



Pernod Ricard
Créateurs de convivialité

2015/16 HALF-YEAR SALES AND RESULTS

11 February 2016



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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.

“CNY”: Chinese New Year

This presentation can be downloaded from our website: www.pernod-ricard.com

Limited audit procedures have been carried out on the half-year financial statements. The Auditors’ report on their limited review is being prepared and will be available on our website: www.pernod-ricard.com

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Executive summary

+3%

**Organic
H1 Sales**

+7%

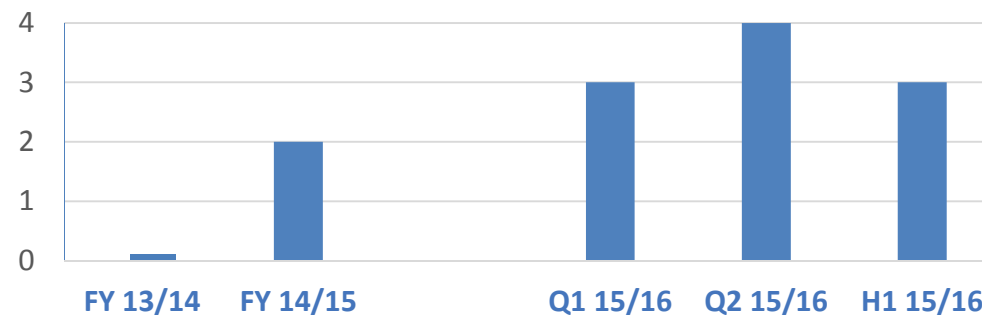
**Reported
H1 Sales**

Solid H1 performance

Continued gradual improvement in Sales in an environment that remains contrasted

- **+3% in H1** vs. +2% in FY 14/15
- **+3% in H1** adjusted for CNY⁽¹⁾
- **H1 Sales growth consistent with that of Q1**

Historical Sales evolution (%)



+3% Solid growth in Profit from Recurring Operations in H1 15/16

- **+2% adjusted** for phasing impact of CNY⁽¹⁾
- => consistent with full FY 15/16 guidance of PRO growth between +1% and +3%**

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

+9%

H1 NPRO⁽¹⁾

Key figures

	H1 15/16	H1 15/16 vs. H1 14/15
Sales	€ 4,958 m	+3% reported growth: +7%
<i>Mature markets</i>	€ 2,999 m	+2%
<i>Emerging markets</i>	€ 1,959 m	+6%
PRO	€ 1,438 m	+3% reported growth: +6%
PRO / Sales	29.0%	-20 bps
NPRO ⁽¹⁾	€ 909 m	reported growth +9%
Free Cash Flow from Recurring Operations	€ 544 m	reported growth +10%

(1) Group Share of Net Profit from Recurring Operations

+3%

**Organic
H1 Sales**

+7%

**Reported
H1 Sales**

Continued gradual Sales improvement

Improvement driven by 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 CNY⁽¹⁾)
 - **Double-digit growth in India, Africa/Middle East and Australia**
 - **China: -2%, -8%** adjusting for earlier CNY⁽¹⁾, in line with 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 of Top 14, Priority Premium Wines and Key Local Brands

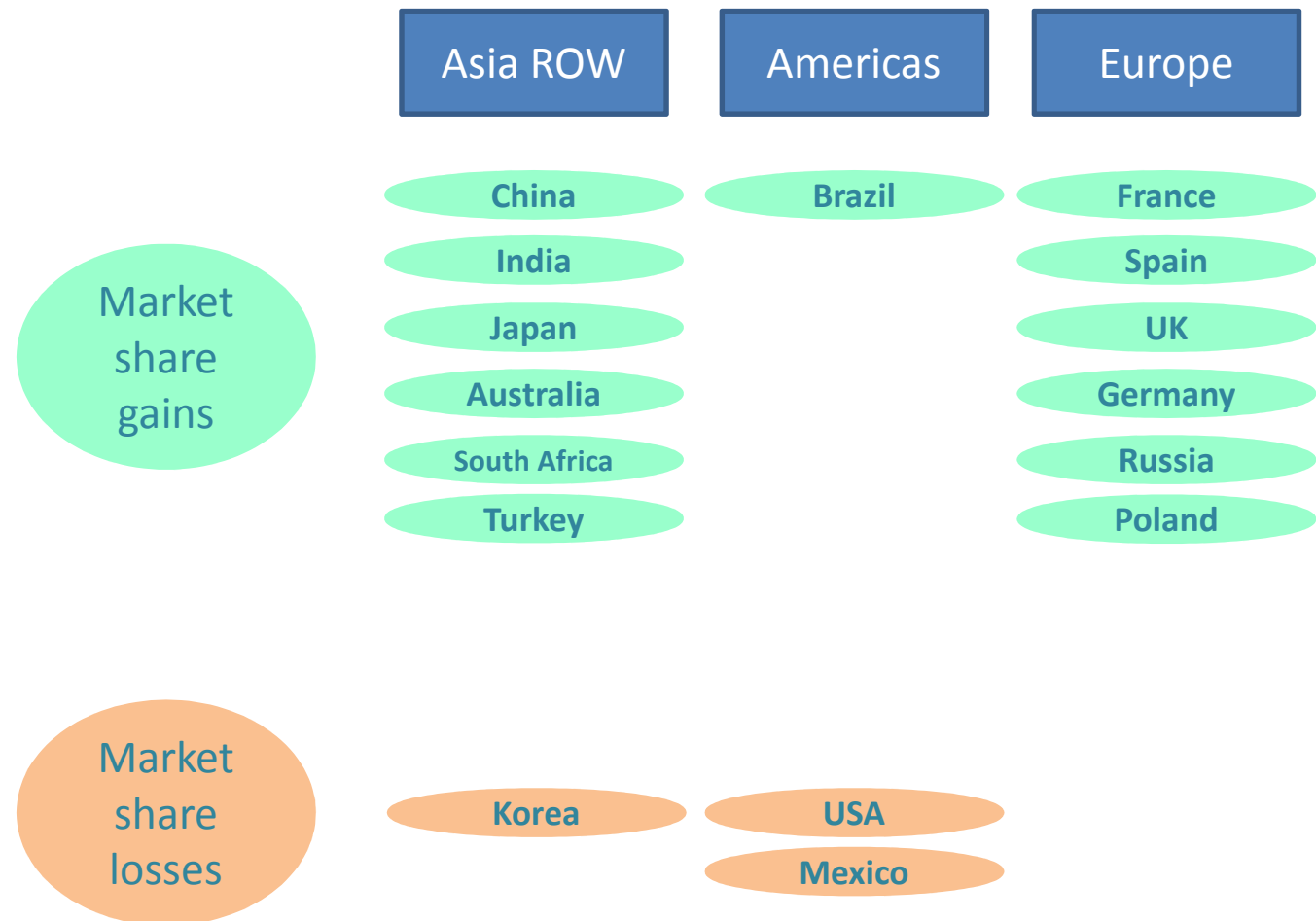
- **Strong performance of Jameson, Martell, The Glenlivet, Perrier-Jouët, Mumm and Indian whiskies**
- **Difficulties for Chivas** (due to Asia and Travel Retail) and **Absolut** (but improving underlying trends in USA)
- **Priority Premium Wines: growth acceleration**

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 impact: +1%**

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

Market share gains continuing in most key markets



+3%

**Organic
H1 PRO**

+6%

**Reported
H1 PRO**

Solid growth in PRO and continuing strong cash generation

Solid organic growth in Profit from Recurring Operations: +3% (+2% adjusted for CNY⁽¹⁾)

- **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 Avi3n, ...) and must-win markets (USA)
- Modest increase in **Structure costs**

Strong cash generation: Recurring Free Cash Flow of €544m, +10% vs. H1 14/15

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

Other key highlights

Organisational changes to accelerate growth

- **Simplification of Americas Region**
 - **Creation of North America** (US + Canada)
 - Latin America to report to EMEA
- **Creation of Global Travel Retail**
 - Leverage Travel Retail synergies while strengthening global coordination

Operational excellence initiatives gaining momentum

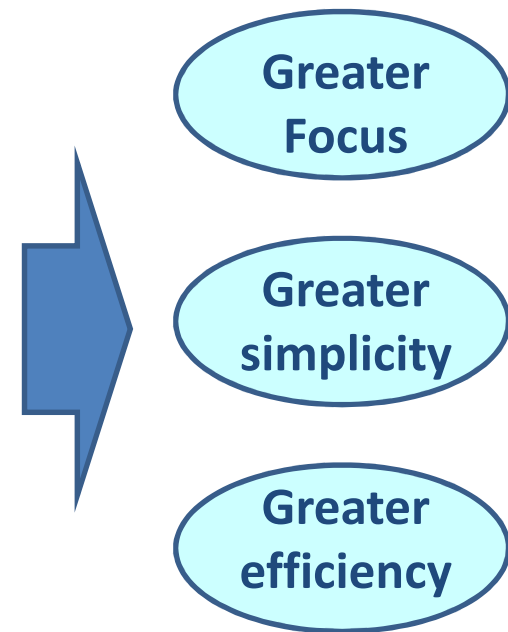
- Supply chain
- Direct and indirect procurement
- Manufacturing

Dynamic portfolio management

- **Monkey 47:** addition of **craft gin in a buoyant category** addressing new consumer needs

Havana Club:

