RÉMY COINTREAU

Paris, 30 November 2023

First-half 2023-24 results

- **Sales** down -22.2% on an organic basis, reflecting continued strong destocking in the United States
- **Gross margin** showing solid resilience: up +0.3 points on an organic basis to 72.2%, supported by an aggressive value-driven strategy in line with the Group's long-term ambition
- Ongoing **investments on marketing and communication** (+6.5% on an organic basis to 21.8% of sales)
- Roll-out of cost-cutting plan: around €100 million this year, of which €25 million already achieved in the first half
- **Current Operating Profit:** €169.1 million (-43.0% on an organic basis compared with a record baseline)
- **2023-24 and 2029-30 objectives confirmed**

Rémy Cointreau generated **consolidated sales** of €636.7 million in the first half of 2023-2024, down -22.2% on an organic basis (up +20.9% compared to the first half of 2019-2020). On a reported basis, sales were down -26.6% including a negative currency effect of -4.4%, due primarily to trends in the renminbi and the US dollar.

Current Operating Profit stood at €169.1 million, down -43.0% on an organic basis (i.e., up +16.1% compared to the first half of 2019-2020). Beyond a high base of comparison (the Group recorded the equivalent of 12 months of COP in the first six months of 2022-23), this performance reflects a decrease in sales, partially offset by a reduction in overhead costs. **Current operating margin** slipped by -9.8 points on an organic basis to 26.6%.

Key figures – in €m *(unless otherwise stated)*	**H1 2023-24**	H1 2022-23	Reported change	Organic change	
				vs. H1 2022-23	vs. H1 2019-20
Sales	**636.7**	**867.1**	**-26.6%**	**-22.2%**	**+20.9%**
Gross margin (%)	*72.2%*	*71.9%*	*+0.3 pts*	*+0.3 pts*	*+4.5 pts*
Current Operating Profit	**169.1**	**319.3**	**-47.0%**	**-43.0%**	**+16.1%**
Current operating margin (%)	*26.6%*	*36.8%*	*-10.3 pts*	*-9.8 pts*	*-1.1 pts*
Net profit - Group share	**113.0**	**223.8**	**-49.5%**	**-44.3%**	**+17.8%**
Net margin (%)	***17.7%***	***25.8%***	***-8.1 pts***	***-7.3 pts***	***-0.5 pts***
Net profit – Group share excl. non-recurring items	113.0	226.8	-50.2%	-45.1%	+24.7%
Net margin excl. non-recurring items (%)	*17.7%*	*26.2%*	*-8.4 pts*	*-7.7 pts*	*+0.6 pts*
EPS Group share (€)	**2.24**	**4.40**	**-49.1%**	**-43.9%**	**+16.1%**
EPS Group share excl. non-recurring items (€)	2.24	4.46	-49.8%	-44.6%	+23.0%
Net debt /EBITDA ratio	**1.57x**	**0.65x**	**+0.92x**	**+0.92x**	**+0.18x**

Eric Vallat, CEO, commented:

"Our half-year results were heavily impacted by developments in the US market, which has faced cyclical headwinds including high inventories linked to a sharp normalization of consumption, an unprecedented promotional environment, and rising interest rates. Against this backdrop, we are staying the course, convinced that our value-driven strategy remains underpinned by favorable medium- and long-term trends. This is why we opted to implement cost-cutting measures to mitigate short-term effects. Despite limited visibility over the next few months, we are taking a much longer-term view, building on desirable 300-year-old brands with a unique heritage. Today we are determined to follow our roadmap as we implement our four strategic priorities, and we are confident that we will achieve our medium-term objectives in 2029-30."

Current Operating Profit by division

In €m (*unless otherwise stated*)	**H1 2023-24**	H1 2022-23	Reported change	Organic change	
				vs. H1 22-23	**vs. H1 19-20**
Cognac	145.3	299.7	-51.5%	-47.2%	+9.3%
As % of sales	*34.9%*	*47.0%*	*-12.0 pts*	*-11.5 pts*	*-0.1 pts*
Liqueurs & Spirits	30.3	31.9	-4.8%	-3.5%	+40.2%
As % of sales	*14.7%*	*14.9%*	*-0.2 pts*	*-0.5 pts*	*-1.6 pts*
Subtotal: Group brands	**175.6**	**331.5**	**-47.0%**	**-43.0%**	**+13.3%**
As % of sales	***28.2%***	***38.9%***	***-10.7 pts***	***-10.3 pts***	***-2.0 pts***
Partner brands	0.2	0.1	-	-	-
Holding company costs	(6.7)	(12.3)	-45.4%	-45.3%	-25.6%
Total	**169.1**	**319.3**	**-47.0%**	**-43.0%**	**+16.1%**
As % of sales	***26.6%***	***36.8%***	***-10.3 pts***	***-9.8 pts***	***-1.1 pts***

