



2003 Full Year Results



18 March 2004

2003 Highlights

▶ **Good performance overall...**

- **Profit before tax: + 6.8%**
- **Group Net Profit: + 12.3%**
- **Financial debt reduction: € 682 million
(Financial debt excl. Océane: € 1,601 million)**



2003 Highlights

▶ ...generated by the profitable growth of Wine & Spirits

- **W&S organic sales growth rate: + 8.1%**
- **W&S operating profit growth rate: + 15.5%**
(constant exchange rates basis)
- **Net profit before exceptional items growth rate: + 23.5%**
(constant structural and exchange rates basis)





Wine & Spirits



Wine & Spirits

Strong growth across the portfolio

▶ Acceleration of 12 key brands performances in 2nd half-year

	H1	H2	Year 2003
Total - 12 Key Brands	+0.2%	+6.4%	+3.6%

▶ ... that comes mainly from the major international brands

	2003 1 st HY	2003 2 nd HY	2003 FY
Chivas	+4%	+8%	+7%
Martell	+9%	+7%	+8%
Jacob's Creek	+11%	+15%	+14%
Jameson	+7%	+8%	+8%
Havana Club	+4%	+17%	+11%



Wine & Spirits

Strong growth across the portfolio

- ▶ **Development of local brands that hold strong positions in promising, emerging countries**

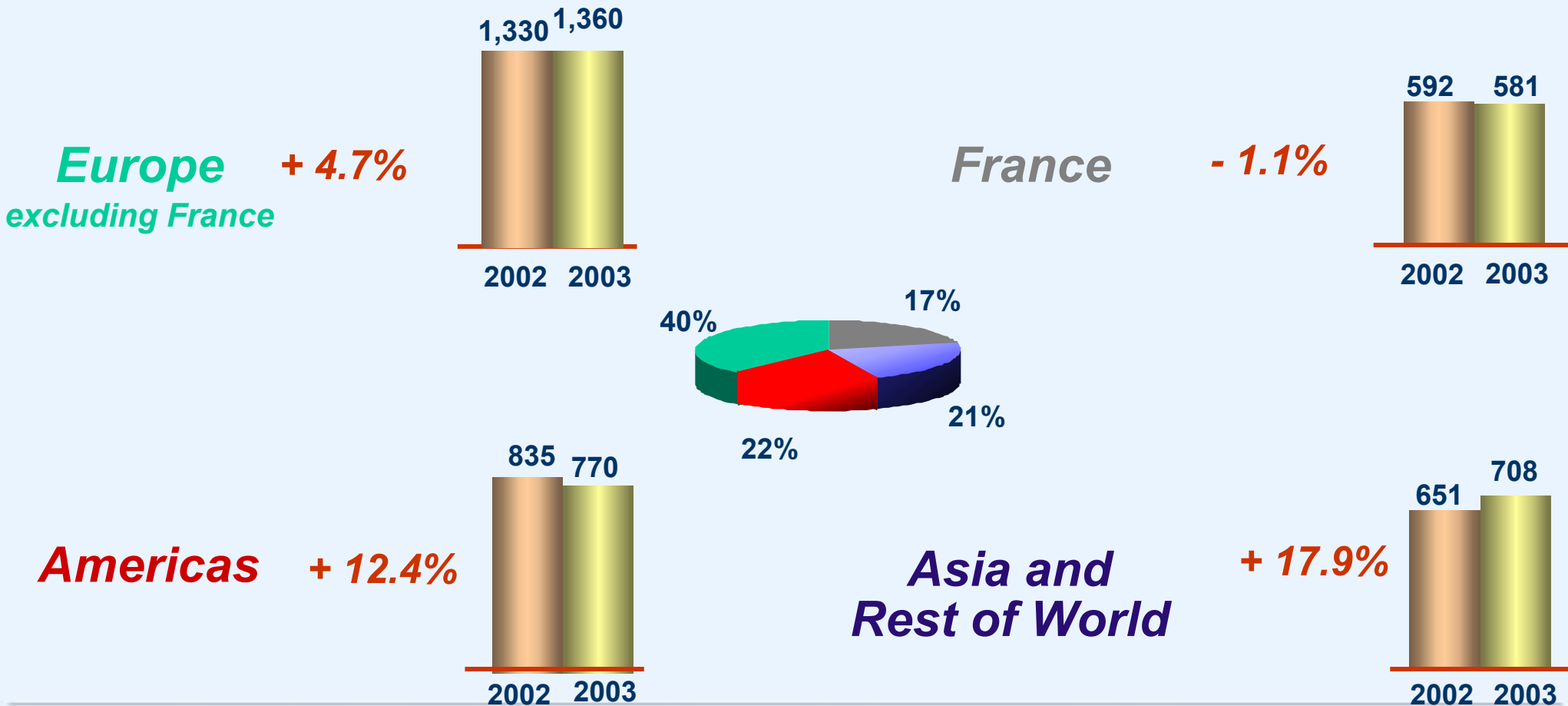
100 Pipers	Scotch Whisky	Thailand	+ 40%
Ararat	Armenian Brandy	Russia	+ 22%
Something Special	Scotch Whisky	Venezuela	+ 91%
Royal Stag	Local Whisky	India	+ 11%



Wine & Spirits

Sales by region (€ millions) and by *organic growth rate*

- ▶ Organic growth sustained in all regions except France



Wine & Spirits

Progression in Operating Margin

- ▶ Significant improvement (+ 0.7 point) in Wine & Spirits operating profitability (+ 1.3 point on a constant exchange basis)

