RÉMY COINTREAU

2021-22 annual results
Paris, 2 June 2022

Rémy Cointreau delivers a record year
COP: +39.9% on an organic basis (+56.9% vs. 2019-20)
2022-23 outlook: the Group is starting the year with confidence

Rémy Cointreau posted **consolidated sales** of €1,312.9 million in 2021-22, up +27.3% on an organic basis[1] (+29.4% compared to 2019-20). The Group reaped the full benefits of rapid growth in new consumption trends, including in particular upmarket movement and the rise of mixology.

Current Operating Profit came in at €334.4 million, equating to exceptional organic growth of +39.9% (+56.9% compared to 2019-20). This resulted in strong growth in the **Current Operating Margin**, up +2.3 percentage points (pp) on an organic basis to an all-time high of 25.5% (up +4.6 pp compared to 2019-20).

Rémy Cointreau's Chief Executive Officer, Eric Vallat, said, *"Rémy Cointreau has posted record results that demonstrate the relevance and potential of its brands, backed by genuine savoir-faire, up to three hundred years of history and exceptional terroirs. Progress against our strategic priorities and increased investment in marketing and communications to pave the way for future growth have also played a decisive role. Above all, we are very proud to have reached a new sustainable development milestone: Rémy Cointreau, whose top priority remains to lower its emissions, is the first spirits group to achieve carbon neutrality under its #APlanetOfException plan. In an uncertain environment, Rémy Cointreau is now perfectly equipped and ideally placed to deliver another year of strong growth. On the strength of our progress against our strategic goals, new consumption trends and our robust pricing power, we are starting the year 2022-23 with confidence."*

Key figures in €m (*unless otherwise stated*)	**2021-22**	2020-21	Change Reported	**Organic change**	
				vs. 2020-21	**vs. 2019-20**
Sales	**1,312.9**	**1,010.2**	***+30.0%***	***+27.3%***	***+29.4%***
Gross margin (%)	68.6%	67.3%	*+1.3 pp*	*+1.5 pp*	*+2.1 pp*
Current Operating Profit	**334.4**	**236.1**	***+41.6%***	***+39.9%***	***+56.9%***
Current Operating Margin (%)	25.5%	*23.4%*	*+2.1 pp*	*+2.3 pp*	*+4.6 pp*
Net profit – Group share	**212.5**	**144.5**	***+47.0%***	***+45.7%***	***86.0%***
Net profit – Group share excl. non-recurring items	228.1	148.2	*+53.9%*	*+52.6%*	*82.4%*
Net margin excl. non-recurring items (%)	17.4%	*14.7%*	*+2.7 pp*	*+2.9 pp*	*+5.2 pp*
EPS Group share (€)	4.21	2.89	*+45.9%*	-	-
EPS Group share excl. non-recurring items (€)	4.52	2.96	*+52.8%*	-	-
Net debt/EBITDA ratio	**0.79**	**1.33**	***-0.54***	-	-

[1] *All references to "organic growth" in this press release refer to growth at constant currency and scope.*

Current Operating Profit by division

€m (*unless otherwise stated*)	**2021-22**	2020-21	Change Reported	Organic change vs. 2020-21	Organic change vs. 2019-20
Cognac	323.0	221.0	+46.2%	+43.8%	+58.9%
As % of sales	34.1%	30.1%	+4.0 pp	+4.2 pp	+6.1 pp
Liqueurs & Spirits	35.5	33.0	+7.4%	+10.6%	+16.5%
As % of sales	10.6%	13.3%	-2.7 pp	-2.1 pp	-1.2 pp
Subtotal: Group Brands	**358.4**	254.0	**+41.1%**	**+39.5%**	**+52.7%**
As % of sales	**28.0%**	25.8%	+2.1 pp	+2.4 pp	+4.3 pp
Partner Brands	-	(0.8)	-	-	-
As % of sales	-	-	-	-	-
Holding company costs	(24.0)	(17.1)	+40.4%	+39.9%	+19.2%
Total	**334.4**	**236.1**	**+41.6%**	**+39.9%**	**+56.9%**
As % of sales	**25.5%**	**23.4%**	**+2.1 pp**	**+2.3 pp**	**+4.6 pp**

Cognac

Sales at the **Cognac** division grew a remarkable +26.3% on an organic basis in 2021-22 (+30.7% compared to 2019-20), with volume growth contributing +12.5% and price/mix effects +13.8% thanks to the growing contribution from high-end and mid-range products (Club in China and 1738 in the United States) and price increases. All regions contributed to this excellent performance.

