



Pernod Ricard

Créateurs de convivialité



North America Conference Call

DECEMBER 6, 2016

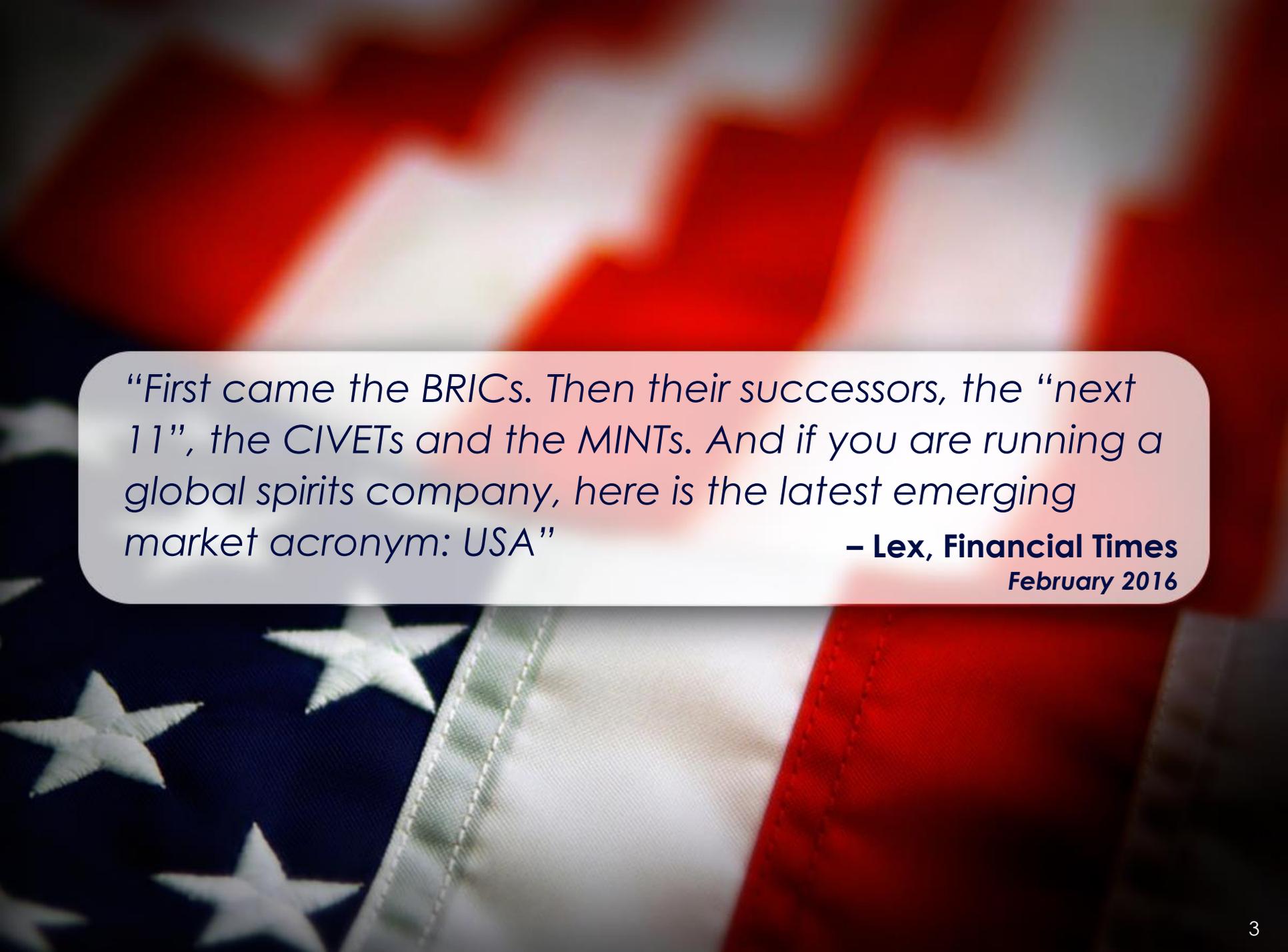
PAUL DUFFY – CHAIRMAN AND CEO, PERNOD RICARD NORTH AMERICA



Paul assumed his current role in July, 2016, after serving for four years as CEO of The Absolut Company. Previously, Paul held a number of other senior management roles in Pernod Ricard, including Chairman and CEO of Pernod Ricard UK, Chairman and CEO of Irish Distillers Pernod Ricard. He also served from 2008-2012 as Chairman and CEO, Pernod Ricard USA.

Paul launched his career as an accountant with KPMG Dublin. After moving to the Paris office of KPMG in 1991, Paul returned to Dublin in 1994 to join Irish Distillers Pernod Ricard, where he began his career in a finance position and was promoted to Finance Director in 1997.

Paul earned a BBS degree from the University of Dublin, Trinity College in Ireland.



“First came the BRICs. Then their successors, the “next 11”, the CIVETs and the MINTs. And if you are running a global spirits company, here is the latest emerging market acronym: USA”

– Lex, Financial Times
February 2016

NORTH AMERICA IS A CRITICAL MARKET FOR PERNOD RICARD, ACCOUNTING FOR 21% OF GLOBAL SALES

KEY NORTH AMERICA LOCATIONS



KEY NORTH AMERICA FINANCIALS

		
% of Group Sales	19%	2%
FY16 Sales	\$1.8 B	\$0.2 B
Δ vs. FY15	+4%	+ 3%



EXECUTIVE SUMMARY

US MARKET: SOLID GROWTH DRIVEN BY SUSTAINED DYNAMICS

- 1 US spirits market **long term value growth trend of c.4%** supported by solid underlying drivers
- 2 Market growth **currently stabilizing** close to its long term trend after strong recovery in 2015
- 3 Categories dynamics still **mainly driven by Whiskey, Tequila and Cognac**
- 4 Continued **premiumization** trend
- 5 **Innovation** remaining a key driver of market dynamism

CURRENT PERFORMANCE: IMPROVING, ON TRACK TO ACHIEVE MID-SINGLE DIGIT GROWTH TARGET

- 6 Pernod Ricard USA **reduced its performance gap versus the market**
- 7 Some strong successes with **Jameson leading our overall improvement:**
 - ✓ **Jameson** outstanding success **#1 driver** of our current growth
 - ✓ **Absolut** medium-term objective remains to **stabilize** the brand
 - ✓ **Malibu, Altos and Martell** all posting healthy growth levels
 - ✓ Significant **improvement in innovation performance** (ahead of fair share index in FY16)

