

# 2007/08 Full-year Sales



24 July 2008

2007/08 sales: €6,589 million

Outstanding growth: +8.7%\*

Upward revision of the guidance of organic growth in operating profit from ordinary activities

- Overall analysis
- Portfolio review
- Growth by region
- Conclusion and outlook

## Key Figures at 30 June 2008

- ➔ Full-year sales up 2.3% to € 6,589 million, being +8.7% organic growth
- ➔ Strong growth by key brands with a very strong mix and improved pricing effect

Top 15: Volume +5%, Value +11%\*

- ➔ Emerging markets\*\* (+22%\*) and premium spirits\*\*\* (+14%\*) remained the leading growth drivers

\*Organic growth

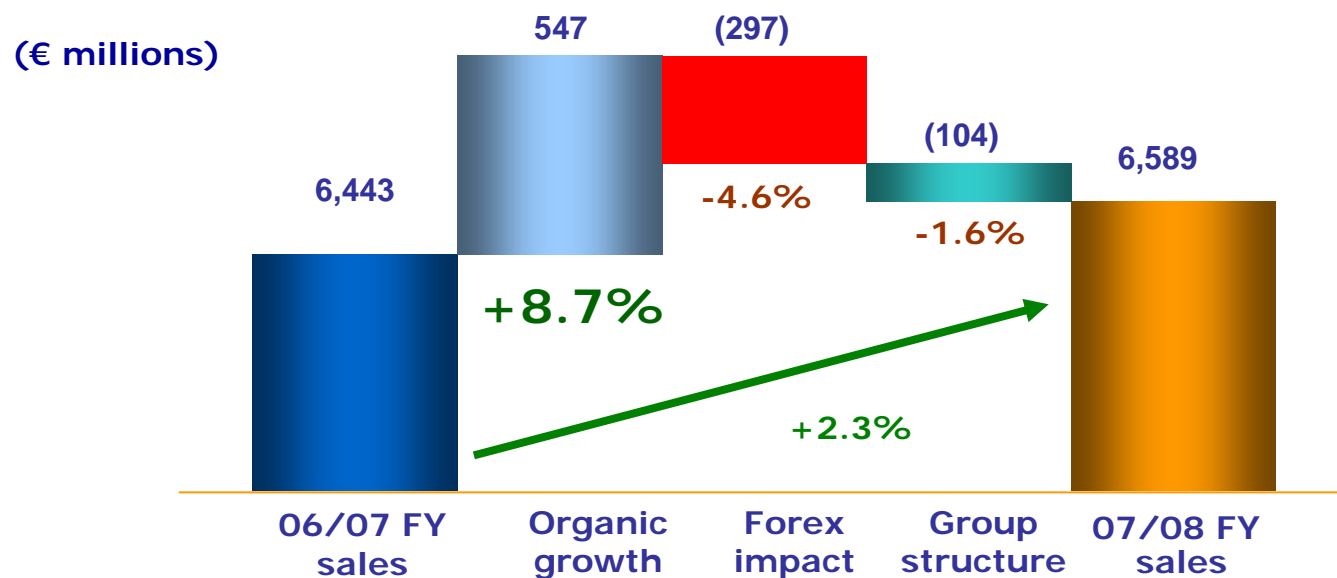
\*\* GNP/Capita < USD 10,000

\*\*\* Brands >= Chivas 12 year old or Martell VS

- ➔ Continuing strong growth in emerging countries
- ➔ Western markets continued to grow at a more moderate pace
- ➔ Strong appreciation of the Euro against most currencies, in particular the USD, GBP and KRW
- ➔ End of USD interest rate decreases and slight rise in the Euro, against a background of renewed inflationary pressure

- ➔ Signature, on 30 March 2008, of a contract pertaining to the full acquisition of the Vin & Sprit group, owner of the ABSOLUT vodka brand (transaction closed on 23 July 2008)
- ➔ Continuing strong growth of our operations in all regions and continuing premiumisation of our portfolio
- ➔ Upward revision of the guidance of organic growth in operating profit from ordinary activities
- ➔ Other disposals/acquisitions:
  - Wine brands disposals: Framingham, Canei, La Ina and Rio Viejo
  - Disposal of Spanish brandy brands Carlos I, Carlos III and Felipe II
  - Acquisition of the Lillet company

## Dynamic sales at 30 June 2008



→ Organic growth: +8.7% (Spirits = +9.3%, Wines = +5.6%)

→ Group structure: disposal of LDI (€ 31 million), disposal of Rich & Rare (€ 17 million), end of co-packing for Fortune Brands (€ 20 million), transfer of distribution of Seagram's Coolers & Smooth (€ 22 million), ...

