



Pernod Ricard

Créateurs de convivialité

SALES TO 31 MARCH 2018

19 April 2018

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

This presentation can be downloaded from our website: www.pernod-ricard.com





Pernod Ricard

+6.3%

**Organic
YTD Sales**

+9.3%

**Organic
Q3 Sales**

Executive Summary

Continuation of very good Sales, with diversified growth

Year-to-date: +6.3%, driven by Emerging markets (+13%)

- **continued dynamism in the Americas +6%:** good performance in USA and acceleration of Latin America
- **very dynamic Asia-RoW +10%,** thanks to confirmed return to strong growth in China, India (partly favoured by low basis of comparison), Travel Retail and Africa Middle East
- **Europe +2%: good momentum in Eastern Europe and stability in Western Europe** (good performance in Germany and UK, but difficulties in Spain and France)

Q3: +9.3%, enhanced by favourable phasing of Chinese New Year and Easter¹

- **continued dynamism in the Americas +6%:** good overall performance
- **Asia-RoW +18%:** strong underlying performance enhanced by favourable CNY phasing in China and cycling demonetisation in India in FY17
- **modest decline in Europe -1%:** continued difficulties in Spain and France together with unfavourable shipment phasing in Russia and adverse basis of comparison in UK

¹ Chinese New Year 16 February 2018 vs. 28 January 2017 and Easter 1 April 2018 vs. 16 April 2017



Pernod Ricard

+6.3%

**Organic
YTD Sales**

+0.2%

**Reported
YTD Sales**

Key figures

		9M FY18 vs. 9M FY17
Sales	€ 7,059 m	+6.3% Reported growth: +0.2%
<i>Mature markets</i>	<i>€ 4,103 m</i>	<i>+2%</i>
<i>Emerging markets</i>	<i>€ 2,957 m</i>	<i>+13%</i>
<i>Strategic International Brands</i>	<i>€ 4,472 m</i>	<i>+7%</i>
<i>Strategic Local Brands</i>	<i>€ 1,326 m</i>	<i>+7%</i>
<i>Strategic Wines</i>	<i>€ 365 m</i>	<i>stable</i>



