

H1 2014/15 SALES AND RESULTS
Press release - Paris, 12 February 2015

GRADUAL IMPROVEMENT IN SALES VS. 2013/14

STABLE PROFIT FROM RECURRING OPERATIONS IN H1

2014/15 GUIDANCE CONFIRMED:

ORGANIC GROWTH IN PROFIT FROM RECURRING OPERATIONS

BETWEEN +1% AND +3%

SALES

Sales for the first semester of 2014/15 totalled €4,621m. Organic Sales growth was +1% (+2% when restated for later Chinese New Year¹). Reported H1 Sales growth was +1% with a modestly positive FX impact on H1 (likely to significantly improve in H2).

This **gradual improvement** was driven regionally by:

- **an improving trend in Asia-Rest of World** (stable / +3% restated for CNY phasing vs. -4% in H1 2013/14), with a continued strong performance in India, Africa-Middle East and Travel Retail, and a **gradual improvement** of underlying trends in **China vs FY 2013/14 (yet to be confirmed with upcoming CNY)**
- **growth in the Americas: +2%** (vs. +3% in H1 2013/14) with a good performance in Brazil and Travel Retail but a challenging business environment in the US
- **stable sales in Europe** (vs. +4% in H1 2013/14), resulting from a slowdown in Eastern Europe (partly due to a technical impact in Poland), Germany and Travel Retail, but improving trend in Spain and UK.

In terms of categories, **growth was driven by Whiskies** (continued strong performance of Jameson, The Glenlivet, Ballantine's and Indian whiskies) and also of **champagnes** Mumm and Perrier-Jouët, both in high single digit growth. **Martell displayed an improving trend**, with volumes up but Sales still declining due to **unfavourable mix**. **Absolut was impacted by a challenging US market** but grew outside the US.

The **Top 14** returned to +2% volume growth driven by whiskies and champagnes, but Sales were flat (+2% restated for CNY phasing) due to **broadly flat pricing** in a more challenging and competitive global business environment and **negative mix, largely driven by Martell** (increasing weight of Noblige vs. Cordon Bleu/XO in China.)

Priority Premium Wines declined (-2%) due to Jacob's Creek, despite the continued growth of Campo Viejo (strong momentum in UK).

The **18 Key Local Brands (+3%)** reported **strong volume growth +11%** linked to the Indian whiskies, Passport and 100 Pipers, but unfavourable mix.

Q2 Organic Sales growth was -1% due to the negative impact of CNY phasing. Reported Q2 Sales were up +1%, due to a stronger USD, partly offset by weaker Rouble.

¹ 3 week difference in timing of Chinese New Year ("CNY"): 19 February 2015 vs. 31 January 2014.
Restatement of H1 shipments by 19 days of additional shipments



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PROFIT

H1 Profit from Recurring Operations was flat at € 1.358 m (+2% restated for later CNY.) There was a **small decline in Operating Margin (-22bps)**, driven by:

- **Gross margin decline (-106 bps)** due to **stable pricing** and **negative mix** from both geography (India growth vs. China decline) and quality (mix of Martell) and exacerbated by **technical reasons** (CNY phasing and high comparative basis on Cordon Bleu in H1 2013/14)
- **slight reduction in A&P ratio** to 17.7%, while increasing support for key innovation projects (Elyx, Tequila Avi6n)
- favourable impact of **structure cost reduction (-3%)**, driven by Allegro. Structure costs are expected in slight decline for the full FY 2014/15.

FX impact on reported profit from recurring operations was +€2m (+0%) in H1 but is expected to be +€140m² for the full year 2014/15.

The cost of debt was stable at 4.6% in H1 and **is still expected to be close to 4.5%** for the full FY 2014/15.

The **corporate income tax rate** on recurring items slightly decreased in H1 2014/15 to 25.3%. The full year 2014/15 tax rate **still expected to be near 26%**.

Reported group share of net profit from recurring operations was up +1%.

Reported Group share of net profit was down -5%, due to the variation in non-recurring items.

FREE CASH FLOW AND DEBT

Reported Free Cash Flow from recurring operations improved (€492m, +38%) due to tight working capital management.

Non-recurring Free Cash Flow items were -€90m in H1, mainly relating to the Allegro cash-out.

Net debt increased by +€681m to €9,034m mainly driven by a mechanical **FX impact (+€517m due to variation of €/ \$ parity** between 30 June 2014 @1.37 and 31 December 2014 @ 1.21.)

