



RÉMY COINTREAU

Des terroirs, des hommes et du temps



Full-Year Results
2018/19
(year ended 31 March 2019)

6 June 2019



RÉMY COINTREAU

Introduction

MARC HÉRIARD DUBREUIL

PRESIDENT

2018/19: a record year

Key figures ending March 2019

	Proforma Pre-IFRS 15, 16 & 9	Proforma Change		Post-IFRS 15, 16 & 9
		Reported	Organic*	
• Sales	€1,216.5m	7.9%	7.8%	€1,125.9m
• of which Group Brands	€1,128.6m	9.9%	9.8%	€1,038.8m
• Current Operating Profit	€263.6m	11.3%	14.2%	€264.1m
• Current operating margin	21.7%	+0.7pt	+1.3pts	23.5%
• Net profit (Group share)	€157.1	6.0%	11.5%	€159.2m
• Net Profit (excluding non-recurring items)	€167.8m	10.9%	16.3%	€169.9m
• Net earnings per share (Group share)	€3.14	5.4%	-	€3.18
• Net earnings per share (excluding non-recurring items)	€3.35	10.2%	-	€3.39
• Net debt / EBITDA ratio:	1.08	-0.40pt	-	1.19



RÉMY COINTREAU

Business review

VALÉRIE CHAPOULAUD-FLOQUET

CHIEF EXECUTIVE OFFICER

Excellent annual performance

Group Brands sales up 9.8% in organic terms (+9.9% on a reported basis):

- The House of Rémy Martin (+11.9%) fueled by remarkable growth across all geographical areas
- Asia-Pacific continued strong growth in Greater China and the countries of Southeast Asia
- Americas confirmed strong momentum, led by value share gains in the US
- Total Group sales up 7.8% in organic terms (+7.9% on a reported basis)

COP up 14.2% in organic terms (+11.3% on a reported basis):

- Strong increase of the gross margin (+1.2pts*), led by the value strategy (solid price/mix gains)
- Significant increase in strategic A&P and distribution costs (+10%)
- Controlled increase in overhead
- Negative currency effects
- Current operating margin up 0.7pt to 21.7% (+1.3pts in organic terms)

Reported net profit (ENRI) up 16.3% organically (+10.9% in reported terms)

Sustainability : accelerating !



Terroirs...

- **Sustainable agriculture:** A record year for Rémy Martin : over 94% of AFC's winegrowing area engaged in HEV (High Environmental Value) programme, 42% have highest HVE 3 status. AFC represents over 90% of Charentes's HVE 3 certified growers

Sustainable agriculture also a priority for whiskies : Bruichladdich distillery & Domaine des Hautes Glaces are EU biodynamic certified, & for Cointreau an Orange certification process has been initiated with our suppliers

- **Biodiversity:** We continue to work on Pedunculate Oak with the French ONF & on Quercus garyana with Westland in the US

...People...

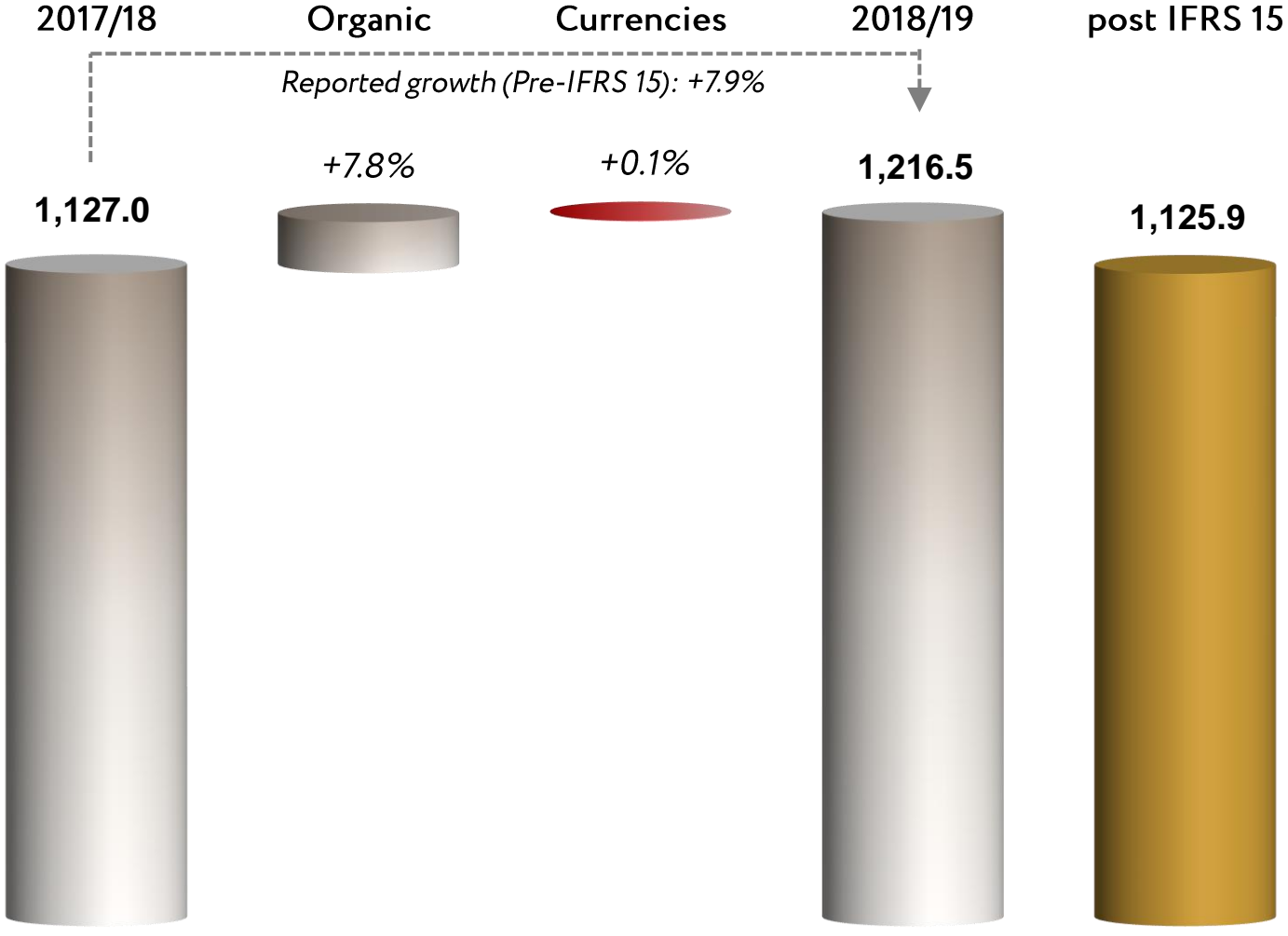
- **Responsible consumption:** We reinforce our industry's efforts in France by supporting the new "National Prevention plan against harmful alcohol consumption," and we remain active, across ASEAN, with professional association APIWSA
- **Transparency:** We just co-signed spiritsEUROPE's self-regulatory MOU with EU Health Commissioner Andriukaitis, committing to provide on-label nutritional & online ingredients information for enhanced transparency
- **Responsible employees:** Our second worldwide "We Care Day" will take place next June 20th

...and Time

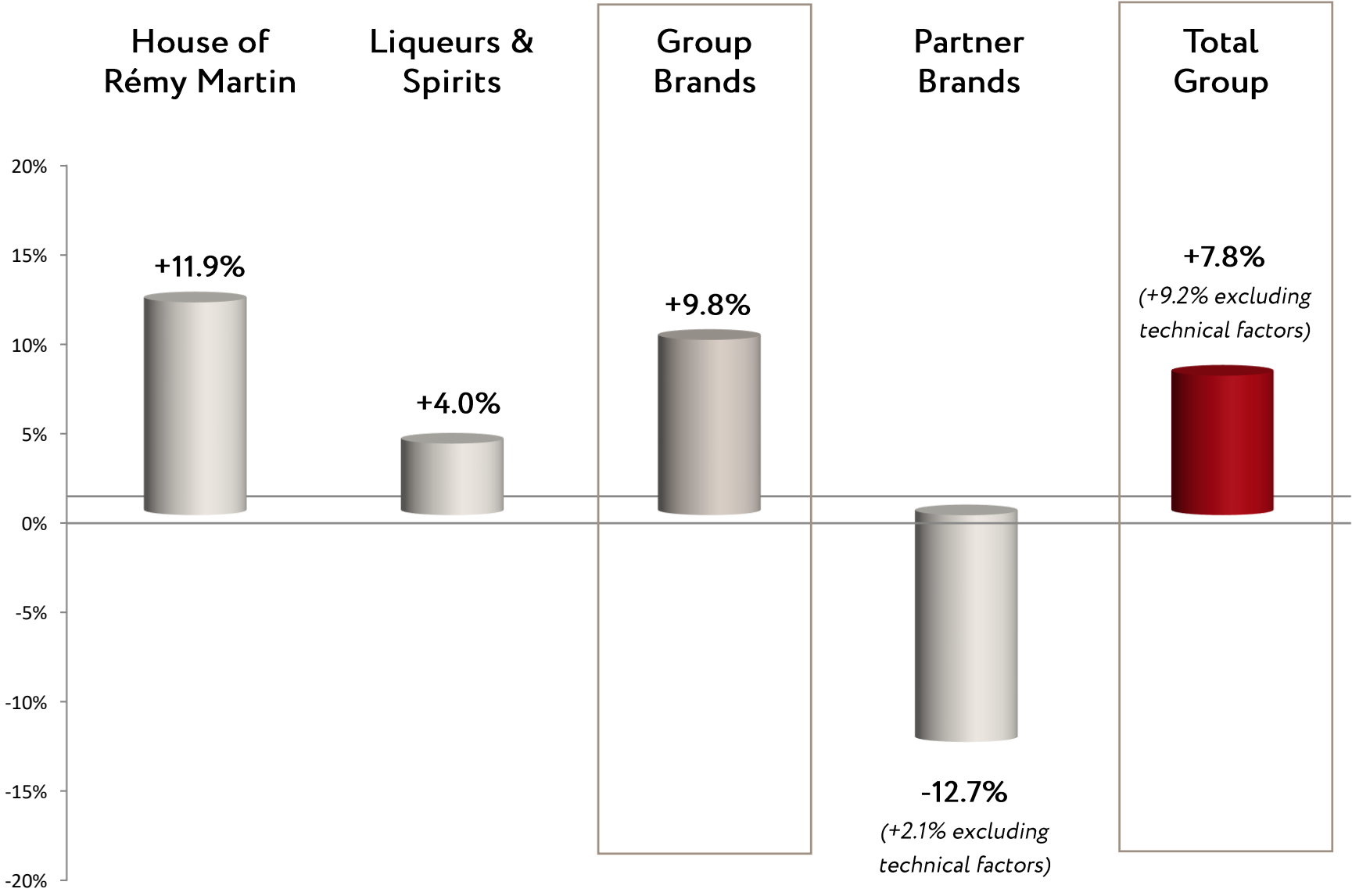
- **Our global Eco-design programme** is up and running, enabling us to monitor the environmental footprint of all new packages owing to a specific "Performance Index"
- **No plastic Policy:** Just introduced a "No Plastic" policy on a worldwide basis
- **Awards:** Rémy Cointreau was listed "GC Advanced" with UN's Global Compact for the 5th year; also 2019 winner of "Most Ethical Corporate Supply Chain" prize and ranked third in Ethifinance's Gaia classification

Group sales

€m



Sales growth by product division



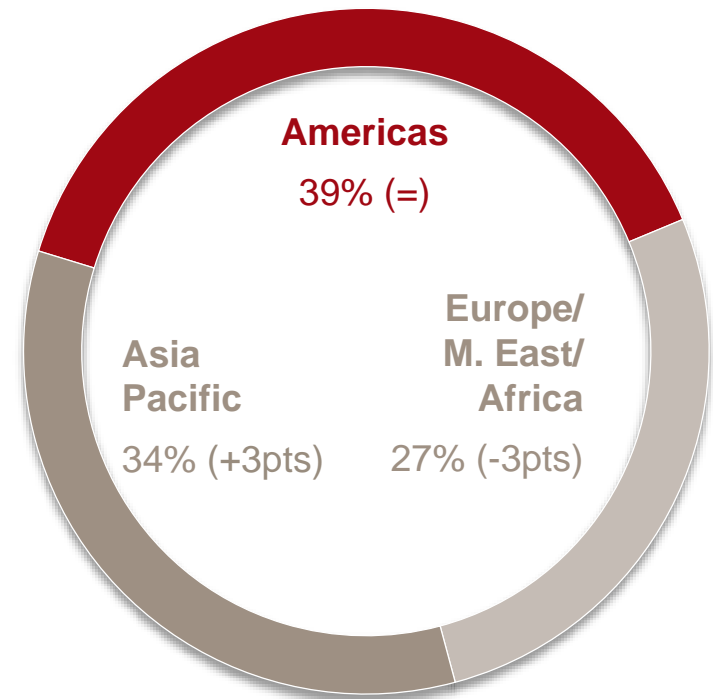
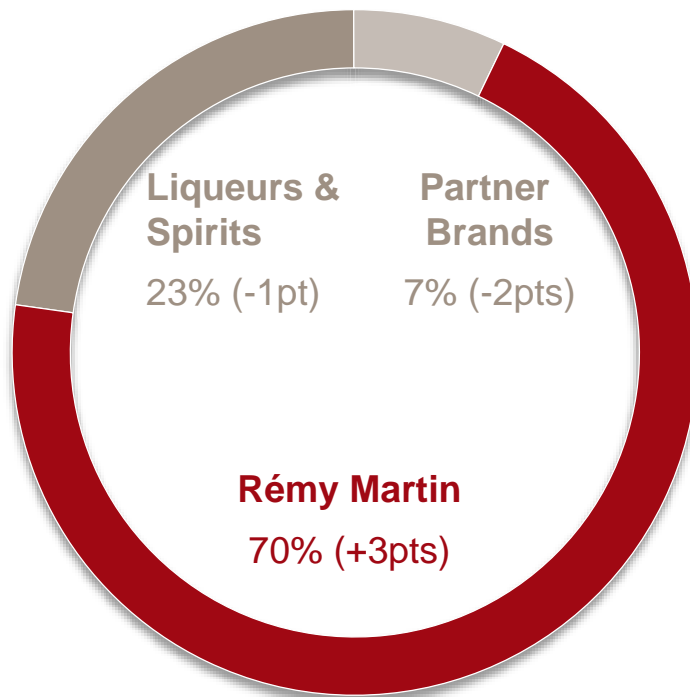
Breakdown of Group Sales (1)

