



Pernod Ricard EMEA & LATAM

Europe, Middle East, Africa & Latin America

Regional conference call

Gilles Bogaert
Chairman & CEO

March 19th, 2019





Gilles Bogaert, born in 1969, graduated in 1991 from the “Ecole Supérieure de Commerce de Paris - ESCP” (Graduate Management School of Paris).

After 4 years in Arthur Andersen, he joined Pernod Ricard in July 1995 as Internal Auditor.

In November 1998, he was appointed Chief Financial Officer of Pernod Ricard Argentina and in February 2002, Chief Financial Officer of Pernod Ricard Central & South America (CESAM).

In June 2003, he became Audit & Business Development Director of Pernod Ricard Group.

In July 2008, he was appointed Chief Executive Officer of Pernod Ricard Brasil.

In July 2009, he was appointed Managing Director in charge of Finance, IT and Operations of Pernod Ricard Group.

In July 2018, he became Chairman & CEO of Pernod Ricard EMEA & LATAM.



PERNOD RICARD EMEA & LATAM
In a nutshell

11 Management Entities 

51 Market Companies




19 Production sites 

29% of Group Sales

66% Volumes in Strategic Spirits Brands



91% engagement rate (iSay 2017)

WESTERN EUROPE

-  5 Management Entities
-  Gin Hub Brand Company
-  5 Production sites

 Does not include France, Ireland

CENTRAL & EASTERN EUROPE




-  2 Management Entities
-  7 Production sites

AFRICA & MIDDLE EAST

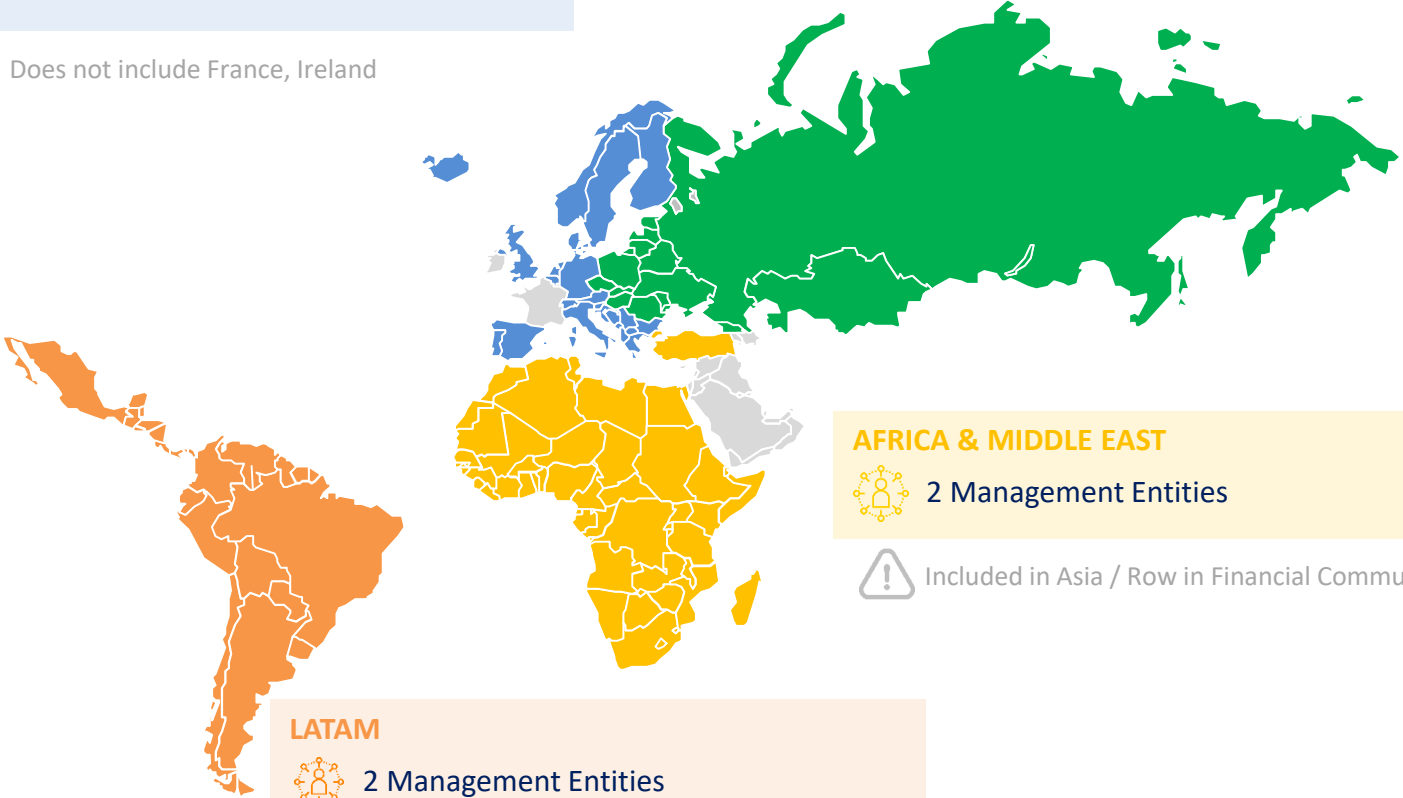
-  2 Management Entities

 Included in Asia / Row in Financial Communication

