



RÉMY COINTREAU

Interim Results

Six months to 30th September 2004

London, 10 December 2004

Key results

➤ Solid H1 performance

	<u>Sept 04</u>	<u>Sept 03</u>	<u>Organic growth</u>
▪ Turnover	€422.4m	€414.3m	+6.3%
▪ Operating profit	€68.7m	€72.0m	+18.6%
▪ Operating margin	16.3%	17.4%	+2 bp
▪ Net profit on ordinary activities	+19.5%		
▪ Financial costs decreased by	18.4%		
▪ Net financial debt reduced by	7.2%		
▪ Ordinary earnings per share	+18.2% at €0.65		

Business Highlights

➤ **Market trends:**

- **Strong growth in Asia (China and other countries)**
- **Continued momentum of the US market**
- **Good trend in the UK and Central Europe**
- **Rest of Europe sluggish**

➤ **Value strategy:**

- **Price increases**
- **Focused product and country mixes**
- **High level of marketing investment (38% of gross margin)**
- **Targeted value-building innovations**



Business Highlights

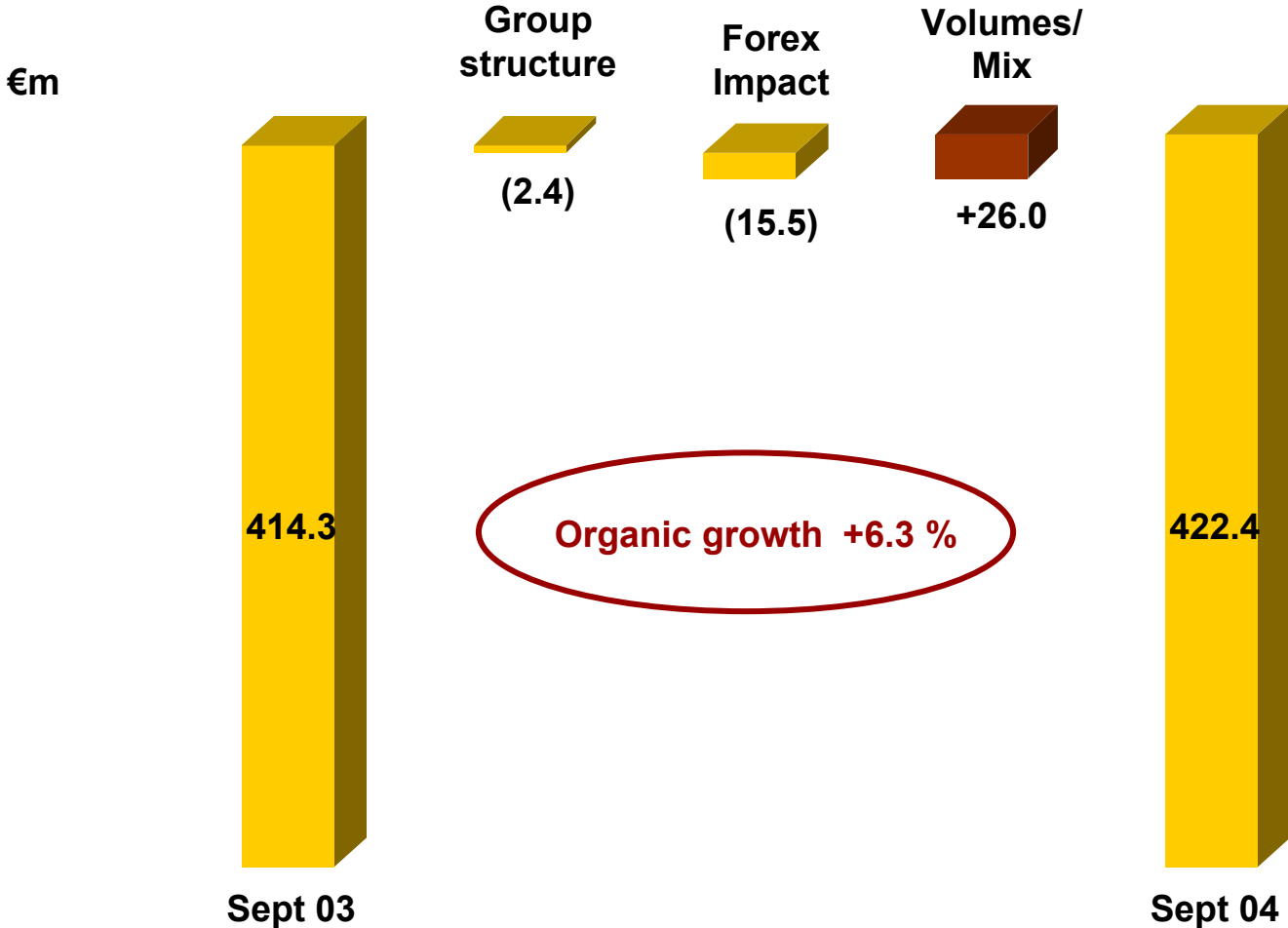
➤ Key Brand evolutions:

- Strong progress from Rémy Martin (Cognac)
- Cointreau growth in the US
- Good performance from Bols Vodka, Mount Gay & Metaxa
- Piper-Heidsieck reinforces its international positioning

➤ Main H1 Initiatives:

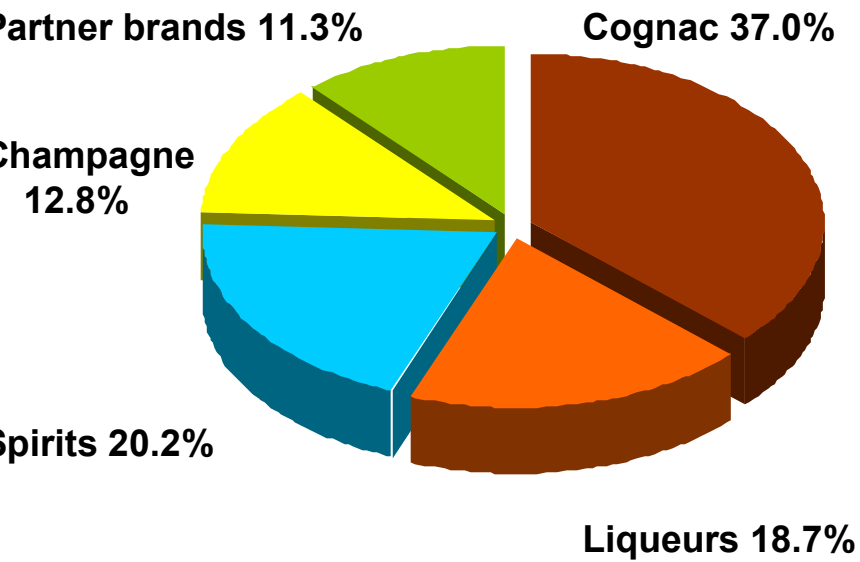
- Global advertising copy for Rémy Martin and Cointreau
- New VSOP
- Mount Gay flavours (US)
- Piper-Heidsieck Cuvées spéciales

