

2018



RÉMY COINTREAU

ANNUAL REPORT  
2017 / 2018



A N N U A L   R E P O R T  
2 0 1 7 / 2 0 1 8

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Wood...  
it forms the barrels in which our spirits  
slowly age under the expert care of our  
Cellar Masters.



RÉMY COINTREAU





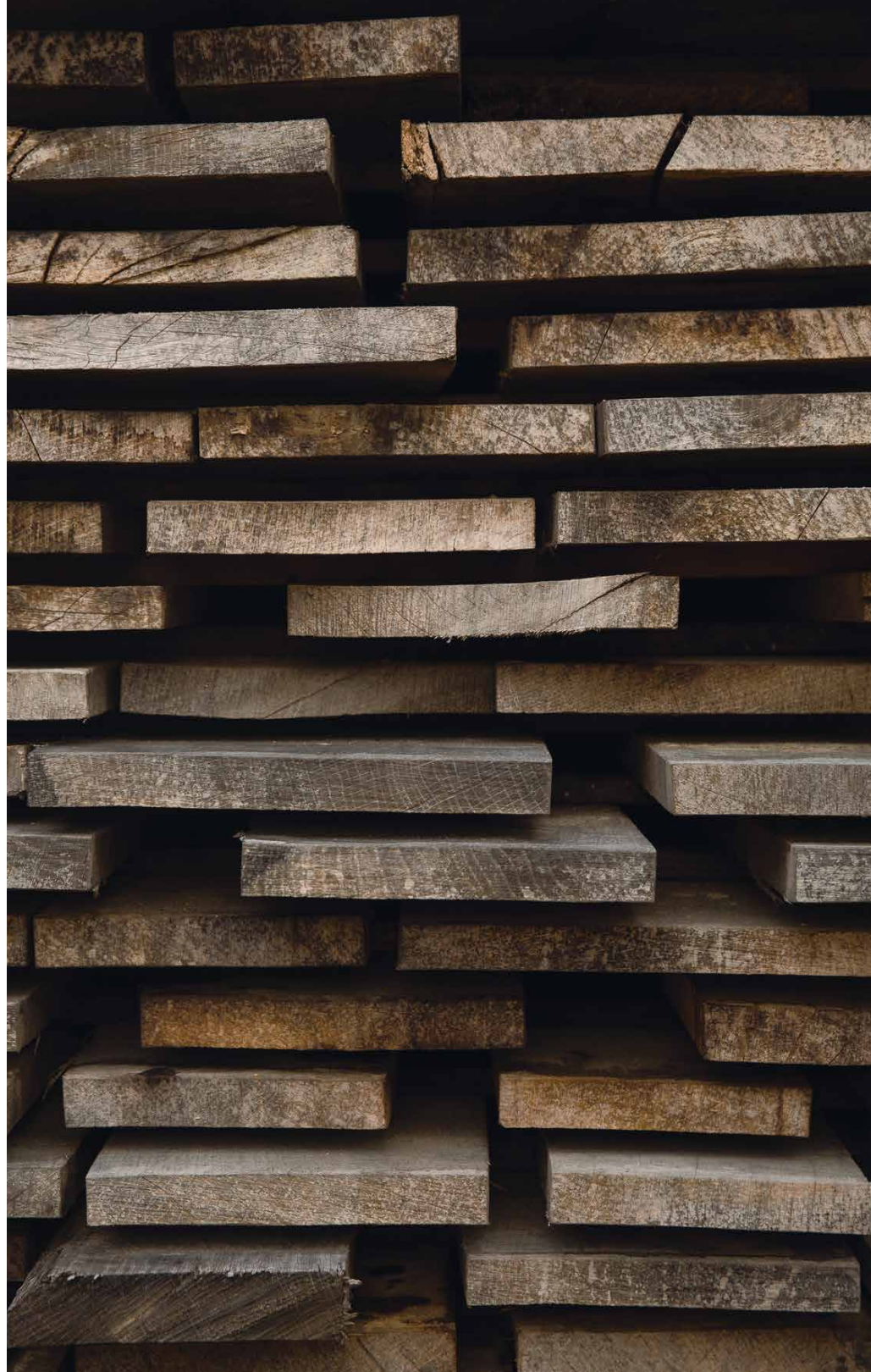
## F O R E W O R D

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2017/2018: a story of success in the making. For the Group, which achieved excellent growth this year; for our brands, which continue to break new ground and gain market share across all the continents; for our strategy to move upmarket, which is ongoing and shows its relevance quarter after quarter; and for our distribution policy, which is more selective and increasingly relationship-focused, bringing us closer to our clients.

These results and the positive momentum they are creating Group-wide would not have been possible without the skill and commitment of the women and men comprising it. At all levels, the teams – production as well as marketing – have embodied the values of Rémy Cointreau: Terroir, People, Time and Exception. The recruitment of new talent represented a substantial portion of our investments. The excellence of our spirits relies on that too.





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## MARC HÉRIARD DUBREUIL

"Continuity, growth, the commitment of our teams, to become the world leader in exceptional spirits"

## A WORD FROM THE CHAIRMAN

**The year 2017/2018 confirmed  
our Group's singularity:  
transmission and continuity.**

Appointed Chairman in October 2017, I follow in the footsteps of my sister, Dominique, and my brother, François, in furthering our policy of development and growth, in continuity.

The continuity of our values: terroir, people and time.  
The continuity of our philosophy: the long term and exception.

The highlight of the past year is our growth, which has accelerated even further under the impetus of Asia, the United States and Travel Retail, underpinned by the remarkable breakthrough of our Cognac brands. This success is the fruit of our strategy to move upmarket and illustrates the relevance of our choices.

Some of our brands have existed for three centuries, thanks to the boldness and vision of the women and men who built up this Group, and we will strive to safeguard these values while taking a contemporary approach and preparing for the future. Maintaining expertise, harnessing skills and encouraging talented individuals: those are our major concerns. We rely on the commitment of all our teams to accomplish our ambition together: to become the worldwide leader in exceptional spirits.



# INTERVIEW WITH THE CHIEF EXECUTIVE OFFICER

VALÉRIE CHAPOULAUD-FLOQUET

"The positioning and strategies of our different brands are firmly established; the results are there and the teams feel confident."

Over the year 2017/2018,  
the Rémy Cointreau's Group Brands  
enjoyed organic growth of 9.2%.



2017/2018, the year of accelerated growth...

We have certainly achieved a good year; a year that has confirmed our strategic decisions, allowing us to speed up and prepare for the future with peace of mind. Our organic growth reached 7.2%, versus 4.7% in 2016/2017. We benefited from a full year of recovered activity in Asia (China in particular), and from strong performance in Russia, the United Kingdom and Central Europe. In the Middle East and India, the work performed in previous years has begun to bear fruit, while we recorded another successful year in the United States, across all our categories. These results confirm our choices and have given great confidence to the teams all over the world, who want to take things even further.

And at brand level?

Our Louis XIII and Rémy Martin cognac brands (in particular the XO quality) achieved a remarkable year that exceeded our expectations, whereas The Botanist gin confirmed its stellar status across all markets. Metaxa's new image and communication campaign paid off, especially in Central and Eastern Europe. Cointreau continued its growth in the United States, its traditional market, and enjoyed a strong boom in Russia and China, thanks in particular to the development of mixology. The St-Rémy French brandy and Mount Gay rum continued their efforts towards an upmarket repositioning.

Lastly, regarding our single malts, the main goal was to manage scarceness and build stock for the next few years.

From a strategic perspective, what are the highlights of the last year?

First of all, I can mention our first retail experience, which yielded very good results. The first-year results of the Louis XIII boutique in Beijing prompted us to open two more: in March at Harrods in London, followed by one in Xian (China) in early May. We have also developed E-Retail experiences in China and the United Kingdom. The boutiques and digital commerce have allowed us to develop a direct relationship with our clients and to combine an authentic and inspiring experience with modern technology. In addition, we have continued to increase our investments in media, education and brand visibility: Louis XIII and the "100 Years" campaign in partnership with Pharrell Williams, as well as the launch of a new fresh and creative communication campaign for Cointreau: The Art of the Mix.

How would you describe the Group's progress in terms of the 2020 plan?

We are on schedule. Our exceptional spirits (at more than \$50) are continuing to grow and now account for nearly 53% of the Group's revenue. Year after year, we are moving towards our target of 60% in the medium term. Furthermore, the strong increase in the Group's operating margin

shows the effectiveness of the value strategy on the gross margin, whose significant increase has made it possible to absorb a significant rise in our media investments. These results are very promising and reassures us that we have the capacity to achieve our profitability targets.

How do you explain the success of your cognac brands?

The substantial work carried out in the last three years enables us to fully benefit from the favorable market conditions in the cognac industry today. We have sharply increased our investments to strengthen the reputation of our brands and the relationships with our clients... And we were very bold in doing so! Drawing on the success in London of our first "Maison Rémy Martin", a pop-up private club offering unparalleled experiences — combining cocktail tastings with cognac workshops, while partnering with local artists and artisans — we have opened some ten Maison clubs worldwide in the last two years. Furthermore, to accompany the new XO decanter, we have created the "Opulence Tables": a multi-sensory tasting experience to teach our clients how to fully appreciate the range of aromas in Rémy Martin XO. Regarding Louis XIII, the brand's development is underpinned, on the one hand, by an increasingly direct and exclusive relationship with its clients (thanks to the establishment of a dedicated team) and, on the other hand,

by communication with highly creative content. As such, the second opus of the "100 Years" campaign, with an exclusive song recording by Pharrell Williams, has been very positive for the brand's image and reputation.

