



RÉMY COINTREAU

Des terroirs, des hommes et du temps



# Half-Year Results 2017/18

(half-year ended 30 September 2017)

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23.11.17



RÉMY COINTREAU

# Introduction

MARC HÉRIARD DUBREUIL

PRESIDENT

# Key figures (as of 30 September 2017)

## Change

		Reported	Organic
• Sales	€544.4m	+6.0%	+7.0%
• <i>of which Group Brands</i>	€496.1m	+8.5%	+9.6%
• Current operating profit	€134.1m	+8.2%	+11.8%
• Current operating margin	24.6%	+0.5pp	+1.1pp
• Net profit <small>(Group share)</small>	€89.2m	+17.3%	+19.4%
• Net profit <small>(excluding non-recurring items)</small>	€90.3m	+17.9%	+20.0%
• Net earnings per share <small>(Group share)</small>	€1.80	+15.4%	
• Net earnings per share <small>(excluding non-recurring items)</small>	€1.82	+15.9%	
• Net debt / EBITDA ratio:	1.66		



RÉMY COINTREAU

# Business review

VALERIE CHAPOULAUD-FLOQUET

CHIEF EXECUTIVE OFFICER

# Sharp increase in half-year results

**Accelerated sales growth: +7.0% in organic terms and +6.0% on a reported basis:**

- Positive momentum led by Group Brands: +9.6% in organic terms
- Growth in all 3 regions, with Greater China, Russia, UK and Travel Retail being the main engines

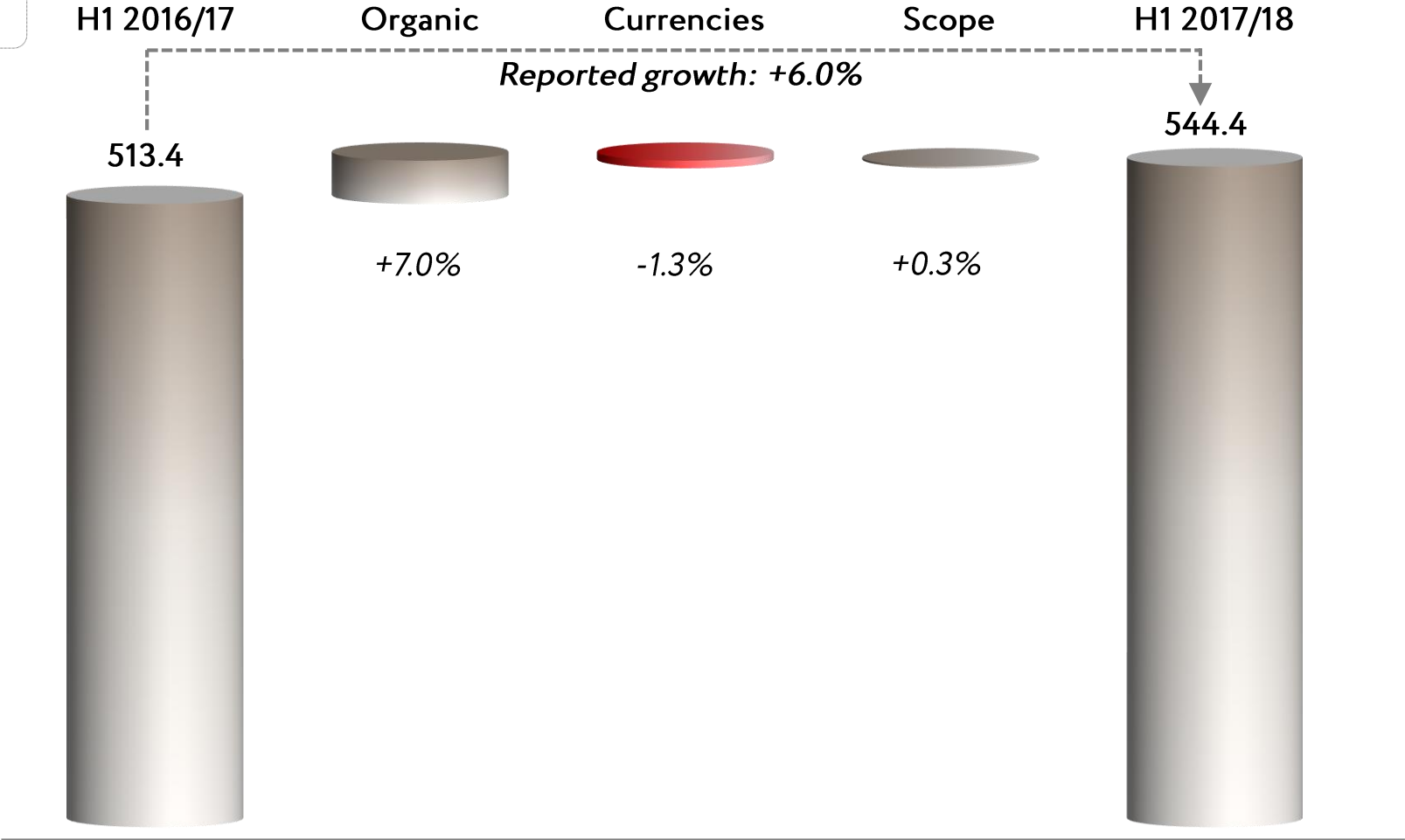
**Group's COP up 11.8% in organic terms (+8.2% on a reported basis):**

- Gross margin improvement propelled by favourable mix/price benefits (products and markets)
- Controlled increase in structure costs
- Step up in communication and brand image investments
- Adverse currency impact (stronger euro vs. US dollar and Chinese yuan)
- Current operating margin up 0.5pp to 24.6% (+1.1pp in organic terms)

