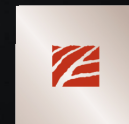

ELEVATION CAPITAL MANAGEMENT LIMITED: RÉMY COINTREAU SA [RCO:FP]



RÉMY COINTREAU

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This presentation was published in January, 2014.

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RÉMY COINTREAU SA: COMPANY DESCRIPTION

Global Leading Manufacturer of Premium and Ultra Premium Spirits and Wines



RÉMY COINTREAU SA: HISTORY

The Rémy Cointreau Group, whose charentaise origins date back to 1724, is the result of the merger in 1990 of the holding companies of the Hériard Dubreuil and Cointreau families, which controlled E. Rémy Martin & Cie SA and Cointreau & Cie SA.

BRANDS KEY DATES:

- 1703 Creation of Mount Gay Rum in Barbados
- 1724 Establishment of the House of Rémy Martin Cognac
- 1785 Establishment of the House of Piper-Heidsieck Champagne by Florens – Louis Heidsieck in Reims
- 1849 Creation of Cointreau & Cie by the Cointreau brothers
- 1881 Creation of Bruichladdich
- 1888 Creation of the Metaxa brand
- 1904 Creation of the Izarra brand
- 1986 Creation of the Passoã brand

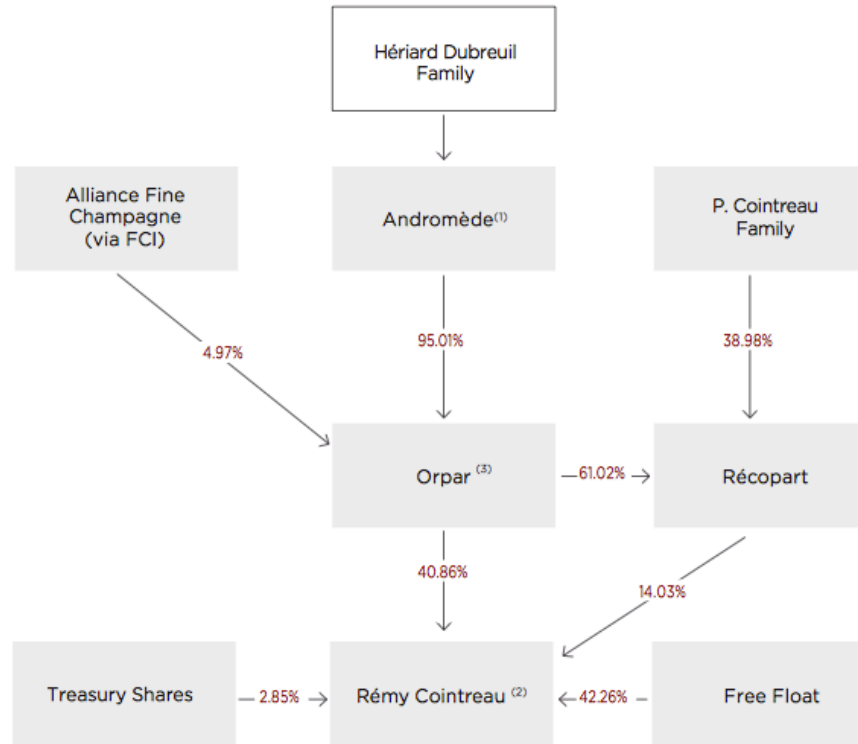


This bottle of Louis XIII Grande Champagne Très Vieille Age Inconnu was sold in an auction for USD70,155 in 2011

RÉMY COINTREAU SA: SHAREHOLDING

Currently, the entities controlled by the Hériard Dubreuil and Cointreau families hold ~51% of the capital, and ~67% of voting rights. Free Float = ~46%*.

AT 31 MARCH 2013



(1) Rémy Cointreau is consolidated within the Andromède Group.

(2) Only Rémy Cointreau shares are traded on the stock market.

(3) On 14 May 2013, following Orpar's disposal of 1,500,000 Rémy Cointreau shares pursuant to a private placement, Orpar held 35.68% of Rémy Cointreau.

