



Pernod Ricard
Créateurs de convivialité

Sales to 30 September 2013

24 October 2013



All growth data specified in this presentation refers to organic growth, unless otherwise stated

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



Contents

- Overall analysis
- Growth by region
- Growth by brand
- Marketing initiatives and innovation
- Conclusion and outlook
- Appendices



Key messages

- ➔ In a more challenging environment, **slight sales decline** (organic growth: -1%):
 - high comparatives in Q1 2012/13:
 - for major markets: US, +16%; China, +18%; Russia, +28%
 - for Martell: +23%
 - slowdown in emerging markets
 - unfavourable mix

- ➔ FY 2013/14 guidance: **organic growth in profit from recurring operations between +4% and +5%**



Q1 2013/14 Highlights

Sales: € 2,013 million

(organic decline of -1%)

Portfolio

- ✓ **Top 14 (-5%):**
 - slightly negative volumes (-1%)
 - negative mix (-6%) with the decline of Martell and Ballantine's in Asia
 - but favourable pricing (+2%)
- ✓ **Priority Premium Wines (+1%):** growth driven by Brancott Estate and Campo Viejo
- ✓ **18 Key Local Brands (+8%):** very good performance

Markets

- ✓ **Emerging markets (-2%):** slowdown significantly impacted by high comparatives (+13% in Q1 2012/13) and by China
- ✓ **Mature markets (-1%):** good performance in Western Europe and unfavourable comparatives in the US

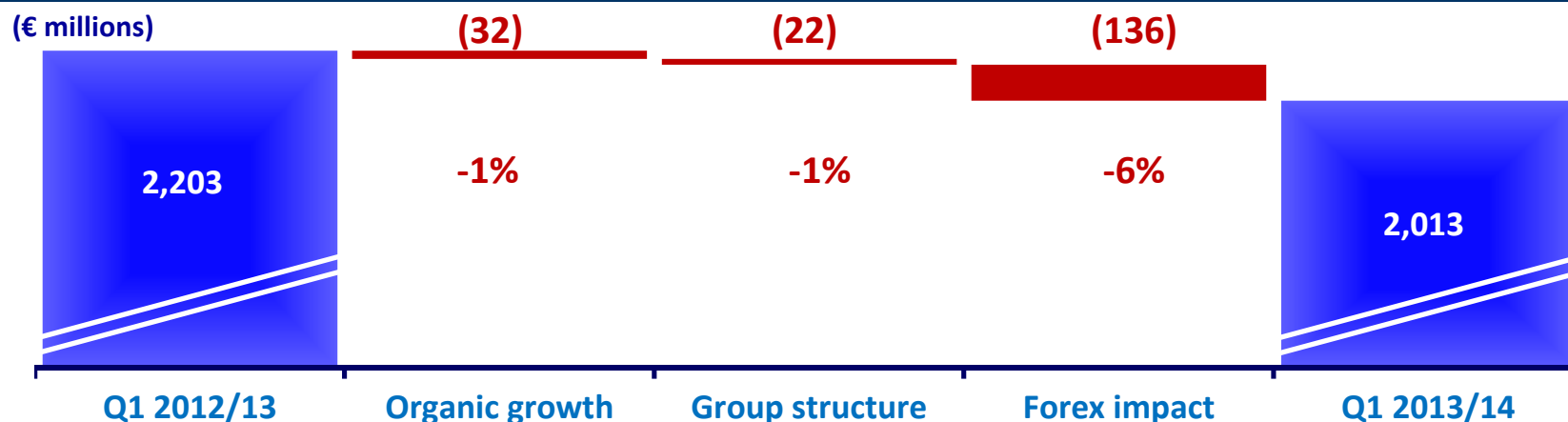
Financing

- ✓ **Amendment to the multi-currency revolving facility (€ 2.5 billion):** 5-year extension with the spread on the drawn portion reduced by 20 basis points



Sales growth

To 30 September 2013 (3 months)



→ Organic growth: -1%

→ Limited Group structure effect: primarily due to the disposal of certain Scandinavian and Spanish activities in FY 2012/13