AMBITION: TRANSFORMING OUR BUSINESS TO SUSTAINABLY GROW VALUE SHARE

- 8 Pernod Ricard USA undergoing an **ambitious transformation** to i) **sustainably grow our core brands** and ii) enable the **emergence of future 'growth stars'**
- 9 **Commercial model** designed to win the activation battle at the **state and channel level**
- 10 **Core brands** marketing approach centered around **innovation and digital**
- 11 Creation of **New Brand Ventures** to **incubate** future **'growth stars'**

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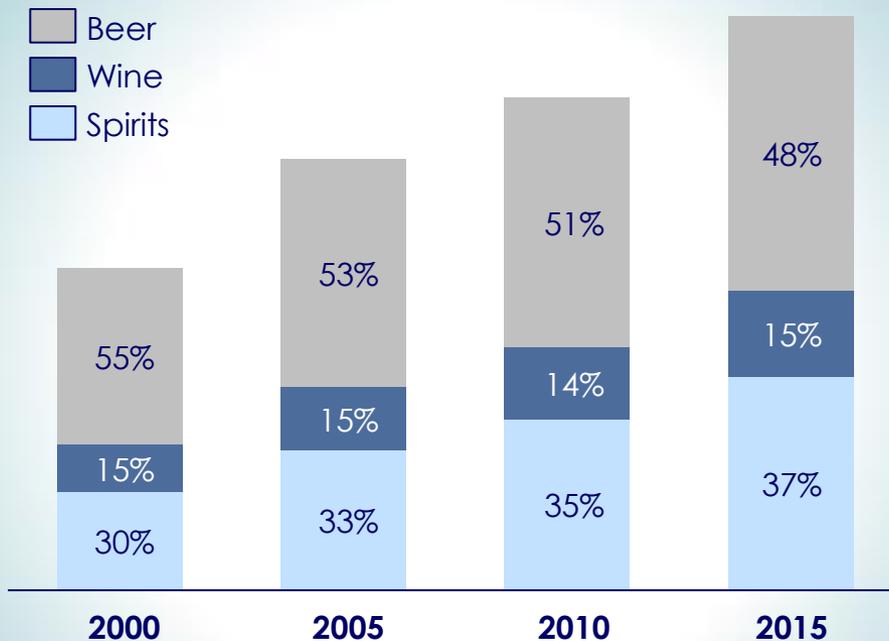
US SPIRITS MARKET LONG TERM VALUE GROWTH TREND OF C.4%...



Spirits have been the fastest growing segment in US alcoholic beverages over the last 15 years...

...Gaining 2 pts of value share in 2010-2015, mostly from Beer

US ALCOHOLIC BEVERAGES MARKET SIZE (\$B RETAIL SALES)



'10-15 \$ CAGR '10-15 \$ share Δ

Total	+3.1%	
Beer	+1.8%	-3.2pts
Wine	+4.7%	+1.1pts
Spirits	+4.3%	+2.1pts
	'10-15 \$ CAGR	'10-15 \$ share Δ



