SHAREHOLDERS' LETTER

/ JANUARY 2020

RÉMY COINTREAU

2019-20 FINANCIAL YEAR

RESULTS FOR THE FIRST HALF-YEAR

CONTENTS

CURRENT OPERATING PROFIT SHOWING GOOD GROWTH FOR THE GROUP BRANDS

Over the six-month period ending September 2019, Rémy Cointreau generated sales of €523.9 million, **virtually stable** on a reported basis (-0.6%) and **down 3.6%** in organic terms (at constant exchange rates and consolidation scope).

Current Operating Profit (COP) was stable at €138.3 million: The good growth of the Group Brands' COP (+5.5%) was offset by a €3.3 million decrease in Partner Brands' COP (voluntary withdrawal from certain distribution contracts) and the usual volatility in Holding costs (up €4.3 million).

Consequently, **the current operating margin stood at 26.4% at the end of September, up 0.2 point.** While the strategy of upscaling the Group Brands was once again reflected in a substantial rise in gross margin (+4.0 points), this was reinvested into strategic investments in communications (+13.3%) and into higher Holding costs. Currency effects were favourable over the period for €6.5 million.

Excluding non-recurring items, the Group share of net profit came in at **€84.6 million,** down 5.6%.

HOUSE OF RÉMY MARTIN

The House of **Rémy Martin** continued to grow during the first half (+2.1% in organic terms). It nonetheless suffered from the fall in tourism in Hong Kong and from slower than anticipated stock replenishment by retailers in the United States. This performance masks continued steady demand for our cognacs and an excellent Mid-Autumn Festival in China for all the House's qualities. The Group's global strategy of upscaling once again bore fruit over the period, with organic growth of 2.1% breaking down into a volume decline of 5.0% and a +7.1% benefit from price and mix

The House brands unveiled new creative initiatives during the first half: **Louis XIII** launched **a limited edition "Black Pearl AHD",** in tribute to André Hériard Dubreuil, the former visionary President of the House of Rémy Martin, born 100 years ago. The brand also opened a pop-up boutique at Changi Airport (Singapore) where clients could enjoy a multisensory experience, capturing the essence of Louis XIII. At the beginning of September, Rémy Martin innovated with the launch of "Tercet". An inspiration from three artisans, our cellar master Baptiste Loiseau, our master distiller Jean-Marie Bernard and wine producer Francis Nadeau, this new cognac quality will be initially launched in the United States and in China.

Current Operating Profit totalled €126.9 million, up 6.2% and the current operating margin came out at 33.4%, up 0.2 point. This modest improvement reflected a significant increase in communication investments (+9.8%) ahead of the launch of the **Rémy Martin** brand's new global communication campaign, "Team up for excellence."

Launch of Tercet, a new cognac quality, by Rémy Martin

LIQUEURS & SPIRITS

The **Liqueurs & Spirits** division experienced strong growth in the first half (+4.9% in organic terms), backed by most of its brands.

The **House of Cointreau** enjoyed an excellent first half, thanks to continued strength in the United States and more favourable trends in its historic European markets (particularly in France and Germany). Sales at the **House of Metaxa** declined over the period, primarily due to the change of distributors in Central Europe and Germany. However, the strong performance of its "12 Stars" quality in its key markets this summer is encouraging for the brand's growth outlook. **Mount Gay** and **St-Rémy** enjoyed a strong start to the year, thanks to their historic markets, the United States and Canada, respectively. **The Botanist** continued its double-digit growth, led by the expansion of the brand in the United States and in Travel Retail. Finally, the Whisky division benefited from the success of the single malt category, specifically in Europe and in Asia.

Current Operating Profit totalled €21.0 million, up 1.6%. The substantial increase in communication investments (+18.3%), focused on strengthening awareness and accelerating the internationalization of the division's brands, translated into a 0.9-point contraction in current operating margin, which came out at 16.0% for the period.

PARTNER BRANDS

The fall in the sales of Partner Brands has accelerated this year (-71.4% in organic terms), with the termination of sizable distribution contracts in the Czech Republic, Slovakia and the United States. Adjusted for the termination of these contracts, the sales of Partner Brands were down 2.8% in organic terms, the result of persistent weakness in Belgium.

Thus, **Current Operating Profit was a €0.6 million loss compared with a gain of €2.8 million at 30 September 2018.**

CONSOLIDATED RESULTS

Current Operating Profit (COP) totalled €138.3 million, stable on a reported basis and **down 4.7% in organic terms.**

The good performance of the Group Brands' Current Operating Profit, up 5.5% to €147.9 million (+0.8% in organic terms) was offset by the termination of some Partner Brands' distribution contracts and the increase in holding costs. The latter resulted from the non-recurrence of a provision reversal that reduced holding costs in the first-half 2018/19 and from costs related to organisational changes announced recently.

COP benefited from favourable currency effects over the period, for €6.5 million. The average EUR/USD exchange rate improved (1.12 compared with 1.18 at 30 September 2018), while the average collection rate (linked to the Group's hedging policy) came out at 1.16 for the period, compared with 1.19 at 30 September 2018.

