

LETTRE AUX ACTIONNAIRES

/ JANUARY 2018



RÉMY COINTREAU



2017-18 FINANCIAL YEAR

RESULTS FOR THE  
FIRST HALF-YEAR

(APRIL 2017 - SEPTEMBER 2017)





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**LOUIS XIII The legacy:**

Limited edition signed by the four generations of cellar masters who have been setting aside our finest eaux-de-vie.

## SHARP INCREASE IN HALF-YEAR RESULTS

For the period ending 30 September 2017, the Group posted consolidated sales of €544.4 million, with reported growth of 6.0%, and an increase of 7.0% on an organic basis (at constant exchange rates and consolidation scope).

**Current Operating Profit (COP) totalled €134.1 million, up 8.2% on a reported basis. In organic terms, COP was up by 11.8%:** The significant expansion of the gross margin, driven by the outperformance of our exceptional spirits (> 50\$), largely offset a double-digit increase in communication and brand image spending, as well as strengthened investment in our distribution network. Consequently, **the current operating margin reached 24.6 %** at the end of September, **up 1.1 point in organic terms. Excluding non-recurring items, the Group share of net profit rose 17.9% on a reported basis to €90.3 million**, while net margin increased by 1.7 point to 16.6% (+1.8 pp on an organic basis).

## CONSOLIDATED RESULTS

**Current Operating Profit** amounted to €134.1 million, up 8.2% as reported, and up 11.8% organically.

COP was penalised by unfavourable foreign exchange over the half-year in the amount of €2.4 million: The average €/USD conversion rate deteriorated over the period (1.14 compared with 1.12 at 30 September 2016), and the average collection rate (tied to the Group's hedging policy) was 1.16 over the half-year, compared with 1.14 at 30 September 2016.

**Operating profit** was €132.3 million, after taking into account other operating charges for €1.8 million, related to the cost of restructuring the distribution network.

**Net financial expenses** came to €8.8 million, down €6.7 million, thanks to the favourable refinancing of a portion of the Group's financial debt at the end of 2016 (OCEANE bond), as well as a lower average debt over the period.

**The tax charge** was €34.5 million, for an effective rate of 27.9%, a decrease from September 2016 (29.8%), as a result of the geographical distribution of profits.

Consequently, **the Group share of net profit** rose 17.3% on a reported basis to €89.2 million.

**Excluding non-recurring items, the Group share of net profit** amounted to €90.3 million, up 17.9% as reported, and the net margin rose 1.7 pp to 16.6%.

**Excluding non-recurring items, net earnings per share** came out at €1.82 (up +15.9% on a reported basis).

**Net debt** stood at €430.6 million, an increase of €40.5 million from March 2017 (seasonal peak of working capital requirement of eaux-de-vie), but a decrease of €17.1 million from September 2016, notably due to a substantial increase in EBITDA over the half-year.

Consequently, **the net debt to EBITDA ratio** once again showed an improvement at the end of September 2017, standing at 1.66 (compared with 1.78 at the end of March 2017 and 2.16 at the end of September 2016).



## \_ KEY FIGURES

MILLIONS OF EUROS (€M)	AU 30 SEPT. 2017	AU 30 SEPT. 2016	CHANGE	
	REPORTED	REPORTED	REPORTED	ORGANIC (*)
Sales	544.4	513.4	+6.0%	+7.0%
Current operating profit	134.1	123.9	+8.2%	+11.8%
Current operating margin	24.6%	24.1%	+0.5pp	+1.1pp
Net profit — Group share	89.2	76.0	17.3%	+19.4%
Net margin — Group share	16.4%	14.8%	+1.6pp	+1.7pp
Net profit excluding non-recurring items	90.3	76.6	+17.9%	+20.0%
Net margin excluding non-recurring	16.6%	14.9%	+1.7pp	+1.8pp
EPS — Group share	1.80	1.56	+15.4%	
EPS excluding non-recurring items	1.82	1.57	+15.9%	
Net debt to EBITDA ratio	1.66	2.16		

