

Sales for the First Quarter 2020/21 ending 30 June 2020

JULY 21st, 2020



RÉMY COINTREAU

Q1 2020/21 Sales : Key Messages

- **COVID-19 pandemic strongly impacted our business in Q1:**
 - On-trade channel closed in most key markets, restrictions on off-trade spirits sales in some markets and collapse in duty free sales (along with global airline traffic)
 - Weak sell-out trends amplified by destocking efforts by wholesalers
- **Q1 2020/21 sales performance came in slightly above our expectations thanks to consumption resilience in the US and in the UK:**
 - Group's organic sales declined by 33.2% in Q1 vs. our "around -45%" expectations
 - Excluding COVID-19, we estimate Q1 organic sales would have been slightly declining, as expected
- **Q1 2020/21 value depletion trends slightly down YoY**
 - **Asia Pacific:** strong double-digit decline driven by South-East Asia and Japan, while China Mainland was flat/slightly down
 - **Americas:** strong double-digit increase driven by booming at-home cocktail trends in the US; Weak trends in LatAm and Canada
 - **EMEA:** double-digit declines across most sub-regions; Strength in the UK, good resilience in Germany and Russia
 - **Global Travel Retail:** collapsing trends in all regions
- **2020/21 outlook:**
 - Better than expected Q1 sales and unchanged Q2 expectations ("moderate organic sales decline in Q2")
 - **H1 2020/21 COP now expected to decline by -35/-40% in organic terms** (vs. -45%/-50% previously)
 - Despite limited visibility, we anticipate a strong rebound in H2, led by the US and Mainland China

