



RÉMY COINTREAU

I N T E G R A T E D   A N N U A L   R E P O R T  
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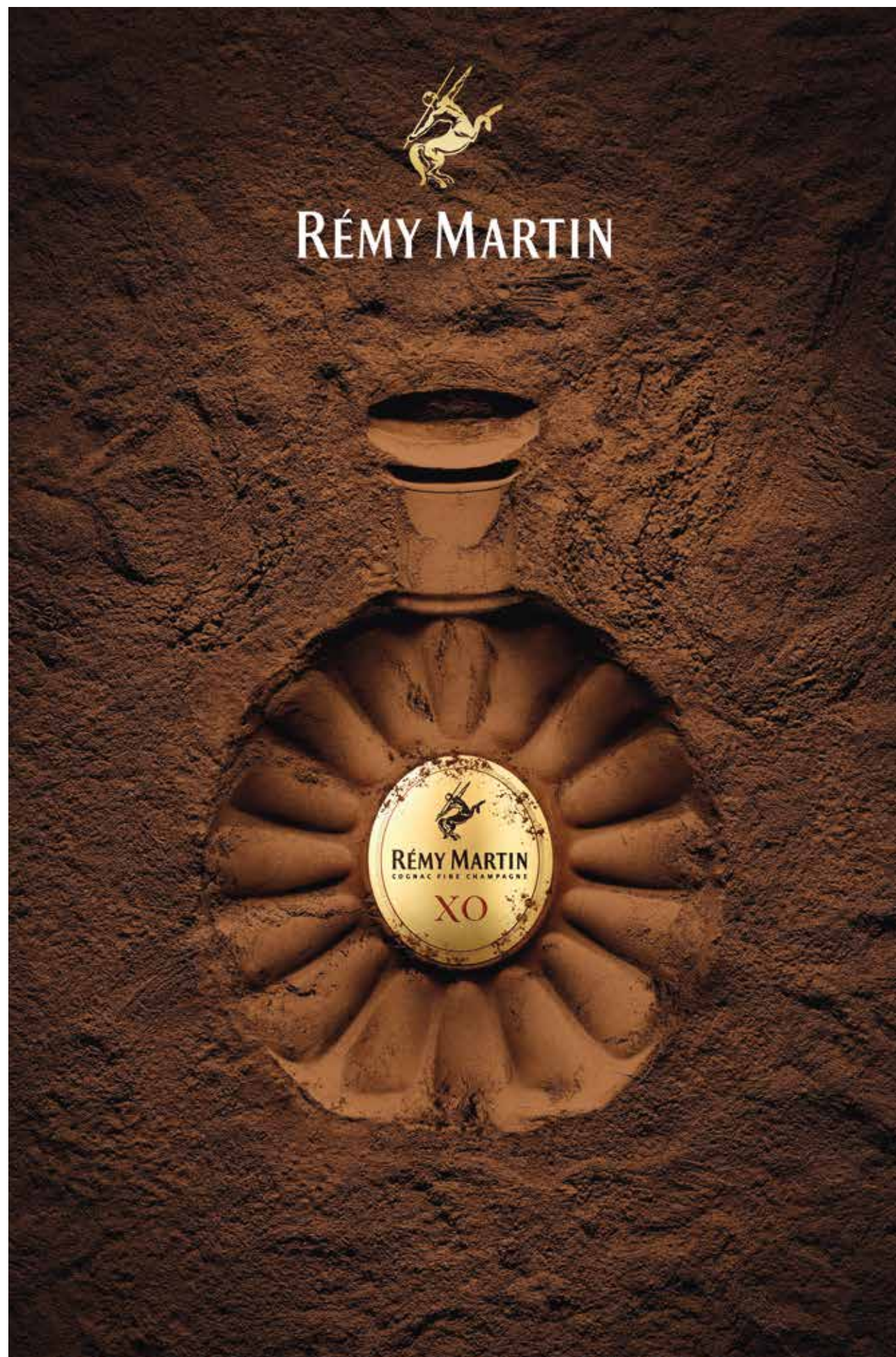
I N T E G R A T E D   A N N U A L   R E P O R T  
2 0 1 8 / 2 0 1 9

Green, the color of spring, of the botanical  
kingdom, of the awakening to life.  
The color of our vines, our barley fields,  
our bitter oranges, our aromatic herbs.  
Color of hope, strength and longevity.  
Color of our commitment to preserve our  
terroirs and our savoir-faire,  
from generation to generation.



RÉMY COINTREAU





Partnership between Rémy Martin XO and chocolate maker Pierre Marcolini

## F O R E W O R D

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The year 2018/2019, which is dedicated to the theme of Time in this integrated annual report, has been rewarded with record results. The Group Brands are verging on double-digit growth with nearly all of them contributing to this success. The proper synchronisation between the “long cycle”, specific to our exceptional distiller professions, and the “short cycle”, which must be mastered to adapt to market forces, has demonstrated its relevance.

Respect for the long cycle and respect for the environment go hand-in-hand. This year was marked by the ramping up of our Corporate Social Responsibility (CSR) policy, in order to ensure the sustainability of our terroirs and savoir-faire. Reducing the use of phytosanitary products, reducing water use, lowering the carbon footprint and making progress in the area of eco-design are all priorities to perpetuate the excellence of all our Houses.





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# 01 INTEGRATED REPORT

There are clients all over the world looking for exceptional experiences, clients for whom the diversity of the terroirs is matched with the variety of flavours. Their requirement is aligned with our savoir-faire, the savoir-faire that we ensure is passed on from generation to generation. The time these clients spend savouring our spirits is a tribute to all those who have worked hard to craft them.

It is for these men and women that Rémy Cointreau, a family-owned French group, protects its terroirs, cultivates the exception of multi-century spirits and is committed to preserving their timelessness. The Group's portfolio includes 12 unique brands, including Rémy Martin & Louis XIII cognacs and Cointreau liqueur.

Rémy Cointreau has only one ambition: to become the world leader in exceptional spirits, and relies on the commitment and creativity of its 1900 employees and its distribution subsidiaries located in the Group's strategic markets. Rémy Cointreau is listed on Euronext Paris.





## MARC HÉRIARD DUBREUIL

"All our brands have their roots in the earth. The attachment they have to their terroirs helps to build awareness of the importance of preserving resources."

## A WORD FROM THE CHAIRMAN

It is with great pride that we end this year. In a buoyant high-end spirits market, the uniqueness of our brand portfolio, the quality of our execution, and the creativity and commitment of our teams have enabled the Group to deliver historic results in 2018/2019 across all areas: sales, operating margin and profits.

It has taken some time to get to this point, but we are confident in remaining here in the future, despite the changing environment with which we are faced. Our performance allows us to look to the future without fear.

Our brands have taken their time to mature, to thrive and craft these exceptional spirits that win over our clients and which will continue to attract new generations. They are the wealth on which we can capitalise as we pave the way forward, harnessing the momentum provided by digital technology to accelerate the pace. And I am even prouder to say that our results have been achieved by respecting our CSR commitments, which are at the heart of our strategic ambition. It is more important than ever that our CSR policy is an active part of the Group's value creation, while continuing to build on its annual commitment to the Global Compact.

A key point of our strategic CSR vision, is our environmental commitment to responsible and sustainable winemaking that respects our terroirs. All our brands have their roots in the earth. The attachment that they have to their terroirs helps to build awareness of the importance of preserving resources.

Accordingly, in Cognac, 94% of the vineyards supplying the House of

Rémy Martin are committed to this approach and 42% are now High Environmental Value (HVE) certified. On the isle of Islay, our Bruichladdich distillery has been certified "Biodynamic" by the European Union, just like that of Domaine des Hautes Glaces in the French Alps. And at Cointreau, a certification process for oranges has been initiated with our suppliers. Our ambition is clear: over the next five years, 100% of the land used to grow our ingredients and produce our *eaux-de-vie* will be managed responsibly and sustainably. This commitment is essential for preserving our brands over the centuries.

The age-old reasoning of the Group's brands considers the long term. The Group's Houses have survived the test of time, and always with the same preoccupation: transmitting everything they can to ensure the future.

Time is our challenge but it is also our ally in assisting our ambition: to be the leader in exceptional spirits.



# HISTORY OF THE GROUP

The Rémy Cointreau Group, whose charentaise origins date back to 1724, is the result of the merger in 1990 of the holding companies of the Hériard Dubreuil and Cointreau families, which controlled E. Rémy Martin & C° SA and Cointreau & Cie SA respectively. It is also the result of successive alliances between companies operating in the same Wines and Spirits business segment.

## KEY DATES AND EVENTS

1703	Creation of Mount Gay Rum in Barbados	2000	Acquisition of Bols Royal Distilleries including, in particular, the Bols and Metaxa brands
1724	Establishment of The House of Rémy Martin Cognac	2001	Vin & Sprit joins the Maxxium network as its fourth partner
1849	Creation of Cointreau & Cie by the Cointreau brothers	2005	<ul style="list-style-type: none"><li>Initial public offering of Dynasty Fine Wines Group on the Hong Kong Stock Exchange</li><li>Disposal of Bols' Polish operations to CEDC</li></ul>
1881	Creation of the Bruichladdich Distillery in Islay	2006	<ul style="list-style-type: none"><li>Disposal of the Dutch and Italian Liqueurs &amp; Spirits operations</li><li>Decision by Rémy Cointreau to resume full control over its distribution by March 2009</li></ul>
1888	Creation of the Metaxa brand	2008	Creation of a proprietary distribution network
1924	Acquisition by André Renaud of E. Rémy Martin & C° SA	2009	<ul style="list-style-type: none"><li>30 March: Rémy Cointreau exits the Maxxium distribution joint venture</li><li>1 April: Rémy Cointreau controls 80% of its distribution</li></ul>
1965	André Hériard Dubreuil takes over from his-father-in-law, André Renaud	2011	8 July: Rémy Cointreau sells its Champagne division to EPI
1966	Creation of Rémy Martin's international distribution network	2012	<ul style="list-style-type: none"><li>3 September: acquisition of the Bruichladdich Distillery, which produces single malt whiskies on the isle of Islay in Scotland</li><li>20 November: François Hériard Dubreuil becomes Chairman of the Rémy Cointreau Group</li><li>18 December: acquisition of the cognac company Larsen</li></ul>
1980	Creation by Rémy Martin of the French-Chinese joint venture Dynasty Winery in partnership with the city of Tianjin (China)	2013	30 August: disposal of Larsen to the Finnish Altia group
1985	Acquisition by the Rémy Martin Group of Charles Heidsieck Champagne	2015	27 October: disposal of Izarra to Spirited Brands
1986	Creation of the Passoa brand	2016	1 December: set-up of a joint-venture for the activities of Passoa
1988	Acquisition by the Rémy Martin Group of Piper-Heidsieck Champagne	2017	<ul style="list-style-type: none"><li>5 January: acquisition of The Domaine des Hautes Glaces distillery, which produces single malt whiskies in the French Alps</li><li>6 January: acquisition of the Westland distillery, which produces single malt whiskies in the state of Washington, US</li><li>1 October: Marc Hériard Dubreuil becomes Chairman of the Rémy Cointreau Group</li></ul>
1989	Acquisition by the Rémy Martin Group of Mount Gay Rum	2019	1 April: Rémy Cointreau sells its distribution subsidiaries in the Czech Republic and Slovakia
1990	Transfer by Pavis SA of Rémy Martin shares to Cointreau & Cie SA		
1991	Adoption by the Group of the corporate name of Rémy Cointreau		
1998	Dominique Hériard Dubreuil becomes chairman of the Remy Cointreau Group		
1999	Establishment of the Maxxium distribution joint-venture with three partners, the Rémy Cointreau Group, the Edrington Group and Jim Beam Brands Worldwide (Fortune Brands)		



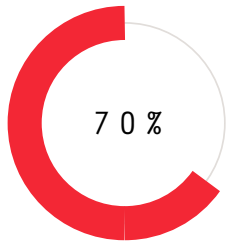


A PORTFOLIO  
OF EXCEPTIONAL SPIRITS

	HOUSE OF RÉMY MARTIN						LIQUEURS & SPIRITS					
	COGNAC		LIQUEUR		WHISKY		GIN		RUM		BROWN SPIRITS	
UPPER LUXURY												
LUXURY												
ULTRA PREMIUM												
PREMIUM												

Net sales by division\*

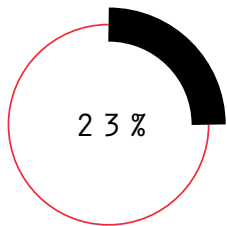
The House of Rémy Martin:  
Rémy Martin and LOUIS XIII



851.9 M€

Net sales

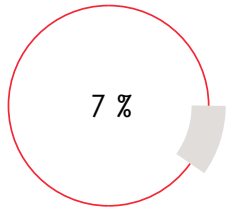
Liqueurs & Spirits:  
Cointreau, Metaxa,  
Mount Gay, St-Rémy,  
the Botanist and single  
malt whiskies



276.6 M€

Net sales

Partner Brands:  
Third-party brands distributed  
by the Group



87.9 M€

Net sales

The French family-controlled Rémy Cointreau Group boasts a portfolio of exceptional world-renowned spirits: Rémy Martin and LOUIS XIII cognacs, Cointreau liqueur, Greek Metaxa spirit, Mount Gay rum, St-Rémy brandy, The Botanist gin, and the single malt whiskies Bruichladdich, Port Charlotte, Octomore, Westland and Domaine des Hautes Glaces.

During the 2018/2019 financial year, the Group set a new record with net sales of €1,216.5 million (*proforma*<sup>\*</sup>) and organic growth of 7.8% (with the Group Brands up by 9.8%). The Group's current operating profit totalled €263.6 million and current operating margin increased to 21.7% (*proforma*<sup>\*</sup>).

The Rémy Cointreau Group's internal organisation is based on nine brand divisions and four sales divisions (Americas, Europe, Middle-East, Africa, Asia-Pacific and Global Travel Retail). All these divisions receive support from the holding company. Depending on the spirit category, production process and geographic sales distribution, the Group's brands are allocated to one of the following two divisions: "The House of Rémy Martin" or "Liqueurs & Spirits".

Brands which Rémy Cointreau distributes through its network on behalf of third parties form a separate category, "Partner Brands".

\* Proforma figures (pre-IFRS 15, 16 and 9).

\_HOUSE OF RÉMY MARTIN BRANDS

The House of Rémy Martin produces a range of cognacs under the Rémy Martin and LOUIS XIII brands. These cognacs are made exclusively from eaux-de-vie sourced in Grande Champagne and Petite Champagne, the two leading crus of the Cognac appellation, which offer the greatest ageing potential (more than 100 years, for some Grande Champagne *eaux-de-vie*).

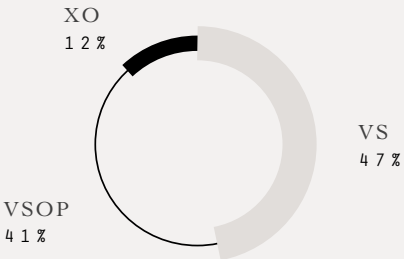
The House of Rémy Martin is thus positioned in the high-end segment, with four flagship products:

- VSOP Fine Champagne;
- The “intermediate” quality products 1738 Accord Royal and CLUB;
- XO Excellence Fine Champagne;
- Louis XIII Grande Champagne.

\_COMPETITIVE POSITIONING

Four Cognac brands share around 85% of the world market by volume and nearly 90% by value (source: IWSR): Hennessy (LVMH), Martell (Pernod Ricard), Rémy Martin (Rémy Cointreau), and Courvoisier (Suntory). Rémy Martin’s market share of cognac shipments for all qualities combined is 12% by volume (source: BNIC March 2019). Rémy Martin makes 98% of its shipments in the QS (Qualité Supérieure) segment, which accounts for 53% of the total cognac market (source: BNIC March 2019). In the superior qualities (QS) segment, Rémy Cointreau has a market share of 23% by volume (source: BNIC).

Global cognac shipments by quality (source: BNIC)



\_COGNAC APPELLATION D’ORIGINE CONTRÔLÉE AND “FINE CHAMPAGNE”

Cognac is an *appellation d’origine contrôlée* (AOC) brandy (eau-de-vie distilled from grapes) that comes from vineyards in the Cognac region (south-west France). The appellation covers six crus: Grande Champagne, Petite Champagne, Borderies, Fins Bois, Bons Bois and Bois Ordinaires. “Fine Champagne”, which refers to a cognac made exclusively from the first two crus, Grande Champagne (at least 50%) and Petite Champagne make up a separate *appellation d’origine contrôlée* within the Cognac AOC.

Rémy Martin only selects its *eaux-de-vie* from the “Fine Champagne” (Grande Champagne and Petite Champagne) AOC, whose quality is best suited to the production of its superior quality cognacs with their longer ageing potential.

Cognac is a blend of *eaux-de-vie* of different vintages (after ageing in oak barrels). Accordingly, there are several quality levels classified in accordance with legal standards (BNIC) based on the youngest eau-de-vie used:

- VS (“Very Special”), which by law must be aged for a minimum of two years;
- QS (*Qualité Supérieure*), covering all the VSOP and QSS labels;
- VSOP (“Very Superior Old Pale”), which by law must be aged for a minimum of four years;
- QSS (*Qualité Supérieure Supérieure*), which by law must be aged for a minimum of ten years;
- XO (“Extra Old”), which is included in the QSS category.

\_THE HOUSE OF RÉMY MARTIN AND THE SOURCING OF EAUX-DE-VIE

All House of Rémy Martin cognacs are produced in and around the town of Cognac, on a site that includes ageing and fermentation cellars, laboratories, a packaging complex, offices and a visitor and reception centre.

The House also owns wine estates (238 hectares of vines eligible for the Cognac appellation), as well as a new distillery in Juillac, which opened in November 2018. However, the stock of Cognac *eaux-de-vie* has been built up largely as a result of exclusive partnerships with Grande and Petite Champagne producers. This partnership policy, introduced in 1966, has enabled the Group to manage its long-term supplies and meet the quality standards required by the House of Rémy Martin.

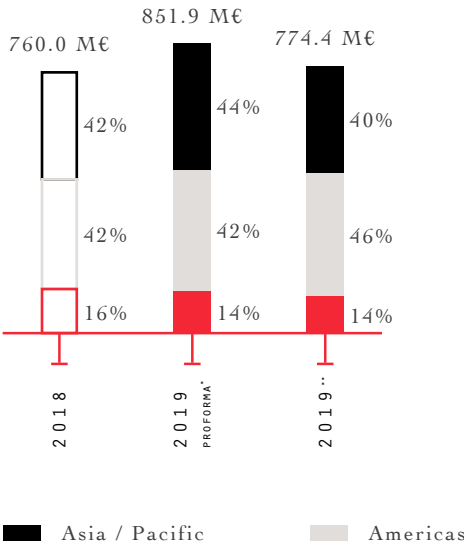
The partnership mainly consists of a cooperative, Alliance Fine Champagne (AFC), whose members manage around 60% of the Grande Champagne and Petite Champagne vineyards, via different types of collective and individual long-term agreements.

From an accounting point of view, the commitments made by the House of Rémy Martin through the AFC are fully recognised in the consolidated statement of financial position of the Rémy Cointreau Group, once the *eaux-de-vie* covered by these agreements have been produced and have passed quality control. Any contractual commitments not yet produced are disclosed in off-balance sheet commitments.

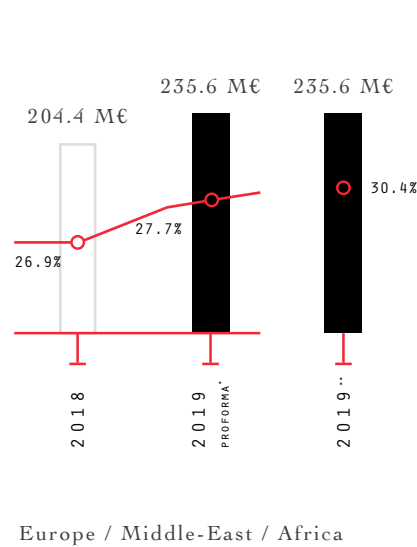
\_HOUSE OF RÉMY MARTIN KEY FIGURES

In 2018/2019, the House of Rémy Martin accounted for 70% of the Group’s total net sales and 99% of its international sales.

Net sales (in €m) and breakdown by geographic area (in %)



Current operating profit/(loss) (in €m) and current operating margin (in %)



\* Proforma figures (pre-IFRS 15, 16 and 9)  
\*\* Figures post-IFRS 15, 16 and 9

# LIQUEURS & SPIRITS

## \_LIQUEURS & SPIRITS BRANDS

The Liqueurs & Spirits division is made up of ten spirit brands in categories such as liqueurs, brandy, gin, single malt whisky and rum. Within each category, the spirits have particular characteristics, the main one being that all the brands are produced in their country of origin, often with know-how passed down through generations:

- Cointreau, an orange-peel liqueur;
- Metaxa, a Greek brown spirit, produced from a blend of wine distillates and aged Muscat wine;

- Mount Gay, a rum from Barbados;
- St-Rémy, a French brandy;
- The Botanist, a gin from Islay (Scotland);
- Bruichladdich, Port Charlotte and Octomore, three brands of single malt Scotch whisky from the Isle of Islay (Scotland);
- Domaine des Hautes Glaces and its range of single malt whiskies produced in the heart of the French Alps;
- Westland and its range of single malt whiskies produced in the state of Washington, US.

## \_COMPETITIVE POSITIONING

The Liqueurs & Spirits brands operate in a market characterised by a large number of players (of various sizes), with numerous international brands coexisting alongside local brands.



## \_LIQUEURS & SPIRITS: SOURCING AND PRODUCTION SITES

The Group’s Liqueurs & Spirits brands do not have significant sourcing or production constraints. Consequently, the Group purchases the necessary ingredients (barley, oranges, aromatics, sugar cane, etc.) for the eaux-de-vie distillation process, utilising the specific know-how of each brand. The Group’s master distillers and blenders then take care of the ageing and blending of the eaux-de-vie as required.

The Rémy Cointreau Group also sub-contracts part of its bottling operations to other companies located abroad, in particular Greece for the production of Metaxa, for all markets. Sub-contracting represents 15% of the total volume of Group brands.

### Angers (France)

The production of the Cointreau liqueur and the St-Rémy brandy range is located in St-Barthélémy d’Anjou (on the outskirts of Angers). This site also carries out bottling operations for other Group brands. It comprises distilling facilities, fermentation cellars, laboratories, a packaging complex, offices, a visitor and reception centre.

### Trièves (France)

The Domaine des Hautes Glaces, located in the heart of the Trièves region of the Alps, is a mountain farm/distillery which combines French know-how (distilling with traditional Charente stills) and ingredients from local producers. The supplies of barley, rye and spelt (organically grown) come exclusively from growers in the Alps.

### Brandons and St Lucy (Barbados)

Mount Gay rum is produced at the distillery of the same name, located close to Mount Gay in the north of the island

of Barbados, in the parish of St Lucy. The storage cellars in which the casks of rum are aged are also located at this historic site. Since January 2015, an additional 134 hectares of agricultural land at this site have been devoted to the farming of sugar cane. Mount Gay Distilleries’ head office and bottling facilities are located in Brandons, close to the port of Bridgetown in the south of the island.

### Isle of Islay (Scotland)

The Bruichladdich distillery is located on the isle of Islay in Scotland, one of the world’s most iconic locations for the production of single malt Scotch whiskies.

