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# Annual Results 2014-15

(year ended 31 March 2015)

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17 June 2015



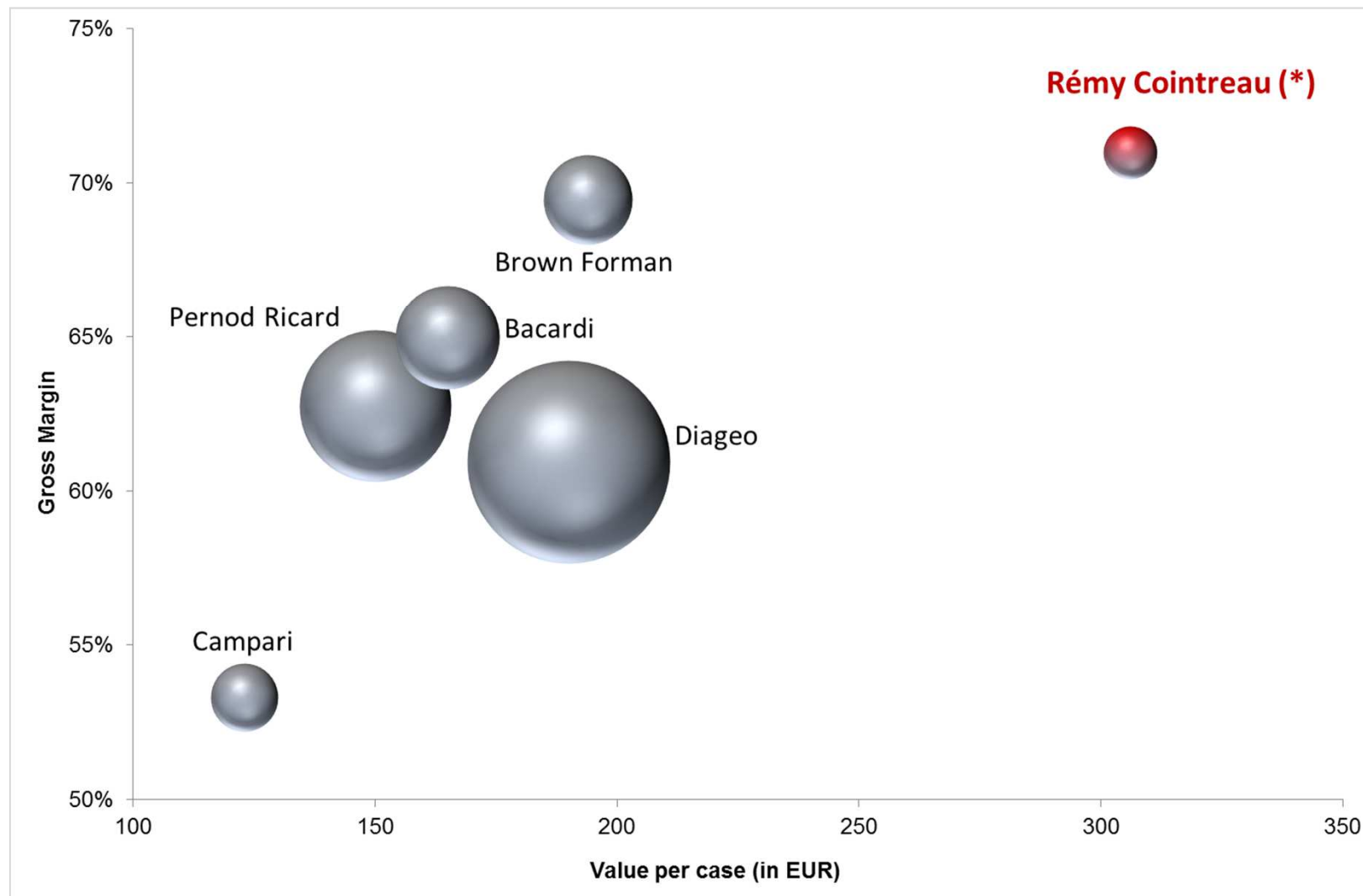
RÉMY COINTREAU



François  
Hériard Dubreuil  
*Chairman*



# From a Singular Position...



(\*) Group brands only; the size of the bubbles reflects the sales of the companies

Source: IWSR, Company Data



# ...To Global Leader in Exceptional Spirits

- An ambition which reflects its **heritage** and **know-how**:
  - A selective attitude to terroirs and materials
  - A craft-based, authentic know-how
  - A priceless heritage of aged spirits
  - A unique portfolio of singular spirits (history, know-how, positioning)
  - A shared culture of excellence
  - Constantly and boldly reinventing its heritage
- A portfolio of "**reference brands**" in each of its crafts



# Key Figures *(at 31 March 2015)*

		<i>Change</i>	
		<b>Published</b>	<b>Organic<sup>(**)</sup></b>
■ Sales	€965.1m	-6.4%	0.6%
<i>of which own brands</i>	€824.7m	4.6%	0.9%
■ Current operating profit	€156.0m	3.9%	13.5%
■ Current operating margin	16.2%	-	-
■ Net profit <i>(Group share)</i>	€92.6m	48.5%	72.2%
■ Net profit <i>(excluding non-recurring items)</i>	€94.6m	18.0%	32.3%
■ Net earnings per share <i>(Group share)</i>	€1.91	50.4%	
■ Net earnings per share <i>(excluding non-recurring items)</i>	€1.95	19.6%	
■ Net debt/EBITDA ratio:	2.64		

*(\*\*) Organic growth is calculated based on 2013/14 pro forma accounts and at constant exchange rates*



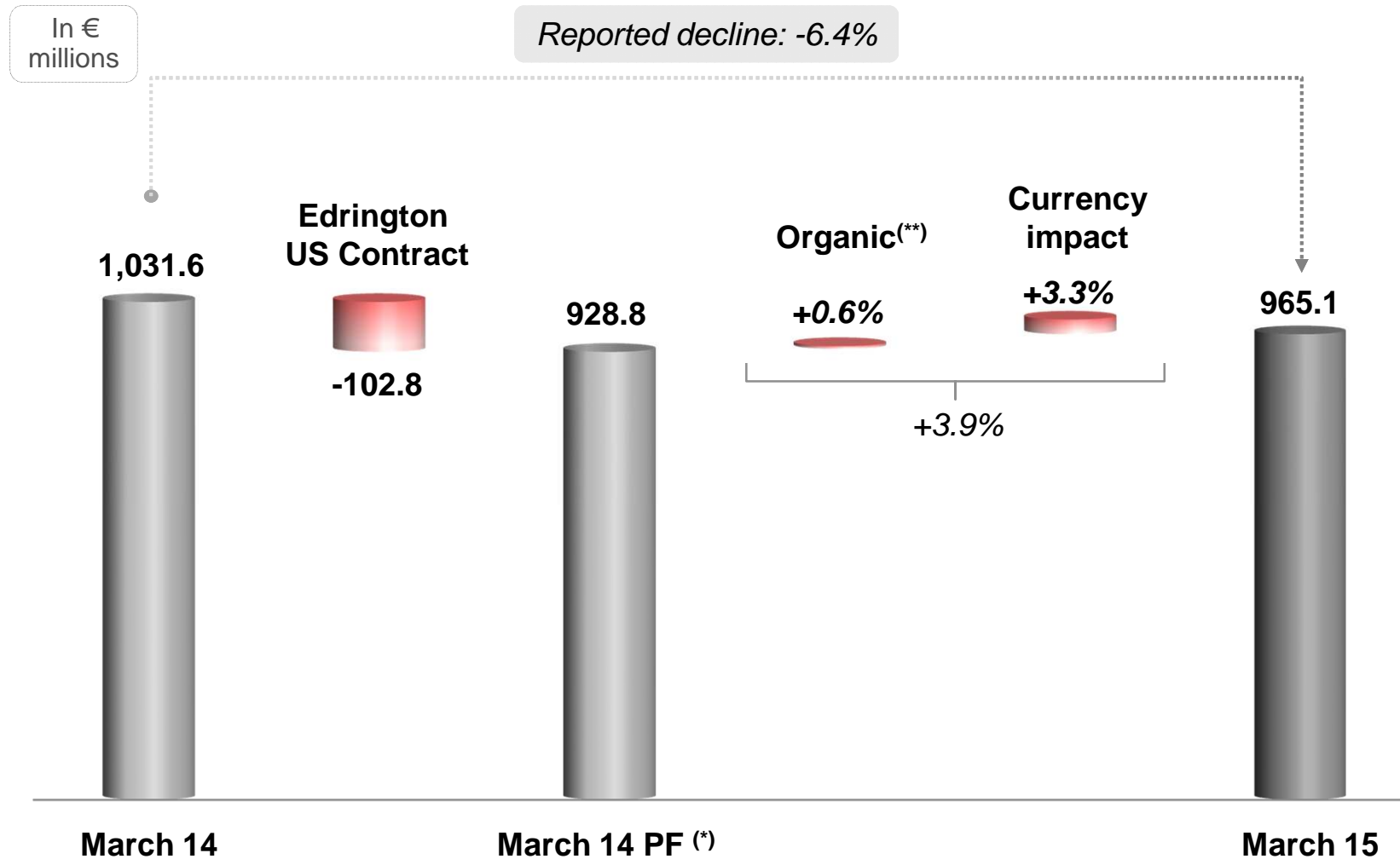
Valérie  
Chapoulaud-Floquet  
*Chief Executive Officer*

# Yearly Performance in Line with our Targets

- **0.6% organic sales growth:**
  - +3.0% excluding Greater China (continued destocking efforts in H1, negative mix)
  - Sustained growth in the Liqueurs & Spirits portfolio (+7.2%)
  - Excellent performance in the United States (the Group's largest market)
  
