

# 2020/21 First Half Results

NOVEMBER 26<sup>th</sup>, 2020



RÉMY COINTREAU



# Introduction

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MARC HÉRIARD-DUBREUIL, PRESIDENT



RÉMY COINTREAU

# RC H1 2020/21 earnings showing resilience despite global pandemic

Ending September, in €m	2020/21	CHANGE	
		Reported	Organic
<b>Sales</b>	<b>430.8</b>	<b>-17.8%</b>	<b>-16.4%</b>
<i>of which Group Brands</i>	417.5	-18.3%	-16.9%
<b>Current Operating Profit</b>	<b>106.2</b>	<b>-23.2%</b>	<b>-22.5%</b>
<i>of which Group Brands</i>	112.2	-24.1%	-23.4%
<b>Current operating margin</b>	<b>24.7%</b>	<b>-1.7pp</b>	<b>-1.9pp</b>
Net profit (Group share)	65.0	-28.1%	-28.5%
Earnings per share	1.30	-28.3%	-
<b>Net Profit - excluding non-recurring items</b>	<b>65.2</b>	<b>-23.0%</b>	<b>-23.6%</b>
Net profit ENR margin	15.1%	-1.1pp	-1.4pp
<b>Earnings per share (in €) excluding non-recurring items</b>	<b>1.31</b>	<b>-23.1%</b>	<b>-</b>
Net debt / EBITDA ratio:	2.04	+0.65	-

# Business Review

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ERIC VALLAT, CHIEF EXECUTIF OFFICER



RÉMY COINTREAU

# Good margin resilience

## Sales down 16.4%\* amid a global pandemic

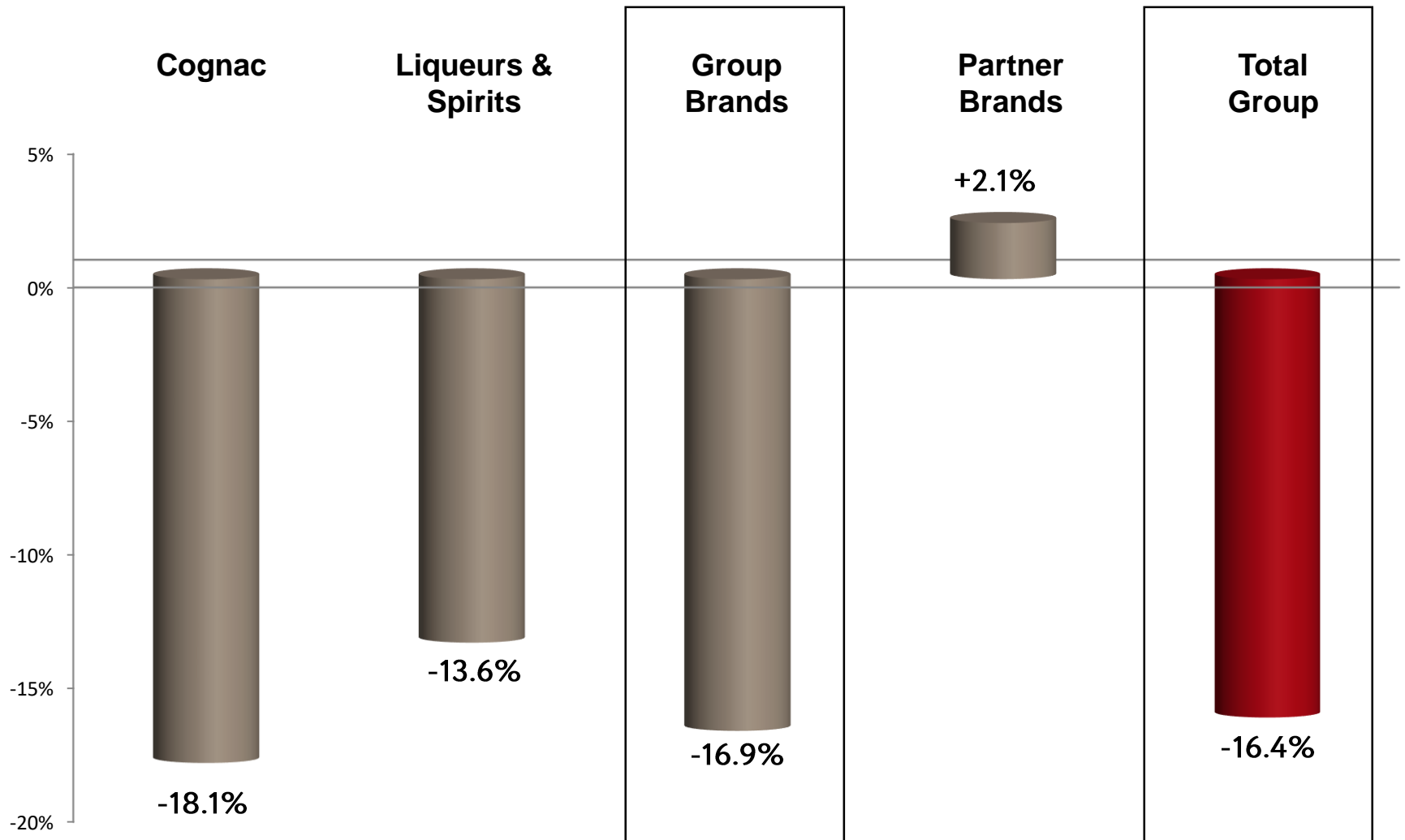
- Very weak on-trade channel across the world and collapse in global duty free spend, partially offset by strong off-trade consumption in the US and a gradual recovery in China Mainland
- **Group sales down 4.0%\* in Q2** after a 33.2%\* decline in Q1

## Current Operating Margin showing resilience at 24.7%

- **Gross Margin down 2.1pp\***, due to lower volumes and adverse product mix
- **A&P ratio down a limited 0.6pp\***, as a cut in non-strategic investments was partially offset by a significant step-up in digital spend
- **Distribution/Structure costs well under-control** (ratio +0.4pp\*) thanks to cost-cutting measures
- **Slightly favorable currency effects** (+0.2pp)

