2020

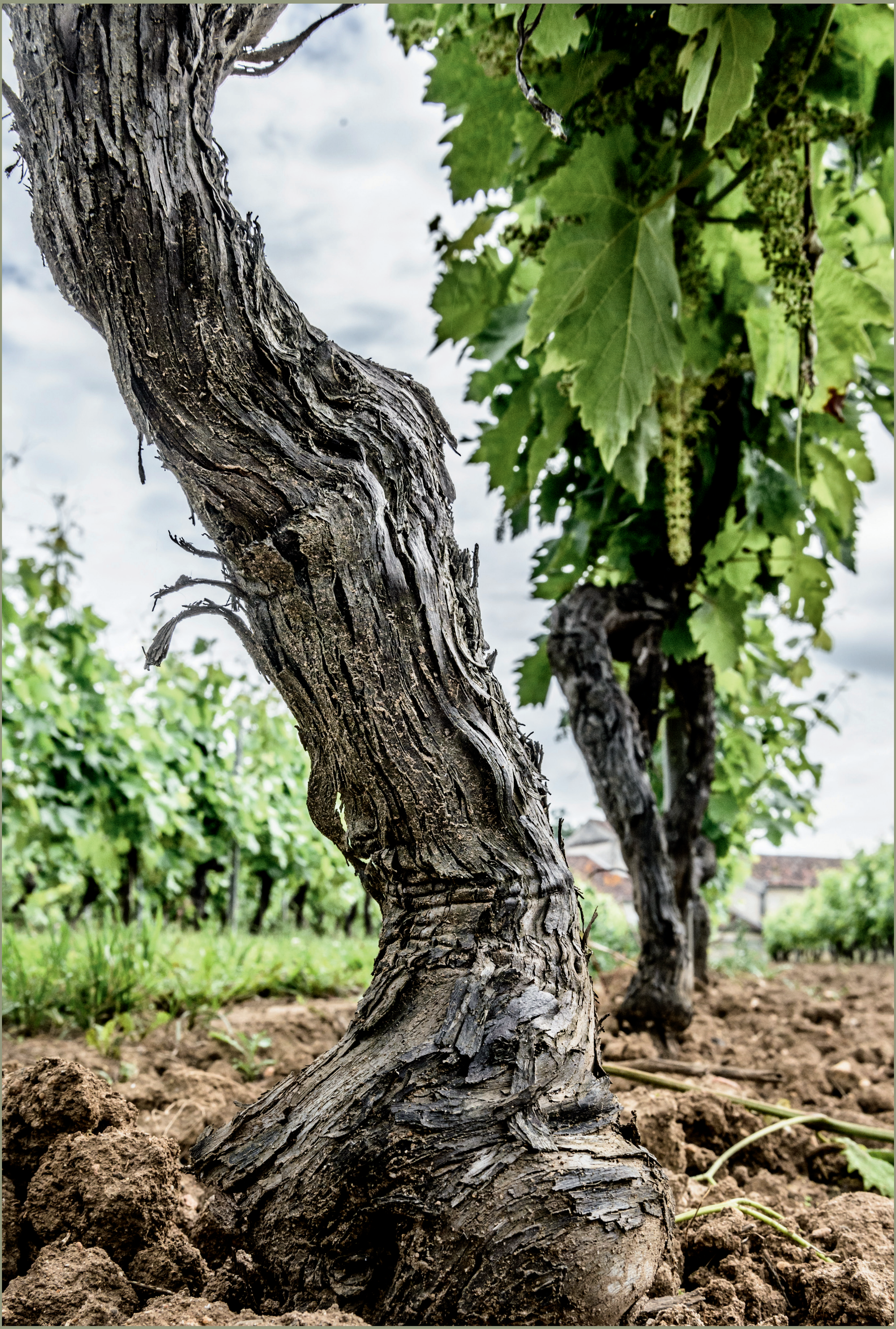
RÉMY COINTREAU

HALF-YEAR FINANCIAL REPORT 2019/2020

SUMMARY

RÉMY COINTREAU

HALF-YEAR FINANCIAL REPORT 2019/2020



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HALF-YEAR BUSINESS REPORT

First six months of the year ending 31 March 2020

For the period ended 30 September 2019, the Group's current operating profit amounted to €138.3 million, representing an organic change of -4.7% (stable on a reported basis). The operating margin stands at 26.4%.

1.1 Analysis of the business and consolidated results

1.1.1 Key figures

All data is presented in millions of euros for the period from 1 April to 30 September. Organic change is calculated at constant scope and exchange rates compared with the previous period.

	2019	2018	Change Reported change	Change Organic change
Net sales	523.9	527.0	-0.6%	-3.6%
Current operating profit/(loss)	**138.3**	**138.2**	**0.0%**	**-4.7%**
Current operating margin	26.4%	26.2%		25.9%
Other operating expenses	(0.6)	2.0		
Operating profit/(loss)	**137.7**	**140.3**		
Net financial income/(expense)	(14.4)	(16.7)		
Income tax	(39.1)	(36.1)		
Profit/(Loss) from continuing operations	**84.2**	**87.5**	**-3.8%**	**-6.5%**
Net profit/(loss) from discontinued operations	6.3	-		
Non-controlling interests	0.0	(0.0)		
Net profit/(loss) attributable to the owners of the parent company	**90.5**	**87.5**	**3.5%**	**0.8%**
Net profit/(loss) excluding non-recurring items attributable to the owners of the parent company	**84.6**	**89.6**	**-5.6%**	**-8.2%**
Basic earnings per share:				
On net profit/(loss) attributable to the owners of the parent company	**€1.82**	**€1.75**	**4.1%**	**1.3%**
On net profit/(loss) excluding non-recurring items	**€1.70**	**€1.79**	**-5.0%**	**-7.7%**

1.1.2 General comments on current operating profit

Change in the current operating profit compared with September 2018 was as follows:

	Total
Current operating profit – September 2018	**138.2**
Change due to exchange rates (net of hedges)	6.5
Change in volumes	(20.6)
Impact of changes in price/mix	30.9
Change in advertising expenditure	(7.5)
Change in other expenses	(9.3)
Current operating profit – September 2019	**138.3**

Overall, exchange rate fluctuations had a positive impact of €6.5 million. The average EUR/USD rate for the period was 1.12 compared with 1.18 during the previous period. Taking into account its hedging policy, the Group recorded an average collection rate of 1.16 on the net flows in US dollars generated by its European entities, compared with 1.19 for the period ended 30 September 2018.

The negative volume impact of €20.6 million includes a fall of €6.0 million relating to the voluntary termination of certain contracts with Partner Brands. For Group brands, the negative volume impact is due to certain economic factors (fall in tourism in Hong Kong and the slow restocking of American retailers). However, this was offset by a highly favourable price/mix effect (+€30.9 million), particularly in Asia. The gross margin thus improved by €16.3 million, making it possible to support the ongoing increase in advertising expenditure, up by €7.5 million (+10.4% for Group brands).

Other costs increased by €9.3 million. They include the temporal and technical impacts detailed below.

Current operating profit fell by 4.7% in organic terms, while the organic operating margin came to 25.9%, representing a slight 0.3 point drop compared to the first half of the previous year (2018: 26.2%).

1.1.3 Business overview

In the comments that follow, all changes are given as organic change.

For the period ended 30 September 2019, the Rémy Cointreau Group reported net sales of €523.9 million, an increase of 2.8% for Group brands, but an overall drop of 3.6% due to the voluntary termination of certain partner brand contracts.

BY GEOGRAPHIC AREA

	Europe-Middle/ East-Africa	Americas	Asia Pacific	Total
Net sales				
September 2019	124.8	233.9	165.2	523.9
September 2018	142.2	224.9	159.9	527.0
Reported change	(12.3%)	+4.0%	+3.4%	(0.6%)
Organic change	(12.8%)	(1.2%)	+1.2%	(3.6%)

The EMEA region (Europe-Middle/East-Africa), which accounts for 24% of net sales, was down 12.8%. This was due to the voluntary termination of distribution contracts with Partner Brands. Group brands recorded growth of 7.1%, driven by Africa and the UK.

The Americas region (45% of net sales) recorded a slight drop of 1.2% overall, and growth of 1.8% for Group brands. The start of the financial year was marked by uncertainties regarding exports to the American market. Nevertheless, Cointreau achieved excellent second-quarter results in the US.

The Asia Pacific region (31% of net sales) posted growth of 1.2%. Cognac continued to benefit from good market dynamics in Greater China. However, the region was affected by the Travel Retail situation in the first half-year.

BY DIVISION

	Rémy Martin	Liqueurs & Spirits	Total Group brands	Partner Brands	Costs Holding	Total
Net sales						
September 2019	379.6	131.2	510.8	13.1	-	523.9
September 2018	359.6	121.9	481.5	45.5	-	527.0
Reported change	+5.6%	+7.6%	+6.1%	(71.2%)	-	(0.6%)
Organic change	+2.1%	+4.9%	+2.8%	(71.4%)	-	(3.6%)
Current operating profit/(loss)						
September 2019	126.9	21.0	147.9	(0.6)	(9.0)	138.3
September 2018	119.5	20.6	140.2	2.8	(4.7)	138.2
Reported change	+6.2%	+1.6%	+5.5%	(121.0%)	+92.4%	+0.0%
Organic change	+0.9%	+0.3%	+0.8%	(119.6%)	+91.9%	(4.7%)
Operating margin						
September 2019 (reported)	33.4%	16.0%	29.0%	-4.5%	-	26.4%
September 2019 (organic)	32.8%	16.2%	28.5%	-4.2%	-	25.9%
September 2018	33.2%	16.9%	29.1%	6.1%	-	26.2%

HOUSE OF RÉMY MARTIN

Net sales amounted to €379.6 million, up 2.1%. Ongoing excellent performance was recorded in Greater China, through modernised distribution channels. The House of Rémy Martin also posted excellent performance across the Europe-Middle/East-Africa region, which offset the slump in the American market due to the aforementioned reasons. Organic growth breaks down into a 5.2% drop in volumes and a price/mix contribution of 7.3%.

