



RÉMY COINTREAU

*We seek nothing but **Perfection***

***Annual Results***  
***Year ended 31 March 2014***

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**5 June 2014**

**François Hériard Dubreuil**

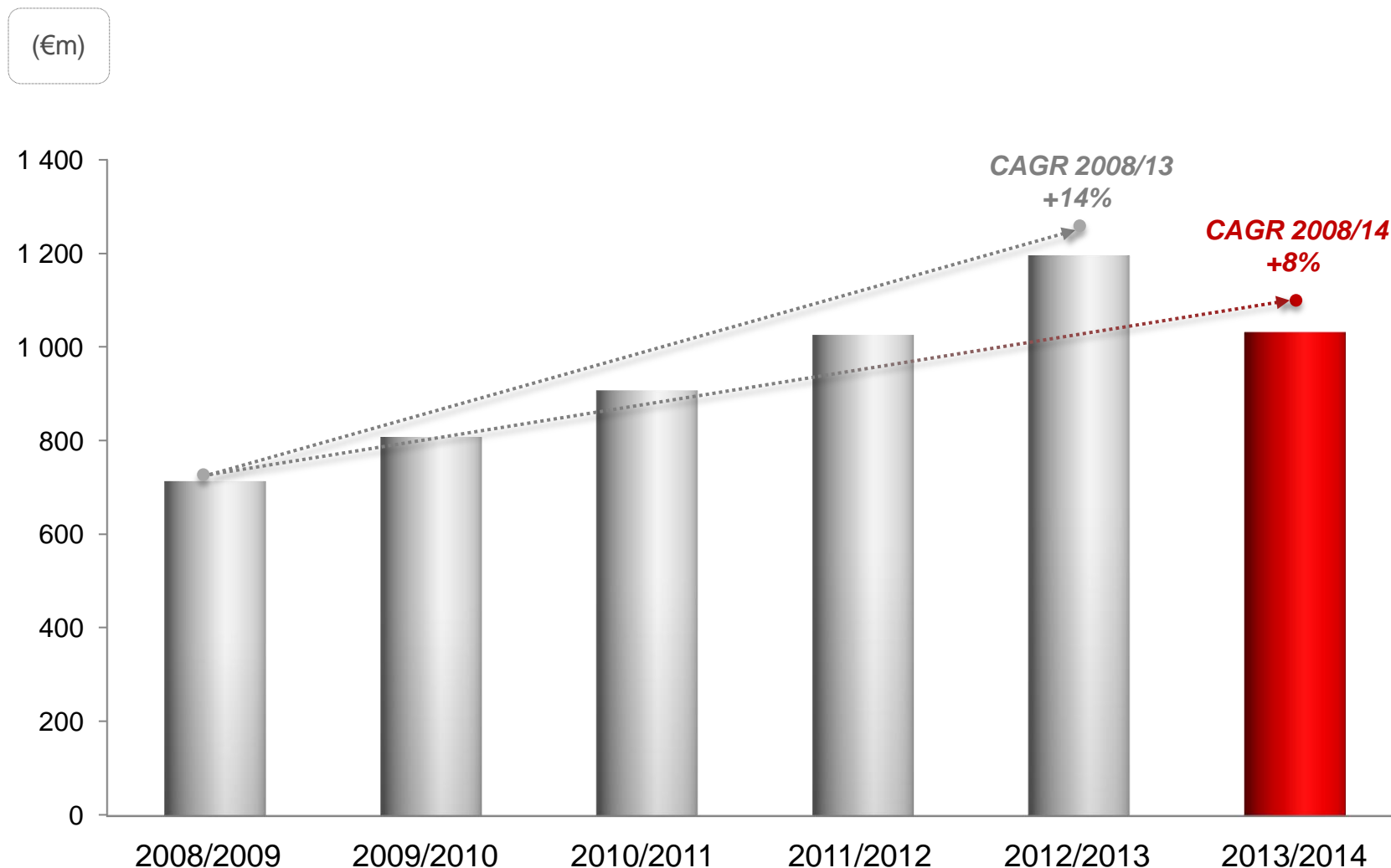
*Chairman and Chief Executive Officer*

# Decline in Sales following 4 Years of Growth (in published terms)



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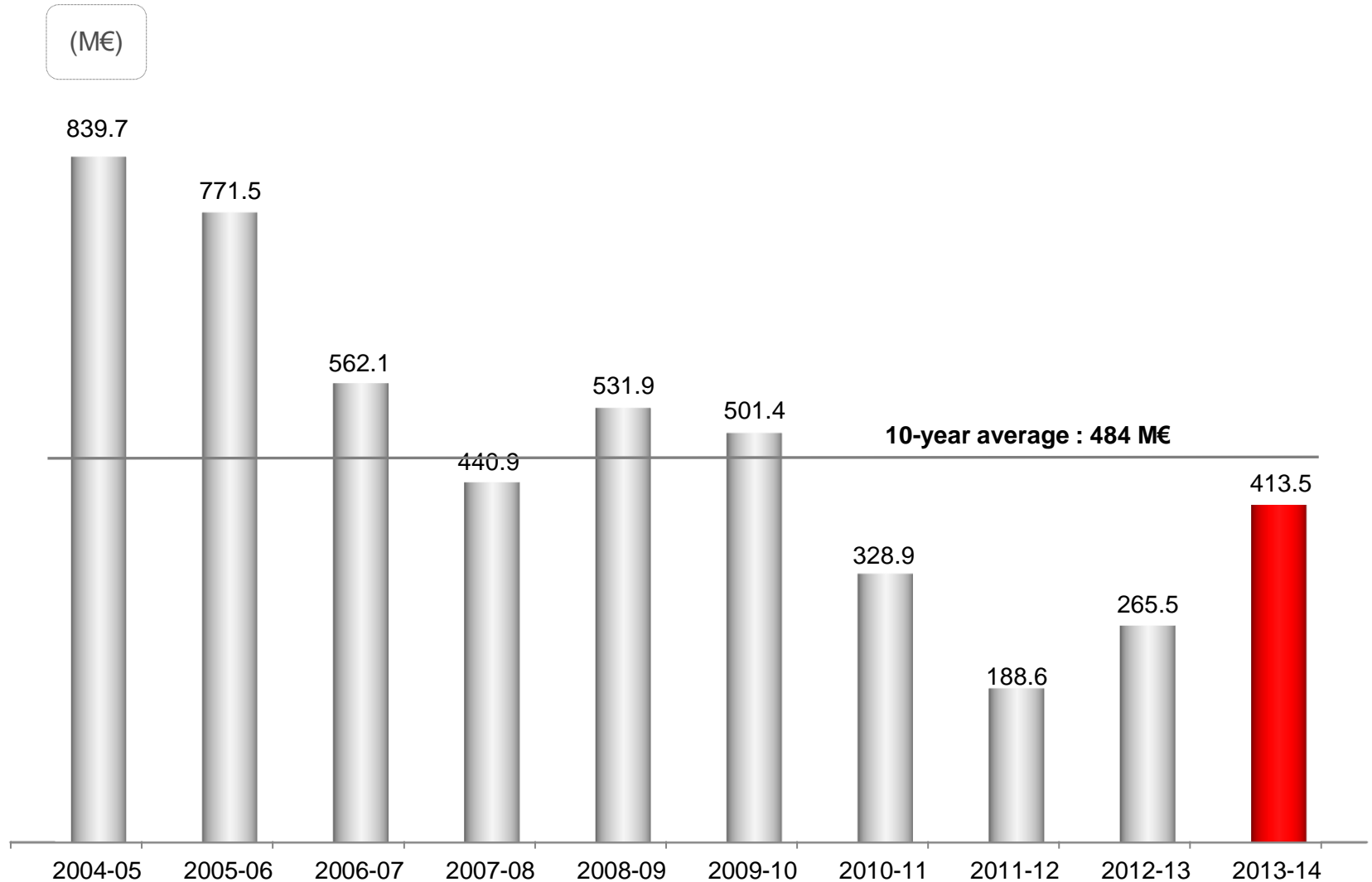


# 2013/14 Key Figures

		Change	
		Published	Organic
■ <b>Sales</b>	€1,031.6m	(13.5%)	(10.7%)
<i>of which own brands</i>	€788.6m	(17.6%)	(14.8%)
■ <b>Current operating profit</b>	€150.2m	(38.8%)	(40.8%)
■ <b>Current operating margin</b>	14.6%	-	
■ <b>Net profit</b> <i>(excluding non-recurring items)</i>	€80.2m	(46.9%)	
■ <b>Net profit</b> <i>(Group share)</i>	€62.4m	(52.2%)	
■ <b>Net earnings per share</b> <i>(excluding non-recurring items)</i>	€1.63	(47.4%)	
■ <b>Net earnings per share</b> <i>(Group share)</i>	€1.27	(52.4%)	
■ <b>Net debt/EBITDA ratio:</b>	2.09		



# Change in net debt over 10 years





# ***Unchanged Strategy***

- Maintaining our high-end strategy and brands' image
- Significant and targeted investment
- Geographical balance
- Strict cost control

**Confidence in the medium to long-term**

# Review of Activities

François Hériard Dubreuil

*Chairman and Chief Executive Officer*

Luca Marotta

*Chief Financial Officer*



# ***A Year of Transition***

- Double-digit decline in sales: decision to reduce inventory levels in China against a backdrop of weaker consumption
- Solid growth in the US
- Growth in Europe, the Middle East and Africa
- Negative currency impact on sales but positive on gross profit and current operating profit
- Strategic investment maintained, targeted by brand/market
- Sales teams strengthened in key markets
- Current operating margin of 14.6%





# A Year of Transition

## Brands

- Rémy Martin: organic sales decline of 20.8%
  - Will to reduce inventories in China (amplified in the second half)
  - Healthy growth in the US, Russia and Japan
- Liqueurs & Spirits: slight growth (up 3.3% in organic terms)
  - Cointreau
    - Solid growth in US demand
    - Japan, Central/Latin America on track to be future growth drivers
  - Metaxa
    - Dynamic in its key markets: Greece, Russia and Eastern Europe
  - Mount Gay
    - Black Barrel successful in the US, Australia, New Zealand and the UK
  - Bruichladdich
    - Doubling of production and streamlining of the range on 3 brands/3 characters: Bruichladdich/Port Charlotte/Octomore



