Pernod Ricard

Créateurs de convivialité

2016/17 HALF-YEAR
SALES AND RESULTS

9 February 2017

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All growth data specified in this presentation refers to organic growth, unless otherwise stated.
Data may be subject to rounding.

This presentation can be downloaded from our website: www.pernod-ricard.com
Limited audit procedures have been carried out on the half-year financial statements. The Auditors' report on their limited review is being prepared and will be available on our website: www.pernod-ricard.com

Executive summary

Pernod Ricard

+4%*

Sales

+4%*

PRO

***+3% restated for earlier CNY[1]**

Strong H1

Continuation of performance improvement, with Sales and Profit from Recurring Operations («PRO») growing at +4% organically

- **Strong growth continuing in USA, for Jameson worldwide and innovation**
- **Improvement in China, Travel Retail and Russia, as well as for Absolut, Martell and Chivas**
- Temporary adverse impact of **demonetisation leading to growth deceleration in India**
- **Price/mix turning positive** but pricing remaining subdued
- **Sales and PRO organic growth +3%, restated for earlier Chinese New Year[1]**, in line with PRO annual guidance of +2% to +4%
- **Strong Free Cash Flow: 658m€, +34% vs. H1 16**

Consistent implementation of mid-term strategy

- **Operational efficiency implementation on track with 2020 roadmap[2]** covering manufacturing, procurement, A&P and supply chain
- **Following changes, new organisations getting up to speed in USA, Global Travel Retail and China**
- **Continuation of active portfolio management,** with the **acquisition of a majority stake in Smooth Ambler** and **disposal of Domecq** brandies and wines
- **Sustained A&P** investment
- **Innovation contributing +1% to overall growth**, driven by Jameson Caskmates, Lillet and Olmeca Altos

1. *Chinese New Year on 28 January 2017 vs. 8 February 2016*
2. *Initiatives to contribute over the period FY16 to FY20 total P&L savings of c. €200m, of which around half will be reinvested in A&P, and cash savings of c. €200m*

Pernod Ricard

+3%

Net profit[1]

€658m

Free Cash Flow

Key figures

	H1 17	H1 17 vs. H1 16	
		Reported	Organic
Sales	**€ 5,061 m**	+2%	**+4%**
Mature markets	*€ 3,076 m*		+3%
Emerging markets	*€ 1,985 m*		+6%
PRO	**€ 1,500 m**	+4%	**+4%**
PRO / Sales	**29.6%**		**+4bps**
Net Profit from Recurring Operations[1]	**€ 957m**	**+5%**	
Net Profit[1]	**€ 914 m**	**+3%**	
Free Cash Flow	**€ 658 m**	**+34%**	

1. Group share

Sales analysis

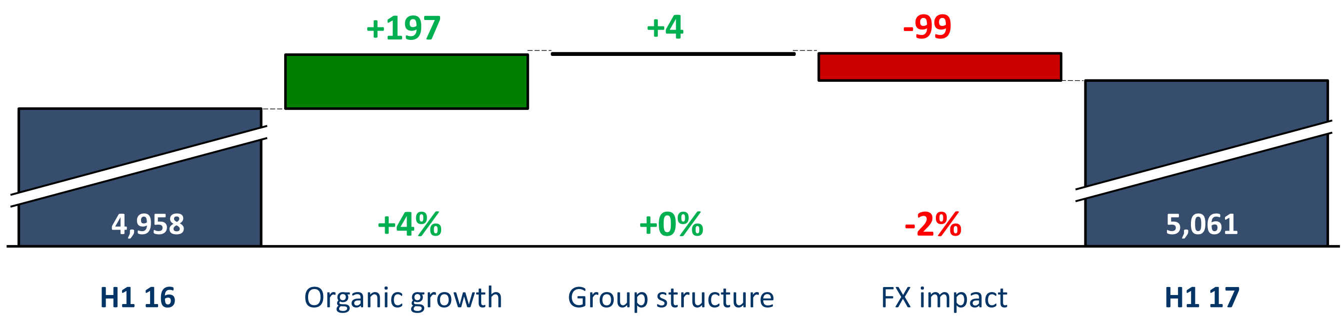
Pernod Ricard

+4%
Organic Sales

+2%
Reported Sales

Sales growth vs. H1 16

Half-year (€millions)



Strong H1

Disposals (Paddy) offset by acquisitions (Monkey 47)

Negative impact
Primarily due to weakening emerging market currencies and weakening of GBP (negative impact on Sales but positive on PRO)

Q2 17

- **Sales +4%**
- In continuity of Q1

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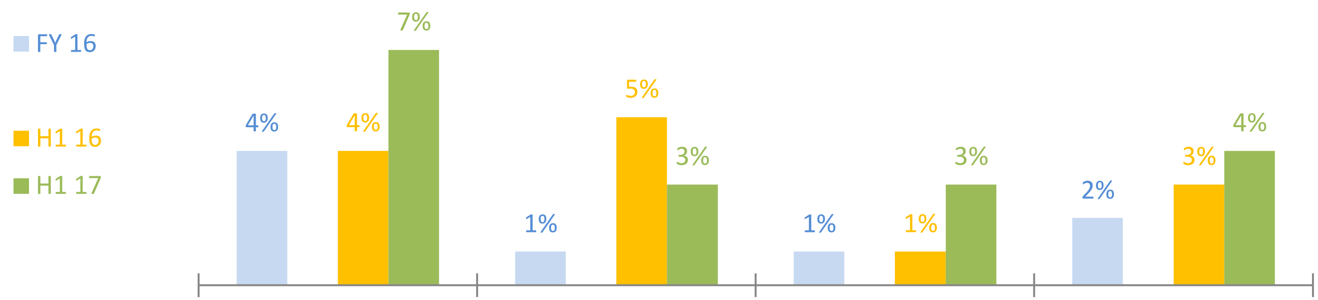
Organic Sales growth by region

+4%

Sales

Americas	Asia-RoW	Europe	World



Americas	Asia-RoW	Europe	World
Continued strong growth driven by USA and significant improvement in Travel Retail	Contrasted, with China improving and benefiting from an earlier CNY[1] but temporary slowdown on Indian Whiskies (demonetisation)	Good H1 driven by recovery in Russia and continued good performance in UK and Spain	**Strong H1**

% of Sales

1. Chinese New Year on 28 January 2017 vs. 8 February 2016

Americas: +7%

Continued strong growth

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+5%

Sales in USA

Americas

United States: continued good performance

Market: still dynamic albeit with growth slowdown in Q2

- Annual Nielsen **value now at +4.4%**[1] vs. +5.9%[2] in FY16, broadly in line with historic market growth rate
- **Premiumisation** remains strong, driven mainly by mix

Pernod Ricard USA

- **Continuation of good performance,** partly favoured by shipment phasing
- Annual Nielsen **value +3.0%**
- Positive price/mix
- **Organisational changes** to improve performance announced in July 2016 and being implemented

Consistent brand portfolio strategy

Nielsen / NABCA[1] *Annual Value*	**Jameson**	**Absolut**	**Malibu**	**The Glenlivet**	**Martell**
	+19% / +19%	-5% / -1%	+2% / +6%	+5% / +2%	+22% / +10%

- **Jameson:** continued very strong growth
- **Absolut:**
  - **Medium-term stabilisation plan** being implemented
  - **Increasingly competitive category**
  - **Lime:** launched in early Q3
  - **Absolut Elyx**: strong development
- **Malibu:** good growth, outperforming its category
- **The Glenlivet:** transition year as Founder's Reserve is rolled out
- **Martell:** very strong growth as brand is reprioritised in the USA
- **Smooth Ambler:** acquisition of majority stake completed on January 31st

1. Nielsen XAOC + liquor Plus 12 months to Dec 31, 2016; NABCA 12 months to Dec 2016 2. Nielsen XAOC + liquor Plus 12 months to July 16, 2016

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Americas excluding USA

Good growth

+10%

Sales in Americas excl. USA

Travel Retail Americas: +14%

- Return to growth on favourable comparison
- **USD appreciation** continuing to put pressure on price attractiveness
- Growth **driven by Martell** expanding distribution and increasing visibility across USA airports

Canada

- **Solid growth** driven in particular by Jameson, Wiser's and Jacob's Creek
- Acquisition of **Ungava gin**

Brazil: -10%

- **Market conditions still adverse**
- **Decline emphasised by unfavourable technical impact** (advance shipments in H1 16 before tax hike)
- **Price increase on international brands** following BRL devaluation

Cuba

- **Strong double-digit growth** driven by tourism

Argentina

- **Continuation of strong growth**, partly favoured by inflation

Asia-Rest of World

Contrasted: +3%

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+3%

Sales in Asia-RoW

Asia-Rest of World

Contrasted

India: +3%

- **Good resilience in a period of several adverse regulatory changes:**
  - **Growth deceleration in H1** due mainly to **demonetisation:**
    - **Impact mainly on local whisky brands**, with better resilience of Blenders Pride
    - **Continued double-digit growth of Strategic International Brands**, with positive volumes and pricing
  - **H2 expected to be affected by:**
    - Further impact of demonetisation (till end Q3)
    - Supreme Court ban on highway liquor stores (implementation April 1st, 2017)
  - **GST implementation pushed back to Summer 2017**
- **Medium-term growth potential remains significant** thanks to:
  - Continued trading up of the emerging middle class
  - Pernod Ricard's leadership in the premium local spirits category

