Pernod Ricard

Créateurs de convivialité

2019/20 HALF-YEAR SALES AND RESULTS

13 February 2020

- 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

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EXECUTIVE SUMMARY

Pernod Ricard
Créateurs de convivialité

Executive Summary

+2.7%
Organic Sales

+5.6%
Reported Sales

+4.3%
Organic PRO

+8.1%
Reported PRO

Solid H1 FY20 on high basis of comparison

Solid results in challenging environment, with broad-based growth:

- **Diversified growth across Regions and brands:**
  - **Robust performance of Must-win markets USA, India and China**, further enhanced by earlier Chinese New Year[1]
  - **Dynamic performance of Strategic International Brands**, in particular Jameson, Martell, The Glenlivet, Malibu, Ballantine's, Royal Salute and Beefeater
- Continued **strong pricing: +2%** on Strategic brands
- Focus on **operational excellence and resource allocation**, driving strong organic **improvement in PRO margin +51bps**
- Reported Profit from Recurring Operations (PRO) +8.1%, thanks to good organic growth +4.3% and **favourable FX** resulting from USD and Emerging market currency appreciation vs. Euro

Continued roll-out of Transform & Accelerate 3-year strategic plan:

- **Recurring Free Cash Flow of €627m,** while increasing Capex and ageing stock inventory build (as expected)
- Implementation of **2030 Sustainability & Responsibility roadmap**
- Launch of Reconquer project to **resume growth in France and reorganisation of Wine business** to reignite its performance
- **Active portfolio management**: completion of TX, Rabbit Hole and Castle Brands acquisitions
- Start of **Share buy-back** programme[2]

1. Chinese New Year: 25 January 2020 vs. 5 February 2019
2. up to €1bn over FY20 and FY21, announced on 29 August 2019

Pernod Ricard
Créateurs de convivialité

Key Figures

	H1 FY20 (€m)	H1 FY20 vs. H1 FY19	
		Reported	Organic
Sales	5,474	+5.6%	+2.7%
Mature markets	3,008	+4%	+1%
Emerging markets	2,466	+8%	+5%
PRO	1,788	+8.1%	+4.3%
PRO / Sales	32.7%	+75bps	+51bps
Net Profit from Recurring Operations[1]	1,216	+10%	
Net Profit[1]	1,032	+1%	
Recurring Free Cash Flow	627	+1%	
Free Cash Flow	570	-3%	

1. Group share

Robust Sales growth, with very strong basis of comparison: +2.7% vs +7.8% in H1 FY19

Must-win markets

- **USA:** +4%, good growth driven by Whiskies and Specialty brands
- **China:** +11%, strong H1 on high comparison basis (H1 FY19 +28%), enhanced by earlier Chinese New Year[1]
- **India:** +5% good H1 in volatile context, with high basis of comparison (H1 FY19 +24%)
- **Travel Retail:** robust Sell-out, but H1 FY20 impacted by shipment phasing

Diversified growth throughout Regions

- **Americas: +2%,** good growth in USA partially offset by weaker Mexican market and phasing in Travel Retail
- **Asia-RoW: +3%,** growth driven mainly by China and India, dampened by transfer of Imperial Korea to third-party distributor
- **Europe: +3%** strong growth with improving trends, driven by Germany, UK and Eastern Europe acceleration, but difficulties remaining in France

Q2 FY20

- **Sales at +4%**
- **Stronger Q2** after soft Q1 (+1%), enhanced by earlier Chinese New Year[1]

1. Chinese New Year: 25 January 2020 vs. 5 February 2019

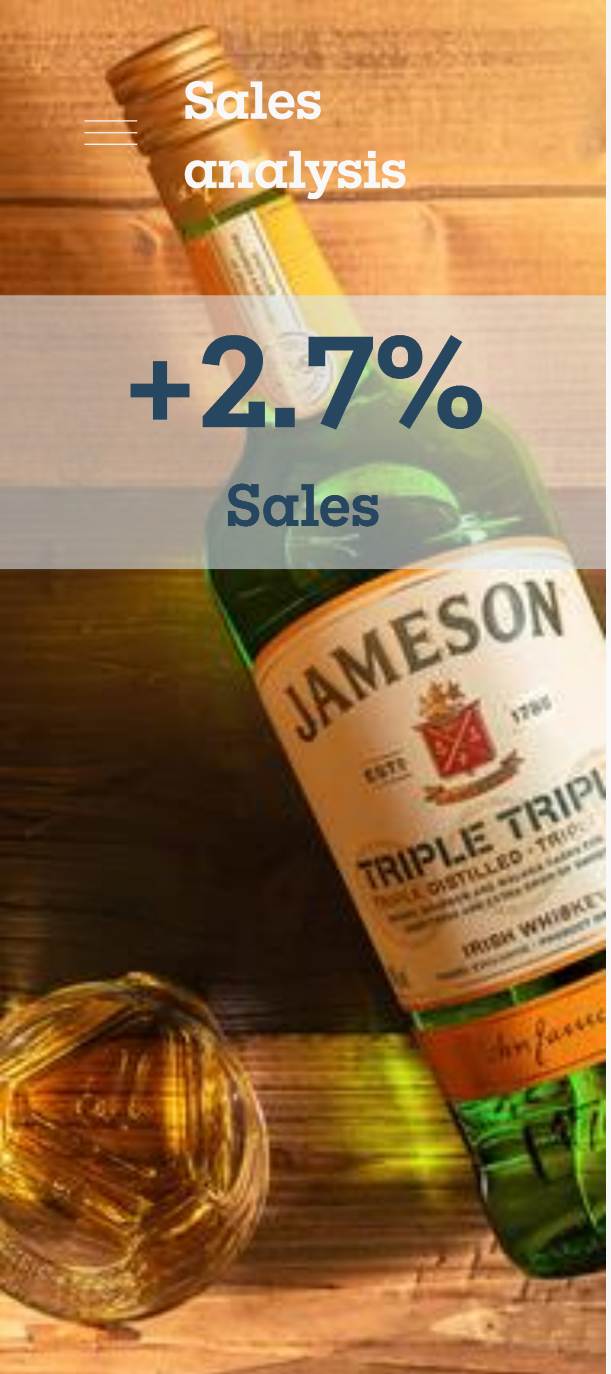
Sales analysis

+2.7%
Organic Sales

+5.6%
Reported Sales

SALES ANALYSIS by market

Sales analysis



+2.7%

Sales

Organic Sales growth by Region
Diversified Sales growth on high basis of comparison

Region	% of Sales	FY19	H1 FY19	H1 FY20	Comment
Americas	27%	2%	4%	2%	**Good growth in USA,** partially offset by weaker Mexican market and phasing in Travel Retail
Asia-RoW	44%	12%	16%	3%	**Strong growth in China and India,** against high basis of comparison, dampened by transfer of Imperial Korea to third-party distributor
Europe	29%	1%	0%	3%	**Strong growth with improving trends**, driven by Germany, UK and Eastern Europe acceleration, but difficulties remaining in France
World	100%	6%	8%	3%	**Diversified Sales growth**

% of Sales

- FY19
- H1 FY19
- H1 FY20

4 Must-win markets
USA: Good growth driven by Whiskies and Specialty brands

Transform & Accelerate FY19-21 ambition: Mid-Single-Digit growth

Consistent brand portfolio strategy to drive growth[1]

- Star:
  - **Jameson (+3%/+8%)**: moderation linked to Jameson Caskmates IPA cycling very strong launch. Strong initiatives in H2 to re-accelerate with launch of Jameson Cold Brew, continued geographic expansion in key markets like Texas and Florida and expansion towards new occasions with increased focus on summer
- Growth relays:
  - **The Glenlivet** (+8%/+3%): very dynamic, driven by Founder's Reserve and launch of The Glenlivet 14yo. Price increase effective February 2020
  - **Martell** (-1%/+7%): continued strong Sell-out, thanks in particular to Blue Swift
  - **Avion** (+18%/+13%) and **Altos** (+5%/+19%): continued very dynamic development
  - **Jefferson's** (+13%/+12%): integration of newly acquired brand into Pernod Ricard USA priorities
- Future growth stars:
  - Fast-growing brands **Monkey 47**, **Lillet**, **Del Maguey**, **Malfy**, **Irish Whiskey portfolio**
  - New American whiskey portfolio: **Smooth Ambler**, **Rabbit Hole**, **TX**
- Bastions:
  - **Absolut** (-5%/-4%): still in decline in challenging category, despite successful launch of Juice. New brand campaign launch on Valentine's Day
  - **Malibu** (+6%/+7%): continued good growth, outperforming category, driven by Original and helped by good performance on Flavours
  - **Kahlua** (+2%/+1%): confirmed improved performance

1. Nielsen 52wk data ended 25 January 2020 / Nabca 52 wk data ended 31 December 2019

4 Must-win markets
China: strong growth +11%

<u>Transform & Accelerate FY19-21 ambition: High-Single to Low-Double-Digit growth</u>

Strong H1 FY20 growth on high comparison basis (H1 FY19 +28%)

- **Good Sell-in** ahead of Chinese New Year, enhanced by earlier timing (25 Jan 2020 vs. 5 Feb 2019)
- **Martell: demand continuing to develop**
  - Double-digit growth in Q2 FY20, with On-trade rebound following soft Q1 and strong performance in New Retail and e-commerce
  - Excellent price/mix
  - Upweighted investment to reinforce leadership
- **Chivas**
  - Decline linked to challenging On-trade environment, in particular in Q1
  - Business back to **good growth in Q2 FY20**, driven by e-commerce and Kris Wu limited edition launch
- **Premium brands continuing very strong growth**, most notably Absolut, The Glenlivet, Ballantine's Finest, Jacob's Creek, Jameson, Beefeater and Perrier-Jouët

Q3 to be severely impacted by COVID-19

- Strong Chinese New Year programme executed, but **replenishment post-Chinese New Year and On-trade activities uncertain** due to COVID-19 (in particular from Jan 23)
- **Night On-trade establishments shut** as of end of January and home deliveries disrupted
- **Strong measures to protect employees**

4 Must-win markets

China: building on government measures and implementing emergency actions to support employees

Provide additional holidays and work from home options for employees and special groups

- Extention of Chinese New Year Holiday
- Employees with children under 18, having travelled to critical areas, made contact with suspected cases or pregnant, can work from home

