

Pernod Ricard 2010 Press & Capital Market Day



May 20th, 2010

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

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Pierre Pringuet Agility: The Road to Leadership

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The world has changed...


Pernod Ricard



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Pernod Ricard


Pernod Ricard
has changed....

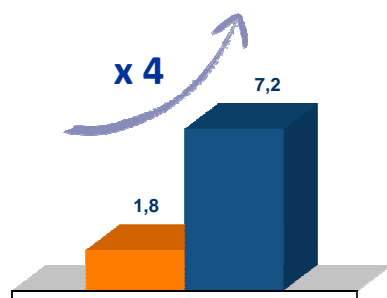
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10 years of strong growth in sales and profits

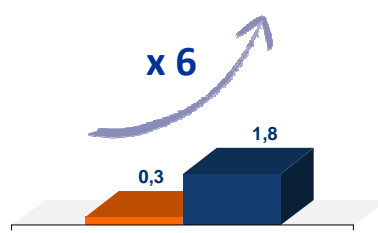
In bn€

2000

2009



Sales

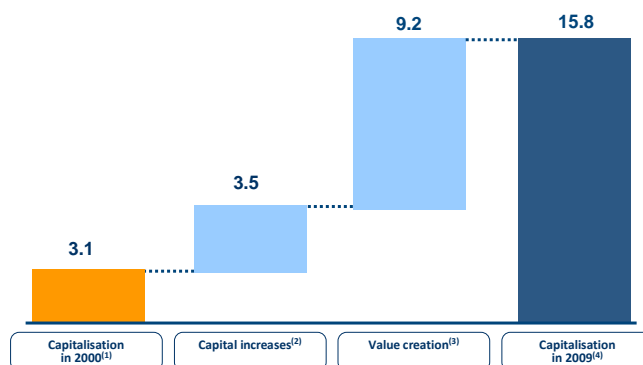


Profit from recurring operations

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10 years of strong value creation

In bn€



(1) 3 January 2000

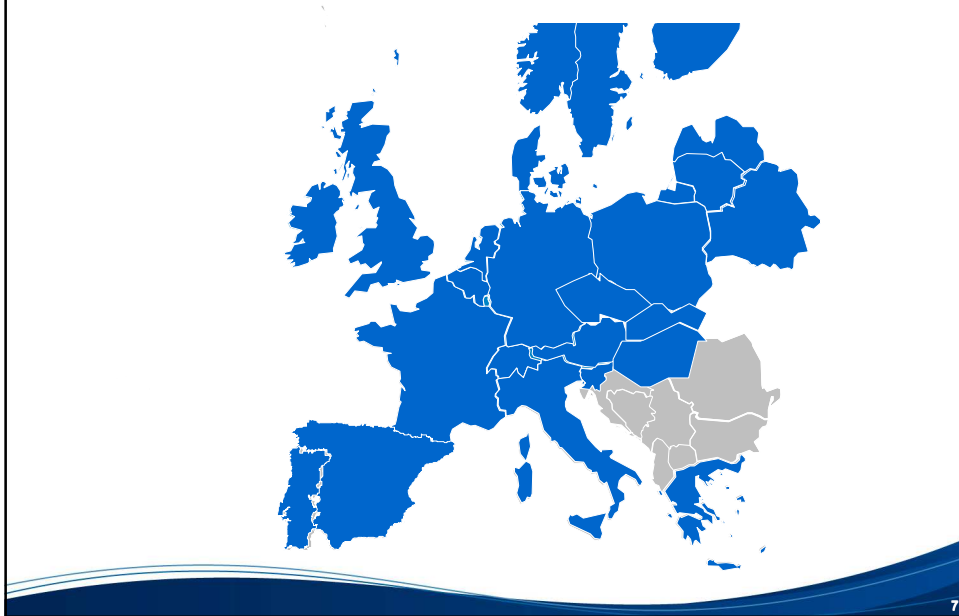
(2) Oceane conversion, AD and May 2009 capital increases

