

9M FY20 Sales

Press release - Paris, 23 April 2020

**COVID-19 LEADING TO ORGANIC SALES DECLINE OF -2.1% YTD AND -14.5% IN Q3,**  
**DESPITE SOLID H1 FY20 AND Q3 START**  
**(STABLE YTD REPORTED SALES)**

**INTERIM DIVIDEND OF €1.18 PER SHARE TO BE PAID ON 10 JULY 2020**  
**REMAINING SHARE BUY-BACK OF UP TO €0.5BN SUSPENDED**

**CONFIRMATION OF REVISED FY20 GUIDANCE<sup>1</sup>:**  
**ORGANIC DECLINE IN PROFIT FROM RECURRING OPERATIONS OF C. -20%**

**Year-to-date Sales**

Sales for the first 9 months of FY20 totalled €7,210m, with an organic decline of -2.1%:

- **USA: +3%, with good start to Q3, following solid H1 FY20**, thanks in particular to Jameson, The Glenlivet, Malibu and Specialty brands. Slowdown in March due to confinement and physical distancing measures implemented in most States
- **China: -11%, after strong H1 at +11%, due to severe decline in Q3** resulting primarily from On-Trade closures starting end of January as well as earlier Chinese New Year<sup>2</sup>, despite strong execution of Chinese New Year programme
- **India: +1%**, on high basis of comparison (+19% in 9M FY19), **with mid-single digit growth until February**, but nationwide lockdown imposed on 24 March softening Q3 performance
- **Global Travel Retail: -13%**, with severe decline from February, driven by restrictions and lockdowns imposed across the world. Solid underlying sell-out pre-Covid-19 crisis
- **Europe: Stable, with good performance to February** (8M FY20: +2%) impacted by double-digit decline in March as result of Covid-19.

**By category:**

- **Strategic International Brands: -2%**, in decline due to Q3 at -20%, largely driven by Martell and Chivas Regal in China and Global Travel Retail. Continued strong dynamism of Jameson, The Glenlivet, Malibu, Royal Salute and Beefeater.
- **Strategic Local Brands: +1%**, modest growth, driven by double-digit performance of Imperial Blue and Olmeca, and continued strength of Wyborowa and Ramazzotti, on high basis of comparison
- **Specialty Brands: +13%**, strong dynamism (albeit softening in Q3 due to Covid-19), thanks particularly to Lillet, Altos, Redbreast, Monkey 47, Aberlour and Del Maguey
- **Strategic Wines: -3%, modest decline**, with good growth of Brancott Estate and Campo Viejo, offset by Jacob's Creek.

**Reported YTD Sales growth was stable** thanks to a favourable FX impact. For full-year FY20, a **positive FX impact on Profit from Recurring Operations of c. +€40m is expected<sup>3</sup>.**

**Sales for the third quarter of FY20 totalled €1,736m**, with an **organic decline of -14.5%** (reported: -13.3%).

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<sup>1</sup> Communicated on 24 March 2020

<sup>2</sup> 25 Jan 2020 vs. 5 Feb 2019

<sup>3</sup> Based on average FX rates projected at 14 April 2020, particularly a EUR/USD rate of 1.10

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The business is showing good **resilience through the crisis**. The **health and safety of our employees and business partners** remains the key priority. We have extended **help across our communities** through donations of hand sanitiser (or the pure alcohol required for their production), health equipment and support to our suppliers and customers.

A **comprehensive cost mitigation programme** has been implemented, together with **active management of our cash position**. We have adapted our manufacturing and supply chains to ensure they remain broadly operational<sup>4</sup>.

### Financial policy

Our liquidity position remains strong at €5.5bn as of 21 April (including a cash position of €2.1bn). Our credit ratings were upgraded by one notch in October 2019<sup>5</sup>, thereby confirming our solid investment grade rating. We repaid a €850m bond on 23 March 2020. We issued two bonds of €750m each (5-year and 10-year) at 1.125% and 1.750% on 1 April 2020. €3.4bn of undrawn bank credit lines are currently available.

