

2015/16 Half-year Sales and Results
Press release - Paris, 11 February 2016

**SOLID H1 15/16 PERFORMANCE: +3% ORGANIC SALES GROWTH (+7% REPORTED),
IN AN ENVIRONMENT THAT REMAINS CONTRASTED**

**+3% ORGANIC GROWTH IN PROFIT FROM RECURRING OPERATIONS IN H1
(+2% ADJUSTED FOR CHINESE NEW YEAR PHASING) AND +6% REPORTED**

FY 15/16 GUIDANCE CONFIRMED:

ORGANIC GROWTH IN PROFIT FROM RECURRING OPERATIONS BETWEEN +1% AND +3%

SALES

Sales for H1 15/16 totalled €4,958m. Organic Sales growth was +3%, representing a continued gradual improvement vs. FY 14/15. Reported Sales growth was +7% with a favourable FX impact.

The improvement was driven by the USA:

- **Americas: acceleration of growth +4%** vs. +2% in FY 14/15, notably driven by **USA** (+3% in H1 15/16 vs. stable in FY 14/15.)
- **Asia-Rest of World: +5%** (+4% adjusting for earlier CNY¹)
 - **Double-digit growth in India, Africa/Middle East and Australia**
 - **China: -2%**, -8% adjusting for earlier CNY¹, in continuity of trends observed in Q1
 - **Difficulties in Korea and Travel Retail Asia.**
- **Europe: improvement +1%** vs. stable in FY 14/15, **driven by Spain and UK**, with encouraging growth in most markets. **Decline in France and Russia**, in part due to technical impacts.

Growth across Top 14, Priority Premium Wines and Key Local Brands:

- **Strong performance of Jameson, Martell, The Glenlivet, Perrier-Jouët, Mumm and Indian whiskies**
- **Difficulties for Chivas** (due to Asia and Travel Retail) and **Absolut** (but improving underlying trends in USA)
- **Priority Premium Wines: growth acceleration.**

Q2 Sales were €2.734m, +4% in organic growth, with favourable CNY¹ phasing. Reported Q2 Sales were up +6%, due to a stronger USD partly offset by Emerging market currencies.

Success of consistent long-term approach:

- **Market share gains** in most key markets
- **Sustained A&P investment** driving encouraging **results on innovation: +1%** out of overall Group Sales growth of +3% in H1 15/16
- Return to **positive pricing: +1%**.

¹ Chinese New Year ("CNY") on 8 February 2016 vs. 19 February 2015

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RESULTS

H1 15/16 Profit from Recurring Operations was €1.438m, with solid organic growth of +3% (+2% adjusted for CNY¹) and +6% reported:

- **Gross margin pressure easing: -25bps** in H1 15/16 vs. -105bps in FY 14/15
 - **Improving pricing: +1%**
 - **Negative mix** driven by geography (India growth vs. China decline)
 - **Tight management of costings:** stable Cost Of Goods Sold at comparable mix
- **Sustained investment in A&P: +6%**, partly due to phasing, to support key innovation projects (Elyx, Tequila Avi6n) and must-win markets (USA)
- **Modest increase in structure costs.**

Reported Group share of Net profit from recurring operations was €909m, +9% compared to H1 14/15.

Reported Group share of Net profit was €886m, +12% compared to H1 14/15.

FREE CASH FLOW AND DEBT

Cash generation was strong, with Recurring Free Cash Flow of €544m, +10% vs. H1 14/15.

Net debt increased by €237m to €9,258m mainly driven by a (€177m) mechanical FX impact, due to variation of EUR/USD parity between 30 June 2015 at 1.12 and 31 December 2015 at 1.09.

The average cost of debt reduced to 4.2% vs. 4.6% in H1 14/15, as expected.

The Net debt / Ebitda ratio at average rates was <3.6 at 31/12/15, down from 3.7 at 31/12/14. The ratio increased vs. <3.5 at 30/06/15, linked mainly to cash seasonality².

As part of this communication, **Alexandre Ricard**, Chairman and Chief Executive Officer, declared, *"Our half year results are solid, delivering a continued improvement in Sales. Our strategy has remained consistent and is driving results, in particular in terms of innovation.*

For full year FY15/16, in a still contrasted macroeconomic environment, we plan to continue improving our business performance year-on-year vs. FY 14/15. We will continue to support priority markets, brands and innovations while focusing on operational excellence. We expect to deliver organic growth in Profit from Recurring Operations in line with the guidance of +1% to +3%³."