China: +4%

- **Stability when restated for earlier CNY**[1]
- **Clear improvement vs. FY16, driven by Martell at +10%** with all price bands in growth (recovery of Cordon Bleu); **Scotch whiskies still suffering**
- **New commercial and marketing organisation** now implemented to capitalise on the opportunity for premium brands

Africa / Middle East: +3%

- **Growth deceleration** due to macroeconomic and geopolitical context
- **Strategic International Brands continuing to develop**, in particular Chivas, Absolut and Jameson, driven by both volumes and pricing

1. Chinese New Year on 28 January 2017 vs. 8 February 2016

Pernod Ricard

+3%

Sales in Asia-RoW

Asia-Rest of World
Contrasted

Japan: +6%

- **Continued strong growth**
- Double-digit performance of Strategic International Brands, thanks to **Perrier-Jouët, Scotch** (Ballantine's, Chivas and Royal Salute) and **Beefeater**
- Premiumisation driven by **pricing**

Korea

- **Double-digit decline** due to adverse market conditions, destocking and transition to new organisation
- **New commercial organisation and new innovation initiatives** in place to improve future performance (including the launch of Imperial 35)

Travel Retail Asia

- Sales in **modest decline, albeit improving** vs. H1 16, mainly due to delayed finalisation of negotiations with a key customer
- Scotch category still facing tough market and competitive environment

Europe

Good H1: +3%

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+2%

Sales in Western Europe

Europe

Western Europe: good resilience

France: +6%

- **Broadly stable** when restating for technical impact[1]
- Market context slightly improving

Spain: +5%

- Continued success **driven by Seagram's gin**
- **Good performance also of whisky portfolio** (Chivas, Ballantine's and The Glenlivet) and **Wines**

UK: +7%

- Continuation of good growth resulting in **further market share gains**[2]
- Continued **good performance of Strategic International Brands**, in particular Jameson, Absolut, Chivas, The Glenlivet and Perrier-Jouët
- **Good wine performance** driven by Campo Viejo

Germany

- **Strong growth and market share gains**[2], driven by Absolut, Ballantine's and Havana Club
- Continued **success in the aperitif segment** with very strong growth of Lillet and continued development of Ramazzotti

Travel Retail Europe

- **Decline in a context that remains difficult**

1. *Shipments brought forward from July to June 2015 ahead of back-office mutualisation between Ricard and Pernod on 1 July 2015*
2. *Nielsen latest 12 month value to December 2016*

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+11%

Sales in Eastern Europe

Europe

Eastern Europe: strong rebound

Russia: +15%

- **Very good performance in a still difficult but improving environment**
- **Market share gains**[1]
- **Strong growth driven by Strategic International Brands**, in particular Ballantine's, Jameson and Absolut, as well as Ararat and Olmeca

Poland

- Pernod Ricard **gaining market share**[1] in an environment that remains commercially aggressive
- Growth driven by **whisky** portfolio (Ballantine's, Chivas and Passport) and **Absolut**

1. Nielsen latest 12 month value to December 2016

Sales analysis

by brand

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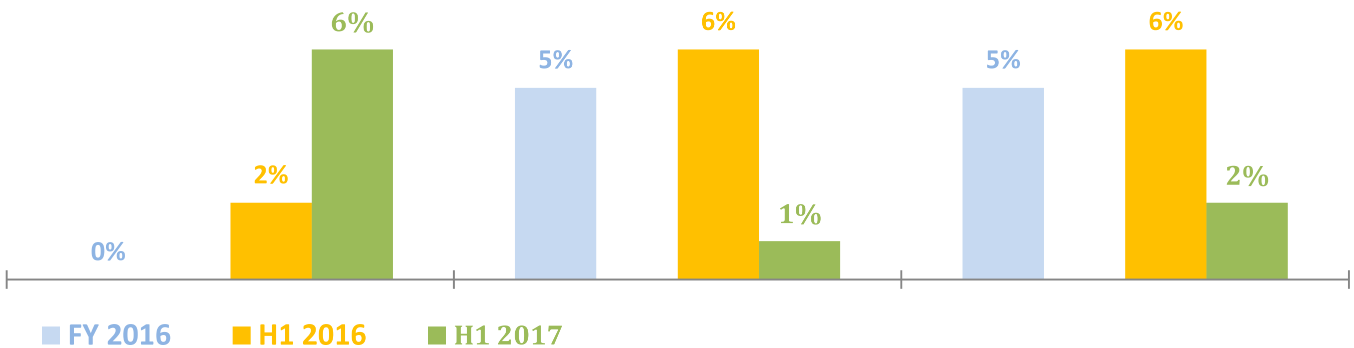
+4%

Sales, driven by Strategic International Brands +6%

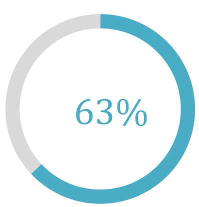
Organic Sales growth by category

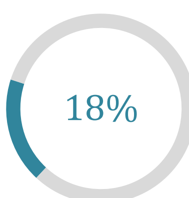
Strategic International Brands	Strategic Local Brands	Strategic Wines

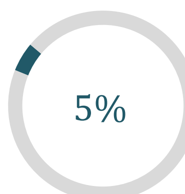


Strategic International Brands	Strategic Local Brands	Strategic Wines
Growth acceleration driven by Jameson, Martell, Ballantine's and a return to growth of Absolut	Slowdown due to Indian whiskies (temporary negative impact of demonetisation)	Modest growth

% of Sales







Innovation: +22%, delivering +1% incremental top line growth

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+6%

Strategic International Brands Sales

Strategic International Brands

Jameson: +20%, continued very strong performance

- Driven by USA, Europe and Africa Middle East
- **USA:** +19%[1], now largest brand in portfolio, representing just over ¼ of total USA Sales
- **Europe:** strong performance, particularly in **Russia** and the **UK**
- **Africa Middle East:** performance driven by full range including Jameson Caskmates and Jameson Black Barrel innovations

Martell: +7%, return to strong growth in China

- **China:** +10%, favoured by earlier CNY[2]
- **Good growth outside China** fuelled by fast development in USA and Travel Retail Americas
- Growth coming from all segments of range. Cordon Bleu back to growth in China.

Absolut: +1%, return to growth

- **USA**: **Absolut still in decline**. Objective remains to stabilise in the medium-term in an increasingly competitive vodka market. Strong development of Absolut Elyx.
- **Very good performance** of the 2/3 of volumes sold **outside USA: +6%** driven by **Europe** and **LATAM**

1, Nielsen XAOC + liquor plus, 12month value to 31 December 2016
2. Chinese New Year on 28 January 2017 vs. 8 February 2016

Pernod Ricard

+6%

Strategic International Brands Sales

Strategic International Brands

Scotch whiskies

- **Chivas: -1%** (improving **Q2 at +1%**) with continued challenging market conditions in China and Brazil, tempered by strong performance in UK, France and Spain
- **The Glenlivet: flat,** with range in transition following **launch of Founder's Reserve**
- **Ballantine's: +6%,** driven by Ballantine's Finest +8%, with very good growth in Europe, especially Russia, France and Poland and in South Africa and Travel Retail Asia
- **Royal Salute: +3%,** driven by India and Taiwan

Other spirits: good overall growth

- **Mumm: +3%,** with strong activation in France driving growth, particularly on higher styles
- **Perrier-Jouët: +9%,** continued strong performance in Japan and across Western Europe
- **Ricard: +2%,** with market share gain and performance enhanced by favourable technical impact[1]
- **Beefeater: +5%,** continued growth from Europe and Latin America
- **Havana Club: +5%,** good growth, driven by Cuba (increased tourism) and France
- **Malibu: +7%,** driven by USA outperforming its category and enjoying continued strong performance following successful summer activations

1. Shipments brought forward from July to June 2015 ahead of back-office mutualisation between Ricard and Pernod on 1 July 2015

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Strategic Local Brands

+1%

Strategic Local Brands

Sales

Slowdown in Indian Whiskies' growth (+3%) following demonetisation and toughening regulatory environment

- Lower impact felt on the higher premium level (Blenders Pride)

Good growth for Seagram's Gin Spain, Olmeca Altos, and Ararat

Decline for Imperial (Korea) and Passport (due to Sales limitation in Angola)

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+2%

Strategic Wines Sales

Strategic Wines

Strong volume performance driven by Campo Viejo (UK, Spain) and Jacob's Creek (Pacific)

Negative pricing impacted by tough market conditions (UK, USA) and promotional phasing

Marketing, innovation & CSR

CONSUMER CENTRIC

MUMM

Appointment of Usain Bolt as CEO - Chief Entertainment Officer

Based in Kingston, Jamaïca, he will dedicate his time to entertain the world alongside all Pernod Ricard's partnerships and show how the Brand Crusade - "Dare. Win. Celebrate." - can really be a strong call to action to build Mumm as the true Icon of Victory.

JAMESON BLACK BARREL

New Packaging

Great results for Jameson Black Barrel (+25% vs. LY) with the roll-out of the new packaging upgrade to over 40 markets, supported by strong activations in markets such as the US, Ireland, Portugal and The Netherlands. The product continues to garner awards and gain traction among the international bartender community.

BEEFEATER

Reinvention of an icon - Bottle Redesign

Featuring a hand drawn map of the British capital, the evolution of the bottle's packaging reinforces Beefeater as an authentic product of London, which continues to be distilled in the heart of the city today. As a leading premium gin, this new look for Beefeater is set to inspire gin lovers globally to explore the true taste of London.

