



Pernod Ricard Asia  
*Créateurs de convivialité*

# PERNOD RICARD ASIA

*“Transform and Accelerate”*



June 4<sup>th</sup> 2019



## CONSOLIDATE CLEAR VALUE LEADERSHIP

Implementing “Transform & Accelerate” 3-year plan to drive profitable and sustainable long-term growth



Pernod Ricard Asia  
*Créateurs de convivialité*

### TOP LINE GROWTH

Strong broad-based growth across key markets, led by excellent performance in China and India. Double-digit top line growth (+15%), accelerating vs. 9M FY18 (+11%).

### OPERATING LEVERAGE

In line with Group ambition, thanks to value strategy, portfolio premiumization and operational excellence.

### STRATEGIC TRANSFORMATION

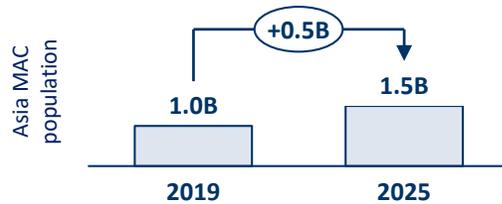
Key transformation milestones including the reorganization in Korea and establishment of new routes to market in Vietnam, Philippines and Myanmar.



## CONSUMER DEVELOPMENT TRENDS CONTINUE



- Growing middle income and affluent consumer (MAC) population\*



- Continued premiumization and up-trading to better and safer products
- Highest digital penetration in the world

## FAVORABLE LONG-TERM OUTLOOK IN KEY MARKETS



- Public policy focus on domestic consumption increase



- Fastest growing major economy (+7% GDP growth forecasted\*\*)
- Robust fundamentals (domestic demand and industrial sector growth, etc.)

## POLITICAL RISKS TO MONITOR



- Trade tensions China/USA, US/EU and Brexit
- Possible changes to policies and regulatory environment post major elections in India, Thailand and Indonesia





# 9M FY19: ACCELERATING GROWTH IN KEY MARKETS, LED BY CHINA AND INDIA



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## PERNOD RICARD ASIA

**+15%**  
vs +11% LY

### China



**+21%**  
vs +19% LY

Very strong results thanks to value strategy and continued growth of Martell, Chivas and Premium Business Unit

### Korea



**(21)%**  
vs (6)% LY

Imperial distribution transferred to third-party, full focus on Strategic International Brands

### Japan



**+10%**  
vs +6% LY

Continued dynamic growth of Champagne and Chivas

### India



**+19%**  
vs +14% LY

Very strong performance across Seagram's brands and international portfolio

### Taiwan Market

**+8%**  
vs (9)% LY

Returned to growth after completion of trade destocking with strong performance in Scotch and Martell

### HKSAR / MSAR\*



**+17%**  
vs +15% LY

Martell and Mumm/Perrier-Jouët driving growth

### South East Asia

**+8%**  
vs +3% LY

South East Asia, growth driven by strong performance of Martell and Whiskies

Note: % refer to 9M FY19 Sales (vs. 9M FY18 in grey)

