



RÉMY COINTREAU

Des terroirs, des hommes et du temps

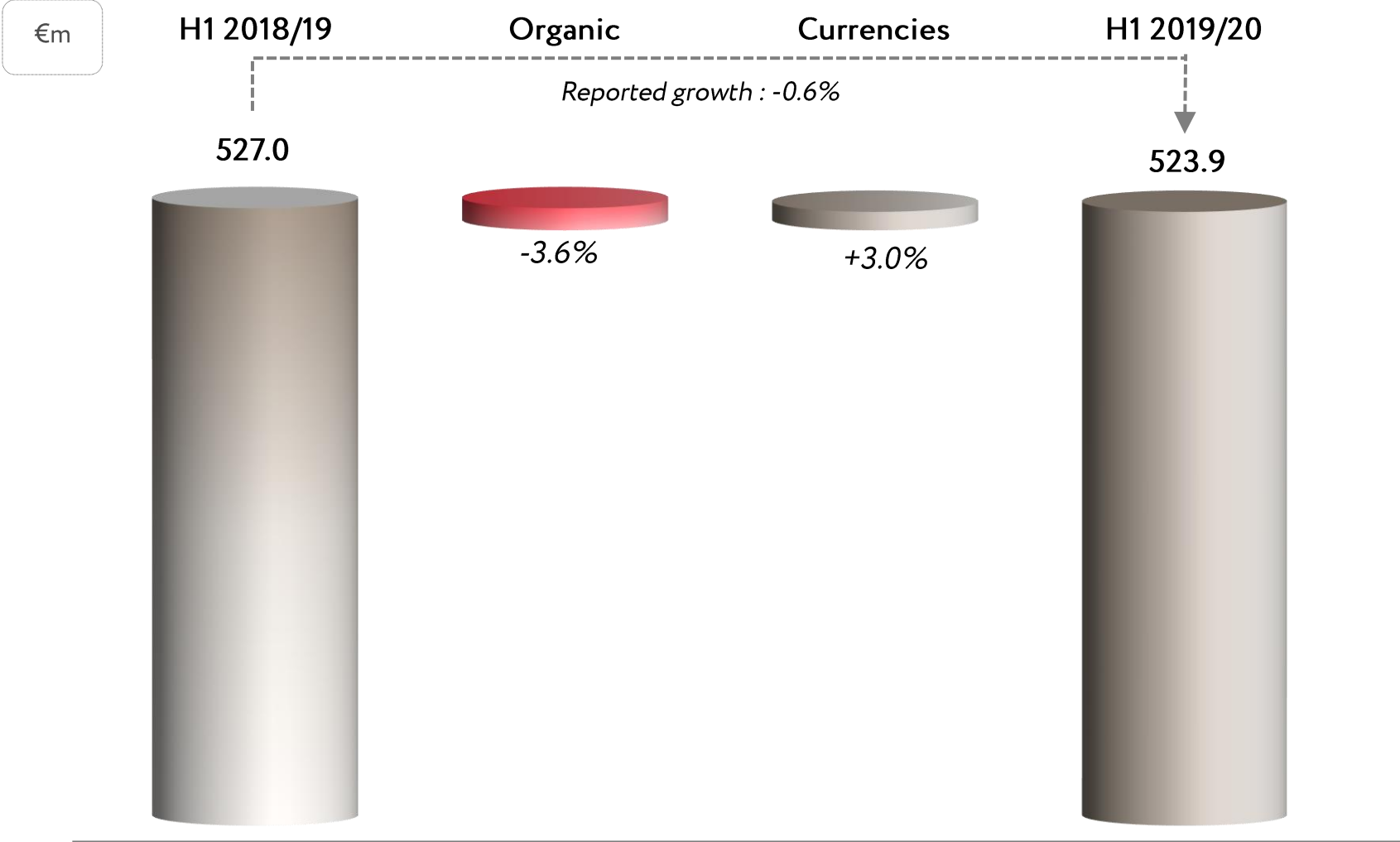
Sales for the  
First Half 2019/20  
ending 30 September 2019

