



First-Half Results FY 2014-2015

Thursday, November 27, 2014

Overview

- First half marked by milestone initiatives
- Increase in operating margin and net income
- The outlook

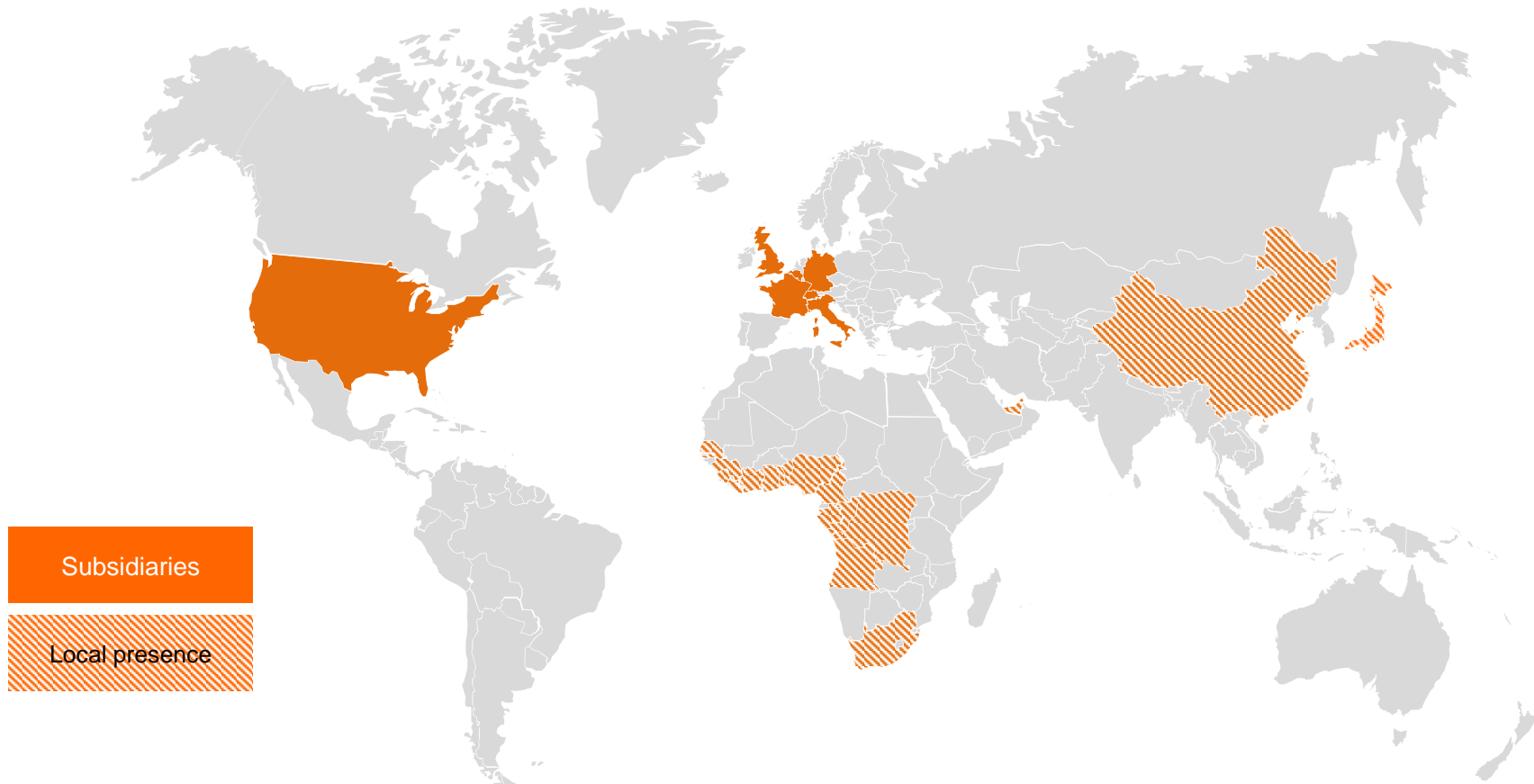
Overview

- **First half marked by milestone initiatives**
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Overview

- First half marked by milestone initiatives
 - ➔ Set-up of Italian subsidiary
 - ➔ Grape supply base strengthened
 - ➔ Sustained investment in POS
 - ➔ Excellent results for Salon 2002 release
 - ➔ Start-up of investment programme at Tours-sur-Marne

Laurent-Perrier subsidiaries now cover 80% of the global market



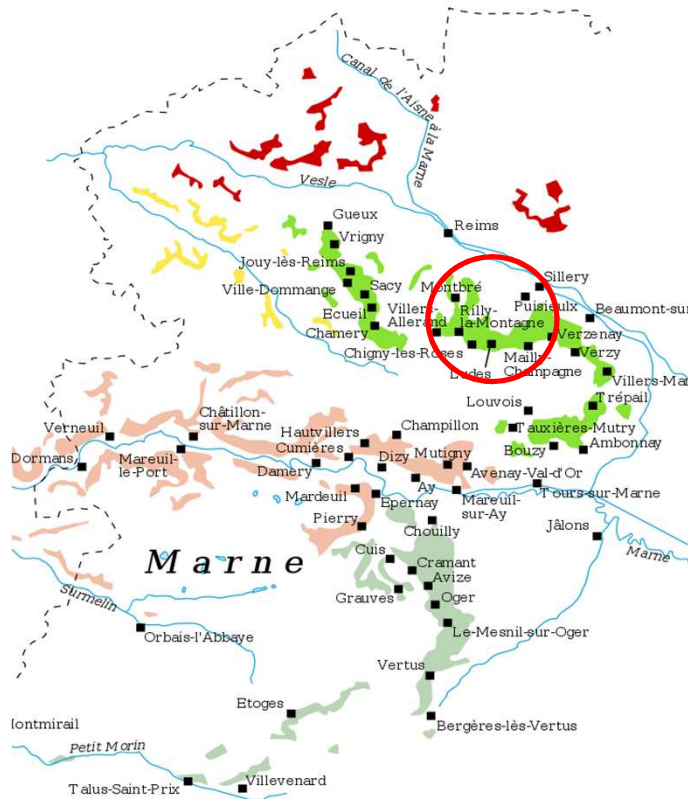
Own distribution network strengthened

- ➔ Set-up of a subsidiary in Italy: the 7th creation worldwide
France, United Kingdom, Switzerland, Belgium, United States, Germany