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CONSUMER CENTRIC

JACOB'S CREEK

“Who makes you” - new campaign featuring Novak Djokovic

Inspired by the concept of it’s not “what makes you”, it’s “who”, the latest series explores the greatest influences in Novak’s life: the people around him. ‘Who Makes You’ spotlights some of the most significant people that have contributed to Djokovic’s journey and accomplishments.

HAVANA CLUB

“Momento Mojito” - Immersive Experience

To underline and amplify the brand’s Cuban origin, Havana Club transported consumers to the Island by offering an experience beyond a simple mojito. Throughout the summer and in different markets, abandoned public spaces were reclaimed to deliver a unique experience focused around Cuban atmosphere, food, colour, music, workshops and mojitos.

CLAN CAMPBELL

“Ici Commence le Clan” – New out of home campaign

Bringing to life a rough and realistic – yet inspiring – vision of their everyday work for our consumers, the Clan Campbell workers face us with pride.

The vibrant fraternity that emerges from these images captures the essence of the brand positioning: contemporary, free and proud.

PORTFOLIO

SMOOTH AMBLER SPIRITS

Acquisition

Pernod Ricard has signed an agreement to take a majority stake in Smooth Ambler Spirits Co., the award-winning West Virginia distiller and producer of Smooth Ambler Contradiction Bourbon, Old Scout Single Barrel Bourbon and other high-end spirits.
Smooth Ambler Spirits Co., founded in 2009, is located in the Greenbrier Valley of West Virginia. It uses regional natural resources and ingredients to produce bourbons, gins, vodkas, rums and whiskeys, including the Old Scout Single Barrel Bourbon, which was recognized recently as the “Best Single Barrel Bourbon in the World” at Whiskey Magazine’s 2016 World Whiskies Awards.

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PREMIUMISATION AND LUXURY

PERRIER-JOUET

L'Eden by #PerrierJouet in London

VIP guests were transported into an immersive experience around a completely new vision of nature in the highly anticipated launch of L'Eden by Perrier-Jouët during London Fashion Week and London Design Festival.
L'Eden by Perrier-Jouët celebrated the creative effervescence of two of the biggest cultural weeks, with an enchanting installation from leading Parisian designer Noé Duchaufour-Lawrance and the world's first bio-responsive garden by Bompas & Parr. This oasis of natural charm combined with a touch of magic, provided a completely unique experience.

MARTELL

Creation of the Martell Corporate Foundation

As a cultural and multi-disciplinary organisation, the foundation is a natural extension of Martell's tradition of collaboration and patronage and was created to generate dialogue between its heritage and artists from all over the world.

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INNOVATION

PACTO NAVIO

New Cuban Rum Release

PACTO NAVIO is an authentic Cuban rum, finished in Sauternes barrels. It is the result of a meticulous assembly of old Cuban rum bases. Its aging, partly completed in barrels of Sauternes, brings all its aromatic power. This specific process of elaboration is inspired by a tradition dating from the early 19th century trade development between when France and Cuba, the old and the new world.

ABSOLUT

Absolut Lime Product Launch in Q3

Absolut Lime is the latest addition to the core range of flavors. An instant classic, this citrus sibling arrives almost 30 years after the launch of Absolut Citron. With its fresh, balanced taste of natural Lime flavor and iconic frosted bottle, Absolut Lime perfectly complements the range as a key ingredient in many of today’s classic drinks with a refreshing twist.

DIGITAL

MALIBU

Coco-Nect - On Demand Drink Delivery Service

By using connected technology, Malibu wants to avoid bar queues and instead, bring drinks directly to consumers. A simple twist to the base of the coconut-shape cup is enough to place an order and point user's location for the delivery. A light at the bottom of the cup indicates that the drink is ready and being delivered.

BALLANTINE'S

Ballantine's Lumen - Digital Bottle

Ballantine's Lumen is the World's first Programmable & Connected bottle that can display any type of digital content and will enable bar and club owners to bring a new, unparalleled experience to their customers.

ROUTE TO MARKET / CONSUMERS

On Trade

PERNOD PRO

New CRM Programme for Champagne & Spirits On Trade Customers - FRANCE

PernodPro is the first Customer Relationship Programme (CRM) for Champagne & Spirits OnTrade customers (barmen, restaurant owners, wine shop managers...).

Pernod Ricard

SUSTAINABILITY & RESPONSIBILITY

LET'S LIVE TOGETHER, BETTER

Strong progress on rating agencies :

EURONEXT vigeo eiris INDICES EUROPE 120

EURONEXT vigeo eiris INDICES WORLD 120

EURONEXT vigeo eiris INDICES EUROZONE 120

EURONEXT vigeo eiris INDICES FRANCE 20

- **Maintains its #1 ranking in the Beverage industry**
- **Included in 4 indices (vs. 2 in 2015)**

CDP DRIVING SUSTAINABLE ECONOMIES

- **A- score on the fight against climate change (vs. B in 2015).**

RESPONSIBLE PARTY

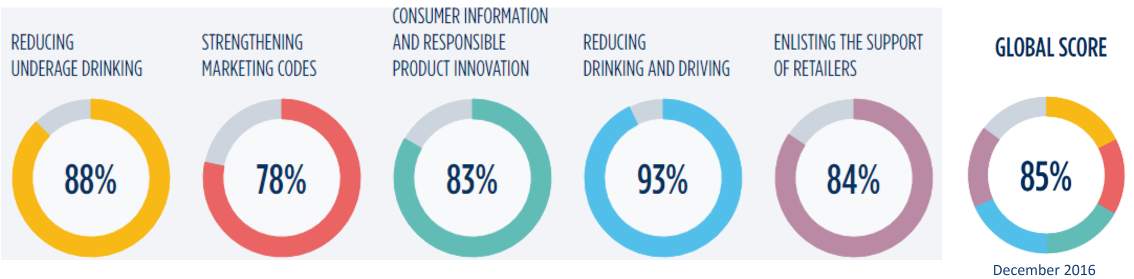
"Responsible Party" is a pan-European initiative that recruits student ambassadors to engage with other students. We educate more than 300 000 students in Europe about the health effects of excessive alcohol consumption.

WATER IN INDIA

In India, where water is an important local issue, Pernod Ricard India has built water harvesting structures covering an area of 32,000 m2 on Grampanchayat land in Waghadevnager. This water will be used by the 5 000 villagers and will provide farmers with reserves to irrigate their fields and supply their livestock with drinking water.

THE SMART BAROMETER: We Commit, We measure.

Pernod Ricard created an innovative digital tool to regularly share its contribution and progress to the 5 commitments made by the alcohol beverage industry (https://smartbarometer.pernod-ricard.com/)
The Group is on track to meeting its objective of 95% by December 2017



Profit from Recurring Operations

PRO

Summary income statement

Pernod Ricard

+4%

PRO

Summary income statement

€ millions	H1 16	H1 17	reported Δ	organic Δ
Sales	4,958	**5,061**	+2%	+4%
Gross margin after logistics costs (GM)	3,078	**3,158**	+3%	+3%
GM / Sales	*62.1%*	***62.4%***		*-31bps*
Advertising & prom. expenditure (A&P)	(908)	**(901)**	-1%	+1%
A&P / Sales	*18.3%*	***17.8%***		*-50bps*
Contribution after A&P expenditure (CAAP)	2,170	**2,257**	+4%	+4%
CAAP / Sales	*43.8%*	***44.6%***		*+19bps*
Profit from Recurring Operations (PRO)	1,438	**1,500**	+4%	+4%
PRO / Sales	*29.0%*	***29.6%***		*+4bps*

Pernod Ricard

+4%

PRO

Income statement key comments

H1 Profit from Recurring Operations: +4%

- **+3% when restated for earlier CNY[1], consistent with full-year FY17 +2% to +4% guidance**

Gross Margin down -31bps

- **Positive price/mix** but pricing still subdued
- **Tight management of Cost Of Goods Sold** ("COGS") thanks to operational efficiency initiatives, despite negative impact of new taxes (Vietnam) and significant increase of Grain Neutral Spirit (India) and agave cost

A&P +1%

- Lapping strong increase in H1 16
- Numerous initiatives to drive stronger efficiency

Structure costs[2] tightly managed

Slight Improvement in PRO margin: +4bps, up to 29.6%

FX impact almost neutral

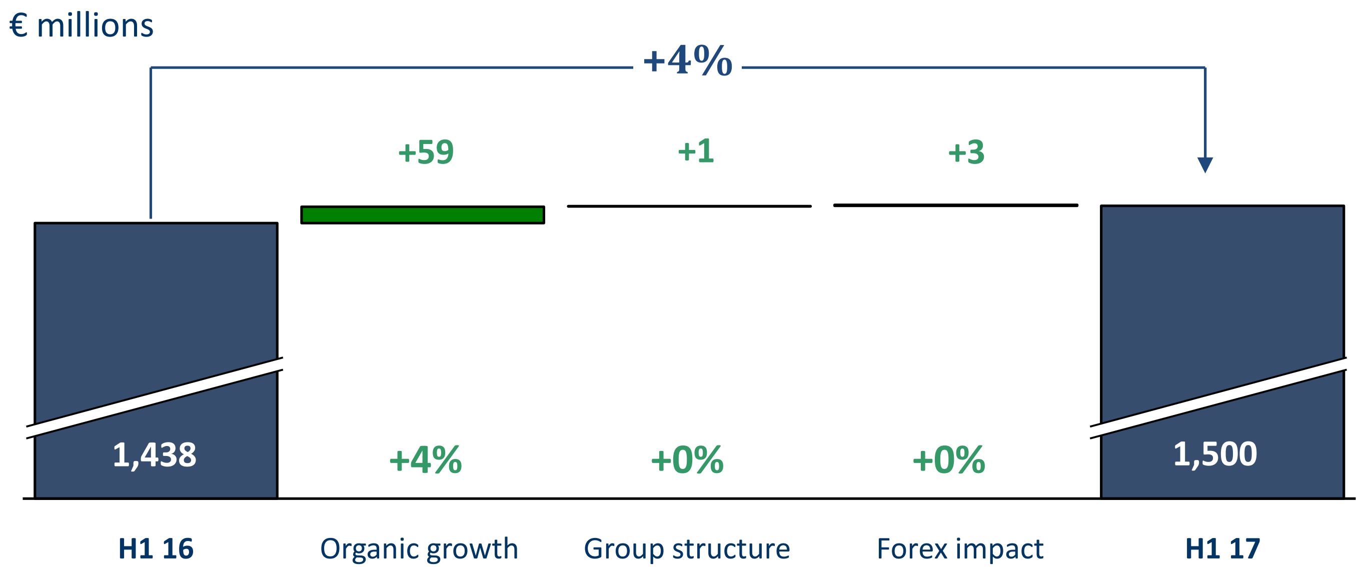
1. *Chinese New Year on 28 January 2017 vs. 8 February 2016*
2. *Structure costs = Selling expenses + General expenses + Other income and expenses from recurring operations*

