RÉMY COINTREAU

2022-23 annual results

Paris, 1 June 2023

2022-23: a record year
Rémy Cointreau confirms it is ahead of schedule for 2030 strategic roadmap
Sales, Gross Margin and Current Operating Margin reach all-time highs

- **Gross margin:** 71.3%, up +2.6 percentage points on an organic basis[1] (+4.0 points from 2019-20)
- **Current Operating Profit** (COP): €429.6 million (+16.2% on an organic basis), setting COP Margin at 27.7% (+1.4 points on an organic basis and +5.0 points compared to 2019-2020)
- **EPS:** €5.79, up +37.5% as reported (€5.85 excluding non-recurring items)
- **2023-24** objectives: stable sales and profitability on an organic basis, reflecting normalization of consumption in the United States (above pre-pandemic levels) and a steep rise in China and the rest of the world.

Rémy Cointreau reported **consolidated sales** of €1,548.5 million in 2022-23, up +10.1% on an organic basis (and +43.6% compared to full-year 2019-20). This strong showing reflects steep gains from in Price-Mix (+10.1%), in line with the Group's value-based strategy, and steady volumes.

Current Operating Profit came in at €429.6 million, a +16.2% organic rise (+76.8% compared to full-year 2019-20) and +28.5% as reported. **Current Operating Margin** improved by +1.4 points on an organic basis to stand at 27.7% (+5.0 points from 2019-20).

Key figures – in €m (*unless otherwise stated*)	**2022-23**	2021-22	Reported change	Organic change	
				vs. 2021-22	vs. 2019-20
Sales	**1 548.5**	**1 312.9**	**+17.9%**	**+10.1%**	**+43.6%**
Gross Margin (%)	71.3%	68.6%	+2.6 pts	+2.6 pts	+4.0 pts
Current Operating Profit	**429.6**	**334.4**	**+28.5%**	**+16.2%**	**+76.8%**
Current Operating Margin (%)	27.7%	25.5%	+2.3 pts	+1.4 pt	+5.0 pts
Net profit - Group share	**293.8**	**212.5**	**+38.3%**	**+25.4%**	**+123.2%**
Net margin (%)	19.0%	16.2%	+2.8 pts	+2.3 pts	+6.6 pts
Net profit – Group share excl. non-recurring items	296.6	228.1	+30.0%	+17.7%	+107.2%
Net margin excl. non-recurring items (%)	19.2%	17.4%	+1.8 pt	+1.2 pt	+5.7 pts
EPS Group share (€)	5.79	4.21	+37.5%	+24.7%	**+119.2%**
EPS Group share excl. non-recurring items (€)	5.85	4.52	+29.3%	+17.1%	+103.5%
Net debt /EBITDA ratio	**0.84x**	**0.79x**	**+0.05x**	**+0.05x**	**-1.02x**

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

Chief Executive Officer Eric Vallat commented:

"Rémy Cointreau had a record year, and we have increased our advance on achieving on the 2030 strategic roadmap. This strong showing confirms the relevance of our value-based strategy, which is underpinned by a "Drink less but better" trend. It also reflects solid gains made in achieving our four strategic priorities and the rising desirability of our brands. With the normalization of consumption in the United States amplified by high basis of comparison in the first half and our drive to reduce inventories we expect sales and profitability to hold steady in 2023-24 on an organic basis. We are heading into the new year with confidence and resolve, and we anticipate a steep second-half recovery in the United States combined with a new year of buoyant growth in the rest of the world, particularly in China."

Current Operating Profit by division

In €m (*unless otherwise stated*)	**2022-23**	2021-22	**Reported change**	**Organic change**	
				vs. 2021-22	**vs. 2019-20**
Cognac	405.2	323.0	+25.5%	+14.7%	+80.2%
As % of sales	36.8%	34.1%	+2.8 pts	+2.2 pts	+7.8 pts
Liqueurs & Spirits	48.1	35.5	+35.6%	+18.1%	+16.6%
As % of sales	11.5%	10.6%	+0.8 pt	-0.1 pt	-3.4 pt
Subtotal: Group brands	**453.3**	**358.4**	**+26.5%**	**+15.0%**	**+70.7%**
As % of sales	**29.8%**	**28.0%**	**+1.9 pt**	**+1.1 pt**	**+4.5 pts**
Partner brands	0.1	-	-	-	-
Holding Company costs	-23.7	-24.0	-1.2%	-1.7%	+17.5%
Total	**429.6**	**334.4**	**+28.5%**	**+16.2%**	**+76.8%**
As % of sales	**27.7%**	**25.5%**	**+2.3 pts**	**+1.4 pt**	**+5.0 pts**

Cognac

Sales at the Cognac division grew +7.6% on an organic basis (+41.3% compared with 2019-20), including a -9.3% decline in volumes and a substantial +16.9% gain from an improved Price-Mix. This strong showing reflects robust growth in the APAC and EMEA regions that offset the slight retreat observed in the Americas, where normalization of consumption and a high basis of comparison were in play.