LATAM

-  2 Management Entities
-  House of Tequila Brand Company
-  7 Production sites¹

 Included in Americas in Financial Communication



Note: Sales figures reflect H1 FY19 Sales. EMEA & LATAM Region does not include Travel Retail sales
1. Of which 1 asset held for sale until closing of the Argentinian Wines disposal

Solid H1 organic sales growth with good operating leverage

Organic sales

Solid H1 FY19 topline growth (+3%) despite soft Western Europe

Operating profit

Strong operating profit organic growth driven by:

- Very good price/mix (+5%)
- Tight resource management


Operating margin

Delivering good operating leverage in line with group ambition

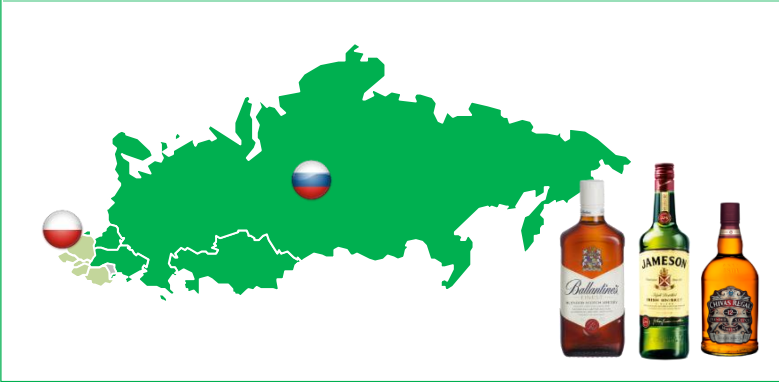


Clear brands/markets strategic roadmap already delivering solid and diversified growth...


Accelerate growth and gain share in **LATAM**, **Africa** and **Middle East** leveraging **Whiskies**, **Absolut** and **Mainstream Whisky expansion** (for SSA)




Consolidate our **leadership** in **Central and Eastern Europe** Area, in particular in **Whiskies**




Grow **Jameson** and **Absolut** and leverage the **Aperitif opportunity** in **Western Europe**

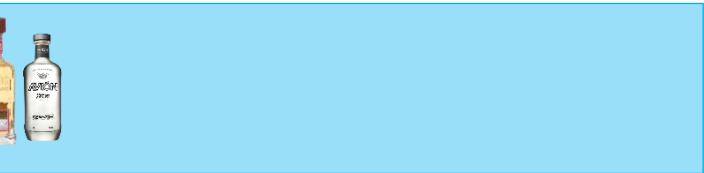





Fast track in buoyant **Gin** and **Tequila** categories

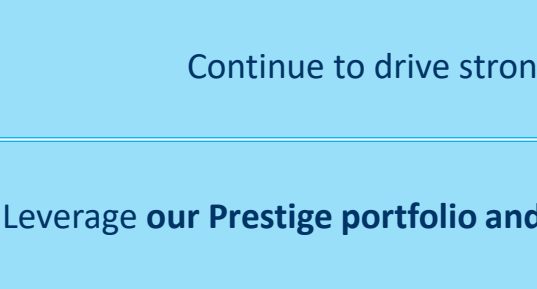




Continue to drive strong topline growth through **Innovation**





Leverage our **Prestige portfolio** and capabilities to drive contributive margin growth






