



REMY COINTREAU

Des terroirs, des hommes et du temps



# Full-Year Results 2017/18 (year ended 31 March 2018)

7 June 2018



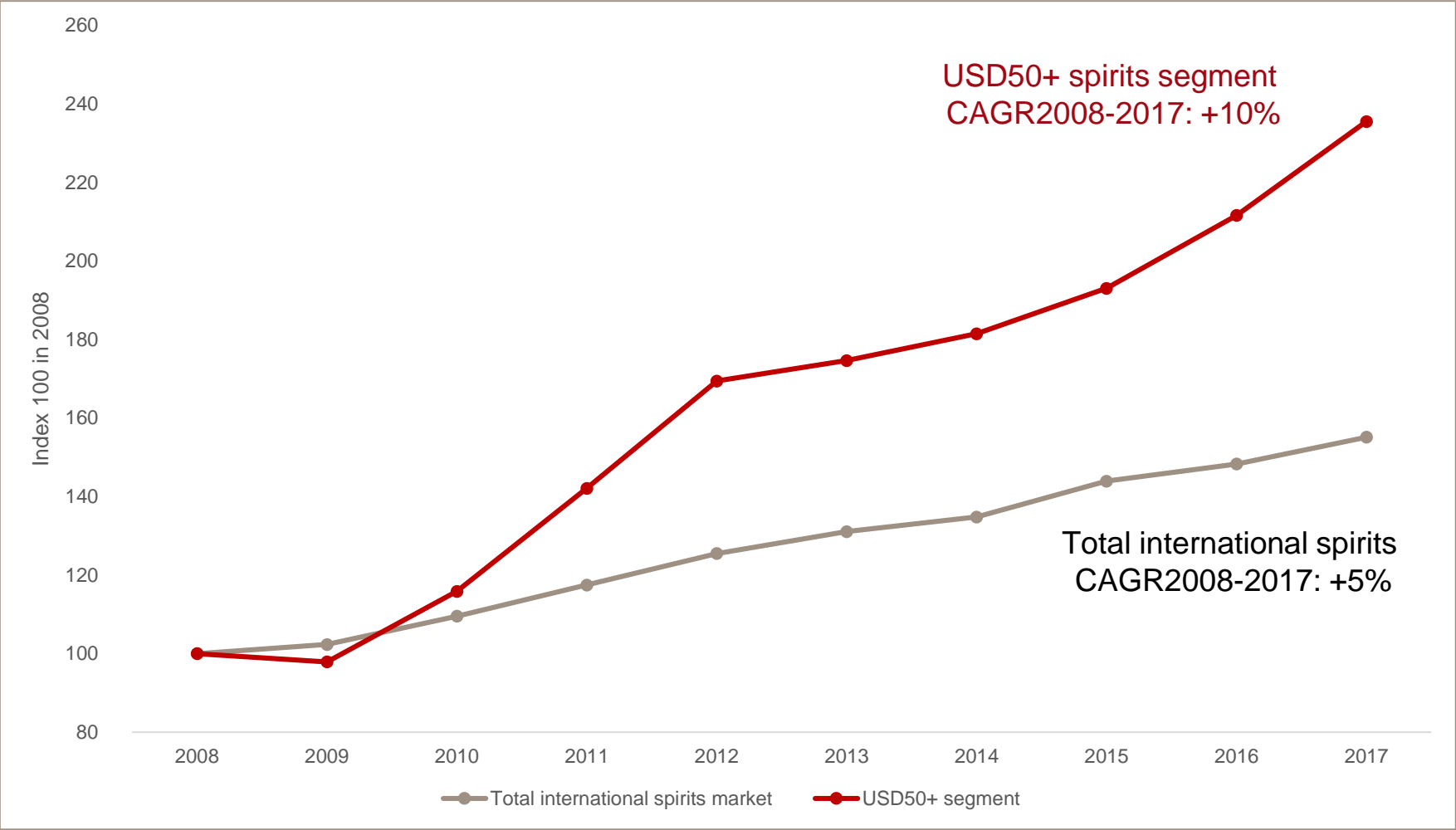
RÉMY COINTREAU

# Introduction

MARC HÉRIARD DUBREUIL

PRESIDENT

# Our ambition : Leader of Exceptional Spirits



Source: IWSR, Rémy Cointreau; "Retail" value of the international spirits market estimated at around 200 billion USD

# Key figures (as of 31 March 2018)

		<i>Change</i>	
		<b>Reported</b>	<b>Organic</b>
• Sales	€1,127.0m	+2.9%	+7.2%
• <i>of which Group Brands</i>	€1,026.8m	+4.4%	+9.2%
• Current operating profit	€236.8m	+4.7%	+14.1%
• Current operating margin	21.0%	+0.3pt	+1.3pts
• Net profit (Group share)	€148.2m	-22.1%	-15.0%
• Net profit (excluding non-recurring items)	€151.3m	+12.0%	+22.0%
• Net earnings per share (Group share)	€2.98	-23.1%	
• Net earnings per share (excluding non-recurring items)	€3.04	+10.6%	
• Net debt / EBITDA ratio:	1.48		



RÉMY COINTREAU

# Business review

VALÉRIE CHAPOULAUD-FLOQUET

CHIEF EXECUTIVE OFFICER

# Excellent annual performance

## **Group Brands sales up 9.2% in organic terms (+4.4% on a reported basis):**

- The House of Rémy Martin (+13.2%) fully benefitted from its brand elevation strategy
- Clear acceleration in the Asia-Pacific region (Greater China, Japan, Singapore)
- Remarkable performance of the Americas region (United States, Canada)
- Total Group sales up 7.2% in organic terms (+2.9% on a reported basis)

## **COP up 14.1% in organic terms (+4.7% on a reported basis):**

- Strong increase of the gross margin: excellent performance by our exceptional spirits
- Significant increase in communication investments (Group Brands: +9.1%)
- Controlled increase in overheads
- Negative currency effects (strengthening of the Euro against most foreign currencies)
- Current operating margin up 0.3pt to 21.0% (+1.3pts in organic terms)

## **Reported net profit (ENRI) up 22.0% organically (+12.0% in reported terms)**

# CSR: In line with our Plan 2020



## Terroirs...(for sustainable agriculture)

- Widely engaged with our AFC partners in AHVE certification (64% of land, objective is 100% in 2020)
- Rémy Martin Centaurs of the Environment in Cognac (under the aegis of the Minister of Agriculture)

## ...People... (social and societal)

- Biennial survey/RC teams worldwide (88%), and We Care Day
- External analysis of the societal impact of Mount Gay in Barbados
- Executive incentives linked to CSR indicators

## ...and Time...(Air, Water, Effluents)

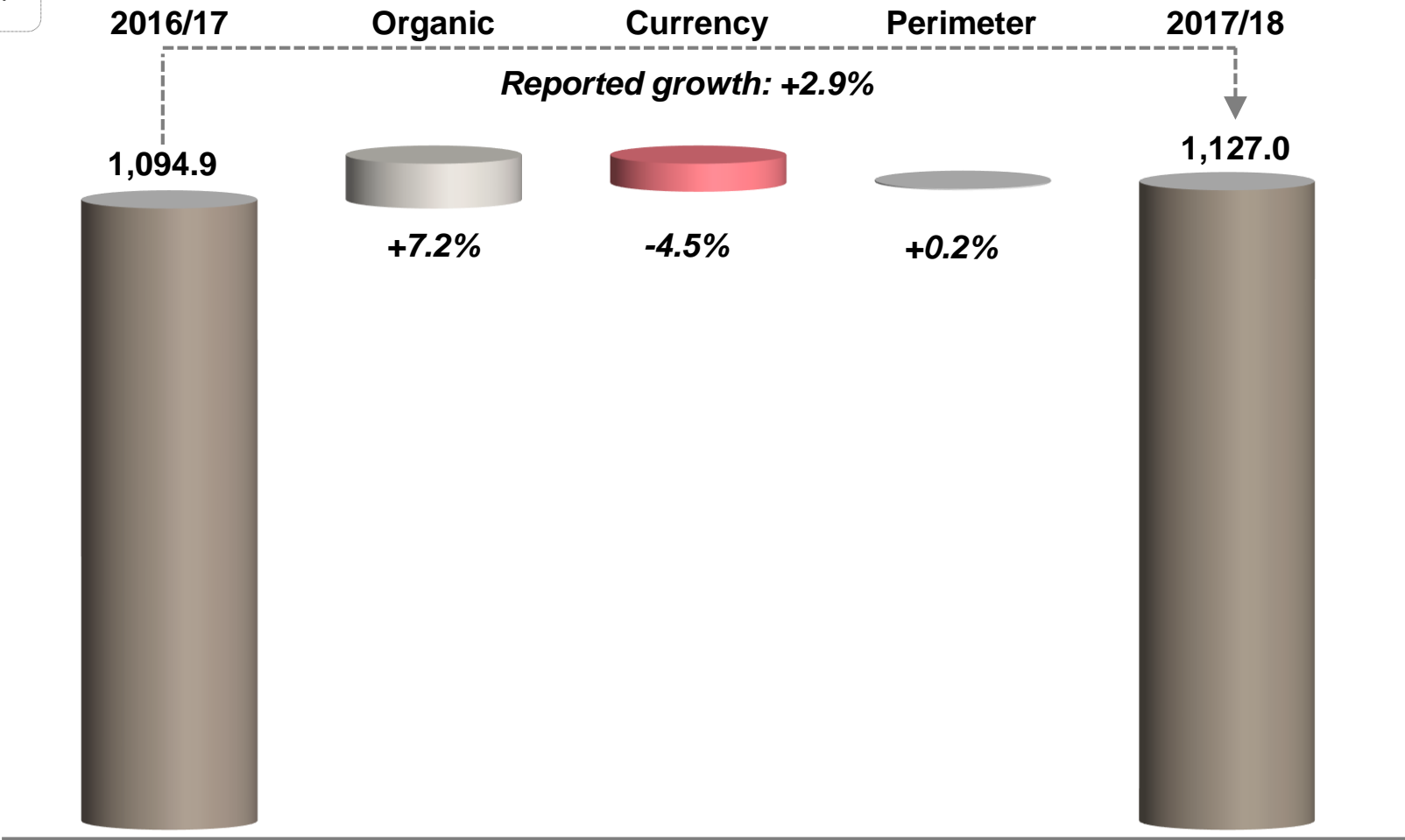
- Extensive Eco-conception project for our brands (packaging)
- Global mapping of CO2 footprint (shipping)
- Allegiance to the *French Business Climate Pledge*, (89 French Groups/MEDEF) and to *Act4Nature for Biodiversity* (AFEP)

FRENCH BUSINESS CLIMATE PLEDGE  
LES ENTREPRISES FRANÇAISES S'ENGAGENT POUR LE CLIMAT !  
#OnePlanetSummit | #ClimatePledge



