



RÉMY COINTREAU

Des terroirs, des hommes et du temps



Full-year results
2016-17
(year ended 31 March 2017)

8 June 2017



RÉMY COINTREAU

Introduction

FRANÇOIS HÉRIARD DUBREUIL

PRESIDENT



Key figures (as of 31 March 2017)

		Change	
		Reported	Organic
• Sales	€1,094.9m	+4.2%	+4.7%
• <i>of which Group Brands</i>	€983.8m	+6.7%	+7.4%
• Current operating profit	€226.1m	+26.7%	+13.8%
• Current operating margin	20.7%	+3.7pts	+1.5pts
• Net profit (Group share)	€190.3m	+85.7%	+73.5%
• Net profit (excluding non-recurring items)	€135.0m	+22.3%	+10.5%
• Net earnings per share (Group share)	€3.87	83.4%	
• Net earnings per share (excluding non-recurring items)	€2.75	21.1%	
• Net debt / EBITDA ratio:	1.78		



RÉMY COINTREAU

Business review

VALÉRIE CHAPOULAUD-FLOQUET

CHIEF EXECUTIVE OFFICER

Excellent annual performance

Group Brands sales up 7.4% in organic terms (+6.7% on a reported basis):

- The House of Rémy Martin (+10.0%) benefitted from its focus on its high-end products
- Excellent performance in the Americas region (United States, Canada)
- Clear acceleration in the Asia-Pacific region (Greater China, Australia)
- Group sales up 4.7% in organic terms (+4.2% on a reported basis)

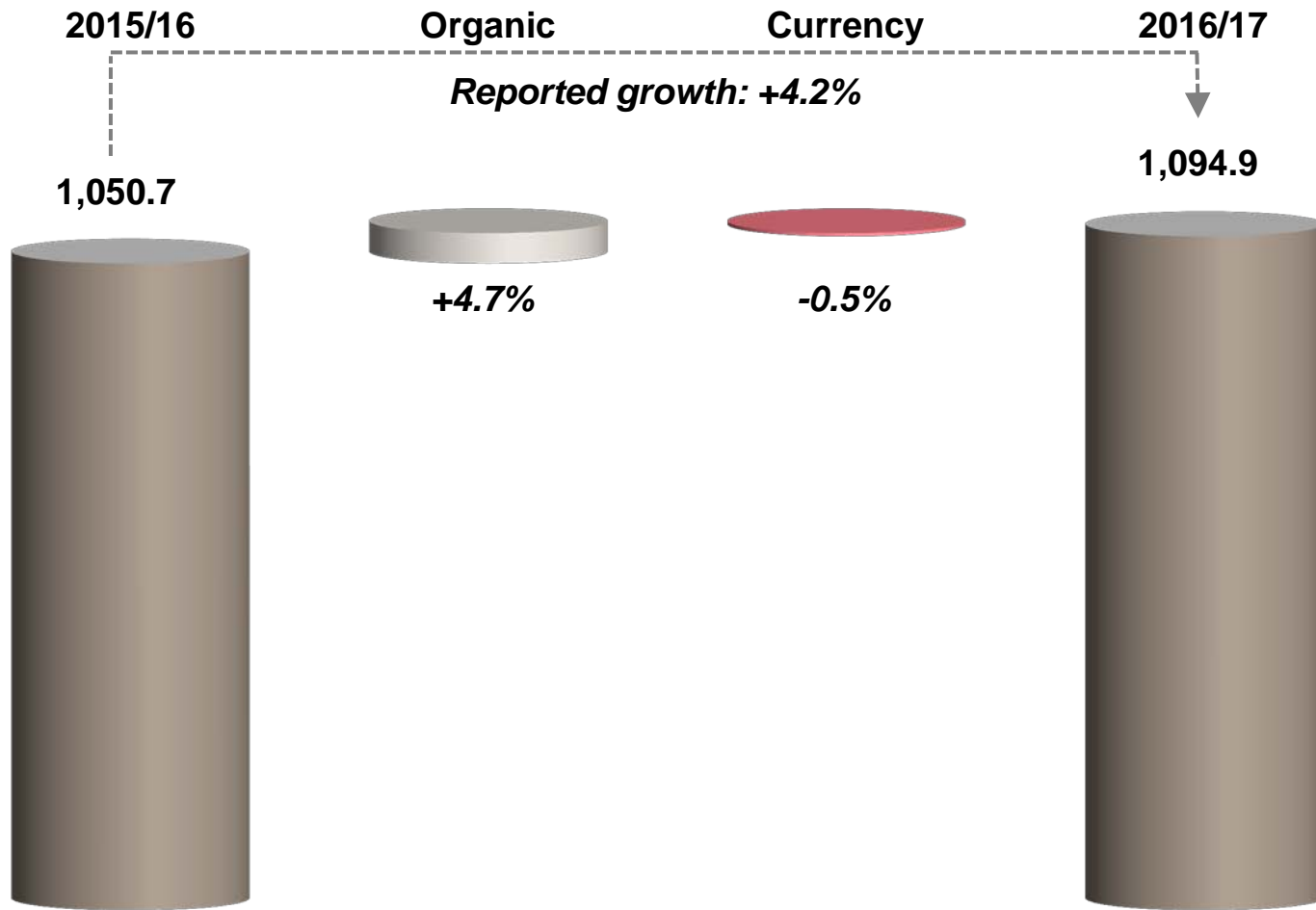
Group's COP up 13.8% in organic terms (+26.7% on a reported basis):

- Excellent performance by our exceptional spirits: favorable price and mix effects
- Controlled increase in communication investments and structure costs
- Significant currency gains due to favourable hedging policy (stronger dollar)
- Current operating margin up 3.7pts at 20.7% (+1.5pts in organic terms)

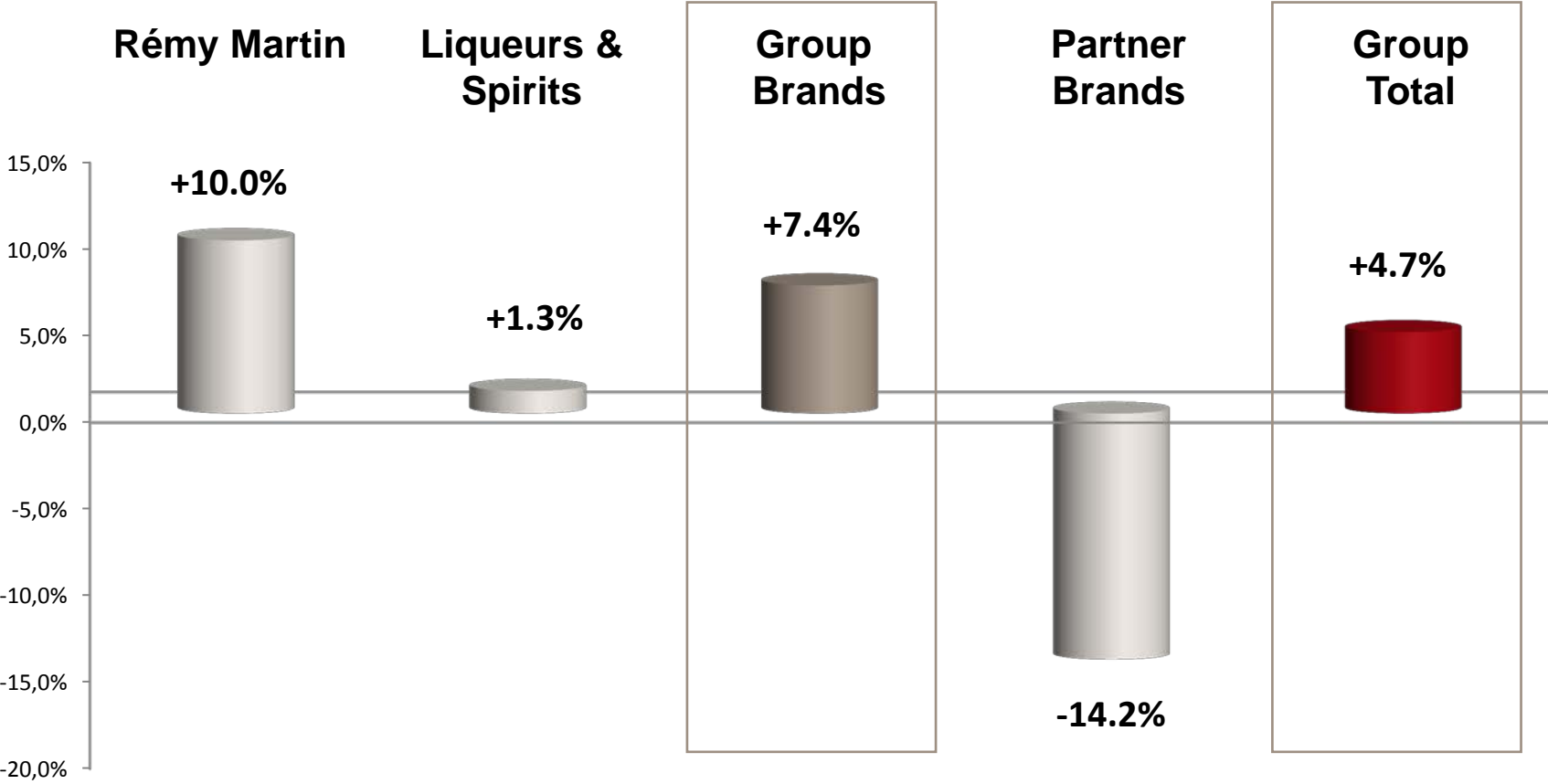
Reported net profit (excluding non-recurring items) up 22.3% and net profit (Group share) up 85.7%