What is the Group's philosophy in terms of Corporate Social Responsibility? What were the main initiatives in 2017/2018?

Most of our brands are at least 100 years old, and we hope they will still be there in a century's time! As such, we are responsible for taking care of the earth, of people and of our expertise to pass down our inheritance to future generations. We continue to implement practical CSR initiatives within the Group, and we have been doing so for more than 15 years. But 2017/2018 was a year of acceleration: in terms of environmental certification, CSR initiatives related to governance, and CSR communication, both in-house and externally. As such, we recently awarded the first "Centaur of the Environment" to 69 of our winegrowers in the Alliance Fine Champagne in Cognac, which received level 3 HVE certification. A first.

What is your frame of mind going into 2018/2019?

I feel calm and my head is brimming with projects. The good news is: there's so much more to do!

THE EXECUTIVE COMMITTEE



VALÉRIE CHAPOULAUD-FLOQUET  
CHIEF EXECUTIVE OFFICER

She's not only a rescue diver but also a great captain: good at setting clear directions, and channeling energy to make things happen. "I believe in a 'bottom-up' management style, that incites our team members to be creative and take decisions."



MARC-HENRI BERNARD  
DIRECTOR OF HUMAN RESOURCES

A former handball champion in France, Marc-Henri Bernard knows what a team is, which serves him well in his role as global Human Resources Director.



LUCA MAROTTA  
CHIEF FINANCIAL OFFICER

Bringing Italian flair to the world of finance, you'll not only find Luca Marotta plotting our next financial move, but also his next play in a poker or bridge tournament.

Valérie Chapoulaud-Floquet has surrounded herself with a team of directors from 8 different nationalities who come from various backgrounds: spirits, cosmetics, fashion and accessories, culinary arts...



VALÉRIE ALEXANDRE  
DIRECTOR OF STRATEGIC PLANNING

Both left-and-right-brained, Valérie Alexandre always remains centered: a yoga-taught skill that enables her to step back and map out long-term strategies for the Group.



PATRICK MARCHAND  
OPERATIONS DIRECTOR

Eclectic and authentic, this agile whisky enthusiast explores outside his 9-to-5. Apt to take his vintage-bike travels off the beaten path, Patrick Marchand is duly attuned to what lies beyond (not just behind) operations.



PHILIPPE FARNIER  
CHIEF EXECUTIVE OFFICER,  
HOUSE OF REMY MARTIN

Know that guy who was voted most likable in high school? Meet Mr. Charisma. "I firmly believe that greatness already exists inside our people, and my role is to empower them to reach their full potential."



JEAN-DENIS VOIN  
CHIEF EXECUTIVE OFFICER,  
LIQUEURS & SPIRITS

Roots in Burgundy, this bon vivant blends business with leisure: Jean-Denis not only cherishes his own terroir (a tiny vineyard), but also leads our Liqueurs and Spirits Division and its flagship Cointreau.



SIMON COUGHLIN  
CHIEF EXECUTIVE OFFICER,  
WHISKY BUSINESS UNIT

This guy doesn't look like a rebel, but meet Simon Coughlin, founder of Progressive Hebridean Distillers and head of our Whisky Division. He rocked the single malt industry.



DAVID ENNES  
CHIEF EXECUTIVE OFFICER, ASIA  
ZONE AND GLOBAL TRAVEL RETAIL

A classical piano player who speaks 8 languages—from Portuguese to Mandarin—and has lived in 10 countries—from the Congo to the Philippines—if there is one citizen of the world, it's him.



SPYRIDON GHIKAS  
CHIEF EXECUTIVE OFFICER,  
EMEA ZONE

Spyros Ghikas' Greek hospitality, combined with years of experience, have him well equipped to lead teams across Europe, Africa, and the Middle East—just as he navigates ships around the Mediterranean sea.



IAN MCLERNON  
CHIEF EXECUTIVE OFFICER,  
AMERICAS ZONE

Whether barreling down the slopes, driving a car, or taxiing in transit, Ian McLernon is on the move—and propelling us forward in the Americas continent.



# THE EXCEPTION : " TERROIRS , PEOPLE AND TIME "

People, the second pillar of our manifesto.

The Rémy Cointreau Group's manifesto is based on values that connect our Houses and guide our decisions: Terroirs, People, Time and Exception.

Over the years, we will delve into the heart of each of these values to appreciate their infinite facets. This year, we will explore the second of these pillars in all of its dimensions: our People.



## \_ PEOPLE

### People...

The second of the three words forming our signature. Between "Terroirs" and "Time". Like a hyphen connecting the two.

Because, as expressed in our manifesto, at Rémy Cointreau we believe each one of us is responsible for keeping alive the connection between terroirs, people and time in the greatest harmony.

### And this connection is called transmission.

We have much respect for the founders of our Houses. We cherish their heritage: terroir, expertise, eaux-de-vie, vision, and more. We want to remain faithful to them while reinventing, mindful of what we will pass on in return. We respect the passage of time, the many long years of a family history.

At Rémy Cointreau, we believe every one of us is responsible for keeping alive the connection between terroirs, people and time in the greatest harmony.

### And this connection is called humanism.

We believe "the only genuine form of wealth is people", and we feel a strong sense of benevolence towards our employees. People are considered based on their qualities. A Talents team ensures they have opportunities for their development: training programs, geographic mobility or a change in profession. Confidence and independence are granted at all levels, as a matter of principle. Telecommuting is such an example. And so is the right to make mistakes, as it allows bold, entrepreneurial and creative individuals to grow. At Rémy Cointreau, we believe each one of us is responsible for keeping alive the connection between terroirs, people and time in the greatest harmony.



### And this connection is called openness.

Operating all around the world, we experience diversity in our day-to-day lives. Our cultural openness enables us to understand our clients and allows us to work together on a united front. We often collaborate in project groups, bringing together complementary skills. We have adopted the African proverb, "alone we go faster, together we go farther". But our openness must reach beyond the company's walls: we strive to give back to the community through a We Care Day during which we – 1,800 Rémy Cointreau employees worldwide – will take care of our terroirs and its cultural heritage.

At Rémy Cointreau, we believe each one of us is responsible for keeping alive the connection between terroirs, people and time, whether individually or collectively, in the greatest harmony.

\*Jean Bodin



# THE CREATORS OF OUR HOUSES



**BAPTISTE LOISEAU**  
AT RÉMY MARTIN

When Baptiste Loiseau became Cellar Master in 2014 at 34, he was one of the youngest people to ever fill this position. He took over from Pierrette Trichet, the first woman to perform this role in a leading cognac company. Although the Cellar Master's primary responsibility is to preserve the heritage and traditions of the House of Rémy Martin, we are not shy of being iconoclastic in our choice of people. Rémy Martin himself was the first Cellar Master of the House. The role demands the highest respect. The person must be a perfectionist, ambitious and bold, who acknowledges that his or her innovative spirit will help to preserve the House's heritage.



**CONSTANTINOS RAPTIS**  
AT METAXA

Constantinos (Costas) Raptis is passionate about oenology and terroir, and is a great expert in the world of spirits.

Armed with a degree in chemistry and winemaking from the University of Athens, he joined Metaxa. That was more than 25 years ago. The fifth Metaxa Master since 1888, he guards the House's secrets and guarantees the continuity of Metaxa's unique character, thereby bringing to life this spirit's distinctive smoothness. Costas has signed many Metaxa creations, such as Metaxa 12 Stars and, more recently, Metaxa Angels' Treasure.



**CAROLE QUINTON**  
AT COINTREAU

Carole Quinton, the nose of the House of Cointreau, is a discreet adventurer with impeccable taste. She loves the Anjou countryside, the Alhambra gardens and the great Canadian lakes.

She owes her greatest lesson to her grandfather: that of gardening, for which she has an infinite passion. She imagines the ideal life as an abundant garden: in her opinion, it is only by respecting the rhythm of each plant, of each species, that we can manage to find a balance close to the supreme, absolute order. Cointreau? "It is a spirit, both in the alcoholic and human sense. There is a special generosity. We can savor its roundness, its fullness. And, at the same time, its vitality."



**ALLEN SMITH**  
AT MOUNT GAY

For more than 20 years, Allen Smith has been supervising blending and aging processes at Mount Gay, the rum that created rum in 1703.

After earning a degree in biochemistry and microbiology, Allen joined the Mount Gay Distilleries in 1991 as a quality assurance assistant, alongside Master Blender J. Edwards. After years of learning the craft, Allen was named Master Blender of Mount Gay in 2010. That is how he gave rise to the brand's new creation, Mount Gay Black Barrel.



**CÉCILE ROUDAUT**  
AT ST-RÉMY

Cécile Roudaut joined Rémy Cointreau in July 1997, working in Research and Development. That is where her special relationship with St-Rémy began, leading to her appointment in June 2016 as Master Blender, following the retirement of Martine Pain.

Cécile intends to continue this historic role by respecting the brand's values: "St-Rémy has strong roots, a tradition, a history, a real elegance. My role is to preserve its authenticity." Aware that her work involves a greater dissemination of knowledge, Cécile has been lecturing in sensory analysis, food biochemistry and risk analysis at the University of Angers (France) for some 15 years.



**FRÉDÉRIC RÉVOL**  
AT DOMAINE DES HAUTES GLACES

Frédéric Révol is the founder and Master Distiller of Domaine des Hautes Glaces.

