



RÉMY COINTREAU

Des terroirs, des hommes et du temps



Fiscal Q1 2017/18 Sales
ending 30 June 2017



20.07.17

RÉMY MARTIN

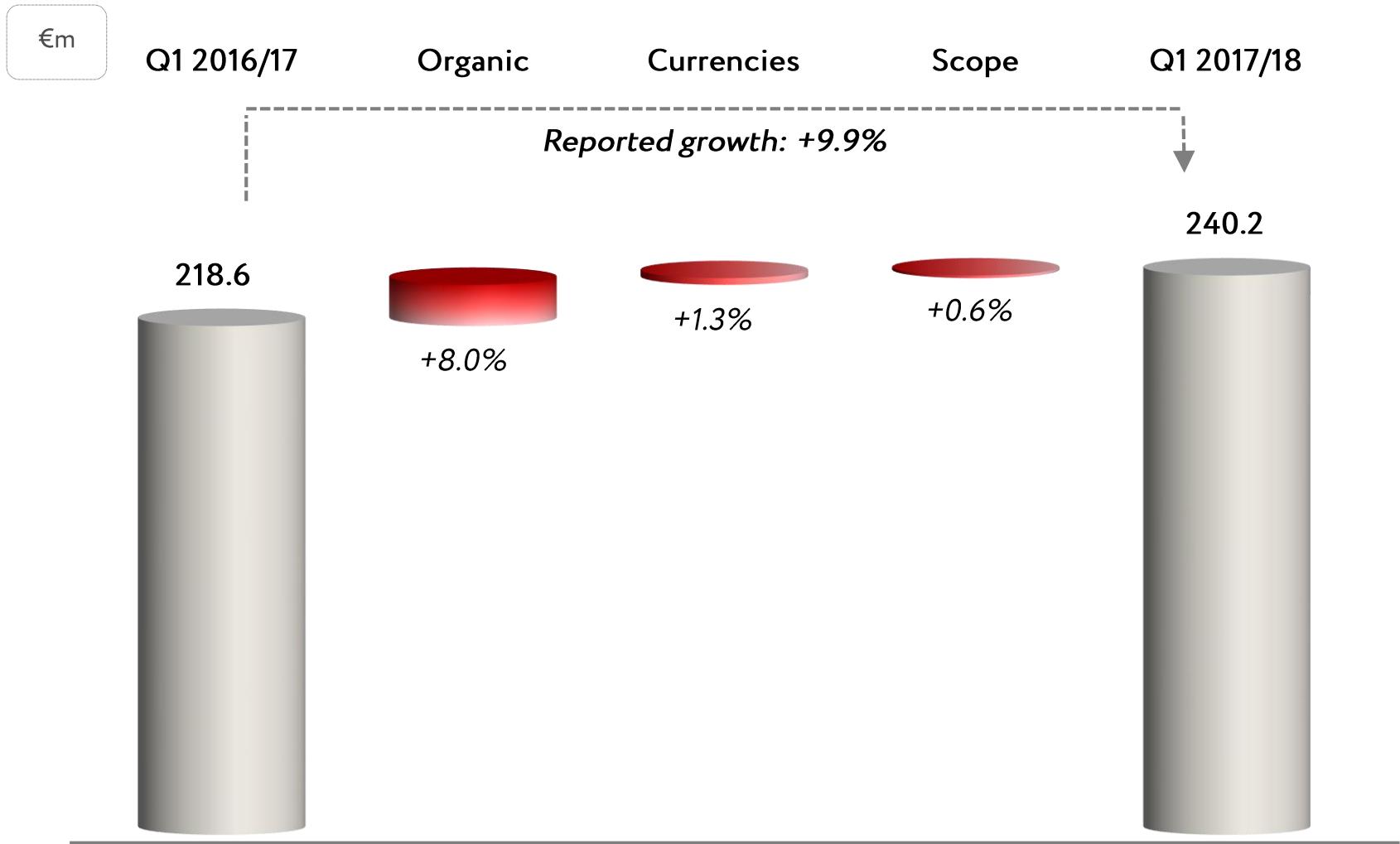
Key Messages

- **Strong start to the year: +8.0%** Q1 17-18 organic sales growth, led by Group's Own Brands (+12.3%)
- **Technical factors lowered sales by around EUR9M** in Q1 or -4pp of growth:
 - Deconsolidation of Passoa (EUR3M)
 - End of the Champagne distribution contract (EUR6M)

Adjusted for these factors, **Q1's underlying organic growth was 12.2%**.

