RÉMY COINTREAU

Paris, 22 November 2018

First-half results 2018/19
(April-September 2018)

Buoyant growth in Current Operating Profit (up 10.1%*)
2018/19 full-year guidance confirmed

Over the six-month period ending September 2018, Rémy Cointreau generated sales of €571.4 million (pro forma pre-IFRS 15, 16 and 9), equating to reported growth of 5.0% and organic growth (at constant exchange rates and consolidation scope) of **7.7%**.

Current Operating Profit (COP pro forma) came in at €138.0 million, up 2.9% on a reported basis. In organic terms, COP was up 10.1%, thanks to a significant rise in the gross margin (up 0.9 point), buoyed by our exceptional spirits' momentum (> US$50) and strict overhead control. These effects comfortably offset significantly higher investment in communication (up 9.5%) and continued efforts to strengthen distribution structures. As such, **the current operating margin (pro forma) reached 24.1%, up 0.6 point on an organic basis**. The margin declined 0.5 point on a reported basis, after taking into account adverse currency effects.

Excluding non-recurring items, the Group share of net profit (pro forma) was **€87.5 million**, down 3.1% on a reported basis but **up 7.2% in organic terms**.

Key figures

	Pro forma pre-IFRS 15, 16 & 9				**Post-IFRS 15, 16 & 9**
Millions of euros (€m)	**To 30/09/18 Reported**	To 30/09/17 Reported	Change Reported	Change Organic*	To 30/09/18 Reported
Net sales	**571.4**	544.4	+5.0%	+7.7%	527.0
Current Operating Profit	**138.0**	134.1	**+2.9%**	**+10.1%**	**138.2**
Current operating margin	**24.1%**	24.6%	-0.5 pt	+0.6 pt	26.2%
Net profit (Group share)	**85.4**	89.2	(4.3%)	+6.2%	87.5
Net margin (Group share)	**14.9%**	16.4%	-1.5 pts	-0.2 pt	16.6%
Net profit excl. non-recurring items	**87.5**	90.3	**(3.1%)**	**+7.2%**	**89.6**
Net margin excl. non-recurring items	15.3%	16.6%	-1.3 pts	-0.1 pt	17.0%
EPS Group share (€)	**1.70**	1.80	(5.2%)	+5.1%	1.75
EPS excluding non-recurring items (€)	**1.75**	1.82	**(4.0%)**	**+6.2%**	**1.79**
Net debt / EBITDA ratio	**1.17**	1.66	-0.49 pt	-	1.21

(*) Organic growth is calculated assuming constant exchange rates and consolidation scope (pro forma pre-IFRS 15, 16 & 9)

Current Operating Profit by division

	Pro forma pre-IFRS 15, 16 & 9				Post-IFRS 15, 16 & 9
Millions of euros (€m)	**To 30/09/18**	To 30/09/17	Change		To 30/09/18
	Reported	Reported	Reported	Organic(*)	Reported
House of Rémy Martin	**119.5**	115.5	+3.5%	+11.3%	119.5
As % of sales	***30.0%***	*31.5%*	*-1.5 pts*	*-0.2 pts*	*33.2%*
Liqueurs & Spirits	**20.6**	22.5	(8.2%)	(6.0%)	20.6
As % of sales	***16.2%***	*17.4%*	*-1.2 pts*	*-1.2 pts*	*16.9%*
Subtotal: Group brands	**140.2**	138.0	**+1.6%**	**+8.5%**	140.2
As % of sales	***26.7%***	*27.8%*	*-1.1 pts*	*-0.1 pts*	*29.1%*
Partner Brands	**2.8**	2.5	+10.8%	+14.4%	2.8
As % of sales	***6.0%***	*5.2%*	*+0.8 pts*	*+1.0 pts*	*6.1%*
Holding company costs	**(5.0)**	(6.4)	(22.5%)	(23.3%)	(4.7)
Total	**138.0**	**134.1**	**+2.9%**	**+10.1%**	**138.2**
As % of sales	***24.1%***	*24.6%*	***-0.5 pts***	*+0.6 pts*	*26.2%*