Group sales

€m



Sales growth by product division

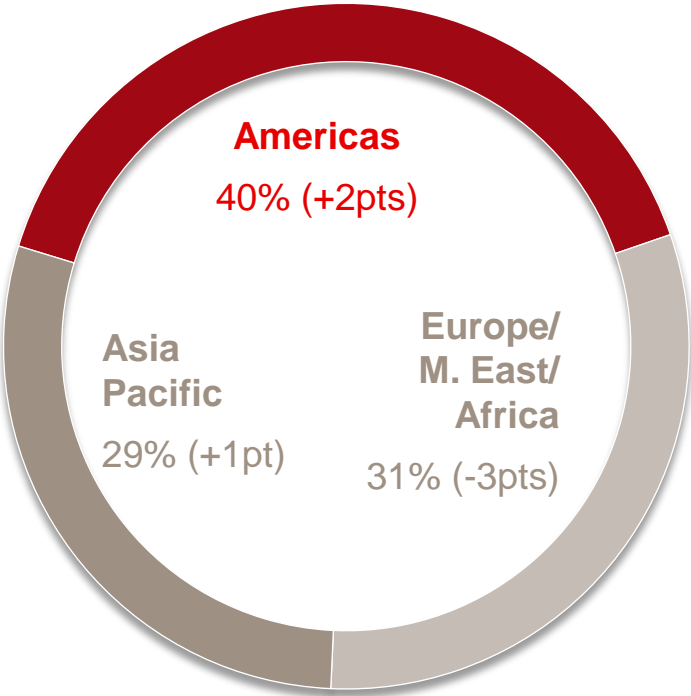
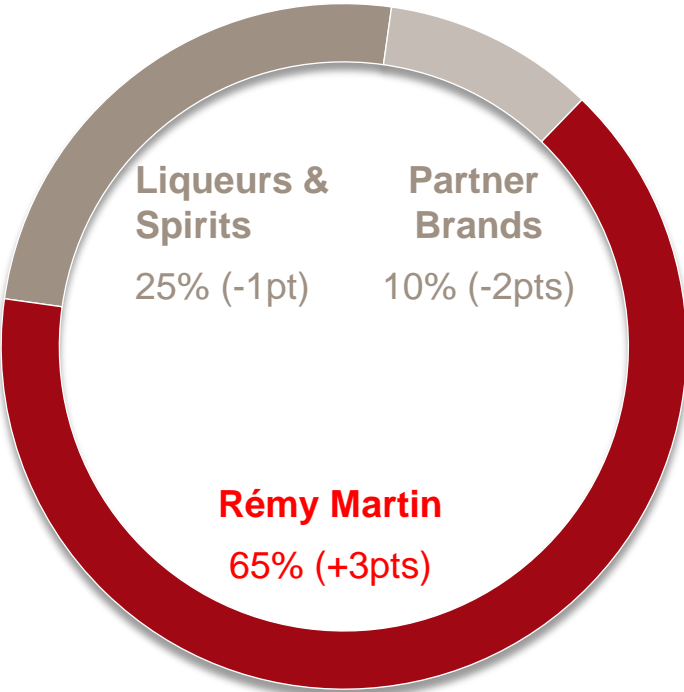


Breakdown of Group Sales (1)

By Division

by Region

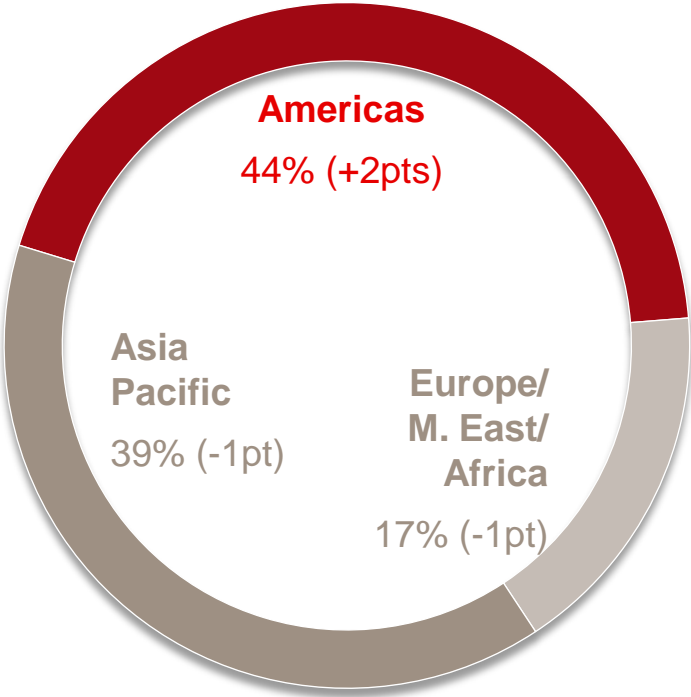
€1,094.9m



Breakdown of Group Sales (2)

