

December 6, 2023

2023-2024 FIRST-HALF RESULTS
RECURRING OPERATING MARGIN IN LINE WITH EXPECTATIONS

Consolidated Profit & Loss statement (€M)	H1 2022-2023	% of turnover	H1 2023-2024	% of turnover
Turnover	173.2		154.3	
O/w Closures	118.9		100.6	
O/w Winemaking	54.3		53.8	
Recurring operating profit	29.1	16.8%	20.3	13.1%
O/w Closures	21.3	17.9%	13.7	13.6%
O/w Winemaking	8.5	15.7%	7.1	13.2%
O/w Corporate	(0.7)		(0.4)	
Non-recurring operating profit/(loss)	(0.4)		0.3	
Operating profit	28.7	16.6%	20.6	13.3%
Financial profit/(loss)	0		(1.0)	
Tax	(6.9)		(4.9)	
Net profit	21.9	12.6%	14.7	9.5%
Net profit, Group share	21.9	12.6%	14.7	9.5%
Shareholders' equity	325.1		310.9	
Net debt	15.2		46.3	

Oeneo's 2023-2024 half-yearly consolidated financial statements have been reviewed by the Group's Statutory Auditors and were approved by its Board of Directors on December 6, 2023. The half-yearly financial report will be available on the Group's website www.oeneo.com from December 7, 2023.

In a difficult economic context, Oeneo Group is proving resilient and posting solid financial indicators, with recurring operating margin of 13.1% in line with expectations, and a financial position that remains healthy thanks to the Group's low level of debt. The Group faced a cyclical slowdown in its business combined with continuing strong pressure on raw material prices in the first half of the year, with a high comparison basis given the record results achieved in the first half of the previous year.

Turnover was down 10.9%, coming in at €154.3 million (down 10.6% at constant exchange rates). The Closures division's sales volumes for entry-level and mid-range segments were down in a recessionary and more competitive global wine market. The Winemaking division, on the other hand, showed good resilience, staying very close to the previous year's record level, and even expanding, excluding wood trading, thanks to favorable harvests in its main wine-growing regions.

The Group's profitability was adversely impacted by lower turnover in the Closures division, and by raw material costs (wood and cork) still higher than in the previous year, affecting the gross margin despite past price increases. **Recurring operating margin came in at 13.1%, in line with expectations.**

After non-recurring items, **operating income came to €20.6 million, or 13.3% of sales.**

Financial loss came in at €1.0 million, including €1.4 million in gross financial expenses, linked to the rise in market rates and the change in average net debt, and hedging gains of €0.4 million. After taking a tax expense of €4.9 million into account, **net profit, Group share came to €14.7 million, compared with €21.9 million at September 30, 2022, representing a net margin of 9.5%.**

Shareholders' equity stood at €310.9 million, compared with €325.1 million at September 30, 2022, after the dividend payment of €45.3 million (€0.70 per share, including a special dividend of €0.35) for 2022-2023. **Net financial debt** (including €4.9 million of debt linked to leases as a result of the application of IFRS 16 "Leases") **came to €46.3 million at September 30, 2023. The net gearing ratio remained low at 14.9% of shareholders' equity.**

Cash flow used in operations for the period amounted to €0.3 million, due to the seasonal peak in working capital at September 30 (up €25.8 million compared to March 31, 2023). Net investments for the period came to €12.0 million and were mainly dedicated to improving the production base.

The third quarter, still marked by the correction of distributor inventories and difficult environment for clients, will not see any improvement in this trend. Although visibility is still uncertain, the Group nevertheless expects to see a stronger fourth quarter, thanks to the end of inventory adjustments by distribution channels and a more favorable comparison base. For the 2023-2024 financial year, Oeneo expects a slightly better recurring operating margin than in the first half, as raw material prices begin to improve.



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PERFORMANCE REVIEW BY DIVISION

CLOSURES: Recurring operating margin of 13.6%

The Closures Division delivered turnover of €100.6 million, down 15.4% versus the record first-half 2022-2023 performance. The downturn remains mainly centered on entry-level and mid-end ranges, especially as the Group has strategically withdrawn from certain non-Diam markets. Business was also disrupted by the return to normal inventory levels at certain distributors in Southern Europe and the United States. Business remains buoyant for the high-end Diam range, particularly in France.

Recurring operating margin fell by 4.3 points to 13.6%, reflecting the cyclical downturn in volumes and the impact of the historically high cost of cork consumed (inventory stockpiled when inflation peaked in 2022-2023), which weighed heavily on gross margin. These unfavorable effects were partly offset by tight control of production and sales costs, as well as the already visible drop in the prices of certain inputs, logistics and energy costs.

The Division expects to see an improvement as of the fourth quarter, with the expected recovery in orders from partner distributors and it will pay particular attention to all its costs in order to maintain a solid gross margin.

WINEMAKING: Recurring operating margin of 13.2%

The Winemaking Division posted turnover half-year sales of €53.8 million, more or less identical to the record posted in first-half 2022-2023. The Division's growth (up 2.9% excluding wood trading) was driven by the good performance of the strategic barrels segment, thanks to buoyant business in the Americas.

Recurring operating margin for the period fell to 13.2%, down 2.5 points from first-half 2022-2023. It was negatively affected by the continuing sharp rise in material costs (wood) and slightly higher sales costs in a more demanding international competitive environment.

