



RÉMY COINTREAU

# 2023-24 H1 Sales

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27 octobre 2023

# Executive summary

## Softer-than-expected sequential improvement in Q2

### Q2 ORGANIC\* SALES GROWTH

-10.8% vs. Q2 22-23  
+25.6 % vs Q2 19-20

- **H1 Sales down -22.2% YoY (+20.9% vs H1 2019-20)**, strongly impacted by Americas (-49.9% YoY) while RoW generated strong growth (+13.8% YoY)
- Continued destocking (in absolute value) in **North America** and sharp consumption's normalization alongside tougher market conditions (fiercely promotional environment and rise in financial interest)
- Solid sell-in in **China** for MAF despite an environment showing a slower-than-expected post-Covid recovery
- **H1 Price-Mix: -3.3%** impacted by Americas where Cognac strongly underperformed Liqueurs & Spirits; **volume: -18.9%**

### H1 23-24 ORGANIC SALES GROWTH BY REGION

- **AMERICAS: -49.9%** in H1 including a sequential improvement in Q2 and mostly impacted by Cognac's division; **-3.2% vs. H1 19-20**
- **APAC: +16.6%** in H1, led by China, Southeast Asia and continued GTR recovery; **+55.8% vs. H1 19-20**
- **EMEA: +8.9%**, showing a good resilience despite more adverse market conditions; **+19.4% vs H1 19-20**

### H1 23-24 VALUE DEPLETIONS BY REGION

- **US: high-single-digit decline YoY** in H1 (low-single-digit decline excl. VSOP); approx. +30% vs. H1 19-20 (approx. +70% excl. VSOP)
- **China: mid-single-digit decline YoY** in H1 compared to high comps.; approx. +45% vs. H1 19-20 (vs. only +20% in the previous quarter)
- **EMEA: up mid-teens YoY** in H1, led by Africa-Middle East, the UK and Eastern Europe; approx. +30% vs. H1 19-20
- **Group: Sell-in up +20.9% vs 4Y** compared to approx. +35% in value depletions

### ADJUSTED FY GUIDANCE

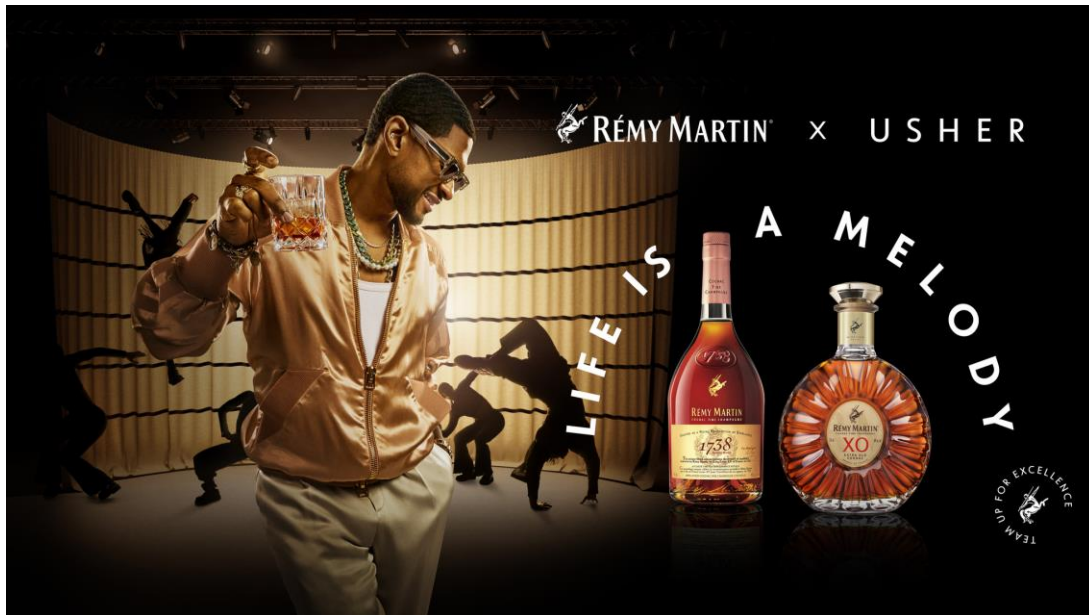
- **Sales:** decline between -15% and -20% on an organic basis (vs stable previously)
- **COP margin:** contained organic decrease (vs stable previously) thanks to deployment of a major cost-cutting plan