18.10.2019

# H1 2019/20 Sales : Key Messages

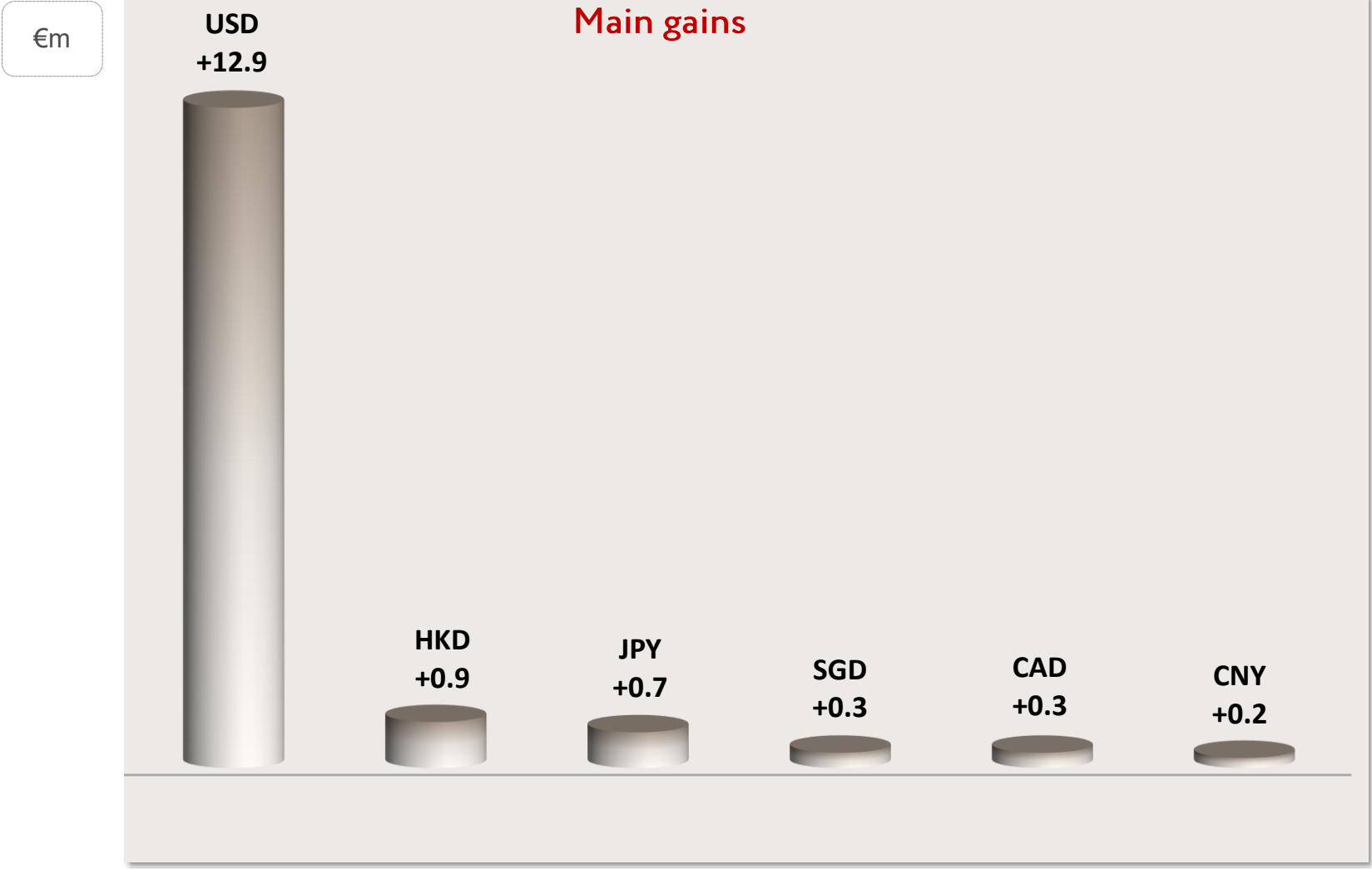
- **H1 organic sales growth : -3.6% organic sales growth**
  - **Technical factors decreased sales by EUR31.2M in H1 2019/20 or -5.9pp of growth:**
    - Termination of distribution contracts in Czech Republic/Slovakia (further to the disposal of the distribution subsidiaries) and in the US (Piper Sonoma)
  - **+2.8% for the Group Brands is below our expectations (Q2 growth roughly in-line with Q1) due to a number of situational factors:**
    - Disruptions related to the changes in route-to-market in the EMEA (mostly in Q1)
    - Very difficult context in Hong-Kong since August (significant impact on our Asian duty-free business)
    - Slower than expected replenishment by US retailers affecting the cognac division
- **Underlying market trends remain strong, in particular in Mainland China and in the US**
- **H1 2019/20 depletion trends : mixed trends globally in-line with sales growth**
  - China Mainland: solid double-digit volume/value growth; Excellent Mid-Autumn festival
  - US: cognac depletions penalized by slow retailers' replenishment; Cointreau up double-digits
  - Western Europe: flattish underlying trends (changes in RTM), with solid growth in the UK and Nordics
  - Eastern Europe: sustained growth in the region, but slower trends in Russia
  - Africa : ongoing strength in South Africa and Nigeria
  - Global Travel Retail: significant deterioration of depletions since August, due to HK events
- **FY 19/20 to unfold within the framework of the Group's mid-term guidance**

