



RÉMY COINTREAU

Des terroirs, des hommes et du temps

Sales for the
9 months 2019/20
ending 31 December 2019

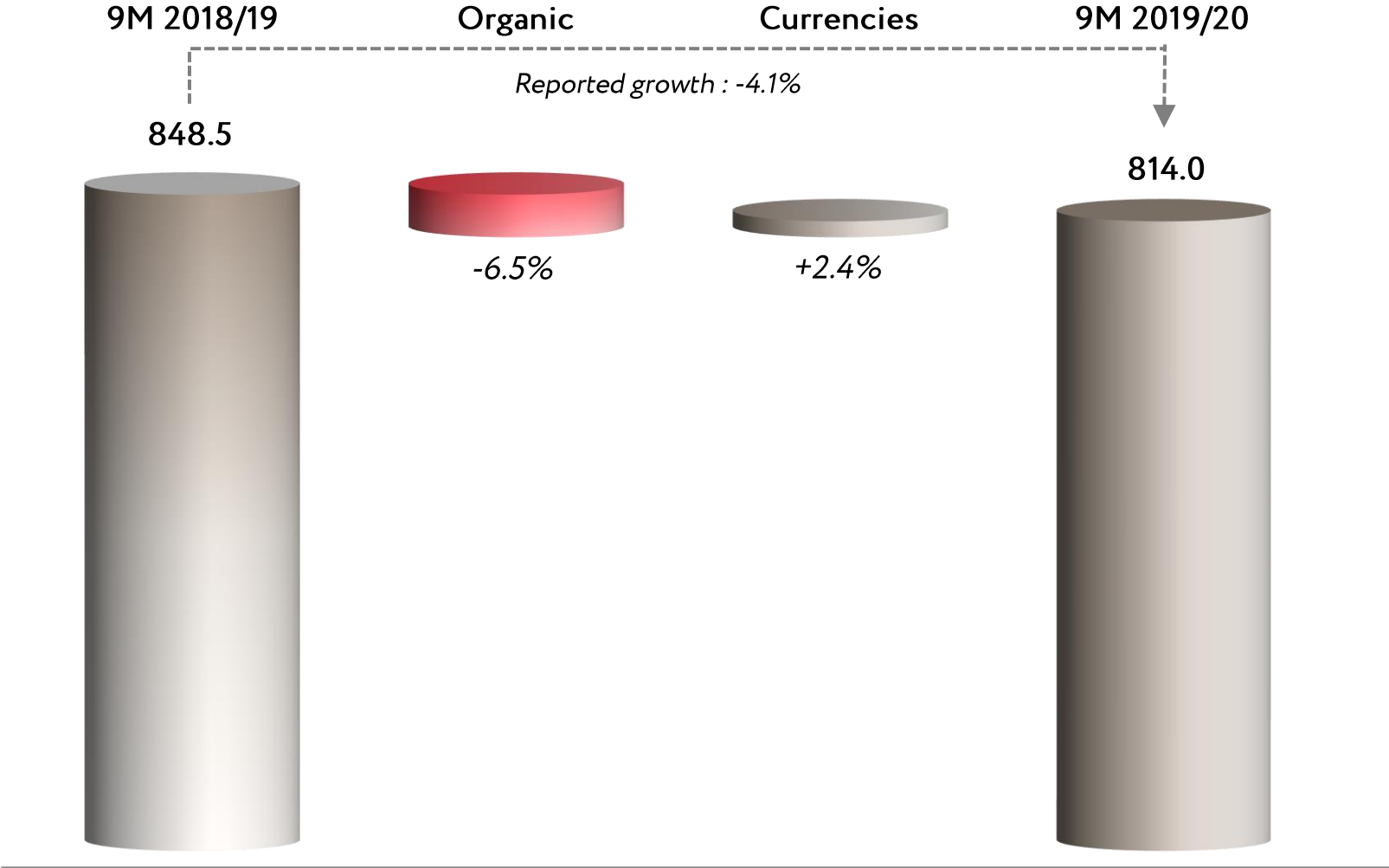
24.01.2020

9M 2019/20 Sales : Key Messages

- **9M sales declined 6.5% in organic terms:**
 - **Partner Brands declined by 67.8% organically (including -61.1% in Q3), reflecting:**
 - A sales loss of EUR44.7M due to the termination of distribution contracts in Czech Republic/Slovakia (further to the disposal of the distribution subsidiaries) and in the US (Piper Sonoma)
 - **Group Brands sales declined by 1.0% in organic terms, including -7.2% on Q3. This reflected a number of situational factors, that peaked in Q3:**
 - High comps (+10.3% in 9M 2018/19), in particular in Q3 (+12.8%)
 - Disruptions related to the changes in route-to-market, in particular in the EMEA
 - Very difficult context in Hong-Kong since August (significant impact on our Asian duty-free business)
 - Slower than expected replenishment by US retailers affecting the cognac division
 - These factors more than offset a sales gain of EUR5.0M in Q3 related to the earlier timing of the CNY 2020 (11 days earlier). Adjusted for that technical factor, Group Brands sales declined 1.7% in the 9M period (-8.9% in Q3)
- **9M 2019/20 depletion trends suggest gradual recovery ahead**
 - Asia: solid double-digit volume/value growth in China Mainland, partially offset by weakness in South East Asia
 - US: cognac depletions still penalized by slow retailers' replenishment but showing a sequential improvement in the last 3M period; Cointreau up double-digits
 - Western Europe: changes in RTM putting pressure on performance; slower UK but good growth in the Nordics
 - Eastern Europe: Russia still under pressure
 - Africa : high comps in Q3; but ongoing strength in South Africa, Nigeria and the Middle East
 - Global Travel Retail: significant deterioration of depletion trends since August, mainly due to HK events and commercial disputes in the Americas