Q1 2020/21 Sales Analysis

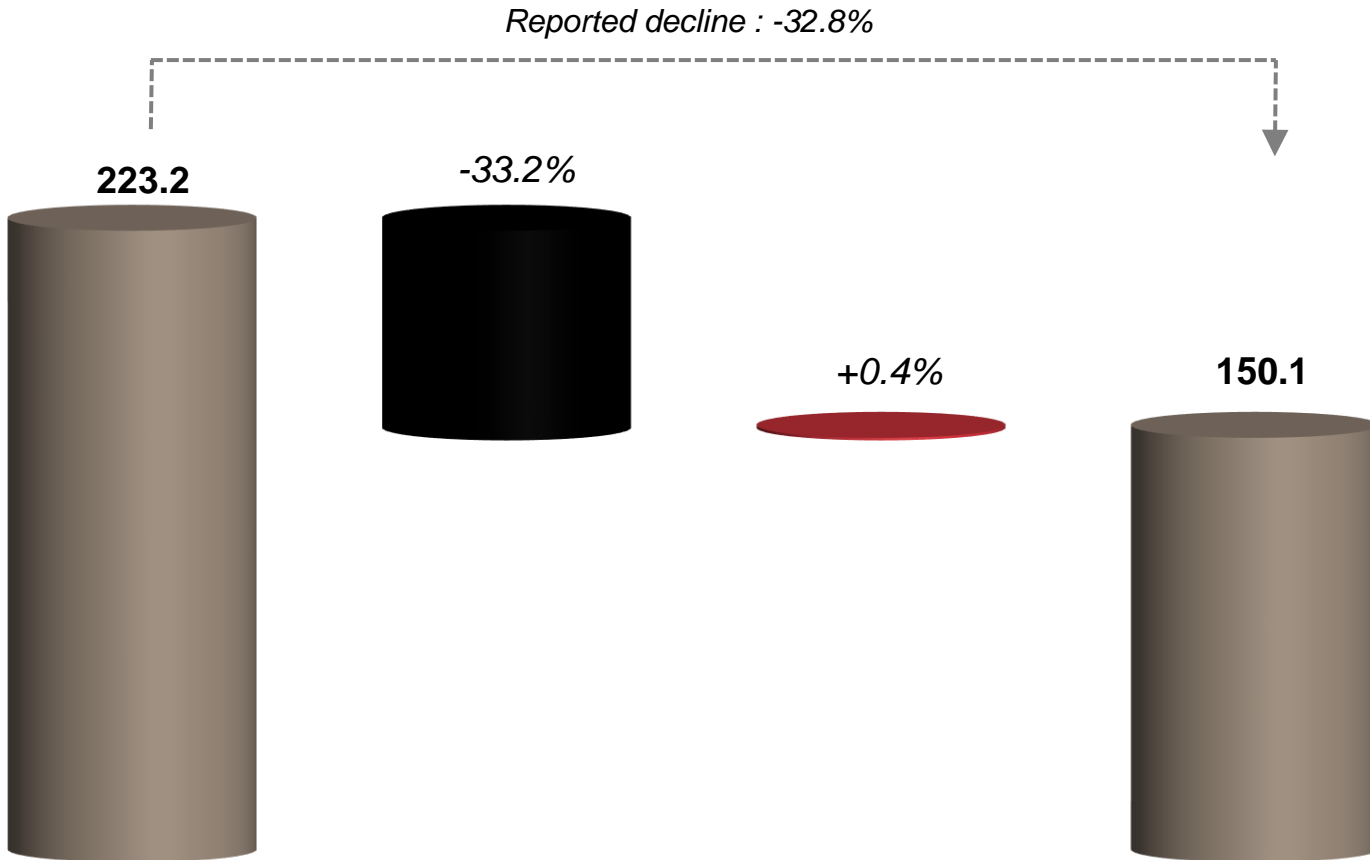
€m

Q1 2019/20

Organic

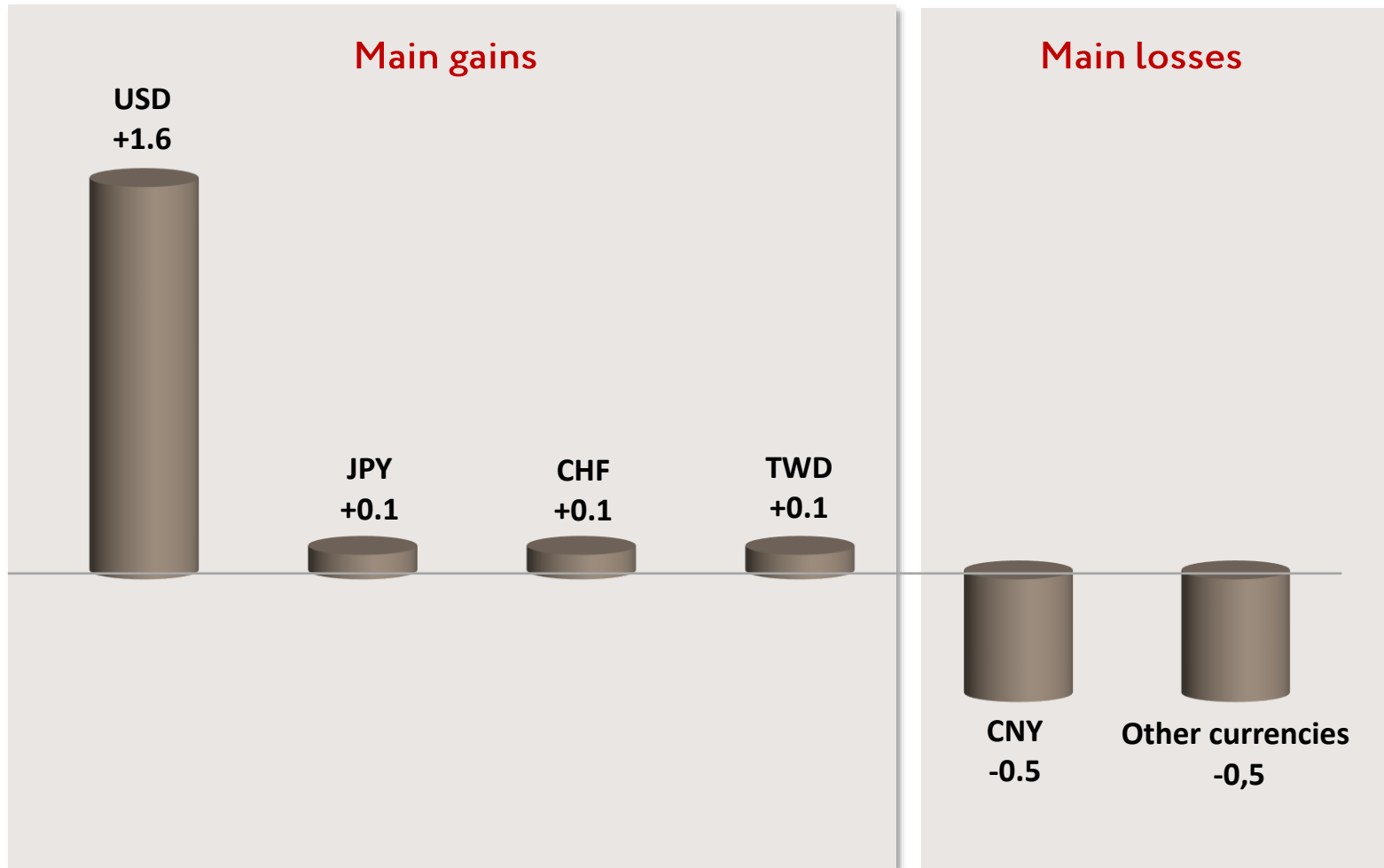
Currencies

Q1 2020/21

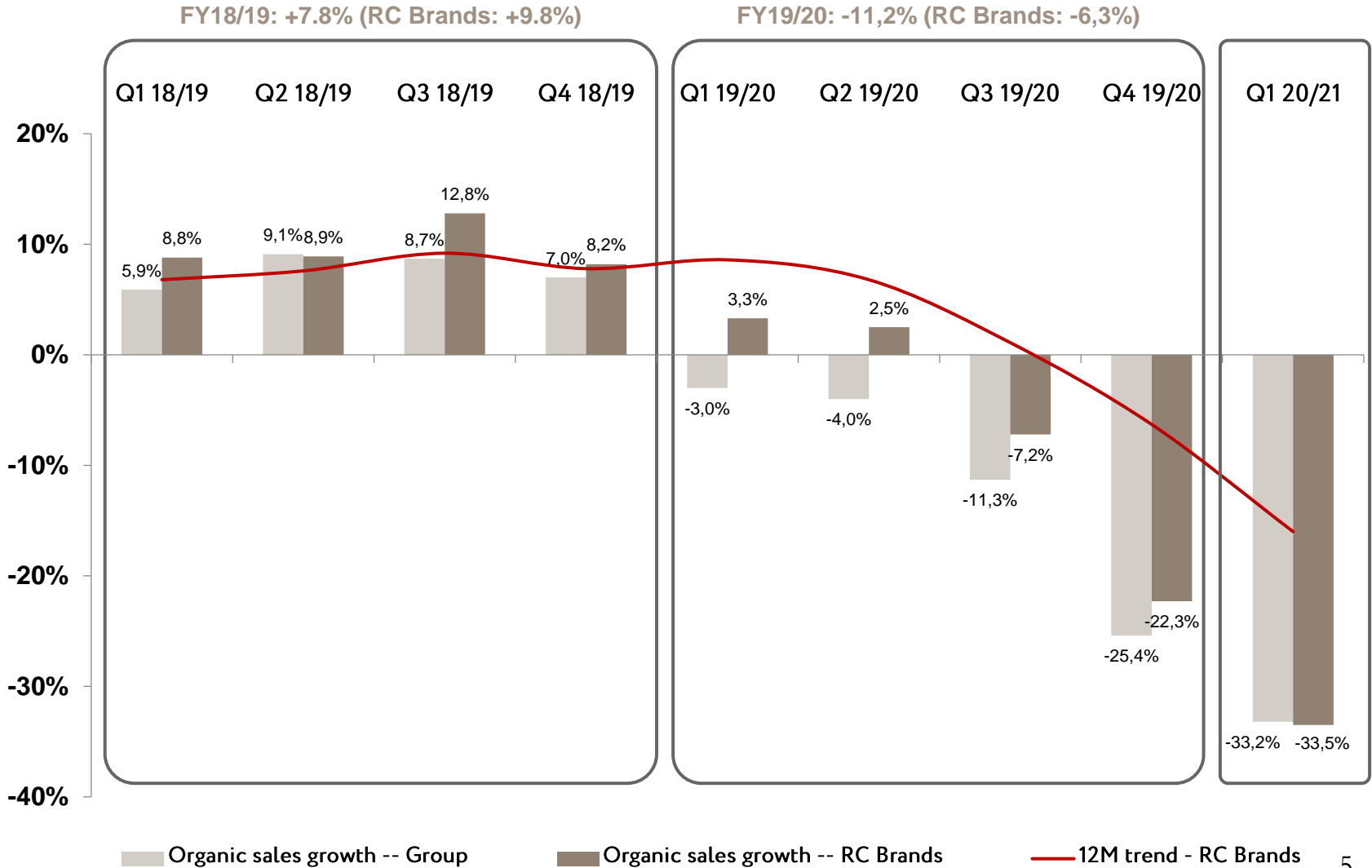


Currency Impact on Q1 2020/21 Sales

Currency translation gain of 0.9 million euros



Quarterly Organic Sales Growth



Q1 2020/2021 Organic Sales Trends by Region