→ Forex impact primarily due to the depreciation of the USD, KRW, GBP, CNY and MXN



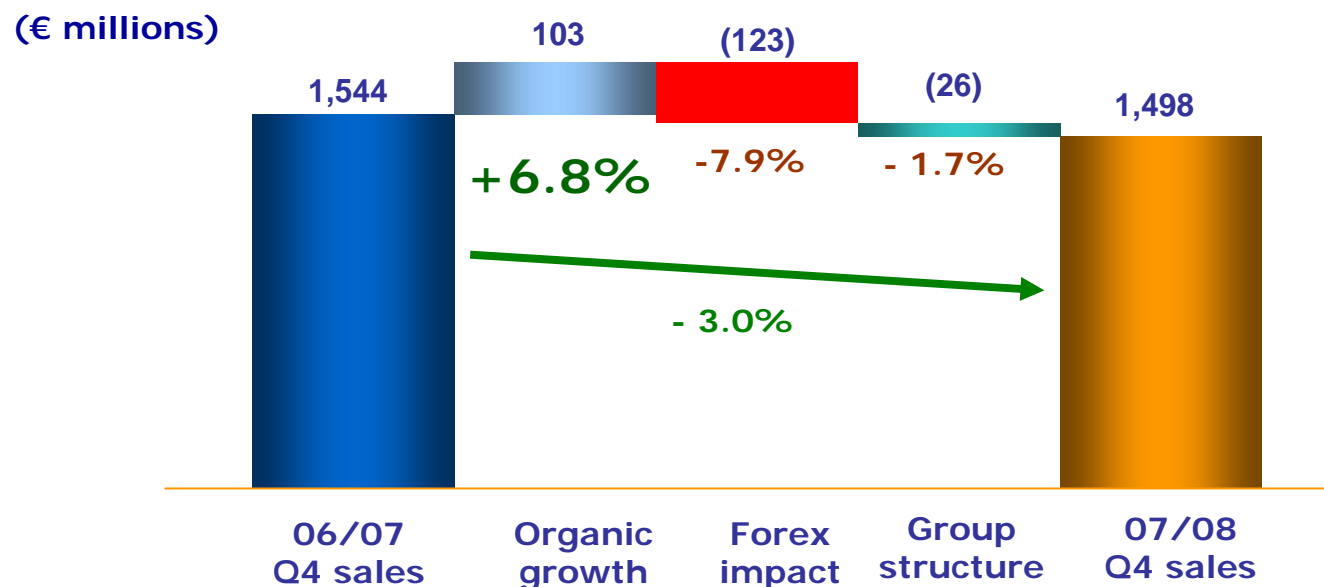
## Foreign exchange and group structure effects on operating profit from ordinary activities

Over the full 07/08 financial year

- ➔ Negative forex impact on operating profit from ordinary activities confirmed at about € 105 million
- ➔ Negative group structure effect on operating profit from ordinary activities confirmed at about € 10 million



## Continuing strong organic growth in Q4

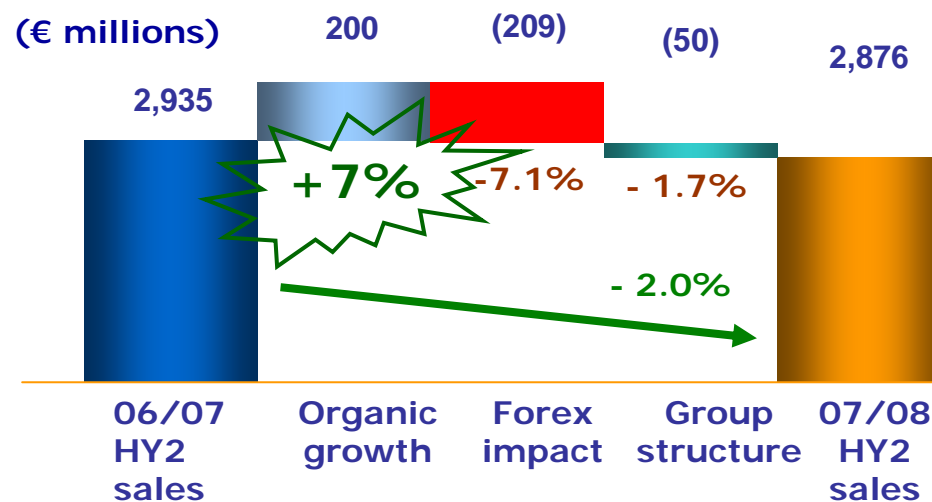
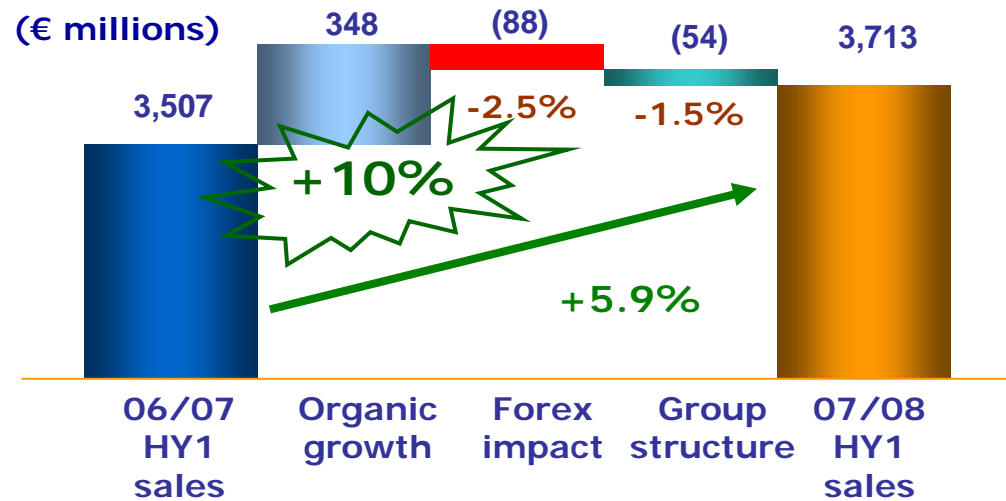