¹ Chinese New Year ("CNY") on 8 February 2016 vs. 19 February 2015

² Average EUR/USD rate of 1.29 in H1 14/15, 1.20 for FY 14/15 and 1.10 in H1 15/16

³ Over the full 2015/16 financial year, the foreign exchange impact on Profit from recurring operations is estimated at approximately +€ 20 million, based on average FX rates for full FY 2015/16 projected on 29 January 2016, particularly a EUR/USD rate of 1.10



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

A detailed presentation of Sales for the first half of 2015/16 can be downloaded from our website: www.pernod-ricard.com

About Pernod Ricard

Pernod Ricard is the world's co-leader in wines and spirits with consolidated Sales of € 8,558 million in 2014/15. 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

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

Top 14 brands Organic Growth

	Organic Sales growth H1 15/16	Volumes	Price/mix
Absolut	-3%	-2%	-1%
Chivas Regal	-2%	-4%	2%
Ballantine's	0%	2%	-2%
Ricard	-8%	-6%	-1%
Jameson	11%	8%	3%
Havana Club	3%	1%	2%
Malibu	0%	0%	0%
Beefeater	5%	4%	0%
Kahlua	-5%	-5%	0%
Martell	7%	9%	-2%
The Glenlivet	7%	2%	5%
Royal Salute	6%	4%	1%
Mumm	4%	7%	-3%
Perrier-Jouët	10%	10%	-1%
Top 14	2%	0%	2%

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Sales Analysis by Period and Region

Net Sales (€ millions)	Q1 14/15		Q1 15/16		Change		Organic Growth		Group Structure		Forex impact	
Europe	652	32,0%	658	29,6%	7	1%	20	3%	(1)	0%	(12)	-2%
Americas	530	26,0%	627	28,2%	97	18%	33	6%	(4)	-1%	68	13%
Asia / Rest of the World	855	42,0%	938	42,2%	82	10%	7	1%	(2)	0%	77	9%
World	2 037	100,0%	2 223	100,0%	186	9%	61	3%	(8)	0%	133	7%

Net Sales (€ millions)	Q2 14/15		Q2 15/16		Change		Organic Growth		Group Structure		Forex impact	
Europe	927	35,9%	911	33,3%	(16)	-2%	(6)	-1%	(3)	0%	(7)	-1%
Americas	712	27,5%	742	27,1%	31	4%	14	2%	(24)	-3%	41	6%
Asia / Rest of the World	945	36,6%	1 081	39,5%	135	14%	83	9%	(1)	0%	54	6%
World	2 584	100,0%	2 734	100,0%	150	6%	90	4%	(28)	-1%	88	3%

Net Sales (€ millions)	H1 14/15		H1 15/16		Change		Organic Growth		Group Structure		Forex impact	
Europe	1 579	34,2%	1 570	31,7%	(9)	-1%	14	1%	(4)	0%	(19)	-1%
Americas	1 242	26,9%	1 369	27,6%	128	10%	47	4%	(28)	-2%	109	9%
Asia / Rest of the World	1 801	39,0%	2 019	40,7%	218	12%	90	5%	(3)	0%	131	7%
World	4 621	100,0%	4 958	100,0%	336	7%	151	3%	(35)	-1%	221	5%

Summary Consolidated Income Statement

(€ millions)	31/12/2014	31/12/2015	Change
Net sales	4,621	4,958	7%
Gross Margin after logistics costs	2,889	3,078	7%
A&P expenditure	(819)	(908)	11%
Contribution after A&P expenditure	2,070	2,170	5%
Structure costs	(712)	(732)	3%
Profit from recurring operations	1,358	1,438	6%
Financial income/(expense) from recurring operations	(235)	(217)	-8%
Corporate income tax on items from recurring operations	(284)	(302)	6%
Net profit from discontinued operations, non-controlling interests and share of net income from associates	(6)	(10)	57%
Group share of net profit from recurring operations	834	909	9%
Other operating income & expenses	(28)	(35)	NA
Non-recurring financial items	(11)	(1)	NA
Corporate income tax on items from non recurring operations	(7)	13	NA
Group share of net profit	788	886	12%
Non-controlling interests	7	10	48%
Net profit	795	896	13%

