



## Financial press release

### 2018 ANNUAL RESULTS

**6% growth in EBIT like-for-like**  
**Premium brands strategy beginning to bear fruit**

**Reims, 28 March 2019** - Vranken-Pommery Monopole's Board of Directors met on 28 March 2019, 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 2018.

#### Key figures

Consolidated financial statements in millions of euro	2018	2017	% change	2017 adjusted (*)	% change
<b>Revenue</b>	<b>300.4</b>	<b>300.2</b>	<b>0.0%</b>		
Revenue like-for-like (*)	299.6	288.7	+3.8%		
<b>Income from continuing operations</b>	<b>26.7</b>	<b>26.2</b>	<b>1.9%</b>	<b>25.2</b>	<b>+5.8%</b>
% of revenue	8.9%	8.7%		8.7%	
<b>EBIT</b>	<b>23.1</b>	<b>22.7</b>	<b>1.8%</b>	<b>20.8</b>	<b>+11.0%</b>
% of revenue	7.7%	7.6%		7.2%	
Financial income	- 19.5	- 19.4	-0.5%	-19.4	-0.5%
<b>Net income</b>	<b>3.4</b>	<b>8.7</b>	<b>- 60.9%</b>	<b>7.1</b>	<b>-52.2%</b>
- attributable to equity holders of the parent	3.3	8.7	- 62.1%	7.1	-53.6%

(\*) excluding impact of Listel

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

Paul-François Vranken, Chairman and Chief Executive Officer, stated: "In a contrasting overall environment, the group performed strongly in 2018, with organic growth of almost 4%, a nearly 6% increase in income from continuing operations and solid equity of €376 million. The group is firmly committed to a strategy of profitable growth, with the winning approach of concentrating on premium brands and optimising its champagne resources. At the same time, it is continuing to grow in the high-potential rosé wine market. These strategic priorities will enable the group to showcase its brands, penetrate new territories internationally and optimise its long-term performance."

#### 2018 results

- Revenue of €300.4 million, up 3.8% like-for-like, driven by the group's international growth.
- Income from continuing operations of €26.7 million, up 5.8% like-for-like, representing a margin of 8.9%, up 20 basis points.
- EBIT of €23.1 million, up 11% like-for-like reflecting the non-recurrence of negative items that impacted the 2017 financial year.
- Stable financial income, with a decrease of €1m in gross financial expenses.
- Net income attributable to equity holders of the parent of €3.3 million, down compared with the 2017 financial year, which benefited from tax income of €5.4 million.
- Equity up to €375.6 million compared with €372.1 million at end-2017.
- The group will propose an unchanged dividend of €0.80 per share at the General Meeting to be held on 5 June, giving a gross yield of 3.42% based on the share price of 27 March 2019.

## **Analysis by activity**

### **- *Champagne***

The group stepped up its development of long-haul exports while maintaining its positions in France. It reached a milestone this year as export revenue exceeded that of France, thus rewarding the strategy and investments it has introduced to become a strong international player in the premium brands segment.

In a French market that saw further erosion of volumes in 2018 due to the exceptional economic environment at the end of the year, Vranken-Pommery confirmed its leading position thanks to its portfolio of prestigious, fast-growing brands (Vranken, Pommery & Greno, Heidsieck & Co and Charles Lafitte).

Elsewhere in Europe, Belgium, Germany and Scandinavia remain on an upward trend and the British subsidiary returned to growth in 2018 after two consecutive down years following the Brexit announcement and sterling's subsequent devaluation.

International sales in Switzerland, the United States, Japan and Australia remained particularly buoyant and now represent 10% of the group's volumes.

The Vranken and Pommery & Greno high-end brands continued to grow apace and now account for 53% of sales volumes. This change in demand towards more premium, higher quality and more exclusive champagnes represents a real opportunity for the group, which has the know-how, brands and international coverage to meet such consumer expectations.

While 2018 was marked by exceptional harvests both in quality and quantity terms, grape prices continued their ascent, which now stands at 15% over four years.

### **- *Provence and Camargue wines***

Sales of Provence and Camargue wines, which are constantly gaining in popularity among French and international customers, grew by 33% in 2018.

Sales of the Château La Gordonne Provence continued to grow, notably in exports, which now account for 53% of volumes. Sales in the United States were particularly strong, up 34% in 2018, while those of the Domaine Royal de Jarras Camargue grew by 74% in volume terms, of which 58% in exports.

The return to normal yield levels in the 2018 Camargue harvest provided the group with the volumes needed to boost its sales. Listing work with the European and international distribution networks continued intensively.

