



Pernod Ricard Americas

# Americas Conference Call

Philippe Dréano  
Chairman & CEO



December 15, 2011

# **Philippe Dréano**

## **Chairman & CEO Pernod Ricard Americas**

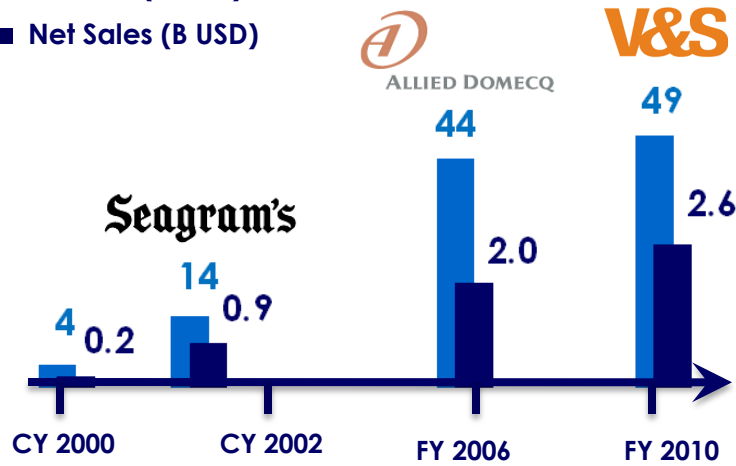


- **1989 : joined Pernod Ricard as Marketing Manager**
- **1991 : Area Export Director Pernod International**
- **1994 : Managing Director Pernod Ricard Thailand**
- **1996 : President & CEO Pernod Ricard Japan**
- **2000 : Chairman & CEO Pernod Ricard Asia**
- **2009 : Chairman & CEO Pernod Ricard Americas**

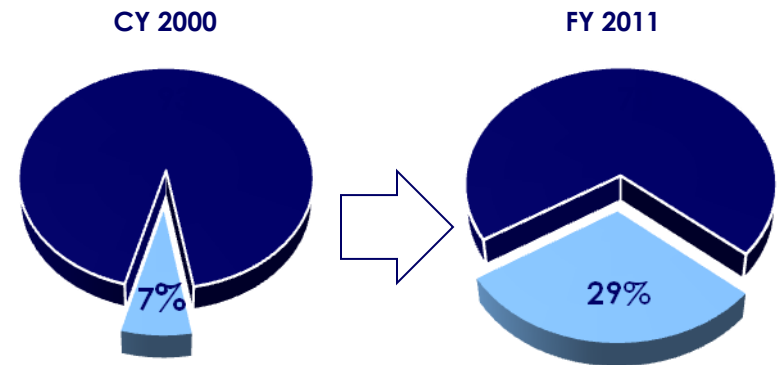
# Pernod Ricard Americas has been shaped by 3 big bangs in the past decade ...

11 x in Volume  
13 x in Net Sales

■ Volume (M 9Lc)  
■ Net Sales (B USD)



Profit from Recurring Operations  
% vs. Total PR Group



... making the Americas the 2<sup>nd</sup> largest contributor for Pernod Ricard

# Regional breadth with our own distribution network across the entire region

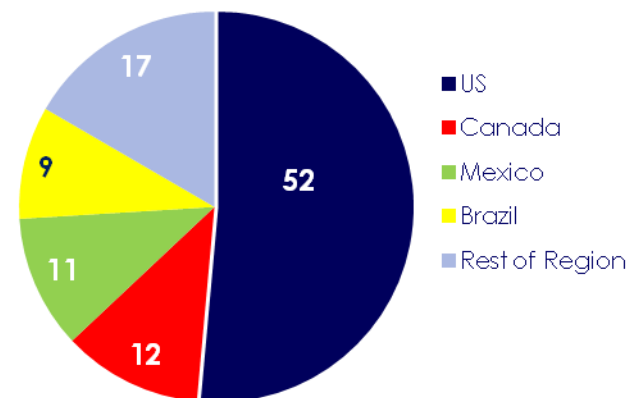


Pernod Ricard Americas



**Pernod Ricard Americas :**  
**7 business units**  
**12 distribution companies**  
**3,800 employees**

**Net Sales breakdown FY 2011 (%)**



**Clear competitive advantage relative to most global competitors**

# A unique balance of both global and local brands in each market



Pernod Ricard Americas

	USA	Canada	Mexico	Brazil
				
Key Global brands	          			
Key Local brands		  	   	  

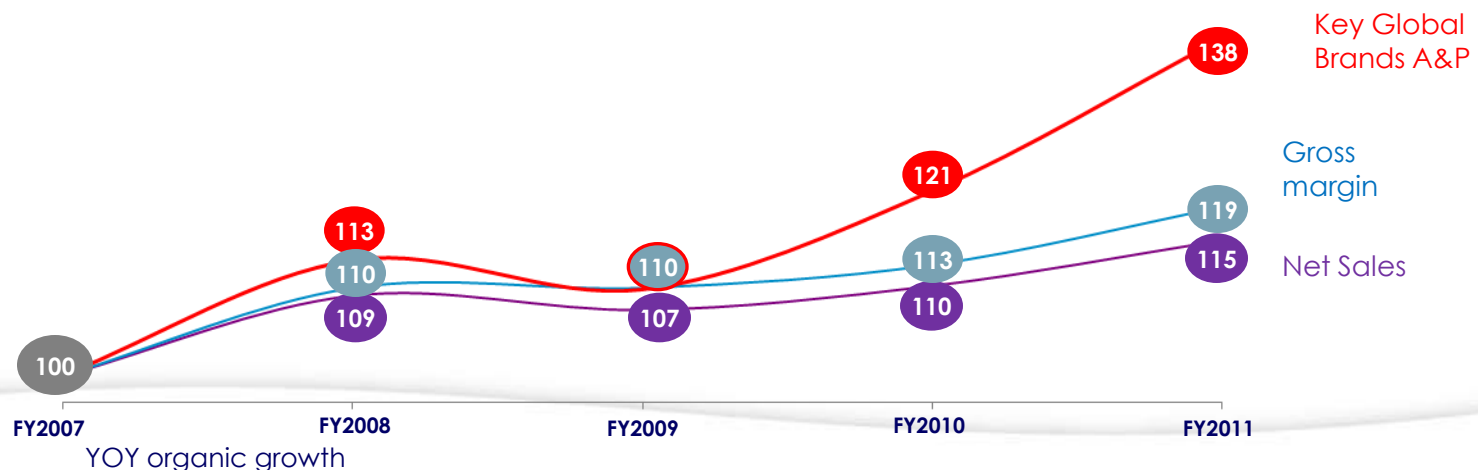
Local brands ensuring critical mass,  
Global brands delivering margin expansion