9M 2019/20 Sales Analysis

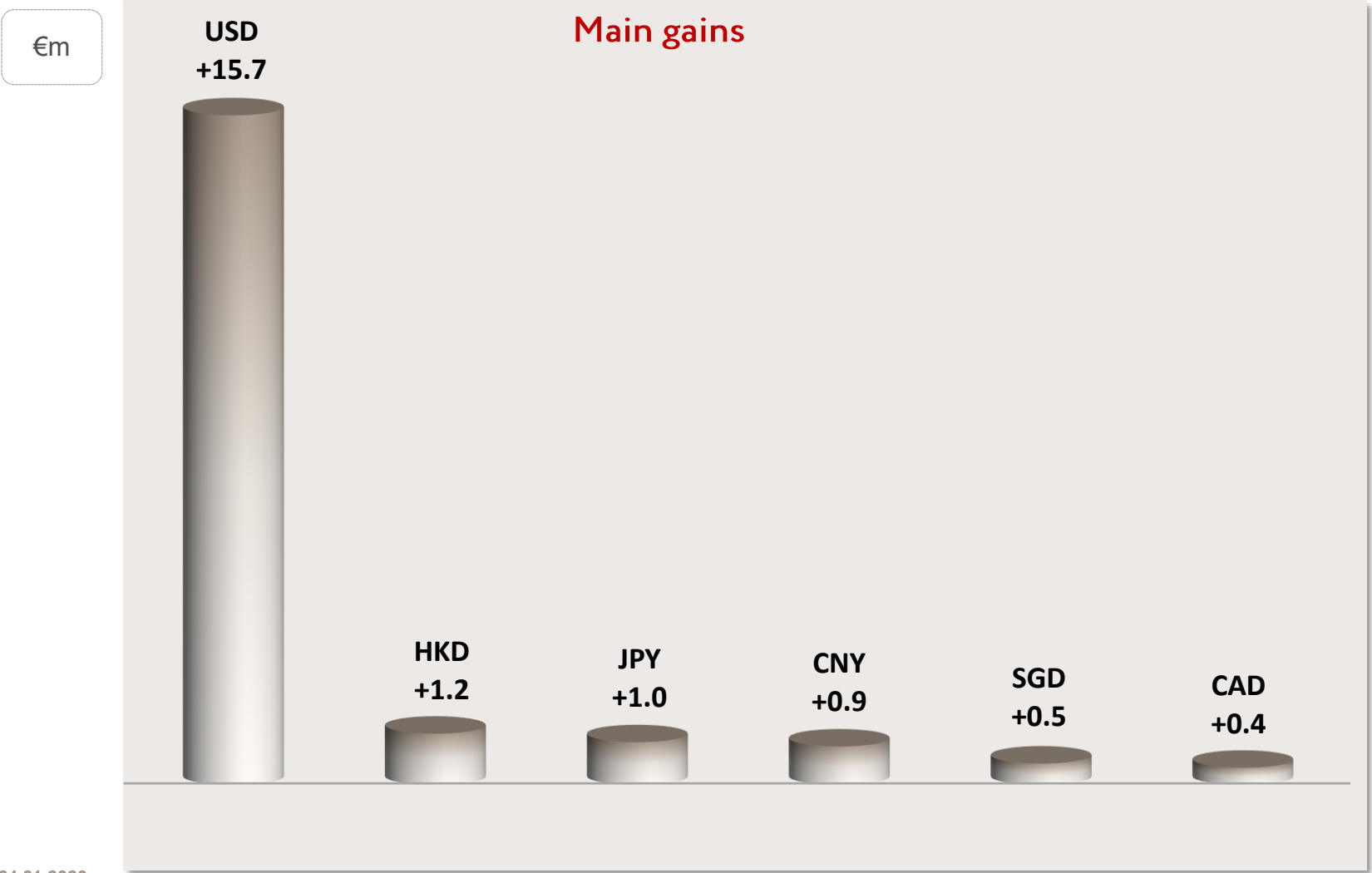
€m



Currency Impact on 9M 2019/20 Sales



Currency translation gain of 20.6 million euros

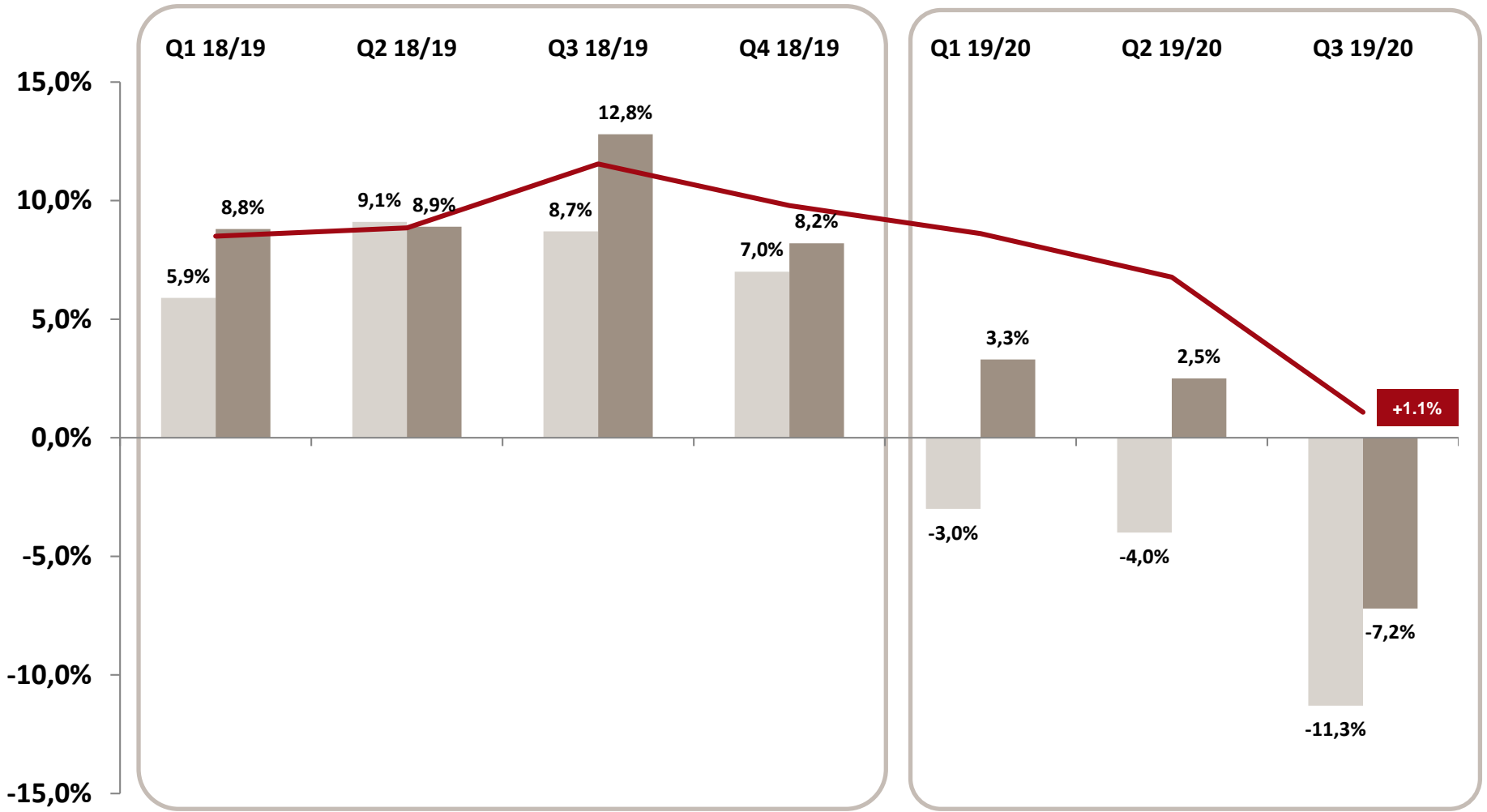


Quarterly Organic Sales Growth



FY18/19: +7.8% (RC Brands: +9.8%)

9M 2019/20: -6.5% (RC Brands: -1.0%)



Organic sales growth -- Group
 Organic sales growth -- RC Brands
 12M trend RC brands

9M 2019/20 Organic Trends by Region (1)

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Comments are for the Group Brands (i.e excluding Partner Brands)

Asia-Pacific organic sales up low-single digits

- Greater China: high single-digit organic sales growth
 - Double-digit organic sales growth in China Mainland and Taiwan, partially offset by slower HK and Macau
 - 9M depletion trends in China Mainland showing solid double-digit volume and value growth
 - The earlier timing of the Chinese New Year added around EUR5M sales in Q3 (will reverse in Q4)
- Trends deteriorated in South-East Asian markets in Q3, along with slower macro conditions
- Travel Retail : sales decline (including a strong double-digit decline in Q3) largely driven by a drop in the number of tourists going to HK (border shops and airport)

Americas organic sales down low-single digits, due to high comps and slow replenishment

- US: low-single digit sales growth driven by strong L&S performance largely offset by slower cognac sales
 - Group Brands' value depletions penalized by slow retailers' replenishment YTD, but showing some improvement in the last 3-month period: +4.2% over 3M, +2.0% over 6M, +2.8% over 12M
- Canada : volatile quarterly performance; encouraging depletion trends for St-Rémy brandy
- LatAm : flattish performance YTD, with improved trends in Porto Rico and Mexico
- Very weak performance in Travel Retail (ongoing commercial disputes)

9M 2019/20 Organic Trends by Region (2)

