

March 31st, 2008

# Acquisition of Vin & Sprit

*“Pernod Ricard acquires V&S and becomes the co-leader of the global wine and spirits industry”*





A compelling strategic rationale

# Pernod Ricard acquires V&S and becomes the co-leader in the global wine and spirits industry

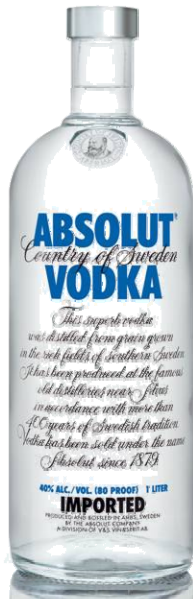


- ➔ **Filling a strategic gap:** acquisition of Absolut, a mega brand, number 1 premium vodka in the world
- ➔ **Enlarging our premium offering:** integration of an iconic brand, the largest clear premium spirit worldwide, fully consistent with our outstanding existing portfolio of dynamic premium brands
- ➔ **Bolstering our presence in the US** (Absolut: 5.0m cs<sup>(1)</sup>, depletions: +4% in 2007) and strengthening our footprint outside the US (Absolut: 5.7m cs<sup>(1)</sup>, shipments +15% in 2007)
- ➔ **Enhancing our growth profile:** the leading brand in the fastest growing spirits category (premium vodka) with huge further development potential

Creating the co-leader in the global wines and spirits industry with a unique premium portfolio

(1) Source: V&S Annual Report

# Absolut: a unique asset, “second to none”



N.1 premium vodka globally,  
an iconic brand even beyond  
the spirits universe

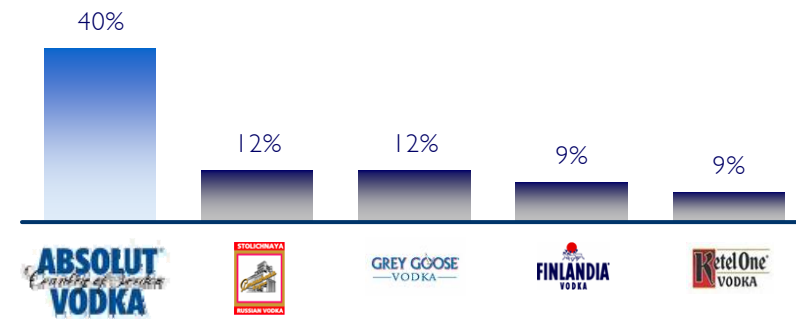
One of the 4 brands above  
10mcs, largest premium clear  
spirit brand worldwide

A very dynamic growth profile  
for one of the mega brands in  
the industry further  
strengthened by the strong  
recent “In an Absolut World”  
campaign

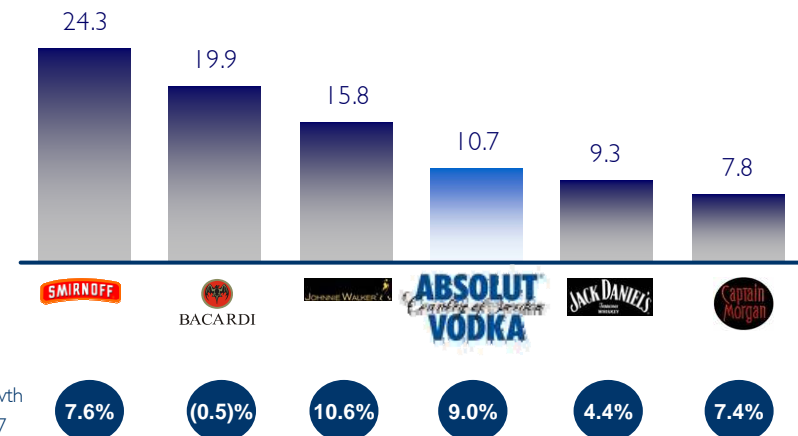
Top 1 position in the US  
premium vodka market and  
largest premium brand in the  
US spirits market



Global premium<sup>(1)</sup> vodka market .share



Global volume<sup>(2)</sup> (9l m cases)



(1) Source: IWSR 2006 – Pernod Ricard market view, International “Western Style” spirits excluding RTDs, wine and wine-based aperitifs. Analysis excludes agency brands; International Western Style Spirit = index >50 (index 100 = Price of Johnnie Walker Red / Ballantine's Finest) – Premium and above – index > 80

(2) Source: Impact 2007

# Absolut: a truly global brand

2007 Volume in '000s of 9L cases



Source: V&S Annual Report

# Absolut to reinforce a unique and consistent portfolio of premium brands

Spirits category		Key brand	Volume <sup>(1)</sup>	Recent growth <sup>(2)</sup>
Premium vodka		Absolut	10.7	+9%
Blended scotch		Ballantine's	5.9	+17%
Anis		Ricard	5.7	+2%
12y+ blended scotch		Chivas	4.1	+4%
Liqueur		Malibu & Kahlua	3.5/2.2	+11%/+7%
Rum		Havana Club	2.8	+15%
Premium gin		Beefeater	2.4	+10%
Irish whiskey		Jameson	2.3	+11%
Cognac		Martell	1.6	+17%
Champagne		Mumm and Perrier Jouet	0.9	+7%
Single malt scotch		The Glenlivet	0.5	+15%

