RÉMY COINTREAU

9 December 2004

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004

Highlights

- Turnover: organic growth of 6.3%
- Operating profit: organic growth of 18.6%

The key data for the first six months of the year confirms the impact of the value strategy adopted by the Group and the relevance of the brands' top of the range positioning. Rémy Cointreau recorded a solid improvement in its performance in the six months under review.

All the Group's major brands achieved growth in their principal markets:

- Rémy Martin in China and the US
- Cointreau in the US
- Piper-Heidsieck champagne international sales recovered strongly in the second quarter
- Bols Vodka in Poland.

Price increases, sustained marketing expenditure and the acceleration of innovation, combined with the effectiveness of operating economies, resulted in the improvement of the Group's operating profitability. Debt and financial charges decreased.

However, Rémy Cointreau's organic performance, achieving over 50% of its sales outside the Euro zone, has been offset by a negative exchange rate effect, despite the Group's efficient hedging policy.

Key figures

(€m)	**30.09.04**	**30.09.03 (pro-forma)***	**Change (published)**	**Organic Growth**
Turnover	**422.4**	414.3	+2.0	+ 6.3
Operating profit	**68.7**	72.0	(4.6)	+18.6
Financial costs	**(27.0)**	(33.1)	(18.4)	(21.5)
Net profit on ordinary activities	**28.8**	24.1	+19.5	+66.4
Net profit	**20.5**	35.4	(42.1)	(10.2)
Earnings per share on ordinary activities (€)	**0.65**	0.55		

**The pro forma data at 30 September 2003 has been restated for the co-operatives for ageing eaux-de-vie, consolidated at 31 March 2004, with effect from 1 April 2003, in accordance with the French Law on Financial Security.*

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Divisional analysis of operating profit

(€m)	30.09.04	30.09.03	% Organic Growth
Cognac	**47.4**	56.3	+ 7.8
Liqueurs	**22.2**	19.5	+26.4
Spirits	**24.9**	22.0	+19.7
Champagne	**3.8**	5.9	(18.6)
Partner brands	**7.3**	7.1	+ 8.5
Total operations	**105.6**	110.8	+12.0
Distribution and central expenses	**(36.9)**	(38.8)	-
Operating profit	**68.7**	72.0	+18.6

Cognac – Sales of Rémy Martin increased by 8.6%. This growth was sustained by strong demand in Asia and the US for top of the range qualities. The operating profit of €47.4 million, which includes an unfavourable exchange rate impact of €13.3 million, represented organic growth of 7.8%. The reported operating margin was 30.4% due to increased advertising and marketing expenditure compared with the previous year.

Liqueurs – The strong growth by Cointreau in Asia and the US offset the weakness of the European markets. Overall sales rose by 2.8%. Operating profit showed organic growth of 26.4% and the reported operating margin grew to 28.1% compared with 24.7% the previous year, reflecting actions taken to optimise divisional fixed expenses and marketing costs.

Spirits – The organic sales growth of 7.8% is a result of contrasting trends. The most notable increases were achieved by Bols Vodka in Poland, Mount Gay Rum, which was driven by innovation in the US, and Metaxa in Eastern Europe. Against this background, divisional operating profit grew by 13.2% (organic growth of 19.7%). The operating margin also increased to 29.3% from 26.6% the previous year, due to higher prices and efficient cost control.

Champagne – After a difficult start to the year, sales recovered in the second quarter, with organic growth of 2.1% for the six months under review. Sales of Piper-Heidsieck (+7.9%) were particularly dynamic, sustained by an extension to the range and increased international sales. The effect of currency movements and a high level of advertising and marketing expenditure at the start of the year adversely affected the operating margin, which fell to 7%, and led to a decline in operating profit.

Partner Brands – Sales and operating profits achieved organic growth of 7% and 8.5% respectively.

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Consolidated results

Turnover rose by 2% to €422.4 million. On a like-for-like basis, growth was 6.3%.

Operating profit amounted to €68.7 million, a decline of €3.3 million, after inclusion of a negative currency effect of €16.7 million. On a like-for-like basis, organic growth for the period was 18.6%.

The operating margin was 16.3%, an increase of 2 points at constant exchange rates, representing 19.5% in organic margin.

Financial costs were €27.0 million, an improvement of €7.1 million, reflecting a lower level of debt and a decline in interest rates.

Net profit on ordinary activities increased by 19.5% to €28.8 million. This took into account a lower tax rate as well as an increase in the contribution by Maxxium to the share in profit of associated companies.

Exceptional expenses were a charge of €8.2 million after tax. These included the cost of the reorganisation measures undertaken in The Netherlands. The exceptional income of the previous year included the capital gain on the disposal of Saint James rum.

Net profit after non-recurring items was €20.5 million.

Financial structure

Net financial debt, including the perpetual subordinated loan notes, was €894.6 million, a reduction of €69 million compared with the previous year. This was mainly due to an improvement of €37 million in operating cash flow.

Outlook

Against a difficult exchange rate environment, Rémy Cointreau has again demonstrated its determination to grow the business.

The Group maintains its objective of double-digit growth in operating profit for the 2004/05 financial year.

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