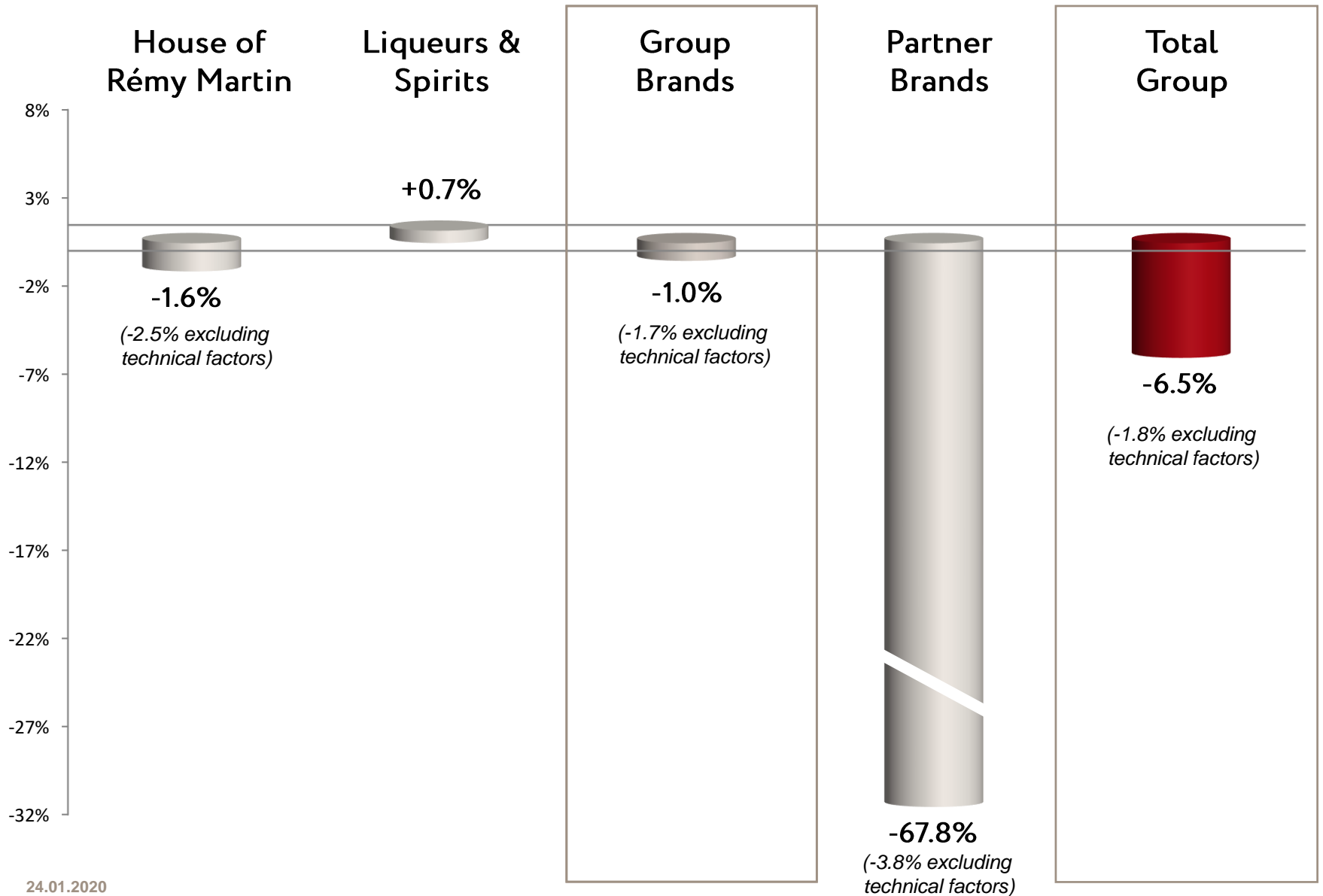
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Comments are for the Group Brands (i.e excluding Partner Brands)

Europe, Middle East & Africa down low-single digits, due to very weak Q3

- Western Europe: turning negative after weak Q3
 - Weak Q3 performance in Benelux, Switzerland and Spain; slower trends in the UK
 - Ongoing strength in the Nordics
- Central & South Europe: flattish performance after weak Q3
 - Changes in RTM in Czech Republic/Slovakia and Germany putting pressure in Q3
- Russia & North East Europe: significant sales decline due to further weakness in Russia
- Africa: good growth for the 9-month period, despite slower Q3 sales (tougher comps)
- Travel Retail: slight sales decline due to weaker Liqueurs & Spirits (good cognac resilience)

9M 2019/20 Organic Growth by Division



House of Rémy Martin (-1.6% OSD in 9M)

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Asia-Pacific

- Low single-digit organic sales growth due to significant declines in Travel Retail Asia (HK events), Macau and South-East Asia
- China Mainland: solid double-digit volume/value depletion trends continuing; EUR5M benefit in Q3 from the earlier Chinese New Year 2020

