

# V · I · S · I · O · N



*Li Wei has photographed 40 employees of the Group in iconic places to celebrate  
Pernod Ricard's 40<sup>th</sup> anniversary.*

S E E F U R T H E R

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S E E B I G G E R

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S E E F A S T E R



Pernod Ricard

*Créateurs de convivialité*

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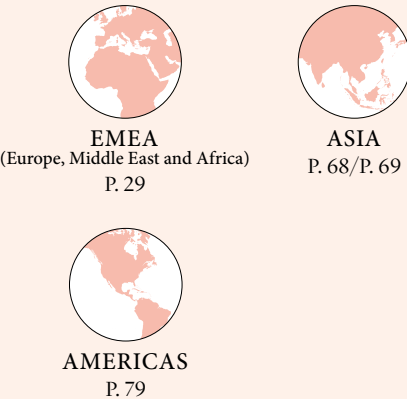
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**Li Wei**  
Chinese  
Performance Artist

Internationally renowned for his extraordinary performance photography, Li Wei depicts his own body – and often the bodies of other performers – in contemporary settings to create illusions that are equal parts spectacular and comic, verging on hilarious.

Li Wei was born in Central China, Hubei province in 1970. In 1993 he moved to Beijing, where he still lives and works.

He began his artistic career as an oil painter but abandoned the field, which he considered too traditional. Beginning in 1996, his encounters with the avant-garde artists who had gravitated to Beijing's East Village arts community, such as Zhu Ming, prompted him to stage public performances. Li Wei has emerged as one of China's most remarkable contemporary artists.



# LI WEI CHOOSES PERNOD RICARD

*To celebrate Pernod Ricard's 40<sup>th</sup> anniversary, Li Wei chose to photograph 40 of the 18,000 men and women working for the Group. Pernod Ricard's annual campaign always features Group employees, and this year they have been lifted into the air by Li Wei at historic company sites.*



View how the campaign took shape by scanning this QR code.



♦ S ♦ E ♦ E ♦ F ♦ U ♦ R ♦ T ♦ H ♦ E ♦ R ♦



# A TALK WITH ALEXANDRE RICARD

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

*Seven LinkedIn users interview Pernod Ricard's new Chairman and Chief Executive Officer.*

On 11 February 2015, Alexandre Ricard was named Chairman and Chief Executive Officer of Pernod Ricard by the Board of Directors. He replaced Danièle Ricard, who had chaired the Board since 29 August 2012, and Pierre Pringuet, who served as CEO for more than 10 years.

On Monday 31 August, in the offices of Pernod Ricard's innovative start-up, the Breakthrough Innovation Group (BIG), Alexandre Ricard met with seven followers of Pernod Ricard's LinkedIn account from around the world. Olivia (US), Cristian (Chile), Arnold (Kenya), David (New Zealand), Jean-Baptiste (Singapore), Vishal (India) and Anne-Sophie (France) were the winners of an Internet first: a quiz game about the Group that attracted thousands of contestants. The winners were offered a trip to Paris to meet Alexandre Ricard.

He began their discussion by saying, "I wanted the contest to be a perfect illustration of our tagline: 'Créateurs de convivialité'".

During the three hours that followed, the new Chairman and CEO talked about his vision, strategy, and priorities for the Group, and also discussed major trends in wine and spirits consumption, speaking with the visitors as a group as well as in one-on-one conversations. Here's a summary of his remarks.



**Alexandre Ricard**  
Chairman and Chief Executive Officer  
of Pernod Ricard

- Chile -



**Cristian Weinstein**  
Commercial Manager  
at Mondelez International Chile

- USA -



**Olivia Kiraly**  
Senior Research Analyst,  
Nielsen

- France -



**Anne-Sophie Bigot**  
Student in tourism/Brand  
Ambassador for The Costwolds  
Distillery

- India -



**Vishal Garg**  
MBA student  
at the Management Development  
Institute (Gurgaon)

- Kenya -



**Arnold Sawe**  
Volunteer at a travel agency  
(safaris)

- New Zealand -



**David Goldstein**  
Account Director at IRI Aztec  
(data solutions)

- Singapore -



**Jean-Baptiste Forest**  
Sales Executive at  
Heritage Beverages Asia



Discover the video  
of the meeting by scanning  
this QR code  
<http://pernod-ricard.com/13757>



**It's been eight months since you became Chairman and CEO of Pernod Ricard. How are you feeling? Do you feel a sense of family responsibility about the decisions you'll be making?**

For me it's a source of both great pride and great responsibility to be running Pernod Ricard. First and foremost, great pride: obviously I've been thinking about my grandfather Paul Ricard, the Group's co-founder, as well as my uncle Patrick, who, along with Pierre Pringuet and the other members of his team, successfully recast the Group as a global business.

To be honest, I've been preparing for this position for a long time, always with enthusiasm and peace of mind. With regards to my family, I have the backing of the reference shareholder, S.A. Paul Ricard. Our objective is clear: "to build over time"\* in order to create consistently greater value. But that responsibility you mention – I feel that responsibility towards every Group employee. For me, leading Pernod Ricard means being the trustee of an extraordinary entrepreneurial adventure that marked its 40<sup>th</sup> anniversary this year. Today, my responsibility is to continue that adventure alongside each of the Group's 18,000 employees.

\* "Building Over Time" is the title of the book written by Patrick Ricard on the occasion of the Group's 30<sup>th</sup> anniversary. It was published in 2008.

**What is your ambition?**

— **A.R.**: Our ambition hasn't changed: we want to become the industry leader. We have everything it takes. But in order to become the leader, we need to drive growth in our industry. So increasing our sales by value needs to be our top priority.

**You mention growth in sales: what do you consider the biggest obstacle towards achieving that growth?**

— **A.R.**: They aren't so much obstacles as conditions we need to fulfil. For example, it's clear that if we don't win the battle for growth

in our four 'priority battlegrounds' – China, the US, and our new growth drivers of India and Africa – that task will be difficult to achieve! We need to develop a daily obsession with capturing market share by value in our key markets and investing in our brands without compromising our pricing. And it is with that in mind that I described our annual results as a good performance: we were able to accelerate growth in sales, which moved back into positive territory (organic sales up 2%, reported sales up 8%), and we gained market share in the majority of our target markets. These are solid



◆  
"For me, leading  
Pernod Ricard means  
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entrepreneurial  
adventure that marked  
its 40<sup>th</sup> anniversary  
this year."  
◆







results, driven by healthy growth. That performance prompted us to propose a 10% increase in our dividend to shareholders, consistent with our long-standing policy of distributing approximately one third of our net profit from recurring operations, which rose 12% this year.

#### Do you have any other priorities?

— **A.R.:** I have just two priorities, and the second has to do with our mindset. The Pernod Ricard success story is first and foremost a story of people and personal relationships. No matter how targeted your strategy is, it will never be carried out unless everyone in each area of activity is striving towards the same goal. That's why every Group employee needs to understand the challenges we face and our goal of taking the appropriate action in the field, motivated by the same mindset: a spirit of conquest, an entrepreneurial spirit – in sum, a desire to win.

#### As leader, how is it possible for you to manage 18,000 people?

— **A.R.:** That's the goal of that second priority: our mindset. We need to ensure that everyone has the power to take action. When employees are empowered at their own level, they can throw all their support behind our project. That means simplifying our procedures in order to concentrate on our priorities, sharing our expertise, accelerating our decision-making, encouraging cross-departmental collaboration, breaking down barriers and emphasising execution. That's the only way to unleash our creative energy.



◆  
*“No matter how targeted your strategy is, it will never be carried out unless everyone in each area of activity is striving towards the same goal.”*  
 ◆

#### When do you anticipate becoming the industry leader?

— **A.R.:** Don't expect me to give you a precise date. That's not the issue. Leadership must grow out of a corporate vision, our vision of how our industry will evolve in the future. It should be the natural consequence of that vision.

#### So what is your vision for the company?

— **A.R.:** Our vision stems from an observation: consumers are no longer loyal to a single brand. Instead, they move among a variety of brands. For each consumption



moment, there needs to be one brand. Consumers are asking themselves a simple question: what is the most suitable brand to go with a special consumption moment? If, around the world, we succeed in placing one of our brands at the centre at each of those moments – at a restaurant, at home with friends or family, at a nightclub, during a romantic dinner, and so on – we will naturally emerge as the industry leader as a result. Even more than in the past, we need to put consumers at the centre of our strategy. On their behalf, let's all be “Créateurs de convivialité”, just like our motto says.

#### What, in concrete terms, is your strategy for achieving that?

— **A.R.:** Basically, it's a new combination of our long-time fundamentals: Decentralisation, Premiumisation, our unique Culture and our new Growth Drivers. It's nothing radically new – just a new way of viewing our strategy. At the centre of that model is our obsession with consumers, who are the focus of four 'essentials': Operational Excellence, in order to work more efficiently; talent development; Corporate Social Responsibility; and Route to market/Consumer, meaning the way our brands are present, visible and activated at places of consumption so as to reach the end consumer. These are coupled with four 'accelerators': management of our formidable Brand Portfolio, Digital Acceleration, Innovation, and Premiumisation and Luxury. While all these concepts are already familiar, they all need to help us meet a single objective: increased turnover.

#### You've chosen a path of organic growth. Do you not intend to expand the Group through external growth, as in the past?

— **A.R.:** At the moment our primary aim is to maintain the investment-grade rating we've obtained from the ratings agencies and focus on tactical acquisitions to strengthen our portfolio in our key markets. Our two recent acquisitions in the United States – our majority share in Avión tequila and our acquisition of Kenwood wines – are prime examples of that.

#### You mention the US market. What do you foresee regarding the normalisation of Cuban-American relations?

— **A.R.:** First and foremost it's very good news for both the Cuban and American people. For our part, it will all depend on whether the embargo is lifted, which is something for the US Congress to decide. Although there is still a long road ahead, we are already preparing for that eventuality so that one day we can be among the first to offer American consumers an authentic Cuban Rum. The “Havanista”



brand name is already registered, but we have hopes of being able to use the Havana Club name.

#### You spoke of portfolio management, including a number of widely known brands and a cluster of brands in the whiskey segment. Aren't you concerned about competition among your own brands? Or about missing out on emerging trends like Bourbon and craft-brewed products in the US, or failing to keep pace with changing tastes?

— **A.R.:** We have one of the most comprehensive portfolios in the industry, with a presence in every market segment. As a result, we can respond to virtually every consumer preference. As for the latest trends, we rely on innovation to keep pace. You mentioned how consumers in the US, in particular, have developed a keen interest in Bourbon. It's true that, strictly speaking, we don't have any bourbon products in our portfolio, but you have to consider the market for brown alcohols as a whole: just look at the double-digit sales growth for Jameson, The Glenlivet and Martell. With regard to craft-brewed and so-called artisanal brands, I believe that our most recent product launches, such as Jameson Caskmates, which brings together the world of beer and Irish whiskey, or Absolut Oak, the first vodka to be aged in oak barrels, not to mention Barrelhouse whiskey, represent various ways of

responding to that trend. While we're talking about craft-brewed products, I would just caution you about a certain level of hype. There's nothing more authentic than a brand like Absolut, every drop of which comes from just one spot in the world, a small town in the Skåne region of Southern Sweden. I would say the same thing about the Jameson House, the Glenlivet House and the Martell House, which is now celebrating its 300<sup>th</sup> anniversary. Those are all centenary brands, each boasting its own history and connection with the land. It's our job to make those brands better known to consumers!





**You talk about returning the focus to consumers. I come from Kenya, where there are a lot of beer lovers. Do you anticipate diversifying into that market?**

— **A.R.:** Africa is our new frontier: it will be comparable to Asia in 15 years! We've just opened our seventh African affiliate, in Mozambique, and the growth in sales across sub-Saharan Africa, which includes Kenya, is approaching 20%. To answer your specific question about diversifying into beer, it's not something we foresee at the moment. We have made some tactical moves, such as our launch of the first Malibu Beer in the Netherlands, but fundamentally our strategy remains the same: to support consumers ascending the value ladder. In Africa that means encouraging them to trade up from local brands to Passport Scotch, and subsequently to Ballantine's or Chivas.

**I'm curious to know if your research centre is exploring new growth drivers in the segment of traditional local beverages? I'm from Chile and naturally I'm thinking about Pisco.**

— **A.R.:** I can't reveal everything right now – but yes, we do have some projects of that kind underway. Moreover, the Youth Action Council, an internal group that brings together employees from the younger generation, is working on an initiative along those lines. I can tell you this much: it has to do with Mexico.

**Innovation and digital technology are two other accelerators. Can you tell us where things stand with the Project Gutenberg connected-bar concept?**

— **A.R.:** More than €25 million in savings achieved through our Allegro campaign for operational efficiency has been reinvested in support of our priority innovations. We've seen some wonderful achievements this year, such as Ramazzotti Aperitivo



◆  
*“We have made some tactical moves, but fundamentally our strategy remains the same: to support consumers ascending the value ladder.”*  
 ◆

Rosso in Germany, the very promising Absolut Elyx, our Avión and Altos tequilas, the connected bottle from Mumm, and more. As for Project Gutenberg, it's in the consumer test phase in London and Paris – and that's all I can say at the moment!

**This year India became the Group's third largest market, ahead of France. What are the most promising market segments in India, and do you see vodka as a future growth driver in the Indian market?**

— **A.R.:** With 18% growth in sales, India turned in an excellent performance, and I'd like to hail the work of our staff there. India is a fascinating market with sizable potential: more than 22 million people reach the legal age of alcohol consumption each year. That's 220 million people over the course of a decade. Can you imagine? The Indian market offers a perfect illustration of our expansion strategy: strong local brands, in this case our Indian whiskies, which are a gateway to our Premium international brands. As for vodka, Absolut has just passed the milestone of 100,000 cases. So that's a very promising segment. But although it's been surpassed in sales, France remains our historic stronghold, accounting for 8% of our turnover. The French market has contracted slightly, but we're still gaining market share in every segment, despite a difficult economic environment and a highly competitive market.



**Asia, especially China, has been occupying everyone's attention for several months now. What are you going to do to address the situation?**

— **A.R.:** First let me remind you that Asia experienced a recovery this year, with growth rebounding from -4% to +4%. That's a very impressive performance. With regard to China, which is our second biggest market, in just one year we went from a 23% drop in sales to just a 2% decline. Congratulations go to our employees there. Even though we're holding firm and even gaining market share, the market is still on a downward trajectory, caught between the government's crackdown on extravaganza and the latest macroeconomic upheavals, which offer the Chinese little reason to go out and celebrate. For the short term, prudence is still our watchword. Nonetheless, I continue to have confidence in the market fundamentals over the medium term.

**Could you return to the write-down of Absolut? What impact is that having on the Group?**

— **A.R.:** It has no impact on our operations or cash flow. It's an accounting adjustment that we needed to make in order to better reflect the brand's prospects for growth in a segment that has been extremely turbulent over the past two years. The real issue is not the write-down, but rather the 5% decline in sales in our biggest market, the United States. Our objective over the medium term is to stabilise the Absolut brand. We're now moving ahead with an ambitious marketing and sales initiative. We've changed the design of the Absolut bottle for the first time in thirty years. We are in the process of rolling out a new

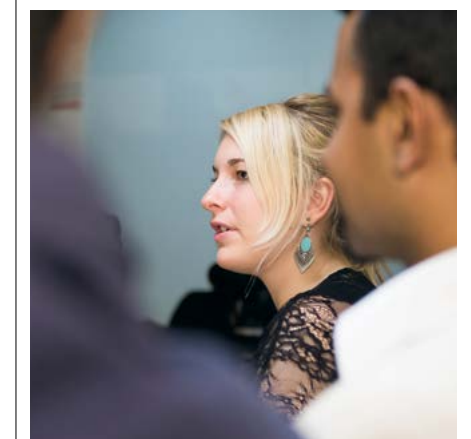


◆  
*“Our vision is clear and our ambitions are stronger than ever, backed by a solid strategy as reflected in our impressive results for the past year.”*  
 ◆

pricing policy, we've beefed up our sales force, and we're currently expanding our media buys.

**What is your outlook for growth?**

— **A.R.:** We have announced our intention of returning to a path of medium-term sales growth of approximately 4 to 5%. Our vision is clear and our ambitions are stronger than ever, backed by a solid strategy as reflected in our impressive results for the past year. Yes, our operating environment is difficult, even volatile. But it's precisely in circumstances such as these that we need to maintain a steady hand at the helm. Today our organisation is more agile and we can capitalise on the breadth of our portfolio and our balanced global presence to adapt as needed and allocate our resources more quickly and effectively. But we need to remain firmly focused on the course ahead and the strategy for reaching our goal. For the coming year we are still aiming for a gradual improvement in turnover, and we will continue to invest in our brands and innovations, with a special focus on Operational Excellence.

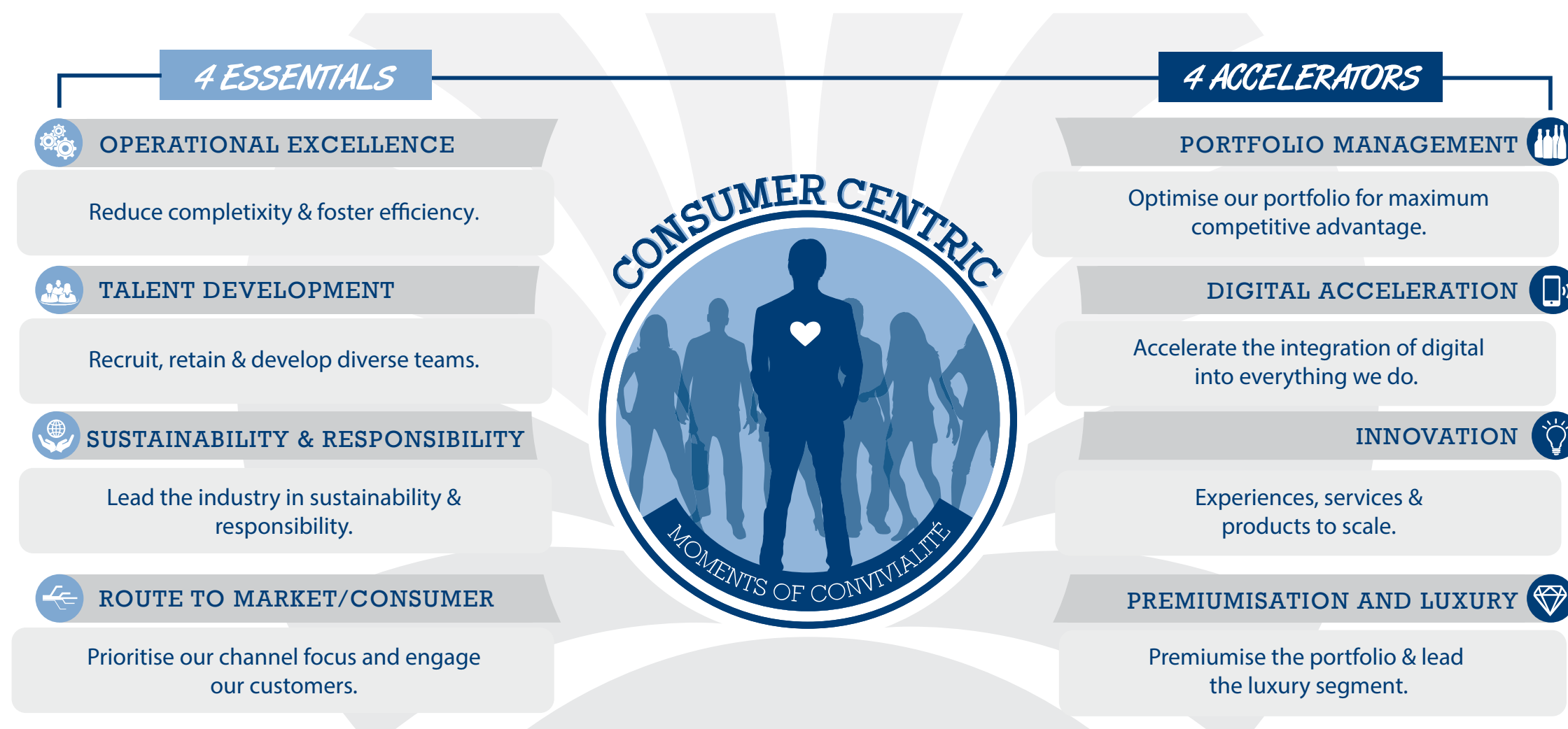




# A new strategic model: our 8 business priorities

Pernod Ricard's new strategic policy does not represent a radical change: it's a new synthesis that brings together all of the Group's traditional tenets – decentralisation, Premiumisation and a unique corporate culture – plus new growth drivers, to create a single strategic model containing eight business priorities.

This model is centred on consumers, who are the focus of four 'essentials': Operational Excellence, Talent Development, Sustainability & Responsibility and Route to market/Consumer. These are coupled with four 'accelerators': Portfolio Management, Digital Acceleration, Innovation, and Premiumisation and Luxury. These eight priorities must all contribute to a single objective: increased turnover.



## 4 Essentials for capitalising on our fundamental principles

The 4 Essentials should be viewed as the foundation on which the 4 Accelerators will rest. The aim of **Operational Excellence** is to streamline our procedures by taking advantage of our uniquely decentralised organisation. By setting priorities, simplifying tasks and pooling resources, the Group can redouble the speed and agility of its organisation. Our second priority is **Talent Development**: the Group capitalises on its unique culture both to develop its in-house staff and to attract talented new employees.

The third essential, **Sustainability & Responsibility**, has long been a Pernod Ricard mainstay and now needs to be taken even further, to encompass the Group's entire brand territory and become a driver of positive, long-term growth. Lastly, **Route to market/Consumer** is a critical concern: it determines how our brands are available, visible and activated among consumers within both traditional distribution channels (On-Trade, Off-Trade and Travel Retail) and new ones (e-Commerce and Home-Trade).

## 4 Accelerators for gaining speed in our operations

The 4 Accelerators are major growth drivers for Pernod Ricard. Thanks to a **Portfolio Management** that is among the most comprehensive in the industry, the Group can capitalise on every moment for consumption and *convivialité*. The goal is simple: to place the most appropriate product from the portfolio at the centre of each of these moments. **Digital Acceleration** is another growth driver, one that can now give us a worldwide presence as we seek to build a direct relationship with consumers.

**Innovation** is a time-tested component of Pernod Ricard's strategy and remains the critical nexus of the Group's future growth when it comes to services, experiences and custom-tailored products: an entire ecosystem focusing on innovations with high potential. The last accelerator is **Premiumisation and Luxury**: continuing our efforts to move our brand portfolio upmarket and capture the luxury market with the aim of becoming the market leader.





F O U R

E S S E N T I A L S

TO SEE

B I G G E R



# The definition

given by Gilles Bogaert

Operational Excellence | 01

# Operational Excellence



“Our goal is to continue improving our efficiency with regard to both our inter-departmental procedures and our cost management across all of the Group’s entities and functional areas. That will enable us to take action more quickly and with greater focus, freeing up resources in support of Pernod Ricard’s growth.”

**Gilles Bogaert**

Managing Director, Finance & Operations



To learn more  
<https://youtu.be/tOpJfDDA5Qw>

# Joint interview

Group Operations Director Peter Morehead and Aldous Wong, Chief Information Officer for Pernod Ricard Asia, share a mission: to make our organisational structure and procedures less complex. Their goal is to give Pernod Ricard teams the means to do what they do best: apply craftsmanship to transform the finest raw materials into the industry’s best wine and spirits portfolio.



**Peter Morehead**  
Group Operations Director



**Aldous Wong**  
Chief Information Officer,  
Pernod Ricard Asia

## WHAT IS THE SCOPE OF OPERATIONAL EXCELLENCE?

— **Peter Morehead:** It encompasses three elements. The first, **alignment**, is designed to ensure that every functional area within the Group has a common objective: to produce and deliver the finest wines and spirits to meet consumer and customer needs as precisely and quickly as possible. The second is the ongoing search for **efficiency**, to transform the very best raw materials from exceptional ‘terroirs’ with quality craftsmanship that in some cases dates back centuries, anchored by a competitive and sustainable operating model. And the third is **leverage**: leveraging global standards and local implementation through our decentralised structure.

— **Aldous Wong:** For IT at the regional level, it means providing optimal service to our clients through performance at the highest possible level of efficiency, whether through the supply chain, back office or sales and marketing, in support of their growth strategies. A key priority across the Asia region is information flow, ensuring integration of systems and seamlessness of data and communication across multiple entities.

## HOW IS DECENTRALISATION FUNDAMENTAL TO OPERATIONAL EXCELLENCE?

— **P. M.:** Decentralisation reflects the respect and trust for the know-how that exists at the operational level. Cultivating the pride, passion and spirit of collaboration produced through this decentralized model enables us to do what we do best. Whether it’s a plant in Cognac with a 300-year-old heritage or the perfect balance struck by a master whisky distiller, local empowerment is a source of competitive advantage.



The Beefeater distillery is based in London, in the Kennington neighborhood

◆  
“Local empowerment is a source of competitive advantage.”  
◆



Learn more about the Internet of Bottles by scanning this QR code  
<https://www.youtube.com/watch?v=Gnl7N2Pgwg>

## ARE THERE OPERATIONAL BENEFITS FROM THE COLLABORATION BETWEEN YOUR TWO ORGANISATIONS?

— **P. M.:** Yes, and the anti-counterfeiting project is a perfect illustration. It involves headquarters teams from Paris (Supply Chain, Legal, Research and IT) combining with teams from the Asia regional organisation (Pernod Ricard China), Brand Companies such as Martell bottling plants based in Cognac, and Chivas in Scotland: the top experts from throughout Pernod Ricard all coming together to develop and deliver a unique solution, the Internet of Bottles (see QR code). That innovation is not only a response to the problem in Asian markets and elsewhere, but it’s also opened a whole new field of potential communication with consumers.



### Key figures

**40%**  
of employees work in operations  
×  
**9 million**  
bottles delivered each day

— **A. W.:** The Asia market has worked with Brand Companies for years to combat counterfeiting. The Internet of Bottles, the first applied IT solution, is designed to give consumers a guarantee of each bottle’s authenticity through a system of traceability. It involves placing QR code stickers on bottle caps that, when scanned, reveal the bottle’s complete identity and history. We’re now rolling out enhanced monitoring and exploring how to implement RFID\* technology, which allows a more efficient scanning. As Peter says, while initially aimed at tracking and preventing counterfeiting, our collaborative effort also identified the potential for crossover to consumer engagement initiatives.

\* Radio-Frequency Identification.





