



RÉMY COINTREAU

Des terroirs, des hommes et du temps

  
LOUIS XIII

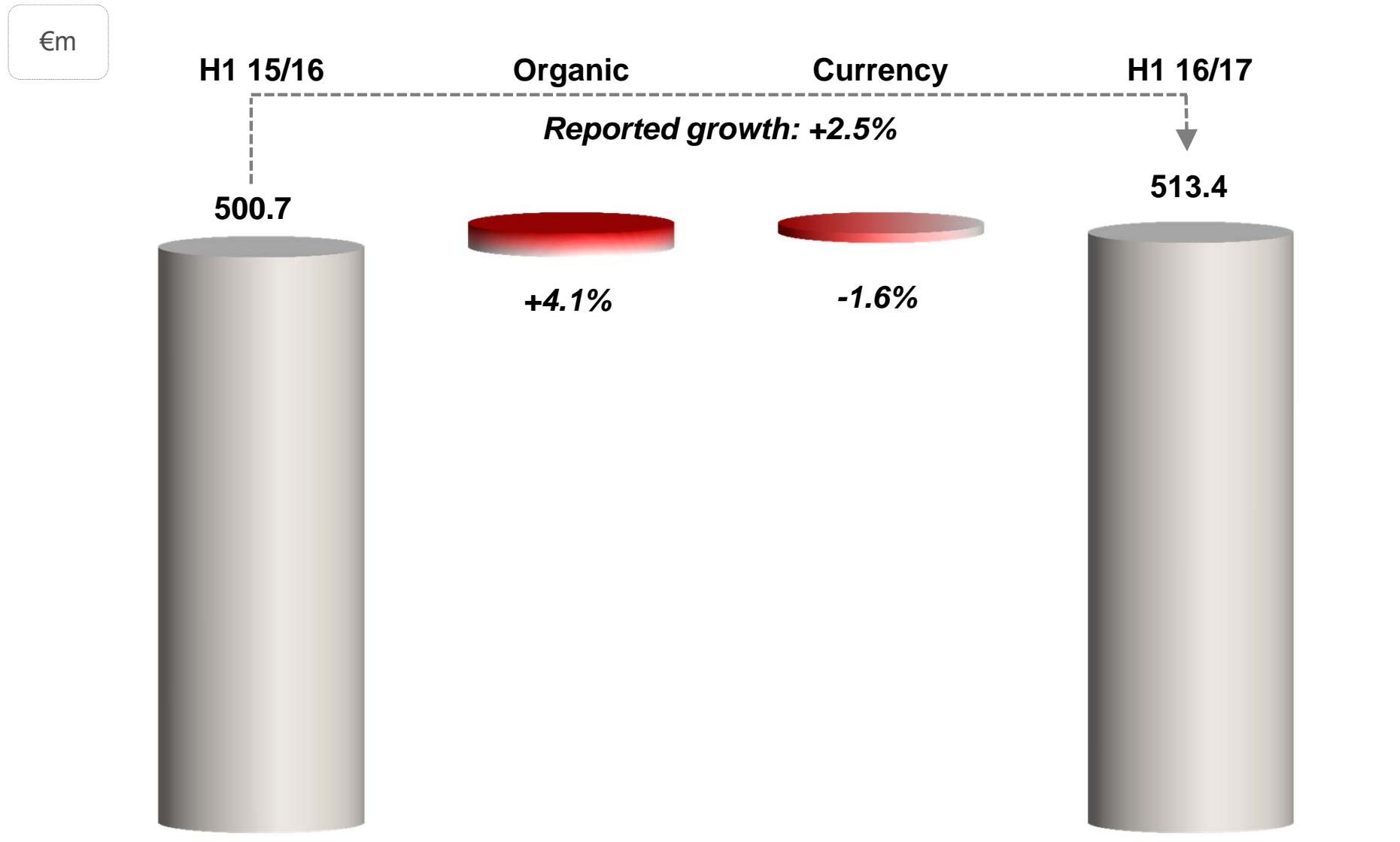
Fiscal Year 2016/17  
6 months sales ended  
30 September 2016