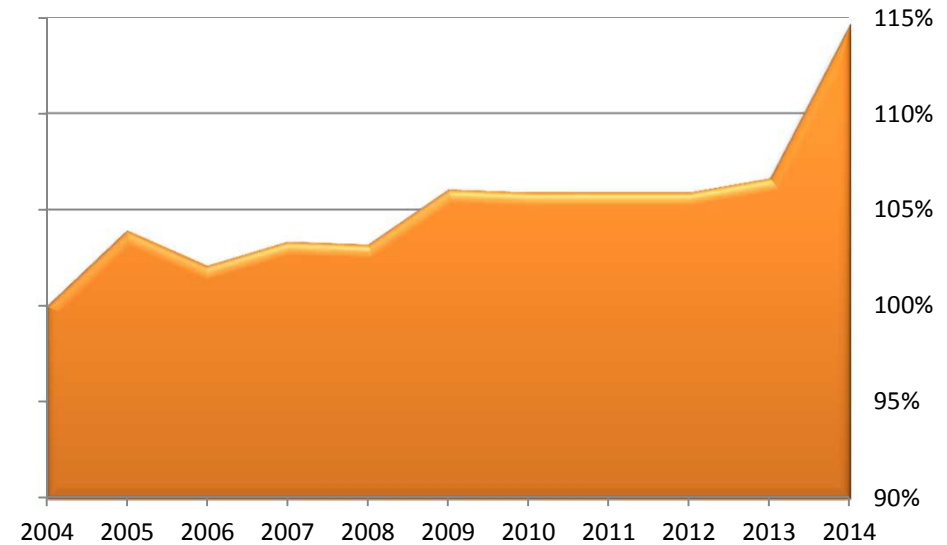


Grape supply base extended

- Acquisition of négociant François Daumale
➔ Strengthens position in Montagne de Reims sector



Grape supplies
2004 = 100



2014 harvest overview

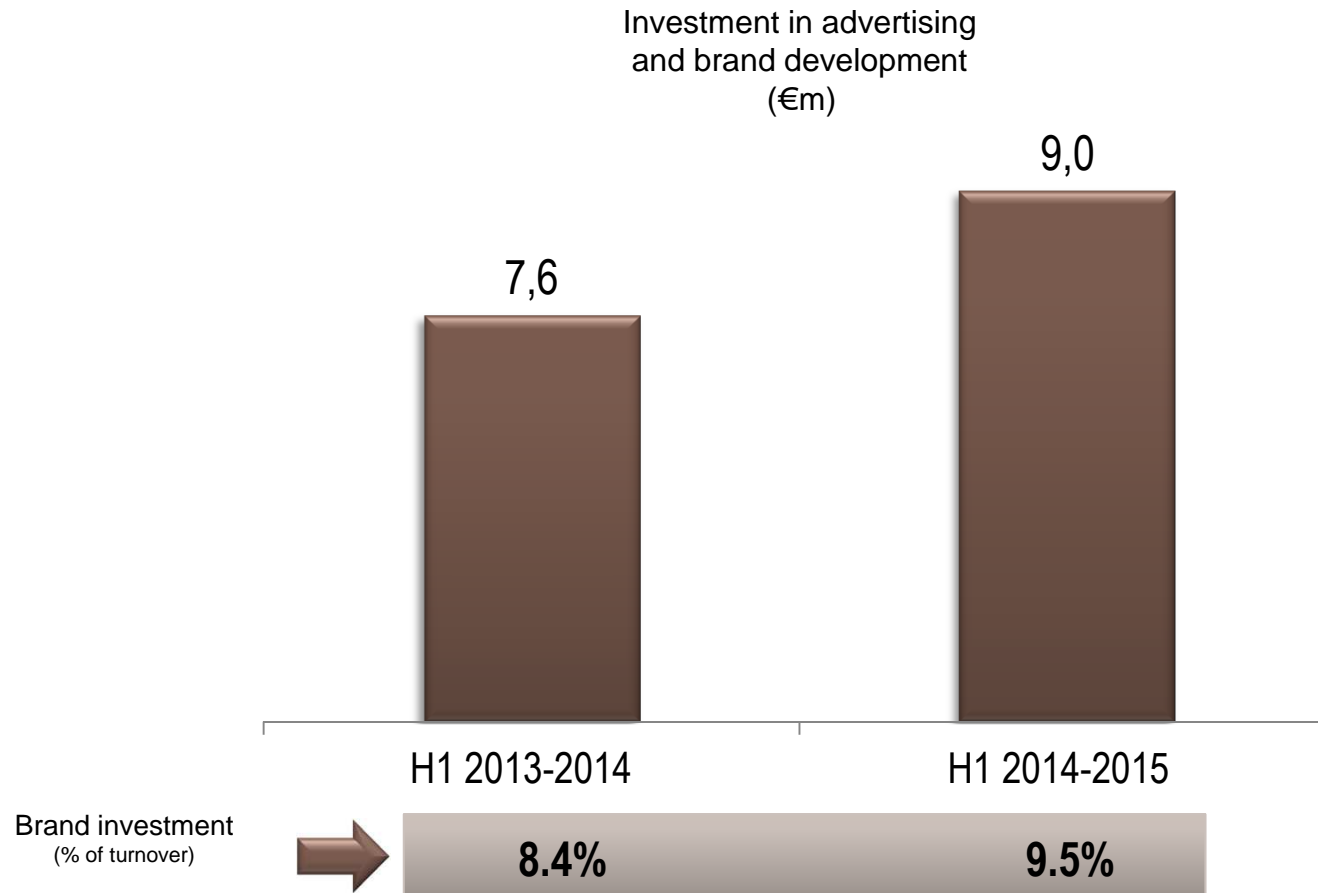
- Concentrated harvest benefitting from excellent weather conditions
- Steady ripening, with a strong finish
- Quality harvest, especially for chardonnays