- **Current operating profit: organic growth of 13.5%:**
  - Benefits of price rises and efforts to move the portfolio upmarket
  - Prioritisation of marketing investment; closely controlled administrative expenses
  - Current operating margin of 16.2%, up 190bps on an organic basis
  
- **Net profit** (excluding non-recurring items) up 32.3% on an organic basis



# Group Sales



(\*) Pro forma 2013-14: excluding contribution of the Edrington distribution contract in the United States (which expired on 31 March 2014)

(\*\*) Organic growth is calculated based on 2013/14 pro forma accounts and at constant exchange rates





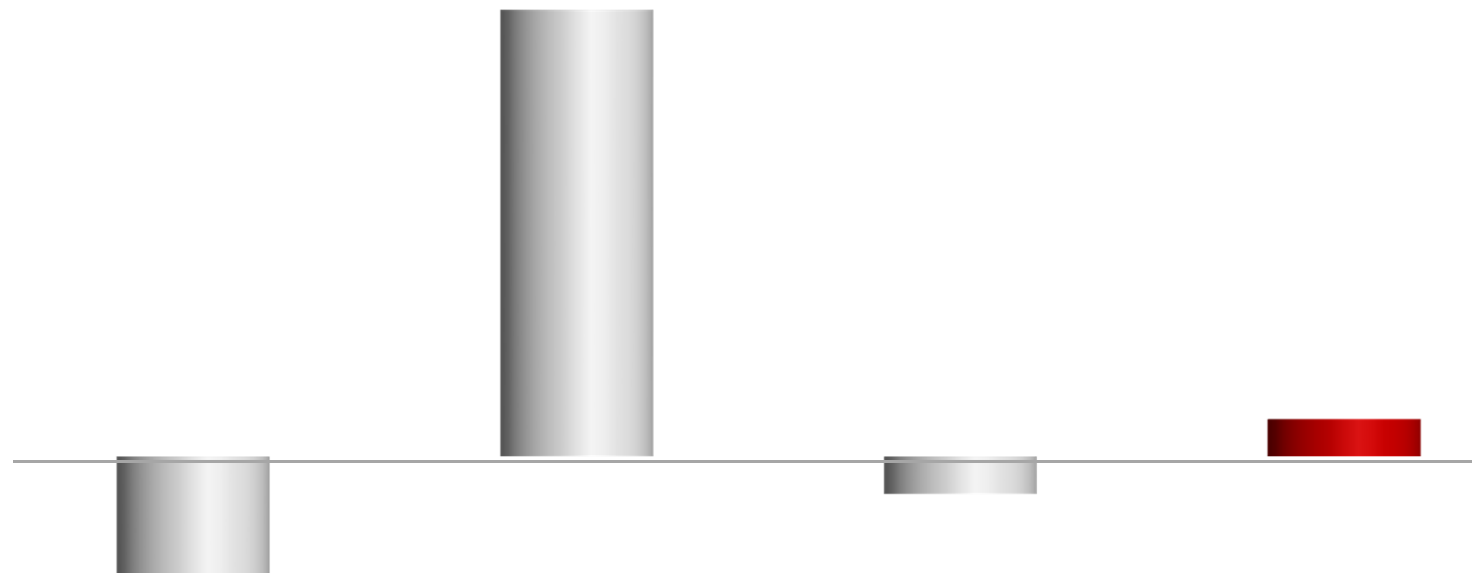
# Sales Growth by Product Division

Rémy Martin

Liqueurs & Spirits

Partner Brands

Group



<b>Organic (**)</b>	<b>-1.9%</b>	<b>+7.2%</b>	<b>-0.6%**</b>	<b>+0.6%**</b>
<i>Published</i>	<i>+2.5%</i>	<i>+9.5%</i>	<i>-42.2%</i>	<i>-6.4%</i>

(\*\*) Organic growth is calculated based on 2013/14 pro forma figures and at constant exchange rates

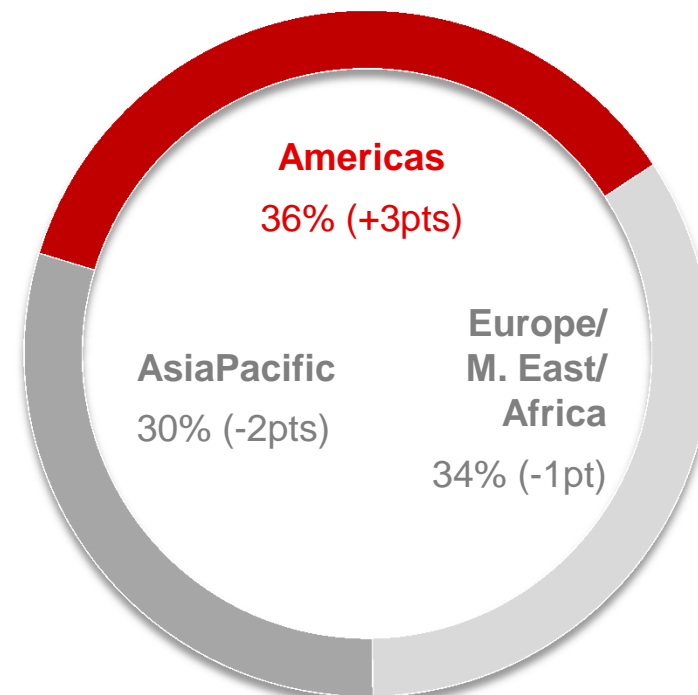
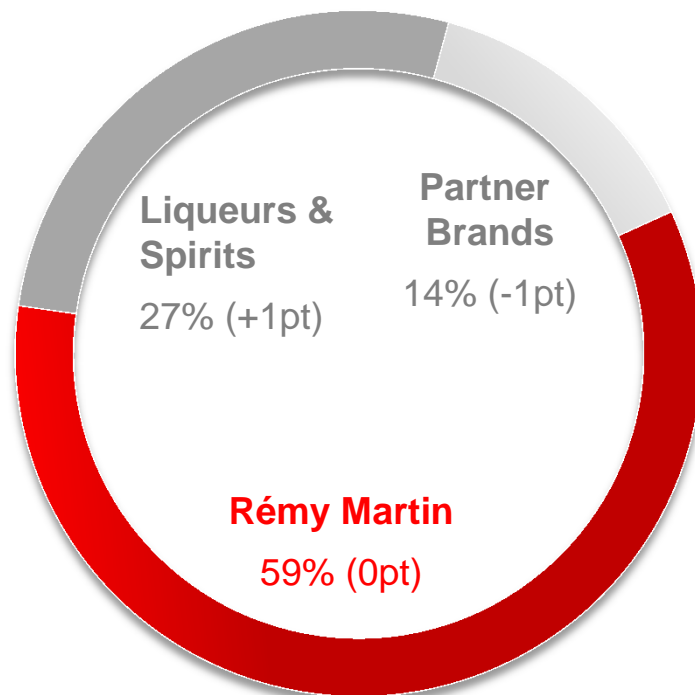


# Breakdown of Sales (1)

By division

By region

€965.1m



Note: Changes (in points) are calculated on a pro forma 2013-14 basis

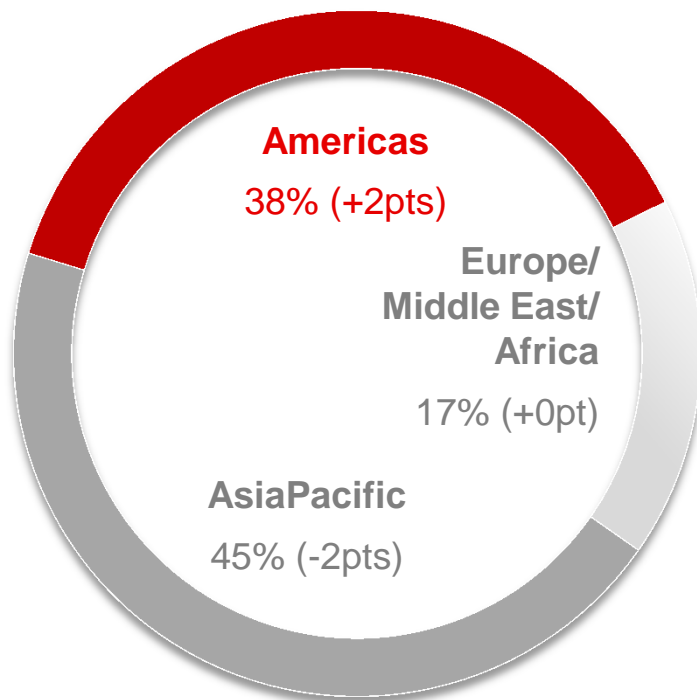
Annual Results for the year ended 31 March 2015



