

**Press release**

**2017 ANNUAL RESULTS**  
**Net income: €8.7 million, up 45%**

**Revenue: €300.2 million**

**Reims, 29 March 2018** - Vranken-Pommery Monopole's Board of Directors met on 29 March 2018, chaired by Paul-François Vranken and in the presence of the statutory auditors, to approve the Group's financial statements for the year ended 31 December 2017.

<b>Consolidated financial statements</b> in millions of euros	<b>2017</b>	<b>2016</b>	<b>Change</b> in %
<b>Revenue</b>	<b>300.2</b>	<b>300.1</b>	<b>0.0%</b>
<b>Income from continuing operations</b> <i>% revenue</i>	<b>26.2</b> <i>8.7%</i>	<b>24.1</b> <i>8.0%</i>	<b>8.7%</b>
<b>EBIT (*)</b> <i>% revenue</i>	<b>22.7</b> <i>7.6%</i>	<b>21.9</b> <i>7.3%</i>	<b>3.7%</b>
Financial income	-19.4	-17.5	-10.9%
<b>Net income</b>	<b>8.7</b>	<b>6.0</b>	<b>45.0%</b>
<i>- attributable to equity holders of the parent</i>	<i>8.7</i>	<i>6.0</i>	<i>45.0%</i>

*(\*) Including the share of net income of companies accounted for using the equity method whose operations are consistent with the Group's activity*

2017 was a key year for Vranken-Pommery Monopole.

**Business review**

At €300.2 million compared with €300.1 million in 2016, Vranken-Pommery Monopole's revenue in 2017 remained stable despite a 2.46% fall in the French market (source CIVC). The Group's activity was underpinned by the sales offensive it implemented in its major export markets.

*Champagne*

In a French market that saw a further slump in champagne consumption, Vranken-Pommery maintained its leading market position thanks to the attractiveness of its brand portfolio, which includes Vranken, Pommery & Greno, Heidsieck & Co and Charles Lafitte.

These successes illustrate the strength of the Group's model, which has consistently prioritised having an integrated sales force. Having committed on all fronts to strategic commercial negotiations, the same sales force showed its effectiveness by obtaining an essential overhaul of our product prices for 2018.

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In Europe, Brexit and sterling's resulting weakness led to a continued major fall-off in shipments to the UK. In this context, the Group has taken organisational measures to deal with a situation that it views as long-term. By contrast, Belgium, Germany and Italy remained very dynamic markets for Vranken-Pommery Monopole in 2017.

Non-European sales grew more significantly, with increases of 10% in the United States and Japan and 50% in Australia.

These results reflect the considerable efforts of the Group's nine international subsidiaries, which have now matured significantly. This level of effectiveness has required two decades of investment.

Both Vranken and Pommery continue to grow in the most high-value segments, accounting for 54.5% of sales volumes in 2017 compared with 50% in 2016 and showing the relevance of the changes made to the Group's model over the last four years.

#### *Provence and Camargue wines*

Exceptionally difficult weather conditions, with the lowest rainfall in 30 years in the south of France, led to a considerable fall of more than 40% in harvests at our Camargue vineyards.

Château La Gordonne (Provence) and Domaine Royal de Jarras (Camargue) sales grew by 30%. All of our wines now benefit from Europe-wide distribution.

#### *Douro wines*

The Group maintained the significant market share it has acquired in Portugal, and sales of Quinta do Grifo Douro still wines continued to grow to account for more than 10% of port revenues.

### **Financial data**

**Income from continuing operations** increased by 8.7%, from €24.1 million in 2016 to €26.2 million in 2017. This growth was driven by the concentration of sales on products of high added value brands, international expansion and improved cost control.

**EBIT** was impacted by a €1.3 million increase in net non-recurring charges mainly related to the harvest shortfall in our Camargue vineyards, and increased 3.7% to €22.7 million in 2017 from €21.9 million in 2016.

**Financial income** decreased from €1.9 million to -€19.4 million due to the increase in the cost of debt linked in particular to a step-up clause. As announced, the sale of Vranken-Pommery Monopole's 50% stake in Listel SAS boosted the Group's deleveraging programme, with a €32.8 million fall in **net financial debt** to €618.3 million at 31 December 2017. This debt reduction is expected to impact the cost of debt as from 2018.