(3) Excluding capital increases & value creation on capital increases

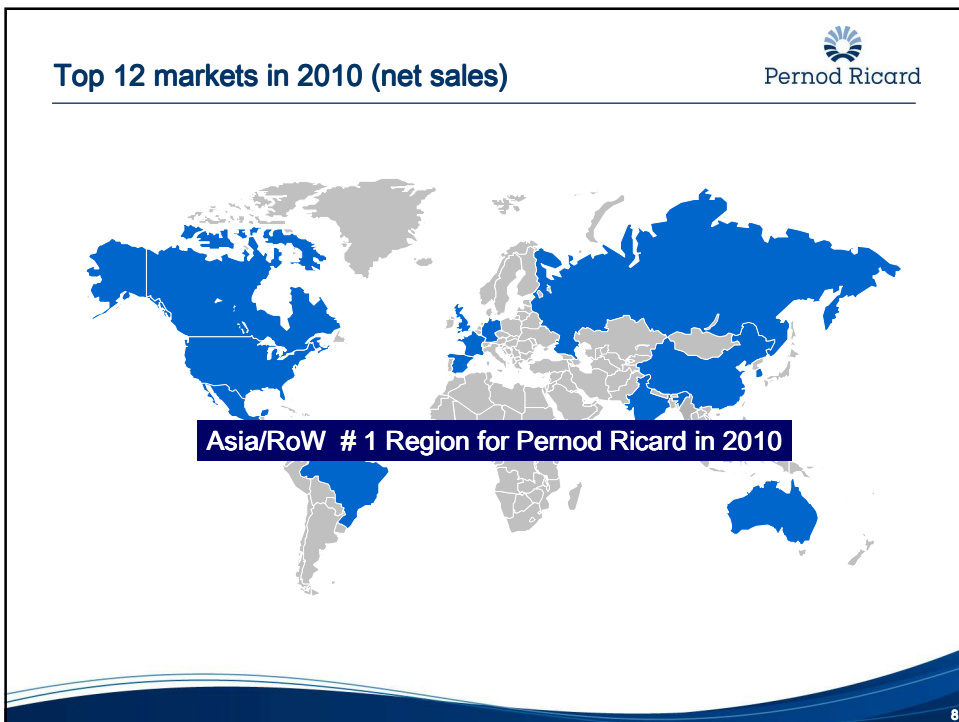
(4) 31 December 2009

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2000 : France and Europe accounted for 73%
of PR net sales



Top 12 markets in 2010 (net sales)



Top 12 brands in 2000...



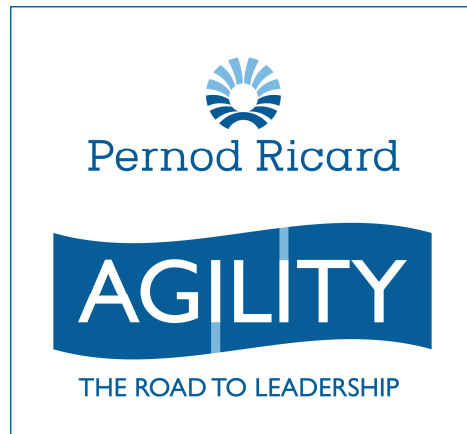
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... the 15 strategic brands in 2010

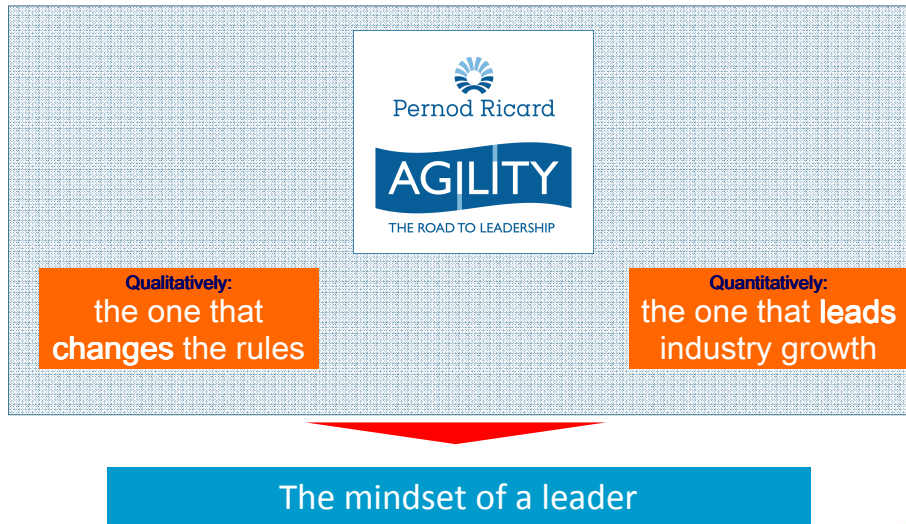


and now ?

