



**RÉMY COINTREAU**

Des terroirs, des hommes et du temps



# Half-Year Results 2016-17 (period ended 30 September 2016)

24 November 2016



RÉMY COINTREAU

# Introduction

FRANÇOIS HÉRIARD DUBREUIL

CHAIRMAN

# L'Odyssée d'un Roi

Louis XIII reached a record price of \$558,000 at an auction of three exceptional L'Odyssée d'un Roi pieces at Sotheby's



# Key figures (at 30 September 2016)

## Change

		Reported	Organic
• Sales	€513.4m	2.5%	4.1%
• <i>of which Group's own brands</i>	€457.3m	3.2%	5.1%
• Current operating profit	€123.9m	15.9%	7.0%
• Current operating margin	24.1%	+270 bps	+60 bps
• Net profit <small>(Group share)</small>	€76.0m	14.8%	5.4%
• Net profit <small>(excluding non-recurring items)</small>	€76.6m	11.8%	2.7%
• Net earnings per share <small>(Group share)</small>	€1.56	13.9%	
• Net earnings per share <small>(excluding non-recurring items)</small>	€1.57	11.3%	
• Net debt/EBITDA ratio	2.16		



RÉMY COINTREAU

# Business review

VALERIE CHAPOULAUD-FLOQUET

CHIEF EXECUTIVE OFFICER

# Robust half-year performance in line with our full-year targets



**Sales up 4.1% in organic terms and up 2.5% on a reported basis :**

- Led by the Group's brands (up 5.1%): Rémy Martin, Cointreau, Metaxa and Islay Spirits
- Strong performance in the United States and return to growth in Greater China and Russia

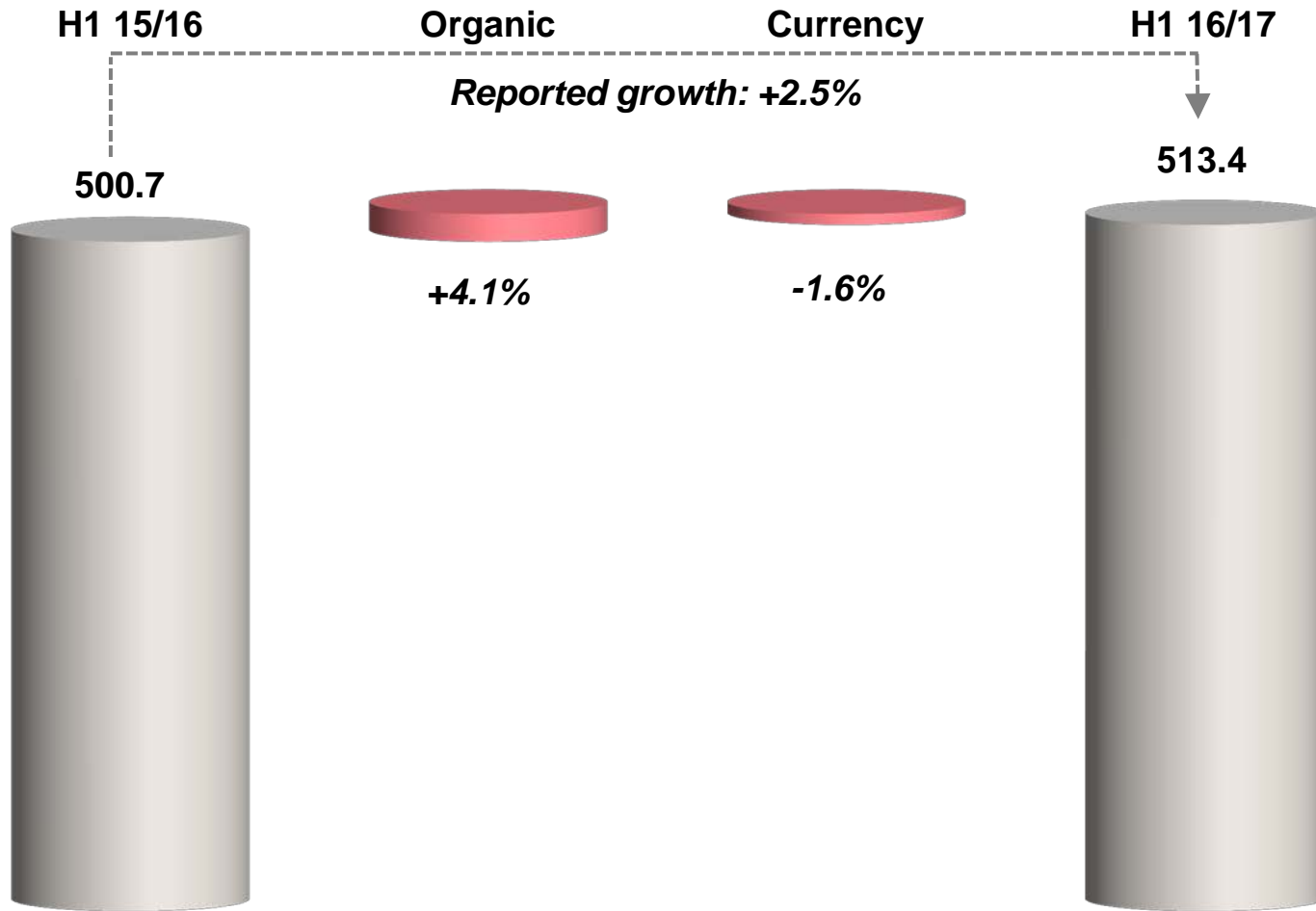
**Current operating profit up 7.0% in organic terms, up 15.9% on a reported basis :**

- Gross margin improvement led by favourable mix effects (products and markets)
- Good control of structure costs
- Increased communication investments
- Currency gains on COP thanks to foreign currency hedges (stronger dollar)
- Current operating margin up 270 bps at 24.1%