By Division

€1,216.5m

(proforma pre-IFRS)

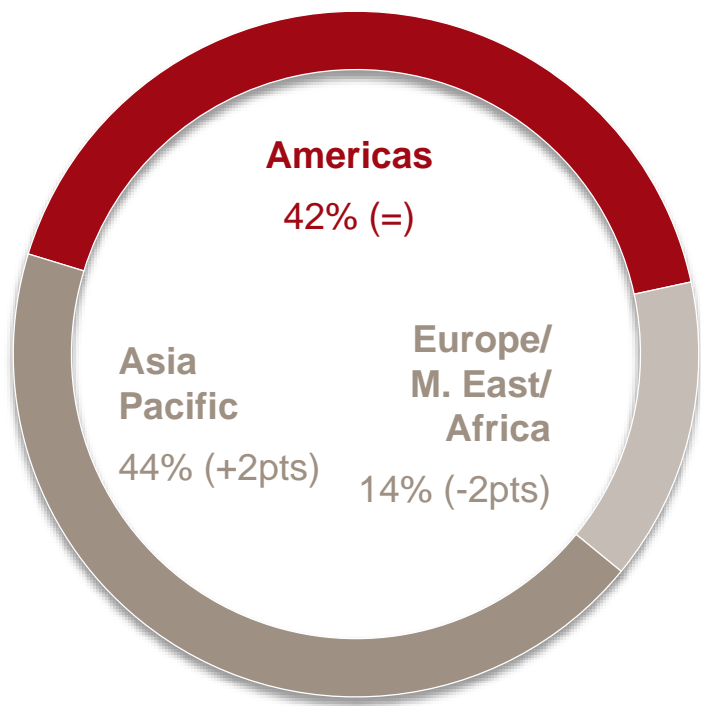
By Region



Breakdown of Group sales Group Brands

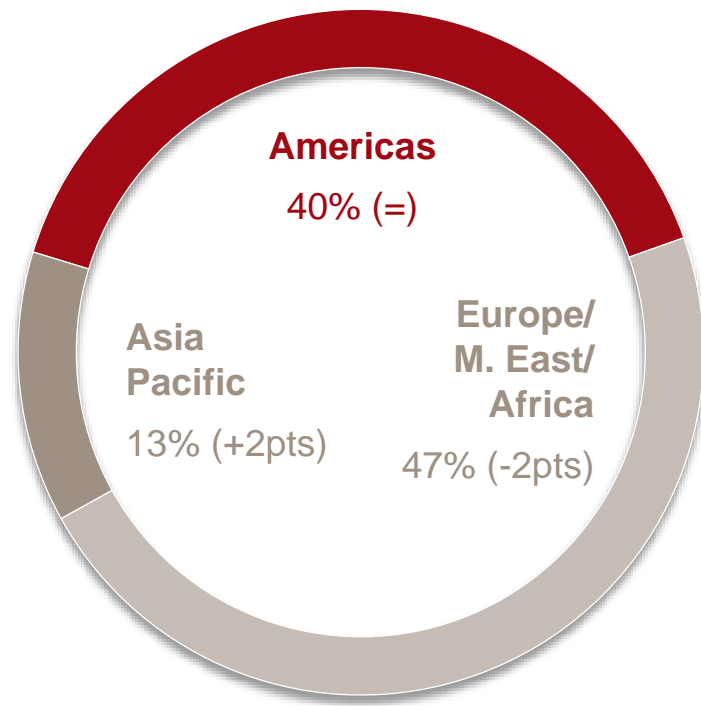
Rémy Martin

€851.9m
(proforma
Pre-IFRS)

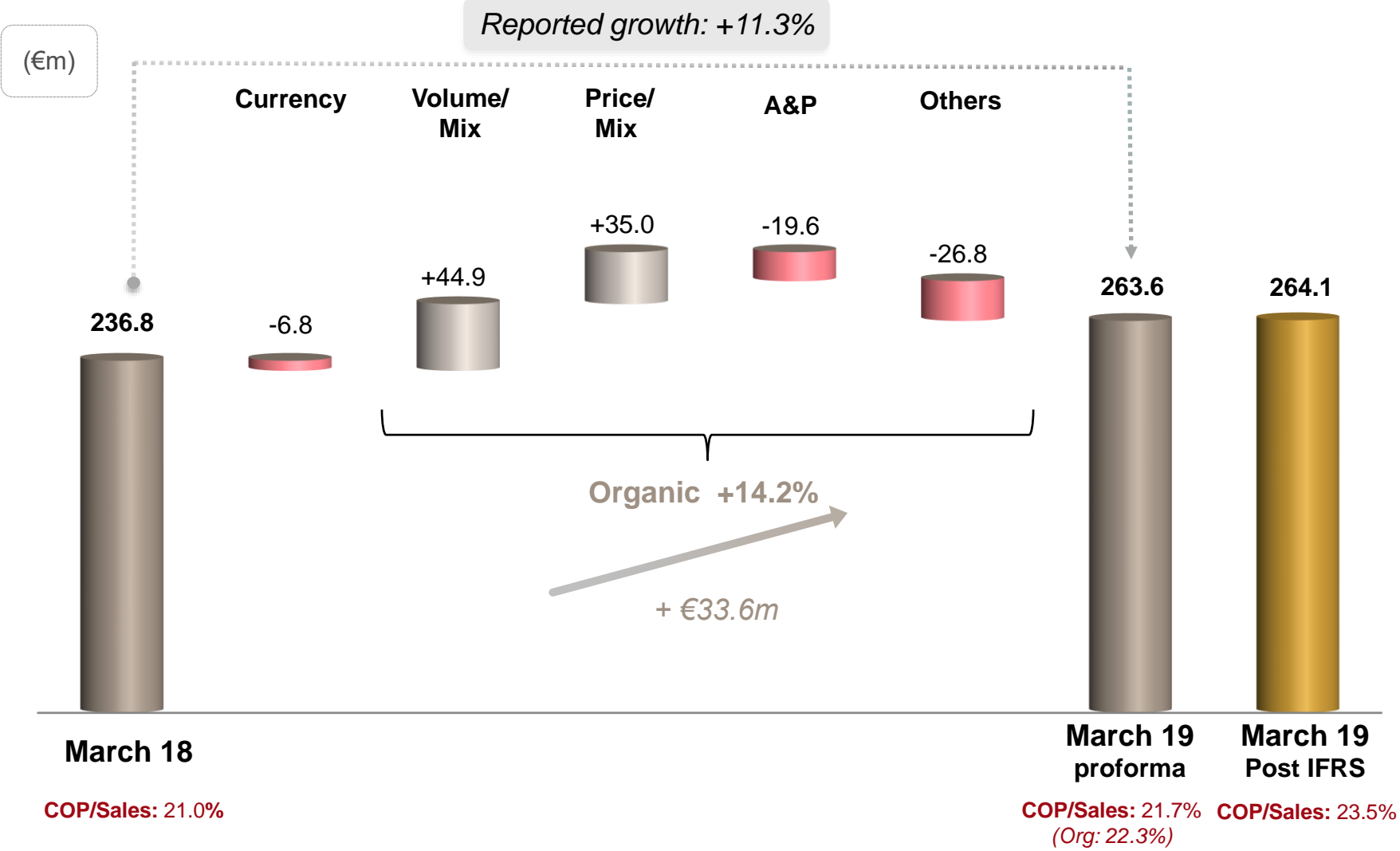


Liqueurs & Spirits

€276.6m
(proforma
Pre-IFRS)



Current Operating Profit

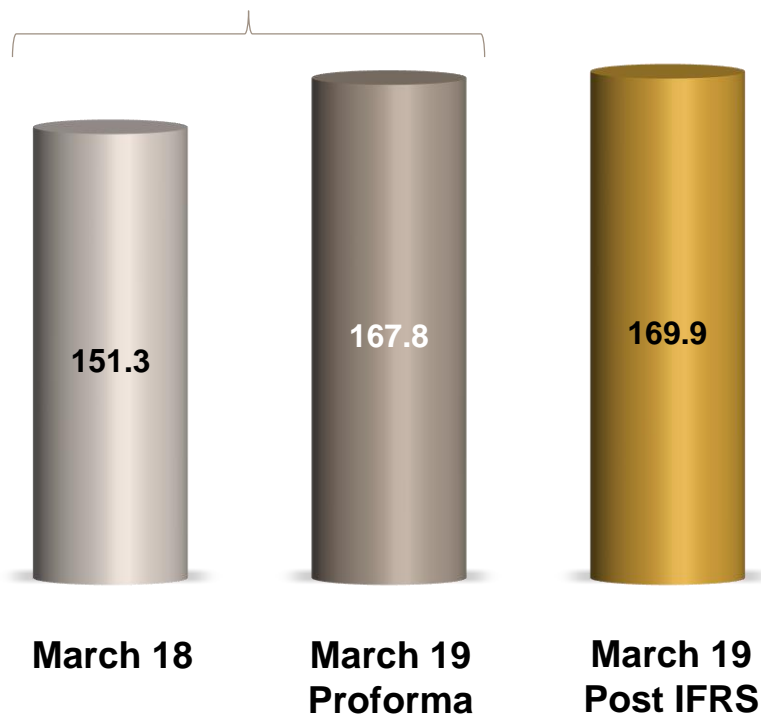


Net profit

(€m)

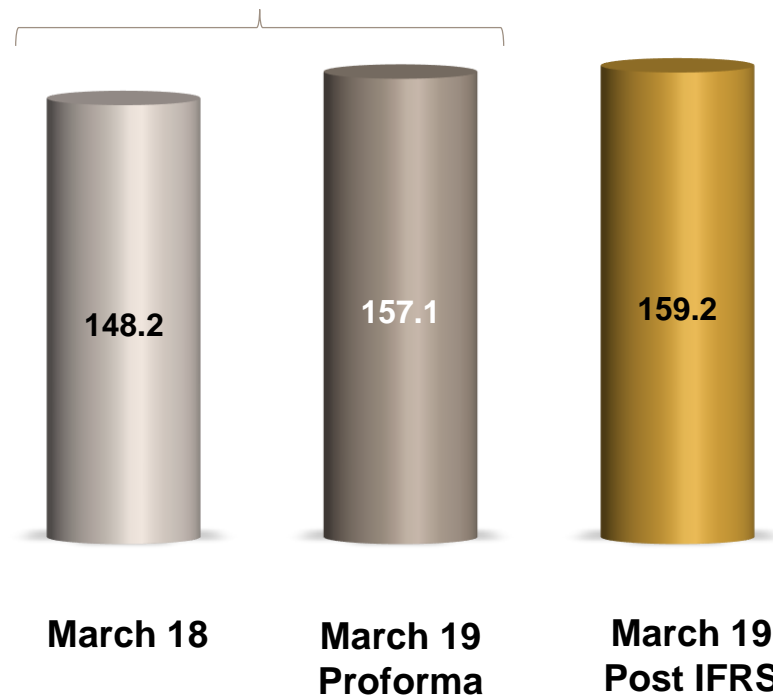
Net profit excluding non-recurring items

Reported +10.9%
+16.3% organic change



Net profit Group share

Reported +6.0%
+11.5% organic change



House of Rémy Martin

- **Organic sales growth** of 11.9% (volumes +6.0%)

