Rémy Cointreau Full Year Results 2024-25

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Marie-Amélie de Leusse: Good morning, everyone. Thank you for being with us this morning for Rémy Cointreau's full year results. I am here with Eric Vallat, our CEO, and Luca Marotta, our CFO. Both of them will, of course, take you through the detailed results.

As we present today our full year results, I would like to open with a few words of perspective. The past year has been marked by a complex and rapidly evolving environment, macroeconomic volatility, geopolitical tensions and temporary shifting consumer behaviour, all of which are more cyclical than structural and closely tied to a context of constrained spending.

Yet in the face of these headwinds, we remained true to our long-term vision, building exceptional brands, preserving our unique terroirs and enhancing the desirability of our portfolio. But let us not forget, cognac has always evolved in long cycles. This is neither the first time nor the last. All the historic cognac families will tell you how it is important to stay the course during more difficult times. It is essential condition for creating value over time.

At Rémy Cointreau, we remain fully confident in the strength and relevance of our long-term strategy. Drink less but better is not a reaction, it is a conviction. Moderation is a structural trend, not a new one. Our value-driven model is built to embrace it.

At Rémy Cointreau, we do not chase volume at any cost. This has been our stance for many decades and is one of Remy Martin's greatest strength. It is also what enables LOUIS XIII to stand the test of time, crossing centuries without losing its essence. We are tackling this challenging period with determination while also taking time for introspection. Both are essential, confronting the crisis and at the same time, reflecting on how we can improve and emerge stronger.

With that in mind, I would like to take this opportunity to sincerely thank all of Rémy Cointreau's teams for their perseverance and daily efforts always carried out with the same passion.

The upcoming CEO transition will mark a new chapter, one of renewed energy and continued strategic focus. We are delighted to welcome Franck Marilly in a few weeks. His extensive experience in developing high-end international brands, his successful track record in business transformation and his proven ability to innovate and accelerate brands will be key assets that enable him to meet the challenges ahead.

Our fundamentals are strong and our ambition remains unchanged, to create sustainable value through excellence, discipline and long-term thinking.

I will now let Eric take you through the full year business review. Eric, the floor is yours.

Eric Vallat: Thank you, Marie-Amélie, and good morning, everyone. Thank you for joining us today.

I will begin with a quick overview of full year '24-'25. Luca will then detail our financial results, and I will conclude by giving you an update of the Group situation and the outlook as usual.

Let's begin with a review of our business performance for the year. I am now on slide 5.

Group sales reached €984.6 million, representing an 18% organic decline. While this reflects the broader macroeconomic challenges, we took proactive steps to partially mitigate the impact by reducing costs, optimising our operations and enhancing efficiency. As a result, COP stood at €217 million, down 13.5% on an organic basis.

Despite the sharp decline in sales, the organic COP margin reached the high end of our guidance range, standing at 21.6%.

This represents a deterioration of 3.9 points organically. Beyond the sharp decrease in sales, this performance was mostly driven by two factors. One, the gross margin. While it declined by 1 point primarily due to cost production inflation and a negative price/mix effect, it remains at a high level, standing at 70.6%, which means 2.8 points versus '19-'20. This demonstrates the structural strength of our business model despite the challenging environment. And two, A&P expenses were reduced by 1.1 points versus last year, now accounting for 20.3% of sales, reflecting a more targeted and efficient approach to brand investments.

We have obviously taken measures in the current tough context, making sure we keep the right balance. Following several years of acceleration, A&P is posing, but from a high level.

I am now moving on to slide six. The purpose of this slide and the following ones is to share some key achievements and to analyse our relative performance versus peers. Looking at it for our key brands beyond the Group results, which have been hugely impacted by our strong exposure to cognac in the past two years.

Let's start with Cognac, where we pride ourselves of having maintained our market shares worldwide despite a rather poor performance overall and the firm pricing policy in a challenging context.

This inspires me three main high level comments. First, Rémy Martin is a strong brand with a relevant positioning, and its relative performance has been driven by the smart use of new channels like e-commerce, particularly in China.

Second, a good share of the headwinds Cognac is facing are cyclical, as already explained and detailed by our peers. Third, we shall not deny that Cognac as a category is facing challenges in the US while remaining very aspirational. We need to recruit beyond our existing core clientele, and we will achieve such through product innovation and new campaigns.

Cointreau has benefited full speed from a wise and thoughtful investment behind the margarita to leverage the growth of cocktails in the US and worldwide. It has gained market shares, but the opportunity remains massive. We have a great liquid and we are working on innovation to target new moments of consumption for the brand, particularly day occasions versus a strong focus today on the evening and the night.

We could have shared the results of The Botanist as well, which are even more striking even though from a much lower base, of course. The Botanist is the brand which benefited the most from the portfolio strategy beyond cognac, and it is now accretive for the Group from a gross margin standpoint.

Moving to slide seven and the crucial market, the US. Over the past two years, our company faced significant challenges, which has strongly impacted our performance. But our recent performance seems to indicate that we have finally reached the bottom, and we believe this difficult phase is now behind us. From that low point, we have begun to rebound and recent results show a clear recovery momentum throughout the year.

Our key indicators are trending upward, confirming that the worst is passed and that our strategic actions are starting to pay off.

Throughout the downturn, we remained disciplined and focused on long-term strength. We maintained a rational pricing policy, refusing to engage in desperate price cuts just to chase short-term volume. Despite this prudent approach, we have been steadily narrowing the gap with our competitors as demonstrated by the two charts on the right.

In other words, our strategy proves to be relevant. We are regaining ground in the market without compromising our margins or the premium value of our products. This combination of pricing discipline and competitive focus is positioning us for sustainable improvement as the market recovers.

Our latest survey, which measures our brand's desirability, strongly support this conviction. Rémy Martin is still the number two within the Cognac category.

Moreover, we have made a substantial effort to reduce our inventory, particularly last year with a de-stocking evaluated at €60 million. Today, we can confidently state that the absolute value of our stock level is now significantly lower than it was in '19-'20. This is why we consider that we enter the new fiscal year with stronger fundamentals, and we are reasonably confident that this positive momentum will continue in the coming months.

Having said that, we are still waiting for the spark in depletions, mentioned by Luca in previous sales. It would trigger the full speed recovery as our stocks, which are low in absolute value would all of a sudden appear too low in a number of months, but we are not there yet to be clear.

I am now on slide eight. China has been, and by far, the country where we outperformed the most. XO has gained market shares but starting from a very low base and below our expectations. Our activations have been hit by the current macroeconomic context and its impact on the high end.

On the other hand, CLUB gained 4 points of market share in its own segment, an amazing performance in five years. This has been driven by the liquid and the iconic shape of the bottle, which fits perfectly Chinese taste and symbols. It has been amplified massively by a very smart and intense packaging animation and e-commerce roadmap. This has been made possible, thanks to the decision we took four years ago to drive part of product innovation directly in China, and thanks to the strengthening of the e-commerce team over time with a very entrepreneurial mindset.

Talking about e-commerce, we managed to grow 12% last year and have now reached and secured the number one position among imported spirits, far behind by June.

One last word on the desirability of Rémy Martin in China. As part of our last survey, one output is that cognac remains a very attractive category. It is in the top three most desirable premium spirits categories, and Rémy Martin remains the solid number two cognac brand since 2020.

Another important achievement, and I am now on page nine, is this challenging environment has been the in-depth work we have done on cost to mitigate the impact of the top line and profitability. Over the past two years, we have implemented a series of targeted measures to address this issue. In '23-'24 fiscal year, we achieved savings of €145 million. Last year, '24-

'25, we continued our efforts, reaching €85 million in savings. In total, this amounts to €230 million saved over two years.

Focusing on structural savings only, we have made significant progress in reducing our total cost base by 12% compared to two years ago. In addition to these cost reductions, we have also taken a gradual and considered approach to optimising our workforce. Rather than making bold restructuring announcements, we have carefully managed our headcount reduction step by step, ensuring sustainability and minimising disruption. Overall, we managed to reduce our total headcount by 9% compared to '22-'23 at the peak while taking the decision to reinforce our organisation where we believe there is potential, notably in China beyond Guangdong, for instance, but I will get back to it later.

