



RÉMY COINTREAU

Des terroirs, des hommes et du temps



Sales for the  
First Half 2018/19  
ending 30 September 2018

19.10.2018

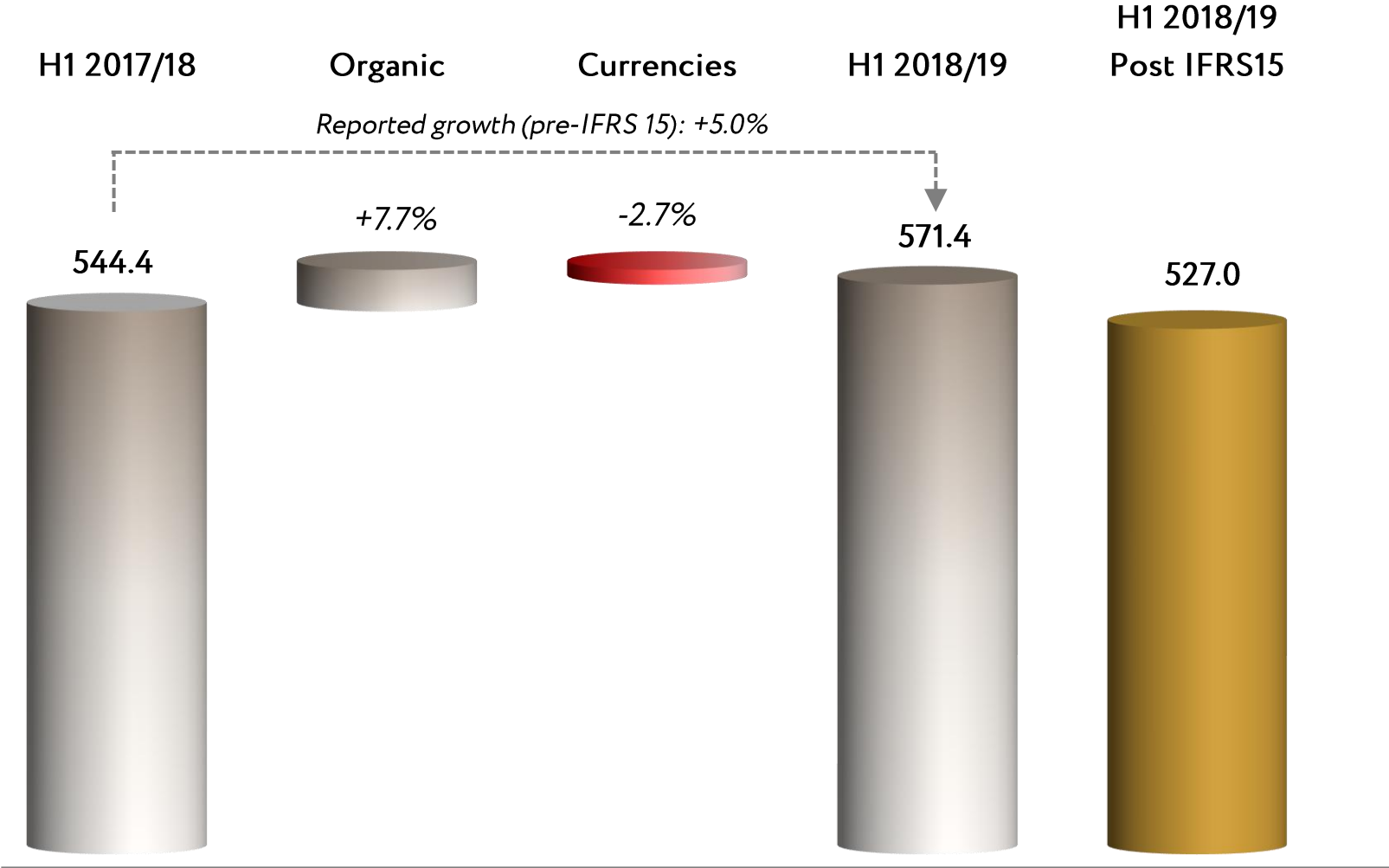
# H1 2018/19 Sales : Key Messages

- **Sustained dynamism in H1: +7.7% organic sales growth, led by Group Brands (+8.9%)**
  - Accelerated organic growth in Q2 : +9.1% (+8.9% for Group Brands) underpins intact brand strength in key markets
- **Technical factors decreased sales by about EUR9M in H1 2018/19 or -1.7pp 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, H1 2018/19's underlying organic growth was +9.4%
- **Ongoing strength in value depletion trends over the H1 2018/19 period:**
  - Greater China: very strong depletion trends both in volume and in value; Strong MAF
  - US: sustained double-digit trends for our cognac brands; good trends for Cointreau
  - Western Europe: flattish underlying trends
  - Russia: ongoing strength
  - Africa : strong trends in South Africa and Nigeria
  - Global Travel Retail: ongoing strength, 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)**

