RÉMY COINTREAU

# HALF YEAR FINANCIAL REPORT

# 2017/2018

## SUMMARY

# 1 HALF-YEAR BUSINESS REPORT

## FIRST SIX MONTHS OF THE YEAR ENDING 31 MARCH 2018

For the period ended 30 September 2017, the Group generated current operating profit of €134.1 million, an organic increase of 11.8% (+8.2% reported). The organic operating margin was 25.2% (24.6% in reported terms).

## 1.1 Analysis of the business and consolidated results

### 1.1.1 Key figures

All data is presented in millions of euros for the period from 1 April to 30 September. The organic change is calculated on a constant exchange rate basis compared with the previous period.

| *(in € millions)* | **2017** | **2016** | **Reported change** | **Organic change** |
|---|---|---|---|---|
| Net sales | 544.4 | 513.4 | +6.0% | +7.0% |
| **Current operating profit/(loss)** | **134.1** | **123.9** | **+8.2%** | **+11.8%** |
| Current operating margin | 24.6% | 24.1% | | |
| Other operating income/(expense) | (1.8) | (0.0) | | |
| **Operating profit/(loss)** | **132.3** | **123.9** | | |
| Net financial income/(expense) | (8.8) | (15.5) | | |
| Income tax | (34.5) | (32.3) | | |
| Share in profit/(loss) of associates | 0.2 | 0.0 | | |
| Profit/(loss) from continuing operations | 89.3 | 76.1 | | |
| Non-controlling interests | (0.1) | (0.1) | | |
| **Net profit/(loss) attributable to the owners of the parent company** | **89.2** | **76.0** | **+17.3%** | **+19.4%** |
| **Net profit/(loss) excluding non-recurring items attributable to the owners of the parent company** | **90.3** | **76.6** | **+17.9%** | **+20.0%** |
| Basic earnings per share: | | | | |
| **On net profit/(loss) excluding non-recurring items attributable to the owners of the parent company** | **€1.82** | **€1.57** | **+15.9%** | |
| On net profit/(loss) attributable to the owners of the parent company | €1.80 | €1.56 | +15.4% | |

## 1.1.2 General comments on current operating profit

Change in the current operating profit compared with September 2016 was as follows:

| | Total |
|---|---|
| **Current operating profit – September 2016** | **123.9** |
| Change due to exchange rates (net of hedges) | (2.4) |
| Changes in consolidation scope | (2.1) |
| Change in volumes | 12.2 |
| Changes in product price/mix | 20.7 |
| Change in advertising expenses | (12.9) |
| Change in other expenses | (5.3) |
| **Current operating profit – September 2017** | **134.1** |

Overall, exchange rate variations had a negative impact of €2.4 million. The average EUR/USD rate over the period was 1.14 compared with 1.12 during the previous period. Taking into account its hedging policy, the Group recorded an average collection rate of 1.16 on the net flows in US dollars generated by its European entities, compared with 1.14 for the period ended 30 September 2016.

The change in the scope of consolidation is due to the acquisition of Westland and Domaine des Hautes Glaces in January 2017. These two brands, acquired at a very early stage in their development, had a negative impact on the period's operating profit, as forecast in their strategic plans.

The volume impact of €12.2 million reflects the half-year's sustained growth in all regions. This amount is net of the negative impact of the deconsolidation of Passoa, which mainly concerns the EMEA region.

During the half-year, business was outstanding for superior-quality products, resulting in a price/mix effect of €20.7 million, which benefited all geographical areas, particularly Asia.

Advertising expenditure rose by €12.9 million (+14.6% for the Group's brands), reflecting an increase in brand communication.

Other costs increased by €5.3 million, mainly due to the build-up of sales/marketing teams. Their percentage of consolidated net sales remains relatively unchanged.

Current operating profit recorded a strong organic increase of 11.8%, while the organic operating margin rose to 25.2% (2016: 24.1%).

## 1.1.3 Business overview

In the comments that follow, all changes are given as organic change.

For the period ended 30 September 2017, the Rémy Cointreau Group generated net sales of €544.4 million, an increase of 7% compared with the previous period (including 9.6% for Group brands).

### BY GEOGRAPHIC AREA

| | Europe-Middle East-Africa | Americas | Asia Pacific | Total |
|---|---|---|---|---|
| **Net sales** | | | | |
| September 2017 | 165.7 | 225.4 | 153.2 | 544.4 |
| September 2016 | 163.7 | 222.5 | 127.2 | 513.4 |
| Reported change | +1.2% | +1.3% | +20.5% | +6.0% |
| Organic change | +0.8% | +2.0% | +23.6% | +7.0% |

The EMEA region (Europe-Middle East-Africa), which accounts for 31% of net sales, recorded changes of +0.8% and +4.4% on Group brands (+14.2% excluding the impact of the Passoa deconsolidation). Sharp increases were recorded in Russia, Central Europe and Africa for the half-year.

The Americas region (41% of net sales) recorded a 2.0% increase for the whole of the Group's brands portfolio, with a favourable upscaling trend for cognac in the United States.

The Asia Pacific region (28% of net sales) recorded sharp growth of 23.6%, driven by the dynamism of Greater China and Singapore, as well as better trends in Japan.

BY DIVISION

| | Rémy Martin | Liqueurs & Spirits | Total Group brands | Partner Brands | Holding Company costs | Total |
|---|---|---|---|---|---|---|
| **Net sales** | | | | | | |
| September 2017 | 367.0 | 129.2 | 496.1 | 48.2 | - | 544.4 |
| September 2016 | 322.5 | 134.8 | 457.3 | 56.0 | - | 513.4 |
| Reported change | +13.8% | (4.2%) | +8.5% | (13.9%) | - | +6.0% |
| Organic change | +15.4% | (4.5%) | +9.6% | (14.3%) | - | +7.0% |
| **Current operating profit/(loss)** | | | | | | |
| September 2017 | 115.5 | 22.5 | 138.0 | 2.5 | (6.4) | 134.1 |
| September 2016 | 101.9 | 27.4 | 129.3 | 2.7 | (8.1) | 123.9 |
| Reported change | +13.3% | (17.8%) | +6.7% | (8.3%) | (21.3%) | +8.2% |
| Organic change | +17.6% | (17.5%) | +10.2% | (8.3%) | (21.3%) | +11.8% |
| **Operating margin** | | | | | | |
| September 2017 | 31.5% | 17.4% | 27.8% | 5.2% | - | 24.6% |
| September 2017 organic | 32.2% | 17.5% | 28.4% | 5.2% | - | 25.2% |
| September 2016 | 31.6% | 20.3% | 28.3% | 4.9% | - | 24.1% |

### RÉMY MARTIN

Net sales amounted to €367 million, up 15.4% thanks to an increase in sales in all regions of the world. In Asia Pacific, Greater China confirmed its excellent dynamics. The Americas benefited from solid demand for upmarket products. The EMEA region benefited from favourable trends in Russia and Africa. This growth was driven by superior-quality products, especially the limited edition XO Cannes 2017 (Travel Retail exclusivity), the 2nd edition of Carte Blanche à Baptiste Loiseau and the limited edition Louis XIII The Legacy, with 500 magnum crystal decanters bearing the signatures of the four generations of cellar masters.

Operating profit amounted to €115.5 million, up 17.6%, with a sharp increase in advertising expenditure (+17%). Current operating margin increased 0.6 point to 32.2% as a result of the favourable mix.

### LIQUEURS & SPIRITS

Net sales amounted to €129.2 million, down 4.5% compared to the previous period, but up 4.7% excluding the impact of the Passoa deconsolidation.

All of the brands (Cointreau, Metaxa, Mont Gay, St-Rémy, Bruichladdich, Port Charlotte, Octomore, and The Botanist) contributed to this growth.

The Liqueurs & Spirits business recorded current operating profit of €22.5 million and a current operating margin of 17.5% (organic). Advertising expenditure rose by 5.1%.

### PARTNER BRANDS

The Group generated net sales of €48.2 million, a fall of 14.3%. This was mainly due to the distribution agreement for Piper-Heidsieck and Charles Heidsieck Champagnes coming to an end on 30 June 2016 (the agreement still covered several European countries and Travel Retail) and to the voluntary termination of certain Travel Retail distribution contracts in Europe. This category now includes Passoa in the markets where the Group distributes the brand (mainly Belgium, Luxembourg, the UK and Japan). The other Partner Brands distributed in Europe continued to perform well.

The operating profit generated by the division was positive at €2.5 million, compared with €2.7 million for the period ended 30 September 2016.

### HOLDING COMPANY COSTS

These costs dropped by €1.7 million in absolute terms. They totalled 1.2% of net consolidated sales (1.6% at end-September 2016).

## 1.1.4 Operating profit/(loss)

Operating profit amounted to €132.3 million, after the recognition of an expense of €1.8 million, mainly covering some restructuring in the distribution network.

## 1.1.5 Net financial income/(expense)

| *(in € millions)* | 2017 | 2016 | Change |
|---|---|---|---|
| Cost of gross financial debt | (7.1) | (11.7) | 4.6 |
| Currency gains/(losses) | 0.7 | (1.4) | 2.1 |
| Other financial expenses (net) | (2.4) | (2.4) | (0.0) |
| **NET FINANCIAL INCOME/(EXPENSE)** | **(8.8)** | **(15.5)** | **6.7** |

Net financial expense came to €8.8 million:

- during the period, the cost of the gross financial debt dropped sharply by €4.6 million, reflecting the impact of the OCEANE issue which replaced the bond that matured in December 2016 and a medium-term debt of a lower amount;
- currency gains/(losses) mainly include the impact of the valuation of the currency risk hedging portfolio in accordance with IFRS standards. This had a positive impact of €0.7 million at 30 September 2017, compared with a charge of €1.4 million for the previous period; and
- other financial expenses include items related to the change in the value of the vendor loan (a loan to the EPI Group) and funding costs for certain *eaux-de-vie* owned by the AFC cooperative. Compared to the previous period, these items remained stable.

## 1.1.6 Net profit/(loss) for the period

The tax charge, estimated on the basis of a projected annual effective rate, amounted to €34.5 million, *i.e.* an effective tax rate of 27.9%. This was down compared with the period ended 30 September 2016 (29.8%), as a result of the geographical spread of profits.

