Pernod Ricard

Créateurs de convivialité

FY20 FULL-YEAR SALES AND RESULTS

2 September 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

-9.5%
Organic Sales

-8.0%
Reported Sales

-13.7%
Organic PRO[1]

-12.4%
Reported PRO[1]

FY20 Sales and Results reflecting strong resilience and agility, despite Covid-19 impact

Solid H1: +4.3% organic PRO, on high basis of comparison (+12.8% in H1 FY19), demonstrating success of Transform & Accelerate strategic plan

- **Diversified growth across Regions and Brands, with strong pricing**
- Focus on **operational excellence and resource allocation**, driving strong organic **improvement in PRO margin +51bps**

H2: implementation of Covid-19 crisis management, while pursuing long-term transformation agenda

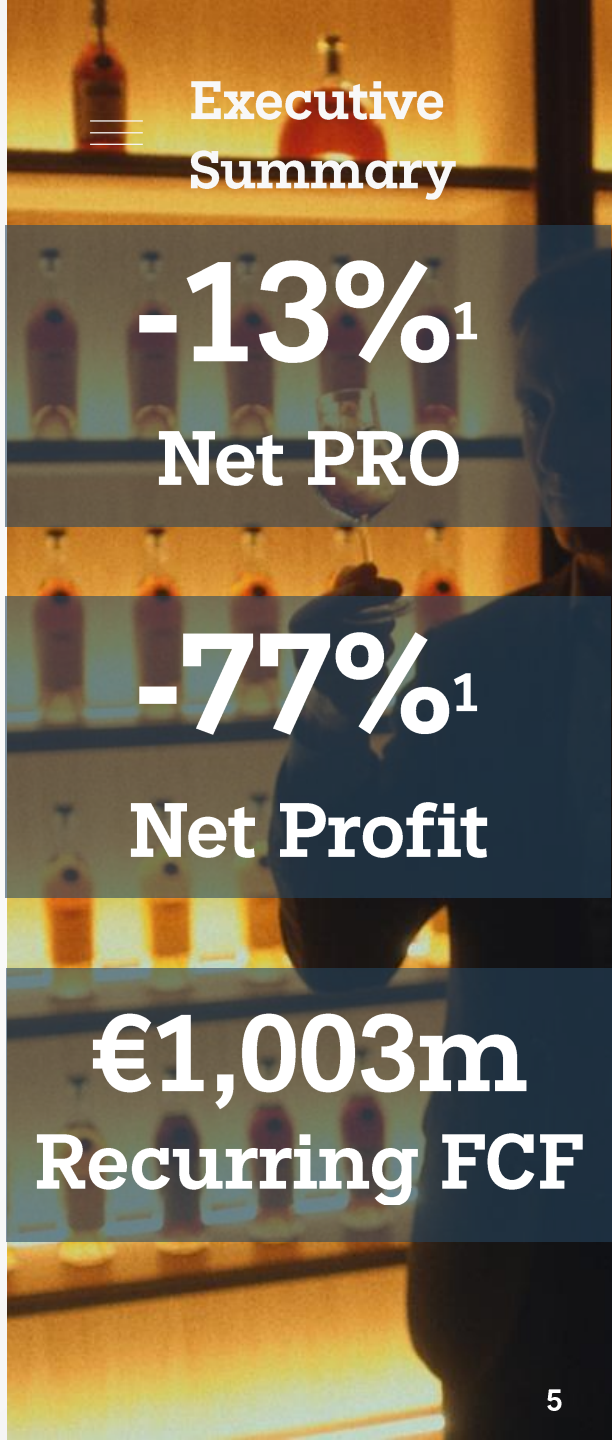
- **Priority given to health and safety of employees and business partners**
- **Strong Off-trade resilience but difficulties in On-trade and Travel Retail. Sound inventory position** at June end, thanks to robust demand management and supply chain continuity
- **Gaining or maintaining share** in key markets
- **Active resource management and strong cost mitigation** to adjust to Covid-19 context: FY20 operating margin erosion limited to -131bps
- **Dynamic cash management and reinforced liquidity position,** thanks to bond issuances and additional credit line. €5.3bn of liquidity at 30 June 2020, of which €3.4bn credit lines undrawn
- Continued roll-out of **2030 Sustainability & Responsibility roadmap, while developing new measures to support stakeholders during crisis**
- **Active portfolio management: Italicus** and **KI NO BI** transactions and disposal of **Café de Paris**
- **Implementation of transformation agenda,** including completion of **Reconquer project to resume growth in France and reorganisation of Wine business** to reignite its performance

1. PRO: Profit from Recurring Operations

Key Figures

	FY20 (€m)	FY reported Δ	FY organic Δ	H1 organic Δ	H2 organic Δ
Sales	8,448	-8.0%	-9.5%	+2.7%	-25.3%
Mature markets	4,963	-5%	-8%		
Emerging markets	3,485	-12%	-12%		
Profit from Recurring Operations (PRO)	2,260	-12.4%	-13.7%	+4.3%	-45.9%
PRO / Sales	26.8%	-135bps	-131bps		
Net PRO[1]	1,439	-13%			
Net Profit[1]	329	-77%			
Recurring Free Cash Flow	1,003	-32%			
Free Cash Flow	830	-39%			

- **Operating margin resilience**, with erosion limited to -131bps
- **Net profit -77%,** impacted by **€1bn asset impairment triggered by Covid-19**, in particular on Absolut (€912m gross; €702m net of tax)



1. Group share

Robust Sales growth in H1 but significant impact of Covid-19 in H2 leading to decline for FY20

Solid H1 but H2 impacted by Covid-19

- **Americas: -6%,** with good resilience in USA[1] and Canada in slight growth, but double-digit decline in Latin America and Travel Retail
- **Asia-RoW: -14%,** driven mainly by China, India and Travel Retail, against high basis of comparison
- **Europe: -6%,** overall good resilience with Germany, UK and Eastern Europe growing, partially offsetting declines in Travel Retail, Spain and France

Decline across key categories driven by Covid-19 impact, but good performance of Specialty Brands

- **Strategic International Brands: -10%,** after broad-based growth in H1, mainly driven by Martell, Chivas Regal, Absolut and Ballantine's
- **Strategic Local Brands: -9%,** in modest growth at end of 9M, but strong decline in Q4, mainly due to Indian whiskies, on high comparison basis
- **Specialty Brands: +7%,** despite Covid-19, thanks to more favourable geographic exposure, with dynamic growth of Lillet, Altos and Redbreast
- **Strategic Wines: -4%,** due mainly to Jacob's Creek, despite growth of Campo Viejo

Q4 FY20: -36%

- **Significant impact of Covid-19 throughout world,** particularly for Travel Retail and On-trade
- Better than expected **resilience of Off-trade,** notably in USA and Europe

1. Sell-out at +2% (internal estimate)

Pernod Ricard gaining or maintaining value share in all Top 10 markets

	Share losses	Stability	Share gains	
Americas		USA On-trade USA Off-trade Canada	Global Travel Retail	
Asia - RoW		China		India Japan
Europe		Spain Russia		Germany France

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Source: latest 12 month Nielsen/IWSR/OTC to June 2020; internal estimates

SALES ANALYSIS
by market

Pernod Ricard

Créateurs de convivialité

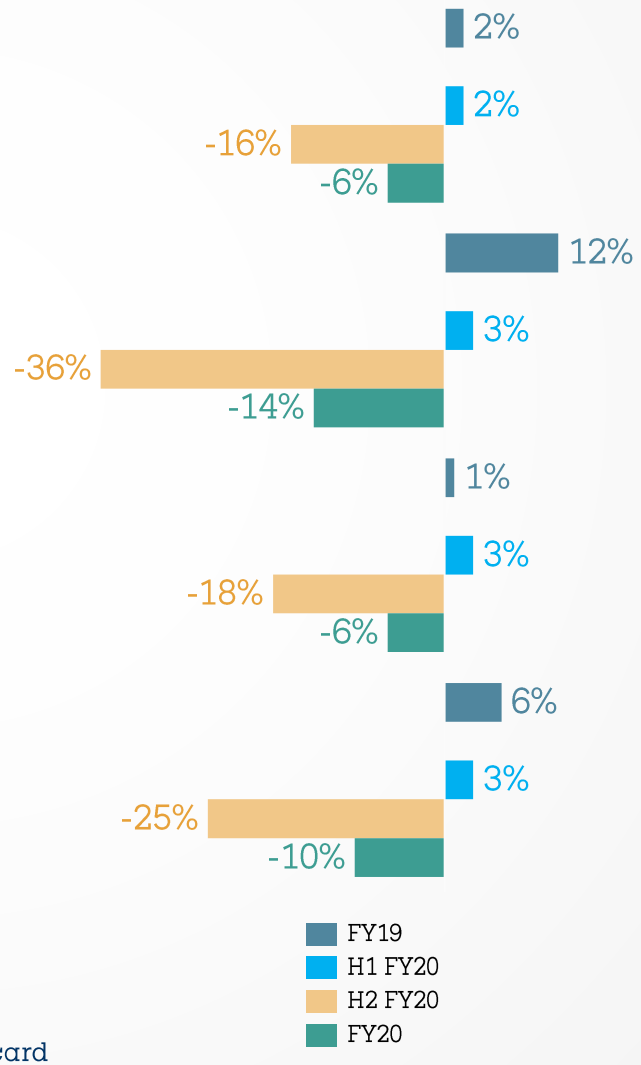
Organic Sales growth by Region

Solid and diversified H1 but H2 impacted by Covid-19

-9.5%

Organic Sales

	% of Sales
Americas	29%
Asia-RoW	41%
Europe	30%
World	100%



Good resilience in USA[1] and Canada (slight growth), but double-digit decline in Latin America and Travel Retail

Decline driven mainly by China, India and Travel Retail, against high basis of comparison

Overall good resilience with Germany, UK and Eastern Europe growing, partially offsetting declines in Travel Retail, Spain and France

Solid H1 but H2 performance impacted by Covid-19

1. Sell-out at +2%

Pernod Ricard
Créateurs de convivialité

4 Must-win markets

USA: robust underlying performance

Pernod Ricard performing well in resilient market

- **Market growing in FY20** just below long-term trend of c. +4%, despite On-trade closures, thanks to Off-trade dynamism
- Acceleration of **premiumisation and shift to "tried and trusted" brands** since Covid-19 outbreak
- **Pernod Ricard Sell-out at +2%**[1], broadly in line with market in both On-trade and Off-trade, but impacted in overall share by stronger exposure to On-trade
- **Sell-in reflecting tight inventory management** in context of trade prudence and cash preservation

Good performance of core portfolio[2]

- **Star: Jameson** (+14%/+2%): acceleration of growth in Off-trade; softer performance in On-trade due to cancellation of Saint Patrick's Day events. Promising launch of Cold Brew in January and very strong growth of Black Barrel
- **Growth relays**
  - **The Glenlivet** (+16%/+6%): acceleration and share gains across channels, supported by very dynamic growth of Founders Reserve, launches of The Glenlivet 14yo and Caribbean Reserve
  - **Martell** (+4%/-18%): dynamic Sell-out in Off-trade, thanks to Blue Swift, but very impacted by strong On-trade exposure
  - **Avion** (+29%/+28%) and **Altos** (+32%/+23%): continued very strong development
  - **Jefferson's** (+22%/+21%): dynamic integration into Pernod Ricard USA priorities
- **Future growth stars**: continuing to develop strongly
  - Fast-growing brands **Monkey 47**, **Del Maguey**, **Malfy** and **Redbreast**
  - New American whiskey portfolio: **Smooth Ambler**, **Rabbit Hole**, **TX**
- **Bastions**
  - **Absolut** (+3%/-4%): still challenging, but resilience in Off-trade, reducing gap to category, thanks to Absolut Blue distribution and consumer shift to « tried and trusted brands », supported by Juice Pears and Elderflower launches
  - **Malibu** (+26%/+13%) and **Kahlua** (+15%/+6%): growth acceleration since lockdown and good pricing, thanks to very strong Off-trade performance

1. Internal estimate
2. Nielsen 52wk data ended June 27 / Nabca 52wk data ended June 30, 2020 (NB Nabca includes On-trade)

-16%

Sales in China

9%

of Group Sales

4 Must-win markets

China: progressive recovery in Q4 after significant Covid-19 impact

Covid-19 spread from February more than offsetting solid H1

- **Strong growth in H1**, enhanced by earlier Chinese New Year
- H2 performance severely impacted by On-trade outlet closures starting end of January
- **Sales trend improving Q4 vs. Q3,** with progressive re-opening of On-trade outlets and recovery of consumer confidence
- **Acceleration of digital initiatives driving e-commerce and at-home consumption**