Pernod Ricard

+4%
Organic PRO

+4%
Reported PRO

Change in PRO



PRO growth consistent with guidance. +3% restated for earlier Chinese New Year[1]

Modestly positive impact driven by weakening of GBP

1. Chinese New Year on 28 January 2017 vs. 8 February 2016

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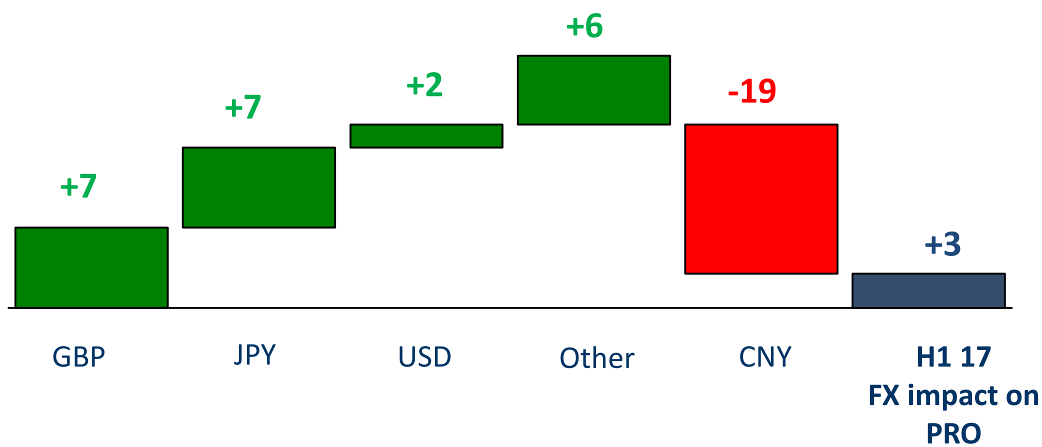
Slightly Positive FX impact on PRO in H1

Change in PRO – FX impact

A slightly positive impact in H1 driven by GBP (though limited due to pre-Brexit hedging) and JPY offset by a negative impact from the CNY

€ millions[1]



For full-year FY17, a positive FX impact on PRO of c. €80m is expected[2]

1. Includes impact of strategic hedging on Forex
2. Based on average FX rates for full FY 17 projected on 31 January 2017, particularly EUR/USD = 1.09

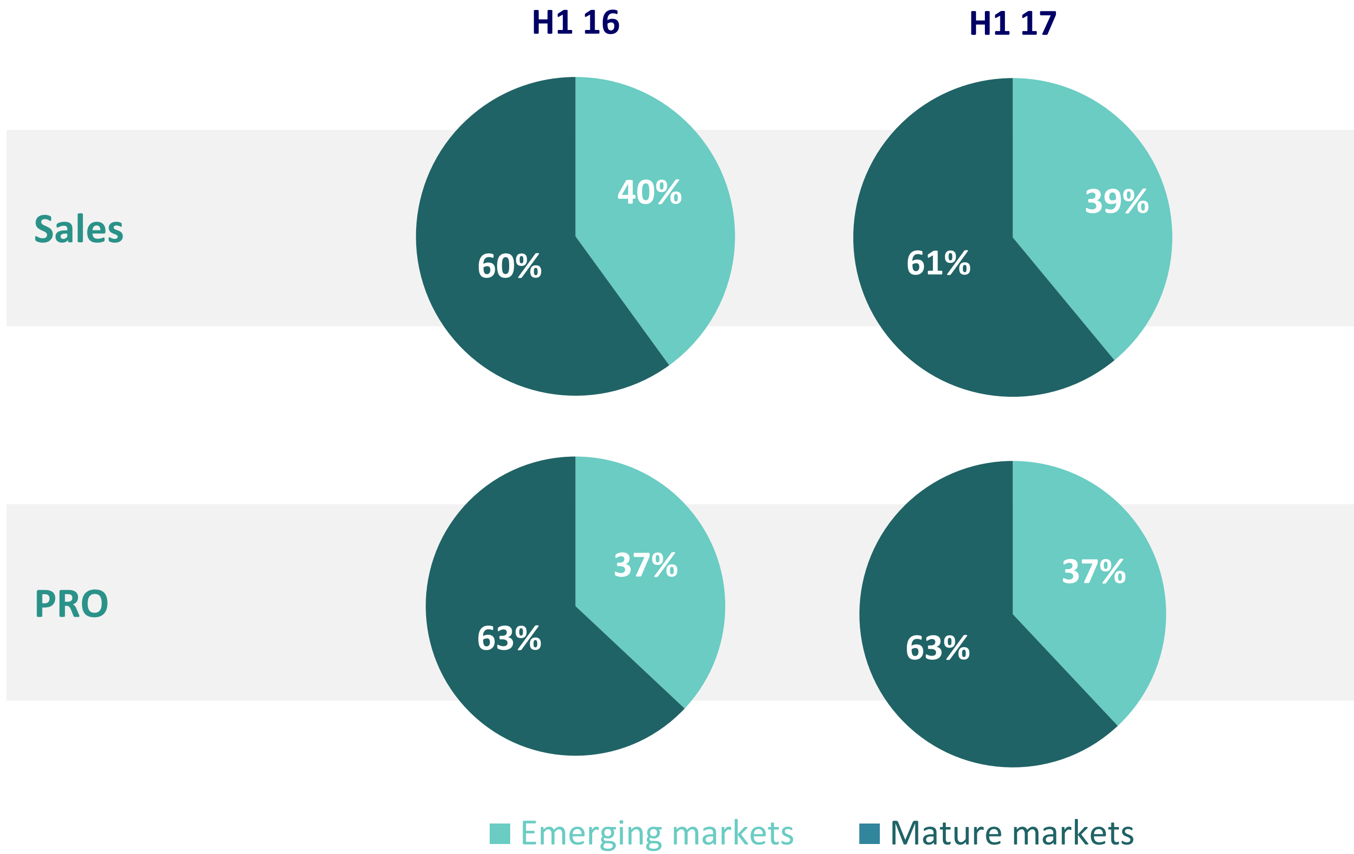
PRO

Analysis by region

Pernod Ricard

Healthy balance between emerging and mature markets

Analysis by market type



Solid Sales growth for both Mature (+3%) and Emerging markets (+6%)

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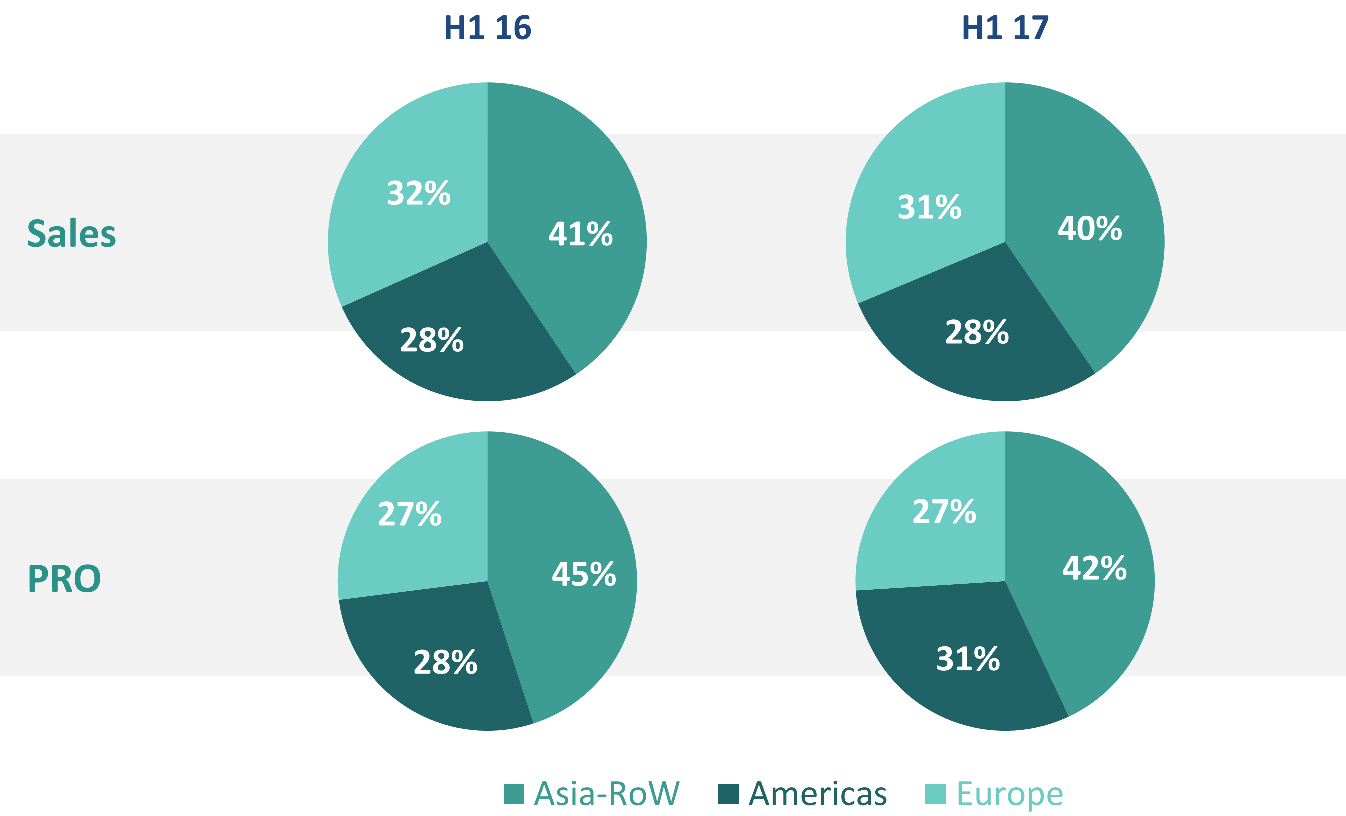
Healthy geographical balance

