



1<sup>ST</sup> HALF 2016-2017  
RESULTS  
25 NOVEMBER 2016

# OVERVIEW

- Highlights
- Key figures
- Analyses
- 2016 grape harvest & investment programme
- Outlook: Value policy to continue



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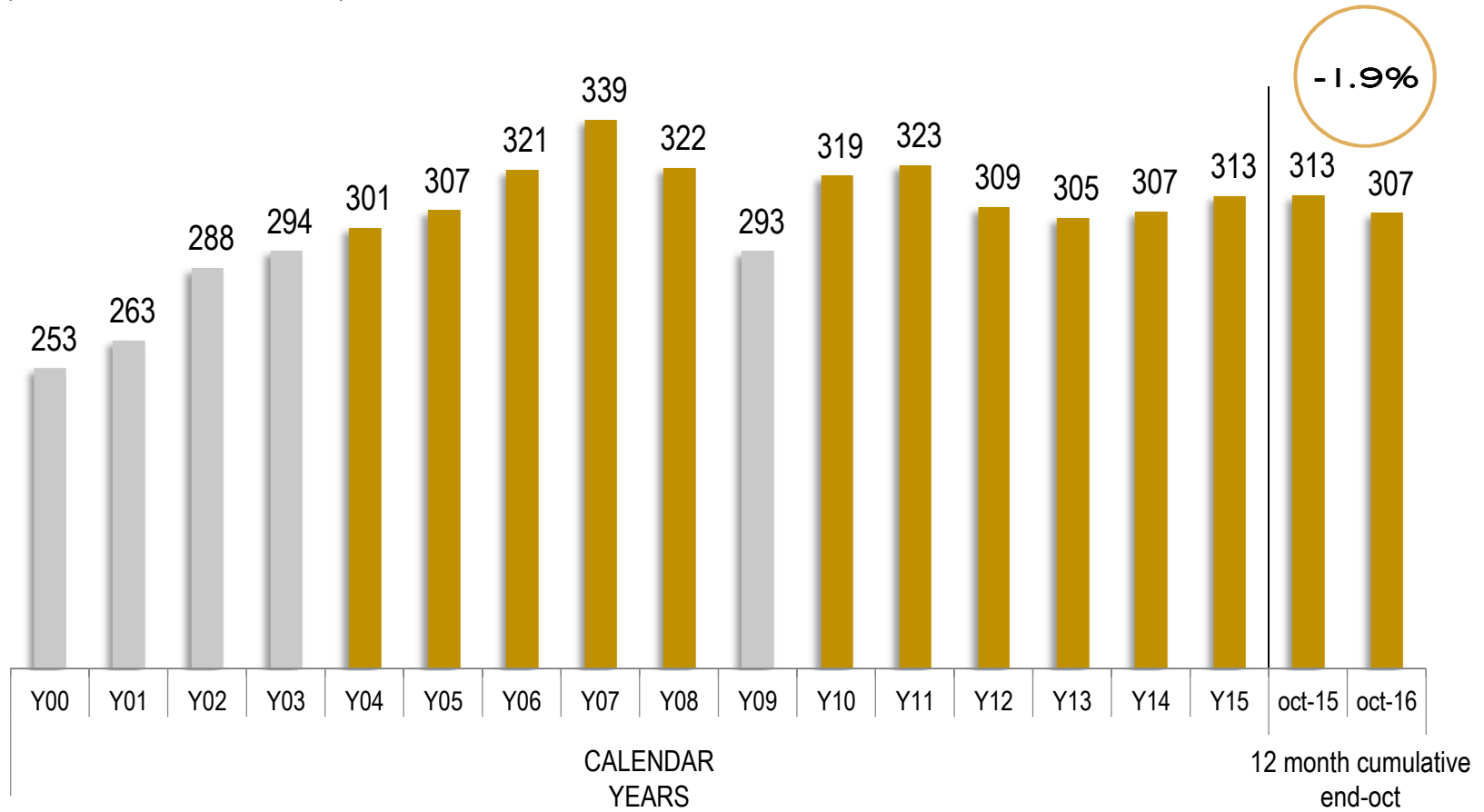
## Unfavourable external factors

- A market down by 1.9% over 12 months, down 2.6% over the calendar year to end-October, and down 9.3% in October (CIVC estimate)
- Brexit (€/£ impact)
- Distribution of Suntory whiskies in France halted
- Competition intensifying towards year-end, especially in France on the segments for champagnes under €30



# On a rolling 12-month basis, the market is down 1.9% (estimate)

12 months cumulative to end-October  
(Estimated – source CIVC) – in millions of bottles



# The brand portfolio makes the Laurent-Perrier Group more resilient in a difficult volume market



*CIVC Estimate / Period to end-October 2016*



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## Main consolidated data

[6 months cumulative to end-September 2016]

(€ million)	1st half 2015-2016	1st half 2016-2017	Change
Turnover	101.6	<b>97.9</b>	<b>-3.7%</b>
Operating result	20.5	<b>19.2</b>	<b>-6.3%</b>
<i>as % of turnover</i>	20.2%	<b>19.6%</b>	<b>-0.6Pt</b>
Group net income	11.3	<b>10.3</b>	<b>-8.8%</b>
<i>as % of turnover</i>	11.1%	<b>10.6%</b>	<b>-0.6Pt</b>
Net cash flow (*)	-28.2	<b>-34.3</b>	<b>-6.1</b>

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





## Main consolidated data on an organic basis (excluding currency & third-party activity)

(€ million)	1st half 2015-2016	1 <sup>st</sup> half 2016-2017 organic	Change organic
Turnover	101.6	101.4	-0.2%
Operating result <i>as % of turnover</i>	20.5 20.2%	21.2 20.9%	+3.5% +0.7Pt