1 ... SHAPED BY 4 KEY CONSUMER TRENDS

PREMIUMIZATION



RAPID CHANGING CONSUMERS



NEED FOR AUTHENTICITY



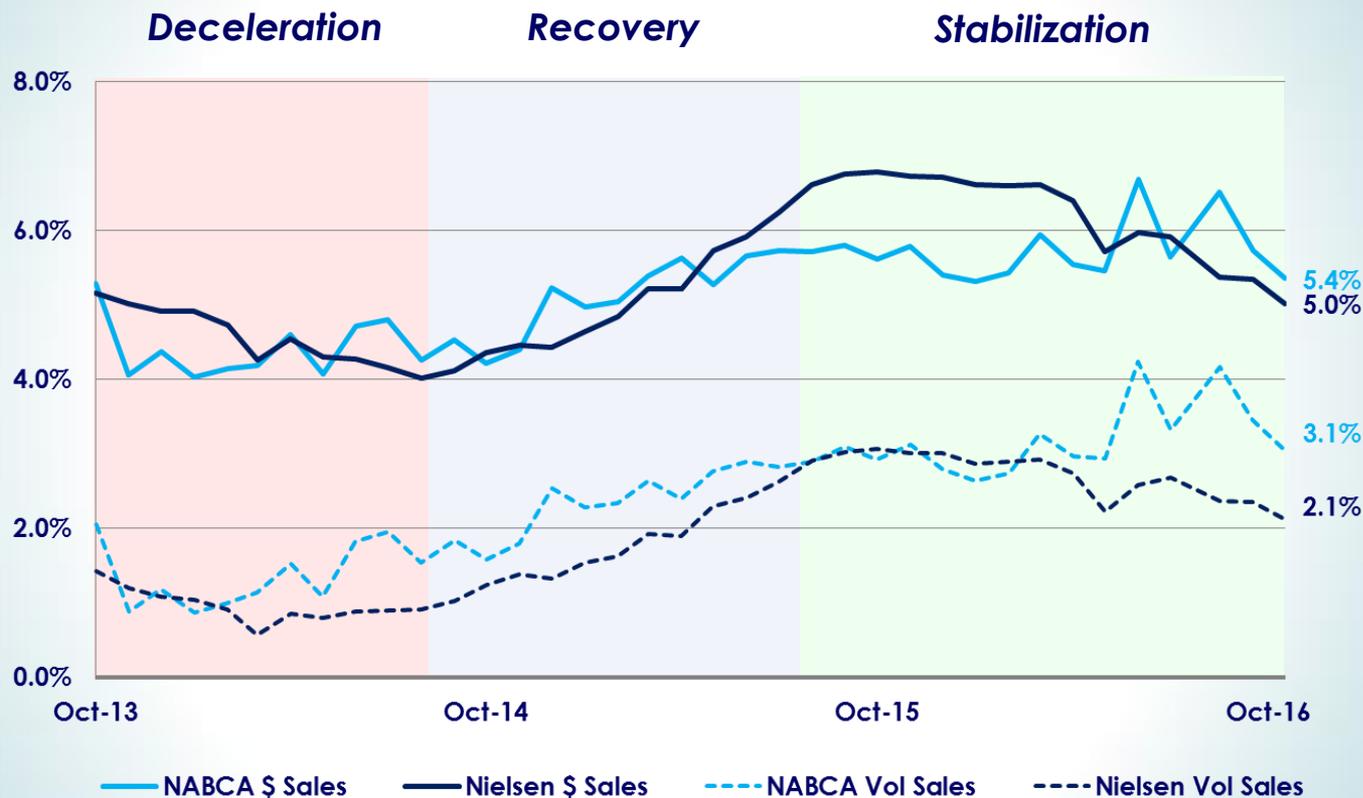
APPETITE FOR NEWNESS



MARKET CURRENTLY STABILIZING CLOSE TO ITS LONG TERM TREND AFTER STRONG RECOVERY IN 2015



NIELSEN & NABCA, VOLUME & VALUE TRENDS MAT % CHANGE



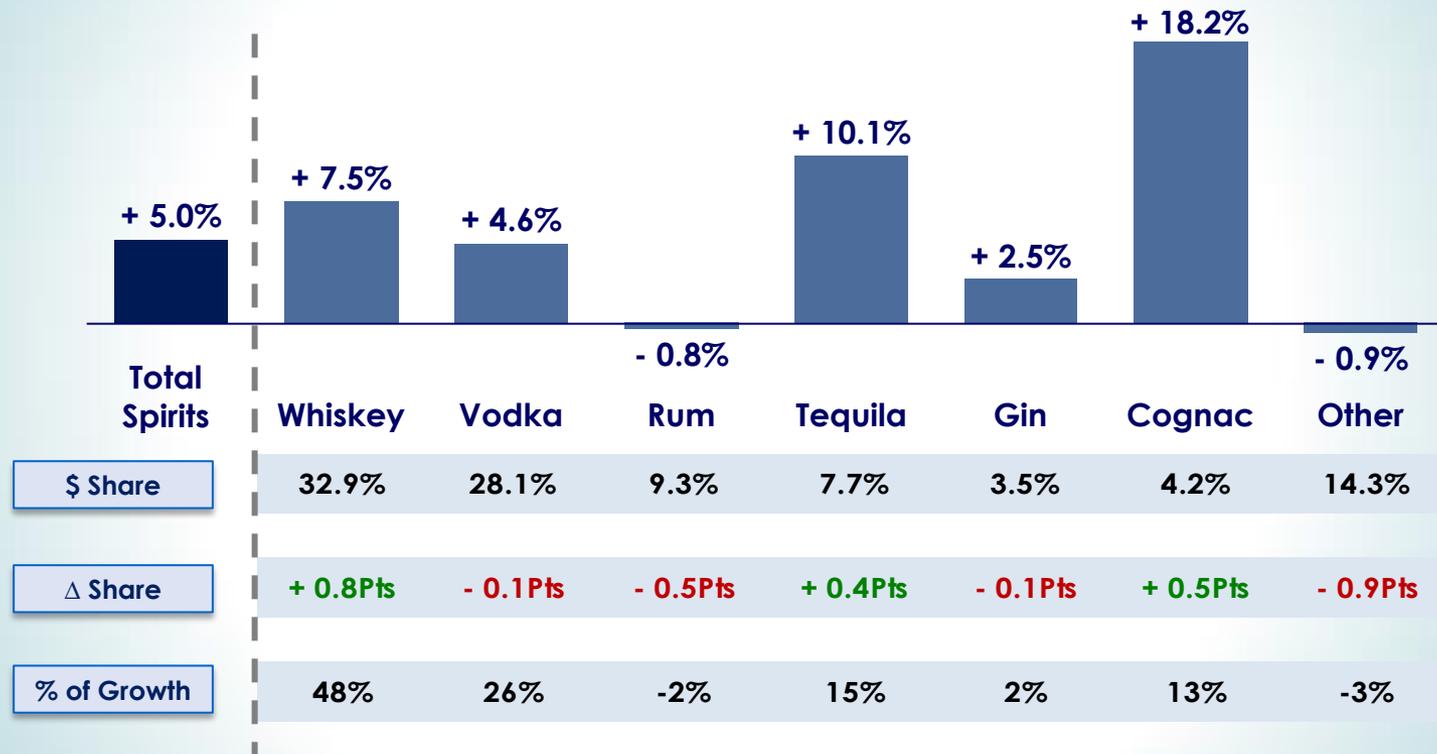
Sources:

Nielsen: XAOC + Liquor Plus, Rolling 52 wks ending Nov 5 '16,
Excludes Washington Food data September 2012 to April 2014
NABCA: \$ sales & volume, Oct 2016, data timing adjusted to tie to Nielsen,
NABCA excludes IA, MS, WY, WV, UT