Cloud party / home drinking theme campaign in all channels

Live streamings

Home-drinking ritual education

Brand resilience, in particular for Premium portfolio

- Chivas Regal and Martell in strong decline due to higher exposure to On-trade
- **Martell market share** maintained[1]. Sell-out growing in value in June
- **Very good pricing on Strategic Brands**
- **Jameson, Beefeater and The Glenlivet in strong growth**

1. IWSR 2019 Retail Sales Value

4 Must-win markets

India: good resilience despite very strict lockdown disrupting Q4

Celebration of 25 years of Seagram's Indian whiskies

Miniseries presented by Bollywood star Kunal Kapoor entitled "Spirit of Scotland"

Royal Stag limited edition packs

- **Leadership consolidation** with market share above 45%[1] and continuing to grow
- **Low-single digit growth in FY20 9M,** despite flooding and weaker macroeconomic environment
- **Six-week nationwide full lockdown** imposed on 24 March disrupting Q4, in particular due to continuing impact on production capacity and outlet closures. Business continuity maintained thanks to strong focus on supply chain and demand management
- Seagram's Indian whiskies in double-digit decline but **positive price/mix**
- **Stable Strategic International Brands** thanks to very good growth of Ballantine's and Jameson

Sales analysis

-11%

Sales in India

11%

of Group Sales

1. IWSR 2019 Retail Sales Value

4 Must-win markets
Global Travel Retail: robust H1 Sell-out trends, reversed by Covid-19 halting business in H2

-27%

Sales in Global Travel Retail

6%

of Group Sales

The Glenlivet 14yo, Taiwan

Ballantine's 30yo cask edition, Incheon

Royal Salute 25yo, Singapore

- **Reinforced leadership at 25%[1] market share, with gains overall (+80bps) and in all key categories**
- **Robust Sell-out trends in H1**, especially on **Martell** higher qualities, **whiskies** and **gin, with highly successful launches** of Ballantine's 23yo, Royal Salute 25yo, Jameson Triple Triple and rare malts
- **Passenger traffic in severe decline** in Asia from February and across other regions from March after travel restriction measures and border closures. Bookings still significantly down with continued closures of borders and uncertain quarantine measures
- **Positive pricing and strong mix,** driven by better resilience of Martell and Royal Salute
- **Strong response to channel decline, with strict cost control and tight receivables management**

1. IWSR 2019 Retail Sales Value

Europe
Good overall resilience

France: -5%

- **Reconquer Project implemented** with new organisation effective 1st of July 2020
- **Weak H2** in challenging environment, mainly due to On-trade closures from mid-March, despite Off-trade improvement
- Resilience of **Ballantine's, Absolut and Aberlour**, **in mid-single digit growth**

Spain: -18%

- After growth in H1, **H2 highly impacted by On-trade and border shop closures** from mid-March
- Positive Off-trade trends across all categories

UK: +2%

- **Strong resilience with growth in H2 thanks to dynamic Off-trade**
- **Share gains[1] overall** and across most spirits categories
- Jameson, Beefeater, The Glenlivet in **high-single digit growth**

Germany: +11%

- Driven by **Lillet, Absolut and Havana Club**
- **Acceleration of Off-trade** from March and **share gains**, notably in Rum
- Very good pricing

Russia: -2%

- **Good price/mix,** thanks to strong discipline
- **Sales in decline after dynamic H1** mainly due to On-trade closures in H2

Poland: +10%

- **Dynamic sales**, notably driven by double-digit growth of Ballantine's, Jameson, Chivas Regal and Malibu

1. Sell-out data per latest 52 wk Nielsen value data available at end June 2020

Other key markets

Americas

Canada: +1%
- **Good growth** driven mainly by Kahlua, Malibu, Jameson and Absolut
- **Dynamic innovations**, in particular Absolut Juice, Jameson and Absolut RTDs

Brazil: -1%
- Strong H1 growth, more than offset by **decline in H2 further to On-trade closures**
- **Resilient pricing** on Strategic brands during FY20 and increase on whole portfolio in July 2020
- **Very strong gin development**, thanks in particular to Beefeater

Mexico
- Performance **severely impacted by Covid-19 in H2**, in challenging macroeconomic environment
- **Share gains**[1] in imported premium spirits categories

Asia-RoW

Japan: -7%
- 9M growth more than offset by **weak Q4** after State of Emergency declared early April
- **Dynamic growth** of Jameson, The Glenlivet and Chivas Mizunara

Korea: -27% (-9% excluding Imperial)
- Very encouraging H1 after restructuring business and transferring Imperial distribution on 1st April 2019
- **Strategic International Brands** impacted by partial On-trade closures
- Effective value strategy

Africa and Middle-East
- **Modest growth in 9M**, but Q4 impacted by Covid-19 restrictions, in particular full lockdown and alcohol sales ban in South Africa
- **Turkey:** continued strong performance with **double-digit growth** thanks to Chivas Regal, Ballantine's, Wyborowa and Olmeca

1. Sources: ISCAM Wholesalers + Nielsen Retail, MAT May 2020

SALES ANALYSIS
by brand

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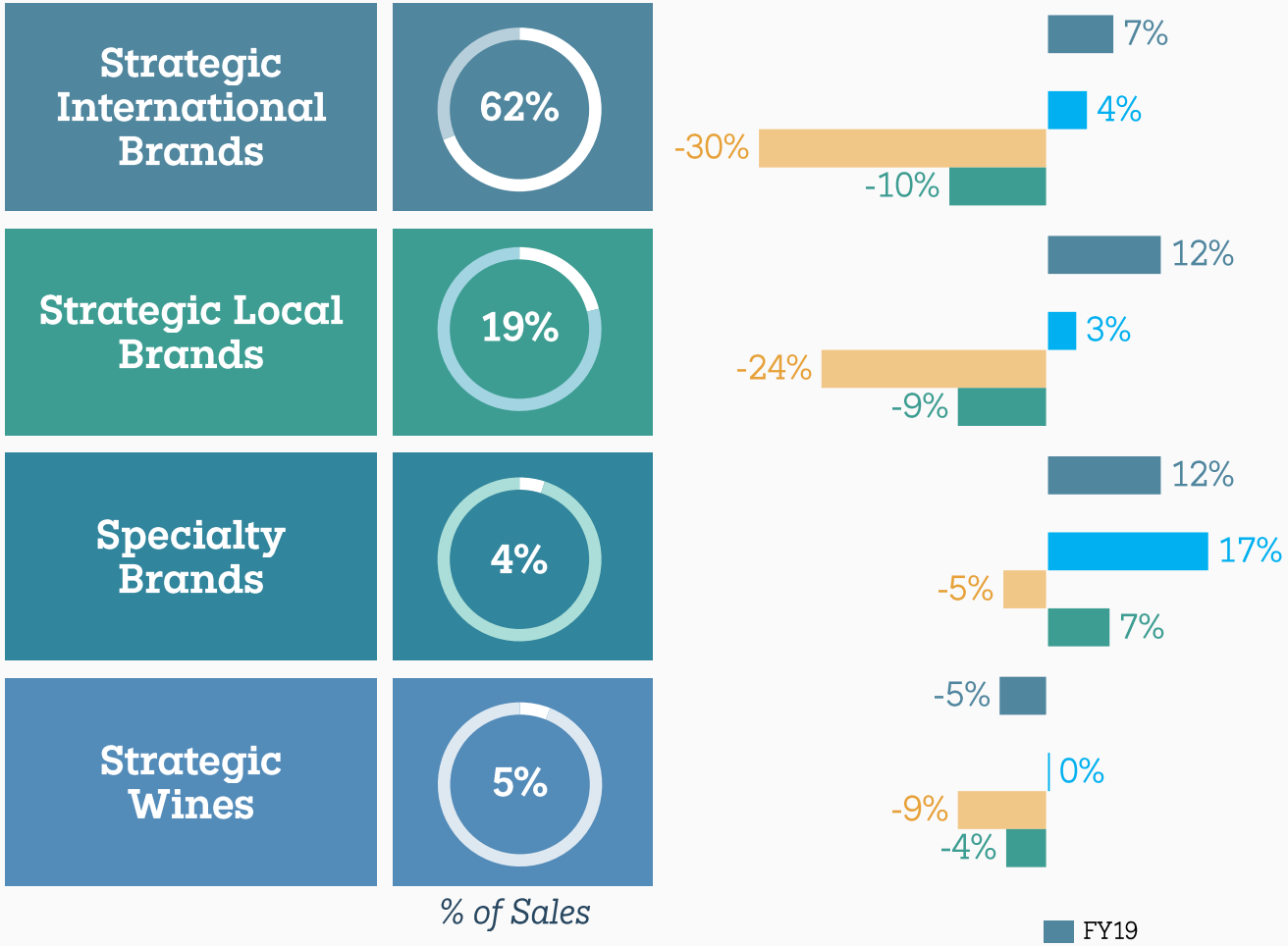
-9.5%

Organic Sales

Organic Sales growth by Category

After solid H1, decline across key categories in H2 driven by Covid-19, but good performance of Specialty Brands



After broad-based growth in H1, category in FY20 decline, mainly driven by Martell, Chivas Regal, Absolut and Ballantine's

In modest growth at end of 9M, but strong **decline in Q4, mainly due to Indian whiskies,** on high comparison basis

High-single digit growth, despite Covid-19, thanks to more favourable geographic exposure, with dynamic growth of Lillet, Altos and Redbreast

Decline due mainly to Jacob's Creek, despite growth of Campo Viejo

Innovation: stable despite Covid-19 impact

Pricing on Strategic brands: +1%

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Martell

Good growth in H1, but severe Covid-19 impact in Asia and Global Travel Retail in H2

Relaunch Martell XO with Nicolas Tsé

Martell keeps consumers engaged during lockdown with its Home Encounters digital content strategy

Launch Martell XXO

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

- **Double-digit Sell-in growth in China and Eastern Europe**
- **Good growth in Global Travel Retail**
- **Strong pricing** across portfolio and within all Regions

H2 FY20: -59% vs. H2 FY19

- **Severe Covid-19 impact reflecting geographic exposure** to Asia and Global Travel Retail, as well as On-trade presence
- **Growth in several Western European markets** (including Spain, UK, Germany and Netherlands) **and Sub-Saharan Africa,** albeit from low base, reflecting internationalisation strategy
- Strict management of inventories to ensure **very healthy level of stock** in all markets
- Continuation of **value strategy** across all ranges

-1%

Jameson Sales

Jameson

Almost stable FY20 thanks to success of globalisation and resilience in USA

Jameson pledges $500,000 to support the United States Bartenders' Guild charity to support neighbourhood bartenders during Covid-19

Continuing to provide target consumers with engaging content as part of 'Jameson Connects The Stay Inn', we partnered with long-time fan and friend of the brand, Bas.