Source: Pernod Ricard / V&S Annual Report

(1) 2007 volumes in m of 9-litre cases

(2) Organic volume growth between fiscal year 2006 and fiscal year 2007, calculated over August to June for brands acquired from Allied Domecq

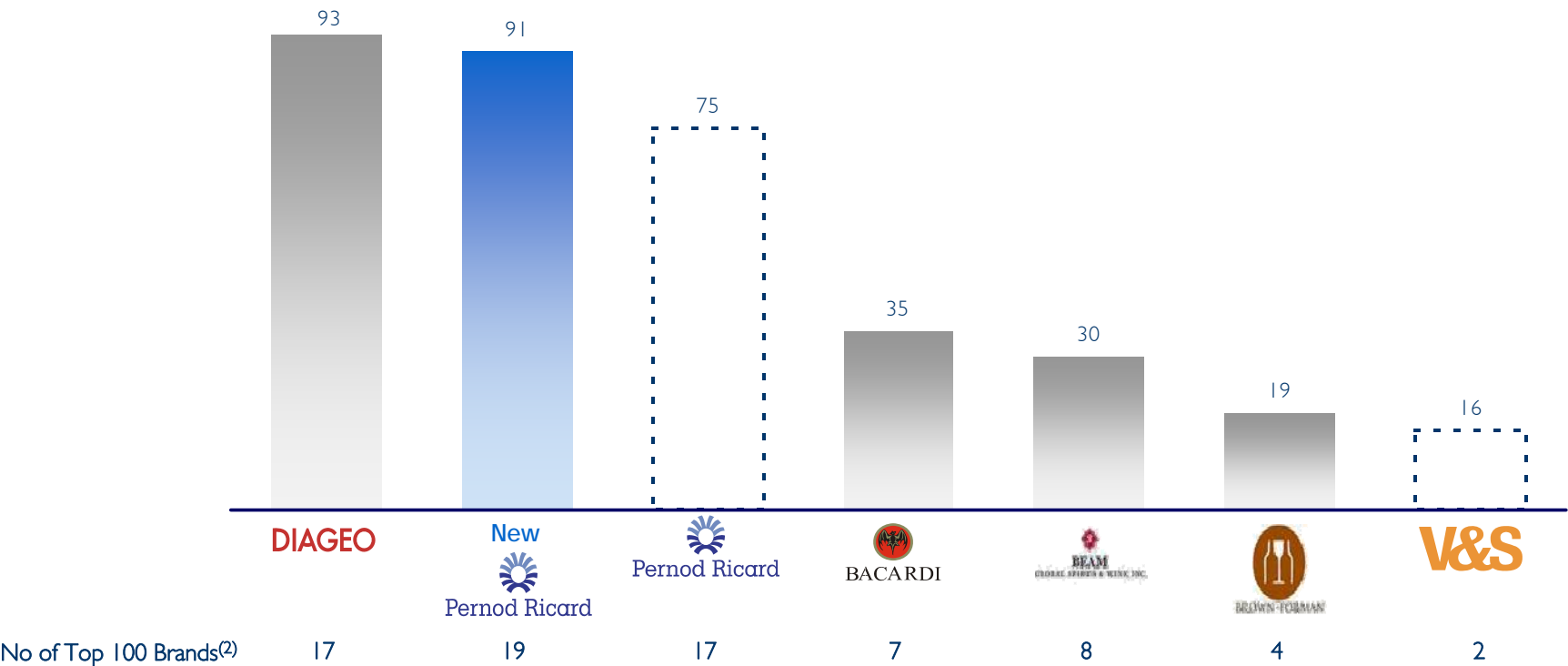


# Pernod Ricard becomes co-leader of the industry: Closing the gap in global volume size



## Spirits market – « Western Style Spirits »

Volume in m of 9L cases<sup>(1)</sup>

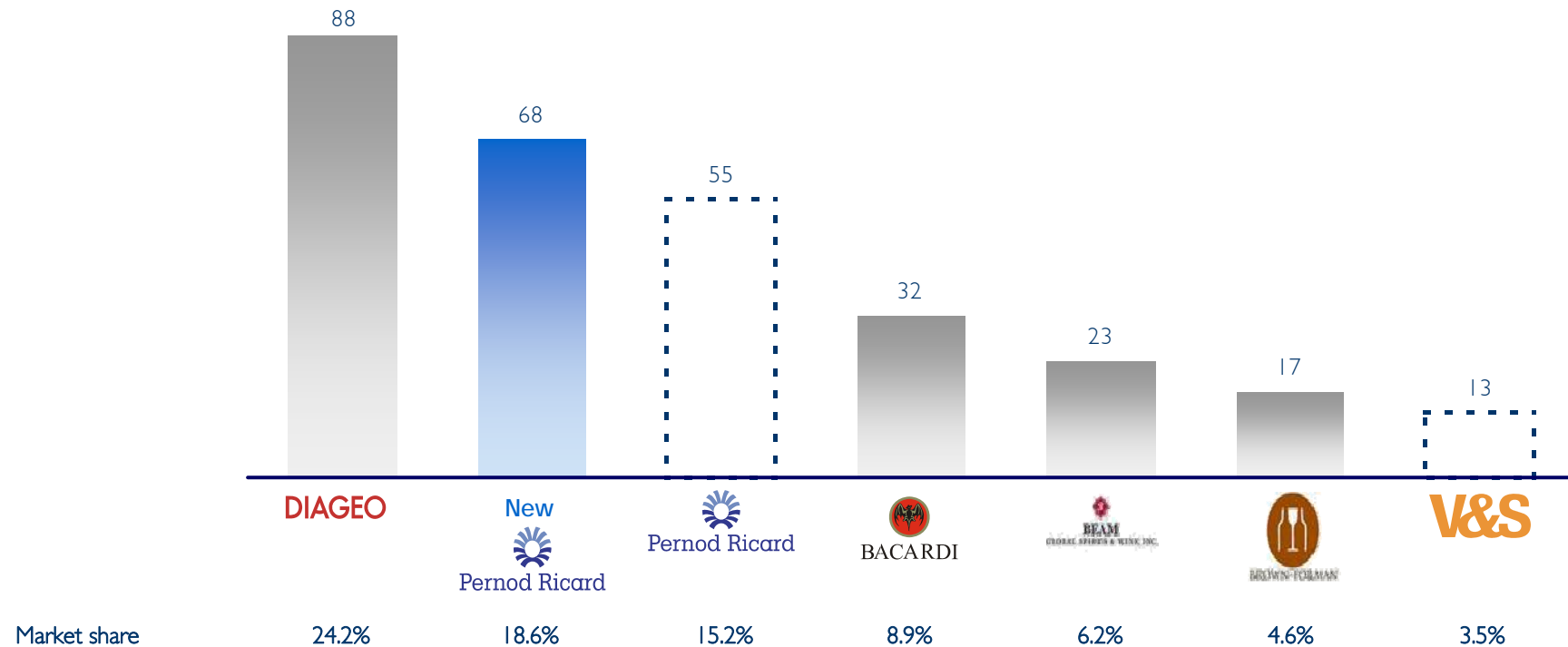


(1) Source: IWSR 2006 – “Western Style” spirits excluding RTDs, wine and wine-based aperitifs. Analysis excludes agency brands  
(2) Source: Impact 2007

# Pernod Ricard becomes co-leader of the industry: Reinforced #2 position on IWSS<sup>1</sup>

## Spirits market – « International Western Style Spirits »

Volume in m of 9L cases



(1) PR market view: International Western Style Spirits brands = brands with price index >50 (index 100 = Price of Johnnie Walker Red/ Ballantine's Finest)

Source: IWSR 2006 – Pernod Ricard market view, International "Western Style" spirits excluding RTDs, wine and wine-based aperitifs. Analysis excludes agency brands

