



RÉMY COINTREAU

Des terroirs, des hommes et du temps



Sales for the  
First Quarter 2018/19  
ending 30 June 2018

20.07.2018

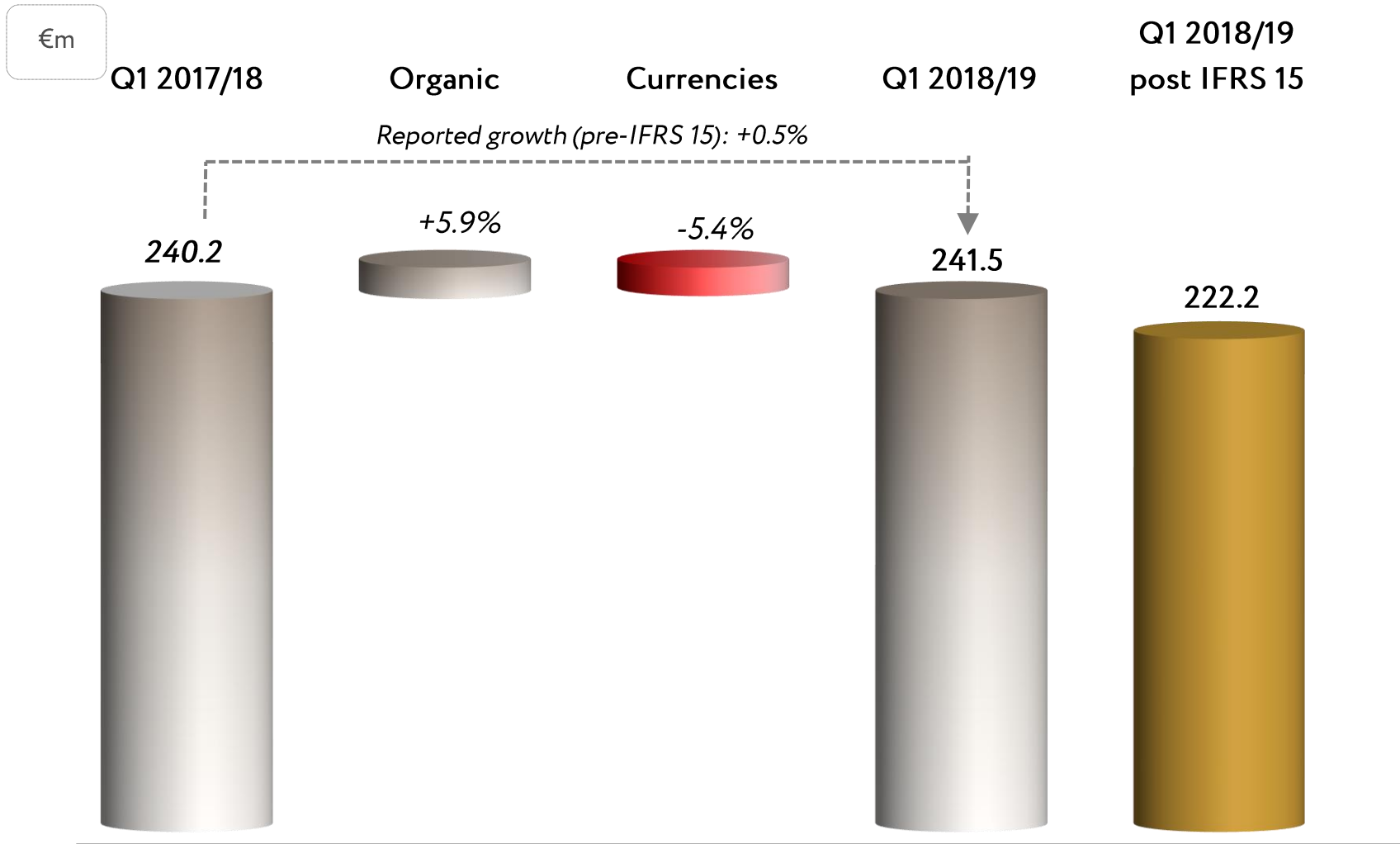
50% vol.  
50% alc./vol.  
700 ml

# Q1 2018/19 Sales : Key Messages

- **Solid start to the year: +5.9% organic sales growth, led by Group Brands (+8.8%)**
  - Shipments below depletion trends in Q1, due to phasing effects related to the earlier timing of price increases, mainly in the Americas and the EMEA
- **Technical factors decreased sales by about EUR5M in Q1 2018/19 or -2.2pp of growth:**
  - Termination of two partner brands' distribution contracts : Campari in Czech Rep and Slovakia, and Russian Standard vodka in Travel Retail