H1 FY20: +9% vs. H1 FY19, with strong growth across all Regions

- **USA: acceleration of underlying depletions in Q2**, with all key footprint States in double-digit growth
- **Europe in double-digit growth** and continued very strong performance in **Africa Middle East**
- **Very promising development in Asia Pacific** and **good results in Travel Retail** EMEA and Pacific
- **Positive price/mix**

H2 FY20: -14% vs. H2 FY19

- **Significant impact from On-trade closures and downturn in Global Travel Retail**
- **Continued double-digit growth in Germany, Poland, Japan, China, Australia and West Africa**
- **USA: Off-trade Sell-out in double-digit growth** as consumers turned to "tried and trusted brands", but **On-trade significantly impacted,** notably by cancellation of St Patrick's Day celebrations
- **Positive price/mix,** despite shift to Off-trade and larger formats in USA

Portfolio

- **Jameson Original gaining share in key priority markets**[1] including USA, Ireland, Germany, France, South Africa and Australia
- **Black Barrel:** continued very strong growth at **+14%**
- **Triple Triple and Cold Brew launches:** very positive early response

1 Nielsen past 3 months value share vs. competitive set in each market

-11%

Scotch Sales

Scotch

Good resilience and market share gains[1]

The Glenlivet launches Caribbean Reserve, finished selectively in former Caribbean rum casks before bottling

Chivas Brothers' Brand Ambassadors continue engaging consumers throughout the lockdown via a variety of digital advocacy initiatives

Ballantine's keeps music alive and consumers engaged during lockdown with Streaming from Isolation virtual programme

- **Strength of Scotch portfolio reinforced, outperforming competition in key markets** of USA, France, Germany, Russia, Turkey, Australia, Taiwan and Poland
- **Dynamism driven by Premium Scotch & Single Malts,** while Super Premium+ Blended scotch (Chivas, Ballantine's Prestige) impacted by strong exposure to Travel Retail
- **Chivas: -17%,** due mainly to pandemic impact on Travel Retail, with **positive mix** driven by innovation
  - **Market share gains** in Turkey, Russia & Germany
  - **Extension of "Success is a Blend" platform** from 50 to 60 markets and activation of **Manchester United partnership** in 40 markets
- **The Glenlivet: +2%, with H1 at +15% and positive price/mix** in both halves
  - **Strengthened leadership of Single Malts in USA**, gaining significant share (Nielsen MAT value +16%)
  - Successful launch of **The Glenlivet 14YO & Caribbean Reserve**
  - Continued **growth in H2 in Eastern Europe, UK, Taiwan** and particularly **China (+60%)** but significant **pandemic impact on Travel Retail**
- **Ballantine's: -8%**
  - **Ballantine's Finest: -3%,** leading premium Scotch growth and **gaining share** in most key markets, notably in Eastern Europe, France, Germany and Brazil
  - **Double-digit decline in H2,** particularly impacting higher age range in Travel Retail and Korea
- **Royal Salute: -2%,** with good performance in Taiwan and Korea and successful 23yo innovation

1 Latest Nielsen 12 months value data available

Absolut

Challenging year, albeit with continued strong growth in several international markets

Launch of Absolut Soda in USA

Launch of Absolut Cocktails in USA

The Spirits Business designates Absolut as #1 brand on social media in 2020 Ranking

H1 FY20: -1%

- **Continued international development** with strong double-digit growth in China, France, Germany, Poland and Brazil
- **Successful launch of Absolut Juice in USA**

H2 FY20: -24%

- **Significant decline**, linked notably to On-trade and Travel Retail exposure
- Continued strong growth in **Germany, UK, Canada and Australia, thanks to Off-premise resilience, outperforming Vodka category**[1]
- **USA:**
  - Focus on recruiting LDA+ Gen Z consumers starting with **disruptive new campaign** launch at Valentine's Day
  - Still challenging, but **resilience in Off-trade**, thanks to Absolut Blue strong distribution in key channels and consumers leaning in to trusted brands, and Juice Pears and Elderflower launches
  - **Emerging presence** in buoyant RTD category with **launch of Absolut Soda and Absolut Cocktail cans**

-11%

Absolut Sales

1 Nielsen past 6 months value share to June 2020

Other key brands

Beefeater: -7%, after double-digit growth in H1, decline mainly driven by Spain further to On-trade closures. Very strong growth in Brazil, Germany, Czech Republic, China and UK
image: Beefeater campaign The Spirit of London

Havana Club: -6%, growth disruption in H2, especially in Cuba and Western Europe, despite positive price/mix. Resilience in Germany with positive growth in H2
image: Havana Club providing entertainment during Covid-19 via virtual Plaza Havana Club

Malibu: +5%, good growth despite Covid-19, especially thanks to high Off-trade exposure in USA, UK, Poland and Canada
image: Malibu summer Feels Tour

Ricard: -6%, resilient H2 trends, especially with positive growth in France, offset by decline in Spain
image: Ricard launches new campaign « Born à Marseille»

Mumm: -13% as result of Covid-19, but **high-single digit growth in USA** and **positive price/mix**, in line with premiumisation strategy
image: Mumm launches Celebrate New Beginnings global campaign

Perrier-Jouët: -12%, decline after H1 in slight growth, due to On-trade outlet closures in Japan, France, Spain and UK. Very strong price/mix
image: Perrier-Jouët keeps consumers engaged throughout containment with 'At Home With Artisan of the Wild' series

Strategic Wines: -4%
- **Campo Viejo** good growth in Western Europe, in particular in UK, partially offset by decline in Americas
- **Jacob's Creek** in decline -9% with Covid-19 impacts across all Regions
- **Low single-digit growth** of Brancott Estate with dynamic development in UK, Sweden, Russia and Canada, offset by decline in USA and Asia-RoW

Sales analysis

+7%

Specialty Brands

Stable

Innovation

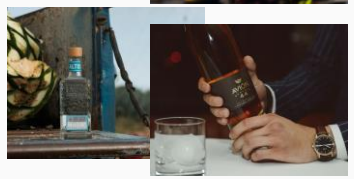
-14%

Luxury

Resilience of Specialty Brands and Innovation

Continued development of Specialty Whiskey portfolio, with solid performance of **Aberlour** growing +14% in USA and +6% in France. **Redbreast** also in double-digit growth in USA

After strong H1, **Monkey 47** development mainly impacted by On-trade closures in Europe**,** but continued very strong growth in USA +40%, notably with double-digit growth in H2



Strong growth of agave portfolio, with acceleration in USA: Avion (+29%/+28%[1]), Altos (+32%/+23%[1]) and high single-digit growth of Del Maguey

Continued very strong growth of Lillet at +30%, mainly driven by Germany

Resilience of Innovation portfolio, driven by double-digit growth of, in particular, Malibu Flavors and Beefeater Blood Orange. Launches of Jameson Cold Brew and The Glenlivet Carribean Reserve in second half in USA

Luxury portfolio declining -14% mainly due to Martell in China in second half. Continued growth of The Glenlivet 18yo and Avion Reserva 44. Good price/mix

1. Nielsen 52wk value data ended June 25 / Nabca 52wk value data ended June 30

Strategic Local Brands
After good growth in H1, in decline due to Seagram's Indian whiskies

Seagram's Indian whiskies severely impacted by India lockdown in H2, after good growth in H1. Price/mix positive

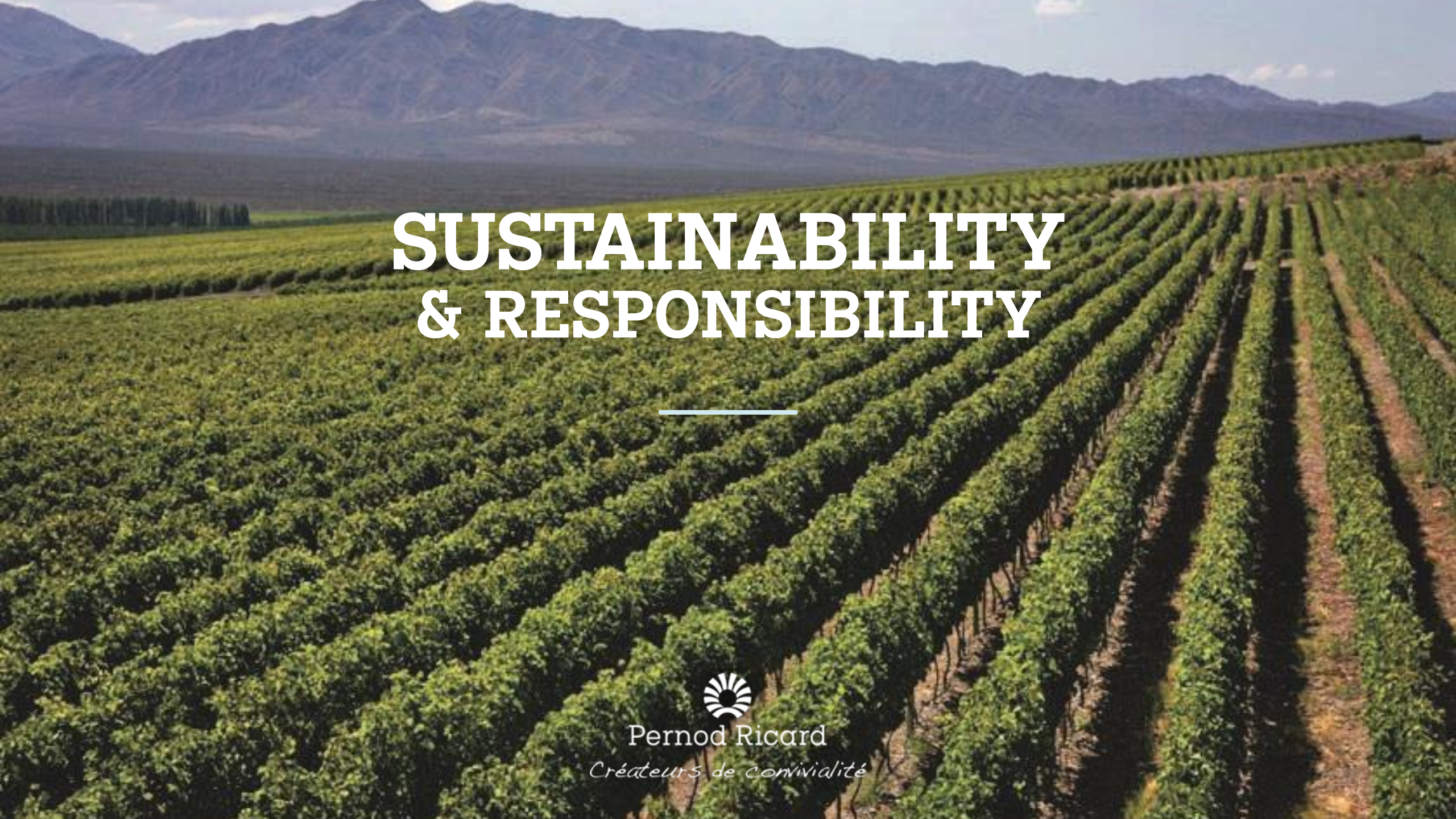
Kahlua, stable with decline in Europe and Asia-RoW offset by very strong growth in USA and Canada

Seagram's Gin declining and mainly impacted by containment in Spain and USA, partially offset by resilience in Brazil, Canada and Poland

Olmeca double-digit growth in first half more than offset by On-trade closures in H2. Turkey in slight growth

-9%

Strategic Local Brands


SUSTAINABILITY
& RESPONSIBILITY
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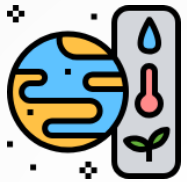
Creating value through S&R



Addresses massive environmental and social shifts

Supports corporate priorities

Matters to our consumers

Builds a strong corporate brand

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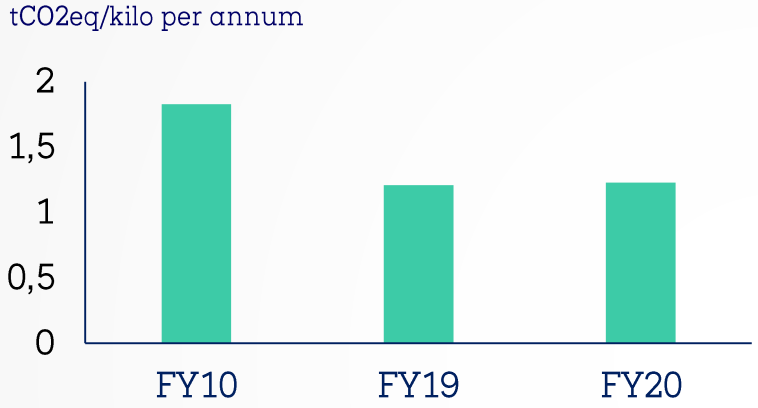
Brings to life our vision

Sparks innovation & builds purposeful brands

2020 Environmental roadmap

As anticipated, 2020 Environmental roadmap completed, over-delivering on carbon and water objectives

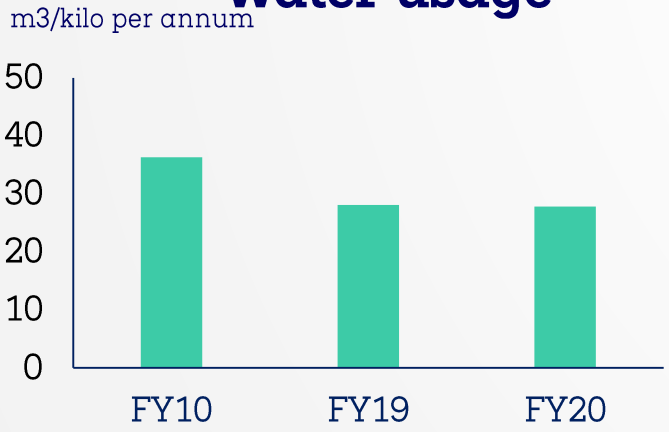
CO2 (scope 1+2)