Let me now highlight our progress on sustainability on slide 10.

In '24-'25, Rémy Cointreau made significant headway on the sustainable exception. Our transformation roadmap structured around three pillars: people, terroir and time. This year, terroir stood out with visible and measurable impact. We achieved an A rating from CDP, Carbon Disclosure Project, climate, and B- from CDP Water reflecting external recognition.

Carbon emissions were down 12% versus 2021, our reference base line, keeping us firmly on track to meet our 2030 SBTi targets. While reduced production volumes played a role, the results also reflect key drivers included operational improvements and supplier engagement, especially on packaging, leading to a 23% cut in emissions per bottle.

All our new packaging are now eco-designed. We aim to reach the lightest weight possible and use only CSR-friendly materials. Transport-related emissions were also reduced by 18% per bottle transported.

We also made major strides on water use. Net water consumption fell by 53% versus '22-'23, which is massive, equivalent to a 39% drop per bottle produced. These savings came from a robust programme across the value chain, including better water treatment, leak management and rainwater harvesting.

Finally, in Cognac, we launched the Centaure Pact, a bold step in favour of agroecology. By March '25, over 42% of our wine-growing partners had already been trained in sustainable practices.

I am now done with my first part coming back to last year, and I will now give the mic to Luca, who will be more specific on financials.

Luca Marotta: Thank you, Eric. Now let's move on to a detailed analysis of the financial statement, and let's start with the full year income statement, P&L.

As previously mentioned, organic sales were down 18%. Based on this, gross profit decreased by 19.2% in organic terms, implying 1 point less, so deterioration in gross margin. Though this still represent a strong improvement of 280 basis point on a five-year period. This full year performance reflects an unfavourable evolution in COGS as well as a negative price mix effect of which pricing contribution was slightly negative, as expected.

Sales and marketing expenses were down 16% organically. While we have reduced some investment in the current context, spending remains in line with pre-COVID levels. Inside within this total, we have to split into difference sold. A&P expenses were down 22.3%

organically, still representing more than 20%, 20.3% of sales, so increase organically of 2.4 point over five year period.

As part of our optimisation efforts, we increased the share of below-the-line specific point of sales spending relative to the above-the-line more general brand awareness spending during this period. As a consequence, the below-the-line investment share, US advertised, animation, activation, more volume-oriented promotional activities is now bigger to the above-the-line spending.

What is above-the-line? Traditional media, digital and beyond. This is also there to speed up the maximum depletion, the best approach of sellout. Additionally, digital represented 60%, more or less two third, of the above-the-line. So we can say that digitally the Group is spending 30% of the total A&P in digital.

Then there is another line which is the distribution cost, decreased by 6.2% organically year-on-year, mainly due to the restructuring efforts made in the US and Europe last year which are now as guided, as expected, generating saving this year, the year just ended in '24-'25.

Over a wide period of a five year period, this cost, the distribution costs are now down 11.3% in absolute terms. What does it mean? The distribution costs have been decreased two times faster than top line decrease.

Then there's a third line, administrative expenses were down 2.5% on an organic basis year-on-year, reflecting a series of overhead cost optimisation in response in answer to the current economic condition, which I will detail shortly. Over a longer five-year, this cost increased by 13.7% reflecting two different dynamics. Strong decrease in holding cost but a bigger increase than that in marketing and staff costs behind essentially several future growth-oriented brands that today are strong investment but with the top line, which is not yet at the point we expected.

Overall, the current operating profit is now down, was down 30.5% organically, as Eric pointed out and 28.7% on a reported basis. So small benefit on forex, important to notice this year because this next year will be another story, as you would have seen after accounting for a positive current impact of plus €5.6 million.

Operating profit margins stood at 22%, down 3.5 points as reported and down 3.9 points organically. The sharp decrease in sales alongside decrease in gross margin were partially offset but not totally but additional cost reduction.

Now let's take a look at the Group current operating margin bridge, slide number 13. It was down, as said, 3.5 points as reported, reaching 22%. This breaks down into an organic decrease of 3.9 and a positive currency effect of 4. But why 3.9 points of decrease? First of all, deterioration of the gross margin, which remains at a high level of 70.6 and clearly above '19-'20 280[?] [0:24:10] basis points. This was partially offset by a reduction in A&P spend, which remain at the level still significantly bigger and higher than pre-COVID level along with the third organisation in distribution and structural costs accumulated.

In more detail, gross margin was down 1 point impacted by inflation in COGS and unfavourable price-mix effect. Pricing was slightly negative of the period, reflecting the slight adjustment made in cognac, particularly on VSOP as well as a more pragmatic approach, more volume-oriented Liqueurs & Spirits brand pricing.

A&P ratio decreased by 1.1, primarily due to the optimisation efforts such as prioritizing BTL spending over above-the-line. While we have made this cut, the reduction is relatively modest compared to the significant acceleration in spending over the past year. So A&P still remain far bigger, I insist on that, of 240 base point versus ’19-’20.

Third, which is the negative factor on this specific year, is the ratio of distribution and structural costs. That was up 4 points even if decreased by €13.4 million in absolute terms, reflecting savings related to reorganisation project last year coupled with further cost control effort to mitigate the impact of the sharp sales decline.

Furthermore, this evolution of organic COP margin includes another round of cost saving, totalling more than guided. We guided for €50 million, now we totalled €85 million this year, which I will detail in the next slide.

Slide number 14. In October ’24, we announced beyond stimulating our sales performance that we decided to mitigate as much as possible the impact of these headwinds in top line with a very pragmatic specific tailor-made approach on cost, targeting more than €50 million cost saving. Thanks to a very good, quite excellent execution of this plan, we overachieved once again this objective and reached €85 million on a full year basis, of which 75% three fourth of structural saving that will last.

In parallel, 25% of total saving are one-off and so they will automatically reverse in ’25-‘26 P&L. What have we done? Let's start with Manufacturing & Logistics, which contributed to 5% of total savings. All of them are structural, they will last forever and reflects on lasting efforts optimisation in production in Europe.

Second, on A&P, which represented around 65% of total saving, and this includes 20% of one-off saving spread across the globe, mainly in Cognac division with, of course, a bit more emphasis on its depressed US market. Here the objective I insist was to protect more BTL, point of sales, volume-oriented, depletion-oriented spending and be more selective this time this year on above-the-line and brand awareness-oriented expenses.

We had 80% as a second factor inside A&P of structural saving, which correspond to additional investment made over the past three, four years and that will return now to a more normalised level relative to sales. If depletion and top line gives signs of dynamism, clearly we might reaccelerate because of the variable nature of this spending, but it's a global comment. The level of 20% we reached is quite satisfying more than enough to minimise the top line.

Third point, overheads represent around 30%, so the missing part of cost saving, mostly 50-50. 45% one-off including saving linked to the variable compensation benefit, travel and expenses and fees cut, and more structural saving, 55% integrate the optimisation made in organisation, reorganisation in US and Europe.

All in all the exceeding saving €35 million that we are now analysing compared to the guidance are mainly coming from what? First, A&P, mainly structural savings for 65%, quite logic. Top line at that time was not what they ended, were more in the highest brackets, minus 15% to minus 18%. We are at minus 18% so we adjusted. And overhead for 30% equally split between short term and long term.

That's not enough on saving. Looking back over the past two years, we made a total of €230 million in cumulative savings. Focusing only on structural saving, the one that at the end truly matters because are there to last and stand. They account for around €130 million or 55% of the total. What does it mean? At 12% reduction of our total cost base since ’22-’23. And as an additional note, headcount had been reduced without any major global worldwide reorganisation, which is not our style, by 9% over the same period.