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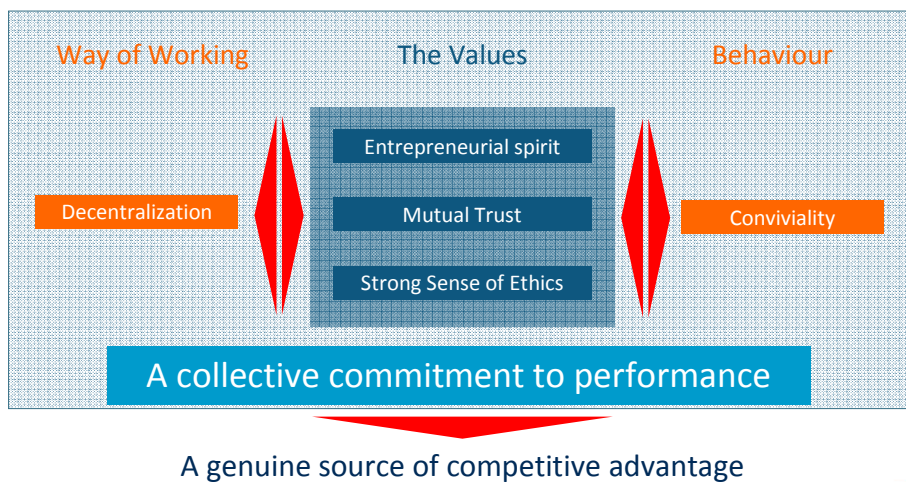


Our company-wide initiative



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Pernod Ricard Culture



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Thierry Billot & Michel Bord Focus & Innovation

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The Pernod Ricard House of Brands: portfolio segmentation & priorities

FOCUS



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FOCUS

Pernod Ricard external communication

→ Top 14 Spirits & Champagne brands

Global Icons



Priority Premium Spirit Brands



Priority Prestige Spirit & Champagne Brands





Pernod Ricard

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FOCUS

Royal Salute joins the top 14 spirit and champagne brands





Pernod Ricard

10

FOCUS

Pernod Ricard external communication



Pernod Ricard

→ Top 14 Spirits & Champagne brands

Global Icons



Priority Premium Spirit Brands



Priority Prestige Spirit & Champagne Brands



→ Top 4 Wine brands

Priority Premium Wine Brands



→ 18 Local Spirit leaders

Key Local Spirit Brands



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FOCUS

Our decentralized organization



Pernod Ricard

Should we change our organization?

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FOCUS

Our decentralized organization

NO

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FOCUS

Our decentralized model is well-proven

6 main
Brand
Companies

```

graph TD
    PRSA[PERNOD RICARD SA] --> BC[BRAND COMPANIES]
    PRSA --> MC[MARKET COMPANIES]
    BC --> TAC[THE ABSOLUT COMPANY]
    BC --> CB[CHIVAS BROTHERS]
    BC --> MPJ[MARTELL MUMM PERRIER-JOUET]
    BC --> ID[IRISH DISTILLERS]
    BC --> PRP[PERNOD RICARD PACIFIC]
    BC --> HCI[HAVANA CLUB INTERNATIONAL]
    MC --> PRA[PERNOD RICARD AMERICAS]
    MC --> PRAA[PERNOD RICARD ASIA]
    MC --> PRE[PERNOD RICARD EUROPE]
    MC --> SP[SOCIETE PERNOD]
    MC --> SR[SOCIETE RICARD]
            
```

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Market
Companies

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FOCUS

Organization strengthened to better seize category opportunities



Pernod Ricard

→ **Create a Vodka Brand Company**

- With The Absolut Company assuming the role of Vodka brand company for Pernod Ricard vodka brands (excluding value brands)
- Managing Absolut, Friis, Wyborowa along with Polish vodkas with international potential


→ **Create a Wine Brand Company**

- By combining the wine brand owner businesses in Australia (Jacob's Creek,...), New Zealand (Montana,...), Spain (Campo Viejo,...) and Argentina (Graffigna...) under the leadership of Pernod Ricard Pacific
- To be responsible for the wine portfolio approach and global wine category strategy