## Q2 2023-24 marketing highlights

Selective investment to strengthen brand equity and prepare recovery

Rémy Martin x Usher: Life is a melody



Cointreau x Aubrey Plaza: keep it Cosmo







## Q2 2023-24 marketing highlights

### Mid-Autumn Festival: leverage off-trade and boost on-trade

#### — RM XO 50cl exclusivity launch on JD.com



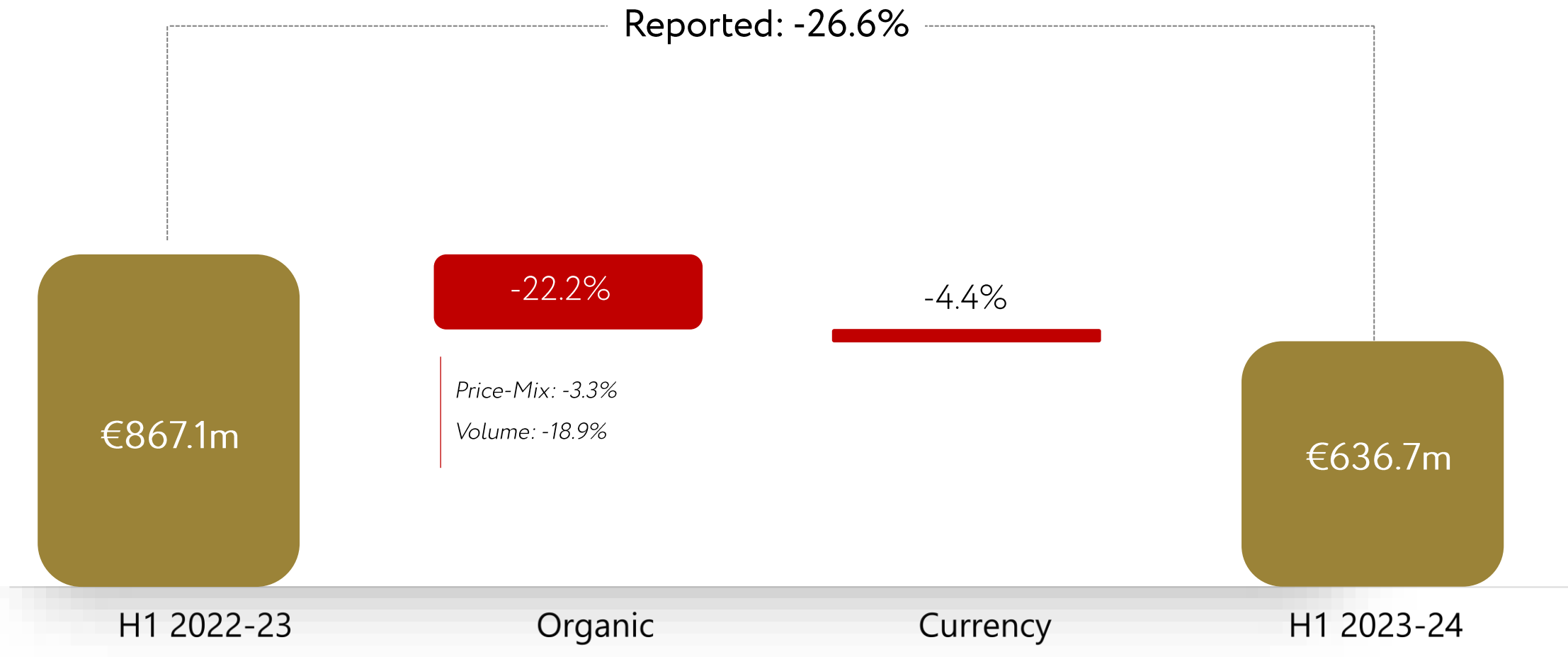
- Livestreaming with actress Janice Man
- X.O50 Tasting & Dinner

