



RÉMY COINTREAU

Preliminary Results
Year ended 31 March 2004

London, 11 June 2004

2003/04: Respond and React

➤ **Against an unfavourable background**

- **Adverse impact due to political environment and health concerns (SARS) in Q1**
- **Contrasting situation in Europe**
- **Dollar/Euro parity**

➤ **Positive market trends**

- **Confirmation of anticipated growth in Asia**
- **Dynamism of American market**



Marked improvement in organic growth since Q1



2003/04: Respond and React

➤ **React on value**

- **Prices maintained and targets increased**
- **High level of marketing investment**
- **Continuation of innovation to move up the value chain**



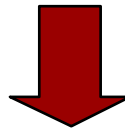
Effective steps taken to improve margins



2003/04: Respond and React

➤ Optimise cost structure

- Operating improvement: convincing results of *Supply Chain* action
- Reduced general expenses
- Debt restructured: lower financial costs
- Proactive balance sheet management: asset disposals – Equity swap



Improved competitiveness



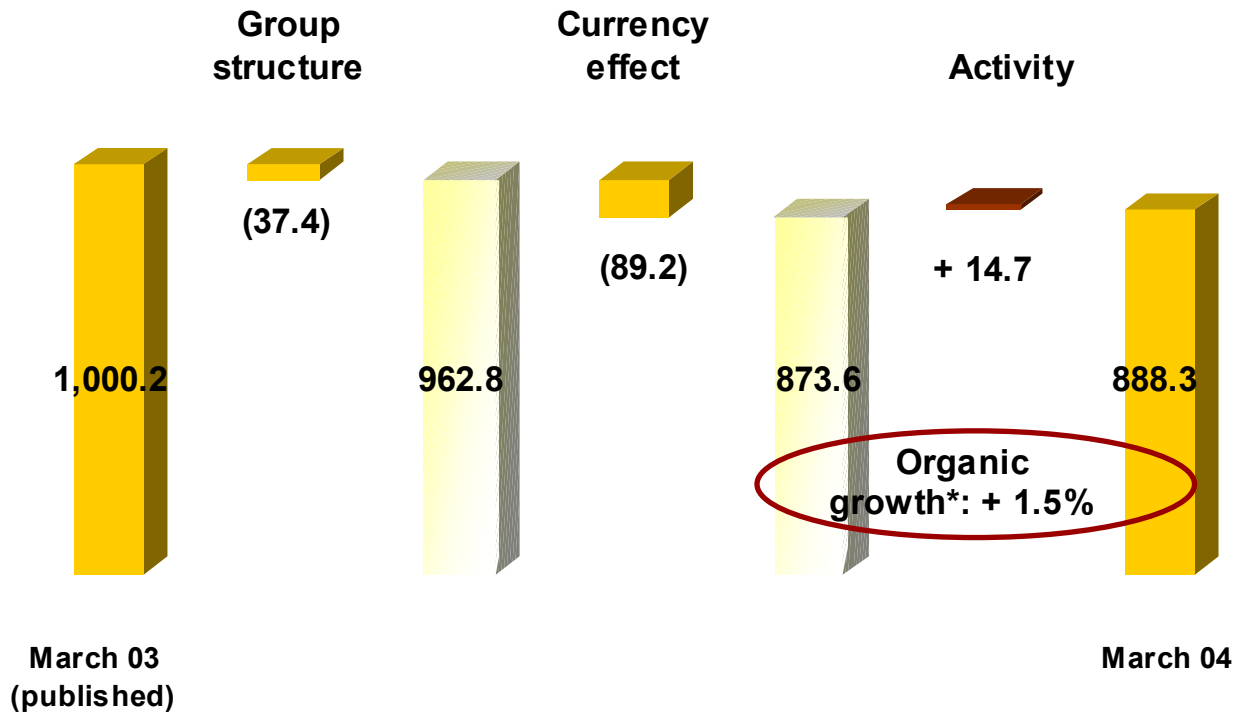
Key Figures

	March 04	March 03	Organic change
Turnover	€888.3m	€1,000.2m	+ 1.5%
Operating profit	€173.5m	€213.8m	+ 3.1%

- ❑ Gross margin: + 0.7 pp to 56.6%
- ❑ High level of marketing investment: 34.9% of gross margin
- ❑ Operating margin: 19.5%
- ❑ Financial debt reduced by 12% pro-forma (- €105m)
- ❑ Earnings per share: €1.72

Turnover

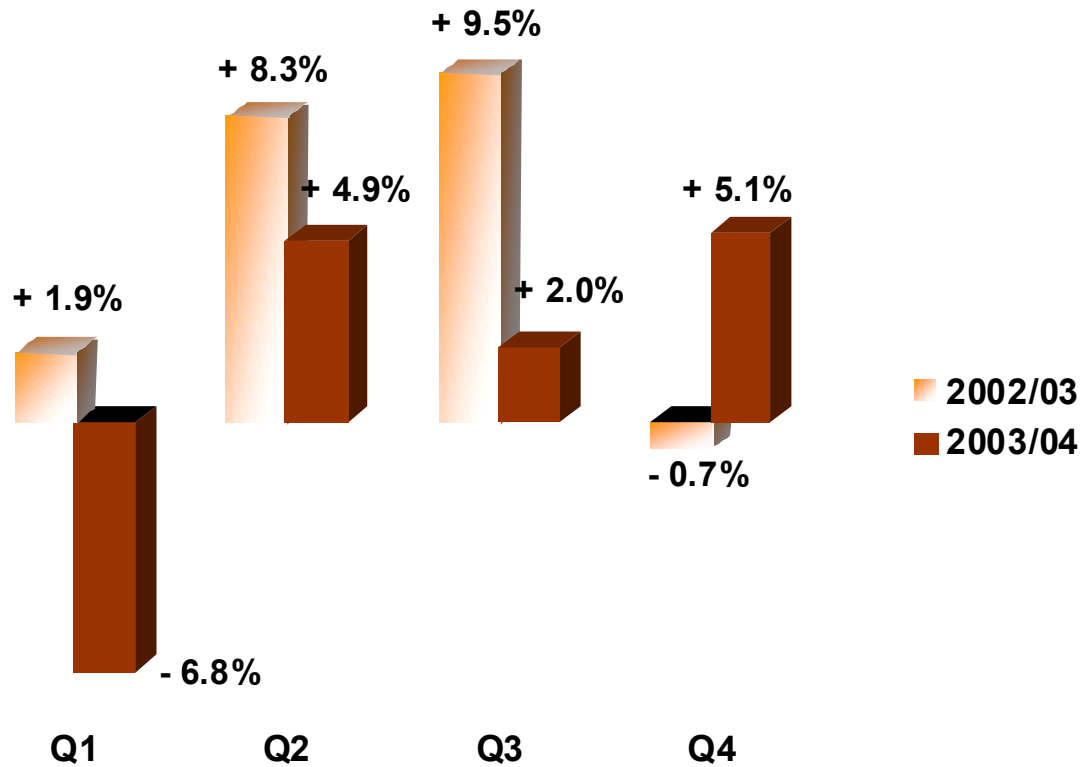
€m



**Organic growth referred to in this presentation is calculated on the basis of identical group structure and exchange rates*