For the period ended 30 September 2017, the share of profit of associates originated in distribution joint ventures. No impact was recorded for the equity investment in Dynasty Fine Wines Ltd.

Trading in Dynasty Group shares has been suspended since 22 March 2013. The reasons for the suspension are described in note **5.1** to the 2016/2017 annual financial statements.

Since the suspension, during the financial years ended 31 March 2013, 31 March 2014, 31 March 2016 and 31 March 2017, Rémy Cointreau carried out four successive impairments to reduce the valuation per share from HK$1.88 to HK$1.27, HK$0.94, HK$0.84 and HK$0.36.

For the financial statements to 30 September 2017, Rémy Cointreau's management decided that the valuation fundamentals at 31 March 2017 were still relevant. The value of the investment has therefore been maintained at HK$122.2 million, or €13.2 million, based on the period-end exchange rate.

Net income attributable to owners of the parent company amounted to €89.2 million, up 19.4% in organic terms and 17.3% in reported terms due to favourable exchange rates, equating to basic earnings per share of €1.80, compared with €1.56 in the previous period.

Excluding non-recurring items (other operating income and expenses net of tax, net profit/(loss) from discontinued operations and the 3% contribution on the previous year's dividends), the net profit attributable to the Group came to €90.3 million, up 20% in organic terms and 17.9% in reported terms, equating to basic earnings per share of €1.82 compared with €1.57 in the previous period.

# 1.2 COMMENTS ON THE STATEMENT OF FINANCIAL POSITION

| *(in € millions)* | **September 2017** | September 2016 | March 2017 | Change |
|---|---|---|---|---|
| Brands and other intangible assets | 520.9 | 486.1 | 526.1 | (5.2) |
| Property, plant and equipment | 233.3 | 226.9 | 237.3 | (4.0) |
| Investments in associates | 20.9 | 41.2 | 22.4 | (1.5) |
| Other financial assets | 165.4 | 94.3 | 166.7 | (1.3) |
| **Non-current assets (other than deferred tax)** | **940.5** | **848.5** | **952.5** | **(12.0)** |
| Inventories | 1,123.0 | 1,101.1 | 1,145.4 | (22.4) |
| Trade and other receivables | 245.4 | 271.0 | 224.0 | 21.4 |
| Trade and other payables | (425.8) | (427.4) | (503.6) | 77.8 |
| **Working capital requirements** | **942.6** | **944.7** | **865.8** | **76.8** |
| Net financial derivatives | 13.3 | 3.8 | (3.4) | 16.7 |
| Net current and deferred tax | (80.2) | (99.2) | (73.0) | (7.2) |
| Dividend payable | - | (13.0) | - | 0.0 |
| Provisions for liabilities and charges | (51.1) | (50.8) | (49.1) | (2.0) |
| Assets and liabilities held for sale | 1.3 | - | 1.3 | 0.0 |
| **Other net current and non-current assets and liabilities** | **(116.7)** | **(159.2)** | **(124.2)** | **7.5** |
| **TOTAL** | **1,766.4** | **1,634.0** | **1,694.1** | **72.3** |
| Financed by: | | | | |
| **Shareholders' equity** | **1,335.8** | **1,186.3** | **1,304.0** | **31.8** |
| Long-term financial debt | 395.0 | 390.2 | 392.5 | 2.5 |
| Short-term financial debt and accrued interest charge | 81.0 | 278.9 | 75.6 | 5.4 |
| Cash and cash equivalents | (45.4) | (221.4) | (78.0) | 32.6 |
| **Net financial debt** | **430.6** | **447.7** | **390.1** | **40.5** |
| **TOTAL** | **1,766.4** | **1,634.0** | **1,694.1** | **72.3** |
| For information: | | | | |
| **TOTAL ASSETS** | **2,405.0** | **2,483.3** | **2,441.5** | **(36.5)** |

All changes given below are compared with the financial year ended 31 March 2017.

Non-current assets were down €12 million to €940.5 million, including:

| | |
|---|---|
| Translation reserve | (12.9) |
| Investments (renewals, measures to ensure compliance with standards) | 12.6 |
| Amortisation for the period | (10.6) |
| Change in current value of vendor loan | 0.2 |
| Liquidity account | (1.3) |
| **TOTAL** | **(12.0)** |

The working capital requirement, which is always structurally higher at the end of September than at the end of March (mainly owing to the seasonality of *eaux-de-vie* purchases), increased by €76.8 million (or €97.6 million excluding translation differences), including:

| | |
|---|---|
| Inventories of products undergoing ageing | (28.8) |
| Trade payables – *eaux-de-vie* | 51.6 |
| Inventories of finished products and packaging items | 23.5 |
| Trade and other receivables | 33.9 |
| Trade and other payables (excluding *eaux-de-vie*) | 17.4 |
| **TOTAL** | **97.6** |

Derivative financial instruments are intended to hedge currency risk. The Group hedges its provisional positions over a rolling 18-month period. The market value of the portfolio held at 30 September 2017 amounted to a net liability of €13.3 million, compared with a net liability of €3.4 million at 31 March 2017. Of this change, €3.7 million is due to part of the original portfolio maturing, €2.9 million to the revaluation of the balance, and €10.1 million to the market value of new instruments concluded.

The net tax position (current and deferred) amounts to a liability of €80.7 million, an increase from March 2017 due to the growth in profit and the seasonal nature of tax instalments.

The change in shareholders' equity breaks down as follows:

| | |
|---|---|
| **Net profit/(loss) for the year** | **89.3** |
| Profit/(loss) recorded in equity | 4.1 |
| Change in translation reserves | (10.3) |
| Impact of stock-option and similar plans | 1.2 |
| Transactions on treasury shares | (27.8) |
| Dividends paid in shares and cash | (24.7) |
| **TOTAL CHANGE** | **31.8** |

At its meeting of 25 July 2017, the Board of Directors of Rémy Cointreau decided, pursuant to the 17th and 19th resolutions of the Combined Shareholders' Meeting of 25 July 2017, to authorise the Company's CEO to implement a share buyback programme. This share buyback programme will expire on 29 December 2017 at the latest. Under this programme, Rémy Cointreau acquired 273,009 shares over the period for a total of €26.4 million.

The Shareholders' Meeting of 25 July 2017 approved the payment of a dividend of €1.65 per share in respect of the year ended 31 March 2017 with an option allowing a payment of the entire dividend in shares. The payment in shares was made in September 2017 for €57.1 million (635,254 shares issued), while €24.7 million was paid out in cash.

Net debt stood at €430.6 million, with a seasonal increase of €40.5 million compared to March 2017, and a decrease of €17.1 million compared to September 2016.

At 30 September 2017, the Rémy Cointreau Group had €735 million in confirmed funding, including:

- a €255 million syndicated revolving loan maturing on 11 April 2019, bearing interest at EURIBOR plus a variable margin;
- a €65 million bond maturing on 13 August 2023, with a coupon of 4% and an issue premium of 2.00%;
- a bond issued in the form of a private placement with a leading European insurer for €80 million, maturing on 27 February 2025 and bearing a coupon rate of 2.94%;
- a current-account agreement with the Orpar SA company signed on 31 March 2015 for €60 million at a rate of 1.25% and fully drawn since 1 April 2015; and
- an OCEANE bond issued on 7 September 2016 for a nominal amount of €275 million, with a maturity date of 7 September 2026 and a conversion option exercisable on 7 September 2023, bearing a coupon rate of 0.125%.

The A ratio[1] (Net debt/EBITDA) on which the availability of the private bond placement and the syndicated loan is based was 1.66 at 30 September 2017. The terms of the syndicated loan and private placement stipulate that this ratio, calculated every six months, must remain below or equal to 3.5 until the loan matures.

*(1) The A ratio is calculated every six months. It is the ratio of (a) the arithmetic average of net debt at the end of the half-year and the end of the prior half-year – in this case end-September 2017 and end-March 2017 – and (b) EBITDA for the previous 12 months – in this case end-March 2017 minus end-September 2016 plus September 2017.*

# 1.3 Comments on cash flows

| *(in € millions)* | 2017 | 2016 | Change |
|---|---|---|---|
| EBITDA | 146.1 | 134.0 | 12.1 |
| Change in working capital requirement | (92.3) | (107.7) | 15.4 |
| Net cash flow from operations | 53.8 | 26.3 | 27.5 |
| Other operating income/(expense) | (0.1) | (2.4) | 2.3 |
| Financial result | (3.0) | (11.0) | 8.0 |
| Income tax | (29.6) | (14.5) | (15.1) |
| Other operating cash flows | (32.7) | (27.9) | (4.8) |
| **Net cash flow from operating activities** | **21.1** | **(1.6)** | **22.7** |
| Net cash flow from investment activities – continuing operations | (11.9) | (18.2) | 6.3 |
| **Net cash flow before investment activities** | **9.2** | **(19.8)** | **29.0** |
| Treasury shares | (27.8) | (0.4) | (27.4) |
| Dividends paid | (24.7) | - | (24.7) |
| **Net cash flow relating to capital** | **(52.5)** | **(0.4)** | **(52.1)** |
| Repayment of financial debt | (0.1) | 193.3 | (193.4) |
| **Net cash flow after investment activities** | **(43.4)** | **173.1** | **(216.5)** |
| Translation differences on cash and cash equivalents | 10.7 | 1.4 | 9.3 |
| **Change in cash and cash equivalents** | **(32.6)** | **174.5** | **(207.1)** |

Earnings before interest, tax, depreciation and amortisation (EBITDA)[1] rose by €12.1 million, mainly as a result of the change in current operating profit.

The change in working capital requirement represented an increase of €92.3 million, a decrease compared to the previous period.

| *(in € millions)* | 2017 | 2016 | Change |
|---|---|---|---|
| Change in inventories | 5.9 | 7.2 | (1.3) |
| Change in trade receivables | (36.5) | (24.8) | (11.7) |
| Change in trade payables | (46.2) | (44.5) | (1.7) |
| Net change in other receivables and payables | (15.5) | (45.6) | 30.1 |
| **CHANGE IN WORKING CAPITAL REQUIREMENT** | **(92.3)** | **(107.7)** | **15.4** |

The €5.9 million decrease in inventories reflects the usual seasonality of the inventories: drop in *eaux-de-vie* inventories and rise in finished product inventories.