WHISKEY, TEQUILA AND COGNAC REMAIN KEY CATEGORY GROWTH DRIVERS



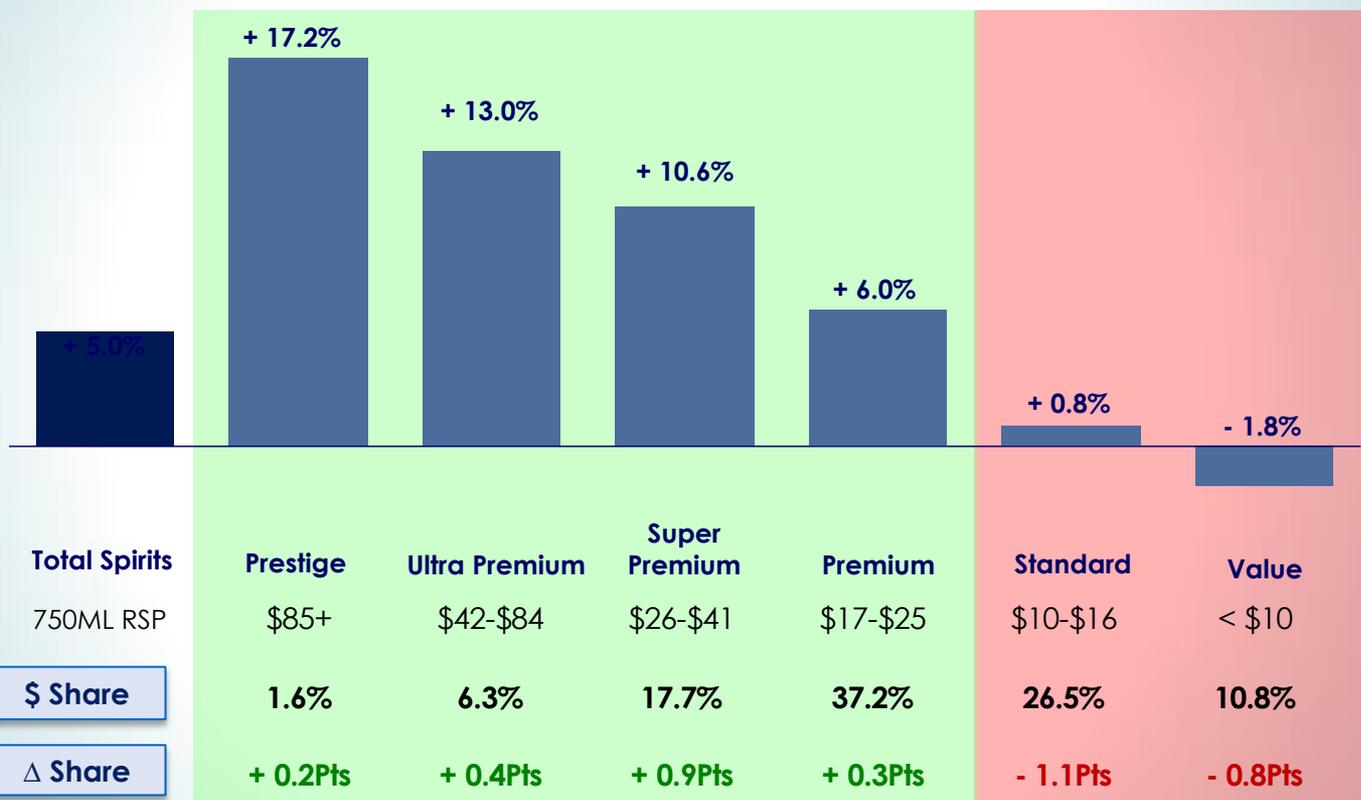
NIELSEN, \$ VALUE TRENDS BY CATEGORY MAT % CHANGE



4 CONTINUED PREMIUMIZATION TREND

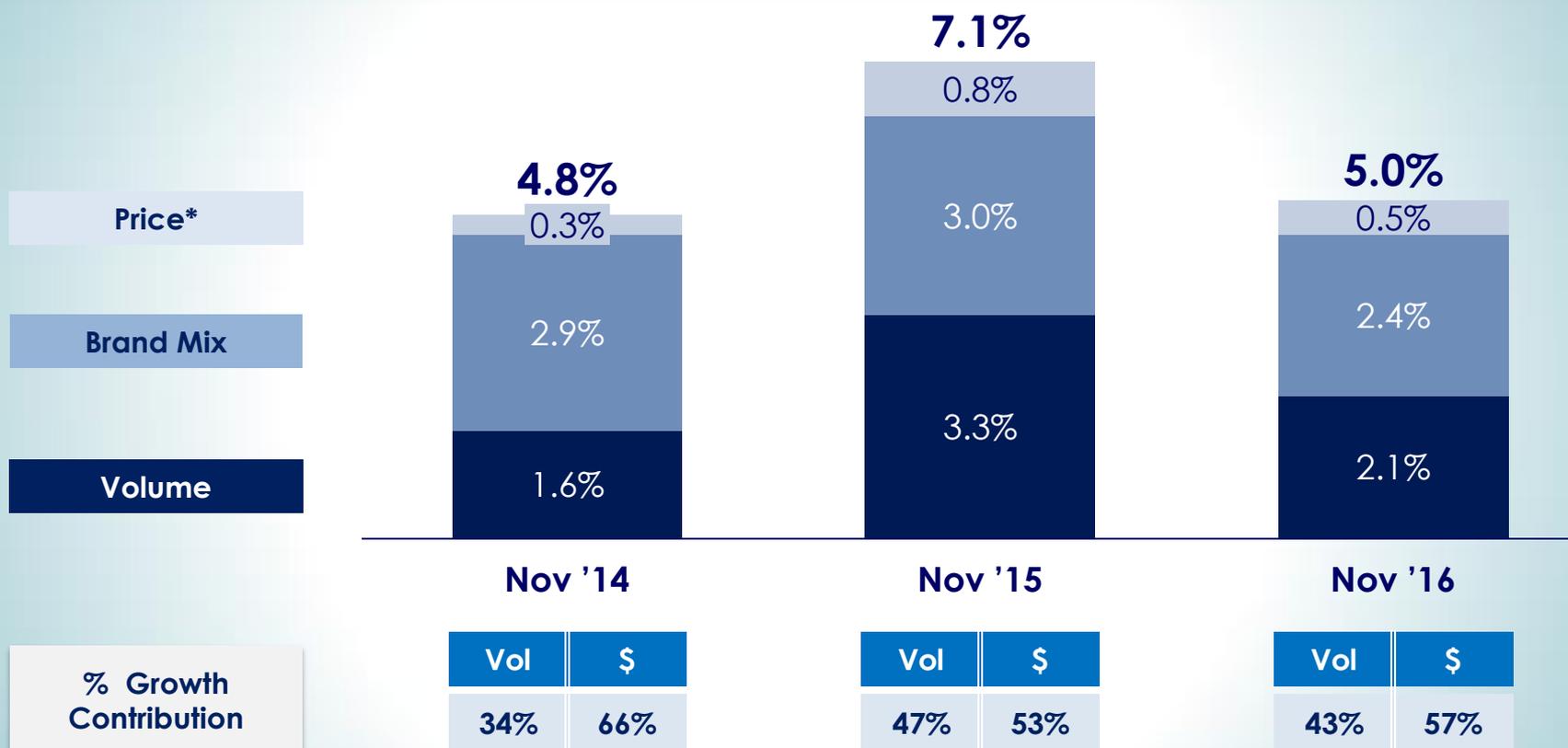


NIELSEN, \$ TRENDS BY PRICE TIER MAT % CHANGE





NIELSEN, \$ GROWTH BY IMPACT TYPE (PRICE, MIX, VOLUME)
MAT % CHANGE



* Measured at brand family level (i.e. includes impact of size, channel and state mix shifts within brand family)

