RÉMY COINTREAU

Paris, 27 November 2014

Half-Year Results
(April – September 2014)

The Group confirms its 2014/15 outlook

The Group achieved consolidated sales of €471.8 million for the first six months to 30 September 2014. The trend for the period (an organic(**) decline of 5.6%) thus showed some improvement compared with the 2013/14 fiscal year (down 10.7%), assisted by the good performance of the Liqueurs & Spirits and Partner Brands divisions. Rémy Martin cognac remained adversely affected by evolving consumption patterns in China, while the strength of the brand is confirmed in most of its other major markets.

The Group posted current operating profit (COP) of €102.1 million and a sound operating margin of 21.6%. The organic(**) decline of 14.6% in COP reflects the continued destocking effort in Greater China and a rise in commercial costs to strengthen the distribution network. These items were partly offset by strict control of holding company costs and targeted marketing investment. The Group share of net profit decreased by 9.4% but recorded organic(**) growth of 5.7%. Excluding non-recurring items, the net margin came in at 13.6%.

Key Figures

(€ millions)	**6 months to 30 Sept. 2014**	6 months to 30 Sept. 2013		% Change	
	Published	Published	Pro forma *	Published	Organic **
Net sales	**471.8**	558.0	510.0	(15.5%)	(5.6%)
Current operating profit	**102.1**	**132.7**	**127.1**	**(23.1%)**	**(14.6%)**
Current operating margin	**21.6%**	23.8%	24.9%	-	-
Net profit (Group share)	**62.7**	69.3	65.9	(9.4%)	+5.7%
Net margin (Group share)	**13.3%**	12.4%	12.9%		
Net profit (excl. non-recurring items)	**64.0**	**85.5**	**82.1**	**(25.1%)**	**(13.7%)**
Net margin (excl. non-recurring items)	**13.6%**	**15.3%**	**16.1%**	**-**	**-**
Net EPS (Group share)	**1.30**	1.40	1.33	(7.2%)	-
Net EPS (excl. non-recurring items)	**1.33**	1.73	1.66	(23.1%)	-
Net debt/EBITDA ratio	**3.14**	1.09	-	-	-

(*) Pro forma 2013/14: excluding the contribution of the Edrington US distribution contract (which expired on 31 March 2014)
(**) Organic growth is calculated based on 2013/14 pro forma figures and at constant exchange rates

Current operating profit by division

2014/15 published data is to be compared against the 2013/14 pro forma data (same scope)

(€ millions)	**6 months to 30 Sept. 2014**	6 months to 30 Sept. 2013		% Change	
	Published	Published	Pro forma(*)	Published	Organic(**)
Rémy Martin	**78.0**	116.1	**112.2**	(32.8%)	(27.7%)
% of sales	***28.2%***	*35.5%*	***34.3%***		
Liqueurs & Spirits	**25.8**	20.9	**20.0**	+23.3%	+44.6%
% of sales	***19.9%***	*17.4%*	***16.6%***		
Sub-total – Group brands	**103.8**	**137.0**	**132.2**	**(24.2%)**	**(16.8%)**
% of sales	***25.5%***	*30.6%*	***29.5%***		
Partner brands	**3.9**	4.5	**3.6**	(11.7%)	+13.5%
% of sales	***6.0%***	*4.0%*	***5.8%***		
Holding company costs	**(5.6)**	(8.7)	**(8.7)**	(35.8%)	(35.9%)
Total	**102.1**	**132.7**	**127.1**	**(23.1%)**	**(14.6%)**
% of sales	***21.6%***	***23.8%***	***24.9%***		

(*) Pro forma 2013/14: excluding the contribution of the Edrington US distribution contract (full cost basis)
(**) Organic growth is calculated based on 2013/14 pro forma figures and at constant exchange rates

Pro forma information and calculation of organic growth

2013/14 pro forma financial statements are presented for clarity due to the end of the US distribution contract of the Edrington brands on 31 March 3014: this activity (consolidated within the Partner Brands division) had generated sales of €48.0 million and an operating profit of €0.9 million in 2013/14. The 2013/14 operating profit on a pro forma basis also included the reallocation of €4.7 million in distribution costs (previously absorbed by this activity) to the Rémy Martin and Liqueurs & Spirits divisions.

