

*Time is on our side*

**TFF**  
GROUP

**ODDO BHF DIGITAL FORUM 2021**

**TFF GROUP**

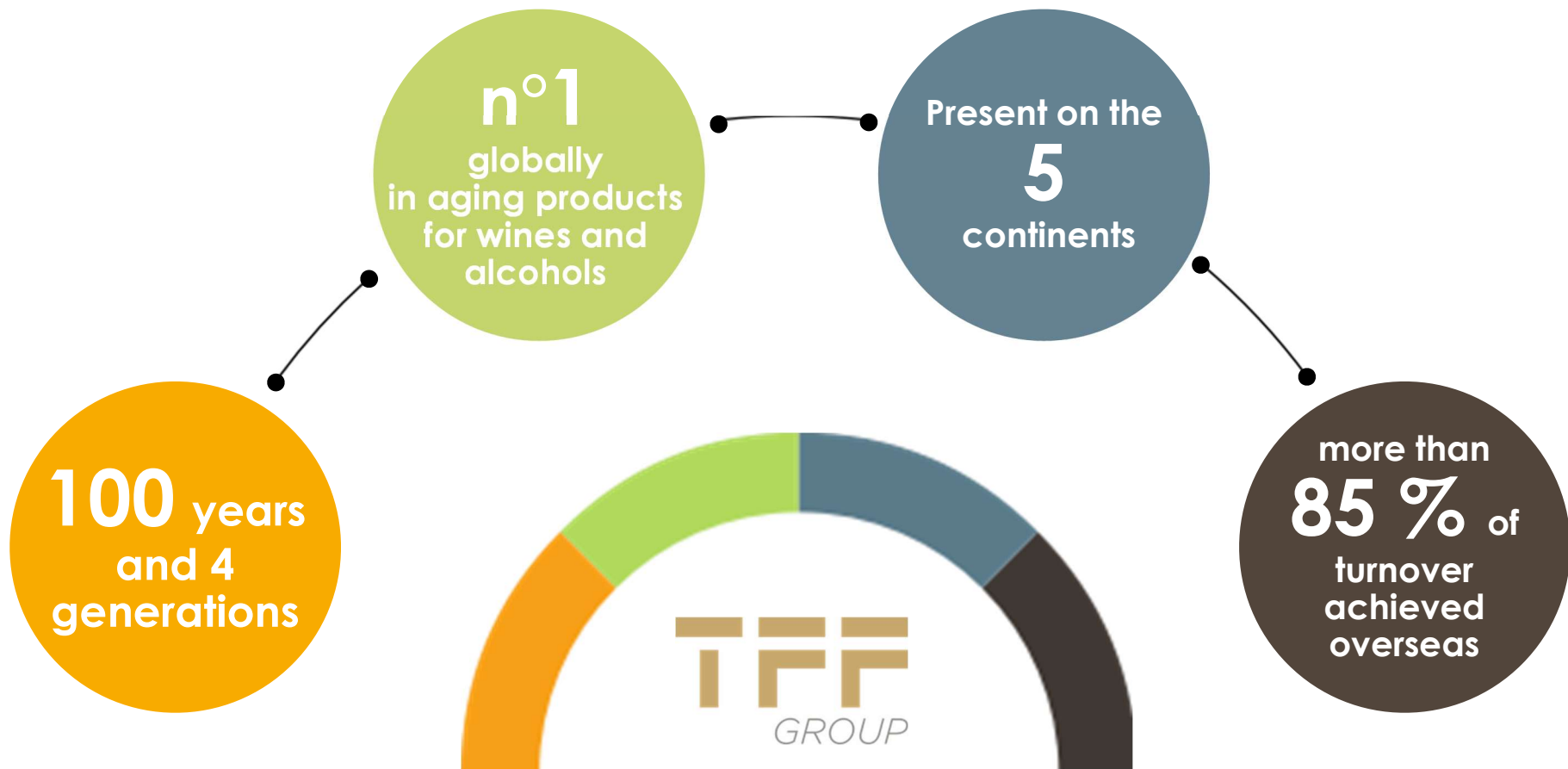
**Reactivity & Resilience**

**January, 2021**

**Jérôme François**  
CEO

# A CENTURY OF EXPERIENCE IN HIGH-END COOPERING

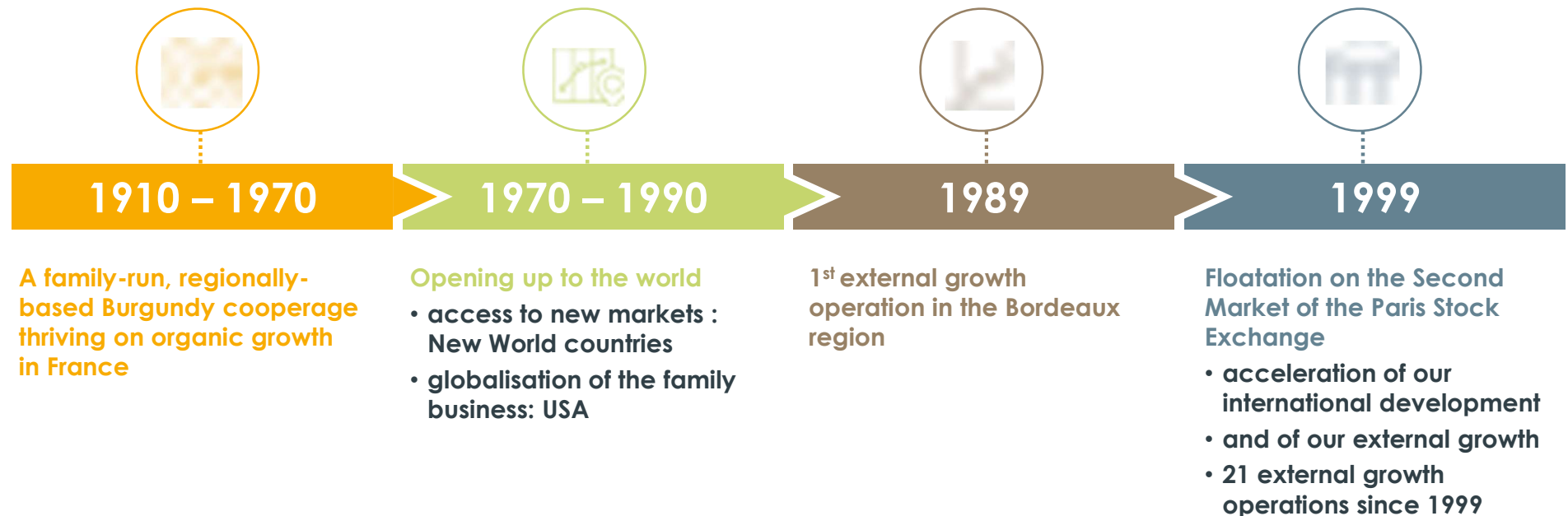
2020



# THE CREATION OF A GLOBAL LEADER

# 2020

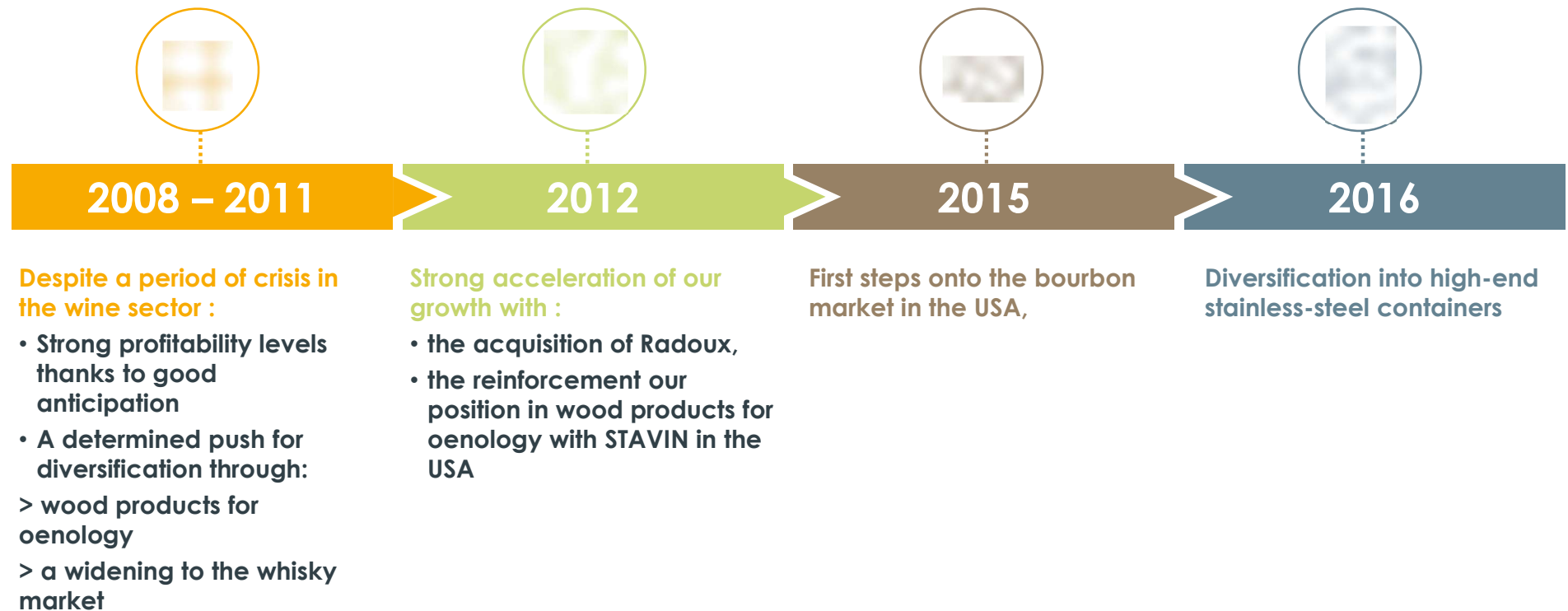
## The big steps....



# GLOBAL LEADER IN WOOD-AGING FOR WINES AND ALCOHOLS

## 2020

### The big steps ....



# A DIVERSIFIED AND WELL-BALANCED GROUP

2020



## Vertical integration up and down-stream

- stave-mills for the securing of supplies
- distribution for the securing of sales
- large vats for a complete range of products



## Diversification of our trades

- stave-mills
- wine and large vat cooperages
- high-end stainless-steel
- wood products for oenology
- whisky cooperages
- bourbon cooperages
- lumbering



## Diversification of our markets

- Wine : 60 %
- Alcohols : 40 %

# AN UNCONTESTED GLOBAL LEADER

2020

**± 25 %**

of market share in wine  
and large vat  
cooperages

**± 80 %**

of market share in  
independent Scottish  
whisky cooperages

**± 15 %**

of market share in  
bourbon cooperages

A major player

on the wood for oenology  
market

**39**

production sites:  
including 17 in France  
and 22 abroad

**26**

dedicated brands  
including 21 serving the  
wine markets and 5 the  
alcohol markets

