

Sales for the First Half 2020/21 ending 30 September 2020

OCTOBER 20th, 2020

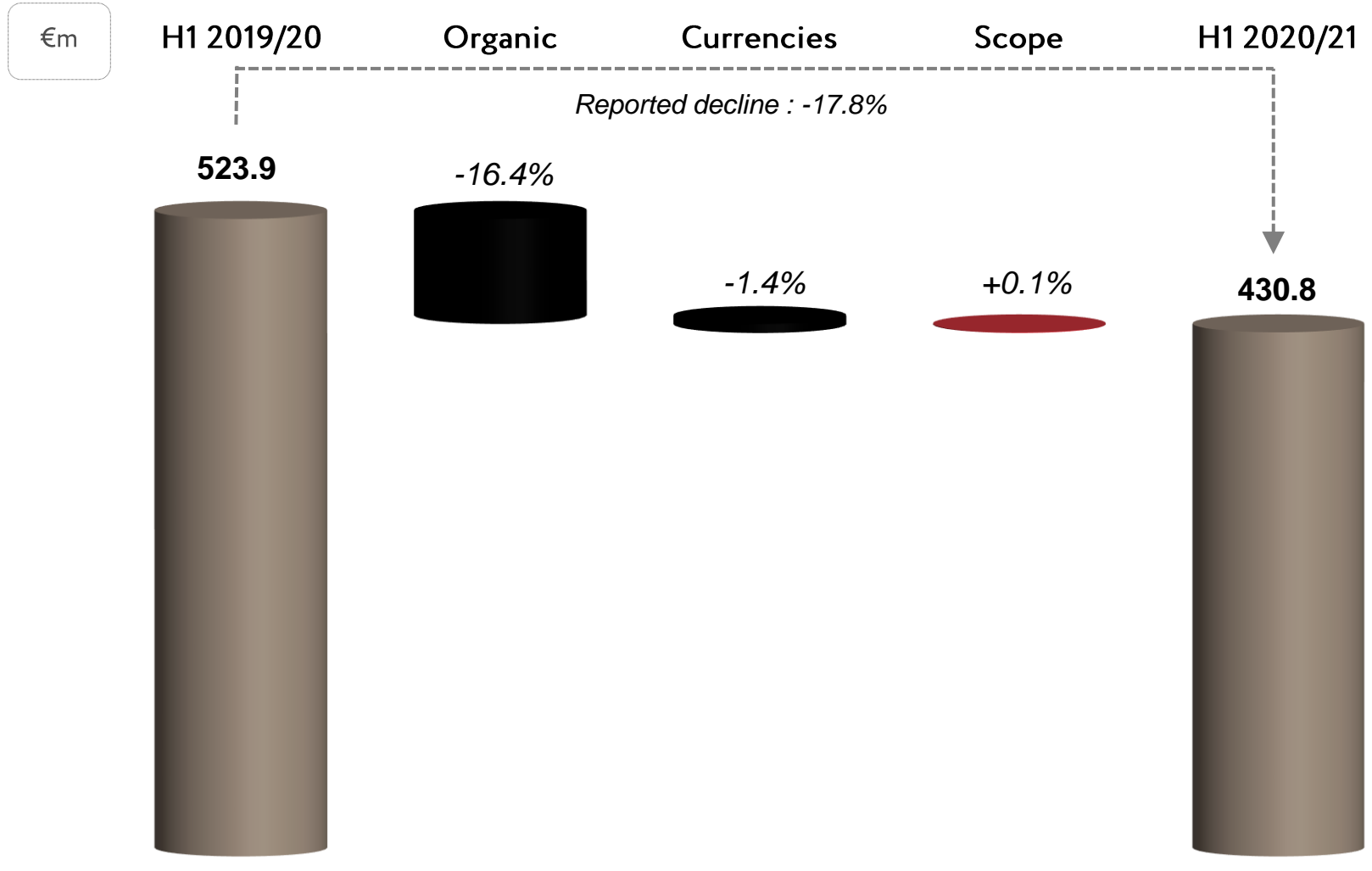


RÉMY COINTREAU

H1 2020/21 Sales : Key Messages

- **COVID-19 pandemic strongly impacted our business in H1:**
 - On-trade channel (bars and clubs particularly) still closed in many markets, restrictions on spirits sales in some markets and collapse in duty free sales (along with international airline traffic).
 - Main exception is China Mainland, where both off and on-trade channels have normalized since June.
 - Suffered from worldwide destocking efforts by wholesalers
- **H1 2020/21 sales down 16.4% in organic terms: After a 33.2% decline in Q1, Q2 marked a significant improvement (-4.0%)**
- **H1 2020/21 value depletion trends showing good growth, largely driven by the US and Mainland China**
 - **Asia Pacific:** double-digit decline driven by South-East Asia and Japan, partially offset by robust trends in China Mainland (strong sell-out during “Mid Autumn Festival”), Taiwan and Australia
 - **Americas:** very strong double-digit increase driven by booming at-home consumption in the US, partially offset by weakness in Canada and strong declines in LatAm
 - **EMEA:** low-single digit decline as weakness in Africa and Southern Europe was partially offset by robust growth in the UK and Germany.
 - **Global Travel Retail:** collapsing trends in all regions, with little sign of improvement
- **2020/21 outlook:**
 - Better than expected geographical mix in H1
 - **H1 2020/21 COP now expected to decline by -25/-30% in organic terms** (vs. -35%/-40% previously)
 - Despite limited visibility, we continue to anticipate a strong rebound in H2, led by the US and Mainland China