Cognac

The **Cognac** division's first-half sales fell -30.1% on an organic basis (+9.4% compared to 2019-20), including a -39.0% fall in volumes and a steep +8.9% rise due to price-mix. This reflects both a significant decline in sales in North America—where the Group aims to reduce its inventories and is facing a normalization of consumption in a fierce promotional environment—and solid trends in the rest of the world.

Current Operating Profit fell -47.2% on an organic basis to €145.3 million, triggering an organic decline of -11.5 points in current operating margin to 34.9%. While the Group's value-driven strategy helped hold gross margin high, tight management of overheads only partially offset the fall in sales, combined with a rise in marketing and communication expense.

Liqueurs & Spirits

The **Liqueurs & Spirits** division's **sales** were steady (+0.1%) on an organic basis (up +55.8% compared to 2019-20), reflecting a -6.5% decrease in volume and a +6.6% rise due to price mix. Sales accelerated sharply in the second quarter, rising +12.1% on an organic basis in the wake of a steep recovery in the US, as expected. The rest of the world showed good trends.

Current Operating Profit stood at €30.3 million, down -3.5% on an organic basis, setting current operating margin at 14.7% (an -0.5-point decline on an organic basis). This trend reflects the combined impact of a sharp rise in gross margin (+2.5 points) in the wake of last April's price increase, along with increased spending on marketing and communications to prepare for future growth.

Partner Brands

Sales of Partner Brands were down -3.2% on an organic basis, and up +8.4% compared to 2019-20.

Current Operating Profit stood at €0.2 million in the first half of 2023-24, a slight €0.1 million higher than in the first half of 2022-23.

Consolidated results

Current Operating Profit (COP) totaled €169.1 million, down -47.0% as reported (-43.0% on an organic basis). This included a -43.0% organic decline in Current Operating Profit for Group Brands and a -€5.6 million reduction in the holding company's costs, reflecting a selection of cost-cutting measures implemented in response to current economic conditions.

This performance includes **a negative currency effect of** -€13.0 million resulting primarily from unfavorable trends in both the renminbi (whose contribution is on the rise) and the US dollar. The average euro/dollar exchange rate weakened from 1.04 in the first half of 2022-23 to 1.09 in the first half of 2023-24, while the average collection rate (linked to the Group's hedging policy) rose from 1.08 in the first half of 2022-23 to 1.12 in the first half of 2023-24.

Current Operating Margin stood at 26.6%, down -9.8 points on an organic basis and down -10.3 points as reported. This reflects:

- A solid organic improvement in gross margin, which reached a new record high of 72.2% (+0.3 points on an organic basis, up +4.5 points compared to 2019-20) backed by a positive price effect
- A rise in the Group's **marketing and communication spend** (ratio up 5.9 points on an organic basis, representing a rise of 6.9 points compared to 2019-20).
- A rise in the ratio of overheads (up 4.2 points on an organic basis) despite a -5.2% reduction in the cost base on an organic basis
- An unfavorable -0.4-point **currency effect**

Operating profit totaled €169.1 million, down -46.4% as reported. This does not include other operating income and expense from the first half of 2023-24.

Financial expense rose from -€5.1 million in the first half of 2022-23 to -€15.7 million in the first half of 2023-24 following an increase in average monthly debt and rising interest rates.

Taxes totaled €40.8 million, for an effective tax rate of 26.6% compared with 28.0% in the first half of 2022-23. The difference stems mainly from changes in the geographical mix.

Net profit, Group share stood at €113.0 million, down -49.5% as reported (+17.8% on an organic basis compared to 2019-20), setting net margin at 17.7%, down -8.1 points as reported.

EPS Group share was €2.24, down -49.1% as reported compared with the first half of 2022-23.

Net debt totaled €590.5 million, up €53.8 million from March 31, 2023. This rise reflects the negative trend in Free Cash-Flow, partially offset by the positive non-cash impact of early conversion of part of the Group's OCEANE convertible bond (€50.8 million). As a result, the ratio of **net debt/EBITDA** came to 1.57 at 30 September 2023 compared with 0.84 on 31 March 2023 and 0.65 on 30 September 2022.