# ***A Year of Transition***

## **Markets**

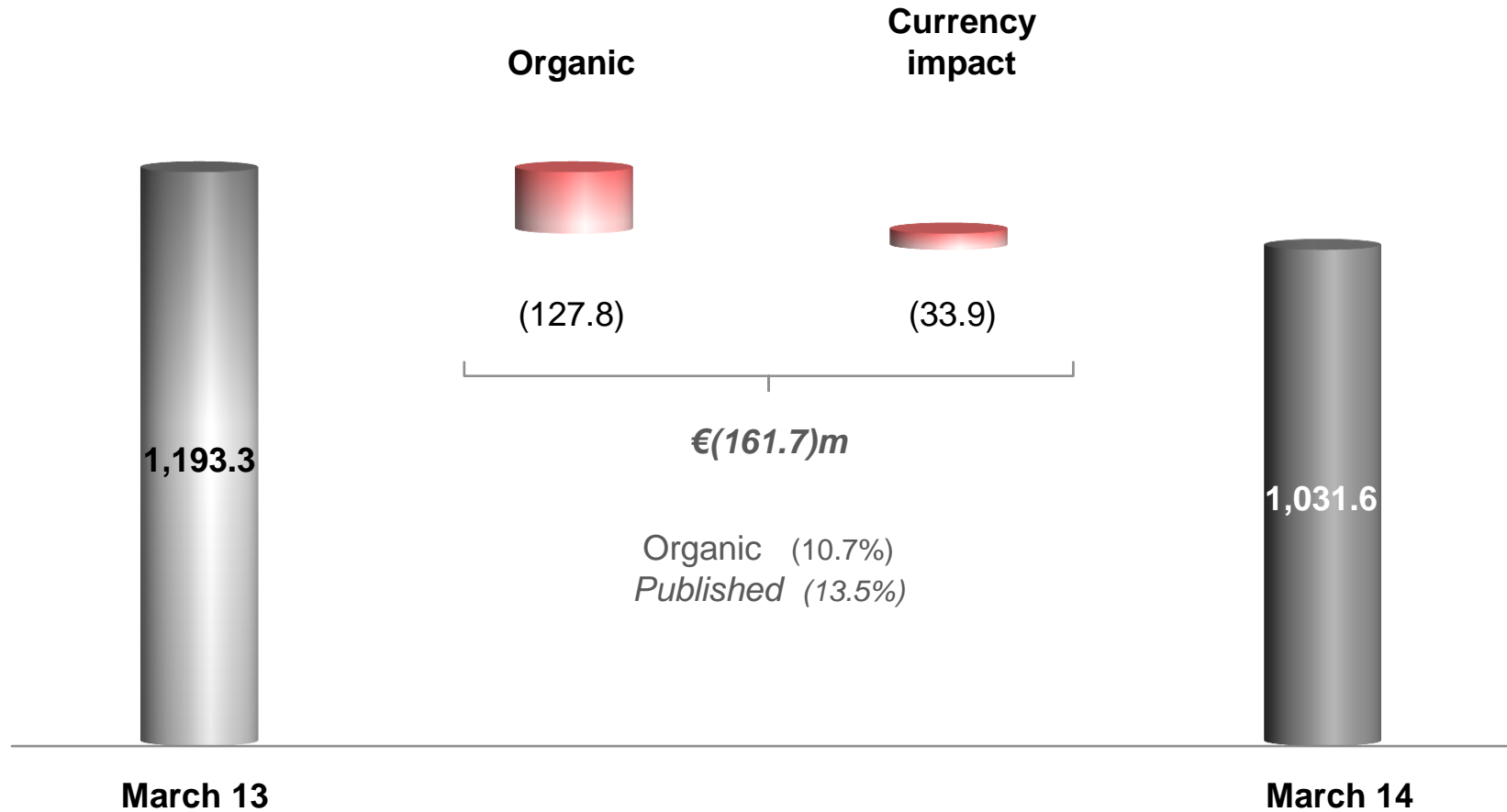
- Slowdown in Asia-Pacific
  - Decline in China but continued momentum in Japan
- Solid performance in the Americas region
  - Healthy price-mix effect in the US
  - Robust growth in Central and Latin America markets
- Growth in the Europe, Middle East and Africa region
  - Competitive environment in Western Europe
  - Healthy performance in Central Europe, Eastern Europe and Africa
- Distribution network extension
  - New frontier markets: Africa, India
  - New subsidiary in the UK

# Group Sales



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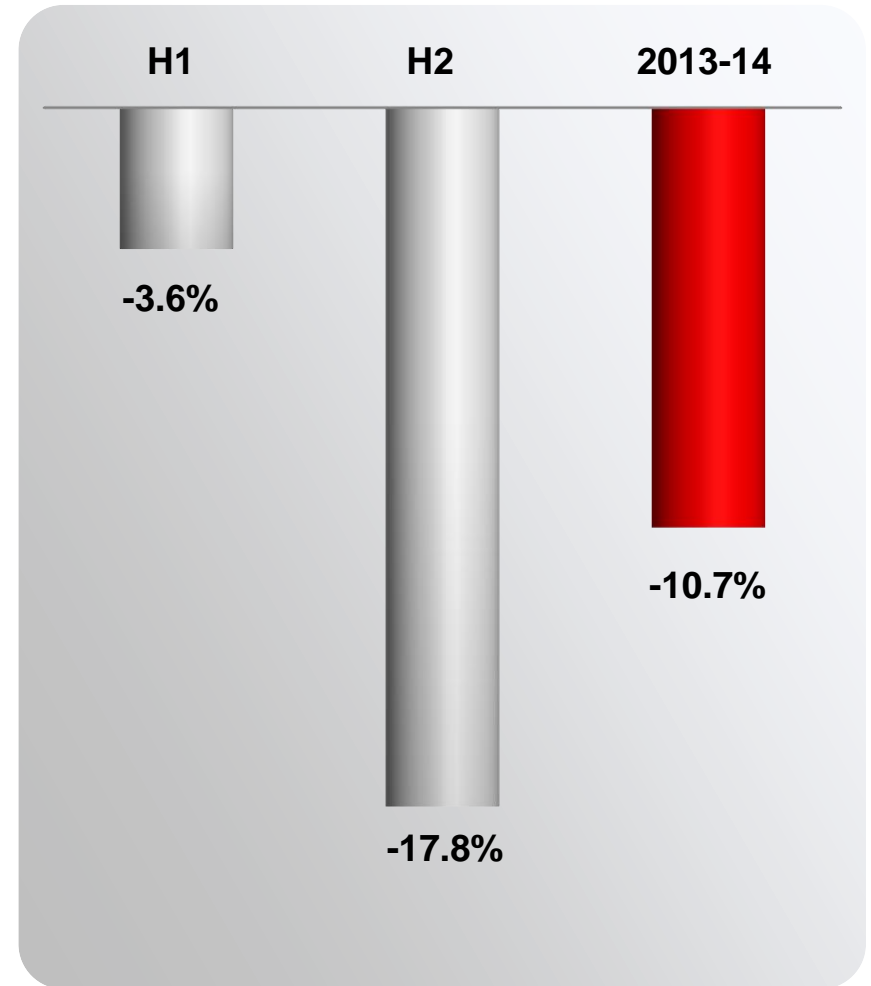
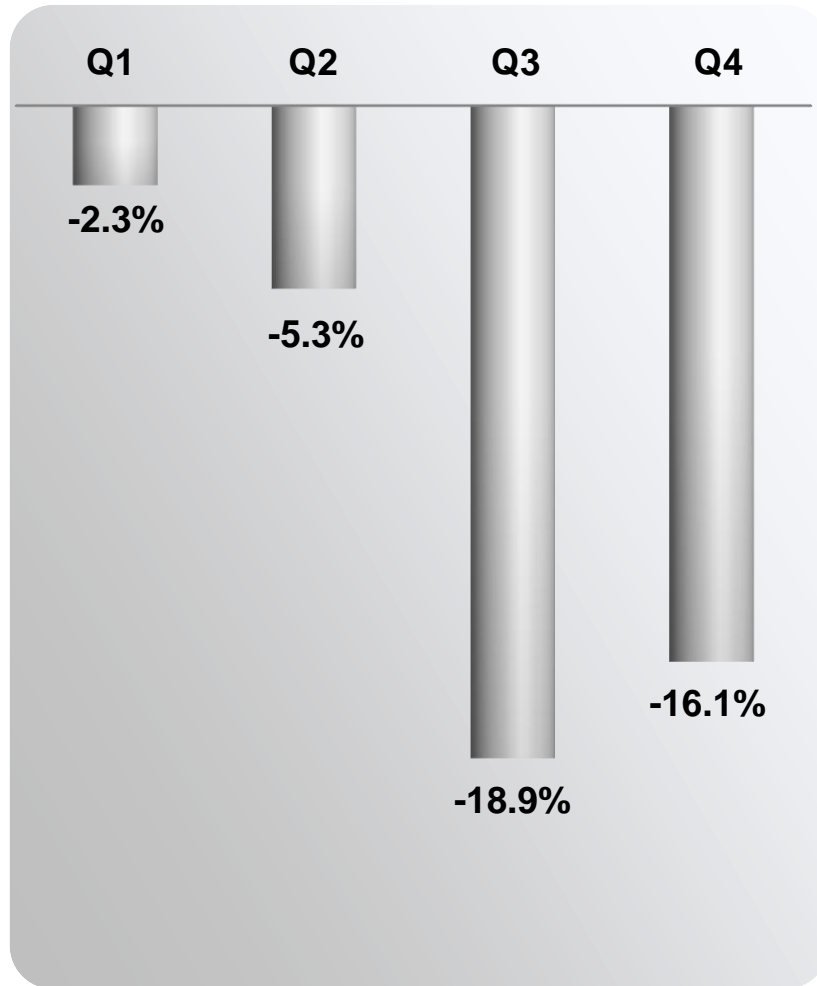
€m