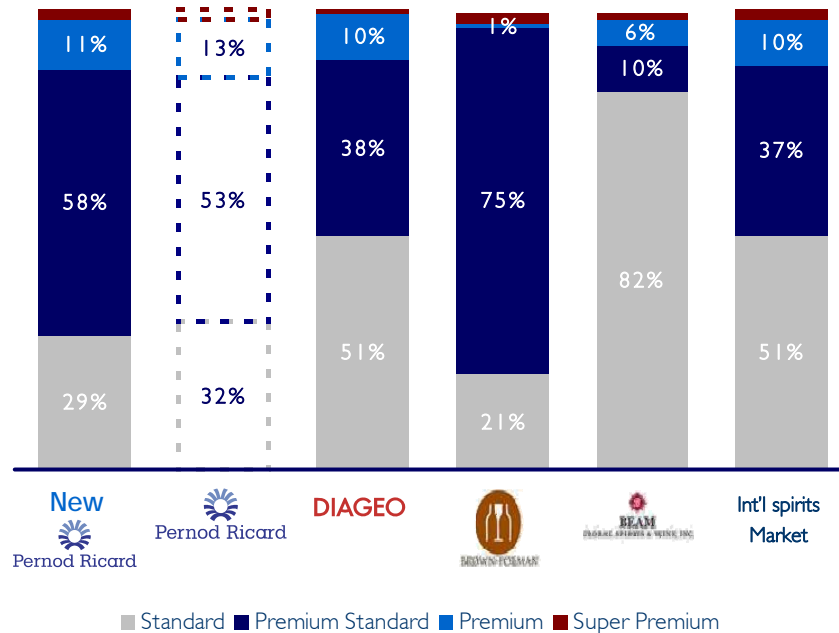


# Pernod Ricard becoming co-leader of the industry: Reaching #1 position in premium spirits



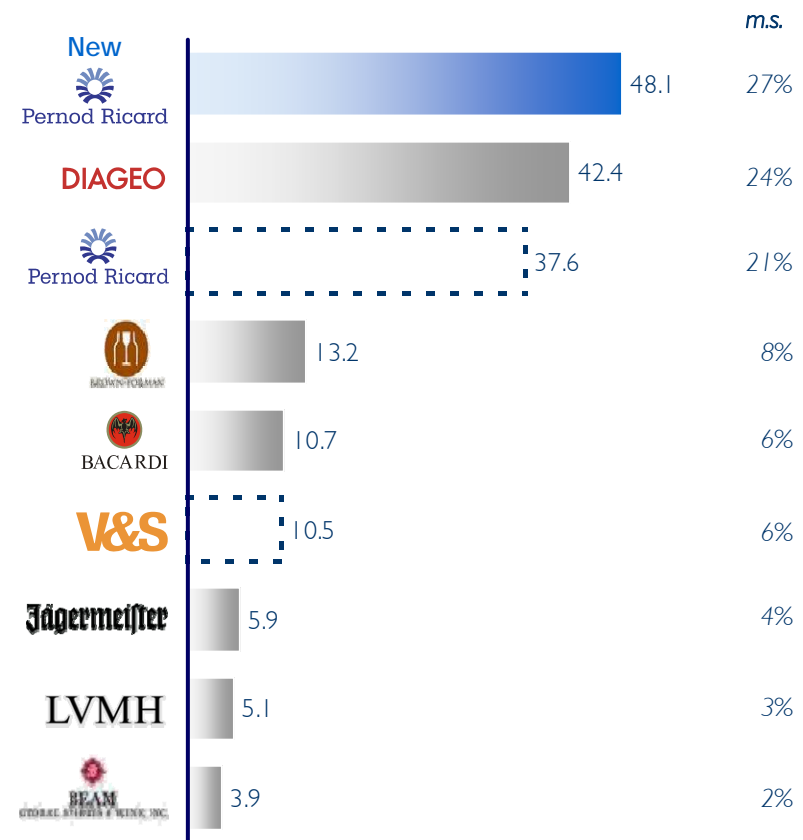
## Portfolio breakdown by category

(% Vol 2006)



**PR market view:** Premium standard = index 80 to 119; Premium+ = index >120 (Index 100 = Price of JW Red/Ballantine's Finest)

## Key