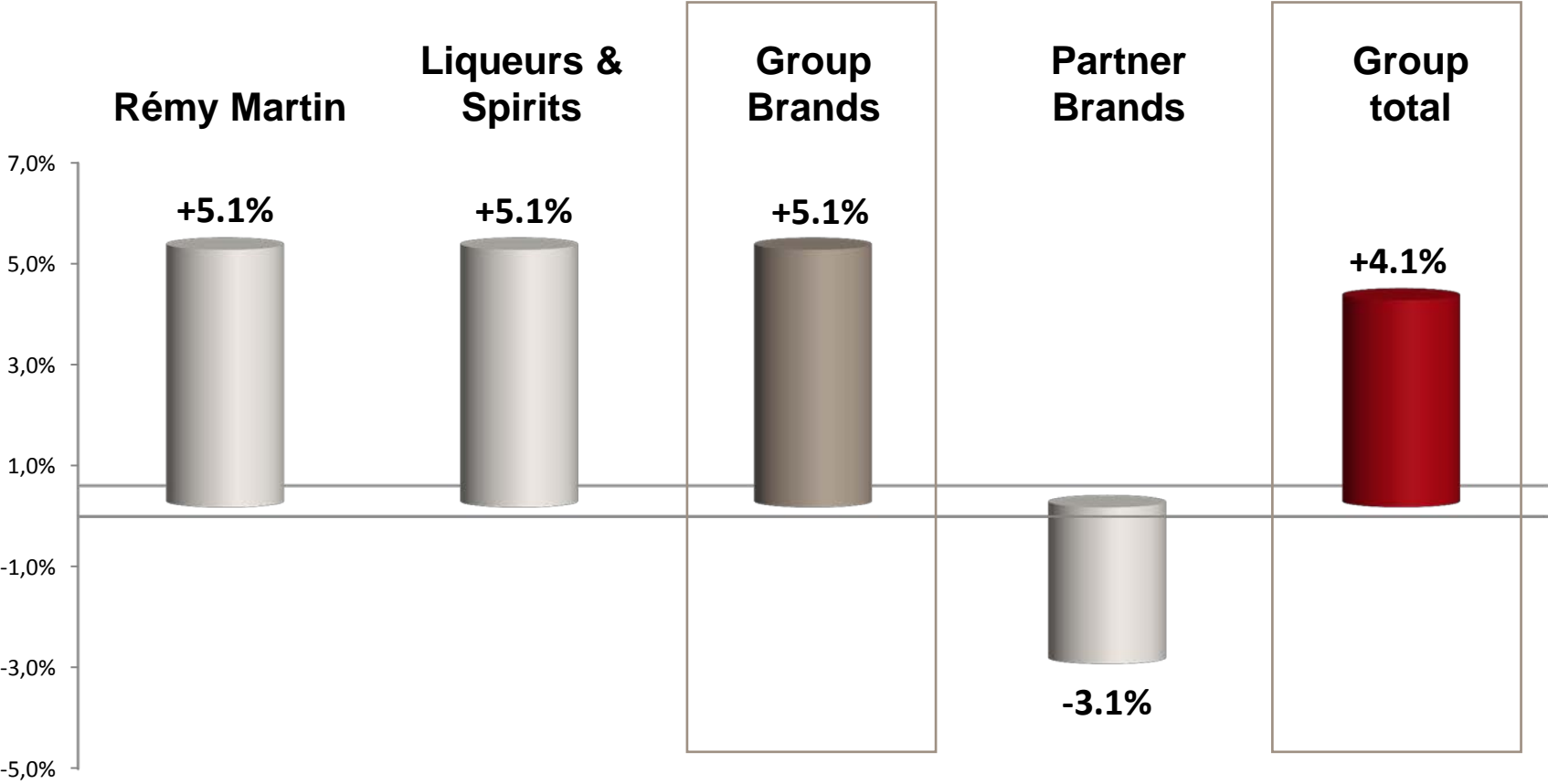
**Reported net profit (excluding non-recurring items) up 11.8%**

# Group sales

€m



# Organic growth by division



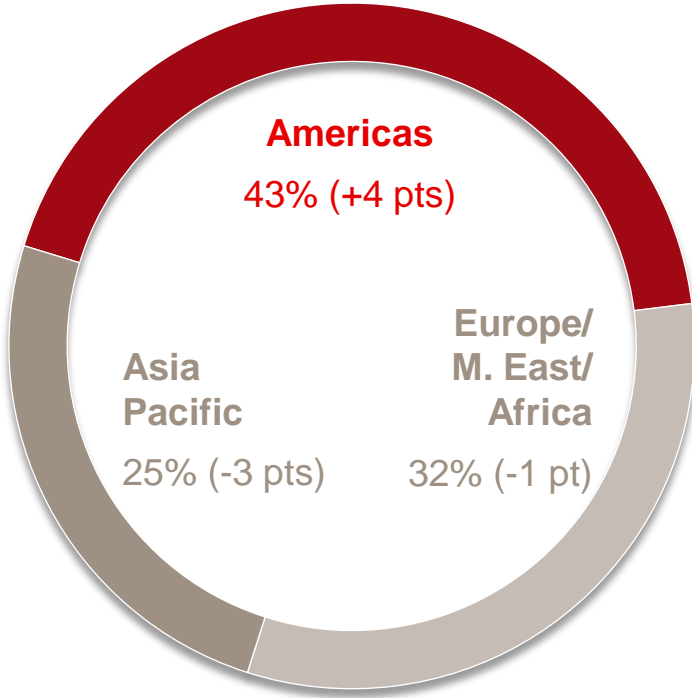
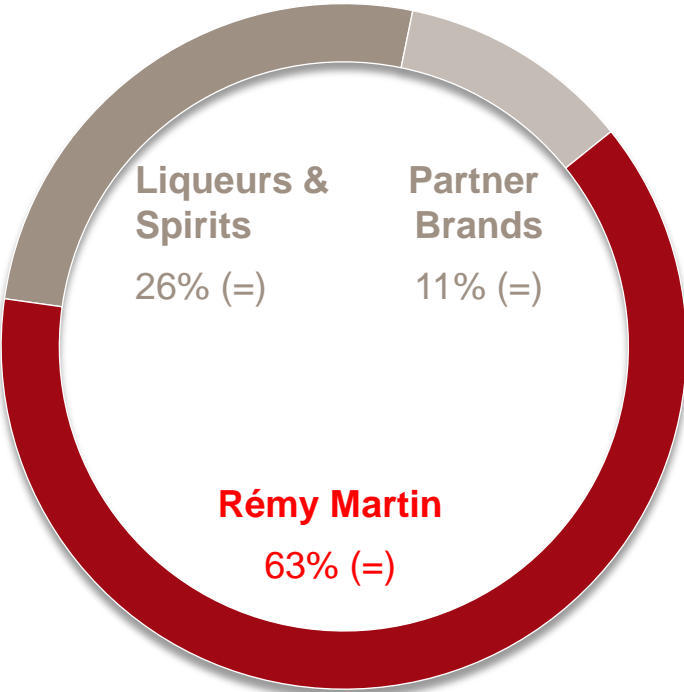