# H1 2019/20 Sales Analysis



# Currency Impact on H1 2019/20 Sales

Currency translation gain of 15.7 million euros



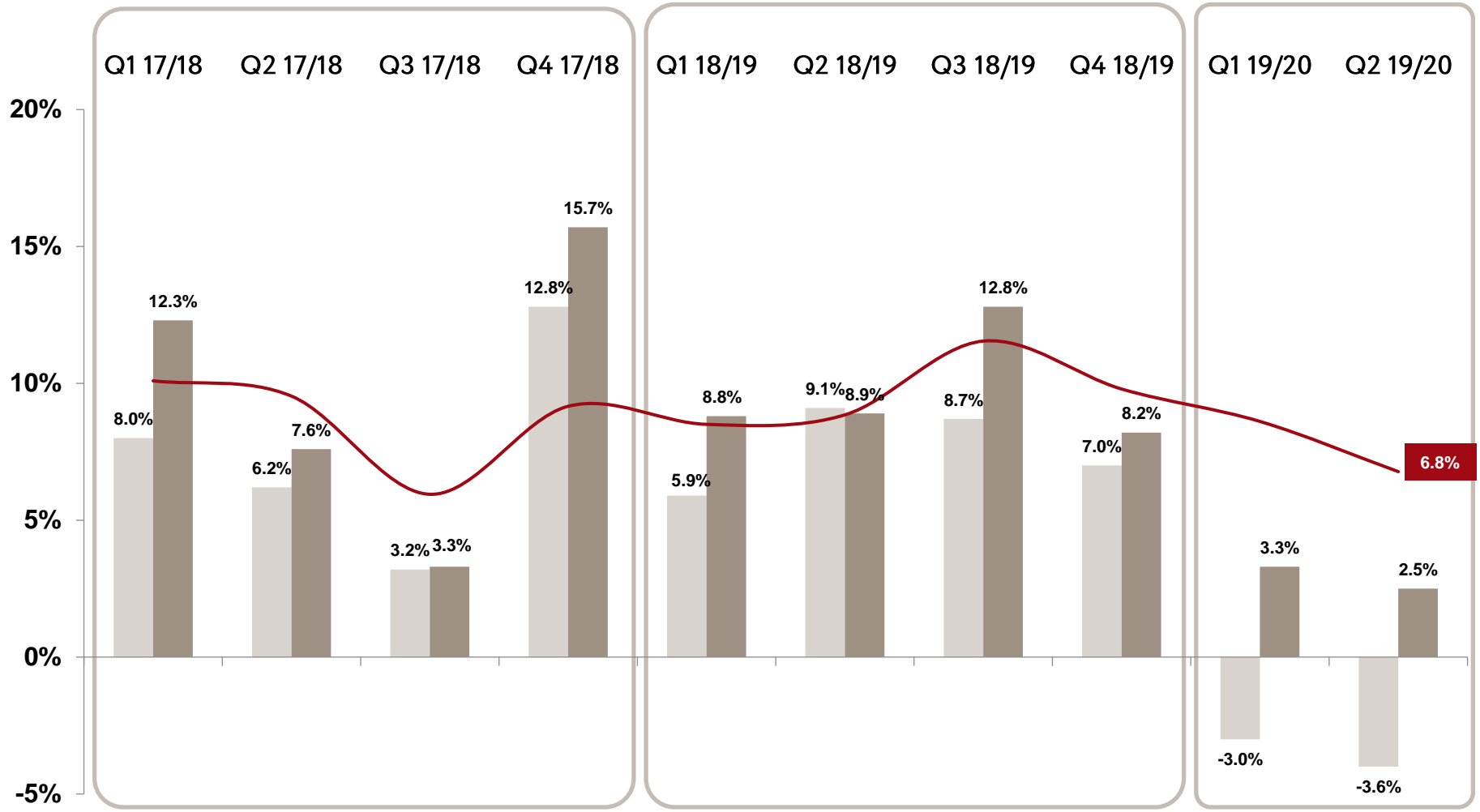