Enhance health care during outbreak of COVID-19 with Employee Insurance Benefit

- 100% reimbursement for employees and children diagnosed with COVID-19
- 3rd party employees/contractors, if suspicious or diagnosed with COVID-19, to have medical fees after social security subsidized by PR China
- Protective materials purchased for our 2500 direct and in-direct employees

Create dedicated section in e-Learning platform to support employees

- Company-wide announcement related to PR China Prevention
- Official links to real time information on virus, prevention measures, spread and online medical diagnosis platforms
- Further contact information to national psychological support provided

Donation to China Charity Federation to establish "Special Fund for Medical Workers"

- 29 Jan Pernod Ricard China donation of RMB 2 million to China Charity Federation to establish "Special Fund For Medical Workers –Fight Against The Coronavirus"
- Funding to provide humanitarian aid, subsidies and appreciation incentives for the medical workers on frontline

4 Must-win markets
India: Good growth +5%

Transform & Accelerate FY19-21 ambition: Low-Double-Digit growth

ROYAL STAG LIMITED EDITION PACKS

ABSOLUT BORN COLOURLESS CAMPAIGN

100 PIPERS LIMITED EDITION PACKS | LEGACY PROJECT

Good H1 FY20 on high basis of comparison (H1 FY19 +24%), in difficult context

- H1 FY20 impacted by **flooding** and **weaker macroeconomic environment leading to temporary downtrading**
- **Seagram's Indian whiskies** driven by positive pricing, partially offset by negative mix due to stronger growth of **Imperial Blue**
- **Strategic International Brands: continued strong momentum** with double-digit growth and particularly strong growth of Scotch whisky portfolio **(Chivas, Ballantine's and The Glenlivet)**
- **Strong growth of Wines**, led by **Jacob's Creek** and **Brancott Estate**

Sales analysis

+5%

Sales in India

Sales analysis

-1%

Sales in Global Travel Retail

4 Must-win markets
Global Travel Retail: good Sell-out, but H1 FY20 impacted by shipment phasing

Transform & Accelerate FY19-21 ambition: further leverage leadership in Premium+ segment

Launch of Jameson Triple Triple

Launch of Secret Speyside single malts

Martell CB CNY limited edition

H1 FY20 Sales decline driven by phasing (Americas) and Brexit-related opening stocks (Europe)

- **Strong underlying depletions**, particularly on **Martell** higher qualities, **whiskies**, and **gin**
- **Promising H1 FY20 innovation launches** of Jameson Triple Triple, Secret Speyside, Ballantine's 23yo, Beefeater Blood Orange and Royal Salute 25yo
- **Strong price/mix**
- Sales driven by **Martell, Royal Salute, Jameson and Beefeater**

Q3 Travel Retail Asia to be severely impacted by COVID-19

- Significant impact on passenger traffic and business visible in early February

Europe
Strong broad-based growth in contrasted environment

France: -1% due to phasing but Sell-out at –6%[1]

- **Market still challenging** (-4%[1]), compounded by EGAlim law with particular pressure on Whiskies, Aniseed and Champagne categories
- **Double-digit performance for growth relays** Absolut and Beefeater
- **Implementation of Reconquer** project to return to growth medium-term

Spain: +1%

- Market in decline[1], with pressure on both Gin and Whiskies
- **Share gains in Gin and vodka** but Ballantine's challenged in competitive premium whisky category

UK: +2%

- **Continued double-digit Spirits Sell-out[1], outperforming market**, in particular for **Beefeater** (with very successful launch of Beefeater Blood Orange and continued success of Pink) and Jameson
- Dynamic growth of Campo Viejo and Brancott Estate but strong decline on Jacob's Creek (value strategy)

Germany

- **Double-digit Sales growth** driven by low basis of comparison (commercial dispute in H1 FY19)
- **Acceleration of Gin** (Beefeater and Monkey 47), continued very strong performance of Lillet and return to growth of Ramazzotti following significant price increase in FY19

Russia: +14%

- **Continued double-digit Sell-out**[1] trend with market share gains, driven by Strategic International Brands and acceleration of whisky portfolio
- Very good price/mix

Poland

- **Outperforming market**[1] thanks to consumers trading up from local vodkas
- Double-digit growth of Strategic spirits, notably Ballantine's, Absolut and Jameson, with good price/mix

1. Sell-out data per latest 52 wk Nielsen volume (France) and value (other markets) data available at end January 2020

Other key markets

Americas

Canada: stable
- Good growth of **Jameson**
- Positive price/mix on Strategic brands

Brazil
- **Dynamic growth**, thanks in particular to Beefeater, Ballantine's and Chivas Regal

Mexico
- Decline due to destocking, in difficult macroeconomic context
- **Imported premium spirits categories in low single-digit growth, with share gains**

Asia-RoW

Japan
- Growth driven mainly by **Champagne, Chivas and The Glenlivet**
- **Positive mix** on Strategic International Brands
- Double-digit development of **Absolut** (from small base)

Korea: -28% (+11% excluding Imperial)
- Imperial distribution transferred to third-party distributor on 1 April 2019
- **Refocus on Strategic International Brands with resulting return to growth**

Africa and Middle-East
- Very good growth of **Turkey** driven by Chivas Regal, Ballantine's and Havana Club
- Continued **dynamism in sub-Saharan Africa**, especially linked to Jameson
- Challenging environment in Middle East

SALES ANALYSIS
by brand

Pernod Ricard

Créateurs de convivialité

Sales analysis

+2.7%

Sales

Organic Sales growth by Category

Diversified growth on high basis of comparison

Category	% of Sales	FY19	H1 FY19	H1 FY20	Comment
Strategic International Brands	66%	7%	10%	4%	**Good overall growth,** driven by Jameson, Martell, The Glenlivet, Malibu, Ballantine's, Royal Salute and Beefeater, partially offset by high base of comparison on Martell
Strategic Local brands	18%	12%	11%	3%	**Good underlying growth,** with acceleration of Ararat and return to growth of Ramazzotti, dampened by high basis of comparison on Seagram's Indian Whiskies
Specialty Brands	4%	12%	11%	17%	**Acceleration of growth** driven by Lillet, Monkey 47, Altos, Redbreast and Avion
Strategic Wines	4%	-5%	-8%	0%	**Stable Sales,** with good growth of Brancott Estate and Campo Viejo, offset by softening decline on Jacob's Creek

% of Sales

Innovation: contributing c.1/3 of Group topline growth

Pricing on Strategic brands: +2%

Martell
Good growth driven by strong price/mix

Launch of Martell Chanteloup XXO

The second episode of Martell Home Live takes place in Singapore

Martell Millésime 1898, a unique bespoke creation for the annual DFS Master of Wine and Spirits exhibition

Strategy: internationalisation and strong value creation

H1 FY20: +4% growth on very high basis of comparison (+23% in H1 FY19)

- **Positive pricing** across portfolio and within all Regions

China

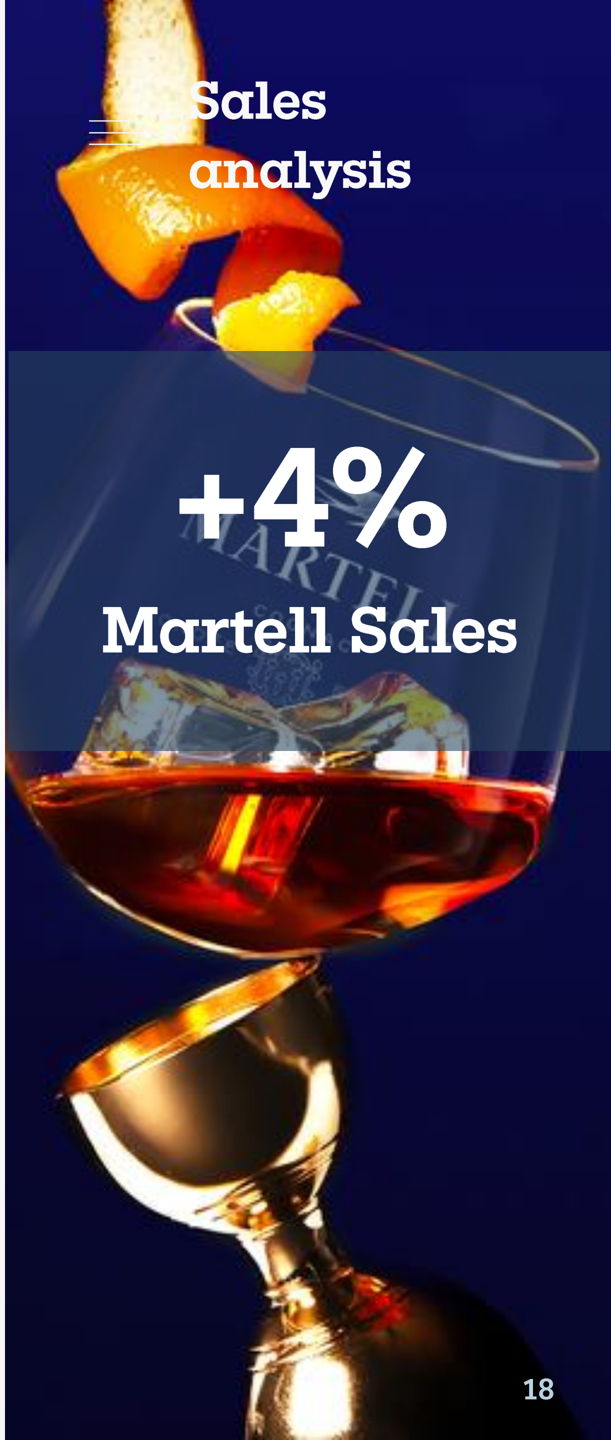
- **Double-digit sell-in ahead of Chinese New Year**, enhanced by earlier timing[1]
- **Strong pricing**

USA: -11%

- **Sales decline due to very high basis of comparison** (triple-digit growth H1 FY19)
- **Strong pricing** across range

Global Travel Retail: good growth driven by price/mix

Strong double-digit performance in Eastern Europe



1. Chinese New Year: 25 January 2020 vs. 5 February 2019

Sales analysis

+9%

Jameson Sales

Jameson
Strong growth across all Regions

Jameson distillery world tour

Jameson launches Cold Brew, inspired by the classic combination of Irish whiskey and coffee