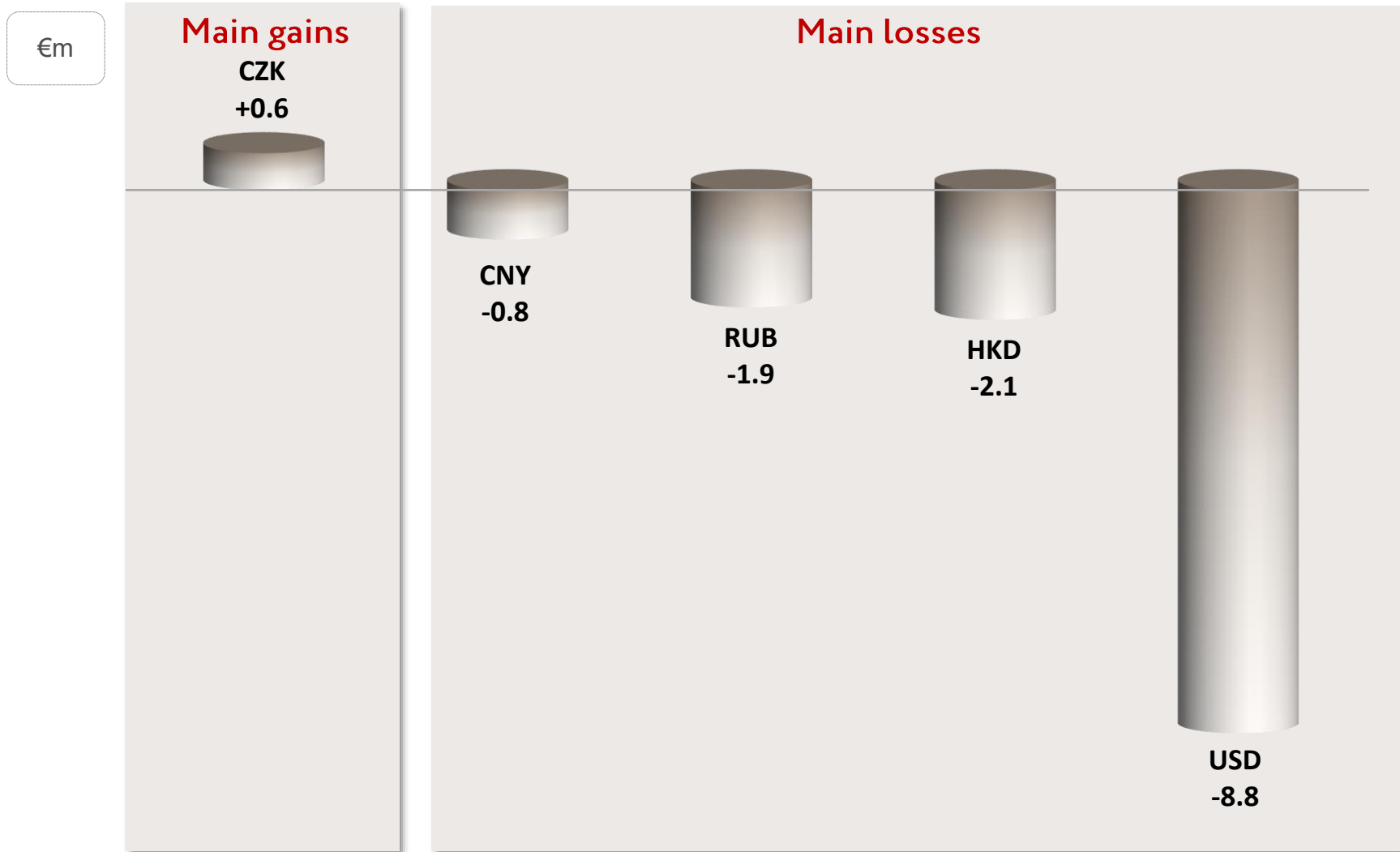
# H1 2018/19 Sales Analysis

€m



# Currency Impact on H1 2018/19 Sales

Currency translation loss of 14.8 million euros



