RÉMY COINTREAU

Des terroirs, des hommes et du temps

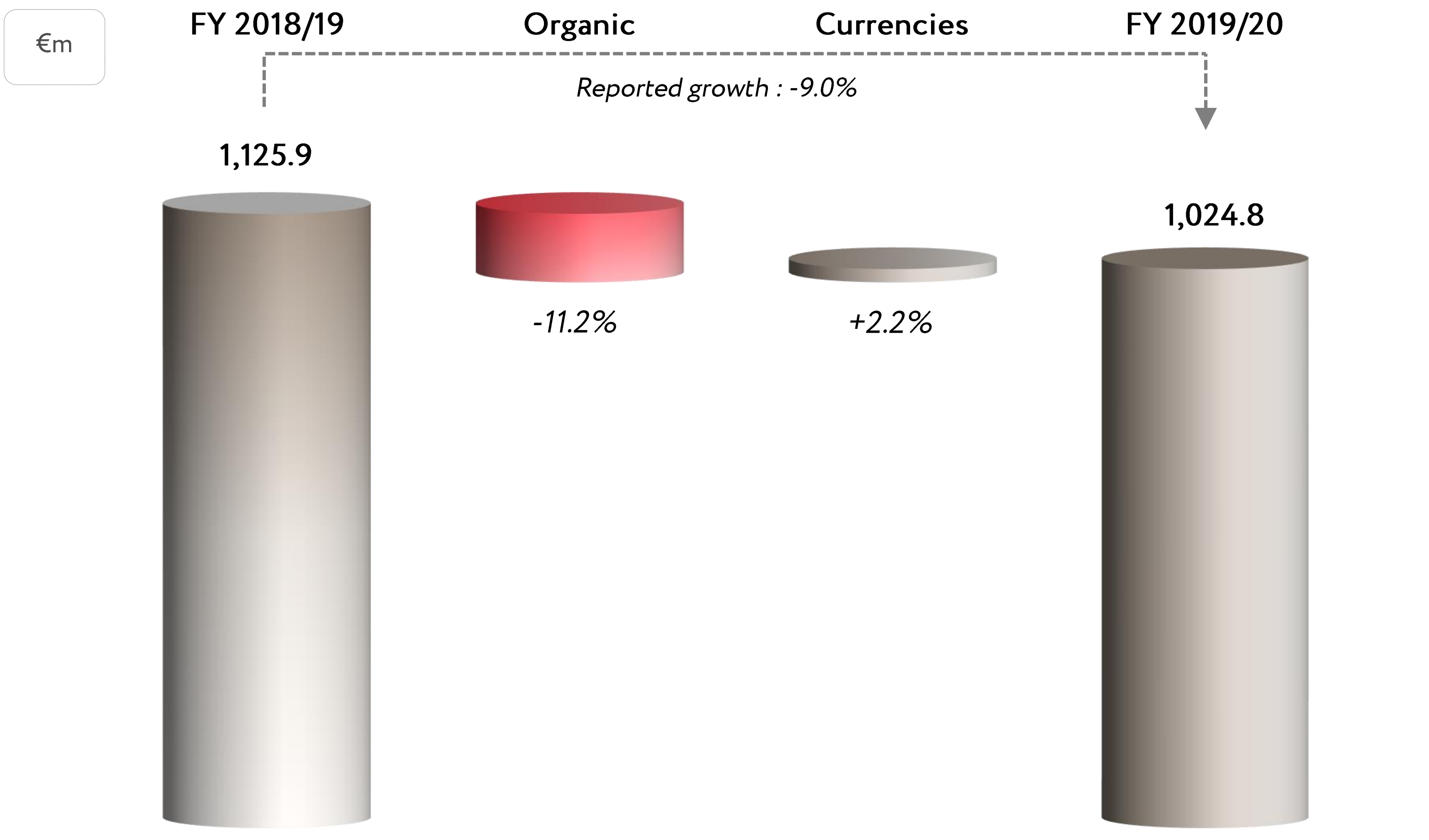
Sales for the Fiscal Year 2019/20
ending 31 March 2020