# Breakdown of sales (1)

By division

By region

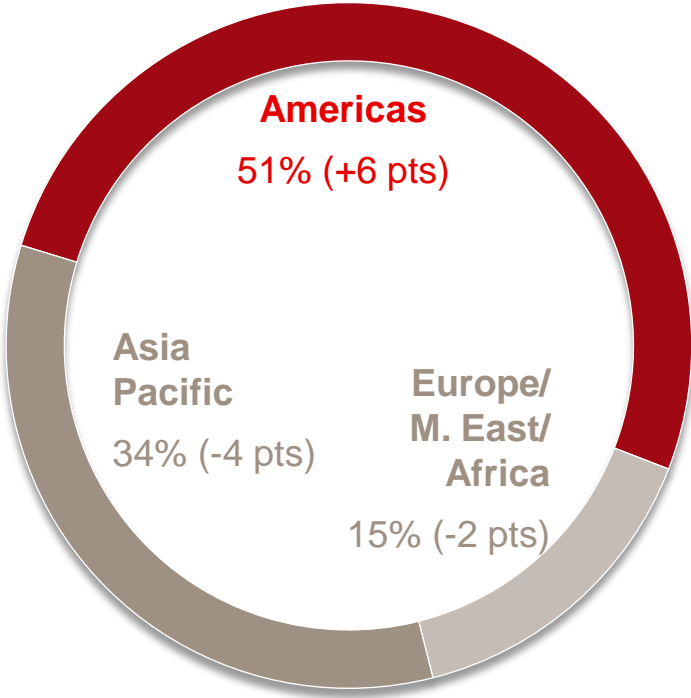
€13.4m



# Breakdown of sales (2)

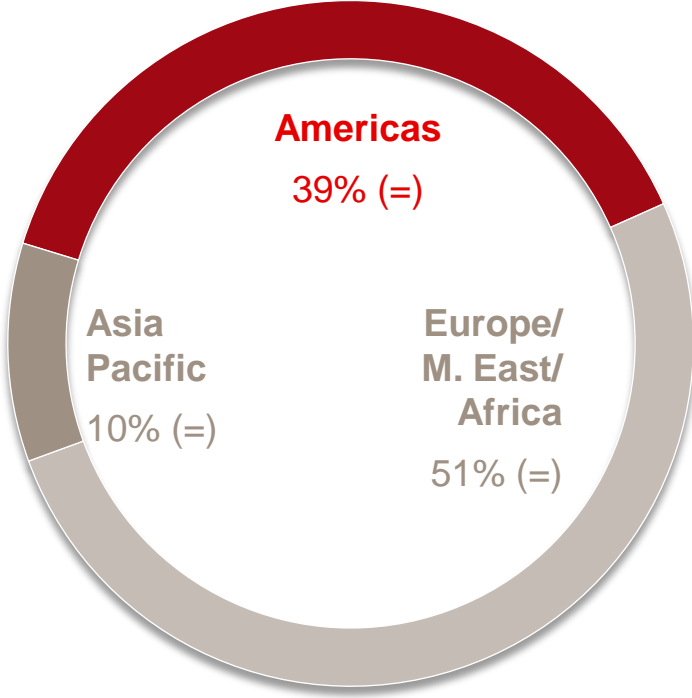
## Rémy Martin

€322.5m

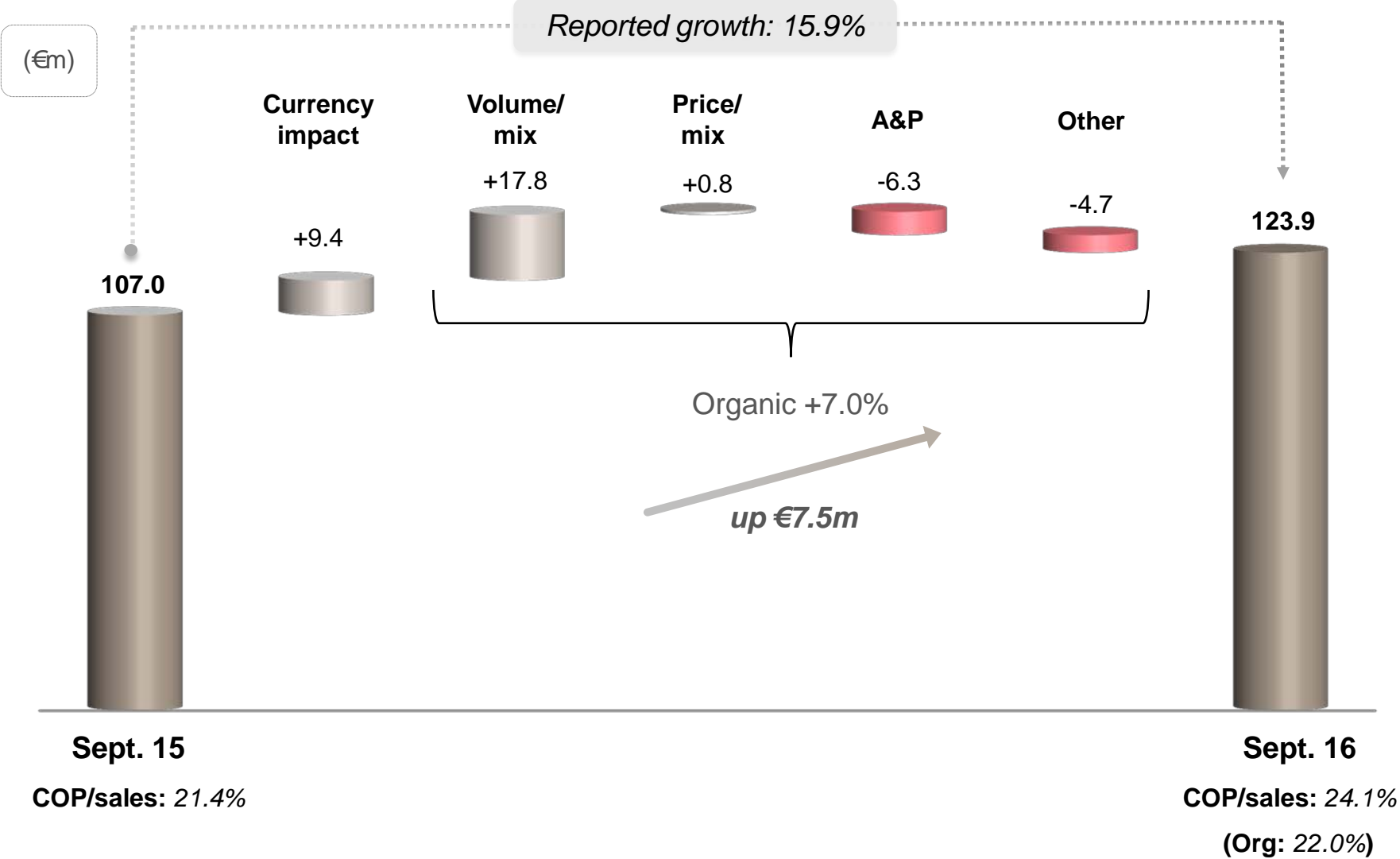


## Liqueurs & Spirits

€134.8m



# Current operating profit

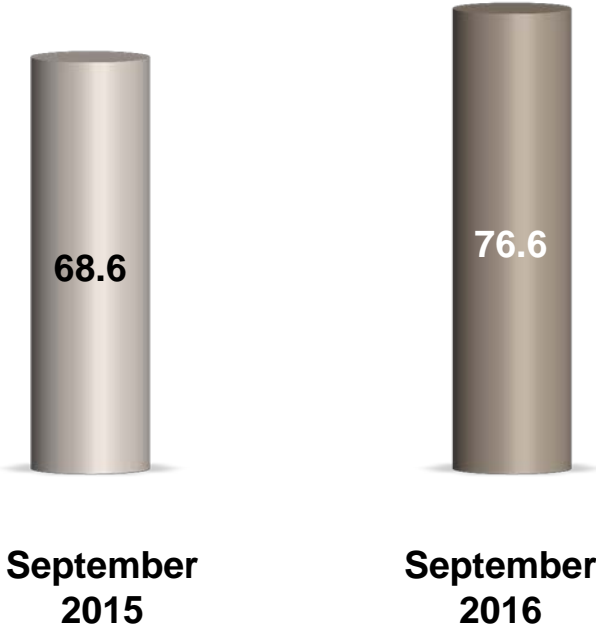


# Net profit

(€m)

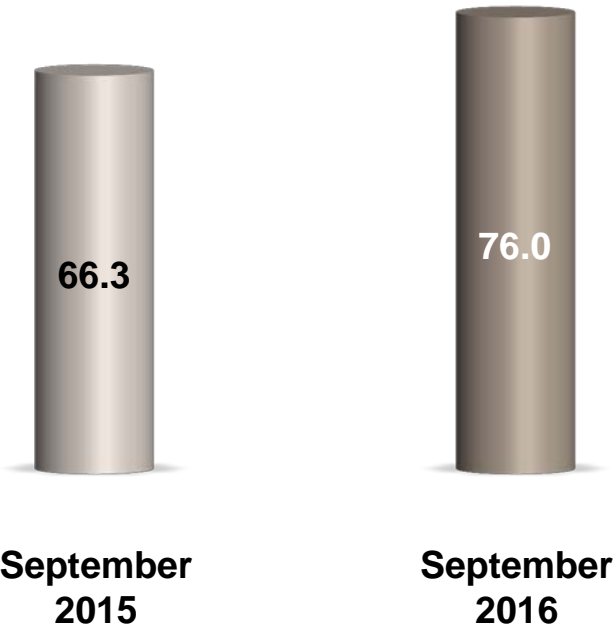
## Net profit excluding non-recurring items