# 12M sales trend showing steady acceleration



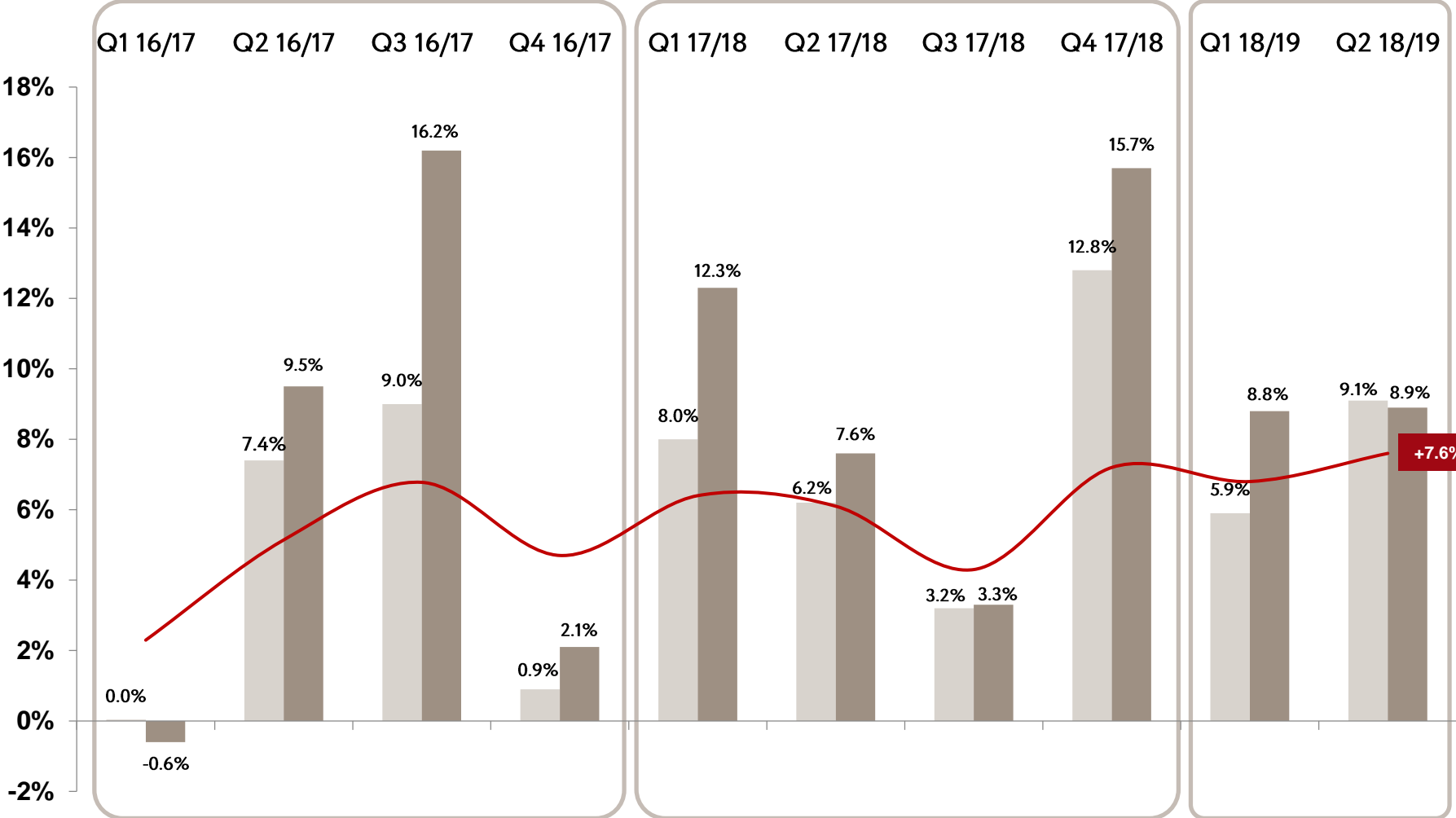
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1H18/19: +7.7%

(RC Brands: +8.9%)