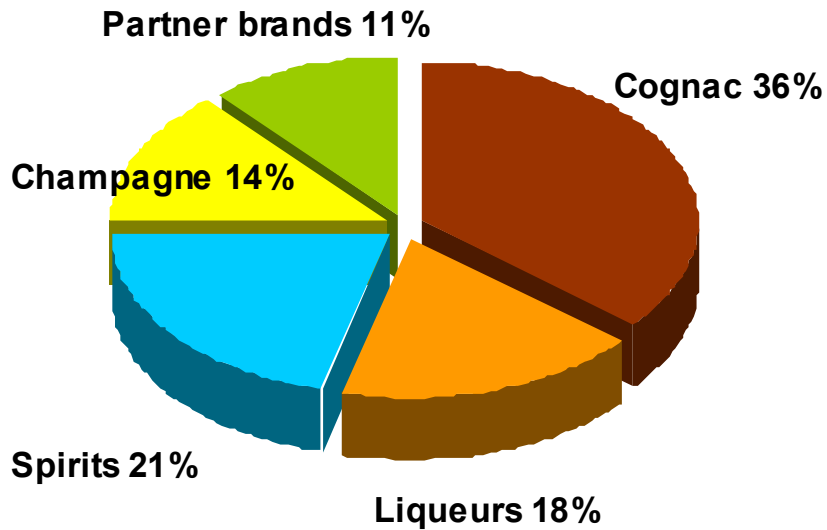
Quarterly Trend

Quarterly growth in 2003 & 2004 turnover

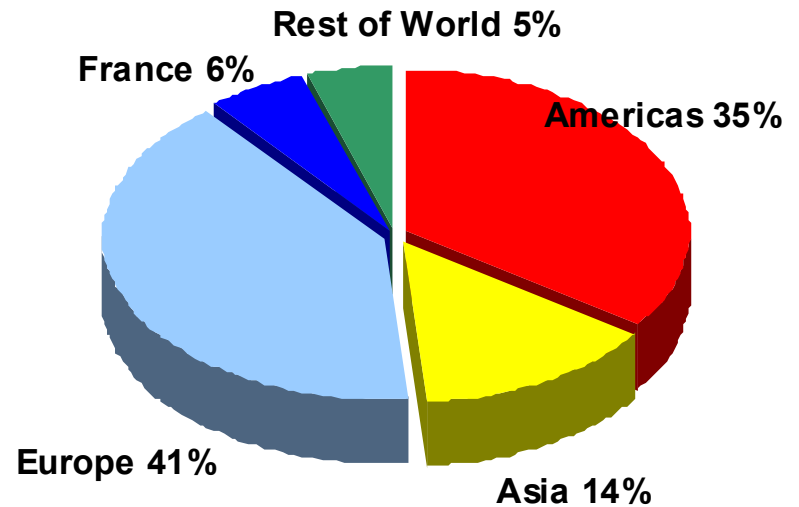


Breakdown of Turnover

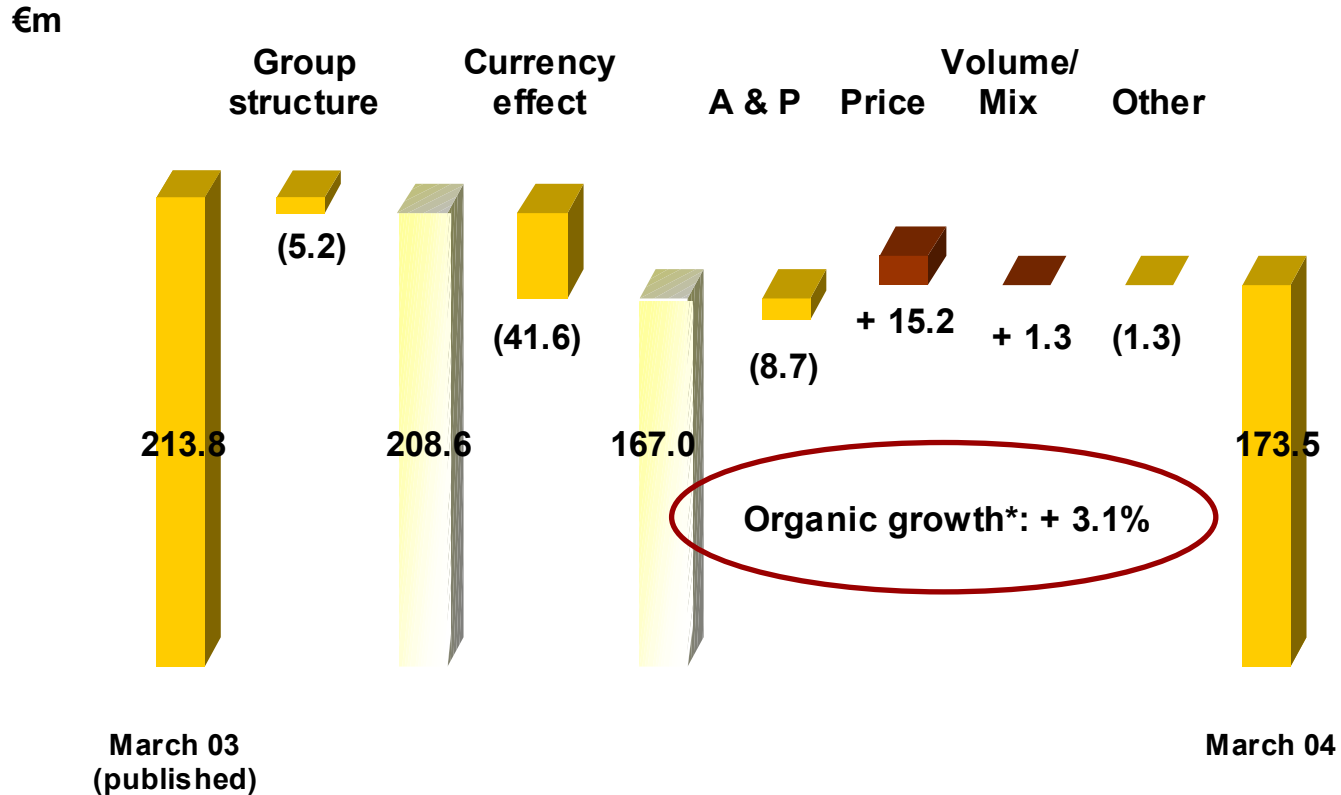
By activity



By geographic area



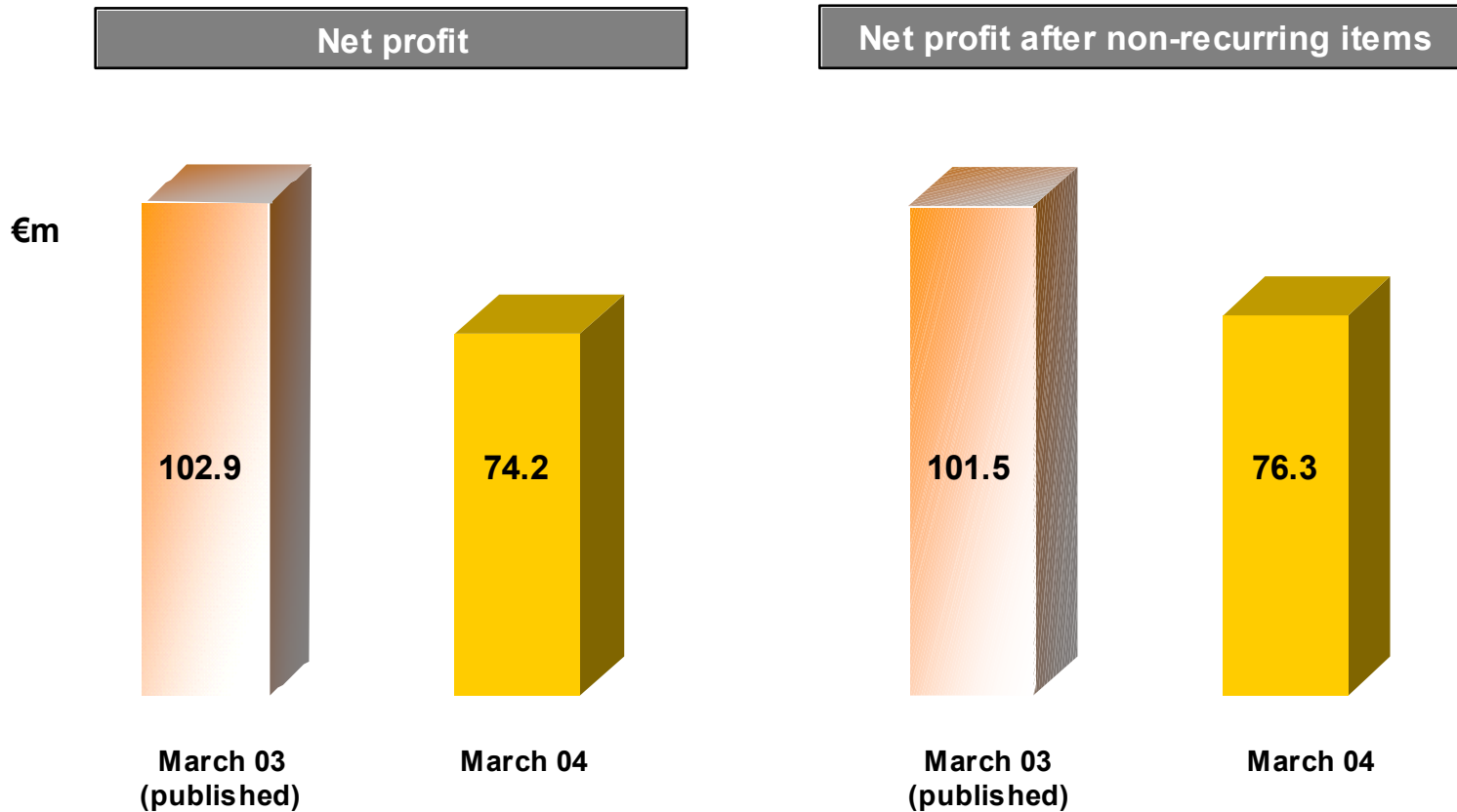
Operating Profit



*At identical group structure and exchange rates



Net Profit on Ordinary Activities

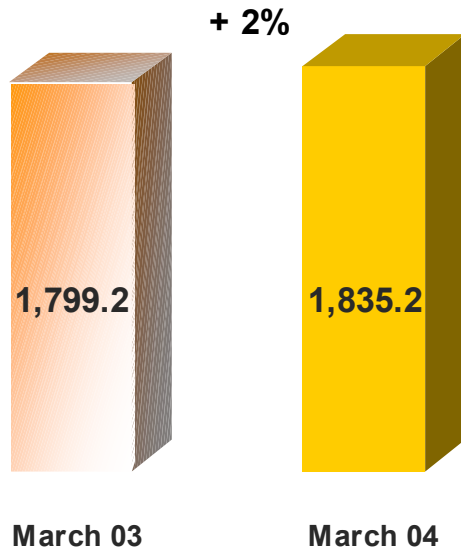


Review of Activities

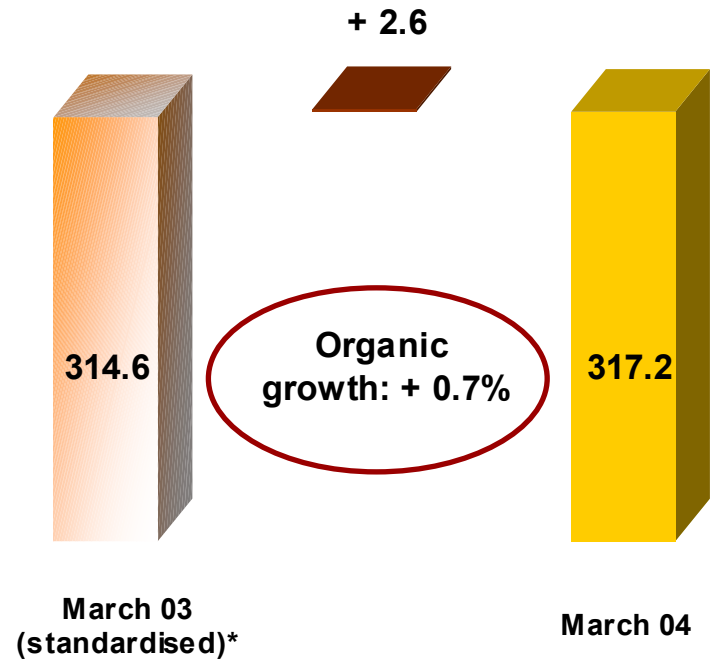


Cognac

Volume sales ('000 cases)



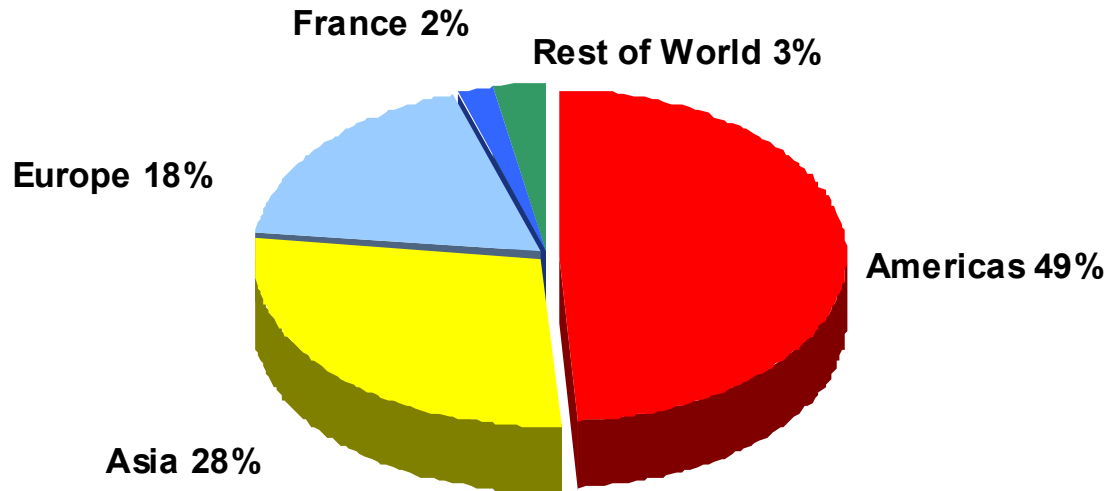
Turnover (€m)



