



# **INSPIRING ACTION**



Pernod Ricard  
*Créateurs de convivialité*

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P E R N O D  
**M A R T I N**  
 R I C A R D  
**S C H O E L L E R**  
 C H O O S E S

Considered a master of contemporary photography, Martin Schoeller is known for his close-up portraits, shot in strong, almost harsh lighting. Born in Munich (Germany), Martin was influenced from a young age by the extraordinary work of August Sander, a photographer who is renowned for his portrait work of the poor, the working class and the bourgeoisie of early 20<sup>th</sup> century Germany. Later, he discovered, and was influenced by, the work of Bernd and Hilla Becher, founders of the famous Becher school. As a freelance photographer, he wandered the streets looking for people to photograph. The visual force of his portraits, rapidly won him attention from the most iconic publications, including *Rolling Stone*, *Esquire*, *Vogue*, *Vanity Fair* and *W*. In 1999, he joined Richard Avedon as staff portraitist at *The New Yorker*. Over the years he has taken thousands of photographs of celebrities as well as of "ordinary" people, all of whom he photographs in the same way, his signature style: extreme close up portraits. Through his photographs, Martin seeks to document the "human essence" and to depict his subjects in the most "honest" way

With so many people from around the world, there was no shortage of things to talk about: their lives, their countries, their jobs. And they taught me a new word: *convivialité*!

possible. Each year since Pernod Ricard was established in 1975, we have given a selected artist *carte blanche* to create a compelling image for the cover of our annual report. From the French sculptor César (1991) to the Scottish painter Bruce McLean (2000), eclecticism has

been the order of the day. Since 2009, our art campaigns have focused on the use of striking photographic images to capture the essence of Pernod Ricard; our employees, who serve as models for the artist, are treated to an extraordinary experience marked by *convivialité*, sharing and dialogue. For this 42<sup>nd</sup> edition of our annual report, Martin Schoeller has produced a series of 18 powerful images, offering an unfiltered look at the faces of Pernod Ricard. Schoeller steps

outside the conventions of portraiture by using identical lighting, framing and angles to explore the intriguing depths of each employee's gaze. Counterintuitively, he has succeeded in both revealing the unique and rich personalities of each of the 18 employees, and at the same time, the shared spirit of commitment to Pernod Ricard's vision – to become true "Créateurs de convivialité"! They form the faces of "Inspiring Action" by Pernod Ricard.

In these pages you'll discover 18 portraits taken during a shoot in New York. They will also be exhibited at Paris Photo, 9-12 November 2017. Pernod Ricard will be giving away 1,000 tickets to the event, which is the world's largest international art fair dedicated to photography.



For more information:  
[www.pernod-ricard.com](http://www.pernod-ricard.com)





• Message from the Chairman & Chief Executive Officer •

CHANGE  
**ALEXANDRE**  
 TO STAY  
**RICARD**  
 THE COURSE

**T**his coming year sees the long-awaited return of the *Grand Prix de France* to the Circuit Paul Ricard, the track built by my grandfather in 1970. It was there that I watched the epic duel between Alain Prost and Ayrton Senna in 1988. As I remember, they were neck and neck right up until the pit stops to change tyres. Senna's crew was a crucial 3 seconds faster than Prost's, enabling Senna to take the lead on lap 37. With over half the race left to run, and driven by his innate will to win, Prost radically changed his approach and the "Professor" became more daring and assertive at every turn, clocking the fastest time of the race on lap 45. Prost kept pushing Senna, observing every slight mistake made by his opponent until Senna hesitated while overtaking a straggler and Prost pounced, brilliantly cutting through and overtaking both cars on lap 61. The rest, as they say, is history.

This story perfectly sums up the situation we're facing at the moment. To stay the course in today's challenging environment, a company needs to stay true to its DNA and at the same time, be prepared to change its ways of working.

In 2015, I laid out our roadmap as I saw it, one with which we would achieve our medium-term objective of accelerating our top line growth to reach 4 to 5% and delivering operating leverage. Today we are in the process of achieving this goal, delivering solid and improving results year after year.

Our vision is clear: we aspire to be "Créateurs de convivialité". Our entrepreneurial culture, the exceptional commitment of our people, our portfolio of premium brands and our value creation strategy are all invaluable assets that we aren't about to change. They are our DNA. Changing our ways of working to win the race is more about re-evaluating our attitude and our collective way of embracing the changes. The Pernod Ricard "mindset", as I call it, is what will make us more agile and proactive.

For two years now, we have reviewed our priorities by focusing on our "Four Essentials", namely Operational Excellence, Talent Development, Sustainability & Responsibility, and Route-to-Market/Consumer, as well as on our "Four Accelerators" of Portfolio Management, Digital Acceleration, Innovation and Premiumisation & Luxury. We have reviewed the organisation of three of our key markets, the United States, China and Travel Retail, and restructured them with only one goal in mind: the consumer. We have also set in motion numerous performance improvement projects – for example, the "operational excellence plan" that we launched last year. September 2017 saw the opening of the first Pernod Ricard university campus, which is dedicated to enriching the Group's "Mindset" with our broad spectrum of talents. The 6,500m<sup>2</sup> site is set in the 170-hectare park of the *Domaine de la Voisine*, which was bought by my grandfather in 1954.

While the race is far from won, this year's results are solid proof that we have made the right strategic choices. We are growing faster and more diversely, thanks to the effective implementation of our strategic model and the operational changes we have made. There is no doubt in my mind that we can continue to expand our horizons. With this vision for the future, our teams are engaged to take on four challenges: win in key markets – the USA, China, India and Travel Retail; build "passion" brands; fund our journey more efficiently to enable us to finance our ambitions; and strengthen our performance culture with each and every colleague from around the world. This is the roadmap that I will continue to follow with confidence and determination.

As an organization we have reached an inflection point in our race, our Lap 45. We will keep up the pace and continue reinventing our ways of working, to stay the course and ultimately win the race. This, in essence, is the story told in the pages of this annual report. I hope that you enjoy reading it.

# #365 DAYS ON THE GROUND WITH ALEXANDRE RICARD

In order to stay connected with our employees, and interact and share with our communities and our partners... I spend nine months out of the year out on the ground, travelling all over the world.

**ALEXANDRE RICARD**  
Chairman & Chief Executive Officer

[in](#) [ig](#) [fb](#) @alexandricard

Alexandre Ricard maintains his own social media accounts. Follow him on LinkedIn, Instagram and Facebook.

## THE "BAL JAUNE" HONORS CLÉMENT COGITORE

The 18<sup>th</sup> annual Ricard Foundation Prize that took place at the Salomon de Rothschild Hotel in Paris in the presence of the French Minister of Culture, Ms Audrey Azoulay, was awarded to Clément Cogitore. Cogitore, who has been cited as the most representative artist of France's emerging art scene in 2016, had one of his works of art purchased by the Group and, in turn, lent to the Centre Pompidou where it will be on exhibition.

#Fiac #Friends #Ricard #France



SEPTEMBER 2016

## MEDIA TOUR IN NEW YORK CITY



Interview on the Fox Business channel to talk about our annual performance and prepare a #martini live on camera! #bestjobintheworld.

#Digital Acceleration #Convivialité #Consumer Centric #USA

OCTOBER 2016

## PREPARING FOR THE CHINESE NEW YEAR



A reunion with the Pernod Ricard China staff in Shenzhen to prepare for the Chinese New Year, a critical business opportunity for our Asian workforce.

#RTM-C #CNY #China

NOVEMBER 2016

## INDIA ROLLS OUT THE RED CARPET



Reviewing our business performance with our teams in the Group's second largest market; followed by a tour with the Operations Division staff of Pernod Ricard India's Nashik distillery. Their hospitality is something to behold!

#Operational Efficiency #India

NOVEMBER 2016

DECEMBER 2016

## NEW YORK ABSOLUT ELYX POP-UP STORE AND USA MEDIA TOUR



Inauguration of the Absolut Elyx pop-up in Bryant Park to kick off the start of the holiday season and the annual Christmas Party at Pernod Ricard USA with around sixty journalists for a review of the market.

#Route-to-Market/Consumer #USA #Big Bets #Innovation #USA

## OPN MAKES A SPLASH IN LAS VEGAS

Opn, the world's first connected cocktail library, was developed by the Breakthrough Innovation Group (BIG) – an in-house start-up dedicated to finding disruptive innovations. Opn made its public debut at the Consumer Electronics Show in Las Vegas (USA), which attracted more than 170,000 visitors.

#BIG #CES #Convivialité #USA

JANUARY 2017

## CUBA LIBRE



Celebrating the 10<sup>th</sup> anniversary of the world's largest aged rum distillery in San José de las Lajas, Cuba. The design of this exceptional, modern facility, which complies with the most stringent environmental standards, was overseen by Don José Navarro, Havana Club's Primer Maestro Ronero.

#Tradition #Operational Efficiency #Celebration #Cuba

## SMOOTH AMBLER, A NEW CRAFT SPIRIT FOR OUR PORTFOLIO



As the new majority shareholder in Smooth Ambler Spirits Co., an up-and-coming distillery based in West Virginia (USA), we're reaffirming our strategy of partnering with promising brands and entrepreneurs who share our passion for authenticity and high quality – such as Smooth Ambler's Old Scout Single Barrel Bourbon, which was recently crowned the World's Best Single Barrel Bourbon at the World Whiskies Awards, sponsored by *Whisky Magazine*.

#Active Portfolio Management #M&A #USA

in @alexandrerocard

## ERASMUS RESPONSIBLE PARTY



Off to Brussels with Christian Porta, Chairman and CEO of Pernod Ricard EMEA/LATAM, to renew our partnership with the Erasmus Network's Responsible Party project for the 7<sup>th</sup> consecutive year. Since 2010, Responsible Party has expanded to 32 countries and has hosted nearly 500 "responsible parties" throughout Europe, spreading its message of convivial – and therefore responsible – drinking to 330,000 students.

#Millennials #Responsible Drinking #Belgium

**330,000**

STUDENTS REACHED TO RAISE AWARENESS OF THE IMPORTANCE OF "CONVIVIAL" DRINKING IN 32 COUNTRIES

## NEW ZEALAND, A VISIT TO OUR STAFF AFFECTED BY THE EARTHQUAKE



In the wake of the violent earthquake that struck near Christchurch on the country's South Island, the current priority for our staff from Pernod Ricard Winemakers, alongside with our local communities, is to assess the damage and focus on rebuilding our vineyards. Commitment and courage.

#S&R #Supporting Local Communities #Mindset #New Zealand

JANUARY 2017

## LONDON ON BLOOMBERG TV



A live interview in London on Bloomberg TV to talk about our half-year results. Despite an unstable environment, we expect to continue improving our annual performance, in line with the roadmap we announced to the markets in 2015. Our objective for 2016/2017: an organic growth in Profit from Recurring Operations between 2% and 4%.

#Performance #England

FEBRUARY 2017

MARCH 2017

## BUSINESS UPDATE WITH OUR TEAMS IN NEW YORK



An opportunity to talk with Pernod Ricard North America CEO Paul Duffy and the New York staff.

#USA #New Organisation #Performance #USA

APRIL 2017

## #TOKYO, GARDEN OF EDEN

L'Eden by Perrier-Jouët returns to Tokyo – a proven success story for digital art. With this new edition of L'Eden by Perrier-Jouët, digital art was the primary medium for the artwork commissioned especially for the event.

#Luxury #Building Passion Brands #Japan

## SUMMER PARTY AT THE CENTRE POMPIDOU



Celebrating 20 years of patronage of the Centre Pompidou, Pernod Ricard's annual evening event brought together 2,000 employees, partners and clients on the Centre Pompidou's Paul Ricard Terraces. Proud to support cutting-edge artists.

#20 years #Patronage Centre Pompidou #Summer Party #Convivialité #France

JUNE 2017

## RESPONSIB'ALL DAY: "LET'S LIVE TOGETHER, BETTER"

7<sup>th</sup> annual Responsib'ALL Day, 103 community initiatives led by 18,442 employees across the globe: "Créateurs de convivialité" determined to "live together, better".

#S&R #Supporting Local Communities

## BIENVENIDOS EN LA FAMILIA DEL MAGUEY



Following the acquisition of a majority stake in the high-end mezcal Del Maguey Single Village, this new Prestige product is joining the Pernod Ricard fold. A leading producer of artisanal mezcal, it is also the number one brand in its category in the United States.

#Active Portfolio Management #M&A #USA

## CHIVAS VENTURE SINGLES OUT SOCIAL ENTREPRENEURS



The third edition of the Chivas Venture competition awarded a total of USD 1 million to innovative start-ups whose projects were designed to create a better world. Congratulations to the 2017 winner Neil Peetchai Dejkrasak, a social entrepreneur from Thailand who developed Jasberry, a new organically grown rice. His mission: end poverty among small-scale farmers by giving them access to the global agricultural market.

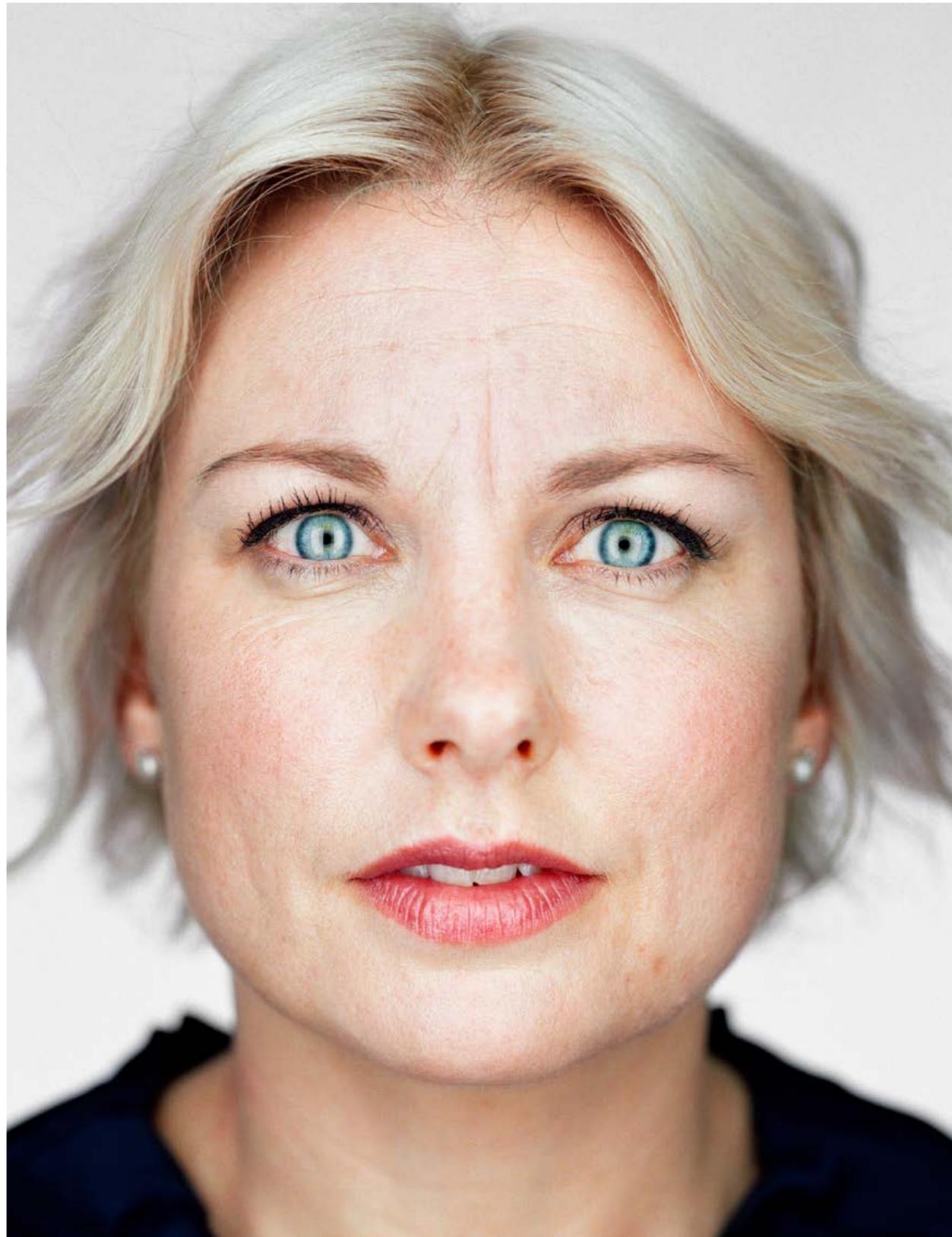
#Brands #Positive Impact #Building Passion Brands #Entrepreneurship

JULY 2017

## FIRST BIRTHDAY CANDLE FOR TAKE OFF AT THE INSTITUT OcéANOGRAPHIQUE PAUL RICARD

Launched in 2016 to coincide with the 50<sup>th</sup> anniversary of the Institut Océanographique Paul Ricard, Take OFF, a scientific sponsorship project aimed at supporting young researchers working to preserve our oceans, celebrated its first anniversary. The event was hosted by Patricia Ricard and included numerous representatives from the scientific world, major institutions and the community at large, all of whom are committed to protecting the world's oceans. Organizers announced that the first "Bal Bleu" would be held in Deauville on 26 August 2017, with support from the Barrière Groupe.

#S&R #Sponsorship #IOPR #France



**ELNA NORDSTRÖM**

Product Development Manager

THE ABSOLUT COMPANY  
SWEDEN

# **HOW WE CREATE VALUE**

**Pernod Ricard is committed to creating long-term value through a lasting partnership with all of its stakeholders.**

# THE PERNOD RICARD MINDSET...

Pernod Ricard's success is rooted in the exceptional commitment of its 18,442 employees, whose energy and talents embody the Group's values and enliven its culture. Their commitment is the result of a winning mindset, the Pernod Ricard Mindset. This truly competitive advantage is what provides the Group the speed and agility it needs to achieve success in an increasingly volatile environment.



# ...MAKING OUR EMPLOYEES OUR PRIMARY GROWTH DRIVER

## ENTREPRENEURIAL SPIRIT

Our founders instilled a spirit of entrepreneurialism at the heart of Pernod Ricard's identity and decentralised model, which continues to guide each of our affiliates today. The Pernod Ricard Mindset is marked by independence, initiative, boldness and an appetite for risk. It combines the mentality of a start-up with the institutional strengths of a large company that provides resources, overall coherence and strategic alignment to sustain it.

## A MODEL

### DECENTRALISATION

We are committed to maintaining our affiliates' operating autonomy, based on the principle of subsidiarity. This policy ensures that decisions can be made as closely as possible to each market and that we can respond more quickly to customer and consumer needs. "Our products are distributed by our men and women." Patrick Ricard

## MUTUAL TRUST

Trust provides a stable base for a dialogue that is simple, honest and direct. It gives employees the freedom to launch initiatives, confident of support from their managers, and it ensures their right to fail and learn from that experience as well. This mutual trust, closely intertwined with the principles of decentralisation and entrepreneurialism, is key to the Group's success.

## A STRONG SENSE OF ETHICS

Mutual trust is impossible without respect and transparency. We strive to ensure that every employee has a positive relationship with all stakeholders, whether shareholders, customers, consumers, colleagues, suppliers or competitors, and that they comply with our social and environmental commitments. Those commitments are conveyed through the policies and procedures set out in the Pernod Ricard Charter and in our Code of Business Conduct and Commercial Code of Communications.

## AN ATTITUDE

### CONVIVIALITÉ

Our decentralised organization and our three cardinal values achieve their full potential when they are animated by a spirit of *convivialité*, Pernod Ricard's trademark to accomplishing its goals. Such single-minded dedication to a mission at every level of the company is what gives Pernod Ricard its distinctive character as a Group. We encourage simple, direct relationships among all hierarchical levels, this openness to sharing ideas nurtures our collective commitment and promotes our vision of becoming true: "Créateurs de convivialité".

### RESULTS OF THE / SAY SURVEY (JUNE 2017)

In June 2017 we conducted our fourth biennial / SAY survey, a global opinion barometer that drew an exceptional response rate of 82%.

Source: Willis Towers Watson.



94% of our employees are proud to work for Pernod Ricard



95% wholeheartedly share the Group's values



88% say they feel a sense of commitment

### RESULTS OF THE / SAY SURVEY – SUSTAINABILITY & RESPONSIBILITY POLICY (JUNE 2017)

The results of the / Say survey demonstrated that our employees both understand and adhere to our Sustainability & Responsibility policy:



92% of our employees believe that their company is socially responsible in the community



85% of our employees declare that they are encouraged to act responsibly and to conduct their activities in line with our Sustainability & Responsibility engagements

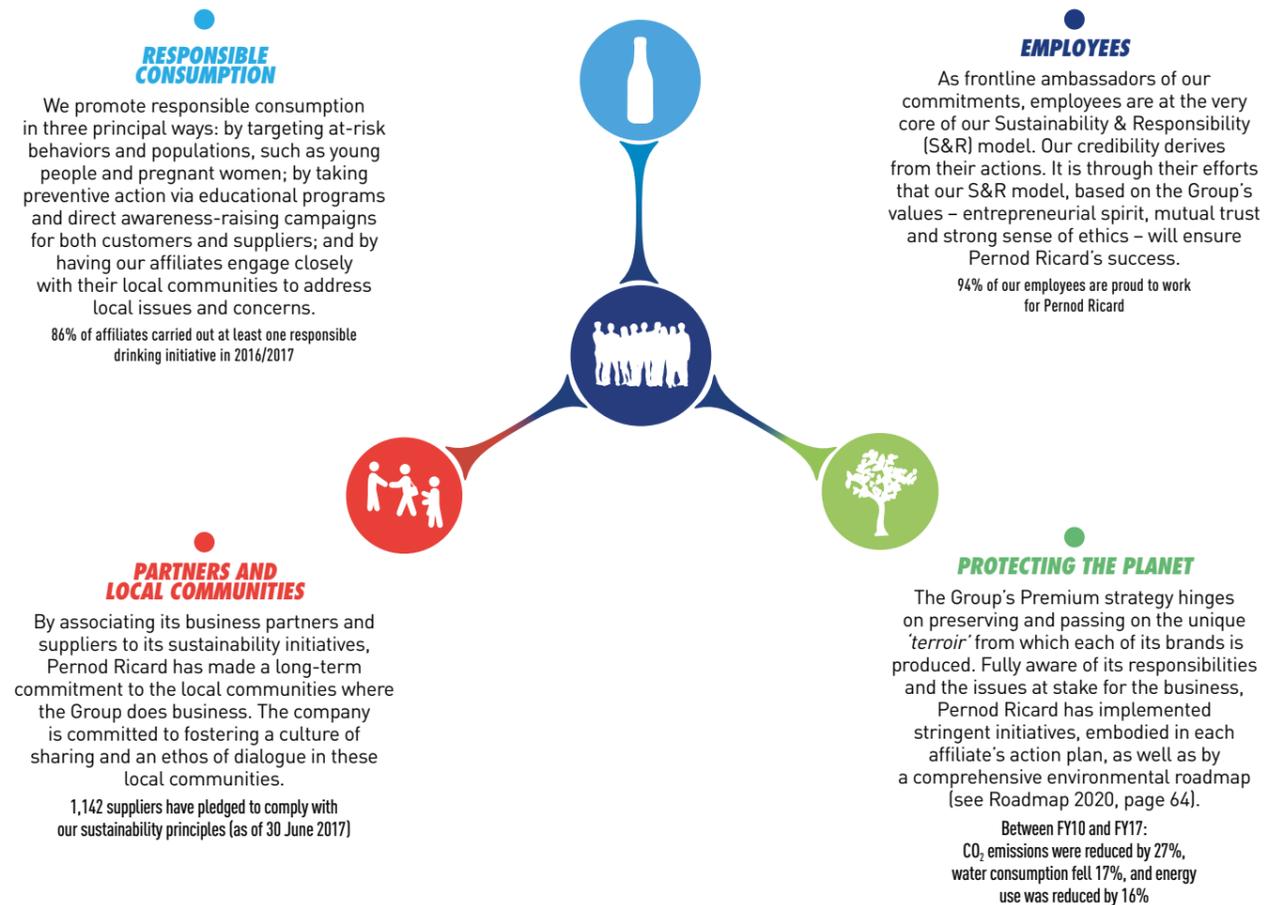


83% of our employees are well aware of Pernod Ricard's Sustainability & Responsibility model and its 4 areas of engagement

# GENERATING VALUE FOR LONG-TERM GROWTH...

Pernod Ricard has dedicated itself to striking a consistent balance between business efficiency, community well-being and protection of the environment. That commitment draws its strength from three principles: adopting an approach that is a direct outgrowth of our vision and fully consistent with our strategic model; mobilising our entire workforce to serve as front-line ambassadors of our responsible commitments; and ensuring that the Human Resources and Sustainability & Responsibility Director is represented at the highest level of the company, by serving as a member of the Executive Board and the Executive Committee.

## PERNOD RICARD HAS DEVELOPED AN S&R MODEL BASED ON FOUR AREAS OF COMMITMENT



At the eighth annual Randstad Awards ceremony, Pernod Ricard was awarded the 2017 Randstad Award, based on the results of the "Employer Brand Research powered by Randstad" survey. The poll's findings echo those of the international survey conducted by the US company Glassdoor, which compiled feedback from employees themselves. They ranked Pernod Ricard

amongst the companies offering the best work-life balance in France. The Randstad Award also recognized the Group for an array of other Group-level initiatives: the Youth Action Council (YAC) think tank, its wide range of graduate programs, the campaign to promote cross-disciplinary activity (the "80/20 rule") and its substantial investment in employee training with the creation of Pernod Ricard University's first campus (see page 70).

# ... BECAUSE SUCCESS MEANS NOTHING UNLESS IT IS SHARED

Pernod Ricard keeps an open ongoing dialogue with its stakeholders in order to best meet their expectations. Its Sustainability & Responsibility (S&R) strategy is based on identifying, understanding and prioritizing the social and environmental issues raised in that dialogue, and enhancing its ability to generate value in the short, medium and long term. We believe that value can only be generated over time if it is beneficial to all of our stakeholders. Success means nothing unless it is shared.