# Significant step change progress on all fronts since 2008 ...



Pernod Ricard Americas

- **Seamless integration of ABSOLUT, fundamentally changing our business**
  - ✓ Generated critical mass in the US market
  - ✓ Scale changing and hot brand fueling growth in other markets
  - ✓ Perfect portfolio complement - in the growing Vodka category
- **Refocused and increased investment behind strategic brands and markets**
- **Rigorous reshaping direction on key brands**
  - ✓ Brand breakthrough efforts leading to sharpened brand propositions
- **Reorganization of Route-to-Market in most countries - Canada, USA, Brazil, Chile, Venezuela**
- **Renewal of management team / talent across region**



# Clear #2 player in the Americas with leadership positions in the future growth engines



Pernod Ricard Americas

TOTAL AMERICAS

2



3



2



1



1

- Fastest growth key markets -



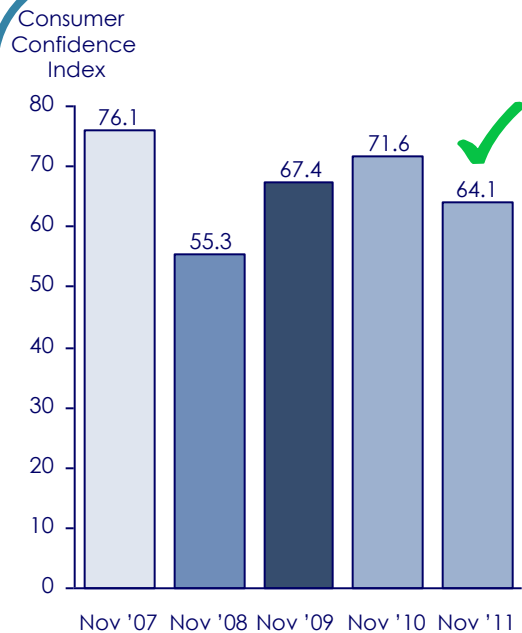
**USA**



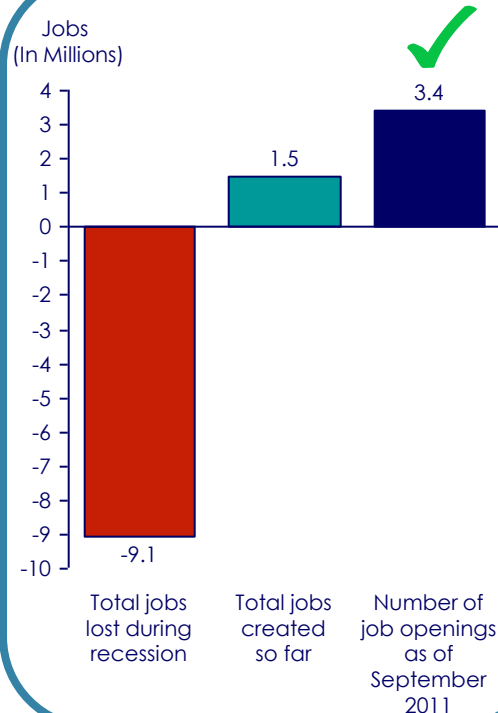
# Slow recovery of the US economy

USA

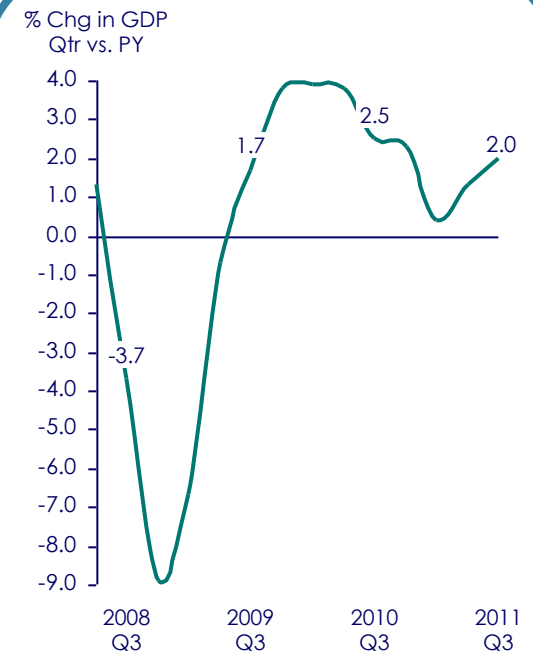
US consumer confidence continues to be fragile...



... as 1.5M Americans return to work with 3.4M jobs open



GDP growth remains positive



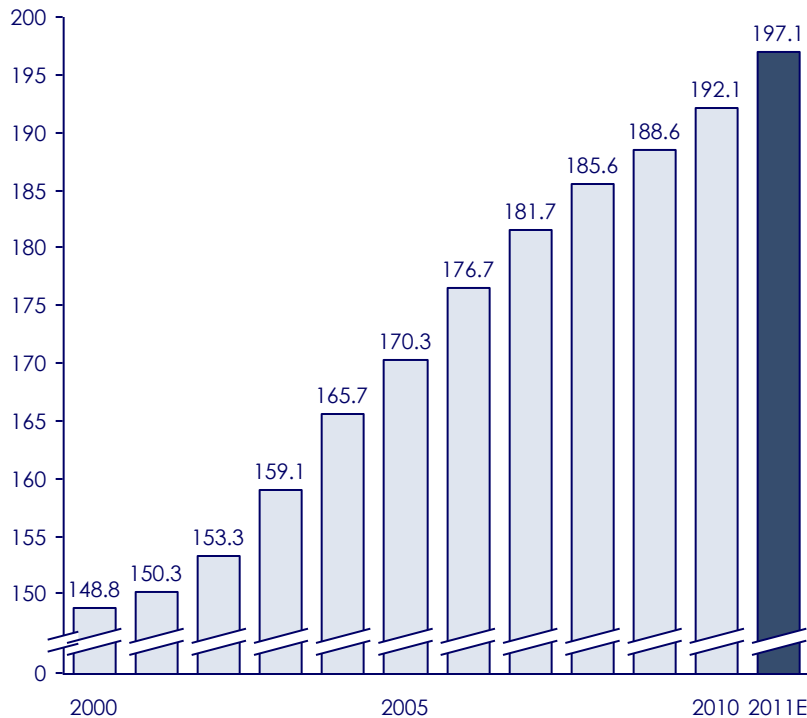
Unemployment expected at around 9% into 2013, with annual GDP growth to accelerate to 2.4%

# The US spirits market is large and growing

USA

US spirits consumption has grown significantly over the past ten years ...