	2002	2003	2003*
Operating margin	20.8%	21.5%	22.1%

* 2002 constant exchange rates

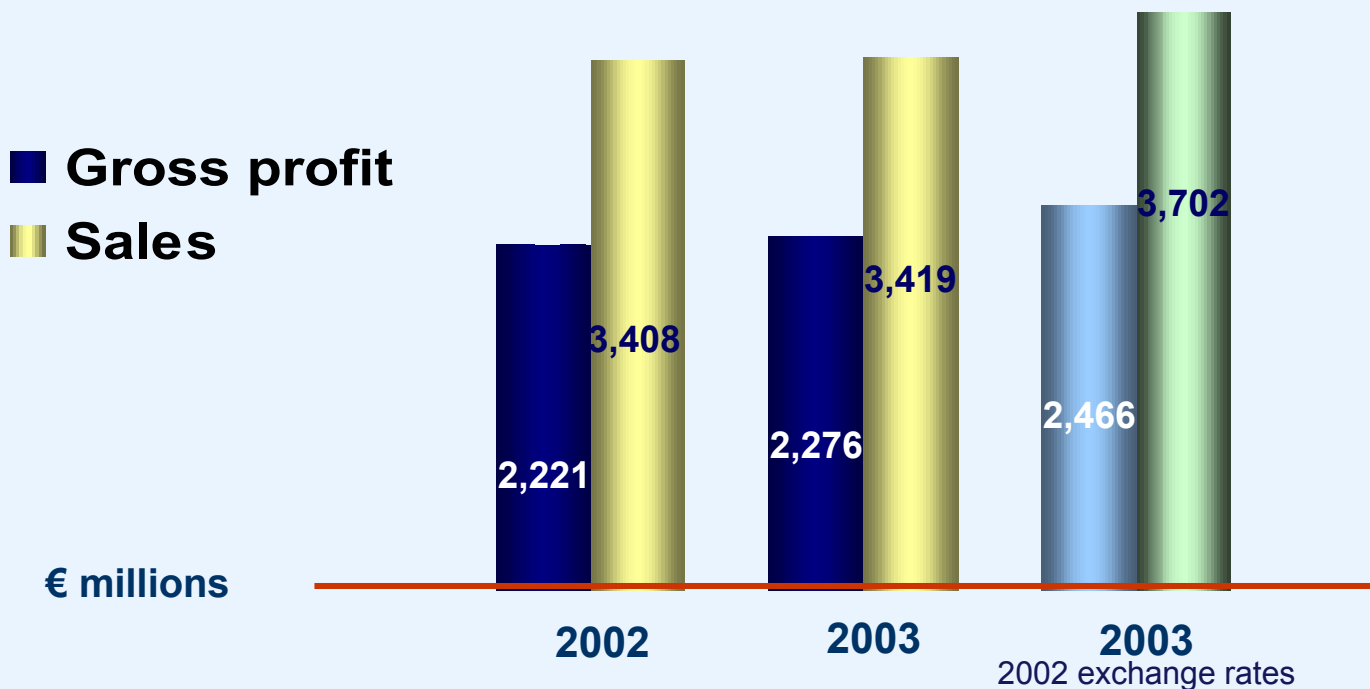
- ▶ achieved through:
 - an improvement in gross margin,
 - controlled structural costs,
- ▶ while maintaining a high level of A & P costs, that ensure the long-term development of brands,
- ▶ despite a negative currency effect.



Wine & Spirits

Progression in Operating Margin

- ▶ 1.4 point improvement in the gross margin to 66.6%, reflecting:
 - impact of applied price increases
 - development of high margin premium brands



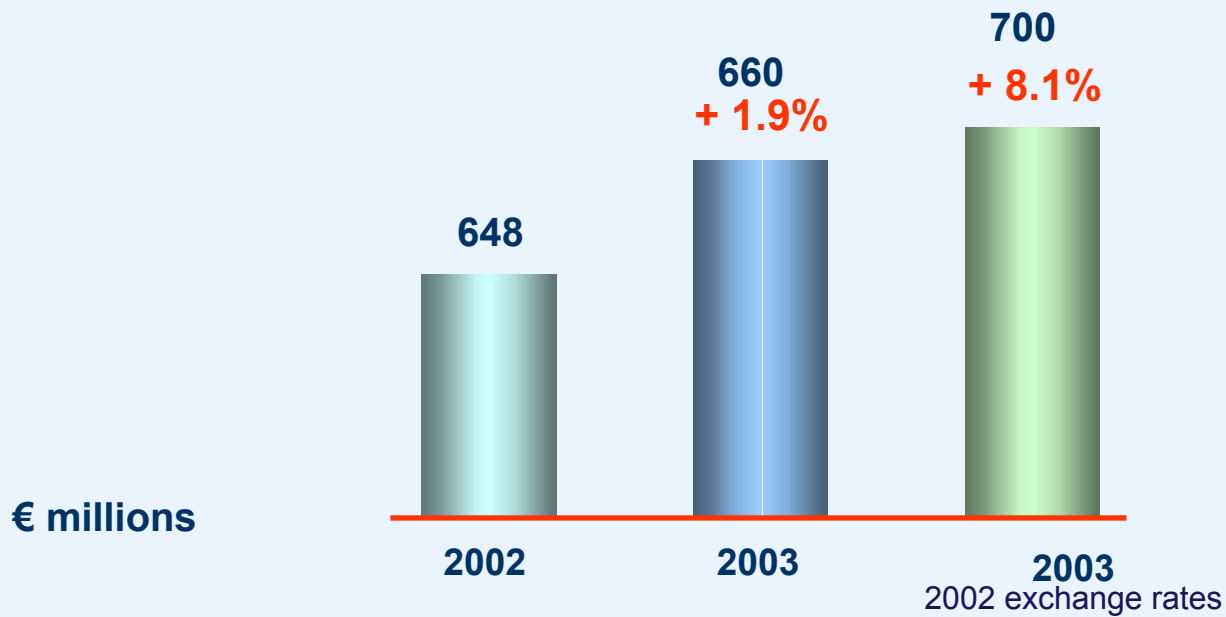
Gross margin rate	65.2%	66.6%	66.6%
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Wine & Spirits

Progression in Operating Margin

- ▶ Controlled growth of commercial costs and overheads



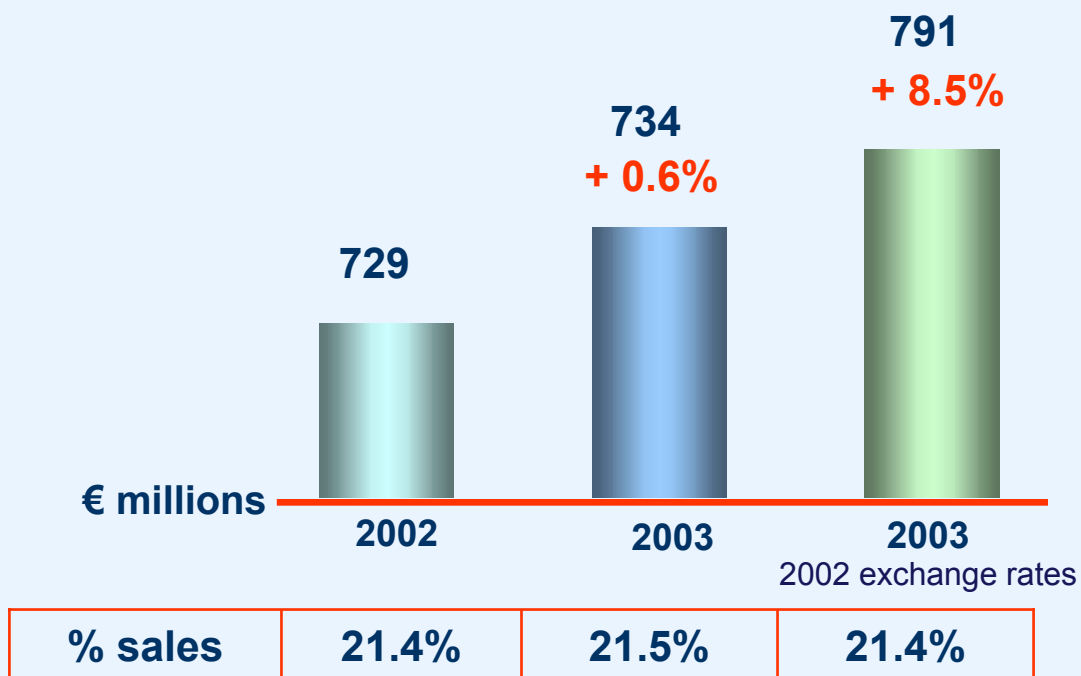
% sales	19.0%	19.3%	18.9%
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Wine & Spirits

