



## Buy Taittinger 'Comtes' 2006 – SIGNIFICANTLY UNDERVALUED

Price (6x75cl)	<b>SG\$780</b>
Investment Rating	<b>BBB</b>
Average Critic Score	<b>95.3</b>
Price per Point	<b>SG\$1.37</b>
Price Target (6x75cl) over 24 months	<b>SG\$1,175</b>
Implied Price performance	<b>+51%</b>

- **Taittinger 'Comtes de Champagne'** is one of the world's top Champagnes.
- Comtes 2002 has **outperformed comparable 2002 Champagnes by a wide margin since release.**
- Comtes 2006 is selling at **much too great a discount** to the other great vintage of the last decade (2002).
- Comtes 2006 should get a **price bounce when the next vintage is released in mid-2018.**
- 12-month price target is **SG\$1,175**. Upside is **+51%**.

**Taittinger** is one of the few family-owned independent Champagne houses left today. **Taittinger Comtes de Champagne** ('Comtes') is its top Champagne, which was first produced in 1952 and comes from six Grand Cru sites. Comtes is made in smaller quantities than other special cuvees: typically only 150-300k bottles, versus 300-400k for Cristal and 5 million bottles of Dom Perignon in a vintage year. It is widely acknowledged that over the past decade: **2002** and **2006** are *the* stand out Champagne vintages. *Wine Spectator* gives the 2006 vintage 93 points, versus 94 for 2002, its two highest scores over ten years.

We are recommending a **BUY** on the **Taittinger Comtes de Champagne 2006** for three reasons:

1. Taittinger Comtes is released at a modest price, and therefore has **great potential for performance in good years**, as shown by the stunning investment return of the Comtes 2002 (nearly +100% since release).
2. Taittinger Comtes 2006 sells at **much too deep a discount (49%)** to the Comtes 2002 (which it outscores).
3. Taittinger Comtes 2006 is likely to have a **significant bounce up in price** when the next vintage is released. Primary dealer inventories of Comtes 2006 are also now running down.

### Taittinger 'Comtes' is a Proven Long-term Performer in Good Vintages (like 2002)

Taittinger Comtes has outperformed comparable Champagnes over recent years. Because of its reasonable release price, Comtes offers excellent performance potential in the best years. Comtes 2002 has outperformed comparable 2002 Champagnes by a wide margin since release (+98.6%).

	2002 Release Price	2002 Current Price	Return
<b>Taittinger, Comtes de Champagne</b>	SGD 796	SGD 1,582	<b>98.6%</b>
<b>Louis Roederer, Cristal</b>	SGD 1,449	SGD 1,855	<b>28.0%</b>
<b>Möet &amp; Chandon, Dom Perignon</b>	SGD 742	SGD 1,249	<b>68.3%</b>
<b>Salon, Mesnil</b>	SGD 2,804	SGD 3,801	<b>35.6%</b>
<b>Pol Roger, Sir Winston Churchill</b>	SGD 1,267	SGD 1,466	<b>15.7%</b>

## Taittinger Comte 2006 is Significantly Undervalued versus the 2002

We believe that Taittinger Comtes 2006 is significantly undervalued at SG\$780 (6x75cl). SG\$780 is only 49% the price of the SG\$1,593 price of the Taittinger Comtes 2002. By contrast, the other four comparable 2006 Champagnes trade at 65-81% the price of their 2002 vintage.