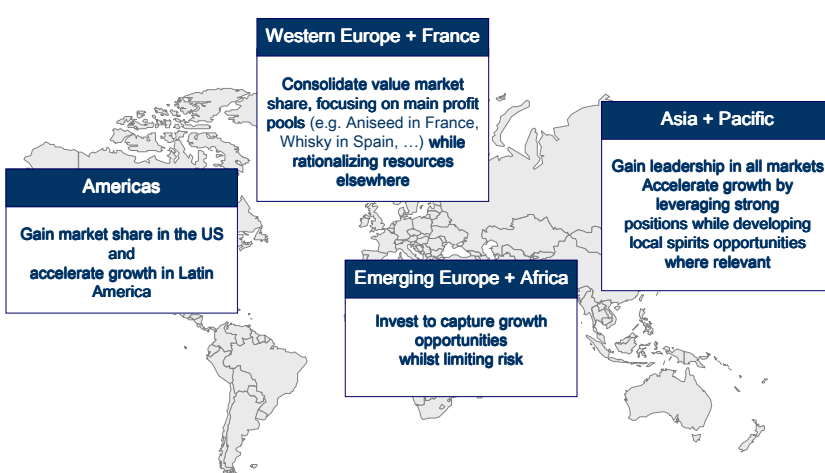
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FOCUS

Clear mission to each geography to support our key priorities



Pernod Ricard



Western Europe + France

Consolidate value market share, focusing on main profit pools (e.g. Aniseed in France, Whisky in Spain, ...) while rationalizing resources elsewhere

Americas

Gain market share in the US and accelerate growth in Latin America

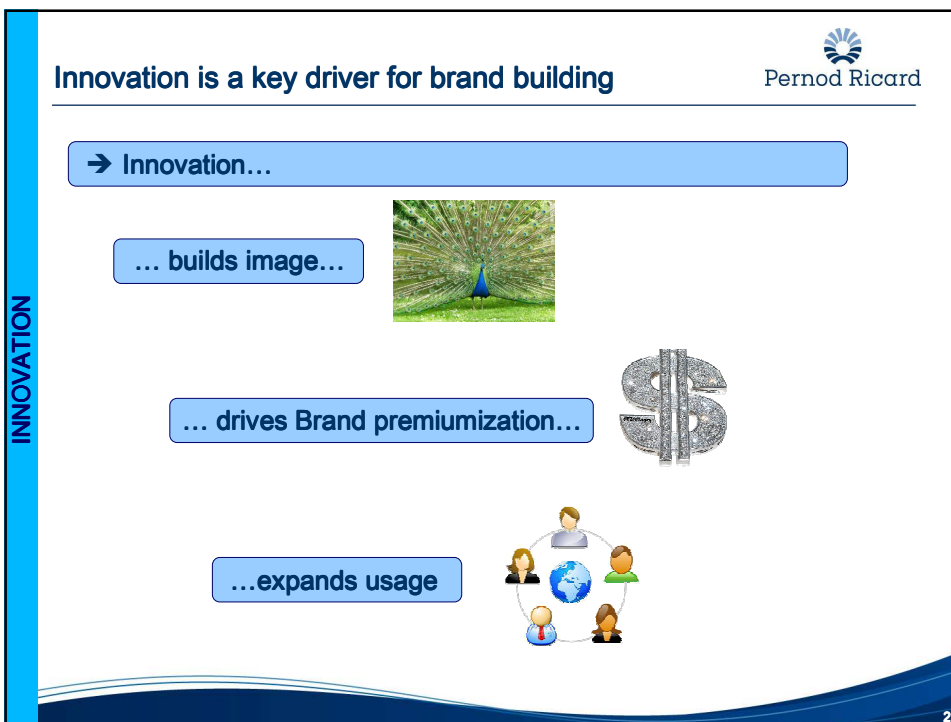
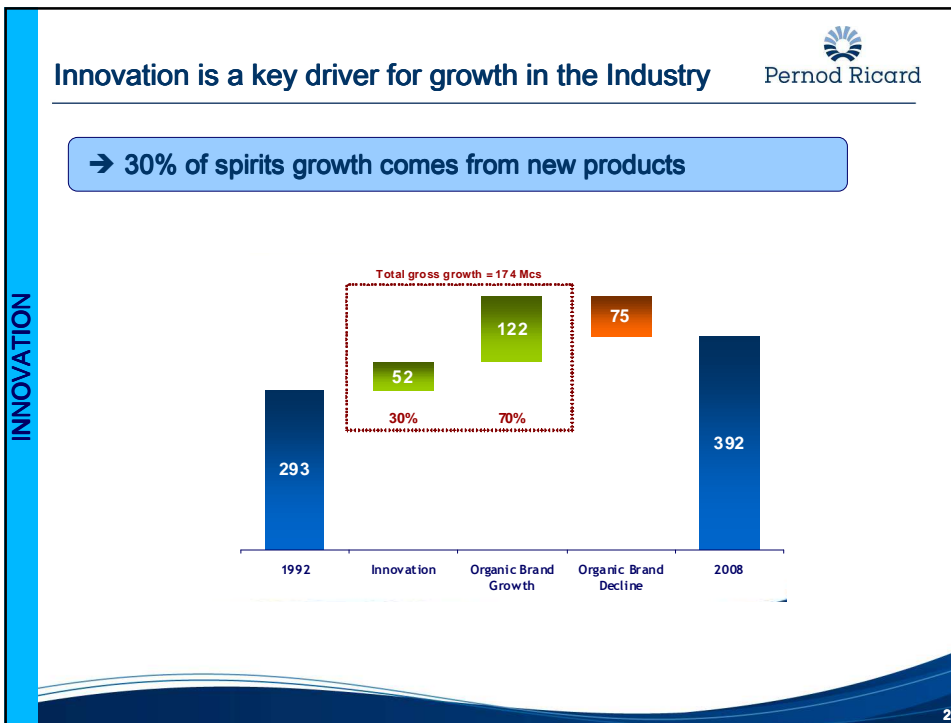
Emerging Europe + Africa