The production operation (distilling, ageing, bottling) is carried out on the island, on a historic site created in 1881. In March 2018, the acquisition of around 12 hectares of agricultural land was signed. This agricultural land adjoins the distillery, and will mainly be devoted to growing barley and trialling different varieties.

### Seattle (USA)

Westland Distillery (US), located in South Downtown Seattle in the state of Washington, gets its malt from producers in the terroirs of the Pacific North-West.

### Samos (Greece)

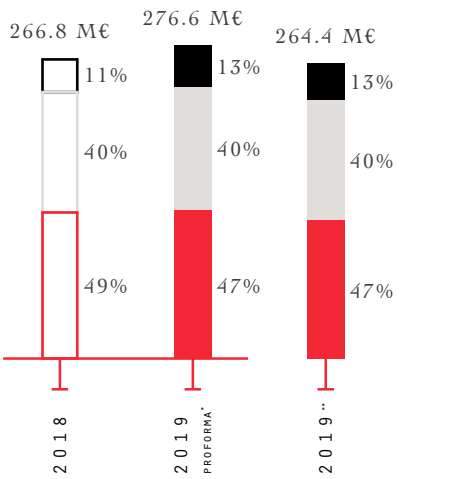
As part of its “terroir” policy, the House of Metaxa acquired a 1.2 hectare wine property on the island of Samos, located at the heart of the island’s muscat vineyards. Muscat wine is an essential component in Metaxa’s signature taste.



\_ LIQUEURS & SPIRITS KEY FIGURES

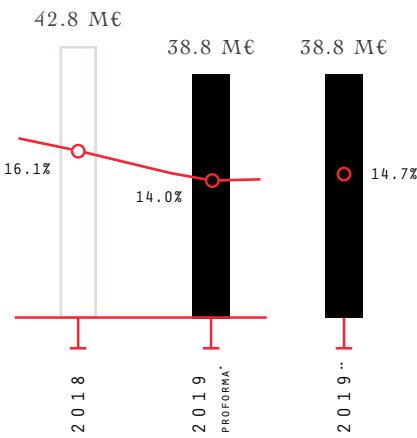
In 2018/2019, the Liqueurs & Spirits division accounted for 23% of the Group's total net sales.

Net sales (in €m) and breakdown by geographic area (in %)



■ Asia / Pacific    ■ Americas    ■ Europe / Middle-East / Africa

Current operating profit/(loss) (in €m) and current operating margin (in %)



Partner Brands

In 2018/2019, Partner Brands accounted for 7% (proforma) of the Group's total net sales.

This category includes brands belonging to other operators in the Wines & Spirits sector. These are distributed by Rémy Cointreau under global agreements or agreements limited to a particular country or region.

Following the non-renewal of many distribution agreements in recent years (as part of the Group's move upmarket), the brands still distributed (as of 31 March 2019) are Passoã liqueur, Jägermeister spirits and certain spirits of the William Grant & Sons Group.

\* Proforma figures (pre-IFRS 15, 16 and 9)  
\*\* Figures post-IFRS 15, 16 and 9



STRATEGIC VISION :  
HIGH-END POSITIONING  
IN A HIGH-GROWTH  
SEGMENT

A SINGLE AMBITION: TO BECOME THE GLOBAL LEADER  
IN EXCEPTIONAL SPIRITS

The Spirits market features an extensive number of co-existing local and international brands in a particularly competitive environment.

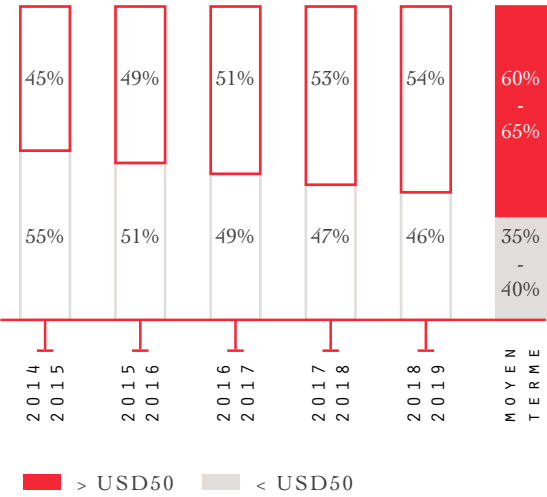
Against this background, Rémy Cointreau has, for many years, implemented a value creation strategy aimed at developing its upmarket brands in the high-end segments of the global markets, which offer high growth and earnings potential. Over the past 15 years, the implementation of this strategy has led the Group to dispose of brands and other assets deemed less suited to its value creation strategy and to resume full control of its distribution in key markets (exit from Maxxium in April 2009).

With its own distribution network in Asia, the US and in some European countries, Rémy Cointreau controls around 85% of its net sales. The Group is therefore able to implement a pricing and distribution strategy consistent with its high-end positioning.

For the past four years, the Group has accelerated its strategy of moving upmarket so as to differentiate itself and emphasise its uniqueness: ultimately, the Group's ambition is to become the world leader in exceptional spirits (which retail at more than \$50). In 2018/2019, the Group's exceptional spirits represented 54% of the Group's net sales (compared with 53% in 2017/2018 and 45% in 2014/2015).

The Group's ambition is for its exceptional spirits to increase gradually so that in the medium term they make up between 60% and 65% of its net sales.

Contribution of exceptional spirits  
(> US\$50) to the Group's net sales

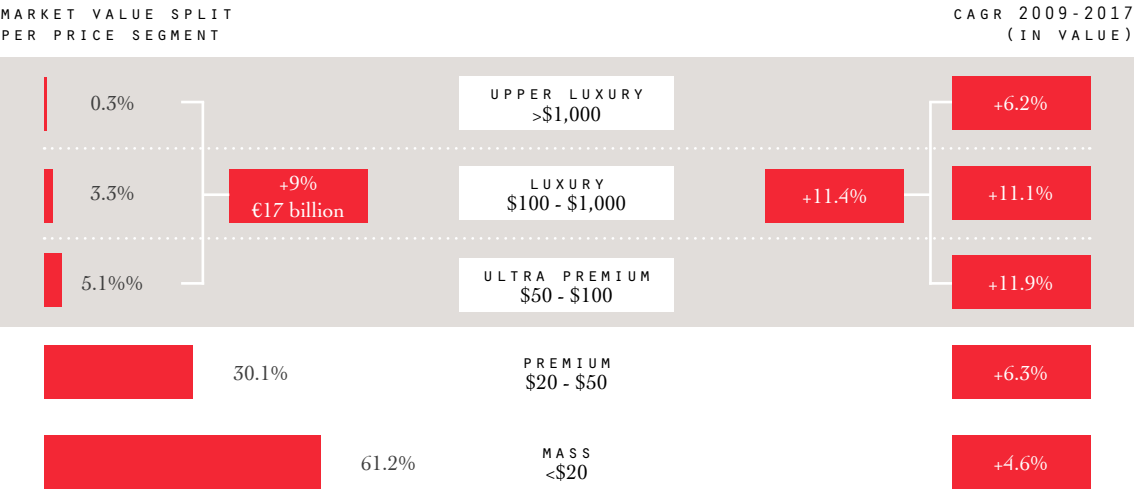


EXCEPTIONAL SPIRITS ENJOY AN ATTRACTIVE DYNAMIC

Rémy Cointreau has solid credentials in the exceptional spirits segment: exceptional spirits represent 54% of the Group's sales, whereas they comprise just 9% of the global spirits market. These exceptional spirits enjoy an attractive dynamic (+11% growth per year on average, compared with +5%

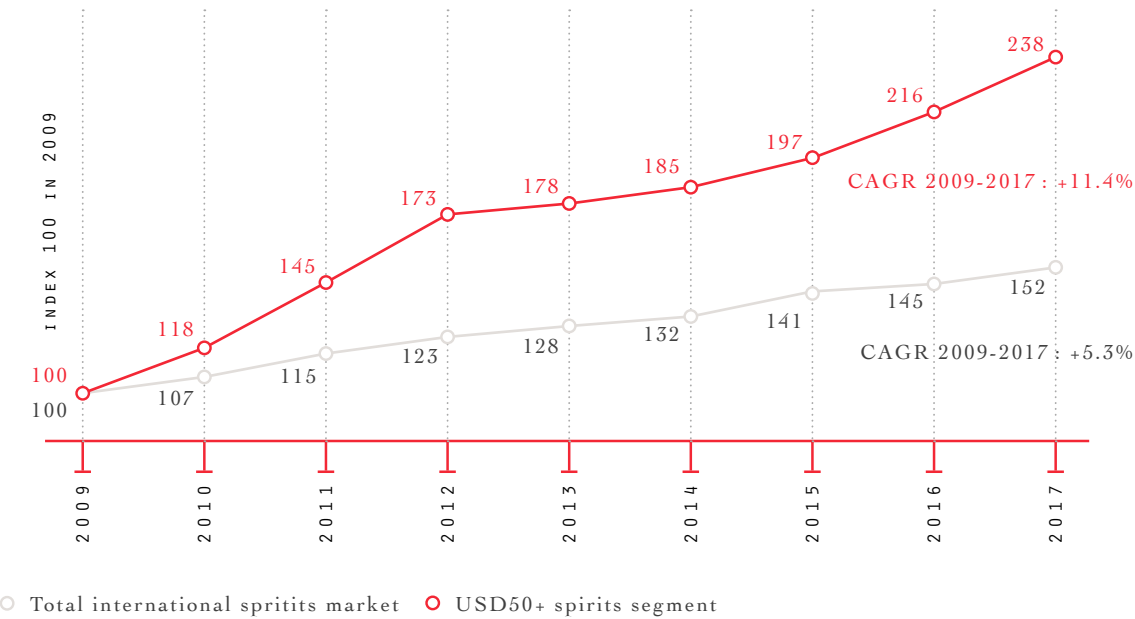
for the spirits market as a whole over the last eight years), driven by a move towards the high-end of the market and an increasingly discerning clientele in terms of the quality, production, know-how and history of the spirits they consume.

Spirits > USD50: a fast-growing segment



Source: IWSR, Rémy Cointreau; international Spirits market estimated at USD200 billion.

The exceptional spirits segment has structurally outperformed the global spirits market since 2009.

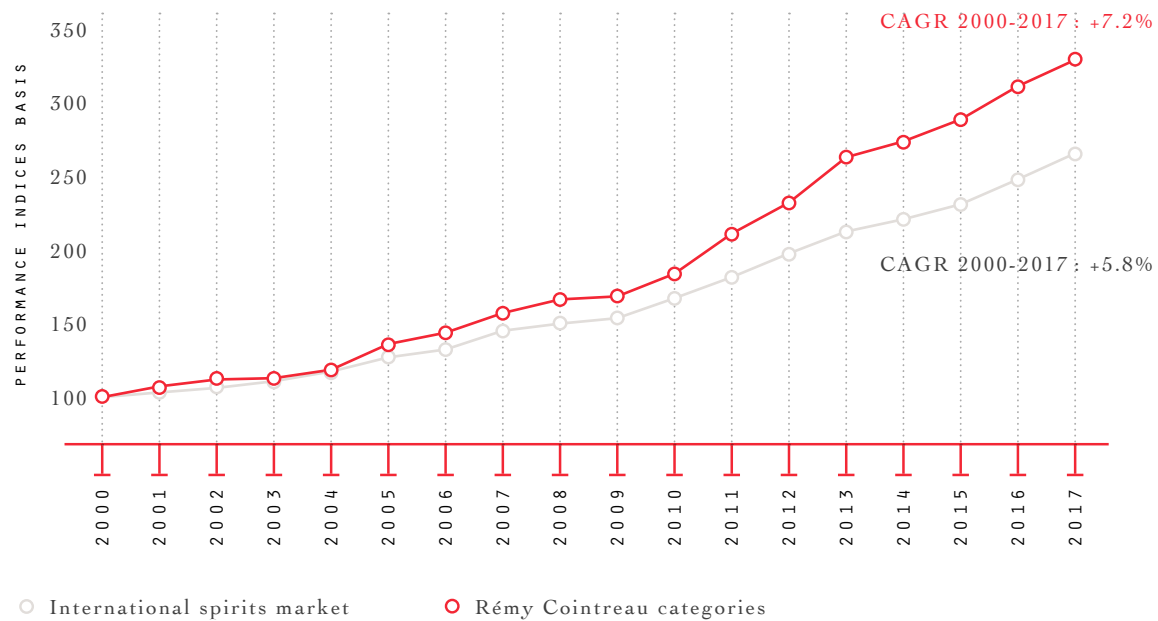


Source : IWSR, Rémy Cointreau, international spirits market estimated at around 200 billion USD.

## POSITIONED ON FAST-GROWING CATEGORIES OF SPIRITS

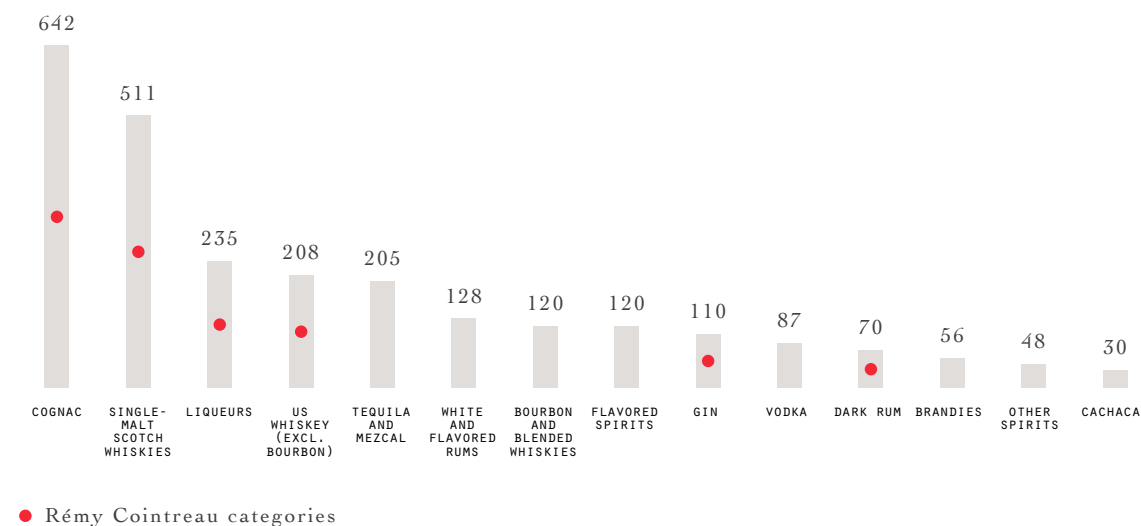
In addition, Rémy Cointreau Group brands belong to categories of spirits (such as cognac, single malt whisky, dark rum or gin) that have significantly outperformed the market in recent years (+7.2% per year on average during the period 2000-2017, compared with 5.8% for the market) and that retain a strong consumer appeal.

### Rémy Cointreau Group categories structurally outperformed market growth



Correspondingly, these categories offer very attractive valuation levels (“value per case”): cognac, single malt whisky and liqueurs are the categories of spirits with the highest value per case on the market.

### Value per case by category of spirits (in €)

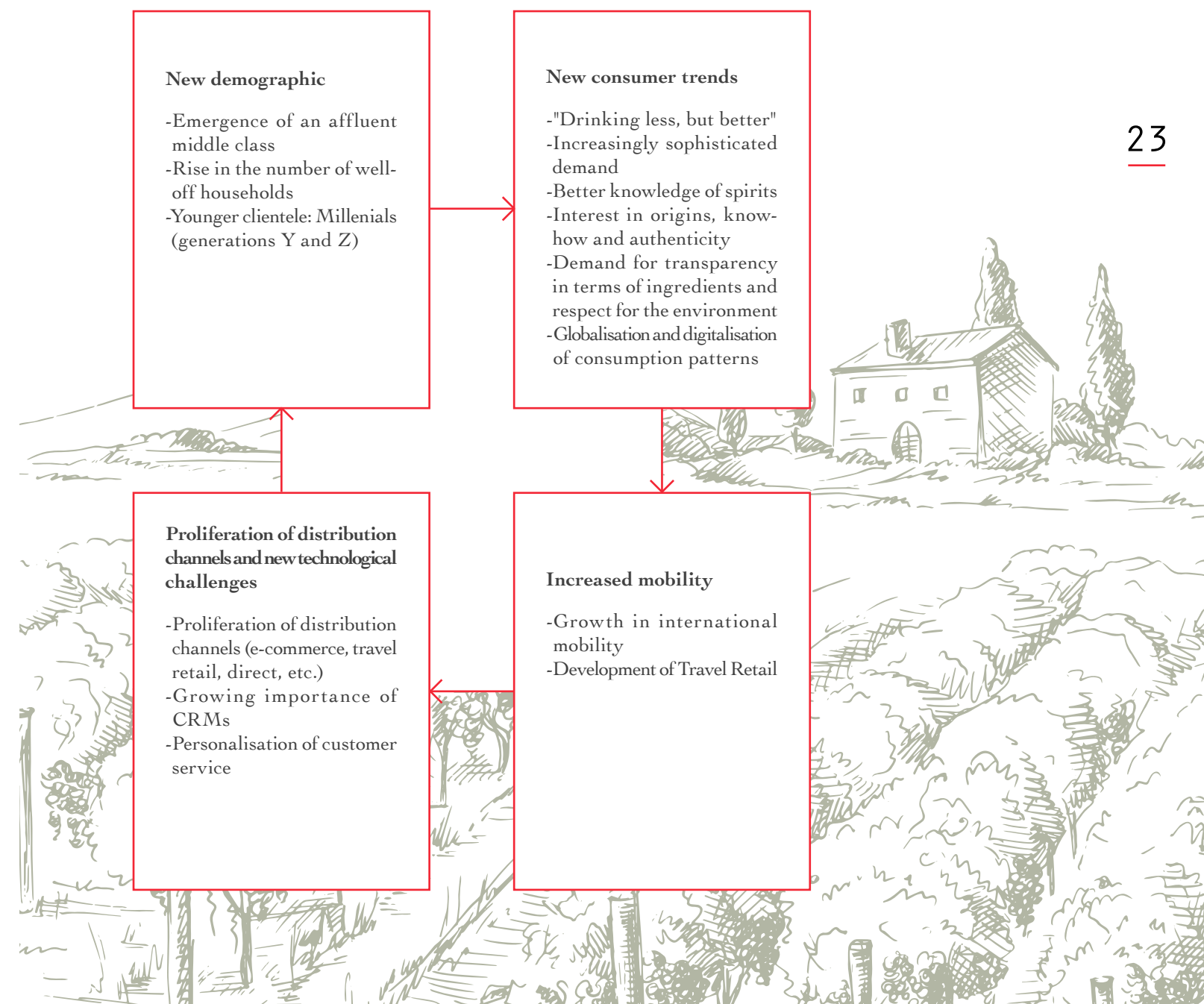


Source : IWSR, Rémy Cointreau.

## A NEW GENERATION OF CLIENTS

Clients of high-end spirits have changed in recent years. Younger, more connected and from affluent backgrounds, these globetrotting millennials from generations Y and Z want to know about the origins of the spirits, their history, how they are made and what makes them different. At the same time, there is a growing demand for transparency about the quality of the products.

Our clients are also looking for a more convenient way to buy our spirits (growth of e-commerce), as well as more services, enhanced shopping experiences and tailor-made offerings.





# FIVE STRATEGIC LEVERS TO BECOME THE GLOBAL LEADER IN EXCEPTIONAL SPIRITS

## \_EMPHASISING THE UNIQUE BRAND POSITIONING

Each of the Group's spirits is linked to a particular terroir and know-how:

Within the AOC Cognac region, the House of Rémy Martin's eaux-de-vie come exclusively from Grande Champagne and Petite Champagne, which have unrivalled

aromatic profiles and ageing potential.

Our Islay single malt whiskeys are made uniquely from Scottish barley, then distilled and aged on the isle of Islay in accordance with traditional methods.

### **Our distinctive advantage**

The specific characteristics of each terroir and our know-how make our spirits exceptional

## \_MAXIMISING THE GEOGRAPHIC POTENTIAL OF THE BRANDS AND DIVERSIFYING THE GROWTH DRIVERS

Our brands are still under-potentialized from a geographic standpoint: LOUIS XIII in the United States, Rémy Martin in Africa, as well as Cointreau and Metaxa in China.

The increasing strength of our pioneering brands: single malt whiskies, The Botanist gin or Mount Gay rum provide attractive growth potential.

### **Our distinctive advantage**

Our brands have not yet reached their full potential in any of our markets

## \_BUILDING AN EMOTIONAL RELATIONSHIP WITH OUR CLIENTS

Increasing the desirability of our spirits: establishing a direct and personalised relationship with our clients through media and digital investments with targeted creative content, but also unique and unforgettable events.

Retaining our clients: a better understanding of their expectations allows a genuine and long-lasting relationship with our brands.

### **Our distinctive advantage**

Our clients are seeking expertise and discernment but above all, emotion and experience, elements consistent with our brand portfolio



## \_IMPROVING THE DISTRIBUTION NETWORK IN ACCORDANCE WITH THE GROUP'S STRATEGY

The Group's strategy of moving towards the high-end of the market must be based on a distribution network whose expertise is consistent with the positioning of our brands: selective retail (wine merchants), high-end bars, restaurants and hotels, and even "retail": for its LOUIS XIII cognac, the Group has a specific sales force

and has opened three stores dedicated to the brand.

The development of online sales will also play a role in building a more direct approach to the distribution of our spirits.

### **Our distinctive advantage**

Recognised expertise at High-end retailers

## \_ACCELERATING THE GROUP'S CSR AMBITIONS

Rémy Cointreau's 2020 CSR plan operationally focuses on 10 of the United Nation's 17 Sustainable Development Goals, selected based on relevancy to the Group.

In particular, by 2020, the Group's ambition

is to achieve 100% responsible purchasing (percentage of suppliers having joined SEDEX), and have all of its winemaking partners committed to an environmental approach (AHVE 1).

### **Our distinctive advantage**

Expertise and CSR actions for more than 15 years

A DISTRIBUTION NETWORK :  
LOCAL KNOW - HOW ,  
AN INTERNATIONAL PRESENCE

\_DISTRIBUTION  
AND ADMINISTRATION

The Group has premises and commercial or administrative offices in many countries, including the USA (primarily New York), China (Shanghai and Hong Kong), Singapore, Russia and the United Kingdom (London and Glasgow). The Group does not own any premises in these countries and therefore uses leasing contracts. Moreover, the headquarters of Rémy Cointreau, which includes most of the Group’s central services, is based in rented premises at 21 boulevard Haussmann, Paris.

Rémy Cointreau began building its distribution network across all continents at the end of the 1950s.

Today, the Group has a dozen directly owned subsidiaries (from the United States to China, including the United Kingdom, Belgium, Malaysia and Japan). This distribution network allows the Group to implement a price strategy and to be selective about its sales outlets in a manner consistent with its high-end positioning.