Trademark renewal in USA ongoing



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Sales analysis

+3%

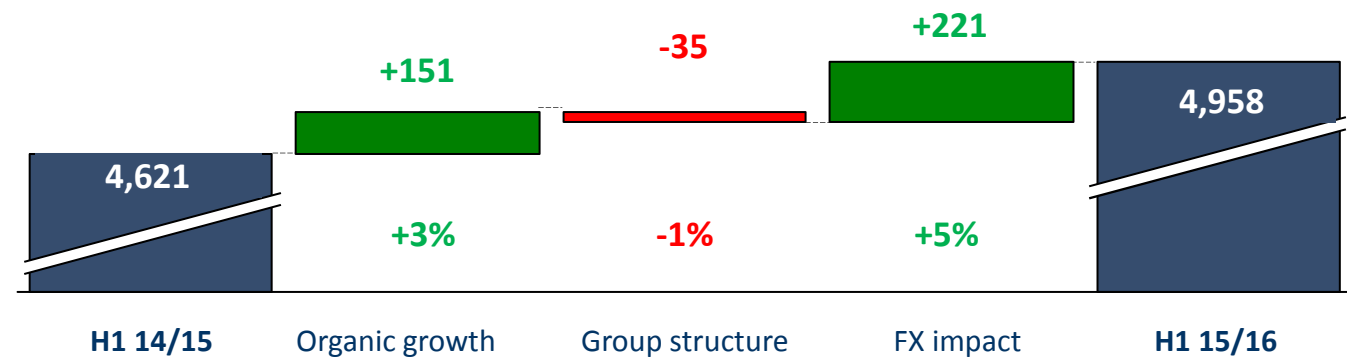
**Organic
H1 Sales**

+7%

**Reported
H1 Sales**

H1 Sales growth improving vs. FY 14/15

(€ millions)



Significant positive impact in H1, linked to USD and CNY appreciation, despite weakness of Emerging market currencies

+4%

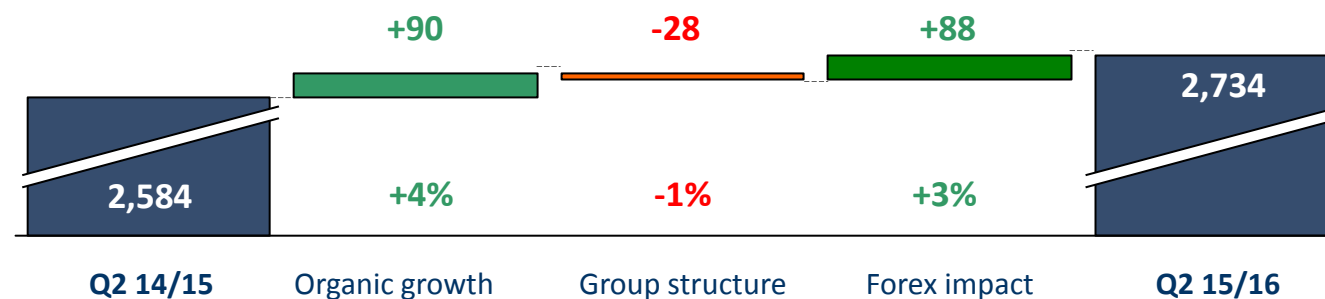
**Organic
Q2 Sales**

+6%

**Reported
Q2 Sales**

Q2 Sales growth, in continuity of Q1

(€ millions)



Positive impact of
CNY phasing⁽¹⁾

Favourable USD,
partly offset by
Emerging market
currencies

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

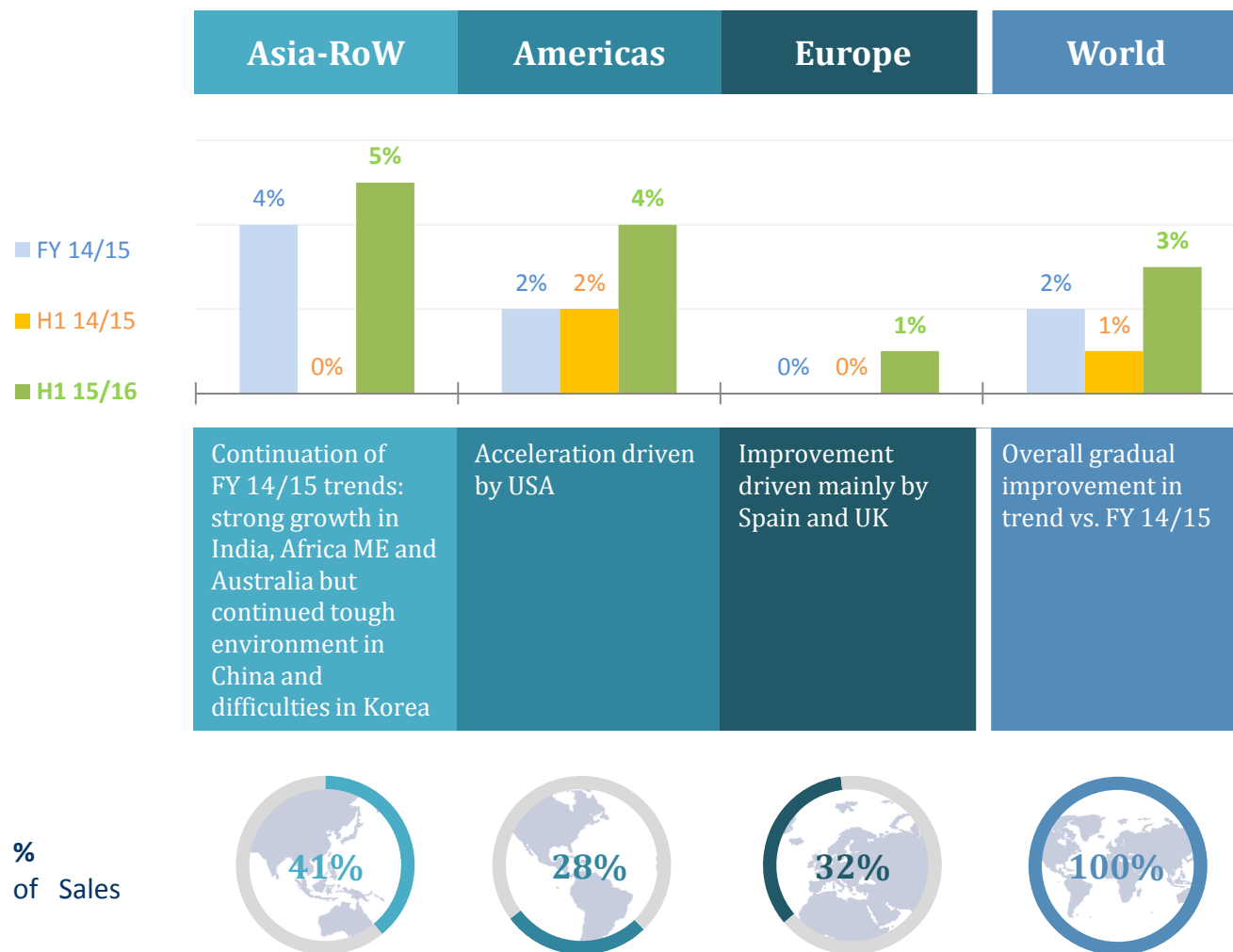
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Sales analysis

by region

+3%
H1 Sales

Organic Sales growth by region





Asia-Rest of World

*Continuation of FY 14/15 trends: +5%
(+4% adjusted for CNY phasing)*

-2%

China H1
Sales

(-8% adjusted
for CNY
phasing)

Asia-Rest of World

China: unchanged underlying trend

China: -2% (-8% adjusted for CNY phasing)

Continued macro-economic slowdown and anti-extravagance campaign pressure

Market underlying trend still in decline, with overall Spirits trends similar to FY14/15

- **Cognac more resilient than Scotch**, with single and double-digit volume depletions⁽¹⁾ declines respectively
- **New channels in growth while traditional channels suffering**
 - Off-trade: modest growth driven by e-commerce
 - On-trade: in decline, with Family KTVs and low energy bars performing better than traditional KTVs and High energy bars

Good resilience of Pernod Ricard China, in particular thanks to Martell

- **Martell: +4% Sales, favoured by earlier CNY shipments**
 - **Flat volume depletions⁽²⁾**, with Noblige and XO in modest growth but Cordon Bleu still in decline
 - **Market share gains⁽¹⁾**
 - Mix improving vs. FY 14/15
- **Scotch whiskies: double-digit decline in line with market⁽¹⁾**, with Chivas and Royal Salute down⁽²⁾ but Ballantine's Finest growing driven by emerging middle class opportunity

NB Chinese New Year (CNY): 8 February 2016 vs. 19 February 2015

⁽¹⁾ YTD volume depletions (assessed from Tier 1 wholesaler panel)

⁽²⁾ YTD volume depletions at Tier1 +Tier 2 levels

+7%

**H1 Sales in
Asia-RoW
excl. China**

Asia-Rest of World

Very good performance in India, Africa Middle East and Australia

India: +14%

- Continuation of very strong performance driven by double-digit volume growth of both local and imported whiskies
- Positive pricing on Top 14 and on Key local brands
- Overall share gain in the large local whiskies category, driven by strong performance from Blenders Pride and Imperial Blue
- Pernod Ricard's Indian whiskies above 40 million cases threshold (rolling 12 months)

Africa / Middle East

- Continued double-digit growth across the African continent and notably in South Africa, driven by Top 14 (mainly Scotch and Jameson)
- Chivas: +34% with significant development across the region

Australia

- Strong start with double-digit growth in Top 14 and Premium Priority Wines, with a rebound of Jacob's Creek
- Growth driven by volumes, with price and mix favourable
- Market share gains⁽¹⁾, in particular for Chivas, Jameson and Absolut