Operating profit amounted to €126.9 million, up 0.9%, with a 7.6% increase in advertising expenditure. The current operating margin was down slightly (40 bps) to 32.8% (organic).

LIQUEURS & SPIRITS

Net sales increased by 4.9% compared with the previous period, to €131.2 million. All brands recorded growth except for Metaxa, which was penalised by changes of distributors in Central Europe and Germany.

The Liqueurs & Spirits business recorded current operating profit of €21.0 million. Advertising expenditure remained at a high level (+15.5%). The current operating margin came to 16.2% (organic) compared to 16.9% for the previous period.

PARTNER BRANDS

The Group's net sales amounted to €13.1 million compared to €45.5 million for the previous period. This change was due to the voluntary termination of certain distribution contracts, mainly in Europe.

The division recorded an operating loss of €0.6 million, compared with a profit of €2.8 million for the period ended 30 September 2018.

HOLDING COMPANY COSTS

These costs amounted to €9.0 million (reported), representing a sharp rise in comparison with a previously low base. During the previous period, holding company costs had been impacted by a provision reversal of €2.7 million. Moreover, costs relating to organisational changes announced at the beginning of the financial year were fully recognised during the half-year. Holding company costs came to 1.7% of consolidated net sales.

1.1.4 Operating profit/(loss)

Current operating profit amounted to €138.3 million. Taking into account a net expense of €0.6 million, mainly relating to indirect tax disputes, operating profit came to €137.7 million.

1.1.5 Net financial income/(expense)

(in € millions)	2019	2018	Change
Cost of gross financial debt	(6.3)	(7.2)	0.9
Currency gains/(losses)	(2.4)	0.6	(3.0)
Other financial expenses (net)	(5.7)	(10.1)	4.4
NET FINANCIAL INCOME/(EXPENSE)	**(14.4)**	**(16.7)**	**2.3**

A net financial expense of €14.4 million was recorded, breaking down as follows:

- the cost of gross financial debt was down by €0.9 million, reflecting a drop in the average debt over the period;
- currency gains/(losses) from the hedging of liabilities in foreign currencies amounted to a loss of €2.4 million, compared with a gain of €0.6 million at 30 September 2019;
- other financial expenses were mainly affected by the early repayment of the vendor loan (to the EPI Group) on 10 July 2018, which had given rise to a €5.2 million expense during the period under comparison.

1.1.6 Net profit/(loss) for the period

The tax charge, estimated on the basis of a projected annual effective rate, amounted to €39.1 million, *i.e.* an effective tax rate of 31.7%. This represents an increase compared with the period ended 30 September 2018 (29.2%), due to the geographical spread of profits.

Profit from continuing operations amounted to €84.2 million, representing a drop of 6.5% in organic terms and 3.8% in reported terms. Taking into account the impact of the sale of the Central European subsidiaries, announced on 1 April 2019, the net profit attributable to owners of the parent amounted to €90.5 million, equating to basic earnings per share of €1.82 compared with €1.75 for the previous period.

Excluding non-recurring items (other operating income and expenses net of tax, the impact of the early repayment of the vendor loan in 2018, and the sale of the Central European subsidiaries in 2019), the net profit (Group share) came to €84.6 million, equating to €1.70 per share.

1.2 Comment on the financial position

	September 2019	September 2018	March 2019	Change vs March 2019
Brands and other intangible assets	515.9	511.5	515.4	0.5
User rights, IFRS 16	22.2	24.7	27.2	(5.0)
Property, plant and equipment	276.7	249.6	269.3	7.4
Investments in associates	1.0	20.9	1.1	(0.0)
Other financial assets	96.0	78.2	93.9	2.1
Non-current assets (other than deferred tax)	**911.9**	**885.0**	**906.9**	**5.0**
Inventories	1,269.0	1,172.8	1,245.5	23.6
Trade and other receivables	249.6	310.7	271.1	(21.4)
Trade and other payables	(474.7)	(467.1)	(543.8)	69.1
Working capital requirements	**1,044.0**	**1,016.3**	**972.8**	**71.2**
Net financial derivatives	(13.5)	(7.9)	(8.3)	(5.2)
Net current and deferred tax	(64.3)	(59.3)	(60.0)	(4.3)
Dividend payable	-	-	-	0.0
Provisions for liabilities and charges	(35.8)	(48.4)	(41.9)	6.1
Assets and liabilities held for sale	-	1.0	0.0	0.0
Other net current and non-current assets and liabilities	**(113.5)**	**(114.6)**	**(110.2)**	**(3.3)**
TOTAL	**1,842.3**	**1,786.6**	**1,769.4**	**72.9**
Financed by:				
Shareholders' equity	**1,383.4**	**1,454.9**	**1,426.1**	**(42.7)**
Long-term financial debt	521.6	420.3	423.8	97.7
Short-term financial debt and accrued interest charge	63.3	73.6	98.1	(34.7)
Cash and cash equivalents	(126.0)	(162.2)	(178.6)	52.6
Net financial debt	**458.9**	**331.7**	**343.3**	**115.6**
TOTAL	**1,842.3**	**1,786.6**	**1,769.4**	**72.9**
For information:				
TOTAL ASSETS	**2,581.2**	**2,570.3**	**2,624.6**	**(43.4)**

All changes given below are compared with the financial year ended 31 March 2019.

Non-current assets increased by €5.0 million, breaking down as follows:

NON-CURRENT ASSETS AT 31 MARCH 2019	906.9
Translation reserve	0.9
Investments	20.1
Amortisation for the period	(12.3)
Change in IFRS 16 right-of-use assets	(5.1)
Liquidity account	(0.7)
Change in other financial assets	2.2
NON-CURRENT ASSETS AT 30 SEPTEMBER 2019	**911.9**

The investments made during the period mainly concern the sites of Cognac, Barbados and Islay and the upgrade of the Group's integrated IT system (ERP), which started during the financial year.

The items relating to the working capital requirement – which is always structurally higher at the end of September than at the end of March – increased by a total of €71.2 million, breaking down as follows:

TRANSLATION RESERVE	2.1
Inventories undergoing ageing	(8.2)
Trade payables – *eaux-de-vie*	0.7
Inventories of finished products and packaging items	38.0
Trade and other receivables	(2.9)
Trade and other payables (excluding *eaux-de-vie*)	45.0
Other movements (sale of Central European subsidiaries)	(3.5)
TOTAL	**71.2**

Details of these movements are provided in the cash flow section.

Derivative financial instruments are intended to hedge currency risk. The Group hedges its provisional positions over a rolling period not exceeding 24 months. The market value of the portfolio held at 30 September 2019 amounted to a net liability of €13.5 million, compared with a net liability of €8.3 million at 31 March 2019. The change is due to the maturing of part of the opening portfolio for €7.2 million, the revaluation of the balance for negative €4.8 million and the conclusion of new instruments for a market value of negative €7.6 million.

The total net tax position (current and deferred) amounts to a liability of €64.3 million, representing a slight change compared with March 2019.

The change in shareholders' equity breaks down as follows:

SHAREHOLDERS' EQUITY AT 31 MARCH 2019	1,426.1
Net profit/(loss) for the period	90.5
Profit/(loss) recorded in equity	0.7
Change in translation reserves	(3.1)
Impact of stock-option and similar plans	1.7
Transactions on treasury shares	(0.6)
Dividend paid	(132.0)
Other movements	0.1
Change	**(42.7)**
SHAREHOLDERS' EQUITY AT 30 SEPTEMBER 2019	**1,383.4**

The Shareholders' Meeting of 24 July 2019 approved the payment of an ordinary dividend of €1.65 per share in respect of the financial year ended 31 March 2019. It also approved the payment of an extraordinary dividend of €1.00 per share. The dividend was paid out in cash-only on 16 September 2019 in the total amount of €132.0 million.

Net debt amounted to €458.9 million, up by €115.6 million due to seasonality and the pay-out of the dividend.

At 30 September 2019, the Rémy Cointreau Group had €520 million in confirmed funding, including:

- a €100 million syndicated revolving loan maturing on 2 July 2024, bearing interest at EURIBOR plus a variable margin;
- a €65 million bond maturing on 13 August 2023, bearing interest at 4% and an issue premium of 2.00%;
- a bond issued in the form of a private placement with a leading European insurer for €80 million, maturing on 27 February 2025 and bearing interest at 2.94%;
- an OCEANE bond issued on 7 September 2016 for a nominal value of €275 million, maturing on 7 September 2026, with a conversion option exercisable on 7 September 2023, and bearing interest at the rate of 0.125%.

The A ratio[1] (Net debt/EBITDA), on which the availability of the private bond placement and the syndicated loan is based, was 1.39 at 30 September 2019. Under the terms of the syndicated loan, this ratio, calculated every six months, must remain less than or equal to 4.0 until the loan matures. For the private placement, this limit is 3.5.

(1) The A ratio is calculated every six months. It is the ratio of (a) the arithmetic average of net debt at the end of the half-year and the end of the prior half-year – in this case end-September 2019 and end-March 2019 – and (b) EBITDA for the previous 12 months – in this case end-March 2019 minus end-September 2018 plus September 2019.