18.10.16

# Key Messages

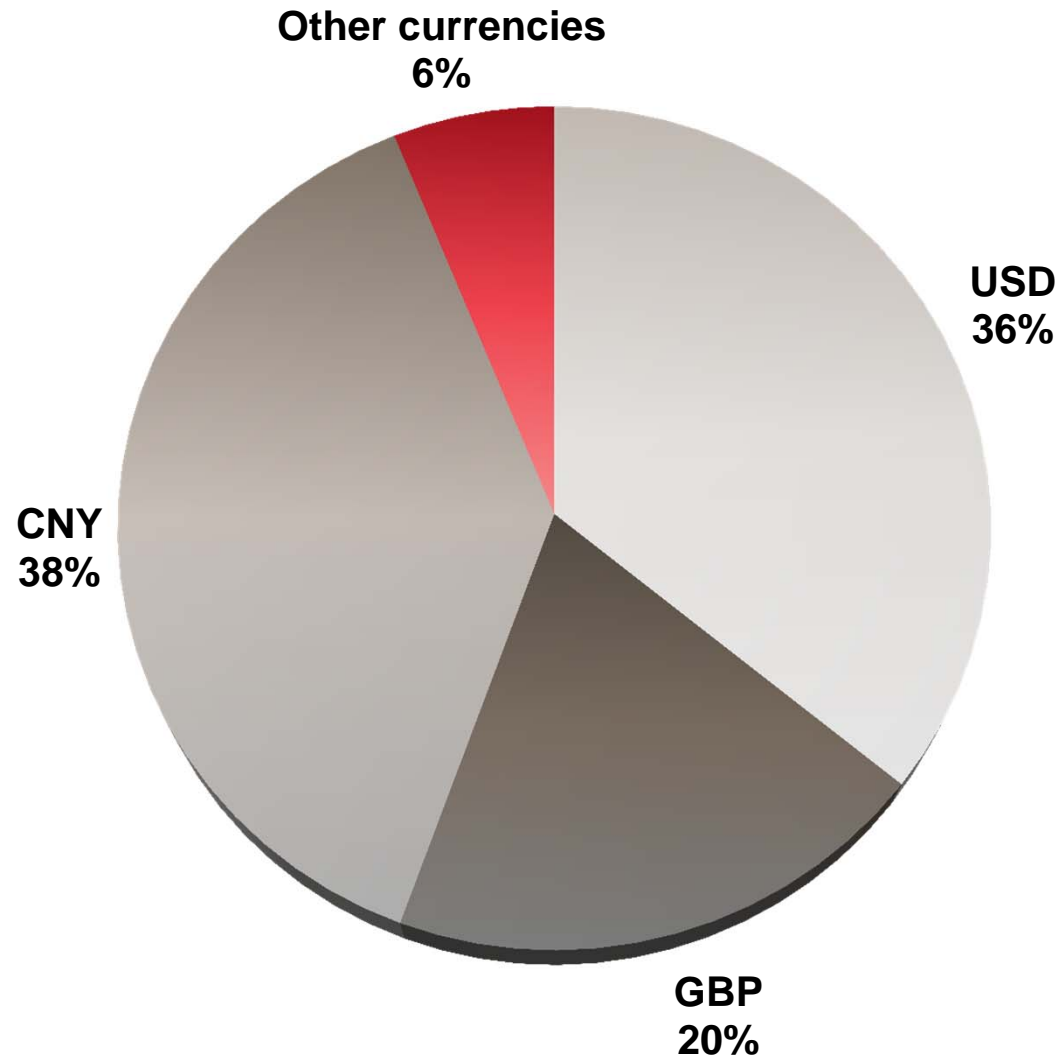
- Strong Q2 organic sales growth (+7.4%) drives solid H1 (+4.1%)
- H1 performance led by Group's brands (+5.1%)
- Improved depletion trends in H1 vs. FY15/16:
  - Strong growth in the US
  - Improving consumer demand in Greater China, in particular for superior qualities
  - Upturn in Russia
  - Western Europe broadly unchanged
  - Travel Retail still weak
- Q2 performance shall not be extrapolated into H2
- FY16/17 outlook confirmed

