



2004 Results



17 March 2005

2004 key figures

- W&S operating profit: € 742 million +9.6%
organic growth
- Profit before tax € 653 million +2.5%
- Group net profit: € 487 million +5.1%
- Net current profit : € 474 million +11.6%
excluding forex impact





Wine & Spirits results



Wine & Spirits

Condensed Income Statement

- Excellent commercial and financial performance
- Significant adverse foreign exchange impact that limited operating profit growth

(€ millions)	2003	2004	△	2004 at 2003 forex rates	Organic growth
Net sales (NS)	3,419	3,490	+ 2.1%	3,598	+ 5.8%
Gross profit (GP)	2,276	2,331	+ 2.4%	2,434	+ 7.1%
% Gross margin	66.6%	66.8%		67.7%	
Advertising & Promotion	734	787	+ 7.3%	811	10.5%
A&P as a % of net sales	21.5%	22.6%		22.5%	
Operating profit	737	742	+ 0.7%	805	+ 9.6%
Operating margin	21.5%	21.3%		22.4%	



2004 highlights

- Premiumisation: engine for more profitable growth
- Accelerated growth in Advertising and Promotion investments
- Our global network exercises its full leverage effect





■ **Premiumisation, powerful driver of:**

- **net sales growth**
- **gross profit improvement**



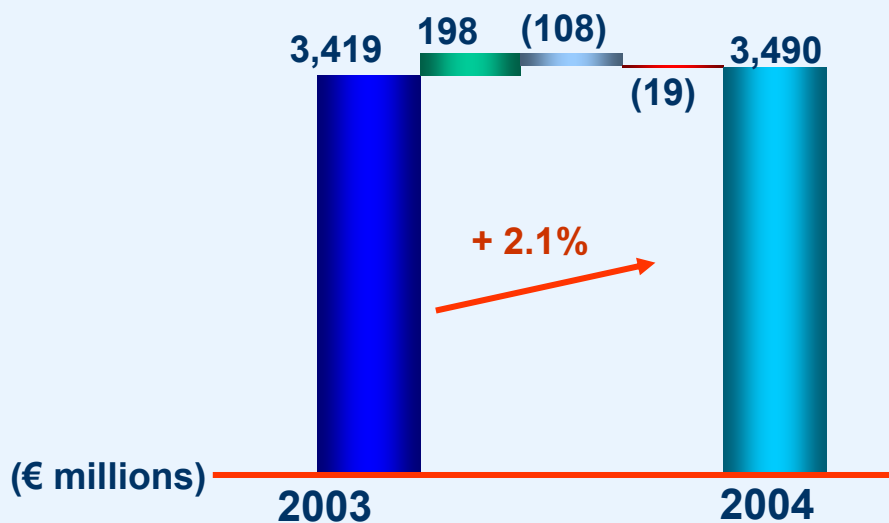
Premiumisation

Net sales

- Organic growth: + 5.8%

Organic growth

Asia / Rest of World	+ 12.2%
Americas	+ 8%
Europe	+ 3.5%
France	+ 0.4%



Organic growth:	+ 5.8%
Forex impact:	- 3.2%
Structure impact:	- 0.5%



Premiumisation

Net sales

- Top 12: + 3% in volume \Rightarrow + 8%* of net sales
- Spectacular growth of premium brands \Rightarrow positive price-mix effects

2004	Δ volume	Δ Net sales*
Chivas Regal	+12%	+14%
Martell	+7%	+12%
Jameson	+10%	+12%
The Glenlivet	+9%	+12%
Royal Salute	+15%	+19%

* constant exchange rates



Premiumisation

Net sales

- Americas and Asia: very dynamic markets

	Americas	Asia / Rest of World
△ Net sales*	+ 8%	+ 12.2%

* organic growth

- Asia: an exceptional year
 - Explosion of Chivas and Martell sales in Chinese Asia
- Americas:
 - USA: strong growth for the full premium brands portfolio
 - South and Central America:
 - Very favourable year (organic growth: + 20%)
 - Chivas represents about 50% of annual growth



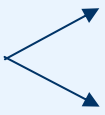
Premiumisation

Gross profit

Gross profit enjoys sustained growth: + 7.1% (organic growth)

(€ millions)	2003	2004	2004 at 2003 forex rates	Organic growth
Gross profit	2,276	2,331	2,434	+ 7.1%
Gross margin	66.6%	66.8%	67.7%	+ 110 basis points*

* constant forex rates basis

- **Top 12**  **Gross margin ≈ 75%**
= 75% of gross profit growth
- **Chivas, Martell Cordon Bleu, The Glenlivet, Jameson:**
even higher gross margins
- **Declining scale of lower profitability activities:**
(non-premium wines, coolers...)