1.3 Comments on cash flows

	2019	2018	Change
EBITDA	155.8	154.8	1.0
Change in working capital requirement	(74.6)	(191.6)	117.0
Net cash flow from operations	81.2	(36.8)	118.0
Other operating income/(expense)	(0.0)	(2.1)	2.1
Financial result	(8.5)	(10.5)	2.1
Income tax	(41.6)	(29.3)	(12.3)
Other operating cash flows	(50.1)	(42.0)	(8.2)
Net cash flow from operating activities	**31.1**	**(78.8)**	**109.8**
Net cash flow from investment activities	(26.1)	(21.9)	(4.2)
Disposal of fixed assets	1.5	7.7	(6.2)
Net cash flow before investment activities	**6.5**	**(6.1)**	**12.6**
Treasury shares	(0.6)	(2.5)	1.9
Dividends paid	(132.0)	(9.0)	(123.0)
Net cash flow relating to capital	**(132.6)**	**(11.5)**	**(121.1)**
Repayment of financial debt	65.8	(0.4)	66.2
Net cash flow from continuing operations after financing	**(60.3)**	**(18.1)**	**(42.3)**
Impact of discontinued operations	9.1	-	9.1
Translation differences on cash and cash equivalents	(1.3)	(6.5)	5.2
Change in cash and cash equivalents	**(52.6)**	**(24.6)**	**(28.0)**

Earnings before interest, tax, depreciation and amortisation (EBITDA)[1] rose by €1.0 million, mainly as a result of the increase in the depreciation and amortisation expenses included in current operating profit/(loss).

The working capital requirement increased by €74.6 million, a sharp fall compared with the previous period.

The €117.0 million difference is mainly due to the following:

- a structural change in the working capital requirement relating to *eaux-de-vie*, for €31.1 million. This is due to the modification of the terms of certain contracts in the second half of the previous financial year;
- the use of factoring programmes, for €75.5 million (€85.5 million for the period compared to €10.0 million for the previous period). During the previous period, certain contracts were under renewal and thus could not be used.

	2019	2018	Change
Change in inventories, *eaux-de-vie*	8.2	36.9	(28.7)
Change in trade payables, *eaux-de-vie*	(5.7)	(65.4)	59.8
Change in inventories (excluding *eaux-de-vie*)	(40.8)	(35.4)	(5.4)
Change in trade and other receivables	2.8	(101.1)	104.0
Change in trade and other payables	(39.2)	(26.6)	(12.6)
Change in working capital requirement	**(74.6)**	**(191.6)**	**117.0**

(1) Earnings before interest, tax, depreciation and amortisation (EBITDA) corresponds to the current operating profit adjusted by adding back depreciation and amortisation charges in respect of property, plant and equipment and intangible assets, and charges in respect of share-based payments and dividends paid out by associates during the period.

There was no cash outflow relating to other exceptional income and expenses during the period.

Net cash outflows relating to financing activities totalled €8.5 million, down €2.1 million due to the drop in financial expenses.

Income tax represented a payment of €41.6 million, reflecting the instalments paid by the various Group entities.

Capital expenditure increased by €4.2 million to €26.1 million, due to a major investment programme over the financial year to upgrade the IT systems of the Cognac, Barbados and Islay sites.

During the half-year, Rémy Cointreau paid €0.6 million in respect of the liquidity contract, *versus* €1.5 million during the previous period. In addition, during the half-year ended 30 September 2018, Rémy Cointreau had acquired 8,881 treasury shares under the share buyback programme for a total of €1.0 million.

The dividend paid in respect of the financial year ended 31 March 2019 – *i.e.* €1.65 per share plus an extraordinary dividend of €1.00 per share – totalled €132.0 million and was fully paid out in cash in September 2019. During the previous period, the dividend was paid out as follows: €9.0 million in cash and €73.5 million in shares.

On 1 April 2019, the Rémy Cointreau Group had announced the effective sale of its distribution subsidiaries in the Czech Republic and Slovakia. The impact of this disposal on the Group's cash position amounted to €9.1 million.

After taking into account the net change in financial debt and translation effects, cash and cash equivalents posted a drop of €52.6 million. The Group’s gross cash position amounted to €126.0 million at 30 September 2019 (*versus* €178.6 million in March 2019). Gross financial debt stood at €584.9 million (*versus* €493.9 million in September 2018 and €521.9 million in March 2019).

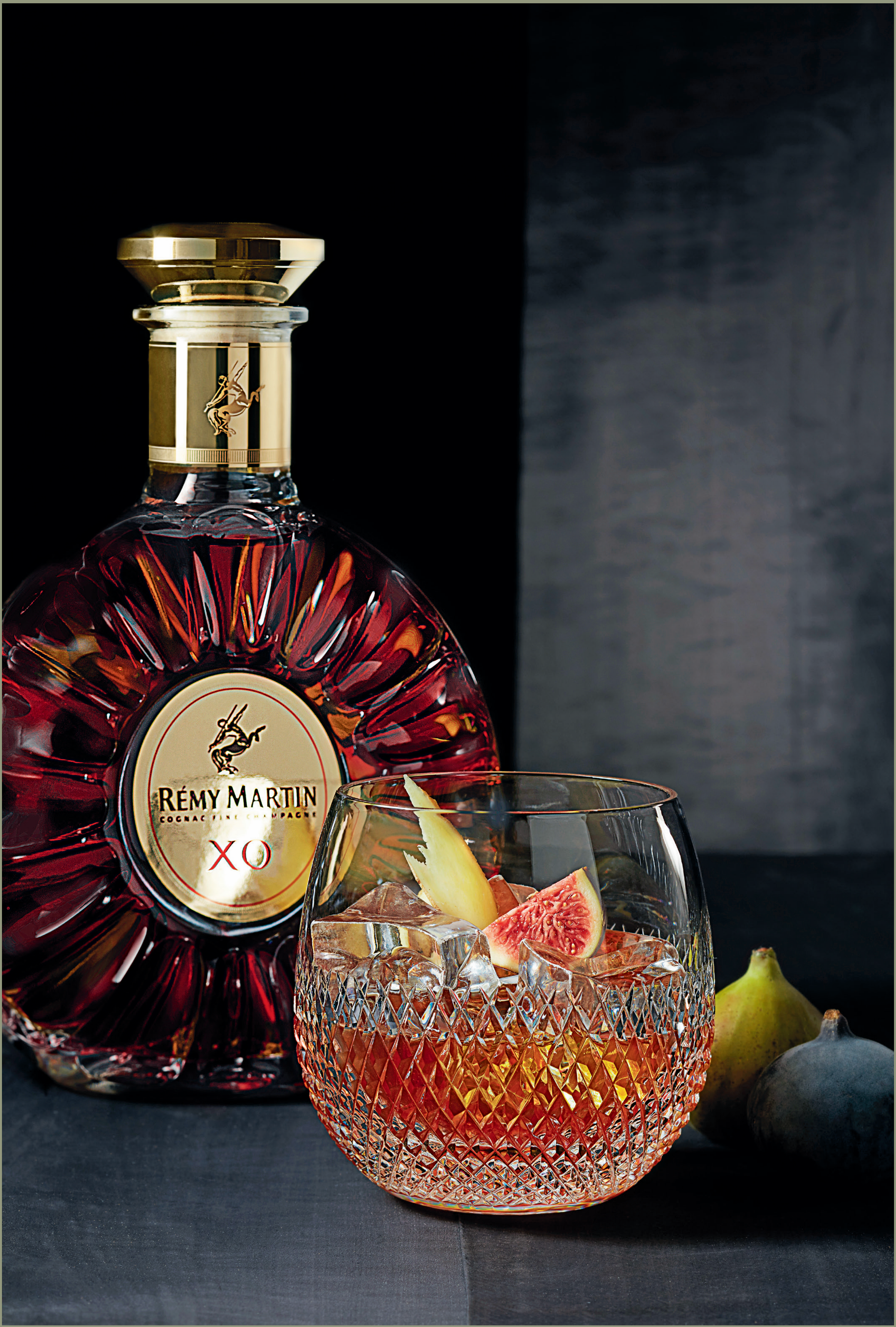
1.4 Events after the reporting period

On 26 November 2019, as previously announced, the Board of Directors appointed Eric Vallat as Chief Executive Officer of the Rémy Cointreau Group, effective from 1 December 2019, for a period of 3 years.

1.5 Outlook

For the fiscal year 2019/20, against the backdrop of H1 earnings and an uncertain geopolitical environment, Rémy Cointreau expects slight organic growth in COP for the Group Brands and stable COP for the Group. As a reminder, the year includes the termination of distribution contracts for Partner Brands (in the Czech Republic, Slovakia and United States), which are estimated to have an overall impact of €56 million on sales and €5 million on COP.

The Group’s medium-term guidance remains unchanged: Rémy Cointreau reiterates its ambition to become the world leader in exceptional spirits. This will result in 60 to 65% of its turnover being generated by exceptional spirits (retail sales price over USD50). The Group also expects its current operating margin to continue to benefit from its value strategy, including significant investments behind its brands and its distribution network. Rémy Cointreau’s objective is thus to build an ever more sustainable, resilient and profitable business model.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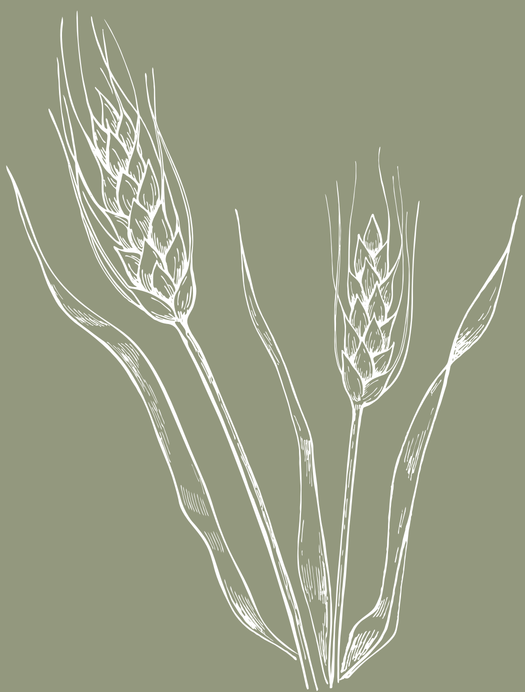
CONSOLIDATED FINANCIAL STATEMENTS OF THE RÉMY COINTREAU GROUP AT 30 SEPTEMBER 2019



