



VIVAWINE  
GROUP

# Viva Wine Group Quarterly Results Q2 2023



VIVA WINE  
GROUP

# Agenda

Introduction to Viva Wine Group

Quarterly Update

Financial Overview

Sustainability Update

Final Comments

Q&As



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CEO & Founder



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CFO

# Introduction to Viva Wine Group

Two major segments, share  
of net sales LTM

**81%** Nordics

**19%** eCom

The Nordic leader in wine,  
in the stable monopoly  
markets



Sweden

Finland

Norway

Profitable European  
e-commerce business with  
growth potential



Pioneer and industry leader  
in sustainability

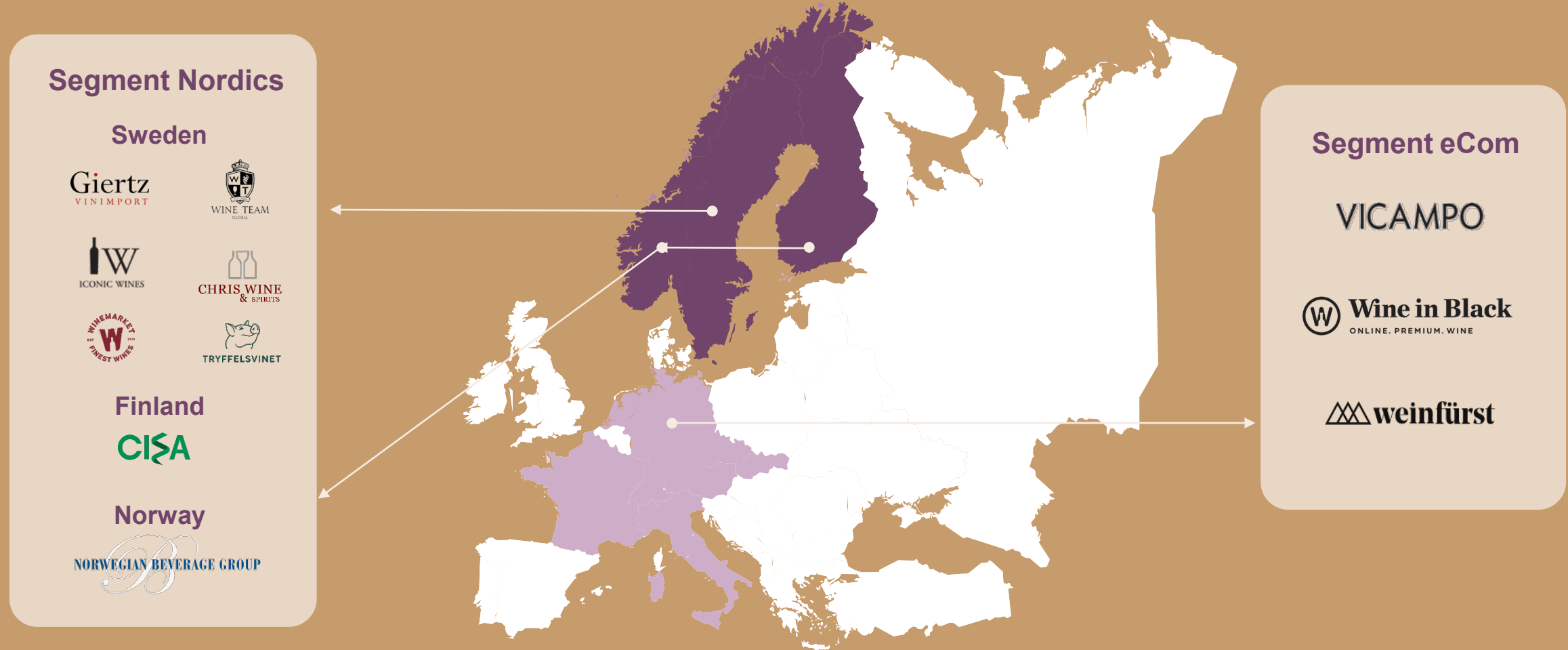


## Updated segment reporting

- As of the interim report for the second quarter 2023 our operations in the three monopoly markets will be reported as one operating segment, the Nordics.
- With the merger we report the operating segments in a way that is more consistent with the company's internal governance.
- Our third segment "Other" has insignificant turnover and mainly consists of profit from minority interests and cost for group functions.



