



Press release

ANNUAL RESULTS 2011

A year of structuring actions for growth

REIMS, 28 March 2012 – The Board of Directors of Vranken-Pommery Monopole met on 28 March 2012, under the chairmanship of Paul-François Vranken and in the presence of the Auditors, to close the accounts of the Group for the 2011 financial year.

In millions of euros	2011	2010	Variation
Consolidated turnover	339.6	364.4	
Turnover excluding destocking operation in 2010	339.6	342.1	-0.7%
- Current operating result	37.3	38,4	- 2.9%
% turnover	11 %	10.5 %	
- Consolidated net result	8.9	14.7	-39.5%
% turnover excluding inter-champagne transactions	2.6 %	4.0 %	
Net result excluding non-recurrent elements	12.6	14.7	
- Group share of net result	8.8	14.7	
% turnover excluding inter-champagne transactions	2.6 %	4.0 %	

“The Group, which is Europe’s leading wine grower, is based on an economic model and sound fundamentals:

- *it has a unique property base, with over 2,500 hectares of vineyards under production, 250 of which are in Champagne, as well as a substantial amount of real estate;*
- *operating on an international scale, it is upheld by a portfolio of unique and complementary brands*
- *the industrial tool was streamlined with the separation of upstream activities within Vranken Pommery Production and downstream activities within Vranken Pommery Monopole*
- *the structuring of the sales networks into key zones is now complete, among other things with the creation of a subsidiary in China*
- *stocks have been brought into line with expected commercial performances”*

declared Paul-François Vranken, Chairman and Managing Director of the Group.

Business analysis

In an uncertain economic environment in 2011, the level of business activity recorded by Vranken-Pommery Monopole group remained stable overall. Excluding the non-recurrent destocking operation recorded in the fourth quarter of 2010 amounting to EUR 22.3 million, the turnover was down slightly by 0.7% at EUR 339.6 million.

Having increased slightly during the first nine months of the financial year, the historical business activity in Champagne (Vranken – Pommery – Heidsieck & Co Monopole – Charles Lafitte) and other brands (including sales of port wine - Rozès - Terras do Grifo) ultimately fell back by 1.7% and amounted to EUR 281.7 million for the 2011 financial year. This downturn is due to the wish not to renew a substantial Charles Lafitte contract in England owing to the unsatisfactory pricing position. The mix/price effect of the historical structure rose by 0.6%, reflecting the continuation of the strategy aimed at the growth of the international brands and the reduction of national brands that make a lesser contribution.

The group's second operating sector, the wine business (Sable de Camargue des Domaines Listel and Côtes de Provence du Château La Gironde), amounted to EUR 57.9 million in 2011, compared with EUR 55.4 million in 2010, a rise of 4.6%.

Finally, in 2011, Vranken-Pommery Monopole opted to support the sensible and forward-looking stock management of its partners and customers in the international distribution sector, whose stock ratios were thereby optimised at the end of December 2011, bringing consignment levels into line with future local sales.

Financial elements

The current operating result (37.3 million in 2011), with a current operating margin at 11 % of the turnover, confirming the resilience of the group.

Adoption of a new industrial facility intended to increase the group's production capacity and reduce its costs. This industrial reorganisation had a non-recurrent impact of EUR 3.4 million on the operating result of the financial year. It comprises:

- the closure of the Bosquet production tool in Camargue in favour of the centralisation of the wine-making processes in Jarras,
- the reconversion of the Pierrefeu production tool in Provence to create a logistics platform
- the centralisation of the bottling activity at the Villeroy production centre,
- the transfer of the Pommery labelling and sealing activity to Tours sur Marne in Champagne and the creation of Vranken-Pommery Production.

The relative stability of financial charges linked to indebtedness of EUR 17.7 million compared with EUR 17.2 million in 2010, while the financial result includes a provision on financial claims of EUR 1.3 million resulting from the management of the German subsidiary.

The net result stood at EUR 8.9 millions in 2011 (EUR 14.7 million in 2010), after taxes amounting to EUR 7.1 million (EUR 6.2 million in 2010), including a non-recurrent impact of EUR 0.7 million in deferred taxes linked to the development of tax legislation.

Excluding non-recurrent, extraordinary elements, the net result for 2011 would stand at EUR 12.6 million.

The group's financial situation has been strengthened by a further fall in net financial indebtedness of EUR 4 million (having fallen by EUR 19.3 million in 2010), so that it now stands at EUR 547.9 million. The gearing ratio (net debt/equity capital) is stable at 1.78 (1.77 en 2010), with equity capital at the end of December 2011 amounting to EUR 307.2 million.

The group has built up unique property portfolio with substantial, high-quality stocks gauged to respond to the international development witnessed. As in the past, the value of stocks (EUR 569 million) covers the level of indebtedness by 104 %, i.e. a stable gearing ratio.

Dividends

At the General Meeting of 13 June 2012, Vranken-Pommery Monopole will propose a dividend of EUR 1.05 per share.

