

Excellent first half

Current Operating Profit: €319.3 million, +27.2% organic growth
Current operating margin: +36.8% as reported, +1.7 pts organic growth
EPS: €4.40, +64.7% as reported
Full-year guidance confirmed

Rémy Cointreau generated **consolidated sales** of €867.1 million in the first half of 2022-2023, up 21.1% on an organic basis¹ (+54.6% compared to 2019-2020). This performance reflects a steep 11.4% rise due to price mix, in line with the Group's strategic focus on value, and 9.7% growth in volume. **Current Operating Profit** came in at €319.3 million, representing a 27.2% organic rise and 50.0% growth on a reported basis. This was more than double the 2019-20 figure. **Current operating margin** showed a 1.7-point organic rise to 36.8% (up 3.8 points as reported).

Eric Vallat, Rémy Cointreau's CEO, stated: "Rémy Cointreau reported excellent results and made solid progress toward achieving our strategic priorities. In a persistently tough and demanding environment, we are fortunate to be ahead of schedule with our strategic plan, which allows us to stay on course and continue investing in our brands to enhance their appeal and awareness as we prepare for future growth. Building on these results, we are confirming our full-year guidance, with the second half set to reflect a return to normal consumption in the post-covid era and some base of comparison effects after two years of truly exceptional growth. In a half year that has seen a host of innovation and commercial initiatives, our people have shown impressive agility, creativity and engagement in carrying out our strategy, and I would like to take this opportunity to express my warmest thanks to them."

Key figures – in €m (unless otherwise stated)	H1 2022-23	H1 2021-22	Reported change	Organic change	
				vs. H1 2021-22	vs. H1 2019-20
Sales	867.1	645.3	+34.4%	+21.1%	+54.6%
Gross margin (%)	71.9%	69.1%	+2.8 pts	+1.8 pts	+3.3 pts
Current Operating Profit	319.3	212.9	+50.0%	+27.2%	+98.7%
Current operating margin (%)	36.8%	33.0%	+3.8 pts	+1.7 pts	+7.7 pts
Net profit - Group share	223.8	134.0	+67.0%	+39.9%	+107.2%
Net margin (%)	25.8%	20.8%	+5.0 pts	+3.2 pts	+6.1 pts
Net profit – Group share excl. non-recurring items	226.8	148.2	+53.0%	+28.5%	+125.2%
Net margin excl. non-recurring items (%)	26.2%	23.0%	+3.2 pts	+1.4 pts	+7.6 pts
EPS Group share (€)	4.40	2.67	+64.7%	+38.0%	+102.8%
EPS Group share excl. non-recurring items (€)	4.46	2.95	+50.9%	+26.8%	+120.3%
Net debt /EBITDA ratio	0.65x	0.77x	-0.12x	-0.12x	-0.74x

¹ 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 (<i>unless otherwise stated</i>)	H1 2022-23	H1 2021-22	Reported change	Organic change	
				vs. H1 2021-22	vs. H1 2019-20
Cognac	299.7	188.1	+59.3%	+35.7%	+103.8%
<i>As % of sales</i>	47.0%	40.5%	+6.5 pts	+4.4 pts	+10.6 pts
Liqueurs & Spirits	31.9	37.8	-15.8%	-27.5%	+33.6%
<i>As % of sales</i>	14.9%	23.1%	-8.2 pts	-9.2 pts	-2.3 pts
Subtotal: Group brands	331.5	225.9	+46.7%	+25.1%	+93.9%
<i>As % of sales</i>	38.9%	35.9%	+3.0 pts	+0.9 pts	+7.3 pts
Partner brands	0.1	0.3	-72.0%	-24.8%	-147.8%
Holding company costs	(12.3)	(13.4)	-8.1%	-8.6%	+36.1%
Total	319.3	212.9	+50.0%	+27.2%	+98.7%
<i>As % of sales</i>	36.8%	33.0%	+3.8 pts	+1.7 pts	+7.7 pts

Cognac

First-half sales at the Cognac division were up a strong 22.4% on an organic basis (up 55.8% compared to 2019-2020), including volume growth of 6.4% and a 16.0% rise from price/mix effects. All regions contributed to this excellent showing.

Current Operating Profit rose 35.7% on an organic basis to total €299.7 million, for a 4.4-point organic rise in margin to 47.0%. This outstanding performance reflects very strong growth in gross margin and firm control of overheads. At the same time, the Group decided to postpone various marketing outlays in China until the second half of the year due to the ongoing pandemic. As a result, the ratio of "Marketing and communications spend / sales" shows a temporary decline.