Asia-Pacific organic sales down significant double-digits, despite good resilience in China Mainland

- **Greater China:** double-digit organic sales decline due to wholesalers' destocking efforts
 - Good resilience in China Mainland and Taiwan, more-than-offset by a weak performance in HK and Macau
 - Q1 value depletion trends in China flat/slightly down (but positive in June, led by CLUB, LXIII and the single-malt whiskies)
- **Significant decrease in South-East Asia and Japan:** while lockdowns have been gradually lifted, the on-trade channel remains largely closed or under strict social distancing restrictions
- **Travel Retail Asia :** duty free sales penalized by the collapse in airline traffic.

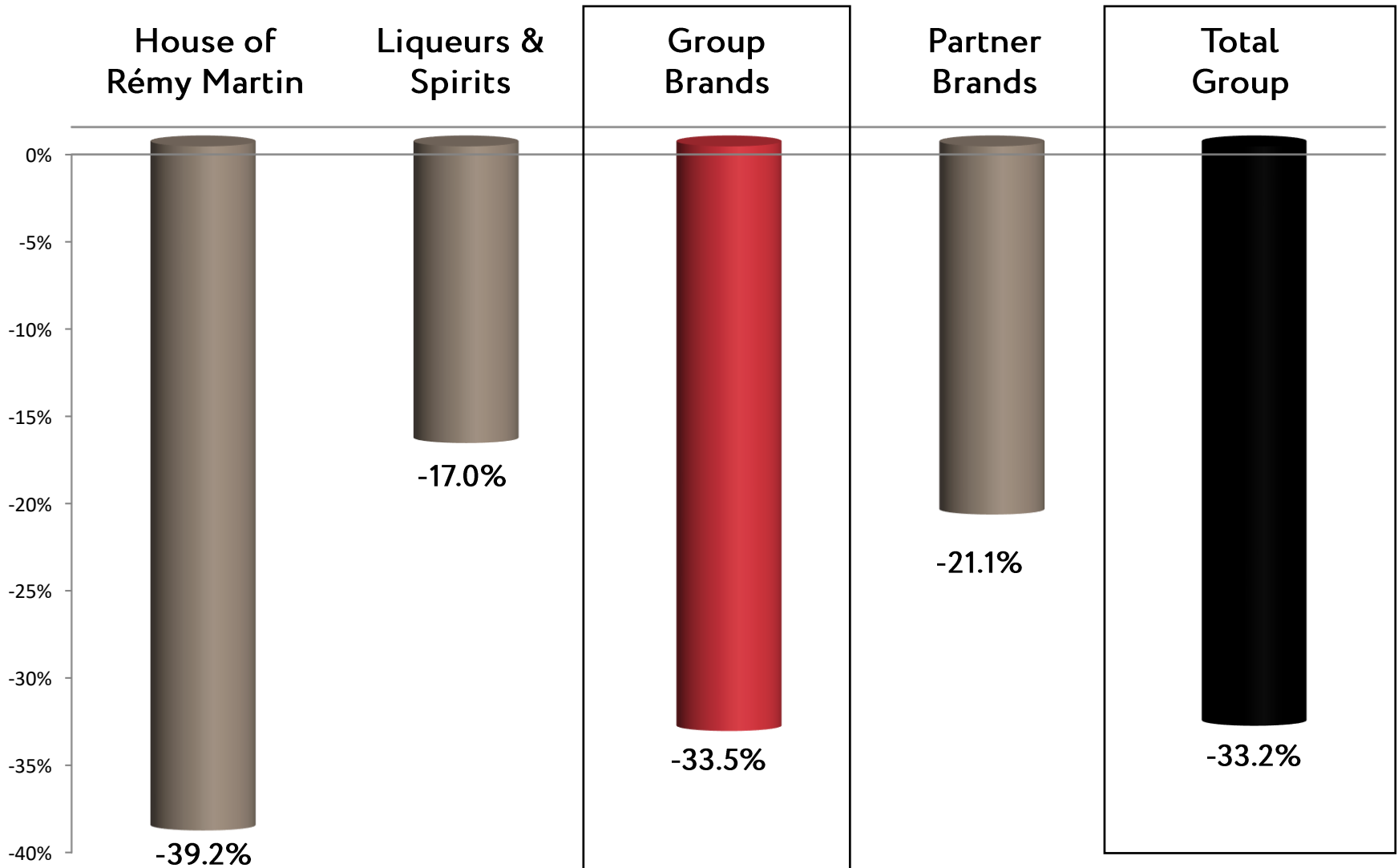
Americas organic sales down low double-digits, helped by a limited decline in the US