*After effects of changes in group structure and exchange rates

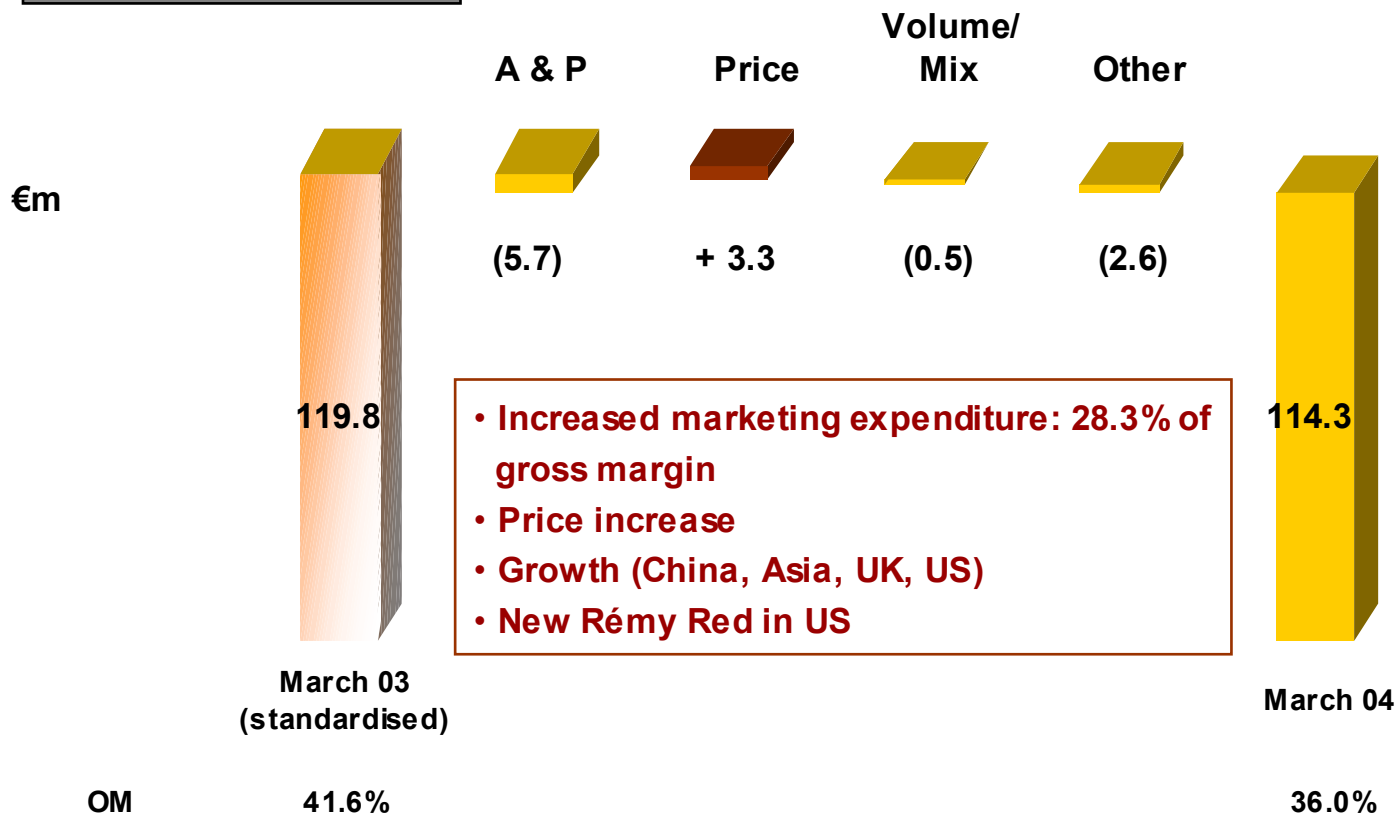
Cognac

Turnover by geographic area



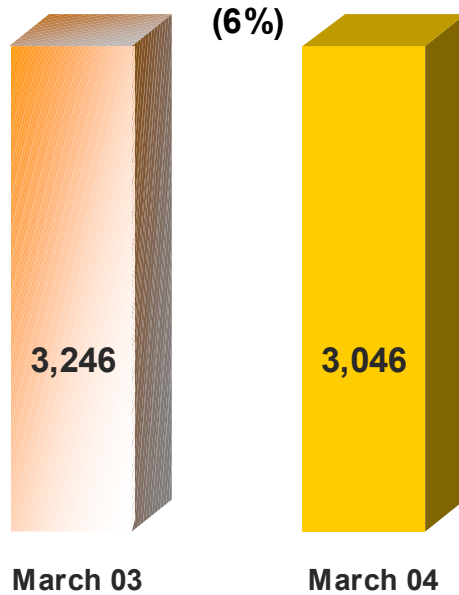
Cognac

Operating profit
(after effects of changes in group structure and exchange rates)

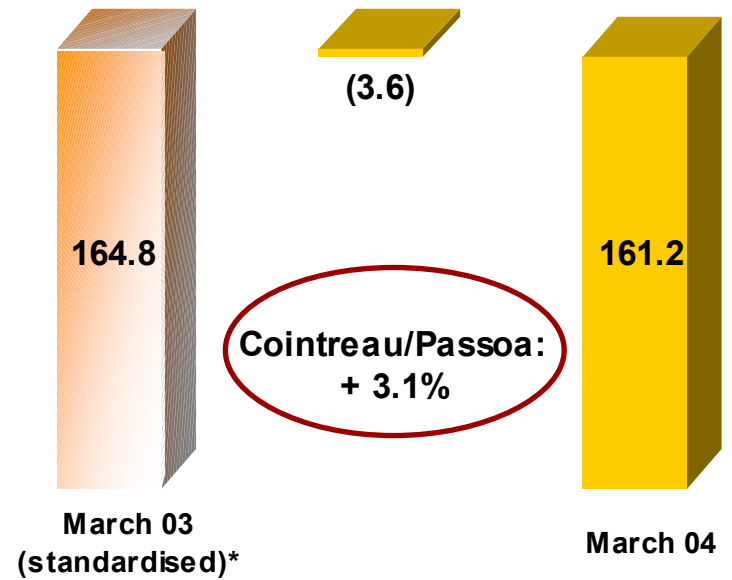


Liqueurs

Volume sales ('000 cases)



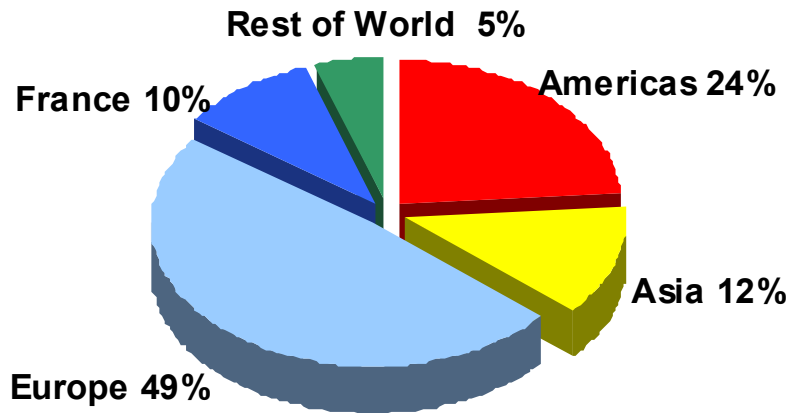
Turnover (€m)



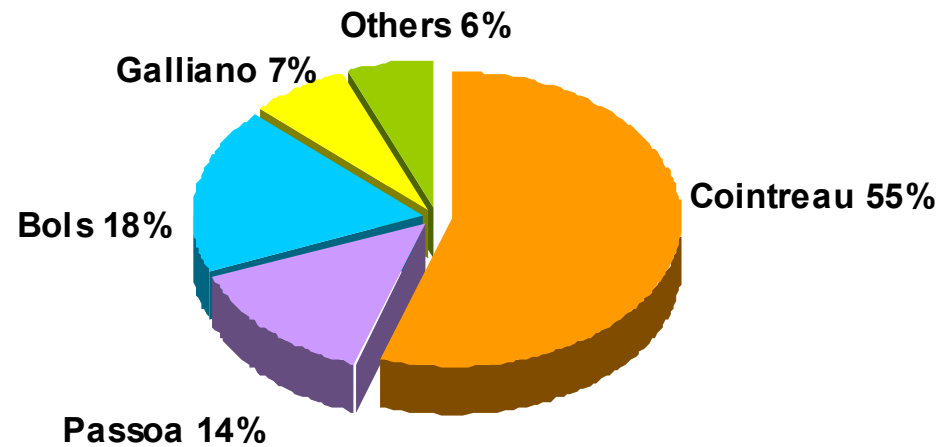
*After effects of changes in group structure and exchange rates