## The picture

### Ysios Bodegas, Pernod Ricard Winemakers



**Joseba Llano**  
*Production & Manufacturing*



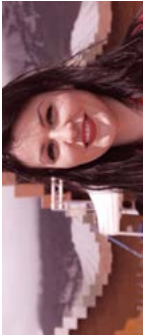
**Amaya Esteban**  
*Public relations*



**Adrian Murillo**  
*Production & Manufacturing*



La Guardia, Spain



**Raquel Camara**  
*Public relations*



**Oscar Alvarez**  
*Production & Manufacturing*



View how the campaign took shape  
by scanning this QR code.  
<https://youtu.be/4acCygtrSC8>



## Around the world

# Operational Excellence

### THE ALLEGRO PROJECT

#### A TRANSFORMATION TO HELP US PREPARE FOR THE FUTURE



**We hear more from Bruno Rain, Managing Director, Human Resources & Corporate Social Responsibility**

“Continuous implementation of the Allegro Project has been a common theme of the 2014-2015 fiscal year. The project has two major objectives. The first is to strengthen the Group’s Operational Excellence while maintaining its commitment to decentralisation, at a time of regulatory constraints and rising competition. The second is to position the company so it can most effectively seize new growth opportunities, such as digital technology. The project is founded on three main principles:

- **prioritisation**, aimed at ensuring that each entity is focused on its objectives and on optimising the company’s organisational structure. For example, the

Brand Companies define strategy and the Market Companies carry out that strategy in the field;

- **simplification**, particularly as it applies to working methods, to ensure we tackle the key issues and accelerate the decision-making process;
- **mutualisation**, i.e., pooling resources and tools and optimising their use.

Now finalized in all of the subsidiaries, the implementation of the new organization resulted in a net reduction of 900 positions and in a reduction of the Group’s structural costs.”

#### - Asia - A SUCCESSFUL MERGER OF SUPPORT DIVISIONS

In Asia, Allegro has prompted the creation of two service hubs: the Hong Kong/Taiwan Service Hub for Hong Kong, Macao, Taiwan and Asia Travel Retail; and the South-East Asia Service Hub for all of the markets in the South-East Asia region: Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam. The aim of the hubs is twofold: to pool support services (finance, logistics, human resources, legal affairs and information systems) while also improving their efficiency to achieve Operational Excellence.

#### - Key figures -

Overall objective:  
**€150M**  
in recurring cost reductions over a three-year period

♦

**€80M**  
in cost reductions during 2014-2015

♦

**€25M**  
invested to develop innovative projects in 2014/2015

#### - France - SUPPORT DEPARTMENTS POOL RESOURCES TO BE MORE EFFICIENT

The Leaders workshops, which are one outgrowth of the Allegro Project in France, are designed to consolidate the Pernod and Ricard support functions in Marseilles. “*The challenge is to create a common backbone, capable of supporting two distinct sales and marketing teams and, at the same time, to ensure that no change will be perceived by the customers of the two companies*”, explains Philippe Savinel, Chairman and Chief Executive officer of Pernod and Ricard. “*So Pernod and Ricard will each continue to have their independent sales force, and this provides us with a competitive edge. France is indeed the only market in the Group where we activate a portfolio of 55 brands.*” More than 160 employees have taken part and 140 workshops have been held to ensure the new organisation functions efficiently and the transition proceeds smoothly for everyone involved. As of 1<sup>st</sup> July 2015, Pernod and Ricard have combined their respective Finance, IT, Human Resources, Operations, Legal, Consumer Services and Corporate Communications departments, which are now based in Marseilles.

#### - Irish Distillers Ltd -

#### MIDLETON DISTILLERY UPGRADED TO KEEP PACE WITH DEMAND FOR IRISH WHISKEY

Operational Excellence can also take the form of industrial excellence. Following an investment valued at €220 million, the Midleton Distillery in Ireland is now one of the most modern and sophisticated whiskey distilleries in the world. Midleton is the site where Irish Distillers produces Jameson Irish whiskey, as well as other leading local brands (Powers, Paddy, Single Pot Still brands, Redbreast & Green Spot, Midleton Very Rare). The investment doubled the site’s production and storage capacity from 33 million to 64 million litres annually and increased capacity at the Fox & Geese bottling site in Dublin, Ireland. Irish Distillers Pernod Ricard has also equipped the distillery with the latest technology in brewing and distillation as well as water treatment and waste management. “*Minimizing our environmental impact and maximizing our potential contribution to society are*



*central to our strategic planning for business growth*”, notes Anna Malmhake, Chairman and CEO Irish Distillers Pernod Ricard. The Midleton site now features seven immense

copper pot stills – the largest currently in operation anywhere in the world – and distillation columns that will cut energy use in half.

#### - Group - CREATION OF A CENTRAL HUB FOR INTELLECTUAL PROPERTY



#### An update from Ian FitzSimons, General Counsel

#### Why did Pernod Ricard create this new intellectual property hub?

I.F: In the past, our Intellectual Property organisation was built around seven units spread across five countries. Now we have a central team of 12 experts based in Paris. The Group IP Hub (GIPH) is a joint service centre acting on behalf of the Brand Companies to manage IP rights, although those entities are still responsible for campaigns against counterfeit products because they’re in the best position to assess the severity of the harm done to their brand.

#### How does this hub equate to greater efficiency?

I.F: By pooling our resources, we ensure that intellectual property rights issues are handled uniformly and we improve our risk management.

#### How did you assemble your team?

I.F: The GIPH team includes both experienced staff who were already part of our organisation and new hires. Our goal was to establish a team of experts with a comprehensive grasp of issues in intellectual property – because the Group’s brands represent our most valuable asset.

#### IN HIS OWN WORDS



**Mathieu Lambotte,**  
Group Chief Information Officer,  
Information Systems & Technology

#### Transforming to become a strategic value lever for the business

“IT plays two roles. The first is to provide an excellent level of service at the right cost. In concrete terms that means restructuring our ways of working, but also putting into place collaborative work platforms such as My Brands\* and My Portal Touch\*\*. Our second responsibility is to provide IT solutions that will improve our competitiveness and maximize the return on investment for each project.”

#### - Chivas Brothers Ltd and The Absolut Company - POOL THEIR INFORMATION SYSTEMS

*In line with the Allegro Project, which called for Pernod Ricard to standardise its Information Systems to bring them up to date and improve user satisfaction, Chivas Brothers Ltd and The Absolut Company have begun consolidating their IS networks. The infrastructures have merged into a single department as of July 1<sup>st</sup> 2015.*

\* My Brands: A global and collaborative brand portal to foster market activations locally through the sharing of brand content and activation ideas.  
\*\* My Portal Touch: The Intranet goes mobile with this app. In addition to the usual intranet functionalities, it allows every employee to share social media brand content on their own feeds.



## HIGHLIGHTS



**5.1M**  
cases sold  
♦  
**+10%**  
by value  
♦  
**+13%**  
volume in the US

### Jameson celebrates St. Patrick's Day worldwide

In Dublin the company unveiled a limited-edition bottle designed by Steve Simpson, an award-winning illustrator based in the city. Distributed in more than 50 markets, the bottle features images of Dublin and quotes from city residents.

At Chicago's O'Hare International Airport, "Hello Dublin" was celebrated with an all-new pop-up store.

In the city centre of São Paulo, Brazil, a temporary "Hello Dublin" site that featured a DJ, light show, jam sessions, ping-pong, tastings and more attracted more than 1,000 visitors.



### Jameson Caskmates: a whiskey with stout notes

Jameson Caskmates, which debuted on the market in October 2014, is a true local collaboration. Its particularity: it has been matured in barrels which have been seasoned with stout from a nearby microbrewery (see p.88), adding a subtle note of coffee, cocoa and hops.



### Irish Distillers pays homage to Irish oak

Introduced in early 2015, Midleton "Dair Ghaelach" was matured primarily in American oak bourbon barrels for between 10 and 24 years and for the first time finished in virgin native Irish Oak Hoghead casks, harvested from Ballaghtobin Estate, Co Kilkenny. Each bottle in the series can be traced back to an individual tree in the Irish estate that the wood was procured from, and five trees were planted for every tree felled to make the Irish oak casks.



### Human Resources honoured in Ireland

The Jameson Graduate programme was named "Most Popular FMCG\* Company" in Ireland for the second consecutive year.

\* FMCG: Fast Moving Consumer Goods



### - Chivas Brothers Ltd - INAUGURATION OF THE DALMUNACH DISTILLERY

On Monday 22 June 2015, First Minister of Scotland Nicola Sturgeon opened Dalmunach, the new distillery built by Chivas Brothers in Speyside. Pernod Ricard invested a total of €35 million in the facility, the architecture of which is a harmonious blend of tradition and modernity. Built on the site of the former Imperial distillery, the building is equipped with eight

copper stills and offers production capacity of 10 million litres of malt whisky per year. As Chairman and CEO of Chivas Brothers Laurent Lacassagne remarked at the opening ceremony, "The distillery's construction is a clear demonstration of our commitment to invest as we strive to meet growing world demand for Scotch whisky".

### - Corby Spirits & Wine Ltd - FORGING A CLOSER RELATIONSHIP WITH CUSTOMERS

In order to improve its customer relations, Corby Spirits & Wine Ltd has adopted a number of new online CRM tools. This includes the Greatvines app which, among other features, helps companies respond to the market more quickly by analysing information on customers and prospective customers, so as to provide service quality that makes the difference.



## FOCUS

### A CREATIVE HACKATHON FOR SUSTAINABLE PRODUCTION

The Absolut Company  
Pernod Ricard



The Absolut Company invited 16 innovators to take part in an innovation competition held in Gröndal, Sweden, from 12 to 14 June 2015. Designers, engineers and students working in teams of four, backed by experts from Absolut, set about finding solutions to environmental challenges facing The Absolut Company. Participants tackled a range of topics, from production methods to the use of materials in the distribution channel and bottle recycling. And it all took place in a unique setting, with the company having converted the shipping containers used for its products into a temporary/pop-up design studio 'Creative Space'. The top prize ultimately went to an engineer, two designers and an entrepreneur, who came up with a creative eco-design for a filling process. Their solution optimises transport and makes a sizable contribution to sustainable development. This highly

productive design session generated a host of new ideas that are currently under review. During June 14-July 2, Creative Space was open for innovators to use as long as they worked on challenges to create solutions for a more sustainable future as part of the "Creative Action for Good" programme.



## HIGHLIGHTS



**11.2M**  
cases sold  
♦  
**-1%**  
by value  
♦  
**+16%**  
volume in the UK

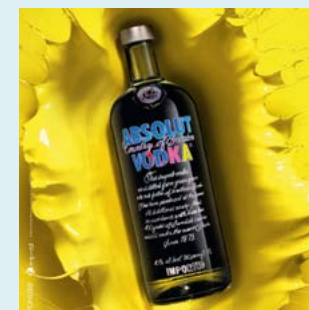
### Re-design of the Absolut vodka bottle

Announced in April 2015, the Absolut bottle redesign is the first significant change in 3 decades and brings to the forefront what lies at the heart of Absolut – the story of One Source (see p. 45). It is sporting some bold updates, including a new logo on the front of the bottle and a new light-reflecting mark on the back for easier identification at night. The new design will be in shops by the end of 2015.



### Absolut Andy Warhol: "I love the bottle, I want to do something with it"

In 1986 Andy Warhol became the first artist to create an original artwork for Absolut. In tribute to this legendary collaboration between the artist and the brand, a limited-edition "Andy Warhol" bottle was released in October 2014. 3.5 million bottles were produced to mark the occasion.



### Oak by Absolut: Vodka rested on oak breaks the boundaries of spirits

The latest bold innovation from Absolut – an oak rested vodka – combines the lightness and energy of vodka with the character of brown spirits, meeting the trend of growing brown spirits in the US. Oak by Absolut has been successfully trialed in 3 US cities this summer.



### Absolut MakerFest: when art merges with technology

Launched in Canada in 2014 as part of a national campaign, the MakerFest experience platform is tailored to members of Generation Y, challenging them to join forces with the organisation in creating a unique look at nightlife that blends art and technology. Thanks to partnerships forged with several renowned artists, the brand has already put together 20 team design events. The innovative campaign produced some astonishing robots capable of serving Absolut cocktails with impeccable skill.





# The definition

given by Bruno Rain

Talents | 02

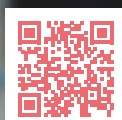
# Talents



**“Talent is at the core of the Pernod Ricard model. To win the battle of top line growth, we need the right people at the right job at the right time, fully engaged behind our strategic priorities – locally & globally.”**

**Bruno Rain**

Managing Director, Human Resources  
& Corporate Social Responsibility



To learn more  
<https://youtu.be/HxUtXt-ZkOw>

# Joint interview

**T**alent is key to helping Pernod Ricard consolidate its market leadership. Cultivating talent represents a sizable challenge for the Group, which needs to take an international approach to managing in-house talent while still remaining attentive to local market conditions. We hear from Estelle Rivals, VP HR Organisation & Diversity, and Christian Campanella, HR Director Pernod Ricard Winemakers.



**Estelle Rivals**  
VP HR Organisation & Diversity



**Christian Campanella**  
HR Director Pernod Ricard Winemakers

## WHAT CHALLENGES DOES PERNOD RICARD FACE WHEN IT COMES TO TALENT DEVELOPMENT?

— **Estelle Rivals:** In order to maintain our growth, we need to invest in building a pool of diversified, high-performance talent. That involves taking steps to develop leaders who can convey Pernod Ricard’s values and corporate culture and also strengthen internal collaboration, which is a critical factor in a decentralised organisation such as ours. One of the ways we’re meeting that challenge is by developing communities of HR experts made up of professionals from each affiliate, whose role is to devise global solutions for a range of important topics, such as talent attraction and international mobility.

— **Christian Campanella:** Pernod Ricard Winemakers has expanded its scope of operations; its geographical footprint now encompasses Australia, New Zealand, Spain, China, Argentina and the US. Our talents policy is our way of addressing a variety of challenges but also real opportunities: we’ll be able to capitalise on a diversified labour force, develop a creative mindset and accelerate our digital capabilities. All of those assets will enable us to attract and keep talented employees and help them grow.

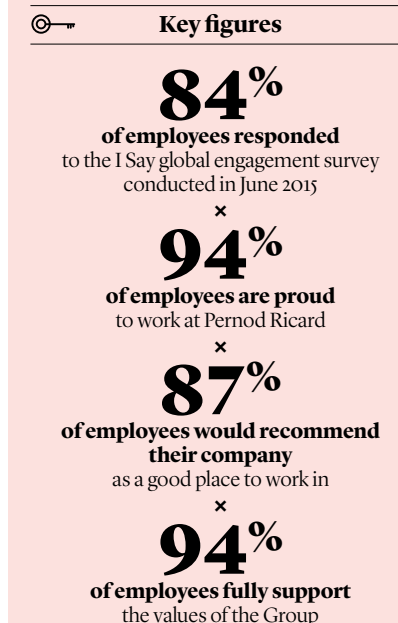
## WHAT ARE SOME OF THE STEPS YOU’VE TAKEN THIS YEAR?

— **E. R.:** We’ve stepped up our presence on social media and launched innovative graduate programmes to position Pernod Ricard as an employer of choice worldwide. As a complement to our core iLead Talent Review, we’ve implemented development centres to build up individual leadership development plans for our talents and improve our Group Succession Plan (see page 31). In addition, initiatives like iMove, our mobility packages and the Youth Action Committee (YAC) exchange programme for employees under

the age of 30 are all helping to spur momentum and promote mobility (see page 32). Lastly, the programmes at Pernod Ricard University have been revised and enhanced with new functional and leadership curricula.



♦  
**“Gender diversity, diversity of origin, diversity in careers and management styles – all of these are key factors in unlocking innovation and fostering good decision-making.”**  
♦



— **C.C.:** At Pernod Ricard Winemakers, our first objective was to accelerate the transition towards our new organisational structures after the Allegro project. We then focused on building our employer brand, the primary pillar of our talent policy, concentrating our efforts on programmes for hiring recent university graduates. Our talent management process is aligned with the corporate policy as well, to give each employee a clearer perspective on opportunities for growth.

## WHAT ARE THE UPCOMING CHALLENGES FOR THE TALENTS POLICY?

— **E. R.:** Gender diversity, diversity of origin, diversity in careers and management styles – all of these are key factors in unlocking innovation and fostering good decision-making. To support this policy, we worked on various initiatives: we’ve appointed a diversity ambassador within each affiliate, set up diversity workshops for management and initiated a mentoring programme (see page 30). Flexibility has been given a role as well: each affiliate will now have to retain a certain degree of flexibility over the course of the year.

— **C.C.:** The challenge is to successfully align our procedures and practices with those of Pernod Ricard as a whole, while still tailoring them to local characteristics and conditions. It’s that combination that will enable us to enhance our appeal and performance.





# The picture

Absolut Vodka Distillery, The Absolut Company



**Elin Nilsson**  
*Logistics*



**Andreas Öbrink**  
*Sensorial analysis*



**Lina Elg**  
*Finance*



Åhus, Sweden



**Petter Andersson**  
*Quality*



**Jesper Hult**  
*Production & Manufacturing*



View how the campaign took shape  
by scanning this QR code.  
<https://youtu.be/4acCygrpSC8>



# Around the world

# Talents

## - Pernod Ricard Winemakers - A UNIQUE PROGRAMME FOR RECENT UNIVERSITY GRADUATES

Pernod Ricard affiliates are adopting innovative programmes to attract and retain talented staff. The most recent of these can be found at Pernod Ricard Winemakers. Inspired by Irish Distillers (Jameson), the company has begun a programme for graduates with an entrepreneurial spirit and a genuine passion for wine. This programme provides an opportunity to gain globally recognised industry qualifications, vintage experience and spend time at the company's global head offices to learn more about the winemaking business. On completion of an initial training programme,



graduates head out to one of Pernod Ricard Winemakers' key established or emerging international markets to act as an ambassador for the world-famous wine brands.

## - Pernod Ricard UK - SMART OFFICE SPACE FOR A DIFFERENT APPROACH TO WORK

Pernod Ricard UK is offering its employees a flexible work environment. Staff have access to the latest technology and can choose among various types of office space based on their current needs, goals and tasks. The result has been measurable gains in agility and individual and collective commitment.



## - Pernod Ricard Wyborowa - EMPLOYEES ARE OUR BEST BRAND AMBASSADORS

*The affiliate is consolidating its investment in training its 340 employees by strengthening their knowledge of Pernod Ricard brands. Using a newly created e-learning platform, staff can learn about the history and characteristics of each Group brand and category and take an entertaining quiz designed to test their knowledge. The training has been well received: more than half of the affiliate's sales and marketing personnel had taken it by the end of July 2015.*



## - Pernod Ricard Italia - SHARING MOMENTS OF CONVIVIALITÉ

The Italian affiliate has organised workshops on creating innovative, path-breaking cocktails, with employees who have undergone prior training serving as bartenders. It's one way to encourage convivialité and creativity, two flagship components of Pernod Ricard's corporate culture, while instilling a more in-depth knowledge of the company's products.



## - Ricard S.A. - RICARD ROLLS OUT THE RED CARPET FOR NEW RECRUITS

*To ease the induction process for its personnel and simplify administrative tasks, the Human Resources Department at Ricard has created a digital induction platform called "Redcarpet" in March 2015. Ingenious and innovative, it offers new hires a wealth of helpful features, including virtual forms and documents and helps new employees get their footing.*

## HIGHLIGHTS



### PERNOD RICARD EMEA\* 2014/2015 \*(EUROPE, MIDDLE-EAST AND AFRICA)

**Stable**  
Sales in Eastern  
Europe

**+2%**  
Sales in  
Spain

**+9%**  
growth in sales of Top 14  
brands in the UK  
(driven by Mumm, Absolut  
and Jameson)

#### New responsibilities for the IT organisation

To ensure faster roll-out of solutions across the EMEA region, the IT department has been restructured and its staff expanded. The department has a dual responsibility: it implements systems for streamlining back-office procedures (ERP, supply chain and request management), and it installs high-performance digital solutions for reducing the front-office administrative burden on sales personnel. For example, a mobile app dedicated to sales procedures and best practices will come on stream within the near future.



#### An innovation for becoming the ideal manager!

Ricardo is the first virtual employee capable of challenging managers and enhancing their managerial skills. Designed by Pernod Ricard España and Pernod Ricard Winemakers, this personal development mobile app is based on Gamification and has been designed with actual scenarios. Its goal is to help managers gain a better understanding of their responsibilities in light of Pernod Ricard's expectations, such as the ability to engage and motivate their personnel, and to improve their manager performance.



#### Marketing: data with substantial added value

In August 2014, the region acquired a Data Management Platform (DMP) used to collect data from the web, mobile apps and social media. Its stated aim is to provide new, concrete insight into markets and consumer profiles. Another value-added innovation is the Sprinklr application now in use across the EMEA region. It's being used to help brand content reach its target, with the aim of boosting interest among consumers.



#### Ramazzotti takes Germany by storm

The challenge: boost Ramazzotti sales and make it *the* trendy drink in Germany. The marketing team at Pernod Ricard Deutschland found the solution: focus its efforts on Ramazzotti Rosato, through a winning combination of an advertising campaign to encourage new drinking occasions and targeted, efficient distribution. All in under four months! The initiative has produced results: over 1 million litres of Ramazzotti were sold in 2014/2015. Named innovation of the year in 2014, Ramazzotti boasts excellent brand awareness in Germany, where more than two thirds of consumers are familiar with the aperitif.



#### An *ad hoc* team

In July 2015, Pernod Ricard set up operations in Mozambique, a country whose situation mirrors that of the other African countries where the Group does business: dynamic and full of opportunities, but with an informal economy and parallel imports that remain pervasive. A nine-person team was set up to manage the development of the Pernod Ricard brand portfolio directly from within the country, with the aim of winning over Mozambican consumers thanks to brands such as Jameson, Ballantine's, Absolut and Olmeca. The new affiliate intends to capitalise on every opportunity for growth that emerges in the market, in order to reach its long-term goal of becoming the top purveyor of Premium spirits.



## HIGHLIGHTS



**JACOB'S CREEK**

**6M**  
cases sold  
↓  
**-3%**  
in value  
↓  
**+10%**  
in volume in Canada

Jacob's Creek is innovating with the launch of Double Barrel, a unique range of red wines finished in whiskey barrels. This unique range is the culmination of two years of research (see page 87).

Following the success of the 'Open Film Series', Jacob's Creek has launched the 'Made By Films', featuring the world's number one tennis player and three-time consecutive Australian Open winner Novak Djokovic. The campaign has successfully driven mass engagement online and reached more than 17 million consumers to date.

Jacob's Creek has successfully developed a number of new innovations in a bid to capture key markets and raise the profile of its wines. In the US, the brand introduced Two Lands, a collaboration that marries Californian winemaking craft with Australian varietal character. And in China Jacob's Creek Milestones has been created to showcase quality winemaking and the brand's rich history and heritage.

### - Group - ADVANCES IN DIVERSITY

Pernod Ricard is making new strides in tackling the important topic of diversity with its creation of an ambitious senior mentoring programme. 20 top talents (12 women and 8 men) from 12 different countries, representing a range of professions, were selected to receive mentoring from a Pernod Ricard executive (either a member of the Executive Committee or the Managing Director of a large subsidiary). The goal of the programme is to help those being mentored develop a career plan and raise their profile within the company.



**BRANCOTT ESTATE**

**2.2M**  
cases sold  
↓  
**+1%**  
by value  
↓  
**+17%**  
in volume in Australia

Brancott Estate has been acknowledged with the 'Best in Nation' award for New Zealand by San Francisco International Wine Competition. This prestigious award is given to the winery which achieves the highest awards for their respective country.

A group of journalists took part in an online tasting of five Brancott Estate Sauvignon Blanc wines as part of Sauvignon Blanc Day. Equipped with a tasting kit, the journalists received live tips, asked questions about the wines on a chat and started a conversation on social media.



**KENWOOD**

**0.5M**  
cases sold

To grow its presence in the US market Pernod Ricard acquired Kenwood Vineyards in May 2014, a long-established world-class vineyard in the Sonoma Valley.



In 2015 Kenwood Vineyards adopted a new brand identity for its Sonoma and Single Vineyard product ranges to differentiate the brand and anchor the brand in the premium segment. The bottles will sport a brand new icon, designed to showcase the brand's rich heritage in the Sonoma Valley and its devotion to handcrafted wines.

### - Pernod Ricard China - TALENT: A PRIORITY FOR MORE RAPID GROWTH

To support Pernod Ricard's growth in China, Human Resources has launched a local iLead programme to identify and manage talented employees. Over the past 2 years, 64 staffers enrolled in a customised program that included an individual development plan, Leadership Development Center, training and special workshops designed to accelerate succession readiness to leadership positions.



**CAMPO VIEJO**

**2.2M**  
cases sold  
↓  
**+9%**  
by value  
↓  
**+22%**  
in volume in the UK

In July 2014 Campo Viejo became Spain's first vineyard to obtain ISO 50001 certification for energy management.

The brand enlisted two street artists, Okuda and Remed, to design the bottle art for the limited-edited Reserva vintage. A large-scale 2.0 campaign was orchestrated on Facebook and Twitter in support of the launch.



### - Pernod Ricard India - BUILDING A POOL OF COMMITTED MANAGERS

In order to keep pace with the organisation's needs, the Indian affiliate has led an initiative to train 20 high-potential employees in managerial responsibilities. Under the banner PRIDE, for Pernod Ricard India Developing Excellence, the three-month programme included training at the prestigious IIM Bangalore campus, along with the opportunity to work in real life business project as a team to develop leadership skills. At the same time, participants received



**GRAFFIGNA**

**0.2M**  
cases sold  
↓  
**-22%**  
by value  
↓  
**+19%**  
in volume in the UK

In April, the Argentine brand Graffigna took part in the Malbec World Day global road show, one of the world's biggest wine events. Sales staff took the opportunity to visit a variety of markets, including Argentina, Mexico, the US, Canada and the UK.



Two Graffigna wines – the Santiago Graffigna 2011 and the Grand Reserve Malbec 2012 – were voted among the 10 best Malbec wines as part of the Malbec World Day events.

an individual development plan aimed at strengthening their engagement.



**PERNOD RICARD  
WINEMAKERS**

**Stable volumes**

**Sales down 1%**

### - Group - TALENT DEVELOPMENT: A KEY FACTOR IN THE GROUP'S LEADERSHIP MODEL

In 2015 Pernod Ricard established the concept of development centres. They have two objectives: to evaluate employee potential more effectively so that targeted development plans can be defined, and to improve management of corporate succession plans. A pilot has been launched in Europe, Asia and the Americas with 48 managers drawn from every functional area within the company. Meanwhile, Pernod Ricard University continues to implement programmes for developing innovative talent. In recent months, new functional modules on various performance drivers (finance, convivialité and luxury products) have been added to enhance the programmes. In addition, the highest level in the leadership model, known as Blenders and targeting top management, will soon be added to the catalogue.



