RÉMY COINTREAU

9 June 2010

# CONSOLIDATED PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MARCH 2010

## Strong annual performance

## Current operating profit up 7.2% (organic)

The Rémy Cointreau Group reported a good performance for the 2009/10 financial year, confirming the validity of its distribution strategy. Due to the new distribution network (since 1 April 2009), stepped up price increases and higher advertising and promotional investment generated operating profit growth, both organic (up 7.2%) and published (up 2.2%), against a continuing unfavourable foreign exchange background at the end of March.

The Group generated organic turnover growth of 12.0% to €807.8 million and operating profit growth of 7.2% to €140 million. The organic operating profit margin was 18.4%, compared with 19.2% last year, primarily reflecting increased advertising and promotional investment.

Net profit – Group share was €86.3 million, which was stable compared with the previous year (which had benefited from a non-recurring positive effect of €13.6 million due to the exit from Maxxium).

Group net debt declined by 5.7% to €501.4 million, ensuring compliance with the banking ratio, which determines the availability of the syndicated facility. This ratio was 3.17 at 31 March 2010, illustrating the Group's sound financial position.

### Key Figures

| | **31 March** | **31 March** | **% Change** | |
|---|---|---|---|---|
| **(€ millions)** | **2010** | **2009** | **Published** | **Organic*** |
| Turnover | 807.8 | 714.1 | 13.1 | 12.0 |
| **Current operating profit** | **140.0** | **137.0** | **2.2** | **7.2** |
| *- as % of turnover* | *17.3* | *19.2* | - | *18.4* |
| Other operating income and expenses | (7.5) | 14.9 | - | - |
| Operating profit | 132.5 | 151.9 | - | - |
| Net profit from continuing operations | 86.0 | 86.1 | - | - |
| Net profit – Group share | 86.3 | 86.1 | - | - |

**at constant exchange rates*

In a number of markets, including Asia, the Group integrated an additional distribution level and thus higher turnover. The effect was estimated at €39.5 million for Group brands, of which €32.5 million for the Cognac division. In addition, partner brands distributed by newly acquired or created entities generated additional turnover of €33.6 million. In return, all operating structure costs and advertising and promotional expenditure were consolidated (they were previously included in transfer prices to the Maxxium network). The full-year impact of the new organisation was conversely neutral at the current operating profit level.

**Divisional analysis of current operating profit**

| **(€ millions)** | **31 March 2010** | **31 March 2009** (1) | **% Change Organic** |
|---|---|---|---|
| Cognac | 105.9 | 80.2 | 37.8 |
| Liqueurs & Spirits | 51.6 | 57.6 | (7.8) |
| Champagne | (4.0) | 13.9 | (123.7) |
| **Total Group brands** | **153.5** | **151.7** | **5.7** |
| Partner brands | 4.4 | 0.6 | N/A |
| Holding company costs | (17.9) | (15.3) | (17.0) |
| **Current operating profit** | **140.0** | **137.0** | **7.2** |

*(1) Following the implementation of IFRS 8 on operating segments, the presentation of current operating profit has changed. The costs of holding companies are no longer allocated by division but are presented separately. Comparative data have been restated.*

**Cognac** – During the last 12 months, Rémy Martin recorded remarkable 28.2% growth in turnover to €405.7 million, under the combined effect of significant price increases, distribution integration and an excellent performance by its premium cognacs, particularly in Asia which has become the brand's leading export market.

Current operating profit was €105.9 million, an increase of 37.8%. The operating margin rose to 27.6% organically, from 25.7% the previous year, although there was a significant increase in advertising investment.

**Liqueurs & Spirits** –Turnover of this division was €206.5 million, an increase of 4.9%. Current operating profit of €51.6 million and the operating margin of 25.8% declined due to a less favourable geographic mix and continuing high marketing expenditure. Cointreau, Passoa, Mount Gay Rum and St Rémy achieved growth and only sales of Metaxa suffered from difficult market conditions in Eastern Europe.

**Champagne** – The Group's Champagne division, which is significantly export-oriented, was seriously adversely affected by the international economic climate. Nonetheless, the Group continued its deliberate policy of maintaining prices to the detriment of volume. Turnover declined by 23.7%. Consequently, the division incurred a current operating loss of €4 million.

**Partner brands** – This division achieved turnover of €98.9 million, a tangible increase of 22.1%, reflecting the integration of the partner brand portfolio of distribution subsidiaries acquired on 31 March 2009, in Belgium, Luxemburg, the Czech Republic and Slovakia, which generated additional turnover of €33.6 million. The current operating profit of the division was €4.4 million.

**Consolidated results**

**Turnover** was €807.8 million, an increase of 13.1% (12.0% organic).

**Current operating profit** was €140.0 million, which represented organic growth of 7.2%, whereas the operating margin fell to 17.3% from 19.2% the previous year, reflecting stepped up advertising and marketing investment, up 21%, as well as a slight dilution due to the effect on turnover of the change in the distribution structure. The organic operating margin for Group brands was 22.9%.

**Operating profit** was €132.5 million after taking into account other operating expenses of €7.5 million, primarily related to a restructuring plan initiated in the Champagne division. In addition, at 31 March 2009, the Group recorded net income of €14.9 million, of which €13.6 million related to the Maxxium exit transactions.

**Net financial expense** was €22.3 million, a marked improvement on the €31.3 million in the previous year, under the combined effect of the non-recurrence of discount charges relating to a provision for compensation payable to Maxxium and the significant reduction in interest rates.

**Net profit from continuing operations** was €86.0 million after tax. This took into account an effective tax rate of 26.4%, more favourable than the 31.1% of the previous year, which was affected by the non-tax deductible capital loss incurred on disposing of the Maxxium shares.

**Net profit – Group share** was €86.3 million, close to the €86.1 million in the previous year, representing basic earnings per share of €1.80.

**Net financial debt** was €501.4 million, a decline of €30.5 million, due to a satisfactory operating performance and rigorous management of the working capital requirement. The favourable movement in debt enabled the banking covenant (Net debt/EBITDA < 3.50), which guarantees access to the Group's syndicated credit to fall to 3.17. As an illustration of its sound financial position, on 7 June 2010, the Group carried out a private placement with banking institutions of €140 million over 5 years, at a fixed financing rate of 3.67%.

**Shareholders' equity** was €1,018.5 million, an increase of €49.6 million compared with the previous financial year.

A proposed dividend of €1.30 will be put to a shareholders' vote at the General Meeting to be held on 27 July 2010, with the option of payment in shares of 50% of the dividend, or full payment in cash.

**Outlook**

In an uncertain economic environment, Rémy Cointreau maintains its long-term value strategy and will focus investment on developing its key brands.

At the end of this first year, the effects of the new distribution model have already proven highly positive. The Group was able to benefit from this new strength, which enables it to resolutely tackle the difficult economic environment it still faces in certain markets.

The Group remains confident in its capacity to continue its growth and to successfully weather this unfavourable background, due to the power of its brands, the dynamic nature of its new business resources and its control over costs.

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