Trade receivables were up €36.5 million, in line with the increase in activity. Factoring programmes led to accelerated payments of €52.1 million, compared with €39.2 million in the previous period. As in previous years, the decrease in trade payables for €46.2 million is mainly due to the timing of *eaux-de-vie* purchases. The change in other receivables and payables mainly concerns advertising/promotional expenses, payroll expenses and sales taxes such as VAT.

Net cash outflows relating to financing activities totalled €3 million, a decrease of €8 million following the OCEANE issue and a drop in the net financial debt.

Income tax represents a payment of €29.6 million, reflecting the instalments paid by the various Group entities.

Capital expenditure decreased by €6.3 million to €11.9 million, mainly reflecting a different half-year breakdown compared to the previous year.

During the half-year, Rémy Cointreau acquired 273,009 treasury shares under the share buyback programme for a total of €26.4 million. Moreover, a cash outflow of €1.4 million was recorded within the framework of the liquidity agreement.

(1) *Earnings before interest, tax, depreciation and amortisation (EBITDA) corresponds to the current operating profit adjusted by adding back depreciation and amortisation charges in respect of property, plant and equipment and intangible assets, and charges in respect of share-based payments and dividends paid out by associates during the period.*

The dividend in respect of the financial year ended 31 March 2017 amounted to €1.65 per share and was paid out in September 2017 as follows: €24.7 million in cash and €57.1 million in shares. The dividend for the financial year ended 31 March 2016 had been paid out at the beginning of the second half-year.

After taking into account the net change in financial debt (including the impact of the early issue of the OCEANE bond for the period ended 30 September 2016) and translation effects, cash and cash equivalents posted a drop of €32.6 million. The Group's gross cash position amounted to €45.4 million at 30 September 2017 (*versus* €78 million in March 2017). Gross financial debt stood at €476 million (*versus* €669.1 million in September 2016 and €468.1 million in March 2017).

## 1.4 Recent events

On 6 October 2017, the French Constitutional Council declared that the 3% contribution on dividends was contrary to the Constitution. Since this relates to an event that occurred after the reporting period, no tax assets were recognised in this respect in the consolidated financial statements as at 30 September 2017.

No other material event occurred after the reporting period.

## 1.5 Outlook

At the end of this first half, Rémy Cointreau confirms its guidance of growth in Current Operating Profit over the financial year 2017/2018, assuming constant exchange rates and consolidation scope.

# 2 CONSOLIDATED FINANCIAL STATEMENTS OF THE RÉMY COINTREAU GROUP

AT 30 SEPTEMBER 2017

## 2.1 CONSOLIDATED INCOME STATEMENT

| *(in € millions)* | *Notes* | **September 2017** | September 2016 | March 2017 |
|---|---|---|---|---|
| **Net sales** | *15* | **544.4** | **513.4** | **1,094.9** |
| Cost of sales | | (178.5) | (174.3) | (364.2) |
| **Gross margin** | | **365.8** | **339.1** | **730.7** |
| Distribution costs | *16* | (191.1) | (175.3) | (416.7) |
| Administrative expenses | *16* | (41.3) | (40.4) | (88.5) |
| Other income/(expense) from operations | *16* | 0.6 | 0.5 | 0.6 |
| **Current operating profit/(loss)** | *15* | **134.1** | **123.9** | **226.1** |
| Other operating income/(expense) | *17* | (1.8) | - | (4.8) |
| **Operating profit/(loss)** | | **132.3** | **123.9** | **221.3** |
| Cost of net financial debt | | (7.1) | (11.7) | (21.4) |
| Other financial income/(expense) | | (1.7) | (3.8) | (10.5) |
| **Net financial income/(expense)** | *18* | **(8.8)** | **(15.5)** | **(31.9)** |
| **Profit/(loss) before tax** | | **123.5** | **108.4** | **189.4** |
| Income tax | *19* | (34.5) | (32.3) | (44.5) |
| Share in profit/(loss) of associates | *5* | 0.2 | - | (19.6) |
| Profit/(loss) from continuing operations | | 89.3 | 76.1 | 125.2 |
| Net profit/(loss) from discontinued operations | *20* | - | - | 65.0 |
| **Net profit/(loss) for the year** | | **89.3** | **76.1** | **190.2** |
| Of which: | | | | |
| attributable to non-controlling interests | | 0.1 | 0.1 | (0.0) |
| attributable to owners of the parent | | 89.2 | 76.0 | 190.3 |
| **Net earnings per share – from continuing operations (in €)** | | | | |
| basic | | 1.80 | 1.56 | 2.55 |
| diluted | | 1.71 | 1.48 | 2.42 |
| **Net earnings per share - attributable to owners of the parent company (in €)** | | | | |
| basic | | 1.80 | 1.56 | 3.87 |
| diluted | | 1.71 | 1.48 | 3.68 |
| **Number of shares used for the calculation** | | | | |
| basic | *10.2* | 49,607,624 | 48,658,737 | 49,123,523 |
| diluted | *10.2* | 52,314,249 | 51,292,878 | 51,782,976 |

# 2.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| *(in € millions)* | **September 2017** | September 2016 | March 2017 |
|---|---|---|---|
| **Net profit/(loss) for the year** | **89.3** | **76.1** | **190.2** |
| Movement in the value of hedging instruments | 6.5 | (3.2) | (5.6) |
| Actuarial difference on pension commitments | - | (2.0) | (2.1) |
| Related tax effect | (2.2) | 1.8 | 2.7 |
| Movement in translation differences | (10.5) | (3.6) | (0.5) |
| **Total income/(expenses) recorded in equity** | **(6.2)** | **(7.0)** | **(5.6)** |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | **83.1** | **69.1** | **184.7** |
| Of which: | | | |
| attributable to owners of the parent | 83.2 | 69.0 | 184.6 |
| non-controlling interests | (0.1) | 0.1 | 0.1 |

# 2.3 Consolidated statement of financial position



| *(in € millions)* | *Notes* | **September 2017** | September 2016 | March 2017 |
|---|---|---|---|---|
| Brands and other intangible assets | *3* | 520.9 | 486.1 | 526.1 |
| Property, plant and equipment | *4* | 233.3 | 226.9 | 237.3 |
| Investments in associates | *5* | 20.9 | 41.2 | 22.4 |
| Other financial assets | *6* | 165.4 | 94.3 | 166.7 |
| Deferred tax assets | *19* | 29.7 | 31.0 | 30.4 |
| **Non-current assets** | | **970.2** | **879.5** | **982.9** |
| Inventories | *7* | 1,123.0 | 1,101.1 | 1,145.4 |
| Trade and other receivables | *8* | 245.4 | 271.0 | 224.0 |
| Income tax receivables | *19* | 4.8 | 3.8 | 6.6 |
| Derivative financial instruments | *14* | 14.8 | 6.5 | 3.3 |
| Cash and cash equivalents | *9* | 45.4 | 221.4 | 78.0 |
| Assets held for sale | | 1.3 | - | 1.3 |
| **Current assets** | | **1,434.8** | **1,603.8** | **1,458.6** |
| **TOTAL ASSETS** | | **2,405.0** | **2,483.3** | **2,441.5** |
| Share capital | | 80.5 | 79.5 | 79.5 |
| Share premium | | 814.7 | 758.6 | 758.6 |
| Treasury shares | | (36.2) | (9.1) | (8.4) |
| Consolidated reserves and profit/(loss) for the year | | 458.8 | 331.9 | 445.9 |
| Translation reserve | | 16.5 | 23.9 | 26.8 |
| **Shareholders' equity - attributable to owners of the parent company** | | **1,334.4** | **1,184.8** | **1,302.5** |
| Non-controlling interests | | 1.4 | 1.5 | 1.5 |
| **SHAREHOLDERS' EQUITY** | *10* | **1,335.8** | **1,186.3** | **1,304.0** |
| Long-term financial debt | *11* | 395.0 | 390.2 | 392.5 |
| Provision for employee benefits | | 32.1 | 33.2 | 31.6 |
| Long-term provisions for liabilities and charges | *12* | 6.6 | 5.8 | 6.6 |
| Deferred tax assets | *19* | 93.0 | 104.2 | 98.9 |
| **Non-current liabilities** | | **526.7** | **533.4** | **529.6** |
| Short-term financial debt and accrued interest charge | *11* | 81.0 | 278.9 | 75.6 |
| Trade and other payables | *13* | 425.8 | 427.4 | 503.6 |
| Dividend payable | | - | 13.0 | - |
| Income tax payables | *19* | 21.7 | 29.8 | 11.0 |
| Short-term provisions for liabilities and charges | *12* | 12.4 | 11.8 | 10.9 |
| Derivative financial instruments | *14* | 1.5 | 2.7 | 6.7 |
| Liabilities held for sale | | - | - | - |
| **Current liabilities** | | **542.4** | **763.6** | **607.9** |
| **TOTAL EQUITY AND LIABILITIES** | | **2,405.0** | **2,483.3** | **2,441.5** |

# 2.4 CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY

| *(in € millions)* | Share capital and premium | Treasury shares | Reserves and net profit/ (loss) | Translation reserve | Profit/(loss) recorded in equity | Attributable to: owners of the parent company | Attributable to: non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| **At 31 March 2016** | **773.3** | **(8.7)** | **333.7** | **27.5** | **(13.9)** | **1,111.9** | **1.4** | **1,113.3** |
| Net profit/(loss) for the period | - | - | 76.0 | - | - | 76.0 | 0.1 | 76.1 |
| Gains/(losses) recorded in equity | - | - | - | (3.6) | (3.4) | (7.0) | - | (7.0) |
| Share-based payments | - | - | 0.7 | - | - | 0.7 | - | 0.7 |
| Transactions on treasury shares | - | (0.4) | - | - | - | (0.4) | - | (0.4) |
| Dividends | 64.8 | - | (77.8) | - | - | (13.0) | - | (13.0) |
| OCEANE | - | - | 16.3 | - | - | 16.3 | - | 16.3 |
| Other movements | - | - | 0.3 | - | - | 0.3 | - | 0.3 |
| **At 30 September 2016** | **838.1** | **(9.1)** | **349.2** | **23.9** | **(17.3)** | **1,184.8** | **1.5** | **1,186.3** |
| **At 31 March 2017** | **838.1** | **(8.4)** | **464.9** | **26.8** | **(19.0)** | **1,302.5** | **1.5** | **1,304.0** |
| Net profit/(loss) for the period | - | - | 89.2 | - | - | 89.2 | 0.1 | 89.3 |
| Gains/(losses) recorded in equity | - | - | - | (10.3) | 4.2 | (6.1) | (0.2) | (6.2) |
| Share-based payments | - | - | 1.2 | - | - | 1.2 | - | 1.2 |
| Transactions on treasury shares | - | (27.8) | - | - | - | (27.8) | - | (27.8) |
| Dividends | 57.1 | - | (81.8) | - | - | (24.7) | - | (24.7) |
| **At 30 September 2017** | **895.3** | **(36.2)** | **473.5** | **16.5** | **(14.7)** | **1,334.4** | **1.4** | **1,335.8** |

