



Pernod Ricard
Créateurs de convivialité

2014/15 HALF-YEAR SALES AND RESULTS

12 February 2015



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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

+1%

**H1 Sales
(+2% restated
for CNY⁽¹⁾
phasing)**

Solid H1 performance in line with the objectives outlined in October 14

Gradual improvement in Sales in an environment that remains difficult

- +1% in H1, corresponding to +2% restated for phasing impact of CNY⁽¹⁾ vs. stable H1 in 2013/14
- H1 Sales growth (restated for CNY phasing) consistent with that of Q1

Stable Profit from Recurring Operations in H1 2014/15

- growing +2% restated for phasing impact of CNY⁽¹⁾
- => consistent with full FY 2014/15 guidance of PRO growth between +1% and +3%

*(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*

+1%

H1 Net profit

Key figures

	H1 2014/15	H1 2014/15 vs. H1 2013/14
Sales	€ 4,621 m	+1% reported growth: +1%
<i>Mature markets</i>	<i>€ 2,785 m</i>	<i>stable</i>
<i>Emerging markets⁽¹⁾</i>	<i>€ 1,836 m</i>	<i>+1%</i> <i>restated for CNY phasing: +4%</i>
PRO	€ 1,358 m	0% reported growth: 0%
PRO / Sales	29.4%	-22 bps
NPRO ⁽²⁾	€ 834 m	reported growth +1%

(1) List of emerging markets available in Appendix

(2) Group Share of Net Profit from Recurring Operations

+1%

H1 Sales
(+2% restated
for CNY
phasing)

Gradual improvement in Sales

Gradual improvement driven by Asia-Rest of world

- **improving trend in Asia-Rest of World** (stable / +3% restated for CNY phasing vs. -4% in H1 2013/14), driven by:
 - a continued strong performance in India, Africa/ME and Travel Retail
 - a **gradual improvement** of underlying trends in **China** vs. FY 2013/14 (**yet to be confirmed with upcoming CNY**)
- **growth in Americas: +2%** (vs. +3% in H1 2013/14) with good performance in Brazil and Travel Retail but 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

Growth driven by Whiskies

- **continued strong performance** of **Jameson, The Glenlivet, Ballantine's** and **Indian whiskies** and also of **champagnes** (high single-digit growth for both Mumm and Perrier-Jouët)
- **improving trend of Martell**: volumes up but Sales still declining due to **unfavourable mix**
- **Absolut impacted** by a challenging **US** market but growing outside the US

29.4%

Operating
Margin in H1

Small decline in Operating Margin, but improving recurring Free Cash Flow

Small decline in Operating Margin: -22bps

- **gross margin - 106 bps** due to:
 - **stable pricing**
 - **negative mix** driven by:
 - **geography** (India growth vs. China decline)
 - **quality** (mix of Martell)**and exacerbated by technical reasons** (CNY phasing and high comparative basis on Cordon Bleu)
- **slight reduction in A&P ratio to 17.7%**, while increasing support for key innovation projects (Elyx, Tequila Avión)
- favourable impact of **-3% structure cost reduction** (driven by Allegro)

Improvement in reported Recurring Free Cash Flow (€492m, +38%) but net debt increase

- **improved cash conversion of recurring net income**
 - **increase in net debt** to €9,034m mainly driven by a mechanical **FX impact** (€517m due to **variation of €/\$ parity** between 30 June @ **1.37** and 31 December @ **1.21**)
- => **but positive FX impact of c.€140m⁽¹⁾ expected on full FY 2014/15 PRO** (neutral on H1 2014/15), notably due to the appreciation of USD

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

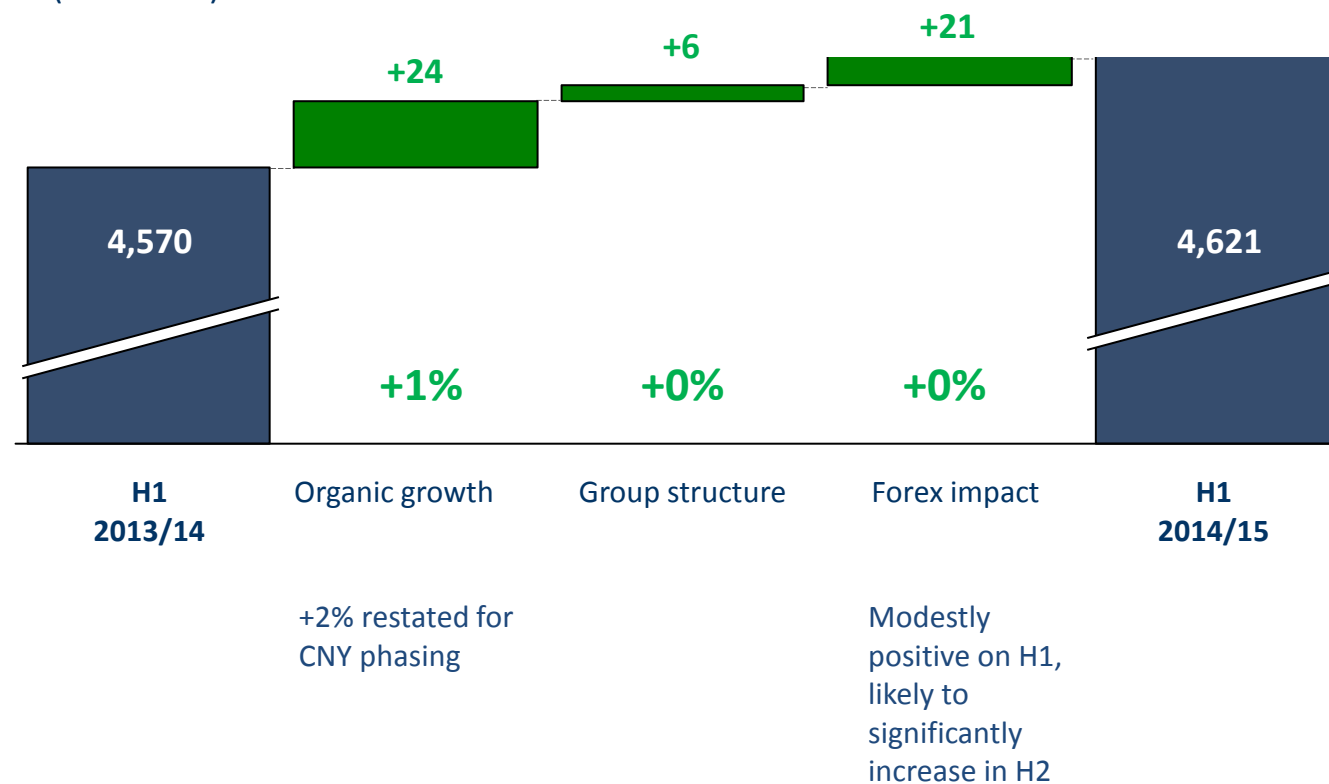
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Sales analysis

+1%
H1 Sales
Gradual
improvement
vs. H1
2013/14

H1 Sales growth

(€ millions)

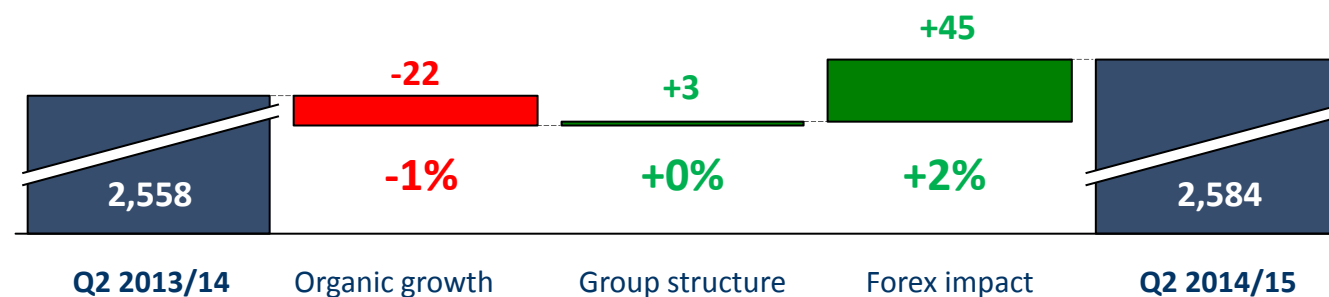


-1%

Q2 Sales
(+2% restated
for CNY
phasing)

Q2 Sales growth

(€ millions)



Negative impact
of CNY phasing
and high
comparative for
USA (+10% in Q2
2013/14)

