

2017



RÉMY COINTREAU

ANNUAL REPORT
2016 / 2017

A N N U A L R E P O R T
2 0 1 6 / 2 0 1 7

Orange...
Like the essence of orange
peels at the heart
of our Cointreau liqueur.


RÉMY COINTREAU



F O R E W O R D

2016/2017. The Rémy Cointreau Group is seeing renewed growth thanks to the confluence of several positive factors: the successful refocusing on the Group's brands, the first positive effects of the strategy to move upmarket, and a favorable environment in its two core markets: the United States and China.

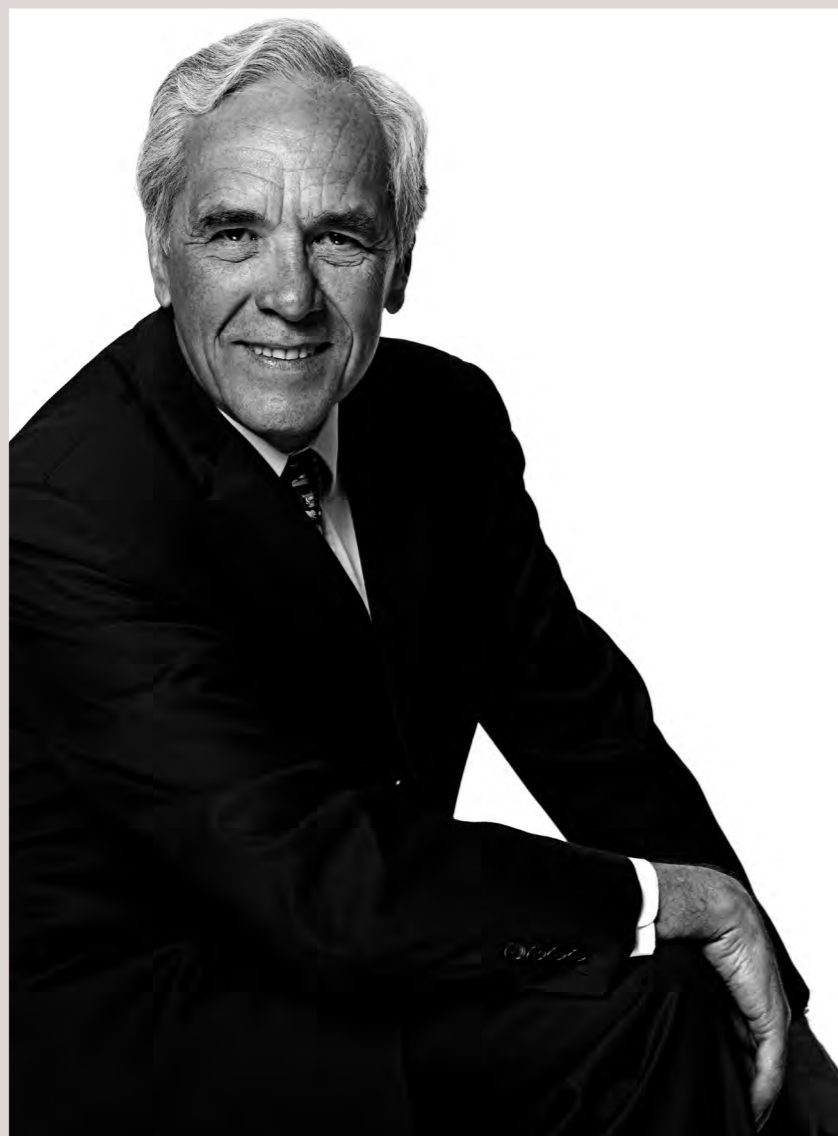
Moreover, during the past financial year, the Group has welcomed two new single malt whiskey brands with strong potential: Domaine des Hautes Glaces and Westland. Both of these brands offer exceptional spirits, share the values of Rémy Cointreau and recognize themselves in the motto "Terroir, people and time".



T A B L E
O F
C O N T E N T S

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PEOPLE



TIME

EXCEPTION

A WORD FROM THE CHAIRMAN

FRANÇOIS HÉRIARD DUBREUIL

"Today, the whole world is in good spirits."

The second year of implementing our strategy to move upmarket is a success, helped by a favorable environment in our main markets.

The year 2016/2017 has proved to be an important stage in our transition to the world of luxury, with the opening of our first store. This store heralds a privileged relationship with our clients, who have become true specialists in search of exception.

Thanks to the remarkable commitment of our teams, our ranges have continued to develop upwards. Our product family has also expanded to include two new and very promising acquisitions in the area of single malts, which pave the way to further acquisitions. They are strictly consistent with our values in the long term: terroir, people and time.

Lastly, the strong recovery in the Asian market, combined with the solid performance of our brands in the United States and Africa, has supported our ambition: becoming the world leader in exceptional spirits.

RÉMY COINTREAU FOUNDATION

Created in 2017 and chaired by Dominique Hériard Dubreuil, the Rémy Cointreau Foundation aims to support, in France and abroad, public interest initiatives to promote and disseminate knowledge to achieve excellence. The Foundation will also serve terroirs by supporting their cultural, environmental and human expression. It has an initial budget of €1 million, which may be used over the next five years.

INTERVIEW WITH THE CHIEF EXECUTIVE OFFICER

VALÉRIE CHAPOULAUD-FLOQUET

"We focused on our brands: a strategy that was greatly rewarded."

Over the 2016/2017 financial year, organic growth in the Rémy Cointreau Group's brands amounted to 7.4%.



_ The Rémy Cointreau Group had an excellent 2016/2017...

Indeed, it was a rich and foundational year for the Group's future. The long-term strategy we have been implementing since last year is already bearing fruit. We have established solid foundations, and we were able to focus our efforts on our brands by withdrawing the distribution of a number of external brands, including champagne. In addition, the organic growth of our brands has far exceeded the Group's overall growth: 7.4% for our brands, versus 4.7% overall.

_ What were the main efforts made to achieve this performance?

We re-launched Rémy Martin XO at the end of last year; LOUIS XIII enjoyed great press coverage with l'Odyssée d'un Roi, the creation of the Matusalem and the opening of a store in Beijing; and the #1OrangeTree social media buzz campaign was a huge success for Cointreau. The year was also very intense in terms of product launches, internal reorganization, changes in the distribution network, and the development of the client relationship.

_ How do these efforts fit into the Group's strategic vision: becoming the world leader in exceptional spirits?

Our strategy is beginning to show tangible results. Some brands are naturally more responsive than others, which require more time to adapt. But overall, the Group is enjoying rising success due to a combination of strategic decisions: with respect to brands, markets and budgets, but also in terms of organization and human resources. It's a full package.

_ How does digital technology fit into the Group's investments?

We have invested a large portion of our advertising budgets in digital communication, which no longer has to prove its effectiveness! It offers excellent coverage and lets us communicate directly with our clients at an attractive cost per contact. Accordingly, we are using digital technology for our viral marketing campaigns, our public relations and to engage in dialogue with our clients thanks to the databases. Lastly, e-commerce remains quite marginal at group level, but this distribution channel has seen strong growth in China over the last two years.

_ What is the philosophy behind the acquisition of the Domaine des Hautes Glaces and Westland whiskey brands?

After the acquisition and success of our Scottish single malt brands, we wanted to develop an exceptional whiskey business unit. We were looking for unique and authentic brands. With Domaine des Hautes Glaces, we discovered a gem: each grain is cultivated on a specific terroir, after which it is malted, fermented and distilled separately, according to the principle of parcel-based batches. In a category all its own, Westland also inspired us through the pioneering and perfectionist spirit of its creators.

_ Would you say it's just the beginning of a process, and that there will be more acquisitions in the future?

Yes, we are looking for opportunities. But our standards are very high and few proposals are in line with our values.

_ A few words on the craze surrounding The Botanist?

Distilled in 2011 for the first time, this gin is perhaps the best in the world. Even the bottle is captivating, with the names of its 22 ingredients engraved in the glass. Barmen have adopted The Botanist and love to recommend it. Wherever it is found, this gin enjoys huge success – even in China, which in theory is not a gin market. It's a real gem.

_ What is your frame of mind stepping into 2017/2018?

We are confident, and we will continue to build on our efforts of the last two years. With Rémy Martin and LOUIS XIII, we are going to move on to the second phase of the communication, buzz and PR campaign. Moreover, we will continue to refine our brand platform for Mount Gay, Cointreau, St-Rémy and Metaxa. In addition, we aim to invest in the development of our whiskey distilleries, which have strong potential. And as always, we will continue to learn as we go.