Liqueurs & Spirits

First-half sales at the Liqueurs & Spirits division were up 20.7% on an organic basis (up 55.5% compared to 2019-20), including volume growth of 16.8% and an increase of 3.9% from the price/mix effect. The division also reported a very good summer season. All brands contributed to this very good performance.

Current Operating Profit stood at €31.9 million, down 27.5% on an organic basis. This set current operating margin at 14.9%, or 9.2 points lower on an organic basis. This decline in margin reflected, as expected, a steep rise in marketing and communication spend aimed at preparing for future growth, along with a decrease in gross margin linked to rising production costs that was partially offset by higher sales prices and a reduction in overheads.

Partner Brands

First-half sales of Partner Brands were down 13.0% on an organic basis, reflecting unfavourable base effects in Europe, particularly in the Benelux countries.

Current Operating Profit came in at €0.1 million, compared with €0.3 million in the first half of financial year 2021-22.

Consolidated results

Consolidated Operating Profit (COP) stood at €319.3 million, up 50.0% as reported and a rise of 27.2% on an organic basis. This means the Group recorded the equivalent of 12 months of COP in just six months, which would make this its “second best year” ever.

This performance includes **some very positive currency effects** (+€48.6 million), due primarily to trends in the US dollar and renminbi. The average EUR/USD conversion rate improved from 1.19 in H1 2021-2022 to 1.04 in H1 2022-2023, while the average collection rate (linked to the Group’s hedging policy) came in at 1.08 in H1 2022-2023 compared with 1.18 in H1 2021-2022.

Current operating margin stood at 36.8%, up 1.7 points on an organic basis and up 3.8 points as reported. This rise reflects the following:

- organic growth of 1.8 points in the gross margin to 71.9% (+3.3 points compared to 2019-20), driven largely by very favourable price/mix effects
- very good absorption of **overheads** (ratio down 0.7 pts on an organic basis)
- increased **marketing and communication spend** (ratio up 0.8 pts on an organic basis)
- very favourable **currency effects** (+2.2 pts).

Operating profit came in at €315.3 million, up 58.3% as reported, after taking into account a net charge of €4.0 million in non-recurring items. This was mainly due to early unwinding of rouble hedges linked to the current geopolitical situation.

Net financial expense improved from -€7.4 million in H1 2021-2022 to -€5.1 million in H1 2022-2023 thanks to the early conversion of OCEANE bonds and currency gains on hedging of debts denominated in foreign currency.

Tax expense totalled €86.9 million, for an effective tax rate of 28.0% as reported (and excluding non-recurring items) compared with 30.3% as reported in H1 2021-2022 (28.0% excluding non-recurring items). This includes the reduction in the tax rate in France.

Net profit - Group share came in at €223.8 million, up 67.0% as reported, which sets net margin at 25.8%, up 5.0 pts as reported.

Excluding non-recurring items, net profit – Group share stood at €226.8 million, up 53.0% as reported, setting net margin at 26.2%, up 3.2 pts as reported.

EPS Group - share came to €4.40, up 64.7% as reported from 2021-2022 and more than double the 2019-2020 figure. Excluding non-recurring items, EPS was €4.46.

Net debt was €348.3 million, down €5.0 million from the position at 31 March 2022. In addition to free cash flow, this improvement reflects the non-cash impact of early conversion of part of the Group’s OCEANE debt for €42.3 million, offset by rollout of a €61.7 million share buyback programme. A total of 393,667 OCEANE bonds were thus converted to Rémy Cointreau shares over the period, raising the total share of OCEANE bonds converted to 73.7%. Given the conversion ratio, 397,993 shares were created in this way.

The net debt/EBITDA ratio came out at 0.65 at 30 September 2022, compared with 0.79 at 31 March 2022 and 0.77 at 30 September 2021.

Full-year guidance confirmed

Ideally positioned to take advantage of new consumption trends and buoyed by its advance on roll-out of its strategic plan, Rémy Cointreau is looking to 2022-2023 with confidence.

The Group intends to continue to gain market share value in the exceptional spirits sector. It expects another **year of strong organic growth**, including normalization of consumption trends in the second half on the heels of two outstanding years.

More specifically, as life “returns to normal” in most regions, overall consumption from H2 on is likely to settle in at “new normal” levels that are well above those observed in 2019/20. At the same time, growth should be tempered by high bases of comparison.

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, particularly in the second half of the year.

As a result, **organic COP margin improvement** will be driven by gross margin resilience despite the inflationary environment and **by tight control of overhead costs**.

Taking into account the impact of phasing effects on sales trends and marketing/communication spends, organic COP margin improvement will be primarily driven by H1.