Usable yield in line with market levels

- Agronomic yield = 14,000kg/hectare
- Usable AOC yield = 10,500kg/hectare
(10,100kg + 400kg release of individual set-aside wines)
- Grape price increase: approx. +1%

Investment in points of sale and advertising stepped up in the first half



Cuvée Rosé Cage



Cuvée Rosé Metal Box



Pop-up store



Corporate bright bowl



Brut Jacket collection



New Grand Siècle cradle



Chelsea Flower Show

Best In Show + Gold Medal



Excellent results for Salon 2002 release

Launched at Saatchi Gallery – London



March 11th, 2014



Champagne connoisseurs around the world are drinking Salon Champagne Blanc de Blancs. This is a Chardonnay Champagne that has been disgorged and released. This is the first time that 2004, 2005, or 2006 vintages are being sold.

2002 Champagne Salon: Absolutely magnificent

BY MICHAEL SCHUSTER

Champenois by birth, successful Parisian furrier by trade, pioneer of Blanc de Blancs Champagne by passion. In the first decade of the past century, Eugene-Aimé Salon, unsatisfied with what was available, set out to make what he conceived of as the perfect Champagne, a combination of power, delicacy, and absolute refinement. With this in mind he sought out prime parcels

including a limited number of magnums. It is typically disgorged and released over two years, and the first release of the 2002, in March 2014, was of 10,000 bottles, at the all-inclusive price of €350 per bottle and €830 per magnum in Europe.

The 2002 vintage was a great one for Champagne. Despite a topsy-turvy summer it was one of the driest growing seasons on record, flowering conditions were perfect, as was a September of warm, sunny days and very cold nights.

A wine of extraordinary intensity and presence, given its overall lightness, delicacy, and refinement

relatively closed of course. This is a rich, but particularly refined, wine with a marked, tautening vitality behind a great

HUFFPOST TASTE

The Singular Greatness of Champagne Salon

Posted: 05/21/2014 - By Richard Jennings Wine writer and reviewer



Juhlin's top 20 prestige Champagnes



Salon, Cuvée S 2002 19.5/20 (98/100pts) Jury result 19 (96)

£158-£380 Corney & Barrow, Latimer Vintners, Nickolls & Perks

Just a half-point difference from a perfect score might make you believe that this is a fast-maturing Salon. Unfortunately, it will take almost 20 years before its full maturity is reached. In fact, my high score is probably

quite rare since the wine is extremely young right now. Personally I have come to love the youthful expression where all instruments are playing their own tune separately. Mouthfeel is velvety and aromatically the walnut oil and the salty minerals are playing against the apple blossom. Here we have a purity and brightness that sharpens all senses. This magic wine reminds me a lot of my first meeting with legendary 1982 Salon.

Multi-year investment programme kicks off at Tours-sur-Marne

- **Blending processes centralised at Tours-sur-Marne** (building, cellars, winery)
 - ➔ *Wine quality*
 - ➔ *Improved working conditions*
 - ➔ *Productivity*
- **Scaleable investment programme to keep pace with sales development and the Champagne environment**



Timeline for multi-year investment programme at Tours-sur-Marne

[calendar years]

		2nd half 2014	1st half 2015	2nd half 2015	1st half 2016	2nd half 2016	1st half 2017	2nd half 2017	1st half 2018
<i>centralisation of blending processes</i>	Cellars	→							
	Winery			→					
<i>modernisation of reception and visitor amenities</i>	Reception Visits					→			
<i>renovation of work environment</i>	Setting Offices			→					

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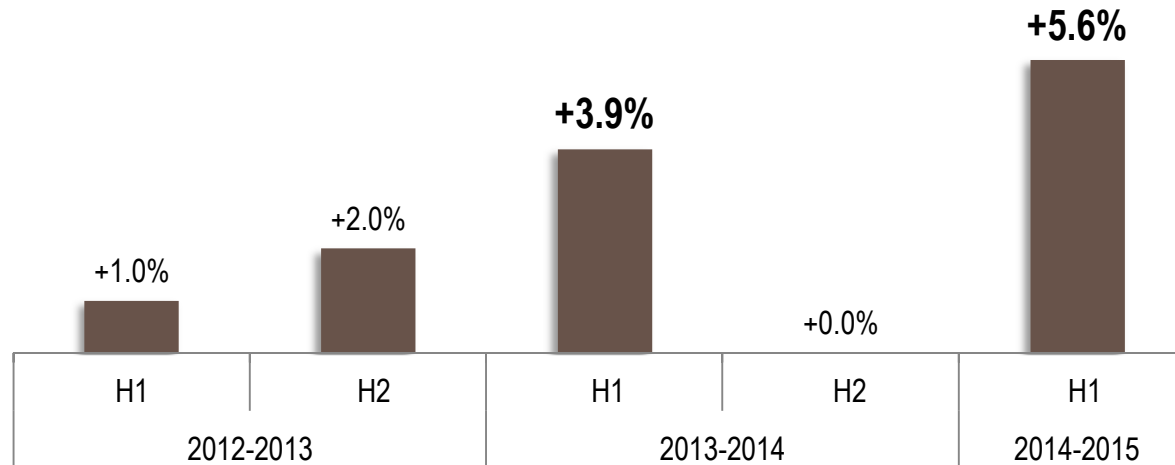
Increase in operating margin and net income