"Development centres enable us to objectivize our assessment of everyone's potential, taking into account other criteria outside of in-job performance."

Jaime Jordana,  
Group HR Development Director

### - Chivas Brothers Ltd - ENHANCED FLEXIBLE WORKING HOURS

To provide more flexibility around working hours and offer an improved work-life balance for employees, Chivas Brothers has introduced a flexitime work policy that includes variable work schedules, the option of occasionally working from home and the ability to purchase additional holiday time.



# Infographic

## Talents policy at a glance

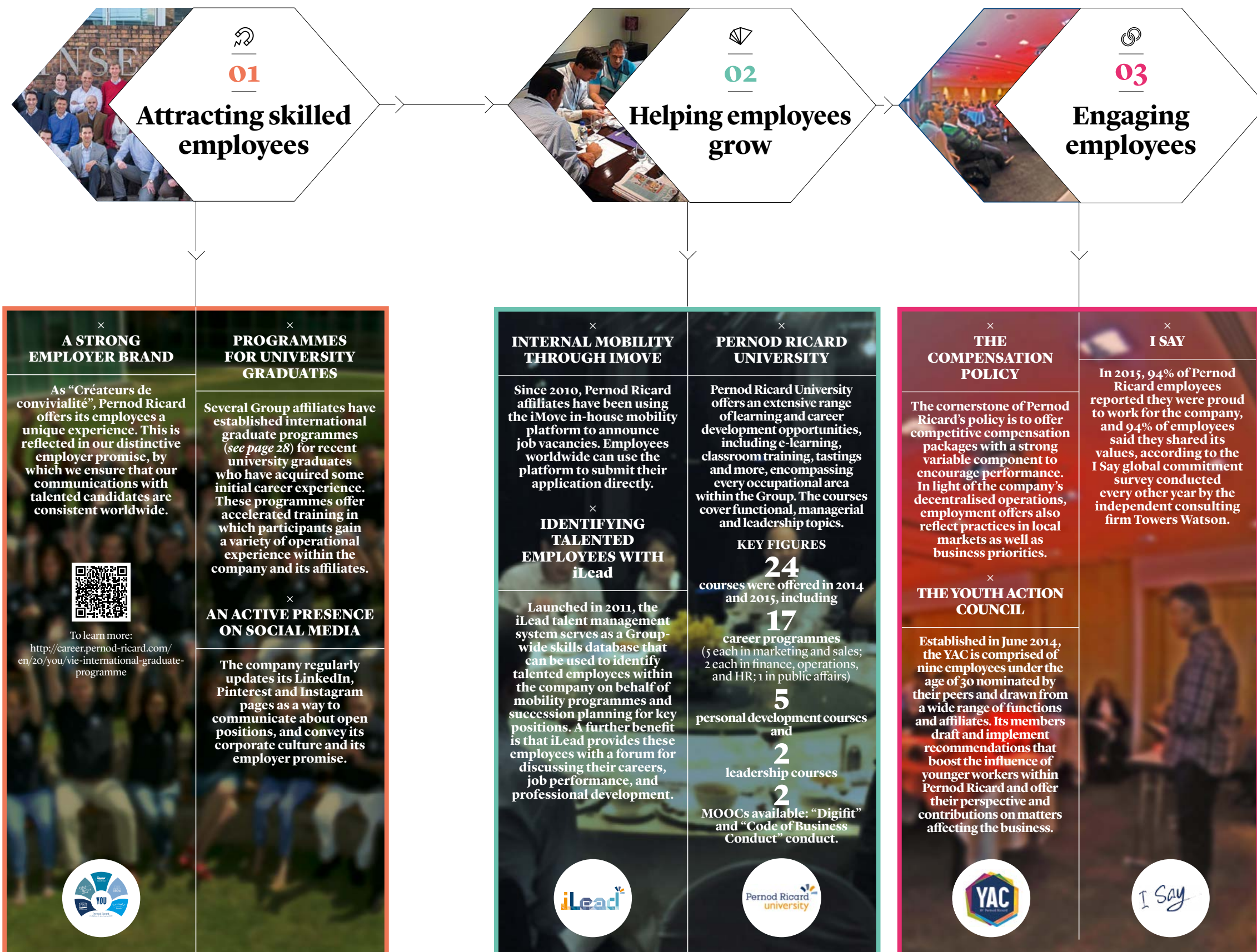
Discover at a glance the various HR tools that Pernod Ricard has developed to attract skilled employees, help them grow and earn their commitment – all with the goal of building and expanding a broad-based pool of talent.



**Lide Aguirrezabalaga Unamuno**  
member of the Youth Action Council and  
Learning & Development Expert, HR, Pernod Ricard España

### Voices of the YAC!

“Joining the YAC offered a wonderful opportunity not only to gain a bird’s-eye perspective on the company’s activities by attending global events but also to work on Pernod Ricard projects that are important to Generation Y employees like myself. The first project we have launched is the ‘Pernod Ricard Youth Network’, which aims to amplify the voice of younger generations within the Group. To do that, we draw on a network of ambassadors who relay our key milestones and events at the local level. They serve as the YAC’s link to their local top management, by creating youth groups in the affiliates, supporting the local implementation of YAC projects or providing feedback. This is only the beginning: initiatives such as the YAC are here to stay. As representatives of the younger generation, we have a responsibility to make a commitment to contribute to the evolution of our company as well as our local communities and society at large.”





# The definition

given by Alexandre Ricard

CSR | 03

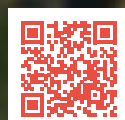
# CSR



**“CSR is a core component of our DNA. Fifty years ago, Paul Ricard created the Oceanographic Institute on the island of Les Embiez and two years later, Jean Hémard created the Institute for Scientific Research on Alcoholic Beverages. CSR must be viewed as a strong driver of value creation for our brands – that’s what our customers expect.”**

**Alexandre Ricard**

Chairman and CEO of Pernod Ricard



To learn more  
<https://youtu.be/-DkcWeciLhc>

# Joint interview

CSR is an intrinsic trait at Pernod Ricard that drives progress and helps the company gain a competitive edge. Bruno Rain, Managing Director, Human Resources & Corporate Social Responsibility and Nivedita Vermani, Executive Assistant to MD and CSR Coordinator, Pernod Ricard India, explain why value creation is part and parcel of CSR.



**Bruno Rain**

Managing Director, Human Resources & Corporate Social Responsibility



**Nivedita Vermani**

Executive Assistant to MD and CSR Coordinator, Pernod Ricard India

## HOW DOES THE CSR MODEL UNDERPIN LONG-TERM GROWTH?

— **Bruno Rain:** CSR commitments, which form part of Pernod Ricard’s identity, are fundamental to winning the leadership battle, because being a leader means having a profound sense of responsibility. That is why our CSR model is based on a strong underlying principle: employees are the frontline ambassadors of our initiatives. Our goal is to act as a responsible leader in the alcoholic beverage industry.

— **Nivedita Vermani:** In a federal state like India with complex laws, CSR helps the Group maintain open lines of communication with authorities and stakeholders. It is also an excellent means of engaging employees and boosting the performance of our business. In our affiliate, which operates in 29 states and 7 territories, we have been able to create a strong CSR culture by appointing liaisons and establishing a clear roadmap that sets forth the corporate goals.



Staging of a crashed car to raise awareness about the “don’t drink and drive” program (Pernod Ricard India)

## THE CSR MODEL HAS BEEN USED TO FOSTER CONTINUOUS IMPROVEMENT. WHAT HAVE THE RESULTS BEEN SO FAR?

— **B.R.:** Our collective commitment has enabled us to significantly improve our CSR performance. Our empowerment policy has expanded over time to include the best practices of our affiliates and their stakeholders. It grew even stronger with the five commitments that we made in 2012 alongside other industry producers to promote responsible drinking (see page 40). The Smart Barometer, which measures our efforts to meet these commitments, shows that our local

initiatives and best practices are making significant headway. Another progress driver is the Responsib’ALL Day, an annual event when the Group’s 18,000 employees rally behind responsible drinking. Pernod Ricard is now reaping the rewards of its long-term efforts: our Group is ranked first in the beverage sector by the extra-financial rating agency Vigeo.

— **N.V.:** Our Asian operations rank first in the internal Smart Barometer, reflecting the deep-seated commitment of all the employees in India. We have set four targets in relation to the Group initiatives: raising awareness among young adults regarding the dangers of drink-driving, setting up partnerships with the government, NGOs and retailers, running training sessions on diversity and disabilities and establishing health and hygiene facilities. Our top priority has been drink-driving: we toured Delhi/Gurgaon successfully with a crashed car and set it up at the motorway police headquarters. A unique digital initiative ‘Alcohol & You’ was implemented. We also accelerated our efforts on Health & Eye Check-up Camps for HGV drivers.



## Key figures

**500,000**  
leaflets are being distributed  
to retailers to raise awareness  
about responsible retailing

## WHY IS CSR NOW HELPING TO DRIVE BRAND STRATEGY?

— **B.R.:** Consumers expect brands to make a positive impact on their environment, this dimension of CSR forms part of Pernod Ricard’s heritage. The Group has always considered it important to support the development of local communities in the countries where it does business.

— **N.V.:** In India and throughout the Group, we have been pursuing our CSR commitments for many years. This vision enables us to take action based on a long-term approach and work proactively to meet consumers’ expectations with regard to ethics. It truly sets us apart from the competition.


◆  
**“We are currently ranked first in the beverage sector by the extra-financial rating agency Vigeo.”**  
◆



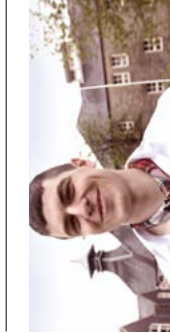


# The picture


Strathisla Distillery, Chivas Brothers Limited



**Claire Couttie**  
Visitor Centre Marketing



**Callum Wright**  
Production & Manufacturing



**Karen McGillivray**  
Finance Department



Keith, Scotland



**Steven Anderson**  
Production & Manufacturing



**Gordon Strathdee**  
Production & Manufacturing



**Keith Nicoll**  
Production & Manufacturing



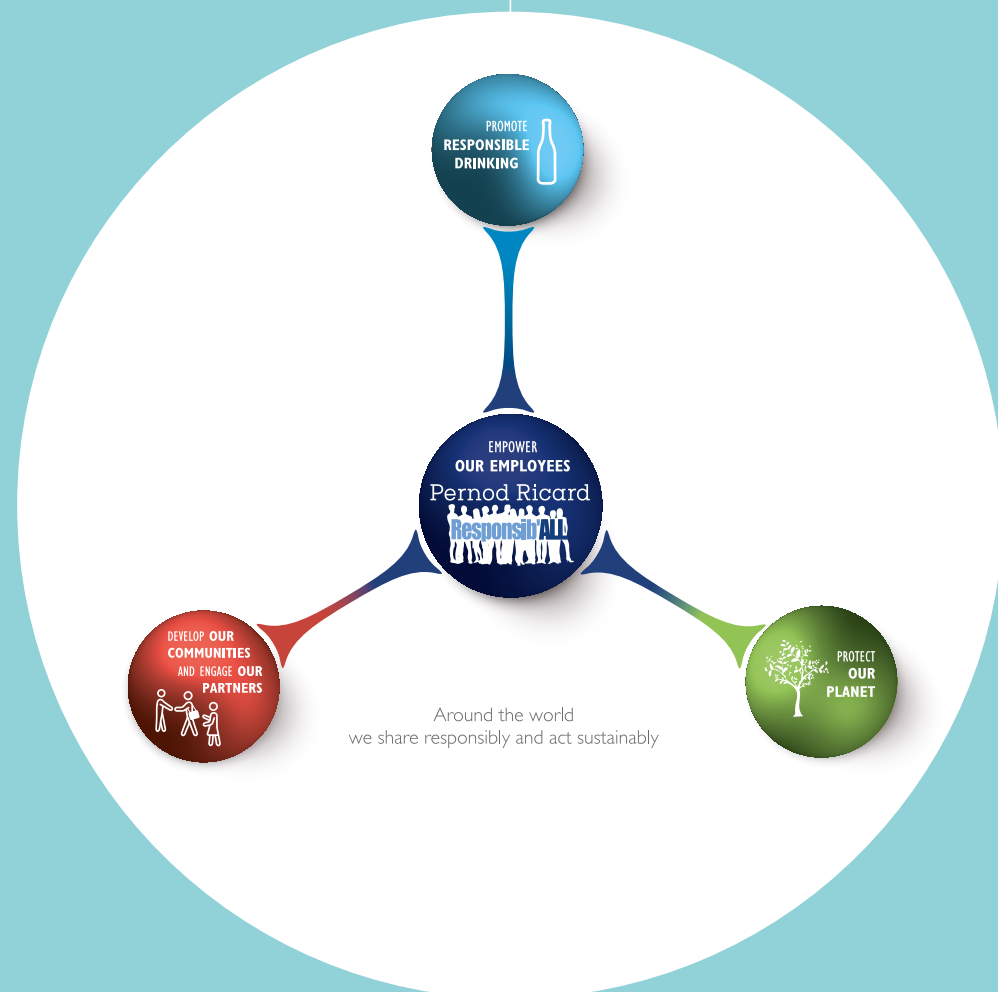
View how the campaign took shape  
by scanning this QR code.  
<https://youtu.be/4acCygprSC8>



# Infographic

## The CSR Policy at a glance

As part of a commitment to Corporate Social Responsibility that dates back to its founding, Pernod Ricard has developed a model based on four areas that its workforce implements on a daily basis.



## × Our priorities ×



### Promote responsible drinking



### Protect our planet\*



### Develop our local communities



### Empower our employees\* A strong principle underlying our priorities



\* Figures at 30 June 2015



## Special dossier

# Promoting responsible consumption: engaging employees

**Responsible drinking is a core component of the Pernod Ricard model. The Group's approach focuses on three fundamental goals: targeting at-risk behaviours and groups such as young people and pregnant women; taking preventative action via education and direct awareness-raising; and bringing affiliates on board to address local challenges at their root.**

### EXPANDING ACTION PLANS

The Group pursued 90 local initiatives in 2014 – nearly four times more than the year before! This sharp increase stems from the agreement signed in 2012 at the ICAP (now IARD\*) conference, which represented an important step forward in the promotion of responsible drinking at global level. Pernod Ricard made a five-year pledge alongside 13 other major players in the alcoholic beverage sector to implement ambitious prevention and awareness-raising programmes and share the results achieved.

These programmes focus on five themes:

- ♦ reduce underage drinking;
- ♦ reduce drinking and driving;
- ♦ strengthen and expand marketing codes of practice;
- ♦ provide consumer information and responsible product innovation;
- ♦ enlist the support of retailers to reduce harmful drinking.

### A POSITIVE OUTCOME FOR THE ENTIRE INDUSTRY

The industry has made very significant improvements, as highlighted in the annual report published by IARD\*. In 2014, the signatories reached 2.58 million minors with their awareness-raising initiatives, initiated 375 road safety programmes, launched a global website providing information on responsible drinking, and created a guide that sets forth the principles of responsible digital marketing for brands. Pernod Ricard leveraged its expansive retail network to set up tangible initiatives in over 65 countries, making it the company with the widest geographic coverage for developing youth education programmes.

\* International Alliance for Responsible Drinking



### A flurry of initiatives

Pernod Ricard has expanded its local and global initiatives, in line with the industry commitments. In 2014, the Group launched Wise Drinking, the first global digital app available in 37 languages – that provides real-time indications of the quantity of alcohol users have consumed, adapted to local law. The app has been a clear success, with over 87,000 downloads as of late August 2015. The affiliates have also devised a number of innovative

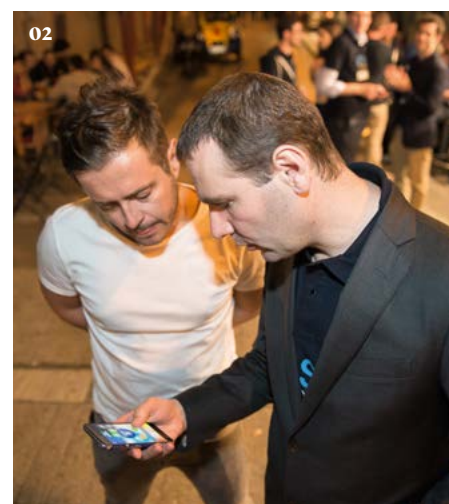
and sometimes offbeat information campaigns targeting precise consumer categories, including a Pernod Ricard Mexico initiative aimed at pregnant women and another targeting motorcyclists by Pernod Ricard Taiwan. One new theme this year, based on one of the ICAP commitments made in 2012, is an emphasis on involving retailers, a key step in promoting responsible drinking.



www.wise-drinking.com/



02



### Responsib'ALL Day 2015

01. The HQ teams in Paris.

02. Alexandre Ricard raises the awareness of a client.

03. Responsib'ALL Day Pernod Ricard Italia.



# 87,000

downloads of the Wise Drinking app  
as of late June 2015

# 37

number of languages  
in which Wise Drinking  
is available

## - Pernod Ricard Mexico - PERNOD RICARD MEXICO RAMPS UP ITS CSR INITIATIVES!

- **Pregnant women** - The affiliate partnered with the gynaecologists' association FEMEGOG for a prevention initiative on the risks associated with alcohol consumption during pregnancy, paired with a social media campaign to further increase its impact.

- **Wise Drinking app** - Mexico is the country that uses the app the most, with 20,000 downloads, thanks to strong exposure on social media and promotion with local authorities.

- **International transport** - Pernod Ricard Mexico has optimised the size of its shipping containers and replaced its wood pallets with slip sheets, which are more compact, resulting in very substantial environmental and financial benefits.



To learn more: [https://www.youtube.com/watch?v=IzmsXlk6B4o&list=UUB470ofFmn\\_yI-SpbiMrA](https://www.youtube.com/watch?v=IzmsXlk6B4o&list=UUB470ofFmn_yI-SpbiMrA)

## - Pernod Ricard China - A LONG-TERM COMMITMENT ON BEHALF OF UNDERAGE DRINKING PREVENTION

Pernod Ricard China established a 5-year partnership with the National Institute for Nutrition and Health of the Chinese Center for Disease Control and Prevention (CDC) in 2013, to conduct research and obtain insights on drinking behaviors of minors and pregnant women in China's urban cities. On June 5, 2015, a No Underage Drinking seminar was held in Guangzhou, which also served as a kick-off meeting for the nationwide education campaign of underage drinking prevention.



## - Pernod Ricard España - PREVENTION STARTS WITH MINORS



Pernod Ricard España is lending its support to "Menores ni una gota" ("Not a drop for minors"), an extremely successful campaign launched in late 2013 that has reached 17 million people and is still underway. Organised by the Spanish National Spirits Federation in partnership with the country's Ministry of Health, the initiative seeks to raise awareness among minors of the dangers of alcohol, even in small doses. Two separate campaigns are being run – one targeting parents and another for youth – on the theme "100 reasons not to drink". The hugely popular singer Rayden has spoken out to the underage population, heightening the impact of the campaign.



## Special dossier

# Employees: the primary agents of change

**Only a responsible, exemplary company can demonstrate leadership. That's the principle that has consistently guided Pernod Ricard, whose employees serve as its frontline ambassadors. The company's success is reliant on its CSR model, which is a direct outgrowth of Pernod Ricard's values: entrepreneurial spirit, mutual trust, and a strong sense of ethics.**

### COMPANY-WIDE EMPLOYEE COMMITMENT

The Group and its affiliates implement programmes and tools that accelerate the spread of best practices at Group level, including the Pernod Ricard Charter, code of business conduct, dedicated intranet site, training sessions and an employer brand platform. These initiatives are producing results: in the latest I Say in-house engagement survey, nearly 80% of employees confirmed that they were taking part in sustainable development projects. The Group empowers its employees and conveys its values through these unique initiatives, like the One Young World Summit, an international conference on sustainable development for 18 to 30 year olds attended by nine young Pernod Ricard ambassadors for the second straight year. During this October 2014 event in Dublin, the ambassadors formed a global think tank to address specific issues such as the circular economy.

### RESPONSIB'ALL DAY: THE GROUP'S FLAGSHIP CSR EVENT

Held annually since 2011, Responsib'ALL Day embodies the Group's commitment to CSR. This worldwide event offers an opportunity for all employees to devote a day to promoting responsible drinking through concrete projects. The five ICAP (now IARD\*) commitments have served as guiding principles for Responsib'ALL Day since 2013.

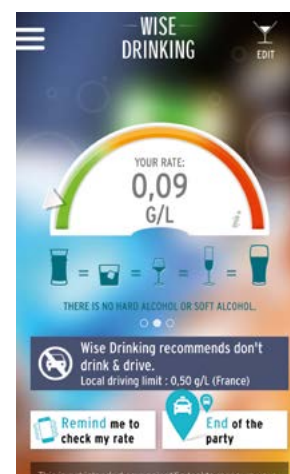
\* International Alliance for Responsible Drinking



### Responsib'ALL Day: raising awareness among all industry stakeholders

Each of the Group's 85 affiliates took part in the fifth edition of Responsib'ALL Day, which included industry stakeholders, from consumers to retailers. Pernod Ricard's 5,500 salespeople are currently distributing nearly 500,000 pamphlets to all their customers – cafes, hotels, restaurants and large retailers – across the world. As in previous years, the event featured educational games, quizzes, conferences and sport competitions. For the very first time, the 59 participating

countries organised a 5km walk, Responsib'ALL Move, which symbolised their five professional commitments. Several affiliates also organised local initiatives: a video on drink-driving in Angola produced via fundraising, promotion of the Wise Drinking app in Serbia and India, a focus on ethical marketing in New Zealand, and efforts to reduce underage drinking in Brazil.



### - Pernod Ricard Korea - EDUCATING YOUNG ADULTS BY SPEAKING THEIR LANGUAGE

Backed by the South Korean ministry of education, the Check Mate campaign has proven effective because it taps youth culture and opinion leaders to deliver its responsible drinking messages. The affiliate has expanded its initiatives to include partnerships with university campuses and student associations; participation in concerts and festivals; and an active social media presence. Students have heeded the call to become responsible drinking ambassadors, with nearly 4,000 signing the Pernod Ricard commitment.



### - Pernod Ricard Taiwan - DRINK-DRIVING: A MAJOR CHALLENGE

In Taiwan, 60% of fatal accidents are caused by young adults on scooters or motorcycles! With the support of the Taiwan Beverage Alcohol Forum (TBAF), a leading association, Pernod Ricard Taiwan launched the Don't Drink and Ride campaign to encourage young riders to make smart choices. The campaign's messages found a wide audience through press conferences, promotions on buses and digital communication. Accidents have shown a steady decrease since the campaign.



To learn more: <https://www.youtube.com/watch?v=9Vu2XBjFzTY>





## Special dossier

# The environment: a core concern for Group brands

Inspired from the beginning by company founder Paul Ricard, environmental protection is deeply rooted in the history of Pernod Ricard. The Group's Premium strategy hinges on preserving and passing on the unique 'terroir' from which each of its brands are produced. Pernod Ricard pursues stringent initiatives implemented by the action plans of its affiliates, reflecting its responsibilities and the issues at stake for the business. A five-year environmental roadmap was created in 2010 that organises these commitments into priorities with specific targets. The roadmap is an achievement that has helped the Group's sustainable practices develop and accelerated their consistent application among affiliates.

76%

Reduction of the amount of solid waste between 2010 and 2015

26%

Reduction of CO<sub>2</sub> emissions between 2010 and 2015



### Targets met!

Pernod Ricard followed an environmental roadmap from 2010 to 2015 that set impact reduction targets for all production sites. Five major commitments were made:

- ◆ promote sustainable agriculture;
- ◆ reduce energy consumption;
- ◆ conserve water resources;
- ◆ promote a sustainable approach to product development and reduce the impact of waste;
- ◆ implement efficient environmental management systems.

The roadmap drew to a successful conclusion thanks to the affiliates' efforts. All the targets were reached: energy consumption, water use and CO<sub>2</sub> emissions decreased by 16%, 14% and 26% respectively per production unit. Solid waste decreased by 76%, and 78% of the Group's vineyards now hold the applicable environmental certification.



### A HIGHLY AMBITIOUS ROADMAP FOR 2020

The first roadmap, drawn up for the 2010-2015 period, mainly targeted production sites. The second, which charts the course to 2020, provides fresh impetus to Pernod Ricard's environmental initiatives by extending the scope of application beyond industrial sites, to include all Group entities. The new roadmap is divided into four priorities for action and aims to develop closer ties between all industry stakeholders, including suppliers in particular. It also establishes new standards throughout the value chain, from raw materials to packaging design and the end of the product lifecycle. These include improved detection and assessment of risks related to environmental practices (e.g. in regions experiencing water scarcity), greater traceability of agricultural materials and the use of 100% recycled packaging.

### A TARGETED "BRAND AND CONSUMER" STRATEGY

Sustainable development – quality of ingredients, product lifecycle, social criteria – has become a decisive component of brand value and a recognised means of pursuing Premiumisation. With this in mind, the Group continued the work undertaken in 2015 to help its key brands combine sustainable development, strategy and identity. Four workshops were conducted at Chivas and Ricard, as well as in Spain and Cuba. This approach forms an integral part of the environmental roadmap and is set to expand progressively over time.

### - The Absolut Company - QUALITY AND THE ENVIRONMENT GO HAND IN HAND

The Absolut Company produces excellent products through innovation. An approach embodied by the One Source programme, which guarantees that all customers enjoy the same high quality ingredients, from a single source. All the raw materials, such as the highly robust winter wheat from the fields of southern Sweden, come from the same place and undergo an identical distillation process in the brand's historic distillery, in compliance with the same strict standards. The Absolut Company is also a step ahead of the industry in terms of reducing CO<sub>2</sub> emissions. Since 2004, the Nöbbelev distillery has reduced its energy consumption by 45% and its carbon emissions by 80% per litre of vodka, while also offsetting its residual emissions to become carbon-neutral. These achievements make The Absolut Company one of the most environmentally efficient distilleries in the world.



### - Pernod Ricard Hellas - ENCOURAGING SUSTAINABLE AGRICULTURE

*In October, the affiliate organised a training seminar for aniseed growers on the island of Lesbos who provide raw materials for the local brand Ouzo Mini. The event, which was very well received, included information on the dangers of pesticides and the benefits of integrated farming.*



### - Ricard S.A. - RICARD S.A. PLAYS A PART IN THE COP 21

The Paul Ricard Oceanographic Institute has become a founding member of the platform "Ocean & Climate". Its goal: to ensure oceans are a central consideration in the fight against climate change during the global climate conference (COP 21) to be held in Paris in late 2015. What a great way to celebrate the Institute's 50<sup>th</sup> anniversary!