#### — RM XO MOT party



- Enhance visibility
- Boost XO 70cl depletions

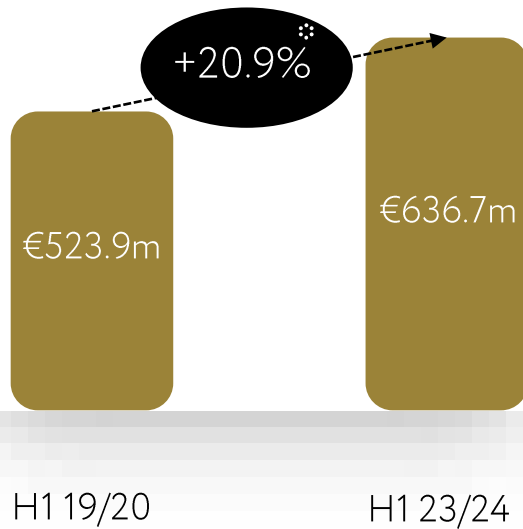
# H1 2023/24 - Group sales bridge



# H1 2023/24 - Organic sales up +20.9%\* vs. H1 2019-20

## GROUP

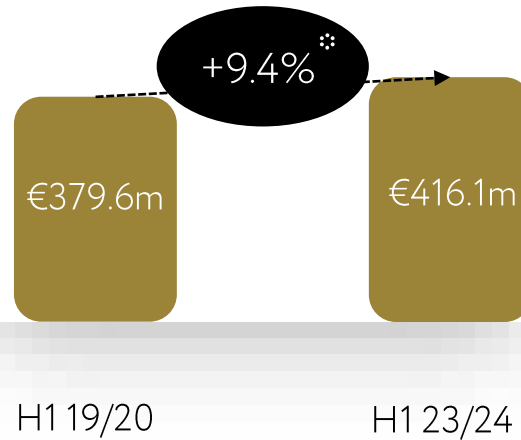
Sales CAGR: +4.9%



Volume: +3.9% (CAGR: +1.0%)  
Price-Mix: +17.0% (CAGR: +3.9%)

## COGNAC

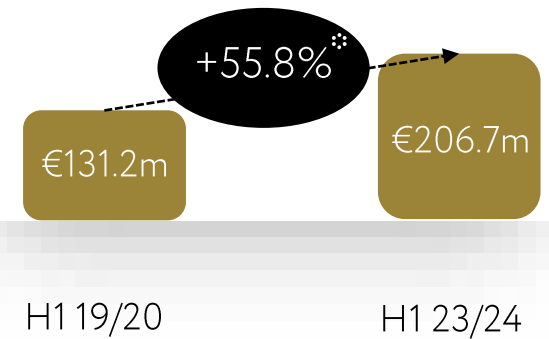
Incl. major US destocking in H1 23-24  
Sales CAGR: +2.3%



Volume: -19.5% (CAGR: -5.3%)  
Price-Mix: +28.9% (CAGR: +7.6%)

## LIQUEURS & SPIRITS

Sales CAGR: +11.7%



Volume: +22.7% (CAGR: +5.2%)  
Price-Mix: +33.1% (CAGR: +6.5%)

# H1 2023/24 – Organic sales trends by region

**APAC**  
**+16.6% YoY**  
*+55.8% vs. H1 19-20*

## **China**

Up HSD% in Q2

Solid level of sell-in during MAF despite slower-than-expected recovery post-Covid

Outperformance of Direct channels and Off-trade

Weak performance in On-trade (< 10% of sales)

### **Inventories at end of September**

Up versus end of Q1

Expect to be back to healthy levels post CNY

### **H1 value depletions**

MSD% decline YoY

Approx. +45% vs. H1 19-20

## **Rest of Asia**

Up mid-teens in Q2,

boosted by strong rebound in Japan

**40%**  
**of sales**

**AMERICAS**  
**-49.9% YoY**  
*-3.2% vs. H1 19-20*

## **US**

Very strong decline in Q2 but improving vs. Q1

Continued strong destocking (in absolute value) on

Cognac alongside tougher market conditions

Sharp rebound in L&S, as expected

Q2 slightly above pre-covid level

### **Inventories at end of September**

Around 5 months impacted by deteriorated depletions

### **H1 value depletions**

HSD% decline YoY (down LSD% excl. VSOP)

approx. +30% vs. H1 19-20 (+70% excl. VSOP)