THE EXECUTIVE COMMITTEE



LUCA MAROTTA
CHIEF FINANCIAL OFFICER

JEAN-DENIS VOIN
CHIEF EXECUTIVE OFFICER, LIQUEURS & SPIRITS

PHILIPPE FARNIER
CHIEF EXECUTIVE OFFICER, AMERICAS ZONE

VALÉRIE CHAPOULAUD-FLOQUET
CHIEF EXECUTIVE OFFICER

MARC-HENRI BERNARD
DIRECTOR OF HUMAN RESOURCES

DAVID ENNES
CHIEF EXECUTIVE OFFICER, ASIA ZONE

SPYRIDON GHIKAS
CHIEF EXECUTIVE OFFICER,
EMEA ZONE

PETER SANT
CHIEF EXECUTIVE OFFICER, GLOBAL
TRAVEL RETAIL

SIMON COUGHLIN
CHIEF EXECUTIVE OFFICER,
WHISKY BUSINESS UNIT

ERIC VALLAT
CHIEF EXECUTIVE OFFICER, RÉMY MARTIN,
LOUIS XIII AND MOUNT GAY

PATRICK MARCHAND
OPERATIONS DIRECTOR

VALÉRIE ALEXANDRE
DIRECTOR OF STRATEGIC PLANNING

Valérie Chapoulard-Floquet has surrounded herself with a team of directors from 7 different nationalities who come from various backgrounds: spirits, cosmetics, fashion and accessories, culinary arts...

PRESENTATION
OF THE WOMEN AND MEN
OF THE EXECUTIVE COMMITTEE





EXCEPTION:
"TERROIR,
PEOPLE
AND TIME"

Terroir – the first pillar of our manifesto.

Adopted during the previous financial year, the Rémy Cointreau Group manifesto is based on the values connecting our Houses and guide our decisions: Terroir, People, Time and Exception. Over the years, we will delve into the heart of one of these values to appreciate its vast wealth. This year, we will explore the first of these pillars in all its dimensions: our terroirs.



_T E R R O I R

One word that keeps recurring in our pages like a leitmotiv, a word that found its way into our signature one year ago: Terroir, People and Time... But what exactly is a terroir? A region, a soil type, the land or the ground?

The Reverso dictionary provides the most accurate definition, or the one closest to our idea of the concept here at Rémy Cointreau: rural region considered on the basis of its agricultural production, lifestyle and culture.

In fact, at Rémy Cointreau we believe that each region is unique. **We believe that the soil, the climate, the air and its bacteria all influence the taste of our products.** Accordingly, a grape from Grande-Champagne will not have the same qualities as a grape from Fins Bois (another region from the Cognac Controlled Appellation of Origin zone); it will not give the same juice, or the same eau-de-vie, and therefore, not the same cognac. That is why Rémy Martin chose to work only with eaux-de-vie from Petite and Grande Champagne, the regions offering the best eaux-de-vie, and the greatest cognacs that improve with the years. That is why Metaxa chose to combine sun-soaked muscat wine from Samos in Greece with its grape eaux-de-vie aged in its Athens storehouse. This is the choice made by St-Rémy, the 100% French brandy. That is why the Progressive Hebridean Distillers chose only to distil barley from Islay or Scotland for their Bruichladdich, Port Charlotte and Octomore single malts. Drying, malting, fermenting, distilling, maturing, bottling: everything is done at the Bruichladdich distillery on the Isle of Islay.

From Cognac to Barbados, Islay to Seattle, our Houses all share this philosophy surrounding the terroir and are tireless in exploring all its possibilities. Domaine des Hautes Glaces in the French Alps, for example, explores what each parcel of its terroir (distinguished through its slope, exposure, geology and microclimate) can offer its single malts distilled from barley and rye.

The Botanist is in itself a splendid walk among the hills of Islay where the 22 plants found in the aromatic bouquet of our gin are foraged.

We believe that terroir is the antidote to the standardization of taste.



But at Rémy Cointreau, we believe that terroir is not only the sum of its geographic dimensions. **We believe that terroir also reflects habits, traditions and expertise.** Observing the wine grower caring for his vine, the master distiller controlling the heating process, the cellar master selecting his eaux-de-vie, one understands that they are repeating ancestral practices, learned and passed on from generation to generation, enhanced at every stage through each person's experience and intuition. **We believe that man and his terroir are one : he lives on and from it, shapes it and is shaped in return.** Who once said, "What makes man is his character, what makes character is nature?" H.F. Amiel, apparently, but these words could just have well been uttered by a Rémy Cointreau Group employee!

What finer illustration of a cultural terroir than Cointreau, bringing all the sweetness of Anjou to the extraction of essential oils from sweet and bitter orange peel from Senegal, Brazil, Spain and Corsica, which bring

an incomparable fragrance to the liqueur? Or the Mount Gay cellar master who knows that the unique taste of his rum owes everything to the open-air fermentation of his molasses, under the trade winds, to the water filtered through the corals making up the subsoil of Barbados, and to his control of the ageing process in this hot and humid climate specific to his island?

Or even the Westland distillery in Seattle – inspired by the pioneering spirit curbed only by the sea in its march to the West – which uses local products and artisans every day to invent an American single malt, a true reflection of its terroir and time?

The decision to cultivate our terroirs across all geographic, human and cultural dimensions is not a quaint one. **It is because we believe that terroir is the antidote to the standardization of taste. We believe there is more pleasure to be found in diversity, more surprise in character.** In the words of our Progressive Hebridean Distillers: "We believe terroir matters".



OUR STRATEGIC VISION

Thanks to its unique business model and portfolio of exceptional spirits, the Rémy Cointreau group pursues its long-term strategy of focusing on its high-end products, founded on the excellence of terroirs, the mastery of savoir-faire and the importance of time. **Accordingly, in the medium term, its ambition is clear and steadfast: becoming the world leader in exceptional spirits.**

The levers that will allow the Group to reach its targets are as follows:

Asserting the unique positioning of each of its brands, thanks to the strengthened creativity of the Houses and new communication platforms.

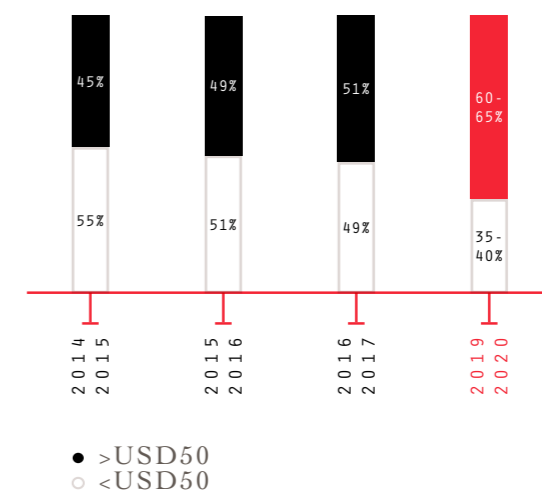
Diversifying growth drivers, with an increased demand for our progressive brands: Mount Gay rum, single malt whiskies, and The Botanist gin.

Strengthening the emotional relationship with our clients by establishing a direct and personalized link with them.

Optimizing the distribution network in line with the development of the brand portfolio, and developing the potential of "new frontiers" (Africa, South Asia and Latin America).

Promoting the Group's Corporate Social Responsibility: in this regard, the Rémy Cointreau CSR 2020 plan provides operational support for 10 of the 17 United Nations Sustainable Development Goals.

Exceptional Spirits (>USD50) will account for 60-65% of the Group's revenue in 2019/2020.





2016/2017

HIGHLIGHTS

_ORGANIC GROWTH

In 2016/2017, Rémy Cointreau posted accelerated organic growth, driven by the Group's brands, which posted growth of 7.4%.

_THE FIRST LOUIS XIII BOUTIQUE

In September 2016, the first LOUIS XIII boutique was opened in Beijing. This prestigious outlet is located in SKP Beijing, one of the largest and most iconic department stores in China, fully dedicated to international luxury brands.

_THE WHISKEY DIVISION IS EXPANDING

Two young and very promising single malt brands have enhanced the Group's whiskey division: Domaine des Hautes Glaces, crafted in the Trièves mountains in the French Alps, and Westland, distilled and aged near Seattle on the west coast of the United States.

_NEW IMPETUS FOR METAXA

A year of renewal for the brand, with the new Metaxa 12 Stars packaging and a new communication campaign embodied by the explorer Mike Horn: "Metaxa: don't drink it, explore it".