Turnover

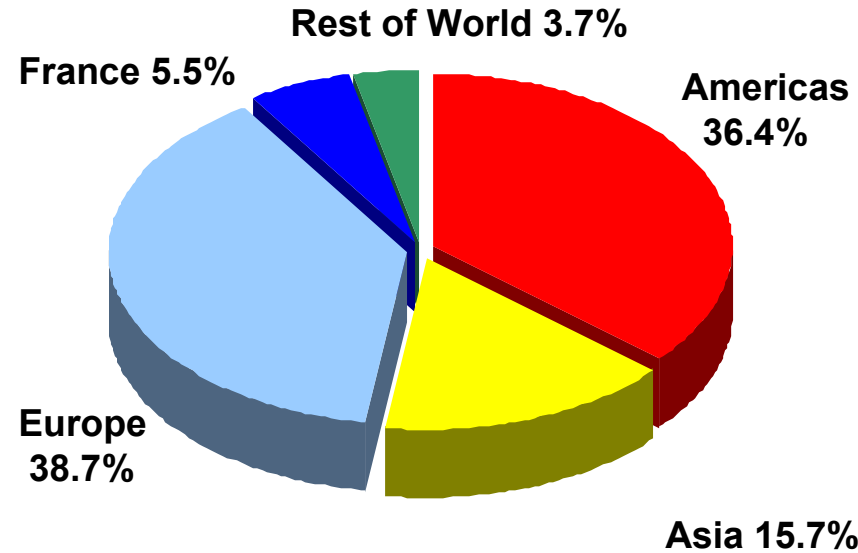


Breakdown of Turnover

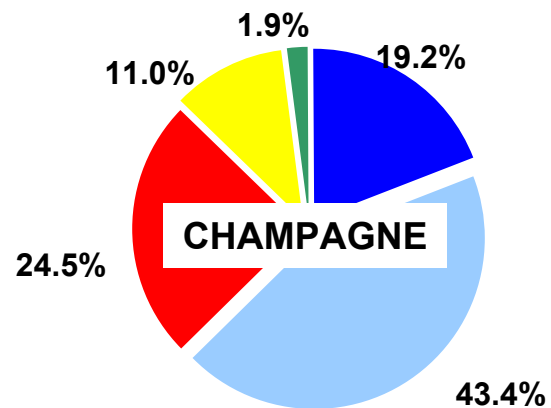
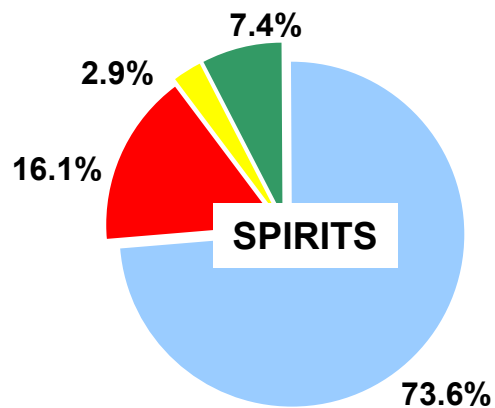
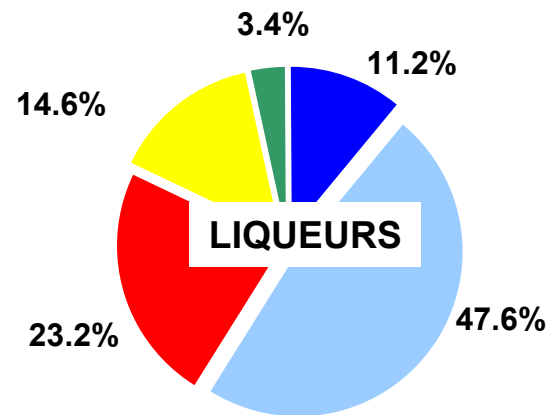
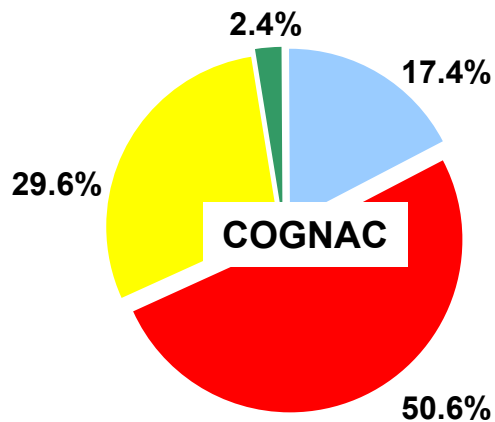
By activity