Consequently, the **current operating margin rose 0.2 point to 26.4%** over the first half (**down 0.3 point on an organic basis**).

Operating profit totalled €137.7 million after taking into account a net operating expense of €0.6 million.

Net financial expenses amounted to €14.4 million over the period, down €2.3 million. This resulted from a decrease in the cost of gross financial debt and the non-recurrence of a €5.2 million expense related to the early repayment of the vendor loan by the EPI Group in the first-half 2018/19. In contrast, net currency losses (unrealized foreign exchange gains/losses) amounted to €2.4 million compared with a gain of €0.6 million at 30 September 2018.

The **tax expense** totalled €39.1 million, for an effective tax rate of 31.7% (similar rate excluding non-recurring items), higher than the rate in September 2018 (29.2% on a reported basis and 29.3% excluding non-recurring items) due to the geographical spread of profits.

After taking into account the net proceeds from the disposal of the subsidiaries in the Czech Republic and Slovakia (€6.3 million), the Group share of net profit amounted to €90.5 million, up 3.5%. The Group's net margin thus stands at 17.3% (up 0.7 point).

Excluding non-recurring items, the **Group share of net profit** amounted to **€84.6 million,** down 5.6% and net margin was 16.2% (down 0.8 point).

Excluding non-recurring items, net earnings per share were €1.70 (down 5.0%).

Net debt totalled €458.9 million (owing to a seasonal peak in the working capital requirement), an increase of €115.6 million on March 2019 and €127.2 million on September 2018. This was mainly the result of an increase in cash outflows linked to dividend payments. An exceptional dividend of €1.00 was attributed to shareholders at the Annual General Meeting in July 2019 (in addition to the regular dividend of €1.65) and all the payments were made in cash this year, while 89% of the rights were exercised in favour of a payment in shares in the year-ago period.

As a result, the **net debt to EBITDA** ratio came out at **1.39,** compared with 1.21 at the end of September 2018.

_KEY FIGURES

MILLIONS OF EUROS (€M)	AT 30/09/19 REPORTED	AT 30/09/18 REPORTED	CHANGE REPORTED	ORGANIC (*)
Sales	523.9	527.0	(0.6%)	(3.6%)
Current Operating Profit — Group Brands	147.9	140.2	+5.5%	+0.8%
Current Operating profit — Group	138.3	138.2	+0.0%	(4,7%)
Current operating margin	26.4%	26.2%	+0.2pt	-0.3pt
Net profit — Group share	90.5	87.5	+3.5%	+0.8%
Net margin — Group share	17.3%	16.6%	+0.7pt	+0.7pt
Net profit excl. non-recurring items	84.6	89.6	(5.6%)	(8.2%)
Net margin excl. non-recurring items	16.2%	17.0%	-0.8pt	-0.8pt
EPS — Group share (€)	1.82	1.75	+4.1%	+1.3%
EPS — excluding non-recurring items (€)	1.70	1.79	(5.0%)	(7.7%)
Net debt/EBITDA ratio	1.39	1.21	+0.18pt	

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

_CURRENT OPERATING PROFIT BY DIVISION

MILLIONS OF EUROS (€M)	AT 30/09/19 REPORTED	AT 30/09/18 REPORTED	CHANGE REPORTED	ORGANIC (*)
House of Rémy Martin	126.9	119.5	+6.2%	+0.9%
As % of sales	33.4%	33.2%	+0.2pt	-0.4pt
Liqueurs & Spirits	21.0	20.6	+1.6%	+0,3%
As % of sales	16.0%	16.9%	-0.9pt	-0.7pts
Subtotal: Group Brands	147.9	140.2	+5.5%	+0.8%
As % of sales	29.0%	29.1%	-0.1pt	-0.6pt
Partner Brands	(0.6)	2.8	(121.0%)	(119.6%)
As % of sales	-4.5%	6.1%	-	-
Holding company cost	(9.0)	(4.7)	+92.4	+91.9%
Total	138.3	138.2	+0.0%	(4.7%)
As % of sales	26.4%	26.2%	+0.2pt	-0.3pt

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

Limited edition Louis XIII Black Pearl André Hériard Dubreuil

POST-CLOSING EVENTS

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.

OUTLOOK FOR THE YEAR AND MEDIUM TERM

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.

STOCK MARKET PERFORMANCE

Performance of the last years: (at the end of November)

One year : 14.3%

Two years : 4.6%

Three years : 47.5%

Four years : 74,1%

CALENDAR 2020

January 24, 2020 Turnover for the 9 months 2019-20

April 29, 2020 Annual turnover 2019-20

June 4, 2020 Annual results 2019-20

July 17, 2020 Turnover for first quarter 2020-21

July 23, 2020 General Meeting 2020

October 16, 2020 Turnover for first half-year 2020-21

November 26, 2020 Half-year results 2020-21

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Regulated information in connection with this press release can be found at www.remy-cointreau.com