2023-24 objectives confirmed

For full-year 2023-24, Rémy Cointreau assumes the following:

- **In the United States,** market conditions have deteriorated on the back of a fiercely promotional environment and a rise in interest rates that has cut distributors' financing capacity. Consequently, Rémy Cointreau does not expect a return to growth in sales before fiscal 2024-25.
- **In APAC,** the Group expects growth in sales, tempered by a slower than anticipated post-Covid economic recovery in **China.**
- Lastly, in the **EMEA** region, the Group expects annual growth to be moderated by a persistently inflationary context.

In this context, Rémy Cointreau is determined to protect its 2023-24 profitability through tight cost controls, while continuing to roll out its medium-term plan. To this end, it will:

- maintain a strict and uncompromising pricing policy
- protect its gross margin in a persistently inflationary environment
- selectively reduce its marketing and communications spend, particularly for the Cognac division
- significantly reduce other operating costs

As a result, for full-year 2023-24 Rémy Cointreau expects:

- **sales to decline by between -15% and -20% on an organic basis**
- **a contained organic decrease in COP margin thanks to deployment of a major cost-cutting plan, estimated at around €100 million this year (including €25 million already achieved in the first half)**

Lastly, based on shifts in its geographical mix and the renminbi's decline, the Group expects **exchange rates to have a negative impact for the full year for:**

- Sales: between -€50m and -€60m
- COP: between -€10m and -€15m

Rémy Cointreau is today ahead of its strategic plan, with operations underpinned by solid foundations and a long-term vision. This makes 2023-24 a year that will allow the Group to return cognac inventories in the United States to healthier levels and absorb the effects of post-Covid normalization before **heading into 2024-25 in the best possible conditions**, resuming the trajectory it set itself for 2029-30.

2029-30 objectives confirmed

Rémy Cointreau reiterates both its financial and extra-financial targets for 2029-30, and its aim to **become the global leader in exceptional spirits.**

The Group targets a **gross margin of 72% and a Current Operating Margin of 33%** (based on 2019-20 consolidation scope and exchange rates).

As part of its "Sustainable Exception" plan, Rémy Cointreau aims to train and engage **100% of its direct partners in agriculture in sustainable farming practices**, targeting a **50% reduction in carbon emissions per bottle by 2030**. This is the first step towards achieving zero net carbon status in 2050—a trajectory compatible with holding global warming to +1.5°C as validated by the Science Based Target Initiative (SBTi).

A Webcast for investors and analysts will be held today, starting at 9.00 (CET) with Marie-Amélie de Leusse, Chairwoman; Eric Vallat, CEO; and Luca Marotta, CFO. Presentation slides are available online at www.remy-cointreau.com under "Finance".

Appendices

Sales and Current Operating Profit by division

€m (unless otherwise stated)	H1 2023-24		H1 2022-23	Change	
	Reported	Organic	Reported	**Reported**	**Organic**
	A	B	C	**A/C-1**	**B/C-1**
Sales					
Cognac	416.1	445.8	638.1	-34.8%	-30.1%
Liqueurs & Spirits	206.7	214.6	214.5	-3.6%	+0.1%
Subtotal: Group Brands	**622.7**	**660.4**	**852.6**	**-27.0%**	**-22.5%**
Partner Brands	14.0	14.1	14.5	-4.0%	-3.2%
Total	**636.7**	**674.5**	**867.1**	**-26.6%**	**-22.2%**
Current Operating Profit					
Cognac	145.3	158.1	299.7	-51.5%	-47.2%
As % of total sales	*34.9%*	*35.5%*	*47.0%*	*-12.0 pts*	*-11.5 pts*
Liqueurs & Spirits	30.3	30.8	31.9	-4.8%	-3.5%
As % of total sales	*14.7%*	*14.3%*	*14.9%*	*-0.2 pts*	*-0.5 pts*
Subtotal: Group Brands	**175.6**	**188.9**	**331.5**	**-47.0%**	**-43.0%**
As % of total sales	***28.2%***	***28.6%***	***38.9%***	***-10.7 pts***	***-10.3 pts***
Partner Brands	0.2	0.0	0.1	-	-
Holding Company costs	(6.7)	(6.7)	(12.3)	-45.4%	-45.3%
Total	**169.1**	**182.1**	**319.3**	**-47.0%**	**-43.0%**
As % of total sales	***26.6%***	***27.0%***	***36.8%***	***-10.3 pts***	***-9.8 pts***