**Adjusted Net profits (ENRI) stand at EUR65.2M (-23.0%) and Net Profit margin at 15.1%**

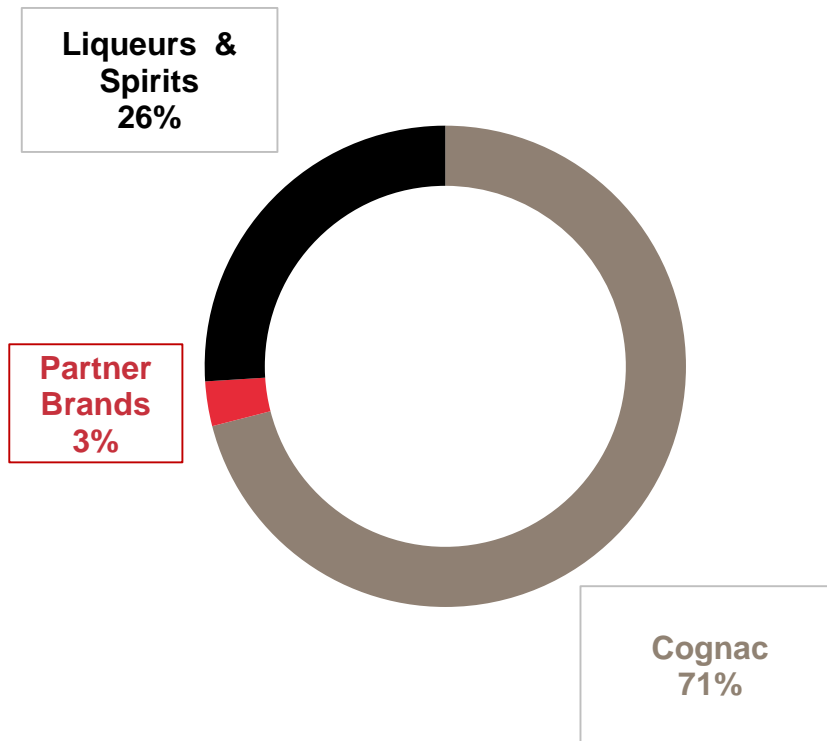
# Sales Growth by Product Division



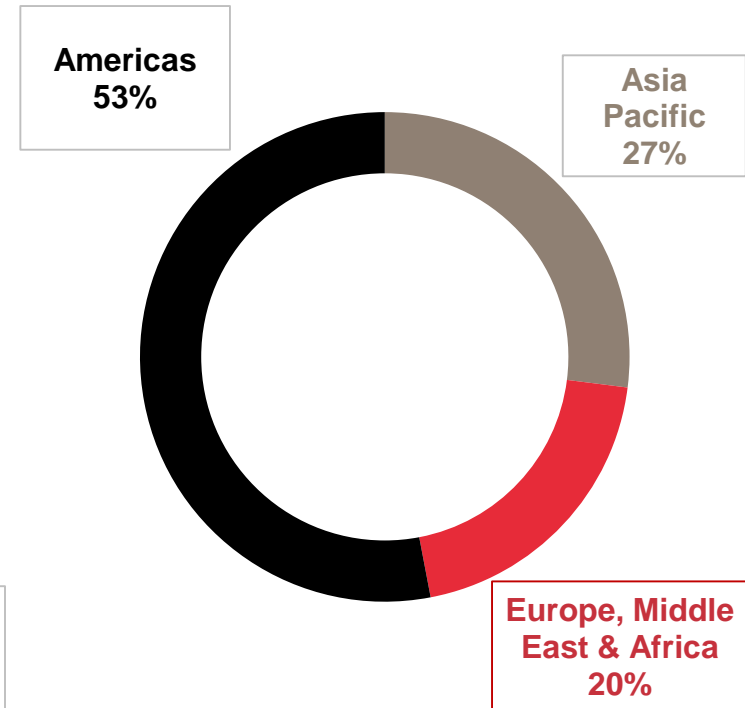
# Breakdown of Group sales

Total sales: 430.8M€

## By Division



## By Region

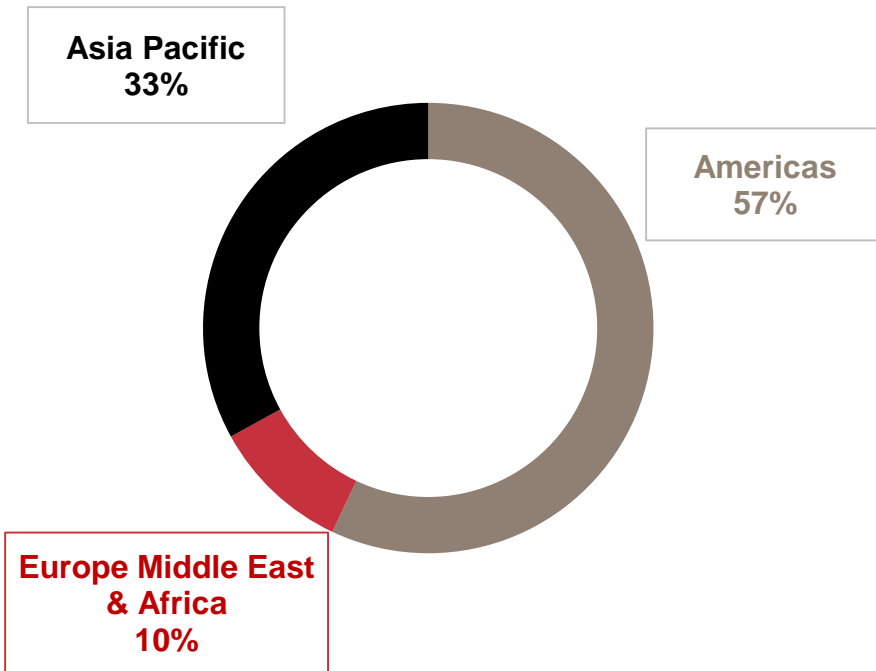


# Breakdown by region

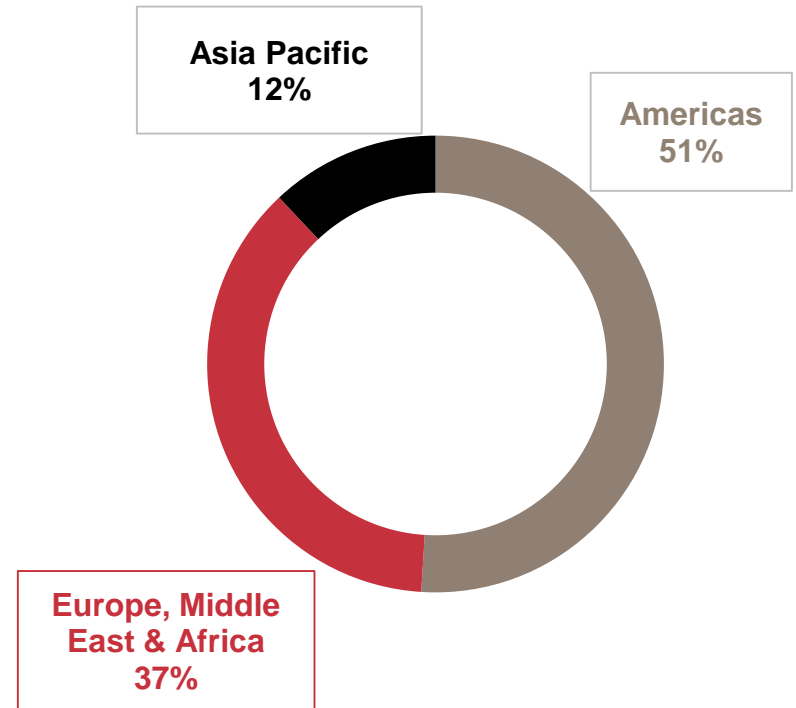
## Group Brands

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**Cognac**  