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

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

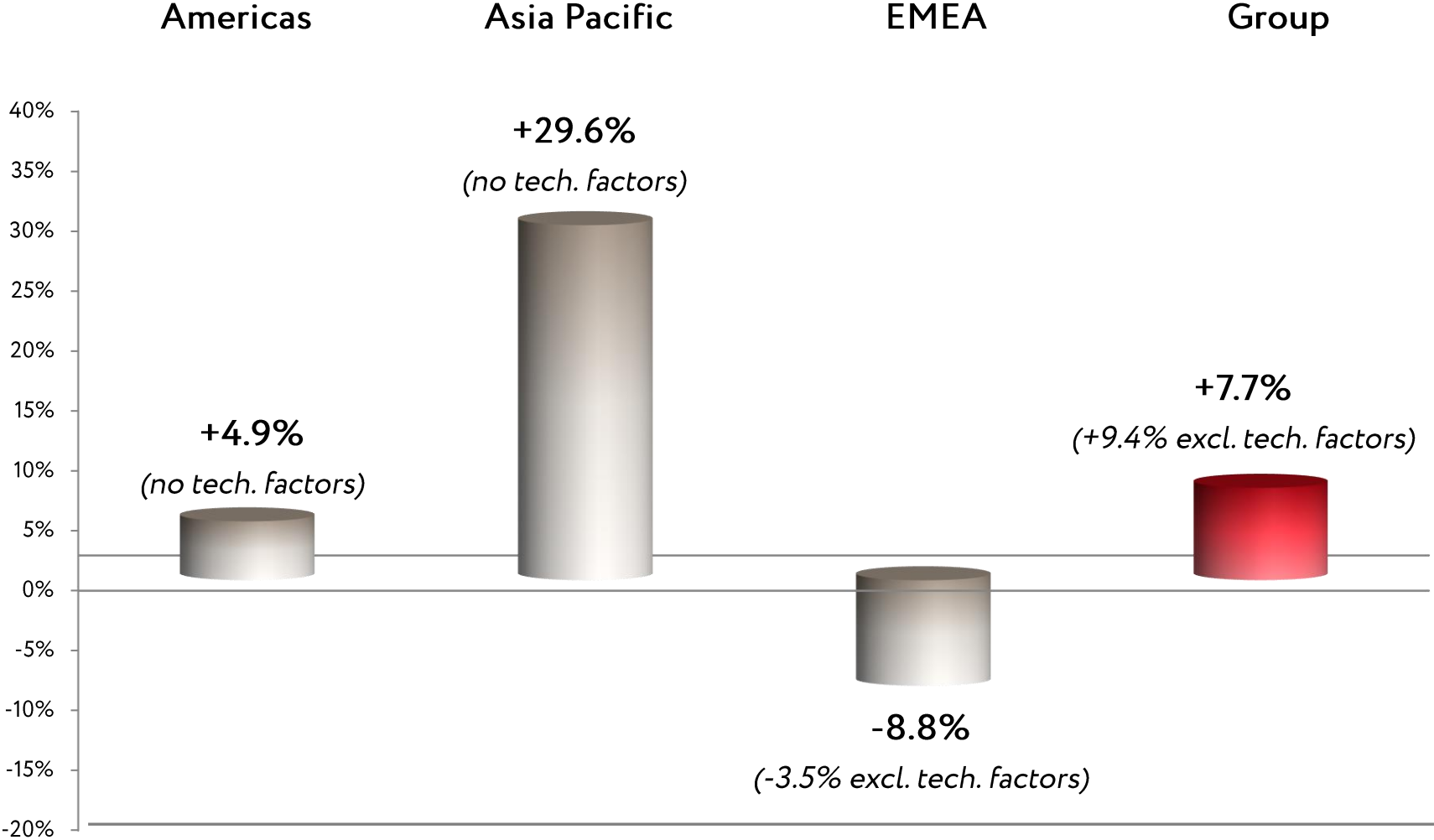


Organic sales growth -- Group

Organic sales growth -- RC Brands

12M trend

# H1 2018/19 Organic Growth by Region



# H1 2018/19 Organic Trends by Region (1)

## Asia-Pacific organic sales up 29.6%, led by double-digit growth across all sub-regions

- Sustained double-digit growth in Greater China:
  - Ongoing strength in depletion trends: up solid double-digits in volume and strong double-digits in value
  - Robust Mid-Autumn Festival: Double-digit sell-out trends across our brand portfolio
- Rest of Asia-Pacific also growing double-digits, led by Singapore, Australia and Japan
- Travel Retail : solid momentum led by strong traffic growth (only 9% of Chinese people have a passport) , impacting merchandising and efficient traveler education

## Americas organic sales up 4.9%, led by accelerated trends in Q2

- US : accelerated growth in Q2 shipments (after an adverse phasing effect in Q1)
  - Group Brands' value depletions : +18% over 3M, +14% over 6M, +12% over 12M
- Canada : slow start to the year (shipments) despite good depletion trends
- LatAm : solid performance in Mexico (new distributor) and the Caribbean offset by weakness in Barbados
- Solid performance of Travel Retail (new listings and better traffic)