Summary income statement

€m (unless otherwise stated)	H1 2023-24		H1 2022-23	Change	
	Reported	Organic	Reported	**Reported**	**Organic**
	A	B	C	**A/C-1**	**B/C-1**
Sales	**636.7**	**674.5**	**867.1**	**-26.6%**	**-22.2%**
Gross margin	459.9	486.9	623.7	-26.3%	-21.9%
Gross margin (%)	***72.2%***	***72.2%***	***71.9%***	***+0.3 pts***	***+0.3 pts***
Current Operating Profit	**169.1**	**182.1**	**319.3**	**-47.0%**	**-43.0%**
Current operating margin (%)	*26.6%*	*27.0%*	*36.8%*	*-10.3 pts*	*-9.8pts*
Other non-current income and expenses	-	-	(4.0)	-	-
Operating profit	**169.1**	**182.1**	**315.3**	**-46.4%**	**-42.2%**
Net financial income (expense)	(15.7)	(13.0)	(5.1)	+205.7%	+152.7%
Corporate income tax	(40.8)	(45.0)	(86.9)	-53.1%	-48.2%
Tax rate (%)	*(26.6%)*	*(26.6%)*	*(28.0%)*	*-1.4 pts*	*-1.4 pts*
Share in profit (loss) of associates/minority interests	0.4	0.4	0.4	-23.7%	-23.7%
Net profit – Group share	**113.0**	**124.6**	**223.8**	**-49.5%**	**-44.3%**
Net margin (%)	*17.7%*	*18.5%*	*25.8%*	*-8.1 pts*	*-7.3 pts*
Net profit – Group share excl. non-recurring items	113.0	124.6	226.8	-50.2%	-45.1%
Net margin excl. non-recurring items (%)	*17.7%*	*18.5%*	*26.2%*	*-8.4pts*	*-7.7 pts*
EPS Group - share (€)	2.24	2.47	4.40	-49.1%	-43.9%
EPS Groupe – share excluding non-recurring items (€)	2.24	2.47	4.46	-49.8%	-44.6%

Cash-Flow statement

As of September 30 (in €m)	2023	2022	Change
Opening net financial debt (April 1st)	**(536.6)**	**(353.3)**	**-183.3**
Gross operating profit (EBITDA)	195.4	343.8	-148.4
WCR for eaux-de-vie and spirits in ageing process	(0.8)	2.1	-2.9
Other working capital items	(172.1)	(212.9)	+40.7
Capital expenditure	(45.8)	(31.7)	-14.1
Financial expenses	(13.9)	(4.7)	-9.2
Tax payments	(61.8)	(77.2)	+15.4
Net flows on other non-current income and expenses	-	(2.9)	+2.9
Free Cash-Flow	**(99.0)**	**16.6**	**-115.6**
Other proceeds/disposals	0.3	(3.3)	+3.6
Capital increase / share buyback	-	(61.7)	+61.7
OCEANE conversion impact on Financial debt	50.8	42.3	+8.4
Conversion differences and others	(5.9)	11.1	-17.0
Other Cash flow	**45.2**	**(11.5)**	**+56.7**
Total cash flow for the period	**(53.8)**	**5.0**	**-58.9**
Closing net financial debt (September 30)	**(590.5)**	**(348.3)**	**-242.2**
A Ratio (Net debt/EBITDA)	*1.57*	*0.65*	*0.92*

Balance sheet

As of September 30 (in €m)	2023	2022
Non-current assets	**1,023.4**	**996.4**
Current assets	**2,520.3**	**2,149.0**
o/w inventories	1,839.3	1,647.6
o/w Cash and equivalent	277.6	95.0
Total Assets	**3,543.7**	**3,145.4**
Shareholders' equity	**1,778.2**	**1,740.2**
Non-current liabilities	**758.5**	**389.3**
o/w Long term financial debt	691.5	319.3
Current Liabilities	**1,006.9**	**1,015.9**
o/w Short-term financial debt	176.6	123.9
Total Liabilities and Shareholders' equity	**3,543.7**	**3,145.4**

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 amortization 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 2,021 employees and on its distribution subsidiaries established in the Group's strategic markets. Rémy Cointreau is listed on Euronext Paris.

Contacts

Investor relations: Célia d'Everlange / investor-relations@remy-cointreau.com
Media relations: Mélissa Lévine / press@remy-cointreau.com

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