**€305.4M**



**Liqueurs & Spirits**  
**€112.1M**

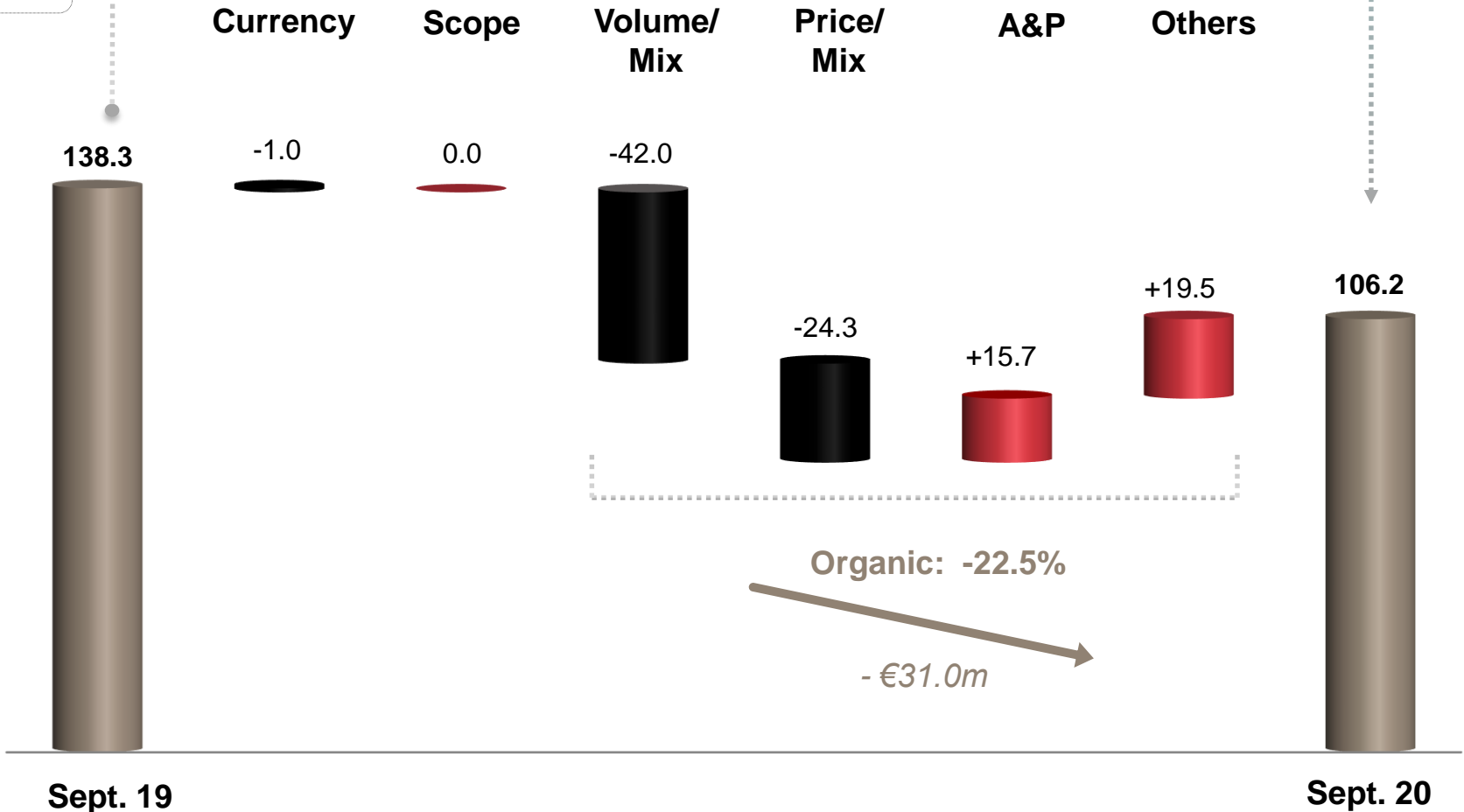




# Current Operating Profit

Reported decline: -23.2%

(€m)



Sept. 19

COP/Sales: 26.4%

Sept. 20

COP/Sales: 24.7%

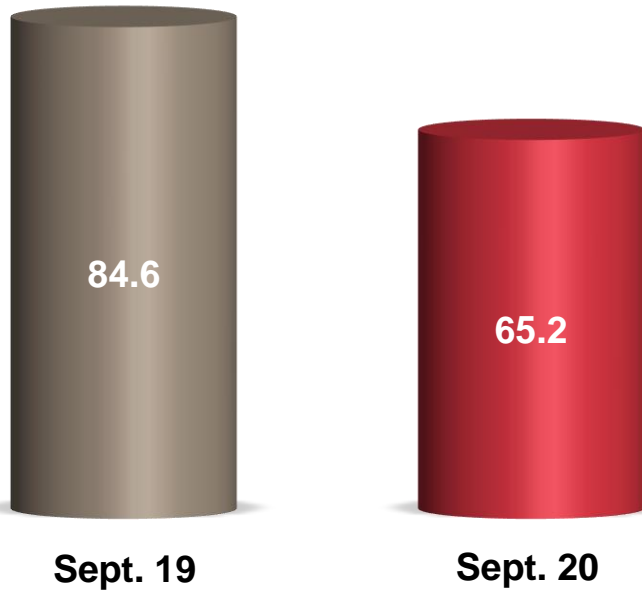
(Org: 24.5%)

# Net Profit

(€m)

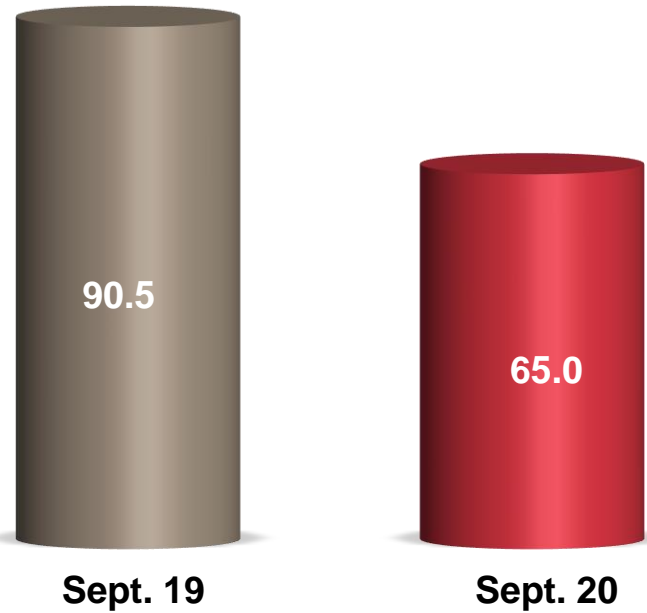
## Net profit excluding non-recurring items

*Reported -23.0%*  
*-23.6% organic change*



## Net profit Group share

*Reported -28.1%*  
*-28.5% organic change*



# Cognac

Organic sales decline of 18.1% (volumes -8.1%)