# Operating companies



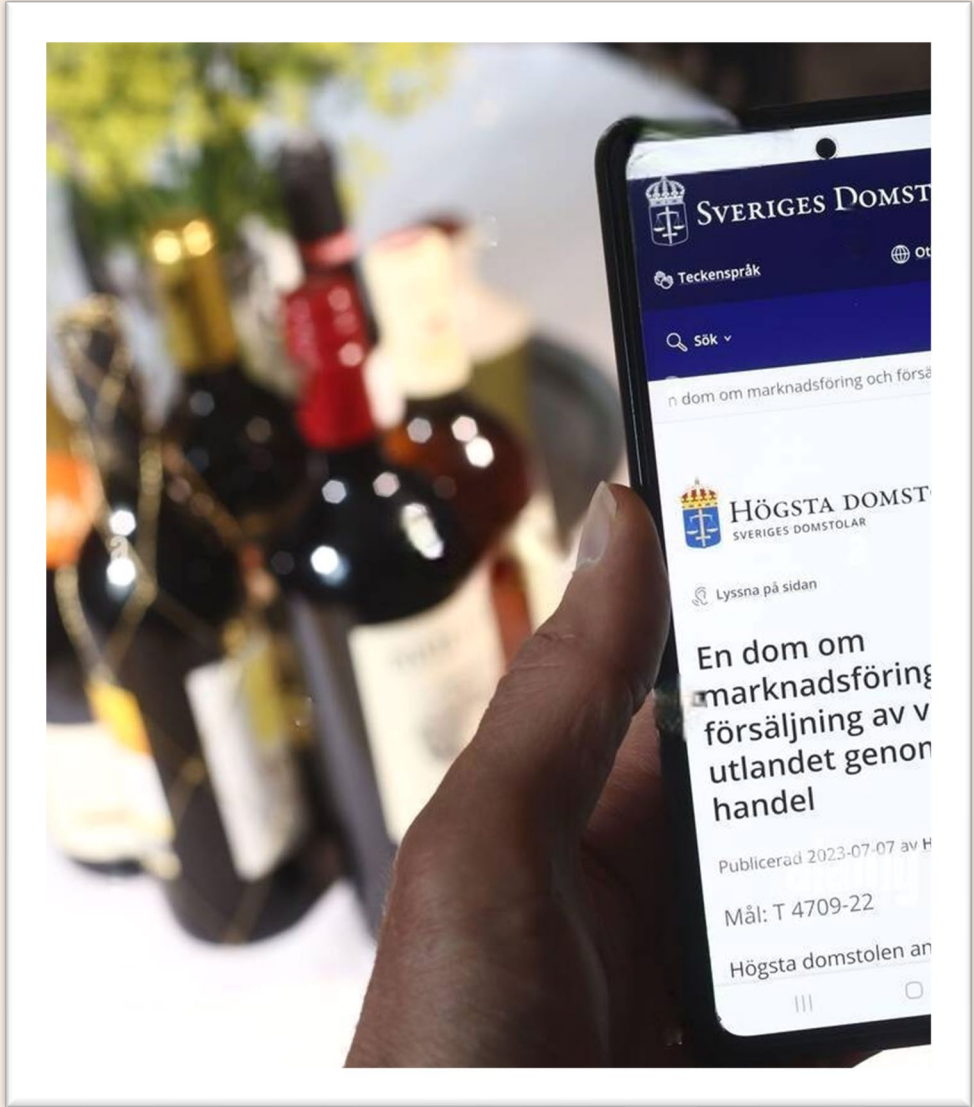
# Quarterly Update



# Continuous growth and strengthened market position in the Nordics

- **Increased market shares in the Nordics**, 20,4% in Q2 compared to 19,3% last year. Volumes stronger than underlying market.
- **Net sales increased by 4,8% in Q2 to 1 047 (999) SEK million**. Organic growth 3,9% (-2,3).
- **Adj. EBITA mixed**. Strong gross margins in eCom. Significant fx-impact in Nordics. Positive contribution to EBITA from efficiency and cost control in both segments.





# Winefinder court case

## What has been decided?

- **Confirming legality of e-com sales to Sweden from another EU country (not from Swedish warehouse) but paying Swedish alcohol tax.**
- **Status of retail monopoly (Systembolaget) confirmed.**

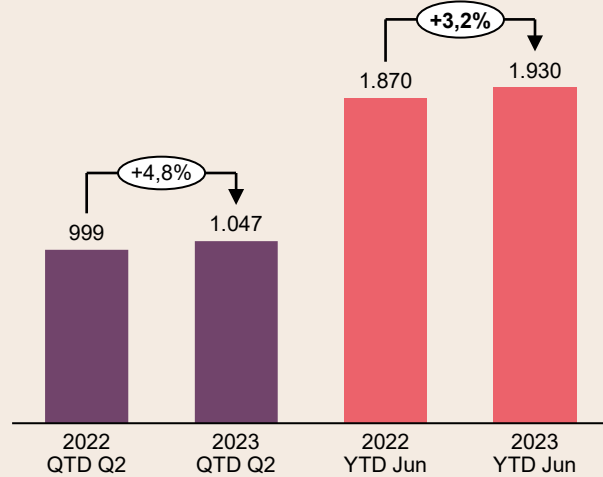
## Our view

- **No changes of current market situation to be expected; e-com sales to Sweden has been a part of the market for the last 5 to 10 years.**
- **Viva is following the development closely and evaluating the potential.**

# Financial Overview

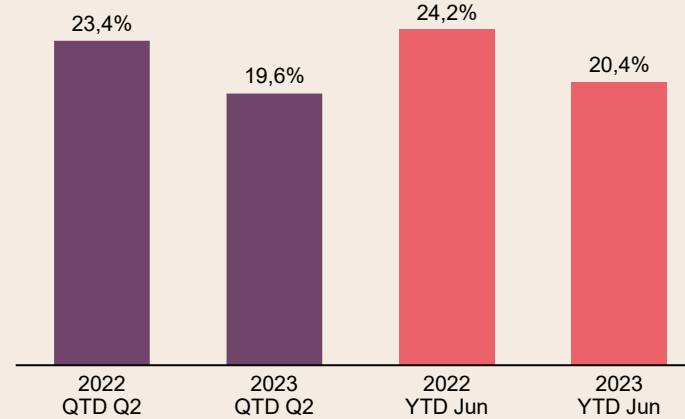
# Growth in net sales - pressure on gross margin and EBITA margin

## Net sales, SEKm



- Increased net sales by 4,8%, 48 SEKm in Q2 compared to 2022 Q2.
- Strong growth in the Nordics.
- Organic growth 3,9% (-2,3%) in Q2.