After studying agricultural engineering, he had the idea of developing a whisky with a unique aroma reflecting the terroir of the French Alps. "We have the expertise to do it here. Let's try to do it, and we'll see how it tastes!", he explains. A poet and engineer, utopian and pragmatic, Frédéric started the job on his own, driving the tractor, watching over the stills and filling the bottles. If you visit him, he will make you an omelet with mushrooms he gathered himself: morels, chanterelles, etc.



**ADAM HANNETT**  
AT BRUICHLADDICH AND BOTANIST

Adam grew up on the Isle of Islay before heading off to university. He returned soon afterwards to work as a tour guide at Bruichladdich, where his training really began.

Adam traded in his role as guide to become head brewer, followed by head distiller and, finally, head of aging. Adam's commitment and natural flair for blending soon caught the attention of Jim McEwan, with whom he began working in the cellar. In 2015, upon Jim's retirement, the delicate responsibility of aging and blending our precious spirits was entrusted to Adam, then promoted to Master Distiller.



**MATT HOFMANN**  
AT DISTILLERIE WESTLAND

Matt Hofmann is the co-founder and Master Distiller of Westland Distillery.

After studying economics at the University of Washington, he earned a Master's degree in Scotland at Heriot-Watt University. Hofmann was one of the main artisans involved in the creation and development of this exceptional whisky: in 2015, the distillery was named Best Whisky of the Year by the American Distilling Institute. Matt is the worthy heir of the Pioneers, who were stopped only by the Pacific Ocean: with passion, he optimizes each stage in the whisky manufacturing process, relying both on the collective expertise passed down from generation to generation, and on his own intuition.





**FLORIAN PFLIEGER**

BRAND AMBASSADOR, BRUICHLADDICH  
AND THE BOTANIST — PARIS, FRANCE

"The reputation of the Rémy Cointreau Group always attracted me. Unlike other large spirits groups, Rémy Cointreau distinguishes itself through its family style and philosophy."



**GERALDINE LE GARREC**

BRANDS DIRECTOR FOR BRUICHLADDICH  
— GLASGOW, SCOTLAND

"Not only was the idea of working with Rémy Cointreau—a family-owned business with an international scope—very interesting to me, but I was also attracted by the Group portfolio of high-end brands, which I felt truly showcased the excellence of French culture and savoir-faire worldwide."



**SOPHIE PHE**

GREATER CHINA MARKETING AND  
COMMUNICATION DIRECTOR, LOUIS XIII  
— SHANGHAI, CHINA

Who wants to stay 10 years at the same job? Sophie Phe didn't. She moved from Paris to China with our Group. "In 10 years? I imagine that I will be inspired by new opportunities in new territories."

"Rémy Cointreau certainly is not any other company"



**VIVIAN WENG**

HUMAN RESOURCES DIRECTOR,  
GREATER CHINA — SHANGHAI, CHINA

"Terroir, People and Time, the core values of Rémy Cointreau, have been rooted into and blossomed through the Greater China team."



**CHRISTOPHER BOURNE**

DIGITAL MARKETING AND  
COMMUNICATIONS SPECIALIST,  
MOUNT GAY RUM — BRIDGETOWN, BARBADOS

"I think that if you are working at a company like Rémy Cointreau, you should be interested in more than what your specialty is. Here, they are open, and you could get your hands dirty doing more things than you think you could do. Besides, I feel like I have a work family now."



**SANDRINE DAUNAR**

RESEARCH DIRECTOR FOR LIQUEURS  
AND SPIRITS — PARIS, FRANCE

"What I read on the website spoke to me: I was drawn to the terroir, the quality of the brands, as well as the history. Moreover, I admired the company values. I was looking for a new challenge. I wasn't afraid of change, and neither was Rémy Cointreau. While I had never worked in spirits, I had a strong expertise in marketing intelligence, and in capturing what and how to valorize business life."



**SANDRA LAMOUREUX**

GLOBAL TALENT DEVELOPMENT AND  
RECRUITMENT ANALYST — PARIS, FRANCE

"I've been growing within the organization, because I was given different opportunities—hospitality to personal assistant, working on brands, but also within distribution networks... I don't know any other company that would have enabled me to do this. But Rémy Cointreau certainly is not any other company."



**ANTOINE COUVREUR**

ZONE DIRECTOR, LATIN AMERICA  
AND THE CARIBBEAN  
— MIAMI, UNITED STATES

"Rémy Cointreau is not afraid to 'take a risk,' per se. While I was more of a marketer, they took confidence in my ability to change from marketing to sales, as well as change geographic locations. That's a true compliment to Rémy Cointreau: Not every company would do that."



**LUC M. VLAMINCK**

GROUP TREASURY DIRECTOR  
— BRUSSELS, BELGIUM

"Rémy Cointreau is a family-owned company with a very entrepreneurial spirit at all levels of the company. It's challenging—but always in a positive way—and very rewarding."



**JENNIFER ROMANCZUK**

ASSISTANT GENERAL COUNSEL  
— NEW YORK, UNITED STATES

"This year, I'll be celebrating seven years at Rémy Cointreau. We work hard every day, but time certainly flies when you're having fun! As someone who has three kids under the age of four, it's great to work at a place where I can flourish in my career and at the same time have a fulfilling personal life."





## OUR STRATEGIC VISION

Thanks to its unique business model and portfolio of exceptional spirits, the Rémy Cointreau Group is continuing its long-term brand elevation strategy. This strategy relies on its unique terroirs, its masterful expertise and the strict demands of time. It has a clear and constant ambition in the medium term: becoming the world leader in exceptional spirits.

Five drivers will enable the Group to reach its goals:

**Consolidating the unique positioning of its brands:** each of our spirits is the fruit of a terroir and of specific expertise: within the Cognac AOC, the eaux-de-vie of the House of Rémy Martin come exclusively from Grande and Petite Champagne — boasting incomparable aromatic profiles and aging potential —, while our single malt whiskies from Islay are made only from Scottish barley, then distilled and aged on the Isle of Islay using traditional methods. Our communication campaigns must assert this loud and clear, and with creativity to strengthen our brands' desirability.

**Maximizing the geographic potential of our brands and diversifying growth drivers:** our brands still have much untapped potential across all our markets. As such, we think there is significant room for growth in the coming years: Louis XIII in the United States, Rémy Martin in Africa, and even Cointreau and Metaxa in China. In addition, the ramp-up of our avant-garde brands, such as single malt whiskies, The Botanist gin and Mount Gay rum, offers an attractive growth driver.

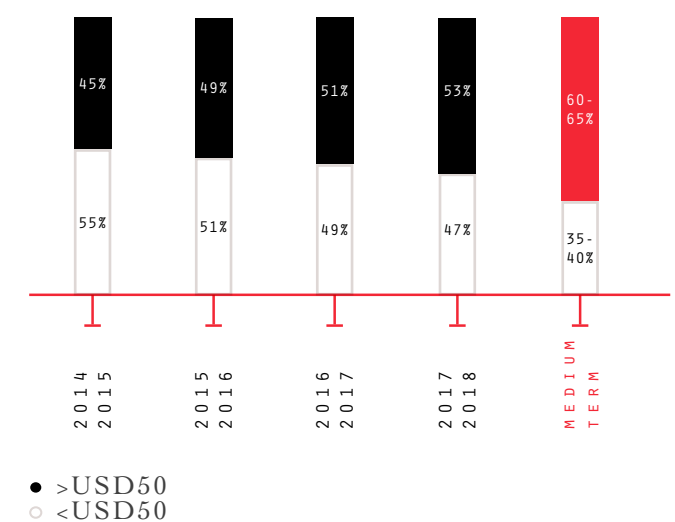
**Strengthening emotional relationships with clients:** our clients seek knowledge, distinction, emotion and experience. By establishing a direct and personalized connection with them through media and digital investments with creative and relevant content, as well as through unique and unforgettable events, we can strengthen the desirability of our spirits,

better understand their expectations, and thereby secure their loyalty to our brands in the long term.

**Optimizing its distribution network in line with the Group's strategy:** the Group's strategy to move upmarket must rely on a distribution network whose expertise is consistent with our brands' positioning: selective distribution, bars, high-end hotels and restaurants, along with retail and E-Retail platforms. Lastly, the expansion of our network beyond our current borders (in particular in Africa, South East Asia and Latin America) also offers significant growth potential.

**Accelerating the Group's Corporate Social Responsibility ambitions:** Rémy Cointreau's 2020 CSR plan operationally focuses on 10 of the 17 United Nations Sustainable Development Goals, selected based on an analysis of the relevance of these goals for the Group. By 2020, the Group will strive in particular to reach 100% responsible sourcing (rate of suppliers with SEDEX membership) and 100% of winegrowing partners committed to an environmental approach (AHVE 1).

**Exceptional spirits (>USD 50) will account for 60-65% of Group revenue in the medium term.**





KEY HIGHLIGHTS



\_ACCELERATED GROWTH

In 2017/2018, Rémy Cointreau experienced further acceleration in its organic growth, which reached 9.2% for the Group's brands (Cognac and Liqueurs & Spirits).

\_BOLD COMMUNICATION

Communicating boldly to raise awareness among our clients. Two campaigns certainly lived up to that goal this year: the second opus of the Louis XIII "100 Years" campaign in partnership with Pharrell Williams, and the new Cointreau "The Art of the Mix" campaign.

\_RAMP-UP OF E-RETAIL

E-Retail has grown significantly in China and the United Kingdom for the Group's brands. Over and above its promising growth potential, this distribution channel also allows us to enrich our CRM programs. Understanding our clients to increase their loyalty.