# Quarterly Organic Sales Growth



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

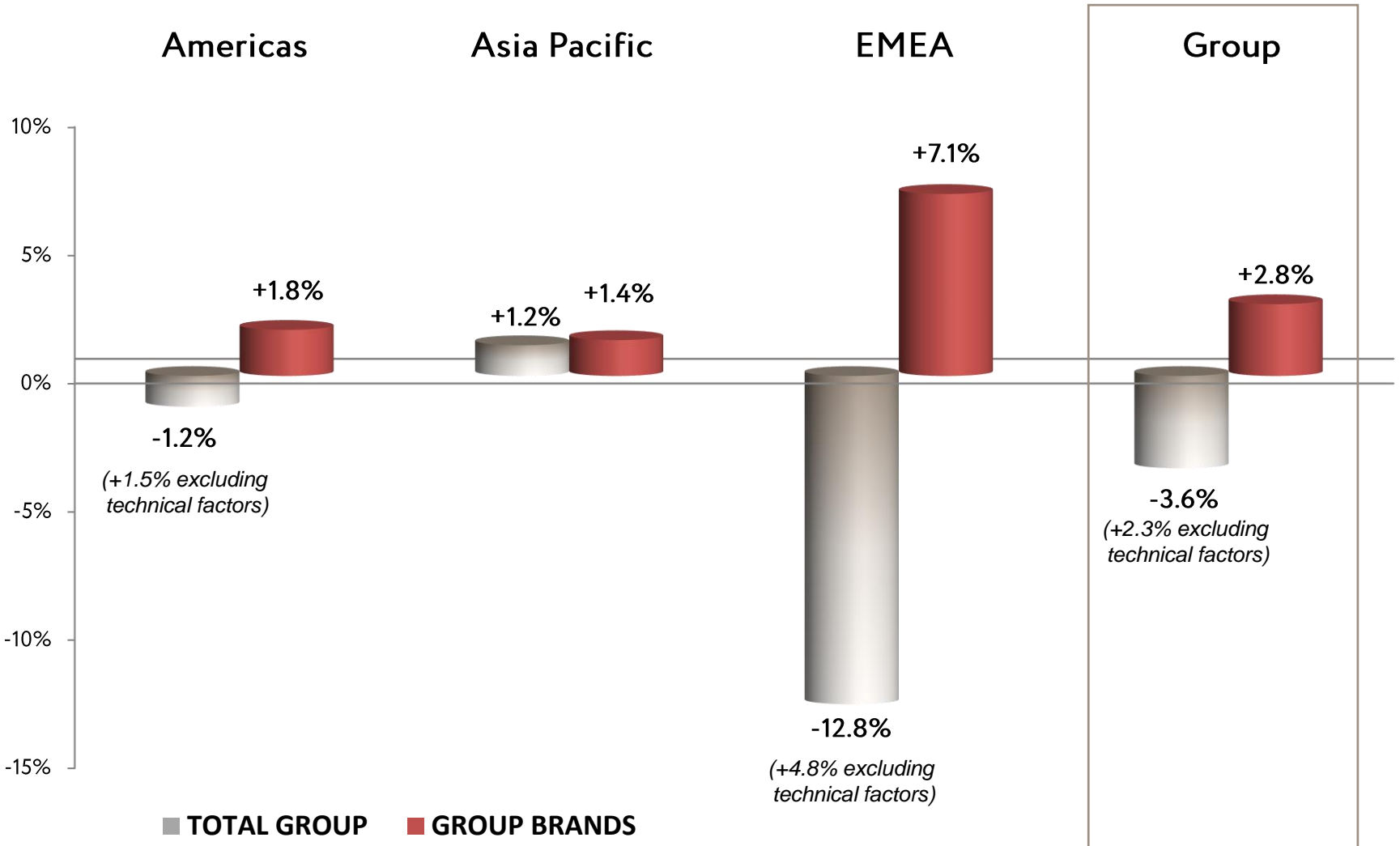
FY18/19: +7.8% (RC Brands: +9.8%)

