

2.10 Share buyback programme

The following paragraphs include the information that must be included in the Board of Directors' report pursuant to article L. 225-211 of the French Commercial Code and that relates to the description of the share buyback programme in accordance with article 241-2 of the French Financial Markets Authority (AMF) General Regulation.

Transactions performed by the Company on its own shares during FY19 (1 July 2018 – 30 June 2019)

Authorisations granted to the Board of Directors

During the Combined Shareholders' Meeting of 9 November 2017, the Company's shareholders authorised the Board of Directors to buy or sell the Company's shares for a period of 18 months as part of the implementation of a share buyback programme. The maximum purchase price was set at €200 per share and the Company was not authorised to purchase any more than 10% of the shares making up the Company's capital; additionally, the number of shares held by the Company could not, at any time, exceed 10% of the shares comprising the Company's capital.

Furthermore, the Combined Shareholders' Meeting of 21 November 2018 authorised the Board of Directors to trade in the Company's shares under the same conditions and at a maximum purchase price set at €240 per share, for a period of 18 months. This authorisation cancelled the authorisation granted by the Shareholders' Meeting of 9 November 2017 with effect from 21 November 2018, for the portion which remained unused.

Pursuant to these authorisations, the liquidity agreement compliant with the AMAFI Code of Conduct and entered into with Rothschild & Cie Banque with effect from 1 June 2012 was renewed on 1 June 2019 for a period of one year. The funds initially allocated to the liquidity account amount to €5,000,000.

The authorisation granted by the Shareholders' Meeting of 21 November 2018, which remains in force at the date this document was filed, will expire on 20 May 2020. The Shareholders' Meeting of 8 November 2019 will be called upon to authorise the Board of Directors to trade in the Company's shares under a new share buyback programme described below, under "Details of the new programme to be submitted for authorisation to the Combined Shareholders' Meeting of 8 November 2019".

Situation at 30.06.2019

% of direct and indirect treasury shares	0.60%
Number of shares held	1,596,503
Number of shares cancelled in the last 24 months	None
Nominal value	2,474,580
Gross carrying amount	€198,998,529
Portfolio market value*	€258,713,311

* Based on the closing price at 28.06.2019, i.e. €162.05.

Summary of transactions performed by the Company on its own shares during FY19

The following table details the transactions performed by the Company on treasury shares within the scope of the share buyback programme during FY19.

Operations	Total gross flows from 01.07.2018 to 30.06.2019									Positions open at 30.06.2019				
	Liquidity agreement		Transactions carried out (excluding liquidity agreement)							Transfers ⁽¹⁾	Long positions		Short positions	
	Purchase	Sale	Purchase of securities	Call options purchased	Call options exercised	Exercise of the cancellation clause	Sale of securities	Sale and repurchase agreements	Call options ⁽²⁾		Forward purchases	Put options	Forward Sales	
Number of shares	170,571	170,571	570,000	160,000	370,000	90,099	-	-	538,645	740,000	-	-	-	
Maximum term	-	-	-	13.12.2021	15.11.2018	21.06.2019	-	-	-	13.12.2021	-	-	-	
Average Price (in euros)	144.8094	145.0918	156.5724	-	-	-	-	-	80.5424	120.0024	-	-	-	
Average exercise price (in euros)	-	-	-	137.78	100.37838	68.54	-	-	-	-	-	-	-	
Amount (in euros)	24,700,284	24,748,453	89,246,262	22,044,800	37,140,001	6,175,385	-	-	43,383,762	88,801,798	-	-	-	

(1) Transfers of treasury shares.

(2) American call option.

Under the share buyback programme authorised by the Shareholders' Meeting of 21 November 2018 and implemented by the Board of Directors, 570,000 shares were purchased on the market at a weighted average price of €156,5724 per share (it being specified that these share buybacks, as indicated below, were made to cover share purchase and

performance-based share allocation plans, as well as the Employee Shareholding Plan). In addition, an optional hedge was subscribed for 160,000 shares by acquiring the same number of 3-year American call options. The Company also purchased 370,000 shares through the exercise of American call options.

Pursuant to authorisations granted by the Combined Shareholders' Meeting of 21 November 2018, the Board of Directors of the same date implemented a stock option allocation plan and a performance-based share allocation plan.