# Breakdown of Sales (2)

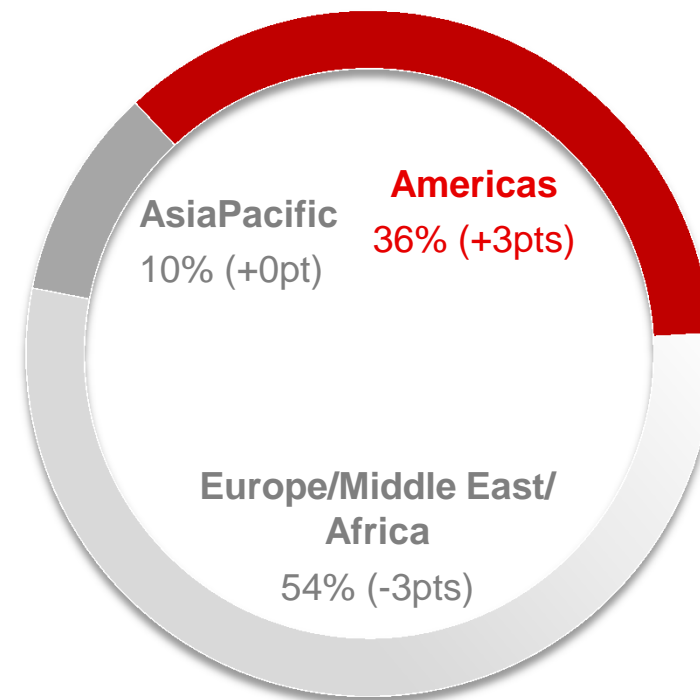
## Rémy Martin

€564.8m



## Liqueurs & Spirits

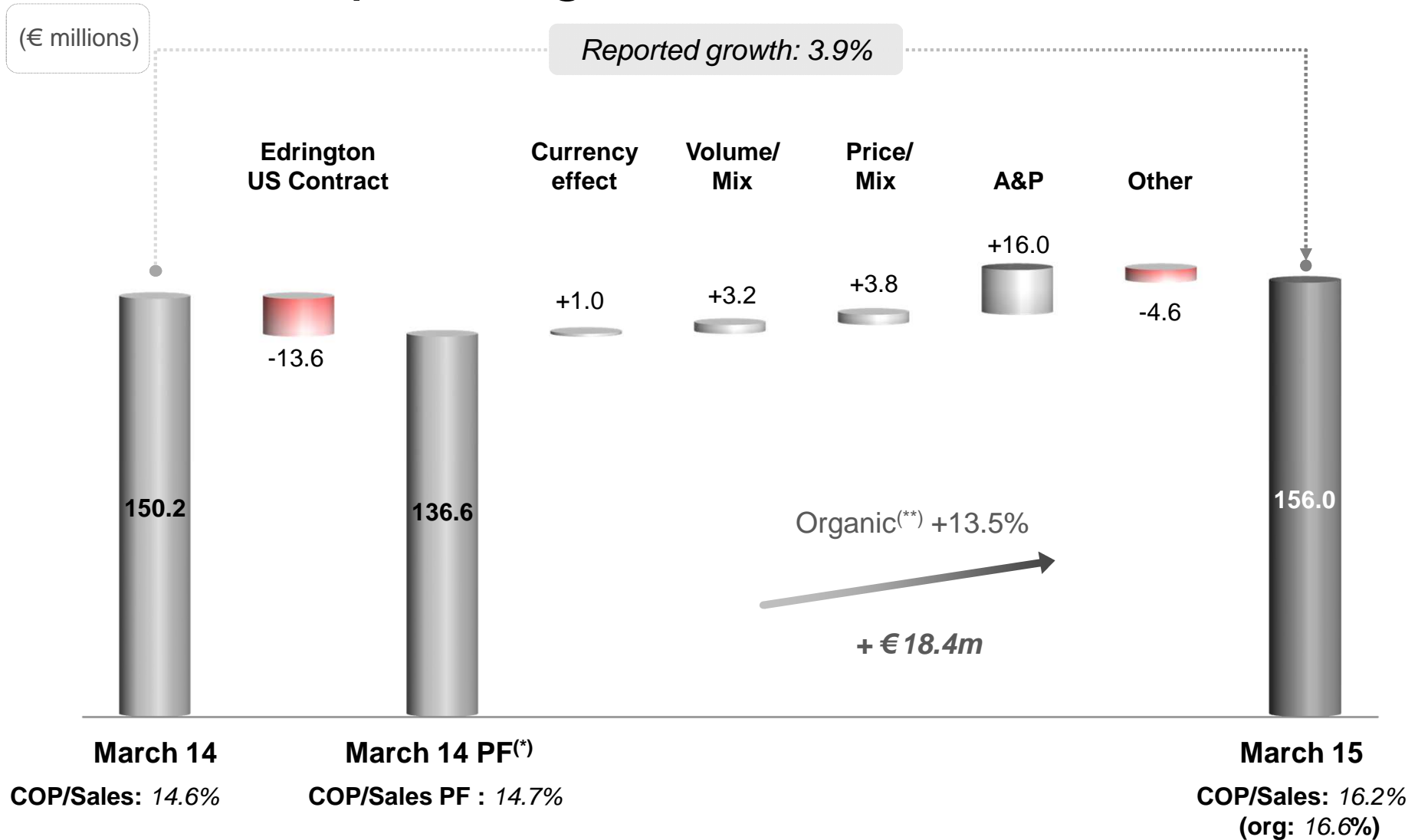
€259.9m



*Note: Changes (in points) are calculated on a pro forma 2013-14 basis*  
Annual Results for the year ended 31 March 2015



# Current Operating Profit



(\*) Pro forma 2013-14: excluding contribution of the Edrington distribution contract in the United States (at full cost)

(\*\*) Organic growth is calculated based on 2013/14 pro forma accounts and at constant exchange rates

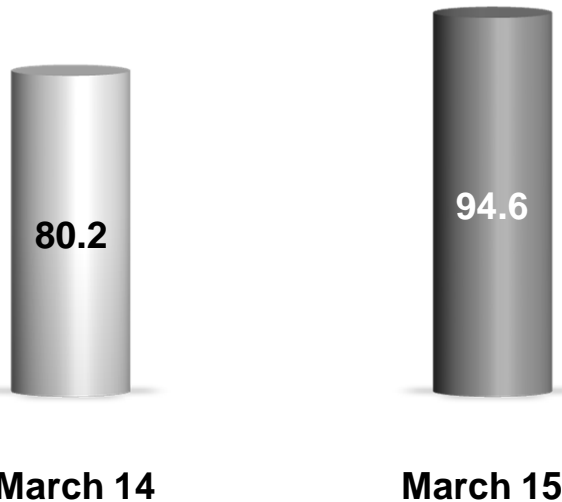


# Net Profit

(€ millions)

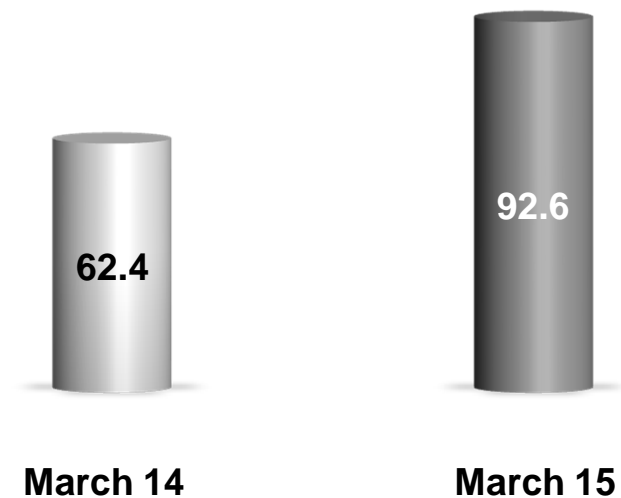
## Net profit excluding non-recurring items

**reported +18.0%**  
**+32.3% organic growth<sup>(\*\*)</sup>**



## Net profit – Group share

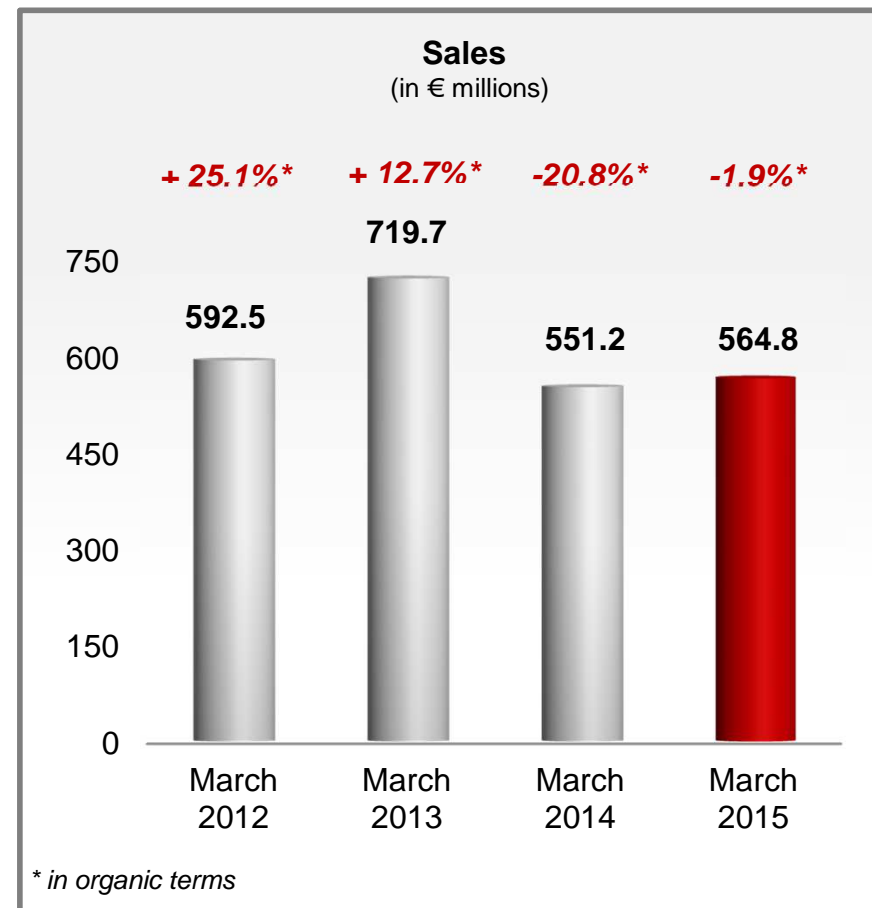
**Reported +48.5%**  
**+72.2% organic growth<sup>(\*\*)</sup>**



<sup>(\*\*)</sup> Organic growth is calculated based on 2013/14 pro forma accounts and at constant exchange rates