→ Highly unfavourable foreign exchange effect: -6%

- weakness of the USD (vs. strong USD in Q1 2012/13: average EUR/USD rate of 1.32 over Q1 2013/14 compared to 1.25 over Q1 2012/13) and of currencies of emerging markets, particularly the INR (average EUR/INR rate of 82.46 over Q1 2013/14 compared to 69.01 over Q1 2012/13)

→ Reported sales: -9%

Over the full 2013/14 financial year, the forex impact on profit from recurring operations is estimated⁽¹⁾ at approximately € (130) million



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Organic sales growth by region

	% total 3-month sales 2013/14	3 months 2012/13	FY 2012/13	3 months 2013/14
ASIA-ROW	40%	+11%	+7%	-6%
AMERICAS	26%	+7%	+7%	0%
EUROPE ⁽¹⁾	33%	-3%	-2%	+3%
WORLD	100%	+5%	+4%	-1%

- Asia-RoW: decline exacerbated by unfavourable technical effects
- Americas: stability due to high comparatives
- Europe⁽¹⁾: improved performance

ASIA – REST OF THE WORLD

Decline exacerbated by unfavourable technical effects

→ China:

- **shipments** down double-digits in value, exacerbated by unfavourable comparatives (+18% in Q1 2012/13)
- **underlying trend** negative over the quarter:
 - **price/mix** limited to +1% (vs. +9% in Q1 2012/13): high end in significant decline and environment more competitive
 - by **category**: Martell depletions now in slight decline in value (but market share gains), continued decline of Scotch
 - by **activity**:
 - ⇒ sales impacted by anti-extravagance measures are in sharp decline (activities impacted: banqueting as well as a portion of gifting and of traditional KTV)
 - ⇒ better resistance of sales not subject to the anti-extravagance measures
These sales represent the majority of our business: modern off- and on-trade, family KTV and a portion of gifting and traditional KTV
- **launch** in September 2013 of **Martell Distinction**, targeting traditional Chinese restaurants
- **comparatives** becoming **favourable** as of HY2 2013/14

ASIA – REST OF THE WORLD

Decline exacerbated by unfavourable technical effects

→ India: continued double-digit growth

- double-digit growth of the three Indian whisky brands, which gained market share in value terms
- excellent performance of 100 Pipers and continued rapid growth of the Top 14

→ Travel Retail: positive depletions but double-digit decline in shipments due to very high comparatives

→ South Korea:

- double-digit drop of Imperial and Ballantine's due to the structural decline of the traditional on-trade and inventory reduction prior to Imperial's change in packaging
- continued strong growth of Absolut driven by the rapid expansion of the modern on-trade

ASIA – REST OF THE WORLD

Decline exacerbated by unfavourable technical effects



- **Japan:** good overall performance driven by the Top 14 (+6%), particularly Perrier-Jouët, and by Café de Paris
- **Thailand:** very sharp decline of 100 Pipers. Announcement of a significant increase in excise duty on imported spirits
- **Australia:** sales increase driven by double-digit growth of Brancott Estate as well as the Top 14 (in particular the ongoing dynamism of Mumm)
- **Africa/Middle East:** double-digit sales growth driven by the Top 14 (especially Jameson, Absolut and Ballantine's)



United States

→ Market:

- still in **good growth**, albeit slightly less buoyant than in 2012/13, with the on-trade now in decline
- **continued premiumisation** and solid price/mix

→ Pernod Ricard underlying trends:

- **off-trade: underlying growth remains solid** (Nielsen value: +3%⁽¹⁾):
 - Jameson (+23%⁽¹⁾): main growth driver with price/mix of +4%
 - Absolut (-1%⁽¹⁾): challenging start to the year in a still highly-competitive vodka market
 - Malibu (+5%⁽¹⁾): performance better than that of the rum category
 - Chivas (+8%⁽¹⁾): continued recovery
 - Perrier-Jouët (+15%⁽¹⁾): ongoing double-digit growth
 - The Glenlivet (+10%⁽¹⁾): price/mix of +3% with premiumisation favourable to single malts
 - Kahlúa (-1%⁽¹⁾): still in moderate decline
- **on-trade: better performance** than that of the market

