BELVÉDÈRE

Press release **Beaucaire, 12 May 2015**

2014 ANNUAL RESULTS EXCEED GUIDANCE

- **2014 EBITDA*: €5.2 million (vs. guidance of > €3.8 million)**
- **2014 Operating Profit from continuing operations: €1 million (vs. guidance of > 0)**
- **€21.8 million improvement in operating profit vs. 2013**
- **€21.1 million improvement in working capital requirements at 31/12/2014 (vs. 31/12/2013), taking the cash position to €41.5 million excluding the reimbursement of a carry-back receivable of €31 million in March 2015**
- **2014 net loss: -€18.2 million, including non-recurrent charges of €15.0 million**

SALES FOR THE 1ST QUARTER OF 2015: A RETURN TO GROWTH

- **+4.4 % at constant scope**

- **A year devoted to putting the Group back into operational shape**
- **Profitability maintained through a proactive policy of focusing on higher-margin activities**
- **Strengthened financial structure and internal control**
- **Q1 2015 sales supported by the impact of the initial initiatives of BiG 2018 on growth**
- **2018 financial targets reaffirmed**

Belvédère SA (Euronext Paris: BVD) today announces its results for the year to 31 December 2014 and its sales for the 1st quarter to 31 March 2015. Audit procedures relative to the Group's 2014 annual accounts have been carried out, and the auditor's report is currently being prepared.

Jean-Noël Reynaud, CEO of Belvédère, comments: "*2014 saw a total overhaul in the way our Group operates. The new management team, appointed following the change in our governance structure, has worked hard to put management best practices in place and define the BiG 2018 strategic plan. This also led to a strengthening of our internal control and operational control. Belvédère is now an integrated group structured to develop synergies between geographical clusters. We ended the year in a much healthier situation than we started it. The teams have sometimes had to work under difficult conditions, but have done so with unwavering devotion that I would like to acknowledge here. The reason we have been able to exceed the targets we set is because of the collective effort of us all, something of which I am particularly proud. The first quarter of 2015 also saw a gradual return to growth for our activities, which confirms our belief in our ability to successfully carry out all the strategic work detailed in BiG 2018 to enable us to accelerate this growth momentum.*"

- **2014 key events**

In 2014, the Belvédère group redefined the way it operates and put management best practices in place. This resulted in:

- A change in governance, with the appointment of a new CEO, Jean-Noël Reynaud, and a new Chairman, Benoit Hérault;
- The appointment of an executive committee consisting of experienced professionals, notably in charge of putting an integrated organisation in place;
- The Group's stock market normalisation, with Belvédère leaving the Euronext special compartment and returning to compartment B and also being included in the EnterNext PEA-PME 150 index;
- The strengthening of internal control and the implementation of management best practices;
- The Diana Holding group taking a stake in the Group and joining its Board of Directors;
- The presentation of the BiG 2018 strategic plan detailing the Group's ambitions and values.

- **2014 results: profitability maintained through a focus on higher-margin activities**

SIMPLIFIED INCOME STATEMENT

In millions of euros	31-Dec-14	31-Dec-13	Δ
Net sales	466.7	539.6	*-72.9*
EBITDA	5.2	10.6	*-5.4*
Operating profit from continuing operations	1.0	0.3	*+0.8*
Operating profit	-13.9	-35.7	*+21.8*

In 2014, net sales excluding excise duty totalled €466.7 million, down -16.4 % compared with 2013. At constant currency and restated for abandoned contracts and scope effects, the decrease in net sales excluding excise duty was -4.1%.

The Group's gross margin was negatively affected by the fall in revenue over the year. However, the Group made the necessary decisions to maintain its margins, notably by abandoning its low-profitability activities and subjecting its operating expenses to tighter steering. The Group thus rationalised its industrial processes and renegotiated certain contracts with its suppliers and clients.