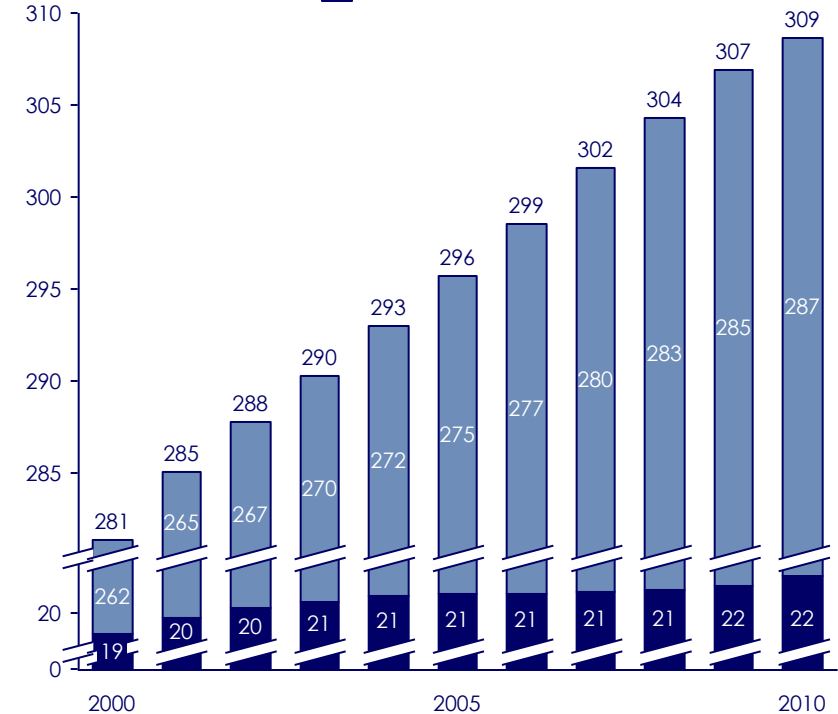
US Consumption of Spirits 9L Cases



... and the LDA 21+ population continues to grow

US Population

Balance of Population  
LDA 21 - 24

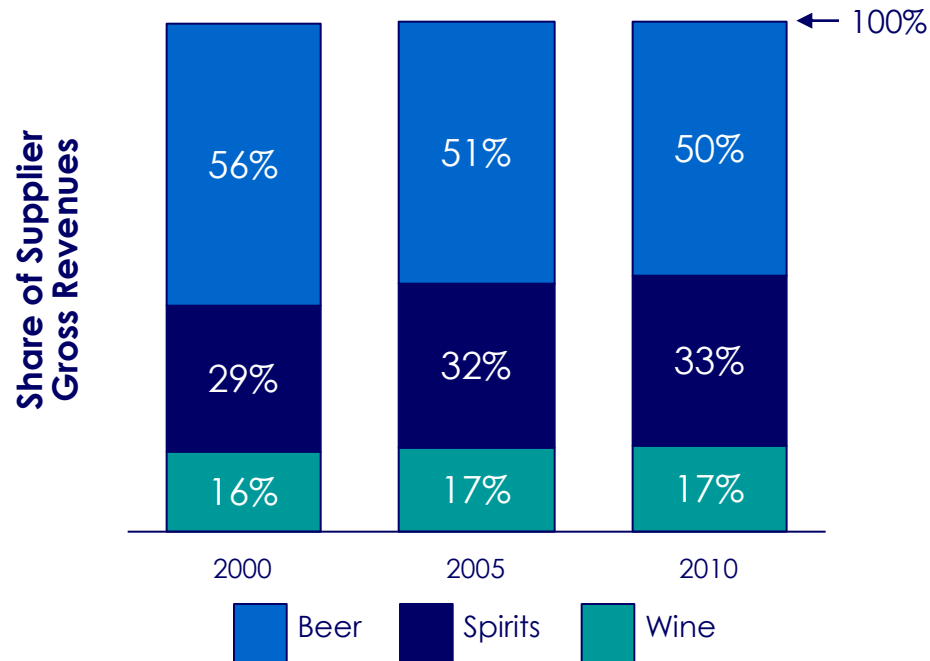


**The US market, a \$10 billion profit pool supplier opportunity ... and growing (pop. estimated to be 392M and 27M LDA 21-24 in 2050)**

# Spirits and Wine continue to take share from Beer

USA

## Total Alcoholic Beverage Competitive Set<sup>(1)</sup> (2000 – 2010)



### U.S. Passes France as World's Biggest Wine-Consuming Nation

Bloomberg

March 15, 2011 – The U.S. passed France as the world's largest wine-consuming nation for the first time, lifted by its larger population and an interest in wine-and-cheese culture among young Americans. Wine shipments to the U.S. climbed 2% to 329.7 million cases last year, according to Gomberg, Fredrikson & Associates...

"Wine is really gaining traction in the U.S. -- it's becoming an accepted part of everyday life," Fredrikson said in an interview. "That's a radical change over the past two decades."

### Spirits Taking Volume Share from Beer

Wine & Spirits Daily

December 7, 2010 – Spirits are taking volume share from beer, according to a new report from Deutsche Bank's Marc Greenberg. "While the spirits category is still weighed down by weak US consumer spending," said Marc, "[volume] growth has been healthier than beer and is eating into share of drinkers." He expects this trend to continue...

(1) Market Share of Supplier Gross Revenues  
Source: DISCUS 2010 Industry Briefing.