- ➔ Organic growth of +6.8% (Spirits = +7.8%, Wines = +2.3%)
- ➔ Negative group structure impact on Q4, in line with expectations and previous quarters
- ➔ The foreign exchange effect grew due to the acceleration of the depreciation, against the Euro, of the USD and currencies tied to it, as well as the GBP and KRW

### Continuing strong growth in Q4:

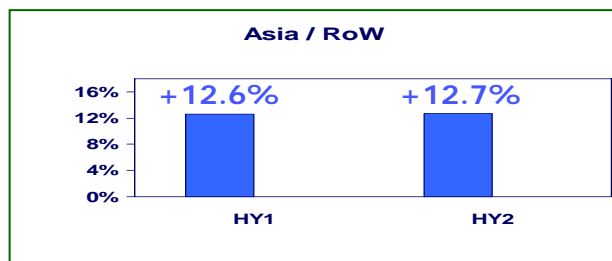
- Emerging markets continued their very fast expansion, in spite of the earthquake in Sichuan (impact of about -1% on our growth over the quarter)
- The US remained well oriented, against an economic background that remains difficult
- Slight growth overall in all other regions, with contrasted situations from country to country

# Focus on HY1 and HY2

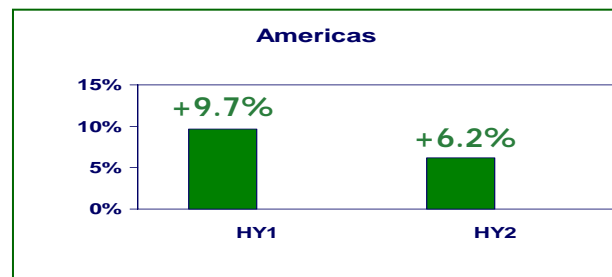


Following a very strong HY1, sustained growth was maintained over HY2, against a background of further appreciation of the Euro against most other currencies

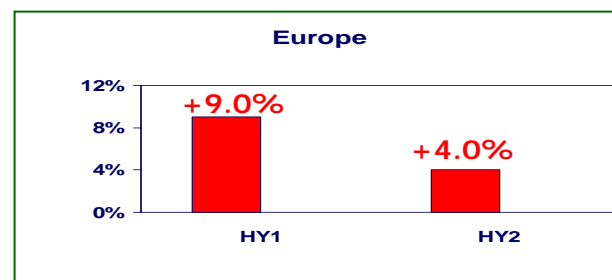
## Organic growth / Region



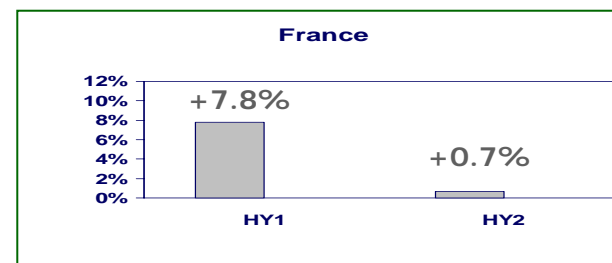
Strong double-digit growth, both in HY1 and HY2.



Slightly slower HY2 growth in the US and impact of the slowdown in Venezuela.



Growth still exceeding 20% in Central and Eastern Europe, growth slowing in Western Europe.



HY2 growth adversely affected by the slowdown of champagne (stock limitation) and aniseed drinks (smoking ban and bad weather)

- ➔ Excellent commercial and financial prospects linked to the integration of ABSOLUT (enthusiasm of the salesforce)
- ➔ Confidence in achieving the top end of the range cost synergies announced (€ 125 to € 150 million)
- ➔ Transaction
  - Authorisation from competition authorities on 17 July / Closing on 23 July
  - Commitment by Pernod Ricard to sell the following brands: Grönstedts (cognac), Star Gin, Red Port, Dry Anis, Lubuski (gin) and Serkova (vodka)
  - Pernod Ricard 2007/08 net profit will be adversely affected by non-recurring expenses of about € 110 million, related to the acquisition of Vin & Sprit (transaction fees, consulting fees, exit from Stolichnaya contract)

# An Absolutely outstanding performance in 2008



HY1 2008 volume growth: + 12 %

11.3 million 9L cases over a rolling 12 months  
+ 600 000 9L cases gained over 6 months



- ➔ Acceleration of volume growth at + 12% in HY1 2008 compared to + 9% over the full year 2007
- ➔ Performance confirmed by Nielsen 12 month data at 30 June 2008:
  - US: confirmed vigour at + 5%
  - Very sharp increases in other major markets: UK off-trade + 60% & on-trade + 21%, Germany + 23 %, Poland + 37%, Brazil + 53%, ...