RÉMY COINTREAU SA: STRONG PORTFOLIO OF PREMIUM BRANDS

LIQUEURS & SPIRITS

Cointreau, Metaxa,
Mount Gay Rum,
Bruichladdich,
St Rémy, Passoã, Izarrat

THE HOUSE OF RÉMY MARTIN

Rémy Martin, Louis XIII



RÉMY COINTREAU SA: ULTRA PREMIUM COGNAC

- Louis XIII Le Jeroboam was created to pay tribute to the greatest moments in the history of LOUIS XIII, and to honour the four generations of cellar masters
- Launched by Rémy Martin in 15 June 2011
- Only 100 decanters produced in first year
- 3-litre bottle
- List price = €16,000



RÉMY COINTREAU SA: ULTRA PREMIUM WHISKY

- “Ultra premium and prestige” Scotch sales rose more than 15 per cent by volume from 2011 to 2012, far exceeding the 2.2 per cent growth recorded for Scotch as a whole*
- Rémy Cointreau acquired Bruichladdich in 2012 for £58m

Example: Bruichladdich Forty

- Dates back to 1964
- Only 500 bottles were produced of this vintage
- Each one sells for about US\$2,500



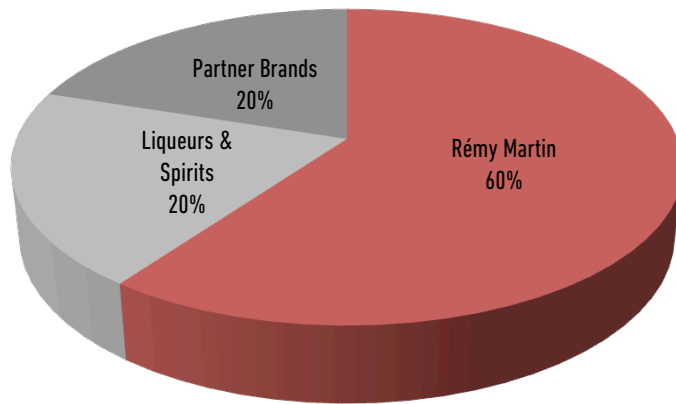
RÉMY COINTREAU SA: PREMIUM RUM

Mount Gay Rum is the oldest existing brand of rum in the world, based on the oldest surviving deed for Mount Gay Distilleries Ltd from 1703.

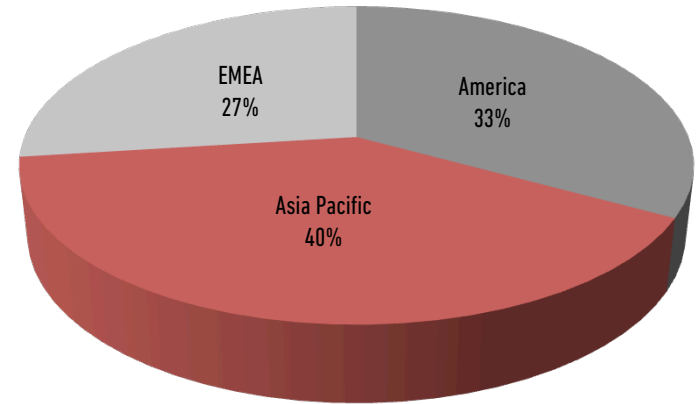


RÉMY COINTREAU SA: SALES BY PRODUCT & REGION (2012/2013)

SALES BY PRODUCT



SALES BY REGION



RÉMY COINTREAU SA: MARGINS VS PEERS

Rémy's margins are under pressure due mainly to China's anti-extravagance campaign and the slow recovery in Europe (*But also offers potential upside to an acquirer).

	TTM EBITDA MARGIN*	TTM EBIT MARGIN*	TTM NET MARGIN*
RÉMY COINTREAU	21.8%	22.2%	9.8%
BEAM INC	28.6%	23.2%	15.9%
BROWN-FORMAN CORP	34.0%	23.7%	21.2%
DAVIDE CAMPARI	N/A	17.6%	11.7%
DIAGEO PLC	32.9%	29.5%	21.7%
LVMH	24.1%	19.9%	11.5%
PERNOD RICARD	27.5%	25.2%	13.9%
AVERAGE:	28.1%	23.0%	15.1%

RÉMY COINTREAU SA: EV/EBITDA MULTIPLE

Rémy is trading at a discount to its peers based on Trailing 12 months (“TTM”) EV/EBITDA Multiple, as the market is reacting to the negative effects of China’s anti-extravagance campaign on the company’s earnings power in the next few years.