House of Rémy Martin

The **House of Rémy Martin** posted strong sales growth in the half-year (up 11.7%(*)), thanks to continuing robust trends in the Asia-Pacific region, notably in Greater China, Singapore, Australia, Japan and Travel Retail Asia. The Americas region continued to benefit from buoyant trends in high-end cognac and the success of the limited edition VSOP with Matt W. Moore. Key markets in the EMEA region (Russia, the United Kingdom, Switzerland and India) also posted growth. The Group's global strategy of moving its ranges upmarket once again bore fruit over the period, with organic growth of 11.7%, broken down into a volume growth of 6.4% and a 5.3% contribution from mix and price effects.

Current Operating Profit came in at €119.5 million, up 11.3% in organic terms, while the current operating margin stood at 30.0%, a slight organic decline of 0.2 point. This was driven by significantly higher investment in communication (up 12.5%(*)) and continued efforts to strengthen distribution structures over the period. These higher costs offset price and mix effects that were very positive for the gross margin (up double digits in organic terms).

Liqueurs & Spirits

The **Liqueurs & Spirits** division posted modest growth in the early part of the year (up 0.8%(*)) but should pick up in the second half, supported by a number of communication campaigns.

During the first half, the **House of Cointreau** rolled out its new "The Art of the Mix" campaign and marketing activities in connection with the 70th anniversary of the invention of the *Margarita*. As such, sales of the brand should pick up over the final part of the year. Meanwhile, the **House of Metaxa** launched the second opus of its

(*) Organic growth is calculated assuming constant exchange rates and consolidation scope (pro forma pre-IFRS 15, 16 & 9)

"Don't Drink It, Explore It" campaign and celebrated 130 years of the brand in Greece with the limited edition *AEN Cask No. 2* (AEN means "forever" in Greek) this summer. The upscaling strategies at **Mount Gay** and **St-Rémy** resulted in a further decline in volume but strong growth in value per case. **The Botanist** gin continued to grow strongly across all geographical regions, while remarkable growth in the **Whisky** business was mainly driven by single malt Scotch brands and the launch of the new **Port Charlotte** bottle.

Current Operating Profit came in at €20.6 million, down 6.0% in organic terms. This trend was due to much higher investment in communication and distribution structures, while the gross margin proved resilient. The current operating margin came in at 16.2% in the six-month period, down 1.2 points organically.

Partner Brands

Sales declined 4.5%(*) over the period, due to the termination of new distribution contracts with third-party brands. However, second-quarter performance was boosted by a successful, one-off promotional campaign in the United States.

Current Operating Profit came in at €2.8 million, up 14.4% in organic terms.

Consolidated results

Current Operating Profit (pro forma) came in at €138.0 million, up 2.9% on a reported basis and **10.1% in organic terms**.

Current Operating Profit was penalised by adverse currency effects costing €9.6 million over the half-year: the average EUR/USD conversion rate deteriorated over the period (coming out at 1.18, compared with 1.14 for the period ending September 2017), while the average collection rate (linked to the Group's hedging policy) came out at 1.19, compared with 1.16 for the year-ago period.

Consequently, the **current operating margin** fell **0.5 point to 24.1%** over the first half (**up 0.6 point in organic terms**).

Operating profit (pro forma) was **€140.0 million,** after taking into account a net operating income of €2.0 million, which was mainly linked to disposals of non-core real estate assets.

Net financial income/expense (pro forma) showed a net expense of €19.6 million over the period. The year-on-year increase was mainly driven by two factors: a non-recurring cost of €5.2 million linked to early repayment of the vendor loan by the EPI Group (equating to the difference between the balance sheet value of the loan and the repayment amount) and an unrealised foreign exchange loss of €2.8 million (valuation of the portfolio of hedging instruments).

The cost of gross financial debt fell slightly because of lower average debt over the period.

(*) Organic growth is calculated assuming constant exchange rates and consolidation scope (pro forma pre-IFRS 15, 16 & 9)

The **tax expense** (pro forma) totalled €35.0 million (stable year-on-year), giving an effective tax rate of 29.0% (29.1% excluding non-recurring items). This represents an increase compared with the period ended 30 September 2017 (27.9% on a reported basis and 27.8% excluding non-recurring items) due to the geographical spread of profits.