(1) Nielsen 6 month data to January 2016

+7%

**H1 Sales in
Asia-RoW
excl. China**

Asia-Rest of World

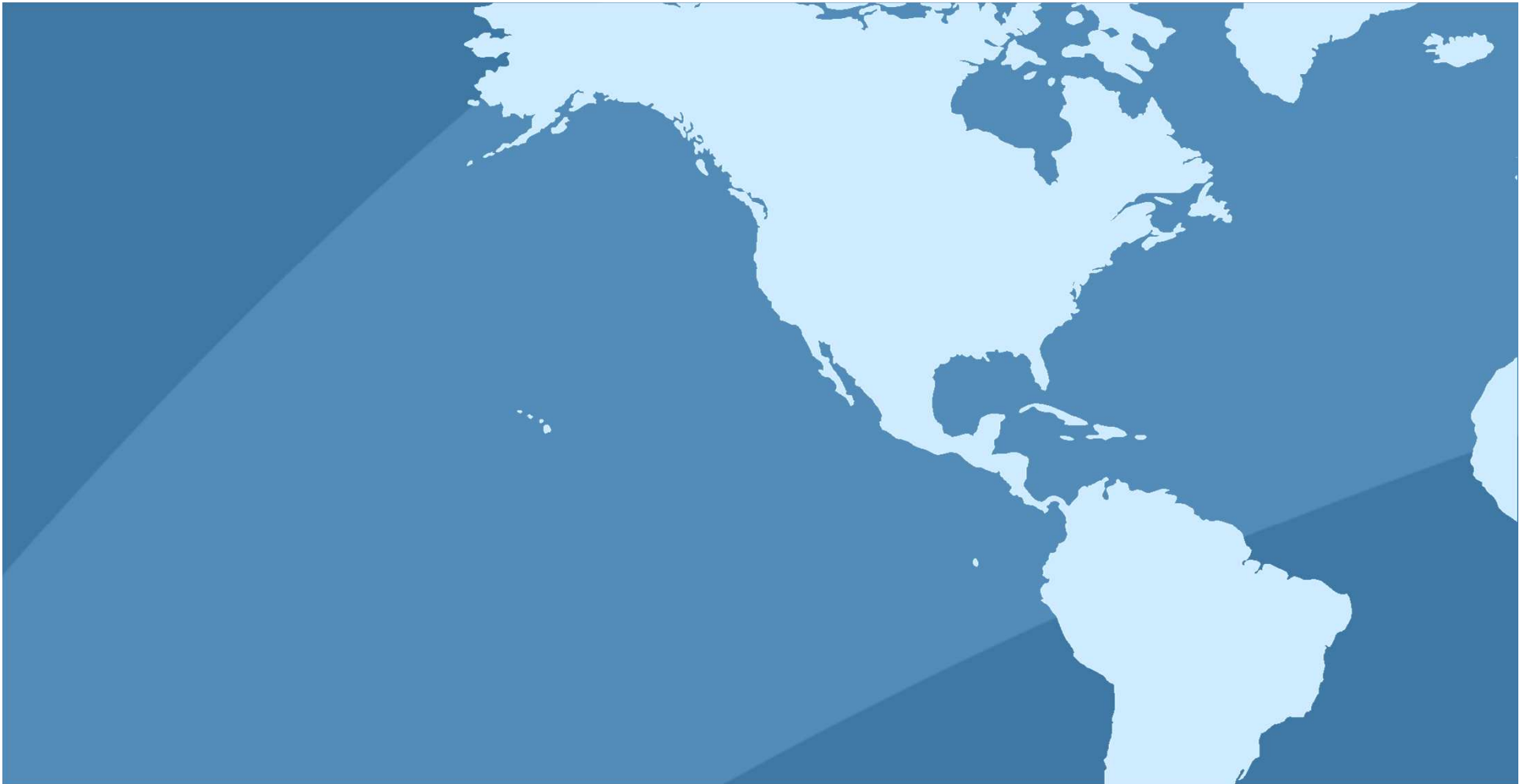
Difficulties in Korea and Travel Retail

Travel Retail Asia: -7%

- **Declines driven by Scotch portfolio** due to passenger growth slowdown and tough commercial and competitive environment
- Pricing remains flat

Korea

- **Continued decline** driven by Imperial, in a declining category
- Shift towards **lower ABV Spirits**



Americas: +4%
Acceleration driven by USA

+3%

H1 Sales
in USA
vs. stable in
FY 14/15

Americas

United States: significantly improving

Market: growth acceleration through 2015

- Nielsen volumes +3.0% and value +6.7%⁽¹⁾ vs. volumes 0% and value +2.7% in 2014⁽²⁾
- **Premiumisation** remains strong, driven mainly by mix
- Continued strength in whiskey, tequila and cognac, while vodka is recovering

Pernod Ricard USA improving

- **Significantly improved underlying performance vs. FY 14/15**
 - Nielsen⁽¹⁾ value +5.4% vs. 2014 at +1.1%⁽²⁾
 - **Gap to overall market has reduced**
- **Organisational changes delivering improved growth**
 - Full impact of distributor resources put in place in FY14/15, with dedicated resources x3
 - Increased A&P focus behind key priorities
 - Stronger focus and streamlined process on innovation
- **New announced changes consistent with roadmap to accelerate growth momentum**

(1) Nielsen XAOC + liquor Plus, MAT to January 2, 2016

(2) Nielsen XAOC + liquor, MAT to January 3, 2015

+3%

**H1 Sales
in USA
vs. stable in
FY 14/15**

Americas

United States: significantly improving

Nielsen / NABCA ⁽¹⁾	Jameson	Absolut	Malibu	The Glenlivet
	+24% / +21%	-1% / -1%	+3% / +4%	+9% / +4%

Jameson continuing to grow strongly

- **Very sound brand health** and continued **sustained A&P** investment
- Successful launch of **Jameson Caskmates** driven by high appeal to craft beer drinkers
- **Price increase and premiumisation** through innovation (Jameson Black Barrel and Jameson Caskmates)

Absolut still down in value but underlying trends improving, in line with medium-term stabilisation objective

- **Initiatives starting to deliver:**
 - **New bottle** in market since Q2
 - Significant increase in share of **display** activity, to regain off-trade visibility
 - Finalisation of pricing initiatives rollout to achieve **promotional effectiveness**, leading to **slightly negative pricing evolution**
- **New initiatives:**
 - **Media spending and impact** upweighted with new campaign (in H2)
 - **On premise playbook** designed to improve visibility and menu features
 - **Absolut Oak** in test cities with positive reaction from key influencers

Growth relays / innovation starting to significantly impact Sales

- **Olmecca Altos** and **Tequila Avi3n** confirming their status as growth drivers
- **Elyx** progressing in distribution and rotation within target accounts (both on and off premise)
- **Martell growing double-digit** in a buoyant cognac category
- **The Glenlivet** maintaining its leadership as No1 Scotch malt

(1) Nielsen XAOC + liquor Plus, value to 26 weeks to January 2, 2016; NABCA 6month value to December 2015

+6%
**H1 Sales in
Americas
excl. USA**

Americas

Other markets

Brazil

- Double-digit Sales growth, positively impacted by **advance buying pre 1 December tax hike** (expected to unwind in H2)
- **Resilient** in spite of deteriorating macro-economic environment
- **Market share gains** on priority international brands

Travel Retail Americas: -15%

- **Very difficult start to year**, due mainly to context in Brazil and FX (USD appreciation)
- Decline mainly volume led (in particular on Chivas and Absolut), with some negative pressure on pricing

Canada

- **Solid growth** driven by good performance on Absolut, The Glenlivet, Jameson and Jacob's Creek

Mexico

- **Modest growth**
- Strong development of **Passport** but decline of local brandies
- Top 14 in growth driven by Martell and Chivas



Europe

Improvement vs. FY 14/15: +1%

+1%

H1 Sales in Western Europe

Europe

Western Europe

France: -7%

- **-1% adjusting** for advance shipments at the end of FY14/15 linked to the merger of the back-offices between Pernod and Ricard
- **Market remaining subdued**, with a tough commercial environment
- **Continued market share gains**

Spain

- **Strong start** driven by gin (Beefeater and Seagram's), Absolut and Havana Club
- **Whisky portfolio now stable**
- Modest price increases
- **Market share gains⁽¹⁾** continuing: overall Pernod Ricard value at +7% vs. market at +4%

Germany

- **Encouraging H1**, despite a commercial dispute
- Growth driven by Lillet, Chivas, Absolut and Jameson

UK

- Strong growth, boosted by promotional phasing
- Continued **good performance of Top 14**, in particular Absolut, Jameson and Mumm
- **Good wine performance**, driven by Brancott Estate and promotions on Jacob's Creek

Travel Retail Europe

- **Stable H1 but context remains difficult**
- **Russian situation** and Ruble devaluation continue to impact commercial performance

(1) Nielsen 6 month value to January 2016

0%

H1 Sales in Eastern Europe

Europe Eastern Europe

Russia: -6%

- Performance negatively impacted by **last year's overshipments in H1**
- **Underlying trend negative in volumes but positive in value**
- **Ararat** performing strongly in a declining category thanks to Modern trade support
- Ongoing shift from traditional wholesalers to modern off-trade

Poland

- **Return to growth** after double-digit decline in H1 14/15
- Pernod Ricard **regaining market share** but environment remains commercially aggressive, with **very strong promotional intensity** during the festive season
- Growth driven by whisky portfolio (Chivas, Ballantine's and Passport) and Absolut

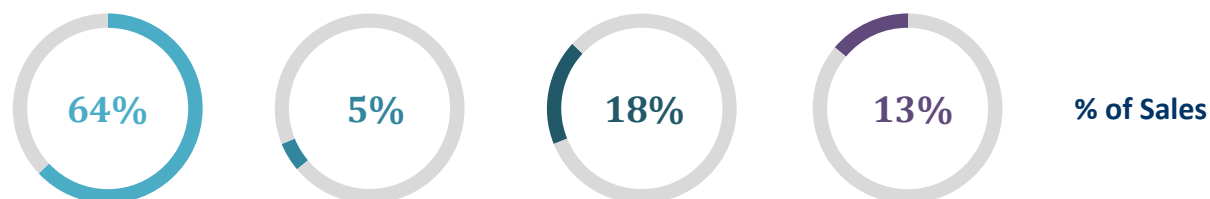
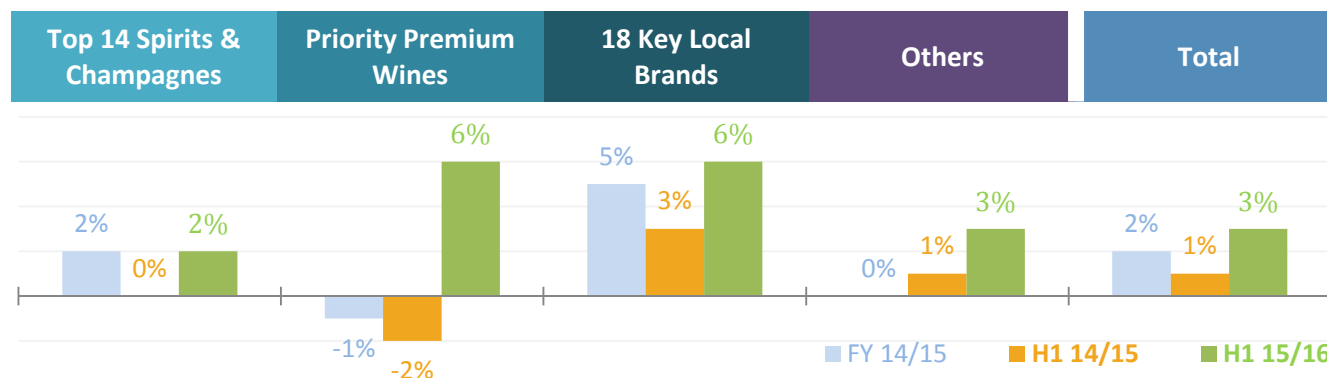
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Sales analysis

by brand

+3%
H1 Sales

Organic Sales growth by category



Premium brands⁽¹⁾: 76% of Sales, in line with FY 14/15

(1) RSP in the US >= USD 17 for spirits and > USD 5 for wines

+2%

**Top 14
H1 Sales**

Top 14 Spirits & Champagnes

TOP 14 Spirits & Champagnes	Organic H1 15/16 Sales growth	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%
Kahlúa	-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%