\_HIGH ENVIRONMENTAL VALUE

The year was characterized by the accelerated implementation of High Environmental Value (HVE) certification in the Cognac Fine Champagne AOC. 64% of the areas cultivated by our winegrowing partners have already received level 1 HVE certification, and we strive for 100% in 2020.

KEY FIGURES

Rémy Cointreau achieved a remarkable year in 2017/2018, with organic revenue growth (at constant scope and exchange rates) of 7.2%, thanks to the positive momentum in the Asia-Pacific and Americas zones, together with strong growth in Russia, the United Kingdom and Central Europe.

Current operating income was up 14.1% in organic terms, and the operating margin stood at 22.0% of revenue, up 1.3 points. After integrating unfavorable foreign exchange rates and scope of consolidation, current operating income was up 4.7% and the margin improved by 0.3 points to 21.0%. Lastly, net income (excluding non-recurring items) increased by 12.0%.

These results confirm the relevance of the Group's value-creating and cash flow generating business model and have led to a new substantial reduction in debt ratios.

€1,127.0 M +9.2%

Revenue

Organic growth in the Group's brands

€236.8 M 21.0%

Current operating profit

Current operating margin

€148.2 M

Net profit (Group share)

€151.3 M

Net profit (excluding non-recurring items)

€3.04

Net earnings per share (excluding non-recurring items)

1.48

Net debt/EBITDA ratio

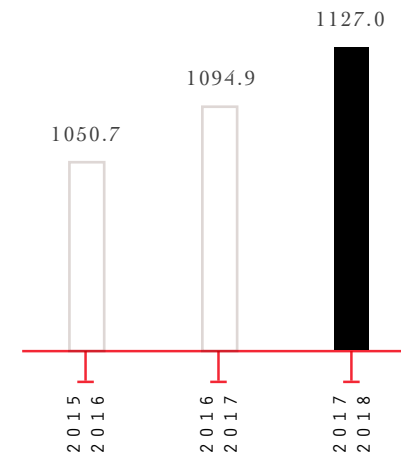
€1.65

Dividend

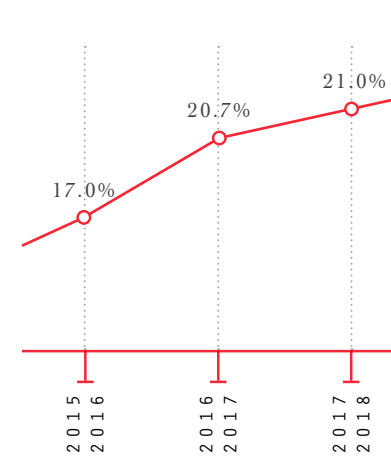


# ACHIEVEMENTS IN 2017/2018

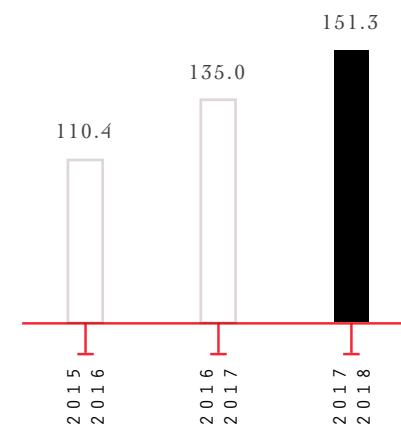
Sales (in €M)



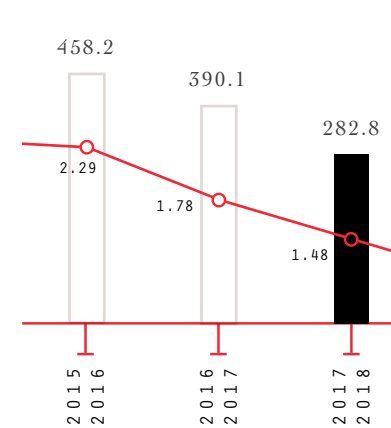
Current operating margin



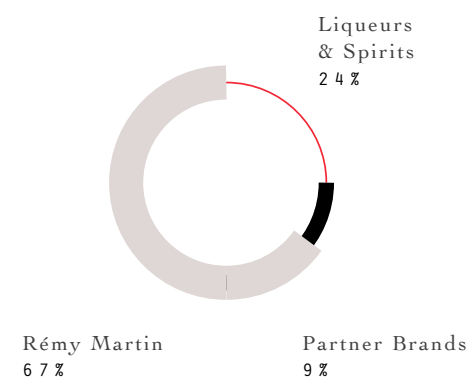
Net profit (excl. non-recurring items) in €M



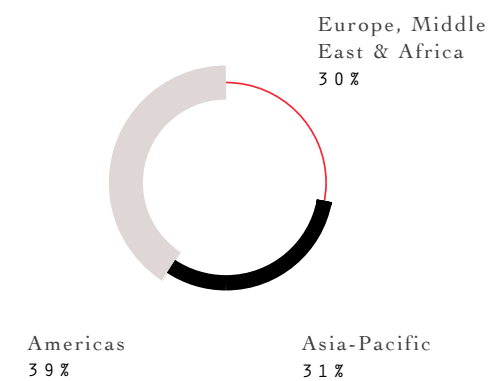
Net debt (in €M) and net debt/EBITDA ratio



Breakdown of 2017/2018 revenue by division



Breakdown of 2017/2018 revenue by region





## A sophisticated still life composition featuring a bottle of Rémy Martin XO cognac as the central element. The bottle is surrounded by an assortment of fresh fruits, including clusters of yellow and red grapes, pears, apples, figs, and peaches, each displayed in elegant glass vessels or woven baskets. A large, rustic wheel of cheese sits prominently on the right, with some cheese shavings scattered nearby. A vase of delicate red branches adds a touch of natural beauty to the arrangement. The entire scene is set on a dark wooden surface against a deep black background, creating a rich and inviting atmosphere.

The cognacs of the House of Rémy Martin did particularly well (+13.2%), driven by the acceleration of their sales in Asia-Pacific, the positive momentum of the American market, and their innovative strength — illustrated by the "Maison Rémy Martin" pop-up private clubs and the second limited edition of the "Carte Blanche à Baptiste Loiseau" blend, of which 9,650 bottles were produced. Louis XIII continued its successful move into the luxury industry with its new "100 Years" campaign in partnership with Pharrell Williams, and the creation of a "Salmanazar", a unique 9-liter decanter.

The Botanist gin continued to expand in the world of mixology, whereas single malts by the Progressive Hebridean Distillers gained popularity among connoisseurs, from traditional Western markets to remote Asian territories.

Caption: Opulence Table that deconstructs the aromas of Rémy Martin XO.





# THE HOUSE OF RÉMY MARTIN

The 2017/2018 financial year was characterized by excellent results for the House of Rémy Martin, demonstrating the success of our brand elevation strategy. These record volumes were achieved thanks to the very dynamic growth of our most high-end products.

Fueled by a highly client-focused culture and organization, this growth is based on solid fundamentals and allows us to look ahead with peace of mind. That is why, over the past year, the House launched an extensive forward-looking project: the construction of a new winemaking and distillation facility, planned to open for the 2018 harvest, representing the first part of an investment program covering all the Cognac sites, spread over the next five years.

The year was also characterized by the accelerated implementation of High Environmental Value certification, with the active support of our affiliated cooperative, the Alliance Fine Champagne: today, nearly 400 of our partners have committed to an environmental approach, and nearly 100 have obtained level 3 HVE environmental certification.

**The 2017/2018 financial year was characterized by excellent results for the House of Rémy Martin.**

**€760.0M**

Revenue of the House of Rémy Martin

**€204.4M**

Current operating profit of the House of Rémy Martin

**26.9%**

Current operating margin of the House of Rémy Martin







THE XO QUALITY, SPEARHEAD  
OF THE STRATEGY TO MOVE UPMARKET,  
ENJOYED SUBSTANTIAL MEDIA  
INVESTMENTS WITH THE ONGOING  
"ONE LIFE / LIVE THEM" CAMPAIGN

## \_ RÉMY MARTIN

Rémy Martin reported a record 2017/2018 financial year with increased revenue driven by double-digit growth in its CLUB and XO qualities, while VSOP experienced more moderate growth.

This strong performance spanned across all regions, with remarkable growth in Greater China, the United States, Russia and Travel Retail. In particular, Travel Retail benefited from the re-introduction of the traditional VSOP and XO qualities, and from increased attention to its core products.

These strong results reflect a value strategy expressed through several initiatives. The XO quality, spearhead of the strategy to move upmarket, enjoyed significant support from the media with the continuation of the "One Life / Live Them" campaign, and also from communication activities and special initiatives in bars, clubs and restaurants to reposition XO at the heart of the "Celebration". Our high-end range was strengthened with the launch in October 2017 of "Carte Blanche à Baptiste Loiseau - Edition Merpins", of which 9,650 bottles were produced, enhancing the "craft and terroir" dimension of Rémy Martin. The extension of the "Maison Rémy Martin" private clubs to Shanghai, Xiamen and Moscow enabled the brand to capture a younger and more diverse

client base; brand activations involving music in the United States enhanced the lifestyle dimension of Rémy Martin; while various efforts were made in terms of retail outlet merchandising to increase consistency and quality in the Travel Retail and mass distribution sectors. Lastly, digital technology played a leading role in Rémy Martin's success in 2017/2018, with the roll-out of the "Hololens" mixed reality process and the spectacular acceleration in E-Retail sales in China, in particular regarding the CLUB product.