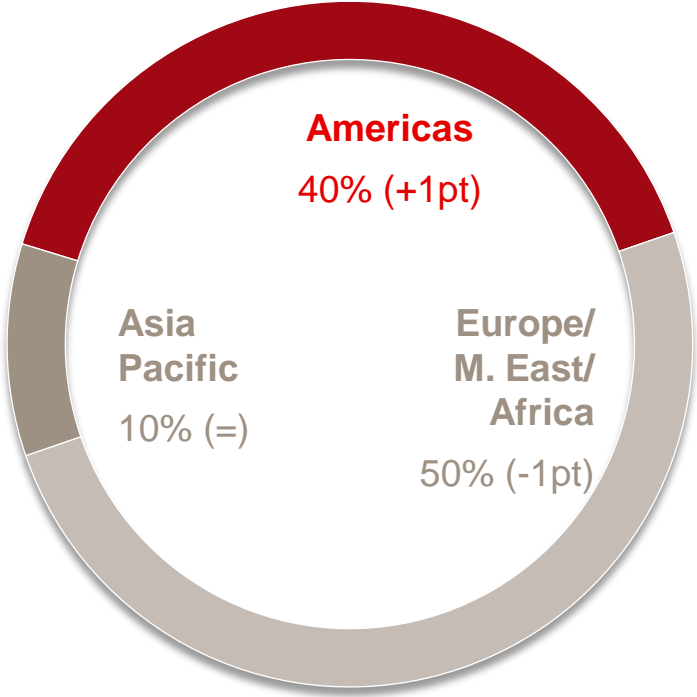
Rémy Martin

€707.5m

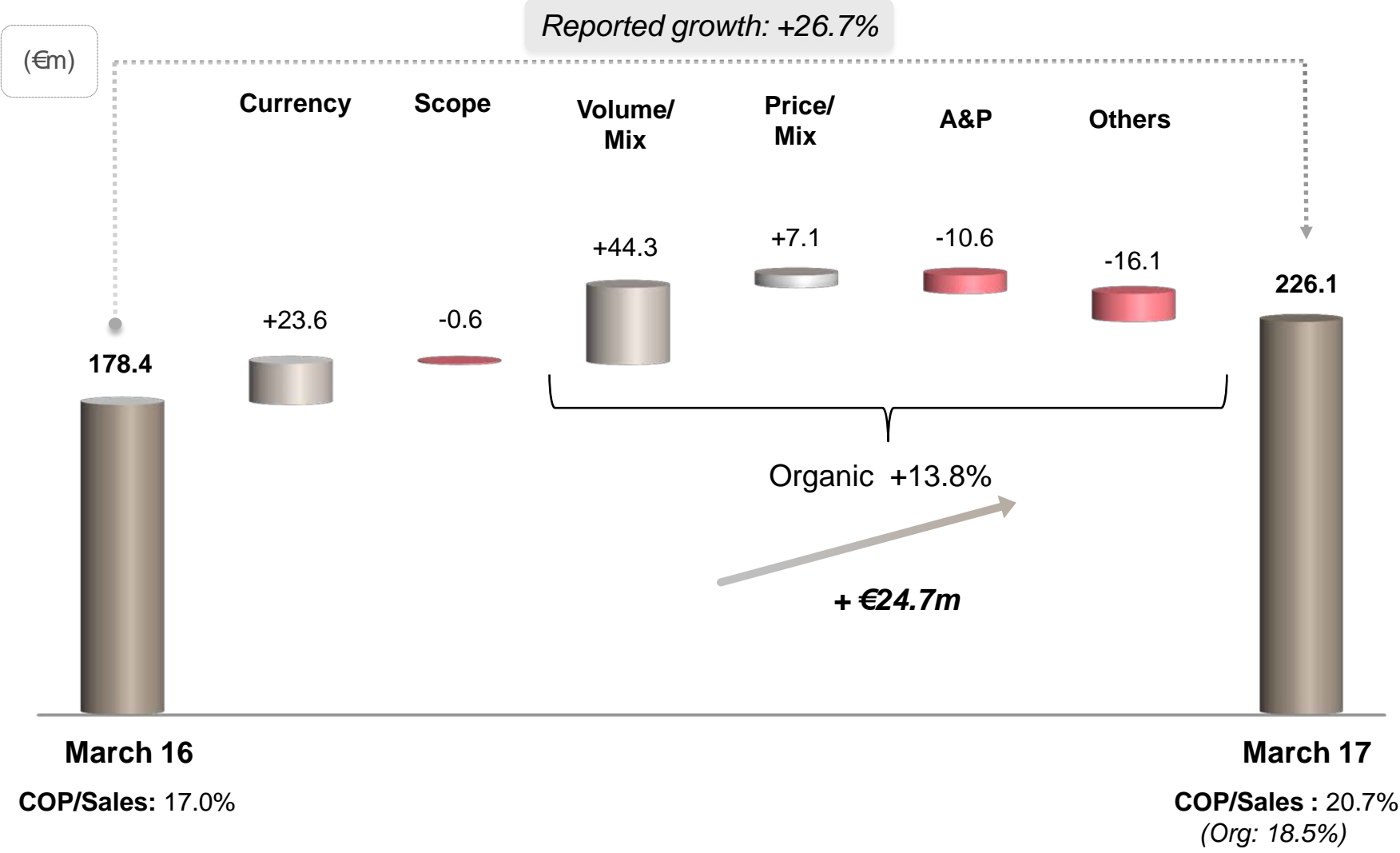


Liqueurs & Spirits

€276.3m



Current Operating Profit

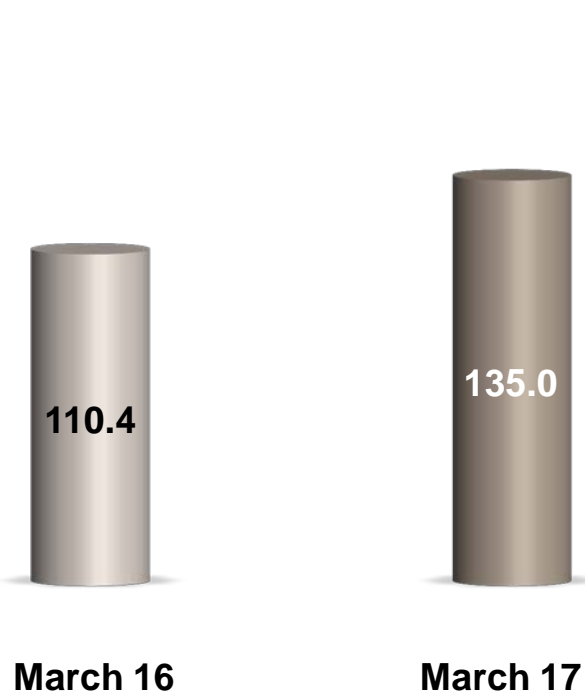


Net profit

(€m)

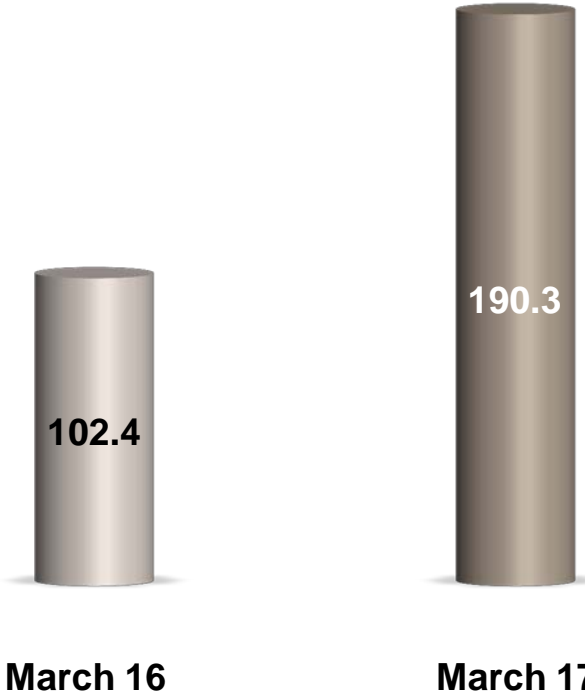
Net profit excluding non-recurring items

Reported +22.3%
+10.5% organic change



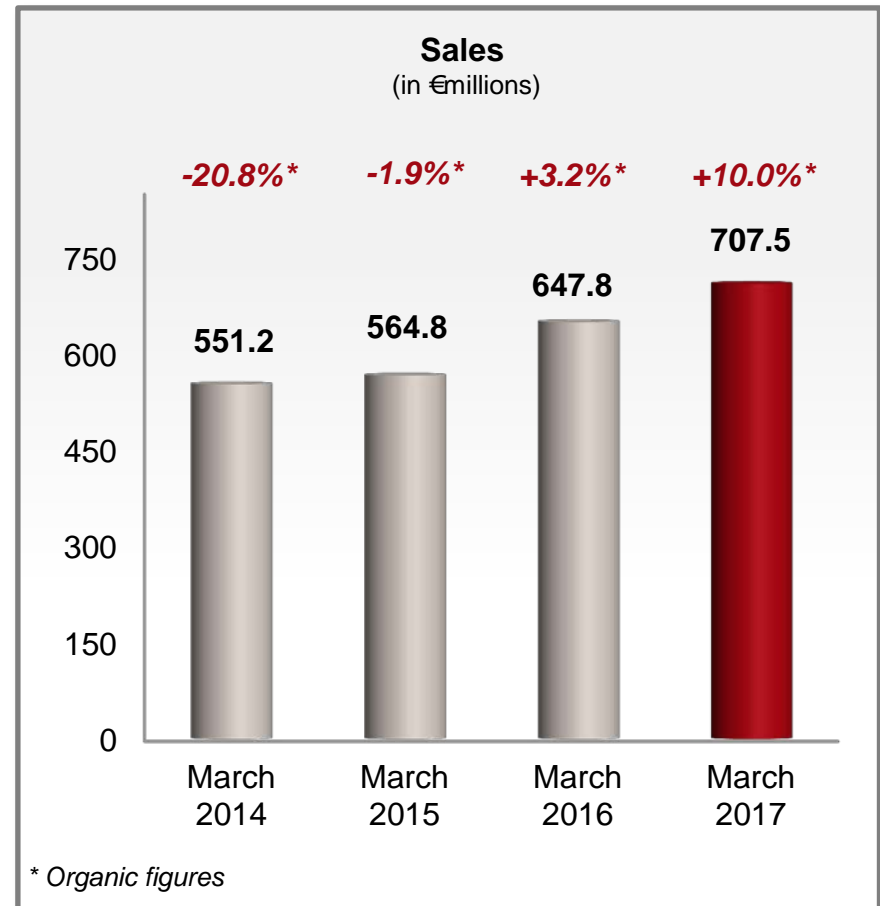
Net profit Group share

Reported +85.7%
+73.5% organic change



House of Rémy Martin

- **Organic sales** growth of 10.0% (volumes +4.5%)
- Excellent performance in the United States
- Greater China: sharp acceleration in private consumption in the second half of the year, particularly in high-end quality products
- EMEA: UK posted a good year and Russia returned to solid growth