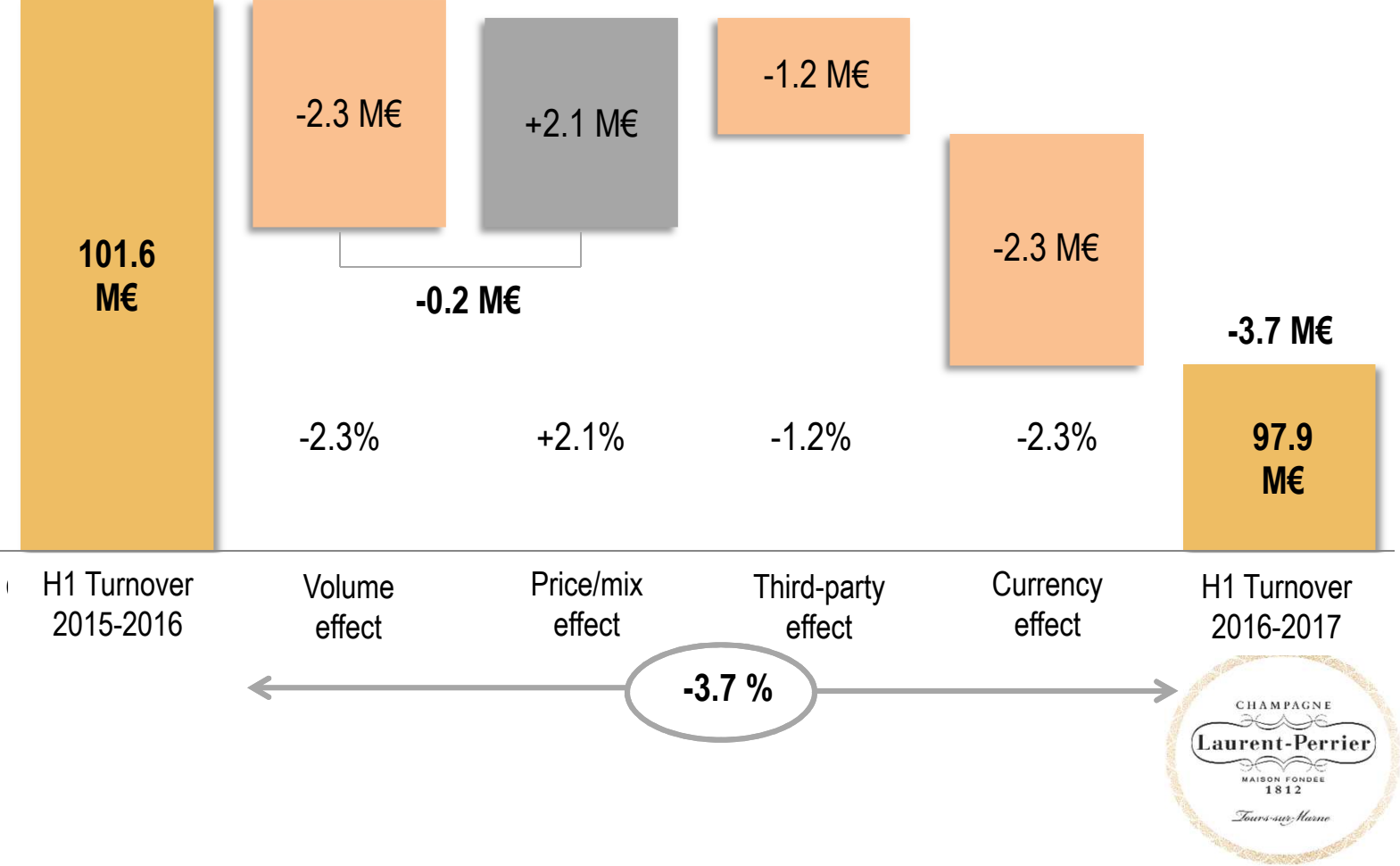
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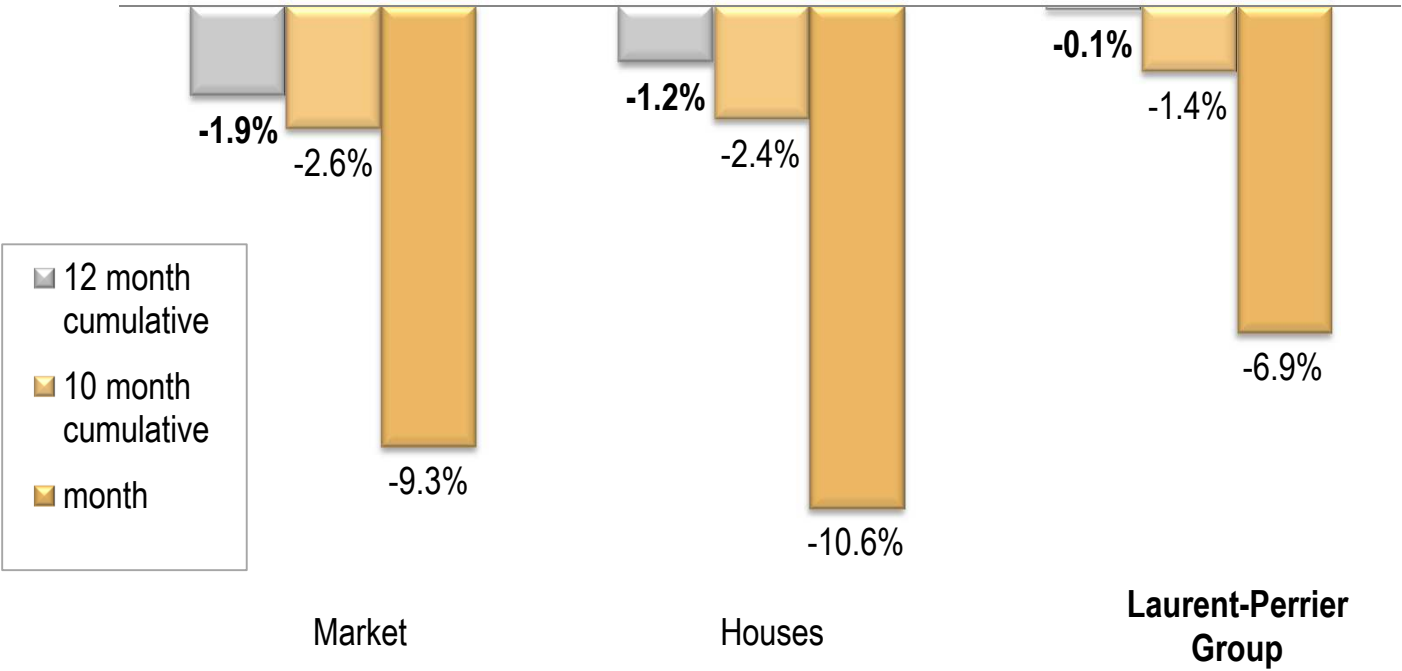


# Price/mix effect offsets drop in volumes

[Changes in Group turnover vs previous year]