# Rémy Martin

- **Sales** decline of 1.9% in organic terms (volumes up 4.1%)
  - Buoyant demand in the US, Japan, Central Europe and Africa
  - Strategic withdrawal from the VS category in the US (-1pt)
  - Continued destocking in Greater China in H1



# Rémy Martin



**“Welcome tour” by  
the new cellar master,  
Baptiste Loiseau**



**La Maison Rémy Martin  
in London**

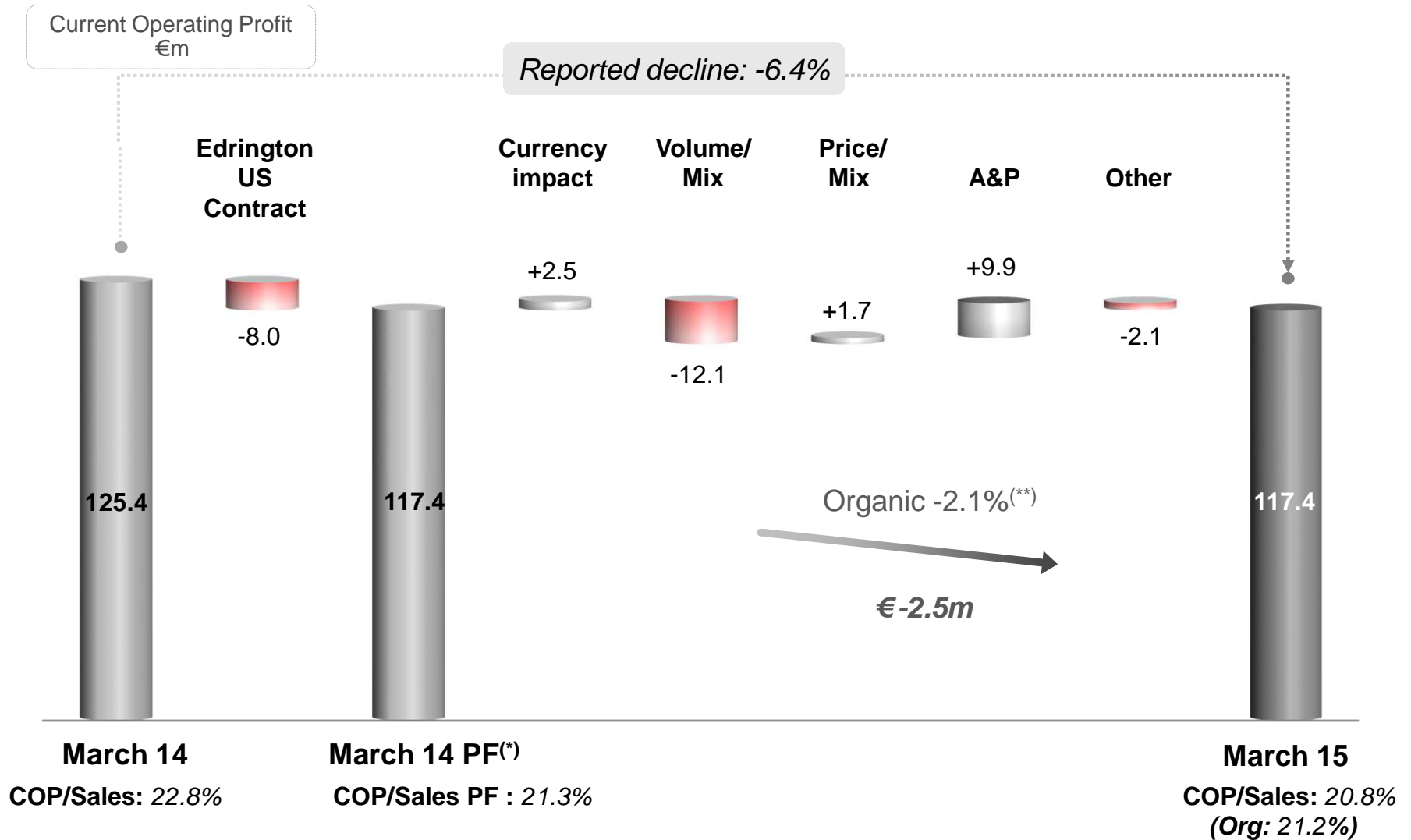


**Louis XIII: Quest for a Legend**

- Value and moving upmarket strategy (increased investments behind 1738 and Club)
- Educating consumers and increasing their loyalty
- Louis XIII : iconic status strengthened



# Rémy Martin



(\*) Pro forma 2013-14: excluding contribution of the Edrington distribution contract in the United States (at full cost)

(\*\*) Organic growth is calculated based on 2013/14 pro forma accounts and at constant exchange rates





# Liqueurs & Spirits

- **Sales** growth of 7.2% in organic terms (volumes up 1.0%)

- Cointreau

- Solid growth in its major markets, particularly in the United States

- Metaxa

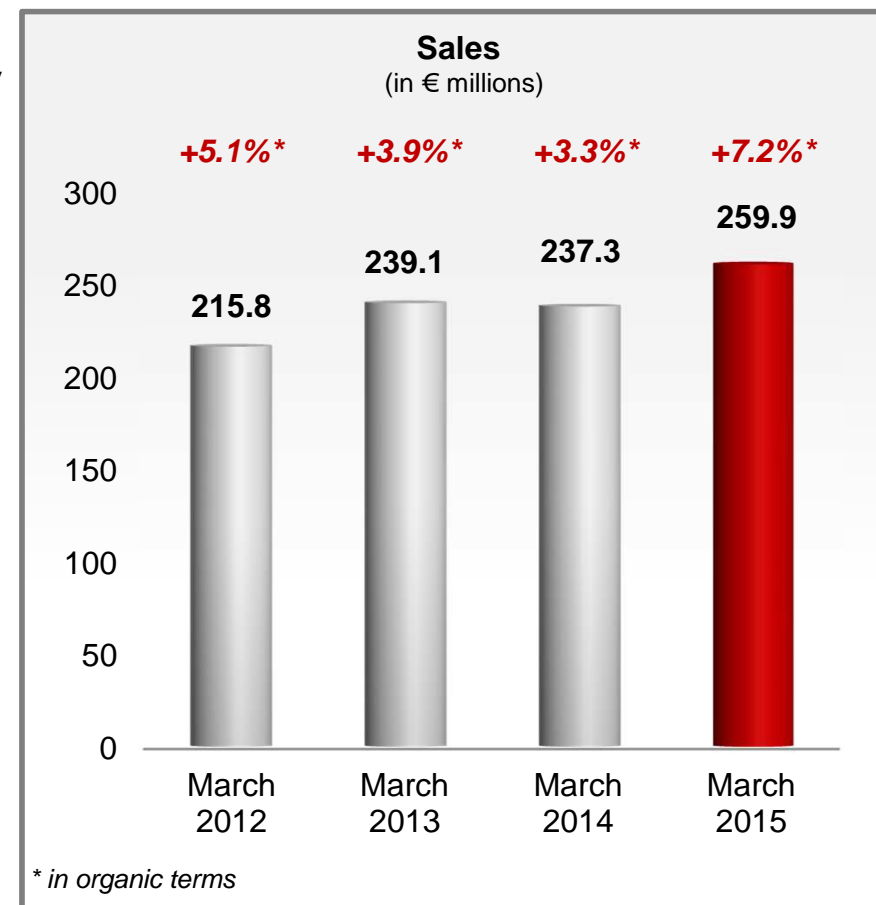
- Double-digit growth in Germany and Central Europe
- The Russian situation had a negative effect in H2