**Reported +11.8%**  
*Organic change: +2.7%*



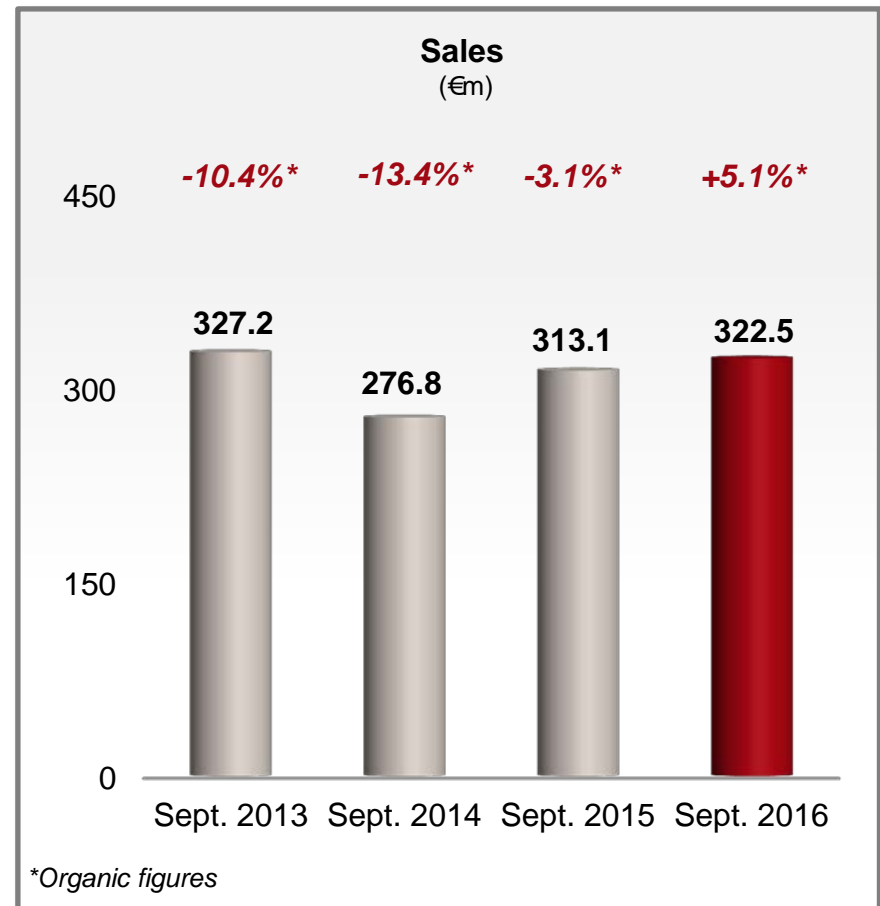
## Net profit (Group share)

**Reported +14.8%**  
*Organic change: +5.4%*



# House of Rémy Martin

- **Organic sales growth** of 5.1% (volumes down 2.2%)
- United States: solid momentum continues
- Greater China: renewed growth in sales, buoyed by superior qualities
- EMEA: UK robust and return to growth in Russia, but Nigeria and Travel Retail under pressure



# Rémy Martin: marketing initiatives

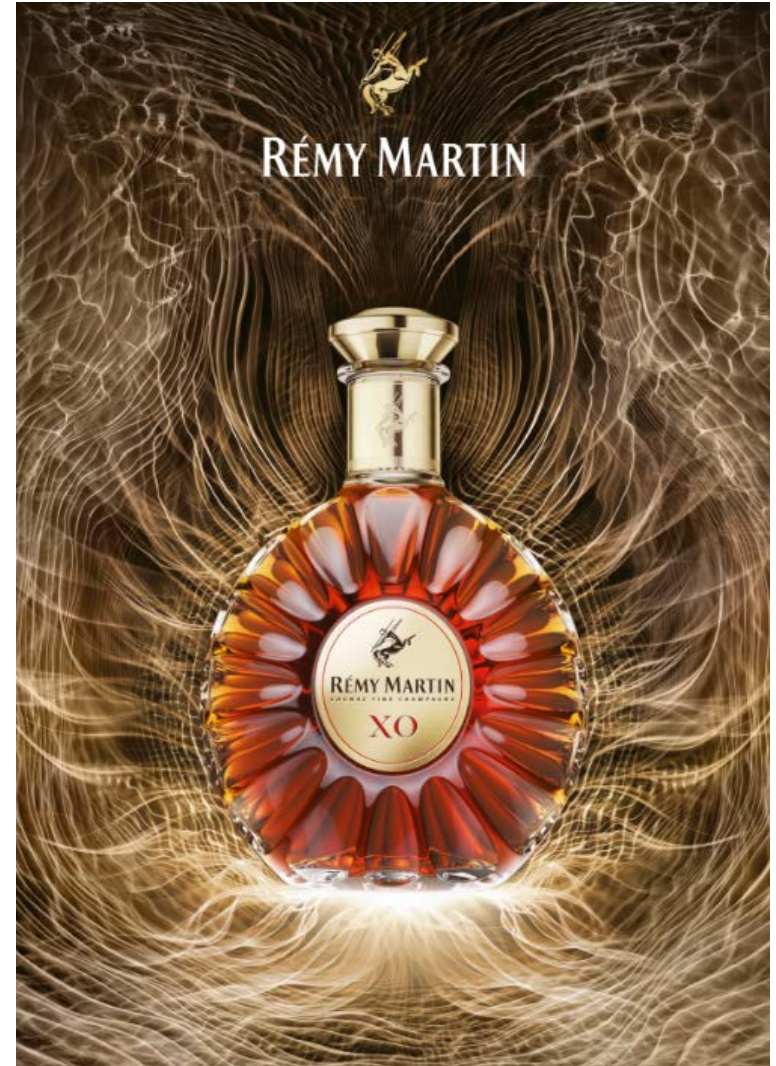
*Carte Blanche à Baptiste Loiseau limited edition*



