



Pernod Ricard  
*Créateurs de convivialité*

# Sales to 31 March 2020



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

## Executive Summary

**-2.1%**

**9M Organic Sales**

**Stable**

**9M Reported Sales**

**-14.5%**

**Q3 Organic Sales**

# Covid-19 leading to -2.1% decline in 9M FY20, despite solid H1 FY20 and Q3 start

## Solid underlying business performance

**Dynamism in H1 FY20 (+2.7%) and start of Q3**, before spread of pandemic

**China and Travel Retail Asia:** affected from January, with resulting significant impact on Chinese New Year celebrations and travel

**Other markets all impacted** by March, with **On-trade shut** in most markets but **Off-trade remaining resilient**

Covid-19 impacting growth of all categories, though **Specialty brands still very dynamic at +13% and Strategic International Brands resilient**

## E-commerce in strong growth

**Pursuit of active portfolio management** after **Castle Brands** acquisition in H1: partnerships with **KI NO BI** and **Italicus** and acquisition of final stake in **Monkey 47**

**Protection of long-term investment** in strategic inventories and Capex

## Good resilience through crisis

**Priority given to employee and business partner health and safety**

**Help extended to communities** through donations of hand sanitiser or pure alcohol, health equipment or support to ecosystem of suppliers and customers

**Significant, global cost mitigation programme** implemented to remove non-essential spend, together with **active cash management**

**Manufacturing and supply chain still broadly operational<sup>1</sup>:** focus on business continuity and robust demand management

## Strong liquidity position (€5.5bn<sup>2</sup> as of 21 April):

- Credit ratings upgraded by one notch in October 2019<sup>3</sup>
- Repayment of €850m bond on 23 March
- Issuance of 2 bonds of €750m each (5-year and 10-year) at 1.125% and 1.75% on 1 April
- €3.4bn undrawn bank credit lines available



Pernod Ricard  
*Créateurs de convivialité*

1. With exception of India

2. Including Cash position of €2.1bn as of 21 April 2020

3. Baa1 with Moody's and BBB+ with S&P, both on stable outlook



## USA: +3%

**Good start to Q3 FY20**, following good growth in H1 FY20, thanks in particular to **Jameson, The Glenlivet, Malibu and Specialty Brands**

**Slowing Sales growth** in March due to confinement and physical distancing measures in most States

**Jameson** impacted by cancellation of Saint Patrick's Day events. Successful launch of Jameson Cold Brew in February

**On-trade outlets shut in most States** from mid-March

**Off-trade continuing**, with only isolated liquor store closures, and Pernod Ricard performing well:

- Recent sharp growth of retail store sales<sup>1</sup> ("**pantry load**")
- **Good performance of core brands**, in particular Jameson, Absolut and Malibu, and larger formats