Favourable USD,
partly offset by
negative Ruble

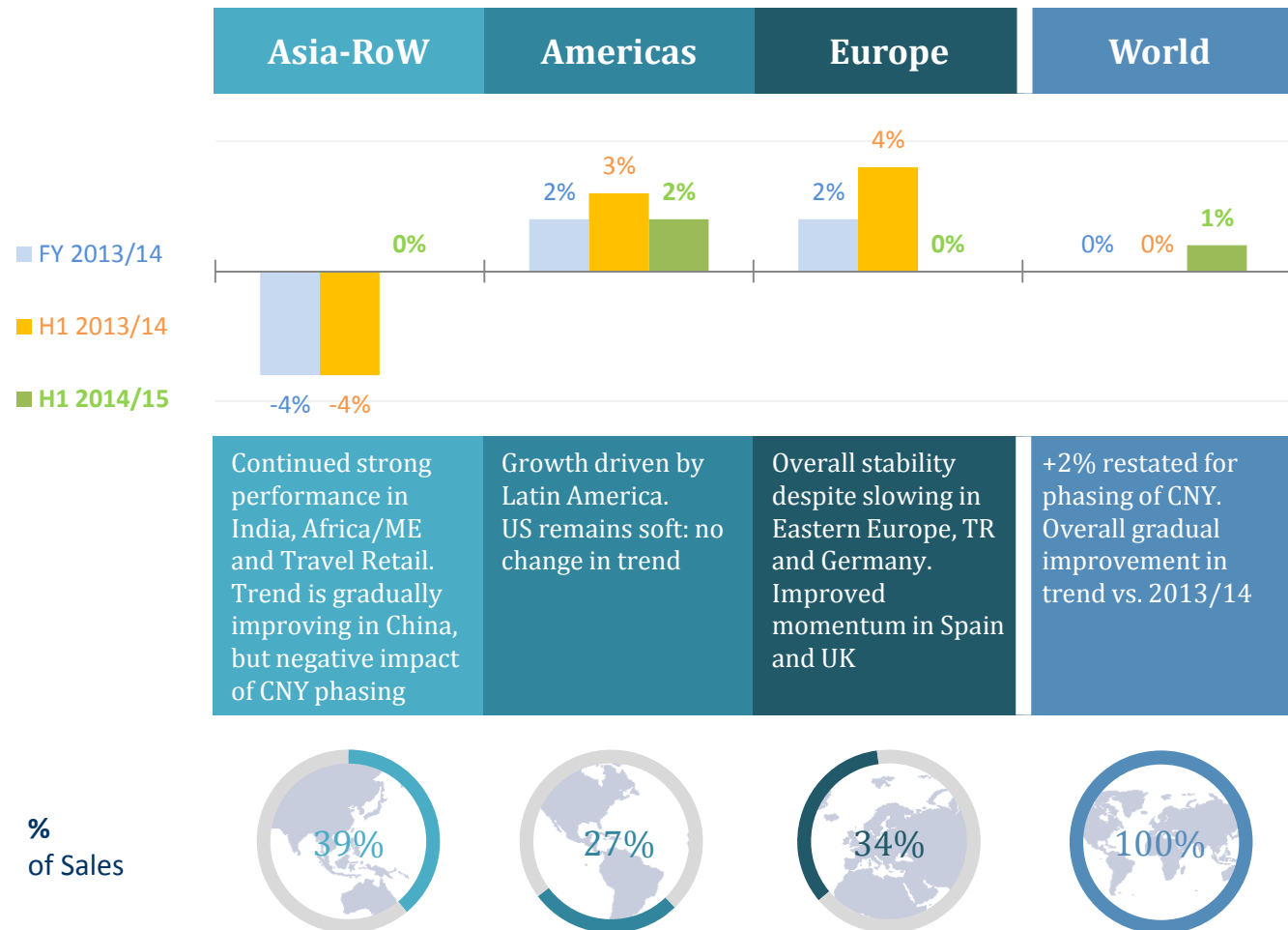
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Sales analysis

by region

+1%
H1 Sales
 (+2% restated
 for CNY
 phasing)

Organic Sales growth by region





Asia-Rest of the World

*Trends are improving: stable
(+3% restated for CNY phasing)*

-16%

**China H1
Sales**

**(-6% restated
for CNY
phasing)**

Asia-Rest of the World

China: gradual improvement

China: -16% (-6% restated for CNY phasing)

Continued macro-economic slowdown and anti-extravagance campaign pressure

Market trend improving but still in decline

- -7% and -11% respectively for Cognac and Scotch volume depletions ⁽¹⁾
- significant discrepancies by channel:
 - Off-trade: still declining but improving
 - On-trade: KTV and Restaurants still in double-digit decline while Bars and Family KTVs are back in modest growth

Good resilience of Pernod Ricard in a still challenging environment

- Martell: improving volume performance driven by Noblige
 - volume depletions -1% ⁽²⁾, negatively impacted by CNY phasing
 - market share gains ⁽¹⁾
 - growth of Noblige but decline of Cordon Bleu, with resulting -12% negative mix (exacerbated by high CB comparative in H1 2013/14)
- Scotch whiskies: decline ⁽²⁾ (-9%) in line with market, although Ballantine's Finest is ahead of market due to riding on the emerging middle class opportunity

➤ **Upcoming CNY key to confirm underlying trends**

NB 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
(1) Ytd volume depletions (assessed from Tier 1 wholesaler panel)
(2) Ytd volume depletions at Tier1 +Tier 2 levels

+6%

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

Asia-Rest of the World

Outside China: good overall performance

India: +19%

- excellent performance driven by volume growth of local and imported whiskies
- local whiskies
 - significant milestones achieved: Royal Stag elected “India’s most valuable brand,” with 12-month volumes > 16m 9lcs; Imperial Blue > 14m 9lcs and Blender’s Pride >4.5m 9lcs
- continued **strong development** of **imported brands**
 - Top 14, driven by Chivas, Absolut and The Glenlivet
 - 100 Pipers (very strong double-digit growth)
- regulatory and tax environment increasingly challenging

Travel Retail

- **good H1**, driven in particular by Martell, Chivas, The Glenlivet and Ballantine’s and positive price impact

Japan: +7%

- **improving growth trend** quarter on quarter, driven by double-digit growth on **Top 14**
 - continuation of **Perrier-Jouët’s excellent growth** and promising **development of Mumm**
 - positive momentum on **Scotch** brands
- **very favourable price / mix** for the Top 14

+6%

H1 Sales
growth in
Asia-RoW
excl. China

Asia-Rest of the World

Outside China: good overall performance

South Korea

- **continued decline driven by Imperial**, due to its exposure to the structurally contracting traditional on-trade channel
- **development of Top 14**, notably Ballantine's, The Glenlivet and Royal Salute

Thailand

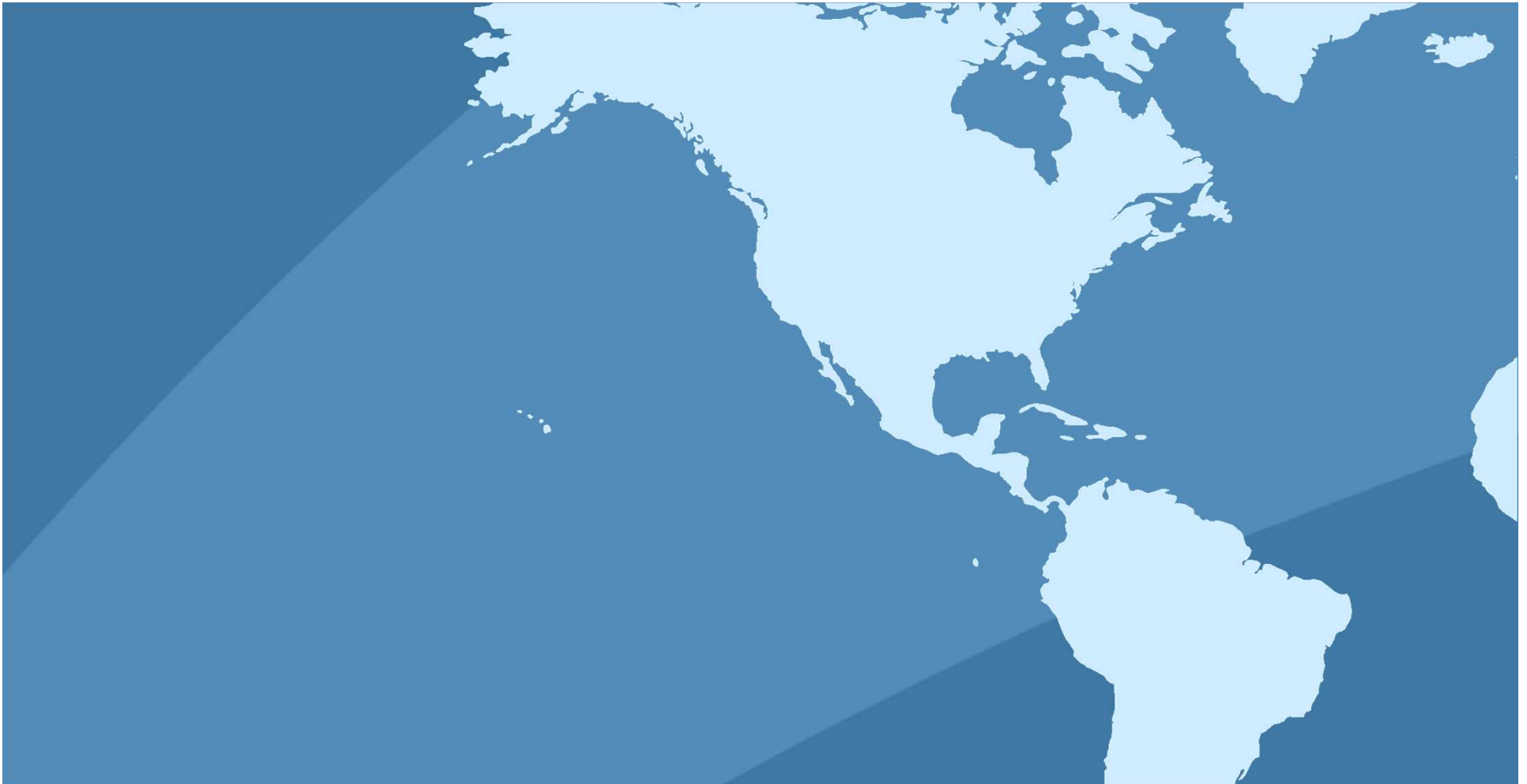
- **technical rebound** after difficult FY 2013/14
- Top 14 performance driven by **Chivas**