**1 300**

employees working in 10  
countries

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# TFF GROUP 2019/2020

# GROWTH AND RESILIENCE DESPITE THE COVID-19 PANDEMIC

2019/2020

Turnover  
**279,7 M€**  
+ 3 %

Current Operating  
Profit  
**43,7 M€**

Net Results  
**26,9 M€**

~10 % of  
turnover

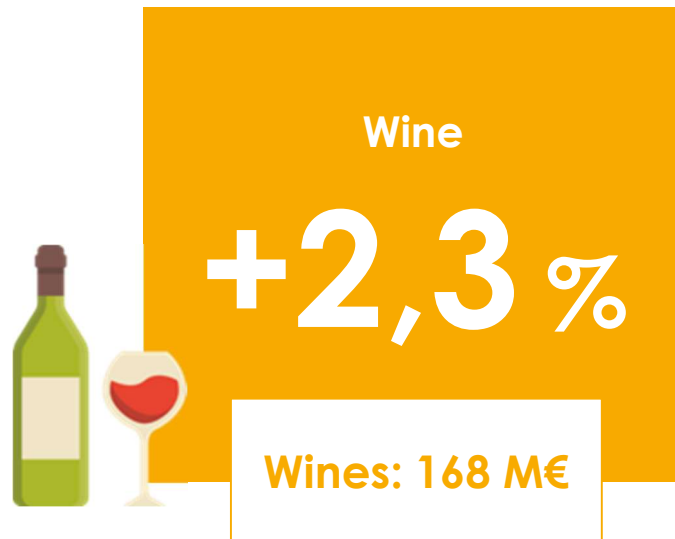
Debt  
**160,9 M€**  
Hors IFRS 16

Gearing : 44 %



# GROWTH AND RESILIENCE DESPITE THE COVID-19 PANDEMIC

2019/2020



Strong performance on a difficult market thanks partly to the acquisition of the Darnajou cooperage.



Continued double-digit growth on the Bourbon market for the 4th year in a row (+ 16,6 % ).  
A solid activity level on the other whisky markets

# GROWTH AND RESILIENCE DESPITE THE COVID-19 PANDEMIC

2019/2020

## THE WINE MARKET : REINFORCEMENT OF OUR POSITION AS GLOBAL LEADER



Wine

168 M€

+ 2,3 %

A strategic acquisition:  
the Darnajou cooperage  
consolidated over 12  
months

A quality 2019 vintage  
but with volumes down  
by 11 % at the global  
level.

Acquisition of the Bernard  
Gauthier stove-mill and  
the Gauthier Frères  
cooperage

# GROWTH AND RESILIENCE DESPITE THE COVID-19 PANDEMIC

2019/2020

## THE SCOTCH WHISKY MARKET: GLOBAL LEADER AMONGST INDEPENDENT COOPERS



Whisky  
**50 M€**  
- 8,2 %

A year that was impacted  
by Brexit, US taxes and  
the pandemic

A market on which we  
continue to reinforce our  
position as global leader  
among independent  
coopers

**8**

5 production sites  
in Scotland and 3 in the USA

Between 800 000 and 1  
000 000 barrels  
processed in a year

# GROWTH AND RESILIENCE DESPITE THE COVID-19 PANDEMIC

2019/2020

## THE BOURBON MARKET: N°2 AMONG INDEPENDENT COOPERS IN JUST 3 YEARS

Bourbon  
**61 M€**  
in turnover

Ebitda of 10 %  
at end of April

Acquisition and  
integration of supplies  
from our 4<sup>th</sup> and 5<sup>th</sup>  
stave-mills in Kentucky  
and Virginia

Growth of  
**+16,6 %**  
of turnover

**7**  
production sites  
2 cooperages,  
5 stave-mills



Speyside Stave Mills Glade Springs – April 2020

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# TFF GROUP 2020/2021

# AN EXCEPTIONALLY DIFFICULT MARKET CONTEXT

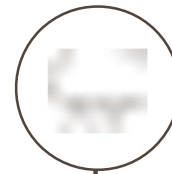
2020/2021



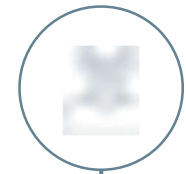
The impact of Brexit



American taxes



Weather conditions



Social unrest

# COVID-19 A GLOBAL ECONOMIC CRISIS

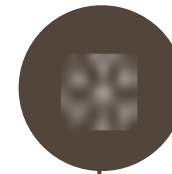
2020/2021



Global consumption  
down in the short term



Drop and  
postponement in  
customer orders



Freeze of non-strategic  
investments by our  
clients

# REACTIVITY TO THE COVID-19 CRISIS WITH THREE PRIORITIES

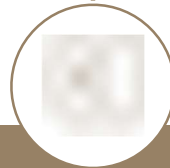
2020/2021

1



Restarting of activity at our production site in the safest conditions  
Proximity with our clients

2



Rigorous management of our treasury and maintenance of our solid financial structure

3



Strengthening of our resilience to allow us to face contracted volumes and delays orders