29.04.2020

2019/20 Sales : Key Messages

- **FY19/20 sales declined by 11.2% in organic terms:**
  - **Partner Brands declined by 68.7% organically, due to the voluntary termination of distribution contracts**
    - Sales loss of EUR56.0M due to the termination of distribution contracts in Czech Republic/Slovakia (further to the disposal of the distribution subsidiaries) and in the US (Piper Sonoma)
  - **Group Brands sales declined by 6.3% in organic terms, led by a number of situational factors in the first 9 months of the year and the impact of the COVID-19 pandemic in Q4:**
    - A number of headwinds affected the year: RTM changes in the EMEA region, challenging Travel Retail trends (fall in tourism to HK since August), reduced level of inventories at US retailers and the COVID-19 pandemic
    - Adjusted for COVID-19 (estimated to a €36M hit in Q4), Group Brands sales would have declined 2.8% in FY19/20
  - **In Q4, Group Brands decreased by 22.3% in organic terms. Adjusted for COVID-19/the earlier timing of the CNY 2020 (estimated to a €5M hit), Group Brands sales fell by 6.5%**
- **FY19/20 depletions trending broadly in-line with the underlying sales performance**
    - Mainland China: solid double-digit volume/value growth despite weakness since the end of January
    - US: cognac depletions penalized by retailers' reduction in inventory levels; Cointreau up high-single digits
    - Western Europe: changes in RTM putting pressure on performance; slower UK but good growth in the Nordics
    - Russia: challenging year
    - Africa : good year in South Africa and the Middle East
    - Global Travel Retail: significant deterioration of depletion trends since August, mainly due to HK events, commercial disputes in the Americas and COVID-19 (in Q4)
- **Outlook:**
  - FY19/20 guidance slightly adjusted: "around 20% decline in reported COP and around 25% decline in organic COP"
  - FY20/21 : fiscal Q1 sales expected to decline by 50% to 55% in organic terms due to COVID-19