players in 'Premium' brands<sup>(1)</sup>



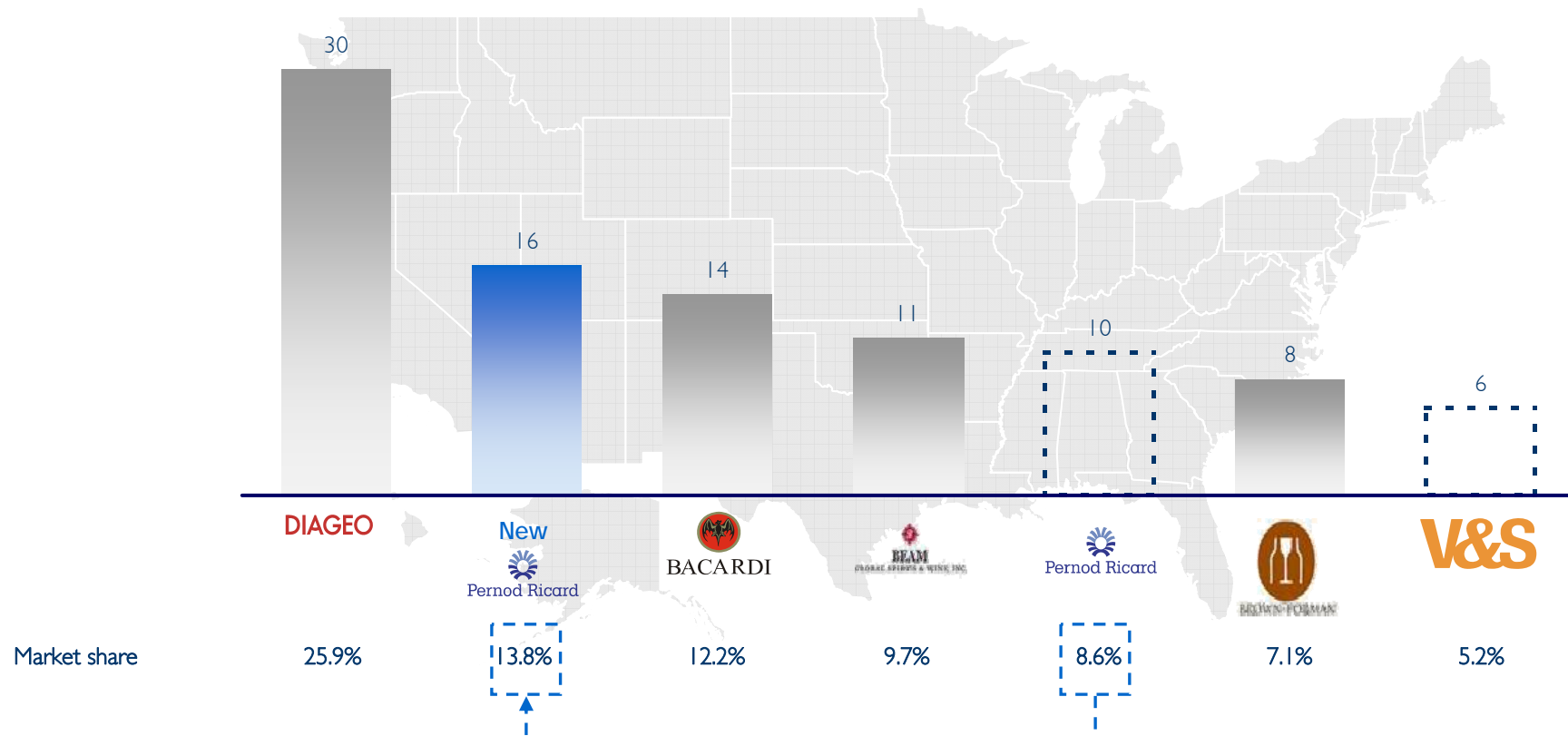
Source: IWSR 2006 – Pernod Ricard market view, International "Western Style" spirits excluding RTDs, wine and wine-based aperitifs. Analysis excludes agency brands; International Western Style Spirit = index >50 (index 100 = Price of Johnnie Walker Red/ Ballantine's Finest)

