

2019/20 Annual Results and Strategic Roadmap

JUNE 4th, 2020



RÉMY COINTREAU



Introduction

MARC HÉRIARD-DUBREUIL, PRESIDENT



RÉMY COINTREAU

2019/20: a singular year



2019/20: a singular year

Ending March, in €m	2019/20	CHANGE	
		Reported	Organic
Sales	1,024.8	-9.0 %	-11.2 %
<i>of which Group Brands</i>	997.3	-4.0 %	-6.3 %
Current Operating Profit	215.1	-18.6 %	-22.0 %
<i>of which Group Brands</i>	237.0	-13.6 %	-17.0 %
Current operating margin	21.0 %	-2.5 pt	-2.9 pt
Net profit (Group share)	113.4	-28.8 %	-31.7 %
Earnings per share	2.28	-28.4 %	-31.3 %
Net Profit - excluding non-recurring items	124.2	-26.9 %	-29.9 %
<i>Earnings per share (in €) excluding non-recurring items</i>	<i>2.49</i>	<i>-26.5 %</i>	<i>-29.6 %</i>
Net debt / EBITDA ratio:	1.86	+0.67 pt	-

Business Review

ERIC VALLAT, CHIEF EXECUTIF OFFICER



RÉMY COINTREAU

Key financial indicators

Group Brands sales down 6.3% in organic terms (-4.0% on a reported basis):

- **2019/20 affected by a number of headwinds:** the COVID-19 pandemic, threats of import taxes in the US, geopolitical instability, as well as the consequences of decisions taken by the Group, including RTM changes in the EMEA region and the termination of several Partner Brands' distribution contracts
- **Group sales down 11.2% in organic terms** (-9.0% reported)

Current Operating Margin showing resilience at 21.0%

- **Strong Gross Margin's performance** (+2.8pts in organic terms), led by the refocus on Group Brands
- **Sustained strategic A&P investments** (new communication campaigns for Rémy Martin, Port Charlotte and The Botanist)
- **Structure costs under pressure** (ratio +3.8pts in organic terms) due to declining sales
- **Favorable currency effects** (+0.4pt)

Adjusted Net profits (ENRI) stand at EUR124.2M and Net Profit margin at 12.1%

Key non-financial achievements

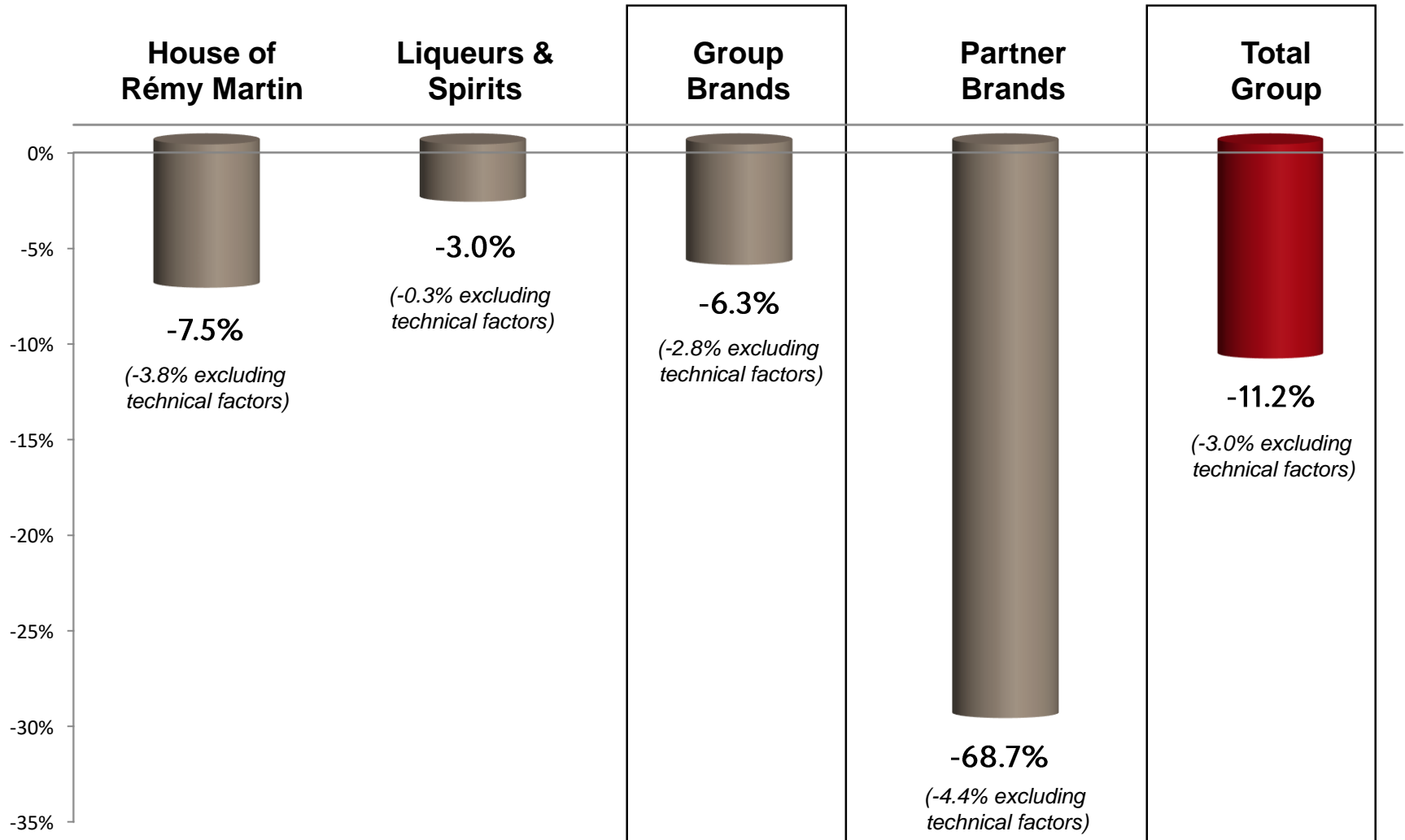
100% sustainable agriculture in Cognac

Rated number 1 by Ethifinance among French mid-cap companies (Gaïa index)

B-Corp: Bruichladdich Distillery certified B corporation



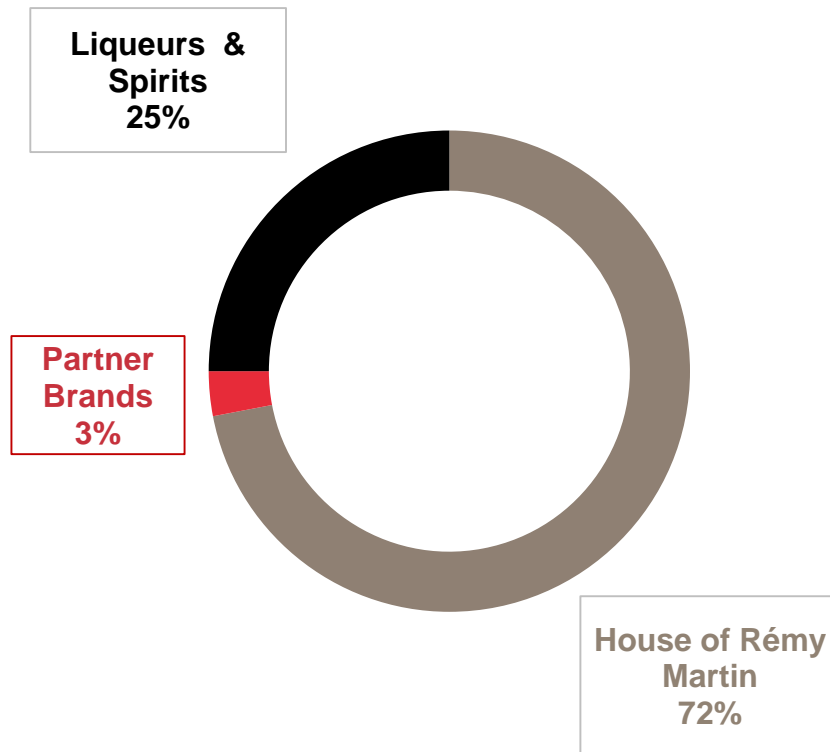
Sales Growth by Product Division



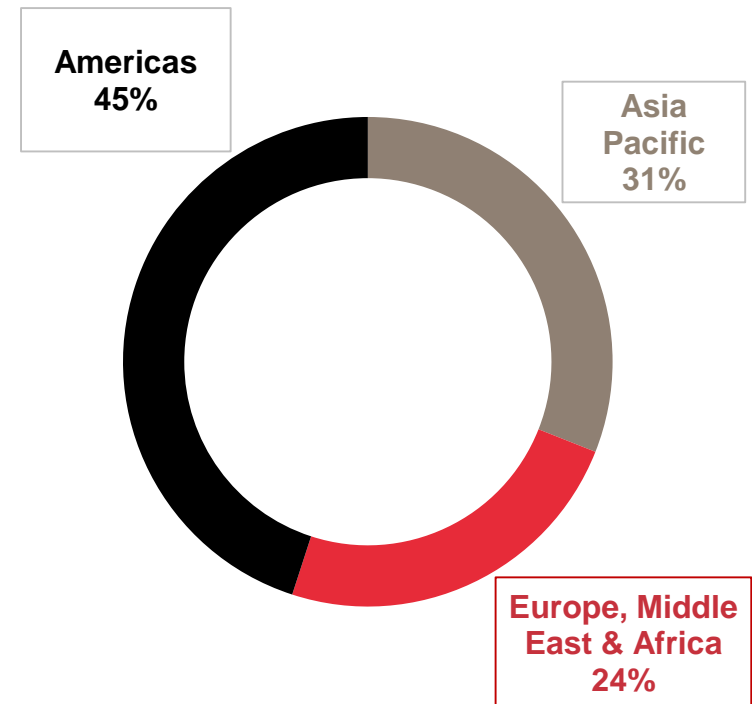
Note: Technical factors include the termination of distribution contracts for Partner Brands and the COVID 19 hit in Q4