_GREAT RESPONSIBILITY

Since July 2016, Rémy Cointreau has been the French President of the *Global Compact Advanced Club*, the most significant CSR (Corporate Social Responsibility) initiative in the world, led by the UN.

KEY FIGURES

Rémy Cointreau had an excellent year 2016/2017, with reported revenue growth of 4.2%, thanks to the strong momentum in the Americas and Asia-Pacific regions. Recurring operating income increased by 26.7% (+13.8% in organic terms) and the operating margin reached 20.7% of revenue, an annual increase of 3.7 points. Lastly, net earnings (excluding non-recurring items) increased by 22.3%. These results confirm the relevance of the business model in terms of value creation and cash flow generation for the Group, and have led to a significant reduction in debt ratios.

1094.9
M€

Revenue

226.1
M€

Current operating profit

+7.4%

Organic growth of the Group's brands

20.7%

Current operating margin

190.3
M€

Net profit, Group share

135.0
M€

Net profit (excluding non-recurring items)

2.75€

Net earnings per share (excluding non-recurring items)

1.78

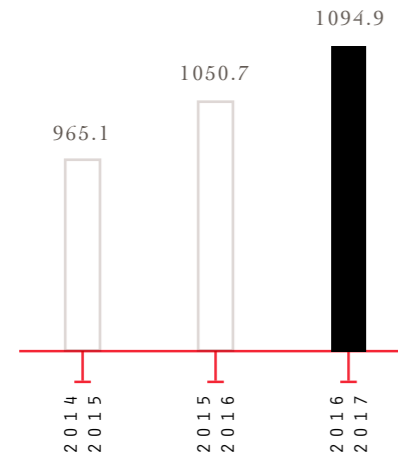
Net debt/EBITDA ratio

1.65€

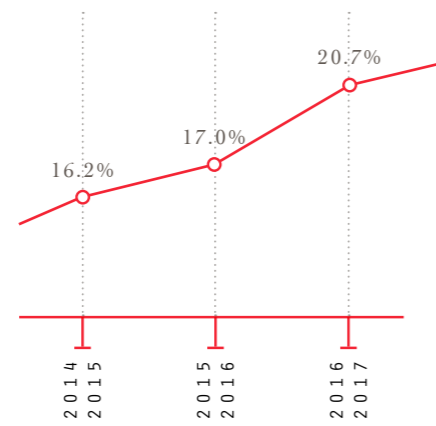
Dividend

ACHIEVEMENTS IN 2016 / 2017

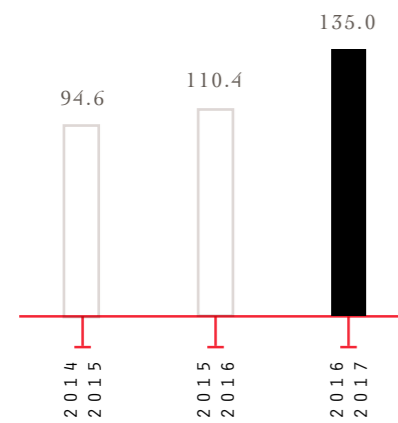
Sales trend (in €M)



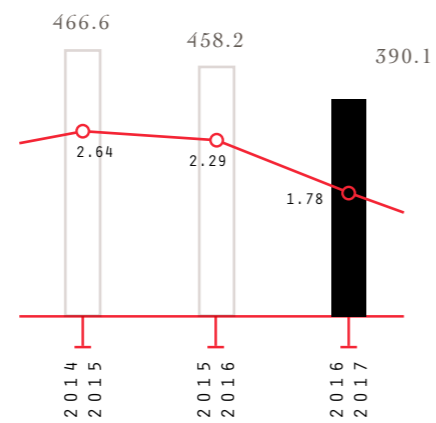
Trend in current operating margin



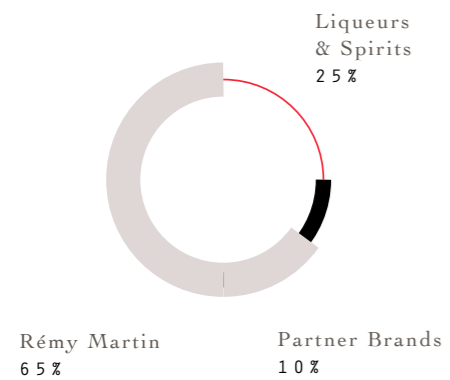
Net income (excluding non-recurring items) in €M



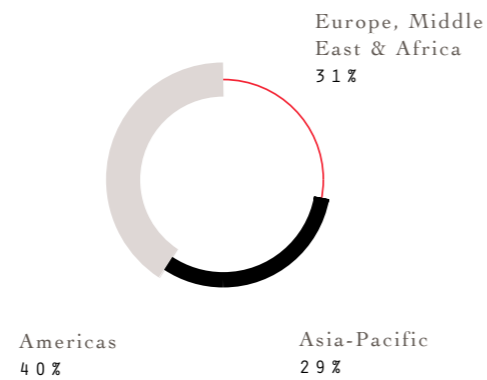
Net debt (in €M) and net debt/EBITDA ratio



2016/2017 revenue breakdown by division



2016/2017 revenue breakdown by region





THE YEAR OF THE BRANDS

Since its implementation last year,
the long-term strategy
is already bearing fruit.

_ THE FRUITS OF EXCELLENCE

With revenue up 7.4% in organic terms in 2016/2017, the Rémy Cointreau Group's brands are showing excellent performance, thereby supporting the strategy initiated two years ago.

All the brands have contributed to this solid result, each at its own pace, starting with Rémy Martin and LOUIS XIII, which also benefited from the recovery in the Chinese market and the positive environment in the United States.

Metaxa combined its move upmarket with a successful communication campaign, whereas Progressive Hebridean Distillers continued to further their reach thanks to their single malts and The Botanist, a striking gem that is already targeting second place among the world's exceptional gins. The whiskey division has also added two young and high-potential brands to its portfolio.

Cointreau has identified interesting growth drivers in China and Russia, in addition to its strong performance in the United States and France.

Lastly, at Mount Gay and St-Rémy, the trend for exceptional spirits requires some more time. But isn't time one of the key values of the Rémy Cointreau Group?

THE HOUSE OF RÉMY MARTIN

The parent company of the Group's two brands of cognac, Rémy Martin and LOUIS XIII, the House of Rémy Martin manages all the shared resources entrusted to them.

Driven by the excellence of its products, its communication initiatives and its targeted innovations... the growing interest of clients in authentic products from a genuine terroir and based on unique expertise.

As such, the House has enjoyed firm momentum in the United States, England and South Africa in particular, but also a very strong recovery in China and Russia. It has achieved organic sales growth of 10% over 2016/2017.

The House of Rémy Martin has fully benefitted from the positive trend in cognac.