Pernod Ricard

+6.3%

**Organic
YTD Sales**

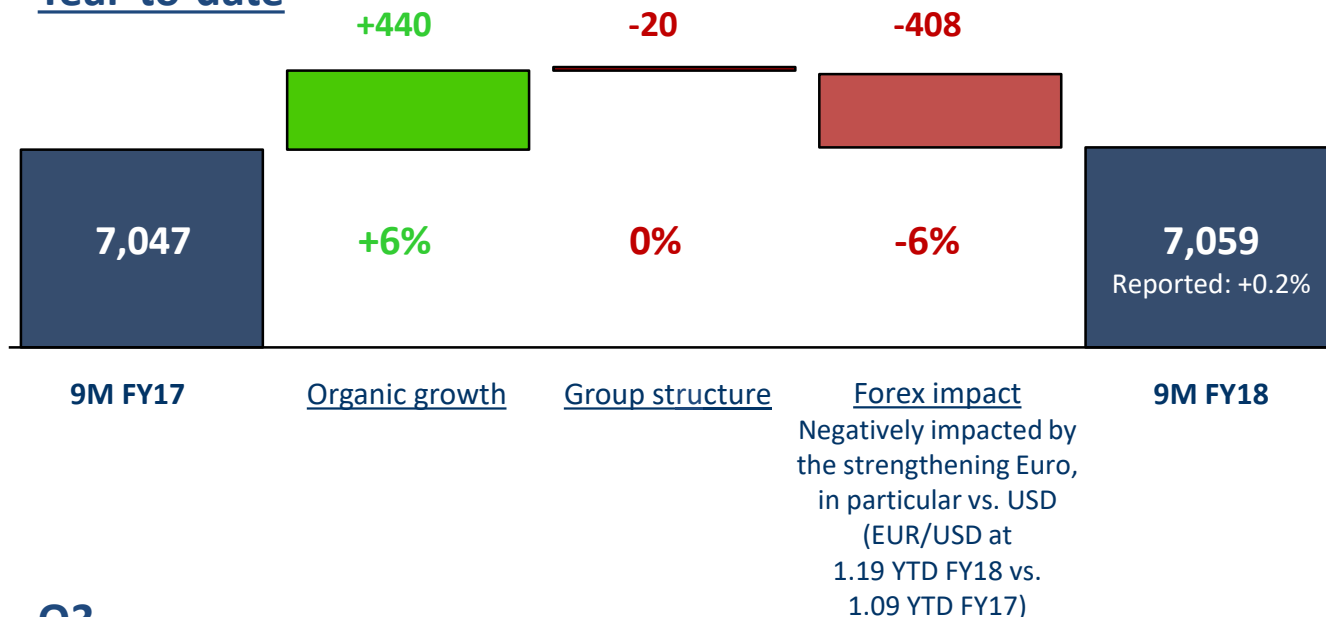
+0.2%

**Reported
YTD Sales**

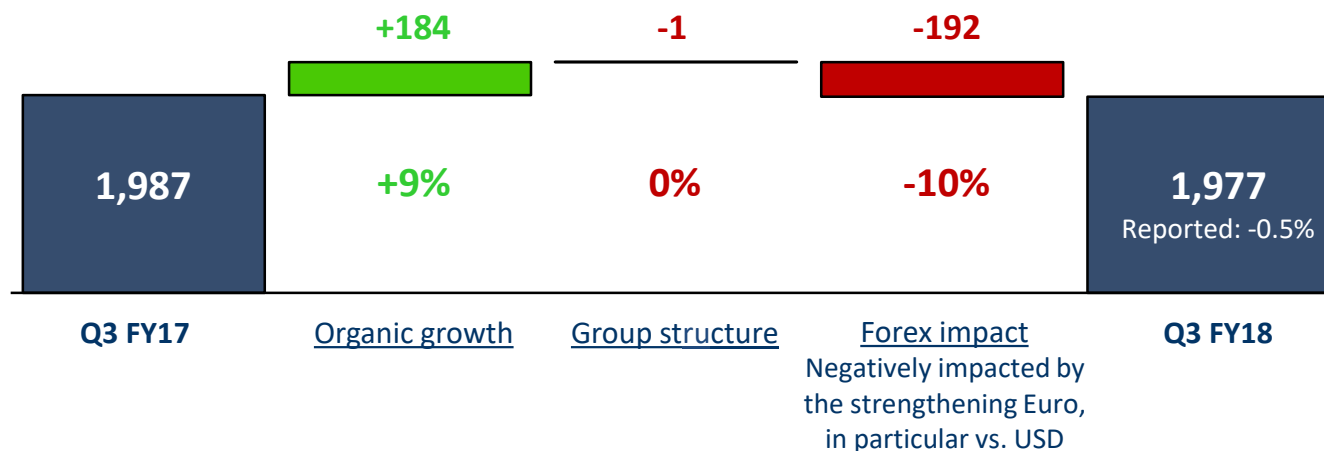
Key figures

Values in €ms

Year-to-date



Q3

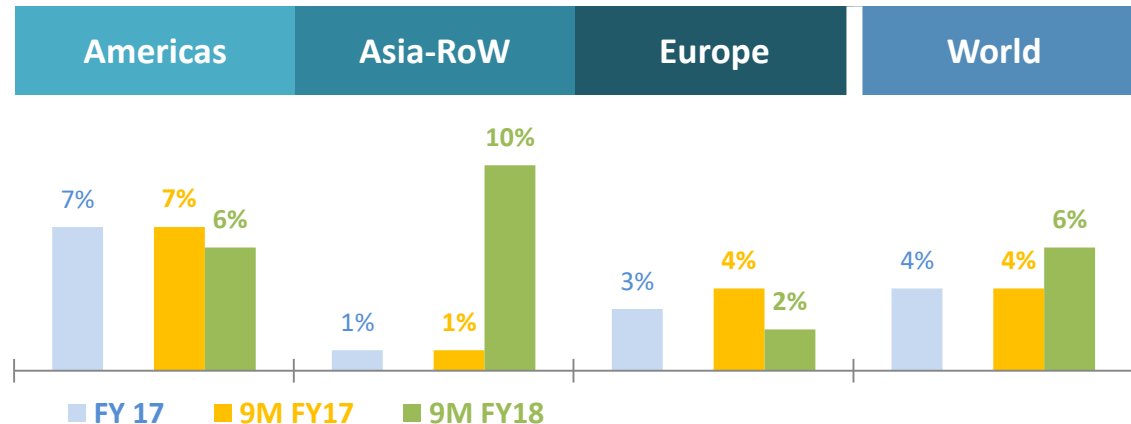




Pernod Ricard

Acceleration driven by Asia- RoW

Sales growth by Region

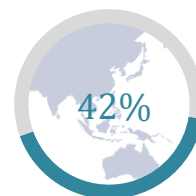
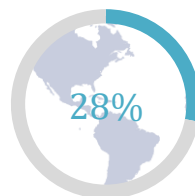


Continued dynamism driven by good performance in USA and acceleration of Latin America

