LETTRE AUX ACTIONNAIRES

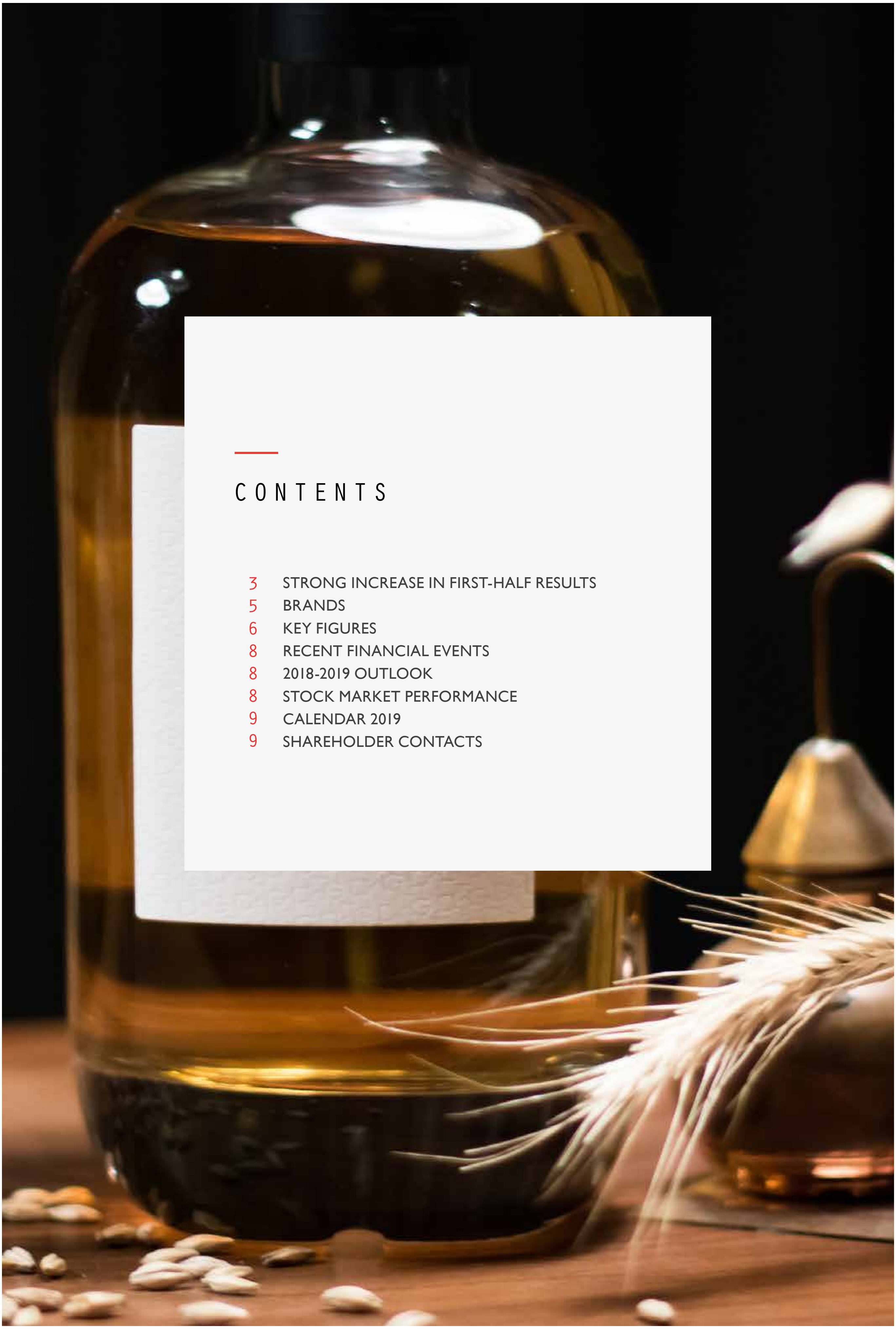
/ JANUARY 2019

RÉMY COINTREAU

2018-19 FINANCIAL YEAR

RESULTS FOR THE FIRST HALF-YEAR

(APRIL 2018 – SEPTEMBER 2018)



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SHARP INCREASE IN FIRST-HALF RESULTS

Over the six-month period ending September 2018, Rémy Cointreau generated sales of €571.4 million (pro forma pre-IFRS 15, 16 and 9), equating to reported growth of 5.0% and organic growth (at constant exchange rates and consolidation scope) of **7.7%.**