Asia Pacific

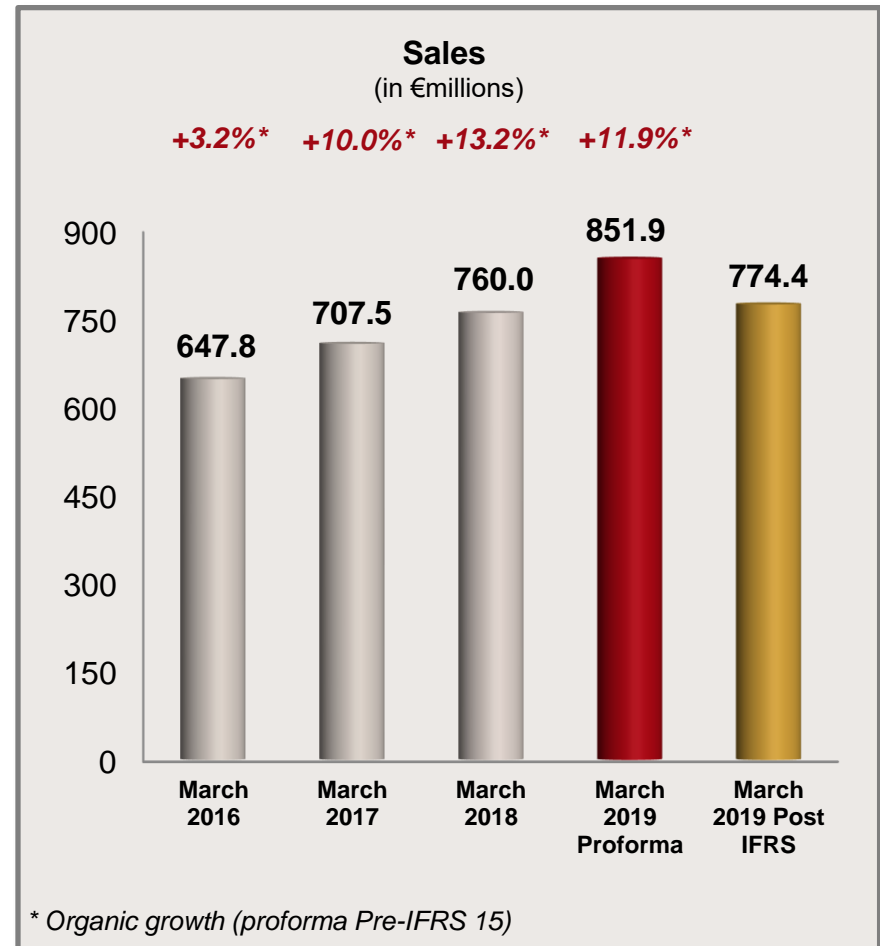
- Strong growth, led by Greater China, Southeast Asia and Travel Retail Asia

Americas

- Strong momentum across the region; value gains in the US

EMEA

- Russia, the United Kingdom, the Middle East, Switzerland and France contributed to the House's performance



Marketing initiatives

Rémy Martin

Limited Edition VSOP And App “ARt by Rémy Martin”
With Matt W. Moore

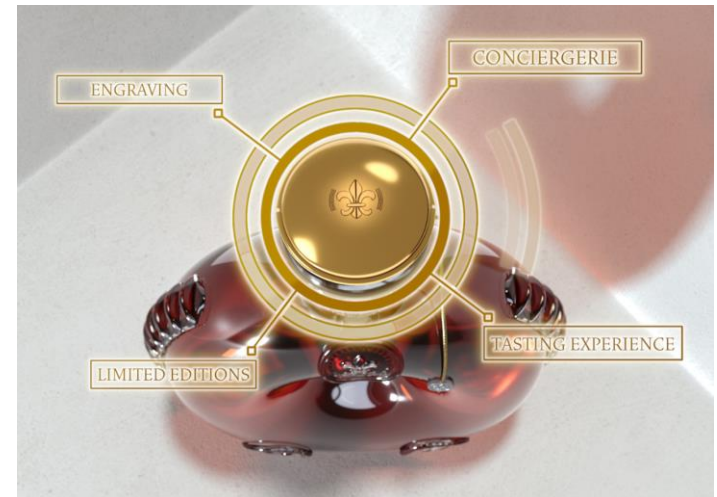


The ephemeral Houses of Rémy Martin



LOUIS XIII

“Think a Century Ahead” campaign and
Smart Decanter



Brand awareness
and image

“100 YEARS” parties around the world

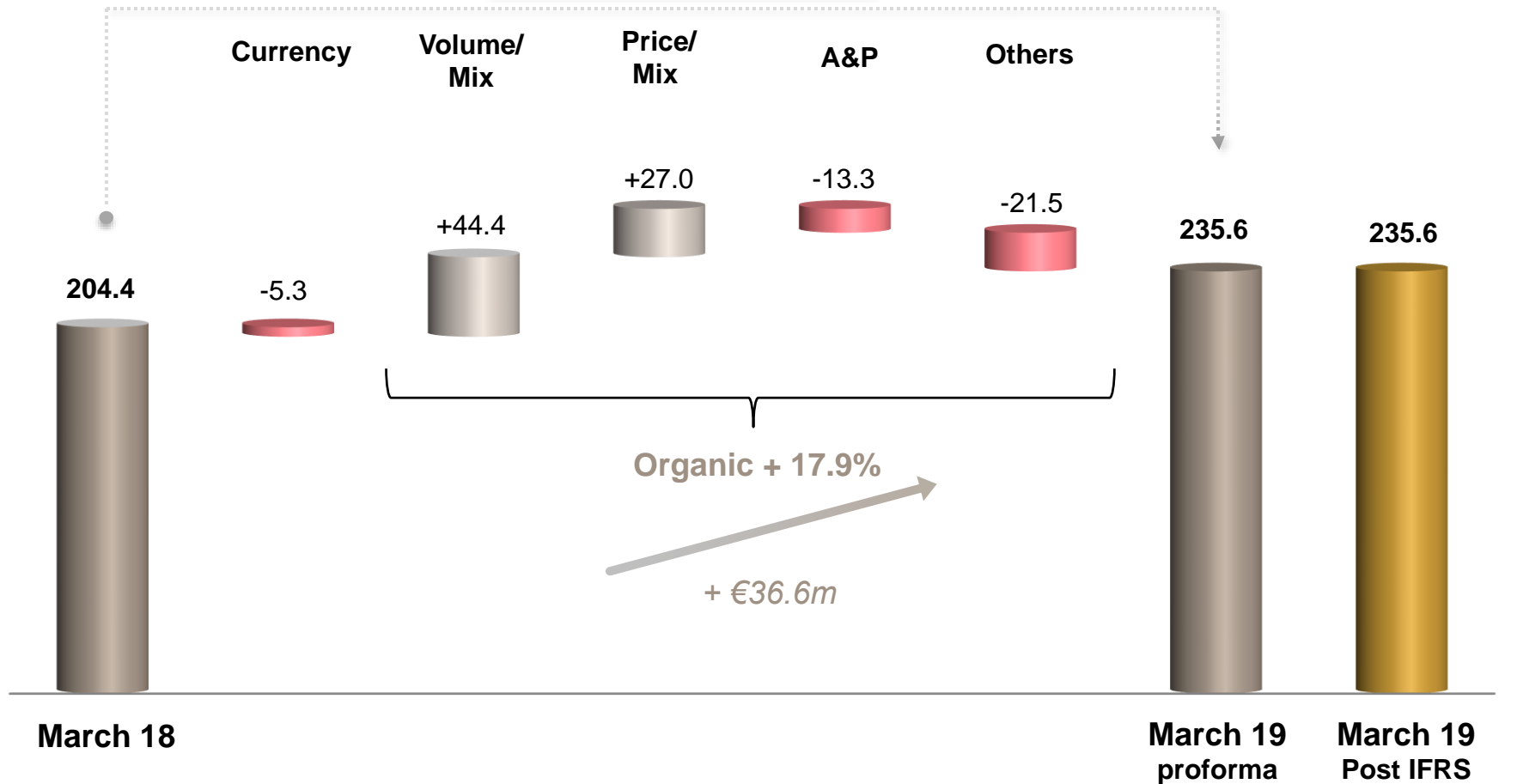


Brand Education

House of Rémy Martin

Current operating profit (€m)

Reported growth: +15.3%



COP/Sales: 26.9%

COP/Sales: 27.7% COP/Sales: 30.4%
(Org: 28.3%)

Liqueurs & Spirits

- **Organic sales growth of 4.0%** (volumes -1.6%)

Cointreau

- Steady progress throughout the year, with “The Art of the Mix” campaign starting to bear fruit in H2

Metaxa

- Slight decline in 2018/19, due to the brand’s accelerated move upmarket; investments focused on Metaxa 12 Stars

St-Rémy

- Good year, driven by the success of the “Cask Finish Collection” and the focus on its XO quality

Mount Gay

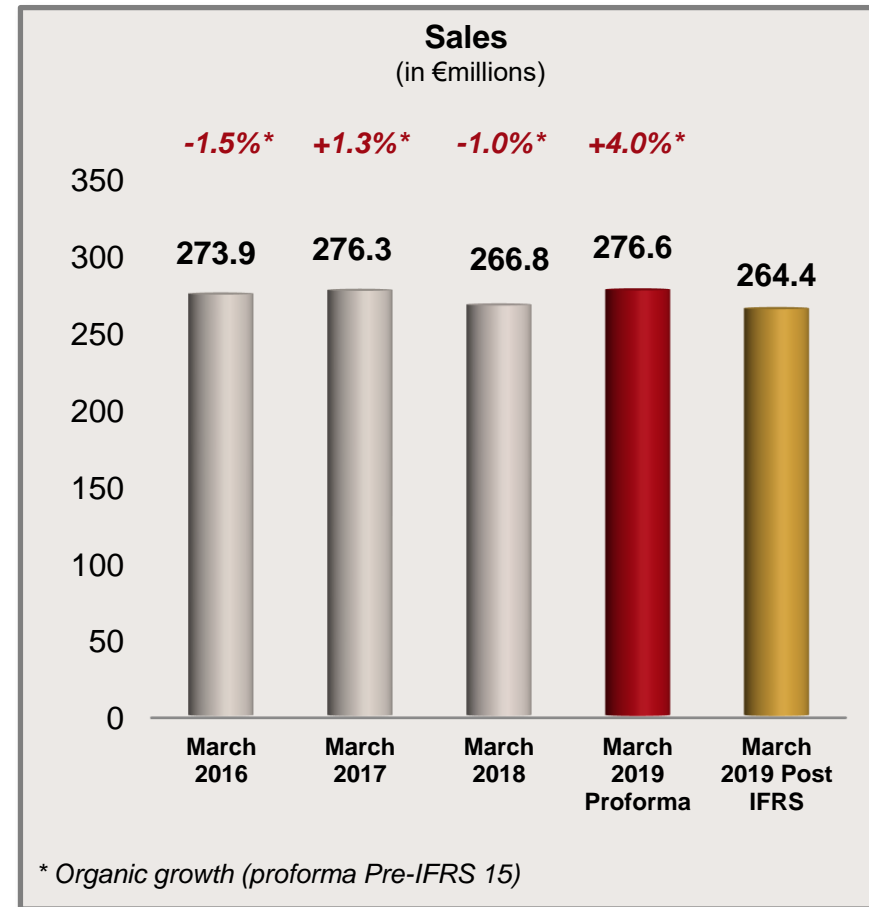
- Mixed performance due to current brand repositioning

The Botanist

- Double-digit growth across all regions; Success of #BeTheBotanist campaign

Whiskies

- Excellent year thanks to the new #WeAreIslay marketing campaign and the success of the new Port Charlotte bottle