Australia

- growth momentum driven by Top 14 (mainly **Chivas** and **Mumm**)

Africa / Middle East

- **double-digit growth** across the African continent and notably in South Africa, driven by Top 14 and Passport



Americas

Continued growth: +2%

-2%

H1 Sales
in US

Americas

United States: -2%

Market

- macroeconomic environment and consumer sentiment improving, but not yet fully filtering through to spirits' consumption
- after 2-year slowing in growth, **recent slight improvement in trend** both in off and on-trade : 6-month Nielsen value at +3.1% ⁽¹⁾
- volumes +0.5%⁽¹⁾ but **premiumisation remains**, driven by category mix (whiskies and cognac) and quality mix (growth of premium+ vs. decline of standard)

PR USA underlying consumption trend unchanged at c. +1%

- Nielsen value at +1.1% ⁽¹⁾
- unfavourable comparison basis (strong shipments in Q2 2013/14 of +10%)

New commercial organisation in place

- recruitment of **dedicated sales representatives** now complete and new ways of working being implemented
- commercial benefit expected to come through in FY 2015/16

(1) Nielsen XAOC + liquor stores, 26 weeks to January 3rd, 2015

-2%

**H1 Sales
in US**

Americas

United States: -2%

	Absolut	Jameson	Malibu	The Glenlivet	Martell
Nielsen / NABCA ⁽¹⁾	-6% / 0%	+14% / +19%	+2% / +6%	+8% / +7%	+67% / +50%

Absolut still under pressure in a challenging environment

- decline in an **increasingly competitive category**
- ongoing **initiatives targeting stronger execution** and communicating through “Meet perfection” product quality campaign
- focus on **promotional effectiveness**

Premium and Prestige brands spirits performing well, driven by Jameson

- **Jameson** reached key milestone of **2m cases** depleted in a year, with growth well ahead of whisky category (+8%) ⁽¹⁾
- **Martell** growing **double-digit** in a cognac category that has found new dynamism

Malibu

- **Malibu Coconut back in growth** and gaining market share vs. category after success of Summer State of Mind campaign

Innovation continuing

- **Olmecca** and **Tequila Avi3n** confirming their status as growth drivers
- **Elyx** still at an early stage but displaying growing traction with distribution gains in +1600 accounts both on and off premise

⁽¹⁾ Nielsen XAOC + liquor stores, value to 26 weeks to January 3rd, 2015; NABCA 6month value to December 2014

+6%

Growth in the
Americas
excl. US

Americas

Other markets

Brazil

- **double-digit growth**
- **Top 14 remains very dynamic⁽¹⁾**, driven by pricing, notably on Absolut (+19%), Chivas (+29%), and Ballantine's (+40%)
- **market share gains⁽¹⁾**

Mexico

- **continuation of Q1 Sales growth** driven by Absolut, Chivas and Passport
- in December, **agreement** to sell local RTD **Caribe Cooler** to Grupo Bepensa

Travel Retail

- **good performance** over H1 driven mainly by the international whisky portfolio (Chivas, The Glenlivet and Ballantine's)

Argentina

- **double-digit growth** driven by **local brands**: Colon, Etchart and Mumm Espumante
- tight management of imports

Venezuela

- **activity reduced to very low level** (€5m net Sales in H1 2014/15)
- organisation downsized accordingly (effective as of January 2015)

⁽¹⁾ Nielsen on + off trade ytd value to November 2014



Europe
Overall stability

0%

Stable H1 Sales in Western Europe

Europe Western Europe

France: -1%

- **modest decline** in line with market
- **tough price and commercial environment**
- **decline of Ricard** (-4%) and **Pastis 51** but **good performance of many brands** such as Chivas, Ballantine's, Absolut, Havana Club and Aberlour (double-digit growth)

Spain: +2%

- **return to growth** after 6 years of decline
- driven by **gin**, with good momentum on both **Beefeater** and **Seagram's Gin**
- **consolidation of leadership position** ⁽¹⁾, especially in On trade

Germany

- H1 Sales in decline due to **trade disputes in Q1** (solved in Q2), promotional phasing and an unfavourable **basis of comparison**
- **Q2 back to growth** due in particular to the **successful launch of Ramazzotti Aperitivo Rosato** and the development of **Prestige** brands
- **market share gains** ⁽²⁾: Havana Club +7% vs. rum -2%

UK: +7%

- continued **good performance of Top 14**, in particular Absolut
- **improving wine performance**, driven by Campo Viejo, but difficulties on Jacob's Creek
- **market share gains** ⁽³⁾: Absolut +17% vs. vodka +4%, Perrier-Jouët +33% vs. Champagne 0%

Travel Retail

- **double-digit decline** largely due to **Russian situation** and Ruble devaluation

⁽¹⁾ Nielsen Spain Mainland on+off trade YTD value to November 2014

⁽²⁾ Nielsen Germany Food + C&C 6 mth value to November 2014

⁽³⁾ Nielsen GB Off trade 6mth value to 3 January 2015

+4%

H1 Sales in
Eastern
Europe:
slower
growth

Europe

Eastern Europe

Russia: +6%

- despite very tough environment, depletions **resilient** (+4%), thanks in part to consumers buying ahead of anticipated **price increases**
- performance driven by double-digit growth of Ballantine's, Jameson, Absolut & Becherovka
- **slight growth** when restating for overshipments

Poland

- **double-digit decline largely driven by high comparative basis of H1 2013/14** (+15% increase in excise duty at 1 January 2014)
- very commercially aggressive competition
- recovery expected in H2

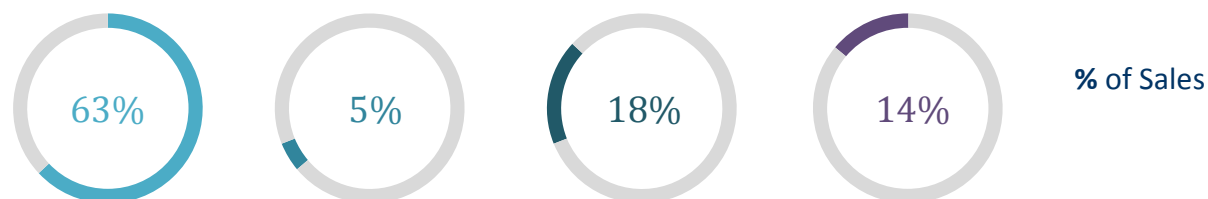
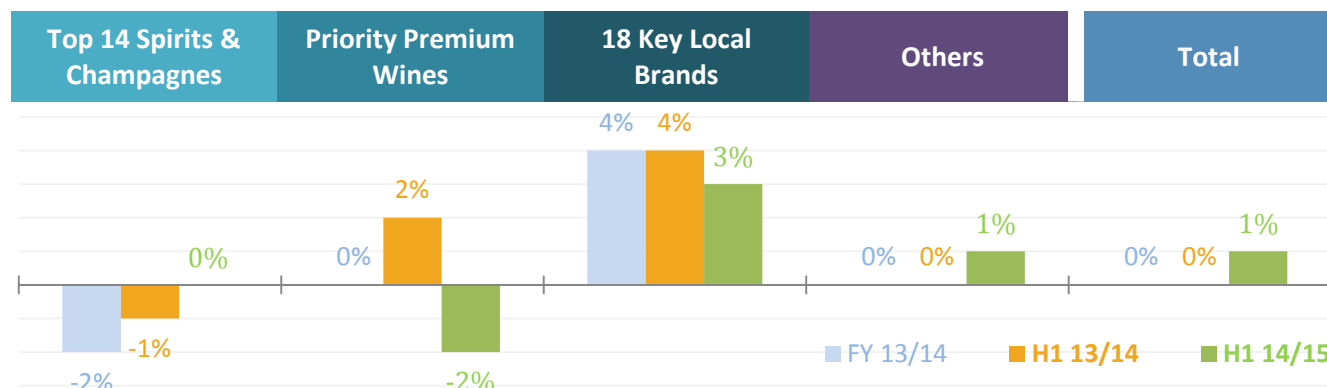
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Sales analysis

by brand

+1%
H1 Sales
(+2% restated
for CNY
phasing)

Organic Sales growth by category



Premium brands⁽¹⁾ : 76% of Sales in line with FY 2013/14

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

0%

**Top 14
H1 Sales
(+2% restated
for CNY
phasing)**

Top 14 Spirits & Champagnes

TOP 14 Spirits & Champagnes	Organic Sales growth	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%
Kahlúa	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%