Progression in Operating Margin

- ▶ A & P expenditures maintained at a high level
- ▶ Priority given to key brands

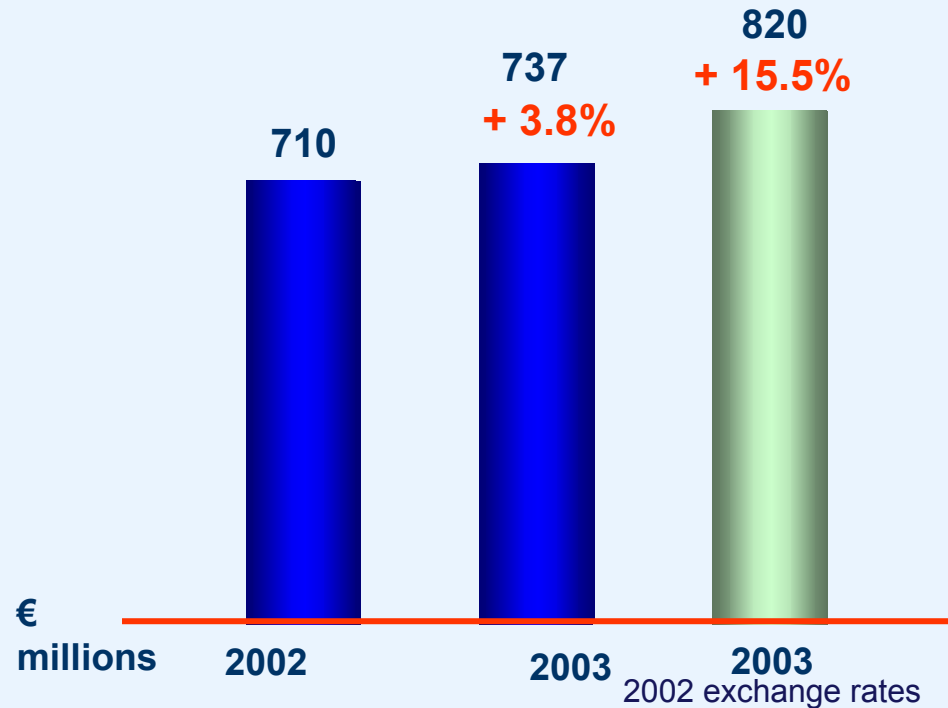


Wine & Spirits

Progression in Operating Profit

▶ A negative currency effect:

- Currency impact (transaction, translation, hedging) = (€ 83 million)



€ millions

\$US*	(53.7)
VEB	(11.2)
THB	(9.1)
Yen	(5.9)
\$AUS**	11.9
GBP	0.8
All others	(15.8)
Total	(83.0)

* Average exchange rate €/US\$ 2002 : 0.945

** Average exchange rate €/US\$ 2003 : 1.131

** Favourable impact due to exchange coverage

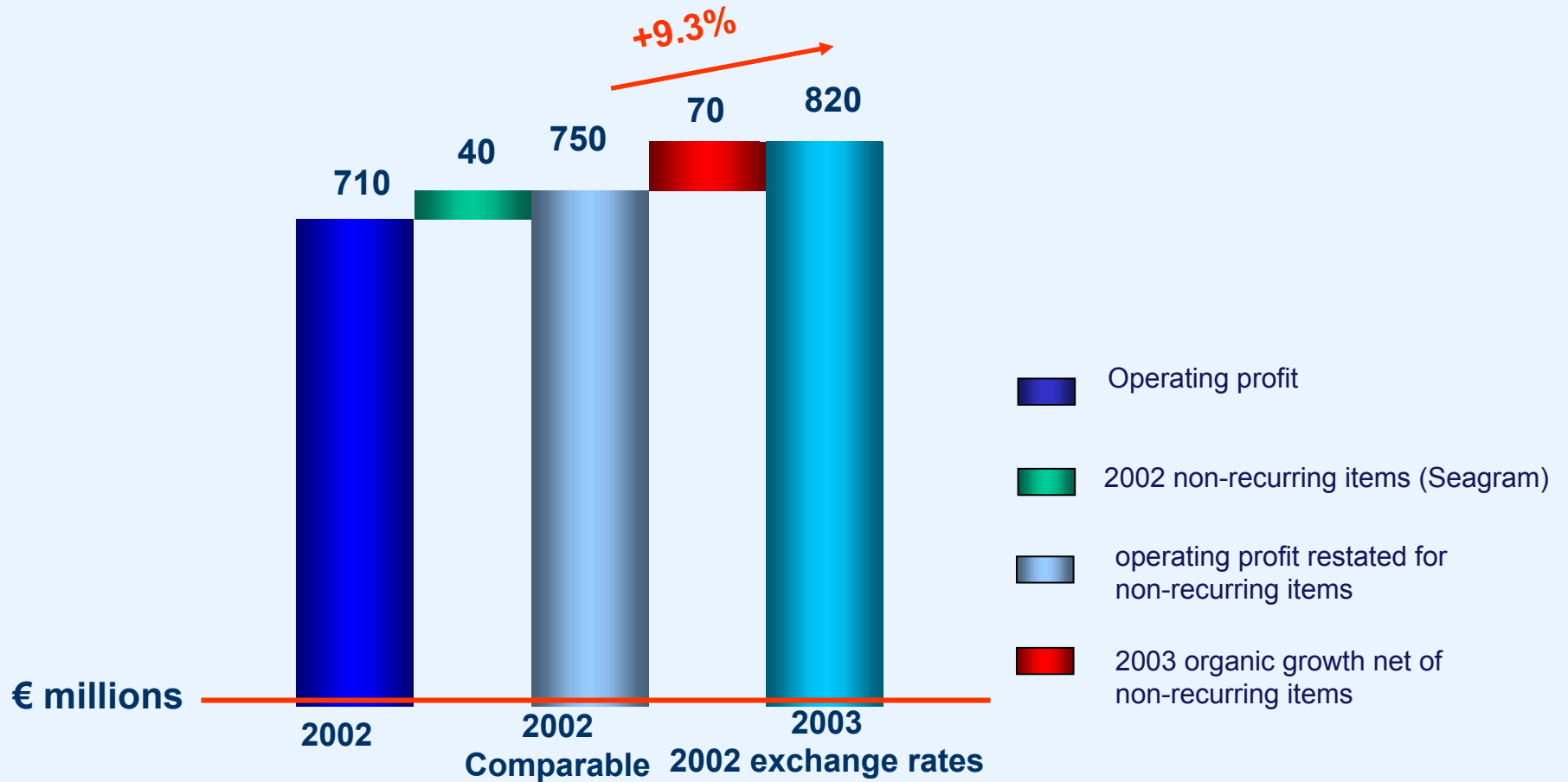
1% of €/USD variation = 3 M€ variation in operating profit

Reminder: 2003 average rate €/USD = 1.131

Wine & Spirits

Progression in Operating Profit

- ▶ Underlying improvement in operating profit of **9.3%**.