The year 2018/2019 should continue to offer strong growth prospects, in particular on the back of new markets, such as Africa and South East Asia, and thanks to the continued improvement in the mix of 1738, CLUB and XO sales. In terms of Communication, the spotlight will focus on a 360° program based on the partnership with designer Matt W. Moore, who is very popular with millennials.



Time is one of the essential values that lends Louis XIII its status as a timeless symbol of luxury. Knowing how to magnify the heritage left by previous Cellar Masters while preparing the treasure that will be revealed by future generations: therein lies the talent of Louis XIII, capable of anticipating the future through its art of innovation. A talent that has allowed it to record a very strong performance in 2017/2018, with a highly balanced distribution of its worldwide revenue. We can highlight the outstanding performance of the limited-edition "Time Collection – The Origin – 1874" and the artisanal tour de force of the unique and unprecedented 9-liter decanter, the "Salmanazar", valued at €350,000 and sold at the Louis XIII boutique in Beijing.

But the year 2017 was really all about the launch of the second opus of the "100 Years" campaign. After John Malkovich, Louis XIII asked Pharrell Williams to record an original piece of music, that will only be released in 100 years, in 2117. A meaningful message, since the campaign is related to environmental challenges and the consequences of

In the future, Louis XIII will continue to innovate in order to cement its status as a leader and icon in the luxury sector. The brand is planning the third opus of the "100 Years" campaign in 2020. It is also thinking about the next boutique openings while preparing new limited editions. Although time is an essential part of Louis XIII's preparation, the brand's innovative spirit and efforts are very dynamic.

After John Malkovich,  
Louis XIII asked  
Pharrell Williams to  
record an original piece  
of music, that will only  
be released in 100 years.







## LIQUEURS AND SPIRITS

Although the brands in the Liqueurs & Spirits division did not reach the exceptional highs of the Cognac brands, they still recorded sales growth of +4% (in organic terms and adjusted for the deconsolidation of Passoã), despite the moderate market environment, especially in the United States.

Bolstered by their diversity, our ten brands are all geared for excellence. Cointreau as a benchmark in its category, Metaxa with the success of its "12 Stars" quality, while Mount Gay rum and St-Rémy brandy continue their move upmarket. Moreover, The Botanist is already considered to be one of the finest high-end gins on the market, while our five single malts — three Scottish, one French and one American — target the most discerning connoisseurs.

In addition, several of our brands are central to the strong trend in mixology, since they already constitute (or are becoming) essential ingredients in these

cocktails. Cointreau is one of them, of course: from the 1920s cocktail culture to the present day, it has been used in more than 350 recipes, including the famous Margarita created 70 years ago.

Whether revisiting the classics or exploring new tasting territories, Metaxa has become increasingly valuable to mixologists in Greece, Eastern Europe and beyond. As for The Botanist,

it is increasingly coveted by barmen from all around the world, thanks to the distinctive aroma of the 22 botanicals from the Isle of Islay in its composition.

Lastly, it is worth mentioning the strong growth of Cointreau across new markets — Greater China and Russia, in particular — which still have much growth potential on account of their gradual discovery of the art of the cocktail.

**Our brands offer untapped growth potential, especially in the Asian markets, which are gradually discovering the art of the cocktail.**

€266.8M

Revenue of the Liqueurs & Spirits division

€42.8M

Current operating profit of the Liqueurs & Spirits division

16.1%

Current operating margin of the Liqueurs & Spirits division





NEW INTERNATIONAL  
CAMPAIGN  
(OUTSIDE OF FRANCE):  
"THE ART OF THE MIX"

## \_COINTREAU

Inseparable from the history of mixology since the late 19th century, the famous Cointreau liqueur aims to become the world leader in cocktail culture.

Cointreau's steady revenue growth continued throughout 2017/2018, whether in traditional markets (United States, United Kingdom and Australia) or in emerging markets (China and Russia).

While keeping the focus on its signature long drink, the Cointreau Fizz, the brand strategy also turned the spotlight on its classic cocktails (Margarita, Cosmopolitan, Rickey, Sidecar), which are portrayed in the new "Art of the Mix" campaign, launched in March 2018. In 2017, the Carré Cointreau in Angers was entirely revamped to include an

ultra-modern cocktail bar and a bar/workshop combining cocktails with gastronomy. Mixologists from all corners of the globe meet there to share new experiences.

In 2018/2019, Cointreau plans to build on the impact of its new campaign and the celebrations organized to mark the 70th anniversary of the Margarita.

## \_ST - RÉMY

The number one French brandy, St-Rémy enjoys a presence across all continents and is the international gold standard of brandy. In particular, it is ranked among the top brands in its category in the Travel Retail sector.

Thanks to this remarkable performance in Travel Retail, St-Rémy recorded excellent growth in 2017/2018. In addition, the brand continues to enjoy steady growth in its historical market, Canada, where St-Rémy holds a leading position. Lastly, the brand's strategy to move upmarket has paid off, with the XO quality showing faster growth than the VSOP.

The year 2018/2019 should fully benefit from the new and more refined design of the St-Rémy bottle. Furthermore, a limited edition with a Chardonnay Cask finishing will offer a new variety.





## \_METAXA

Targeting a curious client base – one open to exploring new experiences and sensations – Metaxa has been cultivating its singularity ever since it was created by Spyros Metaxa in 1888. This one-of-a-kind Greek spirit is the result of a blend of eaux-de-vie, Muscat wines from the island of Samos and rose petal extract from the Peloponnese. It is aged in Greece under the expert care of Constantinos Raptis, Metaxa Master for more than 25 years.



2017/2018 was another remarkable year for Metaxa, which recorded strong sales growth in its main markets in Eastern and Southern Europe. The upgrading strategy, based in particular on promoting the 12 Stars product, is paying off, turning Metaxa into an active player in the Rémy Cointreau Group's transition to the world of exceptional spirits.

In terms of communication, the "Metaxa: don't drink it, explore it" campaign launched in early 2017, which shows the famous and charismatic explorer Mike Horn, continues to fully play its role – expressing the brand's singularity and boosting its modernization.

Lastly, a major step in the brand's international growth was taken at the end of 2017 with the launch of Metaxa 12 Stars on the Chinese market.

**Created in 1888, Metaxa approaches its 130th anniversary in 2018 in a state of strong growth.**

In 2018/2019, Metaxa will further intensify its investments to support its high-end positioning strategy, expressed in the new packaging for its 5 and 7 Stars range, among others. 2018 will also be an opportunity to celebrate the brand's 130th anniversary through various events in the Greek islands this summer.





## \_ MOUNT GAY

Although revenue growth in 2017/2018 was moderate compared to the previous financial year, it still forms part of Mount Gay's strategy to move upmarket. Whereas sales of our entry-level flagship product, Eclipse, slowed down markedly, our superior quality rums (in particular Black Barrel and XO) experienced double-digit growth, driven by the brand's international expansion beyond the borders of the American continent: in Europe — especially the United Kingdom — and in Asia-Pacific.

For the first time in its more than 300-year history, Mount Gay is promoted in a communication campaign called "Time well spent". Shot in Barbados, the film capitalizes on the value of time in its most noble sense, whether in terms of developing or tasting our rums, associated with the local way of life. With its preview launch in the United States in 2018 focused on "après-ski", the digital campaign generated more than 95 million media prints in a few months: a record for the brand.

In 2018/2019, we are counting on the global roll-out of this advertising campaign to increase Mount Gay's international reputation, encourage our clients to embrace the brand's move upmarket, and accelerate the brand's growth in our key markets.



A good measure  
of time: the Mount Gay  
brand waited  
three centuries before  
speaking up.



The Botanist becomes  
the benchmark  
for exceptional gins.

## \_ THE BOTANIST

The Botanist performed exceptionally well in all of our major markets once again, thanks to the quality of this extraordinary product, the effectiveness of our growth accelerators, and the positive momentum enjoyed by high-end and artisanal gins.

The Botanist's growing success inspired us to draw up an ambitious plan for 2017/2018, with every component making a meaningful contribution. It helped us expand into new markets, increased the brand's visibility in bars and restaurants, and enabled the launch of new bottle sizes for selective distribution. At the same time, we created fruitful collaborations between mixologists and chefs in several key cities, developing The Botanist's

reputation among influencers and establishing its status as an exceptional brand. Sampling has also continued to prove its effectiveness, with exceptional levels of purchasing conversion rates.

The major event for the year 2018/2019 will be the launch of the "experiential" #BeThe Botanist campaign, which invites our clients to enjoy and share creative tasting experiences focused on The Botanist gin and wild foraging.





## W H I S K I E S

Our new whisky business unit was established during the previous financial year, comprising five single malts that share the same values of excellence: Bruichladdich, Port Charlotte, Octomore (the three brands of the Progressive Hebridean Distillers in Islay, Scotland), as well as Domaine des Hautes Glaces, a farm distillery in the French Alps, and Westland, a distillery in Seattle, the United States.

In 2017/2018, these brands gave a dynamic performance while continuing their substantive work to establish themselves in the long term. As such, the PHD distillery is emerging as the only producer of Islay whiskies from barley grown on the island. The "Transparency" operation has promoted this singularity to connoisseurs.

Regarding the two other brands, whose production capacity is purposely restricted, their main goal is to build up stock for the coming years.





AS EARLY AS IN 1930, AENEAS MACDONALD, AUTHOR OF A LEADING WORK ON WHISKY, LAMENTED THE LACK OF TRANSPARENCY REGARDING THE ORIGIN OF DISTILLED BARLEY.