(1) Premium brands defined as premium standard and upper

# Pernod Ricard to be boosted by V&S acquisition in the US and reach # 2 position

## Market shares – US spirits sector

Volume in m of 9L cases



(Source: IWSR 2006 – Pernod Ricard market view, International “Western Style” spirits excluding RTDs, wine and wine-based aperitifs. Analysis excludes agency brands; PR market view: International Western Style Spirits brands = brands with price index >50 (index 100 = Price of Johnnie Walker Red/ Ballantine’s Finest)

## Distribution in the US

- ➔ Future Brands: joint Venture between V&S (49%) and Fortune Brand (51%) in charge of distribution of V&S brands for the US market, with term in early 2012
- ➔ Strong control of V&S / Pernod Ricard over definition and execution of strategy while brand is distributed by Future Brands
- ➔ In most states V&S distributors are aligned with PR USA's



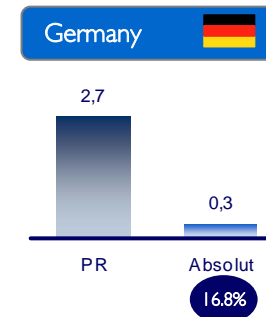
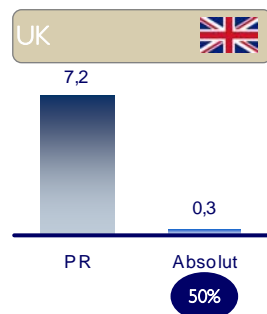
PR to immediately leverage its new combined portfolio in the US

# In Europe, mutual enhancement of growth profile through combination of leading Pernod Ricard platform and Absolut outstanding potential



Pernod Ricard

Volume in m of 9L cases (wine and spirits)