# H1 2016/17 Sales Analysis



# Currency Impact on H1 2016/17 Sales

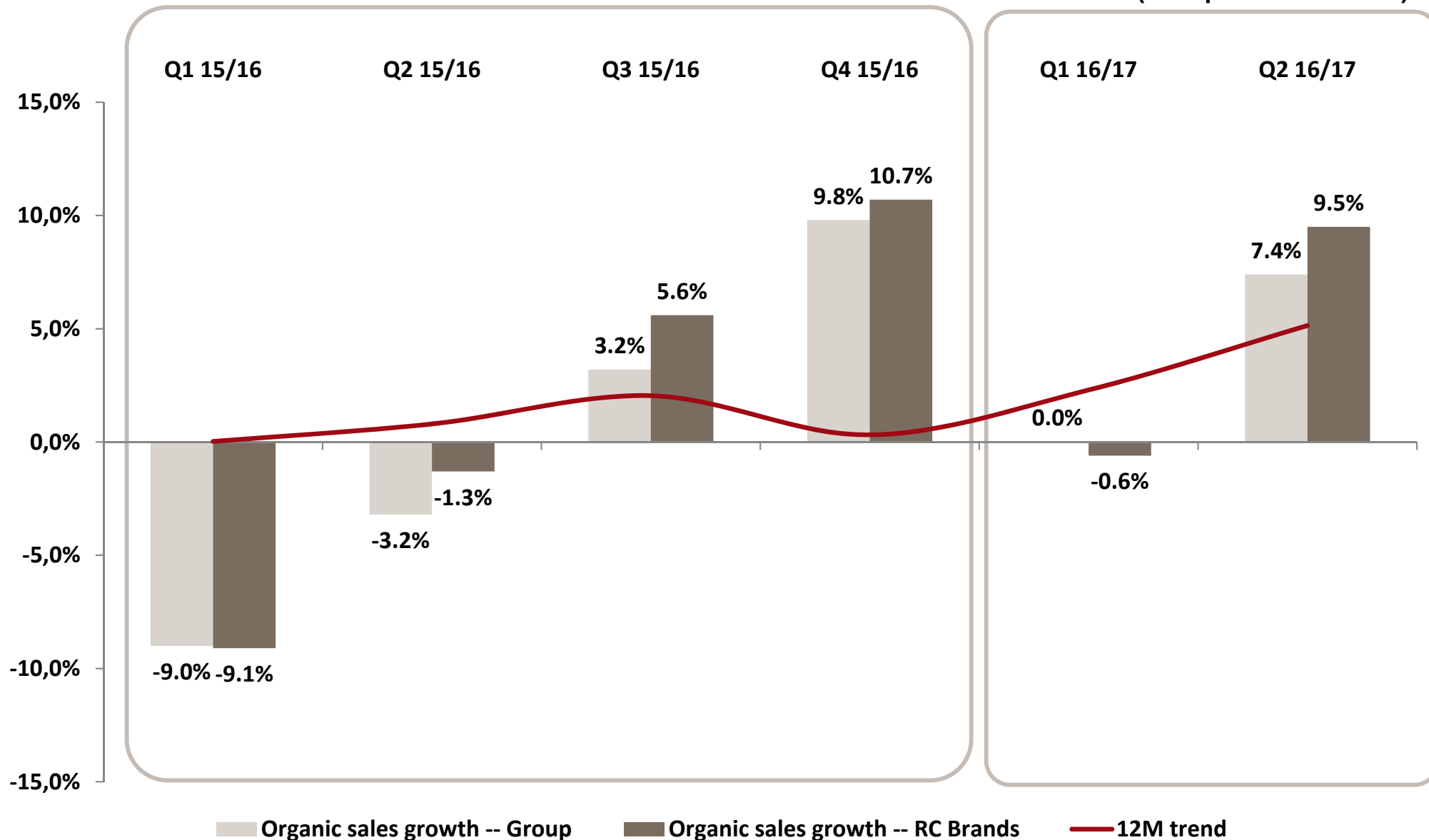
Negative currency impact : EUR8.1m



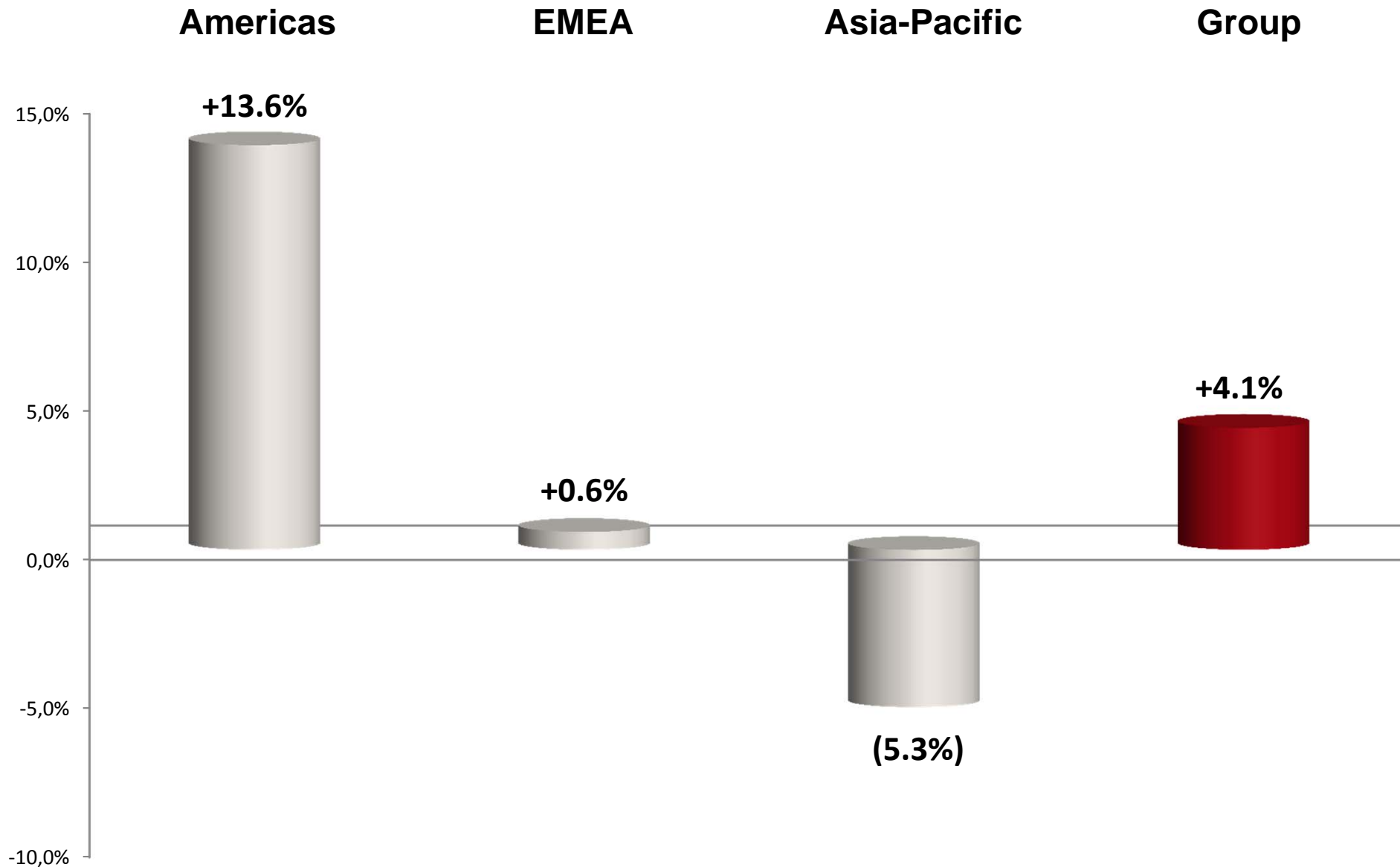
# Quarterly Organic Sales Growth

FY15/16: +0.3% (Group Brands: +1.7%)

H1: +4.1% (Group Brands: +5.1%)



# 1H16/17 Organic Growth by Region



# H1 2016/17 Organic Trends by Region (1)



## Asia-Pacific sales down 5.3% in H1 2016/17

- Positive sales growth in Greater China in H1 offset by Travel Retail Asia and Japan
- Greater China showing good depletion trends in H1
  - Depletions up mid-single digits in volume and value, led by improved trends of superior qualities
  - Strength in Mainland China and Taiwan, partially offset by HK and Macau
- Improving sales trends in Australia further to change in route-to-market
- Japan negatively impacted by strong yen and price increases
- Travel Retail negatively impacted by lower spend per capita

