LANSON~BCC

PRESS RELEASE

GROWTH IN EARNINGS FOR 2018
FINANCIAL STRUCTURE FURTHER STRENGTHENED

Reims, Wednesday March 20, 2019 - 5:45 pm

*LANSON-BCC is reporting **8.9% growth in net income for 2018, up to €12.69m**. Despite an unfavorable environment in France and the UK - the Group's two longstanding core markets - 2018 was an encouraging year overall: several Houses recorded growth in France and for Export, the price-mix effects were positive on the whole and financial expenses were further reduced. This enabled the Group to strengthen its financial structure again. As a family-owned pure player for Champagne, the Group is moving forward with its long-term value development strategy with determination.*

Highlights

Global Champagne shipments came to 301.9 million bottles (-1.8%). The French market (48.7% of the volumes shipped) recorded a further contraction to –4.2% (–2.5% in 2017). Development was limited for the other European Union countries (-0.9%), linked primarily to the downturn on the UK market (-3.6% after –19% over 2016 and 2017). Countries outside the European Union continued to make progress (+2.1% with 26.1% of the volumes sold). The total value of Champagne shipments is proving resilient, up +0.3% to €4.9bn (source: CIVC).

Against this backdrop of significant instability, the LANSON-BCC Group's Houses naturally show contrasting trends. While Lanson recorded a drop in its business, primarily in the UK, Philipponnat, with its renowned **Clos des Goisses** cuvee, De Venoge, with the successful launch of its **Princes** cuvee, and Chanoine, with its **Tsarine** cuvee, improved their performances significantly, while the other Houses - Boizel, Burtin and Alexandre Bonnet – were stable.

Consolidated income statement

IFRS (€m)	**2018**	**2017**	**Change**
Revenues	**277.50**	**261.59**	**+6.1%**
Gross margin	98.38	93.66	
EBIT	**21.88**	**20.39**	**+7.3%**
% of revenues	*7.9%*	*7.8%*	
Financial income and expenses	**-3.70**	**-3.95**	**+6.3%**
Corporate income tax	-5.60	-4.78	
Net income	**12.69**	**11.65**	**+8.9%**
% of revenues	*4.6%*	*4.5%*	

2018 **consolidated revenues** came to **€277.50m** (+6.1%). Excluding the brokerage subsidiary, whose activity is traditionally subject to fluctuations, consolidated revenues represent **€271.94m** (+6.1%).

The Group's **EBIT** reflects the impact of a further decline on the UK market. However, the progress made by several Houses, both in France and for Export, and the globally positive price-mix effects made it possible to offset the UK market's continued downturn and, at least partially, the increase in the cost price of bottles sold during the period.
EBIT came to **€21.88m**, compared with €20.39m, up **+7.3%**.

Financial expenses primarily concern financing for the aging of Champagne stocks. They show a further slight improvement to **-€3.70m**, versus -€3.95m, thanks to the moderation of the **average cost** of financial debt at less than 1%.

Pre-tax earnings are up **+10.7%** to **€18.18m**.

Corporate income tax represents **-€5.60m**, up +17.1%, with an effective corporate income tax rate of 30.8%.

Net income is up **+8.9%** to **€12.69m**, with a net margin rate of 4.6%.

Consolidated balance sheet
Shareholders' equity represents **€283.9m**, compared with €273m at end-2017.

Consolidated **net financial debt** totaled **€521.7m** (80% fixed rate), versus €505.55m at end-2017. 86% of this debt, representing **€447.3m**, compared with €437.38m at end-2017, concerns financing for the aging of a **stock of wine** over 3.5 years on average, which is an essential part of the Champagne wine production process; its book value was **€526.8m**, versus €507.22m at end-2017. In view of this outstanding debt, a reasonable level of sales growth is expected for the coming years.
Other financial debt, with **€74.4m** versus €68.17m at end-2017, concerns the investments in our Houses, including €12.2m for purchasing vineyards.

The Group has continued to strengthen its financial structure: gearing, at **1.84**, is at a normal level for Champagne due to the significant levels of stock for aging. It has continued to fall from a high of 5.68 at end-2006 following the acquisition of Burtin and Champagne Lanson. Excluding stocks, this ratio drops to 0.26.
LANSON-BCC's Board of Directors will be submitting a proposal for the General Meeting on May 3, 2019 to approve a stable **dividend** of **€0.50** per share, to be paid out on May 10, 2019 (28% of net income). As has been the case since 2006, the Group has capitalized the bulk of its earnings in order to give it the resources needed to drive its development.

Outlook
LANSON-BCC is reasserting its long-term **value development** strategy. The significant investments made in the Group's Houses, first to upgrade their industrial and wine-production tools, then more recently to open them up to the public, aim to further strengthen their positioning in the high-end and **luxury** sector. At the start of 2019, the arrival of new managers to head up Lanson, Chanoine and Boizel illustrates the **new ambitions** for their growth.

As always, since the last quarter of the calendar year accounts for nearly 50% of its total sales, the LANSON-BCC Group will not be publishing forecasts for 2019.

Additional information
The consolidated financial statements for 2018 were approved by the Board of Directors on March 20, 2019. The audit procedures on the consolidated accounts have been completed. The certification report will be issued once the necessary procedures have been finalized for filing the 2018 registration document.

LANSON-BCC is a group built around eight Houses that produce Champagne wines, created and led by Champagne families. It unites together outstanding Houses, renowned for their unique wines and benefiting from the effective fit between their customer segments. The blend of ancestral know-how and leading-edge technical capabilities, creative independence and rational synergies enables each one of its Houses to develop its performances, ensuring the LANSON-BCC Group's sustainability.

- **Champagne Lanson**, prestigious House founded 1760, Reims, with 80% distributed on international markets.
- **Champagne Chanoine Frères**, House founded 1730, Reims, wines intended primarily for the European mass retail market (Chanoine brand), reputed above all for its **Tsarine** cuvee.
- **Champagne Boizel**, House founded 1834, Epernay, French mail-order specialist (BtoC), distributed in the traditional sector for international markets.
- **Champagne De Venoge**, House founded 1837, Epernay, sold on selective retail markets, notably with its **Princes** range and its **Louis XV** grande cuvee.
- **Champagne Besserat de Bellefon**, House founded 1843, Epernay, distributed through traditional networks (restaurants, wine stores), notably with the **Cuvée des Moines**.
- **Champagne Philipponnat**, House founded 1910, Mareuil sur Aÿ, which owns the renowned **Clos des Goisses**, with wines available exclusively on selective retail markets as well as in the world's leading restaurants.
- **Maison Burtin**, Epernay, private-label supplier for the European mass retail market and also producer of Champagne Alfred Rothschild.
- **Champagne Alexandre Bonnet**, Les Riceys, owner of a vast vineyard, with wine sold in traditional sectors.

www.lanson-bcc.com

Euronext Compartment B

ISIN: FR0004027068
Ticker: LAN

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Bloomberg: LAN:FP

Indices: CAC All Shares, CAC Consumer Goods, EnterNext PEA-PME 150

Eligible for SME share-based savings schemes
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