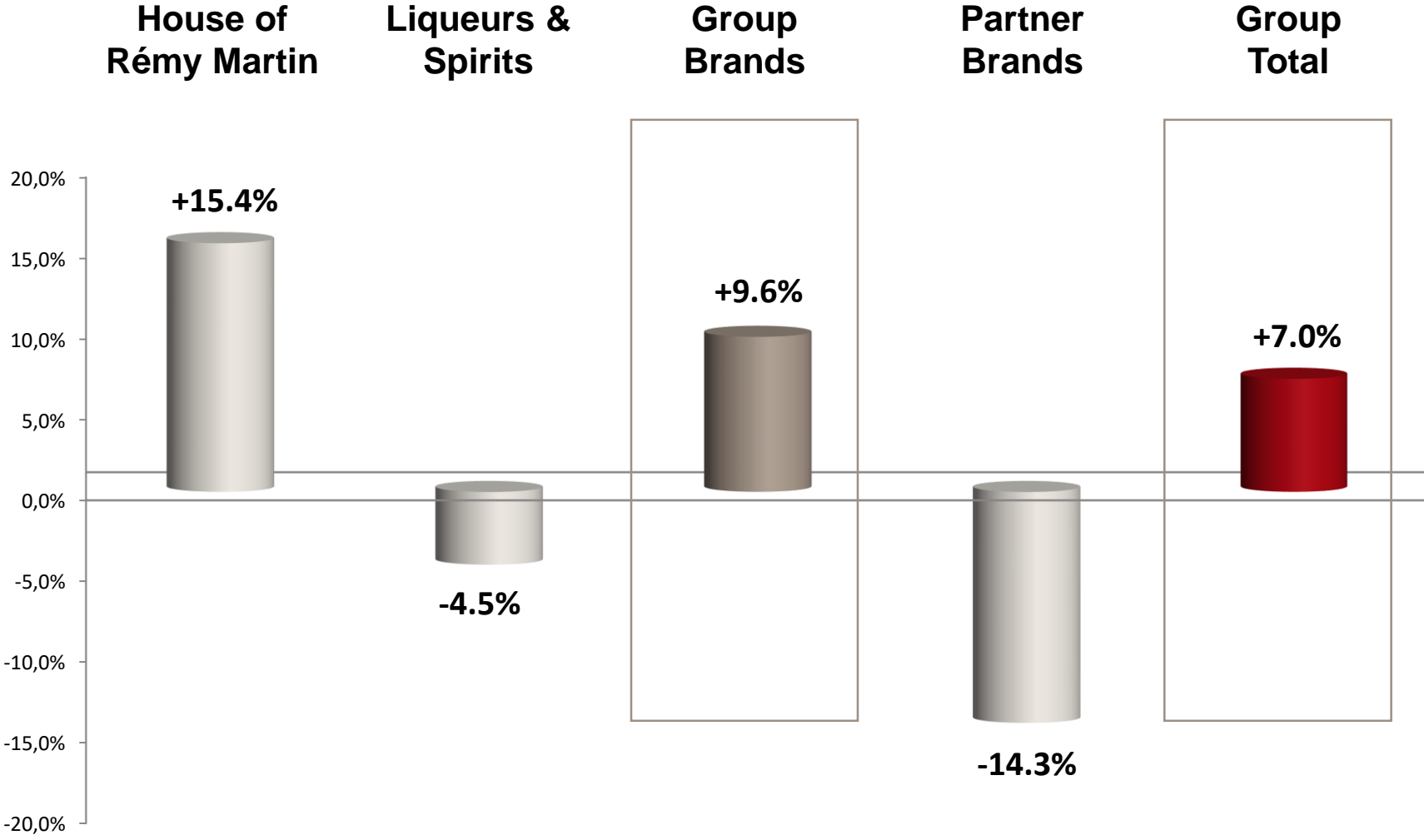
**Net Profit (ENRI) up +20.0% in organic terms (+17.9% on a reported basis)**

# Group sales

€m



# Sales growth by product division

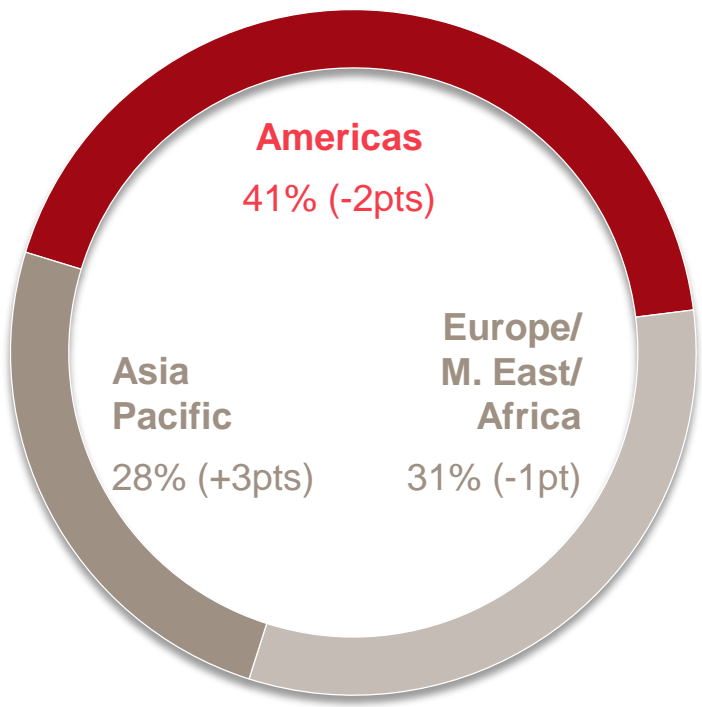
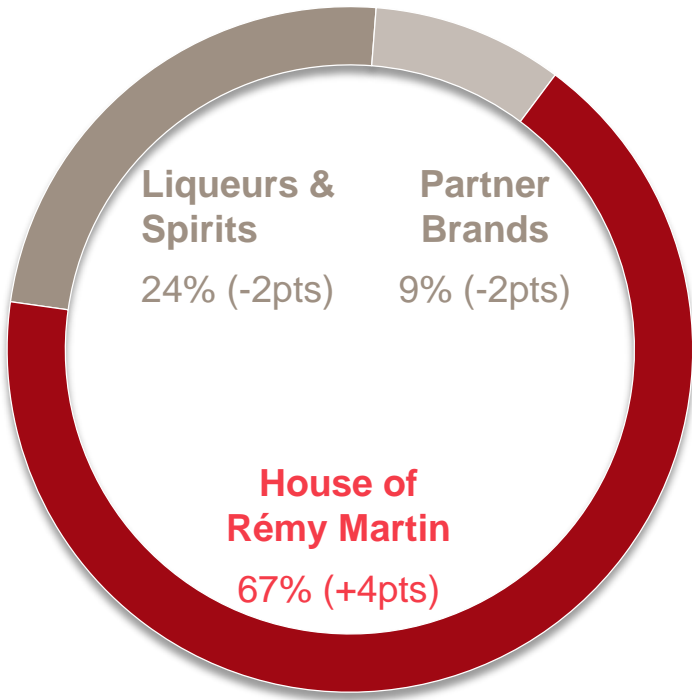