Laurent-Perrier Group (en millions d'euros)	1 st half 2013-2014	1 st half 2014-2015	Variation
Turnover	90,1	94,4	+4.8%
Operating result	17.1	19.7	+15.2%
Operating margin	19.0%	20.9%	+1.9pt
Group net income	8.2	10.4	+27.7%
Net cash flow (*)	-29.3	-35.6	-6.4

(*) Cash flow from operations, minus net investment, minus dividends

Positive Price-Mix effect over the first half sustained by success of Salon 2002 release

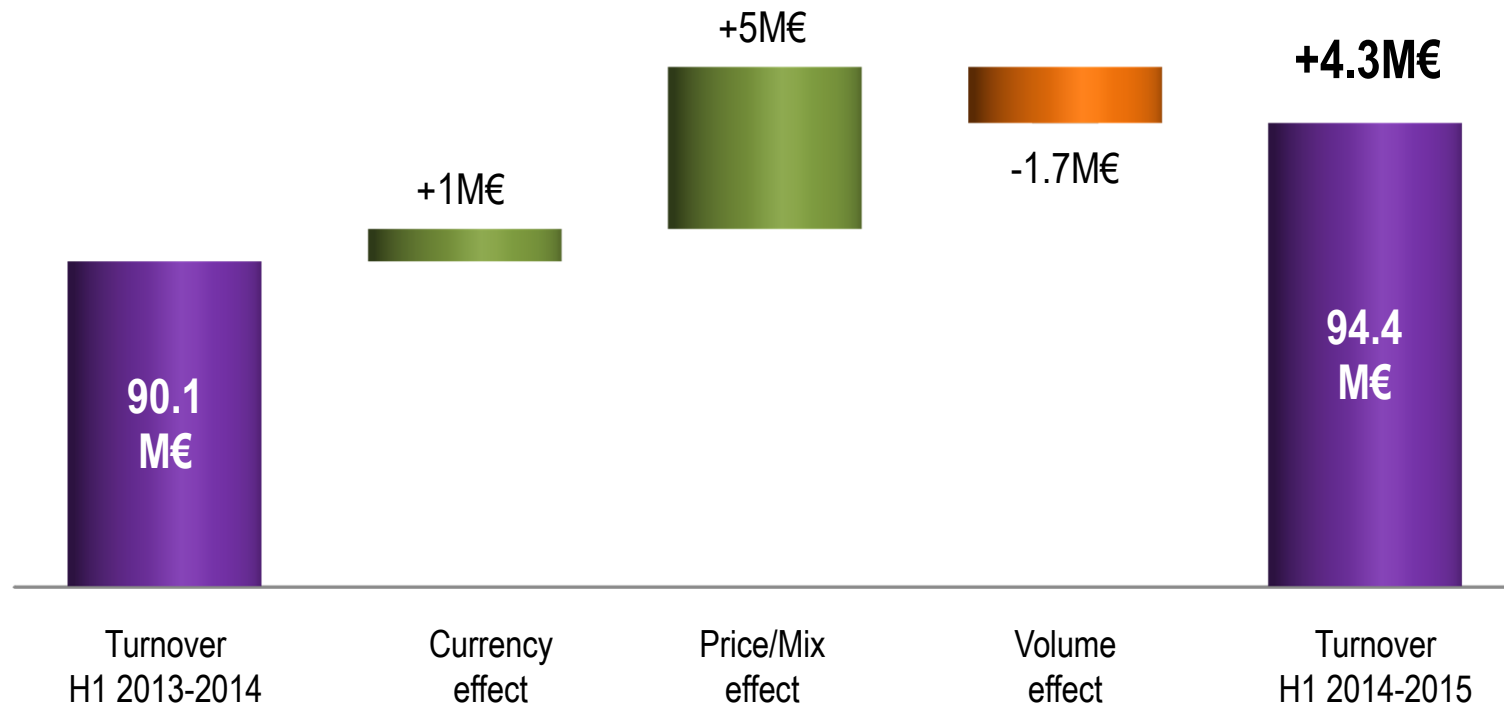
[Share of Price and Mix effects in growth in turnover - September 2014]