## Asia Pacific

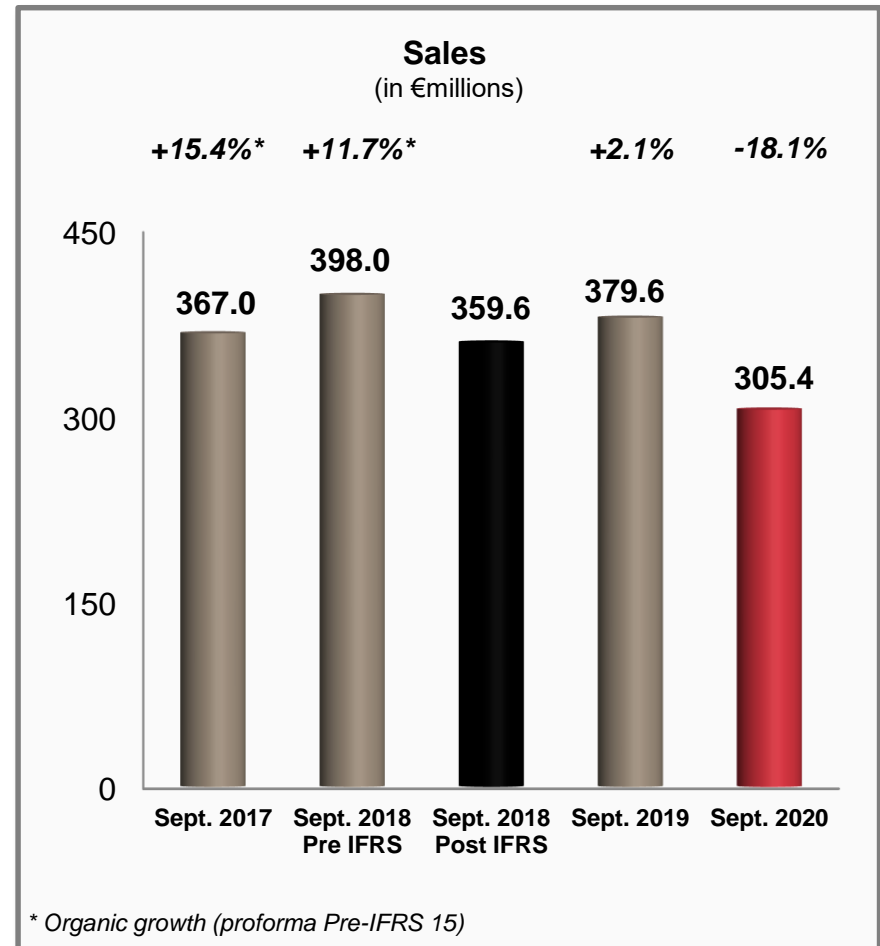
- Recovery in Mainland China more than offset by weakness in South East Asia and Travel Retail Asia
- Strong Mid-Autumn Festival

## Americas

- Low-single digit organic sales growth led by a good performance in the US (albeit well below sell-out trends), mitigated by weak Travel Retail Americas, Canada and LatAm

## EMEA

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





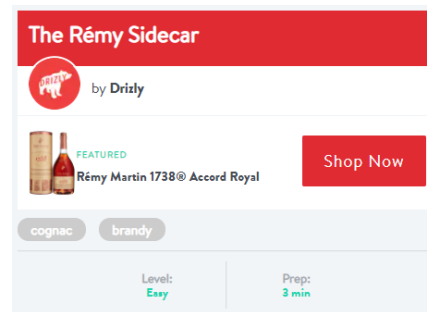
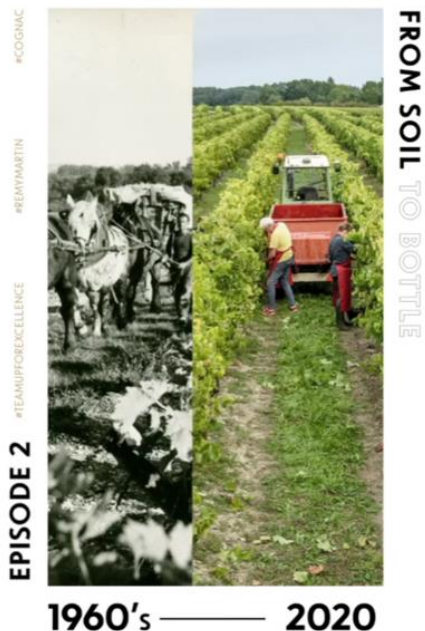
# Marketing initiatives

## Getting stronger during the pandemic crisis

Education on product superiority

At home entertainment to increase brand relevance

Leverage e-commerce





# Marketing initiatives

## Investing for the future

### NEW BOUTIQUES AND POP UPS



### BUILDING A PROPRIETARY E-COMMERCE OFFER

## LOUIS XIII The Classic Decanter

The LOUIS XIII Classic decanter has remained the ultimate expression of our finest eaux-de-vie blend since 1874, containing up to 1,200 eaux-de-vie from Grande Champagne terroir.

