



Q3 FY24 Sales  
Press Release – Paris, 25 April 2024

## **ROBUST PERFORMANCE WITH IMPROVING MOMENTUM IN Q3**

### **Q3 ORGANIC NET SALES STABLE AND REPORTED -2%**

### **YTD ORGANIC NET SALES -2% AND REPORTED -6%**

This robust performance illustrates the strength of our diversified portfolio of premium international spirits and our broad-based geographic footprint covering mature and emerging markets. This strength largely mitigates the impact of slower performance in China, due to a difficult macroeconomic environment and in the US, as trade inventory levels are adjusted. Dynamic results achieved notably in the Must Win Markets of India and Global Travel Retail and in Japan, Germany and Turkey, and improving momentum in Q3 in Spain, Brazil and South Africa.

**FY24 Q3 Net Sales €2,347m**, stable, (+2% excluding Russia) and -2% reported

**FY24 9M Net Sales €8,937m**, an organic decline of -2% (-1% excluding Russia) and -6% reported, with unfavourable Foreign Exchange impact of -€699m<sup>1</sup>, of which roughly half is offset by favourable Group Structure of +€354m<sup>2</sup>

**Volumes grew by +1% in Q3, with growth resuming following four consecutive quarters of decline, with FY24 9M volumes decline -4%**

**9M Price/mix effect +2%**, as the strong, though moderating, price effect at +6% is partially offset by negative market mix

**By regions, including Must Win Markets (Q3/YTD)**

- **Americas: -7%/-7%:**
  - **USA -11%/-8%, accelerating brand activation, notably on Jameson and newly acquired brands**
    - YTD Organic Net Sales performance -8%, with depletions value c.-7% and underlying Sell-Out at c.-3% as the US Spirits market growth remains broadly unchanged and with trade inventories continuing to be adjusted in Q3
    - Jameson Original gains share within its competitive set, following largest ever PR USA investment over the Saint Patrick's Day period
    - Good Sell-Out performance on Kahlua, Código and Jefferson's
  - **Canada:** broadly stable YTD, with strong growth in Q3 on Jameson, Kahlua & Bumbu
  - **Brazil:** strong rebound in Q3 against favourable comps and improving consumer demand, with growth on Ballantine's, Absolut and Beefeater
  - **Mexico:** soft decline YTD with notably weaker tourism impacting On-Trade
- **Europe -6%/-5%, excluding Russia a very resilient +4%/+1%:** cycling a strong H1 FY23, with growth notably driven by Germany and Eastern Europe
  - **France:** modest decline YTD, with Q3 in growth driven by strong performance of Ricard and Bumbu

<sup>1</sup> Mainly depreciation against Euro for Argentinean Peso, Turkish Lira, US Dollar, Chinese Yuan and Indian Rupee

<sup>2</sup> Mainly hyperinflation in Turkey & Argentina and acquisitions of Sovereign Brands, Skrewball, ACE Beverage Group and Código



- **Spain:** broadly stable YTD with solid growth in Q3 on favourable comps after H1 lapped On-trade recovery and revenge conviviality last year, with good growth YTD on Ballantine's, Jameson and Chivas Regal
- **Germany:** strong double-digit growth YTD driven by Absolut, Jameson and Ballantine's with favourable comps vs Q3 LY
- **UK:** soft performance with good growth YTD on Jameson, Kahlua and Malibu
- **Poland:** strong growth YTD thanks to Ballantine's and Jameson
- **Asia-RoW +8%/+2%: Dynamic and accelerating regional performance** across Asia and Africa, with the exception of China:
  - **India +8%/+5%, strong, broad-based and accelerating performance**
    - Strong consumer demand for spirits
    - Sales accelerating and premiumisation continuing
    - Strong YTD growth of Strategic International Brands with Jameson, Absolut and The Glenlivet
    - Strong growth of Seagram's whisky brands led by Royal Stag and Blenders Pride
  - **China -12%/-9% in a challenging macroeconomic environment**
    - Sales decline with continuing soft consumer sentiment leading to a weak CNY
    - Solid performance of Martell Noblige
    - Strong growth on premium International brands Jameson, Absolut, Olmeca and Beefeater
  - **Japan:** double-digit growth YTD driven by Perrier-Jouët, Chivas Regal and The Glenlivet , with a favourable phasing effect in Q3
  - **Korea:** soft YTD, with better Q3 led by good performance on Jameson and Ballantine's
  - **Other Asia:** strong YTD growth of Taiwan Market
  - **Africa and Middle East:** strong double-digit growth in Q3 and YTD driven by **Turkey** with outstanding growth on Chivas Regal, Ballantine's and Olmeca; **South Africa** with Jameson and RTDs and **Nigeria** maintaining very strong growth with Martell and Jameson
- **Global Travel Retail +38%/+9%: Improving Sell-Out momentum amplified by phasing and favourable comps in Q3**
  - Good growth across the portfolio notably on Jameson, Martell and Scotch brands
  - Gradual recovery of Chinese travelers continuing
  - Favourable phasing in Q3 as expected, particularly impacting on TR Asia