# Quarterly Change in Sales (in organic terms)

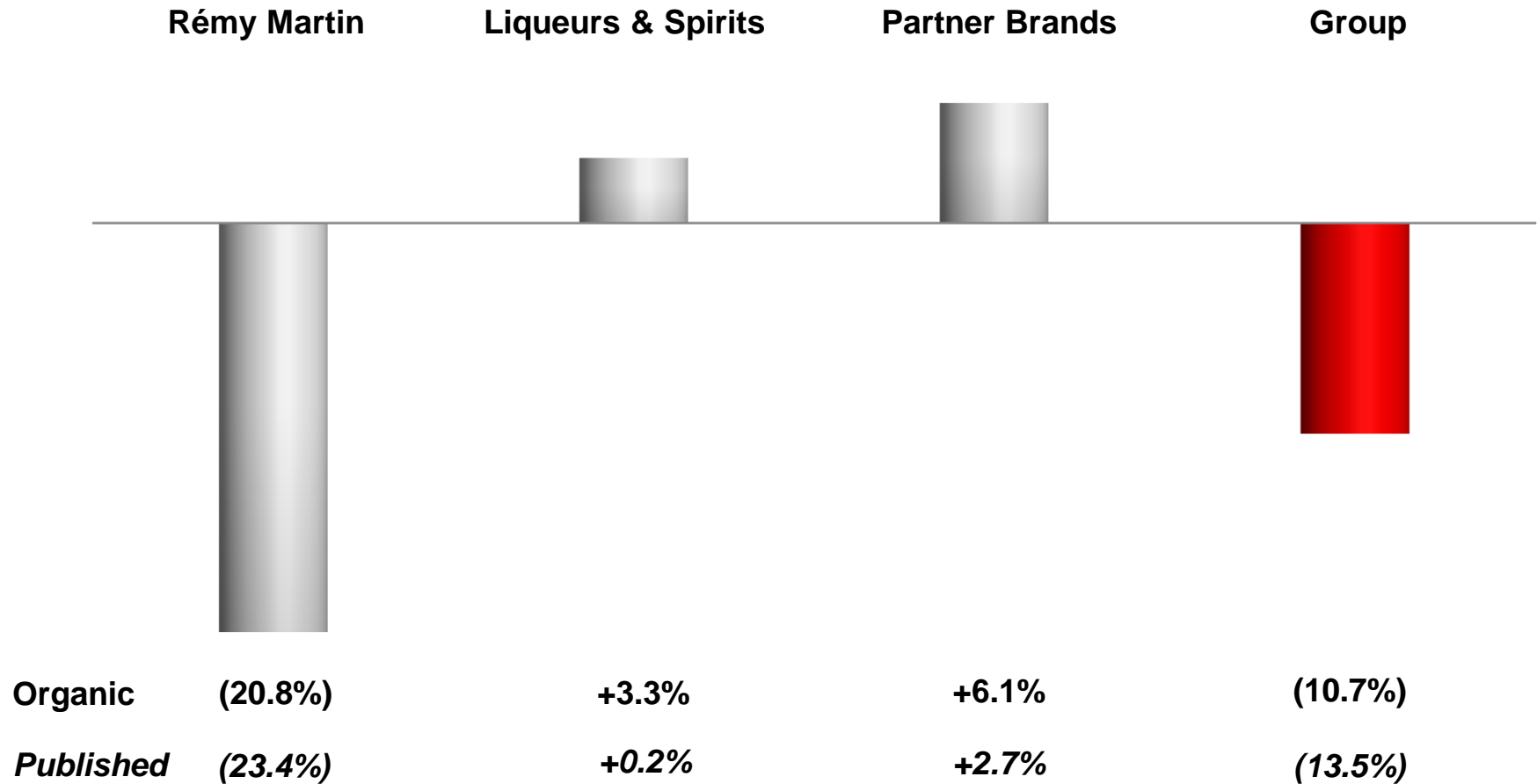


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# Divisional Change in Sales



# Breakdown of Sales

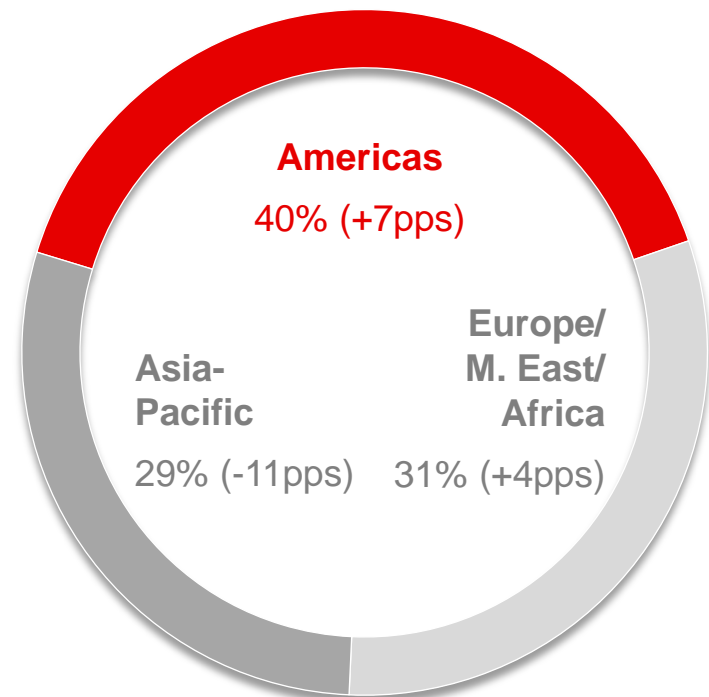
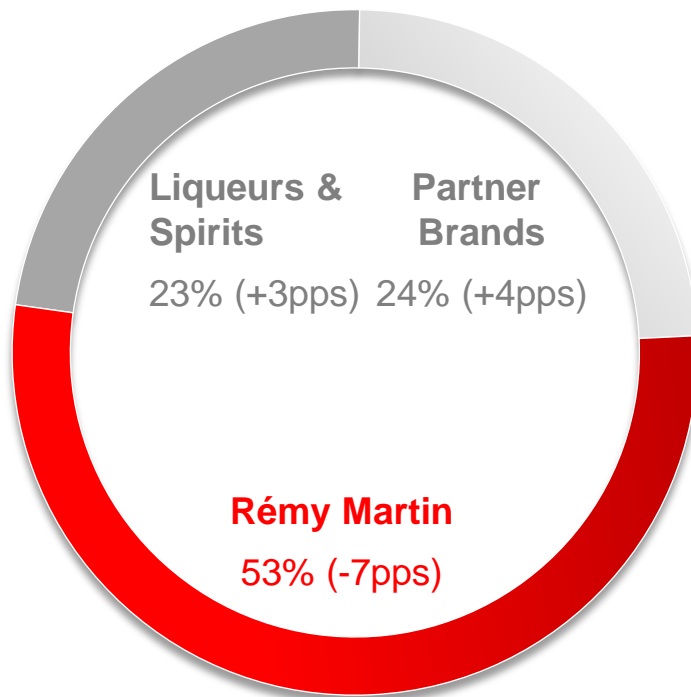


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By division

By region

Sales: €1,031.6m



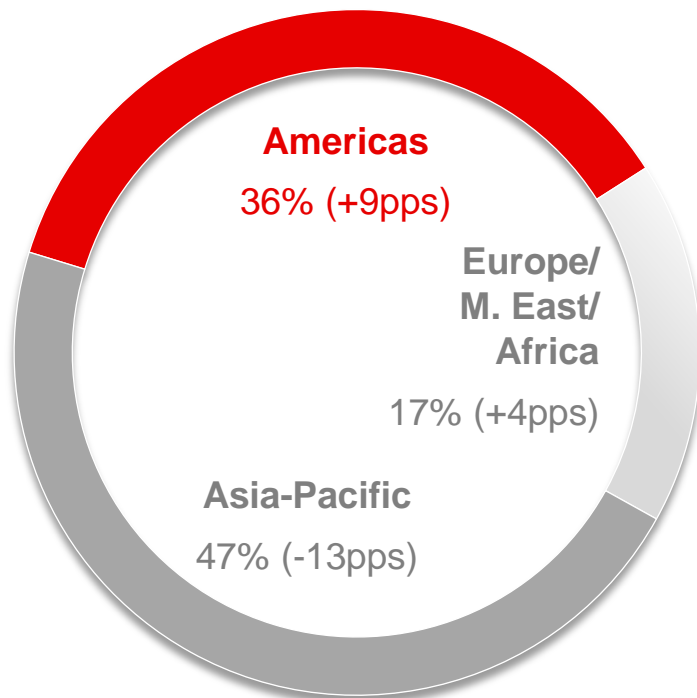
# Breakdown of Sales by Geographic Region



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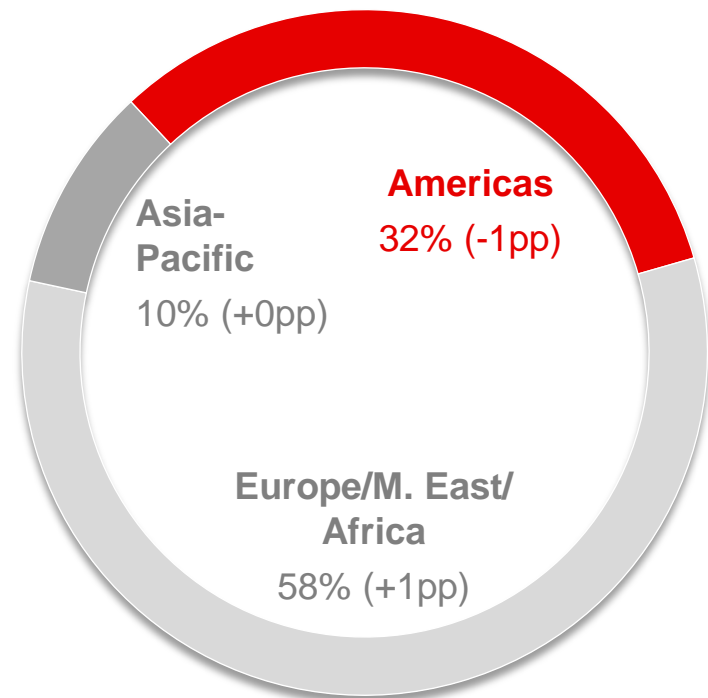
## Rémy Martin