By geographic area

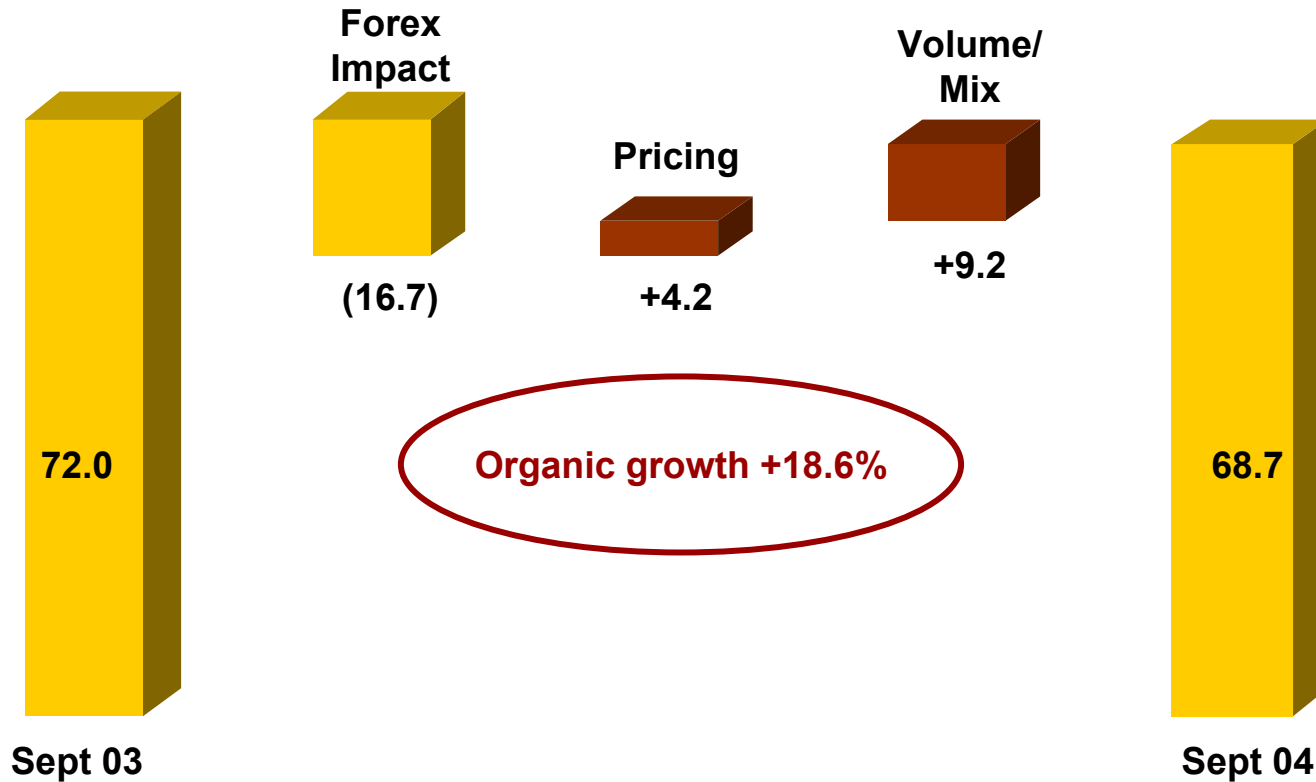


Breakdown of turnover by activity



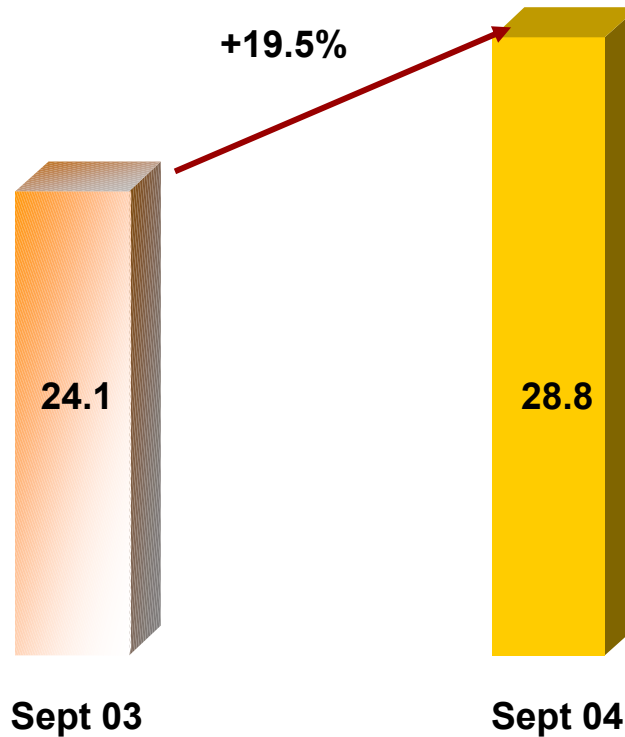
EBIT

€m



Net Profit on Ordinary Activities

€m

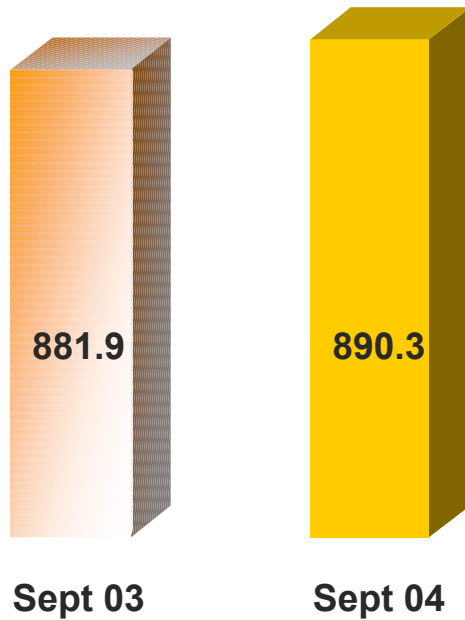


Review of Activities

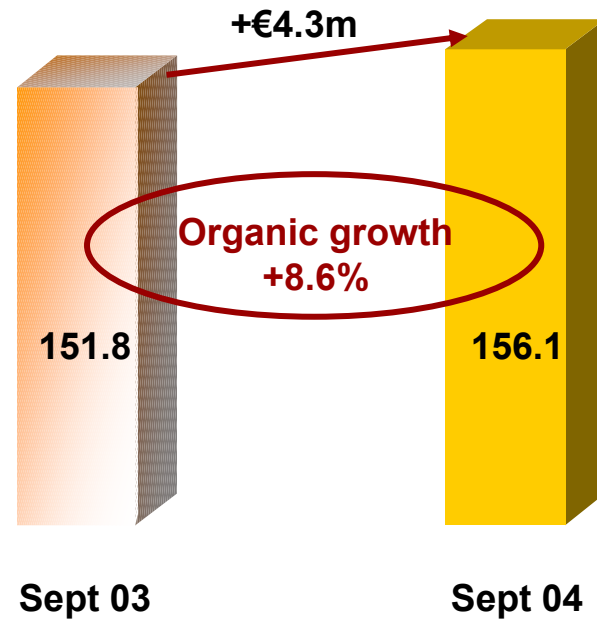


Cognac

Volume sales ('000 cases)