Pursuing these same objectives, marketing costs were reduced by close to -€6.5 million in 2014 compared with 2013, following the renegotiation of image contracts. Furthermore, the Group's workforce was cut from 2,975 at the end of 2013 to 2,493 at the end of 2014. Personnel expenses thus decreased by -€6.0 million over the year and totalled €57.9 million.

Subsequently, 2014 EBITDA reached €5.2 million, a higher-than-forecast figure. Operating Profit from continuing operations came to €1 million, up by +€0.8 million on the year and again exceeding guidance.

Belvédère recorded a 2014 Operating Loss of -€13.9 million, which includes almost €15.0 million in restructuring costs. These are non-recurrent costs and will be significantly lower in coming years.
Despite this sizeable level of restructuring costs, Belvédère's 2014 Operating Loss improved by +€21.8 million compared with 2013.

Lastly, once a financial charge of -€4.2 million, reflecting the Group's debt reduction, and a tax charge of €0.1 million are taken into account, the annual net loss was -€18.2 million in 2014.

- **A strengthened financial structure**

Since the restructuring of the balance sheet carried out in 2013, Belvédère has a healthy balance sheet, with shareholders' equity of €199.2 million, versus €221.4 million at the end of 2013. The Group's very positive net cash position improved by +€22.4 million and totalled €41.5 million at 31 December 2014.

This improvement in Belvédère's cash position was mainly the result of work undertaken in 2014 to optimise working capital requirements. This work focused on two areas; a review of clients and suppliers' terms of payment and a rationalisation of inventory levels.
These two factors resulted in a +€58.1 million improvement in working capital requirements, and more than offset the negative impact of -€37.0 million of the decrease in fiscal debt associated with excise duty and frozen debts following the payment of the first dividend of the business continuation plan in March 2014 (€14.7 million).
Thus, at 31 December 2014, the Group's working capital requirements had improved by +€21.1 million compared with 31 December 2013, totalling €24.0 million.

- **Strengthened internal control**

As it had pledged to do, the Group has substantially strengthened its internal control under the impetus of its senior Management and Board of Directors. Procedures have been formalised and deployed to strengthen internal control, notably in terms of delegating power, monitoring commitments given and received and identifying legal risks.

Furthermore, during 2014 the Group paid particular attention to all elements relating to its cash position, which led to the setting up of tools for forecasting its cash position and a rationalisation of its relations with the banks.

- **1st quarter 2015 sales: +4.4% at constant scope**

Over the 1st quarter of 2015, Belvédère recorded consolidated net sales of €95.6 million, stable compared with the 1st quarter of 2014 but up +4.4 % on a comparable basis.

Q1 2014	Scope effect	Abandoned contracts	Q1 2014 restated	Organic growth	Currency effect	Q1 2015
95.6	-1.6	-2.4	91.6	3.4	0.6	95.6

+ 4.4%

- **Market share in the Group's key countries in the 1st quarter of 2015**
    - William Peel in France: 22.5% market share[1]
    - Krupnik in Poland: 12.2% market share[1]
    - Fruits and Wine in France: 28.6% market share [2]
    - Sobieski in the United States: 2.8% market share [3]

- **Detailed sales by country**

France: excellent performance by William Peel and Fruits and Wine

Over the 1st quarter of 2015, France recorded net sales of €39.6 million, down -5.3% compared with 2014. While sales of spirits were up compared with last year, sales of Wines were down in the 1st quarter of 2015 due to delays in orders of bottling services undertaken for some clients.
In the 1st quarter 2015, Belvédère continued to consolidate its positions on its William Peel and Fruits and Wine brands. The Group also continued to close in on 2nd spot on the vodka market with its Sobieski brand.