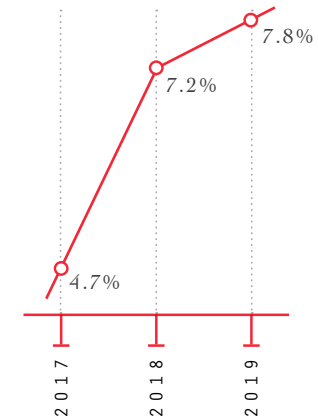
- Group administrative sites ○
- Group production sites ○
- Travel Retail representative offices ✈



RC  
RÉMY COINTREAU  
Group

€1,216.5M  
in net sales°

Organic sales growth  
for the Group

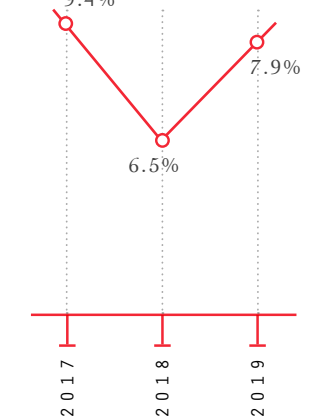


Americas

€474.4 M  
in net sales°

39%  
of Group sales

Organic sales growth  
for the zone

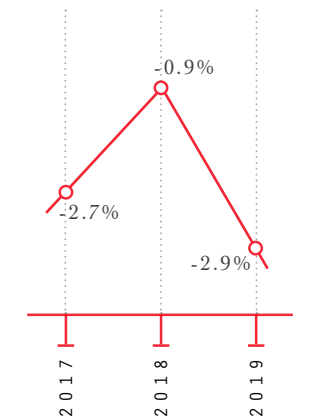


Europe  
Middle-East  
& Africa

€329.3 M  
in net sales°

27%  
of Group sales

Organic sales growth  
for the zone

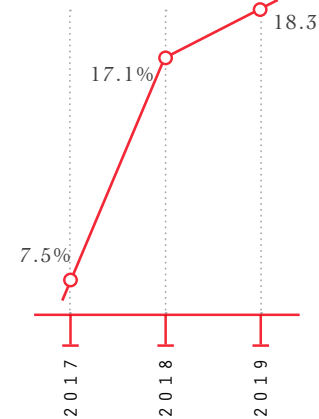


Asia Pacific

€412.8 M  
in net sales°

34%  
of Group sales

Organic sales growth  
for the zone



\* Proforma (pre-IFRS 15, 16 and 9)

VALUE CREATION

\_THE GROUP'S DNA

**Terroirs**

- Terroirs of exception (Cognac, Islay, Samos, Barbados, etc.)
- Supply agreements that advocate sustainable agriculture
- 92% of suppliers are SEDEX members

**People**

- Preservation of ancestral know-how (cellar masters)
- Commitment to employee well-being
- Shared ethical responsibility

**Time**

- Family-owned company since 1724
- Ageing of certain of our eaux-de-vie for more than 100 years
- Engaged governance to support the Group for the long term

\_EXCEPTIONAL SPIRITS  
THAT TASTE LIKE  
THEIR TERROIR...

**High-end positioning in high-growth segments**

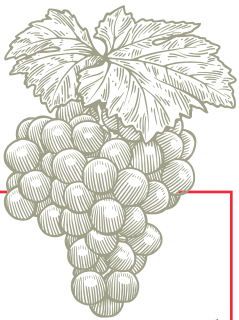
A portfolio of 12 exceptional spirits (retail price > \$50)

Stronger pricing power behind our spirits (price/mix gains)

Reinforcement of brand recognition and attractiveness

SUSTAINABLE  
VALUE  
CREATION

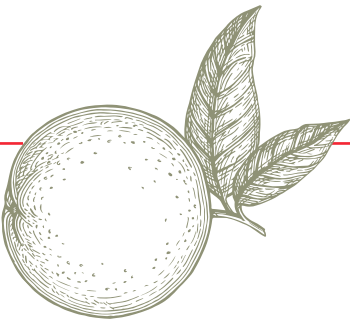
\_...AND CREATE VALUE



Above-market growth in sales (+9.8% for the Group Brands in 2018/2019)

Significant increase in gross margin (up 1.2 points in 2018/2019)

Sustained investment in:  
Brands (media, digital education)  
Distribution network:  
- Development of a direct distribution network (boutiques, e-commerce, Private Client Directors, etc.)  
- Growing contribution of the on-trade (bars, restaurants, clubs, etc.) and selective distribution (wine merchants)



\_SHARED WITH ITS  
STAKEHOLDERS

**Employees**

- Average Group salary: score of 107 compared with international benchmark
- 26,615 hours of training

**Government**

- €68m paid in corporate income tax in 2018/2019 (tax rate: 29%)

**Civil society**

- €1m (over a five-year period) invested by the Rémy Cointreau Foundation to promote and transfer exemplary skills and know-how

**Shareholders**

- Steady increase in dividends over the past 20 years (2018/2019: ordinary dividend of €1.65 and extraordinary dividend of €1.00)
- Stock market capitalisation up €3 billion over the last five years (at 31 March 2019)

**Local communities**

- Strong commitment within the communities of Cognac (France), Angers (France), Islay (Scotland) and Barbados

**Suppliers**

- Alliance Fine Champagne: 2.26% shareholder of Rémy Cointreau
- Partner training provided by our agronomists (sustainable agriculture)








GROUP'S MAIN CHALLENGES AND RISKS

THE GROUP'S MAIN NON-FINANCIAL CHALLENGES

Terroirs, People and Time. The Rémy Cointreau Group's CSR ambition is built around the three key pillars of our signature:

- protecting our Terroirs through sustainable agriculture;
- making a commitment to People to protect their ancestral know-how, ensure their well-being within the Group and teach them about the ethics that are so vital for the Group's credibility. At the same time, pledging to protect all stakeholders, both internal and external, through a policy of responsible consumption;
- recognising the value of Time, protecting the atmosphere (through our carbon footprint) and water supply as essential resources for our businesses.

Following a materiality assessment in 2016/2017, 10 key Sustainable Development Goals were selected (out of the 17 identified by the United Nations). Based on these SDGs, we have now identified the 10 major challenges facing the Group, the risks associated with these challenges and the indicators that will enable us to monitor their development in the future. In some cases, the Group has already committed itself by setting targets for improvement. The targets cover SDGs 6, 8, 12, 13 and 15, which are used as CSR performance criteria to calculate the Executive Committee's variable remuneration.

SDGS	CHALLENGES		RISKS ASSOCIATED WITH THE CHALLENGE	RISK INDICATORS (QUANTIFIED TARGETS/ PROGRESS PLAN)	CHALLENGES LINKED TO THE REMUNERATION OF AN EXECUTIVE COMMITTEE MEMBER
	Clean water and sanitation	Water management	Availability of water/ water quality	Water consumption	Operations Director
	Decent work and economic growth	Employee well-being	absenteeism, turnover, workplace accidents, occupational health, work-related alcohol consumption	Turnover and absenteeism	Human Resources Director
	Responsible consumption and production	Circular economy and reduction of raw material consumption	Company's reputation among customers	EPI (Environmental Performance Index) of packaging	CEO Liqueurs & Spirits
	Climate action	Contribution to the global effort (2°C limit) and sustainability of the business	Changes in regulatory and fiscal framework (carbon tax)	CO <sub>2</sub> emissions: significant emissions, by brand, focus on transport/reduction of CO <sub>2</sub> emissions	CEOs of the Americas, EMEA and Asia Pacific regions
	Life on land	Sustainable agriculture: adapting the terroir and protecting biodiversity	Sustainable production of our agricultural raw materials	Percentage of sustainably managed land	CEO House of Rémy Martin and CEO Whisky Business Unit

The remaining members of the Executive Committee are also linked to these targets, with their variable "CSR" component corresponding to the average of the achievements of the Executive Committee members directly concerned.

THE GROUP'S MAIN STRATEGIC AND FINANCIAL RISKS

The Group has set up a system to anticipate and manage its risks. This system is constantly updated to take into account any regulatory, legislative, economic, societal, geopolitical and competition changes.

The main risk factors to which the Group is exposed given its business model are presented in this table (more details can be found in section 2 of this document).

SUBJECT	RISKS	DESCRIPTION	MEASURES TAKEN
Strategic risks	Principal contracts and customers	Capacity to manage a risk of strong dependence on a supplier or customer	This risk is covered, as regards suppliers, by a diversification of the procurement sources and, as regards customers, a diversification of the distribution networks
	Changing tastes and consumer preferences	Change in consumer trends, for reasons such as taste, health and prices, which have a negative impact on the Group's sales	Rémy Cointreau is seeking to diversify its brand portfolio and develop its product range in order to limit its exposure to a particular brand and price range
Brand and product-related risks	Reputational risk	Reputational risk is any event that could negatively impact on the image and reputation of the Group or its brands in any or all of its markets	To address these risks and their consequences, the Group has expanded its digital marketing teams and set up an effective media monitoring strategy, enabling it to respond quickly and effectively to potential rumours
Financial, legal and IT risks	IT and digital risks	IT risks consist of data loss (both commercial and financial), the inability to operate effectively due to a technical fault, system intrusion or hacking and attacks against the digital platforms of the Rémy Cointreau Group	To guard against these risks, a data protection and backup plan and business continuity plan have been implemented in each company, allowing the Group to continue operating in all circumstances
	Non-compliance risks and unethical conduct	The Group's business is international and therefore subject to many laws and regulations. These include various regulations regarding anti-corruption, data protection as well as principles set out in the Global Compact	In order to guarantee compliance, the Group has implemented relevant action plans to fight against corruption and protect data. A whistleblowing line has been set up, as well as ethics training modules, which have been followed by 84% of employees

GOVERNANCE THAT  
ENSURES CONTINUITY  
AND TRANSMISSION

\_THE BOARD OF DIRECTORS

The Rémy Cointreau Group is administered by a Board of Directors which, since September 2004, has adopted a governance structure that separates the roles of Chairman of the Board of Directors and Chief Executive

Officer. The profiles of the Board members reflect the values of family succession, a clear expertise in the world of luxury goods as well as a deep understanding of international markets.



42% percentage of women / 58% independence

From left to right, back row: Florence Rollet, Emmanuel de Geuser, Olivier Jolivet, Laure Hériard Dubreuil, Marc Hériard Dubreuil, Dominique Hériard Dubreuil, François Hériard Dubreuil, Gisèle Durand, Bruno Pavlovsky, Elie Hériard Dubreuil (censor), Jacques-Étienne de T'Serclaes.  
Front row: Yves Guillemot, Guylaine Saucier, Marie-Amélie Jacquet (censor).

	BOARD OF DIRECTORS	AUDIT-FINANCE	NOMINATION AND REMUNERATION	CSR
Number of members	12	4	4	3
Number of meetings in 2018/2019	8	3	6	3
Attendance rate	93%	100%	85%	89%
Marc Hériard Dubreuil	●			
Dominique Hérard Dubreuil	●		●	●
François Hériard Dubreuil	●	●		
Laure Hériard Dubreuil	●			
Florence Rollet *	●			●
Yves Guillemot*	●		●	
Bruno Pavlovsky*	●		●	
Olivier Jolivet*	●			●
Jacques-Etienne de T'Serclaes*	●	●		
Guylaine Saucier *	●	●		
Emmanuel de Geuser*	●	●		
Gisèle Durand	●		●	
Marie-Amélie Jacquet (censor)	●			
Elie Hériard Dubreuil (censor)	●			

\* Independent Board member    ● Board/Committee Chairman

\_EXECUTIVE COMMITTEE WITH AN INTERNATIONAL DIMENSION

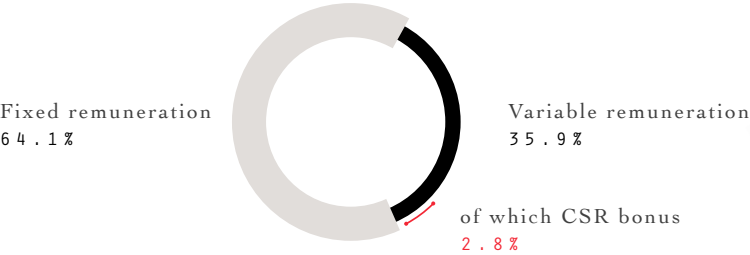
Valérie Chapoulaud-Floquet, Chief Executive Officer, has gathered a team of directors that includes eight different nationalities

from a range of backgrounds: Spirits, cosmetics, fashion and accessories, and the art of entertaining.



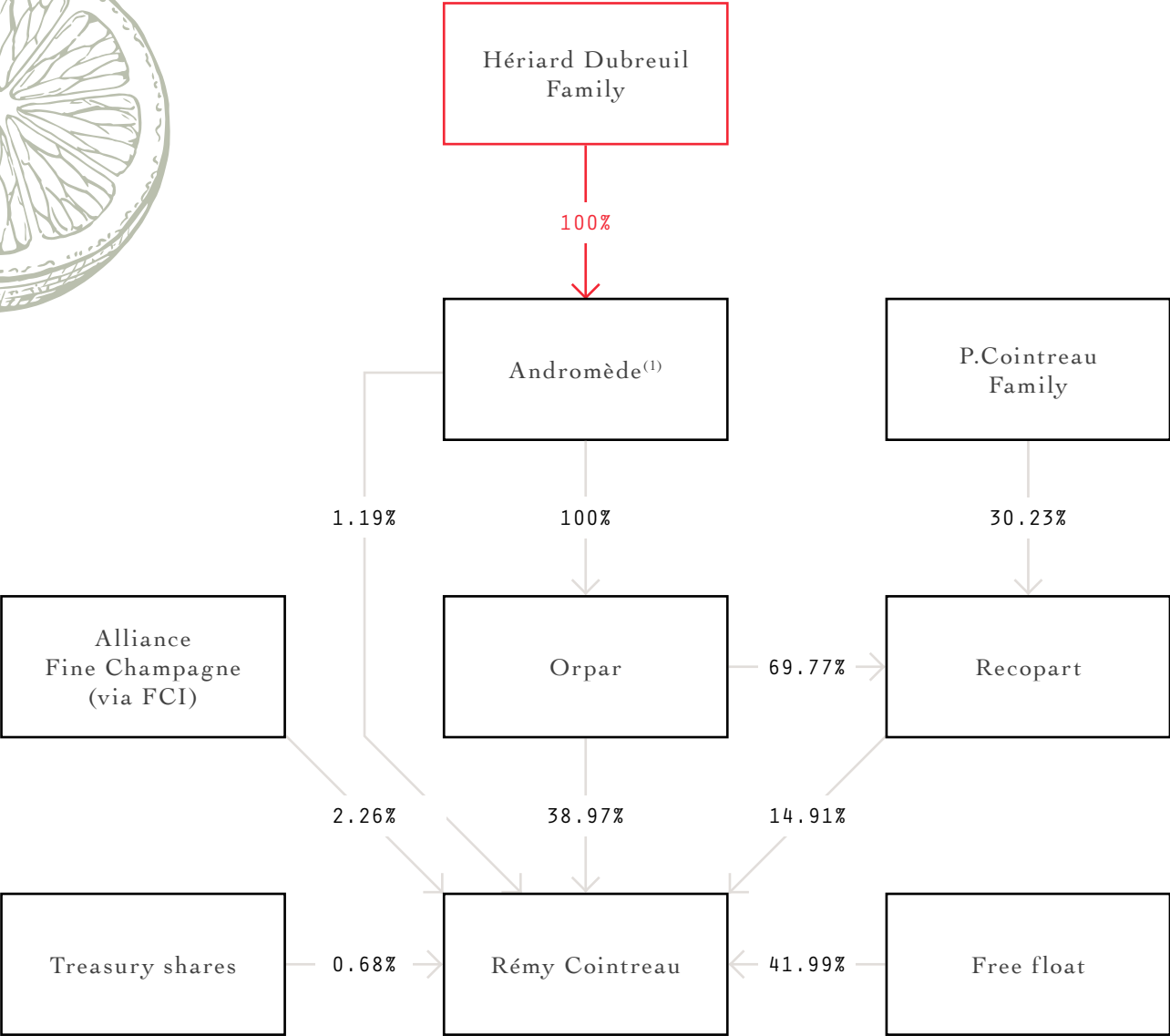
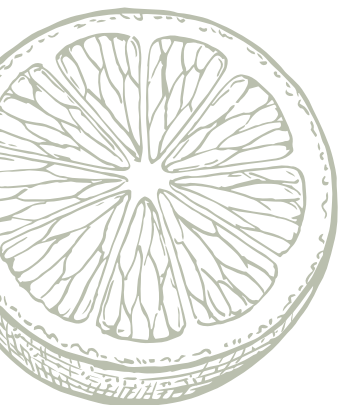
From left to right, back row: David Ennes (CEO Asia-Pacific and Global Travel Retail); Spyridon Ghikas (CEO EMEA); Simon Coughlin (CEO Whisky Business Unit); Ian McLernon (CEO Americas); Marc-Henri Bernard (Human Resources Director); Luca Marotta (CFO); Philippe Farnier (CEO House of Rémy Martin).  
Front row: Valérie Chapoulaud Floquet (CEO), Jean-Denis Voin (CEO Liqueurs & Spirits); Valérie Alexandre (Senior Vice President Strategic Planning); Patrick Marchand (Operations Director).

Composition of remuneration of senior management (excluding LTIP)



SHARE OWNERSHIP  
STRUCTURE

At 31 March 2019  
(% equity interest)



(1) Rémy Cointreau is consolidated within the Andromède Group.  
(2) Only Rémy Cointreau shares are traded on the stock market.

SHARE PERFORMANCE  
AND DIVIDENDS

THE GROUP'S STRATEGY HAS BOOSTED THE SHARE PRICE  
OVER THE PAST FIVE YEARS

Rémy Cointreau shares have risen by 104% over the past five years, reflected in an increase of nearly €3 billion in the market capitalisation. This value creation confirms

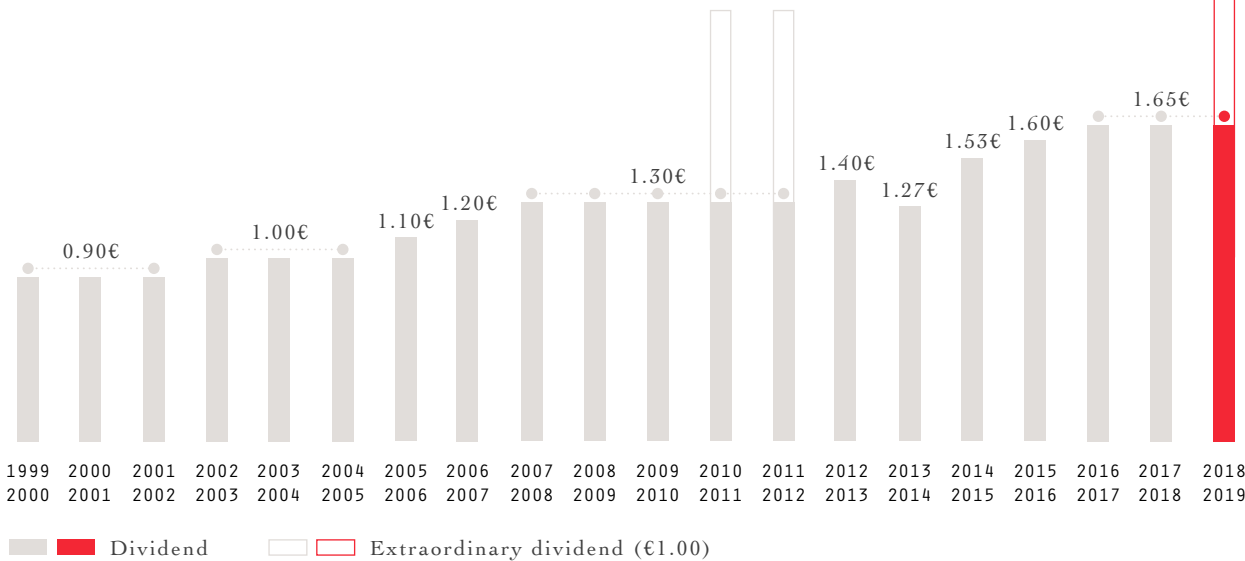
the relevance of the strategy put in place by the Executive Committee and implemented by the Group's employees.



REGULAR DIVIDEND POLICY

Over the past 20 years, the Group has paid an annual dividend which has increased in stages. In addition, it paid an extraordinary dividend of €1.00 per share in respect

of 2010/2011, 2011/2012 and will also pay such a dividend in 2018/2019 (subject to the approval of the Ordinary Shareholders' Meeting on 24 July 2019).





KEY FIGURES 2018 / 2019

DATA IN € MILLIONS, FOR THE PERIOD 1 APRIL TO 31 MARCH	2019	2019 PROFORMA*	2018
Net sales	1 125.9	1 216.5	1 127.0
Current operating profit/(loss)	264.1	263.6	236.8
Current operating margin	23.5%	21.7%	21.0%
profit (loss) for the period	159.2	157.1	148.2
Net profit/(loss) excluding non-recurring items	169.9	167.8	151.3
Capital expenditure and administrative investments	44.6	44.6	33.6
Equity – Group share	1 425.1	1 450.1	1 407.1
Net financial debt	343.3	313.0	282.8
Ratio of net debt/EBITDA	1.19	1.08	1.48
Dividends paid during the financial year (per share in €):	2.65**	2.65**	1.65
Earnings per share (basic, in €):	0.00	0.00	
On net profit excluding non-recurring items	3.39	3.35	3.04
On net profit – Group share	3.18	3.14	2.98
Net sales by division			
House of Rémy Martin	774.4	851.9	760.0
Liqueurs & Spirits	264.4	276.6	266.8
Sub-total Group brands	1 038.8	1 128.6	1 026.8
Partner Brands	87.2	87.9	100.2
Total	1 125.9	1 216.5	1 127.0
Current operating profit/(loss) by division			
House of Rémy Martin	235.6	236.6	204.4
Liqueurs & Spirits	38.8	38.8	42.8
Sub-total Group brands	274.4	274.4	247.2
Partner Brands	4.9	4.9	5.3
Holding	(15.2)	(15.8)	(15.7)
Total	264.1	263.6	236.8
Net sales by geographic area			
Europe, Middle-East, Africa	311.9	329.3	342.3
Americas	467.8	474.4	435.8
Asia Pacific	346.3	412.8	348.9
Total	1 125.9	1 216.5	1 127.0
Net sales by currency	%		
Euro	16%	174.1	182.0
US dollar, HK dollar, Chinese yuan, Barbadian dollar	65%	735.3	799.4
Other currencies	19%	216.6	217.4
Total		1 125.9	1 127.0

Non-financial data	2019	2018
Percentage of AFC cooperative members' land using an environmental approach:		
High environmental value farming (AHVE) certification level 1	94.0%	64.3%
High environmental value farming (AHVE) certification level 3	42.0%	23.0%
Number of hours training	26 615	24 243
Percentage of women managers	44%	43%
Average age of Group employees	40 YEARS	41 YEARS
Absenteeism rate (hours of absence per hours worked)	2.0%	2.3%
Responsible purchasing: percentage of suppliers having joined SEDEX	93.0%	89.0%
Ethifinance rating	3 <sup>RD</sup> OUT OF 230	4 <sup>TH</sup> OUT OF 230

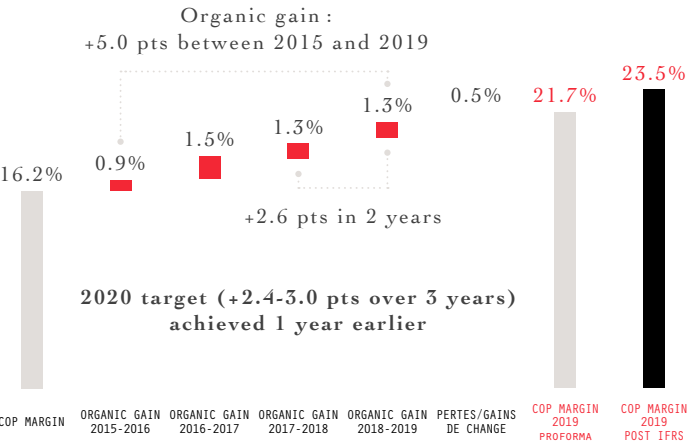
\* Proforma : pre-IFRS 15, 16 and 9  
\*\* Of which an extraordinary dividend of €1.00

FINANCIAL TARGETS

2018/2019 was a record year for all the Group's financial indicators.