## Provisional post-closing Vin & Sprit pro-forma debt

- ➔ Sharp decline in debt at 30 June 2008, resulting in a Net Debt / EBITDA ratio expected at about 3.6
- ➔ After the acquisition of Vin & Sprit, the pro-forma debt\* at 30 June 2008 is about € 11.9 billion, being an opening Net Debt / EBITDA ratio of close to 6
- ➔ Long-maturity debt (8% at 2 years, 34% at 3 years and 58% at 5 years), hedging against liquidity risks
- ➔ A 58% USD share, which hedges against a further loss in value of the USD
- ➔ Hedges put in place (1/3 fixed, 1/3 capped, 1/3 variable), which limits the impact of potential interest rate increases

\* including transaction fees



## Provisional cost of consolidated post-closing Vin & Sprit debt

➔ Initial average cost of about 5.2 %, based on:

- current interest rates
- the initial margins (120 to 155 bp) on the new syndicated acquisition loan
- interest rate hedges put in place

➔ Expected rapid decline in Net Debt / EBITDA ratio, due to:

- strong EBITDA growth
- cash flow generation
- the non-strategic asset disposal programme, valued at about € 1 billion over the coming 12 to 18 months

➔ This decline will result in reduced bank margins

- Overall analysis
- Portfolio review
- Growth by region
- Conclusion and outlook

# Portfolio Review



TOP 15



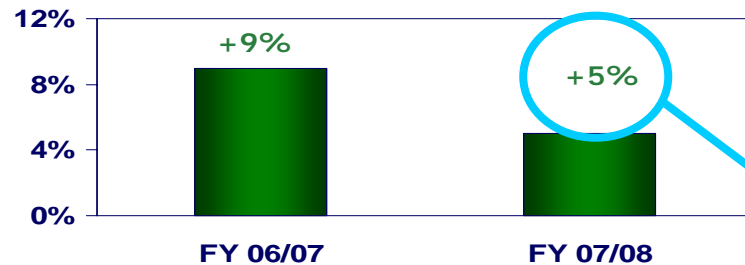
Full-year volume: + 5 %  
Full-year sales: + 11 %\*



\*Organic growth

## Top 15 growth: 07/08 vs 06/07

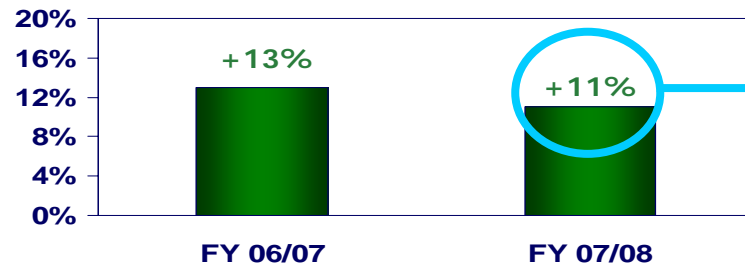
### VOLUME



A dynamic Top 15

Favourable comparison basis in FY 06/07

### SALES \*



Sales growth more than double that of volume growth

*Highly favourable mix and pricing effects for all our strategic brands, in particular for Martell, wines and champagne*

\* Organic growth

# Portfolio Review



Volume +10% Sales\* +11%

*Chivas 18 and 25 year old grew by +42% vs +9% for Chivas 12 year old*



## → Asia:

- Growth due in particular to Thailand, Duty Free, Vietnam and the Persian Gulf
- Decline in China, due to the repercussions of the Sichuan earthquake

## → Europe:

- Strong growth in Western Europe: double-digit growth in France, Switzerland, Portugal and the UK
- Spectacular development in Eastern Europe: Russia, Poland, Romania,...

## → Americas:

- US: 12-month depletions -6% in line with Nielsen -6% (12 year old Scotch market -5%)
- Confirmed strong growth: Mexico, Central and South America and Duty Free markets

\*Organic growth

# Portfolio Review



Volume +9% Sales\* +11%



## → Ballantine's Finest:

- Western Europe:
  - ⇒ Growth in France, Switzerland, Portugal and Greece, stability in Spain, decline in Italy and Germany
  - ⇒ Good performance by Duty Free
- Rapid expansion in numerous Central and Eastern European countries: Poland, Russia, Hungary, Romania, Lithuania, Bulgaria, Czech Republic, Serbia...
- Continuing very strong growth in Latin America, Asia and Africa

## → Ballantine's Superior Qualities: volume +14% → Improved mix

- Strong growth in Asia, primarily due to China, South Korea, Taiwan and Duty Free

\*Organic growth

# Portfolio Review



**Volume +15% Sales\* +21%**

- ➔ Continuing outstanding development in the US with 12-month depletions +24% (Nielsen +29%, NABCA +20%)
- ➔ Very strong growth in South Africa
- ➔ Double-digit growth in Europe, due in particular to Ireland, Eastern Europe, Portugal and Duty Free