Marketing initiatives: Cointreau



LIMITED EDITION IN COLLABORATION WITH
THE DESIGN LABORATORY OF CENTRAL
SAINT MARTINS COLLEGE

“THE MARGARITA LOVES COINTREAU”
CAMPAIGN



Marketing initiatives

New Port Charlotte bottle and #WEAREISLAY campaign



METAXA
AEN CASK No2

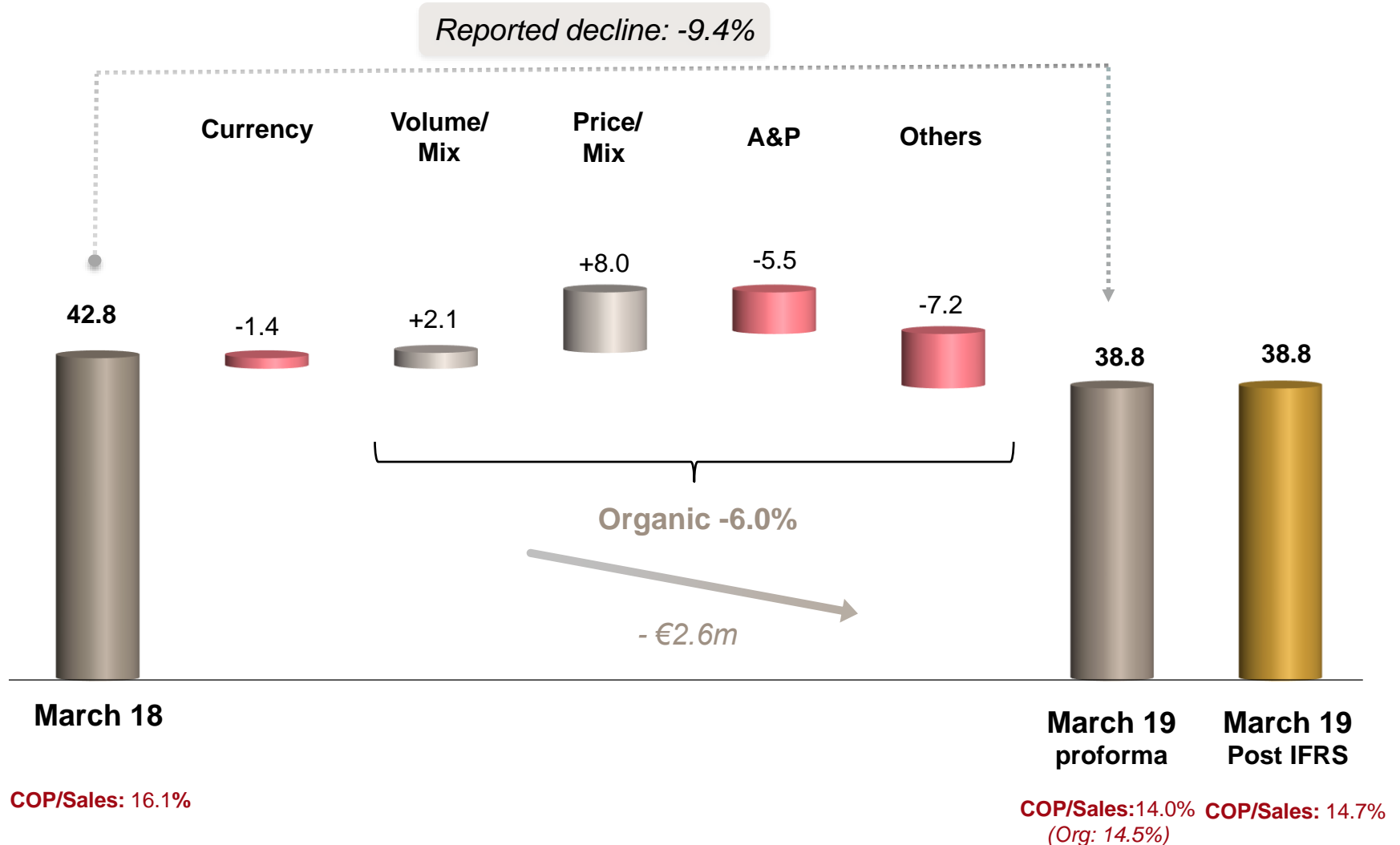


St-Rémy
French Chardonnay Cask Finish



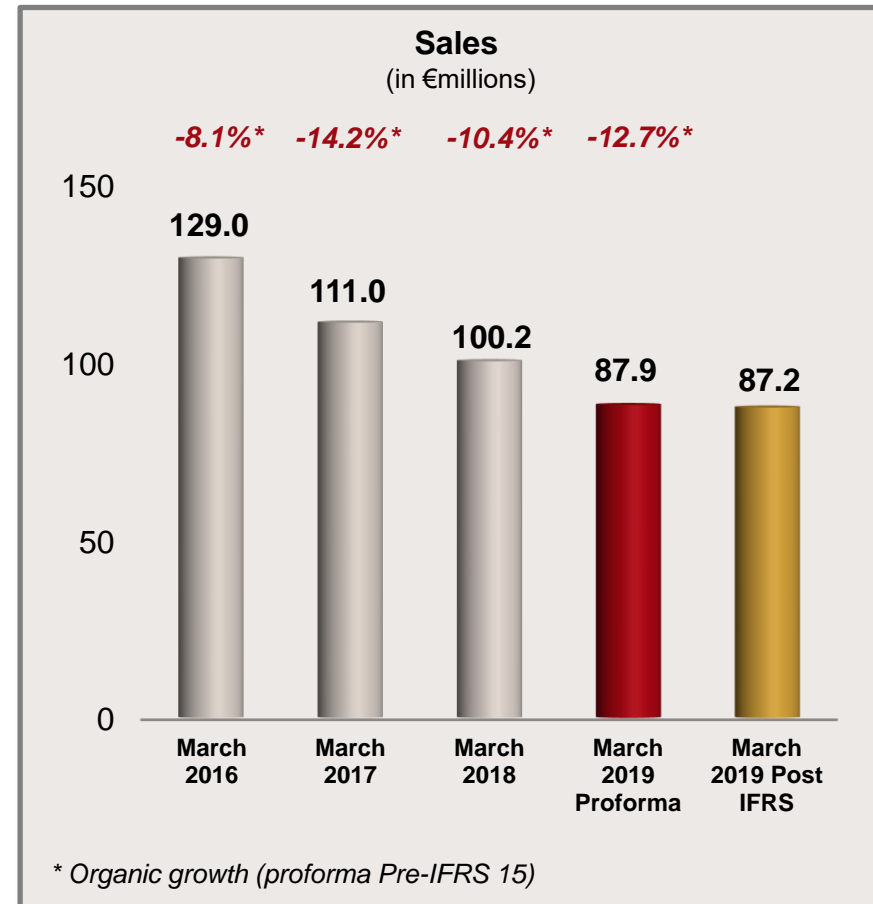
Liqueurs & Spirits

Current operating profit (€m)



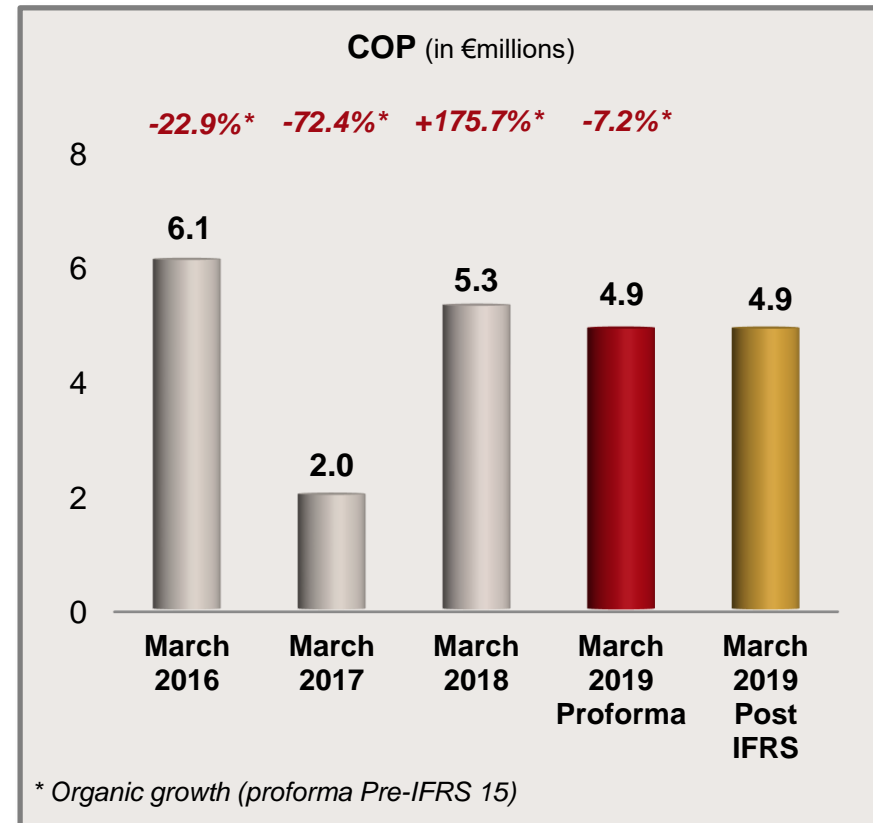
Partner Brands

- **Organic sales decline** of -12.7% (volumes -19.7%)
 - Sales decline mainly due to termination of new partner brand distribution contracts (€15M impact)
 - In line with Group's strategy of gradually refocusing on its proprietary brands



Partner Brands

- **Current Operating Profit: €4.9m**
- COP decline is the consequence of the revenue evolution





RÉMY COINTREAU

Financial results

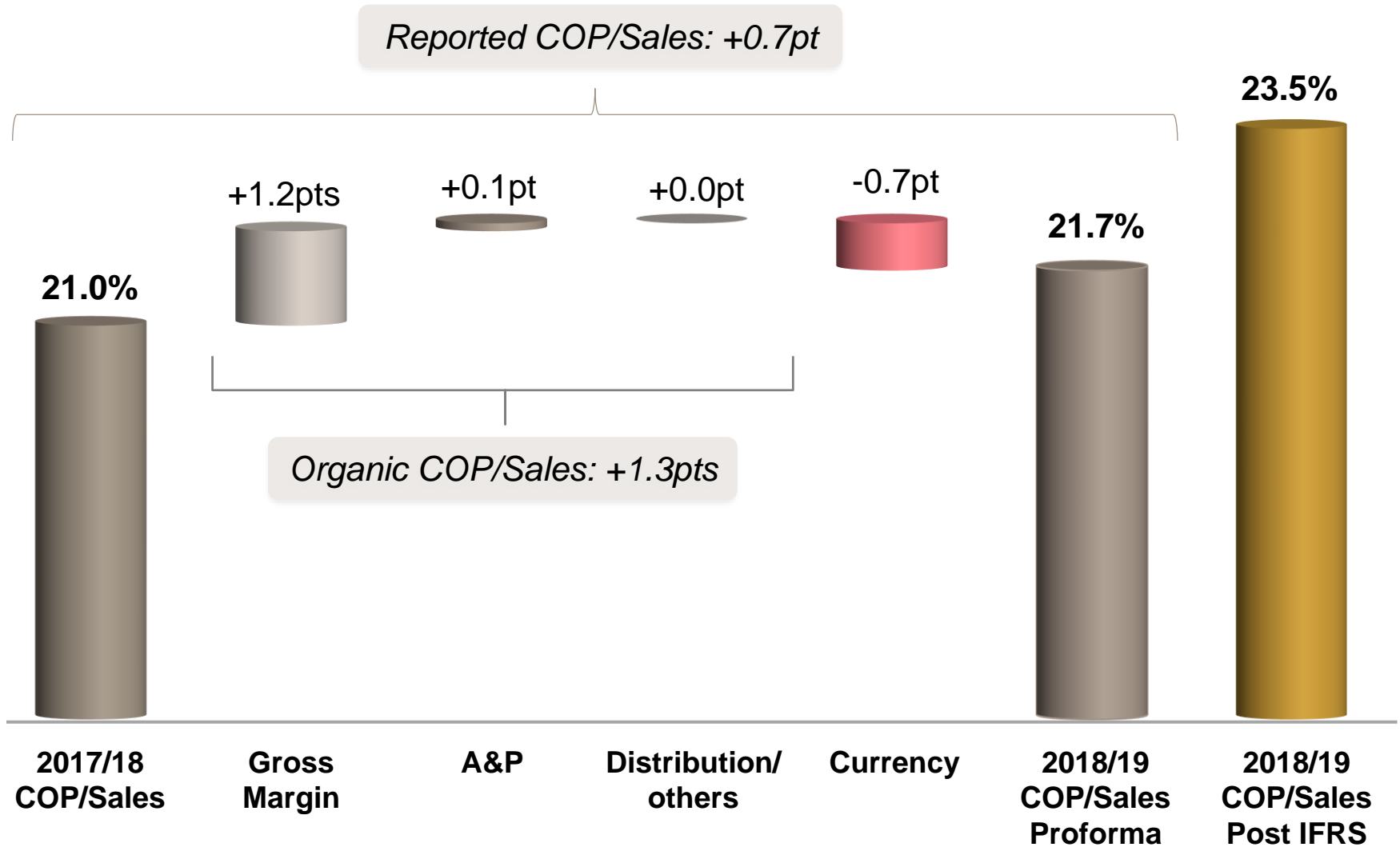
LUCA MAROTTA

CHIEF FINANCIAL OFFICER

Current Operating Profit

Ending March (€m)	Proforma Pre-IFRS 15, 16 & 9				2019 Post-IFRS 15, 16 & 9
	2019	2018	Reported change	Organic change	
Net Sales	1,216.5	1,127.0	7.9%	7.8%	1,125.9
Gross Profit	828.9	760.7	9.0%	9.8%	710.9
<i>in %</i>	68.1%	67.5%	+0.6pt	+1.2pts	63.1%
Sales and marketing expenses	(464.3)	(432.7)	+7.3%	+7.2%	(346.3)
Administrative expenses	(101.3)	(91.7)	+10.5%	+10.4%	(100.7)
Other income and expenses	0.3	0.4	-	-	0.3
Current Operating Profit	263.6	236.8	11.3%	14.2%	264.1
Current operating margin	21.7%	21.0%	+0.7pt	+1.3pts	23.5%