Breakdown of Group sales

By Division



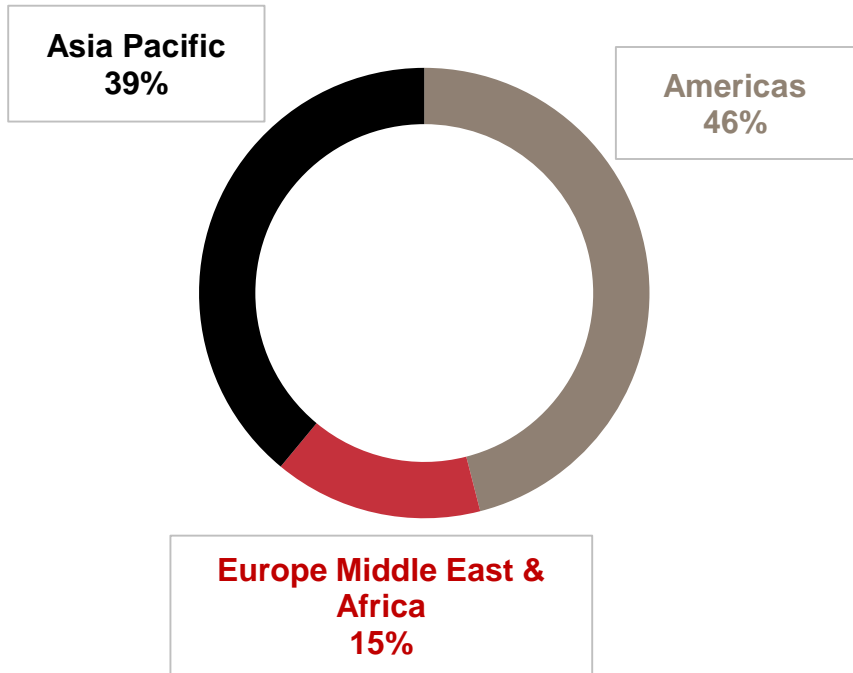
By Region



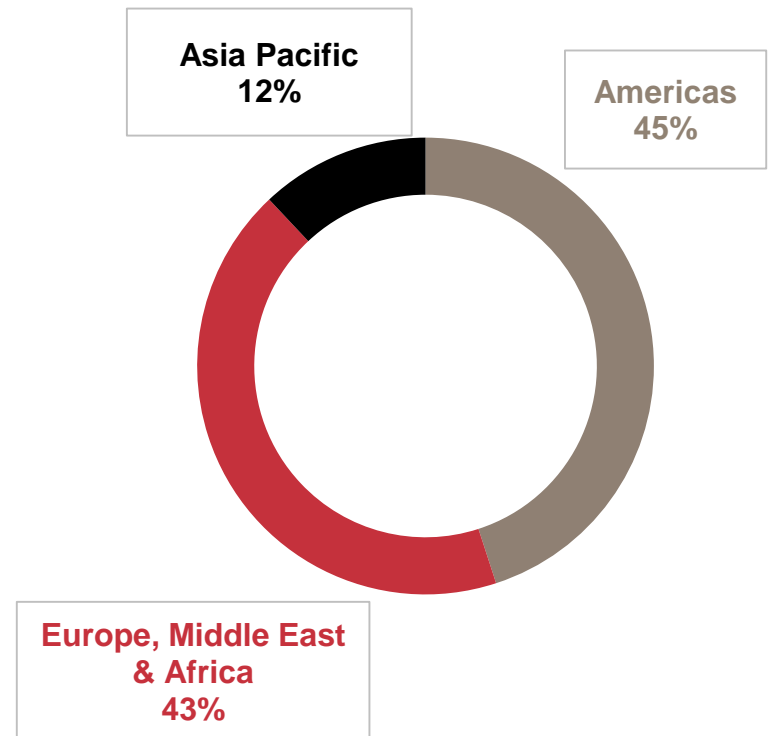
Breakdown by region

Group Brands

Rémy Martin
€735.5M

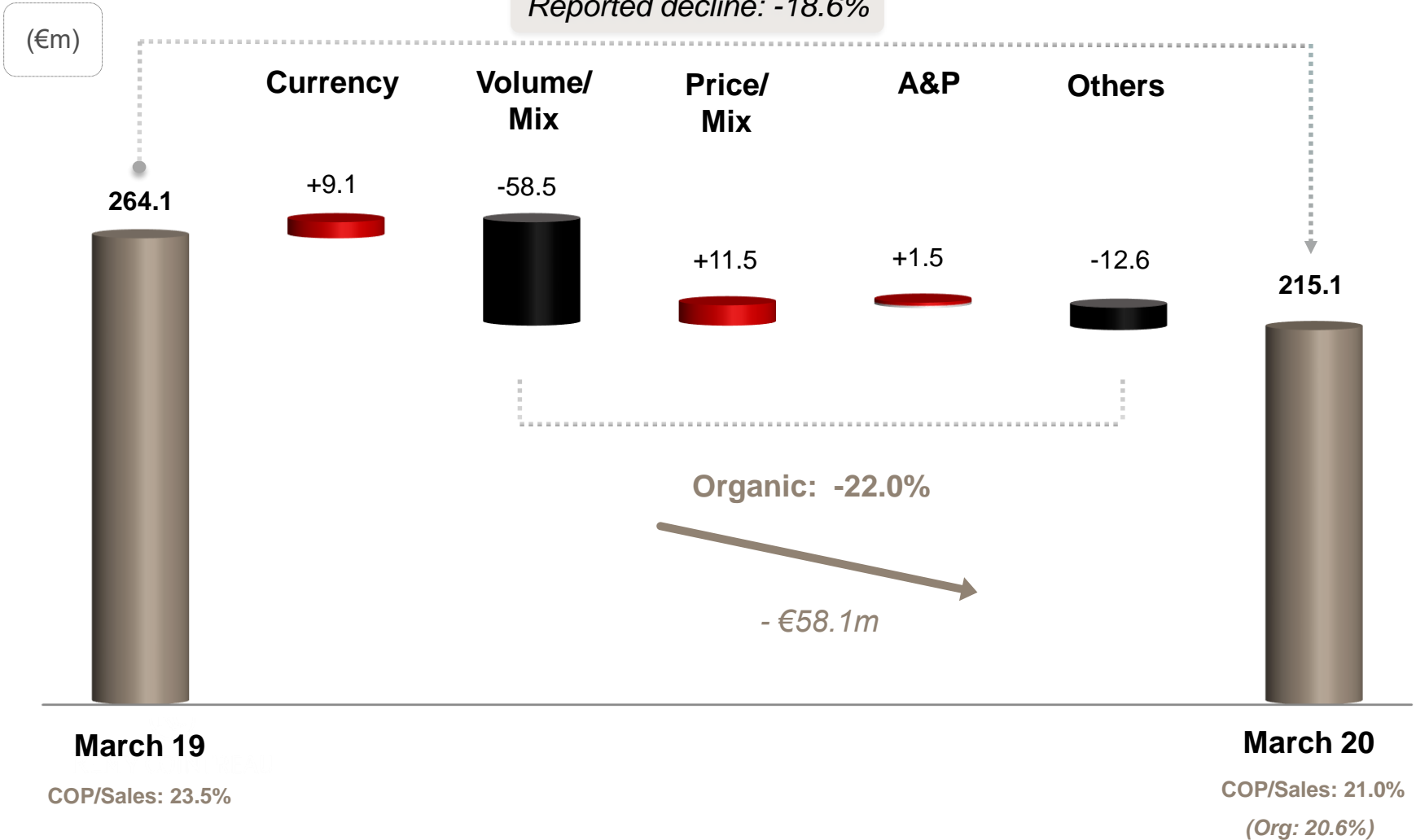


Liqueurs & Spirits
€261.9M



Current Operating Profit

Reported decline: -18.6%

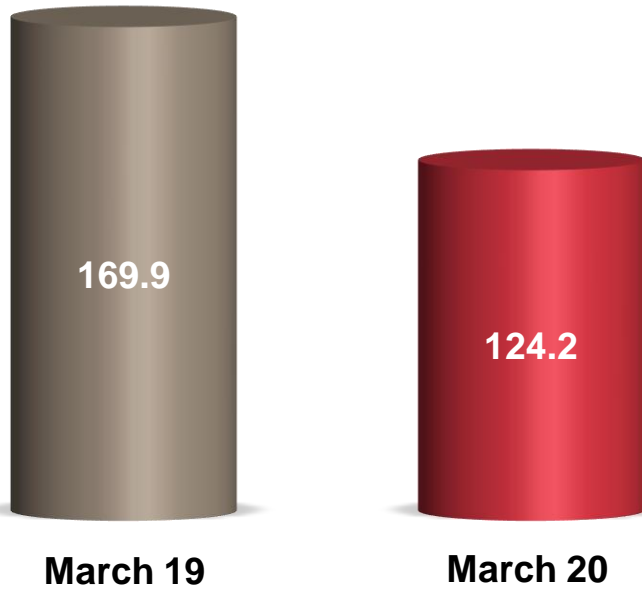


Net Profit

(€m)

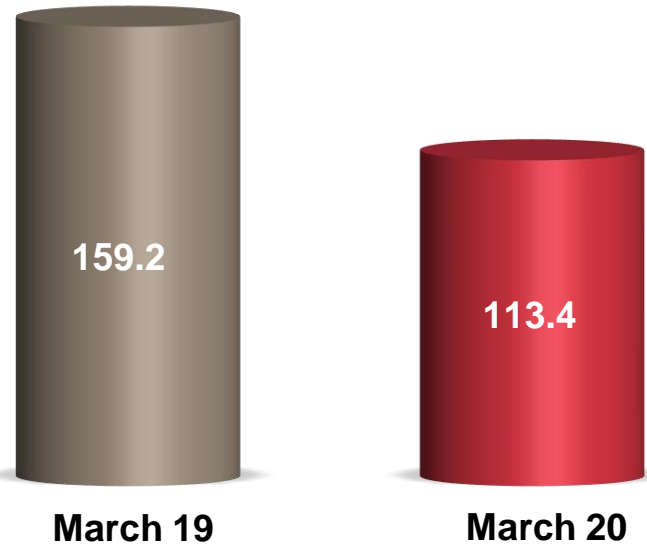
Net profit excluding non-recurring items

Reported -26.9%
-29.9% organic change



Net profit Group share

Reported -28.8%
-31.7% organic change



House of Rémy Martin

Organic sales decline of 7.5% (volumes -10.1%)

Asia Pacific

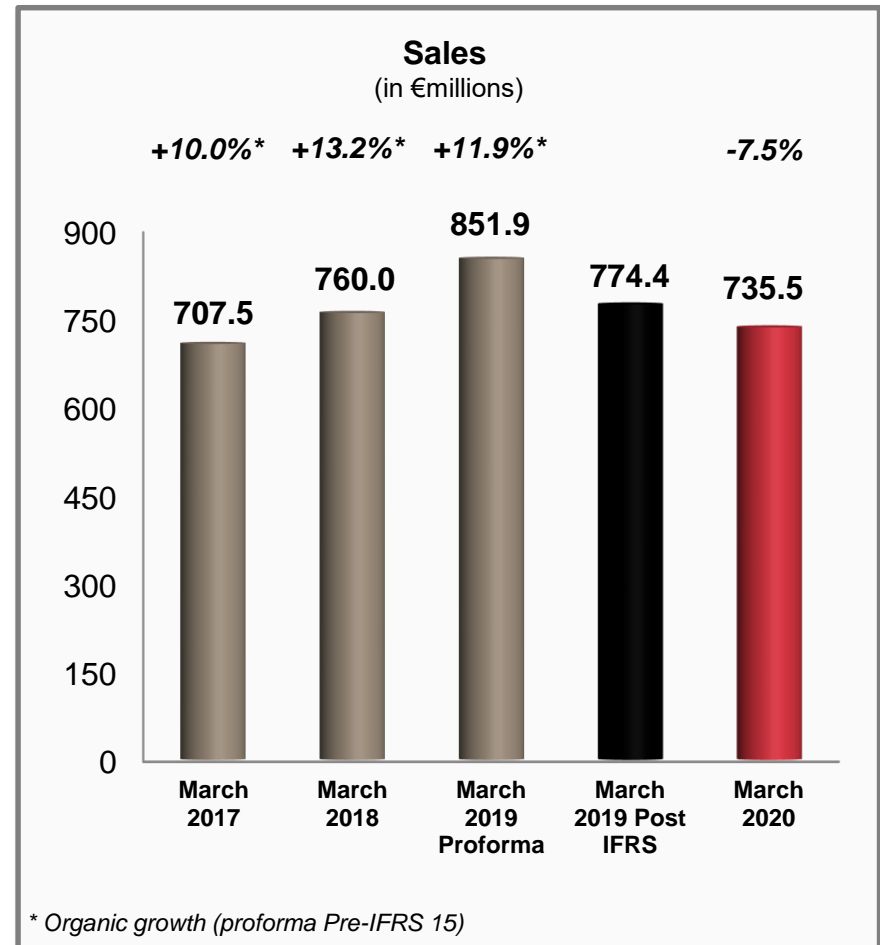
- Double-digit growth in Mainland China more than offset by weakness in South East Asia and Travel Retail Asia