Now let's move to the remaining part of the income statement, page number 15. After the operating profit, we had other operating income expenses that are showing a negative value of €6 million to be compared to minus €12.8 million last year. What is behind that value? Mainly the cost of restructuring operation in China, that has been happened this year and that will help to mitigate the potential rising duties. As a result, operating profit came to €211 million in ’24-’25, down 27.7% as reported.

Financial charges increased, as expected, a little bit less than guided, if you want to point out, from €38.5 million to €42.6 million. I will go into that with more detail on this next slide.

The reported tax rate increased from 27.4% last year to 28.6%, mainly due to the additional charge related to the exceptional corporate tax contribution in France linked to the 2025 French financial law. But stripping out non-recurring items, the effective tax rate was 27.2% to be compared to 27.1% last year, so basically the same flat tax rate.

At this stage, we expect a tax rate is slightly above for ‘25-’26, around 29% including the year to 1.5 points of exceptional contribution linked to the French law of finance. As a result, bottom line net profit Group share came in at €121.2 million, so minus €34.4 million on a reported basis, so a net margin of 12.3%, down 3.2 point versus last year, but more or less flat versus ’19-‘20.

Earnings per share came out at €236 million, down €35.3 million and minus 9% versus ’19-’20. Excluding non-recurring items, clean EPS stood at €2.49.

Now let's move to the analysis of the €6 million non-recurring items. Three components: €6 million net charges which mostly include the cost of restructural operation in China to help mitigate the potential rising duties; plus €1.7 million of positive non-recurring tax items linked to this charge and €2.5 million negative or net charges related to the exceptional corporate tax contribution price.

Slide number 17, some comments, as already mentioned, on net financial expenses, which amounted to €42.6 million in 2020-‘25 compared to €38.5 million, up €4.1 million but better than our expectation, better than our guidance.

Net debt servicing costs were up in absolute terms as a result of the 12-month integration of, if you remember, €380 million private bond issuance, which has an average of 10-year maturity at a weighted interest rate of 5.58%. As a reminder, we issued this bond in September 2023. As a consequence, also this pro rata temporis effect, our cost of debt increased from €3.76 million to €4.07 million.

Net currency expenses decreased from a loss of €2 million last year to a loss of €1.3 million this year, primarily due to the hedging of intragroup intercompany financing.

Last but not least, other financial expenses stood at €7.6 million in '24-'25. For the year '25-'26, we expect our financial charges to increase at around €50 million.

Now let's analyse one of the most important slide for us, which is the free cash flow generation and the net debt evolution on page 18. Free cash flow increased from €13.8 million to €19.2 million in '24-'25 or from €18.2 million to €27.6 million, if you want to exclude non-recurring items.

This evolution reflects, on one hand, a significant important decrease in EBITDA, offset by three major factors. First, sharp reduction in tax outflows from €88.4 million to €19.9 million, clearly reflecting a lower net result, so less taxes, and a tax cash reduction related to other payment in previous year.

The second factor I would like to highlight is the CAPEX outflow, which decreased by €29.7 million, considering the cash protection optimisation measure that also in that field that we implemented.

Finally, total working capital, global working capital, while not the main driver this year shows early signs of long-term optimisation. The outflow decreased by €12.4 million, including a decrease of €6.7 million related to the eau-de-vie and aging spirits, and a 5.7% reduction in other working capital outflows.

Overall, so the evolution of this important indicator, total working capital, reflects a smaller increase in inventory compared to full year '23-'24 in terms of finished goods, cognac eau-de-vie, aged liquids and bulk and raw materials and packaging element, considering the current context, and a more important significant decrease of account receivable compared to full year '23-'24.

What does it mean? An inflow of €25.7 million offset by a decrease in payables in line with the sharp slowdown in activity.

In parallel, other cash outflows decreased by €81.9 million, largely due to the optimisation of the cash dividend last year, €41 million versus €152.7 million. As a result, at the end of March '25, our net financial debt stood at €675.4 million, up €25.7 million from March '24. As a consequence, A ratio is up from 1.68 March '24 to 2.4 in March '25.

Slide number 19, a new slide. Let's talk about the free cash flow conversion, which is very peculiar as an indicator for our industry, particularly for players like us heavily exposed to aging inventories.

The analysis of this evolution highlights strong year-on-year volatility. Primarily why? Because it is driven by changes in EBITDA. During the peak positive period, 2021, for instance, free cash flows conversion reached 45%, supported by the initial COVID-driven business boom and a measured little bit delayed level of eau-de-vie purchases.

Following year, '22-'21, free cash flow conversion stood at high level but 24%, driven by the record-high EBITDA of the Group during the COVID peak, but partially offset by the reinforcement of our future eau-de-vie supply coverage and our investment behind the future growth. So we can say that our business, and for a special specific player like us with the weight of the aged business, our business model includes some inertia due to the today purchases being made to support future growth.

A more, if you want, normalised level excluding both the positive effect of COVID and the current adverse context would be in the range of 15% to 20% of free cash flow conversion. We are not there this year. We won't be there next year, 2026, either if tariffs in China or the US are confirmed. Clearly, there are two swords waving too much also on these indicators for '25-'26. But it is a normalised environment with steady EBITDA growth and continued optimisation of cash behind our brands, eau-de-vie purchases and CAPEX, all the investment set up. This remains 15% to 20%, a realistic normative target for the Group.

Now let's move on the impact. A very technical slide, but is more than ever necessary this year in '25-'26. Currency hedges on slide number 20.

The Group reported this year in '24-'25, a positive translation impact of €5.7 million on sales, better-than-expected, and a positive transactional effect of €5.6 million in COP in '24-'25. This mainly reflects the evolution of US dollar. So top line, bottom line the same. So it is accretive. It is positive compared to the organic P&L.

Let's look at our forecast for '25-'26. We talk about that already end of April, but it's important to rehearse and repeat. Why? This is particularly tough to estimate considering the strong volatility to US dollar and more generally all the currencies this year. This year, we have chosen to work three scenarios on the US dollar mainly and the RMB, Chinese yuan currencies, which cover combined 85% of our hedging needs.

The best case scenario, 1.07 US dollar and 7.60 for Chinese yuan, the second one, which is the current case scenario which we presented, 1.15 for US dollar and 7.75. And the worst-case scenario, 1.25 or 8.10.

Focusing clearly, as has been highlighted on the current case scenario, we assume a conversion rate of 1.15 EUR/US dollar and 7.75 Euro/RMB as well, this is conversion, has an hedge rate of 1.12, so better than 1.15 on our Euro/US dollar and 7.82 Euro/Chinese yuan. So in absolute value, we anticipate the following negative impact, between €30 million and €35 million on published sales compared to organic, mostly driven by a negative effect in H2 for two-thirds. And between minus 10% and minus 15% on operating profit, equally split more or less between H1-H2.

You can read all the information on the slide, talking also about forex sensitivity by currency at year level.

As the evolution of the Euro/US dollar, and to a lesser extent, that is there over Euro/RMB exchange rate remain very volatile, we will continue to update to share with you, in a very detailed, sometimes boring but important for you to modelise also the published, even if we don't guide on published by the organic, and so give you an update every quarter.

At this stage, for '25-'26, what we have done? We have already covered 80% of our estimated net US dollar exposure, of which around 60% of option. On RMB, we already covered 60% of our net Chinese RMB exposure, of which around 50% of option.

Slide number 21. Now let's move over to the financial balance sheet overview, where total assets and liabilities stood at €3.42 billion, up €53 million compared to March '24. The left side, the assets. Global inventory increased by €133 million to reach €2.1 billion due to the purchase of young eau-de-vie and increase in our inventory levels given the current context.

Inventories now represent 61% of our assets, up 3 points. It was 58% last year. On the right side, on the liability side, shareholder equity is up by €84 million, historically high, mainly driven by the net income, partially offset by the payment of the dividend related to the fiscal ’22-‘24. The Group's net to debt to equity ratio, net gearing, is flat over the period at 35%.

Always on the cash and return on investment side, let's move as every year at the ROCE, slide number 22.