2.1 Consolidated income statement

(in € millions)	*Notes*	September 2019	September 2018	March 2019
Net sales	*15*	**523.9**	**527.0**	**1,125.9**
Cost of sales		(175.6)	(197.8)	(415.1)
Gross margin		**348.3**	**329.1**	**710.9**
Distribution costs	*16*	(159.0)	(147.9)	(346.3)
Administrative expenses	*16*	(50.8)	(43.0)	(100.7)
Other income/(expense) from operations		(0.2)	(0.0)	0.3
Current operating profit/(loss)	*15*	**138.3**	**138.2**	**264.1**
Other operating expenses	*17*	(0.6)	2.0	1.7
Operating profit/(loss)		**137.7**	**140.3**	**265.8**
Cost of net financial debt		(6.3)	(7.2)	(13.7)
Other financial income/(expense)		(8.0)	(9.5)	(18.8)
Net financial income/(expense)	*18*	**(14.4)**	**(16.7)**	**(32.5)**
Profit before tax and before share in profit/(loss) of associates		**123.3**	**123.6**	**233.3**
Income tax	*19*	(39.1)	(36.1)	(67.7)
Share in profit/(loss) of associates	*5*	(0.0)	-	(6.7)
Profit/(Loss) from continuing operations		**84.2**	**87.5**	**159.0**
Net profit/(loss) from discontinued operations	*20*	6.3	-	-
Net profit/(loss) for the period		**90.5**	**87.5**	**159.0**
Of which:				
attributable to non-controlling interests		(0.0)	0.0	(0.2)
attributable to owners of the parent		90.5	87.5	159.2
Net earnings per share – from continuing operations *(in €)*				
basic		1.69	1.75	3.17
diluted		1.61	1.66	3.02
Net earnings per share - attributable to owners of the parent *(in €)*				
basic		1.82	1.75	3.18
diluted		1.73	1.66	3.03
Number of shares used for the calculation				
basic	*10.2*	49,803,302	50,041,722	50,068,992
diluted	*10.2*	52,472,851	52,717,897	52,680,567

2.2 Consolidated statement of comprehensive income

(in € millions)	September 2019	September 2018	March 2019
Net profit/(loss) for the period	**90.5**	**87.5**	**159.0**
Movement in the value of hedging instruments	(1.6)	(12.6)	(15.1)
Actuarial difference on pension commitments	(0.5)	-	0.1
Change in value of AFS securities	2.2	-	-
Related tax effect	0.6	4.3	5.1
Movement in translation differences	(3.1)	(0.2)	2.3
Total income/(expenses) recorded in equity	**(2.4)**	**(8.5)**	**(7.6)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**88.1**	**79.0**	**151.4**
Of which:			
attributable to owners of the parent	88.1	78.9	151.5
attributable to non-controlling interests	0.0	0.1	(0.1)

2.3 Consolidated statement of financial position

(in € millions)	*Notes*	September 2019	September 2018	March 2019
Goodwill and other intangible assets	*2*	515.9	511.5	515.4
User rights, IFRS 16	*3*	22.2	24.7	27.2
Property, plant and equipment	*4*	276.7	249.6	269.3
Investments in associates	*5*	1.0	20.9	1.1
Other financial assets	*6*	96.0	78.2	93.9
Deferred tax assets		20.5	28.7	17.5
Non-current assets		**932.3**	**913.7**	**924.4**
Inventories	*7*	1,269.0	1,172.8	1,245.5
Trade and other receivables	*8*	249.6	310.7	271.1
Income tax receivables	*19*	1.5	5.8	3.3
Derivative financial instruments	*14*	2.7	4.2	1.8
Cash and cash equivalents	*9*	126.0	162.2	178.6
Assets held for sale		-	1.0	-
Current assets		**1,648.9**	**1,656.6**	**1,700.2**
TOTAL ASSET		**2,581.2**	**2,570.3**	**2,624.6**
Share Capital		80.2	81.5	80.2
Share premium		795.1	877.1	795.1
Treasury shares		(35.0)	(23.0)	(34.4)
Consolidated reserves and profit/(loss) for the period		519.0	494.3	558.0
Translation reserve		23.0	23.7	26.2
Shareholders' equity - attributable to owners of the parent		**1,382.4**	**1,453.7**	**1,425.1**
Non-controlling interests		1.0	1.2	1.0
Shareholders' equity	*10*	**1,383.4**	**1,454.9**	**1,426.1**
Long-term financial debt	*11*	521.6	420.3	423.8
Provision for employee benefits		32.7	31.7	31.5
Long-term provisions for liabilities and charges	*12*	2.0	7.0	8.1
Deferred tax assets		47.3	69.7	62.4
Non-current liabilities		**603.6**	**528.7**	**525.8**
Short-term financial debt and accrued interest charge	*11*	63.3	73.6	98.1
Trade and other payables	*13*	474.7	467.1	543.8
Income tax payables	*19*	39.0	24.1	18.4
Short-term provisions for liabilities and charges	*12*	1.0	9.7	2.3
Derivative financial instruments	*14*	16.2	12.2	10.1
Current liabilities		**594.2**	**586.7**	**672.7**
TOTAL EQUITY AND LIABILITIES		**2,581.2**	**2,570.3**	**2,624.6**

2.4 Change in consolidated shareholders' equity

(in € millions)	Share capital and premium	Treasury shares	Reserves and net profit/(loss)	Translation reserve	Profit/(loss) recorded in equity	Attributable to: Owners of the parent	Attributable to: Non-controlling interests	Total equity
At 31 March 2018	**885.3**	**(20.5)**	**531.8**	**24.0**	**(13.4)**	**1,407.1**	**1.1**	**1,408.3**
First-time application of IFRS 15	-	-	(22.3)	-	-	(22.3)	-	(22.3)
At 1 April 2018	**885.3**	**(20.5)**	**509.4**	**24.0**	**(13.4)**	**1,384.8**	**1.1**	**1,385.9**
Net profit/(loss) for the period	-	-	87.5	-	-	87.5	0.0	87.5
Gains/(losses) recorded in equity	-	-	-	(0.3)	(8.3)	(8.5)	0.1	(8.5)
Share-based payments	-	-	1.6	-	-	1.6	-	1.6
Transactions on treasury shares	-	(2.5)	-	-	-	(2.5)	-	(2.5)
Dividends	73.4	-	(82.5)	-	-	(9.0)	-	(9.0)
At 30 September 2018	**958.7**	**(23.0)**	**516.0**	**23.7**	**(21.6)**	**1,453.7**	**1.2**	**1,454.9**
At 31 March 2019	**875.4**	**(34.4)**	**581.2**	**26.2**	**(23.2)**	**1,425.1**	**1.0**	**1,426.1**
Net profit/(loss) for the period	-	-	90.5	-	-	90.5	(0.0)	90.5
Gains/(losses) recorded in equity	-	-	-	(3.1)	0.7	(2.4)	0.0	(2.4)
Share-based payments	-	-	1.7	-	-	1.7	-	1.7
Transactions on treasury shares	-	(0.6)	-	-	-	(0.6)	-	(0.6)
Dividends	-	-	(132.0)	-	-	(132.0)	-	(132.0)
Other movements	-	-	0.1	-	-	0.1	-	0.1
AT 30 SEPTEMBER 2019	**875.4**	**(35.0)**	**541.5**	**23.0**	**(22.5)**	**1,382.4**	**1.0**	**1,383.4**

2.5 Consolidated statement of cash flows

(in € millions)	*Notes*	September 2019	September 2018	March 2019
Current operating profit/(loss)		138.3	138.2	264.1
Depreciation, amortisation and impairment		15.8	14.8	30.3
Share-based payments		1.7	1.6	3.1
Dividends received from associates	*5*	-	0.2	0.5
EBITDA		**155.8**	**154.8**	**298.1**
Change in inventories		(32.6)	1.5	(69.6)
Change in trade receivables		5.1	(95.4)	(45.5)
Change in trade payables		(18.0)	(67.4)	(46.3)
Change in other receivables and payables		(29.0)	(30.4)	(0.1)
Change in working capital requirement		**(74.6)**	**(191.6)**	**(161.6)**
Net cash flow from operations		**81.2**	**(36.8)**	**136.5**
Other operating income/(expense)		(0.0)	(2.1)	(3.8)
Financial result		(8.5)	(10.5)	(15.4)
Income tax		(41.6)	(29.3)	(64.1)
Other operating cash flows		**(50.1)**	**(42.0)**	**(83.4)**
Net cash flow from operating activities		**31.1**	**(78.8)**	**53.1**
Purchase of intangible assets and property, plant and equipment	*2/4*	(26.1)	(21.9)	(44.6)
Disposal of intangible assets and property, plant and equipment		0.7	4.5	4.6
Disposal of shares in associates and non-consolidated investments	*6*	-	1.4	1.4
Net cash flow from other investments	*6*	0.7	88.6	85.5
Net cash flow from investment activities		**(24.6)**	**72.7**	**46.9**
Treasury shares	*10*	(0.6)	(2.5)	(103.5)
Payment of lease liabilities – IFRS 16		(3.4)	(3.3)	(6.4)
Increase in financial debt		111.9	9.4	40.2
Repayment of financial debt		(42.8)	(6.5)	(23.0)
Dividends paid		(132.0)	(9.0)	(9.1)
Net cash flow from financing activities – continuing operations		**(66.8)**	**(11.9)**	**(101.8)**
Impact of discontinued operations		9.1	-	-
Net cash flow from financing activities		**(57.8)**	**(11.9)**	**(101.8)**
Translation differences on cash and cash equivalents		(1.3)	(6.5)	(6.4)
Change in cash and cash equivalents		**(52.6)**	**(24.6)**	**(8.2)**
Cash and cash equivalents at start of year	*9*	**178.6**	**186.8**	**186.8**
CASH AND CASH EQUIVALENTS AT END OF YEAR	*9*	**126.0**	**162.2**	**178.6**

2.6 Notes to the consolidated financial statements

Introduction

Rémy Cointreau is a société anonyme (joint *stock company*) with a Board of Directors subject to French legislation and in particular the French Commercial Code. Rémy Cointreau, whose shares are admitted to trading on a regulated market, is listed on Euronext Paris.