- **Solid value depletion trends** continuing into Q1 2017-18:
 - Greater China: fast-growing upper middle-class driving strong upmarket demand rebound in Continental China; Improving trends in Macao and HK
 - US: Depletions penalized by high comps; Sell-out data shows growth remains at healthy levels
 - Western Europe: broadly unchanged
 - Russia: recovery on-track
 - Africa: Renewed growth led by new phase of regional expansion
 - Global Travel Retail: improving trends confirmed
- **FY 17/18 outlook confirmed:** on track to deliver positive organic Current Operating Profit growth

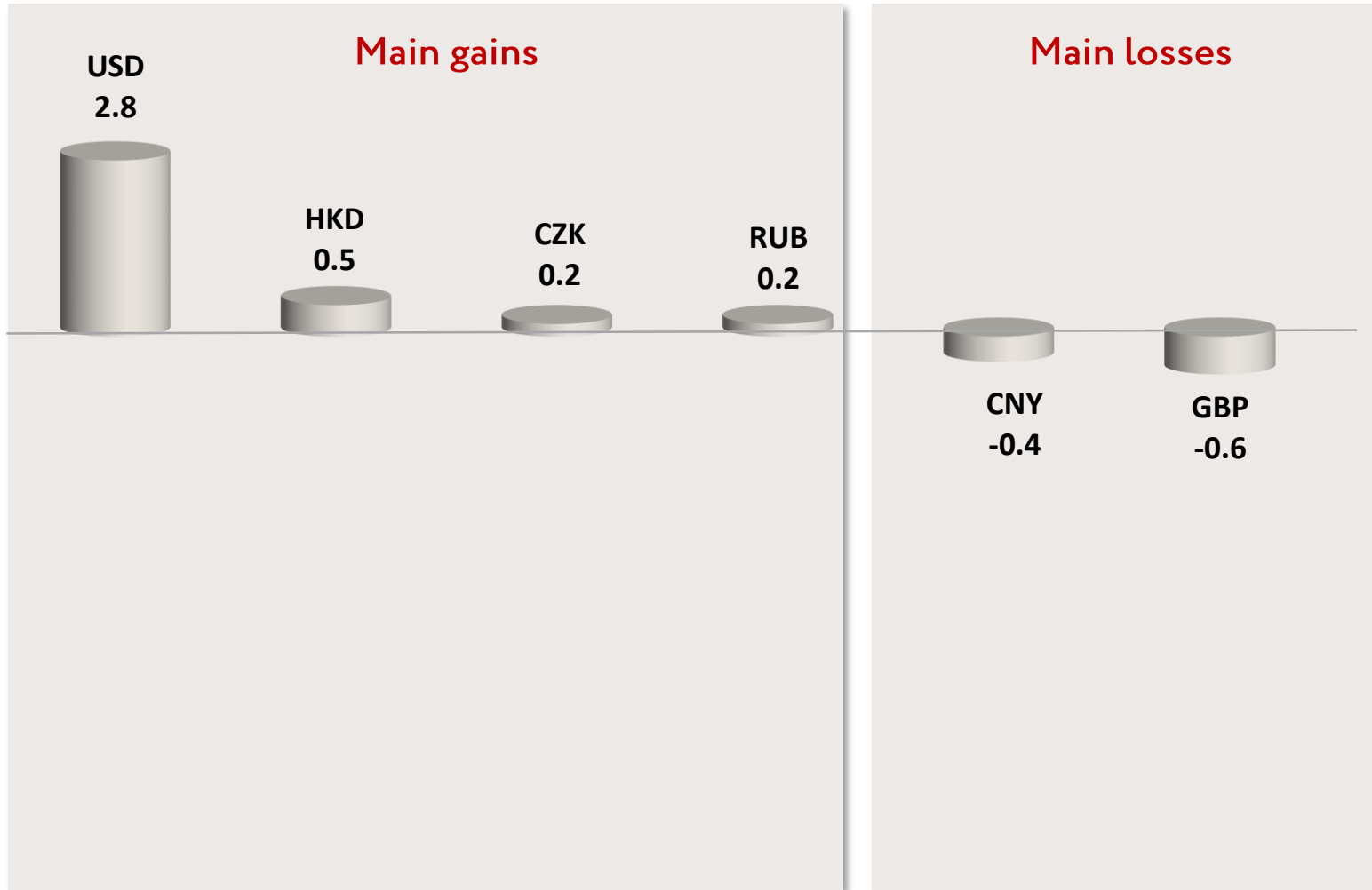
Q1 2017/18 Sales Analysis



Currency Impact on Q1 2017/18 Sales

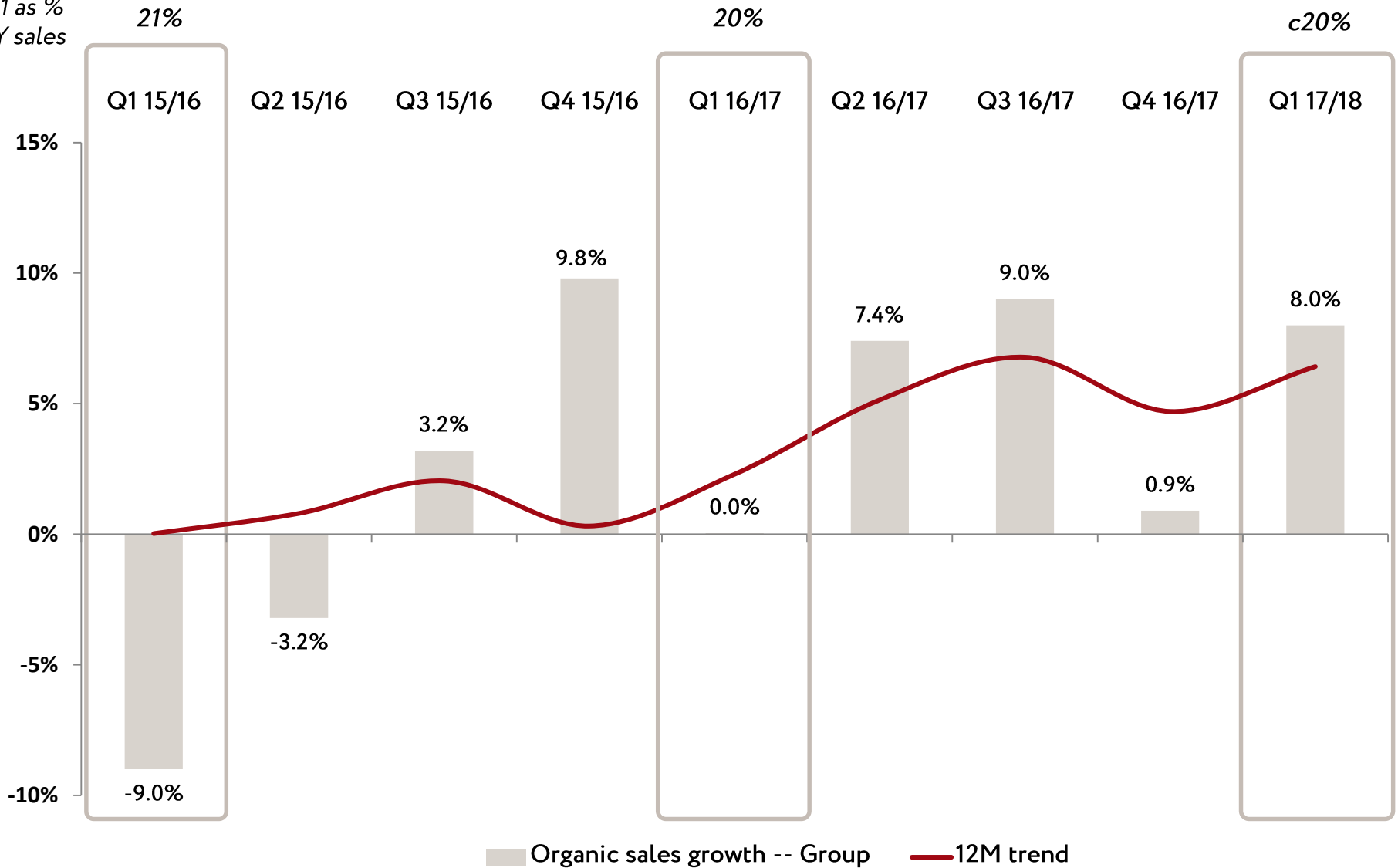
Currency translation gain of 2.9 million euros

€m



Quarterly Organic Sales Growth

Q1 as %
FY sales



Q1 2017/18 Organic Trends by Region (1)



Asia-Pacific sales up double-digits, led by Greater China

- Technical factors lowered sales by EUR1M (or 3pp of growth) in Q1
- Greater China: Solid double-digit sales growth
 - Easy comps (buy-in ahead of price increases in Q4 15-16)
 - Good improvement in Macao and HK
 - Further strength in depletion trends: up double digits in volume and solid double digits in value
- Japan: rebounding on easy comps and improving depletion trends
- Travel Retail : Solid performance in Q1
 - Increased spend of Chinese travellers and favorable government measures to develop « domestic » duty free