### - Pernod Ricard Malaysia - A NEW LEASE ON LIFE FOR GLASS BOTTLES

Set up in partnership with NGOs and opinion leaders, the Bottled Hope initiative combines all aspects of CSR: benefits for the community, environmental protection, artistic creation and entrepreneurship. Through the initiative, nationally and internationally recognised artists transform used bottles supplied by Pernod Ricard into rechargeable lamps. These works of art are then donated to associations and given to rural communities that lack electricity – a win-win proposition.



### - Martell - AIMING FOR HQE!

Now that all Martell production sites and vineyards are ISO 14001 certified, the brand has plans to go a step further and obtain Haute Qualité Environnementale (HQE) certification for its new maturation cellars. The HQE standard includes criteria on site landscaping and ecology. Martell had its first audit in early 2015 and is set to become the first facility to obtain HQE certification in the Cognac region.



### - Pernod Ricard Winemakers / New Zealand - ANOTHER STEP TOWARDS GREEN GROWTH

*Following the certification of its vineyards, Pernod Ricard Winemakers / New Zealand are now working to recycle their by-products. The companies have partnered with the Marlborough region's wineries to form the Marlborough Grape Marc Group, which aims to convert 45,000 metric tons of marc into compost annually. The initiative will soon encompass 80% of the region's wines.*

### - Pernod Ricard Northern Europe - EMPLOYEES FRONT AND CENTRE!

*Last March, the affiliates organised a weeklong environment event timed to coincide with the WWF's Earth Hour initiative. Each day had a different theme: energy and climate, water, waste, health, etc. T-shirts, posters and stickers were handed out to promote the event and employees were presented with various challenges, such as taking photos of creative recycled objects that they found inspirational.*





## Special dossier

# 40 years of commitment alongside our partners and communities



### Code of Business Conduct: Shared responsibility

Mutual trust and a strong sense of ethics are core values at Pernod Ricard. The Group established a new code of business conduct designed to uphold these values, which was released in January 2015. The code contains all the rules that employees must know and follow in eight key areas, including anti-bribery, competition and conflicts of interest. The procurement code of ethics was also updated to align practices as part of this approach, as were the CSR clauses in the general terms and in the purchasing agreements, which now contain environmental and societal commitment related to responsible drinking.



**The Group creates value on the ground by working in close collaboration with its stakeholders. From the beginning, Pernod Ricard has made a long-term commitment to the communities in the markets where the Group does business, by including partners and suppliers in its sustainability initiatives. The goal is to support economic and social progress by encouraging artistic creativity, innovation and entrepreneurship spirit.**

#### ACTING AS A PARTNER

Pernod Ricard contributes to local vitality everywhere it operates. The Group's guiding principles for action are open lines of communication with stakeholders, respect for and sharing of different cultures, and support for development via access to education and healthcare. The Group and its employees back projects that bear the hallmarks of entrepreneurship. This year's flagship projects include "Filière Epices de Kerala", a project for the supply of spices set up in collaboration with the NGO PlaNet Finance (now Positive Planet) that won a prize for innovation at the Microentrepreneurship Awards in December 2014. Some 100 local farmers now have a permanent path to market at equitable prices, and a vetiver plantation has enabled a group of women to develop a business selling handmade braided baskets.

#### ENCOURAGING SUPPLIERS TO TAKE ACTION

The affiliates play an active role in Group sustainable procurement process. Six hundred and twenty-nine suppliers have signed the Supplier CSR Commitment – up from 370 the previous year – which is now available in seven languages. In addition, the suppliers' potential CSR risks are measured using



### FOCUS

#### THE VENTURE: CHIVAS SECURES SUCCESS FOR SOCIAL ENTREPRENEURS



**The iconic brand Chivas Regal is supporting the growth of projects that will help change the world, through The Venture, a global social entrepreneurship competition** launched in 2014. Chivas has chosen to back the most promising projects undertaken by the emerging generation of young entrepreneurs who have their sights set on building a better world. One million dollars in prize money was shared among global finalists. The initiative was a natural choice for the brand given its history: the Chivas brothers achieved success through their blended whiskies, and went on to become pillars of their community in Scotland by funding social and educational programmes. Chivas Regal continues to draw on values of leadership, generosity and brotherhood, which are embodied in 'Live with Chivalry', the communication campaign the brand has run since 2008.



#### Solutions that serve the community

Launched in August 2014, The Venture has sparked a great deal of interest: nearly 1,000 applications were received from five different continents. Chivas Regal shortlisted 16 projects from as many countries. The next step was a website-based competition for the first share of the prize – \$250,000 – awarded in proportion to online votes received. The final took place on the 24<sup>th</sup> July 2015 in San Francisco and was judged by an international panel of experts: Sonal Shah, former Director of the Office of Social Innovation and Civic Participation in the White House under US President Barack Obama; Adrian Grenier, actor, producer and social entrepreneur; Morgan Clendaniel, Editor of Fast Company's Co.Exist; and Group Chairman and CEO Alexandre Ricard. Prizes ranging from \$75,000 to \$300,000 were awarded to the five finalists: a Chilean who established a system for bulk distribution of staple foods; a South African who invented a low-cost smoke detector; a Colombian who produces furniture from recycled plastic and coffee husks; a Japanese inventor who designed a water-saving device for agriculture; and a Uruguayan who devised a chip that detects anomalies in cattle behaviour, remotely, autonomously and in real time. "We are very proud to have helped uncover the potential of these five talented, ambitious entrepreneurs who are all working for the benefit of society", said Richard Black, Chivas Brand Director, Chivas Brothers.



To learn more: <https://www.theventure.com>



a CSR risk mapping tool. An increase was recorded here as well: the number of suppliers analysed more than doubled, from 900 to 1,825. And 324 suppliers – 30% more than in 2013/2014 – went through a CSR assessment via the EcoVadis platform, helping them to develop targeted action plans. Finally, CSR audits were conducted among an initial panel of 36 suppliers, using the SMETA standards (Sedex Members Ethical Trade Audit).

#### - Group -

### SUPPORTING THE CENTRE POMPIDOU'S EMBRACE OF DIGITAL TECHNOLOGY

Pernod Ricard has demonstrated its commitment to culture and creativity for 40 years, and has been a main sponsor of the Centre Pompidou since 1997. With support from the Group, the Centre introduced an app to replace its audio guides in May 2015. The museum has also developed a virtual tour of the newly reorganised permanent collection. Entitled "Chefs-d'oeuvre?" ("Masterpieces?"), the tour challenges visitors to reconsider their definition of a masterpiece through a selection of 40 works chosen in honour of Pernod Ricard's 40<sup>th</sup> anniversary.

#### - Havana Club International - PROMOTING THE SPREAD OF CULTURE

*With its Havana Cultura program, Havana Club International promotes Cuban art in all its forms, especially music. The latest collaboration is a new music album entitled "Havana Club Cultura Mix, the Soundclash", made with renowned DJ Gilles Peterson.*

## HIGHLIGHTS



CHIVAS

**4.5M**  
cases sold

Stable  
in value

+4%  
volume in the US



#### A global competition to offer a contemporary take on the classic cocktails

Chivas Regal launched Chivas Masters, a global competition to find the world's best bartenders. They were tasked with creating cocktails inspired by the four defining eras in the brand's history, from the early years to the current revival. American bartender Masahiro Urushido rose to the challenge to be crowned the winner.



#### Embrace the Chivas Spirit!

Chivas Brothers' 1,600 employees are going digital. In late 2014, the Brand Company invested in digital communication tools aimed at boosting collective performance. The company equipped its employees with tablets, installed Wi-Fi on all sites and created a new online hub called Chivas Spirit.



#### A successful campaign

The "Chivas Win the Right Way" videos were produced specifically for each of the Group's major markets: Europe, the US and Asia, to promote The Chivas Venture competition. The videos struck a chord, notching over 17 million views on YouTube! Appearances from well-known actors such as 12 Years a Slave star Chiwetel Ejiofor, was featured describing great successes by social entrepreneurs, fuelled the videos' success.



#### A new blend

In October 2014 Chivas Regal launched Chivas Regal Extra, an exceptional whisky positioned between the 12 year old and the 18 year old in its Premium range. Produced from the rarest malts, Chivas Regal Extra – Chivas' first new product since 2007 – offers a brilliant new take on the hallmarks of a brand that is an expert in the art of blended whisky.





# The definition

given by *Conor McQuaid*

Route to market/Consumer | 04



# Route to market/ Consumer



**“We aim to further leverage the growth potential of our own network and our well-balanced geographic presence, embracing all relevant channels across all markets to reach our consumers.”**

**Conor McQuaid**

Global Business Development Director



To learn more  
<https://youtu.be/1rw4snm6EDY>

# Joint interview

**T**he emergence of new distribution channels such as Home-Trade and e-Commerce is shaking up existing models and posing new challenges. Simon van Moppes, Global On-Trade Development Director, Global Business Development, and Niall Gately, Trade Marketing Director, Pernod Ricard South Africa, are working together to place the right brand in the right outlet with the right activation. Here's how.



**Simon van Moppes**

Global On-Trade Development Director,  
Global Business Development



**Niall Gately**

Trade Marketing Director,  
Pernod Ricard South Africa

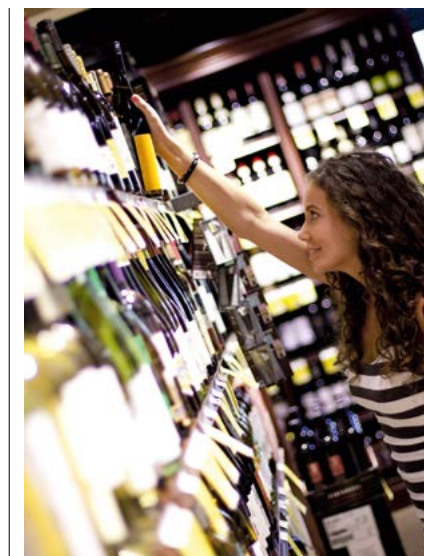
## WHAT DO YOU MEAN BY ROUTE TO MARKET/CONSUMER?

— **Simon van Moppes:** It's how our products reach the end consumer, whether in a retail shop, a bar, a restaurant or through e-Commerce. RTM/C leverages the excellent Pernod Ricard distribution network, focusing the entire organisation on influencing consumer choice and behaviour, especially at the moment of the final purchase decision, what we refer to as “the last three feet”. Some surveys indicate that up to two thirds of consumers are still unsure what they will buy as they approach a bar or shop counter.

— **Niall Gately:** In South Africa, we built our RTM/C strategy by segmenting our On-Trade accounts (hotels, bars and restaurants) using our in-house software and then aligning it with our own local mapping of consumer types and consumption occasions. Our marketing and commercial activities now share a single consumer-centric approach right through to the famous “last three feet”. We are taking a similar approach to the Off-Trade (food, wine and spirits retailers), which until recently has received less attention in terms of segmentation.

## HOW ARE YOU IMPLEMENTING RTM/C?

— **S.v.M.:** We're ensuring our teams around the world have the resources they need as they build their RTM/C strategies. We work with them on implementing a best practice model featuring the Group segmentation tool, and adapting it to the specific characteristics of their markets. Our software can



◆  
**“We're ensuring our teams around the world have the resources they need as they build their RTM/C strategies.”**  
◆

be applied to four million On-Trade outlets worldwide to ensure our brands are present, visible and activated in order to best reach the relevant consumer. As Niall points out, similar segmentation can be applied to Off-Trade as well as to Travel, e-Commerce and Home Trade channels.

— **N.G.:** The global team came to South Africa for three days of workshops to help us adapt the software to our market. We created and piloted the sample sales force questionnaire, adjusted it during the pilot phase, then rolled it out nationally. The mapping was an intensive six-month process of training, monitoring and follow-up that's already delivering tangible results.



## Key figures

**85**  
Market Companies  
worldwide

×  
**4 million**  
On-Trade outlets  
worldwide

## HOW DOES RTM/C CHANGE THE WAY YOU OPERATE?

— **S.v.M.:** RTM/C covers the entire consumer journey. Being consumer-centric also means focusing on customers, influencing them to stock our brands and ensuring that wholesalers, which are an extension of our sales force, are in step with our strategy. The software has enabled us to work within a common framework throughout the Group. By focusing everyone on the same priorities and goals, it's increasing our speed, agility and efficiency, which is vital in our fast-changing markets.

— **N.G.:** We're seeing a real change in terms of mindset within the company – all the teams have homed in on the retailers where we need to activate brands, where it makes sense to invest because we can achieve a better return. Teams are now required to develop a strategy for each of the five distribution channels: On-Trade, Off-Trade, Travel Retail, e-Commerce and Home-Trade.





# The picture

## Midleton Distillery, Irish Distillers



**Derrick O'Donovan**  
*Production*



**Brid McAuliffe**  
*Quality Department*



Midleton, Ireland



**Andrew Walsh**  
*Production*



**John Campion**  
*Production*



View how the campaign took shape  
by scanning this QR code.  
<https://youtu.be/4acCygtpSC8>



## Around the world

# Route to market/ Consumer



### - Pernod Ricard USA - THE GUARDIANS IN THE SPOTLIGHTS

In a market where the growth of single malts relies heavily on word-of-mouth, Pernod Ricard USA has been developing a strong relationship with its key target through the Guardians, The Glenlivet global community platform. This loyal fan base helped create the brand's next limited-edition product, The Glenlivet Guardian's Chapter, through a unique interactive campaign that was used to collect consumer data and direct product distribution toward outlets close to consumers' residences. The Guardians also were offered an opportunity to buy the product one month ahead of launch through an online retail partner – a true Route to market innovation!



### - Pernod Ricard Winemakers - NEW CRM SOLUTION PROMOTES A TAILORED APPROACH TO CUSTOMERS

*The introduction of new, world-class, CRM software is enabling Pernod Ricard Winemakers, to capture consumer data seamlessly and personalise their experience. In partnership with BIS, the marketing team have been able to increase the number of consumers in the Jacob's Creek database by 35% over a four-month period, and achieve record engagement rates.*



### FOCUS



### TRAVEL RETAIL: FLYING HIGH IN BRAZIL



Travellers zooming through São Paulo's busy Guarulhos International Airport in spring 2015 were invited to learn more about Perrier-Jouët at the brand's pop-up shop. The Travel Retail activation provided an ideal environment to showcase the prestige Champagne brand with an international audience. Consumers were invited to register via iPad to be eligible for exclusive gifts such as Champagne flutes and to pose in the store's photo booth. Individually packaged flutes also were offered to those purchasing a bottle. The five-week activation produced more than 8,000 consumer interactions and boosted visibility in Brazil's growing Champagne market.

**8,000**  
consumer interactions

**1,400**  
iPad registrations

**1,800**  
photo booth portraits



### - Pernod Ricard Colombia - HOME-TRADE: VENTAS DIRECTAS

In Colombia, a new Home-Trade channel – 'hometainment' – which involves enjoying spirits at home, is engaging consumers, generating direct sales, and building a network of brand advocates. These specially-selected advocates recommend Pernod Ricard products to their friends, families and colleagues at home parties and tastings. The events provide new opportunities for trying out new product and campaign ideas.



Discover the issue of ENTREPRENDRE about hometainment:  
<http://entreprendre.pernod-ricard.com/en/hometainment>



### - Pernod Ricard Italia - EFFICIENCY IS THE WATCHWORD

*A shift from use of third-party sales agents to an in-house sales force completely focused on its targets is improving Route to market efficiency and raising the profile of Pernod Ricard brands and activations in Italy. In addition to upgrading and redeploying the sales organisation, the initiative meant that the company no longer required the services of 55 external sales agents. Implemented in July 2015, the move improves responsiveness to brand priorities, extends sales coverage, streamlines processes and increases management efficiency, all for a lower cost.*

## HIGHLIGHTS



**PERRIER-JOUËT**

**0.3M**  
cases sold  
♦  
**+9%**  
by value  
♦  
**+18%**  
volume in Japan



#### Creative unveiling

"Ephemerā", an installation commissioned from Viennese art studio Mischer Traxler, was unveiled at Design Miami 2014. Perrier-Jouët is the official Champagne of the event. Three of the artwork's elements – a bee, a butterfly and a dragonfly – were adapted for use in three limited-edition offerings throughout 2015.



#### Bubbling innovation

Perrier-Jouët launched a special offer to coincide with Valentine's Day 2015 that featured a bottle of champagne and two flutes in a Blason Rosé gift box. Targeted to Off-Trade channels such as department stores and e-Commerce, the offer came with an innovative surprise: a laser engraving of the Mischer Traxler artwork inside the flutes. When a glass is poured, the engraving spurs the formation of bubbles, extending the Champagne's sparkle.



#### Belle Epoque lights up the night

Introduced this year, the luminous Belle Epoque bottle exudes elegance. A luminescent arabesque of an anemone in bloom and a bud on the verge of opening become visible when the bottle is placed in darkness.



#### Belle Epoque Millésime 2007

A mild winter and warm spring helped produce this beautifully balanced crystalline blend, best described as "hedonistic".





## HIGHLIGHTS



KAHLÚA

**1.5M**  
cases sold  
↓  
**+2%**  
by value  
↓  
**+2%**  
volume in the US



### Kahlúa offer its take on the White Russian

Kahlúa has joined forces with Academy Award-winning actor Jeff Bridges to release "The White Russian," a Kahlúa Productions short film honoring the classic cocktail. Bridges, who narrates and stars in the short film, recounts an adventure-filled story with twists and turns for the characters, while sipping on a classic White Russian cocktail.



To learn more: <https://www.youtube.com/watch?v=Ahlm2URPhwE>



### A limited edition to enjoy in the sun

The brand has released the limited-edition Kahlúa Salted Caramel, a combination of savoury and sweet flavours to be enjoyed in spring or summer as a frozen or iced cocktail.



### White Russian Co-Promotion

Kahlúa records sales growth in the UK and Canada thanks to co-promotion campaigns featuring White Russian displays with Kahlúa and Absolut vodka.



### White Russian lionized

Kahlúa's short film "White Russian" was recognised with two Cannes Lion awards for its direction and script at the Cannes Lions International Festival of Creativity, the world's biggest celebration of creativity in communications.



### - Pernod Ricard USA - HOME SWEET HOME

*In the US, Pernod Ricard teams have developed a comprehensive solution for offering consumers products as well as a range of services to enhance the home entertainment experience. The initiative taps into the fast-growing trend of direct home sales to consumers.*



### - Pernod Ricard UK - E-COMMERCE: UNDERSTANDING ONLINE SHOPPERS

To increase online sales, Pernod Ricard UK is gaining new insights into how consumers shop online with major retailers through a research project with MySupermarket.com. The website, used by savvy shoppers to get the best discounts, has access to a significant amount of data, including consumer profiles, shopping cart contents, product information, ratings and reviews and search habits. The results will enable better understanding of online shopping behaviours. The data also will be used to develop strategies to influence the path to purchase and partnering decisions.



### - Pernod Ricard Australia - A COCKTAIL BAR ON WHEELS

It's now possible to serve Premium cocktails at music festivals thanks to Cocktails on Tap, a turnkey mobile cocktail bar solution developed for the On-Trade market. The resource offers a great way to compete with beer and cider at outdoor events.



To learn more: <https://www.youtube.com/watch?v=BGBc6WmyKuk>



### - Pernod Ricard India - MAPPING A WIN

*In India, the implementation of a new geographic expansion model propelled Imperial Blue whisky into a leadership position in the market. The model was used to focus on the most important opportunities to expand geographic coverage and improve distribution, helping to drive a more than eight-fold increase in market share.*



### - Pernod Ricard España - CATEGORY MANAGEMENT SYSTEM

A new system and new innovative tools (monthly newsletter for the retailers, monthly report store...) have helped improve performance at Off-Trade outlets and On-Trade venues in Spain. The initiative included product shelf repositioning and eye-tracking research to determine how to best appeal to consumers with enhanced product visibility.

## HIGHLIGHTS



MALIBU

**3.4M**  
cases sold  
↓  
**-3%**  
by value  
↓  
**+2%**  
volume in the UK



### Bottling the "best summer ever"

Building on last year's success, Malibu launched its 2015 Best Summer Ever – a digitally focused global campaign. In connection with the launch, a limited edition campaign themed bottle was introduced across Europe, bringing the campaign to life at the point of purchase.



### Summer hit

A partnership with American YouTube phenomenon Redfoo helped to make Malibu the summer's most talked-about spirit brand. The collaboration featured a mention of Malibu in the performer's summer hit, product placement in the track's video and online activations.



### Get on board the Malibus

The brand's midsummer campaign in South Africa reached nearly half a million consumers. A refurbished 1976 Volkswagen "Malibus" was the centrepiece of a #Bestsummer social media activation, launched during Plett Rage, the country's longest-running and largest student festival.



### "National Piña Colada Day"

A poster, digital and e-mail campaign, supported by point-of-sale materials at partner bars in the UK, helped fuel the 10 July celebration of the iconic cocktail. The campaign won Malibu a social buzz award nomination as well as increased On-Trade and online visibility.





# Infographic

## Place the right product in the right place

**Pernod Ricard's organisation, unique in its industry, is built around six Brand Companies and 85 Market Companies. Wholly-owned by the Group, the distribution network ensures a presence that is closer to markets and consumer needs, allowing the global strategy defined by Brand Companies to be tailored to local realities. This overview explores the five distribution channels the Group needs to conquer to secure its leadership.**



**Olivier Rouche**  
Off-Trade Development Director,  
Global Business Development

### *“Releasing the potential of our brand portfolio”*

“To implement our consumer-centric strategy, we need to place one of our brands at each consumption moment and to engage consumers, which means focusing on five distribution channels. The first channel, On-Trade, is the one that historically enabled the Group to build brand awareness and drive demand. We leverage this channel to engage potential consumers to choose one of our brands when ordering a drink in a hotel, bar, restaurant or nightclub, for example. The second channel, Off-Trade, applies to large retail outlets, specialist stores and traditional outlets. The challenge is to trigger a Pernod Ricard purchase on shelves where our brands are displayed beside competitor brands. This is what we at the Group call “winning the last three feet”. The third channel, Travel Retail, covers airport stores, airlines, ferries and border stores. Travel Retail will become even more important in the years ahead with the projected increase in world traveller numbers. We have also added two new channels: e-Commerce, to win the battle for online sales, and Home-Trade – parties at home. We intend to take advantage of this rapidly growing phenomenon to become a leading home-party brand.”

01

On-Trade

HOTELS, BARS & RESTAURANTS  
AND NIGHTCLUBS

One of the Group's traditional strengths, this distribution channel is still one of the most important in growing brands globally and driving demand. To effectively target and activate brands in such venues, Pernod Ricard's teams have segmented key locations for each market worldwide.

Route to market/Consumer  
(RTM/C)

IN 30 SECONDS

01

The presence, visibility and the activation of the Group's complete brand portfolio is based on five distribution channels.

02

The RTM/C is constantly evolving, requiring regular changes to the organisation and deployment of country sales forces.

03

Each country presents specific distribution challenges: there are no global one-size-fits-all solutions.

02

Off-Trade

LARGE RETAILERS  
AND SPECIALIST STORES

Off-Trade continues to outpace On-Trade with an estimated 72% share of sales volumes in 2014 versus 28% for On-Trade. This breakdown reflects higher home consumption rates driven by modern outlets and the sluggish economic climate.

04

E-Commerce

ONLINE DISTRIBUTION

Digital has broadly impacted global consumer habits. As a result, this is now a major distribution channel for the Group, which has decided to focus on indirect e-Commerce, i.e. sales through partners (Amazon, our large retailers' clients that sell our brands online, etc.). Learn more on page 81.

03

Travel Retail

AIRPORTS, AIRLINES, FERRY BOATS  
AND CRUISE LINERS

This is one of Pernod Ricard's most strategic channels. Travel Retail spending is expected to double over the next 15 years, with a rise in passenger numbers from 4 to 7 billion.

05

Home-Trade

NEW SERVICES FOR  
HOME CONSUMPTION

New social trends and technological advances are steadily transforming the way we socialise. Consumers are increasingly likely to arrange consumption experiences at home, where they try to recreate professional-standard experiences. This is an opportunity for the Group to provide consumers with turnkey solutions and services for successful new moments of conviviality.





F O U R

A C C E L E R A T O R S

TO SEE THINGS

*FASTER*



# The definition

given by *Conor McQuaid*

Portfolio management | 01



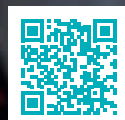
# Portfolio management



**“Pernod Ricard has the industry’s most comprehensive portfolio of international Premium brands. Our objective is to place one of our brands at every gathering, every celebration, and every shared occasion, making it a true moment of convivialité.”**

**Conor McQuaid**

Global Business Development Director



To learn more  
<https://youtu.be/zaMg8zkobv8>

# Joint interview

**A**ctive, dynamic portfolio management demands that we learn more about consumers, their needs and the occasions when they enjoy our products. That information is invaluable to the teams responsible for optimising the Pernod Ricard brand portfolio. Joint interview with Janelle Tong, Strategy Director, Pernod Ricard Asia; Paco Recuero, Marketing Director at Pernod Ricard España; and Maxime Kouchnir, VP Marketing CORBY (Canada).



**Janelle Tong**

Strategy Director Pernod Ricard Asia



**Paco Recuero**

Marketing Director Pernod Ricard España



**Maxime Kouchnir**

VP Marketing Corby (Canada)

## WHAT IS THE OBJECTIVE OF PORTFOLIO MANAGEMENT?

— **Janelle Tong:** Portfolio management enhances our perspective: it helps improve allocation of resources and optimises marketing activity and brand strategy decisions by providing an overall picture of the market position of each brand in our portfolio. Given the depth of the Pernod Ricard portfolio, portfolio management is undoubtedly our most powerful business accelerator. The core of the approach is a laser focus on the consumers and the moments of convivialité when they share and enjoy. Portfolio management involves clearly identifying and seizing these key moments of convivialité in each market based on an analysis of consumers and their needs. This is used to produce a market-specific consumer demand map in each country, designed in a consistent manner but tailored to local specifics. While the moments of convivialité can vary by market, we see four primary moments at a global level: “Get together”; “Night out”; “Premium socialising and savouring”; and “Aperitif and meal occasion” (see page 70). We use the map to position our top 19 priority brands around specific moments of convivialité, defining a clear role for each in order to develop a true portfolio approach.