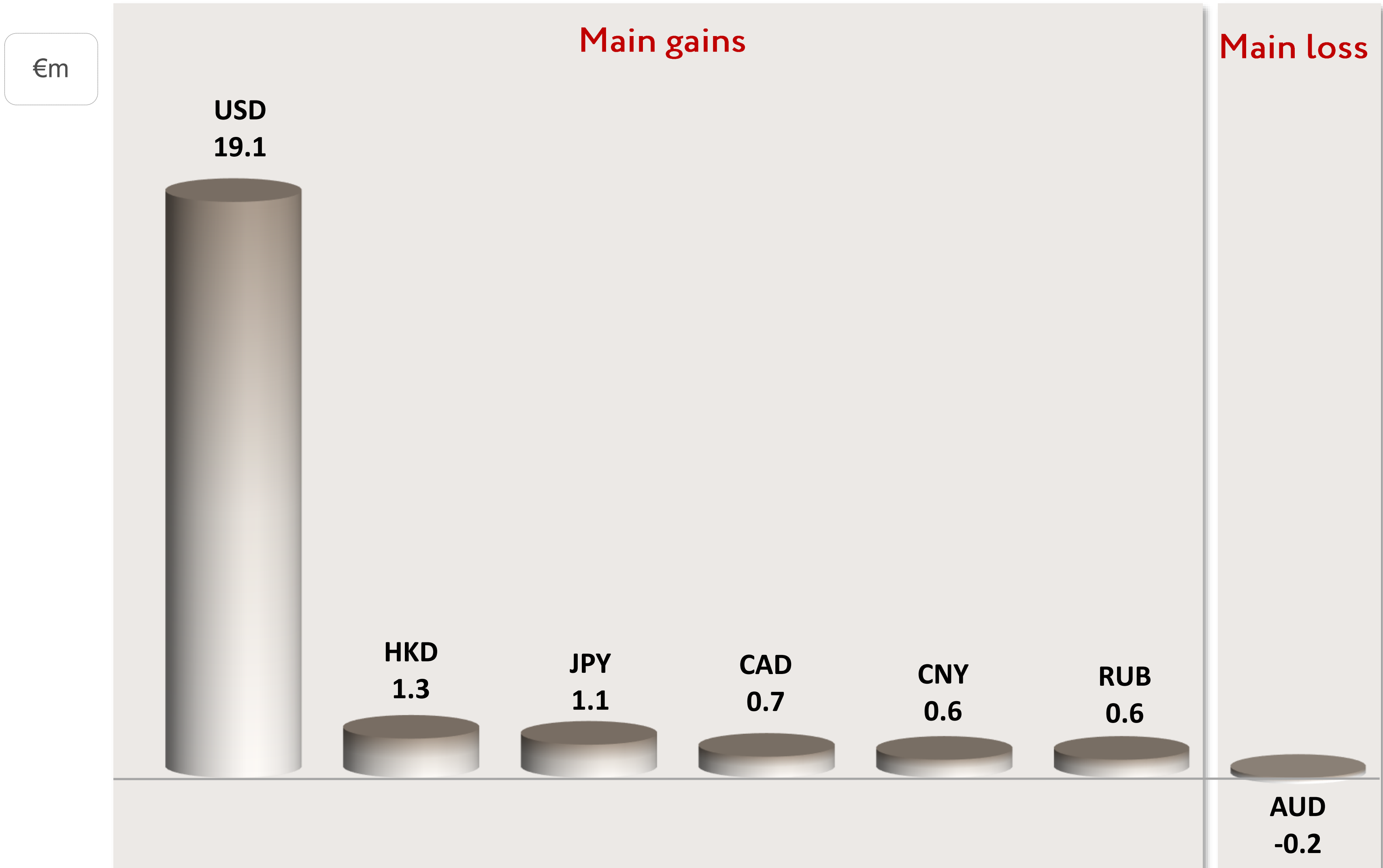
2019/20 Sales Analysis



Currency Impact on 2019/20 Sales

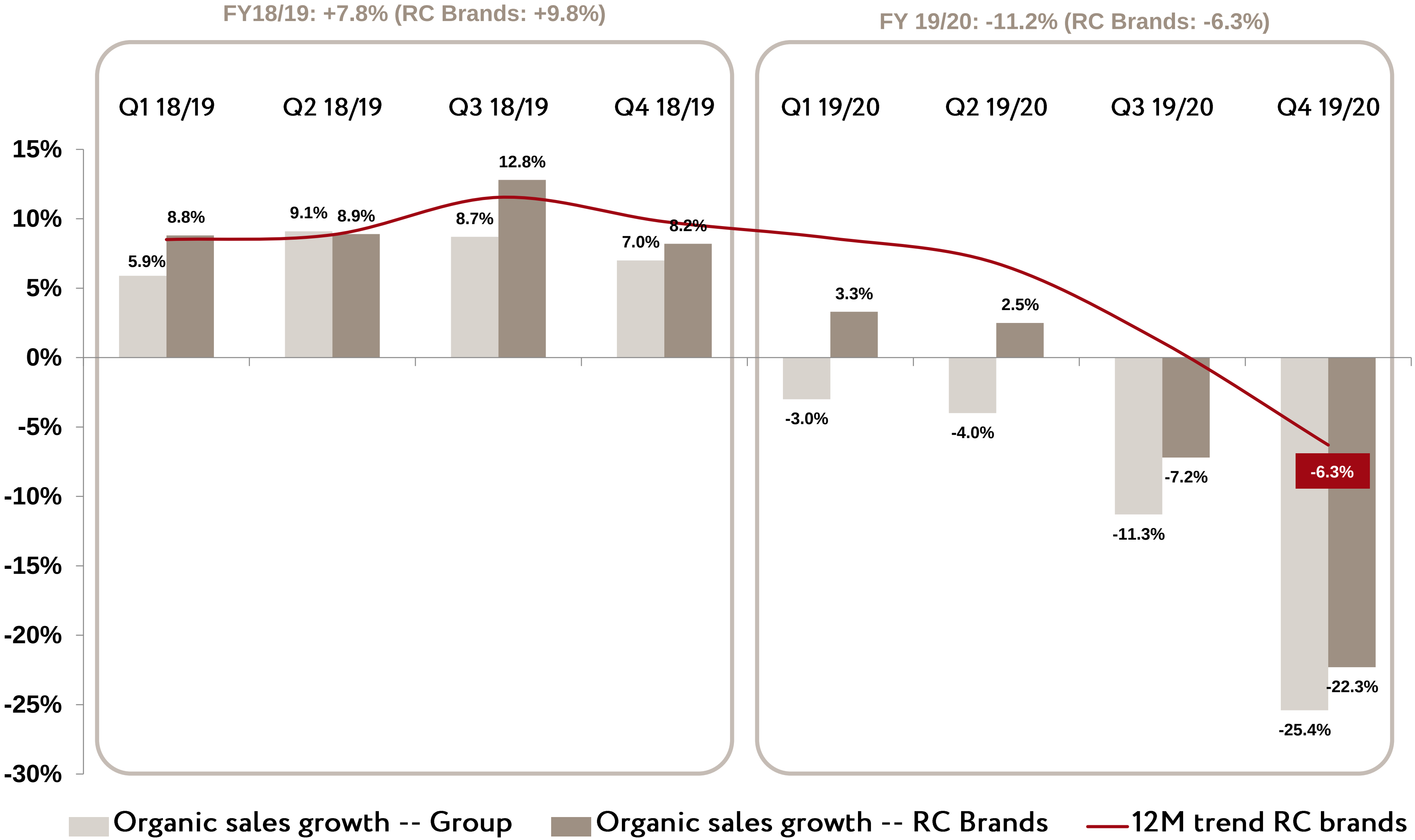
RÉMY COINTREAU

Currency translation gain of 24.5 million euros



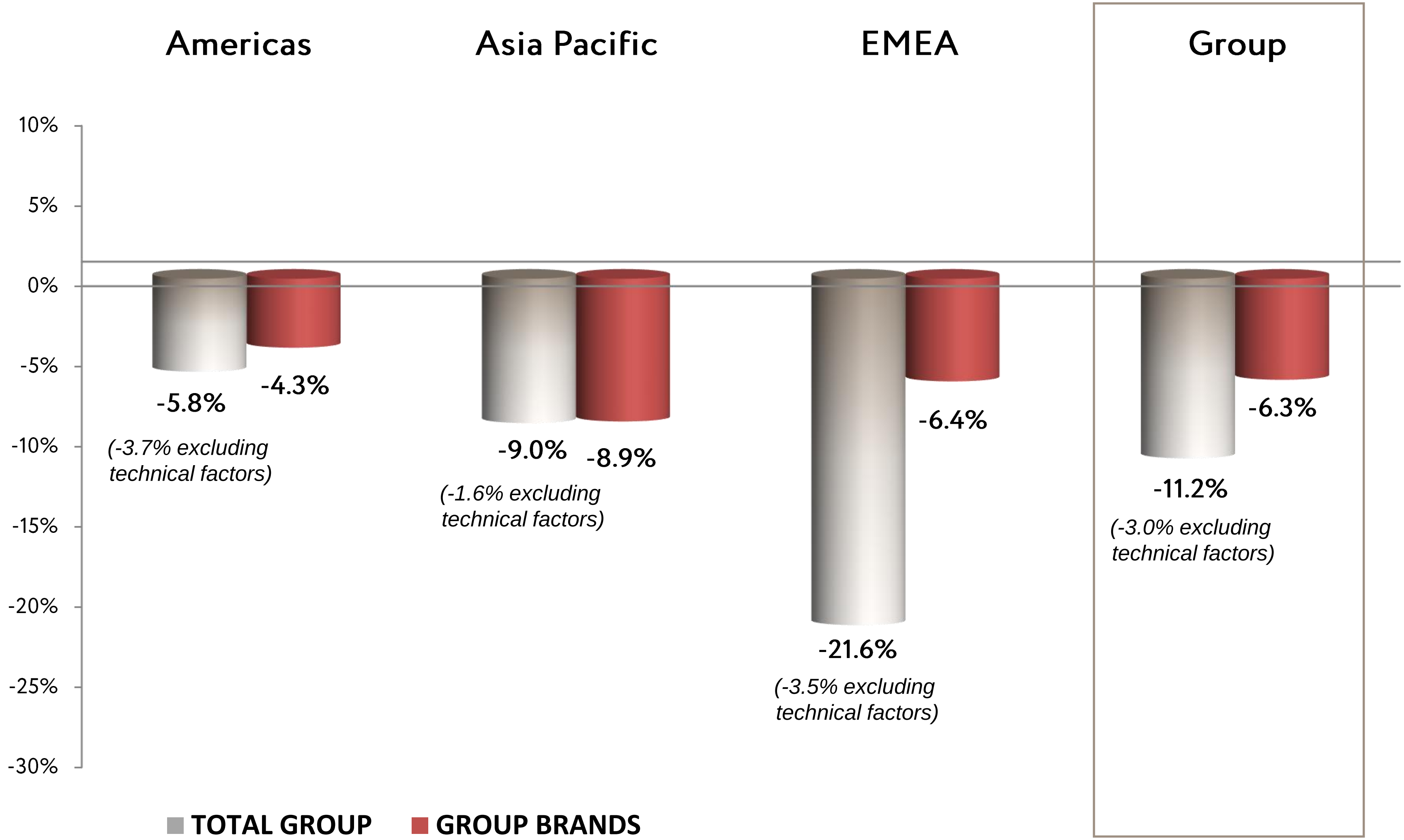
Quarterly Organic Sales Growth

RÉMY COINTREAU



2019/20 Organic Sales Trends by Region

RÉMY COINTREAU



Note: Technical factors include the termination of distribution contracts for Partner Brands and the COVID 19 hit in Q4

2019/20 Organic Trends by Region (1)

RÉMY COINTREAU

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

Asia-Pacific: organic sales down 8.9%

- Greater China: Strong trends in China Mainland but weakness in Taiwan, HK and Macau
  - FY19/20 China Mainland sales up double-digits, driven by strong depletion trends (solid double-digit growth)
  - Q4 sales down strong double-digits due to C-19 lockdowns and earlier timing of the CNY (EUR5M hit)
  - Strong e-commerce trends
- Weak year in South-East Asia due to slower macro conditions and C-19 lockdowns in Q4
- Travel Retail Asia: double-digit sales decline driven by a drop in the number of tourists going to HK (border shops and airport) since August and the collapse in air traffic due to the C-19 pandemic in Q4

Americas: organic sales down 4.3%

- US down low-single digits : weaker cognac sales partially offset by robust L&S performance
  - Group Brands' value depletions penalized by retailers' reduced level of inventories and well as postponed price increases and lower orders from the on-trade in Q4: -12.3% over 3M, -2.9% over 6M, -1.9% over 12M
- Canada down low-single digits; Depletions +1%, led by a good performance of St-Rémy
- LatAm up double-digits, led by Central America/Mexico
- Travel Retail Americas: very weak performance (commercial disputes)

2019/20 Organic Trends by Region (2)