	TTM EV/EBITDA MULTIPLE*	FY1 ESTIMATED EV/EBITDA MULTIPLE*
RÉMY COINTREAU	12.4X	14.9X
BEAM INC	21.8X	19.8X
BROWN-FORMAN CORP	17.4X	17.0X
DAVIDE CAMPARI	13.6X	13.1X
DIAGEO PLC	15.3X	14.5X
LVMH	9.9X	9.5X
PERNOD RICARD	12.5X	12.4X
AVERAGE:	14.7X	14.5X

* DATA SOURCE: THOMSON REUTERS, AS AT 31 JANUARY 2014

RÉMY COINTREAU SA: NEGATIVE HEADLINES OUT OF CHINA – SHARE PRICE DOWN 41% IN 12M*



January 21, 2014

China woes weigh heavily on Rémy Cointreau
Sales at French spirits group Rémy Cointreau fell sharply during the last three months of 2013 as Chinese demand for its...

January 3, 2014

Rémy shares fall in reaction to chief's resignation
Shares in Rémy Cointreau fell on Friday as the French spirits group said that its chief executive would step down after less...



January 3, 2014

Rémy Cointreau: less spirited
Well, that was quick. Three months after taking over as chief executive of French spirits group Rémy Cointreau, Frédéric...



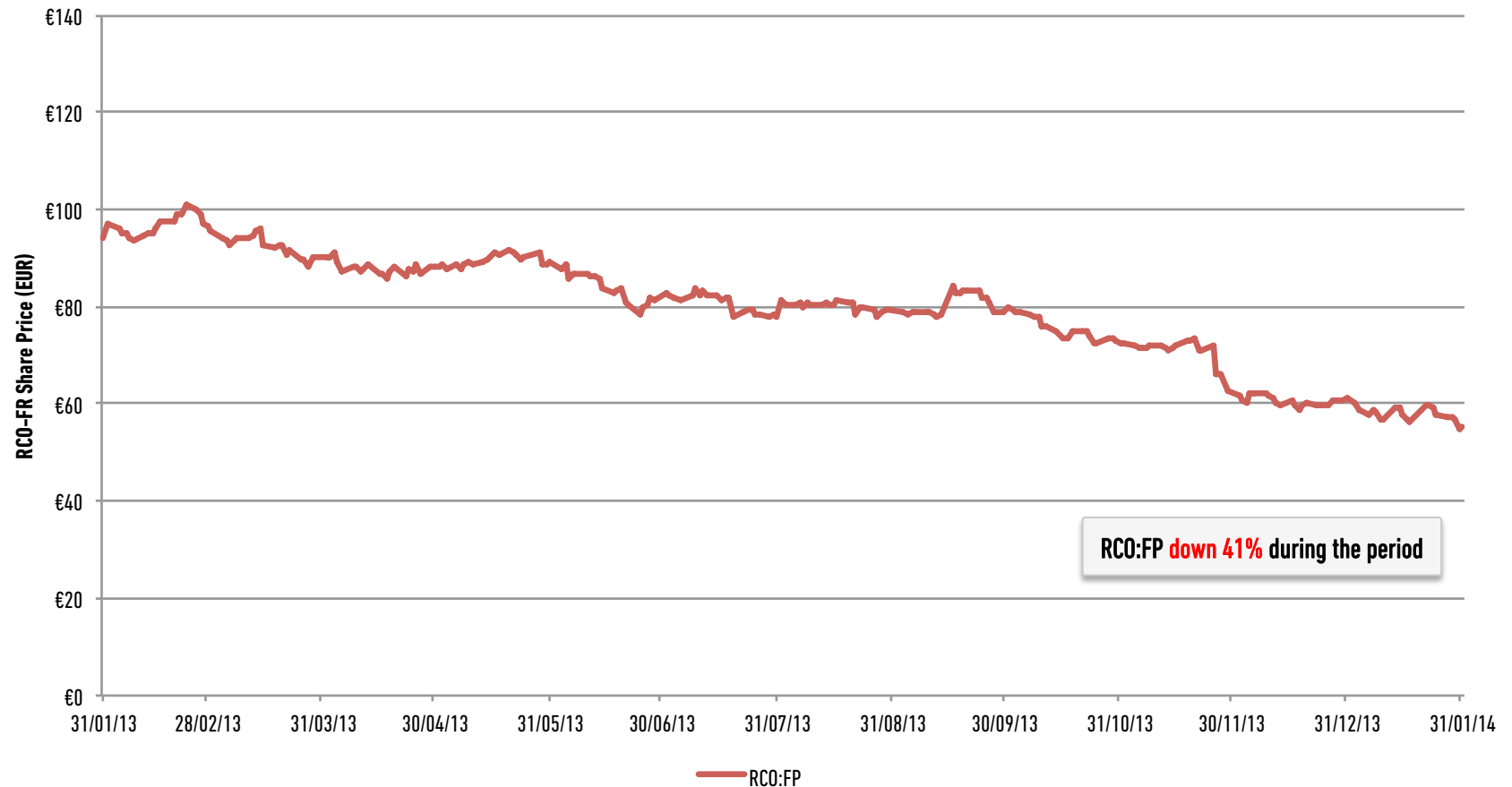
November 26, 2013

Rémy Cointreau warns of 'sharp' slowdown in China sales
French liqueurs and spirits group Rémy Cointreau has warned that full-year operating profits will fall at least 20

per cent...