## \_PROGRESSIVE HEBRIDEAN DISTILLERS

**Our whiskies from the Bruichladdich distillery continue to distinguish themselves in the single malt market, offering exceptional whiskies reflecting the terroir of Islay.**

Our Scottish single malt portfolio has experienced another year of robust growth, driven by the success of our core whiskies and by that of limited editions (some of which are distributed exclusively on the distillery's E-Retail site), which was a major highlight during the year. Moreover, our strategy to capture emerging markets and E-Retail, directly targeting a client base of connoisseurs, represents a new source of growth. The fine-tuned

approach of the Bruichladdich distillery and the commitment to the origin of ingredients, local production, authentic expertise and transparency are driving our strategy more than ever before. The "Transparency" campaign promoting our malts portfolio generated excellent media coverage for our brands, clearly highlighting the distillery's unique character in the market. At the same time, the CRM Progressive.

Hebridean News platform also served our communication strategy effectively, strengthening our direct relationship with our clients across the world.

2018/2019 will see the rebirth of the Port Charlotte Islay Single Malt brand. The new packaging identity and revisited product range are currently being rolled out in all the main markets.





## \_DOMAINE DES HAUTES GLACES

Ever since it was created by Frédéric Revol in 2009, the mountain farm distillery Domaine des Hautes Glaces has developed exceptional single malt whiskies from the Trièves Mountains at an altitude of 900 meters in the heart of the French Alps. The creation of these whiskies adheres to a very strict sustainable development approach: certified organic, they are manufactured in a traditional and authentic way from various grains (barley, rye, as well as spelt and hull-less oats), using mainly renewable and local energies.

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

the greatest respect for terroir, people and time. Relying on a reinterpretation of local expertise to promote the aromatic distinctiveness of alpine mountain grains, the Domaine des Hautes Glaces explores its terroir by offering single malt whiskies with unrivalled flavor.

The elegance of the bottle – at once minimalist and contemporary – reflects the complex ties between the past, the present and the future; between the respect for tradition and the boldness of innovation.

**The concept of terroir has never been taken so far for a single malt as with Domaine des Hautes Glaces.**

## \_WESTLAND

Based in Seattle, Westland is a unique player in the American single malt whiskies category. Rooted in a terroir that enjoys one of the best climates in the world for growing barley, Westland produces authentic single malts created by the Master Distiller and co-founder Matt Hofmann. They reflect the distinctive character of the Pacific Northwest region in the United States, a final frontier before encountering the ocean. Distillation begins with the region's pristine water sources before aging the whiskies in different varieties of oak from local forests. It is an ideally temperate and humid environment for the maturation of eaux-de-vie. The result is an aromatic whisky whose unrivalled flavor offers subtle notes of fruit and grain.

**Westland's limited-edition "Peat Week 2017" was named Best American Single Malt at the 2018 World Whiskies Awards.**

The Distillery is also dedicated to developing the single malt whiskies category by using new varieties of barley and oak. Westland is thus positioned as the forerunner in the development of American single malt whiskies by participating in the creation of a clear categorical definition, both in the United States and internationally.

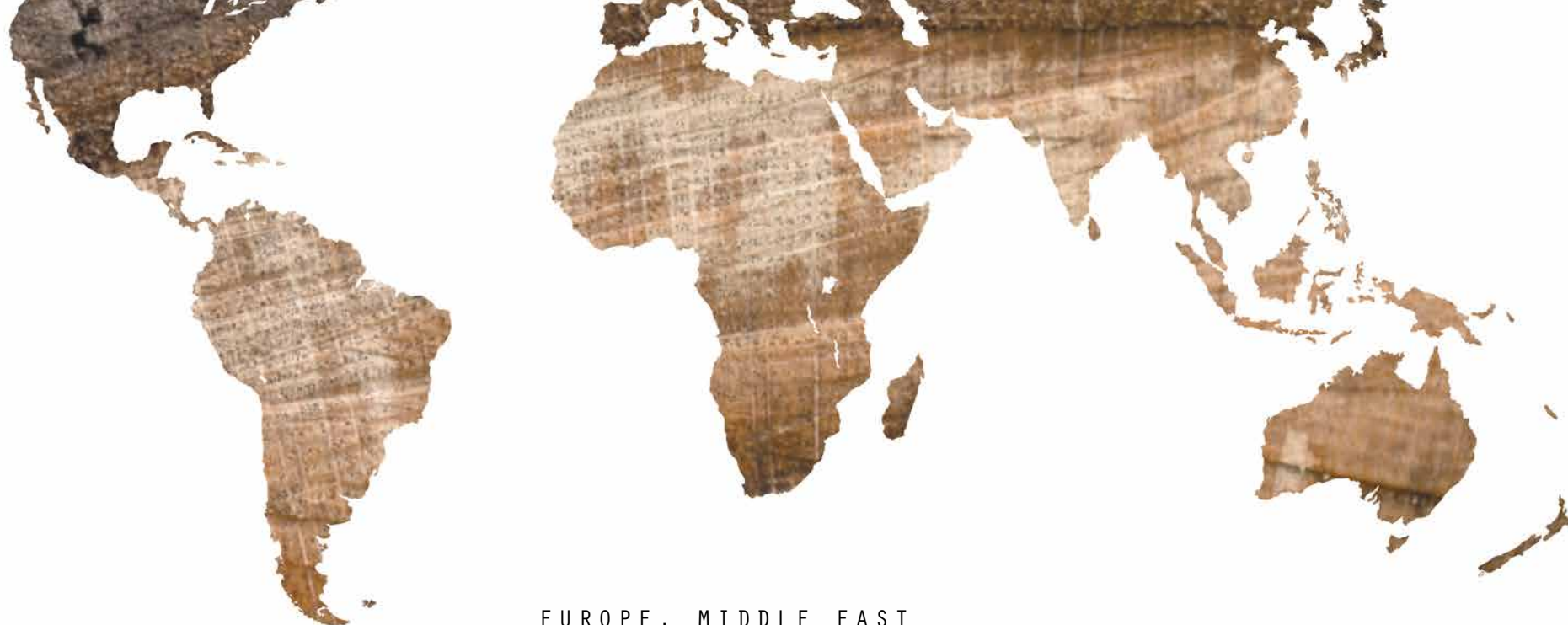




D I S T R I B U T I O N   N E T W O R K







## \_AMERICAS

In a favorable economic environment, the spirits market continued its growth and move upmarket in the United States. Our Cognacs excelled on the back of our investments: the "100 Years" campaign with Pharrell Williams and the "Perfect Pour" proposal in bars and restaurants for Louis XIII; media investments supporting the One Life / Live Them and Rooted in Exception campaigns for Rémy Martin XO and 1738. Cointreau continued its growth, driven in particular by the celebration of the 70th anniversary of the Margarita in 2018. In the emerging Single Malts market, the year was dedicated to refocusing on a highly selective distribution network and training resellers, for Bruichladdich and Westland alike.

In Canada, we strengthened our positions in a highly regulated market by focusing our investments on the consumption of our spirits in bars and restaurants. Louis XIII also enjoyed successful expansion, thanks to the ramp-up of its direct sales model. In Mexico, the strategy to move upmarket paid off with healthy growth in the House of Rémy Martin, driven by the launch of Rémy Martin 1738 and the increased visibility of Louis XIII. Lastly, the "Original Margarita" campaign enabled Cointreau to record robust growth.

In 2018/2019, media investments should continue to intensify in these markets, which enjoy a consistently positive outlook.

## \_ASIA - PACIFIC

The Asian markets were very buoyant in 2017/2018. In China especially, our high-end spirits enjoyed strong enthusiasm across all distribution channels. Given the strong power of attraction of the Louis XIII Beijing boutique on the entire Northern China, we had to limit the offer to avoid penalizing clients in other markets. This was also true in Japan. We gained market share in Singapore, in particular through the spectacular performance of Rémy Martin CLUB, and Australia recorded a fine performance across its entire portfolio, especially with respect to Cointreau and Louis XIII. Lastly, our new subsidiary in Malaysia (which opened in October) is very promising.

Among the different initiatives developed on the continent, the launch of the Louis XIII Time Collection and Legacy limited editions enjoyed remarkable success. As for Cointreau, the cocktail competition was a real highlight, with 5 million online viewers watching the Chinese final. Lastly, The Botanist's tasting sessions contributed significantly to the growth of our exceptional gin.

Media investments and digital campaigns will continue in 2018/2019, supporting our robust growth in the market and in our spirits especially.

## \_EUROPE, MIDDLE EAST & AFRICA

Although it has improved, the Group's performance in the Europe, Middle East and Africa region remained mixed in 2017/2018. Eastern Europe recorded an excellent year, while Central Europe and the United Kingdom also kept up their buoyant momentum, but Western Europe remains more complex. Africa and the Middle East confirmed their strong potential in the medium term, in particular with excellent results in South Africa, Nigeria, the United Arab Emirates and India during the year.

Several initiatives were implemented successfully in this region, particularly in the United Kingdom for Cointreau (digital and "on trade" campaign promoting the Cointreau Fizz) and for Louis XIII, which (after the success of a pop-up boutique in Harrods in March 2017) decided to open a permanent boutique in this fine London establishment in March 2018. In Russia, Rémy Martin XO relied on two local influencers to strengthen the brand's reputation while also sharing its history and unique characteristics. Metaxa also capitalized on a Russian influencer to focus its brand territory on the idea of exploration, thereby strengthening its unique image. Lastly, in South Africa and India, Louis XIII made an appearance at prestigious weddings.