Premiumisation

Gross profit

Asia and Rest of World

△ Net sales*	+ 12.2%
△ Gross profit*	+ 14.4%
Gross profit margin	63.8% +140bp**

- Strong growth of premium brands reduced by the development of local brands

Europe

△ Net sales*	+ 3.5%
△ Gross profit*	+ 4.9%
Gross profit margin	66% +130bp**

- Growth of top 12 brands

* organic growth

** constant forex rates basis

Americas

△ Net sales*	+ 8%
△ Gross profit *	+11.1%
Gross profit margin	62.8% +190bp**

- USA: growth in premium brands and decrease in the importance of RTDs (Ready-to-Drink products);
- South America: increased weight of Chivas Regal

France

△ Net sales*	+ 0.4%
△ Gross profit*	-0.4%
Gross profit margin	77.9% -20bp**

- Drop in the relative share of aniseeds (high margin)





- **Accelerated growth in Advertising & Promotion costs:**
 - **accompanies premiumisation**
 - **builds the future on markets with potential**



Advertising & Promotion costs

(€ millions)	2003	2004	2004 at 2003 forex rates	Organic growth
A&P costs	734	787	811	+ 10.5%
A&P as a % of net sales	21.5%	22.6%	22.5%	100 bp*

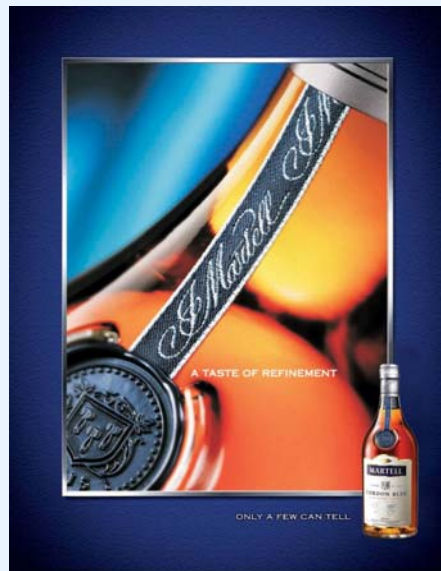
* constant forex rates basis

- Additional A&P expenditure mainly allocated to premium brands
- Investments targeting the strengthening of brand equity, driver of their future growth
- Chivas, Martell, Jameson and The Glenlivet together account for 50% of total expenditure growth

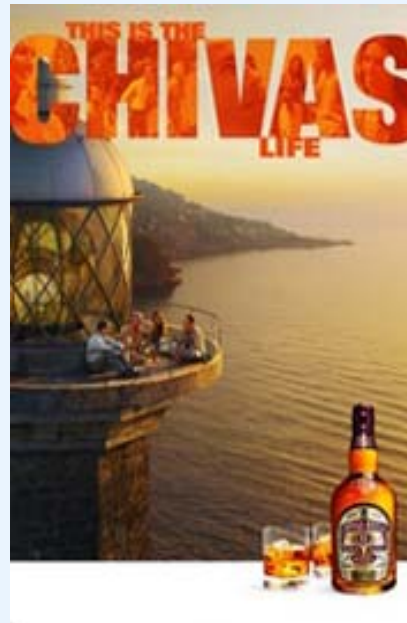


Advertising & Promotion costs

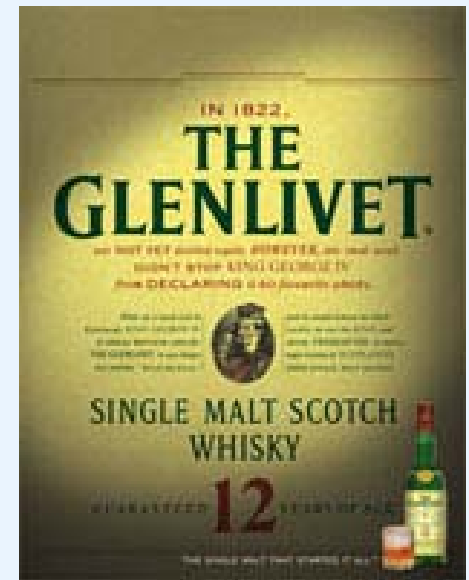
- Particular emphasis on media expenditure (+ 20%)
 - Increase brand awareness
 - Develop territories for specific brands



“Only A few can tell” (Asia)
“Rise above” (US)