0%

Top 14
H1 Sales
(+2% restated
for CNY
phasing)

Top 14 Spirits & Champagnes

Volumes **+2%**

Sales **+0%**

% of Group Sales:

63%

Stability of Top 14 in H1 2014/15, an improvement vs. 2013/14

- rebound of volumes +2%, driven by whiskies and champagne
- negative price / mix effect
 - broadly flat pricing in a more challenging and competitive global business environment
 - negative mix largely driven by Martell (increasing weight of Noblige vs. Cordon Bleu/XO in China)

=> resulting flat Sales, **equivalent to +2% restated** for CNY phasing



0%

Top 14
H1 Sales
(+2% restated
for CNY
phasing)

Top 14 Spirits & Champagnes

Jameson: continued very strong performance

- **double-digit growth** globally with good performance in USA, Russia and Africa
- **US: +14% ⁽¹⁾**, with key milestone of **2m 9Lcases annual depletions** reached in 2014 for the first time

Martell: impacted by China but growing elsewhere

- **Sales -9% but +3% excluding China**
- **volumes back to growth**
 - strong development of Martell in Africa, Travel Retail America and Oceania
 - good performance of Noblige in China
- **strong deterioration of price/mix** due to the decline of high-end categories in China and high comparative basis on Cordon Bleu



(1) Nielsen XAOC + liquor stores, 6month value to 3 January 2015

0%
Top 14
H1 Sales
(+2% restated
for CNY
phasing)

Top 14 Spirits & Champagnes

Scotch whiskies: +3%

- good performance in Travel Retail, Brazil, Russia and France
- **The Glenlivet** confirmed its strong performance, particularly in Travel Retail Americas, Taiwan and South Africa
- continued momentum for **Ballantine's** Finest in emerging markets (Russia, Brazil South Africa and India)
- **Chivas**: growth in Turkey, Brazil and Travel Retail Americas partly offset by Asia

White spirits

- **Absolut**
 - **US still declining** (slowdown in vodka category and increasingly competitive environment) and **cyclical difficulties in Germany** (trade disputes)
 - **continued growth outside US** (Brazil, Africa/Middle East, UK and Eastern Europe)
- **Malibu** Sales impacted by shipments phasing in US but positive underlying trend ⁽¹⁾ at +2%
- **Beefeater** driven by recovery in Spain

Champagne: + 8%

- good semester in **Australia, Japan and UK**



(1) Nielsen XAOC + liquor stores, 26 wks value to 3 January 2015

-2%

**PPW
H1 Sales**

Priority Premium Wines

Volumes **-1%**

Sales **-2%**

% of Group Sales:

5%

Strong performance of Campo Viejo

- double-digit growth and improved pricing
- strong momentum maintained in the UK

Decline of Jacob's Creek

- due mainly to a very competitive UK market and decrease in China

Good start for Kenwood



+3%

KLB H1 Sales

Strong volume
growth +11%
but
unfavourable
mix

18 Key Local Brands

Volumes +11%

Sales +3%

% of Group Sales:

18%

Indian whiskies: +19%

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

100 Pipers

- strong development in India
- technical rebound in Thailand (very favourable comparatives)

Passport

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

Imperial

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



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Marketing initiatives & innovation

Limited editions



Jameson Caskmates

A limited release of 3,500 bottles, with subtle flavours of hops, cocoa and coffee. Appeal for whiskey lovers, as well as adventurous spirits who appreciate memorable flavours

Launched In: Ireland



Martell Noblige Black Tie

For the occasion, Jason Wu (fashion designer) re-invents the Martell Noblige universe with a masculine and contemporary design, dressing the iconic product with black leather effects and fine gold touches throughout

Launched In: China, Hong Kong, Taiwan, TR Asia



Ricard

To celebrate end of the year 2014, Ricard developed a limited edition about FRESHNESS. The design highlights water and drops on a bright and rich silver label, revealing the freshness of Ricard.

Launched In : France

Innovation products



Absolut Elyx

Absolut Elyx gaining strong momentum in the United States. Art Basel Miami pop-up « Casa Elyx », most buzzed about experience during key culture event.

First introduction of the signature copper pineapple serve becoming a phenomenon in the US!



The Glenlivet Founder's reserve

The Glenlivet Founder's Reserve is the new permanent benchmark expression in the brand's core range. This Single Malt brings to life the heart and soul of The Glenlivet and is a unique tribute to George Smith's original vision to create the definitive smooth & fruity Speyside malt.

Launched : Globally

Continuous innovation in wine



CAMPO VIEJO

Campo Viejo Live uncorked campaign

Creative executions designed to build awareness and consideration amongst consumers, as well as drive emotional engagement.

BRANCOTT ESTATE



Brancott Estate Sauvignon Gris

Brancott Vineyard is the site of the first Sauvignon Gris vines planted in the Marlborough region. An ancient varietal that offers alluring fresh aromas and a rich textural palate. This is the only Sauvignon Gris being produced at a commercial level in the region.



Jacob's Creek Double Barrel

New range of premium red wines, **matured in wine barrels and finished in whisk(e)y barrels.** Each varietal has been matched to a specific kind of whisk(e)y barrel: Scotch barrels for Shiraz and Irish barrels for Cabernet Sauvignon. Targeting full bodied red wine drinkers with sophisticated tastes, looking for something new.

Major global campaign launches



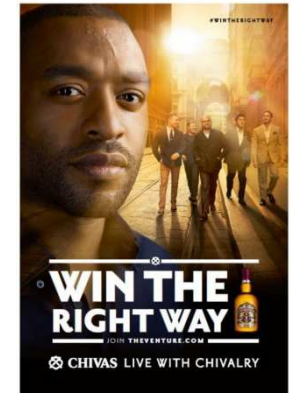
« The Venture »

“The Venture” is an international fund which provides aspiring social entrepreneurs with \$1 million of financial assistance, global exposure for their company or idea and support from world-famous business mentors.

CHIVAS REGAL

« Win the Right Way »

Chivas Regal launched “Win the Right Way” feature Oscar-nominated actor Chiwetel Ejiofor ; Golden Globe nominated actor Oscar Isaac and Winner of Best Actor Silver Bear at Berlin International Film Festival 2014 Liao Fan introducing the stories of social entrepreneurs from around the world and calling on others to follow their lead.



KAHLÚA



Kahlúa partners with Jeff Bridges to launch the White Russian Campaign

In September Kahlúa launched its first classic cocktails campaign with a short film collaboration with award-winning actor Jeff Bridges.



MALIBU



« Summer Icon campaign »

To reach its ambition to become a global icon of summer, Malibu launched a new global campaign ‘Summer You’. It is based on the insight that ‘Summer is when people feel most free and happy’. Through this campaign, Malibu helped its target audience unleash their summer you and thereby experience the best summer of their lives. The ‘Summer You’ campaign was executed through TVC, print and OOH – as well as through an innovative digital platform: The Best Summer ever Project. The campaign was implemented in the US, UK and Germany.

Major global campaign launches

ABSOLUT

« Meet Perfection »

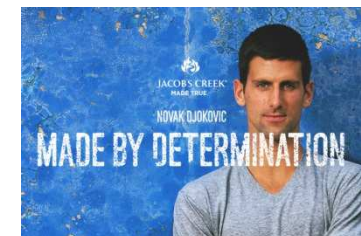
Meet Perfection launched for the off-trade in September 2014 – with specific focus on the quality story of Absolut. The ambition is to (re)introduce consumers to the Absolut Vodka they thought they knew. Ultimately, transforming the way they think about the brand and the vodka category. The advertising invites you to explore the details of classic and contemporary cocktails, adding appeal and a fresh approach to traditional cocktail imagery.



JACOB'S CREEK



Jacob's Creek global 'Made by' campaign celebrates the people, places and passions that go into crafting every bottle of Jacob's Creek wine. The 'Made By' campaign launches globally in November with a 15", 30" and 60" TVC featuring Novak Djokovic, world number one tennis player. The campaign provides a glimpse into the lives of the people who make Jacob's Creek, the land that inspires and challenges them and the award winning wines they craft.



Co-creating and launching with celebrities



BALLANTINE'S

Ballantine's Online Golf Club With world-Class Golfer Ian Poulter as Founding Captain.

Inspired by golf and its lifestyle and aimed at those who share an appreciation of golf and a love of fine whisky. Membership offers unique access to exclusive content, events, whisky tastings, VIP hospitality, as well as the chance to meet and play with top players and participate in a member-only global tournament.

MUMM

Partnership with David Guetta

Aimed at reinforcing the link between Mumm and Formula 1, and establishing Mumm as the champagne to celebrate Victory. This included an interactive digital video (« dual screen ») of David Guetta, featuring Mumm. 50m views on Youtube; 100m impressions



CHIVAS REGAL



Chivas Regal Extra launch with Chris Noth

Chivas Regal officially launched in October its latest blend, **Chivas Regal Extra** with guests of honour, actor **Chris Noth** and Chivas Regal Master Blender, **Colin Scott** at a secret location that was revealed at the last minute.