The 90,000 shares bought on the stock market and the 160,000 American calls, which enabled the same number of Pernod Ricard shares to be acquired, were allocated to hedge part of these stock option and performance-based share allocation plans.

480,000 shares were bought on the market and were allocated to cover the Employee Shareholding Plan.

Treasury shares constitute reserves covering the various stock option and performance-based share allocation plans still in force, as well as the Employee Shareholding Plan. During the period, transfers were made within these reserves of treasury shares: 356,970 shares were allocated to beneficiaries of the performance-based share plan of 6 November 2014 (at the end of the four-year vesting period), and 24,851 shares were allocated to beneficiaries of the bonus share allocation plan of 17 November 2016 (vesting of the second third of the shares allocated), and 455 shares were subject to statutory early release, in addition to 156,369 shares transferred to cover the rights of beneficiaries who had exercised stock options.

The 370,000 Pernod Ricard SA shares resulting from the exercise of the American call options, which serve to cover the various plans, were sold off-market to an investment services provider at an average price of €100.4.

Cancellation clauses attached to shares sold under sale and repurchase agreements were used as and when rights were exercised (or performance-based shares vested). During the period, 90,099 shares were cancelled pursuant to these clauses at an average price of €68.54.

Under the liquidity agreement signed with Rothschild & Cie Banque, during the period, the Company:

- purchased 170,571 shares for a total amount of €24,700,284; and
- sold 170,571 shares for a total amount of €24,748,453.

Distribution of treasury shares on 30 June 2019

Treasury shares are all allocated as reserves for different stock option and performance-based share allocation plans.

Details of the new share buyback programme to be submitted for authorisation to the Combined Shareholders' Meeting of 8 November 2019

The description of this programme (see below), which was established in accordance with article 241-3 of the AMF's General Regulation, will not be published separately.

As the authorisation granted by the Shareholders' Meeting of 21 November 2018 allowing the Board of Directors to trade in the Company's shares is due to expire on 20 May 2020, a resolution will be proposed at the Shareholders' Meeting of 8 November 2019 (11th resolution – see Section 8 "Combined Shareholders' Meeting" of this universal registration document) to grant a further authorisation to the Board to trade in the Company's shares at a maximum purchase price of €260 per share, excluding acquisition costs.

This authorisation would enable the Board of Directors to purchase Company shares representing a maximum of 10% of the Company's share capital. Thus, in accordance with the law, the Company may not at any time hold a number of shares representing more than 10% of its share capital.

As the Company may not hold more than 10% of its share capital, and given that it held 1,596,503 shares (*i.e.* 0.60% of the share capital) at the time of the last declaration relating to the number of shares and voting rights on 30 June 2019, the maximum number of shares that can be bought will be 24,945,656 (*i.e.* 9.40% of the share capital), unless it sells or cancels shares it already holds.

The purpose of the share buybacks and the uses that may be made of the shares repurchased in this manner are described in detail in the 11th resolution to be put to the vote of the shareholders on 8 November 2019. The share buyback programme would enable the Company to purchase the Company's shares or have them purchased for the purpose of:

- (i) allocating shares or transferring them to employees and/or Executive Directors of the Company and/or its current or future affiliates under the terms and conditions provided for by law, in particular by granting stock options or as part of employee profit-sharing plans; or
- (ii) covering its commitments pursuant to financial contracts or options with cash payments relating to rises in the stock market price of the Company's shares, granted to employees and/or Executive Directors of the Company and/or its current or future affiliates under the terms and conditions provided for by law; or
- (iii) making free allocations of shares to employees and/or Executive Directors of the Company and/or its current or future affiliates, under the terms and conditions of articles L. 225-197-1 *et seq.* of the French Commercial Code, it being specified that the shares may be allocated, in particular, to an employee savings plan in accordance with the provisions of article L. 3332-14 of the French Employment Code; or
- (iv) retaining them and subsequently tendering them (in exchange, as payment or otherwise) within the scope of external growth transactions, subject to the limit of 5% of the number of shares comprising the share capital; or
- (v) delivering shares upon the exercise of rights attached to securities granting access to the share capital through reimbursement, conversion, exchange, presentation of a warrant or in any other manner; or
- (vi) cancelling all or some of the shares repurchased in this manner, under the conditions provided for in article L. 225-209 paragraph 2 of the French Commercial Code and in accordance with the authorisation to reduce the share capital granted by the Combined Shareholders' Meeting of 8 November 2018 in its 12th resolution; or
- (vii) allowing an investment services provider to act on the secondary market or to ensure liquidity of the Company's shares by means of liquidity agreements in compliance with the terms of a Code of Conduct approved by the French Financial Markets Authority (AMF).

