



Paris, 24th December 2018

MBWS and COFEPP sign a binding agreement

Marie Brizard Wine & Spirits (Euronext: MBWS) today announced the signing of a binding agreement with Compagnie Financière Européenne de Prises de Participation (COFEPP).

Background of the agreement

In September 2018, in light of the downturn in its financial outlook and the financial difficulties faced by the Group (MBWS, the “**Group**”), the Board of Directors decided to accelerate the optimization of the Group’s cost structure and to begin a project to sell some of the Group’s brands to cover all or part of the losses in FY 2018. As stated at the time, the brands that contribute most significantly to the Group’s net sales are not to be affected by this project.

The Group has decided to broaden the project’s scope to include other assets, whose disposal would not limit the Group’s capacity to develop and to execute its strategy.

Since last September, given this situation, the Group sought in parallel to secure the backing of a solid partner, capable of providing the necessary financial means, and of supporting the execution of the strategy to be communicated by the Chief Executive Officer in Q1 2019. It is within this context that a binding agreement is announced today with COFEPP, the Group’s main shareholder, currently accounting for 29.47% of MBWS’ capital.

Terms of the Agreement

The agreement foresees, *inter alia*, two alternative options, described hereafter, which are subject to a vote of approval by the shareholders at the Mixed General Assembly of MBWS shareholders the “**General Assembly**”), expected to be held on 31st January 2019.

COFEPP has committed to subscribe a loan for a nominal amount of 25 million euros, at an annual interest rate of 4.56%, maturing on 30th April 2020 (the “**Bridge Loan**”). This loan is subject to the favorable vote of shareholders at the General Assembly regarding one or the other of the two aforementioned options. This Bridge Loan would be repaid in advance, at the completion date of one of the two options described hereafter, in order to enable the payment of the relevant shares by a receivable offset.

The proceeds of the Bridge Loan will allow for a partial recovery of the Group’s financial situation, the repayment of some financial debt, and the strengthening of its cash position, thus enabling the acceleration of its development plan. This first stage will be followed by additional financing, in accordance with one of the two options described hereunder.

- **Principal Option**

Subject to: (i) the favorable vote of the General Assembly on the resolutions regarding the Principal Option, (ii) COFEPP obtaining an exemption from the French Authority of Financial Markets (Autorité des marchés financiers, “**AMF**”) for the obligation to launch a public offer, and (iii) COFEPP obtaining the authorization for the operation



by the French and Polish anti-trust authorities under conditions considered acceptable by COFEPP, the following is foreseen:

- the subscription by COFEPP to an increase in MBWS' capital, with the suspension of preferential subscription rights for the shareholders, which will be reserved for COFEPP, for a total amount (issue premium included) of 37.712 million euros via the issue of 9.4 million new ordinary MBWS shares at a subscription price per share (issue premium included) of 4 euros, equivalent to a premium of 5.60% vis-à-vis the volume-weighted average closing price (VWAP) of the last five days at 21 December 2018 (the **"COFEPP Reserved Capital Increase"**), of which 30 million euros are to be paid in cash or by a receivable offset, specifically with the Bridge Loan;
- following the payment-delivery of the COFEPP Reserved Capital Increase, the allocation for free by MBWS to all shareholders of:
 - o stock warrants exercisable for a period of one month to begin at the time of the COFEPP Reserved Capital Increase (the **"Short-term stock warrants"**), and granting the right to subscribe to new ordinary MBWS shares for a total amount of 49.3 million euros (issue premium included),
 - o stock warrants exercisable for a period of 27 months to begin at the time of the COFEPP Reserved Capital Increase (the **"Long-term stock warrants"**), and together with the Short-term stock warrants, the **"Stock warrants"**) and granting the right to new ordinary MBWS shares for a total amount of 49.3 million euros (issue premium included).
- 23 stock warrants will grant the right to subscribe to 10 new ordinary MBWS shares at a unit price of 3 euros, equivalent to a discount of 20.80% vis-à-vis the volume-weighted average closing price (VWAP) of the last five trading days at 21 December 2018. The proceeds of the all stock warrants being exercised would represent an additional capital increase of 99 million euros. COFEPP has committed to exercise the stock warrants and to subscribe to the shares issued by the exercising of the stock warrants for a total amount of 15 million euros, no later than the 2nd working day of the respective exercise period.