Rémy Martin: marketing initiatives

*Limited edition
Carte Blanche à Baptiste Loiseau*



New Rémy Martin XO decanter



Pop-up store at Paris CDG



LOUIS XIII: marketing initiatives



LOUIS XIII Le Mathusalem

Opening of the first LOUIS XIII boutique in Beijing



LOUIS XIII Miniature edition

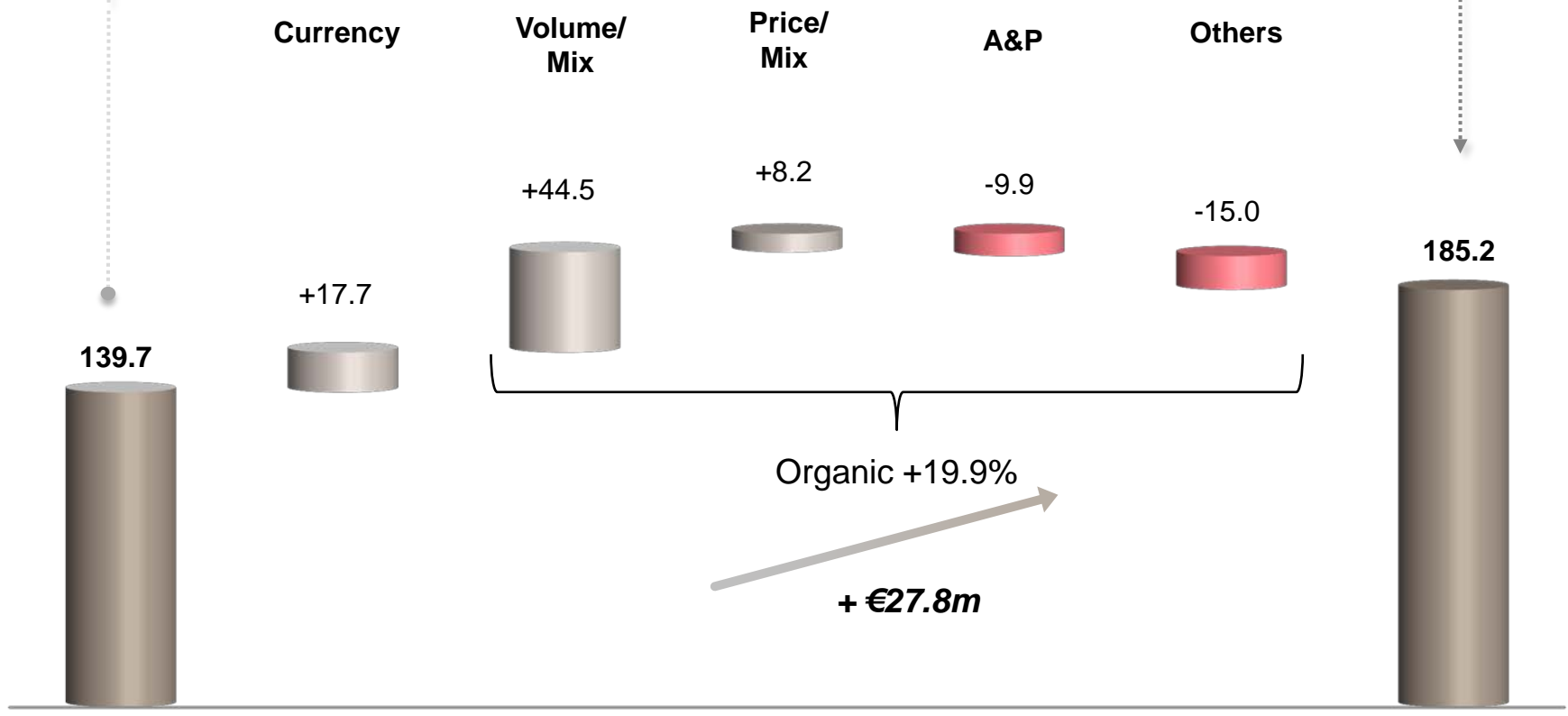
Pop-up boutique at Harrod's in London



House of Rémy Martin

Current operating profit (€m)

Reported growth: +32.6%



March 16

March 17

COP/Sales: 21.6%

COP/Sales: 26.2%
(Org: 23.5%)

Liqueurs & Spirits

- **Organic sales growth of 1.3%** (volumes +0.1%)

Cointreau

- Solid year, underpinned by the main markets (United States and France), and promising emerging markets (Greater China et Russia)

Metaxa

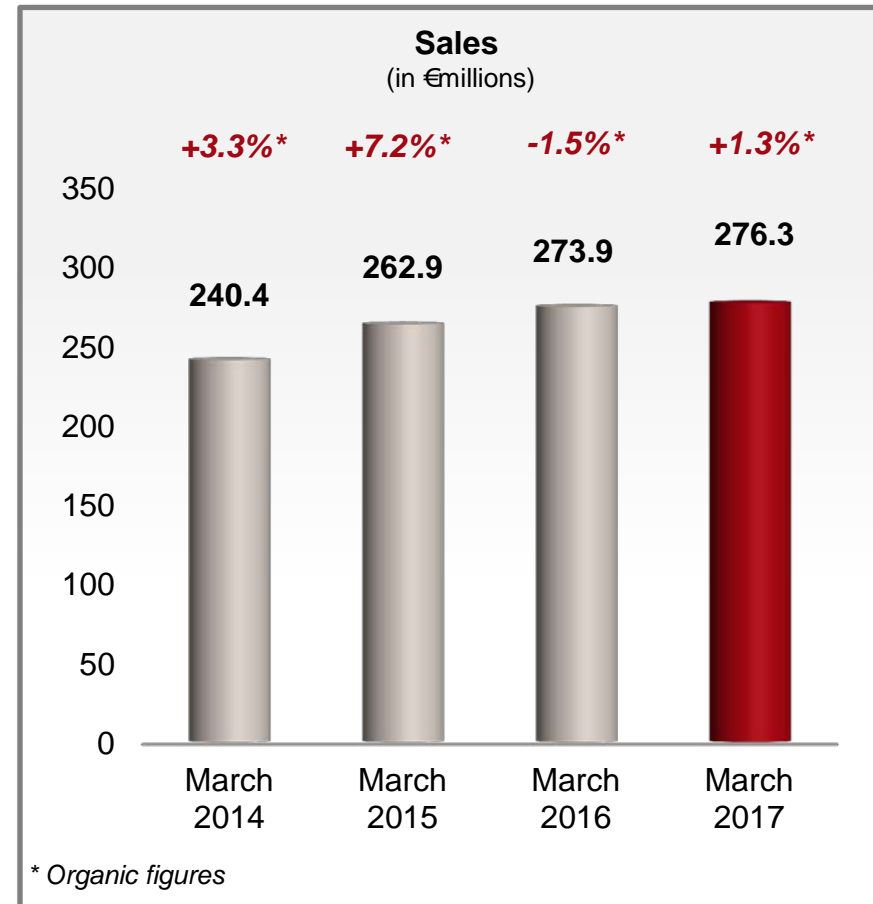
- Excellent annual performance
- Resumption of growth in Russia/CIS and Greece

Mount Gay and St-Rémy

- Slight decline in sales linked to voluntary reduction in low-end volumes

Progressive Hebridean Distillers

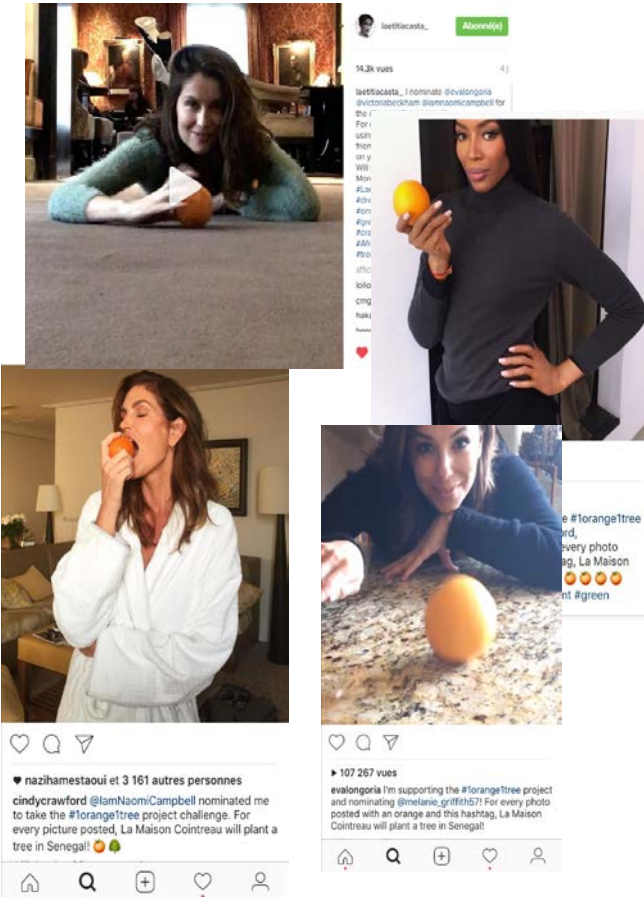
- Continued double-digit growth with strong momentum in its main markets (United States, Europe and Travel Retail)