Americas

- US sales penalized by the reduced level of inventories carried by US retailers

EMEA

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





Marketing initiatives

LAUNCH OF REMY MARTIN “TERCET”



NEW GLOBAL CAMPAIGN TEAM UP FOR EXCELLENCE

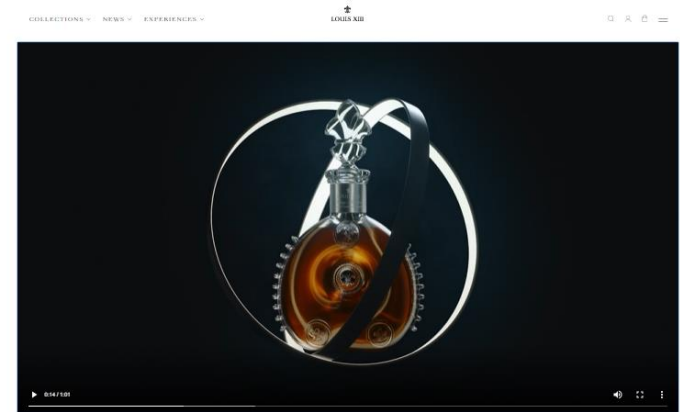


Behind every individual success
is a collective story.

Marketing initiatives

**LOUIS XIII
TIME COLLECTION 1900
TRIBUTE TO CITY OF LIGHTS**

**LOUIS XIII LAUNCHES
ITS FIRST E-BOUTIQUE IN THE UK**



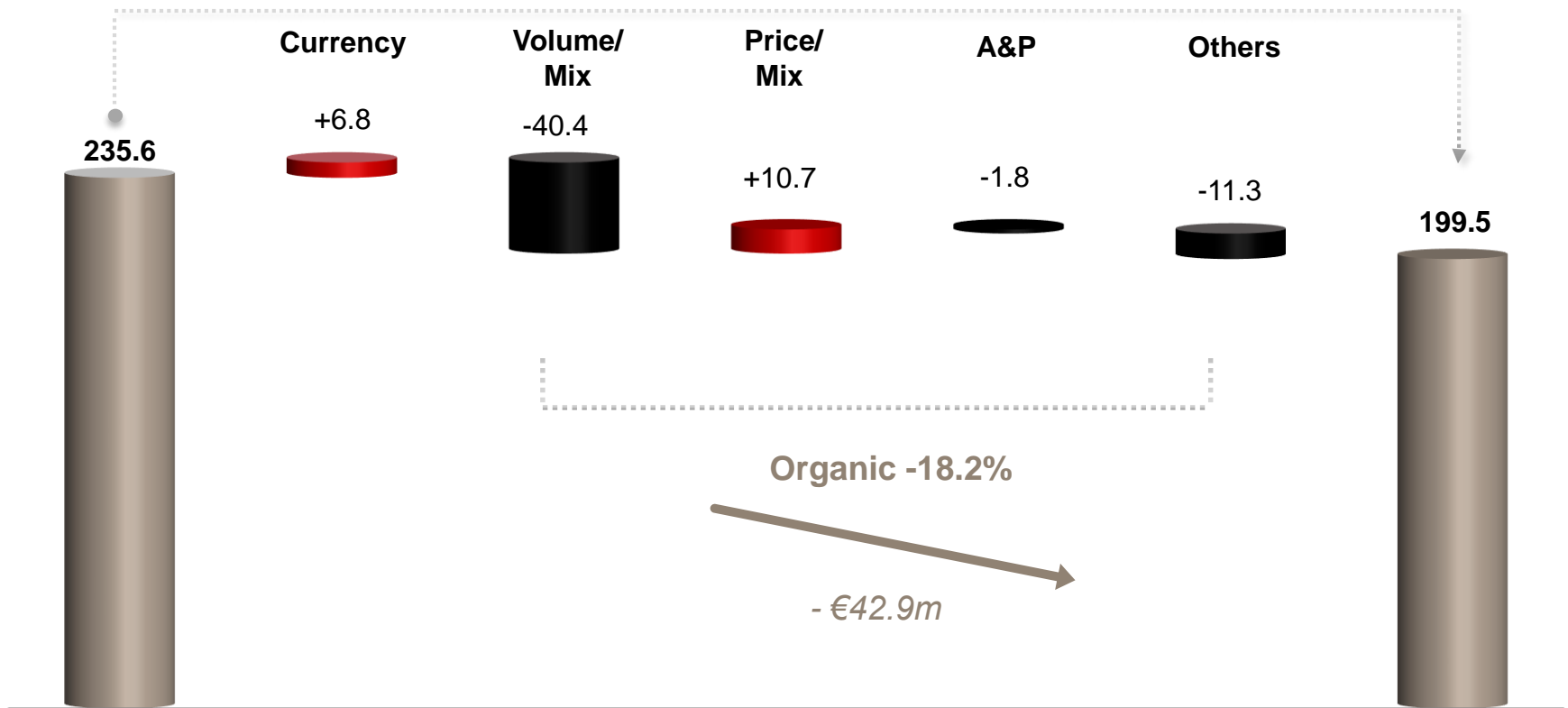
**Have in mind that as a result of embolism measures, reduced order volume could impact timely delivery of your order. It is still better to be safe than sorry and please to use delivery payment if these conditions are favourable with your supplier or to provide advance on the date of your order.*



House of Rémy Martin

Current operating profit (€m)

Reported decline: -15.3%



March 19

COP/Sales: 30.4%

March 20

COP/Sales: 27.1%
(Org: 26.9%)

Liqueurs & Spirits

Organic sales decline of 3.0% (volumes -3.4%)

Cointreau

- Robust performance in the Americas was mitigated by weakness in EMEA and Asia Pacific

Metaxa

- Weakness in the EMEA (changes in RTM and a poor performance in Travel Retail); promising expansion in newer markets of Asia and Americas

St-Rémy

- Performance held back by EMEA and Asia, while the Americas delivered a strong performance, led by successful marketing initiatives in Canada/the US

Mount Gay

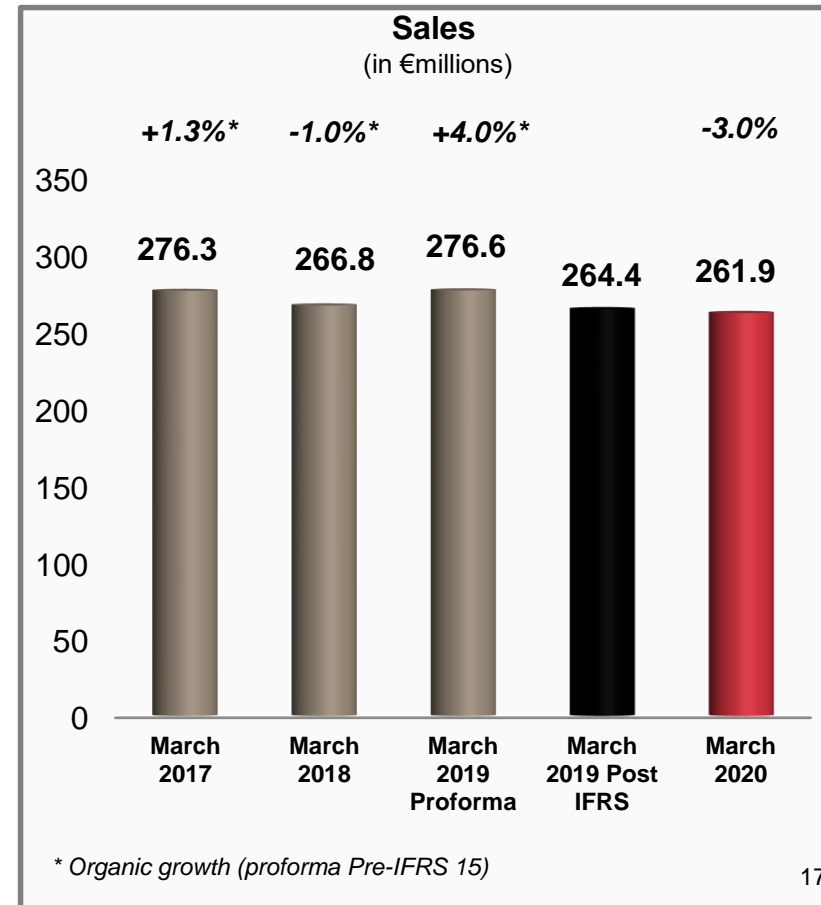
- Sales weakness led by the voluntary slow-down in shipments ahead of the gradual restaging of the brand in 2020/21