Current Operating Margin



Net profit

	Pre-IFRS		Post IFRS
	15, 16 & 9		15, 16 & 9
<i>Ending March (€m)</i>	2019	2018	2019
Current Operating Profit	263.6	236.8	264.1
Other operating income (expenses)	1.7	(13.7)	1.7
Operating profit	265.2	223.1	265.8
Net financial income (charge)	(35.2)	(22.0)	(32.5)
Pre-tax profit	230.1	201.0	233.3
Taxes	(66.5)	(53.5)	(67.7)
Tax rate	28.9%	26.6%	29.0%
Share profit (loss) of associated companies	(6.7)	0.5	(6.7)
Net profit Group share	157.1	148.2	159.2
Net profit (excluding non-recurring items)	167.8	151.3	169.9
Net margin (excluding non-recurring)	13.8%	13.4%	15.1%

Non-recurring items

	Pre-IFRS 15, 16 & 9		Post-IFRS 15, 16 & 9
	2019	2018	2019
<i>Ending March (€m)</i>			
Net profit – Group share	157.1	148.2	159.2
Other operating income and expenses	(1.7)	13.7	(1.7)
Expense on vendor loan (financial charge)	5.2	0.0	5.2
Non-recurring tax items	0.1	(10.3)	0.1
Disposal of the stake in the Diversa joint venture (net of exit costs)	7.0	0.0	7.0
Others	0.0	(0.3)	0.0
Net profit excluding non-recurring items – Group share	167.8	151.3	169.9

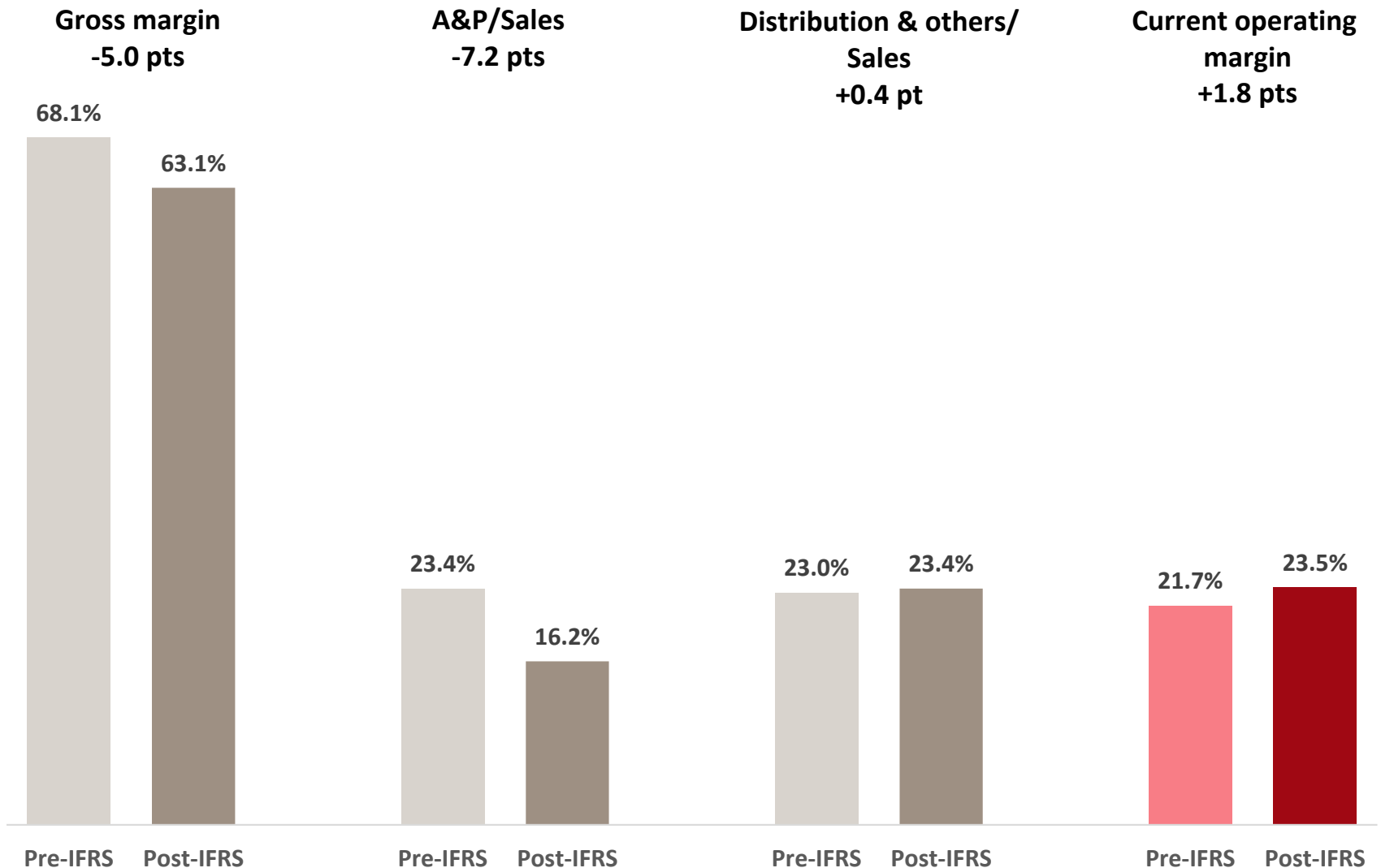
New IFRS standards: impacts on the P&L

RÉMY COINTREAU

	Proforma Pre-IFRS 15, 16 & 9	Impacts			Post-IFRS 15, 16 & 9
<i>(€m)</i>	March 2019	IFRS 15	IFRS 16	IFRS 9	March 2019
Net sales	1,216.5	(90.5)	-	-	1,125.9
Cost of sales	(387.6)	(27.5)	-	-	(415.1)
Gross margin	828.9	(118.0)	-	-	710.9
Sales and marketing expenses	(464.3)	118.0	-	-	(346.3)
Administrative expenses	(101.3)	-	0.6	-	(100.7)
Other income and expenses	0.3	-	-	-	0.3
Current Operating Profit	263.6	-	0.6	-	264.1
Other operating expenses/income	1.7	-	-	-	1.7
Operating profit	265.2	-	0.6	-	265.8
Cost of net financial debt	(12.6)	-	(1.0)	-	(13.7)
Other financial income/(expense)	(22.5)	-	-	3.7	(18.8)
Net financial income/(expense)	(35.2)	-	(1.0)	3.7	(32.5)
Profit before tax	230.1	-	(0.4)	3.7	233.3
Income tax	(66.5)	-	0.1	(1.3)	(67.7)
Net profit – Group share	157.1	-	(0.3)	2.4	159.2
Net profit excluding non-recurring items	167.8	-	(0.3)	2.4	169.9
Net debt / EBITDA	1.08	-	0.11	-	1.19

Current operating margin

Comparing Pre and Post IFRS 15, 16 & 9 (2018-19)



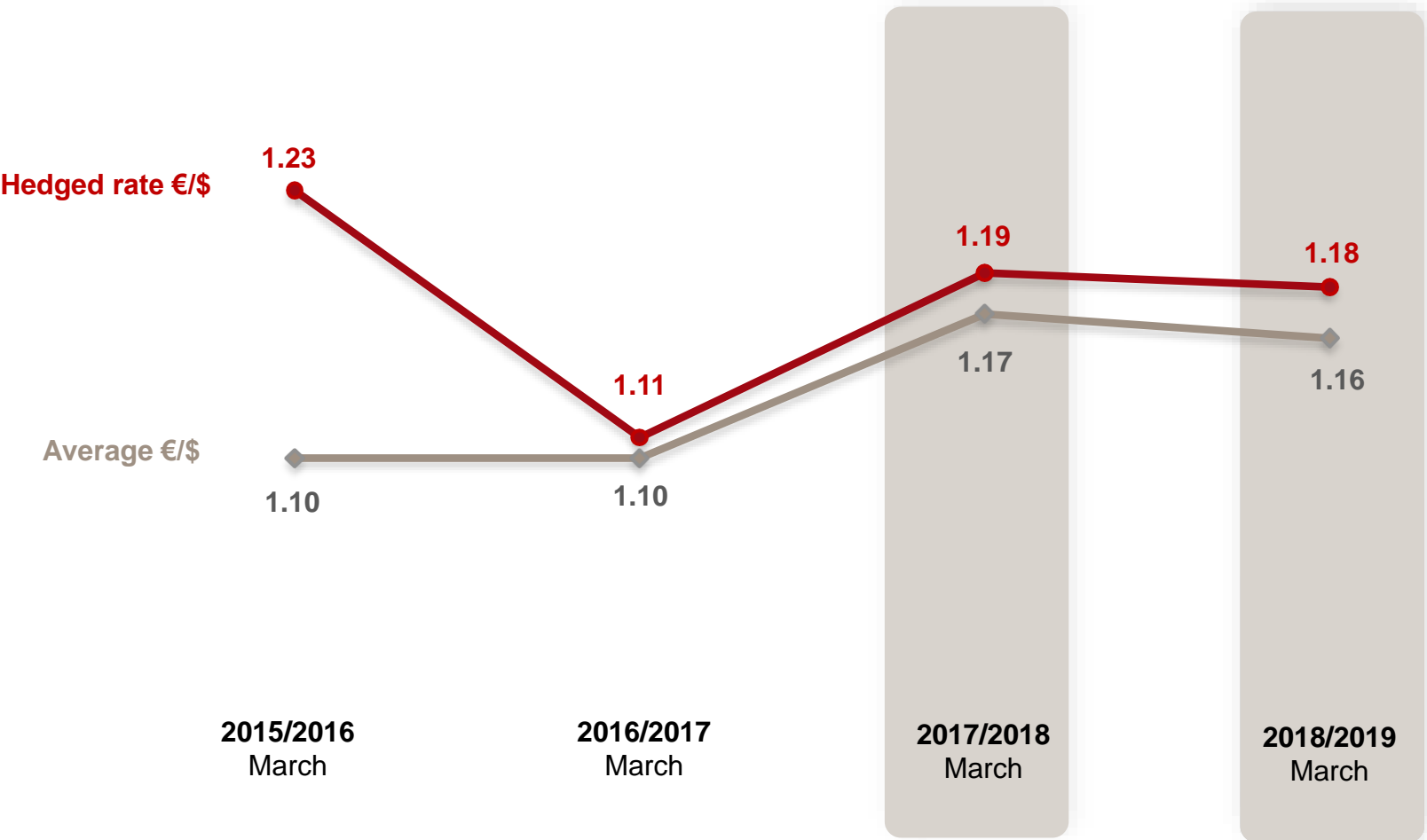
Net debt/Cash flow

	Pre-IFRS 15, 16 & 9			Post-IFRS 15, 16 & 9
Ending March (€m)	2019	2018	Change	2019
Opening net financial debt (1 April)	(282.8)	(390.1)	107.3	(282.8)
Gross operating profit (EBITDA)	290.6	261.5	29.1	298.1
WCR of eaux-de-vie and spirits in ageing process	(85.6)	(35.1)	(50.5)	(85.6)
Other working capital items	(79.8)	26.6	(106.4)	(79.8)
Capital expenditure	(44.6)	(33.6)	(11.0)	(44.6)
Financial expenses	(14.4)	(12.0)	(2.4)	(15.4)
Tax payments	(64.1)	(56.4)	(7.7)	(64.1)
Total recurring free cash flow	2.1	150.9	(148.8)	8.5
Dividends	(9.1)	(24.7)	15.6	(9.1)
Other proceeds from asset acquisitions/disposals	6.1	1.3	4.7	6.1
Share buyback program	(103.6)	(26.4)	(77.2)	(103.6)
Early reimbursement of the vendor loan by EPI	86.8	-	86.8	86.8
Conversion differences and others	(12.4)	6.1	(18.5)	(13.6)
IFRS adjustments (IFRS 15, 16 & 9)	-	-	-	(35.6)
Total cash flow for the period	(30.2)	107.3	(137.5)	(60.5)
Closing net financial debt (31 March)	(313.0)	(282.8)	(30.2)	(343.3)
A Ratio (Net debt/EBITDA)	1.08	1.48	-0.40	1.19

Net financial expenses

	Pre-IFRS 15, 16 & 9		Post IFRS 15, 16 & 9
<i>Ending March (€m)</i>	2019	2018	2019
Gross debt servicing costs	(12.6)	(14.5)	(13.7)
Net currency gains (losses)	(7.7)	(2.9)	(4.0)
Other financial expenses (net)	(14.8)	(4.6)	(14.8)
- o/w accrued interest and expense on vendor loan	(5.2)	4.6	(5.2)
Net financial income (charges)	(35.2)	(22.0)	(32.5)

Foreign exchange: hedging impact



Currency impact on Sales and COP

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20E
Average EUR/USD exchange rate	1.27	1.10	1.10	1.17	1.16	1.18
Average EUR/USD hedged rate	1.30	1.23	1.11	1.19	1.18	1.17
Total sales impact (in €m)	30.3	82.7	-5.7	-48.9	+1.5	-20.0
Total COP impact (in €m)	1.0	12.9	23.6	-18.5	-6.8	+0.0

Note: Estimated impact on 2019/20 sales and COP is based on an average exchange rate EUR/USD of **1.18** and an average hedged rate of **1.17**.

The estimated total impact of €0m on the COP 2019/20 could split between a €5m gain in H1 and a €5m loss in H2.

The sensitivity of Group's sales and COP to the US dollar and related currencies is the following: A 1 cent increase in USD vs. EUR is a c€5-6M gain on sales and a c€3-4M gain on COP, all things alike.