Jameson Distillery Bow St. named World's Leading Distillery Tour at World Travel Awards for the second year in a row

Strategy: globalisation

USA

- **Acceleration of underlying depletions in Q2**, with all key footprint states in double-digit growth
- **Good pricing**
- Launch of **Jameson Cold Brew** in January 2020

Europe

- **Double-digit growth**, notably in Russia, Ukraine, Kazakhstan, France, UK, Ireland and Germany
- **Positive price/mix** driven by Eastern Europe

Other markets

- Continued very strong performance in **Africa Middle East: +25%**
- **Very promising development in Asia Pacific,** from small base, with double-digit growth in 12 markets, including China and India
- **Travel Retail EMEA and Pacific:** very good results with successful launch of Triple Triple

Sales analysis

+4%[1]

Scotch Sales

Scotch
Good growth

Global campaign celebrates The Glenlivet's history of breaking tradition

Chivas brings together a mix of players from Manchester United to celebrate its second year as the club's official spirits partner

Ballantine's 5th Anniversary of Real Music with Boiler Room

Strategy: Develop Blends and accelerate Single Malts and Prestige

Strategic Scotch whiskies[1]: +4%

- **Chivas: -2%**, strong growth in Eastern Europe offset by decline in China (though double-digit rebound in Q2) and negative phasing in Travel Retail Americas
- **The Glenlivet: +15%**, very strong growth in USA with successful launch of The Glenlivet 14yo and continued strong double-digit growth in China, Russia, India, Taiwan, Japan and Travel Retail Americas and Asia
- **Ballantine's: +5%** strong double-digit growth in Eastern Europe, Brazil and India dampened by phasing-related decline in Japan. Ballantine's Finest continuing to perform strongly in Emerging markets, in particular China (growth relay)
- **Royal Salute: +17%, excellent growth driven by Asia**, in particular Travel Retail, Taiwan and Korea, supported by the launch of Royal Salute 25yo

1 excluding Imperial

Absolut
Continued international development

Absolut Comeback limited edition with >41% recycled glass

Absolut Extrakt (France): Swedish shot by nature

Nothing but Absolut (Germany), inspiring people to show their true selves

Absolut Colourless (India), to inspire people to look beyond the simplicity of assessing others based on the colour of their skin

Strategy: expand beyond vodka to become the natural choice of an experience-seeking generation

Sales outside USA (>60% total): +2%

- **Asia-RoW: driven by China +25%**
- **Europe: good growth**, in particular thanks to strong double-digit performance in France, Germany and Poland. Market **share gains**[1] in UK, France, Spain, Germany and Italy
- **Americas: decline** driven by phasing in Travel Retail, but continued very strong performance in Brazil

USA: -6%

- **Successful launch of Absolut Juice**
- Focus on recruiting LDA+ Gen Z consumers starting with **disruptive new campaign** launch at Valentine's Day

1 latest 52 wk Nielsen volume (France) and value (other markets) data available at end January 2020

Other key brands

Beefeater: +12%, growth acceleration driven by triple-digit growth in Brazil, good growth in USA and improvement in Spain. Strong double-digit growth continuing in UK and Asia-RoW. Successful innovation launches of Beefeater Pink and Blood Orange, and Blackberry just launched in UK
image: Beefeater Blackberry innovation

Havana Club: +6%, growth acceleration driven by Europe, with Germany and France lapping commercial disputes, and good price/mix
image: Havana Club x Arise Arise, multi-media project on drag and trans communities in Havana

Malibu: +13%, growth acceleration driven by double-digit growth in Americas and Asia-RoW, and return to growth in Europe, thanks in particular to Summer activations. Good price/mix
image: Malibu deployment of connected bottles as part of Malibu Games

Ricard: -5%, continued decline driven by category and strong impact of EGAlim law
image: The Ricaravane, Ricard's nomadic bar on wheels, spreading conviviality in 6 cities and events in France

Mumm: -3%, strong double-digit growth in USA offset by challenging category dynamics and commercial dispute in France. Good price/mix in line with premiumisation strategy
image: Laurent Fresnet, new cellar master

Perrier-Jouët: +1%, with double-digit growth in Japan offset by decline in Europe and Americas. Very strong price/mix across full portfolio, supported by launch of new Perrier-Jouët non-vintage bottle
image: Château Perrier transformed into Museum of Champagne, Wine and regional archeology

Strategic Wines: stable with price/mix +2%

- **Double-digit growth of Brancott Estate** in particular UK, New Zealand, Russia, USA and Canada
- **Campo Viejo accelerating**, thanks mainly to UK, representing c.40% of brand's Sales
- **Jacob's Creek decline softening** with continued development in China and India

Sales analysis

Sales analysis

+17%
Specialty Brands

+15%
Innovation

+5%
Luxury

Specialty brands
Acceleration of growth, premiumising portfolio

Good growth of Whiskey Specialty portfolio, with **Aberlour** growing +40% in USA and +4% in France (in difficult market)
Redbreast family also in double-digit growth, driven by USA

Specialty Gin in good growth, driven by continued double-digit growth of **Monkey 47,** most notably USA (+75%) and Germany (+16%) and strong double-digit growth of **Ungava** in Canada

Continued development of Specialty agave portfolio, with strong performance in USA of Avion (+18%/+13%[1]), Altos (+5%/+19%[1]) and continued double-digit growth of Del Maguey
Outside USA, Altos in very strong growth in Europe (+55%) and Asia-RoW (+80%), albeit from a small base

Acceleration of Lillet, driven by Germany as brand continuing to gain market share[2] in aperitif moment

__**Recent acquisitions**__
Strong performance of Malfy in super-premium Gin segment
Integration of American Whiskey brands following completion of acquisitions:
Jefferson's to join main PRUSA portfolio, while **Smooth Ambler**, **Rabbit Hole** and **TX** incorporated in New Brand Ventures portfolio

1. Nielsen 52wk value data ended 25 January 2020 / Nabca 52wk value data ended 31 December 2019
2. Nielsen 52wk value data ended 31 December 2019

SUSTAINABILITY
& RESPONSIBILITY

Pernod Ricard
Créateurs de convivialité

Sustainability & Responsibility

2030 Strategy: Our Goals

Equality & future leadership

Equal pay (2022)
Gender balanced top management (2030)
Employee future-fit training every 3 years (2030)

Shared knowledge & learning

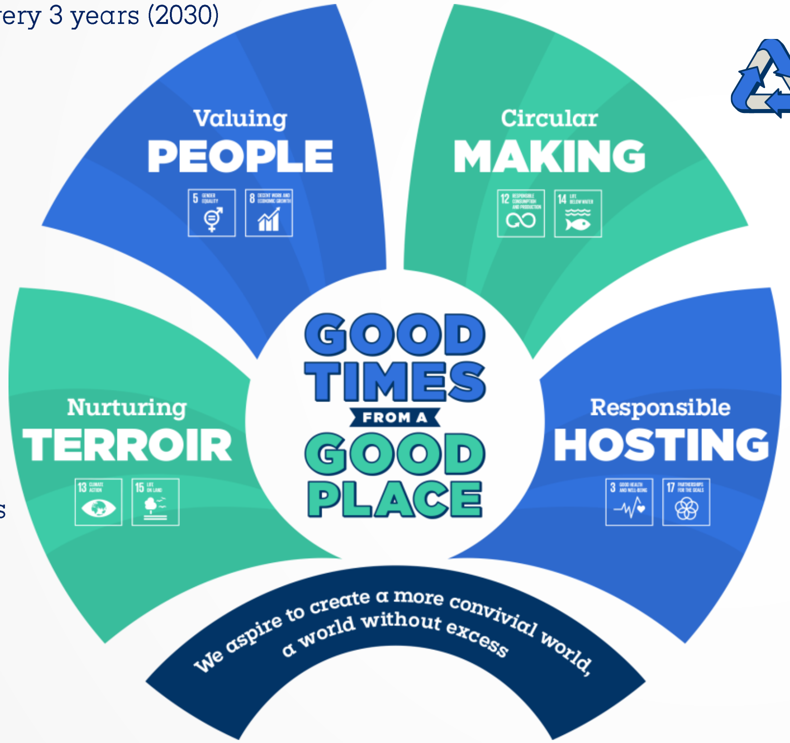
Train 10,000 bartenders on the bar world of tomorrow (2030)

Regenerative agriculture

x8 pilots schemes (2025)
Partner with over 5,000 farmers (2030)

Biodiversity

100% affiliates projects (2030)



Water balance and carbon

100% water balanced in high-risk countries (2030)
50% reduction in carbon intensity (2030) in line with SBTs

Packaging and waste

100% ban on single-use plastic POS (2025)
100% packaging recyclable, reusable, compostable or bio-based (2025)

100% renewable electricity (2025)

Alcohol misuse

Each affiliate at least 1 programme at scale in partnership and evaluated (2030)

Responsible Party

Expand Responsible Party globally to reach 1 million young adults (2030)

30 targets in total

Pernod Ricard
Créateurs de convivialité

S&R

Sustainability & Responsibility

2030 Strategy: making significant progress

Valuing PEOPLE

Strong recognition

- **LEAD status United Nations** Global Compact (2nd year)
- **One of Fortune Magazine's Most Admired Companies**

High level of employee engagement

88% of employees with high-level of engagement
94% of people proud to be associated with Pernod Ricard
92% view Pernod Ricard as socially responsible in the community

Shared learnings with the bar community

Global Trash Tiki partnership to train bartenders on sustainable practices

Circular MAKING

Driving toward circularity in packaging

- **99%** of primary packaging recyclable
- **Ellen MacArthur Foundation New Plastics Economy** signatory

Joined RE100

- **76% renewable electricity achieved**
- **100%** at PR Winemakers Australia and Chivas Brothers

Strong carbon disclosure rating

- **'A' rating** - 2% of 8,400 companies globally
- **Carbon intensity reduction -34%** (scope 1&2) since 2010

Improving waste management

- **99% of by-products to animal feed**
- **90% waste to landfill** reduction since 2010

Nurturing TERROIR

Driving water replenishment

- **-22% in water usage** in production sites since 2010
- **Water positive** in <u>all</u> Indian sites since end 2019

Reducing pesticide usage

- **-48% use synthetic agro-chemicals** since 2013
- **Glyphosates banned** in Martell owned vineyards

Strengthening standards

- **100% vineyards drip irrigated**
- **99% vineyards certified** to environmental standards

Responsible HOSTING

Committed to addressing underage drinking

IARD* 5 commitments on underage drinking including age restriction symbol for our alcohol brands and alcohol-free extensions, 95% digital safeguards, retailer age verification and distribution standards.