Our ratio came in at 10.3% in '24-'25, clearly down 5.2 points on a reported basis and 5.5 points in organic terms. This includes an organic decrease of 5.5% in ROCE of the Group brands, the negative swing, as you can see, even if it's minor absolute value in Partner Brands' ROCE.

Why that? The ROCE evolution is the result of an asymmetry between organic increase of 7.6% in employed capital and a strong decline of 30.5% in COP as the Group continued to invest for the future despite a challenging context over the short term. This is particularly the case for our biggest division, Cognac one. Its ROCE declined 6.3 points organically to 10.9 on the back on an increase of 8% employed capital and a COP decline bigger than 30%, 32.4%.

In '24-'25, the Group continued to invest in aging inventory, slightly less than before, but still investing, and CAPEX sticking to its long-term strategy. Other divisions, so Liqueurs & Spirits, ROCE increased by 2.3 points organically to reach 12.4%, bigger than Cognac. This evolution reflects a continued investment behind our brands with employed capital being up 6.2% organically alongside a decrease of 10.5% income.

One word on employed capital, more closing on slide number 23. Overall amount increased by €152.3 million. But the organic part, which is the important part, is €148.9 million, and a positive currency impact of 3.5%.

On the organic side, so we show you the 7.6% year-on-year increase in employed capital, reflecting a strong increase in aging inventories, 74% of the growth. In CAPEX, less than 10%, so sign of strong moderation without giving up the strategic review, as explained earlier on other inventories.

Now a last word on slide 24 from my side. Moving to real dividend. Given the short-term headwinds and our confidence for the coming years, an ordinary dividend of €1.5 per share will be submitted for shareholder approval at the General Assembly on 22nd July, 2025. €1 will be proposed in cash and €0.5 with the option of payment in cash or shares.

Overall, total dividend equates to a payout of 60% based on a recurring EPS of €2.49 and a yield of 2.22% on the average share price over the fiscal year, which was €67.35.

I'm done. Thank you.

Eric Vallat: Okay. Thank you, Luca. I'm back. Let me now walk you through our outlook for the year ahead. Before diving into figures, I'd like to provide some context around the current environment and our expectations as far as we can, given the high level of uncertainty and the number of unresolved variables at this stage.

As you've seen, our top priority is to return to top line growth. At the same time, we are making sure we are well prepared with mitigation plans in place to address potential risks, particularly those linked to tariffs on both sides of the Atlantic.

Returning to top line growth at Group level will not happen without the US, where we firmly believe that the recovery in this market will unfold in two stages. First, we anticipate a technical rebound in sell-in before accounting on a sell-out improvement. This will be driven by a low base of comparison, a restocking effect given our current trade inventories are well below '19-

'20 levels, and potentially some forward buying from wholesalers early in the year ahead of the possible implementation of higher tariffs.

While our overall pricing principles remain intact, we are also taking a more agile approach to price management. In the current context, this means staying true to our value positioning while adapting tactically, smartly, where appropriate, ensuring our brands remain competitive and relevant without compromising our value strategy.

This is all about finding the right balance. We are also counting on a strong innovation pipeline. The examples shown on this slide are not exhaustive. Some key launches cannot yet be disclosed, but they will provide significant support for brands. This innovation strategy serves three key objectives: one, recruit new consumers; two build local relevance through tailored products; and three, enhanced brand desirability with premium additions that further strengthen the high-end positioning of our portfolio.

As you have seen from this slide 26, a lot of innovation is also coming from non-cognac brands. So you will not be surprised to see on slide 27, the non-cognac business as another important lever to support our top line recovery.

Growing the non-cognac brands has not been set as an objective because of the headwinds on cognac. It was already a key priority when we shared the vision in 2020, removing the target of achieving 65% of our business above $50. At that time, we implemented a new portfolio strategy, which benefited particularly some of our global priority brands.

It has also been instrumental to the growth of some of our regional power brands, particularly METAXA, whose footprint in Eastern Europe is quite strong. Our investments are focused on a selected number of countries to make sure we emerge with our activations. To list a few examples, for Cointreau, we will focus on the US, the UK, and China, leveraging the margarita in the strong positioning in the cocktail universe.

China has become the number three country now and displays a great potential driven among others by convenience stores, a new channel for us. This is very exciting and this is why we are investing more.

For METAXA, the year will be marked by a lot of activations and the new campaign with Greece at its heart, considering the strong appeal of the country worldwide. And here again, with a clear focus on a selected number of countries.

For The Botanist, as you can tell from the picture, we are moving from a very white and clinic visual identity to a more colourful approach to maximise the visibility in store, particularly in Travel Retail. It will be supported by a new campaign and new activations, not only in the US.

Lastly, for Bruichladdich, we will leverage liquid innovation designed for China and Travel Retail to keep rolling out our thoughtful campaign. Of course, we will make sure we keep the great momentum of the brand in Japan, where it has grown double digit in the past two years. As a result, we believe 20% of sales spent on A&P is an appropriate investment for our mature brands, the percentage being higher for rising star brands with little impact on the Group.

On top of products and brands, we also aim at better balancing our geographical footprint, accelerating growth outside of the US and China. This is what the slide 28 is about. For the sake of time, I will not elaborate much, but I will be happy to take questions.

We focus on three priorities, which could be split between short-term, medium-term and long-term impact. This year, we have decided to allocate new resources to support growth beyond Guangdong, where the majority of our business is made today. We will focus on strategic cities in Fujian and the Southwest, where we can leverage the strong awareness of Rémy Martin and where we are late versus our competitors. We believe in a rather quick payback.

The payback in Africa and Brazil will take longer, but we are already investing as we have potential to grow The Botanist and Cointreau in Brazil and Rémy Martin in Africa, where we plan to launch a new product.

India will take even longer, but we are already on it, not only through the product innovation, as you saw from Saint Rémy in Diwali, for instance. We are finalising an RFP, and we expect it to be a game-changer in the country. Also, the surveys we made highlighted the great potential of The Botanist combined. So combined with the lower tariffs expected in India for UK products, this is an opportunity we are determined to capture.

We have assessed the potential impact of tariff increases in China and/or the US for '25-'26 on slide 29. It is important to note that these estimates are based on the assumptions known to-date, which remain unconfirmed. We continue to monitor the situation closely, and we'll adapt our strategies as more concrete information becomes available. As of today, our best estimate of the maximum growth impact stands at approximately €60 million for China and €40 million for the US.

We expect to be able to compensate at least 35% of the total effects in both China and the US. This translates to a net impact estimated at the maximum, I insist, it is a maximum of €40 million for China and €25 million for the US in comp. To achieve this level of compensation, we have initiated a comprehensive action plan focusing on critical levers such as inventory management, cost organisation and strategic pricing and promotion management. These efforts are essential to minimising the adverse effects of tariffs and maintaining our operational efficiency.

The last lever related to pricing cannot yet be a currently modelled at this stage. The context remains too uncertain and volatile. We consider pricing as an additional source of mitigation, which is not factored in what you've seen there, but it is impossible to commit to a precise time line or magnitude at this stage. More importantly, and beyond these actions, the most effective solution remains the return to top line growth globally, particularly in our key markets, the US and China.

Boosting our revenue in these regions acts as a natural hedge to the cost pressures we face, further reinforcing our financial resilience. If top line accelerates in line with our expectations, we would be able to offset two thirds of the gross impact.

On slide 30, one last important element before moving to the final guidance. Beyond restoring top line growth and given the fundamentals of our business model, maximising cash generation is imperative. There are three key levers I would like to highlight today, which will not surprise you. The number one is working capital optimisation. In recent years, we significantly increased our eau-de-vie purchases to prepare for the future, reaching a peak in '22-'23.

Since then, and in light of the current context, these purchases have gradually normalised, albeit in a measured way and in line with our multiyear contracts with wine growers. This year, most of those contracts are coming to an end, and we have decided to seize the opportunity to reduce our purchase volumes considering the current market conditions and the stock levels we now hold. This reduction would represent between 25% to 45% of initial volumes depending on the nature of the contracts and will have a visible impact as early as the end of H1 '25-'26 in terms of off-balance sheet commitments with the first cash impact expected by the end of the fiscal year, March '26.