The financial policy priorities (as published on 29 August 2019), while retaining an investment grade rating, are:

1. **investment in future organic growth**, in particular through strategic inventories and capex
2. continued **active portfolio management**, including value-creating M&A
3. **dividend distribution** at c.50% payout
4. up to €1bn **share buy-back programme** across FY20 and FY21

An **interim dividend of €1.18** per share will be detached on 8 July 2020 and **paid on 10 July 2020**. The final dividend will be proposed by the Board at its meeting on September 1<sup>st</sup>, 2020 and subject to the AGM decision on 27 November 2020.

During the current financial year, **a share buy-back of €523m was completed. The remainder of up to €0.5bn is suspended.**

**Alexandre Ricard**, Chairman and Chief Executive Officer, stated,

*"Our business model and strategy are resilient. Performance in H1 through the start of Q3 was solid, thanks to the implementation of our Transform & Accelerate strategic plan. Since then, the Covid-19 pandemic has led to a significant deterioration of the environment across the globe.*

*I would like to praise the exemplary behaviour of our teams and their impact on their respective communities around the world at this very difficult time.*

*Under current assumptions of the impact of Covid-19<sup>6</sup>, we are confirming our guidance of an organic decline in Profit from Recurring Operations for full-year FY20 of c. -20%. We are staying the strategic course while implementing a comprehensive action plan to mitigate costs and tightly manage cash. Thanks to our solid fundamentals and strong liquidity position, I am confident in Pernod Ricard's ability to bounce back from today's challenges to achieve its growth potential."*

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<sup>4</sup> With the exception of India

<sup>5</sup> Rating upgrades by Moody's to Baa1 and S&P to BBB+, both stable outlook

<sup>6</sup> Communicated on 24 March 2020

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*All growth data specified in this press release refers to organic growth (at constant FX and Group structure), unless otherwise stated. Data may be subject to rounding.*

### 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.*

### About Pernod Ricard

*Pernod Ricard is the No.2 worldwide producer of wines and spirits with consolidated sales of €9,182 million in FY19. Created in 1975 by the merger of Ricard and Pernod, the Group has developed through organic growth and acquisitions: Seagram (2001), Allied Domecq (2005) and Vin&Sprit (2008). Pernod Ricard, which owns 16 of the Top 100 Spirits Brands, holds one of the most prestigious and comprehensive brand portfolios in the industry, including: Absolut Vodka, Ricard pastis, Ballantine's, Chivas Regal, Royal Salute, and The Glenlivet Scotch whiskies, Jameson Irish whiskey, Martell cognac, Havana Club rum, Beefeater gin, Malibu liqueur, Mumm and Perrier-Jouët champagnes, as well Jacob's Creek, Brancott Estate, Campo Viejo, and Kenwood wines. Pernod Ricard's brands are distributed across over 160 markets, and by its own direct salesforce in 73 markets. The Group's decentralised organisation empowers its 19,000 employees to be true on-the-ground ambassadors of its vision of "Créateurs de Convivialité." As reaffirmed by the Group's three-year strategic plan, "Transform and Accelerate," deployed in 2018, Pernod Ricard's strategy focuses on investing in long-term, profitable growth for all stakeholders. The Group remains true to its three founding values: entrepreneurial spirit, mutual trust, and a strong sense of ethics. As illustrated by the 2030 roadmap supporting the United Nations Sustainable Development Goals (SDGs), "We bring good times from a good place." In recognition of Pernod Ricard's strong commitment to sustainable development and responsible consumption, it has received a Gold rating from Ecovadis and is ranked No. 1 in Vigeo Eiris for the beverage sector. Pernod Ricard is also a United Nations Global Compact LEAD company. Pernod Ricard is listed on Euronext (Ticker: RI; ISIN Code: FR0000120693) and is part of the CAC 40 index.*

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## APPENDICES

### 9M FY20 Sales by 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%
<b>World</b>	<b>5,185</b>	<b>100.0%</b>	<b>5,474</b>	<b>100.0%</b>	<b>+289</b>	<b>+5.6%</b>	<b>+137</b>	<b>+2.7%</b>	<b>+39</b>	<b>+1%</b>	<b>+113</b>	<b>+2%</b>

  