+2%

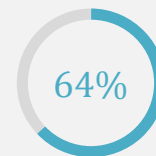
**Top 14
H1 Sales**

Top 14 Spirits & Champagnes

Volumes **0%**

Sales **+2%**

% of Group Sales:



+2% trend in line with FY 14/15

Growth driven by Jameson, Martell, The Glenlivet and champagnes

Growth driven by value

- Return to positive pricing +1% driven by whiskies



+2%

**Top 14
H1 Sales**

Top 14 Spirits & Champagnes

Jameson: +11%, continued very strong performance

- **Double-digit growth** globally driven by USA and South Africa
- **USA: +24%** ⁽¹⁾, with brand now representing close to ¼ of total Sales
- **Difficulties in Russia** linked to price increase in February 15 (and tough comparable)

Martell: +7%, good growth driven by international development

- **Sales +10% excluding China**, with strong development of Martell in Africa, Travel Retail America and USA
- **China +4%, favoured by earlier CNY**
 - Good performance of Noblige and XO, but Cordon Bleu still in decline
- **Negative mix** due to the decline of high-end categories in China, but easing vs. FY 14/15
- **Pricing held**

Champagne: +6%

- Continued strong development of Perrier-Jouët and Mumm in **Japan, USA and Australia**



(1) Nielsen XAOC + liquor stores, 6month value to 2 January 2016

+2%

Top 14
H1 Sales

Top 14 Spirits & Champagnes

Scotch whiskies: +1%

- **Chivas:** difficulties linked to Travel Retail Asia and Americas, China and Russia, partly offset by continued strong development in Africa
- **The Glenlivet:** strong performance in USA and India, but impacted by tough competition in Travel Retail Americas and Asia
- **Ballantine's:** Finest +4% thanks to continued international development, but aged qualities down in Asia

Other spirits

- **Absolut:**
 - USA still in decline (shipment) but improvement in underlying trends in H1, in line with objective to stabilise the brand medium-term
 - Growth in Europe, Africa and Brazil, but negatively impacted by Travel Retail Americas and Korea
- **Ricard:** impacted by shipment phasing in France (due to back-office merger between Pernod and Ricard in July.) Underlying trend is closer to stability
- **Beefeater** driven by recovery in Spain
- **Havana Club:** good growth, driven by Cuba (tourism +20%)



+6%

**PPW
H1 Sales**

Priority Premium Wines

Volumes **+8%**

Sales **+6%**

% of Group Sales:

5%

Growth acceleration

Strong performance of Brancott Estate and Campo Viejo

- Growth expanding across a number of markets including USA, UK, Spain, Ireland, and Russia

Good semester for Jacob's Creek

- Double-digit growth in Australia, UK, Sweden and Canada, but difficulties in USA



+6%

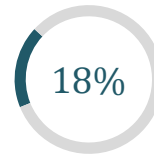
KLB
H1 Sales

18 Key Local Brands

Volumes **+10%**

Sales **+6%**

% of Group Sales:



Indian whiskies: +15%

- Continued **very strong growth** of Imperial Blue, Royal Stag and Blender's Pride

Development of standard Scotches, in particular Passport and Something Special

- Rapid development** in Latin America and Sub-Saharan Africa

Imperial

- Continued **decline** in a structurally contracting Korean market



Innovation contributing +1% of Group +3% topline growth

Growth accelerating vs. FY 14/15:

- Innovation now 4% Group Sales (vs. 3% in FY 14/15)

Significant momentum behind Big bets such as Chivas Extra, Jameson Caskmates, premium⁺ tequila (Olmecca Altos and Tequila Aviión) and Elyx

Premiumising impact of innovation on overall portfolio

- Sales per case significantly above Group average



Marketing, innovation & CSR

Luxury & Premiumisation



ROYAL SALUTE

Sentebale Royal Salute Polo Cup

On Nov 28th 2015, Prince Harry brought the Sentebale Royal Salute Polo Cup to Cape Town, South Africa. Marking the fifth year of the partnership with Royal Salute, the Polo Cup events have raised over £3m for His Royal Highness' charity, which funds programmes that deliver much needed support to communities in Southern Africa affected by HIV and AIDS.



2015/16 Half-year Results

11 February 2016

MARTELL

1715 by Martell Cognac

The first ever pop-up cognac concept lounge was opened in South Africa from 16 Oct - 21 Nov to mark the launch of Martell Cognac in the country. 1715 attracted the country's trendiest influencers and provided consumers, customers and VIPs a unique 360 experience. From the unique gourmet dining experience and 30 bespoke cocktails, to the unique combination of afro-house and live jazz musical entertainment, 1715 set a new standard for brand experiences in South Africa.



CHIVAS

The House of Chivas Regal

Leveraging the launch of Chivas Regal The Icon, "The House of Chivas Regal" offered a four-day experiential event in HK at Foxglove, a new speakeasy for modern gentlemen, inviting media, whisky influencers and VIPs to experience Chivas Regal in different ways.



Innovations in whisky



THE GLENLIVET

Nàdurra Peated Whisky Cask Finish embraces many of the 19th Century methods that The Glenlivet founder George Smith created – he originally used peat smoke to dry malted barley when crafting the single malt that started it all. Nàdurra means 'natural' in Gaelic and this new expression embraces pure craftsmanship. Each is handcrafted and bottled in small batches with no chill-filtration to offer the complexity, full body and distinctively creamy texture of a whisky that has just been drawn from the cask.

BALLANTINE'S

21 year old European oak edition

Ballantine's 21 Year Old Signature Oak Edition - European Oak is the first of two new limited editions exclusive to Global Travel Retail. Providing a rich taste profile, the European oak enhances the notes of raisin, fruitcake, sherry and spice within the 21 Year Old blend.



JAMESON

Caskmates momentum

Social media comments show that it is opening up new occasions and new consumers for the Jameson brand.



New Products / Collaborations / Limited Editions



OUR/VODKA

Our/London & Our/Amsterdam

Our/Vodka teams up with local entrepreneurs around the world to give selected cities their very own urban vodka. Following the successful openings of Our/Berlin, Our/Detroit and Our/Seattle, a fourth micro-distillery opened in Amsterdam in August 15.

In October 15, Our/London entered the UK market to bring a high quality spirit, as to harness meaningful collaborations and to create new friendships with like-minded local businesses as well. Global, yet local.



HAVANA CLUB

The Elliott Erwitt Havana Club 7 Fellowship

'Elliott Erwitt Havana Club 7 Fellowship' was launched in November 2015; Erwitt is one of the world's foremost photographers. The fellowship will be awarded annually to an exceptional photographer who will then travel to Cuba to create their own unique body of work that captures the soul of Cuba and the essence of Elliott Erwitt's unrivalled style of photography.



New Products / Collaborations / Limited Editions



MARTELL

La French Touch limited edition

Created by Etienne de Cr cy, pioneer and emblematic figure of the cult movement, this limited edition reinvents Martell's universe with a vibrant design full of night energy.

La French Touch cocktail has been elaborated for the occasion.



2015/16 Half-year Results

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MUMM

The world's first all-electric racing series

"Formula E" was launched with Maison Mumm in Beijing on October 24, 2015. Mumm has a proud history of accompanying winners on podiums around the world, playing a central role in the moment of victory and celebration; the iconic red ribbon is now linked to the future of motor industry.

Formula E is showcasing electricity as the future of sustainable mobility and is willing to drive the change towards greener cities. It has already attracted some of the world's most charismatic personalities, including Leonardo Di Caprio, Chairman of Formula E sustainability committee, and Alain Prost, co-founder of the Renault-e.dams team.

Digital / New experiences



BEEFEATER

Beefeater Home Parties

Beefeater launches its own hometainment platform in Spain, **Beefeater Home Parties**, offering consumers three levels of services:

Beefeater Home Aperitif, to enjoy great drinks made by a professional bartender, just for you and your guests

Beefeater Home Live, bringing the best of acoustic indie music to your living room

Beefeater Home Sessions, mixing home-clubbing with gin-tonics!



2015/16 Half-year Results

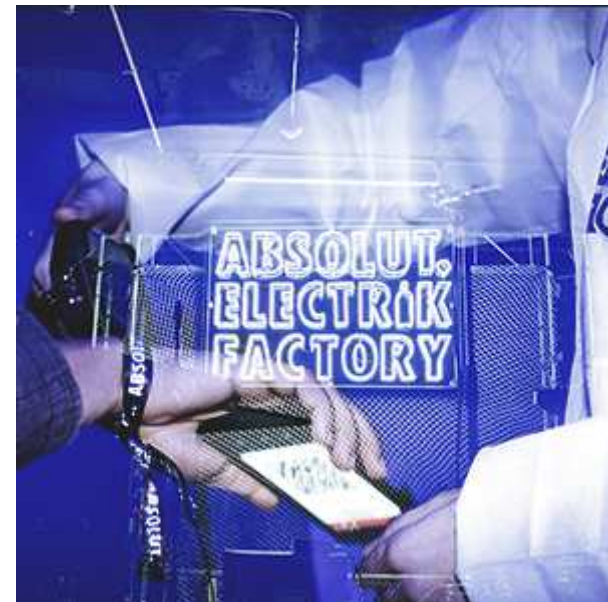
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ABSOLUT

Absolut Elektrik Factory experience

#AbsolutElektrikFactory had been the pioneer in the use of NFC wristbands in Madrid, during 4 nights, for 7,000 people, leading the nightlife through a cutting edge experience with unique contents and format.