70cl 40% £3,000

Standard Delivery ©

ENGRAVE

PURCHASE

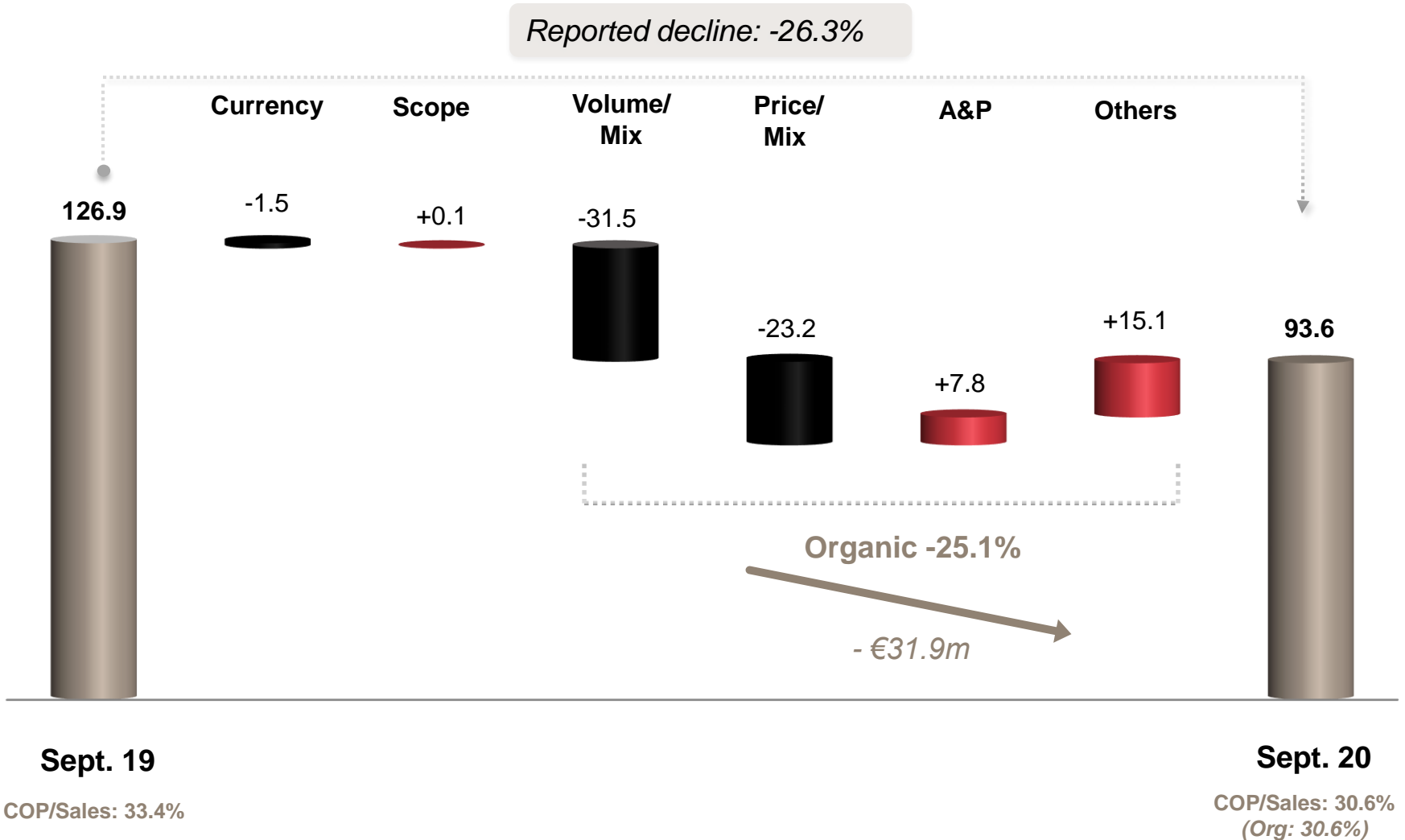


### STRENGTHENING OUR CRM



# Cognac

Current operating profit (€m)



# Liqueurs & Spirits

Organic sales decline of 13.6% (volumes -18.6%)

## 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

## 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

## St-Rémy

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

## Mount Gay

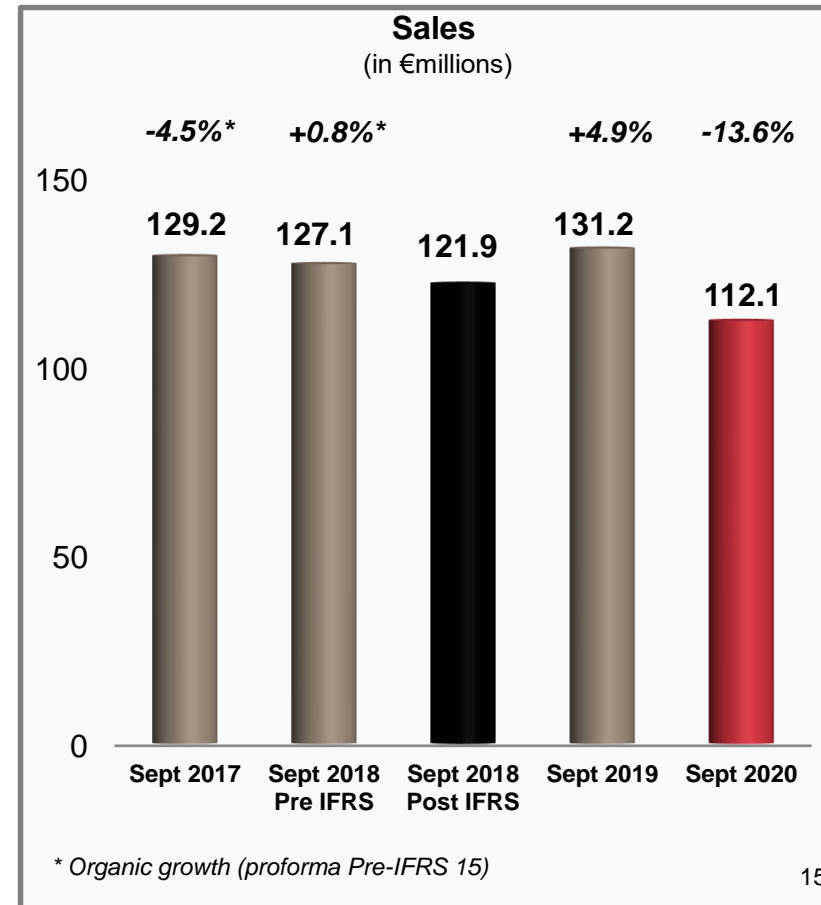
- **Double-digit decline** driven by weakness in the Barbados and in Travel Retail; Good growth in the US and in the UK

## The Botanist

- **Double digit organic sales decline** largely driven by the shortfall in Global Travel Retail; Good depletion trends in the US

## Single-Malt Whiskies

- **Strong rebound in Q2 drove nearly flat sales in H1;** growth in all three macro-regions was offset by very low Global Travel Retail sales



# Marketing initiatives

Getting stronger during the pandemic crisis

Assert our  
Cocktail legitimacy



Aimé par mayamieparis et 550 autres personnes

cointreau Summer is in full swing, and when the heat kicks in, there's nothing better than a frozen libation to cool down. For this #MargaritaMonday, we're making an iced version of the 70-year-old classic, the frozen Margarita.

Leverage e-commerce

Rémy Cointreau x Drizly:  
The virtual cocktail studio



Show agility  
To seize opportunities





# Marketing initiatives

Investing for the future

New product launches

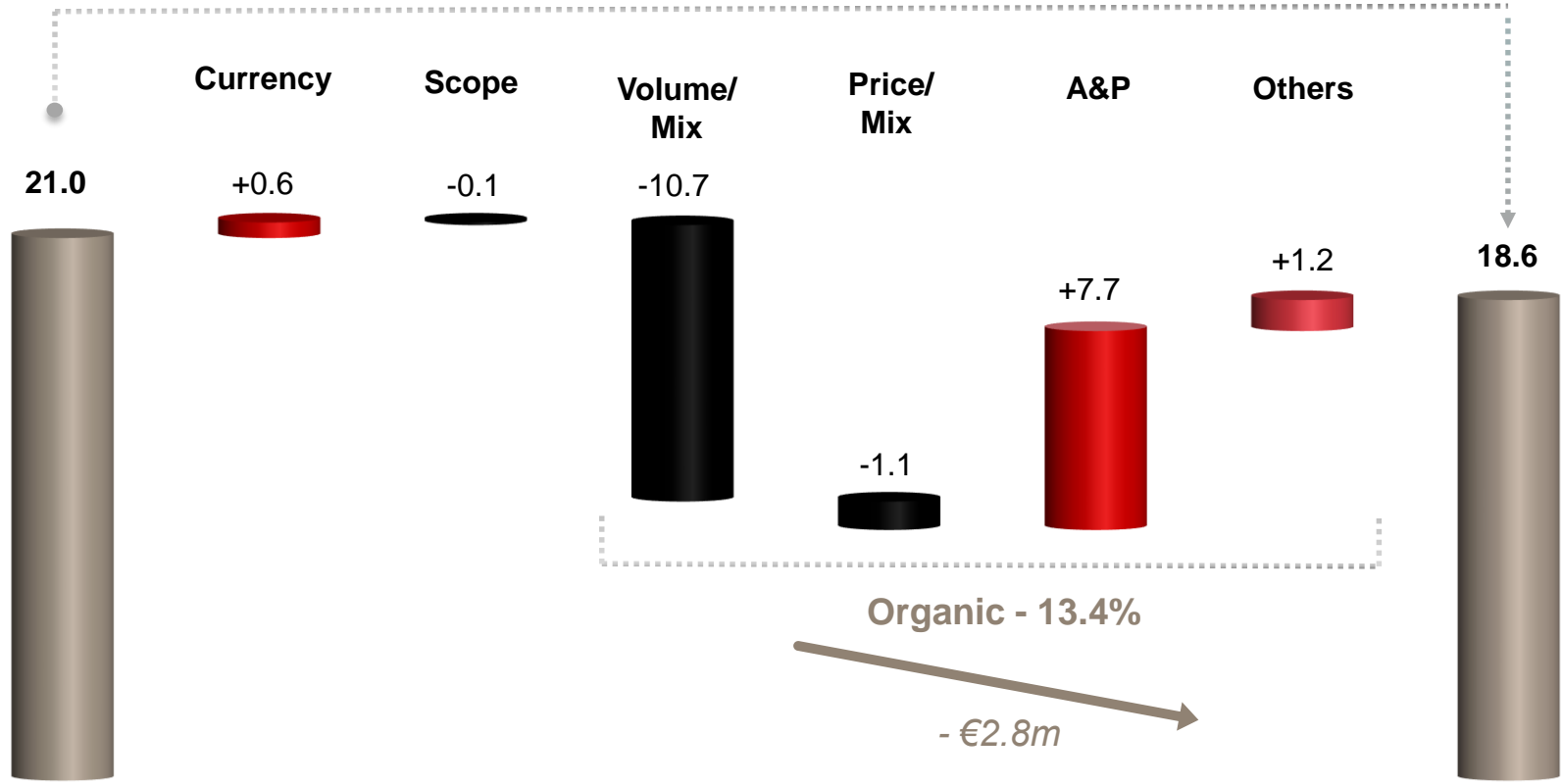
Investing behind awareness and desirability