Analysis by region



Pernod Ricard

+9%

Americas

PRO

Americas

Good performance driven by USA and Travel Retail, further enhanced by FX

€ millions	H1 16	H1 17	reported Δ	organic Δ
Sales	1,369	**1,431**	+4%	+7%
GM	890	**972**	+9%	+7%
GM / Sales	*65.0%*	***68.0%***		*+17bps*
A&P	(277)	**(291)**	+5%	+7%
A&P / Sales	*20.2%*	***20.4%***		*flat*
CAAP	613	**681**	+11%	+7%
CAAP / Sales	*44.8%*	***47.6%***		*+16bps*
PRO[1]	400	**463**	+16%	+9%
PRO / Sales	*29.2%*	***32.4%***		*+58bps*

- **Strong Sales growth**
- **Gross margin rate +17bps** thanks to positive mix in USA (premiumisation)
- **A&P** broadly in line with topline
- **Strong enhancement of PRO margin** thanks to premiumisation, tight management of resources and FX

1. Head office costs allocated in proportion to CAAP

Pernod Ricard

+1%

Asia-RoW PRO

Asia-Rest of World

PRO favoured by earlier CNY[1] but impacted by slowdown in India

€ millions	H1 16	H1 17	reported Δ	organic Δ
Sales[2]	2,019	**2,040**	+1%	+3%
GM	1,229	**1,212**	-1%	+1%
GM / Sales	*60.9%*	***59.4%***		*-100bps*
A&P	(350)	**(330)**	-6%	-4%
A&P / Sales	*17.3%*	***16.2%***		*-104bps*
CAAP	879	**883**	0%	3%
CAAP / Sales	*43.6%*	***43.3%***		*+5bps*
PRO[3]	645	**633**	-2%	+1%
PRO / Sales	*31.9%*	***31.0%***		*-45bps*

- **Sales growth +3%** driven by China but negatively impacted by India (demonetisation) and Korea
- **Gross margin down 100bps,** due mainly to COGS pressure in India (including Grain Neutral Spirit increase), new taxes (Vietnam), promotional phasing and tough commercial conditions in Travel Retail
- **Decline in A&P** while maintaining investment behind key strategic priorities
- **Reported PRO in slight decline due to FX impact** resulting mainly from negative movement on Chinese yuan

1. *Chinese New Year on 28 January 2017 vs. 8 February 2016*
2. *Including customs duties*
3. *Head office costs allocated in proportion to CAAP*

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+4%

Europe

PRO

Europe

Strong growth of PRO, favoured by good Sales and tight management of resources

€ millions	H1 16	H1 17	reported Δ	organic Δ
Sales	1,570	**1,589**	+1%	+3%
GM	959	**973**	+2%	+3%
GM / Sales	*61.1%*	***61.2%***		*+4bps*
A&P	(281)	**(280)**	0%	+1%
A&P / Sales	*17.9%*	***17.6%***		*-31bps*
CAAP	677	**693**	+2%	+4%
CAAP / Sales	*43.1%*	***43.6%***		*+35bps*
PRO[1]	393	**405**	+3%	+4%
PRO / Sales	*25.0%*	***25.5%***		*+18bps*

- **Sales growth at +3%,** thanks to solid growth in Western Europe, a return to growth in Eastern Europe and a positive technical impact in France[2]
- **Improvement in Gross margin** due mainly to product mix
- **Tight management of resources** (A&P and Structure costs)
- **Organic improvement of operating margin +18bps, up to 25.5%** thanks to product mix and tight management of resources

1. *Head office costs allocated in proportion to CAAP*
2. *Shipments brought forward from July to June 2015 ahead of back-office mutualisation between Ricard and Pernod on 1 July 2015*

Net profit

Pernod Ricard

Lowering cost of debt

Financial income (expense) from recurring operations

€ millions	H1 16	H1 17	reported Δ
Financial income (expense) from recurring operations	(217)	**(201)**	+16
Cost of debt	*4.2%*	***4.0%***	

- **Reduction in Financial expenses from recurring operations**
  - Reduction in cost of debt from 4.2% to 4.0% thanks to bond refinancing
  - Improved cashflow
  - Slight positive FX impact: +1 M€

- Expect cost of debt to further **decline to c. 3.8%** for full-year FY17

Corporate income tax on recurring items

€ millions	H1 16	H1 17
Corporate income tax on recurring items	(302)	**(334)**
Rate	*24.7%*	*25.7%*

- **Tax rate on recurring items close to 26%,** in line with expectations for full-year FY17

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Group share of Net Profit from Recurring Operations and EPS

€ millions	H1 16	H1 17	Reported Δ
Profit from Recurring Operations	1,438	1,500	+4%
Financial income (expense) from recurring operations	(217)	(201)	-7%
Income tax on recurring operations	(302)	(334)	+11%
Minority interests and other	(10)	(9)	
Group share of Net Profit from Recurring Operations	**909**	**957**	**+5%**
Diluted net earnings per share from recurring operations "EPS" (€/share)	**3.42**	**3.61**	**+5%**

- Increase of +5% in Net Profit from Recurring Operations and EPS, due to PRO organic growth and a reduction in financial expenses, despite a higher tax rate

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Non-recurring items

€ millions	H1 16	H1 17
Non-recurring operating income and expenses	(35)	0
Non-recurring financial items	(1)	(4)
Corporate income tax on non-recurring items	13	(38)

- **Limited overall impact of non-recurring items**

Group share of Net profit

€ millions	H1 16	H1 17	Reported Δ
Profit from Recurring Operations	**1,438**	**1,500**	**+4%**
Non-recurring operating income and expenses	(35)	0	
Operating profit	**1,403**	**1,500**	**+7%**
Financial income (expense) from recurring operations	(217)	(201)	
Non-recurring financial items	(1)	(4)	
Corporate income tax	(289)	(372)	
Non-controlling interests and other	(10)	(9)	
Group share of net profit	**886**	**914**	**+3%**

Cashflow

& Debt

Pernod Ricard

+€168m

Free Cash Flow vs. H1 16

Cash flow statement: Free Cash Flow increased +34%

€ millions	H1 16	H1 17	reported Δ	% Δ
Profit from Recurring Operations	**1,438**	**1,500**	**+63**	**+4%**
Amortisation, depreciation and provision movements and other	122	**116**	(6)	
Self-financing capacity from recurring operations	**1,560**	**1,617**	**+57**	**+4%**
Decrease (increase) in strategic stocks[1]	*(10)*	***4***	*+14*	
Decrease (increase) in operating WCR	*(449)*	***(378)***	*+70*	
Decrease (increase) in recurring WCR	(459)	**(374)**	+85	
Non-financial capital expenditure	(166)	**(145)**	+21	
Financial income (expense) and taxes	(391)	**(357)**	+34	
Free Cash Flow from recurring operations (Recurring FCF)	**544**	**741**	**+197**	**+36%**
Non-recurring items	(53)	**(82)**	(29)	
Free Cash Flow (FCF)	**490**	**658**	**+168**	**+34%**

1. *Ageing stocks and wine inventories*

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+€168m

Free Cash Flow vs. H1 16

Free Cash Flow increased +34%, partly favoured by phasing

Strong increase in Free Cash Flow at €658m, +€168m / +34% vs. H1 16

- **Favourable variation of strategic inventory** thanks to optimised management of Scotch inventory and supply
- **Positive Working Capital variation** impacted by favourable phasing (technical), optimisation of finished goods' inventories (Operational excellence roadmap) and stable DSO
- **Capex slightly down**: (€145m), +€21m vs. H1 16, due to H1 / H2 phasing
- Financial expenses down thanks to **lower cost of debt and improved cashflow**