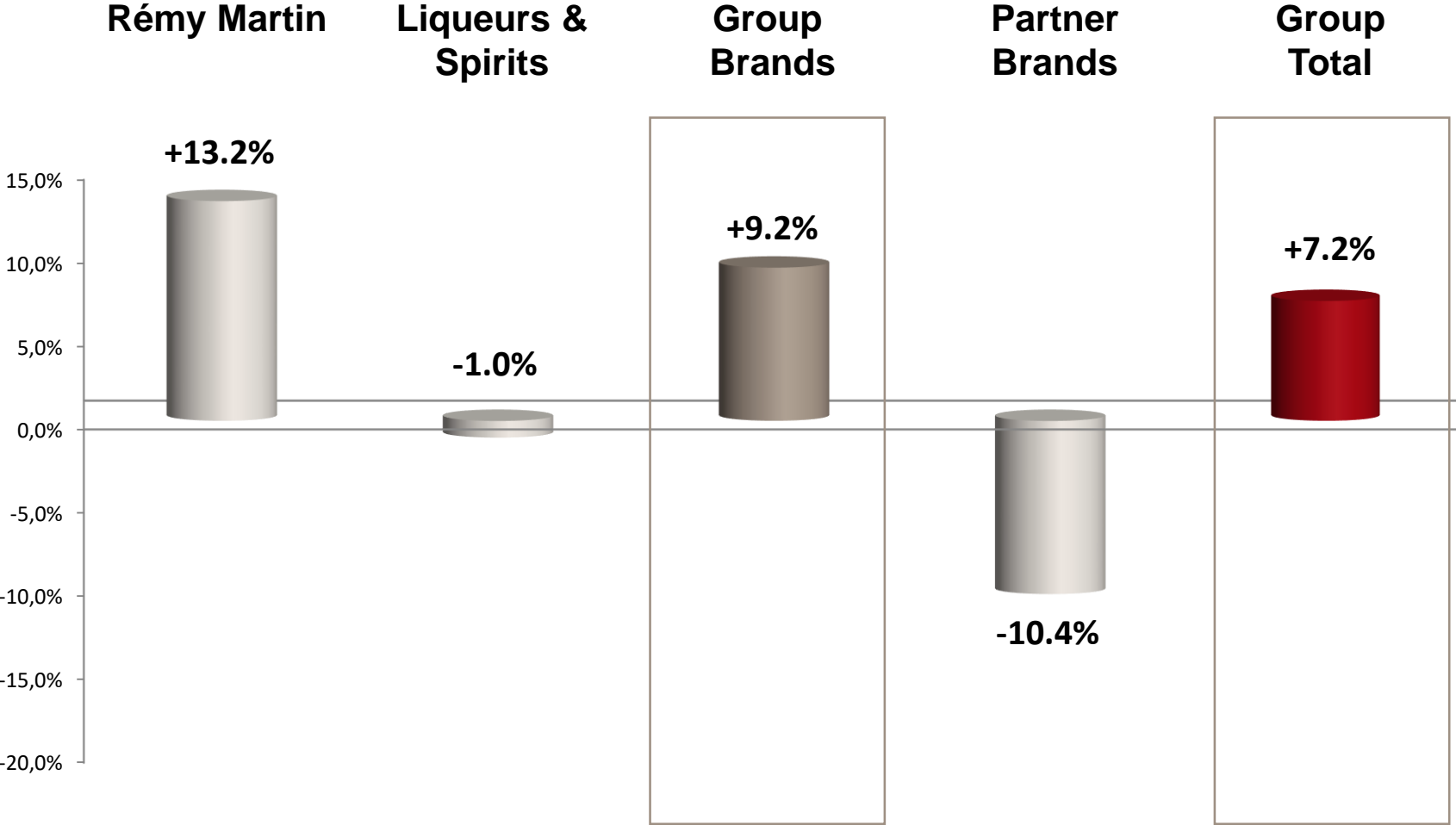
# Group sales

€m





# Sales growth by product division

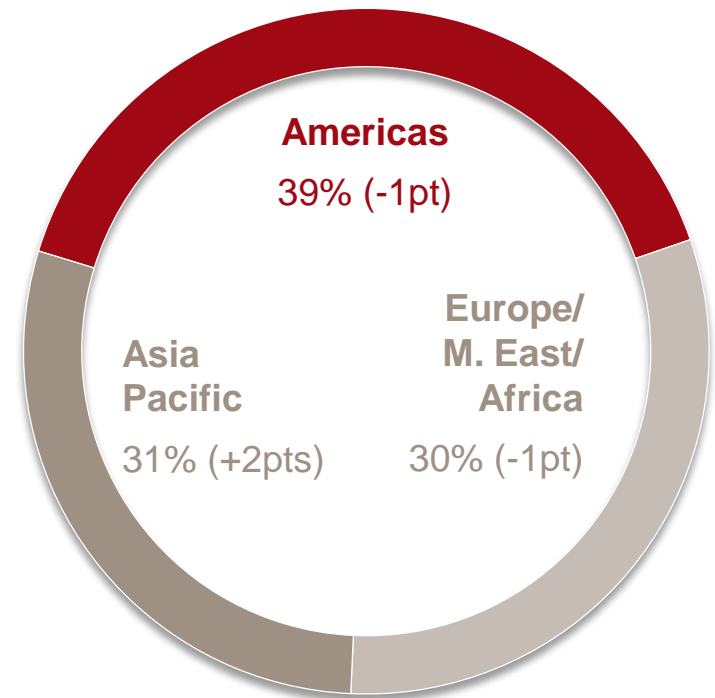
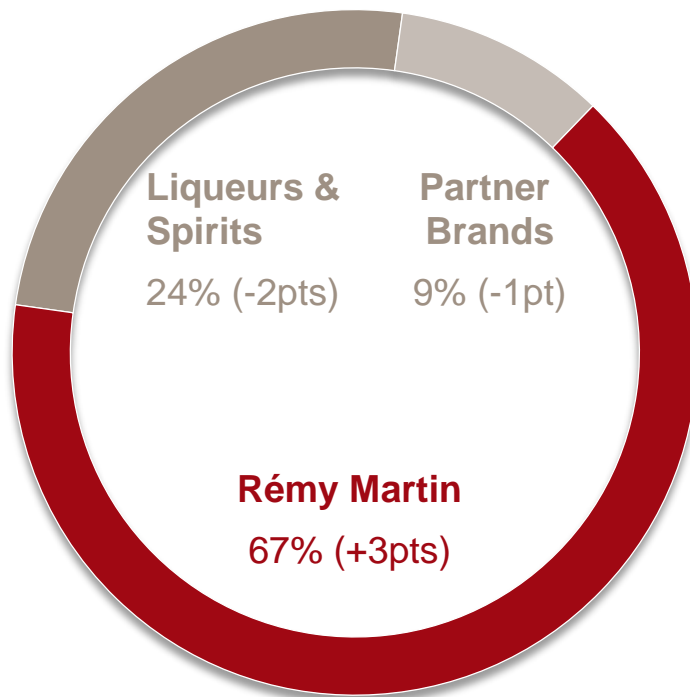