Digital leverage

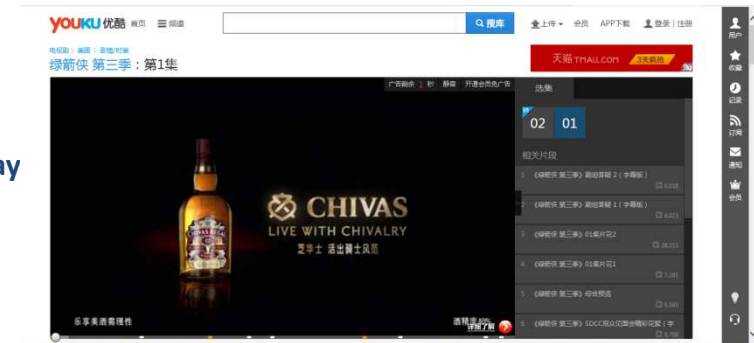
CHIVAS

Win the right way media Launch-otv & display

OTV total achieved: 33,770,331 impression

display total achieved: 171,821,291 impression and

252,088 clicks



BALLANTINES

BF China ST story amplification

- **in Kugou:** China No.1 Digital Music Platform. 1st week performance (1/5-1/11) – impression & click achieved 140% vs. goal, Ave visitor time spent on site was 81 seconds.
- **on Digital:** OTV amplification: 9,298,659 video view generated in the 1st week
- **bar/FKTV channel activation** (wave 1) from 12/12 to CNY 15 covering 25 bars & 44 FKTV outlets in 12 key cities.



ABSOLUT

China: Transform online to offline

- **it was ambitious:** 70 Media attendants; 250 KOL; 1800 Guests; 6,500 Drinks served
- **it recruited fans:** 233% growth of weibo (China's twitter) fans, now at 70,000 and 167% growth of wechat (China's facebook) fans, now at 7,000.
- **it delivered buzz:** Paid media, 3.4 million impression ; Own media, 23.8 million impression; Earned media, 11,428 social buzz and 85 180 views of social content



Developing brand sponsorship for cultural partnerships and CSR

PERRIER JOUËT

Perrier-Jouët's latest commissioned design work, *Ephemerā* by mischer'traxler, revealed at Design Miami/ 2014

Exploring traditional craftsmanship, modern technology, the ephemerality of nature, and the Art Nouveau movement, mischer'traxler has captured the very essence of #Perrier-Jouët with its own and unique interpretation. This 1st item of the series "Small Discoveries" also includes 3 limited editions designed by the Austrian duo which will be revealed throughout 2015



HAVANA CLUB



TEDx Havana

Just a few weeks before the announcement of the opening of talks on normalized diplomatic relations between Cuba and the United States, the city of Havana hosted its very first TED conference, titled InCUBAndo ("incubating" in Spanish). The speaker line-up was essentially composed of Cuban civil society leaders from all walks of life: musicians, visual artists, academics, computer scientists, architects, activists, organic farmers, and entrepreneurs.

As a modern Cuban icon, it was only natural for Havana Club International to support the organizers of this event. One of its employees, Communication Manager Heydi Hernández, took the stage to present Tú Decides, the brand's social responsibility platform for the prevention of underage alcohol consumption in Cuba.



Profit from Recurring Operations



PRO

Summary income statement

Stable H1 PRO

(+2% restated
for CNY
phasing)

Summary income statement (1/2)

(€ millions)	H1 13/14	H1 14/15	reported Δ	organic Δ
Sales	4,570	4,621	+1%	+1%
Gross margin after logistics costs (GM)	2,909	2,889	-1%	-1%
<i>GM / Sales</i>	63.6%	62.5%		-106bps
Advertising & prom. expenditure (A&P)	(821)	(819)	0%	-1%
<i>A&P / Sales</i>	18.0%	17.7%		-35bps
Contribution after A&P expenditure (CAAP)	2,088	2,070	-1%	-1%
<i>CAAP / Sales</i>	45.7%	44.8%		-70bps
Structure costs ⁽¹⁾	(729)	(712)	-2%	-3%
<i>Structure costs / Sales</i>	15.9%	15.4%		-48bps
Profit from recurring operations (PRO)	1,359	1,358	0%	0%
<i>PRO / Sales</i>	29.7%	29.4%		-22bps

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

Stable H1 PRO

(+2% restated
for CNY
phasing)

Summary income statement (2/2)

Decrease in Gross Margin ratio: -106bps

- challenging and competitive pricing environment (**stable prices**)
- **negative mix** effect driven by **geographic mix** (India growth vs. China decline) and **quality mix** (Martell)

Slight decline in A&P (-1%) while increasing support for key innovation projects (Elyx, Tequila Avi3n)

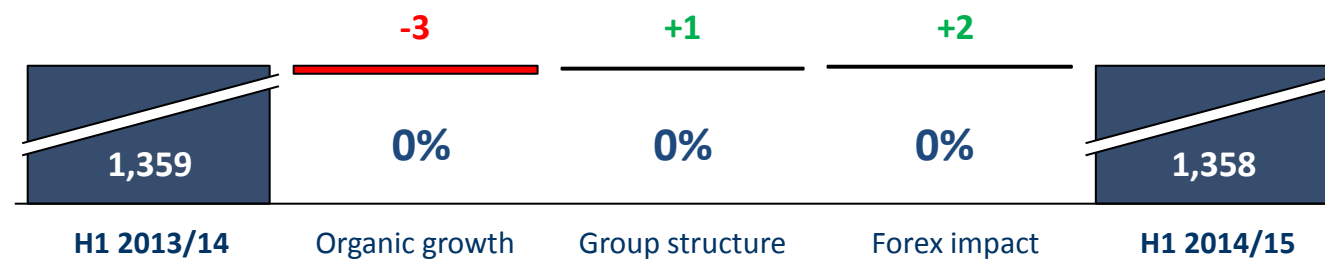
Strong decrease in structure costs driven by Allegro: -3%

- **Allegro savings confirmed at €150m** in total, of which c. €75m in FY 2014/15
- **Structure costs expected in slight decline in full FY 2014/15**

Stable H1 PRO

Change in PRO

(€ millions)



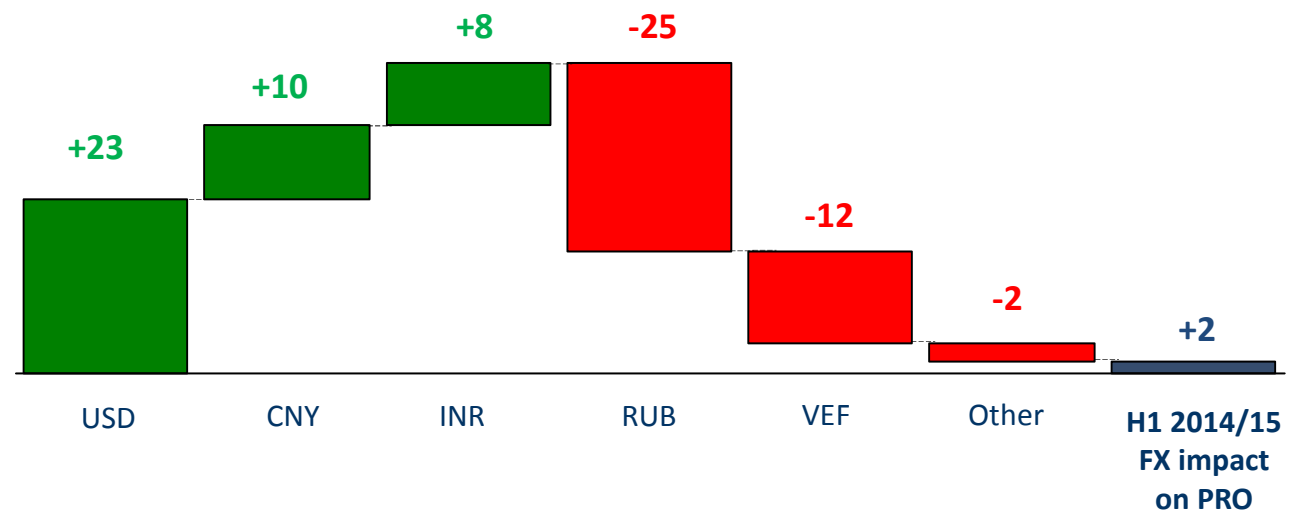
Neutral in H1
2014/15
Anticipated
positive
impact of
c.€140m⁽¹⁾ in
full FY
2014/15

Neutral FX impact on PRO in H1

Change in PRO – Zoom on Forex impact

Neutral FX impact in H1 2014/15 on PRO due to a stronger USD offset by the devaluation of RUB and VEF

(€ millions) ⁽¹⁾



Favourable FX impact of c.€140m⁽²⁾ anticipated on PRO in full year 2014/15 due to the continued appreciation of USD in H2