€551.2m



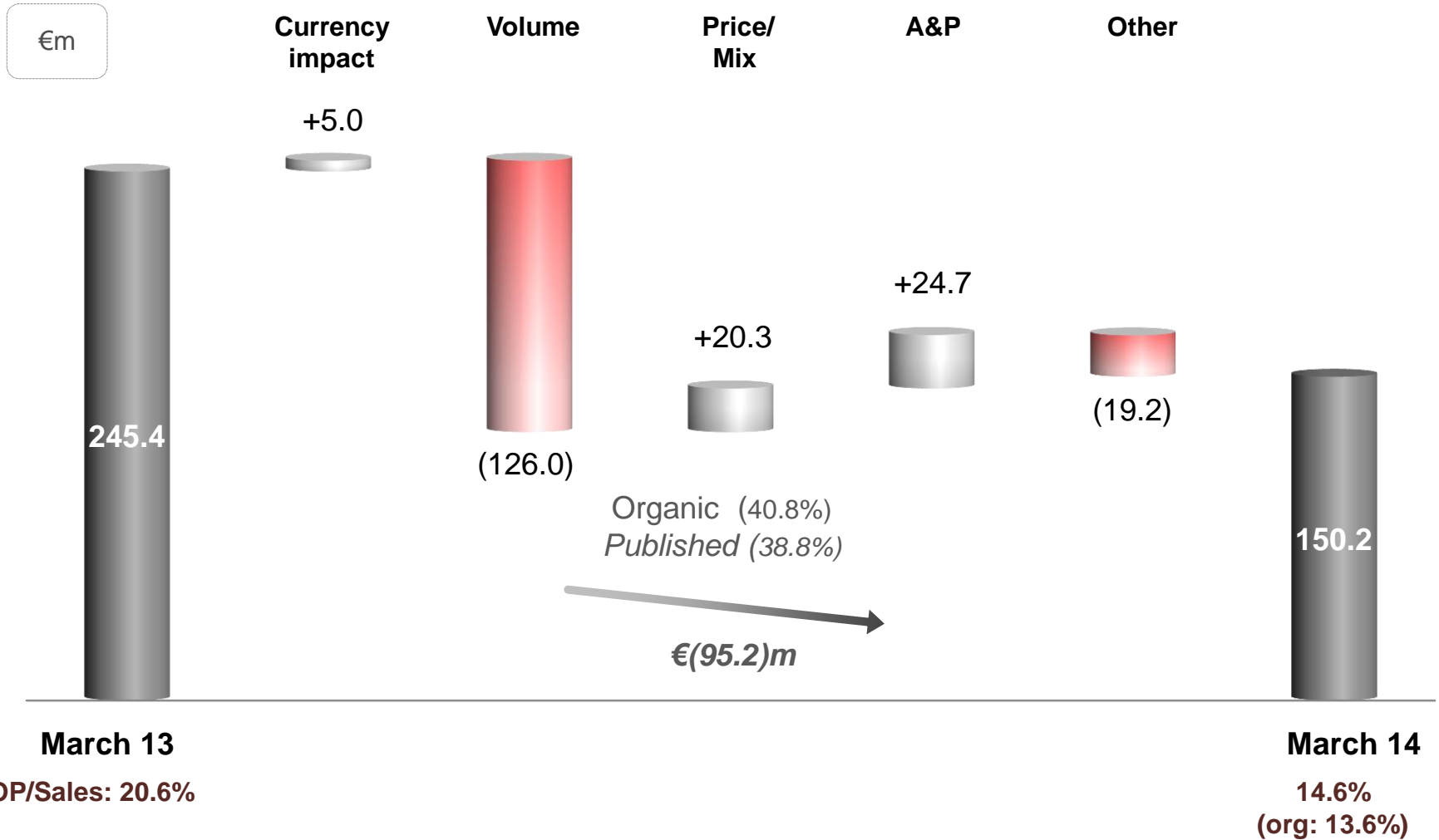
## Liqueurs & Spirits

€237.3m





# Current Operating Profit





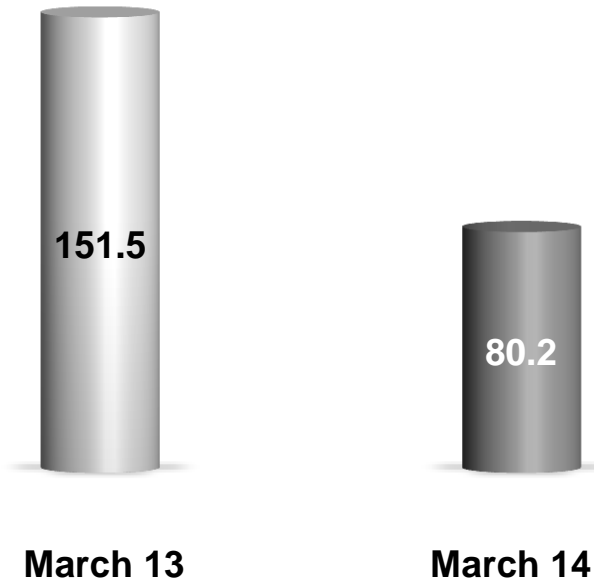


# Net Profit

€m

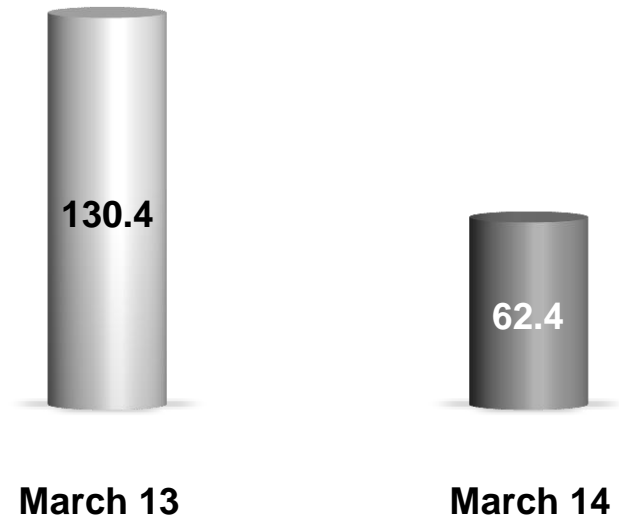
Net profit excluding non-recurring items

*Published (46.9%)*



Net profit Group share

*Published (52.2%)*



# Rémy Martin



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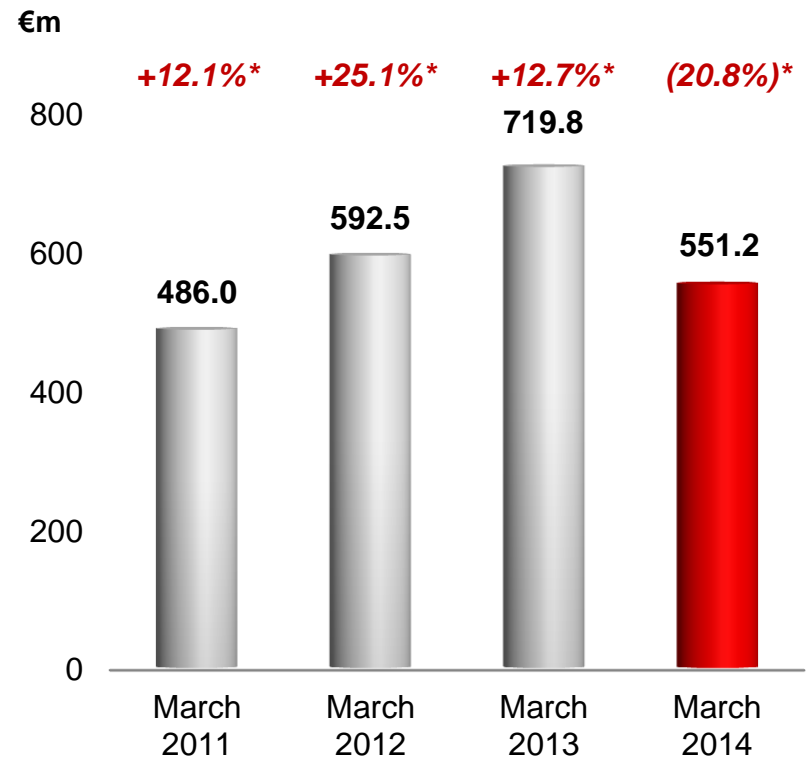
Sales decline (20.8%) *organic*  
in volume (10.7%)

## Targeted innovation

VSOP Jolin Tsai  
Limited Edition (China)

1738 (US)

Centaure (China)

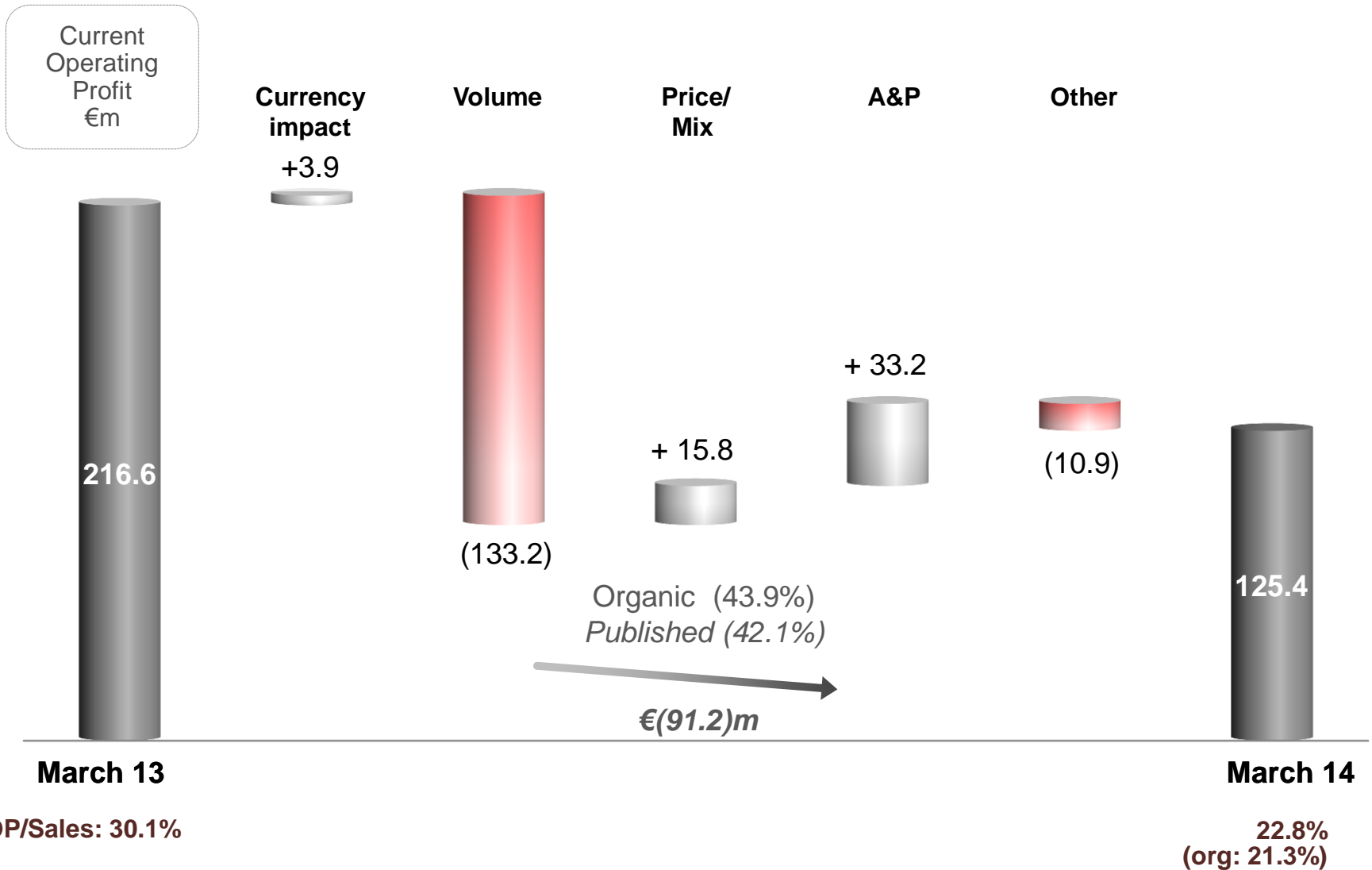


\* in organic terms

# Rémy Martin



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# Liqueurs & Spirits



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Sales growth of 3.3% *organic*  
in volume (0.6%)