# Breakdown of Group Sales (1)

By Division

by Region

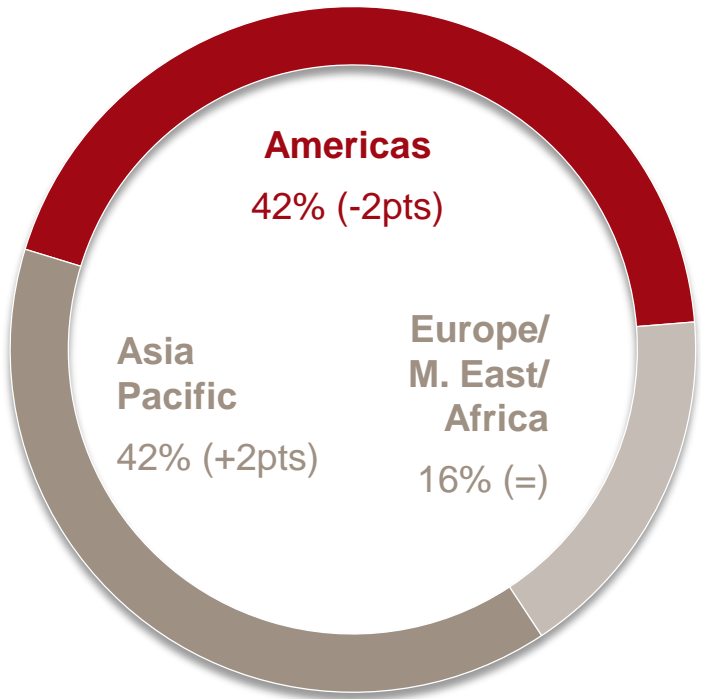
€1,127.0m



# Breakdown of Group Sales (2)

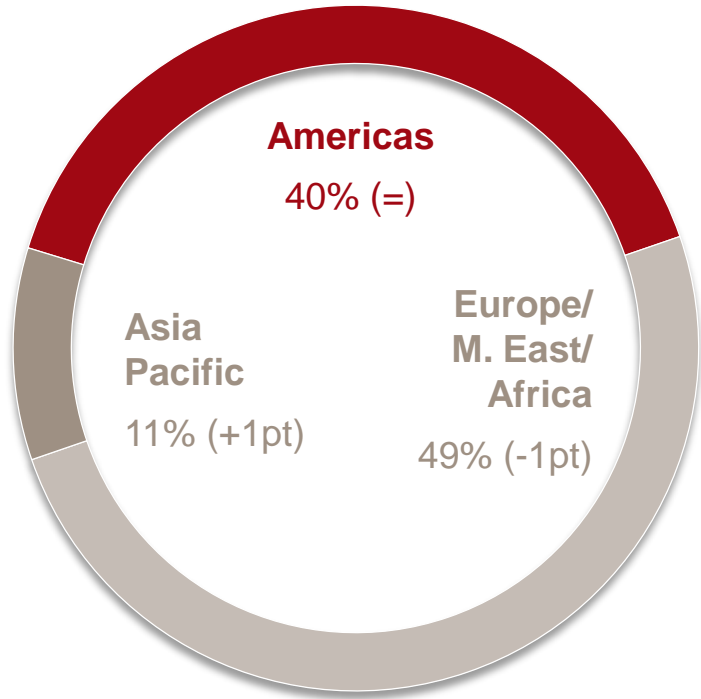
## Rémy Martin

€760.0m

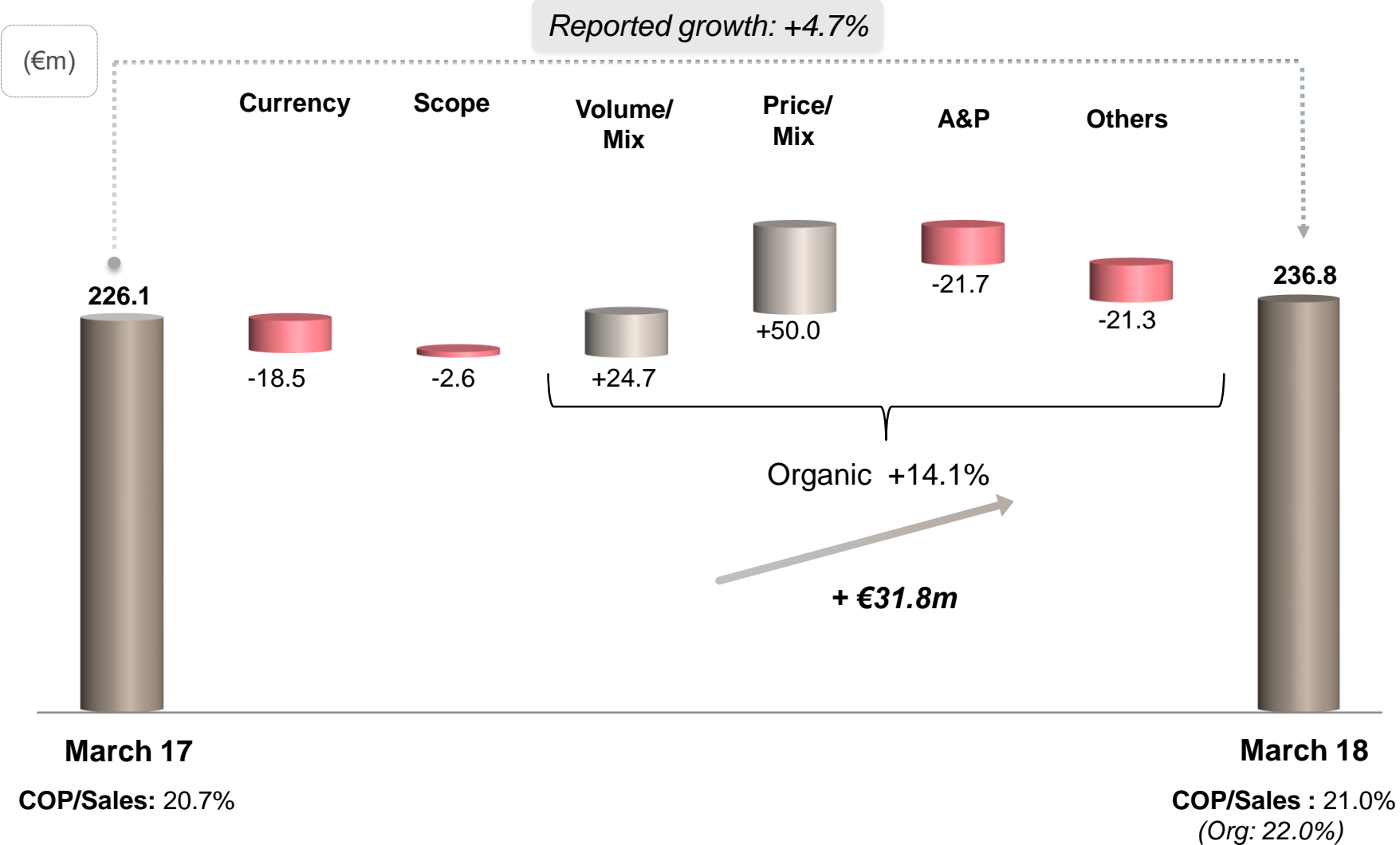


## Liqueurs & Spirits

€266.8m



# Current Operating Profit

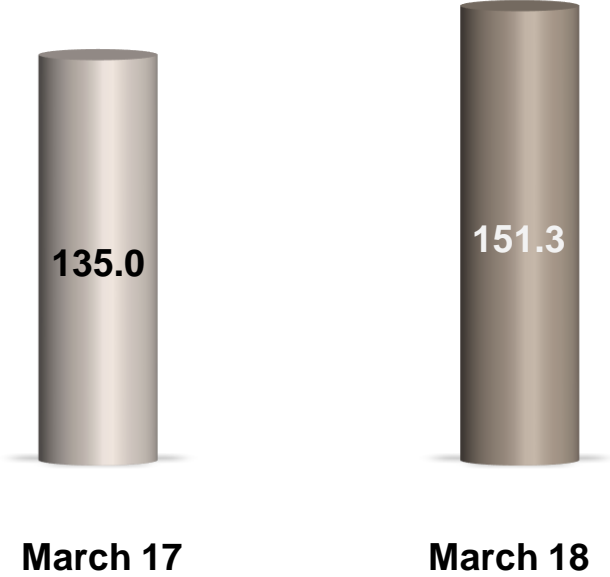


# Net profit

(€m)

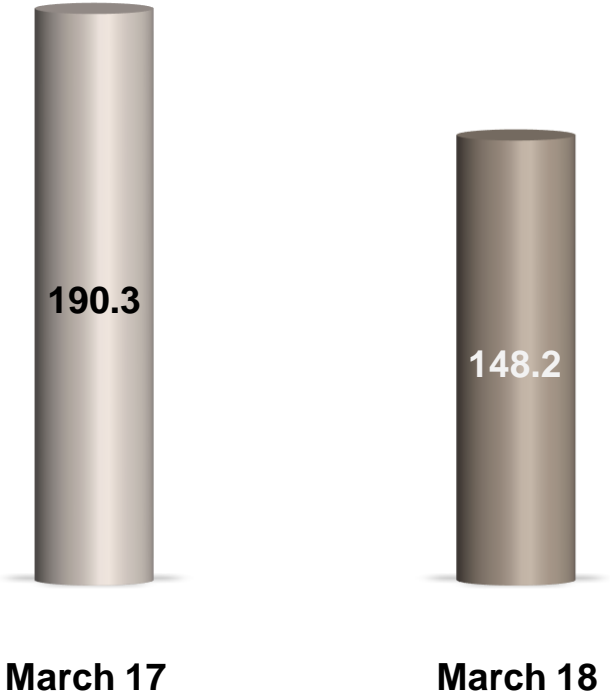
Net profit excluding non-recurring items

**Reported +12.0%**  
*+22.0% organic change*



Net profit Group share

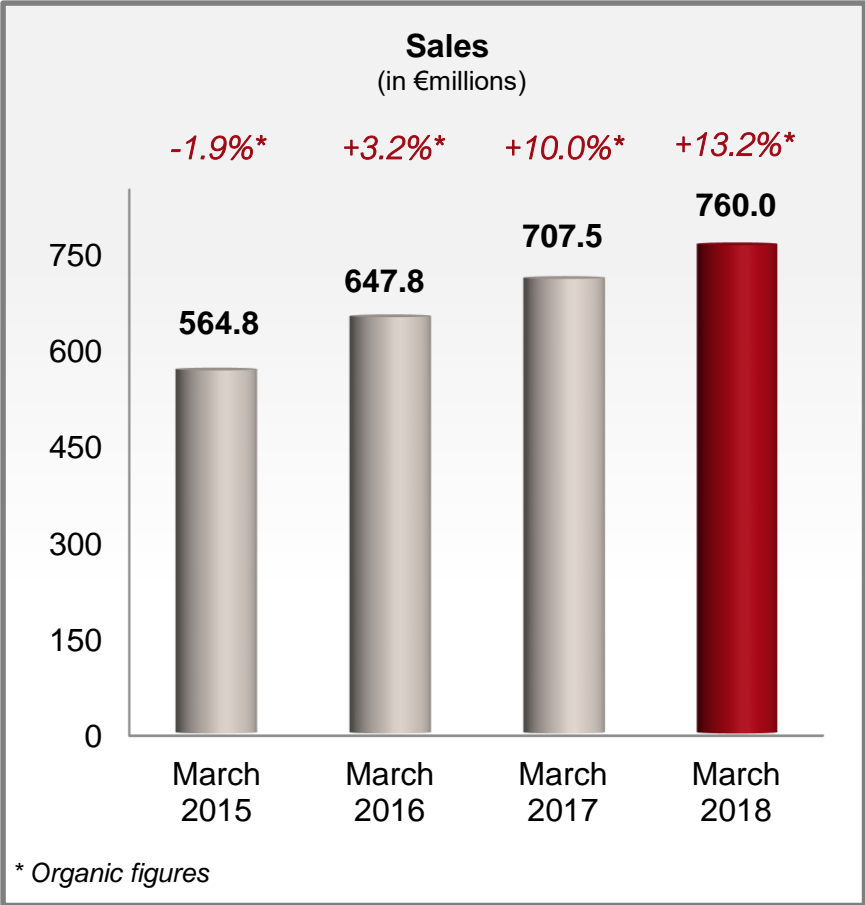
**Reported -22.1%**  
*-15.0% organic change*



# House of Rémy Martin



- **Organic sales** growth of 13.2% (volumes +6.0%)
- Asia Pacific: accelerated growth driven by Greater China, Singapore, Japan, and Travel Retail
- Americas: Good performance in the United States, Canada, and Travel Retail
- EMEA: A good year in the UK and strong growth in Russia, Germany, India/Middle East and Travel Retail



# Rémy Martin

2<sup>nd</sup> LIMITED EDITION  
“CARTE BLANCHE A BAPTISTE LOISEAU”

EPHEMERAL  
“REMY MARTIN HOUSES”

XO



 RÉMY MARTIN



# LOUIS XIII



NEW MERCHANDISING



OPENING OF 2<sup>nd</sup> BOUTIQUE: HARRODS, LONDON



NEW SIGNATURE : "THINK A CENTURY AHEAD"