Current Operating Profit rose +43.8% on an organic basis to €323.0 million (+58.9% compared to 2019-20). Consequently, the margin rose +4.2 pp on an organic basis to 34.1% (+6.1 pp compared to 2019-20). The significant increase in marketing and communications investment was largely absorbed by very strong growth in the division's gross margin (evenly split between volume and price/mix effects) and its high operating leverage.

Liqueurs & Spirits

Sales at the **Liqueurs & Spirits** division grew +31.7% in 2021-22 (+27.5% compared to 2019-20), with volume growth contributing +24.6% and price/mix effects +7.1%. The division benefited in particular from excellent performance by Cointreau and Bruichladdich whiskies and the ramp-up in sales of The Botanist.

Current Operating Profit came in at €35.5 million, up +10.6% on an organic basis (+16.5% compared to 2019-20). The current operating margin came in at 10.6% (down -2.1 pp on an organic basis). On the strength of its progress against its strategic priorities, the Group opted to reinvest much of its gross margin gains (up +1.5 pp vs. 2020-21 and +3.5 pp vs. 2019-20) in marketing and communications to boost brand awareness and desirability (notably for Cointreau, The Botanist and Bruichladdich whiskies) and pave the way for future growth. At the same time, the Group maintained strict control over its overhead costs.

Partner Brands

Partner Brand sales grew +15.2% on an organic basis in 2021-22 (+13.5% compared to 2019-20), supported by favourable trends in Europe, their main market.

In terms of **Current Operating Profit**, Partner Brands broke even in 2021-22 after posting a -€0.8 million loss in 2020-21.

Consolidated results

Current Operating Profit (COP) came in at €334.4 million, up +39.9% on an organic basis (up +41.6% on a reported basis). This performance was mainly driven by exceptional growth in Current Operating Profit from Group Brands (up +39.5% on an organic basis) and takes into account a €6.9 million increase in holding company costs consisting of a €2.0 million donation to the Rémy Cointreau Foundation and €4.9 million in respect of medium- and long-term retention measures, employee savings and the employee share ownership plan.

This performance also includes **favourable currency effects** (+€6.4 million), mainly as a result of the favourable trend in the euro/yuan exchange rate. Furthermore, the average euro/dollar conversion rate improved from 1.17 in 2020-21 to 1.16 in 2021-22, while the average collection rate (linked to the Group's hedging policy) came out at 1.17 in 2021-22, stable year on year.

Lastly, this performance takes into account **adverse consolidation scope effects** of -€2.4 million arising from the acquisition of Brillet and Telmont.

The **Current Operating Margin** thus rose sharply, up +2.1 pp on a reported basis to an all-time high of 25.5% (up +2.3 pp on an organic basis). This strong organic growth reflects the following:

- a +1.5 pp increase in the **gross margin** (up +2.1 pp vs. 2019-20) to its highest ever level of 68.6%, driven by very favourable price/mix effects and strong growth in volumes
- excellent absorption of **overheads** (with the overhead ratio down 2.3 pp on an organic basis)
- increased **investment in marketing and communications** (with the ratio up 1.5 pp on an organic basis) to boost brands' medium-term growth potential
- neutral **currency** effects and adverse consolidation **scope** effects (-0.2 pp)

Operating profit came in at €320.3 million, up +35.8% on a reported basis, after taking into account -€14.1 million in non-recurring items.

The net financial expense improved from -€14.6 million in 2020-21 to -€13.2 million in 2021-22.