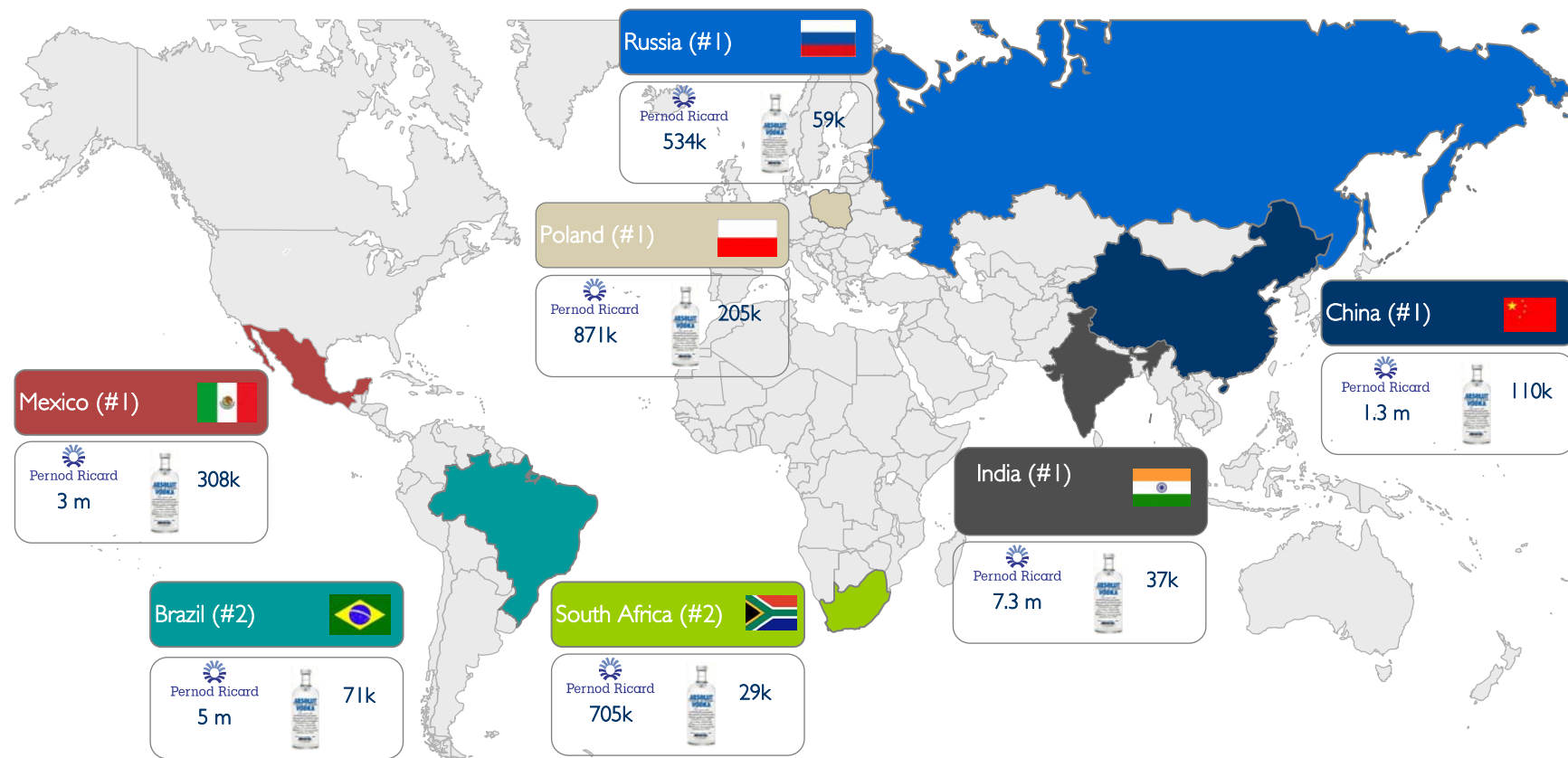


Source: Pernod Ricard reporting fiscal year 2007 and V&S 2007

 Growth 2006/2007

# In the Rest of the World, leverage Pernod Ricard outstanding distribution network to develop Absolut

Volume in 9L cases (spirits only)



Ranking among international groups

Source : IWSR 2006 – "Western style" Spirits, excluding RTD, wines and wine-based aperitifs and agency brands