Consumers' experience was improved thanks to real-time decisions, based on consumer's interactions during the night.



Wines

AZPILICUETA

Origen

With Origen, Azpilicueta goes back to its own origins and evokes the moment when Félix Azpilicueta Martínez came to Fuenmayor and fell in love with this place, the land, the vineyard, the climate, the people, etc. He decided this was the place to set up his winery, his business.



CAMPO VIEJO

Streets of Colour

With live urban art painting by the artists Remed and Okuda, Campo Viejo had literally brought 'life more colourful' to the streets of major cities around the world. Creative and tasting experiences, Rioja wine blending master classes and authentic Spanish culture showcase, Streets of Colour campaign is an invitation to truly live uncorked - from visiting the very events to enjoying Art Series limited edition bottles of Campo Viejo, inspired by urban art creations.



JACOB'S CREEK

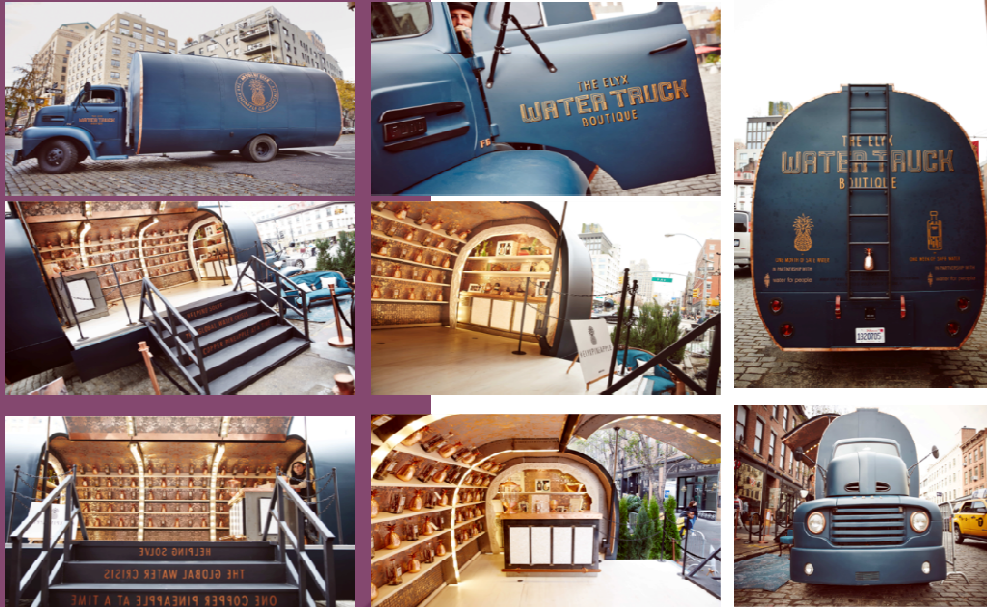
Expedition

Jacob's Creek Expedition pays tribute to the ship that brought the brand's founder, Johann Gramp, on an expedition across the seas to South Australia in 1837. Ten years after disembarking 'The Solway', Johann was to plant the first vines on the banks of Jacob's Creek. Comprising of three premium red wines from South Australia, Jacob's Creek Expedition celebrates three elements of the vessel that made such a momentous expedition possible.

Novak Djokovic, recent winner of the Australian Open, is our Made By campaign ambassador.



Brand Positive Impact



ELYX - USA

Elyx Water Truck Boutique

Absolut Elyx and Water for People have partnered for 5 years to bring clear water to those in need. A vintage Elyx pop-up truck had toured the USA to sell Elyx's limited edition copper pineapples. For every bottle sold, Elyx will provide access to one week of safe water as for copper pineapple drink vessel, an access to one month of water will be provided.

JAMESON - USA

Jameson Black Barrel Movember

Jameson Black Barrel was the 2015 number 1 fundraising partner of the Movember foundation.

Over 3,000 network members participated raising over \$320,000 to change the face of men's health. \$700K were raised in 2 years!



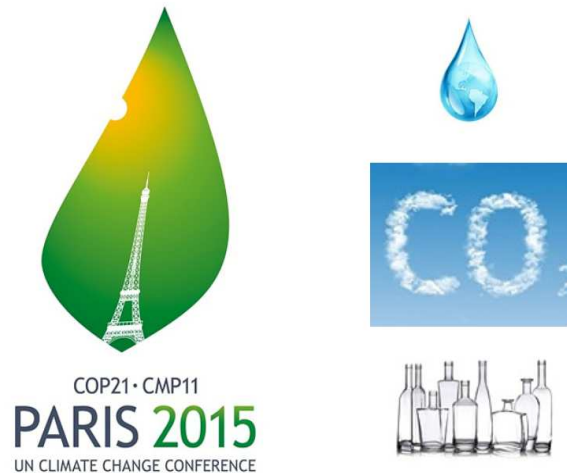
Environmental roadmap 2010-2015

- 16% in energy consumed

- 26% of CO₂ emitted per unit produced

CSR: Pernod Ricard a strong COP 21 supporter

CORPORATE



Significant progress in reducing climate change

First environmental roadmap launched in 2010 defining 5-year objectives which were exceeded*:

	Target	Achievement
• Energy consumed:	-5%	-16%
• CO ₂ emissions:	-10%	-26%
• Water consumption:	-5%	-14%

In 2015 launch of new roadmap setting ambitious 2020 targets*

- Energy consumed: -20%
- CO₂ emissions: -30%
- Water consumption: -20%

ABSOLUT

ABSOLUT operations are carbon neutral

Absolut has been committed to environmental excellence for years. The three production sites are now powered by renewable electricity and district heating used instead of an the oil-fired boiler at the Ahus bottling site, leading to a four-fold reduction in site emissions.

To render the distillery carbon neutral, there is an offsetting program to reduce the volume of CO₂ emissions equivalent to residual scope 1 and 2 emissions.



* Reductions measured per unit produced



Profit from Recurring Operations



PRO

Summary income statement

+3%
H1 PRO
 (+2% adjusted
 for CNY
 phasing)

Summary income statement (1/2)

(€ millions)	H1 14/15	H1 15/16	reported Δ	organic Δ
Sales	4,621	4,958	+7%	+3%
Gross margin after logistics costs (GM)	2,889	3,078	+7%	+3%
<i>GM / Sales</i>	62.5%	62.1%		-25bps
Advertising & prom. expenditure (A&P)	(819)	(908)	+11%	+6%
<i>A&P / Sales</i>	17.7%	18.3%		+39bps
Contribution after A&P expenditure (CAAP)	2,070	2,170	+5%	+2%
<i>CAAP / Sales</i>	44.8%	43.8%		-64bps
Profit from Recurring Operations (PRO)	1,358	1,438	+6%	+3%
<i>PRO / Sales</i>	29.4%	29.0%		-20bps

+3%

H1 PRO

**(+2% adjusted
for CNY
phasing)**

Summary income statement (2/2)

Gross Margin pressure easing: -25bps in H1 15/16 vs. -105bps in FY 14/15

- **Pricing** environment still challenging globally but **gradually improving: +1% in H1 15/16** vs. flat for FY 14/15
- **Negative mix** driven by **geography** (India growth vs. China decline), less acute than in FY 14/15 due to rebound of USA in H1 15/16
- **Tight management of Cost Of Goods Sold** thanks to operational efficiency initiatives: stable costings at constant mix

A&P: +6%

- H1 growth **boosted by phasing** in particular in USA - ratio expected to come back in line **in full year, around 19% of Sales**
- Increase in support for **key innovation projects**
- **Focus on key must-win markets, USA** in particular

Structure costs⁽¹⁾ contained

- Allegro⁽²⁾ savings on track
- H1 favoured by technical factors
- Structure costs expected broadly in line with topline for full FY 15/16

Slight reduction in PRO margin: -20bps, driven by A&P investment / phasing

⁽¹⁾ Structure costs = Selling expenses + General expenses + Other income and expenses from recurring operations

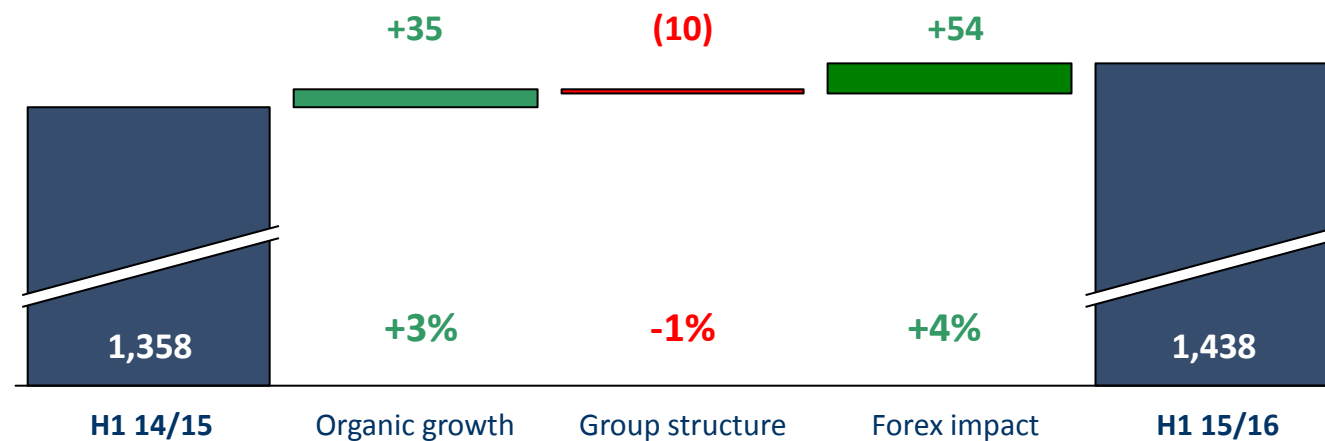
⁽²⁾ Operational efficiency programme launched in 2014