2<sup>nd</sup> OPUS OF THE "100 YEARS" CAMPAIGN

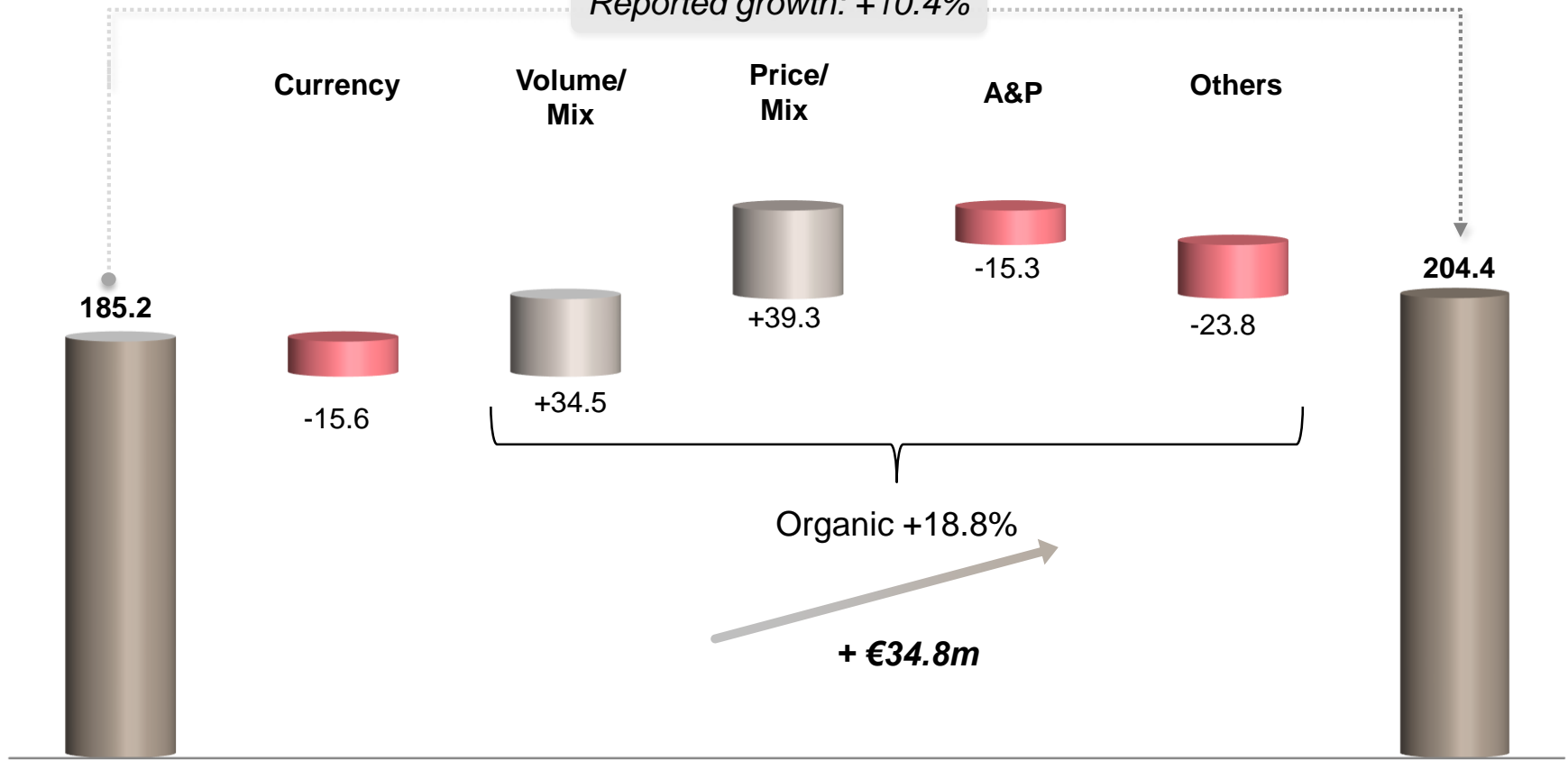




# House of Rémy Martin

Current operating profit (€m)

Reported growth: +10.4%



March 17

March 18

COP/Sales: 26.2%

COP/Sales: 26.9%  
(Org: 27.5%)<sub>17</sub>

# Liqueurs & Spirits

- **Organic sales growth** of -1.0% (volumes -4.9%)  
*LFL sales +4% adjusted for the deconsolidation of Passoa*

## Cointreau

- Growth driven by the US and ‘new frontier’ markets (Greater China and Russia)

## Metaxa

- Excellent annual performance of the “12 Stars” in main markets and rebound in Travel Retail (boosted by improved traffic from Russian travelers)

## Mount Gay

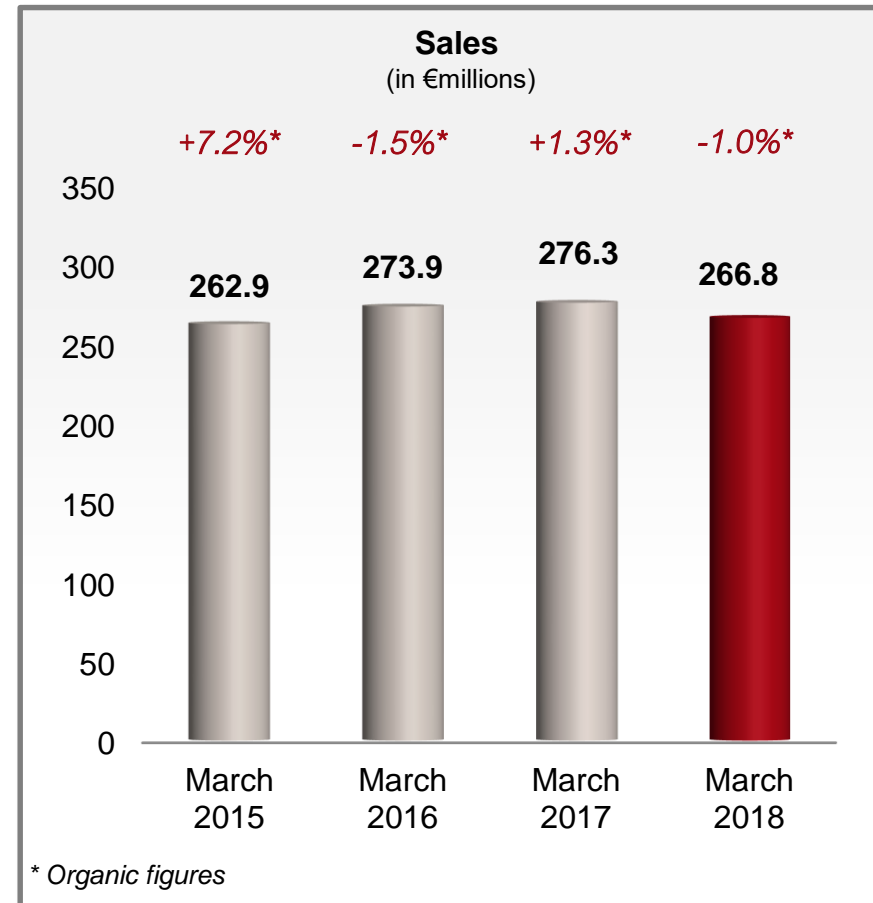
- Brand-upscaling strategy moderated growth (positive mix effects)

## St-Rémy

- Good growth in Canada and Travel Retail

## Progressive Hebridean Distillers

- Double-digit growth driven by the success of The Botanist gin across all regions and the rapid development of the Malts in Asia Pacific



# Liqueurs & Spirits

## Cointreau: New global campaign « THE ART OF THE MIX »



# Liqueurs & Spirits

Metaxa launched in China



Annual results as of 31 March 201

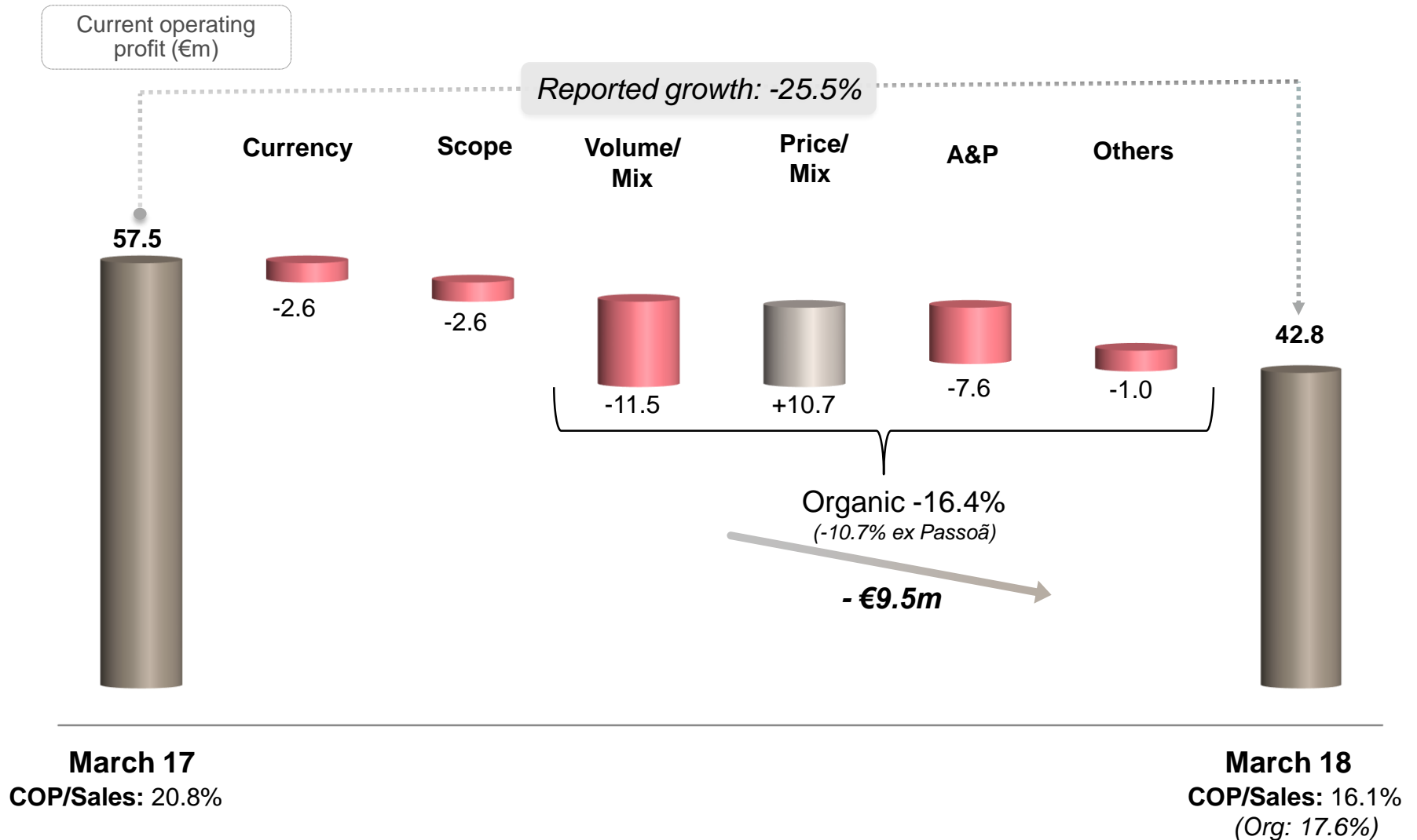
New bottle for St-Rémy



Number 3 high-end gin  
(in value)