H1 19/20: -3.6%  
(RC Brands: +2.8%)



Organic sales growth -- Group
  Organic sales growth -- RC Brands
  12M trend RC brands

# H1 2019/20 Organic Growth by Region



# H1 2019/20 Organic Trends by Region (1)

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*Comments are for the Group Brands (i.e excluding Partner Brands)*

## Asia-Pacific organic sales up 1.4%

- Greater China: mid single-digit organic sales growth
  - Double-digit organic sales growth in China Mainland and Taiwan, partially offset by slower HK and Macau
  - H1 depletion trends in China Mainland showing solid double-digit volume and value growth
  - Excellent Mid-Autumn festival, across all qualities
- Malaysia, Philippines and Japan showing solid growth within the South-East Asia region
- Travel Retail : sales decline (including a strong double-digit decline in Q2) due to a drop in the number of tourists going to HK

## Americas organic sales up +1.8%, held back by high comps and slow replenishment

- US: mid-single digit growth fueled by a strong L&S performance, while Cognac experienced modest growth
  - Group Brands' value depletions penalized by slow retailers' replenishment:  
+0.4% over 3M, +0.0% over 6M, +1.2% over 12M
- Canada : accelerated growth in Q2 (after a soft Q1) led by St-Rémy
- LatAm : brand elevation strategy in Mexico and Puerto Rico weighing of H1 sales growth
- Slow start to the year in Travel Retail (as expected)

# H1 2019/20 Organic Trends by Region (2)

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*Comments are for the Group Brands (i.e excluding Partner Brands)*