→ Pernod Ricard shipments:

- **stable in value** due to very **unfavourable comparatives** (+16% in Q1 2012/13) and to timing discrepancies between shipments/depletions
- **favourable price/mix (> +3%)**

→ Canada:

- double-digit growth of the Top 14 (Absolut, Jameson, The Glenlivet) and wines

→ Brazil:

- return to growth
- good performance of strategic brands (Nielsen⁽¹⁾ value: Absolut +30%, Chivas +13%, Ballantine's +26%) and Passport

→ Mexico:

- single-digit sales decline in a slowing market (overall stable market in which Scotch whisky was the only category in growth)
- decline of Absolut and Chivas, but growth of Ballantine's and Passport (Nielsen⁽²⁾ value)

→ Travel Retail:

- significant double-digit drop, due in particular to trade disputes
- improvement expected in HY2 2013/14

→ Western Europe (+2%): improved trend

- good performance in France (+5%):
 - improved market trends (Nielsen volumes⁽¹⁾: -1% vs. -2% in FY 2012/13)
 - good summer sales and improvement in the on-trade
 - excellent performances of Havana Club +25%⁽¹⁾, and Absolut +16%⁽¹⁾
 - Ricard back to growth (+2%⁽¹⁾) in an aniseed market that remains in decline (-1%⁽¹⁾)
 - favourable comparatives (Q1 2012/13: -8%)
- good performance outside France (+1%), with:
 - very good Q1 in Germany and the UK
 - continued decline in Spain, impacted by an increase in excise duty in July 2013 of +10% (or €0.28 including the VAT for a 0.70-litre bottle at 40% alcohol)

→ Eastern Europe: sustained growth (+8%)

- **Russia:**
 - stable sales but depletions +10%
 - slowdown in the high-end portfolio (Top 14 depletions +6%)
- **Poland:**
 - accelerated growth with a marked recovery for the Top 14 (especially Ballantine's)
 - continued improvement in the trend of the local vodkas (especially Wyborowa: +10%)
- Sharp acceleration of growth in Balkans: **Romania, Bulgaria, Croatia, Slovenia, Hungary**
- **Czech Republic:** technical recovery on favourable comparatives⁽¹⁾

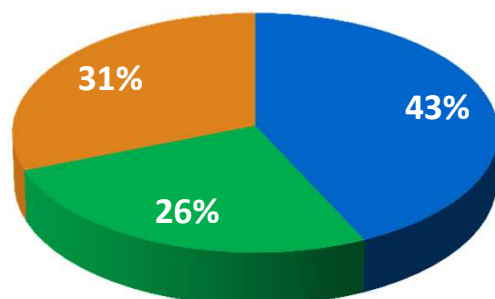
(1) Sale of spirits with an alcohol content exceeding 20% banned between 17/09/2012 and 27/09/2012