# 2.5 Consolidated statement of cash flows



| *(in € millions)* | *Notes* | September 2017 | September 2016 | March 2017 |
|---|---|---|---|---|
| Current operating profit/(loss) | | 134.1 | 123.9 | 226.1 |
| Depreciation, amortisation and impairment | | 10.6 | 9.4 | 20.4 |
| Share-based payments | | 1.2 | 0.7 | 1.8 |
| Dividends received from associates | *5* | 0.1 | - | 0.4 |
| **EBITDA** | | **146.1** | **134.0** | **248.6** |
| Change in inventories | | 5.9 | 7.2 | (25.9) |
| Change in trade receivables | | (36.5) | (24.8) | 4.0 |
| Change in trade payables | | (46.2) | (44.5) | 18.2 |
| Change in other receivables and payables | | (15.5) | (45.6) | (31.5) |
| Change in working capital requirement | | (92.3) | (107.7) | (35.3) |
| **Net cash flow from operations** | | **53.8** | **26.3** | **213.3** |
| Other operating income/(expense) | | (0.1) | (2.4) | (3.9) |
| Financial result | | (3.0) | (11.0) | (22.5) |
| Income tax | | (29.6) | (14.5) | (52.4) |
| **Other operating cash flows** | | **(32.7)** | **(27.9)** | **(78.7)** |
| **Net cash flow from operating activities – continuing operations** | | **21.0** | **(1.6)** | **134.6** |
| Impact of discontinued operations | | - | - | - |
| **Net cash flow from operating activities** | | **21.0** | **(1.6)** | **134.6** |
| Purchase of intangible assets and property, plant and equipment | *3/4* | (14.2) | (18.9) | (36.9) |
| Purchase of shares in associates and non-consolidated investments | *5/6* | - | - | (48.1) |
| Disposal of intangible assets and property, plant and equipment | | 0.4 | 0.2 | 0.4 |
| Disposal of shares in associates and non-consolidated investments | *6* | 0.5 | 0.3 | 1.3 |
| Net cash flow from other investments | *6* | 1.4 | 0.2 | (0.8) |
| **Net cash flow from investment activities – continuing operations** | | **(11.9)** | **(18.2)** | **(84.1)** |
| Impact of discontinued operations | | - | - | - |
| **Net cash flow from investment activities** | | **(11.9)** | **(18.2)** | **(84.1)** |
| Treasury shares | *10* | (27.8) | (0.4) | 0.4 |
| Increase in financial debt | | 8.5 | 273.9 | 282.3 |
| Repayment of financial debt | | (8.6) | (80.6) | (287.5) |
| Dividends paid | | (24.7) | - | (13.0) |
| **Net cash flow from financing activities – continuing operations** | | **(52.5)** | **192.9** | **(17.8)** |
| Impact of discontinued operations | | - | - | - |
| **Net cash flow from financing activities** | | **(52.5)** | **192.9** | **(17.8)** |
| Translation differences on cash and cash equivalents | | 10.7 | 1.4 | (1.6) |
| **Change in cash and cash equivalents** | | **(32.6)** | **174.5** | **31.1** |
| **Cash and cash equivalents at start of year** | *9* | **78.0** | **46.9** | **46.9** |
| **Cash and cash equivalents at end of year** | *9* | **45.4** | **221.4** | **78.0** |

# 2.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## INTRODUCTION

Rémy Cointreau is a *société anonyme* (joint stock company) with a Board of Directors subject to French legislation and in particular the French Commercial Code. Rémy Cointreau, whose shares are admitted to trading on a regulated market, is listed on Euronext Paris.

The condensed consolidated financial statements presented below were approved by the Board of Directors on 21 November 2017 pursuant to a recommendation from the Audit Committee following its meeting of 20 November 2017.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Rémy Cointreau's financial year runs from 1 April to 31 March. The consolidated financial statements are presented in millions of euros.

In accordance with European regulation (EC) No. 1606/2002 of 19 July 2002, the consolidated financial statements of Rémy Cointreau are prepared in accordance with the international accounting policies applicable within the European Union as at 30 September 2017.

These standards can be consulted on the European Commission website at:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

The condensed consolidated financial statements presented in this document were prepared pursuant to IAS 34 "Interim Financial Reporting", as adopted by the European Union. They do not include all the notes and disclosures required by IFRS for annual financial statements and must therefore be read in conjunction with the annual financial statements for the year ended 31 March 2017.

The accounting principles applied in the preparation of the interim financial statements for the period ended 30 September 2017 are the same as those applied for the year ended 31 March 2017.

### Changes to accounting principles compared with the previous year

The standards, interpretations and amendments whose application is compulsory after 31 March 2017 and for which the Group did not choose early application for the interim financial statements for the period ended 30 September 2017 are as follows:

- IFRS 9 "Financial Instruments", whose application is compulsory for financial years beginning on or after 1 January 2018, according to IASB. This standard will not have any material impact on the Group's financial statements;
- IFRS 15 "Revenue from Contracts with Customers", whose application is compulsory for financial years beginning on or after 1 January 2018, according to IASB. The impact of the application of this standard is being assessed. The main impact expected by the Group is the reclassification of certain expenses (in particular advertising and promotional expenses) between net sales and distribution cost; and
- IFRS 16 "Leases", whose application is compulsory for financial years beginning on or after 1 January 2019, according to IASB. The impact of this standard is being assessed.

Historically, Group sales are not evenly split between the first half-year and the second half-year. As a result, the interim results at 30 September 2017 are not necessarily indicative of those expected for the full year ending 31 March 2018.

In respect of the interim financial statements, the tax charge for the period is an estimate of the effective annual rate which is applied to the profit before tax of the period excluding significant exceptional items. Possible exceptional items in the period, such as the disposal of securities or the effect of a tax dispute, are recorded with their actual tax effect.

## NOTE 2 CHANGES IN CONSOLIDATION SCOPE

There have been no changes in the scope of consolidation over the period ended 30 September 2017.

## NOTE 3 BRANDS AND OTHER INTANGIBLE ASSETS

| *(in € millions)* | Goodwill | Brands | Distribution rights | Other | Total |
|---|---|---|---|---|---|
| **Gross value at 30 September 2016** | **24.1** | **502.8** | **7.6** | **37.4** | **571.9** |
| **Gross value at 31 March 2017** | **51.8** | **513.2** | **7.7** | **40.9** | **613.6** |
| Acquisitions | 0.0 | - | - | 2.1 | 2.1 |
| Disposals, items scrapped | - | - | - | (0.1) | (0.1) |
| Translation reserve | (3.4) | (2.2) | (0.3) | (0.9) | (6.9) |
| **Gross value at 30 September 2017** | **48.3** | **511.0** | **7.4** | **42.0** | **608.7** |
| **Accumulated amortisation and depreciation at 30 September 2016** | **-** | **53.0** | **5.3** | **27.5** | **85.8** |
| **Accumulated depreciation and impairment at 31 March 2017** | **-** | **53.1** | **5.4** | **29.0** | **87.5** |
| Increase | - | - | - | 1.3 | 1.3 |
| Disposals, items scrapped | - | - | - | (0.1) | (0.1) |
| Translation reserve | - | (0.2) | (0.1) | (0.6) | (0.9) |
| **Accumulated amortisation and depreciation at 30 September 2017** | **-** | **52.8** | **5.3** | **29.7** | **87.8** |
| **Net carrying amount at 30 September 2016** | **24.1** | **449.8** | **2.3** | **9.9** | **486.1** |
| **Net carrying amount at 31 March 2017** | **51.8** | **460.1** | **2.4** | **11.9** | **526.1** |
| **Net carrying amount at 30 September 2017** | **48.3** | **458.1** | **2.1** | **12.3** | **520.9** |

"Other" mainly includes software licences.

The "Distribution rights" carrying amount includes a brand-equivalent amount.

The amounts recorded under "Goodwill", "Brands" and "Distribution rights" are considered to have an indefinite useful life.

"Goodwill" includes the goodwill arising from the acquisition of Bruichladdich Distillery Ltd in September 2012, the goodwill arising from the acquisition of the Mount Gay Rum Refinery in May 2014 and the goodwill arising from the acquisitions of Domaine des Hautes Glaces and Westland in January 2017.

The amounts recorded under "Brands" (as well as "Goodwill" and "Distribution rights") in the Group's statement of financial position mainly relate to the following brands: Rémy Martin, Cointreau, Mount Gay, Metaxa, Ponche Kuba, Bruichladdich, and Westland.

The carrying amounts of Rémy Martin, Cointreau and Mount Gay are essentially derived from the acquisition of non-controlling interests and so do not represent a comprehensive valuation of these brands. Metaxa, Ponche Kuba, Bruichladdich and Westland are acquired brands. The other brands held by the Group were created and do not have any carrying value on the balance sheet.

At 30 September 2017, the total provision for the impairment of intangible assets was €52.8 million (September 2016: €53 million; March 2017: €53.1 million) including €45 million for the Greek brandy Metaxa acquired in 2000 and €7.8 million for secondary brands.

Brands owned by Rémy Cointreau are all considered to have an indefinite useful life. As such they are not amortised. The present value of these brands is subject to testing on an annual basis or as soon as there is an indication of a decrease in value. The methodology used to determine the current value of brands is described in note **3** of the notes to the year-end consolidated financial statements.

In the absence of a clear indication of impairment, the annual impairment tests will be conducted during the second half.