## **Canada**

Very strong decline in Q2,

facing same headwinds as in the US

## **Latin America**

Down low double-digit in Q2

**37%**  
**of sales**

**EMEA**  
**+8.9% YoY**  
*+19.4% vs. H1 19-20*

## **Western Europe**

Up high-Single digit in Q2, led by

Spain, Italy and Greece

## **UK**

Up high-Single digit in Q2 still helped by positive phasing effects linked to duties increase in August

## **Rest of EMEA**

Very strong double-digit growth in Africa Middle-East

Softer trends in Benelux and France

### **Inventories at end of September**

Sound/slight increase

### **H1 value depletions:**

Up mid-teens YoY in H1

approx. +30% vs. H1 19-20

**23%**  
**of sales**

# Cognac

Organic sales growth of -30.1% in H1 (o/w -39.0% in volume and +8.9% of Price-Mix)

## APAC

Very strong DD% org. rise YoY  
> +55% vs. H1 19-20

55%  
of sales

- **China:** high-single digit rise in sales in Q2 (> +100% vs. Q2 19-20) on top of high comps.; market recovery post covid is slower than expected due to soft consumer confidence. On-trade channel was weaker while off-trade and direct sales showed a better resilience. Overall, value depletions were down MSD% in H1 resulting in higher level of inventory compared to end of Q1. Outstanding performance in **Taiwan** in Q2. Continued weak sell-in in **Macau** but strong acceleration in value depletions. **Hong Kong** generated a very strong quarter supported by very dynamic value depletions.
- **Rest of Asia:** mid-teens rise YoY in Q2, led by QSS+ in Malaysia, Philippines and Australia

## AMERICAS

Massive org. decline YoY  
~ -25% vs. H1 19-20

32%  
of sales

### North America:

- Meaningful decline YoY in Q2 (approx. -20% vs. Q2 19-20), impacted by destocking, consumption's normalization and high comps; market is also showing tougher market conditions: financial interest rise has reduced significantly distributors' financing capacity and persistent market promotions added pressure on RM volume which maintained its prices
- **Q2 US value depletions:** down -32.8% YoY (-10.6% vs. Q2 19-20), showing a sequential volume's deterioration versus Q1

**Latin America:** MSD% rise in sales in Q2 driven by VSOP

\* Company data

	Volume depletion trends to Sept.2023	vs. Sept. 2022 (vs. LY)			vs. Sept. 2019 (vs. 4Y)		
		3M	6M	12M	3M	6M	12M
US	Market (source Nielsen)	-9.5%	-11.5%	-13.1%	-6.6%	-7.7%	-4.5%
	Market (source NABCA/Discuss)	-30.3%	-34.5%	-31.2%	-43.8%	-41.9%	-35.2%
	Rémy Martin in Volume (source Company)	-37.4%	-21.7%	-30.5%	-34.9%	-14.8%	-17.0%
	Rémy Martin in Value (source Company)	-32.8%	-18.0%	-23.9%	-10.6%	13.5%	8.6%

**Price-Mix:**  
Approx. +7 pts YoY  
**+26 pts vs. 2019-20**  
(12m basis - ended Sept. 2023)

## EMEA

Very strong DD% rise YoY  
~ -9% vs. H1 19-20

13%  
of sales

- Sales up low to mid-single digit in Q2 led by **Africa & ME** and **Western Europe**
- **Benelux/France** was softer in Q2 in a more promotional market
- **Travel retail Europe** and **Eastern Europe** impacted by geopolitics context



# Liqueurs & Spirits

Organic sales growth of +0.1% in H1 (o/w -6.5% in volume and +6.6% of Price-Mix)

AMERICAS

MSD% org. decline YoY  
~ +60% vs. H1 19-20

48%  
of sales

North America:

- Very strong DD% growth YoY in Q2 (approx. +65% vs. Q2 19-20), showing a strong sequential acceleration from Q1
- Strong momentum (both in sell-in and value depletions) on **Cointreau, Bruichladdich and The Botanist**
- Cointreau's Q2 US value depletions** were up +9.2% YoY (+75.1% vs. Q2 19-20)