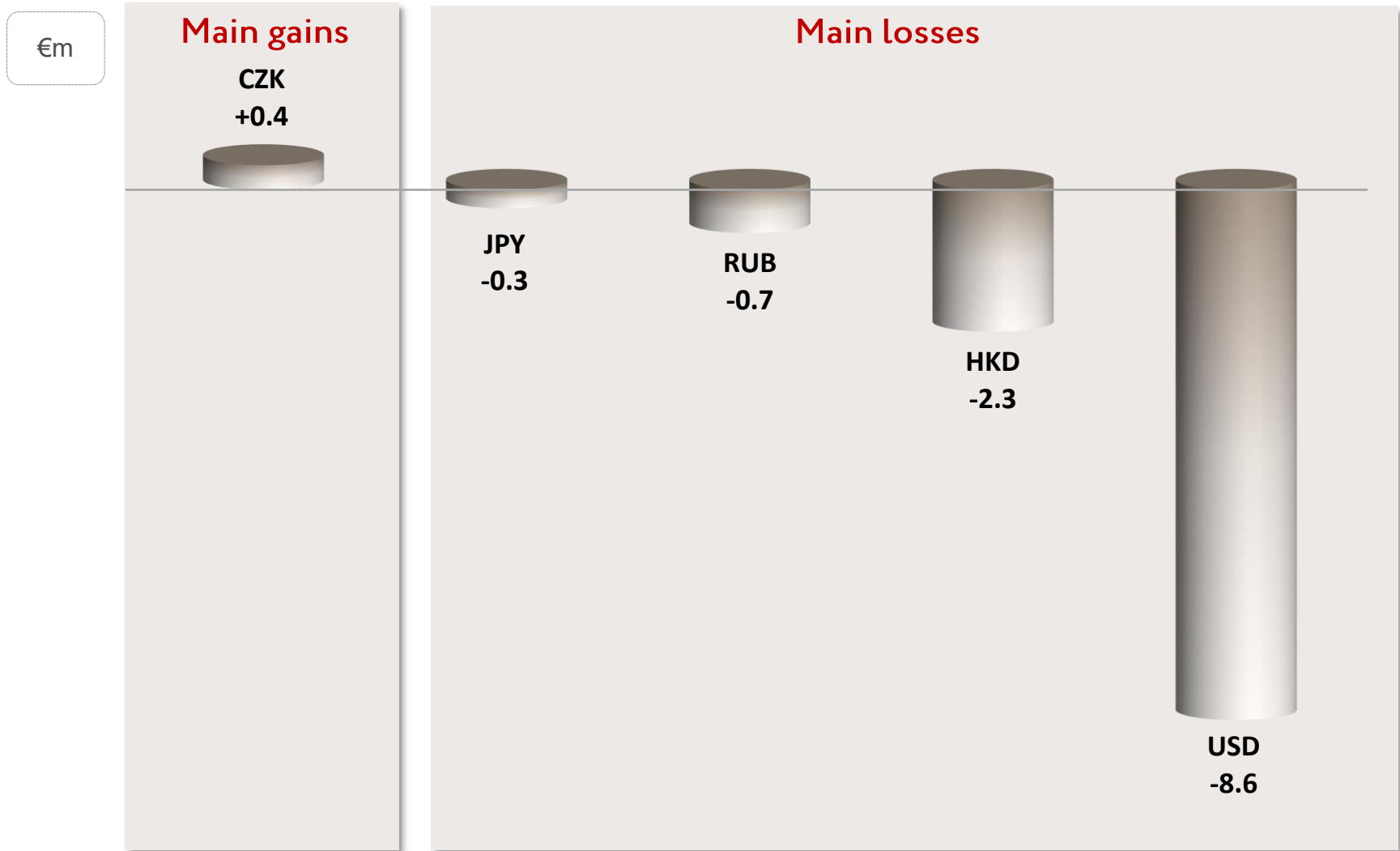
Adjusted for these factors, Q1 2018/19's underlying organic growth was +8.1%
- **Ongoing strength in value depletion trends in Q1 2018/19 (above Group's shipment trends):**
  - Greater China: very strong depletion trends, led by replenishment after excellent Chinese New Year
  - US: cognac continued to outperform and trends improved for Cointreau
  - Western Europe: flattish underlying trends broadly unchanged
  - Russia: strong double-digit depletion trends
  - Africa : strong depletion trends in South Africa and Nigeria
  - Global Travel Retail: very solid trends, largely driven by Asian and Russian travelers
- **FY 18/19 outlook confirmed: on track to deliver positive organic growth in Current Operating Profit (at constant exchange rate and scope)**