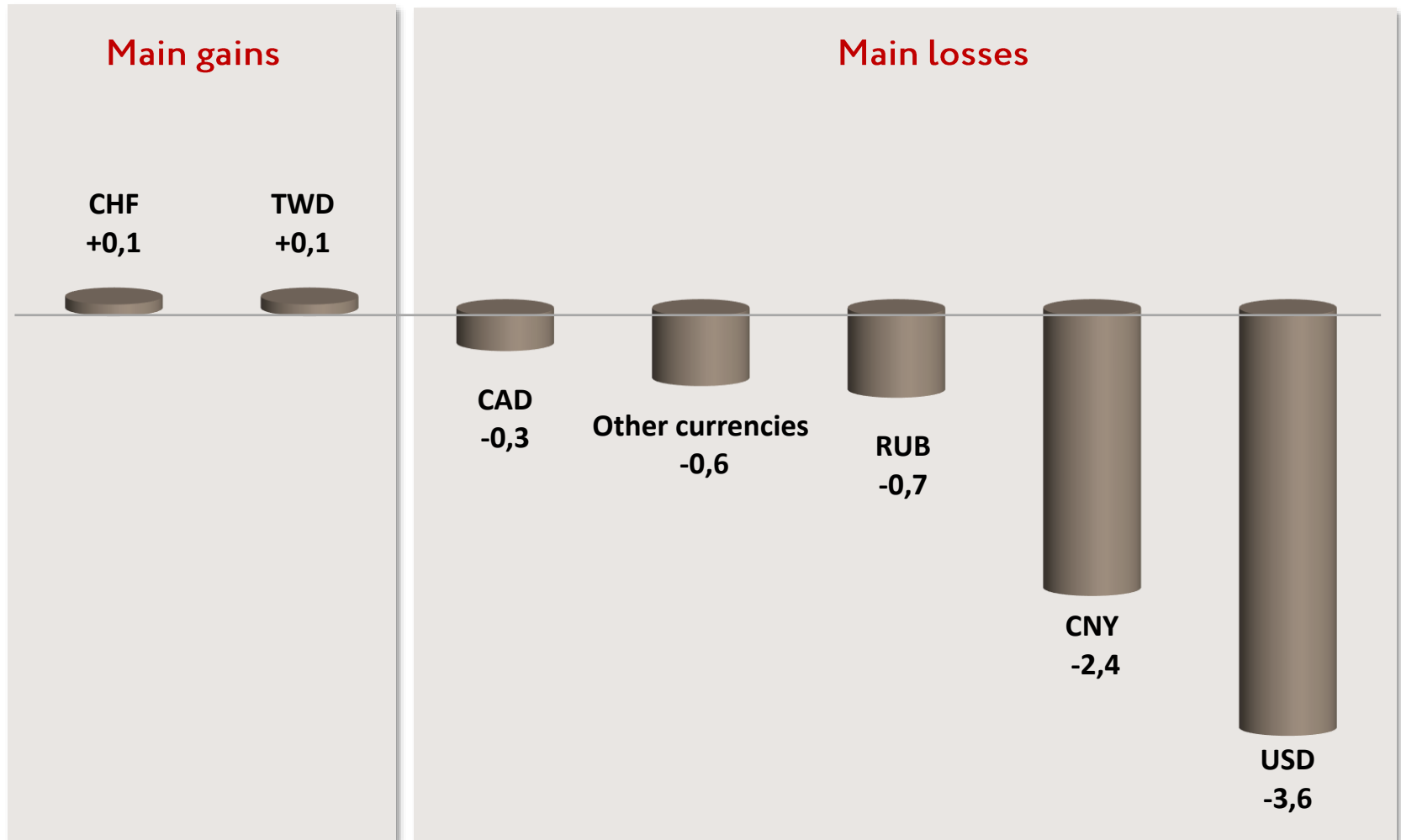
H1 2020/21 Sales Analysis



Currency Impact on H1 2020/21 Sales