# The brand portfolio makes the Laurent-Perrier Group more resilient in a difficult volume market



*CIVC Estimate / Period to end-October 2016*



In this difficult market environment, the Group has maintained its value policy

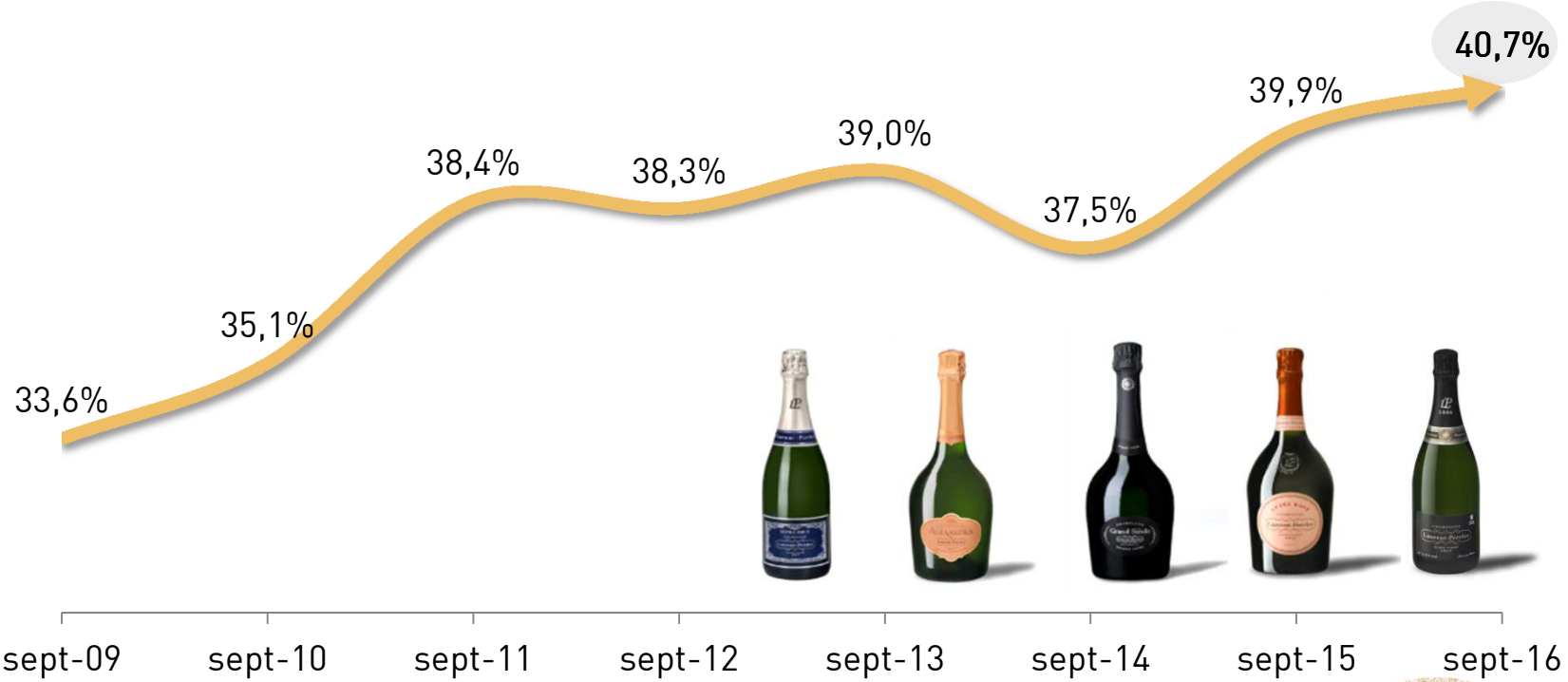
[6 months cumulative to end-September 2016 vs previous year]

