Financial press release

Laurent-Perrier: net income up 34.4% in 2006-2007

The Group benefits from its value policy
and has the necessary resources to grow

Tours sur Marne, 1 June, 2007

The Laurent-Perrier Group recorded net attributable income of € 30.2 million in 2006-2007 (from 1 April to 31 March), up 34.4% on the previous year. Net income stands now at 12.8% of sales, a 2 percentage point improvement over last year.

Key financial figures

In EUR millions	2005-2006	2006-2007	Change
Sales	208.07	236.65	+ 13.7%
Current operating income	41.34	56.57	+ 36.9%
Operating margin %	19.9%	23.9%	+ 4.0 points
Net attributable income	22.48	30.2	+ 34.4%
Earnings per share (in euros)	3.87	5.11	+ 32.0%
Cash flow from operating activities	0.9	28.81	+ € 27.9 M
Net debt / Shareholders' equity	146%	114%	- 32 points
Return on capital invested	9.6%	12.5%	+ 2.9 points

Commenting on the 2006-2007 results, Yves Dumont, Chairman of the Management Board, said: “The fact that net income has risen by over 30% for the second year running is testament to a true value strategy that enables the Group to achieve a level of profitability necessary to finance the investments required to drive its future growth. In the champagne market, where there is now little room for growth in volume terms, Laurent-Perrier is well positioned to expand in the segments that create the most value. Backed up by an organisation that is now better integrated and by motivated and talented teams, the Group is ready to face what could be a more challenging environment”.

Sharp rise in profit thanks to a higher gross margin

At 51%, the gross margin has once again grown sharply, thanks to the importance of the price/mix effect which contributed over half of this growth. The gross margin rose by 2.4 percentage points, namely + € 19.5 million, over the course of the year and has come back up to the best levels achieved before the acquisition of Château Malakoff in 2004.

Brand development costs rose by 14%, in order to continue the work undertaken over the past number of years to grow the reputation and image of the Group’s brands.
Other commercial and administrative costs remained under control, rising only by + 4.6%, thanks in particular to the positive impact of the more integrated Group management system that was put in place during the year. Overall, the rise in operating costs only consumed 22% of the increase in gross margin.

Current operating income thus amounted to € 56.6 million, namely an increase of + 36.9%. The operating margin, up 4 percentage points on last year, reached 23.9%, a level never achieved before.

Finance costs were up + 10.7% as a result of the continued rise in interest rates since the end of the previous year and despite the hedges put in place and the lower debt. Nevertheless, the ratio of financial costs to current operating income fell by 4.1 percentage points to 17.6%.

The tax rate returned to normal levels at 35%, with the one-off deductions recognised in the previous year not being reconducted.

Improvement in cash flow and reduction in debt

The higher net income resulted in a significant improvement in cash flow after tax, which rose by 45% to € 37.8 million.
This cash allowed the financing of the higher working capital requirement to the amount of € 9 million and investments of € 6.1 million. The latter concerned mainly an expansion in the winery capacity at the Tours-sur-Marne site.
It also made it possible to cut net debt to € 229.3 million, namely a reduction of € 18.1 million in one year. At the end of the year, debt stood at 1.14 times shareholders’ equity compared to 1.46 times at the end of the previous year.

The outlook is for steady improvement in the key financial ratios

Despite the strength of the euro, the Group feels that the outlook for the champagne market should remain good. Nevertheless, growth in the Group's volumes should be well down on 2006-2007, with the exception of the Laurent-Perrier brand.
In fact, its volumes should continue to grow, in particular as a result of the agreement, announced last February, with Suntory in Japan. The other brands should, on the other hand, see an easing up, in line with the Group's long-term strategy.

The price/mix effect should remain very positive as a result of the following key factors:
- The growing weight of the Laurent-Perrier brand in the Group's total volumes;
- The higher proportion of premium champagnes in the brand's sales.

To support this new phase, investments will rise significantly. They will include a further expansion of the winery and storage capacity, the replacement and relocation of the packaging and labelling lines to a new building at the Tours-sur-Marne site as well as the upgrading of the Group's IT systems.
Brand development costs will remain at a high level to support the upmarket move by the Laurent-Perrier brand and the rise in sales of its grande cuvée, Grand Siècle.

Laurent-Perrier made great progress in 2006-2007, as seen by the 3 percentage point rise in return on capital invested, its main financial ratio.
Confident in its growth potential, the Group is looking to consistently improve its key financial ratios, while at the same time preserving its positions whatever the economic climate.

Laurent-Perrier is the only Champagne House listed on the French stock exchange, concentrating exclusively on premium champagnes. Laurent-Perrier offers a broad range of products renowned for their quality, and sold under four main brands : Laurent-Perrier, Salon, Delamotte and Champagne de Castellane.

ISIN Code: FR 0006864484	Laurent-Perrier is listed in Eurolist compartment B of Paris Euronext.
Bloomberg: LAUR FP	
Reuters: LPER.PA	It is part of the CAC Mid Small 190, CAC Small 90, SBF SM and SBF 250 indices.

Etienne AURIAU
Director of Finance and Administration
☎ +33 (0)3.26.58.91.22

Marie-Clotilde DEBIEUVRE-PATOZ
Director of Communication
and Public Relations
☎ +33 (0)3.26.58.91.22

www.finance-groupelp.com