⁽¹⁾ Includes impact of strategic hedging on Forex

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

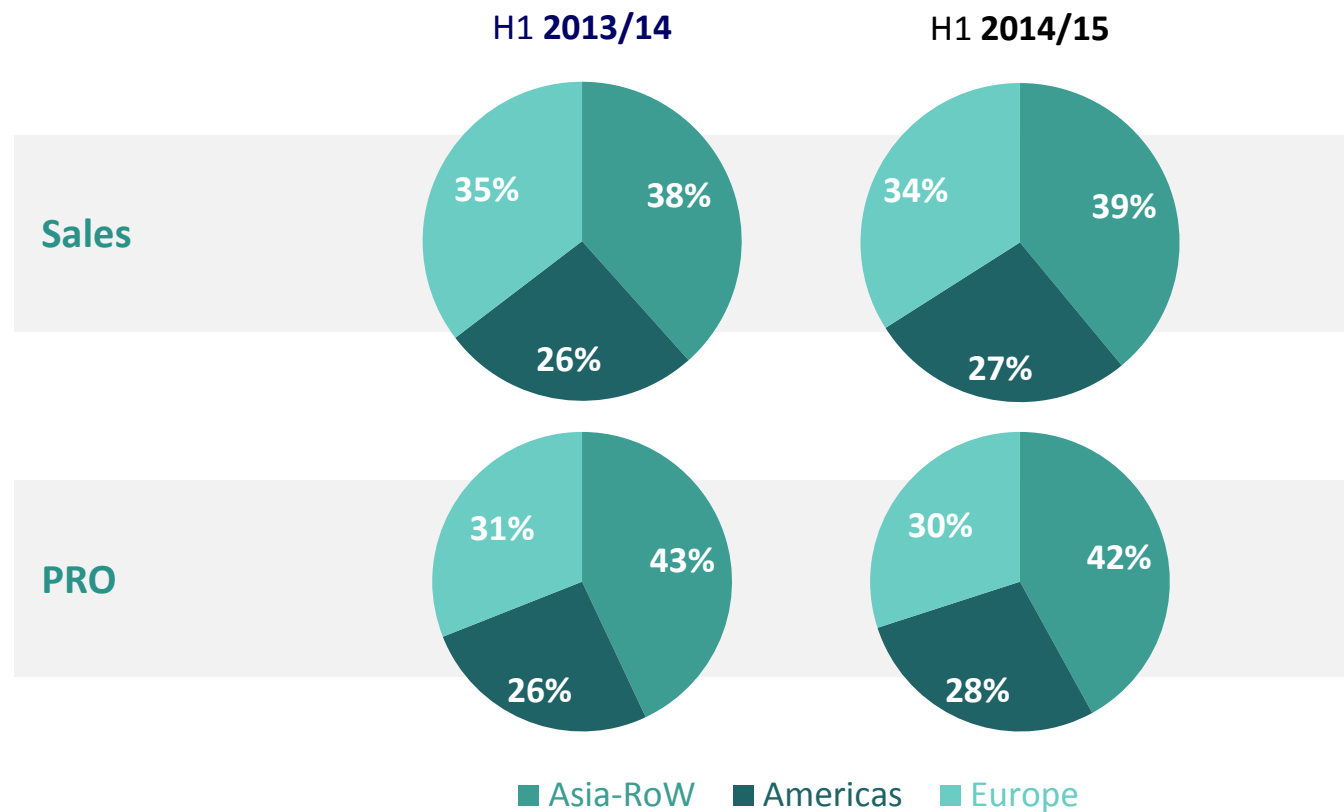


PRO

Analysis by region

Healthy geographic balance

Analysis by region

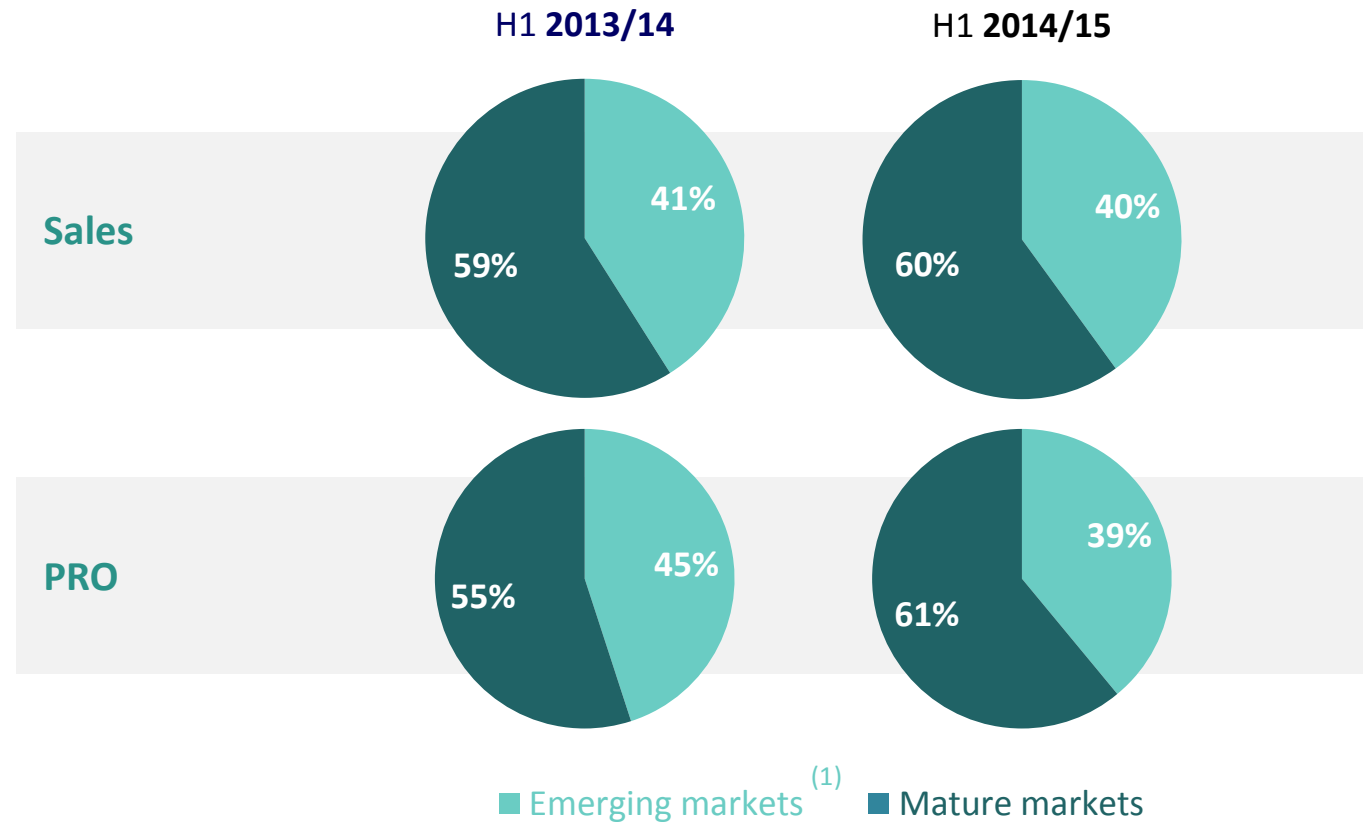


Good geographic balance, enabling Pernod Ricard to seize all growth opportunities

+4%

**Increase in H1
PRO in mature
markets**

Analysis by market type



Lower share of Emerging markets in Group PRO due mainly to China (mix and later CNY)

(1) List of emerging markets available in appendix

- 7 %

**Asia H1 PRO
(-2% restated
for CNY
phasing)**

Asia-Rest of the World

Decline in PRO emphasized by CNY phasing

(€ millions)	H1 13/14	H1 14/15	reported Δ	organic Δ
Sales ⁽¹⁾	1,749	1,801	+3%	0%
Gross margin after logistics costs (GM)	1,089	1,093	0%	-4%
<i>GM / Sales</i>	62.3%	60.7%		-204bps
Advertising & promotion expenditure (A&P)	(298)	(296)	-1%	-4%
<i>A&P / Sales</i>	17.1%	16.4%		-63bps
Contribution after A&P expenditure (CAAP)	791	797	+1%	-3%
<i>CAAP / Sales</i>	45.2%	44.3%		-142bps
Profit from recurring operations ⁽²⁾ (PRO)	584	570	-2%	-7%
<i>PRO / Sales</i>	33.4%	31.7%		-226bps

- Sales growth better than in FY 2013/14
- Operating margin rate impacted by adverse mix effects due to Martell in China and growth of Indian Whiskies
- gap between organic (-7%) and reported (-2%) PRO growth due to a more favourable FX environment (in particular on Chinese yuan and Indian rupee)

⁽¹⁾ Including customs duties

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

+4 %

**Americas H1
PRO**

**Improvement
in Operating
margin:
+64bps**

Americas

Strong increase in PRO

(€ millions)	H1 13/14	H1 14/15	reported Δ	organic Δ
Sales	1,209	1,242	+3%	+2%
Gross margin after logistics costs (GM)	794	808	+2%	0%
<i>GM / Sales</i>	65.7%	65.1%		-105bps
Advertising & promotion expenditure (A&P)	(231)	(242)	+5%	+2%
<i>A&P / Sales</i>	19.1%	19.5%		+12bps
Contribution after A&P expenditure (CAAP)	563	566	+1%	-1%
<i>CAAP / Sales</i>	46.6%	45.6%		-116bps
Profit from recurring operations ⁽¹⁾ (PRO)	356	375	+5%	+4%
<i>PRO / Sales</i>	29.4%	30.2%		+64bps