During the 2016/2017 fiscal year, the Group unveiled its materiality matrix – the result of a lengthy process that began with a questionnaire completed by more than 1,300 stakeholders: employees, investors, consumers, public authorities, NGOs and experts.

### A three-step methodology:

- The principal S&R issues are identified through an in-depth analysis of information provided by the S&R officers at each of the Group's affiliates.
  - External stakeholders rank the identified issues in order of priority, based on the importance of those issues to be addressed by a major company such as Pernod Ricard, and internal stakeholders rank the issues based on their current and potential impact on the Group's business activities.
  - The Executive Board thoroughly reviews and validates the matrix.
- The materiality matrix highlights the initiatives on which the Group needs to concentrate its focus. It will serve as a tool for future dialogue with stakeholders with regard to S&R strategy and the actions to be taken.



# A SINCERE COMMITMENT



**ALEXANDRE RICARD**  
Chairman & Chief Executive Officer

**T**he commitment to sustainable development is sometimes still considered a simple prerequisite: how many institutions, companies and organisations refer to their commitments when talking about their business without placing even one of those commitments at the heart of their ambition? We will only have the opportunity to create a better world together if we are truly convinced of the genuine need to integrate social responsibility as a fundamental and sincere part of our strategy.

This is what we strive to do at Pernod Ricard. Sustainable development is of vital importance as it is intrinsically linked both to our vision of being "Créateurs de convivialité", and to our ambition which results from it: leadership. It's etched in our DNA, it's a part of our history. Building consistently over time is one of the major challenges of social responsibility. That long-term vision is deeply rooted in my family, built on the heritage handed down to us by my grandfather, and it's a philosophy we try to live by on a daily basis. Just one example is the Paul Ricard Oceanographic Institute, founded more than 50 years ago. Durability, patrimony and transmission are important to us. We have no time for short-term, quick-fix solutions: we need meaning.

If we speak of a vision, of being "Créateurs de convivialité", it's because we believe that "sustainable value" can only truly exist when it's created for the benefit of all. We have a strong conviction: success tastes better when shared, which is reflected in our tagline, "let's live together, better." There can be no conviviality without sharing, and no conviviality without responsibility. Creating a positive impact in our communities and with

our partners, therein lies the challenge that I want each of our brands to take up. It's what we have named Brand Positive Impact. The Chivas Venture project embodies this perfectly, supporting social entrepreneurs with a vision to create a better world for all.

If we speak now of "ambition", of wanting to become the leader tomorrow, then we must set an example – and live by that example – today. A leader drives the sector upwards and opens the way for others. It is therefore only natural that we have placed this principle at the heart of our strategy: social responsibility is one of the 4 cornerstones of our strategic model. It is with this in mind that, in 2016, we committed to the Sustainable Development Goals laid down by the United Nations Declaration of September 2015. We encourage all our stakeholders to join us in this collective action. Our commitments are far from new, and I would like to take this opportunity to reaffirm our support for the CEO Water Mandate and the 10 fundamental principles of the United Nations Global Compact, as we pursue our objective of achieving "advanced" status.

Finally, it is not enough to be sincere, for our societal approach to be tied to our vision, our ambition or our strategy. It must, above all, be alive in the hearts of our people. They are the front-line ambassadors of our credibility: if they do not adhere to our approach, we cannot hope to convince anyone. For that reason, raising awareness among our people remains central to our commitments: promoting responsible drinking, protecting our planet and developing our local communities. I would therefore like to express my sincere thanks to each and every one of my colleagues who have made these commitments a daily reality at Pernod Ricard.

## RESPONSIB'ALL DAY 2 JUNE 2017

7<sup>th</sup> annual Responsib'ALL Day, 103 community initiatives led by 18,442 employees; real "Créateurs de convivialité" determined to "live together, better".

### #S&R #SUPPORTING LOCAL COMMUNITIES



1 Pernod Ricard China 2 Pernod Ricard Headquarters 3 Pernod Ricard Deutschland 4 Pernod Ricard USA 5 Pernod Ricard USA

# A DYNAMIC BRAND PORTFOLIO...

We have one of the most comprehensive portfolios in the market. Since its inception, Pernod Ricard has built a unique portfolio of Premium brands with international reach, encompassing every major category of wines and spirits.

A portfolio governed by our House of Brands, a dynamic management tool used to organise the portfolio into market segments based on each brand's growth potential for the most promising moments of consumption. It ensures that our resources are allocated as effectively as possible.



STRATEGIC INTERNATIONAL BRANDS



LUXURY

INNOVATION

STRATEGIC WINES



STRATEGIC LOCAL BRANDS

# ...TAILORED TO LOCAL CONDITIONS



LECERCLE

## FOR CAPTURING THE LUXURY MARKET

We are counting on our LeCercle portfolio of Prestige spirits and champagne to help us continue gaining market share in the luxury segment. These brands, targeted to an exclusive clientele, require a very specific sales and marketing strategy, one that includes a presence in the most iconic establishments, unique storytelling, and a customised consumption experience.



INNOVATION:

## OUR KEY TO FUTURE GROWTH

Historically a strategic resource for the Group, innovation is helping to ensure our future growth, through services, experiences and customised products. Each market identifies the most promising innovations on the basis of specific criteria: a value proposition for the consumer, a response to consumer needs, or market potential – with return on investment as a key factor.



STRONG,

## STRATEGIC LOCAL BRANDS

Strategic local brands are crucial: they respond to the needs of local consumers in a way that global brands cannot match. Often the leaders in their market, they ensure a strong local footprint in numerous strategic markets for the Group.



A GLOBAL MARKET

## FOR DIVERSE REGIONAL WINES

Four of our brands in this category receive priority attention. Our next challenge is to create a global market for a range of wines from multiple regions – Australia, New Zealand, Spain and the USA.

# A CONSUMER-CENTRIC STRATEGY...

# ...FOR ACCELERATED GROWTH



## 4 ESSENTIALS

## 4 ACCELERATORS

### OPERATIONAL EXCELLENCE

### PORTFOLIO MANAGEMENT

Reduce complexity & foster efficiency.  
**SEE ALSO | SUPPLY CHAIN → P.64**

Position one of our brands at each and every shared moment of celebration, rooted in local realities.  
**SEE ALSO | PORTFOLIO MANAGEMENT → P.62**

### TALENT DEVELOPMENT

### PREMIUMISATION AND LUXURY

Recruit, retain & develop diverse teams.  
**SEE ALSO | PERNOD RICARD UNIVERSITY → P.70**

Premiumize the portfolio & strengthen our position as the leader in luxury spirits.  
**SEE ALSO | L'EDEN BY PERRIER-JOUËT → P.54**

### SUSTAINABILITY & RESPONSIBILITY (S&R)

### INNOVATION

Lead the industry in sustainability & responsibility.  
**SEE ALSO | THE CHIVAS VENTURE → P.56**

Create brand experiences through new products and services.  
**SEE ALSO | ABSOLUT LIME → P.48**

### ROUTE-TO-MARKET/CONSUMER

### DIGITAL ACCELERATION

Capitalize on our many different distribution channels in order to reach all of our customers and consumers.  
**SEE ALSO | MARTELL → P.46**

Accelerate the integration of digital into everything we do.  
**SEE ALSO | TRAVEL RETAIL EMEA → P.72**

## OUR STRATEGIC MODEL EXPLAINED IN 4 POINTS

### 1. BECOME THE LEADER IN THE WINE & SPIRITS INDUSTRY

This ambition, reaffirmed by Alexandre Ricard, stems from our vision of being "Créateurs de convivialité". It serves as a call to action for all of our employees to position one of our brands at each and every shared moment of celebration – the goal being to turn that moment into an experience of *convivialité*. In achieving this goal, Pernod Ricard will inevitably become the leader of the wine & spirits industry.

### 2. PUTTING CONSUMERS AT THE HEART OF OUR STRATEGY

Today's consumers are no longer loyal to one brand, they have a repertoire of brands; they choose the products that they consume based on the moment of consumption, including when, where, how and with whom they are consuming a product. Everything we do revolves around that quest for satisfaction. Our strategic model is built on four "Essentials" which are the Group's long-time fundamentals, and leverages on four growth "Accelerators".

### 3. FOUR "ESSENTIALS" BUILT ON OUR HISTORIC FUNDAMENTALS

- Operational Excellence: streamline our procedures in order to take action more quickly and more nimbly.
- Talent Development: capitalize on our corporate culture to foster our employees' development and attract new talent.
- Sustainability & Responsibility (S&R): enlist the support of our brands to ensure long-term growth.
- Route-to-Market/Consumer: boost our brands across every distribution channel.

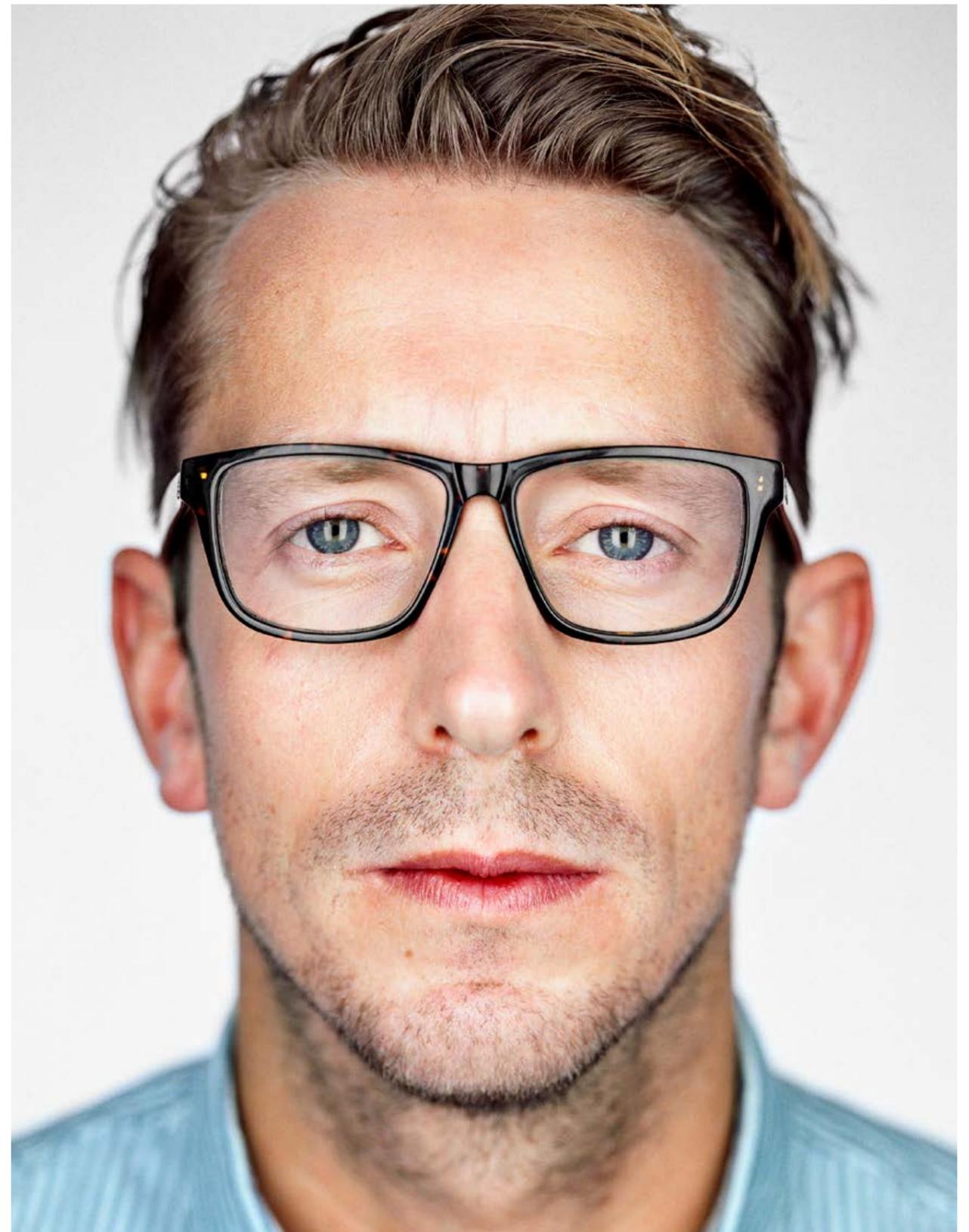
### 4. FOUR "ACCELERATORS" FOR CAPTURING GROWTH

- Portfolio Management: pair the most appropriate brand with each consumption occasion.
- Premiumization and Luxury: encourage consumers to move upmarket, and capture the luxury market.
- Innovation: develop new services, experiences and products to ensure future growth.
- Digital Acceleration: build a direct relationship with our consumers.

**#2**  
WORLDWIDE  
IN WINE & SPIRITS

**16**  
BRANDS  
AMONG THE TOP 100 WORLDWIDE  
Source: Impact Databank 2016, published in March 2017

**#1**  
WORLDWIDE  
IN PREMIUM, ULTRA-PREMIUM  
AND PRESTIGE SPIRITS  
Source: Impact Databank 2016, published in March 2017

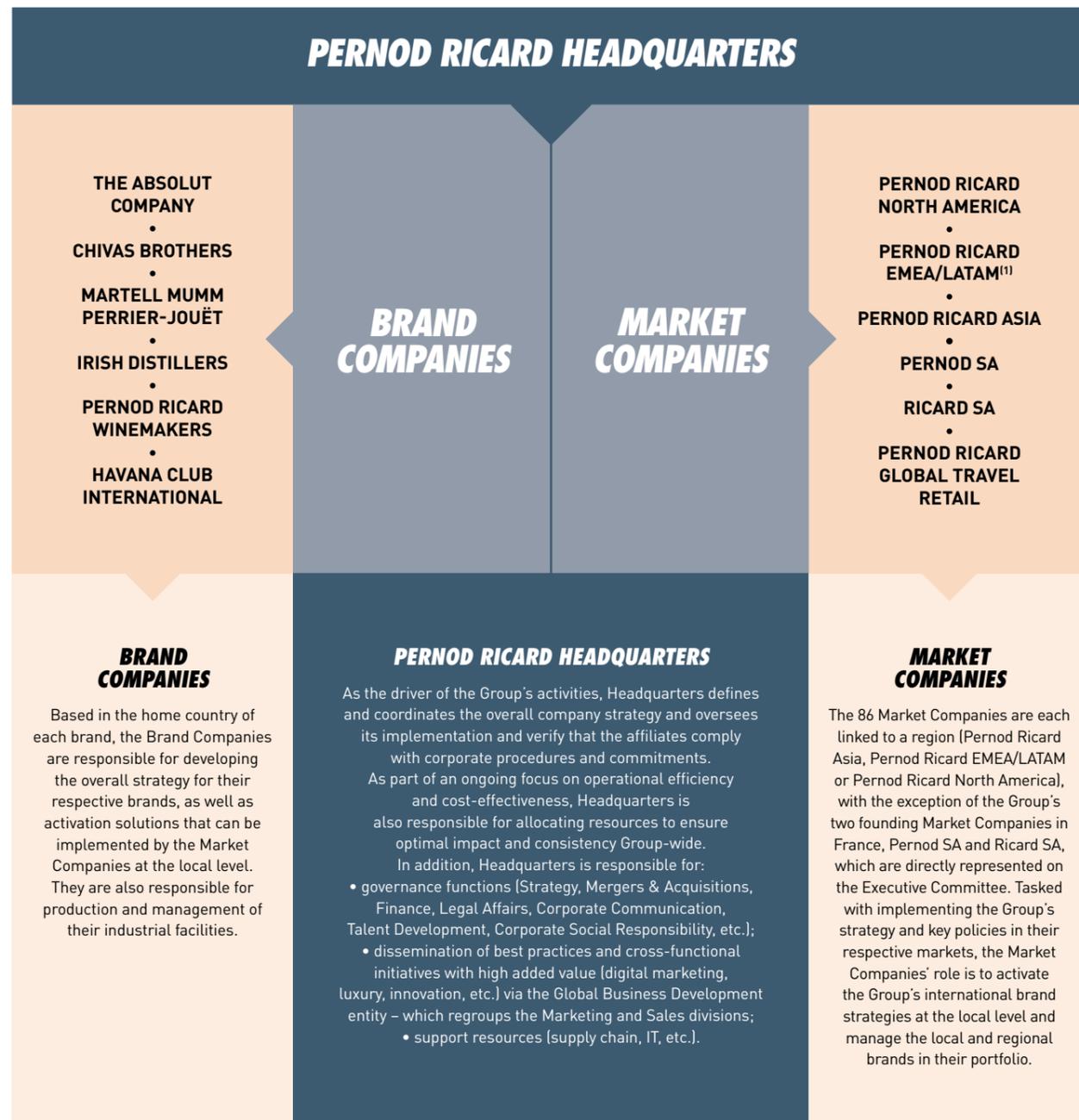


**JASON WHALLEY**  
—  
Global Senior Brand Manager, Innovation

📍  
PERNOD RICARD WINEMAKERS  
AUSTRALIA

# A DECENTRALIZED GLOBAL ORGANISATION TO REMAIN AGILE

The Group's organizational structure is based on one guiding principle: decentralization. This provides a genuine competitive advantage in that it provides the Group with greater agility and flexibility to respond more quickly to customer and consumer needs in a highly volatile environment. It also ensures that decisions are made so as to reflect local market expectations as closely as possible. Our organization is built around three components: Headquarters, Brand Companies and Market Companies.



(1) Europe, Middle East, Africa and Latin America

# AN ENTREPRENEURIAL AND RESPONSIBLE MINDSET

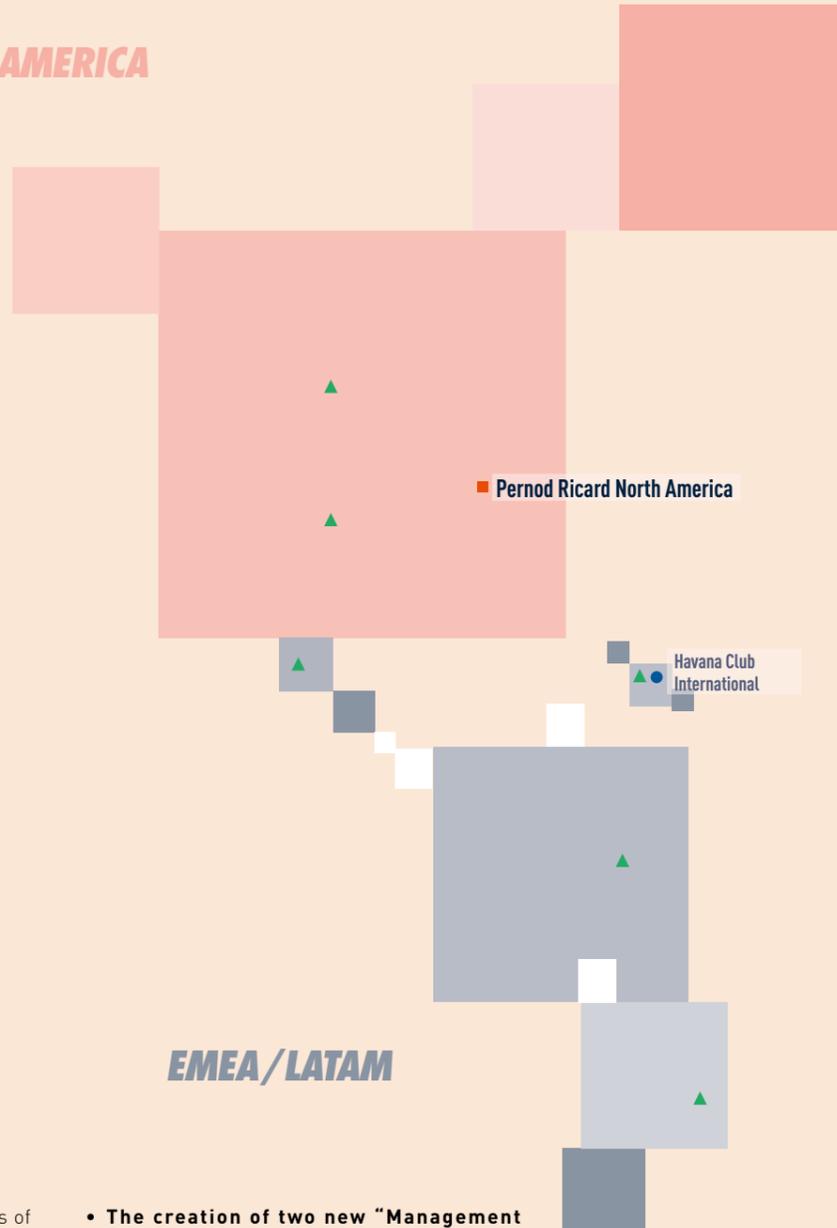
## 1975-2017: MILESTONES IN THE GROUP'S HISTORY

 <p><b>1975</b> Pernod Ricard Group established</p>	 <p><b>1988</b> Acquisition of the leading Irish whiskey producer, Irish Distillers – owner of Jameson</p>	 <p><b>1989</b> Acquisition of the Orlando Wyndham Group</p>	 <p><b>1993</b> Joint venture formed with Havana Club International</p>
 <p><b>2001</b> Acquisition of a stake in Seagram's Wine &amp; Spirits business</p>	 <p><b>2005</b> Acquisition of Allied Domecq</p>	<p><b>2007</b> Commercial Code of Communications adopted</p>	 <p><b>2008</b> Acquisition of Vin&amp;Spirit, owner of Absolut vodka</p>
 <p><b>2011</b> Launch of Responsib'ALL Day, a global annual event devoted to social responsibility in which the Group's entire workforce takes part</p>	<p><b>2012</b> Signing of five Wine &amp; Spirits industry commitments to promote responsible consumption</p>	 <p><b>2014</b> Acquisition of a majority stake in Avión Premium tequila</p>	
<p><b>2015</b> Pernod Ricard celebrates its 40<sup>th</sup> anniversary</p>	 <p><b>2016</b> – Acquisition of a majority stake in Black Forest Distillers GmbH, owner of the Super-Premium gin brand Monkey 47 – Institut Océanographique Paul Ricard celebrates its 50<sup>th</sup> anniversary</p>	 <p><b>2017</b> Acquisition of a majority stake in Smooth Ambler, producer of Premium bourbons, and in Del Maguey Single Village, the leading producer of artisanal mezcal</p>	

## PERNOD RICARD ACROSS THE GLOBE

Pernod Ricard operates in most countries of the world, primarily through its 86 direct affiliates. Our revenue distribution is equally balanced across our three regions, with 30% of our sales in the Americas, 40% in Asia and the rest of the world and 30% in Europe.

### NORTH AMERICA



#### SEGMENTATION WORLDWIDE

- EMEA/LATAM
- NORTH AMERICA
- ASIA
- REGIONS WHERE PERNOD RICARD IS NOT ESTABLISHED

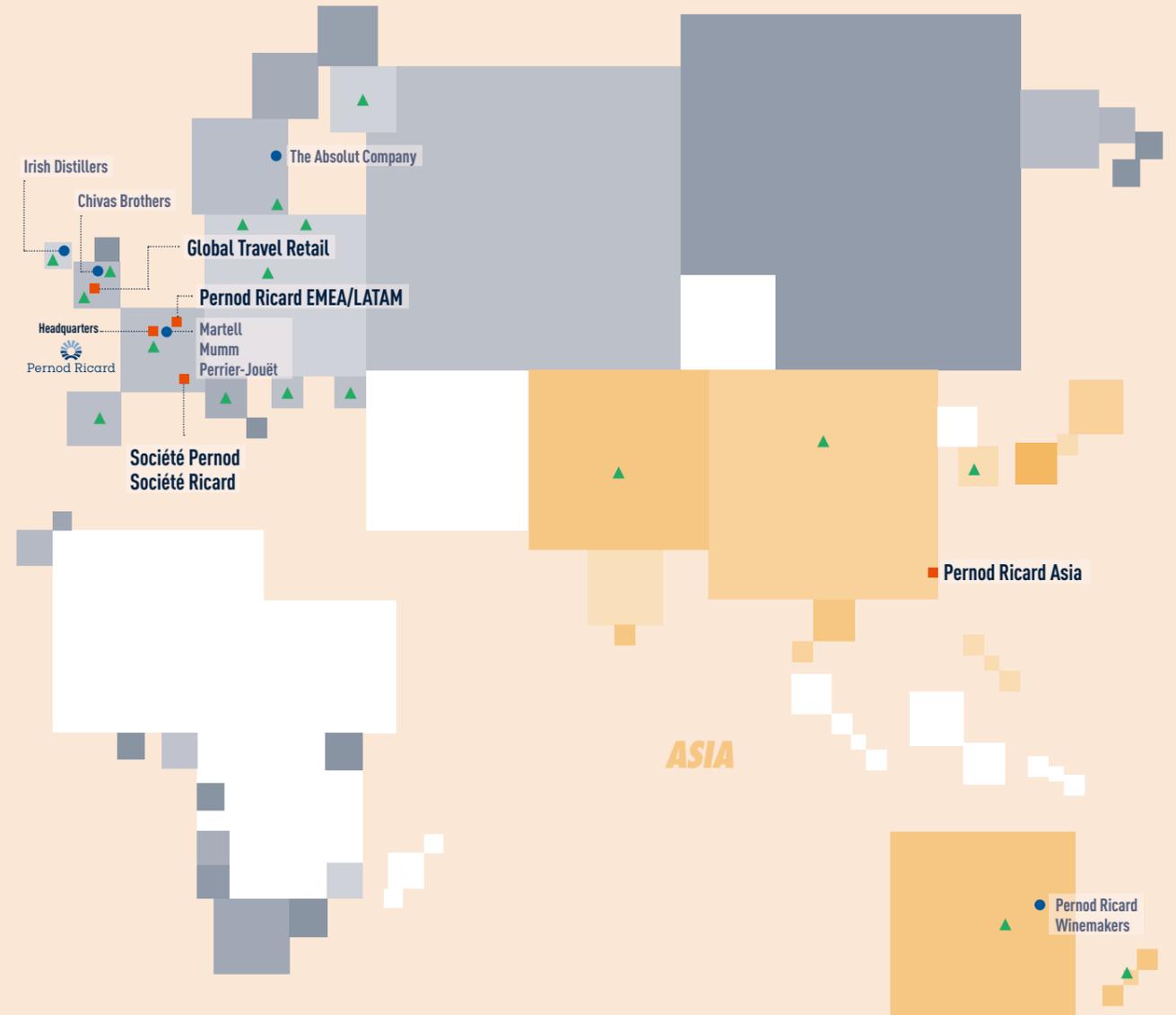
#### OUR GEOGRAPHIC SEGMENTATION

As of 1 July 2016, the geographic perimeters of the Group's regions were modified in three major respects.