RÉMY COINTREAU SA: STOCK PRICE OVER PAST 12 MONTHS



RÉMY COINTREAU SA: M&A HIGHLIGHTS VALUE IN RÉMY

SUNTORY

▶ Japanese

▶ Chinese

▶ Russian

▶ About SUNTORY

▶ News Release

▶ Corporate Responsibility

▶ Products and the Service

▶ Group Information

News Release

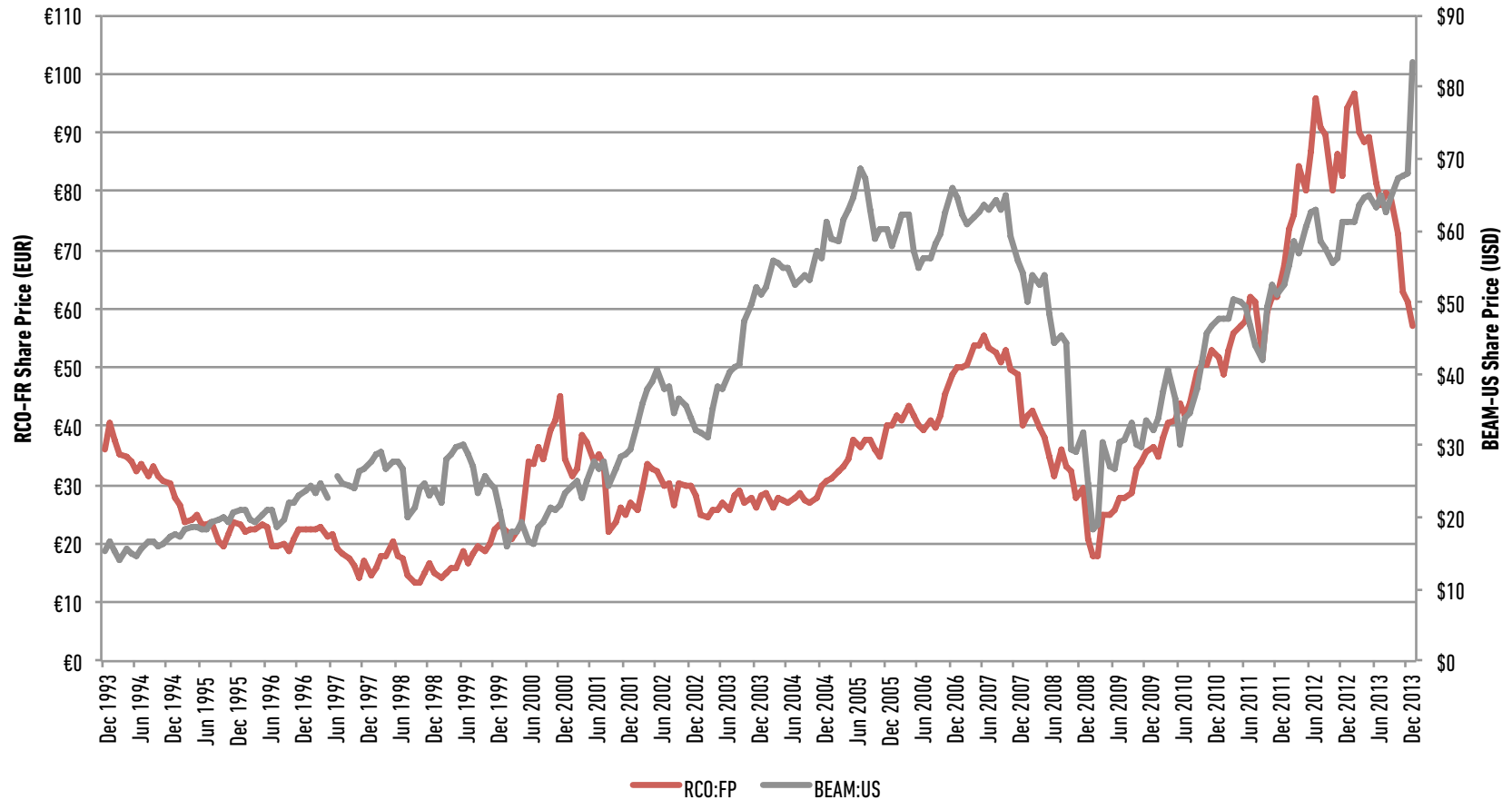
No.11942 January 13, 2014

SUNTORY HOLDINGS TO ACQUIRE BEAM IN \$16 BILLION TRANSACTION

- *Beam Stockholders to Receive \$83.50 Per Share in Cash*
- *Agreement **Represents a Premium of 25% Over the Closing Price** on January 10, 2014 and a Multiple of More Than 20 Times Beam's Latest 12 Months' EBITDA*¹*
- *Creates the World's #3 Premium Spirits Player with Portfolio of Leading Brands Across Key Spirits Categories, Enhanced Global Reach and Unparalleled Expertise in the Fast-Growing Whisky Category*

OSAKA, JAPAN and DEERFIELD, ILLINOIS – JANUARY 13, 2014 – Suntory Holdings Limited and Beam Inc. (NYSE: BEAM) today jointly announced that they have entered into a definitive agreement under which Suntory will acquire all outstanding shares of Beam for US\$83.50 per share in cash or total consideration of approximately US\$16 billion, including the assumption of Beam's outstanding net debt. The transaction consideration represents a 25% premium to Beam's closing price of \$66.97 on January 10, 2014; a 24%

RÉMY COINTREAU SA: STOCK PRICE OVER PAST 20 YEARS – RÉMY COINTREAU VS BEAM



RÉMY COINTREAU SA: VALUATION – RÉMY COINTREAU VS BEAM



RÉMY COINTREAU



Current Market Cap* = €3.1b
 Current EBITDA Multiple = 13.6x (TTM**) = 14.9x (FY1 Est. 31/3/14***)



Power Brands

Rising Stars



Local Jewels

Value Creators



Current Market Cap* = \$13.6b
 Suntory Offer Price EBITDA Multiple = 20.5x (TTM**)

* AS AT 31/1/2014
 ** AS AT 30/9/2013
 *** AS AT 31/1/2014

RÉMY COINTREAU SA: PAST INDUSTRY TRANSACTIONS

YEAR	ACQUIRER	TARGET	EBITDA MULTIPLE	COMMENTS
2005	PERNOD RICARD	ALLIED DOMECQ	10.4X	£7.4BLN
2008	PERNOD RICARD	VIN & SPRIT	20.8X	€5.3BLN
2012	DIAGEO	UNITED SPIRITS	26.9X	27.4% OF UNITED SPIRITS
2013	DISTELL GROUP	BURNS STEWART DISTILLERS	20.0X	USD244MLN
2014	EMPERADOR	WHYTE & MACKAY	19.3X	£430MLN
2014	SUNTORY	BEAM	20.5X	USD16BLN
		AVERAGE:	19.7X	
	?	RÉMY COINTREAU	20.0X	EC CONSERVATIVE ESTIMATE
	?	RÉMY COINTREAU	24.0X	EC OPTIMISTIC ESTIMATE

RÉMY COINTREAU SA: POTENTIAL ACQUIRERS?