- continuation of **good Sales growth**
- **reduction in Gross margin rate** due to adverse geographic mix (lesser share of US market in H1)
- **increase of A&P** ahead of Sales partly driven by the US (strategic market)
- PRO margin enhanced by **strict structure cost discipline**

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

+6 %

**Europe H1
PRO**

Europe

Strong growth of PRO

(€ millions)	H1 13/14	H1 14/15	reported Δ	organic Δ
Sales	1,612	1,579	-2%	0%
Gross margin after logistics costs (GM)	1,025	988	-4%	0%
<i>GM / Sales</i>	63.6%	62.6%		-4bps
Advertising & promotion expenditure (A&P)	(292)	(282)	-3%	-2%
<i>A&P / Sales</i>	18.1%	17.9%		-44bps
Contribution after A&P expenditure (CAAP)	734	706	-4%	+1%
<i>CAAP / Sales</i>	45.5%	44.7%		+40bps
Profit from recurring operations ⁽¹⁾ (PRO)	419	412	-2%	+6%
<i>PRO / Sales</i>	26.0%	26.1%		+135bps

- **overall stability in Sales**
- significant **enhancement of PRO margin (+135 bps)** driven by premiumisation (Top 14 up +2%) and tight management of resources (A&P and Structure costs)
- gap between organic (+6%) and reported (-2%) profit largely due to significant negative impact of **Ruble**

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



Net profit

Stability of the cost of debt

Financial income (expense) from recurring operations

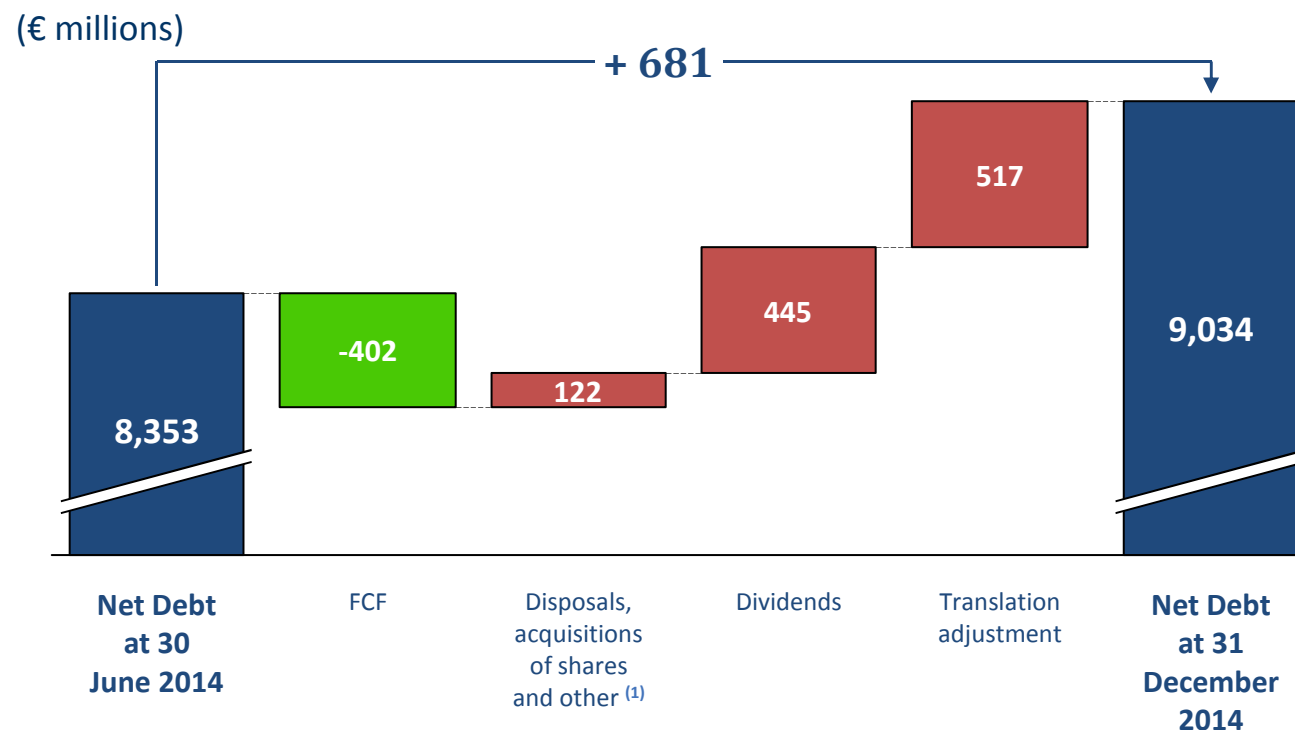
(€ million)	H1 13/14	H1 14/15	reported Δ
Financial income (expense) from recurring operations	(227)	(235)	(7)
<i>Cost of debt</i>	4.6%	4.6%	

- **stable cost of debt** in H1
- **slight increase in financial expenses** due to negative FX impact (-€4m)
- **full FY 2014/15 cost of debt still** expected to be **close to 4.5%**

+€681m

**Net debt
mechanically
impacted by
stronger
USD / € parity**

Change in Net Debt



- **mechanical translation impact of - €517 million** (EUR/USD rate of 1.21 at 31/12/2014 vs. 1.37 at 30/06/2014), due to 57% of Gross Debt being in USD
- **improving free cash flow** but cash flow generation before translation adjustment impacted by business seasonality, reinforcement in Avión partnership, Allegro cash out and the payment in H1 of the entire annual dividend

⁽¹⁾ Includes contributions to Allied Domecq pension plans of -€37m

+€135m

+38%

**Free Cash
Flow from
recurring
operations**

Cash flow statement (1/2)

(€ millions)	H1 13/14	H1 14/15	reported Δ
Profit from recurring operations	1,359	1,358	(1)
Amortisation, depreciation and provision movements and other	90	111	21
Self-financing capacity from recurring operations	1,450	1,469	19
<i>Decrease/(increase) in strategic stocks⁽¹⁾</i>	(37)	(46)	(8)
<i>Decrease/(increase) in operating WCR</i>	(500)	(398)	102
Decrease/(increase) in recurring WCR	(537)	(444)	94
Non-financial capital expenditure	(140)	(139)	1
Financial income (expense) and taxes	(414)	(394)	20
Free Cash Flow from recurring operations	358	492	135
Non-recurring items	(26)	(90)	(64)
Free Cash Flow	332	402	70

- **strong improvement in Free Cash Flow from recurring operations**, thanks to tight working capital management

(1) Ageing stocks and wine inventories

+€135m

+38%

**Free Cash
Flow from
recurring
operations**

Cash flow statement (2/2)

Slight increase in self-financing capacity from recurring operations consistent with the PRO evolution

Quasi-stability of the variation in strategic inventories and capital expenditure

- continued **stabilisation of the variation in strategic inventories** at -€46m
- **good control of capital expenditure**, with no increase vs. last year in H1
- continued strategy of securing our long-term growth in whiskies, cognac and champagne

Significant €102m decrease in variation of Operating WCR

- tighter management of **inventories**
- **positive impact of factoring**
- WCR improvement in days of Sales: 26 vs. 28 in H1 2013/14

Non recurring items

- -€90m including Allegro cash out (c. -€44m)
- H2 to be impacted by additional Allegro cash out and tax litigation settlements

Change in Net Debt / EBITDA ratio

	Closing rate	Average rate
<i>EUR/USD rate: 13/14 → 14/15</i>	<i>1.37 → 1.21</i>	<i>1.36 → 1.29</i>
Ratio at 30/06/2014	3.6	3.6
EBITDA & cash generation excl. Group structure effect and forex impact	0.04	0.04
Group structure and forex impacts	0.26	0.08
Ratio at 31/12/2014	3.9	3.7⁽¹⁾

- ratio at average rates stable vs. 31/12/2013
- slight increase in the ratio (+0.1) at average rates vs 30/06/2014 due to flat Operating Profit and negative H1 cash generation (due in particular to the phasing of the dividend payment)

(1) Syndicated credit spreads and covenants are based on the same ratio at the average rate

Corporate income tax

(€ millions)	H1 13/14	H1 14/15
Corporate income tax on recurring items	(295)	(284)
<i>Rate</i>	26.1%	25.3%

- slight decrease in the tax rate in H1 2014/15
- **full year 2014/15 tax rate still expected to be near 26%**

Group share of net profit from recurring operations

(€ millions)	H1 13/14	H1 14/15	Reported Δ
Profit from recurring operations	1,359	1,358	0%
Financial income (expense) from recurring operations	(227)	(235)	+3%
Income tax on recurring operations	(295)	(284)	-4%
Minority interests and other	(11)	(6)	-40%
Group share of net profit from recurring operations	826	834	+1%

- increase of +1% in net profit from recurring operations slightly above that of PRO

Non-recurring items

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

Other operating income and expenses

- principally linked to Allegro (€23m)

Non-recurring financial items

- primarily foreign exchange losses

Group share of net profit

(€ millions)	H1 13/14	H1 14/15	Reported Δ
Profit from recurring operations	1,359	1,358	0%
Other operating income and expenses	(20)	(28)	
Operating profit	1,339	1,330	-1%
Financial income (expense) from recurring operations	(227)	(235)	
Non-recurring financial items	2	(11)	
Corporate income tax	(275)	(290)	
Minority interests and other	(11)	(6)	
Group share of net profit	828	788	-5%

