RÉMY COINTREAU

Paris, 3 June 2021

2020/21 annual results

(April 2020 – March 2021)

Rémy Cointreau emerges stronger from Covid-19
Profitability close to all-time highs
Launch of a share buyback programme
Increased confidence in 2030 guidance

In the year to end March 2021, Rémy Cointreau posted **sales** of **€1,010.2 million**, up 1.8% on an organic basis (at constant currency and scope) and down 1.4% on a reported basis. This performance demonstrates **the Group's resilience** amid the Covid-19 pandemic.

Current Operating Profit came in at €236.1 million, up 9.7% on a reported basis and 12.8% on an organic basis. This resulted in a **current operating margin** of 23.4% (up 2.4 percentage points), close to its all-time highs. This performance was driven by strong growth in the gross margin (up 0.8 percentage point on an organic basis) and excellent control of overheads (down 2.4 percentage points on an organic basis). The Group was thus able to increase its communication investment (up 0.9 percentage point) to support its brands through the recovery. The margin also includes slightly favourable currency effects (adding 0.3 percentage point) and a scope effect of -0.2 percentage point.

Excluding non-recurring items, net profit attributable to the Group came in at **€148.2 million**, up 19.4% on a reported basis.

Key figures

Millions of euros (€m)	**To 31/03/21**	To 31/03/20	Change	
	Reported	Reported	Reported	Organic*
Sales	1,010.2	1,024.8	-1.4%	+1.8%
Gross margin	680.1	676.9	+0.5%	+2.9%
GM/sales	***67.3%***	***66.0%***	***+1.3 pts***	***+0.8 pts***
Current Operating Profit	**236.1**	**215.1**	**+9.7%**	**+12.8%**
Current operating margin	***23.4%***	***21.0%***	***+2.4 pts***	***+2.3 pts***
Net profit – Group share	144.5	113.4	+27.5%	+30.2%
Net profit excluding non-recurring items	**148.2**	**124.2**	**+19.4%**	**+20.6%**
Net margin excluding non-recurring items	***14.7%***	***12.1%***	***+2.6 pts***	***+2.2 pts***
EPS – Group share (€)	2.89	2.28	+26.8%	-
EPS excluding non-recurring items (€)	**2.96**	**2.49**	**+18.7%**	**-**
Net debt/EBITDA ratio	1.33	1.86	-0.53	-

(*) Organic growth is calculated assuming constant exchange rates and consolidation scope.

Current Operating Profit by division

Millions of euros (€m)	**To 31/03/21**	To 31/03/20	Change	
	Reported	Reported	Reported	Organic*
Cognac	221.0	199.5	+10.7%	+11.3%
As % of sales	*30.1%*	*27.1%*	*+2.9 pts*	*+2.0 pts*
Liqueurs & Spirits	33.0	37.5	-11.9%	+2.5%
As % of sales	*13.3%*	*14.3%*	*-1.0 pts*	*+0.8 pt*
Subtotal: Group Brands	**254.0**	**237.0**	**+7.2%**	**+9.9%**
As % of sales	***25.8%***	***23.8%***	***+2.1 pts***	***+1.9 pts***
Partner Brands	(0.8)	(1.7)	-	-
As % of sales	-	-	-	-
Holding company costs	(17.1)	(20.1)	-14.9%	-15.9%
Total	**236.1**	**215.1**	**+9.7%**	**+12.8%**
As % of sales	***23.4%***	***21.0%***	***+2.4 pts***	***+2.3 pts***

Cognac

Cognac sales were up 3.7%* in financial year 2020/21. This overall growth was driven by a 9.1% increase in volumes combined with adverse price/mix effects of -5.4% as a result of very strong growth in VSOP and intermediaries (CLUB and 1738 Accord Royal). After a notable decline in the first half of the year, sales quickened significantly in the second half (up 27.0%*), buoyed by the United States and mainland China. Although the decline slowed in the second half of the year, the *Duty Free* segment and the *on-trade* channel continued to weigh on performance in Southeast Asia, Africa and Latin America.

Current Operating Profit totalled €221.0 million, up 10.7% on a reported basis (and up 11.3% on an organic basis). The current operating margin rose 2.9 percentage points to 30.1%, buoyed by a sharp decline in overhead costs and favourable currency effects. It also takes account of increased communication investment, particularly in the key markets of the United States and China.