We believe the macroeconomic environment will continue to improve in 2018/2019; as a result, we aim to increase our investments.

## \_TRAVEL RETAIL

In 2017, the Travel Retail market continued the recovery that began in the second half of 2016, driven by +8% growth in global air traffic. The increased number of Chinese tourists, together with the return of Russian travelers in Europe, were the major drivers of this trend.

The Rémy Cointreau Group's brands delivered a remarkable performance in this category in 2017/2018, thanks to the concentration of our investments (brand events, merchandising) in our flagship airports, and a segmented approach in retail outlets aimed at offering a tailored product positioning. Accordingly, the House of Rémy Martin brands, together with The Botanist, Metaxa and St-Rémy, recorded double-digit growth in the year thanks to successful brand activation.

The market momentum should remain buoyant in 2018/2019, and several factors are expected to create opportunities for our exceptional spirits portfolio: sustained growth in air traffic, the digitalization of the purchasing experience in airports, and the possibility of a return to duty-free in the United Kingdom after Brexit.





## CORPORATE SOCIAL RESPONSIBILITY

For Rémy Cointreau, 2016/2017 was characterized by our increased efforts in terms of CSR. In particular, ten priority Sustainable Development Goals (among the 17 identified by the United Nations) had been selected after analyzing their materiality – in order to check their relevance for all our stakeholders – and five CSR requirements were incorporated into the qualitative targets and variable compensation of our management teams.

This past year 2017/2018 upholds and, in a way, materializes this movement. It has embedded (sustainably!) these CSR commitments in our Group's DNA.

Terroirs, People and Time. Our CSR strategy is now based on (and perfectly consistent with) each of the three fundamental pillars of our Signature: taking care of our terroirs by implementing sustainable agriculture, strengthening the key role of men and women through the corporate (in-house) and social (external) aspects of our activities in the world, and preserving the quality of air (carbon footprint) and water – two resources that are essential to our Maisons.

**Rémy Cointreau's 2020 CSR plan is based on 10 of the 17 United Nations Sustainable Development Goals, with a materiality analysis confirming its relevance for our Group.**



Giving honor where honor is due... This year, the House of Rémy Martin worked in close collaboration with its winegrowing partners from the Alliance Fine Champagne to support the powerful movement aimed at the environmental certification of its **terroirs**. At the end of March 2018, two-thirds of vineyard areas cultivated in Cognac had received level 1 AHVE (High Environmental Value Agriculture) certification, and nearly one-quarter had already reached level 3 (the top level). Our own Estates, members of the Ecophyto national network, have had their AHVE 3 certification renewed for three years. Now, all of the Maisons are involved in this extensive movement: we have produced a global map of the terroirs where we source our ingredients (vines, sugar cane, wheat, barley, oranges, etc.), which will enable us to trace our products and pursue an ambitious environmental policy.

**Men and women** clearly embody corporate and social aspects for Rémy Cointreau. This year once again, our Group conducted a bi-annual survey among its 1,861 employees worldwide, which was once again met by genuine interest (88% response rate). It is an accurate and precious tool for monitoring working conditions and the expectations of our teams across all markets. For the first time this year, we also ordered a specific analysis of the social impact of our activities (Mount Gay) in Barbados, which was conducted by an independent firm.

Ethics are fundamental to any CSR policy, strengthening credibility and consistency, while ensuring efficiency in achieving our goals. An ethical process intended for all Group employees is now mandatory and available to all via the Internet. Furthermore, for the past two years, Rémy Cointreau has been a member of SEDEX (Supplier Ethical Data Exchange), an international organization that encourages ethical and responsible corporate practices across global supply chains. Nearly 90% of our suppliers are now members.



Lastly, since **Time** is central to the concept of sustainable development, this entails that we must apply the strictest standards regarding climate challenges. Air and Water are the two major elements that have prompted us to perform a detailed analysis of our CO<sub>2</sub>/GHG footprint (Scope 3) in order to better optimize our water consumption and improve our effluent recycling rates. The Group's CO<sub>2</sub> emissions are mainly due to packaging (glass & cardboard) and freight. The first Life Cycle Analyses were finalized to pave the way for an ambitious eco-design project that should allow us, from 2019, to better manage our packaging designs based on their environmental performance. Our logistics teams have performed a detailed modelling of the CO<sub>2</sub> emissions generated by national and international freight, thereby producing an essential tool for their management and reduction.

Lastly, we must remain attentive to external initiatives; over and above our membership of the United Nations Global Compact since 2003 (with Rémy Cointreau currently chairing the GC Advanced France Club), the Group partnered with the French Business Climate Pledge last December, launched by 89 French groups under the leadership of MEDEF. Furthermore, we recently joined forces with the signatory companies of Act4Nature, a biodiversity initiative led by the AFEP (French Association of Large Companies).



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

PROGRESS STRATEGY, RESPONSIBLE PLAYER,  
PROTECTION OF RESOURCES, BIODIVERSITY

\_ 2020 NON - F I N A N C I A L  
T A R G E T S

		INDICATORS	SCOPE	VALUES 2016/2017	VALUES 2017/2018	TARGETS 2019/2020
ODD8	Decent work and economic growth/ Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Responsible purchasing: percentage of suppliers having joined SEDEX	WORLD	83 %	89 %	100 %
ODD13	Take action to combat climate change and its impacts	CO <sub>2</sub> emissions reduction: potential to reduce direct and indirect energy consumption	FRANCE	0 MWH	423 MWH	900 MWH
ODD15	Sustainable land management/Protect, restore and promote sustainable use of land ecosystems/ Sustainably manage forests/Preserve biodiversity	Sustainable viticulture: AFC cooperative surface areas committed to an environmental approach (AHVE 1 or the Sustainable Viticulture standards)	FRANCE	37.2%	64.3%	100 %





# BOARD OF DIRECTORS

AT 31 MARCH 2018

Chairman  
Marc Hériard Dubreuil

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

## COMMITTEES

Audit-Finance  
Chaired by Jacques-Étienne de T'Serclaes\*

Nomination-Remuneration  
Chaired by Yves Guillemot\*

Corporate Social Responsibility  
Chaired by Dominique Hériard Dubreuil

## STATUTORY AUDITORS

Ernst & Young & Autres  
Represented by Pierre Bidart

Auditeurs & Conseils Associés  
Represented by François Mahé

\*independent director







# FINANCE

## 2017/2018: THIRD YEAR OF THE GROUP'S STRATEGIC PLAN

2017/2018 was the third year of implementing the Group's new strategic vision: gradual refocusing of the portfolio on its most high-end products (in particular exceeding \$50), improving targeted and enhanced communication innovations and investments, and aligning a suitable distribution network with the Group's accelerated move upmarket.

As such, 2017/2018 confirmed the acceleration of a trend already observed over the last two years: organic growth of 9.2% in the Group brands (versus +7.4% in 2016/2017), organic growth in current operating profit of 14.1% (versus +13.8%) and organic growth in net profit excluding non-recurring items of 22.0% (versus +10.5%).

This performance is due to the positive momentum of our most high-end exceptional spirits: Louis XIII and Rémy Martin XO within the Cognac division, as well as Metaxa, The Botanist and the whiskies in the Liqueurs & Spirits division.

Accordingly, the strong organic growth in the gross margin (+9.1%), combined with a controlled rise in structural costs (+5.2% in organic terms), have enabled a significant increase in communication investments with the intention of improving our brands' awareness and desirability (+8.6 in organic terms) while generating strong organic growth in current operating profit (+14.1%).

We can also mention the excellent generation of operating cash during the year (+54%), thanks to the strong rise in EBITDA, the effective management of working capital requirements, and reduced financial expenses as a result of the efficient refinancing of some of the Group's debt in September 2016.

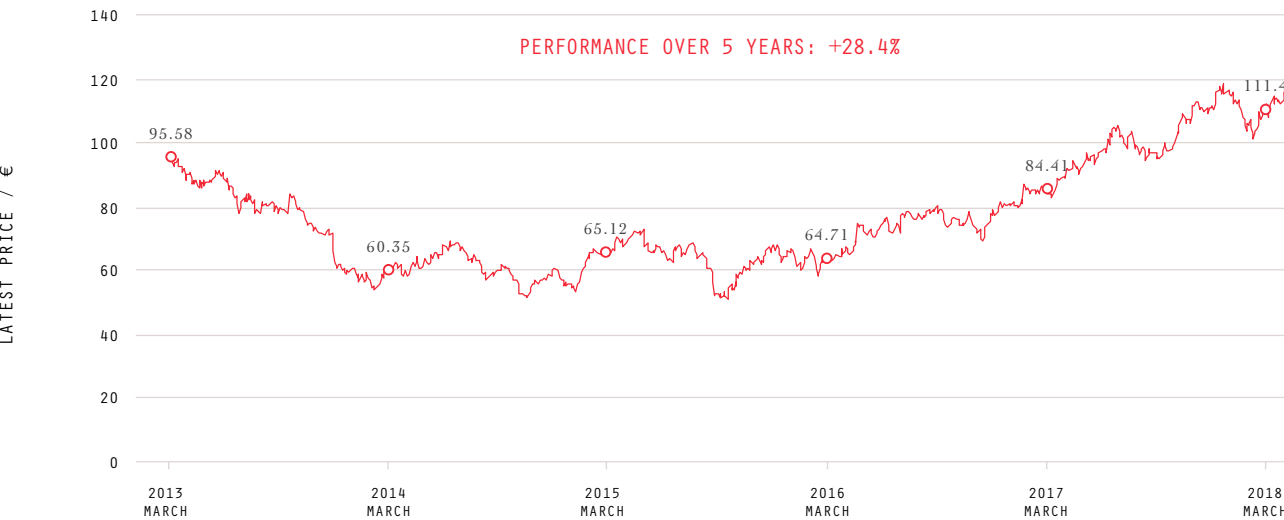
## NEW UPWARD REVISION OF THE 2020 TARGETS

In June 2015, the Group had set an operating margin target of between 18% and 20% to be achieved by March 2020, representing an organic increase (at constant scope and exchange rates) of between 1.8 pts and 3.8 pts over five years.