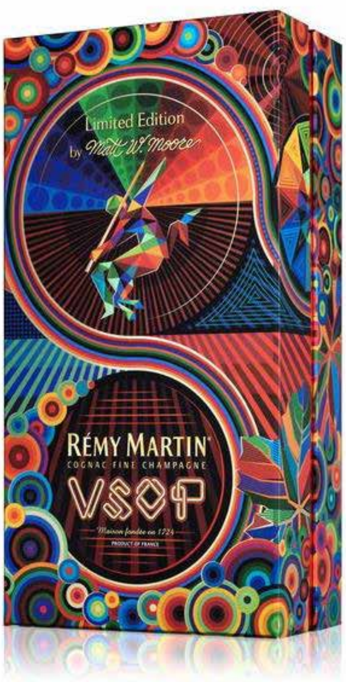
Current Operating Profit (COP pro forma) came in at €138.0 million, up 2.9% on a reported basis. In organic terms, COP was up 10.1%, thanks to a significant rise in the gross margin (up 0.9 point), buoyed by our exceptional spirits' momentum (> US$50) and strict overhead control. These effects comfortably offset significantly higher investment in communication (up 9.5%) and continued efforts to strengthen distribution structures. As such, **the current operating margin (pro forma) reached 24.1%, up 0.6 point on an organic basis.** The margin declined 0.5 point on a reported basis, after taking into account adverse currency effects.

Excluding non-recurring items, the Group share of net profit (pro forma) was **€87.5 million,** down 3.1% on a reported basis but **up 7.2% in organic terms.**

HOUSE OF RÉMY MARTIN

The **House of Rémy Martin** posted strong sales growth in the half-year (up 11.7%*), thanks to continuing robust trends in the Asia-Pacific region, notably in Greater China, Singapore, Australia, Japan and Travel Retail Asia. The Americas region continued to benefit from buoyant trends in high-end cognac and the success of the limited edition VSOP with Matt W. Moore. Key markets in the EMEA region (Russia, the United Kingdom, Switzerland and India) also posted growth. The Group's global strategy of moving its ranges upmarket once again bore fruit over the period, with organic growth of 11.7%, broken down into a volume growth of 6.4% and a 5.3% contribution from mix and price effects.

Current Operating Profit came in at €119.5 million, up 11.3% in organic terms, while the current operating margin stood at 30.0%, a slight organic decline of 0.2 point. This was driven by significantly higher investment in communication (up 12.5%*) and continued efforts to strengthen distribution structures over the period. These higher costs offset price and mix effects that were very positive for the gross margin (up double digits in organic terms)..



LIQUEURS & SPIRITS

The **Liqueurs & Spirits** division posted modest growth in the early part of the year (up 0.8%*) but should pick up in the second half, supported by a number of communication campaigns.

During the first half, the **House of Cointreau** rolled out its new "The Art of the Mix" campaign and marketing activities in connection with the 70th anniversary of the invention of the Margarita. As such, sales of the brand should pick up over the final part of the year. Meanwhile, the **House of Metaxa** launched the second opus of its "Don't Drink It, Explore It" campaign and celebrated 130 years of the brand in Greece with the limited edition AEN Cask No. 2 (AEN means "forever" in Greek) this summer. The upscaling strategies at **Mount Gay** and **St-Rémy** resulted in a further decline in volume but strong growth in value per case. **The Botanist** gin continued to grow strongly across all geographical regions, while remarkable growth in the **Whisky** business was mainly driven by single malt Scotch brands and the launch of the new **Port Charlotte** bottle.

Current Operating Profit came in at €20.6 million, down 6.0% in organic terms. This trend was due to much higher investment in communication and distribution structures, while the gross margin proved resilient. The current operating margin came in at 16.2% in the six-month period, down 1.2 points organically.

PARTNER BRANDS

Sales declined 4.5%* over the period, due to the termination of new distribution contracts with third-party brands. However, second-quarter performance was boosted by a successful, one-off promotional campaign in the United States.

Current Operating Profit came in at €2.8 million, up 14.4% in organic terms.

CONSOLIDATED RESULTS

Current Operating Profit (pro forma) came in at €138.0 million, up 2.9% on a reported basis and **10.1% in organic terms.**

Current Operating Profit was penalised by adverse currency effects costing €9.6 million over the half-year: the average EUR/USD conversion rate deteriorated over the period (coming out at 1.18, compared with 1.14 for the period ending September 2017), while the average collection rate (linked to the Group's hedging policy) came out at 1.19, compared with 1.16 for the year-ago period.

Consequently, the **current operating margin** fell **0.5 point to 24.1%** over the first half (**up 0.6 point in organic terms**).

Operating profit (pro forma) was **€140.0 million,** after taking into account a net operating income of €2.0 million, which was mainly linked to disposals of non-core real estate assets.

Net financial income/expense (pro forma) showed a net expense of €19.6 million over the period. The year-on-year increase was mainly driven by two factors: a non-recurring cost of €5.2 million linked to early repayment of the vendor loan by the EPI Group (equating to the difference between the balance sheet value of the loan and the repayment amount) and an unrealised foreign exchange loss of €2.8 million (valuation of the portfolio of hedging instruments).
The cost of gross financial debt fell slightly because of lower average debt over the period.

The **tax expense** (pro forma) totalled €35.0 million (stable year-on-year), giving an effective tax rate of 29.0% (29.1% excluding non-recurring items). This represents an increase compared with the period ended 30 September 2017 (27.9% on a reported basis and 27.8% excluding non-recurring items) due to the geographical spread of profits.