- Mount Gay

- Main markets growing well

- Bruichladdich/Botanist

- Sales have almost doubled





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# Liqueurs & Spirits

**Laetitia Casta: Creative director of the House of Cointreau internationally**

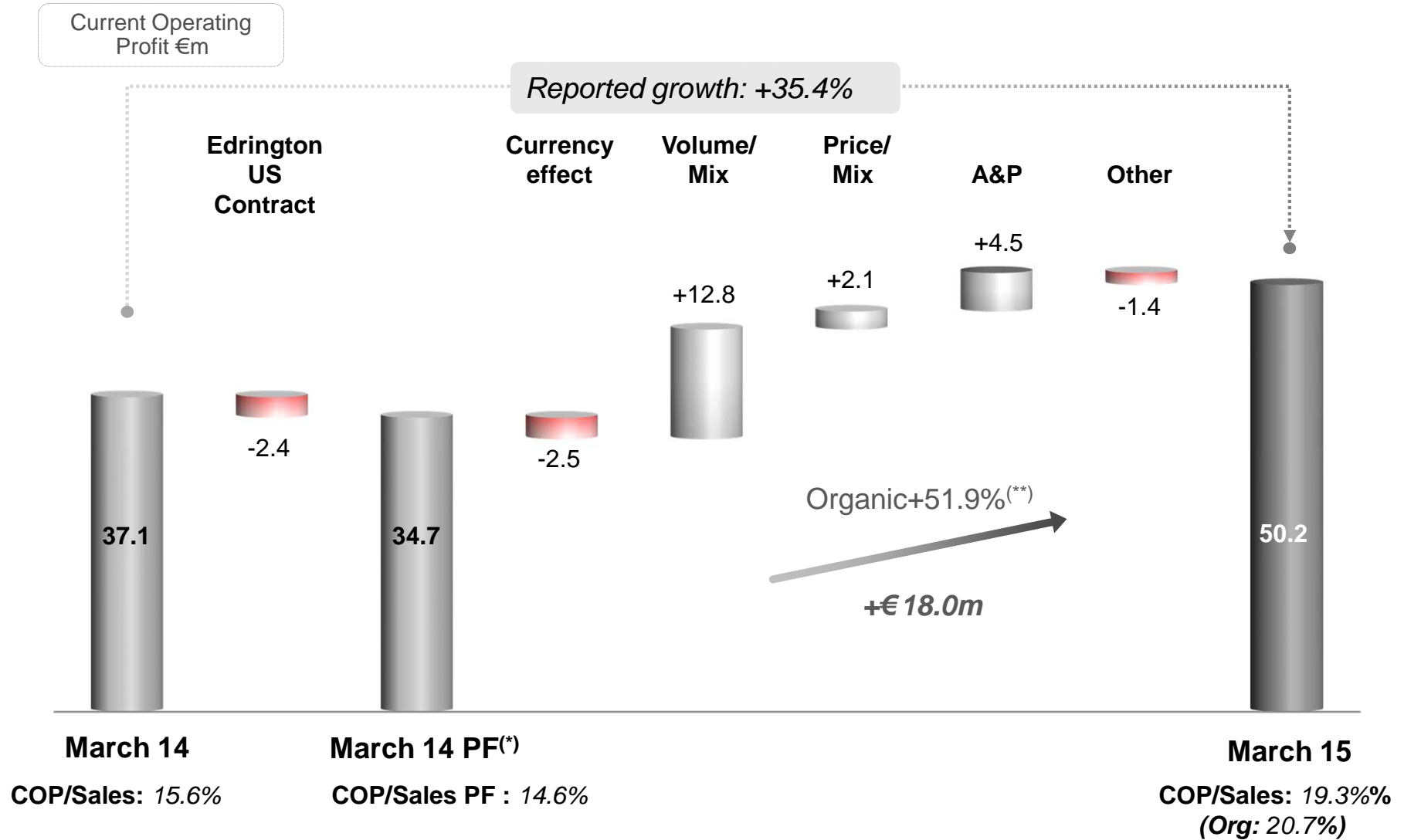


**Launch of Metaxa Honey Shot**





# Liqueurs & Spirits



(\*) Pro forma 2013-14: excluding contribution of the Edrington distribution contract in the United States (at full cost)

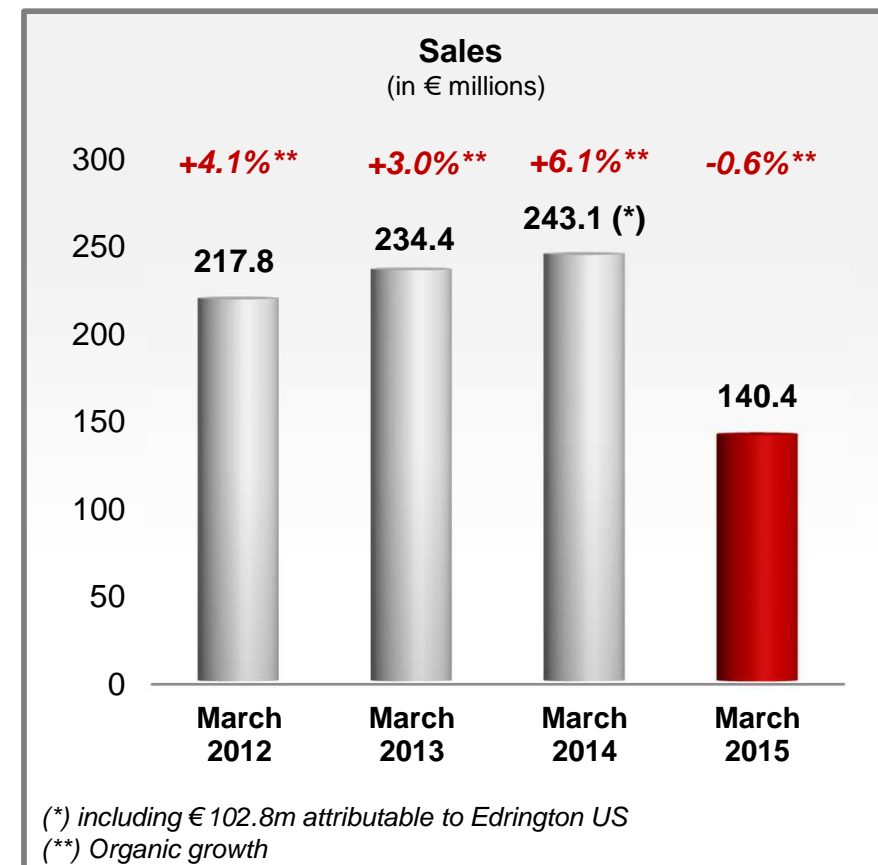
(\*\*) Organic growth is calculated based on 2013/14 pro forma accounts and at constant exchange rates



# Partner Brands

- Drop in **sales** of 0.6% in organic terms (volumes up 26.3%<sup>(\*\*)</sup>)

- Dynamism of the EMEA and Travel Retail regions
- Strong growth of third-party brands
- Decline in champagne sales