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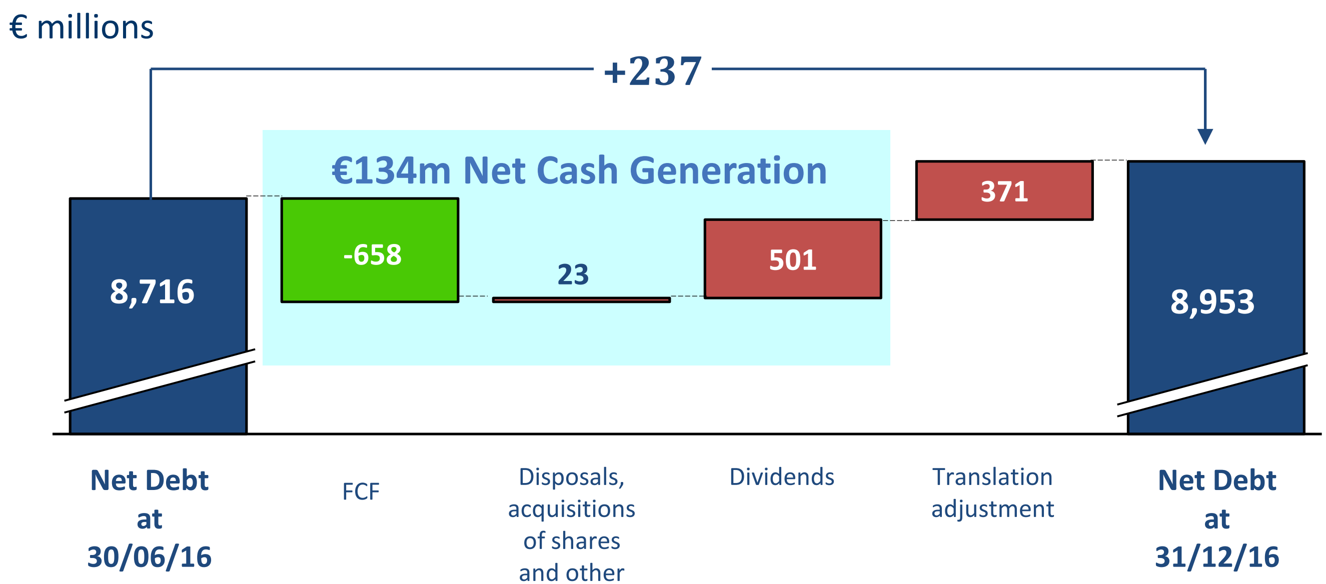
€134m

Net Cash Generation before translation adjustment

Strong improvement in Net Cash Generation
Net debt increase due to FX



- **Very strong Net Cash Generation** despite adverse impact of H1 seasonality on Working capital and full dividend payment. **Strong improvement: +€134m in H1 17 vs. (€60m) in H1 16,** mainly thanks to recurring Free Cash Flow improvement
- **Net debt up +€237m to €8,953m** due to adverse translation adjustment (EUR/USD rate 1.11 at 30/06/2016 vs. 1.05 at 31/12/2016) on USD-denominated debt (62% of Gross Debt as of 31/12/2016, reduced to 57% in January 2017)
- **Net debt / EBITDA ratio at <3.4 at average rates[1]**
  - **Improvement vs. <3.6 at 31/12/2015**
  - **Improvement by <0.1 compared to 30/06/16** despite adverse H1 cash seasonality

1. Average rates EUR/USD 1.10 in H1 16 and H1 17

Conclusion and outlook

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Conclusion & Outlook

Strong H1, consistent with the Outlook provided in September

For full-year FY17, in an uncertain environment, Pernod Ricard expects:

- **Good growth to continue in USA, Jameson worldwide and innovation**
- **Improvement vs. FY16 in China, Absolut and Chivas**
- **Temporary deceleration in India, due to one-off regulatory measures**
- **Ongoing focus on operating margin and cash flow**
  - ❖ 2020 Operational excellence roadmap being implemented
  - ❖ Strong cash flow generation
- **Positive FX impact of c.€80m[2] on PRO**

Confirmation of FY17 Guidance:
Organic growth in PRO between +2% and +4%

1. Chinese New Year on 28 January 2017 vs. 8 February 2016
2. Based on average FX rates for full FY 17 projected on 31 January 2017, particularly EUR/USD = 1.09

Appendices

Upcoming communications

DATE[1]	EVENT
Wednesday 29 March 2017	**EMEA LATAM conference call**
Thursday 20 April 2017	**Q3 2016/17 Sales**
Monday 15 May 2017	**Asia Conference call**
Thursday 31 August 2017	**2016/17 Full-year Results**
Thursday 19 October 2017	**Q1 2017/18 Sales**
Thursday 9 November 2017	**Annual General Meeting**

(1) The above dates are indicative and are liable to change

Definitions and additional information related to the use of non-IFRS measures

Pernod Ricard's management process is based on the following non-IFRS measures which are chosen for planning and reporting. The Group's management believes these measures provide valuable additional information for users of the financial statements in understanding the Group's performance. These non-IFRS measures should be considered as complementary to the comparable IFRS measures and reported movements therein.

Organic growth

Organic growth is calculated after excluding the impacts of exchange rate movements and acquisitions and disposals.

Exchange rates impact is calculated by translating the current year results at the prior year's exchange rates.

For acquisitions in the current year, the post-acquisition results are excluded from the organic movement calculations. For acquisitions in the prior year, post-acquisition results are included in the prior year but are included in the organic movement calculation from the anniversary of the acquisition date in the current year.

Where a business, brand, brand distribution right or agency agreement was disposed of, or terminated, in the prior year, the Group, in the organic movement calculations, excludes the results for that business from the prior year. For disposals or terminations in the current year, the Group excludes the results for that business from the prior year from the date of the disposal or termination.

This measure enables to focus on the performance of the business which is common to both years and which represents those measures that local managers are most directly able to influence.

Free cash flow

Free cash flow comprises the net cash flow from operating activities excluding the contributions to Allied Domecq pension plans, aggregated with the proceeds from disposals of property, plant and equipment and intangible assets and after deduction of the capital expenditures.

"Recurring" indicators

The following 3 measures represent key indicators for the measurement of the recurring performance of the business, excluding significant items that, because of their nature and their unusual occurrence, cannot be considered as inherent to the recurring performance of the Group:

- **Recurring free cash flow**

Recurring free cash flow is calculated by restating free cash flow from non-recurring items.

- **Profit from recurring operations**

Profit from recurring operations corresponds to the operating profit excluding other non-current operating income and expenses.

- **Group share of net profit from recurring operations**

Group share of net profit from recurring operations corresponds to the Group share of net profit excluding other non-current operating income and expenses, non-recurring financial items and corporate income tax on non-recurring items.

Net debt

Net debt, as defined and used by the Group, corresponds to total gross debt (translated at the closing rate), including fair value and net foreign currency assets hedging derivatives (hedging of net investments and similar), less cash and cash equivalents.

EBITDA

EBITDA stands for "earnings before interest, taxes, depreciation and amortization". EBITDA is an accounting measure calculated using the Group's profit from recurring operations excluding depreciation and amortization on operating fixed assets.

House of Brands effective 1 July 2016

Strategic International Brands

Strategic Local Brands

Strategic Wines

As of 1 July 2016, the above segmentation is used for Financial Communications. The same perimeter has been applied to FY16 for comparison purposes

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Emerging Markets

Americas	Asia-Rest of World		Europe
Argentina	Algeria	Malaysia	Albania
Bolivia	Angola	Mongolia	Armenia
Brazil	Cambodia	Morocco	Azerbaijan
Caribbean	Cameroon	Mozambique	Belarus
Chile	China	Namibia	Bosnia
Colombia	Congo	Nigeria	Bulgaria
Costa Rica	Egypt	Persian Gulf	Croatia
Cuba	Ethiopia	Philippines	Georgia
Dominican Republic	Gabon	Senegal	Hungary
Ecuador	Ghana	South Africa	Kazakhstan
Guatemala	India	Sri Lanka	Kosovo
Honduras	Indonesia	Syria	Latvia
Mexico	Iraq	Tanzania	Lithuania
Panama	Ivory Coast	Thailand	Macedonia
Paraguay	Jordan	Tunisia	Moldova
Peru	Kenya	Turkey	Montenegro
Puerto Rico	Laos	Uganda	Poland
Uruguay	Lebanon	Vietnam	Romania
Venezuela	Madagascar	Zambia	Russia
			Serbia
			Ukraine

Strategic International Brands organic Sales growth

	Volumes H1 17 (in 9Lcs millions)	Organic Sales growth H1 17	Volumes	Price/mix
Absolut	6.2	1%	2%	-1%
Chivas Regal	2.6	-1%	0%	-1%
Ballantine's	3.9	6%	7%	-1%
Ricard	2.5	2%	3%	-1%
Jameson	3.6	20%	16%	4%
Havana Club	2.3	5%	7%	-2%
Malibu	1.8	7%	6%	0%
Beefeater	1.6	5%	4%	1%
Martell	1.3	7%	7%	0%
The Glenlivet	0.6	0%	-1%	1%
Royal Salute	0.1	3%	7%	-4%
Mumm	0.5	3%	4%	-1%
Perrier-Jouët	0.2	9%	5%	4%
Strategic International Brands	**27.2**	**6%**	**5%**	**0%**

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Sales Analysis by Period and Region

Net Sales (€ Million)	Q1 16		Q1 17		Change		Organic Growth		Group Structure		Forex impact	
Americas	627	*28.2%*	649	*28.9%*	22	*3%*	52	*8%*	(7)	*-1%*	(24)	*-4%*
Asia / Rest of the World	938	*42.2%*	917	*40.8%*	(21)	*-2%*	1	*0%*	(0)	*0%*	(21)	*-2%*
Europe	658	*29.6%*	682	*30.3%*	24	*4%*	38	*6%*	5	*1%*	(19)	*-3%*
World	**2,223**	***100.0%***	**2,248**	***100.0%***	**24**	***1%***	**91**	***4%***	**(2)**	***0%***	**(64)**	***-3%***