Contribution to Price/Mix Effect in growth in turnover

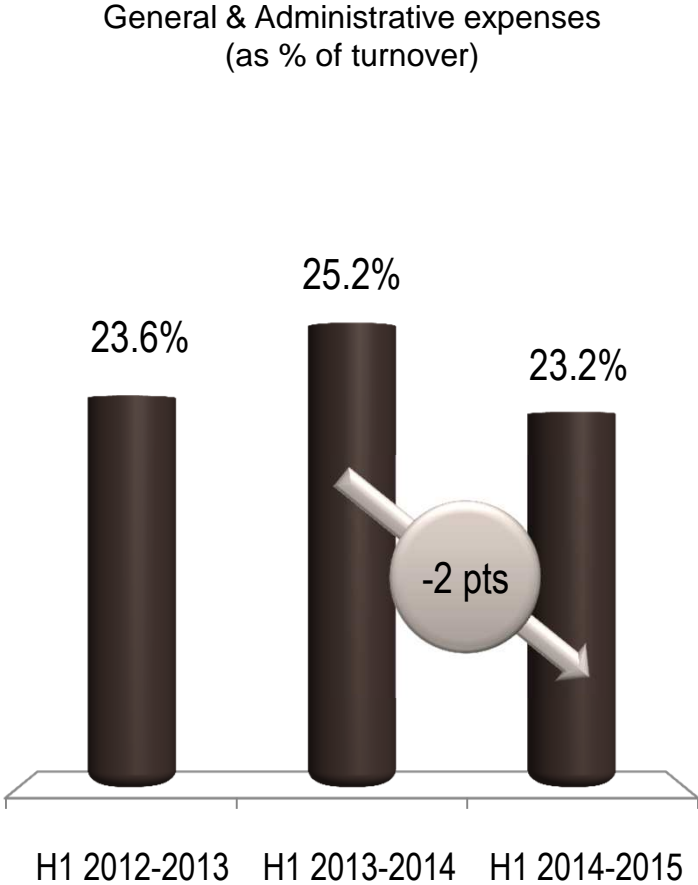
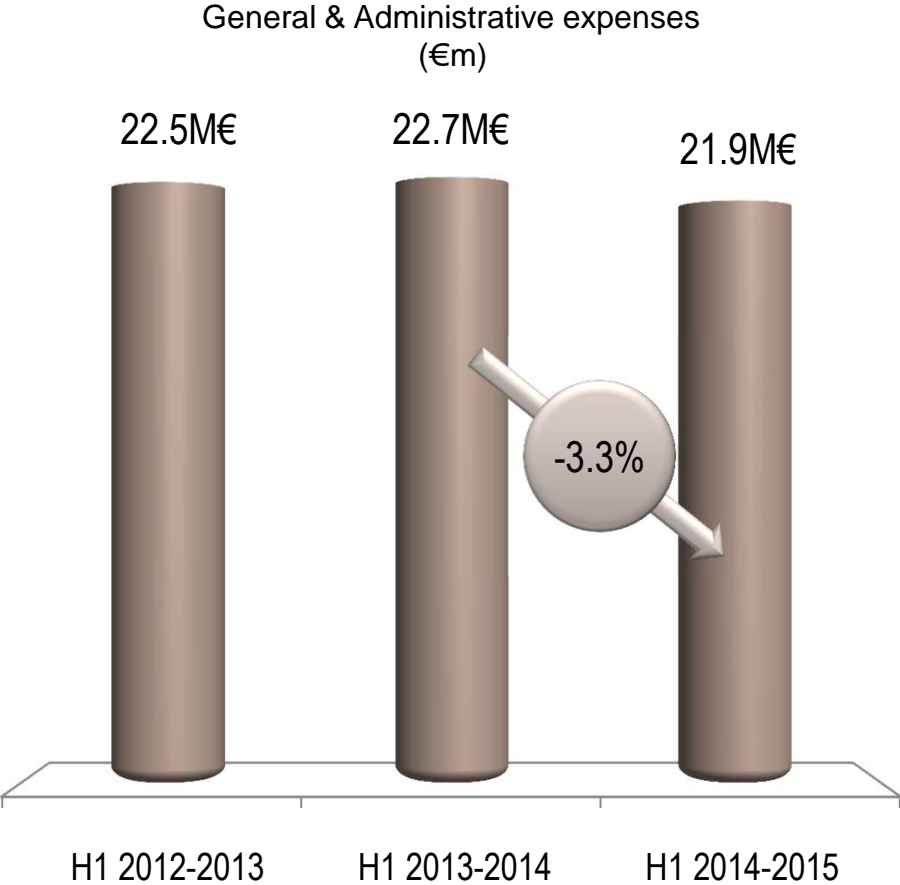
The Price/Mix effect contributed to a 4.8% increase in turnover

[Analysis of changes in turnover - September 2014]



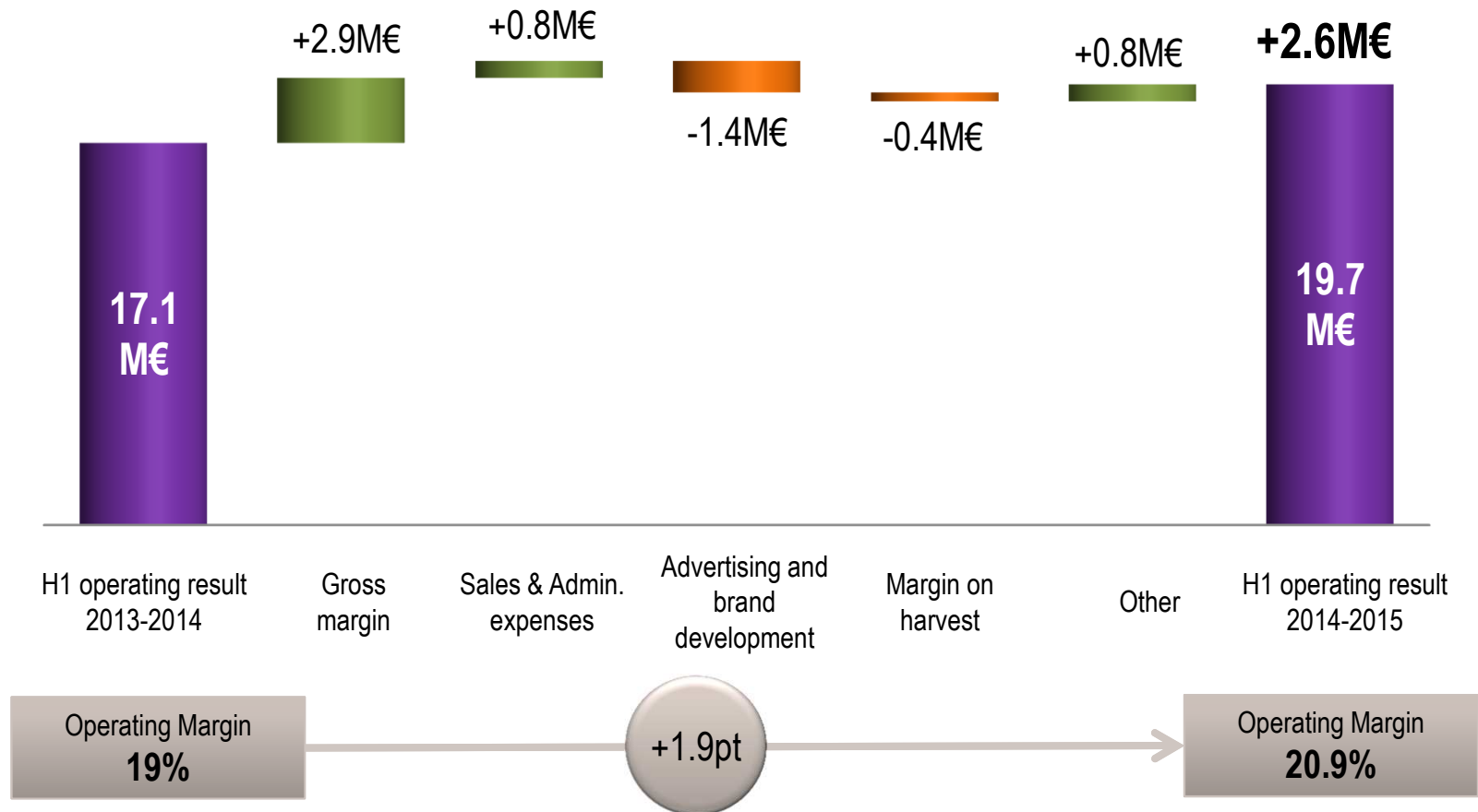
Sales and administrative expenses under control