All growth data specified below is provided as organic data, calculated based on the 2013/14 pro forma financial statements and at constant exchange rates.

Rémy Martin

Over the first six months of the year, the decline in Rémy Martin's sales (down 13.4% to €276.8 million) was primarily due to the continued destocking in Greater China, the strategic withdrawal from the VS (Very Special) category in the US, a complex macro-economic environment in Western Europe, and very high base effects in the Americas region. The brand's fundamentals remain sound, as suggested by the strong momentum of the brand's superior qualities in the US, Central and Eastern Europe, South-East Asia and Africa.

Current operating profit totalled €78.0 million, a decrease of 27.7%, and the current operating margin was 28.2%, as against 34.3% for the six months to the end of September 2013 (pro forma). The margin decline, mainly impacted by the destocking effort in Greater China (particularly for superior qualities), was partly offset by better targeting of marketing investment and favourable pricing effects, which are consistent with the brand's long-term strategy.

Liqueurs & Spirits

Sales totalled €129.5 million, an increase of 9.1% compared with the previous period, which had itself seen growth of 10.2%. All regions recorded continued strong growth. **Cointreau** posted a solid performance, thanks to strong momentum in its major markets and a favourable phasing of shipments to the US over the period. **Metaxa** continued its double-digit growth and **Bruichladdich** recorded a doubling of sales, driven by the leverage of the Rémy Cointreau network. **Mount Gay**, which was boosted by the launch of Black Barrel in the first half of 2013/14, consolidated its sales at the beginning of this fiscal year.

Current operating profit totalled €25.8 million, an upturn of 44.6%, driven by favourable brand and market mix effects over the period. The current operating margin was 19.9%, an organic increase of 540 basis points.

Partner Brands

Sales grew by 6.8% to €65.5 million, bolstered by the strong performance of brands distributed by the Group in the Europe, Middle East & Africa region and in Travel Retail. The reported sales decline was due to the end of the Edrington brands' distribution contract in the US, which had contributed €48.0 million in the first half of 2013/14.

Current operating profit totalled €3.9 million (an increase of 13.5%) compared with €4.5 million for the six months to the end of September 2013 (including €0.9 million attributable to Edrington brands in the US).

Consolidated results

Current operating profit totalled €102.1 million, an organic decline of 14.6%. The reported decrease (down 23.1%) also includes the end of the Edrington distribution contract in the US (an impact of €5.6 million on a full-cost basis) and a foreign exchange headwind of €6.4 million.

The average €/USD book rate over the period was 1.35, as against 1.32 in the six months to 30 September 2013. In addition, under its hedging policy, the Group recorded an average collection rate of 1.34, compared with 1.31 in the six months to 30 September 2013.

Operating profit was €102.1 million (there were no non-recurring operating income and expenses over the period).

Net financial charge was €15.4 million, an increase of €4.7 million, primarily related to movements on foreign exchange hedging instruments. Costs associated with the financial debt were effectively controlled over the period.

The tax charge was €24.5 million, representing an effective rate of 28.2%, which was lower than the September 2013 rate (32.2%).

The Group share of net profit declined by 9.4% to €62.7 million on a reported basis, but delivered organic[**] growth of 5.7%. Net margin was 13.3%, an increase of 90 basis points as published and 160 basis points in organic terms[**].

Excluding non-recurring items, the Group share of net profit totalled €64.0 million, a decline of 25.1% in published figures and 13.7% in organic(**) terms.

Net earnings per share (excluding non-recurring items) of €1.33 (down 23.1% on a reported basis) include the gain from the cancellation of 2.4 million shares over the last 12 months.

Net debt amounted to €472.9 million, an increase of €59.4 million since the beginning of the fiscal year, primarily due to the decline in EBITDA and the seasonality of working capital requirements.

The net debt to EBITDA bank ratio was 3.14 at the end of September 2014 (2.09 at the end of March 2014), in line with the industry average.

Recent financial events

As of 1 October 2014, a dividend of €1.27 per share has been paid, with an option for payment either in cash or in shares (for €0.37 of the total amount). 75% of Group shareholders selected the share payment option.