Current Operating Profit rose +14.7% on an organic basis to total €405.2 million, for a +2.2-point organic rise in Current Operating Margin to 36.8%. The excellent performance reflects a marked rise in gross margin and very good control of overhead costs. At the same time, the Group reported a sharp rise in its marketing and communications spend, notably in China and the United States, where Rémy Martin kicked off a major campaign at the Superbowl.

Liqueurs & Spirits

Full-year sales at the **Liqueurs & Spirits** division were up +18.7% on an organic basis (+54.1% compared with 2019-20), including volume growth of +8.3% and a robust +10.5% increase from the Price-Mix effect, with strong momentum across all regions. All portfolio brands contributed to this remarkable performance, driven by the rising popularity of mixology and investments to boost brand recognition and appeal over the past three years.

Current Operating Profit stood at €48.1 million, up +18.1% on an organic basis. This set Current Operating Margin at 11.5% (stable on an organic basis). As anticipated, trends reflected persistently high marketing and communications outlays to lay the groundwork for tomorrow's growth, along with a decline in gross margin linked to rising production costs. That decline was partially offset by increased sales prices and reduced overheads.

Partner Brands

Full-year **sales of Partner Brands** were down -5.3% on an organic basis (+8.5% compared with 2019-2020), reflecting a high basis of comparison with the first half of the year, notably in the Benelux.

Current Operating Profit stood at €0.1 million in 2022-23, unchanged from 2021-22.

Consolidated results

Consolidated Operating Profit (COP) came to €429.6 million full year, up +28.5% as reported and +16.2% on an organic basis. This was a new record for the Group, and sets it firmly ahead of schedule in achieving its 2030 strategic roadmap.

This performance includes some very **positive currency effects** (+€41.0 million), due primarily to trends in the US dollar and the renminbi. The average EURO/USD conversion rate improved from 1.16 in 2021-22 to 1.04 in 2022-23, while the average collection rate (linked to the Group's hedging policy) came in at 1.11 in 2022-23 compared with 1.17 in 2021-22.

Current Operating Margin stood at 27.7%, up 1.4 points on an organic basis and up 2.3 points as reported. This rise reflects:

- a strong organic increase in **gross margin**, which reach a new all-time high of 71.3% (+2.6% on an organic basis, up 4.0 points from 2019-20), supported by a very positive Price-Mix effect
- tight control of **overhead costs** (ratio down by 0.1 points on an organic basis, for a 4.7-point decrease from 2019-20)
- increased **investment in marketing and communication** (1.3-point rise in ratio on an organic basis, for a 3.7-point increase from 2019-20).
- very favorable **currency** effect, adding +0.9 points in 2022-23.

Operating profit came in at €426.5 million, up +33.2% as reported, after -€3.1 million in non-recurring items. This comes primarily from the recovery of provisions for international customs risks offset by the write-down of intangible assets linked to the Westland brand and a charge linked to the anticipated unwinding of hedging contracts for ruble exposure in the current geopolitical context.

Net financial expense rose slightly from -€13.2 million in 2021-22 to -€17.6 million in 2022-23 reflecting higher interest rates.

Tax expense stood at €116.3 million, setting the effective tax rate at 28.4% (28.3% excluding non-recurring items) compared with 31.1% as reported in 2021-22 (29.3% excluding non-recurring items). This includes a decline in the corporate tax rate in France.

Net profit attributable to the Group came to €293.8 million, up +38.3% as reported, for a net margin of 19.0%, up +2.8 points as reported.

Excluding non-recurring items, net profit attributable to the Group was €296.6 million, up +30.0% as reported for a net margin of 19.2%, up +1.8 points as reported.

Group EPS came to €5.79, up +37.5% from 2021-22 as reported and more than doubled compared with 2019-20. Excluding non-recurring items, EPS was €5.85.

Net debt was €536.6 million, an increase of €183.3 million from 31 March 2022. In addition to free cash flow, this increase reflects a lower level of OCEANE conversion (€42.9 million in 2022-23 vs €154.6 million in 2021-22) and the payment of a cash dividend totaling €111.0 million. It resulted in a net debt/EBITDA ratio of 0.84 at 31 March 2023 compared with 0.79 at 31 March 2022.