	Volume	Prices (*)
<b>Laurent-Perrier Group</b>	<b>-2.3%</b>	<b>-2.1%</b>

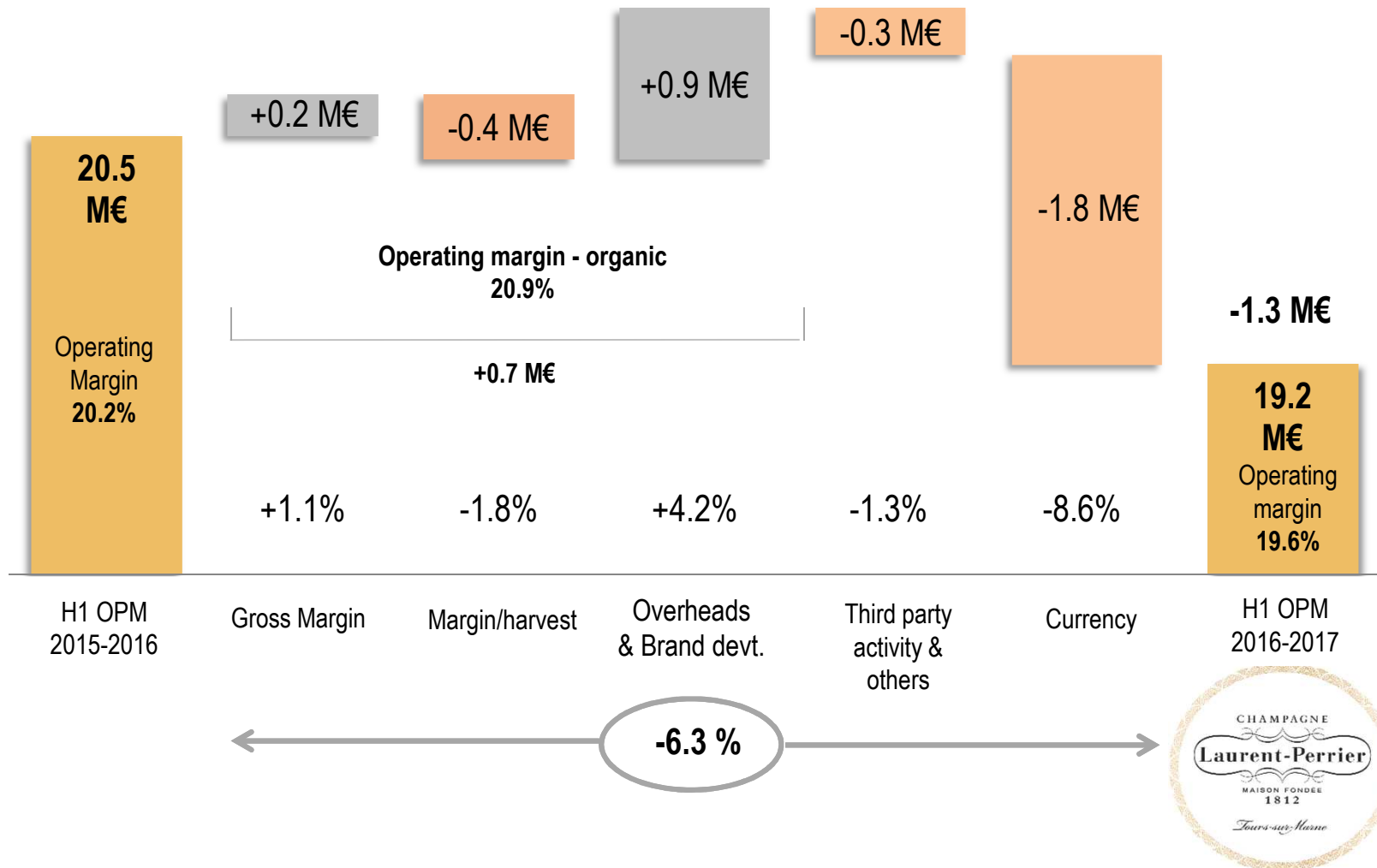
(\*) Constant exchange rates



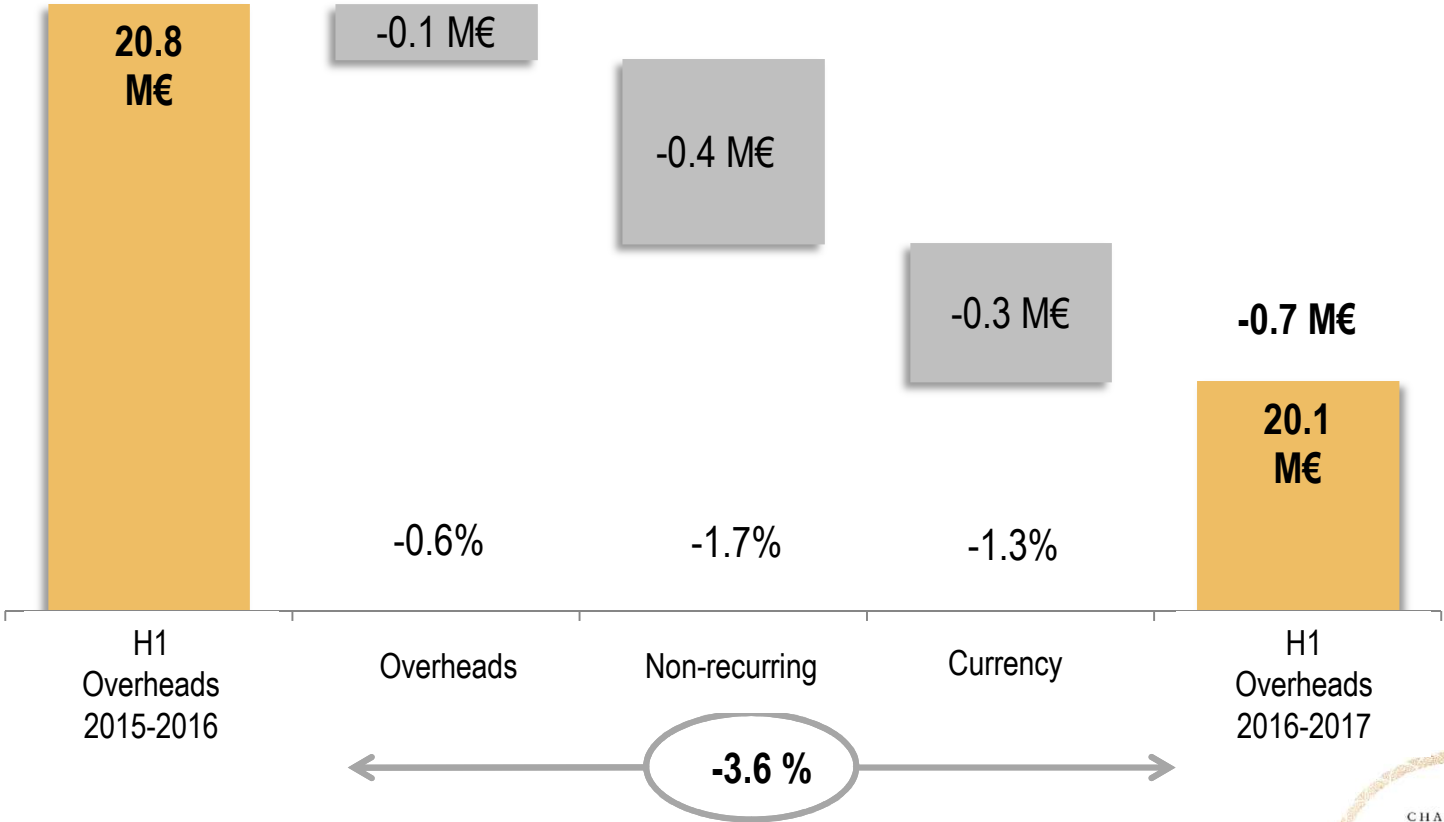
# Premium cuvées account for close to 41% of Laurent-Perrier brand turnover