The condensed consolidated financial statements presented below were approved by the Board of Directors on 26 November 2019 pursuant to a recommendation from the Audit Committee following its meeting of 25 November 2019.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Rémy Cointreau's financial year runs from 1 April to 31 March. The consolidated financial statements are presented in millions of euros.

The interim consolidated financial statements were prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union. The notes to these financial statements do not include all the disclosures required for the full annual financial statements and must be read in conjunction with the Group's consolidated financial statements for the financial year ended 31 March 2019.

The accounting principles applied in the preparation of the consolidated financial statements for the period ended 30 September 2019 comply with IFRS, as adopted by the European Union. These standards can be consulted on the European Commission website at:

www.eur-lex.europa.eu

The accounting principles applied in the preparation of the interim financial statements for the period ended 30 September 2019 are the same as those applied in the consolidated financial statements for the financial year ended 31 March 2019, except for those relating to first-time application of IFRIC 23, which are detailed below. Rémy Cointreau opted for early application of IFRS 16 – "Leases" as from 1 April 2018. The Group chose to apply the simplified retrospective method, using the simplified measures provided by the standard. The procedures and impacts of first-time application of the standard are set out in the consolidated financial statements to 31 March 2019.

The other texts for which application became mandatory on 1 January 2019 did not have a significant impact on the Group's consolidated financial statements.

Changes to accounting principles compared with the previous financial year

IFRIC 23 - Uncertainty over income tax treatments is mandatory for financial years beginning on or after 1 January 2019.

In accordance with IFRIC 23, tax risks relating to income tax – which were previously recognised under provisions – are now recognized as income tax payables. The application of this interpretation has not had any other significant impact on the Group's accounting principles.

At 30 September 2019, following the application of this interpretation, the Group reclassified €7.4 million from "Provisions for liabilities and charges" to "Income tax payables".

Seasonality

Historically, Group sales are not evenly split between the first half-year and the second half-year. As a result, the interim results at 30 September 2019 are not necessarily indicative of those expected for the full year ending 31 March 2020.

Specific characteristics of the interim financial statements

In respect of the interim financial statements, the tax charge for the period is an estimate of the effective annual rate which is applied to the profit before tax of the period excluding significant exceptional items. Possible exceptional items in the period, such as the disposal of securities or the effect of a tax dispute, are recorded with their actual tax effect.

NOTE 2 BRANDS AND OTHER INTANGIBLE ASSETS

(in € millions)	Goodwill	Brands	Distribution rights	Other	Total
Gross value at 30 September 2018	**48.7**	**511.0**	**8.0**	**47.2**	**615.0**
Gross value at 31 March 2019	**50.3**	**512.1**	**3.8**	**43.9**	**610.3**
Acquisitions	-	-	-	2.5	2.5
Disposals, items scrapped	-	-	-	(3.4)	(3.4)
Changes in scope of consolidation	-	-	-	(0.4)	(0.4)
Translation reserve	0.1	0.1	0.1	0.2	0.6
Gross value at 30 September 2019	**50.4**	**512.3**	**3.9**	**43.0**	**609.7**
Accumulated amortisation and impairment at 30 September 2018	**2.0**	**60.6**	**8.0**	**32.9**	**103.4**
Accumulated amortisation and impairment at 31 March 2019	**2.0**	**61.0**	**3.8**	**28.0**	**94.9**
Increase	-	-	-	1.9	1.9
Disposals, items scrapped	-	-	-	(3.4)	(3.4)
Changes in scope of consolidation	-	-	-	(0.4)	(0.4)
Translation reserve	0.1	0.3	0.1	0.2	0.6
Accumulated amortisation and impairment at 30 September 2019	**2.1**	**61.3**	**3.9**	**26.3**	**93.7**
Net carrying amount at 30 September 2018	**46.7**	**450.4**	**-**	**14.4**	**511.5**
Net carrying amount at 31 March 2019	**48.3**	**451.2**	**-**	**15.9**	**515.4**
Net carrying amount at 30 September 2019	**48.3**	**451.0**	**-**	**16.6**	**516.0**

“Goodwill” comprises the amounts stemming from the acquisitions of Bruichladdich Distillery Ltd (September 2012), Rum Refinery of Mount Gay (May 2014), Domaine des Hautes Glaces and Westland (January 2017).

The carrying amount for the Rémy Martin and Cointreau brands, which totals €281.8 million, is essentially derived from the recognition of non-controlling interests and so does not represent a comprehensive valuation of these brands.

For other brands – mainly consisting of Metaxa, Bruichladdich and Westland – the total is €169.2 million, and €217.5 million including the goodwill of the Cash Generating Units (CGUs) to which these brands belong.

“Other” mainly includes software licences.

Impairment of brands and other intangible assets

Since the amounts recorded under "Goodwill" and "Brands" are considered to have an indefinite useful life, the brands recorded on the balance sheet are not amortised. Impairment tests are carried out annually in the second half-year or as soon as there is an indication of impairment. The methodology used to determine the current value of goodwill and brands is described in Note 4 to the annual consolidated financial statements.

In the absence of a clear indication of impairment, the annual impairment tests are conducted during the second half-year.

At 30 September 2019, the total provision for the impairment of intangible assets was €65.7 million (September 2018: €64.8 million; March 2019: €65.2 million) including €45.0 million for the Greek brandy brand Metaxa acquired in 2000, €12.6 million for the Mount Gay brand, and €8.1 million for secondary brands.

NOTE 3 IFRS 16 RIGHT-OF-USE ASSETS

En M€	Gross amount	Depreciation & amortisation	Total
At 30 September 2018	**28.0**	**(3.3)**	**24.7**
At 31 March 2019	**34.1**	**(6.9)**	**27.2**
Changes in scope of consolidation	(2.0)	0.4	(1.6)
Depreciation & amortisation	-	(3.6)	(3.6)
Translation reserve	0.2	(0.1)	0.1
At 30 September 2019	**32.4**	**(10.2)**	**22.2**

NOTE 4 PROPERTY PLANT AND EQUIPMENT

(in € millions)	Land	Buildings	Other	In progress	Total
Gross value at 30 September 2018	**15.0**	**133.6**	**286.6**	**23.8**	**458.9**
Gross value at 31 March 2018	**18.6**	**146.6**	**302.2**	**18.8**	**486.2**
Acquisitions	-	2.8	5.2	9.5	17.5
Disposals, items scrapped	(0.1)	(1.8)	(2.9)	-	(4.8)
Changes in scope of consolidation	-	-	(0.1)	-	(0.1)
Other movements	0.2	4.3	2.7	(6.2)	1.1
Translation reserve	0.1	(0.1)	0.5	0.2	0.7
Gross value at 30 September 2019	**18.8**	**151.9**	**307.7**	**22.3**	**500.7**
Accumulated depreciation and impairment at 30 September 2018	**2.9**	**53.6**	**152.8**	**-**	**209.3**
Accumulated depreciation and impairment at 31 March 2018	**3.0**	**55.7**	**158.2**	**-**	**216.9**
Increase	0.2	2.1	8.1	-	10.3
Disposals, items scrapped	-	(1.0)	(2.8)	-	(3.8)
Changes in scope of consolidation	-	-	(0.1)	-	(0.1)
Other movements	-	0.2	-	-	0.3
Translation reserve	-	0.1	0.3	-	0.4
Accumulated depreciation and impairment at 30 September 2018	**3.2**	**57.1**	**163.7**	**-**	**223.9**
Net carrying amount at 30 September 2018	**12.0**	**80.0**	**133.8**	**23.8**	**249.6**
Net carrying amount at 31 March 2019	**15.6**	**90.9**	**144.0**	**18.8**	**269.3**
Net carrying amount at 30 September 2019	**15.6**	**94.8**	**144.1**	**22.3**	**276.7**

NOTE 5 INVESTMENTS IN ASSOCIATES

(in € millions)	Spirits Platform	Total
At 31 March 2019	**1.1**	**1.1**
Profit/(loss) of the period	(0.0)	(0.0)
Translation reserve	(0.0)	(0.0)
At 30 September 2019	**1.0**	**1.0**

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NOTE 6 OTHER FINANCIAL ASSETS

(in € millions)	September 2019	September 2018	March 2019
Non-consolidated equity investments (note **6.1**)	17.1	0.5	14.4
Other equity investment financial assets (note **6.2**)	71.3	71.3	71.3
Sub-leasing assets – IFRS 16	2.5	2.9	2.6
Loans to non-consolidated equity investments	0.5	0.3	0.4
Liquidity account excluding Rémy Cointreau shares	3.5	1.9	3.9
Other	1.3	1.4	1.3
TOTAL	**96.0**	**78.2**	**93.9**

NOTE 6.1 NON-CONSOLIDATED EQUITY INVESTMENTS

(in € millions)	% held	September 2019	% held	September 2018	% held	March 2019
Dynasty Fine Wines Group Ltd (China)	27.0%	16.5	-	-	27.0%	13.9
Balachoa-Vinhos de Portugal (Portugal)	0.8%	0.5	0.8%	0.5	0.8%	0.5
TOTAL		**17.1**		**0.5**		**14.4**

Rémy Cointreau's stake in Dynasty Fine Wines Group Ltd was reclassified from “Investments in associates” to “Non-consolidated equity investments” for the financial year ended 31 March 2019 (note **7.1** to the annual consolidated financial statements).