2014/15 Outlook

The macro-economic environment remains mixed at a global level. Nevertheless, Rémy Cointreau confirms its 2014/15 targets of delivering positive organic growth in both sales and current operating profit. These targets should be calculated based on 2013/14 pro forma financial statements and at constant exchange rates.

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Regulated information related to this press release is available at www.remy-cointreau.com

APPENDICES

Divisional analysis of sales and current operating profit

(€ millions)	6 months to 30 Sept. 2014		6 months to 30 Sept. 2013		% Change	
	Published	At constant exchange rates	Published	Pro forma(*)	Published	Organic(**)
	A	B	C	D	A/C-1	B/D-1
Sales						
Rémy Martin	276.8	283.3	327.2	327.2	(15.4%)	(13.4%)
Liqueurs & Spirits	129.5	131.3	120.4	120.4	7.6%	9.1%
Sub-total Group brands	406.3	414.5	447.6	447.6	(9.2%)	(7.4%)
Partner Brands	65.5	66.8	110.5	62.5	(40.7%)	6.8%
Total	**471.8**	**481.3**	**558.0**	**510.0**	**(15.5%)**	**(5.6%)**
Operating profit						
Rémy Martin	78.0	81.1	116.1	112.2	(32.8%)	(27.7%)
% of sales	*28.2%*	*28.6%*	*35.5%*	*34.3%*		
Liqueurs & Spirits	25.8	28.9	20.9	20.0	+23.3%	+44.6%
% of sales	*19.9%*	*22.0%*	*17.4%*	*16.6%*		
Sub-total Group brands	103.8	110.0	137.0	132.2	(24.2%)	(16.8%)
% of sales	*25.5%*	*26.5%*	*30.6%*	*29.5%*		
Partner brands	3.9	4.1	4.5	3.6	(11.7%)	+13.5%
% of sales	*6.0%*	*6.1%*	*4.0%*	*5.8%*		
Holding company costs	(5.6)	(5.6)	(8.7)	(8.7)	(35.8%)	(35.9%)
Total	**102.1**	**108.5**	**132.7**	**127.1**	**(23.1%)**	**(14.6%)**
% of sales	*21.6%*	*22.5%*	*23.8%*	*24.9%*		

(*) Pro forma 2013/14: excluding the contribution of the Edrington distribution contract in the US (full cost basis)
(**) Organic growth is calculated based on 2013/14 pro forma figures and at constant exchange rates

Summary income statement

(€ millions)	6 months to 30 Sept. 2014		6 months to 30 Sept. 2013		% Change	
	Published	At constant exchange rates	Published	Pro forma *	Published	Organic **
	A	B	C	D	A/C-1	B/D-1
Net sales	471.8	481.3	558.0	510.0	(15.5%)	(5.6%)
Gross profit	301.0	310.9	344.2	336.5	(12.6%)	(7.6%)
Current operating profit	**102.1**	**108.5**	**132.7**	**127.1**	**(23.1%)**	**(14.6%)**
Current operating margin	21.6%	22.5%	23.8%	24.9%		
Other operating income (expenses)	-	-	(3.5)	(3.5)		
Operating profit	102.1	108.5	129.0	123.6		
Net finance costs	(15.4)	(12.1)	(10.7)	(10.7)		
Income tax	(24.5)	(27.2)	(38.2)	(36.0)		
Income tax rate	28.2%	28.2%	32.2%	31.9%		
Share of profit of associates	0.5	0.5	(10.9)	(10.9)		
Minority interests	-	-	(0.1)	(0.1)		
Net profit (Group share)	62.7	69.6	69.3	65.9	(9.4%)	+5.7%
Net margin (Group share)	13.3%	14.5%	12.4%	12.9%		
Net profit excluding non-recurring items	**64.0**	**70.9**	**85.5**	**82.1**	**(25.1%)**	**(13.7%)**
Net margin excluding non-recurring items	**13.6%**	**14.7%**	**15.3%**	**16.1%**	**-**	**-**
EPS (Group share)	1.30	-	1.40	1.33	(7.2%)	-
EPS (excluding non-recurring items)	1.33	-	1.73	1.66	(23.1%)	-

(*) Pro forma 2013/14: excluding the contribution of the Edrington distribution contract in the US (which expired on 31 March 2014)
(**) Organic growth is calculated based on 2013/14 pro forma figures and at constant exchange rates