

### Outstanding results

Current Operating Profit: up 104.5% on an organic basis

Current operating margin: 33.0% on a reported basis (an all-time high)

### Full-year guidance upgraded

Rémy Cointreau generated **consolidated sales** of €645.3 million in the first half, up 52.0% on an organic basis<sup>1</sup> (49.8% on a reported basis) and up 26.9% on an organic basis relative to the first half 2019-20 (pre-pandemic). This performance reflects continued excellent momentum in China and the United States as well as a strong recovery in Europe.

**Current Operating Profit** came in at €212.9 million, equating to exceptional growth of 104.5% on an organic basis and 100.4% on a reported basis.

**The current operating margin** rose significantly, climbing 8.3 percentage points (pp) to an all-time high of 33.0% (up 8.5pp on an organic basis).

**Eric Vallat, Rémy Cointreau's CEO, stated:** *"It has been an amazing semester for Rémy Cointreau, reflecting our market share gains and the solid progress made on our strategic priorities. These results will reinforce our ability to become the worldwide leader in exceptional spirits. They will enable us to fuel the growth of tomorrow, by accelerating our investments behind our brands, our capabilities, and our plan #APlanetOfException against global warming. We should be proud, but also humble as we operate in a resilient business. Our great brands built over centuries are well positioned to benefit from the upgrading trends worldwide."*

Key figures in €m (unless otherwise stated)	H1 2021-22	H1 2020-21	Reported change	Organic change	
				vs. H1 '20-21	vs. H1 '19-20
Sales	645.3	430.8	+49.8%	+52.0%	+26.9%
Gross margin (%)	69.1%	64.7%	+4.4pp	+4.0pp	+2.0pp
Current Operating Profit	212.9	106.2	+100.4%	+104.5%	+58.8%
Current operating margin (%)	33.0%	24.7%	+8.3pp	+8.5pp	+6.7pp
Net profit attributable to the Group	134.0	65.0	+106.1%	+111.6%	+51.7%
Net profit excluding non-recurring items	148.2	65.2	+127.4%	+132.9%	+78.9%
Net margin excluding non-recurring items (%)	23.0%	15.1%	+7.8pp	+8.0pp	+6.8pp
EPS after minority interests (€)	2.67	1.30	+104.9%	-	-
EPS excluding non-recurring items (€)	2.95	1.31	+126.0%	-	-
Net debt/EBITDA ratio	0.77	2.04	-1.27	-	-

<sup>1</sup> All references to "organic growth" in this press release refer to growth at constant currency and consolidation scope.

## Current Operating Profit by division

In €m (unless otherwise stated)	H1 2021-22	H1 2020-21	Reported change	Organic change	
				vs. H1 '20-21	vs. H1 '19-20
Cognac	188.1	93.6	+101.0%	+101.9%	+51.2%
As % of sales	40.5%	30.6%	+9.8pp	+9.2pp	+6.4pp
Liqueurs & Spirits	37.8	18.6	+103.2%	+121.5%	+92.7%
As % of sales	23.1%	16.6%	+6.4pp	+8.4pp	+8.6pp
Subtotal: Group Brands	225.9	112.2	+101.4%	+105.2%	+57.3%
As % of sales	35.9%	26.9%	+9.1pp	+9.2pp	+7.0pp
Partner Brands	0.3	0.5	-29.4%	-21.0%	n/a
As % of sales	2.0%	3.6%	-1.6pp	-1.3pp	+6.2pp
Holding company costs	(13.4)	(6.5)	+107.5%	+107.6%	+48.6%
<b>Total</b>	<b>212.9</b>	<b>106.2</b>	<b>+100.4</b>	<b>+104.5%</b>	<b>+58.8%</b>
As % of sales	33.0%	24.7%	+8.3pp	+8.5pp	+6.7pp

### Cognac

First-half sales at the Cognac division were up 55.2% on an organic basis (up 52.1% on a reported basis), including volume growth of 35.0% and a 20.2% increase from price/mix effects thanks to the growing contribution from mid-range products (Rémy Martin Club in China and 1738 Accord Royal in the United States) and worldwide price rises implemented in April 2021. All regions contributed to this excellent performance, in particular the United States, where consumption has been very buoyant, and China, where the Group performed very well during the Mid-Autumn Festival.