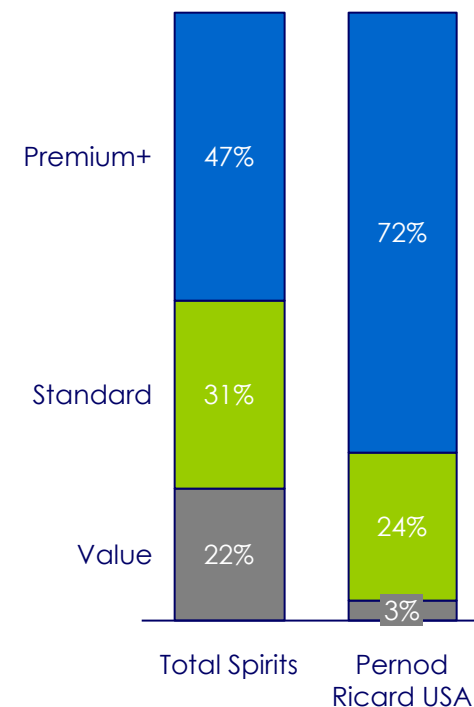
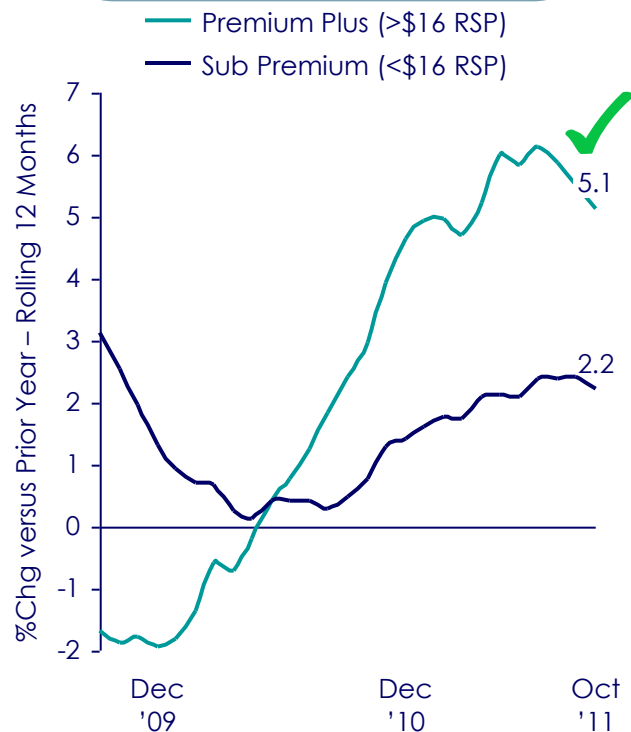
# The move towards Premiumization continues

USA

Premiumization has made a big come back ...

... with trends showing consumers trading up to premium from value brands ...

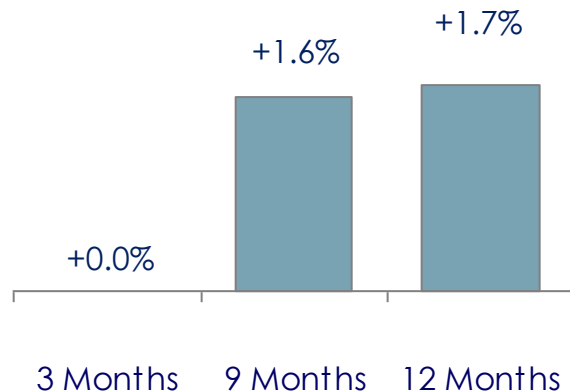
... which makes PR USA well positioned to gain benefit



**Average RSP for PR USA is \$17.3 vs. Average Spirit RSP of \$14.4**

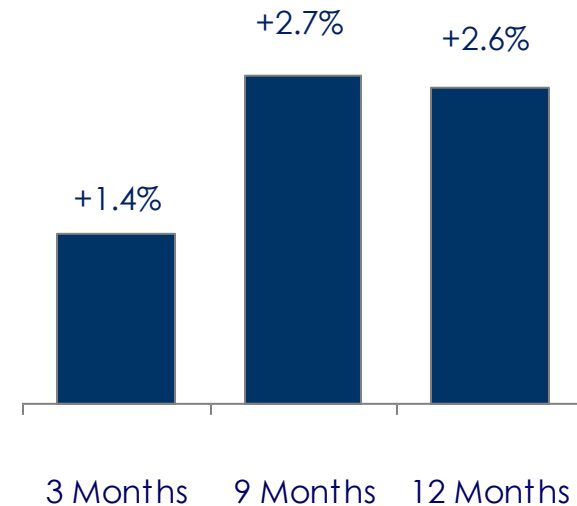
On-Trade sales are recovering vs.  
last year ...

Spirits Industry On-Premise Sales  
(% vs. Last Year, ending Sept'11)



... and PR USA is outperforming  
competitors

PR USA Spirits On-Premise Sales  
(% vs. Last Year, ending Sept'11)



# PR USA ideally positioned with its portfolio of strong premium brands

USA

## Our 6 priority brands



## Approach

- Compelling brand propositions
- Different Price, Promotion, Positioning covering different consumer needs
- Innovation as source of meaningful growth
- Disproportionate investments behind priority brands
  - With regional/seasonal investment approach for smaller brands
- Comprises ~**60%** of our volume but **>85%** of our marketing spends