Liqueurs & Spirits

Despite a sharp upturn in business in the second half of the year (+7.2%*), sales of Liqueurs & Spirits declined slightly over the full year (-3.2%*). The **House of Cointreau** and the **Whisky** business both posted very strong performance, while the rest of the portfolio was hampered by weakness in the EMEA region (due to the closure of the on-trade channel) and the Duty Free segment.

Current Operating Profit came in at €33.0 million, down 11.9% on a reported basis (+2.5% on an organic basis). The current operating margin declined 1.0 percentage point to 13.3% due to a combination of lower volumes and continued strategic investment, notably to support strong performance by the Cointreau brand and pave the way for future growth.

(*) Organic growth is calculated assuming constant exchange rates and consolidation scope.

Partner Brands

Partner Brands sales declined slightly in the full year (-1.5%*), with **Current Operating Profit coming in at negative €0.8 million**, down from negative €1.7 million in the year to end March 2020.

Consolidated results

Current Operating Profit came in at €236.1 million, up 9.7% on a reported basis and 12.8% on an organic basis. Consequently, the **current operating margin** rose **2.4 percentage points to 23.4%** over the full year (+2.3 percentage points on an organic basis).

This performance was mainly driven by remarkable growth in **Current Operating Profit from Group Brands (+9.9% on an organic basis),** together with lower holding company costs (as a result of a sharp reduction in travel expenses and the non-recurrence of costs associated with organisational changes in financial year 2019/20).

Conversely, adverse **currency effects** reduced Current Operating Profit by **€4.8 million** over financial year 2020/21. The EUR/USD exchange rate deteriorated over the period (averaging 1.17, compared with 1.11 in the year to end March 2020), while the average collection rate (linked to the Group's hedging policy) came out at 1.17, compared with 1.16 in the year to end March 2020. **Scope effects** (acquisition of Maisons Brillet and J. de Telmont) weighed in at **€ 1.7 million**.

Operating profit came in at **€235.9 million** after taking into account a net operating expense of €0.2 million (in respect of acquisition costs over the period).

The Group posted a **net financial expense** of **€14.6 million** over the period (a €13.4 million improvement). While the cost of gross financial debt declined very slightly to €12.0 million (as a result of a reduction in the Group's average debt), other finance costs fell €8.5 million as a result of changes in the terms of some eaux-de-vie supply contracts since the beginning of the financial year. The Group posted a net foreign exchange loss of €0.4 million, down significantly from the foreign exchange loss of €4.7 million posted in the year to end March 2020.

The **tax expense** totalled **€77.6 million**, giving an effective tax rate of 35.1% (33.5% excluding non-recurring items), lower than the rate for the year ended March 2020 (36.3% on a reported basis and 33.9% excluding non-recurring items). The lower tax rate in some countries (notably France and the United States) was partially offset by an unfavourable geographical mix of results.

After taking into account the Group's share of net income from associates, **net profit attributable to the Group** came in at **€144.5 million**, up 27.5% on a reported basis.

Excluding non-recurring items, net profit attributable to the Group came in at **€148.2 million**, up 19.4% on a reported basis, giving a net margin of **14.7%**, up 2.6 percentage points. **Earnings per share (excluding non-recurring items)** came in at **€2.96**, up 18.7%.

(*) Organic growth is calculated assuming constant exchange rates and consolidation scope.

Net debt stood at €314.3 million, down €136.6 million from the position at end March 2020. This change was mainly driven by a significant improvement in Free Cash Flow, the disposal of Passoã SAS and by the fact that the dividend, in respect of financial year 2019/20, was mainly paid in shares.

The **net debt to EBITDA ratio** thus came out at **1.33x**, down significantly from end March 2020 (1.86x).

The return on capital employed (RoCE) came out at 17.1% for the year ended 31 March 2021, up 0.6 percentage point year on year (+1.5 percentage points on an organic basis). Continued strategic purchases of eaux-de-vie adversely affecting capital employed were offset by a significant improvement in the profitability of Group Brands.

On the strength of the significant uplift in its results, the Group will propose at its Shareholders' Meeting on 22 July that **an ordinary dividend of €1.85 per share be paid in respect of financial year 2020/21**, a significant increase on both 2019/20 (€1.00) and 2018/19 (€1.65). The dividend will be paid entirely in cash.

Implementation of a share buyback programme

At its meeting of 2 June 2021, the Board of Directors of Rémy Cointreau decided, pursuant to Resolutions 19 and 20 passed at the Shareholders' Meeting of 23 July 2020[1], to authorise the company's Chief Executive Officer to implement a share buyback programme.