— **Paco Recuero:** In Spain, we implemented the Group’s portfolio management approach, which helped us target our markets accurately, optimise resources, set clear priorities and track performance. We began by using it to challenge current strategies and plans and to set clear priorities for and within brand categories. We found that we could invest more efficiently, reallocating resources to the markets that offer the biggest opportunities. It truly helped us to adapt our strategies to our targets and accelerate our progress towards becoming a fully consumer-centric organisation.



— **Maxime Kouchnir:** Like Spain, Canada was one of the pilot countries for the Group’s portfolio management plan. It’s helping us maximise the value of our business in a mature market, based on existing brands and also innovate to create new assets. In implementing the plan, we built on the work that we had done to prioritise our long portfolio of brands, which includes some significant local brands as well as a strong wine business. It’s an effective way to communicate brand prioritisation throughout the organisation, to differentiate our “must-win” brands from our maintenance brands. Portfolio management provides us with a clear understanding of what it takes to win.

## CAN YOU GIVE SOME SPECIFIC EXAMPLES?

— **P.R.:** We’ve become much more agile and quick in our ability to respond to what’s happening in our market. When we saw that a competitor was starting to gain volume in the mature segment for whisky, which is a huge market in Spain, we reallocated investment for Ballantine’s to reinforce the brand’s positioning with older consumers. It’s now very easy to move from one outlet to another with the right kinds of activation for the appropriate consumer segments.

— **M.K.:** We used to be very brand-centric and think in terms of categories, but that’s not how consumers usually operate. Moving to an approach focused on moments of convivialité enables us to focus on occasions when several brands may be relevant for consumers. For example, in Canada, when we emerge from the long winter to the short summer – what we call the “patio season” – everyone is looking for light drinks and there’s a lot of beer consumption. Based on our understanding of consumer needs, we approached this moment of convivialité with

◆  
**“Portfolio management provides us with a clear understanding of what it takes to win.”**  
◆



## Joint interview

## Key figures

4

**moments of convivialité:**

Get together, Night out,  
Premium socialising and savouring,  
Aperitif and meal occasion

14

**strategic Premium spirit**  
and Champagne brands

5

**priority wine brands:**

Jacob's Creek,  
Brancott Estate,  
Campo Viejo,  
Graffigna and Kenwood

18

## key local brands

two different brands: Jacob's Creek Muscato, a very fresh, easy-to-drink, modern take on wine, as well as Malibu and Malibu cocktails, both individually and in pitchers. In addition to leveraging our rich portfolio of brands, we also can innovate to cover opportunities we've identified such as JP Wiser's Hopped, a Canadian whisky infused with hops that brings whisky and beer together. This is one way for us to tap into the craft beer trend which is huge in North America.

### WHAT PROCESS HAVE YOU FOLLOWED IN IMPLEMENTING PORTFOLIO MANAGEMENT?

— **J.T.:** We began with an in-depth pilot project in a number of countries, including, as Maxime and Paco have indicated, Canada and Spain. In India, another of the pilot countries, the teams surveyed 28,000 consumers and had to manage considerable complexity. As we progressed in each of the pilot countries, we made adjustments based on experience and feedback to further refine our methodology. We also developed a toolkit to enable smaller countries to apply the same approach in a cost-effective manner. The pilot countries and those in the first

phase of deployment have been going further in refining the programme and conducting truly extensive analyses of specific brands and segments.

— **M.K.:** Portfolio management is more than just a marketing mechanism; it is also a very strong organisational tool. Thanks to it, we have made major progress in linking our strategy to execution, which flows now

◆

*“Portfolio management is more than just a marketing mechanism; it is also a very strong organisational tool.”*



very directly from brand marketing plans into sales objectives. In Canada, we've rolled out a sales and management planning tool against which sales performance is measured. Combined with portfolio management, this provides a lot of clarity; our sales force understands what they need to deliver in terms of distribution, activation and pricing. We see this tool as a great means of converting strategy into execution. Any of our sales people can now walk into any account in Canada and view the same prioritisation model and objectives for each individual brand. It unites everyone nationwide around common priorities. It's where we really start seeing the best results.

— **P.R.:** Pernod Ricard's portfolio management programme has helped us improve our performance and increase our market share, in particular in gin, whisky and rum. The demand map has also become a critical tool for us for new product launches, enabling us to identify gaps to ensure that we're responding to the needs of a variety of target markets based on the occasions when they consume our products. Our entire organisation is now fully aligned with the programme, which has become a common language shared throughout the company. Our implementation has been identified as

a best practice and we have shared our experience with our colleagues at regional and global meetings.

## WHAT ARE THE NEXT STEPS?

— **J.T.:** In many markets, we already are seeing the benefits of a more holistic focus on consumer needs and consumption moments through improved alignment and efficiency. We're doing a better job of allocating resources to the most promising opportunities, improving understanding of the most effective activations and more clearly identifying gaps not met by our current portfolio to which we can respond through innovation or acquisitions.

— **M.K.:** We've moved from practices that were largely based on intuition to a much more fact-based, rational approach. We're working now to see how we can build even stronger plans, aggregating knowledge to become even more effective, pushing for a much deeper understanding of the playing field on which we're competing, relentlessly addressing market gaps and translating our national priorities to the store level.

— **P.R.:** The portfolio management approach has improved our ability to allocate resources for optimal brand support. We're now working on applying this experience to

the On-Trade<sup>(v)</sup> segment and then extending it to Off-Trade. We're also enhancing our demand map by adding more information sources such as competitive intelligence and additional layers of data regarding consumption occasions.

(1) On-Trade sales are to hotels, bars, clubs and restaurants;  
Off-Trade sales are to retail outlets.

*“We’ve moved from practices that were largely based on intuition to a much more fact-based, rational approach.”*





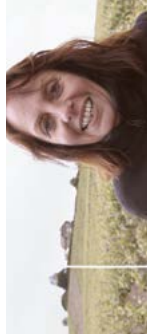


# The picture

Moulin de Verzenay, Martell-Mumm-Perrier-Jouët



**Gaëlle Taingland**  
*Production*



**Estelle Prieur**  
*Viticulture & Enology*



**Lydia Lavergne**  
*Production & Manufacturing*



Verzenay, France



**Carole Marchal**  
*Production & Manufacturing*



**Tony Saunier**  
*Production & Manufacturing*



View how the campaign took shape  
by scanning this QR code.  
<https://youtu.be/4acCygrpSC8>



## Around the world

# Portfolio management

**- Pernod S.A. -**

### BALLANTINE'S: PORTFOLIO MANAGEMENT THAT DRIVES SUCCESS

In a stagnant whisky market, Ballantine's posted a record performance for the year in France, thanks to effective portfolio management: Finest targets consumers familiar with the brand while Brasil addresses new ones. The double-digit growth of 10.7% contrasted with a 0.7% uptick in the whisky category overall and helped drive a 0.7 point gain in market share, to 10.4%. Ballantine's was the second largest contributor to whisky's growth in France and the world's leading market for Scotch whisky.



Infusing Scotch whisky with Brazilian lime peel, Ballantine's Brasil is an innovative fusion of the traditions of Scotland with the passion of Brazil. The latest addition to the brand's portfolio features a delicate combination of stimulating citrus complemented with a smooth touch of vanilla to deliver a smooth and consistent taste, with the sweet and creamy flavours of Scotch perfectly balancing the refreshing lime.

**- Pernod Ricard Brazil -**  
**ABSOLUT INTRODUCES  
THE "VODCALIZE"  
CAMPAIGN**

*To solidify its position as the leading Premium vodka brand in Brazil, Absolut developed a promotional concept, "Vodcalize", drawing on its vodka portfolio and engaging consumers with a strong call to action. Through a series of promotions, partnerships and activations across every sales channel, the brand successfully expanded its portfolio at retail outlets and converted the basis of buying decisions from price to a focus on the consumption moment.*



**- Pernod Ricard Mexico -**  
**HOUSE OF TEQUILA:  
THE ULTRA PREMIUM  
SEGMENT IN THE  
SPOTLIGHT**

Did you know that tequila has been the fastest-growing white spirit over the last 10 years? Some 25 million cases are sold throughout the world each year. This led Pernod Ricard to unite its tequila brands – Olmeca, Altos and Aviön – under one Brand Company management entity called "House of Tequila". With this renewed organisation, Pernod Ricard is ready to conquer the Premium and Ultra Premium tequila markets across the world.



To learn more: <http://tequilaaviön.com/>



To learn more: <http://www.olmecatequila.com/>



To learn more: <http://www.altostequila.com/>

**- Pernod Ricard Winemakers -**  
**TARGETING  
THE WINE NEEDS  
OF CONSUMERS**

*To adapt to trends in its various markets, Pernod Ricard Winemakers is deploying a brand strategy based on moments of convivialité. In the Canadian market, for example, Campo Viejo was introduced in response to a stated desire among consumers for sophistication that blends wine tastings and cultural exploration, especially when celebrating festive occasions with good friends. In China, the brand portfolio management strategy has been extremely helpful in targeting specific needs to match special occasions. For example, meal occasions are increasingly linked with sharing wine experiences with friends and family.*



## FOCUS



### THE WORLD'S #1 SINGLE MALT SCOTCH WHISKY



The Glenlivet is now the world's biggest single malt Scotch whisky brand by volume, selling more than one million cases in 2014, according to the International Wine & Spirit Research (IWSR 2014).

*distillery, increasing capacity to meet future demand and maintain the same high level of standards for which our whiskies are renowned."*



To learn more: <http://uk.theglenlivet.com/>

**A pioneer since the beginning**  
As the first licensed distillery in the Livet valley in 1824, the brand continues to demonstrate its pioneering spirit through a host of innovative new products: The Glenlivet Founder's Reserve, The Glenlivet Master Distiller's Reserve range and The Glenlivet Winchester Collection. The brand also boasts a passionate fan base (part of its successful CRM programme), known as The "Guardians of the Glenlivet".

The Glenlivet has been the largest contributor to growth in the single malt category over the past five years (IWSR 2014), and last year broke the threshold of one million cases sold. "The past five years have been phenomenal for The Glenlivet", says CEO and Chairman of Chivas Brothers Laurent Lacassagne. "The brand has seen consistent sales growth, by volume and especially by value. As we look to the future, we will continue to broaden The Glenlivet product range and get customers more involved with the brand. We'll also pursue further investment in The Glenlivet

**#1**  
brand of single malt  
Scotch whisky

**1M**  
cases sold in 2014

**191**  
years of craftsmanship



**- Pernod Ricard Thailand -**  
**OPTIMISING  
ON-TRADE  
INVESTMENT**

Application of the Group's portfolio management methodology in Thailand enabled On-Trade investment to be re-targeted to more profitable and higher image outlets. This tool was implemented at all of the country's more than 2,100 potential outlets, categorising them by type and image. The resulting optimisation of investment helped



drive increases in ROI and the percentage of outlets graded Premium or above.



## HIGHLIGHTS



### BALLANTINE'S

**6.2M**  
cases sold  
↓  
**+3%**  
by value  
↓  
**+8%**  
volume in France



#### An out-of-this-world collaboration

A collaboration with globally renowned artist INSA produced the world's largest animated GIF, captured via satellite and transformed into a moving piece of 'GIF-ITT'. Scan this code to watch the video:



To learn more: <https://www.youtube.com/watch?v=yXtSnq-Nvro>.



#### World's first digital magazine devoted to whisky

Ballantine's "W" Instazine is the world's first digital whisky magazine hosted exclusively on the social media platform Instagram, and is designed to appeal to modern whisky drinkers, design and tech enthusiasts, and fans of pop culture. You can view the magazine here.



To learn more: [https://instagram.com/ballantines\\_official/](https://instagram.com/ballantines_official/).



#### Become a Master Blender in transit

The innovative, interactive "Blending Experience" installation, available to travellers in airports around the world, offers the opportunity to play Master Blender and gain a better understanding of the refined skills involved in the process.



#### Documenting local music cultures

An international partnership with the online music platform Boiler Room has helped the brand connect with more than nine million music fans through web-based documentaries celebrating the world's most vibrant music scenes.



To learn more: <http://boilerroom.tv/staytrue/>.



### - Avión -

## ULTRA-PREMIUM TEQUILA MAKING ITS MARK

After becoming majority shareholder of Avión in July 2014, Pernod Ricard is moving to capitalise on the ultra-Premium tequila brand's highly promising growth potential. Avión is one of the world's fastest-growing ultra-Premium tequila, offering consumers raw materials of exceptional quality – the best Blue Weber agave plants coming from the Jalisco region at the west of Mexico – as well as a unique know-how. Grown by the same family for five generations, Avión has been voted the "World's Best Tasting Tequila" in 2012 at the San Francisco Spirits Competition. The brand's launch outside North America,



announced in March, paves the way for Premium, Super Premium and Ultra-Premium tequilas to be offered worldwide. "We're on our way to making Avión an iconic brand", says Ken Austin, founder of the brand. "I'm proud of what we've achieved so far, especially the awards for 'Best Tequila' and 'Best Unaged White Spirit' at the San Francisco World Spirits Competition."

## HIGHLIGHTS

### PERNOD RICARD ASIA

**+4%**  
sales in the region  
  
**+18%**  
in India  
now the third market for the Group  
  
**-2%**  
in China  
(vs. -23% in 2013/2014)



#### An app for the sales force

The Promoter App was developed for in-house sales personnel, who use it to keep up to date on the latest retail developments, gather consumer feedback and optimise advertising and promotional investment in events conducted at outlets.



#### Adopting the new portfolio strategy

Following a pilot phase in Thailand and India, Pernod Ricard's portfolio management methodology was rolled out in South Korea, China, Hong Kong and Singapore.



#### Preparing tomorrow's leaders

The Asia Regional Management Trainee Programme is a unique, 18-month programme designed to develop leadership skills among talented young employees and prepare Pernod Ricard's next generation of top managers. The training, which encompasses a wide variety of positions and countries, focuses on the Group's expectations and the values that underpin its culture.



#### Targeting sales excellence

A Commercial Excellence electronic toolkit that combines portfolio management, marketing agreements and best practices is being used by the local affiliates to align their sales forces and allocate resources to key priorities.



### - Pernod Ricard Colombia - WELCOME TO YOUR BARMANCLUB

Pernod Ricard's Colombian teams have created a portfolio-wide web-based platform, BarmanClub.co, in an effort to drive the digital consumer journey around industry and product related content. The site, which features engaging and interactive multi-brand content



To learn more: <http://www.barmanclub.co>

## HIGHLIGHTS



### THE GLENLIVET

**1.1M**  
cases sold  
↓  
**+11%**  
in value  
↓  
**+30%**  
volume in Taiwan



#### Original appeal

The tagline for The Glenlivet's new global communications campaign, "It All Comes Back To The Original", celebrates the brand's origins of being the original single malt setting standards in style quality and taste since 1824. Through television, print and online ads, the campaign is designed to attract discerning malt consumers.



#### Unique tribute to The Glenlivet's unrivalled heritage

The Glenlivet Founder's Reserve has been created as the ultimate tribute to founder George Smith's original vision to craft the most definitive, smooth single malt Scotch whisky. With Founder's Reserve, The Glenlivet's perfectly-balanced and fruity house style is skilfully complemented with a creaminess and sweetness from the addition of First Fill American oak casks.



#### A designer chair

For relaxing and enjoying a dram of whisky, The Glenlivet collaborated with award-winning British designer Gareth Neal to produce The Glenlivet Nàdurra Dram Chair. This handcrafted oak chair, inspired by the connoisseurial whisky, imaginatively captures the spirit of Nàdurra (meaning "natural" in Gaelic) in both function and form.



#### The Glenlivet extends the Master Distiller's reserve journey

Available exclusively to international travelers from 1<sup>st</sup> July 2015, the Masters Distiller's Reserve range is a signature collection of three exceptional triple-cask matured single malt whiskies. It elegantly showcases the unrivalled quality and character that has become part of the signature of The Glenlivet's classic style – 'the single malt that started it all'.





# Infographic

## The 4 experiences of convivialité



**Yves Schladenhaufen**  
Innovation & Portfolio Strategy Director,  
Global Business Development

### “Our new portfolio approach: the moments of convivialité”

“Our objective is to offer the right drink to the right people at the right time. The consumer has changed: he’s no longer faithful to a specific brand but rather to a repertoire of brands that he selects depending on the occasion.

That’s why we chose to structure our portfolio by moments of convivialité rather than by category: this approach is completely consumer-centric. Moments of convivialité are defined for each market depending on the local lifestyles and culture. Nevertheless, we noticed four common features worldwide – four primary moments of convivialité. We’ve called them: Night out, Get together, Premium socialising and savouring, Aperitif and meal occasion (*see diagram*).”



#### FOCUS ON WHISKY

At Pernod Ricard, we have a wide range of whiskies.

Thanks to our new approach, we can determine a role for each brand, adopting a broader perspective than simply whisky: in some moments of convivialité, a whisky brand may compete with vodka, cognac, or liqueur! For example, Ballantine’s is enjoyed at night, in clubs, while Jameson is more often consumed in informal

situations and get-togethers among friends. The Glenlivet is savoured by a limited group of connoisseurs, while Chivas is a drink linked to celebrating success “between gentlemen”, in particular with colleagues. They are all whiskies, but they have different personalities and lend themselves to a variety of circumstances.

Aperitif and meal occasion

This moment is all about coming together, toasting the meal and savouring wine or, in some countries, spirits with your food. Whether it’s indoors or outdoors, enjoying an aperitif and a drink with your meal is a special moment anywhere in the world.

Get together

This is a moment spent with friends, in a relaxed atmosphere. It usually doesn’t happen late at night. Friends share their thoughts as well as their drinks: it’s a moment to connect and share in a spirit of honesty, truth and genuine interest.

Premium socialising and savouring

Consumers meet up with friends or colleagues for a social gathering in a sophisticated venue, to savour superb drinks. Top quality, sophistication and excellent service are essential.

Night Out

Consumers go out at night with friends, looking for fun. They’re lively and full of energy. Music is important for having a good time, as are the people they’ll see or meet.



# The definition

Digital acceleration | 02

given by Antonia McCahon



# Digital acceleration



“Digital doesn’t begin and end with IT – it transforms our relationship with consumers and Group employees. It needs to be thought of as a new language that transcends all parts of the company, enabling the Group to simplify, hone its focus and go faster – the three fundamentals of the digital acceleration.”

**Antonia McCahon**

Digital Acceleration Director,  
Global Business Development



To learn more  
<https://youtu.be/VSHvGv2VfSs>

# Joint interview

Digital places the consumer at the heart of everything. Jérémie Moritz, Global Digital Content Creation & Distribution Manager, and Marc André, IT & Corp Services Procurement Director, Information Systems Pernod Ricard Winemakers, offer their insight on how to approach digital and the conditions for success.



**Jérémie Moritz**  
Global Digital Content Creation  
& Distribution Manager



**Marc André**  
IT & Corp Services Procurement Director,  
Information Systems, Pernod Ricard Winemakers

## WHAT OPPORTUNITIES DOES DIGITAL OFFER PERNOD RICARD?

— **Marc André:** Digital is at the heart of what we do. It provides a tremendous opportunity for us to get closer to the market to become fully consumer-centric. One way we are working towards this goal is by enriching our consumer databases to improve our understanding and segmentation of the different communities around our brand portfolio. Here in the Information Systems Division, our role is to implement the right tools and architecture at the right time using the right technology, to best support the Pernod Ricard strategy and, ultimately, guarantee our success.

## WHICH AREAS IS THE GROUP WORKING ON?

— **Jérémie Moritz:** Pernod Ricard has defined four digital priorities: Smart Data, Everywhere Commerce, Connected Content and Services and, lastly, Digital Mindset. The first one, Smart data, allows us to gather data from consumer interactions with web sites or from consumers attending one of our events. Thanks to the data collected, we now have real time insight into consumer behaviour – what they like, dislike and their consumption habits. It also helps us to be relevant in targeting and messages when we launch an advertising campaign. As for e-Commerce, it has become key as digital changes consumer behaviors everywhere. Our core focus is on indirect e-Commerce since it represents the lion’s share of on-line sales. We have a number of key e-Commerce initiatives in place across the critical e-Commerce markets, each representing differing challenges and market contexts.

## WHAT ABOUT THE TWO OTHER AREAS: CONNECTED CONTENT AND DIGITAL MINDSET?

— **J.M.:** Connected Content is about being dominantly visible and relevant where people search, connect and buy our category.

For example, optimizing our digital content and assets to ensure that we “own” our fair share of the billions of searches around our category each year on Google. Similar progress is being made in-house, boosting our Digital Mindset: for digital to really impact our business, it must be truly mastered and integrated into our day-to-day activities at all levels. We’ve put in place key



“Digital allows us to go beyond conventional ‘product promotion’ by moving further the territory of convivialité.”

infrastructure (cf. p. 76) to enable and train our people to turn digital into a business accelerator. We have digital experts, but on top, we are promoting a “digital first” culture, where integrating digital is clearly everyone’s job.

— **M.A.:** Indeed, digital is not the sole preserve of IT but something that permeates the whole business. Our role is to get all employees on board for this adventure, which requires a combination of education and conviction. At an operational level, we are already involved very early in the process for in-house projects and we regularly work with the sales and marketing teams.

## HOW DOES DIGITAL CONTRIBUTE TO THE PREMIUMISATION OF PERNOD RICARD?

— **J.M.:** Digital underpins and accelerates the Premiumisation of our products and services. Latest research shows that ¾ of luxury purchases, even if they still take place in stores, are influenced by what consumers see, do and hear online. The key is to use digital and data to target



## Key figures

**2013**

Creation  
of the “digital acceleration” team

×

**80**

employees from  
the Group’s businesses  
were involved in defining  
the digital roadmap

×

**25%**

of advertising  
and promotional  
activities are purely digital

consumers more precisely, before bringing them more relevant content and experiences. Digital allows us to go beyond conventional “product promotion” by moving further into the territory of convivialité.

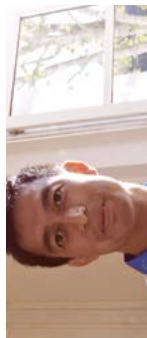
— **M.A.:** Digital lets us forge individual and personal relationships with our customers, to interact with them. In all these areas, there remains much to do and discover. Our success depends on timely action – in other words, our ability to deploy the right technological response at the right time.





## The picture

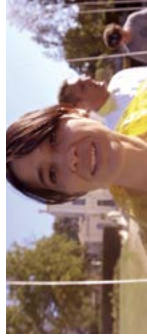
Château Ricard de Sainte Marthe, Ricard S.A.



**Kham-Khao Hoang**  
*Production*



**Stéphanie Clause**  
*Production*



**Soria Aouchiche**  
*IT*



Marseilles, France



**Olivier Marcellin**  
*Sales*



**Thomas Marquet**  
*Finance*



View how the campaign took shape  
by scanning this QR code.  
<https://youtu.be/4acCygrpSC8>



## Around the world

# Digital acceleration

### - Pernod S.A. -

## PERNOD SETS ITS SIGHTS ON E-COMMERCE

An increasing number of Champagne drinkers and consumers of other Premium and Super Premium products are turning to e-Commerce sites to purchase goods and services with high added value. Pernod picked up on the trend and the digital, marketing and sales departments developed a data collection strategy that has already yielded over 500,000 contacts and generated 100,000 litres of sales! The average total at check-out of customers on Barpremium.com and partner sites has also shot up in value: it's two to three times higher than the average on the website.

### An upscale showcase

Pernod is spearheading its digital strategy with Barpremium.com, which offers consumers an extensive range of Premium products paired with 'tasting kits'. The goal is to let customers enjoy authentic tasting experiences in the comfort of their home.

The site is enhancing the consumer experience and customer relationship through its special loyalty programme and Premium positioning. At the same time, Barpremium.com offers an alternative product showcase that is directly connected to the market.



### FOCUS



## BALLOON GLASS OR HIGHBALL?



Ricard launched a large-scale marketing campaign targeting young adults in the lead-up to summer, pitting two pastis glasses – the balloon glass and the highball glass – against each other in a contest. Ricard's new summer campaign showcases two different ways of serving and enjoying the drink: in the iconic balloon glass or in a highball glass, symbol of refreshment. The campaign celebrates the different ways of serving Ricard and references consumers' long running debate about just how to add water: in a balloon glass or a highball glass?

### A conversational campaign

In addition to a far-reaching display campaign, the initiative was present on the Internet with a dedicated website and a Facebook campaign that sparked a real conversation between fans on social media. The brand also interacted with consumers via a partnership with MinuteBuzz.com, an independent media site. The competition between the balloon and highball glasses was neck and neck, ending at 52% to 48%, respectively.

more than  
**250,000**  
people reached on Facebook  
without any media buys

more than  
**9,000**  
interactions (likes, shares  
and comments) on Facebook



To learn more: <http://www.ballonvsallonge.com/>



### - Group - PROMOTING DIGITAL CULTURE

Pernod Ricard has fully joined the digital era with its Digifit online course, which is open to all employees and teaches the basics of digital culture. The entertaining format, inspired by Trivial Pursuit, has proved popular with employees – so much so that they challenge each other during 'battle weeks' held every quarter. It's a way of encouraging learning while gaining new indicators on progress achieved. Meanwhile, a Massive Open Online Course (MOOC) has been devised to help employees learn the rules of the Code of Business Conduct. Says Ian FitzSimons, General Counsel, "While the principles set forth in the code are clear, it is not always easy to know how to apply them in real-life situations. The MOOC delves into each chapter of the code, featuring videos presenting potential scenarios."

### SPOTLIGHT ON 'SMART DATA'

Highly effective targeted promotional campaigns have been developed based on data collected from visitors to the brand websites.

### CHIVAS IN MEXICO

In Mexico, Chivas launched a programmatic advertising campaign on several media sites with customised content based on web users' browsing behaviour, to promote "The Venture" (see page 46). Cost per inquiry dropped 30% as a result of the initiative and the content engagement rate increased by 80%.

### ABSOLUT IN COLOMBIA

Pernod Ricard Colombia used the data collected on the barmanclub.co to promote the Absolut Warhol limited edition with a direct call-to-action to e-Commerce. The initiative was a success: the conversion rate rose by 7% and return on investment trebled!

## HIGHLIGHTS



RICARD

**4.9M**  
cases sold

**Stable**  
in value

**+3%**  
volume in France

### Ricard makes its mark on contemporary design

The now-famous pair of Ricard carafes designed by architects Dominique Jakob and Brendan Mac Farlane have captured two design awards: the Gold Pentaward and a special mention at Grand Prix Stratégies du Design 2014.



### Shop'R: bringing geolocation to distribution

The Shop'R app geolocates every outlet that stocks Ricard S.A. brand products, including Lillet, Clan Campbell and Malibu. It offers another significant advantage as well: the ability to share printable discount coupons.