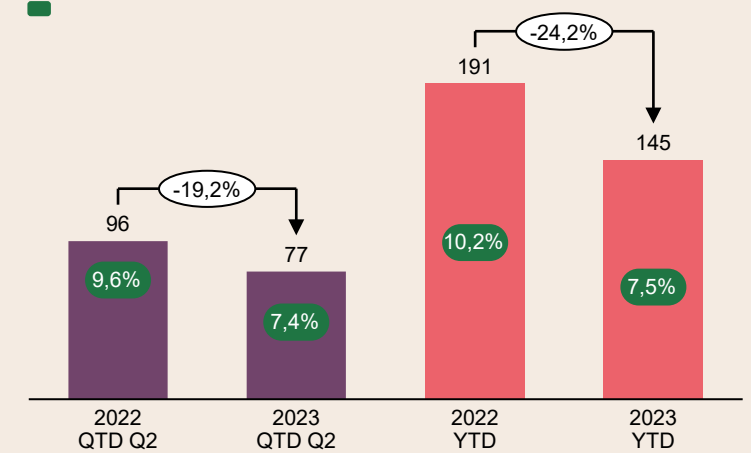
## Gross margin, %



- Pressure on gross margin in Q2 mainly explained by negative fx-effects and increased freight and distribution costs.
- Continued strong GM% for segment e-Com in the quarter!

