



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

Collectors’ Price (1x150cl)	HK\$2,895
Cru Investment Rating	“A”
Average Critic Score	95
Price per Point (Cristal 2009 150cl)	HK\$30.5
Average Price per Point (Cristal 1999-2009)	HK\$49.4
Price Target (150cl) over 24 months	HK\$3,500
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 **HK\$3,500**. 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 HK\$5,850 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 HK\$6,900 (6x75cl), a return of 18% in five months, or over 40% 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:

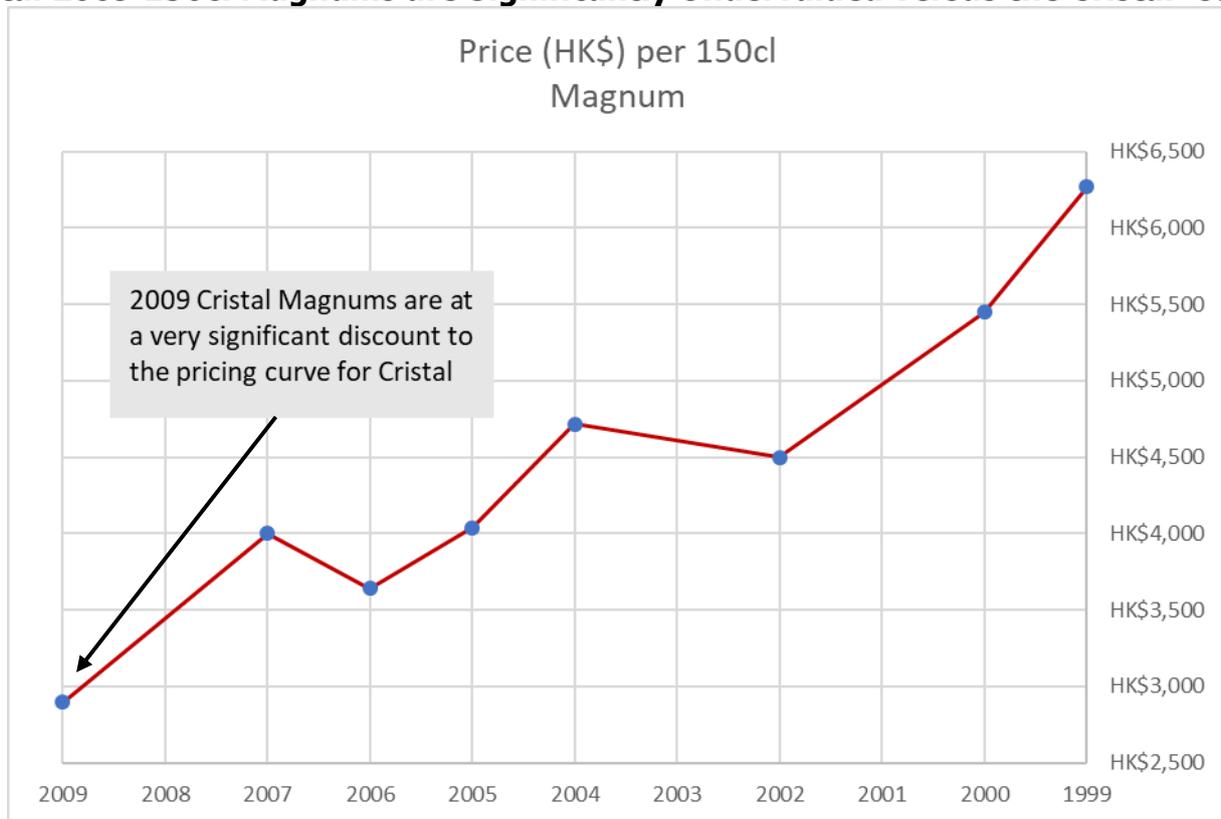
1. The Cristal 2009 discount to the Cristal ‘curve’ closes up; and / or
2. The Cristal 2009 ‘Magnum premium’ expands.

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 18% 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 **HK\$30.5** - versus an average for the last 10 vintages of **HK\$49.4**. (Scores are shown in the table below).

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



Source: Hong Kong merchants on wine-searcher.com

This is despite Cristal 2009 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 HK\$2,895 per 150cl Magnum, which is **only a 26% premium to the price of the 75cl bottles**. The table below shows that the normal premium of the 150cl Magnums is around 50% over the 75cl bottles. An appreciation to a 50% premium would put the Cristal 2009 Magnum price at HK\$3,450 without *any* 'catch up' to the Cristal pricing curve (assuming an unchanged 75cl bottle price).

Year	Price (HK\$) per Magnum	Score (WS)	75cl Bottle price (HK\$)	Magnum Premium
2009	HK\$2,895	95	HK\$1,150	26%
2007	HK\$4,000	95	HK\$1,280	56%
2006	HK\$3,643	95	HK\$1,220	49%
2005	HK\$4,040	95	HK\$1,350	50%
2004	HK\$4,715	95	HK\$1,580	49%
2002	HK\$4,500	95	HK\$1,800	25%
2000	HK\$5,447	93	HK\$1,820	50%
1999	HK\$6,269	94	HK\$2,150	46%

Source: Hong Kong 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 Collectors price and **buy the 150cl Magnums at HK\$2,895** each. 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 HK\$105, 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 Hong Kong merchants are currently listing Cristal 2009 Magnums for sale (according to wine-searcher.com). Cru's retail price is HK\$3,600, but we have a special price for Cru Collectors of HK\$2,895 (a 20% discount).

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 HK\$3,500, or an appreciation of almost 21%.

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