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



Marketing initiatives

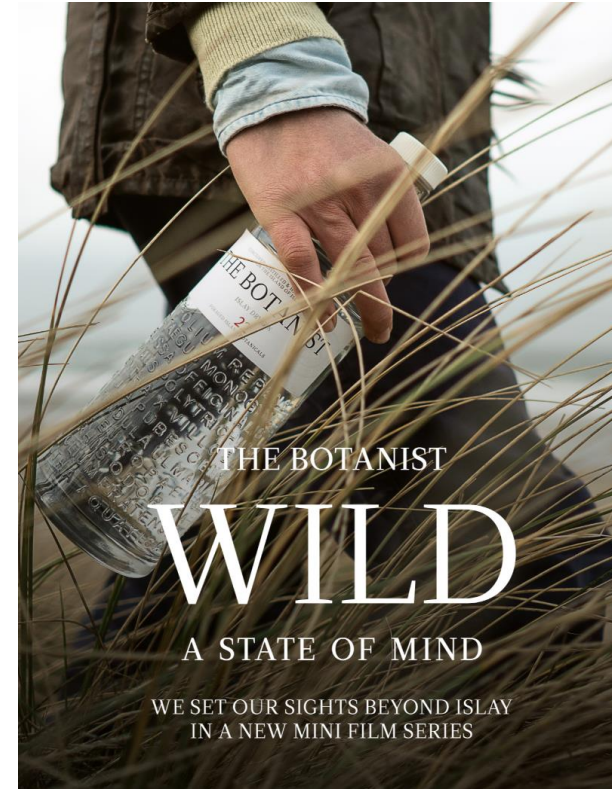
COINTREAU
 LAUNCH OF "LE COCKTAIL SHOW"
 COMMUNICATION PLATFORM



METAXA:
 INTERNATIONAL EXPANSION
 WITH THE CLUMSIES BAR



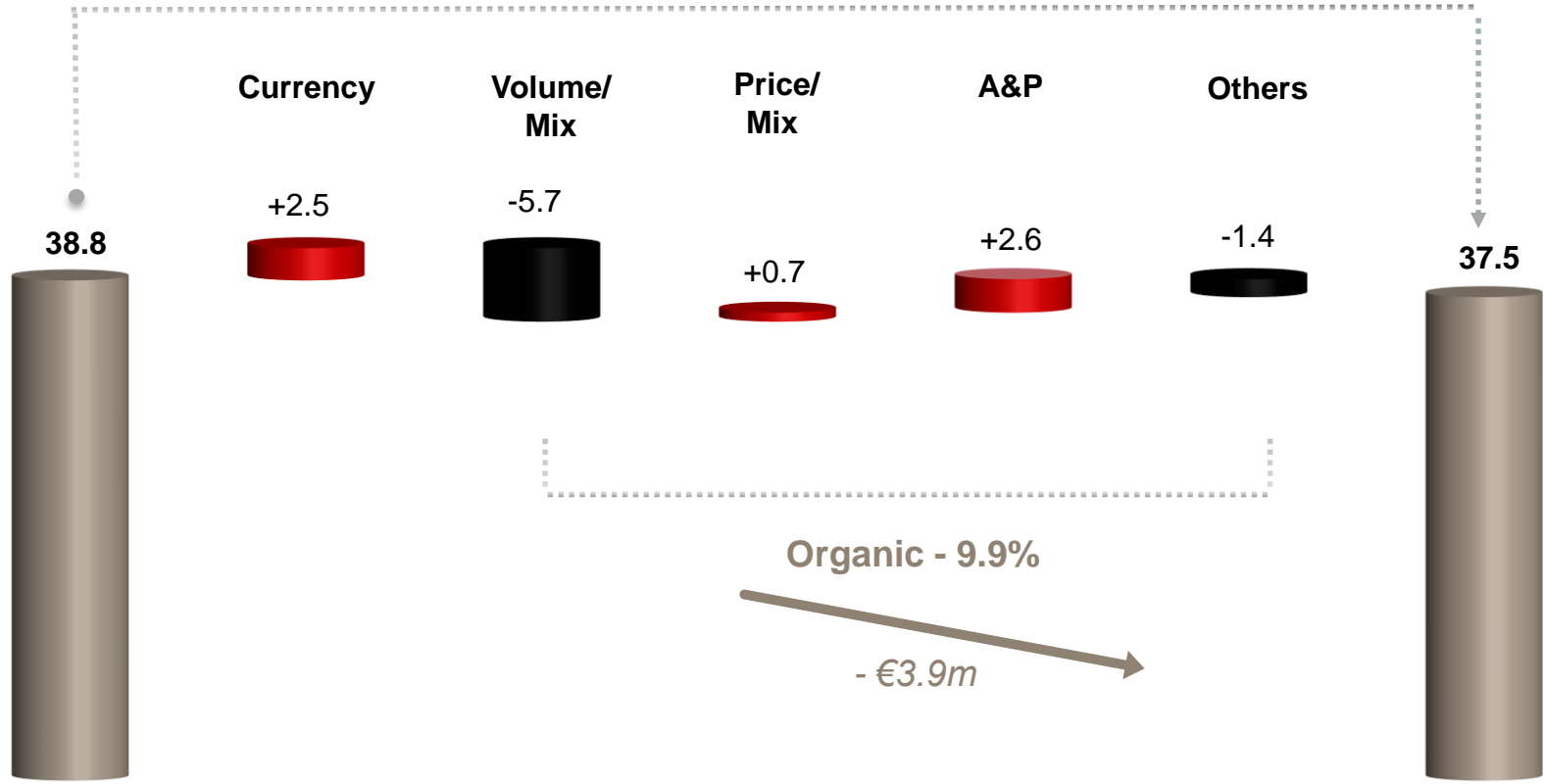
THE BOTANIST
 NEW COMMUNICATION CAMPAIGN
 "WILD, A STATE OF MIND"



Liqueurs & Spirits

Current operating profit (€m)

Reported decline: -3.5%



March 19

COP/Sales: 14.7%

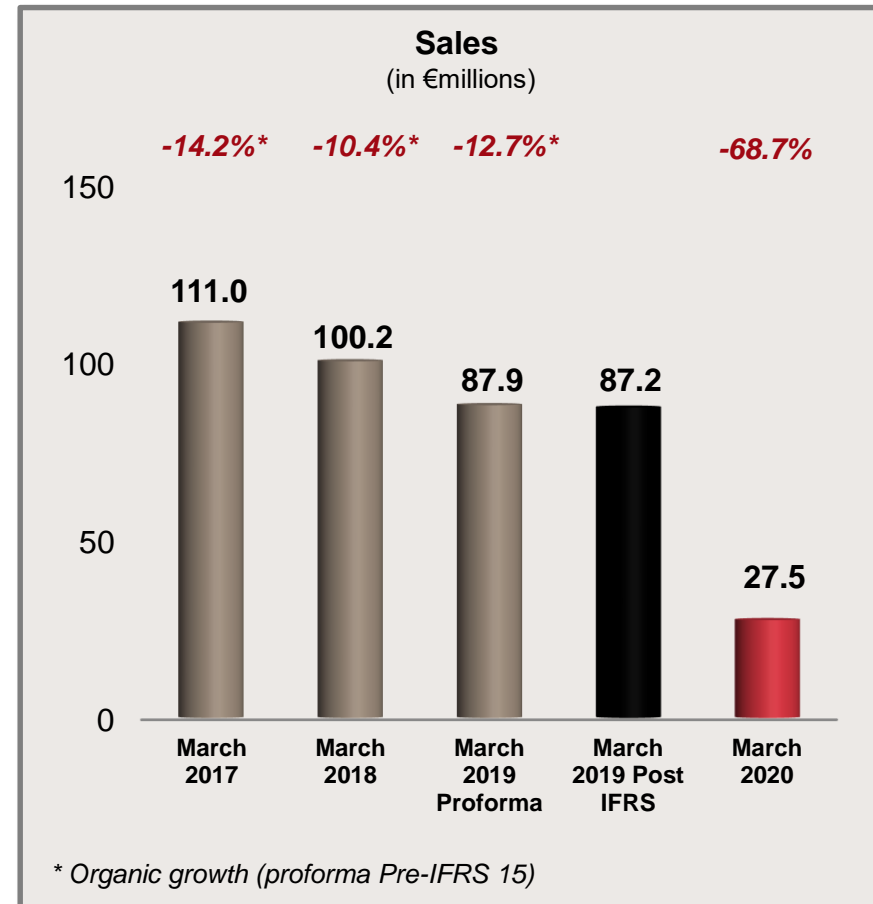
March 20

COP/Sales: 14.3%
(Org: 13.6%)

Partner Brands

Organic sales decline of 68.7% (volumes -70.7%)

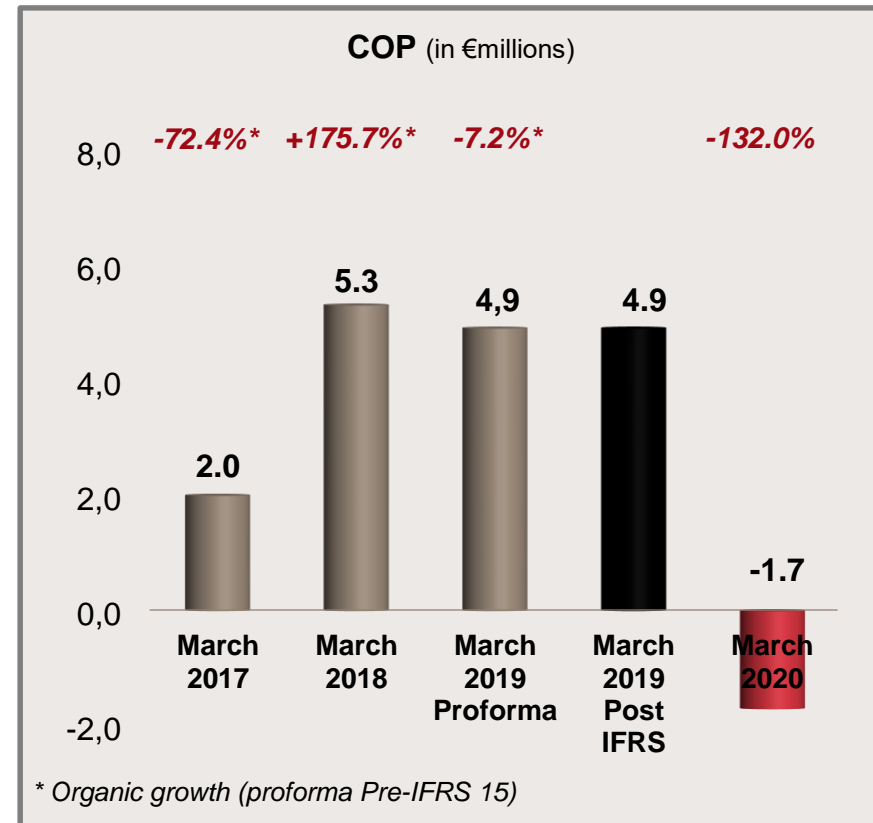
- Sales decline largely due to the termination of sizable partner brand distribution contracts in Czech republic, Slovakia and the US (€56M impact)
- In line with Group's strategy of gradually refocusing on its Group Brands



Partner Brands

Current operating profit (€m)

- COP decline is the consequence of the revenue evolution (EUR5M hit from the termination of contracts)



