

Financial press release

Vranken-Pommery Monopole Group: 2016 first-half results

Operating income on ordinary activities up 13%

Reims, 15th of September 2016

Vranken-Pommery Monopole's Board of Directors met on 15th of September 2016, chaired by Paul-François Vranken and in the presence of the statutory auditors, to approve the Group's accounts for the first half of 2016.

Consolidated financial statements in euro millions	30/06/2016	30/06/2015	% change
Revenues	95.2	92.9	+ 2.5%
Operating income on ordinary activities	2.6	2.3	+ 13.0%
Operating income (*)	2.3	1.0	NS
Financial income (charges)	(8.6)	(8.6)	-
Net income (loss)	(4.7)	(4.9)	+ 4.1%
- o/w Group share	(4.5)	(4.8)	+ 6.3%

(*) After taking into account the share of net income of equity affiliates whose operating activities are an extension of the Group's activity.

Business

The results for the first half of 2016 reflect the outstanding progress made with operating income on ordinary activities, buoyed by growth in sales of grey and rosé wines and consolidated by the impacts of the strategy to develop a favourable price mix for champagnes.

Earnings

The Group's operating income on ordinary activities is up +13% to €2.6 million for 2016, compared with €2.3 million for 2015. Vranken-Pommery's strong commercial presence in Europe has continued to progress, while its drive to conquer international markets, particularly in America, Australia and Japan, is moving forward steadily.

Operating income is benefiting from the improved control over costs.

It has been temporarily and significantly affected by the contraction in the share of income recorded for Listel sas (50-50 joint venture with Castel), which is consolidated in Vranken-Pommery Monopole's accounts. This drop in income for Listel sas, with €0.7 million for the first half of 2016, factors in the impact of the industrial restructuring operations launched by our subsidiary targeting future productivity gains.

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The Group's financial expenses are stable at €8.6 million.

Net income came to -€4.7 million, up 4.1% despite the impact of the contraction in income for Listel sas. Excluding the restructuring operations concerning Listel sas, net income represents -€4 million, up 18%.

The change in debt over the first half of the year is consistent with the same period for 2015, reflecting the seasonal nature of the Group's business. Champagne sales for the first six months usually account for only 30% of the full-year figure.

Profitability for the first six months is not indicative of profitability for the full year, on account of the strong seasonal trends for Champagne sales and the expenses and investments required to develop sales for the end-of-year period.

Outlook

In connection with the diversification of its resources, Vranken Pommery Monopole successfully launched a new €25 million listed bond issue on 12th of July 2016.

The company is pressing ahead with its development of sparkling wines in California, with marketing scheduled to begin in 2017.

In the Champagne sector, two new product lines have been launched, with Pommery Royal Blue Sky, to be enjoyed 'on the rocks', and Louise Brute Nature 2004. This creativity will be crucial for conquering international markets.

The conversion to organic management, launched in 2012, with 200 hectares already covered, will continue to be ramped up in France's Provence and Camargue regions with a view to reaching over 600 hectares by 2018. This approach is part of the sustainable development policy, a core focus for Vranken-Pommery Monopole.

Given the activity's seasonal nature and the current unstable environment, the Group has chosen not to publish quantitative targets.

Next date

2016 third-quarter revenues: 20th of October 2016

About Vranken-Pommery Monopole

Vranken-Pommery Monopole is the second largest Champagne group.

With sites in Champagne, Provence, Camargue and Douro, it is Europe's leading wine grower.

Its brand portfolio includes:

- the leading Champagne brands VRANKEN, POMMERY, HEIDSIECK & Co MONOPOLE and Champagne CHARLES LAFITTE;
- the ROZES and SAO PEDRO ports and TERRAS DO GRIFO Douro wine brands;
- the Sable de Camargue DOMAINE ROYAL DE JARRAS rosé wines and Côtes de Provence CHATEAU LA GORDONNE.

In addition, it is the joint owner, with the Castel Group of the LISTEL brand portfolio.

Vranken-Pommery Monopole is listed on the NYSE Euronext (Paris and Brussels).

(Codes "VRAP" (Paris), and "VRAB" (Brussels); ISIN: FR0000062796).

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