## Adjusted EBITA, SEKm

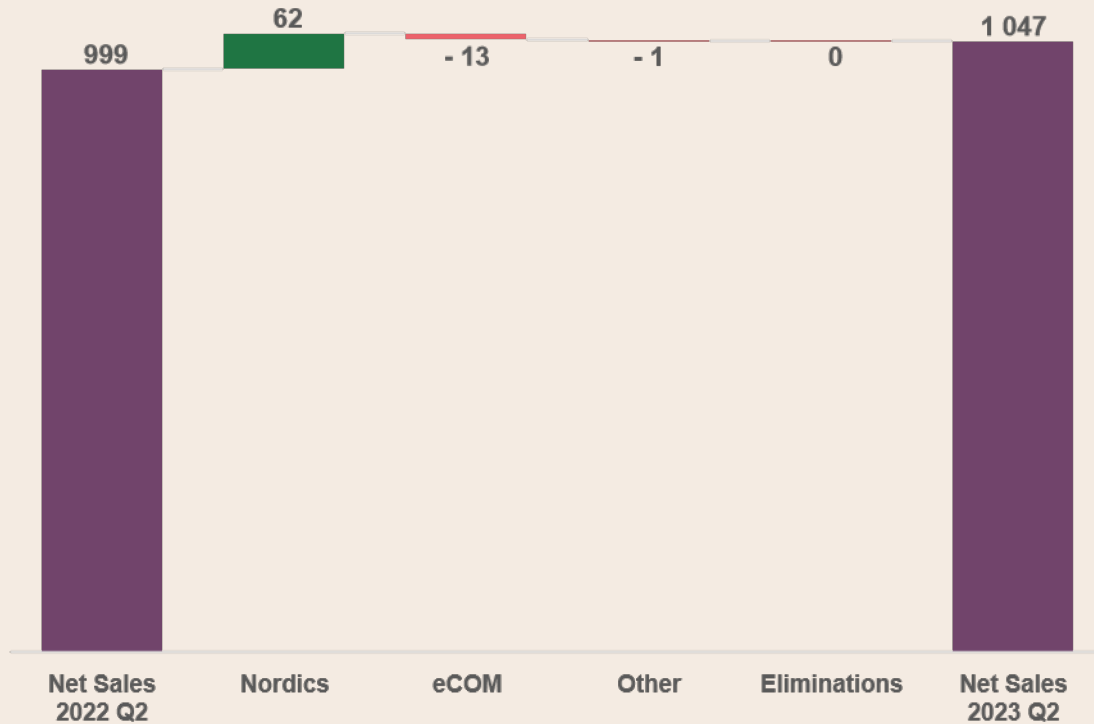
Adjusted EBITA margin



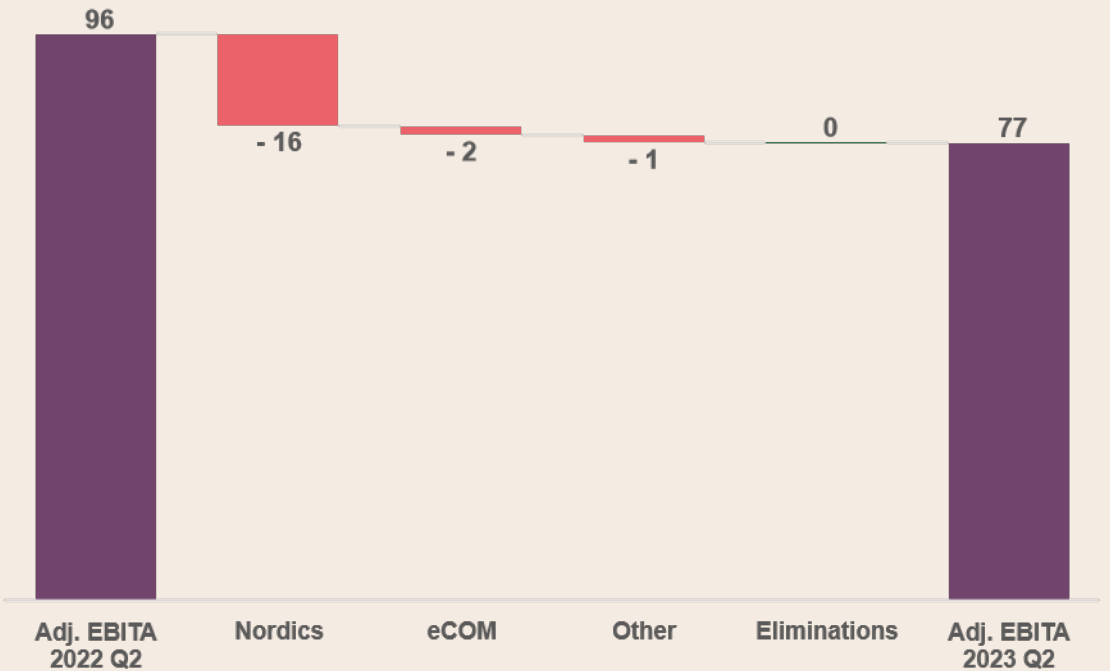
- Adjusted EBITA decreased with -19,2% to 77 SEKm in Q2 compared to 2022 Q2, mainly driven by negative fx-effects in segment Nordic.
- Positive contribution from efficiency and cost control.

# Growth in net sales - pressure on EBITA

Net Sales per segment 2022 Q2 vs 2023 Q2, SEKm



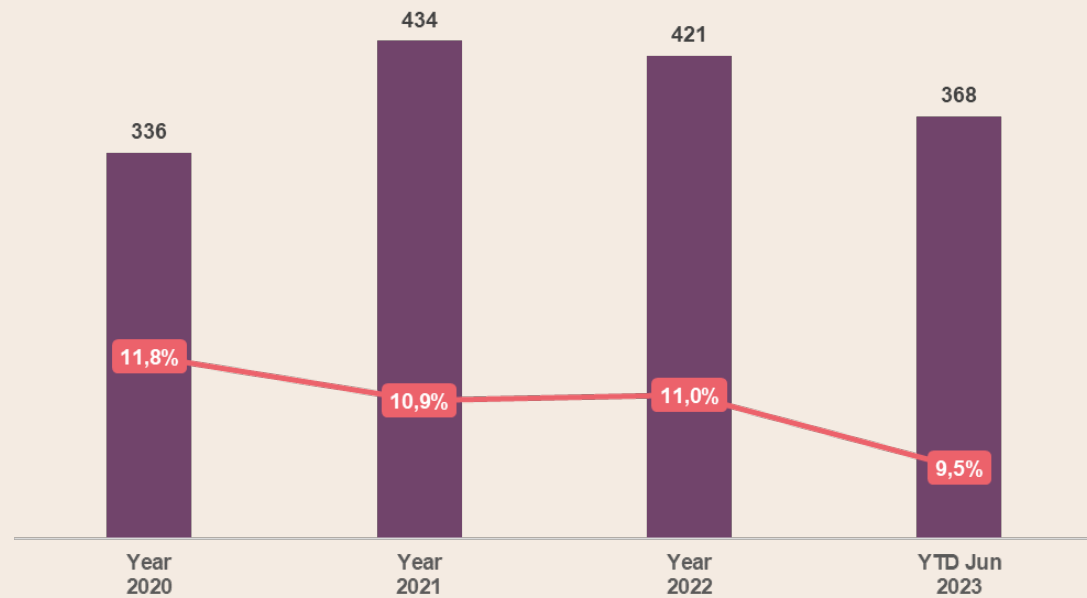
Adjusted EBITA per segment 2022 Q2 vs 2023 Q2, SEKm