*Limited edition by Vincent Leroy*



*New Rémy Martin XO bottle*



# Louis XIII: marketing initiatives

*Auction of three L'Odyssée d'un Roi decanters*



LOUIS XIII  
LE MATHUSALEM

*First LOUIS XIII store opening in Beijing*

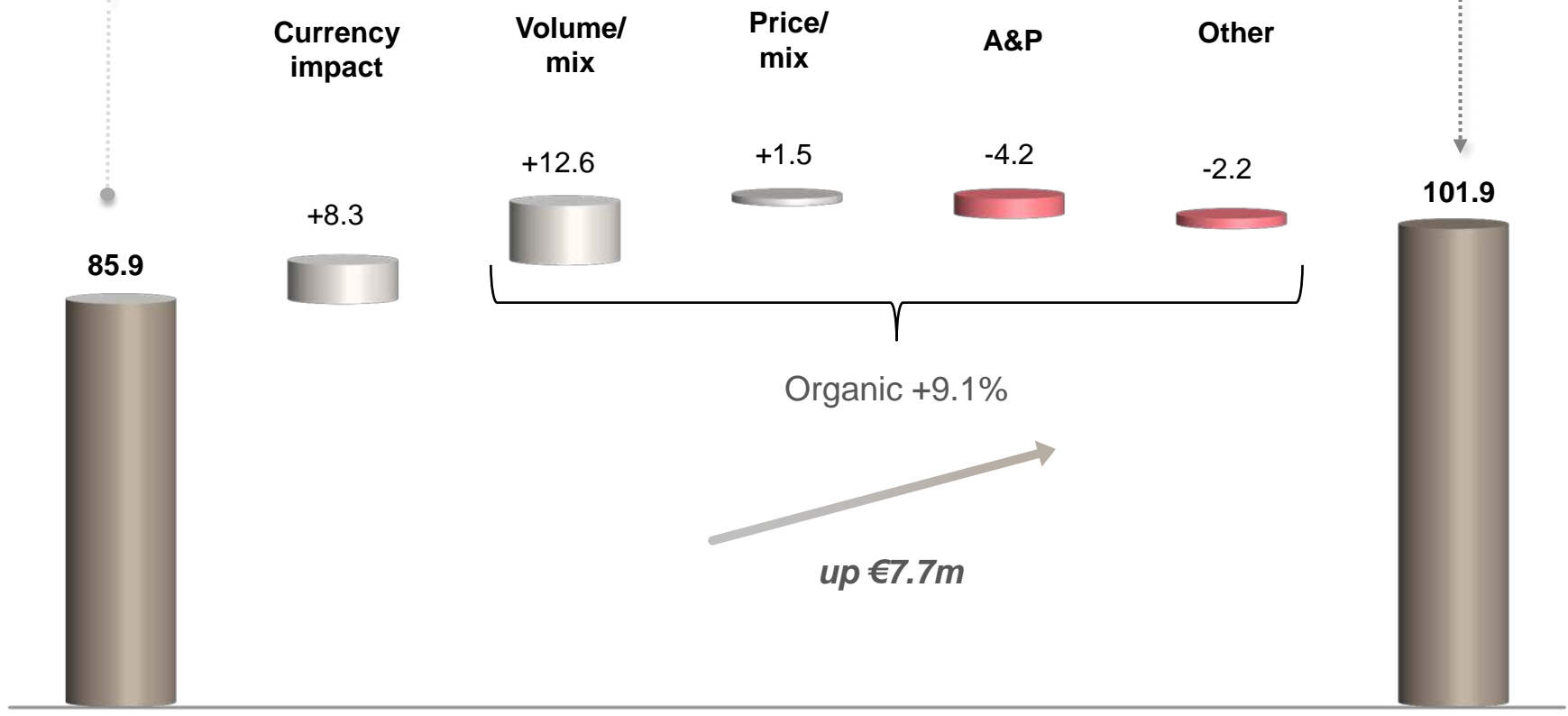


# House of Rémy Martin



Current operating profit (€m)

Reported growth: +18.7%



Organic +9.1%  
up €7.7m

Sept. 15

Sept. 16

COP/sales: 27.4%

COP/sales: 31.6%  
(Org:28.5%)



# Liqueurs & Spirits

- **Organic sales growth of 5.1% (volumes up 5.1%)**

## Cointreau

- Solid growth, driven by the three regions
- Ongoing strength in the United States; gradual improvement in Western Europe; China becoming a growth driver

## Metaxa

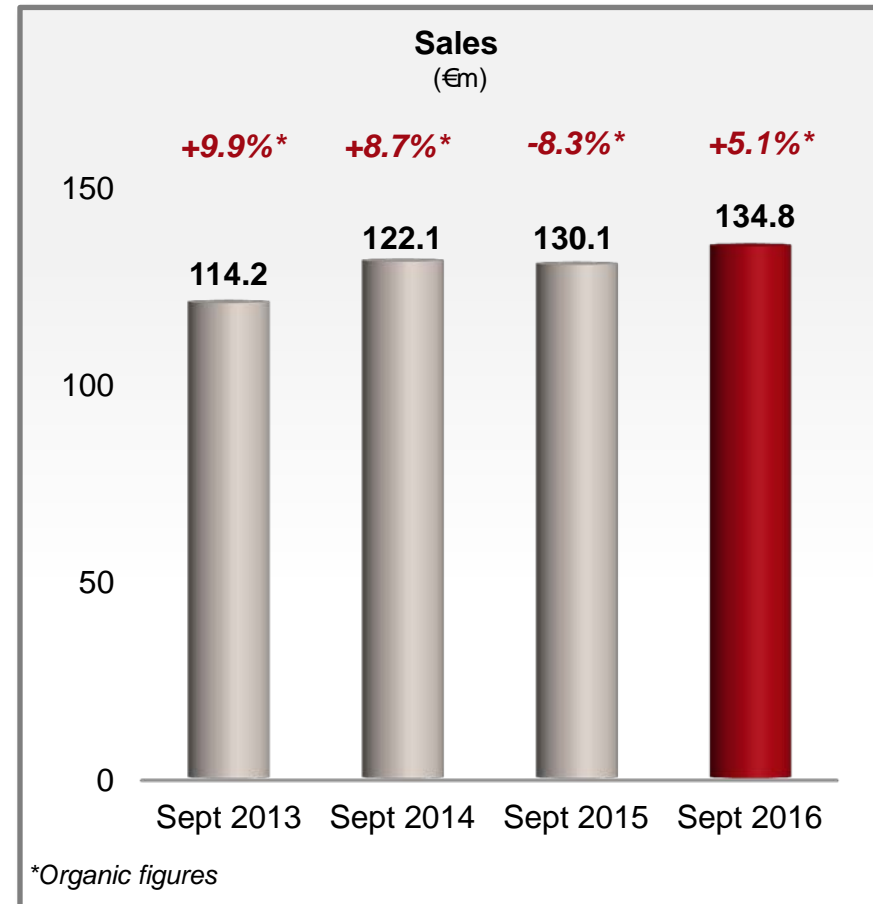
- Return to growth in H1
- Russia rallying and Greece stabilising

## Mount Gay

- Decline in sales linked to acceleration in brand's shift upmarket

## Islay Spirits

- Continued double-digit sales growth in all regions



# Liqueurs & Spirits: marketing initiatives RC REMY COINTREAU

Cointreau limited edition: #1Orange1Tree



New packaging for METAXA 12 STARS  
“Don’t Drink it, Explore it” campaign  
with explorer Mike Horn