**Volume +10% Sales\* +14%**

- ➔ Continuing dynamism in the US: 12-month depletions +6% (Nielsen +3%, NABCA +5%)
- ➔ Very strong growth in Asia due to Taiwan, Duty Free and China
- ➔ Europe: double-digit growth due to the UK, France and Germany



\*Organic growth



# Portfolio Review



Volume +2% Sales\* +24%

*Value Strategy stepped up*



→ Superior qualities: volume + 21%

- Rapid development in Asia: China, Malaysia, Singapore, Taiwan, Vietnam, ...
- Top premium qualities posted the most outstanding growth rates:  
VSOP (+5%), Noblige (+76%), Cordon Bleu (+ 18%), XO (+29%)

→ Martell VS: volume -24%

- Strong price increases and very sharp reduction in volume, in particular in the US and the UK, in line with the strategy of refocusing on superior qualities

\*Organic growth

# Portfolio Review



**Volume -3% Sales\* -1%**

- France: slight decrease of the brand in a declining market, adversely affected by bad weather and the smoking ban
- Slight decrease also in all other European markets



**Volume +15% Sales\* +17%**

- Double-digit growth in all regions
- In Europe: double-digit growth in all countries (Germany, Spain, France, Greece, the UK, Belgium, Austria, Denmark, Sweden, Norway, Portugal, the Netherlands, the Czech Republic and Russia) except for slight decline in Italy and a slight growth in Switzerland.
- Very strong development in Canada and Chile (growth rates in excess of 50%)
- Continuing growth in Cuba



\*Organic growth

# Portfolio Review



Volume +6% Sales\* +10%

- Growth in Europe: UK, Spain, Belgium, Italy, Russia, Poland and Duty Free
- Dynamic sales in the US: 12-month depletions +5% (Nielsen +5%, NABCA +7%)



Volume -4% Sales\* -5%

- US: Situation remains difficult, 12-month depletions -7% (Nielsen +2%, NABCA -3%)
- Overall stability in other markets



\*Organic growth

# Portfolio Review

**BEEFEATER**  
LONDON

Volume +1% Sales\* +4%

→ Europe:

- Spain: slight volume growth in a declining category
- Strong growth in other key markets: UK, Russia, Czech Republic

→ US: market that remains difficult, 12-month depletions -3% (Nielsen -0.5%, NABCA -3%)



**STOLICHNAYA**  
RUSSIAN VODKA

Volume +9% Sales\* +12%

→ US: sales growth enhanced by price increases, 12-month depletions +3% (Nielsen +0%, NABCA -1%)

→ Double-digit growth in most other significant markets, in Europe, Canada, Latin America, Africa and Asia



\*Organic growth

# Portfolio Review



**Volume +2% Sales\* +6%**

**Growth and premiumisation**

- Volume growth in the UK, its top market, with a Q4 in decline, impacted by the increase in duties
- Strong growth in Asia and Canada
- 17% growth in superior qualities (3 Vines, Reserve, Heritage, Sparkling), which account for nearly 23% of total volume of the brand over the financial year



**Volume -2% Sales\* +9%**

- Continuing implementation of the value strategy
- Decline in the two major markets (UK and Oceania) following price increases
- Strong growth in the US: 12-month depletions +15% (Nielsen +21%)



\*Organic growth

# Portfolio Review



Volume +11% Sales\* +18%

- Confirmed strong growth in the French market with market share gains in off-trade and on-trade (growth would have been even higher without stock limitation)
- Decline in the UK, but strong growth in Italy, Spain, Switzerland and Russia



Volume +3% Sales\* +14%

- Strong price increases in all markets
- Satisfactory growth in the US, France, Switzerland and Italy
- Decline in the UK and good HY2 in Japan following the taking back of distribution from



Suntory

\*Organic growth

## Other spirit brands

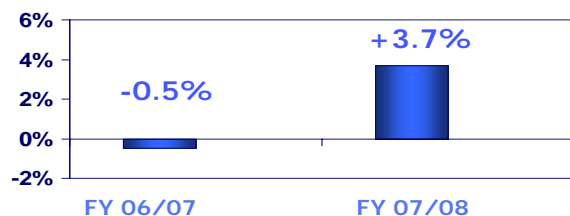
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- ➔ Royal Salute in Asia and Olmeca and Ararat in Eastern Europe remained growth drivers in these regions
- ➔ Ruavieja in Spain and Wyborowa in Poland also developed strongly
- ➔ Royal Stag remained a powerful growth driver in India and 100 Pipers sharply slowed down its decline in Thailand
- ➔ However, Presidente and Don Pedro in Mexico declined over the full financial year