[1] Source: Nielsen P03 2015
[2] Source: IRI P03 2015, BABV
[3] Source: Nielsen 13 weeks to 28/03/15, Imported vodkas

	Change in volumes vs. Q1 2014		Market share
	Market	Belvédère	Belvédère
William Peel	+0.6%	+4.6%	22.5%
Sobieski	+2.1%	-10.3%	11.5%
Fruits and Wine	-0.1%	+6.7%	28.6%

Source: Nielsen P03 2015 / IRI P03 2015

On the scotch whisky market, William Peel has seen healthy growth that has pushed the category into a positive dynamic.

On the vodka market, Belvédère is still the 3rd largest player on the French market with its Sobieski brand, but is continuing to close in on the n° 2. Indeed, the difference in market share was just 0.6 percentage points at the end of March 2015, versus 1.4 at the end of March 2014. Sobieski did, however, record a difficult 1st quarter that can essentially be explained by a shift in promotional seasonality.

Lastly, on the aromatised wine-based drinks segment, Belvédère remains, with Fruits and Wine, the clear leader in its category with a market share of 28.6%.

<u>Poland: buoyant sales growth in line with the trend that began at the end of 2014</u>

In Poland, net sales totalled €38.1 million for the three months to March 2015, giving growth of +13.9% compared with 2014. Restated for the impact of the end of third-party vodka sales in 2014, sales were up by +20.3%.

Over the 1st quarter of 2015, Krupnik confirmed its market-share growth trend that began in July 2014, reaching 12.2% of the vodka market.

<u>Lithuania: continuous growth in sales</u>

Over the 1st quarter of 2015, net sales came to €5.2 million, giving growth of +5.1% compared with 2014, thus reaffirming the fine business performance in this country.

<u>United States: encouraging performance in the 1st quarter of 2015</u>

In the United States, net sales for the quarter to 31 March 2015 totalled €3.3 million, a decrease of -6.8% compared with the 1st quarter of 2014 once a positive currency effect of €0.6 over the period is taken into account. This fall can mainly be explained by a particularly strong 1st quarter of 2014 in anticipation of the increase in Sobieski's selling price from 1 April 2014. Indeed, compared with the 1st quarter of 2013, which gives a more fitting comparison, sales recorded double-digit growth. Simultaneously, destocking operations have continued among distributors and have led to a reduction of more than 20% in their inventories compared to the end of 2014.

Spain: increase in sales at constant scope

In Spain, net sales totalled €2.2 million over the 1st quarter of 2015, down -5.5% compared with the 1st quarter of last year.
Although it took place in November 2013, the effects of the end of the Pulco subcontracting contract at Marie Brizard Spain still impacted sales for the 1st quarter of 2015.
Hence, at constant scope, over the 1st quarter of 2015 Spain recorded a +3.9% increase in sales compared with the same period of 2014.

Brazil: sales affected by the increase in excise duty at the end of 2014

Net sales totalled €0.9 million over the first 3 months of 2015, a fall of -11.6% compared with the 1st quarter of 2014. Sales for the 1st quarter of 2015 were still affected by the increase in excise duty in the State of Rio on 1 November 2014.

Bulgaria: business back to normal

The Group has regained operational control of its entities in Bulgaria. The Bulgarian teams thus began 2015 in a normalised environment. At the end of March 2015, net sales totalled €1.3 million, representing double-digit growth.

- **Progress report on the BiG 2018 strategic plan**

Belvédère began to implement its BiG 2018 strategic plan during the 1st quarter of 2015.

Regarding the rationalisation of its portfolio's non-strategic assets, Belvédère has implemented an active strategy, and the sell-off processes for all these assets are underway.
Belvédère can already announce that it has signed an agreement with Carrefour to sell Galerie Alkoholi, a company comprising 39 liquor stores in Poland. This agreement should be finalised shortly.

Regarding the optimisation of core activities though the implementation of industrial, sourcing and sales best practices, Belvédère has begun to execute the main projects in this respect.
From an industrial point of view, Belvédère is already working on improving its vodka manufacturing capabilities in Lithuania.