-33%

Target -30%

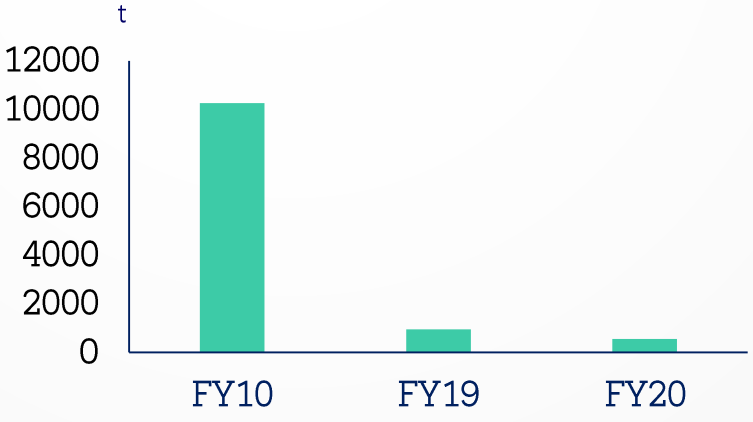
Water usage



-23%

Target -20%

Waste to landfill



-95%
557t

Target 0

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2030 Strategy: Good Times from a Good Place

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)

- Align H Rights policy with UNGP (2025)
- Engage all suppliers in procurement programme (2025)
- To be best in class in Health & Safety (2025)

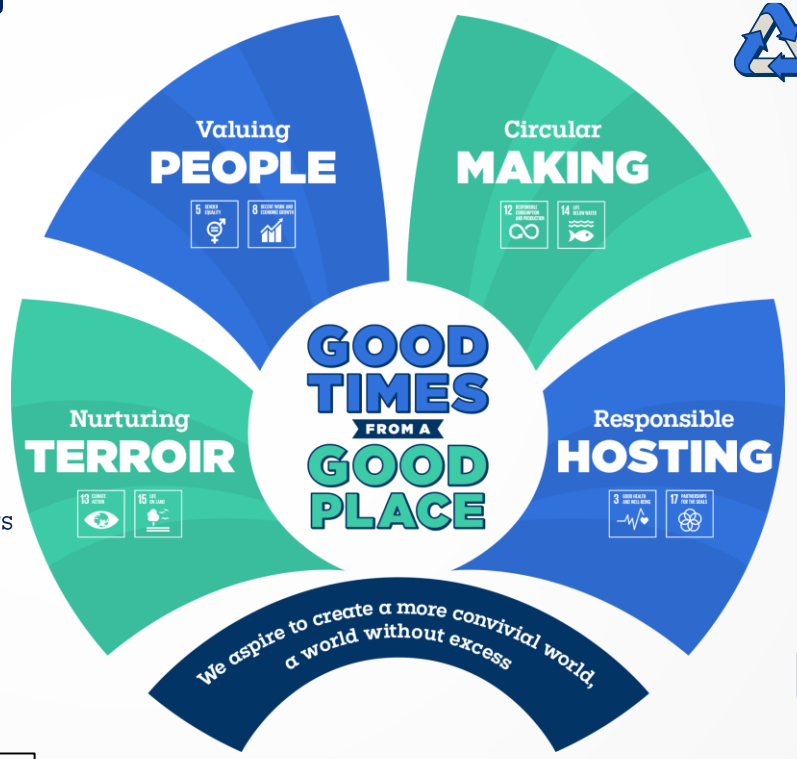
Regenerative agriculture

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

Biodiversity

100% affiliates projects (2030)

- Terroir mapping & risk assessment (2022)
- 100% certification (2030)
- Sustainable agriculture (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 (2021)
100% packaging recyclable, reusable, compostable or bio-based (2025)

- 100% renewable electricity (2025)
- x10 recycling projects countries lowest rates (2030)
- Pilot 5 R&D circular distribution projects
- Eco-design principles for all NPD (2022)
- 20% water use reduction (2030)

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)

- Employee training (2020)
- Consumer centric information system (2021)
- IARD digital compliance (2025)
- Ethics in commercial communications (2023)
- Responsible e-commerce (2023)
- Responsible experience (2023)

From Grain to Glass

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Nurturing Terroir: Protecting our natural ingredients

- **Glyphosates banned** in Martell owned vineyards
- **100%** of global vineyards **drip irrigated** (where relevant)
- Martell **regenerative agriculture** pilot: sustainable viticulture initiatives with over 1,200 winegrowers

Valuing People: Supporting our communities

- **4m+ litres of pure alcohol** provided to external partners
- **1m+ litres of hand sanitiser** produced at over 10 facilities

The Bar World of Tomorrow

- **Free sustainability & responsibility bartending** e-learning

TAKING CARE OF EACH OTHER

- **Significant improvement in Health and Safety performance leading to 35% reduction** in the Lost Time Accident frequency rate vs. FY19

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Circular Making: Safeguarding our natural resources and minimising waste

Ban on single-use plastic point-of-sale items (POS) by 2021 – accelerated from 2025

Move towards renewable electricity - joined RE100. Chivas Brothers, Irish Distillers and all French sites at 100%

Responsible Hosting: Strong partnerships to tackle alcohol misuse

- Mandatory **MOOC for all employees**
- Global Responsible Drinking Charter

- Responsible Party digital campaign
- **Partnership with ERASMUS**

- **'Consent' campaign Absolut USA**
- Absolut donated $1 for every social media share

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BUSINESS TRANSFORMATION

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Long-term vision

Addressing a complex industry challenge

Market fragmentation in wine & spirits is increasing every year with innovation and **new brands** creating more offer while **new channels** of sales and communication are increasingly used by our consumers

Unlocking our power with new technology & data

The key to success will be the digitalisation of our **Route-to-Consumer.** Mastering new tech, and data will result in an **enhanced ability** to offer the right brand or service, in the right place, at the right time, and at the right price **for our consumers**

Boosted Routes-To-Consumer, tailored to each market

We want to **provide seamless and direct interactions,** connecting our stakeholders (consumers, trade customers and partners) and leveraging the wealth of data generated from our activities in order to **offer even better services**

Managing wider portfolio and unlocking new channels with new tech & data

Profound digital transformation underway, impacting all business areas to better meet changing consumer needs

A

Dynamic portfolio management and innovation

Sharpening our portfolio and brand strategies, and maximizing our ROI on A&P.
Accelerating our innovation agenda, becoming savvier in trend detection, and bringing our edgy brands & acquisitions at scale

B

Get more from the Core in building next generation business capabilities

Transform our Marketing, Sales, Operations and support Functions to match consumer's needs with the right offering, at the right place, at the right time

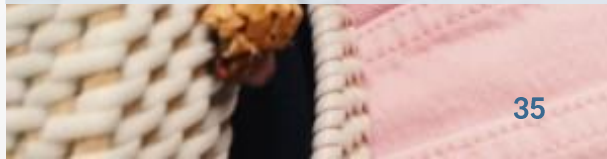
C

Disrupt the future by getting closer to our consumers and customers

Engage more directly with our consumers, by providing unique brand experiences and personalized products and services, by growing our B2C business, and by getting closer to our on-trade partners

6 Key Digital Programs piloted in selected markets and rolled out globally over the next 24 months

Strong **investment** in tools and capabilities



E-commerce acceleration

Strong growth across all markets, mainly fueled by e-grocers and pure players
Implementation of **Joint Business Plans** with main International and local players such as Alibaba, Amazon, Tesco and Rakuten

Growth of on-line marketshare in emerging markets
Key partnerships implemented with international players such as Jumia and Glovo, providing increased visibility, data sharing and specific promotional activities

Pernod Ricard own Marketplace now operating in 10 countries
Strong organic growth: +50% in FY20 with acceleration during Covid-19 period (+130% March-July 2020)

China
+46%
driven by Martell, Chivas, Ballantines

USA
+105%
driven by on-demand delivery

UK
+92%
driven by Beefeater, & Havana Club

France
+56%
driven by grocery players

Value growth of e-commerce Spirit Sales vs FY19 in top 4 e-commerce markets

New flagship to illustrate transformational journey

7 entities in single building to generate **more collaboration and mutualisation (Creation of Centres of Excellence)**

Hyper-connected building to work faster

HQE certification to **embody our S&R roadmap** « Bring Good Times from a Good Place »

New flagship for our brands with **15 showrooms**

Aligned with our **consumer-centric approach**: building located in one of most dynamic areas in Paris, the « New Paris »

PROFIT FROM RECURRING OPERATIONS

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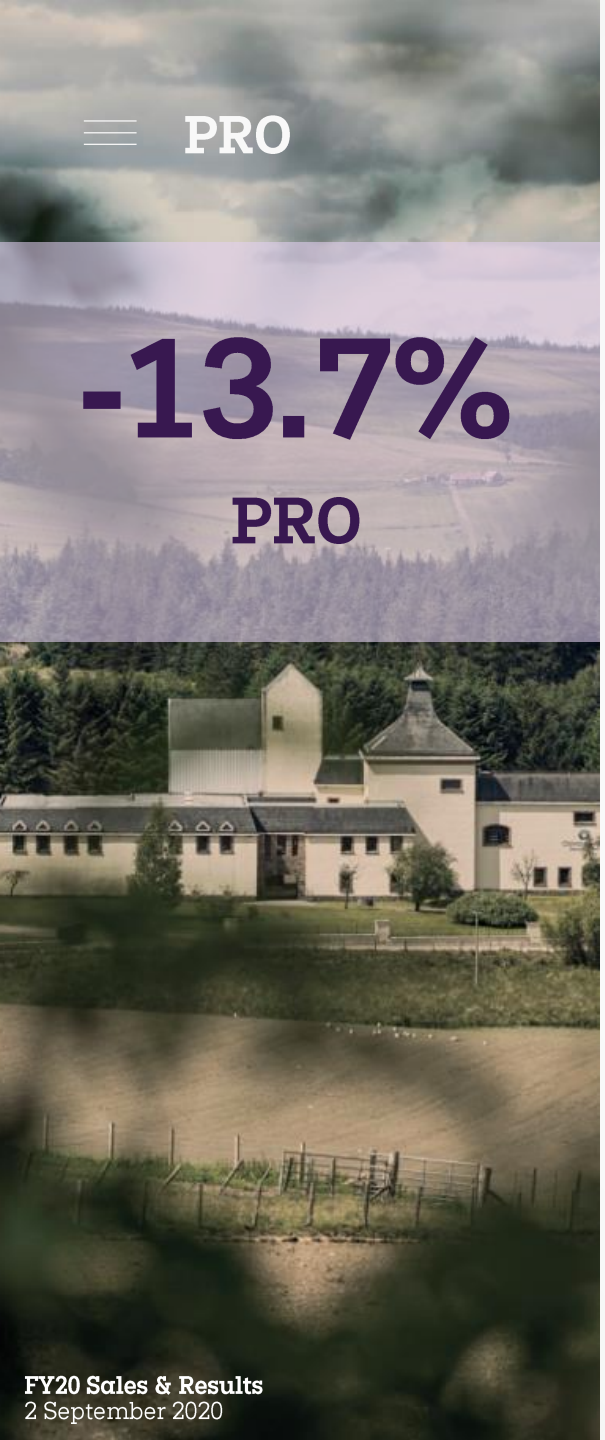

Group Income statement

PRO margin reduction contained to -131bps

€ millions	FY19	FY20	FY reported Δ	FY organic Δ	H1 organic Δ	H2 organic Δ
Sales[1]	9,182	8,448	-8.0%	-9.5%	+2.7%	-25.3%
Gross margin after logistics costs (GM)	5,648	5,086	-10%	-12%	+2%	-30%
GM / Sales	61.5%	60.2%		-140bps		
Advertising & prom. expenditure (A&P)	(1,512)	(1,327)	-12%	-14%	+3%	-33%
A&P / Sales	16.5%	15.7%		+88bps		
Contribution after A&P expenditure (CAAP)	4,137	3,759	-9%	-11%	+2%	-29%
CAAP / Sales	45.1%	44.5%		-52bps		
Structure[2]	(1,556)	(1,499)	-4%	-5%	-2%	-9%
Structure / Sales	16.9%	17.7%		-79bps		
Profit from Recurring Operations (PRO)	2,581	2,260	-12.4%	-13.7%	+4.3%	-45.9%
PRO / Sales	28.1%	26.8%		-131bps		

- **Resilient pricing** on Strategic Brands: +1%
- **Gross margin contracting** -140bps, driven by:
  - **Adverse mix** linked to Strategic International Brands, especially Martell and Chivas Regal
  - Higher **Cost of Goods** mainly due to agave price pressure, glass and GNS in India, lower fixed cost absorption, only partially offset by operational excellence savings
- **A&P: +88bps**, thanks to very strong mitigation plan in H2
- **Structure costs**: **-79bps**, with topline decline reducing fixed cost absorption, but very strong cost discipline
- **PRO margin reduction contained to -131bps,** despite significant Sales reduction, demonstrating very stringent cost management

