



PRESS RELEASE

Henkell Freixenet increases worldwide turnover to EUR 1.056 billion

- Integration of Freixenet successfully completed
- Global market leadership in sparkling wine achieved
- Prosecco is growth driver abroad
- Sales records for Fürst von Metternich and Wodka Gorbatschow in Germany

Business year 2019 (Wiesbaden, 28 May 2020) HENKELL FREIXENET, the sparkling wine, wine and spirits division of the Oetker Group, increased its net sales excluding sparkling wine and alcohol tax by +28.2 % to EUR 1.056 billion in the 2019 financial year. Including tax on sparkling wine and alcohol this corresponds to EUR 1.290 billion and +25 % in growth. The organic growth showed a slight decline in revenue of -1.7 %, after both Henkell & Co. (+9.3 %) and Grupo Freixenet (+4.6 %) posted significant organic growth in 2018. This is due the reduction of low-margin business in several markets. In its first full year after the 50 % acquisition of Freixenet S.A. in Sant Sadurní d'Anoia (Spain), the merged company was able to gain market shares across numerous markets.

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Sales 2019

The group's total sales in 2019 amounted to 422.3 million bottles (1/1). Sparkling wine, which is marketed in more than 150 countries, accounted for 262 million bottles (1/1). The largest single markets are Germany, followed by Great Britain, Spain and the USA. Sales of wine amount to 113.7 million bottles, the largest country markets for still wine are England, Germany, the Czech Republic and Spain. Spirits account for 46.2 million 1/1 bottles, with Germany as the largest individual market, followed by Poland and Slovakia.

"The 2019 financial year was dominated by the merger of two global companies. In both a challenging market and a competitive environment, we were successful in realigning the organisation strategically and organisationally, while at the same time gaining market share in numerous markets," comments Dr. Andreas Brokemper, Chairman of the Management Board of Henkell Freixenet on the publication of the annual key figures.

Global market share

Thanks to the merger of the two companies, the worldwide market share was expanded to 9.7 % according to IWSR¹, indicating clear market leadership. Henkell Freixenet is the sparkling wine market leader in 35 countries and the international market leader in Prosecco and Cava, the two largest and most international categories of the sparkling wine market. According to the IWSR², the Group is the market leader for cava in 104 countries (Freixenet) and the market leader for prosecco in 26 countries (Mionetto).

¹ IWSR drinks market analysis; London; 1-12/2019; effective 21 May 2020

² IWSR drinks market analysis; London; 1-12/2019; effective 21 May 2020



- Locations** Following the merger, Henkell Freixenet now has its own sales organizations in 30 countries. The Group's wineries are spread across 11 countries. The largest production sites are the Henkell Sparkling Winery in Wiesbaden and the Cava Winery at Freixenet's headquarters in Sant Sadurní d'Anoia near Barcelona (Spain), followed by the Mionetto Prosecco Winery in the historic centre of Valdobbiadene in the Veneto (Italy).
- Focus and divestments** In addition to the integration of the two companies, the focus in 2019 was on numerous divestments to follow the strategy to focus on the joint brand portfolio. In May 2019, the Henri Abelé Champagne House was sold, which was followed in June by the sale of the Spanish wineries to the co-shareholders. In addition, the spirits brands Scharlachberg, Sternmarke, Holborn and Jacobi were sold in Germany in September 2019. At the end of the year, the production of the Kiev sparkling winery in Ukraine was closed. Moreover, the Deakin vineyard in Australia was also sold in April 2020. "We are fully on schedule with the strategic realignment of Henkell Freixenet," comments Dr. Andreas Brokemper.
- Regional Developments** In Germany, Austria and Switzerland (**DACH**), Henkell Freixenet closed the 2019 financial year with sales of EUR 301.1 million (+29.1 %). In Germany, Henkell Freixenet is the market leader in the Cava market, number 2 in Prosecco Spumante, and number 2 in overall sparkling wine. Fürst von Metternich, Germany's leading premium sparkling wine, saw record sales numbers (+1.8 %, 9.8 million 1/1 bottles), as did Wodka Gorbatschow with a sales increase of +9.1%, which resulted in 20.9 million 1/1 bottles sold. Double-digit growth was achieved by the



multiple award-winning prestige wines from Schloss Johannisberg. In Austria and Switzerland, the Group is the market leader with the Henkell (A) and Freixenet (CH) brands, where sales grew at a double-digit rate as well.

Western Europe

Western Europe is now the Group's largest region, accounting for 34 % of sales. The Western European business closed the 2019 financial year with revenues of EUR 359.3 million (+30.0 %). The largest market is Great Britain, where Freixenet Prosecco and Italian Rosé as well as the wines of i heart Wines achieved double-digit growth. In Spain, Freixenet was able to expand its market share. The Freixenet brand is the market leader in Spain in both quantity and value³. Yvon Mau in France – since 2020 known as Freixenet Gratien – was able to push ahead with its reorganisation in 2019 and achieved significant growth with both Freixenet and Mionetto. It was able to increase its market share in the declining sparkling wine market. In Italy, Mionetto is one of the most popular brands in gastronomy and retail and achieved double-digit growth in 2019 due to the high international demand for Prosecco.

Eastern Europe

In its **Eastern European** markets, Henkell Freixenet recorded a slight drop in sales of -0.4 % to EUR 174.3 million. This was due to the closure of production in the Ukraine in line with our strategy following the slump in demand. In the Czech Republic, the market leader Bohemia Sekt was able to expand its market share again after price increases in the previous year. Törley and Hubert, both sparkling wine market leaders in Hungary and Slovakia

³ IRI, Spain; 1-12/2019



respectively, also recorded a pleasing market share development. Henkell Freixenet had a record year in Poland, where Mionetto, the Prosecco market leader, exceeded the one million mark in sales. In all Eastern European countries, Henkell Freixenet benefited from the increased demand for premium sparkling wine, especially Prosecco and Cava.