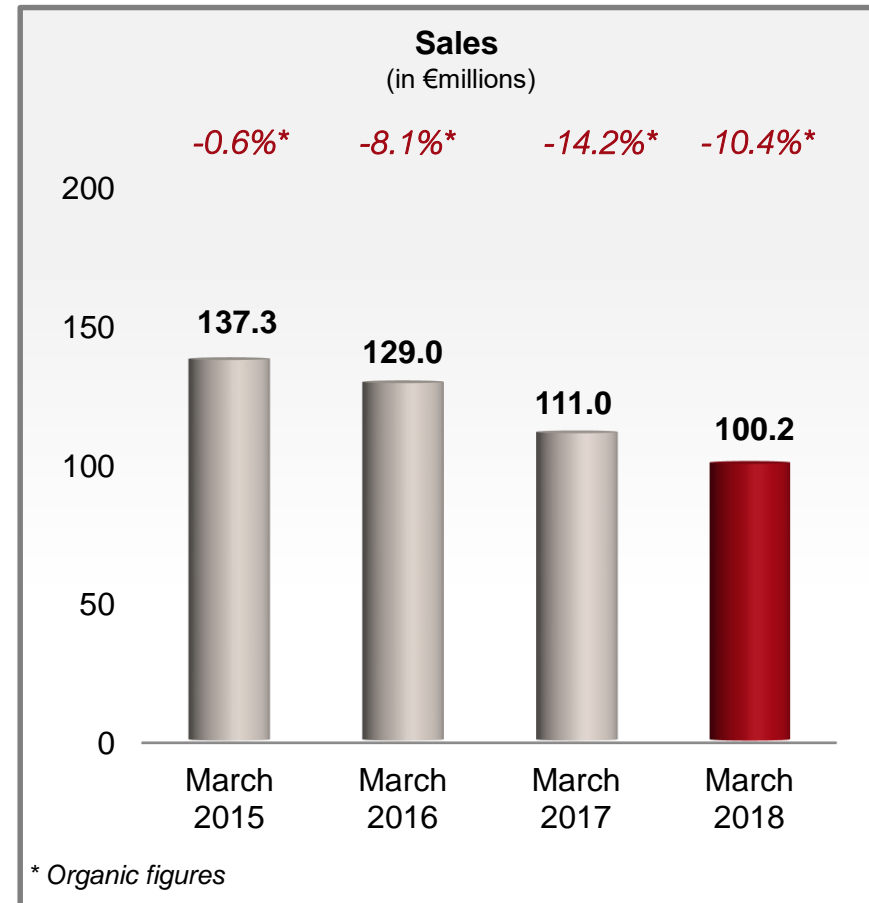
# Liqueurs & Spirits



# Partner Brands

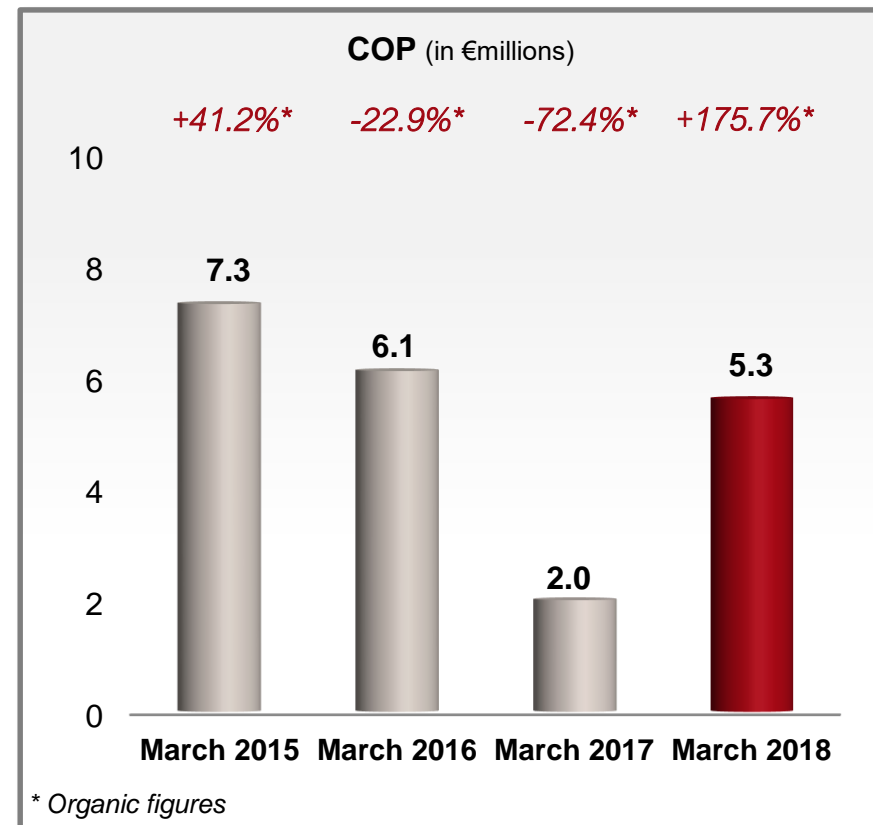
- **Organic sales decline** of 10.4% (volumes -0.5%)

- End of the distribution agreement for the Piper-Heidsieck and Charles Heidsieck champagne brands : €12M loss
- Consolidation of Passoã as a Partner Brand (in markets where Rémy Cointreau now distributes the brand on behalf of the Passoã JV) : €6M gain
- Excluding Champagne/ Passoã, sales are down slightly (termination of small contracts in Western Europe and Travel Retail)



# Partner Brands

- **Current Operating Profit: €5.3m**
- Rebound of the COP linked to changes within the portfolio of distributed brands





RÉMY COINTREAU

# Financial results

LUCA MAROTTA

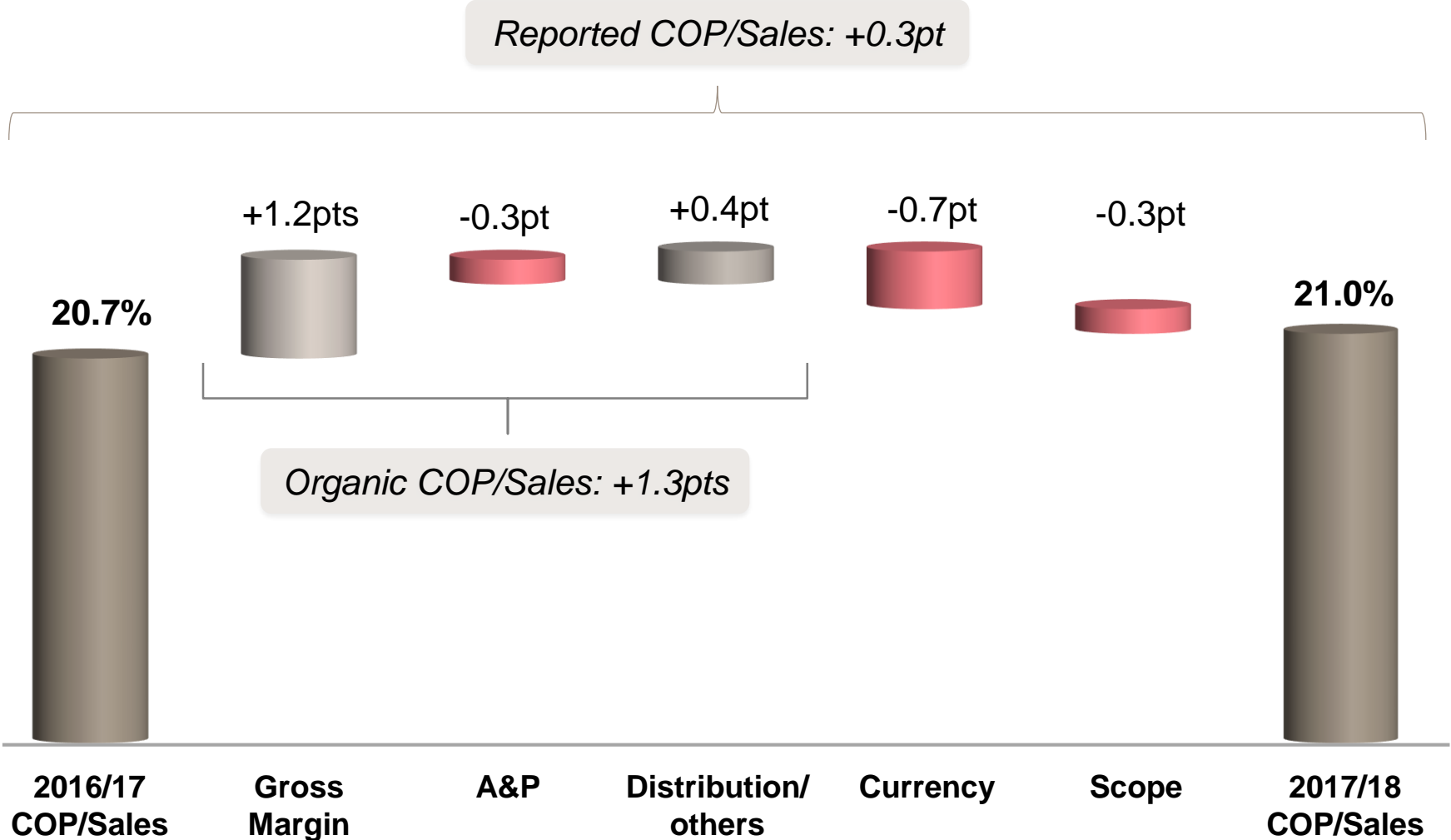
CHIEF FINANCIAL OFFICER



# Current Operating Profit

(€m)	2017	2018	Reported change	Organic change
Sales	1,094.9	1,127.0	2.9%	7.2%
Gross Profit	730.7	760.7	4.1%	9.1%
<i>in %</i>	66.7%	67.5%	+0.8pt	+1.2pts
Sales and marketing expenses	(416.7)	(432.7)	3.8%	7.9%
Administrative expenses	(88.5)	(91.7)	3.6%	2.6%
Other income and expenses	0.6	0.4	-	-
<b>Current Operating Profit</b>	<b>226.1</b>	<b>236.8</b>	<b>4.7%</b>	<b>14.1%</b>
<b>Current operating margin</b>	<b>20.7%</b>	<b>21.0%</b>	<b>0.3pt</b>	<b>1.3pts</b>

# Current Operating Margin



# Net profit

(€m)	2017	2018
Current Operating Profit	226.1	236.8
Other operating income (expenses)	(4.8)	(13.7)
Operating profit	221.3	223.1
<b>Net financial income (charge)</b>	<b>(31.9)</b>	<b>(22.0)</b>
Pre-tax profit	189.4	201.0
<b>Taxes</b>	<b>(44.5)</b>	<b>(53.5)</b>
Tax rate	23.5%	26.6%
Share profit (loss) of associated companies	(19.6)	0.5
Net profit/(loss) from deconsolidated and discontinued operations	65.0	-
<b>Net profit Group share</b>	<b>190.3</b>	<b>148.2</b>
<b>Net profit (excluding non-recurring items)</b>	<b>135.0</b>	<b>151.3</b>
<b>Net margin (excluding non-recurring)</b>	<b>12.3%</b>	<b>13.4%</b>

# Non-recurring items

(M€)	2017	2018
<b>Net profit – Group share</b>	<b>190.3</b>	<b>148.2</b>
Net profit/(loss) from deconsolidated and discontinued operations	(65.0)	0.0
Provision for equity interests	19.6	0.0
Impact of tax rate changes on deferred taxes in France and in the US	(14.1)	(5.8)
3% tax on the payment of dividends and reimbursement	0.4	(7.0)
Special taxes on corporations in France	0.0	2.3
Write-off of intangible assets related to Mount Gay	0.0	11.8
Other operating income and expenses, net of tax	3.8	1.8
<b>Net profit excluding non-recurring items – Group share</b>	<b>135.0</b>	<b>151.3</b>