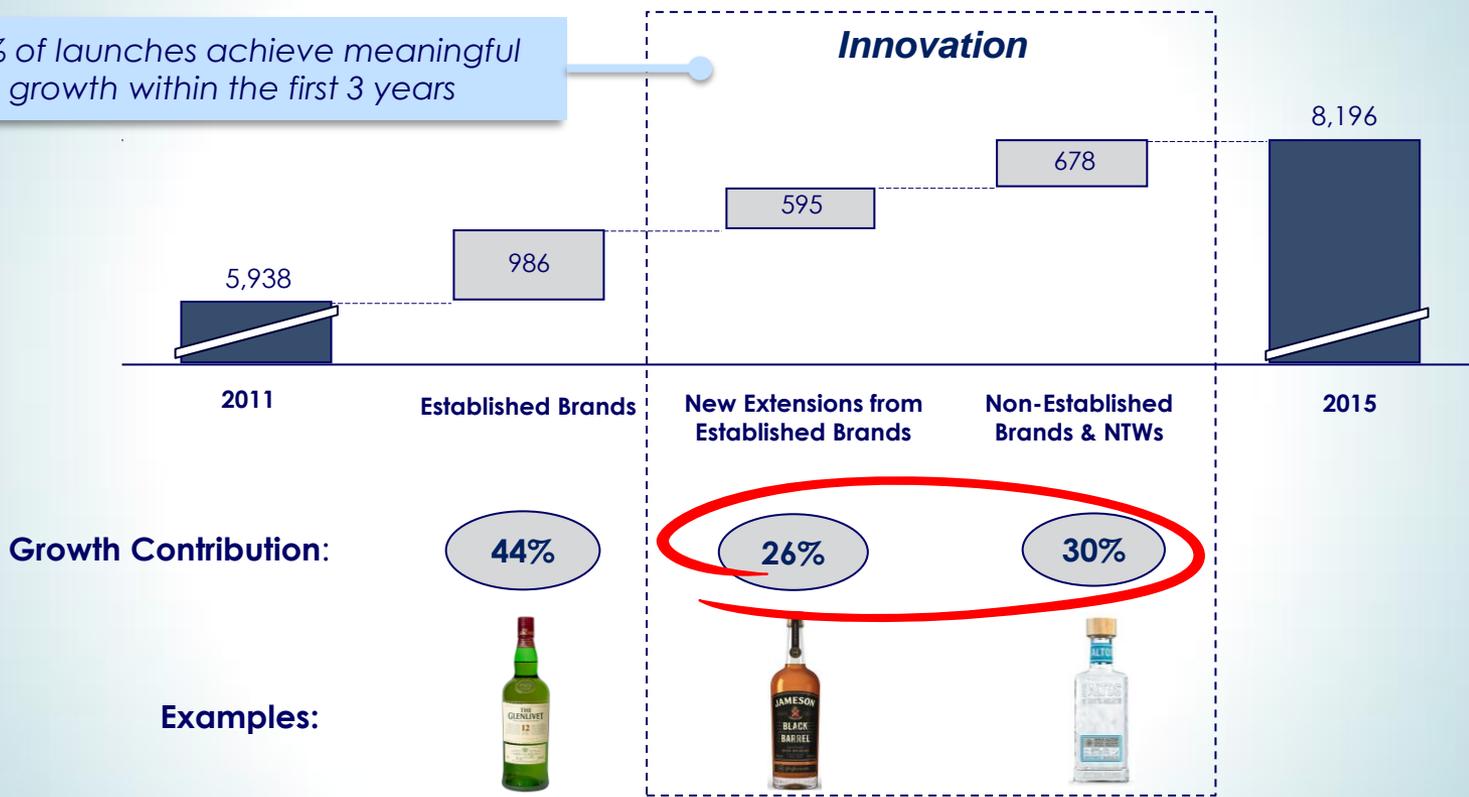
Source: Nielsen – TTL US XAOC + Liquor Plus, 52 Wks Ending 5th Nov '16 [Excl. Washington Food, Sept '12 – Apr '14]