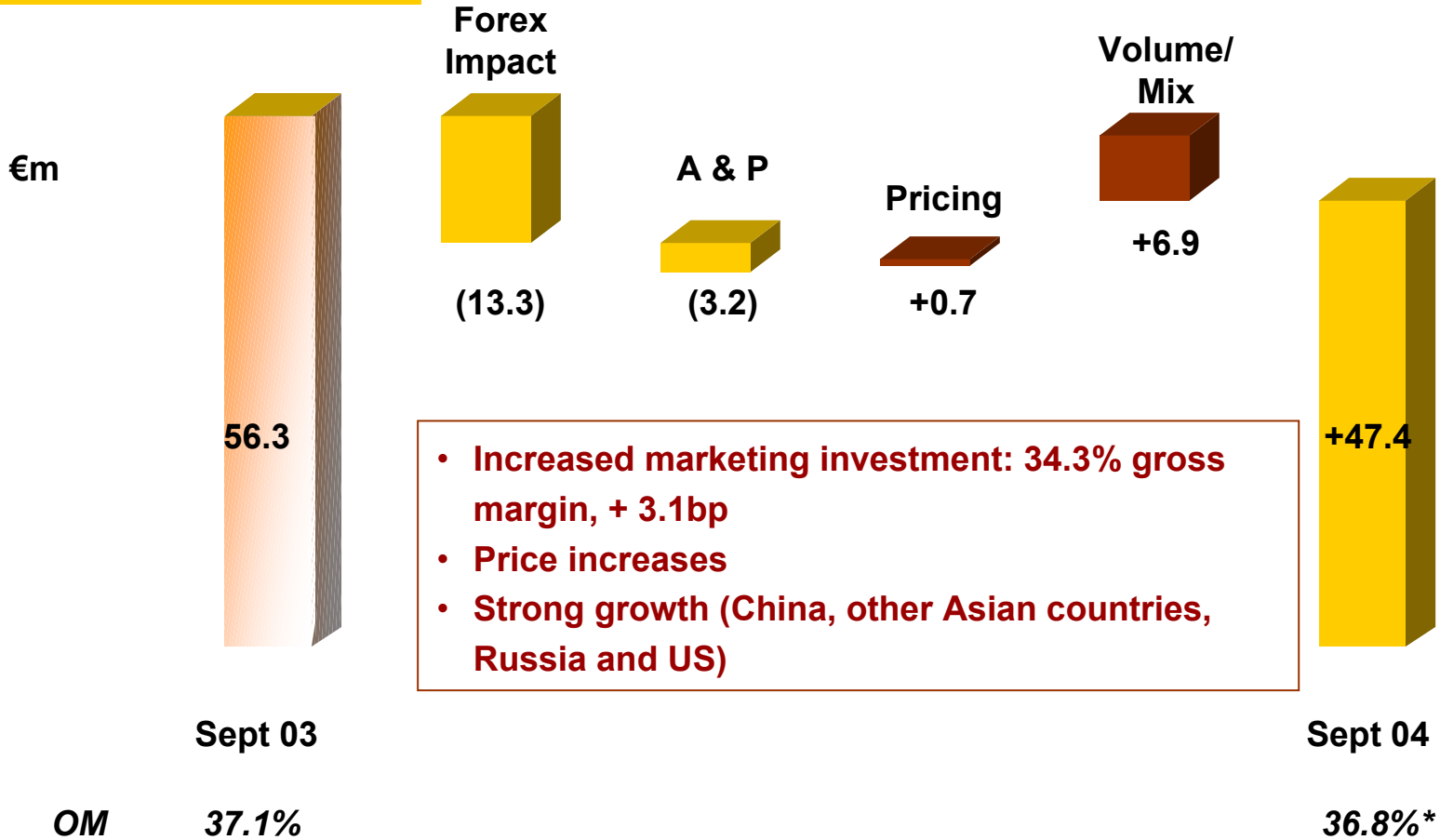


Turnover (€m)



Cognac

Operating profit

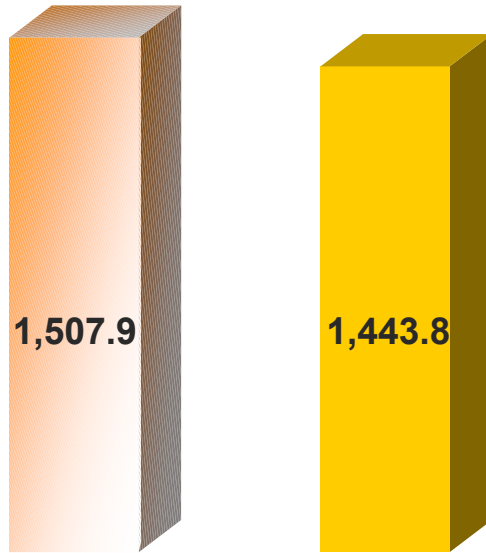


* At comparable forex



Liqueurs

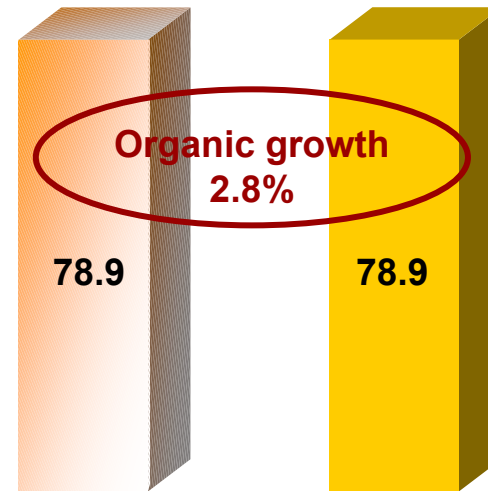
Volume sales ('000 cases)



Sept 03

Sept 04

Turnover (€m)