US

Volume depletion trends to Sept.2023	vs. Sept. 2022 (vs. LY)			vs. Sept. 2019 (vs. 4Y)		
	3M	6M	12M	3M	6M	12M
Market (source Nielsen)	3.2%	3.0%	2.4%	26.6%	24.7%	21.3%
Market (source NABCA/Discuss)	-10.8%	-8.7%	-6.3%	7.6%	21.3%	17.7%
Cointreau in Volume (Source Company)	3.6%	4.2%	3.0%	47.4%	57.4%	56.8%
Cointreau in Value (source Company)	9.2%	9.2%	8.8%	75.1%	84.5%	86.4%

\* Company data

Price-Mix:  
+6 pts YoY  
+30 pts vs. 2019-20  
(12m basis - ended Sept. 2023)

Latin America: sales decline in Q2 YoY in a market showing softer tourism trends

EMEA

HSD% org. growth YoY  
~ +50% vs. H1 19-20

39%  
of sales

- Sales up low to mid-single digit growth in Q2 YoY led by **Bruichladdich, The Botanist and Cointreau**
- The UK** (restocking effects pre-duties increase) and **Western Europe** outperformed and generated strong growth
- Benelux** and **Africa ME** continued to show solid dynamics led by whiskies and Cointreau
- Travel retail Europe** and **Eastern Europe** impacted by geopolitics context

APAC

LSD% org. growth YoY  
~ +55% vs. H1 19-20

13%  
of sales

- China:** high single-digit sales decline in Q2 YoY (approx. +60% vs. Q2 19-20) impacted by continued destocking in whiskies
- Rest of Asia:** mid-teen sales growth in Q2 YoY led by **Australia, Japan, New Zealand** and **Vietnam** (Cointreau and Bruichladdich)

# Adjusted 2023-24 outlook

Worsening market conditions, primarily in the US, has led Rémy Cointreau to update its underlying assumptions for 2023-24 as followed:

- In the US, market conditions have deteriorated on the back of a fiercely promotional environment and a rise in interest rates that has cut distributors' financing capacity. The rebound in sales initially expected for Q3 23-24 is now anticipated in 2024-25.
- In APAC, Group expects growth in sales, but at a pace below initial forecasts given the slower than anticipated post-Covid recovery in China.
- In EMEA, the Group expects more moderate annual growth in a persistently inflationary context.

In this context, Rémy Cointreau is determined to protect its 2023-24 profitability through tight cost controls:

- Maintain a strict and uncompromising pricing policy
- Protect its gross margin in a persistently inflationary environment
- Selectively reduce its marketing and communications spend, particularly for the Cognac division
- Significantly reduce other operating costs

As a result, Rémy Cointreau has adjusted its FY 2023-24 objectives and now expects:

- A decline between -15% and -20% in sales on an organic basis (vs stable previously)
- A contained organic decrease in COP margin (vs stable previously) thanks to deployment of a major cost-cutting plan

Based on shifts in its geographical mix and the renminbi's decline, the Group expects its currencies to have a negative impact for the full year:

- Sales: between -€50m and -€60m (o/w 2/3 in H1)
- COP: between -€10m and -€15m (mostly in H1)



Appendices

# Quarterly sales by division

<i>In €m</i>	Q1 23/24	Q1 22/23	Reported %	Organic %
Cognac	155.1	292.3	-46.9%	-44.7%
Liqueurs & Spirits	95.0	109.7	-13.5%	-11.4%
Subtotal: Group Brands	250.0	402.0	-37.8%	-35.6%
Partner Brands	7.5	7.9	-5.4%	-4.6%
Total	257.5	409.9	-37.2%	-35.0%

<i>In €m</i>	Q2 23/24	Q2 22/23	Reported %	Organic %
Cognac	261.0	345.9	-24.5%	-17.8%
Liqueurs & Spirits	111.7	104.7	6.7%	12.1%
Subtotal: Group Brands	372.7	450.6	-17.3%	-10.9%
Partner Brands	6.4	6.6	-2.3%	-1.6%
Total	379.2	457.2	-17.1%	-10.8%