Invest to capture growth opportunities whilst limiting risk

Asia + Pacific

Gain leadership in all markets
Accelerate growth by leveraging strong positions while developing local spirits opportunities where relevant

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INNOVATION

Innovation and Luxury are deeply linked

Pernod Ricard

- Premium and luxury brands innovate constantly
- Strong roots and substance give permission and opportunity to innovate
- Products and experiences are deeply linked



PRODUCT	PRODUCT + COMMUNICATION	EXPERIENCE
 <p>HERMES Leica</p>	 <p>VUITTON Murakami</p>	 <p>PRADA Pop-Up Store Paris</p>

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INNOVATION

Product Innovation at Pernod Ricard

Pernod Ricard

→ Premiumize	→ Build brand equity
 <p>Beefeater 24</p>	 <p>Martell XO Paul Andreu Limited Edition</p>
→ Expand usage occasions	→ Target specific consumers
 <p>Jacob's Creek Sparkling Moscato</p>	 <p>ABSOLUT 100</p>

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INNOVATION

Experience Innovation with Beefeater

Pernod Ricard


→ Beefeater brings London's Portobello Road Market to Madrid

COMMUNICATION



↓

EXPERIENCE



- Invitations via social media and word of mouth
- 50 000 consumers attended
- Generated free media > investment

- Brings Beefeater 'London' proposition to life
- Builds loyalty and engagement

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INNOVATION

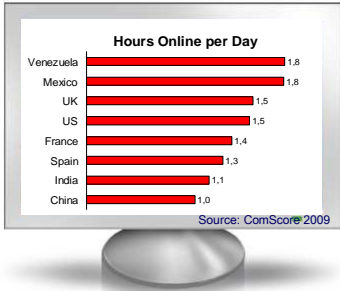
Communication innovation: the Digital Revolution


Pernod Ricard

→ A great opportunity to engage with our consumers...


- Adults in leading markets spend 1-2 hours online per day

...with compelling brand content






Lady Dior



ABSOLUT I'm Here




BMW The Hire

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INNOVATION


Communication innovation: from Push to Pull

Pernod Ricard 

CLASSIC MEDIA

TV / Press / Posters / Shopper

... based on




INTERRUPTION

➔


NEW MEDIA

Digital

... based on



ENGAGEMENT



...but increasingly blocked by zapping & TIVO

- ➔ Freedom of contact with consumers
- ➔ Brand content
- ➔ More consumer touchpoints

➔ From *imposing* brand messages to *engaging* consumers by offering relevant, interesting content.