Current Operating Profit rose 101.9% on an organic basis to €188.1 million (up 101.0% on a reported basis), translating into an organic increase in the margin of 9.2pp to an all-time high of 40.5%. This growth reflects a significant uplift in the gross margin (evenly split between volume and price/mix effects), strong overhead absorption and increased marketing and communication spend, particularly in the key markets of China and the United States.

### Liqueurs & Spirits

First-half sales at the Liqueurs & Spirits division were up 46.9% on an organic basis (up 46.4% on a reported basis). All regions contributed to this very strong performance, including in particular the key markets of the United States, where the House of Cointreau remains hugely popular, and Europe, driven by strong consumption since the on-trade channel reopened, market share gains for Cointreau and a sharp recovery in sales of Metaxa.

Current Operating Profit came in at €37.8 million, up 121.5% on an organic basis (up 92.7% on an organic basis relative to H1 2019-20) and up 103.2% on a reported basis. This translated into a current operating margin of 23.1% (up 8.4pp on an organic basis), driven by a sharp uplift in the gross margin (evenly split between volume and price/mix effects) across all the brands and tight control of overheads. At the same time, the Group maintained a sustained level of marketing and communication spend.

## Partner Brands

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First-half sales of Partner Brands were up 23.6% on an organic basis (up 24.6% on a reported basis), driven by favourable base effects, particularly in Europe, and strong momentum in the Benelux countries and the United Kingdom.

Current Operating Profit came in at €0.3 million, compared with €0.5 million in the first half of financial year 2020-21.

### Consolidated results

Current Operating Profit (COP) came in at €212.9 million, up 104.5% on an organic basis (up 58.8% relative compared to the first half 2019-20) and up 100.4% on a reported basis. This performance was mainly driven by exceptional growth in Current Operating Profit from Group Brands (up 105.2% on an organic basis) and takes into account a €6.9 million increase in holding costs, including a €2.0 million donation to the Rémy Cointreau Foundation and €4.9 million in relation to medium- and long-term retention measures, employee savings and the employee share ownership plan.

This performance also includes adverse currency effects (-€1.9 million). The average EUR/USD conversion rate deteriorated from 1.14 in H1 20/21 to 1.19 in H1 21/22, while the average collection rate (linked to the Group's hedging policy) came out at 1.18 in H1 21/22, compared with 1.16 in H1 20/21.

Lastly, this performance takes into account adverse consolidation scope effects costing -€2.4 million in relation to the acquisition of Brillet and Telmont.

The current operating margin rose sharply, up 8.3pp on a reported basis to 33.0% (up 8.5pp on an organic basis). This sharp uplift reflects the following:

- organic growth of 4.0pp in the gross margin to 69.1% (its highest ever level), driven by very favourable price/mix effects and a sharp rise in volumes
- excellent absorption of overheads (ratio down 5.3pp on an organic basis)
- increased marketing and communication spend (with the ratio up 0.8pp on an organic basis) to boost brands' medium-term growth potential
- favourable currency effects (+0.4pp) and unfavourable consolidation scope effects (-0.6pp)

Operating profit came in at €199.3 million, up 88.0% on a reported basis after taking into account €13.6 million of provisions for international customs risks relating to prior periods.

Net financial expense improved from -€8.0 million in H1 20/21 to -€7.4 million in H1 21/22, in line with the reduction in the Group's net financial debt.

The tax expense totalled €58.1 million, giving an effective tax rate of 30.3% (28.0% excluding non-recurring items), a significant improvement on H1 20/21 (33.8% on a reported basis and excluding non-recurring items).

This improvement was mainly the result of a reduction in the tax rate in France, where the Group generates most of its taxable income.

After taking into account the Group's share of net income from associates, **net profit attributable to the Group** came in at €134.0 million, up 106.1% on a reported basis (up 111.6% on an organic basis).

**Excluding non-recurring items, net profit attributable to the Group** came in at €148.2 million, up 127.4% on a reported basis (up 132.9% on an organic basis), giving a net margin of 23.0%, up 7.8pp on a reported basis (up 8.0pp on an organic basis).