# RESILIENCE ADDITIONAL MEASURES TO FACE THE CRISIS

2020/2021

- Freeze on short-term hires
- Non replacement of retiring staff
- Investments reduced to a minimum, maintenance of necessary or obligatory investments

# REACTIVITY IMPACT LIMITED OF COVID-19 IN Q1 2020/2021

2020/2021

Solid resistance of our activity

Turnover

66,8 M€

- 9,6 %

Wine

42 M€

- 8,9 %

Alcohols

24,7 M€

- 11 %



# IN A FUTURE POST-COVID19 ENVIRONMENT : DYNAMIC MARKETS

2020/2021

## Good perspectives on the wine and alcohol markets

- The wine market : volumes expected to grow by 2,15 % between 2017 and 2022 under the impulse of a tendency to « drink less but better » and consumption expected to grow faster in value than in volume all over the world (Source : Vinexpo/IWSR 2019)
- The scotch whisky market : growth of 2 % per year expected until 2023
- The bourbon market: growth of 4 % per year expected until 2023

## Premiumisation of wines and spirits

- Consumers will always be in search of quality when it comes to alcohols, which are seen as an exceptional pleasure. Indeed in 2021, forecasts show that global consumption will be pulled by the Ultra and Super Premium markets (USP).
- Between 2018 and 2021, the average annual growth rate in volume for alcohols was estimated at + 4,4 % for the USP market as compared to + 0,5 % for the local market(Source : IWSR)

# TFF GROUP IS READY AND PREPARED TO SEIZE MARKET GROWTH

2020/2021

- **A leading position on our three markets**
  - Wine : the global leader on this marke
  - Scotch whisky : the global leader amongst independent coopers
  - Bourbon: n° 2 amongst independent coopers in 3 years
- **Nearly all of the investments in our production facilities are now made**
- **Our ambitious road-map to capture the growth of the bourbon market is now on track and fully deployed**

# TFF GROUP IS READY AND PREPARED TO SEIZE MARKET GROWTH

2020/2021

## OUR ROAD MAP FOR THE BOURBON MARKET ON TRACK

**145**

million dollars already  
invested at end of April  
2020

**7**

production sites  
including 5 stave-  
mills and  
2 cooperages

**410 000**

barrels produced in  
2019/2020 vs 400 000  
forecast

A production capacity  
raised to

**800 000**

barrels

# TFF GROUP IS READY AND PREPARED TO SEIZE ANY EXTERNAL GROWTH OPPORTUNITIES

2020/2021

- **Strong financing capacity**

- 100 M€ in financing reserves at 31/10/2020
- 250 M€ in stocks at 30/04/2020
- 80 M€ in available treasury at 30/04/2020

- **Capacity and experience with regard to external growth**

- **A demanding and controlled financial model in terms of external growth**

- Maintenance of healthy debt levels with net equity of 365M€ at 30/4/2020
- Optimisation of «Cash flow» generation

# OUR STRENGTHS IN A FUTURE POST-COVID ENVIRONMENT

2020/2021



## OUR STRENGTHS

- Growth investments will be in place
- Strong financing capacity
- A strategy adapted to post-Covid expectations

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# HALF-YEAR RESULTS 2020/2021



# HALF-YEAR RESULTS 2020/2021

EXCELLENT ADAPTATION OF THE BUSINESS TO THE CURRENT SANITARY AND CLIMATIC CONDITIONS  
SOLID OPERATIONAL PROFITABILITY

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Consolidated accounts (M€)	1 <sup>st</sup> half 2020/21	%	1 <sup>st</sup> half 2019/20	%	Change
Turnover	141.54	-	156.59	-	- 9.6%
EBITDA <sup>1</sup>	30.06	21.2	34.72	22.2	- 13.4%
Current Operating Income	23.96	16.9	29.89	19.1	- 19.9%
Operating Income	24.07	17.0	25.92	16.6	- 7.1%
Operating Income after adjustment	25.05	17.7	26.90	17.2	- 6.9%
Financial Result	- 6.81	-	- 0.34		
Taxes	- 5.09		- 7.48		
NET RESULT	13.15	9.3	19.08	12.2	- 31.1%
NET RESULT group share	12,99	9,2	18,96	12,1	- 31,5 %

(1) EBITDA definition: earnings before interest, taxes, depreciation and amortization

The interim consolidated financial statements for the 2020-2021 fiscal year, which were subject to a limited review by the Statutory Auditors, were approved by TFF Group management on January 6th, 2021.