707.5M€

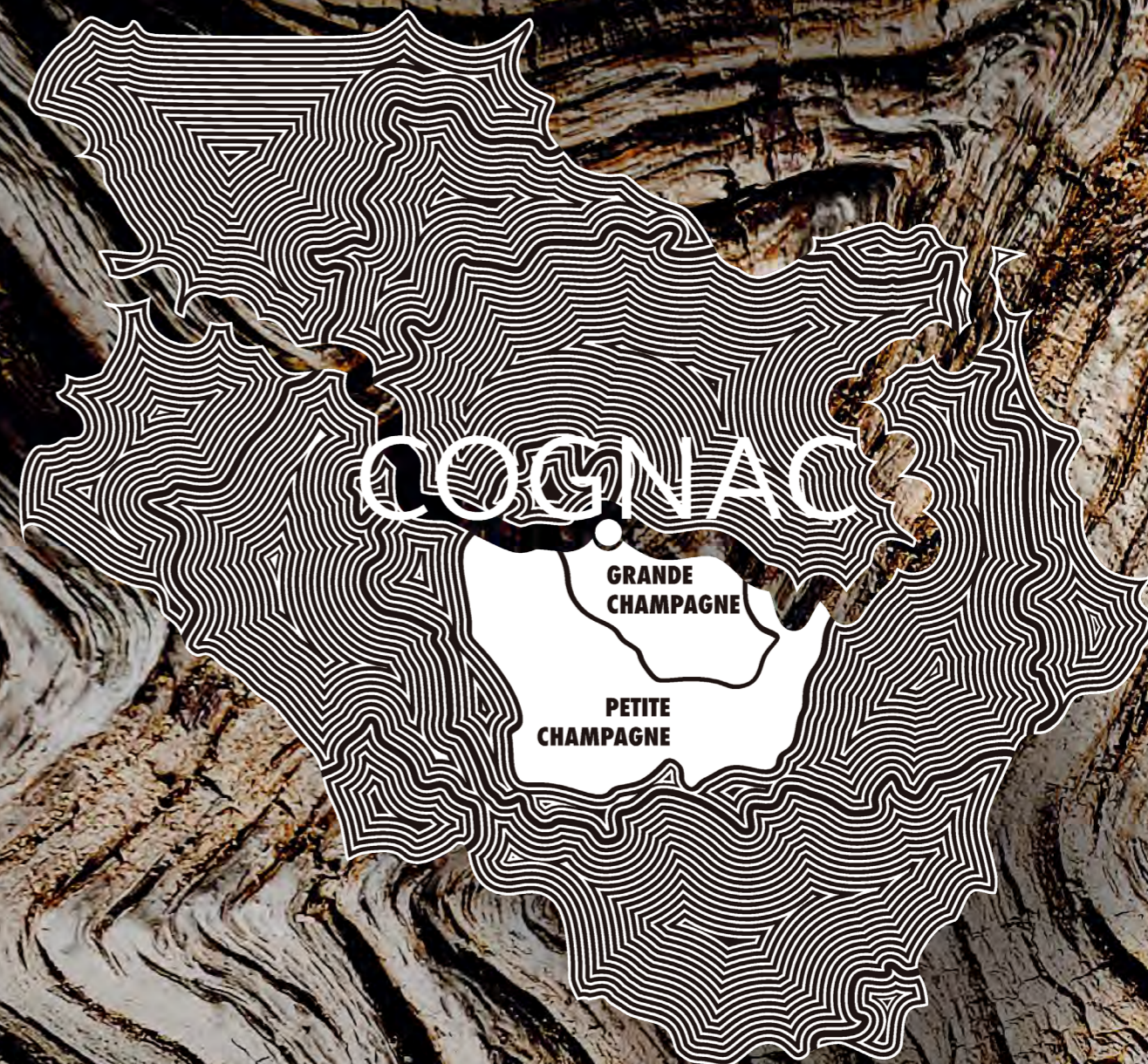
The House of Rémy Martin's sales increased by 10.0% in organic terms, driven by the Americas and Asia-Pacific regions.

185.2M€

Current operating profit posted organic growth of 19.9%, driven by positive mix effects.

26.2%

Current operating margin improved by 1.9 points in organic terms, while including a tangible increase in communication investments.





IN COHERENCE WITH THE BRAND'S STRATEGY OF UPMARKET POSITIONING, RÉMY MARTIN HAS ENNOBLED THE LOOK OF ITS ICONIC DECANTER WITH A TOUCH OF ELEGANCE AND MODERNITY.

_RÉMY MARTIN

The Rémy Martin brand ushered in a new era over the past financial years by revamping the value strategy and accelerating its move upmarket. These efforts began to show results in 2016/2017. The brand has even set a new sales record despite the permanent withdrawal from the VS category. This performance is due firstly to the positive momentum of VSOP, the solid pillar of the brand; secondly, to the growing success of 1738 in the United States and of Club in Asia; and lastly, to the recovery of XO, which perfectly embodies the full aromatic potential of Fine Champagne cognacs. The growth potential of XO remains significant, and over the year justified the launch of a new case and, above all, of a new decanter that was particularly well-received by the markets.

At Rémy Martin, the ambitious and discerning choice of Fine Champagne requires the absolute protection of the terroir. Accordingly, the Rémy Martin Estates obtained the highest level of "High Environmental Value Agriculture" (HVE) certification in 2012. The same quest for excellence has prompted our House to train all its winegrower partners, grouped together in the Alliance Fine Champagne, in order to strengthen the consistency of its efforts. A specific CSR 2020 working group was established this year with a clear aim: securing the commitment of all partners to an environmental approach and ensuring that most of them also obtain HVE certification without delay.

Ensuring an environmentally friendly approach to the Fine Champagne terroir is a priority for Rémy Martin to protect the future.

As such, the Rémy Martin brand is firmly focused on the future as it enters the 2017/2018 financial year, and confident in its proven strategy of upmarket positioning and of communication with its clients. Here are the main strokes: continuing the "One Life / Live Them" umbrella communication campaign launched in 2015; the "Rooted In Exception" manifesto of product superiority illustrating the Fine Champagne launched in 2017; targeted product innovation, for example with the Carte Blanche collection entrusted to Baptiste Loiseau; moving upmarket; and an ambitious and consistent pricing strategy.

_LOUIS XIII

This year, LOUIS XIII experienced strong growth in many of its priority markets, in particular in the United States, Russia, England and Singapore. This growth was backed by excellent results in China, where the effectiveness of our new strategy was reinforced by the significant increase in luxury consumption.

With an influence extending beyond the world of wines and spirits, LOUIS XIII is now a luxury brand in its own right. A brand that knows its clients and communicates with them directly through various digital initiatives worldwide. In particular, LOUIS XIII has successfully launched a new client experience by opening a boutique in the most prestigious shopping center in Beijing, among the greatest luxury brands. The success of the LOUIS XIII boutique in Beijing could thus result in the opening of others.

The past year was also marked by the completion of the *L'Odyssée d'un Roi* (Journey of a King) project, the fruit of five years of work and a unique collaboration between four major Houses: Hermès, Saint-Louis, Puyforcat and, naturally, LOUIS XIII. Sold at auction by Sotheby's in New York, Hong Kong and London, the three trunks raised a record \$558,000, paid in full to the Martin Scorsese Film Foundation.

This exceptional adventure does not eclipse the launch of the LOUIS XIII Mathusalem, whose artisanal manufacturing, combined with very high demand, required a waiting list.

Building on this spirit of innovation, our efforts in 2017/2018 will continue to rely on the two pillars of a proven strategy: the reputation and appeal of our brand on the one hand, and the acquisition

With an influence extending beyond the worlds of wines and spirits, LOUIS XIII is now a luxury brand in its own right.





LIQUEURS AND SPIRITS

Domaine des Hautes Glaces and Westland perfectly embrace the Group's philosophy: creating exceptional spirits.

With the acquisition of single malts from Domaine des Hautes Glaces and Westland, the Liqueurs & Spirits division now includes 10 brands with highly distinctive personalities: Cointreau liqueur, the Greek spirit Metaxa, Mount Gay rum, St-Rémy French brandy, the single malts Bruichladdich, Port Charlotte and Octomore, The Botanist gin, and the two new arrivals enhancing the whiskey division.

The move upmarket of our brands has continued with success, supported by high-profile media and digital communication campaigns. As such, Metaxa 12 Stars benefited from the image of the great explorer Mike Horn, Cointreau affirmed its social commitment through the #1OrangeTree project, and the single malts of the Islay distillery

established themselves online through an avant-garde communication campaign.

Lastly, Mount Gay successfully launched its limited edition and the new 1703 Master Select, St-Rémy posted a record year for XO, and The Botanist continued its success story.

The enthusiasm for mixology, otherwise known as the art of cocktails, is a trend driven by the Liqueurs & Spirits division.

276.3M€

Sales for Liqueurs & Spirits increased by 1.3% in organic terms, driven by Metaxa, Cointreau and Progressive Hebridean Distillers.

57.5M€

Current operating profit for the division posted organic growth of 9.7%.

20.8%

Current operating margin improved by 1.5 points in organic terms over the year.

147

million contacts on social networks for the #1OrangeTree.

_ COINTREAU

Inseparable from the history of cocktails over more than a century thanks to its exceptional organoleptic properties, the famous Cointreau liqueur aims to become the leader of cocktail culture in all bars worldwide.

The year 2016/2017 was characterized by its revenue growth, driven both by its mature markets, such as the United States, France and Australia, and by its emerging markets, such as China and Russia.

One of the success factors was the continued development of its signature long drink, the Cointreau Fizz, and the considerable support for advertising investments, in particular in France.

In terms of communication, special attention was paid to digital media, including the distribution of webisodes on the creativity of Cointreau mixtures. The highlight of the year was the corporate social responsibility initiative aimed at replanting orange trees in Senegal, #1OrangeTree, shared on social networks by international celebrities.

At the Carré Cointreau in Angers, a new ultra-modern bar was opened to train barmen from all corners of the world, and cutting-edge equipment introduced to promote "Cointreau in Gastronomy".

In 2017/2018, Cointreau should continue its positive momentum with, among others, the international development of Cointreau Fizz.

350

More than 350 classic cocktail recipes with Cointreau.