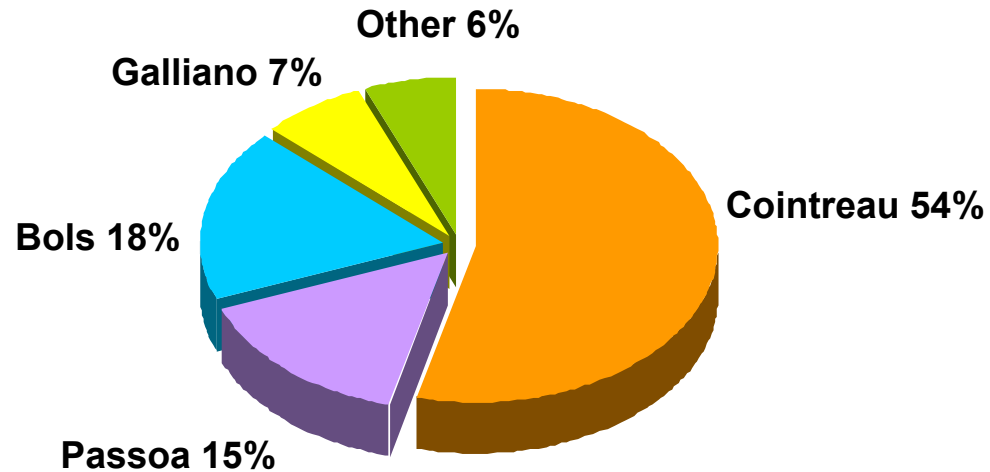
Sept 03

Sept 04



Liqueurs

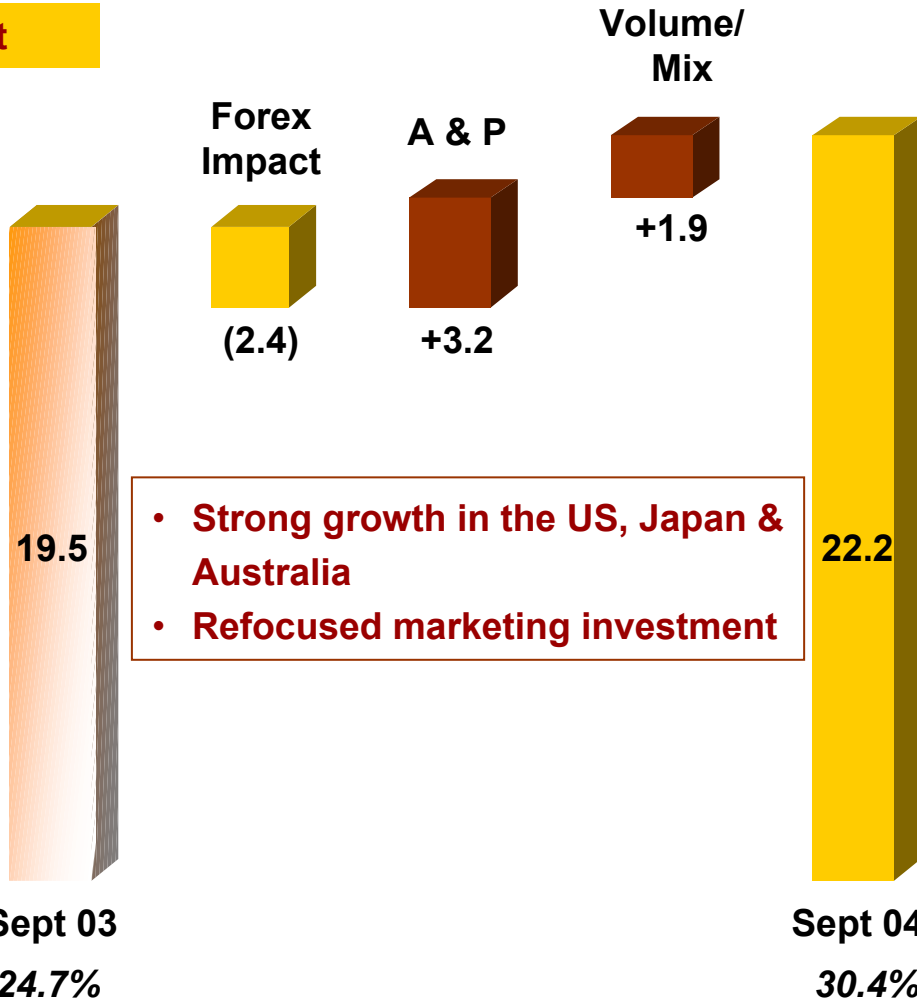
Turnover by brand



Liqueurs

Operating profit

€m



- Strong growth in the US, Japan & Australia
- Refocused marketing investment

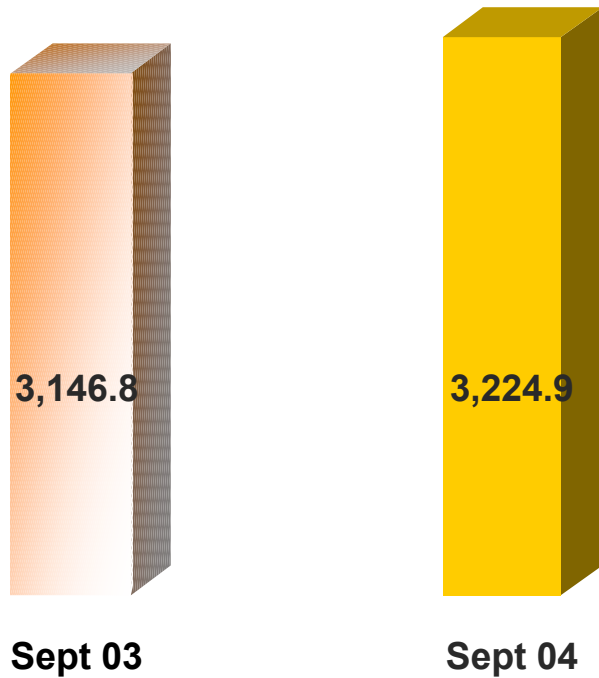
OM

* At comparable forex

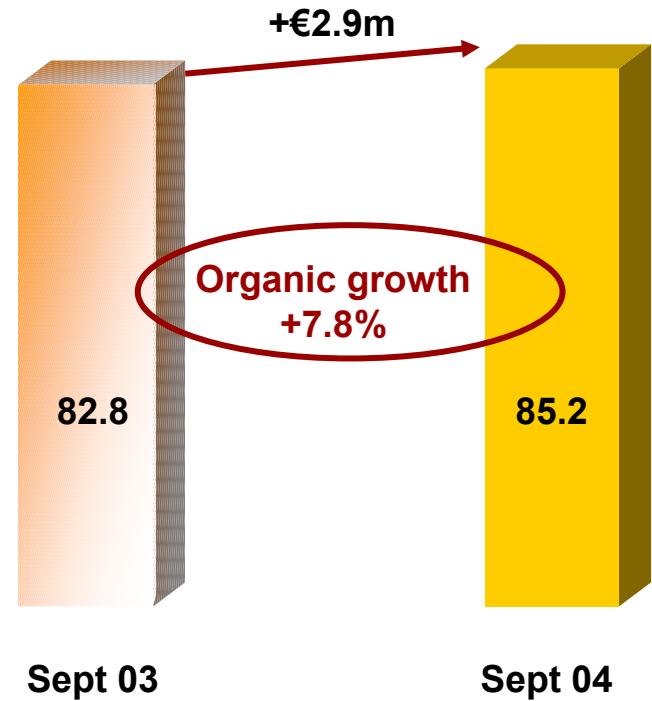


Spirits

Volume sales ('000 cases)