**By brands:**

- **Strategic International Brands: +1%/-3%**, Inventory adjustments in the US and softer performance in China weigh on the overall YTD performance of Strategic International Brands. Key highlights by Market and Brand include Martell in Nigeria; Jameson in India, Germany and Korea; Absolut in Germany, China, India and Turkey; Chivas Regal in Turkey, Japan and Western Europe; Ballantine's in Turkey, Germany and Poland; The Glenlivet in India, Taiwan Market and Japan; and Royal Salute in Taiwan Market
- **Strategic Local Brands: +5%/+4%**, with good momentum of the Seagram's whiskies portfolio in India, with Kahlua in the US and UK; with Olmeca across all regions
- **Specialty Brands: -7%/-6%**, impacted by the US inventory adjustments. Net Sales highlights include Bumbu, the recently launched Deacon Scotch Whisky and Altos Tequila
- **Strategic Wines: -9%/-10%**, mainly driven by declines in USA and UK



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## **Outlook**

Building on very strong FY23 and robust 9M FY24 performances, Pernod Ricard remains confident in its medium-term financial framework of +4% to +7% top line growth, aiming for the upper end of the range, with Organic Operating Leverage of +50/+60 bps.

In a challenging environment, Pernod Ricard expects for FY24:

- Dynamic Q4 Net Sales, improving versus 9M, leading to broadly stable full year Organic Net Sales
- Continued focus on Revenue Growth Management and operational efficiencies
- A&P ratio at c. 16% of Net Sales and very strict control of Structure Costs
- Organic Operating Margin expansion, with Organic Profit from Recurring Operations growing by c.+1%
- Negative FX impact partially offset by perimeter effect
- Investments in strategic inventories at a similar level to FY23, and increase in Capex to c.€800m
- Free Cash Flow reflecting lower reported PRO and increase in strategic investments
- c.€300m share buyback for the year, with c.€150m completed in H1

## **Dividend**

An **interim dividend of €2.35 per share** will be detached on 17<sup>th</sup> July 2024 and **paid on 19<sup>th</sup> July 2024**. The final dividend will be subject to the AGM decision on 8<sup>th</sup> November 2024



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*All growth data specified in this press release refers to organic growth (at constant FX and Group structure), unless otherwise stated. Data may be subject to rounding.*

*Organic Growth for named markets excludes Travel Retail.*

*This press release is also available from our website: [www.pernod-ricard.com](http://www.pernod-ricard.com)*

### **Definitions and reconciliation of non-IFRS measures to IFRS measures**

*Pernod Ricard's management process is based on the following non-IFRS measures which are chosen for planning and reporting. The Group's management believes these measures provide valuable additional information for users of the financial statements in understanding the Group's performance. These non-IFRS measures should be considered as complementary to the comparable IFRS measures and reported movements therein.*

#### Organic growth

- *Organic growth is calculated after excluding the impacts of exchange rate movements, acquisitions and disposals and changes in applicable accounting principles and hyperinflation.*
- *Exchange rates impact is calculated by translating the current year results at the prior year's exchange rates.*
- *For acquisitions in the current year, the post-acquisition results are excluded from the organic movement calculations. For acquisitions in the prior year, post-acquisition results are included in the prior year but are included in the organic movement calculation from the anniversary of the acquisition date in the current year.*
- *Where a business, brand, brand distribution right or agency agreement was disposed of, or terminated, in the prior year, the Group, in the organic movement calculations, excludes the results for that business from the prior year. For disposals or terminations in the current year, the Group excludes the results for that business from the prior year from the date of the disposal or termination.*
- *The impact of hyperinflation on Net Sales and PRO in Turkey is excluded from P&L organic growth calculations by capping unit local price/cost increases to a maximum of +26% per year, equivalent to +100% over 3 years.*
- *This measure enables to focus on the performance of the business which is common to both years and which represents those measures that local managers are most directly able to influence.*

#### Profit from recurring operations

*Profit from recurring operations corresponds to the operating profit excluding other non-current operating income and expenses.*

### **About Pernod Ricard**

*Pernod Ricard is a worldwide leader in the spirits and wine industry, blending traditional craftsmanship, state-of-the-art brand-building, and global distribution technologies. Our prestigious portfolio of premium to luxury brands includes Absolut vodka, Ricard pastis, Ballantine's, Chivas Regal, Royal Salute, and The Glenlivet Scotch whiskies, Jameson Irish whiskey, Martell cognac, Havana Club rum, Beefeater gin, Malibu liqueur and Mumm and Perrier-Jouët champagnes. Our mission is to ensure the long-term development of our brands with full respect for people and the environment, while empowering our employees around the world to be ambassadors of our purposeful, inclusive and responsible culture of authentic conviviality. Pernod Ricard's consolidated sales amounted to € 12,137 millions in fiscal year FY23.*