# Breakdown of Group sales

By Division

By Region

€544.4m

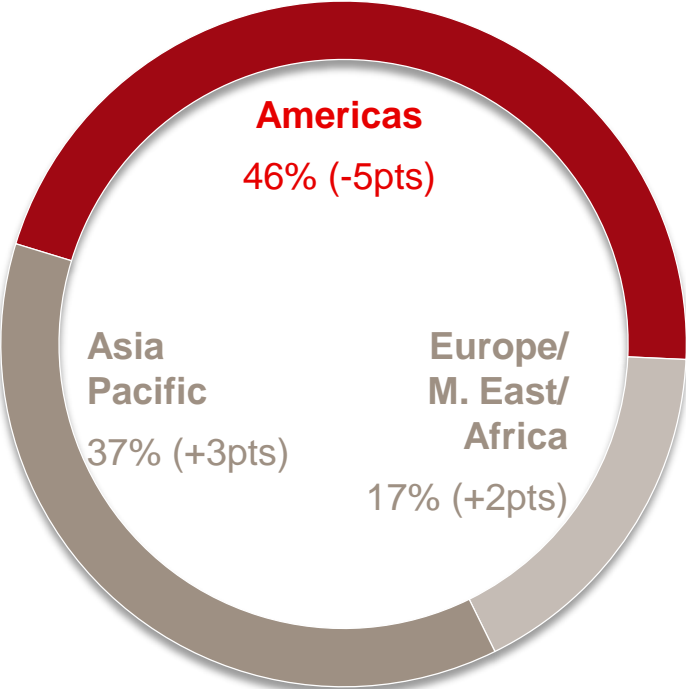




# Breakdown of Group sales Group Brands

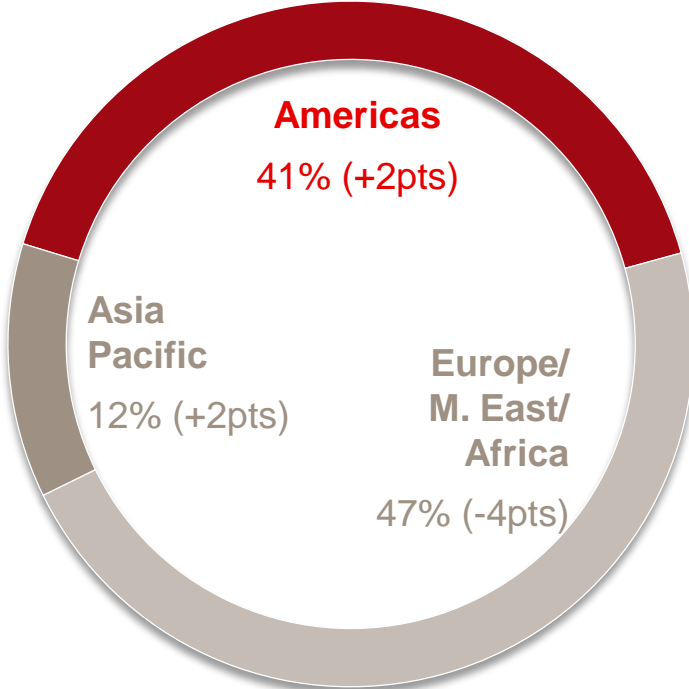
## House of Rémy Martin

€367.0m

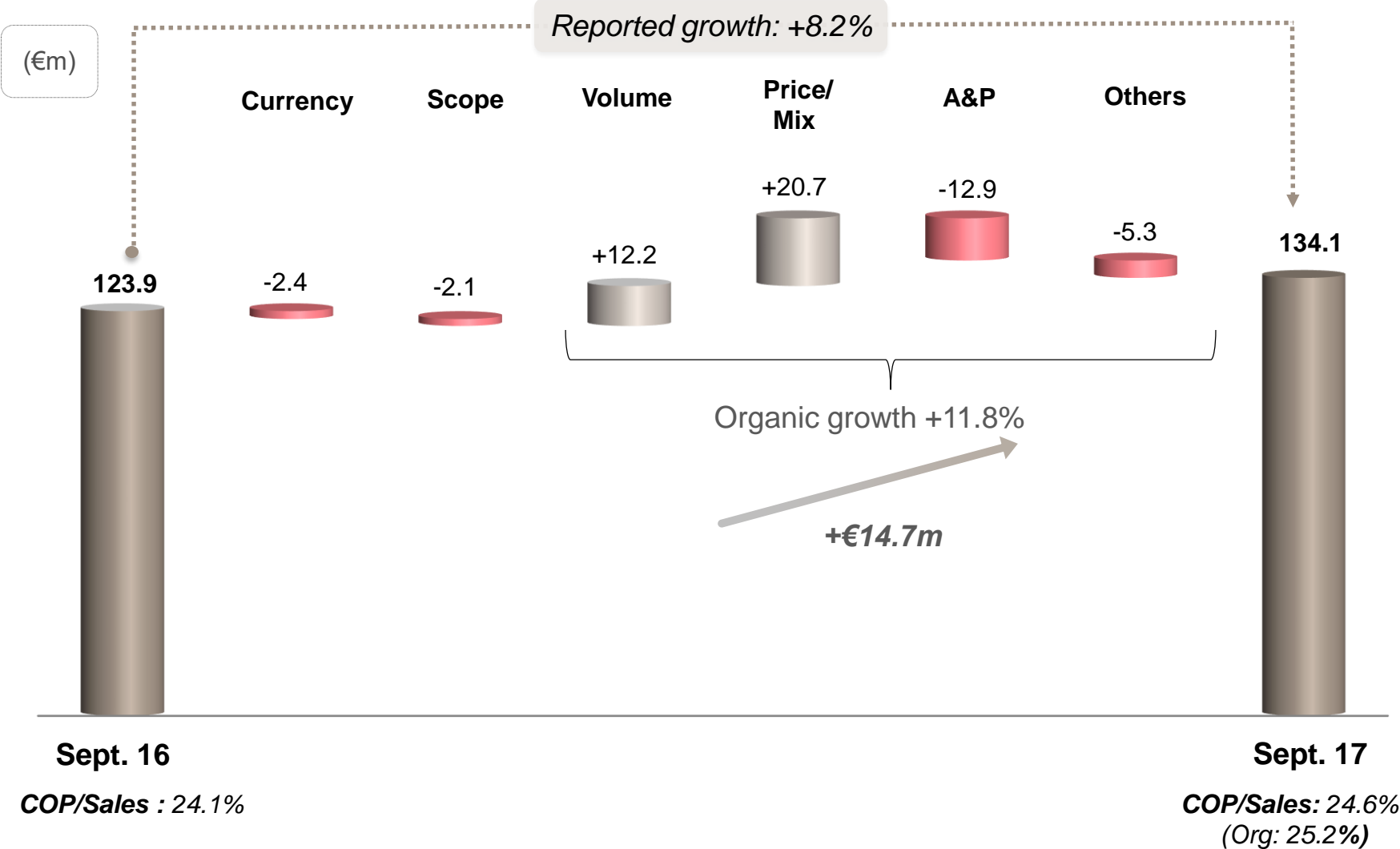


## Liqueurs & Spirits

€129.2m



# Current Operating Profit

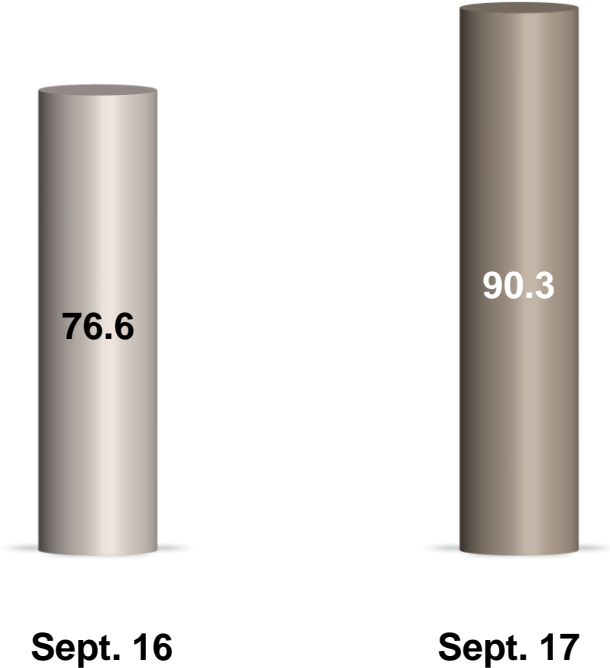


# Net Profit (Group share)

(€m)