Balance sheet at 31 March 2019

Proforma Pre-IFRS 15, 16 & 9



RÉMY COINTREAU

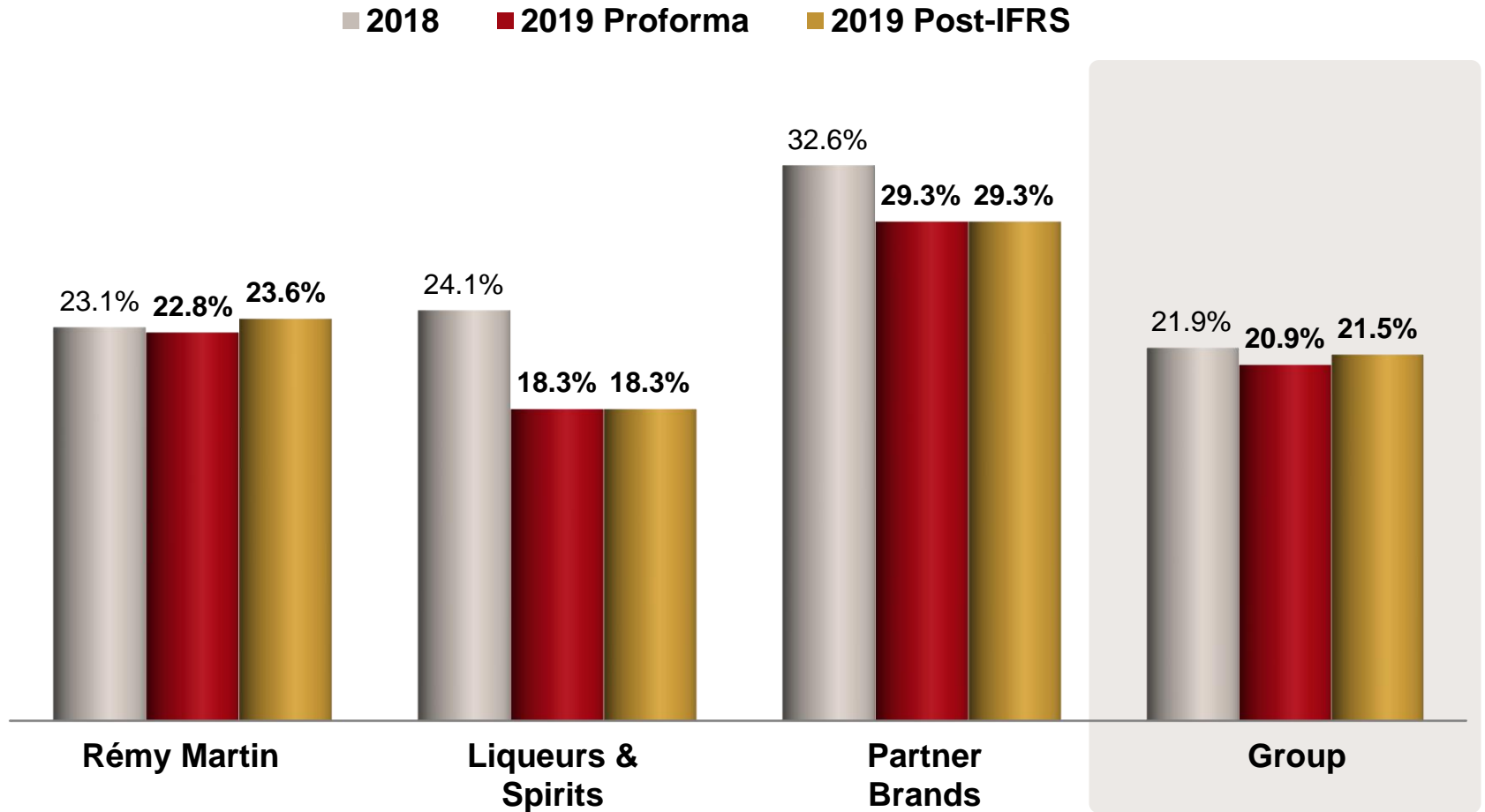
Assets

Liabilities

(€m)

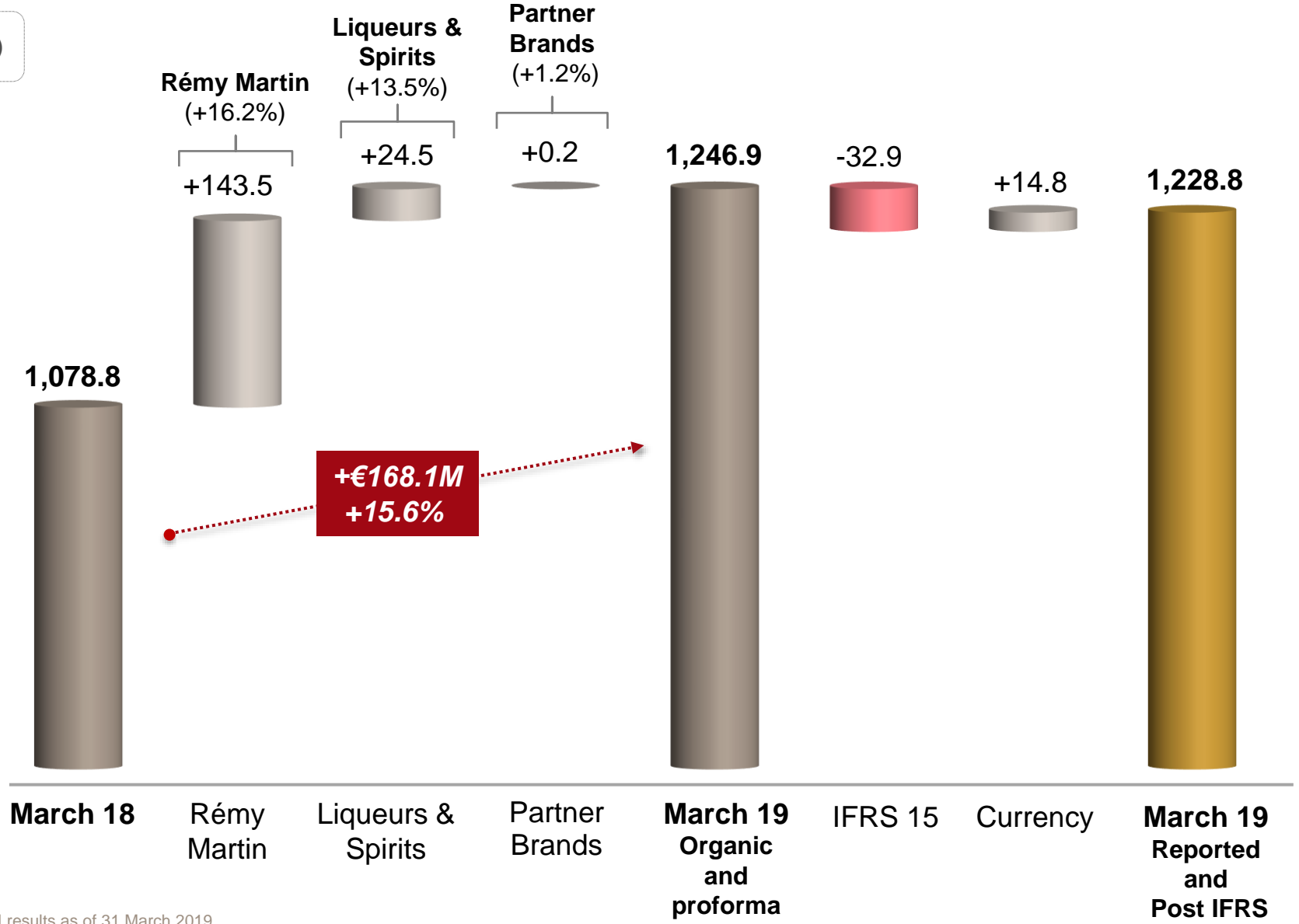
	March 2019	in %	March 2018	in %		March 2019	in %	March 2018	in %
Non-current assets	886	34%	959	38%	Shareholders' equity	1,451	56%	1,408	55%
Current assets	1,521	59%	1,396	55%	Current and Non-current liabilities	643	25%	664	26%
<i>o/w inventories</i>	1,246	48%	1,170	46%	Gross financial debt	492	19%	470	18%
Cash	179	7%	187	7%	Total Liabilities	2,586	100%	2,542	100%
Total Assets	2,586	100%	2,542	100%	Stocks/Assets	48%		46%	
					Net Gearing	22%		20%	

ROCE



Changes in Capital Employed

(€M)



Key events during the year (1)

- **2 July 2018** **Signing of a syndicated loan amounting to €100 million**, funded by a pool of six banks. This new facility will mature in 5 years (with a possible extension of 2 years) and includes a margin grid between 35bps and 125bps, depending on the Group's debt level.
- **10 July 2018** **Early repayment of the vendor loan granted to the EPI Group** along with the disposal of the Champagne division in July 2011. The loan was signed for a maximum term of 9 years. Its early reimbursement resulted in a cash collection of €86.8 million.
- **24 July 2018** **Approval of an ordinary dividend of €1.65 per share at our General Meeting** (with an option allowing a full payment in shares). 89% of the rights were exercised by the shareholders in favor of a payment in shares. Payments of the dividend were made on September 17, 2018.
- **18 October 2018** Rémy Cointreau was **ranked 3rd by Gaïa Rating**, EthiFinance's CSR rating agency, among the mid-cap companies (listed in France and in Europe) whose turnover is > €500m.

Key events during the year (2)

- **26 October 2018** **Standard & Poor's upgraded the rating** of the Rémy Cointreau Group to BBB- (Investment grade) versus BB+ previously.
- **21 December 2018** Signing of a share purchase agreement for the **disposal of the distribution subsidiaries in the Czech Republic** (Rémy Cointreau Czech Republic) and **Slovakia** (Rémy Cointreau Slovakia) to Mast-Jägermeister SE.
- **27 December 2018** **End of the share buyback program 2018.** The Rémy Cointreau Group acquired 1 million shares (representing 1.96% of its share capital) for an average price of €103.60 per share.
- **28 January 2019** **Cancellation of 800,000 treasury shares** following the end of the share buyback program (1.57% of capital).

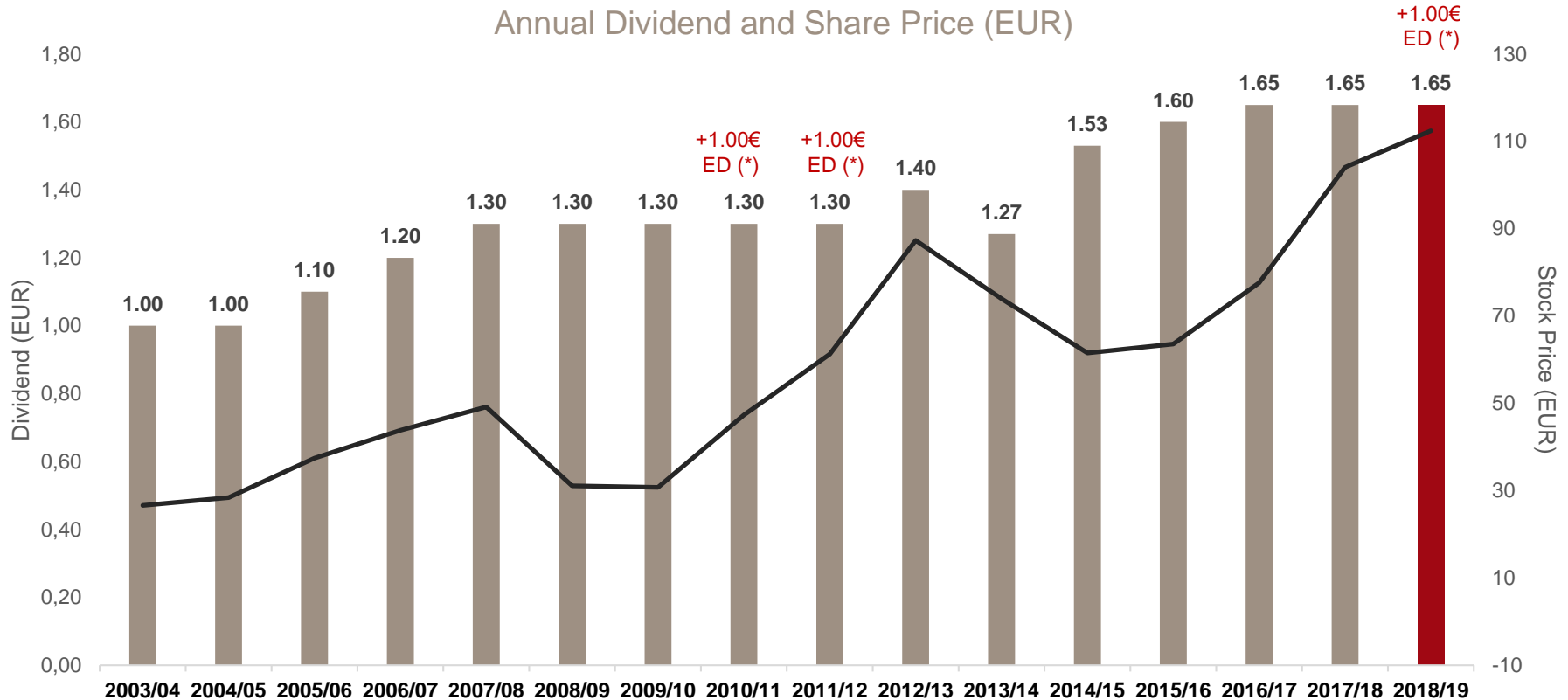
Post-closing events

- **1 April 2019** **Rémy Cointreau sold its stake in Diversa — its 50/50 joint venture in Germany with Underberg — to the Underberg Group. On the same day, Eggers & Franke Group took over the distribution of Rémy Cointreau’s spirits in Germany from Diversa.**
- **1 April 2019** **Effective disposal of Rémy Cointreau’s distribution subsidiaries in the Czech Republic and Slovakia to Jägermeister.** Concurrently with this sale, the Group signed an agreement with Jägermeister for the distribution, by the latter, of Rémy Cointreau’s spirits in the Czech Republic and Slovakia.
- **29 May 2019** **Entered into exclusive negotiations with the Brillet family with the intention of acquiring the **Maison de Cognac JR Brillet and part of its vineyard estate.****

Dividends



An ordinary dividend of 1.65 euro per share (unchanged compared to last year), will be put to a shareholders' vote at the general assembly on 24 July 2019. Given the strong growth in annual results, the Board of Directors has also decided to propose an **exceptional dividend of 1.00 euros per share**. Shares will trade ex-dividend on 30 July 2019 and dividends made payable starting on 16 September 2019.