- **US:** mid-single digit decline due to wholesaler destocking in Cognac, partially offset by solid growth in Liqueurs & Spirits
 - Remy Cointreau brands grew ahead of the market, driven by strong consumers' appetite for legacy brands, strong at-home cocktail trends and growth of e-retail
 - Group Brands' value depletions : +57% over 3M, +21% over 6M, +11% over 12M
- **Canada :** good St-Rémy performance offset by weak cognac sales
- **LatAm :** strong double-digit decline due to weak domestic consumption and the fall in tourism
- Very poor performance of the **Travel Retail channel**

EMEA organic sales down significant double-digits, despite solid growth in the UK and in Russia

- **Very weak performance in all sub-regions,** due to generally limited spirits' at-home consumption and closed on-trade outlets during the quarter.
- **The UK** was the main exception with strong at-home consumption across our brands portfolio offsetting the on-trade weakness; Resilience in **Germany; Russia** was also robust, albeit on easy comps
- Poor performance of the **Travel Retail channel**

Q1 2020/21 Organic Growth by Division



House of Rémy Martin (-39.2% OSD in Q1)

Asia-Pacific

- **Greater China: double-digit organic sales decline, mitigated by good resilience in Mainland China**
 - Sell-in impacted by COVID-19 (on-trade channel gradually recovering during the quarter) and destocking from wholesalers
 - Mainland China: value depletion trends flat/slightly down in Q1, but positive in June led by e-commerce, good off-trade (mainly driven by CLUB and LOUIS XIII) and improved on-trade trends
- **Strong double-digit organic sales declines in south East Asia and Travel Retail Asia**
 - Led by COVID 19 (significant on-trade restrictions in most markets of the region) and collapse in international flights/duty free purchases
 - Australia showed good resilience with strong at-home consumption

Americas

- Double digit organic sales decline mostly driven by Travel Retail Americas, Canada and LatAm, while the US showed better resilience
- Low-teen organic sales decline in the US helped by double-digit sales growth for 1738 Accord Royal
- Strong US cognac depletion trends reflect a boom in at-home consumption more than offsetting the on-trade weakness
- Value depletions: Price/mix effects of +1pp in the 12M period ending June 2020

