

Press release - Paris, 25 April 2013

Good resilience of the business

In summary

In the first nine months of the 2012/13 financial year Pernod Ricard demonstrated **good resilience of the business** in a more challenging macroeconomic environment, as had been announced at the beginning of the year, and one which remains contrasted.

The **premium portfolio** remains the key driver of performance with:

- ✓ continued sustained value growth⁽¹⁾ of the strategic brands
- ✓ very favourable price/mix (+6%⁽¹⁾) for the Top 14

Growth continues to be driven by **emerging markets**⁽²⁾ and the **United States**:

- ✓ growth⁽¹⁾ remained strong in emerging markets⁽²⁾ (+10%⁽¹⁾), but slower compared to the prior financial year, particularly in Q3 2012/13. China (+11%⁽¹⁾), India (+17%⁽¹⁾) and Russia (+19%⁽¹⁾) remained the main growth drivers for the first nine months of financial year 2012/13.
- ✓ continued solid growth⁽¹⁾ in the United States
- ✓ slight improvement in Q3 in Western Europe in a context that remains challenging
- ✓ gradual improvement of the business in France, as anticipated. The base of comparison for the nine months at end March remains unfavourable. (*French pre-buying remaining at end March 2012: €48 million*)

Consolidated net sales reached €6,650 million for the first nine months of the 2012/13 financial year. Reported growth was +5%, equating to +4% organic growth with:

- ✓ Top 14 up +6%⁽¹⁾⁽³⁾
- ✓ emerging markets⁽²⁾ up +10%⁽¹⁾ and mature markets stable⁽¹⁾⁽³⁾

On this occasion Chief Executive Officer of Pernod Ricard **Pierre Pringuet** commented: *“Pernod Ricard’s business demonstrated good resilience in, as announced at the beginning of the year, a less favourable economic environment. Our growth is still based on the same drivers: our policy of premiumisation and innovation, the strategic brands and strong presence in emerging markets and the United States.”* He added: *“Confident in the strength of this model, we confirm our guidance of organic growth in profit from recurring operations of close to +6% for the full financial year 2012/13.”*

- (1) Organic sales growth
(2) List of emerging markets provided in the appendix
(3) Excluding French pre-buying

The Pernod Ricard Board of Directors, meeting 24 April 2013 and chaired by Danièle Ricard, reviewed the financial statements for the third quarter 2012/13.

Overall analysis: 9 months and third quarter

Pernod Ricard's **consolidated net sales** (excluding taxes and duties) totalled **€ 6,650 million for the first nine months of the 2012/13 financial year** (from 1 July 2012 to 31 March 2013), compared to € 6,315 million in the same period of the previous year. This +5% increase equates to:

- ✓ organic growth of +4%
- ✓ negative Group structure effect limited to -1%, primarily due to the disposal of certain Canadian activities in 2011/12 and Scandinavian activities in 2012/13
- ✓ highly-favourable foreign exchange impact of +3%, primarily due to the US dollar and the Chinese renminbi

For the full 2012/13 financial year, the updated foreign exchange impact on profit from recurring operations is estimated at approximately € 25 million (*based on foreign exchange rates as of 17 April 2013, particularly EUR/USD = 1.29*).

For the **third quarter** of the 2012/13 financial year, reported growth was +2%, with:

- ✓ organic growth of +6% (+3% excluding French pre-buying) impacted by slowdown in China (wholesaler depletions stable during Chinese New Year) compounded by significant shipments in the first half-year
- ✓ Group structure limited to -1%, primarily due to the disposal of certain Scandinavian activities in 2012/13
- ✓ unfavourable foreign exchange impact of -3%, primarily due to the Indian rupee, US dollar and Japanese yen