+3%
**Organic H1
PRO**
(+2% adjusted
for CNY phasing)

+6%
**Reported H1
PRO**

Change in PRO

(€ millions)



Growth
slightly
enhanced by
CNY timing

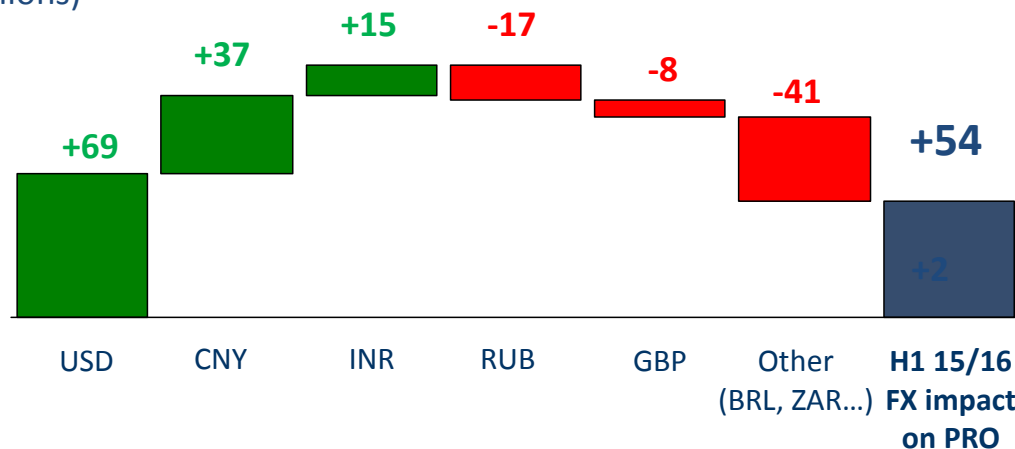
Significant in
H1 15/16

Strong FX impact on PRO in H1

Change in PRO – Zoom on Forex impact

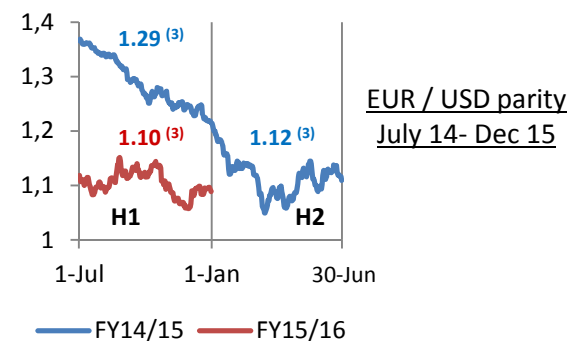
In H1 15/16, +€54m FX impact on PRO due to a stronger USD offset by the devaluation of RUB and many other emerging market currencies

(€ millions) ⁽¹⁾



For full year FY 15/16, favourable FX impact of c.€20m⁽²⁾ anticipated on PRO

- Slight impact of USD on H2
- Negative impact of Emerging Market currencies anticipated



⁽¹⁾ Includes impact of strategic hedging on Forex

⁽²⁾ based on average FX rates for full FY 15/16 projected on 29 January 2016, particularly EUR/USD = 1.10

⁽³⁾ Average EUR / USD rate for semester



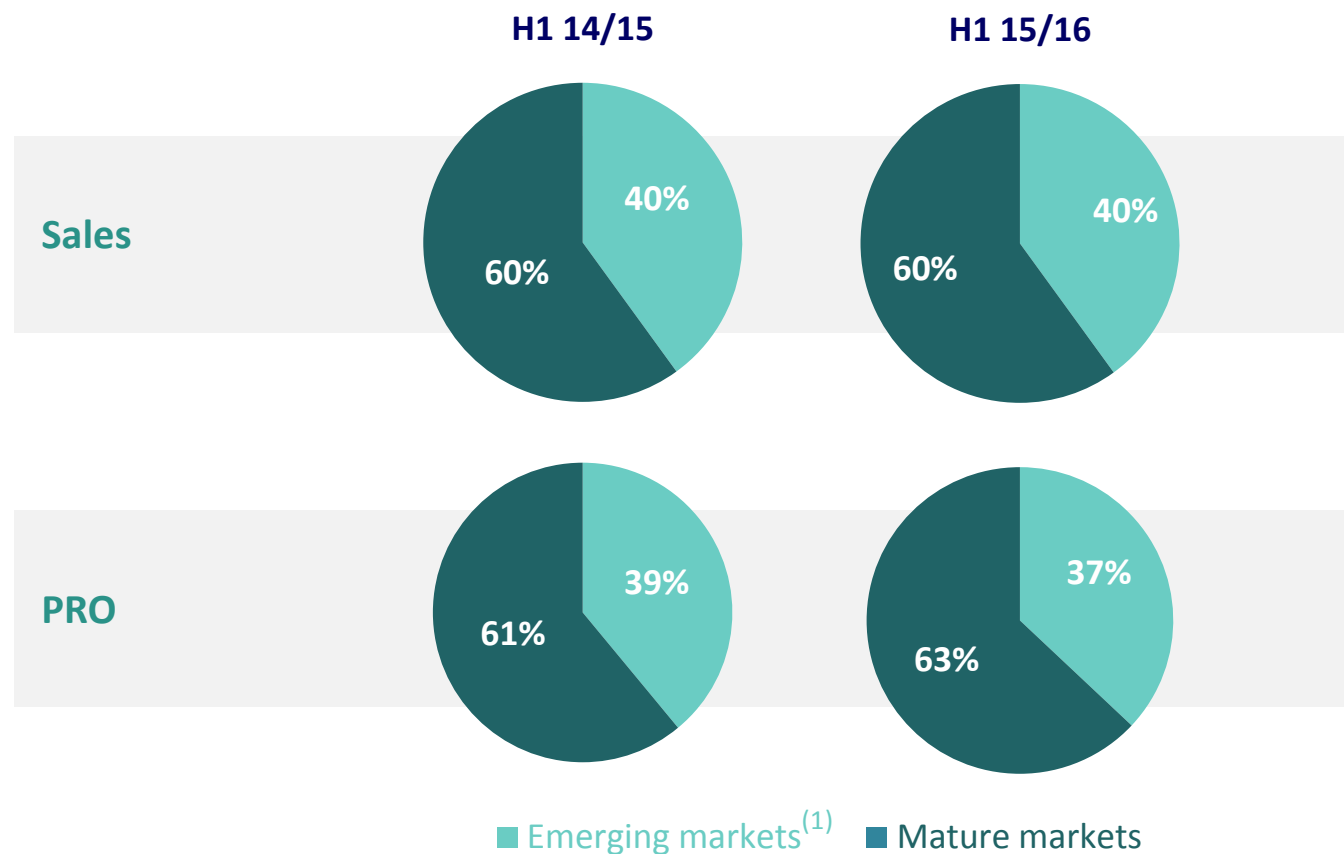
PRO

Analysis by region

+2%

**Increase in H1
PRO in mature
markets**

Analysis by market type

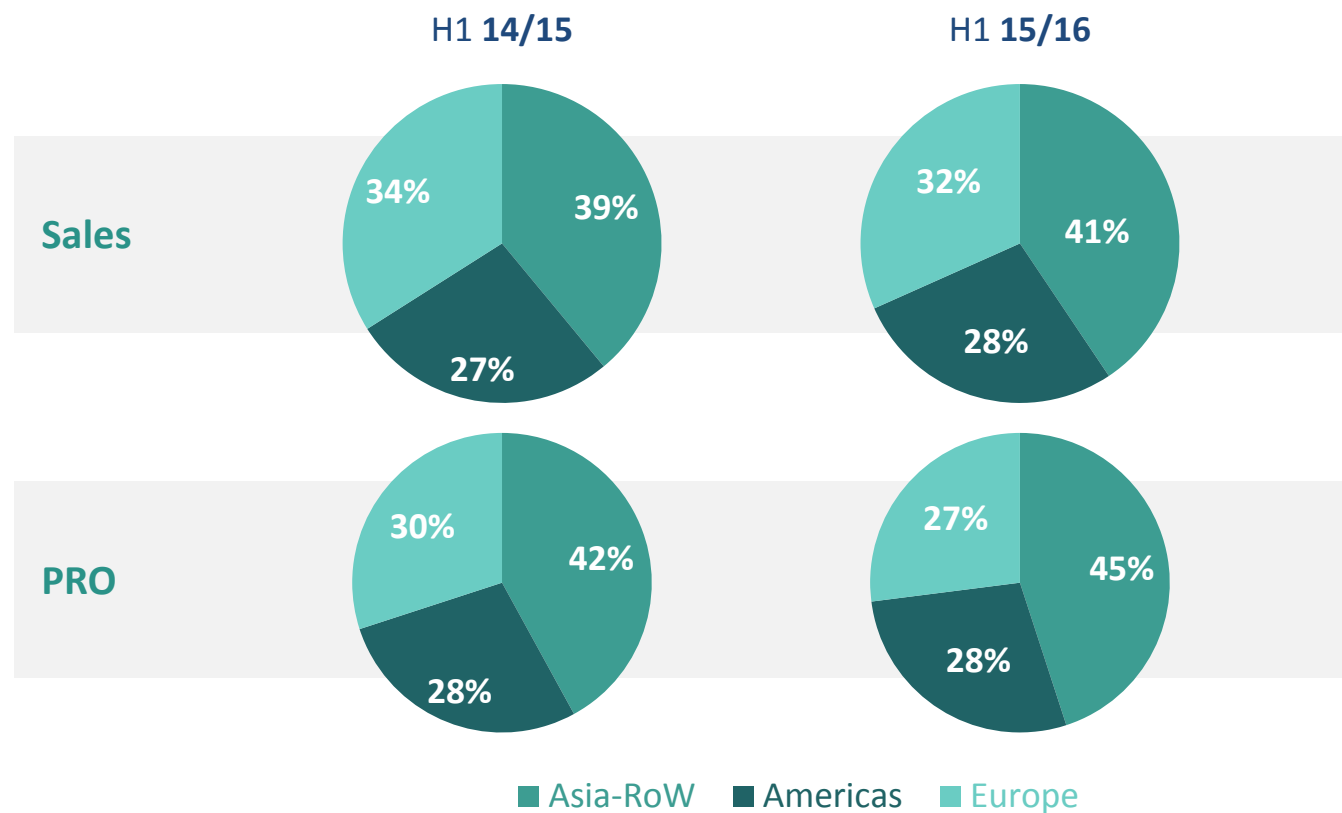


Relative shares of Mature vs. Emerging markets in Group PRO impacted primarily by FX