# Liqueurs & Spirits

Current operating profit (€m)

Reported decline: -11.1%



Sept. 19

COP/Sales: 16.0%

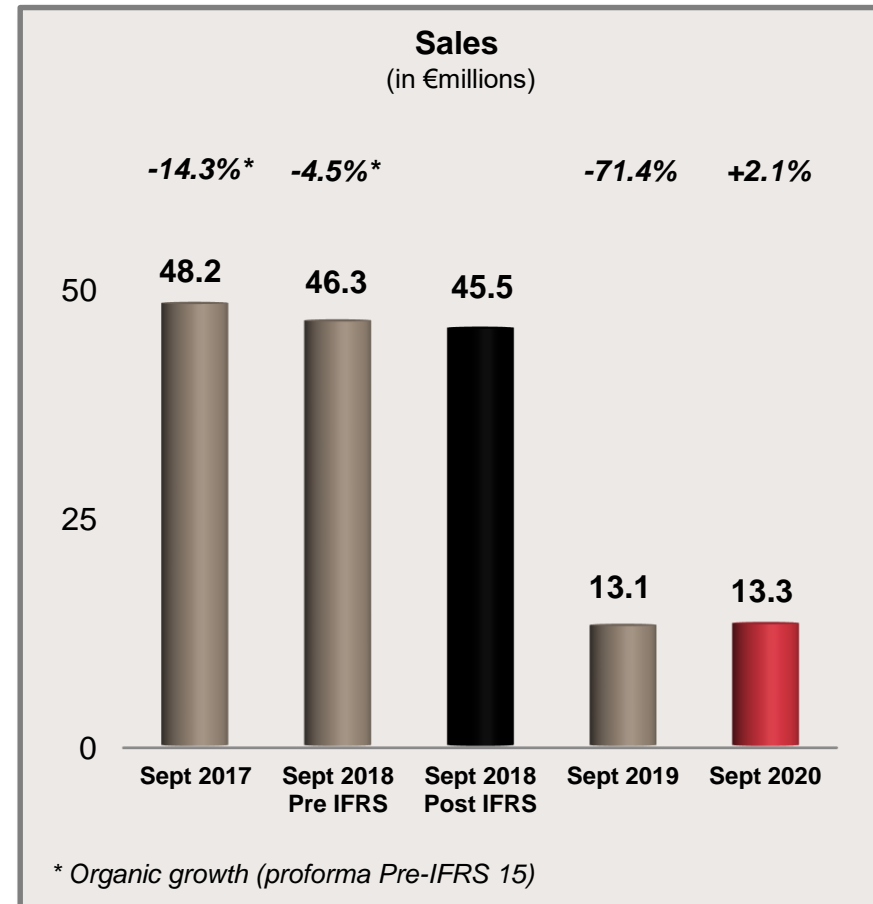
Sept. 20

COP/Sales: 16.6%  
(Org: 16.0%)

# Partner Brands

Organic sales growth of 2.1% (volumes -6.5%)

- Growth in H1 was driven by a 26.5% rebound in Q2, helped by the strong performance of key Belgium market during the summer
- Thanks to cost-cutting measures and improved value per case, Partner Brands' COP was a €0.5M gain in H1 2020/21 (versus a €0.6M loss in the year-ago period)



# Financial Results

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LUCA MAROTTA, CHIEF FINANCIAL OFFICER