[Laurent-Perrier Group – 30 September 2014]



Operating income up 15.2% and operating margin gains close to 2 points

[Analysis of changes in operating result – September 2014]



Half-yearly income statement

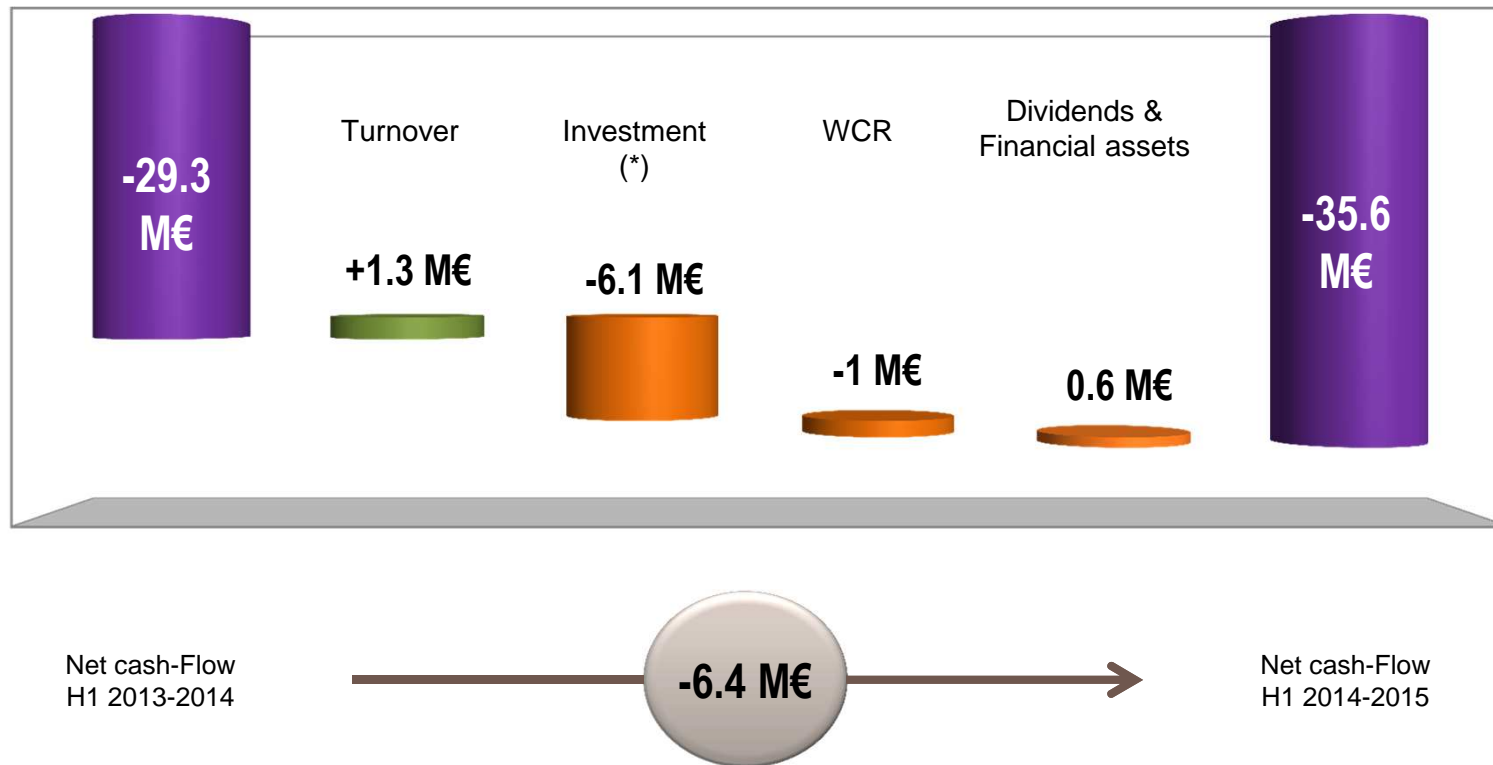
[Six months ending September 30]

Groupe Laurent-Perrier	H1 2013-2014	H1 2014-2015	Variations
Turnover	90.1	94.4	+4.8%
Gross margin	46.8	49.7	+6.2%
<i>as % of turnover</i>	51.9%	52.6%	+0.7pt
Brand devt and Advertising	-7.6	-9.0	+18.5%
Sales & Admin. expenses	-22.7	-21.9	-3.3%
Other income & expenses	0.6	1.0	+56.1%
Operating result	17.1	19.7	+15.2%
<i>as % of turnover</i>	19.0%	20.9%	+1.9pt
Financial result	-3.7	-3.2	-13.2%
Tax	-5.1	-5.9	+16.2%
Group net income	8.2	10.4	+27.7%
<i>as % of turnover</i>	9.1%	11.1%	+2.0pts

