareholders' equity (Group share)	286,833	256,267
Minority interests	(9)	129
Total shareholders' equity	286,823	256,396
Borrowings and debt	83,294	46,469
Employee benefits	3,318	3,419
Other provisions	145	1,056
Deferred taxes	2,827	2,864
Other non-current liabilities	8,280	8,648
Total non-current liabilities	97,864	62,456
Borrowings and short-term bank debt (portion due in less than 1 year)	24,458	53,749
Provisions (portion due in less than 1 year)	471	606
Trade and other payables	70,869	60,921
Other current liabilities	2,643	3,812
Total current liabilities	98,441	119,087
Liabilities related to operations held for sale	-	-
Total liabilities	483,144	437,939



PROFIT & LOSS

<i>In thousands of euros</i>	March 31, 2020	March 31, 2019 adjusted*
Turnover	290 258	269 380
Other operating income	176	870
Cost of goods purchased and change in inventories	(123 753)	(118 262)
External costs	(45 966)	(43 625)
Payroll costs	(55 360)	(49 197)
Tax	(3 268)	(2 308)
Depreciation and amortization	(14 345)	(11 583)
Provisions	(1 860)	(2 178)
Other recurring income and expenses	(1 608)	(1 857)
Recurring operating profit	44,274	41,241
Other non-recurring operating income and expenses	(1,816)	(1,807)
Operating profit	42,459	39,434
<i>Income from cash and cash equivalents</i>	35	293
<i>Cost of gross debt</i>	(1 234)	(1 283)
Cost of net debt	(1 199)	(989)
Other financial income and expenses	(608)	(12)
Profit before tax	40,651	38,432
Income tax	(11,164)	(10,514)
Profit after tax	29,481	27,947
Minority interests	36	75
Group net profit from continuing operations	29,517	28,022
Group net profit from discontinued operations	(1,186)	(2,673)
Net profit from consolidated operations	28,295	25,274
Group net profit	28,331	25,349
Consolidated earnings per share (in euros)	0,44	0,40
Earnings per share from continuing operations (in euros)	0,46	0,44
Diluted earnings per share from consolidated operations (in euros)	0,43	0,40
Diluted earnings per share from continuing operations (in euros)	0,45	0,44

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CASH FLOW STATEMENT

<i>En milliers d'euros</i>	March 31, 2020	March 31, 2019 adjusted
CASH FLOW LINKED TO OPERATIONS		
Consolidated net profit	28,295	25,274
Profit/(loss) from discontinued operations	(1,186)	(2,673)
= Consolidated net profit from continuing operations	29,481	27,947
Elimination of the share in profit of companies accounted for by the equity method	5	(29)
Elimination of amortization and provisions	13,434	11,471
Elimination of profit from disposals and gains and losses on dilution	(3)	124
Expenses and income linked to share-based payments	3,178	1,069
Other income and expenses with no impact on cash flow	(52)	(37)
= Cash flow after cost of net debt and tax	46,043	40,545
Tax expense	11,164	10,397
Cost of net debt	1,199	997
= Cash flow before cost of net debt and taxes	58,406	51,940
Tax paid	(12,903)	(8,085)
Change in WCR linked to operations	(10,688)	(36,907)
Net cash flow linked to continuing operations	34,815	6,948
Net cash flow linked to discontinued operations	(206)	119
= Net cash flow linked to operations	34,609	7,067
CASH FLOW LINKED TO INVESTMENTS		
Impact of changes in scope	-	(4,179)
Acquisitions of property, plant & equipment and intangible assets	(18,458)	(11,295)
Acquisitions of financial assets	-	(72)
Disposals of property, plant & equipment and intangible assets	475	149
Change in loans and advances	(24)	(34)
Net cash flow linked to investment activities from continuing operations	(18,007)	(15,431)
Net cash flow linked to investment activities from discontinued operations	488	-
= Net cash flow linked to investments	(17,519)	(15,431)
CASH FLOW LINKED TO FINANCING ACTIVITIES		
Acquisitions and disposals of treasury shares	156	(18)
Loans issued	73,242	34,910
Repayment of loans	(80,799)	(42,064)
Net interest paid	(1,198)	(998)
Parent company dividends	(970)	(1,158)
Minority interest dividends	(102)	-
Net cash flow linked to financing activities from continuing operations	(9,671)	(9,328)
Net cash flow linked to financing activities from discontinued operations	(283)	(119)
= Net cash flow linked to financing activities	(9,954)	(9,447)
Impact of changes in foreign exchange rates	(355)	280
Change in cash from continuing operations	6,782	(17,531)
Opening cash (net of bank overdrafts)	31,500	49,031
Closing cash (net of bank overdrafts)	38,281	31,500
Change in cash (net of bank overdrafts)	6,781	(17,531)
Net Debt	54,278	60,221
Change in net debt	(5,943)	11,752