_ ST - RÉMY

With operations in every continent, St-Rémy is the international benchmark for brandy and ranks first in its Travel Retail category globally. The year 2016/2017 saw mixed results, with double-digit growth in Russia, Central Europe and Australia, and growing market share in Canada, but difficulties related to economic and monetary problems in Nigeria and

St-Rémy is the world's number one French brandy access to the Vietnamese market. In addition, St-Rémy has enjoyed a record year for XO.

In 2017/2018, St-Rémy will actively continue its move upmarket with the development of XO and the upgrading of its packaging. Lastly, the brand will invest in digital media for the first time.



_ METAXA

Targeting curious clients open to exploring new experiences and sensations, Metaxa has been cultivating its distinctive character since 1888. This unique Greek spirit combines eaux-de-vie, Muscat wines from Samos Island and rose petal extract from the Peloponnese. It is aged in Greece under the expert guidance of Constantinos Raptis, cellar master for more than 25 years.

2016/2017 was an excellent year for Metaxa, which experienced strong sales growth, driven by the strategy to move upmarket in its main markets, including Greece. As such, the brand is fully involved in the Rémy Cointreau Group's move towards exceptional spirits.

The highlights of the year were the new packaging of Metaxa 12 Stars, and the advertising campaign embodied by the great explorer Mike Horn: "Metaxa: don't drink it, explore it".

Adapted for mass and digital media, the campaign led to sales growth of more than 30% for Metaxa 12 Stars over the year.

The success of Metaxa 12 Stars is a crucial step in the brand's strategy for upmarket positioning.

The launch of Metaxa 12 Stars on the British market, a hotbed of mixology, was also a promising success making the product available in prestigious sales outlets.

In 2017/2018, we will continue the strategy of promoting the brand in order to widen the reach of Metaxa 12 Stars across the world.

_ MOUNT GAY

In a sluggish global rum market, prestigious rums like Mount Gay Black Barrel have enjoyed another year of growth, in particular in the United States, United Kingdom and France.

The aim for 2016/2017 was to create a buzz around a strong development for the brand: the launch of the limited edition XO Cask Strength, Origin Series Volume 2 and the new 1703 Master Select, as well as the strengthened brand presence in the target bars and restaurants of its key markets.

Reforestation, bee hives, recycling, and more. In Barbados, the Mount Gay distillery is also at the forefront of CSR strategies.

In addition, to establish stronger ties with the clients of this iconic brand, special focus was placed on an educational approach (tasting and mixology) by sending distributors on trips to Barbados, as well as through a Master Class tour in the United States and United Kingdom, a major digital and print communication campaign, and the sponsorship of targeted events.

Lastly, Mount Gay is about to reintroduce a long forgotten concept in the world of rum and dear to the Rémy Cointreau Group: terroir.



THE 22 BOTANICALS, NATIVE TO THE ISLE OF ISLAY, WHICH FORM THE BOUQUET OF OUR GIN THE BOTANIST, ARE ILLUSTRATED THROUGHOUT THESE PAGES.



_ THE BOTANIST

In 2016/2017, our exceptional gin The Botanist once again experienced exceptional growth. The worldwide craze for high-end, artisanal gin has enabled the brand to hold an ideal positioning across the globe.

The Botanist's growth also relies on efforts aimed at barmen and distributors, with new partnerships worldwide. Furthermore, the creation of The Botanist Academy in Islay shares a unique experience with the brand's clients and its best retailers. This educational initiative is reflected in the figures, but also in The Botanist's reputation, which is growing steadily among connoisseurs.

The brand has also continued to develop its digital culture. Barmen and chefs share information in their dedicated



area on The Botanist's website, and there are many active and spontaneous followers.

Lastly, in partnership with other organizations in Islay, The Botanist Foundation has been very involved in protecting the environment of the Isle of Islay, for example by supporting a program to re-introduce a rare variety of juniper berries in the Isle of Islay.

Mid-term, The Botanist aims to be ranked second among exceptional gins worldwide.

For the year 2017/2018, The Botanist's goals remain ambitious. Mid-term, The Botanist aims to be ranked second among exceptional gins worldwide.



W H I S K I E S

Financial year 2016/2017 saw the birth of Rémy Cointreau's whiskey business unit. The new division currently includes the three whiskies from PHD (namely Bruichladdich, Port Charlotte and Octomore), plus two more recently acquired single malts: Domaine des HautesGlaces, a farm distillery located in the French Alps, and Westland, a distillery based in Seattle, USA.

These five exceptional brands, each with its own distinctive personality, all share the same values and high standards. They all demonstrate a strong attachment to terroir, a commitment to sustainable development, a blend of time-honored expertise and cutting-edge innovation, and lastly, an understanding of time and patience. Each brand is headed by a visionary master distiller, and Rémy Cointreau provides these highly-skilled individuals with the necessary means to achieve their goals.

This exceptional whiskies division has excellent growth prospects for the coming years.

Financial year 2016/2017 saw the birth of Rémy Cointreau's whiskey division.



BRUICHLADDICH 1990/25 YEARS OLD:
LIMITED EDITION OF 6000 NUMBERED BOTTLES,
EXCLUSIVELY FOR TRAVEL RETAIL.

— PROGRESSIVE HEBRIDEAN DISTILLERS

For over a year now, the various single malt brands from the Bruichladdich distillery (Bruichladdich, Port Charlotte, and Octomore) have been combined under the banner of Progressive Hebridean Distillers (PHD). These exceptional whiskies enjoyed sustained growth in their primary markets over 2016/2017 (United States, United Kingdom, Canada and Germany) and also showed promise in Australia and especially in China. This country represents a new market for these brands, but an increasingly knowledgeable client base is already emerging, seeking authentic whiskies. Indeed, PHD's target clients are connoisseurs, those able to appreciate the different peat intensities of the three malts.

Over the past year, PHD has trialed extremely interesting new digital services with its clients, such as private sales of the ultra-limited Micro Provenance editions. Successful testing was also carried out with exclusive innovations for the brands' most valued partners worldwide. For each of these campaigns, the enthusiasm for the limited editions was such that stocks sold out within just a few hours of the information being published online. This distribution and marketing channel represents a major asset for the future. Alongside these innovations, client relations are progressing day by day, thanks to the development of the CRM database.

Digital technology also allows the distillery to share tastings with online viewers from around the world, and to train its partners and sales representatives, all without leaving the Isle of Islay.

While respecting the ancient traditions in crafting its malts, the Bruichladdich distillery is cutting-edge in terms of its sales and marketing.

Lastly, our signature of "Terroir, People and Time" particularly resonates with PHD. Back in 2004, only one farmer remained on the island, but today Islay counts 17 farms, supplying almost 25% of the distillery's barley.

Growth is set to continue in 2017/2018, with efforts being particularly focused on Octomore and Port Charlotte. In addition, the distillery will pursue its expansion and modernization, especially in bottling. Bruichladdich is the only distillery on Islay to handle the entire process on site, from barley farming through to bottling. This is what it means to respect the terroir.



_DOMAINE DES HAUTES
GLACES

Since its creation by Frédéric Revol in 2009, the organic mountain farm distillery Domaine des Hautes Glaces, has developed exceptional single malt whiskies from the Trièves Mountains. Located at an altitude of 900m in the heart of the French Alps, the creation of these whiskies adheres to a sustainable development approach: certified organic, they are manufactured in a traditional and authentic way from various grains (not only barley and rye, but also spelt and hull-less oats) utilizing mainly renewable and local energies.

By using grains grown under different alpine climates and transformed on-site in ancient Charentes stills, the Domaine des Hautes Glaces has developed a collection of single malt whiskies

with respect to terroir, people and time. By insisting upon a reinterpretation of local savoir-faire in order to highlight the aromatic typicity of the alpine mountain grains, the Domaine des Hautes Glaces explores its terroir by offering single malt whiskies with unrivalled flavor. The elegant bottle, both minimalistic and contemporary in design, reflects the intricate relationship between past, present and future; between the respect for tradition and bold, innovative initiatives.

The concept of terroir has never been pushed as far for a single malt than for Domaine des Hautes Glaces.

_WESTLAND

Based in Seattle, Westland holds a unique position in the single malt American whiskies category. Rooted in a terroir which benefits from one of the best climates in the world for growing barley, Westland produces authentic single malt whiskies, created by the Master Distiller and Co-founder Matt Hofmann. They reflect the singular character of the Pacific Northwest terroir, a final frontier before encountering the ocean. Distillation begins with the region's pristine water sources before executing the ageing process in different varieties of oak originating from local forests. It is an ideally humid environment for the maturation of whiskey. The result is an aromatic whiskey whose unrivalled flavor offers subtle notes of fruit and grain.