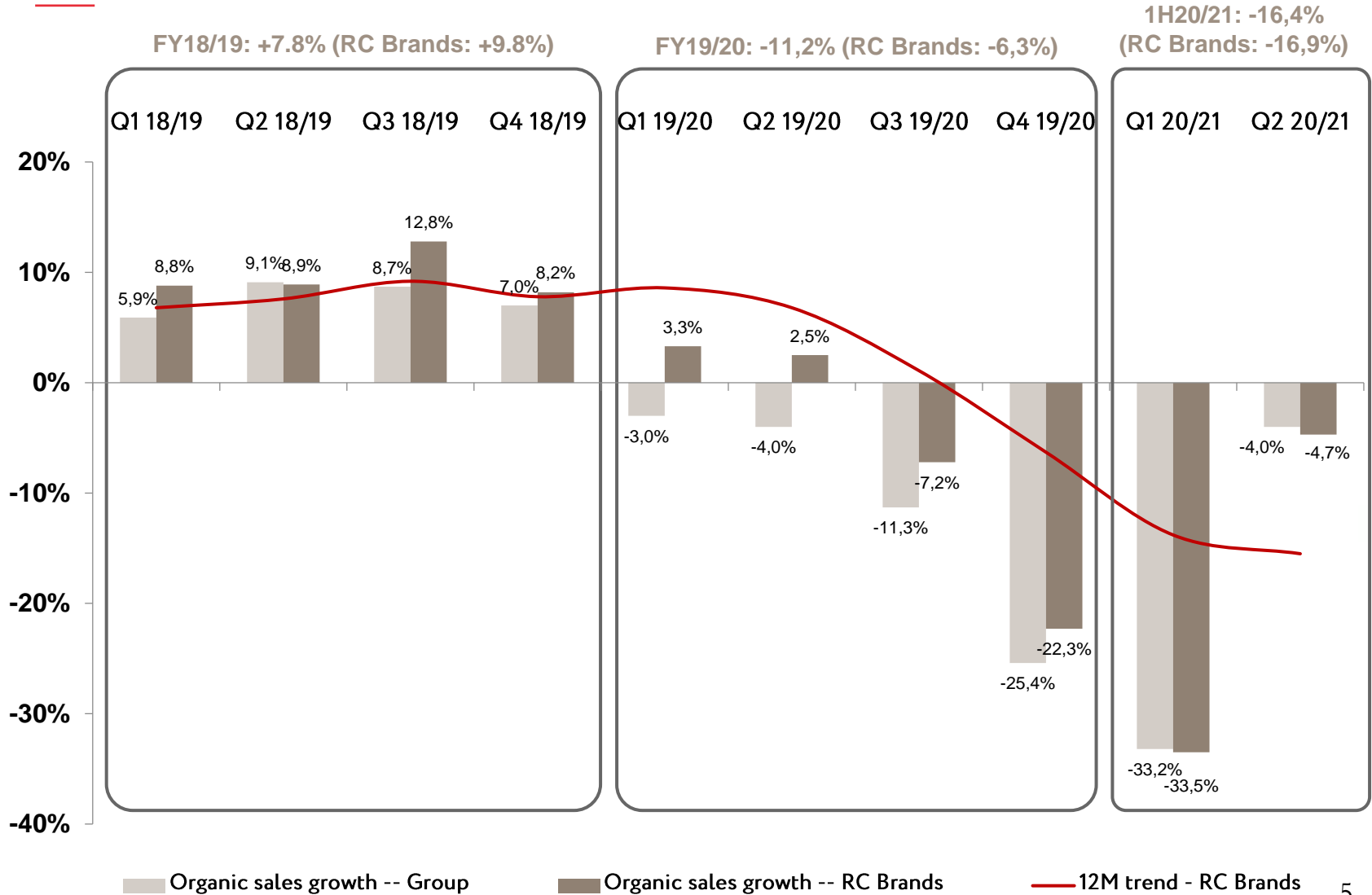
Currency translation loss of 7.4 million euros