- **The Pernod Ricard Americas region was simplified** to focus on its core business: the two major North American markets, the United States and Canada. Specifically, the goal of this new entity, directly represented on the Executive Committee, is to focus business efforts more intensely on its largest market, the US.

- **The creation of two new "Management Entities" within Pernod Ricard EMEA/LATAM** that will leverage the Region's expertise in emerging markets:
  - one with Mexico as Lead Market, together with Colombia, Venezuela and Peru;
  - one with Brazil as Lead Market, together with Argentina, Uruguay, Paraguay and Chile.
- **The creation of a Global Travel Retail (GTR) unit** that reports directly to Headquarters.

### EMEA/LATAM



#### HEAD OFFICES BRAND COMPANIES

Havana - Cuba / Paris - France / Dublin - Ireland / London - United Kingdom / Stockholm - Sweden / Sydney - Australia

#### HEAD OFFICES PERNOD RICARD REGIONS

New York - United States / Paris, Marseilles, Créteil - France / London - United Kingdom / Hong Kong - China

#### PRODUCTION SITES IN 25 COUNTRIES

Argentina / Armenia / Australia / Brazil / Cambodia / Canada / China / Cuba / Czech Republic / England / Finland / France / Germany / Greece / India / Ireland / Italy / Mexico / New Zealand / Poland / Scotland / South Korea / Spain / Sweden / United States

**86**  
MARKET COMPANIES

**6**  
BRAND COMPANIES

**96**  
ACTIVE PRODUCTION SITES  
AS AT 30 JUNE 2017

**3**  
REGIONS

**1**  
GLOBAL TRAVEL RETAIL ENTITY



**JANAINA BARBOSA**

Logistics Analyst

PERNOD RICARD BRASIL  
BRAZIL

# HIGH STANDARDS OF GOVERNANCE...

## BOARD OF DIRECTORS

The Pernod Ricard Board of Directors oversees the Group's governance in an ethical and transparent manner; at the same time ensuring that the business is managed in the best interests of the Group and its stakeholders. The Board members, who bring together complementary skills and experience, ensure that the Group pursues its business strategy with the primary goal of increasing the value of the Group.



01.



02.



03.



04.



05.



06.



07.



08.



09.



10.



11.



12.



13.



14.

# ...TO PROTECT THE BEST INTERESTS OF THE GROUP AND ITS STAKEHOLDERS

## THE BOARD OF DIRECTORS AS OF 1 JULY 2017

- 01. Anne Lange ■
- 02. Manousos Charkoftakis  
Employee Director
- 03. Wolfgang Colberg ■
- 04. Kory Sorenson ■
- 05. Gilles Samyn ■
- 06. Veronica Vargas
- 07. Pierre Pringuet  
Vice-Chairman of the Board of Directors
- 08. Nicole Bouton ■
- 09. César Giron
- 10. Sylvain Carré  
Employee Director
- 11. Martina Gonzalez-Gallarza
- 12. Paul-Charles Ricard  
Permanent Representative of Société Paul Ricard
- 13. Ian Gallienne ■
- 14. Alexandre Ricard  
Chairman & Chief Executive Officer

### ■ Independent Director

## ORGANISATION AND METHOD OF OPERATION

Pernod Ricard follows the AFEP-MEDEF Code of Corporate Governance for listed companies and applies the independence criteria established in the Code. The 14 Directors – two of whom represent Group employees and six of whom are independent, meet eight times per year on average for meetings that are presided by the Chairman of the Board, who is also Pernod Ricard's Chief Executive Officer. The Board is assisted in its work by four specialized committees (see below) and the Chairman reports on its progress at the Annual Shareholders' Meeting. The Chairman is tasked with ensuring that the Group's bodies run smoothly, which includes providing the directors with the resources they need to fulfil their duties. In order to further root its work in the Group's daily business operations, the Board has access to the in-house social network and holds one meeting per year in an operating affiliate.

## 2016/2017 ACTIVITY

Over the course of the 2016/2017 fiscal year, the Board of Directors met 8 times, with an attendance rate of 97%. The average length of the meetings was approximately 3 hours. Their main activities were to:

- approve the half-year and annual financial statements;
- review the budget;
- oversee preparations for the Annual Shareholders Meeting;
- review and approve the work of the four specialized committees;
- review presentations of the activities of the functional departments and affiliates;
- review its own functioning and that of its committees.



INDEPENDENT BOARD MEMBERS



NON-FRENCH BOARD MEMBERS



FEMALE BOARD MEMBERS



ATTENDANCE RATE

## COMMITTEES OF THE BOARD OF DIRECTORS

Four specialized committees – the Strategic Committee (created in 2015), the Audit Committee, the Nominations, Governance & CSR Committee, and the Compensation Committee – review specific topics in the area assigned to them by the Board of Directors and submit their opinions and recommendations.

**CREATED BY ALEXANDRE RICARD ON 11 FEBRUARY 2015, THE STRATEGIC COMMITTEE IS CURRENTLY COMPOSED OF THE FOLLOWING MEMBERS:**

- Mr Alexandre Ricard** (Chairman)
- Mr Wolfgang Colberg**<sup>(1)</sup>
- Mr Ian Gallienne**<sup>(1)</sup>
- Mr César Giron**
- Ms Anne Lange**<sup>(1)</sup>
- Mr Pierre Pringuet**

The main activities of the Strategic Committee over the course of the 2016/2017 financial year were to:

- review the key strategic challenges for Pernod Ricard and the Group;
- review and provide recommendations regarding all significant acquisitions, divestments and partnerships;
- address all strategic issues relevant to the Company and Group (digital acceleration, operational excellence, etc.).

**THE AUDIT COMMITTEE IS CURRENTLY COMPOSED OF THE FOLLOWING MEMBERS:**

- Mr Wolfgang Colberg**<sup>(1)</sup> (Chairman)
- Mr Gilles Samyn**<sup>(1)</sup>
- Ms Kory Sorenson**<sup>(1)</sup>

In accordance with its Internal Regulations and in liaison with the Statutory Auditors and the Consolidation, Finance & Internal Audit Departments of the Company, the Audit Committee chiefly performs the following tasks:

- review the draft half-year report and annual financial statements (corporate and consolidated);
- monitor the Group's cash flow and debt;
- review significant risks faced by the Group and assess the Group's risk management;
- assess internal control systems and review Internal Audit action plans.

**THE NOMINATIONS, GOVERNANCE AND CSR COMMITTEE IS CURRENTLY COMPOSED OF THE FOLLOWING MEMBERS:**

- Ms Nicole Bouton**<sup>(1)</sup> (Chairwoman)
- Mr Wolfgang Colberg**<sup>(1)</sup>
- Mr César Giron**

The main activities of the Nominations, Governance & CSR Committee during the 2016/2017 fiscal year were to:

- select new Directors;
- review the composition of the Board and the independence of the Directors;
- evaluate the Board's operations;
- review Sustainability & Responsibility issues and the Group's performance;
- review the talent management policy.

**THE COMPENSATION COMMITTEE IS CURRENTLY COMPOSED OF THE FOLLOWING MEMBERS:**

- Ms Nicole Bouton**<sup>(1)</sup> (Chairwoman)
- Mr Ian Gallienne**<sup>(1)</sup>
- Mr Pierre Pringuet**
- Ms Kory Sorenson**<sup>(1)</sup>
- Mr Manousos Charkoftakis**<sup>(2)</sup>

The primary responsibility of the Compensation Committee is to define the compensation policy for the Group's Executive Directors in accordance with the recommendations in the AFEP-MEDEF Code of Corporate Governance. The main activities of the Compensation Committee during the 2016/2017 financial year were to:

- review and propose compensation and retirement benefits for the Executive Director and the total amount of Directors' fees;
- propose the general policy governing long-term compensation;
- propose and implement the annual plan for the allocation of stock options and performance shares.

TWO MEETINGS IN 2016/2017



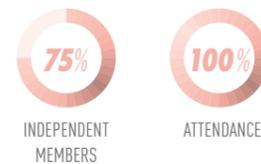
FOUR MEETINGS IN 2016/2017



THREE MEETINGS IN 2016/2017

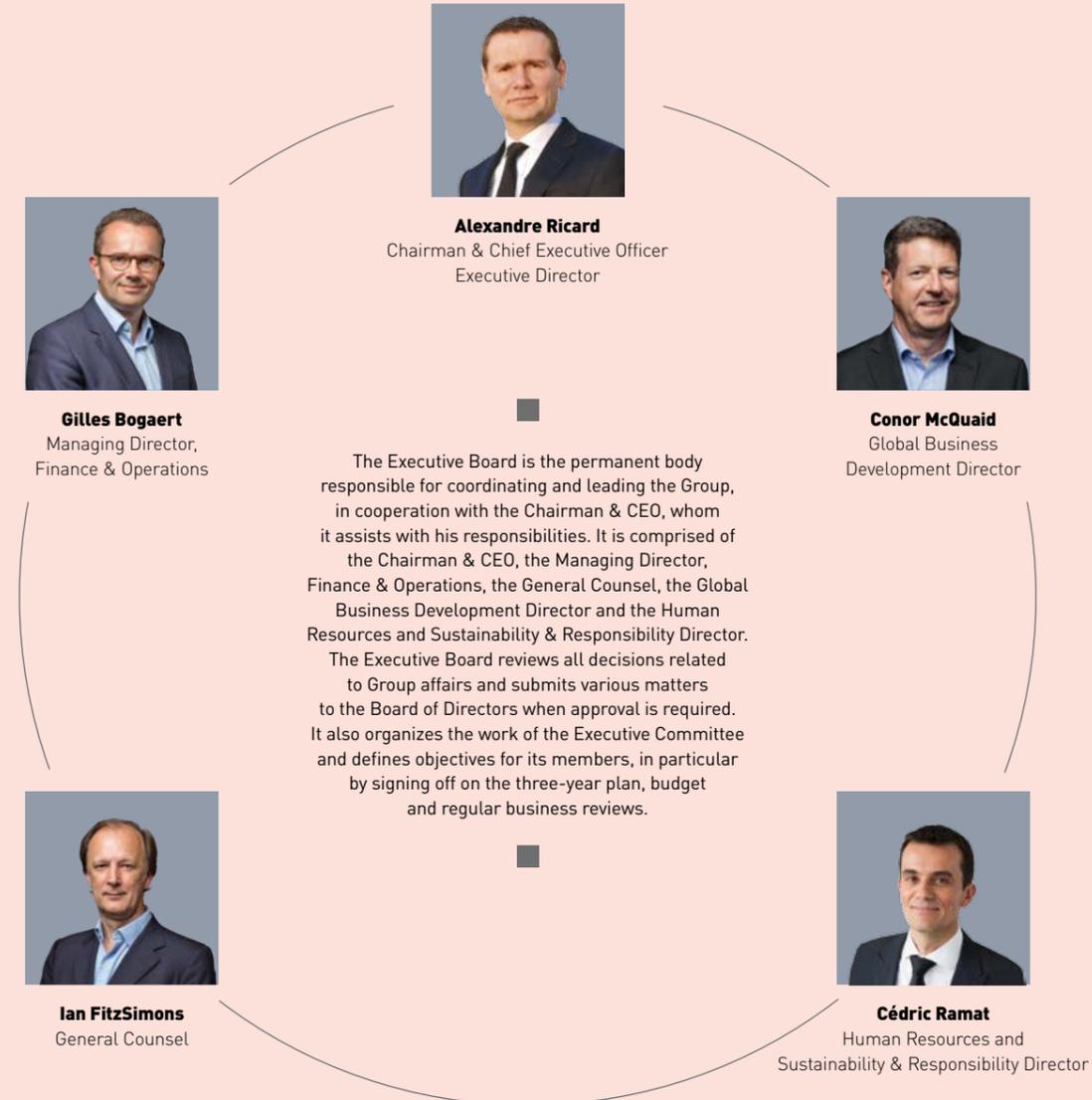


FOUR MEETINGS IN 2016/2017



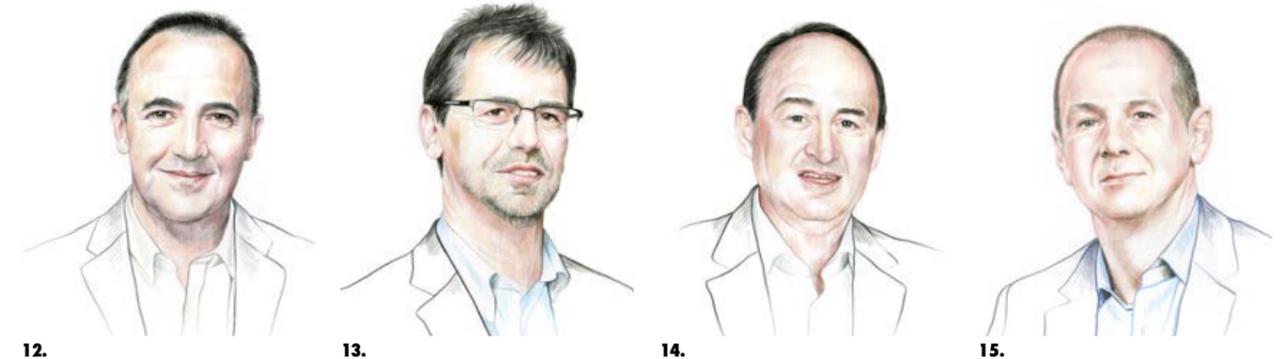
(1) Independent Director. (2) Employee Director.

## EXECUTIVE BOARD



## EXECUTIVE COMMITTEE

The Executive Committee, the Group's managing body is comprised of the members of the Executive Board and the Managing Directors of the direct affiliates.



### ORGANIZATION AND METHOD OF OPERATION

The Executive Committee has 15 members – the five members of the Executive Board (see page 33 for more information) as well as the Managing Directors of the Group affiliates. They meet once per month (11 times annually), either at headquarters or at an affiliate site. Under the direction of the Chairman & CEO, the Committee helps to define the Group's strategy and plays an essential coordinating role between headquarters and the affiliates, and among the affiliates themselves (Brand Companies and Market Companies). The Committee is responsible for overseeing the Group's business activities and ensuring that its main policies are applied.

More specifically, the Committee:

- analyses the performance of the Group's business in relation to its market plan (budget and three-year plan);
- actively participates in setting financial and operational objectives (financial results, debt and qualitative objectives);
- periodically reviews the brand and market strategies, analyses performance and evaluates changes in the organisation as needed;
- approves and ensures compliance with the Group's main policies.

### COMMITTEE MEMBERS AS OF 1 JULY 2017

**01. Alexandre Ricard**  
Chairman & Chief Executive Officer, Executive Director

**02. Mohit Lal**  
Chairman & CEO, Pernod Ricard Global Travel Retail

**03. Gilles Bogaert**  
Managing Director, Finance & Operations

**04. César Giron**  
Chairman & CEO of Martell Mumm Perrier-Jouët

**05. Anna Malmhake**  
Chairwoman & CEO of The Absolut Company

**06. Philippe Savinel**  
Chairman & CEO of Ricard SA and Pernod SA

**07. Paul Duffy**  
Chairman & CEO of Pernod Ricard North America

**08. Ian FitzSimons**  
General Counsel

**09. Conor McQuaid**  
Global Business Development Director

**10. Cédric Ramat**  
Human Resources and Sustainability & Responsibility Director

**11. Laurent Lacassagne**  
Chairman & CEO of Chivas Brothers

**12. Philippe Guettat**  
Chairman & CEO of Pernod Ricard Asia

**13. Bruno Rain**  
Chairman & CEO of Pernod Ricard Winemakers

**14. Christian Porta**  
Chairman & CEO of Pernod Ricard Europe, Middle East, Africa and Latin America

**15. Jean-Christophe Coutures**  
Chairman & CEO of Irish Distillers Group

## HEADQUARTERS DIRECTORS

Pernod Ricard Headquarters is composed of the Group's nine functional departments and the Breakthrough Innovation Group (BIG) – the entity dedicated to finding disruptive innovations. These departments spearhead the Group's strategy in their respective areas of expertise and coordinate implementation with the affiliates. They are tasked with uniting the organisation behind the Group's priorities: ramping up sales growth, maximising operational efficiency and instilling the Pernod Ricard mindset at every level.

### CORPORATE AFFAIRS

- Jean Rodesch**  
Vice President Global Government Affairs
- José-Ramon Fernandez**  
European Affairs Director
- Armand Hennon**  
Vice President, Responsible Marketing & S&R
- Laurent Scheer**  
Public Affairs Director France

### COMMUNICATION

- Olivier Cavil**  
Group Communications Director
- Christine Laborde**  
Internal Communications Director
- Under recruitment**  
External Communications Director

### SUSTAINABILITY & RESPONSIBILITY

- Vanessa Wright**  
Group Vice President Sustainability & Responsibility

### FINANCE

- Marie Boedec-Ménard**  
Group Financial Control Director
- Hélène de Tissot**  
Group Strategy & M&A Director
- Olivier Guélaud**  
Audit & Treasury Director
- Gwenael Morin**  
Group Tax Director
- Julia Massies**  
Financial Communication & Investor Relations Director

### ISABELLE COLIN

- Isabelle Colin**  
Financial Services Director Headquarters
- Raffaele Cusenza**  
Group Operations Controlling Director
- Laure Pavéc**  
Business Analyst Director
- Nicolas Piketty**  
Internal Audit Director
- Valérie Popard**  
Group Consolidation Director

### GROUP INFORMATION SYSTEMS

- Mathieu Lambotte**  
Group Chief Information Officer
- Jean-François Bernard**  
Vice President IT – Group Operations
- Maël Tanou**  
Vice President IT Solutions – Corporate, MMPJ, HCI at Pernod Ricard HQ
- Claran Young**  
Vice President IT – Group Governance

### GLOBAL BUSINESS DEVELOPMENT

- Pierre-Yves Calloc'h**  
Digital Acceleration Director
- Niall Gately**  
International Projects Director
- Florence Rainsard**  
Consumer Insights & Experience Director
- Olivier Rouche**  
Global Revenue & Retail Director
- Yves Schladenhaufen**  
Innovation & Portfolio Strategy Director
- Tareef Shawa**  
Luxury & CRM Director

### LEGAL

- Philippe Prouvost**  
Corporate Affairs Director, Secretary of the Board
- Isabelle Gilles**  
Group Intellectual Property Director
- Mathieu Prot**  
Director, Brand Security & Anti-Counterfeiting

### OPERATIONS

- Peter Morehead**  
Group Operations Director
- Mark Harrison**  
Global Supply Chain Director
- Hervé Jouanno**  
Global Procurement Director, Direct Procurement
- Nicolas Meauzé**  
Group Indirect Procurement Director
- Jean-François Roucou**  
Group Director of Sustainable Performance

### HUMAN RESOURCES

- Véronique Jacquet**  
Human Resources Director, HQ
- Alban Marignier**  
Director, Organizations, People & Leadership
- Géraldine Noel**  
Compensation, Benefits, International Mobility Director
- Carole Misset**  
Director of Pernod Ricard University
- Lani Montoya**  
Director Global Talent Management

### BIG

- Alain Dufossé**  
Managing Director, BIG
- Vlastimil Spelda**  
Director Ideation
- Daphnée Hor**  
Director Strategy & Foresight BIG
- Stéphane Longuet**  
Managing Director, Convivialité Ventures
- Franck Pierre**  
Director, Innovation Delivery

## HEADQUARTERS IN FIGURES

SMALL IN SCALE, WITH STAFF FROM A WIDE RANGE OF BACKGROUNDS

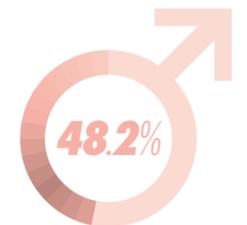
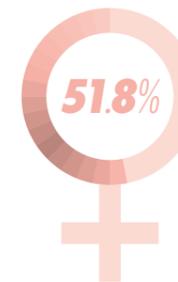
320

EMPLOYEES WORK AT HEADQUARTERS

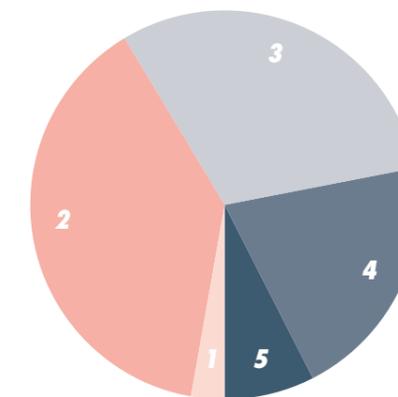
22

NATIONALITIES ARE REPRESENTED AT HEADQUARTERS

A BALANCED DISTRIBUTION OF MEN AND WOMEN



### BREAKDOWN BY AGE



1 Under 26: 9 employees

2 From 26 to 35: 124 employees

3 From 36 to 45: 98 employees

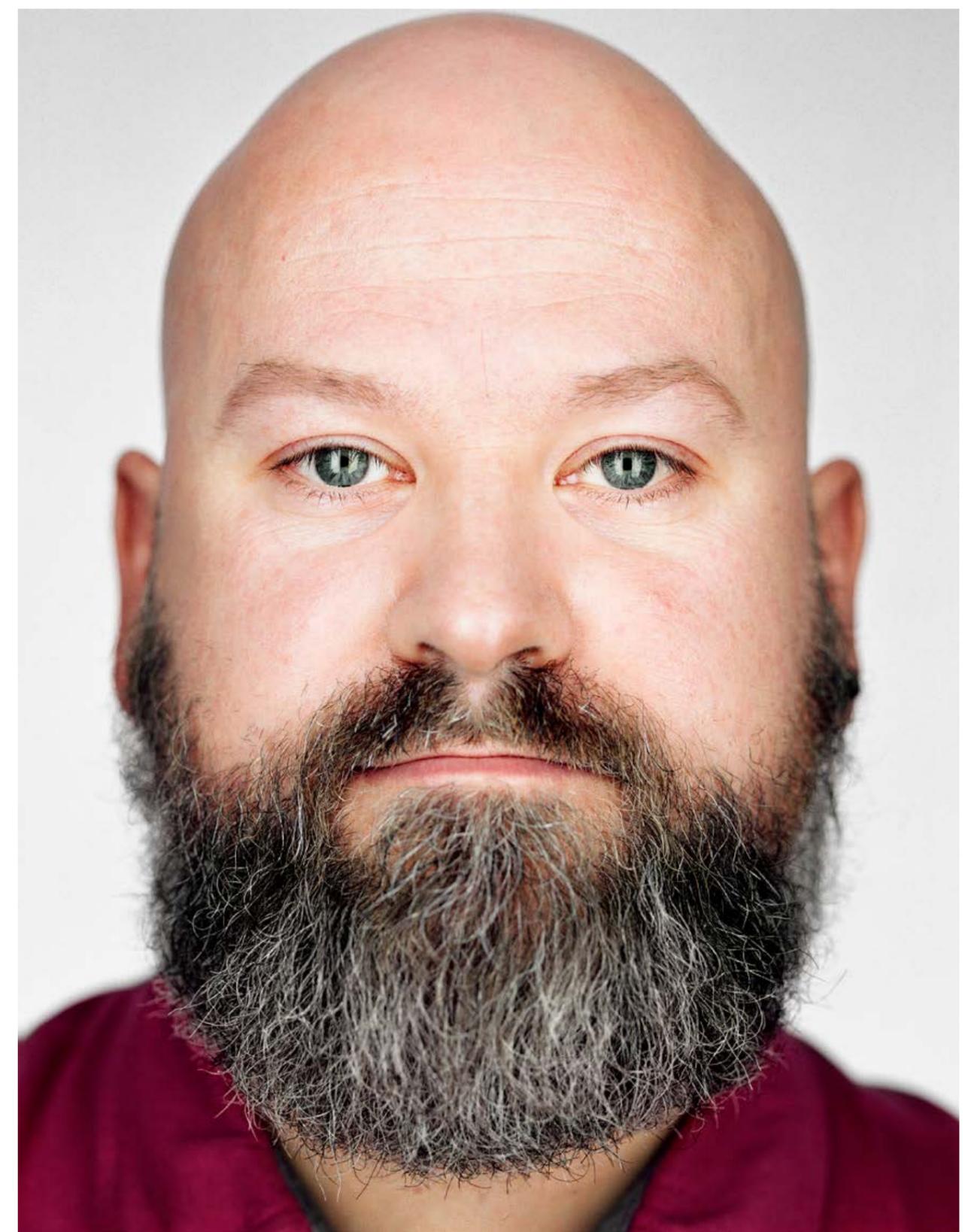
4 From 46 to 55: 65 employees

5 From 56 to 65: 24 employees

AS AT 30 JUNE 2017  
**18,442**  
GROUP EMPLOYEES

**36%**  
WOMEN

**64%**  
MEN



**SHANE O'LEARY**

Brewer and Distiller

IRISH DISTILLERS  
IRELAND

# IN SUMMARY: OUR VALUE CHAIN...

As part of our commitment to sustainable value creation, we pursue a systematic Premiumisation policy that requires substantial investments in each of our brands on a regular basis. Our goal is to develop operating models that generate economic, social and environmental value for all of our stakeholders.