The trading of Dynasty Fine Wines Group Ltd on the Hong Kong stock exchange resumed on 29 July 2019 following the Company's compliance with the requirements, including the publication of its financial statements to 31 December 2018. The change in fair value corresponding to a share price of HKD 0.42 at 30 September 2019 (compared to HKD 0.36 at 31 March 2019) was recognised through profit or loss under the option provided by IFRS 9.

NOTE 6.2 OTHER EQUITY INVESTMENT FINANCIAL ASSETS

Following an agreement entered into on 14 October 2016, Rémy Cointreau and Lucas Bols NV created a joint venture, Passoa SAS, to oversee the operation and continued development of the Passoa brand. The fair value of the assets transferred to the Passoa SAS joint venture is recorded under “Other equity investment financial assets”, in the amount of €71.3 million.

NOTE 7 INVENTORIES

(in € millions)	September 2019	September 2018	March 2019
Raw materials	29.6	30.8	31.6
Ageing wines and *eaux-de-vie*[1]	1,094.8	1,008.8	1,103.4
Goods for resale and finished goods	148.3	136.2	114.4
Gross amount	**1,272.7**	**1,175.8**	**1,249.4**
Provision for impairment	(3.6)	(3.0)	(4.0)
Carrying amount	**1,269.0**	**1,172.8**	**1,245.5**

(1) *Of which AFC inventories (September 2019: €232.6 million; September 2018: €218.7 million; March 2019: €298.7 million).*

NOTE 8 TRADE AND OTHER RECEIVABLES

(in € millions)	September 2019	September 2018	March 2019
Trade receivables	173.2	240.6	194.5
Receivables related to taxes and social charges (excl. income tax)	13.5	15.2	13.1
Sundry prepaid expenses	11.2	9.4	8.9
Advances paid	40.1	32.0	39.3
Receivables related to asset disposals	0.1	0.0	0.0
Other receivables	11.7	13.6	15.3
TOTAL	**249.6**	**310.7**	**271.1**
of which provision for doubtful debts	(2.0)	(2.3)	(2.3)

The Group made use of factoring programmes during the period, thereby speeding up the payment of trade receivables totalling €85.5 million at 30 September 2019 (September 2018: €10.0 million; 31 March 2019: €48.9 million).

NOTE 9 CASH AND CASH EQUIVALENTS

(in € millions)	September 2019	September 2018	March 2019
Short-term deposits	0.1	0.0	0.6
Cash at bank	125.9	162.2	178.0
TOTAL	**126.0**	**162.2**	**178.6**

NOTE 10 SHAREHOLDERS' EQUITY

NOTE 10.1 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of shares	Treasury shares	Total number of shares	Share capital	Share premium	Treasury shares
At 31 March 2019	**50,149,787**	**(342,088)**	**49,807,699**	**80.2**	**795.1**	**(34.4)**
Liquidity account	-	(4,497)	(4,497)	-	-	(0.6)
At 30 September 2019	**50,149,787**	**(346,585)**	**49,803,202**	**80.2**	**795.1**	**(35.0)**

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Share capital and premium

At 30 September 2019, the share capital comprised 50,149,787 shares with a par value of €1.60.

Treasury shares

At 30 September 2019, Rémy Cointreau held 336,185 treasury shares intended to cover current or future bonus share plans and 10,400 treasury shares under the liquidity contract.

NOTE 10.2 NUMBER OF SHARES USED TO CALCULATE EARNINGS PER SHARE

	September 2019	September 2018	March 2019
Average number of shares (basic):			
Average number of shares	50,149,787	50,275,373	50,451,656
Average number of treasury shares	(346,585)	(233,651)	(382,664)
TOTAL USED TO CALCULATE BASIC EARNINGS PER SHARE	**49,803,202**	**50,041,722**	**50,068,992**
Average number of shares (diluted):			
Average number of shares (basic)	49,803,202	50,041,722	50,068,992
Dilution effect of bonus share plans	163,100	189,500	124,990
Dilution effect on OCEANE	2,506,549	2,486,675	2,486,675
TOTAL USED TO CALCULATE DILUTED EARNINGS PER SHARE	**52,472,851**	**52,717,897**	**52,680,657**

NOTE 10.3 DIVIDENDS

The Shareholders' Meeting of 24 July 2019 approved the payment of an ordinary dividend of €1.65 per share in respect of the financial year ended 31 March 2019. It also approved the payment of an extraordinary dividend of €1.00 per share. The dividend was paid out on 16 September and amounted to €132.0 million.

NOTE 10.4 NON-CONTROLLING INTERESTS

(in € millions)	September 2019	September 2018	March 2019
Minority interests in Mount Gay Distilleries	1.0	1.2	1.0
TOTAL	**1.0**	**1.4**	**1.0**

NOTE 11 FINANCIAL DEBT

NOTE 11.1 NET FINANCIAL DEBT

	September 2019			September 2018			March 2019		
(in € millions)	Long term	Short term	Total	Long term	Short term	Total	Long term	Short term	Total
Gross financial debt	521.6	63.3	584.9	420.3	73.6	493.9	423.8	98.1	521.9
Cash and cash equivalents (note **9**)	-	(126.0)	(126.0)	-	(162.2)	(162.2)	-	(178.6)	(178.6)
NET FINANCIAL DEBT	**521.6**	**(62.7)**	**458.9**	**420.3**	**(88.6)**	**331.7**	**423.8**	**(80.5)**	**343.3**

NOTE 11.2 GROSS FINANCIAL DEBT BY TYPE

	September 2019			September 2018			March 2019		
(in € millions)	Long term	Short term	Total	Long term	Short term	Total	Long term	Short term	Total
Private bond placement	79.8	-	79.8	79.8	-	79.8	79.8	-	79.8
Convertible bonds (OCEANE)	259.4	-	259.4	255.5	-	255.5	257.4	-	257.4
Drawdown on syndicated loan	100.0	-	100.0	-	-	-	-	-	-
Upfront fees on syndicated loan	(0.4)	-	(0.4)	(0.4)	-	(0.4)	(0.4)	-	(0.4)
Partner current account	-	40.0	40.0	-	60.0	60.0	-	40.0	40.0
Other financial debt and overdrafts	-	-	-	-	1.0	1.0	-	-	-
Accrued interest	-	0.4	0.4	-	0.4	0.4	-	0.8	0.8
Total Rémy Cointreau SA	**438.8**	**40.4**	**479.2**	**334.9**	**61.4**	**396.3**	**336.9**	**40.8**	**377.6**
Bonds	64.3	-	64.3	64.1	-	64.1	64.2	-	64.2
Other financial debt and overdrafts	0.2	12.4	12.6	0.2	2.1	2.3	0.2	0.6	0.8
Accrued interest	-	0.4	0.4	-	0.3	0.3	-	1.7	1.7
Borrowings by special purpose entities	-	3.1	3.1	-	3.1	3.1	-	47.2	47.2
Lease liabilities – IFRS 16	18.3	7.0	25.3	21.1	6.6	27.8	22.6	7.7	30.3
Total subsidiaries	**82.7**	**22.9**	**105.7**	**85.4**	**12.2**	**97.6**	**86.9**	**57.3**	**144.2**
GROSS FINANCIAL DEBT	**521.6**	**63.3**	**584.9**	**420.3**	**73.6**	**493.9**	**423.8**	**98.1**	**521.9**

NOTE 11.3 BONDS

Private bond placement

On 27 February 2015, Rémy Cointreau issued an €80.0 million bond in the form of a private placement with a leading European insurer. The bonds have a coupon of 2.945% with a ten-year maturity. The issue amounted to €79.8 million at 30 September 2019, taking into account the issue costs of €0.2 million.

This contract is unsecured. Availability of the funds is subject to the A ratio (see Syndicated loan) remaining below 3.5 at each half year end for the duration of the contract.

Convertible bonds (OCEANE)

On 7 September 2016, as part of a private placement with institutional investors, Rémy Cointreau issued bonds with an option to convert to and/or exchange for new and/or existing shares (OCEANE), with a maturity date of 7 September 2026 and a nominal amount of €275 million, or 2,484,191 OCEANE with a par value of €110.70 each.

The par value of the OCEANE bonds incorporates an issue premium of 40% based on the reference price of the Company's shares on the Euronext Paris regulated market. OCEANE bondholders are entitled to new and/or existing Rémy Cointreau shares, at the conversion rate of one share per OCEANE, subject to potential subsequent adjustments exercisable on 7 September 2023. This conversion rate was increased to 1.009 shares per OCEANE following the payment of the dividend of €1.00 per share on 16 September 2019.

The OCEANE bonds bear interest at a nominal annual rate of 0.125%, payable in arrears on 7 September each year.

The €24.9 million difference between the par value of the issue and its fair value on the issue date is recognised in equity.

Bonds with a par value of €65 million

On 13 August 2013, Financière Rémy Cointreau SA/NV issued a ten-year bond for the amount of €65 million, guaranteed by Rémy Cointreau SA. The issue amounted to €64.3 million at 30 September 2019, after taking into account €(0.7) million in issue premium and expenses.

The bonds have a par value of €250,000 each and were issued at 97.977% of par (issue premium of 2.003%), bearing interest of 4% payable annually on 13 August. They will be redeemed at par at maturity on 13 August 2023.

This bond is not secured.

After taking the issue premium and expenses into account, the net proceeds from the bond were €63.2 million, putting the effective interest rate at 4.35%.

NOTE 11.4 SYNDICATED LOAN

On 2 July 2018, Rémy Cointreau took out a new syndicated loan of €100 million with a pool of six banking groups. This new syndicated loan has a maturity of five years (with an optional 2-year extension) and replaces the syndicated loan of €255 million maturing on 11 April 2019. In May 2019, it was extended for an initial one-year period.

Amounts drawn down bear interest at EURIBOR plus a margin of 35 bps to 125 bps, depending on the Group's debt rating.

This facility is unsecured.

The availability of the facility is contingent on "Average net debt/EBITDA" (the A ratio) being less than or equal to 4.0 at 30 September and 31 March of each year until maturity. At 30 September 2019, the A ratio was 1.39 (March 2019: 1.19; September 2018: 1.21).