Liqueurs

Turnover by geographic area

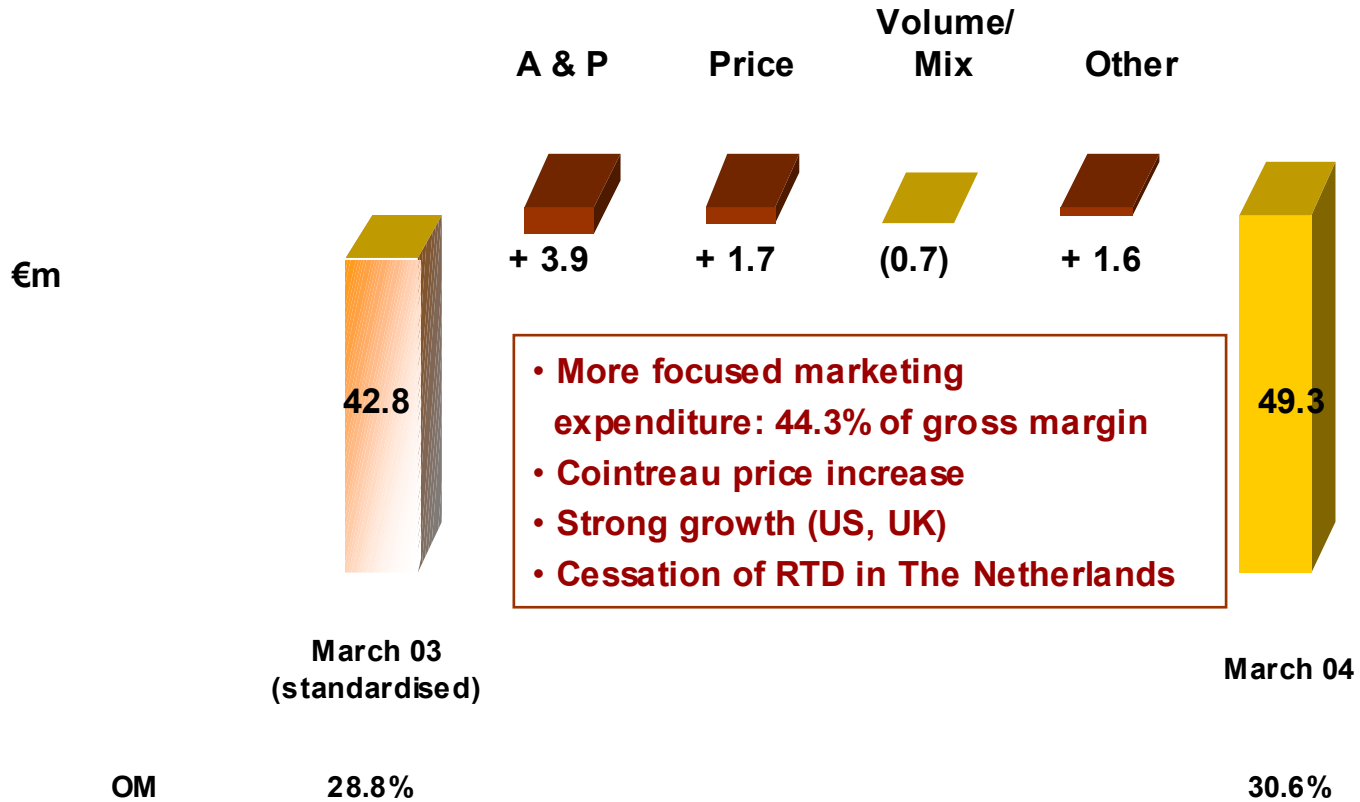


Turnover by brand



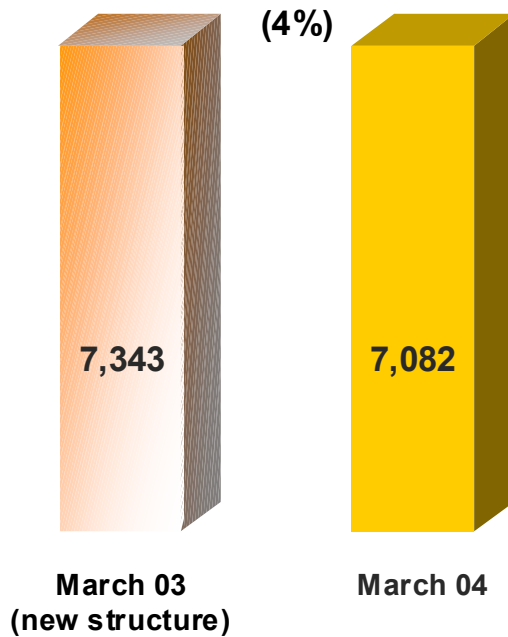
Liqueurs

Operating profit
(after effects of changes in group structure and exchange rates)

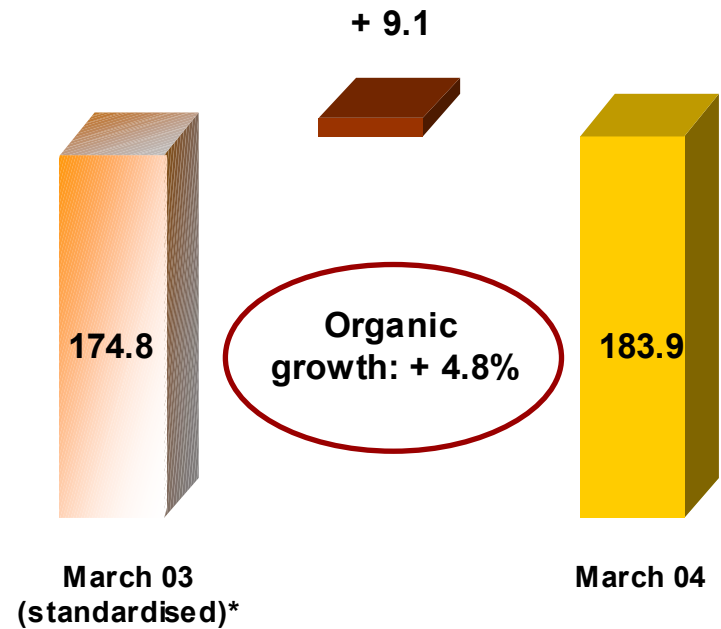


Spirits

Volume sales ('000 cases)



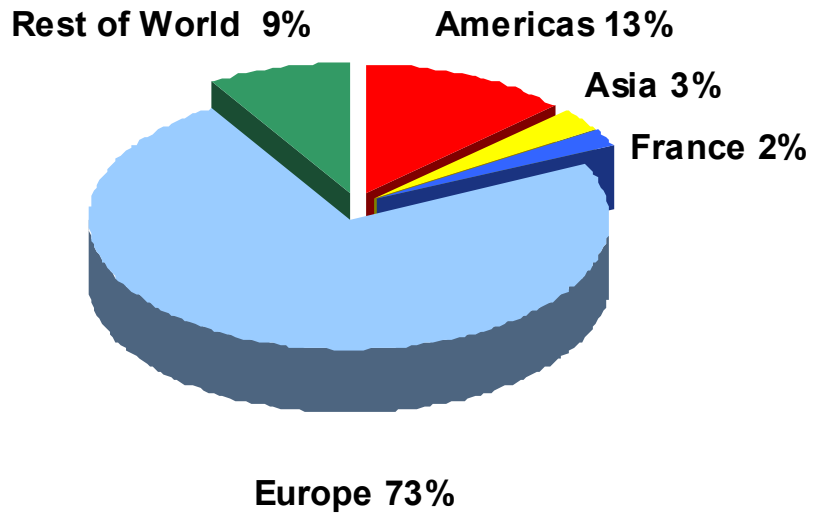
Turnover (€m)



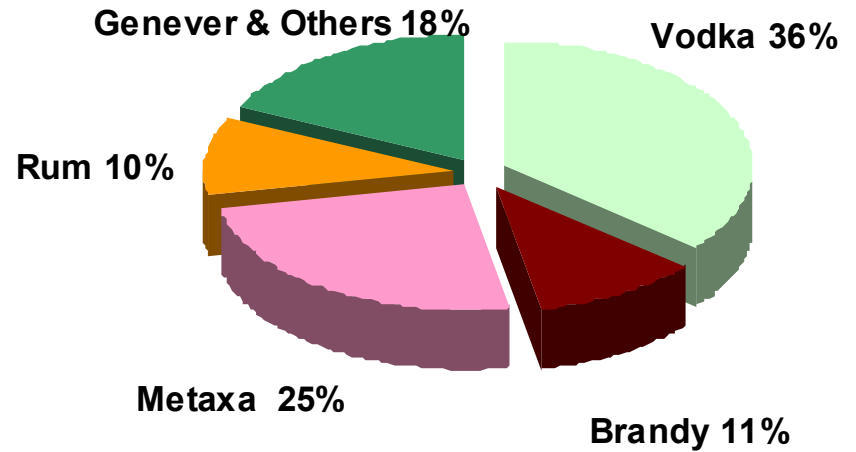
*After effects of changes in group structure and exchange rates

Spirits

Turnover by geographic area

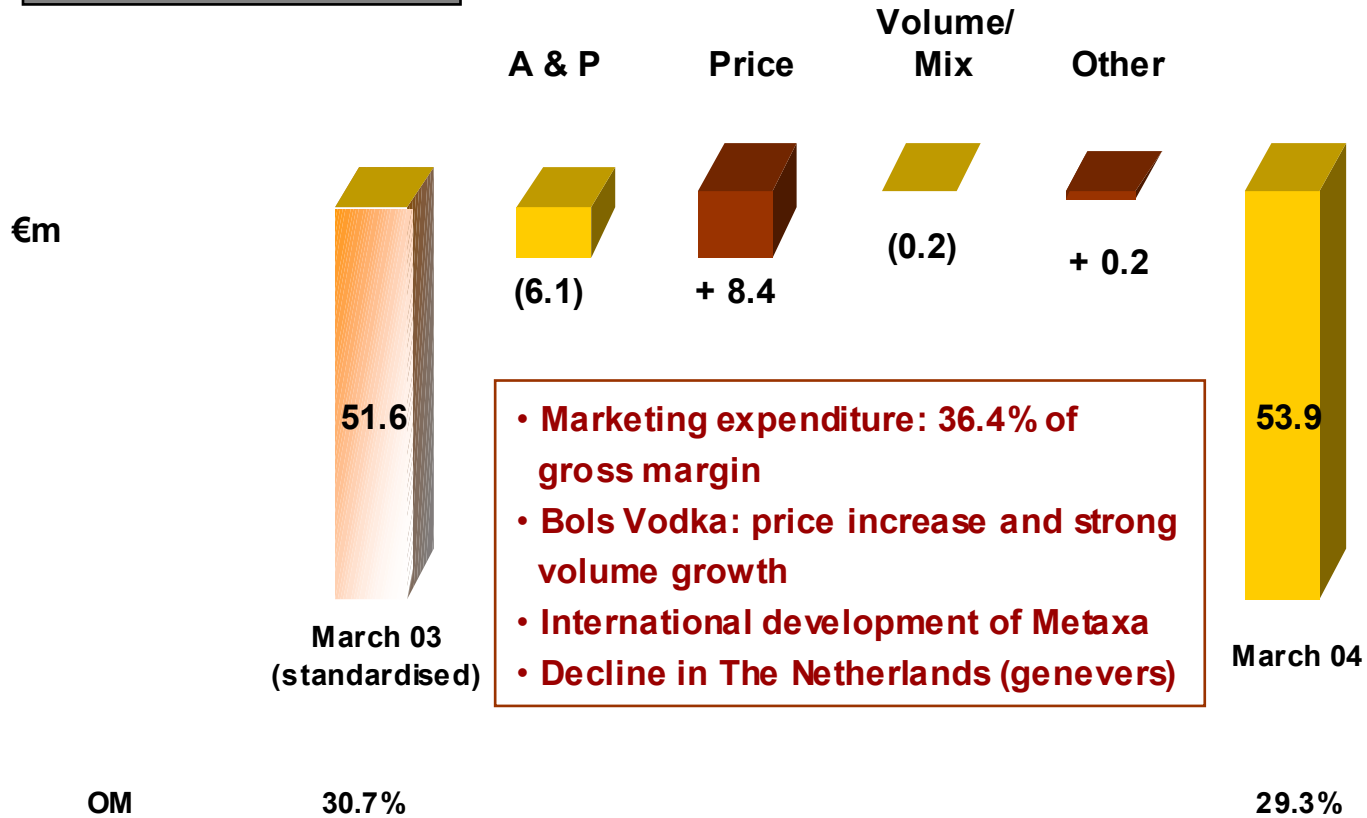


Turnover by brands/products



Spirits

Operating profit
(after effects of changes in group structure and exchange rates)