# Net debt/Cash flow



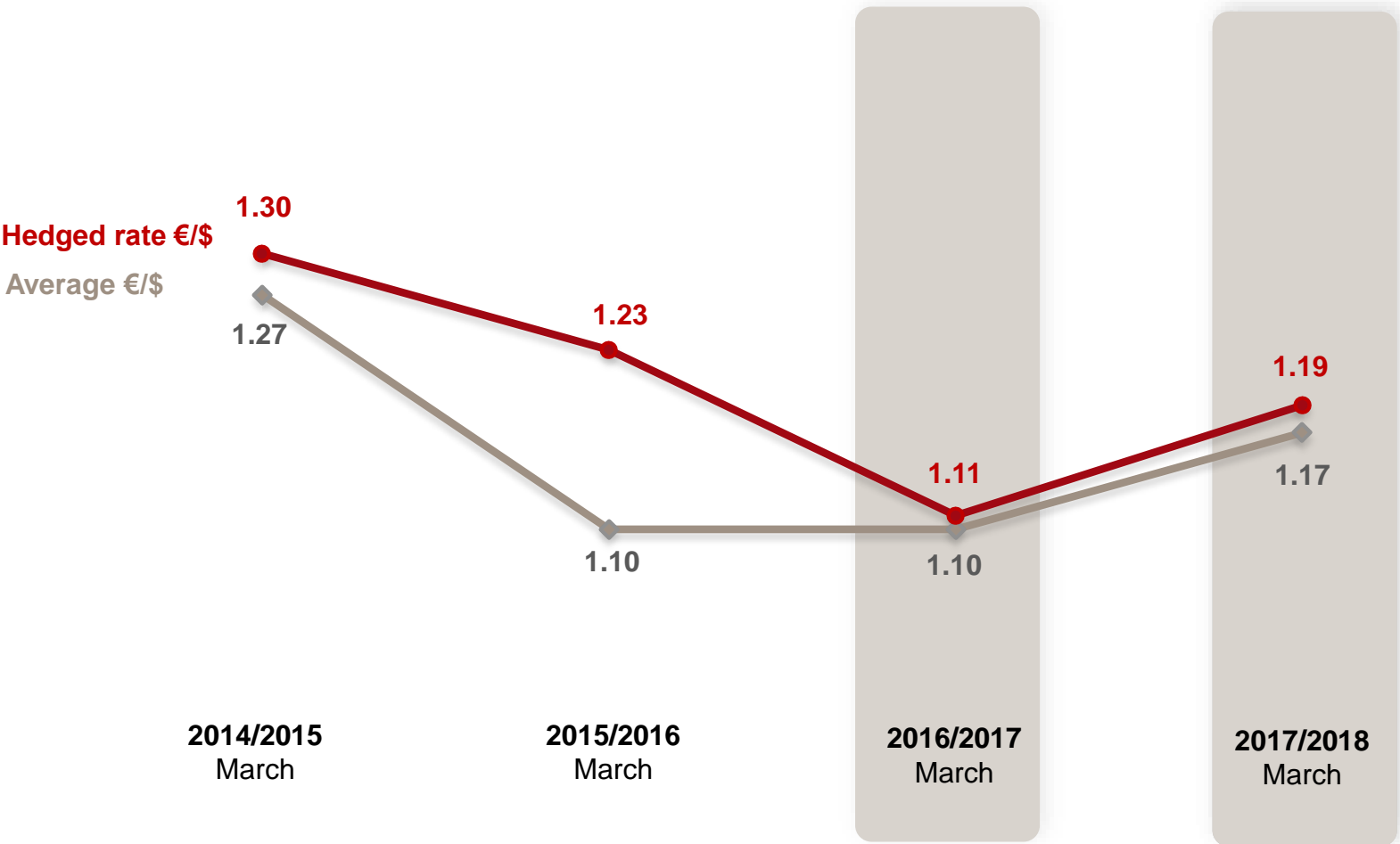
DÉMY COUTUREAU

(M€)	2017	2018	Change
<b>Opening net financial debt (1 April)</b>	<b>(458.2)</b>	<b>(390.1)</b>	<b>68.1</b>
Gross operating profit (EBITDA)	248.6	261.5	12.9
WCR of eaux-de-vie and spirits in ageing process	(33.6)	(35.1)	(1.5)
Other working capital items	(5.5)	26.6	32.1
Capital expenditure	(36.9)	(33.6)	3.3
Financial expenses	(22.5)	(12.0)	10.4
Tax payments	(52.4)	(56.4)	(4.1)
<b>Total recurring free cash flow</b>	<b>97.7</b>	<b>150.9</b>	<b>53.2</b>
Dividends	(13.0)	(24.7)	(11.7)
Acquisitions Domaine des Hautes Glaces/Westland	(48.5)	0.0	48.5
Other proceeds from asset acquisitions/disposals	0.9	1.3	0.4
Share buy back program	0.0	(26.4)	(26.4)
Equity component of OCEANE bond	24.9	0.0	(24.9)
Conversion differences and others	6.1	6.1	0.0
<b>Total cash flow for the period</b>	<b>68.1</b>	<b>107.3</b>	<b>39.1</b>
<b>Closing net financial debt (31 March)</b>	<b>(390.1)</b>	<b>(282.8)</b>	<b>107.3</b>
<b>A ratio (Net debt/EBITDA)</b>	<b>1.78</b>	<b>1.48</b>	<b>(0.30)</b>

# Net financial expenses

(€m)	2017	2018
Gross debt servicing costs	(21.5)	(14.5)
Investment income	0.0	0.0
<b>Sub-total</b>	<b>(21.4)</b>	<b>(14.4)</b>
Net currency gains (losses)	(5.4)	(2.9)
Other financial expenses (net)	(5.1)	(4.8)
<b>Net financial income (charges)</b>	<b>(31.9)</b>	<b>(22.0)</b>

# Foreign exchange: hedging impact



# Currency impact on Sales and COP

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19E
Average EUR/USD exchange rate	1,34	1,27	1,10	1,10	1,17	1,18
Average EUR/USD hedged rate	1,31	1,30	1,23	1,11	1,19	1,23
Total sales impact (in €m)	-33,9	30,3	82,7	-5,7	-48,9	-10,0
Total COP impact (in €m)	5,0	1,0	12,9	23,6	-18,5	-17,7

**Note:** Estimated impact on 2018/19 sales and COP is based on an average exchange rate EUR/USD of 1.18 and an average hedged rate of 1.23.

The estimated total impact of €18m on the COP 2018/19 could split between €13m in H1 and €5m in H2.