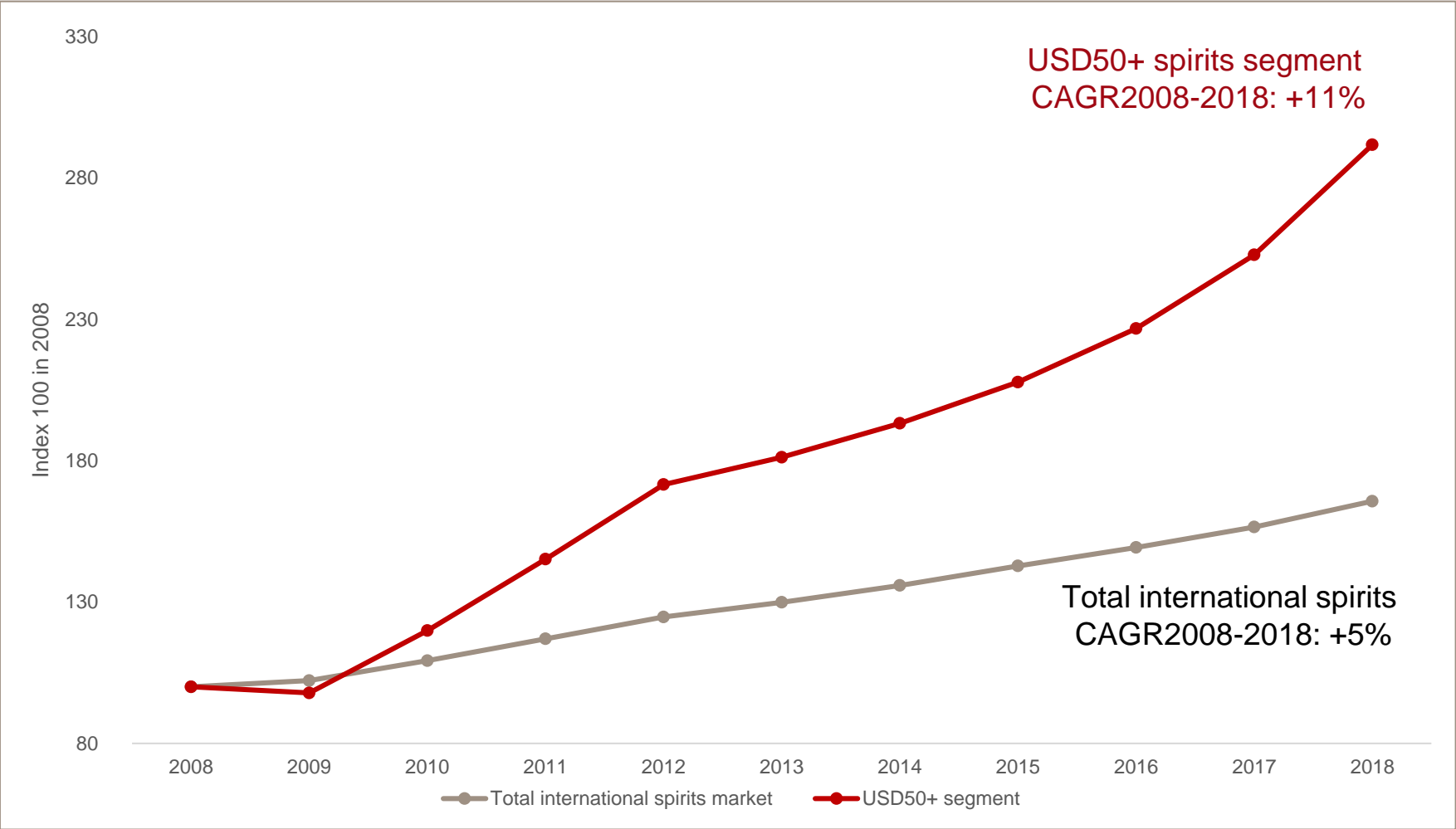
RÉMY COINTREAU

Outlook

VALÉRIE CHAPOULAUD-FLOQUET

CHIEF EXECUTIVE OFFICER

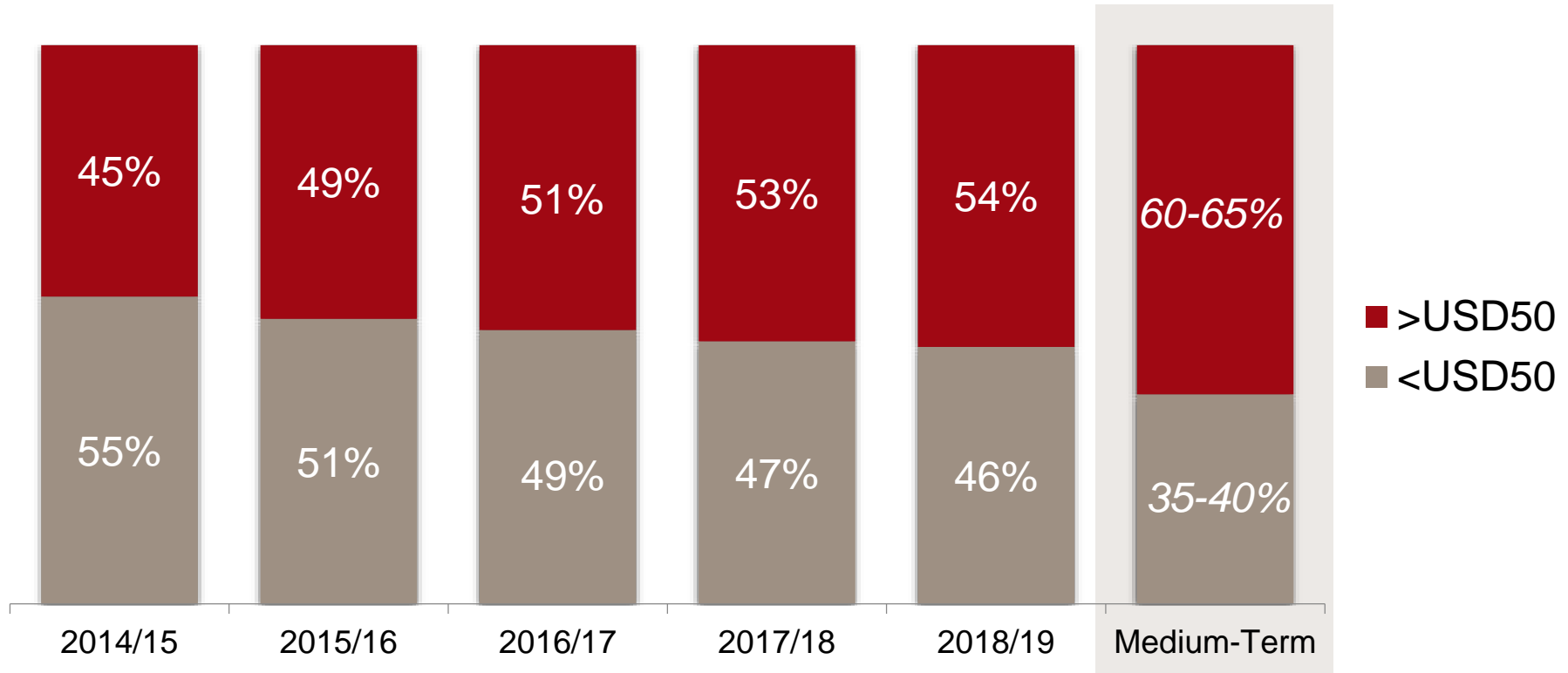
Our ambition : Leader of Exceptional Spirits



Source: IWSR, Rémy Cointreau; "Retail" value of the international spirits market estimated at around 200 billion USD

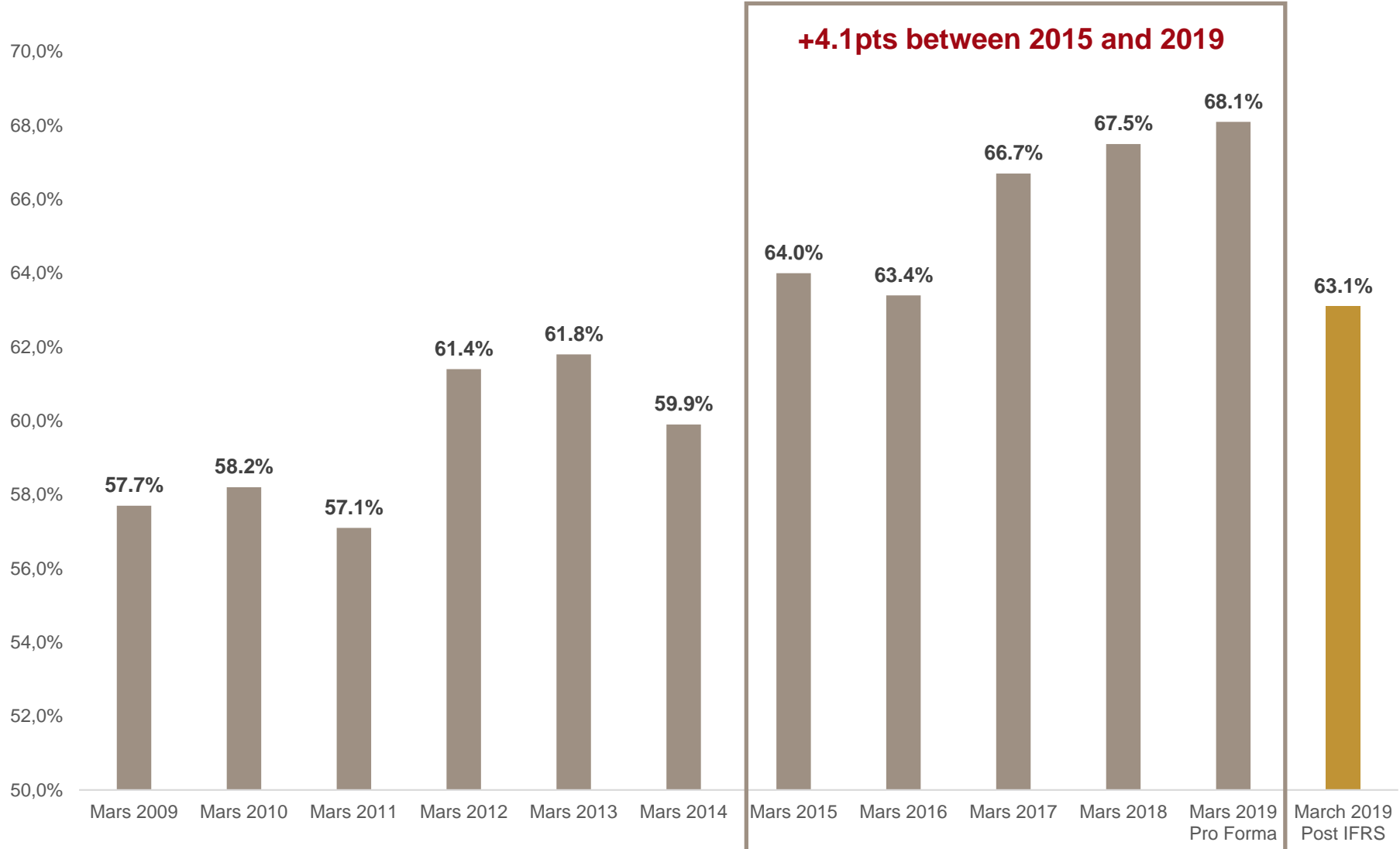
Contribution of Exceptional Spirits

Steady increase in the contribution of Exceptional Spirits (>USD50) to the Group's total sales