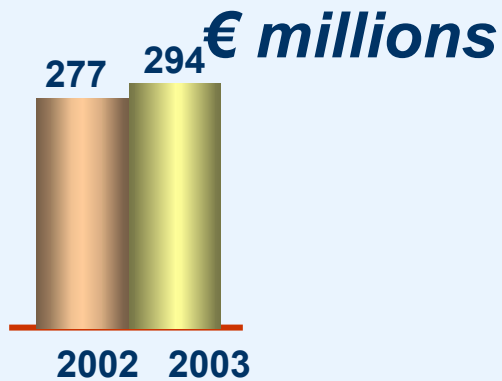


Wine & Spirits

Operating Margin by region

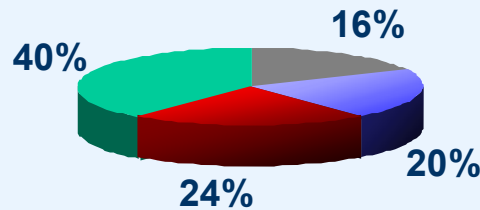
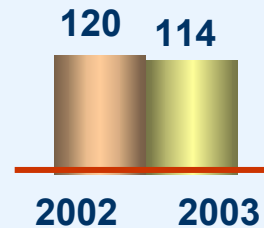
Europe: 21.6%
excluding France

Organic growth	+6.6%
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France: 19.7%

Organic growth	-7.9%
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Americas: 23.3%

Organic growth	+31.7%
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Asia and Rest of World: 21.1%

Organic growth	+28%
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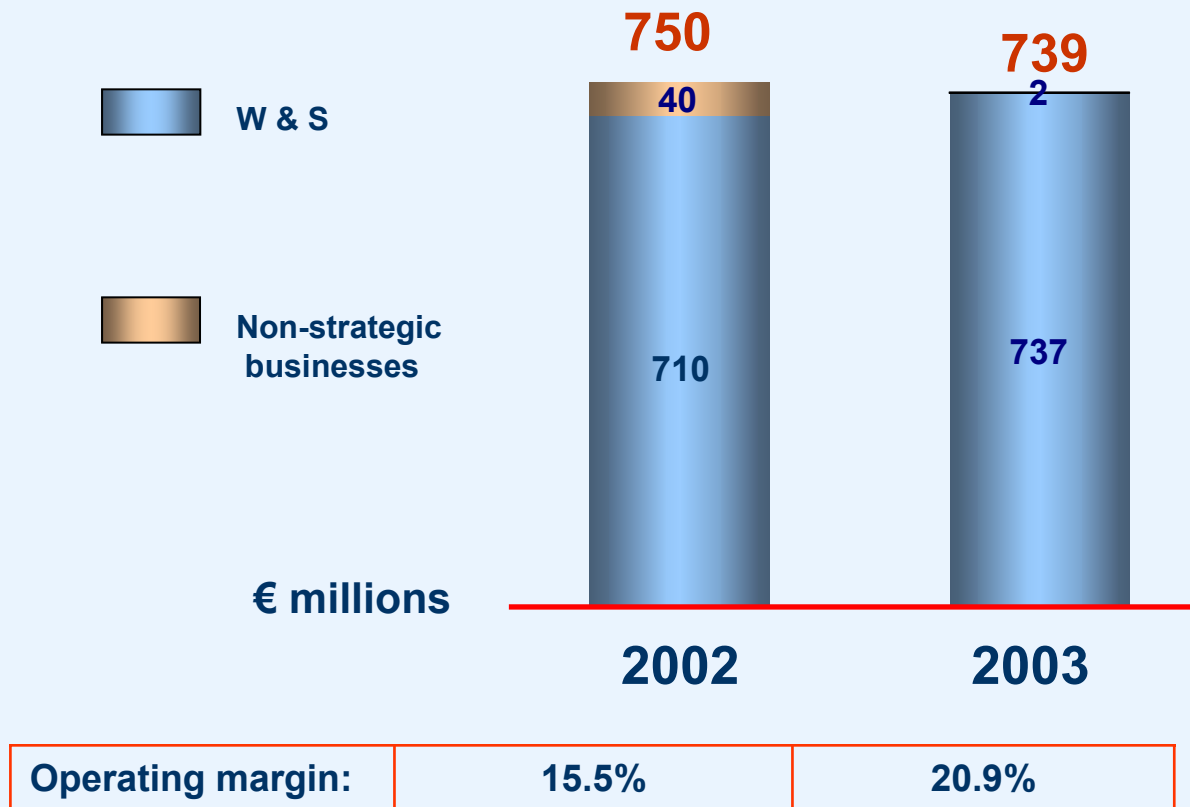
Consolidated Results



Consolidated Results

Operating Profit

- ▶ Concentration on W&S core business = virtually the entire operating profit



Consolidated Results

Net finance cost

► Significant reduction in net finance cost

€ millions	2002	2003	Change
Dividends received and other	8	1	n/a
Exchange losses	(8)	(7)	n/a
Interest expenses	(153)	(96)	-38%
Net finance cost	(153)	(102)	- 34%



Consolidated Results

Net finance cost

- ▶ Significant reduction in interest expenses (a 38% decline from € 153 to € 96 million)

- ▶ € millions

- significant reduction of € 682 million in financial debts (30)
 - drop in interest rates (3.7% compared to 4.4%) (19)
 - favourable currency effect on \$US interest payments (8)
-
- (57)