1. Including customs duties
2. Including OIE and Royalties

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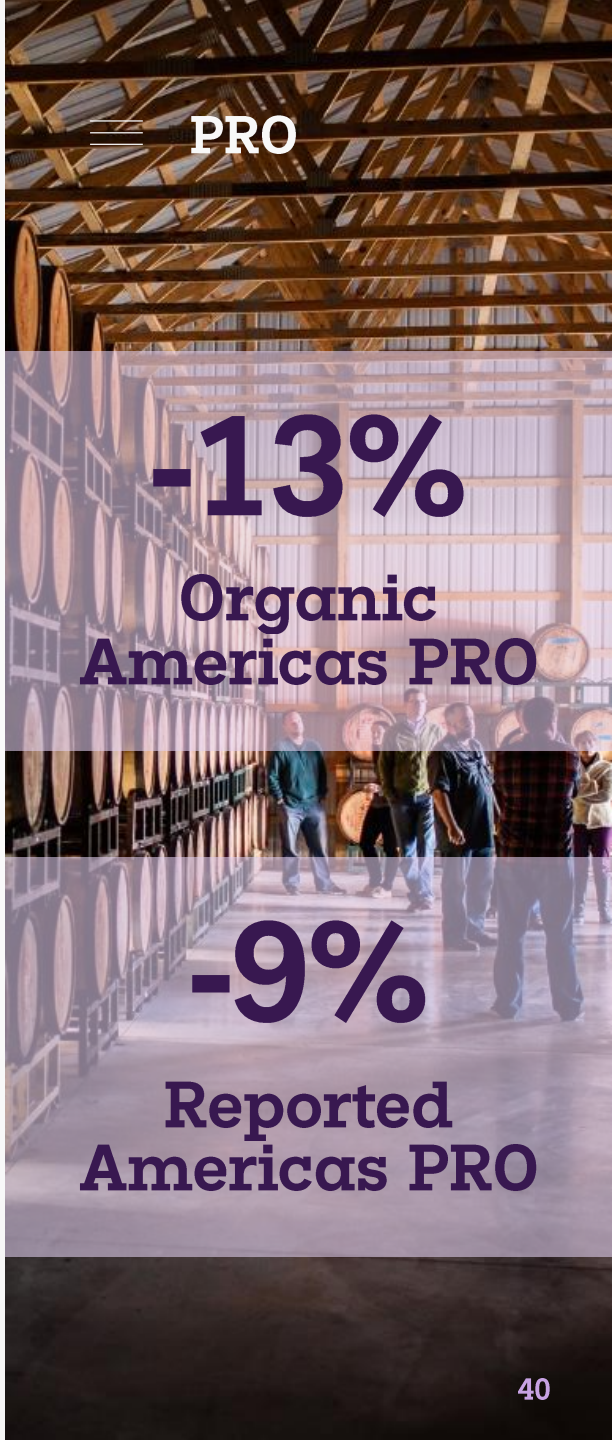
Americas

Covid-19 in H2 and high comparison basis (FY19 PRO +7%) leading to decline in PRO

€ millions	FY19	FY20	FY reported Δ	FY organic Δ
Sales	2,545	2,449	-4%	-6%
GM	1,698	1,599	-6%	-9%
GM / Sales	66.7%	65.3%		-202bps
A&P	(504)	(461)	-9%	-12%
A&P / Sales	19.8%	18.8%		+111bps
CAAP	1,193	1,138	-5%	-8%
CAAP / Sales	46.9%	46.5%		-91bps
Structure[1]	(408)	(420)	+3%	+1%
Structure / Sales	16.0%	17.1%		-124bps
PRO	785	718	-9%	-13%
PRO / Sales	30.9%	29.3%		-215bps

- **Gross margin down -202bps** primarily driven by USA: negative format/channel mix linked to shift to larger Off-trade formats during confinement, agave price pressure and tariffs
- **A&P: +111bps** with strong investment reduction throughout H2 to adapt to Covid-19 context
- **Structure costs almost stable, with rate -124bps,** thanks to strong mitigation in H2
- **Reported PRO -9%** thanks to favourable FX, with USD strengthening vs. Euro

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



PRO

-21%

Asia-RoW PRO

Asia-Rest of World

Strong H1 growth more than offset by Covid-19 impacts in H2, in particular in China, India and Travel Retail

€ millions	FY19	FY20	FY reported Δ	FY organic Δ
Sales[1]	3,965	3,467	-13%	-14%
GM	2,308	1,969	-15%	-16%
GM / Sales	58.2%	56.8%		-136bps
A&P	(592)	(517)	-13%	-15%
A&P / Sales	14.9%	14.9%		+15bps
CAAP	1,716	1,452	-15%	-16%
CAAP / Sales	43.3%	41.9%		-121bps
Structure[2]	(537)	(514)	-4%	-6%
Structure / Sales	13.5%	14.8%		-123bps
PRO	1,179	938	-20%	-21%
PRO / Sales	29.7%	27.0%		-244bps

- **Gross margin -136bps** driven by:
  - **Adverse market mix** due to increased weight of India vs. China and Travel Retail resulting from Covid-19 impacts
  - **Inflation** on glass and GNS in India, overall lower fixed cost absorption due to volume shortfall, especially for Martell in China
- **A&P: broadly stable ratio**, thanks to very strong mitigation plans in H2
- **Structure cost ratio increase,** despite positive impact of Korean restructuring in FY19 and tight resource management in H2, due to lower fixed cost absorption

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

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Europe

PRO almost stable and significant operating margin improvement thanks to business resilience and very strong cost mitigation

€ millions	FY19	FY20	FY reported Δ	FY organic Δ
Sales	2,672	2,532	-5%	-6%
GM	1,643	1,519	-8%	-8%
GM / Sales	61.5%	60.0%		-131bps
A&P	(415)	(349)	-16%	-17%
A&P / Sales	15.5%	13.8%		+184bps
CAAP	1,228	1,169	-5%	-5%
CAAP / Sales	45.9%	46.2%		+53bps
Structure[1]	(611)	(565)	-8%	-9%
Structure / Sales	22.9%	22.3%		+67bps
PRO	617	605	-2%	-1%
PRO / Sales	23.1%	23.9%		+121bps

- **Gross margin: -131bps** due mainly to adverse market mix (linked mainly to decline in Travel Retail and Spain) and lower fixed cost absorption
- **A&P: +184bps,** with very strong cost mitigation implemented in H2
- **Structure costs: +67bps,** thanks to implementation of several efficiency projects and very strong discipline, in particular in France
- **Strong increase in PRO margin: +121bps**, driven by very tight A&P and structure cost management

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

NET PROFIT

Pernod Ricard

Créateurs de convivialité

Net Profit

-13% EPS

EPS reflecting decline in PRO

€ millions	FY19	FY20	reported Δ
Profit from Recurring Operations	2,581	2,260	-12.4%
Financial income (expense) from recurring operations[1]	(314)	(328)	
Income tax on recurring operations	(586)	(468)	
Minority interests and other	(27)	(25)	
Group share of Net Profit from Recurring Operations	**1,654**	**1,439**	**-13%**
Number of shares used in diluted EPS calculation ('000)	265,420	264,037	
Diluted net earnings per share from recurring operations "EPS" (€/share)	**6.23**	**5.45**	**-13%**

- **Average Cost of debt at 3.6%** vs. 3.9% in FY19. Low rates on new bond financing not fully reflected in full-year FY20
- **Tax rate on recurring items at 24.2% vs. 25.9% for FY19**, due to reduction in Indian tax rate (from 34.9% to 25.2%) and geographical mix
- **Reduction in number of shares** reflecting share buy-back programme

1. Including -€13m impact on interest from lease liabilities following application of IFRS16 in FY20

Non-recurring items

€ millions	FY19	FY20
Capital gains/losses and impairment	(98)	(996)
Restructuring and reorganisation costs	(77)	(178)
Other non-recurring income and expenses	(30)	(110)
Non-recurring operating income and expenses	**(206)**	**(1,283)**
Non-recurring financial items	**3**	**(38)**
Corporate income tax on non-recurring items	**4**	**210**

- **Non-recurring expense at -€1,283m**, driven by:
  - **Brand impairment: -€999m**, mainly related to Absolut (-€912m gross, -€702m net after tax) triggered by Covid-19
  - **Restructuring charges -€178m**, including France and wine branch reorganisation
  - Other charges of which -€37m **Covid-19-related** promotional event cancellation, charitable donations and supply of hand sanitiser
- **Non-recurring financial result -€38m** mainly due to one-off cost relating to early redemption of 50% of US$1bn bond debt due in April 2021 (through exercise of make-whole call, in context of active management of Group debt) and foreign exchange impact
- **€210m positive tax on non-recurring items** driven mainly by deferred tax liability adjustment related to impairment charges and revaluation of deferred taxes further to change of tax rate in UK and India

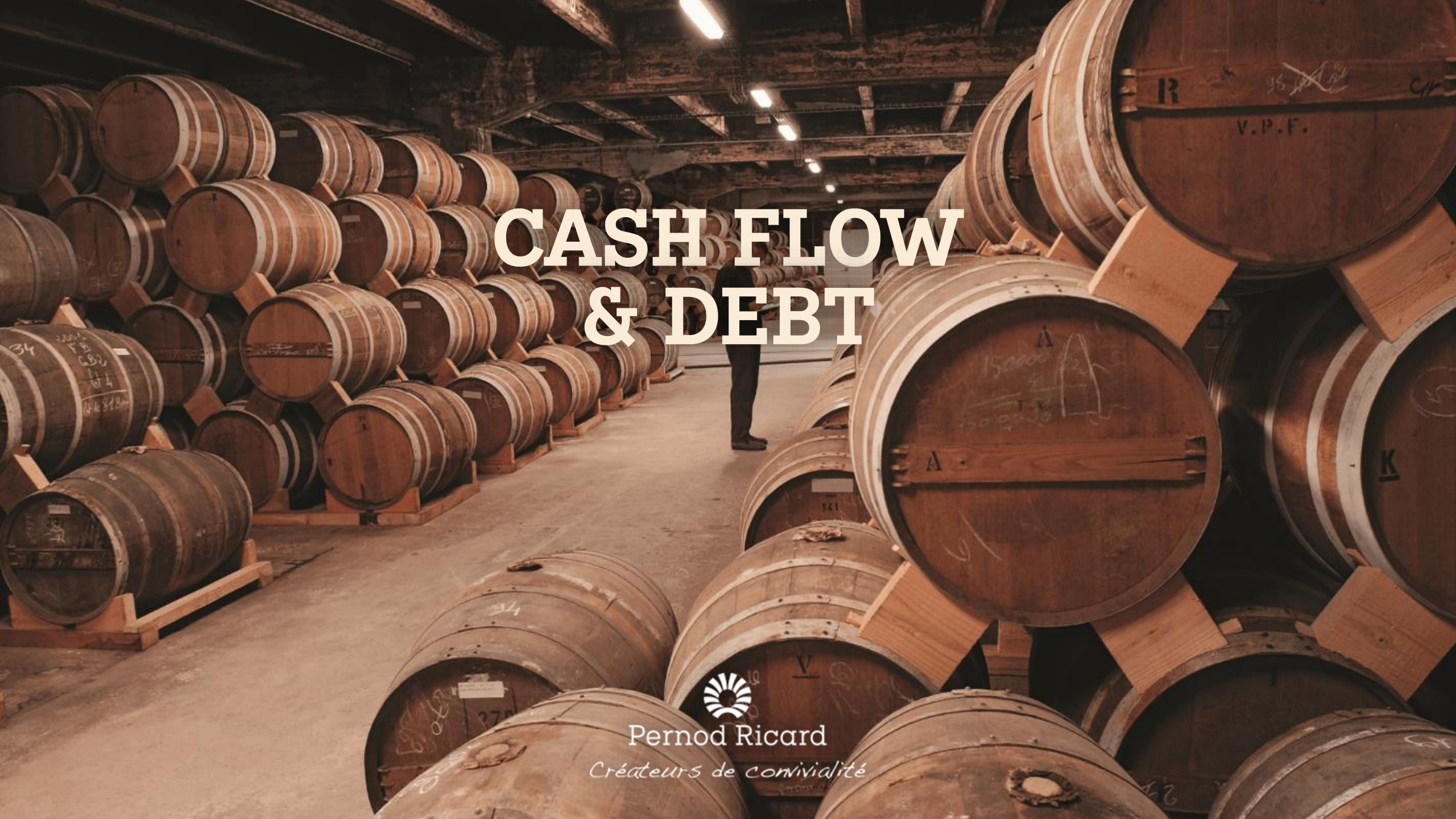
Group share of Net profit

€ millions	FY19	FY20	reported Δ
Profit from Recurring Operations	**2,581**	**2,260**	**-12.4%**
Non-recurring operating income and expenses	(206)	(1,283)	
Operating profit	**2,375**	**978**	**-59%**
Financial income (expense)	(310)	(366)	
Corporate income tax	(582)	(258)	
Non-controlling interests and other	(27)	(25)	
Group share of Net profit[1]	**1,455**	**329**	**-77%**