### Frozen Ricard: a new, ultra-fresh ritual

Refreshing, generously served and affordable, the new Ricard-infused granita is a hit with 18 to 25-year-olds, especially in French university towns.



### Digital'R: Ricard S.A. digital guide

Since January 2015, Ricard employees have access to the Digital'R guide, which provides information on harnessing social media, managing numerical identity and adopt best practices for digital communication.





## HIGHLIGHTS



BEEFEATER

**2.6M**  
cases sold  
↓  
**+3%**  
by value  
↓  
**+4%**  
volume in Spain

### Beefeater MIXLDN: a London tradition that keeps up with the times

Thirty bartenders from around the world travelled to London in January 2015 for the Beefeater MIXLDN cocktail competition Global Finals, which was themed around “London inspires you, you inspire London”. American bartender Brandon Philips was declared the global winner of the competition.



### Beefeater burnishes its medals in new campaign

Beefeater evolved its brand credential global advertising campaign called “Discovery”, which rationalised why the brand is “The World’s Most Awarded Gin.” The three-advert series looks back on the major distinctions that have earned the brand its reputation: the finest botanicals used in the recipe, the most experienced gin Master Distiller and the unchanged distillation process.



### Tasting botanicals at Beefeater Gin Lane Market

In May 2015, in Ireland, Pernod Ricard set up a travelling On-Trade pop-up bar that served made-to-order gin and tonics, giving consumers the chance to taste the brand’s entire range of botanicals: Beefeater Seville Orange, Beefeater Juniper Classic, Beefeater Peach Dusk and Beefeater Eastern Tonic.



### Beefeater and Hackett: fashion forward

Super Premium gin Beefeater 24 and men’s fashion brand Hackett London pooled their talents to pay tribute to British style. The two London brands jointly published style guides for men across the globe, featuring smart pairings of Beefeater 24 cocktails and Hackett’s seasonal collections lines.



### - Pernod Ricard Deutschland - FOCUSED ON CUSTOMERS’ NEEDS

*The customer service and sales teams at Pernod Ricard Deutschland conducted a simple, effective customer survey designed to provide insight into needs and optimise quality of service. The questionnaire covered a number of topics, including how the products are perceived and relations with Pernod Ricard. The results are in: the level of customer satisfaction stands at a more-than-respectable average of 4.38 out of 5. Feedback from this important first step was used to establish an action plan in line with the company’s strategy and customer expectations.*

### - Pernod Ricard Winemakers & España - FINE-TUNING E-CRM WITH EXACT TARGET

*To optimize the effectiveness of digital campaigns and optimize costs, Pernod Ricard Winemakers and Pernod Ricard España have jointly rolled out an innovative e-CRM solution, called Exact Target. The new software has enhanced the customer database, improved the impact of campaigns and changed how Pernod Ricard Brand Companies, local brands and digital agency partners work together.*

### - Pernod Ricard Australia - CHIVAS REGAL EXTRA GENERATES BUZZ

In October 2014 Australia became the first country to launch the latest gem from Chivas Regal: Chivas Regal Extra. The brand made a stir on the web during its campaign for this super-Premium whisky with a YouTube video called “Welcome to the Next Level” followed by a series of 16 “Big Advice” videos with Chris Noth, the American actor known across the globe for his role as Mr. Big in the TV series Sex and the City. The campaign received 3.3 million views.



To learn more: [www.youtube.com/watch?v=VkvNluX8va8](http://www.youtube.com/watch?v=VkvNluX8va8)



### - Beefeater - BEEFEATER AND SPOTIFY: A ROCKING CAMPAIGN!

Beefeater launched an innovative campaign in June 2015 called Beefeater London Sounds. The one-of-a-kind initiative brought together the iconic London gin Beefeater with global music streaming giant Spotify and the UK capital. The musical heritage of the London scene – nearly a century of pop, rock, electronic, dance, disco and hip-hop sounds – is just a click away on the brand’s site, beefeater.com. Browsing a map of the city, visitors can (re)discover the classics that have secured the UK capital’s reputation as a mecca for music. They can listen to the hits by genre, decade or location, depending on their tastes or preferences. This unique campaign was promoted on Facebook, often with posts containing trivia



questions. The goal of the interactive experience was to stimulate conversation among the players about their musical tastes, in particular through contributions from music bloggers and other opinion leaders. Beefeater created a limited edition with a unique design to celebrate this unprecedented digital event: the bottle displays a shiny, timeless vinyl record with a Union Jack centre label.



### - Pernod Ricard Chile - BALLANTINE’S LAUNCHES A RECORD LABEL

Ballantine’s has launched its own record label in Chile, Ballantine’s Records, with the aim of forging closer ties with younger consumers. Bands were invited to a house specially restored for the label and fitted out with rehearsal rooms and a recording studio. Each group’s performances were uploaded to the Ballantine’s Records website and onto social media. In just four months, 20 bands recorded songs and over 51,000 unique visitors logged on to ballantinesrecords.cl.



To learn more: [www.ballantinesrecords.cl](http://www.ballantinesrecords.cl)

## HIGHLIGHTS



### PERNOD RICARD AMERICAS

**+2%**  
sales  
in the region

**+5%**  
in Americas  
excluding USA

**+46%**  
Sales  
of Avión

### Pernod Ricard Americas & The Absolut Company spreads its wings in São Paulo

Absolut set up two concept shops in the duty-free areas of Terminals 2 and 3 at the São Paulo airport. The two boutiques serve as a showcase for the brand’s entire range – complete with lighted display windows and video projections of bottles – and include special areas devoted to each offering, including Absolut Elyx.

### A platform for collecting and analysing data

The data management platform rolled out by Pernod Ricard Americas in September 2014 anonymously traces visitor activity on its website and integrates all media, web, mobile and mobile data. The platform then analyses this colossal amount of information, resulting in highly effective campaigns at a very low cost – a best practice that is already yielding results (see page 80)!



### Mastering social media

The US teams have created a special handbook on how to stay within the bounds of the law when using social media. The handbook includes practical examples and has been distributed to a wide audience at the company, including marketing teams and partner agencies in particular.

### “Meet the creators of the great company”

The US subsidiary has produced and uploaded a series of videos illustrating the Group’s slogan, “créateurs de convivialité”. Viewers are treated to a behind-the-scenes tour of several brands – Absolut Elyx, Jameson and Seagram – and hear from employees as well.



# Infographic

## The digital world is extending its reach throughout Pernod Ricard

As a proven means of creating value, digital channels are a key strategic priority at Pernod Ricard. The goal? To learn more about consumers and interact with them, so as to showcase Pernod Ricard's products and tailor its services to their needs.



**Antonia McCahon**

Digital Acceleration Director, Global Business Development

**“Data is at the heart of our digital initiative”**

“One of our digital priorities is something we call data-smart action, to help us develop a detailed knowledge of our consumers and establish a relationship with them on as personal a level as possible. The challenge is to reach the right people via the right channels at the right time. Thanks to the data we've compiled, with their consent, from Internet users visiting each brand's website, we can develop targeted promotional initiatives that are highly effective. The Chivas campaign in Mexico and the Absolut campaign in Colombia (*see page 77*) are good examples: contact costs are lower, content commitment rates are much higher and sales receive a boost, all without infringing on the privacy of our customers.”

**Connected content**

**THE OBJECTIVE: TO BE AS VISIBLE AS POSSIBLE WITH RELEVANT CONTENT WHEREVER USERS CONDUCT SEARCHES AND MAKE PURCHASES AND WHEREVER THEY INTERACT WITHIN OUR CATEGORY.**

× × × Google ×

**6B**

**searches**

per year connected with our industry

---

**30M**

**followers**

worldwide

**Smart data use**

**ANALYSE DATA FROM OUR CONSUMERS TO LEARN ABOUT THEIR REAL-TIME BEHAVIOUR.**

1101  
011 0100  
100 011 11  
0110

—

Collect and qualify the data

—

Use the data to target advertising

**Mobile commerce**

**97% OF OUR ONLINE SALES ARE MADE INDIRECTLY BY PARTNERS SUCH AS AMAZON, TMALL, TESCO, AND WALMART.**

e-Commerce is the fastest-growing sales channel

**+20%**

**year-on-year**

**Connected organisation**

**WE HAVE DEPLOYED ESSENTIAL INFRASTRUCTURE TO ENSURE OUR STAFF ARE CONNECTED AND TRAINED.**

**25%**

**of the advertising budget**

is earmarked for digital media

—

Our MOOC, Digifit, has a completion rate of

**93%**

**in our core target**



# The definition

Innovation | 03

given by Yves Schladenhaufen



# Innovation



“We have very clear objectives when it comes to innovation: shifting our range of products and services upmarket, and creating new brand experiences. Innovation underpins our entire vision, ambition and actions; marketing, as well as sales, HR, R&D, production, legal, finance and communications teams all have a part to play. It is our ability to innovate that allows us to create the conditions for long-term, profitable growth”.

**Yves Schladenhaufen**

Innovation and Portfolio Strategy Director,  
Global Business Development



To learn more  
<https://youtu.be/4Tv2o7HkcZA>

# Joint interview

Innovation plays a central role in driving the Group's growth and appeal. Vincent Beaumont, Pernod Ricard Research Center Director (RC), and Brett McKinnon, Operations Director Executive, Pernod Ricard Winemakers, describe a new area where the Group is breaking ground: services and experiences that create moments of convivialité.



**Vincent Beaumont**  
Pernod Ricard Research  
Center Director (RC)



**Brett McKinnon**  
Operations Director Executive,  
Pernod Ricard Winemakers

## HOW DO YOU VIEW INNOVATION AT PERNOD RICARD?

— **Vincent Beaumont:** Pernod Ricard truly does boast the resources and ambition to innovate. Our innovation strategy, which is based on a combined analysis of business opportunities, consumer trends and our brand portfolio management, sets clearly defined growth objectives. It gives us all the ingredients for a winning cocktail!

## WHAT EXACTLY DOES INNOVATION ENCOMPASS?

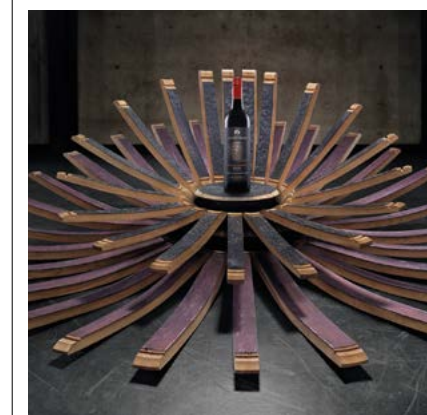
— **V.B.:** There are three types of innovation: “conventional” innovations, such as brand extensions; “stretch” innovations, where we push the boundaries of our operating methods; and breakthrough innovations that usher in new convivialité-related business models. Each of these is rooted in current or future consumer expectations.

— **Brett McKinnon:** Consumers really play a key role: at Pernod Ricard Winemakers, they participate in every stage of a product's lifecycle. Initially their help comes from generating new product ideas during brainstorming sessions, but they also contribute during product development and at the numerous tastings we organise. Each year more than 200,000 consumers visit our Jacob's Creek Visitor Centre in the Barossa Valley to test our products.

## HOW IS PERNOD RICARD'S INNOVATION ECOSYSTEM ORGANISED?

— **V.B.:** At Pernod Ricard, innovation is first and foremost a team endeavour. Although most of our brand extensions are initiated by the Brand Companies themselves, our entire workforce has access to the Kangaroo Fund (*see page 92*), an in-house investment fund, which gives employees the opportunity to develop their own ideas. Moreover, our special Breakthrough Innovation Group

anticipates major societal trends as part of its focus on disruptive innovations. And the Research Centre provides the full range of scientific and technological expertise required for each stage of the innovation process: research and market watch programmes, feasibility studies, prototyping for formulations and packaging. At our



♦  
“At Pernod Ricard,  
innovation is first  
and foremost a team  
endeavour.”  
♦

nano-factory we can produce small runs of marketable products in the very early stages of development, to test whether concepts are feasible. As a result, we can provide support for projects from the design stage until the final transfer to production.

— **B.M.:** Innovation is all about exchanging ideas and combining our know-how. For example, all of our teams – viticulture, marketing, and so on – helped to develop our new line of Premium Jacob's Creek wines. It's also a business driver: a large part of our growth derives from the new products we create.



## Key figures

**5**  
projects in the creative development  
and testing phases  
as a result of the Kangaroo Fund  
×  
**8,500**  
new spirits  
introduced in the United States each year  
by the industry

## COULD YOU TELL US SOME OF THE BANNER PROJECTS YOU WORKED ON IN 2014 AND 2015?

— **V.B.:** *Our/Vodka* has been an exciting adventure. The idea was to set up local micro-distilleries modelled on craft brewers. We provided technical support to Absolut staff by supplying turnkey production units in places like Berlin, Seattle and Amsterdam. We've also focused a lot of attention on The Fine Cocktail Company project, which was launched by employees who were part of the first season of the Kangaroo Fund. The concept was to design and distribute Premium cocktails made from fruit juices and spirits. That represents a major change in Pernod Ricard's business operations, since we're required to manage a cold chain.

— **B.M.:** For its part, Pernod Ricard Winemakers has hit on a wonderful innovation with its Jacob's Creek Double Barrel wines (*see page 87*): the barrels used to mature Premium whisky for 20 years are reused in the winemaking process. The idea has given birth to a new style of wine that offers a more varied blend of flavours.





## The picture

Créteil, Pernod S.A. Headquarters



**Nicolas Tracz**  
Digital



**Lucile Robin**  
Marketing



**Frédéric Prisset**  
Commercial



Créteil, France



**Marie Maggioni**  
Marketing



**Patrick Venot**  
Sales representative



View how the campaign took shape  
by scanning this QR code.  
<https://youtu.be/4acCygprSC8>



# Around the world

# Innovation



## - Pernod Ricard UK - HAVANA CLUB: MIX, MUDDLE, MIX

Havana Club UK ran a summer-long 360° campaign with a strong digital focus, designed to encourage consumers to mix authentic Cuban mojitos. Interactive advertising, location-based text messages, a dedicated website, a simplified route to purchase on the web and curated discussions on social media all formed part of the campaign, which recruited over 46,000 new Facebook fans. Another highlight of the campaign was the “Casa Havana Mojito”, where nearly 10,000 people learned how to make a Cuban mojito.



## - Pernod Ricard Australia - CHAMPAGNE DELIVERED TO YOUR DOORSTEP!

Launched in November 2014 to coincide with the famous Melbourne Cup horse race, Press for Champagne is an app that lets customers order champagne on their smartphone in a few simple clicks. The nearest distributor then handles the transaction directly with the customer, arranging delivery and collecting payment.



### FOCUS



## THE CONNECTED BOTTLE: A WORLD FIRST



The Monaco Grand Prix on 23 May 2015 provided Mumm with the perfect platform to unveil its new ‘connected’ bottle concept to a few lucky VIP guests, with the famous DJ and producer Mark Ronson.

which is why the connected bottles are produced in limited quantities and only for iconic venues.



To learn more: <https://www.youtube.com/watch?v=U-MrxfpYlqU>



### An enlightened concept

The mechanic: a sensor in the cork is connected to a multimedia system. Popping the cork triggers a unique interactive experience with audio and video streamed onto the screen. It’s a great way for consumers to spend time in the spotlight and interact with the club!

### Personalised nights out

Inspired by the best nightclubs, this experience can be tailored to the desires of club owners, who can control the lighting and customise the experience they offer their customers. This innovation is aimed at hip, urban customers seeking exclusive experiences,

## - Our/Vodka - LOCALLY MADE

Our/Vodka meets the rising demand for locally-made artisan products by setting up micro-distilleries run by local entrepreneurs that distribute vodka via unconventional channels. Our/Vodka is presented in small bottles sealed with a crown cap. While the formula is the same, the ingredients are locally sourced whenever possible. 5 micro-distilleries have now opened and 4 more are under construction since Berlin started operating 2 years ago.



To learn more: <http://ourvodka.com/our-film/>



## - Pernod Ricard Winemakers - JACOB’S CREEK: FRESH IDEAS

Jacob’s Creek Double Barrel has pushed the boundaries with the introduction of a unique wine style. Jacob’s Creek Double Barrel builds on the traditional aging process, which takes place in French & American oak barrels, and adds an additional layer of complexity and texture by aging the wines for a second time in old Scotch and Irish whisk(e)y barrels. This innovative process uses the spirits barrels to create an added level of intricacy and texture for a richer, deeper, smoother finish. This successful innovation is now being rolled out in 20 markets worldwide.



## HIGHLIGHTS



### HAVANA CLUB

4M  
cases sold

Stable

by value

+7%

volume in Cuba



### Havana Club 3 Years, a heart-warming campaign

The slogan of the new Havana Club 3 Years campaign – “You just know when it’s from the heart” – has been featured across all media since November 2014. A fun campaign that highlights the passion and authenticity of the Cuban people.



### “Tú Decides”: a programme to raise youth awareness

Since its launch in October 2012 the “Tú Decides” (“you decide”) programme has reached over 500 young Cubans aged 12 to 15. The initiative was developed with Cuban authorities to raise awareness and foster a sense of responsibility among Cuban youth with regard to alcohol consumption.



### Havana Club Unión and Cohiba: a perfect match

Unveiled at the Habanos Festival, Havana Club Unión is the first Cuban rum created specifically to be enjoyed with the spicy flavour of a Cohiba cigar – another of the island’s iconic brands.



### Havana Club wins gold at The Rum Masters 2015

Havana Club performed brilliantly at The Rum Masters once again, taking home two gold medals. Havana Club 3 Year Old won its third consecutive medal.





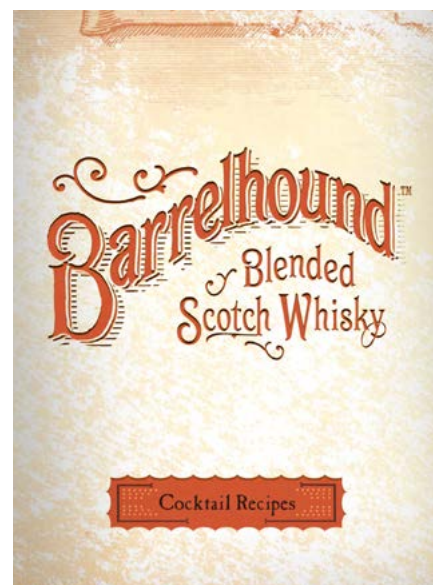


## - Pernod - A BLEND OF FLAVOURS AND TALENT

Suze contracted the services of three leading bartenders – Fernando Castellon, Joseph Biolatto and Julien Escot – and gave them carte blanche to think new products up. The bartenders’ boldly combined their talents to produce a range of three top-quality bitters with complementary flavour profiles: Aromatic Bitters, Orange Bitters and Red Aromatic Bitters. The bartenders’ creation turned heads at the Spirits Awards in New Orleans in July 2015, where it was named among the four finalists in the “New Ingredients” category.

## - Pernod Ricard USA - A NEW SCOTCH WHISKY TAKES ON THE US MARKET

*Pernod Ricard USA's new blended whisky, Barrelhound, is matured in old American oak casks previously used for bourbon and has a sweet finish of vanilla and honey notes. Barrelhound offers a new aroma and taste experience for Scotch and bourbon connoisseurs in a US market dominated by domestic whiskies.*



## - Irish Distillers - JAMESON CASKMATES: AN INNOVATIVE WHISKEY

An inspired exchange of casks between Franciscan Well Brewery and the Midleton distillery led to the creation of a new whiskey, Jameson Caskmates. The story goes as follows: Jameson lent whiskey casks previously used to mature Jameson whiskey to the

nearby brewery to age its Irish stout; once returned to the distillery, the casks were re-filled with Jameson original blend and left to mature. The magical moment that followed resulted in Jameson Caskmates, a delicious new whiskey with notes of coffee, chocolate and hops. A limited edition of 3,500 bottles was originally released in 2014 with great success. Though it was initially reserved for the Irish market, there are now plans to distribute Jameson Caskmates in USA, South Africa, Australia, Canada and France.

## - Havana Club - ESSENCE OF CUBA: NEW FLAVOURS, NEW COCKTAILS



*Essence of Cuba* is a new range of drinks flavourings created with Havana Club 7 Years, the first Cuban rum produced specifically to be enjoyed neat or on the rocks. Mainly aimed at bars and restaurants, *Essence of Cuba* has won over leading bartenders. The four new flavourings – Island Fruit, Aromatic Leaf, Coffee and Honey – were all developed by *The Bitter Truth*. The range is available in 24 markets – including Cuba, Germany, France, Greece, Spain and the UK – since October 2014. *Essence of Cuba* was named the 5<sup>th</sup> most innovative spirits launch of 2014 in the ‘Top 50’ list published by *The Spirit Business* magazine.



## HIGHLIGHTS



**0.7M**  
cases sold  
+7%  
by value  
+31%  
volume in Australia

### A double-screen digital experience

The music video “Dangerous”, which shows a Formula 1 race featuring David Guetta, internationally acclaimed DJ, has garnered 100 million views. The video partly owes its success to its interactive double-screen experience, which enables mobile viewers to interact with what is happening on the screen.



#DareWinCelebrate

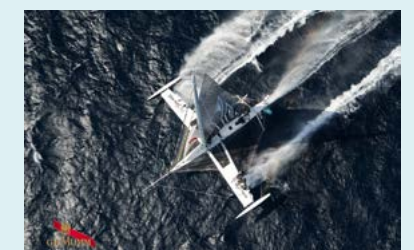
### Mumm 6: a limited edition aged for 6 years

For this limited edition, Cellar Master Didier Mariotti extended the ageing time to 72 months, rather than the usual 30, to achieve perfect maturation. Breaking with Champagne norms, this unique cuvée demonstrates Mumm’s ability to innovate with a new approach based on ageing, just like for other spirits such as whisky.



### Mumm on board Alain Thébault's ‘flying boat’

Since April 2015, G.H. Mumm has sponsored Alain Thébault and his “Hydroptère” boat, which flies over the ocean using its immersed ‘wings’ when hitting a certain speed. The brand and the famed skipper share a number of values, namely their passion, commitment, pioneering spirit and thirst for victory.



### The Collection du Chef de caves

Mumm has re-released a selection of three exceptional Cordon Rouge Millésimes – 1985, 1990 and 1996 – offering customers an opportunity to rediscover the archetypal flavours of these classic vintages.





# Infographic

## The innovation ecosystem at a glance

While innovative products are essential, Pernod Ricard also devotes its attention to developing innovative services and experiences. To further this ambition, the Group has established a number of in-house resources that are thoroughly interconnected.



**Alain Dufossé**  
Managing Director



### The BIG (Breakthrough Innovation Group)

“Alexandre Ricard has singled out two priorities for fulfilling our ambitions: increasing our sales and instilling a new mindset throughout the Group. That mindset can be summed up in a few words: be daring, take risks, attempt new things, explore, view all sides, be entrepreneurial and break down barriers. The BIG is undoubtedly an illustration of that mindset. First, because it’s an innovation itself: an entity that operates like a completely independent start-up, not bound by the traditional procedures imposed by a large company and devoted to breakthrough innovation, is still an unusual phenomenon. Moreover, in order to innovate, we need to be prepared to grasp new opportunities by following new pathways. That kind of attitude requires a sense of freedom, courage and tenacity, as well as a certain spontaneity, a willingness to look at something without any preconceived notions. And you need a special kind of independence in order to do that. As both an insider and an outsider, the BIG complements the Group’s other contributors to innovation (its innovation ecosystem), while serving as a liaison between the Group and outside experts and developing new practices and new experiences. Although it explores the future of conviviality in whatever form that might take, its aim is to turn its concepts into tangible business opportunities that can generate future growth. That’s the challenge behind Project Gutenberg, which the BIG is currently guiding through a pilot phase in the field before it’s launched on a broader scale.”



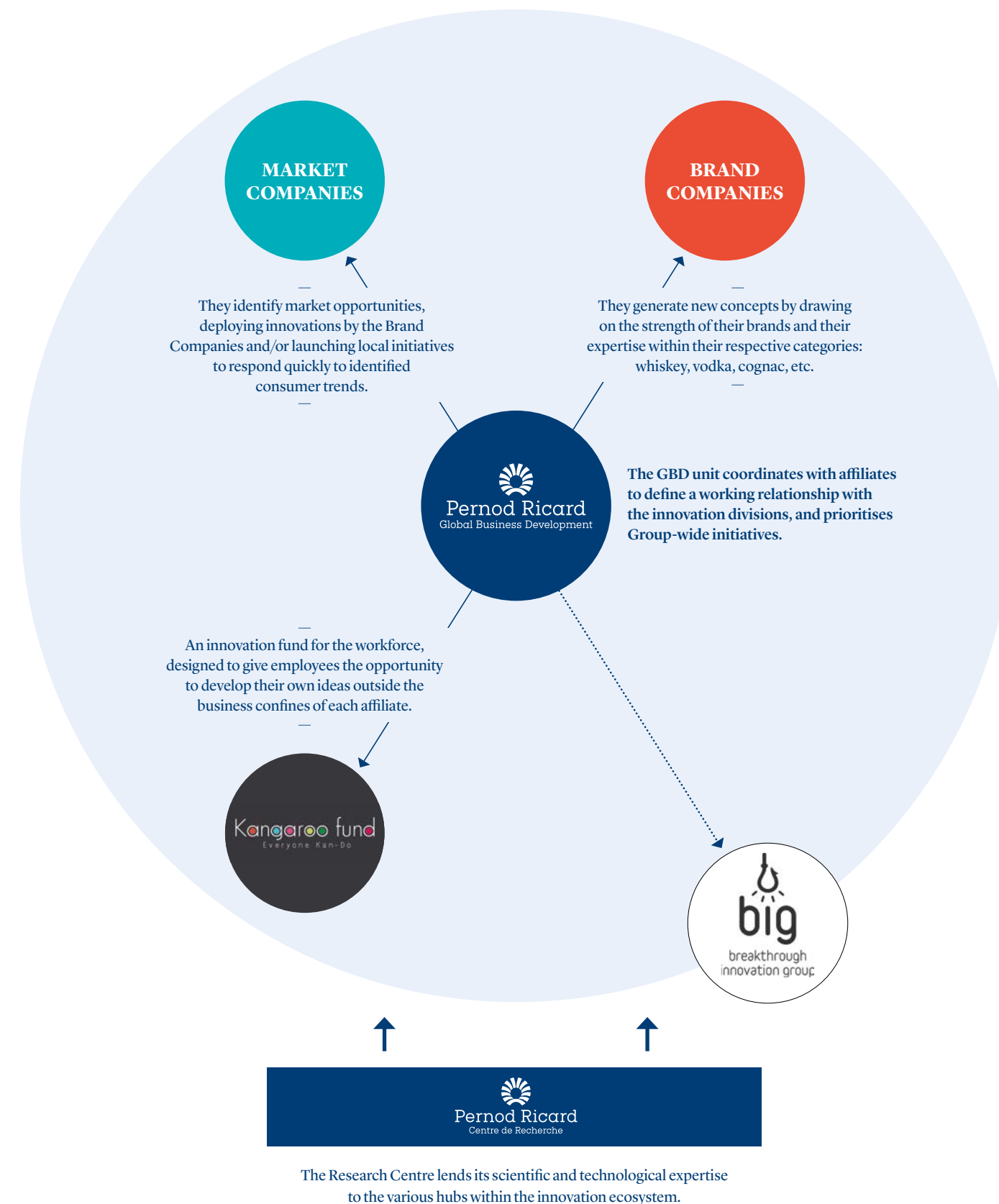
Gutenberg project



BIG team

## Ecosystem

*“An INTERCONNECTED system or group of components formed by the interaction of a community”*





# Highlights

on the Kangaroo Fund

## An inside look at ‘intrapreneurship’

**Entrepreneurial spirit is a core value at Pernod Ricard, embodied by the Group’s 18,000 employees and the Kangaroo Fund, an internal innovation programme launched in 2012 that enables employees to propose and develop innovative ideas. Following a tremendously successful debut, the fund is back for a second season. We hear from the finalists.**



**Marie Boëdec,**  
Deputy Director,  
Business Analysis, Pernod Ricard EMEA

*“Innovation is a mindset that needs to be cultivated.”*

“I think that deep down, I’ve always wanted to start my own company. But actually taking the plunge is another story. Then the Kangaroo Fund came along and offered me an excellent opportunity to follow my dream while keeping my current job. At first I didn’t really have any ideas to present, but I had a eureka moment while organising a birthday: I should offer ‘home-tainment’ products and services. The idea stuck with me. I even had people from my team act as extras in my first minute-long video submission. After the second video in the selection process, I took part in workshops to put myself in consumers’ shoes before beginning the interviews and tests in the trial phase. As a result, I was able to continually make adjustments to my project based on consumer feedback and assemble a team of in-house and outside experts who were excited to help out. I shared my adventures on my PernodRicardChatter® internal blog, which made me realise the extent to which innovation is a mindset that needs to be continually cultivated. I hope to get my project off the ground quickly and am proud to have proven to myself that I could rise to the challenge.”