Liqueurs & Spirits: marketing initiatives RC REMY COINTREAU

*Cointreau #1Orange1Tree:
Tree reforestation project in Senegal*

*New packaging design for
METAXA 12 Stars*

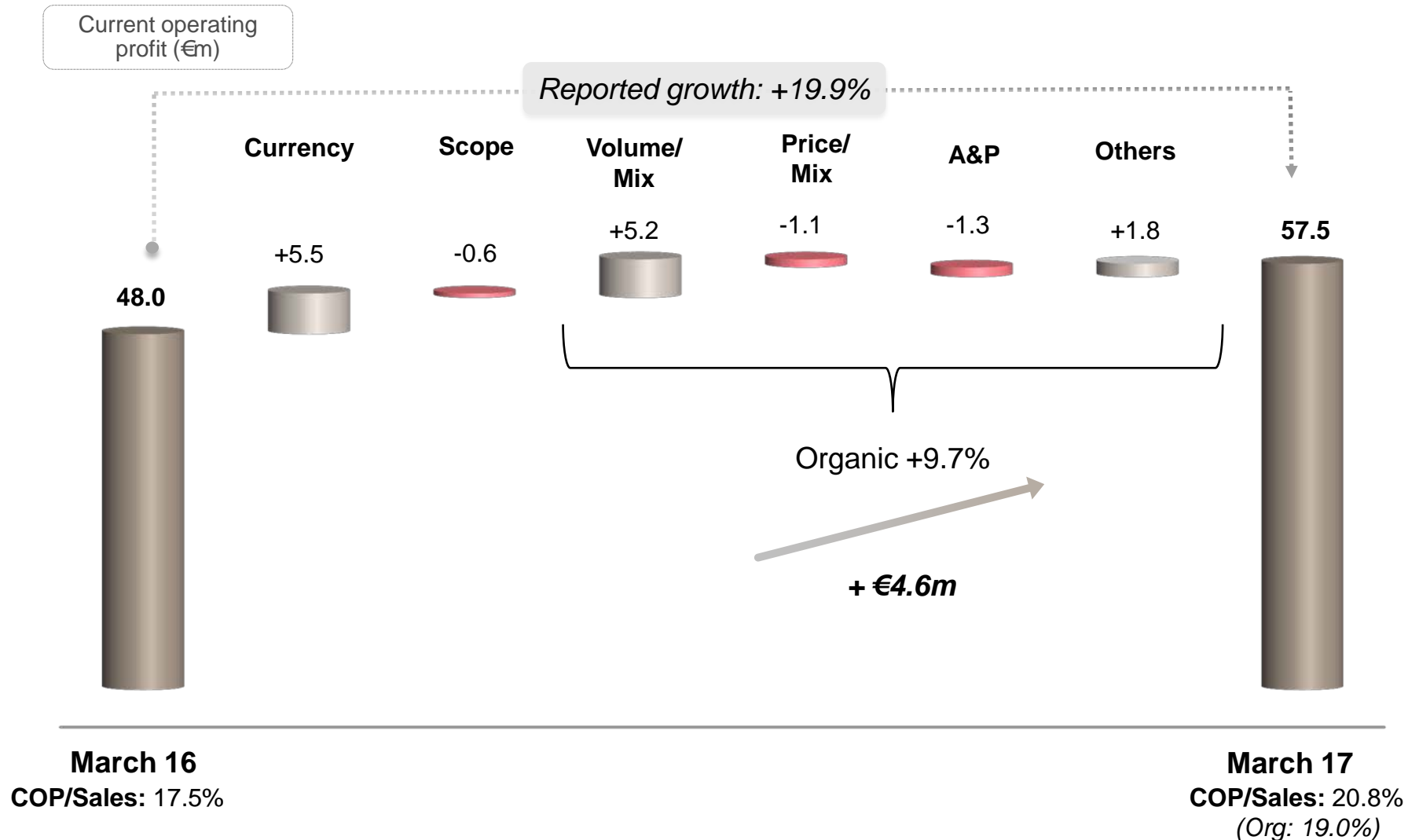


Acquisition of 2 Single Malt whiskies

Acquisition of Domaine des Hautes Glaces and Westland Distillery

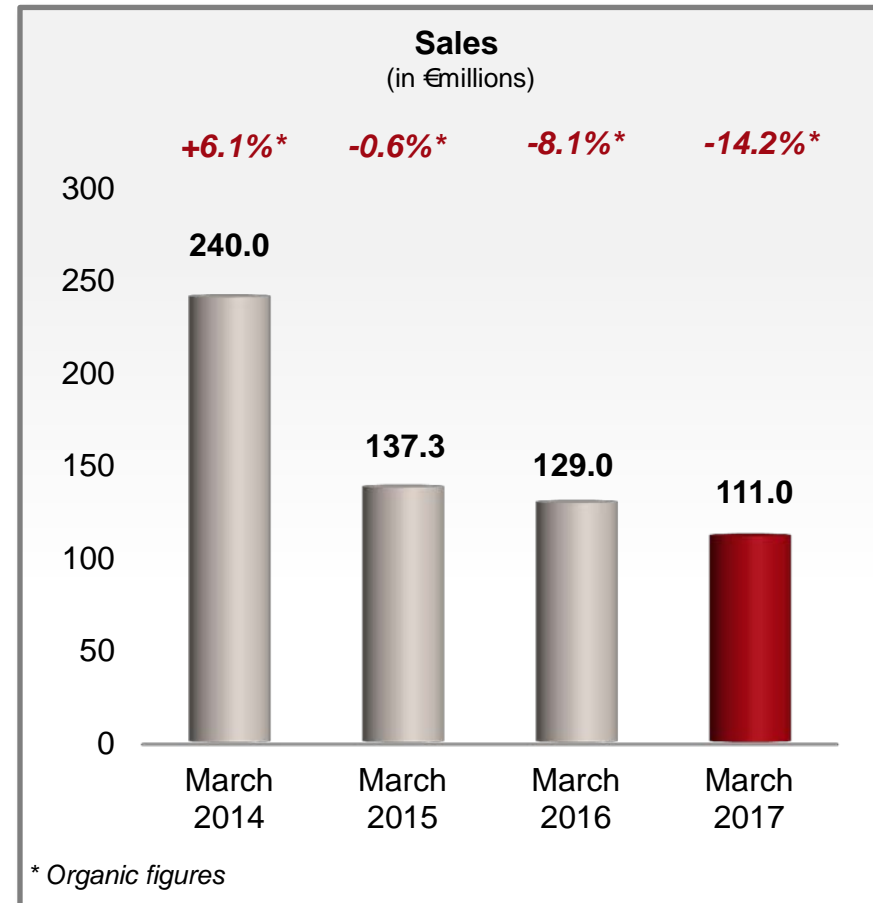


Liqueurs & Spirits



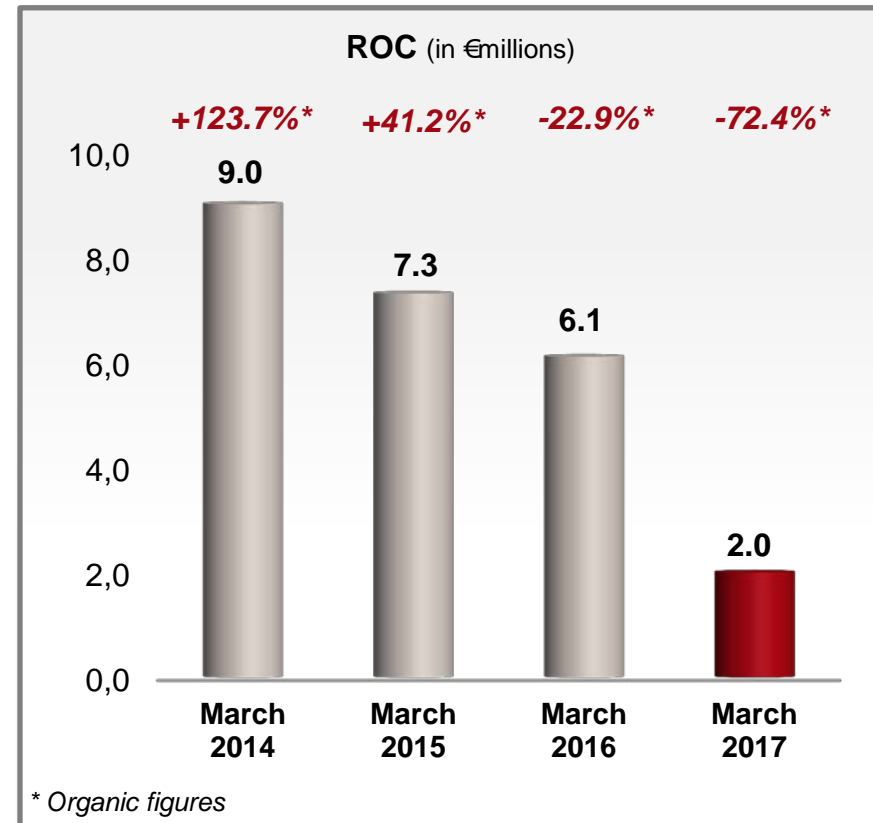
Partner Brands

- **Organic sales decline** of 14.2% (volumes -0.9%)
- End of the distribution agreement for the Piper-Heidsieck and Charles Heidsieck champagne brands in France, Belgium and Travel retail
- Strong momentum of other partner brands in the EMEA region and Travel Retail



Partner Brands

- **Current Operating Profit: €2.0m (-72.4% in organic terms)**
- Decline in current operating profit linked to the change in the portfolio of Partner Brands during the Financial Year