# ...FOR SHARED, LONG-TERM GROWTH

KEY FINANCIAL FIGURES SOCIAL AND ENVIRONMENTAL INDICATORS

**1**

**PROCURE HIGH-QUALITY RAW MATERIALS**

All of our products are made from agricultural raw materials, which is why we are firmly committed to protecting the local natural resources vital to producing high-quality products and managing our brands' assets.

1,142 suppliers have pledged to respect sustainability principles (as of 31 June 2017) by signing the *Suppliers CSR Commitment*<sup>(1)</sup>.

**2**

**ENHANCE OUR PRODUCTION CAPACITY**

We take extremely great care when bottling our products and comply with all relevant quality and safety standards.

99.3% of our sites have received ISO 9001 certification.  
27% reduction in CO<sub>2</sub> emissions (Scope 1+2) per unit produced (litre of distilled alcohol) since 2010.  
17% reduction in water consumption per unit produced (litre of distilled alcohol) since 2010.

**3**

**INNOVATION**

Innovation is a strategic priority, as reflected in our Breakthrough Innovation Group and our Brand and Market Companies.

Our goal for the medium term is to obtain 20 to 25% of the Group's growth through innovation.

**4**

**ACTIVELY MANAGE OUR PORTFOLIO**

The Group acquires premium brands with high potential and disposes of non-strategic assets.



**AGEING**

Brands such as Chivas and Martell are classified as Appellation d'Origine Contrôlée (AOC), a geographical indication that requires an ageing period to reach full maturity. Their ageing, storage and bottling demand refined expertise that represents a considerable competitive advantage as well as a barrier to market entry.

€4.5 billion in inventory in the ageing process.

**5**

**HIGH-QUALITY PRODUCTS**

Our products offer a high level of quality and stand out sharply from their competitors. They bear the authentic stamp of the regions where they are produced, and often carry an AOC.



**6**

**CONTINUALLY REFINE OUR DISTRIBUTION NETWORK**

We operate our own distribution networks, and as a result we have a sales force that is attentive to the needs of our consumers and the markets in which we operate. Our goal is to expand these networks, in particular through new channels such as e-commerce and travel retail, in order to reach consumers no matter where they are.

A presence in **86 countries**.



**7**

**BUILD CUSTOMER LOYALTY**

Draw on new technology to anticipate customer and consumer needs.

40% of our media purchases are digital.

**SHARING THE VALUE WE CREATE**

We share the value we create with all of our stakeholders – employees, communities and the surrounding environment, clients and consumers, suppliers and shareholders – so that they themselves can create long-term value. This virtuous cycle is rooted in our responsible approach – sustainable value creation inherently benefits all stakeholders.

**8**

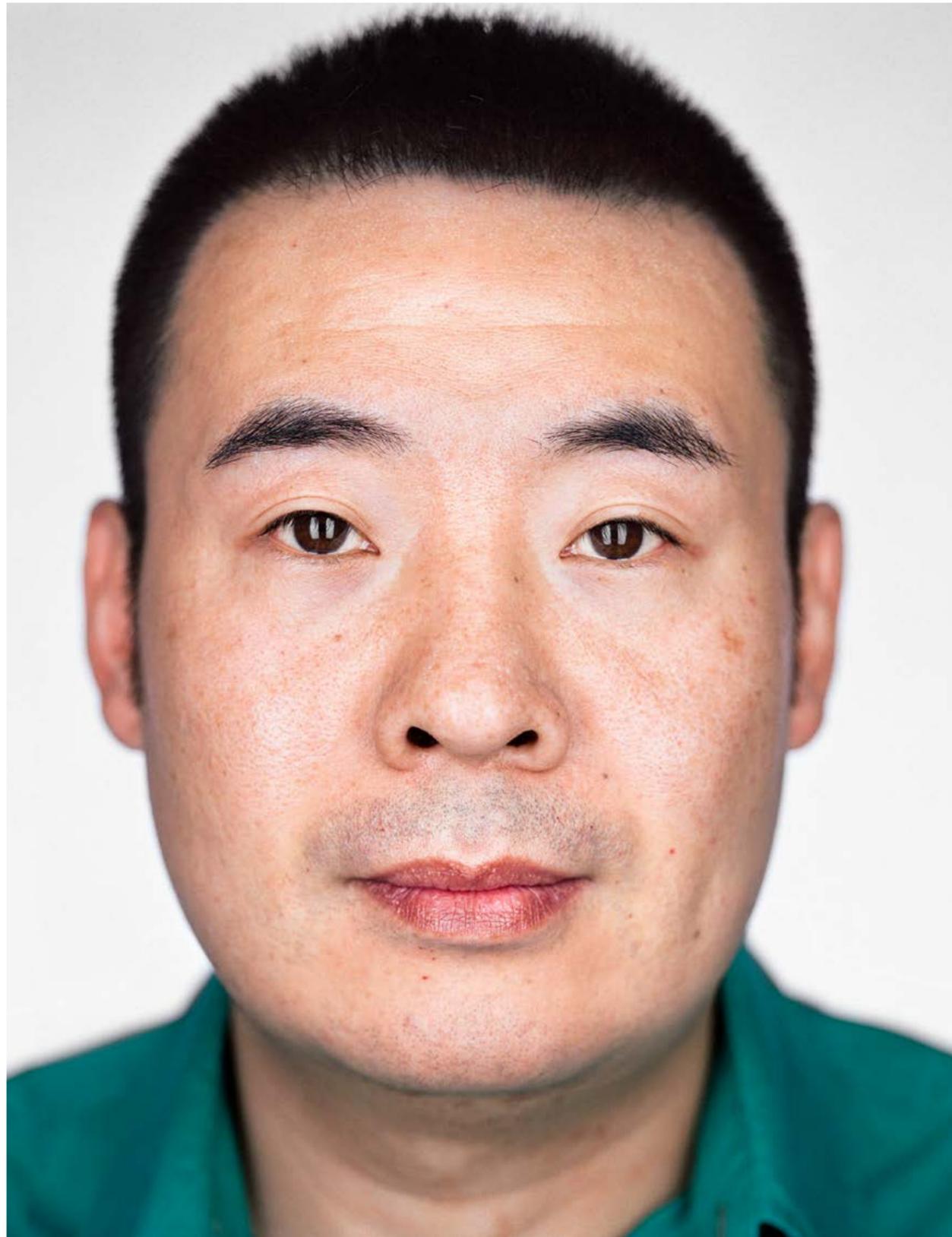
**PROMOTE RESPONSIBLE DRINKING**

Consuming our products should be a pleasant, risk-free experience, which is why we promote responsible, moderate consumption through campaigns to educate consumers and raise awareness, conducted in association with other industry firms, NGOs and public authorities.

86% of Group affiliates conducted at least one responsible drinking campaign.<sup>(2)</sup>  
100% of Group affiliates operating as distributors displayed the "no alcohol for pregnant women" logo on their bottles.<sup>(2)</sup>

(1) The purpose of this document is to educate our suppliers about a number of important topics: labor and human rights, health and safety, environmental management, ethics and fair trade practices, and responsible consumption.

(2) During the 2016/2017 financial year.

**NICK HUANG**

Sales Executive

PERNOD RICARD CHINA  
CHINA

# 4 BATTLEGROUND FOR OUR FUTURE GROWTH

In 2017 Pernod Ricard defined four battlegrounds we must tackle to succeed in our quest for growth: winning in key markets, building passion brands, funding the journey and instilling a performance-minded culture. Each one of these is illustrated in the pages that follow with two pillars: an Essential and an Accelerator.



# WINNING PERFORMANCE IN KEY LEADER MARKETS PREMIUM

In a sector as competitive as Wine & Spirits, it is crucial to differentiate ourselves in our markets in order to grow faster than our competitors. In order to do so, there are four key markets where we should concentrate our efforts: the United States – the largest market for our Group and the industry as a whole, China and India – two vital growth markets, and Travel Retail – the foremost distribution channel for our “Prestige” brands. In each of these markets, we can draw on solid competitive advantages to accelerate our growth: whether it is our complete portfolio of premium brands covering all segments, our decentralized, consumer-centric organization or, above all, the exceptional commitment of our employees – the driving force behind our ambition. Our success in these key markets hinges upon our ability to place the consumer at the core of our business. Today’s consumers are less likely than in the past to

remain loyal to a single brand. They navigate between a selection of brands chosen depending on the occasion: an evening spent with friends, a formal event or a night out clubbing. This reality is what led us to restructure our US sales and marketing forces in 2016 around the key consumption occasions of American consumers. And in China, we restructured our sales organization to better meet the needs of the country’s emerging middle class. Another clear advantage point for Pernod Ricard in these markets is innovation, which represents a third of the Group’s overall growth. Consequently, we decided to focus our efforts on a smaller number high-impact projects. In the United States, for example, we successfully launched the new Absolut Lime. In China, Martell and its flagship cognac Noblige are breaking records; and in India, we have reaffirmed our leadership, we now have more than 45% of market share in terms of value.

**In China, Pernod Ricard is fully assuming its leadership role by spurring on the Premiumization of new middle-class consumers.**

## BUSINESS CASE No.1

Route-to-market/  
Consumer

## MARTELL

# The House of Martell, the quest for new consumers in China

Pernod Ricard has entrusted the House of Martell, its iconic brand in China, with the task of "premiumizing" its new middle-class to affluent consumers. The success of this strategy has been immediate; Martell experienced a significant surge of growth in just one year, both in terms of volume and value.

Expanding the market to embrace both middle class and affluent consumers is an important variable in the strategic calculation for the House of Martell, the leading cognac brand in China. Martell's mission is twofold – to attract a new, potentially huge pool of consumers, while retaining its position as a leading upmarket and highly exclusive brand. This challenge prompted Pernod Ricard China last year to restructure its sales teams into 2 categories by level of Premiumization. The first category is dedicated to the promotion of "Prestige" products, while the second one focuses its efforts on its "Premium" category. "The Prestige sales team is well-versed in the ways of luxury marketing, which enables us to continually attract new affluent consumers with Super-Premium products tailored to their expectations, while preserving our high-value market," explains Jean-Étienne Gourgues, Managing Director of Pernod Ricard China. "For its part, the Premium sales force targets the ever-growing upwardly mobile middle class - Chinese consumers who continue to seek out status-confirming products, but who cannot yet afford to buy our Prestige products on a regular basis. Our long-term goal is to bring this group into the Prestige fold." Another challenge for Pernod Ricard China is to ensure that Martell cognacs are the brand choice for any occasion that involves a meal – the traditionally favoured time for drinking spirits in China. And to do so, it is essential to expand the Route-to-Market/Consumer for the House of Martell cognacs. Already in 2 years, the number of retail outlets (major retailers and wine and spirits merchants) selling Pernod Ricard products has doubled. E-commerce also offers a new avenue for attracting consumers, and Pernod Ricard China is the leader of online sales of imported spirits. "In 2016-2017, this strategy proved its relevance and benefits for all of the House of Martell cognacs," says Gourgues. "Not only has Noblige, our flagship Ultra-Premium product, achieved record sales, but all House of Martell products have recorded steady growth." The Prestige Martell XO and Martell Cordon Bleu brands, which had been penalised since 2013 by "anti-extravagance" measures put in place by the government, have once again reached double-digit growth in 2017.



**JEAN-ÉTIENNE GOURGUES**  
CEO, Pernod Ricard China

#1

MARTELL, THE NO. 1 COGNAC BRAND  
IN CHINA

+2%

INCREASE IN TOTAL  
PERNOD RICARD SALES IN CHINA

Younger and less likely to be affiliated with the business than the House of Martell's traditional customers in China, upwardly mobile middle-class consumers also have less experience distinguishing between – and enjoying – the various categories of cognac. Consequentially, the brand has made it a priority to ease the entry of this particular demographic into the upscale universe of premium spirits by introducing Martell Distinction. "Our aim with this Super-Premium product is to give cognac a more laid-back image that encourages our entry level consumers to include Martell in the "convivialité" of a shared meal," explains the House of Martell Brand Director Patricia Kastrup. To reinforce this image of Martell as the spirit of choice for discerning consumers, the brand ran a year-long, large-scale promotional campaign focused on gastronomy. The sponsorship of the online reality show Dining Temptation, for example, enabled Martell Distinction to reach 500 million web users. "We will keep innovating in order to offer a wider product range for Chinese consumers," adds Kastrup. "We will do so for both the Super-Premium and Prestige categories, because even though the market is growing more conventional, the luxury segment still has a bright future."



**PATRICIA KASTRUP**  
Global Brand Director – Martell



BUSINESS CASE No.2



Innovation

ABSOLUT LIME

# Chronicle of a success

Absolut Lime is the story of a Brand Company, The Absolut Company, and our largest market, Pernod Ricard USA, working toward a common goal. Hard-hitting, bold and a little offbeat: that's how we would describe this very successful launch.

**Why did Pernod Ricard USA launch a new Absolut product in this market?** The United States is Pernod Ricard's biggest market, accounting for 19% of its global net sales. It is a large-scale market, with a growth model that's very sensitive to innovations. Although Absolut is an established, iconic brand, it's always been ready to reinvent itself, going back to the very first flavored version, Absolut Citron. So, in 2017 when we were looking to reinvigorate our Absolut brand, it was here in the US that we decided to gamble on a new flavor for Absolut: Absolut Lime.

**By mid-2017 Absolut Lime had already exceeded its sales targets. How do you explain that success?** With this launch, we didn't want to simply add another product to the existing range. We wanted to capture new customers and new consumers with a radically new product. Meeting that challenge so as to generate long-term growth in value and market share required an all-out effort. We mobilised an impressive campaign that involved several hundred people, both here at Pernod Ricard and among our partners. The campaign drew on Lime's exceptional taste – the result of 100% all-natural ingredients – as well as a unique marketing plan that spanned television, digital media and social networks. But above all, Absolut Lime owes its success to the strong partnership between the staff at The Absolut Company and Pernod Ricard North America.



**PAUL DUFFY**  
CEO, Pernod Ricard North America



“ Lime's exceptional taste is the result of 100% all-natural ingredients. ”

**Why did The Absolut Company introduce Absolut Lime?**

Absolut has always been a leader in creating new flavors, that are often copied but never equalled. The Absolut Company wanted to capitalize on that record, and particularly on the success of Citron, to put together the biggest launch the brand had ever experienced. In only eight months, working at incredible speed, the teams in Sweden and the United States created Absolut Lime for the American market. What's more, they arranged for the product to make a splashy debut during one of the country's most televised events: the 59<sup>th</sup> annual Grammy Awards. Beamed from Los Angeles in February 2017, the show attracted an audience of 26 million viewers across the entire country.

**Were you expecting such an immediate success? We**

**SEE ALSO**

Pernod Ricard North America, Rebound in world's largest market p.80

had never experienced such an intense campaign. We knew we had to do more, faster and better. Our long-time distillery in Åhus, Sweden had never before produced so many bottles per day in such a short time. And our employees on both sides of the Atlantic gave it their all – they made an incredible collective effort to make Absolut Lime the new favourite among bartenders and consumers alike.



**ANNA MALMHAKE**  
CEO of The Absolut Company

**52,000**  
COCKTAILS DISTRIBUTED IN THE WEEK PRIOR TO THE GRAMMY AWARDS

**181,000**  
CASES SHIPPED

**+7%**  
AMERICAS

**+1%**  
ASIA - REST OF WORLD

**+3%**  
EUROPE

FY17 Sales Growth by Region.



**EVELINE MAZEL**

Senior Consumer Foresight Manager

MARTELL MUMM PERRIER-JOUËT  
FRANCE



**BUILDING**  
CONSUMER CENTRIC  
**PASSION**  
INNOVATION  
**BRANDS**  
ENGAGEMENT

**C**reating a strong brand appeal has always been key to Pernod Ricard's success – a vital asset in an industry where consumers typically have five or six favorite drinks. They want brands with which they identify, and that are in line with their lifestyles, as well as their social, environmental and ethical concerns. Consumers are no longer simply buying an individual product, rather they are buying a whole meaningful experience. Recognition of the contemporary realities of our consumers prompted us to put our consumers back in the heart of our strategic model two years ago. In doing so, we have sought to harness every resource at our disposal to strengthen and enhance our consumers' relationships with our brands – from the dynamic management of our portfolio to investing in new digital technology, from promoting innovation and premiumization to expanding route-to-market/consumer distribution channels. By pinpointing each

moment of consumption – or “experience of conviviality”, as we say – we aim to meet our consumers' expectations for every moment with the utmost precision. To forge close-knit relationships with our consumers, we must showcase our brands' unique identities with even greater flair and consistency. Every Pernod Ricard brand – whether a young and hip Monkey 47 or a venerable Martell cognac – is unique in its ability to fuse history, *terroir*, expertise and values. Supported by a broad spectrum of talents and experiences, each team develops and/or expands the distinctive personality of their particular brand, designing brand experiences based on a deep understanding of the interplay between the perceptions and needs of the consumer and the unique qualities of each of our products. All this has to be tied together with dedication by consistent communication, both at global and local levels. In a digital world where lines are blurred between brands and corporate responsibility, being completely honest with consumers, and ourselves, is always a winning decision.

“To win over and engage consumers, a brand has to be appealing, but above all, sincere.”

## BUSINESS CASE No. 1

 Premiumisation & Luxury

## L'EDEN BY PERRIER-JOUËT

# An enchanting getaway in the heart of Tokyo

Since 2015, Perrier-Jouët Champagne's traveling *L'Eden* event has offered consumers and influencers around the world an unforgettable opportunity to experience, first-hand, the rich culture of Pernod Ricard's historic brand. This virtual "Garden of Eden", *L'Eden*, stopped off in Tokyo for a second visit in spring 2017.

Once you have crossed the threshold of the Bank Gallery, leaving the intense and bustling Shibuya – Tokyo's premier art and fashion district... you will discover that you have stepped into a delightfully exotic, idyllic environment. A veritable "Garden of Eden" unfolds before you, where the sinuous intertwining of art and nature form a splendid tribute to the Perrier-Jouët family's two abiding passions, botany and Art Nouveau. A vibrant setting for private parties nestled in a lush garden, the experience is also open to the public during the day at paid events, such as tastings and conferences. "Through our pop-up experience created in Miami in 2015, we have sought to offer a brand experience that plays on the contrast between the city and the world of Perrier-Jouët," explains Brand Director Tim Croizat. "The experience is timed to coincide with key dates for important events in the various cultural epicenters across the globe". The 10-day event opened at the end of Sakura, Japan's beloved cherry blossom season. In addition to the some 4,200 customers and influencers who participated in this second edition of the event, the event drew 100,000 target visitors to the website and generated 21 million views online of press articles and promotional media. The event also significantly grew in scale and maturity in Tokyo. Digital arts now represent the primary medium for the artwork commissioned specifically for the event. And for the first time, Perrier-Jouët took advantage of *L'Eden* for a global launch, announcing its new Blanc de Blancs vintage. "One of our next challenges is to ensure that each event amplifies the brand's reach on an international scale, while also keeping the numbers down to ensure that *L'Eden* remains an exclusive experience," says Croizat.



**TIM CROIZAT**  
Global Brand Director – Perrier-Jouët



**Is it more difficult to attract customers and build loyalty in a sector where customers are already courted so actively?** The use of marketing strategies specifically targeting this group of customers is relatively recent in the wine & spirits sector, when compared with fashion or the automotive industry. These consumers have particularly high standards and enjoy exclusive products with strong personalities. They have proven very receptive to the brand experiences offered by our main Prestige spirits and champagne houses. As with any luxury brand, to attract new customers, we work hard to effectively communicate on their history, their distinctive terroir and their tradition of craftsmanship. *L'Eden by Perrier-Jouët* is the kind of successful initiative that demonstrates the Group's ability to create innovative brand experiences on a global level, but that has a strong local impact – a success directly reflected by Perrier-Jouët's strong sales growth in Japan for 2016-2017.

**For the second year running, *L'Eden by Perrier-Jouët* has been a huge success in Tokyo. How did the Market Company, Pernod Ricard Japan, collaborate with the Brand?** The key to success is in the details, and even more so in Japan. Knowing this, the Perrier-Jouët team launched their campaign by drawing on Pernod Ricard Japan's expertise and taking the time to understand the unique aspects of this discriminating market: the importance of sophistication, symbolism and excellence in execution. Meanwhile, the local team immersed itself in the brand's identity in order to tailor it to the tastes and expectations of Japanese consumers. Collaboration and mutual trust were vital to the success of the event, which was a year in the making.

**What does Pernod Ricard hope to achieve in the Asian luxury market?** As an accelerator to boost the Group's profitable growth, China, Japan and Travel Retail are priority markets for our efforts to increase the impact of our portfolio of luxury brands – known as LeCercle. We are confident that there is a growth potential for our champagnes and our primary spirits categories – whisky, gin, vodka and rum. In less developed countries such as Malaysia and India, customers are increasingly keen to discover our Prestige products. So the outlook for LeCercle in Asia looks very bright.



**PHILIPPE GUETTAT**  
Chairman of Pernod Ricard Asia

## 21M

VIEWS FOR THE ONLINE PRESS ARTICLES  
AND PROMOTIONAL MEDIA

## 107,000

UNIQUE VISITORS TO THE L'EDEN  
BY PERRIER-JOUËT WEBSITE FOR TOKYO

BUSINESS CASE No.2



CHIVAS REGAL

# Social entrepreneurship is at the heart of the Chivas Regal strategy

For the past three years, The Chivas Venture has been awarding grants to fledgling businesses that aim to have a positive impact on the planet's future. It's a commitment in keeping with both the brand's core principles – a direct legacy of its two founders, James and John Chivas – and the aspirations of today's consumers, who are looking for a more meaningful brand experience. It is also a reflection of Pernod Ricard's community-minded ethos, in which long-term success is measured by how we benefit the wider public.

“The Chivas Venture programme is one more expression of the brand's entrepreneurial values.”

**At Chivas Regal, the decision to put the social economy at the heart of our strategy comes naturally.** “The Chivas Venture programme is one more expression of the brand's entrepreneurial values”, says Marketing Director for Chivas, Richard Black. “The Chivas brothers, who started the company from scratch while actively supporting their community, both believed that success is infinitely more rewarding when it is shared. We still maintain that outlook today by awarding \$1 million in grants each year to environmental start-ups and breakthrough companies that are leading the way to a better world.” During the third Chivas Venture competition, which ended with the Final on the July 13<sup>th</sup> 2017, 30 finalists from six continents each explained to the members of the judging panel why their start-up should capture a share of the prize money. The winners were chosen based on the viability of their business model, their market growth potential and the social impact of their project. The judging panel included Hollywood actress and businesswoman Halle Berry, while the final event was attended by actors Javier Bardem and Don Cheadle. The top five winners shared \$750,000 out of the \$1,000,000 fund, with the first-place winner, Thailand's

Siam Organic, returning home with \$400,000. Siam Organic's goal is to help Asian farmers escape poverty by training them to grow organic rice, which is thirteen times more profitable than traditional rice production. The remaining \$250,000 was shared amongst the 30 finalists over the course of a five-week public voting period in May and June. Says Black, “It's an ideal way to lend support to as many companies as possible each year. And not just financially: the winners also receive coaching from experts who offer ideas on devising a business strategy and gaining extensive media exposure. Ultimately the proof is in the pudding, and we're very proud to have contributed to the success of the finalists

SEE ALSO

Chivas Regal Ultis rises to the challenge p.89

from our first two competitions. They more than doubled their combined net revenue within a year, and their actions on behalf of the community are benefiting 300,000 people in more than 40 countries. Our goal with The Chivas Venture is to convey a message to entrepreneurs: Start your business – you don't have to do it alone!”



**RICHARD BLACK**  
Marketing Director, Chivas Regal

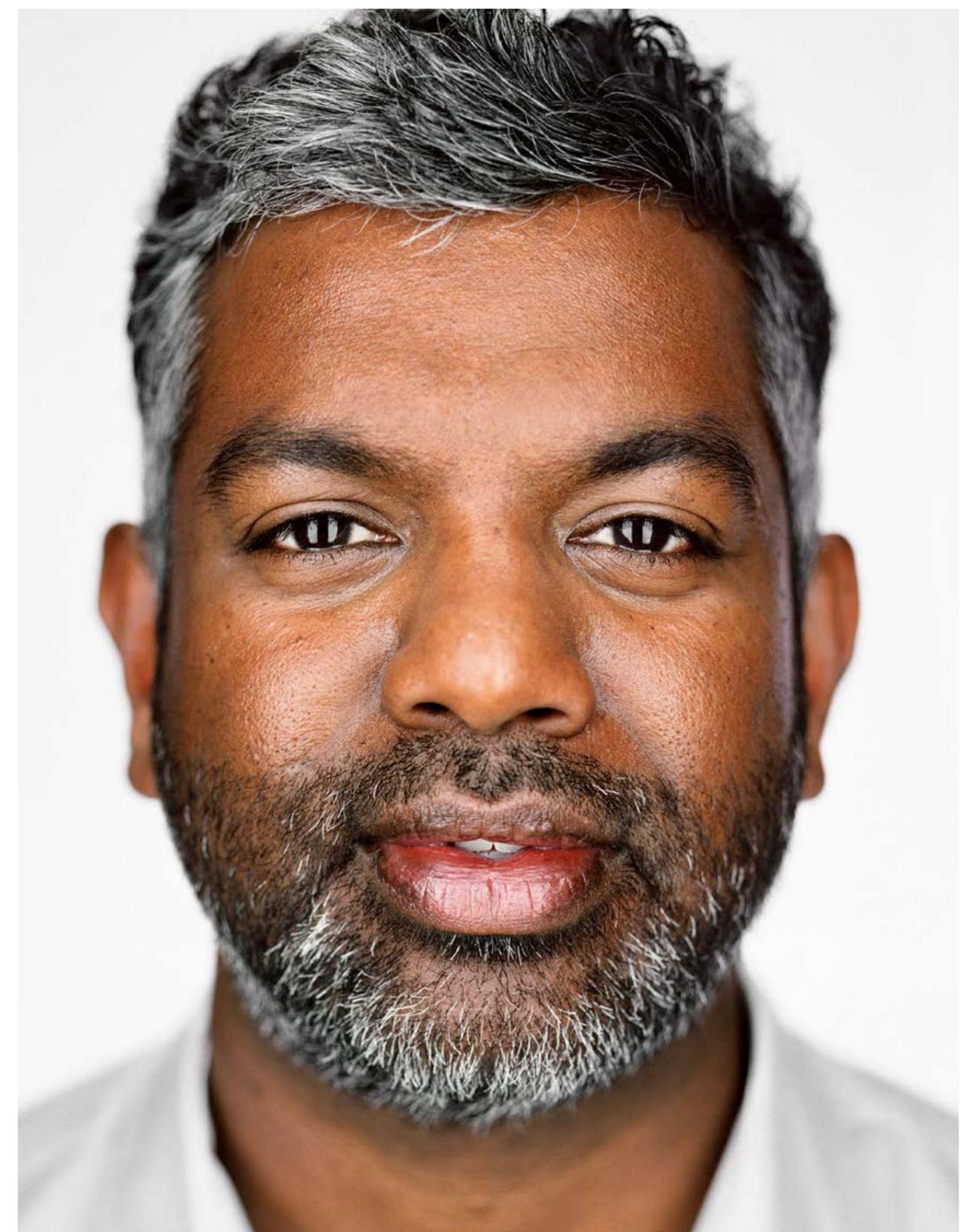


**+4%**  
STRATEGIC INTERNATIONAL BRANDS

**+1%**  
STRATEGIC LOCAL BRANDS

**+4%**  
STRATEGIC WINES

FY17 Sales Growth by Key Category.