The organic conversion of the Provence vineyards is now complete, while that in Camargue continued at a sustained pace. These investments are sound preparation for the future insofar as they enable us to respond to growing consumer demand for high-quality wines produced using sustainable and environment-friendly techniques.

### **- *Port, sparkling and sundry wines***

The group continued to secure new outlets for its port and Douro wines across Europe, and sales of the Quinta do Grifo Douro still wines increased further to account for more than 10% of port wine revenues.

The sparkling wine activity continued to expand in the United States. The group now has the necessary grape resources for its production, and consumer feedback on this category is very positive.

## Outlook

Vranken-Pommery Monopole is continuing its strategy of profitable growth geared towards the sustainable production of extremely high-quality products underpinned by streamlined inventory. This approach uses innovation as a driver to support changes in demand, particularly in international markets.

The group's ambition is embodied by a team of newly appointed marketing, sales and finance managers with extensive international experience and cutting edge skill sets that will equip the group for future challenges.

In 2019 and beyond, the group aims to accelerate its margin improvement by pursuing its premium positioning in champagne, the development of its rosé wines and its international goals. This change is based on the implementation of an optimal cost structure that is in line with changes in the group's profile.

### - **Champagne**

A forerunner in sustainable wine growing in Champagne, the group is in full agreement with the trade association's decision to seek full certification for the region by 2030, and has set up a unit to help its partner wine-growers obtain said certification, thereby demonstrating its strategy of controlling its supply.

The group obtained ISO 22000 food health and safety certification for its production units in 2018, rounding out its long-standing ISO 9001 and 14001 certification but above all preparing it for future global trade requirements.

This forward-looking strategy will ensure Vranken Pommery Monopole has the premium vintages that high-potential international markets demand.

In France, competition is being affected by the commercial consequences of the "Egalim" mass retail Act (minimum margin level; value and volume limits on promotions), although they remain difficult to quantify at this early stage of the year. Vranken-Pommery Monopole is a leading player in this market thanks to the diversity of its brand portfolio.

In Belgium, Maison Vranken became an official supplier to the Royal Court. This distinction, which highlights exceptional know-how, both constitutes a mark of recognition and perpetuates the group's strong ties with this market.

As regards long-haul exports, Asia-Pacific remains one of the main double-digit growth areas, with new markets opened in Hong Kong, Singapore and Taiwan enabling the group to step up its operations.

The United States are a major strategic market and one of the key growth drivers for Champagne Pommery & Greno.

Lastly, the group signed new distribution agreements in Canada and the Caribbean, as well as in Mexico, where new prospects are opening up in what is currently Latin America's only growth pocket.

### - **Provence and Camargue wines**

The group significantly broadened its existing European and long-haul export distribution agreements, and neared completion on others. These agreements will help it step up its expansion of the Pink Flamingo and Domaine Royal de Jarras Camargue brands as well as Château La Gordonne in Provence.

The group is developing a sparkling rosé wine under the Pink Flamingo brand, produced at our Camargue vineyards, to meet demand in this fast-growing sector. It will be launched this year both in France and abroad.

### - **Sparkling wines – international**

The group has secured its Californian supplies and now has the inventory needed to develop its Louis Pommery California wine, which is gradually being established in all US states and certain other international markets that have already been opened up, such as Japan and Germany.

"Louis Pommery England" launched in 2018 to great success, confirming the relevance of the group's strategy. This British sparkling wine is gaining ground and benefits from a domestic product's appeal for the local market, enabling the group to forge strong, lasting ties with consumers in the UK and other English-speaking countries such as Australia, where it is now also being marketed.

## Next date

Publication of the group's shelf registration document on 15 April 2019, after the stock market close.

## About Vranken-Pommery Monopole

*Vranken-Pommery Monopole is a leading wine player in Europe and the second largest champagne group. The group manages 2,600 hectares of land, owned outright or under lease and spread over four vineyards in Champagne, Provence, Camargue and Douro. The group's activities include wine-growing, wine-making, distribution and marketing, with a strong commitment to the promotion of terroirs, sustainable wine-growing and environmental conservation.*

*Its brand portfolio includes:*

- the Vranken, Pommery & Greno, Heidsieck & Co Monopole, Charles Lafitte and Bissinger & Co champagnes;
- the Rozès and Sao Pedro port wines and the Terras do Grifo Douro wines;
- the Domaine Royal de Jarras and Pink Flamingo Camargue wines and the Château La Gironde Provence wine;
- the Louis Pommery California, Louis Pommery England and Brut de France sparkling wines.

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

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