IN

Active portfolio management

Argentinian Wines¹



OUT

1. Announced but not yet closed

5

STRATEGIC UPDATE

... supported by clear transversal initiatives

REVENUE GROWTH MANAGEMENT



Price
Promotional effectiveness
Trade terms

COST OF GOODS OPTIMIZATION

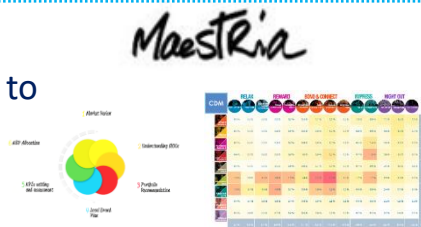


Supply Chain efficiencies
Procurement / Value engineering

A&P EFFICIENCIES

A&P arbitration by market
based on a strategic classification of markets

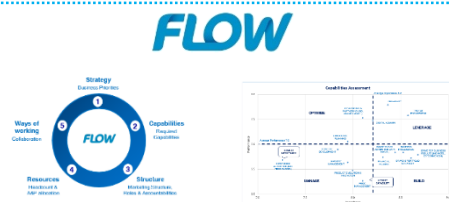
A&P allocation by
touchpoint thanks to
portfolio
management tool



A&P effectiveness
and efficiency
(programmatic media, digital)



Marketing
organization
redesign



Brand equity
and social
listening



RTM EFFICIENCIES



Constantly adapt and expand our
Route-to-Market / Route-to-Consumers



Prestige: dedicated RTM



Leverage e-commerce

ON-GOING ORGANIZATION IMPROVEMENTS



On-going leverage of Management
Entity model to drive mutualisation
and expertise sharing



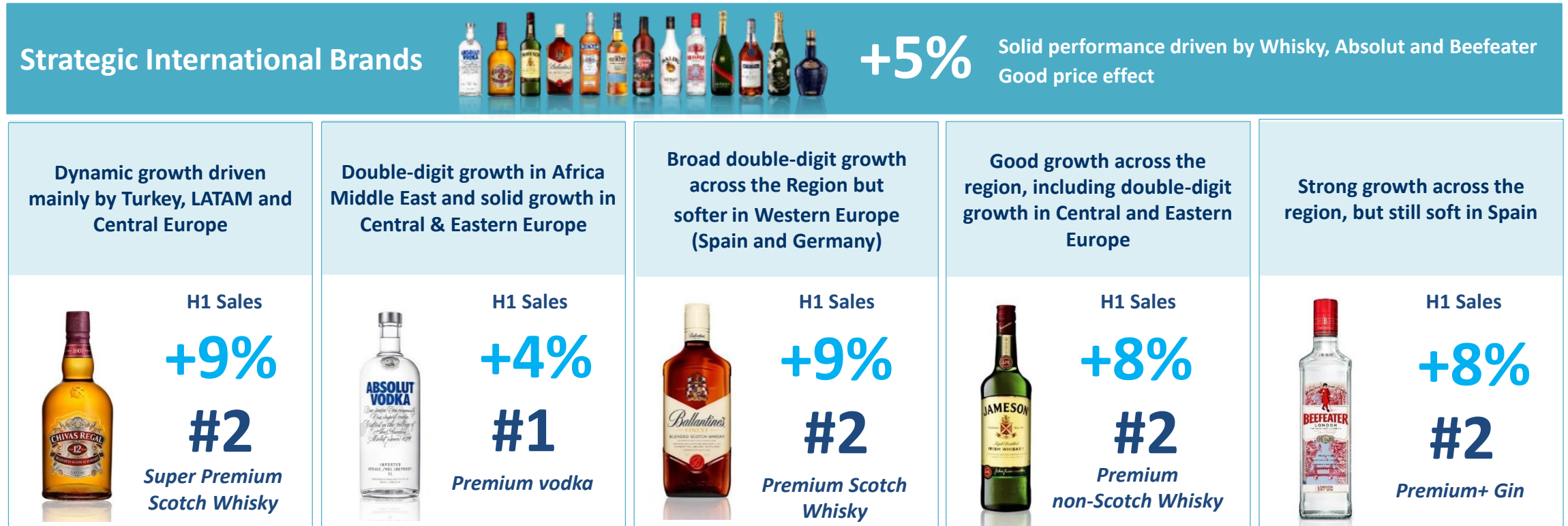
UNITY project to organize IT Solutions
by business Hubs