**Excluding non-recurring items, net earnings per share** came out at €2.95, up 126.0% on a reported basis.

**Net debt** came in at €299.6 million, down €14.7 million from the position at 31 March 2021. In addition to free cash flow, this improvement in net debt mainly reflects the non-cash effect of early conversion of part of the OCEANE debt for a nominal value of €153.4 million (€149.1 million under IFRS). At 30 September 2021, applications had been received to convert 55.8% of the outstanding OCEANE bonds into Rémy Cointreau shares. A total of 1,398,822 shares were thus exchanged, consisting of 75,000 existing shares and 1,323,822 new shares. At 30 September 2021, the share capital was made up of 51,850,385 shares with a par value of € 1.60 each.

As a result, the **net debt/EBITDA ratio** came out at 0.77 at 30 September 2021, compared with 1.33 at 31 March 2021.

### Full-year guidance upgraded

For financial year 2021-22, Rémy Cointreau reiterates its confidence in its ability to outperform the exceptional spirits market and anticipates **strong organic growth** in sales, mainly driven by performance in the first half.

The Group also confirms its intention to meaningfully increase its marketing and communication spend this year, particularly in the second half, to support its brands through the recovery and boost their medium-term growth potential.

On the back of these stronger than expected first-half results, Rémy Cointreau is upgrading its full-year guidance and is now targeting **very strong organic growth** in **Current Operating Profit**.

In light of the Group's plans to step up marketing and communication spend and manage its strategic inventory in the fourth quarter, and given the high base of comparison in the second half, organic growth in Current Operating Profit will be driven solely by the outstanding growth seen in the first half. This will be tempered by adverse currency effects (estimated at around -€5.0 million) and a full-year scope effect of -€2.4 million.

Consequently, Rémy Cointreau now expects to see an **organic improvement in its current operating margin**.

## Subsequent events

On **3 November 2021**, to coincide with COP26, Rémy Cointreau launched the #APlanetOfException project, which focuses on a dual commitment: (i) to reduce the Group's carbon footprint (in line with the Paris Climate Agreement) as part of its official membership of the Science-Based Targets initiative and (ii) to make an annual contribution to climate action in its key markets. The Group thus confirms its long-term targets of reducing the intensity of its carbon emissions by 50% across the whole entire value chain by 2030 and reaching net zero emissions by 2050. The Group has also committed alongside South Pole to make an annual contribution to projects in the United States and China. Actions in this area will enable it to achieve carbon neutrality from as early as 2021-22.

On **8 November 2021**, Rémy Cointreau announced that it had taken out an €80 million seven-year loan at a fixed interest rate of 0.60%.

## Appendices

### Sales and Current Operating Profit by division

<i>€m (unless otherwise stated)</i>	H1 2021-22		H1 2020-21	Change	
	Reported A	Organic B	Reported C	Reported A/C-1	Organic B/C-1
<b>Sales</b>					
Cognac	464.6	473.9	305.4	+52.1%	+55.2%
Liqueurs & Spirits	164.1	164.7	112.1	+46.4%	+46.9%
<b>Subtotal: Group Brands</b>	<b>628.7</b>	<b>638.6</b>	<b>417.5</b>	<b>+50.6%</b>	<b>+52.9%</b>
Partner Brands	16.6	16.5	13.3	+24.6%	+23.6%
<b>Total</b>	<b>645.3</b>	<b>655.0</b>	<b>430.8</b>	<b>+49.8%</b>	<b>+52.0%</b>
<b>Current Operating Profit</b>					
Cognac	188.1	188.9	93.6	+101.0%	+101.9%
<i>As % of sales</i>	40.5%	39.9%	30.6%	+9.8pp	+9.2pp
Liqueurs & Spirits	37.8	41.3	18.6	+103.2%	+121.5%
<i>As % of sales</i>	23.1%	25.1%	16.6%	+6.4pp	+8.4pp
<b>Subtotal: Group Brands</b>	<b>225.9</b>	<b>230.2</b>	<b>112.2</b>	<b>+101.4%</b>	<b>+105.2%</b>
<i>As % of sales</i>	35.9%	36.0%	26.9%	+9.1pp	+9.2pp
Partner Brands	0.3	0.4	0.5	-29.4%	-21.0%
<i>As % of sales</i>	2.0%	2.3%	3.6%	-1.6pp	-1.3pp
Holding company costs	(13.4)	(13.4)	(6.5)	+107.5%	+107.6%
<b>Total</b>	<b>212.9</b>	<b>217.2</b>	<b>106.2</b>	<b>+100.4</b>	<b>+104.5%</b>
<i>As % of sales</i>	33.0%	33.2%	24.7%	+8.3pp	+8.5pp