\*Hong Kong Special Administrative Region / Macao Special Administrative Region



## MARTELL VERY STRONG GROWTH ACROSS ALL PRICE SEGMENTS AND MARKETS



**+19%**  
vs +16% LY

**#1**

*Cognac in China*



## SEAGRAM'S WHISKIES MOMENTUM SIGNIFICANT IN INDIA



**+18%**  
vs +12% LY

**#1**

*Bottled in India  
premium Whiskies*

## FOLLOWING SUCCESSFUL RELAUNCH CHIVAS CONFIRMED RETURN TO GROWTH



**+8%**  
vs +5% LY

**#1**

*Scotch Whisky in  
China*



## STRONG DYNAMISM OF PREMIUM GROWTH RELAYS



**+36%**

*Ballantine's Finest  
Premium  
Scotch Whisky*

**#1** **#2**  
*in China in India*



**+26%**

*Absolut  
Premium  
Imported Vodka*

**#1** **#1**  
*in China in India*



**+27%**

*Jameson  
Seeding  
momentum  
across the  
region*



#1

**CONSOLIDATE VALUE LEADERSHIP  
BY CONQUERING THE MIDDLE CLASS AND EXPANDING STRONGHOLD WITH AFFLUENTS**

**More from the Core**

Premiumization

Innovation

Luxury

**Prepare the Future**

New  
Categories

New  
Price Points

New  
Geographies

**A MODEL WITH STRONGER DIVERSITY, LESS VOLATILITY AND IMPROVED RESPONSIVENESS**



# CHINA: UNIQUELY POSITIONED TO FULLY CAPTURE PRESENT AND FUTURE GROWTH OPPORTUNITIES

MAC  
Population

+200M  
next 6 yrs



Ambition: *Expand the Imported Spirits market to double its size from 1% to 2% between 2017 and 2025*

## TWO BUSINESS UNITS AND FOUR ROUTES TO MARKET TO CAPTURE DIVERSE OPPORTUNITIES



PR CHINA'S VOLUME AND VALUE GROWTH STRATEGY UNDERPIN OUR MARKET LEADERSHIP\*

Note: MAC - Middle Income and Affluent Consumers

\*PR China IWSR 2018 Volume Share: Cognac 42%, Whisky 39%, Vodka 38%



# CHINA: PRESTIGE BUSINESS UNIT CONTINUING DOUBLE DIGIT GROWTH FUELED BY MARTELL

## REINFORCE MARTELL AS THE NO.1 COGNAC



Reinforce Martell's status as the No.1 Cognac brand while enhancing the prestige image



Accelerate consumer recruitment at meal occasions



Activate Curious Restaurants in 8 cities with over 20k participants



Drive recruitment of younger LDA+ consumers by building party platforms



Launch Martell Party Channel that is nationally available

## STRONG VALUE STRATEGY FURTHER BOOSTING TOP LINE GROWTH

### Premiumization of Sales Mix

Super & Ultra Premium

Prestige+



**Price Increases**  
Across the whole range in 2018 and 2019

**Moderation in Promotional Intensity**



## CHIVAS RESPONDING WELL TO EQUITY-DRIVING RELAUNCH CAMPAIGN

Success is a Blend campaign with Kris Wu, most commercially valued male celebrity in China in 2018 (CBN weekly)



Digital led campaigns across all touchpoints to accelerate recruitment

Recruit and engage MACs by continuously leverage NBA partnership



Premiumize in night occasions with Chivas Extra and Chivas XV



## ACCELERATE THE RECRUITMENT OF MACS WITH GROWTH RELAYS



Build Ballantine's as #1 young whisky for Chinese millennials

Scale up #Absoltnights  
Grow beyond street culture



Seed Specialty Brands on the back of China's growing cocktail culture



MAC  
Population

+100M  
next 6 yrs



Ambition:

*Consolidate leadership position in the industry\**

## ROBUST BUSINESS MODEL

### Unique Brand Portfolio



- Leader in Premium+ Western Style Spirits with Seagram's whiskies
- Broad and fast growing international spirits portfolio and Wines

### Commercial and Marketing Excellence



- Strong marketing reach and execution with a focus on digital engagement
- Agile organization to capture emerging consumer opportunities and evolving trade space

### Best in Class Operational Efficiency



- Manufacturing quality, food safety and efficiency recognized by leading industry bodies
- Quality and Food Safety Management Systems certified with high level of compliance

### Leading Engagement with Community and S&R Programs

- Educate youth on underage drinking and substance abuse via Cool Teens program to reach over 200,000 teens
- On-track to achieving water neutrality by 2021
- Increase natural gas-powered vehicle fleet

