

2014 Semester Results

Good performance for the first semester in the « Business to Consumer » activity at constant exchange rates

- ∞ B to C sales, representing the bulk of the company business, increased by +2% at constant exchange rate
- ∞ Company Gross margin improved by + 3 points at constant exchange rates
- ∞ Strong double digit growth in the Asia-Pacific, Americas and Emerging countries
- ∞ Lighting, accounting for over +20% of the company business, recorded outstanding sales growth
- ∞ Negative impact of exchange rates
- ∞ Significant negative impact of the Chinese measures on luxury good on the decanter business
- ∞ Solid cash level

Daniela Riccardi, CEO, commented:

Baccarat registered a good performance in the first semester 2014, with the b2c lines growing +2 %. Total company gross margin improved by +3 points in comparable terms.

The international business showed a dynamic double digit growth with Asia recording an even more significant acceleration. The retail, both direct and indirect, showed solid growth across the world and the lighting business unit continued to develop at high double digit levels.

This positive evolution, partially shadowed by negative currency impact and by the b2b lines, linked to the prestige spirit difficulties, confirms the outstanding reputation and appeal of Baccarat as a top player in the Luxury market, while outlining significant further opportunities for growth.

In an uncertain world economic environment, we stay focused on the interventions needed and already in process, to unleash the full brand potential, namely the simplification of the business model to guarantee product availability, service level and control of the fixed costs, and a stronger marketing and commercial support started in conjunction with the legendary 250th anniversary of the brand.

The Board of Directors of Baccarat, which met on 18 September 2014, has approved the financial statements for the half year ending June 30th, 2014 as follows:

Consolidated financial statements - key figures

<i>In thousands of euros</i>	H1 2013	H1 2014
Revenues	69 769	65 529
Current operating income	(4 747)	(5 487)
Operating income	(5 610)	(5 706)
Consolidated net result	(5 791)	(6 713)
Group Equity	61 284	50 706
Net debt	13 836	17 093
Net debt ratio (gearing)	23%	34%

Limited exam procedures on the financial statements have been made. The limited exam report is being issued.

∞ Operational performances

Despite a degraded economic environment, Baccarat closed the first semester with a solid performance of the BtoC lines, +2% at constant exchange rate. Both first and second quarters showed a consistent +2% improvement.

All in sales were at 65,5M€, impacted by to the Forex (-3M€ or -4 points of sales) and by the BtoB decline (-4 points).

Company gross margin improved by +3 points thanks to a broad based better mix (regions/channels/categories).

All regions except Europe were up with Japan and Americas double digit, Greater China and South East Asia at even stronger levels.

Like for other luxury companies, the general climate remains difficult in Europe.

At June 30th, 2014 Current operating result was -4,2M€ (-5.5M€ published data), representing an improvement of +11% versus 2013.

The Operating result was -4.4M€ at constant exchange rate (-5.7M€ published data), representing an improvement of +21% versus the year ago.

∞ Financial performances and Structure

Considering the Net Financial costs of -0,7M€ of which -0,5M€ pertains to the financial debt costs, the Net result was at -5.2M€ at constant exchange rates (-6,7M€ published data), representing a +10% improvement versus last year (-5.8M€).

Group equity was at 50.7M€. Cash was at 18.7M€ and the net debt raised to 17.1M€, to be compared to 13.8M€ on December 31st 2013, bank debts being mainly medium-long term maturity. During the first semester, the cash spending (5.2M€ to be compared to 11.7M€ over the same period last year) remains under control, the difference over last year being mostly the result of a wise Capex monitoring.

The banks covenants were respected on June 30th 2014.

∞ The Enterprise governance

The Baccarat Board of Directors continues its efforts to recruit valued members with diverse experience. After the nomination in June of Mr John Demsey as an independent member, the Board approved the nomination of Mrs Margareth Henriquez as an independent member, replacing Mrs Françoise Labro, who was nominated Artistic Director of Baccarat in June and has since resigned from her role on the Board.

John Demsey has been Group President, The Estée Lauder Companies Inc., since July 2006. In this role, he oversees Estée Lauder, M·A·C Cosmetics, Tom Ford Beauty, Prescriptives, Bobbi Brown, Jo Malone, La Mer, Bumble and Bumble, and Smashbox Cosmetics.

John earned his Master of Business Administration degree from New York University and a Bachelor of Science degree from Stanford University.

Margareth Henriquez has a vast international experience in multiple businesses and recovery plans. She held various positions in several Latin American countries, with groups as Seagram and Nabisco. Since 2009, Margareth is the CEO of Krug, the prestigious brand of Champagne.

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Margareth is a system engineer with an advanced program in Harvard, currently preparing a doctorate in business at the Swiss management Center.

∞ *Future events in the second semester of 2014*

The exhibition at Petit Palais (Paris) in October and the opening of the first Baccarat Luxury Hotel and Residences at the end of the 2014 will be key highlights of the second semester, together with the Rodeo Drive lighting event and the biggest Baccarat chandelier ever done, by world famous Japanese designer Morita presented in November in Tokyo.

Financial information for the Baccarat group is available on the company's official website www.baccarat.com or on www.actusnews.com.

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About Baccarat

Baccarat (Paris, Euronext, BCRA) is a French luxury brand internationally renowned as a leader in high-end and exclusive crystal products. Since its foundation in 1764, the company, whose artisanal manufacture is based in Baccarat in the Lorraine region of Eastern France, has been synonymous with a unique savoir-faire and has come to symbolize an inimitable French Art de Vivre. For 250 years, the brand has inspired leading designers from across the world. Ranging from iconic lighting to unique tableware and decorative objects, fine jewellery and tailor-made flacons, the brand's products and tradition of excellence are widely distributed around the globe. Explore the world of Baccarat at www.baccarat.com