“This is the Chivas Life”



“The single malt that started it all”



Advertising & Promotion costs

Asia and Rest of World

△ Net sales*	+ 12.2%
△ A&P expenditure*	+ 21.3%

Americas

△ Net sales*	+ 8%
△ A&P expenditure*	+ 13.4%

- Asia: up weighted investments to capture market shares in a region in full expansion, notably Chivas and Martell in Chinese Asia
- Americas: acceleration of media expenditure for Chivas (USA and South America continent)

Europe

△ Net sales*	+ 3.5%
△ A&P expenditure*	+ 6.3%

France

△ Net sales*	+ 0.4%
△ A&P expenditure*	+ 4.7%

* organic growth





A global network \Rightarrow leverage effect on profitability



Structure costs

	2003	2004	2004 at 2003 forex rates	Organic growth
Structure costs* (€ millions)	660	659	672	+1.9%
Structure costs as a % of net sales	19.3%	18.9%	18.7%	- 60 bp**

* commercial costs, overheads, and other income and expenses

** constant forex rates basis

- **A solidly established global presence notably in all high potential markets: India & Chinese Asia, Central & Eastern Europe, and Latin America**
- **Net sales growth significantly higher than structure costs growth with a strengthening of commercial teams in high potential markets**



Structure costs

Asia and Rest of World

△ Net sales* + 12.2%

△ Structure costs* + 2.6%

Americas

△ Net sales* + 8%

△ Structure costs* +2.8%

- Asia/India, South America: strengthening of commercial forces in high growth regions
- Europe and France: evolution in line with activity