## Summary income statement

€m (unless otherwise stated)	H1 2021-22		H1 2020-21	Change	
	Reported A	Organic B	Reported C	Report A/C-1	Organic B/C-1
<b>Sales</b>	<b>645.3</b>	<b>655.0</b>	<b>430.8</b>	<b>+49.8%</b>	<b>+52.0%</b>
Gross margin	445.9	449.6	278.6	+60.0%	+61.4%
<i>Gross margin (%)</i>	<i>69.1%</i>	<i>68.6%</i>	<i>64.7%</i>	<i>+4.4pp</i>	<i>+4.0pp</i>
<b>Current Operating Profit</b>	<b>212.9</b>	<b>217.2</b>	<b>106.2</b>	<b>+100.4%</b>	<b>+104.5%</b>
<i>Current operating margin (%)</i>	<i>33.0%</i>	<i>33.2%</i>	<i>24.7%</i>	<i>+8.3pp</i>	<i>+8.5pp</i>
Other operating income and expenses	(13.6)	(13.6)	(0.2)	-	-
<b>Operating profit</b>	<b>199.3</b>	<b>203.6</b>	<b>106.0</b>	<b>+88.0%</b>	<b>+92.0%</b>
Net financial income (expense)	(7.4)	(7.6)	(8.0)	-8.4%	-5.2%
Corporate income tax	(58.1)	(58.6)	(33.1)	+75.6%	+77.1%
<i>Tax rate (%)</i>	<i>30.3%</i>	<i>29.9%</i>	<i>33.8%</i>	<i>-3.5pp</i>	<i>-3.9pp</i>
Share in profit (loss) of associates/minority interests	0.2	0.2	0.1	-	-
<b>Net profit attributable to the Group</b>	<b>134.0</b>	<b>137.6</b>	<b>65.0</b>	<b>+106.1%</b>	<b>+111.6%</b>
Net profit excluding non-recurring items	148.2	151.8	65.2	+127.4%	+132.9%
<i>Net margin excluding non-recurring items</i>	<i>23.0%</i>	<i>23.2%</i>	<i>15.1%</i>	<i>+7.8pp</i>	<i>+8.0pp</i>
EPS after minority interests (€)	2.67	2.74	1.30	+104.9%	-
EPS excluding non-recurring items (€)	2.95	3.02	1.31	+126.0%	-

## Reconciliation of net profit and net profit excluding non-recurring items

€m	H1 2021-22	H1 2020-21
<b>Net profit attributable to the Group</b>	<b>134.0</b>	<b>65.0</b>
Other operating income and expenses	13.6	0.2
Other operating income (expense)	(3.4)	(0.1)
Effect of changes in the tax rate on deferred taxes in France and the United Kingdom	4.0	-
<b>Net profit excluding non-recurring items attributable to the Group</b>	<b>148.2</b>	<b>65.2</b>

## 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 common to both financial years, which local management is more directly capable of measuring.

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 the profits of entities disposed of are systematically reclassified under "Net earnings from discontinued operations" for both the current year and the prior year.

### **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.

### **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.

## About Rémy Cointreau

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There are clients all over the world seeking exceptional experiences – clients who know that a wide range of terroirs means a variety of flavours. Their exacting standards are in keeping with our expertise – the finely honed skills we pass down from generation to generation. The time these clients devote to savouring our products is a tribute to all those who have laboured to develop them. It is for these men and women that family-owned French Group Rémy Cointreau protects its terroirs, cultivates centuries-old exceptional spirits and is committed to keeping them forever modern. The Group's portfolio includes 14 singular brands, such as the Rémy Martin and Louis XIII cognacs, and Cointreau liqueur. Rémy Cointreau has just one ambition: to become the global leader in exceptional spirits. To this end, it draws on the commitment and creativity of its 1,850 employees and on distribution subsidiaries based in the Group's core markets.

Rémy Cointreau is listed on Euronext Paris.

## Contact

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*Regulated information in connection with this press release can be found at [www.remy-cointreau.com](http://www.remy-cointreau.com).*