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Profit from Recurring Operations by Region

World

(€ millions)	H1 14/15	H1 15/16	Change	Organic Growth	Group Structure	Forex impact
Net sales (Excl. T&D)	4 621 100,0%	4 958 100,0%	336 7%	151 3%	(35) -1%	221 5%
Gross margin after logistics costs	2 889 62,5%	3 078 62,1%	188 7%	82 3%	(12) 0%	118 4%
Advertising & promotion	(819) 17,7%	(908) 18,3%	(88) 11%	(45) 6%	3 0%	(46) 6%
Contribution after A&P	2 070 44,8%	2 170 43,8%	100 5%	37 2%	(9) 0%	72 3%
Profit from recurring operations	1 358 29,4%	1 438 29,0%	79 6%	35 3%	(10) -1%	54 4%

Asia / Rest of the World

(€ millions)	H1 14/15	H1 15/16	Change	Organic Growth	Group Structure	Forex impact
Net sales (Excl. T&D)	1 801 100,0%	2 019 100,0%	218 12%	90 5%	(3) 0%	131 7%
Gross margin after logistics costs	1 093 60,7%	1 229 60,9%	136 12%	46 4%	(0) 0%	90 8%
Advertising & promotion	(296) 16,4%	(350) 17,3%	(54) 18%	(28) 9%	(0) 0%	(26) 9%
Contribution after A&P	797 44,3%	879 43,6%	82 10%	18 2%	(0) 0%	64 8%
Profit from recurring operations	570 31,7%	645 31,9%	74 13%	19 3%	(0) 0%	55 10%

Americas

(€ millions)	H1 14/15	H1 15/16	Change	Organic Growth	Group Structure	Forex impact
Net sales (Excl. T&D)	1 242 100,0%	1 369 100,0%	128 10%	47 4%	(28) -2%	109 9%
Gross margin after logistics costs	808 65,1%	890 65,0%	82 10%	23 3%	(11) -1%	70 9%
Advertising & promotion	(242) 19,5%	(277) 20,2%	(35) 15%	(16) 7%	3 -1%	(22) 9%
Contribution after A&P	566 45,6%	613 44,8%	47 8%	6 1%	(8) -1%	48 9%
Profit from recurring operations	375 30,2%	400 29,2%	24 7%	(1) 0%	(8) -2%	34 9%

Europe

(€ millions)	H1 14/15	H1 15/16	Change	Organic Growth	Group Structure	Forex impact
Net sales (Excl. T&D)	1 579 100,0%	1 570 100,0%	(9) -1%	14 1%	(4) 0%	(19) -1%
Gross margin after logistics costs	988 62,6%	959 61,1%	(30) -3%	14 1%	(1) 0%	(42) -4%
Advertising & promotion	(282) 17,9%	(281) 17,9%	1 0%	(1) 0%	0 0%	2 -1%
Contribution after A&P	706 44,7%	677 43,1%	(29) -4%	12 2%	(1) 0%	(40) -6%
Profit from recurring operations	412 26,1%	393 25,0%	(19) -5%	17 4%	(1) 0%	(35) -8%



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Foreign Exchange Impact

Forex impact H1 15/16 (€ millions)		Average rates evolution			On Net Sales	On Profit from Recurring Operations
		H1 14/15	H1 15/16	%		
US dollar	USD	1.29	1.10	-14.3%	163	69
Chinese yuan	CNY	7.92	7.00	-11.6%	56	37
Indian rupee	INR	78.85	72.22	-8.4%	37	15
Pound sterling	GBP	0.79	0.72	-9.1%	25	(8)
Russian rouble	RUB	53.98	71.40	32.3%	(32)	(17)
Other currencies					(28)	(41)
Total					221	54

Note : Impact on PRO includes strategic hedging on Forex

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	(3)
Pre-tax profit from recurring operations	+12

Impact on the balance sheet	(€ millions)
Increase/(decrease) in net debt	+59

(1) CNY, HKD

(2) Full-year effect



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Balance Sheet

Assets (€ millions)	30/06/2015	31/12/2015
(Net book value)		
Non-current assets		
Intangible assets and goodwill	17,706	17,843
Tangible assets and other assets	2,933	3,023
Deferred tax assets	2,339	2,420
Total non-current assets	22,978	23,286
Current assets		
Inventories	5,351	5,311
Receivables (*)	1,152	1,789
Other current assets	260	261
Tax receivable	61	82
Cash and cash equivalents and current derivatives	595	564
Total current assets	7,419	8,007
Assets held for sale	1	1
Total assets	30,398	31,294
(*) after disposals of receivables of:	591	861