Operating margin on organic basis improved by €0.7m of a point to 20.9%

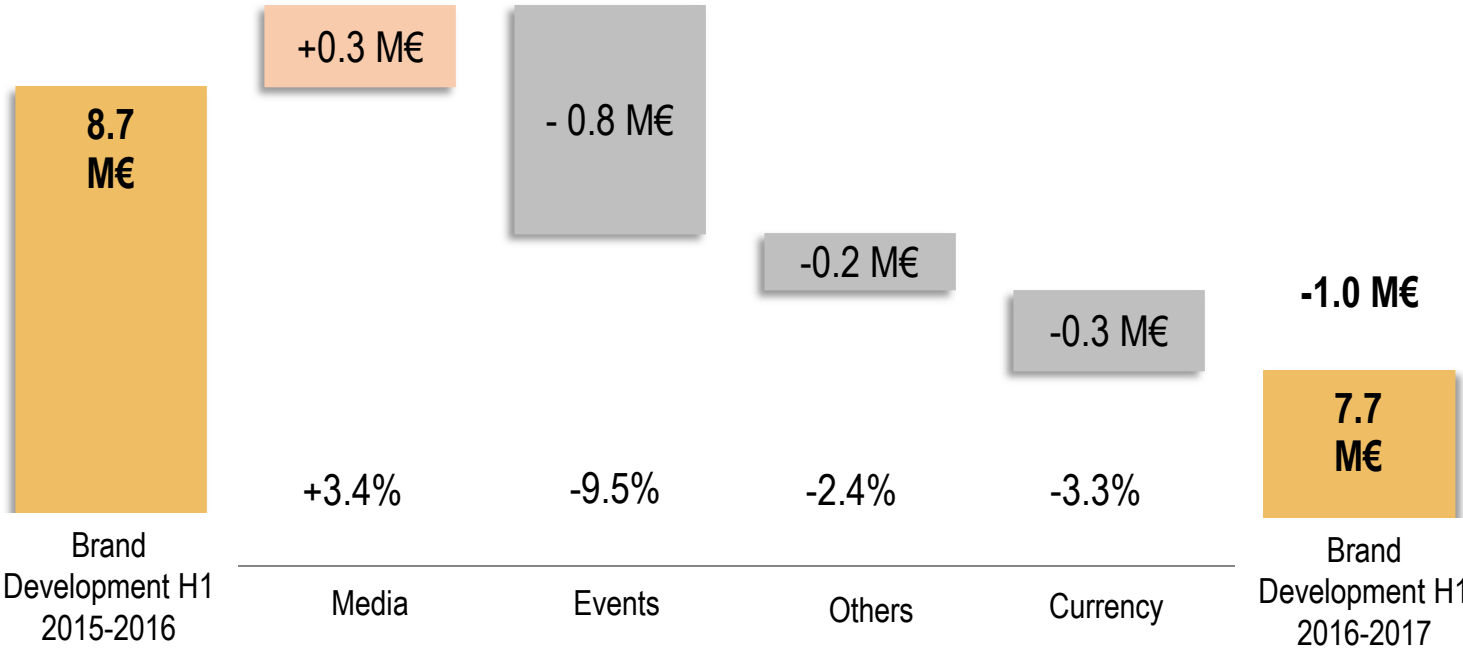


# General and administrative expenses (overheads) down 2.3% at constant exchange rates





Brand development spend down €0.7m at constant exchange rates in 1<sup>st</sup> half, while advertising spend continues



## Half-year income statement

[6 months cumulative to end-September 2016]

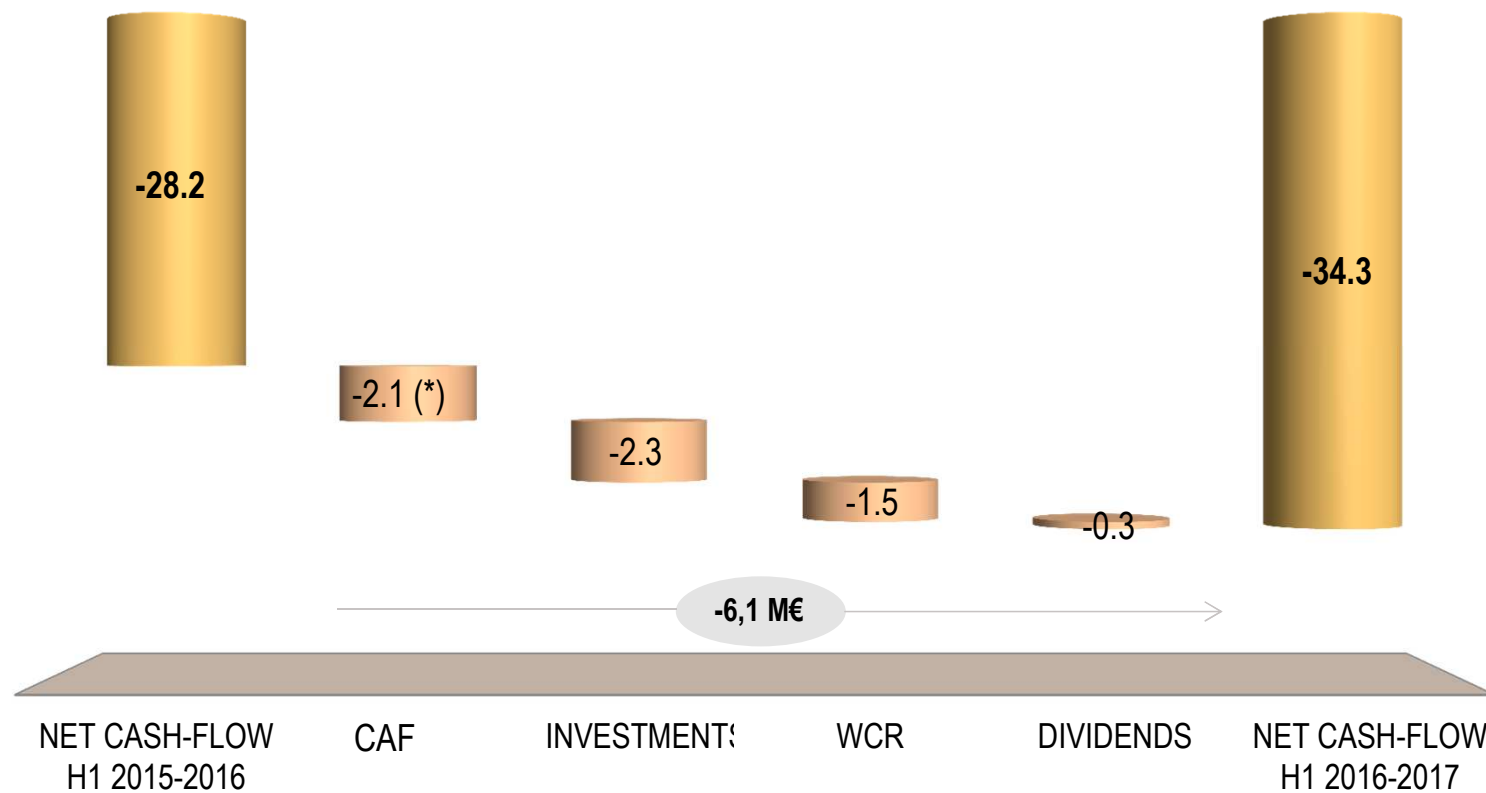
(€ million)	1st half 2015-2016	1st half 2016-2017	Change
<b>Turnover</b>	<b>101.6</b>	<b>97.9</b>	<b>-3.7%</b>
<b>Gross margin</b>	<b>51.8</b>	<b>49.3</b>	<b>-4.9%</b>
<i>as % of turnover</i>	<i>51.0%</i>	<i>50.3%</i>	<i>-0.7Pts</i>
Brand development & advertising.	-8.7	-7.7	-11.8%
Commercial & Admin expenses.	-23.5	-22.8	-3.1%
Other expenses & income	0.9	0.4	-55.7%
<b>Operating result</b>	<b>20.5</b>	<b>19.2</b>	<b>-6.3%</b>
<i>as % of turnover</i>	<i>20.2%</i>	<i>19.6%</i>	<i>-0.6Pts</i>
Financial result	-3.1	-3.3	+6.2%
Tax	-6.0	-5.5	-8.4%
<b>Group net income</b>	<b>11.3</b>	<b>10.3</b>	<b>-8.8%</b>
<i>as % of turnover</i>	<i>11.1%</i>	<i>10.6%</i>	<i>-0.6Pts</i>