## Balance of portfolio

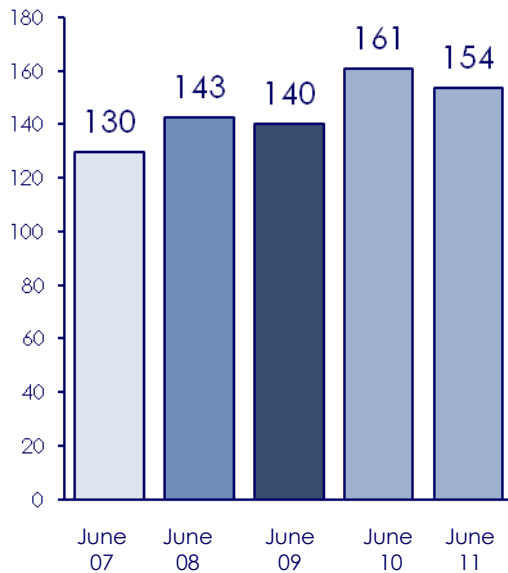




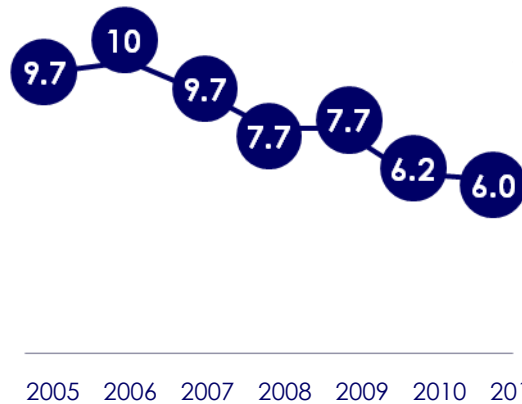
# Brazil

### Consumer confidence remains strong

Consumer Confidence Index

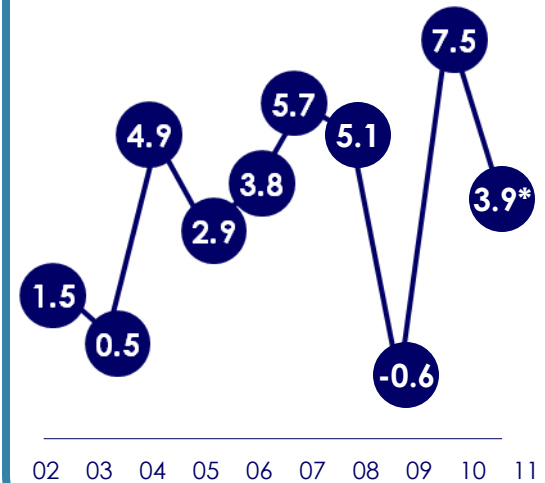


### Unemployment rate reaches record low



### Robust GDP growth

GDP Evolution % vs LY (\$R)



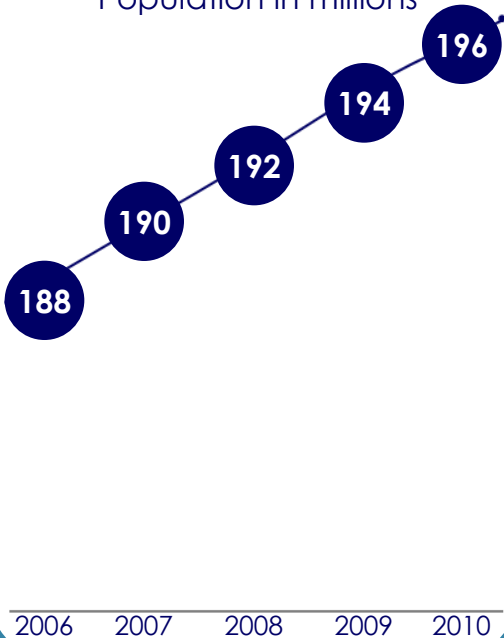


# Very attractive demographics for Spirits

**Brazil**

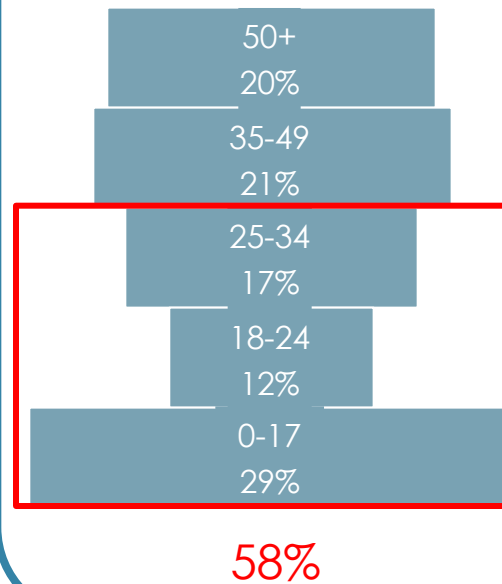
## Steady growth in population

1% CAGR 2006-10  
Population in millions



## Very young pyramid

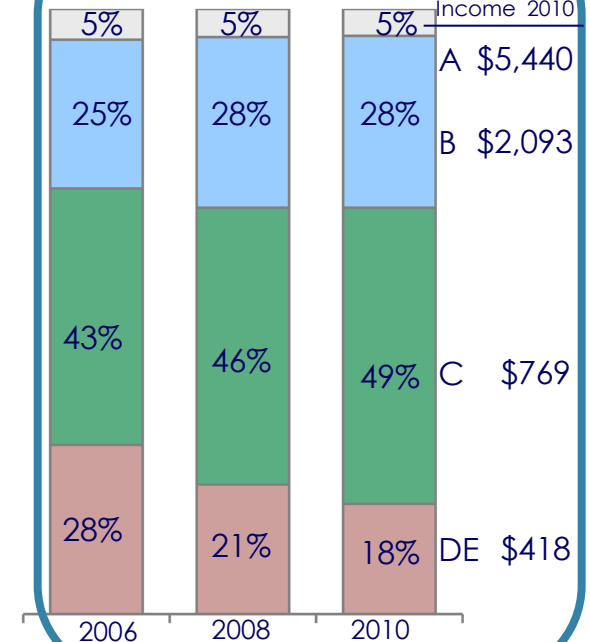
60% of population <34y



## Strong emergence of middle class

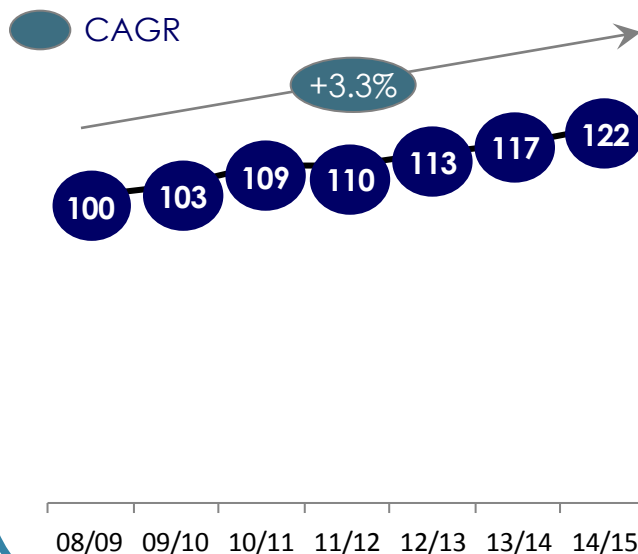
% Population by SEL

Avg. Household Income 2010



### The Spirits industry will continue growing

Projected Spirits Industry Growth  
(Volume, FY 08/09 = 100)









### Spirits growth mainly driven by Vodka & Whisky

Vol CAGR 2011-15 (%)