DON’T DRINK IT,  
EXPLORE IT  
– Mike Horn, EXPLORER

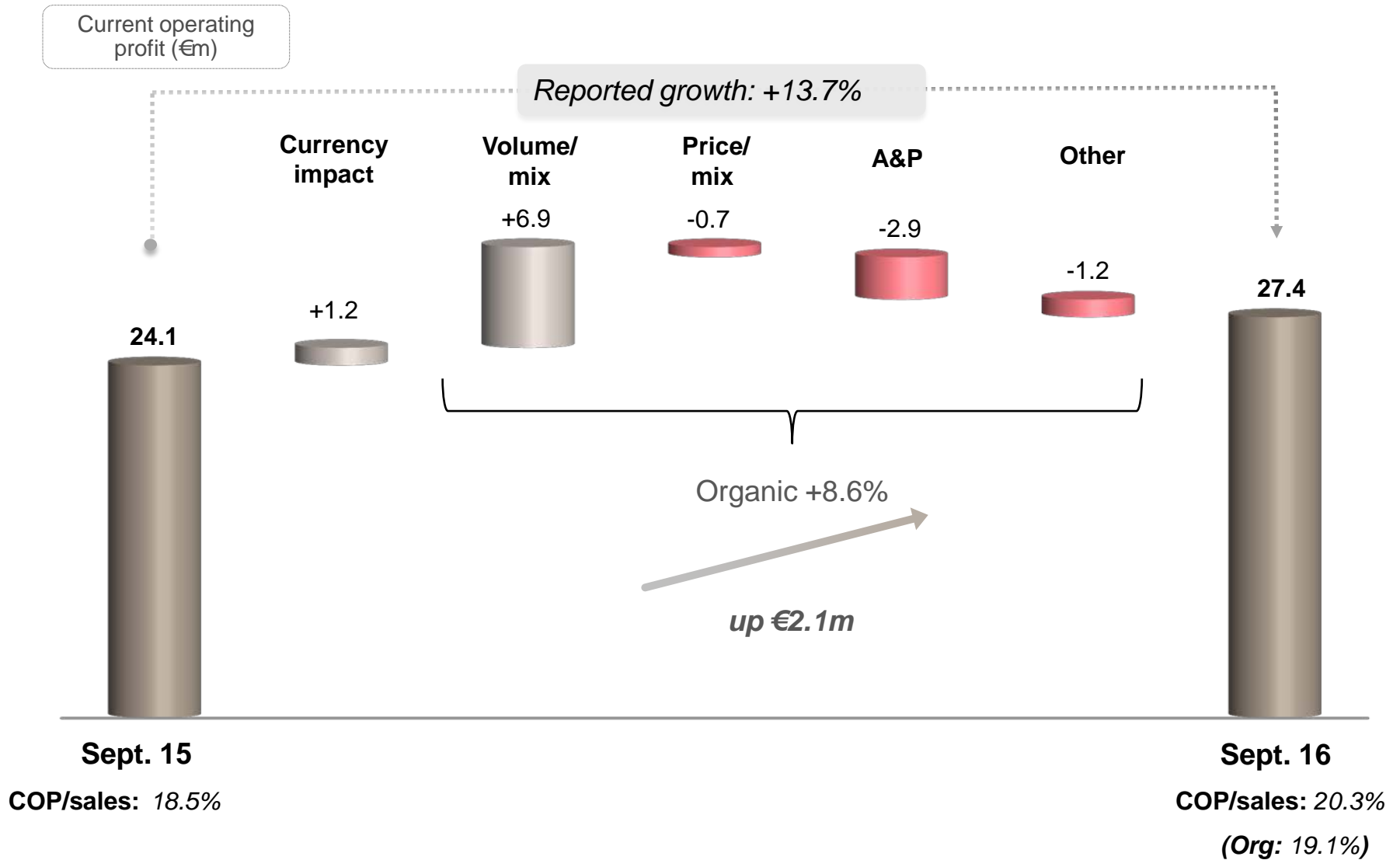
Cointreau at the London Cocktail Week



24 November 2016



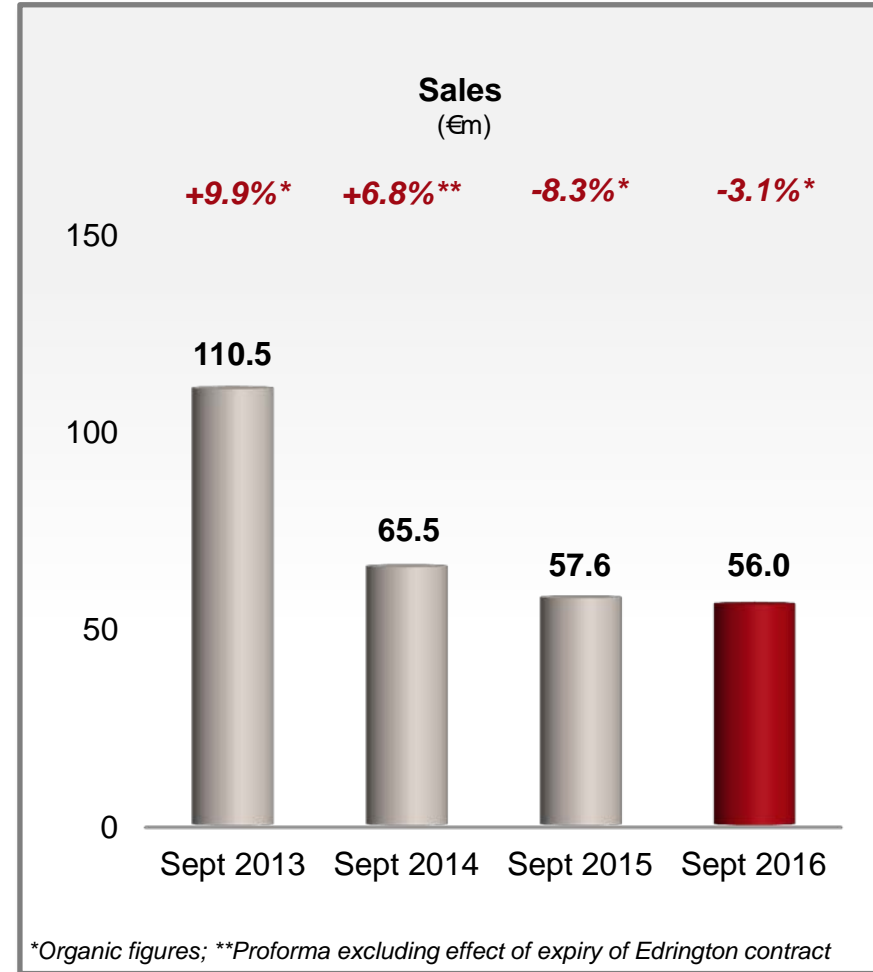
# Liqueurs & Spirits



# Partner Brands

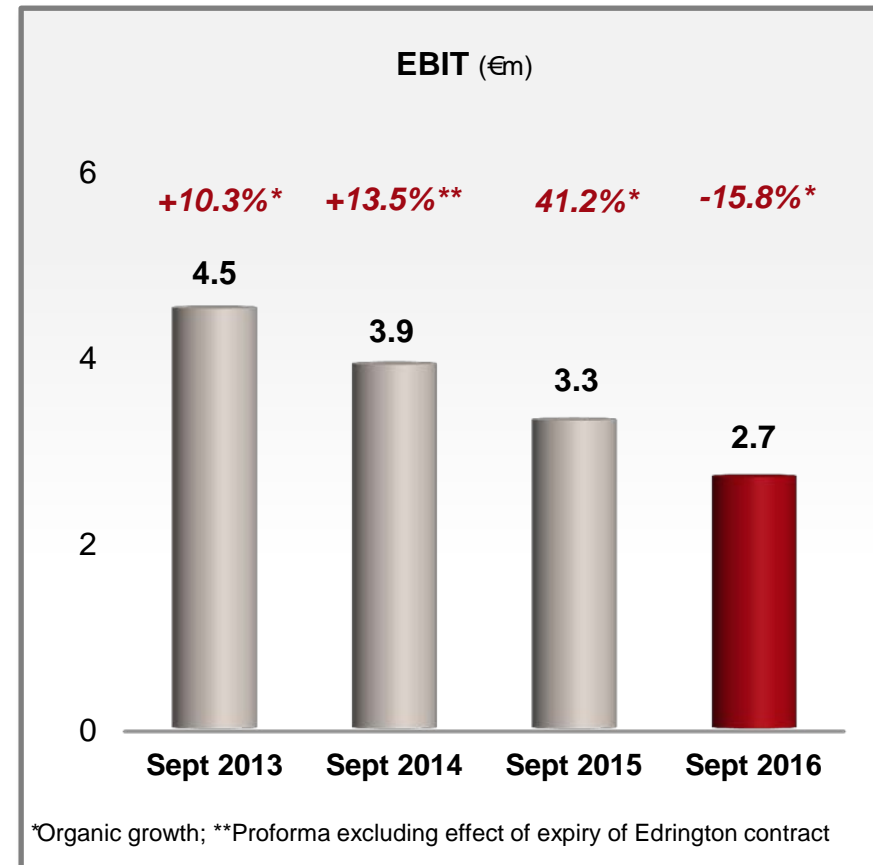
- **Organic sales** decline of 3.1% (volumes up 3.3%)