This is due to the strong acceleration in organic sales growth over the past three years, combined with a sharp increase in profitability as a result of the Group's strategy to move upmarket. Current operating margin stood at 21.7% in 2018/2019, a cumulative organic increase of 5.0 percentage points (at constant currency and scope) since the 2014/2015 financial year (new senior management team). Over the last two years, cumulative organic growth in the current operating margin was 2.6 points, thereby hitting the 2019/2020 target (+2.4-3.0 points over three years) one year early.

Change in the Group's current operating margin.



NEW MEDIUM-TERM PROSPECTS

In an uncertain economic and geopolitical context, the Rémy Cointreau Group reiterates its ambition to become the world leader in exceptional spirits. In the medium term, this will result in 60 to 65% of its turnover being generated by exceptional spirits (retail sales price over USD50). In addition, after a strong increase in profitability in recent years, the Group remains ambitious regarding the potential of its Current Operating Margin in the medium term, as it will continue to benefit from its value strategy, while continuing to invest significantly behind its brands and distribution network. Rémy Cointreau's

objective is to build an increasingly sustainable, resilient and profitable business model.

In the short term, Rémy Cointreau anticipates that 2019/20 will unfold within the framework of the Group's medium-term objectives. It will also include the termination of distribution contracts for partner brands (in the Czech Republic, Slovakia and the United States), which are estimated to have an impact of €56 million on sales and €5 million on Current Operating Profits.

NON-FINANCIAL TARGETS TO 2020

INDICATORS	SCOPE	VALUES 2016/2017	VALUES 2017/2018	VALUES 2018/2019	TARGETS 2019/2020
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%	92%	100%
Take action to combat climate change and its impacts Potential reduction of direct and indirect energy consumption in order to reduce CO <sub>2</sub> emissions.	France	0 MWh	-423 MWh	-441 MWh	-900 MWh
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%	64%	94%	100%





02

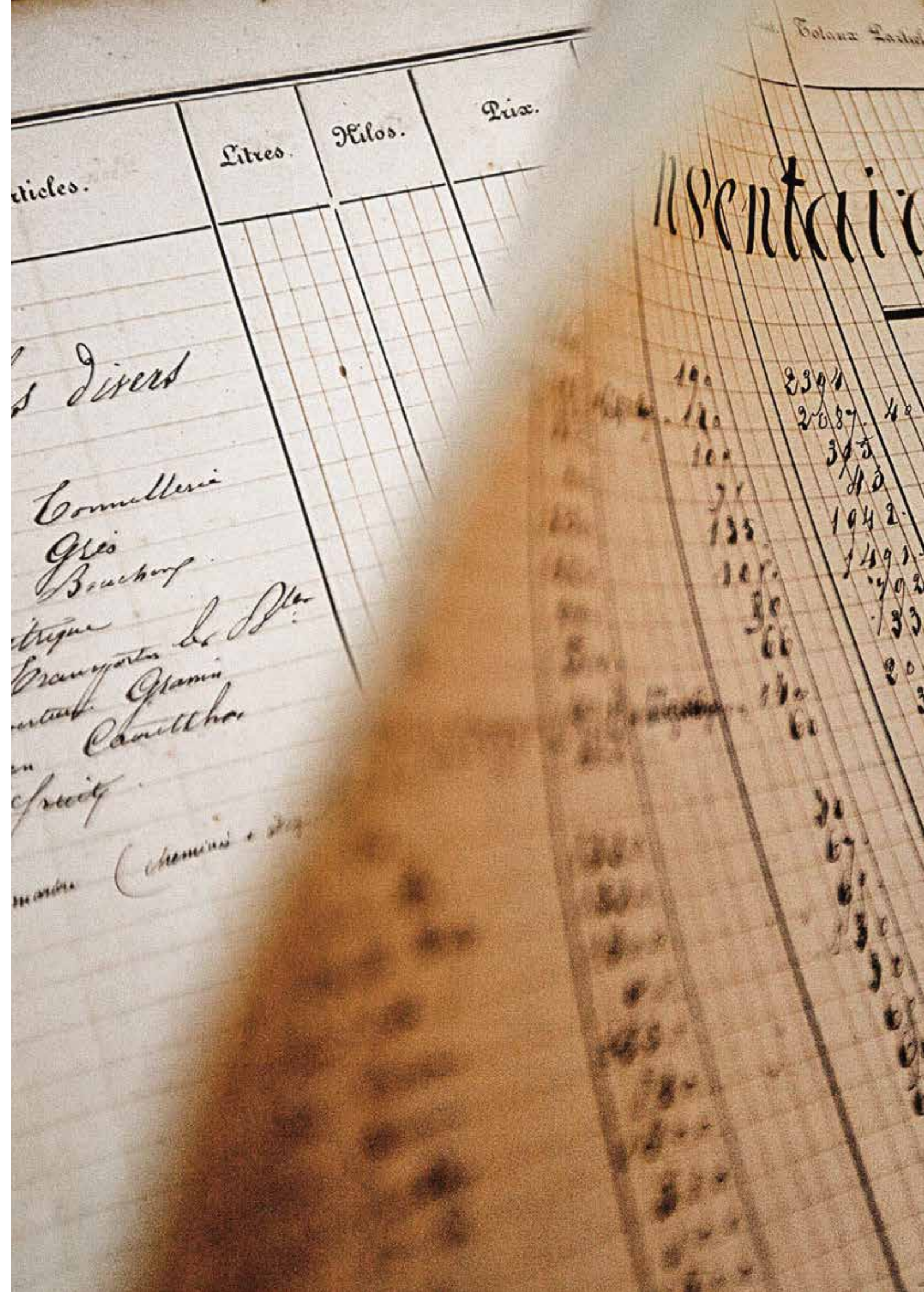
## THE EXCEPTION: “TERROIRS, PEOPLE AND TIME”

Time, the third pillar of our manifesto.

The Rémy Cointreau Group's manifesto is based on the values connecting our Houses and guiding our decisions: Terroirs, People, Time, and Exception.

Over the years, we have delved into the heart of each of these values to appreciate their significance or richness. This year, we will explore the third of these pillars in all its dimensions: Time.





## \_TIME

The mastery of time lies at the heart of our expertise. But at Rémy Cointreau, time is a multiple concept.

Our brands have been defying time since they first came into being: Mount Gay in 1703, Rémy Martin in 1724, Cointreau in 1849, Bruichladdich in 1881, and Metaxa in 1888. Yesterday, today, tomorrow, we strive to respectfully nourish the eternal youth of our brands. It's the era of respecting a precious family heritage.

With great ambitions for our houses, we look far into the future for them and think long-term. Connected to the world, however, we see it change around us at an everincreasing speed. So, we adapt, and we know how to act fast when it comes to being first. It's the time of agility.

Spring, summer, autumn, winter. Sun, rain, hail, snow, wind, fog, storm... We don't rush the harvest, but work with nature. It's the time of the earth.

Our Master Distillers excel at capturing the best aromas of our terroirs. Grape, orange, barley, sugar cane, berries or botanicals: they monitor the heat and know how to find "the heart". It's the time of distilling.

In the cellar at Grollet in Cognac, the cellars of St. Lucy in Barbados, those of Bruichladdich on Islay, of Kifissia in Greece, of Seattle in the United States, or Saint-Jean-d'Hérans in France, we allow time to take its time. 5 years, 10 years, 100 years... Time passes peacefully in our cellars. It's the time of maturing. We are proud of taking our time. The time that is needed.

**"The mastery of time lies at the heart of our expertise. But at Rémy Cointreau, time is a multiple concept."**



At Rémy Cointreau, time is not linear:  
each brand has its own time...



### Mount Gay, born in 1703

Time does not flow at the same pace in the tropics. That's why we don't count the years to define the maturity of Mount Gay rums.

### Cointreau, born in 1849

At Cointreau, it's the golden age of cocktails. As the base for more than 300 cocktails, it provides balance and enhances the other ingredients to create extraordinary cocktails.



### St-Rémy, born in 1886

St-Rémy, it's time for you. These moments of respite, when you reconnect with yourself or with those closest to you.

### Our whiskies, born between 1881 and 2010

At Bruichladdich, the Domaine des Hautes Glaces and Westland, it is the time of the revolution against the standardization of taste. It is the time of a conviction: that origin is more important than age.



### LOUIS XIII, born in 1874

For Louis XIII, time is cyclical: today is made out of yesterday and is preparing for tomorrow. Time is its most valuable ingredient.



### Rémy Martin, born in 1724

At Rémy Martin, time is generational. Generations of men and women have passed down their savoir-faire and eaux-de-vie, the fruits of their labour.



### Metaxa, born in 1888

At Metaxa, it's time for exploration. A unique brown spirit... an expert blend of Muscat wines from Samos, aged eaux-de-vie and Mediterranean aromatic plants.

### The Botanist, born in 2011

At The Botanist, it's foraging time. That of the 22 herbs it is comprised of, some of which are indigenous to the island of Islay in Scotland.







**The Rémy Cointreau Foundation promotes  
the transmission of expertise and excellence**

With our ambitious\* CSR objectives, We Care Day, etc., our commitment is genuine. But Rémy Cointreau doesn't stop there, and constantly reviews its practices, fulfilling its corporate and environmental responsibilities. Hence the creation of the Fondation Rémy Cointreau.

The result of a broad family consultation approved by the Group's Board of Directors in 2016, the Foundation has been endowed with an initial budget of €1 million over five years. On February 27th, 2017, the Articles of Association were submitted to the Charente district's administrative headquarters.

Dominique Hériard Dubreuil, Chairman of the Foundation, convened Hervé Dumesny (S.V.P. CSR and Public Affairs), Valérie Alexandre (S.V.P. Strategic Planning), Ludovic Legros (Consolidation manager) and Caroline Martin-Rilhac (Secretary General) within its executive committee. Together, they set out its mission based on one key value: transmission, the common thread connecting all its actions. **The Foundation set itself the mission "to support public interest initiatives, in France and abroad, in order to showcase and convey invaluable savoir-faire and expertise. The Foundation also promotes and protects terroir in its cultural, environmental and human expression."**

The Board of Directors is composed of the executive committee members and two expert independent directors: Stanislas de Quercize (former Chairman of Richemont) and Agnès Lamoureux (former Communication Director of the Fondation de France). They met for the first time in June 2018.

The first decision was to focus the grants on ensuring the sustainability of outstanding traditional craftsmanship with four key commitment areas:

- Promotion of exceptional savoir-faire (investments in the tools and any other components required to practise the craft),
- Transmission (supporting apprenticeships and training),

- Reach (participation in trade shows in France and abroad aimed at raising awareness of the importance of passing on craftsmanship, heritage, etc.),

- Skill-based philanthropy (encouraging the commitment of Group employees to the Foundation's initiatives).

Philanthropy is the main vehicle used, without counterpart, for the exercise of activities in the common good. Philanthropy is a major lever for progress towards a more harmonious, supportive and fair society.

Eight selection criteria have been chosen to guide the selection process of applications: outstanding craftsmanship, transmission, longevity, passion, aesthetics, heritage, innovation and philanthropy requirements.

Given that the Fondation Rémy Cointreau was recent, the executive committee decided not to wait for unsolicited applications and immediately launched our search for exceptional artisans. This was an intense, passionate and long journey that was full of discoveries. After meeting more than a hundred artisans, to date six have been taken on by the Board of Directors. Their exceptional expertise is part of French cultural heritage. Our Foundation will support and guide them over time (from 1 to 3 years depending on their sponsorship agreement), in the sincere hope of securing the long-term future of their studios and helping to pass on their savoir-faire. Discover their profiles on the following pages and follow them, as well as our future beneficiaries, on the Fondation Rémy Cointreau's website: [www.fondationremycointreau.com](http://www.fondationremycointreau.com)





03

## THE YEAR 2018 - 2019

The year 2018/2019 has been another year of acceleration, both in terms of the growth of our brands and our actions to further Corporate, Social and Environmental Responsibility.

Among the many initiatives, half of our brands have implemented new communication campaigns, hundreds of dinners and tastings to initiate and educate our clients in our exceptional spirits have been organised by our ambassadors, our employees have received more than 26,000 hours of training, and more than 4,000 trees have been planted on the Isle of Islay...



# AN INTERVIEW WITH THE CHIEF EXECUTIVE OFFICER

VALÉRIE CHAPOULAUD-FLOQUET

"It was the year when all energies were released"

In the financial year 2018/2019,  
Rémy Cointreau's Group Brands  
recorded growth of 9.8%.

As Chief Executive Officer, how do you perceive Time, the third pillar of the Group's manifesto? In our profession, the relationship with time is an unusual one. Although we operate in markets requiring much agility, we must be very patient when it comes to our cellars, as we sell mainly spirits that need to age. So, we must distinguish between long cycles upstream and short cycles downstream. Upstream, we are exercising one of the last professions where time is incompressible. At the House of Rémy Martin, for example, the *eaux-de-vie* take at least 5 years, and sometimes more than 100 years to age. It's unique in the world... Downstream, on the other hand, we need to handle the rapid pace of the markets: we must react quickly, adapt to new requirements, changing legislations, and developing distribution channels. Resolving this tension between long and short cycles is a daily challenge that makes our business so exciting. It also fascinates our clients, who are used to the immediacy of the Internet, when they visit our cellars in Cognac or Islay.

Long cycles also have an environmental dimension... For decades, the Group has been a pioneer in the CSR approach, especially in the Cognac region. In 2012, the Rémy Martin Domaines were the first of the AOC to obtain HVE certification (High Environmental Value level 3). In early April for the second year, we awarded 88 trophies to our HVE-certified winegrower partners of the Alliance Fine Champagne Cooperative.

Overall, 42% of the land cultivated by our winegrower partners is HVE-certified. Moreover, our target for the Group is to achieve 100% responsible and sustainable agriculture by 2024. In so doing, we hope to perpetuate the quality of our spirits in the long term. We can see that our values of Time and Terroirs are closely linked. With that in mind, we are also committed to creating a terroir for each of our brands. We have purchased land in Barbados, Samos and even the French Alps, and we are in the process of purchasing new land.

In terms of short cycles, would you say 2018/2019 is quite a good example?

Most definitely! We have broken our sales and profitability records. We are growing on the verge of double digits, with organic growth of 9.8% for Group Brands implying a further acceleration versus last year (9.2%). For all teams, these results reward five years of implementing the strategy to move upmarket. We have established trust. If I had to describe the past year, I would say it was the year when all energies were released. On the one hand, the repositioning of our brands has paid off. That of Rémy Martin and Louis XIII over the last three years, and more recently Cointreau, whose new brand platform sent sales skywards, in particular in the United States. I could also mention the "#BeTheBotanist" campaign, which gives even greater visibility to our exceptional gin, and the new communication

of St-Rémy, which confirms its leadership in Canada.

Has the distribution network also changed?

Indeed, the quality of our spirits and the strategy to move upmarket require a high level of expertise regarding the market and clients. That is the reason for our demanding standards with respect to our distribution partners, and the recent changes that have occurred. When the size of our portfolio allows it, we would naturally rather set up our own distribution subsidiary, as in Malaysia at the end of 2017. There is no cause for regret: it was a tremendous success from the first financial year! Our Travel Retail business has also seen much development, with "retailtainment" features in all the world's largest airports. Lastly, for Louis XIII, we are seeking the most direct relationship possible: with the end client in our three stores and pop-up stores; with palaces and leading restaurants, to ensure the Louis XIII ritual will be respected and that their clients will enjoy a unique experience.

Digital technology is also central to the strategy...

We have developed the client relationship through our digital brand platforms. As such, most of our advertising investments will now be rolled out online, allowing us greater proximity to our clients. We have also developed e-retail in partnership with quality e-retail websites, in China and the United Kingdom in particular. As for

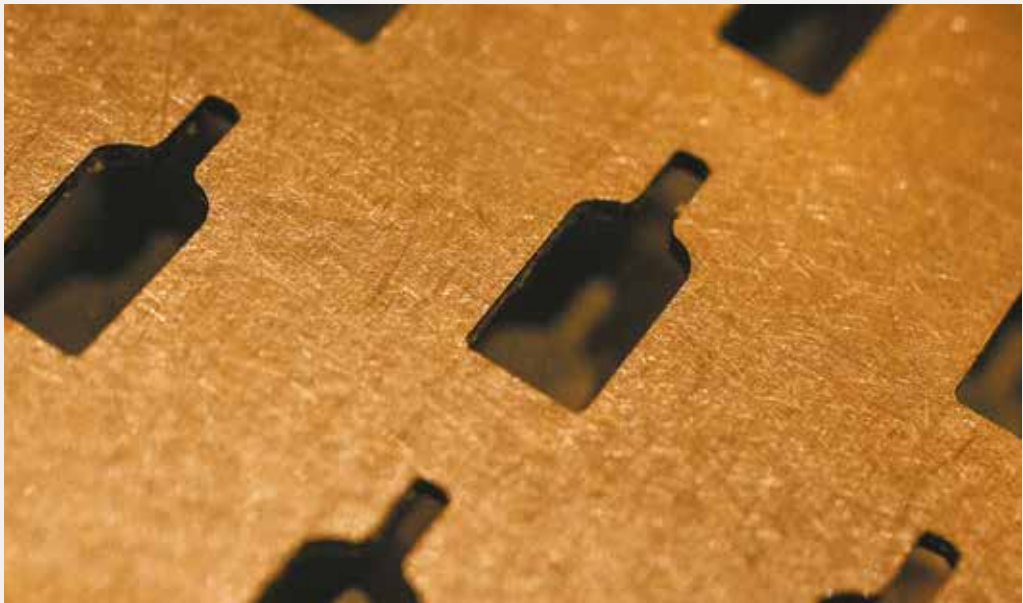
e-commerce, it has become a speciality of our Scottish distillery with exclusive sales and limited editions. Last but not least, the Louis XIII Smart Decanter is a connected carafe that allows purchasers to chat with the House, enhancing their tasting experience. A first in the world of spirits!

What inspires your confidence in 2019/2020 and the years ahead?

The foundations are now solid, the strategy is shared by all teams, and the results are there for all to see: the planets are perfectly aligned to tackle the new financial year with strong ambitions. And we have a great deal of projects!



KEY HIGHLIGHTS



\_A RECORD YEAR

In 2018/2019, Rémy Cointreau achieved a record year: revenue, current operating profit, current operating margin, net profit (excluding non-recurring items). This performance was driven by further acceleration in organic sales growth, which reached 9.8% for the Group Brands (Cognac and Liqueurs & Spirits).

\_NEW PACKAGING AND COMMUNICATION FOR PORT CHARLOTTE SINGLE MALT SCOTCH WHISKY

The rebirth of our Port Charlotte Single Malt Scotch Whisky in 2018/2019 was a true success: new taste, new packaging, new positioning and new “We Are Islay” campaign. These changes enjoyed excellent media coverage and were crowned with three major awards, including a double gold medal at the 2018 San Francisco World Spirits Competition.

\_THE LOUIS XIII SMART DECANTER

In February 2019, Louis XIII launched the Smart Decanter, a connected decanter that integrates NFC technology. Each decanter connects clients via their smartphone to the “Louis XIII society”, a private club where members benefit from exclusive content, unique experiences and customised services.

\_LAUNCH OF A GLOBAL ECO-DESIGN PROGRAMME

Since March 2018, the Angers and Cognac sites have been using a tool to measure the Environmental Performance Index (EPI), which takes into account the broadest possible life cycle and incorporates 14 indicators to produce an environmental score. From now on, all new products or product developments will be “measured” using this tool. The whisky division will implement this same strategy by 2021.

KEY FIGURES

Rémy Cointreau achieved a remarkable year 2018/2019, with organic revenue growth (at constant exchange rates and scope of consolidation) of 7.8%, thanks to the positive momentum in the Asia-Pacific and Americas regions, coupled with strong growth in Russia, the United Kingdom and the Middle East. Current operating profit was up 14.2% in organic terms, and the operating margin stood at 22.3%, up 1.3 points. After integrating unfavourable foreign exchange rates and scope of consolidation, current operating profit was up 11.3% and the margin improved by 0.7 points to 21.7%. Lastly, net profit (excluding non-recurring items) increased by 10.9% (+16.3% in organic terms). These results confirm the relevance of the Group’s value-creating business model.