Balance Sheet Analysis

First-half fall in net cash flow explained by higher investment

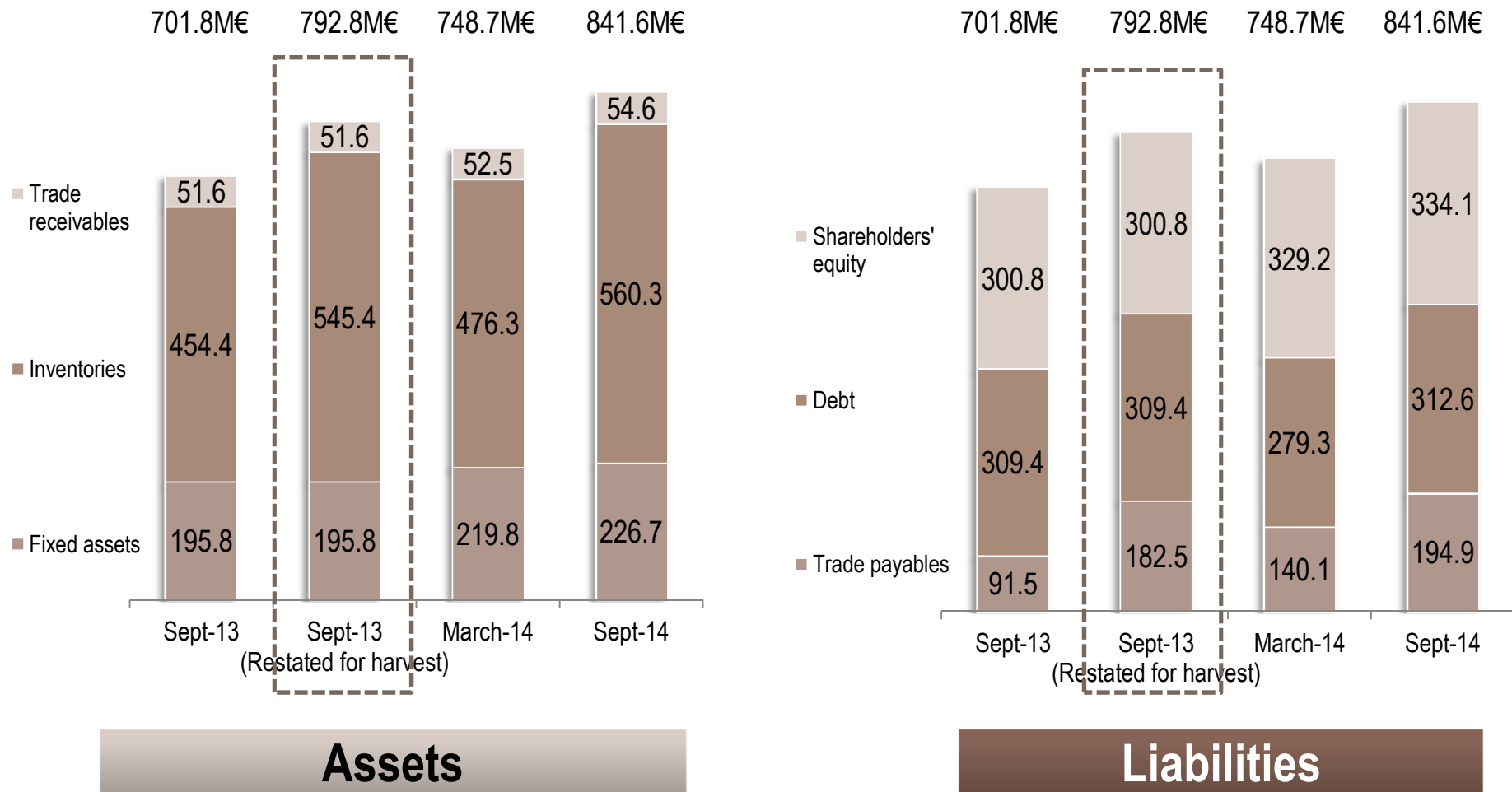
[Change in net cash flow]



(*) incl. acquisition of F. Daumale company

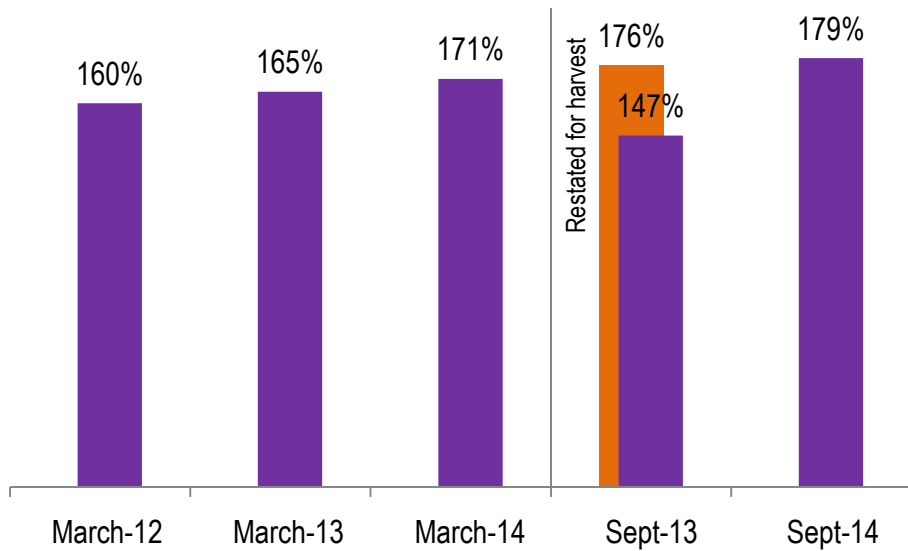
Balance sheet healthy and comparable to September 2013

Group Balance Sheet: cumulative to end-September 2014 – € million]