# H1 2018/19 Organic Trends by Region (2)

## 8.8% organic sales decline in Europe, Middle East & Africa largely due to technical factors

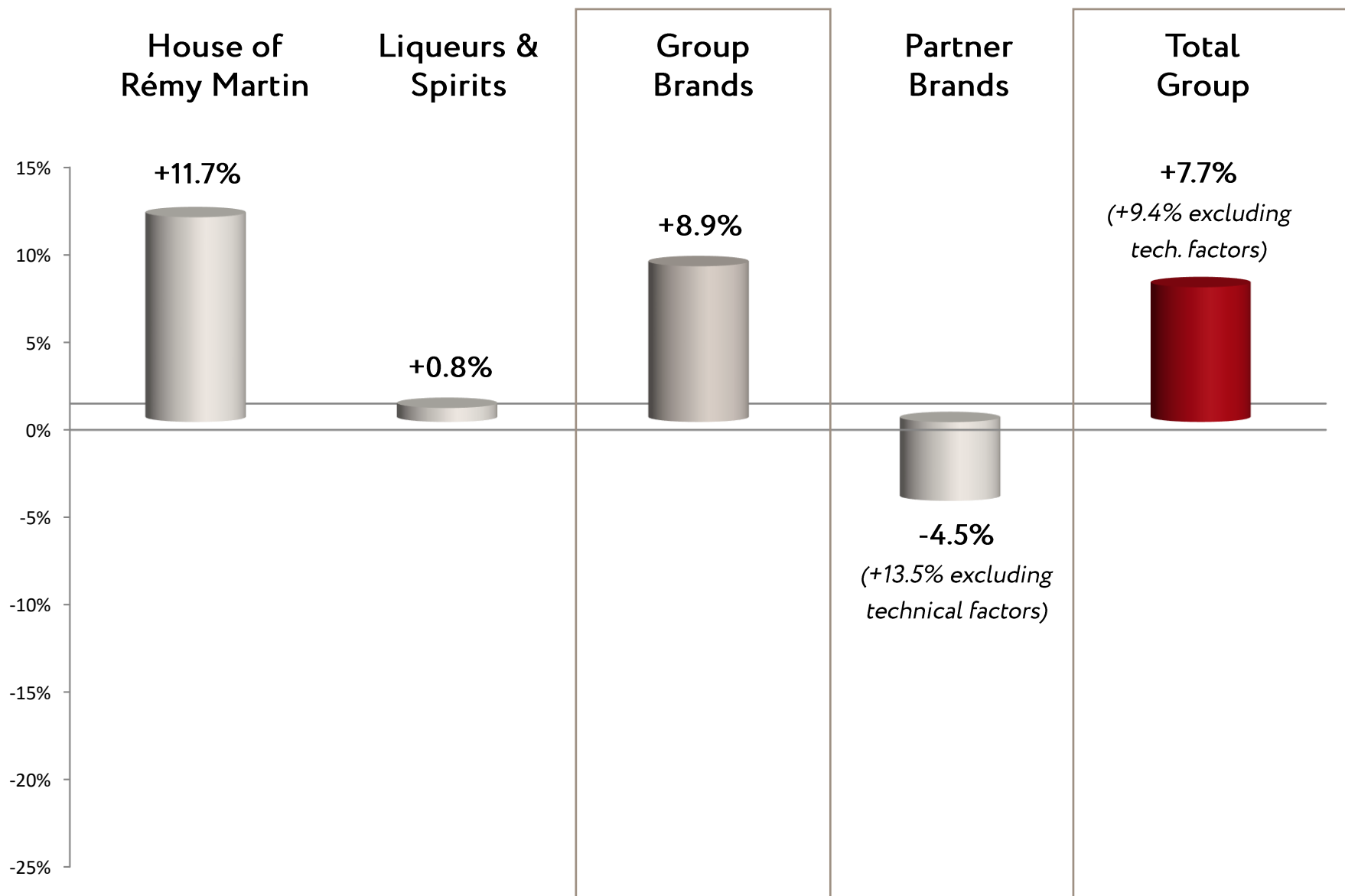
- Technical factors decreased sales by EUR9M (or -5.3pp of growth) in H1
  - Termination of distribution contracts (Campari in Czech Republic and Slovakia; Russian Standard in Travel Retail)
- Western Europe: still under pressure, but some signs of improvement
  - Good start to the year in the UK and encouraging signs in France, but lingering weakness in Belgium and Spain
- Central & South Europe: good underlying growth, offset by technical factors
  - RC brands up double-digits in Czech Republic and Slovakia
- Russia & North East Europe: good growth, led by Russia
  - Russia: solid sales and value depletion trends
- Africa: slow first half-year further to significant price increases across the region
  - South Africa and Nigeria: sustained growth in depletions
  - Fast development in India
- Travel Retail: sales decline largely driven by the end of the Russian Standard distribution contract