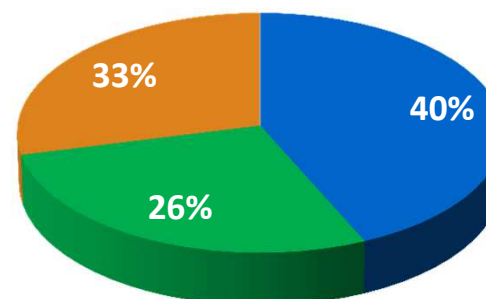
Sales analysis by region

Balanced exposure

3 months 2012/13

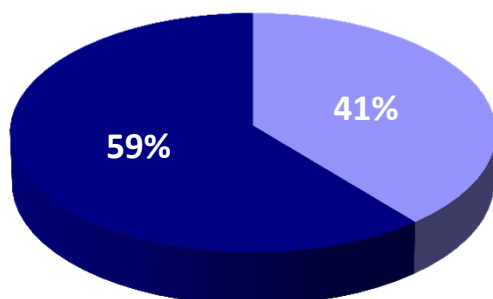


3 months 2013/14

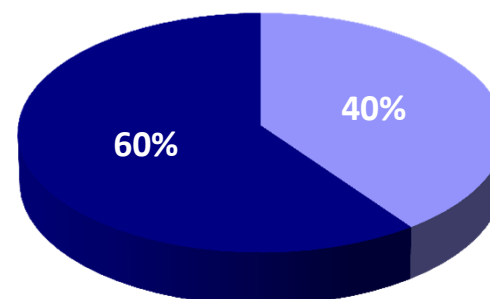


■ Asia-RoW ■ Americas ■ Europe

3 months 2012/13



3 months 2013/14



■ Mature markets ■ Emerging markets



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Organic sales growth by category

Good resilience of local brands

	% total 3-month sales 2013/14	3 months 2012/13	FY 2012/13	3 months 2013/14
TOP 14 SPIRITS & CHAMPAGNES	64%	+7%	+5%	-5%
PRIORITY PREMIUM WINES	5%	0%	+2%	+1%
18 KEY LOCAL BRANDS	17%	+6%	+6%	+8%
OTHER	14%	-2%	-2%	+1%
TOTAL	100%	+5%	+4%	-1%

- **Top 14:** Q1 impacted by the decline of Martell and by unfavourable comparatives
- **Priority Premium Wines:** growth driven by Brancott Estate and Campo Viejo
- **18 Key Local Brands:** very good performance, particularly for brands targeting emerging middle classes

Top 14 Spirits & Champagnes

CHIVAS

Top 14 Spirits & Champagnes

ABSOLUT®
Country of Sweden
VODKA



BEEFEATER
LONDON



Ballantine's
LEAVE AN IMPRESSION

KAHLÚA

Volume: -1%

Sales: -5%

% of Group sales: 64%



THE
GLENLIVET





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Top 14 Spirits & Champagnes

TOP 14	Sales growth	Volumes	Price/mix
ABSOLUT	1%	-2%	3%
CHIVAS REGAL	-9%	-13%	4%
BALLANTINE'S	-11%	0%	-11%
RICARD	14%	16%	-1%
JAMESON	13%	10%	3%
HAVANA CLUB	8%	5%	3%
MALIBU	-5%	-8%	3%
BEEFEATER	2%	3%	-1%
KAHLÚA	-17%	-13%	-4%
MARTELL	-12%	-15%	3%
THE GLENLIVET	-1%	-8%	7%
MUMM	-5%	-7%	2%
PERRIER-JOUËT	-1%	-9%	8%
ROYAL SALUTE	-21%	-21%	0%
TOP 14	-5%	-1%	-4%

Data may be subject to rounding



Top 14 Spirits & Champagnes

→ Q1 impacted by the decline of Martell and by unfavourable comparatives

- **Price/mix** negative (-4%) for the Top 14, yet **still positive** for ten of the brands:
 - negative mix of -6%, primarily due to the decline in Asia of **Martell**, **Royal Salute** and of **Ballantine's** aged qualities
 - positive pricing of +2%
- **Significant technical effects:**
 - **Martell**: unfavourable impact from restocking at Chinese distributors last year
 - **Malibu**, **Kahlúa**, **The Glenlivet** and **Perrier-Jouët**: very unfavourable comparatives in their main market (US)
 - **Ricard**: favourable impact from the remainder of Q1 2012/13 inventory reduction following the increase in excise duty on 1 January 2012



Top 14 Spirits & Champagnes

- Significant decline of **Martell** primarily due to China, where:
 - comparatives were unfavourable (+26% in Q1 2012/13)
 - depletions have slowed and are now in slight decline in value
 - price/mix fell to +3% (vs. +9% in 2012/13)

- Decline of **Scotch whiskies**
 - **Ballantine's**: aged qualities adversely affected by their exposure to Asia (China, Korea and Travel Retail), but good performance of Ballantine's Finest (+5% in value)
 - **Chivas** and **Royal Salute**: decline attributable to Asia, especially China