(\*) Organic: at constant exchange rates and scope of consolidation

## \_ CURRENT OPERATING PROFIT BY DIVISION

MILLIONS OF EUROS (€M)	AU 30 SEPT. 2017	AU 30 SEPT. 2016	CHANGE	
	REPORTED	REPORTED	REPORTED	ORGANIC (*)
House of Rémy Martin	115.5	101.9	+13.3%	+17.6%
As % of sales	31.5%	31.6%	-0.1pp	+0.6pp
Liqueurs & Spirits	22.5	27.4	(17.8%)	(17.5%)
As % of sales	17.4%	20.3%	-2.9pps	-2.8pps
Subtotal: Group brands	138.0	129.3	+6.7%	+10.2%
As % of sales	27.8%	28.3%	-0.5pp	+0.1pp
Partner brands	2.5	2.7	(8.3%)	(8.3%)
As % of sales	5.2%	4.9%	+0.3pp	+0.3pp
Holding company costs	(6.4)	(8.1)	(21.3%)	(21.3%)
<b>Total</b>	<b>134.1</b>	<b>123.9</b>	<b>+8.2%</b>	<b>+11.8%</b>
As % of sales	24.6%	24.1%	+0.5pp	+1.1pp

(\*) Organic: at constant exchange rates and scope of consolidation

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## HOUSE OF RÉMY MARTIN

Revenue for the **House of Rémy Martin** saw strong growth in the first half of the year (+15.4% in organic terms), thanks to the outstanding performance of the Asia Pacific region (driven by Greater China, Singapore and Japan) and solid development in Europe, the Middle East & Africa. Travel Retail also made a solid start to the year in all regions, notably for our highest-end products.

Creativity within the House of Rémy Martin continued in the first half of the year. Following the launch of its limited edition *XO Cannes 2017*, available exclusively in Travel Retail, Rémy Martin launched the second edition of *Carte Blanche à Baptiste Loiseau*, an exclusive series of 9,650 bottles. Meanwhile, LOUIS XIII launched the limited edition *The Legacy*, 500 crystal magnum decanters signed by four generations of cellar masters.

**Current Operating Profit totalled €115.5 million**, up 17.6% in organic terms, and current operating margin came out at 31.5%, up 0.6 point organically. Highly favourable mix and price effects on the gross margin offset a significant step-up in communication and image investments, and also allowed us to strengthen the distribution structures dedicated to the House's more high-end products.



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## LIQUEURS & SPIRITS

The decline in Liqueurs & Spirits sales (-4.5% in organic terms) can be attributed to the deconsolidation of Passoã sales since December 1st, 2016. This development concealed strong growth by the division's brands (+5%) in the first half.

The growth of the **House of Cointreau** was underpinned by solid performance in its number-one market, the United States, as well as the brisk development of frontier markets (Greater China and Russia). The **House of Metaxa** enjoyed impressive growth, buoyed by the success of its upmarket "12 Stars" quality and accelerated Travel Retail trends in Europe. **Mount Gay** and **ST-Rémy** benefited from positive trends in their long-standing markets.

**The Progressive Hebridean Distillers** (Bruichladdich/Port Charlotte/Octomore/The Botanist) pursued their solid growth, boosted by the remarkable development of The Botanist gin.