Detailed analysis by region

- **Asia/Rest of the World** reported sustained growth, albeit at a more moderate pace, of +12% to **€ 2,762 million** (organic growth of +8%).
Martell posted strong growth (+18%⁽¹⁾), bolstered by price/mix that remains very significant, and shipments to wholesalers in China that exceeded depletions. The slowdown in the third quarter was exacerbated by significant shipments in the half-year.
Indian whiskies (+20%⁽¹⁾) are still dynamic due in particular to improved pricing and trading up.
Scotch whiskies encountered continued weakness in Korea and Thailand and slowdown in China.
Also to be noted is the strong performance of the **new growth relays**: Absolut and champagne (double-digit growth) as well as Jacob's Creek.
- ✓ **China:**
 - ❖ continued dynamic growth (+11%⁽¹⁾) despite a slowdown in the third quarter (stable Chinese New Year and significant shipments in the half-year)
 - ❖ on-going solid performance of Martell (boosted by shipments to wholesalers exceeding depletions) and new growth drivers (Jacob's Creek, Absolut)

- ❖ difficulties for Scotch whiskies in financial year 2012/13
- ✓ **India:**
 - ❖ Indian whiskies (+17%⁽¹⁾): strong value growth and continued market share gains in the premium segment (the most dynamic and profitable)
 - ❖ Top 14 (+18%⁽¹⁾): rapid development of international brands driven by Chivas, Absolut, The Glenlivet and Ballantine's
- ✓ **Duty Free:** continued double-digit growth
- ✓ **South Korea:**
 - ❖ continued modest increase in sales due to purchases ahead of price hikes in third quarter 2012/13
 - ❖ strong growth of Absolut driven by the development of the modern on-trade, but whiskey market still in down due to the structural decline of the traditional on-trade
- ✓ **Thailand:** structural decline of 100 Pipers. Double-digit growth of Absolut and wine
- ✓ **Japan:** good performance driven by Perrier-Jouët, Café de Paris and Jameson
- ✓ **Australia:** slight decline⁽¹⁾ but Top 14 up +6%⁽¹⁾ with good development of Mumm and Absolut
- ✓ **Africa/Middle East (+12%⁽¹⁾):** strong growth with good progression of the Top 14
- **In the Americas,** solid growth was driven by the Premium⁽⁴⁾ brands. Net sales grew +7% to **€1,708 million**, representing **+6%** organic growth. The **Top 14** (+7%⁽¹⁾) is a key growth driver (notably Jameson, The Glenlivet, Chivas and Malibu) with acceleration during the period and very favourable price-mix (+6%⁽¹⁾). **Priority Premium Wines** (+3%⁽¹⁾) confirmed their growth. The **Key Local Brands** (+8%⁽¹⁾) benefitted from double-digit growth of Passport and Something Special.
- ✓ **United States: solid growth (+7%⁽¹⁾)**
 - ❖ In a context of continued dynamic consumption (Nielsen⁽⁵⁾ and NABCA⁽⁵⁾ +4% in value for the Pernod Ricard portfolio) the Top 14 (+8%⁽¹⁾) remains the main growth driver, benefitting from +4%⁽¹⁾ price/mix.
 - ❖ The strategic brands confirm their good underlying trends⁽⁶⁾. Absolut (Nielsen +1.6%) confirms its growth (note that Elyx launches in April 2013); Jameson (Nielsen +23%) remains the main growth driver; Malibu (Nielsen +6%) is benefitting from numerous innovations driving its growth; Perrier-Jouët (Nielsen +7%) is showing very favourable price/mix and very good performance of Belle

Epoque; The Glenlivet (Nielsen +15%) is exhibiting strong growth both in volumes and price/mix.

- ✓ **Brazil:** slowdown in market growth
 - ❖ decline in shipments primarily due to application of tax reform concerning local VAT leading to wholesaler destocking
 - ❖ continued underlying growth of strategic brands (Nielsen⁽⁷⁾: Absolut +18%, Ballantine's +7%, Chivas +7%)

- ✓ **Mexico:** positive effects of the new business model
 - ❖ continued improvement in the trend (+6%⁽¹⁾ vs. -12%⁽¹⁾ in financial year 2011/12)
 - ❖ strong growth of the strategic brands (Top 14: +8%⁽¹⁾) essentially due to very favourable price/mix (+7%⁽¹⁾)

- ✓ **Duty Free:** renewed growth
 - ❖ the base of comparison has turned favourable (third quarter +11%⁽¹⁾)
 - ❖ very favourable price/mix due to an ambitious policy of increasing prices (three price hikes in 18 months)

- **In Europe (excluding France)** net sales of **€1,662 million** represent **stable** organic development.

