



Financial press release

2019 REVENUE 2019 revenue: €274.6 million

Reims, 21 January 2020

Cumulative data in € millions	31/12/2019	31/12/2018	Change	%
Champagne	209.4	232.6	-23.2	-10.0%
Provence and Camargue wines	12.4	11.2	1.2	+10.7%
Others (Port, Sparkling Wines and other)	21.7	23.6	-1.9	-8.0%
Semi-finished products and generic wines	31.1	33.0	-1.9	-5.8%
Revenue (*)	274.6	300.4	-25.8	-8.6%

(*) *under audit*

The Vranken-Pommery Monopole group's revenue came to €274.6 million in the 2019 financial year, down 8.6%.

This fall in revenue is exclusively due to the drop in champagne and port sales in the French off trade. This in turn results from the coming into force on 1 January 2019 of the EGalim Act regulating French supermarket promotions, which brings sweeping changes to the traditional promotions that boost sales.

International markets remained buoyant and the share of exports continued to increase, reaching 57% of customer sales in 2019, compared with 43% for France.

These trends bear out the group's strategy of moving towards an increasingly premium positioning with strong international expansion.

- **Champagne**

In the French off trade, while classed as a luxury product champagne is above all a product for celebrations and impulse buying. As with other products in this category, the EGalim act hurt champagne sales throughout the year. The removal of the usual promotions disoriented consumers, who sharply reduced the impulse purchases to which they had become accustomed for more than a decade.

Sales to other segments, including French restaurants, remained strong despite the impact of strikes on tourism and travel. The prestigious positioning of the Champagne Pommery & Greno international brand ensured that its sales increased slightly, with considerable growth for the Louise super premium vintage.

- **Provence and Camargue wines**

The almost 11% increase in wine revenue was driven by strong growth in the Sable de Camargue gris wines. Pink Flamingo, an organic wine produced from a single vineyard, is one of our group's most powerful growth drivers, seeing volumes increase by nearly 20% in 2019.

The vineyard's extensive capacity secures the development of the Pink Flamingo brand, which continues to extend its customer base.

Our Provence wines continued to broaden their footprint. The implementation of a new vinification cellar using amphorae will ensure sophistication for the Chapelle-Gordonne wines, which are all produced in the outstanding Pierrefeu terroir.

- **Port Sparking Wines and other**

Like champagne, port was affected by the introduction in 2019 of the EGalim Act in French supermarkets and hypermarkets. Port sales outside this segment were steady or, in the case of restaurants, increased. Douro red wines saw continued growth in their domestic market.

Sparkling wines, still in the installation phase, represent a future area for development. Louis Pommery California is enjoying healthy sales in the United States.

Louis Pommery England won the gold medal at the Champagne and Sparkling Wines World Championship, a mark of recognition of the quality of the group's work.

Outlook

France:

The sharp fall in champagne sales recorded in France in 2019 in the low-profitability off-trade segment will have a moderate negative impact on the group's results, which it will publish on 30 March 2020.

As already stated, the group has shifted its focus from affordable luxury sales to an international prestige positioning. Beginning in 2019, it has designed and rolled out new strategic measures to adapt the champagne branch:

- Reduction of purchasing commitments
- Adaptation of operating expenses
- Reduction of the average cost of debt

Accordingly, we expect to honour the deleveraging commitments announced for 2020.

International:

In the United States, the group quickly adapted to the introduction of the 25% tax precipitously voted in in December by arranging for the local bottling of its rosé wines.

The easing of trade negotiations with the United States on a possible tax on Champagnes is welcomed.

The group will open a Singapore office in February to support its profitable sales in that region.

By investing in global brands such as Champagne Pommery & Greno, Vranken-Pommery Monopole, confident in the excellent quality of its wines, has laid the indispensable foundations for successful worldwide expansion and premiumisation.

Next release

Publication of the group's annual earnings on 30 March 2020, after the stock market close.

About Vranken-Pommery Monopole

Vranken-Pommery Monopole 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 wine-making activities range from production to 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 Pédro port wines and the Terras do Grifo Douro wines;
- the Domaine Royal de Jarras and Pink Flamingo Camargue wines and the Château La Gordonne Provence wine;
- the Louis Pommery California, Louis Pommery England, Brut de France and Pink Flamingo sparkling wines.

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

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