A shareholder who owns 1% of the company's capital today would be diluted to 0.75% of the capital after the COFEPP Reserved Capital Increase. Assuming all Short-term stock warrants are exercised by the other shareholders, the share of said shareholder (if he chooses not to exercise his stock warrants) would be 0.52% of capital, and then 0.40% of capital, assuming all Long-term stock warrants are exercised.

In the event the Principal Option is retained, MBWS has committed to submit to the General Assembly, the nomination, subject to the COFEPP Reserved Capital Increase, of members representing COFEPP so that the latter will hold a majority of seats on the Board of Directors.

In the event that the COFEPP Reserved Capital Increase is not completed, for whatever reason, by 28th February 2019, and subject to the vote of approval by the General Assembly on the relevant resolutions, the Alternative Option will automatically come into effect.



The Principal Option would enable a cash contribution of 45 million euros by COFEPP after the exercising of the stock warrants. The company's shareholders' equity would also be strengthened by the exercising of the stock warrants granted to all the other shareholders.

- **Alternative Option**

Subject to the vote in favor by MBWS' General Assembly on the resolutions concerning the Alternative Option, the following is foreseen:

- the implementation of a capital increase for MBWS with shareholders' preferential subscription rights for a total maximum amount of 35 million euros (issue premium included) via the issue of 15.4 million ordinary new MBWS shares at a subscription price equal to the volume-weighted average closing price (VWAP) of the last five trading days, decreased by a 40% discount, not to exceed 2.50 euros nor to be less than 2 euros, to be paid by receivable offset related to the Bridge Loan, or in cash (the **"Capital Increase with PSR"**);
- the firm and irrevocable commitment by COFEPP: (i) to subscribe on an irreducible basis to the Capital Increase with PSR, equivalent to an amount of 10.5 million euros (issue premium included) and (ii) to subscribe as a guarantee for non-subscribed shares by other shareholders, on an irreducible or reducible basis in order to reach the 75% completion threshold of the Capital Increase with PSR, with the understanding that the shares held by COFEPP exceeding the 30% threshold of MBWS' capital could be -- at the demand of COFEPP -- partially or completely placed with a Trust-manager in order to enable the trustee to reclassify said shares with complete independence;
- the firm and irrevocable commitment by COFEPP to subscribe to a bond, by a receivable offset or in cash, for a total nominal amount of 29.5 million euros, at an annual interest rate of 4.56%, maturing on 30th April 2024, (the **"Bond"**). It is specified that the total nominal amount of the Bond will be reduced to match the amount guaranteed by COFEPP as part of the Capital Increase with PSR. The Bond could be repaid in MBWS shares under certain conditions, for a conversion price of 4 euros per share, subject to the vote of approval of the COFEPP Reserved Capital Increase by MBWS' General Assembly.

Following the completion of the Capital Increase with PSR under the aforementioned conditions (and assuming that the COFEPP guarantee and the Trust-Manager are put into effect), COFEPP would own a maximum of 30% of MBWS' share capital and voting rights. A shareholder (choosing not to exercise his preferential subscription rights) holding 1% of the capital today would see his holding diluted to 0.65% of capital after the Capital Increase with PSR.

The Alternative Option would enable a cash contribution by COFEPP of 32.5 million euros without affecting the subscription of other shareholders.

Diana Holding has committed to provide a blank power to the Chairman of the Board of MBWS in order for him to exercise the voting rights attached to the relevant shares in favor of all of the resolutions regarding the implementation of the Principal Option or the Alternative Option, which will be recommended by the Board of Directors.