As a result, the strategic working capital outflows are expected to come in between €90 million and €100 million this year to be compared to a peak in ’22-’23 of €150 million.

The number two lever is CAPEX discipline, a similar trajectory, of course, as that of eau-de-vie purchasing with the peak reached in '22-'23, followed by a normalisation phase driven by a more selective approach. We expect investments to be between €40 million and €45 million this year.

Lastly, shareholder return. Naturally, the goal is to maximise it to the extent possible. As of today, a share buyback appears unlikely despite our current low stock price as the Board has chosen to preserve cash for operational needs. The Board is applying the same approach to the dividend with a dual objective, on the one hand, ensuring a consistent and attractive policy over time, and on the other hand, maintaining a reasonable and performance aligned stance. Accordingly, the Board will propose at the upcoming General Assembly a dividend of €1.5.

To conclude, let's now turn to slide 31 for a few comments on our guidance for '25-'26. We have tried to be as precise as possible although the environment remains unsettled. This is why we've chosen to present two scenarios, with and without the impact of potential tariffs, so you can better grasp the underlying trends.

What do we know at this stage? First, while the US has not yet shown clear signs of a sustained rebound, no spark, comparables are now turning in our favour. Second, inventory levels are healthy in absolute value and even below what we used to carry before COVID.

And finally, we are now operating in a more efficient and agile manner, thanks to the transformations implemented over the past two years.

Conversely, what remains uncertain? China clearly represents the biggest question mark. From here, anything can happen. The recovery could be swift if consumer confidence returns, fuelled by substantial household savings. But the rebound could also take more time.

Last but not least, there's the matter of tariffs, still unresolved on both sides of the Atlantic and the Pacific, by the way. Against this backdrop, we expect Group sales to return to mid-single-digit organic growth, mainly supported by a strong technical rebound in the US starting in Q1. That said, the year will see some phasing effects, particularly in the US and China. As such, we expect to return to growth at Group level in H2.

Well, turning now to the outlook of the COP, we are presenting two scenarios. First, excluding tariffs in both China and the US, we expect COP to grow by high single to low double-digit organically. Second, including €65 million of potential maximum net impact linked to tariffs, Rémy Cointreau expects an organic decline in COP of mid to high teens.

Looking further ahead, we have taken the decision to withdraw our '29-'30 objectives. While these targets may still have been achievable, the persistent macroeconomic uncertainties, the volatile tariff landscape, as well as the lack of sell-out recovery in the US no longer provide the necessary conditions to guarantee it.

This decision also reflects the fact that the new CEO will naturally define his own strategic roadmap while staying obviously aligned with the Group's long-term value-driven strategy.

I would like now to thank you for your attention for this long introduction. We are now prepared to take your questions. Thank you very much.

Questions and Answers

Operator: Thank you. Ladies and gentlemen, if you would like to ask a question on today's call, please signal by pressing star one on your telephone keypad. In the interest of time, we kindly ask to limit yourself to two questions only please. Again, that is star one for your questions today. And up first, we have a question from Trevor Stirling from Bernstein. Please go ahead. Your line is now open.

Trevor Stirling (Bernstein): Good morning, Eric, Luca and Marie-Amélie. Eric, before deep dive in the questions, just to say I wish you a fair, fair well, bon voyage for the next chapter. I know the last couple of years has been very difficult, but thank you very much for your patience and always your clear explanations to all of us over those years.

Then questions. I guess, Eric, returning to the US, which is probably the critical long-term question. You highlight that the underlying depletion trends are very close to flat. Do you think that corresponds to sell-out? Or is there still a bit of a gap between the sell-out and the depletion trends in the US? And also if you could put whatever you think is true for Rémy Cointreau into the context of cognac category and the industry?

The second question around sensitivities. I appreciate very much the scenarios you've presented based on 20% tariffs on EU imports. Is it right to think that the sensitivity is around €20 million of gross impact or 10% of tariffs on EU?

Eric Vallat: Luca, you want to take the second one and I take the first one? First, thank you very much, Trevor, for your words. Needless to say that your questions have made me improve as well over the past two years. So really appreciated our discussions.

Taking your first question, indeed, the depletions are close to flat. They are still negative. But they are, let's say, mid-single-digit negative. If we compare to the past two years we've been through, it's a real sequential improvement. This we can say for sure, plus it is interesting to note that if you look at VSOP, where we have taken actions, we are now close to flat indeed, meaning slightly better than the trends I just shared, meaning also that our actions on pricing do have an impact.

By the way, they are not yet all fully implemented. You should take, for instance, the small format, where we want to come back to an index, which provides more potential for the small formats, particularly the 35 centilitres, which in the current context of less purchasing power is the same consumption as that of the 75. You know the retailers can decide to keep some of the margin for themselves for a while and so on. So it's not yet fully implemented. We still expect some impact there.

Having said that, it is too early to say that it is purely and solely driven by real and solely sell-out. My view is that it is partly driven by also the actions we took on price, which are reasonable and so on, also have a limited impact in time. So there's a positive impact once you implement them. But then people get used to it and the dynamism is less.

We are still waiting for the spark, and it's still too early to say that depletions and that sell-out is back to growth or even flat. I don't know yet. What I'm comfortable with in the US, and I will conclude with that is, first, our stock levels are very healthy today.

Over five years, worldwide we have destocked €100 million, €50 million driven by more depletions than pre-COVID, and €50 million driven by the fact that we have less stocks than we used to have before. Our stocks are pretty healthy. Our comps are pretty low. So sell-in, we are quite confident. Depletion should be okay, as also driven by all these actions we are taking on VSOP and other products.

Sell-out will take a bit more time. It's hard to say when it will happen. But as many of our peers have shared, we believe that a good share of what is happening is cyclical even though long lasting.

Luca Marotta: For the second question, the answer is yes and no. Because theoretically, yes, if it was in a Vitro world without considering the phasing, the volumes that what we have already done in these months, covering which kind of needs. But a theoretical answer is, yes, more or less 20% of gross impact. Then the more you go into the year, the less impact you have also because you have what you need. But theoretically, yes.

Let me partly take your question also to elaborate to some of your potential question mark reaction. We highlighted the worst case scenario, differentiating gross and net of the first set of measure of containment from 100 to 65 combining both in China and the US. But if you look at the guidance before, so without tariff or with tariff, you highlight this is not coherent with €217 million, which is the bottom line of this year, minus €65 million. So it is high double, low teens. So bigger than that.

What does it mean? That we are fighting, projecting to moderate this net impact, clearly also through volumes and sales. Because the first, as I already said, weapon to try to offset the usual is to grow back again. And we think we have all the elements to realise these objectives, starting with the mechanical strong destocking in the US.

I repeat myself, the spark will finally be there. The acceleration will be huge. As you know, as you, Trevor, pointed out many times.

Trevor Stirling: Can I just ask one follow-up then, Luca? The guidance without tariffs implies margin expansion next year. You have roughly €20 million of one-off costs, which would recur come back on the P&L. So that's basically saying there is a lot of operating leverage under there, which will help offset the return on those.

Luca Marotta: Yes. And you know ourselves, very low profile, but on comparable basis, we are working to try to get to a flat to low single-digit increase overheads without this one-off. We are working to - even if they are a strong burden compared to the size of top line of today to continue to be able to do, I think a good job in terms of cost.

Now the ball is more in the field of my dear colleagues of ComEx in terms of top line because at the end, costs are not touching the sky. We can't do no miracles. I'm not a saint.

Trevor Stirling: Understood, Luca. Thank you very much, Luca, and thank you, Eric.

Operator: Thank you. And we're moving on to our next question now, which comes from Edward Mundy from Jefferies. Please go ahead. Your line is open.