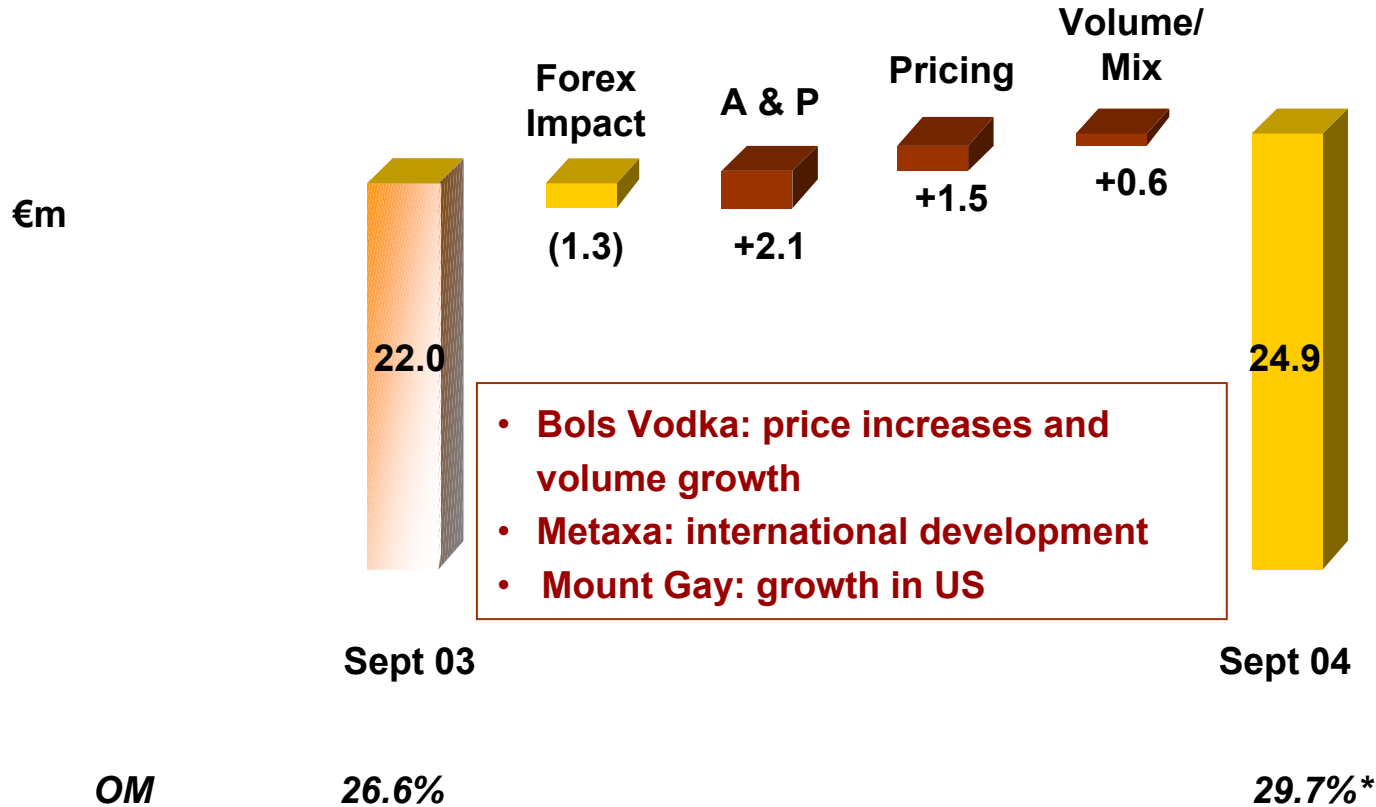


Turnover (€m)



Spirits

Operating profit



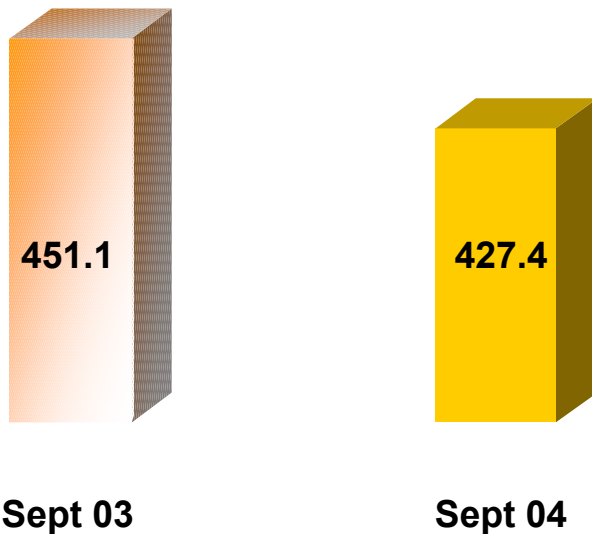
- **Bols Vodka: price increases and volume growth**
- **Metaxa: international development**
- **Mount Gay: growth in US**

* At comparable forex

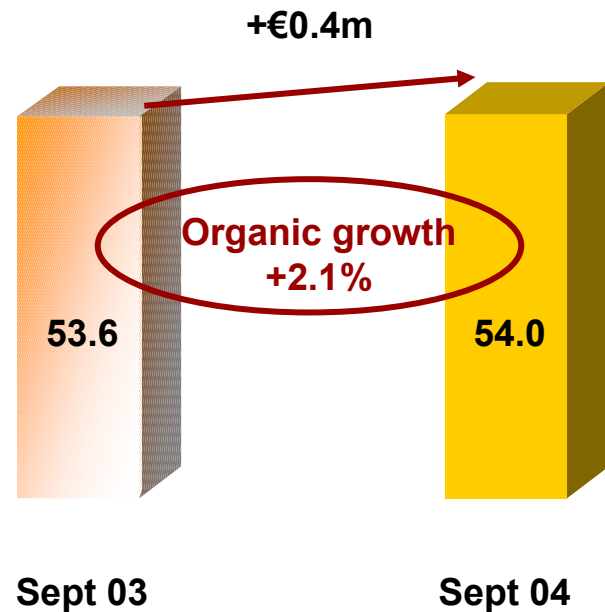


Champagne

Volume sales ('000 cases)

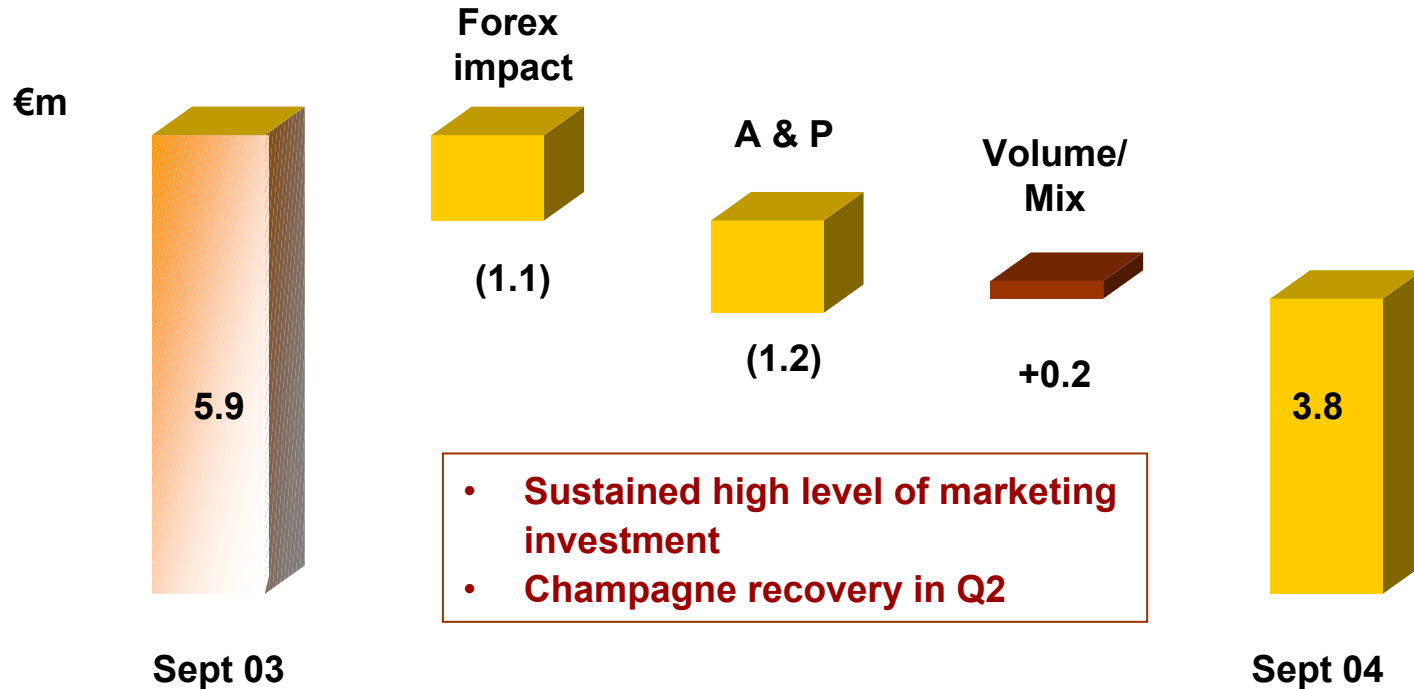


Turnover (€m)