Westland Distillery received the Best Craft Whisky Producer of the Year award in 2016 by Whisky Magazine.

The Distillery is also dedicated to pushing the boundaries of the single malt whiskies group by using new varieties of oak and barley, by exploring the diversity of the terroirs and by cultivating the aromatic singularity of its spirits. Westland is thus positioned as the forerunner in the development of single malt American whiskies by participating in the creation of a clear categorical definition, both in the United States and internationally.



DISTRIBUTION NETWORK



■ EMEA ZONE: 31%
 ■ AMERICAN ZONE: 40%
 ■ ASIAN ZONE: 29%

○ The group's administrative sites
 ○ The group's production sites
 ✈ Travel Retail representation offices

THE MARKETS

"We have benefited from the buoyancy of our two biggest markets: the US and China."

Continued optimization of the distribution network in line with the portfolio's move upmarket.

_ THE AMERICAS

The spirits market enjoyed moderate overall growth in the United States over the year, but with demand shifting upmarket, playing greatly in favor of our portfolio.

In this context, LOUIS XIII and Rémy Martin continued to post significant growth, supported by the extension of their respective campaigns: "100 Years" and "One Life / Live Them", as well as by a local activation program adapted and supported by their respective Ambassadors.

More generally, the rise of mixology in the United States, combined with this demand for quality and authenticity, creates a highly favorable outlook for our collection of spirits over the next few years.

Cointreau has thus increased its market share through the concept of "The Art of La Soirée", which translates into a wonderfully simple and appealing idea that has been rolled out across major US cities: "cocktails make the soirée/Cointreau makes the cocktails". Alongside this success, our Progressive Hebridean Distillers portfolio continues to do well in the buoyant single malt market — with Bruichladdich, Port Charlotte, and Octomore — as well as in the gin market, with The Botanist once again demonstrating its impressive potential.

In Canada, the Group began to reap the fruits of its investments over the past years. Lastly, in Mexico, the strengthening of our sales force produced encouraging results, particularly for Rémy Martin.

_ ASIA PACIFIC

The year 2016/2017 marked an upturn in the consumption of luxury goods in Greater China, thanks to private-sector clients (corporates and individuals).

The LOUIS XIII and Rémy Martin brands were the first to benefit from this recovery, with double-digit growth trends over the period.

The region also experienced a boom in cocktail bars and whiskey bars, which is good news for our brands.

Certain countries in Asia did less well this year, however, such as Japan, which suffered as a result of fewer Chinese visitors, and Vietnam, which was penalized by a new tax on luxury goods.

Throughout Asia, we strengthened our Personal Client Director and Brand Ambassador networks for LOUIS XIII. We also continued the Rémy Martin communications investments in each of the region's countries, with the "One Life / Live Them" campaign. Cointreau reaped the profits of the "Cointreau Queen" cocktail competition, and The Botanist gin was launched in China. Lastly, the development of Chinese e-commerce continued to gather pace.

_ EMEA

After strong growth in the previous year, 2016/2017 posted more modest results. The environment in Western Europe was difficult, and the economic situation in Africa deteriorated, particularly in Nigeria. Conversely, Southern and Central Europe had an excellent year, and Russia also demonstrated a good recovery in the second half. Lastly, the integration of India within the EMEA region went smoothly.

Two large-scale national distribution tests were carried out over the period. In France, our brand portfolio (excluding Cointreau) was entrusted to Bollinger Diffusion, a major player in the distribution of prestige brands.

And in the United Kingdom, an e-commerce pilot project was launched for LOUIS XIII, and the initial feedback has been very positive.

Lastly, the EMEA region incorporated significant changes to its portfolio over the year: first, the end of the distribution agreement for Piper and Charles Heidsieck champagnes in a number of key markets, and second, the creation on December 1, 2016 of a joint venture for Passoa, which is now operated by Lucas Bols. The brand will continue to be distributed by Rémy Cointreau, as a partner brand, in a few markets.

_ TRAVEL RETAIL

The Travel Retail market continued to offer a multitude of opportunities for the Group's brands, and a specific offer dedicated to travelers has been developed.

In 2016/2017, Rémy Cointreau's activity in the Americas was dynamic despite the economic difficulties experienced by certain regions of South America, in particular Brazil. In Asia-Pacific, the rebound in sales to Chinese clients gave the cognac business a significant boost, especially in the second half. However, the Europe, Middle-East and Africa markets were all adversely affected by terrorist attacks.

The main changes over the period were the return of Rémy Martin VSOP and XO to Travel Retail, and the introduction of Rémy Martin Club for Chinese travelers, as well as 1738 Accord Royal for American travelers.

Certain special events were also worthy of note: "The Craft Journey" at Amsterdam's Schiphol airport, the inauguration of the very first Rémy Martin pop-up store at Paris Charles de Gaulle, and the launch of the limited edition LOUIS XIII The Time Collection "The Origin - 1874" in certain select airports in Paris, London, Frankfurt, Dubai, Los Angeles, Hong Kong, Singapore, and Tokyo.



PEOPLE AND TALENT

_ TALENT MANAGEMENT

The Rémy Cointreau Group is developing a dynamic and innovative Talent management. This top-priority approach conceived around a long-term plan further expands from year to year by offering its employees individualized support from a dedicated team.

At the heart of the group's focus is the respect for personal goals, carefully considering potential and identified needs. The aim of this authentic, benevolent relationship is to explore the range of opportunities regarding professional development and to allow each individual to advance in their corresponding career paths.

During mobility policy implementation, priority is given to internal development. The Talent and Human Resources teams work side by side so that all mobility is guided and well-supported in order to guarantee the best professional development conditions, transitioning and on-the-job training.

The Talent team continues its outreach program by offering its employees the possibility of welcoming other companies *in situ*, during exchange days. These moments provide the opportunity to discover and explore other professional realities.

Twice a year, the group recognizes a personal talent of one of its employees and gives him or her the chance to share their motivation and enthusiasm with the rest of the group. More than ever, Talent Management is committed to creating a connection and a true link between people, the company and the work environment.



_ RECRUITMENT AND TRAINING

This year, yet again, Rémy Cointreau wholly supported the development and the enrichment of its teams' competencies by promoting a dynamic and permanent talent management.

The "Rémy Cointreau Academy" expanded its horizons and embarked on the restructuring and modernization of office space to clearly reflect our transformational progress: thus, the *Management Academy* was borne this year. Supported by the benchmark level of group competencies, it was devised with the aim of offering our managers a blended career pathway, mixing collective training with individual support over twelve months. The pilot program eventually debuted, gathering participants from Paris, Angers and Cognac. The first American and Asian programs are currently being formulated.

Furthermore, a Responsible Ambassador training program was developed with

the intention to raise employee awareness about responsible consumption in a friendly and pleasant atmosphere.

The 2016/2017 financial year was also an occasion to launch a telecommuting program. Additionally, a training session was established in Angers for teleworkers and their managers to facilitate change management resulting from this alternative work method.

These new provisions that were implemented add flexibility to employees' working schedule maintenance, encouraging them to thoughtfully reconcile their professional and private lives.

Finally, a mentoring program was initiated and unfurled throughout different group entities. It accommodates new employees with an assigned mentor immediately upon arrival. The goal of this 3-month program is to facilitate company integration through social interaction.



CORPORATE SOCIAL RESPONSIBILITY

For Rémy Cointreau, the 2016/2017 financial year was marked by a clear acceleration in the Group's Corporate Social Responsibility (CSR) ambitions. Among the many new initiatives that illustrate this impetus, we can mention:

1_ The decision by Rémy Cointreau to provide operational support to 10 of the 17 global Sustainable Development Goals (SDGs) as determined by the United Nations. It is the first universal framework (public and private) that standardizes CSR initiatives.

2_ An extensive project aimed at strengthening the Group's commitments in terms of integrated farming "upstream" was launched both internally (Rémy Martin Estates) and externally (in particular with our Alliance Fine Champagne partners).

3_ The launch of a process to roll out eco-design principles within our development, production and marketing departments.



4_ The establishment of CSR criteria that will henceforth determine some of the qualitative targets for the variable remuneration of our management teams.

Moreover, the brands that joined us during the year (Domaine des Hautes Glaces, Westland Distillery) are leading players in this field that will – five years after Bruichladdich – drive the Group's DNA more deeply into its corporate social responsibility approach.