Edward Mundy (Jefferies): Morning, Eric. Morning, Luca. Two questions from me, please. The first is on the cognac category where we're still not yet seeing a spark. I'd just be interested in your views on sort of what is it that's required? Is it an affordability piece? Do we need a bit more mixability? Do you need a bit more freshness coming to the category, more liquid on lips or touch or revenues? Or do we actually need to launch sort of lower-priced products, perhaps a VSOP - sorry, a VS+ to drive affordability? I'd just love your big picture views on what it is that's going to drive that spark for the cognac category in the US.

And then second, apologies if you sort of just partly answered this on Trevor's question, but just around the sensitivities of what can be mitigated on tariffs? I mean if the - if it's not a €100 million gross impact, would the amount that you can offset start to increase from 35% up to 50% or even more? I'd love to get your views on how much the net drop-through would be if it's not quite as bad as expected on the tariff side?

Eric Vallat: Thank you, Ed. You'll take the second question, and I'll take the first one. You want to start this time? Okay.

On the first question and the cognac category, I understand the question focuses on the US. I don't believe that what is happening is purely and solely price related. If you look at the trends in the US, it's across the board, except for tequila to a lesser extent and except for cocktails that the depletions are negative. Unlike in China, by the way, the high end is resisting better. I don't think it's purely and solely price related. By the way, we've seen some of our peers decreasing their prices aggressively, and this did not translate into necessarily much more volumes.

So I believe, of course, in psychological prices. So I believe in being below €50 for VSOP, I believe in being below €60 for 1738 because this has a psychological impact for sure. This we know. I also believe in the fact that making sure that every stakeholder in the value chain makes money so that everyone is highly motivated because we shall not forget that it's a very intermediated business.

Pricing does have an important role to play, particularly in this context. Of course, if we had a VS, we would do more volumes for sure, or VS+, but our strategy is not to compete face-to-face with our competitors. In fact, if you look at our successes in the past five years, we have doubled the volume on 1738. We have doubled the volume on CLUB. Two SKUs, which do not compare compete face-to-face with our peers, two SKUs which are not necessarily cheap.

So it cannot be reduced to that. It doesn't mean we shouldn't be smart in pricing. It doesn't mean we have a strong pricing power today, no.

I believe the second challenge, to be honest, if you look at our depletions compared to five years ago, if you exclude VSOP, they are good. But if you include VSOP, there are bad. So we have a challenge with VSOP. As we explained many times, we are in the process of fixing it. It takes time. I think we are partly responsible for that because well we've been placing so much effort behind 1738, and we believe that 1738 could serve as a halo brand to Rémy Martin, but it is not true. 1738 is a brand as such. VSOP is a different brand within the Rémy Martin umbrella, and we need to support it. So this takes time, as I said, when we launched it a year ago, and it's still in progress.

I also believe that probably the biggest challenge, in fact, and it's a challenge for the category, and it's a challenge for VSOP and VS probably, in my view, more particularly, is to recruit - so recruit beyond our historical clientele, which, by the way, is more impacted on VSOP and VS by the current macroeconomic environment than for the rest of our SKUs. 1738 is recruiting. VSOP is not recruiting and is relying on a clientele, which is more Afro-American and more impacted by the current context.

So the question and the challenge is how do we recruit beyond this clientele? This comes through liquid to lips for sure, but this is not going to give you the scale. It's also through communication. You will see us investing behind VSOP, not solely on pricing now. But also on communication at some point to rebuild desirability and to build it beyond our existing core clientele. Not that we are going to give up on this existing clientele. We currently have a number of activations around DJ and music in many cities.

But recruitment is the key challenge, and it will come through a number of 360-degree actions that are being put in place. I think if we manage this properly, pricing together with the recovery of the purchasing power in the long term is not the main issue. Again, having a VS would drive more volumes, but we are not obsessed by the volumes as such, as you know, at Rémy. And we believe there is a lot of value we can drive in the long run and turnover we can drive in the long run.

We still have a very small share on XO, and we still have a very small geographical footprint in China. So there's still a lot we can do and as well with the non-cognac, of course.

Luca Marotta: You want me to precise what is between mid-teens, high teens. As already said by Eric, if our top line assumption are there, we think we go beyond the 35% offsetting reaching 50% to 60%, even 65%. Then it depends also the top line dynamics.

It can be counterintuitive, but the more the top line will follow the budget scenario, so a recovery in stocking and dynamics in Europe with special attention on China, the more we will support this top line announcement. So we will be more on the savings side if top line is a little bit more tough than expected.

But at the end, I can only repeat that there is a 4, which is what has been highlighted, which implies that our guidance is not counting to reduce bottom line of this year of €65 million. Then you put on that plus 8% to plus 10% is a bit bolder than that because otherwise we'll have a sharper decline.

Organically, you can count on us and you can do the math. It is better than your first read. Negative point. No, negative point.

Edward Mundy: My question was clearly - sorry, the question was more if the antidumping is not 38, but let's say, 20 and if the US tariff is not 20, it's 10, and therefore, your growth impact is not 60 and 40 China and US but maybe it's like 30 and 20. Is it still a drop-through or mitigating factors of 35 or mitigating factors start increase.

Luca Marotta: We will adjust at that. We'll adjust. We can say that all in all, without consider all the option because they have to do a sensitivity test for all the options. But if one of that - one of those is there, consider also the fact that we need to support the strong volume recovery for this year on top line, we will slightly decline. So meaning that bottom line is - even if it's growing, it will be growing a little bit less than the top line.

But I insist also what I answered before, it was not all of your question. So your first thread of you all is a little bit more too much negative compared to what we have highlighted because if you do the math, we are planning to compensate on that a bit more than €35 million, also using the top line dynamics of this year expected.

On the negative side, I put a lot of attention, a lot of disclosure on the forex. Forex has been a supporter this year, is more volatile, more complex. So we will guide on organic. But for your model, it's important that you're taking that into account. And everything is clearly explained, top line and bottom line.

Edward Mundy: Okay.

Operator: And now we move to a question from Andrea Pistacchi from Bank of America. Please go ahead. Your line is open.

Andrea Pistacchi (Bank of America): Yes. Thank you very much. I also have two, please. The first one is on the mid-term targets, which you have withdrawn. So the 33% margin clearly looked difficult to achieve also given the tariff uncertainty. So I think no surprise there. On top line, you were expecting to grow at high single-digit and most of the headwinds that you're facing are cyclical. I think consensus, if we go out sort of two, three, four years, is around 6% for the long term. Now I appreciate visibility is poor, but could you share thoughts on how you're thinking about top line longer term? Does that consensus seem reasonable? How you're thinking of the various moving parts?

And then probably for Luca, a couple of things on cash flow, please. You're reducing, you were saying your eau-de-vie contract volumes, and you've given us guidance for this year on strategic eau-de-vie investment at €90 million to €100 million. What is a more normalised long-term level of investment here once those benefits of the new contracts fully kick in? And also, if you could give us a longer-term CAPEX level, please? Thank you very much.

Luca Marotta: Actually, Andrea, you are asking to shoot a plan before the plan. Your top line CAPEX, free cash flow. You're fine.

Eric Vallat: I'll reply to the first question. Well, first, as you know, even in 2020, when we shared our long-term vision, we never spoke of the top line growth. We spoke of gross margin. We spoke of COP percentage. Obviously, the visibility has not improved. It is making it more difficult today. What I can tell you is, as you've seen, indeed, we are ahead of the plan or in line on the gross margin front, slightly ahead still. We are indeed lagging behind because of the very low visibility on tariffs as well and the turnover on the COP.

The reason why it is withdrawn is not driven by the top line or not the top line achievement. It is more driven by the lack of visibility by the risks linked to tariffs than by a risk as such linked to the top line, even though, obviously, we have lost one or two years.

Well, if you ask me my view on the potential, I still believe at least, but I cannot tell you the horizon. I still believe that we do have potential from where we are to grow in China, even though we've gained market share a lot lately. We are still very small imported spirits in total consumption.

