



Buy Louis Roederer Cristal 2009 Magnums – Significant Undervaluation versus the Cristal ‘Curve’

Collectors’ Price (1x150cl) In Bond	SG\$545
Cru Investment Rating	“A”
Average Critic Score	95
Price per Point (Cristal 2009 150cl)	SG\$5.7
Average Price per Point (Cristal 1999-2009)	SG\$12.8
Price Target (150cl) over 24 months	SG\$660
Implied Price performance	+21%

- **Cristal** is one of the world’s most prestigious Champagnes; historic price performance has been excellent.
- **Cristal 2009** Magnums are significantly undervalued versus all other Cristal vintages.
- When the next vintage (**2008**) is released later this year we expect the 2009 to revalue upwards in price.
- 24-month price target is **SG\$660** Upside is **+21%**.

Louis Roederer, founded in 1776, is one of the world’s most collectable Champagne producers. Since 1876 Roederer has produced ‘Cristal’, a special cuvee made from the estate’s Grand Cru vineyards.

We recommended the **Cristal 2009** (6x75cl) in 75cl bottle format at SG1,025 in November 2017. Our argument was that as we got closer to the release of the new vintage (the 2008, due to be released later this year) the price of the 2009 would start to rise.

Collectors following our advice have been rewarded as the market price has already risen to at least SG\$1,150 (6x75cl), a return of 13% in five months, or over 25% pa on an annualised basis.

We think that an equally attractive opportunity now exists in the Cristal 2009 150cl ‘Magnum’ format.

Cristal 2009 was released in July 2016. Only 300-400,000 of the 75cl bottles were made, and all has been released (we believe). Louis Roederer does not disclose how many 150cl Magnums are released, but we know it is a very small number, and they always trade at a significant premium to the 75cl bottles.

Cristal 2009 150cl Magnums – Two Routes to Price Appreciation:

Collectors purchasing Cristal 2009 150cl Magnums have two separate ways to profit from price appreciation:

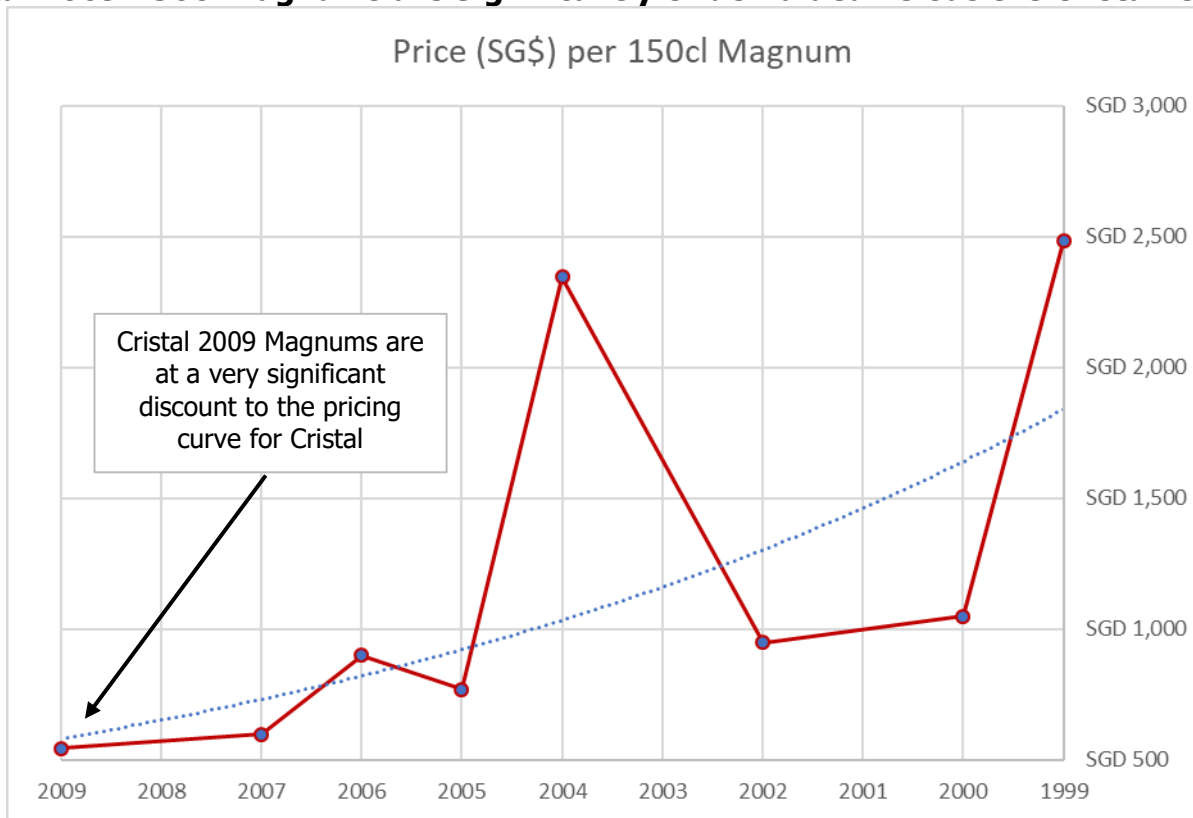
1. The Cristal 2009 discount to the Cristal ‘curve’ closes up; and / or
2. The Cristal 2009 ‘Magnum premium’ expands.