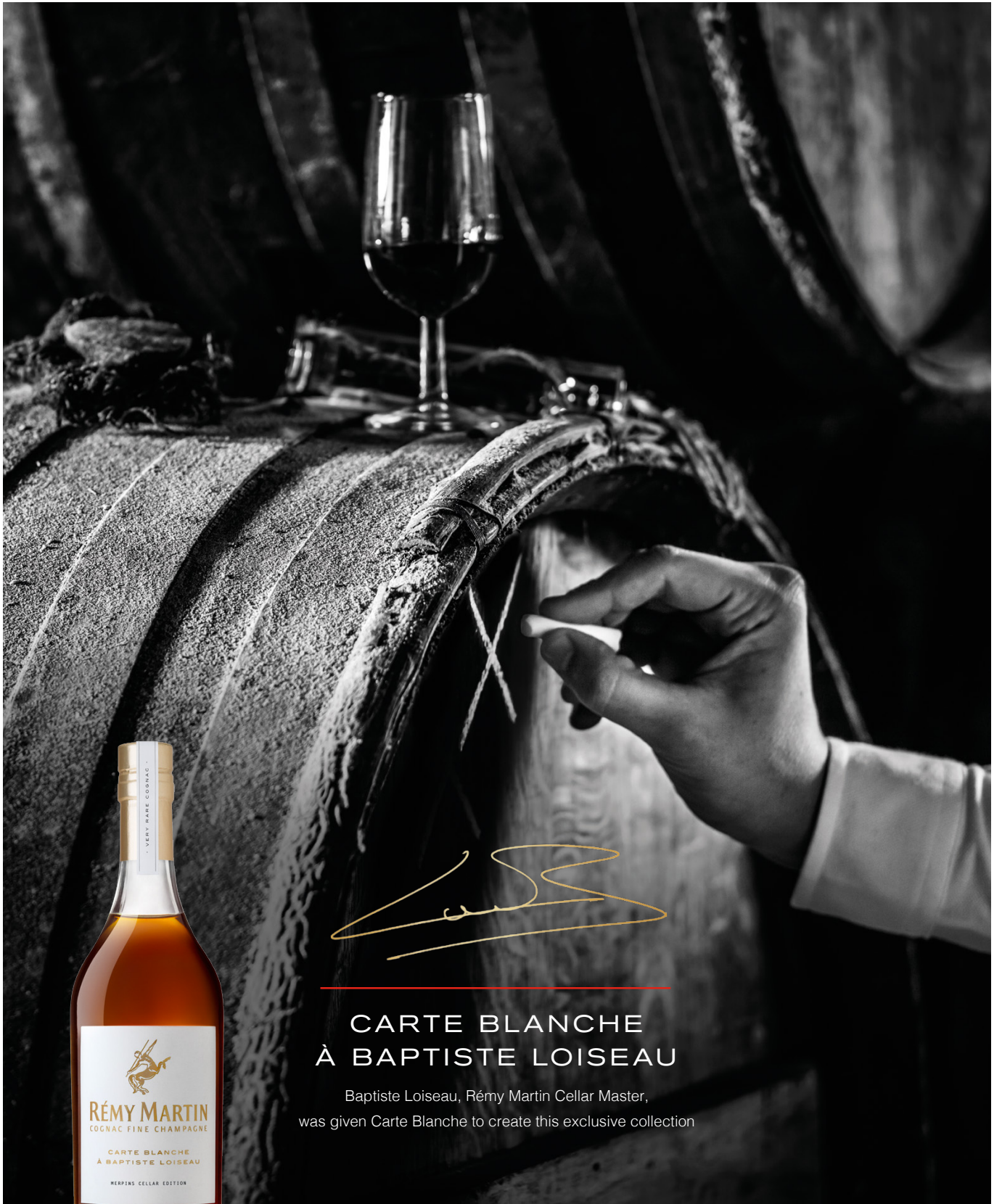
**Current Operating Profit totalled €22.5 million**, down 17.5% in organic terms. This trend can largely be attributed to the deconsolidation of Passoã (for which seasonality is high in the first half of the fiscal year), as well as to the voluntary reduction in lower-end volumes, as part of the strategy to move the Group's brand portfolio upmarket. Finally, there was a sizeable increase in communication and image investments. Current operating margin stood at 17.4% at the end of September, down 2.8 points on an organic basis.

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## PARTNER BRANDS

The decline in Partner Brand sales (-14.3% in organic terms) was primarily a side effect of changes in the portfolio of distributed brands: The consolidation of Passoã sales (now partially distributed by the Rémy Cointreau network, on behalf of the joint venture) was more than offset by the end of the distribution agreement for the champagne brands (Piper-Heidsieck and Charles Heidsieck).

**Current Operating Profit totalled €2.5 million**, down 8.3% on an organic basis.



CARTE BLANCHE  
À BAPTISTE LOISEAU

Baptiste Loiseau, Rémy Martin Cellar Master,  
was given Carte Blanche to create this exclusive collection

 **RÉMY MARTIN**

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## RECENT FINANCIAL EVENTS

**On 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. Seventy percent of the rights were exercised by the shareholders in favour of a payment in shares.

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## 2017 / 18 OUTLOOK

At the end of this first half, **Rémy Cointreau confirms its guidance of growth in Current Operating Profit over the financial year 2017/18, assuming constant exchange rates and consolidation scope.**

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## STOCK MARKET PERFORMANCE



### Performance of the last years: (End of Dec)

One year: +42.6%

Two years: +75.0%

Three years: +108.6%



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## CALENDAR 2018

**January 19, 2018** Turnover for the 9 months 2017-18

**April 18, 2018** Annual turnover 2017-18

**June 7, 2018** Full-Year Earnings 2017-18

**July 20, 2018** First quarter sales 2018-19

**July 24, 2018** General Meeting 2018

**October 17, 2018** First Half Sales 2018-19

**November 22, 2018** First Half Earnings 2018-19

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## SHAREHOLDER CONTACTS

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Regulated information in connection with this press release can be found at [www.remy-cointreau.com](http://www.remy-cointreau.com)