Extending our successful platform with Erasmus

New editions Australia, Singapore, Cuba
11th anniversary of partnership

All employees as Ambassadors

Mandatory Mooc for all 19,000 employees

PROFIT FROM RECURRING OPERATIONS

Pernod Ricard
Créateurs de convivialité

+4.3%

Organic PRO

+8.1%

Reported PRO

Group Income statement

€ millions	H1 FY19	H1 FY20	reported Δ	organic Δ	organic impact on PRO
Sales[1]	5,185	5,474	+5.6%	+2.7%	
Gross margin after logistics costs (GM)	3,239	3,419	+6%	+2%	
GM / Sales	62.5%	62.5%			-15bps
Advertising & prom. expenditure (A&P)	(799)	(842)	+5%	+3%	
A&P / Sales	15.4%	15.4%			Stable
Contribution after A&P expenditure (CAAP)	2,440	2,577	+6%	+2%	
CAAP / Sales	47.1%	47.1%			-15bps
Structure[2]	(786)	(789)	stable	-2%	
Structure / Sales	15.2%	14.4%			+66bps
Profit from Recurring Operations (PRO)	1,654	1,788	+8.1%	+4.3%	
PRO / Sales	31.9%	32.7%		+51bps	

- **Strong pricing on Strategic brands: +2%**
- **Gross margin in slight decline -15bps, following particularly strong H1 FY19** (+71bps)**:**
  - ➢ Positive impact of earlier Chinese New Year[3] but negative mix of India
  - ➢ Cost of Goods headwinds (in particular agave and GNS in India)
- **A&P: increase broadly in line with Sales**, with strong arbitration and focus behind strategic priorities
- **Structure: -2%** thanks to strong discipline and favourable phasing **(growth expected for full-year FY20)**
- **PRO margin: +51bps** improvement driven by pricing and tight resource allocation
- **Positive FX impact on PRO of +€59m** thanks to USD (EUR/USD 1.11 in H1 FY20 vs. 1.15 in H1 FY19) and Emerging market currency appreciation vs. Euro

1. Including customs duties
2. Including OIE and Royalties
3. Chinese New Year: 25 January 2020 vs. 5 February 2019

Americas

Continued good growth in USA and Brazil dampened by Travel Retail and Mexico, with strong basis of comparison (H1 FY19 PRO: +8%)

€ millions	H1 FY19	H1 FY20	reported Δ	organic Δ	organic impact on PRO
Sales	1,389	1,461	+5%	+2%	
GM	942	986	+5%	+1%	
GM / Sales	67.8%	67.5%			-72bps
A&P	(276)	(285)	+3%	Stable	
A&P / Sales	19.8%	19.5%			+25bps
CAAP	666	701	+5%	+1%	
CAAP / Sales	48.0%	48.0%			-48bps
Structure[1]	(196)	(215)	+10%	+6%	
Structure / Sales	14.1%	14.7%			-63bps
PRO	470	486	+3%	-2%	
PRO / Sales	33.8%	33.3%		-111bps	

- **Gross margin: -72bps linked mainly to adverse mix** (decline of Absolut USA and Travel Retail) and Cost of Goods pressure (agave)
- **A&P: overall stability** resulting from **increased investment in USA (+6%,** linked in particular to Jameson, Martell and The Glenlivet), offset by phasing in Canada and Latin America
- **Structure: +6% increase linked to phasing** and technical one-offs despite strong discipline
- **Strong favourable FX** impact linked to USD appreciation

1. Including OIE and Royalties; Headquarters, Regional headquarters and Brand company costs reallocated in proportion to CAAP

PRO

+5%

Organic Asia-RoW PRO

+9%

Reported Asia-RoW PRO

Asia-Rest of World

Good growth, lapping very strong basis of comparison (PRO +5% vs. +26% in H1 FY19)

€ millions	H1 FY19	H1 FY20	reported Δ	organic Δ	organic impact on PRO
Sales[1]	2,266	2,415	+7%	+3%	
GM	1,353	1,442	+7%	+3%	
GM / Sales	59.7%	59.7%			-13bps
A&P	(309)	(341)	+10%	+7%	
A&P / Sales	13.6%	14.1%			-47bps
CAAP	1,044	1,101	+5%	+2%	
CAAP / Sales	46.1%	45.6%			-59bps
Structure[2]	(278)	(268)	-4%	-6%	
Structure / Sales	12.3%	11.1%			+113bps
PRO	766	833	+9%	+5%	
PRO / Sales	33.8%	34.5%		+53bps	

- **Gross margin -13bps** driven by pressure on Indian margin linked to adverse product mix (Imperial Blue driving growth) and GNS cost pressure, partially offset by significant margin improvement in China thanks to Martell pricing and earlier Chinese New Year[3]
- **A&P: increase ahead of Sales, linked to strategic priorities and phasing** (China and India in particular)
- **Structure: -6%** driven mainly by impact of Korean restructuring in FY19 and tight resource management, albeit strong investment continuing in priority markets (notably China, India and Turkey)
- **Positive impact of FX** linked to Indian Rupee, Chinese Yuan, Japanese Yen and US Dollar strengthening vs. Euro

1. Including customs duties
2. Including OIE and Royalties; Headquarters, Regional headquarters and Brand company costs reallocated in proportion to CAAP
3. Chinese New Year: 25 January 2020 vs. 5 February 2019

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Europe

Very strong H1 FY20 PRO growth, driven by Eastern Europe and Germany

€ millions	H1 FY19	H1 FY20	reported Δ	organic Δ	organic impact on PRO
Sales	1,530	1,598	+4%	+3%	
GM	944	991	+5%	+4%	
GM / Sales	61.7%	62.0%			+39bps
A&P	(214)	(216)	+1%	Stable	
A&P / Sales	14.0%	13.5%			+44bps
CAAP	730	775	+6%	+5%	
CAAP / Sales	47.7%	48.5%			+83bps
Structure[1]	(312)	(306)	-2%	-3%	
Structure / Sales	20.4%	19.2%			+111bps
PRO	418	468	+12%	+10%	
PRO / Sales	27.3%	29.3%		+194bps	

- **Gross margin expansion at +39bps** thanks mainly to pricing and country mix (notably acceleration of Germany)
- **A&P: broadly stable**, with strong arbitration and favourable phasing (investment expected to accelerate in H2 FY20)
- **Structure: -3%,** thanks to implementation of several efficiency projects and very strong discipline, in particular in France and Nordics, further enhanced by favourable phasing
- **Very strong increase in PRO margin: +194bps**, driven by positive pricing and mix, Gross margin improvement and Structure cost discipline

1. Including OIE and Royalties; Headquarters, Regional headquarters and Brand company costs reallocated in proportion to CAAP

NET PROFIT

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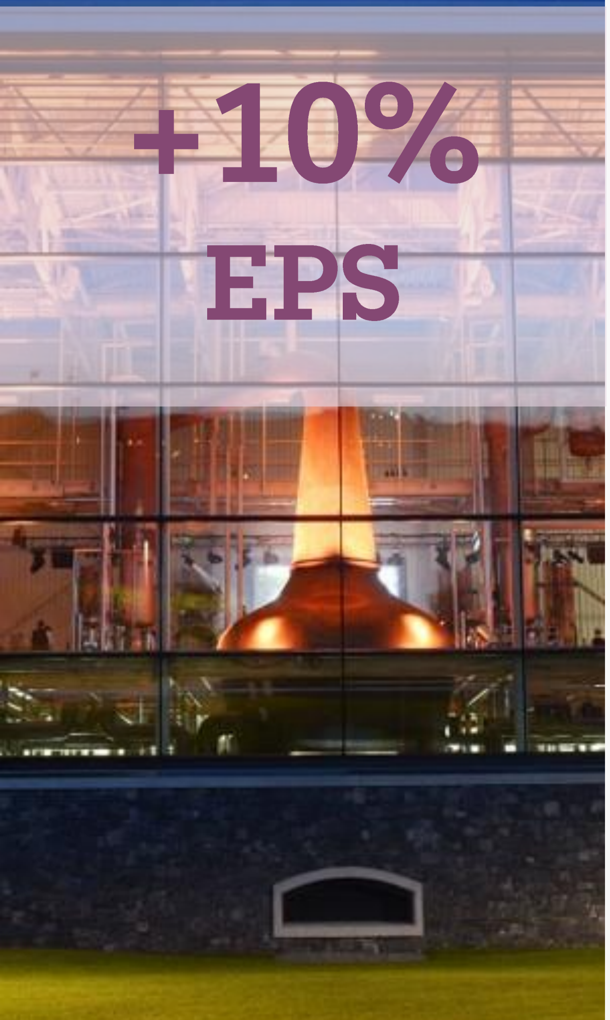


Double-digit EPS growth

€ millions	H1 FY19	H1 FY20	reported Δ
Profit from Recurring Operations	1,654	1,788	+8.1%
Financial income (expense) from recurring operations	(157)	(164)	
Income tax on recurring operations	(379)	(392)	
Minority interests and other	(13)	(15)	
Group share of Net Profit from Recurring Operations	**1,105**	**1,216**	**+10%**
Number of shares used in diluted EPS calculation ('000)	265,481	265,263	
Diluted net earnings per share from recurring operations "EPS" (€/share)	**4.16**	**4.58**	**+10%**

- **Slight increase in Financial expense** from recurring operations resulting from issuance of new bonds and implementation of **IFRS16** norm (-€6m impact)
- **Increasing tax charge due to higher profit**
- **Tax rate on recurring items close to 24%** vs. 25% in H1 FY19, reflecting positive impact of tax reform in India (Corporate Income Tax rate from 35% to 25%)
  - Recurring tax rate for FY20 expected at c. 25%

Non-recurring items

(€ millions)	H1 FY19	H1 FY20
Capital gains/losses and impairment	(34)	(10)
Restructuring and reorganisation costs	(14)	(115)
Other non-recurring income and expenses	(18)	(27)
Non-recurring operating income and expenses	**(66)**	**(152)**
Non-recurring financial items	**1**	**(1)**
Corporate income tax on non-recurring items	**(18)**	**(31)**