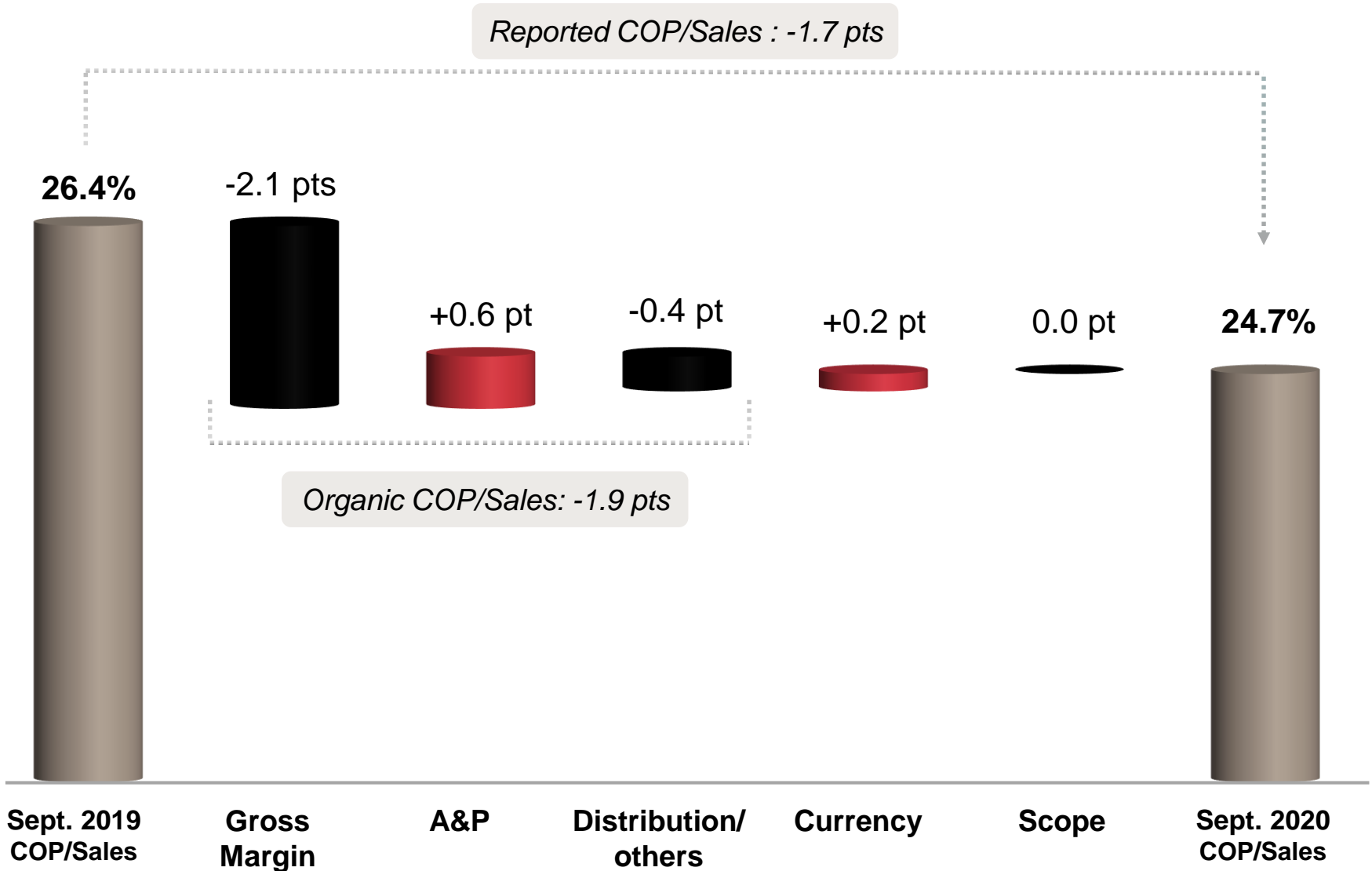


RÉMY COINTREAU

# Current Operating Profit

Ending September, in €m	2020/21	2019/20	CHANGE	
			Reported	Organic
Net Sales	430.8	523.9	-17.8%	-16.4%
<b>Gross Profit</b>	<b>278.6</b>	<b>348.3</b>	<b>-20.0%</b>	<b>-19.1%</b>
• <i>in %</i>	64.7%	66.5%	-1.8pp	-2.1pp
• Sales and marketing expenses	(128.6)	(159.2)	-19.2%	-17.6%
• Administrative expenses	(43.8)	(50.8)	-13.9%	-14.3%
<b>Current Operating Profit</b>	<b>106.2</b>	<b>138.3</b>	<b>-23.2%</b>	<b>-22.5%</b>
<b>Current operating margin</b>	<b>24.7%</b>	<b>26.4%</b>	<b>-1.7pp</b>	<b>-1.9pp</b>

# Current Operating Margin



# Net profit

Ending September, €m	2020/21	2019/20	CHANGE	
			Reported	Organic
<b>Current Operating Profit</b>	<b>106.2</b>	<b>138.3</b>	<b>-23.2%</b>	<b>-22.5%</b>
Other operating income (expenses)	(0.2)	(0.6)	-	-
<b>Operating profit</b>	<b>106.0</b>	<b>137.7</b>	<b>-23.0%</b>	<b>-22.1%</b>
Net financial income (charge)	(8.0)	(14.4)	-	-
<b>Pre-tax profit</b>	<b>98.0</b>	<b>123.3</b>	<b>-20.5%</b>	<b>-21.0%</b>
Taxes	(33.1)	(39.1)	-	-
Tax rate	33.8%	31.7%	+2.1pp	+2.1pp
Share profit (loss) of associated companies	0.0	0.0	-	-
Net profit from discontinued operations, halted or sold	0.0	6.3	-	-
Minority Interest	0.1	0.0	-	-
<b>Net profit Group share</b>	<b>65.0</b>	<b>90.5</b>	<b>-28.1%</b>	<b>-28.5%</b>
<b>Net profit (excluding non-recurring items)</b>	<b>65.2</b>	<b>84.6</b>	<b>-23.0%</b>	<b>-23.6%</b>
<b>Net margin (excluding non-recurring)</b>	<b>15.1%</b>	<b>16.2%</b>	<b>-1.1pp</b>	<b>-1.4pp</b>

# Non-recurring items

Ending September, €m	2020/21	2019/20
<b>Net profit – Group share</b>	<b>65.0</b>	<b>90.5</b>
Other operating income and expenses	0.2	0.6
Taxes on “Other operating income and expenses”	(0.1)	(0.2)
Net profit (net loss) from discontinued operations	0.0	(6.3)
<b>Net profit excluding non-recurring items – Group share</b>	<b>65.2</b>	<b>84.6</b>



# Net debt/ Cash Flow

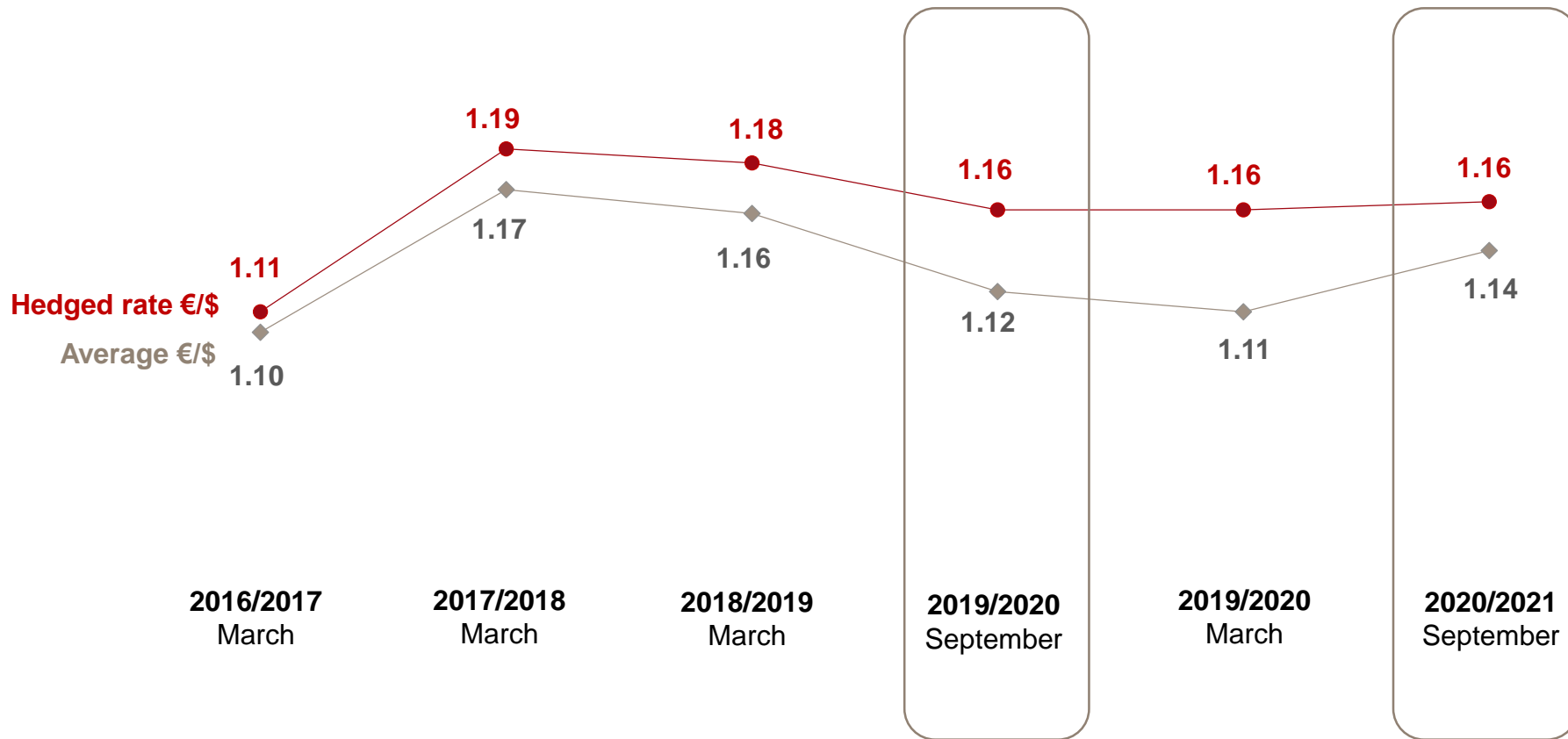
Ending September, in €m	2020/21	2019/20	Change
<b>Opening net financial debt (1 April)</b>	<b>(450.9)</b>	<b>(343.3)</b>	<b>(107.6)</b>
Gross operating profit (EBITDA)	123.8	155.8	(32.0)
WCR of eaux-de-vie and spirits in ageing process	23.4	2.5	21.0
Other working capital items	(64.5)	(77.1)	12.6
Capital expenditure	(20.5)	(26.1)	5.5
Financial expenses	(7.3)	(8.5)	1.2
Tax payments	(22.4)	(41.6)	19.3
<b>Total recurring free cash flow</b>	<b>32.5</b>	<b>5.0</b>	<b>27.5</b>
Dividends	0.0	(132.0)	132.0
Other proceeds from asset acquisitions/disposals	(9.5)	12.1	(21.5)
Conversion differences and others	2.4	1.0	1.4
Equity component of OCEANE bond	(1.8)	(1.8)	0.0
<b>Other cash flow</b>	<b>(8.9)</b>	<b>(120.7)</b>	<b>111.8</b>
<b>Total cash flow for the period</b>	<b>23.6</b>	<b>(115.6)</b>	<b>139.3</b>
<b>Closing net financial debt (30 September)</b>	<b>(427.3)</b>	<b>(458.9)</b>	<b>31.6</b>
<b>A Ratio (Net debt/EBITDA)</b>	<b>2.04</b>	<b>1.39</b>	<b>+0.65</b>