Liabilities and shareholders' equity (€ millions)	30/06/2015	31/12/2015
Group Shareholders' equity	13,121	13,681
Non-controlling interests	167	163
<i>of which profit attributable to non-controlling interests</i>	19	10
Total Shareholders' equity	13,288	13,843
Non-current provisions and deferred tax liabilities	4,427	4,564
Bonds	6,958	7,562
Non-current financial liabilities and derivative instruments	587	370
Total non-current liabilities	11,972	12,496
Current provisions	173	138
Operating payables	1,696	1,887
Other operating payables	920	721
Tax payable	116	196
Bonds	1,514	1,390
Current financial liabilities and derivatives	719	624
Total current liabilities	5,138	4,956
Liabilities held for sale	0	0
Total current liabilities	30,398	31,294



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Analysis of Working Capital Requirement

(€ millions)	June 2014	December 2014	June 2015	December 2015	H1 14/15 WC change*	H1 15/16 WC change*
Aged work in progress	3,963	4,127	4,430	4,416	89	45
Advances to suppliers for wine and ageing spirits	6	14	8	13	8	6
Payables on wine and ageing spirits	97	149	107	148	52	42
Net aged work in progress	3,872	3,992	4,331	4,281	45	9
Trade receivables before factoring/securitization	1,469	2,390	1,674	2,571	910	956
Advances from customers	3	3	3	1	(1)	(2)
Other receivables	243	266	305	312	15	12
Other inventories	833	767	847	824	(61)	(3)
Non-aged work in progress	65	68	73	71	(1)	0
Trade payables and other	1,963	2,236	2,208	2,419	224	253
Gross operating working capital	645	1,252	689	1,359	639	715
Factoring/Securitization impact	479	733	591	861	(240)	(270)
Net Operating Working Capital	165	520	98	497	399	445
Net Working Capital	4,037	4,512	4,428	4,778	444	455

* without FX effects and reclassifications

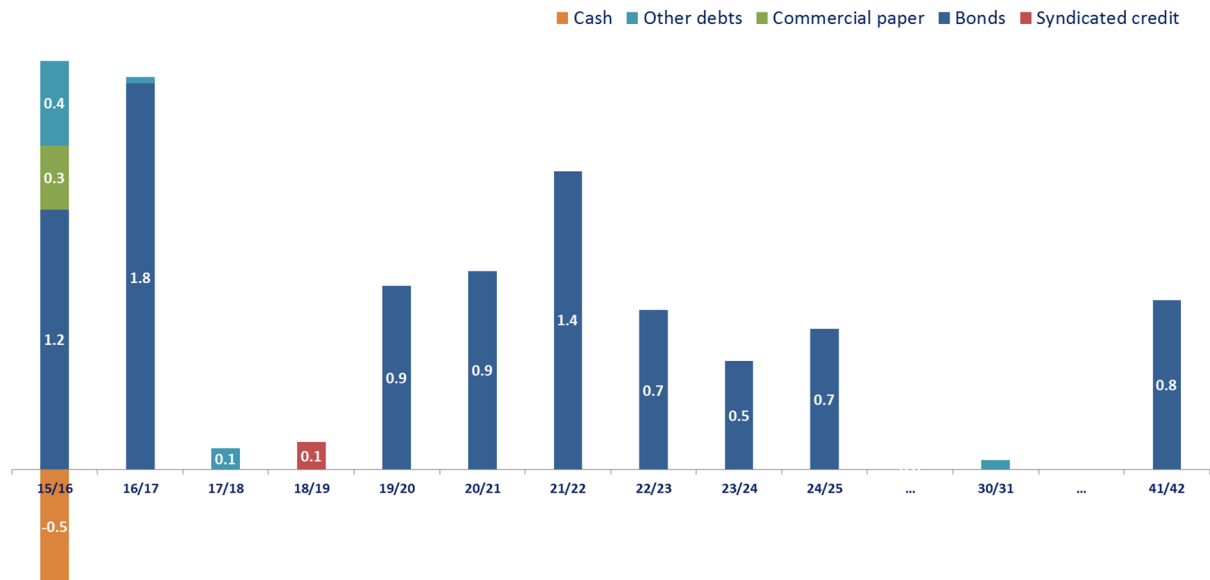
Of which recurring variation	444	459
Of which non recurring variation	1	(4)