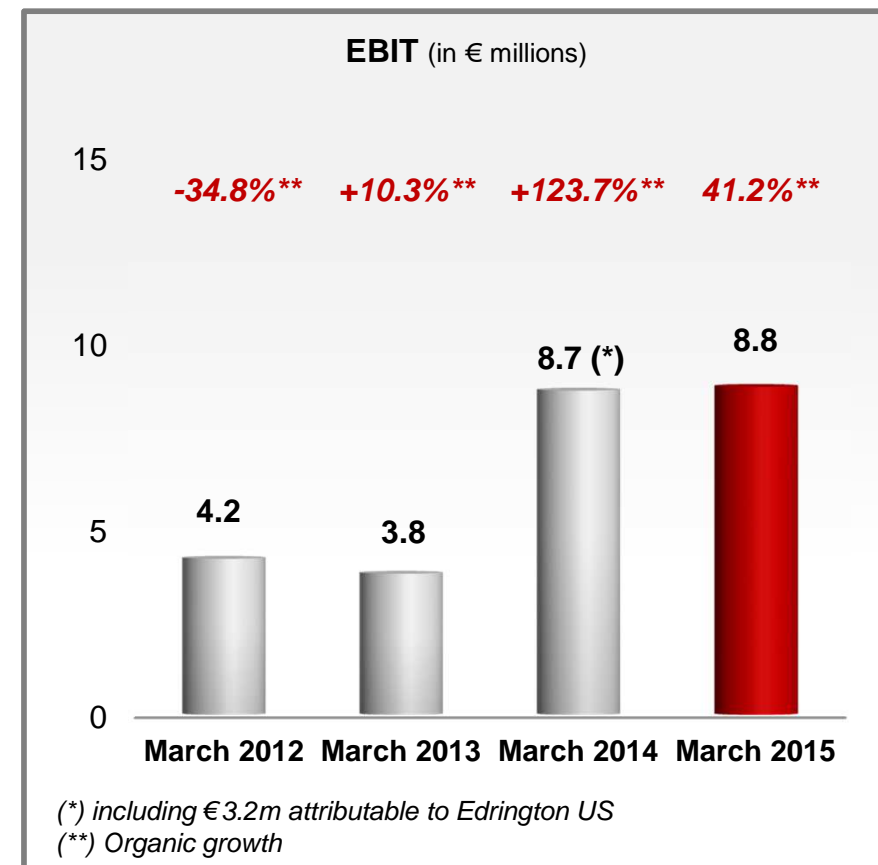




# Partner Brands

- **Current operating profit: €8.8m, up 41.2% in organic terms**

- Favourable product-mix effects
- Reallocation of A&P investments





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Luca Marotta

*Chief Financial  
Officer*



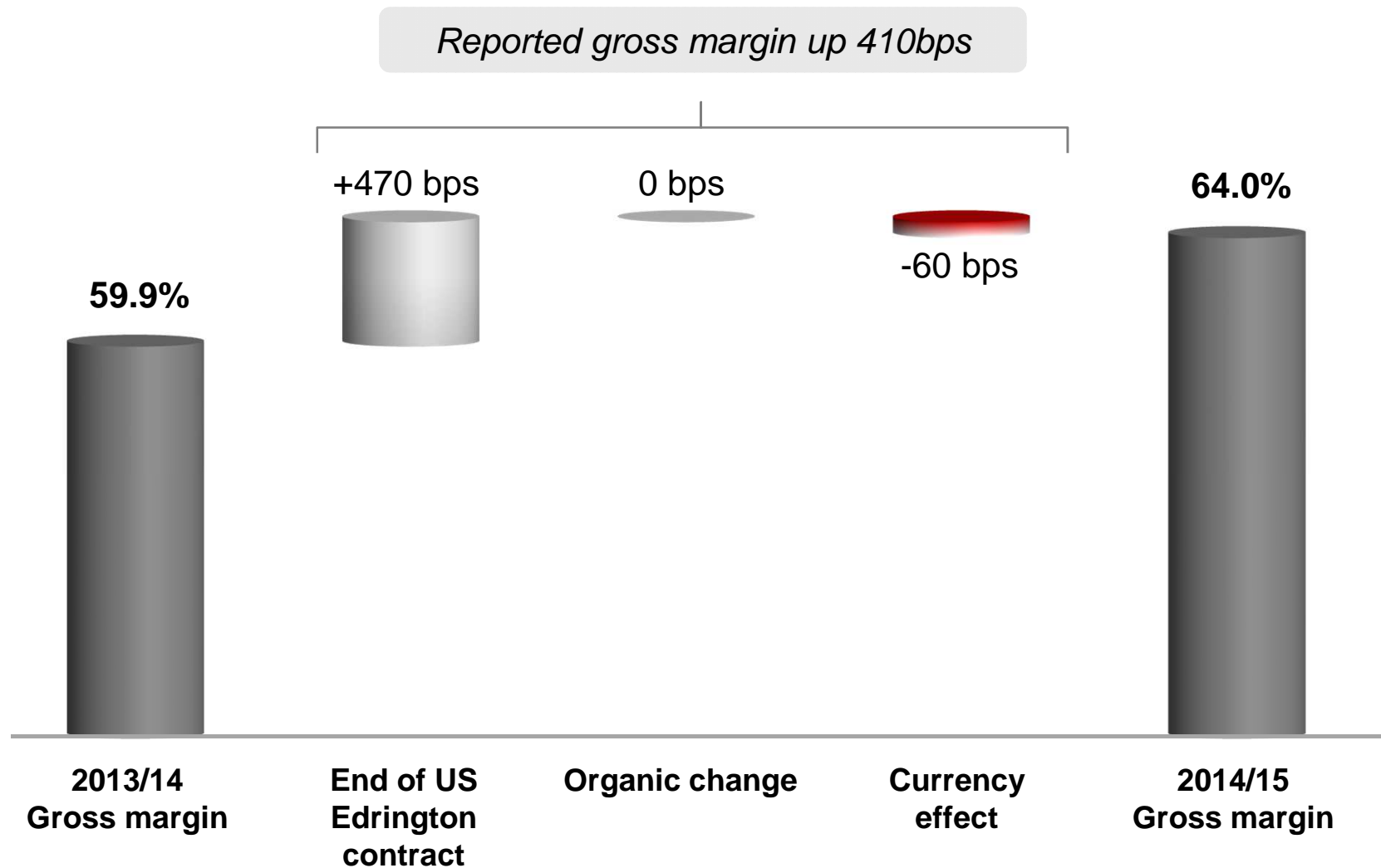
# Current Operating Profit

<i>(€ millions)</i>	<b>2014</b>	<b>2015</b>	<b>Change Published</b>	<b>Change Organic<sup>(**)</sup></b>
Sales	1,031.6	965.1	-6.4%	0.6%
Gross profit	618.2	618.1	0.0%	0.7%
as %	59.9%	64.0%	+410bps	+0bps
Sales and marketing expenses	(379.8)	(374.2)	-1.5%	-3.7%
Administrative expenses	(89.6)	(89.4)	-0.2%	-0.6%
Other income & expenses	1.4	1.5	-	-
<b>Current operating profit</b>	<b>150.2</b>	<b>156.0</b>	<b>3.9%</b>	<b>13.5%</b>
<b>Current operating margin</b>	<b>14.6%</b>	<b>16.2%</b>	<b>160bps</b>	<b>190bps</b>

<sup>(\*\*)</sup> Organic growth is calculated based on 2013/14 pro forma accounts and at constant exchange rates



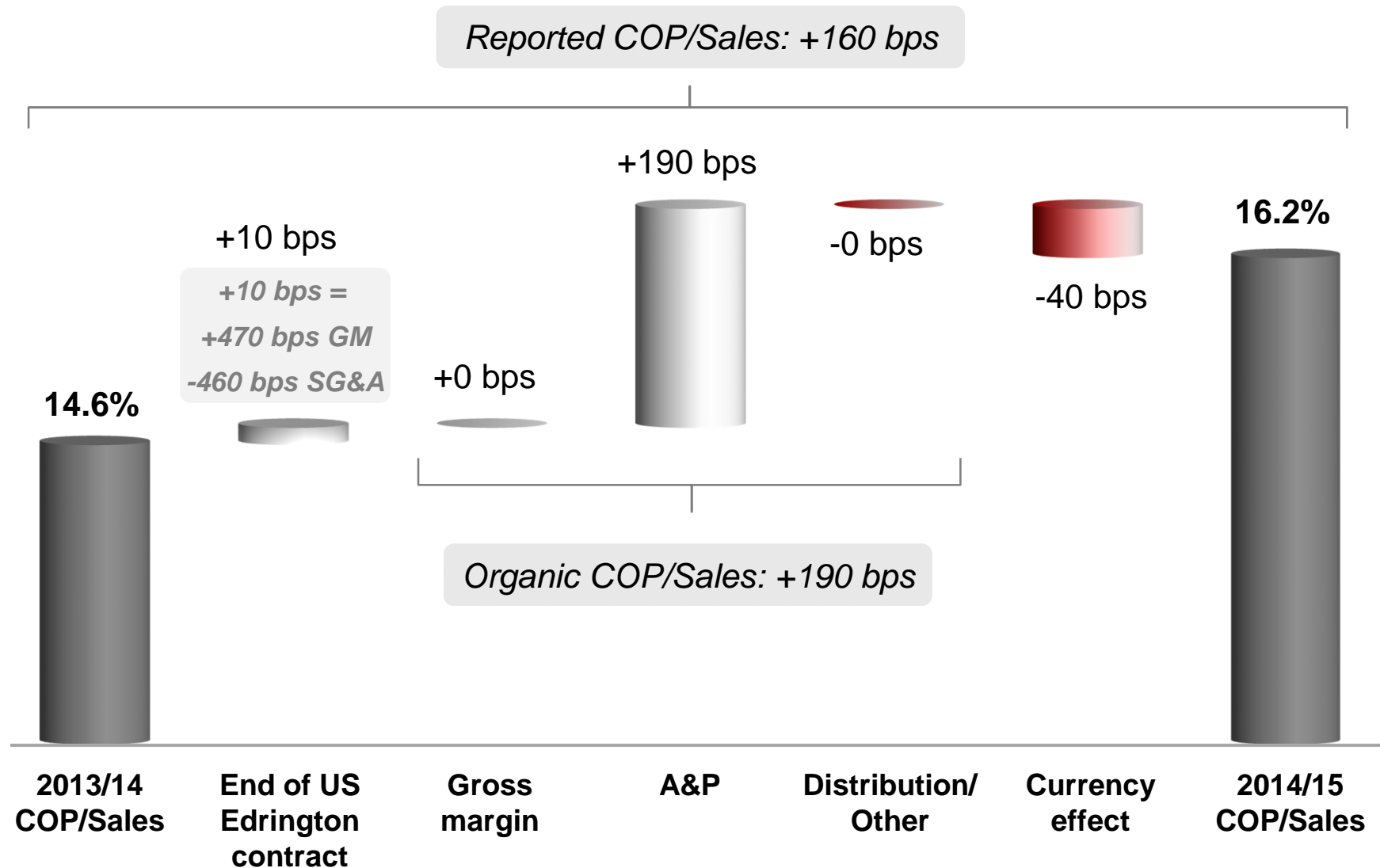
# Analysis of Gross Margin







# Current Operating Margin





# Net Profit

<i>(€ millions)</i>	<b>2014</b>	<b>2015</b>
Current operating profit	150.2	156.0
Other operating income/(expenses)	(4.9)	0.5
Operating profit	145.3	156.5
<b>Net financial charges</b>	<b>(26.2)</b>	<b>(29.7)</b>
Profit before tax	119.1	126.8
<b>Income tax</b>	<b>(45.8)</b>	<b>(33.5)</b>
Tax rate	38.5%	26.4%
Share in profit of associates	(10.9)	(0.7)
<b>Net profit – Group share</b>	<b>62.4</b>	<b>92.6</b>
<b>Net margin –Group share</b>	<b>6.0%</b>	<b>9.6%</b>
<b>Net profit (excluding non-recurring items)</b>	<b>80.2</b>	<b>94.6</b>
<b>Net margin (excluding non-recurring items)</b>	<b>7.8%</b>	<b>9.8%</b>



# Net Debt/Cash Flow

<i>(€ millions)</i>	<b>2014</b>	<b>2015</b>	<b>Change</b>
<b>Net financial debt at 1 April 2014</b>	<b>(265.5)</b>	<b>(413.5)</b>	<b>(148.0)</b>
Gross operating profit (EBITDA)	171.5	178.2	6.7
WCR of eaux-de-vie and spirits in ageing process	(80.8)	(38.0)	42.8
Other WCR items	19.1	(41.4)	(60.5)
Capital expenditure	(42.2)	(36.8)	5.4
Income tax	(77.0)	(24.3)	52.7
Dividends	(69.3)	(48.0)	21.3
Acquisitions / Asset disposals	37.4	1.7	(35.7)
Buyback of own shares	(75.9)	-	75.9
Financing expenses, translation differences and other	(30.9)	(44.5)	(13.6)
<b>Total cash flow for the period</b>	<b>(148.0)</b>	<b>(53.1)</b>	<b>94.9</b>
<b>Net financial debt at 31 March 2015</b>	<b>(413.5)</b>	<b>(466.6)</b>	<b>(53.1)</b>
<b><i>A Ratio (net debt/EBITDA)</i></b>	<b>2.09</b>	<b>2.64</b>	