If you look backwards, China, in 2003, the imported spirits accounted for 0.2% of the spirits consumed. In 2022, it's only 1.2%. So it's still very little. But meanwhile, we've grown imported spirits 11% CAGR in these 20 years. And the overall size of the cake has grown 30%. What it tells is that China, we are still a drop in the ocean, and there's still a lot we can achieve there. And cognac remains an attractive category.

The US, of course, is very much dependent on the macroeconomic environment. But I can tell you what I confirm what Luca said is the day there is a spark, the day it starts recovering, the recovery will be massive in the US because our stocks are very healthy, too low in number of months in case of recovery. In that case, we would catch up a lot. When will that happen? It is very hard to tell.

Luca Marotta: Cash flow benefits of the new negotiation. As highlighted by Eric, there will be first moment you will see something, it will be end of September in which the off-balance sheet, consider all the debt will be adjusted but commitment. So I expect to land something between minus €80 million to minus €100 million considering the future commitment, so not over one year of the future year. As you know, it's a rolling picture representing the engagement of the company to buy in the future, not clearly linked to a specific year.

But overall, it used to be €660 million, should be something between €560 million to €600 million. I cannot be more precise than that.

Then what is the benefits on a specific first year should be between €20 million to €30 million already encapsulated in the guidance. What is the normative one? I cannot answer on that. It is reaccelerating top line. If it is something supporting top line on cognac back at plus 12%, 13% for two years and then decelerating. Clearly, there will be some spike, as you have highlighted, as you've seen in the free cash flow conversion.

So I think that all in all, €90 million to €100 million this year overall, considering the actual footprint of brands could be something to modelise, maybe €10 million or less but no more than that because reaccelerating, clearly, we are betting on that. There will be a consequence in terms of cash employment.

CAPEX, we can leave with €50 million so far for some years, even making some sacrifice, but without touching the D&A can be a bit more also if the market is not dynamizing itself as we expected because you need to store. So you have some CAPEX to store more.

But a normative basis compared to our scenario, it is €50 million, maximum €60 million. So we don't plan so far to be back at the €70 million to €80 million of two years ago. We were a high level of performance.

Andrea Pistacchi: Great.

Luca Marotta: One point, Andrea, which is important. We can't shoot a CAGR on top and bottom line today. Everything is changing. The tariff sword threat is so big, Democrat sword is so big and it is also implying an impact on the gross margin as a first tool to the growth. So all the P&L dynamics, also the cash might change positively or negatively, even without considering the absolute value in a given year. So that's the reason why it was the moment on top also considering that if we are lacking growth in some historical market, we need to speed up in some new one.

The new one has some characteristics that may be a little bit less accretive to the average of the profit and loss. So need to be digested also by the new boss that will come. We have his opinion clearly to take more than into account the guide vision. And so the new one that will be shoot, I don't know when, will take into account not only this conjunctural specific element but also the new footprint.

But the first tool, which is gross margin today clearly if tariffs are standing for five years, it's not only for Rémy Cointreau, for all the industry is a change of the business model in terms of negative element because it gives you less money after you have sold a bottle. You have less money to spend. So you have to be more efficient, both in A&P, in overheads and then 33% was no more achievable.

Andrea Pistacchi: Very helpful. Thank you.

Operator: Thank you. And from Redburn Atlantic, we now have Chris Pitcher with our next question. Please go ahead.

Chris Pitcher (Redburn Atlantic): Thank you. Good morning, all. A couple of questions from me. Firstly, on the destocking benefit. You talked about €60 million of destocking in fiscal '25. I mean that would account for 6% growth in this financial year if stock levels have hit the stable level. If we assume a gross margin in line with the Group, that could be as much as a 20% benefit to EBIT. And so, is the messaging right that the underlying operating performance even before tariffs, we're still seeing a structural reduction in margin as the non-structural savings come back. Just want to check I've got the drop-through right on destocking.

And then sorry, to follow up on the strategic inventory question. In terms of those forward contracts, you have a commitment to buy in the future. Are you seeing any reduction in the planted area in, say, Grande and Petite Champagne, i.e., there may be just less available supply, which will put a lid on how much strategic inventory you need to buy or indeed can buy? Thank you.

Luca Marotta: First, you take the second?

Eric Vallat: Yeah.

Luca Marotta: Okay. So thanks, Pitcher. Very easy question. Let me rephrase it. Tell me if I understood correctly. You are trying to see if the destocking automatic hypothesis overall €60 million is giving enough gross margin to offset the dead cat bounce back, negatively speaking, in terms of cost.

So yes, it's accretive. So because the restocking will give is much more than the short-term headwind on a practical basis on P&L. Then if you look line by line, clearly, the restocking is not showing a decrease in overhead. So on a practical basis, this activity, it is accretive.

Does it mean that we don't need to speed up investment? No, we need to speed up. So the equation works only because we are trying to remain a 20% A&P ratio, increasing, I insist, BTL dynamics, short-term money-oriented A&P compared to more noble, more long-term brand awareness spending. So it's a shift inside that.

But vertically, it will be an accretive impact. I'm not able to estimate precisely, but at least 10%, if you consider at least €20 million. So we pay the recurring cost with €20 million more.

So if you want to take on the positive side, we are able. If you take on the negative side, if you are not able to restock, you can say we have a threat on that.

But then remember what I said in that point, if top line is more a stress, we can also activate some additional saving posture even if we already cut €230 million. Today, the guidance is based on the top line dynamics as well to increase this €35 million of not offsetting of tariffs already there.

Eric Vallat: For the second question, so you know there are two ways to reduce production. One is indeed less hectares for vines, and the other one is reducing the productivity per hectare. So the productivity has gone from 14-plus hectolitres per hectare to now 7-plus. So it's a sharp decrease already. This can be flexible and increased again in the future.

Then there is indeed - I looked at Google translation to make sure I am translating properly from French to English. But there are two things that indeed are happening. One is we had some planting rights that we had negotiated with Europe that we are not exercising that our wine growers are not exercising. This is more a non-growth of the hectares planted. And then you have the up routing. This is where I looked at the translating of wines, which is happening indeed.

Having said that, it is not happening at a big scale today, particularly in Petite and Grande Champagne. Just so you know, for instance, if you take Grande Champagne, when we negotiated hectares to plant as a region in with Europe, in fact, Grande Champagne was already covered and there were no hectares negotiated more and Grande Champagne is still a sought after crew. So I am not so much afraid.

If your question behind is whether we are comfortable with our sourcing in the long run, despite this indeed very strong crisis in cognac? The answer is yes, because of the stocks we have on hand but also because of the contracts we have secured with our wine growers. It is true that we have reduced by 25% to 45%. But we believe that both combined do not prevent us from being comfortable to achieve sustained growth for our Rémy Martin brand in the future.

Chris Pitcher: Thank you. Very clear.

Operator: Thank you. And as a brief reminder, that is star one for your question today. And we now move on to a question from Laurence Whyatt from Barclays. Please go ahead. Your line is open.

Laurence Whyatt (Barclays): Hi. Good morning, Eric and Luca. Thanks very much for the question. I wonder at the Q4 stage, you kind of gave us the level of stock across the world. And given we're a couple of months later on, I wonder if you could just update us on where we are in stock levels, particularly in the US. I think it was around four months when you gave the update last month for the stock levels at the end of March.

Then secondly, in terms of marketing spend, you mentioned that marketing spend around 20% of sales. But I'm just wondering, where are you prioritising that spend across the regions and brands? What are the main metrics that you're using to determine the effectiveness of that marketing? Thank you very much.

Eric Vallat: On question one, but feel free to elaborate, Luca. But basically, so the stocks worldwide are healthier and healthier. Having said that, compared to last month, there are still four months in the US. Don't forget that it is four months considering depressed depletions. So in absolute value, it's quite low.

And the strong sell-in you will see in H1 is not driving a restocking. We still aim at improving the level of our stocks throughout the year, but the comps are very low, which is helping, of course.

