CHAMPAGNE
Laurent-Perrier
MAISON FONDÉE
1812

Tours-sur-Marne, 29 November 2013

LAURENT-PERRIER

Financial Press Release

Laurent-Perrier posts 18.2% increase in net earnings in first half of FY 2013-2014 in a difficult environment

- **Value indicators show further improvement:**
  - **Overseas exports seen as growth driver**
  - **Price/mix effect improving**
  - **Share of premium cuvées increasing**
- **Operating margin rises to 19%**

The accounts for the first half of FY 2013-2014 have been discussed by the Supervisory Board chaired by Maurice de Kervénoaël.

Main audited financial data

€ million As at 30 September	H1 2012-2013	H1 2013-2014	Change on Y-1
Turnover	95.5	90.1	- 5.6%
Operating income	15.5	17.1	+ 10.5%
Operating margin, %	16.2%	19.0%	+ 2.8 pts
Group net income	6.9	8.2	+ 18.2%
Earnings per share (euros)	1.17	1.38	+ 0.21€
Net cash-flow *	- 30.8	- 29.3	+ 1.6 M€

* Cash generated by activity, minus net investment, minus dividends
Consolidated financial data are available at www.finance-groupelp.com

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CHAMPAGNE LAURENT-PERRIER – CHAMPAGNE SALON – CHAMPAGNE DELAMOTTE – CHAMPAGNE DE CASTELLANE

Commenting on the first-half results, Michel Boulaire, Chairman of the Management Board, said: "Laurent-Perrier has posted improved results in a difficult environment. Our financial strength enables us to continue investing in high-growth parts of the world and to remain confident in the Group's development potential over the medium term."

Further improvement in value indicators

During the first six months of FY 2013-2014, the Group benefitted from the effects of its value strategy, and more particularly from the performance of the Laurent-Perrier brand.

The drop in turnover was limited to 5.6% compared with the first half of last year, against a market backdrop that continues to be tough: upbeat performance for shipments outside Europe continues, but is still insufficient to offset lacklustre demand from Europe and especially from France.

In line with the Group's strategic objectives, the Laurent-Perrier brand accelerated its international expansion and its shift up-market, resulting in a further improvement in the Group's value indicators:

- The share of champagne exports in brand turnover comes out at 77%, a rise of 0.2 of a percentage point over the same period last year. The rise was driven by markets outside Europe, whose share in total turnover has risen by over 2 points, to close to 26%.
- Premium cuvées account for close to 40% of brand turnover, an increase of almost a full percentage point over 12 months.

On the strength of this performance, the price-mix effect was significantly positive for the fifth semester running.

Operating margin rises to 19%

The increase can be explained by the following factors:

- A 3-point increase in the gross margin ratio thanks to:
  - Improvements in the price/mix effect. This came out at +3.9% compared with +1% in the first half of the previous financial year, showing the continued impact of the price increases in the early part of the financial year;
  - A return to the 10-year average in the margin achieved on the harvest from Laurent-Perrier's own vineyards, due to higher agronomic yields. For the record, yields in 2012 were severely affected by particularly poor weather conditions.
- Adjustments to investments in advertising and brand development compared with those in the first half of FY 2012-2013, marked by the commemoration of the Laurent-Perrier Bicentenary year. At 8.4% of turnover, these investments were towards the higher end of the long-term range, demonstrating the Group's desire to drive the development of the Laurent-Perrier brand on global export markets.
- Tight control over administrative and commercial expenses.

The financial result improved by almost 20% thanks to the continued fall in net debt and the ongoing low interest-rate environment.

Tax amounted to 38%, up 2.3 percentage points on last time, when the non-deductibility of a part of interest payments and the tax on dividends paid had not yet been taken into account.

Consequently, Group net income rose 18.2% to 8.2 million euros, or 9.1% of turnover, compared with 6.9 million euros last time.

Fall in net debt

During the first half of the financial year, net cash flow improved by 1.6 million euros due to an increase in cash flow from operations. This is traditionally negative at this time of year because of the seasonal nature of Laurent-Perrier's business. The cash flow generated over the last 12 months helped to bring debt down by 7.3 million euros relative to its 30 September 2012 level.

At 103%, down 11 points on the same period in the previous financial year, the debt/equity ratio continued to improve.

Furthermore, due to this year's late harvest, grape purchases under supply contracts were not recorded at end-September, unlike in previous years. This explains the decrease in stocks and payables relative to 30 September 2012. However, the ratio of stock to net debt continued to be particularly strong, standing at 147%, or 173% if the value of grapes purchased during the 2013 harvest were added to stock, a level equivalent to that of the first half of last year.

Outlook for 2013-2014

First-half performance cannot be extrapolated to the second half, and in particular the positive effect of Laurent-Perrier's own grape harvest on margins.

During the financial year as a whole, the tax rate could be slightly higher than last years due to the taxation of dividends.

Control over the working capital requirement should once again help to generate positive net cash flow.

The Group expects that market conditions will remain difficult in Europe, but is confident in its ability to take advantage of further upbeat demand in the rest of the world. In view of this, it will continue to invest in building up its presence in regions with the greatest potential for growth and in projecting both the image and the reputation of the Laurent-Perrier brand.

Laurent-Perrier is one of the few champagne houses listed on the French stock exchange dedicated exclusively to champagne and focused on the premium segment. Laurent-Perrier offers a broad range of products renowned for their quality, and sold under the brands Laurent-Perrier, Salon, Delamotte, and Champagne de Castellane.

ISIN: FR 0006864484 — Laurent-Perrier belongs to compartment B of Euronext Paris.

Bloomberg: LAUR FP — It is part of the CAC Mid Small 190, CAC Small 90, SBF SM and SBF 250 indices.

Reuters: LPER.PA

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Provisional financial calendar

Third-quarter 2013-2014 turnover: Wednesday 12 February, 2014

2013-2014 Annual results: Tuesday 27 May, 2014

Appendix

Analysis of changes in turnover

	H1 2012/2013 April 1 – September 30	**H1 2013/2014** April 1 – September 30
Turnover (€ million)	95.5	90.1
Change / Y-1	+ 3.9%	- 5.6%
o/w Volume Effect	+ 0.8%	- 8.3%
Price / Mix Effect	+ 1.0%	+ 3.9%
Currency Effect	+ 2.1%	- 1.2%