5 INNOVATION REMAINING A KEY DRIVER OF MARKET DYNAMISM



NIELSEN, US SPIRITS VALUE GROWTH, 2011-15 \$USD MILLIONS

<5% of launches achieve meaningful growth within the first 3 years

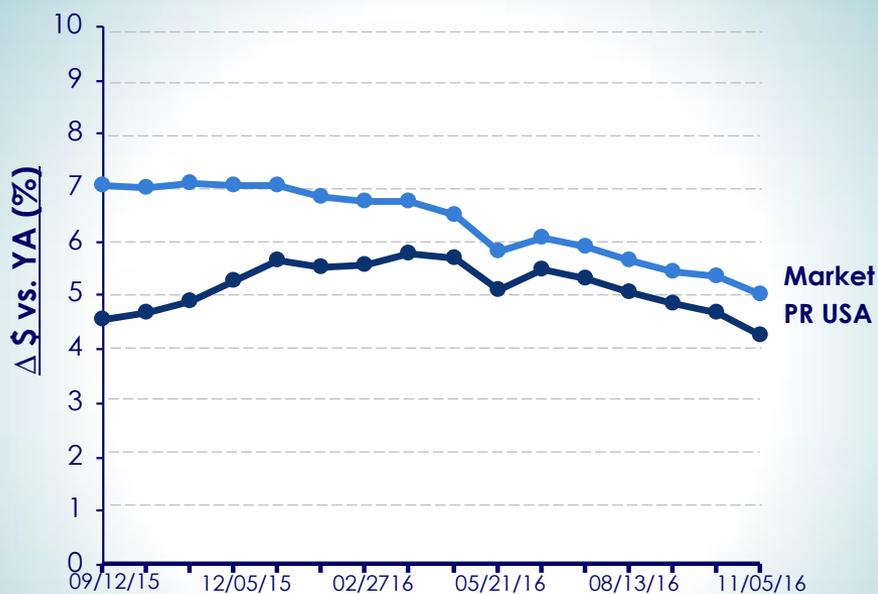


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PERNOD RICARD USA REDUCED ITS PERFORMANCE GAP VERSUS THE MARKET

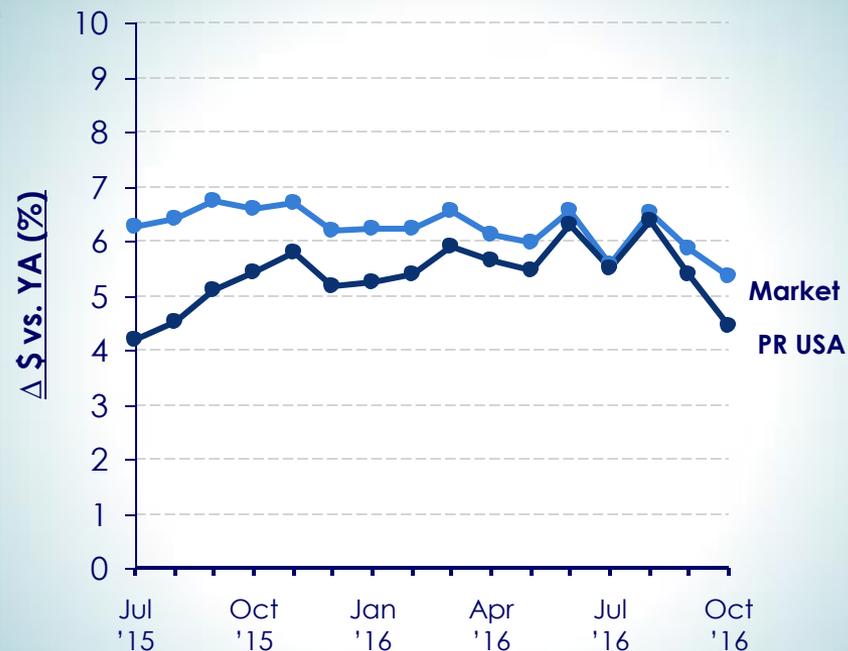


nielsen



MAT (through Nov 5, 2016)

NABCA



MAT (through Oct 31, 2016)

7

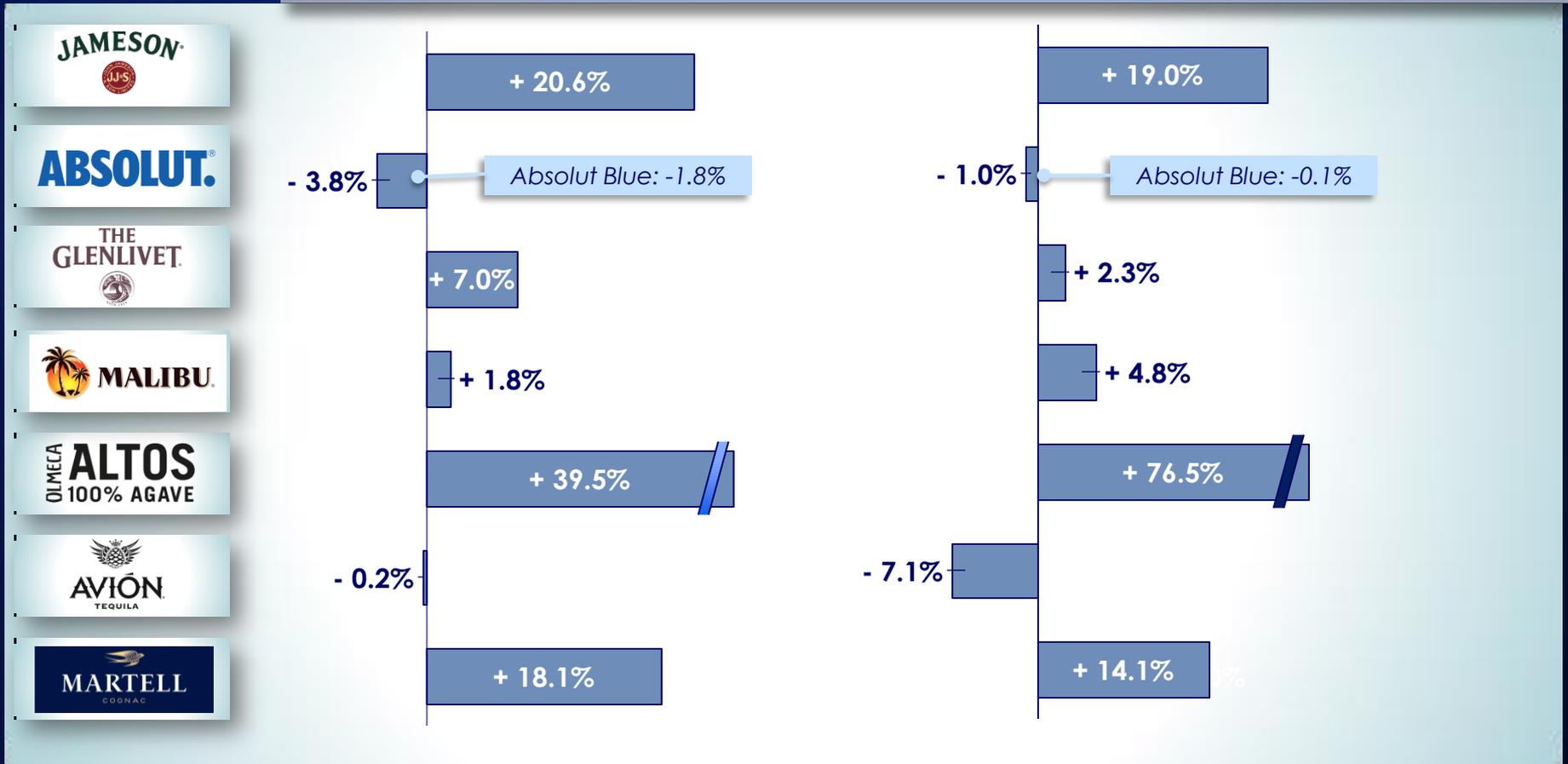
SOME STRONG SUCCESSES WITH JAMESON LEADING OUR OVERALL IMPROVEMENT



nielsen

NABCA

MAT Value Growth



7

JAMESON OUTSTANDING SUCCESS THE #1 DRIVER OF OUR CURRENT GROWTH



Continued steady double-digit growth

Strong On/Off-Premise split

Innovation = key growth and premiumization driver



RSP index



7

ON ABSOLUT, MEDIUM TERM OBJECTIVE REMAINS TO STABILIZE THE BRAND



Active management at 'Last 3 Feet'; Enhanced Media investments



- New packaging
- New 'Absolut Nights' campaign
- Price adjustment

Premiumize with Absolut Elyx



- Doubled Elyx franchise in past year

Successfully launch Absolut Lime



- Aiming to solidify leadership in Citrus
- Rationalizing flavor portfolio



7

MALIBU CONTINUES TO SHOW SOLID GAINS AIDED BY VIBRANT AND ENGAGING ACTIVATIONS



Growth in a struggling category; strong performance of coconut

Successful execution of the "Because Summer" platform

High energy activations engaging millennials

Total Rum	- 0.8%
Total Malibu	+ 1.8%
Malibu Coconut	+ 5.0%





NEW COMMERCIAL MODEL



Jul '15: New route-to-market partnerships

Jul '16: New Commercial Model

- Reduced layers
- Increased focus on the **4 footprint States**
- Expanded in-market resourcing by **50+ employees** (activation and pricing)
- Enhanced capabilities in **priority channels** (Chains, On-premise/ Prestige)

