

## Extracts from the interim report of the AMBRA Group Q1 2017/2018

Consolidated figures (in '000 PLN, unless stated otherwise)	Q1		
	2017/2018	2016/2017	% change
Sales volume ('000 average bottles a 0,75 l)	16 398	15 030	9,1%
Net sales revenue after excise tax and customer bonuses	104 067	96 585	7,7%
Margin on sales	44 819	41 789	7,3%
<i>% margin</i>	<i>43,1%</i>	<i>43,3%</i>	
Gross profit on sales	35 416	32 398	9,3%
<i>% margin</i>	<i>34,0%</i>	<i>33,5%</i>	
Profit on sales	8 458	6 194	36,6%
<i>% margin</i>	<i>8,1%</i>	<i>6,4%</i>	
EBITDA	13 467	8 302	62,2%
EBIT	10 581	5 499	92,4%
<i>% margin</i>	<i>10,2%</i>	<i>5,7%</i>	
Net profit attributable to owners of the parent company	5 779	2 578	124,2%
EPS (in PLN)	0,23	0,10	124,2%
Net cash flows from operating activities	(590)	4 729	-87,5%
Total assets	434 008	422 616	2,7%
Equity attributable to owners of the parent company	254 391	242 148	5,1%
Net liabilities from loans and borrowings (less cash)	27 141	41 699	-34,9%

- Continuing dynamic growth in sales of still wines, sparkling wines and spirits.
- Increase of sales in Poland by 7,2% - over the market.
- Sales in the Czech Republic and Slovakia higher by almost 8% primarily resulting from good results of sparkling wines.
- Gross profit on sales increased higher than sales revenue by 9,3% as a result of favourable changes on sales mix.
- Increase of payroll expenses by 5,0%, while depreciation, amortization and other operating expenses remained stable.
- EBIT in the amount of PLN 10,6 million increased by PLN 5,1 million or 92,4% as compared with the previous year. EBIT was positively affected by one-off items in the amount of PLN 1,6 million. EBIT adjusted improved by PLN 3,5 million or 64,1%.
- Further optimization of working capital and shorter cash conversion cycle allowed the net debt to fall to PLN 14,6 million by 34,9%.
- Net profit attributable to owners of the parent company in the amount of PLN 5,8 million – increase by PLN 3,2 million or 124,2%. Adjusted net profit attributable to owners of the parent company increased by PLN 2,6 million or 99,2%.

## **Management comments**

### *Markets and sales*

Sales revenue of the AMBRA Group increased by 7,7% in the first quarter of 2017/2018. As in previous period the most significant increase was noted in sales of still wines, sparkling wines and spirits.

In Poland – the most important market for the AMBRA Group – the rate of wine consumption growth increased to 6,9%. Lower market dynamics resulted primarily from slowdown of sales in the discounter channel while rapidly growing in other distribution channels. At the same time sales revenue of the AMBRA Group increased over the market by 7,2%.<sup>1</sup> Still wines constituted the main source of the sales growth – increase by 7,2%. The most significant increase of sales was noted in the FRESCO brand as well as in the CENTRUM WINA wine stores and in the catering business – increase by 15,6% as compared with the previous year. The AMBRA Group strengthened its leading position in the spirits category increasing sales of the J.A. BACZEWSKI vodka and the PLISKA brandy.

On the foreign markets the most dynamic growth was noted in the MUCHA SEKT sparkling wines in the Czech Republic and Slovakia, which resulted in the 7,7% increase in sales revenue. Sales revenue in Romania expressed in local currency remained on the similar level as in the previous year.

### *Financial results and profitability*

Gross profit on sales increased by PLN 3,0 million or 9,3% in the first quarter of 2017/2018 and its profitability improved by 0,5 percentage point as compared with the previous year primarily as a result of favourable changes in the product mix – increase of key brands and the premium segment wines. Payroll expenses increased by 5,0%. Despite the increase EBIT grew by PLN 5,1 million or 92,4%. EBIT was affected by a one-off item in the amount of PLN 1,6 million resulting from received trade claims concerning previous periods. Adjusted EBIT increased by PLN 3,5 million or 64,1%.

Net profit attributable to owners of the parent company for the first quarter of 2017/2018 amounted to PLN 5,8 million and was higher by 124,2% as compared with the previous year. Adjusted net profit attributable to owners of the parent company amounted to PLN 5,1 million and was higher by PLN 2,5 million or 99,2% as compared with the first quarter of 2016/2017.

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<sup>1</sup> Sales on the Polish market represents sales of the entities seated in Poland to customers in Poland, i.e. after deduction of export sales of goods that do not constitute primary business activities of the AMBRA Group.