Net Sales (€ millions)	Q3 FY19		Q3 FY20		Change		Organic growth		Group structure		Forex impact	
Americas	567	28.3%	577	33.2%	+10	+2%	(7)	-1%	+13	+2%	+4	+1%
Asia/Rest of World	922	46.0%	684	39.4%	(238)	-26%	(239)	-26%	+7	+1%	(6)	-1%
Europe	515	25.7%	475	27.4%	(39)	-8%	(42)	-8%	+2	0%	0	0%
<b>World</b>	<b>2,003</b>	<b>100.0%</b>	<b>1,736</b>	<b>100.0%</b>	<b>(267)</b>	<b>-13.3%</b>	<b>(288)</b>	<b>-14.5%</b>	<b>+23</b>	<b>+1%</b>	<b>(1)</b>	<b>0%</b>

  

Net Sales (€ millions)	9M FY19		9M FY20		Change		Organic growth		Group structure		Forex impact	
Americas	1,956	27.2%	2,038	28.3%	+82	+4%	+15	+1%	+28	+1%	+39	+2%
Asia/Rest of World	3,188	44.3%	3,099	43.0%	(89)	-3%	(171)	-5%	+23	+1%	+59	+2%
Europe	2,044	28.4%	2,073	28.8%	+29	+1%	+5	0%	+10	0%	+15	+1%
<b>World</b>	<b>7,188</b>	<b>100.0%</b>	<b>7,210</b>	<b>100.0%</b>	<b>+22</b>	<b>+0.3%</b>	<b>(151)</b>	<b>-2.1%</b>	<b>+61</b>	<b>+1%</b>	<b>+112</b>	<b>+2%</b>

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

### Foreign exchange impact on 9M FY20 Sales

#### Forex Impact 9M FY20 (€ millions)

		Average rates evolution			On Net Sales
		9M FY19	9M FY20	%	
US dollar	USD	1.15	1.11	-3.6%	68
Indian rupee	INR	81.34	79.01	-2.9%	24
Japanese yen	JPY	127.93	119.92	-6.3%	10
Russian rouble	RUB	75.71	72.05	-4.8%	9
Other					0
<b>TOTAL</b>					<b>112</b>

### Upcoming communications

Date <sup>1</sup>	Event
Tuesday 26 May 2020, 3pm CET	Sustainability & Responsibility conference call
Wednesday 2 September 2020	FY20 Sales & Results

1. Dates are indicative and liable to change

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## Select initiatives to support our communities

 <p><b>Pernod Ricard USA</b> <i>Créateurs de convivialité</i></p> <p>All manufacturing sites in USA producing hand sanitiser (0.3ml litres already) Partnership with NYPD to deliver hand sanitiser</p>	 <p><b>The Absolut Company</b> Pernod Ricard</p> <p>1.5m litres of pure alcohol to be provided by May</p>	  <p>Pure alcohol donated to produce hand sanitiser. Founding members of #JaimeMonBistrot initiative to inspire consumers to pre-order drinks at their neighbourhood bar. For each 1€ donated, partners collectively add 50cents</p>
 <p><b>Pernod Ricard China</b> 保乐力加中国</p> <p>RMB 2m (€260k) given to China Charity to establish Special Fund for Medical Workers 100,000 masks sent to EU</p>	 <p>27,000 masks donated to hospitals and doctors in Cognac, France</p>	<p><b>WYBOROWA</b></p> <p>Partnership with L'Oréal in Poland to produce hand sanitiser</p>
  <p><b>Chivas Brothers</b> Pernod Ricard</p> <p><b>Pernod Ricard UK</b> <i>Créateurs de convivialité</i></p> <p>£250k (€300k) donated to Drinks Trust, and 2,000 online courses for out-of-work professionals Pure alcohol donated to produce gel for NHS</p>	 <p>Donation of US\$600K (€550k) to US Bartender's Guild Covid-19 fund for financial relief to American hospitality professionals (donation matched by Guild)</p>	  <p><b>Pernod Ricard Winemakers</b></p> <p>Pledged AUS \$100k (€60k) to provide meals to hospitality professionals in Australia via Meals for Mates initiative</p>
 <p><b>Irish Distillers</b> Pernod Ricard</p> <p>Partnership with Mervue Laboratories to produce hand sanitiser 120,000 250ml units to be given to HSE per week</p>	  <p><b>Pernod Ricard South Africa</b></p> <p>R2m (€100k) to be donated to support hospitality workers</p>	 <p><b>Pernod Ricard India</b></p> <p>350,000 masks, 45 Intensive Care Ventilators &amp; 100 ICU beds donated</p>