## NOTE 4 PROPERTY, PLANT AND EQUIPMENT

| *(in € millions)* | Land | Buildings | Other | In progress | Total |
|---|---|---|---|---|---|
| **Gross value at 30 September 2016** | **14.2** | **125.5** | **264.8** | **6.7** | **411.2** |
| **Gross value at 31 March 2017** | **14.2** | **130.3** | **279.0** | **5.3** | **428.8** |
| Acquisitions | 0.3 | 0.9 | 4.5 | 4.7 | 10.5 |
| Disposals, items scrapped | (0.0) | (0.0) | (0.6) | - | (0.7) |
| Other movements | 0.2 | 1.1 | (4.3) | 3.1 | 0.1 |
| Translation reserve | (0.3) | (2.3) | (4.7) | (0.7) | (8.0) |
| **Gross value at 30 September 2017** | **14.4** | **129.9** | **273.9** | **12.5** | **430.7** |
| **Accumulated amortisation and depreciation at 30 September 2016** | **3.2** | **47.8** | **133.3** | **-** | **184.3** |
| **Accumulated depreciation and impairment at 31 March 2017** | **3.3** | **49.9** | **138.4** | **-** | **191.6** |
| Increase | 0.2 | 1.9 | 7.2 | - | 9.3 |
| Disposals, items scrapped | - | (0.1) | (0.6) | - | (0.6) |
| Translation reserve | - | (0.4) | (2.4) | - | (2.8) |
| **Accumulated amortisation and depreciation at 30 September 2017** | **3.5** | **51.3** | **142.7** | **-** | **197.5** |
| **Net carrying amount at 30 September 2016** | **11.0** | **77.7** | **131.5** | **6.7** | **226.9** |
| **Net carrying amount at 31 March 2017** | **10.9** | **80.4** | **140.6** | **5.3** | **237.3** |
| **Net carrying amount at 30 September 2017** | **11.0** | **78.6** | **131.2** | **12.5** | **233.3** |

## NOTE 5 INVESTMENTS IN ASSOCIATES

| *(in € millions)* | Dynasty | Diversa | Spirits Platform | Total |
|---|---|---|---|---|
| **At 31 March 2017** | **14.7** | **6.5** | **1.2** | **22.4** |
| Dividend paid | - | - | (0.1) | (0.1) |
| Profit/(loss) for the year | - | 0.2 | 0.0 | 0.2 |
| Translation reserve | (1.5) | | (0.1) | (1.6) |
| **At 30 September 2017** | **13.2** | **6.7** | **1.0** | **20.9** |

### NOTE 5.1 DYNASTY

The 27% interest in the Dynasty Group originated in a joint venture for wine production between Rémy Cointreau and the city of Tianjin (China) in 1980. This Group was listed on the Hong Kong stock exchange in 2005.

Following allegations of fraud with regard to 2010 and 2011, the listing was suspended on 22 March 2013. It has not been re-listed to date due to the Company's inability to publish the audited financial statements for the 2012, 2013, 2014, 2015 and 2016 financial years. This inability now seems to be due to the external auditors' inability to finalise their audits.

During these years, the Dynasty Group also had to face a market in turmoil. After strong development up to the end of 2012 that attracted new actors, and therefore more competition, the market saw the massive arrival of low-cost imported products and measures taken by the Chinese government to limit reception costs. Whilst it did not publish financial statements, Dynasty regularly informed the market of the fall in its net sales and its losses, which can be explained by its internal difficulties and the context. As a shareholder in the Hong Kong-listed Group, Rémy Cointreau is also subject to restrictions in terms of access to financial information on the Dynasty Group due to the current rules governing the Hong Kong exchange.

Due to this unprecedented extended delay, the assessment of this holding since the end of the 2012/2013 financial year is a source of uncertainty and technical difficulties.

The carrying value at 31 March 2012 corresponded to a valuation of HK$1.88 per share. The last price before the suspension, which already reflected the anticipation of lower performance for the Company, was HK$1.44 per share. During the 2012/2013, 2013/2014 and 2015/2016 financial years, Rémy Cointreau carried out three successive impairments to reduce the valuation per share to HK$1.27, HK$0.94 and then HK$0.84.

At 31 March 2017, in light of external information made available to it, Rémy Cointreau revised the valuation downward to HK$0.36. Although Dynasty remains the fourth or fifth largest wine producer in China, its competitive positioning had fallen over the course of the financial year, despite a highly dynamic market. The Group also announced further delays in the publication of its 2012, 2013, 2014, 2015 and 2016 financial statements.

The revising of the valuation was based on an updated DCF model over seven years with a discount rate of 17.5% (calculated by an independent expert) and a long-term growth rate of 1%. The assumptions concerning the increase in Dynasty's market share and profitability were also revised downwards based on tests carried out during the financial year ended 31 March 2016.

For the financial statements to 30 September 2017, Rémy Cointreau's management decided that the valuation fundamentals at 31 March 2017 were still relevant. The value of the investment has therefore been maintained at HK$122.2 million, or €13.2 million, based on the period-end exchange rate.

There are many factors of incertitude concerning the subsequent evolution of this value, whether upwards or downwards.

In terms of sensitivity, one cent of a HK$ in the share value corresponds to an approximate €0.4 million change in the value of Rémy Cointreau's interest.

The Dynasty Group regularly publishes information on its website: www.dynasty-wines.com.

## NOTE 6 OTHER FINANCIAL ASSETS

| *(in € millions)* | September 2017 | September 2016 | March 2017 |
|---|---|---|---|
| Non-consolidated equity investments | 1.5 | 1.8 | 1.5 |
| Vendor loan (note **6.1**) | 88.7 | 88.4 | 88.5 |
| Other equity investment financial assets (note **6.2**) | 71.3 | - | 71.3 |
| Loans to non-consolidated equity investments | 0.4 | 0.4 | 0.4 |
| Liquidity account excluding Rémy Cointreau shares | 2.0 | 2.2 | 3.3 |
| Other | 1.5 | 1.5 | 1.6 |
| **TOTAL** | **165.4** | **94.3** | **166.7** |

### NOTE 6.1 VENDOR LOAN

As part of the disposal of the Champagne division, which took place on 8 July 2011, the Rémy Cointreau Group granted a vendor loan of €75 million, over a maximum term of nine years (maturing on 8 July 2020), and bearing interest at 5% during the first six years and 6% during the last three years. Interest will be capitalised in the first three years.

At 30 September 2017, this loan was recognised at the present value of cash flow to be collected by Rémy Cointreau in the event that the loan is repaid on maturity in accordance with the terms and conditions of the contract.

Interest accrued since July 2017 and payable in July 2018 is recognised as other receivables.

### NOTE 6.2 OTHER EQUITY INVESTMENT FINANCIAL ASSETS

Following an agreement entered into on 14 October 2016, Rémy Cointreau and Lucas Bols NV created a joint venture, Passoã SAS, to oversee the operation and continued development of the Passoã brand business. The fair value of the assets transferred to the Passoã SAS joint venture is recorded under "Other equity investment financial assets", in the amount of €71.3 million.

## NOTE 7 INVENTORIES

| *(in € millions)* | September 2017 | September 2016 | March 2017 |
|---|---|---|---|
| Raw materials | 33.2 | 42.7 | 39.2 |
| Ageing wines and *eaux-de-vie*(1) | 975.1 | 939.4 | 1,008.1 |
| Goods for resale and finished goods | 118.5 | 122.6 | 102.6 |
| **Gross amount** | **1,126.7** | **1,104.7** | **1,149.8** |
| Provision for impairment | (3.7) | (3.6) | (4.4) |
| **Carrying amount** | **1,123.0** | **1,101.1** | **1,145.4** |

*(1) Of which AFC inventory (September 2017: €218.1 million, September 2016: €224.6 million, March 2017: €270.5 million).*

## NOTE 8 TRADE AND OTHER RECEIVABLES

| *(in € millions)* | **September 2017** | September 2016 | March 2017 |
|---|---|---|---|
| Trade receivables | 182.8 | 180.8 | 155.2 |
| Receivables related to taxes and social charges (excl. income tax) | 9.3 | 33.3 | 6.8 |
| Sundry prepaid expenses | 10.6 | 11.9 | 8.4 |
| Advances paid | 32.4 | 33.4 | 38.2 |
| Receivables related to asset disposals | 0.1 | 0.5 | 0.1 |
| Other receivables | 10.2 | 11.1 | 15.3 |
| **TOTAL** | **245.4** | **271.0** | **224.0** |
| Of which provision for doubtful debts | (2.3) | (2.3) | (2.4) |

The Group made use of factoring programmes during the period, thereby speeding up the payment of trade receivables totalling €52.1 million at 30 September 2017 (September 2016: €39.2 million; March 2017: €42.4 million).

## NOTE 9 CASH AND CASH EQUIVALENTS

| *(in € millions)* | **September 2017** | September 2016 | March 2017 |
|---|---|---|---|
| Short-term deposits | 0.0 | 50.1 | 0.0 |
| Cash at bank | 45.4 | 171.3 | 78.0 |
| **TOTAL** | **45.4** | **221.4** | **78.0** |

## NOTE 10 SHAREHOLDERS' EQUITY

### NOTE 10.1 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

| | Number of shares | Treasury shares | Total number of shares | Share capital | Share premium | Treasury shares |
|---|---|---|---|---|---|---|
| **At 31 March 2017** | **49,692,184** | **(112,366)** | **49,579,818** | **79.5** | **758.6** | **(8.4)** |
| Partial payment of dividend in shares | 635,254 | - | 635,254 | 1.0 | 56.1 | - |
| Share buyback programme | - | (273,009) | (273,009) | - | - | (26.4) |
| Liquidity account | - | (13,998) | (13,998) | - | - | (1.4) |
| **At 30 September 2017** | **50,327,438** | **(399,373)** | **49,928,065** | **80.5** | **814.7** | **(36.2)** |

#### Share capital and premium

At 30 September 2017, the share capital comprised 50,327,438 shares with a nominal value of €1.60.

On 12 September 2017, 635,254 shares were issued following the option offered to shareholders to receive partial payment of the dividend in shares.

#### Treasury shares

At its meeting of 25 July 2017, the Board of Directors of Rémy Cointreau decided, pursuant to the 17th and 19th resolutions of the Combined Shareholders' Meeting of 25 July 2017, to authorise the Company's CEO to implement a share buyback programme. This share buyback programme will expire on 29 December 2017 at the latest. Under this programme, Rémy Cointreau acquired 273,009 shares over the period for a total of €26.4 million.