Pursuant to this authorisation, an investment services provider will be instructed to purchase up to a maximum of 1 million shares of Rémy Cointreau SA, accounting for 1.98% of the share capital, at the price authorised in Resolution 19 passed at the Shareholders' Meeting of 23 July 2020.

The buyback programme is intended to facilitate the following transactions, in decreasing order of priority: (1) decrease the share capital by cancelling treasury shares; (2) meet obligations arising from free share incentive programmes for employees and/or corporate officers of the company and/or its affiliates; and (3) meet obligations arising from securities giving access to the share capital.

Subject to market conditions[2], this buyback programme will expire no later than 8 December 2021.

[1] See section 7.1.4 of the 2019/20 Universal Registration Document

[2] The implementation of these buybacks, their duration, and the final amounts thus repurchased will depend in particular on market conditions. Rémy Cointreau reserves the right to change all or part of the terms of these buybacks, within the limits indicated above

(*) Organic growth is calculated assuming constant exchange rates and consolidation scope.

2021/22 outlook

In a still fragile and uncertain public health, economic and geopolitical environment, the **Rémy Cointreau Group has emerged stronger from the Covid-19 crisis**.

For financial year 2021/22, the Group is **confident in its ability to continue to win market share** in the exceptional spirits sector. In particular, the Group is anticipating an **excellent start to its financial year**, underpinned by very favourable base effects, shipment phasing effects, and new, structurally more buoyant consumption trends in the United States.

Being ahead in the unfolding of its 2030 strategic plan and given the favourable environment, the Group has decided to **revise up its investments in communication** to support its brands through the recovery and boost their medium-term growth potential by developing brand awareness and attractiveness. Expected good growth in Current Operating Profit will also be tempered by adverse currency effects estimated at between -€16 million and -€20 million and adverse scope effects estimated at circa -€2 million.

Increased confidence in 2030 guidance

Over the past few months, in a context marked by the pandemic, Rémy Cointreau has benefited from an **acceleration in pre-existing trends that support the 2030 strategy announced in June 2020**: the rise of mixology and at-home consumption, the outperformance of high-end spirits, strong growth in online sales and growing interest in corporate social and environmental responsibility.

The Group can therefore confidently reiterate its financial and non-financial guidance: improved portfolio management should enable it to achieve a **gross margin of 72%** and a **current operating margin of 33% by 2030** (based on 2019/20 exchange rates and consolidation scope). At the same time, through its **Sustainable Exception 2025** plan, the Group aims to achieve **sustainable agriculture** across all land on which its spirits depend, as well as **reductions in its carbon emissions of 25%** (**across Scopes 1 and 2, in absolute terms**) and **30% (across Scope 3, in relative terms)** by **2025**. This will be a first step towards achieving the Group's ambition of **"net zero carbon" by 2050**.

Rémy Cointreau reiterates its aim of becoming the global leader in exceptional spirits, a segment in which the growth outlook remains attractive, particularly in a world of more responsible consumption.

(*) Organic growth is calculated assuming constant exchange rates and consolidation scope.

Sales and Current Operating Profit by division

Millions of euros (€m)	To 31/03/21		To 31/03/20	Change	
	Reported	Organic*	Reported	Reported	Organic*
	A	B	C	A/C-1	B/C-1
Sales					
Cognac	735.0	762.8	735.5	-0.1%	3.7%
Liqueurs & Spirits	248.3	253.4	261.9	-5.2%	-3.2%
Subtotal: Group Brands	**983.3**	**1,016.2**	**997.3**	**-1.4%**	**1.9%**
Partner Brands	26.9	27.1	27.5	-2.1%	-1.5%
Total	**1,010.2**	**1,043.3**	**1,024.8**	**-1.4%**	**1.8%**
Current Operating Profit					
Cognac	221.0	222.1	199.5	10.7%	11.3%
As % of sales	*30.1%*	*29.1%*	*27.1%*	*+2.9 pts*	*+2.0 pts*
Liqueurs & Spirits	33.0	38.4	37.5	-11.9%	2.5%
As % of sales	*13.3%*	*15.2%*	*14.3%*	*-1.0 pts*	*+0.8 pt*
Subtotal: Group Brands	**254.0**	**260.5**	**237.0**	**7.2%**	**9.9%**
As % of sales	*25.8%*	*25.6%*	*23.8%*	*+2.1 pts*	*+1.9 pts*
Partner Brands	(0.8)	(1.0)	(1.7)	-	-
As % of sales	-	-	-	-	-
Holding company costs	(17.1)	(16.9)	(20.1)	-14.9%	-15.9%
Total	**236.1**	**242.6**	**215.1**	**9.7%**	**12.8%**
As % of sales	***23.4%***	***23.3%***	***21.0%***	***+2.4 pts***	***+2.3 pts***

(*) Organic growth is calculated assuming constant exchange rates and consolidation scope.