167.8  
M€

Net profit  
(excluding non-recurring items)

3.35€

Net earnings per share  
(excluding non-recurring items)

1.08

Net debt/EBITDA ratio

1.65€

Ordinary dividend

1.00€

Exceptional dividend

1 216.5  
M€

Sales

263.6  
M€

Current operating profit

7.8%

Organic sales growth

21.7%

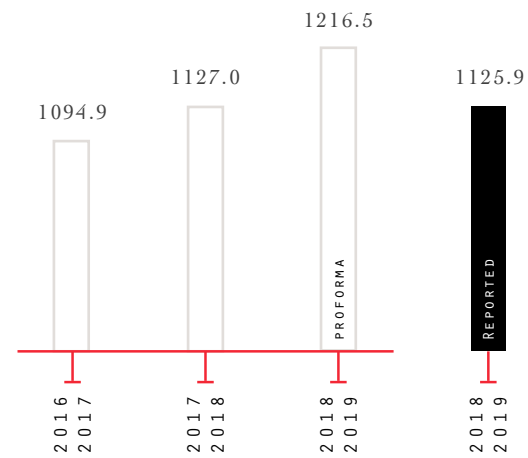
Current operating margin

\* Proforma figures (pre-IFRS 15, 16 and 9)

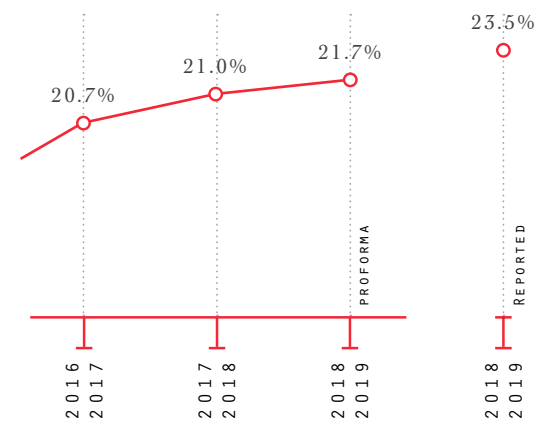


# ACHIEVEMENTS IN 2018 / 2019

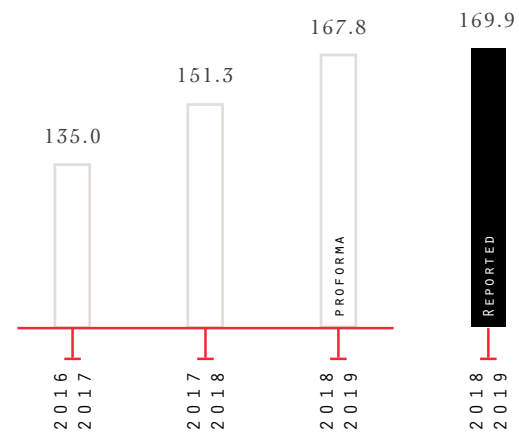
## Sales (in €M)



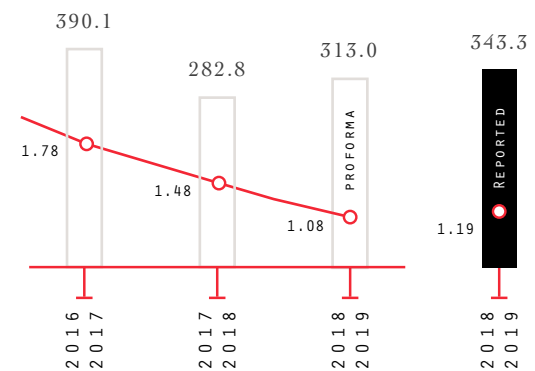
## Current operating margin



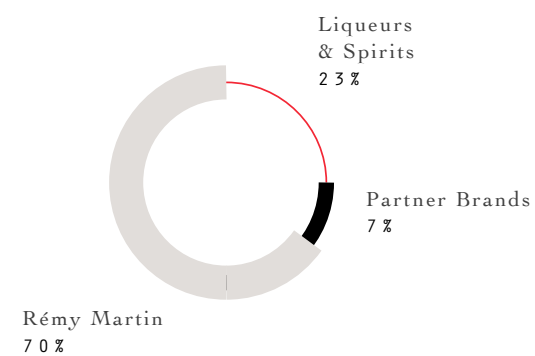
## Net profit (excl. non-recurring items) in €M



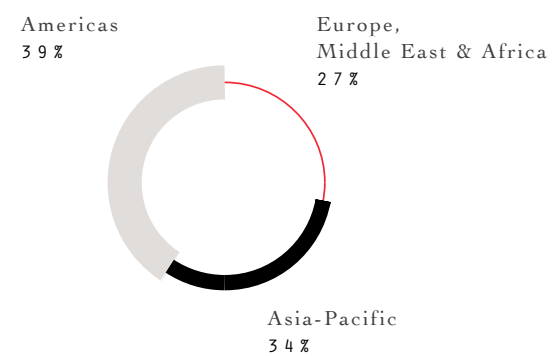
## Net debt (in €M) and net debt/EBITDA ratio



## Breakdown of 2018/2019 revenue by division



## Breakdown of 2018/2019 revenue by region



Proforma figures (pre-IFRS 15, 16 and 9)  
Figures post-IFRS 15, 16 and 9





04

## THE YEAR OF THE BRANDS

**With organic growth of 9.8% driven by the Asia-Pacific and Americas zones, Group Brands have enabled Rémy Cointreau to achieve the best year in its history.**

The House of Rémy Martin performed especially well (+11.9%), in particular thanks to the XO quality – one of the priorities of the Group and the Cognac division. The initiation of this showpiece has proven its worth: the “Opulence Tables”, the “Maisons Éphémères” (pop-up Houses) and all the events hosted by our brand ambassadors around the world played their part.

The Liqueurs & Spirits division achieved a good year, with 4% growth. The Botanist gin, which continues to gain traction in the world of mixology, together with our Scottish whiskies, were the division’s spearheads. In particular, Port Charlotte benefited from a new presentation and bold communication: #Weareislay.

Cointreau recorded a very good year, especially in the United States in the second half of the year, reaping the rewards of the new “The Art of the Mix” campaign. St-Rémy also showed strong results, consolidating its number-one position among French brandies.



# THE HOUSE OF RÉMY MARTIN

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The House of Rémy Martin confirmed its buoyant momentum in 2018/2019: organic sales growth of 11.9% endorses our value strategy and our high-end positioning.

Fuelled by a client-focused culture and organisation, our growth is based on solid fundamentals and allows us to look ahead with serenity. The opening and first successful operation of our new winemaking and distillation facility in Juillac for the 2018 harvest is an example thereof. Juillac is the first cornerstone of the ambitious investment programme that will cover all Cognac sites by 2024. Key to our strategic vision, our environmental commitment to responsible and sustainable viticulture that respects our terroirs is intensifying. The High Environmental Value (HVE) certification chosen by the House and its Alliance Fine Champagne (AFC) Cooperative in 2012 is now recognised by the entire Cognac division.

As such, 94% of vineyard areas supplying the House have committed to the approach (level 1) and 42% have HVE certification (level 3). The momentum has increased since 88 new winegrowers have been rewarded during the second ceremony of the “Centaur of the Environment”. Lastly, in the Poitou-Charentes region, more than 94% of HVE-certified farms have partnered with the AFC and the House of Rémy Martin.

**The House of Rémy Martin confirmed its buoyant momentum in 2018/2019.**

**851.9M€    27.7%**

Revenue of the House of Rémy Martin

Current operating margin of the House of Rémy Martin







LIMITED EDITION VSOP  
WITH THE ARTIST MATT W. MOORE



## \_ RÉMY MARTIN

Rémy Martin has recorded a record year, thanks to the remarkable performance of its superior qualities, in particular, Club and XO. Asia, Africa and Travel Retail were the most dynamic regions, while the brand has continued to grow in its key markets, such as the United States and Europe.

These strong results support the acceleration of the value strategy and the increase in communication investments. The XO quality was the spearhead of this plan to conquer the markets. Several initiatives have supported this flagship product: the partnership with chocolatier Pierre Marcolini, the roll-out of the “Opulence Table” in many channels, and the decanter personalisation initiatives, which are very popular during the Christmas and Chinese New Year celebrations. The 1738 Accord Royal cognac continued to boom in the United States with the “Producer Series” platform focused on music, but also in Western Europe where its fan base is growing. A communication campaign was implemented in the United Kingdom with digital activation and a poster campaign, helping to strengthen brand awareness.

In Asia, Club (the “8-faceted product”) continued to expand in Singapore, Malaysia and especially in China, where e-commerce has offered multiple opportunities to reach new clients in the most remote regions. Lastly, 2018/2019 was marked by the launch of a limited series around VSOP in collaboration with American artist Matt W. Moore, known for

his style, “vectorfunk”: an extensive eco-system combining merchandising, viral operations, an augmented reality smartphone app, and participation in lifestyle events like Art Basel or Shanghai Design Week. This initiative has breathed new life into the Rémy Martin brand and continues to rejuvenate its customer base.

The year 2019/2020 will bring many projects, including the launch of a new communication platform to strengthen the singularity of Rémy Martin cognac among exceptional cognacs.



## \_ LOUIS XIII

At Louis XIII, time is essential. It is our key ingredient.

Each moment carries the promise of perpetual movement, concentrated on the heritage of the past, the experience of the present, and the preparation for the future.

**This timeless icon recorded remarkable results in 2018/2019, as well as balanced international sales.**

With each moment, the Cellar Master watches over the treasure of very old eaux-de-vie transmitted by his predecessors, prepares Louis XIII with a blend that has achieved a perfect balance, and sets aside exceptional eaux-de-vie for the next generations of Cellar Masters. This projection of time makes Louis XIII unique.

This status of a timeless icon, which has enabled it to record remarkable results in 2018/2019 along with a balanced international distribution, is the fruit of a client-oriented strategy. At Louis XIII, we place the client at the heart of everything we do, striving to provide him or her with the best experiences.

In February 2019, Louis XIII integrated NFC technology into its decanter to give clients exclusive access to a privileged world.

First presented in its boutiques, then made available to all markets, each connected decanter will connect clients directly via their smartphone to “LOUIS XIII Society”: a private club where members will benefit from exclusive content, unique experiences and customised services.

It is also the brand's approach regarding its worldwide retail strategy. The opening of its own boutiques (in China and London) enables Louis XIII to inspire and surprise its clients with increasingly innovative and meaningful experiences, without forgetting the creation of pop-up stores.



Innovation goes hand-in-hand with heritage. Knowing how to draw inspiration from the past to innovate. With this in mind, and as part of the Black Pearl collection, Louis XIII has introduced an unprecedented limited edition created by Maison Baccarat. Named BLACK PEARL AHD, in tribute to André Hériard Dubreuil, this 350 ml decanter made of steel-coloured crystal is produced in a numbered edition of 1,498 decanters. Its precious liquid is drawn from a single tierçon carefully hidden deep inside the André Hériard Dubreuil cellar: cooler, darker and damper than the other cellars.

Surprising our clients also means continuing to share the unique history of the artistic “100 years” project with Pharrell Williams: an original piece of music that will only be released in 100 years. The project is related to environmental challenges and

the repercussions of global warming. “100 YEARS”, a new song by Pharrell Williams to be released in 2117 only #ifwecare.

Driven by this long-term vision, Louis XIII strives, above all, to offer its clients increasingly surprising experiences reflecting its pioneering approach, which it has embraced since 1874.





## LIQUEURS AND SPIRITS

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The brands of the Liqueurs & Spirits division recorded organic sales growth of +4.0% over the year, with strong acceleration in the second half of the year.

Bolstered by their diversity, our ten brands are continuing their move upmarket and international growth: Cointreau as a benchmark in its category, Metaxa with the success of its “12 Stars” campaign, Saint-Rémy brandy with its XO quality, and Mount Gay rum with its shift away from its entry-level qualities. The Botanist has established itself as a must-have in cocktail bars around the world, while our Scottish single malts have made a prominent entrance on the Asian market, with Port Charlotte as the spearhead. As for the young Westland and Domaine des Hautes Glaces brands, they have already distinguished themselves by receiving medals at various competitions but are taking their time to prepare for the future.

These successes were driven by significant investments in communication to support the move upmarket of the different brands and to create international brand awareness.

As such, Cointreau has benefited from the international “The Art of the Mix” campaign and the campaign celebrating the 70<sup>th</sup> anniversary of the Margarita in the United States. Metaxa launched the second opus of its “Don’t drink it, explore it” campaign for its 130<sup>th</sup> anniversary, driven by two new explorers. St-Rémy’s digital communication campaign enjoyed notable success in Canada, whereas that of Port Charlotte, “We Are Islay”, was crowned with real commercial success.

**The increase in communication investments, started two years ago, is beginning to show results.**

**276.6M€    14.0%**

Revenue of the Liqueurs & Spirits division

Current operating margin of the Liqueurs & Spirits division





## \_COINTREAU

The Cointreau brand is continuing its ambition to become the leader of cocktail culture. Its organoleptic qualities and its ability to enhance other ingredients make it the essential foundation of mixology.

In the second half of 2018/2019, the brand reaped the benefits of the *Art of the Mix* campaign launched in March 2018 and of the 70<sup>th</sup> anniversary celebration of the Margarita cocktail. This growth was very strong in its leading market, the United States, and in its traditional market, the United Kingdom, as well as in emerging markets like Russia and China.

Among the year's highlights was the limited edition, "Orange" bottle, created by the Design Laboratory of Central Saint Martins School in London, as well as two new cocktail creation tools on the cointreau.com

website: the "cocktail matcher" and the "cocktail finder". American actress Gwyneth Paltrow also participated in the Margarita's anniversary. To mark the occasion, she broadcasted a tutorial on preparing the iconic cocktail to her followers.

For its 170<sup>th</sup> anniversary in 2019/2020, the brand will pay tribute to great classic cocktails through "Le Cocktail Show". This 360° activation will feature the Cointreau Fizz, the Margarita, the Cosmopolitan and the Sidecar, from cocktail bars to retail outlets, including on social media.

## \_ST - RÉMY

St-Rémy benefited from its new presentation, new products and communication campaigns to consolidate its number-one position among French brandies – especially in North America, Russia and Travel Retail. We can also highlight strong results in some countries throughout Asia, Africa and the Middle East.

The XO quality recorded double-digit growth, perfectly in line with the brand's strategy to move upmarket. The launch of the first limited edition, St-Rémy French Chardonnay Cask Finish, supports this strategy of excellence.

Depending on the markets, differentiated digital communication campaigns have been successfully developed: "What Good Friends Are Made Of" in Canada, "Friends Forever" in Russia and "100 % French From Grapes To Bottle" in the United States. The brand has also strengthened its presence on social media.

During 2019/2020, St-Rémy XO's share of the brand's overall revenue should increase even further, whereas the Cask Finish range will offer new discoveries for connoisseurs interested in limited editions.

### LIMITED EDITION ST-RÉMY FRENCH CHARDONNAY CASK FINISH





## \_METAXA

2018 has been a crucial year for Metaxa, which celebrated its 130<sup>th</sup> anniversary. To honour its heritage, Cellar Master Constantinos Raptis created 130 limited edition decanters of its most precious elixir: Metaxa AEN Cask No. 2 - Despina. The word AEN translates to “forever” in Greek, celebrating the essence at the heart of Metaxa in its purest form.

In May 2018 in Athens, a press conference unveiled the brand’s first global campaign focused on the subject of exploration, featuring South African explorer Mike Horn, as well as the French free-diving world champion Guillaume Nery and British adventurer Laura Bingham. They are perfect examples of the Metaxa signature: *Don’t drink it, explore it.*

Metaxa continued its global expansion with the launch of Metaxa 12 Stars in Spain and France, as well as in Dubai, in the major cities of China and the United States, and the best bars of New York, Dallas, Miami and San Francisco.

The brand has also strengthened its presence in the world of mixology by establishing a unique partnership with the world-famous Athens bar, The Clumsies, and by organising the *Explore Greece* event. A team comprised of the best international barmen (including Vasilis Kyritsis and Nikos Bakoulis of The Clumsies, and Leo Robitschek of the NoMad Bar in New York) sailed through the Cyclades, stopping at three iconic islands: Mykonos, Paros and Antiparos. At each stop, the barmen revealed an exclusive cocktail made with Metaxa 12 Stars, inspired by the wonders of Greece.

To support these initiatives, Metaxa has taken a strong digital approach with the launch of a new website, coverage of the *Explore Greece* event, and the roll-out of the new campaign (embodied by its three explorers) on social media.

In 2019/2020, Metaxa will continue its strategy by offering new cocktail recipes and organising the second edition of *Explore Greece*, which will sail south towards Crete.

METAXA AEN CASK N°2 - DESPINA



LIMITED EDITION  
MOUNT GAY XO:  
THE PEAT SMOKE  
EXPRESSION

## \_MOUNT GAY

**Mount Gay is continuing its move upmarket and aims to gain popularity among connoisseurs of exceptional rums.**

As expected, the brand's volumes were down in 2018/2019 compared with last year, in line with our forecasts, as the brand's move upmarket is under way. For example, the decision to withdraw Mount Gay Silver rum from all markets – except the Caribbean – and to concentrate on higher-end products has affected global results. However, this strategy should guarantee the brand's success and profitability in the medium term.

The launch of the *Time Well Spent* campaign on social media and in the key markets – United States, United Kingdom and Barbados –, combined with the launch of the XO The Peat Smoke Expression limited edition, has enabled the brand to increase its visibility and reputation like never before. The organisation

of tastings has also played an important role among high-end spirits connoisseurs.

Among its CSR initiatives, Mount Gay has completed the first phase of solar panel installation at the Saint Lucy distillery and has enhanced the estate's biodiversity by planting trees and installing new beehives.

2019/2020 will be a key year for Mount Gay: the brand will undergo repositioning with new packaging and a new communication campaign targeting the increasing number of exceptional rum connoisseurs.





## \_THE BOTANIST

Once again, the Botanist has recorded one of the best performances in the high-end artisanal gin category.

**The Botanist becomes  
the benchmark  
for exceptional gins.**

In 2018/2019, the launch of the new #BeTheBotanist campaign in the world's major cities was the main driver of the brand's remarkable growth. The campaign encourages clients to "unleash their inner forager" and to develop singular and unique cocktails on their own by combining The Botanist with herbs they have foraged. These initiatives, combined with the development of the brand's visibility in bars, clubs and restaurants, have boosted brand awareness.

In 2019/2020, The Botanist will continue to surprise us through a series of short films: "Wild – A State of Mind".







## W H I S K I E S

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**The singularity of our whiskies is increasingly sought after, including by Asian clients.**

Created two years ago, the whisky division comprises five single malts that share the same values of provenance and excellence: Bruichladdich, Port Charlotte, Octomore (the three brands of the Progressive Hebridean Distillers on the Isle of Islay, Scotland), as well as Domaine des Hautes Glaces, a farm distillery in the French Alps, and Westland, a distillery in Seattle, in the United States.

Overall, this division recorded another year of double-digit growth, driven by the success of the new Port Charlotte bottle and the prestigious limited series of Octomore, the world's most heavily peated single malt. The former reaped the rewards of a bold viral campaign, "We Are Islay", while the latter is benefiting from the development of its private online sales policy aimed at well-informed connoisseurs.

Although our Scottish whiskies are thriving in their traditional markets (Americas, United Kingdom, France, etc.), they have also made important inroads in Asia and the northern countries.

The young Westland distillery, which combines critical and commercial success, continues to grow in the United States and is preparing to export some of its production.

Lastly, Domaine des Haute Glaces is taking the time to prepare for the future by building up stocks.





NEW PACKAGING  
FOR PORT CHARLOTTE SINGLE  
MALT SCOTCH WHISKY

## \_PROGRESSIVE HEBRIDEAN DISTILLERS

Driven by the “We Are Islay” campaign, Port Charlotte experienced exceptional growth in 2018/2019.

Our portfolio of Progressive Hebridean Distillers (PHD) single malts recorded another year of double-digit growth. This performance is due to the continued success of our core products in our key markets, combined with a winning strategy to move upmarket, in particular through exceptional limited editions. Moreover, new growth drivers have been developed in emerging markets in Asia and in other Scandinavian countries. Additionally, the development of E-Retail, targeting a customer base of highly demanding

connoisseurs, also contributed to this excellent year.

Although Bruichladdich perfectly achieved its targets, they were far exceeded by Octomore’s prestigious limited editions and, above all, by Port Charlotte, whose rebirth was a true success: new flavour, new packaging, new positioning and new “We Are Islay” campaign. These changes enjoyed excellent media coverage and were crowned with three major awards, including a double gold medal

at the 2018 San Francisco World Spirits Competition.

Highly involved in safeguarding the Islay ecosystem, PHD implemented several environmental initiatives in 2018, including: planting 4,000 trees; habitat conservation projects with the Islay Natural History Trust, local landowners and the Islay pollinator project; a study to develop green energy solutions, and the acquisition of two electric vehicles.

The strong growth target remains intact for 2019/2020. Bruichladdich will focus on Classic Laddie while tapping into the possibilities of the Barley Exploration range and the Rare Cask series in the luxury segment. Port Charlotte will continue to roll out its new range around the “We Are Islay” campaign. Lastly, Octomore will maintain its course with the launch of the 10 series.



## \_DOMAINE DES HAUTES GLACES

Since its creation by Frédéric Revol in 2009, the farm distillery Domaine des Hautes Glaces has produced exceptional single malt whiskies from the Trièves Mountains at an altitude of 900 metres deep within 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, 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 produces a range of single malt whiskies with the greatest respect for terroir, people

and time. Relying on a reinterpretation of local savoir-faire to promote the aromatic distinctiveness of alpine mountain grains, the Domaine des Hautes Glaces explores its terroir by offering single malt whiskies with unrivalled flavour. The elegance of the bottle – at once minimalist and contemporary – reflects the intricate relationship between past, present and future; between respect for tradition and boldness of innovation.

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



GARRYANA, NAMED "AMERICAN SINGLE MALT OF THE YEAR 2018"



## \_THE WESTLAND DISTILLERY

The spearhead of the emerging market of American single malts, the Westland Distillery has enjoyed a wonderful year of recognition. Backed by rave reviews in the American trade press, it also received several awards, including that of "Master Distiller of the year" for its co-founder Matt Hofmann at the 2018 Icons of Whiskey Awards.

During the year, Westland offered high-profile limited editions, in particular the 1083 very peaty bottles of Peat Week and the extraordinary Garryana. Named "American single malt of the year", this exceptional whisky is aged in local oak casks, Garry Oak; the distillery is actively involved in replanting new oak saplings.

In terms of responsible economy, Westland has also taken a major initiative to limit 80% of its water consumption by installing a cooling tower in the distillery.

Exciting prospects appear to lie ahead for 2019/2020. In the United States, the brand is expected to continue its growth in selective distribution. Above all, Westland will begin to export to other major single malt markets around the world to become the American benchmark among informed connoisseurs.



# THE MARKETS

## \_AMERICAS

The positive macroeconomic environment in the United States was conducive to the spirits market, which saw greater growth in value than in volume, promoting high-end brands. In Latin America, our key markets are showing high potential: Barbados, Porto Rico and especially Mexico, where we have signed a new distribution agreement. That of Canada, a promising market, has been renewed.

Cognac continues to enjoy very positive momentum, driven by the selective distribution of Louis XIII and the marketing programmes of Remy Martin VSOP, 1738 and XO. Cointreau has experienced an exceptional year, confirming the strategy implemented through the *Art of the Mix* campaign.

Our Whisky portfolio continues to grow in selective distribution, with Westland in the lead of American Single Malts and Port Charlotte 10 Year Old ranked fourth best whisky by Whiskey Advocate. The Botanist is continuing to grow at a rapid pace and our targets remain high for the development of this exceptional gin. Lastly, Metaxa 12 Stars was launched in four key cities in February 2019 and is already showing its potential in cocktail bars.

In 2019/2020, the prospect of a continued move upmarket supports our optimism for another year of solid growth.

## \_ASIE PACIFIQUE

Rémy Cointreau has benefited from strong growth in cognac sales across Asia, while winning market share in most countries. Louis XIII has achieved a remarkable year thanks to the growth in private client sales, especially in South-East Asia, which is undergoing rapid development. Rémy Martin has also recorded sharp increases in China (especially in restaurants, bars and karaoke bars), Singapore and Indonesia. Rémy Martin Club confirmed the excellent performance already achieved in previous years.

Our whiskies are also experiencing major growth: in 2018, the Greater China region became the first global market for Progressive Hebridean Distillers (PHD) single malts, and the launch of Port Charlotte 10 Year Old is already a success. Lastly, it is worth noting the growth in Cointreau sales across the entire China and the launch of Metaxa in some major Chinese cities, which support the diversification of our spirits in this market long dedicated to cognac.

In Malaysia, the opening of a distribution subsidiary since October 2017 has proved to be a winning strategy, while in Japan, Rémy Cointreau is resuming double-digit growth.

For 2019/2020, investments in communication and distribution structure, combined with structurally promising market trends, should continue to boost the growth of our exceptional spirits.

## \_EUROPE, MIDDLE EAST AND AFRICA

In 2018/2019, the downturn in the Europe, Middle East and Africa region was due primarily to changes in the distribution network in several countries (Spain, Italy and Germany, to name a few). Most of the other markets recorded a good year, such as Russia, the United Kingdom, France and Switzerland. Africa and the Middle East also confirmed their strong potential in the medium term, in particular with excellent results in South Africa, Nigeria and the United Arab Emirates during the year.

Rémy Martin has continued its world tour with its pop-up Houses to educate clients and give them an opportunity to taste our signature cocktails: in the EMEA region, a "Rémy Martin House" was opened in Moscow in October 2018 and in London for the third time, this time with a permanent address in the Bibendum building, in collaboration with Michelin-star French chef Claude Bosi. Still in London, Louis XIII opened a permanent store in Harrods, its third address after its two Chinese stores, and Cointreau launched its new "The Art of the Mix" campaign there. Metaxa introduced the second opus in its "Don't drink it, Explore it" campaign in its main markets in Central Europe, and The Botanist launched invitations to forage in Berlin, Dubai, London and Paris as part of its #BeTheBotanist campaign.