Consequently, the **Group share of net profit** (pro forma) was down 4.3% on a reported basis at **€85.4 million**.

Excluding non-recurring items, the Group share of net profit (pro forma) came in at **€87.5 million**, down 3.1% (**but up 7.2% organically**).

Excluding non-recurring items, net earnings per share (pro forma) came in at **€1.75** (down 4.0% on a reported basis but **up 6.2% in organic terms**).

Net debt (pro forma pre-IFRS 16) stood at €303.9 million, up €21.1 million from March 2018 (due to a seasonal peak in working capital) but down €126.7 million relative to September 2017. This was mainly due to lower outgoings linked to dividend payments (with most shareholders opting to take payment in shares) and the early repayment of the vendor loan by the EPI Group.

Consequently, the **net debt to EBITDA ratio** (pro forma) further improved to **1.17** (1.21 post-IFRS 15, 16 and 9), compared with 1.66 for the period ended September 2017.

Recent financial events

On 24 July 2018, at the general meeting, the shareholders voted to approve payment of an ordinary dividend of €1.65 per share in respect to the 2017/18 financial year, with the option for shareholders to take payment entirely in shares. Eighty-nine percent of votes cast were in favour of payment in shares.

On 1 August 2018, a share buyback program was launched, covering a maximum of 1 million shares. This program will expire no later than 30 April 2019.

2018/19 outlook

At the end of this first half, **Rémy Cointreau confirms its guidance of growth in Current Operating Profit** over **the 2018/19 financial year**, assuming constant exchange rates and consolidation scope (on a pro forma, pre-IFRS 15, 16 and 9 basis).

(*) Organic growth is calculated assuming constant exchange rates and consolidation scope (pro forma pre-IFRS 15, 16 & 9)

Sales and Current Operating Profit by division

	Pro forma pre-IFRS 15, 16 & 9					Post-IFRS 15, 16 & 9
Millions of euros (€m)	To 30/09/18		To 30/09/17	Change		To 30/09/18
	Reported	Organic*	Reported	Reported	Organic*	Reported
	A	B	C	A/C-1	B/C-1	
Net Sales						
House of Rémy Martin	398.0	410.0	367.0	8.5%	11.7%	359.6
Liqueurs & Spirits	127.1	130.2	129.2	(1.6%)	0.8%	121.9
Subtotal: Group brands	525.1	540.1	496.1	5.8%	8.9%	481.5
Partner Brands	46.3	46.1	48.2	(4.0%)	(4.5%)	45.5
Total	**571.4**	**586.2**	**544.4**	**5.0%**	**7.7%**	**527.0**
Current Operating Profit						
House of Rémy Martin	119.5	128.5	115.5	3.5%	11.3%	119.5
As % of sales	*30.0%*	*31.3%*	*31.5%*	*-1.5 pts*	*-0.2 pt*	*33.2%*
Liqueurs & Spirits	20.6	21.2	22.5	(8.2%)	(6.0%)	20.6
As % of sales	*16.2%*	*16.2%*	*17.4%*	*-1.2 pts*	*-1.2 pts*	*16.9%*
Subtotal: Group brands	140.2	149.7	138.0	1.6%	8.5%	140.2
As % of sales	*26.7%*	*27.7%*	*27.8%*	*-1.1 pts*	*-0.1 pt*	*29.1%*
Partner Brands	2.8	2.9	2.5	10.8%	14.4%	2.8
As % of sales	*6.0%*	*6.2%*	*5.2%*	*+0.8 pt*	*+1.0 pt*	*6.1%*
Holding company costs	(5.0)	(5.0)	(6.4)	(22.5%)	(23.3%)	(4.7)
Total	**138.0**	**147.6**	**134.1**	**2.9%**	**10.1%**	**138.2**
As % of sales	*24.1%*	*25.2%*	*24.6%*	*-0.5 pt*	*+0.6 pt*	*26.2%*