At 30 September 2017, Rémy Cointreau thus held a total of 399,373 treasury shares, of which 273,009 shares under the share buyback programme, 106,164 shares intended to cover current or future bonus share plans and 20,200 shares under the liquidity contract.

### NOTE 10.2 NUMBER OF SHARES USED TO CALCULATE EARNINGS PER SHARE

| | September 2017 | September 2016 | March 2017 |
|---|---|---|---|
| **Average number of shares (basic):** | | | |
| Average number of shares | 49,782,439 | 48,782,088 | 49,235,889 |
| Average number of treasury shares | (174,815) | (123,351) | (112,366) |
| **TOTAL USED TO CALCULATE BASIC EARNINGS PER SHARE** | **49,607,624** | **48,658,737** | **49,123,523** |
| **Average number of shares (diluted):** | | | |
| Average number of shares (basic) | 49,607,624 | 48,658,737 | 49,123,523 |
| Dilution effect of bonus share plans | 219,950 | 149,950 | 175,262 |
| Dilution effect on OCEANE | 2,486,675 | 2,484,191 | 2,484,191 |
| **TOTAL USED TO CALCULATE DILUTED EARNINGS PER SHARE** | **52,314,249** | **51,292,878** | **51,782,976** |

### NOTE 10.3 DIVIDENDS

The Shareholders' Meeting of 25 July 2017 approved the payment of an ordinary dividend of €1.65 per share for the year ended 31 March 2017, with an option for payment of the entire dividend in shares.

The dividend was paid out on 4 September and amounted to €81.8 million, of which €24.7 million in cash and €57.1 million in shares.

### NOTE 10.4 NON-CONTROLLING INTERESTS

| *(in € millions)* | September 2017 | September 2016 | March 2017 |
|---|---|---|---|
| Minority interests in Mount Gay Distilleries | 1.4 | 1.5 | 1.5 |
| **TOTAL** | **1.4** | **1.5** | **1.5** |

## NOTE 11 FINANCIAL DEBT

### NOTE 11.1 NET FINANCIAL DEBT

| | September 2017 | | | September 2016 | | | March 2017 | | |
|---|---|---|---|---|---|---|---|---|---|
| *(in € millions)* | Long term | Short term | Total | Long term | Short term | Total | Long term | Short term | Total |
| GROSS FINANCIAL DEBT | 395.0 | 81.0 | 476.0 | 390.2 | 278.9 | 669.1 | 392.5 | 75.6 | 468.1 |
| Cash and cash equivalents (note **9**) | - | (45.4) | (45.4) | - | (221.4) | (221.4) | - | (78.0) | (78.0) |
| **NET FINANCIAL DEBT** | **395.0** | **35.6** | **430.6** | **390.2** | **57.5** | **447.7** | **392.5** | **(2.4)** | **390.1** |

## NOTE 11.2 GROSS FINANCIAL DEBT BY TYPE

| | September 2017 | | | September 2016 | | | March 2017 | | |
|---|---|---|---|---|---|---|---|---|---|
| *(in € millions)* | Long term | Short term | Total | Long term | Short term | Total | Long term | Short term | Total |
| Bonds | - | - | - | - | 204.8 | 204.8 | - | - | - |
| Private bond placement | 79.8 | - | 79.8 | 79.7 | - | 79.7 | 79.8 | - | 79.8 |
| Convertible bonds (OCEANE) | 251.8 | - | 251.8 | 248.0 | - | 248.0 | 249.9 | - | 249.9 |
| Drawdown on syndicated loan | - | - | - | - | - | - | - | - | - |
| Upfront fees on syndicated loan | (0.7) | - | (0.7) | (1.2) | - | (1.2) | (1.0) | - | (1.0) |
| Partner current account | - | 60.0 | 60.0 | - | 60.0 | 60.0 | - | 60.0 | 60.0 |
| Other financial debt and overdrafts | 0.0 | - | 0.0 | - | - | - | - | 0.0 | 0.0 |
| Accrued interest | - | 0.7 | 0.7 | - | 3.8 | 3.8 | - | 1.2 | 1.2 |
| **Total Rémy Cointreau SA** | **330.8** | **60.7** | **391.5** | **326.5** | **268.6** | **595.1** | **328.7** | **61.2** | **389.9** |
| Bonds | 63.9 | - | 63.9 | 63.7 | - | 63.7 | 63.9 | - | 63.9 |
| Other financial debt and overdrafts | 0.3 | 13.8 | 14.1 | - | 4.4 | 4.4 | - | 5.6 | 5.6 |
| Accrued interest | - | 0.4 | 0.4 | - | 0.3 | 0.3 | - | 1.7 | 1.7 |
| Borrowings by special purpose entities | - | 6.1 | 6.1 | - | 5.6 | 5.6 | - | 7.1 | 7.1 |
| **Total subsidiaries** | **64.2** | **20.3** | **84.5** | **63.7** | **10.3** | **74.0** | **63.9** | **14.4** | **78.2** |
| **GROSS FINANCIAL DEBT** | **395.0** | **81.0** | **476.0** | **390.2** | **278.9** | **669.1** | **392.5** | **75.6** | **468.1** |

## NOTE 11.3 BONDS

### Bonds with a par value of €205 million

In June 2010, Rémy Cointreau carried out a 6.5-year bond issue with a par value of €205 million. The bonds had a par value of €50,000 each, were issued at 97.745% of par (issue premium of 2.255%), and bore interest of 5.18% payable on 15 June and 15 December of each year. This bond was repaid upon maturity on 15 December 2016.

### Private bond placement

On 27 February 2015, Rémy Cointreau issued an €80 million bond in the form of a private placement with a leading European insurer. The bonds have a coupon of 2.945% with a ten-year maturity. The issue amounted to €79.8 million at 30 September 2017, taking into account the issue costs of €0.2 million.

This contract is unsecured. Availability of the funds is subject to the A ratio (see Syndicated loan) remaining below 3.5 at each half year end for the duration of the contract.

### Convertible bonds (OCEANE)

On 7 September 2016, Rémy Cointreau issued a private placement with institutional investors of bonds convertible and/or exchangeable into new or existing shares (OCEANE), maturing on 7 September 2026, with a par value of €275 million, *i.e.* 2,484,191 OCEANE issued with a par value of €110.70 each.

The par value of the OCEANE bonds incorporates an issue premium of 40% based on the reference price of the Company's shares on the Euronext Paris regulated market. OCEANE bondholders are entitled to new and/or existing Rémy Cointreau shares, at the conversion rate of one share per OCEANE, subject to potential subsequent adjustments exercisable on 7 September 2023. The conversion rate was increased to 1.001 share per OCEANE following the payment of a dividend of €1.65 per share on 4 September 2017.

The OCEANE bonds bear interest at a nominal annual rate of 0.125%, payable in arrears on 7 September each year.

The €24.9 million difference between the par value of the issue and its fair value on the issue date is recognised in equity.

### Bonds with a par value of €65 million

On 13 August 2013, Financière Rémy Cointreau SA/NV issued a ten-year bond for the amount of €65 million, guaranteed by Rémy Cointreau SA. The issue amounted to €63.9 million at 30 September 2017, with (€1.1) million in issue costs and premium.

The bonds have a par value of €250,000 each and were issued at 97.977% of par (issue premium of 2.003%), bearing interest of 4% payable annually on 13 August. They will be redeemed at par at maturity on 13 August 2023.

This bond is not secured.

After taking the issue premium and expenses into account, the net proceeds from the bond were €63.2 million, putting the effective interest rate at 4.35%.

### NOTE 11.4 SYNDICATED LOAN

On 11 April 2014, Rémy Cointreau signed an amendment to extend its syndicated loan with a pool of ten banks. It was extended for two years, until 11 April 2019, under better margin conditions. Amounts drawn down bear interest at EURIBOR plus a margin that is subject to change according to Rémy Cointreau's rating.

This facility is unsecured.

The availability of the facility is contingent on "Average net debt/ EBITDA" (the A ratio) being less than or equal to 3.5 at 30 September and 31 March of each year until maturity. At 30 September 2017, the A ratio was 1.66 (March 2017: 1.78; September 2016: 2.16).

## NOTE 12 PROVISIONS FOR RISKS AND LIABILITIES

The Group's entities in France and abroad are subject to regular tax audits. Appropriate provisions are made for adjustments, or tax positions identified as uncertain but for which an adjustment has not yet been made. The amount of such provisions is reviewed regularly in accordance with the requirements of IAS 37.

### NOTE 12.1 ANALYSIS OF CHANGE

| *(in € millions)* | Restructuring | Litigation | Total |
|---|---|---|---|
| **At 31 March 2017** | **-** | **17.6** | **17.6** |
| Increase | 2.1 | 0.1 | 2.3 |
| Translation reserve | - | (0.8) | (0.8) |
| **At 30 September 2017** | **2.1** | **16.9** | **19.0** |

"Restructuring" covers the distribution network's restructuring costs. "Litigation" includes provisions set aside to cover trade, tax and employee-related disputes.

### NOTE 12.2 MATURITY

These provisions are intended to cover probable items of expenditure payable as follows:

| *(in € millions)* | September 2017 | September 2016 | March 2017 |
|---|---|---|---|
| Long-term provisions (or unknown maturity) | 6.6 | 5.8 | 6.6 |
| Short-term provisions | 12.4 | 11.8 | 10.9 |
| **TOTAL** | **19.0** | **17.6** | **17.6** |

## NOTE 13 TRADE AND OTHER PAYABLES

| *(in € millions)* | September 2017 | September 2016 | March 2017 |
|---|---|---|---|
| Trade payables – *eaux-de-vie* | 217.6 | 208.7 | 269.2 |
| Other trade payables | 73.8 | 58.8 | 66.7 |
| Advances from customers | 2.2 | 1.9 | 1.7 |
| Payables related to tax and social charges (excl. income tax) | 47.1 | 72.8 | 61.2 |
| Excise duties | 2.1 | 2.2 | 3.2 |
| Advertising expenses payable | 44.1 | 37.1 | 50.6 |
| Miscellaneous deferred income | 4.1 | 1.5 | 4.4 |
| Other liabilities | 34.8 | 44.4 | 46.7 |
| **TOTAL** | **425.8** | **427.4** | **503.6** |

## NOTE 14 FINANCIAL INSTRUMENTS AND MARKET RISKS

The Group currently uses financial instruments to manage its interest rate and currency risk exposure. The policy for managing market risks complies with the prudential rules approved by the Board of Directors. More specifically, the sale of options is limited to tunnel strategies and the resale of previously purchased instruments that are subject to approval on an individual basis.