The **Top 14** continues to grow (+2%⁽¹⁾) thanks to Jameson, Chivas, Havana Club, Beefeater and Absolut and despite the decline of Ballantine's (very challenging whisky market in Spain) and of Mumm.

Priority Premium Wines (+1%⁽¹⁾) are showing an improved trend.

The **Key Local Brands** (-1%⁽¹⁾) are virtually stable thanks to renewed growth⁽¹⁾ in Q3 for Ramazzotti in Germany (following resolution of a trade dispute that had impacted the HY1) and to double-digit growth⁽¹⁾ for ArArAt and Olmeca in Russia which compensate the ongoing decline of Ruavieja and Becherovka in the difficult markets of Spain and Czech Republic respectively.

 - ✓ **Eastern Europe:** continued sustained growth (+11%⁽¹⁾)
 - ❖ Russia: principal market contributing to growth (+19%⁽¹⁾) due to Jameson, ArArAt, Chivas, Olmeca and Ballantine's. The favourable impact of pre-buying prior to price hikes on 1 April 2013 should be noted
 - ❖ Ukraine (+4%⁽¹⁾): good development of the Top 14 driven by Jameson, Absolut and Ballantine's but slowdown in Q3 (unfavourable macro-economic environment)
 - ❖ Poland (+1%⁽¹⁾): renewed growth with improved trend for Wyborowa
 - ❖ Kazakhstan (+30%⁽¹⁾): strong development in this very promising market

 - ✓ **Western Europe** (-3%⁽¹⁾): slight improvement (third quarter stable⁽¹⁾)
 - ❖ Southern Europe: situation remains challenging but improving slightly with a better performance in Spain (Nielsen: Pernod Ricard -3%)
 - ❖ Germany: continued double-digit growth of the Top 14 (partly enhanced by pre-buying ahead of increase in Havana Club prices at 1 April 2013) and renewed

growth in Q3 for Ramazzotti following resolution of a trade dispute that had impacted the HY1

- ❖ Renewed growth in UK and Ireland

- **In France** net sales were **€518 million**, in decline **-5%⁽¹⁾** excluding pre-buying.
 - ✓ **Significant decline in sales (-13%⁽¹⁾)**, largely exacerbated by technical and conjunctural effects specified in the HY1 communication
 - ❖ base of comparison for the 9 months through end March remain unfavourable (*effect of pre-buying remaining at end March 2012: € 48 million*). Restated for this technical impact: -5%⁽¹⁾
 - ❖ certain promotional offers in HY1 2011/12 were not repeated in HY1 2012/13
 - ✓ **Continued market share gains according to Nielsen data⁽⁸⁾**
 - ❖ Pernod Ricard -1% in a market down -2%
 - ❖ Ricard -2% in an aniseed market -4%
 - ✓ **Excellent performance of several key brands according to Nielsen data⁽⁸⁾**
 - ❖ Absolut +14%
 - ❖ Havana Club +18%
 - ❖ Aberlour +10%

Detailed analysis by brand

The **mix of growth** remains **favourable** with Top 14 brands still developing at a more rapid pace than the Group's portfolio as a whole. Premium brands⁽⁴⁾ represent 75% of sales for the 9 months to 31 March 2013:

- The **Top 14** remains the **main growth driver** (volumes stable⁽¹⁾⁽³⁾ and net sales +6%⁽¹⁾⁽³⁾)
 - ✓ Continued **very favourable price/mix (+6%⁽¹⁾)**
 - ✓ **Very good performance of Martell (+16%⁽¹⁾)**, including +11%⁽¹⁾ due to price/mix) boosted by shipments to wholesalers exceeding depletions in China
 - ✓ **Excellent performance of Jameson (+16%⁽¹⁾)**, which continues to report double-digit growth in its principal markets (US, Russia, South Africa)
 - ✓ **Good performance⁽¹⁾ of white spirits**
 - ❖ Absolut: improved price/mix and double-digit growth in Asia-RoW
 - ❖ Havana Club: good performance, improving from last financial year, enhanced by pre-buying ahead of price hikes in Germany on 1 April 2013
 - ❖ Beefeater: remarkable growth, particularly in Spain, the US and Russia
 - ❖ Malibu: growth driven by innovations



