



Financial press release

Total revenue for first half of 2018: €94.8m

Strong increase of ordinary operating income to €5.9m (+83%)

Reims, September 10th 2018

Vranken-Pommery Monopole's Board of Directors met on September 10th 2018, chaired by Paul-François Vranken and in the presence of the statutory auditors, to approve the Group's financial statements for the first half of 2018.

Consolidated accounts (in € million)	30 June 2018	30 June 2017	Change year-on-year
Total revenue	94.8	101.4	-6.5%
Ordinary operating income	5.9	3.2	+82.7%
Operating income	4.7	2.2	+109.7%
Financial result	-9.9	-9.7	n.s.
Net income	-3.9	-4.4	+10.5%
Group's share	-3.9	-4.4	+10.5%

Business review

Vranken-Pommery Monopole's consolidated sales reached €94.8 million in the first half of 2018, down 6.5%, mainly due to the discontinuation of the Listel distribution and to interbranch sales being carried forward to the second half. Excluding these impacts, the group's recurring business activity was very robust, generating an increase in sales revenue of 6.3%.

The group's international subsidiaries and export sales increased over the last years to exceed sales in France in the first half of 2018. They now represent 51.2% of group sales.

The group's income on ordinary activities increased by 83% to €5.9 million.

Vranken-Pommery Monopole continues to benefit from the strong sales growth of its champagne brands (Vranken and Pommery & Greno), Château la Gorgonne (Provence) and Domaine de Camargue (Pink Flamingo, Domaine Royal de Jarras).

The positive results in 2018 first half comfort the relevance of the strategy implemented in the last three years.

All geographical areas contributed to the growth of the operating income from current activities.

North America and Asia-Pacific contributions to operating income improved thanks to the business development undertaken in recent years. In France and Europe, Vranken-Pommery Monopole strengthened its business investments to sustain its brands awareness.

The Group also pursue a strategy of controlled operating expenses, underlined by the renegotiation of the group's social commitments that resulted in the reversal of €2.3m in provisions during the first half of 2018.

Operating income more than doubled to €4.7 million, despite the absence of results from Listel SAS, accounted in 2017 with the equity method.

Net income improved by 11% but was nevertheless negative at -€3.9 million, due to the high seasonality of champagne sales. Two-thirds of sales are achieved in the second half.

The new €50 million bond, issued on 30 July 2018, with a maturity of 7 years and without a step-up clause, allowed Vranken-Pommery Monopole to secure its debt by extending its maturity.

Outlook

Harvests

The harvesting period is crucial for the Group, which is present in four European regions.

- Champagne: Yields were set at 10,800 kg per hectare and 2018 is set to be an exceptional year. The volume harvested will cover the sales projected by the industry out to 2020-2021.
- Provence: Mildew pressure was particularly high, and will have an impact on volume. That said, Château La Gordanne has sufficient stocks to be able to meet sales growth in 2019.
- Camargue: Significant investments in water management, essential for the Terroir des Sables, helped the Domaine Royal de Jarras to reach again a good yield after three years of drought.
- Douro Valley: A slight yields decline is likely, but the quality will meet with the expectations.

Sales

The Group's constant innovation strategy contributes to release attractive new vintages on the market: *Brut Nature* by Champagne Vranken, *Royal Blue Sky* and *Apanage Blanc de Blancs* by Champagne Pommery & Greno, *Sparkling Wines* by Louis Pommery California and England, *Sparkling Wine Brut de France* (first sales scheduled at the end of 2018), *Douro Wine Terras do Grifo*.

Next release

January 28th 2019, publication of sales revenue for the full year 2018.

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 Champagne brands Vranken, Pommery & Greno, Heidsieck & Co Monopole, Charles Lafitte, et Bissinger & Co
- the Rozes et Sao Pedro ports, and Terras do Grifo Douro wines ;
- the Camargue Domaine Royal de Jarras, and Provence Chateau La Gironde ;
- the Sparkling Wines : Louis Pommery California, Louis Pommery England, and Brut de France.

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

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