



LAURENT-PERRIER

Financial Press Release

**Laurent-Perrier posts an operating margin of 23.9%,
above the 2008-2009 target, despite a lower turnover**

Tours-sur-Marne, 3 June 2009

Key financial data

€ million	2007-2008	2008-2009	Change
Turnover	249.43	181.34	- 27.3%
Operating income	66.03	43.39	- 34.3%
Operating margin (%)	26.5%	23.9%	-2.6 points
Net attributable income	34.63	18.95	-45.2%
Earning per share (euros)	5.87	3.20	-45.5%
Cash flow from operations	36.06	20.22	-15.8 M€
Net cash flow*	- 4.4	- 62.0	-57.6 M€

* Cash flow from operations - net investment - dividends

Commenting on the results, Stéphane Tsassis, Chairman of the Management Board, said:

“In recent months, in an extremely tough business climate, our operating margin has held up well, due to the premium positioning of our brands and rapid action to adapt our cost structure.

As we maintain our long-term strategic course, we will continue to step up our commercial presence on our key export markets and to invest in our production base to further strengthen control over the quality of the wines we make.

We are convinced that our efforts will enable us to return to growth as soon as the first signs of an improvement in the economic climate are felt.”



Resilient operating margin

Over 2008-2009 as a whole, turnover was down by 25.2% at constant exchange rates. The sharp deterioration in the economic climate in the second half has meant that it has so far not been possible to benefit from the redeployment of the Laurent-Perrier brand within its specialist and selective distribution channels.

The export market share in Laurent-Perrier brand turnover again rose, to 74.6% – a gain of 2.6 percentage points over the year. The contribution from the brand's premium products fell slightly, however, to 37.5%, compared with 39.4% in the previous year. The drop is partly due to the downturn in the premium cuvée champagne markets in the United States and Japan, and to the adverse impact of exchange rates.

The price effect was especially strong as it totalled almost 16% over the full year for the Laurent-Perrier brand. It is worth noting, however, that the fourth quarter was adversely affected by a higher comparison basis, as in 2008, the price increases were applied as early as February in some countries. The strength of the price effect resulted in a sharp increase in gross margin, at 57.6% - a gain of 4.5 percentage points in the space of twelve months.

In accordance with the Group's strategic aims, brand development investments were increased by 4% to continue anchoring the Laurent-Perrier brand in the prestige champagne universe. The Grand-Siècle cuvée, in particular, benefited from an advertising campaign in upscale publications at the end of 2008.

Commercial and administrative expenses were down for the second consecutive year. The 7% fall (representing -3.5 million euros) over the full year reflects cautious management of Group staffing levels and spending.

As a result, the operating margin came out above the forecast target (21-23%), at 23.9%.

Interest charges rose by more than 15% during the accounting period due to higher debt levels and very high interest rates during the first half. Another contributing factor was the expense incurred by the impairment of certain hedging instruments due to the high volatility of interest rates during the second half of the financial year.

The tax rate amounted to 34.4%, slightly down on the previous year's 35.1%.

Due to these various factors, the Group generated net income of 18.95 million euros or 10.5% of turnover.

At the General Shareholders' Meeting on 8 July, the Supervisory Board will recommend the payment of a dividend of 0.83 euros per share for 2008-2009. This compares with a year-earlier dividend of 1.40 euros per share.

Financial structure still healthy

Investments totalled 9 million euros in 2008-2009, a reduction of 7.5 million euros compared with the previous year, completing the industrial programme to extend and upgrade winery and production capacity.



At 439 million euros, stocks increased by 65 million euros due to the following factors:

- the abundant 2008 harvest,
- the release of the set-aside reserve decided during the year,
- the drop in sales volumes.

This increase had an adverse impact on cash flow from operations and explains the increase in net debt, which rose by 64 million euros to 306.6 million euros.

Despite this, the Group's main financial ratios remain strong: the value of inventory exceeds that of net debt by 43%. Net debt represents 136% of shareholders' equity compared with 109% as at March 31, 2008. The return on capital employed came out at 7.8% during the financial year - an average of 11.1% over the past three years.

Outlook

Due to the considerable ongoing economic uncertainty, the Group continues to take a prudent approach to managing its expenses and cash. It has notably decided to only commit its main expenses and brand development investments as sales develop, in order to safeguard its operating margin.

In 2009-2010, the Group's financial structure will benefit from the following:

- the signed undertaking to sell the Epernay site of Château Malakoff which will have a positive impact on cash holdings;
- the transfer of Château Malakoff's production operations to Champagne de Castellane which will help to lower production costs;
- a possible drop in yields, forecast for the 2009 harvest, which will have a positive impact on changes to the Group's working capital requirement;
- lower interest rates which will also reduce debt service charges.

On the strength of the results obtained in recent years, the Laurent-Perrier Group intends to continue preserving and leveraging its main assets to rapidly take advantage of the recovery in demand when it comes. In the mid-term, the market for champagne should gradually return to its long term trend growth levels, which are on average above 2% per year.

	Turnover (€m)		% change			
	2007-2008	2008-2009	Turnover	o/w Volume Effect	o/w Price/Mix	o/w Currency Effect
1 st quarter (April 1- June 30)	53.5	41.8	- 21.9%	- 27.9%	+ 9.2%	- 3.3%
2 nd quarter (July 1- September 30)	61.9	43.4	- 29.9%	- 35.8%	+ 8.7%	- 2.8%
3 rd quarter (October 1 – December 31)	94.4	69.8	- 26.1%	- 30.6%	+ 5.9%	- 1.4%
4 th quarter (January 1 – March 31)	39.6	26.4	- 33.4%	- 36.4%	+ 4.2%	- 1.2%
Full year	249.4	181.3	- 27.3%	- 32.2%	+ 7.0%	- 2.1%

Financial communication timetable

Annual General Shareholders' Meeting	8 July 2009
FY 2009-2010 1 st quarter Sales	21 July 2009

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, Champagne de Castellane, Jeanmaire and Oudinot.

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Laurent-Perrier belongs to compartment B of Euronext Paris.

Bloomberg: LAUR FP

It is part of the CAC Mid Small 190, CAC mid 100, SBF SM and SBF 250 indices.

Reuters: LPER.PA

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