	Volume depletion trends to June 2020		
	3 months	6 months	12 months
US Cognac/Brandy Market ⁽¹⁾	+6.2%	-2.5%	-2.0%
US Cognac/Brandy Market ⁽²⁾	+31.5%	+17.5%	+12.3%
Rémy Martin	+76.5%	+26.3%	+10.5%

Source: NABCA/Discus⁽¹⁾

Source: NABCA⁽²⁾

Europe, Middle East & Africa

- Strong double-digit decline, led by weakness in most markets as well as in Travel Retail EMEA
- Strong growth in the UK (led by at-home consumption) and Russia (easy comps)



Rémy Martin's partnership with Drizly in the US


ENHANCED SEARCH RESULTS

Shop Cognac
Then get it delivered in under 60 minutes. Boom, simple.

Enter your delivery address to shop

Drizly / Liquor / Brandy / Cognac


Cognac (468 results) Sort by: Featured



Hennessy VS Cognac

\$3.99 - \$8888.89


★★★★★ 121



Remy Martin VSOP

\$2.49 - \$160.99


★★★★★ 10



D'USSE® VSOP Cognac

\$9.00 - \$299.99


★★★★★ 40



Hennessy V.S.O.P Privilege Cognac

\$3.99 - \$249.99


★★★★★ 18



Courvoisier VS Cognac

\$9.00 - \$69.99

★★★★★ 15



Remy Martin 1738® Accord Royal

\$4.99 - \$120.00


★★★★★ 10

BANNERS ON COGNAC CATEGORY




ENHANCED PRODUCT PAGES INCLUDING RECIPES

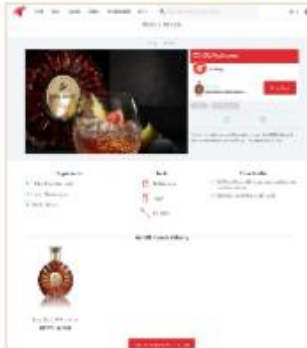
REMY GINGER



ROYAL SIDECAR



XO OLD FASHION



Liqueurs and Spirits (-17.0% OSD in Q1)

Cointreau

- Slightly positive organic growth led by strong double-digit growth in the US, mitigated by EMEA, Asia Pacific and Travel Retail
- Strong US performance led by at-home consumption and the success of Cointreau's focus on the original Margarita cocktail:
 - +25% depletion trends in the last 3 months despite the closure of the on-trade channel in the US is quite an achievement
 - Value depletions: price/mix effects of +1-2pp in the 12M period ending June 2020

	Volume depletion trends to June 2020		
	3 months	6 months	12 months
US Cordials Market ⁽¹⁾	-19.8%	-12.7%	-6.2%
US Cordials Market ⁽²⁾	-7.6%	-0.9%	0.0%
Cointreau	+25.1%	+10.8%	+9.8%

Source: NABCA/Discus⁽¹⁾ and NABCA ⁽²⁾

Metaxa

- Double-digit organic sales decline led by the shortfall in Global Travel Retail and weakness in some key European markets, while Eastern Europe proved resilient

Mount Gay

- Low double digit organic sales decline, as the gradual relaunch of the brand portfolio is starting to kick in

St-Rémy

- Double-digit organic sales decline led by the shortfall in Global Travel Retail, while the brand enjoyed strong growth in the US and in Canada

The Botanist

- Double digit organic sales decline largely driven by the shortfall in Global Travel Retail

Single-Malt Whiskies

- Double digit organic sales decline driven by the shortfall in Global Travel Retail, while domestic markets enjoyed solid growth across the world

Relaunch of Mount Gay's portfolio range



2020/21 Outlook

- On the heels of **better than expected Q1 sales** and **unchanged Q2 expectations** (« moderate organic sales decline »)...
- ...**Rémy Cointreau now anticipates its H1 2020/21 COP to decline by 35-40% in organic terms** (vs. -45%/-50% previously);
- Despite limited visibility, the Group expects a **strong rebound in H2 2020/21**, led by the US and Mainland China



RÉMY COINTREAU