DIAGEO



Jose Cuervo



KIRIN

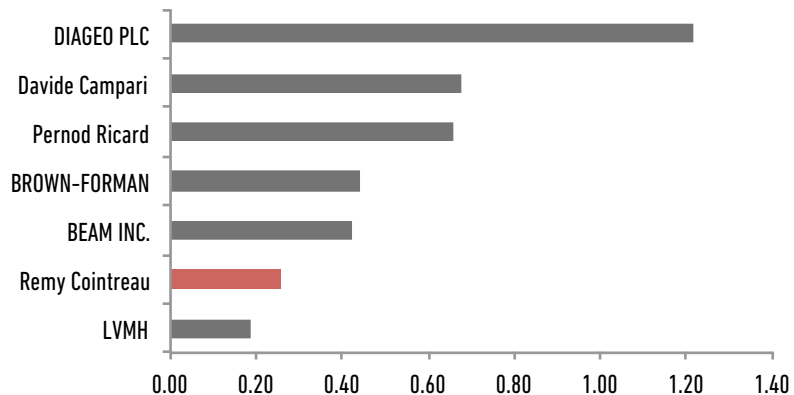
Asahi

SUNTORY

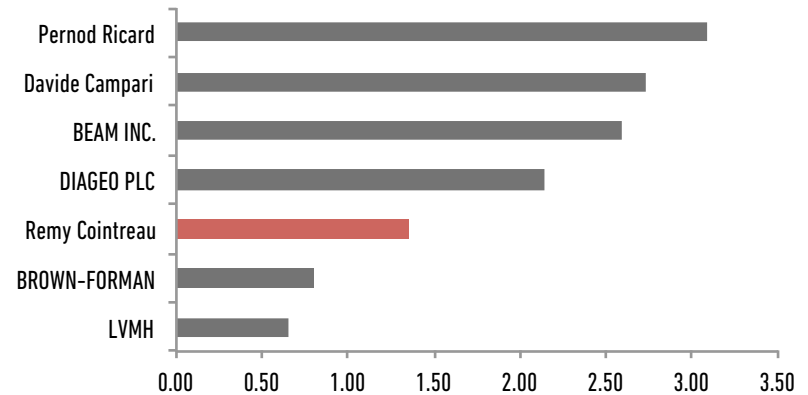
RÉMY COINTREAU SA: LEVERAGE

- Rémy Cointreau is 53% less leveraged to its peer group average based on the Net Debt/Equity ratio
- Rémy Cointreau's net debt is only 1.36x next year's estimated EBITDA