Return on Capital Employed (ROCE) came to 24.4% for the year ended 31 March 2023, up 2.2 pts (-0.2 points on an organic basis). Significant improvements in the profitability of Group brands offset continued strategic purchases of eaux-de-vie that adversely affected capital employed.

At the annual general meeting to be held on 20 July 2023, the Board of Directors of Rémy Cointreau will propose the payment of **an ordinary dividend of €2.0 per share in cash** and **an exceptional dividend of €1.0 per share,** also payable in cash. This dividend reflects the very good results achieved in 2022-23 as well as the Board's and the management team's high level of confidence in the Group's growth outlook.

2023-24 outlook

In 2023-24, Rémy Cointreau anticipates a continued strong normalization of consumption in the United States, at a level that will nonetheless remain significantly higher than in 2019-20.

At the same time, the Group expects strong growth in the rest of the world, led by major gains in China, a very good showing in EMEA and the Rest of Asia, and business similar to levels observed in 2019-20 in Travel Retail.

Against this backdrop, the Group expects **sales to remain stable on an organic basis in 2023-24**, with:

- A strong sales **decline** in the **first half**, reflecting a very strong fall in the United States and high bases for comparison
- A strong recovery in the **second half,** driven by a sharp rebound in the US starting in the third quarter

Rémy Cointreau intends to confirm its level of organic profitability based on:

- Continued roll-out of a value-driven strategy built on a firm pricing policy and improved price mix
- Resilient gross margin in a persistently inflationary context
- Stabilization of the ratio of marketing and communication spend/sales
- Tight control of overhead costs

The Group estimates that currency will have an unfavorable impact for:

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

2029-30 objectives confirmed

Taking into account developments in 2023-24 and buoyed by its advance on roll-out of its strategic roadmap, **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).

Changes in the Executive Committee

Rémy Cointreau has announced several changes to its Executive Committee.

Simon Coughlin, CEO of the Whisky division which includes Bruichladdich Distillery, Westland and Domaine des Hautes Glaces, will retire on 31 July 2023, after 11 years with the Group and over 23 years at Bruichladdich Distillery. **Douglas Taylor** will take over from him as CEO of Bruichladdich Distillery and join the Executive Committee in this capacity. Douglas was a member of the initial Bruichladdich team when the distillery was first acquired, and joined the Group 11 years ago.

Claire Brugnago, Chief Transformation Officer, who joined the Group in January 2021, will step down to pursue a personal entrepreneurial project. As part of the 2030 strategic roadmap, Claire successfully launched two major transformation projects: "Digital" and "Commercial Excellence". Today both are on solid foundations and are entering the implementation and roll-out phase. To ensure a seamless integration, they will be rolled out by operations teams, with Commercial Excellence headed by **Ian McLernon**, CEO EMEA, Asia Pacific and Travel Retail, and Digital led by **Jean-Philippe Hecquet**, CEO of the Cognac Division.

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)	2022-23		2021-22	Change	
	Reported	Organic	Reported	Reported	Organic
	A	B	C	A/C-1	B/C-1
Sales					
Cognac	1 100.0	1 020.3	948.3	+16.0%	+7.6%
Liqueurs & Spirits	418.9	395.7	333.2	+25.7%	+18.7%
Subtotal: Group Brands	**1 518.9**	**1 416.0**	**1 281.5**	**+18.5%**	**+10.5%**
Partner Brands	29.6	29.7	31.3	-5.4%	-5.3%
Total	**1 548.5**	**1 445.6**	1 312.9	**+17.9%**	**+10.1%**
Current Operating Profit					
Cognac	405.2	370.4	323.0	+25.5%	+14.7%
As % of total sales	36.8%	36.3%	34.1%	+2.8 pts	+2.2 pts
Liqueurs & Spirits	48.1	41.9	35.5	+35.6%	+18.1%
As % of total sales	*11.5%*	*10.6%*	*10.6%*	*+0.8 pt*	*-0.1 pt*
Subtotal: Group Brands	**453.3**	**412.3**	**358.4**	**+26.5%**	**+15.0%**
As % of total sales	***29.8%***	***29.1%***	***28.0%***	***+1.9 pt***	***+1.1 pt***
Partner Brands	0.1	0.0	-	-	-
Holding company costs	-23.7	-23.6	-24.0	-1.2%	-1.7%
Total	**429.6**	**388.6**	**334.4**	**+28.5%**	**+16.2%**
As % of total sales	***27.7%***	***26.9%***	***25.5%***	***+2.3 pts***	***+1.4 pt***