Financial Results

LUCA MAROTTA, CHIEF FINANCIAL OFFICER

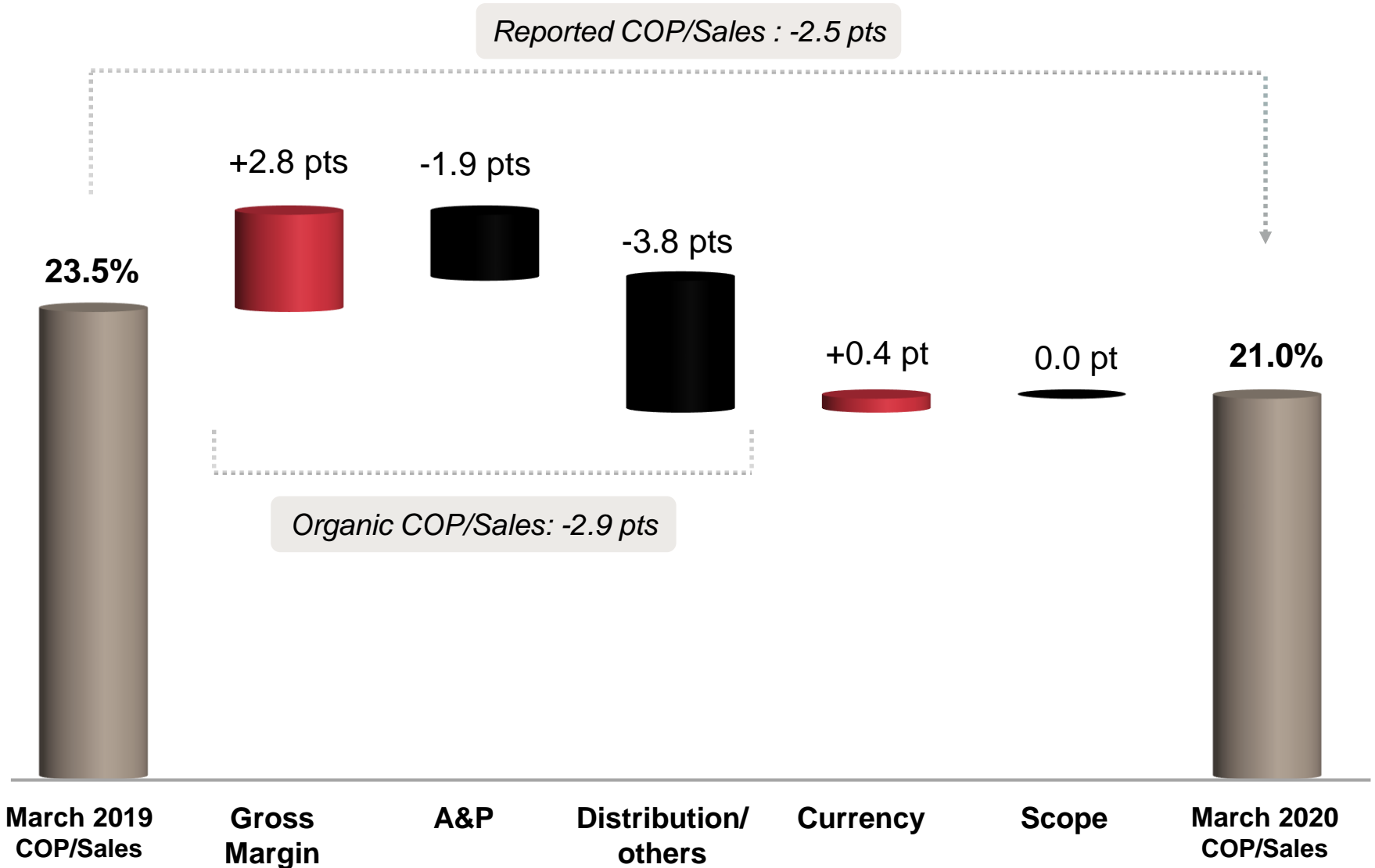


RÉMY COINTREAU

Current Operating Profit

Ending March, in €m	2019/20	2018/19	CHANGE	
			Reported	Organic
Net Sales	1,024.8	1,125.9	-9.0%	-11.2%
Gross Profit	676.9	710.9	-4.8%	-7.3%
• <i>in %</i>	66.0%	63.1%	+2.9pts	+2.8pts
• Sales and marketing expenses	(355.0)	(346.0)	+2.6%	+0.2%
• Administrative expenses	(106.8)	(100.7)	+6.0%	+5.7%
Current Operating Profit	215.1	264.1	-18.6%	-22.0%
Current operating margin	21.0%	23.5%	-2.5pt	-2.9pt

Current Operating Margin



Net profit

Ending March, €m	2019/20	2018/19	CHANGE	
			Reported	Organic
Current Operating Profit	215.1	264.1	-18.6%	-22.0%
Other operating income (expenses)	(19.7)	1.7	-	-
Operating profit	195.5	265.8	-26.5%	-29.6%
Net financial income (charge)	(28.0)	(32.5)	-	-
Pre-tax profit	167.5	233.3	-28.2%	-31.5%
Taxes	(60.9)	(67.7)	-	-
Tax rate	36.3%	29.0%	+7.3pts	+7.2pts
Share profit (loss) of associated companies	0.3	(6.7)	-	-
Net profit from discontinued operations, halted or sold	6.4	0.0	-	-
Minority Interest	0.1	0.2	-	-
Net profit Group share	113.4	159.2	-28.8%	-31.7%
Net profit (excluding non-recurring items)	124.2	169.9	-26.9%	-29.9%
Net margin (excluding non-recurring)	12.1%	15.1%	-3.0pt	-3.2pt

Non-recurring items

Ending March, €m	2019/20	2018/19
Net profit – Group share	113.4	159.2
Westland's goodwill write-off	18.8	-
Non-recurring tax items	(2.5)	0.1
Net profit from discontinued operations, halted or sold	(6.4)	-
Expense on vendor loan (financial charge)	-	5.2
Disposal of the stake in the Diversa joint venture (net of exit costs)	-	7.0
Others	0.9	(1.6)
Net profit excluding non-recurring items – Group share	124.2	169.9

Net debt/ Cash Flow

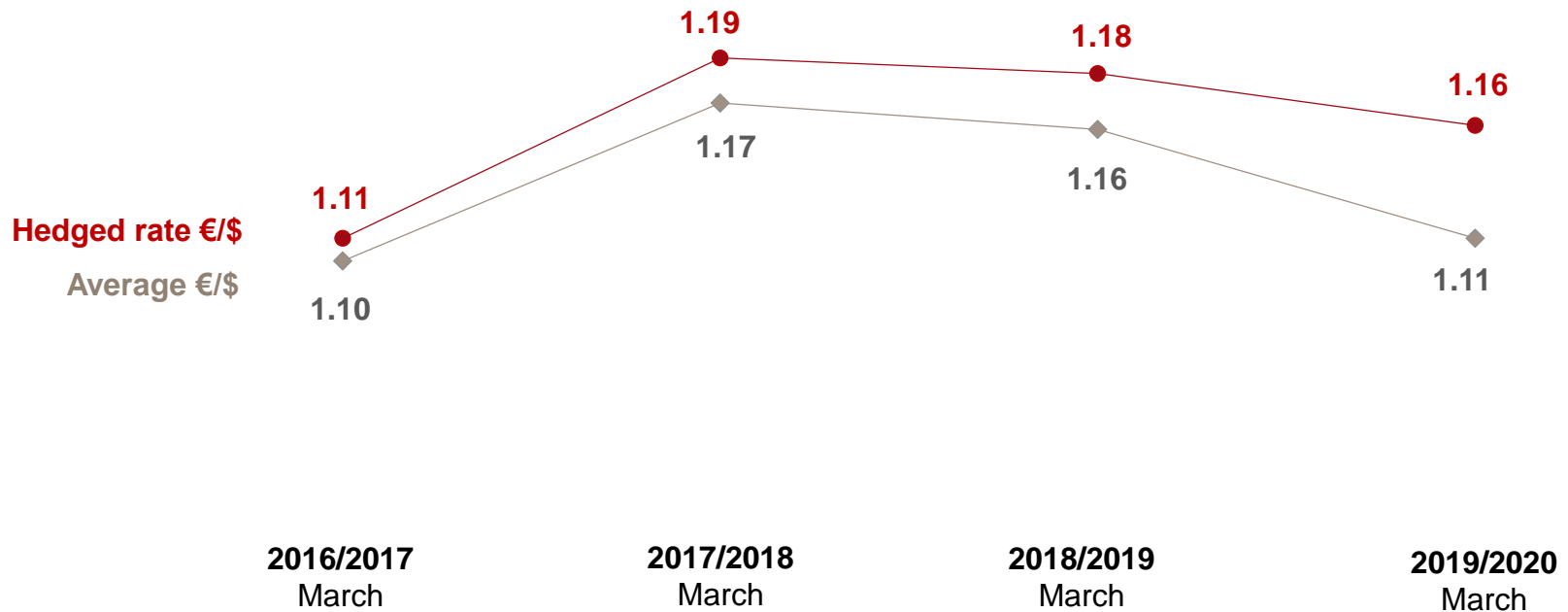
Ending March, in €m	2019/20	2018/19	Change
Opening net financial debt (1 April)	(343.3)	(282.8)	(60.5)
Gross operating profit (EBITDA)	252.4	298.1	(45.6)
WCR of eaux-de-vie and spirits in ageing process	(118.9)	(118.1)	(0.8)
Other working capital items	45.9	(47.3)	93.2
Capital expenditure	(64.8)	(44.6)	(20.2)
Financial expenses	(13.1)	(15.4)	2.3
Tax payments	(85.8)	(64.1)	(21.7)
Total recurring free cash flow	15.7	8.5	7.2
Dividends	(132.0)	(9.1)	(122.9)
Other proceeds from asset acquisitions/disposals	11.7	6.1	5.6
Share buyback program	0.0	(103.6)	103.6
Early reimbursement of the vendor loan by EPI	-	86.8	(86.8)
Conversion differences and others	0.1	(13.6)	13.7
IFRS adjustments (IFRS 15, 16 & 9)	(3.1)	(35.6)	32.4
Total cash flow for the period	(107.6)	(60.5)	(47.1)
Closing net financial debt (31 March)	(450.9)	(343.3)	(107.6)
A Ratio (Net debt/EBITDA)	1.86	1.19	+0.67

Net financial expenses

Ending March, €m	2019/20	2018/19
Gross debt servicing costs	(12.7)	(13.7)
Net currency gains (losses)	(4.7)	(4.0)
Other financial expenses (net)	(10.6)	(14.8)
- <i>o/w accrued interest and expense on vendor loan</i>	-	(5.2)
Net financial income (charges)	(28.0)	(32.5)

Foreign exchange

Hedging impact



Foreign exchange

Hedging impact

	2015/ 16	2016/ 17	2017/ 18	2018/ 19	2019/ 20	2020/ 21E
Average EUR/USD exchange rate	1.10	1.10	1.17	1.16	1.11	1.14
Average EUR/USD hedged rate	1.23	1.11	1.19	1.18	1.16	1.15
Total sales impact (in €m)	82.7	(5.7)	(48.9)	1.5	24.5	(20.0)
Total COP impact (in €m)	12.9	23.6	(18.5)	(6.8)	9.1	0.0

Note: Estimated impact on 2020/21 sales and COP is based on a budget exchange rate EUR/USD of **1.14** and an average hedged rate of **1.15**.

The estimated total impact of €0m on the COP 2020/21 could split between a €4m gain in H1 and a €4m loss in H2.

The sensitivity of Group's sales and COP to the US dollar and related currencies is the following: A 1 cent increase in USD vs. EUR is a c€5M gain on sales and a c€3M gain on COP, all things alike.