- Champagne sales declined (distribution agreement for Piper and Charles Heidsieck expired)
- Double-digit growth in other partner brands in Europe, Middle East & Africa



# Partner Brands

- **Current operating profit: €2.7m (organic change: -15.8%)**
- Decline in current operating profit linked to the fall in champagne sales





RÉMY COINTREAU

# Financial results

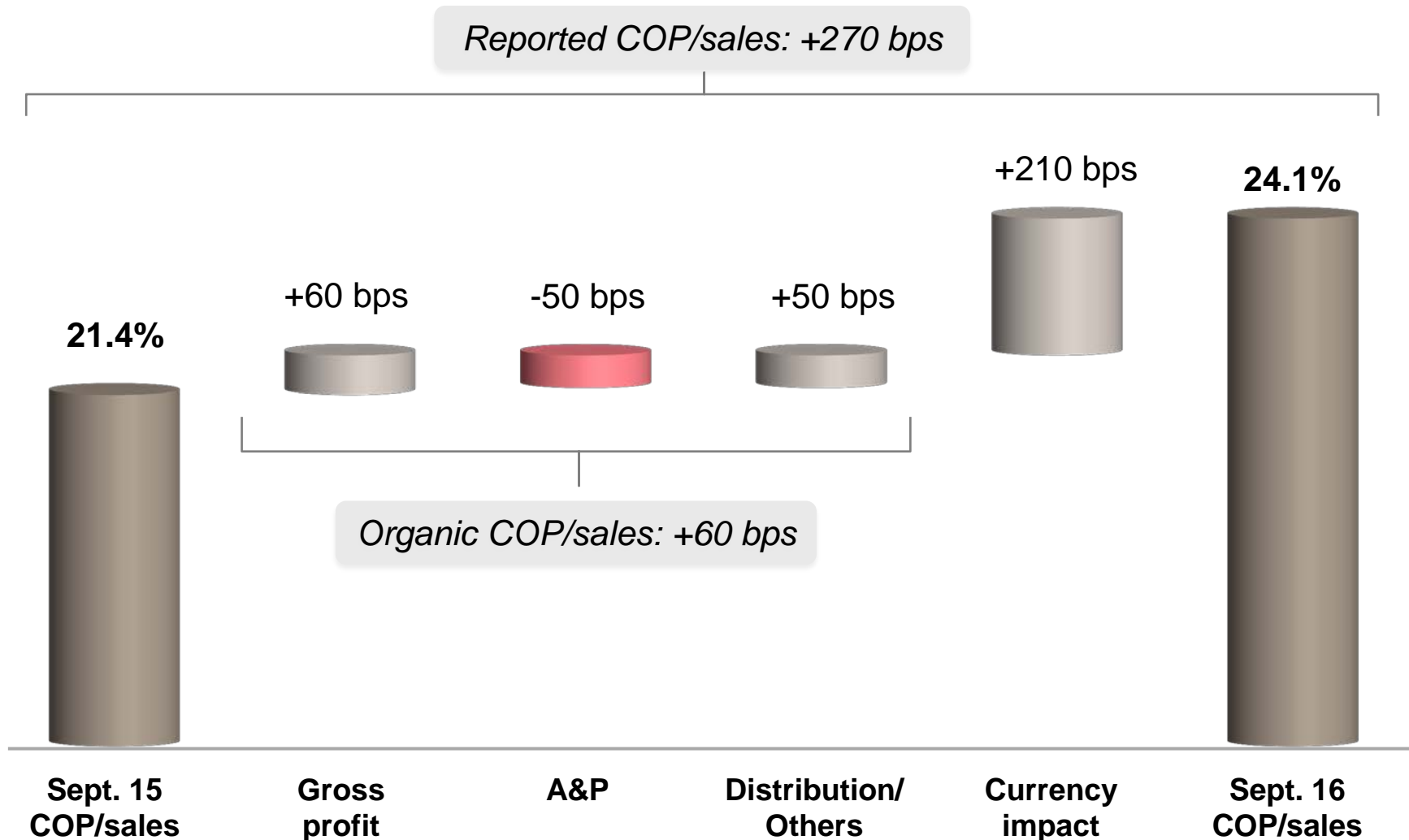
LUCA MAROTTA

CHIEF FINANCIAL OFFICER

# Current operating profit

(€m)	Sept. 2016	Sept. 2015	Reported change	Organic change
Sales	513.4	500.7	2.5%	4.1%
Gross profit	339.1	317.3	6.8%	5.2%
As %	66.0%	63.4%	260 bps	60 bps
Sales and marketing expenses	(175.3)	(173.3)	1.1%	3.4%
Administrative expenses	(40.4)	(37.6)	7.2%	8.0%
Other income & expenses	0.5	0.6	-	-
<b>Current operating profit</b>	<b>123.9</b>	<b>107.0</b>	<b>15.9%</b>	<b>7.0%</b>
<b>Current operating margin</b>	<b>24.1%</b>	<b>21.4%</b>	<b>270 bps</b>	<b>60 bps</b>

# Current operating profit





# Net profit

(€m)	2016	2015
Current operating profit	123.9	107.0
Other operating income (expenses)	-	(0.1)
Operating profit	123.9	106.9
<b>Net financial income (charges)</b>	<b>(15.5)</b>	<b>(15.1)</b>
Pre-tax profit	108.4	91.8
<b>Taxes</b>	<b>(32.3)</b>	<b>(25.7)</b>
Tax rate	29.8%	28.0%
Share in profit (loss) of associate companies	(0.1)	0.2
<b>Net profit (Group share)</b>	<b>76.0</b>	<b>66.3</b>
<b>Net margin (Group share)</b>	<b>14.8%</b>	<b>13.2%</b>
<b>Net profit (excluding non-recurring items)</b>	<b>76.6</b>	<b>68.6</b>
<b>Net margin (excluding non-recurring items)</b>	<b>14.9%</b>	<b>13.7%</b>