All hedging transactions are entered into with top-tier international banks.

With regard to currency risk, the Group endeavours to hedge its budgeted net commercial exposure over a rolling period of approximately 15 to 18 months. This is achieved by entering into firm or optional currency hedging agreements in accordance with the guidelines set by the Board of Directors.

The Group does not hedge the currency risk arising from the translation of the financial statements of companies outside the euro zone into euros.

The Group's hedging policy only allows for the hedging of short term currency risk. It is not intended to protect the Group against the economic effects of long-term money market trends on the Group's net sales and margins.

### NOTE 14.1 BREAKDOWN OF FINANCIAL INSTRUMENTS (INTEREST AND FOREIGN EXCHANGE RATES)

| *(in € millions)* | September 2017 | September 2016 | March 2017 |
|---|---|---|---|
| **Assets** | | | |
| Exchange rate derivatives | 14.8 | 6.5 | 3.3 |
| **TOTAL** | **14.8** | **6.5** | **3.3** |
| **Liabilities** | | | |
| Exchange rate derivatives | 1.5 | 2.7 | 6.7 |
| **TOTAL** | **1.5** | **2.7** | **6.7** |

### NOTE 14.2 INTEREST RATE DERIVATIVES

At 30 September 2017, the Group no longer had any interest rate derivatives in its portfolio.

### NOTE 14.3 EXCHANGE RATE DERIVATIVES

The Group uses options and forward contracts to hedge its cash flows from commercial transactions. Commercial transactions for the year for which payment has not been received as of the balance sheet date are hedged by short-term currency swaps.

Furthermore, Rémy Cointreau SA, which centralises the Group's financing needs, and its subsidiary Financière Rémy Cointreau make intra-Group loans and borrowings denominated in the counterparty's currency. The Group uses back-to-back currency swaps to match these loans and borrowings. The maturity of such transactions ranges from one month to one year.

Breakdown of all currency hedging instruments in the portfolio at 30 September 2017:

| *(in € millions)* | Nominal amount[1] | Initial value | Market value | Of which: CFH[2] | Of which: Trading[2] |
|---|---|---|---|---|---|
| **Put options and tunnel options** | | | | | |
| Seller USD (*vs.* EUR) | 190.5 | 4.6 | 5.7 | 5.7 | - |
| Other currencies (*vs.* EUR) | 45.0 | 0.7 | 0.7 | 0.7 | 0.0 |
| | **235.5** | **5.3** | **6.4** | **6.4** | **0.0** |
| **Forward sales** | | | | | |
| Seller USD (*vs.* EUR) | 38.1 | - | 0.2 | 0.2 | - |
| Other currencies (*vs.* EUR) | 55.5 | - | 0.3 | 0.3 | - |
| | **93.6** | **-** | **0.5** | **0.5** | **-** |
| **Purchase/(sale) of currency swaps (operating activities)**[3] | | | | | |
| Seller USD (*vs.* EUR) | (83.9) | - | 0.6 | - | 0.6 |
| Other currencies (*vs.* EUR) | (30.2) | - | 0.2 | - | 0.2 |
| | **(114.0)** | **-** | **0.8** | **-** | **0.8** |
| **Purchase/(sale) of currency swaps (financing activities)**[3] | | | | | |
| Seller USD (*vs.* EUR) | (52.3) | - | 5.3 | - | 5.3 |
| Other currencies (*vs.* EUR) | (50.6) | - | 0.3 | - | 0.3 |
| | **(102.8)** | **-** | **5.7** | **-** | **5.7** |
| **TOTAL** | **112.2** | **5.3** | **13.3** | **6.9** | **6.5** |

*(1) Nominal amount in foreign currency translated at the closing rate.*
*(2) FVH: Fair Value Hedge; CFH: Cash Flow Hedge; Trading: assets held for trading.*
*(3) Difference between closing rate and forward rate.*

## NOTE 15 SEGMENT REPORTING

Since 1 April 2009, Rémy Cointreau has been applying IFRS 8 "Operating segments". Under this standard, the operating segments to be presented are those for which separate financial information is available internally and which are used by the "main operational decision-maker" to make operational decisions. Rémy Cointreau's main operational decision-maker is the Executive Committee. This committee reviews operational performances and allocates resources based on the financial data analysed for the Rémy Martin, Liqueurs & Spirits and Partner Brands businesses. Consequently, the Group has identified these three businesses as the operating segments to be presented. In addition, a holding segment includes the central expenses that are not allocated to the various divisions.

Information given by business segment is identical to that presented to the Executive Committee.

### NOTE 15.1 BUSINESSES

#### Breakdown of net sales and current operating profit/(loss)

| | Net sales | | | Current operating profit/(loss) | | |
|---|---|---|---|---|---|---|
| *(in € millions)* | **September 2017** | September 2016 | March 2017 | **September 2017** | September 2016 | March 2017 |
| Rémy Martin | 367.0 | 322.5 | 707.5 | 115.5 | 101.9 | 185.2 |
| Liqueurs & Spirits | 129.2 | 134.8 | 276.3 | 22.5 | 27.4 | 57.5 |
| **Group brands subtotal** | **496.1** | **457.3** | **983.8** | **138.0** | **129.3** | **242.7** |
| Partner Brands | 48.2 | 56.0 | 111.0 | 2.5 | 2.7 | 2.0 |
| Holding | - | - | - | (6.4) | (8.1) | (18.6) |
| **TOTAL** | **544.4** | **513.4** | **1,094.9** | **134.1** | **123.9** | **226.1** |

There are no intra-segment sales.

### NOTE 15.2 GEOGRAPHIC AREAS

#### Net sales

| *(in € millions)* | September 2017 | September 2016 | March 2017 |
|---|---|---|---|
| Europe-Middle East-Africa[1] | 165.7 | 163.7 | 345.3 |
| Americas | 225.4 | 222.5 | 434.2 |
| Asia Pacific | 153.2 | 127.2 | 315.4 |
| **TOTAL** | **544.4** | **513.4** | **1,094.9** |

*(1) Net sales for France amounted to €5.7 million at 30 September 2017 (September 2016: €14.1 million; March 2017: €19.5 million).*

## NOTE 16 ANALYSIS OF OPERATING EXPENSES BY TYPE

| *(in € millions)* | September 2017 | September 2016 | March 2017 |
|---|---|---|---|
| Personnel costs | (90.7) | (85.4) | (178.3) |
| Advertising and promotion expenses | (110.7) | (98.5) | (252.9) |
| Depreciation, amortisation and impairment of non-current assets | (10.6) | (9.4) | (20.0) |
| Other expenses | (48.2) | (50.4) | (109.7) |
| Expenses allocated to inventories and production costs | 27.9 | 28.0 | 55.6 |
| **TOTAL** | **(232.3)** | **(215.7)** | **(505.2)** |
| Of which: | | | |
| distribution costs | (191.1) | (175.3) | (416.7) |
| administrative expenses | (41.3) | (40.4) | (88.5) |
| **TOTAL** | **(232.3)** | **(215.7)** | **(505.2)** |

Distribution costs comprise advertising and promotion expenses, commission income or expenses, ordinary writedowns of inventories and trade receivables and the overheads of the Group distribution companies.

Administrative expenses comprise all overheads of the holding companies and production companies.

Other income and expenses correspond to the profit generated by peripheral activities.

## NOTE 17 OTHER OPERATING INCOME AND EXPENSES

| *(in € millions)* | September 2017 | September 2016 | March 2017 |
|---|---|---|---|
| Provision for network restructuring costs | (2.1) | - | - |
| Costs related to the acquisition of Westland and Domaine des Hautes Glaces | (0.0) | - | (0.7) |
| Provision for disputes relating to distribution contracts | 0.2 | - | (2.9) |
| Provision for impairment on non-strategic assets | - | - | (1.2) |
| Other | 0.2 | - | - |
| **TOTAL** | **(1.8)** | **-** | **(4.8)** |

## NOTE 18 FINANCIAL RESULT

### NOTE 18.1 NET BORROWING COST BY TYPE

| *(in € millions)* | September 2017 | September 2016 | March 2017 |
|---|---|---|---|
| Bonds | (1.4) | (7.4) | (11.2) |
| OCEANE | (2.1) | (0.3) | (2.3) |
| Private bond placement | (1.2) | (1.2) | (2.4) |
| Syndicated loan and unconfirmed lines | (0.9) | (1.3) | (2.2) |
| Partner current account | (0.4) | (0.4) | (0.8) |
| Finance costs of special purpose entities | (1.1) | (1.1) | (2.5) |
| Other financial expense | (0.1) | - | (0.1) |
| **Cost of net financial debt** | **(7.1)** | **(11.7)** | **(21.4)** |

Financial debt is described in note **11**.

### NOTE 18.2 OTHER FINANCIAL INCOME AND EXPENSES

| *(in € millions)* | **September 2017** | September 2016 | March 2017 |
|---|---|---|---|
| Currency gains | 0.7 | - | - |
| Vendor loan – interest accrued and revaluation | 2.3 | 2.3 | 4.6 |
| **Other financial income** | **3.1** | **2.3** | **4.6** |
| Currency losses | - | (1.4) | (5.4) |
| Other financial expenses of special purpose entities | (4.5) | (4.1) | (8.2) |
| Other | (0.3) | (0.6) | (1.6) |
| **Other financial expense** | **(4.8)** | **(6.1)** | **(15.1)** |
| **Other financial income/(expense)** | **(1.7)** | **(3.8)** | **(10.5)** |

The item “Vendor loan – interest accrued and revaluation” relates to the loan granted at the time of the disposal of the Champagne division. These loans are described in note **6**.

The amount presented in currency gains and losses mainly includes the impact of IAS 39 on the portfolio of foreign currency derivative financial instruments, for the so-called “ineffective” portion, and the currency gains and losses from financing transactions. Currency gains/(losses) from operations are recognised in gross profit.