## Americas sales up 13.6% in H1 2016/17

- US: Group Brands' value depletions :
  - +6.7% over 3M, +13.0% over 6M, +13.1% over 12M
  - 3M trend largely reflects destock by retailers post price increase; solid double-digit growth in the last 6M and 12M periods
- Good growth in LatAm

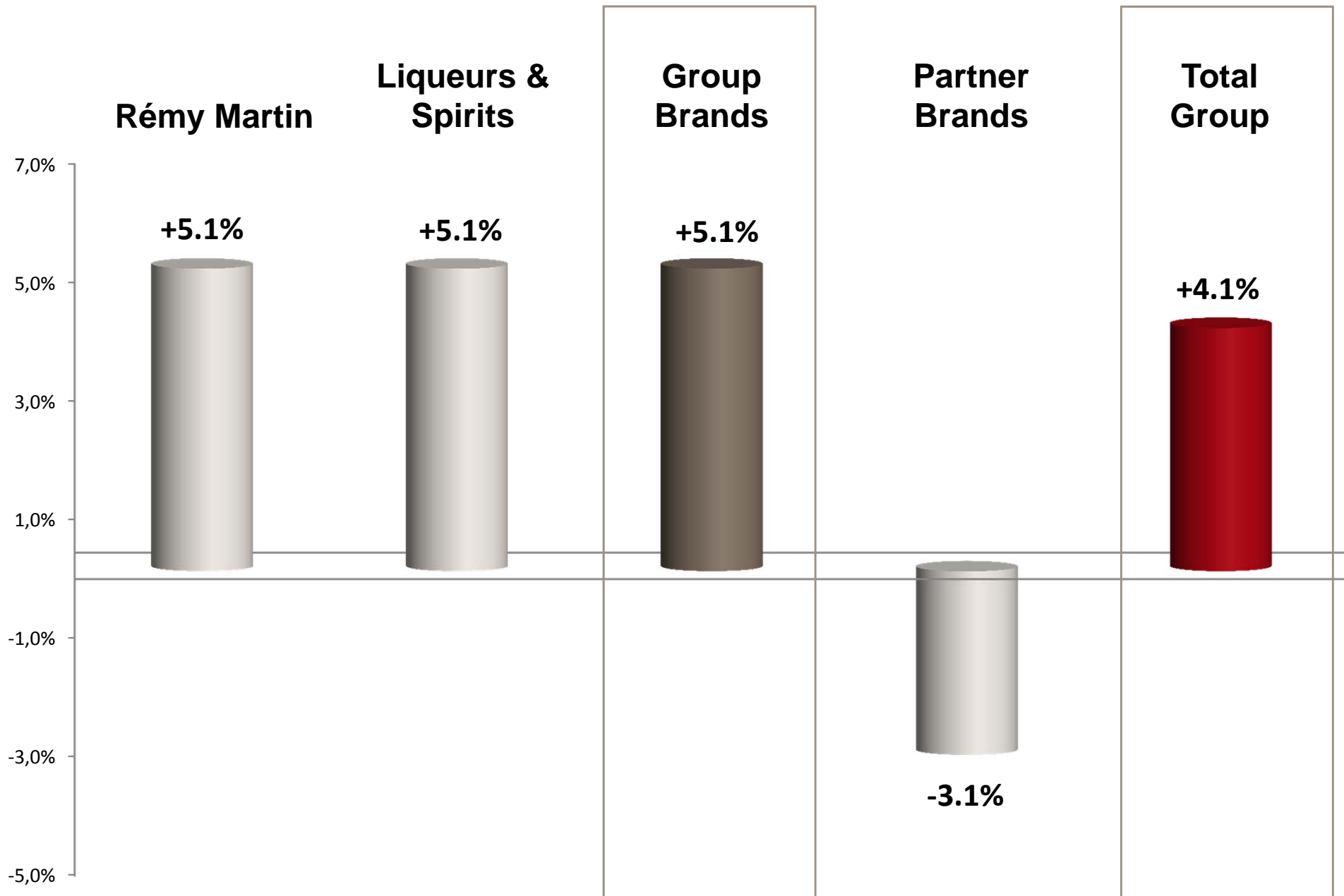
# H1 2016/17 Organic Trends by Region (2)