Champagne

Operating profit



- Sustained high level of marketing investment
- Champagne recovery in Q2

OM 11.0%

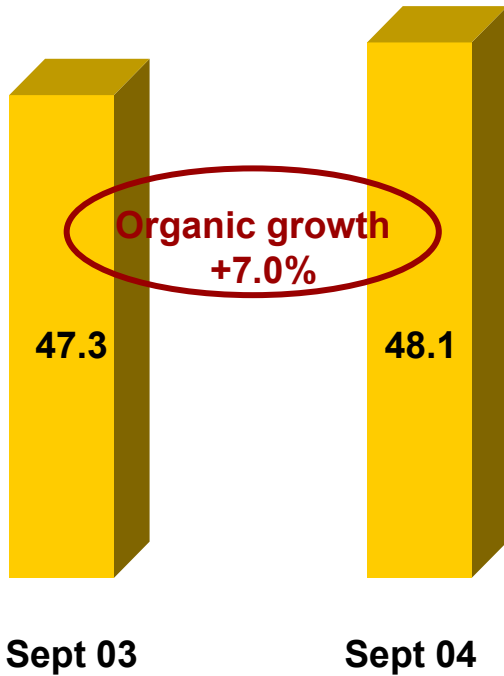
* At comparable forex

8.8%*

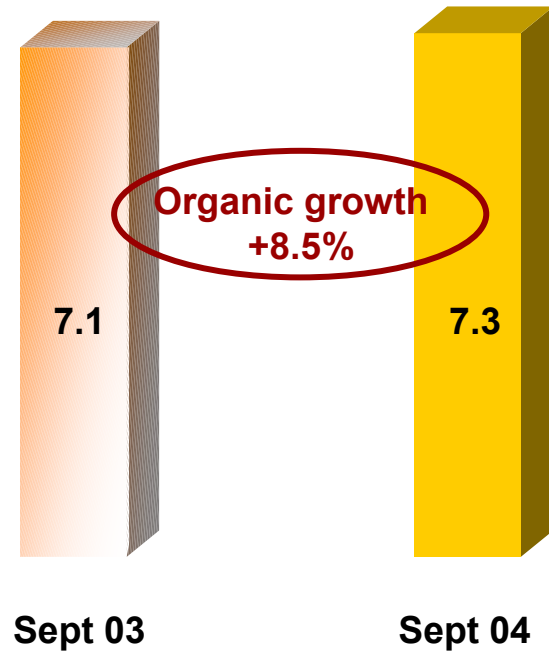


Partner Brands

Turnover (€m)



Operating profit



OM 15.0%

* At comparable forex

15.2%*



Financial Results

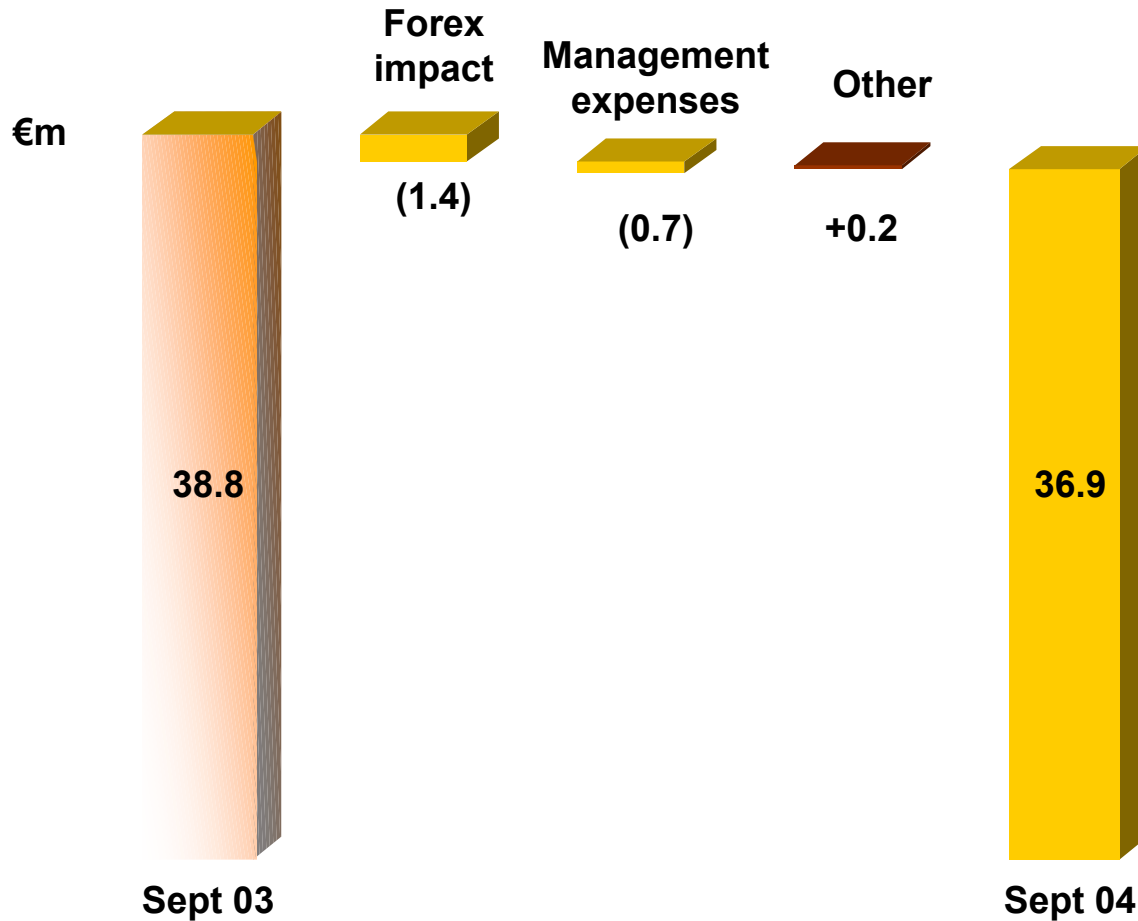
Hervé Dumesny

Analysis of Operating Profit

(€m)	Sept 04	Sept 03	Change	Organic Growth
Turnover	422.4	414.3	+2.0%	+6.3%
Divisional operating profit	105.6	110.8	(4.7%)	+12.0%
Central and distribution costs	(36.9)	(38.8)	(4.9%)	-
Operating profit	68.7	72.0	(4.6%)	+18.6%
Operating margin	16.3%	17.4%	-1.1 bp	+2bp