## Global Travel Retail: -13% (Q3 FY20: -38%)

**Severe decline** from February, driven by travel restrictions and lockdowns imposed across the world

**Solid underlying Sell-out** pre-Covid-19 crisis

## China: -11%

**Q3 in severe decline** primarily impacted by 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**

**Slow recovery**, with outlets re-opening progressively but physical distancing impacting venue traffic

**Resilience of Absolut** and continued strong double-digit growth of **The Glenlivet**

**E-commerce** in dynamic growth

**Strong pricing**, driven by Martell

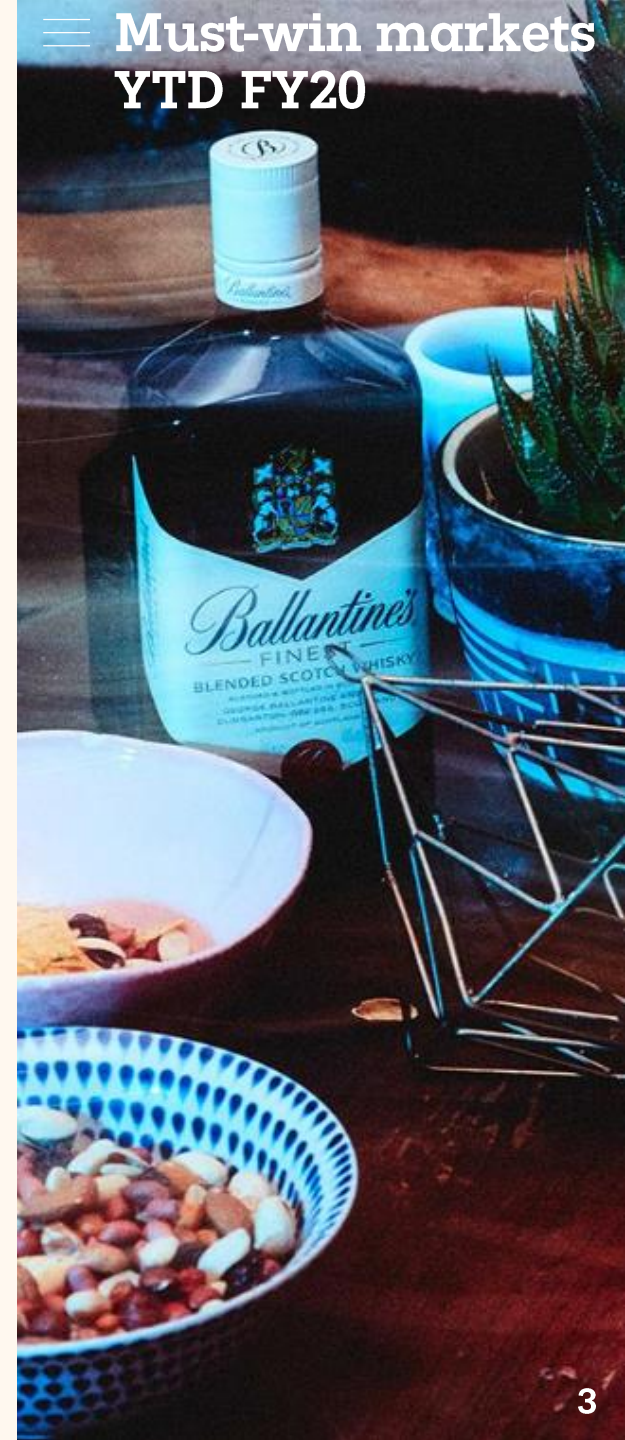
## India: +1% (vs. +19% in 9M FY19)

**Solid mid-single digit growth until February on high basis of comparison**, but nationwide lockdown imposed on 24 March softening Q3 performance

**Continued very strong growth of Strategic International Brands** and good resilience of **Seagram's whiskies portfolio** and **Jacob's Creek**

**Strong pricing +2%**

1. Nielsen 4-week XaoC + Liquor+ value data to 4 April 2020: +41%  
2. 25 Jan 2020 vs. 5 Feb 2019



## Other key markets YTD FY20



### Europe: Stable

**Good performance to February (8M FY20: +2%), impacted by double-digit decline in March as result of Covid-19**

**E-commerce accelerating**, with strong double-digit Sell-out growth across mature markets

**France: -5%, challenging environment and weak month of March** following national lockdown. Continued implementation of Reconquer project to return to growth medium-term

**UK: +2%, continued share gain** and strong Gin dynamism partly offset by value strategy on Jacob's Creek

**Spain: -2%, modest Sales decline**, overall in line with market. Business significantly impacted from mid-March by closure of On-trade and border shops

**Germany: continued strong double-digit growth**, on low comparison basis, and share gains, thanks in particular to excellent performance of Lillet

**Russia: +9%, dynamic Sales** in fast-growing spirits market but **business now strongly impacted by confinement**, with On-trade closed but resilience of convenience stores

**Italy: -5%**, impacted stronger and earlier than other markets by Covid-19. Off-trade remaining resilient

### Americas incl. USA: +1%

**Canada: stable Sales** with continued strong development of Jameson

**Latin America: low single-digit growth** thanks to **dynamism in Brazil**, but **difficulties in Mexico** due to market slowdown and On-trade closure

### Asia-RoW incl. China and India: -5%

**Japan: +2%, continued strong growth** driven by Perrier-Jouët, Mumm, Chivas and The Glenlivet as night outlets still open in Q3. State of Emergency and partial On-trade closures from early April

**Korea: -26% (stable excluding Imperial)**, with refocus on Strategic International Brands impacted by weak month of March with partial On-trade closures

**South-East Asia impacted by pandemic**, with lockdown measures, movement and gathering restrictions (Singapore, Vietnam, Thailand and Malaysia)

**Africa Middle East in modest growth YTD**, but now impacted by Covid-19, with **full lockdown in South Africa** since 27 March