Very dynamic thanks to confirmed return to strong growth in China, India (partly favoured by low basis of comparison), Travel Retail and Africa Middle East

Good momentum in Eastern Europe and stability in Western Europe (good performance in Germany and UK, but difficulties in Spain and France)

Very good Sales with diversified growth



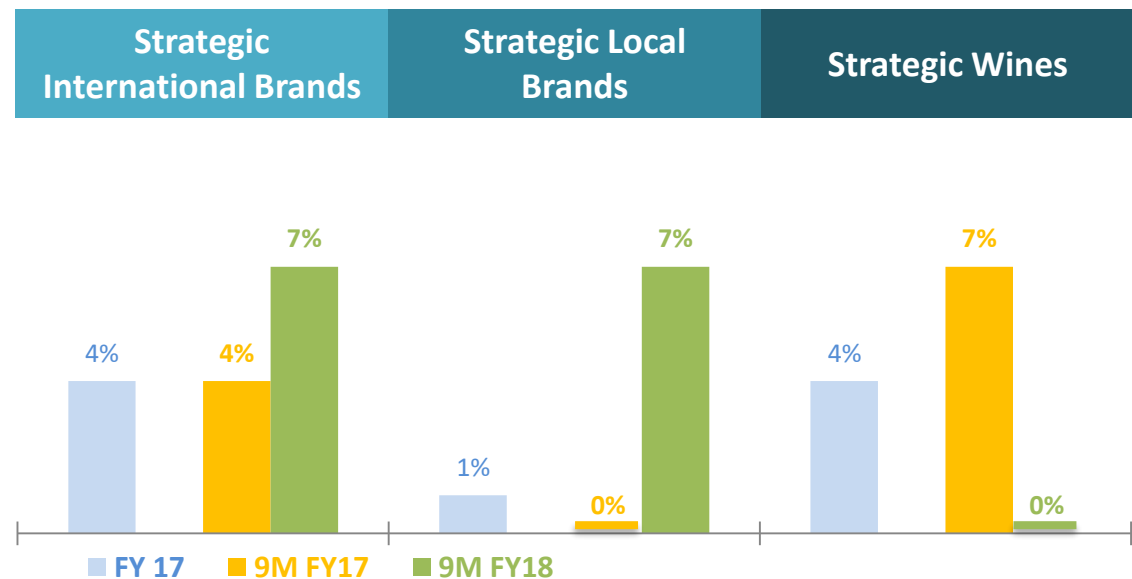
% of Sales



Pernod Ricard

Acceleration driven by Strategic International Brands

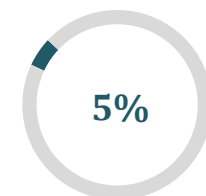
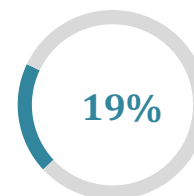
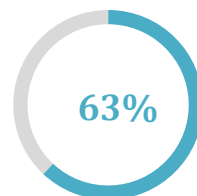
Sales growth by key category