- Continued excellent performance of **Jameson**

- Good resilience of **white spirits**, particularly:
 - **Absolut**: growth driven by Western Europe, Asia and Brazil
 - **Havana Club**: good start of the year
 - **Beefeater**: good performance in the US

- Decline of champagnes due to **Mumm** (sales down in France)

Priority Premium Wines

Priority Premium Wines

JACOB'S CREEK™


BRANCOTT
ESTATE™
NEW ZEALAND


Campo Viejo


GRAFFIGNA
SAN JUAN - ARGENTINA

Volume: 0%

Sales: +1%

% of Group sales: 5%

→ On-going high-value and geographic diversification strategy:

- positive price/mix: +1%
- growth driven by Australia, New Zealand, UK and Canada

→ By brand:

- double-digit growth of Brancott Estate and Campo Viejo
- sales decline of Jacob's Creek mainly due to stock adjustments

18 Key Local Brands

18 Key Local Brands



Volume: +11%

Sales: +8%

% of Group sales: 17%

- Continued strong momentum of **Indian whiskies**, which gained market share in value terms
- Acceleration of the growth of **Wiser's** (US): launch of the new *Rye* and *Spiced* extensions in the buoyant US whiskey market
- **ArArAt** (Russia) and **Passport** (Russia, Brazil and South Africa) achieved double-digit growth, taking advantage of their positioning as entry-level imported spirits
- Continued significant decline of **100 Pipers** in Thailand and **Imperial** (Korea)
- Rebound of **Pastis 51**, **Clan Campbell** (France) and **Amaro Ramazzotti** (Germany), which benefited from favourable comparatives



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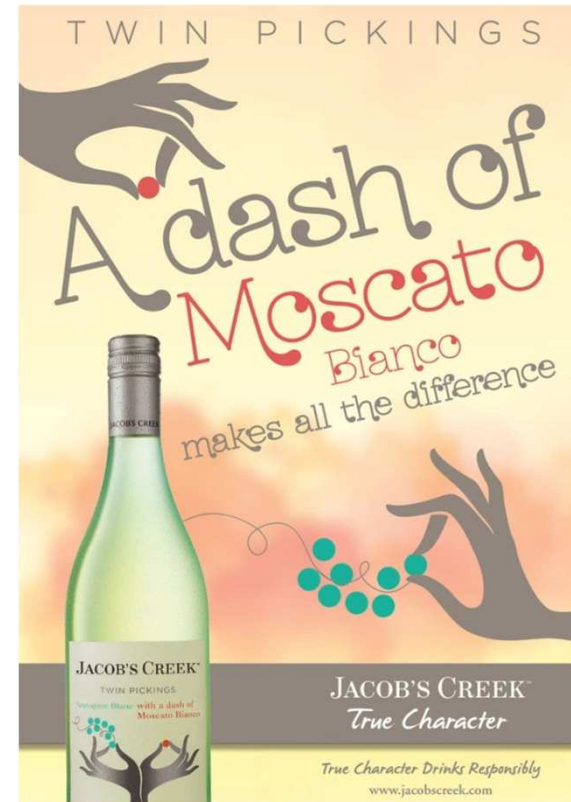
Seizing new opportunities



Martell

Martell Distinction

Round and well-structured cognac with great aromatic intricacy. Distinction lends itself to infinite pairing possibilities and pleasurable moments to be savoured. Launched in China in September 2013 to penetrate traditional Chinese restaurants



Jacob's Creek

Jacob's Creek – Twin Pickings

Launch of a premium sweet range to recruit female "Socials" into the category and to broaden the Jacob's Creek footprint