Net Sales (€ Million)	Q2 16		Q2 17		Change		Organic Growth		Group Structure		Forex impact	
Americas	742	*27.1%*	782	*27.8%*	40	*5%*	43	*6%*	1	*0%*	(4)	*-1%*
Asia / Rest of the World	1,081	*39.5%*	1,123	*39.9%*	43	*4%*	51	*5%*	(0)	*0%*	(8)	*-1%*
Europe	911	*33.3%*	907	*32.3%*	(4)	*0%*	12	*1%*	5	*1%*	(22)	*-2%*
World	**2,734**	***100.0%***	**2,813**	***100.0%***	**79**	***3%***	**107**	***4%***	**6**	***0%***	**(34)**	***-1%***

Net Sales (€ Million)	H1 16		H1 17		Change		Organic Growth		Group Structure		Forex impact	
Americas	1,369	*27.6%*	1,431	*28.3%*	62	*4%*	95	*7%*	(5)	*0%*	(28)	*-2%*
Asia / Rest of the World	2,019	*40.7%*	2,040	*40.3%*	22	*1%*	52	*3%*	(0)	*0%*	(30)	*-1%*
Europe	1,570	*31.7%*	1,589	*31.4%*	19	*1%*	50	*3%*	10	*1%*	(41)	*-3%*
World	**4,958**	***100.0%***	**5,061**	***100.0%***	**103**	***2%***	**197**	***4%***	**4**	***0%***	**(99)**	***-2%***

As of 1 July 2016, Bulk Spirits are allocated by Region according to the Regions' weight in the Group

Summary Consolidated Income Statement

(€ millions)	31/12/2015	31/12/2016	Change
Net sales	**4,958**	**5,061**	**2%**
Gross Margin after logistics costs	**3,078**	**3,158**	**3%**
Advertising and promotion expenses	(908)	(901)	-1%
Contribution after A&P expenditure	**2,170**	**2,257**	**4%**
Structure costs	(732)	(756)	3%
Profit from recurring operations	**1,438**	**1,500**	**4%**
Financial income/(expense) from recurring operations	(217)	(201)	-7%
Corporate income tax on items from recurring operations	(302)	(334)	11%
Net profit from discontinued operations, non-controlling interests and share of net income from associates	(10)	(9)	-10%
Group share of net profit from recurring operations	**909**	**957**	**5%**
Other operating income & expenses	(35)	(0)	NA
Financial income/(expense) from non-recurring operations	(1)	(4)	NA
Corporate income tax on items from non recurring operations	13	(38)	NA
Group share of net profit	**886**	**914**	**3%**
Non-controlling interests	10	10	-3%
Net profit	**896**	**924**	**3%**

Profit from Recurring Operations by Region (1/2)

World

(€ millions)	H1 16		H1 17		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	4,958	*100.0%*	5,061	*100.0%*	103	*2%*	197	*4%*	4	*0%*	(99)	*-2%*
Gross margin after logistics costs	3,078	*62.1%*	3,158	*62.4%*	80	*3%*	106	*3%*	3	*0%*	(29)	*-1%*
Advertising & promotion	(908)	*18.3%*	(901)	*17.8%*	7	*-1%*	(11)	*1%*	(1)	*0%*	18	*-2%*
Contribution after A&P	2,170	*43.8%*	2,257	*44.6%*	87	*4%*	96	*4%*	2	*0%*	(11)	*-1%*
Profit from recurring operations	**1,438**	***29.0%***	**1,500**	***29.6%***	**63**	***4%***	**59**	***4%***	**1**	***0%***	**3**	***0%***

Americas

(€ millions)	H1 16		H1 17		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	1,369	*100.0%*	1,431	*100.0%*	62	*4%*	95	*7%*	(5)	*0%*	(28)	*-2%*
Gross margin after logistics costs	890	*65.0%*	972	*68.0%*	82	*9%*	64	*7%*	0	*0%*	18	*2%*
Advertising & promotion	(277)	*20.2%*	(291)	*20.4%*	(14)	*5%*	(19)	*7%*	(0)	*0%*	5	*-2%*
Contribution after A&P	613	*44.8%*	681	*47.6%*	68	*11%*	45	*7%*	0	*0%*	23	*4%*
Profit from recurring operations	**400**	***29.2%***	**463**	***32.4%***	**63**	***16%***	**36**	***9%***	**(0)**	***0%***	**27**	***7%***

As of 1 July 2016, Bulk Spirits are allocated by Region according to the Regions' weight in the Group

Profit from Recurring Operations by Region (2/2)

Asia / Rest of the World

(€ millions)	H1 16		H1 17		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	2,019	*100.0%*	2,040	*100.0%*	22	*1%*	52	*3%*	(0)	*0%*	(30)	*-1%*
Gross margin after logistics costs	1,229	*60.9%*	1,212	*59.4%*	(16)	*-1%*	11	*1%*	(0)	*0%*	(27)	*-2%*
Advertising & promotion	(350)	*17.3%*	(330)	*16.2%*	20	*-6%*	13	*-4%*	0	*0%*	7	*-2%*
Contribution after A&P	879	*43.6%*	883	*43.3%*	3	*0%*	24	*3%*	(0)	*0%*	(20)	*-2%*
Profit from recurring operations	**645**	***31.9%***	**633**	***31.0%***	**(12)**	***-2%***	**7**	***1%***	**(0)**	***0%***	**(19)**	***-3%***

Europe

(€ millions)	H1 16		H1 17		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	1,570	*100.0%*	1,589	*100.0%*	19	*1%*	50	*3%*	10	*1%*	(41)	*-3%*
Gross margin after logistics costs	959	*61.1%*	973	*61.2%*	15	*2%*	31	*3%*	3	*0%*	(20)	*-2%*
Advertising & promotion	(281)	*17.9%*	(280)	*17.6%*	1	*0%*	(4)	*1%*	(1)	*0%*	6	*-2%*
Contribution after A&P	677	*43.1%*	693	*43.6%*	16	*2%*	27	*4%*	2	*0%*	(14)	*-2%*
Profit from recurring operations	**393**	***25.0%***	**405**	***25.5%***	**12**	***3%***	**16**	***4%***	**1**	***0%***	**(5)**	***-1%***

As of 1 July 2016, Bulk Spirits are allocated by Region according to the Regions' weight in the Group

Foreign Exchange Impact

Forex impact H1 17 (€ Million)		Average rates evolution H1 16	H1 17	%	On Net Sales	On Profit from Recurring Operations [1]
US dollar	USD	1.10	1.10	-0.5%	6	2
Chinese yuan	CNY	7.00	7.41	5.7%	(27)	(19)
Japanese yen	JPY	134.37	116.12	-13.6%	12	7
Argentinian peso	ARS	10.66	16.67	56.4%	(30)	(5)
Pound sterling	GBP	0.72	0.86	19.4%	(49)	7
Other currencies					(10)	11
Total					**(99)**	**3**

For full-year FY17, a positive FX impact on PRO of c. €80m is expected[2]

Notes
1. Impact on PRO includes strategic hedging on Forex
2. Based on average FX rates for full FY 17 projected on 31 January 2017, particularly EUR/USD = 1.09

Sensitivity of profit and debt to EUR/USD exchange

Estimated impact of a **1% appreciation of the USD and linked currencies[1] (before hedging)**

Impact on the income statement[2]	(€ millions)
Profit from Recurring Operations	**+17[3]**
Financial expenses	(2)
Pre-tax Profit from Recurring Operations	+15

Impact on the balance sheet	(€ millions)
Increase/(decrease) in Net Debt	**+54**

(1) CNY, HKD

(2) Full year effect

(3) including +€12M on USD only

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Balance Sheet: Assets

Assets (€ millions)	30/06/2016	31/12/2016
(Net amounts)		
Non-current assets		
Intangible assets and goodwill	17,572	17,953
Tangible assets and other assets	3,233	2,989
Deferred tax assets	2,505	2,527
Total non-current assets	**23,310**	**23,469**
Current assets		
Inventories	5,294	5,194
Receivables (*)	1,068	1,924
Other current assets	251	232
Tax receivable	92	117
Cash and cash equivalents and current derivatives	577	764
Total current assets	**7,282**	**8,232**
Assets held for sale	6	51
Total assets	**30,598**	**31,752**
(*) after disposals of receivables of:	**520**	**913**

Balance Sheet: Liabilities and Shareholders' Equity

Liabilities and shareholders' equity (€ millions)	30/06/2016	31/12/2016
Group Shareholders' equity	**13,337**	**13,850**
Non-controlling interests	169	171
of which profit attributable to non-controlling interests	*20*	*10*
Total Shareholders' equity	**13,506**	**14,021**
Non-current provisions and deferred tax liabilities	4,718	4,842
Bonds non-current	7,078	7,260
Non-current financial liabilities and derivative instruments	341	220
Total non-current liabilities	**12,137**	**12,322**
Current provisions	167	136
Operating payables	1,688	2,010
Other operating payables	909	709
Tax payable	101	242
Bonds - current	1,884	1,959
Current financial liabilities and derivatives	207	353
Total current liabilities	**4,955**	**5,409**
Liabilities held for sale	0	-
Total liabilities and shareholders' equity	**30,598**	**31,752**