Europe

△ Net sales* + 3.5%

△ Structure costs* + 3.2%

France

△ Net sales* + 0.4%

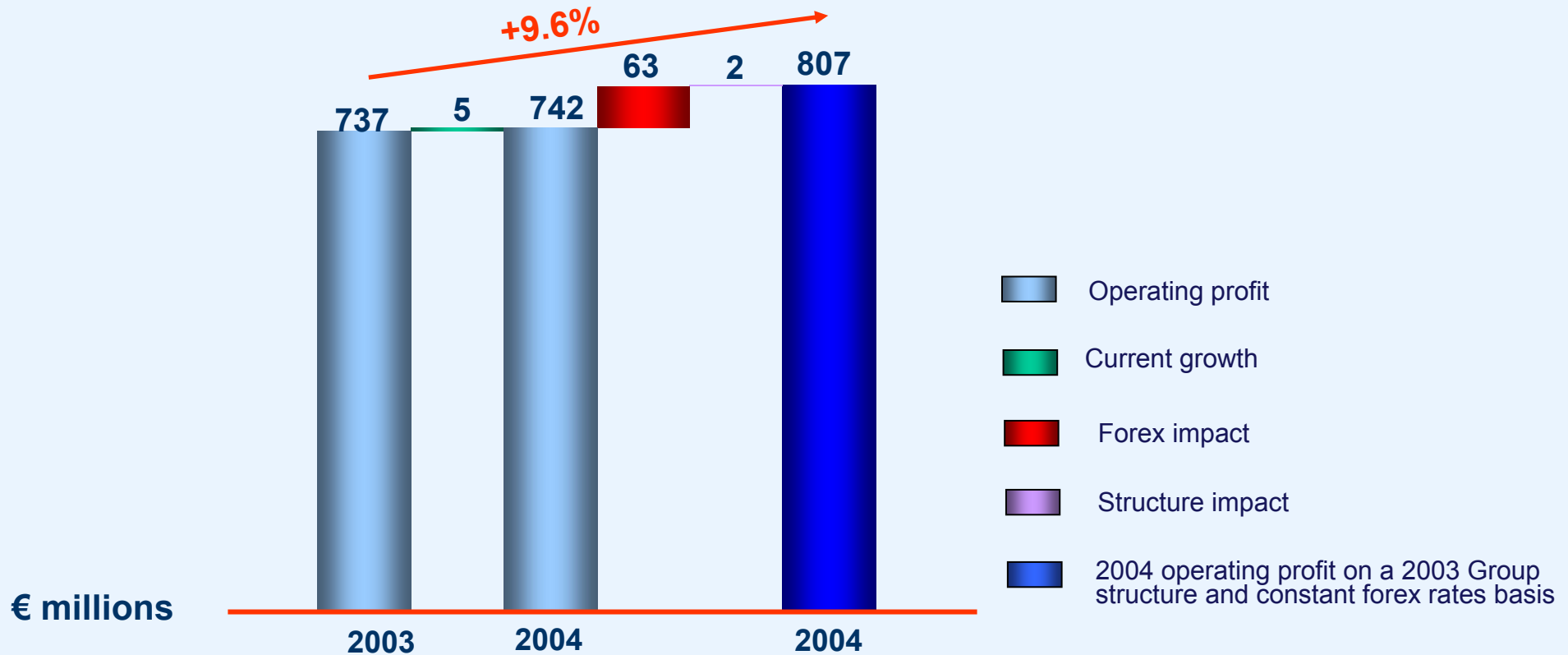
△ Structure costs* - 1.4%

* organic growth



Progression of W&S operating profit

- Remarkable year of high operating profit organic growth combined with a significant increase in Advertising & Promotion investments



Forex impact on W&S operating profit

- Operating profit growth adversely affected by a strong forex impact accentuated by a pincer impact:
 - Production and operation costs in countries with currencies having appreciated
 - Sales in countries with currencies having depreciated

	Forex impact	% / 2003
Net sales	(108)	- 3.2%
Operating profit	(63)*	- 8.6%
* comprising :	(€ millions)	
\$US (= 50% of total)	(29.6)	
Asian currencies	(11.9)	
\$AUS	(10.7)	
South American currencies	(7.7)	
Other currencies	(3.5)	

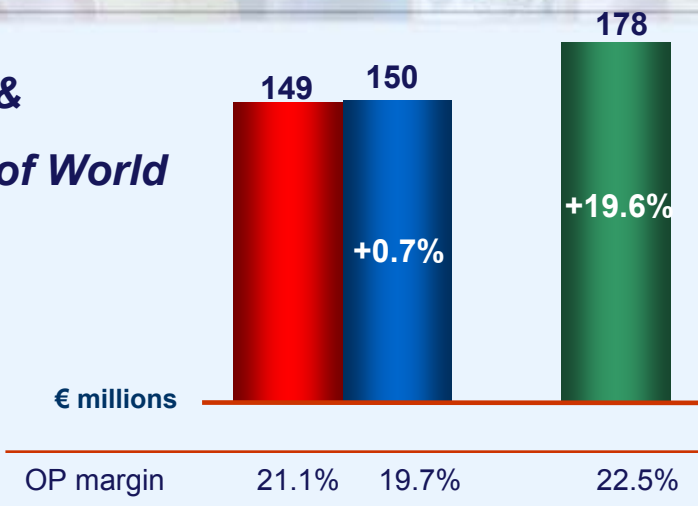


- **Success of sales in Asia and in the Americas \Rightarrow growing exposure to USD and other related currencies (Chinese Yuan, Malaysian Ringgit)**
- **Variation $\text{€}/\text{USD}$ & related currencies = +/- 4 M€ on full year operating profit**
- **Additional hedging options in place for H1-2005**
- **Based on present forex outlook, total impact = (15-20) M€ in H1-2005**