In what was a difficult semester because of both the pandemic and the weather conditions, TFF Group demonstrated its solid resilience, with activity down - 9.6%. At comparable scope and currencies, sales were down - 8.8% compared to the same period in 2019 (currency effect - 1.4%, scope effect + 0.6%).

## Wine Division:

**88,4 M€ in turnover, down 12,0 %**

(- 12.0% organically - restated for the currency effect: - 0.8%, and for the scope effect: + 0.8%- which represents four months of turnover for the Tonnellerie and Merranderie GAUTHIER)

Despite a first semester impacted by unfavourable meteorological conditions and the pandemic, the business coped well with both a global wine harvest which was below the ten-year average and the fires in the United States.

## Alcohol Division :

**53,2 M€ in turnover, down 5,4 %**

(- 3,0 % organically, adjusted for the currency effect: - 2,4 %)

The whisky division is enjoying good momentum in terms of volumes thanks to its eight production sites and the high value-added repair / renovation businesses which are operating at full capacity.

However, the selling prices of barrels, which is on a downward trend, translated into a decline in turnover over the period.

The second quarter saw encouraging activity in view of the expected recovery of this market.

The Bourbon division returned to growth in the second quarter after a break in the first. However, the cooperage's new barrels activity fell as a result of the prudence observed by our customers.

The stave mills continued to participate in the diversification and development of the business with wood sales made outside of the group.

The two cooperages are organised and poised to react in real time to the market's expected recovery at ambitious levels.

# HALF-YEAR RESULTS 2020/2021

**EXCELLENT ADAPTATION OF THE BUSINESS  
TO THE CURRENT SANITARY  
AND CLIMACTIC CONDITIONS  
SOLID OPERATIONAL PROFITABILITY**

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## Results that held up at consistently high profitability levels

Operating income didn't fall as much as activity levels. It stands at € 24 million, or 17% of turnover vs. 16.6% in 2019.

The bourbon division is no longer recording non-current expenses (reminder n-1: - € 4.1 million), and, in line with expectations, the five stave mills are improving their profitability with the gradual ramping-up of their production levels.

The savings measures deployed in the wine market have borne their fruit.

The whisky Division improved its profitability thanks to a configuration of prices that was more favourable to the margins of the barrel-trading business....

Financial Income saw significant currency losses over the period (- € 6.3 million, vs. + € 0.3 million in 2019), resulting from the decline of the dollar against the euro.

Net income, restated for currency effects, amounted to 12.5% of sales against 12% in 2019, down in value by only - 6% over the half-year.

## A balance sheet that remains robust and healthy

The balance sheet remains very healthy at the end of this semester, with equity at € 364.5 million, available cash at € 78.2 million and secured stocks at € 259.5 million.

Net debt<sup>2</sup>, which stands at € 165.4 million vs. € 168.7 million as of April 30<sup>th</sup>, 2020, is down, in accordance with the Group's stated intentions after several years marked by the massive investments made in the bourbon division.

Strong levels of operating cash flow (€ 20.2 million) allowed us to acquire the Gauthier brand, whilst also paying a dividend at an unchanged level and continuing to make investments of 5.9 M€.

## A realistic, but serene outlook

*"The Group continues its relentless efforts to control costs in its wine business, with the second half of the year affected by the Australian and American fires of 2020. With part of the harvest lost, clients hold stocks of unused new barrels for vintage 2021.*

*The strength of the scotch whisky business, which remains linked to the outcome of the negotiations currently underway over Brexit, and the return to a form of normality in bourbon point to an improvement of the alcohol division's activity levels over the course of the second semester.*

*TFF Group always manages its activities in great proximity with its clients, which allows it to be responsive to developments in its various markets, to benefit from diversified activities and to remain more vigilant than ever in its management and development ."*

Jérôme François  
Chairman of the Board