# Net working capital – positive trend to Net Sales

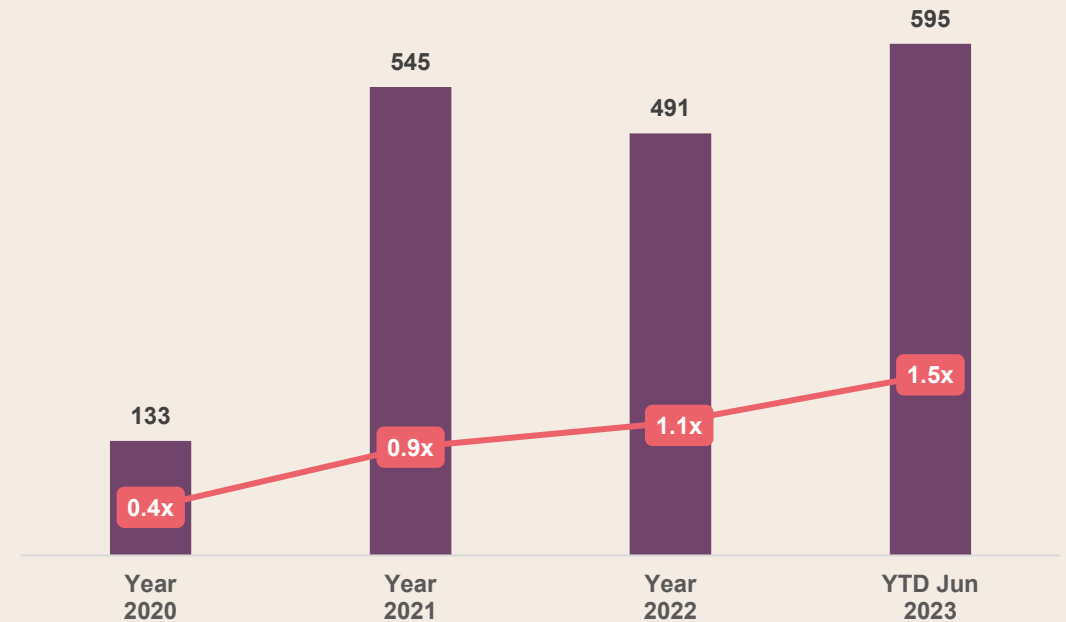
## Net Working Capital, SEKm

- Net Working Capital
- NWC/Net Sales LTM



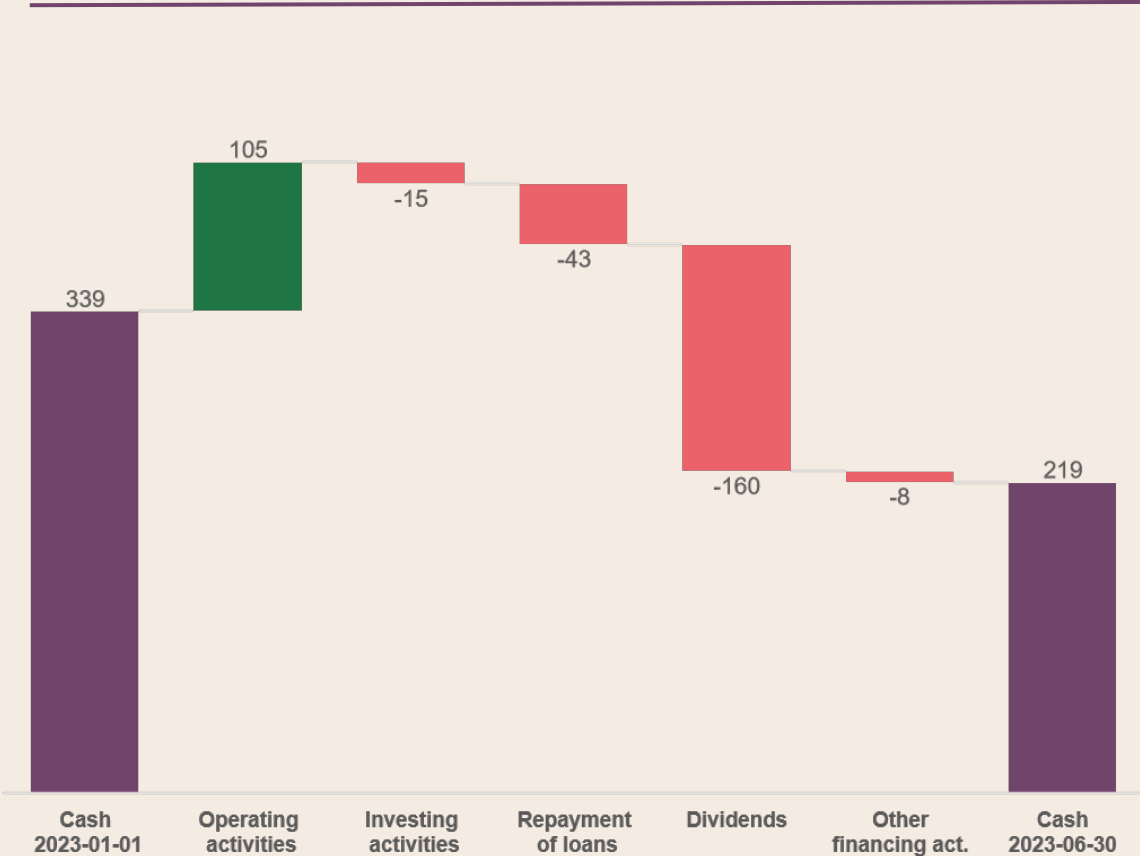
## Net Debt, SEKm

- Net debt
- Net debt to EBITDA LTM



# Stable Cash Flow from Operating activities

## Cash Flow YTD, SEKm



## Comments

- Stable Cash Flow from Operating activities of 105 SEKm in line with seasonal trend.
- Cash flow from financing activities according to plan:
  - Repayment of loans to credit institutions by 43 SEKm.
  - Dividends of 160 SEKm was paid, of which 138 SEKm to Parent Company shareholders.