# Vodka the most dynamic category with very different trends across sub-categories

Brazil

	Super premium <USD 80	Premium USD 30-50	Standard USD 10-20
Segment as % of category	0.5%	7%	51%
Segment growth (CAGR 2011-15)	39%	26%	7%
PR Brasil Position			
Activations			

Absolut drives vodka premium+, Orloff success allows efficient management of category

# Most comprehensive brand portfolio in the market to benefit from these trends

**Brazil**

	Vodka	Whisky	Rum	Cachaça	Sparkling wine & Champagne	Wine
<div> <div>—</div> <div>&gt;USD60</div> <div>—</div> </div> <div> <div>—</div> <div>USD30-60</div> <div>—</div> </div> <div> <div>—</div> <div>&lt;USD30</div> <div>—</div> </div> <div> <div>Retail selling price per liter</div> </div>						
<div> <div>—</div> <div>USD15-50</div> <div>—</div> </div>						
<div> <div>—</div> <div>&lt;USD15</div> <div>—</div> </div>						

(1) Agency brand

**Brazil is a dynamic market with attractive demographic trends**

**PR Brasil is uniquely positioned to benefit from these trends**

- ✓ Most comprehensive brand portfolio in the market
- ✓ Leading position with strong shares across regions

**We have solid strategic pillars to drive value creation ...**

- ✓ Active portfolio management
- ✓ Creative brand development
- ✓ Best-in-class Route-to-Market
- ✓ Strong organization

**... and a strong leadership team to execute our winning strategy to drive profitable growth**



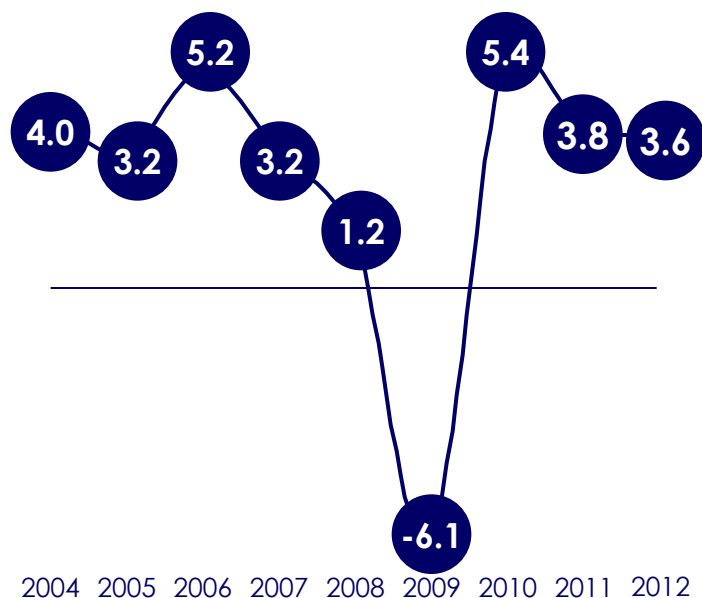
**Mexico**

# Mexican economy very reliant on the recovering of the US

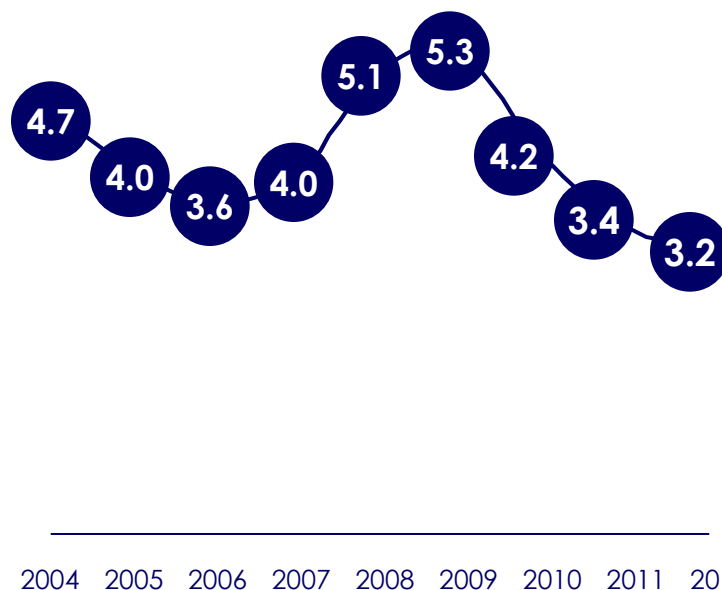
Mexico

## Economy back to growth after economic recession

Real GDP y-o-y growth(%)