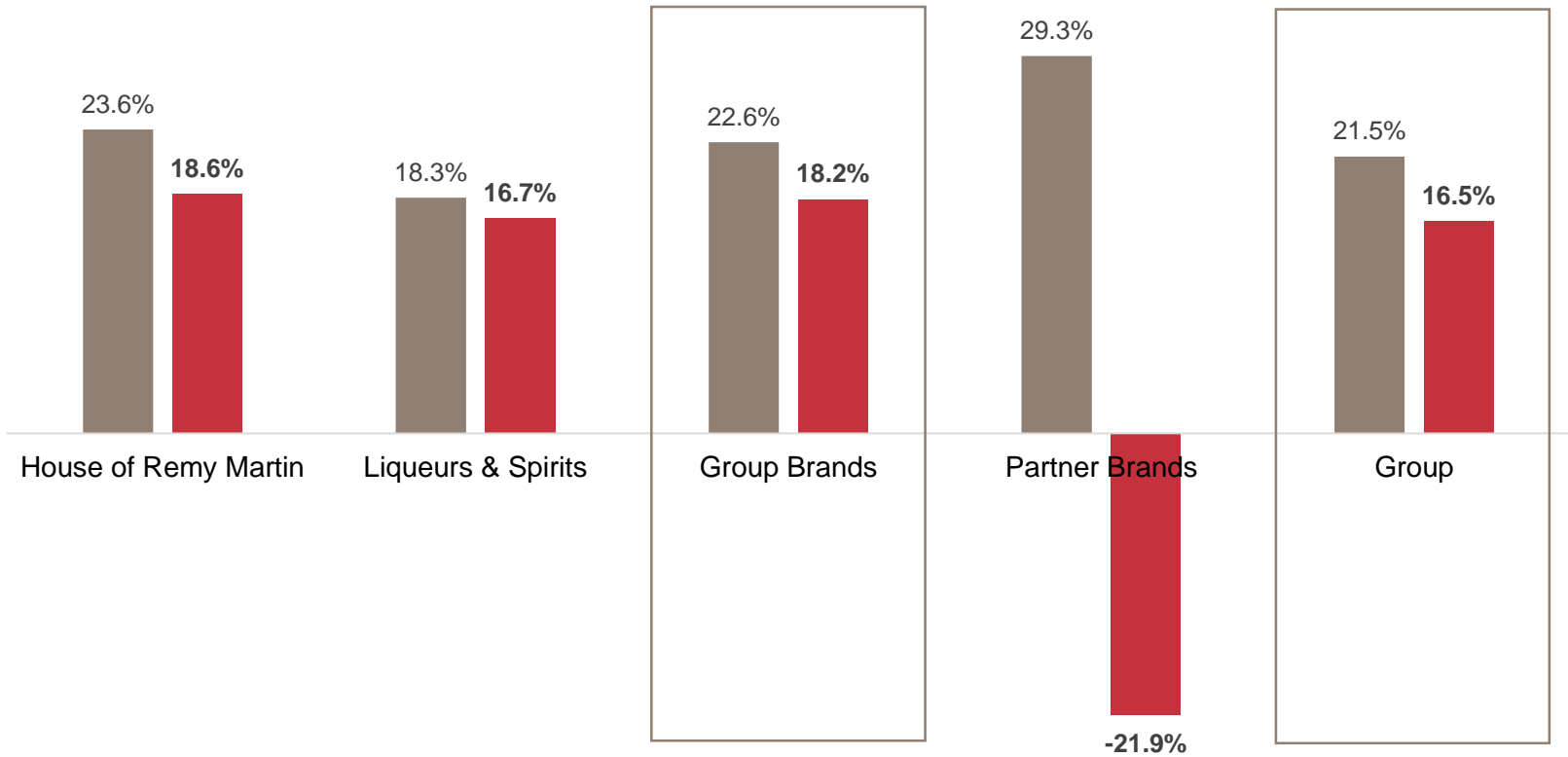
Balance sheet at 31 March 2020

(€m)

	March 2020	in %	March 2019	in %	March 2020	in %	March 2019	in %		
Non-current assets	941	34%	924	35%	Shareholders' equity	1,403	50%	1,426	54%	
Current assets	1,579	57%	1,522	58%	Current and Non-current liabilities	666	24%	677	26%	
<i>o/w inventories</i>	1,364	49%	1,246	47%	Gross financial debt	720	26%	522	20%	
Cash	269	10%	179	7%	Total Liabilities	2,789	100%	2,625	100%	
Total Assets	2,789	100%	2,625	100%	Stocks/Assets	49%	47%	Net gearing	32%	24%



ROCE



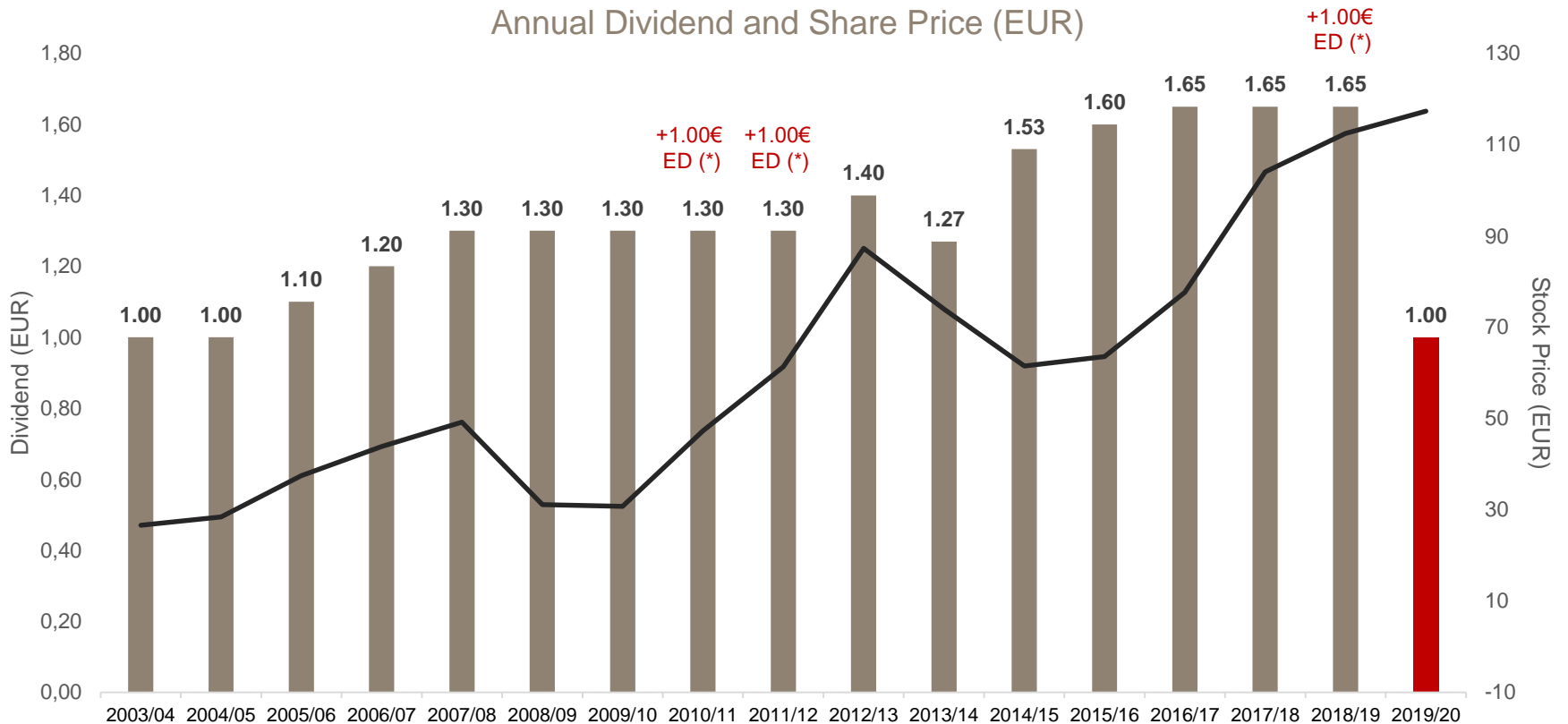
■ 2018/19 ■ 2019/20

Post closing events

- **30 April 2020**
Acquisition de la Maison de Cognac J.R. Brillet
The House of Rémy Martin will integrate around fifty hectares of vineyards located in Grande Champagne and Petite Champagne and will welcome the cognac brand *J.R Brillet* within its portfolio. *Belle de Brillet*, which offers great development potential in the high-end liquors segment, will join for its part, the group's Liqueurs & Spirits division.
- **19 May 2020**
Bruichladdich Distillery certified B-Corporation
This certification rewards Bruichladdich Distillery for achieving the highest levels of social and environmental performance, public transparency, and accountability.

Dividends

As already announced, **an ordinary dividend of 1.00 euro per share**, will be put to a shareholders' vote at the general assembly on 23 July 2020. It will offer an option to pay the dividend in cash or in shares for the entire dividend distributed. Shares will trade ex-dividend on 28 July 2020 and dividends will be made payable from October 1st 2020.



2020/21 Outlook

ERIC VALLAT, CHIEF EXECUTIF OFFICER



RÉMY COINTREAU

Covid-19: the measures taken by the Group

Solidarity actions:

- **In China:** donation of 1.2M yuan to the SSCL foundation for the purchase of protective medical equipment
- **In France:** donation of alcohol by Cognac, Angers and Trièves production sites to make hand sanitizer. Rémy Martin also donated 8,000 surgical and FFP2 masks to the hospitals of Cognac and Saintes
- **In Islay (Scotland):** Manufacturing and donation of hand sanitizer by Bruichladdich distillery for the island
- **In the US:** donation of 200,000 dollars by RC USA to the “Bartenders Guild National Charity Foundation.” Manufacturing and donation of hand sanitizer by Westland distillery in the Washington state
- **In the Barbados:** donation of alcohol by the Mount Gay Rum Distillery to make hand sanitizer

Responsible and civic solidarity measures for 2020/21:

- **French salaries maintained** during the confinement without resorting to any government support
- **General and individual salary increases postponed** until October 1st, 2020, in France
- **COMEX members’ fixed salary frozen** in 2020/21 and substantial cut in their variable compensation
- **Annual Performance Action plan postponed** indefinitely
- **Reduction in the attendance fees** paid to the members of the Board of Directors
- **Substantial cut in the dividend** paid to shareholders

Other key decisions taken during the period:

- **Changes to the Executive Committee** announced on March 26th

2020/21 Outlook

A year of two halves, largely impacted by the Covid-19 pandemic

THE REMY COINTREAU GROUP NOW ANTICIPATES:

- **Fiscal Q1 sales to decline by around 45% in organic terms** (versus a 50% to 55% organic decline previously), thanks to more favourable spirits consumption trends in the US (off-trade) over the past few weeks
- **Fiscal H1 Current Operating Profit to decline by 45% to 50% in organic terms**, assuming fiscal Q2 sales in moderate decline,
- **Strong recovery expected in H2 2020/21**, largely driven by Greater China and the US