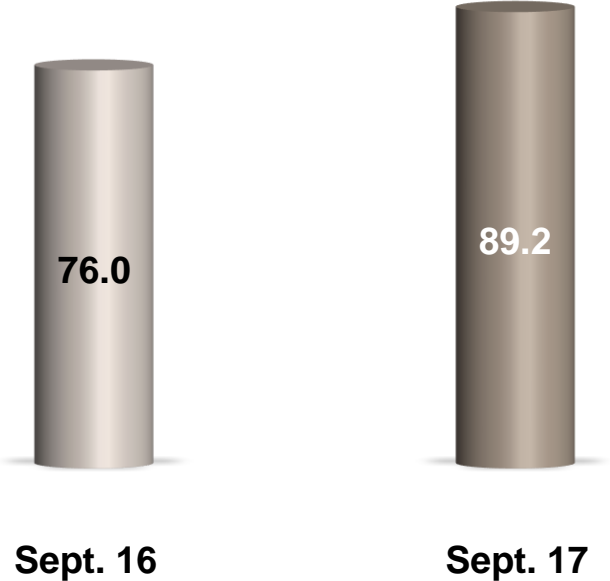
Net profit excluding non-recurring items

**Reported +17.9%**  
*+20.0% organic change*



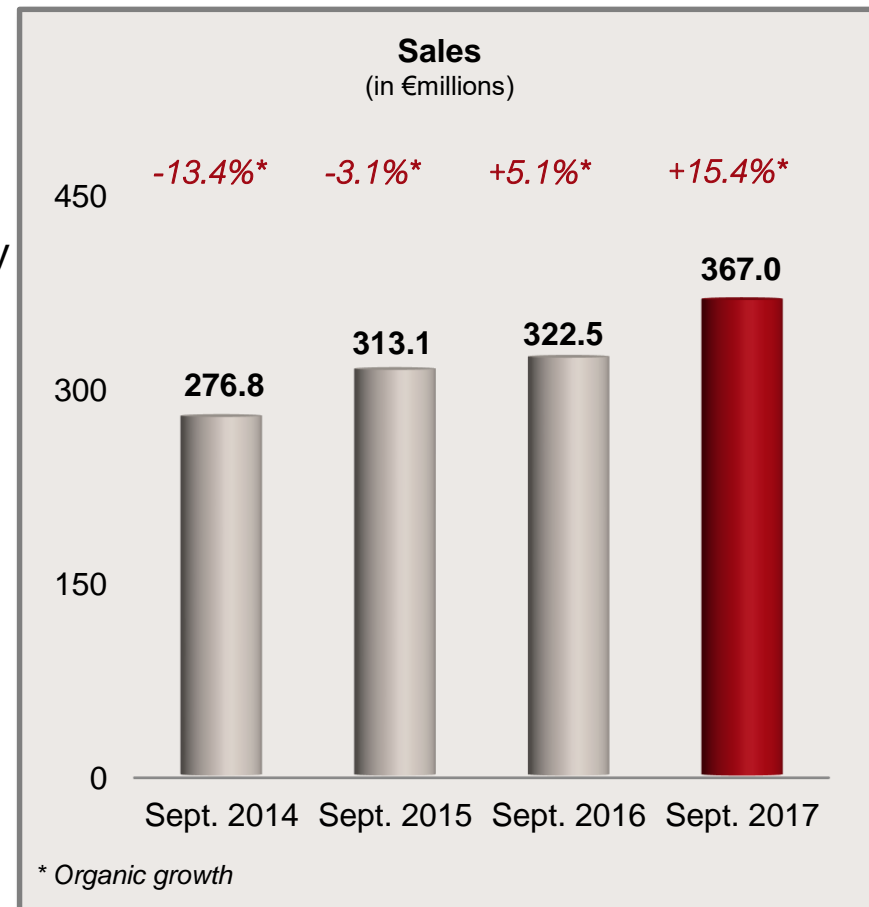
Net Profit Group share

**Reported +17.3%**  
*+19.4% organic change*



# House of Rémy Martin

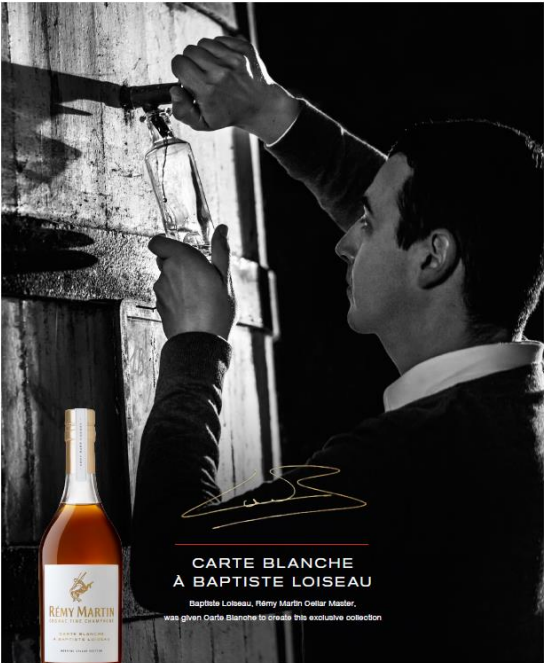
- **Organic sales** growth of 15.4% (volumes +7.2%)
- Greater China: strong sales growth performance, led by high-end qualities
- United-States: H1 growth somewhat muted by very high comps in the 1st quarter; ongoing strength in high-end cognac demand
- EMEA: solid performance in the UK and confirmed recovery in Russia
- Travel Retail: Rebounding trends in all geographic regions



# Rémy Martin



2<sup>nd</sup> opus of the limited edition  
"Carte Blanche à Baptiste Loiseau"



CARTE BLANCHE  
À BAPTISTE LOISEAU  
Baptiste Loiseau, Rémy Martin Cellar Master,  
was given Carte Blanche to create this exclusive collection



The House of Rémy Martin opened its doors  
in Shanghai and in Moscow to educate  
on Rémy Martin XO and its Opulence table