## A premium and diversified portfolio



Liqueur

Cointreau Fizz



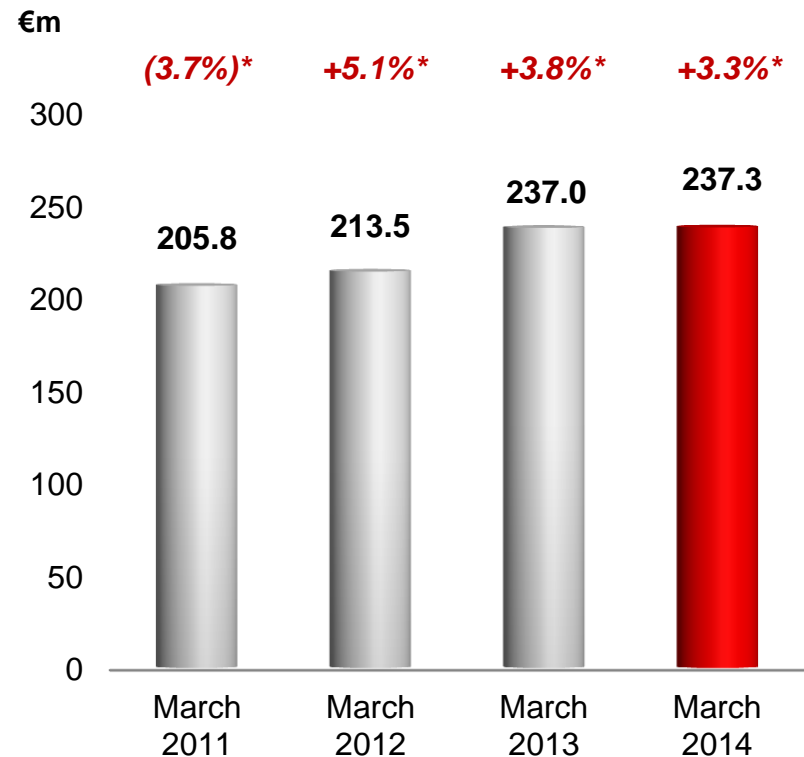
Rum

Mount Gay Black Barrel



Metaxa 12\*

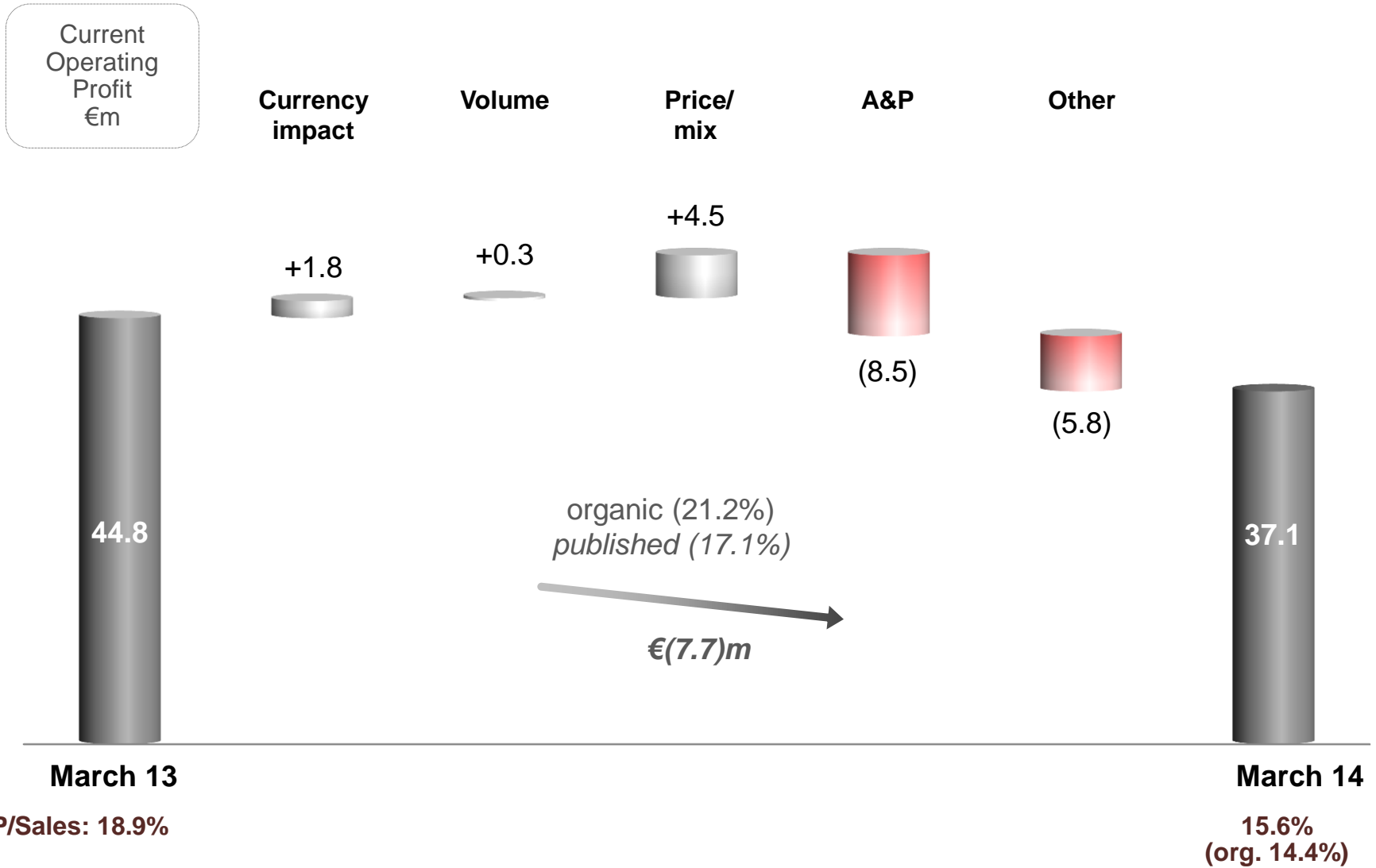
## Breakdown of sales



\* in organic terms



# Liqueurs & Spirits



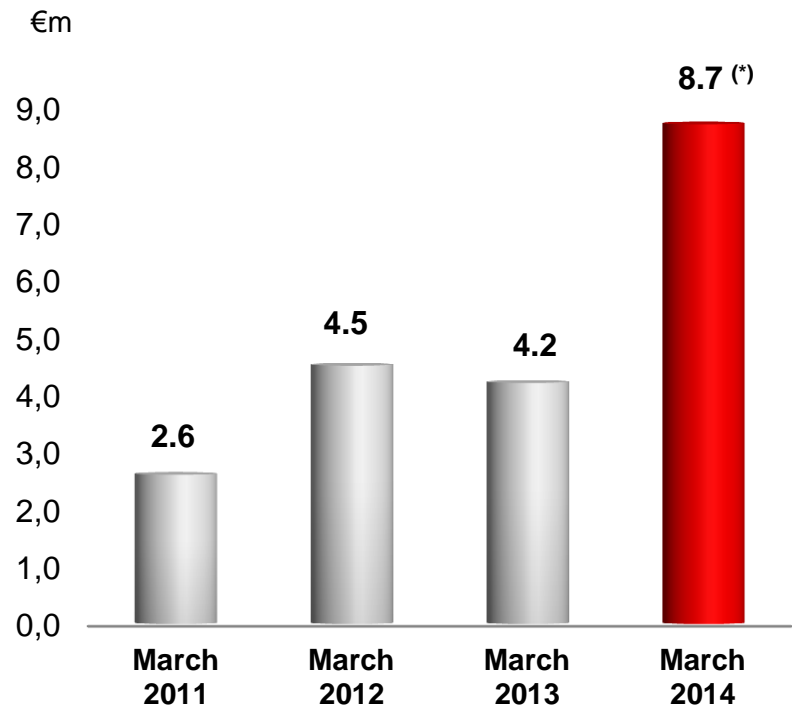
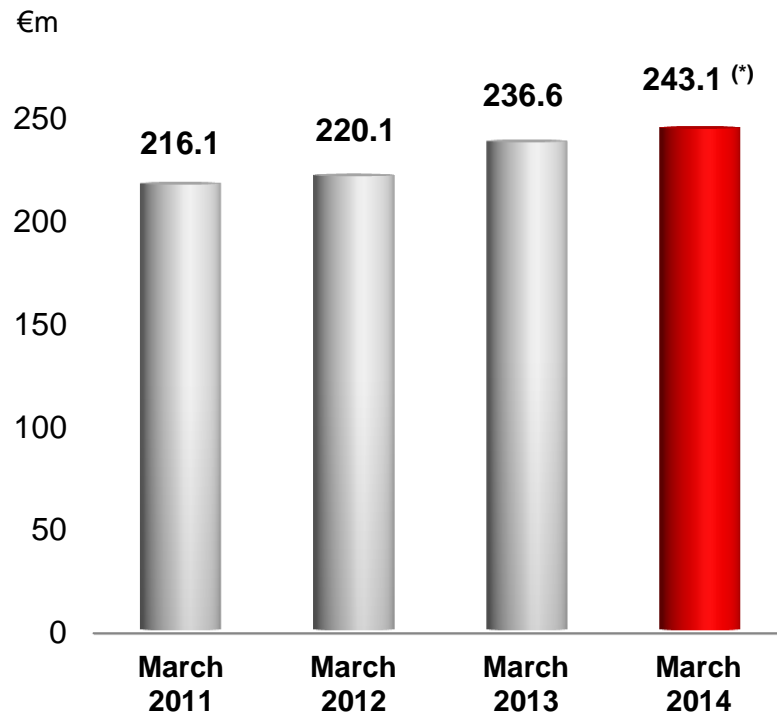
# Partner Brands



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Sales: +6.1% organic  
+2.1% in volume