Building on a strong franchise



Absolut Tune

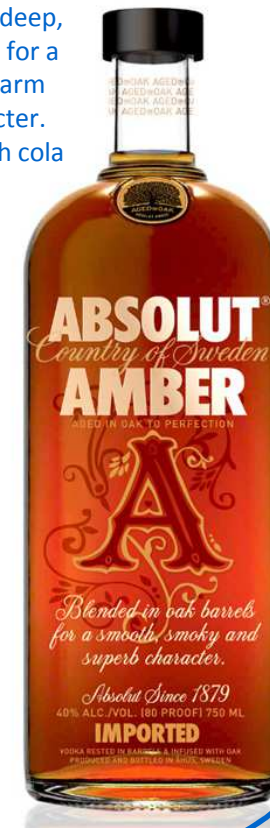
Collaboration on Icona Pop's latest music video 'All Night' encourages consumers to 'let your inner spirit sparkle'



Absolut

Absolut Amber

Absolut rested in oak barrels. Absolut Amber combines the quality and smoothness of Absolut with the deep, distinct character of aged spirits for a smooth, mellow spirit with a warm amber color and an oaky character. Best enjoyed on the rocks or with cola

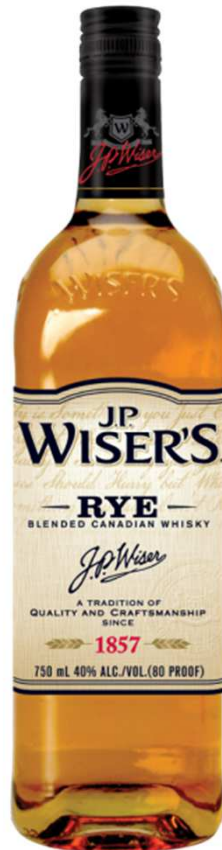


Absolut Flavours

Redesign of the Flavour bottles to capture the contemporary character of Absolut

Seizing the American whisky opportunity

Wiser's Rye



Wiser's Rye

Uniquely smooth rye whisky built on the heritage of J.P. Wiser crafting fine whisky since 1857

Wiser's Spiced



Wiser's Spiced

Higher-proof whisky with a unique flavour profile of sweet caramelised toffee, dried fruit and French vanilla

Exploiting the honey and spice trends

Paddy



Paddy Bee Sting

Kahlua



Kahlua Pumpkin Spice

Malibu



Malibu Island Spice

New Imperial packaging

New packaging and launch

New innovative bottle change,
accompanied by a nationwide launch
ceremony with 700 customers

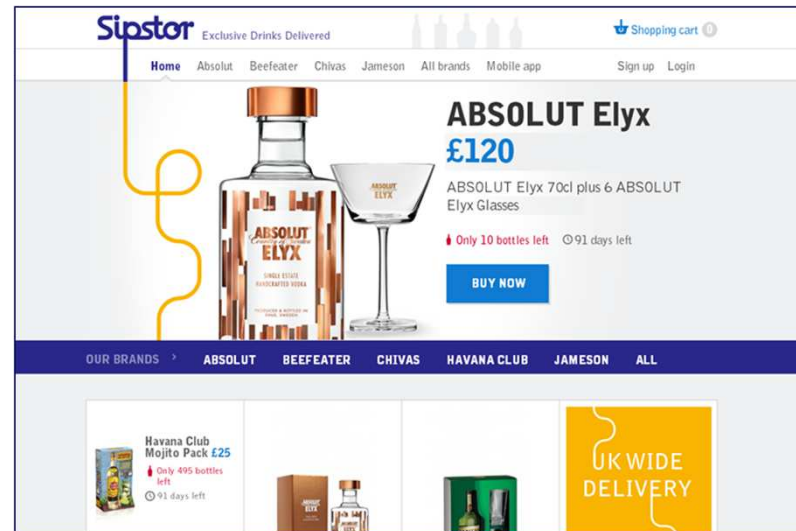


SIPSTOR on-line boutique



Brand new web + mobile shop

Launched in the UK in October 2013.
Offering a wide selection of exclusive drinks and spirits.
SIPSTOR is accessible at :
www.sipstor.co.uk



Customized mobile experience

Consumers can keep up to date with the latest offers
& buy exclusive packs not available on the website



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Conclusion and FY 2013/14 outlook