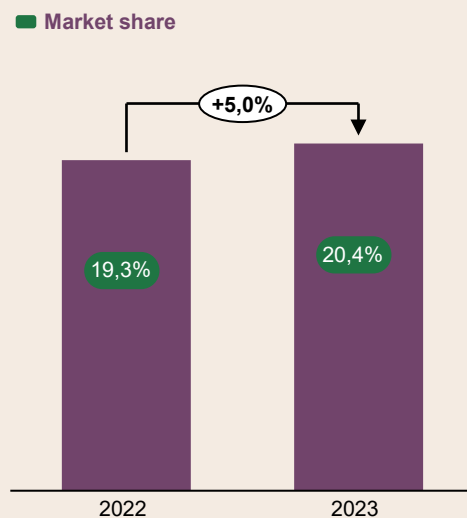
# Performance by segment



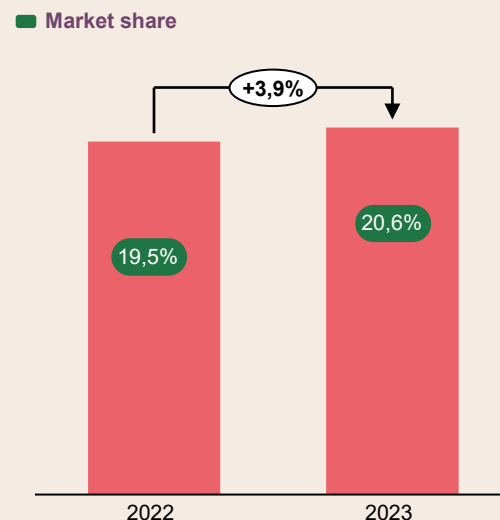
# Segment Nordics

## Volume & Market share

### Volume & Market share QTD Q2



### Volume & Market share YTD 2023



## Comments

- Volume developed stronger than the market in Q2, +5,0% compared to markets -0,8%. Market share increased in Q2, 20,4% (19,3%).
- Sweden: Volume developed stronger than the market, +3,4% compared to market +0,2%. Market share increased to 26,0% (25,2%).
- Finland: Very strong quarter. Volume increased 15,6% compared to market -2,8%. Market share increased to 18,7% (15,7%).
- Norway: Volume developed stronger than the market, +6,0% compared to market -2,1%. Market share increased to 5,6% (5,2%).

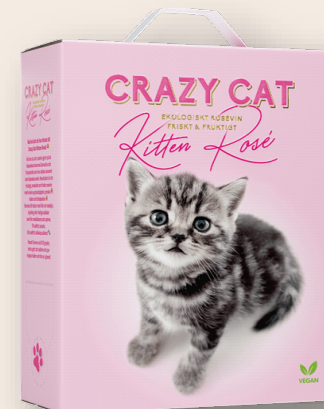
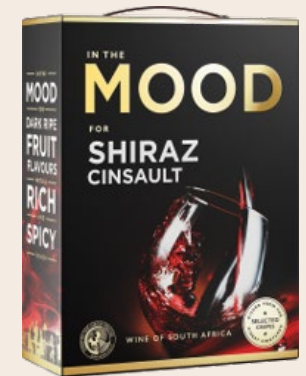


# Segment Nordics - Sweden

## Innovation setting foundation for continuous growth

- The market share growth comes from successful launches mainly in the entry level segments adapting to current market conditions.
  - New brands like Falu, Crazy Cat, In the Mood and La Vecchia Via have made it to the monopoly shelves with high consumer acceptance.
  - Introduction of a larger BiB, 4,5 liters, new innovative format in line with the current consumer demand.
- From our partners we see growth coming from both tender win launches and more premium products launched in all assortments.
- Market share 26,0% vs 25,2% LY.

## Highlights



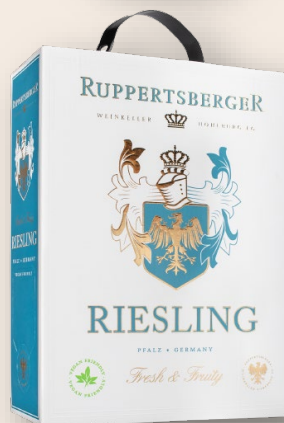


# Segment Nordics - Finland

## Better balanced product mix resulting in marked share leap

- Monopoly market dynamics require a long-term product strategy, and we now see the results of launches made 1-2 years back.
- Strategy to grow share in white and rosé wines has showed result and our market share in the segments has grown significantly vs last year.
- Market share 18,7% vs 15,7% LY.