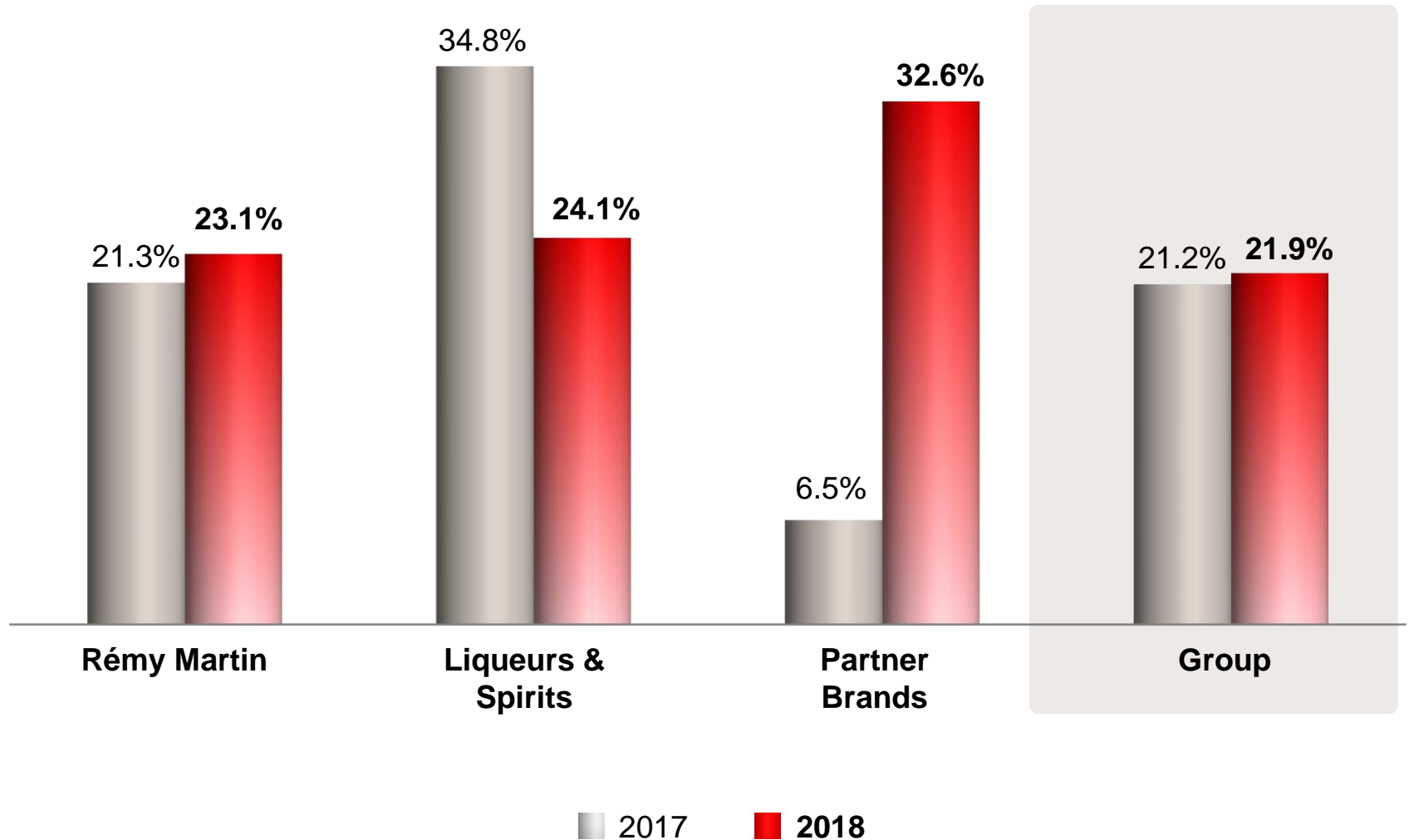
# Balance sheet at 31 March 2018

## Assets

## Liabilities

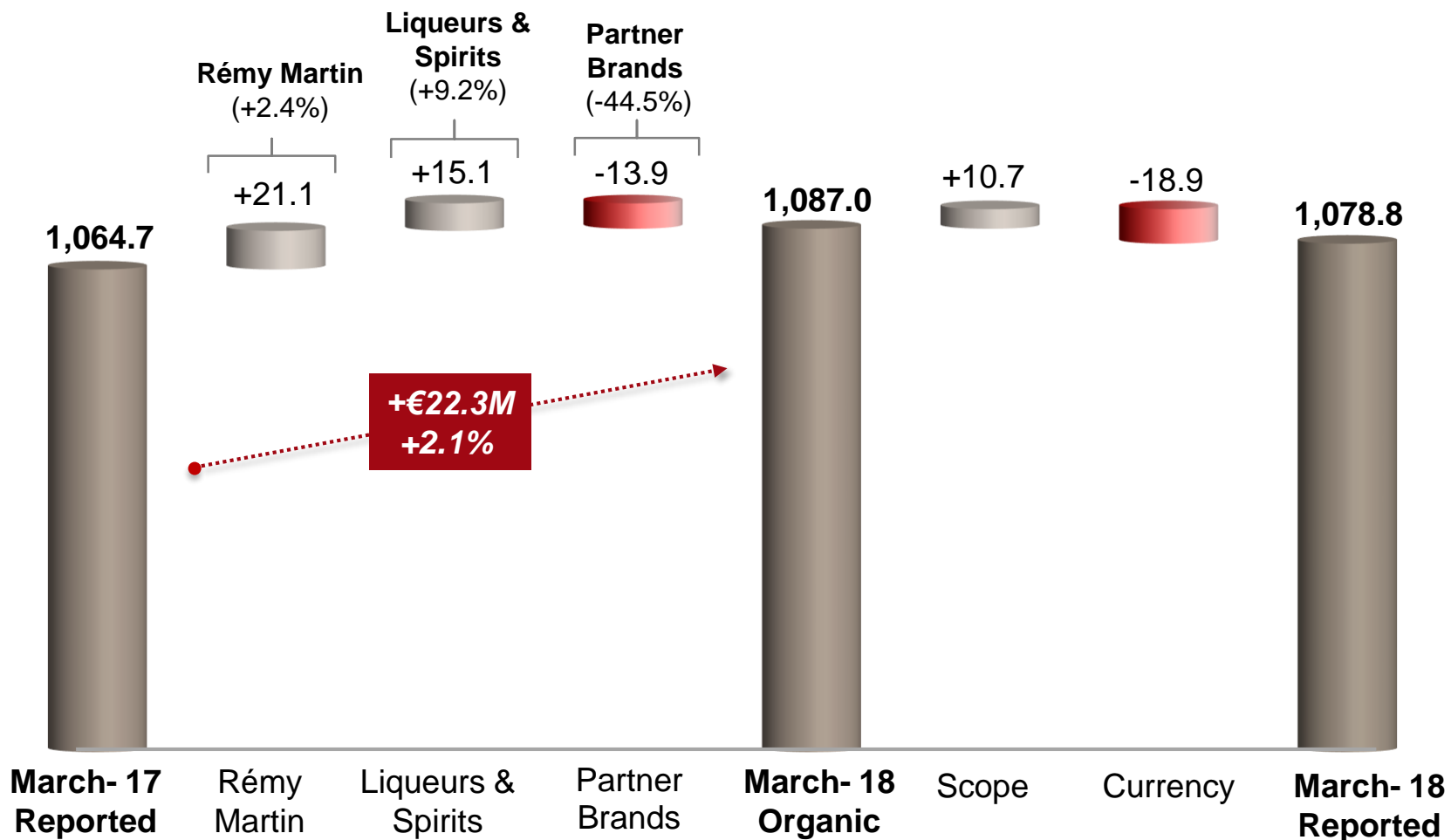
(€m)	March 2017	in %	March 2018	in %	March 2017	in %	March 2018	in %			
<b>Non-current assets</b>	983	40%	<b>959</b>	<b>38%</b>	<b>Shareholders' equity</b>	1,304	53%	<b>1,408</b>	<b>55%</b>		
<b>Current assets</b>	1,381	57%	<b>1,396</b>	<b>55%</b>	<b>Current and Non-current liabilities</b>	670	28%	<b>664</b>	<b>26%</b>		
<i>o/w inventories</i>	1,145	47%	<b>1,170</b>	<b>46%</b>	<b>Gross financial debt</b>	468	19%	<b>470</b>	<b>18%</b>		
<b>Cash</b>	78	3%	<b>187</b>	<b>7%</b>	<b>Total Liabilities</b>	2,442	100%	<b>2,542</b>	<b>100%</b>		
<b>Total Assets</b>	2,442	100%	<b>2,542</b>	<b>100%</b>	<b>Stocks/Assets</b>		47%	<b>46%</b>	<b>Net Gearing</b>	30%	<b>20%</b>

# ROCE



# Changes in Capital Employed

(€M)



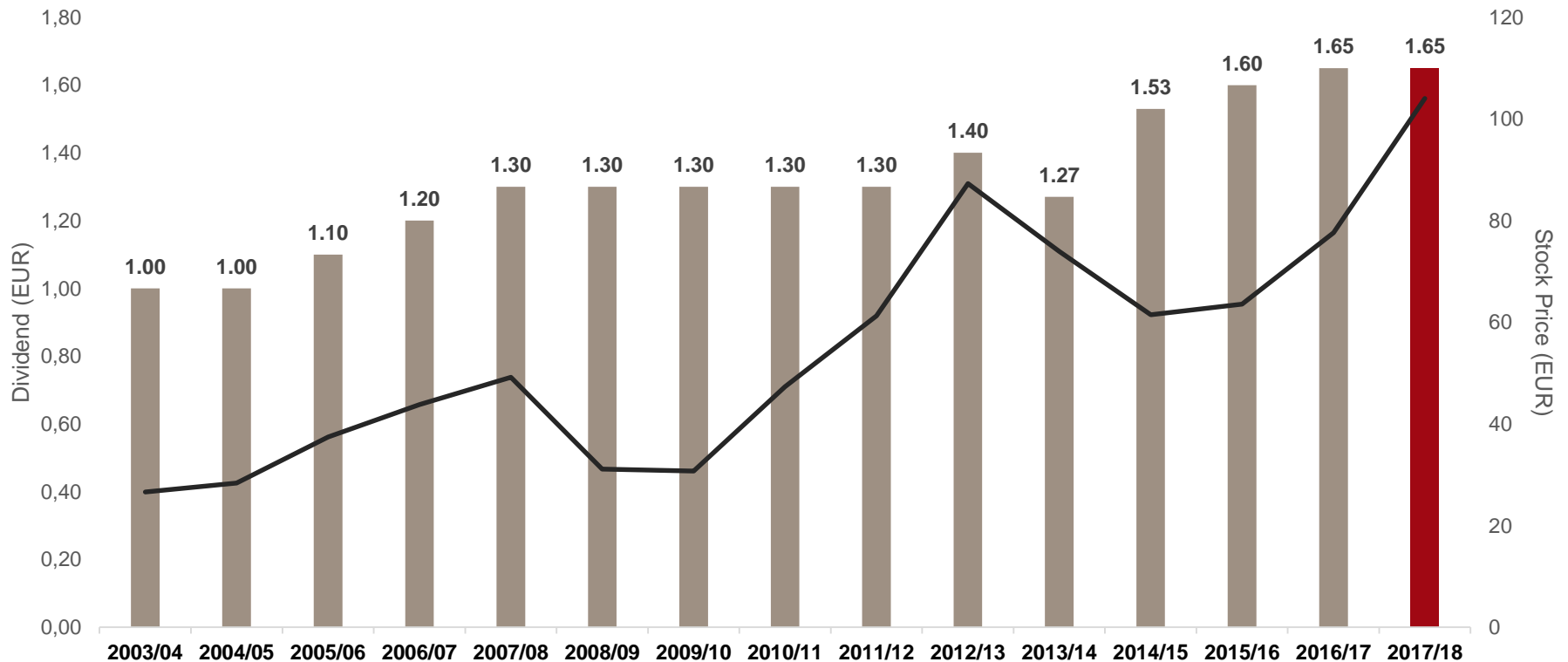
# Key events during the year

- **25 July 2017** Approval of an ordinary dividend of €1.65 per share to the AGM (with an option allowing a full payment in shares). 70% of the rights were exercised by the shareholders in favor of a payment in shares. Payments of the dividend were made on September 4, 2017.
- **29 September 2017** Marc Hériard Dubreuil was appointed as the President of the Board of Directors.
- **29 December 2017** End of the share buyback program 2017. The Rémy Cointreau Group acquired 273,009 of its own shares (representing 0,54% of its share capital) for an average price of €96.44 per share.
- **17 January 2018** Renewal of Valérie Chapoulaud-Floquet's CEO mandate for 3 years by the Board of Directors
- **22 January 2018** Cancellation of 103,638 treasury shares following the end of the share buyback program (0.20% of capital).

# Dividends

A dividend of 1.65 euro per share (unchanged compared to last year), with an option to receive the dividend in cash or in shares (for all dividends distributed), will be put to a shareholders' vote at the general assembly on 24 July 2018. Shares will trade ex-dividend on 31 July 2018 and dividends made payable starting on 17 September 2018.

Annual Dividend and Share Price (EUR)