Market trends

Overall less buoyant in 2013/14,
particularly in Asia

Unfavourable comparatives

Shipments exceeded depletions
in the US and China in 2012/13

FY 2013/14 guidance

Organic growth in **profit from recurring operations**
between +4% and +5%

Improvement in organic growth in profit from recurring operations expected in **HY2 2013/14**,
following a **virtually stable HY1**

Next communications

DATE	EVENT
Wednesday 6 November 2013	2012/13 Annual General Meeting
Tuesday 10 December 2013	Americas conference call
Tuesday 28 January 2014	Innovation Day



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Emerging Markets

Asia-Rest of World		Americas	Europe
Algeria	Madagascar	Argentina	Albania
Angola	Malaysia	Bolivia	Armenia
Cambodia	Morocco	Brazil	Azerbaijan
Cameroon	Mozambique	Caribbean	Belarus
China	Nigeria	Chile	Bosnia
Congo	Persian Gulf	Colombia	Bulgaria
Egypt	Philippines	Costa Rica	Croatia
Ethiopia	Senegal	Cuba	Georgia
Gabon	South Africa	Dominican Republic	Hungary
Ghana	Sri Lanka	Ecuador	Kazakhstan
India	Syria	Guatemala	Kosovo
Indonesia	Tanzania	Honduras	Latvia
Iraq	Thailand	Mexico	Lithuania
Ivory Coast	Tunisia	Panama	Macedonia
Jordan	Turkey	Paraguay	Moldova
Kenya	Uganda	Peru	Montenegro
Laos	Vietnam	Puerto Rico	Poland
Lebanon		Uruguay	Romania
		Venezuela	Russia
			Serbia
			Ukraine

Sales Analysis by Region

New reporting segments⁽¹⁾

Net Sales (€ millions)	Q1 2012/13	Q1 2013/14	Change	Organic Growth	Group Structure	Forex impact
Europe incl France	674 30.6%	666 33.1%	(7) -1%	21 3%	(15) -2%	(13) -2%
Americas	579 26.3%	532 26.4%	(47) -8%	2 0%	(1) 0%	(48) -8%
Asia / Rest of World	951 43.2%	814 40.5%	(137) -14%	(55) -6%	(7) -1%	(74) -8%
World	2,203 100.0%	2,013 100.0%	(191) -9%	(32) -1%	(22) -1%	(136) -6%

Former reporting segments

Net Sales (€ millions)	Q1 2012/13	Q1 2013/14	Change	Organic Growth	Group Structure	Forex impact
France	149 6.8%	156 7.8%	7 5%	7 5%	(0) 0%	0 0%
Europe excl. France	524 23.8%	510 25.3%	(14) -3%	13 3%	(14) -3%	(13) -3%
Americas	579 26.3%	532 26.4%	(47) -8%	2 0%	(1) 0%	(48) -8%
Asia / Rest of World	951 43.2%	814 40.5%	(137) -14%	(55) -6%	(7) -1%	(74) -8%
World	2,203 100.0%	2,013 100.0%	(191) -9%	(32) -1%	(22) -1%	(136) -6%

(1) France is now included in the Europe operating segment

Foreign Exchange Effect

Forex impact Q1 2013/14 (€ millions)		Average rates evolution			On Net Sales
		2012/13	2013/14	%	
US dollar	USD	1.25	1.32	5.8%	(27)
Indian rupee	INR	69.01	82.46	19.5%	(26)
Japanese yen	JPY	98.38	131.05	33.2%	(10)
Australian dollar	AUD	1.20	1.45	20.1%	(9)
Argentinian peso	ARS	5.76	7.40	28.3%	(9)
British pound	GBP	0.79	0.85	7.9%	(7)
Chinese renminbi	CNY	7.95	8.11	2.1%	(5)
Other currencies					(43)
Total					(136)

Group Structure Effect

Group structure Q1 2013/14 (€ millions)	On Net Sales
Scandinavian activities	(8)
Spanish activities	(7)
Australian activities	(4)
Other	(3)
Total Group Structure	(22)



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