## Highlights

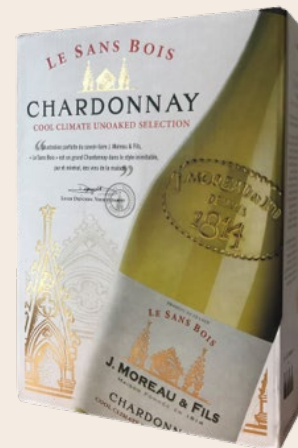


# Segment Nordics - Norway

## Product mix improvement & increased share of “basis” listings

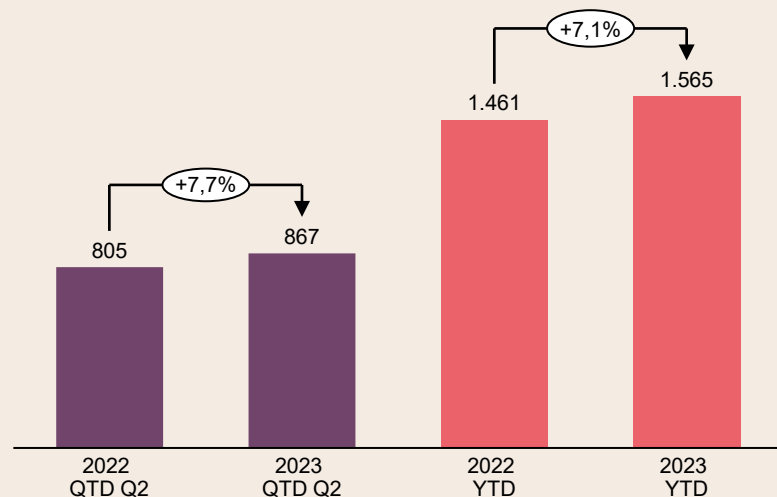
- Our product mix has been broadened with more white and rosé wines in the assortment giving a more favorable market share during the quarter.
- Long term strategy to increase number of “basis” listings is showing result and securing higher distribution levels than previously.
- Market share 5,6% vs 5,2% LY.

## Highlights



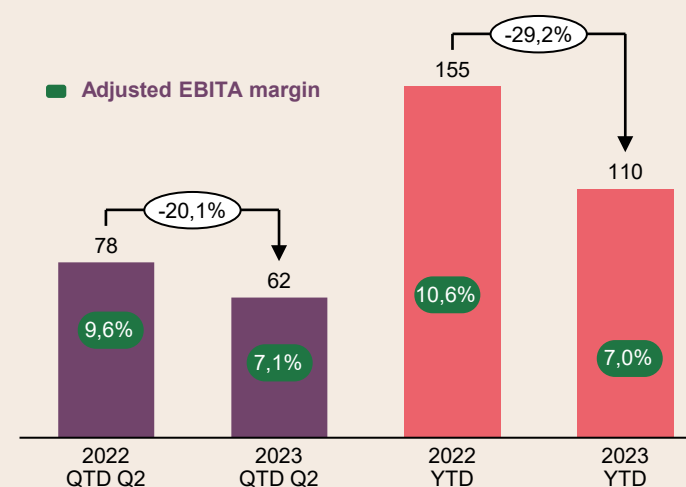
# Segment Nordics

## Net Sales, SEKm



- **Net Sales increased with 7,7% vs Q2 2022**, to 867 SEKm. Successful product mix and price increases accounted for most of the increase, favourable weather conditions also contributed.

## Adjusted EBITA, SEKm



- **Adjusted EBITA decreased in Q2**. Lower GM mainly due to negative fx-effects. Inflation also put pressure on distribution and freights.
- Positive contribution from good cost control.
- **Adjusted EBITA margin of 7,1% (9,6%)**.



# Segment Viva eCom

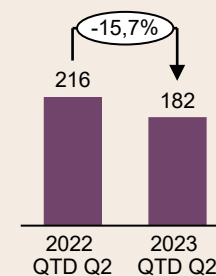
Continued weak market sentiment but strong gross margins on all shop platforms

- Weinfürst awarded “Best online wine retailer in Germany 2023” by Frankfurt International Trophy for the second time in a row.
- New warehouse & distribution center on-track for Christmas sales.
- Number of orders decreased vs LY driven by weak market sentiment while AOV increased as a result of successful strategic work with product mix.

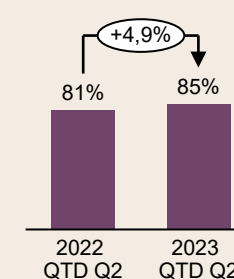
## Highlights & KPIs



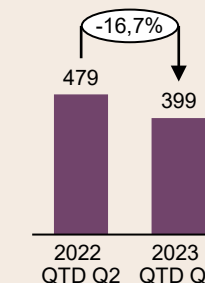
No. of orders (1 000)



Net sales from repeat customers (%)



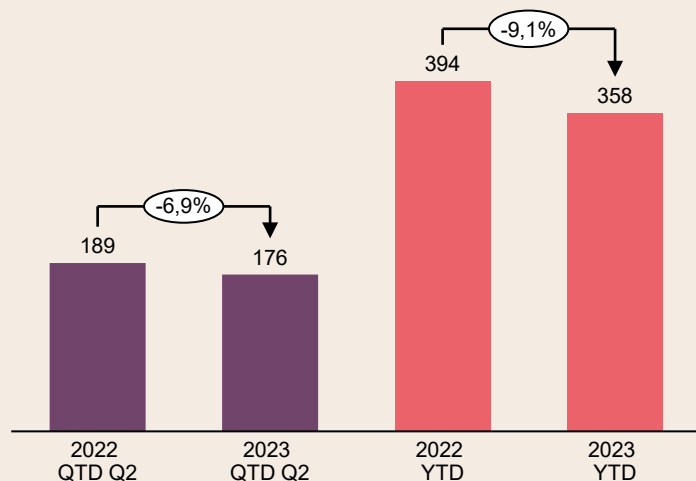
Active customers (1 000)