## Europe, Middle East & Africa sales up 0.6% in H1 2016/17

- Region penalized by the end of the distribution contract with Piper & Charles Heidsieck (-2pp)
- Western Europe: flat growth
  - Good depletion trends in the UK and in France,...
  - ...but weakness in Belgium further to duty increase
- Central Europe: high single-digit growth
  - Solid momentum led by Czech Republic and Slovakia
  - Greece back to growth after a good summer season
  - Turkey still weak
- Russia/CIS: good start to the year
  - Sell-in and depletion trends back to growth in H1
- Travel Retail returns to growth in H1, although largely helped by Partner Brands
- Africa held back by Nigeria (macro-economic factors) in H1



# H1 2016/17 Organic Growth by Product Division



# Rémy Martin (+5.1% organic growth in H1) REMY COINTREAU

## Asia-Pacific

- Modest sales decline in H1 (despite growth in Q2) due to Travel Retail weakness
- Greater China: positive sales growth and sound depletions (volume/value depletions up mid-single digit)

## Americas

- Sales up double-digits in H1
- US volume depletions : 3M trend impacted by stocking/destocking effects around price increases

	Volume depletion trends to Sept 2016		
	3 months	6 months	12 months
US Cognac/Brandy Market	11.7%	10.0%	7.7%
Rémy Martin	5.1%	11.4%	12.4%

Source: NABCA/Discus

- Strong performance of 1738 and pick-up of Louis XIII depletions drove **price/mix gains of 3-4pp** in the 12M period to September

## Europe, Middle East & Africa

- Sales decline in H1 led by Western Europe, Nigeria and Travel Retail
- Good depletion trends in the UK and South Africa
- Solid upturn in Russia/CIS

# Rémy Martin: Marketing Initiatives

## Opening of a Louis XIII boutique in Beijing



# Liqueurs & Spirits (+5.1% organic growth in H1)

After a challenging FY15/16, Liqueurs & Spirits are back to growth in H1 2016/17, led by its main markets (Europe and US)

## Cointreau

- Solid sales growth, led by all three regions
- Strong US depletions trends, led by both channels (on and off trade)
- US value depletions benefited from a **price/mix gain of 1-2pp** in the 12M period to September

	Volume depletion trends to Sept. 2016		
	3 months	6 months	12 months
<b>Total US Cordials Market</b>	-11.9%	-14.4%	-8.5%
<b>Cointreau</b>	2.2%	5.6%	4.2%

Source: NABCA/Discus

- Steady improvement in Cointreau depletions in Western Europe, in particular in France
- Growing contribution of Greater China, as a growth relay

**Metaxa:** sell-in and sell-out trends back to growth in H1 vs. FY15/16, led by an upturn in Russia/CIS, successful marketing activations in Germany and stabilized sales in Greece

# Liqueurs & Spirits (+5.1% organic growth in H1)

## Mount Gay

- H1 sales decline resulting from a new round of price increases on Eclipse in the US
- Positive mix gains led by the successful international roll-out of Black Barrel and XO
- US volume depletions volatility mainly reflecting upgrading strategy (gradual elimination of low-end volumes)

	Volume depletion trends to Sept. 2016		
	3 months	6 months	12 months
<b>Total US Rum Market</b>	-2.4%	-3.8%	-2.5%
<b>Mount Gay</b>	5.3%	1.0%	-1.2%

Source: NABCA/Discus

- US value depletions enjoyed a **price/mix gain of 4pp** in the 12M period ending September

**Islay Spirits:** Double-digit sales growth led by key markets (Europe, US, and Travel Retail)

**St-Rémy:** Strength in St-Rémy XO offset by a decline in low-end quality volumes in Nigeria

# Liqueurs & Spirits: Marketing Initiatives

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## The Art of La Soirée with Cointreau in the US



# Partner Brands (-3.1% organic decline in H1)



- Sales decline reflects the end of the distribution contract of Piper Heidsieck and Charles Heidsieck in EMEA and Travel Retail (EUR5M loss)
- Other Third-Party spirits distributed in EMEA grew double-digits in H1

# 2016/17 Outlook Confirmed

- H1 2016/17 organic sales performance in-line with Group's expectations
- Maintains guidance of delivering positive growth in Current Operating Profit, at constant exchange rate and scope, for the financial year 2016/17





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LOUIS XIII

# Questions & Answers

18.10.16