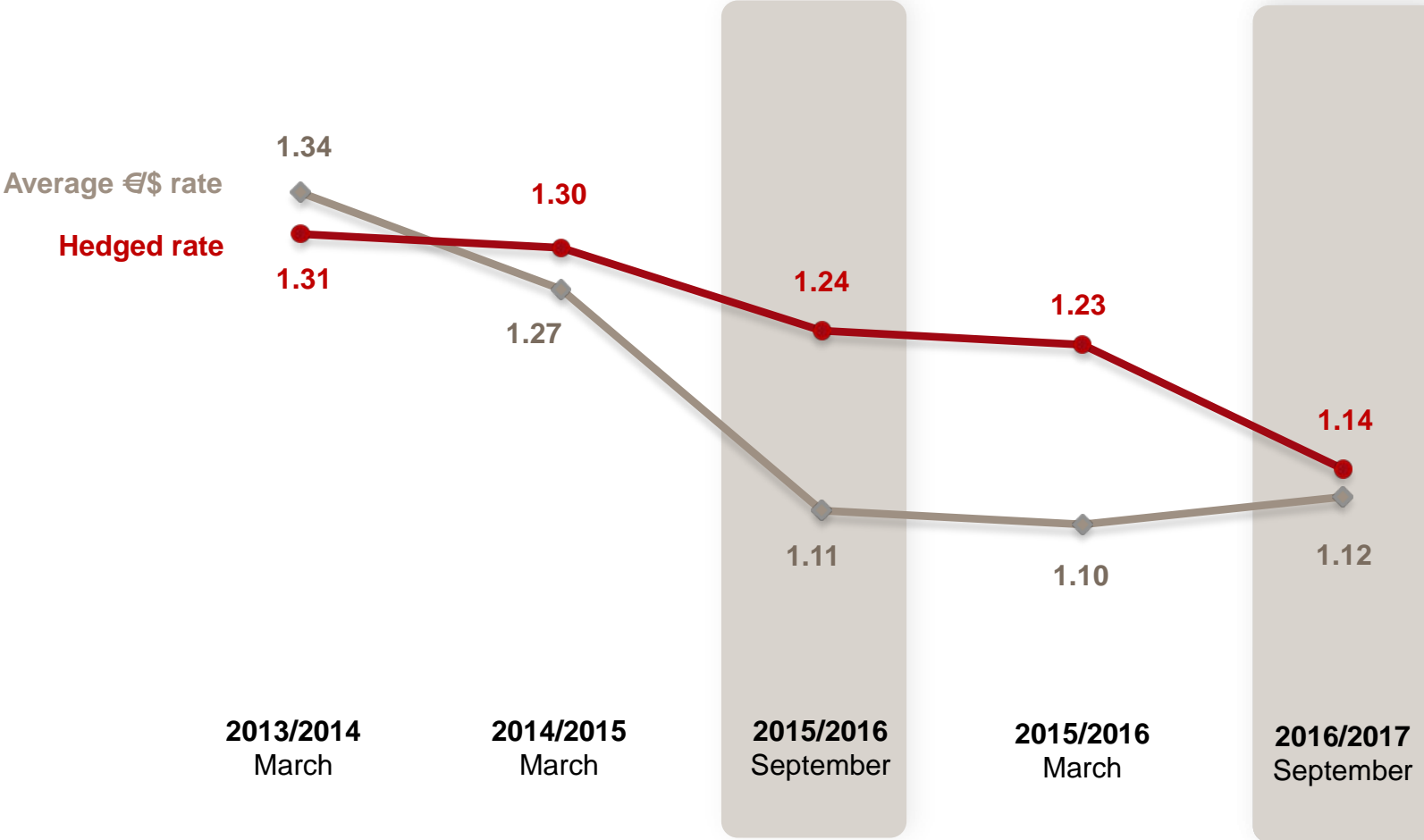
# Net debt/cash flow

(€m)	2016	2015	Change
<b>Opening net financial debt (1 April)</b>	<b>(458.2)</b>	<b>(466.6)</b>	<b>8.4</b>
Gross operating profit (EBITDA)	134.0	118.0	16.0
WCR of eaux-de-vie and spirits in ageing process	(31.5)	(24.0)	(7.5)
Other working capital items	(76.3)	(66.0)	(10.3)
Capital expenditure	(18.9)	(11.9)	(7.0)
Financial expenses	(11.0)	(12.0)	1.0
Tax payments	(14.5)	1.6	(16.1)
<b>Total recurring free cash flow</b>	<b>(18.2)</b>	<b>5.7</b>	<b>(23.9)</b>
Net proceeds of asset acquisitions/disposals	0.5	0.4	0.1
Equity component of OCEANE bond	24.9	-	24.9
Conversion differences and other	3.3	5.4	(2.1)
<b>Total cash flow for the period</b>	<b>10.5</b>	<b>11.5</b>	<b>(1.0)</b>
<b>Closing net financial debt (30 September)</b>	<b>(447.7)</b>	<b>(455.1)</b>	<b>7.4</b>
<b><i>A ratio (net debt/EBITDA)</i></b>	<b>2.16</b>	<b>2.53</b>	<b>(0.37)</b>

# Net financial income (charges)

(€m)	2016	2015
Gross debt servicing costs	(11.5)	(12.2)
Depreciation (OCEANE bond)	(0.2)	-
<b>Sub-total</b>	<b>(11.7)</b>	<b>(12.2)</b>
Net currency gains (losses)	(1.4)	(0.8)
Other financial expenses (net)	(2.4)	(2.1)
<b>Net financial income (charges)</b>	<b>(15.5)</b>	<b>(15.1)</b>

# Foreign exchange: hedging impact



# Balance sheet at 30 September 2016

	<i>Assets</i>				<i>Liabilities</i>				
(€m)	Sep 2016	as %	Sep 2015	as %	Sep 2016	as %	Sep 2015	as %	
<b>Non-current assets</b>	<b>880</b>	<b>35%</b>	<b>878</b>	<b>39%</b>	<b>Shareholders' equity</b>	<b>1,186</b>	<b>48%</b>	<b>1,075</b>	<b>47%</b>
<b>Current assets</b>	<b>1,382</b>	<b>56%</b>	<b>1,342</b>	<b>59%</b>	<b>Current and non-current liabilities</b>	<b>628</b>	<b>25%</b>	<b>690</b>	<b>31%</b>
<i>o/w inventories</i>	<i>1,101</i>	<i>44%</i>	<i>1,081</i>	<i>48%</i>	<b>Gross financial debt</b>	<b>669</b>	<b>27%</b>	<b>507</b>	<b>22%</b>
<b>Cash</b>	<b>221</b>	<b>9%</b>	<b>52</b>	<b>2%</b>					
<b>Total assets</b>	<b>2,483</b>	<b>100%</b>	<b>2,272</b>	<b>100%</b>	<b>Total liabilities</b>	<b>2,483</b>	<b>100%</b>	<b>2,272</b>	<b>100%</b>
<b>Inventories/assets</b>		<b>44%</b>		<b>48%</b>	<b>Net gearing</b>		<b>38%</b>		<b>42%</b>

# Key events during the period

- **14 June 2016** Vigeo Eiris prize: 2016 Top Performers award 'Responsible supply chain management: sustainable supplier relations'
- **26 July 2016** Ordinary dividend of €1.60 per share approved at the AGM (with an option for payment to be made fully in shares). 83% of voting rights were exercised by shareholders in favour of payment in shares.
- **31 August 2016** Exit from Lixir joint-venture in France
- **1 September 2016** Distribution agreement with Bollinger Distribution in the French market for the House of Rémy Martin and Mount Gay rum brands
- **7 September 2016** Issued a €275 million OCEANE convertible bond maturing in ten years and paying a coupon of 0.125%

# Subsequent events

- **14 October 2016**      Announced plans to form a joint venture with Lucas Bols for the global activities of the Passoã brand
- **27 October 2017**      Entered into exclusive negotiations to acquire Distillerie du Domaine des Hautes Glaces

# 2016-17 full-year outlook

- A strong H1 2016-17, in line with Group forecasts
- Rémy Cointreau anticipates growth in current operating profit over financial year 2016-17, assuming constant exchange rates and consolidation scope.





## Q&A