Americas

- Mid-single digit decline in the 9-month period, largely driven by Canada (high comps and business volatility)
- Low-single digit decline in the US due to very high comps in Q3 and slow retailers' replenishment
- US cognac volume depletion trends showing a **slow but sequential improvement in the last 3-month period**
- US value depletions: strong price/mix effects of 5pp in the 12M period ending December 2019

Volume depletion trends to December 2019

	3 months	6 months	12 months
US Cognac/Brandy Market ⁽¹⁾	-17.6%	-4.8%	0.4%
US Cognac/Brandy Market ⁽²⁾	-0.1%	2.7%	2.5%
Rémy Martin	-0.9%	-3.5%	-2.9%

Source: NABCA/Discus⁽¹⁾

Source: NABCA⁽²⁾

Europe, Middle East & Africa

- Low-single digit growth in the 9-month period led by Africa (despite slower Q3) and solid growth in the UK/Nordics. Good resilience in EMEA Travel Retail

REMY MARTIN: LAUNCH OF THE NEW GLOBAL CAMPAIGN “TEAM UP FOR EXCELLENCE” IN VERSAILLES



Liqueurs & Spirits (+0.7% OSG in 9M)



Cointreau

- Good start to the year, led by double-digit growth in the Americas
- US sales reflecting the continuation of strong depletion trends in 9M (+9%)
 - Slower depletion trends in the last 3M period reflecting very high comps in December; ongoing strength in sell-out trends
 - Neutral price/mix gain in the 12M period to December 2019 (positive pricing but negative state/channel mix)

	Volume depletion trends to December 2019		
	3 months	6 months	12 months
US Cordials Market ⁽¹⁾	-4.3%	-0.8%	-1.6%
US Cordials Market ⁽²⁾	0.4%	1.0%	1.7%
Cointreau	3.9%	7.9%	8.3%

Source: NABCA/Discus⁽¹⁾

Source: NABCA⁽²⁾

Metaxa

- Declining sales in the 9-month period largely due to weakness in the EMEA (penalized by changes in RTM and a poor performance in Travel Retail); promising expansion in newer markets of Asia and Americas

Liqueurs & Spirits (+0.7% OSG in 9M)



Mount Gay

- Sales weakness in Q3 mainly reflects the voluntary slow-down in shipments ahead of the gradual restaging of the brand from Q4

St-Rémy

- 9-month performance held back by Canada in Q3. Promising marketing initiatives in the US (brandy-based Sangria, St-Rémy XO as an alternative to cognac VS,...).

The Botanist

- Continued double-digit growth, led by ongoing strength in the US and brand expansion in Asia-Pacific

Single Malt Whiskies

- Benefiting from worldwide strong momentum in the single malt category, in particular in Asia-Pacific

BRUICHLADDICH OPENS A “LADDIE SHOP” in XIAMEN (CHINA) DISPLAYING OUR ISLAY SINGLE MALTS AND GIN



Partner Brands (-67.8% OSD in 9M)

- Acceleration of the termination of Partner Brands' distribution contracts :
 - In 9M 2019/20, the termination of the Partner Brands distributed in Czech Republic/ Slovakia and Piper Sonoma in the US translated into a EUR44.7M sales loss (-64pp hit)
 - Adjusting for these technical factors, organic sales declined 3.8% due to ongoing weakness in Belgium
- FY 2019/20: Termination of distribution contracts for Partner Brands (in the Czech Republic, Slovakia and the United States) estimated to have an impact of €56 million on sales and €5 million on Current Operating Profits

Outlook

- On the occasion of its change in General Management, the Rémy Cointreau Group has decided to hold off on the previously provided annual and mid-term objectives.
- Yet, it confirms the pertinence of its value strategy, aiming at building an **ever more sustainable, resilient and profitable business model**. The publication of the annual results 2019/20, on **June 4th 2020**, will be the occasion to share the new roadmap of the Group's strategic vision.

Q&A



24.01.2020