# Louis XIII

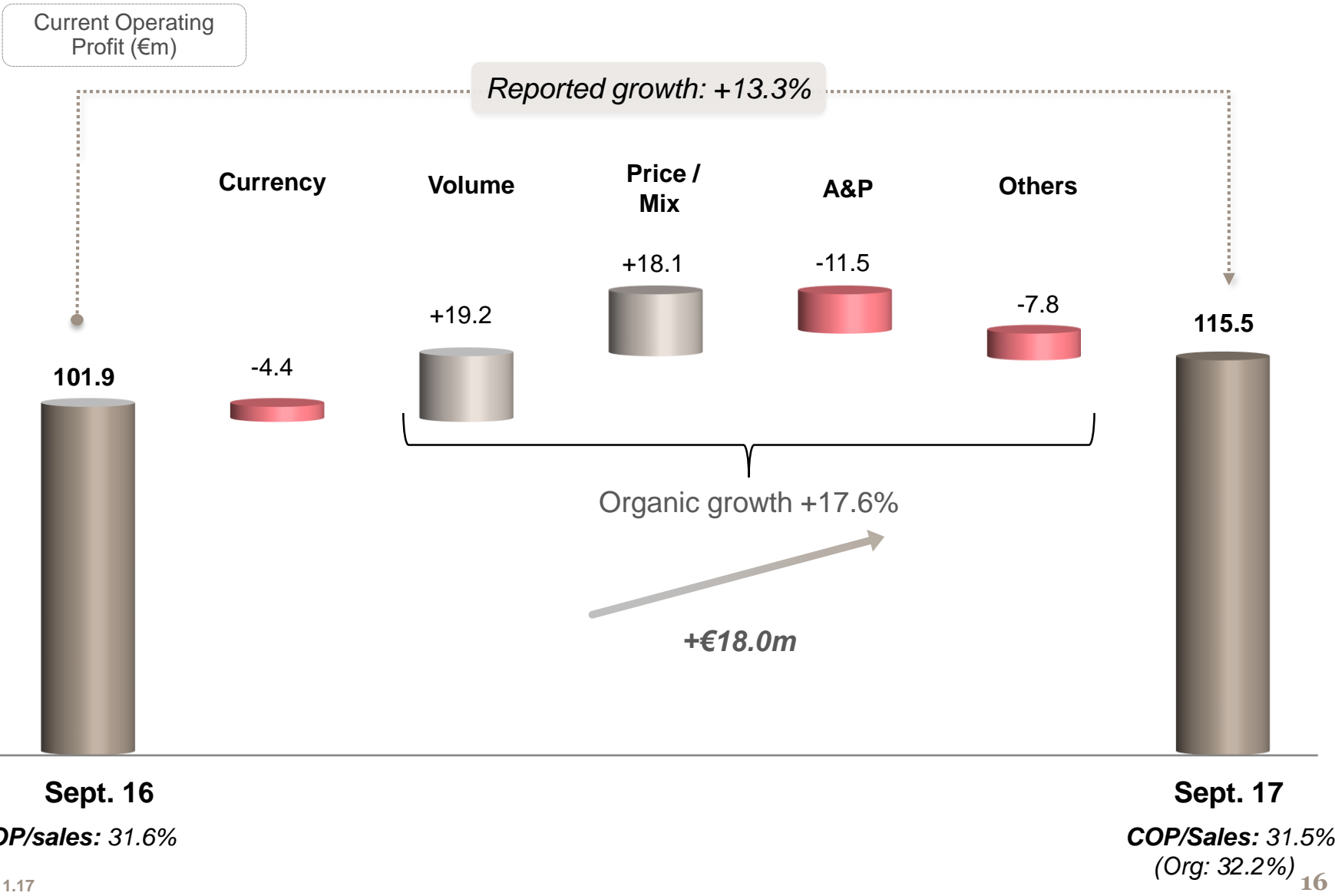
*The Legacy : 500 crystal magnum decanters  
signed by the four generations of cellar masters*



# Louis XIII



# House of Rémy Martin





# Liqueurs & Spirits

- **Organic sales** decline of 4.5% (volumes -9.5%)
  - *Organic growth was +4.7% adjusted for the deconsolidation of Passoã*

## Cointreau

- Good performance in the United States
- Fast growth in new frontier markets (Greater China and Russia)

## Metaxa

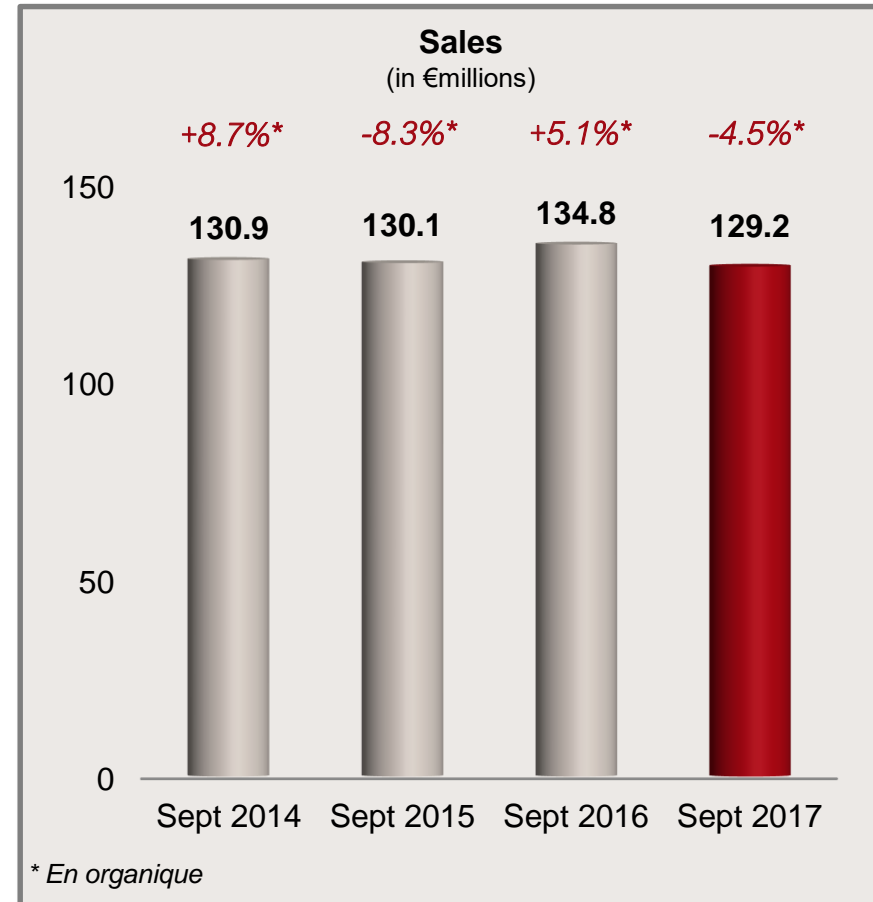
- Solid momentum continued into H1
- Russia, Travel Retail and Germany have been the main growth engines

## Mount Gay/ St-Rémy

- Good trends in the brands' historical markets

## Islay Spirits

- Ongoing double-digit sales growth, notably driven by the success of The Botanist gin