- -€152m non-recurring income and expense driven mainly by -**€115m restructuring/reorganisation costs reflecting ongoing operational adaptation**, in particular in France with planned merger of Pernod and Ricard (project Reconquer) and within Pernod Ricard Winemakers
- **Non-recurring Corporate income tax of -€31m** driven mainly by technical effect on deferred tax further to tax rate change in India

Net Profit

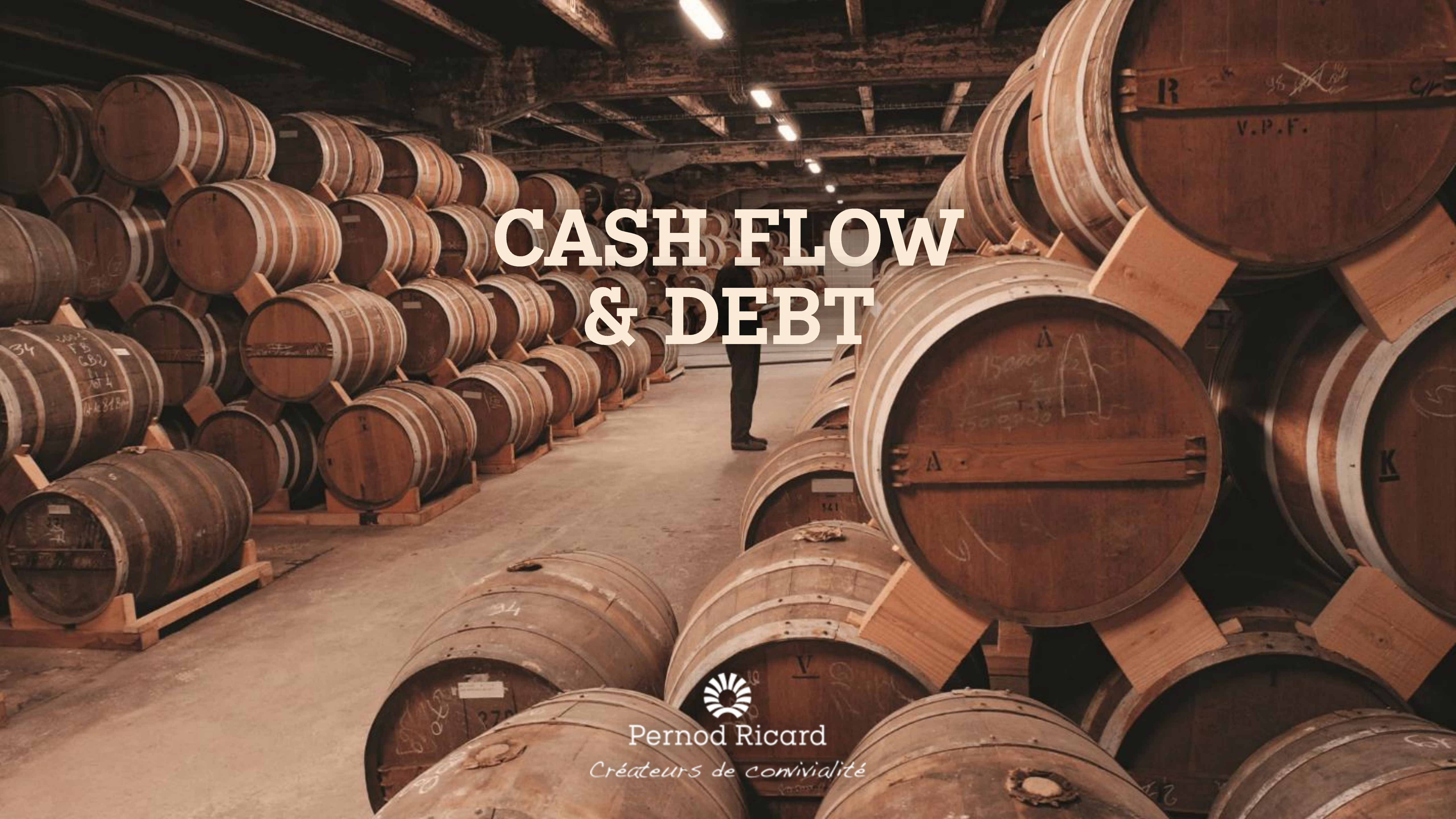
Group share of Net profit

€ millions	H1 FY19	H1 FY20	reported Δ
Profit from Recurring Operations	**1,654**	**1,788**	**+8.1%**
Non-recurring operating income and expenses	(66)	(152)	
Operating profit	**1,588**	**1,636**	**+3%**
Financial income (expense)	(156)	(166)	
Corporate income tax	(397)	(423)	
Non-controlling interests and other	(13)	(15)	
Group share of Net profit[1]	**1,023**	**1,032**	**+1%**

- **Group share of Net profit +1%**, despite Profit from Recurring Operations increasing +8.1%, mainly due to non-recurring items, chiefly Restructuring charges (of which French merger is main item)

1. including **-€6m** impact related to application of **IFRS 16**

CASH FLOW & DEBT



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Cash Flow statement

€ millions	H1 FY19	H1 FY20 *	reported Δ	% Δ
Profit from Recurring Operations (1)	**1,654**	**1,788**	**+134**	**+8.1%**
Amortisation, depreciation, provision movements and other	101	174	+73	
Self-financing capacity from recurring operations (2)	**1,756**	**1,962**	**+206**	**+12%**
Decrease/(increase) in strategic stocks	(7)	(47)	(40)	
Decrease/(increase) in operating Working Capital Requirement (WCR)	*(644)*	*(716)*	*(71)*	
Decrease/(increase) in recurring WCR	(651)	(763)	(112)	
Non-financial capital expenditure	(130)	(174)	(44)	
Recurring Operating Cashflow (3)	**974**	**1,025**	**+50**	**+5%**
Financial income (expense) and taxes	(353)	(398)	(45)	
Free Cash Flow from recurring operations (Recurring FCF) (4)	**622**	**627**	**+5**	**+1%**
Non-recurring items	(37)	(57)	(20)	
Free Cash Flow (FCF) (5)	**585**	**570**	**(15)**	**-3%**

* IFRS16 impacts in H1 FY20: (1) -1M€ / (2) +54M€ / (3) +44M€ / (4) +38M€ / (5) +42M€

Free Cash Flow of €570m with strong increase in PRO and strategic investments

Recurring Free Cash Flow at €627m, +€5m vs. H1 FY19

- **Strong Profit from Recurring Operations**: +8.1%
- **Increase in strategic investments,** as expected: -€84m
  - **Ageing inventory build**, driven mainly by whiskies and cognac to support future growth
  - **Increasing capital expenditure** due mainly to cask purchases at Irish Distillers, building new malt distillery in Emeishan (China) and new bottling hall at Chivas Brothers
- **Increase in operating WCR mainly due to business growth**
- Impact of IFRS 16 norm application on Recurring Free Cash Flow: +€38m

Non recurring Free Cash Flow at -€57m due mainly to restructuring costs, in particular in France

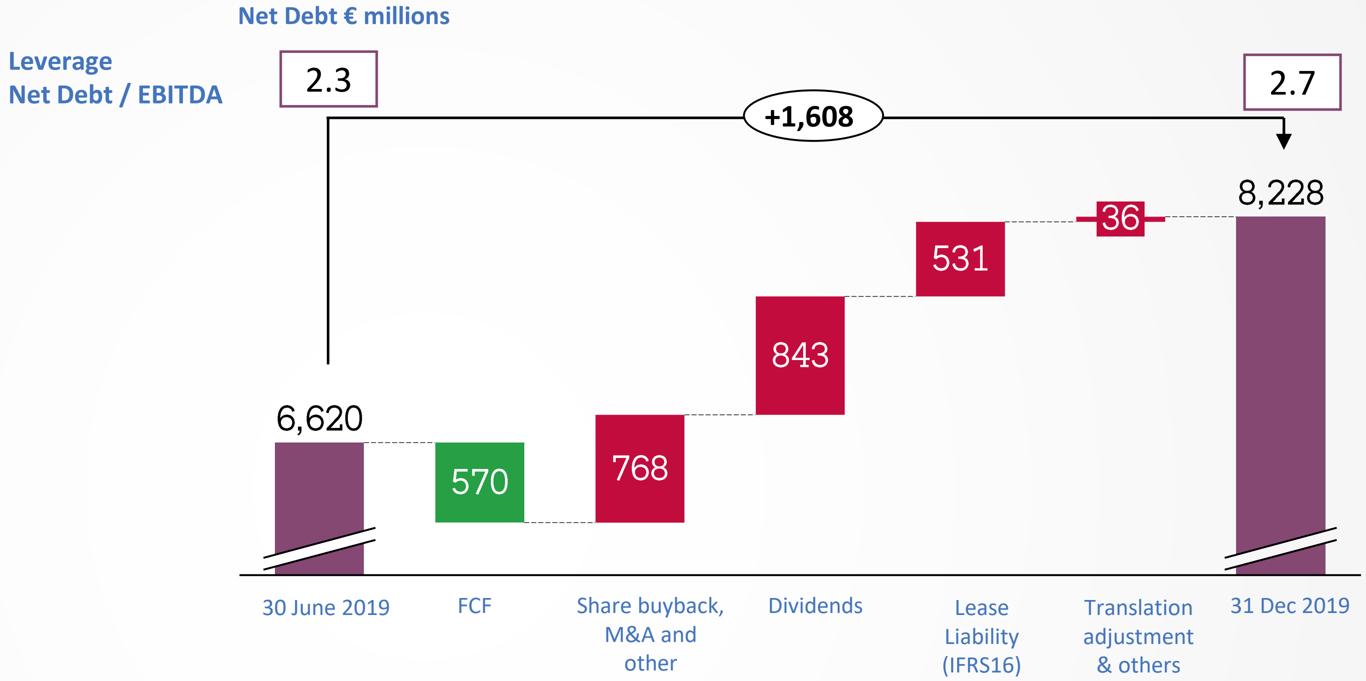
- Impact of IFRS 16 norm application on Non-recurring Free Cash Flow: +€5m

FCF & Debt

2.7x[1]