Strong growth driven by Martell, Jameson and return to growth of Chivas

Dynamic performance, driven largely by Seagram's Whiskies (favourable basis of comparison in India) but also strong double-digit performance of Olmeca / Altos

Stability, with Campo Viejo continuing to deliver strong results but offset by adverse phasing (UK and Kenwood in US)



% of Sales



Pernod Ricard

+6%

YTD Sales in
Americas

Americas

Continued dynamism

USA: +3%

- **market decelerating vs. FY17:** growth now estimated at c. +3-4%¹
- **good performance, with growth close to market**
- strong momentum on Jameson, Martell and tequilas Avion and Altos
- Absolut still in decline

Canada

- modest decline

Travel Retail Americas

- **growth acceleration** vs. FY17 driven by Strategic International Brands (Martell, Chivas, Absolut and Jameson in particular)

Latin America

- **return to growth in Brazil** in improving context, driven by Strategic International Brands and Passport
- **improved performance in Mexico** following strategic refocus
- continued **good performance in Argentina and Cuba**



Pernod Ricard

+10%

**YTD Sales in
Asia-RoW**

Asia-Rest of World

Very dynamic with significant acceleration vs. FY17

China: +19%

- **very good Chinese New Year**, confirming return to growth
- **strong growth for Martell** across all price segments (Q4 expected to be weaker due to tight management of inventories to ensure sustainable growth)
- **Chivas responding positively to relaunch plan**, but too early to assess success of new approach
- **very good performance of premium brands** thanks to new dedicated organisation

India: +14%

- **good performance across portfolio**, enhanced by favourable basis of comparison (demonetisation impacting Q2 and Q3 FY17)
- Highway ban now fully implemented: no further disruption expected
- awaiting clarification from GST council as to scope of tax application

Korea

- **still in decline** due to Imperial, but **trend improving** vs. FY17 thanks to Strategic International Brands

Travel Retail Asia: 11%

- **strong dynamism with weaker H2** (commercial phasing skewed to H1)
- Q4 expected to be weaker for Martell due to tight management of inventories to ensure sustainable growth

Africa and Middle East

- **dynamic growth** driven in particular by Turkey (favourable basis of comparison)



Pernod Ricard

+2%

YTD Sales in
Europe

Europe

Modest growth

France: -4%

- **decline in tough environment**, in particular for anis
- launch of Ricard Plantes Fraîches

Spain: -4%

- **decline** due to market deceleration and destocking following low Summer and Christmas sell-out, further impacted by Catalonia political situation
- launch of Beefeater Pink

Germany: +6%

- **continued dynamic growth**, enhanced by favourable basis of comparison (customer conflict in FY17, Easter phasing positive effect this year) and price increases
- strong development of aperitif segment (in particular Lillet)

UK: +3%

- decline in Q3 due to unfavorable comparison basis (stock-loading in Q3 FY17 prior to price increase)
- **robust underlying dynamic with market share gains**

Travel Retail Europe

- **improvement vs FY17** linked in particular to return of Russian travellers

Russia: +10%

- continuation of **strong underlying performance**
- **weak Q3 due to unfavourable shipment phasing**
- renewed geopolitical tension with economic sanctions and RUB weakness



Outlook

Very strong Year-to-date Sales with acceleration vs. FY17 in particular in China, India and Global Travel Retail

Q4 to be negatively impacted by lower Martell Sales (tight inventory management to ensure growth sustainability) and **Easter phasing**

For full-year FY18, Pernod Ricard expects:

- **strong diversified Sales growth**
- **limited operating leverage** (pricing to start to improve vs. FY17 and ongoing focus on operational excellence but adverse impact of GST in India and agave costs)
- **negative FX** impact of c. **€200m¹** on Profit from Recurring Operations (“PRO”)

Confirmation of FY18 Guidance at top-end of range²:

Organic growth in PRO c. +6%



Evolution of dividend policy

Due to profit growth acceleration and deleveraging since FY16, Pernod Ricard's Board of Directors is **recommending an inflection of its dividend policy**, to be decided at the AGM on 21 November 2018:

- ✓ **Dividend distribution to progressively increase over the next 3 years to c. 50% of Net profit from Recurring Operations, starting with FY18**
(vs. historical policy of distributing dividends of c. 1/3 of Net profit from Recurring Operations)

Group remains committed to **value-creating M&A while retaining an investment grade rating**

Appendices

Definitions and reconciliation of non-IFRS measures to IFRS measures

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

Organic growth

Organic growth is calculated after excluding the impacts of exchange rate movements and acquisitions and disposals.