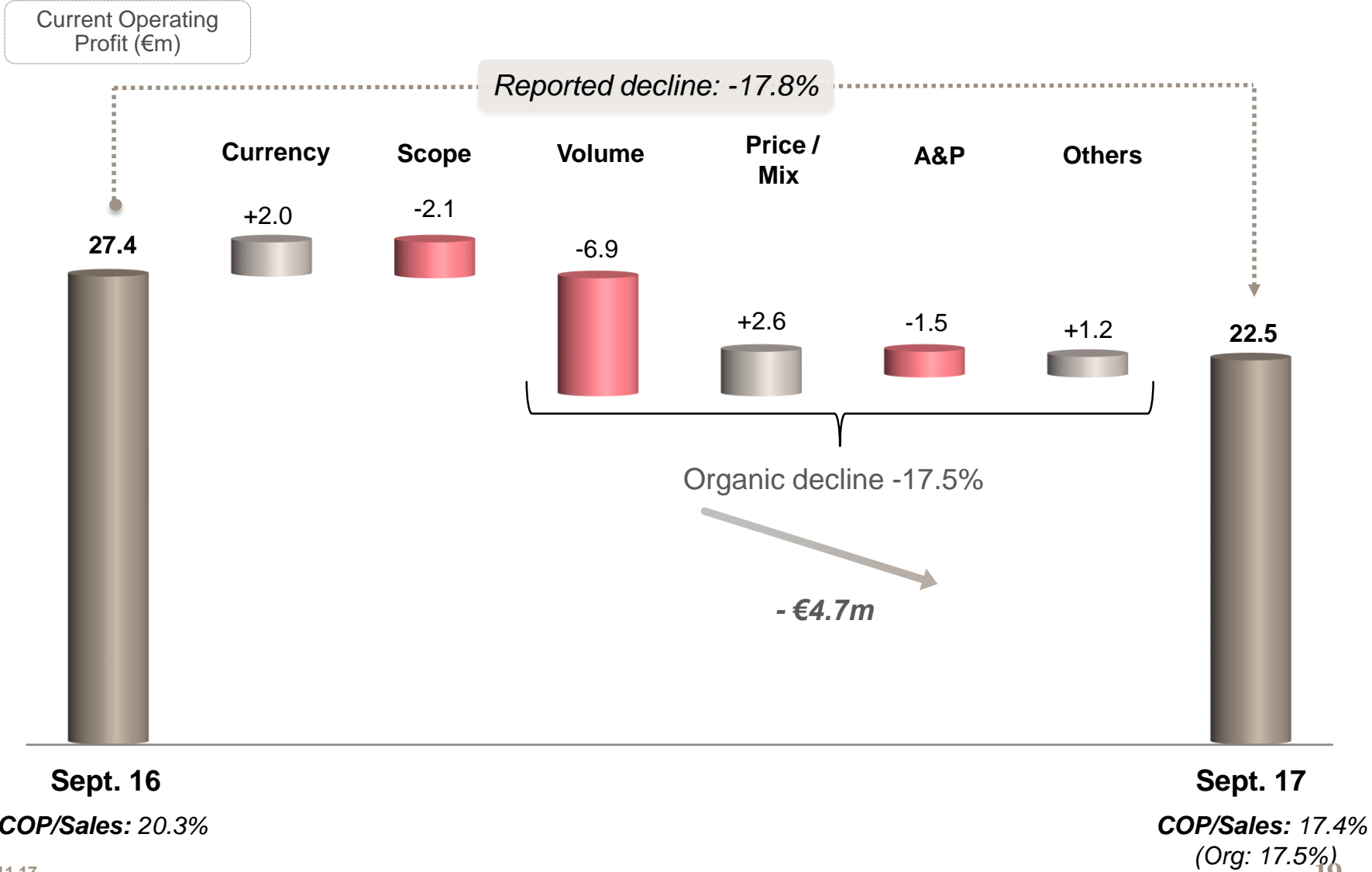
25th edition of METAXA Private Reserve



OCTOMORE EIGHTS



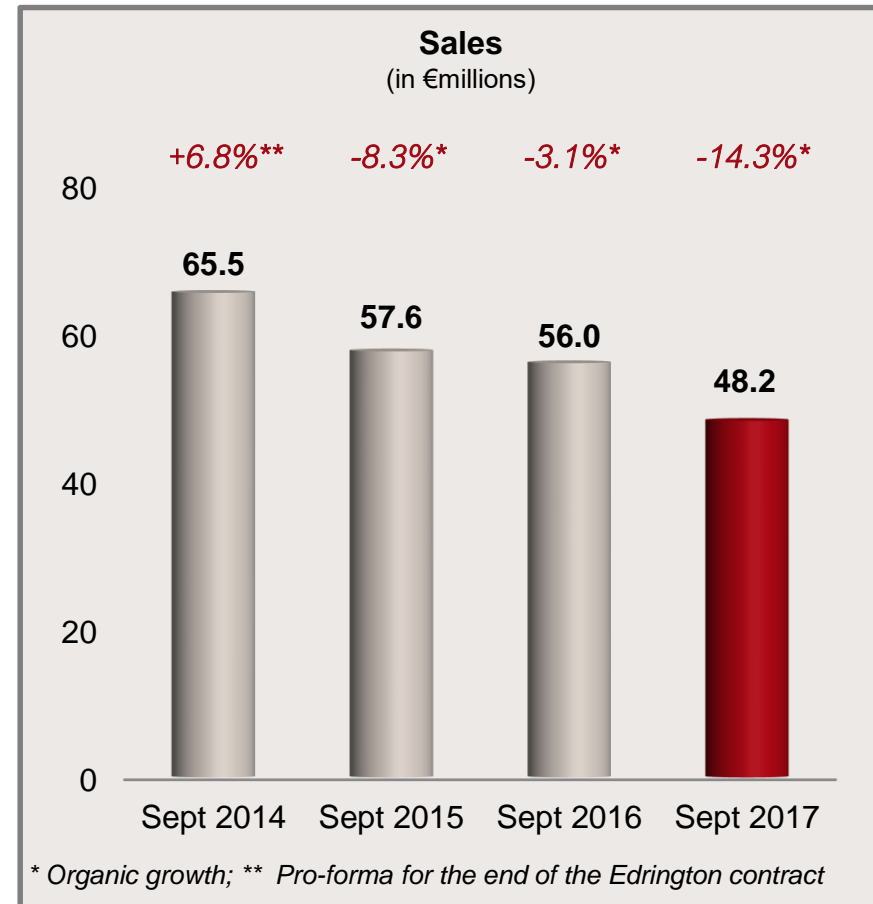
# Liqueurs & Spirits



# Partner Brands

- **Organic sales** decline of 14.3% (volumes -1.9%)

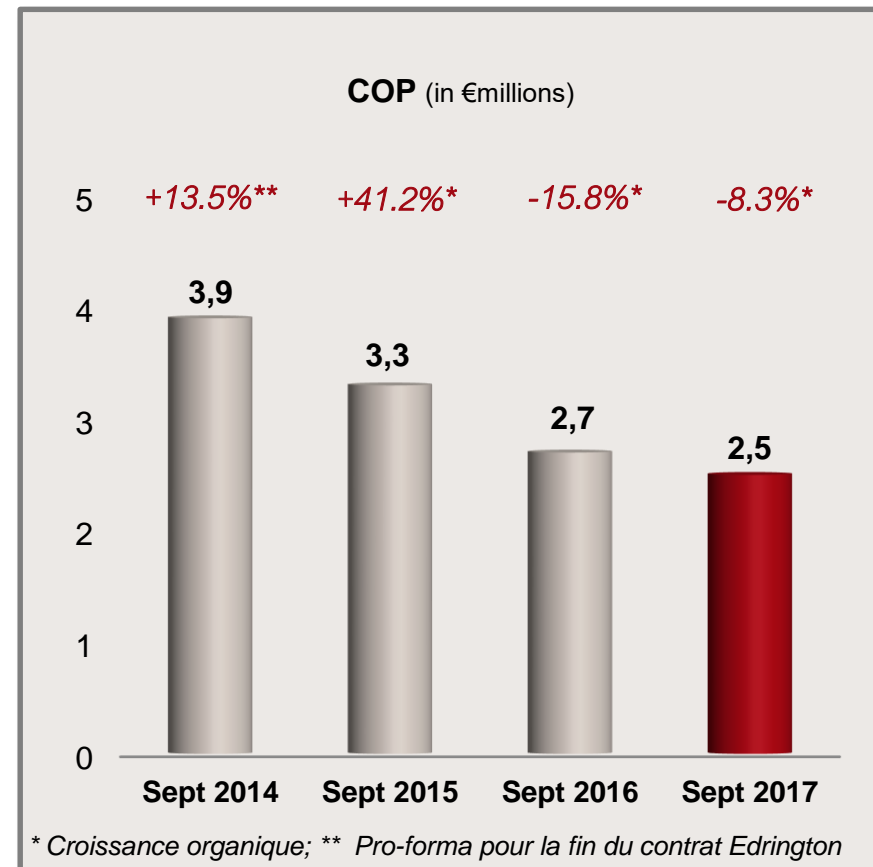
- Evolution of the Partner Brands' portfolio:
  - Decline in champagne sales (termination of the distribution contract for the Piper Heidsieck and Charles Heidsieck brands)
  - Consolidation of some Passoã sales – the brand is distributed in some markets on behalf of the joint venture (Belgium, the UK and Japan mainly)
- Good momentum of other partner brands in the EMEA region