(1) List of Emerging markets available in appendix

Healthy geographical balance

Analysis by region



Good geographical balance, enabling Pernod Ricard to seize all growth opportunities

+3%

**Asia H1 PRO
(+2% adjusted
for CNY
phasing)**

Asia-Rest of World

Increase in PRO driven by topline and further boosted by FX

(€ millions)	H1 14/15	H1 15/16	reported Δ	organic Δ
Sales ⁽¹⁾	1,801	2,019	+12%	+5%
Gross margin after logistics costs (GM)	1,093	1,229	+12%	+4%
<i>GM / Sales</i>	60.7%	60.9%		-45bps
Advertising & promotion expenditure (A&P)	(296)	(350)	+18%	+9%
<i>A&P / Sales</i>	16.4%	17.3%		+70bps
Contribution after A&P expenditure (CAAP)	797	879	+10%	+2%
<i>CAAP / Sales</i>	44.3%	43.6%		-114bps
Profit from Recurring Operations ⁽²⁾ (PRO)	570	645	+13%	+3%
<i>PRO / Sales</i>	31.7%	31.9%		-50bps

- **Sales growth at +5% boosted by earlier CNY (+4% adjusted)**
- **Gross margin easing but still under pressure due to adverse geographic mix** (strong growth of India vs. China decline)
- **Increase in A&P** part due to phasing and investment behind key strategic priorities
- Gap between organic (+3%) and reported (+13%) PRO growth due to **favourable FX** (in particular on Chinese yuan and Indian rupee)

⁽¹⁾ Including customs duties

⁽²⁾ Head office costs are allocated in proportion to contribution

0%

Americas H1 PRO

Americas Higher investment driving higher topline growth

(€ millions)	H1 14/15	H1 15/16	reported Δ	organic Δ
Sales	1,242	1,369	+10%	+4%
Gross margin after logistics costs (GM)	808	890	+10%	+3%
<i>GM / Sales</i>	65.1%	65.0%		-63bps
Advertising & promotion expenditure (A&P)	(242)	(277)	+15%	+7%
<i>A&P / Sales</i>	19.5%	20.2%		+55bps
Contribution after A&P expenditure (CAAP)	566	613	+8%	+1%
<i>CAAP / Sales</i>	45.6%	44.8%		-118bps
Profit from Recurring Operations ⁽¹⁾ (PRO)	375	400	+7%	0%
<i>PRO / Sales</i>	30.2%	29.2%		-120bps

- Continued improvement in **Sales growth across region**
- **Reduction in Gross margin rate** due mainly to decrease in Travel Retail
- **Increase of A&P** ahead of Sales partly due to phasing and driven by USA (strategic market), particularly the investment behind innovation Big bets (Chivas Extra, Jameson Caskmates, Elyx)
- **PRO flat** organically but up +7% including FX
- **PRO margin** impacted in FY 15/16 by increased investment and decline in Travel Retail

(1) Head office costs are allocated in proportion to contribution

+4%

**Europe
H1 PRO**

Europe

Strong growth of PRO, favoured by tight management of resources

(€ millions)	H1 14/15	H1 15/16	reported Δ	organic Δ
Sales	1,579	1,570	-1%	+1%
Gross margin after logistics costs (GM)	988	959	-3%	+1%
<i>GM / Sales</i>	62.6%	61.1%		+31bps
Advertising & promotion expenditure (A&P)	(282)	(281)	0%	0%
<i>A&P / Sales</i>	17.9%	17.9%		-9bps
Contribution after A&P expenditure (CAAP)	706	677	-4%	+2%
<i>CAAP / Sales</i>	44.7%	43.1%		+40bps
Profit from Recurring Operations ⁽¹⁾ (PRO)	412	393	-5%	+4%
<i>PRO / Sales</i>	26.1%	25.0%		+82bps

- **Sales growth at +1%**, negatively impacted by timing of IT switch in France and wholesaler destocking in Russia
- **Tight management of resources** (A&P and Structure costs)
- Gap between organic (+4%) and reported (-5%) profit largely due to significant negative impact of **Ruble**

(1) Head office costs are allocated in proportion to contribution



Net profit

Lowering cost of debt, in line with expectations

Financial income (expense) from recurring operations

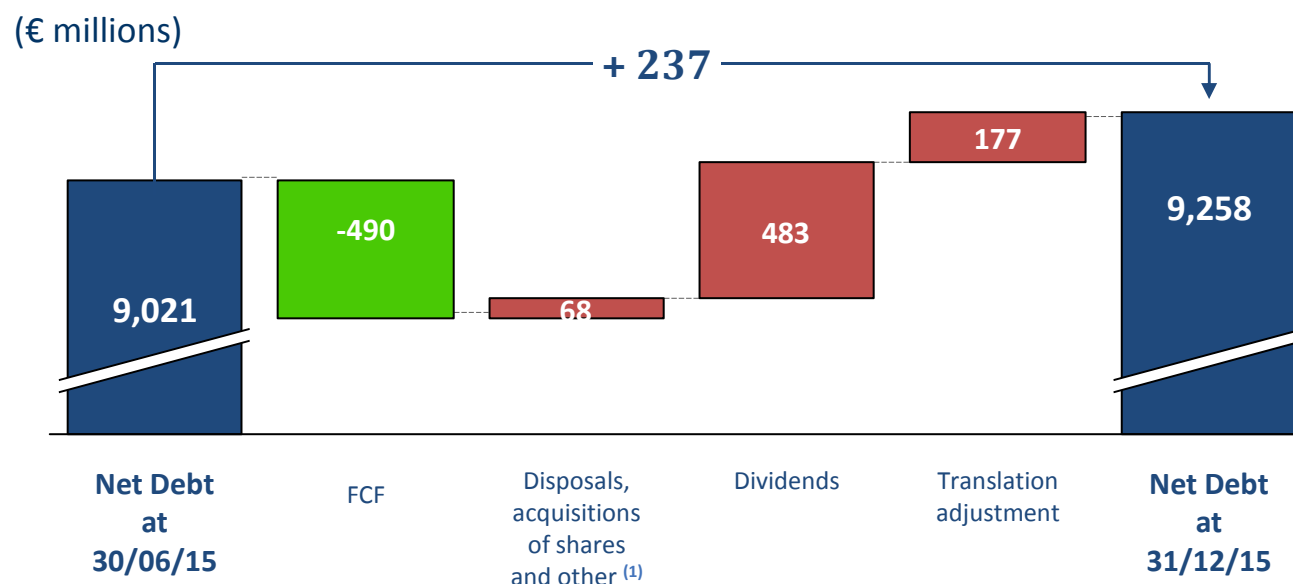
(€ million)	H1 14/15	H1 15/16	reported Δ
Financial income (expense) from recurring operations	(235)	(217)	+18
<i>Cost of debt</i>	4.6%	4.2%	

- **Improvement in financial expenses by €18m, including:**
 - Main benefit linked to improved cost of debt, from 4.6% to 4.2%, generating a €23m reduction in Financial expense
 - Further €10m reduction coming from reduction in overall base of debt
 - Negative FX of (€19m)
- **Full FY 15/16 cost of debt still expected to be close to 4.2%**

€490m
+22%

H1 Free Cash
Flow

Strong cash generation but Net Debt impacted by cash seasonality and FX



- **Strong cash flow generation** before translation adjustment linked to PRO growth and improved strategic inventory variation
- **Net debt increase** due to:
 - Cashflow business seasonality (higher working capital requirement in H1)
 - Dividend payment
 - **Mechanical translation impact of (€177m)** (EUR/USD rate of 1.09 at 31/12/2015 vs. 1.12 at 30/06/2015), due to 60% of Gross Debt being in USD
- **Net debt / EBITDA ratio at <3.6 at average rates⁽²⁾**
 - **Decrease vs. 3.7 at 31/12/14**
 - **Increase vs. <3.5 at 30/06/15**, linked mainly to cash seasonality and adverse FX impact (Emerging market currency weakness)

(1) Includes contributions to Allied Domecq pension plans of (€43m)

(2) Average EUR/USD parity at 1.29 in H1 14/15, 1.20 in FY 14/15 and 1.10 in H1 15/16

+€51m
+10%

**Free Cash
Flow from
recurring
operations**

Cash flow statement (1/2)

(€ millions)	H1 14/15	H1 15/16	reported Δ	% Δ
Profit from Recurring Operations	1,358	1,438	+79	+6%
Amortisation, depreciation and provision movements and other	111	122	+11	
Self-financing capacity from recurring operations	1,469	1,560	+90	+6%
<i>Decrease/(increase) in strategic stocks⁽¹⁾</i>	(46)	(10)	+35	
<i>Decrease/(increase) in operating WCR</i>	(398)	(449)	(51)	
Decrease/(increase) in recurring WCR	(444)	(459)	(16)	
Non-financial capital expenditure	(139)	(166)	(27)	
Financial income (expense) and taxes	(394)	(391)	+3	
Free Cash Flow from recurring operations	492	544	+51	+10%
Non-recurring items	(90)	(53)	+37	
Free Cash Flow	402	490	88	+22%

(1) Ageing stocks and wine inventories

+€51m

+10%

**Free Cash
Flow from
recurring
operations**

Cash flow statement (2/2)

Increase in self-financing capacity from recurring operations driven by solid PRO growth (boosted by FX)

Lower growth in strategic inventory build: +€35m

- Cash-out slightly down, in particular on blended Scotch
- Continued strategy of adjusting supply to long-term growth

Increase in capital expenditure linked mainly to industrial investments: (€27m)