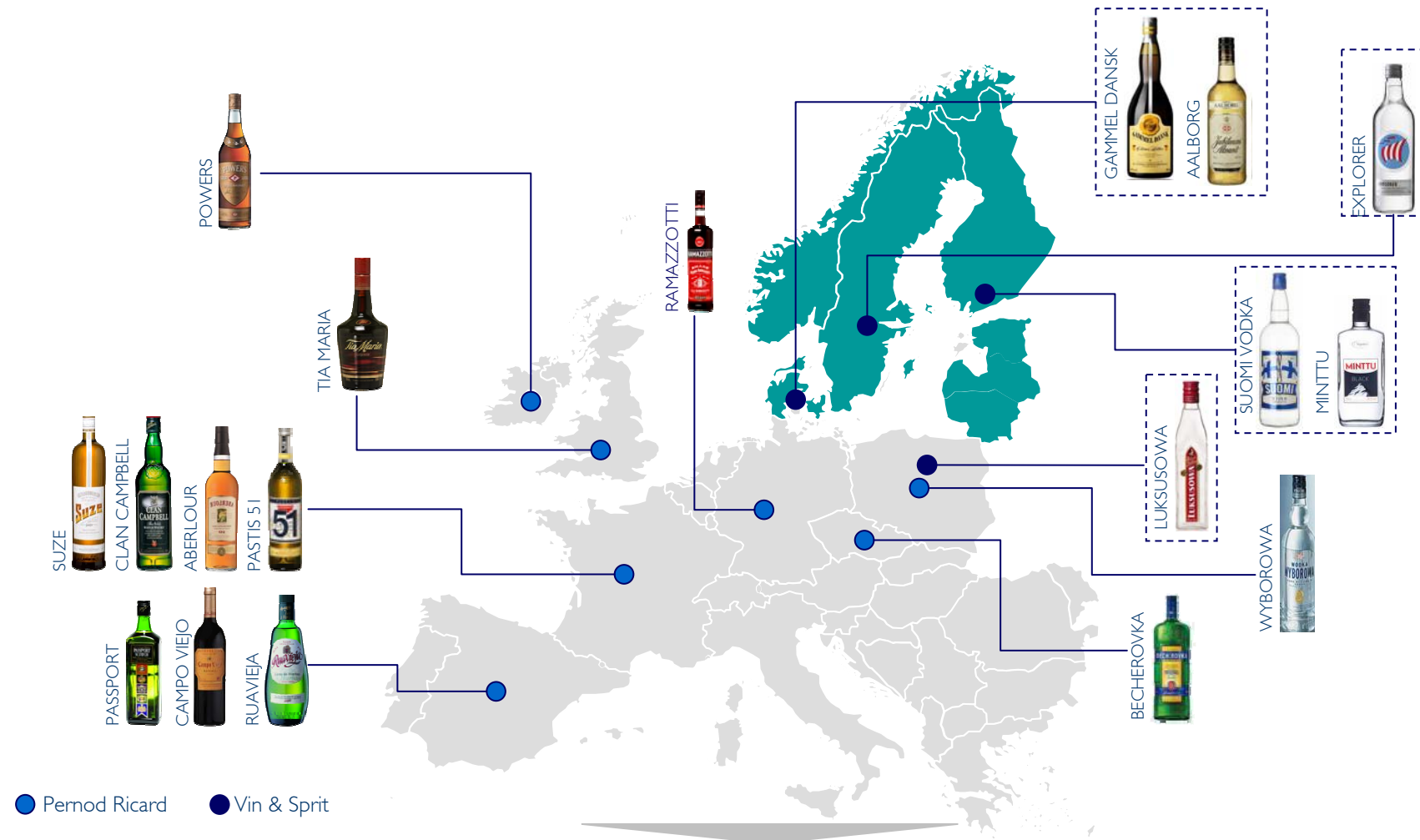
## International Distribution

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- ➔ Maxxium: joint Venture between V&S (25%), Fortune Brand (25%), Remy Cointreau (25%, exiting in 2009) and The Edrington Group (25%) with distribution agreements covering a large number of markets outside the US
- ➔ Pernod Ricard will exit Maxxium at the latest 2 years after closing with minimal contractual costs
- ➔ V&S/Pernod Ricard completely able to exercise its full rights as a Brand Owner while Absolut is distributed by Maxxium, allowing Pernod Ricard to immediately bring in its marketing expertise and further leverage the successful development experienced by the brand with Maxxium





# In the Nordic countries, V&S complements PR strategy to capitalize on local roots with leading local brands



V&S to enhance Pernod Ricard position in the Nordic countries

V&S also provides access to a portfolio of dynamic and complementary brands

		
Price positioning	Premium standard	Super premium
Volume <sup>(1)</sup> ('000 9-litre cs)	753	115
Key figures	<ul style="list-style-type: none"><li>→ US (75% volumes sold) (N°5 rum brand in the US)</li><li>→ Canada</li><li>→ Launched in Spain in 2007</li></ul>	<ul style="list-style-type: none"><li>→ US (4th largest super premium vodka brand in the US)</li><li>→ Europe</li></ul>
Strategic interest	<ul style="list-style-type: none"><li>→ Fast growing brand in a dynamic category in the US</li></ul>	<ul style="list-style-type: none"><li>→ One of the leaders in the ultra premium vodka segment</li></ul>

(1) 2007  
Source : V&S




A highly value creating transaction

## Transaction price

- ➔ Price paid for V&S: US\$6.050bn plus €1.450bn (equivalent to €5.280bn<sup>1</sup>)
- ➔ Enterprise Value<sup>1</sup> price of €5.626bn including €346m of outstanding debt as of 31/12/2007
- ➔ V&S acquired on the basis of accounts closed on 31/12/2007
  - Dividend of €85mm from V&S to be paid to the Kingdom of Sweden before closing
  - Pernod Ricard to pay a 2% interest on equity price from 1/1/2008 to closing
  - In return Pernod Ricard will benefit from cash flows generated by V&S during period from 1/1/2008 to closing

(1) Using current market rates

## Significant synergies with minimal execution risks

- ➔ Total expected synergies derived from both cost reduction and integration of distribution margin estimated between €125m and €150m (pro forma run-rate, pre-tax)
    - Approximately 40% of total synergies derived from “distribution” synergies, impacting CAAP (integration of downstream margin, reduction of logistics and production costs, optimization of A&P spend...)
    - Approximately 60% of total synergies mainly generated by “structure cost” synergies (procurement, overheads, commissions...)
  - ➔ Depending on timing of exit from JV and Distribution agreements, full extraction of synergies expected over 2 to 4 years
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- ➔ Smooth integration of V&S thanks to Pernod Ricard’s successful decentralized business model
    - V&S to become a new major Brand owner and a strong base for Nordic distribution within the Pernod Ricard’s organization
  - ➔ Additional structure costs in line with precedent transactions
  - ➔ Benefit of Seagram and Allied Domecq experience and far lower execution risk
  - ➔ Pernod Ricard to remain distributor of Stolichnaya during a transition period

# Implied acquisition multiples

Acquisition price	Implied multiples	
	CAAP 07A <sup>(1)</sup>	EBITDA 07A
€5.6bn	Pre-synergies	14.1x
	Post-synergies <sup>(2)</sup>	12.4x
		20.8x
		14.2x



Multiples paid compare favourably with other recent comparable spirits transactions