- decline in Group share of net profit mainly due to non-recurring items

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 full-year guidance

Gradual improvement in Sales growth in a still difficult environment: +1% in H1 (+2% restated for CNY phasing⁽¹⁾)

Stable profit in H1, equivalent to +2% restated for CNY phasing

Effective implementation of Allegro

Outlook

Confirmation of FY 2014/15 guidance:

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

**Positive FX impact of c.€140m⁽¹⁾ on Profit from
Recurring Operations expected on FY 2014/15**

Upcoming communications

DATE⁽¹⁾

EVENT

Thursday 26 March 2015

Asia Conference call

Thursday 23 April 2015

Q3 2014/15 Sales

Thursday 30 June 2015

Europe Conference call

Thursday 27 August 2015

FY 2014/15 Sales and results



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

	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%

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%

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%

Profit from Recurring Operations by Region (1/2)

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%

Profit from Recurring Operations by Region (2/2)

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%

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

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

Balance Sheet (1/2)

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

Balance Sheet (2/2)

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

Analysis of Working Capital Requirement

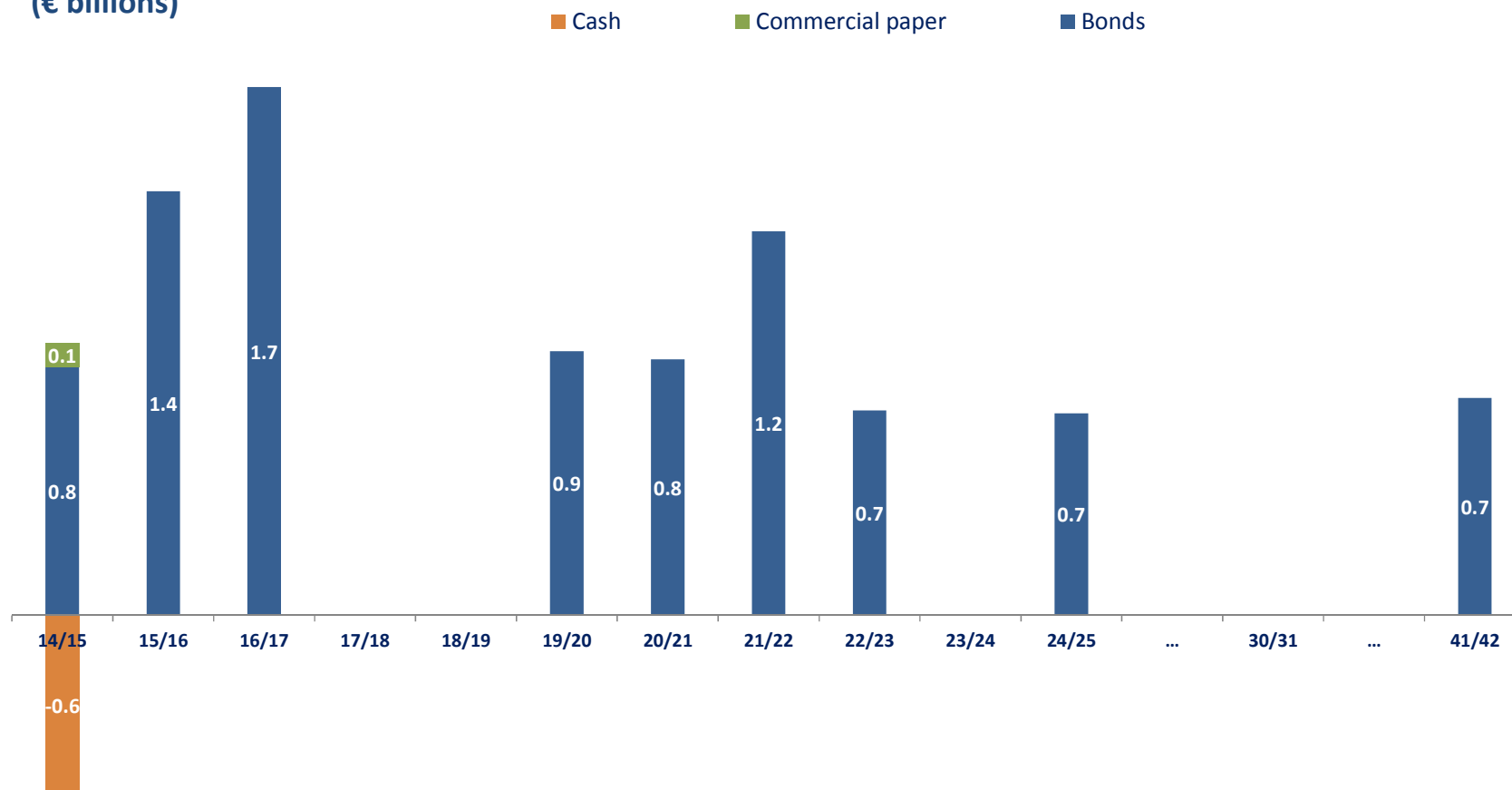
(€ millions)	June 2013	December 2013	June 2014	December 2014	H1 13/14 WC change*	H1 14/15 WC change*
Aged work in progress	3 617	3 706	3 963	4 127	78	89
Advances to suppliers for wine and ageing spirits	6	12	6	14	7	8
Payables on wine and ageing spirits	91	138	97	149	45	52
Net aged work in progress	3 532	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
* without FX effects and reclassifications					537	444
Of which recurring variation					(1)	1
Of which non recurring variation						

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

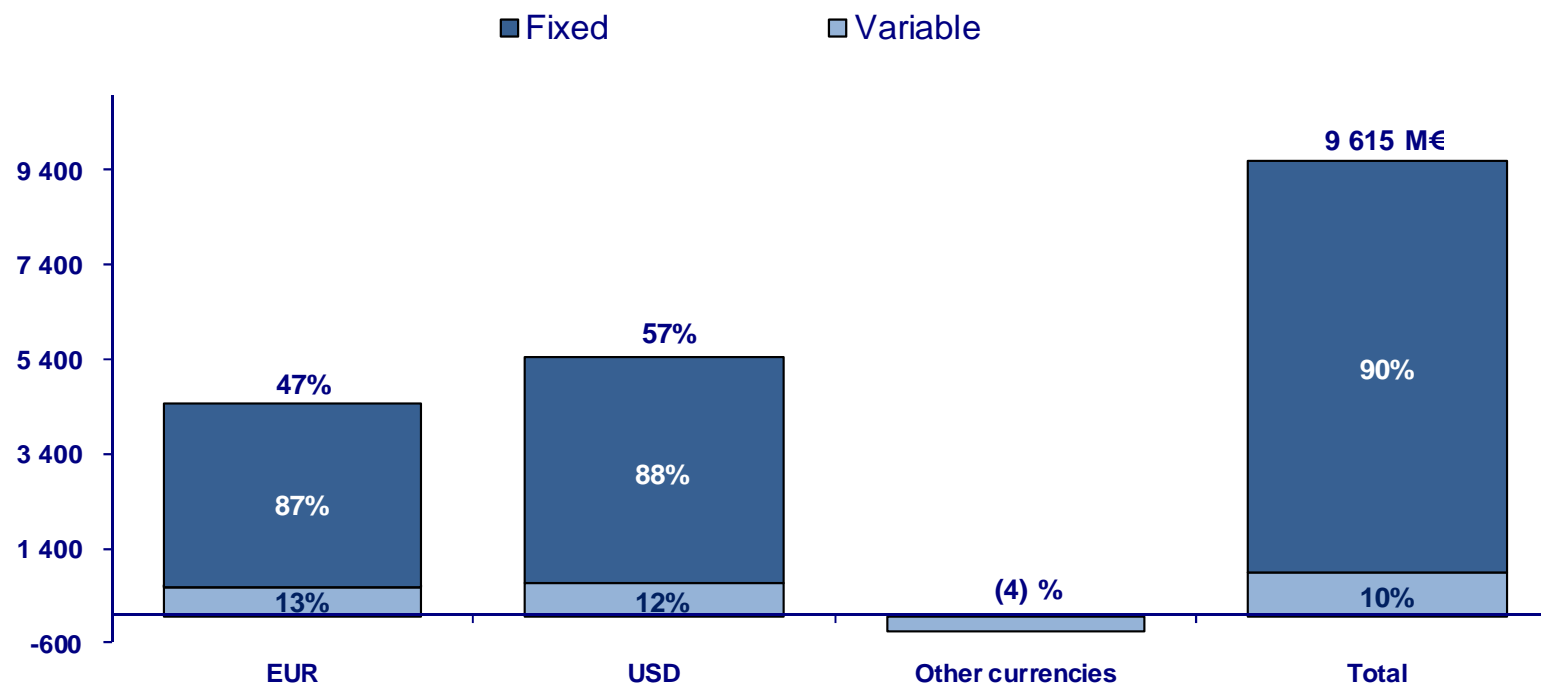
(€ billions)



- 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%)

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

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%



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