Current operating profit



(\*) inc. €103m for Edrington US

(\*) inc. €3m for Edrington US

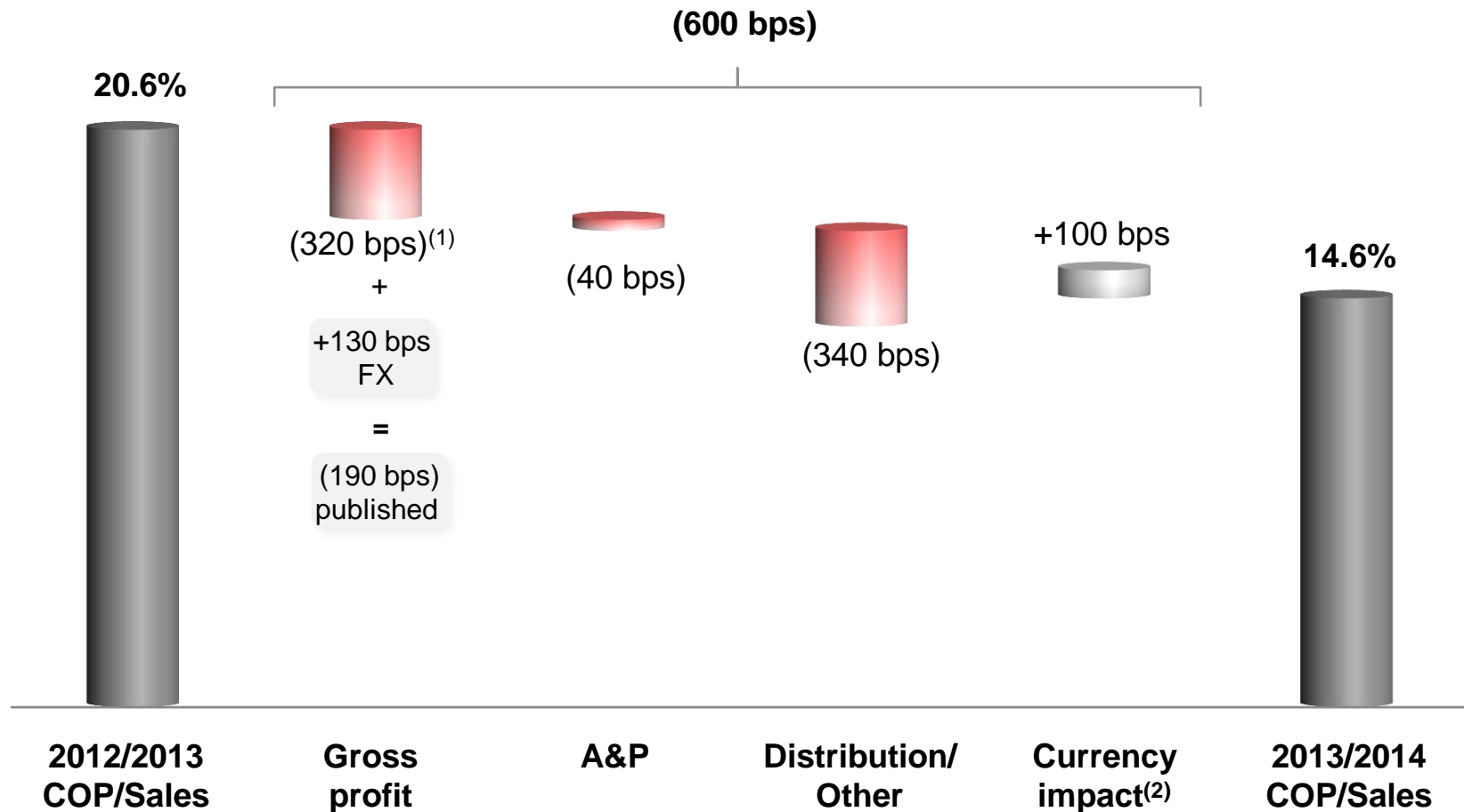


# Current Operating Profit

€m	2013	2014	% Change Published
Sales	1,193.3	1,031.6	(13.5%)
Gross profit	736.9	618.2	(16.1%)
<i>% of sales</i>	61.8%	59.9%	
Sales and marketing expenses	(403.3)	(379.8)	
Administrative expenses	(89.8)	(89.6)	
Other income & expenses	1.6	1.4	
Current operating profit	245.4	150.2	(38.8%)
<b>Current operating margin</b>	<b>20.6%</b>	<b>14.6%</b>	



# Current Operating Margin



<sup>(1)</sup> *exc. transactional currency impact*; <sup>(2)</sup> *Translation and transactional impacts*

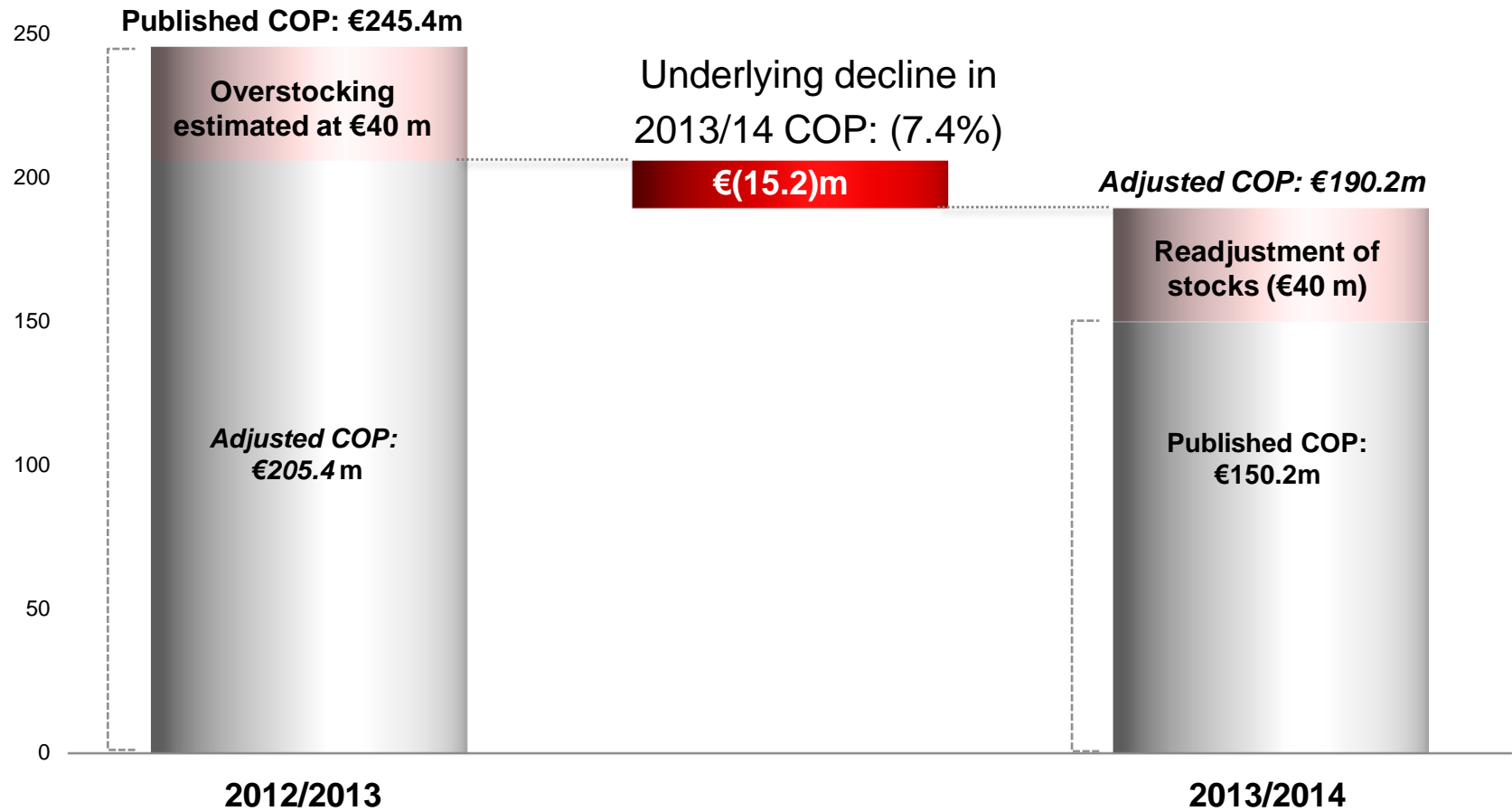


# Underlying decline in Current Operating profit limited to 7%



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300



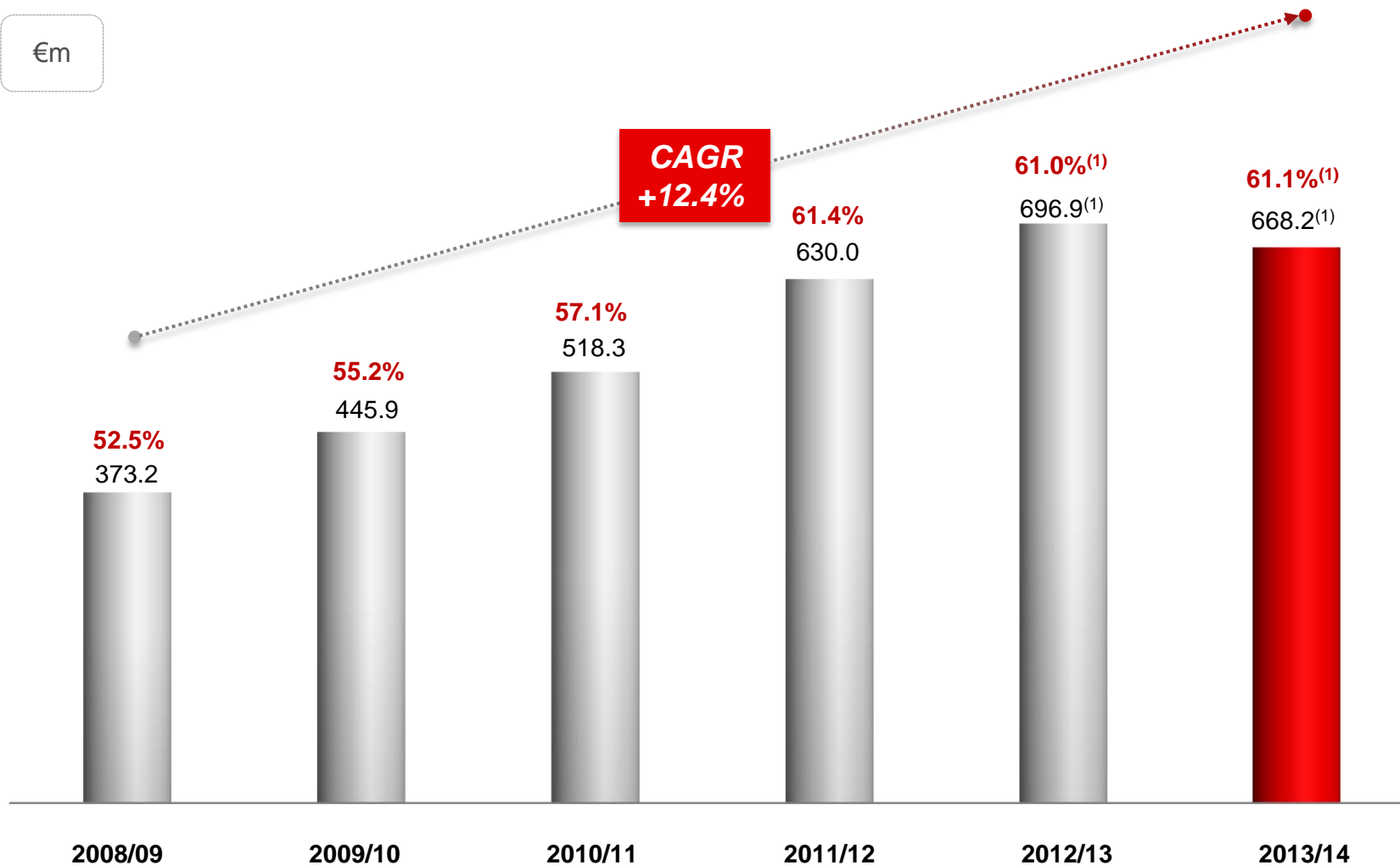
# Change in Operating Margin over 6 Years