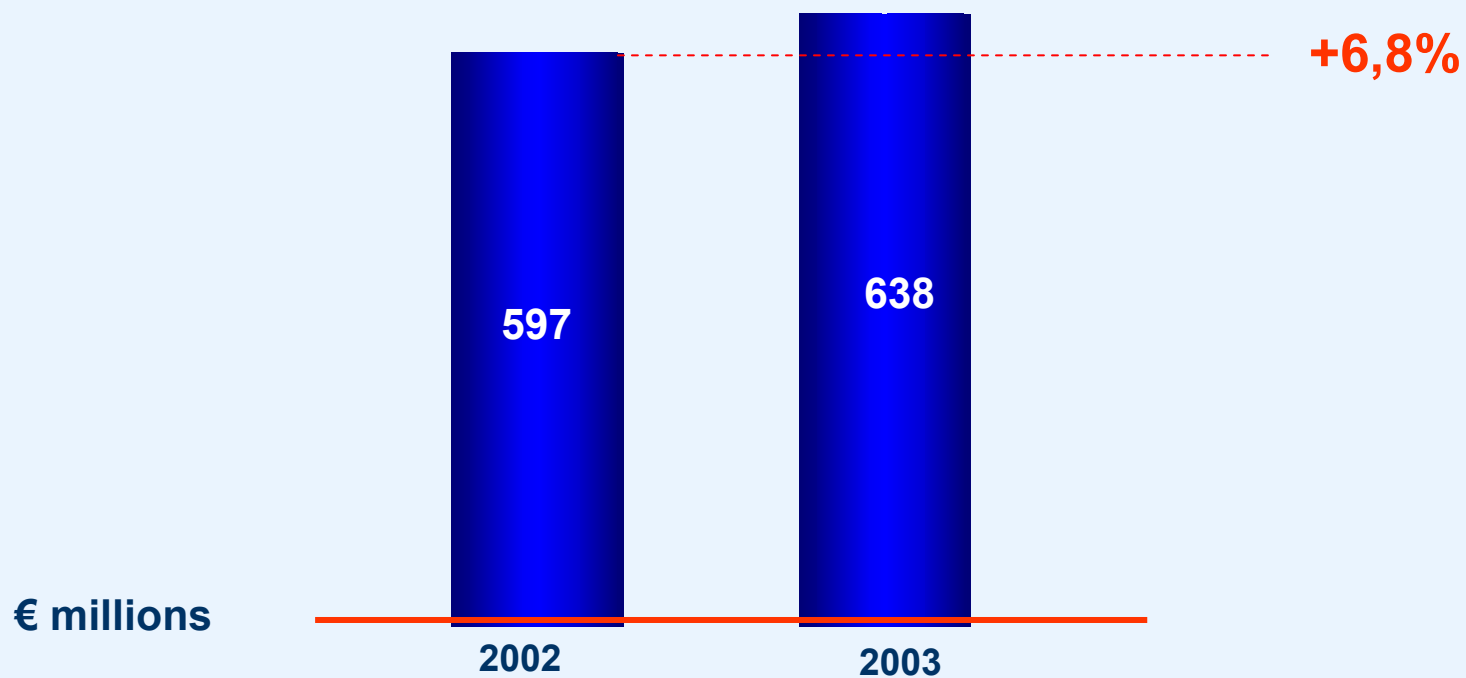
Percentage of Group financial debt that is fixed or capped rate: 77%



Consolidated Results

Profit before tax

- ▶ Significant growth in profit before tax : +6,8%



Consolidated Results

Breakdown of net exceptional income

► Net exceptional income

- primarily due to disposal of Société Générale shares

€ millions	2003
Disposal of assets, provisions for risks and exceptional writedown charges *	78
Restructuring charges	(11)
Various	(7)
Net exceptional income	60

* Disposal of Société Générale shares	133
Reversal of litigation provision (Seagram opening balance sheet)	31
Capital losses and disposal provisions charges	(41)
Wyborowa brand writedown	(29)
Other	(16)



Consolidated Results

Income tax

Total income tax: € 167.5 million

- ▶ **Tax on ordinary activities pre-tax profit: € 165.9 million (26%) compared to 25.1% in 2002**
 - (decline in profits in Ireland...)
- ▶ **Tax on exceptional profit: € 1.6 million**
 - tax loss offsets the capital gain on disposal of the SG shares
 - certain provisions not tax deductible



Consolidated Results

Group Net Profit

► Strong growth in Group Net Profit

€ millions	2002	2003	Change
Profit before tax	597	638	+6.8%
Net exceptional income	10	60	-
Income tax	(157)	(168)	-
Goodwill amortisation	(30)	(58)*	-
Other	(7)	(8)	-
Group Net Profit	413	464	+12.3%

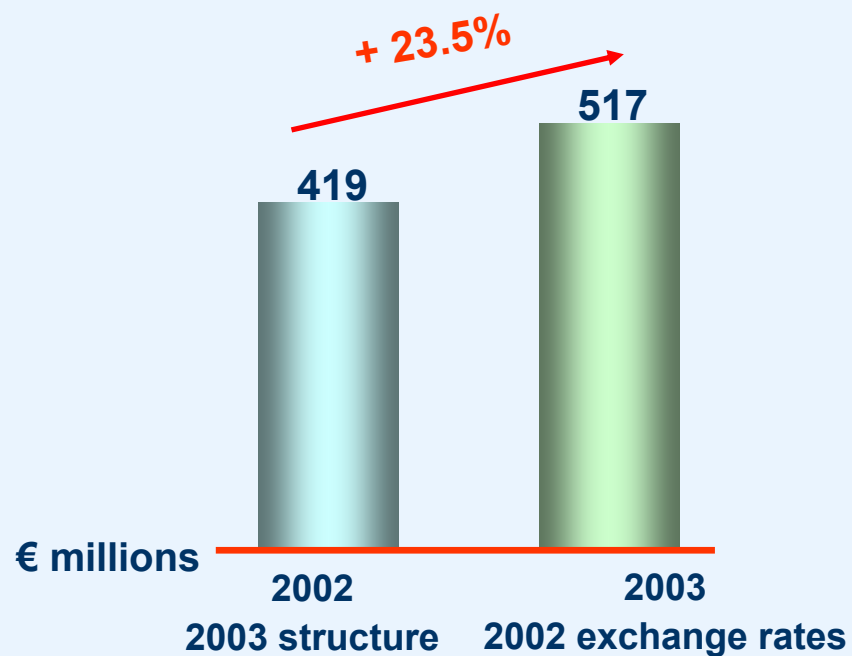
* Of which Agros/Wyborowa = € 26 million



Consolidated Results

Profit before tax

- ▶ Strong growth in profit before tax on a constant structural and exchange rates basis



Consolidated Results

Cash Flow Statement (1/2)

- ▶ Favourable movement in working capital requirements
- ▶ Controlled evolution of capital expenditure (€ 116 million # 3.5% of sales)

€ millions	2002*	2003	
Self-financing capacity	480	473	
Change in working capital	(43)	13	
Capital expenditure net	(155)	(103)	
Free Cash Flow	282	383	+ 36%

* Pro-forma after reclassification of Océane as financial debt

Depreciation included in operating profit	118	91
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Consolidated Results

Cash Flow Statement (2/2)

