



PRESS RELEASE

Henkell Freixenet weathers the crisis well

- Continued focus on core brands
- Southern Europe is suffering the effects of restaurant and hotel shutdowns
- Record turnover in the UK and Scandinavia
- Growth in Germany, Austria and Switzerland
- Freixenet worldwide sales at a new high

Business year (Wiesbaden, 28 April 2021) HENKELL FREIXENET, the 2020 sparkling wine, wine and spirits division of the Oetker Group, closed the 2020 financial year with net sales of EUR 1.195 billion (-7.4% versus the previous year). After adjustment for consolidation and currency effects, this represents a decrease of 6.5%. The strategic focus remained on strong brands, and further divestments were implemented.

“We remained firmly focused on global and strong local brands and further divestments, in line with the strategy we introduced in 2018. Although our total core brand growth was 5.2%, the impacts of the coronavirus pandemic were clearly evident. In the first wave, between March and June, consumption of sparkling wine and Champagne came to a stop in many places. After a fast recovery in the summer months, we were hit by the second wave over Christmas and the New Year, when consumption is traditionally high. Sales of Sekt, Cava and Champagne were particularly



affected, whereas Prosecco sales increased slightly. Ultimately, we were able to expand our Sekt and Prosecco market share. The Freixenet brand performed particularly well and achieved growth despite the pandemic situation. Wine sales grew significantly as a result of the trend of enjoying wine for a broader range of at-home occasions. The regional distribution of sales also reflected the effects of the coronavirus pandemic. Whereas countries in Northern and Central Europe profited from the travel restrictions, the tourism-dependent Southern European countries experienced serious losses. Duty-free and airline business also practically dried up," commented Dr Andreas Brokemper, Chairman of the Management Board of Henkell Freixenet, on the publication of the annual key figures.

Regional developments

In Germany, Austria and Switzerland (**DACH**) Henkell Freixenet closed the financial year 2020 with turnover of EUR 304.2 million (+1.1% year-over-year). After adjustment for consolidation effects, this corresponds to growth of 1.7%. Sales of Fürst von Metternich, Germany's leading premium sparkling wine, achieved a record high in 2020 (+18.2%, 11.5 million 1/1 bottles). Wodka Gorbatschow, the highest-selling spirit in Germany, saw 5.1% growth in sales to 22 million 1/1 bottles. A surge in the popularity of still wines for in-home occasions drove up Freixenet Mederaño sales by 23.1% to 15.9 million 1/1 bottles. The new Carta Nevada Wine Collection in the frosted bottle was launched in autumn. In Austria, Henkell Trocken extended its turnover lead and Kupferberg Gold its sales lead. In Switzerland Freixenet brand sales reached a new record high. Schloss Johannisberg again



won multiple awards for its quality, although it experienced declining sales during the lockdowns.

Western Europe

Western Europe business accounted for EUR 322.6 million (-10.2%) of turnover in the 2020 financial year. The development of sales in this region was significantly impaired by lockdowns and travel restrictions. There was a strong decline in Spain, Italy and France because customers representing the on-trade sector account for a high proportion of sales there. "In Italy and Spain one out of every two bottles is sold to restaurants, and one out of four in France. So the lockdowns have hit us particularly hard in these countries," commented Dr Andreas Brokemper. In the UK and the Nordics, on the other hand, significant growth in sales was achieved. The i heart Wines and Freixenet brands saw double-digit growth in the UK, partly driven by the innovations Freixenet Diamond Italian Wine Collection, Care for Wild Wines, i heart Prosecco Rosé and Mionetto Prosecco Rosé. The Group was able to acquire full ownership of the fast-growing online wine retailer Slurp in 2020, as well as Jascots Wine Limited, one of the UK's most well-known wine suppliers to restaurants, hotels and caterers.

Eastern Europe

In the **Eastern European markets** Henkell Freixenet sales declined to EUR 164.9 million (-5.4% year-over-year), primarily due to the reorganisation of activities in Ukraine. After adjustment for consolidation and currency effects, turnover remained constant (-1.1% year-over-year). In the Czech Republic, Bohemia Sekt consolidated its market leadership position, especially thanks to the product launch



of Bohemia Ice. Törley and Hubert, the sparkling wine market leaders in Hungary and Slovakia, suffered slight shrinkage in sales when consumption of sparkling wine declined in the first and second waves of the pandemic. Here, too, still wine sales developed positively. Henkell Freixenet had a record year in Poland, where Prosecco market leader Mionetto crossed the million bottles sales threshold. Sales of Mionetto also increased significantly in other Eastern European countries, clearly extending its lead in the Prosecco market.