# Wine business excluding fortified wines and champagne:

Total wines excluding fortified & Champagne \*

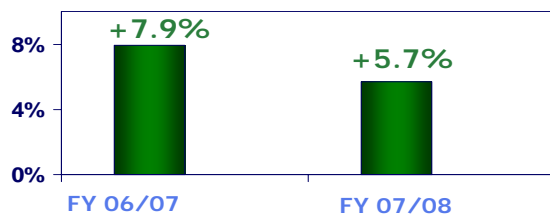


Renewed growth and continuing implementation of the value strategy



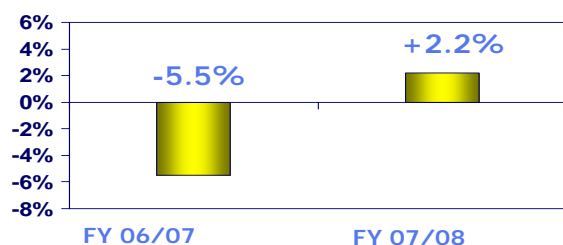
Renewed wine business growth

Jacob's Creek + Montana + Campo Viejo \*



Our international brands (Jacob's Creek, Montana, Campo Viejo) grew most rapidly

Other brands \*

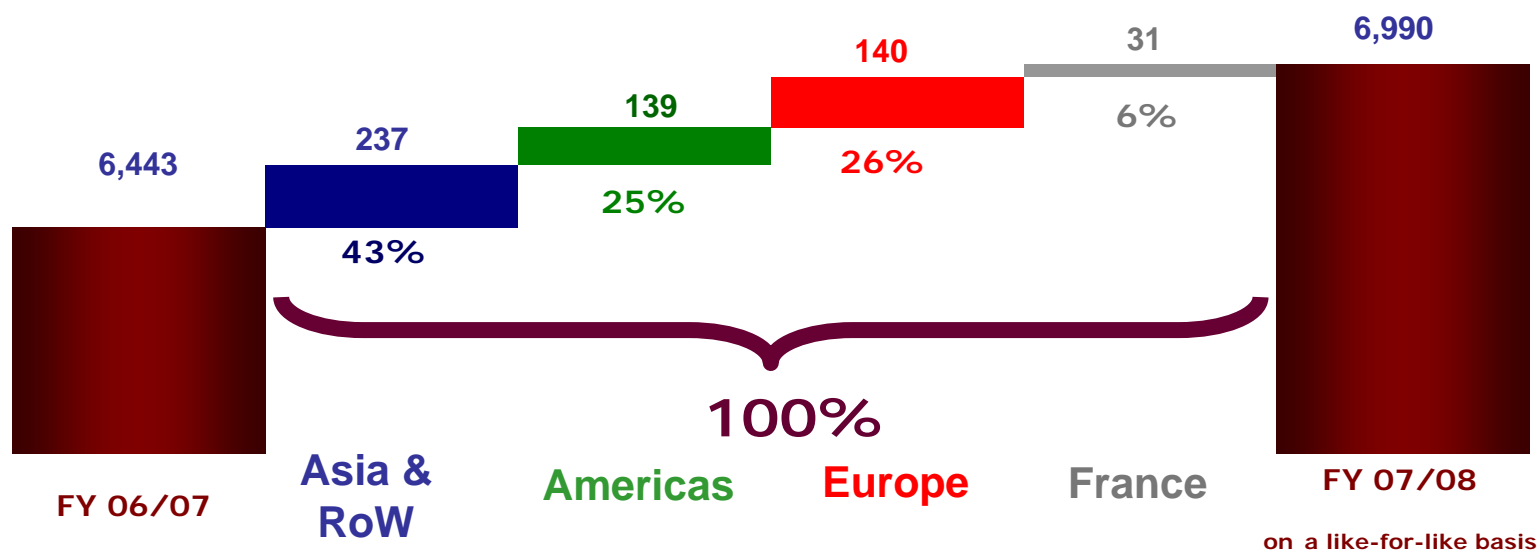


Slower growth by secondary brands

\* Organic growth

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# Contribution to organic growth / Region



- All regions contributed to sales organic growth
- Emerging markets remained responsible for nearly 2/3 of organic growth

# Asia – Rest of World

€ millions	06/07	07/08	Organic growth	Forex impact	Group structure
FY	1,884	2,007	+13%	-6%	-

## → Asia: continuing vigorous 14%\* growth (+15%\* in Q4)

- China (sales +29%\*) and India (sales +39%\*) represented 2/3 of Asia – RoW growth and remained the number one and number two contributors to the Group's organic growth, respectively
- China: according to our estimates, the whisky category is in slight decline at 30 June 2008 (Sichuan impact) and Pernod Ricard maintained its market share; the cognac category remained highly dynamic in spite of strong price increases
- Duty Free, Taiwan, Malaysia, Indonesia, Vietnam, the Persian Gulf and Singapore are also developing rapidly and Thailand experienced a recovery in HY2

## → Pacific: renewed growth following the HY1 slowdown caused by strong price increases

## → Africa & the Middle East: very strong growth confirmed in Q4

- By Jameson, Chivas and Ballantine's, as well as by Stolichnaya, Malibu, Havana Club and Kahlúa (from lower bases)