The distribution network in the EMEA region will continue to evolve in 2019/2020. Nevertheless, we will strengthen investments in our main markets.

## \_TRAVEL RETAIL

In 2018, the Travel Retail market continued its strong growth, with a 7% increase in the number of travellers. Favourable market conditions and sustained investments led to a new year of healthy growth for the Group.

This short circuit allows us to be in direct contact with our clients and thereby educate them on our exceptional spirits. As such, we have developed various events for each of our brands: tastings, cocktail demonstrations, pop-up stores and original features in the largest international airports.

In Asia, Travel Retail results reflect domestic market trends, particularly for cognac, which is experiencing a strong increase in demand. In the Singapore and Hong Kong airports, Progressive Hebridean Distillers (PDH) single malt sales and The Botanist gin sales have taken off. In addition, we have noted rapid growth in in-flight sales.

In Europe, the environment is more mitigated, whereas in the Americas, the demand for high-end cognacs is dynamic and the Cointreau activations have paid off.

For 2019/2020, we expect the market to remain buoyant, driven by the continuous growth in Chinese tourism and the appreciation of the yuan.







05

## CORPORATE SOCIAL RESPONSIBILITY

Rémy Cointreau's CSR strategy is fully aligned with the United Nations Sustainable Development Goals (SDG) and grounded in three major commitments: preserving Terroirs, committing to People and respecting the value of Time. Wherever its Houses operate, they work in close collaboration with the Group's partners and suppliers to reduce their environmental impact.





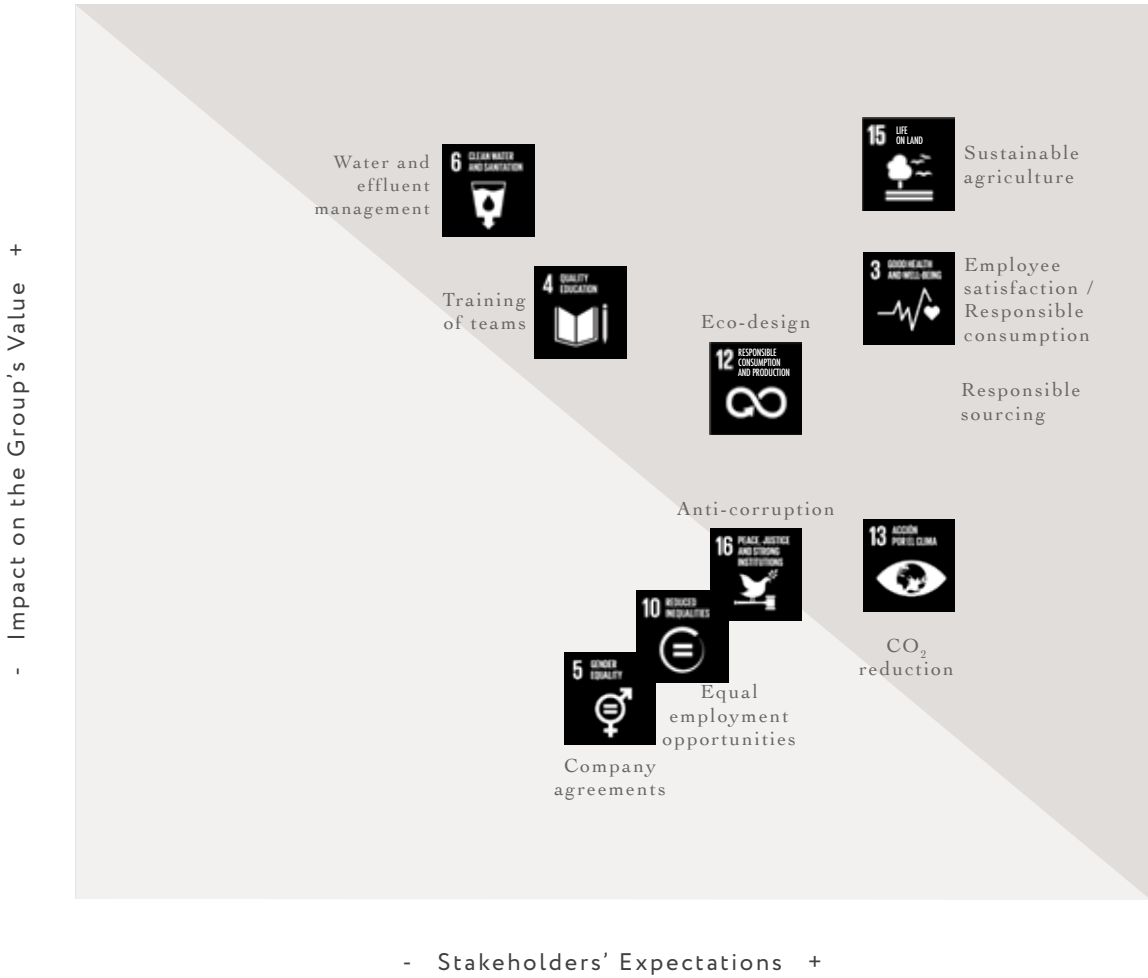
To understand the secret behind Rémy Cointreau's excellence, we must focus on what elevates it: the quality of its spirits, naturally, but also the values rooted in the Group's DNA. Over the last few years, the international environment has only confirmed and strengthened the convictions of Rémy Cointreau, already highly committed to environmental, corporate and social responsibility. The Group's CSR policy plays a unifying role and can be summarised as follows: "To do things right, do the right thing". That is why Rémy Cointreau has decided to express — with even more strength and singularity — the values structuring it since its inception. Its signature. "Terroirs, People and Time", denotes the three pillars underpinning its foundation. They echo the Group's major CSR challenges, inspired by the Sustainable Development Goals (SDGs)

defined by the United Nations. These 17 goals characterise Rémy Cointreau's focus. They reflect its CSR ambitions by incorporating challenges such as climate change and sustainable agriculture.

A real corporate governance tool in line with Rémy Cointreau's strict standards, a materiality analysis has been conducted. Its aim was to prioritise the challenges to identify those with a considerable impact on growth, value creation and the Group's continued existence, while taking into account the expectations of all stakeholders.



MATERIALITY MATRIX





\_ OF THE 17 SDGS, RÉMY COINTREAU HAS SELECTED THE 10 RELATED TO ITS MAJOR CHALLENGES:

		REMY COINTREAU CHALLENGES	RISKS RELATED TO THE CHALLENGE	INDICATORS
SDG3	Ensure healthy lives and promote well-being for all at all ages	Responsible consumption (in-house and externally)	Restrictive	Qualitative information
SDG4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	In-house training	Loss, deterioration of certain expertise	% of employees completing at least one training course per yea <sup>(1)</sup> Hours of training <sup>(2)</sup>
		Skills development	Lack of staff training in some countries	
SDG5	Achieve gender equality and empower all women and girls	Non-discrimination and in-house social balance	Non-appeal of the company	Ratio F/M Managers <sup>(1)</sup> Weighted discrepancy between female and male promotions <sup>(1)</sup> Distribution of F/M training <sup>(2)</sup>
			Company's reputation	
SDG6	Ensure availability and sustainable management of water	Water management (specific case of Barbados site)	Water availability and quality	Water consumption <sup>(1)</sup>
			Pollution related to effluent waste	Rate of effluent recovery <sup>(2)</sup>
SDG8	Quality work and economy / Promote sustained economic growth, full and productive employment, and decent work	Well-being of employees	Absenteeism, turnover, occupational accidents, occupational health, alcohol consumption due to work stress	Renewal rate <sup>(1)</sup> , Absenteeism <sup>(1)</sup> Rate of frequency and severity of workplace accidents <sup>(2)</sup> Average age <sup>(2)</sup> Seniority <sup>(2)</sup> Workforce by zone, activities and businesses <sup>(3)</sup>
			Supplier non-compliance with regulations	Rate of suppliers with Sedex membership <sup>(1)</sup> CSR score of suppliers <sup>(1)*</sup>
		Responsible sourcing	Company's reputation with clients (boycott)	
			Non-appeal of the company	Qualitative information
		Territorial impact (Terroirs)	Company's reputation	
SDG10	Reduce inequality within and among countries	In-house social balance / International homogeneity	Non-appeal of the company	% of employment of people with disabilities <sup>(3)</sup> % of work-study contracts <sup>(3)</sup>
			Company's reputation	
SDG12	Ensure sustainable consumption and production patterns	Circular economy and reduced consumption of raw materials	Increase in commodity costs	Environmental performance index for packaging (EPI) <sup>(1)*</sup> Change in EPI <sup>(1)*</sup> Rate of waste recovery <sup>(2)</sup>
		Client information (labelling, recycling)	Company's reputation with clients	
SDG13	Combating climate change and its effects	Contribution to global efforts (limit of 2°C) and company's sustainability	Restrictive regulatory and tax framework (Carbon tax)	Significant CO <sub>2</sub> emissions ( <i>scope 3</i> ) <sup>(1)</sup> CO <sub>2</sub> emission reduction rate <sup>(1)</sup> Energy consumption <sup>(2)</sup> % Renewable electricity consumption <sup>(2)</sup> CO <sub>2</sub> emissions related to business travel <sup>(3)</sup>
			Company's reputation with clients	
SDG15	Sustainable land use / Protecting, restoring and promoting the sustainable use of land ecosystems / Sustainable forest management / Preserving biodiversity	Sustainable agriculture	Sustainable production of our agricultural commodities	% of sustainably managed agricultural land <sup>(1)</sup> HVE certification rate of the Cognac winemaking cooperative (AFC) <sup>(1)</sup>
		Preserving biodiversity	Company's reputation with clients	Qualitative information
SDG16	Peace and justice: effective and accountable institutions	Business Ethics	Restrictive regulatory and tax framework (prohibition)	People trained in the ethical charter <sup>(1)</sup> Number of alerts <sup>(2)</sup>
		Governance	Effective and consistent implementation of the CSR strategy in the company	Exco remuneration linked to % of achievement of CSR targets <sup>(3)</sup>

1: progress indicators.  
1\*: progress indicators in the process of creation.  
2: vigilance indicators.  
3: management indicators.

The various challenges selected form the bedrock of our new CSR charter developed this year to support the Group in continuing its efforts towards excellence. It is based on three major goals:

- **Preserving our Terroirs** to reveal their excellence, by encouraging responsible farming methods, maintaining the terroirs' specific characteristics and innovating to protect them,
- **Committing to men and women** to assert our singularity by guaranteeing well-being at the workplace, gender equality and non-discrimination, committing to responsible sourcing, working hand-in-hand with local communities, and promoting the responsible consumption of our products by our clients,
- **Respecting the values of Time** to create exceptional products while leading the fight against global warming, protecting water resources, and taking action to reduce the environmental impact of our activities.

Rémy Cointreau's governance must ensure the integration of the Group's CSR approach into its overall strategy, at all levels of management, from the Board of Directors to the structures overseeing teams of co-workers.

This is vital to ensure the credibility and reliability of the Group's CSR policy with respect to its stakeholders – be they employees or external partners. Rémy Cointreau must inspire confidence in the reality of its CSR commitments

by proving the effective and consistent implementation of its CSR strategy at all levels of the company.

CSR governance at Rémy Cointreau relies primarily on the Corporate Social Responsibility (CSR) committee, which is mainly responsible for ensuring the implementation of the Group's CSR policy. The committee's other duties include compliance with commitments (UN Global Compact and internal CSR charters), assessing the actions implemented (2020 CSR plan), monitoring the dashboard of indicators, the result of CSR reporting verification audits, changes in non-financial ratings, and the outlook in terms of actions (updating the 2020 CSR plan).

As players in this CSR governance, senior executives on the Rémy Cointreau Executive Committee have a portion of their variable compensation index-linked to CSR goals in line with the main SDGs selected (primarily SDG 6, 8, 12, 13 and 15). As such, each Exco member becomes a true ambassador, for all the Group's employees worldwide, regarding a CSR indicator and its improvement.





## PRESERVING TERROIRS TO REVEAL THEIR EXCELLENCE

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Soil, climate, air, biodiversity, production methods: each region is unique, and each of its characteristics contributes to the quality and uniqueness of our liqueurs and spirits. Wherever our “Maisons” are present, they act in a responsible and respectful manner and innovate to ensure the sustainability of the terroirs from which they draw both character and typicity. To preserve our terroirs, we aim to ensure that by 2024, 100% of the land we cultivate is managed in a responsible and sustainable way.

### \_ENCOURAGING RESPONSIBLE FARMING METHODS

Land-based work lies at the root of Rémy Cointreau’s expertise. Discipline and passion come together with respect for the ecosystems in which the Houses of Rémy Cointreau develop their products. All around the world, they try out new, more responsible farming methods to preserve the specific features of the terroirs and the knowledge of excellence that is transmitted across generations, making the spirits exceptional.





### Raising the profile of responsible and sustainable agriculture requirements through excellence certifications

In Cognac, the House of Rémy Martin has spanned nearly three centuries without gaining a single wrinkle. To preserve the land and vineyards of Petite and Grande Champagne, the Maison established a partnership with the Alliance Fine Champagne (AFC) cooperative more than 50 years ago. Nearly 800 partners deliver their finest *eaux-de-vie* to the Maison, allowing it to consistently develop exceptional products. Deeply rooted in its terroir, it is passionately committed to sustainable agriculture that is more respectful of the Charente terroir.

Together with the AFC cooperative, the Maison has made a strong commitment to the development of responsible agriculture and the joint development of a sustainable supply chain in the Charente region. In 2012, the Rémy Martin Domaines were the first – and only – farm in the Poitou-Charentes region to receive High Environmental Value (HVE) certification. It is the highest level of this certification, supervised by the French Ministry of Agriculture, that rewards sound practices carried out on farms, focusing on 4 topics: biodiversity, phytosanitary strategy fertilisation and water management.

Since then, the work undertaken by Rémy Martin alongside the AFC has enabled the Cognac region to climb to third position nation-wide in number of HVE-certified farms.

### Training and sensitising the Group's partners on sustainable farming methods

Land-based work only produces valuable rewards over time. The Rémy Martin men and women know this all too well. Since 2014, supported by industry group BNIC and the Chambers of Agriculture, the House has been offering AFC Winegrowers trainings on sustainable agriculture to help move the region forward and ramp up the number of partners involved. An HVE-dedicated working group trains them to improve the overall impact of the farming activity on the environment and the Charente terroir.

The House disseminates regular reviews of the High Environmental Value Agriculture approach. These reviews are now shared with all the House's partners – supplemented with information dedicated to training and the most recent HVE results – via the *rémysphere* letter. The Group's CSR report is also shared with all Winegrowers on the *remysphere.com* website.

### Do and inform to engage more and more partners

To engage more partners on the road to environmental excellence, the Centaur-emblem brand is going above and beyond, once more acting as a pioneer in the region: for two years now, the House has been distinguishing newly HVE-certified winemakers for their efforts to further responsible agriculture. Overall, 157 Winegrowers have already been rewarded and 183 have received HVE certification.

A strong momentum has taken hold in the regions around this excellence certification. As at 1 January 2019, more than 90% of the certified farms in Charente are members of the Alliance Fine Champagne cooperative. At the end of the Group's 2018/19 financial year, 42% of the land cultivated by the House's partners was HVE-certified, and 94% had already started the certification process. In 2018, this trend picked up speed: more than 200 partners joined the certification process.

Thanks to this strong mobilisation, Nouvelle-Aquitaine has become the leading region in France for responsible and sustainable agriculture (figures as at 1 January 2019: French Ministry of Agriculture and Food).

- 94% of HVE-certified farms in Charente are Rémy Martin partners
- 42% of the land cultivated by the House's partners are HVE-certified
- As at 1 January 2019, Nouvelle-Aquitaine was the leading region in France for sustainable and responsible agriculture

(2019 figures, French Ministry of Agriculture and Food)



Nestled in the heart of the French Alps, on the slopes of the Obiou Mountain, the Domaine des Hautes Glaces has chosen to develop products created through a local development project involving farmers as committed partners. The organic whisky brand is proud to showcase its relationship with the land, and encourages for example the rotation of crops for a better soil life and new balances based on the agricultural economy. The Domaine des Hautes Glaces is creating a "climatic range" with local farmers to develop new crops of barley, rye, spelt, oats and organic triticale. The creation of this new rural supply chain for whisky offers a new vision for the land and its development, and long-term prospects for converting farms to organic farming practices.



## \_ INNOVATING TO PRESERVE THE ESSENCE OF TERROIRS

In Scotland's Isle of Islay or in the heart of the Charente vineyards in France, the Rémy Cointreau teams are constantly working to better understand their terroirs. These terroirs develop in rhythm with the changing seasons and the passage of time. They are the fruit of ancestral practices, and also provide a living laboratory from which the best is extracted with the utmost respect for local ecosystems.



### Exploring the terroir of Islay to guarantee exceptional products

In Scotland, Bruichladdich acquired land on the edges of wild Islay in 2018. The teams of the very first malt whisky brand from the island can thus make a stronger commitment to preserving Bere Barley and replanting different, "forgotten" varieties of barley.

At the end of 2018, the House invited organic farmers and researchers from around the world to a *Croft Summit*, aimed at sharing their farming practices and reflecting on future farming methods with the brand's teams. This international meeting has led to a large-scale project: the teams are going to plant several varieties of barley on test plots, without using synthetic products, to test those most suited to the island's terroir. As such, they will develop a better understanding of local farming conditions and will adapt farming practices to protect the land. Ultimately, the aim is to allow the rest of the island's farmers to benefit from this exercise.

Like its cousin, the Westland Distillery located in Seattle is rooted in the Pacific Northwest region in the United States. The Distillery is currently discussing the best crop rotation for this terroir that enjoys one of the best climates in the world for growing barley. It reflects the distinctive character of this region, where Westland Distillery produces single malt whiskies with locally produced barley only.



### Creating sustainable supply chains

In Spain, Tunisia, Brazil and Senegal, Cointreau has established local partnerships to ensure it is supplied with the best quality oranges. The charm and character of the famous liqueur from Angers is derived directly from the combination of sweet and bitter orange peels, the supply of which must naturally meet the strictest standards.

With the "Orange and Terroir" project, the Cointreau distillery has established an internal agricultural auditing system that meets the requirements of French High Environmental Value (HVE) certification while adapting it to orange tree growing conditions. Cointreau also aims to encourage its partners to develop a best farming practices standard that is recognised and applicable worldwide: the GLOBALG.A.P. Audits have already been conducted in Tunisia and Spain. They have made it possible to sensitise farmers on the Group's sustainable approach and support them with certification. In Ghana, all the Group's partner orange plantations have already received organic farming (*AB - Agriculture Biologique*) certification. Ultimately, all the oranges supplied must be sourced sustainably.

As for St-Rémy brandy, it organises meetings to present and sensitise all the Group's partners on its CSR approach and to strengthen the responsible sourcing of its *eaux-de-vie* and its relations with said partners.

### Testing excellence viticulture that relies on new technologies

In the heart of one of the most beautiful vineyards of the appellation, the Rémy Martin Domaines are pioneers in the Charente region. Of the 220 ha in Grande Champagne alone, 26 ha are dedicated to research.

The House uses new technologies as a privileged tool to improve its knowledge of the vineyards. Automation tests are under way on its test plots for mechanical in-row weeding, and drones are used to identify vinestocks showing signs of disease.

In cooperation with the *Station Viticole de Cognac* (BNIC), the House's teams have also planted a plot of resistant grape varieties (about 1 ha) to test their tolerance to the main vine diseases on a large scale.

More generally, Rémy Martin is setting up partnerships with local and national research institutes (Chambers of Agriculture, Inra, IFV) and, with their help, testing alternative solutions for use in vineyards to assess the environmental, social and economic impact of winemaking practices and further develop such practices in the entire region.



## \_MAINTAINING THE TERROIRS' UNIQUE CHARACTERISTICS AND BIODIVERSITY

Each terroir is unique. It draws its distinctive character directly from the elements comprising its ecosystem: the product of an alliance between soil, sub-soil, climate and topography, maintained and shaped at the hands of people. From the forests of Charente to those of the Pacific Northwest region in the United States, Rémy Cointreau pays special attention to its regions and strives to defend biodiversity to guarantee their continued existence and create products of exception.

### Guaranteeing the supply of distinctive products in the long term

In Poitou-Charentes, the House of Rémy Martin is working in partnership with the National Forestry Office (ONF) to preserve pedunculate oak, vital to the production and ageing of a cognac of excellence. As part of its joint commitment with the ONF, Rémy Martin is implementing several reforestation sponsorship programmes to test the ability of pedunculate oak to adapt to climate change. In the national forest of Monnaie, this partnership has enabled the ONF teams to start a new research project to reconsider the place of this oak species in the Poitou region's forest in the short and long term. Over the last two years, a network of "future plots" has been established. They are experimental plantation plots enabling us to measure the species' survival and growth rates to, ultimately, determine the optimal plantation conditions.

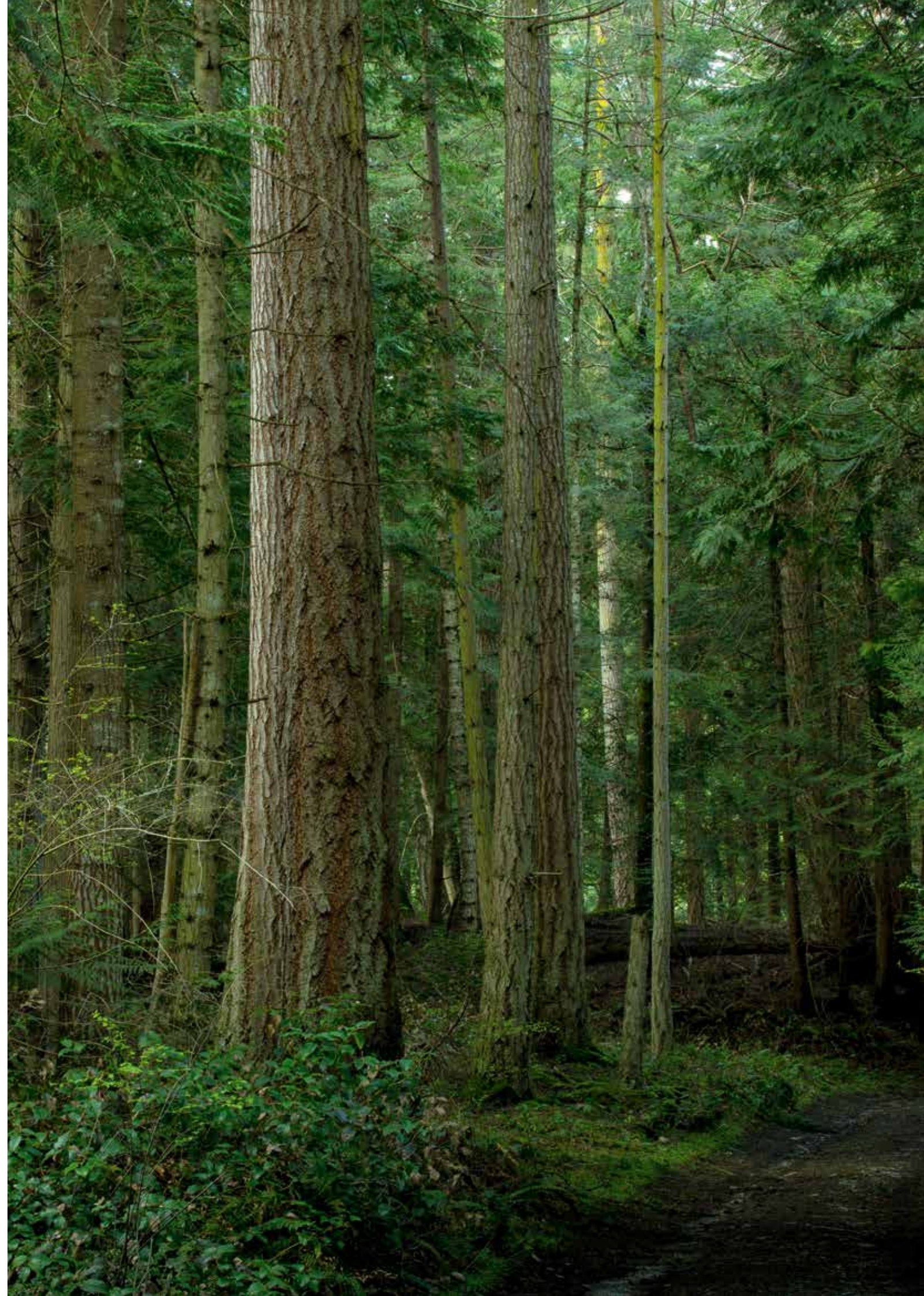
On the other end of the world, the Westland Distillery also uses an unusual oak variety, *Quercus garryana*, to age its whiskies. These oak trees form a crucial part of Westland's unique character: produced by local forests, they grow in a temperate, humid climate ideal for the maturing process. The oak used comes mainly from trees that have fallen naturally to the ground, whether during storms or on account of old age. Over the last two decades, 600 *Quercus garryana* have been planted with the goal of reintroducing another 2,000 within the next five years.