TransfoHRm project
(HR core model and digitalization)



H1 BUSINESS UPDATE BY BRAND CATEGORY | Good growth of Strategic International Brands, very dynamic Specialty Brands, Wine impacted by value strategy and high basis of comparison



H1 BUSINESS UPDATE | Strong contribution of Innovation driving half of Sales growth, continued strong growth of Prestige



Acceleration of innovation

Beefeater Pink

- Strong start benefitting from the Pink revolution, especially in the UK



Beefeater Blood Orange

- Launched in February in the UK



Absolut Extract (Africa, LATAM and Europe)

Strengthen our presence in high energy occasions by introducing this new shot proposition, recruiting new consumers

Lillet expansion in Western Europe

360° de-seasonalisation activation of Lillet in **Austria** during autumn & winter months across various touchpoints



H1 Sales
+45%



Chivas XV launched in all Areas

15 year old blended Scotch whisky finished in the most prized of Grande Champagne Cognac casks



Minttu Twist

New low ABV shot range to win the hearts of party people



Continued strong growth of Prestige



Prestige range activation

Greece
+9%



Monkey 47 tasting

Austria
+18%



Mumm sponsorship of Sopot Match Race

Poland
+20%



Spear's Russia Wealth Management Awards

Russia
+17%



Private experiences for HNWI by Perrier Jouët

Brazil
+35%



Month of Malts

Turkey
+67%





Russia: continued strong performance

Third consecutive year of strong growth

Continued focus on Strategic Premium+ brands, while leveraging a strong portfolio of local brands

Strong H1 Sales growth (+7%) in line with underlying depletion trends

- **Strong growth of Whiskies** driven by Ballantine's
- Double-digit growth of Wines, Gin and Martell and solid growth of Absolut
- **Positive price/mix (+2%)** despite a strong price pressure from competition



Growth mostly driven by Whiskies

Ballantine's

H1 Sales

+29%

Strong acceleration of business & brand building activities

- Listing in the fastest growing chain R&W
- Kick off a 360 regional acceleration plan
- Collaboration with Present Perfect Festival, continued partnership with Boiler Room



H1 Sales

+7%

Focus on value strategy and consistent / solid brand building

- Integration of our communication campaign "Born in the streets of Dublin" into the Block Party event to contribute to brand integrity
- Protect value share in Modern Trade



H1 Sales

+2%

Reinforced leadership in a highly competitive environment

- Strong off-trade activations & POSM support to raise in-store visibility
- Strong reinforcement of On Trade engagement (visibility + activation) & Mentoring



H1 Sales

stable

Continued differentiation strategy in a very competitive category (H1 impacted by technical effect), strengthening RTM for regional development

- New campaign "Created by nature, crafted by mastership"
- Aznavour Signature launch





Poland: Strong performance driven by Whiskies and Prestige

Successful premiumisation strategy

Pernod Ricard outperforming market (Value MAT market share +0.2pt)

Solid H1 growth (+6%) driven by a successful premiumization strategy (+4% price/mix)

- A continued momentum from Whiskies
- A good performance of Prestige



Effective activations and Last 3 Feet execution

Ballantine's

Price repositioning and innovative activations

- Second season of new crimes series for Ballantine's with "Angel's share": 10M views
- Launch of the 1st virtual bartender on messenger Chatbot



H1 Sales

+7%



JAMESON

Jameson Caskmates activation

- Activation at Craft Beer Festivals to build connections with craft beer industry people
- Education sessions with Jameson Ambassador and tasting sessions with key beer bloggers in Poland



H1 Sales

+26%



CHIVAS

Successful launch of Chivas XV

- Launch in Sopot during Sopot Match Race event
- High energy activations in the on-trade venue in TOP clubs



H1 Sales

+14%

WYBOROWA
POLISH WÓDKA SINCE 1823

Limited Edition

- Launch of the limited edition - 100 years of independence
- Strong support in digital to underline product provenance and history