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- ✓ **Deceleration** for Scotch whiskies in the 2012/13 financial year
 - ❖ slower growth in Asia and challenges in the Spanish market
 - ❖ but excellent price/mix on Chivas (+6%⁽¹⁾) and record growth for The Glenlivet (+21%⁽¹⁾)

- ✓ **Decline⁽¹⁾** of **Ricard** due to reduced consumption in France (excise duty hike) exacerbated by technical effects

- ✓ **Decline⁽¹⁾** of **Mumm** but **growth⁽¹⁾** of **Perrier-Jouët** thanks to greater international exposure

- **Good overall performance** of the **18 key local brands** (volumes +6% and net sales +6%⁽¹⁾⁽³⁾) with the continued dynamism of the Indian whiskies +20%⁽¹⁾ which outperform the market in value, of Passport +23%⁽¹⁾, ArArAt +17%⁽¹⁾ and Olmeca +14%⁽¹⁾. At the same time there were declines of Pastis 51 and Clan Campbell (exacerbated by pre-buying in France) as well as of 100 Pipers (-14%⁽¹⁾).

- **Premium Priority Wines** (volumes stable and net sales +3%⁽¹⁾) continue their high-value strategy and geographic diversification with +3%⁽¹⁾ price/mix, net sales +17%⁽¹⁾ in Asia and renewed growth in Europe.

Conclusion and outlook FY 2012/13

Pernod Ricard's business showed good resilience in a less favourable macroeconomic environment, as announced at the beginning of the year:

The Group continues to benefit from the same growth drivers:

- ✓ Premiumisation and Innovation
- ✓ Top 14 and Indian whiskies
- ✓ Emerging markets⁽²⁾ and the United States

Pernod Ricard confirms its guidance of organic growth in profit from recurring operations close to +6% for the full financial year 2012/13.

- (1) *Organic sales growth*
- (2) *List of emerging markets provided in the appendix*
- (3) *Excluding French pre-buying*
- (4) *US retail price > USD 17 for spirits and > USD 5 for wines*
- (5) *In value 12 weeks to 12 March 2013*
- (6) *In value from 1 July 2012 to 30 March 2013*
- (7) *In volume since the start of the 2012/13 financial year*
- (8) *In volume 1 July 2012 to 24 March 2013*

Pernod Ricard is the world's co-leader in wines and spirits with consolidated sales of € 8,215 million in 2011/12. Created in 1975 by the merger of Ricard and Pernod, the Group has undergone sustained development, based on both organic growth and acquisitions: Seagram (2001), Allied Domecq (2005) and Vin & Spirit (2008). Pernod Ricard holds one of the most prestigious brand portfolios in the sector: ABSOLUT Vodka, Ricard pastis, Ballantine's, Chivas Regal, Royal Salute and The Glenlivet Scotch whiskies, Jameson Irish whiskey, Martell cognac, Havana Club rum, Beefeater gin, Kahlúa and Malibu liqueurs, Mumm and Perrier-Jouët champagnes, as well Jacob's Creek, Brancott Estate (formerly Montana), Campo Viejo and Graffigna wines. Pernod Ricard employs a workforce of nearly 18,800 people and operates through a decentralised organisation, with 6 "Brand Companies" and 75 "Market Companies" established in each key market. Pernod Ricard is strongly committed to a sustainable development policy and encourages responsible consumption. Pernod Ricard's strategy and ambition are based on 3 key values that guide its expansion: entrepreneurial spirit, mutual trust and a strong sense of ethics.