## NOTE 19 INCOME TAX

### NOTE 19.1 NET INCOME TAX EXPENSE

| *(in € millions)* | **September 2017** | September 2016 | March 2017 |
|---|---|---|---|
| Current tax (expense)/income | (42.1) | (37.3) | (54.1) |
| Deferred tax (expense)/income | 7.6 | 5.0 | (4.5) |
| **Subtotal** | **(34.5)** | **(32.3)** | **(58.6)** |
| Effective tax rate excluding the effects of changes in tax rates on deferred taxes | -27.9% | -29.8% | -31.0% |
| Effect of changes in tax rates on deferred taxes | - | - | 14.1 |
| **Income tax** | **(34.5)** | **(32.3)** | **(44.5)** |
| Effective tax rate | -27.9% | -29.8% | -23.5% |

The tax expense at 30 September 2017 does not include the impact of the potential refund of the 3% contribution on distributions of cash dividends. Moreover, the potential cost an exceptional corporate tax contribution was not taken into account during the period.

### NOTE 19.2 INCOME TAX BALANCES

| *(in € millions)* | **September 2017** | September 2016 | March 2017 |
|---|---|---|---|
| Income tax receivables | 4.8 | 3.8 | 6.6 |
| Income tax payables | (21.7) | (29.8) | (11.0) |
| **Net liability** | **(16.9)** | **(26.0)** | **(4.4)** |

## NOTE 20 NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS

| *(in € millions)* | **September 2017** | September 2016 | March 2017 |
|---|---|---|---|
| Fair value of assets transferred to Passoã SAS | - | - | 71.3 |
| Net carrying amount of assets transferred | - | - | (1.0) |
| Provision for costs and expenses and transaction costs | - | - | (4.3) |
| Tax | - | - | (1.0) |
| **TOTAL** | **-** | **-** | **65.0** |

# NOTE 21 NET PROFIT/(LOSS) EXCLUDING NON-RECURRING ITEMS

## NOTE 21.1 RECONCILIATION WITH NET PROFIT/(LOSS)

Net profit/(loss) excluding non-recurring items attributable to the owners of the parent is reconciled with net profit/(loss) attributable to the owners of the parent as follows:

| *(in € millions)* | **September 2017** | September 2016 | March 2017 |
|---|---|---|---|
| **Net profit/(loss) – attributable to the owners of the parent** | **89.2** | **76.0** | **190.3** |
| Provision for impairment on Dynasty Fine Wines Group shares (note **5**) | - | - | 18.8 |
| Provision for impairment on Diversa (note **5**) | - | - | 0.8 |
| Profit/(loss) recorded under “Other operating income and expenses” (note **17**) | 1.8 | - | 4.8 |
| Tax on “Other operating income and expenses” | (0.3) | - | (1.4) |
| Effect of changes in tax rates on deferred taxes (note **19**) | - | - | (14.1) |
| “Net profit/(loss) from deconsolidated and discontinued operations” (note **20**) | | | (65.0) |
| 3% contribution on distribution of cash dividend | - | 0.4 | 0.4 |
| Other | (0.3) | 0.2 | 0.5 |
| **Net profit/(loss) excluding non-recurring items – attributable to owners of the parent** | **90.3** | **76.6** | **135.0** |

## NOTE 21.2 NET PROFIT/(LOSS) EXCLUDING NON-RECURRING ITEMS PER SHARE – ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY

| *(in € millions)* | *Notes* | **September 2017** | September 2016 | March 2017 |
|---|---|---|---|---|
| **Net profit/(loss) excluding non-recurring items** | | | | |
| ▪ attributable to owners of the parent | | 90.3 | 76.6 | 135.0 |
| Number of shares | | | | |
| ▪ basic | *10.2* | 49,607,624 | 48,658,737 | 49,123,523 |
| ▪ diluted | *10.2* | 52,314,249 | 51,292,878 | 51,782,976 |
| **Per share (in €)** | | | | |
| ▪ basic | | 1.82 | 1.57 | 2.75 |
| ▪ diluted | | 1.73 | 1.49 | 2.61 |

# NOTE 22 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

## NOTE 22.1 OPERATING ACTIVITY COMMITMENTS

| *(in € millions)* | **September 2017** | September 2016 | March 2017 |
|---|---|---|---|
| Beyond Purchase commitments – non-current assets | 5.6 | 11.0 | 8.4 |
| Leasing commitments – offices | 24.2 | 30.2 | 28.0 |
| Leasing commitments – equipment | 1.4 | 2.1 | 2.1 |
| Purchase commitments – *eaux-de-vie* (individual agreements) | 52.1 | 52.4 | 50.3 |
| Purchase commitments – *eaux-de-vie* (collective agreements) | 81.4 | 119.8 | 79.9 |
| Purchase commitments – wine | 0.4 | 1.5 | 1.1 |
| Other purchase commitments | 19.9 | 22.9 | 20.5 |

Purchase commitments – non-current assets mainly concern the acquisition of ageing casks at the Cognac site.

The office leasing commitments mainly relate to the lease of the Group's Paris head office and those of the head offices of the subsidiaries Rémy Cointreau USA in New York, E. Rémy Rentouma Trading Ltd in Shanghai and Rémy Cointreau International Pte Ltd in Singapore.

*Eaux-de-vie* purchasing commitments mainly relate to multi-year contracts in place with distillers. These commitments are valued based on the prices known at the balance sheet date.

The wine purchase commitments comprise purchase commitments for wine in the US.

Other purchase commitments comprise purchase commitments for packaging items, advertising and promotion spending commitments and other miscellaneous purchase commitments.

### NOTE 22.2 FINANCING COMMITMENTS, DEPOSITS AND SIMILAR GUARANTEES

| *(in € millions)* | September 2017 | September 2016 | March 2017 |
|---|---|---|---|
| Tax deposits | 0.2 | 0.2 | 0.2 |
| Customs deposits | 18.8 | 19.0 | 18.7 |
| Environmental deposits | 2.8 | 2.9 | 2.8 |
| Guarantees granted to suppliers | 6.3 | 6.3 | 6.3 |
| Factoring guarantees | 10.0 | 10.0 | 10.0 |
| Agricultural warrants on AFC inventories | 36.0 | 31.0 | 54.0 |
| Guarantee on €65 million bond issue | 65.0 | 65.0 | 65.0 |
| Miscellaneous guarantees on credit lines | 34.1 | 36.1 | 37.3 |
| Other guarantees | 1.3 | 1.1 | 1.6 |

As part of the creation of the Passoa SAS joint-venture with Lucas Bols, the parties issued put and call options on their respective securities in Passoa SAS which may not be exercised before 1 December 2020. Unwinding of these instruments could enable Lucas Bols to acquire all the securities held by Rémy Cointreau in Passoa SAS. The exercise amount is currently estimated at €71.3 million.

### NOTE 22.3 CONTINGENT ASSETS AND LIABILITIES RELATED TO DISPOSAL TRANSACTIONS

In connection with disposal transactions, guarantees in respect of liabilities are generally granted to the buyers for defined periods and amounts stipulated in the agreements. Liabilities for tax, excise duties and social security payments that may arise following audits covering periods prior to the sale are generally included until such liabilities lapse under the statute of limitations.

The guarantees granted and still outstanding at 30 September 2017 were as follows:

| Disposal transaction | Transaction date | Nature of ongoing guarantees | Maturity | Maximum amount |
|---|---|---|---|---|
| Izarra – Distillerie de la Côte Basque | 27 October 2015 | Tax items | Legal period +30 days | €200,000 |

## NOTE 23 RELATED PARTIES

During the period ended 30 September 2017, relationships with related parties remained similar to those for the year ended 31 March 2017.

## NOTE 24 EVENTS AFTER THE REPORTING PERIOD

On 6 October 2017, the French Constitutional Council declared that the 3% contribution on dividends was contrary to the Constitution. Since this relates to an event that occurred after the reporting period, no tax assets were recognised in this respect in the consolidated financial statements as at 30 September 2017.

No other material event occurred after the reporting period.

## NOTE 25 UPDATE ON THE CONSOLIDATION SCOPE

| | | % interest | |
|---|---|---|---|
| **Company** | **Activity** | **September 2017** | **March 2017** |
| **Changes in consolidation scope** | | | |
| HDHG (France)[1] | Holding/Finance | - | 100.0 |

*(1) Company whose assets and liabilities were fully transferred to Rémy Cointreau Services.*

# STATUTORY AUDITORS' REVIEW REPORT ON THE FIRST HALF-YEARLY FINANCIAL INFORMATION

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings and in accordance with article L. 451-1-2 III of the French Monetary and Financial code (*Code monétaire et financier*), we hereby report to you on:

- our review of the accompanying condensed half-yearly consolidated financial statements of Rémy Cointreau SA, for the period from 1 April to 30 September 2017; and
- the verification of the information contained in the half-year management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

## 1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of half-year financial information consists in making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that the financial statements, taken as a whole, are free from material misstatements. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that these condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – IFRS as adopted by the European Union applicable to half-year financial information.

## 2. Specific verification

We have also verified the information provided in the half-year management report in respect of the condensed half-yearly consolidated financial statements that were the object of our review.

We have no matters to report on the fairness and consistency of this information with the condensed half-yearly consolidated financial statements.

Paris and Paris-La Défense, 21 November 2017

The Statutory Auditors

French original signed by

| Auditeurs & Conseils Associés<br>Aca Nexia | ERNST & YOUNG et Autres |
|---|---|
| François Mahé | Pierre Bidart |

*This is a free translation into English of the statutory auditors' review report on the half-yearly consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.*
*This report also includes information relating to the specific verification of information given in the group's half-year management report.*

# CERTIFICATE OF THE PERSON RESPONSIBLE FOR THE HALF-YEAR REPORT

I certify that, to the best of my knowledge, the interim financial statements for the first half-year 2017/2018 were prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, the financial position and the financial performance of the Company and all the companies included in the consolidation, and the half-year operating report presents a true and fair view of significant events which occurred in the first six months of the year, their impact on the half-year financial statements, significant transactions between related parties, as well as the principal risks and uncertainties for the remaining six months of the financial year.

Paris, 21 November 2017

**Valérie Chapoulaud-Floquet**
Chief Executive Officer of Rémy Cointreau

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