(1) Pernod Ricard estimate

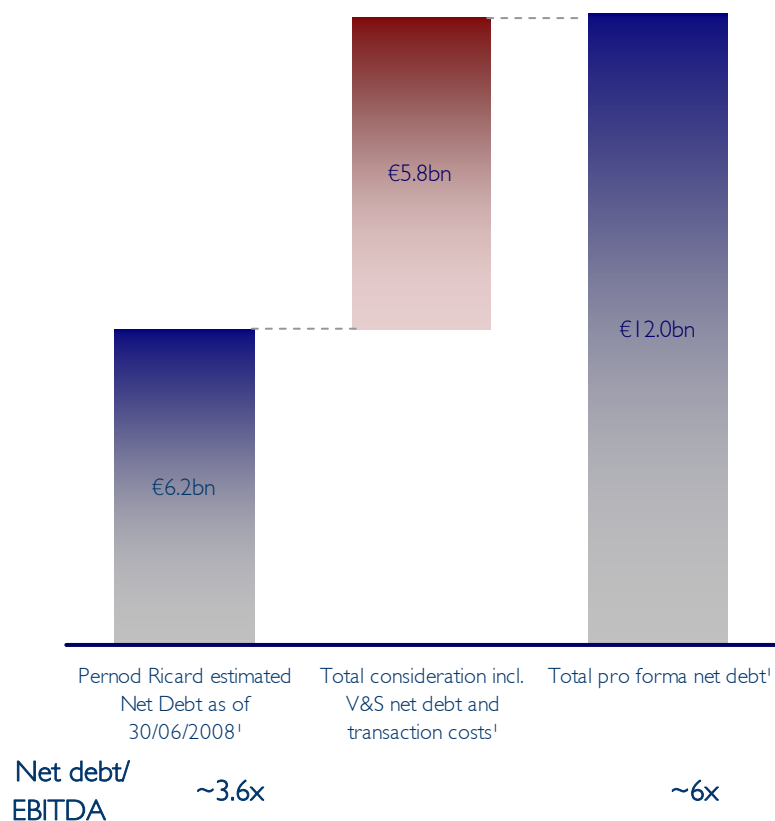
(2) Pro forma synergies based on lower range of assessment at €1.25m

Note: Multiples based on V&S financials as of December 31 2007 converted at average Euro / SEK rate over 2007



# Financing of the acquisition

## Opening net debt and leverage



## Key financing considerations

- ➔ Acquisition fully debt funded
- ➔ Opening Net Debt / EBITDA ratio ~6x in line with Seagram or Allied Domecq acquisitions
- ➔ Strong cash flow generation, synergies implementation and EBITDA growth to allow a quick deleveraging

Note: net debt as reported under IFRS, numbers rounded to nearest hundred  
 (1) Based on current FX

## A comprehensive financing package

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- ➔ €12.0bn syndicated loan underwritten by a group of 6 first class international banks:
  - BNP Paribas, Calyon, JPMorgan, Natixis, The Royal Bank of Scotland plc and Société Générale
- ➔ Covers Pernod Ricard's financing needs:
  - Financing of the acquisition
  - Refinancing of Pernod Ricard's existing bank debt as well as back-stopping of short maturities
  - Sufficient headroom under revolving facility
- ➔ Financing *pari passu* with bond debt
- ➔ Breakdown of total debt by currency to match adjusted cash flow profile:
  - ca. 55% USD
  - ca. 45% EUR
- ➔ Initial annual interest charge estimated to be around 5%

## EPS and ROI targets

### ➔ EPS and ROI favourably impacted by

- Strong top line growth
- High synergies potential with implementation kicking in in year 1
- Low interest rates (in particular US\$ rates)
- Reduced Group tax rate following acquisition

### ➔ EPS indicative targets

- Neutral on EPS in year 1<sup>(1)</sup>, significantly positive thereafter

### ➔ Targeted ROI

- ROI expected to beat 7% WACC at the latest in year 4 following acquisition

(1) Excluding non-recurring items

## Timetable

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➔ Antitrust clearance and closing expected in the summer 2008



# Conclusion



## A unique acquisition for a decisive strategic move

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- ➔ With the V&S acquisition, Pernod Ricard becomes global co-leader of the wine and spirits industry
- ➔ Pernod Ricard becomes the world's #1 player in the premium spirits category with
  - A unique premium portfolio in terms of quality and diversity
  - Complementarities and homogeneity across its brands
  - A strong focus on luxury, high-end and “on-trade” segments
- ➔ This acquisition reinforces the Group growth profile
  - Pernod Ricard becomes #2 in the US and will leverage its current platform in Europe for V&S' benefits
  - Pernod Ricard will accelerate the Absolut brand's growth in the emerging markets
  - The Absolut's worldwide integration will enhance Pernod Ricard overall position in the “modern and trendy on-trade” segments
- ➔ V&S acquisition will create significant value for Pernod Ricard's shareholders
  - Improved growth perspectives
  - Highly synergetic transaction
  - Optimized financing and favourable tax impact





# Questions