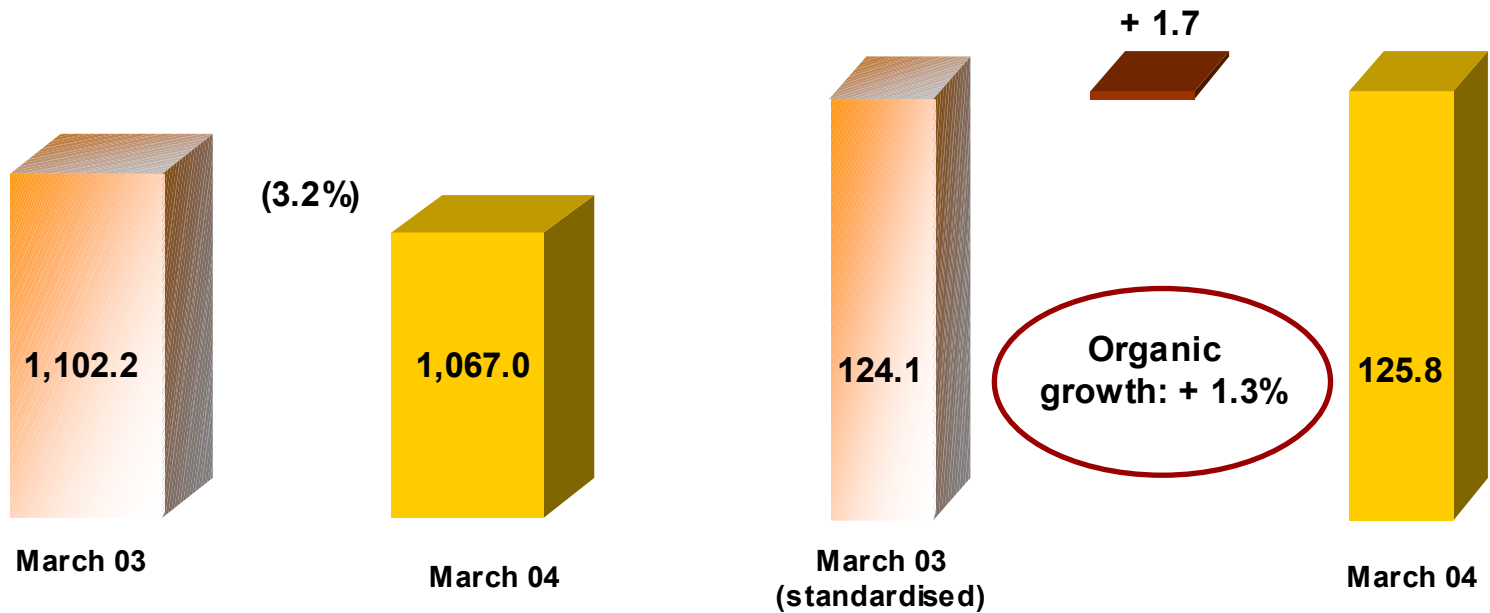
- Marketing expenditure: 36.4% of gross margin
- Bols Vodka: price increase and strong volume growth
- International development of Metaxa
- Decline in The Netherlands (genevers)



Champagne

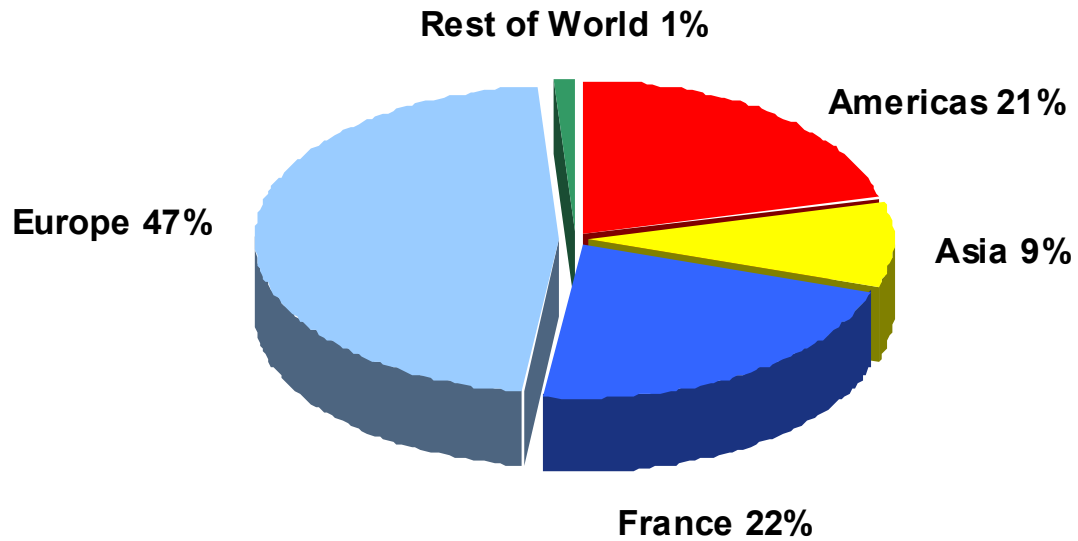
Volume sales ('000 cases)

Turnover (€M)



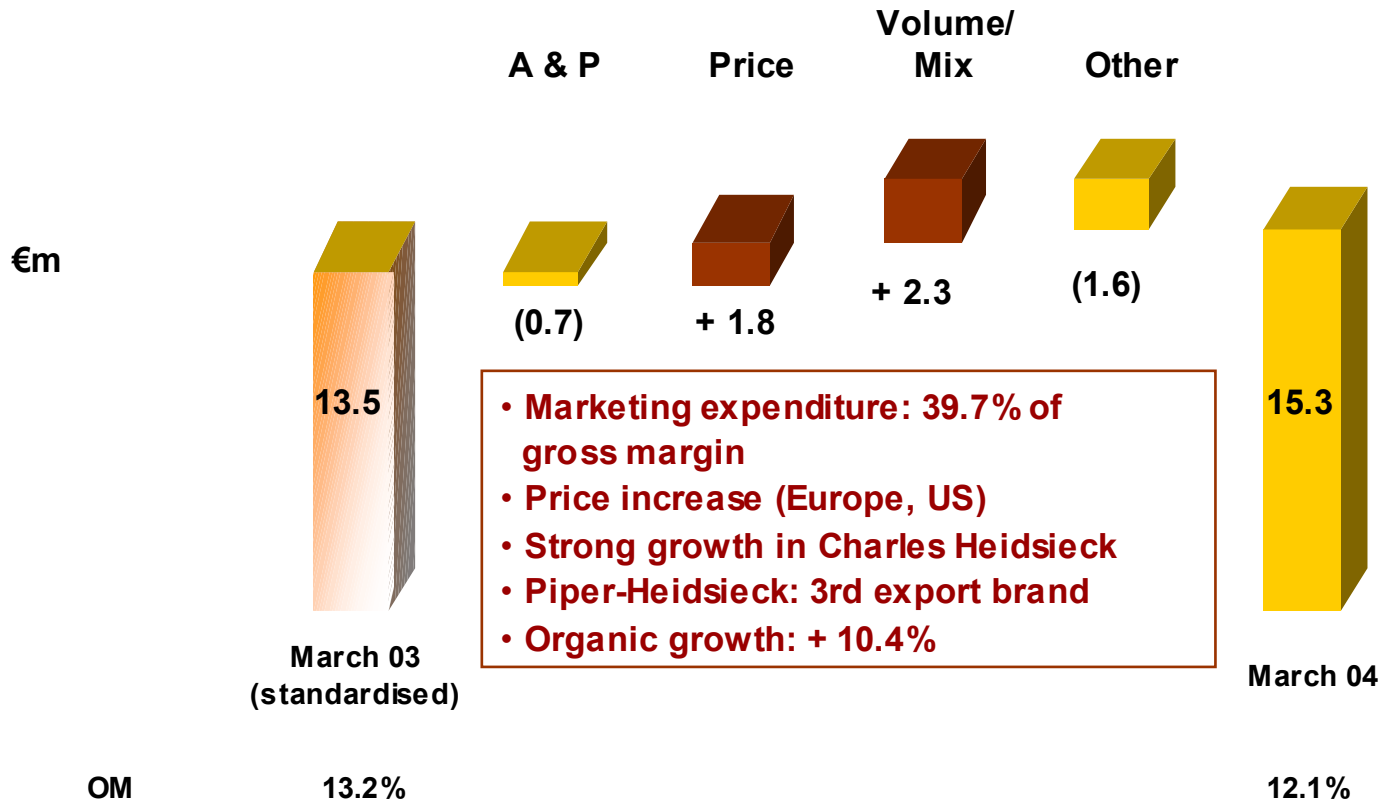
Champagne

Turnover by geographic area



Champagne

Operating profit
(after effects of changes in group structure and exchange rates)

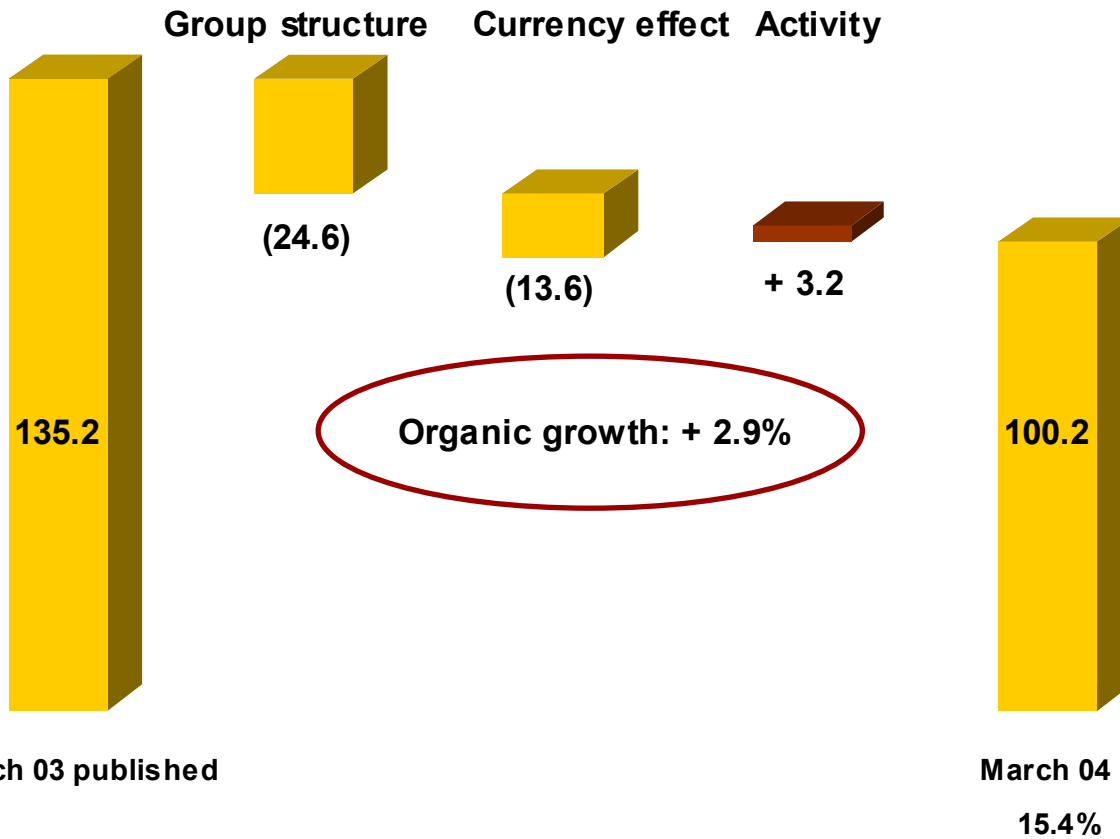


- Marketing expenditure: 39.7% of gross margin
- Price increase (Europe, US)
- Strong growth in Charles Heidsieck
- Piper-Heidsieck: 3rd export brand
- Organic growth: + 10.4%



