NEWS RELEASE

Review of Remuneration Policies

6/9/2016

RNS Number : 6764A

Majestic Wine PLC

09 June 2016

For Immediate Release 9 June 2016

Majestic Wine PLC
("Majestic" or the "Group")

Review of Remuneration Policies

Majestic Wine PLC, a leading wine specialist operating in four divisions; Majestic Retail, Naked Wines, Majestic Commercial and Lay & Wheeler, announces the results of a full review of the Group's remuneration policies and incentives.

In FY15/16 Majestic Wine Plc acquired Naked Wines and announced a three year transformation plan to deliver sustainable growth for the Group through driving customer loyalty. To underpin this a number of initiatives have been made including; 1) appointment of a new senior management team and 2) a renewed focus on employee engagement.

Following these developments the Remuneration Committee has reviewed

compensation across the business and developed a new unified approach with three key principles:

- Alignment with the 2019 ambition of the transformation plan
- Democratic participation benefitting all employees
- Incentivising sustainable growth by measuring relative Total Shareholder Return

The changes include:

1) Long Term Incentive Plan

To incentivise Management and Executives during the period of Transformation of the Group (see below) a new Majestic Wine Long Term Incentive Plan ("LTIP") will be introduced to all employees from store manager level upwards, post the announcement of the Group's full year results for the period ending 28 March 2016.

Under the rules of the LTIP, conditional awards over shares will be made which will typically vest over a three year performance period, subject to continued employment and the satisfaction of a Total Shareholder Return ("TSR") performance condition which will compare Company performance relative to a set of 25 listed specialty retailers. 100% vesting requires top quartile performance with a straight line reduction to 25% of the award at median performance. No award will vest for performance below median.

The Remuneration Committee intends to make a one-time conditional award over shares relating to the period of Transformation (Financial Year 2017 - Financial Year 2019) in the period following announcement of the March 2016 results, followed from Financial Year 2020 by annual grants. New joiners will receive annual awards.

The awards made on scheme launch will vest in three equal tranches commencing March 2019 through to March 2021.

2) All Employee Share Incentive Plan

As part of the Group's commitment to rewarding all employees fairly, the Group is launching a new Majestic Wine Share Incentive Plan (the "SIP"). The SIP will provide for the grant of Free Share awards subject to a forfeiture period of three years. There will be some local variations in the international subsidiaries to account for local securities regulations and tax considerations.

The plans may be funded through the issue of new shares or by purchasing existing shares on the market, subject to general shareholder approval for the company to do so

Awards over shares which can be issued under the plans in any ten year period may not exceed 10% of the Company's issued share capital, calculated at the relevant time (not including lapsed or cancelled awards or awards which may be satisfied by shares acquired in the market).

Our largest shareholders (representing 58% of total shareholdings of the Group) were consulted regarding both share scheme designs at the end of March 2016.

3) Annual Performance and Bonus schemes

A new bonus scheme has been introduced for all employees, standardising bonus potential and measurement across the group. The new scheme consistently measures employees on three key performance criteria and will operate at all management levels in the business. Customer facing team members have had caps on their bonuses removed to recognise over performance.

A deferral mechanism of 50% of Executive Directors' bonuses has been put in place in line with best practice.

4) Adjustments to the performance criteria in regards to the acquisition of Naked Wines

Criteria for management to realise the performance related consideration were previously linked to two metrics regarding customer acquisition - a minimum 75% Return on Investment ("RoI") and a minimum spend requirement. In addition, if these were not achieved there was a minimum earnings before interest, tax, depreciation and amortisation ("EBITDA") requirement to be achieved in FY19.

The Remuneration committee amended the criteria as follows:

a) That new customer acquisition spend metric be replaced with minimum value creation (RoI multiplied by spend). This was to avoid an incentive to generate lower RoI spend in order to meet the minimum spend requirement even though the return quantum being generated was satisfactory due to achievement of RoI ahead of the standard; and
b) The definition of EBITDA has been adjusted to eliminate certain intercompany recharges not contemplated when the target was set at the time of the acquisition.

The Company's Directors (excluding Rowan Gormley and James Crawford who are subject to the amendment) consider, having consulted with Investec in its capacity as Majestic's nominated adviser, that the terms of these amendment are fair and reasonable insofar as the Company's shareholders are concerned.

Full details of all Remuneration policies will be published in the Group's Annual Report which will be posted to shareholders following the Preliminary Results.

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About Majestic Wine PLC:

Majestic Wine PLC is a leading wine specialist, operating in four separate divisions, each with the fundamental goal of delivering sustained growth in shareholder value by doing the right thing for the Group's customers, suppliers and people:

•Majestic Retail - The UK's largest specialist wine retailer, with 214 branches in the UK and 2 in France. Majestic Retail aims to help people find the wines they will love through over 800 highly trained, specialist graduate staff. Sales for the year ended 31 March 2015 were £231m.

•Naked Wines - A leading crowd-funding platform offering wine drinkers the opportunity to buy exclusive wines at preferential prices, in exchange for supporting independent winemakers. Sales for the year ended 31 March 2015 were £81m.

•Majestic Commercial - A specialist on-trade supplier who aims to support businesses to make their wine lists more profitable, with the unique advantage of running their supply chain through Majestic Retail stores. Sales for the year ended 31 March 2015 were £42m.

•Lay and Wheeler - A Specialist fine wine merchant. Lay & Wheeler aims to be a trusted guide for people who love fine wine, supplying the world's finest wines with a personal service. Sales for the year ended 31 March 2015 were £10m.

This information is provided by RNS

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