H1 Sales

+3%





Turkey: very strong growth driven by pricing and volume, consolidating #1 Imported Spirits position

Strong double digit growth in a tough economic and market context

Significant price increases allowing to offset Turkish Lira devaluation

Solid volume growth with positive underlying trends in all channels (inc. hotels and on-trade)

Strong growth for all categories of brands, despite increased shelf prices

- Continuation of strong performance of Chivas
- Stronger contribution from growth relays (in particular Absolut and Ballantine's)
- Double-digit volumes for Strategic Local brands (Passport, Wyborowa, Olmeca) driven by the dynamism of the Standard segment

Consolidate leadership in whisky with an extended portfolio focus



Creating a Chivas experience that offers something unique and exclusive

House of Brothers, temple of Chivas is building brand fame through activations and its «Brothers» membership program in its 4th year. #brothers1801



Increasing sales & penetration

Champions League, an internal sales incentive program took place for the second time.

Designed to compete on diverse objectives, such as volume target realisation and customer sales growth



Increasing awareness of our Malts portfolio

Month of Malt is activated in the prestigious on-trade venues, together with disruptive serving rituals covering the main SKUs in Malts of Portfolio





SSA: solid growth delivered thanks to an acceleration of growth relays (brands & markets)



Excellent growth in Nigeria

All Products

H1 Sales

x2



Strong momentum of Strategic International Brands

- Consistent brand building investments
- Effective activation plan behind core brands
- Successful NPDs with launch of Martell VSSD & Absolut Extract

Continued growth of Strategic Local Brands

RTM & distribution expansion



Strong double-digit growth in South Central Africa

Strong performance in Zambia and Mozambique

- Continued strong double-digit growth of Jameson
- Good momentum on Ballantine's and Olmeca



H1 Sales

+51%



Solid growth in West Africa

Strong development of growth relays

Partnership in Cameroon to produce and distribute Imperial Blue



H1 Sales

x2.6



Good growth in East Africa but pressure on pricing

Soft H1 in other markets



South Africa: soft H1 partially impacted by stock adjustment

- Challenging environment, with a clear slowdown in Whisky and Vodka categories (PR gaining SOM in Whisky, losing in Vodka)
- Double-digit growth of Ballantine's and Beefeater



Angola: tough economic environment and purchasing power decrease

Conquer the emerging middle-class

Huge opportunity: Middle class around half a billion people in SSA

Objective: "Push at the Maximum African Proximity"

- 2 aspirational Seagram's Whisky brands
- Prioritizing four hubs: West Africa, Nigeria, East Africa, South Central Africa
- Ambitious local production program: launch in Nigeria and Cameroon (via partners) with ambition to add 3 new production sites
- Last mile distribution: "tuk tuk" vehicles to get closer to our consumers, street fighters attitude
- Strong activation plan

Pernod Ricard Sub-Saharan Africa
Push the  M.A.P





SSA: solid growth delivered thanks to an acceleration of growth relays (brands & markets)

Successful pan-African campaigns and strong activations



Mumm – Olympe Rosé

Mumm Olympe Rosé aged in Cognac barrels, created in collaboration with Usain Bolt



TRIPLE
DISTILLED,
TWICE AS
SMOOTH.
TASTE,
THAT'S WHY.

Jameson – Taste that's why

"Taste. That's Why" campaign has been rolled out in South Africa

Jameson – Connect

Jameson Connect has been implemented in Kenya, Zambia, Botswana, Nigeria in H1



Jameson – Recent launches

Jameson Caskmates has been launched in SCA and Black barrel in Angola

Ballantine's – True Music Tour

Panafrican Tour in Kenya, Zambia, Angola in H1, to be continued in other markets in H2



Jumia – Strategic shareholding in the leading e-commerce player in Africa

Business relationship started in 2016 with the launch of Jumia Party

Reinforced partnership:

- Equity investment into JUMIA
- New route-to-market in Africa: launched in 5 markets in Dec, 3 new planned in H2
- Direct-to-Consumers: Drinks on Delivery gaining momentum
- New e-services to be launched





Mexico: market share gains in key Premium categories

Underlying mid-single digit sell-out growth with market share gains in key Premium categories...