# Net financial expenses

Ending September, €m	2020/21	2019/20
Gross debt servicing costs	(6.1)	(6.3)
Net currency gains (losses)	(0.6)	(2.4)
Other financial expenses (net)	(1.3)	(5.7)
<b>Net financial income (charges)</b>	<b>(8.0)</b>	<b>(14.4)</b>

# Foreign exchange

## Hedging impact



# Foreign exchange

## Hedging impact

	2015/ 16	2016/ 17	2017/ 18	2018/ 19	2019/ 20	<b>2020/ 21E</b>
Average EUR/USD exchange rate	1.10	1.10	1.17	1.16	1.11	<b>1.16</b>
Average EUR/USD hedged rate	1.23	1.11	1.19	1.18	1.16	<b>1.16</b>
Total sales impact (in €m)	82.7	(5.7)	(48.9)	1.5	24.5	<b>(40.0)</b>
Total COP impact (in €m)	12.9	23.6	(18.5)	(6.8)	9.1	<b>(5.0)</b>

**Note:** Estimated impact on 2020/21 sales and COP is based on an average exchange rate and an average hedged rate assumption of **USD1.16/EUR**.

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€4-5M gain on sales and a c€3M gain on COP, all things alike.

# Balance sheet at 30 September 2020

(€m)

	Sept. 2020	<i>in %</i>	Sept. 2019	<i>in %</i>	Sept. 2020	<i>in %</i>	Sept. 2019	<i>in %</i>		
<b>Non-current assets</b>	<b>864</b>	<b>33%</b>	<b>932</b>	<b>36%</b>	<b>Shareholders' equity</b>	<b>1,466</b>	<b>56%</b>	<b>1,383</b>	<b>54%</b>	
<b>Current assets</b>	<b>1,662</b>	<b>64%</b>	<b>1,523</b>	<b>59%</b>	<b>Current and Non-current liabilities</b>	<b>634</b>	<b>24%</b>	<b>613</b>	<b>24%</b>	
<i>o/w inventories</i>	<b>1,379</b>	<b>53%</b>	<b>1,269</b>	<b>49%</b>	<b>Gross financial debt</b>	<b>517</b>	<b>20%</b>	<b>585</b>	<b>22%</b>	
<b>Cash</b>	<b>90</b>	<b>3%</b>	<b>126</b>	<b>5%</b>	<b>Total Liabilities</b>	<b>2,616</b>	<b>100%</b>	<b>2,581</b>	<b>100%</b>	
<b>Total Assets</b>	<b>2,616</b>	<b>100%</b>	<b>2,581</b>	<b>100%</b>	<b>Stocks/Assets</b>	<b>53%</b>	<b>49%</b>	<b>Net gearing</b>	<b>29%</b>	<b>33%</b>

# Key events during the half-year

- **30 April 2020**  
**Acquisition of the cognac House J.R. Brillet**  
The House of Rémy Martin integrated 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.
- **23 July 2020**  
**Approval of an ordinary dividend of €1.00 at the General Meeting.**  
80% of the shareholders opted for a dividend payment in shares. The cash portion was paid early October.

# Post closing events

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- **16 October 2020**      **Acquisition of the champagne House J. de Telmont**  
The Rémy Cointreau Group announced the acquisition of a majority stake in Champagne J. de Telmont, including its brands, inventory, production facilities and property assets on its estate as well as vineyards in the Champagne region. De Telmont is a winegrower's champagne, engaged in a certification process of sustainable and organic agriculture.
  
- **12 November 2020**      **French newspaper Le Point issued a ranking of the « Most Responsible » companies in France: Remy Cointreau ranked 1st among the Food & Beverage sector** and 26th among the selected 250 French companies (survey conducted by the German company Statistat).
  
- **24 November 2020**      **Evolutions within Rémy Cointreau's Board of Directors**  
Caroline Bois (previously Censor) was named member of the Board and member of the Audit-Finance committee in replacement of François Hériard Dubreuil, who decided to step down. François Hériard Dubreuil will remain Censor of the Board. The Board of Censors is completed with the appointment of Jacques Hérail, also currently Board member of Andromède. Jacques Hérail is a former CFO of the HAVAS Group.

# 2020/21 Outlook

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ERIC VALLAT, CHIEF EXECUTIF OFFICER



RÉMY COINTREAU



# 2020/21 Outlook

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

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THE REMY COINTREAU GROUP ANTICIPATES:

- **A strong recovery in H2 2020/21, starting in Q3**, largely driven by the US and Greater China
- **Current Operating Profit to grow organically** in the full-year 2020/21
- **Currencies and Scope to reduce COP by 5.0 M€ and 3.0 M€**, respectively, in the full-year 2020/21

# Q&A

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