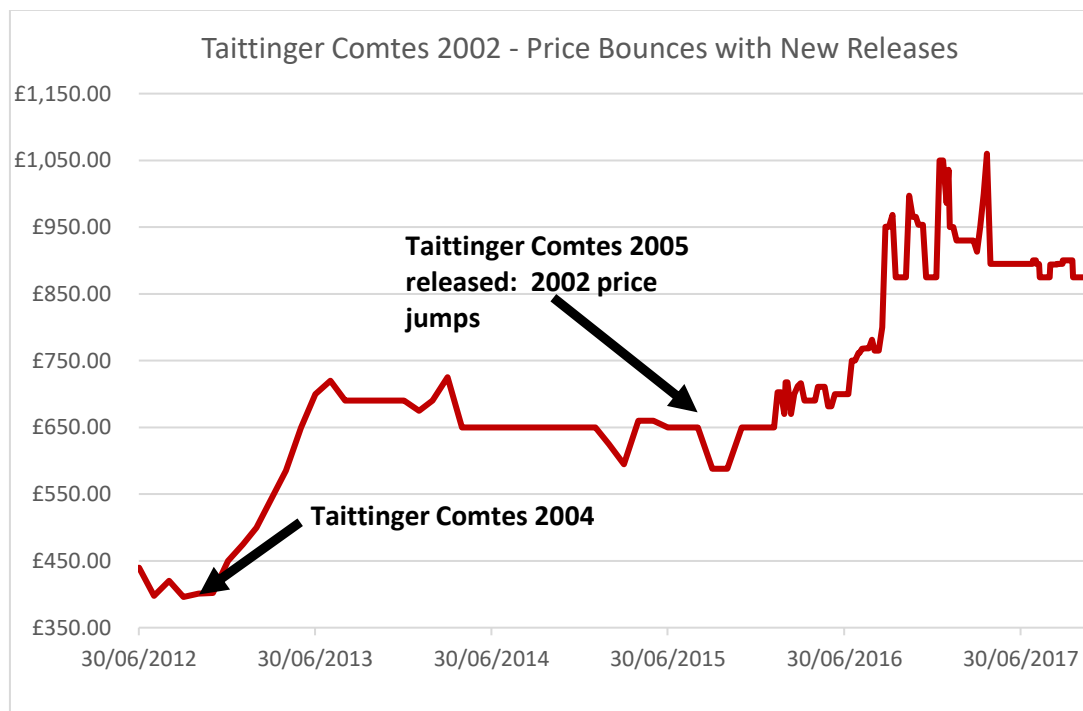
	Current Market Prices and Scores (GBP)				
	2006 Price	2006 Avg. Score	2002	2002 Avg. Score	2006 as % of 2002-1999
Taittinger, Comtes de Champagne	SGD 780	95.3	SGD 1,593	95.2	49.0%
Louis Roederer, Cristal	SGD 1,204	94.5	SGD 1,855	95.9	64.9%
Möet & Chandon, Dom Perignon	SGD 896	94.5	SGD 1,213	96.0	73.9%
Salon, Mesnil	SGD 3,077	96.5	SGD 3,801	98.6	81.0%
Pol Roger, Sir Winston Churchill	SGD 1,077	94.2	SGD 1,466	96.0	73.5%

The discount on the Comtes 2006 is not due to lack of critical acclaim. The Comtes 2006 is actually the only wine in our sample which has a *higher* average score than the 2002. And 95.3 is only one point below the Salon 2006, which sells for SG\$3,077.

Our price target of **SG\$1,175** is based on Taittinger Comtes 2006 appreciating to the average 2006/2002 discount of 73% of the other four comparable vintages. At this price it would still be at a significant discount to the 2002.

## Taittinger Comte Enjoys a Bounce in Price when new Vintage is Released

Analysis of the Taittinger Comtes 2002 show distinct bounces upwards in price when new vintages are released.



The next release of Taittinger Comtes should be in mid-2018 (the 2007). But the 2007 is not expected to be of the same quality as the 2006. Looking at the longer-term prospects: 2010 and 2011 were poor vintages and 2012 - 2014 is looking well below the quality of the 2006. Having so many consecutive vintages without an exceptional vintage is likely to drive up prices for available quality vintages like 2006 and 2002.

We also believe that primary distributor stocks of Taittinger Comtes 2006 are now running low, which is a further potential catalyst for short-term appreciation.

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