These 2020 targets were already achieved in 2016/2017 (+2.4 pts in two years). We have thus decided to increase our target for the three remaining years, with a view to increasing the margin by an additional 0.8 pt to 1.8 pts over the period (in organic terms). Strong growth in 2017/2018 (+1.3 pts) has prompted us to further raise these targets: we now expect an organic improvement in the margin of between 2.4 and 3.0 points over the three-year period ending-March 2020 — i.e. an expected increase of between 1.1 pts and 1.7 pts over the next two years.

Furthermore, the Group maintains its ambition of achieving between 60% and 65% of its revenue through spirits with a sales price of more than \$50 in the medium term. This year, the contribution of exceptional spirits to revenue rose to 53% (versus 51% in 2016/2017) and to nearly 80% for spirits with a sales price of more than \$40.

## RÉMY COINTREAU SHARE PRICE MOVEMENTS (IN EUROS OVER 5 YEARS)





CONSOLIDATED STATEMENT OF FINANCIAL POSITION

_AS OF 31 MARCH 2018, IN €M	_2018	_2017
Brands and other intangible assets	509.4	526.1
Property, plant and equipment	242.9	237.3
Investments in associates	20.2	22.4
Other financial assets	166.2	166.7
Deferred tax assets	19.7	30.4
<b>NON-CURRENT ASSETS</b>	<b>958.6</b>	<b>982.9</b>
Inventories	1,170.3	1,145.4
Trade and other receivables	209.8	224.0
Income tax receivables	4.9	6.6
Derivative financial instruments	10.0	3.3
Cash and cash equivalents	186.8	78.0
Assets held for sale	1.3	1.3
<b>CURRENT ASSETS</b>	<b>1,583.1</b>	<b>1,458.6</b>
<b>TOTAL ASSETS</b>	<b>2,541.6</b>	<b>2,441.5</b>
Share capital	80.4	79.5
Share premium	804.9	758.6
Treasury shares	(20.5)	(8.4)
Consolidated reserves and profit for the year	518.4	445.9
Translation reserve	24	26.8
<b>EQUITY - ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY</b>	<b>1,407.1</b>	<b>1,302.5</b>
Non-controlling interests	1.1	1.5
<b>EQUITY</b>	<b>1,408.3</b>	<b>1,304.0</b>
Long-term financial debt	397.1	392.8
Provision for employee benefits	32.6	31.6
Long-term provisions for liabilities and charges	6.9	6.6
Deferred tax liabilities	81.0	98.9
<b>NON-CURRENT LIABILITIES</b>	<b>517.7</b>	<b>529.9</b>
Short-term financial debt and accrued interest	72.5	75.3
Trade and other payables	517.3	503.6
Income tax payables	9.7	11.0
Short-term provisions for liabilities and charges	14.2	10.9
Derivative financial instruments	2.0	6.7
Liabilities held for sale	—	—
<b>CURRENT LIABILITIES</b>	<b>615.7</b>	<b>607.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,541.6</b>	<b>2,441.5</b>

CONSOLIDATED INCOME STATEMENT

_AS OF 31 MARCH 2018, IN €M	_2018	_2017
Turnover	1,127.0	1,094.9
Cost of sales	(366.3)	(364.2)
<b>GROSS MARGIN</b>	<b>760.7</b>	<b>730.7</b>
Distribution costs	(432.7)	(416.7)
Administrative expenses	(91.7)	(88.5)
Other income from operations	0.4	0.6
<b>CURRENT OPERATING PROFIT</b>	<b>236.8</b>	<b>226.1</b>
Other operating income/(expense)	(13.7)	(4.8)
<b>OPERATING PROFIT</b>	<b>223.1</b>	<b>221.3</b>
Finance costs	(14.4)	(21.4)
Other financial income	(7.6)	(10.5)
<b>FINANCIAL RESULT</b>	<b>(22.0)</b>	<b>(31.9)</b>
<b>PROFIT BEFORE TAX</b>	<b>201.0</b>	<b>189.4</b>
Income tax	(53.5)	(44.5)
Share in profit of associates	0.5	(19.6)
<b>PROFIT FROM CONTINUING OPERATIONS</b>	<b>148.1</b>	<b>125.2</b>
Net profit / (loss) from discontinued operations	—	65.0
<b>NET PROFIT FOR THE YEAR</b>	<b>148.1</b>	<b>190.2</b>
<b>ATTRIBUTABLE TO:</b>		
non-controlling interests	(0.2)	(0.0)
owners of the parent company	148.2	190.3
<b>NET EARNINGS PER SHARE - FROM CONTINUING OPERATIONS</b>		
basic	2.97	2.55
diluted	2.83	2.42
<b>NET EARNINGS PER SHARE</b>		
attributable to owners of the parent company	2.98	3.87
diluted	2.83	3.68
<b>NUMBER OF SHARES USED FOR THE CALCULATION</b>		
basic	49,789,269	49,123,523
diluted	52,434,796	51,782,976



## COMMENTS AND OUTLOOK

At 31 March 2018, Rémy Cointreau achieved revenue of €1,127.0 million, with reported growth of 2.9%. In organic terms (at constant scope and exchange rates), growth amounted to 7.2%, thanks to the **remarkable performance of the Group's brands (+9.2%)**.

Asia-Pacific recorded a very good year, with significant growth, thanks to Greater China, Singapore, Japan and the new Malaysian subsidiary. The Americas have sustained their solid growth, driven by the United States and Canada. The trend in the Europe, Middle East & Africa (EMEA) region is adversely affected by the deconsolidation of Passoã, but benefits from a very strong momentum in Russia, Central Europe and the United Kingdom.

**Current operating profit rose by 14.1% in organic terms, and the Group's current operating profitability reached 22.0%** (up 1.3 points). The significant improvement in the Group's profitability is underpinned by a strong increase in the gross margin, supported by the excellent performance of our exceptional spirits (> USD50), and a controlled rise in structure costs. It also integrates a sharp improvement in our communication investments (+9.1% for the Group's brands). After integrating unfavorable foreign exchange rates and scope of consolidation, current operating profit was up 4.7%.

**Operating profit amounted to €223.1 million**, after taking into account a non-recurring net expense of €13.7 million, which comprises an impairment of €11.8 million in the intangible assets of the Mount Gay brand, and an expense of €1.9 million, due primarily to distribution network reorganization costs.

**The financial result was an expense of €22.0 million**, down sharply by €9.9 million over the year. This is due mainly to a reduction in the cost of gross financial debt, thanks to the partial refinancing of Group debt under very favorable terms in September 2016. Moreover, the foreign exchange result (valuation of the hedging instrument portfolio in accordance with IFRS), highly volatile by nature, saw a positive change of €2.5 million.

**Tax costs were €53.5 million**, helped by non-recurring profit of €10.5 million (effect of the announced decrease in tax rates in France and the United States regarding deferred taxes, reimbursement of the dividend contribution paid over the last three years). Adjusted for these items, **the effective tax rate was 29.7%**, down compared with the March 2017 rate (30.7%), thanks to a more favorable geographic mix.

**The share in profits of associates was a gain of €0.5 million.**

**Accordingly, net profit (Group share) was €148.2 million**, down 22.1%. Earnings for the previous financial year included a gain of €65.0 million related to the contribution made upon creating the Passoã joint venture (in return for an asset recognized in the Group's balance sheet).

**Excluding non-recurring items (€+3.1 million), net profit (Group share) was €151.3 million**, up 12.0% (+22.0% in organic terms), and net margin rose by 1.1 points to 13.4% (+1.7 points in organic terms). **Net earnings per share (excluding non-recurring items) came to €3.04 (+10.6).**



**Net debt was €282.8 million** at 31 March 2018, down €107.3 million over the year, thanks to the strong increase in operating cash flow (up 54%), which more than offset the share buyback program and the increase in dividend payouts.

**Accordingly, the net debt/EBITDA ratio improved sharply to 1.48** at end-March 2018, versus 1.78 at end-March 2017.

**Return on capital employed (ROCE) was 21.9%** at 31 March 2018, up 0.7 point over the year (+2.5 points in organic terms).

**A dividend of €1.65 per share** (stable compared with last year) will be submitted to the shareholders for approval at the General Meeting of 24 July 2018, with the option to choose between payment of the dividend in cash or in shares, applicable to the total payout.

### OUTLOOK

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

On the heels of a strong rise in profitability in 2017/2018 (1.3 points in organic terms), **the Rémy Cointreau Group revises its target to increase the Current Operating Margin** over the three-year period ending March 2020. For the financial years 2017/2018, 2018/2019, and 2019/2020, Rémy Cointreau now anticipates **a cumulative increase of 2.4-3.0 points** (compared with the target of +0.8-1.8 points set last year), **at constant exchange rates and scope.**

**For 2018/2019, Rémy Cointreau expects another year of growth in its current operating profit, at constant scope and exchange rates.**



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