# ANALYSIS OF THE FINANCIAL STRUCTURE



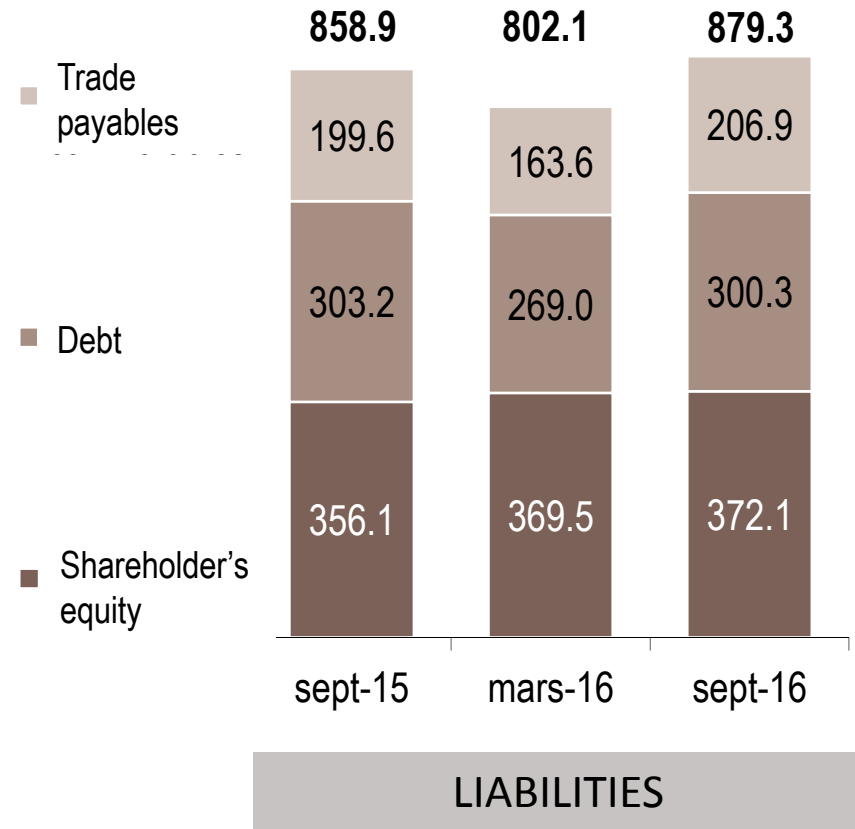
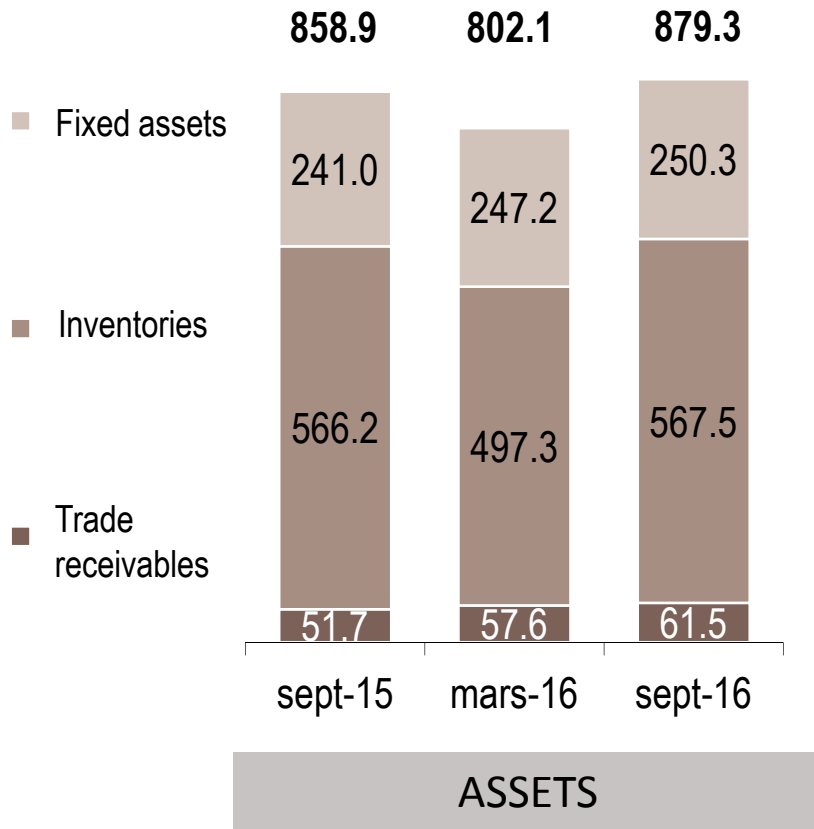
Cash flow, which is traditionally negative in the first half, was impacted both by exchange rates and higher investment



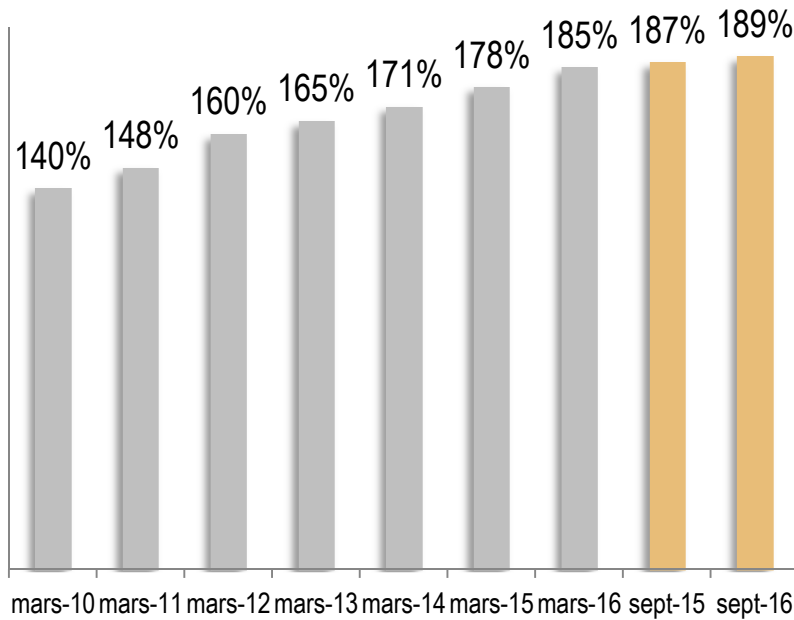
(\*) including exchange rate effects  
-1,8 M€



