PRESS RELEASE

Financial year 2019/20

Schloss Wachenheim AG: Solid revenues across the Group in a challenging market environment

- **Sales revenues of EUR 338.2 million at the same level as the previous year**
- **Organic slowdown in business development in Germany and France**
- **Continued sales growth in Eastern Central Europe**
- **Stable business trend forecast for 2020/21**
- **Proposed dividend of 0.40 euro per share**

Trier, 23 September 2020. Schloss Wachenheim AG has experienced a challenging financial year 2019/20 (June 30). The Group achieved sales revenues totalling EUR 338.2 million, thereby maintaining the level of the previous year (EUR 337.2 million). Increases achieved by the Eastern Central European subgroup and the inclusion of Vino Weinhandels GmbH in the Group's consolidated financial statements resulted in a positive momentum. “However, organically declining sales and revenue volumes in France and Germany had already a detrimental effect on business development in the first half of 2019/20,” points out Oliver Gloden, CEO of Schloss Wachenheim AG.

The extensive contact restrictions to control the Corona pandemic in the second half of the 2019/20 financial year also affected the Schloss Wachenheim Group's business performance. “The cancellation of festivals and events as key opportunities for distributing our products, as well as the ‘lockdown’ in important sales countries, have led to a noticeable loss of sales during this period,” Gloden explains the business development. At a total of 214.0 million bottles, the number of bottles sold across the Group amounted on average to 1/1 bottles when converted and fell just short of the previous year's figure (220.7 million).

Changes in the product portfolio, but also the consequences of increased wine prices due to the 2017 harvest, as well as increases in material and personnel costs, negatively impacted earnings in 2019/20. The operating result (EBIT) was EUR 19 million, which represents a decrease of about 17% compared to the previous year (EUR 23.0 million). The consolidated net income of EUR 13 million is roughly 19% down from the previous fiscal year (EUR 16 million).

Germany Inclusion of Vino Weinhandels GmbH for the first time

The German sub-group achieved sales revenues of EUR 122.8 million, representing an increase of 8.1% over the previous year (EUR 113.6 million). This increase is attributable to the first-time consolidation of Vino Weinhandels GmbH, a specialised chain with 19 stores across Germany, which had been taken over by the Schloss Wachenheim Group on 2 August 2019. Schloss Wachenheim AG's sales were 5.4% below the previous year's level, whilst sales volumes remained almost unchanged. In addition to changes in the product portfolio, Gloden attributes this development mainly to the slight decline in business at the end of 2019: "The Corona crisis has upset our plans. We were therefore unable to recoup the decline in sales during the first half throughout the remainder of 2019/20."

France Business development burdened by discontinued own-brand contracts and corona pandemic

The French subgroup's sales revenues of EUR 85.9 million were 15.3% below the previous year's level (EUR 101.4 million). Whereas the expired own-brand contracts in the first half of the 2019/20 financial year had a negative impact on sales revenues, the Corona pandemic had a significant impact on business development in France during the second half. Gloden states, "During the lockdown from mid-March to mid-May 2020, the local market for Sparkling wines collapsed by up to 50% at times. It was impossible for us to avoid this overall market trend or the corresponding developments in our key export markets. The year-on-year decline in sales in 2019/20 at the French subgroup is 13.5%.

Eastern Central Europe Upward trend despite negative effects of the Corona crisis

The Eastern Central European subgroup, represented by AMBRA S.A. and its subsidiaries, concluded the financial year under report with a 5.9% increase in sales in spite of the negative impact of the corona crisis; at 82.5 million bottles, sales were 2.0% higher than the previous year. Growth was driven once again by the dynamic markets in Poland, Romania, the Czech Republic and Slovakia. The outstanding business performance during the first half of 2019/20 with sales growth of almost 12% was, however, countered by declines in the second half due to the corona pandemic. "In particular, the temporary suspension of the hotel and restaurant sector as key customer groups as well as the temporary closure of many of our specialist wine stores put a tangible strain on our business performance," summarises Gloden.

Stable business development expected for 2020/21

Despite a consumption market environment still characterised by uncertainty and the ongoing knock-on effects of the corona crisis on various markets, Schloss Wachenheim AG expects its business performance to remain stable overall in 2020/21. Assuming that the numbers of COVID-19 cases remain containable and that no additional measures to curb the pandemic will be taken, the Group assumes that sales revenues and operating result will be at the level of the financial year 2019/20. According to Gloden, "We know what our strengths are and the potential of the various markets, and we will continue to exploit these consistently to ensure the continued successful development of the company."

Planned adjustment of dividend to EUR 0.40 per share

The Executive Board and Supervisory Board will recommend to the Annual Shareholders' Meeting that a dividend of EUR 0.40 per share be distributed; this equals a decrease of 20% compared to the EUR 0.50 per share distributed in the previous year. On the one hand, this is related to the business development in 2019/20 and, on the other hand, it takes into account the persisting economic uncertainty and consumer expectations with regard to the corona pandemic.

Note:

The Group Annual Report 2019/20 will be published on 23 September 2020 under www.schloss-wachenheim.com.

About Schloss Wachenheim AG:

Schloss Wachenheim AG is one of Europe's leading manufacturers and distributors of sparkling wine and semi-sparkling wine and is active in several European countries with its own companies.

Its product portfolio covers a wide range of traditional and innovative products. In addition to sparkling wine and semi-sparkling wine, key products include dealcoholised sparkling wines and wines, but also vermouth, cider, spirits, wine-based drinks, children's party drinks and, of course, high-quality sparkling wines and quality wines. The group's products are distributed to approximately 80 countries.

Major brands sold include Charles Volner and Muscador in France, Faber, LIGHT live and Robby Bubble in Germany, Cin&Cin, Fresco and Cydr Lubelski in Poland and Zarea Milcov in Romania.

For more information:

Engel & Zimmermann AG
Katja Schwengler / Sybille Geitel
Am Schlosspark 15, Gauting by Munich
Tel: 0 89 / 89 35 557, Fax: 0 89 / 89 39 84 29
E-Mail: k.schwengler@engel-zimmermann.de