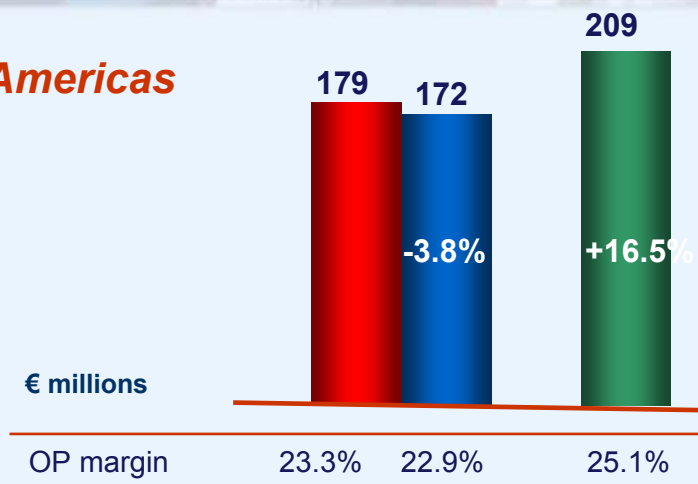


W&S operating profit and margin by region

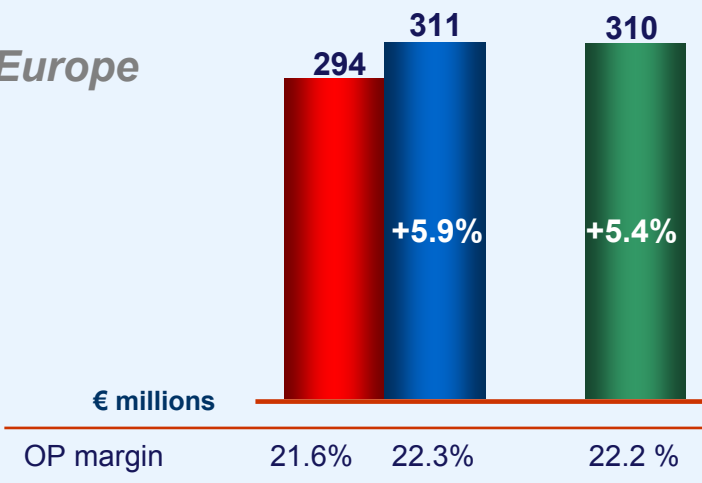
Asia & Rest of World



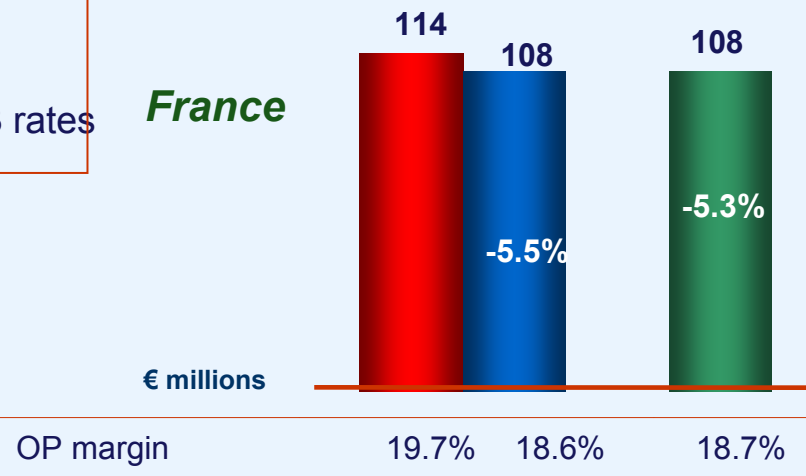
Americas



Europe



France





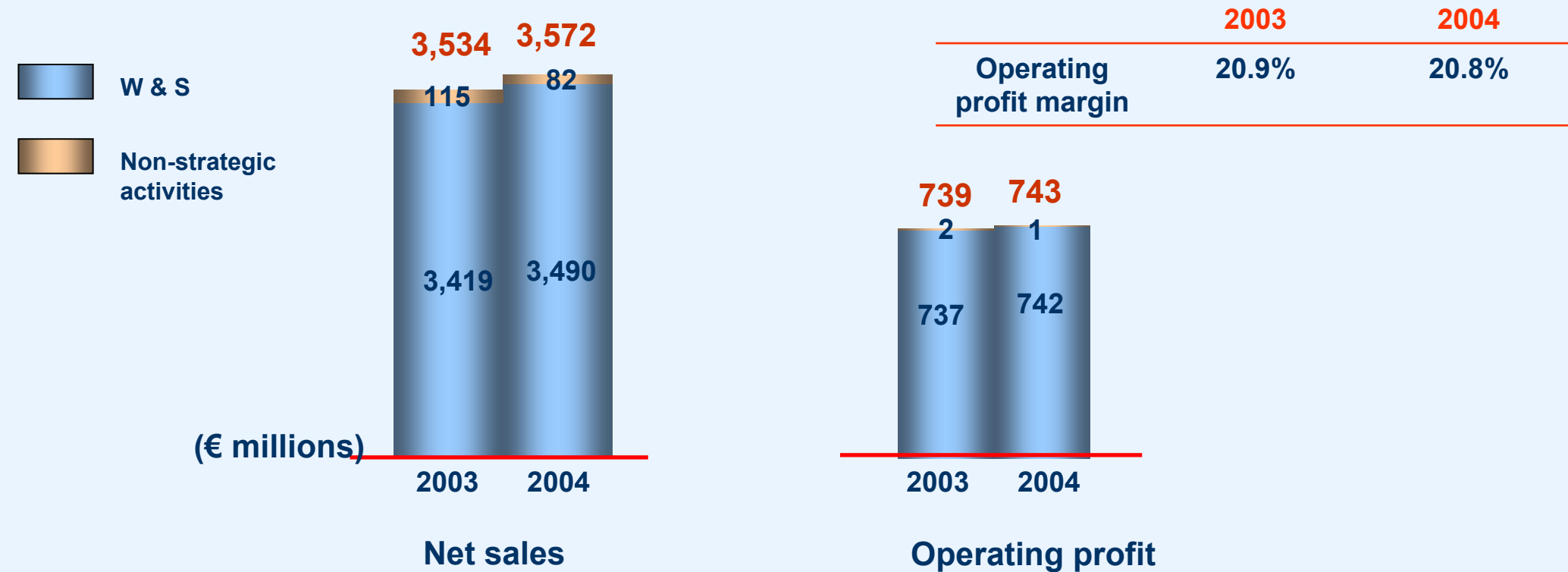
Consolidated results



Consolidated results

Operating profit

- Non-strategic activities further reduced



Consolidated results

Net finance cost

(€ millions)	2003	2004	% change