Cristal 2009 discount to the Cristal ‘curve’ should Close Up over the next Year

As we wrote in November 2017, when the new vintage of Cristal (the 2008) is released later this year the Cristal 2009 will no longer be the ‘on the run’ vintage. Historically, this has coincided with a reduction of supply and a sharp upwards correction in the price. Some of this upwards correction has already occurred in the 75cl bottles (hence the 13% return made by collectors who bought in November 2017).

The good news for new buyers is that the Cristal 2009 150cl Magnums are *still* significantly undervalued versus all historic vintages. The **Price per Point** (price / critic score) of the Cristal 2009 Magnums is only **SG\$5.7** - versus an average for the last 10 vintages of **SG\$12.8**. (Scores are shown in the table below). A re-valuation to the historical average of SG\$12.8 would see the Cristal 2009 Magnums trading at **SG1,216**.

Cristal 2009 150cl Magnums are Significantly Undervalued versus the Cristal 'Curve'



Source: Singapore merchants on wine-searcher.com

The under-valuation of the Cristal 2009 versus the historical curve is despite its being scored 95 (average score from wine-searcher.com), which is the **joint best average score ever achieved by Cristal**.

Cristal 2009 'Magnum Premium' should Expand over next Two Years

Our offer price to Cru Collectors is SG\$545 per 150cl Magnum, which is **only a 30% premium to the price of the 75cl bottles**. The table below shows that the average premium of the 150cl Magnums for the last eight vintages is almost 80% over the 75cl bottles. An appreciation to a 80% premium would put the Cristal 2009 Magnum price at SG\$750 without *any* 'catch up' to the Cristal pricing curve (assuming an unchanged 75cl bottle price).

Year	Price (SG\$) per Magnum	Score (WS)	Price per Point (SG\$)	75cl Bottle price (SG\$)	Magnum Premium
2009	SGD 545	95	SGD 5.74	SGD 209.00	30%
2007	SGD 600	95	SGD 6.32	SGD 247.00	21%
2006	SGD 901	95	SGD 9.48	SGD 275.00	64%
2005	SGD 770	95	SGD 8.11	SGD 299.00	29%
2004	SGD 2,346	95	SGD 24.69	SGD 318.00	269%
2002	SGD 950	95	SGD 10.00	SGD 383.00	24%
2000	SGD 1,050	93	SGD 11.29	SGD 357.00	47%
1999	SGD 2,484	94	SGD 26.43	SGD 520.00	139%
				Average Premium	78%

Source: Singapore merchants on wine-searcher.com

Buy Cristal 2009 150cl Magnums – Even Storage is on Your Side

We recommend that collectors take advantage of our Cru Collector's price and **buy the 150cl Magnums at SG\$545**. We believe that the relative undervaluation gap will close up - and also that the 'Magnum premium' will expand - over the next two years.

Our storage charge for 150cl Magnums is the same price as for 75cl bottles, which effectively *halves* the cost of storage. Even holding a 150cl Magnum for 5 years would only incur a storage charge of SG\$21.0, which is less than 4% of the purchase price for the *whole period of storage*. Given the likely upside in price performance a 'cost of carry' of less than 1% is very attractive for collectors.

No other Singapore merchants are currently listing Cristal 2009 Magnums for sale (according to wine-searcher.com). Cru's retail price is SG\$667.85, but we have a special price for Cru Collectors of SG\$545 (in bond).

We believe that this is an **excellent opportunity for collectors with a 24 month-time horizon**. We believe that in 24 months the Cristal 2009 will trade at least at **SG\$660** - or **an appreciation of around 21% from our SG\$545 offer price**.

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