The **full-year impact of currency should be positive** for:

- sales: +€ 110/120m
- COP: +€55/60m

Subsequent events

On 20 October 2022, Rémy Cointreau announced the creation of Maison Psyché, a luxury perfume house that will harness blending and ageing expertise specific to the world of spirits to transform the finest raw materials used in perfumes and create innovative fragrances.

On 27 October 2022, Rémy Cointreau announced the successful launch of My Rémy Cointreau, its first international employee share ownership plan. Half of all eligible employees subscribed, and at the end of the operation, total employees held 0.07% of the company’s share capital through the My Rémy Cointreau FCPE fund.

Appendices

Sales and Current Operating Profit by division

<i>€m (unless otherwise stated)</i>	H1 2022-23		H1 2021-22	Change	
	Reported A	Organic B	Reported C	Reported A/C-1	Organic B/C-1
Sales					
Cognac	638.1	568.7	464.6	+37.3%	+22.4%
Liqueurs & Spirits	214.5	198.1	164.1	+30.7%	+20.7%
Subtotal: Group Brands	852.6	766.8	628.7	+35.6%	+22.0%
Partner Brands	14.5	14.5	16.6	-12.5%	-13.0%
Total	867.1	781.3	645.3	+34.4%	+21.1%
Current Operating Profit					
Cognac	299.7	255.3	188.1	+59.3%	+35.7%
<i>As % of total sales</i>	47.0%	44.9%	40.5%	+6.5 pts	+4.4 pts
Liqueurs & Spirits	31.9	27.4	37.8	-15.8%	-27.5%
<i>As % of total sales</i>	14.9%	13.8%	23.1%	-8.2 pts	-9.2 pts
Subtotal: Group Brands	331.5	282.7	225.9	+46.7%	+25.1%
<i>As % of total sales</i>	38.9%	36.9%	35.9%	+3.0 pts	+0.9 pts
Partner Brands	0.1	0.3	0.3	-72.0%	-24.8%
Holding company costs	(12.3)	(12.2)	(13.4)	-8.1%	-8.6%
Total	319.3	270.7	212.9	+50.0%	+27.2%
<i>As % of total sales</i>	36.8%	34.6%	33.0%	+3.8 pts	+1.7 pts

Summary income statement

€m (unless otherwise stated)	H1 2022-23		H1 2021-22	Change	
	Reported A	Organic B	Reported C	Report A/C-1	Organic B/C-1
Sales	867.1	781.3	645.3	+34.4%	+21.1%
Gross margin	623.7	553.8	445.9	+39.9%	+24.2%
Gross margin (%)	71.9%	70.9%	69.1%	+2.8 pts	+1.8 pts
Current Operating Profit	319.3	270.7	212.9	+50.0%	+27.2%
Current operating margin (%)	36.8%	34.6%	33.0%	+3.8 pts	+1.7 pts
Other operating income and expenses	(4.0)	(4.0)	(13.6)	-	-
Operating profit	315.3	266.7	199.3	+58.3%	+33.9%
Net financial income (expense)	(5.1)	(6.9)	(7.4)	-30.3%	-6.8%
Corporate income tax	(86.9)	(72.8)	(58.1)	+49.6%	+25.3%
<i>Tax rate (%)</i>	<i>(28.0%)</i>	<i>(28.0%)</i>	<i>(30.3%)</i>	<i>+2.3 pts</i>	<i>+2.3 pts</i>
Share in profit (loss) of associates/minority interests	0.4	0.4	0.2	-	-
Net profit – Group share	223.8	187.5	134.0	+67.0%	+39.9%
<i>Net margin</i>	<i>25.8%</i>	<i>24.0%</i>	<i>20.8%</i>	<i>+5.0 pts</i>	<i>+3.2%</i>
Net profit – Group share excl. non-recurring items	226.8	190.5	148.2	+53.0%	+28.5%
<i>Net margin excl. non-recurring items</i>	<i>26.2%</i>	<i>24.4%</i>	<i>23.0%</i>	<i>+3.2 pts</i>	<i>+1.4 pts</i>
EPS Group - share (€)	4.40	3.68	2.67	+64.7%	+38.0%
EPS Groupe – share excluding non-recurring items	4.46	3.74	2.95	+50.9%	+26.8%

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

€m	H1 2022-23	H1 2021-22
Net profit – Group share	223.8	134.0
Other operating income and expenses	4.0	13.6
Tax on “other operating income and expenses”	(1.0)	(3.4)
Effect of changes in the tax rate on deferred taxes in France, the United Kingdom and Greece	-	4.0
Net profit - Groupe share excluding non-recurring items	226.8	148.2

Definitions of alternative performance indicators

Due to rounding, the sum of values presented in this document may differ from totals as reported. Such differences are not material.

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 1,924 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