- ▶ Continuation of non-strategic assets disposal
- ▶ Favourable currency effect

€ millions	2002*	2003
Free Cash Flow	282	383
Investments disposals + structural effect	504	288
Dividends distribution (including tax)	(102)	(122)
Translation adjustment	219	133
Reduction in financial debt	903	682

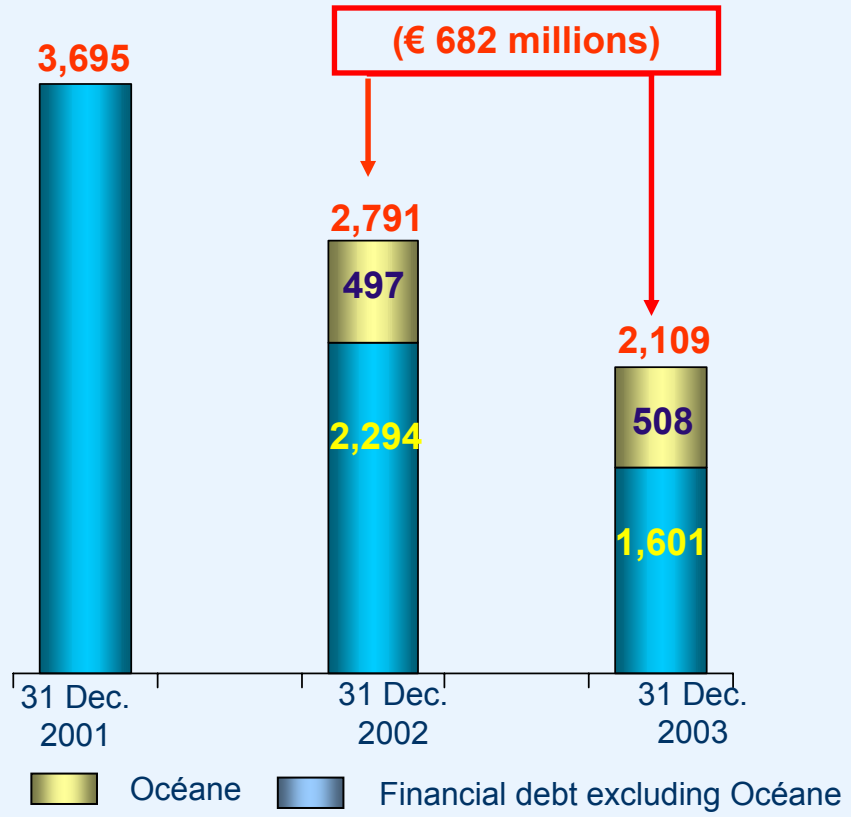
* Pro-forma after reclassification of Océane as financial debt



Consolidated Results

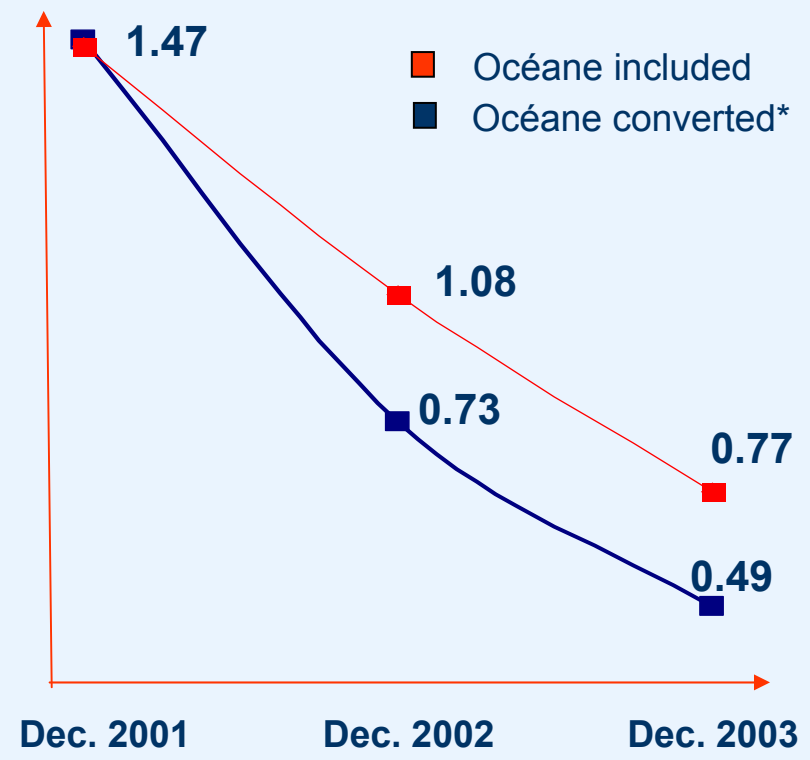
Financial Debt

▶ Continued rapid debt reduction



▶ Very favourable evolution of gearing

Net financial borrowings/shareholders' equity



* In February 2004, the price of Pernod Ricard shares exceeded the Océane exercise price of € 95.96



Consolidated Results

Dividends

► 8.9% increase in Dividend Per Share (DPS)

	2001	2002	2003
Number of shares (millions)	70.5*	70.5*	70.5
DPS (€)	1.44*	1.80	1.96
Net Current Profit (€M)	294	440	464
Dividend payout ratio**	34%	29%	30%

* Number of shares and dividends in 2001 and 2002 restated to take account of the bonus issue of 1 for 4 on 14 February 2003