Continuation of strategic transformation plan initiated a few years ago

- Disposal of local brands (Caribe Cooler in March 2015 and Domecq brandies in March 2017)
- Refocus on Strategic Brands since the disposal of Domecq Brandies (March 2017)
- Organization aligned with new portfolio and commercial strategy (city plan, tourism, prestige...)

Market share gains in key Premium categories

H1 sales decline due to high comparison basis LY

... supported by strong campaigns and activations

ABSOLUT®

SOM Δ
+1.0pt

Launch of Lime with new campaign



- On-Trade activations in H1 & 2nd wave planned in beach locations during Eastern

CHIVAS

SOM Δ
+0.4pt

New “localised” campaign



- New global campaign: concept and creativity totally localised
- Geographical expansion from 2 to 7 cities

Ballantine's

SOM Δ
+0.2pt

Evolution of successful local campaign



- Digital video: 4M views in the first 2 weeks
- TVC & OOH adapted from Digital content

MARTELL
COGNAC

SOM Δ
Stable at 54%

Successful transition to new VSOP Red Barrel



On-Trade and Off-Trade aggressive trial programs to ensure consumers were aware of the new VSOP & getting used to the new taste





Brazil: continuation of market share gains on Strategic International Brands

Solid growth on a high comparison basis LY

Good H1 Sales (+6%) supported by continued performance of Imported brands

- Exceptional growth of Beefeater in a booming Gin category
- Fast growth of Passport in Standard Scotch category
- Good sell-out on Absolut
- Chivas price increase

Continued market share gains (+0.7pt), in particular on Strategic International Brands



H1 Sales

x4



H1 Sales

+14%

Leading vodka category premiumization and accelerating market share gains in Whiskies

ABSOLUT®

SOM △

+2.3pts

Enhancement of Absolut iconic status

- “Absolut drop” new limited edition bottle is all about turning hate into love
- Absolut Extract launch: the first advertising campaign using Augmented Reality (without use of any app) in Latin America



Ballantine's

SOM △

+3.2pts

Boost on premise distribution and key activations

- OOH campaign in Recife & Salvador and events to boost volumes and recruit new consumers.



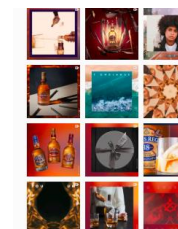
CHIVAS

SOM △

-0.7pt

Strong portfolio positioning and excellence in execution

- “O sucesso é um blend”: TVC, digital and OOH new campaign





Spain: defending our leadership

Modest decline in a now stable market








Market deceleration (+0.2% Value MAT)

- Premium Dry Gin first decline in 8 years
- Premium Whisky also in negative territory

In this context, modest H1 sales decline (-2%) due to Beefeater and Ballantine's decline, however:

- Seagram's Gin still delivering a good growth
- Ruavieja good performance

Strong activations

	SOM Δ		SOM Δ		SOM Δ		H1 Sales
Seagram's GIN Monetizing experiences <ul style="list-style-type: none"> • Timeless and sophisticated contents straight from NYC • 6 editions and 5 cities visited 	+1.0pt	Ballantine's Promotional activation <ul style="list-style-type: none"> • Ballantine's Afternoon to promote cocktails and recruit new consumers 	+0.3pt	 Leveraging new initiatives to reinvigorate the brand <ul style="list-style-type: none"> • Drinking partner of the MTV Europe Music Awards with memorable experiences & strong media to amplify • Launch of Beefeater Pink with focus in opportunity area: North Spain • New campaign to be launched in Q4 	-0.6pt	 Ruavieja Campaign "We have to see more of each other" <p>Most seen and shared campaign ever in Spain with 17M views in digital and over 2M shares</p>  	+9%





Germany: maintaining our leadership in a tough commercial environment

H1 decline following commercial dispute and Ramazzotti price increase

H1 impacted by adverse effects

- Ramazzotti decline following significant price increase
- Commercial dispute (expected to continue in H2)
- High comparison basis with one key retailer LY

Positive price/mix (+3%)

Strong performance of growth relays (Lillet, Perrier Jouët, Beefeater and Jameson)



H1 Sales

+46%



H1 Sales

+35%

Solid brand equities supported by continued activations

ABSOLUT.