As part of this communication, **Alexandre Ricard**, Chairman and Chief Executive Officer, declared, *"Our H1 results are solid and in line with the guidance given in October. Our Sales are gradually improving despite an environment that remains challenging. Heartened by this encouraging first semester, we confirm our full year guidance of growth in Profit from Recurring Operations between +1% and +3%.*

I am confident in the strength of our portfolio of premium brands and of our global network that support our three strategic growth pillars: premiumisation, expansion and innovation."

² based on average FX rates for full FY 2014/15 projected on 9th February 2015, particularly EUR/USD = 1.21



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A detailed presentation of sales and results for the first semester of 2014/15 can be downloaded from our website: www.pernod-ricard.com

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

About Pernod Ricard

Pernod Ricard is the world's co-leader in wines and spirits with consolidated Sales of € 7,945 million in 2013/14. Created in 1975 by the merger of Ricard and Pernod, the Group has undergone sustained development, based on both organic growth and acquisitions: Seagram (2001), Allied Domecq (2005) and Vin&Sprit (2008). Pernod Ricard holds one of the most prestigious brand portfolios in the sector: 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, Kahlúa and Malibu liqueurs, Mumm and Perrier-Jouët champagnes, as well Jacob's Creek, Brancott Estate, Campo Viejo, Graffigna and Kenwood wines. Pernod Ricard employs a workforce of approximately 18,000 people and operates through a decentralised organisation, with 6 "Brand Companies" and 80 "Market Companies" established in each key market. Pernod Ricard is strongly committed to a sustainable development policy and encourages responsible consumption. Pernod Ricard's strategy and ambition are based on 3 key values that guide its expansion: entrepreneurial spirit, mutual trust and a strong sense of ethics.

Pernod Ricard is listed on Euronext (Ticker: RI; ISIN code: FR0000120693) and is part of the CAC 40 index.

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Appendices

List of 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



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Top 14 brands organic sales growth

	Net Sales	Volumes	Price/mix
Absolut	-1%	-1%	-1%
Chivas Regal	0%	1%	-1%
Ballantine's	5%	6%	-1%
Ricard	-3%	-3%	0%
Jameson	10%	8%	2%
Havana Club	0%	2%	-2%
Malibu	-5%	-5%	0%
Beefeater	4%	2%	2%
Kahlua	4%	3%	1%
Martell	-9%	2%	-11%
The Glenlivet	14%	11%	3%
Royal Salute	-8%	-9%	0%
Mumm	8%	14%	-6%
Perrier-Jouët	9%	10%	-1%
Top 14	0%	2%	-2%



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Sales analysis by period and region

Net Sales (€ millions)	Q1 2013/14		Q1 2014/15		Change		Organic Growth		Group Structure		Forex impact	
Europe	666	33.1%	652	32.0%	(15)	-2%	(4)	-1%	(4)	-1%	(6)	-1%
Americas	532	26.4%	530	26.0%	(2)	0%	16	3%	6	1%	(24)	-4%
Asia / Rest of the World	814	40.5%	855	42.0%	41	5%	34	4%	0	0%	7	1%
World	2 013	100.0%	2 037	100.0%	25	1%	46	2%	3	0%	(24)	-1%

Net Sales (€ millions)	Q2 2013/14		Q2 2014/15		Change		Organic Growth		Group Structure		Forex impact	
Europe	946	37.0%	927	35.9%	(19)	-2%	11	1%	(3)	0%	(27)	-3%
Americas	677	26.5%	712	27.5%	34	5%	6	1%	8	1%	20	3%
Asia / Rest of the World	934	36.5%	945	36.6%	11	1%	(38)	-4%	(2)	0%	51	5%
World	2 558	100.0%	2 584	100.0%	26	1%	(22)	-1%	3	0%	45	2%

Net Sales (€ millions)	H1 2013/14		H1 2014/15		Change		Organic Growth		Group Structure		Forex impact	
Europe	1 612	35.3%	1 579	34.2%	(33)	-2%	7	0%	(7)	0%	(33)	-2%
Americas	1 209	26.5%	1 242	26.9%	32	3%	21	2%	15	1%	(4)	0%
Asia / Rest of the World	1 749	38.3%	1 801	39.0%	52	3%	(4)	0%	(2)	0%	58	3%
World	4 570	100.0%	4 621	100.0%	51	1%	24	1%	6	0%	21	0%



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Summary consolidated income statement