- **Very significant decline in Net profit related mainly to non-recurring items, in particular to €1bn impairment charge**

1. including **-€12m** impact related to application of **IFRS 16**

CASH FLOW & DEBT



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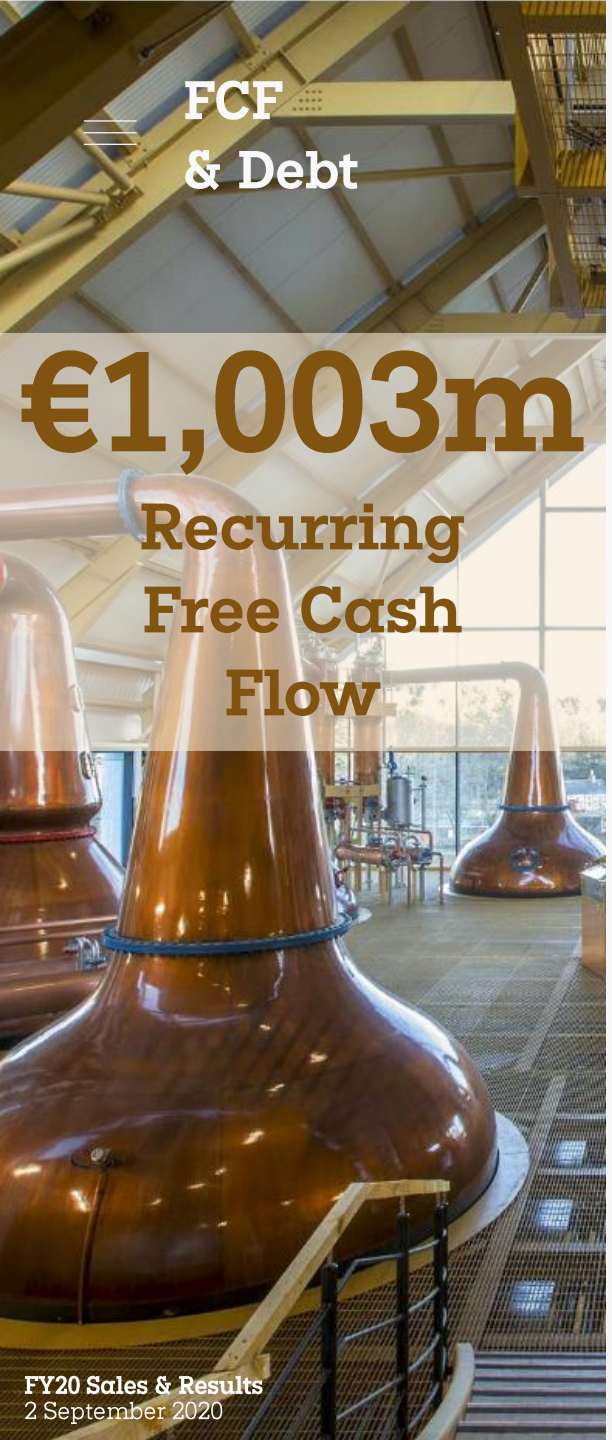


FCF
& Debt

€1,003m

Recurring Free Cash Flow

Cash Flow statement

€ millions	FY19	FY20	reported Δ	% Δ
Profit from Recurring Operations (1)	**2,581**	**2,260**	**(320)**	**-12.4%**
Amortisation, depreciation, provision movements and other	247	362	+116	
Self-financing capacity from recurring operations (2)	**2,827**	**2,623**	**(205)**	**-7%**
Decrease/(increase) in strategic stocks	(274)	(310)	(36)	
Decrease/(increase) in operating Working Capital Requirement (WCR)	*73*	*(140)*	*(213)*	
Decrease/(increase) in recurring WCR	(201)	(450)	(249)	
Non-financial capital expenditure	(363)	(364)	(0)	
Recurring Operating Cashflow (3)	**2,263**	**1,809**	**(454)**	**-20%**
Financial income (expense) and taxes	(786)	(807)	(21)	
Free Cash Flow from recurring operations (Recurring FCF) (4)	**1,477**	**1,003**	**(475)**	**-32%**
Non-recurring items	(111)	(173)	(62)	
Free Cash Flow (FCF) (5)	**1,366**	**830**	**(536)**	**-39%**

* IFRS16 impacts in FY20: (1) -0M€ / (2) +99M€ / (3) +99M€ / (4) +86M€ / (5) +98M€

Active inventory cash-out and capital expenditures management to protect cash

€830m

Free Cash Flow

Recurring Free Cash Flow at €1,003m, impacted by:

- **Decline in Profit from Recurring Operations: -12.4%**
- **Increase in strategic inventories** from lower usage of stocks due to decline in Sales, partially offset by active cash-out management
- **Stable capital expenditure** thanks to tight management. Continuation of strategic industrial projects (eg building new malt distillery in China and new bottling hall at Chivas Brothers) and office moves
- **Deterioration in operating WCR** due to higher inventories, lower payables due to A&P cuts in Q4, partially offset by lower receivables after Q4 Sales decline
- Impact of IFRS 16 norm application on Recurring Free Cash Flow: +€86m

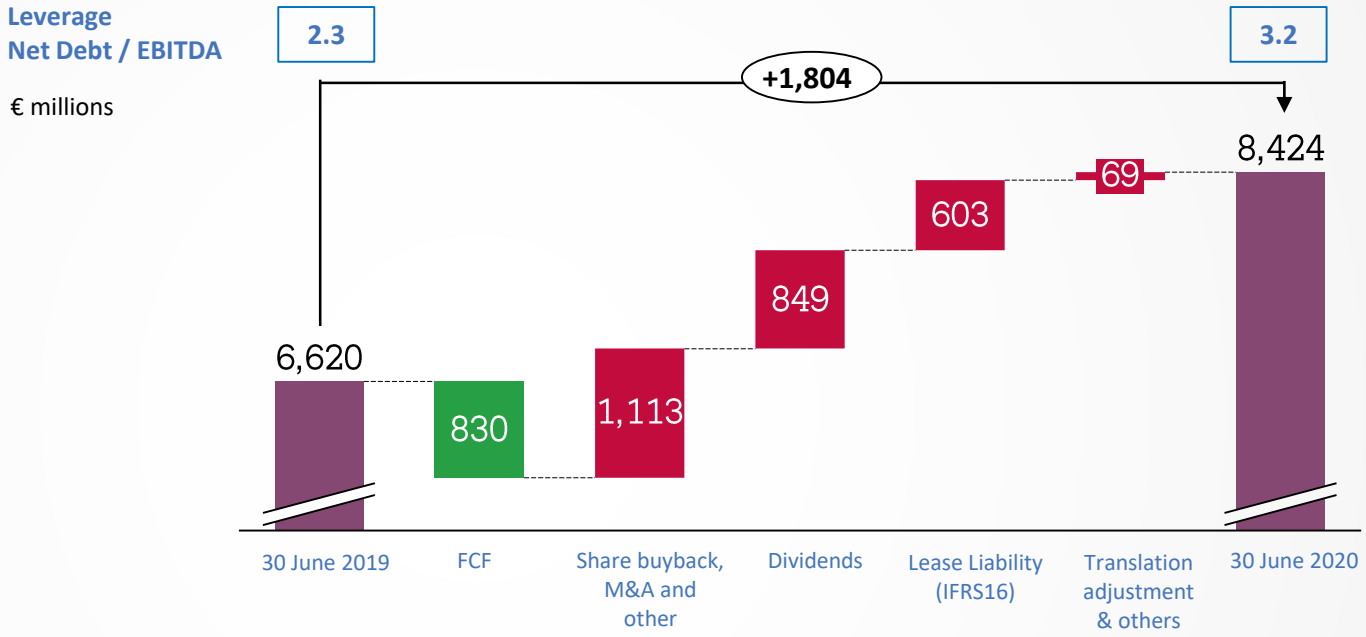
Non recurring Free Cash Flow at -€173m due mainly to restructuring costs, in particular in France

- Impact of IFRS 16 norm application on Non-recurring Free Cash Flow: +€12m

Higher leverage due mainly to lower Free Cash Flow and increase in dividend, share buyback and dynamic M&A

3.2x[1]

Net Debt / EBITDA ratio at 30 June 2020



- **€1,804m increase in net debt vs. 30 June 2019** as softer cash generation linked to Covid-19 more than offset by:
  - **Increase in M&A cash-out** reflecting active portfolio management, with KI NO BI, Italicus, Monkey 47 and Café de Paris transactions completing in H2
  - **€523m Share buyback** (prior to suspension of programme in April)
  - **Increase in dividend payout** to c.50% (vs. 41% in FY19)
  - **Additional lease liabilities** following IFRS16 norm application
  - **Negative translation adjustment** mainly due to EUR/USD evolution

1. Based on average EUR/USD rates: 1.11 in FY20

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Return to shareholders

Proposed dividend of €2.66 per share: -15% vs. FY19

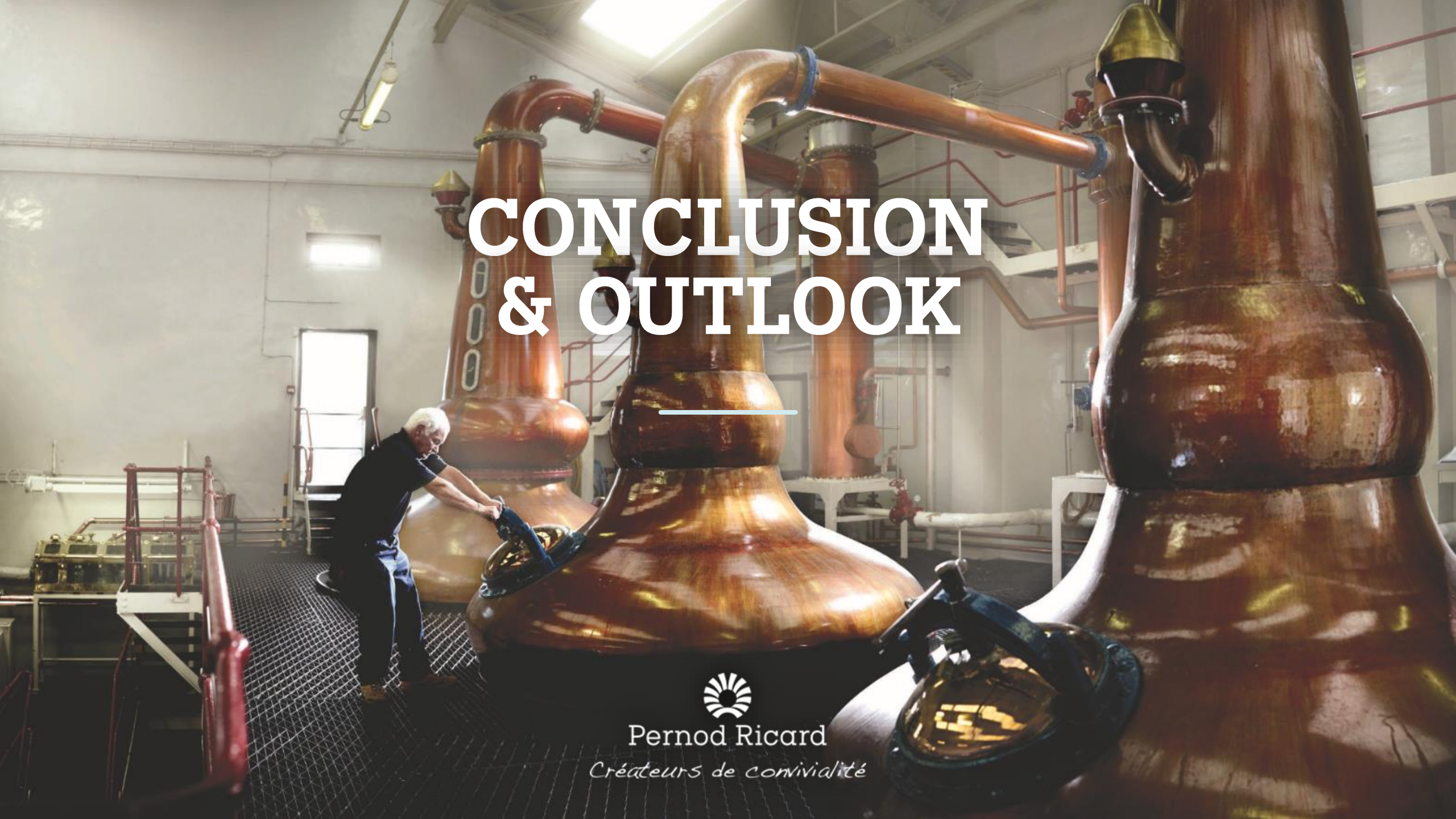
€ / share	FY16	FY17	FY18	FY19	FY20[1]
Dividend	1.88	2.02	2.36	3.12	2.66