# H1 2018/19 Organic Growth by Region



RÉMY COINTREAU



# House of Rémy Martin (+11.7% OSG in H1)

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## Asia-Pacific

- Strong double-digit sales growth, led by Greater China, Singapore, Japan, Malaysia and Travel Retail
- Greater China: depletion trends up solid double digits in volume and strong double digits in value
- Robust Mid-Autumn Festival (double-digit growth in sell-out across all of our brands and qualities)

## Americas

- Good performance in the US; Q2 sell-in trends accelerated after adverse phasing effects in Q1
- Ongoing strength in US cognac depletion trends: value share gains within the category
- Price/mix gain of 1-2pp in the 12M period ending September, including 5pp gain in last quarter

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### Volume depletion trends to September 2018

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	3 months	6 months	12 months
US Cognac/Brandy Market <sup>(1)</sup>	13.3%	15.3%	14.3%
US Cognac/Brandy Market <sup>(2)</sup>	-3.0%	0.9%	-0.5%
Rémy Martin	18.3%	14.1%	13.7%

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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
- Continuing double-digit growth in the UK, Russia, Nigeria and India

# LA MAISON REMY MARTIN IS BACK TO LONDON....FOR GOOD!

# LOUIS XIII "100 YEARS" PARTIES AROUND THE WORLD



# Liqueurs & Spirits (+0.8% OSG in H1)

## Cointreau

- Slight sales decline in the period
- Strength in the UK and newer markets, but slow start in the US, Western Europe and Travel Retail
- Shipments slower than depletions in the US, mostly due to phasing related to price increases :
  - 3M depletion trends held back by delayed deliveries to retailers in some open states; Underlying trend +4-5% in last 3M/6M
  - Value depletions: Flattish price/mix gain in the 12M period to September 2018
  - Encouraging depletion trends since the launch of the new campaign bode well for H2 sales growth outlook

	Volume depletion trends to September 2018		
	3 months	6 months	12 months
US Cordials Market <sup>(1)</sup>	-6.0%	-4.0%	-1.9%
US Cordials Market <sup>(2)</sup>	-1.3%	0.9%	0.2%
Cointreau	2.4%	3.3%	3.0%

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

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

## Metaxa

- Brand elevation strategy weighed on volumes in H1 (lower rate of sales under promotion and 3-Star entry-level quality de-emphasized in Greece); Ongoing strength in key Central European markets

# Liqueurs & Spirits (+0.8% OSG in H1)



## Mount Gay

- Slow start to the year, mostly due to the US. Solid performance in Canada, Asia Pacific and Travel Retail
- US volume depletions remain under pressure (amid weak category), as of a result of our strategy of upgrading the portfolio
- US value depletions : flattish price/mix gain in the 12M period ending September 2018

	Volume depletion trends to September 2018		
	3 months	6 months	12 months
US Rum Market <sup>(1)</sup>	-2.9%	-1.7%	-1.9%
US Rum Market <sup>(2)</sup>	-2.4%	-0.1%	0.0%
Mount Gay	-2.2%	-2.8%	-6.0%

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

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

## St-Rémy

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

## The Botanist

- Continued double-digit growth, led by all geographical regions; successful #BeTheBotanist campaign

## Single Malt Whiskies

- Sustained 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



# “THE MARGARITA LOVES COINTREAU” CAMPAIGN

# METAXA AEN CASK No2



# Partner Brands (-4.5% OSD in H1)

Organic sales were up 13.5% adjusted for technical factors

- Termination of two Partner Brands' distribution contract (Campari in Czech Republic/Slovakia and Russian Standard in Travel Retail): EUR9M loss / -18pp hit
- One-off benefit from a successful promotional campaign in the US (Piper Sonoma)
- Other third-party spirits : good growth in LatAm and Asia Pacific, but ongoing weakness in Belgium

# 2018/19 Outlook Confirmed

- H1 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