# Q1 2018/19 Sales Analysis



# Currency Impact on Q1 2018/19 Sales

Currency translation loss of 12.8 million euros

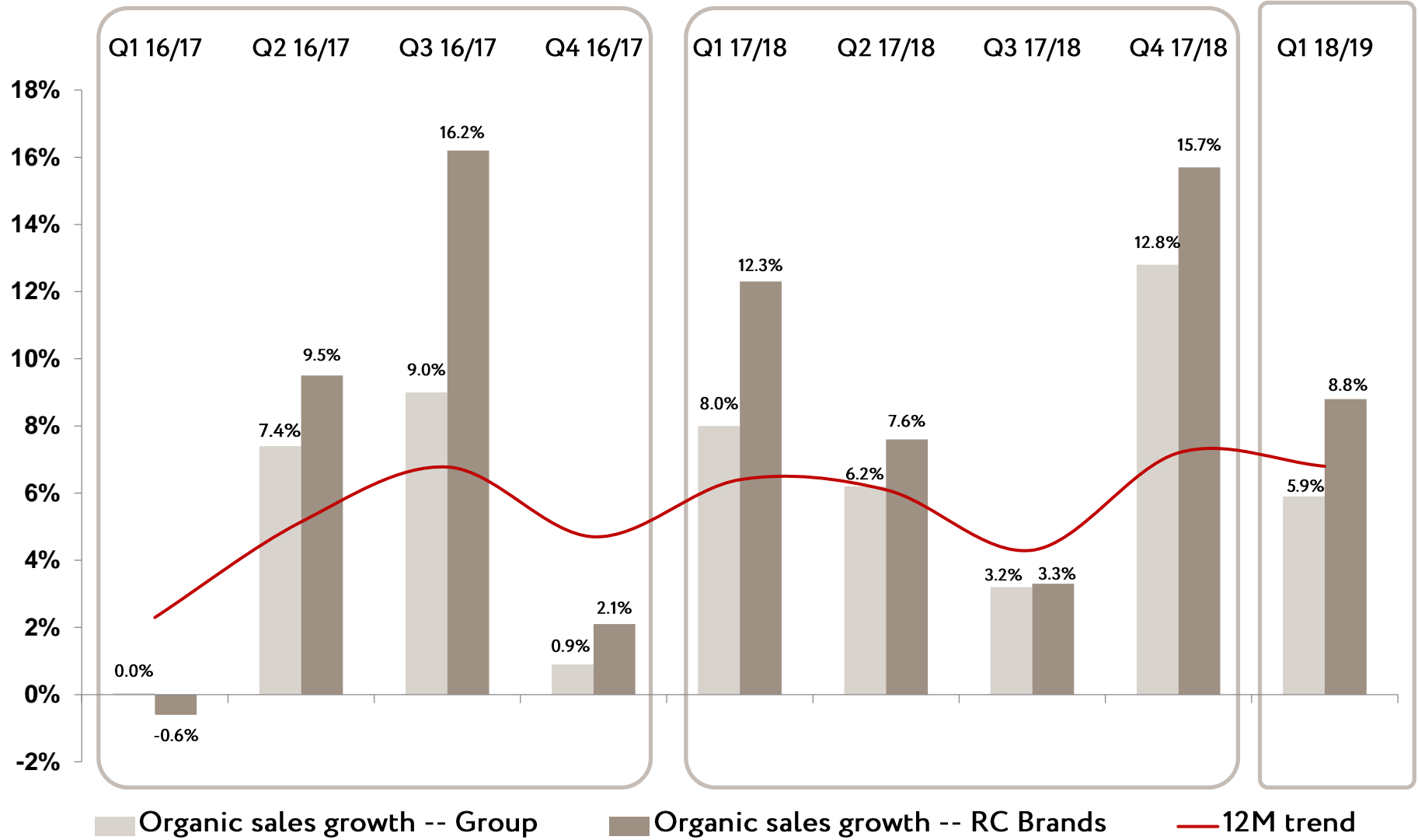


# Quarterly Organic Sales Growth



FY16/17: +4.7% (RC Brands: +7.4%)