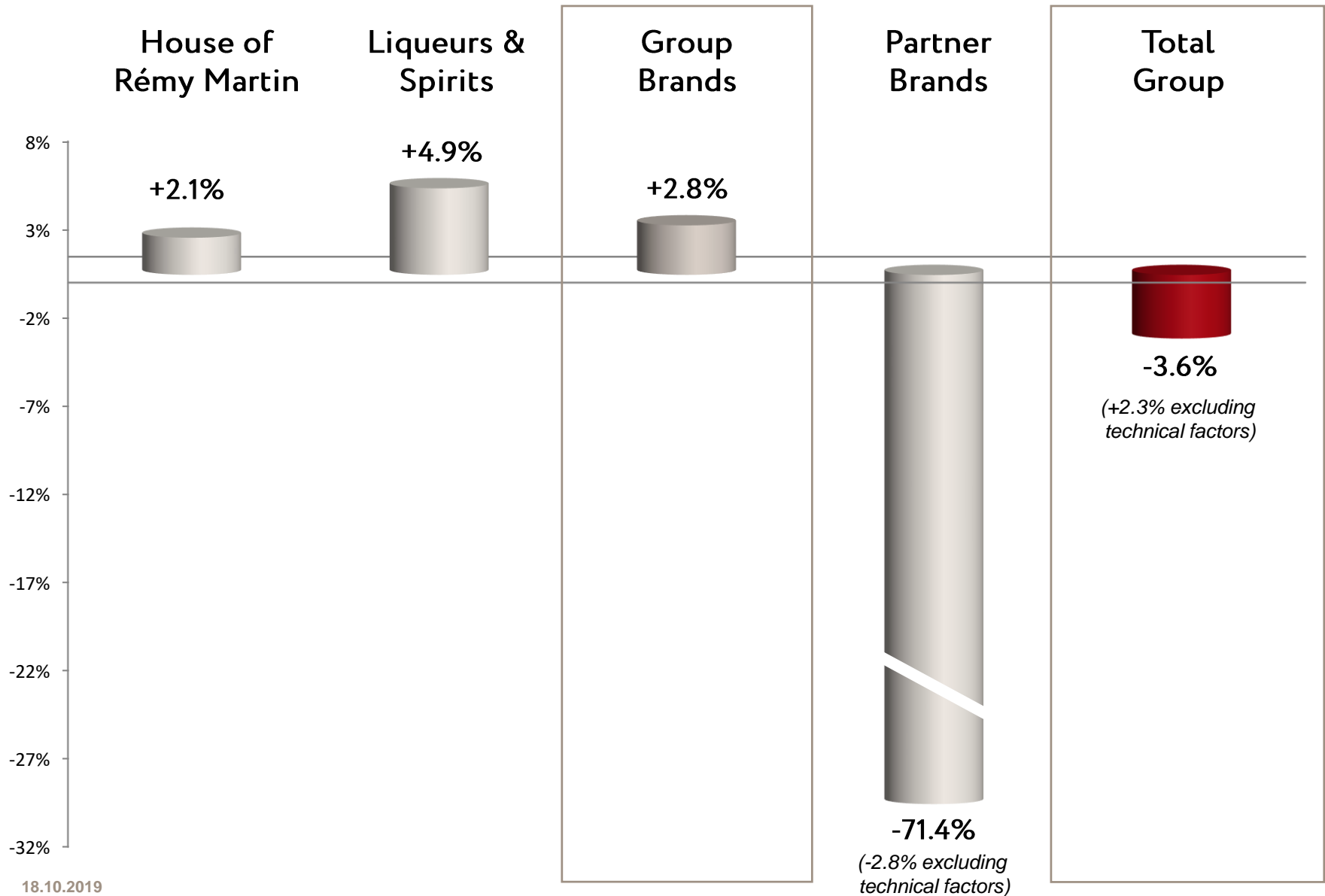
## Europe, Middle East & Africa up 7.1%

- Western Europe: low single-digit organic sales growth
  - Good start to the year in the UK, Switzerland and Nordics, but weakness in Spain (RTM change)
- Central & South Europe: mid-single digit growth
  - Good performance across the board, despite changes in RTM in Italy and Germany
- Russia & North East Europe: Strong growth in the Baltics & CIS markets but slower Russia
- Travel Retail: good growth led by the cognac and whisky brands
- Africa: strong double-digit growth across the continent (helped by easy comps)



