

**Press release**

**2016 FULL-YEAR EARNINGS**  
**Net income up 50% to €6.0 million**

**Revenues: €300.1 million**  
**Net income: €6.0 million**

**Reims, 30<sup>th</sup> March 2017** - Vranken-Pommery Monopole's Board of Directors met on 30<sup>th</sup> March 2017, chaired by Paul-François Vranken and in the presence of the statutory auditors, to approve the Group's financial statements for 2016.

<b>Consolidated accounts</b> In millions of euros	<b>2016</b>	2015	Change (%)
<b>Revenues</b>	<b>300.1</b>	296.6	+1.2%
<b>Operating income (*)</b> <i>% of revenues</i>	<b>21.9</b> 7.3%	22.4 7.6%	- 2.2%
<b>Consolidated net income</b> <i>% of revenues</i>	<b>6.0</b> 2.0%	4.0 1.3%	+50.0%
<b>Net income, Group share</b> <i>% of revenues</i>	<b>6.0</b> 2.0%	3.8 1.3%	+57.9%

(\*) After share in net income from associates for the Group's continued operations

Vranken-Pommery Monopole is moving forward with its development strategy

- Wine production
  - In Champagne, the Group has achieved the "Viticulture Durable en Champagne" label
  - In Camargue and Provence, work to convert over 600 hectares of vineyards to organic production continued in 2016
- Creation of the Sparkling Wines (Traditional Method) division:
  - In the US, "Louis Pommery California" will start to be distributed in 2017
  - In the UK, the Group has set up operations in Hampshire and will also start selling "Louis Pommery England" in 2017
  - In France's Camargue region, at the Domaine du Bosquet vineyard which has been restructured to focus on Sparkling Wines, the first harvest will take place in 2017

Commercial commitments have been maintained on international markets, notably making it possible to develop Champagne sales

- In Europe, +7% in Germany and +12% in Italy
- On other Continents, +25% in Japan and +29% in Australia.

All the components within this strategy made it possible to achieve very good results despite a year marked by:

- The continued contraction in business for the restaurant sector in France and Belgium since 2015
- The Pound Sterling's sharp devaluation following the announcement of the Brexit
- The significant shortfall with the harvest in the "Sable de Camargue" region
- The deterioration in earnings for Listel SAS

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## Business analysis

Full-year revenues came to €300.1 million in 2016, compared with €296.6 million for 2015, up 1.2%. Champagne sales to customers totalled €230.8 million in 2016, versus €239.6 million in 2015.

In 2016, the Group consolidated its leading position in France's "Champagne" segment on the mass retail market by ramping up its investments and its presence through operations to strengthen its visibility.

In France and Belgium, Vranken-Pommery Monopole still faces the general decline in the tourism market and the lower number of visitors for both restaurants and hotels.

The drop in sales for these sectors accounts for nearly 40% of the overall contraction in Champagne revenues at 31<sup>th</sup> December 2016.

In the UK, the Brexit's announcement has led to the Pound Sterling's devaluation and triggered a sharp drop in Champagne shipments.

UK distributors have chosen to focus in priority on clearing their stocks.

For Vranken-Pommery Monopole, the decline in shipments to the UK represents 60% of the overall contraction in Champagne revenues recorded at 31<sup>th</sup> December 2016.

## Financials

Operating income came to €21.9 million for 2016, compared with €22.4 million in 2015 (-2.2%).

To offset the contraction in sales in the UK following the Brexit and for the French and Belgian restaurant sectors following the terrorist attacks, a further €5.8 million of commercial investments have been rolled out for the French mass retail market to further strengthen the Group's leading position in this sector.

In addition, the renegotiation of social commitments led to the reversal of €6.2 million of provisions during the year.

Operating income was improved by the reduction in non-current net expenses for €3.8 million and reduced by €1 million for the share in earnings of the associate Listel SAS (industrial restructuring).

Financial income and expenses are stable, with -€17.5 million for 2016, versus -€17.4 million in 2015.

Corporate income tax benefited from the future reduction in tax rates in France and came in positive with €1.8 million at 31<sup>th</sup> December 2016.

Factoring in these various elements, net income, Group share, represents €6.0 million for 2016, up from €3.8 million in 2015.

The €651.1 million of net financial debt should be analysed taking into account the deferral of customer payments linked to trade sales over 2017 for €13.5 million.

Shareholders' equity (Group share) is up to €366.3 million from €361.4 million in 2015.

The processes to audit and issue the certification audit report on the consolidated accounts are underway.

## Dividends

At the general meeting on 1<sup>st</sup> June 2017, Vranken-Pommery Monopole will propose a stable dividend of €0.8 per share.

This dividend will be paid out on 10<sup>th</sup> July, with a gross yield of 3.62% based on the share price from 27<sup>th</sup> March 2017.

## Outlook

The investments made by the sales teams internationally in the past few years are expected to pave the way for a return to standard volumes in 2017, with around 18 million bottles of Champagne. In particular, these actions will benefit Pommery & Greno.

In the Champagne business, the creation of the “Brut Nature” (without any added liqueur) is expected to generate interest from new customers focused on purity and the essence of the Champagne region. The “Brut Nature” is one of the key areas for development mapped out by Vranken-Pommery Monopole.

Camargue and Provence rosés, with the Pink Flamingo and Commandeur du Domaine Royal de Jarras vintages, and the Vérité de Terroir and Chapelle Gordonne vintages from Château la Gordonne, have been listed with all the leading French and international retailers. In 2017, Grands Domaines du Littoral is expected to make significant progress with developing the Domaines et Châteaux brands.

Louis Pommery sparkling wines will be released in the US and UK in 2017, while French sparkling wines will drive further progress in this sector across European markets from 2018.

## Next date

2017 first-quarter revenues: 27<sup>th</sup> April 2017

## 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 NYSE Euronext (Paris and Brussels).  
(Codes “VRAP” (Paris), and “VRAB” (Brussels); ISIN: FR0000062796).

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