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INNOVATION

From advertising to continuous conversation: Absolut Facebook

Pernod Ricard 

- ➔ Started June 2009
- ➔ Two way dialogue with 492,000 fans
 - And their friends
- ➔ No 1 Vodka fan page
- ➔ No 2 Spirits fan page



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From advertising to continuous conversation: Radio MaliBoomBoom Spain


Pernod Ricard

→ From running 30" radio spots to running the first branded web radio station in Spain – "Radio MaliBoom Boom"

- The Spanish expression of a global communications campaign established in digital media
- 5 days a week, 5 hours a day
- Average listening time 60 minutes per session

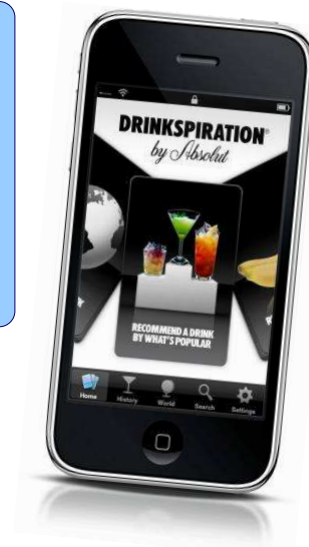


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Branded Utility: ABSOLUT Drinkspiration


Pernod Ricard

- Cocktail Recipe iPhone Application
- In bar inspiration
- 400 recipes (average bar-goer can name only 7 cocktails)
- Over 200,000 downloads
- Critical acclaim within bartender community



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Branded Utility: World's Best Bars

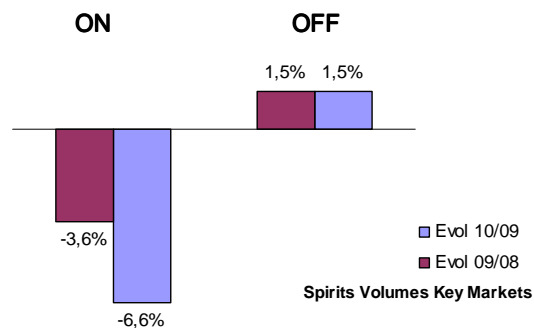
- World's most popular spirits website
- Over 300,000 unique visitors per month
- Significant new investment – increased and improved content
- Mobile version live
- Further apps in production



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Why do we need to innovate in distribution ?

- Shift of volumes from on- to off-trade
 - Disposable income
 - Security concerns (in some markets)



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**Distribution innovation:
from consumers to shoppers & customers**

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ABSOLUT Rock Edition - Worldwide

Rock Edition 360 activities

Rock Edition in Off Trade

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Responding to changing consumer behaviour

Pernod Ricard

**Selectively reallocate sales resources from on- to off-trade
Apply on-trade techniques to off-trade**

ON

OFF

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INNOVATION

Responding to changing consumer behaviour


Pernod Ricard

Organizing home parties

BRAZIL




**Royal Salute Dinner
with Duke of Argyll**




ABSOLUT Private Party

RUSSIA



Martell Private Party



Ballantine's Home Party Competition

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INNOVATION


Responding to changing consumer behaviour


Pernod Ricard


Using the Off Trade to inspire the home drinking experience

→ **ABSOLUT Art of Sharing:**
limited edition cocktail pitchers by artists
Stephen Powers & Chiho Aoshima

→ **MALIBU**
UK 35cl
cocktail
shaker







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Bruno Rain People

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What do we expect from our managers ?

→ To share our values

- Entrepreneurial spirit, mutual trust, strong sense of ethics... with conviviality



→ To be representative of the Group Diversity

- Diversity is a key factor for competitiveness
- Mobility is a key driver for Diversity

→ To be Leaders, creative and passionate

PEOPLE DEVELOPMENT

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PEOPLE DEVELOPMENT

We want employees to share our values

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- Our values are a strength – we have a very low turnover
- Our transforming acquisitions have enriched the organization while maintaining our roots and values
- Decentralization facilitates integration
- Leverage our history and our values to improve constantly the management of our HR
- Reinforce our capacity to integrate people from various origins
- Develop innovative approaches (e.g., short-term exchanges)