(€ millions)	31/12/13	31/12/2014	Change
Net sales	4 570	4 621	1%
Gross Margin after logistics costs	2 909	2 889	-1%
A&P expenditure	(821)	(819)	0%
Contribution after A&P expenditure	2 088	2 070	-1%
Structure costs	(729)	(712)	-2%
Profit from recurring operations	1 359	1 358	0%
Financial income/(expense) from recurring operations	(227)	(235)	3%
Corporate income tax on items from recurring operations	(295)	(284)	-4%
Net profit from discontinued operations, non-controlling interests and share of net income from associates	(11)	(6)	-40%
Group share of net profit from recurring operations	826	834	1%
Other operating income & expenses	(20)	(28)	NA
Non-recurring financial items	2	(11)	NA
Corporate income tax on items from non recurring operations	20	(7)	NA
Group share of net profit	828	788	-5%
Non-controlling interests	11	7	-35%
Net profit	839	795	-5%

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Profit from recurring operations by region

World

(€ millions)	H1 2013/14	H1 2014/15	Change	Organic Growth	Group Structure	Forex impact
Net sales (Excl. T&D)	4 570 100.0%	4 621 100.0%	51 1%	24 1%	6 0%	21 0%
Gross margin after logistics costs	2 909 63.6%	2 889 62.5%	(19) -1%	(33) -1%	4 0%	10 0%
Advertising & promotion	(821) 18.0%	(819) 17.7%	2 0%	12 -1%	(1) 0%	(9) 1%
Contribution after A&P	2 088 45.7%	2 070 44.8%	(18) -1%	(21) -1%	2 0%	1 0%
Profit from recurring operations	1 359 29.7%	1 358 29.4%	(1) 0%	(3) 0%	1 0%	2 0%

Asia / Rest of the World

(€ millions)	H1 2013/14	H1 2014/15	Change	Organic Growth	Group Structure	Forex impact
Net sales (Excl. T&D)	1 749 100.0%	1 801 100.0%	52 3%	(4) 0%	(2) 0%	58 3%
Gross margin after logistics costs	1 089 62.3%	1 093 60.7%	4 0%	(38) -4%	(0) 0%	42 4%
Advertising & promotion	(298) 17.1%	(296) 16.4%	3 -1%	12 -4%	0 0%	(9) 3%
Contribution after A&P	791 45.2%	797 44.3%	6 1%	(27) -3%	(0) 0%	33 4%
Profit from recurring operations	584 33.4%	570 31.7%	(13) -2%	(41) -7%	(0) 0%	28 5%

Americas

(€ millions)	H1 2013/14	H1 2014/15	Change	Organic Growth	Group Structure	Forex impact
Net sales (Excl. T&D)	1 209 100.0%	1 242 100.0%	32 3%	21 2%	15 1%	(4) 0%
Gross margin after logistics costs	794 65.7%	808 65.1%	14 2%	1 0%	5 1%	8 1%
Advertising & promotion	(231) 19.1%	(242) 19.5%	(11) 5%	(6) 2%	(2) 1%	(4) 2%
Contribution after A&P	563 46.6%	566 45.6%	3 1%	(4) -1%	4 1%	4 1%
Profit from recurring operations	356 29.4%	375 30.2%	19 5%	14 4%	2 1%	3 1%

Europe

(€ millions)	H1 2013/14	H1 2014/15	Change	Organic Growth	Group Structure	Forex impact
Net sales (Excl. T&D)	1 612 100.0%	1 579 100.0%	(33) -2%	7 0%	(7) 0%	(33) -2%
Gross margin after logistics costs	1 025 63.6%	988 62.6%	(37) -4%	4 0%	(1) 0%	(40) -4%
Advertising & promotion	(292) 18.1%	(282) 17.9%	10 -3%	6 -2%	0 0%	4 -1%
Contribution after A&P	734 45.5%	706 44.7%	(27) -4%	10 1%	(1) 0%	(36) -5%
Profit from recurring operations	419 26.0%	412 26.1%	(7) -2%	24 6%	(1) 0%	(29) -7%

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Foreign exchange impact

Forex impact H1 2014/15 (€ millions)		Average rates evolution			On Net Sales	On Profit from Recurring Operations
		2013/14	2014/15	%		
US dollar	USD	1.34	1.29	-4.1%	43	23
Chinese yuan	CNY	8.20	7.92	-3.4%	15	10
Indian rupee	INR	83.44	78.85	-5.5%	19	8
Venezuelan bolivar	VEF	16.79	64.35	283.4%	(14)	(12)
Russian rouble	RUB	43.89	53.98	23.0%	(32)	(25)
Other currencies					(11)	(2)
Total					21	2