Partner Brands

Turnover (€m)



Financial Results

Hervé Dumesny



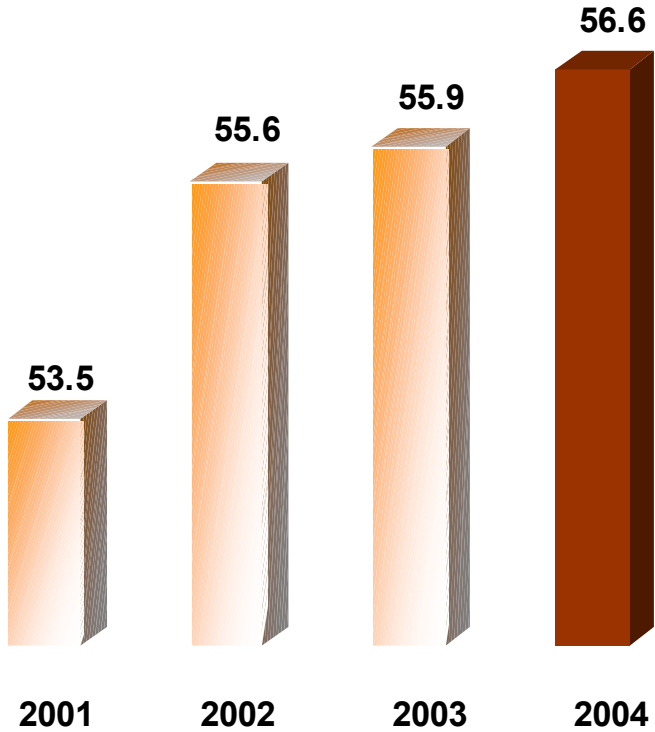
Analysis of Operating Profit

(€m)	March 04	March 03	Change (published)	Change Organic
Turnover	888.3	1,000.2	(11.2%)	+ 1.5%
Gross profit	502.9	559.1	(10.1%)	+ 3.8%
Marketing expenditure	175.5	184.1	(4.7%)	+ 5.1%
Divisional operating profit	248.2	299.3	(17.1%)	+ 2.0%
Central and distribution costs	(74.6)	(85.5)	(12.7%)	(0.8%)
Operating profit	173.5	213.8	(18.8%)	+ 3.1%
Operating margin	19.5%	21.4%		

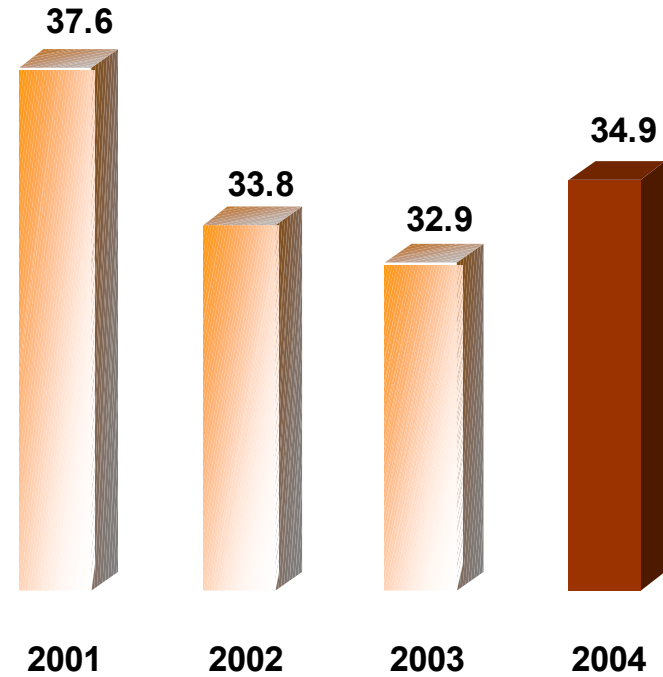


Key Indicators

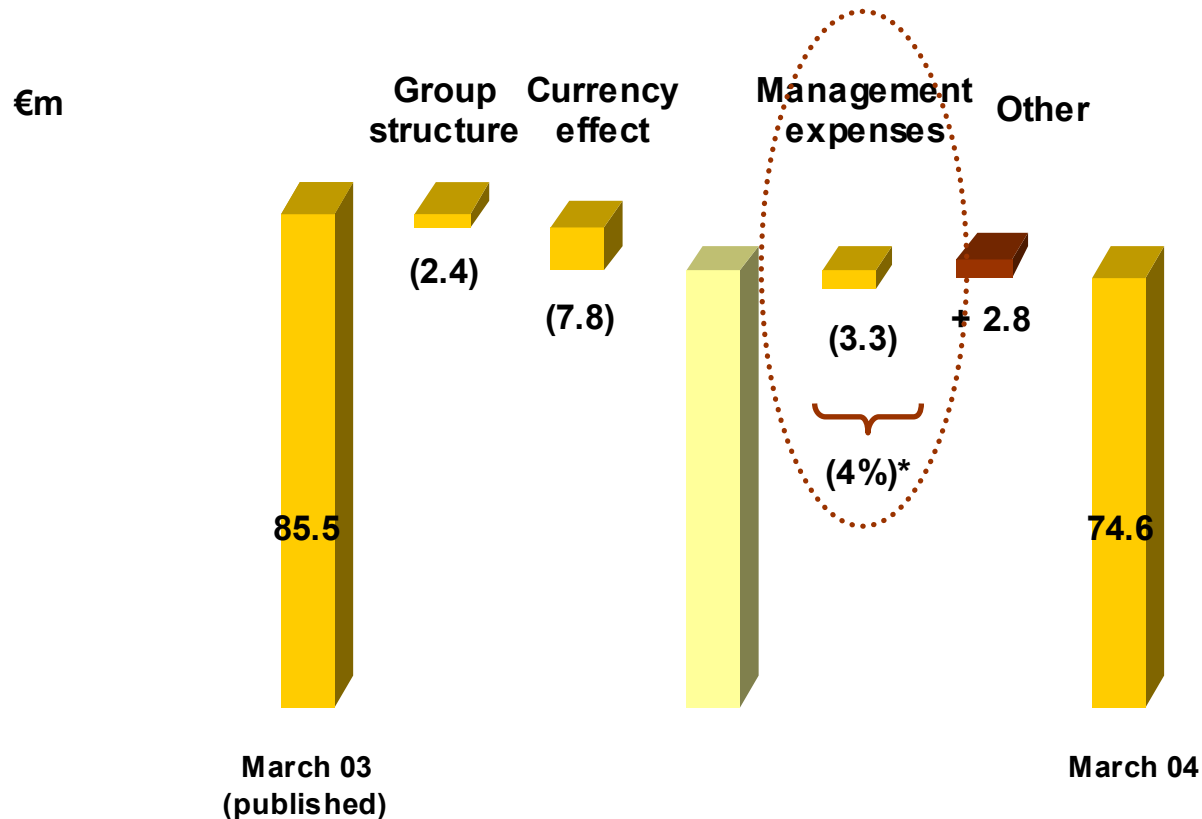
Gross Margin
(% of turnover)



Marketing Expenditure
(% of gross margin)