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

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Appendices 9 months 2012/13

Analysis of sales by region

Net Sales (€ millions)	HY1 2011/12		HY1 2012/13		Change		Organic Growth		Group Structure		Forex impact	
France	517	11.2%	374	7.6%	(143)	-28%	(143)	-28%	(0)	0%	0	0%
Europe excl. France	1,232	26.7%	1,245	25.4%	14	1%	(7)	-1%	(4)	0%	24	2%
Americas	1,166	25.3%	1,282	26.1%	116	10%	73	6%	(32)	-3%	75	6%
Asia / Rest of the World	1,699	36.8%	2,005	40.9%	307	18%	193	11%	(4)	0%	118	7%
World	4,614	100.0%	4,907	100.0%	293	6%	116	3%	(40)	-1%	216	5%

Net Sales (€ millions)	Q3 2011/12		Q3 2012/13		Change		Organic Growth		Group Structure		Forex impact	
France	78	4.6%	144	8.3%	67	86%	67	86%	(0)	0%	0	0%
Europe excl. France	424	25.0%	417	23.9%	(7)	-2%	6	2%	(9)	-2%	(4)	-1%
Americas	423	24.9%	425	24.4%	2	1%	18	4%	2	0%	(18)	-4%
Asia / Rest of the World	776	45.6%	756	43.4%	(19)	-3%	13	2%	(5)	-1%	(28)	-4%
World	1,701	100.0%	1,743	100.0%	42	2%	104	6%	(12)	-1%	(50)	-3%

Net Sales (€ millions)	YTD March 2011/12		YTD March 2012/13		Change		Organic Growth		Group Structure		Forex impact	
France	595	9.4%	518	7.8%	(77)	-13%	(77)	-13%	(0)	0%	0	0%
Europe excl. France	1,656	26.2%	1,662	25.0%	6	0%	(0)	0%	(13)	-1%	19	1%
Americas	1,589	25.2%	1,708	25.7%	118	7%	91	6%	(30)	-2%	57	4%
Asia / Rest of the World	2,474	39.2%	2,762	41.5%	287	12%	206	8%	(9)	0%	90	4%
World	6,315	100.0%	6,650	100.0%	335	5%	220	4%	(52)	-1%	167	3%

Organic sales growth of the Top 14 brands

	Net Sales organic growth	Volume growth	Price/mix
Absolut	3%	1%	3%
Chivas Regal	3%	-3%	6%
Ballantine's	-7%	-6%	-1%
Ricard	-17%	-18%	1%
Jameson	16%	9%	6%
Malibu	1%	0%	1%
Beefeater	6%	3%	3%
Kahlua	0%	-4%	3%
Havana Club	5%	4%	1%
Martell	16%	5%	11%
The Glenlivet	21%	17%	4%
Royal Salute	-3%	-6%	3%
Mumm	-4%	-5%	1%
Perrier-Jouët	6%	-2%	8%
Top 14	5%	-1%	6%

Foreign exchange impact

Forex impact YTD March 2012/13 (€ millions)		Average rates evolution			On Net Sales
		2011/12	2012/13	%	
US dollar	USD	1.36	1.29	-5.0%	75
Chinese yuan	CNY	8.63	8.09	-6.3%	54
Korean won	KRW	1.52	1.42	-6.4%	14
Pound sterling	GBP	0.86	0.82	-4.6%	14
Australian dollar	AUD	1.31	1.24	-5.0%	9
Canadian dollar	CAD	1.36	1.29	-5.2%	9
Mexican peso	MXN	17.59	16.65	-5.3%	7
New Zealand dollar	NZD	1.68	1.57	-6.6%	5
Thai baht	THB	41.66	39.46	-5.3%	5
Russian ruble	RUB	40.93	40.15	-1.9%	4
Taiwan dollar	TWD	40.28	37.99	-5.7%	4
Swedish krone	SEK	9.03	8.52	-5.7%	3
Malaysian ringgit	MYR	4.17	3.98	-4.7%	3
Singapourian dollar	SGD	1.71	1.59	-6.7%	3
Hong Kong dollar	HKD	10.56	10.00	-5.3%	2
Japanese yen	JPY	106.00	108.48	2.3%	(2)
South african rand	ZAR	10.39	11.15	7.3%	(5)
Argentinian peso	ARS	5.77	6.20	7.6%	(6)
Brazilian real	BRL	2.35	2.61	11.3%	(13)
Indian rupee	INR	66.36	70.27	5.9%	(25)
Other currencies					7
Total					167

Group structure effect

Group structure YTD March 2012/13 (€ millions)	On Net Sales
Canadian activities	(10)
Scandinavian activities	(8)
Other	(34)
Total Group Structure	(52)



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Emerging markets

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