Finance charges	(96)	(77)	-19%
Net foreign exchange loss	(7)	(2)	n/a
Dividends received & other ⁽¹⁾	1	(10)	n/a
Net finance cost	(102)	(89)	-12%

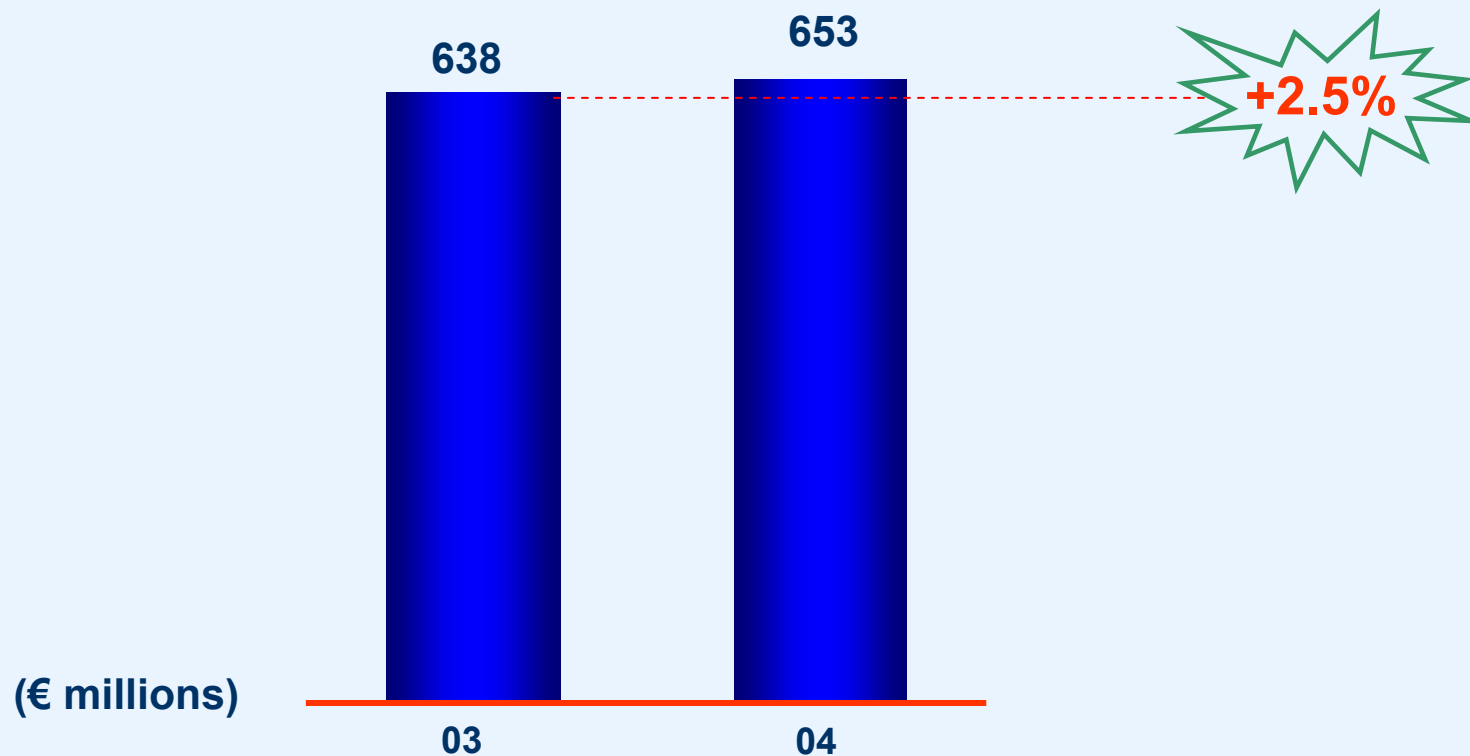
- Disposal in August 2003 of remaining Société Générale shares
2003 dividend income: € 7 million
2004 dividend income: 0
- Average cost of debt financing decreases
to 3.5% from 3.7%, including Océane
- Percentage of fixed or capped rate debt at 31 December 2004 = 85%