RÉMY COINTREAU

Financial results

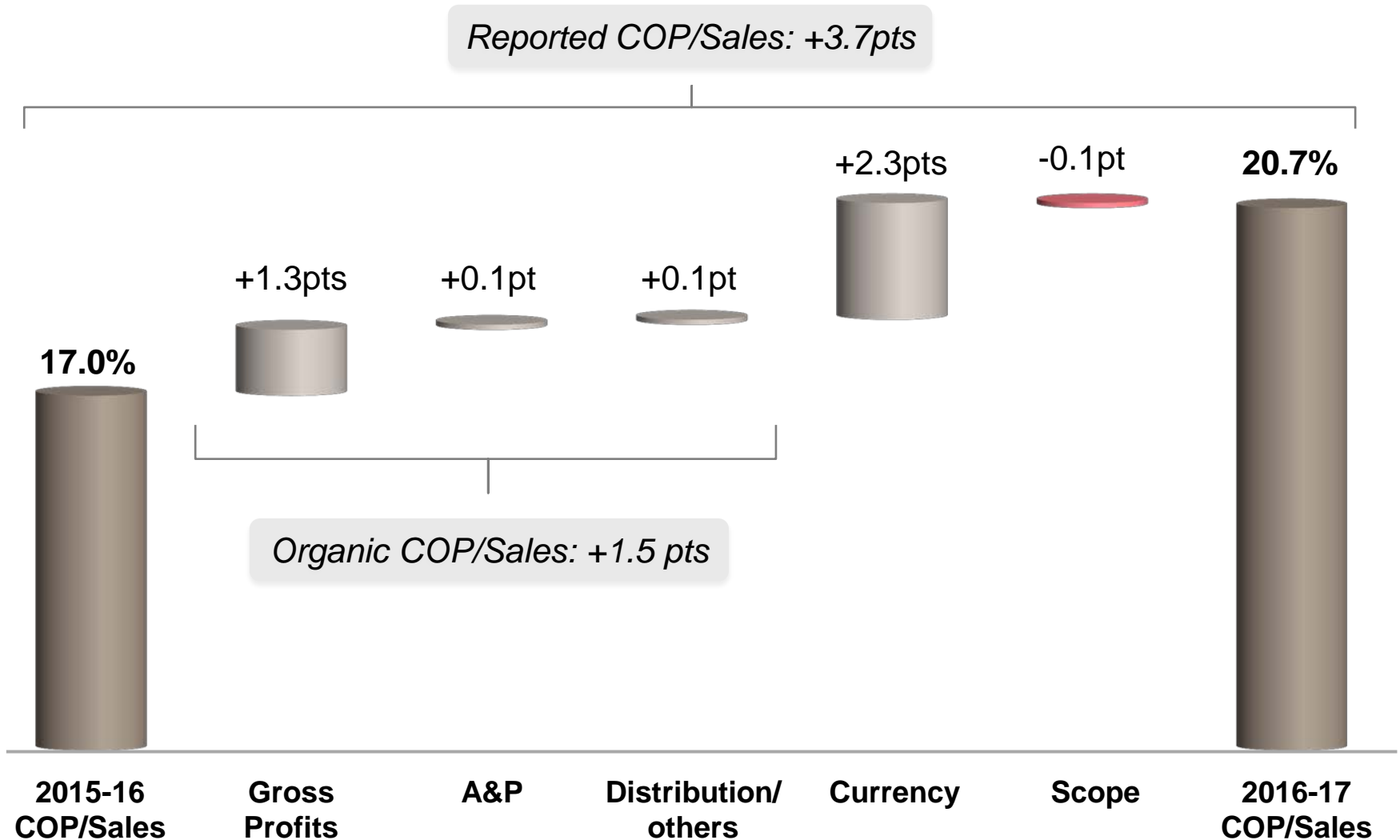
LUCA MAROTTA

CHIEF FINANCIAL OFFICER

Current Operating Profit

(€m)	2016	2017	Reported change	Organic change
Sales	1,050.7	1,094.9	4.2%	4.7%
Gross profit	665.8	730.7	9.7%	6.9%
<i>in %</i>	63.4%	66.7%	+3.3pts	+1.3pts
Sales and marketing expenses	(406.7)	(416.7)	2.5%	3.3%
Administrative expenses	(81.6)	(88.5)	8.4%	8.8%
Other income and expenses	0.9	0.6	-	-
Current Operating Profit	178.4	226.1	26.7%	13.8%
Current operating margin	17.0%	20.7%	3.7pts	1.5pts

Current operating margin



Net profit

(€m)	2016	2017
Current Operating Profit	178.4	226.1
Other operating income (expenses)	0.3	(4.8)
Operating profit	178.7	221.3
Net financial income (charge)	(27.3)	(31.9)
Pre-tax profit	151.4	189.4
Taxes	(44.1)	(44.5)
Tax rate	29.1%	23.5%
Share profit (loss) of associated companies and Minority interests	(4.9)	(19.6)
Net profit/(loss) from deconsolidated and discontinued operations	0.0	65.0
Net profit Group share	102.4	190.3
Net profit (excluding non-recurring items)	110.4	135.0
Net margin (excluding non-recurring)	10.5%	12.3%

Non-recurring items

(€m)	2016	2017
Net profit – Group share	102.4	190.3
Provision for impairment on Dynasty Fine Wines Group shares	3.7	18.8
Provision for reorganisation of the distribution network	2.4	3.7
Deferred Tax Liability (tax rate in France at 28.9% versus 34.4%)	-	(14.1)
Net profit/(loss) from deconsolidated and discontinued operations	-	(65.0)
Others	1.9	1.3
Net profit excluding non-recurring items – Group share	110.4	135.0