RÉMY COINTREAU

# Outlook

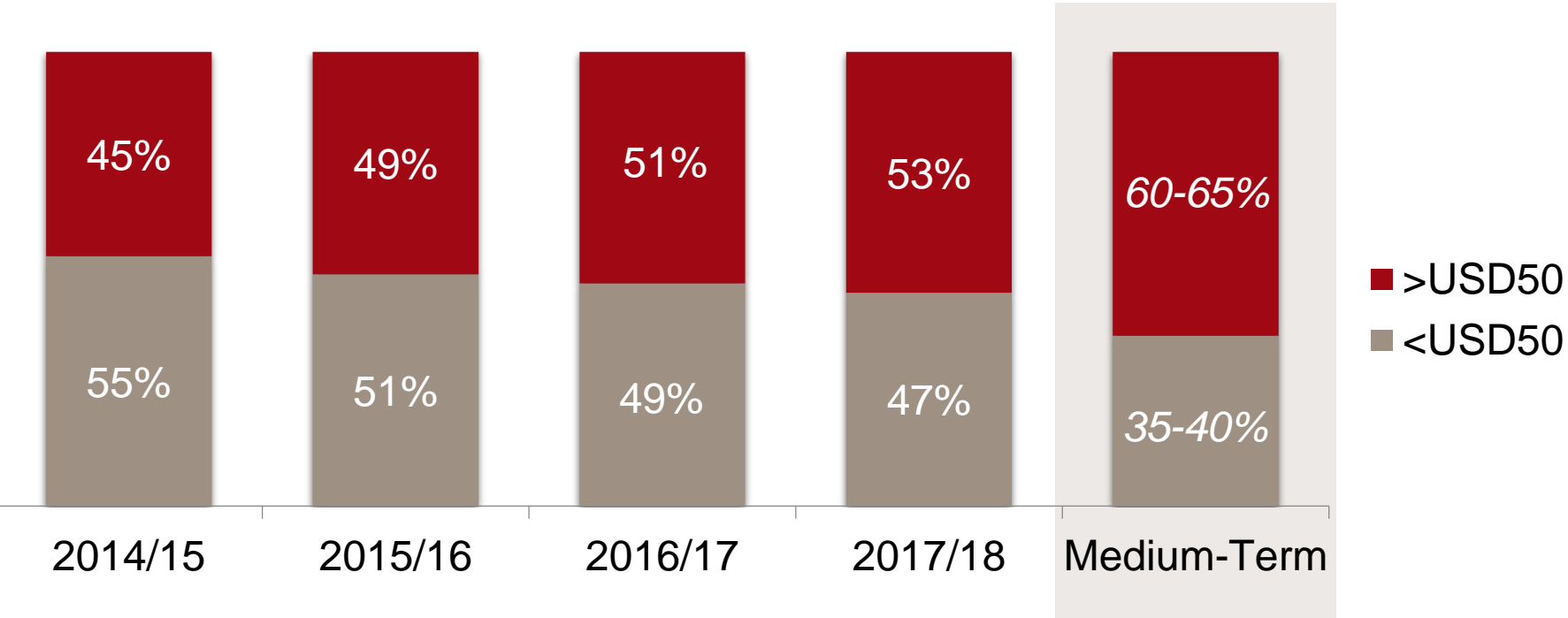
VALÉRIE CHAPOULAUD-FLOQUET

CHIEF EXECUTIVE OFFICER

# Contribution of Exceptional Spirits

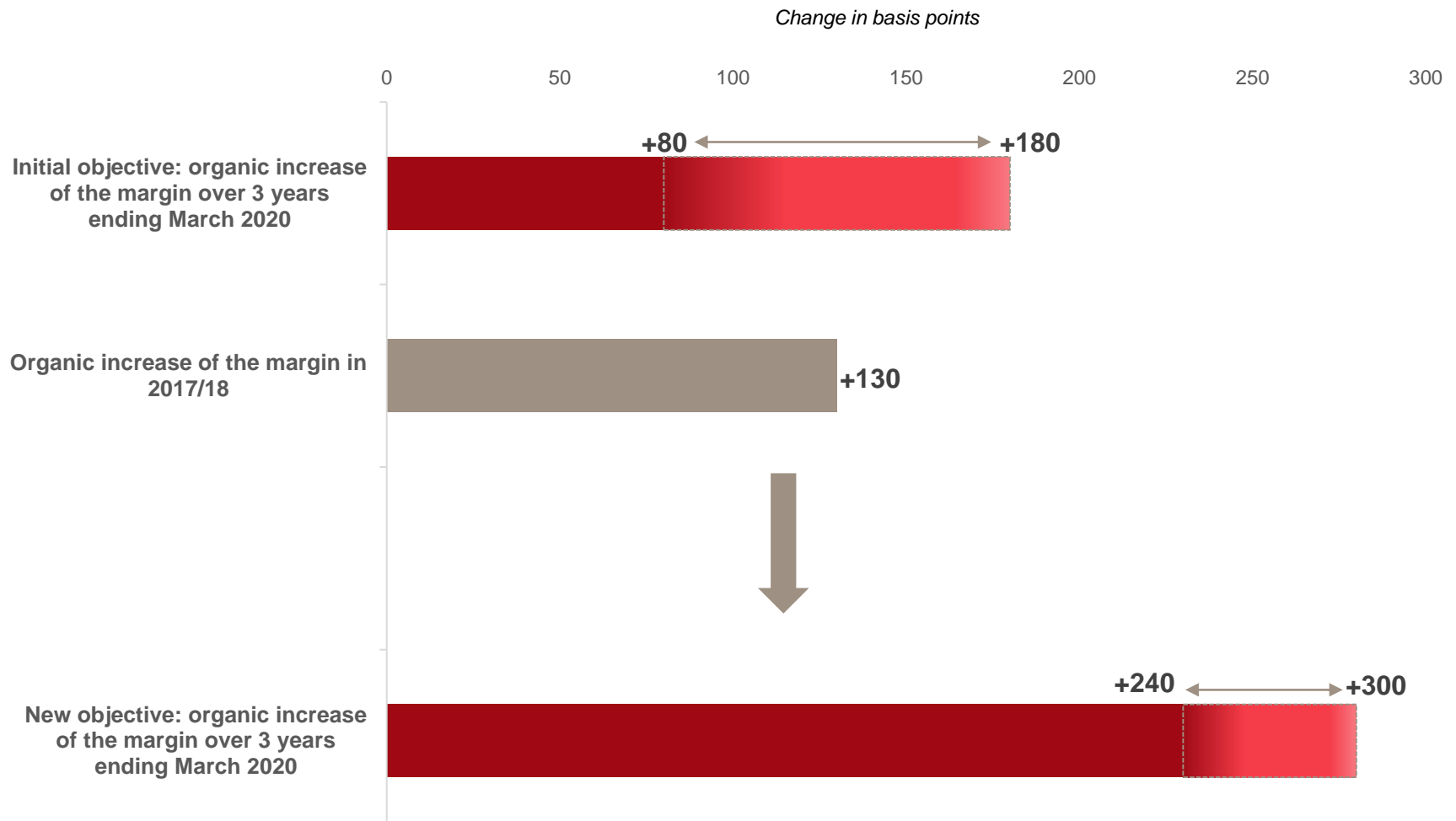


Contribution of Exceptional Spirits (>USD50) to the Group's total sales



# 2019/20 Outlook

**New objective to improve the organic(\*) COP margin FY2018-2020 (pre-IFRS):  
+240-300bps vs. +80-180bps previously**



(\*) at constant exchange rates and scope



# IFRS 15, 16 & 9

## IFRS 15: Methodology

- IFRS 15 will be applied from fiscal Q1 2018/19 (a pre-IFRS set of figures will be reported as well)
- Reclassifications of some A&P expenses will reduce sales and gross profits

## IFRS 15: Estimated impacts (pro-forma 2018/19)

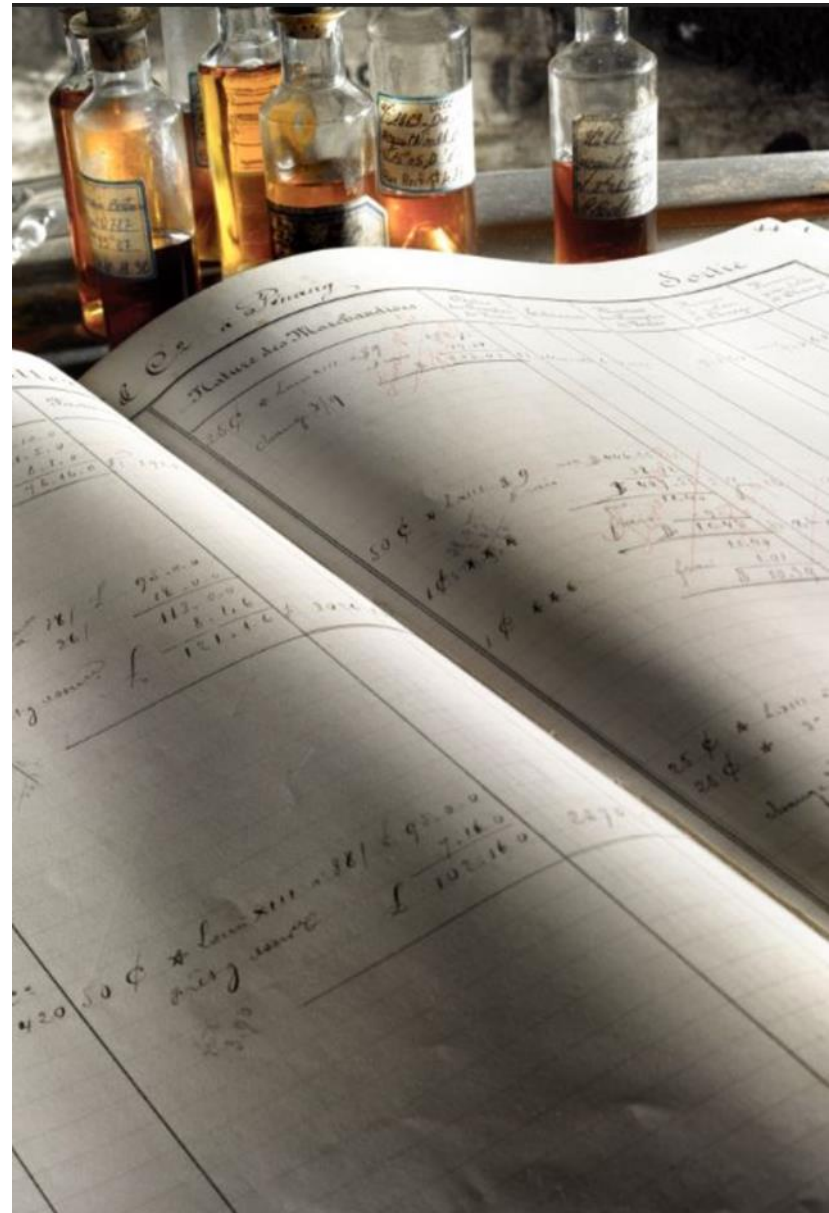
- Neutral impact on COP; COP Margin up by about 1.5pts
- Sales to be reduced by about 8%
- Gross margin to decrease by about 5.5pts
- A&P/Sales ratio to decrease by about 8.0pts
- Distribution & Others/Sales ratio up by about 1.0pt

## IFRS 16: Estimated impacts (pro-forma 2018/19)

- Insignificant impact on COP and net profit
- Debt will increase by €30M
- Net debt/EBITDA ratio up 0.05

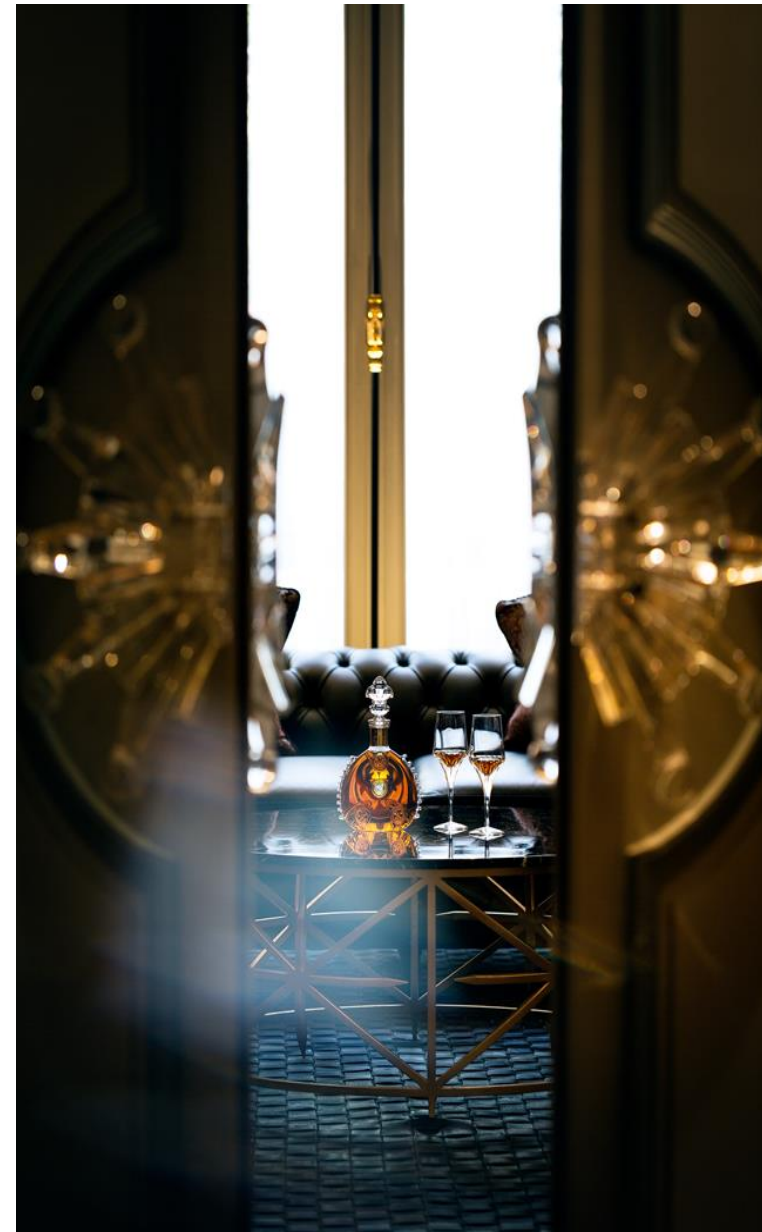
## IFRS 9: Impact pro-forma 2017/18

- Reclassification of the change in “time value” of financial instruments under equity
- Net profit before taxes up €2.2M (volatile)



# 2018/19 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 2018/19, Rémy Cointreau anticipates growth in Current Operating Profit, at constant exchange rates and scope**
- Estimated technical impact on sales: €15M, linked to the termination of third-party distribution contracts



# Questions & Answers