€m

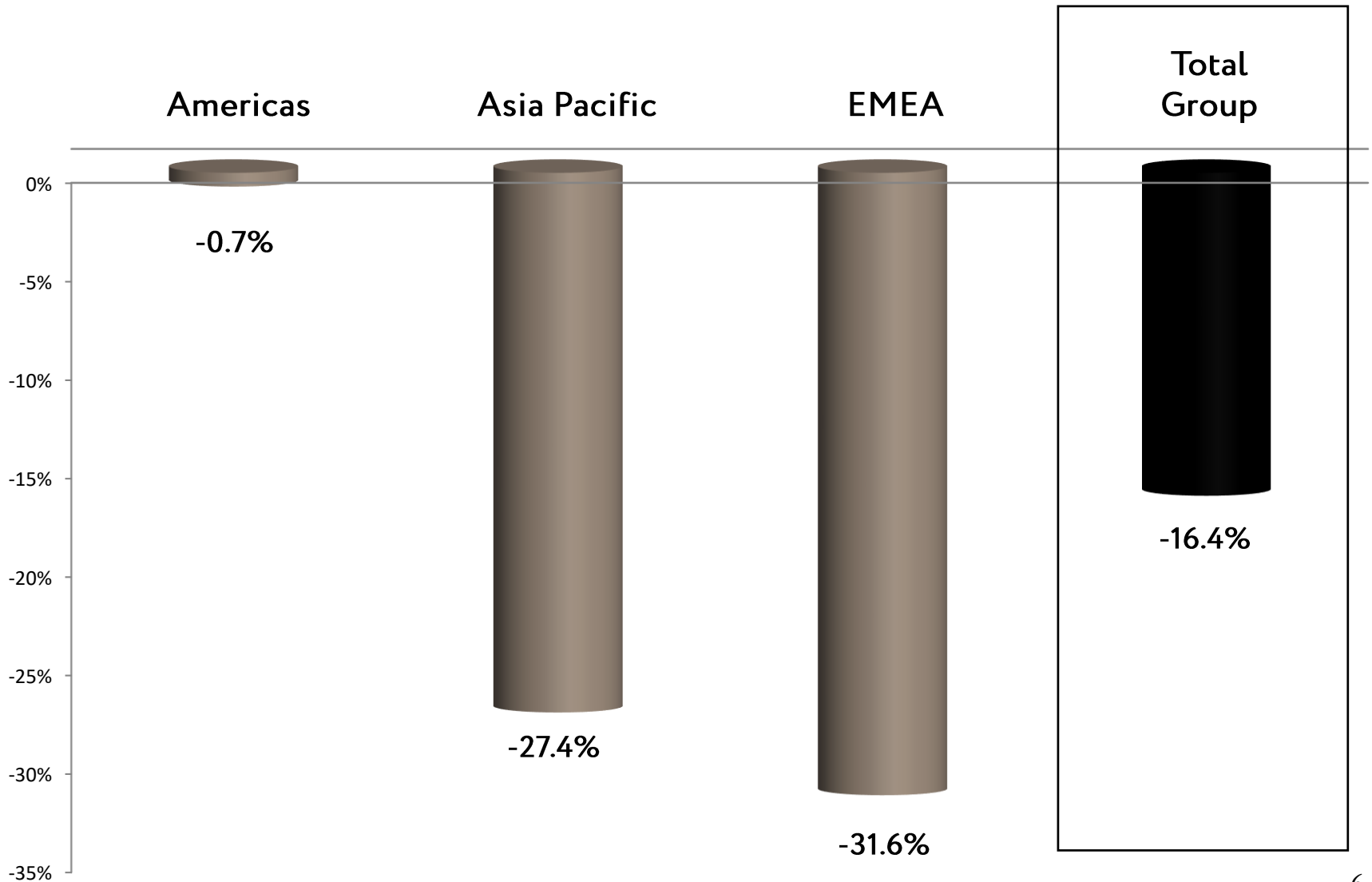




Quarterly Organic Sales Growth



H1 2020/21 Organic Growth by Region



H1 2020/2021 Organic Sales Trends by Region

Asia-Pacific organic sales down 27.4% in H1, despite solid recovery in China Mainland

- **Greater China down mid-single digits** in organic terms:
 - Good sales growth in China Mainland and Taiwan, more-than-offset by a weak performance in HK and Macau
 - Recovery on track in China mainland: value depletion trends up mid-to-high-single digits in H1, led by double-digit growth in Q2; Robust “Mid Autumn Festival” trends, led by Rémy Martin and the Scottish 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. Strong performance in Australia (at-home cocktail consumption) in H1
- **Travel Retail Asia** : duty free sales penalized by the collapse in airline traffic