Regarding sourcing, Belvédère has finalised discussions pertaining to the sourcing of scotch for 2015 and to purchasing synergies, and notably bottles. These negotiations have made it possible to validate the assumptions of the strategic plan.

Lastly, at sales level, Belvédère is beginning to receive very positive feedback from its partners in all its geographical regions. Here again, these discussions add credibility to the assumptions laid out in BiG 2018.

Subsequently, Belvédère has confidence in its prospects and is reaffirming the financial targets set out in its BiG 2018 strategic plan.

*EBITDA: earnings before interest, taxes, depreciation, and amortization

Next press release: sales for the 1st half of 2015, on Friday 7 August 2015

About Belvédère

Belvédère is a wine and spirits group operating in Europe and the United States. The Group stands out through its know-how, its assortment of brands with a long tradition and a spirit firmly focused on innovation. From the founding of Maison Marie Brizard in 1755 to the launch of Fruits and Wine in 2010, the Belvédère group has shown an ability to develop its brands in a modern way whilst respecting their origins.

Belvédère's commitment is to offer its clients trustworthy, audacious and flavourful brands. Today, the Group has a consistent portfolio of brands that are leaders on their respective segments, and notably William Peel, Sobieski, Fruits and Wine and Marie Brizard.

Belvédère is listed on Compartment B of Euronext Paris (FR0000060873- BVD) and is included in the EnterNext© PEA-PME 150 index.

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APPENDICES

CONSOLIDATED INCOME STATEMENT

Amounts in €000 (unless otherwise stated)	**31 December 2014**	**31 December 2013 Restated**	**31 December 2012 Restated**
Revenues	**716,529**	**856,864**	**891,900**
Excise Duties	(249,851)	(317,298)	(340,636)
Revenues without excise duties	**466,678**	**539,566**	**551,264**
Purchases consumed	(319,632)	(371,657)	(382,383)
External charges	(74,298)	(82,455)	(88,479)
Personnel costs	(57,937)	(63,903)	(65,961)
Taxes and levies	(8,123)	(8,895)	(8,734)
Depreciation charges	(7,382)	(8,461)	(9,818)
Other operating income	14,744	11,558	9,225
Other operating expenses	(13,010)	(15,473)	(14,162)
Operating profit/(loss) from continuing operations[1]	**1,042**	**279**	**(9,048)**
Non-recurring income	8,412	32,436	8,023
Non-recurring expenses	(23,368)	(68,453)	(83,951)
Operating profit/(loss)	**(13,914)**	**(35,737)**	**(84,976)**
Income from cash and cash equivalents	249	165	438
Gross cost of borrowings	(1,579)	(7 762)	(21,887)
Net cost of borrowings	**(1,330)**	**(7,597)**	**(21,449)**
Other financial income	6,811	244,640	8,294
Other financial expenses	(9,705)	(10,873)	(11,406)
Net financial items	**(4,224)**	**226,170**	**(24,562)**
Profit/(loss) before tax	**(18,138)**	**190,432**	**(109,537)**
Income tax (charge)/income	(60)	(272)	(9,231)
Share of income of associates		307	211
Net profit/(loss) on continuing operations	**(18,198)**	**190,467**	**(118,558)**

CONSOLIDATED BALANCE SHEET

Amounts in €000	31 December 2014	31 December 2013
ASSETS		
Goodwill	29,932	30,646
Intangible assets	110,900	111,240
Property, plant and equipment	42,922	51,653
Investments	1,624	5,767
Investments in associates		3,089
Non-current tax receivables		
Deferred tax assets	3,393	2,497
Non-current assets	**188,771**	**204,892**
Inventory and work-in-progress	70,095	100,196
Trade receivables	98,982	134,355
Tax receivables	33,164	31,275
Other current assets	21,373	25,869
Cash and cash equivalents	77,184	36,470
Current assets	**300,797**	**328,167**
Assets held for sale	**5,877**	
Total assets	**495,445**	**533,059**