Exchange rates impact is calculated by translating the current year results at the prior year's exchange rates.

For acquisitions in the current year, the post-acquisition results are excluded from the organic movement calculations. For acquisitions in the prior year, post-acquisition results are included in the prior year but are included in the organic movement calculation from the anniversary of the acquisition date in the current year.

Where a business, brand, brand distribution right or agency agreement was disposed of, or terminated, in the prior year, the Group, in the organic movement calculations, excludes the results for that business from the prior year. For disposals or terminations in the current year, the Group excludes the results for that business from the prior year from the date of the disposal or termination.

This measure enables to focus on the performance of the business which is common to both years and which represents those measures that local managers are most directly able to influence.

Profit from recurring operations

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



Upcoming communications

DATE ¹	EVENT
Wednesday 6 June 2018	Asia Conference call
Wednesday 29 August 2018	FY18 Full-year Sales & Results
Thursday 18 October 2018	Q1 FY19 Sales
Wednesday 21 November 2018	Annual General Meeting



Sales Analysis by Region

Net Sales (€ millions)	H1 FY17		H1 FY18		Change		Organic Growth		Group Structure		Forex impact	
Americas	1,431	28.3%	1,399	27.5%	(32)	-2%	79	6%	(13)	-1%	(98)	-7%
Asia / Rest of the World	2,040	40.3%	2,065	40.6%	25	1%	136	7%	(1)	0%	(110)	-5%
Europe	1,589	31.4%	1,619	31.8%	29	2%	42	3%	(4)	0%	(8)	-1%
World	5,061	100.0%	5,082	100.0%	22	0%	256	5%	(19)	0%	(216)	-4%

Net Sales (€ millions)	Q3 FY17		Q3 FY18		Change		Organic Growth		Group Structure		Forex impact	
Americas	602	30.3%	545	27.5%	(58)	-10%	37	6%	0	0%	(95)	-16%
Asia / Rest of the World	837	42.1%	901	45.6%	64	8%	151	18%	(0)	0%	(87)	-10%
Europe	547	27.5%	532	26.9%	(15)	-3%	(4)	-1%	(1)	0%	(11)	-2%
World	1,987	100.0%	1,977	100.0%	(9)	0%	184	9%	(1)	0%	(192)	-10%

Net Sales (€ millions)	9M FY17		9M FY18		Change		Organic Growth		Group Structure		Forex impact	
Americas	2,033	28.9%	1,943	27.5%	(90)	-4%	116	6%	(13)	-1%	(192)	-9%
Asia / Rest of the World	2,878	40.8%	2,966	42.0%	88	3%	286	10%	(1)	0%	(197)	-7%
Europe	2,136	30.3%	2,150	30.5%	14	1%	38	2%	(5)	0%	(19)	-1%
World	7,047	100.0%	7,059	100.0%	12	0%	440	6%	(20)	0%	(408)	-6%



Forex Impact on 9M Sales

Forex impact 9M FY18 (€ millions)		Average rates evolution			On Net Sales
		FY17	FY18	%	
US dollar	USD	1.09	1.19	9.9%	(170)
Japanese yen	JPY	117.75	132.16	12.2%	(15)
Indian rupee	INR	72.92	76.97	5.5%	(39)
Argentinian peso	ARS	16.68	21.73	30.3%	(23)
Chinese yuan	CNY	7.38	7.81	5.8%	(42)
Pound sterling	GBP	0.86	0.89	3.4%	(11)
Other currencies					(108)
Total					(408)



Pernod Ricard

Créateurs de convivialité