Net Debt / EBITDA ratio at 31 Dec 2019

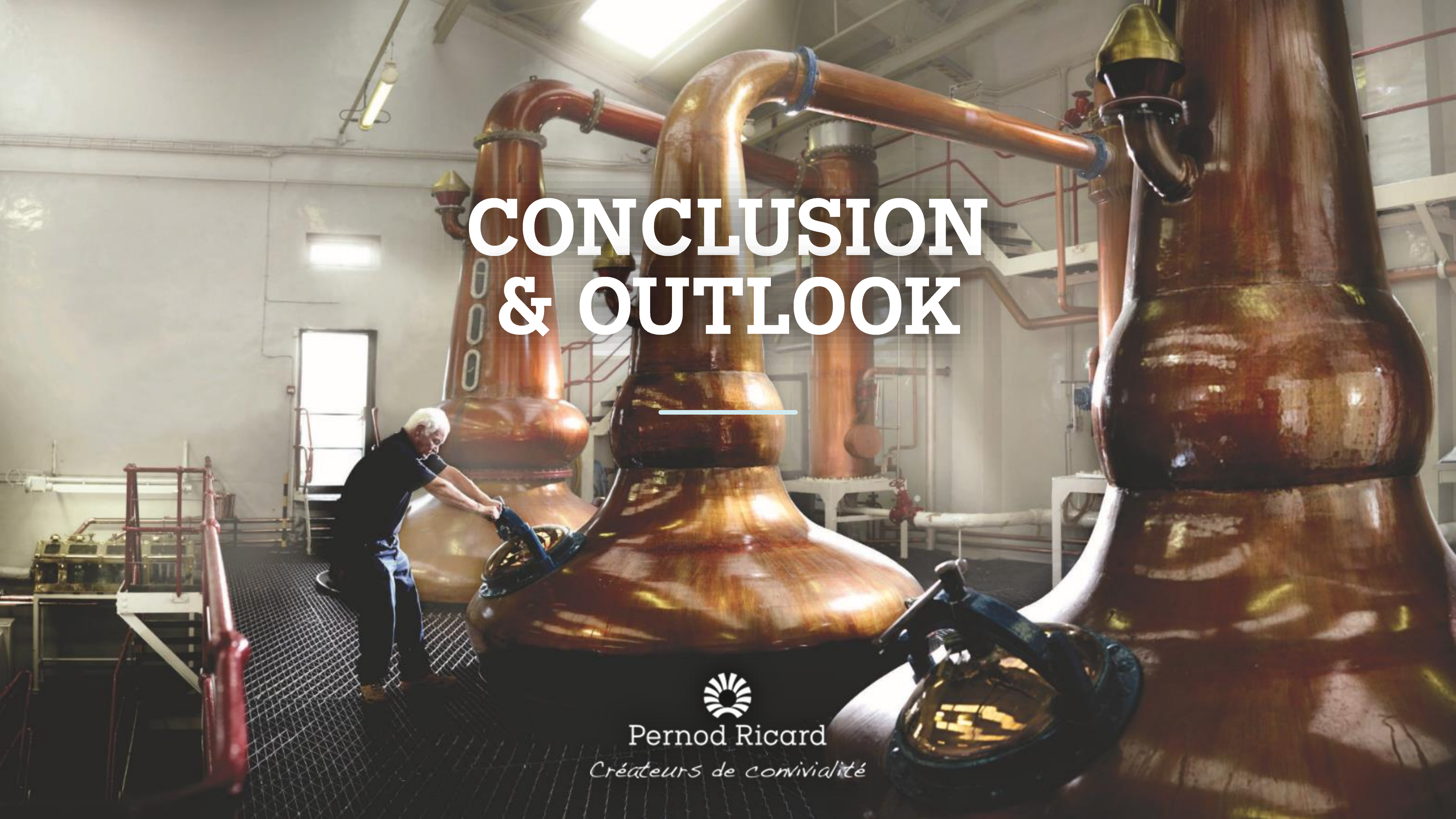
Leverage ratio increased to 2.7 with increased dividend, dynamic M&A and share buyback



- **Increase in M&A cash-out** reflecting dynamic portfolio management (Castle brands, TX and Rabbit Hole)
- **Start of Share buyback programme** (of up to €1bn over FY20 and FY21, announced on August 29th, 2019) with €223m bought back in H1 FY20
- **Significant increase in dividend payout** to 50% (vs. 41% in FY19)
- Additional lease liability resulting from implementation of IFRS16 norm
- Negative translation adjustment and others: €36m mainly due to EUR/USD evolution
- **Successful placement of €1.5bn bond issuance** in three tranches of €500m each for 4, 8 and 12 years with average coupon of 0.46%

1. Based on average EUR/USD rates: 1.12 in 2019

CONCLUSION & OUTLOOK



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COVID-19

COVID-19
Current assumptions for impact on FY20

China

- **On-trade**
  - All outlets closed in February, and till end of June in Hubei province
  - Gradual recovery starting from March, back to normal by June
- **Off-trade**
  - Significant impact on Traditional and Modern outlets in late January and February
  - Recovery in March

Travel Retail Asia

- **Reduction in Chinese passenger numbers** of c. 2/3 in February and March
- Gradual recovery starting from April, back to normal by June

FY20 Impact from China + Travel Retail Asia lost Sales:

- **Impact on Group FY20 Sales: c. -2%**
- **Priority investments maintained throughout Group, while activating targeted mitigation measures**
- **Impact on Group FY20 PRO: c. -3%**

Conclusion & Outlook

Solid H1 FY20, with **broad-based growth,** demonstrating business **resilience,** on very high basis of comparison

For full-year FY20, in particularly uncertain environment, Pernod Ricard expects:

- **Continued execution of Transform & Accelerate strategic plan**, with focus on operational excellence and sustained investment behind strategic priorities
- Good diversified growth to continue, albeit **Q3 to be severely impacted by COVID-19 in China and Travel Retail Asia**
- **Continuation of Share buy-back** programme[1]
- **Very positive FX** impact of c.+€70m[2] on PRO

New FY20 guidance reflecting current COVID-19 assumptions:

Organic growth in PRO between +2% and +4%

1. New clip of €300m maximum to be executed by 30 June 2020, to bring total FY20 buy-back to c.€500m, i.e. half of up to €1bn programme announced on 29 August 2019
2. Based on average FX rates projected on 11 February 2020, particularly EUR/USD rate of 1.11

Pernod Ricard
Créateurs de convivialité

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
Tuesday 10 March 2020	North America conference call
Thursday 23 April 2020	Q3 FY20 Sales
Tuesday 26 May 2020	Sustainability & Responsibility conference call

1. Dates are indicative and liable to change

Emerging Markets

Asia-Rest of World		Americas	Europe
Algeria	Mongolia	Argentina	Albania
Angola	Morocco	Bolivia	Armenia
Cambodia	Mozambique	Brazil	Azerbaijan
Cameroon	Myanmar	Caribbean	Belarus
China	Namibia	Chile	Bosnia
Congo	Nigeria	Colombia	Bulgaria
Egypt	Persian Gulf	Costa Rica	Croatia
Ethiopia	Philippines	Cuba	Georgia
Gabon	Senegal	Dominican Republic	Hungary
Ghana	South Africa	Ecuador	Kazakhstan
India	Sri Lanka	Guatemala	Kosovo
Indonesia	Syria	Honduras	Latvia
Iraq	Tanzania	Mexico	Lithuania
Ivory Coast	Thailand	Panama	Macedonia
Jordan	Tunisia	Paraguay	Moldova
Kenya	Turkey	Peru	Montenegro
Laos	Uganda	Puerto Rico	Poland
Lebanon	Vietnam	Uruguay	Romania
Madagascar	Zambia	Venezuela	Russia
Malaysia			Serbia
			Ukraine

Strategic International Brands organic Sales growth

	Volumes H1 FY20 (in 9Lcs millions)	Organic Sales growth H1 FY20	Volumes	Price/mix
Absolut	6.3	-1%	1%	-2%
Chivas Regal	2.6	-2%	-3%	1%
Ballantine's	4.4	5%	3%	1%
Ricard	2.4	-5%	-5%	0%
Jameson	4.6	9%	9%	0%
Havana Club	2.5	6%	0%	6%
Malibu	2.0	13%	9%	4%
Beefeater	1.9	12%	13%	-1%
Martell	1.6	4%	-3%	8%
The Glenlivet	0.7	15%	8%	6%
Royal Salute	0.1	17%	12%	5%
Mumm	0.5	-3%	-6%	3%
Perrier-Jouët	0.2	1%	-12%	13%
Strategic International Brands	29.8	4%	2%	2%

Sales Analysis by Period and Region

Net Sales (€ millions)	H1 FY19		H1 FY20		Change		Organic Growth		Group Structure		Forex impact	
Americas	1,389	*26.8%*	1,461	*26.7%*	72	*5%*	22	*2%*	15	*1%*	35	*2%*
Asia / Rest of World	2,266	*43.7%*	2,415	*44.1%*	149	*7%*	68	*3%*	16	*1%*	64	*3%*
Europe	1,530	*29.5%*	1,598	*29.2%*	69	*4%*	47	*3%*	7	*0%*	14	*1%*
World	5,185	*100.0%*	5,474	*100.0%*	289	*6%*	137	*3%*	39	*1%*	113	*2%*

Net Sales (€ millions)	Q1 FY19		Q1 FY20		Change		Organic Growth		Group Structure		Forex impact	
Americas	636	*26.6%*	674	*27.1%*	37	*6%*	14	*2%*	2	*0%*	21	*3%*
Asia / Rest of World	1,084	*45.4%*	1,116	*44.9%*	32	*3%*	(4)	*0%*	4	*0%*	32	*3%*
Europe	667	*27.9%*	694	*27.9%*	27	*4%*	21	*3%*	2	*0%*	4	*1%*
World	2,387	*100.0%*	2,483	*100.0%*	96	*4%*	31	*1%*	8	*0%*	57	*2%*