Amounts in €000	31 December 2014	31 December 2013
LIABILITIES		
Share capital	52,973	52,972
Premiums	416,359	416,353
Consolidated reserves	(244,204)	(434,138)
Translation reserves	(17,545)	(13,968)
Consolidated net income/(loss)	(19,096)	190,260
Equity capital (Group share)	**188,488**	**211,479**
Minority interests	10,696	9,906
Total equity capital	**199,184**	**221,385**
Employee benefits	6,071	5,132
Other non-current provisions	7,473	7,072
Long-term debt - due in more than 1 year	2,202	2,353
Deferred tax liabilities	38,768	40,731
Other non-current liabilities	64,227	74,346
Non-current liabilities	**118,740**	**129,634**
Current provisions	3,972	3,523
Long-term debt - due in less than 1 year	1,112	1,480
Short-term debt	32,321	13,510
Suppliers and related payables	56,985	64,310
Tax liabilities	558	(946)
Other current liabilities	77,813	100,162
Current liabilities	**172,761**	**182,040**
liabilities held for sale	**4,760**	
Total liabilities	**495 445**	**533,059**

CASH FLOW STATEMENT

Amounts in €000	31 December 2014	31 December 2013
Total consolidated net profit/(loss)	**(18,198)**	**190,467**
Less net profit/(loss) on sold or held-for-sale operations		
Net profit/loss on continuing operations	**(18,198)**	**190,467**
Income/(loss) from equity associates		(307)
Depreciation, amortisation and provisions	12,375	20,017
Fair value revaluation gains/losses	(11)	
Impact of discounting	6,021	(30,420)
Difference between the fair value/cash obtained on the transfer of treasury shares		5,861
Difference between the fair value and book value of the FRN debt	(11)	(209,803)
Gains/(losses) on disposals and dilution	238	1,780
Dividend income		(5)
FRN and OBSAR debt deposit adjustments		1,085
Operating cash flow after net cost of borrowings and tax	**413**	**(21,325)**
Income tax charge (credit)	60	272
Cost of net financial debt	1,335	7,630
Operating cash flow before net cost of borrowings and tax	**1,808**	**(13,423)**
Change in working capital 1 (inventory, trade payables and receivables)	58,149	(55,964)
Change in working capital 2 (other items)	(37,045)	83,055
Taxes paid	(2,346)	(387)
Cash flows from operating activities	**20,566**	**13,281**
Purchase of minority interests		
Purchase of property, plant and equipment and intangible assets	(4,844)	(4,418)
Subsidies received		
Purchase of investments		
Increase in loans and advances granted	(255)	(4,473)
Decrease in loans and advances granted	4,424	973
Disposal of property, plant and equipment and intangible assets	474	21,063
Disposal of investments	(4)	
Other investment and disposal flows		107
Dividends received		106
Impact of asset acquisitions and disposals	3,500	
Cash flows from investing activities	**3,295**	**13,357**
Capital increase	7	73
Purchase of treasury shares		
Sale of treasury shares		
Borrowings received	1,358	810
Borrowings repaid	(1,596)	(6,853)
Net interest paid	(1,454)	(5,083)
FRN and OBSAR debt deposit adjustments		2,591
Net change in short-term debt	19,058	(10,194)
Cash flows from financing activities	**17,373**	**(18,656)**
Impact of fluctuations in exchange rates	(282)	(993)
Cash flows from operations sold and sale proceeds		
Change in cash and cash equivalents	**40,951**	**6,990**
Opening cash and cash equivalents	36,470	28,175
Cash reclassifications	(5)	1,306
Cash of assets held for sales	(231)	
Closing cash and cash equivalents	77,186	36,470
Change in cash and cash equivalents	**40,951**	**6,990**

Geographical split in consolidated net sales

€m	Q1 2015
France	39.6
Poland	38.1
Lithuania	5.2
USA	3.3
Spain	2.2
Brazil	0.9
Others	6.3
Total	**95.6**