Central and Distribution Costs



*Calculated on the basis of comparable group structure and exchange rates

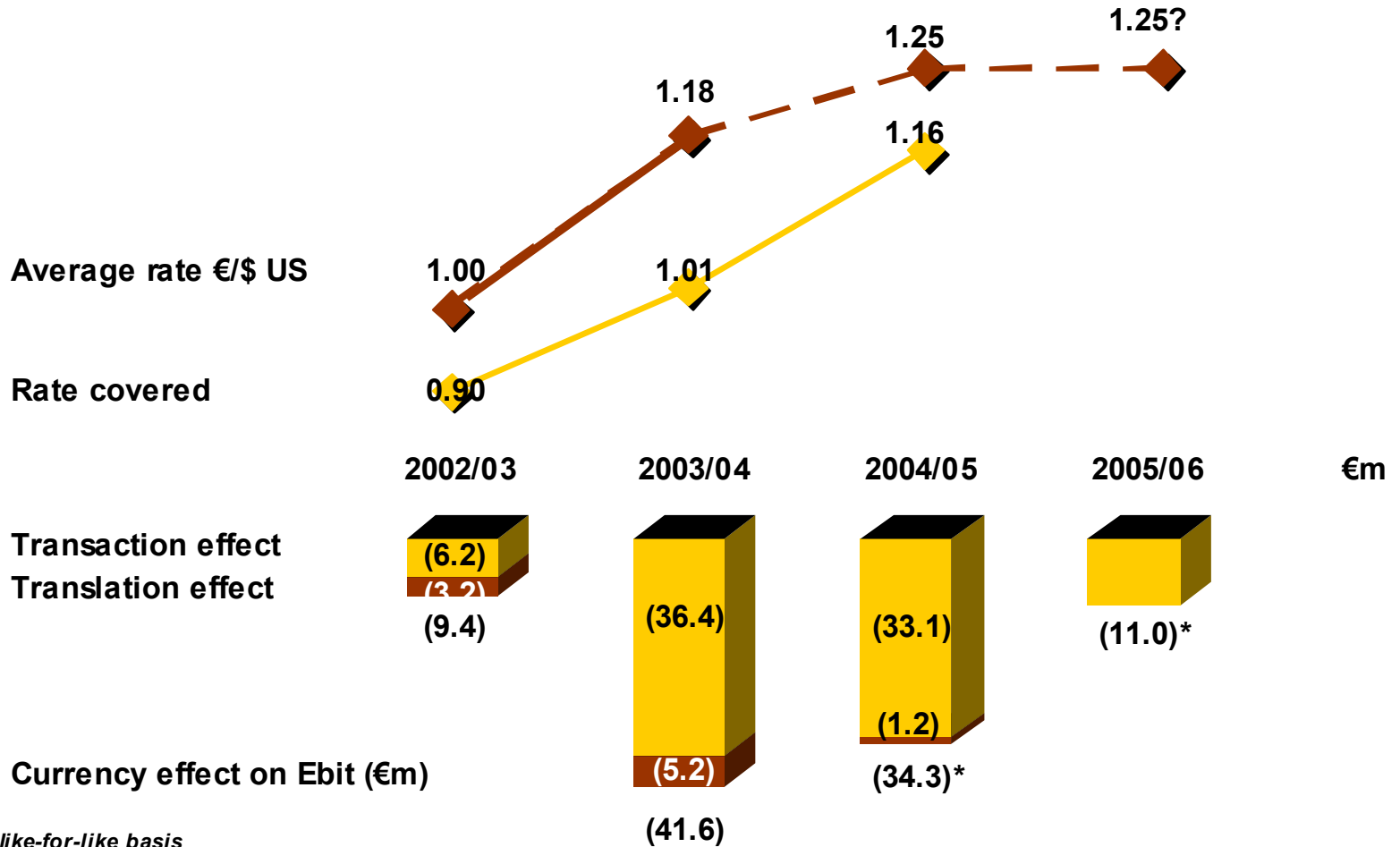
Movement in Operating Profit

Organic
+ €6.5m
ie + 3.1%

Operating profit March 03	213.8
Structure changes	(5.2)
Currency effect	(41.6)
Price increase	+ 15.2
Increase in marketing expenditure	(8.7)
Operating profit March 04	173.5
Gross margin	56.6% vs 55.9%
Marketing expenditure/gross margin	34.9% vs 32.9%
Operating margin	19.5% vs 21.4%



Hedging Strategy €/€



*On a like-for-like basis

Net Profit

(before goodwill amortisation and associated undertakings)

(€m)	March 04	March 03	% Change
EBIT	173.5	213.8	(18.8%)
Finance costs	Organic:		
	(59.1)	(64.4)	(8.2%)
LFS/IAS 27, Consolidation of Co-operatives	(3.9)		
	Exchange:		
	(1.1)	(2.3)	(52.2%)
Finance costs	(64.1)	(66.7)	(3.9%)
Profit on ordinary activities before tax	109.4	147.1	(25.6%)
Taxation	(38.3)	(50.5)	(24.2%)
%	35,0	34,3	
Minority interests	(1.0)	0.1	
Net profit before goodwill amortisation and share of profit in associated undertakings	70.1	96.7	(27.5%)



Net Profit

(€m)	March 04	March 03
Net profit before goodwill amortisation and share of profit in associated undertakings	70.1	96.7
Goodwill amortisation	(2.8)	(2.8)
Equity accounted - Maxxium	1.8	3.7
Equity accounted – Dynasty	5.1	5.3
Profit on ordinary activities	74.2	102.9
Number of shares ('000)	44,270	44,070
Profit on ordinary activities/per share (€)	1.68	2.34
Net profit after non-recurring income	76.3	101.5
Earnings per share (€)	1.72	2.30



IFRS: Calendar

2003/04 Closing

- IFRS standards with the greatest impact
- Conversion process
- Conversion timetable

2004/05 Closing

- Impact on results

From 1 April 2005

- Full adoption of IFRS
- Historic comparison IFRS / French standards



IFRS: Impact

+	IAS 32/39	Financial instruments	<u>Ready</u>
+	IAS 38	Intangible fixed assets Valuation of brands	In progress
+	IAS 12	Income taxes Value of brands	In progress
+	IAS 27	Consolidated financial statements (<i>Special Purpose</i> entities)	<u>Ready</u>
+		Internal procedures and systems	In progress



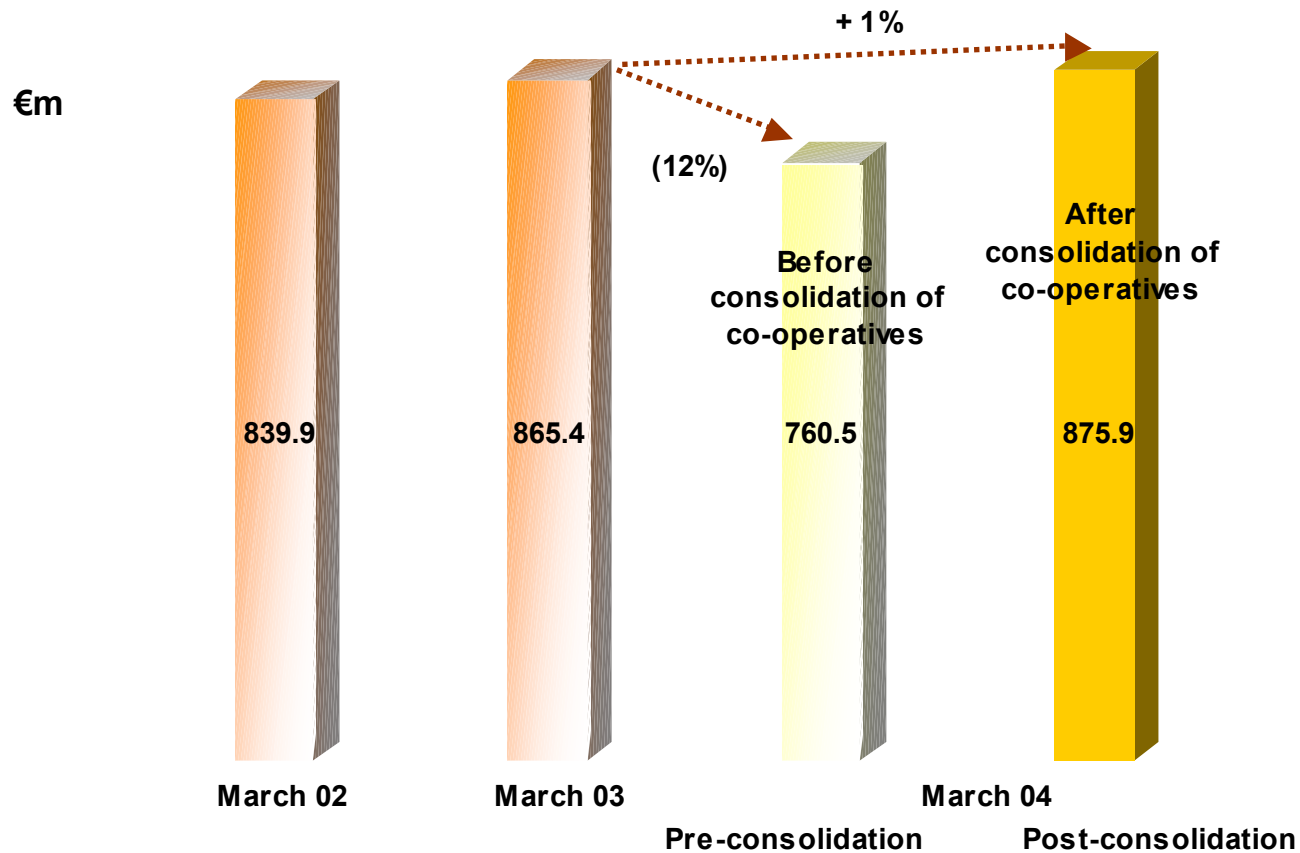
LFS/IAS 27

Consolidation of Eaux-de-Vie Co-operatives

- ❑ The Financial Security law of 1 August 2003 cancelled the requirement to hold share capital in determining the basis of consolidation
- ❑ An IFRS analysis of the status of co-operatives that supply Rémy Cointreau with eaux-de-vie has led to them being regarded as «special purpose entities» and to consolidate them
 - ✓ Inclusion of a year with effect from 1 April 2003 to reflect fully a complete production cycle
 - ✓ Improve the transparency of our reporting in agreement with our Statutory Auditors
 - ✓ Impact on debt reduced due to the substantial reduction in this year
- ❑ Waiver obtained from our banks (syndicated credit)

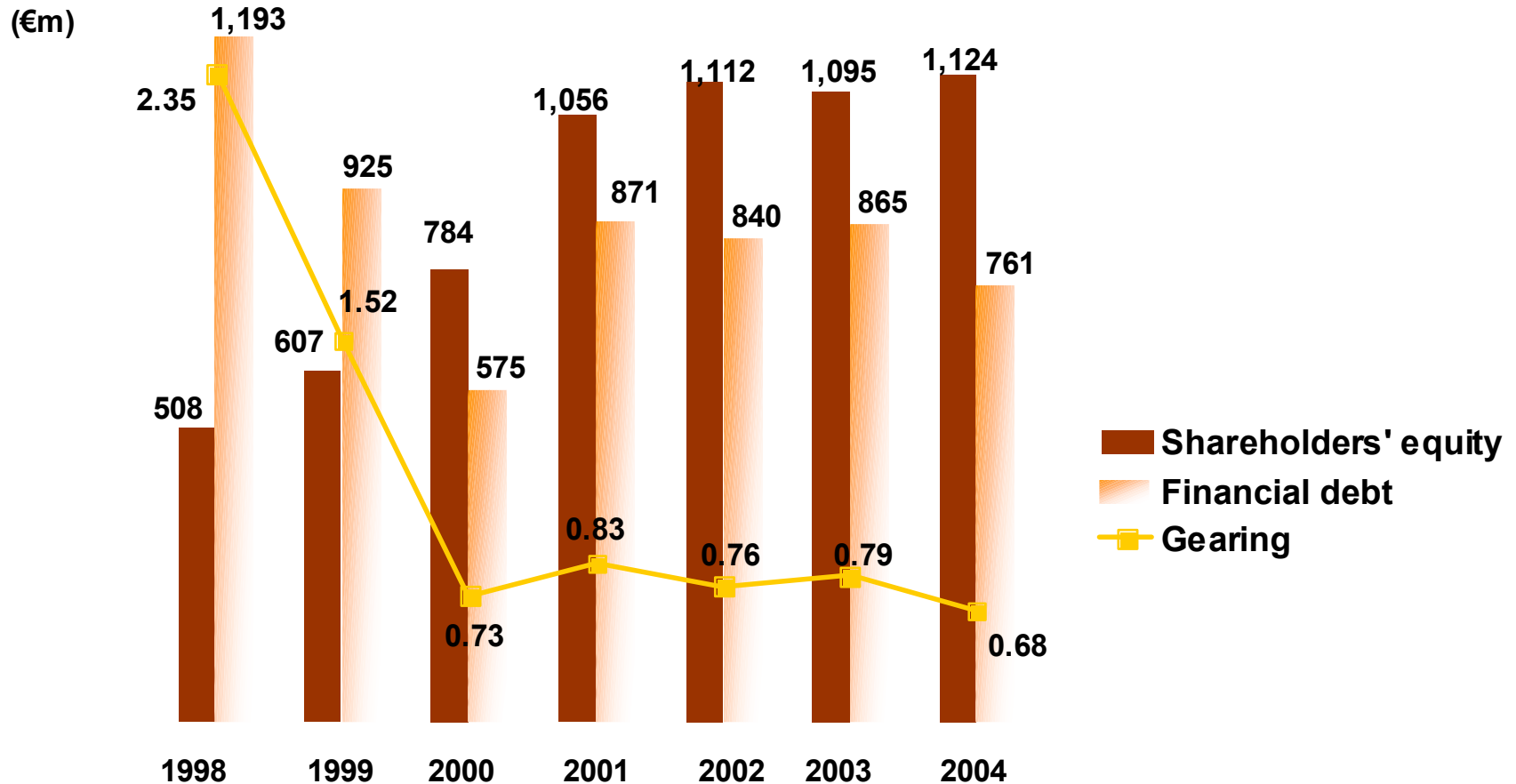


Financial Debt



Movement in Financial Debt

(before consolidation of co-operatives)