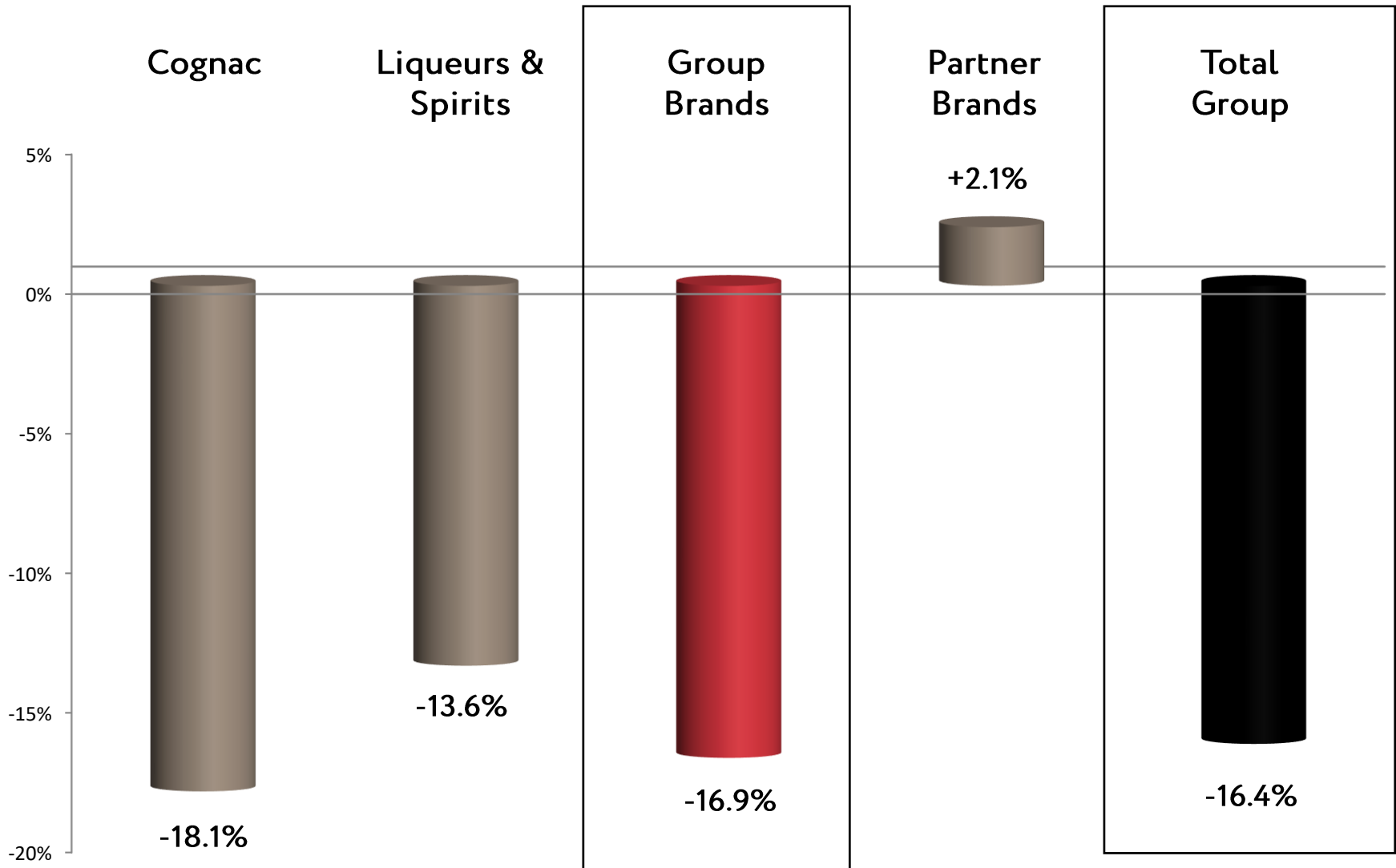
Americas organic sales down 0.7% in H1, led by a double-digit rebound in the US in Q2

- **US:** high-single digit growth in H1, led by Rémy Martin, Cointreau and the Scottish single-malt whiskies. Solid double-digit growth in Q2
 - Remy Cointreau brands continued to grow ahead of the market in Q2, driven by impressive uptrading consumption patterns, strong appetite for legacy brands, buoyant at-home cocktail trends and robust e-retail
 - Group Brands’ value depletions continued to outpace sales growth : +55.6% over 3M, +56.2% over 6M, +25.1% over 12M
- **Canada** : weak performance led by downtrading consumer trends penalizing cognac
- **LatAm** : strong double-digit decline due to weak domestic consumption and a fall in tourism
- Ongoing poor performance of the **Travel Retail channel**

EMEA organic sales down 31.6% in H1, despite improved trends in Western Europe in Q2

- **Weak performance largely driven by Africa, Middle East, Southern and Central Europe**, as their key on-trade channel remained largely closed over the period.
- **Some bright spots in Western Europe mitigated the decline:** The UK continued to enjoy strong at-home consumption, while Germany, Spain and Benelux benefited from a good summer season (re-opening of bars and restaurants)
- Continuing poor performance of the **Travel Retail channel**

H1 2020/21 Organic Growth by Division



Cognac (-18.1% OSD in H1)

Asia-Pacific

- **Greater China: mid-single digit organic sales decline, despite good growth in Mainland China and Taiwan**
 - Good growth in Mainland China and in Taiwan (little impact from COVID) was more than offset by strong declines in Hong-Kong and Macau, hit by poor on-trade consumption and ongoing destocking from local wholesalers
 - Mainland China confirmed its recovery in Q2, with double-digit value depletion trends after a flattish Q1. Robust Mid Autumn Festival performance bodes well for the remainder of the year. Ongoing strength in e-commerce sales.
- **Strong double-digit organic sales declines in south East Asia and Travel Retail Asia continued into Q2**
 - Measures to fight against COVID 19 led to significant on-trade restrictions in most markets of the region and a collapse in international flights/duty free purchases over the period