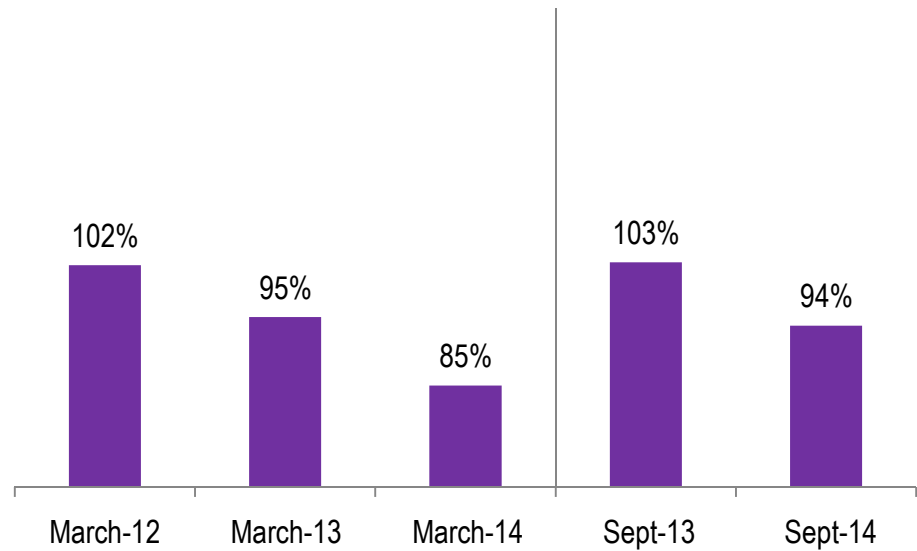
Financial ratios continue to improve

Inventories/Debt (%)



The value of inventories again largely exceeds debt

Debt/Equity (%)



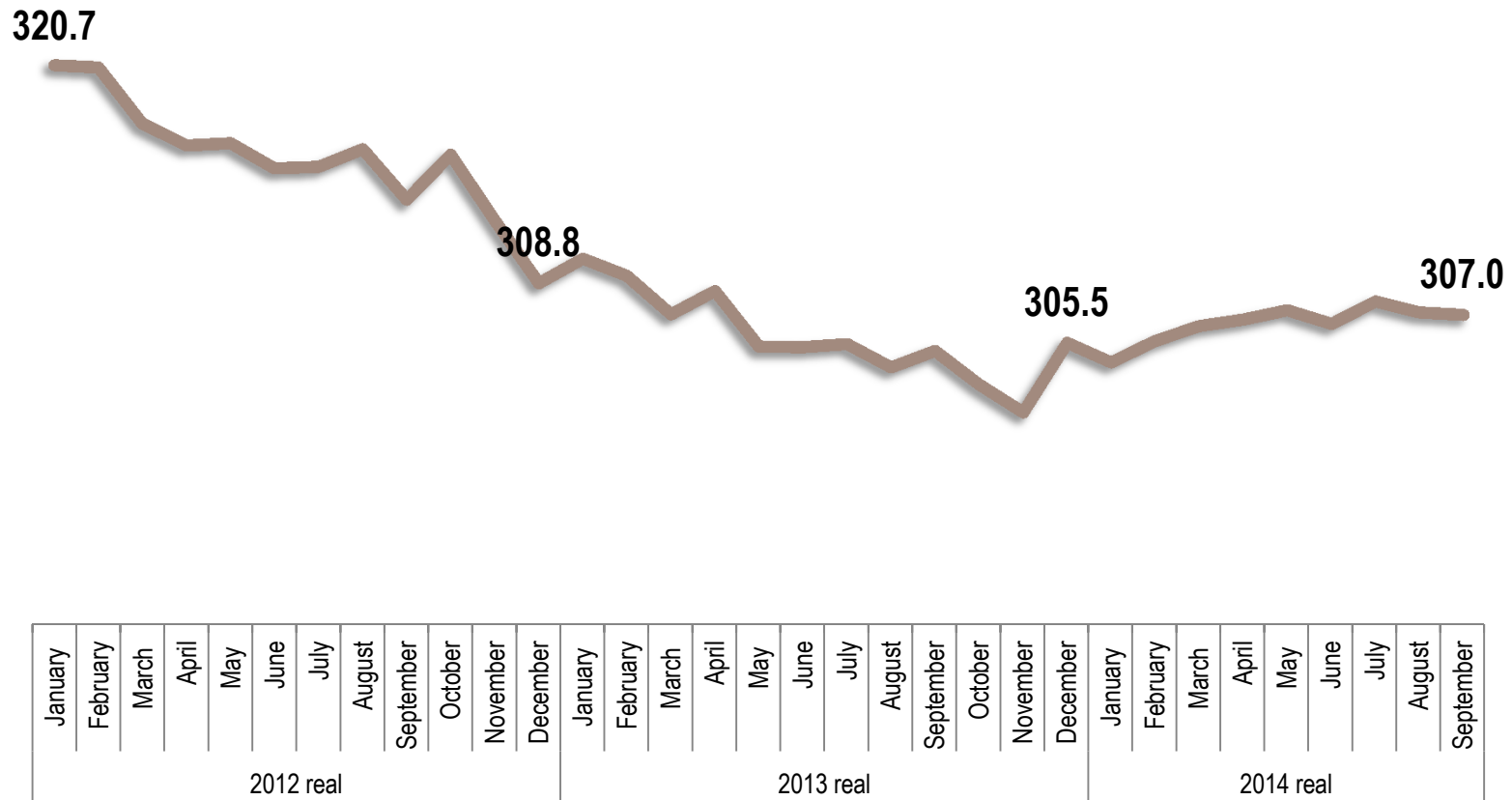
The Debt/Equity ratio (gearing) has fallen below 100%

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The market should see a slight rise in shipments in 2014

Total market shipments over 12 months
[source: CIVC] - million bottles



Need for caution in second half

- Persistently contrasted market
 - Stability in Europe
 - Growth in major export markets
- H1 performance cannot be extrapolated to H2
- Strict management of cash flow and operating expenses

Conclusion

- The quality of our wines is recognised all over the world
- Our profitability is improving despite the still difficult environment
- Our financial strength allows us to continue investing, including in the Laurent-Perrier brand reputation and visibility



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