FY17/18: +7.2% (RC Brands: +9.2%)



# Q1 2018/19 Organic Trends by Region (1)



## Asia-Pacific organic sales up strong double-digits

- Strong momentum in Greater China:
  - Strong double-digit organic sales growth in Q1 2018/19, led by sustained growth across the portfolio
  - Very good replenishment trends in Q1 as a result of an excellent performance in the Chinese New Year
  - Ongoing strength in depletion trends: up solid double-digits in volume and strong double-digits in value
- Japan and Singapore : sustained double-digit organic sales growth
- Travel Retail : solid momentum led by strong traffic growth and further improved value per basket

## Americas organic sales up low single-digits, held back by shipment phasing

- US : weaker sell-in than sell-out performance, due to shipment phasing (pricing related)
  - Group Brands' value depletions : +11% over 3M, +9% over 6M, +10% over 12M
- Canada : slow start to the year (shipments) despite solid depletion trends
- LatAm : successful switch to a new distributor in Mexico
- Solid performance of Travel Retail (new listings and better traffic)

# Q1 2018/19 Organic Trends by Region (2)

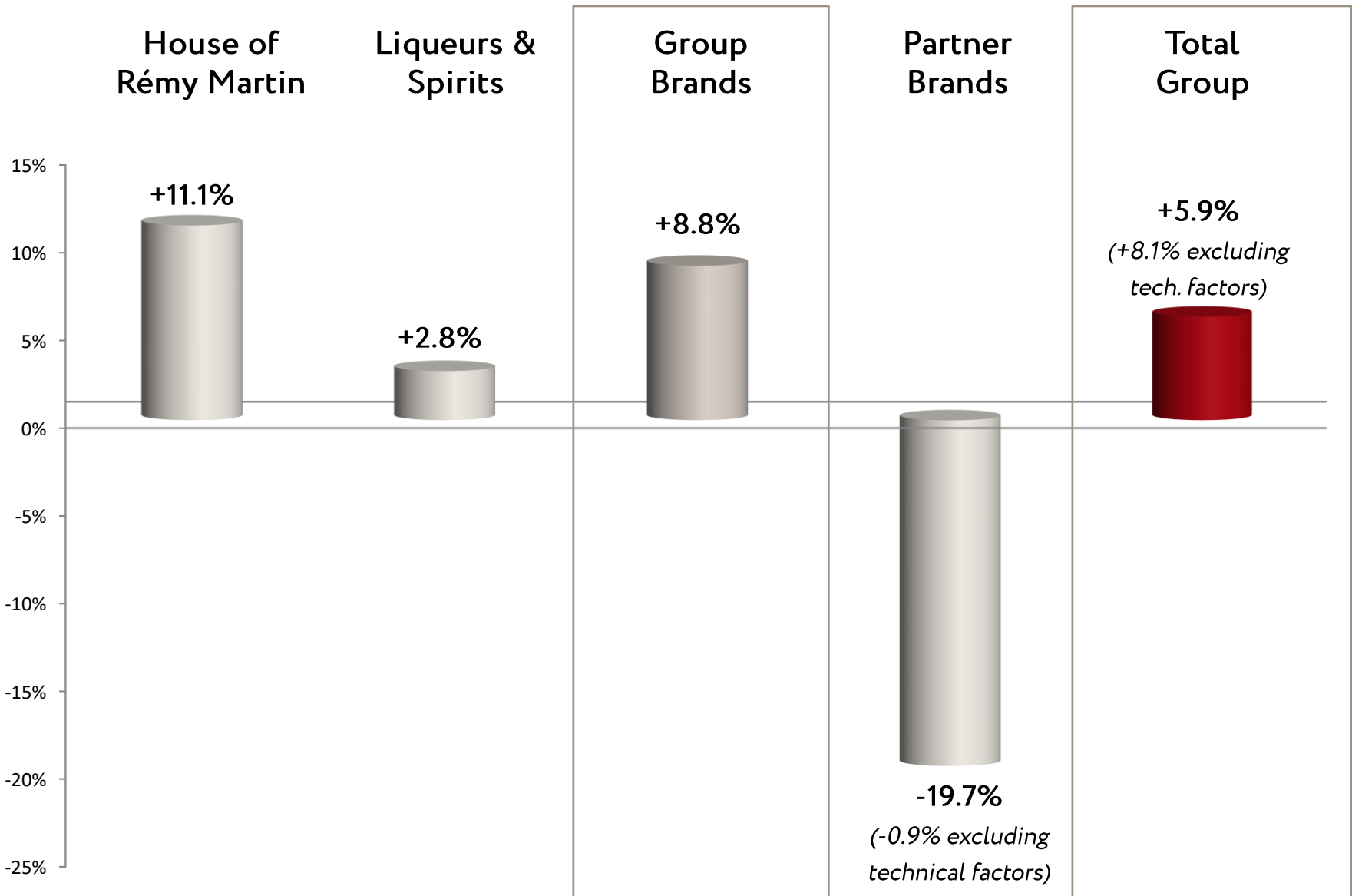


## Decline in Europe, Middle East & Africa organic sales, largely due to technical factors

- Technical factors decreased sales by EUR5M (or -5.9pp of growth) in Q1
  - Termination of distribution contracts (Campari in Czech Republic and Slovakia; Russian Standard in Travel Retail)
- Western Europe: still under pressure, but some signs of improvement
  - Good start to the year in the UK, Germany and France, but weakness in Belgium and Spain
- Central & South Europe: good underlying growth, offset by technical factors
