



PRESS RELEASE

2019 FULL-YEAR EARNINGS

Reims, Wednesday March 18, 2020 - 5:45 pm

LANSON-BCC's results for 2019 were affected by the significant contraction in volumes sold in France, particularly in the mass retail sector, which was not able to be offset by the positive effects of the improvement in the price-product mix and the reduction in financial expenses. Nevertheless, net income totaled €10.1m, enabling the Group to consolidate its sound financial structure. As a family-owned pure player for Champagne, LANSON-BCC is moving forward with its long-term value development strategy with determination.

Highlights

Global Champagne shipments came to 297.6 million bottles (-1.6%). The French market, once again affected by the social protest movements, continued to contract, down -4.0% (-4.2% in 2018). It represents 47.6% of the volumes shipped by the Champagne industry. The other European Union countries achieved +0.9% growth to represent 25.7% of the volumes sold, while non-EU countries are up +0.7% to 26.7% of the volumes sold. The total value of Champagne shipments reached €5.1bn, up +3.4% (source: CIVC).

In this contrasting environment, the LANSON-BCC Group's Houses, faced with the need to pass on the continued increases in grape prices, focused their sales policy on value rather than volumes. In France, the Houses with most exposure to the mass retail sector – particularly Maison Burtin and to a lesser extent Maison Chanoine Frères - despite the market share gains observed in point-of-sale reports, recorded a drop in their sales. However, the Group's Houses with the strongest focus on exports and serving traditional customer segments improved their performances.

Consolidated income statement

IFRS (€m)	2019	2018	Change
Revenues	250.29	277.50	-9.8%
Gross margin	92.92	98.38	
EBIT	17.63	21.88	-19.5%
% of revenues	7.0%	7.9%	
Financial income and expenses	-3.53	-3.70	+4.6%
Corporate income tax	-4.17	-5.60	
Net income	10.11	12.69	-20.3%
% of revenues	4.0%	4.6%	

2019 **consolidated revenues** totaled **€250.29m** (-9.8%). Excluding the brokerage subsidiary, whose activity is traditionally subject to fluctuations, consolidated revenues represent **€246.16m** (-9.5%).

EBIT came to **€17.63m**, compared with €21.88m (-19.5%). This change primarily reflects the significant contraction in volumes for the mass retail sector, as well as the continued increase in grape prices (+22.6% over 10 years). It masks the progress made by several Houses, both in France – excluding mass retail - and on Export markets, and the globally positive price-mix effects.

Financial expenses primarily concern financing for the aging of Champagne stocks. They show a further improvement to represent **-€3.53m**, compared with -€3.70m, thanks to the moderation of the **average cost** of financial debt at significantly less than 1%.

Pre-tax earnings came to **€14.10m**, down -22.5%.

Corporate income tax represents **-€4.17m** (-25.5%), with an effective corporate income tax rate of 29.6% for the Group.

Net income totaled **€10.11m** (-20.3%), with a net margin rate of 4.0%.

Consolidated balance sheet

Shareholders' equity represents **€287.9m**, compared with €283.9m at end-2018, notably reflecting the impact of provisions resulting from the revaluation of employee-related commitments for €3.2m (health insurance and retirement benefits).

Consolidated **net financial debt** came to **€544.4m** - including €6m for the application of IFRS 16 (Leases) - compared with €521.7m at end-2018. 86% of this total or **€470m**, versus €447.3m at end-2018, concerns financing for the aging of a **stock of wine** for nearly four years on average, which is an essential part of the Champagne wine production process; its book value is **€540.3m**, versus €526.8m at end-2018.

Other financial debt represents €74.4m (equivalent to end-2018) and concerns the investments in our Houses and vineyards.

The Group's financial structure remains sound: gearing, at 1.87, 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 Maison Burtin and Champagne Lanson.

Proposed dividend

Taking into account the contraction in earnings in 2019, LANSON-BCC's Board of Directors will be submitting a **dividend of €0.25** per share (18% of net income) for approval at the general meeting on April 30, 2020, scheduled for payment on May 11, 2020. 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 reaffirming its long-term **value development** strategy, with its ambition to further strengthen its positioning in the world of high-end wines. In a disrupted economic environment, the Group is focusing on the increasingly renowned quality of its Houses and their capacity for innovation to drive its progress, primarily on **export** markets. Alongside this, the Group will continue to **strengthen its financial structure**. The new governance structures put in place during the year, for Lanson, Chanoine Frères and Boizel, will deliver benefits in the short and medium term.

With regard to **Covid-19**, the Group's priority is the health of its teams and it has therefore rolled out a business continuity plan since March 16, with the Houses shutting down all or part of their cellar-based work, while activities in the vines are virtually normal. While it is impossible at this stage to estimate this epidemic's material impact on the Group's activities, LANSON-BCC would like to remind readers that nearly 50% of billing traditionally takes place in the last quarter of the calendar year.

Additional information

The consolidated financial statements for 2019 were approved by the Board of Directors on March 18, 2020. 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 2019 Universal Registration Document with the AMF (previously Registration Document).

<p>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.</p> <ul style="list-style-type: none">• Champagne Lanson, prestigious House founded 1760, Reims, holder of a Royal Warrant since the time of Queen Victoria, 80% of Champagne distributed on international markets.• Champagne Chanoine Frères, House founded 1730, Reims, Champagne sold primarily for the European mass retail market, reputed above all for its Tsarine cuvee.• Champagne Boizel, House founded 1834, Epernay, Champagne distributed through mail order in France (BtoC) and in the traditional sector for international markets.• Champagne De Venoge, House founded 1837, Epernay, Champagne sold on selective retail markets, notably with its Cordon Bleu and Princes ranges and its Louis XV grande cuvee.• Champagne Besserat de Bellefon, House founded 1843, Epernay, Champagne distributed through traditional networks (restaurants, wine stores), producer of the renowned Cuvée des Moines.• Champagne Philipponnat, House founded 1910, Mareuil sur Aÿ, owner of Clos des Goisses, Champagne sold exclusively on selective retail markets and 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, also producer of Rosé des Riceys. <p>www.lanson-bcc.com</p>	<p>Euronext Growth ISIN: FR0004027068 Ticker: ALLAN Reuters: ALLAN.PA Bloomberg: ALLAN:FP Indices: EN Growth Allshare, EnterNext PEA-PME 150</p> <p>Eligible for SME share-based savings schemes (implementing order of March 5, 2014)</p> <p>LANSON-BCC Nicolas Roulleaux Dugage Tel: +33 (0)3 26 78 50 00 investisseurs@lansonbcc.com actionnaires@lansonbcc.com</p> <p>CALYPTUS Cyril Combe Tel: +33 (0)1 53 65 68 68 cyril.combe@calyptus.net</p>
--	---