## Low inflation economy

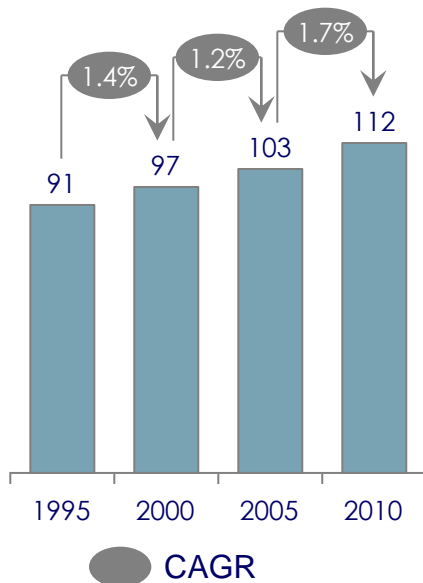


# Mexico a very attractive market with demographic trends driving spirits consumption

Mexico

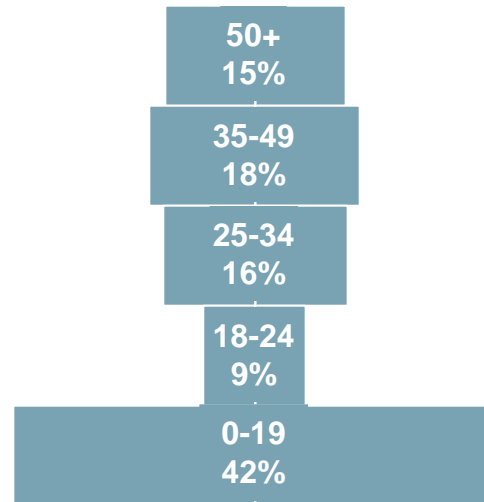
## Strong population growth

Population in millions



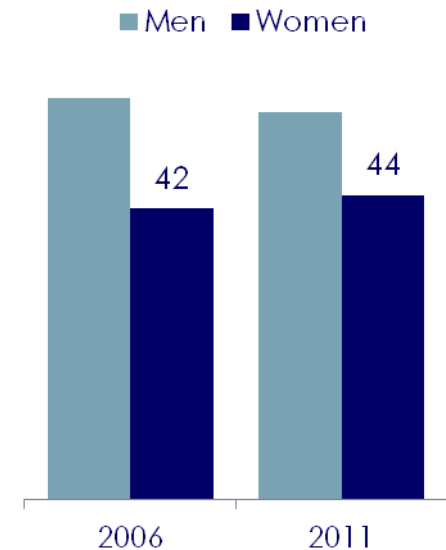
## Very young pyramid

51% of population <24y



## Women becoming key consumption driver

44% of Total Spirits Consumers are women



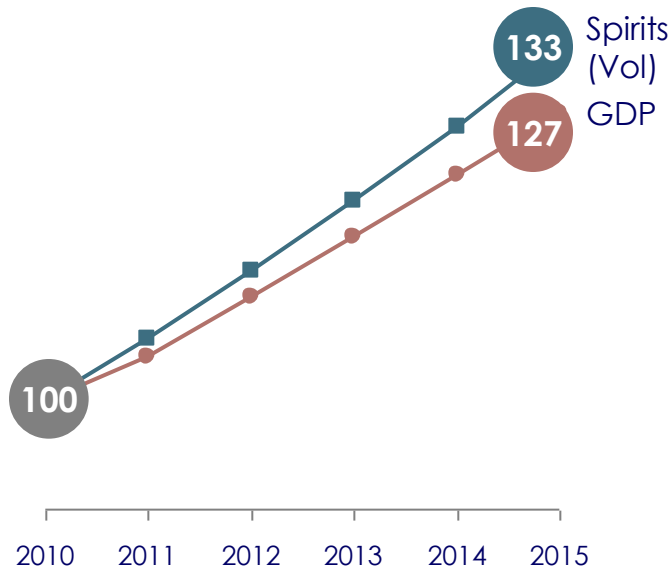


# Spirits market aggressively growing mainly driven by premium segments

Mexico

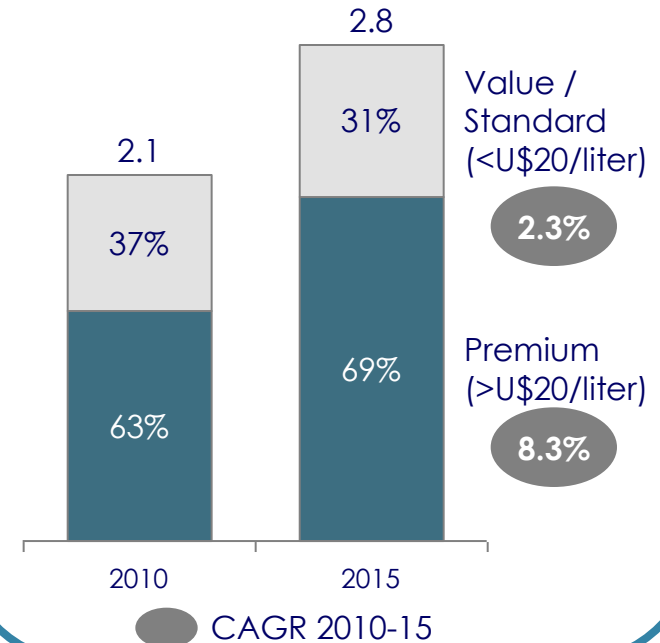
## Spirits growing faster than GDP

Spirits vs. GDP – index 2010 = 100



## Spirits growth driven mainly by premium segments























Spirits market size in USD billion



# The most comprehensive brand portfolio covering most categories and quality segments

Mexico

Retail selling price per 75cl bottle

	Vodka	Whisky	Brandy	Tequila	Rum	Cognac	Champagne	Wine	RTD
Super premium+	  								
Premium		 						  	
Value / standard			 						

We cover the premium+ space with strong international brands and the value/standard segments with iconic local brands

**Mexico is and will continue being an attractive market for spirits**

**Demographic trends are driving spirits consumption**

**Casa Pedro Domecq is well-positioned to benefit from market trends**

- ✓ Most comprehensive brand portfolio in the market
- ✓ Overall market leader with strong positions in most categories

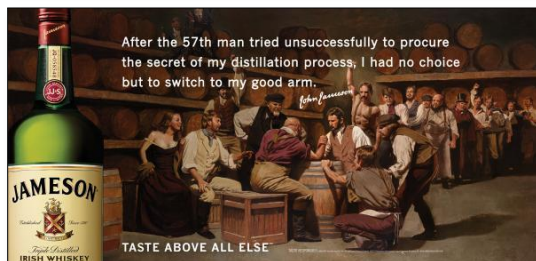
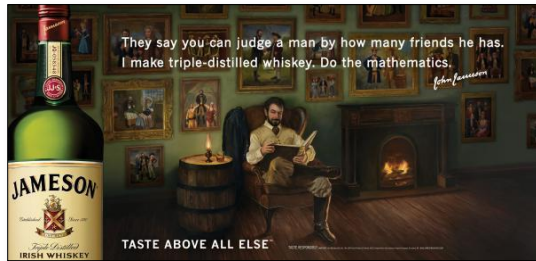
**Solid strategic pillars to continue driving growth and margin expansion**

- ✓ Premiumization of the mix
- ✓ Breakthrough brand development
- ✓ Best Route-to-Market in spirits
- ✓ Unique young, motivated team