(*) Organic growth is calculated assuming constant exchange rates and consolidation scope (pro forma pre-IFRS 15, 16 & 9)

Summary profit and loss account

	Pro forma pre-IFRS 15, 16 & 9					Post-IFRS 15, 16 & 9
Millions of euros (€m)	To 30/09/18		To 30/09/17	Change		
	Reported	Organic*	Reported	Reported	Organic*	Reported
	A	B	C	A/C-1	B/C-1	
Net sales	571.4	586.2	544.4	+5.0%	+7.7%	527.0
Gross margin	385.3	399.1	365.8	+5.3%	+9.1%	329.1
Gross profit as % of sales	*67.4%*	*68.1%*	*67.2%*	*+0.2 pt*	*+0.9 pt*	*62.5%*
Current Operating Profit	**138.0**	**147.6**	**134.1**	**+2.9%**	**+10.1%**	**138.2**
Current operating profit as % of sales	***24.1%***	***25.2%***	***24.6%***	***-0.5 pt***	***+0.6 pt***	***26.2%***
Other operating income and expenses	2.0	2.0	(1.8)	-	-	2.0
Operating profit	**140.0**	**149.6**	**132.3**	**+5.8%**	**+13.1%**	**140.3**
Net financial income (expense)	(19.6)	(16.1)	(8.8)	+123.8%	+83.9%	(16.7)
Income tax	(35.0)	(38.8)	(34.5)	+1.4%	+12.5%	(36.1)
Tax rate	*29.0%*	*29.0%*	*27.9%*	-	-	*29.2%*
Share in profit (loss) of associates	0.0	0.0	0.2	-	-	0.0
Minority interests	(0.0)	(0.0)	(0.1)	-	-	(0.0)
Net profit (Group share)	85.4	94.7	89.2	(4.3%)	+6.2%	87.5
Net profit excluding non-recurring items	**87.5**	**96.8**	**90.3**	**(3.1%)**	**+7.2%**	**89.6**
Net profit (excluding non-recurring items) as % of sales	***15.3%***	***16.5%***	***16.6%***	***-1.3 pts***	***-0.1 pt***	***17.0%***
Earnings per share – Group share (€)	1.70	1.89	1.80	(5.2%)	+5.1%	1.75
Earnings per share excluding non-recurring items (€)	**1.75**	**1.93**	**1.82**	**(4.0%)**	**+6.2%**	**1.79**

(*) Organic growth is calculated assuming constant exchange rates and consolidation scope (pro forma pre-IFRS 15, 16 & 9)

Reconciliation between net profit and net profit excluding non-recurring items

	Pro forma pre-IFRS 15, 16 & 9		Post-IFRS 15, 16 & 9
Millions of euros (€m)	To 30/09/18	To 30/09/17	To 30/09/18
Net profit (Group share)	**85.4**	**89.2**	**87.5**
Provision for reorganisation of distribution network	(0.0)	1.9	(0.0)
Disposals of non-core assets	(2.1)	0.0	(2.1)
Expense on vendor loan (finance costs)	5.2	0.0	5.2
Tax on "Other operating income and expenses" and associated with expense on vendor loan	(1.1)	(0.3)	(1.1)
Other	0.1	(0.4)	0.1
Net profit excluding non-recurring items (Group share)	**87.5**	**90.3**	**89.6**