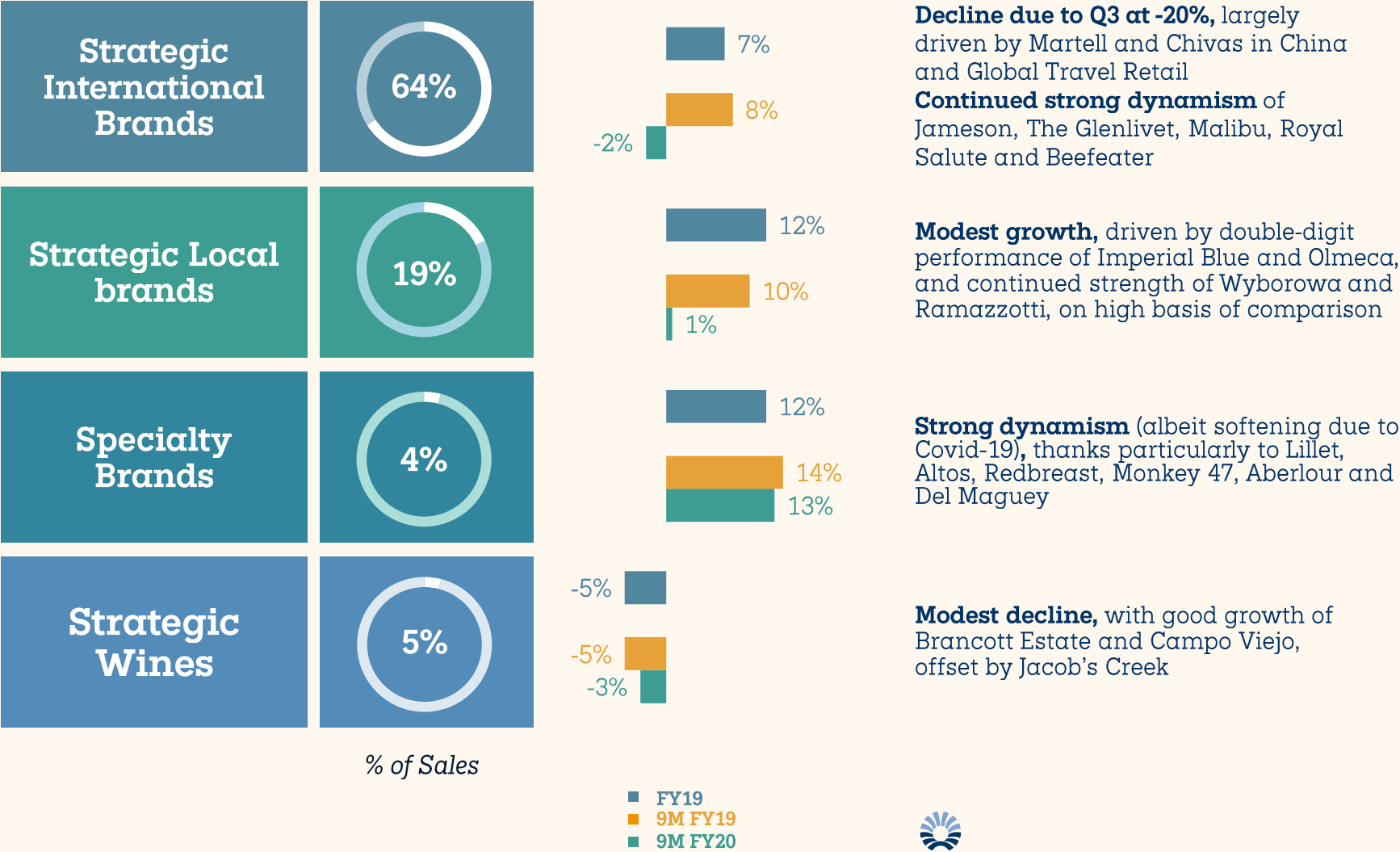


Pernod Ricard

*Créateurs de convivialité*



# Covid-19 impacting growth of all categories, though Specialty brands still very dynamic at +13%



# Strong internal and external response to help fight Covid-19 and its impacts

## Extensive community support

**Hand sanitiser:** c. 2m litres of pure alcohol provided across Group, corresponding to over 60million 50ml vials. Several manufacturing sites also directly producing hand sanitiser

**Medical equipment:** half a million surgical masks, but also ventilators, beds, temperature detectors and other supplies donated since beginning of pandemic

**Support for hospitality workers** of restaurants, bars and hotels during crisis via financial help, training or free meals

**Support provided to ecosystem of suppliers and customers** and maintenance of long-term buying contracts

**Donations and other:** actions across markets from charitable donations to NGOs to supporting the elderly through meals and letters