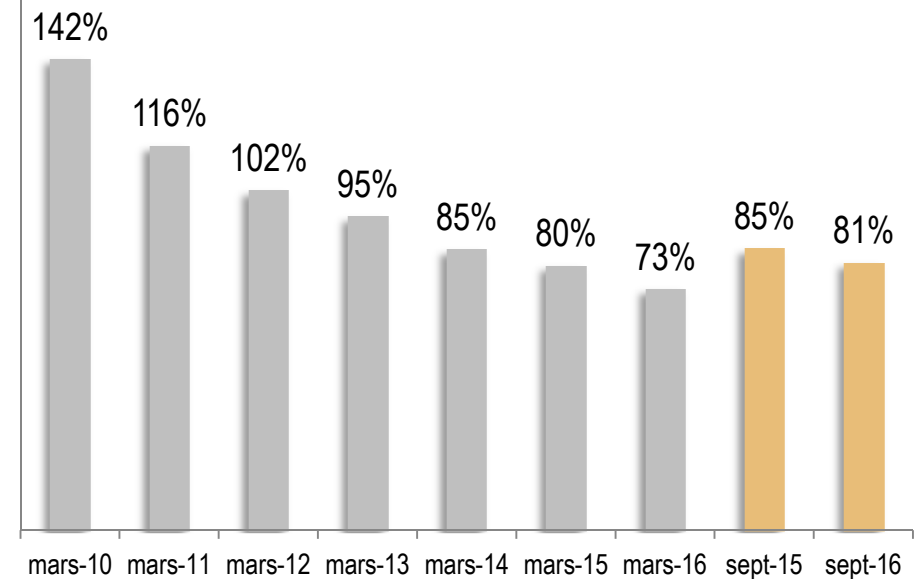
## Continued financial strength



## Further improvement in financial ratios



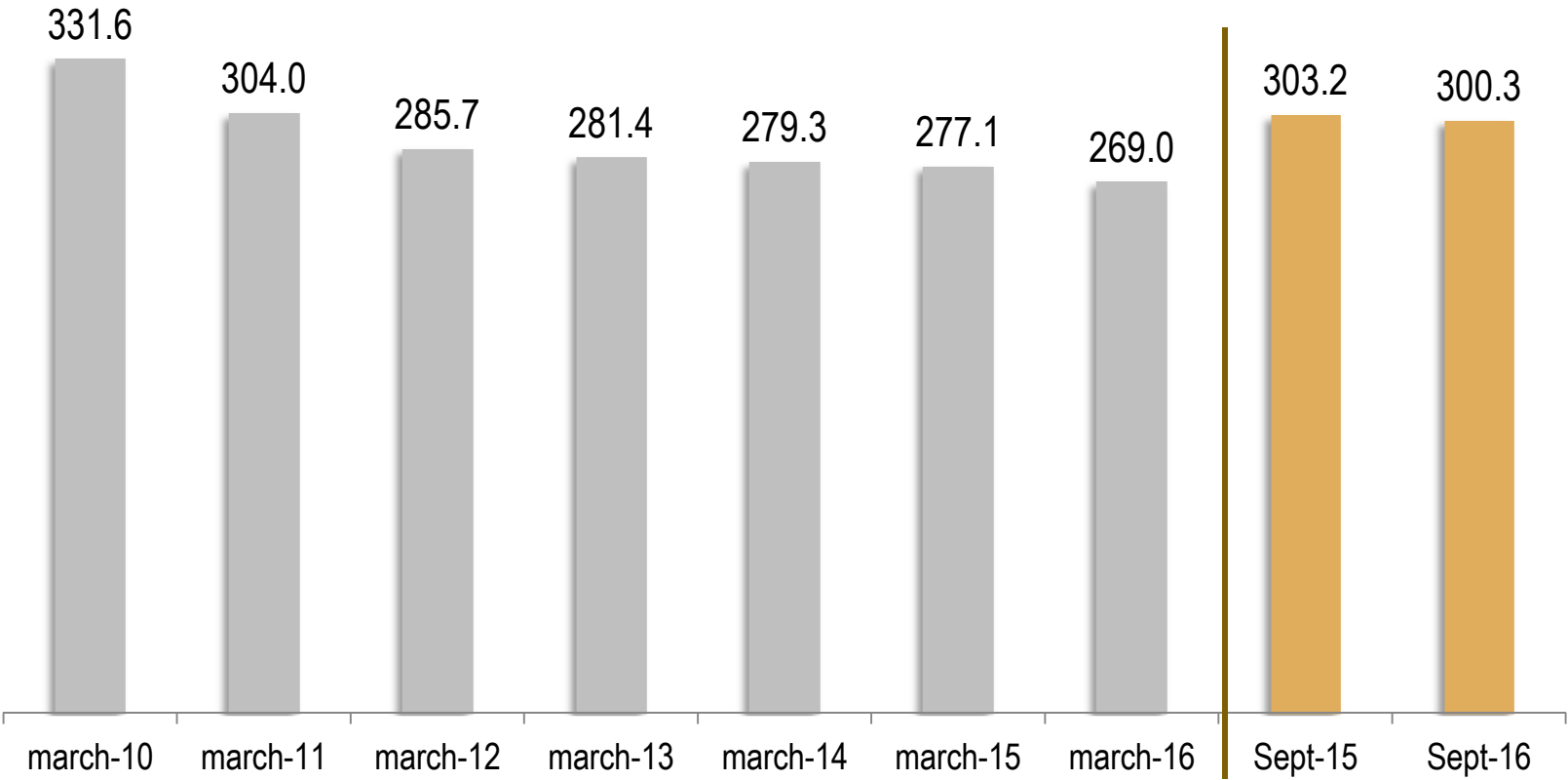
**Inventories/Debt (%)**



**Debt/Equity (%)**



# Debt down by €2.9 million relative to September 2015



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## 2016 Grape Harvest

- Harvest spread out in excellent weather conditions (10/09 to 30/09)
- Very rapid ripening, especially for the pinots noirs & meuniers, slightly more complicated for the chardonnays
- Very healthy harvest for all three varieties
- Drop in agronomic yield / Total Champagne ~8,500kg/hectare, down 25% on 2015
- Despite serious weather conditions during the year, a very positive outcome



## Useable yield in line with market levels

- Agronomic yield = 8,500kg/ha (-25% vs 2015)
- Useable AOC yield = 10,800kg/ha  
(9,700kg + 1,100kg release of individual set-aside)



# Multi-year investment programme at Tours-sur-Marne continuing





# Update on multi-year investment programme timeline at Tours-sur-Marne

[Calendar years]

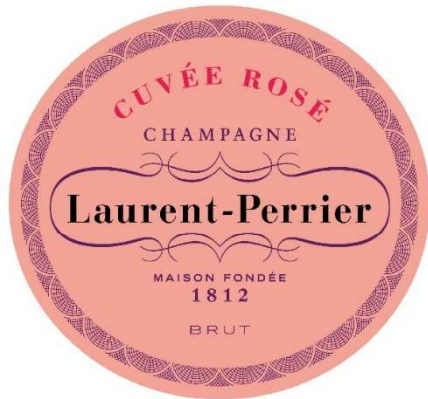
		2nd half 2014	1st half 2015	2nd half 2015	1st half 2016	2nd half 2016	1st half 2017	2nd half 2017	1st half 2018	2019
<i>Centralisation of blending processes</i>	Cellars	█	█	█	█					
	Winery			█	█	█				
<i>Makeover of Reception and Visitor facilities</i>	Reception Visitors						█	█	█	
<i>Renovation of working environment</i>	Offices						█	█	█	█



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## Advertising campaign continuing



The campaign relies on associating the Laurent-Perrier brand with prestige establishments ... demonstrating the importance of the **on-trade** in our quest to raise the profile of the Laurent-Perrier brand and House.