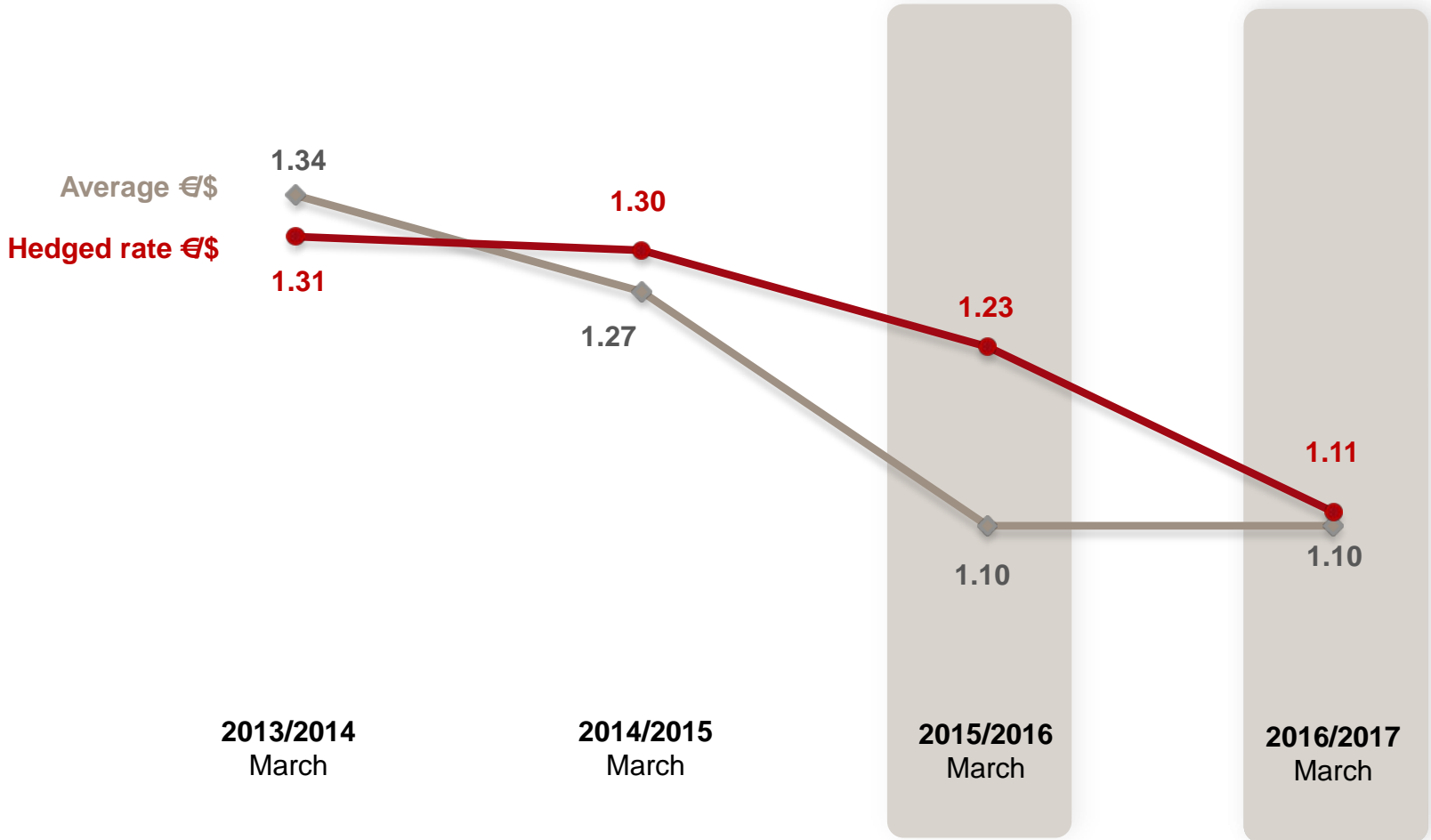
Net debt/Cash flow

(M€)	2016	2017	Change
Opening net financial debt (1 April)	(466.6)	(458.2)	8.4
Gross operating profit (EBITDA)	199.6	248.6	49.0
WCR of eaux-de-vie and spirits in ageing process	(42.6)	(33.6)	9.0
Other working capital items	0.0	(5.5)	(5.5)
Capital expenditure	(30.8)	(36.9)	(6.1)
Financial expenses	(21.1)	(22.5)	(1.4)
Tax payments	(29.9)	(52.4)	(22.5)
Total recurring free cash flow	75.2	97.7	22.5
Dividends	(72.8)	(13.0)	59.8
Net proceeds of asset acquisitions/disposals	1.5	(47.6)	(49.1)
Equity component of OCEANE bond	0.0	24.9	24.9
Conversion differences and others	4.5	6.1	1.6
Total cash flow for the period	8.4	68.1	59.7
Closing net financial debt (31 March)	(458.2)	(390.1)	68.1
A ratio (Net debt/EBITDA)	2.29	1.78	-0.51

Net financial expenses

(€m)	2016	2017
Gross debt servicing costs	(24.1)	(21.5)
Investment income	0.1	0.0
Sub-total	(24.0)	(21.4)
Net currency gains (losses)	0.8	(5.4)
Other financial expenses (net)	(4.1)	(5.1)
Net financial income (charges)	(27.3)	(31.9)

Foreign exchange: hedging impact



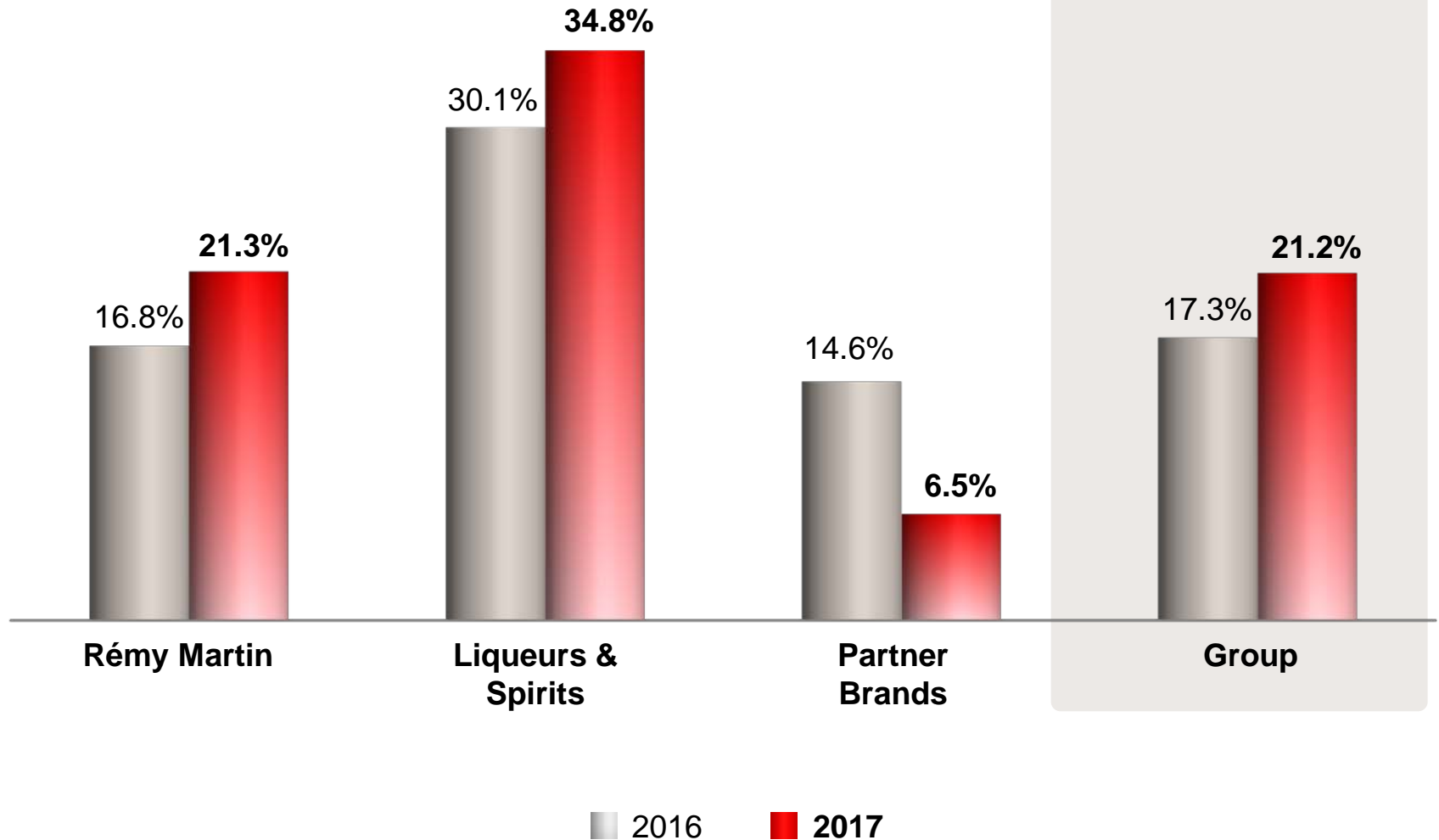
Balance sheet at 31 March 2017

Assets

Liabilities

(€m)	March 2016	in %	March 2017	in %		March 2016	in %	March 2017	in %
Non-current assets	875	38%	983	40%	Shareholders' equity	1,113	49%	1,304	53%
Current assets	1,360	60%	1,381	57%	Current and Non-current liabilities	664	29%	670	28%
<i>o/w inventories</i>	1,108	49%	1,145	47%	Gross financial debt	505	22%	468	19%
Cash	47	2%	78	3%					
Total Assets	2,282	100%	2,442	100%	Total Liabilities	2,282	100%	2,442	100%
Stocks		49%		47%	Net Gearing		41%		30%

ROCE



Changes in capital employed

(€m)



Key events during the year (1 / 2)

- **14 June 2016** Vigeo Eiris prize: 2016 Top Performers award 'Responsible supply chain management: sustainable supplier relations'
- **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%
- **2 December 2016** Creation of a joint-venture with Lucas Bols N.V. which will operate and further develop the global activities of the Passoã brand

Key events during the year (2 / 2)

- **3 January 2017** The Progressive Hebridean Distillers are now also distributed by Bollinger Diffusion in France
- **5 January 2017** Acquisition of Domaine des Hautes Glaces which crafts a range of Single Malt whiskies made in the French Alps
- **6 January 2017** Acquisition of Westland Distillery which crafts a range of American Single Malt whiskies made in the Washington State
- **13 January 2017** The Rémy Cointreau Group affirms its identity with a new logo and a new signature: “Terroir, People and Time”

Post-year events

- **25 July 2017** A dividend of 1.65 euro per share, with an option in cash or in shares (for the entire dividend distributed), will be proposed at the shareholders' vote during the 25 July 2017 general assembly

In €	2012/13	2013/14	2014/15	2015/16	2016/17
Dividend	1,40	1,27	1,53	1,60	1,65

- **Dividend terms of payment will be anticipated this year:**
 - The option period will be effective from 1 August to 25 August 2017
 - The dividend will be paid in cash beginning on 4 September 2017

CSR: First year of our 2020 Plan

The Group's policy and commitments:

- Aligning our CSR objectives with the United Nations' Sustainable Development Goals (SDG)
- Presidency of the *Global Compact Advanced* French club
- Creation of the Rémy Cointreau Foundation

Environmental responsibility:

- Increased initiatives which place greater emphasis on sustainable agriculture
- Launch of an extensive eco-design project (analysis of the lifecycle of key products and team training)
- First reporting of CO2 emissions, "scope 3"