Implementation of share buy-back in FY20

- As published on 29 August 2019, financial policy included return to shareholders in form of **share buy-back programme up to €1bn across FY20 and FY21**
- **€523m was completed in 9 months to April** and remaining €0.5bn is suspended

1. FY20 dividend will be submitted for approval to the Annual General Meeting of 27 November 2020

CONCLUSION & OUTLOOK



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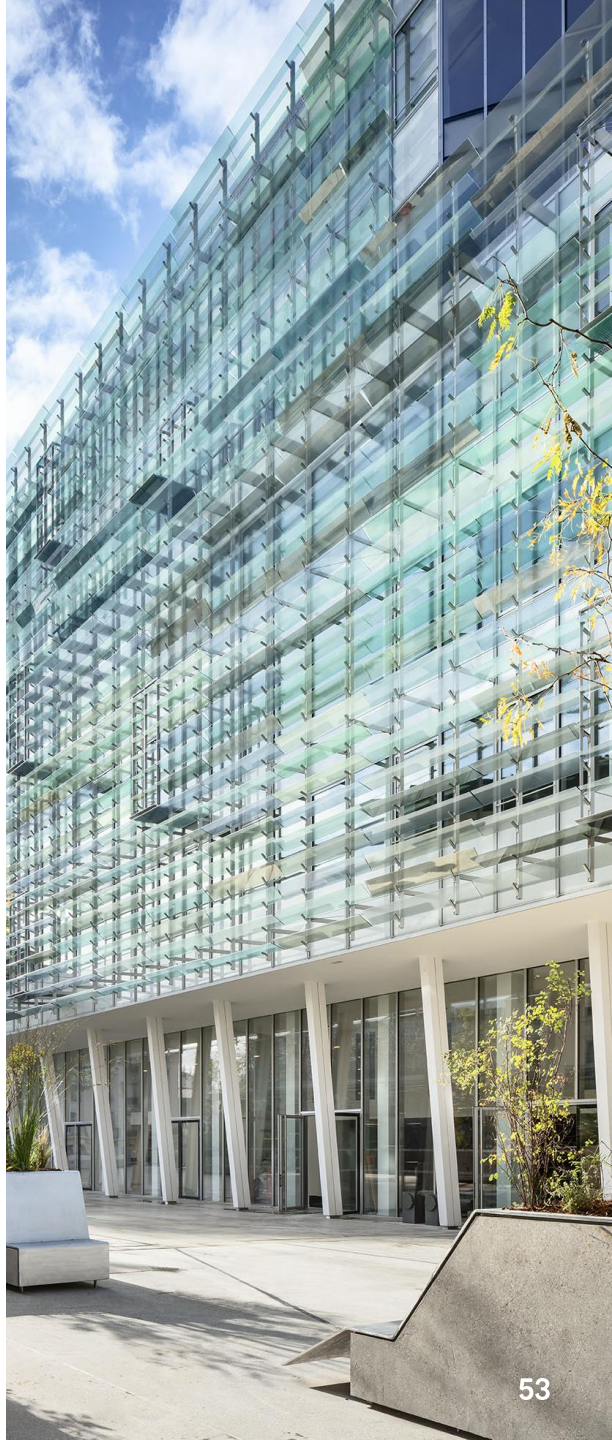
Conclusion & Outlook

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

Challenging H2 FY20, strongly impacted by Covid-19, but **demonstrating Group's agility and ability to control costs, manage cash and keep its supply chains operational**

For FY21, Pernod Ricard expects:

- **Continued uncertainty and volatility,** in particular relating to sanitary conditions and their impact on social gatherings, On-trade and travel
- **Challenging economic** conditions
- **Prolonged downturn in Travel Retail but resilience of Off-trade in USA and Europe and sequential improvement in China, India and On-trade globally**
- **Continued implementation of clear strategy,** with **solid fundamentals**, rooted in employee engagement and quality of portfolio
- Continued strict discipline, with **clear, purpose-based investment decisions**
- **Agility to be harnessed to adjust** fast to capture evolving market opportunities
- Acceleration of **Digital transformation**



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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
22 October 2020	Q1 FY21 Sales
27 November 2020	Annual General Meeting
11 February 2021	H1 FY21 Sales and Results

1. Dates are indicative and liable to change

Emerging Markets

Asia-Rest of World		Americas	Europe
Algeria	Malaysia	Argentina	Albania
Angola	Mongolia	Bolivia	Armenia
Cambodia	Morocco	Brazil	Azerbaijan
Cameroon	Mozambique	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
			Serbia
			Ukraine

Strategic International Brands' organic Sales growth

	Volumes FY20 (in 9Lcs millions)	Organic Sales growth FY20	Volumes	Price/mix
Absolut	10.3	-11%	-7%	-4%
Chivas Regal	3.7	-17%	-19%	2%
Ballantine's	7.2	-8%	-5%	-3%
Ricard	4.2	-6%	-6%	-1%
Jameson	7.6	-1%	-2%	0%
Havana Club	4.2	-6%	-8%	2%
Malibu	3.9	5%	5%	0%
Beefeater	3.1	-7%	-4%	-3%
Martell	2.0	-20%	-24%	5%
The Glenlivet	1.2	2%	-3%	4%
Royal Salute	0.2	-2%	-7%	5%
Mumm	0.6	-13%	-13%	0%
Perrier-Jouët	0.3	-12%	-21%	8%
Strategic International Brands	48.3	-10%	-7%	-3%

Sales Analysis by Period and Region

Net Sales (€ millions)	FY19		FY20		Change		Organic Growth		Group Structure		Forex impact	
Americas	2,545	*27.7%*	2,449	*29.0%*	(96)	*-4%*	(161)	*-6%*	43	*2%*	23	*1%*
Asia / Rest of World	3,965	*43.2%*	3,467	*41.0%*	(498)	*-13%*	(547)	*-14%*	27	*1%*	21	*1%*
Europe	2,672	*29.1%*	2,532	*30.0%*	(140)	*-5%*	(159)	*-6%*	15	*1%*	4	*0%*
World	**9,182**	***100.0%***	**8,448**	***100.0%***	**(734)**	***-8%***	**(867)**	***-10%***	**85**	***1%***	**47**	***1%***

Net Sales (€ millions)	Q4 FY19		Q4 FY20		Change		Organic Growth		Group Structure		Forex impact	
Americas	589	*29.5%*	411	*33.2%*	(178)	*-30%*	(176)	*-31%*	14	*2%*	(16)	*-3%*
Asia / Rest of World	777	*39.0%*	368	*29.8%*	(409)	*-53%*	(376)	*-48%*	4	*1%*	(37)	*-5%*
Europe	628	*31.5%*	458	*37.0%*	(170)	*-27%*	(164)	*-26%*	5	*1%*	(11)	*-2%*
World	**1,994**	***100.0%***	**1,238**	***100.0%***	**(756)**	***-38%***	**(716)**	***-36%***	**24**	***1%***	**(65)**	***-3%***

Net Sales (€ millions)	H2 FY19		H2 FY20		Change		Organic Growth		Group Structure		Forex impact	
Americas	1,155	*28.9%*	988	*33.2%*	(167)	*-14%*	(183)	*-16%*	28	*2%*	(12)	*-1%*
Asia / Rest of World	1,699	*42.5%*	1,052	*35.4%*	(647)	*-38%*	(615)	*-36%*	11	*1%*	(43)	*-3%*
Europe	1,143	*28.6%*	934	*31.4%*	(209)	*-18%*	(206)	*-18%*	8	*1%*	(11)	*-1%*
World	**3,997**	***100.0%***	**2,974**	***100.0%***	**(1,023)**	***-26%***	**(1,004)**	***-25%***	**47**	***1%***	**(66)**	***-2%***

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

Summary Consolidated Income Statement

(€ millions)	FY19	FY20	Change
Net sales	**9,182**	**8,448**	**-8%**
Gross Margin after logistics costs	**5,648**	**5,086**	**-10%**
Advertising and promotion expenses	(1,512)	(1,327)	-12%
Contribution after A&P expenditure	**4,137**	**3,759**	**-9%**
Structure costs	(1,556)	(1,499)	-4%
Profit from recurring operations	**2,581**	**2,260**	**-12%**
Financial income/(expense) from recurring operations	(314)	(328)	5%
Corporate income tax on items from recurring operations	(586)	(468)	-20%
Net profit from discontinued operations, non-controlling interests and share of net income from associates	(27)	(25)	-8%
Group share of net profit from recurring operations	**1,654**	**1,439**	**-13%**
Other operating income & expenses	(206)	(1,283)	NA
Financial income/(expense) from non-recurring operations	3	(38)	NA
Corporate income tax on items from non recurring operations	4	210	NA
Group share of net profit	**1,455**	**329**	**-77%**
Non-controlling interests	27	21	-22%
Net profit	**1,482**	**350**	**-76%**

Profit from Recurring Operations by Region (1/2)

World

(€ millions)	FY19		FY20		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	9,182	*100.0%*	8,448	*100.0%*	(734)	*-8%*	(867)	*-10%*	85	*1%*	47	*1%*
Gross margin after logistics costs	5,648	*61.5%*	5,086	*60.2%*	(562)	*-10%*	(653)	*-12%*	44	*1%*	47	*1%*
Advertising & promotion	(1,512)	*16.5%*	(1,327)	*15.7%*	184	*-12%*	216	*-14%*	(24)	*2%*	(7)	*0%*
Contribution after A&P	4,137	*45.1%*	3,759	*44.5%*	(378)	*-9%*	(437)	*-11%*	19	*0%*	40	*1%*
Profit from recurring operations	**2,581**	***28.1%***	**2,260**	***26.8%***	**(320)**	***-12%***	**(355)**	***-14%***	**(2)**	***0%***	**36**	***1%***

Americas

(€ millions)	FY19		FY20		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	2,545	*100.0%*	2,449	*100.0%*	(96)	*-4%*	(161)	*-6%*	43	*2%*	23	*1%*
Gross margin after logistics costs	1,698	*66.7%*	1,599	*65.3%*	(98)	*-6%*	(156)	*-9%*	29	*2%*	29	*2%*
Advertising & promotion	(504)	*19.8%*	(461)	*18.8%*	43	*-9%*	58	*-12%*	(11)	*2%*	(4)	*1%*
Contribution after A&P	1,193	*46.9%*	1,138	*46.5%*	(55)	*-5%*	(98)	*-8%*	17	*1%*	26	*2%*
Profit from recurring operations	**785**	***30.9%***	**718**	***29.3%***	**(67)**	***-9%***	**(101)**	***-13%***	**9**	***1%***	**25**	***3%***

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

Profit from Recurring Operations by Region (2/2)

Asia / Rest of the World

(€ millions)	FY19		FY20		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	3,965	*100.0%*	3,467	*100.0%*	(498)	*-13%*	(547)	*-14%*	27	*1%*	21	*1%*
Gross margin after logistics costs	2,308	*58.2%*	1,969	*56.8%*	(339)	*-15%*	(365)	*-16%*	10	*0%*	16	*1%*
Advertising & promotion	(592)	*14.9%*	(517)	*14.9%*	75	*-13%*	87	*-15%*	(9)	*1%*	(3)	*1%*
Contribution after A&P	1,716	*43.3%*	1,452	*41.9%*	(264)	*-15%*	(279)	*-16%*	1	*0%*	13	*1%*
Profit from recurring operations	**1,179**	***29.7%***	**938**	***27.0%***	**(241)**	***-20%***	**(247)**	***-21%***	**(6)**	***-1%***	**12**	***1%***