\*Organic growth

€ millions	06/07	07/08	Organic growth	Forex impact	Group structure
FY	1,786	1,700	+8%	-8%	-4%

➔ North America: organic growth +5.0% (spirits +4.4%, wines +9.6%)

US: on-trade markets in decline with transfer to the off-trade

- Dynamic brands continued their vigorous growth:
  - ✓ Spirits: Jameson, The Glenlivet, Malibu, Wild Turkey
  - ✓ Wines: Montana, Perrier-Jouët, Mumm Napa, Campo Viejo
- Brands with weaker franchises suffered from the economic downturn:
  - ✓ Kahlúa, Beefeater and Chivas declined over the period

Canada / Mexico: excellent year in Canada, satisfactory growth by international brands but decline of brandies in Mexico

➔ Central and South America: very strong organic growth +20% (+10% in Q4)

- Strong growth by Chivas, Ballantine's, Havana Club
- Slowdown in Venezuela in HY2, due to generalised downturn in consumption

# Europe

€ millions	06/07	07/08	Organic growth	Forex impact	Group structure
FY	2,091	2,171	+7%	-2%	-1%

## ➔ Eastern Europe and Central Europe:

- Russia, Poland, Ukraine, Kazakhstan and Romania were the main contributors to the spectacular development of Eastern Europe and Central Europe
- Russia (sales +38%\*) was the number three contributing country to Group organic growth

## ➔ Western Europe: more contrasted growth in HY2

- All major Western European markets (Spain, UK, Ireland, Germany, Greece), with the exception of Italy, experienced growth over the full financial year, with a tougher Q4 in Spain and in the UK
- Confirmed recovery in Germany after a highly unfavourable comparison basis in Q3, due to the price increases of April 2007.

\*Organic growth

# France

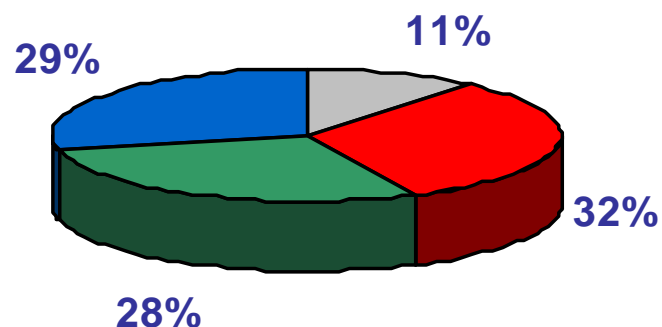
€ millions	06/07	07/08	Organic growth	Forex impact	Group structure
FY	682	711	+5%	-	-

- ➔ Excellent performance of our whisky brands: Chivas, Ballantine's, Jameson, The Glenlivet, and Clan Campbell, in well-orientated markets
- ➔ Mumm: very strong growth (market share gains, price increases, favourable mix effect) but Q4 volume were adversely affected by low stock availability
- ➔ Ricard: slight decline of the brand in a declining market, confronted with the smoking ban and bad weather



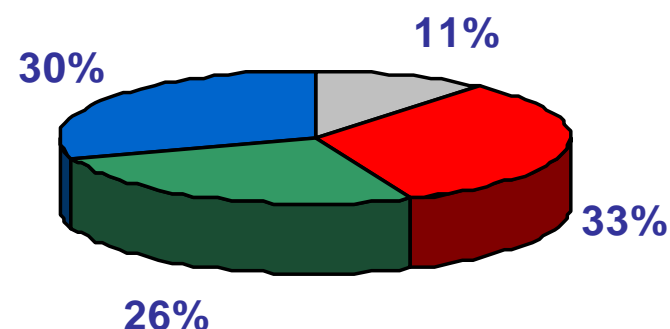
# Analysis of net sales by geographic region

FY 06/07



France  
Europe  
Americas  
Asia and  
RoW

FY 07/08




- The dynamism of Asian and Central and Eastern Europe enabled the Asia / RoW and Europe regions to increase their relative size over the period
- The weak USD and the Group structure impact continued to adversely affect the Americas region share, the relative size of which declined in spite of organic growth close to Group average
- France benefited from dynamic champagne and whisky sales


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→ An outstanding year 2007/08, marked by:

- Very dynamic emerging markets
- Continuing growth in Western Europe, with a limited slowdown vs 06/07 and satisfactory growth of most of our premium brands in the US
- Increase of the operating margin linked to the very favourable effects of improved pricing and portfolio premiumisation



Further upward revision of our guidance of 2007/08  
full-year growth in operating profit from ordinary activities,  
to about +13%, on a like-for-like basis\*

- 
- ➔ Continuing strong growth in emerging markets
  - ➔ More contrasting western markets, experiencing moderate growth overall
  - ➔ Confidence in the success of the integration of Vin & Sprit:
    - Development of the ABSOLUT brand
    - Achievement of synergy objectives
    - Rapid debt reduction, supported by the disposal of non-strategic assets

For 2008/09, we anticipate continuing expansion  
of our margins and strong organic growth  
in our operating profit from ordinary activities