### Rémy Martin, promoting biodiversity in Cognac

In Merpins, the cradle of the House of Rémy Martin in the Charente region, an extensive environmental project has been created to protect biodiversity. Since 2010, the Rémy Martin Domaines have partnered with the French Bird Protection League (LPO) to implement a wide-scale reforestation project aimed at reintroducing fauna and flora into the environment.

The LPO teams have monitored these plots from an ecological perspective to assess the increase in fauna and flora and ensure the proper functioning of biodiversity. This monitoring has already showed an improvement in the diversity of species found in the area.

At the same time, the Rémy Martin Domaines teams, in partnership with the Charente Chamber of Agriculture, are sowing green manure cover crops to naturally fertilise the vineyard soils and, thereby, promote biodiversity. Green corridors have been established on the Domaines' plots and enable fauna and flora to reclaim the environment. The preservation of landscape hedges and the cultivation of floral fallow plants also help boost the return and activity of bees, vital to the proper functioning of the environment.







## COMMITTING TO PEOPLE WHILE ASSERTING OUR SINGULARITY

Collective progress is key to the Group's success. That of employees, on the one hand: Rémy Cointreau supports and trains its employees in the long term as part of a sustainable management approach. The Group supports and encourages them to give practical expression to the Group's values in their individual behaviour and their attitudes towards clients.

And that of stakeholders, on the other hand: the Group encourages responsible practices by its suppliers and local associations in its regions of operation, and promotes responsible consumption by all.

## \_RESPONSIBLE AND COMMITTED GOVERNANCE AT THE HIGHEST LEVEL

Rémy Cointreau broadcasts its commitments and raises awareness of its CSR policy among all its partners to maintain strict standards and keep effective control over their practices, from the first fruit harvested to the last drop poured into its bottles. Transparency, ethics

and responsibility define the collective destiny of Rémy Cointreau and its partners. By sharing its commitments and working to ensure they are implemented in practical terms, the Group proves its determination at the highest level of governance.



Acting in full transparency for ethical corporate governance

Of the 10 Sustainable Development Goals (SDG) identified as priorities for the Group, the establishment of effective and responsible institutions at the highest level of governance is one of the essential goals most important to Rémy Cointreau. This year, the Group furthers its action with stronger procedures to comply with the Code of Business Conduct and fight corruption.

In this regard, an “ethical course” via an online training module is now compulsory for all Group employees: with this first level of awareness-raising and training, the Group ensures that the fundamental principles of the CSR policy are shared by all employees.

Convinced that responsibility is a matter of common concern, the Group’s CSR charter has been completely revised and will gradually be circulated internally to all staff members and externally to all Rémy Cointreau partners.

Encouraging responsible practices by all our partners

In addition to improving its own practices, Rémy Cointreau is also attentive to the work performed by its suppliers in France and abroad. To ensure they adhere to its commitments, the Group has published a Code of Conduct for the attention of all its supplier partners. It comprises 38 principles covering the key areas of corporate social responsibility, including special attention to the responsibility of players in their supply chain and to compliance with Human Rights and environmental principles. Relying on an efficient assessment system, the Group monitors the proper implementation of these principles by all its suppliers. It makes them accountable and thereby

CSR criteria in the variable component of Exco compensation:

Since 2018, a portion of senior executives’ variable compensation is indexed to five criteria defined by the Rémy Cointreau Management Committee.

Exco members are directly assessed based on one of these five objectives and thus become true ambassadors of a CSR indicator and its improvement.

- **Water management** (SDG 6) and the Chief Operating Officer
- **Employee well-being** (SDG 8) and the Director of Human Resources
- **The circular economy and eco-design** (SDG 12) and the Chief Executive Officer of Liqueurs and Spirits
- **Action to combat climate change, reducing carbon emissions, and the transport of products** (SDG 13) and the Chief Executive Officers of the Asia/Pacific, Americas and EMEA regions
- **Sustainable agriculture** (SDG 15) and the Chief Executive Officers of the House of Rémy Martin and the Whisky division

The other Exco members are also involved: a variable portion of their compensation is indexed to the average achievement of these goals.

encourages them to share these best practices with their stakeholders, with real consequences for all of their supply chains.

These efforts to disseminate best practices and the discipline with which they are applied by its partners have been rewarded: in 2018, the Group received the 2019 Treasury4Good award for the most ethical supply chain.

\_ GUARANTEEING WELL - BEING AT THE WORKPLACE , GENDER EQUALITY AND NON - DISCRIMINATION

The Rémy Cointreau men and women are at the heart of the company's value creation. Their cohesion and diversity, their expertise and their desire to make progress, are their main strengths. Nourishing a deeply multicultural identity, fostering diversity while enhancing the sense of belonging, improving employee commitment while remaining attentive to their needs:

Supporting employees in the long term

Rémy Cointreau's multicultural dimension is a major asset in its international development and helps to disseminate the Group's values and commitments to a community driven by a shared vision. Rémy Cointreau draws on its various locations and the diversity of individual backgrounds to enhance the collective savoir-faire of its talent.

To procure and consolidate a sense of belonging and foster the understanding of its different businesses, the Group pays special attention to the training of its 1,800 employees to help them become actors in the transformation of their working environment. Internal training sessions specially tailored to the diversity of the Group’s businesses have been set up: the *Brand Academy* to better understand the brands, the *Art of selling Academy* for sales aspects, the *Finance Academy* to learn about finance, and the *Quality Academy* on products and their presentation. Two new academies will soon follow: the *Digital Academy* and the *Management Academy*.

To foster direct skills transfers and strengthen relations between employees working in different businesses or at different sites, the House of Rémy Martin offers an immersive discovery programme to employees working at the Cognac sites through *Vis mon job* (Live my job).

these efforts are reflected daily in terms of recruitment, training, work organisation and internal communication. Upon recruitment, each employee embarks on a process of individual and collective progress. In so doing, the Group supports its employees at all steps of their career through a proactive policy in terms of internal training and work organisation.

These one-day courses enable employees to observe one of their colleagues in order to understand their business and adapt their behaviour towards each other by fostering an understanding of the Group’s different businesses.

This annual initiative also makes it possible sometimes to identify and support people who express a desire for internal redeployment.

The well-being and fulfilment of each employee are vital to collective success. Supporting employees also means taking care of their health and ensuring their daily well-being. This year in France, the Group has implemented a health check, offered to all co-workers once or twice a year. Thanks to this full medical check-up, entirely covered by the Group, employees can assess their physical health and thereby better counter health risks. In Cognac, since 2015, a seated massage service is offered to Rémy Martin employees. This moment of relaxation reduces the physical and emotional stress felt by employees.



## Helping employees become the actors of their growth

Rémy Cointreau hires talented individuals eager to make a long-term commitment. Operating in three continents, the Group offers a great variety of jobs and international mobility enabling each person to grow in step according to their desires and personal life. The Group's jobs reflect its products: highly diverse, often complex, and with strong added value. Mobility is strongly advocated as a way to encourage employees to enhance their skills. Like the Group for which they work, talented individuals are encouraged to show boldness and ambition in their career choices. To guarantee equal opportunities across all regions, an international policy has been introduced. The aim is to multiply the origins and cultures of our co-workers, whether in France or abroad.

In 2018, Rémy Cointreau joined the “World is a village” platform. This initiative organises international travel opportunities for our employees' children, who can stay with other Group employees. As such, it provides each family with an opportunity to discover new cultures and build relationships with their peers all over the world.

As part of a sustainable, future-oriented management approach, Rémy Cointreau develops its relationship with each employee in the long term. The example comes from the

top: in Cognac, St. Lucy, Barbados, the Isle of Islay, Angers or Kifissia, the Group's Cellar Masters cultivate unique expertise, passed on from generation to generation. This expertise drives each Group employee, motivated by the same goal: continuing to create products of exception.

Multiple professions enhance each other and new skills are formed, in particular in the field of digital technology. The Group offers external digital technology training sessions to all employees eager to learn about the subject.

Creating sustainable management means planning for changes in the future. In early 2019, the marketing of Louis XIII connected decanters required the talent and creativity of the iconic brand's employees to implement this innovative technology. Equipped with NFC (Near Field Communication) electronic chips, these decanters can identify and connect clients to the Louis XIII Society\*, a private club whose members benefit from exclusive content, unique experiences and customised services.

**“The Group's businesses reflect its products: highly diverse, often complex, and with strong added value.”**

## Acting for gender equality

Rémy Cointreau regularly demonstrates its commitment to social issues through company agreements, in particular regarding gender equality. In France, human resources teams combat gender discrimination in a very practical way with an equality policy applicable to compensation, mobility and recruitment. Non-discrimination indicators have been established in France to monitor any pay gaps. Rémy Cointreau has always focused on expertise, creativity and intelligence as criteria for distinction. The teams responsible for recruitment select the best talent, driven by the passion of the brands' universe to continue to create products of exception.



## \_ ENCOURAGING RESPONSIBLE PRACTICES

Whether creating a climate of trust and transparency in sourcing practices or supporting employee commitment alongside local communities, Rémy Cointreau demonstrates its commitment to People by widely broadcasting and sharing its responsible practices both in-house and externally.

### Committed to responsible sourcing

To measure the impact of Rémy Cointreau's and its teams' commitment in each of its businesses, a first in-depth study on the total social impact of the Group's activities in Barbados was conducted in 2018. This study aimed to assess the social footprint of Mount Gay in the region, based on three major considerations: environmental, economic and social sustainability.

In terms of jobs, the results obtained allow an assessment of the direct impact (Mount Gay employees), indirect impact (jobs supported in the supply chain) and induced impact (jobs supported through wages and taxes). It is also possible to identify the socio-economic impacts of Mount Gay's activity on the local economy of Barbados and worldwide. As such, in 2017 Mount Gay's activity supported 760 jobs worldwide, including 475 in Barbados. More specifically, the main results concerning the “job” impact are as follows:

- Direct jobs (Mount Gay employees): 145
- Indirect and induced jobs (Barbados): 330
- Indirect and induced jobs (World): 285

This means that, for 1 job at Mount Gay, 2.3 jobs are supported on the Island of Barbados and 5.3 jobs are supported in the world. In addition to the jobs supported, Mount Gay's activity also boosts wealth creation in the Barbadian economy by injecting 47 million Barbadian dollars. Not to mention the wealth generated in the rest of the global economy, namely the equivalent of 35 million Barbadian

dollars. All of these figures confirm Mount Gay's important contribution to the development of the Island of Barbados in terms of jobs and wealth creation.

Regarding sourcing, the Group has been a member of the SEDEX (Supplier Ethical Data Exchange) platform since 2016. This international organisation encourages ethical and responsible corporate practices in global supply chains. It provides the Group with an overview of supplier practices – in terms of working standards, hygiene, safety, and even commercial ethics.

For Rémy Cointreau, fostering transparency means ensuring excellent practices by its distributors and suppliers. Thanks to the work undertaken by the Group among suppliers (information kit and use of the platform) and its employees (in-house training), more than 93% of its partners have joined SEDEX. Rémy Cointreau has continued its responsible sourcing efforts to contribute to the goals of the 2020 plan, which determines that 100% of suppliers will have joined SEDEX within the next year.





### Getting involved in the local communities and acting as a responsible player

Worldwide, Rémy Cointreau employees are thrilled to be working hand-in-hand with local populations to create environments of mutual assistance and exchange of ideas. A powerful bond has developed between the men and women of Mount Gay and the region of Barbados; between the employees of Bruichladdich and the Isle of Islay, and in the Angers region. Together, they work to preserve the terroirs and pass on their knowledge of excellence.

In June 2018, the Group's 1,800 employees were invited to take care of the terroirs during the second We Care Day. Across all of the Group's sites, Rémy Cointreau employees led initiatives aimed at preserving the environment and local heritage. In Singapore, a day was dedicated to weeding, harvesting and cultivating the land of Bollywood Veggies Organic Farm; in Cognac, 342 employees joined forces

to renovate the Château de la Mercerie. In Islay, to foster biodiversity and maintain local equipment, the Bruichladdich teams cleaned up some land to encourage bee repopulation on the island; they also repaired fences and repainted the city hall to help local communities. Several other actions were implemented across all Rémy Cointreau sites and they were shared on social media under #RCwecareday. Held on a yearly basis, this international day is also an opportunity to strengthen relations between the teams and local communities, and between employees.

**“Worldwide, Rémy Cointreau employees are thrilled to be working hand-in-hand with local populations to create environments of mutual support and discussions.”**

### Committing to solidarity projects together

During the 2018/2019 financial year, Rémy Cointreau furthered its commitments and actions alongside local associations in the Group's regions of operation.

To ensure each employee can contribute (according to their ability) to solidarity actions in support of non-profit associations, Rémy Cointreau has established *l'arrondi sur salaire* (rounded-up salaries) in France. This voluntary micro-donation is directly levied on their pay slips and Group employees can also opt to make an additional donation. The employees have decided to allocate their donations to two associations from a pre-selected list. These associations are working to preserve the terroirs and develop a responsible local community: Observatoire Français d'Apiculture (OFA), which acts to protect bees, and the “1001 Fontaines pour demain” association, which works to provide sustainable drinking water solutions to developing countries.

In light of the employees' enthusiasm for the project, the Group has decided to match the full amount of the donation and will transfer the entire sum to the chosen associations.

Locally, employees are also taking action: in Cognac, for example, the Rémy Martin teams participated in a fund-raising event for AFM-Téléthon to finance research projects primarily on genetic neuromuscular diseases, but also on other types of rare genetic diseases. Some also took part in a trail run for an association combating amyotrophic lateral sclerosis (“Charcot disease”), while others donated blood during a blood collection campaign in the House's premises.

### Raising awareness on the preservation of shared heritage

Rémy Cointreau men and women have an inextricable bond with time. They have learned the importance of transmission and heritage, and encourage young people to be creative. They awaken a thirst and desire for the future, raise awareness on the preservation of terroirs, and promote local expertise and heritage.

The House of Rémy Martin, for example, is keenly aware of the importance of preserving heritage. Founded nearly 300 years ago, it has joined forces with the Cognac Museum of Arts to create an annual exhibition – *Les rendez-vous du design* – aiming to show the general public how design and expertise have developed with respect to bottle creation for its famous beverages.

Named a Living Heritage Company, the House of Rémy Martin opened its doors to Cognac enthusiasts and the curious alike during the European Days for Professions in the Arts (JEMA), offering tours of its heritage and cultural sites.



### Sharing the Group's vision and practices to further its approaches

As in previous years, members of Group management have shared working time with various professional organisations, associations and schools to spread the Group's Corporate Social Responsibility vision and practices. Attentive to external initiatives, the Group has been a signatory of the United Nations Global Compact since 2003. The Compact gathers together 1,300 companies and non-profit organisations. Rémy Cointreau is a member of the GC Advanced Club (maximum level of reporting within the UN Global Compact), which aims to help members to commit and to assess, define, implement, measure and broadcast their social responsibility strategy. The Group has taken the lead by disseminating its vision for responsible sourcing and the management of related risks.

Committed to spreading excellence practices in inter-professional associations, the Group participates in the CSR management committee of the Bureau National Interprofessionnel du Cognac and in the environmental working group of the French Spirits Federation (FFS). In Poitou-Charentes, the Group supports the Altère association, which brings together the region's key players in sustainable development by organising CSR workshops on the subject of equality, co-existence and diversity. In the Pays de Loire region, the cradle of Rémy Martin, the Group is very active among local players and coordinates CSR efforts alongside associations like the Club Carbon'At and in training institutions, such as the CNAM Pays de la Loire, Audencia Nantes and ESEO in Angers.

Lastly, Rémy Cointreau shares its CSR vision with its distributors and answers its clients' CSR questions by communicating its vision and the positive actions implemented worldwide by the Group and its partners for a sustainable business model that benefits everyone.



### Promoting responsible consumption to its clients around the world

By consuming in a moderate and appreciative manner, we pay tribute to the work of the men and women who develop exceptional products with passion and discipline. Driven by this conviction, Rémy Cointreau promotes responsible consumption through various actions aimed at a diverse audience. Among its employees, for more than two years, videos and explanatory panels have been installed in the Group's premises to inform and sensitise employees. In Paris, 40 ambassadors of all the brands have been trained in responsible consumption.

Among external stakeholders, in each country where the Group operates, strong partnerships have been established with local and national federations. Rémy Cointreau lends its support to the implementation of communication campaigns and awareness-raising actions around moderate alcohol consumption. In France, for example, the Group has committed to the French Spirits Federation and the "Avec Modération" (With Moderation) association by participating in the "Priorité prévention" (Priority to Prevention) national public health plan launched by the government. In Asia and the United States, the Group works hand-in-hand with

local players and associations. In Asia, Rémy Cointreau has helped create the regional association APISWA (Asia Pacific International Spirits & Wine Producers) in partnership with the French National Road Safety Committee and the French Ministry of Health's National Centre for Health Communication and Education, in order to support and launch projects focusing on responsible consumption. In Cambodia, the Group has helped develop the "Stay alive – Drink with moderation" programme to sensitise road users and change driving behaviour.

Lastly, in Barbados, where the Mount Gay distillery is a key player in the island's socio-economic development, many responsible consumption support plans have been established, such as the national plan to introduce breathalyser testing, supported by the House.





## RESPECTING THE VALUE OF TIME TO CREATE EXCEPTIONAL PRODUCTS

Environment-friendly practices are vital to ensure the continued existence of the Group's businesses: reducing water use, lowering the carbon footprint and making progress in the area of eco-design will perpetuate the excellence of all its Houses.

With this in mind, the Rémy Cointreau men and women are adapting to climate conditions and the water resources of the regions where exceptional products are developed. To them, time creates a sense of wonder and brings the taste of pride. Aware of its environmental role, the Group applies the strictest standards to measuring and reducing its environmental impact and its activities.

## \_PRESERVING RESOURCES TO SECURE THE FUTURE

The age-old rhythm of Rémy Cointreau brands gives them a long-term perspective. The Group's Houses have spanned the ages, consistently nurturing the same focus: transmission to secure the future. Their commitment to their terroirs helps to raise awareness of the importance of protecting our resources.





**“Rémy Cointreau strives to guarantee sustainable consumption and production models in its product development with great attention paid to the eco-design of its packaging.”**

### **Improving the ecological quality of products**

A CSR management committee focused on eco-design was created two years ago. It is responsible for sensitising teams on reducing the environmental impact of packaging. Employees from the Sourcing, Marketing and Product Development departments are now all trained in eco-design via a dedicated training module that has already generated significant results in terms of integrating environmental impact considerations into the product development process.

Rémy Cointreau strives to guarantee sustainable consumption and production models in its product development with great attention paid to the eco-design of its packaging, in an effort to significantly reduce the environmental impact of its activities.

A research programme on packaging eco-design has been launched to optimise the environmental performance of its packaging. In 2017, Rémy Cointreau conducted the first environmental assessments of its packaging based on environmental criteria, with a unique score allocated to each one, thereby making it possible to quickly compare the performance of various packaging types. Since March 2018, the Angers and Cognac sites have been using a tool to measure the Environmental Performance Index (EPI), which takes into account the broadest possible life cycle and incorporates 14 indicators, such as the use of materials and energy, waste production, and the carbon impact of products and their packaging. The result produces a unique environmental score for each item and enables the Group to have a more thorough understanding of its environmental impact across the entire production chain and, ultimately, to optimise the performance of new packaging. From now on, all new products or product developments will be “measured” using this tool. The Group’s whisky brands will implement the same approach by 2021.

### **Preserving water resources to secure the future**

In its Domaines, the House of Rémy Martin this year opened a wholly new distillery comprising eight pot stills in the traditional Charente style. The installation groups several winemaking points on a single site, in order to make the best of the grape’s aromatic quality of the grapes. This unique winemaking point allows for economies of scale in terms of energy and water use. The choice of location for this new distillery was based on the requirement of naturally sloped land to reduce energy consumption by limiting pumping actions. The residue recovered at the end of the *eaux-de-vie* distillation is collected and sent to the regional REVICO unit, which turns it into biogas. This energy then powers the REVICO distillation columns and various facilities in the city of Cognac, such as greenhouses.

In Barbados, where the oldest rum in the world is made, Rémy Cointreau helps local farmers to better manage their effluents and protect the island’s resources.

To that end, Mount Gay helps local producers to install water management infrastructures in their farms, and conducts thorough water consumption studies. Some of the residue is spread across a part of the island of Barbados; that aids the natural fertilisation and water intake of agricultural land. This action is implemented in partnership with local environmental bodies. It forms part of a circular economy approach.



## Acting to promote best practices

Rémy Cointreau has always trusted the intelligence of women and men and encouraged individual initiatives. To improve its waste management, the Group has rolled out several projects across its sites to limit the use of plastic bottles. In Cognac, for example, all plastic bottles are now removed from vending machines, and self-service water fountains are also available. In catering areas and meeting rooms, water jugs are now used. Plastic bottles are only distributed in the event of very high temperatures or for work in the cellars.

Furthermore, this year the Group decided to commit to a zero plastic policy in all its activities. To promote best practices, the Group is still considering solutions to replace plastic and to minimise its ecological footprint. Taking this commitment even further, Rémy Cointreau has partnered with the “Les Bouchons d’Amour” association that collects plastic caps to make recycled pallets. The funds

collected from selling the caps are used to finance sports equipment for persons with reduced mobility or, more generally, to improve living conditions for persons suffering from a disability.

To limit its energy footprint even further, the Group has set up a digitised tax process for all French suppliers: invoices are now received by email to reduce waste while also processing them more quickly. At the Mount Gay site in Barbados, solar panels have been installed to reduce energy expenses in order to cover 25% of the site’s total electricity consumption.