Strategic Roadmap

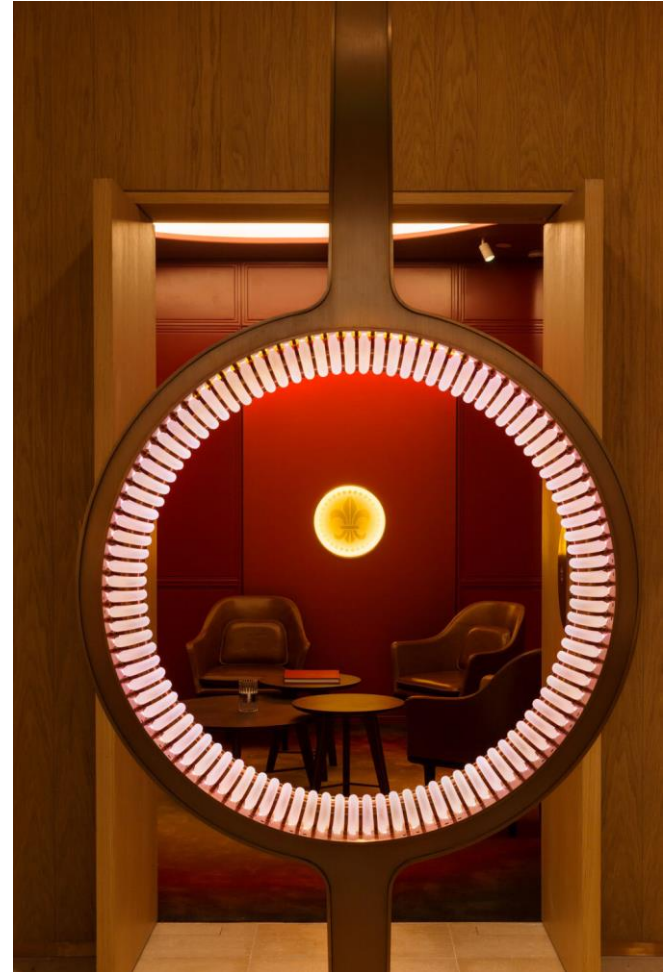
ERIC VALLAT, CHIEF EXECUTIF OFFICER



RÉMY COINTREAU

Our long-term vision remains **unchanged**

**BECOME THE
WORLD LEADER OF
EXCEPTIONAL
SPIRITS**

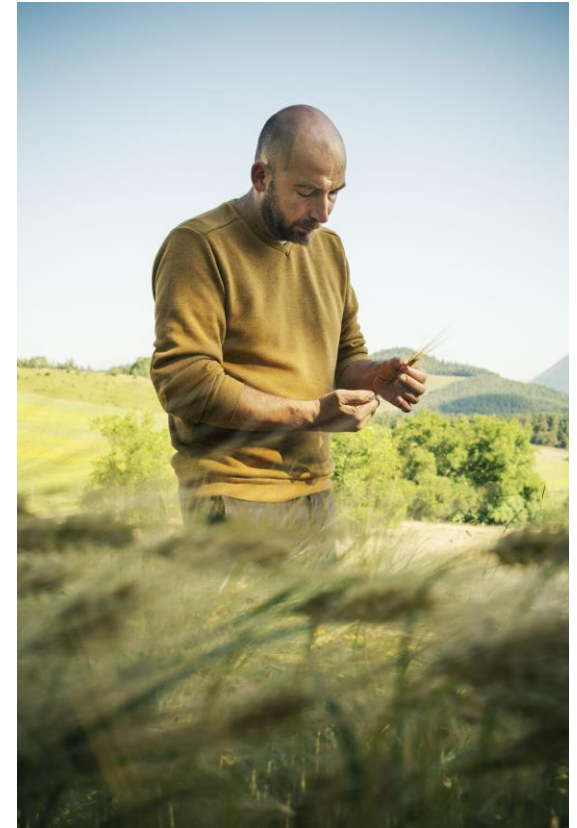




Our long-term vision remains unchanged...
because it fits our purpose!

"Rémy Cointreau cares for the terroirs that are essential to its Maisons and cultivates the savoir-faire of its people, in order to share with its clients exceptional spirits and sensory experiences.

Upholding this heritage enables the family company to write its own destiny and to proudly pass on its centuries-old legacy to future generations."



Our long-term vision remains unchanged...
because it fits our brands and spirits!

COGNAC



Louis XIII Rémy Martin

Unique relationship to time and terroir

Fine Champagne

SINGLE MALT WHISKY



PHD Malts Westland Domaines des Hautes Glaces

Authentic sense of provenance and genuine savoir-faire

LIQUEUR



Cointreau

Organoleptic properties that exhaust cocktails taste

HIGH-END BROWN RUM



Mount Gay

The rum that created the rum category

HIGH-END CRAFT GIN



The Botanist

A true sense of place: made with 22 herbs native from the Islay island

HIGH-END BRANDIES



St-Rémy Metaxa

St-Rémy is the only 100% French brandy

Metaxa is a one of a kind brown spirit



Our long-term vision remains unchanged...
because it makes sense!

**We have a core family
shareholder :**
enables to think long term

We value terroirs and time:
gives pricing power

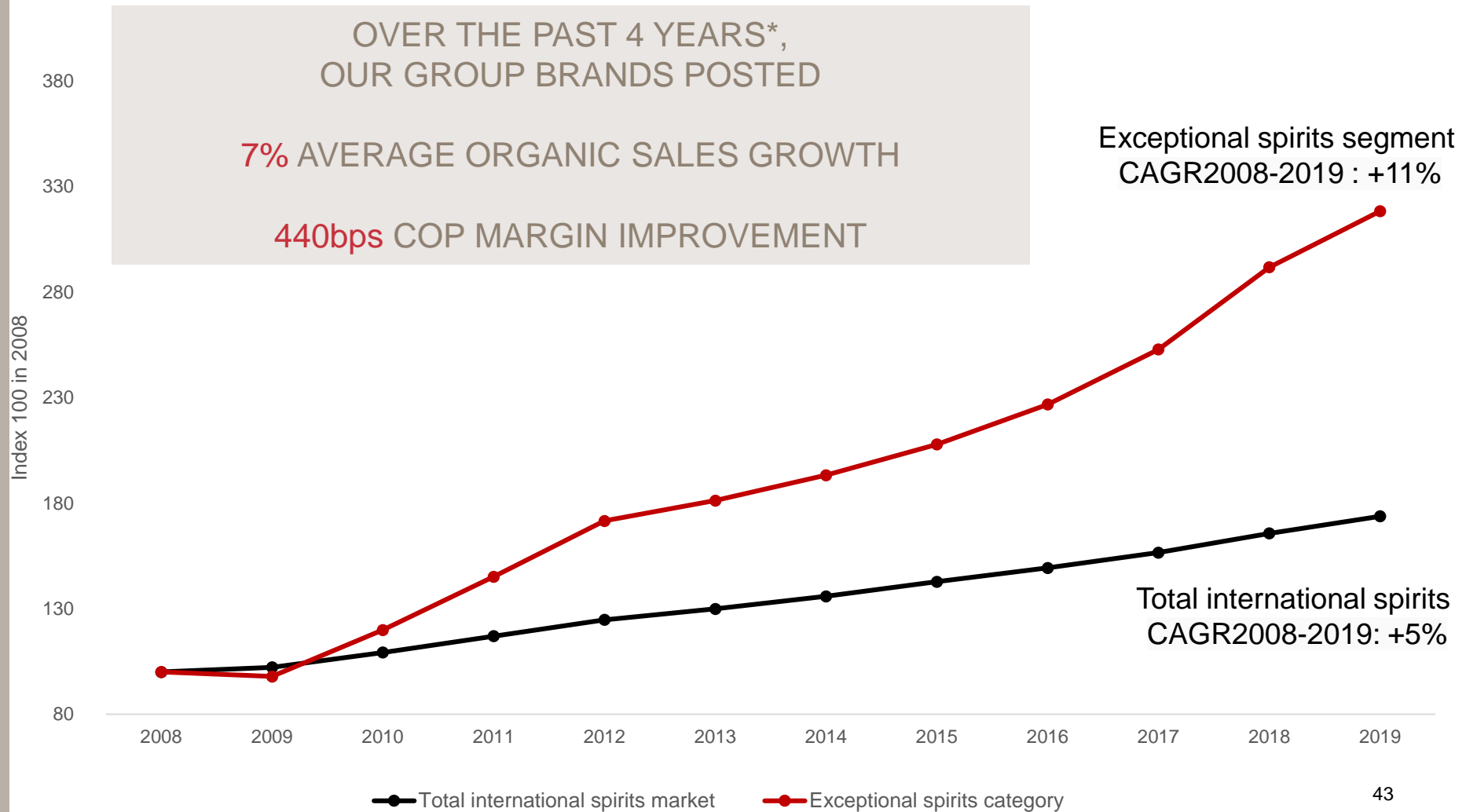
**We craft increasingly
sustainable spirits:**
deserves superior pricing

**We benefit from global
consumption trends:**
drinking less but better





Our long-term vision remains unchanged... because **it works!**



Source: IWSR; * Calendar year (not audited)

Time to move to the **mature phase** : improve **portfolio management**

Assign clear roles to each brand
within the portfolio to **clarify**
missions



Invest more smartly

Customize priorities by brand
between volumes, prices and mix to
maximize Group's overall Gross Margin