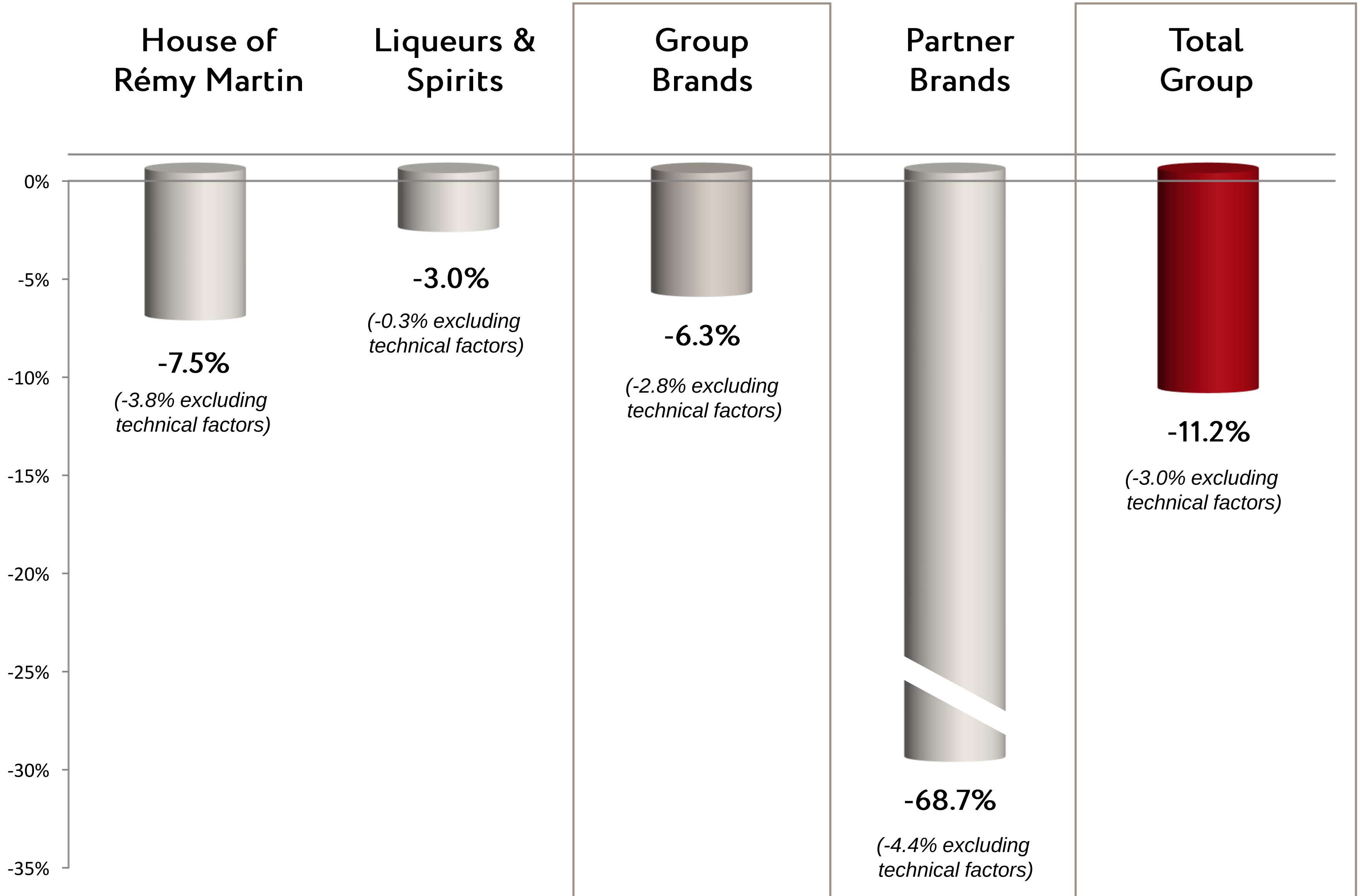
RÉMY COINTREAU

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

Europe, Middle East & Africa: organic sales down 6.4%

- Western Europe: weak performance across the board, except in the Nordics
  - Weak performance in Benelux, Switzerland and Spain; clear deterioration in the UK (Brexit and C-19)
  - Ongoing strength in the Nordics
- Central & South Europe penalized by the changes in route-to-market
  - Changes in RTM in Czech Republic/Slovakia and Germany putting pressure on full-year performance
- Russia & North East Europe: significant sales decline due to weakness in Russia
- Africa: good full-year performance, led by strong depletions in South Africa
- Travel Retail EMEA: slight sales decline due to weakness in Liqueurs & Spirits and the C-19 hit in Q4

2019/20 Organic Sales Trends by Division



Note: Technical factors include the termination of distribution contracts for Partner Brands and the COVID 19 hit in Q4

House of Rémy Martin (-7.5% OSD in FY)

RÉMY COINTREAU

Asia-Pacific

- Double-digit growth in Mainland China more than offset by weakness in South East Asia and Travel Retail Asia in FY
- Q4 sales down strong double-digits, due to later timing of CNY (€5M hit) and C-19 impact
- China Mainland: solid double-digit volume/value depletion trends in the FY, including for the CNY 2020

Americas

- US sales and depletion trends down mid-single digits, due to the reduced level of inventories carried by US retailers
- US value depletions: price/mix effects of 3pp in the 12M period ending March 2020
- Q4 19/20 US cognac sales and depletion trends also penalized by postponed price increases (usually taken in April) and by the cancellation of some on-trade orders due to C-19
- Very strong sell-out trends in the off-trade in March and April (month-to-date), reflecting some panic buying

	Volume depletion trends to March 2020		
	3 months	6 months	12 months
US Cognac/Brandy Market (1)	-2.6%	-10.6%	-2.6%
US Cognac/Brandy Market (2)	1.3%	0.6%	1.5%
Rémy Martin	-13.7%	-6.2%	-6.8%

Source: NABCA/Discus (1)
Source: NABCA (2)

Europe, Middle East & Africa

- Good growth in Africa and in the Nordics was more than offset by weakness in Western Europe and in Russia

E-commerce initiatives during the Chinese lockdown

RÉMY COINTREAU

To increase the brand awareness and to activate the market during China's lockdown period, Rémy Martin held **6 sessions** of **live broadcasts** under 4 themes **within 2 weeks**, with **links to E-com platforms to drive traffic and sales**.