** Dividends/ Net Current Profit

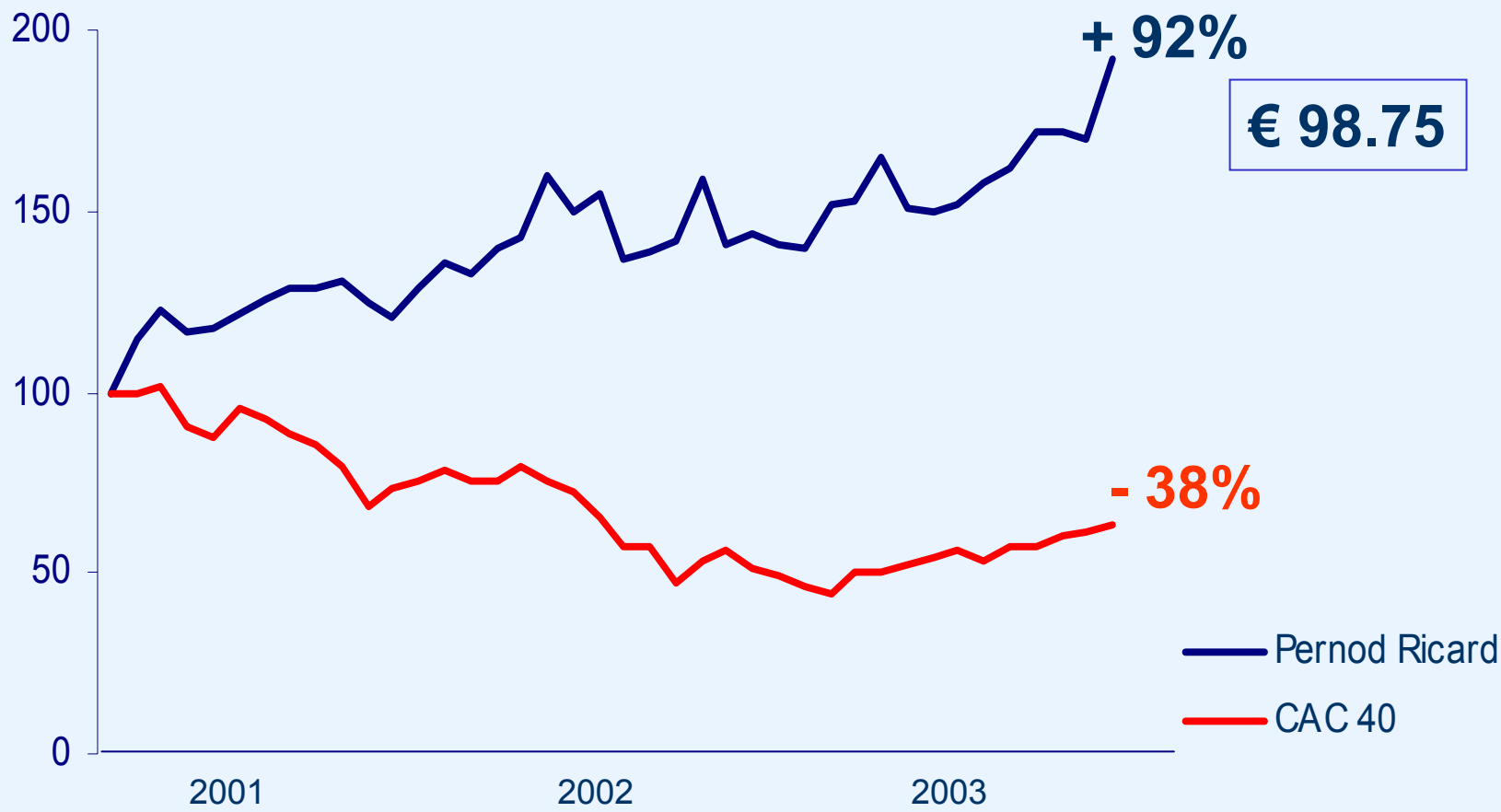


Consolidated Results

Stock Market performance

Evolution of month-end stock price: 01 Dec. 2000 to 28 Feb. 2004

Base: 100 at 30 November 2000





Outlook



2004 Initiatives

- ▶ **Numerous initiatives to accelerate the development of brands**
 - **Launch of new super premium products (Royal Salute 38 year old, Wyborowa Single Estate...)**
 - **Repackaging of products (Chivas Regal, The Glenlivet, Martell, Ricard, Pastis 51...)**
 - **New advertising campaigns (The Glenlivet, Royal Salute, Havana Club in Spain and Italy...)**



2004 Outlook

- ▶ Very good results achieved in 2003 and a good start to 2004,
- ▶ Probably more favourable trading conditions in 2004,
- ▶ Promising trends in the market for

- premium brands,
- fast-growing countries,

categories and markets where Pernod Ricard holds strong positions and has achieved excellent performances,

- ▶ A worldwide distribution network and motivated people
provide a confident start to 2004

Growth of operating profit at constant currency





Appendices



2003 Sales Volumes

	Volumes (millions of cases)	2003 FY	2003 1 st HY	2003 2 nd HY
Jacob's Creek	6.7	+14%	+11%	+15%
Ricard	6.2	-5%	-9%	-1%
Seagram Gin	3.3	+3%	+1%	+4%
Chivas Regal	2.9	+7%	+4%	+8%
Havana Club	1.9	+11%	+4%	+17%
Pastis 51	1.9	-7%	-12%	-2%
Jameson	1.6	+8%	+7%	+8%
Clan Campbell	1.5	-5%	-9%	0%
Amaro Ramazzotti	1.2	+9%	+16%	+3%
Martell	1.1	+8%	+9%	+7%
Wild Turkey	0.7	0%	-1%	+1%
The Glenlivet	0.4	+7%	+3%	+10%
Total – 12 Key Brands	29.4	+3.6%	0.2%	+6.4%

Total Spirits

+ 5%

Total Wine and Fortified Wines

+ 7%

2003 Results

Wine & Spirits Business Summary Income Statement

€ millions	2002	2003	Change	2003*	Change
Sales (ex-VAT)	3,408	3,419	+ 0.3%	3,702	+ 8.6%
Gross profit	2,221	2,276	+ 2.5%	2,466	+ 11.1%
Distribution costs	(134)	(145)	+ 8.0%	(156)	+ 16.1%
A & P costs	(729)	(734)	+ 0.6%	(791)	+ 8.5%
Structural costs	(648)	(660)	+ 1.9%	(700)	+ 8.1%
Operating profit	710	737	+ 3.8%	820	+ 15.5%

*Constant exchange rates



Group Summary Consolidated Income Statement (1/2)

€ millions	2002	2003	Change
Sales (ex-VAT)	4,836	3,534	- 26.9%
Gross profit	2,461	2,304	- 6.4%
Distribution costs	(195)	(149)	- 23.4%
A & P costs	(768)	(740)	- 3.7%
Contribution after A & P	1 499	1 415	- 5.6%
Structure costs	(748)	(676)	- 9.7%
Operating profit	750	739	- 1.5%
Net finance cost	(153)	(102)	- 33.7%
Profit before tax	597	638	+ 6.8%



Group Summary Consolidated Income Statement (2/2)

€ millions	2002	2003	Change
Profit before tax	597	638	+ 6.8 %
Net exceptional income	10	60	n/a
Income tax	(157)	(168)	+ 6.7 %
Income from associates	1	0	-
Goodwill amortisation	(30)	(58)	+ 94 %
Net profit	421	472	+ 12.2 %
Minority interest	(8)	(8)	+ 4.9 %
Group Net Profit	413	464	+ 12.3 %
Net current profit *	440	464	+5.3%
Earnings* per share	5.93	6.25	+5.4%

* Net profit before exceptional items, and goodwill amortization, after equity affiliates and minorities