BRAND BUILDING MODEL



Since Jul '15:

- A&P/Net Sales levels **increased by ~200bps** in last two years
- **'Fewer, bigger, better'** innovations
- 360° digital transformation

Since Jul '16: New Marketing Organization

- Alignment to consumer **'Moments of Conviviality'** (~50% of team deployed in new roles)

NEW BRAND VENTURES



Launched Jul '16:

- Dedicated incubation business unit with autonomous sales and marketing teams
- Clear model to scale brands throughout the incubation lifecycle
- Brands sourced in a variety of ways at different life-stages

COMMERCIAL MODEL DESIGNED TO WIN THE ACTIVATION BATTLE AT THE STATE AND CHANNEL LEVEL



WINNING THE BATTLE AT THE STATE LEVEL



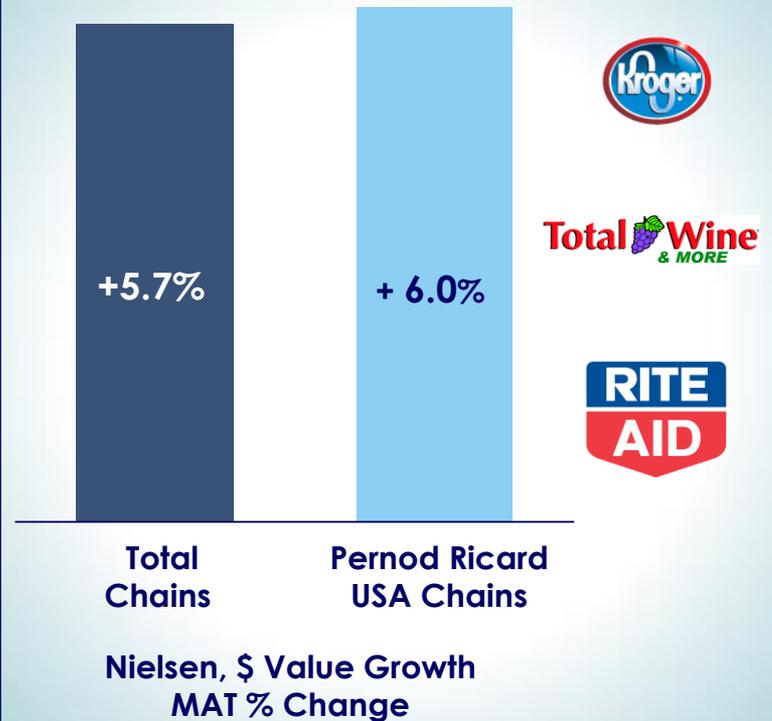
Since July 1:

4 Key States now report directly to SVP of Sales

Expanded Pernod Ricard USA **in-market resourcing by 50+** employees focused on local market activation and pricing....

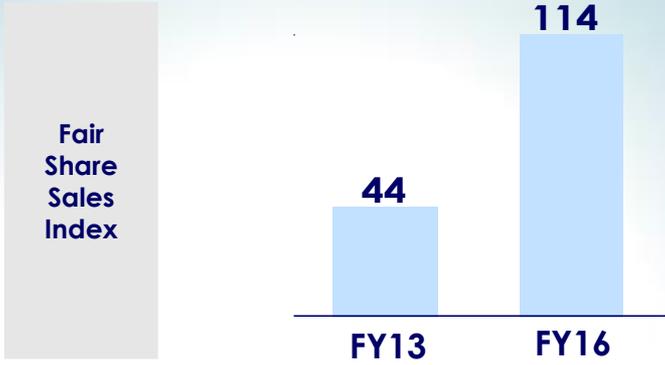
...further enhancing the impact of dedicated wholesaler resources (800+) deployed 2yrs ago

KEEPING PACE WITH MARKET IN PRIORITY CHANNELS: E.G. CHAINS





"FEWER, BIGGER, BETTER" APPROACH TO INNOVATION



Top 3 Nielsen Innovation

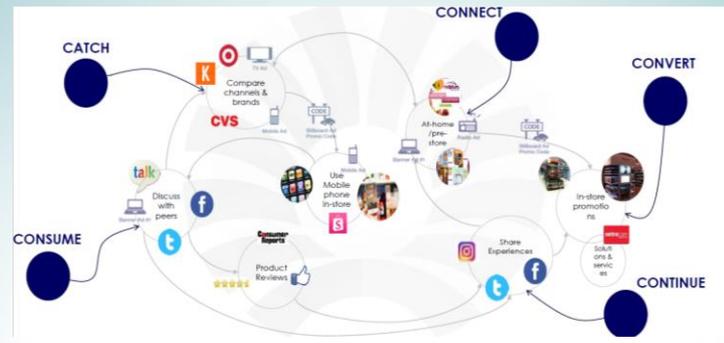


Top 15 Nielsen Innovation



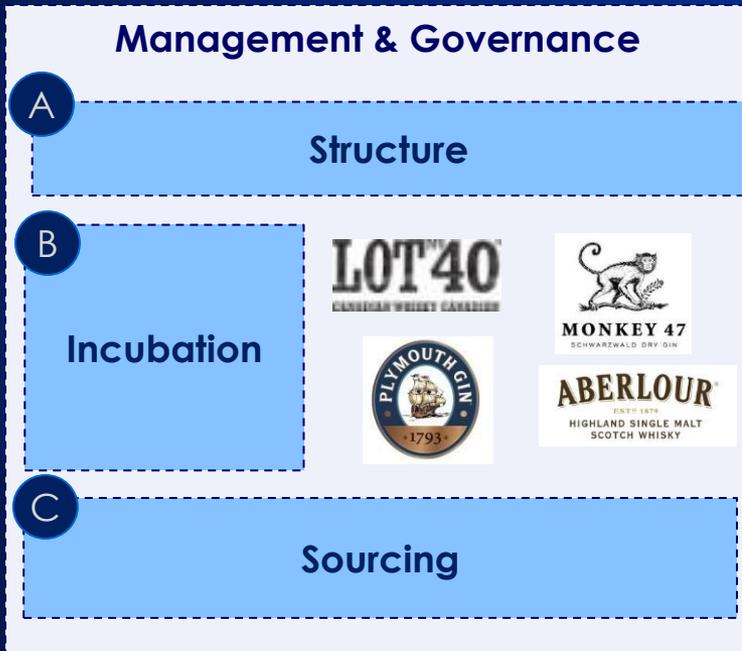
H2 FY17 Launch

OUR DIGITAL TRANSFORMATION: CONSUMER AT HEART



- 15% Media Efficiency
- >50% of Media is Digital
- Consumer Knowledge

Note: Fair Share Index: If Company A has 5% market share, a fair share index of 100 would imply it achieved 5% share of all innovation sales
 Source: Nielsen