COFEPP and Diana Holding are not acting in concert toward MBWS, as defined by Article L. 233-10 of the French Business Code (*Code de Commerce*).

Andrew Highcock, Chief Executive Officer of MBWS, declared, *"We are very happy to have reached an agreement with COFEPP. Faced with a deteriorating financial situation, decreasing net cash and difficulties in quickly reaching an agreement with our banking partners, it became necessary to find a solution that would enable us to continue to drive our business. We have therefore sought an optimal solution, in the best interest of all of our partners. During our discussions, we considered COFEPP to be the ideal industrial partner to support MBWS in its future development and to enable us to demonstrate the potential of our Group."*

Next Steps

The completion of the various operations is subject to the approval of the General Assembly. The meeting notice will be published on 26th December 2018 on MBWS' web site, and in the Bulletin of Obligatory Legal Announcements (*Bulletin des Annonces Légales Obligatoires*). It is further specified that the specific resolutions pertaining to the operation will not be included in the Meeting Notice at this stage, but will be inserted in the Convening Notice at the aforementioned General Meeting.

In order to guarantee the commitments made in this agreement, COFEPP has committed to put in escrow, no later than 2nd January 2019, the amount of 25 million euros.

In order to enable the fulfillment of the conditions to which the Principal Option is subject, COFEPP has committed (i) to submit its exemption request to the AMF and (ii) to file notifications with the French and Polish anti-trust authorities about the operation as soon as possible.

The completion of the operation would also be subject to delivery by the AMF of its approval on the prospectus regarding the COFEPP Reserved Capital Increase and the issue of stock warrants, or the Capital Increase with PSR, as may be the case.

Important information

No communication and no information in respect of this transaction may be distributed to the public in any jurisdiction where a registration or approval is required. No steps have been or will be taken in any jurisdiction (other than France) where such steps would be required. The issue, the subscription for or the purchase of MBWS' shares and/or warrants may be subject to specific legal or regulatory restrictions in certain jurisdictions.

This announcement is not a prospectus within the meaning of Directive 2003/71/EC of the European Parliament and the Council of November 4th, 2003, as amended, in particular by Directive 2010/73/EU (together, the **"Prospectus Directive"**).

No securities offering will be opened to the public in France before the delivery of the visa on a prospectus prepared in compliance with the Prospectus Directive, as approved by the French *Autorité des marchés financiers*.

With respect to the member States of the European Economic Area which have implemented the Prospectus Directive (each, a **"relevant member State"**), other than France, no action has been undertaken or will be undertaken to make an offer to the public of the securities requiring publication of a prospectus in any relevant member State. As a result, the new shares and/or warrants of MBWS may only be offered in relevant member States (i) to qualified investors, as defined by the Prospectus Directive; or (ii) in any other circumstances, not requiring MBWS to publish a prospectus as provided under Article 3(2) of the Prospectus Directive.



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Marie Brizard Wine & Spirits produces and sells a range of wine and spirits across four geographic clusters: Western Europe, Middle East & Africa, Central and Eastern Europe, the Americas, and Asia-Pacific. MBWS has distinguished itself for its know-how, the range of its brands, and a long tradition and history of innovation. From the inception of Maison Marie Brizard in Bordeaux, France in 1755, to the launch of Fruits and Wine in 2010, MBWS has successfully developed and adapted its brands to make them contemporary while respecting their origins. MBWS is committed to providing value by offering its customers bold, trustworthy, flavorful and experiential brands. The company has a broad portfolio of leading brands in their respective market segments, most notably William Peel scotch whisky, Sobieski vodka, Krupnik vodka, Fruits and Wine flavored wine, Marie Brizard liqueurs and Cognac Gautier. MBWS is listed on the regulated market of Euronext Paris, Compartment B (ISIN code FR0000060873, ticker MBWS) and is in the EnterNext® PEA-PME 150 index, among others.



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