This programme is also intended to enable the Board of Directors to trade in the Company's shares for any other authorised purpose or any purpose that might come to be authorised by law or regulations in force.

The Company may purchase a number of shares such that:

- the Company does not purchase more than 10% of the shares comprising the Company's share capital at any time during the term of the share buyback programme; this percentage applies to the share capital adjusted based on capital transactions carried out after this Shareholders' Meeting; in accordance with the provisions of article L. 225-209 of the French Commercial Code, when shares are repurchased to favour liquidity of the share under the conditions set out by the applicable regulations, the number of shares taken into account for calculating the 10% limit equates with the number of shares purchased, less the number of shares sold during the authorisation period; and
- the number of shares held by the Company at any time does not exceed 10% of the number of shares comprising its share capital.

These shares may be purchased, sold, transferred, delivered or exchanged, on one or more occasions, by any authorised means pursuant to the regulations in force. These means include, in particular, over-the-counter transactions, sales of blocks of shares, sale and repurchase agreements, the use of any financial derivative instruments traded on a regulated or over-the-counter market, and the setting up of option strategies (purchases and sales of puts and calls and any combinations thereof in compliance with the applicable regulations). Transactions involving blocks of shares may account for the entire share buyback programme.

These transactions may be carried out during periods considered appropriate by the Board of Directors. However, during a public offer period, the repurchases would only be carried out subject to the conditions that they:

- enable the Company to comply with its commitments subscribed prior to the offer period;

- are undertaken within the scope of the pursuit of a share buyback programme that was already in progress;
- fall within the scope of the objectives referred to in points (i) to (iii); and
- cannot cause the offer to fail.

The Board of Directors may also, in compliance with the applicable legal and regulatory provisions, reallocate the previously repurchased shares (including those repurchased under a previous authorisation) to another objective or carry out a disposal of those shares (on or off the market).

This authorisation would be valid for a period of 18 months from the Shareholders' Meeting of 8 November 2019 and would cancel, as from this same date, for any unused portion, the authorisation granted to the Board of Directors to trade in the Company's shares by the Combined Shareholders' Meeting of 21 November 2018 in its 12th resolution.

2.11 Items liable to have an impact in the event of a public offer

In accordance with article L. 225-37-5 of the French Commercial Code, the items liable to have an impact on the Company's securities in the event of a public offer are set out below.

2.11.1 The Company's share capital structure

The Company's share capital structure is shown in the table "Allocation of share capital and voting rights on 30 June 2019" in Section 9 "About the Company and its share capital", in the subsection "Information about the share capital".

Threshold crossings declared during FY19 are also indicated in the table entitled "Allocation of share capital and voting rights on 30 June 2019" in Section 9 "About the Company and its share capital" of this universal registration document, in the subsection "Information about the share capital".

2.11.2 Statutory restrictions on the exercise of voting rights and double voting rights

The Company's bylaws provide for a limit on voting rights. This mechanism is described in subsection 2.12.3 "Voting conditions" below.

In addition, certain shares of the Company have double voting rights as described in subsection 2.12.3 "Voting conditions" below.

2.11.3 Agreements between shareholders of which the Company is aware

The Shareholders' agreement between shareholders of the Company (agreement between Mr Rafaël Gonzalez-Gallarza and Société Paul Ricard, owned by the Ricard family) is described under "Shareholders' agreements" in subsection 2.5 "Composition of the Board of Directors" of this universal registration document and also appears on the AMF website (www.amf-france.org).

2.11.4 Agreements entered into by the Company which are modified or become void as a result of a change of control of the Company

Under certain conditions, the Company's financing contracts provide for the early repayment of its debts. The description of the change of control clauses of these contracts is given under "Significant contracts" in Section 5 "Management report" of this universal registration document.

2.11.5 Other items

The Company's bylaws are amended in accordance with the applicable legal and regulatory provisions in France.

There is no specific agreement providing for indemnities in the event of the termination of the position of a member of the Board of Directors, with the exception of the commitments to the Executive Director described in subsection 2.8.4 "Compensation policy for the Executive Director", in the subsection "Policy on deferred commitments".