The **tax expense** totalled €95.6 million, giving an effective tax rate of 31.1% (29.3% excluding non-recurring items), a significant improvement on 2020-21 (35.1% on a reported basis and 33.5% excluding non-recurring items). This improvement was mainly the result of a reduction in the tax rate in France and a favourable geographical mix.

After taking into account the Group's share of net income from associates, **net profit attributable to the Group** came in at €212.5 million, up +47.0% on a reported basis (up +45.7% on an organic basis).

Excluding non-recurring items, net profit attributable to the Group came in at €228.1 million, up +53.9% on a reported basis (up +52.6% on an organic basis), giving a net margin of 17.4%, up +2.7 pp on a reported basis (up +2.9 pp on an organic basis).

Earnings per share (excluding non-recurring items) came out at €4.52, up +52.8% on a reported basis.

Net debt stood at €353.3 million, up €39.0 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 the early conversion of €154.6 million of OCEANE debt, offset by the share buyback programme (€169.5 million) and the payment of a cash dividend (€93.7 million). This resulted in a **net debt/EBITDA ratio** of 0.79x at 31 March 2022, compared with 1.33x at 31 March 2021.

The **return on capital employed (ROCE)** came out at 22.2% for the year ended 31 March 2022, up +5.1 pp year on year (up +4.9 pp 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.

At the annual general meeting to be held on 21 July 2022, the Board of Directors of Rémy Cointreau will propose the payment of **an ordinary dividend of €1.85 per share in cash** and **an exceptional dividend of €1.0 per share** payable in cash or shares. This dividend reflects the Board's and the management team's high level of confidence in the Group's growth outlook.

2022-23 outlook

Ideally positioned to take advantage of new consumption trends and on the strength of progress against its strategic plan, **Rémy Cointreau is starting financial year 2022-23 with confidence**.

The Group intends to continue implementing its strategy focused on medium-term brand development and underpinned by a **policy of sustained investment in marketing and communications**. The Group reaffirms its desire to continue to win market share in the exceptional spirits sector and anticipates **another year of strong growth**. In particular, Rémy Cointreau is forecasting **strong first-quarter sales** despite a very high base effect and the impact of the Covid-19 pandemic in China.

Helped by excellent pricing power, **the improvement in the Current Operating Margin** will be driven by the solid **resilience of the Group's gross margin** despite the inflationary environment and by **strict control over overhead costs**.

For the full year, the Group expects currency effects to be positive for Current Operating Profit, which it forecasts should be in the range €30-40 million.

2030 guidance confirmed

Over the last year, Rémy Cointreau has benefited from very strong consumption, reflecting the structural acceleration in consumption trends observed since 2020 in an environment marked by the pandemic: the outperformance of high-end segments, at-home consumption, the rise of mixology, growth in online sales and growing interest in corporate social and environmental responsibility.

Rémy Cointreau reiterates its financial and non-financial guidance for 2029-30.

On financials, the Group is targeting **a gross margin of 72% and a Current Operating Margin of 33%** (based on 2019-20 consolidation scope and exchange rates).

Through its Sustainable Exception plan, the Group aims to achieve sustainable agriculture across all land on which its spirits depend, as well as a **50% reduction in carbon emissions per bottle by 2030.** This will be a first step towards the Group's ambition of achieving **"net zero carbon" by 2050**.

Rémy Cointreau reaffirms its ambition of **becoming the global leader in exceptional spirits.**