Net Debt/Equity

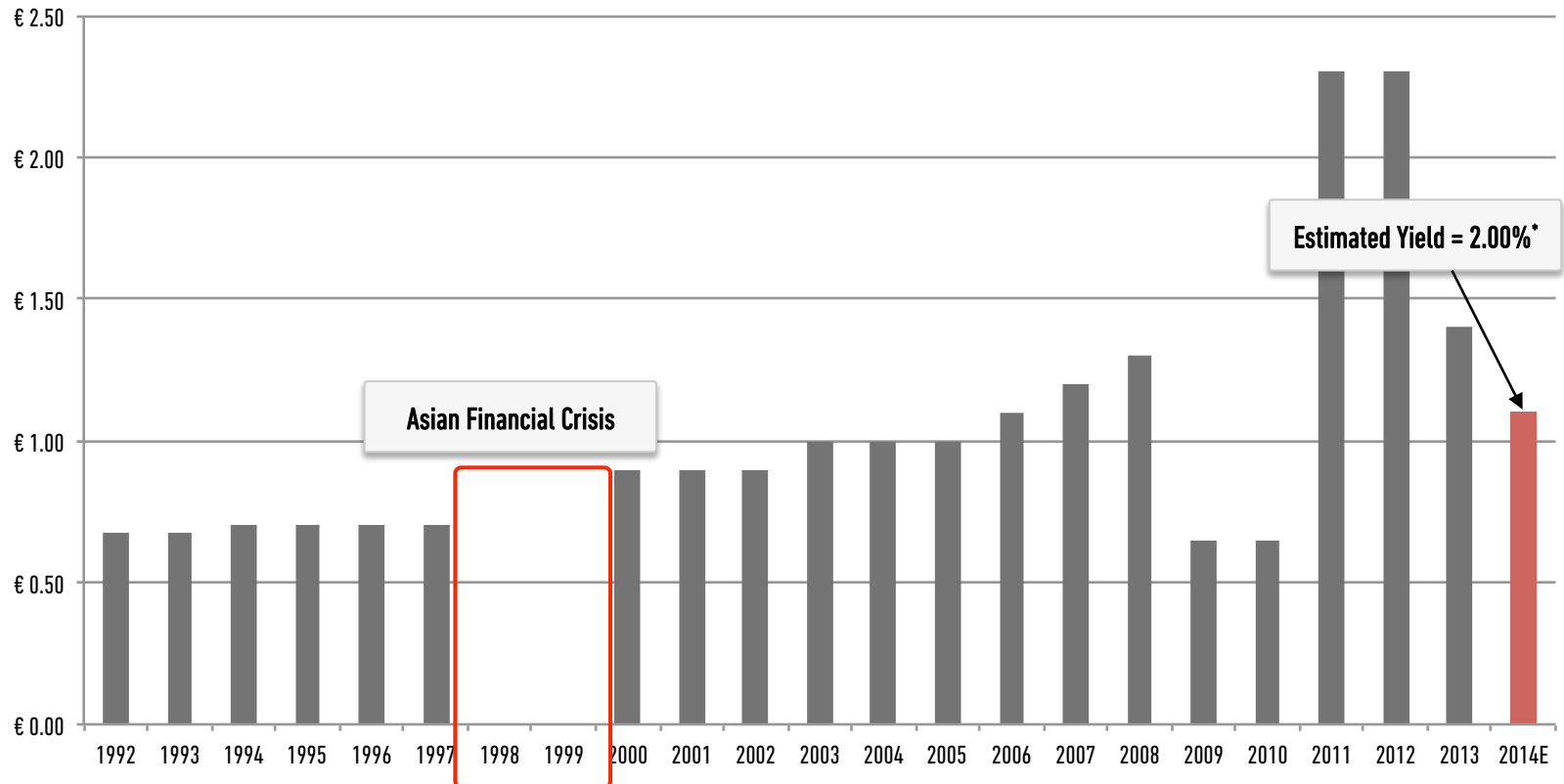


Net Debt/EBITDA FY1



RÉMY COINTREAU SA: DIVIDEND HISTORY