Consequently, the **Group share of net profit** (pro forma) was down 4.3% on a reported basis at **€85.4 million.**

Excluding non-recurring items, the Group share of net profit (pro forma) came in at **€87.5 million,** down 3.1% (**but up 7.2% organically**).

Excluding non-recurring items, net earnings per share (pro forma) came in at **€1.75** (down 4.0% on a reported basis but **up 6.2% in organic terms**).

Net debt (pro forma pre-IFRS 16) stood at €303.9 million, up €21.1 million from March 2018 (due to a seasonal peak in working capital) but down €126.7 million relative to September 2017. This was mainly due to lower outgoings linked to dividend payments (with most shareholders opting to take payment in shares) and the early repayment of the vendor loan by the EPI Group.

Consequently, the **net debt to EBITDA ratio** (pro forma) further improved to **1.17** (1.21 post-IFRS 15, 16 and 9), compared with 1.66 for the period ended September 2017.

_KEY FIGURES

Millions of euros (€m)	Proforma Pre-IFRS 15, 16 & 9				Post-IFRS 15, 16 & 9
	to 30/09/18 Reported	to 30/09/17 Reported	Change Reported	Change Organic (*)	to 30/09/18 Reported
Net sales	571.4	544.4	+5.0%	+7.7%	527.0
Current Operating Profit	138.0	134.1	+2.9%	+10.1%	138.2
Current operating margin	24.1%	24.6%	-0.5pt	+0.6pt	26.2%
Net profit (Group share)	85.4	89.2	(4.3%)	+6.2%	87.5
Net margin (Group share)	14.9%	16.4%	-1.5pts	-0.2pt	16.6%
Net profit excl. non-recurring items	87.5	90.3	(3.1%)	+7.2%	89.6
Net margin excl. non-recurring items	15.3%	16.6%	-1.3pts	-0.1pt	17.0%
EPS Group share (€)	1.70	1.80	(5.2%)	+5.1%	1.75
EPS excluding non-recurring items (€)	1.75	1.82	(4.0%)	+6.2%	1.79
Net debt / EBITDA ratio	1.17	1.66	-0.49pt		1.21

(*) Organic growth is calculated assuming constant exchange rates and consolidation scope (pro forma pre-IFRS 15, 16 & 9)

_CURRENT OPERATING PROFIT BY DIVISION

Millions of euros (€m)	Proforma Pre-IFRS 15, 16 & 9				Post-IFRS 15, 16 & 9
	to 30/09/18 Reported	to 30/09/17 Reported	Change Reported	Change Organic (*)	to 30/09/18 Reported
House of Rémy Martin	119.5	115.5	+3.5%	+11.3%	119.5
As % of sales	30.0%	31.5%	-1.5pts	-0.2pt	33.2%
Liqueurs & Spirits	20.6	22.5	(8.2%)	(6.0%)	20.6
As % of sales	16.2%	17.4%	-1.2pts	-1.2pts	16.9%
Subtotal: Group brands	140.2	138.0	+1.6%	+8.5%	140.2
As % of sales	26.7%	27.8%	-1.1pts	-0.1pt	29.1%
Partner Brands	2.8	2.5	+10.8%	+14.4%	2.8
As % of sales	6.0%	5.2%	+0.8pt	+1.0pt	6.1%
Holding company costs	(5.0)	(6.4)	(22.5%)	(23.3)	(4.7)
Total	138.0	134.1	+2.9%	+10.1%	138.2
As % of sales	24.1%	24.6%	-0.5pt	+0.6pt	26.2%

(*) Organic growth is calculated assuming constant exchange rates and consolidation scope (pro forma pre-IFRS 15, 16 & 9)


Margarita loves
COINTREAU
Margarita loves
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RECENT FINANCIAL EVENTS

On 24 July 2018, at the general meeting, the shareholders voted to approve payment of an ordinary dividend of €1.65 per share in respect to the 2017/18 financial year, with the option for shareholders to take payment entirely in shares. Eighty-nine percent of votes cast were in favour of payment in shares.

On 1 August 2018, a share buyback program was launched, covering a maximum of 1 million shares. This program will expire no later than 30 April 2019.

2018/19 OUTLOOK

At the end of this first half, **Rémy Cointreau confirms its guidance of growth in Current Operating Profit** over **the 2018/19 financial year,** assuming constant exchange rates and consolidation scope (on a pro forma, pre-IFRS 15, 16 and 9 basis).

STOCK MARKET PERFORMANCE

Performance of the last years: (at the end of November)

One year : -8.5%

Two years : +29.1%

Three years : +69.2%

CALENDAR 2019

January 22, 2019 Turnover for the 9 months 2018-19

April 24, 2019 Annual turnover 2018-19

June 6, 2019 Annual results 2018-19

July 19, 2019 Turnover for first quarter 2019-20

July 24, 2019 General Meeting 2019

October 18, 2019 Turnover for first half-year 2019-20

November 28, 2019 Half-year results 2019-20

SHAREHOLDER CONTACTS

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Regulated information in connection with this press release can be found at www.remy-cointreau.com


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