



RÉMY COINTREAU

Paris, 22 January 2019

Sales in the first nine months 2018/19 (April 2018 – December 2018)

Continued robust growth in the third quarter (up 8.7%*) 2018/19 full-year guidance confirmed

Rémy Cointreau generated sales of €919.4 million in the first nine months of its 2018/19 financial year, up 6.7% in reported terms and **up 8.1%** in organic terms (at constant exchange rates and consolidation scope). After 7.7% organic sales growth in the first half, the third quarter (**up 8.7%***) confirmed the Group's sustained momentum. The earlier timing of the Chinese New Year in 2019 added 1 point of growth in the third quarter.

The first nine-month performance was driven by remarkable growth in **Group Brands (up 10.3%*)**: the **House of Rémy Martin (up 13.1%*)** was carried by the success of its brands in the Asia-Pacific region and in the United States. The **Liqueurs & Spirits** division (up 2.3%*) enjoyed accelerated growth in the third quarter, reaping the benefits of the communication campaigns. **Partner Brands** continued to decline, consistent with the Group's strategy to gradually refocus on Group Brands.

The Group's two growth engines – the Asia-Pacific region and the Americas – demonstrated excellent momentum over the period, and particularly in the third quarter. While the end of Partner Brand distribution agreements continued to weigh on Europe, the Middle East and Africa (EMEA) over the nine-month period, the third quarter showed a sequential improvement.

Breakdown of sales by division:

(€m)	Pre-IFRS 15				Post-IFRS 15
	9 months to 31/12/2018	9 months to 03/12/2017	Change		9 months to 31/12/2018
			Reported	Organic(*)	
House of Rémy Martin	642.8	576.6	11.5%	13.1%	582.0
Liqueurs & Spirits	206.0	204.2	0.9%	2.3%	196.7
Subtotal: Group Brands	848.8	780.8	8.7%	10.3%	778.7
Partner Brands	70.6	81.3	-13.2%	-13.6%	69.8
Total	919.4	862.1	6.7%	8.1%	848.5

(*) Organic growth is calculated assuming constant exchange rates and consolidation scope.

House of Rémy Martin

The **House of Rémy Martin** continued its outstanding growth at end-December (up 13.1% in organic terms). Acceleration in the third quarter (up 15.6%) was driven by double-digit growth across all geographic regions. Additionally, the earlier timing of the 2019 Chinese New Year (5 February 2019 as opposed to 16 February in 2018) translated into some anticipated sales in the third quarter, increasing quarterly growth for cognac by roughly 2 points.

The creativity of the House's brands and its global strategy of brand elevation once again bore fruit over the period: with organic growth of 13.1%, breaking down into volume growth of 7% and a 6% contribution from mix and price effects.

Liqueurs & Spirits

The **Liqueurs & Spirits** division posted organic sales growth of 2.3% over the nine-month period. As expected, growth accelerated significantly in the third quarter (up 5.0%*), on the heels of several communication campaigns launched by the brands.

The **House of Cointreau** enjoyed faster sales growth in the third quarter, as it began to reap the benefits of "The Art of the Mix" campaign (launched in the spring) and of the marketing activities celebrating the 70th anniversary of the Margarita. Meanwhile, the **House of Metaxa** continued its upscaling strategy, funnelling investments towards its highest-end products with the second opus of its "Don't Drink it, Explore it" campaign. **Mount Gay** and **St-Rémy** posted moderate performances over the nine-month period (upscaling efforts weighed on volumes), but the third quarter witnessed a tangible upswing. **The Botanist** gin and the **Whisky** business unit posted strong growth once again across all geographic regions.

Partner Brands

The sales decline over the nine-month period (down 13.6% in organic terms) was due to the termination of new distribution contracts with third-party brands. This is consistent with the Group's strategy to gradually refocus on its proprietary brands (Group Brands).

2018/19 outlook

With sales in the first nine months fully in line with the Group's forecasts, Rémy Cointreau confirms its guidance of growth in Current Operating Profit over the 2018/19 financial year, assuming constant exchange rates and consolidation scope (proforma Pre-IFRS 15, 16 & 9).

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(*) Organic growth is calculated assuming constant exchange rates and consolidation scope.

Appendices: Sales and organic growth by business

First-quarter 2018/19 sales (April-June 2018)

€m	Pre-IFRS 15						Post-IFRS 15
	Reported	Forex effect	Organic	Reported	Reported	Organic (*)	Reported
	18-19	18-19	18-19 (*)	17-18	change	Change	18-19
	A		B	C	A/C-1	B/C-1	
House of Rémy Martin	163.5	-10.5	174.0	156.6	4.4%	11.1%	147.0
Liqueurs & Spirits	57.8	-2.4	60.3	58.6	-1.3%	2.8%	55.3
Subtotal: Group Brands	221.3	-12.9	234.3	215.2	2.8%	8.8%	202.3
Partner Brands	20.2	0.1	20.1	25.0	-19.2%	-19.7%	20.0
Total	241.5	-12.8	254.4	240.2	0.5%	5.9%	222.2