Debt & Cash Flow

➤ Before consolidation of co-operatives

(€m)	March 04	March 03	Change
Net debt	760.5	865.4	(12%)
Free cash flow	118.4	53.6	64.8

➤ After consolidation of co-operatives

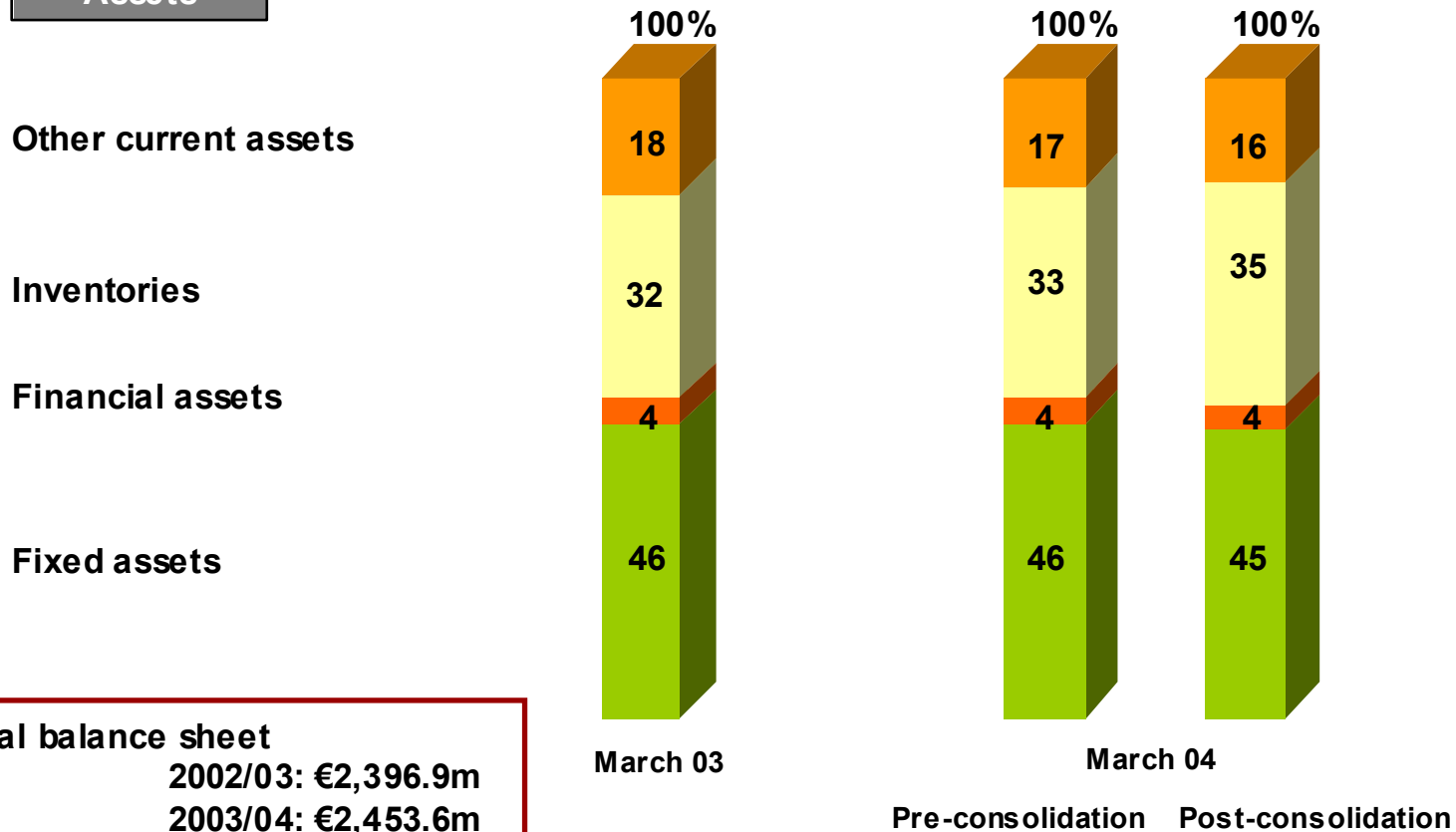
(€m)	March 04	March 03	Change
Net debt	875.9	865.4	+ 1.2%
Free cash flow	112.3	53.6	58.7

Maxxium – Key Figures

(€m)	At 31 March	2003/04	2002/03
Managed turnover		1,384.0	1,402.3
Contribution		203	213
<i>% Margin</i>		14.7	15.2
Distribution expenses		(161)	(161)
<i>% of Turnover</i>		11.6	11.5
Net profit before tax & goodwill amortisation		28.0	34.8
Contribution to Rémy Cointreau's net profit		1.8	3.7

Summarised Balance Sheet

Assets



Summarised Balance Sheet

Equity and Liabilities

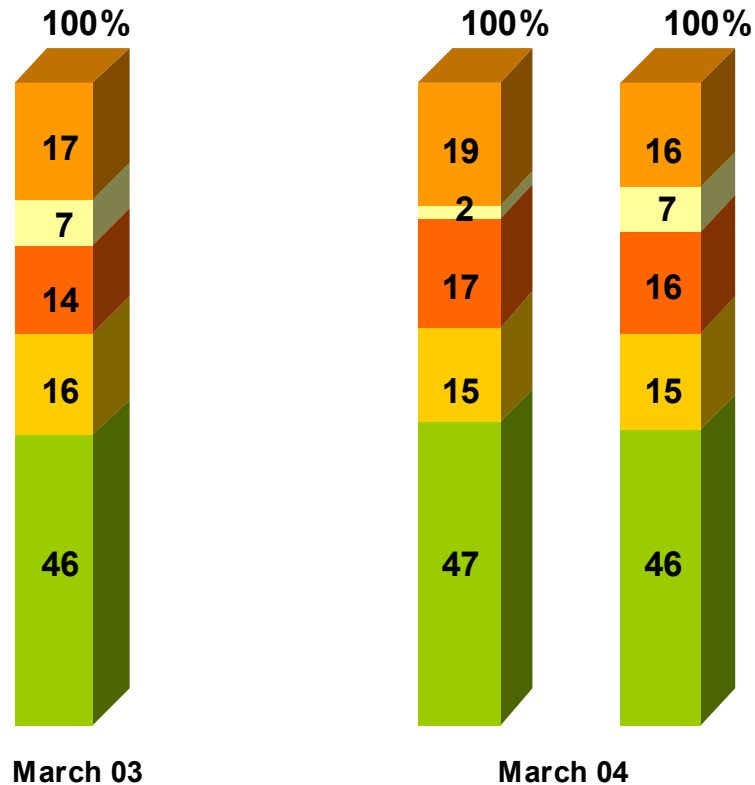
Other operating liabilities

Short term debt

Long term debt

Subordinated perpetual loan and bonds

Shareholders' equity and minorities



March 03

March 04

Pre-consolidation Post-consolidation



2004/05

“Further, faster”



2003/04: Maintaining momentum

- Rémy Cointreau has, once again, demonstrated its responsiveness during a difficult year:
 - Key priorities : strength and positioning of the brands
 - Acceleration in cost reduction



Organic growth in turnover and EBIT, despite a very difficult first half-year



2004/05: “Further, faster”

- Accelerate organic growth pursuing a strategy of adding value

- Strengthen brands
- Improve mix



- Action taken:

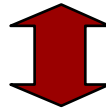
- ➔ Sustained pricing policy
- ➔ Increased marketing expenditure
- ➔ Highly aggressive innovation policy



2004/05 : “Further, faster”

➤ Accelerate organic growth driving sales volume

- Profit from recovery in priority markets to accelerate rate of expansion in those markets
- Develop the means to ensure organic growth
- Gain market share



▪ Action taken

- ➔ Rémy Amérique: optimisation of partnerships with wholesalers
- ➔ Maxxium: going from strength to strength
- ➔ Proactive search for partnerships



2004/05 : “Further, faster”

- **Continuation of price increases**
 - particularly in US, China, Poland and *Travel Retail*

- **Marketing and distribution initiatives**

Rémy Martin

- **Louis XIII**
- **XO**
- **VSOP**
- **New World communication**
- **New Rémy Red in US**



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Cointreau/Passoa

- **New World communication**
- **New Cointreau presentation**
- **New Passoa flavours**



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Bols

- **World launch of Bols liqueur**
- **Bols vodka in Russia and Brazil**
- **Bokma joins Maxxium, becoming leader in The Netherlands**



2004/05 : “Further, faster”

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- **Marketing and distribution initiatives**

Champagne

- **Development of Piper-Heidsieck vintages**
- **Gift promotions**



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Champagne

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- **Gift promotions**



2004/05: “Further, faster”

➤ Permanently improve Group profitability

- **Supply Chain:** confirmation of the negative effect of €10m on the year
- **Change and revision of organisational structure**
 - optimisation of skills
 - cost reductions
- **Continuation of debt restructuring**
 - reduction by disposal of non-core assets
 - lower average cost



Double digit organic growth in EBIT



2004/05: Start of the year

- Dollar remains weak but forex impact contained
- Price increases implemented
- Recovery of global market in *Travel Retail*
- Confirmation of growth in Asia: China, Japan, Taiwan
- An American market with sustained growth
- France and Germany lag behind European dynamism



Good sales growth (double digit)



Conclusion

Adding value



Ensuring growth



Improving the operational structure



Optimizing the financial structure



Double digit organic growth in EBIT