Note : Impact on PRO includes strategic hedging on Forex

Foreign exchange estimated impact FY 2014/15 (profit from recurring operations)

Over the full 2014/15 financial year, the forex impact on profit from recurring operations is estimated at approximately € 140 million, based on average FX rates for full FY 2014/15 projected on 9th February 2015, particularly EUR/USD = 1.21

Sensitivity of profit and debt to EUR/USD exchange rate: Estimated impact of a +1% appreciation of the USD and linked currencies⁽¹⁾

Impact on the income statement ⁽²⁾	(€ millions)
Profit from recurring operations	+15
Financial expenses	(2)
Pre-tax profit from recurring operations	+13

Impact on the balance sheet	(€ millions)
Increase/(decrease) in net debt	+53

Notes : (1) CNY, HKD, (2) Full-year effect



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Balance sheet (assets)

Assets (€ millions)	30/06/2014	31/12/2014
(Net book value)		
Non-current assets		
Intangible assets and goodwill	16 449	17 522
Tangible assets and other assets	2 594	2 824
Deferred tax assets	1 926	2 091
Total non-current assets	20 968	22 437
Current assets		
Inventories	4 861	4 962
<i>of which aged work-in-progress</i>	<i>3 963</i>	<i>4 127</i>
<i>of which non-aged work-in-progress</i>	<i>65</i>	<i>68</i>
Receivables (*)	1 051	1 729
<i>Trade receivables</i>	<i>990</i>	<i>1 657</i>
<i>Other trade receivables</i>	<i>61</i>	<i>71</i>
Other current assets	194	214
<i>Other current assets</i>	<i>188</i>	<i>209</i>
<i>Tangible/intangible current assets</i>	<i>6</i>	<i>6</i>
Tax receivable	37	36
Cash and cash equivalents and current derivatives	503	624
Total current assets	6 646	7 565
Assets held for sale	2	26
Total assets	27 616	30 028
(*) after disposals of receivables of:	479	733



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Balance sheet (liabilities and shareholders' equity)

Liabilities and shareholders' equity (€ millions)	30/06/2014	31/12/2014
Group Shareholders' equity	11 621	12 780
Non-controlling interests	157	165
<i>of which profit attributable to non-controlling interests</i>	<i>11</i>	<i>7</i>
Total Shareholders' equity	11 778	12 945
Non-current provisions and deferred tax liabilities	4 174	4 414
Bonds	6 844	7 813
Non-current financial liabilities and derivative instruments	915	647
Total non-current liabilities	11 933	12 873
Current provisions	251	202
Operating payables	1 463	1 669
Other operating payables	887	760
<i>of which other operating payables</i>	<i>600</i>	<i>719</i>
<i>of which tangible/intangible current payables</i>	<i>287</i>	<i>41</i>
Tax payable	56	126
Bonds	929	1 199
Current financial liabilities and derivatives	319	253
Total current liabilities	3 905	4 209
Liabilities held for sale	0	0
Total current liabilities	27 616	30 028



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Analysis of Working Capital Requirement

(€ millions)	June 2013	December 2013	June 2014	December 2014	H1 13/14 WC change*	H1 14/15 WC change*
Aged work in progress	3 617	3 706	3 963	4 127	78	89
Advances to suppliers for wine and ageing spirits	6	12	6	14	7	8
Payables on wine and ageing spirits	91	138	97	149	45	52
Net aged work in progress	3 532	3 580	3 872	3 992	39	45
Trade receivables before factoring/securitization	1 595	2 309	1 469	2 390	783	910
Advances from customers	12	2	3	3	(9)	(1)
Other receivables	266	251	243	266	(1)	15
Other inventories	799	797	833	767	29	(61)
Non-aged work in progress	69	65	65	68	(0)	(1)
Trade payables and other	2 079	2 155	1 963	2 236	134	224
Gross operating working capital	638	1 264	645	1 252	686	639
Factoring/Securitization impact	505	684	479	733	(188)	(240)
Net Operating Working Capital	133	580	165	520	498	399
Net Working Capital	3 665	4 160	4 037	4 512	536	444
					537	444
					(1)	1