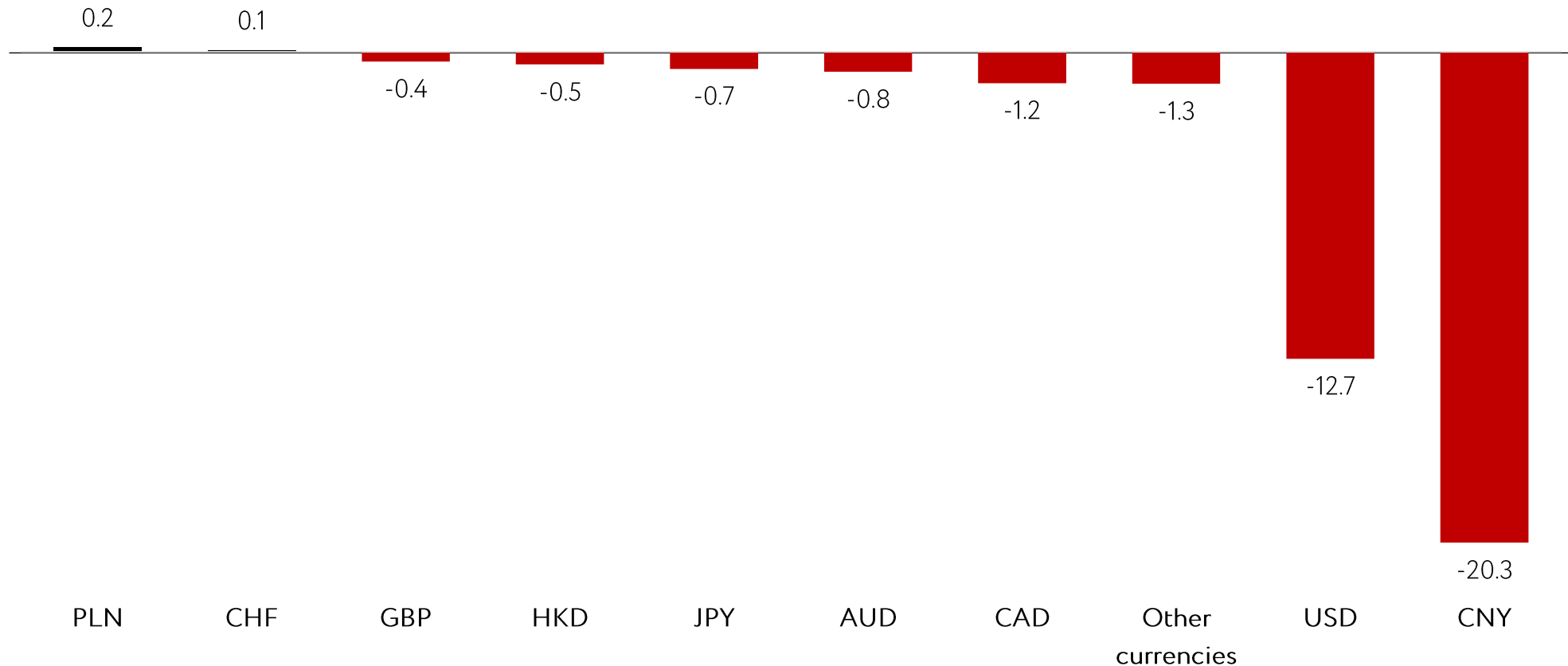
<i>In €m</i>	H1 23/24	H1 22/23	Reported %	Organic %
Cognac	416.1	638.1	-34.8%	-30.1%
Liqueurs & Spirits	206.7	214.5	-3.6%	0.1%
Subtotal: Group Brands	622.7	852.6	-27.0%	-22.5%
Partner Brands	14.0	14.5	-4.0%	-3.2%
Total	636.7	867.1	-26.6%	-22.2%



# Key currency impacts on H1 23/24 sales

H1 23/24 total currency impact: -€37.8m

(In €m)



# Next financial publication dates

Nov. 30, 2023

2023-24 H1 Results

Jan. 26, 2024

2023-24 Q3 Sales

April 26, 2024

2023-24 Q4 Sales

June 6, 2024

2023-24 FY Results





RÉMY COINTREAU

Q&A