1	2	3	4
RM Cloud Clubbing	JD online DJ party	T-mall Cocktail live stream	JD idol live stream
RM x TAXX x Douyin x T-mall	RM x JD	RM x T-mall	RM x JD
2020.02.22, 22:00-02:00	2020.02.21, 20:00-00:00 2020.02.29, 20:00-23:00	2020.03.02, 20:00-22:00 2020.03.03, 20:00-23:00	2020.03.05, 14:00-17:00

Liqueurs & Spirits (-3.0% OSD in FY)

Cointreau

- Flattish performance in the FY, as robust performance in the Americas was offset by weakness in EMEA and Asia Pacific
- US sales boosted by buoyant depletion trends in the full-year
  - Slower depletion trends in the last 3M period reflecting postponed price increases and some cancellations of orders in the on-trade due to the C-19 lockdowns; ongoing strength in off-trade sell-out trends
  - Price/mix gains of 1pp in the 12M period to March 2020

	Volume depletion trends to March 2020		
	3 months	6 months	12 months
US Cordials Market (1)	-6.3%	-5.1%	-3.4%
US Cordials Market (2)	4.9%	2.7%	1.9%
Cointreau	-4.1%	0.6%	5.7%

Source: NABCA/Discus (1)
Source: NABCA (2)

Metaxa

- Declining sales in the full-year due to weakness in the EMEA (penalized by changes in RTM and a poor performance in Travel Retail); promising expansion in newer markets of Asia and Americas

Liqueurs & Spirits (-3.0% OSD in FY)

RÉMY COINTREAU

Mount Gay

- Sales weakness in the full-year reflects the voluntary slow-down in shipments ahead of the gradual restaging of the brand in 2020/21

St-Rémy

- Full-year performance held back by EMEA and Asia, while the Americas delivered a strong performance, led by successful marketing initiatives in Canada and in the US (brandy-based Sangria, St-Rémy XO as an alternative to cognac VS,…).

The Botanist

- Continued strong sales growth, led by ongoing strength in the US and brand expansion in Asia-Pacific

Single Malt Whiskies

- Benefiting from worldwide strong momentum in the single malt category, in particular in the US

Digital initiative during the US lockdown

RÉMY COINTREAU

Cointreau « Cocktail Hour »

Several times a week, Cointreau invites a bartender to create a cocktail during a live session on Instagram. Clients can also tip the bartender by donating to the USBG foundation (and client's tip is matched by Cointreau)

Partner Brands (-68.7% OSD in FY)

- Acceleration of the termination of Partner Brands' distribution contracts :
  - In FY2019/20, the termination of the Partner Brands distributed in Czech Republic/ Slovakia and Piper Sonoma in the US translated into a EUR56.0M sales loss or a -64pp hit on growth
  - Adjusting for these technical factors, organic sales declined 4.4% due to ongoing weakness in Belgium

Outlook

RÉMY COINTREAU

- FY2019/20 outlook:
  - FY19/20 sales slightly above the guidance provided on April 2nd, 2020
  - As a result, the Group now anticipates a **reported decline of around 20%** and an **organic decline of around 25%** in **Current Operating Profit**
- FY2020/21 outlook:
  - **Fiscal Q1 sales** expected to **decline by 50% to 55% in organic terms,** due to Chinese wholesalers' destocking efforts combined with very slow business trends in key European and American markets due to C-19 lockdowns
  - The Group anticipates a **very gradual sales recovery in fiscal Q2**. Thus, it decided to re-open its Cognac production sites on April 14th and its Angers site on April 20th with all requisite measures in place to protect employees' health

Q&A


ISLAY HAND SANIT
Containing alcohol with moisturising aloe.
A collaboration between
Bruichladdich Distillery and
Spirited Soaps, Islay
Caution:
Highly flamable.
Intended for external use only.
Risk of serious damage to eyes.
In case of contact with eyes, rinse immediately with plenty of water and seek medical advice.
66% Ethanol Alc VOL
INGREDIENTS
Ethanol, Aloe Barbadensis, Glycerin, Myrica Gale