Europe

(€ millions)	FY19		FY20		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	2,672	*100.0%*	2,532	*100.0%*	(140)	*-5%*	(159)	*-6%*	15	*1%*	4	*0%*
Gross margin after logistics costs	1,643	*61.5%*	1,519	*60.0%*	(124)	*-8%*	(131)	*-8%*	5	*0%*	2	*0%*
Advertising & promotion	(415)	*15.5%*	(349)	*13.8%*	66	*-16%*	71	*-17%*	(4)	*1%*	(0)	*0%*
Contribution after A&P	1,228	*45.9%*	1,169	*46.2%*	(58)	*-5%*	(60)	*-5%*	1	*0%*	1	*0%*
Profit from recurring operations	**617**	***23.1%***	**605**	***23.9%***	**(12)**	***-2%***	**(7)**	***-1%***	**(5)**	***-1%***	**(1)**	***0%***

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

Foreign Exchange Impact

Forex impact FY20 (€ millions)		Average rates evolution			On Net Sales	On Profit from Recurring Operations
		FY19	FY20	%		
US dollar	USD	1.14	1.11	-3.1%	70	35
Chinese yuan	CNY	7.79	7.77	-0.1%	1	1
Indian rupee	INR	80.52	80.13	-0.5%	5	2
Pound sterling	GBP	0.88	0.88	-0.5%	1	3
Other					(30)	(4)
Total					**47**	**36**

Sensitivity of profit and debt to EUR/USD exchange rate

Estimated impact of a **1% appreciation of the USD**

Impact on the income statement[1]	(€ millions)
Profit from recurring operations	+12
Financial expenses	(3)
Pre-tax profit from recurring operations	**+9**

Impact on the balance sheet	(€ millions)
Increase/(decrease) in net debt	**+48**

(1) Full-year effect

Balance Sheet: Assets

Assets (€ millions)	30/06/2019	30/06/2020
(Net book value)		
Non-current assets		
Intangible assets and goodwill	17,074	16,576
Tangible assets and other assets	4,002	3,699
Deferred tax assets	1,590	1,678
Total non-current assets	**22,666**	**21,953**
Current assets		
Inventories	5,756	6,167
aged work-in-progress	*4,788*	*5,084*
non-aged work-in-progress	*79*	*76*
other inventories	*889*	*1,006*
Receivables (*)	1,226	906
Trade receivables	*1,168*	*862*
Other trade receivables	*59*	*44*
Other current assets	359	323
Other operating current assets	*291*	*317*
Tangible/intangible current assets	*67*	*6*
Tax receivable	105	142
Cash and cash equivalents and current derivatives	929	1,947
Total current assets	**8,375**	**9,485**
Assets held for sale	5	87
Total assets	**31,045**	**31,525**
(*) after disposals of receivables of:	**674**	**513**

Balance Sheet: Liabilities and Shareholder's Equity

Liabilities and shareholders' equity (€ millions)	30/06/2019 restated*	30/06/2020
Group Shareholders' equity	**15,987**	**13,968**
Non-controlling interests	195	243
of which profit attributable to non-controlling interests	*27*	*21*
Total Shareholders' equity	**16,182**	**14,211**
Non-current provisions and deferred tax liabilities	3,584	3,511
Bonds non-current	6,071	8,599
Lease liabilities - non-current	-	433
Non-current financial liabilities and derivative instruments	379	192
Total non-current liabilities	**10,034**	**12,735**
Current provisions	149	222
Operating payables	2,187	1,877
Other operating payables	1,058	1,016
of which other operating payables	*660*	*633*
of which tangible/intangible current payables	*398*	*383*
Tax payable	307	232
Bonds - current	944	723
Lease liabilities - current	-	88
Current financial liabilities and derivatives	182	404
Total current liabilities	**4,826**	**4,563**
Liabilities held for sale	2	16
Total liabilities and shareholders' equity	**31,045**	**31,525**

** Opening positions of Group Balance Sheet Liabilities have been restated from impact of IFRIC 23 first application (uncertain tax positions reclassified from non-current provisions to Tax payable for €150m)*

Analysis of Working Capital Requirement

(€ millions)	June 2018	June 2019	June 2020	FY19 WC change*	FY20 WC change*
Aged work in progress	4,532	4,788	5,084	268	294
Advances to suppliers for wine and ageing spirits	10	12	19	2	7
Payables on wine and ageing spirits	(96)	(105)	(108)	(11)	(5)
Net aged work in progress	**4,447**	**4,695**	**4,995**	**259**	**296**
Trade receivables before factoring/securitization	1,641	1,842	1,375	187	(434)
Advances from customers	(6)	(24)	(38)	(18)	(14)
Other receivables	353	338	343	24	12
Other inventories	869	889	1,006	15	121
Non-aged work in progress	71	79	76	2	(1)
Trade payables and other	(2,471)	(2,717)	(2,364)	(226)	293
Gross operating working capital	**457**	**405**	**398**	**(15)**	**(24)**
Factoring/Securitization impact	(610)	(674)	(513)	(63)	161
Net Operating Working Capital	**(153)**	**(269)**	**(115)**	**(78)**	**138**
Net Working Capital	**4,294**	**4,427**	**4,879**	**181**	**433**
			Of which recurring variation	**201**	**450**
			Of which non recurring variation	**(21)**	**(17)**

* at average rates

Net Debt

(€ millions)	30/06/2019			30/06/2020		
	Current	Non-current	Total	Current	Non-current	Total
Bonds	**944**	**6,071**	**7,015**	**723**	**8,599**	**9,322**
Syndicated loan	-	-	-	-	-	-
Commercial paper	-	-	-	299	-	299
Other loans and long-term debts	177	363	540	81	192	273
Other financial liabilities	**177**	**363**	**540**	**380**	**192**	**572**
Gross Financial debt	**1,121**	**6,434**	**7,555**	**1,103**	**8,791**	**9,894**
Fair value hedge derivatives – assets	-	(13)	(13)	(3)	(40)	(44)
Fair value hedge derivatives – liabilities	-	2	2	-	-	-
Fair value hedge derivatives	**-**	**(12)**	**(12)**	**(3)**	**(40)**	**(44)**
Net investment hedge derivatives – assets	-	-	-	-	(13)	(13)
Net investment hedge derivatives – liabilities	-	-	-	-	-	-
Net investment hedge derivatives	**-**	**-**	**-**	**-**	**(13)**	**(13)**
Net asset hedging derivative instruments – assets	-	-	-	-	-	-
Net asset hedging derivative instruments – liabilities	0	-	0	-	-	-
Net asset hedging derivative instruments	**0**	**-**	**0**	**-**	**-**	**-**
FINANCIAL DEBT AFTER HEDGING	**1,121**	**6,422**	**7,543**	**1,100**	**8,737**	**9,837**
Cash and cash equivalents	**(923)**	**-**	**(923)**	**(1,935)**	**-**	**(1,935)**
NET FINANCIAL DEBT EXCLUDING LEASE DEBT	**198**	**6,422**	**6,620**	**(835)**	**8,737**	**7,902**
Lease Debt	**-**	**-**	**-**	**88**	**433**	**522**
NET FINANCIAL DEBT	**198**	**6,422**	**6,620**	**(747)**	**9,171**	**8,424**

Change in Net Debt

(€ millions)	30/06/2019	30/06/2020
Operating profit	2,375	978
Depreciation and amortisation	226	350
Net change in impairment of goodwill, PPE and intangible assets	69	1,007
Net change in provisions	7	97
Retreatment of contributions to pension plans acquired from Allied Domecq and others	3	
Changes in fair value on commercial derivatives and biological assets	(7)	(3)
Net (gain)/loss on disposal of assets	0	(27)
Share-based payments	40	23
Self-financing capacity before interest and tax [1]	**2,714**	**2,423**
Decrease / (increase) in working capital requirements	(181)	(433)
Net interest and tax payments	(829)	(809)
Net acquisitions of non financial assets and others	(338)	(352)
Free Cash Flow [2]	**1,366**	**830**
of which recurring Free Cash Flow [3]	***1,477***	***1,003***
Net acquitions of financial assets and activities, contributions to pension plans acquired from Allied Domecq and others	(181)	(587)
Dividends paid	(645)	(849)
(Acquisition) / Disposal of treasury shares and others	(121)	(526)
Decrease / (increase) in net debt (before currency translation adjustments)	**420**	**(1,132)**
IFRS 15 opening adjustment	16	
Foreign currency translation adjustment	(94)	(69)
Non cash impact on lease liabilities [4]		(603)
Decrease / (increase) in net debt (after currency translation adjustments and IFRS 16 non cash impacts) [5]	**342**	**(1,804)**
Initial net debt	(6,962)	(6,620)
Final net debt	(6,620)	(8,424)

Note: IFRS16 impacts are: (1) +108M€ / (2) +98M€ / (3) +86M€ / (4) -603M€ / (5) -497M€

Debt Maturity at 30 June 2020

Strong liquidity position **at c. €5.3bn as of 30th June 2020, of which** €3.4bn credit lines undrawn

Gross debt after hedging at 30 June 2020
- 14% floating rate and 86% fixed rate
- 52% in EUR and 49% in USD

Bond Details

Currency	Par value	Coupon	Issue date	Maturity date
EUR	€ 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
	€ 1,500 m o/w: € 750 m € 750 m	 1.125% 1.750%	01/04/2020	 07/04/2025 08/04/2030
	€ 500 m o/w: € 250 m € 250 m	 1.125% 1.750%	27/04/2020	 07/04/2025 08/04/2030
USD	$ 500 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 -> Jun FY20	1.14 -> 1.12	1.14 -> 1.11
Ratio at 30/06/2019	**2.3**	**2.3**
EBITDA & cash generation excl. Group structure effect[2] and forex impacts	0.6	0.6
Group structure[2] and forex impacts	0.3	0.3
Ratio at 30/06/2020	**3.2**	**3.2** [3]

(1) Last-twelve-month rate

(2) Including IFRS16 impact

(3) Syndicated credit leverage ratio restated from IFRS16 is 3.1

Diluted EPS

(x 1,000)	FY19	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)	(1,248)	(2,564)
Dilutive impact of stock options and performance shares	1,246	1,179
Number of shares used in diluted EPS calculation	**265,420**	**264,037**

(€ millions and €/share)	FY19	FY20	reported △
Group share of net profit from recurring operations	1,654	1,439	-13.0%
Diluted net earnings per share from recurring operations	**6.23**	**5.45**	**-12.5%**

Note: 3.5m shares cancelled in July 2020 pursuant to share buy-back

Strong progress towards 2030 targets driven by consumer-centric brands

Nurturing
TERROIR

Quality, provenance and transparency

New terroir mapping tool

- **27 terroirs mapped & assessed**

Martell pilot on regenerative agriculture

- **Over 1,200 winegrower partnerships: 92%** engaged in sustainable winegrowing initiatives
- **Crop varieties between vines** (ex: oats, fodder, radish, vetch)

Biodiversity

- Brand/regional **project selection** underway

Valuing
PEOPLE

Taking care of people throughout our value chain

Community support

- Covid-19 actions: 1m+ Litres hand sanitiser and 4m+ Litres pure alcohol provided
- Healthcare **benefits for all employees** including emergency treatment
- **$1 million pledged** in USA for help combat racial injustice

Strict supply chain management

- **PartnerUP - new due diligence tool – all direct suppliers** signing Supplier Standards

Bar World of Tomorrow

- **Partnership with UN on free sustainability** bartending **e-learning**

Equal pay & gender balance

- Pay gap analysis completed: **2.3% gap** at global level
- **27% of women** in top management

Circular
MAKING

Safeguarding natural resources and reducing waste

Sustainable point-of-sale items

- Accelerated **ban on single-use** point-of-sale items from **2025 to 2021**

Renewable electricity

- **71%** renewable electricity achieved
- Chivas Brothers, Irish Distillers, all French sites at **100%**

Strong carbon disclosure rating

- **'A' rating** - 2% of 8,400 companies globally
- **Carbon reduction -33%** (scope 1&2) since 2010

Water use reduction

- **-23%** reduction in water use since 2010

Responsible
HOSTING

Responsible consumption and changing lifestyles

Partnership with UN

- Developing **e-learning for driving schools** with UN

Responsible Party expansion

- **New editions** Australia, Singapore, Cuba
- **Digital acceleration** during lockdown through influencers and online parties

Responsible Party expansion

- **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.