# Partner Brands

- **Current Operating Profit: €2.5m (-8.3% in organic terms)**

- Decline in Current Operating Profit mainly driven by lower champagne sales





RÉMY COINTREAU

# Financial results

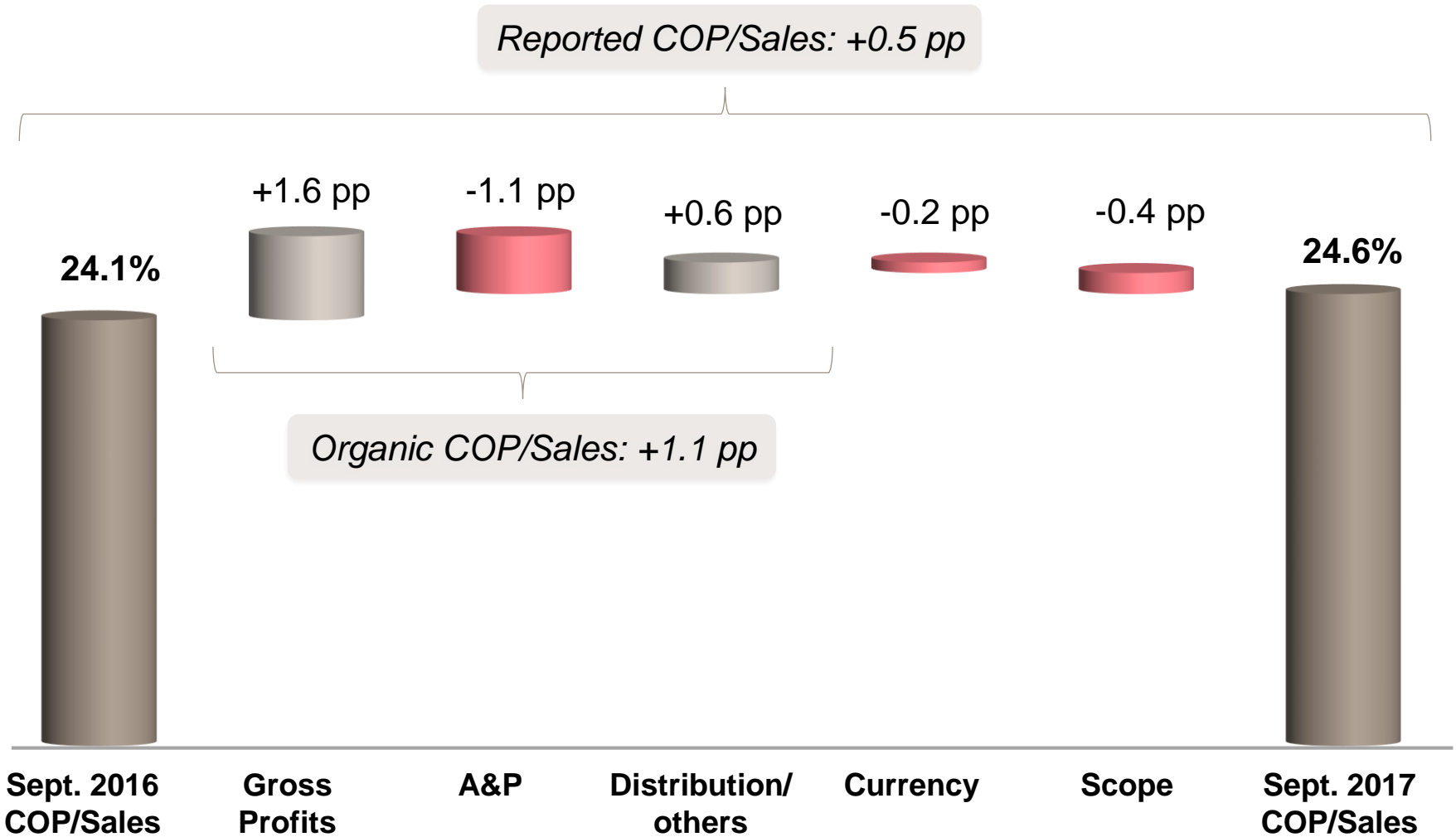
LUCA MAROTTA

CHIEF FINANCIAL OFFICER

# Current Operating Profit

(€m)	2017	2016	Reported change	Organic change
Sales	544.4	513.4	+6.0%	+7.0%
Gross profit	365.8	339.1	+7.9%	+9.5%
<i>in %</i>	67.2%	66.0%	+1.2pp	+1.6pp
Sales and marketing expenses	(191.1)	(175.3)	+9.0%	+10.0%
Administrative expenses	(41.3)	(40.4)	+2.2%	+0.3%
Other income and expenses	0.6	0.5	-	-
<b>Current Operating Profit</b>	<b>134.1</b>	<b>123.9</b>	<b>+8.2%</b>	<b>+11.8%</b>
<b>Current operating margin</b>	<b>24.6%</b>	<b>24.1%</b>	<b>+0.5pp</b>	<b>+1.1pp</b>

# Current operating margin





# Net profit

(€m)	2016	2017
Current Operating Profit	134.1	123.9
Other operating income (expenses)	(1.8)	-
Operating profit	132.3	123.9
<b>Net financial income (charge)</b>	<b>(8.8)</b>	<b>(15.5)</b>
Pre-tax profit	123.5	108.4
<b>Taxes</b>	<b>(34.5)</b>	<b>(32.3)</b>
Tax rate	27.9%	29.8%
Share profit (loss) of associated companies and Minority interests	0.2	(0.1)
<b>Net profit (Group share)</b>	<b>89.2</b>	<b>76.0</b>
<b>Net margin (Group share)</b>	<b>16.4%</b>	<b>14.8%</b>
<b>Net profit (excluding non-recurring items)</b>	<b>90.3</b>	<b>76.6</b>
<b>Net margin (excluding non-recurring)</b>	<b>16.6%</b>	<b>14.9%</b>

# Non-recurring items

(€m)	2017	2016
<b>Net profit – Group share</b>	<b>89.2</b>	<b>76.0</b>
Provision for reorganisation of the distribution network	1.9	-
Taxes related to « Other operating income and expenses »	(0.3)	-
3% tax on cash dividends	-	0.4
Others	(0.4)	0.2
<b>Net profit excluding non-recurring items – Group share</b>	<b>90.3</b>	<b>76.6</b>