Appendices

Sales and Current Operating Profit by division

€m (unless otherwise stated)	**2021-22** Reported A	**2021-22** Organic B	2020-21 Reported C	**Change** **Reported A/C-1**	**Change** **Organic B/C-1**
Sales					
Cognac	948.3	928.2	735.0	*+29.0%*	*+26.3%*
Liqueurs & Spirits	333.2	327.1	248.3	*+34.2%*	*+31.7%*
Subtotal: Group Brands	1,281.5	**1,255.3**	983.3	***+30.3%***	***+27.7%***
Partner Brands	31.3	31.0	26.9	*+16.3%*	*+15.2%*
Total	1,312.9	**1,286.4**	1,010.2	***+30.0%***	***+27.3%***
Current Operating Profit					
Cognac	323.0	317.8	221.0	+46.2%	+43.8%
As % of sales	34.1%	*34.2%*	30.1%	+4.0 pp	+4.2 pp
Liqueurs & Spirits	35.5	36.5	33.0	+7.4%	+10.6%
As % of sales	10.6%	*11.2%*	13.3%	-2.7 pp	-2.1 pp
Subtotal: Group Brands	**358.4**	**354.3**	254.0	**+41.1%**	**+39.5%**
As % of sales	**28.0%**	*28.2%*	25.8%	+2.1 pp	+2.4 pp
Partner Brands	-	-	(0.8)	-	-
As % of sales	-	-	-	-	-
Holding company costs	(24.0)	(23.9)	(17.1)	+40.4%	+39.9%
Total	**334.4**	**330.3**	**236.1**	**+41.6%**	**+39.9%**
As % of sales	**25.5%**	***25.7%***	**23.4%**	**+2.1 pp**	**+2.3 pp**

Summary income statement

€m (unless otherwise stated)	2021-22		2020-21	Change	
	Reported	Organic	Reported	Report	Organic
	A	B	C	A/C-1	B/C-1
Sales	**1,312.9**	**1,286.4**	**1,010.2**	***+30.0%***	***+27.3%***
Gross profit	901.1	885.3	680.1	*+32.5%*	*+30.2%*
Gross margin (%)	***68.6%***	***68.8%***	***67.3%***	***+1.3 pp***	***+1.5 pp***
Current Operating Profit	334.4	330.3	236.1	*+41.6%*	*+39.9%*
Current operating margin (%)	***25.5%***	***25.7%***	***23.4%***	***+2.1 pp***	***+2.3 pp***
Other operating income and expenses	(14.1)	(14.1)	(0.2)	-	-
Operating profit	**320.3**	**316.3**	**235.9**	***+35.8%***	***+34.1%***
Net financial income (expense)	(13.2)	(13.0)	(14.6)	*-9.4%*	*-11.3%*
Corporate income tax	(95.6)	(93.6)	(77.6)	*+23.1%*	*+20.7%*
Tax rate (%)	*(31.1%)*	*(30.9%)*	*(35.1%)*	*-4.0 pp*	*-4.2 pp*
Share in profit (loss) of associates/minority interests	1.0	1.0	0.9	-	-
Net profit attributable to the Group	**212.5**	**210.6**	**144.5**	***+47.0%***	***+45.7%***
Net profit excluding non-recurring items	228.1	226.2	148.2	*+53.9%*	*+52.6%*
Net profit (excluding non-recurring items)/sales	*17.4%*	*17.6%*	*14.7%*	*+2.7 pp*	*+2.9 pp*
EPS Group share (€)	4.21	4.18	2.89	*+45.9%*	-
EPS Group share excluding non-recurring items (€)	4.52	4.48	2.96	*+52.8%*	-

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

€m	**2021-22**	2020-21
Net profit attributable to the Group	**212.5**	**144.5**
Other operating income and expenses	14.1	0.2
Non-recurring tax items	(3.4)	(0.1)
Effect of changes in the tax rate on deferred taxes in France, the UK and Greece	4.9	3.6
Net profit Group share excluding non-recurring items	**228.1**	**148.2**

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 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.

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

All around the world, there are clients seeking exceptional experiences; clients for whom a wide range of terroirs means a variety of flavors. Their exacting standards are proportional to our expertise – the finely-honed skills that we pass down from generation to generation. The time these clients devote to drinking our products is a tribute to all those who have worked to develop them. It is for these men and women that Rémy Cointreau, a family-owned French Group, protects its terroirs, cultivates exceptional multi-centenary spirits and undertakes to preserve their eternal modernity. The Group's portfolio includes 14 singular brands, such as the Rémy Martin and Louis XIII cognacs, and Cointreau liqueur. Rémy Cointreau has a single ambition: becoming the world leader in exceptional spirits. To this end, it relies on the commitment and creativity of its 1,850 employees and on its distribution subsidiaries established in the Group's strategic markets. Rémy Cointreau is listed on Euronext Paris.

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