Worldwide, Europe stocks are also healthy in most countries, let's say. And China stocks are healthy as well, particularly on CLUB. So the situation has dramatically improved versus a year ago, not so much change versus the last month when Luca shared. I don't know if you want to elaborate on this, Luca?

Luca Marotta: No, more or less the same. Close to four months in the US, even if on a far lower basis, we highlighted that overall worldwide with the stock for €100 million, €50 million of more depletion, €50 million or less sell-in, with a clear acceleration of the stock in the US, 480, if it's not symmetric over five years. So a very strong destocking even if we consider the normal footprint of depletion seems to be already four months.

China is more or less the same, quite healthy. EMEA, even lower. Even if EMEA is a land of many different countries. So the average is not the right picture. So we have some countries we are clearly under stock and other we have a little bit more stock of less dynamics. But overall, I will say in Europe between 2.8 and three months. So quite ready to accept a rebound, rebound which is there compared to the historical footprint and the historical last 12 months data but it's still not dynamic as we would like to see and to witness.

Eric Vallat: As to your second question, I'll try to answer while not being too long. So basically, our A&P spend is indeed 20%. We believe it is a fair level. It has changed by nature over the past two years, and it will change again in the future because we're adapting, of course, to the context.

Today, there is more BTL than there used to be. It's basically 50% between ATL and BTL. Today, it is more digital than it used to be. It's basically probably - if you take ATL, 60% is digital. Why am I starting with the nature of the spend? Because, in fact, it is easier to trace the efficiency and to track the efficiency of our actions when they are digital or when they are BTL.

The most difficult to track is, in fact, an ATL campaign that is 360 because the impact is never immediate. You have to look at it over the long run and so on. For BTL, what are we talking about? We are talking about - if you take a physical BTL, it's a shelf stoppers, presence, special displays. You can better track the dynamism and the sales if you compare to stores where you don't have these and so on, so you can sample and you can compare.

If you take digital also, you have a certain number of KPIs you can track. Of course, we look much more at engagement versus just the number of connections or touch points if you look at digital.

Now also it varies a lot from whether you're a small brand or a big brand, whether you're LOUIS XIII or whether you're Cointreau. If you take LOUIS XIII, we do track every single action, but big campaigns, which we don't have currently because, in fact, we are very much D2C, we are very much CRM driven. And obviously, it's easy for us to track the efficiency of our actions.

If you take Cointreau, obviously, it's a bit more driven by kind of, let's say, mathematical KPIs and less tracking of the behaviour after the communication has been made. So it really varies a lot from one brand to another, from one country to another as well.

And the last I think question you had in the A&P was this 20%, do we overinvest somewhere or where do we invest? So in fact, the smaller the brand and the smaller the market, the higher the proportion, of course, because you cannot leverage the scale. So if you take small brands like Telmont, like Belle de Brillet, like, well, the share of spend is more than 20%, definitely because we are still in a growing mode, of course, but also because if you spend just the 20%, you won't spend much and you will never emerge. So there's a minimum you need to spend.

In fact, the same applies to the countries. The smaller the country in sales, I'm not speaking necessarily in absolute for the country as such, but in size for us, the smaller and the more potential we believe there is, the more we will spend. So this 20% is really an average. It is not at all reflecting the spend per BU or per country.

Laurence Whyatt: That's really helpful, Eric. Just a follow-up on that. Have you made any changes between particularly your key markets of China and the US, have you move any spend between those two, either increase or decrease?

Eric Vallat: Well, we are decreasing in both markets, but I would more present it as a rationalisation of the spend as well. Everything was very easy two years ago. So we could spend. We spent to be transparent, and we spent millions behind an advertising for the Super Bowl. We had this, let's say, these tons of money that were falling and that we had to spend. So we went quick, and we were probably a bit less adamant on making sure that every single euro we spend is efficient.

We are much more doing like this. We have decreased our spend in China and the US, but I don't believe that our impact has decreased as much because we have optimised in the meantime. We've been much more cautious on every single euro we spend. So that's point one.

And point two, in some other countries on the contrary, we are spending more or we are about to spend more, driven by also, let's say, actions we are taking. I mentioned Africa, I mentioned Brazil, I mentioned Mexico. I could have mentioned some countries in Asia. In these countries, on the contrary, we are going to spend more than what we were spending before. But in relative value, it is not a big share for the Group because it's starting from a low base, but we are going to spend more.

Luca Marotta: An additional point - sorry, Laurence. An additional point, I don't think we discussed very much about that with all of you is that before COVID, only 4% of our turnover was e-commerce, digital. Now it's 17%. Business model of e-commerce is very different. So more efficient in terms of A&P overheads.

So also the channel split, direct sale increasing has changed, is changing a bit the year. So when you compare '20 now the top line over '18, we have some new channels that are a little bit less A&P intensive compared to the average. And you have some A&P inside overheads. Let's think to the 13 freestanding store in overheads, increase of brand ambassador and PCD, Personal Client Director, more or less 100 people over 1,008 that are in overheads and cost as well are investment.

They are categorised as overheads, but they are A&P. The way we are measuring their profitability as well is also share of art, not only sales, the fact that we are able to increase direct sales much more than the average top line. So this is to say that even if we are spending less in the short term, we increased dramatically the A&P footprint.

Potentially, if it is your question, we can be even more selective maybe on the future growth brand that today are lacking a bit of speed on top line, but we have enough. So don't be scared if we will touch even a bit more A&P because part of the switch of the model has made - some part of the turnover is made with a lower gross margin, e-commerce in China because of the format, lower overheads, lower A&P. And the opposite is true also for that sales.

So apple-to-apple, it's very difficult. Overall, we have a lot of ingredients to combine even with the turnover that is under pressure. So we are not cutting into the meat today in A&P.

Laurence Whyatt: Really clear. Thank very much. And Eric, I reiterate the words best of luck for the future. Thank you very much for your time over the past year.

Eric Vallat: Thank you so much. I'm not asked to this time, but as a conclusion remark. I would like first to say this was my last call for Rémy Cointreau. I'm really moved today as I am about to leave a Group that I have been very proud to work for more than 10 years, a Group whose unique relationship to terroir and time has contributed to build amazing brands over decades and even centuries. A Group whose values embodied by its reference shareholders speak to me, a Group whose teams are so committed and passionate their contribution during the past two years, very challenging years has been remarkable.

I have been appointed at the very beginning of COVID. The least we can say is that a lot has happened since then, positive and negative. As we like to say, what does not kill you makes you stronger, and I truly believe that the Group will emerge stronger from the crisis. Thanks to its great brands and while adapting to a changing environment, it has remained loyal to its value strategy, echoing a long-lasting trend that is here to stay, drinking less but better.

The future of our industry is about value more than volume, which is better for the people and better for the planet. I would also like to thank you all. This was my first experience as a CEO of a listed Group. I have enjoyed every single moment, and that includes the road shows and various discussions we had together. I have learned a lot from them.

Lastly, I must say I'm happy and glad that we managed to secure the smoothest transition possible. Franck Marilly will join in June '25, which will allow me to spend time with him. I am already spending some time with him actually to prepare his arrival. I am sure he will be as enthusiastic as I have been about the Group and its prospects in the long run.

Well, I wish you all the best, and I hope our path cross again in the future, which I will be happy to disclose in the coming weeks as far as I'm concerned. Thank you very much.

Marie-Amélie De Leusse: Yes, I just wanted to take this opportunity on behalf of the Group, on behalf of the shareholders and the Board to thank Eric for his tenure at the helm of the company and also for his years at the head of Rémy Martin previously to that. As you said, a lot has happened since your appointment with COVID and many ups and downs, but thanks to you and your management, we have achieved many things, all of them positive, and we are on a track that remains the same. Our strategy remains the same, and we have not deviated because also of your commitment to the company.

We wanted to thank you. As for all of us, we will see you soon, and Luca will speak to you on 25th July for the Q1 sales. Thank you very much.

[END OF TRANSCRIPT]