**ARY GANESHALINGAM**  
—  
Global Marketing Manager – The Glenlivet

📍  
CHIVAS BROTHERS  
UNITED KINGDOM

# FUNDING

INVEST

# THE

OPTIMIZE

# JOURNEY

PRIORITIZE

**P**ernod Ricard derives many advantages from the flexibility afforded by its decentralized organization. However, with that approach comes the challenge of operating efficiently and effectively on many fronts simultaneously. This is especially true when it comes to investing at the right time and in the right place – in the right brands and in the right markets. Our sharply focused and highly disciplined approach to managing our decentralized organization has resulted in proven and consistent operational efficiency, cost-effectiveness and optimal allocation of our resources. Given today's unpredictable economic conditions, we must be able to respond quickly in order to adapt both to shifting consumer and market trends, as well as rapidly changing legal and regulatory environments – all the while concentrating on securing the resources we need for future growth. A strong commitment to fostering innovation will help us to creatively and profitably harness the potential of emerging markets and to fund the long-term success of our brands. It will also provide us with the means necessary to defend our core

market, and to streamline the performance of our manufacturing-distribution-sales operations. To successfully fund our journey, we must continue to focus our efforts on improving our agility and discipline as a business. Concretely speaking we have made a concentrated effort to

**We have, for example, improved the performance of our digital advertising budget by +30% through programmatic buying and in-house content creation. That provides us with information almost in real time and enables us to optimise our online media campaigns on a daily basis.**

**GILLES BOGAERT**

Managing Director, Finance & Operations

leverage two of the Group's strong assets: 1) our improved operational performance, which will translate into increased efficiency and lower costs; and 2) our decision-making abilities, at affiliate and Group level, which will enable us to shift resources towards projects offering the greatest growth potential. We made these challenges a priority when we implemented new action plans in each area last year. Our 2016-2020 Operational Excellence Plan is designed to review all our working methods, with the goal of increasing efficiency and the resulting savings. The plan is targeting EUR 200 million in savings in four areas: advertising and promotion, supply chain, manufacturing, and

direct and indirect procurement. Half of that amount will be reinvested behind our brands. The efficiency plan also allows us to deliver savings of EUR 200 million in working capital. The initial results are encouraging. In FY17 alone, the Operational Excellence Plan has already yielded around a quarter of the total projected savings.

BUSINESS CASE No.1



PORTFOLIO MANAGEMENT

# Optimal allocation of our resources

For the past year, the new House of Brands has served as the cornerstone for advertising and promotional investment decisions across the Group. Our affiliates can tailor their business priorities according to the growth potential of each brand in their local market.

Pernod Ricard spends approximately EUR 1.7 billion per year to promote its brands. In doing so, our goal is not simply to provide sufficient resources to our brands, but also to ensure that they are invested efficiently. Funding our journey requires an optimal allocation of resources – prioritizing our investments based on their growth potential. To facilitate this decision-making process, we have implemented a group-wide planning tool, the House of Brands. This tool frames the Group priorities classified in 5 categories (international strategic brands, luxury, innovation, strategic wines and local strategic brands), among which the Markets Companies identify the most relevant ones for their markets, according to their growth potential, depending on the local context and consumption habits. “The goal is to enable them to better concentrate their efforts on three types of investment priorities: Stars, Growth Relays and Bastion brands. They must find the right balance between short-, medium- and long-term benefits and between growth, maintenance and defensive strategies,” explains Yves Schladenhaufen, Innovation and Portfolio Strategy Director. This enhanced agility draws from an acknowledged appreciation of local businesses and know-how and contributes significantly to the Group’s overall performance.



**YVES SCHLADENHAUFEN**  
Innovation and Portfolio Strategy Director



€1.7 Bn/year

ALLOCATED TO ADVERTISING AND PROMOTION

## The House of Brands, a planning tool that fosters...

**... win-win investments in the United Kingdom** “In 2016/17, our Star brands Jameson and Absolut alone benefited from more than a third of our advertising and promotional investments,” explains Patrick Venning, Marketing Director at Pernod Ricard UK. “It was a winning formula, because we saw their sales rise double digits. That, in turn, enabled us to allocate adequate marketing resources to develop our luxury segments.”

**... a long-term vision in Germany** “This dynamic management of our brand portfolio will be a strength

**SEE ALSO**

the presentation of The House of Brands, p.18

in the long-term,” says Christian Seel, Marketing Director, Pernod Ricard Deutschland. “As a result of it, we are benefiting from the strong positioning of our bastion brand Ramazzotti to leverage growth relays such as Lillet and Jameson and innovations such as Aperitivo Rosato – which all have the makings of future stars!”



**PATRICK VENNING**  
Marketing Director,  
Pernod Ricard UK



**CHRISTIAN SEEL**  
Marketing Director,  
Pernod Ricard Deutschland

**THE THREE TYPES OF INVESTMENT PRIORITIES FOR OUR BRANDS ACROSS ALL MARKETS:**

- Growth Relays, to lay the groundwork for future performance
- Stars, to secure our current growth
- Bastions, to protect our strengths and deliver long-term profitability

BUSINESS CASE No.2



SUPPLY CHAIN

# “Simplify For Growth”

As a result of the implementation of the 2016-2020 Operational Efficiency Plan, the optimization of our supply chain has allowed us to both improve the performance of our brand portfolio and also free up funds that will reduce the Group’s cash flow needs. Here is a closer look at some of the profound and lasting changes that have resulted from the “Simplify For Growth”, the portfolio optimization aspect of the Plan.

The goal of Simplify For Growth is clear: discontinue the underperforming products to permit a greater focus on SKUs<sup>(1)</sup> with high potential for growth. Just a year and a half after the launch of this project and we have already witnessed substantial results. “All the markets where Simplify For Growth has been implemented have reduced their product catalogue by 35% on average and their inventory by nearly 8%,” says Peter Morehead, Group Operations Director. And the benefits extend beyond the budgetary savings achieved through improved supply chain management. The streamlined portfolio has enabled sales and operational teams to focus on managing SKUs with high added value, while at the same time freeing up portfolio space for new innovative products. The greatest strength of this project is that it has brought about positive long-term changes, “a real change in corporate behaviour and a new discipline have been fully incorporated into the Group’s business processes,” adds Morehead. With the new performance evaluation criteria and key indicators for measuring SKU profitability that were put into place, all Pernod Ricard teams now share a common definition of operational efficiency.

(1) The number of unique products is measured in Stock Keeping Units (SKUs).



**PETER MOREHEAD**  
Group Operations Director



“The greatest strength of this project is that it has brought about positive long-term changes.”

“Through Simplify For Growth, we were able to achieve significant streamlining, reducing our portfolio by 18%,” says Tommy Keane, VP Operations at Irish Distillers. “Working closely with the Market Companies and the Commercial, Finance and Operations teams from Headquarters, we developed clear criteria to remove underperforming SKUs and retain those performing well or with good potential. We also identified a

**SEE ALSO**

A decentralized global organization to remain agile p.24

major opportunity to harmonise back-labels, reducing the number of Jameson single market SKUs. These actions created savings we’ve reinvested in other projects and allowed us to focus on high-velocity SKUs, identify gaps in our portfolio and make room for innovative new products. It’s like spring cleaning your home. It should be done regularly to freshen up the business!”



**TOMMY KEANE**  
Operations Director – Irish Distillers

**35%**

REDUCTION IN THE NUMBER OF SKUS IN THE GROUP PORTFOLIO, ACHIEVED IN 18 MONTHS THROUGH SIMPLIFY FOR GROWTH

**8%**

REDUCTION IN INVENTORY

**€200 M**

P&L SAVING AND €200 M OF CASH SAVINGS TARGETED

APPROXIMATELY  
**1/4**

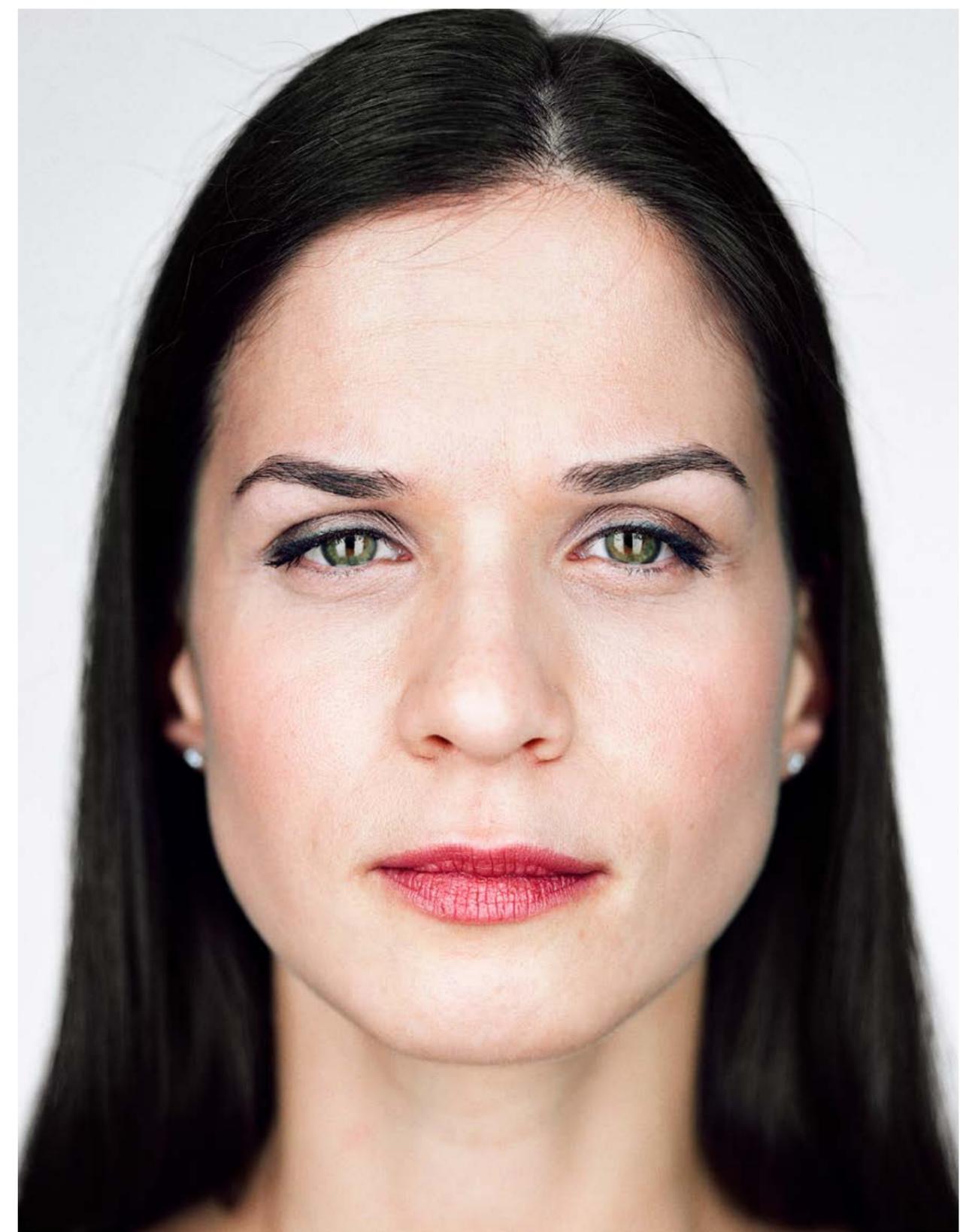
OF THE SAVINGS OF THE FY16-20 OPERATIONAL EXCELLENCE ROADMAP DELIVERED FY17

IN FY17  
**€60 M**

P&L SAVINGS, OF WHICH AROUND HALF ARE REINVESTED

IN FY17  
**€50 M**

WORKING CAPITAL SAVINGS



**MARIA LAZAREVA**

Talent Acquisition Manager

PERNOD RICARD ROUSS  
RUSSIA



# ENHANCING AGILITY PERFORMANCE ANTICIPATION CULTURE EFFECTIVENESS

**P**ernod Ricard operates in a particularly competitive industry. But for us, the challenges and demands of staying the course in an increasingly volatile environment are not perceived as a hindrance to our business, rather, as opportunities to demonstrate our agility, flexibility and anticipation of consumer behaviour – they are the fundamentals to our performance-based culture. Naturally, our employees play the principal role in creating that culture. They embody what we call the “Pernod Ricard Mindset”: an ability to adapt to change at any time, rooted in our operational efficiency and a deep understanding of our consumers. With that in mind, we have made a conscious effort to form a talent pool that more closely reflects our diverse customer base. At the same time, we are committed to creating the material conditions, the trainings and the tools needed to ensure that all of our employees will be able to seize and capitalize on every opportunity to create value within their scope of activity. We already have a solid foundation to build upon: a decentralized organisation in which business decisions are made to meet, as closely as possible, our consumers’ needs, and which are supported by an exceptional level of employee commitment (86%). Drawing on those strengths, in order to facilitate the continued adoption of

this performance-based culture, for the past several years we have been committed to making a concerted effort with regards to our talent management and the digitalization of our business. The latter has not only been limited to our e-commerce business, big data and digital reporting, in fact, all of our ways of working are being reassessed in light of digital opportunities.

Our approach to talent development relies on a number of innovative tools – I Lead, I Move are only examples, alongside most importantly, an exceptional level of involvement of our top management. As an integral part of his visits to each of our affiliates, our Chairman & CEO Alexandre Ricard devotes nearly three weeks out of each year to talent review. The Executive Committee then meets for two days to complete that process. But identifying the talent in our midst is not enough to enhance our performance culture: we

need to assist our employees in their personal quest to grow and develop professionally. For example, the Sales and Marketing teams are now participating in a joint training program, “iGrow” – which as of 30 June 2017 had already been attended by 3,530 employees (with 6,000 participants expected in total by the end of 2017). The goal of this program is to strengthen employee collaboration by providing the knowledge they need to better understand of the challenges faced by their colleagues throughout the organization.

“**Our performance is based on the balanced management of our global/local business model**”

## BUSINESS CASE No.1

Talent  
Development

## PERNOD RICARD UNIVERSITY

# Targeting performance-based culture

Pernod Ricard University, the organizational entity responsible for talent development within the Group, opened its first campus, at the historic La Voisine château in France.

**How can we provide employees with an ideal environment for ongoing training and performance improvement?**

How can the Group's culture – the primary means of motivating employees – be used as a performance accelerator? These are the challenges facing Pernod Ricard University. "In an industry as competitive as ours, attracting and developing talent is vital," says Alban Marignier, Senior Vice President for Organisations, People & Leadership. "We have always made our employees one of the Group's primary assets. We uphold strong values that enjoy the support of 95% of our workforce. But," he adds, "we lacked a site where we could develop that talent. In 2017 we established an institution commensurate with our ambitions: the first Pernod Ricard University campus. The staff at this cutting-edge facility, which spans 6,500 square metres, are wholly intent on providing optimal working conditions for the site's users."

The campus is located in the heart of the Haute Vallée de Chevreuse regional nature reserve, outside of Paris (France). There, in the Group's historic La Voisine château acquired by Paul Ricard in 1954, Pernod Ricard University is educating the leaders of the future. The entirely renovated facility, which meets the strictest environmental standards ("HQE Aménagements" and BREEAM), is fully in keeping with the Group's S&R policy. Equipped with a learning center, expanded accommodations, sporting facilities and areas for informal get-togethers (bar, lounge, etc.), the La Voisine site now serves as an ideal example of the Group's ability to provide top-quality training that epitomises excellence and convivialité – hallmarks of the Pernod Ricard culture. Approximately 700 employees – out of a total workforce of 18,442 Group employees worldwide – will attend Pernod Ricard University training courses at the facility each year, with numerous additional employees visiting the site for staff meetings.

**ALBAN MARIGNIER**Senior Vice President Organisations,  
People & Leadership**700**EMPLOYEES TRAINED EACH YEAR  
AT THE SITE AS OF SEPTEMBER 2017**6,000**EMPLOYEES ATTENDED BASE CAMP,  
THE FIRST PART OF THE IGROW MARKETING  
AND SALES PROGRAM**"Pernod Ricard University is leading the Group into a new era of career development that is focused on the long-term,"**

says Carole Misset, Director of Pernod Ricard University and the La Voisine site. "In addition to serving as a fabulous resource for helping our employees enhance their skills and develop their leadership skills, this unique site brings the Pernod Ricard experience to life. *Convivialité* is more than just an attitude, for us, it's a philosophy marked by shared expertise and experience and a collective energy – it is truly the art of being together."

As a place for disseminating knowledge and "learning a new thing every day", the La Voisine château will also host visitors from other companies for seminars and corporate events of all kinds, through a partnership with ChateauForm. "The La Voisine campus is also a showcase for Pernod Ricard, its brands, its history, its culture, and the men and women who work there."

**CAROLE MISSET**

Director of Pernod Ricard University



BUSINESS CASE No. 2

Digital Acceleration

TRAVEL RETAIL EMEA

# Digital Technology to enhance our performance-driven culture

Although the creative use of digital technology is a powerful way to win over potential consumers, putting it into place requires a virtual "revolution" for our internal Mindset.

The ability to mine data in real time or to geolocate consumers using smartphone apps is a game-changing development. It opens the door to a whole new world of advertising, one that is vastly more effective and profitable than the tried and true techniques of the past. It has also fundamentally altered our ways of working, giving rise to new innovative approaches to accomplishing goals and to devising analytical strategies that will effectively evaluate their success. Measuring and enhancing performance in real time plays a critical role in this process. "Today, the bulk of our efforts and activity begins on the day we activate a campaign and continues until the very end of it", says Justin Daich, Digital Manager at Travel Retail EMEA, and Thibaut Portal, Director of the Global Media Hub. "Every day we analyse how each campaign is performing, and we constantly refine the indicators we use – which can be by adjusting our target consumer profile, by reallocating our spending on a daily or even hourly basis so as to maximise duty-free traffic, or by reworking our advertising messages or testing several at the same time in order to find the best possible combination. And we do this day after day". The key factors to making Justin and Thibaut's collaboration a success are three-fold: an agility and speed in meeting goals, an ongoing and proactive commitment to finding the most effective strategies, and transparency in communication. And it's working! "In June 2017, thanks to the digital media plan we designed for Father's Day, our whiskey sales at the London Heathrow Airport jumped 22% over the previous year," says Justin. "by just targeting over a three-week period a little over 1.5 million people who were the right age to potentially purchase Premium wines and spirits for their fathers and were likely to be passing through Heathrow during that period. And we did it all on a total budget of EUR 50,000".



**JUSTIN DAICH**  
Digital Manager Travel Retail EMEA

7

MAJOR DIGITAL CAMPAIGNS FOR TRAVEL RETAIL EMEA IN 2016/2017



“  
We're all fired up to find another new way to boost our business.  
”

Over the past three years, Pernod Ricard's Global Media Hub has been developing in-house digital tools and resources for our Market and Brand Companies. The goal is to help them develop more effective direct interaction with consumers, including via advertising. "Every morning," says Thibaut Portal, "the Global Media Hub team arrives in the office with one goal in mind: to improve, in real-time, the performance of our social media advertising campaigns from the night before. We gather around our tracking spreadsheets to closely examine each campaign's results and each of us offers suggestions for improvements, and we share ideas from past campaigns for other affiliates". Based on real-time data, a dedicated team from the Global Media Hub manages our "programmatic" – the process of buying digital advertising space automatically. This allows us to enhance each campaign's impact as it allows us to make real-time adjustments to the media used for advertising or modify the profiles targeted by the campaign. "Digital technology has profoundly changed the way we work," say Thibaut and Justin. "Performance drives each of our actions. When we meet each

SEE ALSO

A consumer-centric strategy p.20

day to discuss ways we can improve our results in real-time, we're constantly confronted with a new set of questions. Initially that can be very disruptive: it can raise some thorny issues and force us to rethink some of our assumptions. But once everyone is on board with this new way of working and thinking, we're all fired up to find another new way to boost our business".



**THIBAUT PORTAL**  
Global Media Hub Leader

6

KEY AIRPORTS: LONDON (HEATHROW AND GATWICK), FRANKFURT, PARIS-CHARLES DE GAULLE, MADRID AND DUBLIN

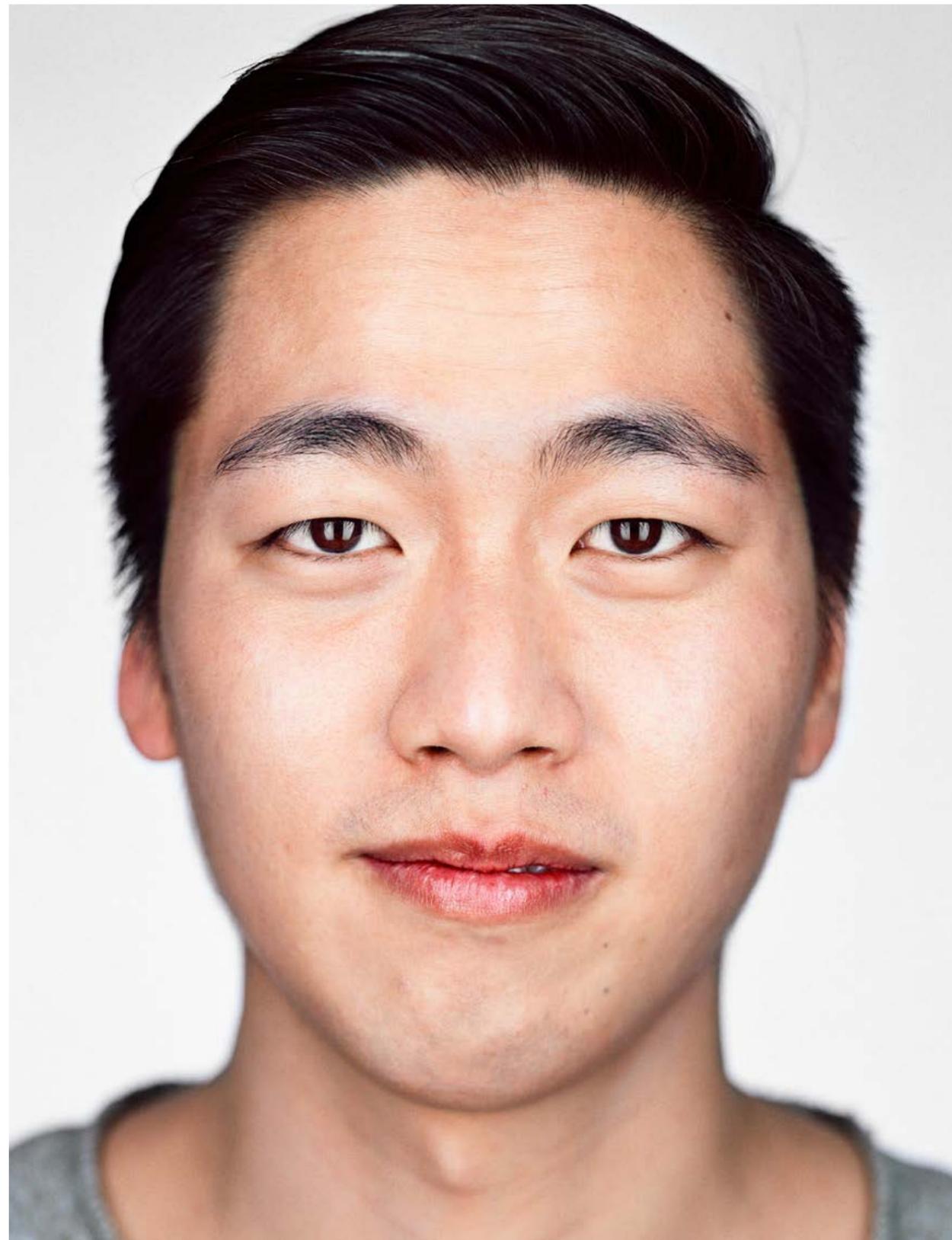
25%

THE SHARE OF THE TRAVEL RETAIL EMEA ADVERTISING BUDGET ALLOCATED TO DIGITAL MEDIA

**44 M**  
INTERNET USERS FOLLOW OUR BRANDS  
AROUND THE WORLD

**4.7 Bn**  
NUMBER OF TIMES  
OUR CONTENT WAS VIEWED  
ON FACEBOOK

**49 M**  
SOCIAL MEDIA INTERACTIONS  
(LIKES/SHARES/COMMENTS) ACROSS  
ALL OUR BRANDS WORLDWIDE



**HOCHAN CHUNG**

Assistant Community Manager



PERNOD RICARD KOREA  
SOUTH KOREA



**GURJEEVAN KAUR**

Marketing Manager

PERNOD RICARD INDIA  
INDIA

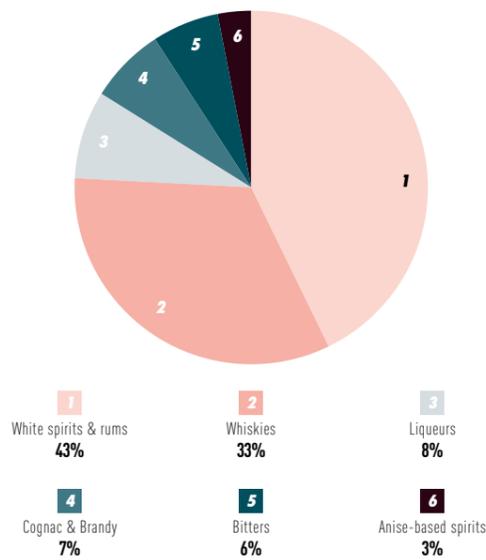
# ***THE YEAR'S SUCCESSSES: A LOOK AT OUR BRANDS AND REGIONS***

**In Full-Year 2016/2017, acceleration was driven by our Strategic International Brands. Our 3 regions are also growing and improving their performance.**