Consolidated results

Profit before tax

- Improvement in profit before tax despite adverse foreign exchange impact

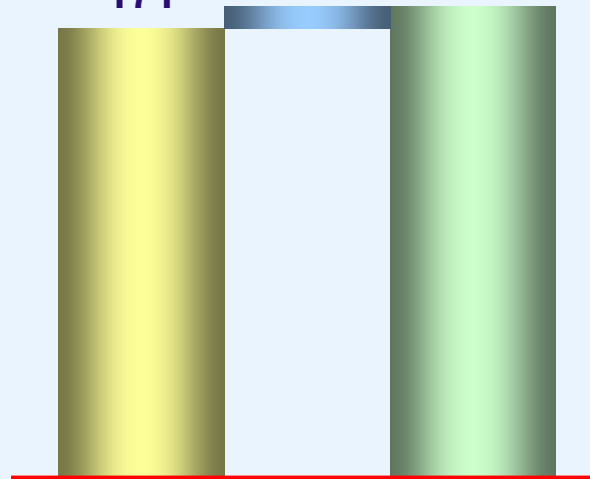


Consolidated results

Income tax

Total income tax: € 179 million

171 8 179



Ordinary activities tax



Exceptional activities tax



2004 total income tax

(€ millions)

**Income tax rate on
ordinary activities : 26.2%**



Consolidated results

Net current profit

(€ millions)	2003	2004	△	2004 at 2003 forex rates	△
Profit before tax	638	653	+ 2.5%	714	+ 11.9%
Ordinary activities tax	(166)	(171)	+ 3.1%	(187)	+ 12.6%
Minority interest and income from associates	(8)	(8)	-	(9)	-
Net current profit	464	474	+2.2%	518	+ 11.6%



Consolidated results

Net exceptional income

(€ millions)	2004
Disposal of assets and other exceptional items*	58
Restructuring charges	(22)
Net exceptional income	36

* Additional Orangina disposal	33
Other net gains on disposals	20
Various items incl. provision reversals	5



Consolidated results

Group net profit

- Sustained growth of Group net profit

(€ millions)

	2003	2004	% change
Profit before tax	638	653	+2.5%
Net exceptional income	60	36	-39%
Income tax	(168)	(179)	+6.9%
Acquisition goodwill amortisation	(58)	(15)*	-75%
Other	(8)	(8)	-
Group net profit	464	487	+5.1%
<i>* recurring amount</i>			
Earnings per share non diluted (€)	6.58	6.95	+5.6%



Consolidated results

Consolidated Cash Flow Statement (1 of 2)

- Change in WCR affected by non-recurring tax impacts
- Evolution of operating WCR in accordance with indicated trends

(€ millions)	2003	2004
Net profit bef. minority interest adjusted for income from associates	471	495
Fixed assets depreciation	108	100
Net capital gains on fixed assets disposals	(136)	(61)
Provisions for contingencies, brands and goodwill amortisation	37	(15)
Change in operating WCR	(43)	(58)
Change in non-operating WCR and deferred taxes	48	(7)
Net capital expenditures	(103)	(77)
Free Cash Flow	383	377



Consolidated results

Consolidated Cash Flow Statement (2 of 2)

- Financial investments
 - Buyback of Pernod Ricard shares: (€ 101) million
 - Balance of receivables relating to the non-strategic assets and other disposals: € 95 million
- Foreign exchange impact: appreciation of €/US\$: 7.8%

(€ millions)	2003	2004
Free Cash Flow	383	377
(Financial investments) /divestments + structure impact	288	(6)
Cash dividends (including withholding tax)	(122)	(151)
Foreign exchange impact	133	45
<i>Decrease in net debt</i>	682	265
Net debt at 31 December year-end	2,109	1,844



Cash dividend

	Dec. 2002	△	Dec. 2003	△	Dec. 2004
Cash dividend proposed (€)	1.80	+ 8.9%	1.96	9.2%	+2.14 ⁽¹⁾
Distribution rate*	29%		30%		32%**

* Dividends/Group net current profit

** Pro-forma payout ratio

(1)

Instalment 1	€ 0.98	Paid in:	11 January 05
Instalment 2	€ 1.16	To be paid in:	7 June 05

- **Growth in cash dividend paid during the 12 months of 2004**
⇒ reflects the performance of the 12 first months of fiscal period
- **Balance to be paid after approval by the General Meeting (10 November 2005)**