*Pernod Ricard is listed on Euronext (Ticker: RI; ISIN Code:FR0000120693) and is part of the CAC 40 and Eurostoxx 50 indices.*

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## Appendices

### 9M FY24 Sales by Region

Net Sales (€ millions)	H1 FY23		H1 FY24		Change		Organic Growth		Group Structure		Forex impact	
Americas	2,005	28.2%	1,860	28.2%	(145)	(7)%	(145)	(7)%	173	+9%	(173)	(9)%
Asia / Rest of the World	3,122	43.9%	2,850	43.2%	(272)	(9)%	16	+0%	79	+3%	(366)	(12)%
Europe	1,989	27.9%	1,880	28.5%	(108)	(5)%	(84)	(4)%	12	+1%	(37)	(2)%
<b>World</b>	<b>7,116</b>	<b>100.0%</b>	<b>6,590</b>	<b>100.0%</b>	<b>(525)</b>	<b>(7)%</b>	<b>(213)</b>	<b>(3)%</b>	<b>264</b>	<b>+4%</b>	<b>(576)</b>	<b>(8)%</b>

Net Sales (€ millions)	Q3 FY23		Q3 FY24		Change		Organic Growth		Group Structure		Forex impact	
Americas	748	31.3%	714	30.4%	(33)	(4)%	(54)	(7)%	74	+10%	(53)	(7)%
Asia / Rest of the World	996	41.7%	1,016	43.3%	20	+2%	80	+8%	15	+2%	(75)	(8)%
Europe	647	27.1%	617	26.3%	(31)	(5)%	(37)	(6)%	0	+0%	6	+1%
<b>World</b>	<b>2,391</b>	<b>100.0%</b>	<b>2,347</b>	<b>100.0%</b>	<b>(44)</b>	<b>(2)%</b>	<b>(11)</b>	<b>(0)%</b>	<b>89</b>	<b>+4%</b>	<b>(123)</b>	<b>(5)%</b>

Net Sales (€ millions)	9M FY23		9M FY24		Change		Organic Growth		Group Structure		Forex impact	
Americas	2,753	29.0%	2,575	28.8%	(179)	(6)%	(199)	(7)%	247	+9%	(226)	(8)%
Asia / Rest of the World	4,118	43.3%	3,866	43.3%	(252)	(6)%	95	+2%	94	+2%	(441)	(11)%
Europe	2,636	27.7%	2,497	27.9%	(139)	(5)%	(121)	(5)%	13	+0%	(31)	(1)%
<b>World</b>	<b>9,507</b>	<b>100.0%</b>	<b>8,937</b>	<b>100.0%</b>	<b>(570)</b>	<b>(6)%</b>	<b>(225)</b>	<b>(2)%</b>	<b>354</b>	<b>+4%</b>	<b>(699)</b>	<b>(7)%</b>

Note: Bulk Spirits are allocated by region according to the Region's weight in the Group

### 9M FY24 Foreign exchange impact on Sales

Forex impact 9m FY24 (€ millions)		Average rates evolution vs EUR			On Net Sales
		9m FY23	9m FY24	%	
US Dollar	USD	1.03	1.08	(5)%	(107)
Chinese Yuan	CNY	7.17	7.82	(9)%	(85)
Indian Rupee	INR	84.16	89.91	(7)%	(74)
Argentinean Peso	ARS	169.68	576.23	(240)%	(130)
Turkish Lira	TRY	19.11	31.19	(63)%	(121)
Nigerian Naira	NGN	454.32	1,039.79	(129)%	(49)
Japanese Yen	JPY	141.79	159.14	(12)%	(21)
Australian Dollar	AUD	1.53	1.66	(8)%	(15)
Canadian Dollar	CAD	1.38	1.46	(6)%	(14)
South African Rand	ZAR	18.06	20.32	(12)%	(13)
Taiwan Dollar	TWD	31.72	34.27	(8)%	(8)
Malaysian Ringitt	MYR	4.63	5.07	(10)%	(7)
Angolan Kwanza	AOA	484.04	904.20	(87)%	(5)
New Zealand Dollar	NZD	1.68	1.78	(6)%	(5)
Mexican Peso	MXN	20.17	18.63	+8%	+7
Polish Zloty	PLN	4.73	4.42	+7%	+9
Other					(61)
<b>Total</b>					<b>(699)</b>

### Sensitivity of full year profit to main exchange rates against EUR

Currency	Impact on FY Profit from Recurring Operations of a 1% appreciation vs. EUR (in M€)
US Dollar	+16
Chinese Yuan	+7
Indian Rupee	+5
Turkish Lira	+2

### Upcoming Communications<sup>3</sup>

<sup>3</sup> Subject to change



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<b>Date</b>	<b>Event</b>
May 16 <sup>th</sup> 15.00 CET	S&R Webcast
August 29 <sup>th</sup> 09.00 CET	Full Year Results