This dividend will be paid out on 29 June and would correspond to a gross return of 3,87 % on the basis of the most recent stock-market price.

Outlook

In an evolving macro-economic context, 2012 is being approached with caution but dynamism. Demand in terms of volume for Champagne is expected to increase by 1 to 2 %.

The rosé wine market, so far developed in France, is gradually being extended to neighbouring European countries. The group aims to increase the export sales of the Listel group to 20 % over the next three years, compared with almost 15 % at the moment.

After a year of structuring for Vranken-Pommery Monopole in 2011, 2012 will be the year in which the industrial and commercial measures initiated in 2011 are put into effect.

This industrial streamlining and the optimisation of resources are expected to result in growth in the group's business and an improvement of its profitability reflected in the current operating result at 12 % of the turnover.

About Vranken-Pommery Monopole

Vranken-Pommery Monopole is the second largest champagne group. Its portfolio comprises the leading brands of VRANKEN with its Diamant and Demoiselle vintages, POMMERY with its Cuvées Louise and POP vintages, CHARLES LAFITTE and HEIDSIECK & CO MONOPOLE. The company owns the premium ROZES and TERRAS DO GRIFO port wine brands. Finally, the group is the leading distributor of rosé wines with Sable de Camargue - gris de gris wines – from DOMAINES LISTEL and Côtes de Provence – rosé wines – from the CHATEAU LA GORDONNE.

The Vranken-Pommery Monopole group owns the largest vineyard in Europe spread among Champagne, Provence, the Camargue and Portugal.

Vranken-Pommery Monopole is listed on the NYSE Euronext Paris and Brussels.
(Code "VRAP" (Paris), code "VRAB" (Brussels); code ISIN: FR0000062796).

Financial announcement

Patrice Proth, Company Secretary, who has served alongside Paul-François Vranken for nine years, is to take charge of financial announcements, following on from Paul Bamberger who, for personal reasons, prefers to continue his professional career along another path.

Moreover, it should be noted that an analytical presentation of the 2011 results is available on the group's website www.vrankenpommery.fr

Contacts

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APPENDICES

Vranken-Pommery Monopole

Consolidated Financial Statements for the year ended December 31,2011

Consolidated Income Statement - IFRS

(in € thousands)	Note appendice	31/12/2011	31/12/2010
Revenue	1	339 638	364 434
Purchases used in production	2	- 241 777	- 262 572
Personnel costs *	3	- 49 392	- 49 953
Other operating income	4	1 865	2 117
Other operating expenses	4	- 863	- 747
Taxes other than on income	5	- 6 130	- 4 856
Reversals of depreciation, amortization and provisions, expense transfers	6	5 309	1 824
Depreciation, amortization and provision expense	7	- 11 359	- 11 832
Recurring operating profit		37 291	38 415
Other income	8	3 212	1 900
Other expenses	8	- 5 495	- 2 280
operating profit		35 008	38 035
Financial income	9	2 429	2 343
Financial expenses	9	- 21 387	- 19 552
Profit before tax		16 050	20 826
Income tax expenses	10	- 7 116	- 6 158
Profit for the period		8 934	14 668
Breakdown of consolidated net result			
Profit consolidated for the period		8 934	14 668
- of which minority interests		105	18
- of which profit attributable to equity holders of the parent		8 829	14 650
Profit / share	in €	#REF!	2,20
Result broken down by share	11	#REF!	2,20

*Including statutory and discretionary profit-sharing

APPENDICES

Vranken-Pommery Monopole

Consolidated Balance at December 31, 2011 - IFRS Norms

Assets

in € thousands	Note annexe	31/12/2011	31/12/2010
Intangible assets	12	93 507	94 302
Property, plant and equipment	13	281 161	283 615
Other non-current assets	14	20 958	20 350
Deferred tax assets	23	9 313	7 817
Total non-current assets		404 939	406 084
Inventories	15	568 702	538 515
Trade receivables	16	102 772	124 971
Other current assets	17	47 082	55 611
Current financial assets	18	-	299
Cash and cash equivalents	19	4 137	7 400
Total current assets		722 693	726 796
Total assets		1 127 632	1 132 880

Equity and liabilities

in € thousands	Note annexe	31/12/2011	31/12/2010
Share capital		100 542	100 542
Reserve and share premium account		186 126	183 357
Profit for the period		8 829	14 650
Equity attributable to equity holders of the parent	20	295 497	298 549
Minority interests		11 734	12 512
Total Equity		307 231	311 061
Long-term borrowings	21	331 865	422 937
Employee benefit obligations	22	8 950	8 104
Deferred tax liabilities	23	61 664	58 781
Total non-current liabilities		402 479	489 822
Trade payables	24	168 722	156 539
Short-term provision	25	468	678
Income taxes payable	26	13 362	21 283
Other current liabilities	27	15 217	16 896
Short-term borrowings	21	213 177	132 726
Current financial liabilities	28	6 976	3 875
Total current liabilities		417 922	331 997
Total equity and liabilities		1 127 632	1 132 880