Americas : soft start to the year due to high comps

- US : sell-in and depletions softness due to high comps in cognac (1Q 16-17 boosted by price increases) :
 - Group Brands' value depletions : -7.7% over 3M (vs. +19.0% LY), +1.8% over 6M (vs. 17.3%), +4.1% over 12M (vs. 16.2%)
- US Nielsen sales data suggest Group brands' sell-out trends remain very solid:
 - 4-weeks ending 17 June 2017: +10.1% over 3M, +9.7% over 6M and +13.0% over 12M
- Accelerating trends in Canada and LatAm
- Strong performance of Travel Retail (relaunch of classic VSOP/XO, new listings and better traffic)

Q1 2017/18 Organic Trends by Region (2)

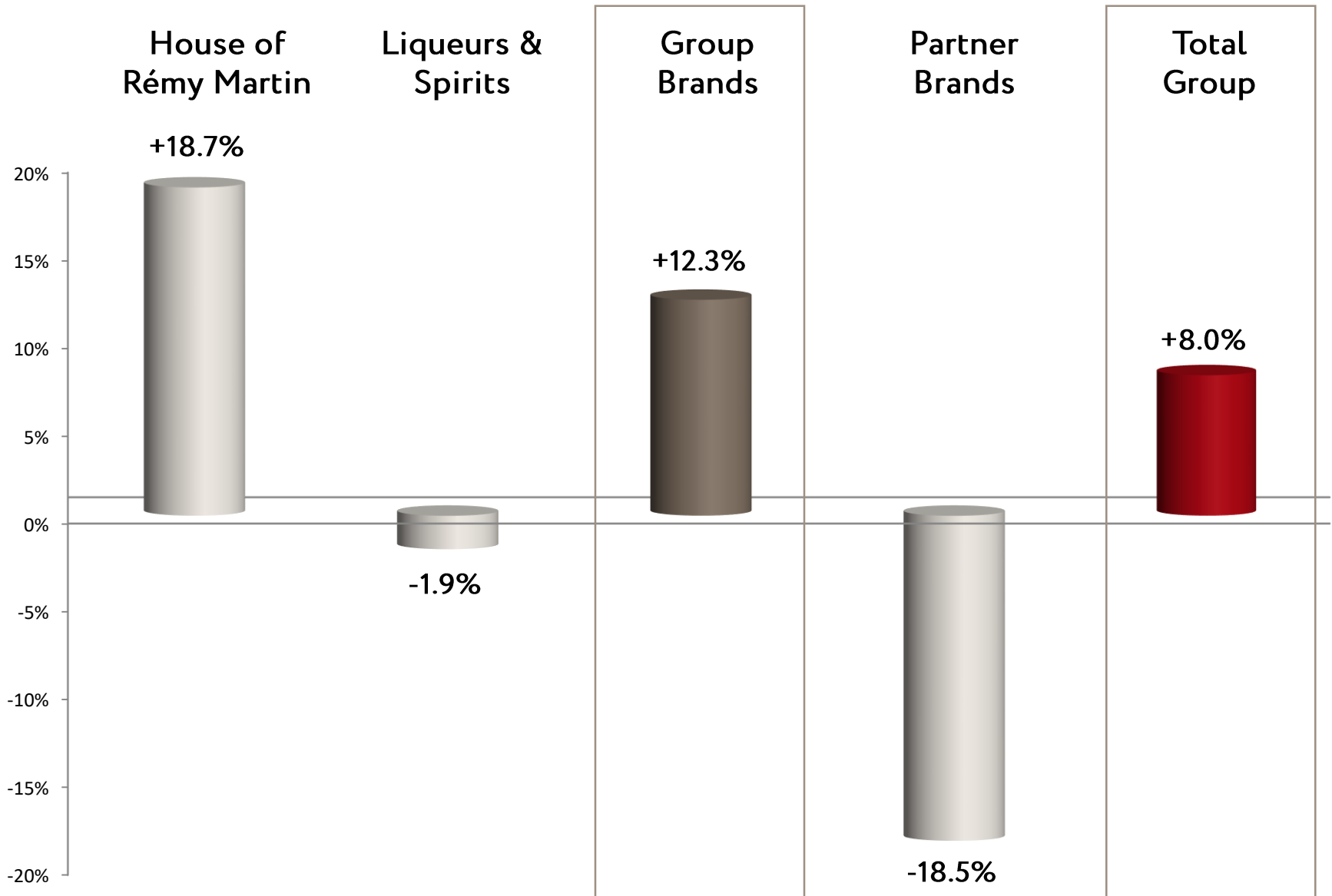


Europe, Middle East & Africa : good start to the year, despite seizable technical factors