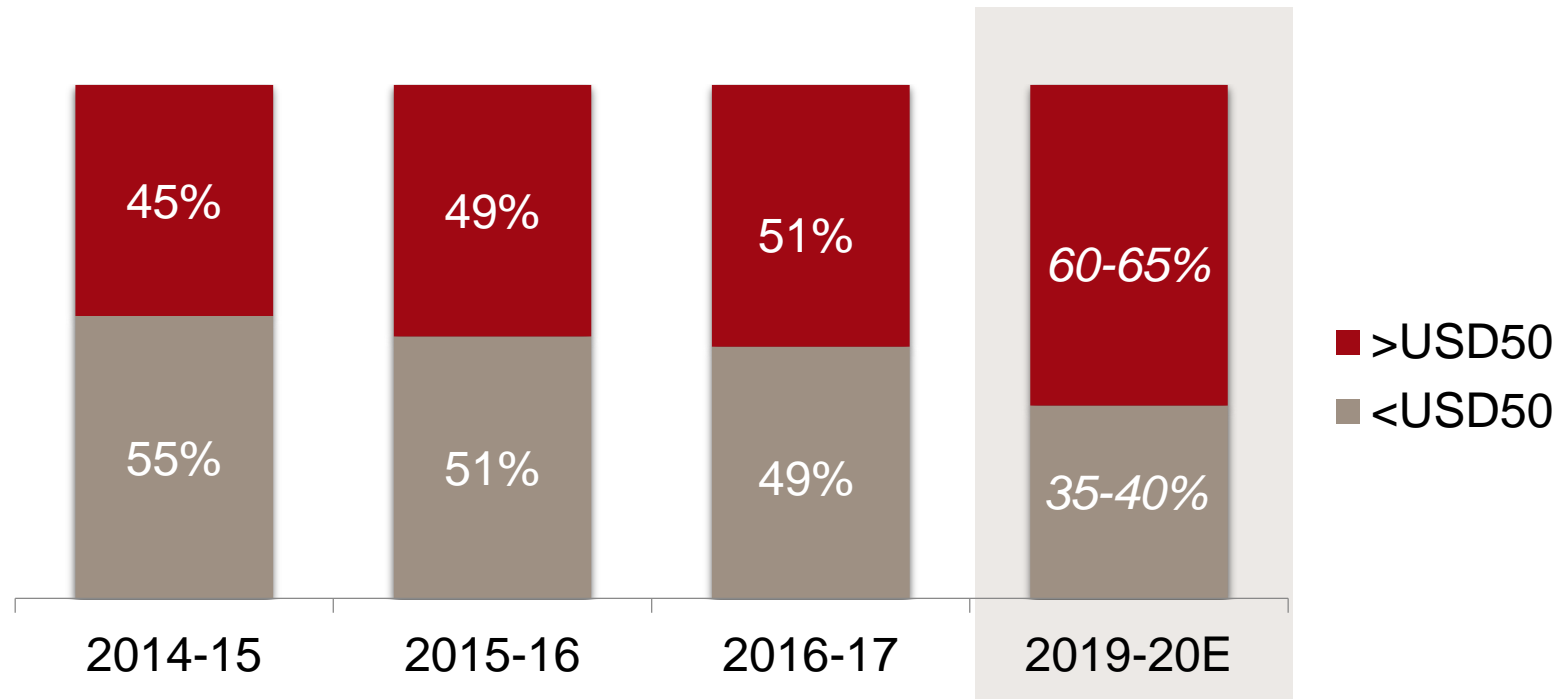
Governance:

- CSR indicators now integrated into the Group directors' bonus objectives



2019-20 full-year outlook (1)

Exceptional Spirits (>USD50) to account for 60-65% of the Group's sales in 2019-20

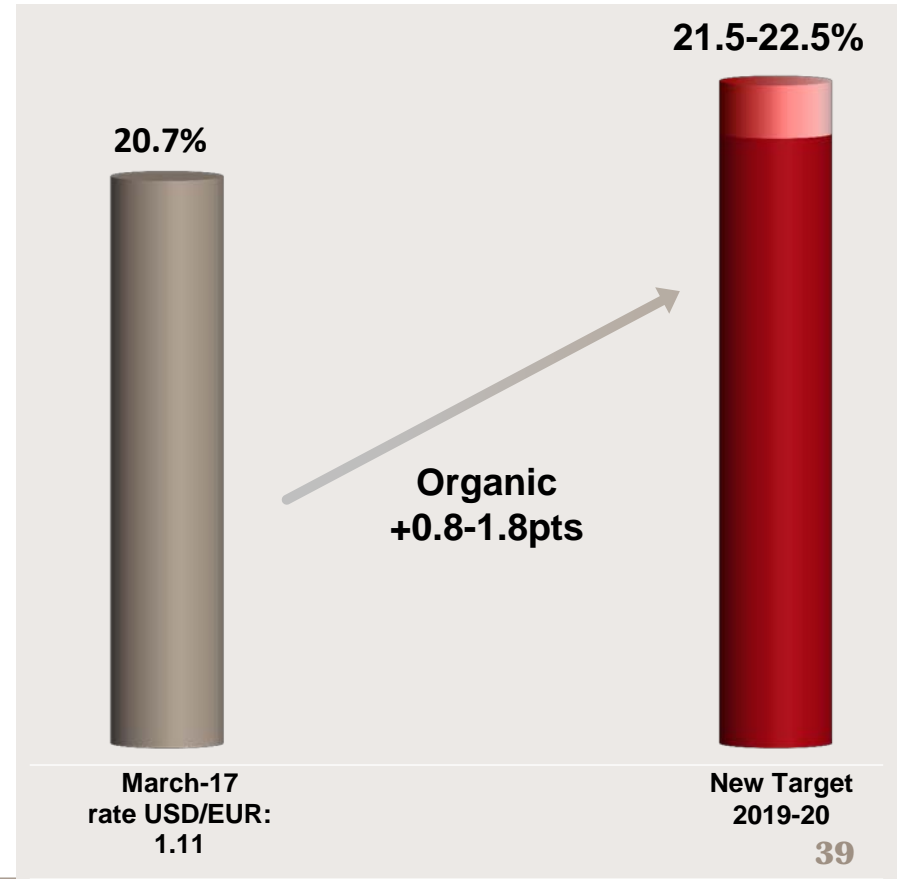
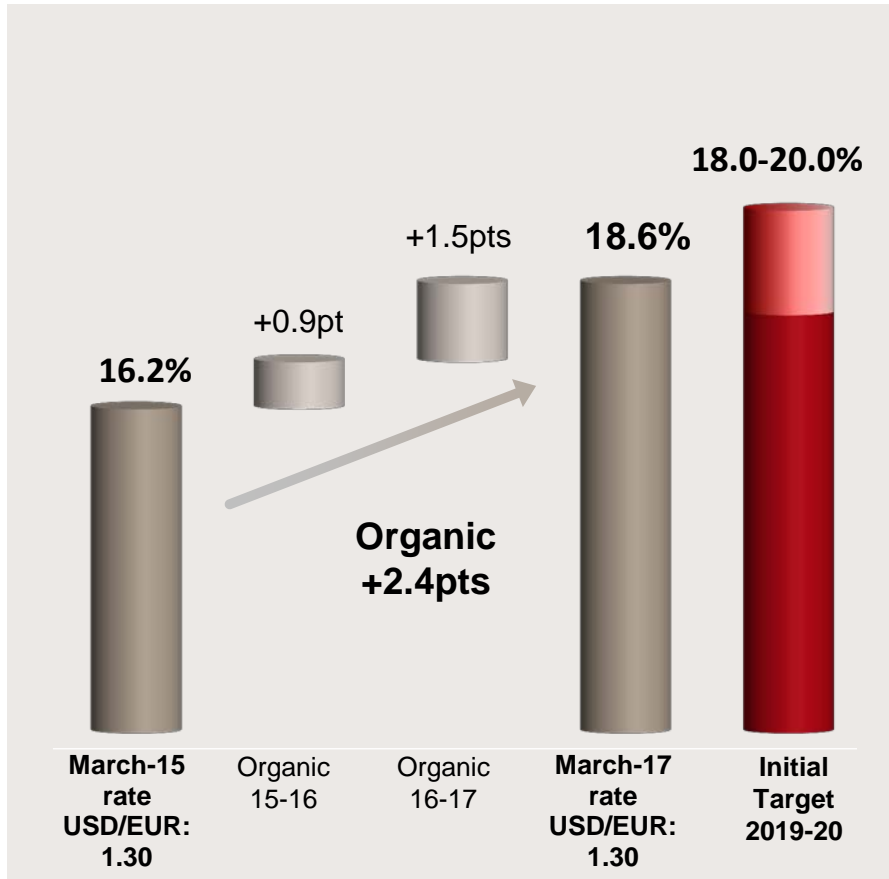


2019-20 full-year outlook (2)

New target for the Current Operating Margin in 2019-2010 :
21.5 - 22.5% (vs. 18.0% - 20.0%)
Organic increase 2015-2020: +3.2-4.2 pts (vs. +1.8-3.8pts)

Initial target 2019/20 (June 2015)
 Based on a USD/EUR rate of 1.30

New target 2019-20 (June 2017)
 Based on a USD/EUR rate of 1.11



2017-18 full-year outlook

- Due to its unique business model and its portfolio of exceptional spirits, the Rémy Cointreau Group pursues its long-term strategy of focusing on its high-end products, founded on the excellence of terroirs, the mastery of savoir-faire and the importance of time
- **For 2017-18, Rémy Cointreau anticipates growth in Current Operating Profit, at constant exchange rates and scope**



Questions & Answers