Net Sales (€ millions)	Q2 FY19		Q2 FY20		Change		Organic Growth		Group Structure		Forex impact	
Americas	753	*26.9%*	788	*26.3%*	34	*5%*	8	*1%*	13	*2%*	14	*2%*
Asia / Rest of World	1,182	*42.2%*	1,299	*43.4%*	117	*10%*	73	*6%*	12	*1%*	32	*3%*
Europe	863	*30.8%*	904	*30.2%*	42	*5%*	26	*3%*	5	*1%*	10	*1%*
World	2,798	*100.0%*	2,991	*100.0%*	193	*7%*	106	*4%*	31	*1%*	56	*2%*

Summary Consolidated Income Statement

(€ millions)	H1 FY19	H1 FY20	Change
Net sales	**5,185**	**5,474**	**6%**
Gross Margin after logistics costs	**3,239**	**3,419**	**6%**
Advertising and promotion expenses	(799)	(842)	5%
Contribution after A&P expenditure	**2,440**	**2,577**	**6%**
Structure costs	(786)	(789)	0%
Profit from recurring operations	**1,654**	**1,788**	**8%**
Financial income/(expense) from recurring operations	(157)	(164)	5%
Corporate income tax on items from recurring operations	(379)	(392)	3%
Net profit from discontinued operations, non-controlling interests and share of net income from associates	(13)	(15)	17%
Group share of net profit from recurring operations	**1,105**	**1,216**	**10%**
Other operating income & expenses	(66)	(152)	NA
Financial income/(expense) from non-recurring operations	1	(1)	NA
Corporate income tax on items from non recurring operations	(18)	(31)	NA
Group share of net profit	**1,023**	**1,032**	**1%**
Non-controlling interests	14	14	4%
Net profit	**1,036**	**1,046**	**1%**

Profit from Recurring Operations by Region (1/2)

World

(€ millions)	H1 FY19		H1 FY20		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	5,185	*100.0%*	5,474	*100.0%*	289	*6%*	137	*3%*	39	*1%*	113	*2%*
Gross margin after logistics costs	3,239	*62.5%*	3,419	*62.5%*	180	*6%*	78	*2%*	20	*1%*	82	*3%*
Advertising & promotion	(799)	*15.4%*	(842)	*15.4%*	(43)	*5%*	(21)	*3%*	(7)	*1%*	(15)	*2%*
Contribution after A&P	2,440	*47.1%*	2,577	*47.1%*	136	*6%*	57	*2%*	13	*1%*	66	*3%*
Profit from recurring operations	**1,654**	***31.9%***	**1,788**	***32.7%***	**134**	***8%***	**71**	***4%***	**3**	***0%***	**59**	***4%***

Americas

(€ millions)	H1 FY19		H1 FY20		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	1,389	*100.0%*	1,461	*100.0%*	72	*5%*	22	*2%*	15	*1%*	35	*2%*
Gross margin after logistics costs	942	*67.8%*	986	*67.5%*	44	*5%*	5	*1%*	11	*1%*	28	*3%*
Advertising & promotion	(276)	*19.8%*	(285)	*19.5%*	(9)	*3%*	(1)	*0%*	(2)	*1%*	(6)	*2%*
Contribution after A&P	666	*48.0%*	701	*48.0%*	35	*5%*	4	*1%*	9	*1%*	22	*3%*
Profit from recurring operations	**470**	***33.8%***	**486**	***33.3%***	**16**	***3%***	**(8)**	***-2%***	**5**	***1%***	**18**	***4%***

Profit from Recurring Operations by Region (2/2)

Asia / Rest of the World

(€ millions)	H1 FY19		H1 FY20		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	2,266	*100.0%*	2,415	*100.0%*	149	*7%*	68	*3%*	16	*1%*	64	*3%*
Gross margin after logistics costs	1,353	*59.7%*	1,442	*59.7%*	89	*7%*	38	*3%*	6	*0%*	45	*3%*
Advertising & promotion	(309)	*13.6%*	(341)	*14.1%*	(32)	*10%*	(20)	*7%*	(4)	*1%*	(8)	*2%*
Contribution after A&P	1,044	*46.1%*	1,101	*45.6%*	57	*5%*	18	*2%*	2	*0%*	37	*4%*
Profit from recurring operations	**766**	***33.8%***	**833**	***34.5%***	**67**	***9%***	**36**	***5%***	**(2)**	***0%***	**33**	***4%***

Europe

(€ millions)	H1 FY19		H1 FY20		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	1,530	*100.0%*	1,598	*100.0%*	69	*4%*	47	*3%*	7	*0%*	14	*1%*
Gross margin after logistics costs	944	*61.7%*	991	*62.0%*	46	*5%*	35	*4%*	3	*0%*	9	*1%*
Advertising & promotion	(214)	*14.0%*	(216)	*13.5%*	(2)	*1%*	0	*0%*	(1)	*0%*	(1)	*1%*
Contribution after A&P	730	*47.7%*	775	*48.5%*	45	*6%*	35	*5%*	2	*0%*	8	*1%*
Profit from recurring operations	**418**	***27.3%***	**468**	***29.3%***	**50**	***12%***	**43**	***10%***	**(0)**	***0%***	**7**	***2%***

Foreign Exchange Impact

Forex impact H1 FY20 (€ millions)		Average rates evolution H1 FY19	H1 FY20	%	On Net Sales	On Profit from Recurring Operations
US dollar	USD	1.15	1.11	-3.7%	50	29
Chinese yuan	CNY	7.91	7.80	-1.3%	8	6
Indian rupee	INR	81.93	78.59	-4.1%	25	8
Russian rouble	RUB	76.13	71.19	-6.5%	10	8
Other					20	7
Total					**113**	**59**

For Full-year FY20, a positive FX impact on PRO of c, +€70m is expected[1]

Note:
Impact on PRO includes strategic hedging on Forex
(1) Based on average FX rates projected on 11 February 2020, particularly EUR/USD rate of 1.11

Sensitivity of profit and debt to EUR/USD exchange rate

Estimated impact of a **1% appreciation of the USD** and linked currencies[(1)]

Impact on the income statement[(2)]	(€ millions)
Profit from recurring operations	15
Financial expenses	(1)
Pre-tax profit from recurring operations	**14**

Impact on the balance sheet	(€ millions)
Increase/(decrease) in net debt	**+41**

(1) CNY, HKD

(2) Full-year effect

Balance Sheet: Assets

Assets (€ millions)	30/06/2019	31/12/2019
(Net book value)		
Non-current assets		
Intangible assets and goodwill	17,074	17,640
Tangible assets and other assets	4,002	3,626
Deferred tax assets	1,590	1,615
Total non-current assets	**22,665**	**22,882**
Current assets		
Inventories	5,756	6,046
aged work-in-progress	*4,788*	*5,047*
non-aged work-in-progress	*79*	*76*
other inventories	*889*	*923*
Receivables (*)	1,226	2,159
Trade receivables	*1,168*	*2,101*
Other trade receivables	*59*	*58*
Other current assets	359	302
Other operating current assets	*291*	*295*
Tangible/intangible current assets	*67*	*7*
Tax receivable	105	89
Cash and cash equivalents and current derivatives	929	1,180
Total current assets	**8,375**	**9,776**
Assets held for sale	5	97
Total assets	**31,045**	**32,755**
(*) after disposals of receivables of:	**674**	**827**

Balance Sheet: Liabilities and Shareholder's Equity

Liabilities and shareholders' equity (€ millions)	30/06/2019 restated*	31/12/2019
Group Shareholders' equity	**15,987**	**15,687**
Non-controlling interests	195	220
of which profit attributable to non-controlling interests	*27*	*12*
Total Shareholders' equity	**16,182**	**15,907**
Non-current provisions and deferred tax liabilities	3,584	3,619
Bonds non-current	6,071	7,618
Lease liabilities - non-current	-	424
Non-current financial liabilities and derivative instruments	379	92
Total non-current liabilities	**10,034**	**11,753**
Current provisions	149	213
Operating payables	2,187	2,429
Other operating payables	1,058	770
of which other operating payables	*660*	*721*
of which tangible/intangible current payables	*398*	*49*
Tax payable	307	389
Bonds - current	944	948
Lease liabilities - current	-	93
Current financial liabilities and derivatives	182	240
Total current liabilities	**4,826**	**5,082**
Liabilities held for sale	2	14
Total liabilities and shareholders' equity	**31,045**	**32,755**

** Opening position of Group Balance Sheet Liabilities have been restated from impact of IFRIC 23 first application*

Analysis of Working Capital Requirement

(€ millions)	June 2018	December 2018	June 2019	December 2019	H1 FY19 WC change*	H1 FY20 WC change*
Aged work in progress	4,532	4,581	4,788	5,047	64	123
Advances to suppliers for wine and ageing spirits	10	29	12	13	19	1
Payables on wine and ageing spirits	(96)	(172)	(105)	(182)	(77)	(77)
Net aged work in progress	**4,447**	**4,439**	**4,695**	**4,878**	**7**	**47**
Trade receivables before factoring/securitization	1,641	2,704	1,842	2,928	1,054	1,070
Advances from customers	(6)	(6)	(24)	(17)	(1)	7
Other receivables	353	305	338	340	(1)	(20)
Other inventories	869	849	889	923	(16)	15
Non-aged work in progress	71	84	79	76	11	(3)
Trade payables and other	(2,471)	(2,719)	(2,717)	(2,951)	(238)	(206)
Gross operating working capital	**457**	**1,217**	**405**	**1,299**	**809**	**864**
Factoring/Securitization impact	(610)	(772)	(674)	(827)	(162)	(143)
Net Operating Working Capital	**(153)**	**445**	**(269)**	**472**	**648**	**721**
Net Working Capital	**4,294**	**4,884**	**4,427**	**5,350**	**654**	**768**
				Of which recurring variation	**651**	**763**
				Of which non recurring variation	**3**	**5**