Second-quarter 2018/19 sales (July-September 2018)

€m	Pre-IFRS 15						Post-IFRS 15
	Reported	Forex effect	Organic	Reported	Reported	Organic (*)	Reported
	18-19	18-19	18-19 (*)	17-18	change	Change	18-19
	A		B	C	A/C-1	B/C-1	
House of Rémy Martin	234.5	-1.5	236.0	210.3	11.5%	12.2%	212.6
Liqueurs & Spirits	69.2	-0.7	69.9	70.6	-1.9%	-0.9%	66.6
Subtotal: Group Brands	303.7	-2.1	305.9	280.9	8.1%	8.9%	279.3
Partner Brands	26.1	0.1	26.0	23.2	12.3%	11.8%	25.5
Total	329.8	-2.0	331.8	304.1	8.5%	9.1%	304.7

First-half 2018/19 sales (April-September 2018)

€m	Pre-IFRS 15						Post-IFRS 15
	Reported	Forex effect	Organic	Reported	Reported	Organic (*)	Reported
	18-19	18-19	18-19 (*)	17-18	change	Change	18-19
	A		B	C	A/C-1	B/C-1	
House of Rémy Martin	398.0	-12.0	410.0	367.0	8.5%	11.7%	359.6
Liqueurs & Spirits	127.1	-3.1	130.2	129.2	-1.6%	0.8%	121.9
Subtotal: Group Brands	525.1	-15.1	540.1	496.1	5.8%	8.9%	481.5
Partner Brands	46.3	0.2	46.1	48.2	-4.0%	-4.5%	45.5
Total	571.4	-14.8	586.2	544.4	5.0%	7.7%	527.0

Third-quarter 2018/19 sales (October-December 2018)

€m	Pre-IFRS 15						Post-IFRS 15
	Reported	Forex effect	Organic	Reported	Reported	Organic (*)	Reported
	18-19	18-19	18-19 (*)	17-18	change	Change	18-19
	A		B	C	A/C-1	B/C-1	
House of Rémy Martin	244.8	2.5	242.3	209.6	16.8%	15.6%	222.4
Liqueurs & Spirits	79.0	0.1	78.8	75.1	5.2%	5.0%	74.8
Subtotal: Group Brands	323.8	2.7	321.1	284.7	13.7%	12.8%	297.2
Partner Brands	24.3	0.1	24.2	33.0	-26.5%	-26.8%	24.3
Total	348.0	2.7	345.3	317.7	9.5%	8.7%	321.5

Nine-month sales 2018/19 (April – December 2018)

€m	Pre-IFRS 15						Post-IFRS 15
	Reported	Forex effect	Organic	Reported	Reported	Organic (*)	Reported
	18-19	18-19	18-19 (*)	17-18	change	Change	18-19
	A		B	C	A/C-1	B/C-1	
House of Rémy Martin	642.8	-9.5	652.3	576.6	11.5%	13.1%	582.0
Liqueurs & Spirits	206.0	-3.0	209.0	204.2	0.9%	2.3%	196.7
Subtotal: Group Brands	848.8	-12.4	861.3	780.8	8.7%	10.3%	778.7
Partner Brands	70.6	0.3	70.3	81.3	-13.2%	-13.6%	69.8
Total	919.4	-12.1	931.5	862.1	6.7%	8.1%	848.5

(*) Organic growth is calculated assuming constant exchange rates and consolidation scope.

Definitions of alternative performance indicators

Rémy Cointreau's management process is based on the following alternative performance indicators, chosen for planning and reporting. The Group management considers that these indicators provide financial statement users with useful additional information for understanding the Group's performance. These alternative performance indicators should be considered as supplementing those included in the consolidated financial statements and the resulting movements.

Starting on April 1st 2018, the Rémy Cointreau Group applied the standard "IFRS 15 – Revenue from Contracts with Customers." For the transition, the Group did not opt for retrospective application. Thus, the comparative period has not been restated and organic growth is calculated using turnover which excludes the impact of IFRS 15. The main effect of this standard is the reclassification of some SG&A costs (notably some promotional expenses) in deduction of net sales. Its estimated impact on the full-year is a reduction in net sales amounting to 8% and an accretive effect of about 1.5 points on the Current Operating Margin.

Organic sales growth

Organic growth is calculated excluding the impacts of variations in exchange rates as well as acquisitions and disposals.

The impact of exchange rates is calculated by converting sales for the current financial year into the exchange rate of the previous financial year.

For acquisitions in the current financial year, the sales of the acquired entity are not included in organic growth calculations. For acquisitions in the previous financial year, the sales of the acquired entity are included in the previous financial year but are only included in organic growth calculations for the current year starting from the anniversary date of the acquisition.

For significant disposals, we use data following the application of IFRS 5, which systematically reclassifies the sales of the sold entity in "Net profit from activities sold or to be sold" for the current and previous financial year.

This indicator serves to focus on Group performance common to both financial years, which local management is more directly capable of influencing.

(*) Organic growth is calculated assuming constant exchange rates and consolidation scope.