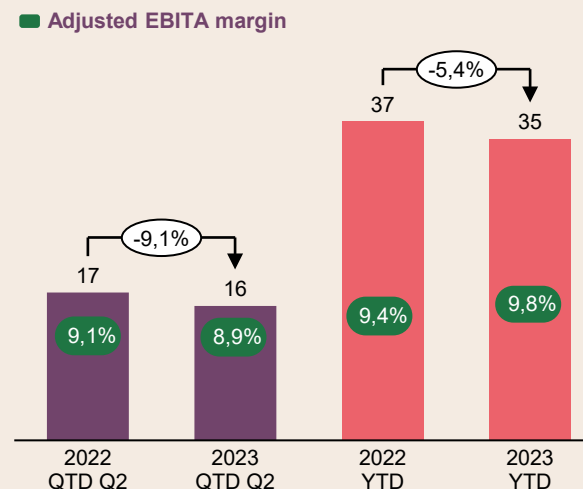
# Segment Viva eCom

## Net Sales, SEKm



- Net sales decreased to 176 SEKm, a decrease of 6,9% vs Q2 2022, the market sentiment continues to be low.
- Organic growth was negative with -9,7% (-34,6).

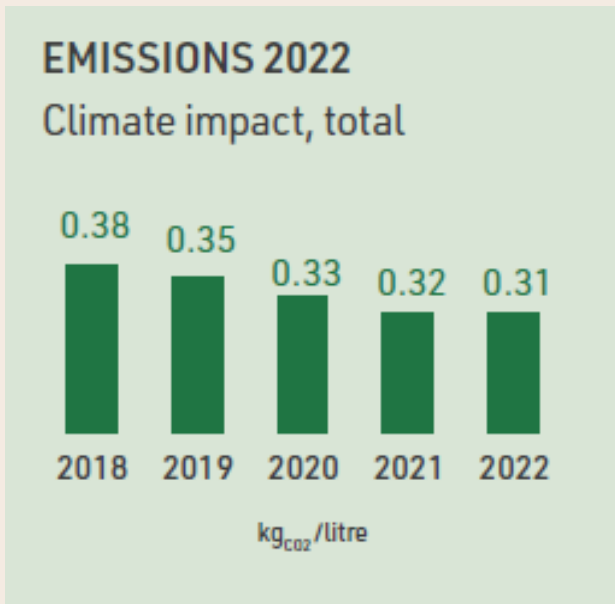
## Adjusted EBITA, SEKm



- Strong gross margins according to plan, through focus on average order value, product mix and pricing strategies.
- Adjusted EBITA% slightly lower than Q2 2022. Adjusted EBITA margin reached 8,9% (9,1).

# Sustainability





## Sustainability update

- Launch of Swedish Drink's Business Climate Initiative Report (5th report).
- Viva Wine Group performing better than peers for fifth consecutive year!
- Viva Wine Group CO<sub>2</sub> emissions 28% lower than industry average.
- 0,31 kg CO<sub>2</sub>/litre vs 0,43 kg CO<sub>2</sub>/litre.
- Viva Wine Group continuously decreasing emissions year on year.

# Final Comments

# Financial targets

<b>Growth</b>	<b>&gt;4% 10-15% M&amp;A</b>	<ul style="list-style-type: none"><li>• For segment <b>Nordics</b>, average annual organic growth is to total <b>at least 4 percent</b> over the medium term</li><li>• For segment <b>E-com</b>, average annual organic growth is to total <b>at least 10–15 percent</b> over the medium term</li><li>• In addition, Viva Wine Group intends to grow through acquisitions, mainly within E-commerce</li></ul>
<b>Profitability</b>	<b>10-12%</b>	<ul style="list-style-type: none"><li>• The <b>adjusted EBITA margin</b> shall be <b>10–12 percent</b> in the medium term</li></ul>
<b>Capital structure</b>	<b>&lt;2.5x</b>	<ul style="list-style-type: none"><li>• <b>Net debt in relation to EBITDA</b> is not to exceed <b>a multiple of 2.5</b>. However, net debt in relation to EBITDA may exceed a multiple of 2.5 temporarily, for example in conjunction with acquisitions</li></ul>
<b>Dividend policy</b>	<b>50-70%</b>	<ul style="list-style-type: none"><li>• Viva Wine Group intends to distribute surplus capital to its shareholders after taking its long-term financial stability, growth opportunities and strategic initiatives into consideration. Taking these considerations into account, Viva Wine Group intends to <b>distribute 50–70 percent of its net profit for the year</b> attributable to the parent company's shareholders</li></ul>



# Final Comments

## Solid foundation for the future

- Strong and increasing market shares in the Nordics.
- E-com is profitable and Weinfürst has been well received in new markets and more to come.
- Efficient organization and management ownership = lean cost structure.
- M&A: we are screening the market actively, but remain cautious due to volatile market conditions.
- We are very confident in our business model, our understanding of the consumer, and the long term growth and profitability of our business.

# Q & A



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