Dividend History



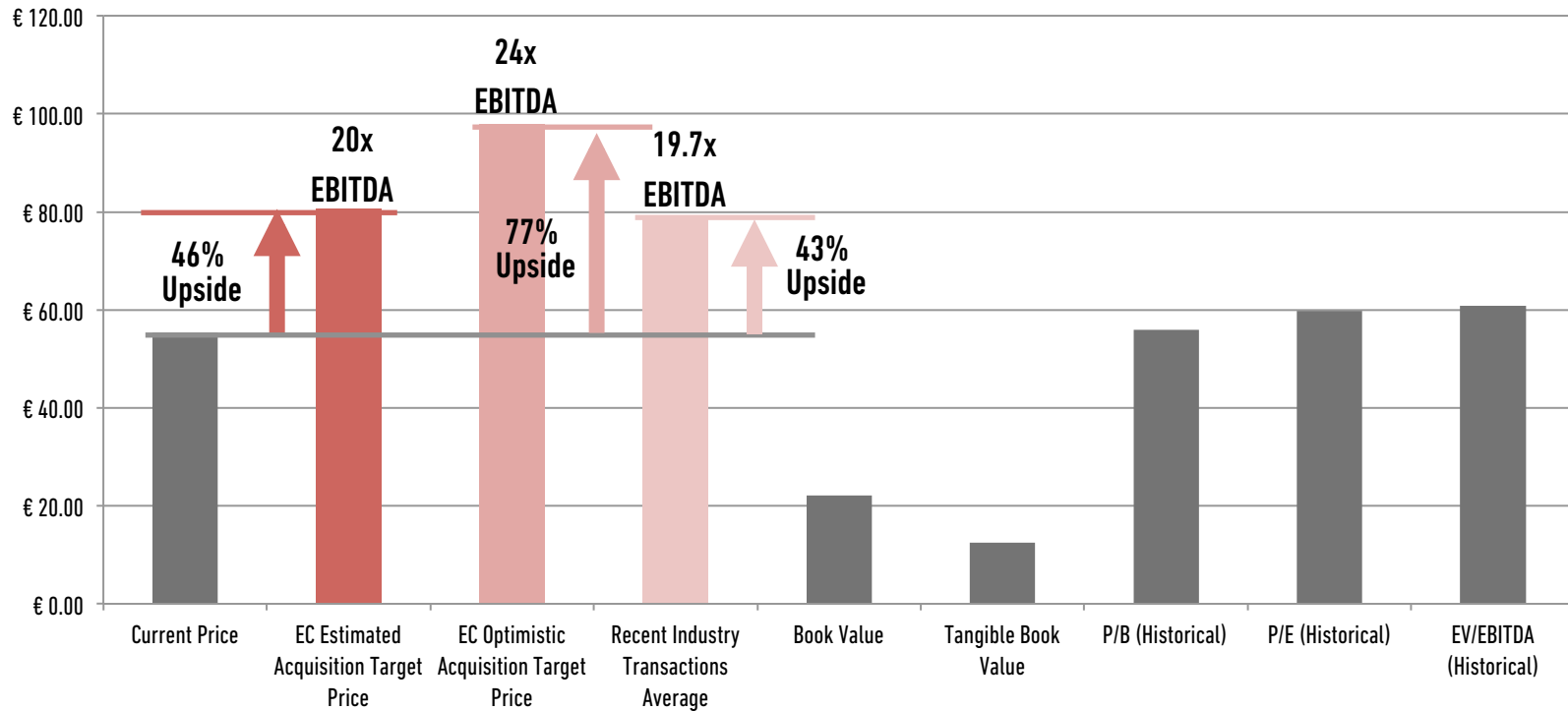
RÉMY COINTREAU SA: SHARE BUYBACK PROGRAMME