This "CSR impetus" can now be felt across all our teams worldwide: communication related to responsible consumption in the United States or Barbados, Cointreau's One Orange One Tree initiative, the strengthening of our projects with the National Forestry Office (ONF) in France, and the implementation of waste sorting at our Parisian headquarters. These examples illustrate Rémy Cointreau's ambition to confirm corporate, social and environmental responsibility as a major element in its development.

The CSR 2020 plan implemented by Rémy Cointreau is based on 10 of the 17 United Nations Sustainable Development Goals, with the materiality analysis confirming their relevance for our Group:





_ WINE GROWING

Having benefited from integrated agriculture certification since 2009, the Rémy Martin Estates obtained level 3 in High Environmental Value Agriculture (AHVE) certification, issued by AFNOR in 2012.

The Group now wishes to train all wine growers and grower-distillers of the Alliance Fine Champagne (AFC), its exclusive partner since 1966, to follow suit.

The aim is for all members of the cooperative to follow an environmental approach within three years and to have a majority of AHVE-certified wine growers within five years.

In Barbados over recent years, the Group has undertaken to boost the cultivation of sugarcane at the original Mount Gay site; 134 hectares have been acquired towards this end. This choice of local production is inspired by Rémy Cointreau's practice at other sites, in particular the Rémy Martin Estates.

Rémy Cointreau is also committed to preserving the soil resources on the Isle of Islay, where the Bruichladdich distillery is located. For 13 years, the Group has been making every effort to replant the traditional barley of the wild Isle of Islay, with different varieties in order to protect the terroir. The preservation of Bere Barley even received the Scotland Food and Drinks Excellence Award for Innovation in 2015.

The new acquisitions – Domaine des Hautes Glaces and Westland – also demonstrate respect for the terroir.

_ ENVIRONMENT

Over the last few years, the acquisition of Bruichladdich in Islay and the development of the integrated distillation activity at Mount Gay have radically transformed the Group's environmental footprint by giving it increased responsibility, considering the impact of these new activities.

Regarding the Barbados site, the increase in distillation activities has led to a significant rise in energy consumption (electricity and fuel). This increased consumption is currently under control and in line with the Group's CSR targets aimed at reducing environmental impacts.

The great majority of indicators for the other Rémy Cointreau brands are continuing their downward trend, since the Group made carbon emission reductions one of the priority targets of its CSR policy. The decision this year to expand the scope of measures to level 3 – covering 90% of the Group's business – is significant in this regard, and meets the new legal requirements related to the energy transition.

As for the 2017/2018 financial year, the Group's executive managers will see a portion of their variable remuneration indexed to CSR targets.



_ SUPPLIER CITIZENSHIP

Rémy Cointreau received the *Top Performers** 2016 award in the category "Responsible supply chain management: sustainable supplier relations".

This award recognizes Rémy Cointreau's more stringent requirements towards its suppliers. Since January 2016, the Group has subscribed to SEDEX (*Supplier Ethical Data Exchange*). This international organization, which encourages ethical and responsible corporate practices in global supply chains, pools supplier audits and provides information on standards related to labor, hygiene and safety, the environment and business ethics.

As part of a strategy to improve transparency and ethics in its business practices, Rémy Cointreau now specifically requests its suppliers to subscribe to SEDEX.

In 2016/2017, the percentage of suppliers identified as strategic and subscribing to SEDEX (excluding sub-contractors, the use of which is very limited and concerns primarily activities in France), increased from 54% to nearly 83%**.

The target for 2018 is to reach 90%.

SEDEX also has an agreement with the CDP (*Carbon Disclosure Project*), a non-profit organization aimed at assessing the climate change impact of the main global companies listed on the Stock Exchange.

*Award granted by Vigeo Eiris, a French agency that assesses companies based on environmental, social and governance criteria.
**GRI G4-EN32/G4-HR10 indicator.

C O R P O R A T E S O C I A L R E S P O N S I B I L I T Y

PROGRESS STRATEGY, RESPONSIBLE PLAYER,
PROTECTING RESOURCES, BIODIVERSITY

_ 2020 QUANTIFIED T A R G E T S

	INDICATORS	SCOPE	2016/2017 VALUES	2019/2020 TARGETS	2019/2020 TREND	
ODD8	Quality and efficient work / Promoting sustained economic growth, full and productive employment, and decent work	Responsible purchasing: percentage of suppliers having subscribed to SEDEX	WORLD	83 %	100 %	+ 17%
ODD13	Combatting climate change and its impacts	Reduced carbon emissions: reduction in direct and indirect energy consumption	FRANCE	15,755 MWH	14,855 MWH	- 5.7%
		Reduced carbon emissions: percentage of "clean" vehicles	FRANCE	22 %	80 %	+ 58%
ODD15	Sustainable land use / protecting, restoring and promoting the sustainable use of land ecosystems / sustainable forest management / protecting biodiversity	Sustainable viticulture: treatment frequency index (TFI) of the Rémy Martin Estates	FRANCE	17.6	15.8	- 10%
		Sustainable viticulture: percentage of wine growers in the AFC cooperative committed to an environmental approach (AHVE 1 or Sustainable Viticulture standards)	FRANCE	19.6 % (161 WINE GROWERS)	100 % (820 WINE GROWERS)	x 5.1



BOARD OF DIRECTORS

31 MARCH 2017

Chairman
François Hériard Dubreuil

Directors
Dominique Hériard Dubreuil
Marc Hériard Dubreuil
Laure Hériard Dubreuil
Florence Rollet*
Yves Guillemot*
Bruno Pavlovsky*
Olivier Jolivet*
Jacques-Etienne de T'Serclaes*
Guylaine Dyèvre*
Emmanuel de Geuser*
Gisèle Durand

COMITTEES

Audit-Finance
Chairman: Jacques-Etienne de T'Serclaes*

Nomination - Remuneration
Chairman: Yves Guillemot*

STATUTORY AUDITORS

Ernst & Young & Autres
Represented by Pierre Bidart

Auditeurs & Conseils Associés
Represented by François Mahé

*independant director



FINANCE

— 2020 TARGETS ALREADY MET...

2016/2017 is the second year of implementing the Group's new strategic vision: gradual refocusing of the portfolio on its most high-end products (in particular exceeding \$50), better targeted and enhanced communication innovations and investments, and a suitable distribution network in line with the Group's accelerated move upmarket.

Two years after implementing these strategic choices, the Group has already met its 2019/2020 targets for an improved current operating margin (+1.8-3.8 points in total organic growth for the 2015/2020 period): in 2016/2017, the current operating margin amounted to 20.7%, a reported increase of 3.7 points, thanks to favorable currency effects and organic growth of 1.5 points. Accordingly, over two years, total organic margin growth came to 2.4 points, an increase in the middle of the 2019/2020 target range (+1.8-3.8 points).

This performance is due to a clear acceleration in sales for the Group's brands (+7.4% in organic terms) this year: cognac has regained positive momentum, driven by the American and Asian continents. Within the Liqueurs & Spirits division, Cointreau, Metaxa, The Botanist and the whiskies have achieved solid results this year.

As such, the promising trend in exceptional spirits, combined with a controlled increase in communication investments (+4%) and structural costs (+2%) have led to strong growth in current operating profit (13.8% in organic terms).

We can also note excellent cash flow generation over the year, thanks to the effective management of working capital requirements, enabling a reduction in net debt and debt ratios over the period.

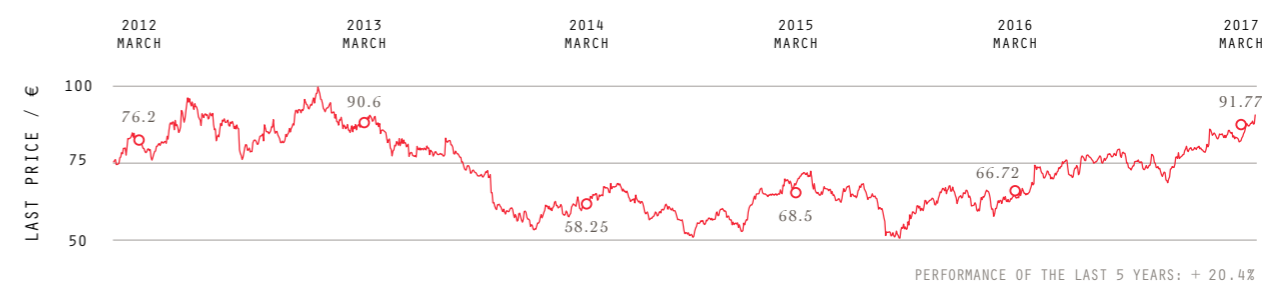
Lastly, in September 2016, the Group refinanced a bond issue of €205 million (with a coupon rate of 5.18%), which expired in December 2016. The new convertible bond (for an amount of €275 million) has a coupon rate of 0.125%, which will enable the Group to significantly optimize its financial expenses from 2017/2018.