Americas

- Low-single digit organic sales growth in H1 was driven by the US while Travel Retail Americas, Canada and LatAm were very weak
- US: High-single digit organic sales growth in H1, driven by 1738 Accord Royal, VSOP and Tercet
- Excellent US cognac depletion trends continued into Q2, fueled by ongoing strength in at-home consumption
- Value depletions: flat price/mix effects in the 12M period ending September 2020

	Volume depletion trends to September 2020		
	3 months	6 months	12 months
Cognac market Nielsen	+43.4%	+41.8%	23.9%
Cognac market NABCA	+58.9%	+45.4%	+24.1%
Cognac market NABCA/Discus	+31.3%	+19.7%	+1.6%
Rémy Martin	+69.0%	+72.9%	+28.7%

Source: Nielsen, NABCA, NABCA/Discus

Europe, Middle East & Africa

- Strong double-digit decline, led by further weakness in most markets as well as in Travel Retail EMEA
- The UK was the only dynamic market in the region, led by at-home consumption



Rémy Martin's « Flavor by the Grill » : teaming up with chef Kwame Onwuachi

Kwame Onwuachi and Rémy Martin teamed up to create a series of 4 videos “Flavor by the Grill”, where the chef creates regional bbq classics on the grill paired with Rémy Martin cocktails





Rémy Martin & Louis XIII: new pop-up and boutique openings in China

REMY MARTIN
INTERACTIVE POP-UP STORE
IN XIAMEN MIX C



LOUIS XIII
OPENING OF OUR 3RD CHINESE BOUTIQUE
IN SHEN ZHEN MIX C



Liqueurs and Spirits (-13.6% OSD in H1)

Cointreau

- Slight organic sales decline: robust growth in the US, the UK, Germany, Belgium and Australia was offset by weakness in the rest of Europe, Asia Pacific and Travel Retail
- Ongoing strength in at-home consumption (success of the original Margarita cocktail) continued to offset the on-trade weakness:
 - +24% depletion trends in the last 3 and 6 months
 - Value depletions: price/mix effects of +2pp in the 12M period ending September 2020

	Volume depletion trends to September 2020		
	3 months	6 months	12 months
Cordials market Nielsen	+23.4%	+31.6%	14.8%
Cordials market NABCA	+9.3%	+1.0%	+1.9%
Cordials market NABCA/Discus	+2.5%	-7.6%	-6.2%
Cointreau	+23.8%	+24.4%	+13.0%

Source: Nielsen, NABCA, NABCA/Discus

Metaxa

- Double-digit organic sales decline led by the shortfall in Global Travel Retail and a poor summer season in Greece; Good resilience in Germany and in Eastern Europe

Mount Gay

- Double-digit decline driven by weakness in the Barbados and in Travel Retail; Good growth in the US and in the UK

St-Rémy

- Double-digit organic sales decline due to the shortfall in Global Travel Retail, while the brand enjoyed strong growth in the US, where the brandy-based sangria has been a successful cocktail over the summer

The Botanist

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

Single-Malt Whiskies

- Strong rebound in Q2 drove nearly flat sales in H1; growth in all three macro-regions was offset by the ongoing shortfall in Global Travel Retail sales

Liqueurs & Spirits new launches

PORT CHARLOTTE OLC: 01
2010



ST-REMY CASK FINISH COLLECTION
OLOROSO SHERRY CASKS



Acquisition of the champagne J. de Telmont



2020/21 Outlook

- Better than expected **geographical mix** in H1
- **H1 2020/21 COP now expected to decline by -25/-30% in organic terms**
(vs. -35%/-40% previously)
- Despite limited visibility, we continue to anticipate a **strong rebound in H2**
(starting from Q3), led by the US and Mainland China



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