



Pernod Ricard  
*Créateurs de convivialité*

# Sales to 30 September 2019



17 October 2019

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](http://www.pernod-ricard.com)

A background image showing a bottle of Jameson Triple Whiskey and a glass filled with whiskey. The bottle is dark green with a gold label that reads 'JAMESON' and 'TRIPLE TRIPO'. The glass is a lowball glass filled with amber liquid.

## Executive Summary

**+1.3%**  
**Organic Sales**

**+4.0%**  
**Reported Sales**

# Q1 moderate growth in line with expectations, on very high basis of comparison (Q1 FY19: +10.4%)

## Key markets

**Good start in USA: +6%**, thanks in particular to innovation, enhanced by advance shipments

**China: +6% and India: +3%**, good growth on very high comparison basis

**Global Travel Retail: -6%**, following very strong Q1 FY19

**Good growth in Europe: +3%**, thanks to strong Sales in Eastern Europe and return to growth in Western Europe

## Brands

**Strategic International Brands: +3%**, with growth moderation due to high basis of comparison on Martell and Scotch but acceleration of Jameson, Beefeater, Malibu and Havana Club

**Strategic Local Brands: +2%**, with softer growth due to very high Q1 FY19 for Seagram's Indian whiskies

**Specialty Brands: +15%**, continued very dynamic performance, particularly for Lillet, Monkey 47, Del Maguey and Altos

**Strategic Wines: -2%**, modest decline linked to continued implementation of value strategy on Jacob's Creek

**Pricing: +2%** on Strategic brands





## USA: +6%, good start

**Good Q1**, thanks in particular to innovation, enhanced by advance shipments (underlying trend c.+4%)

**Star: Jameson** strong growth with dynamic development of Black Barrel

**Growth relays: continued dynamism in particular of The Glenlivet**, driven by Founder's Reserve and launch of The Glenlivet 14yo

**Bastions: solid growth of Malibu and Kahlua** but **Absolut still in decline**, despite promising launch of Absolut Juice

New **American whiskey portfolio** boosted by completion of Jefferson acquisition on 9 October

**Trade tariffs** to be applied to single malt Scotch and Spanish wine from 18 October 2019

## Global Travel Retail: -6%

**Decline driven primarily by high basis of comparison**, and promotional phasing in Europe

**Price/mix very strong**

## China: good growth +6% vs. +27% in Q1 FY19

**Overall good growth** despite softer On-trade environment

**Martell: strong pricing** thanks to February 2019 +5% price increase, with softer volumes reflecting **sustainable inventory management**

**Chivas in decline** due to challenging On-trade environment

**Continued very dynamic development of growth relays**, in particular with **double-digit growth of Absolut and Ballantine's Finest**

## India: good growth +3% vs. +34% in Q1 FY19

**Softening macroeconomic environment** and impact of flooding on Q1

**Seagram's Indian Whiskies** driven by dynamic growth of Imperial Blue

**Continued strong double-digit growth of Jacob's Creek and Strategic International Brands**



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## ≡ Must-win markets



## ≡ Other key markets



### Europe

**France +3%:** growth due to promotional phasing in difficult market (Nielsen volume<sup>1</sup> -3%).

**Double-digit growth of Absolut**

**Spain: stable** with Gin portfolio (Beefeater and Seagram's Gin) now gaining share

**UK -1%:** very strong Gin dynamism offset by continued value strategy on Jacob's Creek. Pernod Ricard **continuing to gain share**

**Germany: strong growth** thanks mainly to Lillet, Havana Club and Absolut, with strong pricing

**Russia: continued double-digit growth** driven by Strategic International Brands, in particular Whiskies and Martell

1. 52wk Nielsen volume data to 8<sup>th</sup> September 2019

### Americas

**Canada: decline** linked to phasing, despite double-digit growth of Jameson

**Latin America: modest growth overall**, with strong continued dynamism in Brazil

### Asia-RoW

**Japan: continued strong growth** led by Chivas, Perrier-Jouët and good price/mix

**Korea: significant decline**, with improving performance on Strategic International Brands offset by Imperial distribution transfer to third-party

**Africa Middle East +9%:** driven mainly by strong growth in Turkey, Nigeria, West Africa and Angola



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# Outlook

**For FY20, in a particularly uncertain environment, Pernod Ricard expects:**

- **Continued execution of Transform & Accelerate strategic plan**, focused on embedding dynamic growth and delivering operating leverage, in line with objective of maximising long term value creation
- Implementation of **Reconquer project in France to return to growth** in medium-term
- **Dynamic Sales growth to continue**, albeit growth rates to moderate vs. FY19 in India and China, consistently with plan assumptions
- **Dynamism in USA** following inventory optimisation in FY19 and integration of new American Whiskey portfolio
- **Increased investment** behind key Capex and Strategic inventory priorities
- **Start of share buy-back programme** from 18 October 2019
- **Significantly positive FX impact** on PRO<sup>1</sup>



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1. Based on average FX rates projected at 1 October 2019, particularly EUR/USD rate of 1.09



**Confirmation of FY20 Guidance:**  
**Organic growth in PRO between +5% and +7%**



# Launch of share buy-back programme

Pernod Ricard announced on 29 August 2019 that it intended to implement, over FY20 and FY21 a share buy-back programme of up to €1bn in total.

In this context, Pernod Ricard intends to sign a share buy-back agreement with an investment services provider, to implement a first tranche of this share buy-back programme.

Accordingly, Pernod Ricard will undertake to acquire its own shares for a maximum amount of €150m.

The purchase period provided in the agreement shall start on 18 October 2019 and end on 18 December 2019 latest. The price shall not exceed the maximum price as set by the 12<sup>th</sup> resolution of the Ordinary Shareholders' Meeting of 21 November 2018.

Repurchased shares will be cancelled.







# Appendices



### Definitions and reconciliation of non-IFRS measures to IFRS measures

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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.



# Q1 FY20 Sales Analysis by Region

Net Sales (€ millions)	Q1 FY19		Q1 FY20		Change		Organic growth		Group structure		Forex impact	
Americas	636	28.7%	674	27.1%	37	6%	14	2%	2	0%	21	3%
Asia/Rest of World	1,084	41.1%	1,116	44.9%	32	3%	(4)	0%	4	0%	32	3%
Europe	667	30.2%	694	27.9%	27	4%	21	3%	2	0%	4	1%
<b>World</b>	<b>2,387</b>	<b>100%</b>	<b>2,483</b>	<b>100%</b>	<b>96</b>	<b>4%</b>	<b>31</b>	<b>1%</b>	<b>8</b>	<b>0%</b>	<b>57</b>	<b>2%</b>

Note: Bulk Spirits are allocated by Region according to the Regions' weight in the Group

# Forex Impact on Q1 FY20 Sales

## Forex Impact Q1 FY20 (€ millions)

		Average rates evolution			On Net Sales
		Q1 FY19	Q1 FY20	%	
US dollar	USD	1.16	1.11	-4.4%	29
Pound sterling	GBD	0.89	0.90	1.1%	(1)
Chinese yuan	CNY	7.92	7.80	-1.4%	5
Indian rupee	INR	81.65	78.31	-4.1%	12
Turkish lira	TRL	6.60	6.31	-4.4%	1
Other					11
<b>TOTAL</b>					<b>57</b>



# Upcoming communications

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## Date<sup>1</sup>

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Friday 8 November 2019

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Thursday 28 November 2019

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Thursday 13 February 2020

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## Event

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Annual General Meeting

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EMEA & LATAM conference call

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H1 FY20 Sales & Results

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1. Dates are indicative and liable to change