- Sales up in Q1 despite seizable technical factors (EUR8M or -10pp hit):
 - End of the distribution contract with Piper & Charles Heidsieck (EUR5M) and deconsolidation of Passoã from December 1st 2016 (EUR3M).
 - Adjusted for these technical factors, EMEA would have been up +13%
- Western Europe: double-digit sales decline in Q1, due to technical factors (Passoã, Champagne)
 - Good depletion trends in the UK and in France, but ongoing weakness in Belgium
- Central & South Europe: high-digit growth in Q1
 - Solid momentum led by Czech Republic and Slovakia
- Russia & North East Europe: solid double-digit growth in Q1
 - Russia: Sales and value depletion trends both growing double-digits, led by the cognac brands
- Travel Retail: double-digit growth at the Group's Own Brands
- Africa : back to growth in Q1, led by a new phase of regional expansion; South Africa strong both in sell-in and sell-out; signs of improvement in Nigeria

Q1 2017/18 Organic Growth by Product Division

RÉMY COINTREAU



House of Rémy Martin (+18.7% OG in Q1)

Asia-Pacific

- Strong Q1 performance, led by double-digit growth in Greater China, Singapore, Japan and Travel Retail
- Greater China: depletions up double digits in volume and solid double digits in value

Americas

- Soft Q1 sales performance due to high comps in the US (1Q 16-17 boosted by price increases)
- US volume depletions also distorted by comps in the last 3M period (+17.0% in 3M to June 2016)
- **Price/mix gains of 1-2pp** in the 12M period to June 2017
- Nielsen volume data (to 17/6/2017): +11.3% in last 3M; +10.3% in last 6M and +13.9% in last 12M

	Volume depletion trends to June 2017		
	3 months	6 months	12 months
US Cognac/Brandy Market	7.6%	14.8%	12.2%
Rémy Martin	-8.4%	0.4%	2.6%

Source: NABCA/Discus

Europe, Middle East & Africa

- Strong start to the year, led by Russia, the UK, Africa and Travel Retail

Rémy Martin Rooted in Exception: a mixed-reality experience



« The Legacy » by LOUIS XIII



Liqueurs & Spirits (-1.9% OD in Q1)



Organic decline in Q1 due to the deconsolidation of Passoa (EUR5M or a 9pp hit)

Cointreau

- Solid performance, led by the US and growth relays (Greater China and Russia)
- Good depletion trends in France (+4% in 12M ending May)
- Steady US volume depletions trends; Further share gains in a depressed category
- US value depletions benefited from a price/mix gain of 1-2pp in the 12M period to June 2017

	Volume depletion trends to June 2017		
	3 months	6 months	12 months
Total US Cordials Market	-6.1%	-12.9%	-13.7%
Cointreau	3.7%	2.6%	2.0%

Source: NABCA/Discus

Metaxa: Good growth continuing into Q1, led by ongoing strength in Czech Republic/Slovakia, in Germany and in Travel Retail

Liqueurs & Spirits (-1.9% OD in Q1)



Mount Gay

- Strong Q1 performance (after a soft Q4 16-17), led by key markets (US, Barbados and Caribbeans)
- Volatility of US volume depletions reflects the gradual de-emphasis on entry-price *Eclipse*
- US value depletions benefited from a **price/mix gain of 1-2pp** in the 12M period ending June 2017

	Volume depletion trends to June 2017		
	3 months	6 months	12 months
Total US Rum Market	7.1%	-0.9%	0.5%
Mount Gay	-2.2%	2.0%	0.9%

Source: NABCA/Discus

Progressive Hebridean Distillers: double-digit sales growth in Q1, mainly driven by the success of The Botanist gin in all regions

St-Rémy: Strong Q1 growth (after a soft Q4 16-17) led by Canada, Australia/new Zealand and Travel Retail

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



Partner Brands (-18.5% OD in Q1)

- Technical factors held back sales by EUR4M in Q1 or a 14pp hit on sales growth:
 - The end of the distribution contract for Piper Heidsieck and Charles Heidsieck (in EMEA and Travel Retail Asia) was a EUR6M loss
 - In contrast, the consolidation of Passoã as a partner brand (in markets where Rémy Cointreau now distributes the brand on behalf of the JV) added EUR2M
- Other Third-Party spirits declined mid-single digits in Q1, as ongoing strength in Central Europe was more than offset by weakness in Belgium

2017/18 Outlook Confirmed



- Strong start to the fiscal year 2017/18
- Maintains guidance of delivering **positive growth in Current Operating Profit**, at constant exchange rate and scope, for the financial year 2017/18



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Q&A

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