# Extension to new markets

Country	2015 Market		No. Media waves	
	Mbt	Proportion	2015-2016	2016-2017
France	162	52%	1	2
UK	34	11%	1	2
USA (NY)	6	2%	-	1
Italy	6	2%	-	1
<b>Total</b>	<b>208</b>	<b>67%</b>	<b>2</b>	<b>6</b>



# Extension to new markets United States and Italy


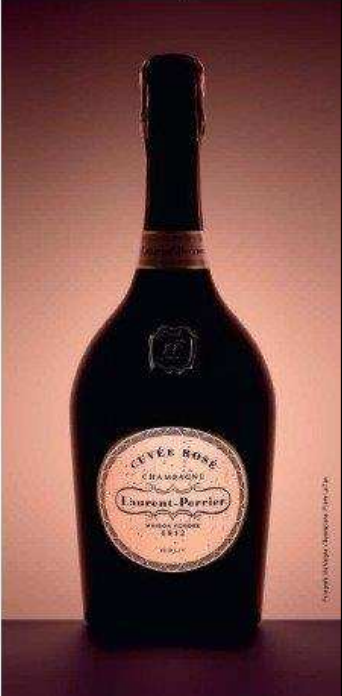


Laurent-Perrier  
scelto da *Hotel Principe Di Savoia.*

*Dorchester Collection*

CUVÉE ROSÉ  
SCELTO DAI MIGLIORI


CHAMPAGNE  
**Laurent-Perrier**  
MAISON FONDÉE  
1812



Laurent-Perrier  
chosen by *The Ritz London*

CUVÉE ROSÉ  
CHOSEN BY THE BEST

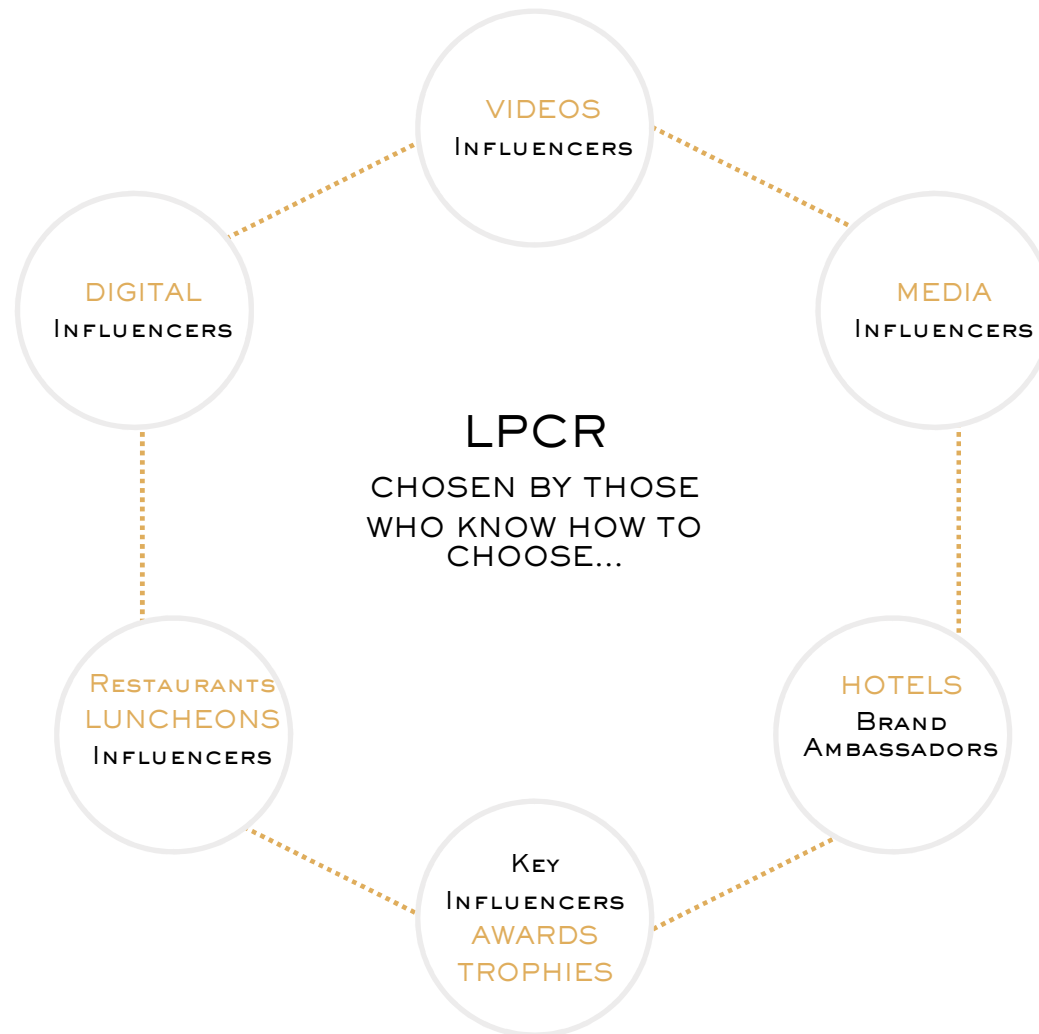
CHAMPAGNE  
**Laurent-Perrier**  
MAISON FONDÉE  
1812



PLEASE ENJOY RESPONSIBLY



# Cuvée Rosé “Chosen by those who know how to choose” F17 programme



Laurent-Perrier  
LA CUVÉE



# Launch of La Cuvée: a step-change in the quality of brut



Boosting brand visibility / deriving enhanced value from our cuvées







# OUR VALUE POLICY IS A LONG-TERM COMMITMENT





# CONCLUSION

- Great caution as regards the second half
  - ✓ A falling market
  
- Continuing the Value policy:
  - ✓ Increased media investment...
  - ✓ ...Focused on premium wines
  - ✓ Deliberate commercial choices
  - ✓ Continued growth outside France
  
- Continue to adapt the organisation to future challenges





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