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PEOPLE DEVELOPMENT

We want to further promote Mobility and Diversity

Pernod Ricard

- Continue to update and improve our tools for mobility
- Diversity should be considered as a key factor for competitiveness
 - One third of our business is in emerging markets
 - China is our number three market

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PEOPLE DEVELOPMENT

We want to foster a mindset of leadership, creativity and passion

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→ Reinforce the capacity of our managers to develop their employees (people management)

Evaluation criteria

LEADERSHIP SKILL SET	MANAGEMENT SKILL SET
LIVE THE VALUES	MANAGING PEOPLE
DRIVE	DEVELOPING PEOPLE
TEAMWORK	

→ New Bonus scheme for our management committees with a people management criteria

→ Develop innovative education to stimulate creativity

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SOCIAL RESPONSIBILITY

Corporate Social Responsibility : the context

Pernod Ricard

→ Today, a company is not only judged on its business performance, but also on its social responsibility

- We therefore need to assess the global impact of our company

→ A successful Corporate Social Responsibility (CSR) strategy should be based on the three fundamentals:

- Being related to our business (origins, heritage...)
- Being based on our culture, our identity
- Involve our people: the strategy should be fully owned by our employees


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SOCIAL RESPONSIBILITY

What are our CSR priorities ?

→ **Priority n°1: Responsible consumption**

- On which the Group should be exemplary: drink and drive and education



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SOCIAL RESPONSIBILITY


What are our CSR priorities ?

→ **Priority n°1: Responsible Consumption**

- On which the Group should be exemplary: drink and drive and education

→ **Priority n°2: Environment:**

- Reduce our impact (water, energy, CO2, eco-packaging, sustainable agriculture, certification)




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SOCIAL RESPONSIBILITY

What are our CSR priorities ?



Pernod Ricard

→ **Priority n°1: Responsible Consumption**

- On which the Group should be exemplary: drink and drive and education


→ **Priority n°2: Environment:**

- Reduce our impact (water, energy, CO2, eco-packaging, sustainable agriculture, certification)


→ **Priority n°3: Cultural initiatives and initiatives related to entrepreneurship**

- if they are related to our roots, our values and/or our heritage

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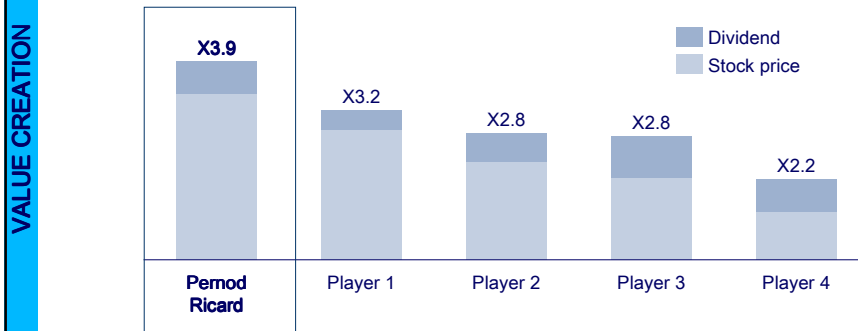
Gilles Bogaert

Value Creation

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Pernod Ricard has been the Champion of value creation...

Total shareholder return as of 2010 since 2000¹
(among listed players in the Wine and Spirits Industry)

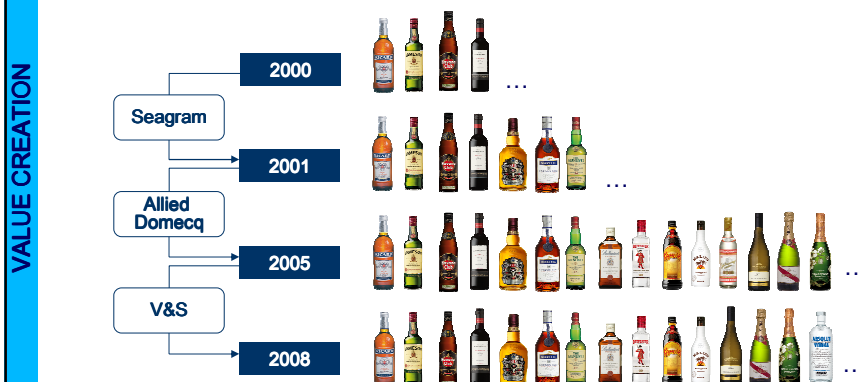


¹ Excluding compounding effect. TSR since Jan 2000 or since IPO
Source: Company information

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... due to three transformational deals...

