

SEGUIN MOREAU takes 49% stake in Boisé France

Strategic expansion in high-end wine-making solutions: market has scope for high growth

The Oeneo group has announced the purchase by its Seguin Moreau subsidiary of a 49% equity interest in the Boisé France company from the Vivelys Group, a consultant in specialised process engineering, notably for grape maturity monitoring sensors. Vivelys retains 51% of the equity, although Seguin Moreau has an option to buy an additional 2% of the equity in the medium term.

Based at Aire-sur-l'Adour in South West France, and headed by company founder Patrick Ducournau since 1996, Boisé France is the world market leader for the production of high-end oak chips. Powered by its highly-regarded research, Boisé France has developed a comprehensive offering of wine-making services. Its expertise ranges from advice on controlling wood/wine interaction to the supply of high-quality oak chips for wine-making.

Developing a unique offering of services and wood solutions for winemakers

With this latest acquisition and through its partnership with Vivelys, Seguin Moreau, the global market leader for high-end French oak barrel manufacture, supplements its offering of wood solutions used in wine-making. In so doing, it is opening up to a still young, high growth market, recently legalised by the European Union.

The Oeneo group can now offer wine growers and oenologists the world over a portfolio of wood solutions for wine making tailored to all wine-making and maturing processes.

A common, shared culture for an effective partnership and promising synergies

Seguin Moreau and Vivelys have built their respective growth on the strength of their R&D and on regular launches of major innovations, namely toasting ("bousinage") and active ageing of wood at Seguin Moreau, and the control of micro-oxygenation at Vivelys. Combining these two innovative companies as Boisé France will help them to share their know-how and research facilities and boost their development and innovation potential.

This close cooperation means that product marketing teams can be combined in order to step up ongoing research programmes, such as the launch of a "smart" barrel.

Boisé France will, for its part, benefit from the proven expertise of Seguin Moreau in selecting and ageing oak: initial log traceability, active ageing, and manufacturing and environmental certification. The same high-quality oak selected for casks and barrels is now also earmarked for the manufacture of oak chips.

Intensification of the organoleptic properties of Boisé France oak will combine with optimisation of Seguin Moreau staveboard production operating profitability.

Patrick Ducournau, Chairman of Boisé France and of Vivelys group, said: "Cross-selling by the sales and distribution networks, which are currently separate, will rapidly provide both Seguin Moreau and Boisé France access to new markets and customers." For his part, Philippe Rapacz, group Seguin Moreau CEO, is convinced that "this association will speed up the development of the two groups' respective business activities thanks to their unique integrated offer on the global market for wood applications".

Financial aspects of the transaction and Boisé France key figures

In the 2007-2008 financial year ending 31 March 2008 Boisé France generated sales of €3.6 million, an increase of 20% on the year-earlier period. Sales are forecast to continue growing in the years ahead, while operating profitability is similar to that of the Oeneo group. The current management of Boisé France, backed up by that of Seguin Moreau, will continue to promote the company's growth.

In view of the promising outlook for growth, Boisé France recently made large-scale investments in manufacturing, taking on debt of €2 million in this respect.

The consideration for purchase of the equity interest will be paid entirely in cash, with Seguin Moreau taking out a new loan for €2 million to this end/for this purpose. This dynamism is further testimony to the confidence of the Oeneo group's financial partners in its growth prospects – as shown in the waiver obtained from the banking pool for the financing of forthcoming investments in excess of €30 million.

Boisé France will be fully consolidated at 31 December 2008 and will have an immediate accretive impact on the Oeneo group's 2009 consolidated financial statements.

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ISIN FR0000052680, Reuters SABT.PA - Bloomberg SBT-FP