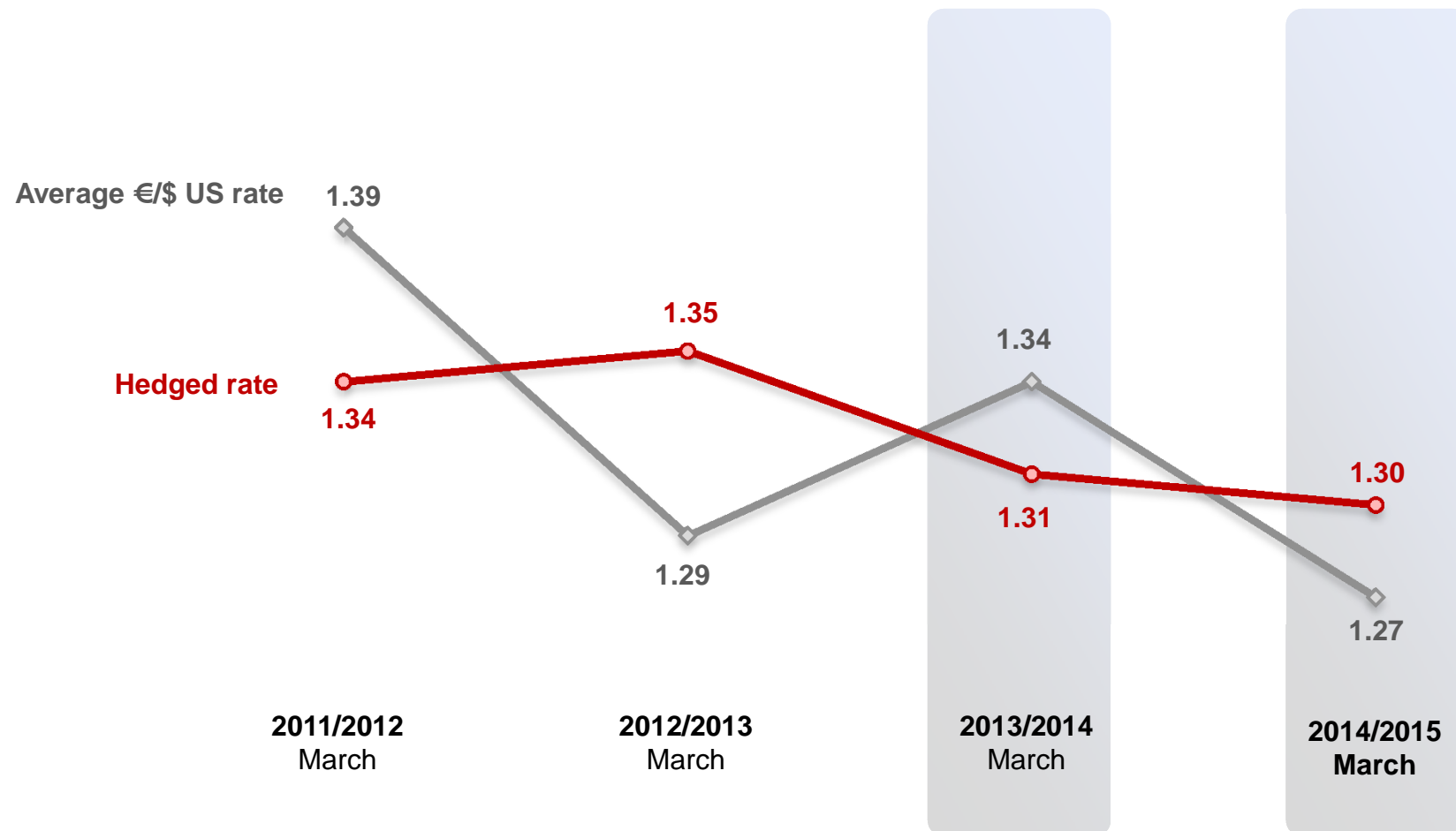


# Breakdown of Financial Charges

<i>(€ millions)</i>	<b>2014</b>	<b>2015</b>
Cost of gross financial debt	(26.4)	(26.8)
Investment income	3.7	2.9
<b><i>Sub-total</i></b>	<b>(22.7)</b>	<b>(23.9)</b>
Change in value of the portfolio of interest rate hedging instruments	(0.1)	(0.1)
Currency gains (losses)	-	(2.0)
Other financial charges (net)	(3.4)	(3.7)
<b>Net financial charges</b>	<b>(26.2)</b>	<b>(29.7)</b>



# Foreign Exchange Hedging Impact





# Balance Sheet at 31 March 2015

## Assets

## Equity & Liabilities

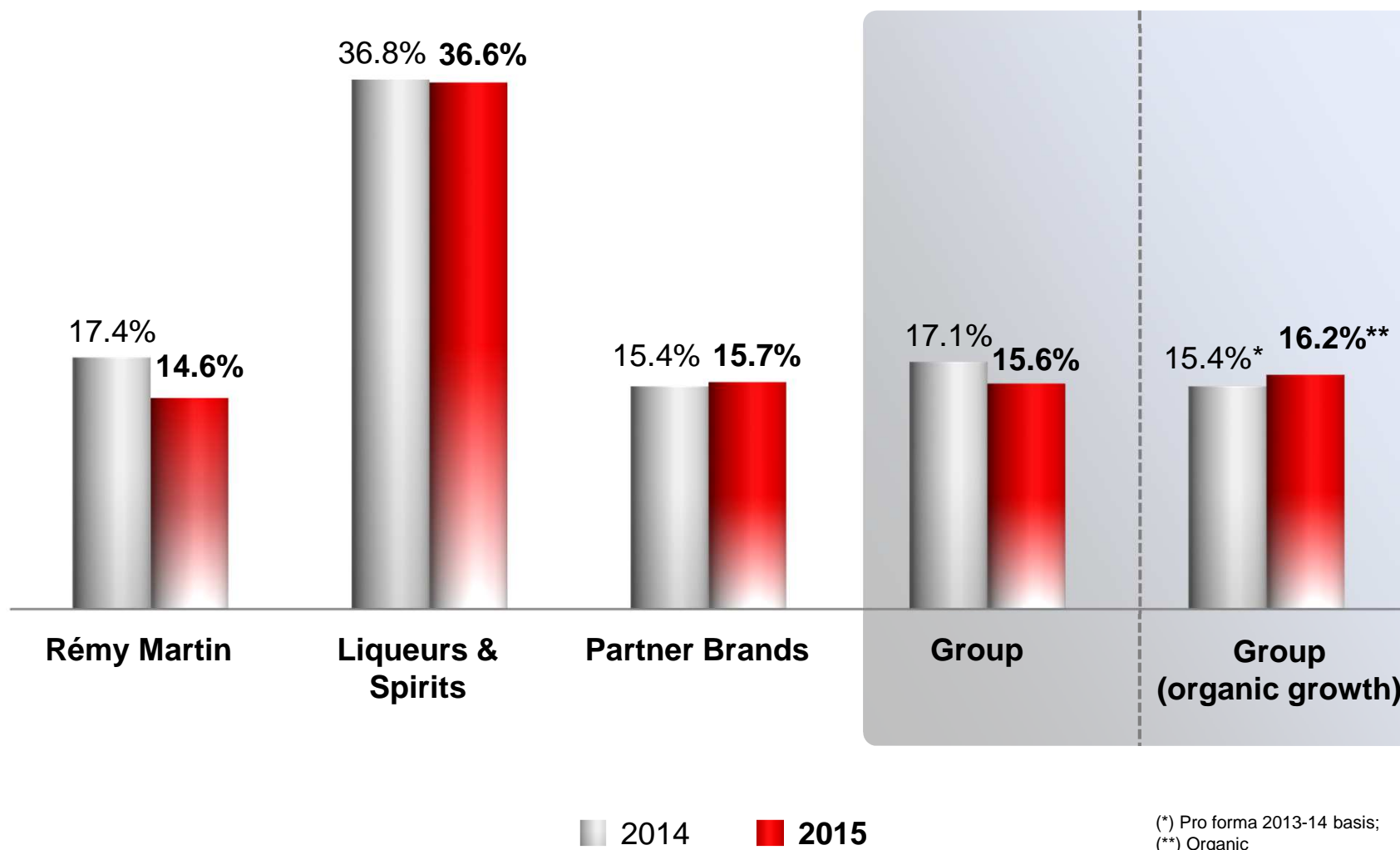
(€  
millions)

	2014	as %	2015	as %		2014	as %	2015	as %
<b>Non current assets</b>	835	37%	<b>889</b>	<b>38%</b>	<b>Equity</b>	1,012	45%	<b>1,076</b>	<b>46%</b>
<b>Current assets</b>	1,257	55%	<b>1,376</b>	<b>59%</b>	<b>Current and non-current liabilities</b>	666	29%	<b>722</b>	<b>31%</b>
<i>of which inventories</i>	1,025	45%	1,109	47%	<b>Gross financial debt</b>	600	26%	<b>541</b>	<b>23%</b>
<b>Cash &amp; CE</b>	186	8%	<b>74</b>	<b>3%</b>					
<b>Total Assets</b>	<b>2,278</b>	<b>100%</b>	<b>2,339</b>	<b>100%</b>	<b>Total Liabilities</b>	<b>2,278</b>	<b>100%</b>	<b>2,339</b>	<b>100%</b>
<b>Inventories</b>		<b>45%</b>		<b>47%</b>	<b>Net gearing ratio</b>		<b>41%</b>		<b>43%</b>