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€m

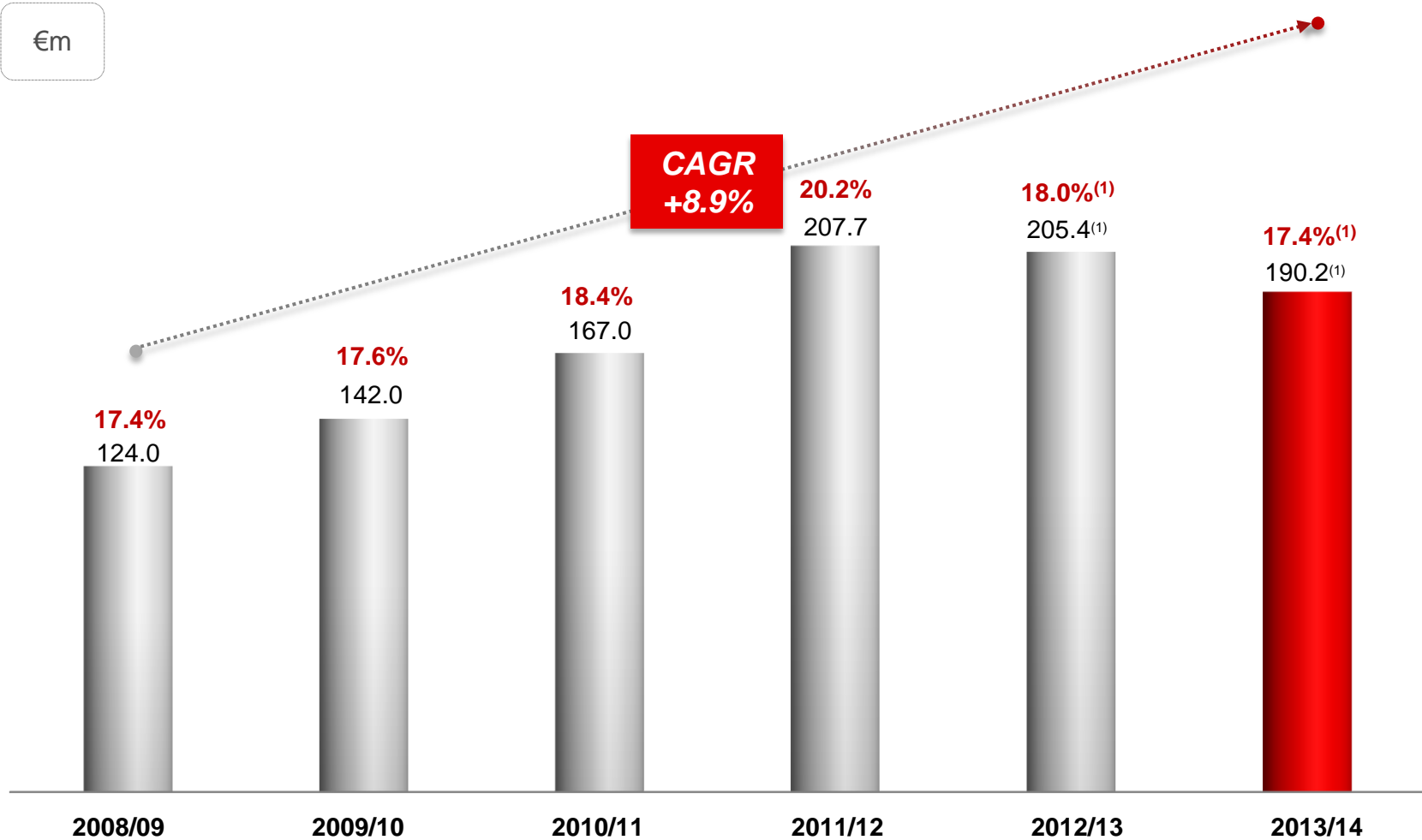


<sup>(1)</sup> Restated for stock adjustments;

Published data was €736.9m (61.8%) for 2012/13 and €618.2m (59.9%) for 2013/14

# Change in Current Operating Margin over 6 Years

€m



<sup>(1)</sup> Restated for stock adjustments;

Published data was €245.4m (20.6%) for 2012/13 and €150.2m (14.6%) for 2013/14

# Net profit



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€m	2013	2014
Current operating profit	245.4	150.2
Other operating income/(expenses)	(7.5)	(4.9)
Operating profit	237.9	145.3
<b>Financial charges</b>	<b>(20.0)</b>	<b>(26.2)</b>
Profit before tax	217.9	119.1
Taxation	(72.0)	(45.8)
Tax rate	33.1%	38.5%
Share in profit of associates	(15.5)	(10.9)
<b>Net profit – Group share</b>	<b>130.4</b>	<b>62.4</b>
<b>Net profit</b> (excluding non-recurring items)	<b>151.5</b>	<b>80.2</b>
<b>Net margin</b> (excluding non-recurring items)	<b>12.7%</b>	<b>7.8%</b>

# Net Debt/Cash Flow



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€m	2013	2014	Change
<b>Net financial debt at 1 April</b>	<b>(188.6)</b>	<b>(265.5)</b>	<b>(76.9)</b>
Gross operating profit (EBITDA)	268.1	171.5	(96.6)
Change in inventories and WCR related to eaux-de-vie	(38.1)	(80.8)	(42.7)
Other WCR items	(8.1)	19.1	27.2
Capital expenditure	(26.1)	(42.2)	(16.1)
Income tax	(66.8)	(77.0)	(10.2)
Dividends	(18.4)	(69.3)	(50.9)
Acquisitions (including acquired debt)/Asset disposals	(167.1)	37.4	204.5
Buyback of own shares	(0.5)	(75.9)	(75.4)
Financial charges and other	(19.9)	(30.9)	(11.0)
<b>Total cash flow for the period</b>	<b>(76.9)</b>	<b>(148.0)</b>	<b>(71.1)</b>
<b>Net financial debt at 31 March</b>	<b>(265.5)</b>	<b>(413.5)</b>	<b>(148.0)</b>
<b>A Ratio (Net Debt/EBITDA)</b>	<b>0.99</b>	<b>2.09</b>	



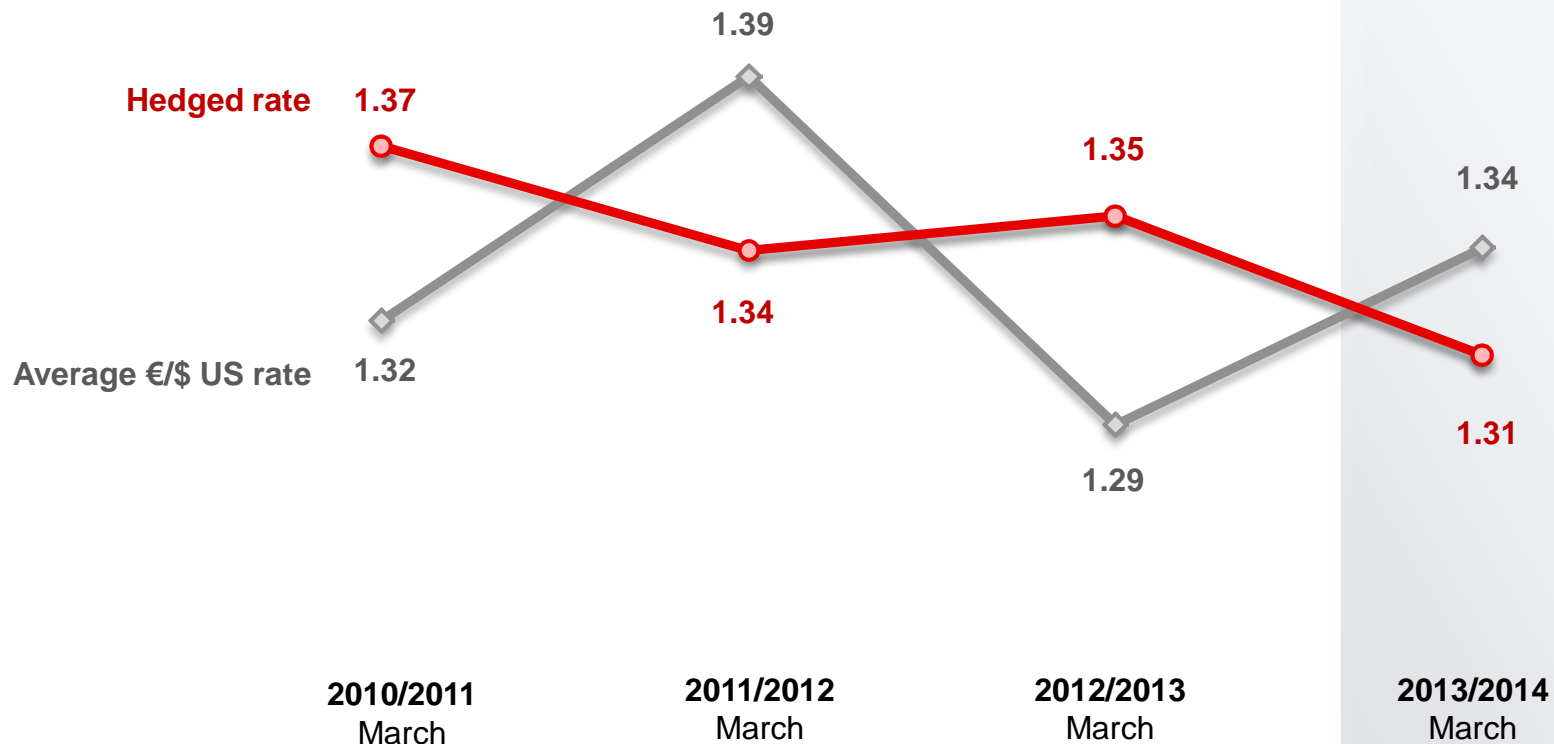
# Breakdown of Financial Charges

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€m	2013	2014
Cost of gross financial debt	(23.9)	(26.4)
Investment income	3.0	3.7
<b>Sub-total</b>	<b>(20.9)</b>	<b>(22.7)</b>
Impact of the portfolio of interest rate hedging instruments	(1.2)	(0.1)
Net foreign exchange gain	4.7	-
Other financial charges (net)	(2.6)	(3.4)
<b>Financial charges</b>	<b>(20.0)</b>	<b>(26.2)</b>