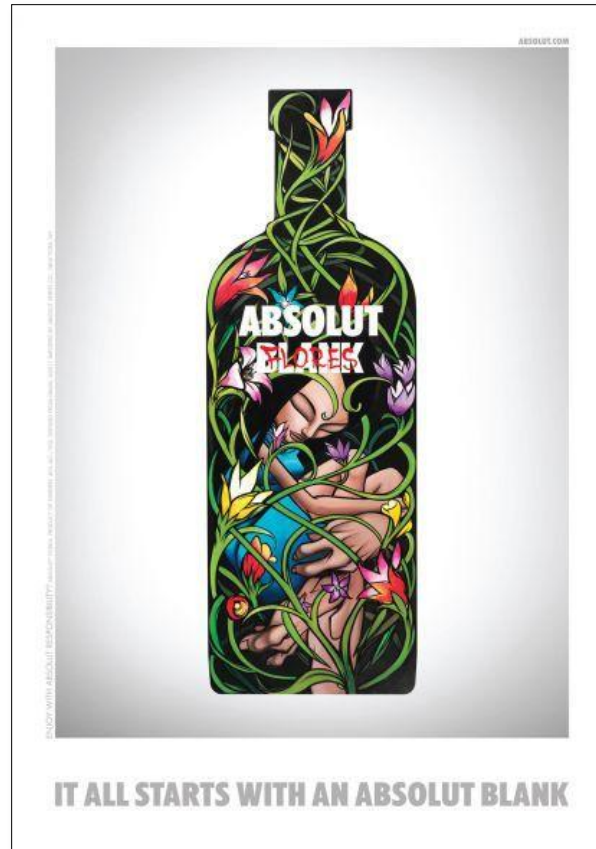


# ***Brand Breakthroughs***

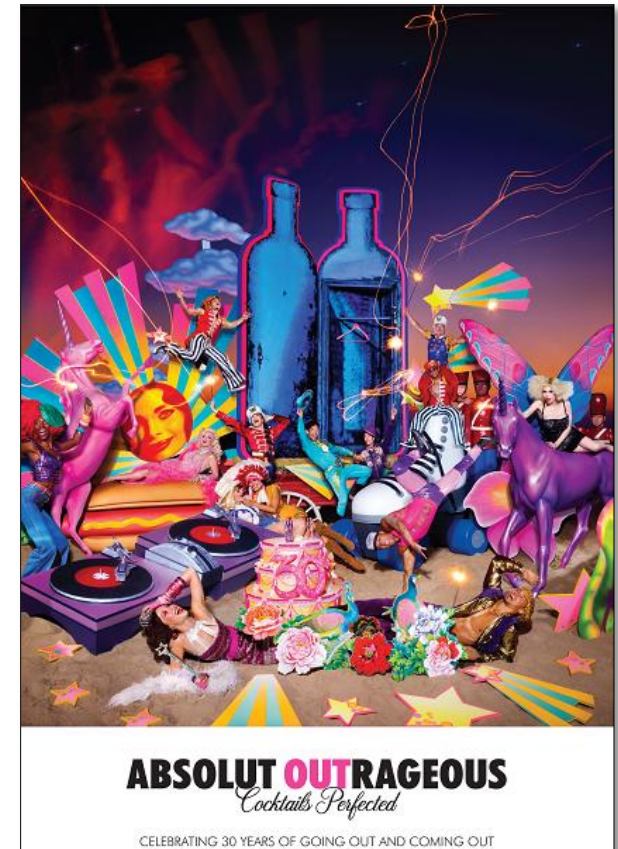
# Breakthrough in Impactful Advertising



**Jameson Hawk of Achill &  
Legendary Tales of John Jameson  
(TVC & OOH)**



**Absolut Blank (TVC)**



**Absolut Outrageous**



# Breakthrough in Impactful Advertising

*Chivas Regal Real Friends (TVC)*



*Ballantine's Transformation (TVC)*



*Kahlua Delicioso (TVC)*



# Breakthrough in Innovation



**Absolut Elyx**



**Absolut Elyx store in  
São Paulo**



**Toronto Soft Launch  
Dinner Party**



**Toronto's Imperial  
Palace Elyx Event**



**Absolut City Series**



**Absolut Naturals**



**Absolut End of Year  
Limited Editions**

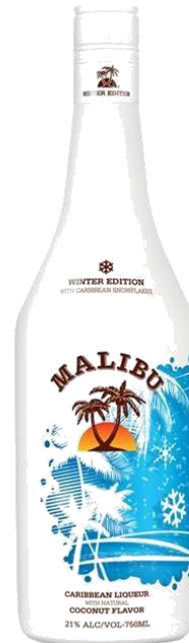
# Breakthrough in Innovation



*Malibu Cocktails*



*Malibu Black*



*Malibu Snowflake*



*Malibu Red*



# Breakthrough in Innovation



Pernod Ricard Americas



**Jameson Select Reserve  
Black Barrel**



**The Glenlivet**



**Orloff (Brazil)**

**Kahlua Cinnamon  
Spice**



**Limited edition  
Kahlua Peppermint  
Mocha**

# Breakthrough in Disruptive Activation

*Chivas 1801 Club - PR USA*



*Malibu Station Invasion - PR USA*



*Plano Ballantine's Tiêsto - PR Brasil*



# Breakthrough in Digital



Pernod Ricard Americas

## Radio Maliboom Boom Station Invasion - PR USA



## Ballantine's + Tiesto - PR Brasil





# Breakthrough in Digital



Pernod Ricard Americas

Absolut Glimmer - PR Brasil

**ABSOLUT GLIMMER**  
*Make the present exceptional*

**CELEBRE O AGO**  
Transformar raios de luz em arte. Partindo dessa Absolut Glimmer. E vai nascer também uma ação. Aguarde.

**MOMENTOS EXCEPCIONAIS**  
Confira as fotos das festas de Absolut Glimmer.

**VEJA MAIS**

**ABSOLUT GLIMMER**  
*Make the present exceptional*

16-20/NOV - 21H5  
**ESCREVA COM LUZ**  
Dois artistas, a garrafa de Glimmer e a sua inspiração estão criando obras excepcionais. Seja uma das 100 pessoas a lerem essas imagens únicas, criadas ao vivo.

**AO VIVO** 59 MIN 36 SEG

**SAUDADES**  
por @Grimpeiro  
projetado @Grimpeiro

**O QUE VOCÊ QUER TORNAR EXCEPCIONAL AGORA?**

**OBRAS JÁ CRIADAS**

**AMPLIAR** **Paiz** **uma** **Amor**

**SE VOCÊ GOSTOU DESSA AÇÃO CLIQUE EM** **Cartão**

Barwise iPhone App



Cocktail Central with Evite.com USA



## Americas is well equipped to raise its contribution in value growth to Pernod Ricard

- **Attractive, leading positions in the key high growth markets**
- **Continue our disciplined focus on value growth ...**
- **... and on-going pursuit of the levers that have been driving our wins**
  - ✓ Prioritized investment behind strategic brands
  - ✓ Sharper brand propositions
  - ✓ Optimized Route-to-Market
  - ✓ Development and upgrading of talent