### EVERYONE KAN DO

**110**  
ideas were submitted  
by employees during  
season two

**5**  
projects are currently  
in the concept  
and trial phase

**2**  
projects are set  
to become ‘start-ups’  
(small business units)



**Alik Zachariadis,**  
Marketing Manager,  
Chivas Brothers Ltd

*“It’s vital to test your ideas early on at retail outlets.”*

“I first heard about the Kangaroo Fund at our in-house seminar at Les Embiez. It was a real eye-opener and gave me the motivation to take part in this incredible human endeavour myself. The first idea that I presented came to me fairly naturally – I drew inspiration from the beauty industry, where I had been working prior to joining the Group. While the current incarnation of my idea bears little resemblance to what I initially presented, the consumer insight hasn’t changed. The experience has taught me how vital it is to test your ideas directly at retail outlets, because the feedback is much more extensive and spontaneous than with focus groups. As a marketing manager, it was an important lesson for me to learn! I can’t wait to apply what I’ve learned from my experience with the Kangaroo Fund to new projects, while also continuing to develop my idea.”



### A look back at the first season

Two projects from the first season are currently being readied for the market:

- Fine Cocktails: a Paris-based line of bottled fresh cocktails concocted by bartenders and ready to be enjoyed.

- Four Tunes: a project under development in China that is set to be unveiled during the first half of 2016.



### THE KANGAROO FUND IN A NUTSHELL

- 1 Employees pitch their idea in a one-minute video.
- 2 Candidates write a description of the expected benefit to consumers and produce a second, two-minute video.
- 3 10 candidates are selected for training sessions on trials.
- 4 The finalists pitch their idea to a judging panel. This year’s judges: Alexandre Ricard; Greg Jackson, a business angel; Conor McQuaid, Global Business Development Director; and Yves Schladenhaufen, Innovation & Portfolio Strategy Director, Global Business Development.



**Adrien Timpano,**  
Brand Manager,  
Pernod Ricard Japan

*“The Kangaroo Fund motivates us to keep pushing the envelope and reach new heights.”*

“I had taken part in the first season of the Kangaroo Fund when I was a trainee at Pernod. It’s an initiative that I’m really keen on, so I submitted more ideas this year. It truly is an exciting challenge to be an entrepreneur and rewrite the rules of business! When I found out that one of my ideas had been selected, I brought several other people at Pernod on board to form a project team. I think that’s something the judging panel appreciated. My idea has evolved greatly since its inception, but one thing that hasn’t changed is the benefit to the consumer. The next step is to continue trialling my idea with consumers and then develop prototypes with the help of the Pernod Ricard Research Centre. It is still early days, but I can already say that the Kangaroo Fund is an extremely rewarding, convivial experience. I’ve learnt a great deal by working with the Group’s innovation experts and colleagues worldwide. A big thank you goes out to Astrid Froment and her team!”



# The definition

Premiumisation & Luxury | 04

given by Thibaut de Poutier de Sone



# Premiumisation & Luxury



“Our aim is to lead the luxury spirits segment globally. Pernod Ricard’s strategy is built on creating value through a systematic approach of brand upscaling that we call Premiumisation. To do so, we invent the product and services that will attract and retain affluent consumers and high-net-worth individuals around the world.”

**Thibaut de Poutier de Sone**

Executive VP On-Trade and Luxury,  
Global Business Development



To learn more  
[https://youtu.be/q\\_21oAHj44k](https://youtu.be/q_21oAHj44k)

# Joint interview

Premiumising and innovating to build value: that’s how the Group plans to become the world’s top producer of wines and spirits. Tareef Shawa, Luxury & CRM Director, Global Business Development, and Kate Zaman, Prestige Development Manager, Pernod Ricard USA, describe this ambitious campaign.



**Tareef Shawa**  
Luxury & CRM Director,  
Global Business Development



**Kate Zaman**  
Prestige Development Manager  
Pernod Ricard USA

## HOW DO PREMIUMISATION AND LUXURY SPUR GROWTH?

— **Tareef Shawa:** We are systematically moving upmarket by offering products of a higher quality than those available in the market, by enticing consumers to trade up from local to international spirits, and by exploring new consumption occasions for our Premium brands (see page 70). Beyond premiumisation, the opportunities offered by the luxury segment are growing rapidly, with an attractive pool of 135 million affluent consumers worldwide, plus 14 million high-net-worth individuals\* (HNWIs). We want to ensure that our LeCercle portfolio of luxury spirits and Champagnes is available, visible and actively purveyed at the iconic establishments (hotels, resorts, restaurants and bars) where our target consumers travel and relax.

— **Kate Zaman:** As the number-one luxury market, the US represents a major priority. Four million HNWI live in the US, accounting for 29% of this elite population worldwide. Super Premium represents the fastest-growing segment in the industry, representing over \$5 billion in sales. Our team competes in eight major markets focusing on both sales and marketing initiatives supporting the LeCercle brands. This emphasis on luxury is already garnering results; this past year the LeCercle portfolio grew by nearly 50% in the iconic establishments managed by our team.

## WHAT ARE SOME OTHER RECENT INITIATIVES?

— **K.Z.:** Our luxury approach requires constant innovation. Our team works in the field alongside our customers to research and develop service rituals and bespoke experiences that generate excitement and publicity for our brands, such as our Absolut

Elyx “Heart of Omnia” experience designed to be activated in the Hakassan Nightlife group in Las Vegas. Some, like our illuminated “anemone service ritual” created for Perrier-Jouët, have been successfully emulated by colleagues in France, Singapore and the Philippines. Our increasingly sophisticated



♦  
“We want to ensure that our LeCercle portfolio of luxury spirits and Champagnes is available, visible and actively purveyed at the iconic establishments.”  
♦

digital capabilities also enable us to leverage CRM more effectively to connect with priority consumers.

— **T.S.:** Travel Retail is a critical pillar of our Premiumisation strategy. It’s a powerful touch point to attract target consumers in a favourable shopping environment. It also raises the international profile of our prestige products, while reinforcing brand desirability and message consistency in our domestic markets. It is a significant channel for all of our LeCercle brands (see page 98).

## WHAT ROLE DOES TRAINING PLAY?

— **T.S.:** Luxury is not just about products and brands; it’s a state of mind. Within our organisation, we’re evolving our collective mindset through special Luxury training. For example, Pernod Ricard University developed a customised in-house training programme with École Hôtelière de Lausanne to give our Prestige sales force and VIP relationship managers a more thorough understanding of our LeCercle brands and improve the “luxury fluency” and confidence of our teams.



## Key figures

**3**

**Travel Retail**

is Pernod Ricard’s third largest market worldwide

×  
**40%**

**market share (ranked first)**  
in the Prestige segment of Travel Retail

— **K.Z.:** It’s very important that our staff and representatives are truly knowledgeable about the products and understand the experiences we want people to have when they enjoy our brands. Training also reinforces team confidence regarding the luxury segments in which our brands operate and the interests of the HNWI with whom we interact. It is crucial that we pass this up-market branding and our brand stories on to our trade partners: that’s how we’re going to win the “last three feet” (see page 49) to sell our brands!

\* HNWI have over one million dollars in liquid financial assets.



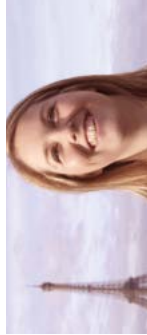


# The picture

Place des États-Unis, Pernod Ricard Headquarters



**Ludmilla Stephkov**  
Marketing



**Nathalie Lavoisier**  
Legal



**Géraldine Dichamp**  
CSR-HR



Paris, France



**Gilles Boissy**  
Communications



**Sébastien Hubert**  
Finance



View how the campaign took shape  
by scanning this QR code.  
<https://youtu.be/4acCygprSG8>





# Capturing the luxury market

**To conquer the luxury market, Pernod Ricard draws on its LeCercle portfolio of prestige spirits and champagnes to connect with consumers through evocative brand storytelling at some of the world's most famous institutions.**

With its LeCercle strategy, Pernod Ricard seeks to cement its global dominance in the luxury spirits sector, by inventing the products and services that attract so-called 'top affluents', including the 14 million high-net-worth individuals (HNWIs) around the world.<sup>(1)</sup>

The case for targeting luxury markets is compelling. HNWIs are increasing in number by 7% annually and are responsible for nearly 20% of total purchases in the luxury sector. The global luxury wines and spirits market is estimated to value €58 billion and is growing at an annual rate of 5%. The €150 billion spent at luxury hotels and resorts offers formidable retail potential for LeCercle products.<sup>(2)</sup>

## SELECTING TARGETS

The objective is to ensure that the LeCercle portfolio of luxury spirits and champagnes\* is readily available at the iconic establishments where its intended customers stay, travel and play. With help from Pernod Ricard's market segmentation tool, hundreds of these legendary destinations in key luxury markets have been identified and targeted worldwide, with more being added every day.

Teams monitor these venues to ensure the presence, visibility and activation of the LeCercle brand portfolio. Campaigns are underway to expand distribution at five-star hotels, luxury resorts and private membership clubs and to reach out to non-traditional preferred markets such as wedding and event planners and those who lease private jets, villas and yachts.

## MISSIONS AND TRAINING

A number of carefully selected affiliates have been allocated additional funding this year to accelerate their efforts to capture the luxury market. Their goal is to expand distribution and enhance the visibility of LeCercle products at establishments that are considered high-priority.

### \* Pernod Ricard's LeCercle brand portfolio:

*Royal Salute 21 Year Old, Royal Salute 38 Year Old, Martell Cordon Bleu, Martell XO, Martell Chanteloup Perspective, Martell Creation Grand Extra, Martell L'OR de Jean Martell, Perrier-Jouët Belle Époque and earlier vintages, Absolut Elyx, Plymouth Gin, Ballantine's 30 Year Old and older, Chivas Regal 25 Year Old and older, The Glenlivet 18 Year Old and older.*

(1) Source: CapGemini World Wealth Report 2015.  
(2) Source: Bain & Company Global Luxury Goods Worldwide Market Study – 13<sup>th</sup> Edition (Fall 2014).



€58B

value of the global luxury wines and spirits market

+5%

annual growth rate of the market



## TRAVEL RETAIL

### Tackling consumers on the move

**Skyscraping numbers of travellers, an international, well-connected clientele and a favourable environment for innovative activations make Travel Retail a natural setting for the LeCercle brand portfolio.**

Travel Retail is the largest retail market for prestige brands and remains a critical brand-building channel for Pernod Ricard. Prospects for growth are bright, with the number of passengers projected to double in the next 15 years to seven billion travellers.

Travel Retail is a powerful touch point to showcase the LeCercle portfolio to an international audience, recruit wealthy consumers in a favourable environment, highlight the brand's appeal and reinforce messaging that is also conveyed in domestic markets.

To reach target consumers of LeCercle products, marketing teams consider factors such as transit routes to top destinations. Portfolio visibility at airports in Los Angeles and San Francisco may play an important role in the purchases of Chinese travellers. Likewise, the "path to purchase" prior to arriving at the point of sale is analysed to determine how best to influence an affluent consumer's purchase decision.

Among the actions taken by Pernod Ricard teams to capitalise on Travel Retail opportunities are airport pop-up shops, which attract consumers by inviting them to experience the brands' universe. At São Paulo airport, for example, a Perrier-Jouët shop opened for five weeks in spring 2015 and engaged more than 8,000 consumers with the prestige champagne brand. At airports in Hong Kong and Paris, Martell pop-up experiences earlier this year helped amplify the Martell brand's 300<sup>th</sup> anniversary with multisensory experiences that gave visitors a chance to discover the brand's craftsmanship and heritage in cognac-making, as well as a wide range of luxury and limited-edition cognacs.



# Around the world

# Premiumisation & Luxury



## - Pernod Ricard UK - MISSION LONDON

Mission London is tasked with making sure the LeCercle luxury portfolio is present, visible and activated in London, a city that presents a significant opportunity to showcase the LeCercle portfolio to affluent consumers. The Mission London team uses its dedicated resources to ensure the LeCercle brands are widely distributed in London's best-known restaurants, bars and private clubs and enjoys pride of place at the city's flagship nightclubs. The programme has been successful in increasing sales, forging new relationships with key retail customers and raising the profile of LeCercle brands in London's top establishments. Building on the programme's success, similar Missions are being prepared in a variety of other cities.



## FOCUS



## THREE CENTURIES OF EXCELLENCE



A series of exceptional events, product launches and activations highlighted the celebration of Martell's 300<sup>th</sup> anniversary and provided worldwide visibility to the oldest and most prestigious of the great Cognac houses. Since its founding by Jean Martell in 1715, Martell produces, exports and markets cognacs whose quality is recognised worldwide.

### A tricentennial marked by pure elegance

In May 2015, Martell celebrated its tricentennial amidst the splendour of the Palace of Versailles, of which it is a sponsor. This unique setting provided the backdrop for a spectacular celebration hosted by internationally acclaimed actress Diane Kruger, serving

as global ambassador and guest of honour. Media and other VIP guests representing more than 20 countries were on hand for the occasion. Local festivities modelled on the Versailles event were also held in Martell's key international markets.

Other tricentennial activities included the launch of four limited editions (*see page 102*), unique because once crafted each blend was finished in barrels made from a 300-year-old oak tree. Martell's Cellar Master, Benoît Fil, researched Jean Martell's original correspondence to create Martell Premier Voyage limited edition blend, in honour of the founder.

International travellers were able to join in the spirit of the celebrations as well, through pop-up shops opened at the Paris Charles De Gaulle and Hong Kong airports. They also had the opportunity to discover the brand's history and discover the campaign: "The art of Martell for 300 years". Martell also marked the anniversary with a return to its roots in Cognac, by renovating the historical site of Gâtébourse, the birthplace of the House. The site has been redesigned to emphasise its links with the town and to reveal its historical, industrial and architectural heritage. In conjunction with this project, the brand opened an exhibition in September at the *Musée d'Art et d'Histoire de Cognac*, in partnership with the town of Cognac and the historical association Cognac Patrimoine. The exhibition, entitled *Martell dans la Cité*, pays tribute to the Martell family and the legacy bequeathed by the numerous trading houses located in Cognac.

# 300

years of master  
craftsmanship



Ranked as one of the  
**top 10**  
Prestige spirits  
brands worldwide



**3**  
values of the House:  
Spirit of Conquest, Authenticity,  
Generosity



## - Chivas Regal -

## THE ICON: SYMBOLISING A NEW ERA OF LUXURY

Created by blending some of the rarest and oldest whiskies available, Chivas Regal The Icon represents the pinnacle of luxury Scotch whisky. An ideal blend of the best whiskies from more than 20 distilleries across Scotland, this ultra-prestige creation includes some rare whiskies from distilleries that are now lost forever.



## - The Glenlivet -

## THE WINCHESTER COLLECTION: RELEASE OF THE 1964 VINTAGE

*To mark The Glenlivet's launch of the new Winchester Collection, the world's first collection of rare and precious 50-year-old single malt Scotch whiskies, the inaugural release of Vintage 1964 was offered for sale at Harrod's, one of the most prestigious retailer. In all, just 100 bottles of The Winchester Collection are available for purchase worldwide.*



## FOCUS



## TIMELESS WHISKY, INFINITE TASTE



Royal Salute introduced The Eternal Reserve, a superb whisky that blends tradition with the contemporary. Through an innovative blending technique, the brand has created a whisky that will, quite literally, live forever.

### Circular Blending™

Royal Salute began by selecting incredibly rare and precious whiskies with an exceptionally long finish. These were then blended together, employing a unique process called Circular Blending™ and married in 88 casks to form the inaugural batch. Royal Salute is committed to using the precious liquid from this original blend as part of every subsequent batch for decades to come. Preservation of the original blend through perpetual recirculation results in a smooth, voluptuous whisky that justifies its original name: "uisge beatha" (eau-de-vie).

The first batch of 88 Casks, released in 2015, are being sold exclusively in Travel Retail. The accompanying innovative experiential, digital promotional and merchandising campaign helps tell the true story of Royal Salute The Eternal Reserve: that eternity means not living forever, but rather timelessness that belongs to those who live in the present.

# 21

Gun Salute – product  
of the range named  
after the fireguns shot  
to celebrate  
the Queen's coronation



# 15

international tournaments  
of polo sponsored



# 1911

first year of  
the Coronation Cup



## HIGHLIGHTS



MARTELL

**2.1M**  
cases sold  
♦  
**+2%**  
by value  
♦  
**+9%**  
volume in China

↓  
To celebrate its 300<sup>th</sup> anniversary, Martell released four limited-edition blends:

**Martell Premier Voyage**, an exquisite new blend of 18 rare eaux-de-vie, displayed in a stunning artwork designed by renowned French artist Bernar Venet.



—  
**Martell XO Exclusive Tricentenaire Edition**  
and  
**Martell Cordon Bleu Tricentenaire Limited Edition.**



—  
**Martell Assemblage Exclusif 3 de Millésimes**, a unique blend of three exceptional eaux-de-vie – Grande Champagne, Fins Bois and Borderies – each evoking a different period in the House's history.



↓  
**Martell Noblige Black Tie**

In addition to the tricentennial releases, the brand has also introduced two limited editions: **Martell Noblige Black Tie**, in collaboration with the celebrated fashion designer and stylist Jason Wu, and **Martell VSOP Paris Style**, created with Jean-Charles de Castelbajac.



## - The Absolut Company - HOUSE OF ELYX



Through its innovative House of Elyx concept, Absolut Elyx provides an optimal environment for guests to immerse themselves in the brand's culture and unique aesthetics, converting unexpected spaces into venues for exceptional experiences. From a coppersmith workshop in the New Orleans French Quarter during Tales of the Cocktail to a secluded sculpture garden in the middle of Manhattan amidst Fashion Week to a rooftop at Art Basel in Miami, these emotive and dynamic spaces celebrate the craftsmanship of the Elyx vodka and the character of its brand. At the Elyx House pop-up in New Orleans, Elyx launched the Elyx pineapple-shaped copper vessel, redefining how its signature cocktails are meant to be enjoyed. The innovative serve's enthusiastic reviews, amplified via the web and social networks, generated significant buzz. The brand continues the tradition and hospitable nature at its permanent setting, Elyx House New York set in Manhattan's Meatpacking District and reinforcing Elyx's luxury positioning, helping to drive long-term brand advocacy and conversion.

## - Ballantine's - AN EXCLUSIVE OFFER FROM BALLANTINE'S

*The online Ballantine's Golf Club offers members unique access to exclusive content, invitation – only events and whisky tastings – not to mention the chance to meet and hit the links with top players, including the 2014/2015 Ballantine's Golf Club Captain, professional golfer Ian Poulter.*



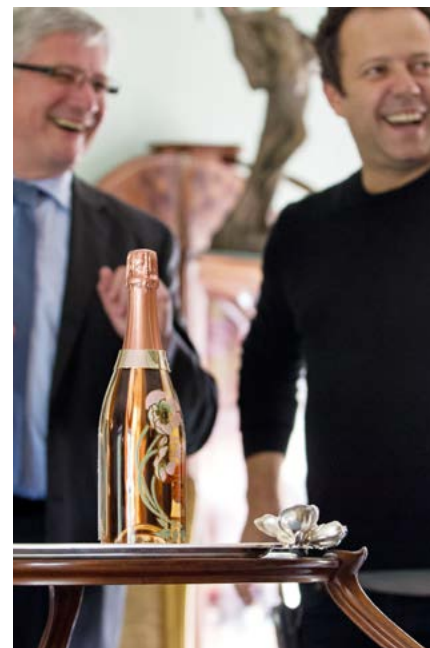
## - Plymouth Gin - AN ORIGINAL STRATEGY

*Plymouth Gin has cemented its reputation with international travellers as a handcrafted Super Premium gin thanks to a high-flying campaign. A bar sporting the Plymouth Gin colours, uniformed servers and promotional displays all served to enhance the brand's visibility at the duty-free shops in London's Heathrow and Gatwick airports.*



## - Perrier-Jouët - THREE CORE FACETS

The three core facets that comprise the Perrier-Jouët identity – Allure, Art Nouveau and Craftsmanship – are all on display in the new Belle Epoque Rosé Limited Edition, a collaboration with world-renowned Brazilian artist Vik Muniz. The enchanting design created by the artist, featuring the encounter of a Brazilian hummingbird and the Perrier-Jouët anémone in a flowering setting was on display at launch events in São Paulo, Paris, Shanghai and Tokyo.



## HIGHLIGHTS



ROYAL SALUTE

**0.2M**  
cases sold  
♦  
**-8%**  
by value  
♦  
**+17%**  
volume in Vietnam

↓  
**Charity sponsorships in the world of polo**

Royal Salute has maintained its ties to polo, the world's oldest team sport and one that continues to expand in the modern era. The brand sponsors more than 15 international tournaments, including the 2015 title partnership announcement for the prestigious Royal Salute Coronation Cup held annually since 1911.



↓  
**A new focus on the arts**

A collaboration with Los Angeles-based artist Marcos Lutyens, showcasing his work entitled "Perdurity: A Moving Banquet of Time", reflects Royal Salute's new approach in collaborating with high calibre creatives inspired by philosophies around time. A further initiative includes the collaboration with British architect Sally Mackereth who designed Royal Salute's Neolithic Bar, featured at the Wallpaper Handmade show and at the Salone del Mobile in Milan.



↓  
**Helping the most vulnerable children with Sentebale**

Royal Salute was also proud to partner for the fourth consecutive year with Sentebale, a charity founded by Britain's Prince Harry and Prince Seeiso of Lesotho. Sentebale ("forget-me-not" in Sesotho) works with local grassroots organisations to provide healthcare and education to children at risk. This year's Sentebale Polo Cup was held in Abu Dhabi in the United Arab Emirates.



↓  
**New digital campaign launched**

The power, grace and beauty of horses were celebrated in a short film featuring an international polo star and a horse whisperer which kicked off Royal Salute's new global digital content campaign.







F ♦ I ♦ N ♦ A ♦ N ♦ C ♦ I ♦ A ♦ L

P E R F O R M A N C E



# Interview



Despite continued headwinds in the economy during 2014/2015, Pernod Ricard turned in a solid performance, reflected in strong financial results and a healthy rate of growth. Gilles Bogaert, Managing Director, Finance & Operations, provides a more detailed look.



**“Our operating performance was good, with organic growth of +2% bearing out the gradual improvement in sales. Moreover, we met our target for organic growth in profit from recurring operations (+2%, which is within the +1% to +3% range we targeted at the start of the year), and we posted strong growth of +12% in net profit from recurring operations and a strong improvement of our cash flow.”**

**Gilles Bogaert**

Managing Director, Finance & Operations

## HOW WOULD YOU DESCRIBE THE GROUP'S PERFORMANCE DURING THE 2014/2015 FINANCIAL YEAR?

**O**ur operating performance was positive, with organic growth of +2% bearing out the gradual improvement in sales. Moreover, we met our target for organic growth in profit from recurring operations (+2%, which is within the +1% to +3% range we targeted at the start of the year), and we posted strong growth of +12% in net profit from recurring operations (thanks in part to a highly positive currency effect) while chalking up impressive gains in recurring free cash flow. These results were achieved in sound fashion: we have not compromised on pricing, where we've held steady despite a difficult business and competitive environment. We have also expanded our strategic investment, notably in marketing and industrial operations, to secure long-term growth.

## WHAT ARE YOUR CURRENT GROWTH OBJECTIVES?

— **G.B.:** We'll indicate our 2015/2016 organic growth target for profit from recurring operations in October 2015, when we announce our 1<sup>st</sup> quarter results. For 2015/2016 we're aiming for a continued gradual improvement in business activity, in an environment that will remain challenging and volatile. As we indicated in June 2015 at our most recent Capital Market Day, our medium-term objective is organic growth representing +4% to +5% of sales.

## HOW WOULD YOU ASSESS GROWTH IN THE GROUP'S PRINCIPAL MARKETS?

— **G.B.:** The upswing in our organic sales growth during 2014/2015 is due in large part to our improved sales performance in China, where sales fell -2% in 2014/2015 compared to a -23% decline in 2013/2014, and in Spain, which saw a rise in sales for the first time since 2008. Continued double-digit growth at our affiliate in India, which is now the Group's third largest market, also played a key role in this strong overall performance.