IFRS 15, 16 & 9: Impact on the profit and loss account

	Pro forma pre-IFRS 15, 16 & 9	Impact			Post-IFRS 15, 16 &9
Millions of euros (€m)	To 30/09/18	IFRS 15	IFRS 16	IFRS 9	To 30/09/18
Net sales	**571.4**	**(44.4)**	-	-	**527.0**
Cost of goods sold	(186.0)	(11.8)	-	-	(197.8)
Gross margin	385.3	**(56.2)**	-	-	**329.1**
Selling expenses	(204.0)	56.2	-	-	(147.9)
Administrative expenses	(43.3)	-	0.3	-	(43.0)
Current Operating Profit	**138.0**	-	**0.3**	-	**138.2**
Other operating income and expenses	2.0	-	-	-	2.0
Operating profit	**140.0**	-	**0.3**	-	**140.3**
Cost of net financial debt	(6.7)	-	(0.5)	-	(7.2)
Other financial income and expenses	(12.9)	-	-	3.4	(9.5)
Net financial income (expense)	**(19.6)**	-	**(0.5)**	**3.4**	**(16.7)**
Profit before tax	120.4	-	(0.2)	3.4	123.6
Income tax	**(35.0)**	-	**0.1**	**(1.2)**	**(36.1)**
Net profit from continuing operations	85.4	-	(0.2)	2.2	87.5
Net profit	85.4	-	(0.2)	2.2	87.5
Net profit excluding non-recurring items	**87.5**	-	**(0.2)**	**2.2**	**89.6**
Net debt/EBITDA	1.17	-	0.04	-	1.21

(*) Organic growth is calculated assuming constant exchange rates and consolidation scope (pro forma pre-IFRS 15, 16 & 9)

Definitions of alternative performance measures

Rémy Cointreau's management process is based on the following alternative performance measures, chosen for scheduling and reporting. The Group's management believes that these measures provide useful additional information for users of financial statements to understand the Group's performance. These alternative performance measures must be considered complementary to those shown in the consolidated financial statements and the transactions resulting from them.

***With effect from 1 April 2018, the Rémy Cointreau group applies IFRS 15, "Revenue from Contracts with Customers", IFRS 16, "Leases" and IFRS 9, "Financial instruments".** As a result of the transitional arrangements chosen by the Group, the comparison period (ended 30 September 2017) has not been restated. As such, the change between the two reported periods is not relevant.*

*To make performance easier to analyse, particularly as regards to sales and current operating profit, **organic growth is calculated based on data prior to application of these standards (i.e. pro forma) and assuming constant exchange rates and consolidation scope**.*

Organic growth in sales and in Current Operating Profit (COP)

Organic growth is calculated by excluding the impacts of exchange rate fluctuations in addition to acquisitions and disposals. This measure emphasizes the Group's performance over the two financial years, a performance that local management is able to influence more directly.

The impact of exchange rates is calculated by converting the sales and the Current Operating Profit for the current financial year into average exchange rates (or into the hedged exchange rate for the Current Operating Profit) for the previous financial year.

For the current financial year's acquisitions, the sales and the Current Operating Profit of the acquired entity are excluded from the organic growth calculations. For the previous financial year's acquisitions, the sales and Current Operating Profit of the acquired entity are included in the previous financial year, but are only included in the calculation of the organic growth over the current financial year from the anniversary date of acquisition.

In the event of a major disposal, the data is used after applying IFRS 5 (which systematically reclassifies the assigned entity's results as "net profit from discontinued operations" for the current financial year and the previous financial year).

(*) Organic growth is calculated assuming constant exchange rates and consolidation scope (pro forma pre-IFRS 15, 16 & 9)

The "excluding non-recurring items" measures

The 2 measures referred to below correspond to key indicators for measuring recurring business performance, by excluding significant items which, due to their nature and non-habitual character, cannot be considered as inherent to the Group's current performance:

- ***Current Operating Profit:*** *Current Operating Profit corresponds to the operating profit before other non-current operating income and expenses.*
- ***Net profit (Group share), excluding non-recurring items****: Current net profit (Group share) corresponds to the net profit (Group share) adjusted for other non-current operating income and expenses, associated tax effects, profit from discontinued operations and taxes on the payment of cash dividends.*

Gross operating profit (EBITDA)

This aggregate amount, which is used particularly in the calculation of certain ratios, is the sum of the current operating profit, the amortization expense for intangible and tangible fixed assets for the period, the expense associated with share option plans and dividends paid during the period by associates.

Net debt

Net finance costs as defined and used by the Group correspond to the sum of the long-term financial debt, short-term financial debt and accrued interest, less cash and cash equivalents.

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Regulated information in connection with this press release can be found at www.remy-cointreau.com

(*) Organic growth is calculated assuming constant exchange rates and consolidation scope (pro forma pre-IFRS 15, 16 & 9)