# Appendices

## Strategic brands volume and organic growth

June YTD 2007/08	Volumes (Million of 9 litre cases)	Volumes change	Net Sales organic growth
Chivas Regal	4,5	10%	11%
Ballantine's	6,4	9%	11%
Ricard	5,6	-3%	-1%
Martell	1,6	2%	24%
Malibu	3,7	6%	10%
Kahlua	2,1	-4%	-5%
Jameson	2,6	15%	21%
Beefeater	2,4	1%	4%
Stolichnaya	3,4	9%	12%
Havana Club	3,2	15%	17%
The Glenlivet	0,6	10%	14%
Jacob's Creek	8,0	2%	6%
Mumm	0,7	11%	18%
Perrier Jouet	0,2	3%	14%
Montana	1,4	-2%	9%
<b>15 Strategic Brands</b>	<b>46,3</b>	<b>5%</b>	<b>11%</b>



# 2007/08 Full-year Sales

	June YTD 2006/07		June YTD 2007/08		Variation		Organic Growth		Group Structure		Forex impact	
Wines & Spirits France	682	11%	711	11%	29	4%	31	5%	(2)	0%	(0)	0%
Wines & Spirits Europe excl. France	2 091	32%	2 171	33%	81	4%	140	7%	(23)	-1%	(36)	-2%
Wines & Spirits Americas	1 786	28%	1 700	26%	(87)	-5%	139	8%	(77)	-4%	(148)	-8%
Wines & Spirits Asia / Rest of the World	1 884	29%	2 007	30%	123	7%	237	13%	(2)	0%	(112)	-6%
<b>Wines &amp; Spirits World</b>	<b>6 443</b>	<b>100%</b>	<b>6 589</b>	<b>100%</b>	<b>146</b>	<b>2%</b>	<b>547</b>	<b>9%</b>	<b>(104)</b>	<b>-2%</b>	<b>(297)</b>	<b>-5%</b>

	Q4 2006/07		Q4 2007/08		Variation		Organic Growth		Group Structure		Forex impact	
Wines & Spirits France	188	12%	187	12%	(1)	0%	(0)	0%	(0)	0%	(0)	0%
Wines & Spirits Europe excl. France	482	31%	477	32%	(6)	-1%	16	4%	(8)	-2%	(14)	-3%
Wines & Spirits Americas	455	29%	420	28%	(36)	-8%	32	7%	(17)	-4%	(51)	-11%
Wines & Spirits Asia / Rest of the World	419	27%	414	28%	(4)	-1%	54	13%	(1)	0%	(58)	-14%
<b>Wines &amp; Spirits World</b>	<b>1 544</b>	<b>100%</b>	<b>1 498</b>	<b>100%</b>	<b>(46)</b>	<b>-3%</b>	<b>103</b>	<b>7%</b>	<b>(26)</b>	<b>-2%</b>	<b>(123)</b>	<b>-8%</b>

	HY2 2006/07		HY2 2007/08		Variation		Organic Growth		Group Structure		Forex impact	
Wines & Spirits France	314	11%	314	11%	1	0%	2	1%	(2)	-1%	(0)	0%
Wines & Spirits Europe excl. France	916	31%	910	32%	(6)	-1%	35	4%	(14)	-2%	(27)	-3%
Wines & Spirits Americas	802	27%	729	25%	(72)	-9%	48	6%	(33)	-4%	(88)	-11%
Wines & Spirits Asia / Rest of the World	904	31%	922	32%	19	2%	114	13%	(2)	0%	(94)	-10%
<b>Wines &amp; Spirits World</b>	<b>2 935</b>	<b>100%</b>	<b>2 876</b>	<b>100%</b>	<b>(60)</b>	<b>-2%</b>	<b>200</b>	<b>7%</b>	<b>(50)</b>	<b>-2%</b>	<b>(209)</b>	<b>-7%</b>

## Forex impact analysis

		Forex impact (€million)	% of total impact
US Dollar	USD	(145,3)	49,0%
Korean Won	KRW	(47,4)	16,0%
British Pound	GBP	(39,2)	13,2%
Chinese Yuan	CNY	(16,6)	5,6%
Mexican Peso	MXN	(16,2)	5,5%
Argentinian Peso	ARS	(7,7)	2,6%
Russian rouble	RUB	(7,0)	2,4%
South-African Rand	ZAR	(6,7)	2,3%
Japanese Yen	JPY	(3,8)	1,3%
Venezuelan Bolivar	VEB	(0,5)	0,2%
Australian Dollar	AUD	3,1	-1,0%
Polish Zloty	PLN	4,1	-1,4%
Brasilian Real	BRL	7,4	-2,5%
Other		(20,9)	
<b>Total</b>		<b>(296,7)</b>	<b>100%</b>

## Group structure analysis

	€million
Disposal Seagram Coolers & Smooth USA	(22,0)
End of Copacking Agreement Fortune Brands	(20,2)
Disposal LDI USA	(30,9)
Disposal Rich & Rare	(16,7)
Disposal Beirao	(8,3)
Others	(6,3)
<b>Group Structure</b>	<b>(104,4)</b>