2005 1st Half-Year outlook

The sales and margin drivers should continue to generate sustained organic growth in the coming months

These are:

- A portfolio of Premium brands,
- A position as leader in countries with great potential,
- The strength of our global network,

Growth guidance for the first six months of 2005 will be published on 9 May next (Sales for 1st quarter 2005)







Appendices



2004 net sales

Volumes

Volumes 2004/2003	Millions of cases	Δ
Chivas	3.3	+12%
Jameson	1.7	+10%
The Glenlivet	0.4	+9%
Havana Club	2	+7%
Martell	1.2	+7%
Amaro Ramazzotti	1.2	+6%
Jacob's Creek	7.1	+5%
Clan Campbell	1.6	+4%
Wild Turkey	0.8	+3%
Seagram's Gin	3.3	+0%
Ricard	6	-3%
Pastis 51	1.8	-6%
Total	30.3	+3%
Total Spirits	51.6	+2%
Total Brand Wines	14.2	+1%



2004 results

Wine & Spirits Income Statement (condensed)

(€ millions)	2003	2004	% Change	2004*	% change*
Net sales EDT	3,419	3,490	+ 2.1%	3,598	+ 5.2%
Gross profit	2,276	2,331	+ 2.4%	2,434	+ 7%
Distribution costs	(145)	(143)	- 1.4%	(146)	+ 0.4%
Advertising & Promotion costs	(734)	(787)	+ 7.3%	(811)	+ 10.5%
Structure costs	(660)	(659)	- 0.2%	(672)	+ 1.8%
Operating profit	737	742	+ 0.7%	805	+ 9.3%

* constant forex rates basis



Condensed Income Statement (1 of 2)

(€ millions)	2003	2004	% change
Net sales (excluding duties and taxes)	3,534	3,572	+ 1.1%
Gross profit	2,304	2,351	+ 2.1%
Distribution costs	(149)	(148)	- 0.8%
Advertising & Promotion costs	(740)	(791)	+ 7%
Contribution after Advertising & Promotion	1,415	1 412	- 0.2%
Structure costs and other income and charges	(676)	(670)	- 1%
Operating profit	739	743	+ 0.5%
Net finance cost	(102)	(89)	- 12%
Profit before tax	638	653	+ 2.5%



Condensed Income Statement (2 of 2)

(€ millions)	2003	2004	% change
Profit before tax	638	653	+ 2.5%
Net exceptional income	60	36	- 39%
Income tax	(168)	(179)	+ 6.9%
Income from associates	0	0	-
Acquisition goodwill amortisation	(58)	(15)	- 75%
Net profit before minority interest	472	496	+ 5%
Minority interest	(8)	(8)	+ 2.6%
Group net profit	464	487	+ 5.1%
Group net profit from ordinary activities*	464	474	+ 2.2%
Earnings* per share (non-diluted) (€)	6.58	6.75	+ 2.7%

* Profit before tax adjusted for related income tax, income from associates and minority interest



Consolidated Balance Sheet (condensed)

Assets (€ millions)	2003	2004	Equity and Liabilities (€ millions)	2003	2004
Property, plant and equipment and investments	994	895	Equity	2,756	2,976
Intangible assets and acquisition goodwill	2,155	2,111	Provisions	519	449
Working capital requirements	2,235	2,263	Oceane bond	508	518
Total	5,384	5,269	Net indebtedness	1,601	1,326
			Total	5,384	5,269



2004 forex impact

Currencies		Average rate 2003	Average rate 2004	△ Average rate 2004/2003
US Dollar	\$US	1.131	1.234	- 9%
Pound Sterling	£UK	0.692	0.679	+ 2%
Thai Bath	TNB	46.91	49.92	- 6%
Venezuelan Bolivar	VEB	1.812	2.228	- 23%
Australian Dollar	\$AUS	1.738	1.703	+ 2%
Japanese Yen	YEN	131.0	134.4	- 3%

Year-end rate	2002	2003	2004
€/\$US	1.049	1.263	1.3621



Calculation of number of shares

	31 Dec. 2002	31 Dec. 2003	31 Dec. 2004
Number of shares issued	70,484,081	70,484,081	70,484,081
Dilutive effect - Océane + stock options	5,885,623	5,972,282	6,322,092
Share buyback ⁽¹⁾	-	-	(357,130)
	76,369,704	76,456,364	76,449,044

⁽¹⁾ Buyback of 1 million share pro-rated on a time basis

