



RÉMY COINTREAU

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Estimated initial impact of the COVID 19 pandemic on the Rémy Cointreau Group

With the evolution of the COVID 19 pandemic in the world since January 2020, and in particular in its main markets, Rémy Cointreau estimates that its revenues for the 2019/20 fiscal year, ending March 2020, will decline by about 9% in reported terms, and by 12% in organic terms (at constant exchange rates and scope). These expectations imply an organic downturn of about 26% in the 4th quarter, despite an excellent start of the Chinese New Year celebrations in January and a good resilience of the e-commerce channel since the beginning of the epidemic in China.

As a result, the group anticipates that its Current Operating Profit will decrease by 20% to 25% in reported terms and by 25% to 30% in organic terms, for the fiscal year 2019/20.

The Group is currently witnessing some improvements in Greater China, where most shops have reopened, as well as some restaurants and bars. However, it anticipates its Chinese wholesalers to destock for several months before they start replenishing, possibly ahead of the *Mid-Autumn festival*. Therefore, combined with significant weakness in *Global Travel Retail* and an expected deterioration of trends in the EMEA and Americas regions over the next few weeks (with *on-trade* activity largely stalled), the Group anticipates a greater decline in organic sales in the 1st quarter of 2020/21 than in the 4th quarter of the fiscal year 2019/20.

However, the Group remains confident about its ability to get through this sanitary crisis and to emerge from it even stronger, overtime: its cost structure should gradually benefit from the reduction efforts implemented since February 2020, its balance sheet is solid (A ratio - net debt / EBITDA - of 1.4 times at the end of September 2019) and the Group holds around 300 million euros of excess cash, on top of its estimated needs, as of the end of March 2020.

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Definitions of alternative performance indicators

Rémy Cointreau's management process is based on the following alternative performance indicators, selected for planning and reporting purposes. The Group's management considers that these indicators provide users of the financial statements with useful additional information for understanding the Group's performance. These alternative performance indicators should be considered as supplementing those included in the consolidated financial statements and the resulting movements.

Organic sales growth

Organic growth is calculated excluding the impact of exchange rate fluctuations, acquisitions and disposals.

The impact of exchange rates is calculated by converting sales for the current financial year using average exchange rates from the previous financial year.

For acquisitions in the current financial year, sales of acquired entities are not included in organic growth calculations. For acquisitions in the previous financial year, sales of acquired entities are included in the previous financial year but are only included in organic growth calculations for the current year with effect from the anniversary date of the acquisition.

For significant disposals, data is post-application of IFRS 5, which systematically reclassifies the sales of sold entities in "Net profit from activities sold or to be sold" for the current and previous financial year.

This indicator serves to focus on Group performance across both financial years, which local management is more directly capable of influencing.