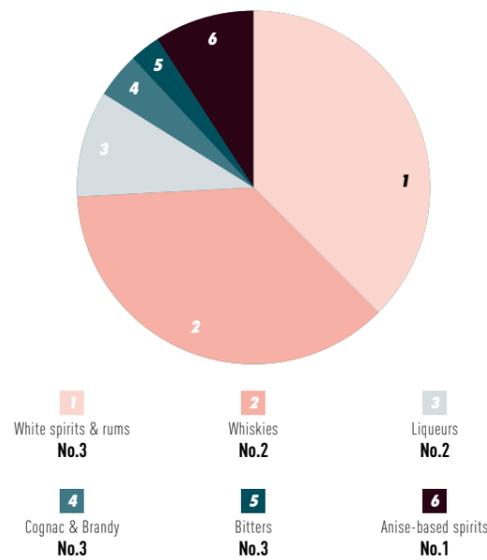
# THE GLOBAL SPIRITS MARKET

## CATEGORY FOCUS

BREAKDOWN OF INTERNATIONAL SPIRITS CONSUMPTION<sup>(1)</sup>



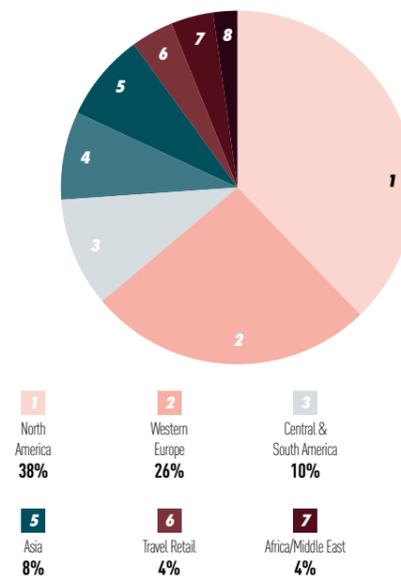
BREAKDOWN OF PERNOD RICARD'S VOLUMES<sup>(1)</sup> & THE GROUP'S POSITION<sup>(2)</sup>



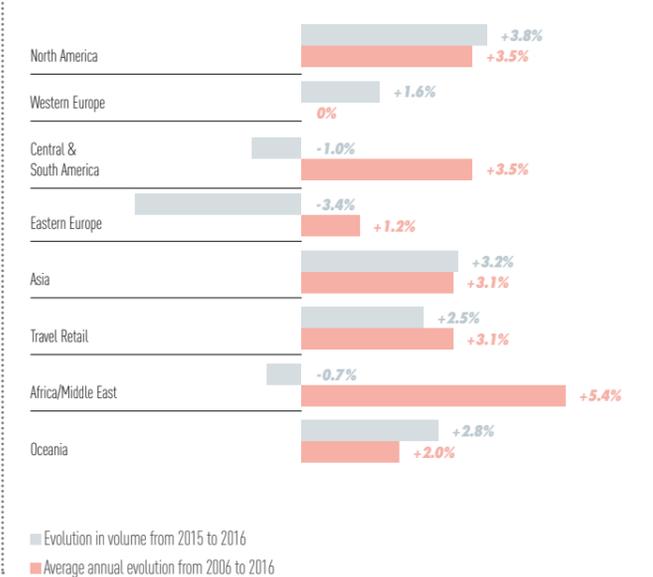
(1) Source: The Pernod Ricard Market View, based on IWSR data, volume data at year-end 2016, "International Spirits".  
 (2) Ranking among international groups.

## REGIONAL FOCUS

BREAKDOWN OF GLOBAL SPIRITS CONSUMPTION BY GEOGRAPHICAL REGION

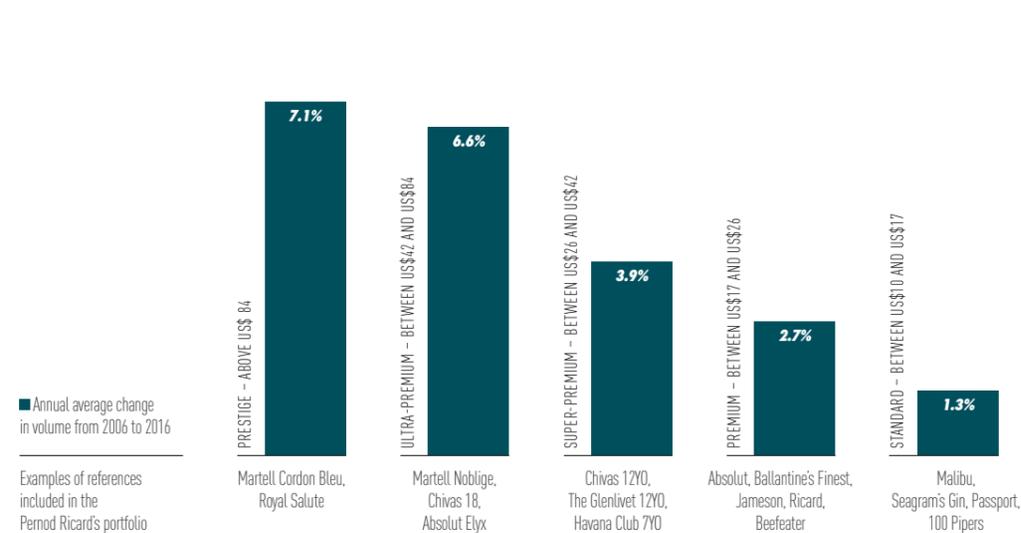


EVOLUTION OF GLOBAL SPIRITS CONSUMPTION BY GEOGRAPHICAL REGION



Source: The Pernod Ricard Market View, based on IWSR data, volume data at year-end 2016, "International Spirits".

## EVOLUTION IN INTERNATIONAL SPIRITS CONSUMPTION BY PRICE SEGMENT<sup>(3)</sup>



(3) Price for a 75 cl bottle in the United States.  
 Source: The Pernod Ricard Market View, based on IWSR data, volume data at year-end 2016, "International Spirits".

## RANKING AMONG INTERNATIONAL GROUPS

### EUROPE, AFRICA AND MIDDLE EAST

- No.1 in France
- No.1 in Spain
- No.1 in Poland
- No.1 in Germany
- No.1 in Czech Republic
- No.1 in the Nordic Countries
- No.1 in Angola
- No.1 in Portugal
- No.1 in Switzerland
- No.2 in Eastern Europe
- No.2 in Greece
- No.2 in Russia
- No.2 in Ireland
- No.2 in South Africa
- No.2 in Turkey
- No.2 in the United Kingdom
- No.3 in Italy

### TRAVEL RETAIL

- No.2 in Travel Retail

### AMERICAS

- No.2 in Brazil
- No.2 in Canada
- No.2 in Chile
- No.3 in Argentina
- No.3 in the United States
- No.4 in Mexico

### ASIA - PACIFIC

- No.1 in India<sup>(1)</sup>
- No.1 in China
- No.1 in Malaysia
- No.2 in Thailand
- No.2 in South Korea
- No.3 in Japan
- No.3 in Australia

(1) Internal data.

Source: The Pernod Ricard Market View, based on IWSR data, volume data at year-end 2016, "International Spirits".

## PERNOD RICARD NORTH AMERICA: REBOUND IN WORLD'S LARGEST MARKET

A new organization and mindset contributed to a strong turn-around for Pernod Ricard USA. Operating in the world's largest and most profitable wine and spirits market, the Group's largest subsidiary successfully implemented a new decentralized commercial organization.



**T**he new organization shifts from a brand-centric to a consumer-centric approach, with brand teams more closely connected to the market. Elimination of layers between Marketing and Sales is accelerating decision-making and ensuring more efficient and effective programming for the last three feet in retail. This was accompanied by a decentralized market approach, reorganized around four divisions and priority states with more resources and empowered to make choices. In terms of results, the year saw Pernod Ricard USA sales rise by +5%. Improvement was led by the excellent performance of Jameson, which recorded year-on-year growth of +18% in the U.S., augmented by strongly promoted innovations like the beer barrel-aged *Jameson Caskmates* Drinking Buddies limited edition. Malibu,

Martell and Altos also posted solid gains. Another highlight was *Absolut Lime*'s sponsorship of the Grammy Awards in Los Angeles, which reached 26 million viewers. On its way to becoming the company's most successful innovation launch ever, *Absolut Lime* has been propelled by media-generated buzz, strong support from national chains and outstanding retail displays. Performance also was strong in Canada, with Absolut and Jameson beating their categories, alongside strong showings in wine. To celebrate Canada's 150<sup>th</sup> anniversary, Absolut introduced a limited edition, *Absolut Canada*, while J.P. Wiser's Canadian Whisky released a limited edition 'One Fifty' bottle. Each of the 7,827 limited edition bottles were created with one-of-a-kind labels corresponding to one of the 7,827 weeks in Canada's history since the country's Confederation in 1867.

# 26M

VIEWERS FOR THE  
PERNOD RICARD-SPONSORED  
GRAMMYS

# 7,827

"ONE FIFTY" BOTTLES PRODUCED  
AND SOLD TO COMMEMORATE THE  
7,827 WEEKS IN CANADA'S HISTORY

# 3

NUMBER OF WEEKS FOR  
J.P. WISER'S ONE FIFTY BOTTLES  
TO SELL OUT

## PERNOD RICARD EMEA/LATAM: WINNING STRATEGY, MARKET SHARE GAINS

Solid foundations on which  
to consolidate our positions and  
continue to win market share.



**T**he EMEA/LATAM region posted strong performances backed by the roll-out of a long-term strategy in support of the Group's ambitions. Efforts in the three regions – Europe, Africa and Latin America – were put towards operational excellence, a revised route-to-market strategy in certain markets (winning the last three feet at the point of sale), and a focus on digital technology. In Europe, the Group consolidated its leadership position in Spain by maintaining its excellent results, led by *Seagram's Gin*. The UK saw dynamic growth and market share gains for priority brands, including Absolut and Jameson. In Russia, the Group executed its strategy more effectively, achieving double-digit growth and market share gains despite the difficult business climate, with Jameson, Ballantine's and Ararat leading the way.

In the German market, which remains as competitive as ever, Prestige and Innovation were the two key growth drivers. Pernod Ricard maintained its lead in France, with 30% market share (Nielsen). In Africa, the Group posted modest growth amidst economic and geopolitical tensions in certain sub-Saharan markets. The Group was nevertheless able to pursue Ballantine's *Beat of Africa* and similar pan-African campaigns for Chivas, Absolut and Jameson with a rapidly expanding consumer base. Lastly, in the LATAM region, a strategic shift toward Strategic International Brands in Mexico and a new organisational scheme will drive future growth in the region's markets. The business environment in Brazil remained challenging, but a solid portfolio of local brands has set the stage for our international brands to achieve market penetration and stabilise our market share.

## PERNOD RICARD ASIA: IDEALLY POSITIONED IN A HIGH-POTENTIAL MARKET

Following a year of modest growth, Pernod Ricard Asia remains in pole position to seize the region's tremendous potential.



**T**he temporary slowdown in India caused by the adverse regulatory environment (Highway Liquor Ban and demonetisation) was offset by the recovery of the Chinese market, which created a positive outlook for our flagship brand in the country, Martell Cognac. Dynamic economic and demographic trends, a rising middle class with increased purchasing power, and urbanisation are all factors that point to a promising outlook for regional growth. The Group has operated in these markets for several decades and boasts many assets, including its diverse portfolio of Premium and Super-Premium brands, expertise in brand building, innovation culture and excellent knowledge of local routes to market.

As we continued to restructure our distribution networks, the recovery in China took hold, as reflected in the strong results posted during the Chinese New Year by brands such as Martell. The long-term outlook in the market remains positive. Pernod Ricard's position among the market leaders leaves the company primed to capitalise on future economic growth.

India also holds considerable long-term potential. The affiliate is backed by a solid business model developed around a portfolio of strong local brands designed to appeal to the growing upper middle class, with the ultimate goal of leading these consumers to the Premium international brands in our portfolio.

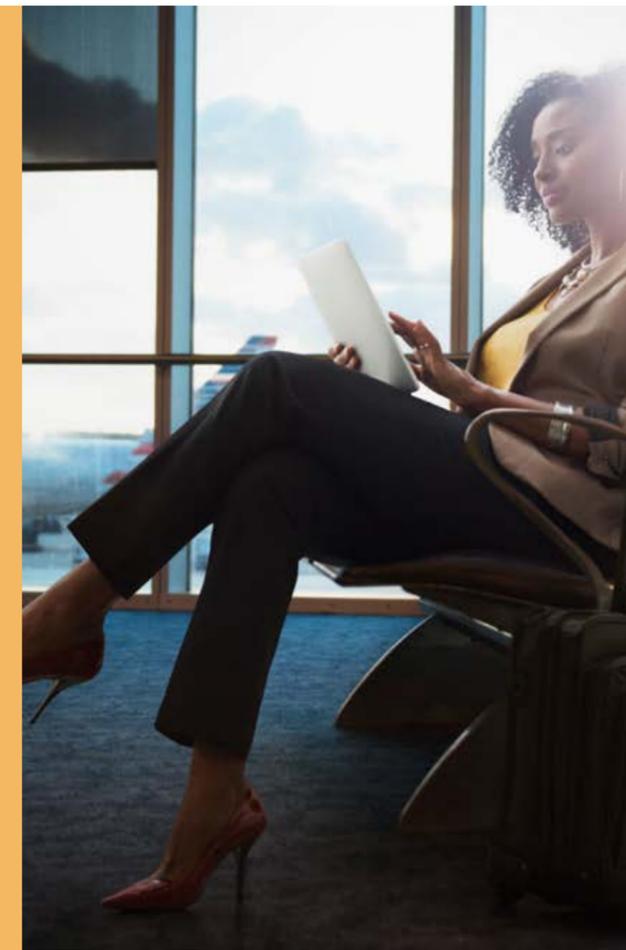
The same is true in Japan, where champagne and whisky boosted growth.

# 1.5 Bn

FORECAST FOR 2027: THE NUMBER OF MIDDLE CLASS AND AFFLUENT CONSUMERS WILL DOUBLE IN CHINA, INDIA AND SOUTH-EAST ASIA OVER THE NEXT DECADE.

## PERNOD RICARD GLOBAL TRAVEL RETAIL: A HIGH-FLYING MARKET

The rapid roll-out of a new organisational structure, launched over the last months of the 2017 financial year.



**A**nnounced in April 2017, the new unit centralises the three current Travel Retail regions – Asia-Pacific, EMEA and the Americas – into a single global organisation based in London (Global Travel Retail, or GTR), to increase our local impact and ensure a consistent global strategy for international clients. The Travel Retail segment is leading value creation within the industry and is Pernod Ricard's second-most profitable market. Engaging travellers throughout the "travel trail" – their journey before arriving at the airport, during their trip and after their travel experience – is a major avenue for development in the segment. This approach enables us to establish

partnerships with our clients that reach our consumers at each of these contact points. GTR is backed by a combination of global strategy and local plans custom-tailored to each market and client, with the dual goal of boosting growth and maximising value creation. The new organisation is already producing more effective collaboration with Market Companies and key accounts, guaranteeing that travellers can find their favourite Pernod Ricard brands in duty-free outlets to take home.

Our concerted effort to revise our brands' promotional strategy for Travel Retail has resulted in simplified activations that are more effective and are already yielding positive results. The development of new high-profile products – notably the launch of Chivas Ultis in GTR – has also spurred on growth in the channel.

*The new organisation will allow Pernod Ricard to fully capture the undeniable growth potential of this channel, through its unified global approach.*

**MOHIT LAL**

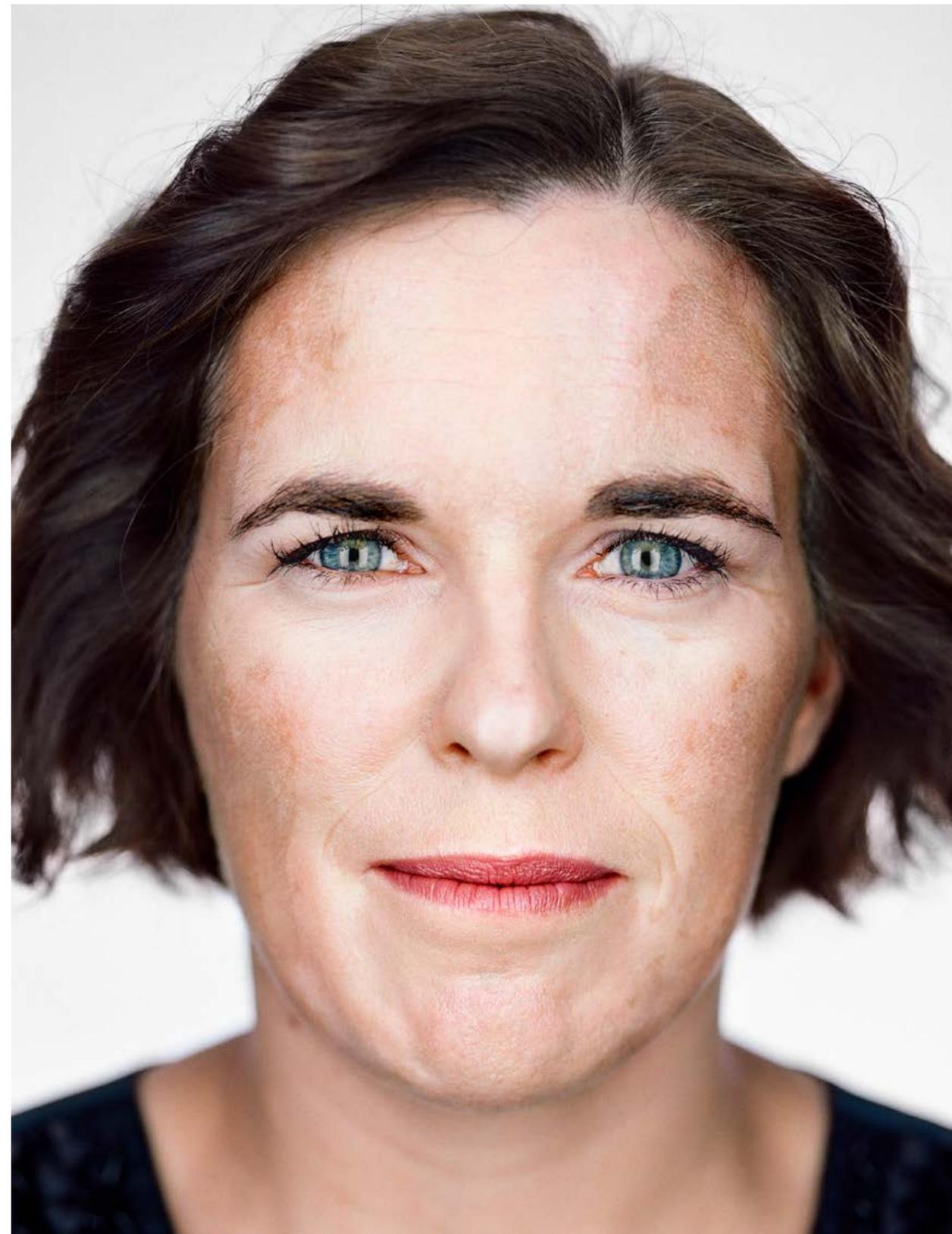
Chairman and CEO of Pernod Ricard  
Global Travel Retail



**PATRICK JOHNSON**

IT Desktop Support Analyst

📍  
PERNOD RICARD USA  
UNITED STATES



**ANNE AUBRY-MARAI**

Category Manager

📍  
PERNOD  
FRANCE



## THE "ONE SOURCE" CAMPAIGN IS AWARDED A GOLD LION IN CANNES

Absolut's "One Source" campaign, highlighting the brand's unique single source production in Åhus, Sweden, was awarded a Gold Lion at the 64<sup>th</sup> annual Cannes Lions International Festival of Creativity<sup>(1)</sup> in June 2017. The prestigious award recognizes creativity that turns content into culture and connects with consumers in new ways. The "One Source" album was created through a musical collaboration with brand ambassador Khuli Chana and other leading African artists and shaped through public input via Absolut's social media platforms, producing a spellbinding celebration of the continent's role as the birthplace of humanity and creativity.

(1) The Absolut One Source campaign was awarded Gold and Silver Lions in the Entertainment Lions, a Silver Lion in Entertainment for Music Lions, and a Bronze Lion in Media Lions.



**#1**

ON THE ITUNES CHART

**1.75 Bn**

MEDIA IMPRESSIONS GENERATED OVER THE COURSE OF THE CAMPAIGN

**+84%**

INCREASE IN SALES FROM JULY TO OCTOBER 2016

Source: Aztec Data

**#1**

PREMIUM VODKA, ABSOLUT RETURNS TO THE TOP

Source: As per Aztec at the end of the campaign period (pertaining to vodka) excluding flavors which is classified as Spirit aperitif

The award wins for Absolut represent a true success for the ultimate collaboration and celebration of African creativity on a global stage.

**MELANIE CAMPBELL**

Head of Marketing White Spirits & Rum, Pernod Ricard South Africa



## SETH TROXLER POWERS TRUE MUSIC FORWARD

For the second installment of True Music, Ballantine's partnered with Boiler Room and the globally renowned producer and DJ Seth Troxler, touring through Brazil (Salvador), Russia (Moscow) and Poland (Warsaw) between May and September 2017. Building on the brand's successful three-year partnership with Boiler Room, the tour continued to fulfill its mission of supporting and celebrating artists with a pioneering spirit, challenging them to continue pushing boundaries. The events featured Ballantine's Finest cocktails, served alongside an epic showcase of talent, provocative discussions from the industry's best and creation of all new music, with sessions live streamed around the world.



**+20M**

VIEWS GENERATED WORLDWIDE BY PLATFORM

**+110M**

CONSUMERS REACHED VIA PRESS COVERAGE

**+37**

MARKETS IN WHICH BALLANTINE'S IS GROWING FASTER THAN ITS NEAREST COMPETITOR

We're thrilled to be working with Ballantine's once again on a project that celebrates a commitment to authentic, dynamic musicians.

**BLAISE BELLVILLE**  
Boiler Room Founder and CEO



## CELEBRATING GIN WITH A NEW TWIST

With the launch of its new 'brand world,' Beefeater connected with the millennial generation of gin drinkers globally through a distinctly straight talking urban feeling. The launch's strong success in markets worldwide was reflected in the energy surrounding the sixth Beefeater MIXLDN Global Bartender Competition. This year's event was more global than ever with over 1,450 bartenders from 32 countries re-working a classic gin recipe using modern London and Beefeater gin as their inspiration. Competitors were challenged to create their own innovative Beefeater Limited Edition gin cocktail for the first time. The judging panel of international gin experts crowned Hong Kong bartender Timothy Ching as this year's winner for his Oliver Twist-inspired "Please Sir I Want Some More" concoction. The year also saw the brand unveil a sophisticated new bottle design for its Super-Premium quality Beefeater 24, introduced already in 61 markets.



Bringing together an overwhelmingly talented and passionate group from the international on-trade community for MIXLDN 6, it has been a privilege to watch these bartenders battle behind the bar.

**DESMOND PAYNE**  
Beefeater's Master Distiller

**1,450**

BARTENDERS COMPETING IN MIXLDN GLOBAL BARTENDER COMPETITION

**61**

MARKETS IN WHICH NEW BEEFEATER 24 BOTTLE INTRODUCED

**35**

MARKETS PARTICIPATING IN MIXLDN



## CHIVAS REGAL ULTIS UP TO THE CHALLENGE

Topping a long list of recent awards, including gold medals at *The Scotch Whisky Masters 2017* and *International Wine and Spirits Competition 2017*, Chivas Regal Ultis was recognised as the best non-age statement blended Scotch whisky at the 22<sup>nd</sup> annual International Spirits Challenge (ISC) ceremony in London. The event is regarded as one of the world's most authoritative, respected and influential spirits competition. The first blended malt Scotch whisky from the House of Chivas contains five precious signature single malts, each hand selected from five Speyside distilleries in honor of the five generations of Chivas Regal Master Blenders.