Despite an unfavorable comparison base in the third quarter, the Division aims to stay close to the previous year's record business level in its activities, excluding wood trading, which will be significantly down. The implementation of strong levers for operational improvement continues.





OENEO GROUP WILL PUBLISH ITS TURNOVER FOR THE THIRD QUARTER OF 2023-2024
ON JANUARY 22, 2024, 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 under the Diam, Mytik Diam and Setop brands.
- 🕒 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).

We are passionate about the art and culture of wine, conscious of the urgent environmental and societal challenges facing our world, and firmly believe that enlightened innovation must serve the common good. We want to use our strengths and expertise to serve the wine industry's sustainable development as we innovate to uphold the great history of wine.

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APPENDICES

BALANCE SHEET

<i>In thousands of euros</i>	September 30, 2022	September 30, 2023
Goodwill	47,569	47,496
Intangible assets	10,359	9,036
Property, plant & equipment	139,206	143,887
Financial assets	1,966	3,272
Deferred tax assets and other long-term assets	1,345	2,458
Total non-current assets	200,445	206,150
Inventories and work in progress	154,955	171,148
Trade and other receivables	103,922	89,088
Tax receivables	285	233
Other current assets	4,889	2,982
Cash and cash equivalents	64,354	16,127
Total current assets	328,405	279,578
Assets related to operations held for sale	-	-
Total assets	528,850	485,728
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<i>In thousands of euros</i>		
Paid-in capital	65,052	65,052
Share premium	35,648	35,648
Reserves and retained earnings	202,487	195,483
Profit for the period	21,895	14,694
Total shareholders' equity (Group share)	325,083	310,877
Minority interests	58	65
Total shareholders' equity	325,141	310,942
Borrowings and debt	54,950	45,376
Employee benefits	2,251	2,389
Other provisions	712	0
Deferred taxes	3,408	4,058
Other non-current liabilities	10,084	9,272
Total non-current liabilities	71,405	61,095
Borrowings and short-term bank debt (portion due in less than 1 year)	24,628	17,036
Provisions (portion due in less than 1 year)	508	749
Trade and other payables	103,865	94,467
Other current liabilities	3,303	1,440
Total current liabilities	132,304	113,691
Liabilities related to operations held for sale	-	-
Total liabilities	528,850	485,728

PROFIT & LOSS

<i>In thousands of euros</i>	9 months ended September 30, 2022	9 months ended September 30, 2023
Turnover	173,179	154,304
Other operating income	154	618
Cost of goods purchased	(68,188)	(67,225)
External costs	(35,498)	(26,303)
Payroll costs	(30,463)	(30,725)
Tax	(1,130)	(1,198)
Depreciation and amortization	(8,919)	(8,991)
Provisions	(533)	(751)
Other recurring income and expenses	510	561
Recurring operating profit	29,112	20,290
Other non-recurring operating income and expenses	(372)	297
Operating profit	28,739	20,587
<i>Income from cash and cash equivalents</i>	30	116
<i>Cost of gross debt</i>	(640)	(1,479)
Cost of net debt	(611)	(1,363)
Other financial income and expenses	602	373
Profit before tax	28,731	19,598
Income tax	(6,913)	(4,909)
Profit after tax	21,818	14,689
Net profit of companies accounted for by the equity method	73	11
Net income from continuing operations	21,891	14,700
Minority interests	4	(7)
Net profit from consolidated operations	21,891	14,700
Net profit, Group share	21,895	14,693

CASH FLOW STATEMENT

<i>In thousands of euros</i>	9 months ended September 30, 2022	9 months ended September 30, 2023
CASH FLOW LINKED TO OPERATIONS		
= Consolidated net profit from continuing operations	21,891	14,700
Elimination of the share in profit of companies accounted for by the equity method	(73)	(11)
Elimination of depreciation, amortization and provisions	9,062	9,291
Elimination of disposal and dilution gains and losses	(405)	34
Elimination of dividend income	(170)	(170)
Expenses and income linked to share-based payments	1,142	27
Other income and expenses with no impact on cash flow	-	-
= Cash flow after cost of net debt and tax	31,447	23,871
Tax expense	6,913	4,909
Cost of net debt	611	1,363
= Cash flow before cost of net debt and tax	38,970	30,143
Tax paid	(4,864)	(4,606)
Change in WCR linked to operations	(31,892)	(25,823)
= Net cash flow linked to operations	2,124	(287)
CASH FLOW LINKED TO INVESTMENTS		
Impact of changes in scope	-	-
Acquisitions of property, plant & equipment and intangible assets	(7,812)	(12,161)
Acquisitions of financial assets	-	-
Disposals of property, plant & equipment and intangible assets and financial assets	765	52
Disposals of financial assets	-	-
Dividends received	170	170
Change in loans and advances	(40)	(4)
= Net cash flow linked to investments	(6,917)	(11,943)
CASH FLOW LINKED TO FINANCING ACTIVITIES		
Transactions with minority shareholders	(243)	-
Acquisitions and disposals of treasury shares	84	(1,570)
Loans issued	4,629	1,000
Repayment of loans	(3,251)	(2,783)
Net interest paid	(428)	(1,041)
Parent company dividends	-	-
Minority interest dividends	-	-
= Net cash flow linked to financing activities	791	(4,395)
Impact of changes in foreign exchange rates	286	(101)
Change in cash from continuing operations	(3,716)	(16,726)