# ROCE

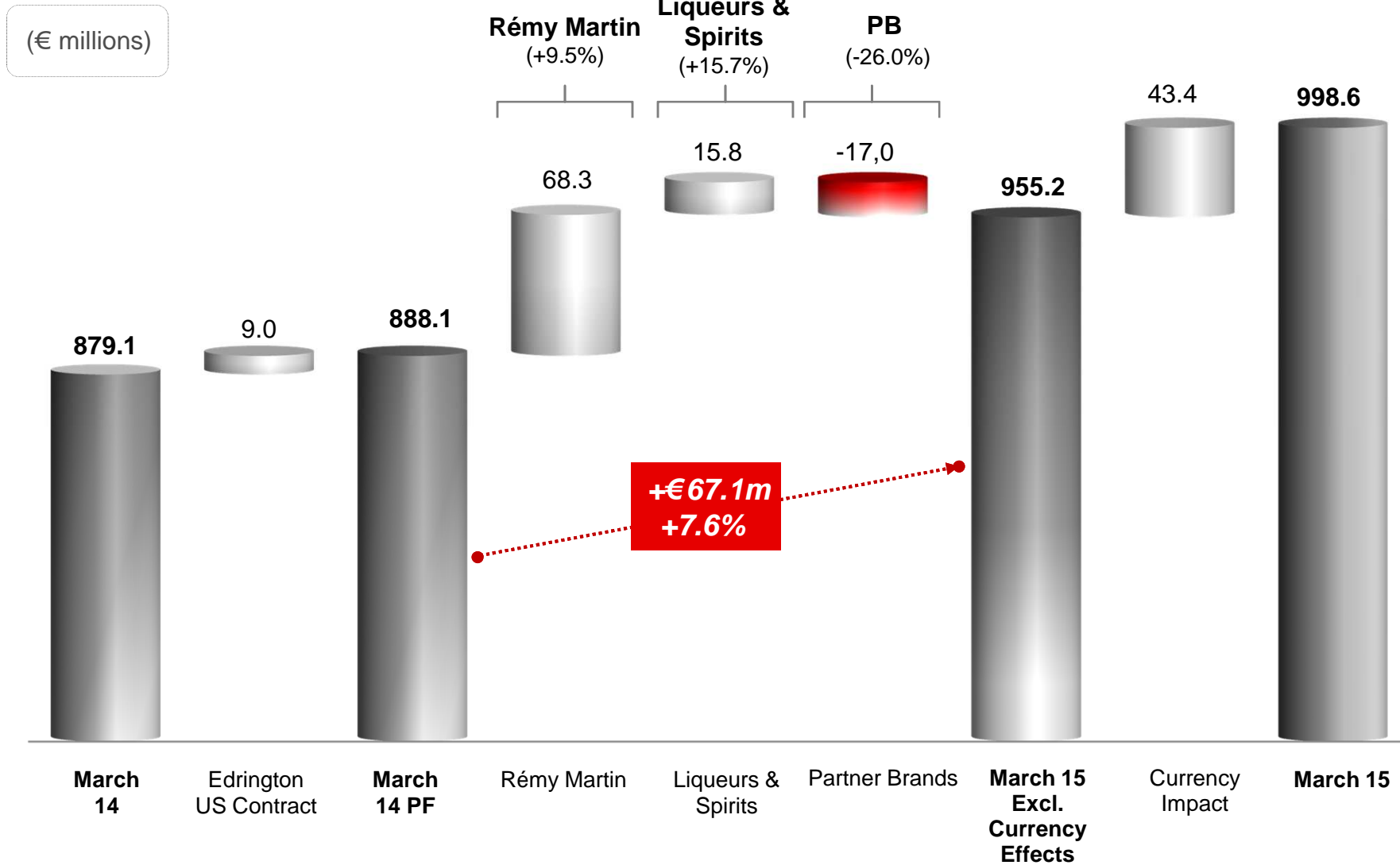


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# Change in Capital Employed







# Highlights of 2014/15

- **11 April 2014** → Signature of an amendment and an extension to the €255m revolving credit facility at a lower cost and with a maturity extended to April 2019
- **30 May 2014** → Acquisition of a distillery in Barbados. This US\$9.5m transaction will provide Mount Gay Rum with an increased production capacity
- **15 September 2014** → Global Compact (established by the United Nations based on 10 CSR principles) has awarded the Rémy Cointreau Group "GC Advanced" level, the highest level
- **30 January 2015** → Acquisition of a sugar cane plantation in Barbados for \$4.85m
- **27 February 2015** → €80.0m bond issue, via private placement, offering maturity of 10 years and an interest rate of 2.945%



# Events after the reporting period

## ■ July 2015

→ A dividend of €1.53 per share, with a cash or share option (for all dividends paid out) will be put to the vote of the shareholders at the Shareholders' Meeting of 29 July 2015.

In €	2011/12	2012/13	2013/14	2014/15
Dividend	1.30	1.40	1.27	1.53
Exceptional dividend	1.00	-	-	-



# Mid/Long-Term Strategic Plan

Valérie  
Chapoulaud-Floquet

*Chief Executive Officer*

# Our Long-Term Vision...



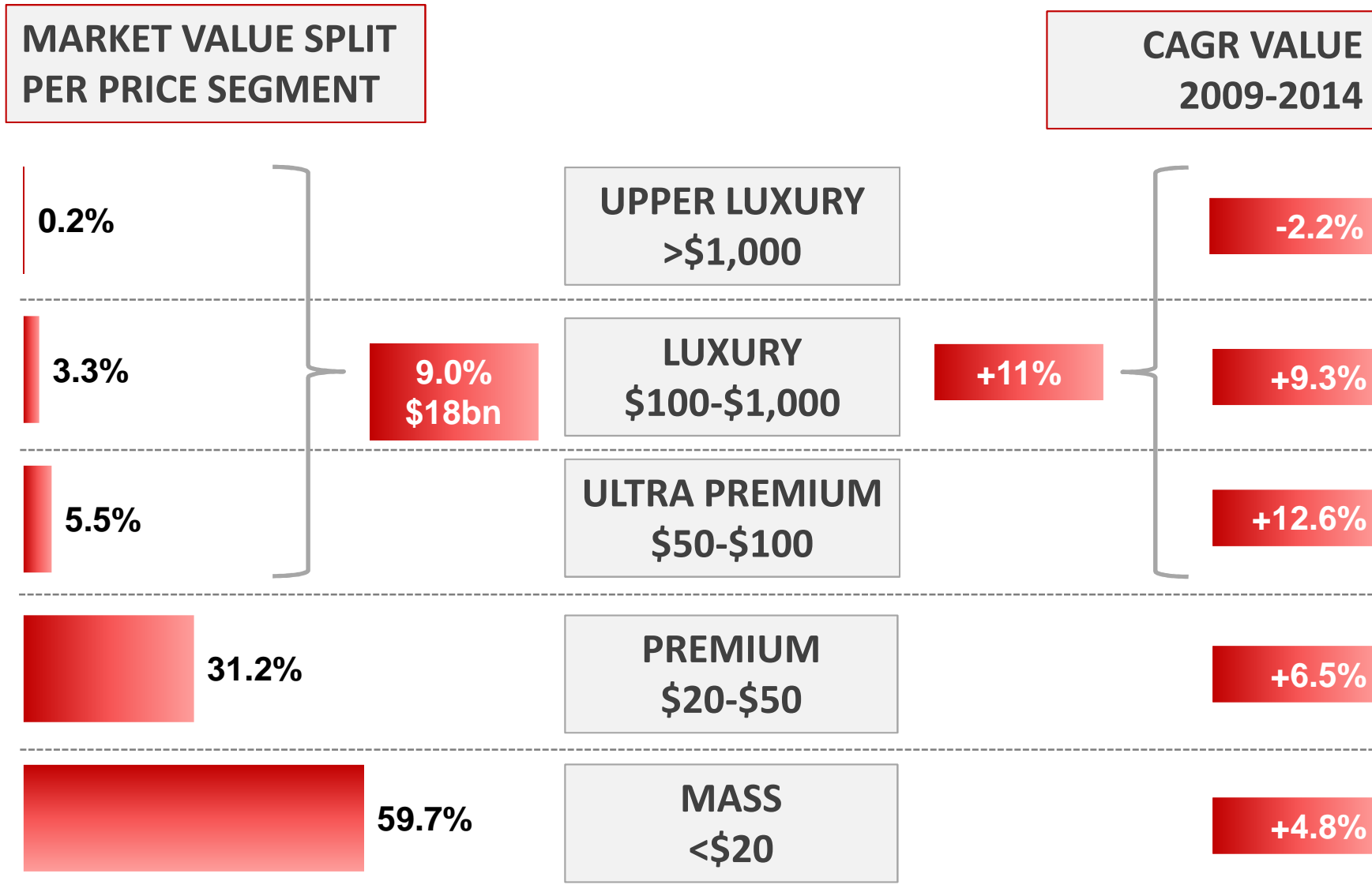
RÉMY COINTREAU

*To become the global leader  
in Exceptional Spirits (>USD50)*

# Spirits >USD50: a Fast-Growing Segment



RÉMY COINTREAU



Source: IWSR, Company Data – Global international spirits market estimated at around USD200bn

# A Portfolio of Singular Brands



RÉMY COINTREAU

	COGNAC	LIQUEURS	WHISKY	RUM	GIN	BROWN SPIRITS
--	--------	----------	--------	-----	-----	---------------

Upper  
Luxury  
>\$1000



Luxury  
\$100-1000



Ultra  
Premium  
\$50-100



Premium/  
Mass  
<\$50





# Our Six Strategic Drivers (1)

## 1. Build on the singular positioning of each of our brands:

- **Reference spirits** in each of our product families
- **Enhanced** creativity by the Maisons
- **New communication platforms**: Rémy Martin, Louis XIII and Cointreau

## 2. Diversify growth drivers

- **Growing contribution from our progressive brands** : Mount Gay, Bruichladdich & The Botanist
- Geographical diversification of the **Louis XIII** brand

## 3. Developing a special emotional relationship with our customers

- **Raise awareness**: Develop a direct, personal and emotional link, by increasing investments in media and digital
- **Educate**: Reinforce teams of Brand Ambassadors and private events
- **Build loyalty**: Specific programmes and development of CRMs



# Our Six Strategic Drivers (2)

- 4. Optimise the distribution network in line with portfolio evolution**
  - Support the growth in **private consumption** by our target clientèle
  - Invest in **newer markets**: Africa, South East Asia, Latin America
  
- 5. Simplify the organisation to make it more agile and responsive**
  - **Bring management closer** to the brands and the markets
  - Improved **talent management**
  
- 6. Step up Social and Environmental Responsibility within the strategy**
  - 3<sup>rd</sup> and final year of the **2015 CSR plan** and **preparation of the 2020 plan**





# Financial Objectives by 2019/20

- **Exceptional Spirits (>USD50) will account for 60-65% of the Group's sales (vs. 45% in 2014/15)**
- **Current Operating Margin will reach 18-20% at constant scope and exchange rate**

# 2015/16 Outlook



RÉMY COINTREAU

- In an environment which remains uncertain and mixed...
- ...The Group is confident in its acceleration strategy of moving upmarket
- Positive growth in current operating profit, at constant exchange rates and scope, in 2015/16



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## Q&A



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