Central and Distribution Costs



Movement in Operating Profit

€m

Operating profit at Sept 03	72.0
Sales activity	+9.2
Price increases	+4.2
Forex Impact	(16.7)
Operating profit at Sept 04	68.7
<i>Operating margin (reported)</i>	<i>16.3% vs 17.4%</i>
<i>Operating margin (organic)</i>	<i>19.5% vs 17.5%</i>



Net Profit

(before goodwill amortisation and associated undertakings)

(€m)	Sept 04	Sept 03
EBIT	68.7	72.0
Finance costs	(27.0)	(33.1)
Profit on ordinary activities before tax	41.7	38.9
Taxation	(13.4)	(15.0)
%	32.1%	38.6%
Minority interests	(0.4)	1.2
Net profit before goodwill amortisation and share of profit in associated undertakings	27.9	25.1

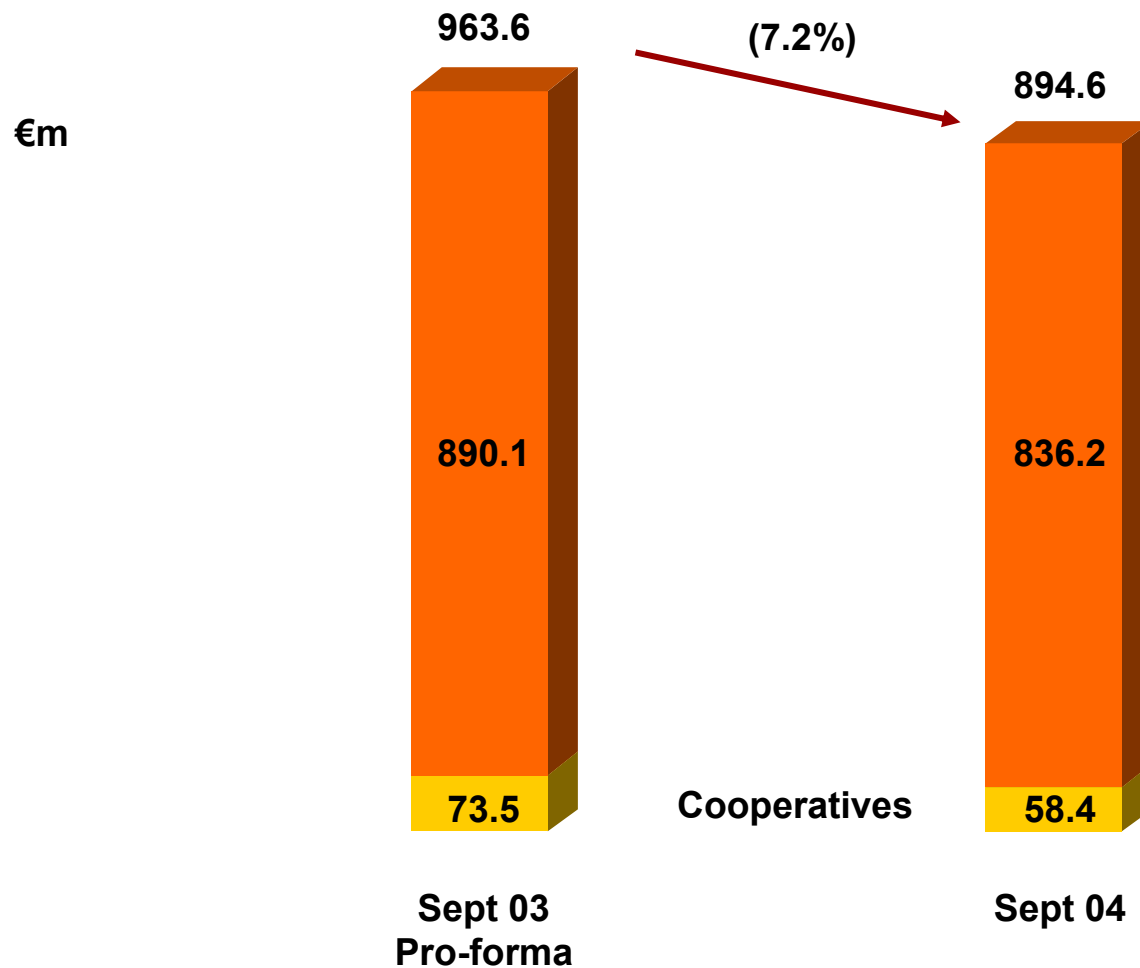


Net Profit

(€m)	Sept 04	Sept 03
Net profit before goodwill amortisation and share of profit in associated undertakings	27.9	25.1
Goodwill amortisation	(1.5)	(1.4)
Equity accounted – Maxxium	0.4	(1.0)
Equity accounted – Dynasty	2.0	1.4
Net profit on ordinary activities	28.8	24.1
Number of shares ('000)	44,270	44,070
Profit on ordinary activities/per share (€)	0.65	0.55
Net profit after non-recurring income	20.5	35.4



Net Financial Debt



Debt & Cash Flow

➤ After consolidation of co-operatives

(€m)	Sept 04	Sept 03	Change
Net debt	894.6	963.6	(7.2%)
Operating Free Cash Flow	14.3	(27.0)	41.3



2004/05

Trend for the Second Half

Trend for the Second Half

- **Stand firm on our priorities:**
 - ✓ **Value strategy (mix market, pricing)**
 - ✓ **Reinforced A&P investment behind key brands**

- **H2 2004 will be compared with a strong H2 2003**



EBIT double digit organic growth

Trend for the Second Half

Rémy Martin

- **Implementation of Worldwide Advertising campaign**
- **QSS: Reinforcing image and premium positioning**
- **VSOP : rejuvenation in all markets**

Trend for the Second Half

Cointreau/Passoa

- **New worldwide Advertising campaign for Cointreau**
- **Successful new Cointreau presentation**
- **Strong demand for new Passoa flavours in France**

Trend for the Second Half

Bols

- **Spectacular relaunch of Bols liqueurs**
- **Strong sales of Bols Vodka in Poland**

Trend for the Second Half

Champagne

- **Enhanced range of Piper-Heidsieck Cuvées spéciales**
- **Very dynamic additional gift offers**

Outlook for 2004 / 2005 and beyond

**Increase creativity
and develop additional focus in on-trade
to accelerate revenue growth**

**Total Group commitment
behind profit improvement at all levels**