Change in Net Debt

(€ millions)	31/12/2014	31/12/2015
Self-financing capacity before interest and tax	1,389	1,495
Decrease (increase) in working capital requirements	(444)	(455)
Financial result and tax cash	(406)	(391)
Net acquisitions of non financial assets and others	(137)	(159)
Free Cash Flow	402	490
Disposals/acquisitions assets and others	(122)	(68)
Change in Group structure		
Dividends and others	(445)	(483)
Decrease (increase) in net debt (before currency translation adjustments)	(165)	(60)
Foreign currency translation adjustment	(517)	(177)
Decrease (increase) in net debt (after currency translation adjustments)	(681)	(237)
Initial net debt	(8,353)	(9,021)
Final net debt	(9,034)	(9,258)

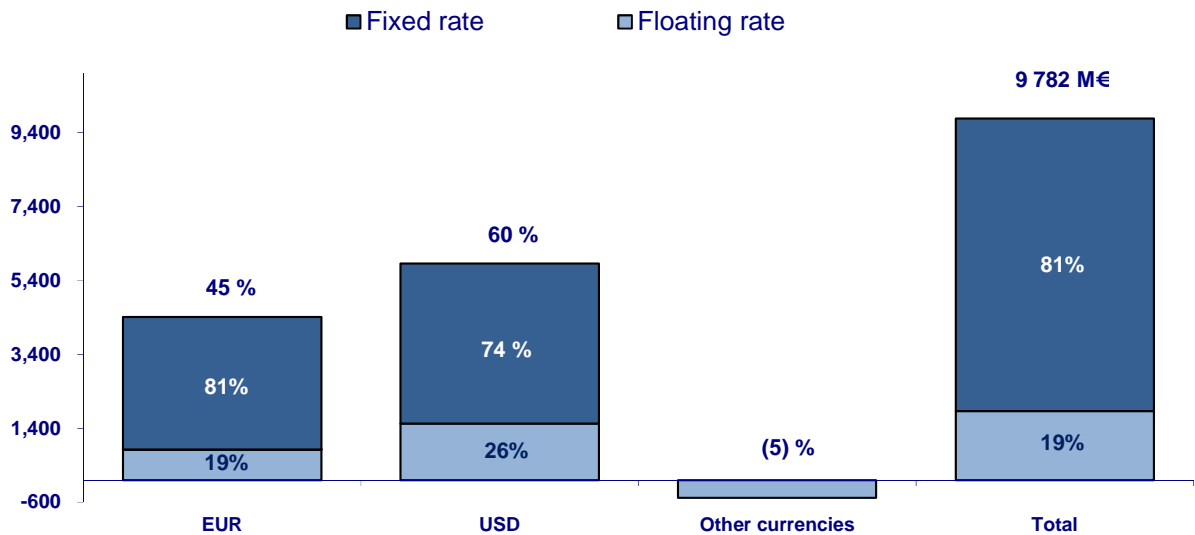
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Debt Maturity at 31 December 2015



- Available cash at end December 2015: €0.5 billion in cash and €2.0 billion in available credit facilities
- € 500m bond issue in September 15 (8-year maturity, coupon 1.875%)

Gross Debt Hedging at 31 December 2015



- Natural debt hedging maintained: EUR/USD breakdown close to that of EBITDA
- Large part of Gross debt at fixed rates (81%)



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Bond Details

Currency	Par value	Coupon	Issue date	Maturity date
EUR	€ 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
	€ 500 m	1.875%	28/09/2015	28/09/2023
USD	\$ 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

Number of shares used in diluted EPS calculation

(x 1,000)	H1 14/15	H1 15/16
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)	(1,493)	(1,490)
Dilutive impact of stock options and performance shares	2,115	1,698
Number of shares used in diluted EPS calculation	266,043	265,630

(€ millions and €/share)	H1 14/15	H1 15/16	reported Δ
Group share of net profit from recurring operations	834	909	+9%
Diluted net earnings per share from recurring operations	3.13	3.42	+9%