## REINFORCED LEADERSHIP AND INCREASING VALUE SHARE



## INDIA YTD SALES GROWTH **+19%**

COMPREHENSIVE AND VALUE LEADING SEAGRAM'S WHISKIES PORTFOLIO TO RECRUIT MAINSTREAM CONSUMERS AND DRIVE UPTRADE

POWERING AHEAD WITH INTERNATIONAL SPIRITS PORTFOLIO AND WINES

SEAGRAM'S  
**100 PIPERS**



Drive up-trading

SEAGRAM'S  
**BLENDERS PRIDE**



Rejuvenated brand codes and assets

SEAGRAM'S  
**ROYAL STAG**



Refreshed packaging

SEAGRAM'S  
**IMPERIAL BLUE**



Strengthened communication with LDA+ youth codes



**Absolut**  
Dynamic recruitment thanks to localized communication, collaboration creative platforms



**Chivas**  
Continue to build brand affinity and drive recruitment



**Jacob's Creek**  
Drive premiumization and amplified media with localized communication



**Ballantine's**  
Continue to refresh communication and assets, become brand of choice of the corporate tribe



# KOREA: SUCCESSFUL EXECUTION OF TRANSFORMATION PLAN TO ENABLE GREATER FOCUS ON STRATEGIC INTERNATIONAL BRANDS

## SUCCESSFUL ORGANIZATIONAL TRANSFORMATION COMPLETED IN H2 2019



### New Organization Focus

- Full focus on Strategic International Brands and Growth Relays



- Streamlined fit-for-purpose organization

### Externalized

#### Third-party distribution of Imperial



## REFOCUS ON STRATEGIC INTERNATIONAL BRANDS BALLANTINE'S AND ABSOLUT



Ballantine's  
#1 Int. Blended Scotch



Absolut  
#1 Vodka



Refresh brand image



Elevate Status of Prestige+

Absolut - Recruit in casual occasion and bring innovations



Drive modernity & contemporaneity

## ACCELERATE DEVELOPMENT OF GROWTH RELAYS





## JAPAN YTD SALES GROWTH +10%

### REINFORCING LUXURY POSITION OF PERRIER-JOUET WITH NEW COMMUNICATION CAMPAIGN



### ACCELERATING MUMM CHAMPAGNE DISTRIBUTION AND EQUITY WITH USAIN BOLT AND NEW PACK



### RECRUITING NEW JAPANESE WHISKY DRINKERS WITH A MODERN IMAGE AND TOP CELEBRITY



魔法使いの脚本家  
映画で監督、演出、役者  
作家、作曲家、タレント  
多才な男の目撃はクラシック

12年以上の深い根り  
まるやかでフルーティ  
リンゴ、バナナ、高級はちみつ  
世界100ヶ国のエンターテイナー

ギター奏でる多才な男  
作詞、作曲、ゴキも手掛け  
テレビ、映画で監督、主役  
変幻自在の48歳

18年の長期継続  
100年の伝統  
85種類のアロマ  
今宵はロックで？

**VIETNAM** 

Imperial Blue launched in Oct 2018

Local production began in Aug 2018

Redesigned organization driving commercial excellence



**PHILIPPINES** 

Imperial Blue and Imperial Blue Light launched in Dec 2018

Listing in major modern on-trade outlets completed

JV with Premier Wine & Spirits to amplify domestic consumer reach



**MYANMAR** 

Re-launch of Seagram's High Class completed in 2018

Imperial Blue launched in Mar 2019

JV with strong local partners puts PR in good position to capture future development of International Spirits



**REST OF SOUTH EAST ASIA**



**Thailand**

Continue to innovate following Royal Stag launch in FY18



**Cambodia**

Solid progress in building new route to market



**Indonesia**

Ongoing efforts to optimize route to market and seek new MAC opportunities



## **Acceleration and diversification of growth in FY19**

- Strong broad-based growth led by China and India
- Reorganization of Korea to focus on Strategic International Brands
- Diversifying sources of growth by brand, channel and market

## **Robust business model to recruit consumers and transform future opportunities**

- Clear unique leadership in China and India with continuous focus on value and premiumization
- Ever-increasing exposure to middle-income consumers, notably in South East Asia, through digital acceleration, strengthened route to markets and expanding geographical footprint
- Highly skilled teams with unique commitment and strong winning mindset



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## Q&A