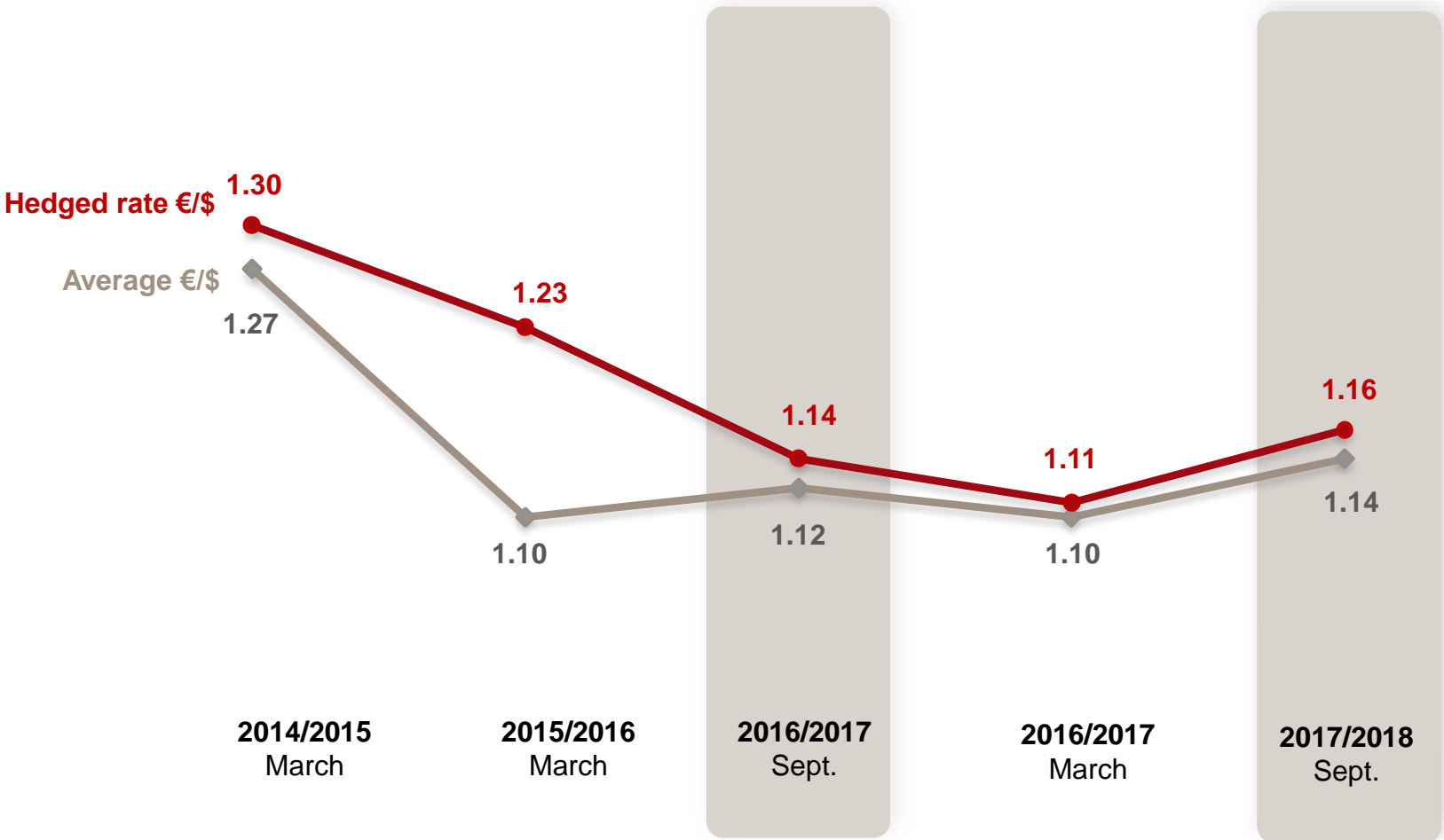
# Net debt/Cash flow

(€m)	2017	2016	Change
<b>Opening net financial debt (1 April)</b>	<b>(390.1)</b>	<b>(458.2)</b>	<b>68.1</b>
Gross operating profit (EBITDA)	146.1	134.0	12.1
WCR of eaux-de-vie and spirits in ageing process	(28.7)	(31.2)	2.5
Other working capital items	(63.6)	(76.5)	12.9
Capital expenditure	(14.2)	(18.9)	4.7
Financial expenses	(3.0)	(11.0)	8.0
Tax payments	(29.6)	(14.5)	(15.1)
<b>Recurring free cash flow</b>	<b>6.9</b>	<b>(18.1)</b>	<b>25.0</b>
Dividends	(24.7)	0.0	(24.7)
Share buy back programme	(26.4)	0.0	(26.4)
Equity component of OCEANE bond	(1.7)	24.9	(26.6)
Conversion differences and others	5.3	3.7	1.6
<b>Other cash flow</b>	<b>(47.5)</b>	<b>28.6</b>	<b>(76.1)</b>
<b>Total cash flow for the period</b>	<b>(40.6)</b>	<b>10.5</b>	<b>(51.1)</b>
<b>Closing net financial debt (30 September)</b>	<b>(430.6)</b>	<b>(447.7)</b>	<b>17.1</b>
<b>A ratio (Net debt/EBITDA)</b>	<b>1.66</b>	<b>2.16</b>	<b>(0.50)</b>

# Net financial expenses

(M€)	2017	2016
Gross debt servicing costs	(5.2)	(11.5)
Depreciation (OCEANE bond)	(1.9)	(0.2)
<b>Sub-total</b>	<b>(7.1)</b>	<b>(11.7)</b>
Net currency gains (losses)	0.7	(1.4)
Other financial expenses (net)	(2.4)	(2.4)
<b>Net financial income (charges)</b>	<b>(8.8)</b>	<b>(15.5)</b>

# Foreign exchange: hedging impact



# Balance sheet at 30 September 2017

	<i>Assets</i>				<i>Liabilities</i>						
	(M€)	Sept 2017	in %	Sept 2016	in %	Sept 2017	in %	Sept 2016	in %		
<b>Non-current assets</b>		<b>970</b>	<b>40%</b>	<b>880</b>	<b>35%</b>	<b>Shareholders' Equity</b>		<b>1 336</b>	<b>56%</b>	<b>1 186</b>	<b>48%</b>
<b>Current assets</b>		<b>1 389</b>	<b>58%</b>	<b>1 382</b>	<b>56%</b>	<b>Current and Non-current liabilities</b>		<b>593</b>	<b>25%</b>	<b>628</b>	<b>25%</b>
<i>o/w inventories</i>		<b>1 123</b>	<b>47%</b>	<b>1 101</b>	<b>44%</b>	<b>Gross financial debt</b>		<b>476</b>	<b>20%</b>	<b>669</b>	<b>27%</b>
<b>Cash</b>		<b>45</b>	<b>2%</b>	<b>221</b>	<b>9%</b>	<b>Total Liabilities</b>		<b>2 405</b>	<b>100%</b>	<b>2 483</b>	<b>100%</b>
<b>Total Assets</b>		<b>2 405</b>	<b>100%</b>	<b>2 483</b>	<b>100%</b>	<b>Stocks/Assets</b>				<b>47%</b>	<b>44%</b>
						<b>Net Gearing</b>				<b>32%</b>	<b>38%</b>

# Key events during the half-year

- **25 July 2017** The Shareholders' Meeting approved the payment of an ordinary dividend of €1.65 per share for the 2016-17 financial year, with an option for the payment of the entire dividend in shares. 70% of the rights were exercised by the shareholders in favour of a payment in shares. The payment of the dividend took place on September 4, 2017.
- **1 August 2017** Implementation of the share buy-back programme, up to a maximum of 500,000 shares.
- **29 September 2017** Marc Hériard Dubreuil appointed Chairman of the Board of Directors.

# 2017/18 full-year outlook

- Strong increase in half-year results
- Rémy Cointreau confirms its guidance of **growth in Current Operating Profit over the fiscal year 2017/18, assuming constant exchange rates and scope**





Q&A