## PLAYING AN ACTIVE ROLE IN THE FIGHT AGAINST GLOBAL WARMING WITH THE GLOBAL CLIMATE AGREEMENT

Combating climate change and its impact is of vital importance to the Group. Its brands take a longterm view and have already seen the effects of global warming on their terroirs. For several years, Rémy Cointreau has been fighting climate change by implementing various actions after signing the Paris Agreement on climate change (COP21). As part of ensuring a drastic reduction in greenhouse gas emissions and the urgent need for climate action, it seemed necessary to reiterate the vital importance of a change in direction. Alongside 88 French companies and in connection with the One Planet Summit launched by the French government,

Rémy Cointreau reiterated to what extent climate action is crucial for global agriculture and for the terroirs from which the Group’s brands draw their authenticity. Since then, Rémy Cointreau has thoroughly reconsidered its CRS policy on the fight against global warming by reducing CO<sub>2</sub> emissions derived from finished product transport and to comply with the targets set by this global agreement limiting global warming to 2°C. All partners and suppliers are committed to this approach.

## Accepting its responsibility at the international level

Located in several regions, the Group’s brands are witnessing climatic upheavals in their terroirs. In this respect, Rémy Cointreau is implementing a proactive and committed international policy and has signed several international undertakings.

Over the last 15 years, Rémy Cointreau has been a member of the Global Compact. The Group signature, “Terroirs, People and Time” adopted two years ago is inextricably linked to the Corporate Social Responsibility goals of this global pact.

In addition, Rémy Cointreau’s CSR challenges are based on 10 Sustainable Development Goals (SDG) defined by the UN and selected after a materiality analysis. Each action implemented as part of Rémy Cointreau’s 2020 plan echoes one of these ten goals.





## \_\_ACTING TO REDUCE THE ENVIRONMENTAL IMPACT OF THE GROUP'S ACTIVITIES AND AIMING FOR CARBON NEUTRALITY

Preserving resources, maintaining terroirs and committing to the people who develop exceptional products means having the courage to make exemplary decisions and minimise the environmental impact of each Group brand's activities.

The Group has established indicators related to a mapping of the associated risks to better manage its actions, in particular regarding carbon emissions.

### Minimising emissions

Controlling greenhouse gas emissions (GHG) is one of the priority ambitions of the Rémy Cointreau 2024 plan.

In 2019, the Group will continue its actions to reduce *scope 3* CO<sub>2</sub> emissions (activities of all production sites and the related upstream and downstream impacts). *Scope 3* CO<sub>2</sub> emissions are spread across Domaine des Hautes Glaces, and partially at the Islay and Westland sites. Moreover, Rémy Cointreau is sensitising and encouraging its partners and suppliers to demonstrate transparency and minimise their emissions.

The Group's carbon footprint is developing to embrace a particularly ambitious approach that ultimately targets carbon neutrality. This year, for the first time, CO<sub>2</sub> emissions were divided down by main brands.

As a listed company, Rémy Cointreau meets the requirements of Article 173-IV-A of the French Act on Energy Transition and Green Growth. At the Group's French sites, 100% of the energy used is renewable, mainly derived from hydraulic generation.

### Reducing the ecological impact of its activities

Aware of the environmental impact of its activities, Rémy Cointreau is implementing actions to reduce the greenhouse gas emissions released upstream and downstream of the production process. The Group is especially sensitive to the waste generated during the various stages of the product's life cycle, in particular during product transport. All over the world, transport specifications have been implemented to sensitise transporters to the Group's commitments and set goals to reduce their carbon emissions. They include a requirement regarding their environmental impact and CO<sub>2</sub> data. Rémy Cointreau requests that transporters provide a review of their CO<sub>2</sub> data through monthly reporting.

Moreover, since 2011, the Group has been promoting the increasingly systematic use of videoconferencing facilities, and the use of electric vehicles at the Angers and Cognac sites have helped reduce carbon emissions.

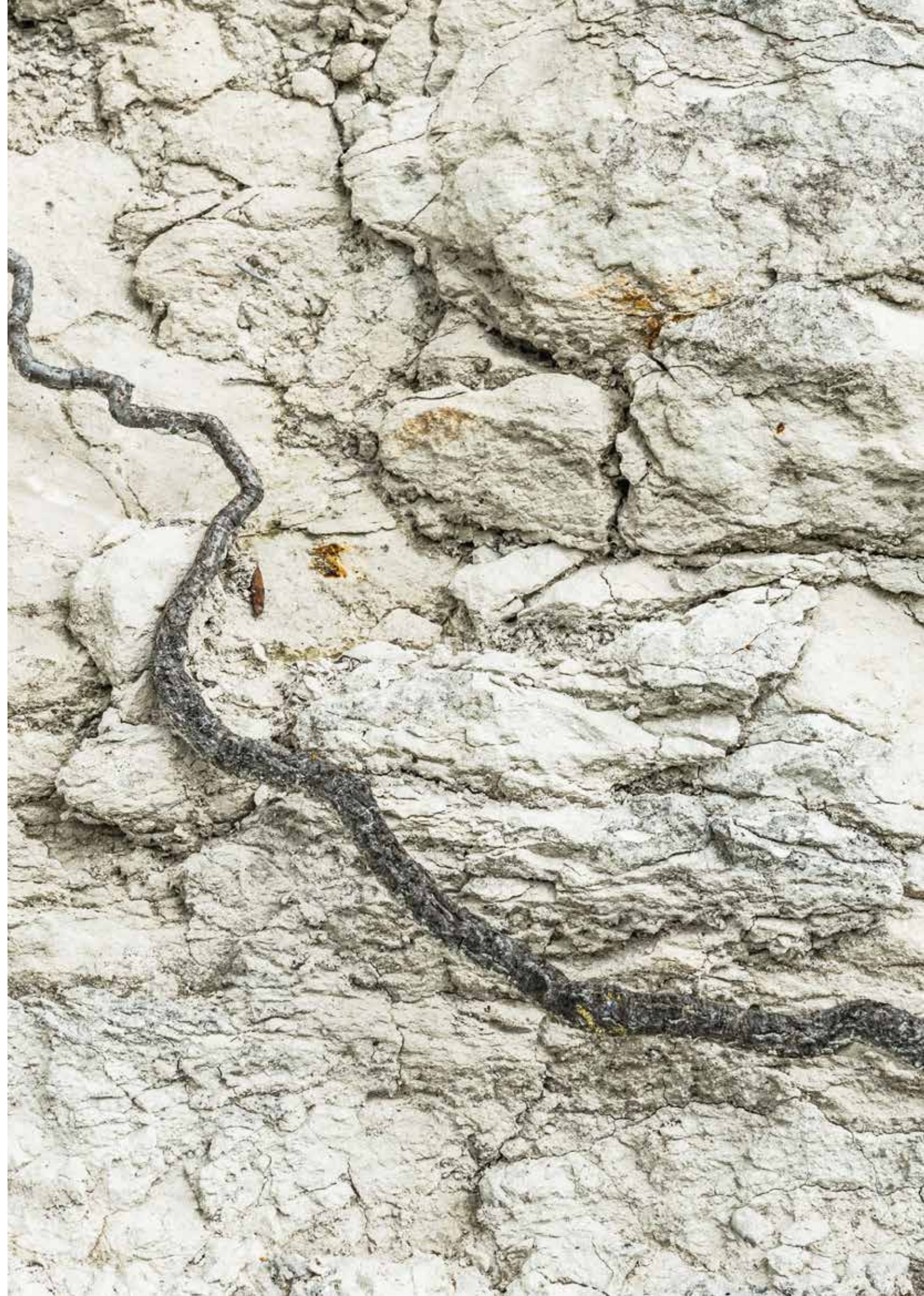













TABLE OF PROGRESS INDICATORS <sup>(1)</sup> AND VIGILANCE INDICATORS <sup>(2)</sup>

			- 2015 2016	- 2016 2017	- 2017 2018	- 2018 2019
	Employee well-being	Renewal rate, in % <sup>(1)</sup> - GRI Standard 401-1			14.8	13.2
		Absenteeism, in % <sup>(1)</sup> - GRI Standard 403-2	4.63	3.03	2.30	2.00
		Frequency of work-related accidents, in % <sup>(2)</sup> - GRI Standard 403-2	8.90	13.31	9.13	8.51
		Severity of work-related accidents, in % <sup>(2)</sup> - GRI Standard 403-2	0.07	0.13	0.38	0.59
		Average age, in years <sup>(2)</sup>	41	41	41	40
		Seniority, in years <sup>(2)</sup>	9.4	9.1	8.4	7.9
	Non-discrimination and internal social equality	Ratio of F/M managers, in % <sup>(1)</sup> - GRI Standard 401-1			43	44
		Weighted gap between female and male promotions, in % <sup>(1)</sup>				-0.14
		Distribution of F/M training, in % <sup>(2)</sup> - GRI Standard 404-1				46
	In-house training / Skills development	Number of employees completing at least one training course per year, in % <sup>(1)</sup>				79.3
		Hours of training <sup>(2)</sup> - GRI Standard 404-1	15 954	18 463	24 243	26 615
	Sustainable Agriculture	Proportion of sustainably managed agricultural land, in % <sup>(1)</sup>			36	52
		Rate of HVE certification of the AFC agricultural cooperative, in % of agricultural land <sup>(1)</sup>			23	42
	Climate Change	GHG emissions (Total Scope 1, 2 & 3), in tCO <sub>2</sub> <sup>(1)</sup> - GRI Standard 305-3		145 789	135 528	174 842 <sup>(A)</sup>
		Rate of significant GHG emissions - product packaging, in % <sup>(1)</sup>			37.0	46.5 <sup>(A)</sup>
		Rate of significant GHG emissions - Upstream freight and downstream transport of products, in % <sup>(1)</sup>			22.7	19.3 <sup>(A)</sup>
		Rate of significant GHG emissions - commodities, in % <sup>(1)</sup>			30.6	14.7 <sup>(A)</sup>
		Total energy consumption, in MWh <sup>(2)</sup> - GRI Standard 302-1	36 235	41 854	39 656	38 495
		Rate of renewable electricity consumption, in % <sup>(2)</sup>		78.3	76.8	78.9
	Water and effluent management	Water consumption, in m3 <sup>(1)</sup> - GRI Standard 303-1	123 729	133 418	174 945 <sup>(B)</sup>	195 096 <sup>(C)</sup>
		Rate of effluent recovery, in % <sup>(2)</sup> - GRI Standard 306-1			8.1	8.1
	Circular economy / Client information	Rate of waste recovery, in % <sup>(2)</sup> - GRI Standard 306-2	90.6	89.0	91.6	94.3
	Responsible sourcing	Rate of suppliers with Sedex membership, in % <sup>(1)</sup> - GRI Standard 308-1 et 414-1	54	83	89	92
	Business Ethics	People trained in the ethical charter, in % <sup>(1)</sup>			80	<sup>(D)</sup>
		Number of alerts <sup>(2)</sup>				6

(a) Change in the indicator mainly due to the change in emission measurement method (switch from Bilan Carbone tool to the GHG Protocol tool) and to the integration of the Islay, Domaine des Hautes Glaces and Westland sites. - (b) Change in the indicator mainly due to the partial integration, for the first time in CSR reporting, of the consumption of water from the well used at the Barbados site.- (c) Change in the indicator mainly due to the integration, for the first time in CSR reporting, of all water consumption from the well used at the Barbados site. - (d) Lack of indicator due to training frequency (every two years).







# 06 FINANCE

2018/2019 marked a record year for all the Group's financial indicators.

This is due to the strong acceleration in organic sales growth over the last three years, combined with a strong increase in profitability driven by the Group's strategy to move upmarket.

The current operating margin was 21.7% in 2018/2019, representing total organic growth of 5.0 points (at constant scope and exchange rates) since the 2014/2015 financial year (new general management). Over the last two years, total organic growth of the current operating margin was 2.6 points, reaching the 2019/2020 target (+2.4-3.0 points in 3 years) one year ahead of schedule.



# CONSOLIDATED ANNUAL RESULTS 2018 / 2019

A record year for the group  
Current Operating Profit 2018/19 (+14.2%\*)  
2019/20 objectives reached one year in advance  
New medium-term objectives

As of 31 March 2019, sales for the Rémy Cointreau Group totaled €1,216.5 million (proforma Pre-IFRS 15, 16 & 9), up 7.9% on a reported basis. In organic terms (at constant exchange rates and scope), growth amounted to 7.8%, **thanks to the very strong performance of the Group Brands (+9.8%)**.

**The Current Operating Profit (proforma COP) amounted to €263.6 million, up 11.3% on a reported basis and 14.2% on an organic basis.** Once again this year, the remarkable momentum of our exceptional spirits (> 50USD) resulted in a strong increase in gross margin (+1.2 points in organic terms). This leverage, combined with good cost control, offset a significant increase in strategic investments in communication and distribution structures. As a result, **the current operating margin (proforma) reached 21.7%** at the end of March, **an organic increase of 1.3 points.** Thus, over the course of the last two years, the cumulative organic growth of the current operating margin amounted to 2.6 points, **reaching the 2019/20 target (+2.4-3.0 points over 3 years), one year early.**

**Excluding non-recurring items, net profit (proforma) was €167.8 million, a record level for the Group.** It was up 10.9% as reported and 16.3% **on an organic basis.**

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



## \_THE HOUSE OF RÉMY MARTIN

Sales for the House of Rémy Martin saw another year of strong growth (+11.9%\*), driven by the Asia Pacific region, but also by the United States, the United Kingdom, the Middle East, Russia, and Travel Retail. Within our brands, the strong performance of intermediate qualities — particularly CLUB in Asia-Pacific —, the sustained growth of Rémy Martin XO across continents and the continued international development of LOUIS XIII once again resulted in remarkable price/mix effects over the year (+6%), while volume growth remained high (+6%).

**Current Operating Profit (proforma) reached €235.6 million**, with organic growth of 17.9% and a current operating margin of 27.7%, representing an organic increase of 1.4 points (+0.8 point as reported). The margin evolution is explained by a significant increase in gross margin (due to our value strategy and notable price increases over the period), which more than offset a sustained increase in investments in communications and the continued strengthening of distribution structures.

## \_LIQUEURS & SPIRITS

The organic sales growth of the Liqueurs & Spirits division (+4.0%\*) was driven by strong performance of the Maison Cointreau and St-Rémy brandy, while The Botanist gin and Whisky continued their remarkable development.

**Current Operating Profit (proforma) amounted to €38.8 million**, down 6.0% organic. This trend is explained by the significant increase in communication investments, begun last year, focused on strengthening awareness and accelerating the internationalization of the division's brands. The current operating margin was 14.0% at the end of March 2019, down 1.5 points organically (-2.0 points reported).

## \_PARTNER BRANDS

Organic sales decreased by 12.7% over the period, due to the termination of new partner brand distribution contracts. **The Current Operating Profit (proforma) was €4.9 million**, down 7.2% organically...



## CONSOLIDATED RESULTS

The Current Operating Profit (proforma) amounted to €263.6 million, representing reported growth of 11.3% and organic growth of 14.2%.

Current Operating Profit was adversely affected by unfavorable exchange rate effects of €6.8 million for the year. The improvement in average conversion and collection rates recorded in the second half of the year did not fully offset the negative exchange rate effects of the first half of the year.

Thus, the current operating margin (proforma) improved by +0.7 point to 21.7% for the year and increased by +1.3 points on an organic basis.

Operating profit (proforma) amounted to €265.2 million, after accounting for net operating income of €1.7 million, mainly related to disposals of non-strategic real estate assets.

Net financial expenses (proforma) amounted to €35.2 million for the period. This increase compared to last year is mainly due to two factors: a non-recurring charge of €5.2 million related to the early repayment of the vendor loan by the EPI Group (difference between the value of this loan on the balance sheet and the amount of the repayment) and a negative unrealized foreign exchange gain (valuation of the portfolio of hedging instruments on future flows) of €7.7 million. On the other hand, the cost of gross financial debt fell by €1.8 million, thanks to a lower average debt over the period and a lower average cost of debt.

The income tax charge (proforma) was €66.5 million, representing an effective tax rate of 28.9%. Excluding non-recurring items, the rate was 28.5%, down from March 2018 (29.7% excluding non-recurring items), due to the geographical evolution of results.

The share in profits of associates was a loss of €6.7 million, due to a €7.0 million non-recurring charge related to the exit of the Diversa joint venture in Germany (as part of the evolution of the Group's distribution network).

Thus, net profit Group share (proforma) was €157.1 million, up 6.0% (+11.5% in organic terms).

Excluding non-recurring items, net profit Group share (proforma) was €167.8 million, up 10.9% (+16.3% in organic terms), and net earnings per share (proforma) reached €3.35, up 10.2%.

Net debt (proforma) totaled €313.0 million on the 31st of March 2019. Its limited increase of €30.2 million over the year is mainly due to the €103.6 million related to the share buyback program (executed between August and December 2018) and the change in working capital requirements, partially offset by the early repayment of the vendor loan by the EPI Group.

Therefore, the "net debt/EBITDA" ratio (proforma) improved significantly to 1.08 (1.19 post IFRS 15, 16 and 9) at the end of March 2019 from 1.48 at the end of March 2018, thanks to the strong increase in the Group's EBITDA.

The proforma return on capital employed (ROCE) was 20.9% at 31 March 2019, down 1.0 point (-0.2 points in organic terms). The change in ROCE is explained by both the significant increase in strategic purchases of cognac eaux-de-vie and the decline in the profitability of Liqueurs & Spirits.

A dividend of 1.65 euros per share (stable compared to last year) will be proposed to shareholders at the Annual General Meeting on July 24th, 2019. Given the strong growth in annual results — a record level for the Group —, the Board of Directors has also decided to propose an exceptional dividend of 1.00 euros per share for 2018/19.

## POST-CLOSING FINANCIAL EVENTS

On April 1st, 2019, the Group announced the effective sale of its distribution subsidiaries in the Czech Republic and Slovakia to Mast-Jägermeister SE.

On May 29th, 2019, the Group entered into exclusive negotiations with the Brillet family and its partners with the intention of acquiring the Maison de Cognac Brillet and part of its vineyard estate.



## OUTLOOK

In an uncertain economic and geopolitical context, the Rémy Cointreau Group reiterates its ambition to become the world leader in exceptional spirits. In the medium term, this will result in 60 to 65% of its turnover being generated by exceptional spirits (retail sales price over USD50).

In addition, after a strong increase in profitability in recent years, the Group remains ambitious regarding the potential of its Current Operating Margin in the medium term, as it will continue to benefit from its value strategy, while continuing to invest significantly behind its brands and distribution network. Rémy Cointreau's objective is to build an increasingly sustainable, resilient and profitable business model.

In the short term, Rémy Cointreau anticipates that 2019/20 will unfold within the framework of the Group's medium-term

objectives. It will also include the termination of distribution contracts for partner brands (in the Czech Republic, Slovakia and the United States), which are estimated to have an impact of €56 million on sales and €5 million on Current Operating Profits.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

_AS OF 31 MARCH 2018, IN €M	_18 - 19 PUBLIÉ *	_18 - 19 PROFORMA **	_17 - 18
Brands and other intangible assets	515.4	515.4	509.4
IFRS 16 right of use	27.2	—	—
Property, plant and equipment	269.3	269.3	242.9
Investments in associates	1.1	1.1	20.2
Other financial assets	93.9	91.3	166.2
Deferred tax assets	17.5	9.2	19.7
NON-CURRENT ASSETS	924.4	886.2	958.6
Inventories	1 245.5	1 245.5	1 170.3
Trade and other receivables	271.1	271.1	209.8
Income tax receivables	3.3	3.3	4.9
Derivative financial instruments	1.8	1.8	10.0
Cash and cash equivalents	178.6	178.6	186.8
Assets held for sale	—	—	1.3
CURRENT ASSETS	1 700.2	1 700.2	1 583.1
TOTAL ASSET	2 624.6	2 586.4	2 541.6
Share capital	80.2	80.2	80.4
Share premium	795.1	795.1	804.9
Treasury shares	(34.4)	(34.4)	(20.5)
Consolidated reserves and profit for the year	558.0	583.0	518.4
Translation reserve	26.2	26.2	24.0
EQUITY - ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	1 425.1	1 450.1	1 407.1
Non-controlling interests	1.0	1.0	1.1
EQUITY	1 426.1	1 451.1	1 408.3
Long-term financial debt	423.8	401.2	397.1
Provision for employee benefits	31.5	31.5	32.6
Long-term provisions for liabilities and charges	8.1	8.1	6.9
Deferred tax liabilities	62.4	62.4	81.0
NON-CURRENT LIABILITIES	525.8	503.3	517.7
Short-term financial debt and accrued interest	98.1	90.3	72.5
Trade and other payables	543.8	510.9	517.3
Income tax payables	18.4	18.4	9.7
Short-term provisions for liabilities and charges	2.3	2.3	14.2
Derivative financial instruments	10.1	10.1	2.0
Liabilities held for sale	—	—	—
CURRENT LIABILITIES	672.7	632.0	615.7
TOTAL EQUITY AND LIABILITIES	2 624.6	2 586.4	2 541.6

\* Proforma: pre-IFRS 15, 16 & 9 / \*\* Reported: post-IFRS 15, 16 & 9

CONSOLIDATED INCOME STATEMENT

_AS OF 31 MARCH 2018, IN €M	_18 - 19 PUBLIÉ *	_18 - 19 PROFORMA **	_17 - 18
NET SALES	1 125.9	1 216.5	1 127.0
Cost of sales	(415.1)	(387.6)	(366.3)
GROSS MARGIN	710.9	828.9	760.7
Distribution costs	(346.3)	(464.3)	(432.7)
Administrative expenses	(100.7)	(101.3)	(91.7)
Other income from operations	0.3	0.3	0.4
CURRENT OPERATING PROFIT	264.1	263.6	236.8
Other operating income/(expense)	1.7	1.7	(13.7)
OPERATING PROFIT	265.8	265.2	223.1
Finance costs	(13.7)	(12.6)	(14.4)
Other financial income	(18.8)	(22.5)	(7.6)
FINANCIAL RESULT	(32.5)	(35.2)	(22.0)
PROFIT BEFORE TAX	233.3	230.1	201.0
Income tax	(67.7)	(66.5)	(53.5)
Share in profit of associates	(6.7)	(6.7)	0.5
PROFIT FROM CONTINUING OPERATIONS	159.0	156.9	148.1
Net profit / (loss) from discontinued operations	—	—	—
NET PROFIT FOR THE YEAR	159.0	156.9	148.1
ATTRIBUTABLE TO:			
non-controlling interests	(0.2)	(0.2)	(0.2)
owners of the parent company	159.2	157.1	148.2
NET EARNINGS PER SHARE - FROM CONTINUING OPERATIONS			
basic	3.17	3.13	2.97
diluted	3.02	2.98	2.83
NET EARNINGS PER SHARE			
attributable to owners of the parent company	3.18	3.14	2.98
diluted	3.03	2.98	2.83
NUMBER OF SHARES USED FOR THE CALCULATION			
basic	50 068 992	50 068 992	49 789 269
diluted	52 680 567	52 680 567	52 434 796



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The French version of this document is available on request or via the [www.remy-cointreau.com](http://www.remy-cointreau.com) website. All the regulatory information required by the AMF is available on the Company's website [www.remy-cointreau.com](http://www.remy-cointreau.com)

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