* at average rates

Net Debt

(€ millions)	30/06/2019			31/12/2019		
	Current	Non-current	Total	Current	Non-current	Total
Bonds	944	6,071	7,015	948	7,618	8,566
Syndicated loan	-	-	-	-	-	-
Commercial paper	-	-	-	-	-	-
Other loans and long-term debts	177	363	540	226	81	307
Other financial liabilities	177	363	540	226	81	307
Gross Financial debt	1,121	6,434	7,555	1,174	7,698	8,873
Fair value hedge derivatives – assets	-	(13)	(13)	-	(15)	(15)
Fair value hedge derivatives – liabilities	-	2	2	-	0	0
Fair value hedge derivatives	-	(12)	(12)	-	(15)	(15)
Net investment hedge derivatives – assets	-	-	-	-	-	-
Net investment hedge derivatives – liabilities	-	-	-	-	-	-
Net investment hedge derivatives	-	-	-	-	-	-
Net asset hedging derivative instruments – assets	-	-	-	-	-	-
Net asset hedging derivative instruments – liabilities	0	-	0	4	-	4
Net asset hedging derivative instruments	0	-	0	4	-	4
Financial debt after Hedging	1,121	6,422	7,543	1,178	7,684	8,862
Cash and cash equivalents	(923)	-	(923)	(1,152)	-	(1,152)
Net financial debt excluding lease liability	198	6,422	6,620	26	7,684	7,710
Lease Liability *	-	-	-	93	424	517
Net financial debt	198	6,422	6,620	120	8,108	8,228

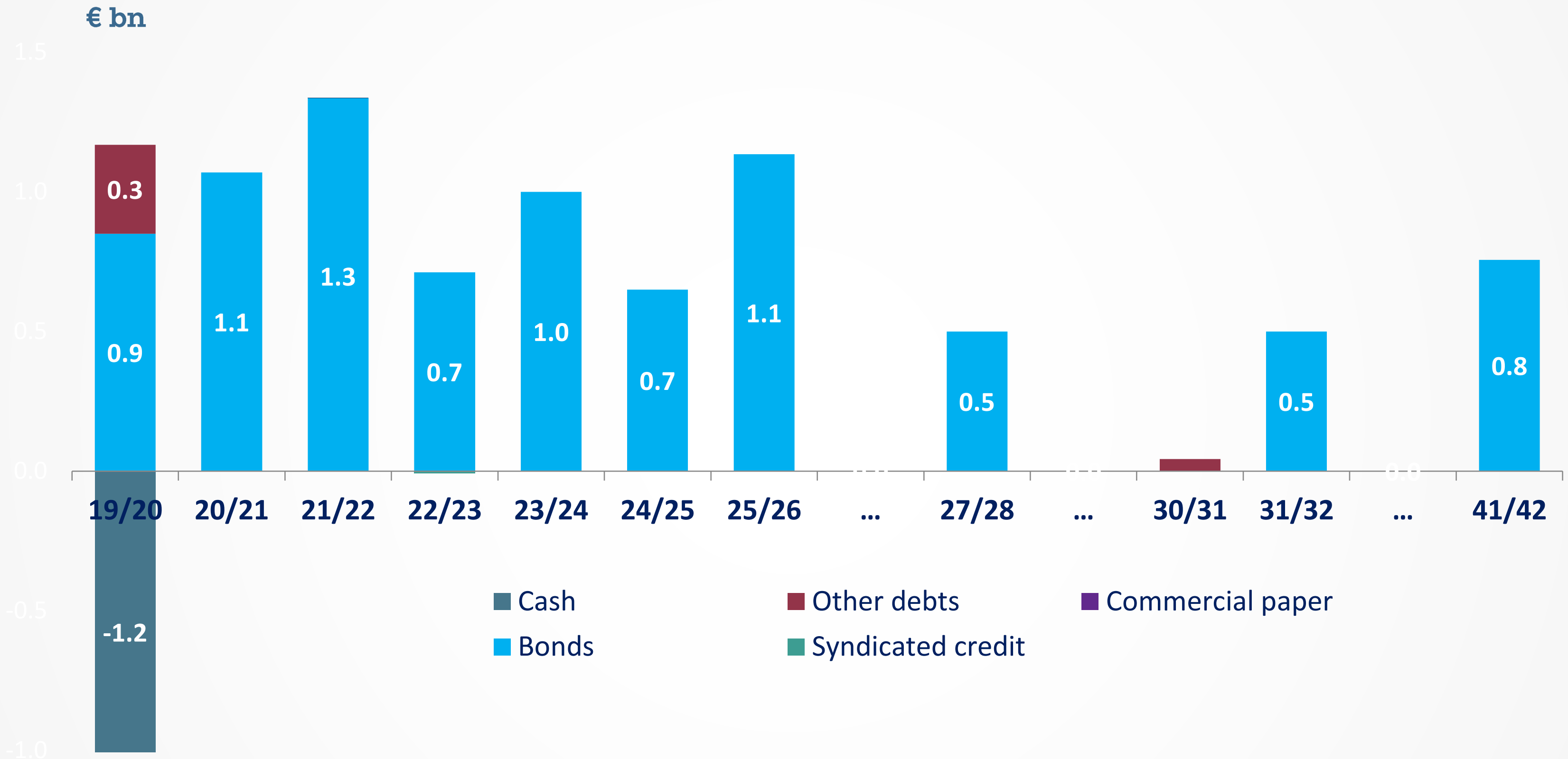
**Lease liabilities at 31 December 2019 include the contract previously qualified as "Financial leases" and disclosed under "Other loans and financial debts" at 30 June 2019 for an amount of €28 million.*

Change in Net Debt

(€ millions)	31/12/2018	31/12/2019
Operating profit	1,588	1,636
Depreciation and amortisation	111	174
Net change in impairment of goodwill, PPE and intangible assets	26	8
Net change in provisions	4	75
Retreatment of contributions to pension plans acquired from Allied Domecq and others	3	
Changes in fair value on commercial derivatives and biological assets	(5)	(3)
Net (gain)/loss on disposal of assets	(1)	(7)
Share-based payments	18	21
Self-financing capacity before interest and tax [(1)]	**1,744**	**1,903**
Decrease / (increase) in working capital requirements	(654)	(768)
Net interest and tax payments	(374)	(401)
Net acquisitions of non financial assets and others	(131)	(164)
Free Cash Flow [(2)]	**585**	**570**
of which recurring Free Cash Flow [(3)]	***622***	***627***
Net acquisition of financial assets and activities and others	(103)	(540)
Dividends paid	(636)	(843)
(Acquisition) / Disposal of treasury shares	(54)	(228)
Decrease / (increase) in net debt (before currency translation adjustments and IFRS 16 non cash impacts)	**(208)**	**(1,041)**
IFRS 15 opening adjustment	16	
Foreign currency translation adjustment	(69)	(36)
Non cash impact on lease liabilities [(4)]		(531)
Decrease / (increase) in net debt (after currency translation adjustments and IFRS 16 non cash impacts) [(5)]	**(260)**	**(1,608)**
Initial net debt	(6,962)	(6,620)
Final net debt	(7,223)	(8,228)

Note: IFRS16 impacts are: (1) +56M€ / (2) +42M€ / (3) +38M€ / (4) -531M€ / (5) -489M€

Debt Maturity at 31 December 2019



Available cash at 31 December 2019: €1.2bn in cash and €2.5bn syndicated credit not used (syndicated credit coming to maturity in June 2024)

Gross Debt after hedging at 31 December 2019

- 13% floating rate and 87% fixed rate
- 46% in EUR and 54% in USD

Bond Details

Currency	Par value	Coupon	Issue date	Maturity date
EUR	€ 850 m	2.000%	20/03/2014	22/06/2020
	€ 650 m	2.125%	29/09/2014	27/09/2024
	€ 500 m	1.875%	28/09/2015	28/09/2023
	€ 600 m	1.500%	17/05/2016	18/05/2026
	€ 1,500 m o/w: € 500 m € 500 m € 500 m	 0.000% 0.500% 0.875%	24/10/2019	 24/10/2023 24/10/2027 24/10/2031
USD	$ 1,000 m	5.750%	07/04/2011	07/04/2021
	$ 1,500 m	4.450%	25/10/2011	15/01/2022
	$ 1,650 m o/w: $ 800 m at 10.5 years $ 850 m at 30 years	 4.250% 5.500%	12/01/2012	 15/07/2022 15/01/2042
	$ 201 m	Libor 6m + spread	26/01/2016	26/01/2021
	$ 600 m	3.250%	08/06/2016	08/06/2026

Net debt / EBITDA evolution

	Closing rate	Average rate[1]
EUR/USD rate Jun FY19 -> Dec FY20	1.14 -> 1.12	1.14 -> 1.12
Ratio at 30/06/2019	**2.3**	**2.3**
EBITDA & cash generation excl. Group structure effect and forex impacts	0.1	0.1
Group structure[2] and forex impacts	0.2	0.3
Ratio at 31/12/2019	**2.7**	**2.7** [3]

(1) Last-twelve-month rate

(2) Including IFRS 16 impact

(3) Syndicated credit leverage ratio restated from IFRS16 is 2.6

Diluted EPS

(x 1,000)	H1 FY19	H1 FY20
Number of shares in issue at end of period	265,422	265,422
Weighted average number of shares in issue (pro rata temporis)	265,422	265,422
Weighted average number of treasury shares (pro rata temporis)	(1,215)	(1,462)
Dilutive impact of stock options and performance shares	1,274	1,303
Number of shares used in diluted EPS calculation	**265,481**	**265,263**

(€ millions and €/share)	H1 FY19	H1 FY20	reported △
Group share of net profit from recurring operations	1,105	1,216	10.0%
Diluted net earnings per share from recurring operations	**4.16**	**4.58**	**10.1%**

United Nations Global Compact 'Lead' Company

- Only Wine & Spirits company
- One of only 32 companies worldwide recognised as LEAD
- Highest level of engagement including involvement in 2 action platform working groups - reporting on the UN SDGs and decent work in the supply chain

ESG Ratings

vigeo eiris

- **Ranked #1/39**, in the Beverage industry
- Inclusion in Vigeo's 2 indices

EURONEXT vigeo eiris INDICES EUROPE 120

EURONEXT vigeo eiris INDICES EUROZONE 120

SUPPLIER SUSTAINABILITY RATINGS

Corporate Responsibility Prime rated by oekom research

- Among 7.3% companies that **classify as Prime** (out of 178)

ecovadis SUPPLIER SUSTAINABILITY RATINGS

- **Gold Recognition level** awarded
- Among 3% global companies with most advanced commitments

2018 CSR Rating GOLD ecovadis

CDP DISCLOSURE INSIGHT ACTION A LIST 2019 CLIMATE

- **Climate: A**

MSCI ESG RATINGS AA

CCC	B	BB	BBB	A	AA	AAA

- **AA** (CCC to AAA)

SUSTAINALYTICS

- **73% – Leader**

5/181 companies in Food & Beverage industry