# Foreign Exchange Hedging Impact





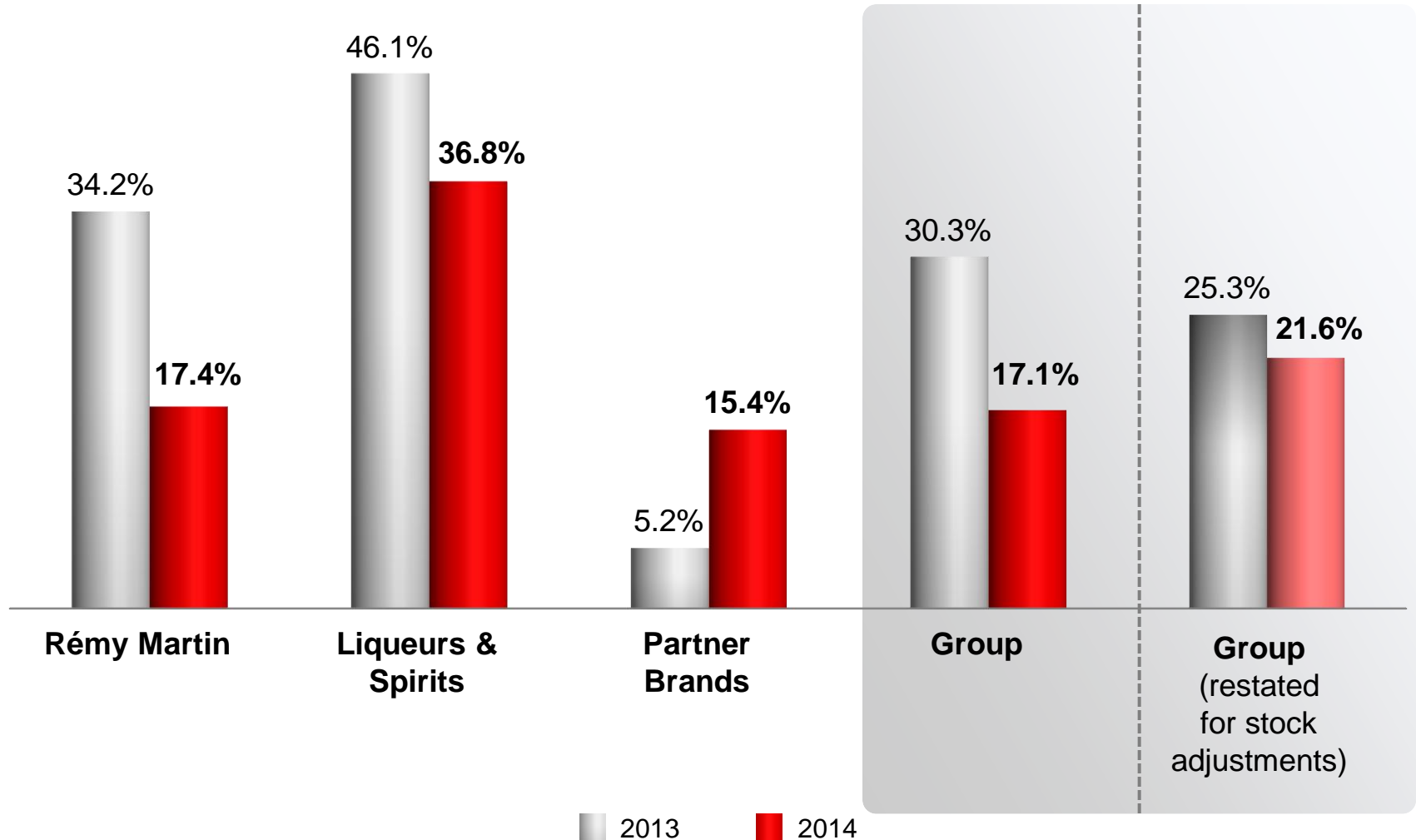
# Balance Sheet at 31 March 2014

## Assets

## Liabilities

€m	2013		2014			2013		2014	
	in %	in %	in %	in %		in %	in %		
Non-current assets	843	37%	835	37%	Shareholders' equity	1,095	48%	1,012	45%
Current assets	1,237	55%	1,257	55%	Current and non-current liabilities	720	32%	666	29%
of which inventories	946	42%	1,025	45%					
Cash & CE	187	8%	186	8%	Gross financial debt	452	20%	600	26%
<b>Total Assets</b>	2,267	100%	<b>2,278</b>	100%	<b>Total Liabilities</b>	2,267	100%	<b>2,278</b>	100%
<b>Inventories</b>		42%		45%	<b>Net gearing ratio</b>		24%		41%

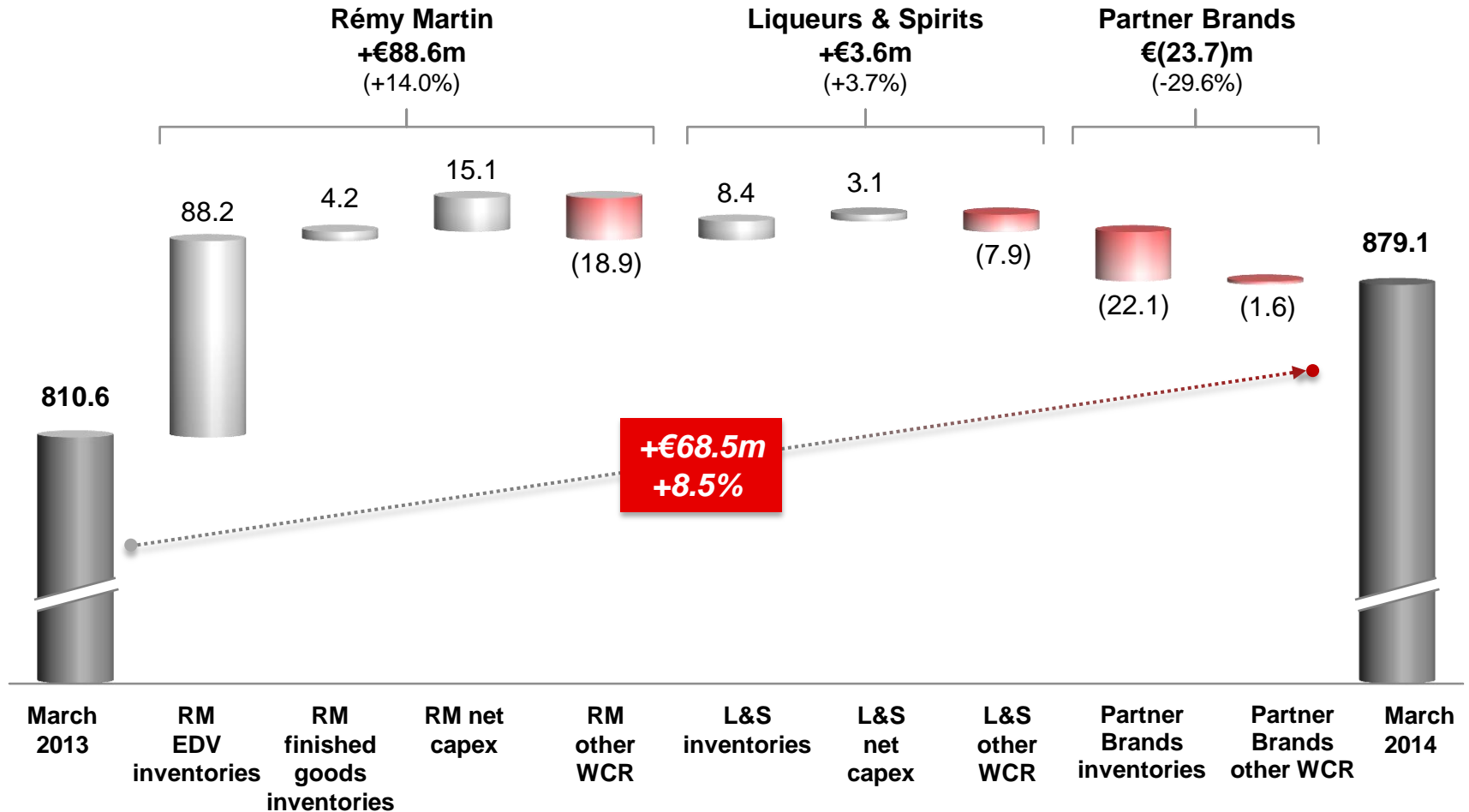






# Change in Capital Employed

€m





# Highlights of 2013/14

- 30 August 2013 → Disposal of Larsen to the Finnish group Altia
- 25 March 2014 → Reduction in Rémy Cointreau's share capital following the cancellation of treasury shares purchased during the share buyback programme
- 31 March 2014 → Dynasty Fine Wines Ltd has yet to publish its 2012 and 2013 annual financial statements. Its listing remains suspended
- 31 March 2014 → End of the distribution contract for Edrington Group brands in the US



# Financial Events

- 22 July 2013 → Fitch assigned an “Investment grade” rating to Rémy Cointreau (BBB-, stable outlook/negative since 27 January 2014)
- 13 August 2013 → €65m bond issue with a 10-year maturity and a fixed coupon of 4%
- 10 October 2013 → Standard & Poor’s upgraded its rating to BBB-, stable outlook
- 22 October 2013 → Moody’s upgraded its rating to Baa3, stable outlook
- 19 November 2013 → Reallocation of shares purchased during the share buyback programme (implemented between 6 December 2011 and 23 May 2012). Of a total of 1,428,794 shares, 1,150,000 were cancelled
- 25 March 2014 → Cancellation of the 1,283,053 shares purchased (at an average price of €59.2) during the share buyback programme implemented between 5 December 2013 and 29 January 2014



# ***Post-Balance Sheet Events***

- 11 April 2014 → Rémy Cointreau signed an amendment and an extension to its €255 million 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



# 2014/15 Outlook

- The environment remains uncertain: transforming Chinese spirits market and weak macro-economy in Western Europe
- Yet the Group is entering the 2014/15 financial year with confidence and anticipates organic growth<sup>(1)</sup> in both:
  - Sales, and
  - Current operating profit
- Dividend of €1.27 per share with the option of a full payment in cash or a partial payment in shares

<sup>(1)</sup> *excluding currency impact and pro-forma for the end of the distribution contract of the Edrington brands in the US*



# ***Medium-Term Outlook***

**Confidence in medium/long-term growth drivers and in the relevance of the strategic positioning of the brands:**

- Quality of our upmarket brands
- Resolutely pursuing innovation
- Increased prioritisation of marketing investment
- Network strengthened in key markets
- Expansion into markets with strong growth potential
- Strict cost control
- “Cash is King”
- Return to steady, profitable growth

**Rémy Cointreau is confident  
in its long-term value creation model**



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