Americas

In the **Americas**, Henkell Freixenet closed the 2019 financial year at EUR 167.1 million (+50.7 %). The strong performance of Mionetto Prosecco, with growth of 25 % in the USA, contributed significantly to the positive sales trend. Freixenet and Segura Viudas fell just short of the previous year's sales volumes due to price increases. The Gloria Ferrer winery developed positively, both in the location business and in retail. In Mexico, Henkell Freixenet's Sala Vivé is the country's best-visited winery. In 2019, the VinWine sales joint venture was sold and a sales office was established in Mexico City. In June, the Argentinean winery Finca Ferrer was sold to the co-shareholders. In Brazil, Henkell Freixenet established their own sales organisation, which is responsible for the marketing of all the Group's brands and has had a very successful start.

Rest of the World

The **Rest of the World** region comprises of Japan and Australia as well as remaining parts of the classic export business including duty free. The region achieved sales of EUR 54.6 million (+92.3 %). Japan, the largest single market, benefited from the elimination of import duties and achieved double-digit growth. In Australia, both Henkell and Freixenet recorded volume growth. Business in China



developed positively as well, above all with the classical German spirit drink Kuemmerling.

Global Brands

In 2019, Freixenet achieved sales of 94.4 million 1/1 bottles for the year as a whole, down -1.6 % on the previous year. The reason for the decline in sales is the price increase in the USA, which led to distributors stocking up in the previous year. Freixenet Prosecco and Italian Rosé showed clear double-digit growth worldwide, with the UK and Switzerland leading the way. Mionetto Prosecco was able to record another record year. Worldwide sales increased by +14.2 % to 27.3 million 1/1 bottles. At 12.9 million 1/1 bottles, Henkell Trocken was almost able to maintain sales (-0.8%). The brand recorded significant gains in Austria and exports to Australia. i heart Wines, the fastest growing wine brand in England, grew by +11.3 % to 21.7 million 1/1 bottles in 2019. Mangaroca Batida de Côco again achieved double-digit growth in 2019, increasing +20.8 % to 2.1 million 1/1 bottles sold.

Innovations

Long-term brand and image cultivation, product innovations and the ongoing customer-oriented optimisation of processes and structures are the guarantee for the sustained success of Henkell Freixenet. With Freixenet Prosecco and Italian Rosé in the novel, multiple award-winning diamond bottle, the Group has achieved worldwide success. In England, Freixenet Italian Rosé has become the best-selling rosé sparkling wine. Consequently, the assortment has been expanded to include Italian wines in the extraordinary diamond bottle in 2020. i heart Prosecco Superhero as a thank you to the workers of England's National Health Service (NHS) as well as the new wine



partnership with Wild Rhino Sanctuary NPC (Care for Wild) are further examples of innovations that highlight the Group's social commitment.

Investments

In 2019, investments reached a new high of EUR 35.9 million (2018: EUR 33.1 million). The largest single investment was the expansion of the Mionetto Prosecco winery in Valdobbiadene. After the planting of more than 300 ha of vineyards in Moravia, a new winery was built in Mikulov. Further investments serve to increase sustainability and efficiency at the group's 20 winery sites.

Employees

The number of employees rose to 3,556 worldwide in 2019 (2018: 2,701) due to the full-year inclusion of Grupo Freixenet employees. There were 603 employees in Germany and 1,019 employees in Spain. The international subsidiaries accounted for 1,934 employees. Henkell Freixenet today is characterised by international diversity. Under the motto "Growing together", initiatives were launched to get the new team committed to the common goals.

Outlook

With the outbreak of the Covid 19 pandemic, the outlook for the future has changed. As early as mid-February, comprehensive measures were decided upon to safeguard the health of employees and production at the sites. As sparkling wine consumption requires conviviality and occasion in almost all countries of the world, the pandemic has already had a significant impact on sales in almost all countries. IWSR⁴ expects global demand to fall by -15 % in

⁴ IWSR drinks market analysis; London; 1-12/2019; effective 21 May 2020



2020. Thereby, Italy, Spain and France are particularly affected, as fierce contact restrictions have led to a slump in sparkling wine consumption in the gastronomy business.

"A forecast for the entire year is hardly possible. The business development depends largely on the further course of the pandemic and the economic and financial consequences for the markets. We expect a significant impact on sales, especially in the gastronomy and duty-free segment, and have therefore taken early action to compensate for lost sales. Due to the strong country and brand diversification, we are confident that we will master the crisis well and emerge from it stronger", says Dr. Andreas Brokemper.

About Henkell Freixenet

Henkell Freixenet is the world's leading sparkling wine producer, offering Sekt, Cava, Prosecco, Champagne and Crémant from a single source – complemented by a wide range of wine and spirits. The Group boasts subsidiaries in 30 countries and exports its brands to more than 150 markets across the world. Highest standards in quality and craft, coupled with market and brand expertise, have earned it the status of market leader for Cava, Sekt, Prosecco, wine and a broad palette of spirits in many countries. The Group owns brands such as Freixenet, Henkell, Mionetto Prosecco, Alfred Gratien, Segura Viudas, Mederano, i heart WINES, Mangaroca Batida de Côco and Wodka Gorbatschow. Further information at www.henkell-freixenet.com



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