Pernod Ricard strategic brands from 2000 to 2008



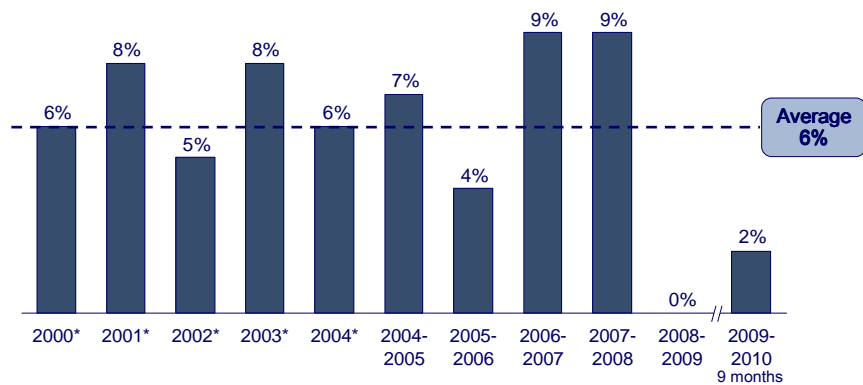
Source: Company information

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... but also to our ability to generate sustained organic growth

Pernod Ricard organic net sales growth over the period 2000-2010

VALUE CREATION

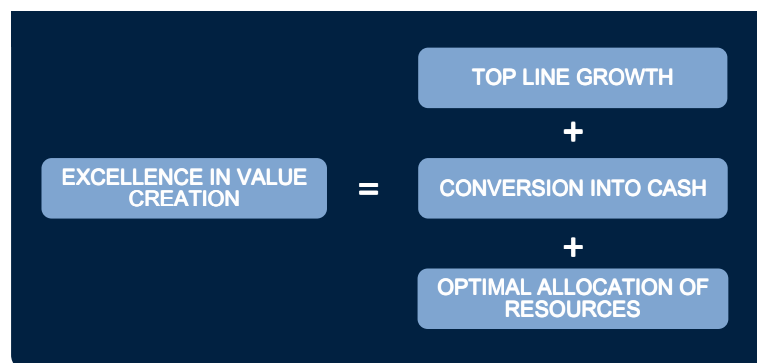


Wine and Spirits only – fiscal year = calendar year
Source: Pernod Ricard financial communication

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How will Pernod Ricard go on creating value?

VALUE CREATION



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Targeted KPIs to monitor business performance			
Pernod Ricard			
Objective	Indicator	Scope/period	Incentive
Profit monitoring	See-through CAAP	All brands Monthly basis	✓
	See-through operating profit	All affiliates Monthly basis	✓
Cash management	Operating cash flow	All affiliates Monthly basis	✓
	Net generated cash	By activity/see through Regular update	-
Deleveraging	Net debt/EBITDA	Group level End of FY	✓
Value creation	ROCE	Brands with high capital intensity Once a year	-



Cross functional approaches to cost optimization and efficiency



VALUE CREATION

→ Regional or global procurement for direct and indirect categories

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Cross functional approaches to cost optimization and efficiency



VALUE CREATION

→ Regional or global procurement for direct and indirect categories

→ IT convergence

→ Production cost optimization

→ Structure cost sharing

→ Internal Benchmarking

→ Best practices

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VALUE CREATION

Broader communication

Pernod Ricard

- Communicate on non-financial business topics, involving operational managers
- Organize dedicated communication to bond-holders
- Communicate more about the Pernod Ricard 'Corporate Brand'
 - Improve visibility
 - Without interfering with consumer brand communications

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Créateurs de convivialité

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Pernod Ricard

Pierre Pringuet
Conclusion

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6 Key Messages

- 1 Implement our priorities in terms of brands and geography
- 2 Developing an ambitious HR policy: leadership, diversity and performance ➔ PASSION
- 3 Putting innovation and creativity at the heart of our work
- 4 Promote Pernod Ricard brand: source of visibility ('Corporate Brand') and pride ('Employer Brand')
- 5 Reasserting our commitment to corporate social responsibility and ethics
- 6 Creating Value