NOTE 12 PROVISIONS FOR LIABILITIES AND CHARGES

NOTE 12.1 ANALYSIS OF CHANGE

(in € millions)	Restructuring	Litigation	Total
At 31 March 2019	**0.1**	**10.3**	**10.4**
Increase	-	0.6	0.6
Reversals – Used	-	(0.5)	(0.5)
Reversals – Unused	-	(0.1)	(0.1)
Reclassifications	-	(7.4)	(7.4)
At 30 September 2019	**0.1**	**3.0**	**3.1**

"Provisions for liabilities and charges" mainly consist of provisions recognised to cover trade and employee-related disputes.

In accordance with IFRIC 23 "Uncertainty over income tax treatments", provisions for tax risks are now included in "Income tax payables". The amounts previously recognised at 31 March 2019 have been reclassified.

NOTE 12.2 MATURITY

These provisions are intended to cover probable items of expenditure payable as follows:

(in € millions)	September 2019	September 2018	March 2019
Long-term provisions (or unknown maturity)	2.0	7.0	8.1
Short-term provisions	1.0	9.7	2.3
TOTAL	**3.1**	**16.7**	**10.4**

NOTE 13 TRADE AND OTHER PAYABLES

(in € millions)	September 2019	September 2018	March 2019
Trade payables – *eaux-de-vie*	229.1	223.1	229.8
Other trade payables	70.2	73.0	101.0
Advances from customers	2.2	2.2	2.1
Payables related to tax and social charges (excl. income tax)	56.7	52.7	68.0
Excise duties	1.4	4.0	3.9
Advertising expenses payable	66.9	64.1	75.5
Miscellaneous deferred income	2.9	2.5	3.9
Other liabilities	45.3	45.6	59.6
TOTAL	**474.7**	**467.1**	**543.8**

NOTE 14 FINANCIAL INSTRUMENTS AND MARKET RISKS

The Group commonly uses financial instruments to manage its currency risk exposure. The policy for managing market risks complies with the prudential rules approved by the Board of Directors. More specifically, the sale of options is limited to tunnel strategies and the resale of previously purchased instruments that are subject to approval on an individual basis.

All hedging transactions are entered into with top-tier international banks.

With regard to currency risk, the Group endeavours to hedge its budgeted net commercial exposure over a rolling period of approximately 12 to 24 months. This is achieved by entering into firm or optional currency hedging agreements in accordance with the guidelines set by the Board of Directors.

The Group does not hedge the currency risk arising from the translation of the financial statements of companies outside the euro zone into euros.

The Group's hedging policy only allows for the hedging of short term currency risk. It is not intended to protect the Group against the economic effects of long-term money market trends on the Group's net sales and margins.

NOTE 14.1 BREAKDOWN OF FINANCIAL INSTRUMENTS (INTEREST AND FOREIGN EXCHANGE RATES)

(in € millions)	September 2019	September 2018	March 2019
Assets			
Interest rate derivatives	-	-	-
Exchange rate derivatives	2.7	4.2	1.8
TOTAL	**2.7**	**4.2**	**1.8**
Liabilities			
Interest rate derivatives	-	-	-
Exchange rate derivatives	16.2	12.2	10.1
TOTAL	**16.2**	**12.2**	**10.1**

NOTE 14.2 INTEREST RATE DERIVATIVES

At 30 September 2019, the Group no longer had any interest rate derivatives in its portfolio.

NOTE 14.3 EXCHANGE RATE DERIVATIVES

The Group uses options and forward contracts to hedge its cash flows from commercial transactions. Commercial transactions for the year for which payment has not been received as of the balance sheet date are hedged by short-term currency swaps.

Furthermore, Rémy Cointreau SA, which centralises the Group's financing needs, and its subsidiary Financière Rémy Cointreau make intra-Group loans and borrowings denominated in the counterparty's currency. The Group uses back-to-back currency swaps to match these loans and borrowings. The maturity of such transactions ranges from one month to one year.

Breakdown of all currency hedging instruments in the portfolio at 30 September 2019:

(in € millions)	Nominal amount[(1)]	Initial value	Market value	Of which: CFH[(2)]	Of which: Trading[(2)]
Put options and tunnel options					
Seller USD (vs. EUR)	206.3	4.0	0.2	0.2	-
Other currencies (vs. EUR)	45.0	0.4	0.7	0.7	-
	251.2	**4.4**	**0.9**	**0.9**	**-**
Forward sales					
Seller USD (vs. EUR)	210.8	-	(7.8)	(7.8)	-
Other currencies (vs. EUR)	86.5	-	(1.3)	(1.3)	-
	297.3	**-**	**(9.1)**	**(9.1)**	**-**
Purchase/(sale) of currency swaps (operating activities)[(3)]					
Seller USD (vs. EUR)	(98.6)	-	(0.3)	-	(0.3)
Other currencies (vs. EUR)	(58.2)	-	0.1	-	0.1
	(156.9)	**-**	**(0.2)**	**-**	**(0.2)**
Purchase/(sale) of currency swaps (financing activities)[(3)]					
Seller USD (vs. EUR)	(114.8)	-	(4.9)	-	(4.9)
Other currencies (vs. EUR)	(62.1)	-	(0.1)	-	(0.1)
	(177.0)	**-**	**(5.0)**	**-**	**(5.0)**
TOTAL	**214.7**	**4.4**	**(13.5)**	**(8.2)**	**(5.3)**

(1) Nominal amount in foreign currency translated at the closing rate.
(2) Fair Value Hedges; Cash Flow Hedges; Trading: held for trading.
(3) Difference between closing rate and forward rate.

NOTE 15 SEGMENT REPORTING

Since 1 April 2009, Rémy Cointreau has applied IFRS 8 "Operating segments". Under this standard, the operating segments to be presented are those for which separate financial information is available internally and which are used by the "main operational decision-maker" to make operational decisions. Rémy Cointreau's main operational decision-maker is the Executive Committee. This committee reviews operational performances and allocates resources based on the financial data analysed for the Rémy Martin, Liqueurs & Spirits and Partner Brands businesses. Consequently, the Group has identified these three businesses as the operating segments to be presented. In addition, a holding segment includes the central expenses that are not allocated to the various divisions.

Information given by business segment is identical to that presented to the Executive Committee.

NOTE 15.1 BUSINESSES

Breakdown of net sales and current operating profit/(loss)

	Net sales			Current operating profit/(loss)		
(in € millions)	September 2019	September 2018	March 2019	September 2019	September 2018	March 2019
Rémy Martin	379.6	359.6	774.4	126.9	119.5	235.6
Liqueurs & Spirits	131.2	121.9	264.4	21.0	20.6	38.8
Group brands subtotal	**510.8**	**481.5**	**1,038.8**	**147.9**	**140.2**	**274.4**
Partner Brands	13.1	45.5	87.2	(0.6)	2.8	4.9
Holding	-	-	-	(9.0)	(4.7)	(15.2)
TOTAL	**523.9**	**527.0**	**1,125.9**	**138.3**	**138.2**	**264.1**

There are no intra-segment sales.

NOTE 15.2 GEOGRAPHIC AREAS

Net sales

(in € millions)	September 2019	September 2018	March 2019
Europe-Middle/East-Africa[1]	124.8	142.2	311.9
Americas	233.9	224.9	467.8
Asia Pacific	165.2	159.9	346.3
TOTAL	**523.9**	**527.0**	**1,125.9**

(1) Net sales for France amounted to €5.9 million at 30 September 2019 (September 2018: €5.7 million; March 2019: €11.2 million).

NOTE 16 ANALYSIS OF OPERATING EXPENSES BY TYPE

(in € millions)	September 2019	September 2018	March 2019
Personnel costs	(97.5)	(95.5)	(197.9)
Advertising and promotion expenses	(78.7)	(69.5)	(182.2)
Depreciation, amortisation and impairment of non-current assets	(15.4)	(14.8)	(30.3)
Other expenses	(51.1)	(40.6)	(102.4)
Expenses allocated to inventories and production costs	32.9	29.5	65.9
TOTAL	**(209.8)**	**(190.9)**	**(447.0)**
of which:			
Distribution costs	(159.0)	(147.9)	(346.3)
Administrative expenses	(50.8)	(43.0)	(100.7)
TOTAL	**(209.8)**	**(190.9)**	**(447.0)**

Distribution costs comprise advertising and promotion expenses, commission income or expenses, ordinary write downs of inventories and trade receivables and the overheads of the Group distribution companies.

Administrative expenses comprise all overheads of the holding companies and production companies.

Other income and expenses correspond to the profit generated by peripheral activities.

NOTE 17 OTHER OPERATING INCOME AND EXPENSES

(in € millions)	September 2019	September 2018	March 2019
Disposal of non-strategic assets	-	2.1	2.1
Tax adjustments excluding income tax	(0.6)	(0.1)	-
Other	-	0.1	(0.5)
TOTAL	**(0.6)**	**2.0**	**1.7**

NOTE 18 FINANCIAL RESULT

NOTE 18.1 NET BORROWING COST BY TYPE

(in € millions)	September 2019	September 2018	March 2019
Bonds	(1.4)	(1.4)	(2.8)
OCEANE	(2.1)	(2.1)	(4.2)
Private bond placement	(1.2)	(1.2)	(2.4)
Syndicated loan and unconfirmed lines	(0.1)	(0.9)	(1.0)
Partner current account	(0.1)	(0.2)	(0.3)
Finance costs of special purpose entities	(1.0)	(1.0)	(2.0)
Accretion of lease liabilities – IFRS 16	(0.5)	(0.5)	(1.0)
Cost of gross financial debt	**(6.4)**	**(7.2)**	**(13.7)**
Interest income	0.1	0.0	0.0
Cost of net financial debt	**(6.3)**	**(7.2)**	**(13.7)**

Financial debt is described in note **11**.