Americas

In the **Americas** Henkell Freixenet closed the 2020 financial year with turnover of EUR 133.3 million (-20.2%). The USA and Mexico were severely impacted by restaurant and event location shutdowns. Mionetto, the strongest Prosecco brand in the on-trade, saw a disproportionately high decline in sales, whereas sales of Freixenet and Segura Viudas developed positively. The Gloria Ferrer winery in Sonoma had to close its doors for several months, which resulted in a high loss of on-location sales. The situation in Mexico was similar, where the closure of Finca Sala Vivé to the public resulted in a significant loss of sales and visitors. In 2019 the winery had more than 240,000 visitors. Despite the pandemic 2020 was a year of growth in Brazil. It was driven by the Freixenet brand, including the Wine Collection and Freixenet Mia.

Asia Pacific/ Rest of the World

The **Asia-Pacific** region includes the Henkell Freixenet companies' activities in Japan, Australia and China, as well as all other export activities in that region. Asia-Pacific sales were EUR 42.2 million (-15.9%). In the traditional



export business, Global Travel Retail (GTR) was severely affected by business losses due to the crisis. In Australia, the Deakin and Katnook wineries were sold together with their brands. In the future, the Group will concentrate on the import business with Henkell Trocken, Freixenet and Mionetto.

The **Rest of the World Global Export** unit includes importer and distributor business, and it is reported separately to the export activities already reported in conjunction with each of the regions. Sales increased by 20.0% to EUR 5.2 million.

Global brands icon The Freixenet brand achieved sales of 99.3 million 1/1 bottles in 2020 as a whole, corresponding to 5.1% growth. **Freixenet Prosecco** and Italian Rosé performed exceptionally well in the United Kingdom, the Nordics and the Benelux region. The Freixenet wines also developed positively after the launch of the **Freixenet Italian Range, Freixenet Mederaño and Freixenet Mia**.

Worldwide sales of **Mionetto** declined slightly by 2.5% to 26.6 million 1/1 bottles. The losses are primarily due to the stagnation of restaurant, hotel and catering sales in Italy and the USA, as well as the slump in duty-free and airline business. Significant growth was achieved by Prosecco DOC Treviso, which today exceeds the 0.5 million 1/1 mark in 12 countries. In autumn Mionetto Prosecco Rosé was one of the first rosé Proseccos to be launched internationally. This coincided with the relaunch of the flagship product Mionetto Prosecco DOC Treviso, the Prosecco with the highest international sales.



Henkell Trocken sales declined to 11.3 million 1/1 bottles (-12.5%), partly as the result of returned stock from a former Australian importer. In Austria Henkell is still the top-selling brand, as it is in Canada and Australia. Piccolo Rosé and Piccolo Blanc de Blancs in the white lacquered bottle are new introductions to the range.

The **i heart Wines** brand, which is celebrating its 10th anniversary in 2021, experienced growth of 43% to 31 million bottles in 2020. 25.3 million 1/1 bottles were sold in its domestic UK market alone, which represents 37.7% growth. **i heart Wines** is now one of the UK's most significant wine brands. Internationally, the brand achieved 75.8% growth.

Mangaroca Batida de Côco sales increased again in 2020 by 8.0% to 2.3 million 1/1 bottles. The brand's sales in Germany developed particularly positively, as did its share of the cream liqueur market.

Focus and divestments In accordance with the strategy, the Group continued to focus on strong brands and further divestments. After Scharlachberg and Sternmarke in the previous year, the Deinhard brand was divested in summer 2020. The Deakin and Katnook wineries in Australia were also sold.

“Since the Freixenet acquisition we have discontinued non-strategic operations and reduced low-margin business. At the same time, we have revised many of our core brands and launched innovations. This phase has now ended and



we are ready to accelerate our business again after the pandemic," commented Dr Andreas Brokemper.

Investments

Investments were reduced in the pandemic to EUR 18.2 million after the peak (EUR 35.9 million) in 2019. The new winery site in Italy commenced operations in 2019. Other investments reflect the Group's strategy and serve to increase winery sustainability and efficiency.

Employees

The number of employees worldwide declined to 3,494 (2019: 3,556). This slight downturn is due to the divestments over the past year and the closure of the winery site in Ukraine. There were 616 employees in Germany, and 2,878 employees at the international subsidiaries.

Outlook

It is difficult to forecast developments in 2021. The coronavirus pandemic is currently causing radical changes. Many countries have had several lockdowns, and they have severely impacted restaurant, hotel and catering sales, as well as duty-free business.

"At the moment we assume that demand will pick up in the restaurant, hotel and catering sector in the second half of the year, depending on the progress of the vaccination campaign and the further development of the pandemic. For 2021, we expect stable to slightly growing consumption in the wine, sparkling wine and spirits segment. When restaurants reopen and tourism returns we will see growth especially in the Mediterranean markets, and when flights resume duty-free business is likely to slowly restart. As a



result of our strong regional and brand diversification we are confident we can continue to overcome the challenges associated with the crisis and, true to our 'Celebrate Life' slogan, we hope to be clinking glasses with our customers again in the course of the year," said 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 made Henkell Freixenet the market leader in many countries. The Group owns brands such as Freixenet, Henkell, Mionetto, Fürst von Metternich, Segura Viudas, i heart Wines, Mangaroca Batida de Côco and Wodka Gorbatschow.

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