- On 19/11/2013, the Board authorised the Company to buyback up to a maximum of 2,500,000 shares (~5% of shares outstanding)
- On 29/01/2014, the Board decided to end its share buyback programme
- Bought back 1,283,053 shares (2.58% of the share capital) at an average price of €59.16

Our speculation is that share buyback programme was suspended because of an approach by potential suitors

RÉMY COINTREAU SA: ELEVATION CAPITAL'S VALUATION

Valuation Summary



Current Share Price (31/1/14)	€55.38	Discount to EC Intrinsic Value Estimate	31%
EC Acquisition Target Estimate	€80.58	Upside Potential	46%

RÉMY COINTREAU SA: ELEVATION CAPITAL'S VIEW

- Rémy has a set of global brands which is nearly impossible to replicate. The key component of any brand is history, particularly in the luxury sector
- China's anti-extravagance campaign has had a significant negative impact on 2013 sales, and will continue to impact 2014 sales
- In response, Rémy Cointreau's share price declined 41% in the last twelve months
- We believe the market is overly pessimistic, such that the stock is trading at significant discount to recent industry transaction multiples
- Rémy Cointreau's brand is arguably one of the best remaining brands outside of global beverage company control
- The Hériard Dubreuil and Cointreau families could potentially sell their 51% stake in midst of a short/medium-term difficult trading environment and the likelihood of a very high multiple being paid given the low-cost of funds for most global beverage companies
- We are very confident in the Company's long-term prospects given its brand position even if the Company is not acquired in the short-term. It has high margins, remains profitable, and, has a low debt burden

RÉMY COINTREAU SA: ELEVATION CAPITAL'S VIEW (CONTINUED)

We believe there is a very clear “Margin of Safety” present with an investment in Rémy Cointreau for the following reasons:

- Brands that date back to 1703 are difficult to replicate
- Family control at 51% typically results in sound financial stewardship
- Low Debt Levels at ~1.36x EBITDA
- Trading at a clear discount to recent industry consolidation multiples

CONTACT US

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'INDEPENDENT THINKING – DISCIPLINED INVESTING'

INDEPENDENT THINKING

[In-de-pend-ent Think-ing] **ində'pendənt THiNkiNG** *verb*

Is essential to long-term investment success. We are often contrarian and do not pay attention to index compositions when making investment decisions. We believe that when you're several thousand miles away from Wall Street in a different nation, it's easier to be independent and buy the things that other people are selling, and sell the things that other people are buying. We also believe that cash is sometimes the most attractive investment.

DISCIPLINED INVESTING

[Dis-ci-plined In-vest-ing] **disciplinəd inves'ting** *verb*

The market presents opportunities every day, but disciplined investing is as much about the opportunities you do not take. Our investments are premised on the concept of "Margin of Safety" which we believe reduces risk.