Corporate income tax benefited from the future decrease in tax rates in France, amounting to a credit of €5.4 million at 31 December 2017.

Taking into account these various factors, **net income** attributable to equity holders of the parent was €8.7 million in 2017, up 45% from €6.0 million in 2016.

Equity came to €372.1 million compared with €371.1 million in 2016, with the Group's share standing at €368.1 million compared with €366.3 million in 2016.

The audit process and issuance of the report on the statutory audit of the consolidated financial statements are underway.

## Dividends

At the General Meeting of 4 June 2018, Vranken-Pommery Monopole will recommend payment of an unchanged dividend at €0.8 per share.

This dividend will be paid on 10 July and would correspond to a gross return of 3.52% based on the share price of 28 March 2018.

## Outlook

The Vranken-Pommery Monopole Group is now accelerating its digital deployment with an ambitious, sales-oriented strategy.

We made a strong strategic initial commitment in this area in 2017 that we expect to lead to the implementation of powerful tools adapted to our business in 2018 and 2019.

### *Champagne*

The French champagne market has seen the beginnings of a turnaround in the first few months of 2018, with a 1.4% y.o.y. rise in sales in February (source CIVC).

Vranken-Pommery Monopole continues to underpin its policy of providing commercial support to major players by adapting its brand portfolio and the related performances to all distribution networks.

With a 40-year history of setting trends and creating new ways of consumption, the Group has again shown its resolve by promoting an exceptional region, Champagne, with the successful launch of its first-ever "Brut Nature" range.

Internationally, Asia Pacific remains a major expansion area, with notably our Australian subsidiary's conquest of the New Zealand market and that of the South Korean market by the Japanese subsidiary.

The US market is also a priority and will be one of the key growth drivers for Champagne Pommery & Greno. Louis Pommery's success has created tangible growth in the US market, and this subsidiary is now in a position to pursue an ambitious expansion plan.

The ISO 22000 certification of our production plants will also strengthen our food safety credentials and round out our longstanding ISO 9001 and 14001 accreditation.

### *Provence and Camargue wines*

The national and multi-network commercial action plan is in place, having been approved for the Pink Flamingo brands of Domaine Royal de Jarras in Camargue and those of Château La Gironde in Provence.

Distribution agreements in Europe and beyond, particularly in North America, continue to develop and will lead to significant growth.

### *Sparkling wines*

The second half of 2017 saw the launch of the "Louis Pommery California" sparkling wine in the US.

Sales will grow throughout the country in 2018 as listing agreements are already in place with retailers in every state.

Vranken's "Brut de France", a sparkling wine developed in Camargue, was launched in Belgium in mid-February.

The traditional "Brut de France" method was created in response to market demand for a French product in a segment until now occupied by foreign wines.

## Next release

Publication of the 2018 interim financial report: 10 September 2018

Given the seasonal nature of its business, with effect from 2018 the Group has decided to no longer publish its quarterly revenue. The 2018 financial communication calendar is available on the Group's website under "Key Figures and Calendar".

## About Vranken-Pommery Monopole

Vranken-Pommery Monopole is the second largest Champagne group.

With sites in Champagne, Provence, Camargue and Douro, it is one of Europe's leading winegrowers.

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.

Vranken-Pommery Monopole is listed on NYSE Euronext (Paris and Brussels).  
(Codes "VRAP" (Paris), and "VRAB" (Brussels); ISIN: FR0000062796).

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## Contacts

### Vranken-Pommery Monopole

Hervé Ladouce, Deputy Chief Executive Officer  
+33 (0)3 26 61 62 34, [comfi@vrankenpommery.fr](mailto:comfi@vrankenpommery.fr)

### Media

Claire Doligez, +33 1(0) 53 70 74 25, [cdoligez@image7.fr](mailto:cdoligez@image7.fr)  
Caroline Simon, +33 (0)1 53 70 74 65, [caroline.simon@image7.fr](mailto:caroline.simon@image7.fr)