Summary income statement

Millions of euros (€m)	To 31/03/21		To 31/03/20	Change	
	Reported A	Organic* B	Reported C	Reported A/C-1	Organic* B/C-1
Sales	1,010.2	1,043.3	1,024.8	-1.4%	1.8%
Gross margin	680.1	696.7	676.9	0.5%	2.9%
GM/Sales	*67.3%*	*66.8%*	*66.0%*	*+1.3 pts*	*+0.8 pt*
Current Operating Profit	**236.1**	**242.6**	**215.1**	**9.7%**	**12.8%**
COP as % of sales	***23.4%***	***23.3%***	***21.0%***	***+2.4 pts***	***+2.3 pts***
Other operating income and expenses	(0.2)	(0.2)	(19.7)	-	-
Operating profit	235.9	242.4	195.5	20.7%	24.8%
Net financial income (expense)	(14.6)	(18.8)	(28.0)	-	-
Corporate income tax	(77.6)	(78.4)	(60.9)	-	-
Tax rate	*35.1%*	*35.1%*	*36.3%*	*-1.2 pts*	*-1.2 pts*
Share in profit (loss) of associates/minority interests	0.9	0.9	0.4	-	-
Net profit after tax from discontinued operations	0.0	0.0	6.4	-	-
Net profit - Group share	144.5	146.0	113.4	27.5%	30.2%
Net profit excluding non-recurring items	**148.2**	**149.7**	**124.2**	**19.4%**	**20.6%**
Net profit (excluding non-recurring items)/sales	***14.7%***	***14.3%***	***12.1%***	***+2.6 pts***	***+2.2 pts***
Group earnings per share (€)	2.89	2.92	2.28	26.8%	-
Earnings per share excluding non-recurring items (€)	**2.96**	**2.99**	**2.49**	**18.7%**	**-**

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

Millions of euros (€m)	To 31/03/21	To 31/03/20
Net profit attributable to the Group	**144.5**	**113.4**
Westland's partial goodwill write-off	-	18.8
Non-recurring tax items	3.5	(2.5)
Net profit after tax from discontinued operations	-	(6.4)
Other	0.2	0.9
Net profit excluding non-recurring items attributable to the Group	**148.2**	**124.2**

(*) Organic growth is calculated assuming constant exchange rates and consolidation scope.

Definitions of alternative performance indicators

Rémy Cointreau's management process is based on the following alternative performance indicators, selected for planning and reporting purposes. The Group's management considers that these indicators provide users of the financial statements with useful additional information to help them understand the Group's performance. These alternative performance indicators should be considered as supplementing those included in the consolidated financial statements and the resulting movements.

Organic growth in sales and Current Operating Profit

Organic growth is calculated excluding the impact of exchange rate fluctuations, acquisitions and disposals. This indicator serves to focus on Group performance across both financial years, which local management is more directly capable of influencing.

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

For acquisitions in the current financial year, sales and Current Operating Profit of acquired entities are not included in organic growth calculations. For acquisitions in the previous financial year, sales and Current Operating Profit of acquired entities are included in the previous financial year; however, they are only included in current year organic growth calculations with effect from the anniversary date of the acquisition.

For significant disposals, data is post-application of IFRS 5, under which results of entities disposed of are systematically reclassified under "Net earnings from discontinued operations".

Indicators "excluding non-recurring items"

The two items set out below constitute key indicators for measuring recurring business performance, since they exclude significant items which, by virtue of their unusual nature, cannot be considered inherent to the Group's ongoing performance:

- ***Current Operating Profit** consists of operating profit before other non-recurring operating income and expenses.*
- ***Net profit attributable to the Group excluding non-recurring items** consists of net profit attributable to the Group adjusted to exclude other non-recurring operating income and expenses, associated tax effects, profit from deconsolidated, divested and discontinued operations and the contribution from dividends paid in cash.*

Gross operating profit (EBITDA)

This measure, which is used in particular to calculate certain ratios, equates to Current Operating Profit less amortisation and depreciation expenses on intangible assets and property, plant and equipment for the period, expenses arising from stock option plans, and dividends received from associates during the period.

(*) Organic growth is calculated assuming constant exchange rates and consolidation scope.

Net debt

Net financial debt as defined and used by the Group is equal to the sum of long- and 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.