Strong improvement in Gross Margin in past 5Y

Increased focus on Exceptional Spirits (>USD50) translated into significant Gross Margin (*) expansion

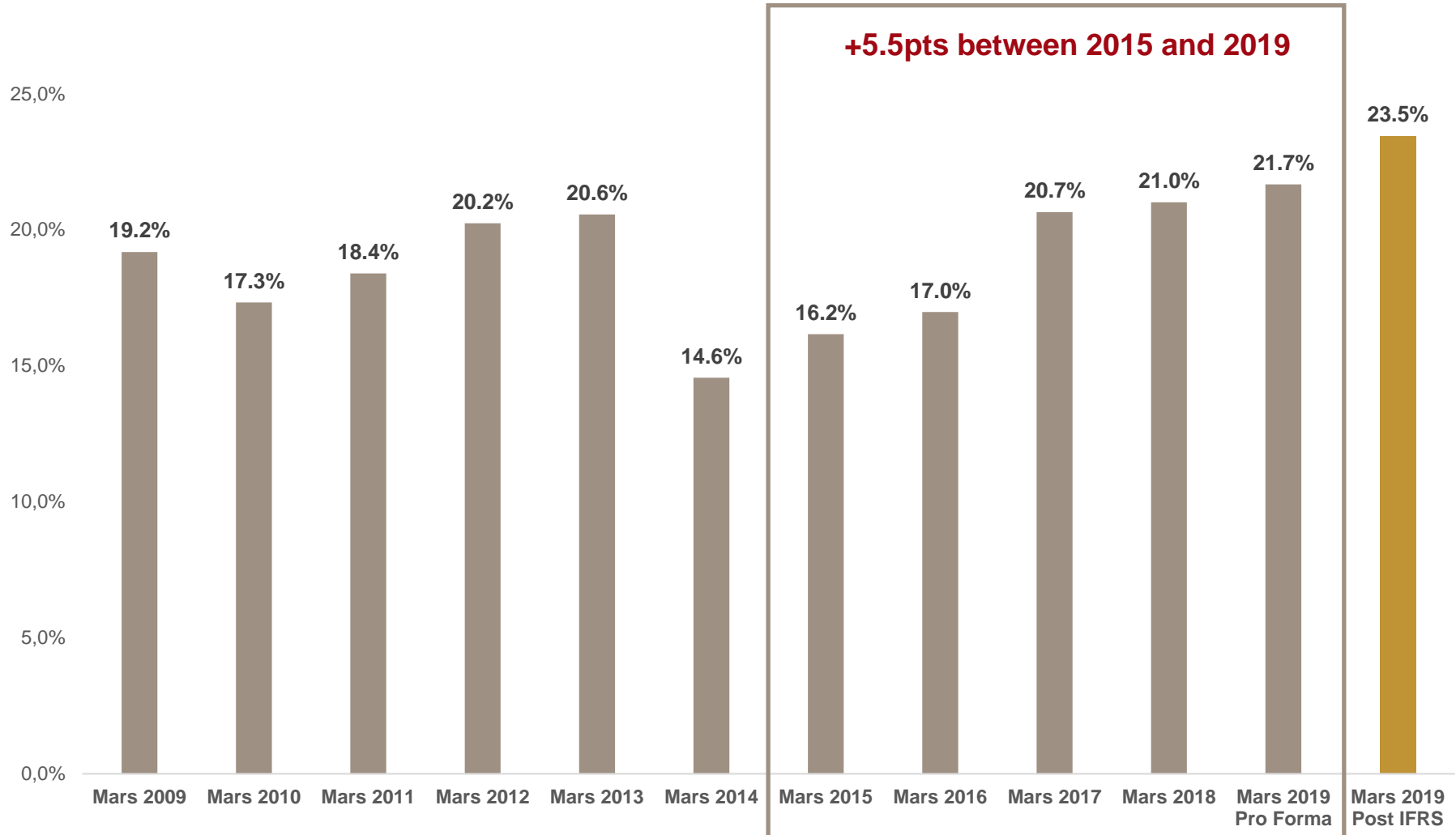


Annual results as of 31 March 2019

(*) Reported Gross Margin

And significant COP Margin gains

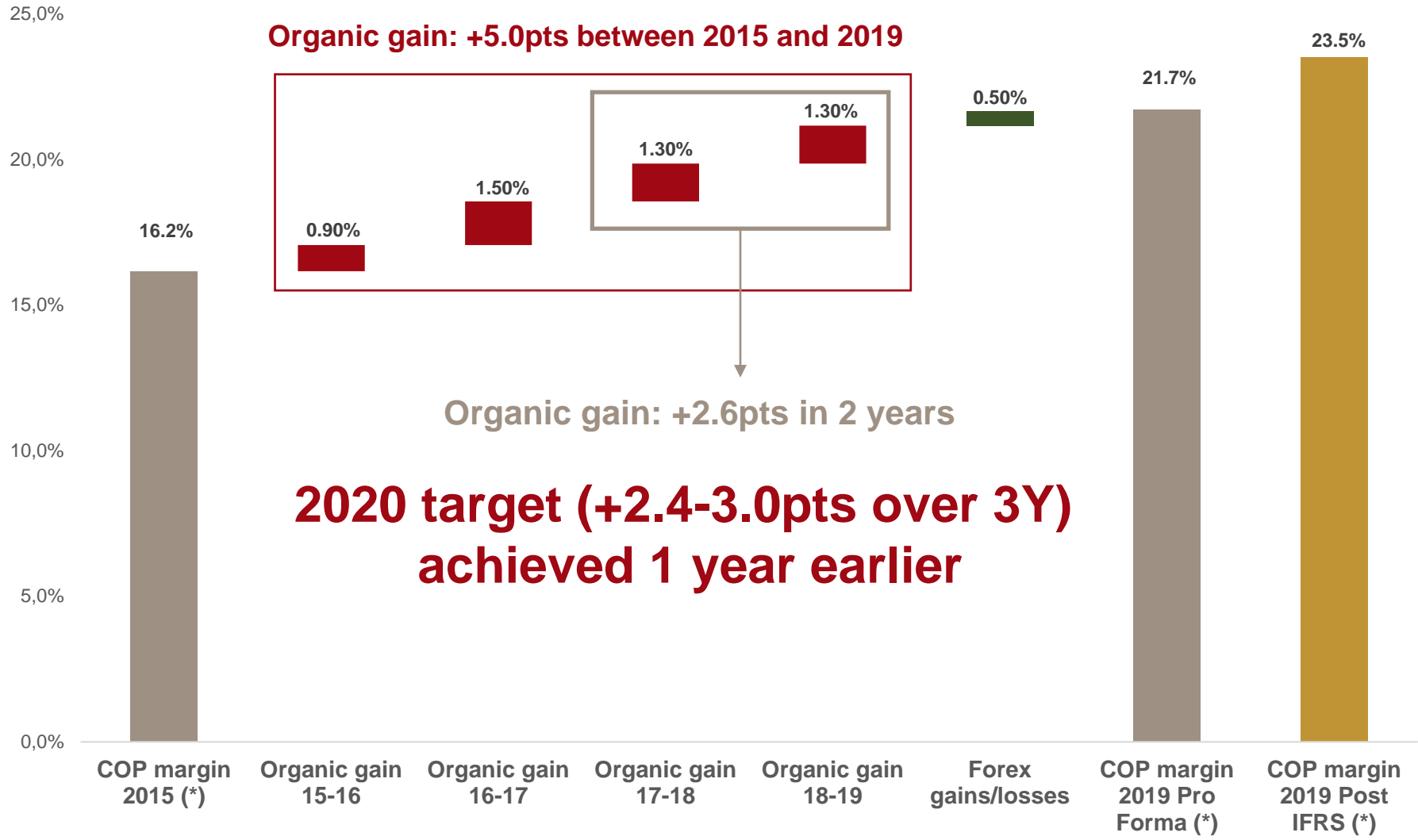
And strong Gross Margin expansion fuelled significant COP Margin (*) improvement



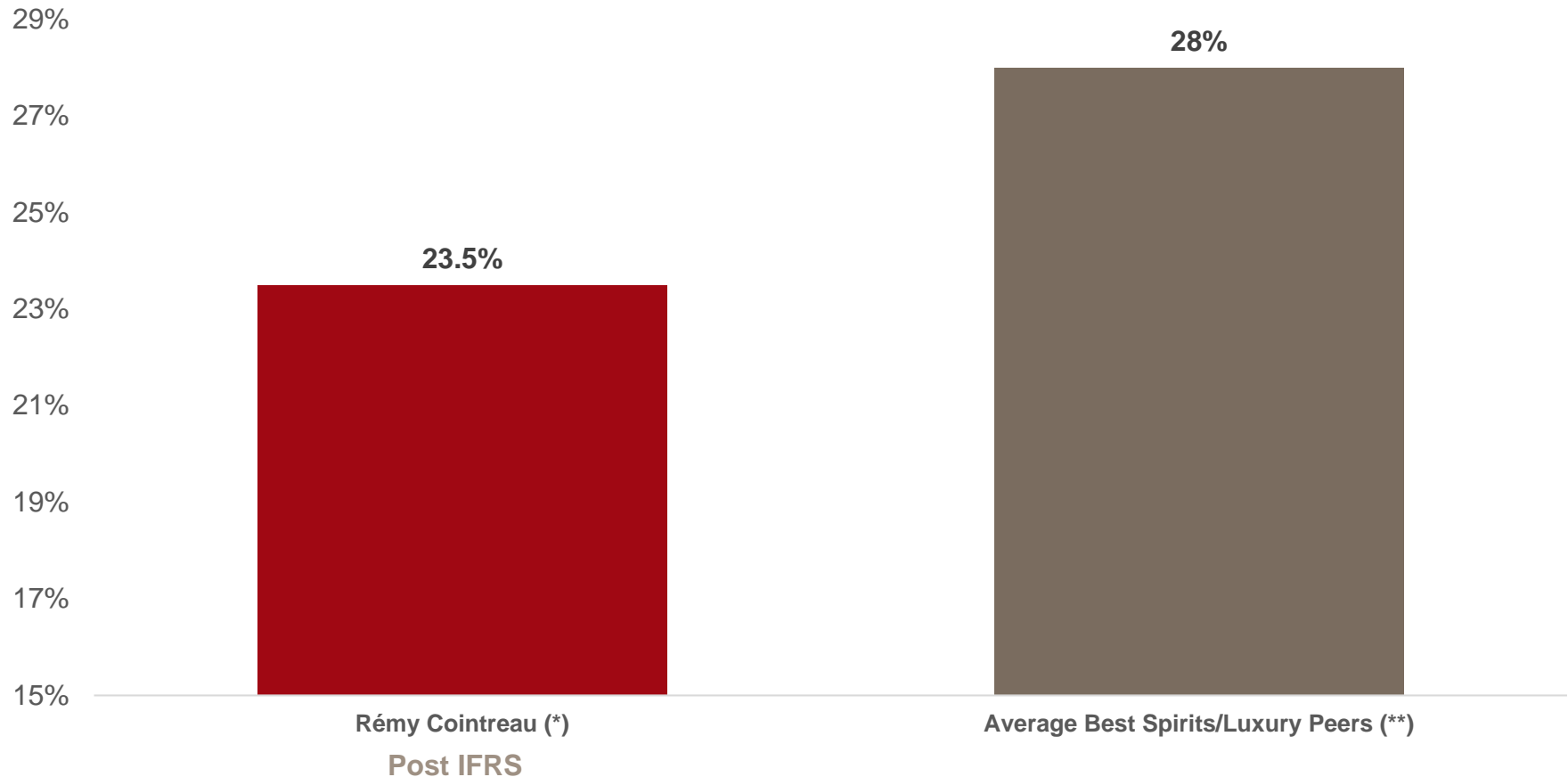
Annual results as of 31 March 2019

(*) Reported COP Margin

COP margin consistently beating targets



COP Margin: still upside potential vs. Best-in-Class Spirits/Luxury Peers



(*) Rémy Cointreau's reported current operating margin (post IFRS 15, 9 & 16)

(**) Average current operating margin (post IFRS) of: Diageo, Pernod Ricard, Brown Forman, Campari, LVMH, Kering, Hermès

New Medium-Term Objectives

In an uncertain economic and geopolitical context:

- Become the leader of Exceptional Spirits
- Increase the contribution of Exceptional Spirits to 60-65% of sales
- Gradually drive the Current Operating Margin upwards
- Keep investing significantly in strategic A&P and structure costs

To build:

An increasingly sustainable, resilient, and profitable business model

2019/20 Outlook

- **2019/20** to unfold within the framework of the Group's medium-term objectives
- **Termination of Partner Brands' distribution contracts:** estimated negative impact of €56M on sales (€31M in H1 and €25M in H2; -5pts hit on organic sales growth) and €5M on COP.
- **Q1:** as expected, slight sales decline due to the phasing of price increases

Questions & Answers

RC
RÉMY COINTREAU