- Confirmation of annual capex objective at c.4% Sales

Variation of Operating WCR lower by €51m vs. H1 14/15

- Mainly phasing related, in particular due to earlier Chinese New Year
- Stable DSO and finished goods inventories (in number of days)

Lower non recurring items: (€53m) vs (€90m) in H1 14/15

- Including Allegro cash out (€31m)

Corporate income tax on recurring items

(€ millions)	H1 14/15	H1 15/16
Corporate income tax on recurring items	(284)	(302)
<i>Rate</i>	25.3%	24.7%

- Tax rate on recurring items quasi stable around 25%, in line with annual objective

Group share of Net Profit from Recurring Operations

(€ millions)	H1 14/15	H1 15/16	Reported Δ
Profit from Recurring Operations	1,358	1,438	+6%
Financial income (expense) from recurring operations	(235)	(217)	-8%
Income tax on recurring operations	(284)	(302)	+6%
Minority interests and other	(6)	(10)	+57%
Group share of Net Profit from Recurring Operations	834	909	+9%

- Increase of +9% in Net Profit from Recurring Operations due to PRO organic growth, positive FX and reduction in financial expenses

Non-recurring items

(€ millions)	H1 14/15	H1 15/16
Restructuring costs	(19)	(18)
Other non-recurring income and expenses	(10)	(17)
Other operating income and expenses	(28)	(35)
Non-recurring financial items	(11)	(1)
Corporate income tax on non-recurring items	(7)	13

- Limited impact of non-recurring items in H1 15/16

Group share of Net profit

(€ millions)	H1 14/15	H1 15/16	Reported Δ
Profit from Recurring Operations	1,358	1,438	+6%
Other operating income and expenses	(28)	(35)	
Operating profit	1,330	1,403	+5%
Financial income (expense) from recurring operations	(235)	(217)	
Non-recurring financial items	(11)	(1)	
Corporate income tax	(290)	(289)	
Minority interests and other	(6)	(10)	
Group share of net profit	788	886	+12%

- Double-digit increase in Group share of net profit

The background is a solid maroon color. It features a vertical white line on the left side, positioned to the left of the text. There are also two diagonal white lines that create a triangular shape in the top-left corner and a trapezoidal shape in the bottom-right corner.

Conclusion and outlook

Conclusion

Solid H1 performance, consistent with medium-term growth roadmap

Gradual improvement in Sales growth in a still contrasted environment: +3% in H1 15/16

Profit growth in H1: +3%, equivalent to +2% adjusted for CNY phasing, consistent with full-year guidance

Consistent long-term strategy, with sustained investment, delivering:

- Continued market share gains
- Innovation
- Higher medium-term topline growth

Outlook

FY 15/16 guidance confirmed:

**Organic growth in Profit from Recurring Operations
between +1% and +3%**

**Positive FX impact of c.€20m⁽¹⁾ expected on
Profit from Recurring Operations in FY 15/16**

Upcoming communications

DATE ⁽¹⁾	EVENT
Monday 14 March 2016	EMEA Conference Call
Thursday 21 April 2016	9M 15/16 Sales
Tuesday 31 May 2016	Asia Conference Call



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

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%

Profit from Recurring Operations by Region (1/2)

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 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%

Profit from Recurring Operations by Region (2/2)

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%

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

Balance Sheet (1/2)

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

Balance Sheet (2/2)

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>	<i>19</i>	<i>10</i>
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

Analysis of Working Capital Requirement

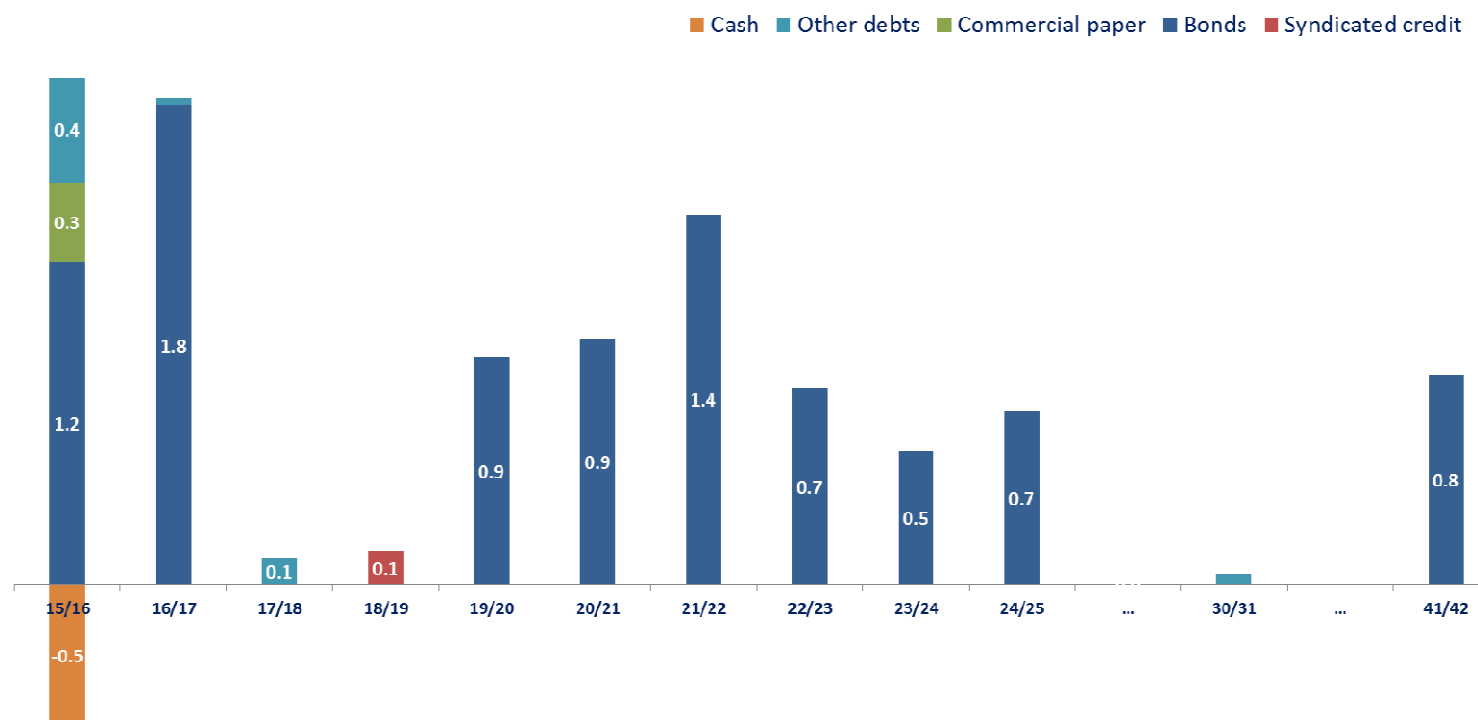
(€ millions)	June 2014	December 2014	June 2015	December 2015	H1 14/15 WC change*	H1 15/16 WC change*
Aged work in progress	3,963	4,127	4,430	4,416	89	45
Advances to suppliers for wine and ageing spirits	6	14	8	13	8	6
Payables on wine and ageing spirits	97	149	107	148	52	42
Net aged work in progress	3,872	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)

Debt Maturity at 31 December 2015

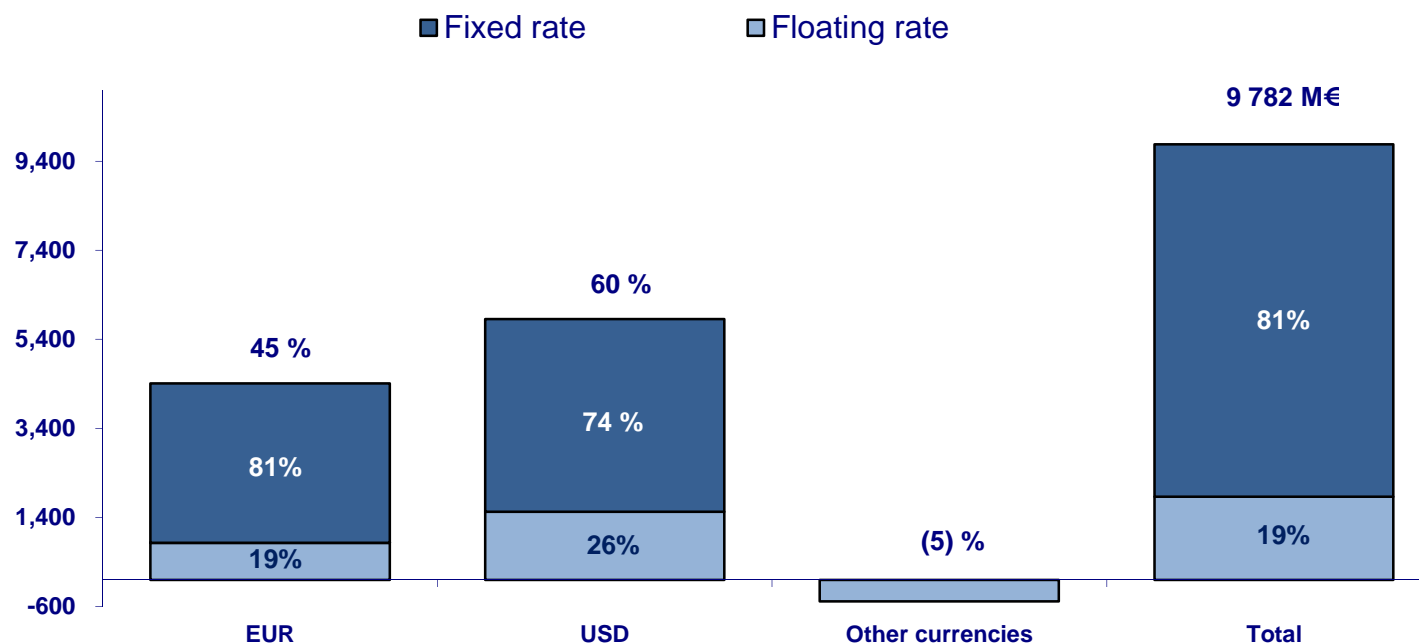
(€ billions)



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

Gross Debt Hedging at 31 December 2015

(€ millions)



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

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%



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