  - RC brands up mid-single digits in Czech Republic and Slovakia
- Russia & North East Europe: solid growth, led by Russia
  - Russia: sales and value depletion trends both growing double-digits across the brands portfolio
- Travel Retail: sales decline largely driven by the end of the Russian Standard distribution contract
  - Good growth for Metaxa, St-Rémy and Mount Gay
- Africa: slow start to the year further to significant price increases across the region
  - South Africa and Nigeria depletions up double-digits
  - Fast development in India

# Q1 2018/19 Organic Growth by Product Division

RÉMY COINTREAU





# House of Rémy Martin (+11.1% OSG in Q1)

## Asia-Pacific

- Strong double-digit growth, led by Greater China, Singapore, Japan and Travel Retail
- Greater China: depletion trends up solid double digits in volume and strong double digits in value

## Americas

- Good performance in the US, albeit below depletion trends (phasing effect related to price increases)
- Ongoing strength in US cognac depletion trends: volume and value share gains within the category
- Flattish price/mix in the 12M period : positive pricing offset by adverse product mix/state mix

### Volume depletion trends to June 2018

	3 months	6 months	12 months
US Cognac/Brandy Market <sup>(1)</sup>	11.5%	9.0%	5.8%
US Cognac/Brandy Market <sup>(2)</sup>	1.9%	-0.8%	1.7%
Rémy Martin	11.1%	11.3%	13.2%

Source: NABCA/Discus<sup>(1)</sup>

Source: NABCA<sup>(2)</sup>

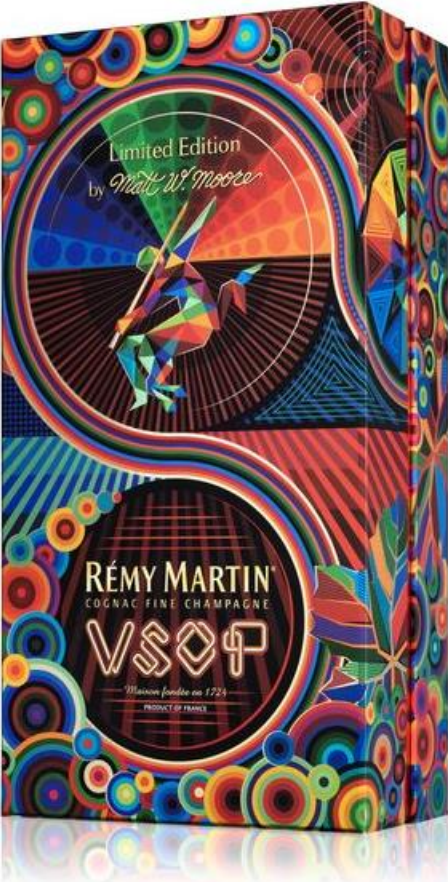
## Europe, Middle East & Africa

- Slow start to the year, mostly due to phasing effects related to the price increases
- Russia, Nigeria and India are going strong