## Costs, cash and Operations management

### Tight control of costs:

- **Cancellation of A&P spend** when no longer relevant
- **Strong structure cost discipline** (e.g. recruitment and travel expense freeze)
- **Strict control of spend commitments for coming months**

**Strategic investments adjusted** to protect long-term growth

### Manufacturing and supply chain adapted and broadly operational<sup>1</sup>:

- **Implementation of physical distancing, access restrictions and WHO workplace guidelines** to ensure safety; precautionary temporary closures if required
- **Reinforced focus on S&OP processes**, in particular demand management
- **Corresponding adjustments to office** sanitary processes, as and when they reopen

1. With exception of India



Pernod Ricard  
*Créateurs de convivialité*

**RAMAZZOTTI  
PRODUCES  
HAND SANITIZER**



**#ISTAYHOME**

**RAMAZZOTTI**





# Outlook

## Resilience of business model and strategy

**Good underlying performance**, as evidenced by H1 FY20 growth, but **overall business significantly impacted by Covid-19** from Q3

### COVID-19 assumptions<sup>1</sup>:

- **China**: very limited business in February and March; slow recovery from April

- **Travel Retail**: 80% business decline for the period from February to end June

- **Other markets**:

**Off-trade**, representing c. ¾ of Sales: c.10% Sales reduction from mid-March to end June

**On-trade**, representing c. ¼ of Sales: no Sales from mid-March to end June, as outlets are shut or not reordering

**Continued implementation of strategy, together with comprehensive cost mitigation plan to manage Covid-19**

**Positive FX impact of c. +€40m<sup>2</sup> on Profit from Recurring Operations (PRO)**

1. Communicated on 24 March 2020
2. Based on average FX rates projected on 14 April 2020, particularly EUR/USD rate of 1.10



**Confirmation of revised FY20 Guidance<sup>1</sup>:**

**c. -20% organic decline of PRO**



# Financial policy

**Policy (as published on 29 August 2019):**  
**priorities, while retaining Investment grade rating<sup>1</sup>**

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

**Share buy-back of €523m completed for FY20; remainder of up to €0.5bn suspended**

**Interim dividend of €1.18 per share to be paid on 10 July 2020**

Final dividend payment to be proposed pursuant to Board decision in September<sup>2</sup>

1. Rating upgrades by Moody's to Baa1 and S&P to BBB+, both stable outlook, in Oct 2019  
2. Subject to AGM decision on 27 November 2020





# 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.



# 9M FY20 Sales Analysis 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

# Forex 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>

---

Tuesday 26 May 2020, 3pm CET

---

Wednesday 2 September 2020

---

## Event

---

Sustainability & Responsibility conference call

---

FY20 Sales & Results

---

1. Dates are indicative and liable to change

# Select initiatives to support our communities



**Pernod Ricard USA**  
*CREATORS OF CONVIVIALITY*

All manufacturing sites in USA producing hand sanitiser (0.3m litres already)  
Partnership with NYPD to deliver hand sanitiser



**The Absolut Company**  
Pernod Ricard

1.5m litres of pure alcohol to be provided by May



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



**Pernod Ricard China**  
保乐力加中国

RMB 2m (€260k) given to China Charity to establish Special Fund for Medical Workers  
100,000 masks sent to EU



27,000 masks donated to hospitals and doctors in Cognac, France

**WYBOROWA**

Partnership with L'Oréal in Poland to produce hand sanitiser



**Chivas Brothers**  
Pernod Ricard



**Pernod Ricard UK**  
*Créateurs de convivialité*

£250k (€300k) donated to Drinks Trust, and 2,000 online courses for out-of-work professionals  
Pure alcohol donated to produce gel for NHS



Donation of US\$600K (€550k) to US Bartender's Guild Covid-19 fund for financial relief to American hospitality professionals (donation matched by Guild)



**Pernod Ricard Winemakers**

Pledged AUS \$100k (€60k) to provide meals to hospitality professionals in Australia via *Meals for Mates* initiative



**Irish Distillers**  
Pernod Ricard

Partnership with Mervue Laboratories to produce hand sanitiser  
120,000 250ml units to be given to HSE per week



**Pernod Ricard South Africa**

R2m (€100k) to be donated to support hospitality workers



**Pernod Ricard India**

350,000 masks, 45 Intensive Care Ventilators & 100 ICU beds donated



**Pernod Ricard**  
*Créateurs de convivialité*