**5**

OF CHIVAS REGAL'S MOST PRECIOUS SIGNATURE SINGLE MALTS ARE BLENDED TO CREATE CHIVAS REGAL ULTIS

**1<sup>ST</sup>**

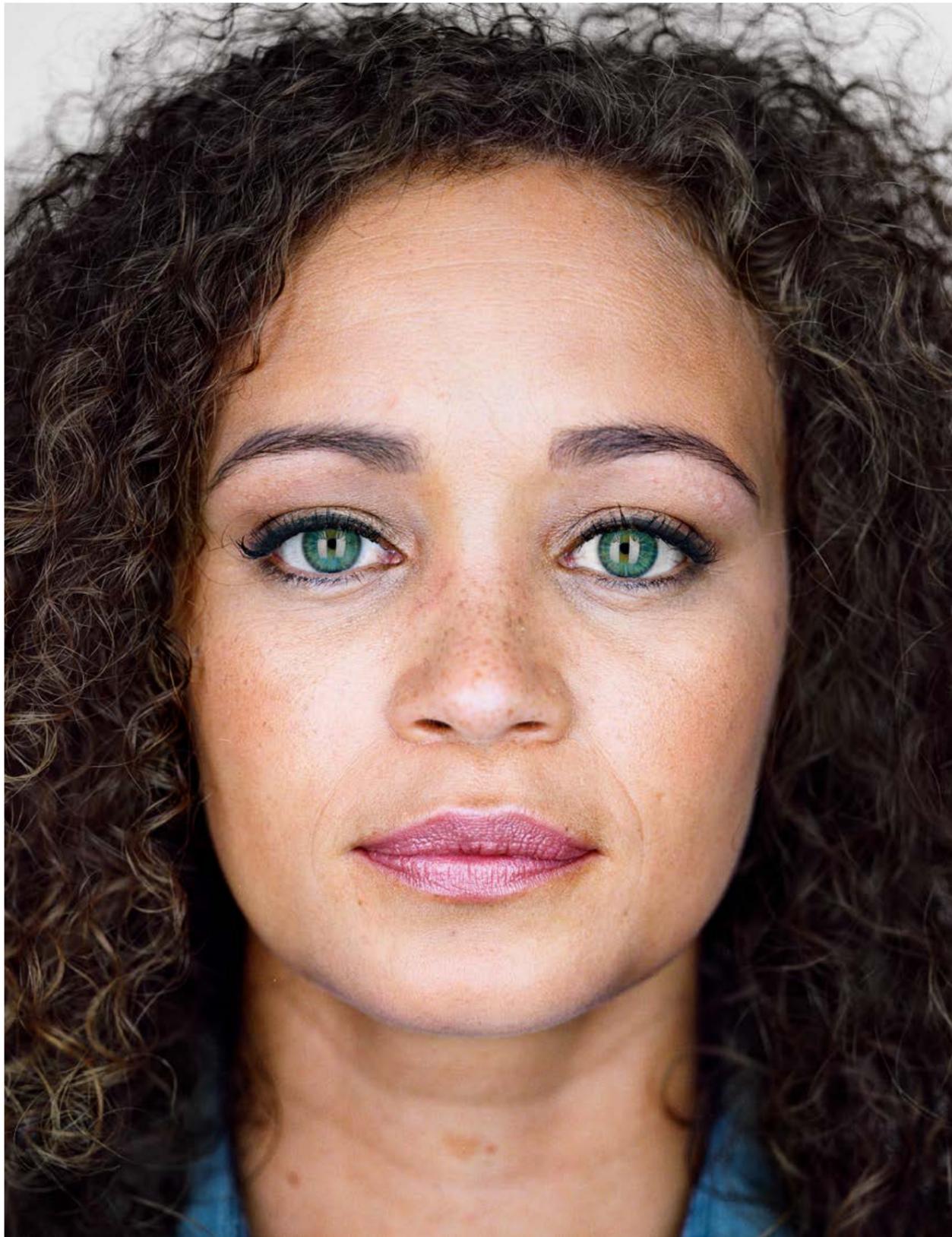
BLENDED MALT SCOTCH WHISKY FROM THE HOUSE OF CHIVAS

**36**

MARKETS TOOK PART IN THE CHIVAS REGAL ULTIS LAUNCH

This creation is a remarkable achievement of craftsmanship by our blending team who personify all that is celebrated about Chivas Regal and its legacy.

**SANDY HYSLOP**  
Director of Blending, Chivas Brothers



**SIMONE MOITA**

Brand Manager – Ballantine’s

📍  
PERNOD RICARD SOUTH AFRICA  
SOUTH AFRICA



**ADRIEN FIET**

Delivery Manager Asia Pacific-Gulf

📍  
RICARD  
FRANCE



## FRANCE'S CUBAN INVASION

Building on previous successes; Havana Club brought yet again the spirit and sensation of Cuba to the streets of Paris for the summer of 2017. Over a three-month period, the brand's "Plaza Havana Club" recreated the authentic look and ambiance of two of the Cuban capital's mythic bars, La Bodeguita del Medio and El Floridita. On hand at the pop-up bar to mix the *true* versions of mojitos, daiquiris and canchas were the bars' own talented *cantineros*, who demonstrated the proper drink techniques to their Parisian patrons. With the help of Cuban musicians, street artists and designers, the immersive cultural celebration completely transformed the neighborhood.



☹☹  
Making rum is my life's work... the colors, the timing, the aromas. I know that it's a point of pride for Cubans. There is no standard recipe. There's a lot more to it than that. Cuba is Havana Club.

☹☹  
**ASBEL MORALES**  
Havana Club Master Ronero

**100%**

CUBAN - THE *CANTINEROS* (BARTENDERS) PERFORMING IN PARIS FOR PLAZA HAVANA CLUB

**Over 30,000**

PARTICIPANTS

**30,000**

MOJITOS, DAIQUIRIS AND CANCHAS SERVED

**4,000**

MOJITOS PREPARED FOR THE PARTICIPANTS



## DRIVING ENGAGEMENT THROUGH INFLUENCER MARKETING

The global leader of the fast-growing Irish whiskey category, Jameson continues to build long-term relationships that drive deeper engagement and relevance to effectively reach its target market. Central to its strategy, the Jameson Influencer Marketing program creates meaningful connections between the brand and its influencers by supporting them in the pursuit of their passions. The First Shot Film Competition, now in its sixth year, enables aspiring filmmakers to work with Hollywood producer Dana Brunetti and A-list actors while professional bartenders visit Ireland's Midleton Distillery as part of the Jameson Barrelman's Homecoming. Authentic, personalized, grassroots communication that underlies the brand's enduring appeal as it continues to expand.



**+750**

BARTENDERS - EXPERIENCED A BARRELMAN'S HOMECOMING IN IRELAND DURING THE PAST 5 YEARS

**+200**

BARTENDERS - ATTENDED THE IRISH WHISKEY ACADEMY EXPERIENCE IN MIDLETON DISTILLERY IN THE PAST 3 YEARS

**+20M**

VIEWS OF JAMESON FIRST SHOT MOVIES

**18**

JAMESON FIRST SHOT SHORT FILMS PRODUCED

☹☹  
I will forever have Jameson in my heart because of that night. I made new friends from all over the world thanks to you guys!

☹☹  
**BARTENDER**  
following Jameson Barrelman's Homecoming



## A NEW LOOK FOR RICARD

More than eighty-five years after its creation, Ricard reinterprets its visual identity in a simple, modern style. The new logo is a nod to the origins of the brand, which first appeared in sunny Marseille in 1932. With the new campaign, #simplecommercard (Simple like Ricard), Ricard showcases its brand values of simplicity and authenticity: two glasses, a carafe of water and a sunny warm glow. The iconic French brand has also developed a completely new brand experience: a new carafe, a new look for its classic glass caddie in the Ricard colors, and a limited-edition collection of bottles with whimsical illustrations. New graphics and service-industry accessories (garlands, parasols, blackboards, etc.) inspired by the "village square" spirit complete the new identity.



“ Ricard has achieved the feat of becoming part of our heritage without ever allowing themselves to become trapped in the past. Designing this new carafe was about continuing the movement and integrating Ricard as a part of a global history.”

**MATHIEU LEHANNEUR**  
Designer of the Ricard carafe

#1

SPIRITS BRAND  
IN FRANCE – (MS BY VOL. AND VAL.)  
Source: Nielsen, CAM P9 2017

103.6M

NUMBER OF IMPRESSIONS FROM DIGITAL  
CAMPAIGNS OVER A 5-MONTH PERIOD  
Sources: Google Double Click Manager &  
Facebook Business Manager



## MALIBU TAKES THE LEAD IN FLAVORED SPIRITS

Strong growth and excellent performance vaulted Malibu into the #1 position in the flavored spirits category as the biggest brand by total volume. Key factors driving growth include the refocusing of the business on *Malibu Original* and consistent execution of the summer strategy over the past three years, including the celebrated #BecauseSummer campaign. The brand's marketing, innovation and digital acceleration performance was recognized by leading international trade publication, *The Spirits Business*, which named Malibu 2017's Brand Champion of Liqueurs and amongst the top 10 spirits brands on social media.



#1

NAMED THE 2017  
BRAND CHAMPION OF LIQUEURS  
BY THE SPIRITS BUSINESS

2,381,298

FACEBOOK FANS

42,200

TWITTER FOLLOWERS

21,300

INSTAGRAM FOLLOWERS

“ There is real momentum behind Malibu again, which is uniquely positioned to appeal to young adults with its sweet, refreshing taste and moderate alcohol by volume level.”

**COLIN KAVANAGH**  
Global VP Marketing, Malibu



## AN EVEN RICHER COGNAC EXPERIENCE

Alone among the great cognac houses, Martell double distills exclusively clear wines in order to preserve the authentic fruity aromas of the grapes. This choice of quality over quantity produces the fine, luscious cognacs that are the hallmark of the Martell style. Latest addition to the Martell collection, the new Martell VS Single Distillery launched this spring in the USA and the UK, takes this exacting approach further still, since each bottle is blended from eaux-de-vie derived from a single distillation source. Sharing the same sensorial profile and taste characteristics, these eaux-de-vie blend together in perfect harmony, resulting in an even richer cognac. Inspired by Martell's heritage of craftsmanship, the bottle of Martell VS Single Distillery, proudly bearing the iconic Martell swift emblem, is a contemporary interpretation of a "montre" – the traditional sampling bottle used for cognac.



Throughout its 300-year history, the House of Martell has always proudly launched disruptive products, reinventing the standards through new blends, new designs and even new territories."

**CÉSAR GIRON**  
Chairman & CEO  
of Martell Mumm Perrier-Jouët

**3**  
CENTURIES  
THE LENGTH OF TIME THAT MARTELL HAS PRODUCED, EXPORTED AND MARKETED COGNACS WHICH ARE RECOGNIZED WORLDWIDE FOR THEIR EXCEPTIONAL QUALITY AND FINESSE

**1783**  
YEAR WHEN MARTELL BECAME FIRST COGNAC HOUSE TO SHIP BARRELS FROM FRANCE TO THE UNITED STATES



## LIGHTNING IN A BOTTLE

Usain Bolt, one of the world's most daring and decorated athletes, continues to dazzle as Chief Entertainment Officer (CEO) for Maison Mumm. The champion sprinter is spearheading unique initiatives that promote Mumm's energy, boldness and spirit of celebration to consumers everywhere. A video entitled "Usain Bolt, New Mumm CEO" encapsulates the superstar's dynamism, with Usain Bolt sabering a bottle of Mumm with one of his gold medals. He was also on hand in May to celebrate Mumm's enduring partnership with the Kentucky Derby, for which the House serves as official champagne partner. It's not a surprise, given that Usain Bolt's personal motto, "Anything is possible; I don't think limits," aligns perfectly with the House's motto: "Dare. Win. Celebrate." Both embody the same mindset: always aim for the podium to secure our place as the best champagne house.



My number-one mission will be to enhance Mumm's legacy in celebrating victories in stunning ways, and I'm very excited to invite all my fans around the world to raise their glasses with me in a toast to Mumm.

**USAIN BOLT**  
Chief Entertainment Officer (CEO)

**8**  
OLYMPIC GOLD MEDALS WON BY USAIN BOLT

**11**  
GOLD MEDALS WON BY MAISON MUMM IN INTERNATIONAL WINE COMPETITIONS

**4**  
FIRST-PLACE FINISHES FOR THE MUMM GRAND CORDON BOTTLE IN DESIGN COMPETITIONS



## HOMAGE TO CHARDONNAY

Elegant and vibrant, the new Perrier-Jouët Blanc de Blancs pays tribute to the vital freshness of the Chardonnay grape – the iconic touchstone of the Perrier-Jouët style. Exuberant, feminine and deliciously spontaneous, the new cuvée has an impertinent charm that is completely unique. Endlessly versatile, it is the perfect partner for the special moments that make life worth living. Cellar Master Hervé Deschamps personally selected an elegant blend of floral Chardonnays from the Champagne region's best vineyards. The result is a wine that epitomizes the spirit of the Maison with its mineral freshness and floral vitality. The new cuvée embodies the pioneering spirit of Perrier-Jouët, along with its 200-years of expertise with this signature grape variety.



“My grandparents were wine growers in Côte de Blancs for Chardonnay. That may have been what inspired me to make the best quality champagne with Chardonnay.”

**HERVÉ DESCHAMPS**  
Cellar Master, Perrier-Jouët

**20**  
YEARS SINCE THE LAST  
ADDITION TO THE PERRIER-JOUËT  
COLLECTION

**100%**  
CHARDONNAY

**7**  
FOOD AND WINE PAIRINGS  
CREATED BY MICHELIN-STARRED  
CHEF AKRAME BENALLAL



## THE ICONICA COLLECTION JOINS LECERCLE

The Iconica Collection of superb rums made by Havana Club - Tributo, Unión, and Máximo - has recently joined Pernod Ricard's LeCercle portfolio of Prestige brands. In a country where rum is a revered institution, not simply an alcoholic beverage, these rums represent the ultimate in Cuban expertise and tradition. And since Havana Club gives us access to the largest stock of extra-aged rums in the Caribbean, we are even better equipped to take the lead in the fast-growing Ultra-Premium and Prestige rum segments. Moreover, the inclusion of this exceptional collection significantly sharpens our competitive advantage; with it in the Pernod Ricard portfolio, we now cover every major Ultra-Premium champagne and spirits category.

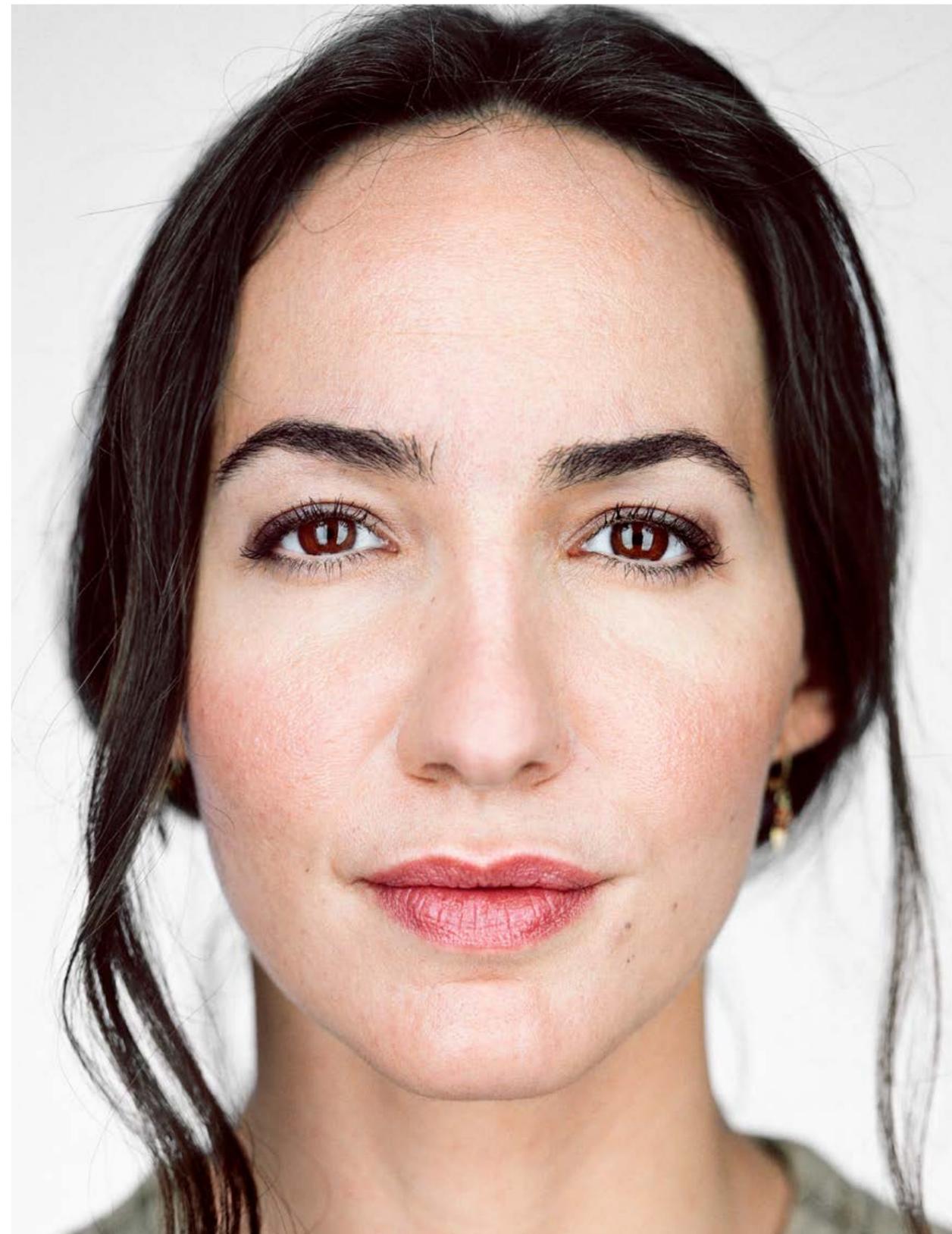
“We are delighted to welcome the Havana Club Iconica Collection to the LeCercle portfolio at a time when the Ultra-Premium and Prestige rum categories are growing significantly.”

**TAREEF SHAWA**  
Luxury & CRM Director



**JORGE PALMA**  
—  
Inventory Control Manager

📍  
PERNOD RICARD CHILE  
CHILE



**ILARGI LETURIA UGARTE**  
—  
Global Brand Manager Architecture

📍  
PERNOD RICARD WINEMAKERS SPAIN  
SPAIN



## PARTNERSHIP WITH SENTEBALE ENTERS ITS 7<sup>TH</sup> YEAR

Royal Salute celebrated its seventh year as partner to Sentebale in support of the charity's work providing care, education and critical psychosocial support to children and adolescents living with HIV in Lesotho and Botswana, two countries with among the world's highest infection rates. This year's *Sentebale Royal Salute Polo Cup*, held in Singapore brought the total raised over the course of the partnership to more than £4.5 million, with Royal Salute proud to see its donations exceed £1.5 million. The year also saw the launch of a new limited edition 21-year-old *Polo Edition* as part of the Royal Salute polo platform and a 32-year-old *Union of the Crowns*, exclusively in Global Travel Retail.

## 30 YEAR OLD FLASK EDITION

Royal Salute unveiled an exclusive bespoke collector's item – Royal Salute 30 Year Old Flask Edition, offering whisky connoisseurs a luxurious way to drink Royal Salute on the move. The collector's item houses a precious, rich and silky 30 year-old liquid, crafted by Royal Salute's Director of Blending, Sandy Hyslop, and is presented alongside a bespoke porcelain flask, and other elegant accessories, from London's award-winning designer, Afroditi Krassa.

☝  
The whisky is light, sweet and beautifully mellow, with notes of honeydew and toffee. Borwick recommends drinking it with a 1:1 ration of whisky and water, so one gets a soft, wine-like mix you can easily sip in a casual afternoon.

☝  
**BEATRICE BOWERS**  
Lifestyle Asia, Royal Salute, Polo Edition

**12**  
POLO TOURNAMENTS TOOK PLACE AROUND THE WORLD IN THE LAST YEAR

**10M**  
CONSUMERS CONNECTED TO ROYAL SALUTE VIA SOCIAL MEDIA



## FOUNDER'S INNOVATIVE GENIUS LIVES ON

The Glenlivet *Founder's Reserve* continued its outstanding performance, becoming the highest selling new Scotch product by volume in the last five years. The product was created using the time-honored distillation methods introduced by George Smith almost 200 years ago. As in the early 1800's when the whisky category was produced without age statements, the liquid was selected from a variety of aged casks. The ultimate tribute to the founder's original vision to craft the definitive, smooth single malt whisky, *Founder's Reserve* captures the distinct, smooth, fruity taste that he first envisioned in 1824 and for which the brand is still renowned today.



☝  
The Glenlivet Founder's Reserve may be the whisky powerhouse's latest expression, but it has been almost 200 years in the making and offers a fitting tribute to the original vision of Glenlivet's founder, George Smith.

☝  
**SHVETA BHAGAT**  
The Lux Café

**60+**  
MARKETS IN WHICH FOUNDERS RESERVE HAS BEEN LAUNCHED

**50**  
AGE OF THE GLENLIVET WINCHESTER COLLECTION VINTAGE 1966; THE MASTER DISTILLER'S BOTTLE WAS AUCTIONED AT CHRISTIE'S WITH ALL PROCEEDS GOING TOWARDS SUPPORTING CHARITY THE CRAFTS COUNCIL



## ART OF LIFE

Building on its position as the world's leading Rioja brand, Campo Viejo continued to bring to life the connection between winemaking and art creative process, encouraging people to truly experience 'Live Uncorked' through its experiential platform, "Streets of Colour". Since its launch, more than 30 vibrant and colourful events have been experienced by fans around the world. Campo Viejo's success in bringing its expressive DNA to life and reinforcing its wine credentials was confirmed through the numerous awards and accolades won by the brand during the past year. Leading trade magazine *Drinks Business* also featured Campo Viejo's Elena Adell as one of Spain's top winemakers.

#1

RED STILL WINE SKU  
IN UK



## BREATH OF FRESH AIR

Through its new global marketing campaign, 'A Fresh Perspective', Brancott Estate reinforced the forward-thinking mindset and history of category-leading innovation with which the brand has been associated since creating the first Marlborough Sauvignon Blanc in 1979. Employing a distinctive and visually engaging style, the campaign builds on the new brand mark and packaging introduced in 2016, repositioning Brancott Estate as a fresh, contemporary choice among target consumers. Launched in February 2017 in the brand's key markets of the US, the UK, Australia and New Zealand, the campaign was activated across all stages of the consumer journey, including out-of-home, digital, experiential, PR and in-store.

#1

RANKING IN THE 2016 WINE.COM TOP 100 for Brancott Estate Marlborough Sauvignon, the first time in 10 years that a New Zealand wine or a white wine has won.



## NATURE'S WINE

In keeping with its commitment to supporting sustainability in its host communities, Kenwood partnered with the National Forest Foundation for the winery's first-ever tree planting effort in the spring of 2017. As part of Kenwood's "The Wild Is Calling Campaign", one tree was planted in a national forest for every bottle of Kenwood Vineyards wine sold. Designed to encourage exploration of the great outdoors and the finding of inspiration in nature, the campaign included a food and wine program designed to expand consumers' palettes as they discover unexpected tastes and authentic flavors paired with Kenwood Vineyard wines.

Kenwood Vineyards understands the connection between healthy forests and our quality of life, and they understand the love people have for their public lands. This partnership demonstrates both.

BILL POSSIEL - President, National Forest Foundation.



## AN AUSTRALIAN TASTE OF FRANCE

Celebrating the increasing popularity of rosé throughout the world, Jacob's Creek launched Le Petit Rosé, a dry, balanced, lightly textured rosé that quickly captured the attention of Australian wine lovers. Made locally with Australian-grown grapes, the elegant, French-inspired rosé combines subtlety, complexity and savouriness. The result reflects careful adaptations by the Jacob's Creek winemaking team, including earlier harvest timing, different grape varieties, gentler handling, and changes in yeasts. In becoming Australia's leader in its category by value and volume, Le Petit Rosé further extends Jacob's Creek's 160-year legacy of winemaking innovation.

#1

ROSÉ IN ITS CATEGORY FOR VALUE AND VOLUME IN AUSTRALIA



# ACCELERATED AND DIVERSIFIED GROWTH

11 of our 13 Strategic International Brands in growth.  
Highlights from Full-Year Results 2016/17.

<p><b>ABSOLUT.</b></p> <p><b>+2%</b></p> <p>11.2 MILLION 9-LITRE CASES SOLD</p>	<p><i>Ballantine's</i></p> <p><b>+3%</b></p> <p>6.7 MILLION 9-LITRE CASES SOLD</p>	
<p><b>RICARD</b></p> <p><b>+4%</b></p> <p>4.8 MILLION 9-LITRE CASES SOLD</p>		<p><b>MARTELL</b></p> <p><b>+6%</b></p> <p>2.1 MILLION 9-LITRE CASES SOLD</p>
<p><b>THE GLENLIVET</b></p> <p><b>+2%</b></p> <p>1 MILLION 9-LITRE CASES SOLD</p>	<p><b>PERRIER JOUËT</b></p> <p><b>+11%</b></p> <p>0.3 MILLION 9-LITRE CASES SOLD</p>	<p><b>G.H.MUMM</b></p> <p><b>+3%</b></p> <p>0.8 MILLION 9-LITRE CASES SOLD</p>

Our acceleration is driven by our Strategic International Brands with, in particular, a return to growth for Martell +6% and Absolut +2%.