A Structure: a stand-alone Incubation business unit with autonomous in-market sales & marketing



B Incubation: four distinct phases to scale the business plan throughout the brand's lifecycle



C Sourcing: brands sourced at different life-stages via different ownership structures

CLEAR STRATEGIC AGENDA AND ACTION PLANS IN PLACE TO ACHIEVE FY17 MID-SINGLE DIGIT GROWTH AMBITION



SUSTAINED DOUBLE-DIGIT GROWTH OF JAMESON



STABILIZING ABSOLUT CORE



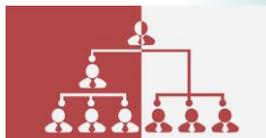
SOLID CONTRIBUTIONS FROM OTHER GROWTH RELAYS



INNOVATION MOMENTUM DRIVEN BY 'BIG-BET' APPROACH



IMPROVED COMMERCIAL MODEL FOCUSING RESOURCES AT STATE AND CHANNEL LEVEL



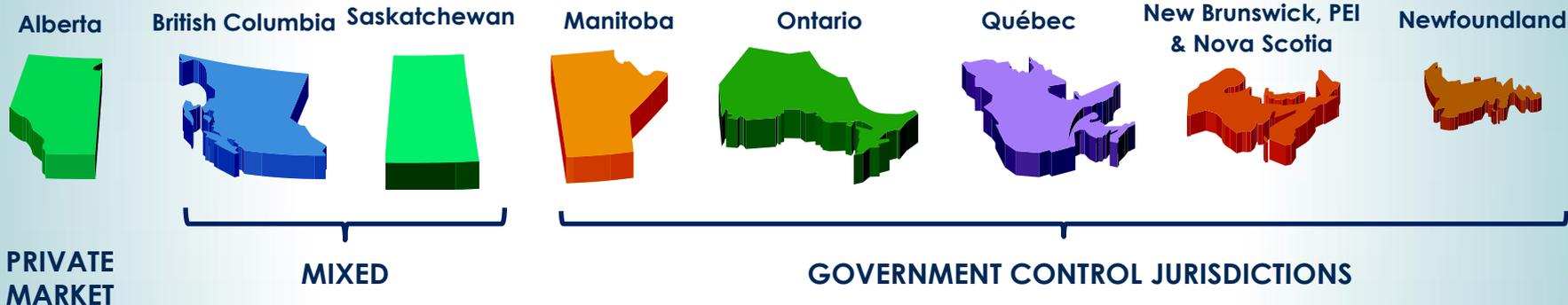
CONSUMER CENTRIC BRAND BUILDING COMBINED WITH DIGITAL ACCELERATION



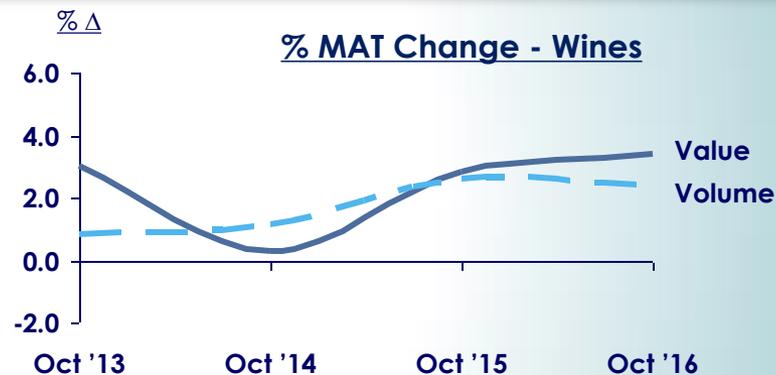
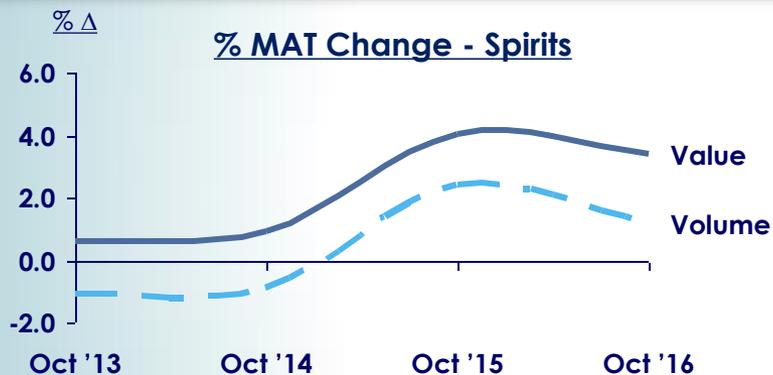
CANADA'S WINE AND SPIRITS MARKET IS PREDOMINANTLY RUN BY GOVERNMENT MONOPOLIES AND DISPLAYS SOLID GROWTH



CANADA IS DOMINATED BY GOVERNMENT MONOPOLIES SHARING SIMILARITIES WITH U.S. CONTROL STATES...



...WINE AND SPIRITS EXPERIENCE SOLID GROWTH IN CANADA



PERNOD RICARD CONTINUES TO PERFORM WELL IN CANADA



ABSOLUT AND JAMESON BEATING THEIR CATEGORIES ALONGSIDE STRONG SHOWINGS IN WINE



-0.8%



+15.4%



+6.3%



+7.5%



+13.2%



+17.6%

PERNOD RICARD NORTH AMERICA OVERARCHING PRIORITIES IN LINE WITH THOSE OF THE GROUP

On track to achieve medium-term ambition of **gaining value share...**

...powered by our **people** and unique **culture** of *Openness, Simplicity and Collaboration*