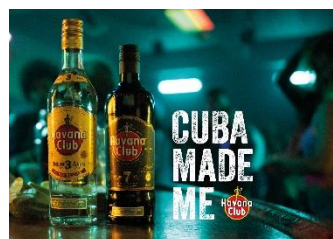
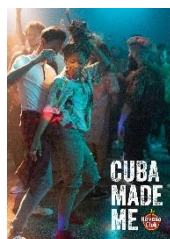
New campaign “Be nothing but Absolut”

- Lolla limited edition leveraging the festival experience
- Launch of RTDs to support the mother brand & deliver additional growth



New communication platform to rejuvenate the brand and attract new consumers

- TVC & Online campaign “Cuba made me”, activation in the on-trade and promotions in the off-trade



LILLET

Maison fondée en 1822

Bring the Brand to Life

- Establish new brand experience platform “Boutique Living” with Les Ateliers Lillet
- National Lillet ATL campaign





UK: PR outperforming market in Spirits

Strong Spirits performance but overall H1 decline driven by Wines (value strategy and high comparison basis)

Implementation of a value strategy on Wines to improve margins

- Focus on Jacob's Creek higher styles
- Less promotional activity on Campo Viejo (lapping high comparison basis LY)

Outperforming Spirits markets with double-digit sell-out growth (+14%)

- Strong performance on Gin (successful launch of **Beefeater Pink**) and Jameson

Very strong positive price/mix (+9%)

Strong momentum on Spirits

ABSOLUT®

H1 Sales
+4%

SOM Δ
+1.0pt

Solid growth supported by innovation in a more competitive context

- Absolut Juice Edition launch: a TTL campaign, across OOH, Digital, Social and the Off Trade
- Limited edition "Be At One" designed by famous Pam Hogg & partnership with Be At One Bars
- Inspiring multi-sensory cocktail experience



JAMESON
IRISH WHISKEY

H1 Sales
+10%

SOM Δ
+1.9pt

Double-digit growth supported by roll-out of the new campaign

- Jameson returns to TV with £1.2m campaign, to drive further awareness of the Jameson brand and recruit new consumers
- Jameson Caskmates campaign ran across Digital & OOH, and delivered strong results



H1 Sales
x2

SOM Δ
+0.9pt



Beefeater Pink launch



MONKEY 47
SCHWARZWALD DRY GIN



H1 Sales

Double-digit



Branded M47 room



Plymouth first ever ATL Campaign



Fast track gin and tequila development (worldwide)



House of Tequila

H1 Sales
Double-digit
performance

Historical Brand Company of Olmeca and Altos brands
Integration of Avión and Del Maguey starting in FY19

Altos

- Double-digit performance across Europe, Americas (US) and Asia
- Launch in Mexico



Olmeca

- Solid growth, protecting leadership in key markets and expanding to developing markets



Avión

- Strong sales in Europe and Asia-RoW
- Good potential of Reserva 44 outside of USA



Del Maguey

- Double-digit growth in particular in the US
- Progressive integration of distribution worldwide

Operational Excellence initiatives and price increases to partially offset agave cost increase

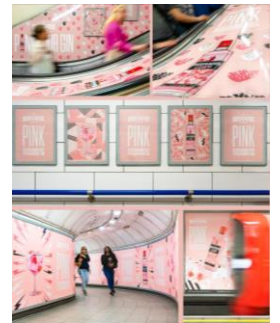


H1 Sales
Double-digit
performance

Gin Hub now under the responsibility of Pernod Ricard UK since January 2019

Beefeater

- 40 markets growing double-digit
- Good development of Beefeater Pink, in particular in the UK



Seagram's Gin

- Good growth in particular in Spain



Plymouth

- Double-digit growth



Monkey 47

- +21% driven by all regions
- Very strong initial development in USA



- ✓ **Solid H1 performance**, despite soft Western Europe, thanks to **emerging markets fast development and margin improvement** (strong price/mix and tight resources management)
- ✓ **Clear strategic roadmap** and **many on-going initiatives to further improve performance**: innovation, prestige, active portfolio management, gin / tequila fast track, operational excellence (A&P efficiencies, RGM, organisation...), active talent management while injecting more diversity
- ✓ **Pernod Ricard EMEA & LATAM** well positioned to **deliver solid top line growth and margin improvement**





Pernod Ricard EMEA & LATAM

Europe, Middle East, Africa & Latin America

Q&As