# H1 2019/20 Organic Growth by Product Division

RÉMY COINTREAU



# House of Rémy Martin (+2.1% OSG in H1)

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## Asia-Pacific

- Low single-digit organic sales growth due to significant declines in Travel Retail Asia (HK events) and Macau
- China Mainland: solid double-digit volume/value depletion trends continuing; Excellent Mid Autumn Festival

## Americas

- Low-single digit organic sales growth in the US due to high comps and slow retailers' replenishment
- US cognac volume depletion trends also penalized by the slow retailers' replenishment.
- Value Depletions: Strong Price/mix effects of 5pp in the 12M period ending September 2019
- NABCA and Nielsen both showing positive sell-out growth (in value) in latest panels

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### Volume depletion trends to September 2019

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	3 months	6 months	12 months
US Cognac/Brandy Market <sup>(1)</sup>	10.6%	6.3%	6.2%
US Cognac/Brandy Market <sup>(2)</sup>	5.6%	2.5%	3.6%
Rémy Martin	-6.3%	-7.4%	-4.9%

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

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

## Europe, Middle East & Africa

- Double-digit growth, led by rebound in Africa (easy comps) and solid growth in the UK/Nordics and EMEA Travel Retail

# Launch of Rémy Martin “Tercet”



# LOUIS XIII : pop-up store at Changi airport



LOUIS XIII

LOUIS XIII

LOUIS XIII

THINK A CENTURY AHEAD

CHANGI  
1<sup>ST</sup>  
EXCLUSIVE  
LAUNCH

THINK A CENTURY AHEAD

LOUIS XIII

MIND YOUR STEP

# Liqueurs & Spirits (+4.9% OSG in H1)



## Cointreau

- Strong start to the year, led by double-digit growth in the Americas
- US sales reflecting the continuation of strong depletion trends in H1 :
  - Double-digit growth in volume depletion trends since the launch of the new campaign (spring 2018)
  - Neutral price/mix gain in the 12M period to September 2019 (positive pricing but negative state/channel mix)

	Volume depletion trends to September 2019		
	3 months	6 months	12 months
US Cordials Market <sup>(1)</sup>	3.9%	-1.4%	0.9%
US Cordials Market <sup>(2)</sup>	1.7%	1.0%	2.2%
Cointreau	12.2%	11.1%	10.6%

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

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

## Metaxa

- Good performance in newer markets of Asia and Americas offset by weakness in the EMEA (penalized by changes in RTM and a poor performance in Travel Retail)

# Liqueurs & Spirits (+4.9% OSG in H1)



## Mount Gay

- Good start to the year in key markets (US, Barbados, Travel Retail)
- US volume depletions still slightly down as we are currently in a revamping process for the brand

## St-Rémy

- Solid performance led by successful marketing initiatives in key markets (Canada, USA and Travel Retail)

## The Botanist

- Continued double-digit growth, led by good dynamism the US and brand expansion in Asia-Pacific

## Single Malt Whiskies

- Fast growth in EMEA, China, Japan and Global Travel Retail, but a slow start to the year in the US after very strong growth in FY18/19.

# Cointreau: launching a limited edition with Vincent Darré



# Partner Brands (-71.4% OSD in H1)

- Acceleration of the termination of Partner Brands' distribution contracts
- In H1 2019/20, termination of the Partner Brands distributed in Czech Republic/ Slovakia and Piper Sonoma in the US: EUR31.2M sales loss (-69pp hit)
- Adjusting for these technical factors, organic sales growth down 2.8% due to lingering weakness in Belgium



# 2019/20 Outlook

- H1 slightly below Group expectations, due to situational factors
- Underlying market trends remain solid, in particular in China and the US
- Termination of distribution contracts for Partner Brands (in the Czech Republic, Slovakia and the United States) estimated to have an impact of €56 million on sales and €5 million on Current Operating Profits
- Group anticipates that 2019/20 will take place within the framework of the group's medium-term objectives

# Q&A



18.10.2019