**ALEXANDRE RICARD**

Chairman & Chief Executive Officer

**SEE ALSO** | MESSAGE FROM THE CHAIRMAN → P.4  
STRATEGIC MODEL → P.20

<p><b>MALIBU</b></p> <p><b>+5%</b></p> <p>3.6 MILLION 9-LITRE CASES SOLD</p>		<p><b>CHIVAS</b></p> <p><b>-3%</b></p> <p>4.2 MILLION 9-LITRE CASES SOLD</p>
	<p><b>BEEFEATER</b></p> <p><b>+5%</b></p> <p>2.8 MILLION 9-LITRE CASES SOLD</p>	<p><b>ROYAL SALUTE</b> SCOTCH WHISKY</p> <p><b>-3%</b></p> <p>0.2 MILLION 9-LITRE CASES SOLD</p>
<p><b>JAMESON</b></p> <p><b>+15%</b></p> <p>6.5 MILLION 9-LITRE CASES SOLD</p>		<p><b>Havana Club</b></p> <p><b>+6%</b></p> <p>4.3 MILLION 9-LITRE CASES SOLD</p>

## FOCUS

# BIG is getting bigger!

Created in 2012, the Breakthrough Innovation Group (BIG) is a start-up within Pernod Ricard dedicated to finding disruptive innovations. Its goal is to invent the future of *convivialité* by developing new products and services which will radically change and enhance the consumer's experience. BIG focuses on breakthrough projects that involve complex iterative processes deployed over a long period of time.

This year the team expanded to include a team of scientific and technical experts, who had formerly been a part of the Pernod Ricard Research Center. BIG's first product to debut on the market, L'Orbe, was introduced in early 2017, and four more BIG projects are currently under development.

## L'Orbe: an unprecedented blend of flavors

L'Orbe is a range of gastronomic drinks designed to blend the savors of gourmet foods with the art and craft of mixology. Each L'Orbe recipe offers a unique fusion of a delicate food ingredient and a fine spirit that take place within a bottle. The brand's first recipe, developed in collaboration with Michelin-starred chefs and visionary mixologists, brings together for the first time ever caviar from France's Gironde region and Swedish vodka. This miracle is made possible by a technique commonly used by the cosmetics industry, micro-encapsulation, which has since been adapted and patented by BIG. It protects and preserves even the most fragile of ingredients, allowing them to retain their physical integrity over time without degradation. When placed in contact with a liquid, the protected ingredient releases only its aromas, this technique keeps its coloring and particles from escaping. Thus, the sturgeon eggs inside their capsule emit a perfectly balanced scent of butter and hazelnut to create a unique sensory experience. L'Orbe also offers a new approach to tasting, with products that can be savored on their own, in a cocktail or as a distinctive ingredient in a culinary dish.



## Opn: the first connected cocktail library

With the launch of Opn, Pernod Ricard will provide consumers a new and enhanced way to experience spirits and cocktails from the leisure of their homes.

Over the past three years, the BIG team worked to develop the world's first smart bar, designed to work with a smartphone app.

"This year marked a critical stage in Opn's development. In January, Opn was officially unveiled at the Consumer Electronics Show 2017 in Las Vegas, Nevada (USA), where consumers and reporters could view and experiment with the product for the first time," shares Alain Dufossé, Managing Director of the Breakthrough Innovation Group (BIG). Opn was then tested by more than 300 people in Europe and the United States, a survey that allowed BIG to evaluate Opn's appeal and to gain insight into the consumer experience. The results following a three-month pilot period were overwhelmingly positive: 90% of the testers reported that Opn both improved their cocktail experience at home and introduced them to new blended drinks.

Since the summer of 2017, an expanded team has been working on the project full-time, with the aim of developing a market-ready version that will be launched in late 2018.



**ALAIN DUFOSSÉ**  
Managing Director, BIG

### Fun fact

Inspired by the latest innovations from Amazon, the intelligent tray unit automatically orders replacement cartridges when needed that are delivered directly to the consumer's door within 30 – 60 minutes.



**LUIS PABLO PÉREZ TORRESCANO**

Brand Assistant

PERNOD RICARD MEXICO  
MEXICO

# ***OUR PERFORMANCE: SUMMARY OF KEY FIGURES***

# INCREASINGLY DIVERSE GROWTH DRIVERS

A look back at a great 2016/2017 vintage: accelerating sales growth along with improved performance in most markets, including strategic ones.



**GILLES BOGAERT**  
Managing Director,  
Finance & Operations

## PERFORMANCE

### How would you describe the Group's performance during the 2016/2017 financial year?

— **G.B.:** It was very strong. Our business is accelerating, driven by the Strategic International Brands, moving the Group even closer to delivering on its medium-term roadmap. Growth in profit from recurring operations of 3.3% was in the higher end of our 2%<sup>(1)</sup> to 4%<sup>(1)</sup> guidance bracket, despite unexpected regulatory changes in India. The financial year was also marked by a very significant improvement in cash flow and deleveraging. EBIT conversion into cash reached 92% and free cash flow increased 22%, hitting an historic high. This excellent cash generation enabled us to reduce debt by €0.9 billion to €7.9 billion and to deleverage significantly, bringing the net debt/EBITDA ratio from 3.4x to 3.0x. Finally, we continue to actively manage our portfolio. We completed three acquisitions of majority stakes in promising Premium brands: Smooth Ambler bourbon, Del Maguey mezcal and Ungava gin.

## MEDIUM-TERM OBJECTIVES

### Are you confident in the Group's ability to return to organic top-line growth of 4% to 5%?

— **G.B.:** I am confident in our ability to achieve our mid-term objective of 4% to 5% organic top-line growth. During the 2016/2017 financial year, we benefited not only from an acceleration in the turnover growth rate, which doubled from 1.8%<sup>(1)</sup> in 2015/2016 to 3.6%<sup>(1)</sup>, but also from a diversification of our sources of growth. All Regions posted stronger growth than the previous year, with continued good performance in the USA, a return to growth in China for the first time since 2012/2013, positive trend in GTR and a very dynamic performance in Eastern Europe. As for our brands, the Strategic International Brands grew 4%<sup>(1)</sup> compared to a stable performance in 2015/2016. Within that portfolio 11 of the 13 brands posted growth, with nine improving their performance, including Martell and Absolut, both of

Our business is accelerating, driven by the Strategic International Brands.

which returned to growth. Moreover, innovation continues to drive the top line, representing one-third of turnover growth. These diverse growth drivers have put us on track to grow turnover by 4%<sup>(1)</sup> to 5%<sup>(1)</sup> in the near future.

## ROADMAP

### What about the operational excellence roadmap? Are you in line with the market plan?

— **G.B.:** Pernod Ricard has been making progress on its operational excellence roadmap since its rollout in 2015/2016 and is indeed on track to deliver its objectives by 2019/2020. The Group has made headway on several fronts: A&P effectiveness, programmatic media buying, supply chain, direct & indirect procurement and manufacturing. Approximately a quarter of the total €200 million in P&L savings and €200 million in cash savings was delivered during 2016/2017. P&L savings generated in 2016/2017 totalled €60 million, of which approximately half was reinvested behind our brands. These savings are in addition to the €15 million generated in 2015/2016. As for cash savings, the €50 million generated in the last financial year was the result of better working capital management (finished goods inventories), leveraging our supply-chain actions. In addition, new initiatives will be rolled out in the 2017/2018 financial year, in particular to improve our promotional efficiency. These initiatives, together with the improved topline, will drive improved operating leverage.

<sup>(1)</sup> Organic growth.

# KEY FIGURES 2016/2017



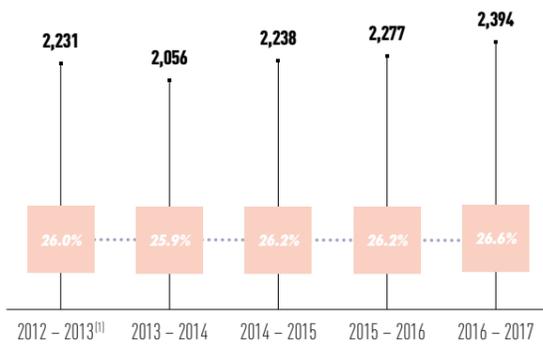
## NET SALES FROM FY13 TO FY17

In euro millions



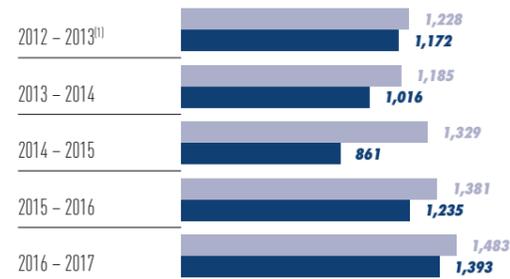
**PROFIT FROM RECURRING OPERATIONS/  
OPERATING MARGIN**

In euro millions and as % of net sales



**GROUP NET PROFIT FROM RECURRING OPERATIONS  
GROUP NET PROFIT**

In euro millions



**CONTRIBUTION AFTER ADVERTISING  
AND PROMOTION INVESTMENTS**

In euro millions



**NET DEBT**

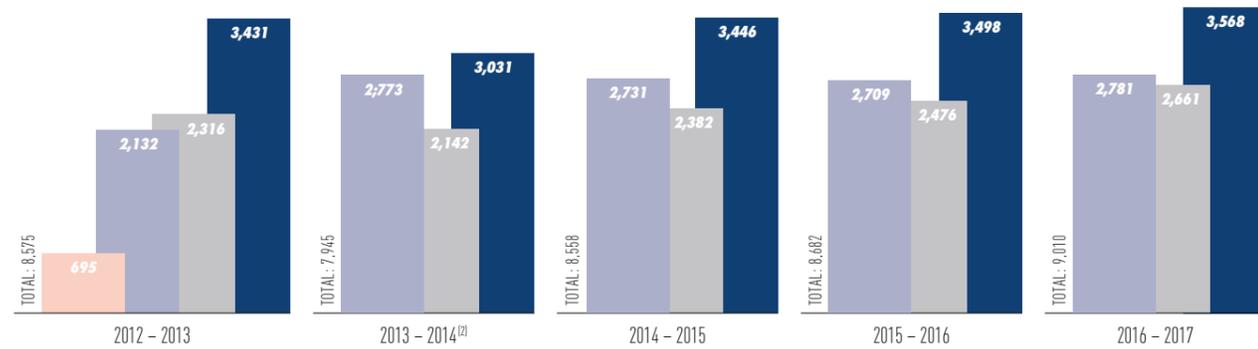
In euro millions



**SALES BY REGION**

In euro millions

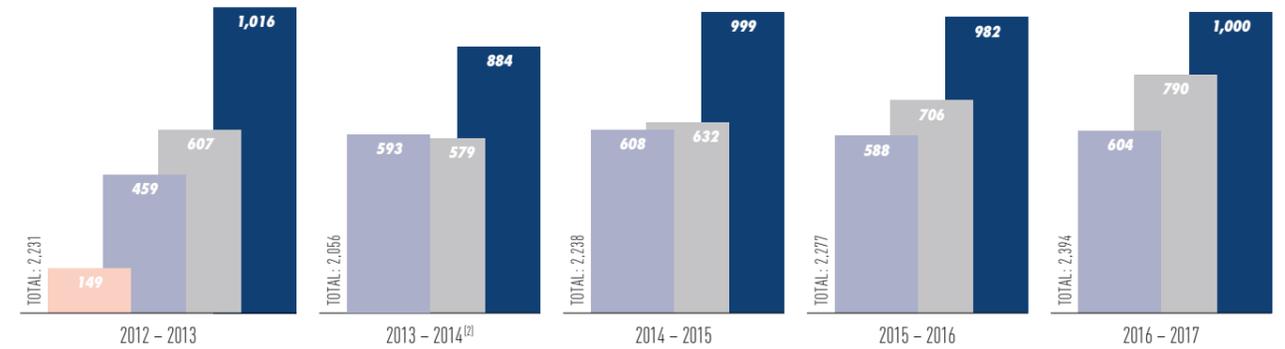
France Europe Americas Asia/Rest of the World



**OPERATING PROFIT BY REGION**

In euro millions

France Europe Americas Asia/Rest of the World



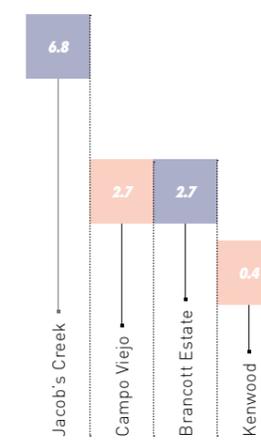
**STRATEGIC INTERNATIONAL BRANDS**

In millions of 9-litre cases



**4 STRATEGIC WINE BRANDS**

In millions of 9-litre cases



(1) As from 1 July 2013, with retroactive effect from 1 July 2012, Pernod Ricard has applied the amendments to IAS 19 (Employee Benefits) as adopted by the European Union and mandatory for the Group since that date. As a result, the financial statements for financial year 2012/2013 have been restated. (2) France is now included in the Europe operating segment.



**MARIA ANGELICA GARCIA INSUASTY**

Off-Trade Development Team Assistant



# A TARGETED M&A STRATEGY

## ACQUISITION OF MAJORITY STAKE IN PROMISING PREMIUM BRANDS



## DISPOSAL OF NON-CORE ASSETS



# IN THE FINANCIAL MARKETS 2016/2017

Pernod Ricard's share price posted its second highest annual increase in five years, jumping 17% during the 2016/2017 financial year. The share hit a new record high of €124 during the year.

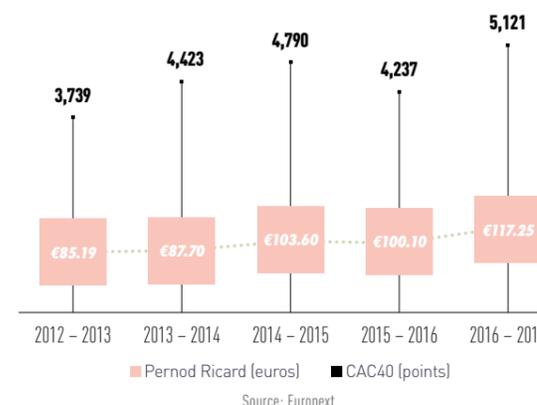
### PERNOD RICARD IN THE FINANCIAL MARKETS

**2016/2017: a sharp improvement in our share price in a more favourable market environment**

Pernod Ricard shares climbed 17% during the 2016/2017 financial year, reaching a new record high of €124 on 19 June 2017. The share significantly outperformed the STOXX Europe 600 Food & Beverages index (up 2% over the period) but slightly underperformed the CAC40 index (up 21%). The rise in the Pernod Ricard share price reflects improved growth prospects for the business and its

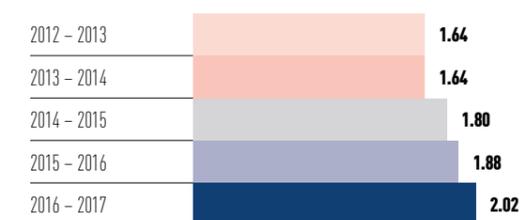
results, and demonstrates Pernod Ricard's ability to meet its medium-term growth objectives. Commentary and results from other key players in the spirits industry similarly point to an ongoing recovery in demand in the strategic Chinese market. Pernod Ricard's share price has risen 39% over a five-year period, as investors hail the quality of the Pernod Ricard portfolio and the international reach of its distribution network.

### SHARE PRICE OF PERNOD RICARD AND CAC 40 OVER FIVE YEARS (AT END OF JUNE)



### PERNOD RICARD DIVIDEND

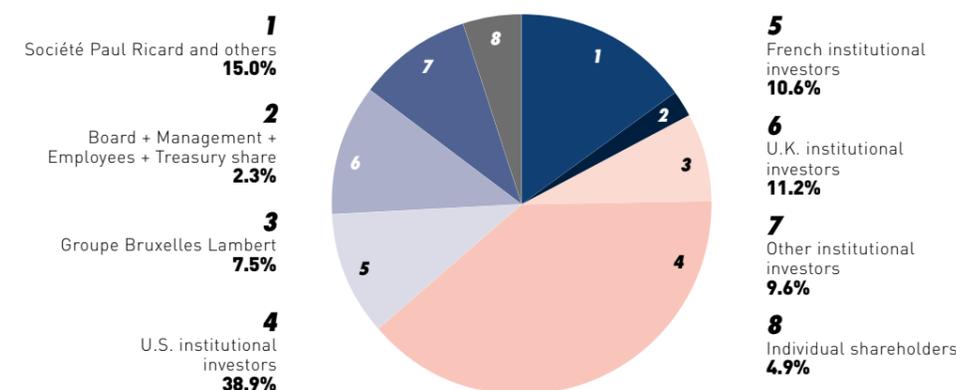
In euro



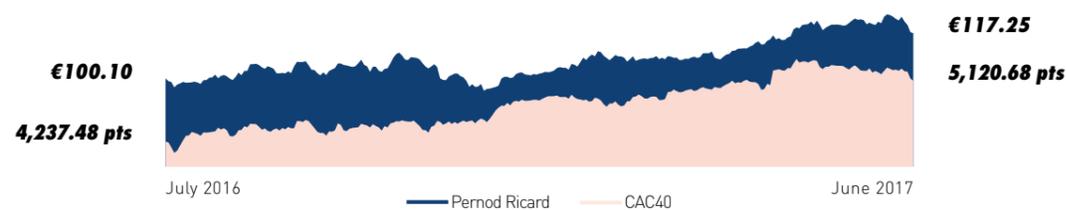
A dividend of €2.02 (+7%) per share for the 2016/2017 financial year will be submitted for the approval of the Shareholders' Meeting of November 2017. This dividend is in line with the Group's customary policy of distributing approximately one third of the net profit from recurring operations in cash. Taking into account the interim dividend of €0.94 per share paid on 7 July 2017, the final dividend payable stands at €1.08 per share.

Pernod Ricard is traded on the Paris stock exchange on NYSE Euronext SA Paris Eurolist (compartment A) SRD (deferred settlement service). The Pernod Ricard share is eligible for inclusion in the French share savings plan (plan d'épargne en actions, PEA) and for the SRD (deferred settlement service).

### BREAKDOWN OF SHARE CAPITAL AT 31 DECEMBER 2016

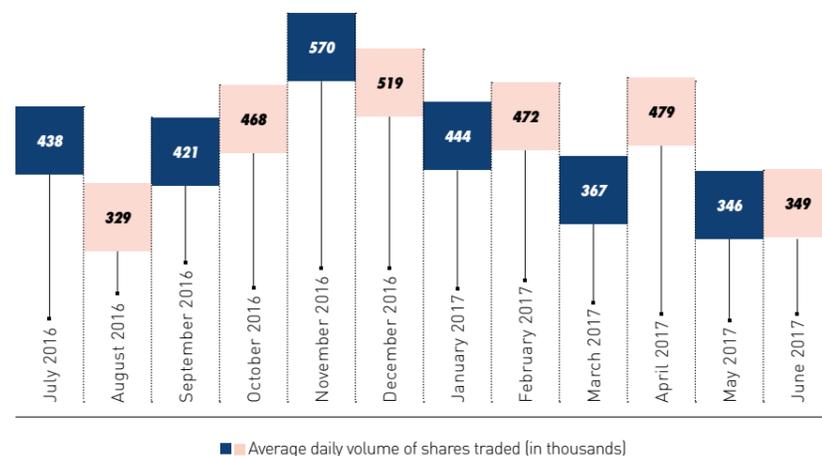


### ONE-YEAR SHARE PRICE PERFORMANCE IN COMPARISON WITH THE CAC40; VOLUME OF TRANSACTIONS



**17%**  
PERNOD RICARD

**21%**  
CAC40



Source: Euronext.

### SUMMARY OF PERNOD RICARD STOCK MARKET DATA

	14/15	15/16	16/17
NUMBER OF LISTED SHARES AT 30 JUNE	265,421,592	265,421,592	265,421,592
AVERAGE NUMBER SHARES (EXCEPT TREASURY SHARES) – DILUTED	266,230,412	265,632,528	265,477,729
STOCK MARKET CAPITALISATION AT 30 JUNE (€M)	27,498	26,569	31,121
NET EARNINGS PER SHARE FROM RECURRING OPERATIONS – DILUTED	4.99	5.20	5.58
DIVIDEND PER SHARE	1.80	1.88	2.02 <sup>(1)</sup>
AVERAGE MONTHLY VOLUME OF TRADES	11,420	12,125	9,236
HIGHEST SHARE PRICE	117.25	111.30	124.00
LOWEST SHARE PRICE	83.19	88.29	96.56
AVERAGE SHARE PRICE	97.87	100.14	108.03
SHARE PRICE AT 30 JUNE	103.60	100.10	117.25

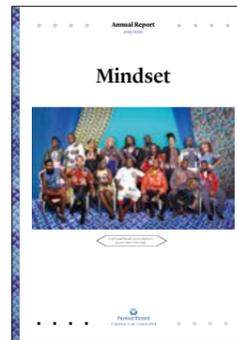
Source: Euronext.  
(1) Subject to the Shareholders' approval at 9 November 2017.

# DISCOVER THE WORLD OF PERNOD RICARD

Explore the wealth of information resources available from Pernod Ricard.

## OUR COMMITMENT TO THE ARTS

Take a look behind the scenes of Pernod Ricard's photo campaigns alongside talented photographers including Denis Rouvre, Eugenio Recuenco, Olaf Breuning, Vee Speers, Li Wei, Omar Victor Diop and Martin Schoeller.



## OUR DIGITAL ANNUAL REPORT



Check out our website to discover the digital edition of our Annual Report with exclusive content: [www.pernod-ricard.com](http://www.pernod-ricard.com)

## OUR REGISTRATION DOCUMENT

An in-depth analysis of legal, economic, financial, and accounting information for the 2016/2017 financial year.



## OUR DIGITAL PRESENCE

### THE PERNOD RICARD WEBSITE

Visit Pernod Ricard's corporate website for more information on the Group and its brands.



<https://pernod-ricard.com>



### FACEBOOK, LINKEDIN & TWITTER

Follow Pernod Ricard on social media for all our latest news.

### ENTREPRENDRE MAGAZINE

Entreprendre explores new forms of *convivialité* and emerging areas of business.



To view the latest issue on *convivialité* in the digital era, visit our website.

<http://entreprendre.pernod-ricard.com/en>

# THANK YOU

to all our contributors

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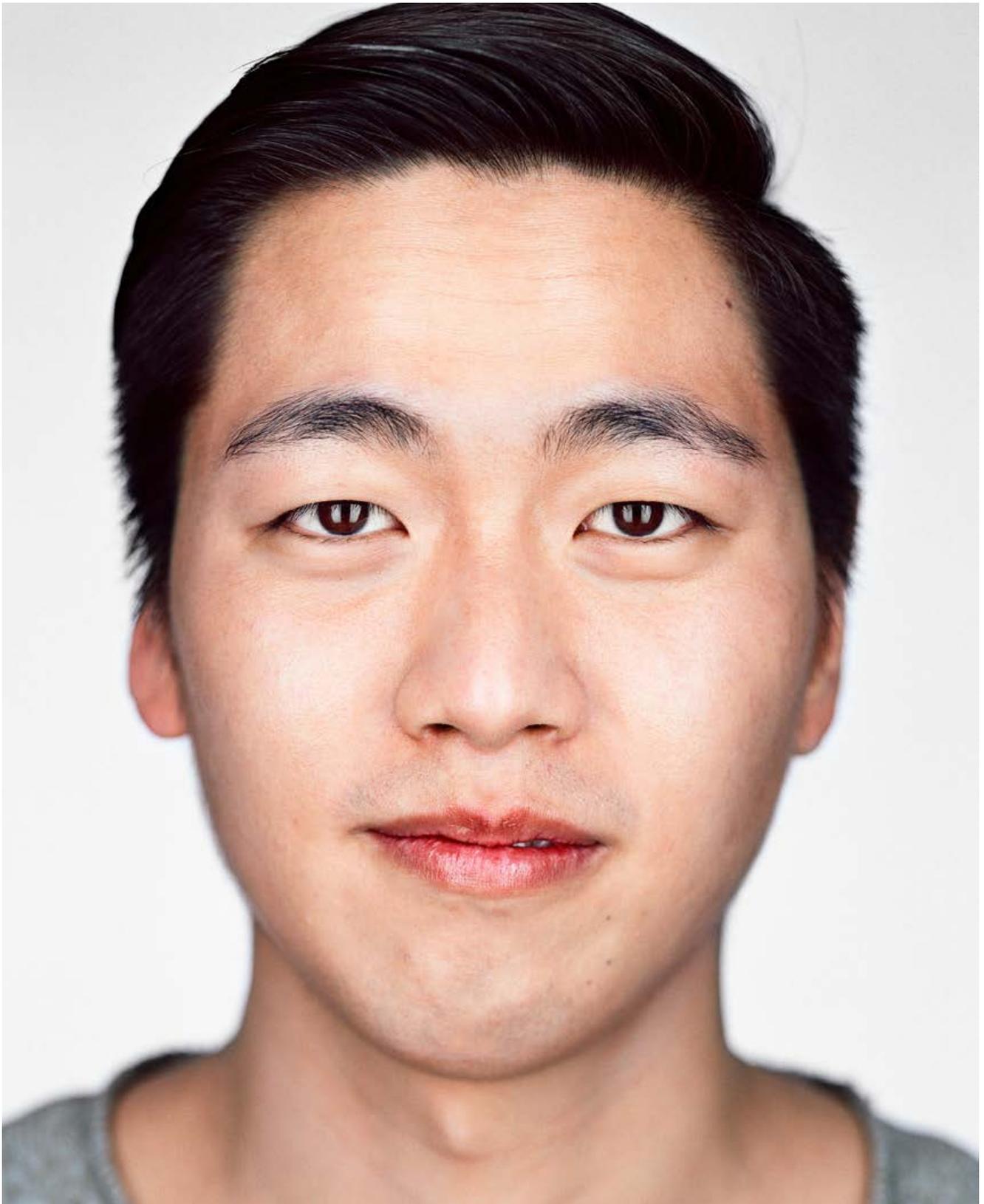
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Copies of this document are available on request from the Group's headquarters.

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Please consume our brands responsibly.



**PERNOD RICARD**

A FRENCH PUBLIC LIMITED COMPANY  
WITH SHARE CAPITAL OF €411,403,467.60

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