Summary income statement

€m (unless otherwise stated)	2022-23		2021-22	Change	
	Reported	Organic	Reported	Report	Organic
	A	B	C	A/C-1	B/C-1
Sales	**1 548.5**	**1 445.6**	**1.312.9**	**+17.9%**	**+10.1%**
Gross margin	1 103.8	1 029.3	901.1	+22.5%	+14.2%
Gross margin (%)	***71.3%***	***71.2%***	***68.6%***	***+2.6 pts***	***+2.6 pts***
Current Operating Profit	429.6	388.6	334.4	+28.5%	+16.2%
Current operating margin (%)	***27.7%***	***26.9%***	***25.5%***	***+2.3 pts***	***+1.4 pts***
Other non-current income and expenses	(3.1)	(2.1)	(14.1)	-	-
Operating profit	**426.5**	**386.6**	**320.3**	**+33.2%**	**+20.7%**
Net financial income (expense)	(17.6)	(15.8)	(13.2)	+33.0%	+19.4%
Corporate income tax	(116.3)	(105.5)	(95.6)	+21.7%	+10.4%
Tax rate (%)	*(28.4%)*	*(28.4%)*	*(31.1%)*	*+2.7 pts*	*+2.7 pts*
Share in profit (loss) of associates/minority interests	1.2	1.2	1.0	+27.1%	+27.1%
Net profit – Group share	**293.8**	**266.5**	**212.5**	**+38.3%**	**+25.4%**
Net margin	*19.0%*	*18.4%*	*16.2%*	*+2.8 pts*	*+2.3 pts*
Net profit – Group share excl. non-recurring items	296.6	268.5	228.1	+30.0%	+17.7%
Net margin excl. non-recurring items	*19.2%*	*18.6%*	*17.4%*	*+1.8 pts*	*+1.2 pts*
EPS Group - share (€)	5.79	5.25	4.21	+37.5%	+24.7%
EPS Groupe – share excluding non-recurring items	5.85	5.29	4.52	+29.3%	+17.1%

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

Net profit – Group share	2022-23	2021-22
Other operating income and expenses	**293.8**	**212.5**
Tax on "other operating income and expenses"	3.1	14.1
Effect of changes in the tax rate on deferred taxes in France, the United Kingdom and Greece	(0.4)	(3.4)
Net profit - Groupe share excluding non-recurring items	-	4.9
Net profit – Group share	**296.6**	**228.1**

Cash-Flow statement

As of March 31 (in €m)	2023	2022	Change
Opening net financial debt (1 April)	**(353.3)**	**(314.3)**	***-39.0***
Gross operating profit (EBITDA)	481.6	383.4	*98.2*
WCR for eaux-de-vie and spirits in ageing process	(152.6)	(67.7)	*-84.9*
Other working capital items	(42.0)	(72.7)	*30.6*
Capital expenditure	(75.6)	(54.5)	*-21.1*
Financial expenses	(13.3)	(8.7)	*-4.6*
Tax payments	(140.4)	(89.6)	*-50.8*
Net flows on other non-current income and expenses	(9.2)	0.0	*-9.1*
Free Cash-Flow	**48.6**	**90.3**	***-41.7***
Dividends	(111.0)	(93.7)	*-17.3*
Capital increase / share buyback	(162.7)	(166.4)	*3.6*
OCEANE conversion impact on Financial debt	42.9	154.6	*-111.7*
Conversion differences and others	(1.1)	(23.9)	*22.8*
Other Cash flow	**(231.9)**	**(129.3)**	***-102.6***
Total cash flow for the period	**(183.3)**	**(39.0)**	***-144.3***
Closing net financial debt (30 September)	**(536.6)**	**(353.3)**	***-183.3***
A Ratio (Net debt/EBITDA)	**0.84**	**0.79**	***0.05***

Balance sheet

As of March 31 (in €m)	2023	2022
Non-current assets	**1,004.4**	**982.5**
Current assets	**2,182.5**	**1,996.0**
o/w inventories	1,815.8	1,615.5
o/w Cash and equivalent	73.7	116.3
Total Assets	**3,187.0**	**2,978.6**
Shareholders' equity	**1,755.1**	**1,661.8**
Non-current liabilities	**396.5**	**449.6**
o/w Long term financial debt	325.1	363.9
Current Liabilities	**1,035.3**	**867.2**
o/w Short-term financial debt	285.3	105.7
Total Liabilities and Shareholders' equity	**3,187.0**	**2,978.6**

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.

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