Increase investment capacity



Time to move to the **mature phase** : improve **portfolio management**

EVERY BRAND HAS A ROLE TO PLAY BUT ONE SIZE DOES NOT FIT ALL
FROM PRODUCTION TO COMMERCIAL, A GAME CHANGER

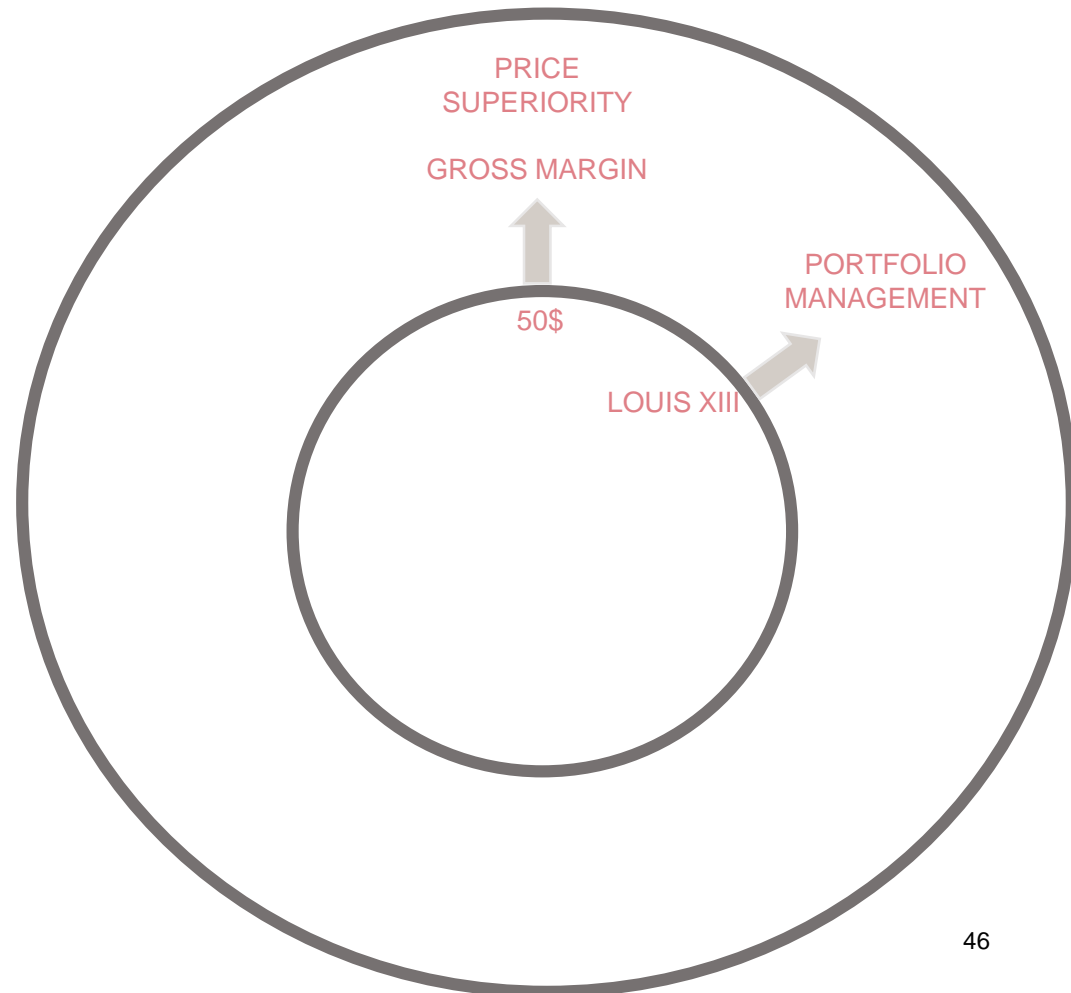


© Time to move to the **mature phase** :
refine our value strategy

FROM PUSH TO PULL



FROM 2020 ONWARDS

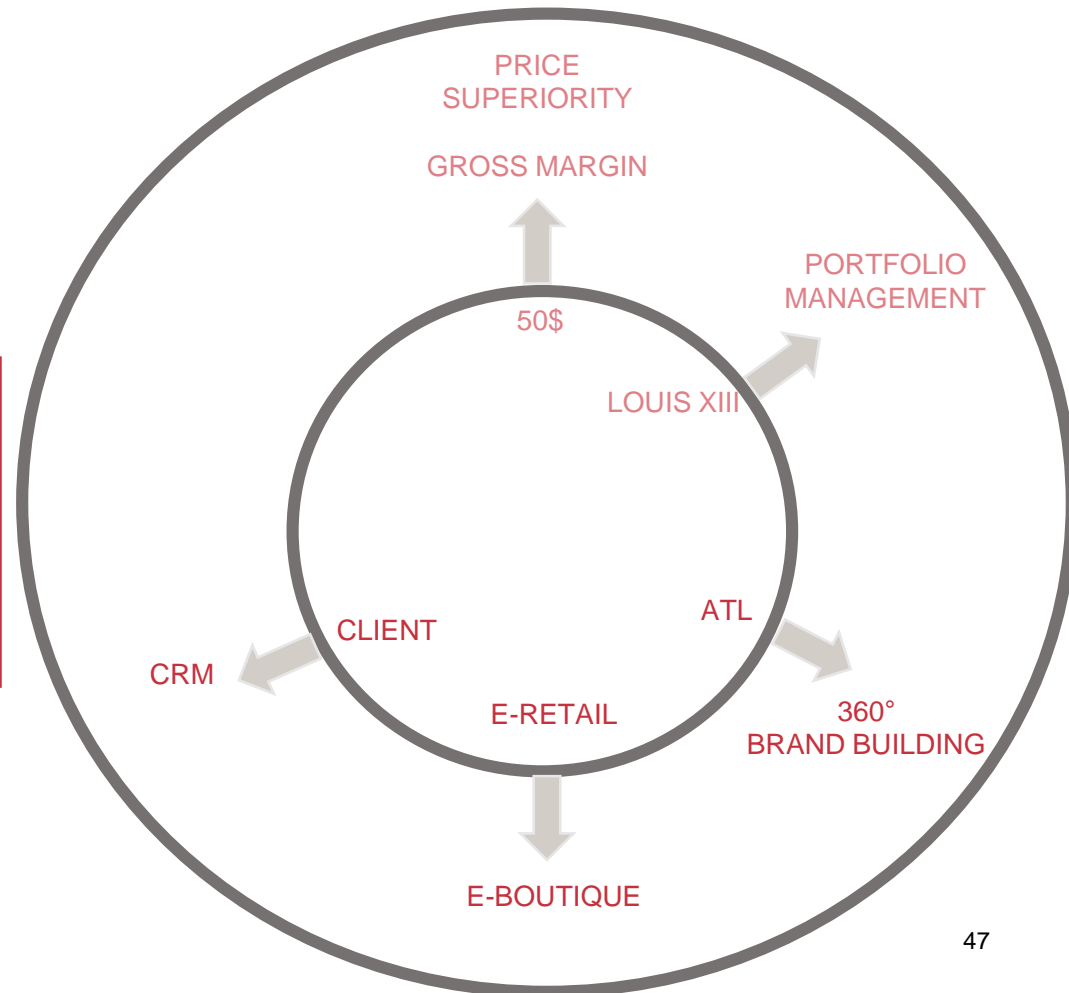


© Time to move to the **mature phase** :
refine our value strategy

FROM PUSH TO PULL

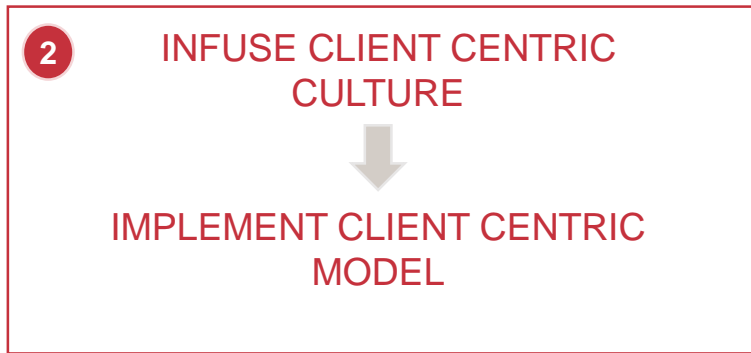


FROM 2020 ONWARDS

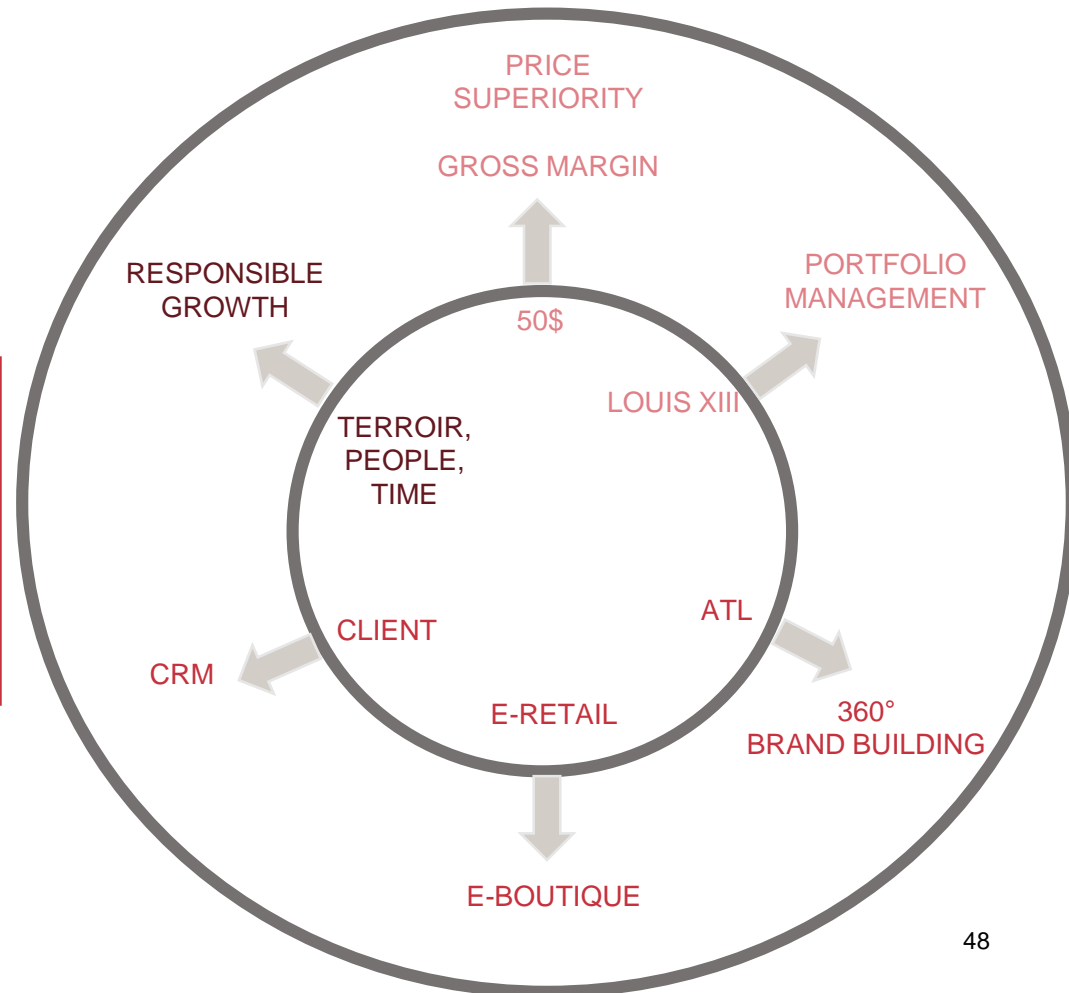


© Time to move to the **mature phase** :
refine our value strategy

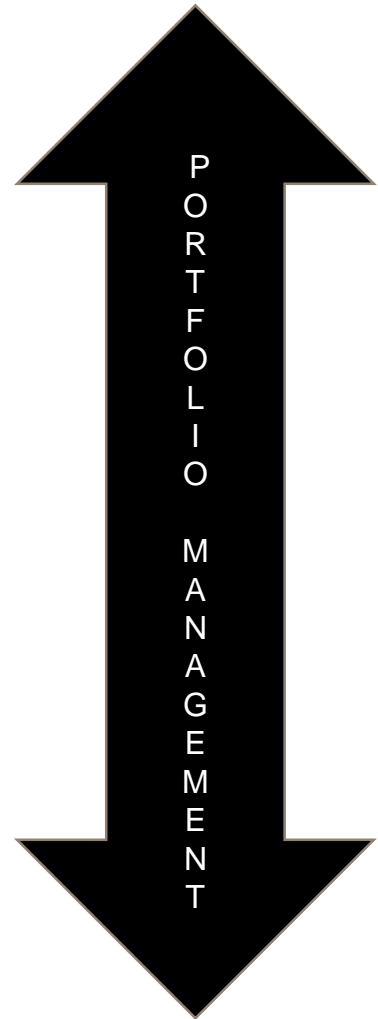
FROM PUSH TO PULL



FROM 2020 ONWARDS



Focus on 4 high-level priorities



1- INCREASE VALUE PER CASE

2- IMPLEMENT A REAL CLIENT CENTRIC MODEL

3- INCREASE VALUE OF KEY LIQUEURS & SPIRITS BRANDS

4- ACHIEVE RESPONSIBLE GROWTH



#Sustainable Exception in 2025 : from principles and achievements to **Responsible Growth**

PRESERVING OUR **TERROIRS**, COMMITTING TO OUR **PEOPLE**, AND RESPECTING THE VALUE OF **TIME**

100% Sustainable Agriculture:

100% sustainable agriculture & responsible farming practices worldwide **by 2025**

NET ZERO Carbon Emissions:

25% absolute reduction in carbon emissions (Scope 1 & 2) and
30% value per case reduction (Scope 3) **by 2025**

Net Zero carbon emissions (in-line with COP25) **by 2050**

100% renewable electricity for the Group **by 2025**

Eco-Design Packagings

100% of eco-designed packages **by 2025**

Our growth engines



The **Direct Selling** opportunity



The **Off-Trade** opportunity



The high-end **Penetration Rate** opportunity



The **Overseas** market opportunity



The **Margarita** opportunity

A clear ambition over the **next 10 years**

BUILD A SUSTAINABLE, PROFITABLE & RESPONSIBLE
GROWTH BUSINESS MODEL:

1. **NEW BUSINESS MODEL FOR LOUIS XIII** FOCUSED ON DIRECT SALES AND BREAKING THE RULES OF THE INDUSTRY
2. **INCREASED SHARE OF THE INTERMEDIATES AND XO** AT REMY MARTIN
3. **LIQUEURS & SPIRITS BRANDS** PROVING SIZEABLE AND PROFITABLE
4. **BRANDS COMMANDING PRICE SUPERIORITY** IN EACH OF THEIR CATEGORIES
5. **20% DIGITAL SELLING** AS A PERCENT OF TOTAL SALES

Ambitious Financial and Non-Financial Targets

GROUP TO ACHIEVE :

**72% GROSS MARGIN AND
33% CURRENT OPERATING MARGIN BY 2030***

AND

**100% SUSTAINABLE AGRICULTURE BY 2025
25% REDUCTION IN CARBON EMISSIONS (scope 1 & 2) &
30% VALUE PER CASE REDUCTION (scope 3) BY 2025
NET ZERO CARBON EMISSIONS BY 2050**

Q&A



RÉMY COINTREAU