* without FX effects and reclassifications

Of which recurring variation
Of which non recurring variation

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Change in Net Debt

(€ millions)	31/12/2013	31/12/2014
Self-financing capacity before interest and tax	1 417	1 389
Decrease (increase) in working capital requirements	(536)	(444)
Financial result and tax cash	(414)	(406)
Net acquisitions of non financial assets	(134)	(137)
Free Cash Flow	332	402
Disposals/acquisitions assets and others	(70)	(122)
Change in Group structure		
Dividends and others	(441)	(445)
Decrease (increase) in net debt (before currency translation adjustments)	(179)	(165)
Foreign currency translation adjustment	281	(517)
Decrease (increase) in net debt (after currency translation adjustments)	102	(681)
Initial net debt	(8 727)	(8 353)
Final net debt	(8 626)	(9 034)

Debt Maturity at 31 December 2014



Gross debt maturity at end December 2014: 6 years and 2 months

Syndicated credit not used

Available cash at end December 2014: € 0.6 billion in cash and € 2.3 billion in available credit facilities

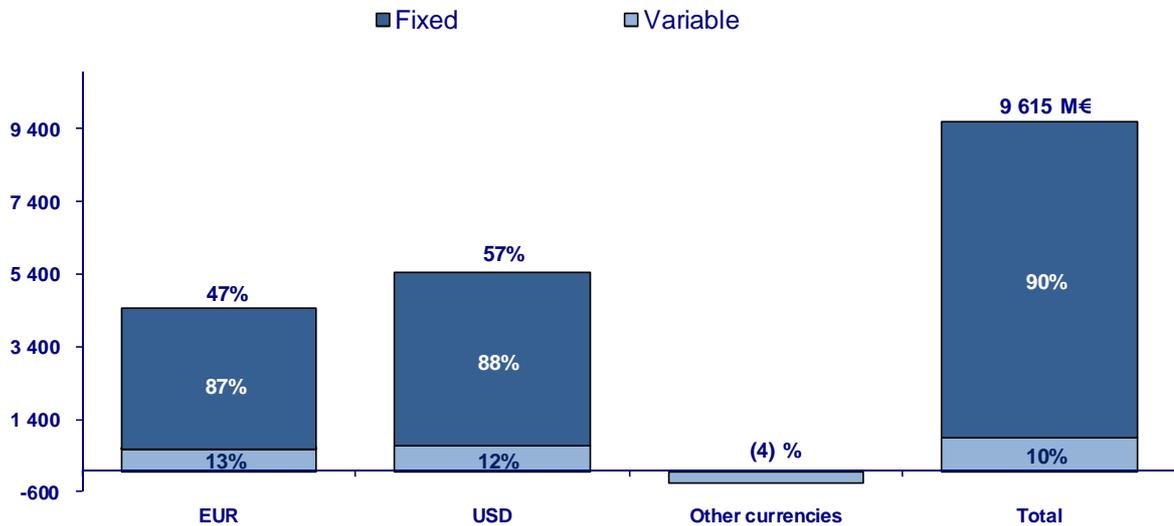
New € 650 million bond issue in September 14 (20-year maturity, coupon 2.125%)

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Gross Debt Hedging at 31 December 2014

(€ millions)



Natural debt hedging maintained: EUR/USD breakdown close to that of EBITDA
Large part of gross debt at fixed rates (90%)

Bond Details

Currency	Par value	Coupon	Issue date	Maturity date
EUR	€ 800 m	7.000%	15/06/2009	15/01/2015
	€ 1,200 m	4.875%	18/03/2010	18/03/2016
	€ 1,000 m	5.000%	15/03/2011	15/03/2017
	€ 850 m	2.000%	20/03/2014	22/06/2020
	€ 650 m	2.125%	29/09/2014	27/09/2024
USD	\$ 201 m	Libor 3M + spread	21/12/2010	21/12/2015
	\$ 1,000 m	5.750%	07/04/2011	07/04/2021
	\$ 1,500 m	4.450%	25/10/2011	15/01/2022
	\$ 2,500 m o/w: \$ 850 m at 5 years \$ 800 m at 10.5 years \$ 850 m at 30 years	2.950% 4.250% 5.500%	12/01/2012	15/01/2017 15/07/2022 15/01/2042



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Number of shares used in diluted EPS calculation

(x 1,000)	H1 13/14	H1 14/15
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)	(2,156)	(1,493)
Dilutive impact of stock options and performance shares	2,501	2,115
Number of shares used in diluted EPS calculation	265,766	266,043

(€ millions and €/share)	H1 13/14	H1 14/15	reported Δ
Group share of net profit from recurring operations	826	834	+1%
Diluted net earnings per share from recurring operations	3.11	3.13	+1%