## WHAT ACTIONS ARE NEEDED TO RESTORE GROWTH IN THE US AND CHINA, THE TWO COUNTRIES THAT HAVE TRADITIONALLY SERVED AS PERFORMANCE DRIVERS?

— **G.B.:** The United States is far and away our biggest market, accounting for 17% of the Group's turnover. In addition to maintaining

the excellent performance of brands like Jameson and The Glenlivet, we want to stabilise the Absolut brand over the medium term (new campaign, new packaging, refinements to the sales strategy, Premiumisation through a greater focus on Elyx) and accelerate development of both our new growth levers (Martell, Avión, Altos) and our innovations. We're also strengthening our ability to execute our strategy in the market, through a partnership with our wholesalers that represents a key tool for improving our future performance.

In China we face a different task: we continue to gain market share, but market conditions were transformed in the wake of the crackdown on conspicuous consumption, with growth in Premium brands (rather than just prestige brands) and the emergence of new distribution channels. So we're in the process of developing new brands (Ballantine's Finest, Absolut, The Glenlivet, champagne, wines, etc.) and restructuring our sales organisation in order to tackle these new challenges. We're confident in our ability to grow our business by close to +5% in the United States and +7% to +9% in China within the medium term.

## WHAT ABOUT THE ALLEGRO PROJECT? HAS IT DELIVERED THE DESIRED RESULTS IN TERMS OF OPERATING EFFICIENCY?

— **G.B.:** Allegro has already made our organisation more efficient thanks to the three-fold strategy of prioritisation, simplification and mutualisation. And we're seeing the benefits of this streamlined organisation: resources are

♦  
***“For 2015/2016 we're aiming for a continued gradual improvement in business activity, in an environment that will remain challenging and volatile.”***  
♦

being allocated where they're most needed, decisions are being made and implemented more rapidly. In financial terms, we can report savings totalling €150 million, including €110 million that had already been generated by 30 June 2015.

Structure costs, meanwhile, have fallen by -3%, and as I mentioned, we've reinvested €25 million of that cost savings in our strategic brands and priority innovations. We are going to continue focusing on operational efficiency in every area.

## WHAT IS YOUR ASSESSMENT OF THE PAST YEAR?

— **G.B.:** Recurring free cash flow climbed to €1,154 million, close to our historic high and a +38% increase over the previous financial year. That result, largely attributable to sound management of our working capital needs, represents an EBIT cash conversion ratio of 88%. That excellent performance came at no expense to our long-term investments (advertising and promotion expenses, maturing inventories and capex).



## HOW DID THE SHARE PRICE PERFORM DURING THE FINANCIAL YEAR?

— **G.B.:** Pernod Ricard shares registered a truly impressive +18% gain in value for the 2014/2015 financial year, besting both the CAC 40 (+8%) and the Europe Food & Beverage index (+14%). That strong showing in the market is a result of Pernod Ricard's superior financial management over the period compared to most of its competitors, coupled with macroeconomic factors such as European and US monetary policy. By contrast, the share price lost ground in August 2015, in light of concerns about Chinese (and hence global) economic growth and devaluations in emerging currencies.



# Key figures

## 2014/2015

€8,558M

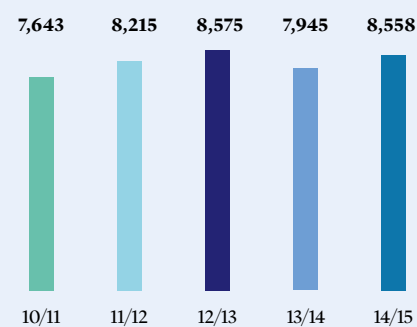
Net sales



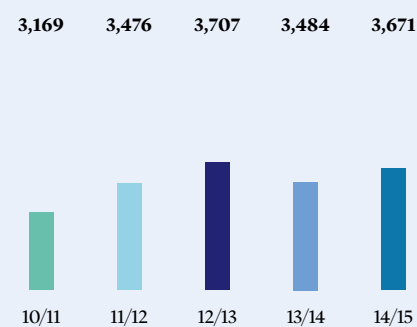
€2,238M

Profit from recurring operations

Net sales

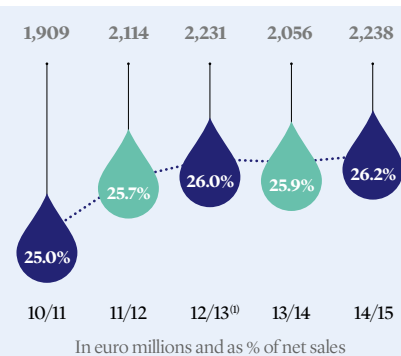


Contribution after advertising and promotion investments

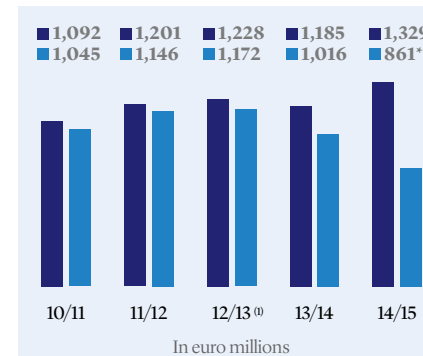


In euro millions

Profit from recurring operations, operating margin

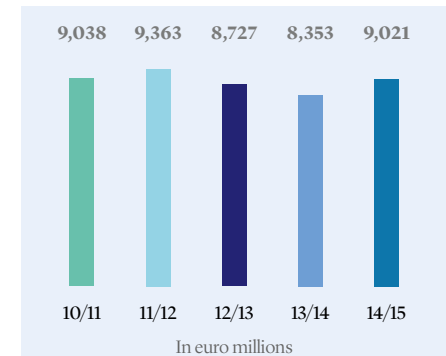


Group net profit from recurring operations  
Group net profit

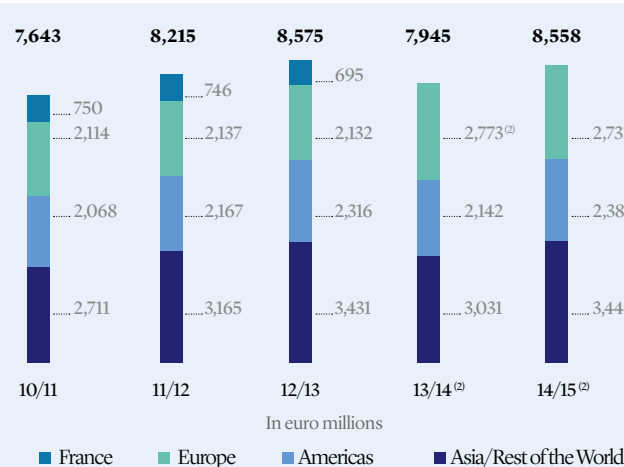


\* + €1,265 M excluding Absolut impairment (+25% vs. 2013/2014)

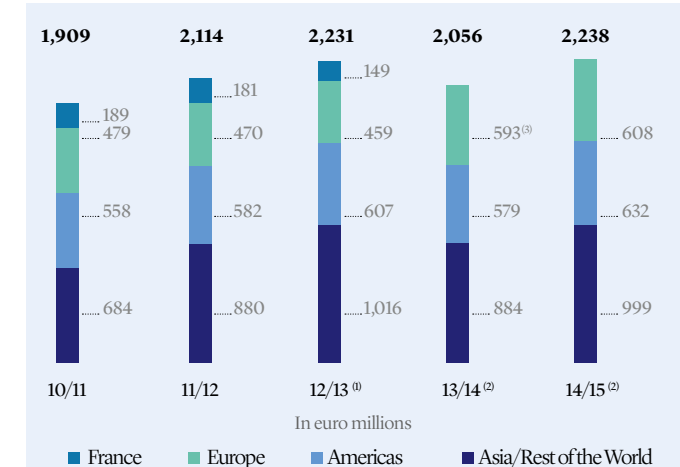
Change in net debt



Sales by region



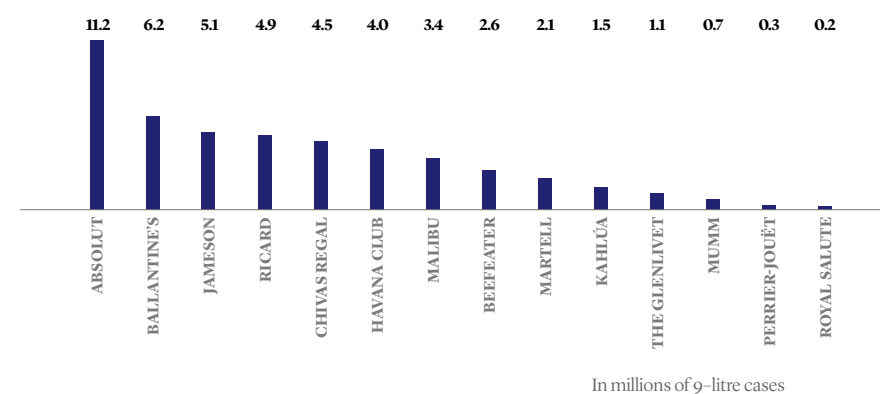
Profit from recurring operations by region



47.8M CASES

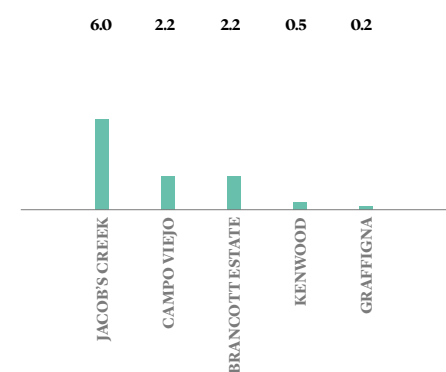
11.2M CASES

14 strategic spirits and champagne brands ("Top 14")



In millions of 9-litre cases

5 Priority Premium wine brands



(1) As from 1 July 2013, with retroactive effect from 1 July 2012, Pernod Ricard has applied the amendments to IAS 19 (Employee Benefits) as adopted by the European Union and mandatory for the Group since that date. As a result, the financial statements for financial year 2012/2013 have been restated. (2) France is now included in the Europe operating segment.



## Annual consolidated balance sheet (in euro millions)

ASSETS	30.06.2014	30.06.2015
NET AMOUNTS		-
NON-CURRENT ASSETS		-
Intangible assets	11,542	12,212
Goodwill	4,907	5,494
Property, plant and equipment	2,016	2,200
Biological assets	150	153
Non-current financial assets	349	512
Investments in associates	15	16
Non-current derivative instruments	63	52
Deferred tax assets	1,926	2,339
NON-CURRENT ASSETS	20,968	22,978
CURRENT ASSETS		
Inventories and work in progress	4,861	5,351
Trade receivables	1,051	1,152
Income taxes receivable	37	61
Other current assets	194	260
Current derivative instruments	26	50
Cash and cash equivalents	477	545
CURRENT ASSETS	6,646	7,419
Assets held for sale	2	1
TOTAL ASSETS	27,616	30,398

LIABILITIES AND SHAREHOLDERS' EQUITY	30.06.2014	30.06.2015
SHAREHOLDERS' EQUITY		
Share capital	411	411
Share premium	3,052	3,052
Retained earnings and currency translation adjustments	7,142	8,796
Group net profit	1,016	861
Group shareholders' equity	11,621	13,121
Non-controlling interests	157	167
TOTAL SHAREHOLDERS' EQUITY	11,778	13,288
NON-CURRENT LIABILITIES		
Non-current provisions	564	400
Provisions for pensions and other long-term employee benefits	569	654
Deferred tax liabilities	3,041	3,373
Bonds – non-current	6,844	6,958
Non-current derivative instruments	85	87
Other non-current financial liabilities	830	500
TOTAL NON-CURRENT LIABILITIES	11,933	11,972
CURRENT LIABILITIES		
Current provisions	251	173
Trade payables	1,463	1,696
Income tax payable	56	116
Other current liabilities	887	920
Other current financial liabilities	290	538
Bonds – current	929	1,514
Current derivative instruments	29	181
TOTAL CURRENT LIABILITIES	3,905	5,138
Liabilities related to assets held for sale	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	27,616	30,398

## Annual consolidated income statement (in euro millions)

	30.06.2014	30.06.2015
Net sales	7,945	8,558
Cost of sales	(2,958)	(3,262)
Gross margin after logistics expenses	4,987	5,296
Advertising and promotion investments	(1,503)	(1,625)
Contribution after advertising & promotion investments	3,484	3,671
Structure costs	(1,428)	(1,433)
Profit from recurring operations	2,056	2,238
Other operating income	60	147
Other operating expenses	(300)	(796)
Operating profit	1,817	1,590
Financial expenses	(561)	(554)
Financial income	76	65
Interest (expense) income	(485)	(489)
Corporate income tax	(305)	(221)
Share of net profit/(loss) of associates	0	0
Net profit from continuing operations	1,027	880
Net profit from discontinued operations	-	-
Net profit	1,027	880
Including:		
· attributable to non-controlling interests	11	19
· attributable to equity holders of the parent	1,016	861
Earnings per share – basic (in euros)	3.86	3.26
Earnings per share – diluted (in euros)	3.82	3.24
Net earnings per share from continuing operations (excluding discontinued operations) – basic (in euros)	3.86	3.26
Net earnings per share from continuing operations (excluding discontinued operations) – diluted (in euros)	3.82	3.24

GROUP SHARE OF NET PROFIT FROM RECURRING OPERATIONS	1,185	1,329
GROUP SHARE OF NET PROFIT	1,016	861

## Analysis of business activity by geographic area (in euro millions)

	30.06.2014	30.06.2015	ORGANIC GROWTH <sup>(1)</sup>	
ASIA AND REST OF THE WORLD				
Net sales	3,031	3,446	120	4%
Gross margin after logistics costs	1,848	2,073	16	1%
Advertising and promotion	(550)	(627)	(23)	4%
Contribution after advertising and promotional investments	1,298	1,446	(7)	- 1%
PROFIT FROM RECURRING OPERATIONS	884	999	(11)	- 1%
AMERICAS				
Net sales	2,142	2,382	51	2%
Gross margin after logistics costs	1,394	1,519	15	1%
Advertising and promotion	(412)	(478)	(27)	7%
Contribution after advertising and promotional investments	982	1,041	(12)	-1%
PROFIT FROM RECURRING OPERATIONS	579	632	11	2%
EUROPE <sup>(2)</sup>				
Net sales	2,773	2,731	8	0%
Gross margin after logistics costs	1,745	1,704	(3)	0%
Advertising and promotion	(541)	(521)	18	- 3%
Contribution after advertising and promotional investments	1,204	1,183	15	1%
PROFIT FROM RECURRING OPERATIONS	593	608	33	6%

TOTAL	30.06.2014	30.06.2015	ORGANIC GROWTH <sup>(1)</sup>	
Net sales	7,945	8,558	180	2%
Gross margin after logistics costs	4,987	5,296	27	1%
Advertising and promotion	(1,503)	(1,625)	(32)	2%
Contribution after advertising and promotional investments	3,484	3,671	(5)	0%
PROFIT FROM RECURRING OPERATIONS	2,056	2,238	33	2%

(1) Organic growth is at constant FX and Group structure. (2) France is now included in the Europe operating segment.



# In the financial markets

2014/2015

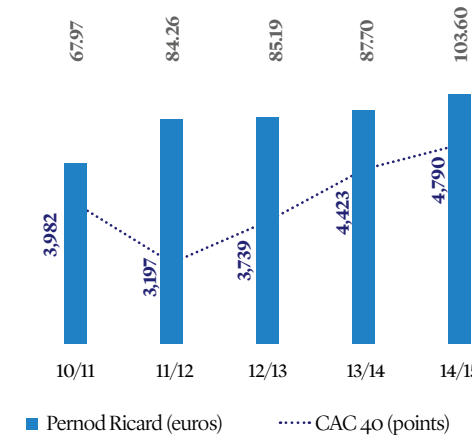
**Pernod Ricard shares made substantial gains during the 2014/2015 financial year, following a more modest increase in 2013/2014, when the spirits industry felt the impact of China's efforts to curb conspicuous consumption. By the close of the 2014/2015 tax year, the share value was +18%, outperforming the Group's competitors in the spirits segment as well as the Stoxx Europe 600 Food & Beverage index as a whole (which rose +14%). The weaker euro (down nearly -19% against the US dollar versus a year earlier) provided a boost to Pernod Ricard shares, as did hopes for an improved sales outlook in China following the Chinese New Year. The CAC40 index was +8% during the same period.**

## PERNOD RICARD SHARES: 2014/2015: A MORE ORDERLY OPERATING ENVIRONMENT, WITH IMPROVED CURRENCY CONDITIONS

At a time of intense market volatility, Pernod Ricard's share price markedly outpaced competitors during the 2014/2015 financial year, rising 18.1% – the sixth best performance in the Stoxx Europe 600 Food & Beverage index, which posted an overall gain of 14.1%. While fears about the prospects for growth in emerging markets and the resilience of the US market bred caution in 2013/2014, investors were more upbeat during the 2014/2015 financial year. The Group's shares received an initial boost from the positive impact of the falling euro, which helped restore competitiveness and also yielded a significant transactional impact that drove market expectations higher. Share prices were also buoyed by hopes for rebounding sales of cognac in China, an outcome that would largely benefit

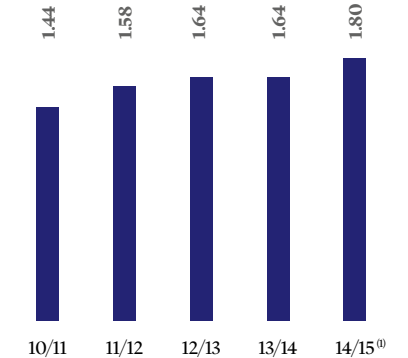
Pernod Ricard given its distribution network and the positioning of its product range. Pernod Ricard shares closed at 103.60 euros on 30 June 2015, a year-on-year increase of 18.1%. The CAC40 rose 8.3% over the same period, hampered by a fall in energy stocks; meanwhile, the collapse in fuel prices (down 43.4%) lent support to hopes that consumer trends would improve. Pernod Ricard has significantly outperformed the CAC40 over a longer, five-year span as well, rising 23%. Investors have hailed the Group's ability to adapt to turmoil in its markets, not to mention the strength of its brand portfolio and the global reach of its distribution network, which will enable it to pursue the strategic objectives outlined by Alexandre Ricard: Premiumisation, expansion and innovation.

Share price of Pernod Ricard and CAC 40 over five years  
(at end of June)



Pernod Ricard is traded on the Paris stock exchange on NYSE Euronext SA Paris Eurolist (compartment A) SRD (deferred settlement service). The Group is included in the CAC 40 index, accounting for 2% of total market capitalisation at 30 June 2015. The Pernod Ricard share is eligible for inclusion in the French share savings plan (*plan d'épargne en actions*, PEA) and for the SRD (deferred settlement service).

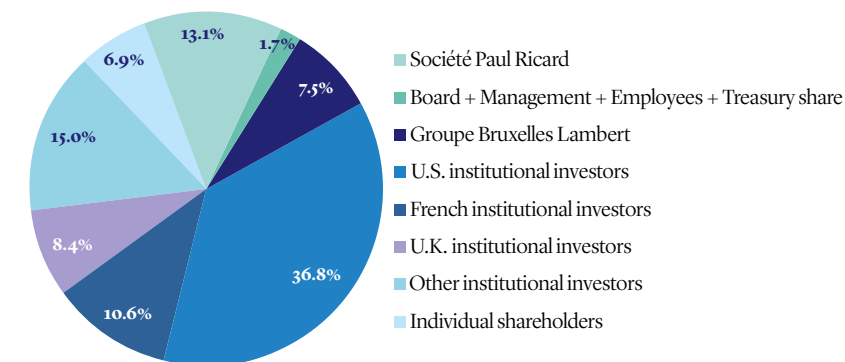
Dividend over the last five years  
(in euro)



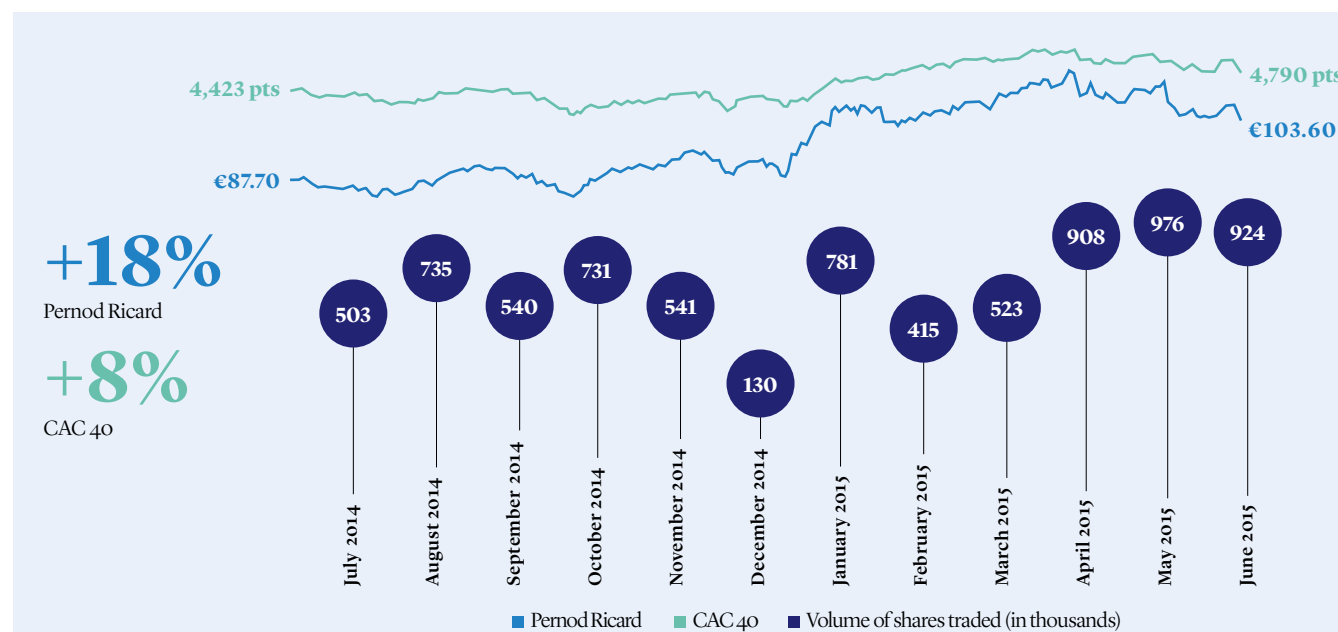
### 2014/2015 dividend

A dividend of €1.80 per share for the 2014/2015 financial year will be submitted for the approval of the Shareholders' Meeting of 6 November 2015. This dividend is in line with the customary policy of the Group distributing approximately one third of the net profit from recurring operations in cash. Taking into account the interim dividend of €0.82 per share paid on 8 July 2015, the final dividend payable stands at €0.98 per share and will be detached on 17 November 2015 and paid on 18 November 2015.

Breakdown of share capital  
at 30 June 2015



Change in the share price over one year in comparison with the CAC 40 index; trading volumes



Summary of stock market data

	12/13	13/14	14/15
Number of listed shares at 30 June	265,421,592	265,421,592	265,421,592
Average number shares (except treasury shares) – diluted	266,352,885	265,816,388	265,421,592
Stock market capitalisation at 30 June (€M)	22,611	23,277	27,498
Group net profit per share from recurring operations – diluted	4.71	4.46	4.99
Dividend per share	1.64	1.64	1.80 <sup>(1)</sup>
Average monthly volume of trades	11,744	12,310	11,569
Highest share price	101.15	94.83	117.25
Lowest share price	81.34	78.82	83.19
Average share price	89.94	86.47	97.96
Share price at 30 June	85.19	87.70	103.60

(1) Subject to the Shareholders' approval at 6 November 2015.



# Discover the world of Pernod Ricard

Explore the wealth of information resources available from Pernod Ricard.

## OUR COMMITMENT TO THE ARTS

Take a look behind the scenes of Pernod Ricard's photo campaigns alongside talented photographers including Marcos Lopez, Denis Rouvre, Eugenio Recuenco, Olaf Breuning, Vee Speers and Li Wei.



2014/2015 Annual Report



2013/2014 Annual Report



2012/2013 Annual Report



2011/2012 Annual Report



2010/2011 Annual Report



2009/2010 Annual Report



See five years of videos and read annual reports from past years by scanning this QR code.  
<http://pernod-ricard.com/670/investors/publications/annual-reports>

## OUR DIGITAL

## ANNUAL REPORT

View our annual report from a different perspective using our enhanced fluidbook.



<http://pernod-ricard.com/670/investors/publications/annual-reports>



## OUR OTHER PUBLICATIONS

### — FINANCIAL —



### REGISTRATION DOCUMENT

An in-depth analysis of legal, economic, financial, and accounting information for the 2014/2015 financial year.

### — SHAREHOLDERS —



### THE PREMIUM NEWSLETTER

This newsletter, sent three times a year to individual shareholders who are members of Club Premium, reviews the latest news and highlights from the Group.

## OUR DIGITAL PRESENCE



### THE PERNOD RICARD WEBSITE

Visit the most comprehensive resource for learning about the Group's news and its brands.

To learn more:



<http://pernod-ricard.com/21/home>



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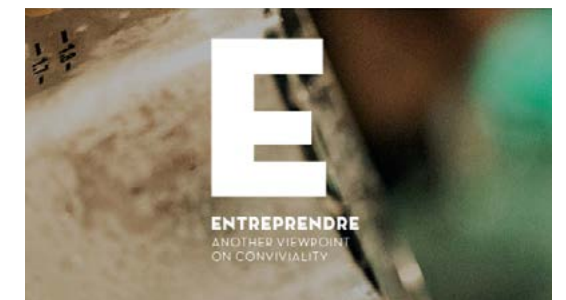
### ENTREPRENDRE MAGAZINE

ENTREPRENDRE, the Group's long-time magazine, went fully digital in 2014 and continues to explore new forms of conviviality and emerging areas of business.

To view the latest issue, on the art of the cocktail, scan this QR code.



<http://entreprendre.pernod-ricard.com/en>





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At a glance

Benoît Linero, Vincent Macher, Paolo Verzone/Agence Vu', Getty Images

Reference Document

Benoît Linero

Copies of this document are available on request  
from the Group's headquarters.

This Report is not the Group's Reference Document.  
The Reference Document was filed with the French Financial Markets Authority  
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www.pernod-ricard.com and the AMF website on www.amf-france.org

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P E R N O D   R I C A R D

*A French public limited company  
with share capital of €411,403,467.60*

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