— NEW PROSPECTS FOR 2020

Due to the strength of its performance over the last two years and the rise in the dollar against the euro, the Group has raised its current operating margin targets for 2019/2020. Its target range now lies between 21.5% and 22.5%, representing total organic growth of +3.2-4.2 points over the five-year period (2015-2020).

Moreover, the Group maintains its ambition to achieve between 60% and 65% of its revenue with spirits sold at more than \$50 between now and 2019/2020. This year, the contribution of exceptional spirits to revenue increased to 51% (versus 49% in 2015/2016), thanks to the positive momentum of the cognacs LOUIS XIII, Rémy Martin Club in Asia and 1738 Accord Royal in the United States, and to the strong growth of our progressive brands, such as The Botanist, our Scottish whiskies and the Mount Gay XO rum.

— EVOLUTION OF THE RÉMY COINTREAU STOCK (IN EUROS OVER FIVE YEARS)



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

_AS OF 31 MARCH 2017, IN €M	_ 2017	_ 2016
Brands and other intangible assets	526.1	487.6
Property, plant and equipment	237.3	223.2
Investments in associates	22.4	40.6
Other financial assets	166.7	94.7
Deferred tax assets	30.4	28.9
NON-CURRENT ASSETS	982.9	875.0
Inventories	1 145.4	1 107.9
Trade and other receivables	224.0	232.8
Income tax receivables	6.6	7.8
Derivative financial instruments	3.3	10.6
Cash and cash equivalents	78.0	46.9
Assets held for sale	1.3	0.5
CURRENT ASSETS	1 458.6	1 406.5
TOTAL ASSETS	2 441.5	2 281.5
Share capital	79.5	78.0
Share premium	758.6	695.3
Treasury shares	(8.4)	(8.7)
Consolidated reserves and profit for the year	445.9	319.8
Translation reserve	26.8	27.5
EQUITY - ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	1 302.5	1 111.9
Non-controlling interests	1.5	1.4
EQUITY	1 304.0	1 113.3
Long-term financial debt	392.5	172.0
Provision for employee benefits	31.6	30.7
Long-term provisions for liabilities and charges	6.6	5.6
Deferred tax liabilities	98.9	101.0
NON-CURRENTS LIABILITIES	529.6	309.3
Short-term financial debt and accrued interest	75.6	333.1
Trade and other payables	503.6	499.1
Income tax payables	11.0	9.8
Short-term provisions for liabilities and charges	10.9	13.3
Derivative financial instruments	6.7	1.2
Liabilities held for sale	—	2.4
CURRENTS LIABILITIES	607.9	858.9
TOTAL EQUITY AND LIABILITIES	2 441.5	2 281.5

CONSOLIDATED INCOME STATEMENT

_AS OF 31 MARCH 2017, IN €M	_ 2017	_ 2016
Turnover	1 094.9	1 050.7
Cost of sales	(364.2)	(384.9)
GROSS MARGIN	730.7	665.8
Distribution costs	(416.7)	(406.7)
Administrative expenses	(88.5)	(81.6)
Other income from operations	0.6	0.9
CURRENT OPERATING PROFIT	226.1	178.4
Other operating income/(expense)	(4.8)	(0.3)
OPERATING PROFIT	221.3	178.7
Finance costs	(21.4)	(24.0)
Other financial income	(10.5)	(3.3)
FINANCIAL RESULT	(31.9)	(27.3)
PROFIT BEFORE TAX	189.4	151.4
Income tax	(44.5)	(44.1)
Share in profit of associates	(19.6)	(4.8)
PROFIT FROM CONTINUING OPERATIONS	125.2	102.5
Net profits / (loss) from discontinued operations	65.0	—
NET PROFIT FOR THE YEAR	190.2	102.5
ATTRIBUTABLE TO:		
non-controlling interests	(0.0)	(0.1)
owners of the parent company	190.3	102.4
NET EARNINGS PER SHARE - FROM CONTINUING OPERATIONS €		
basic	2.55	2.11
diluted	2.42	2.11
NET EARNINGS PER SHARE		
attributable to owners of the parent company	3.87	2.11
dilué	3.68	2.10
NUMBER OF SHARES USED FOR THE CALCULATION		
basic	49 123 523	48 579 832
diluted	51 782 976	48 682 638

COMMENTS AND OUTLOOK

Rémy Cointreau's sales for the financial year ended 31 March 2017 totaled €1,094.9 million, representing reported growth of 4.2%. In organic terms (at constant exchange rates and scope), growth amounted to 4.7%, due to the outstanding performance of the Group Brands (+7.4%).

The Current Operating Profit grew 26.7% to €226.1 million, driven by organic growth of 13.8% and very favorable currency effects. Thus, the **Group's operating profitability reached 20.7%** (up 3.7 points), due to the excellent performance of our exceptional spirits (> USD50) and a controlled increase in communication investments and overheads. Consolidated net profit (Group share) grew 85.7% to €190.3 million. **Excluding non-recurring items, net profit was €135.0 million, an increase of 22.3%.**

Operating profit was €221.3 million, after taking into account a net non-recurring expense of €4.8 million, primarily associated with the costs of reorganizing the distribution network.

Net financial expenses amounted to €31.9 million, an increase of €4.6 million over the year. Although gross finance costs declined over the year (due to a partial refinancing of the Group's debt under very favorable conditions in September 2016), foreign exchange result deteriorated by €6.2 million, primarily due to the valuation of the portfolio of hedging instruments according to IFRS standards.

The income tax charge was €44.5 million, stable compared to last year, thanks to a non-recurring deferred tax income of €14.1 million (reduction in the French tax rate voted in the 2017 finance act). Adjusted for this non-recurring item, the effective tax rate

amounted to 31.0%, which represents an increase compared to the 2016 March rate (29.1%). This was due to a less favourable geographical mix during the fiscal year.

The share in profits of associates was a loss of €19.6 million. It includes a new adjustment in the value of the participating interest in Dynasty Fine Wines Ltd. As Dynasty has not published its accounts since 2012, Rémy Cointreau has carried out another assessment of its participating interest.

The net profit after tax from deconsolidated and discontinued operations amounted to €65.0 million at 31 March 2017. This profit is a result of the contribution operation carried out during the creation of the Passoã joint venture. As the entity is under the operational and financial control of Lucas Bols N.V, it is not consolidated. In return, a financial asset was recorded on the Rémy Cointreau Group's balance sheet.

The net profit (Group share) therefore reached €190.3 million, up 85.7%.

Excluding non-recurring items (+€55.3 million), the net profit (Group share) was €135.0 million, up 22.3% and the net margin showed an increase of 1.8 points to 12.3%.

Net earnings per share (excluding non-recurring items) reached €2.75 (+21.1%).

Net debt totalled €390.1 million at 31 March 2017, a reduction of €68.1 million over the financial year, due to the excellent cash generation from operations, which largely offset the investment cost of the two Single Malt whiskey brands.



Therefore, **the "net debt/EBITDA" ratio markedly improved at 1.78** at the end of March 2017 versus 2.29 at the end of March 2016.

The return on capital employed (ROCE) reached 21.2% at 31 March 2017, representing a healthy increase of 3.9 points over the financial year.

A dividend of 1.65 euro per share (i.e. an increase of 3.1%) shall be put to a shareholders' vote at the general meeting on 25 July 2017. Payment will be with an option in cash or in shares for the entire dividend distributed. The dividend payment formalities shall be brought forward this year. The option period shall be effective from 1 August to 25 August 2017, and the dividend shall be paid in cash beginning on 4 September 2017.

OUTLOOK

Due to its unique business model and its portfolio of exceptional spirits, the Rémy Cointreau Group pursues its long-term strategy of focusing on its high-end products, founded on the excellence of terroirs, the mastery of savoir-faire and the importance of time.

By 2019/2020, bolstered by a significant development in its profitability over the last two years, **the Group is now anticipating a current operating margin between 21.5% and 22.5%** (compared with 18.0% and 20.0% previously). This new target is based on a euro-dollar parity of 1.11 (compared with 1.30 for the initial target set in June 2015, on the basis of the 2014/2015 results) and the scope at the end of March 2017.

For 2017/2018, Rémy Cointreau is anticipating another year of growth in its Current Operating Profit, at constant exchange rates and scope.

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