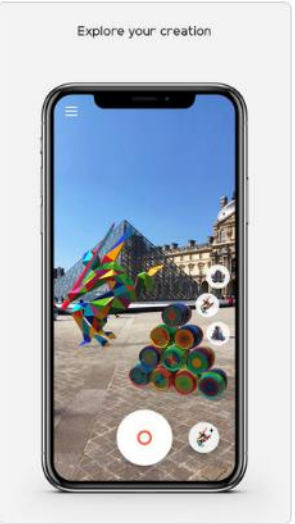
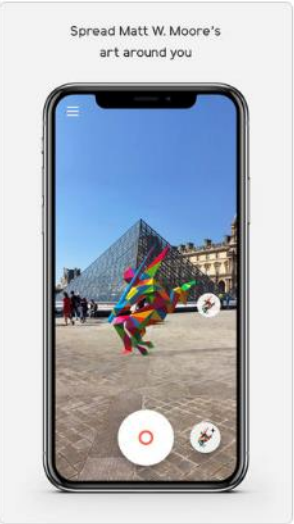
# Rémy Martin's partnership with kinetic artist Matt W. Moore



VSOP limited edition



“ARt by Rémy Martin” app



# Liqueurs & Spirits (+2.8% OSG in Q1)



## Cointreau

- Promising start to the year
- Solid performance in the Americas and Asia Pacific; EMEA hampered by Belgium and Germany
- Slow shipments in the US (below depletions) due to phasing related to price increases :
  - Encouraging depletion trends since the launch of the new campaign
  - Value depletions: Price/mix gain of 1pp in the 12M period to June 2018

Volume depletion trends to June 2018			
	3 months	6 months	12 months
US Cordials Market <sup>(1)</sup>	-2.1%	0.7%	-1.3%
US Cordials Market <sup>(2)</sup>	3.1%	0.1%	1.1%
Cointreau	5.1%	2.3%	2.4%

Source: NABCA/Discus<sup>(1)</sup>

Source: NABCA<sup>(2)</sup>

## Metaxa

- Good start to the year, led by Russia/CIS, Germany and Travel Retail

# Liqueurs & Spirits (+2.8% OSG in Q1)



## Mount Gay

- Slow start to the year, mostly due to the US. Solid performance in Canada, Asia Pacific and Travel Retail
- Volatile US volume depletions (due to our strategy of upgrading the portfolio) amid depressed category
- US value depletions : flattish price/mix gain in the 12M period ending June 2018

### Volume depletion trends to June 2018

	3 months	6 months	12 months
US Rum Market <sup>(1)</sup>	-0.8%	1.2%	-1.2%
US Rum Market <sup>(2)</sup>	3.1%	0.6%	1.0%
Mount Gay	-3.1%	-9.7%	-7.9%

Source: NABCA/Discus<sup>(1)</sup>

Source: NABCA<sup>(2)</sup>

## St-Rémy

- Slow start to the year in Canada, partially offset by good performance in Africa, Asia Pacific and Central Europe

## The Botanist

- Continued double-digit growth, led by all geographical regions

## Single Malt Whiskies

- Double-digit sales growth, driven by the fast development of the Scottish Malts in the Americas and in Asia Pacific. Westland and Domaine des Hautes Glaces focusing on building inventory capacities

# PORT CHARLOTTE: new packaging and new campaign



JAY DOHERTY  
WAREHOUSEMAN  
BRUICHLADDICH SINCE 2011

CONCEIVED, DISTILLED, MATURED AND BOTTLED  
AT BRUICHLADDICH DISTILLERY, ISLE OF ISLAY,  
SCOTLAND.

BRUICHLADDICH.COM Please drink responsibly. © 2014 B&W. All rights reserved.

# Partner Brands (-19.7% OSD in Q1)

Organic sales were down 1% adjusted for technical factors

- Termination of two Partner Brands' distribution contract (Campari in Czech Republic/Slovakia and Russian Standard in Travel Retail): EUR5M loss / -18.8pp hit
- Other third-party spirits : good growth in the Americas and Asia Pacific was offset by weakness in Belgium

# 2018/19 Outlook Confirmed

- Q1 2018/19 sales well in line with Group's expectations
- Group maintains guidance of delivering **positive growth in Current Operating Profit, at constant exchange rate and scope, for the financial year 2018/19**

# Q&A