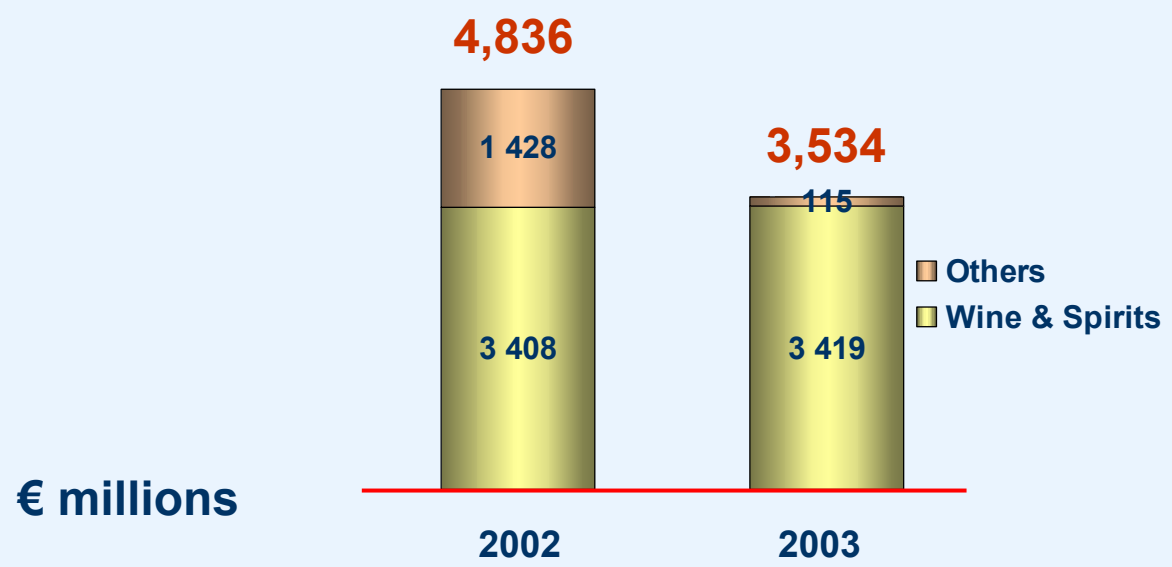
Group Summary Consolidated Balance Sheet

Assets (€ millions)	2002	2003	Equity and Liabilities (€ millions)	2002	2003
Property, plant and equipment and investments	1,183	994	Shareholders' equity	2,593	2,756
Intangible assets and goodwill	2,335	2,155	Provisions	509	519
Working capital	2,375	2,235	Oceane*	497	508
			Net financial debt	2,294	1,601
Total	5,893	5,384	Total	5,893	5,384



2003 Consolidated Sales

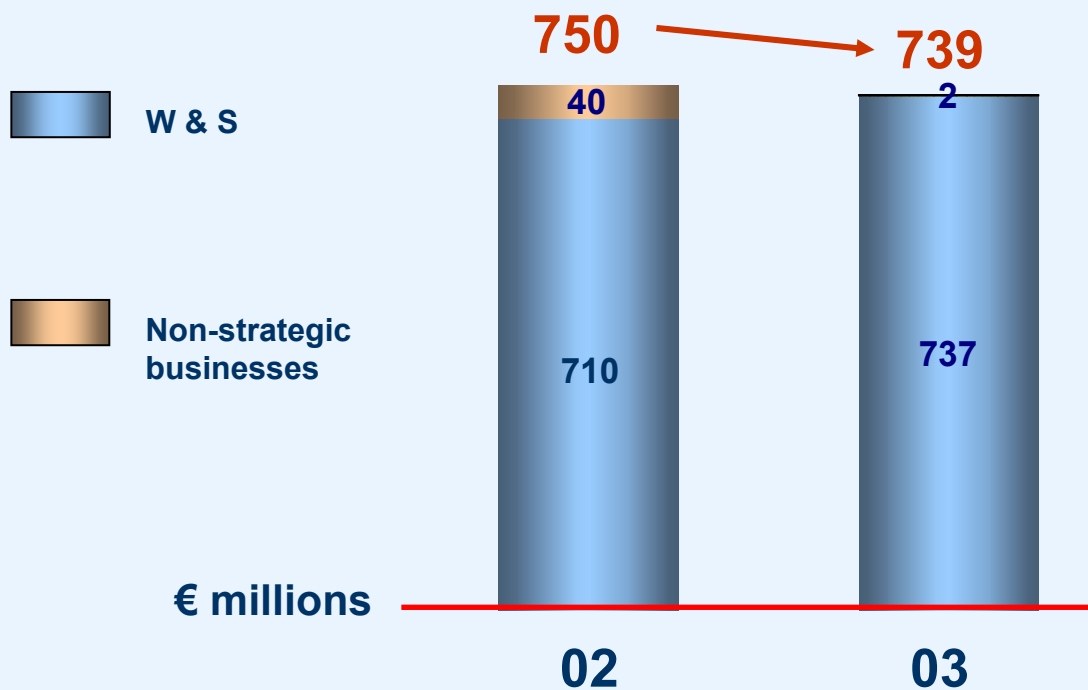
- **Organic growth:** + 5.5%
- **Currency effect:** - 5.9%
- **Structural effect:** - 26.6%



Consolidated Results

Operating Profit

► Effect of concentration on W&S core business on Group profitability



	€ millions	% change
Total change	(11)	- 1.5%
Currency effect	(83)	- 11.1%
Structural effect	(29)	- 3.8%
Organic growth	101	+ 13.5%

Operating margin:	15.5%	20.9%
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Net Current Profit *

(€ millions)	2002 2003 structure	2003 2002 exchange rate	
Operating Profit	722	822	
Net Finance cost	(151)	(110)	
Profit before Tax	570	712	
Income Tax	(143)	(185)	
Equity income and minority interest	(8)	(10)	
Net Current Profit *	419	517	+23,5%

* Net profit before exceptional items, and goodwill amortization, after equity affiliates and minorities



Recent Developments

Change of fiscal year-end

- ▶ The concentration of Pernod Ricard on its Wine & Spirits business has significantly increased the seasonality of its results
 - ▶ Q4 2003 = {
 - around 1/3 of annual Group sales
 - about 40% of annual Group operating profit

- ▶ This seasonality disrupts:
 - ▶ The budgetary process
 - ▶ The clarity of communication on annual guidance

A proposal will be submitted to the AGM to change the Group's fiscal year-end to 30 June, with the following impact:

- the next fiscal year will have an 18-month duration, comprising:
 - one calendar year (1 January 2004 to 31 December 2004)
 - one additional half-year (1 January 2005 to 30 June 2005)
- the following fiscal years will have a 12-month duration, starting from 1 July 2005



2003 CURRENCY EFFECT

Currency		Average rate 2002	Average rate 2003	Δ Average rate 03/02
US Dollar	USD	0.945	1.131	-19.7%
Pound Sterling	GBP	0.629	0.692	-10%
Thailand Bath	TNB	40.61	46.91	-15.5%
Venezuelan Bolivar	VEB	1112	1812	-62.9%
Australian Dollar	AUD	1.737	1.738	-0.1%
Japanese Yen	YEN	118.1	131	-10.9%

Closing rate	2001	2002	2003
Exchange rate €/ \$ US	0.881	1.049	1.263