NOTE 18.2 OTHER FINANCIAL INCOME/(EXPENSE)

(in € millions)	September 2019	September 2018	March 2019
Currency gains	-	0.6	-
Other financial income	**-**	**0.6**	**-**
Currency losses	(2.4)	-	(4.0)
Other financial expenses of special purpose entities	(5.0)	(4.5)	(8.5)
Expense on vendor loan	-	(5.2)	(5.2)
Other	(0.7)	(0.5)	(1.1)
Other financial expense	**(8.0)**	**(10.2)**	**(18.8)**
Other financial income/(expense)	**(8.0)**	**(9.5)**	**(18.8)**

Currency gains/(losses) from operations are recognised in gross profit.

The vendor loan granted on the disposal of the Champagne division was repaid early, on 10 July 2018. The difference between the amount recognised on the balance sheet at 31 March 2018 and the amount repaid, *i.e.* an expense of €5.2 million, was recognised in "Other financial income/(expense)" at 30 September 2018 and 31 March 2019.

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NOTE 19 INCOME TAX

NOTE 19.1 NET INCOME TAX EXPENSE

(in € millions)	September 2019	September 2018	March 2019
Current tax (expense)/income	(56.2)	(44.5)	(71.6)
Deferred tax (expense)/income	17.1	8.4	3.9
Income tax	**(39.1)**	**(36.1)**	**(67.7)**
Effective published tax rate	-31.7%	-29.2%	-29.0%
Effective tax rate excl. non-recurring items	-31.7%	-29.3%	-28.5%

NOTE 19.2 INCOME TAX BALANCES

(in € millions)	September 2019	September 2018	March 2019
Income tax receivables	1.5	5.8	3.3
Income tax payables	(39.0)	(24.1)	(18.4)
Net liability	**(37.4)**	**(18.3)**	**(15.1)**

In accordance with IFRIC 23 "Uncertainty over income tax treatments", provisions for tax risks are now included in "Income tax payables". The amounts recognised under "Provisions for risks and liabilities" at 31 March 2019 have been reclassified for the period ending 30 September 2019.

NOTE 20 NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS

(in € millions)	September 2019	September 2018	March 2019
Proceeds from the sale of shares in Rémy Czech Republic and Rémy Cointreau Slovakia	6.9	-	-
Selling costs	(0.2)	-	-
Tax	(0.4)	-	-
TOTAL	**6.3**	**-**	**-**

On 1 April 2019, the Rémy Cointreau Group announced the effective sale of its distribution subsidiaries in the Czech Republic (Rémy Czech Republic) and Slovakia (Rémy Cointreau Slovakia) to Mast-Jägermeister SE. The proceeds of this sale, net of costs and tax, was recognised under “Net profit/(loss) from discontinued operations” in the amount of €6.3 million.

NOTE 21 NET PROFIT/(LOSS) EXCLUDING NON-RECURRING ITEMS

NOTE 21.1 RECONCILIATION WITH NET PROFIT/(LOSS)

Net profit/(loss) excluding non-recurring items attributable to owners of the parent is reconciled with net profit/(loss) attributable to owners of the parent as follows:

(in € millions)	September 2019	September 2018	March 2019
Net profit/(loss) – attributable to owners of the parent	**90.5**	**87.5**	**159.2**
Profit/(loss) recorded under "Other operating income and expenses" (note **17**)	0.6	(2.0)	(1.7)
Tax on "Other operating income and expenses"	(0.2)	0.7	2.0
Expense on vendor loan (note **18.2**)	-	5.2	5.2
Income tax associated with expense on vendor loan	-	(1.8)	(1.8)
Loss on Diversa securities and related costs	-	-	7.0
"Net profit/(loss) from deconsolidated and discontinued operations" (Note **20**)	(6.3)	-	-
Net profit/(loss) excluding non-recurring items – attributable to owners of the parent	**84.6**	**89.6**	**169.9**

NOTE 21.2 NET EARNINGS PER SHARE EXCLUDING NON-RECURRING ITEMS – ATTRIBUTABLE TO OWNERS OF THE PARENT

(in € millions)	*Notes*	September 2019	September 2018	March 2019
Net profit/(loss) excluding non-recurring items				
• attributable to owners of the parent		84.6	89.6	169.9
Number of shares				
• basic	*10.2*	49,803,302	50,041,722	50,068,992
• diluted	*10.2*	52,472,851	52,717,897	52,680,567
Per share *(in €)*				
• basic		1.70	1.79	3.39
• diluted		1.61	1.70	3.22

NOTE 22 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

NOTE 22.1 OPERATING ACTIVITY COMMITMENTS

(in € millions)	September 2019	September 2018	March 2019
Beyond Purchase commitments – non-current assets	45.8	3.0	33.8
Purchase commitments – *eaux-de-vie* (individual agreements)	84.5	67.8	68.8
Purchase commitments – *eaux-de-vie* (collective agreements)	280.1	49.1	-
Other purchase commitments	13.4	11.8	21.2

Purchase commitments – non-current assets mainly concern the acquisition of ageing casks at the Cognac site, and real estate projects for Rémy Martin, Bruichladdich and Westland.

Eaux-de-vie purchasing commitments mainly relate to multi-year contracts in place with distillers. These commitments are valued based on the prices known at the balance sheet date. The sharp increase in these commitments at end-September 2019 is due to the renewal of these contracts.

Other purchase commitments comprise purchase commitments for packaging items, advertising and promotion spending commitments and other miscellaneous purchase commitments.

NOTE 22.2 FINANCING COMMITMENTS, DEPOSITS AND SIMILAR GUARANTEES

(in € millions)	September 2019	September 2018	March 2019
Customs deposits	29.8	21.7	22.5
Environmental deposits	2.7	2.7	2.7
Factoring guarantees	-	10.0	-
Agricultural warrants on AFC inventories	48.0	46.0	70.0
Guarantee on €65 million bond issue	65.0	65.0	65.0
Miscellaneous guarantees on credit lines	-	18.1	18.9
Other guarantees	0.9	1.3	1.5

As part of the creation of the Passoa SAS joint-venture with Lucas Bols, the parties issued put and call options on their respective securities in Passoa SAS which may not be exercised before 1 December 2020. Unwinding of these instruments could enable Lucas Bols to acquire all the securities held by Rémy Cointreau in Passoa SAS. The exercise amount is currently estimated at €71.3 million.

NOTE 22.3 CONTINGENT ASSETS AND LIABILITIES RELATING TO DISPOSAL TRANSACTIONS

In connection with disposal transactions, guarantees in respect of liabilities are generally granted to the buyers for defined periods and amounts stipulated in the agreements. Liabilities for tax, excise duties and social security payments that may arise following audits covering periods prior to the sale are generally included until such liabilities lapse under the statute of limitations.

The guarantees granted and still outstanding at 30 September 2019 were as follows:

Disposal transaction	Transaction date	Nature of ongoing guarantees	Maturity	Maximum amount
Izarra – Distillerie de la Côte Basque	27 October 2015	Tax items	Legal period +30 days	€200k

NOTE 22.4 OTHER CONTINGENT LIABILITIES

During the financial year ended 31 March 2019, one of the Group's French companies received a tax adjustment notification following a tax audit covering prior years. On the advice of its counsels, the Group is contesting all of the grievances and intends use all available means of recourse to defend its position. As a result, no provision was recognised.

At 30 September 2019, Rémy Cointreau was involved in various other legal disputes. Following a review of each case within each subsidiary involved, and based on the advice of the legal counsels, the provisions deemed necessary were recognised to cover the estimated risks.

Rémy Cointreau certifies that it has not omitted to report any significant off-balance sheet items in its consolidated financial statements.

NOTE 23 RELATED PARTIES

During the period ended 30 September 2019, relationships with related parties remained similar to those for the year ended 31 March 2019.

NOTE 24 EVENTS AFTER THE REPORTING PERIOD

On 26 November 2019, as previously announced, the Board of Directors appointed Eric Vallat as Chief Executive Officer of the Rémy Cointreau Group, effective from 1 December 2019, for a period of 3 years.

NOTE 25 UPDATE ON THE CONSOLIDATION SCOPE

On 1 April 2019, the Rémy Cointreau Group sold its entire stake in Diversa to the Underberg Group. It also sold its distribution subsidiaries in the Czech Republic (Rémy Czech Republic) and Slovakia (Rémy Cointreau Slovakia) to Mast-Jägermeister SE.

There have been no other changes in the consolidation scope during the half-year.

STATUTORY AUDITOR' REVIEW REPORT ON THE FIRST HALF-YEARLY FINANCIAL INFORMATION

(For the six months ended 30 September 2019)

To the Shareholders,

Rémy Cointreau

21 boulevard Haussmann

75009 Paris, France

In compliance with the assignment entrusted to us by your Shareholders' Meeting and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code *(Code monétaire et financier)*, we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Rémy Cointreau for the six months ended 30 September 2019;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I - CONCLUSION ON THE FINANCIAL STATEMENTS

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union.

II - SPECIFIC VERIFICATION

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and its consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Paris, 26 November 2019

The Statutory Auditors

PricewaterhouseCoopers	Audit Auditeurs et Conseils Associés – ACA Nexia
Olivier Auberty	François Mahé

CERTIFICATE OF THE PERSON RESPONSIBLE FOR THE HALF-YEAR REPORT

I certify that, to the best of my knowledge, the interim financial statements for the first half-year 2019/2020 were prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, the financial position and the financial performance of the Company and all the companies included in the consolidation, and the half-year operating report presents a true and fair view of significant events which occurred in the first six months of the year, their impact on the half-year financial statements, significant transactions between related parties, as well as the principal risks and uncertainties for the remaining six months of the financial year.

Paris, 25 November 2019

Valérie Chapoulaud-Floquet

Chief Executive Officer of Rémy Cointreau

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The French version of this document is available
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