Analysis of Working Capital Requirement

(€ millions)	June 2015	December 2015	June 2016	December 2016	H1 16 WC change*	H1 17 WC change*
Aged work in progress	4,430	4,416	4,364	4,331	45	8
Advances to suppliers for wine and ageing spirits	8	13	5	16	6	11
Payables on wine and ageing spirits	107	148	109	140	42	31
Net aged work in progress	**4,331**	**4,281**	**4,260**	**4,207**	**9**	**(12)**
Trade receivables before factoring/securitization	1,674	2,571	1,517	2,745	956	1,192
Advances from customers	3	1	2	17	(2)	15
Other receivables	305	312	305	297	12	(3)
Other inventories	847	824	857	784	(3)	(76)
Non-aged work in progress	73	71	73	80	0	7
Trade payables and other	2,208	2,419	2,168	2,521	253	322
Gross operating working capital	**689**	**1,359**	**582**	**1,367**	**715**	**783**
Factoring/Securitization impact	591	861	520	913	(270)	(386)
Net Operating Working Capital	**98**	**497**	**62**	**454**	**445**	**397**
Net Working Capital	**4,428**	**4,778**	**4,322**	**4,661**	**455**	**385**
Of which recurring variation					**459**	**374**
Of which non recurring variation					**(4)**	**10**

* without FX effects and reclassifications

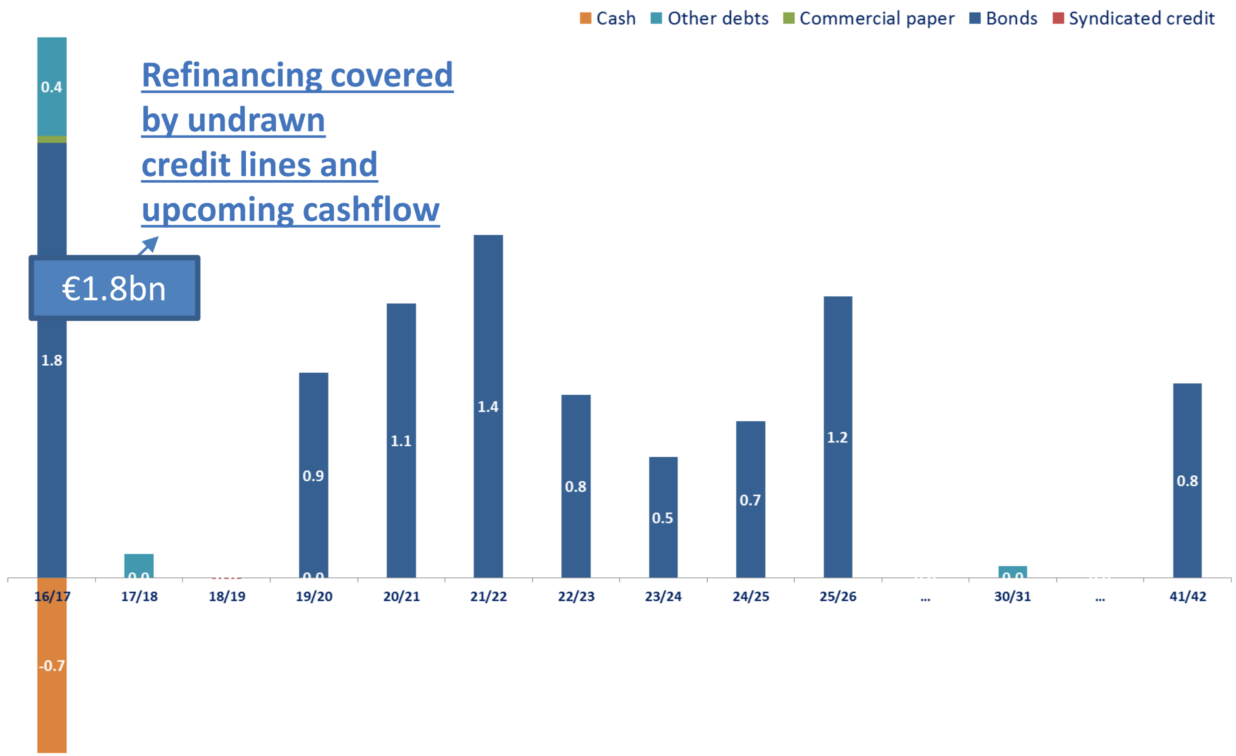
Net Debt

(€ millions)	31/12/2015			31/12/2016		
	Current	Non-current	Total	Current	Non-current	Total
Bonds	**1,390**	**7,562**	**8,951**	**1,959**	**7,260**	**9,218**
Syndicated loan	0	138	138			
Commercial paper	298		298	30		30
Other loans and long-term debts	149	177	325	276	167	443
Other financial liabilities	**447**	**315**	**761**	**306**	**167**	**473**
GROSS FINANCIAL DEBT	**1,836**	**7,876**	**9,712**	**2,265**	**7,427**	**9,692**
Fair value hedge derivatives – assets	(14)	(57)	(72)		(29)	(29)
Fair value hedge derivatives – liabilities					9	9
Fair value hedge derivatives	**(14)**	**(57)**	**(72)**		**(20)**	**(20)**
Net investment hedge derivatives – assets						
Net investment hedge derivatives – liabilities						
Net investment hedge derivatives						
Net asset hedging derivative instruments – assets						
Net asset hedging derivative instruments – liabilities	141		141	9		9
Net asset hedging derivative instruments	**141**		**141**	**9**		**9**
Financial debt after hedging	**1,963**	**7,819**	**9,782**	**2,274**	**7,407**	**9,681**
Cash and cash equivalents	**(524)**		**(524)**	**(728)**		**(728)**
Net financial debt	**1,439**	**7,819**	**9,258**	**1,546**	**7,407**	**8,953**

Change in Net Debt

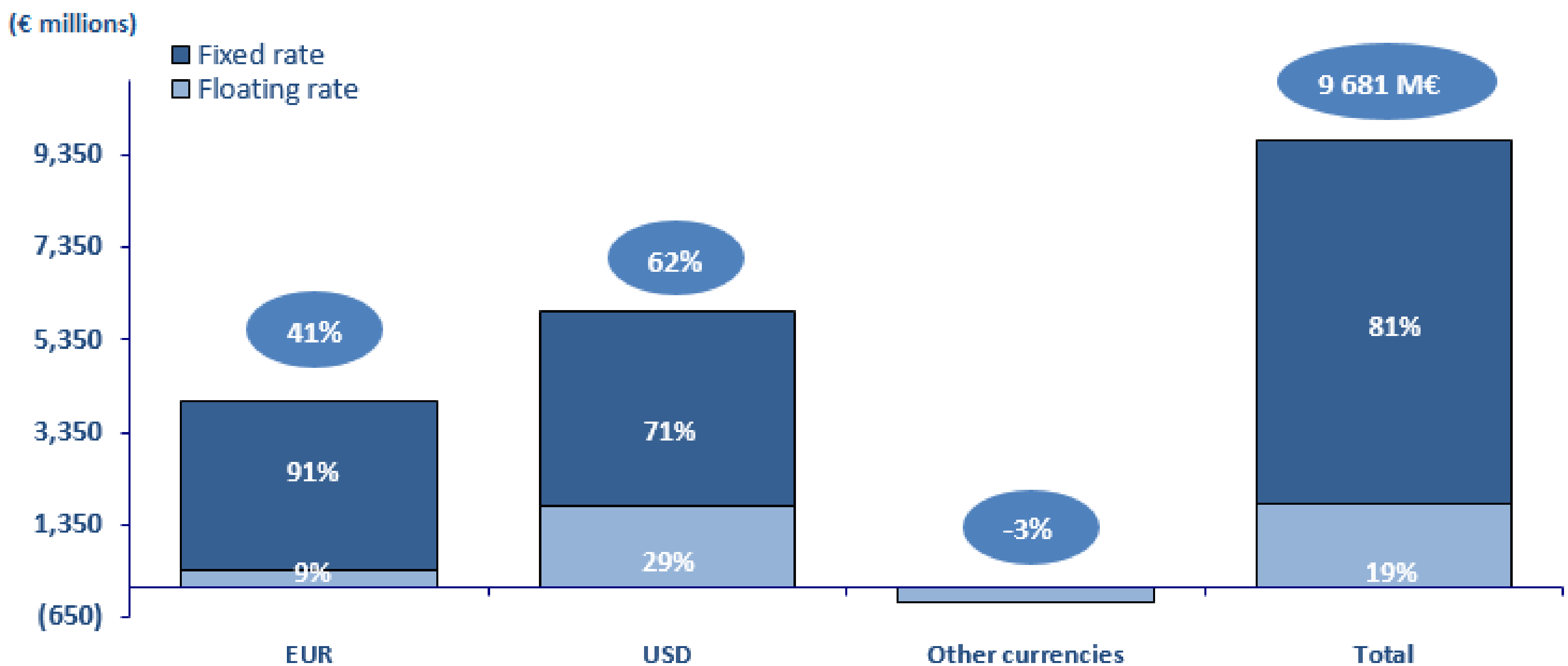
(€ millions)	31/12/2015	31/12/2016
Operating profit	1,403	1,500
Depreciation and amortisation	107	106
Net change in impairment of goodwill, PPE and intangible assets	1	4
Net change in provisions	(77)	(75)
Retreatment of contributions to pension plans acquired from Allied Domecq	43	4
Changes in fair value on commercial derivatives and biological assets	4	1
Net (gain)/loss on disposal of assets	(0)	(10)
Share-based payments	15	20
Self-financing capacity before interest and tax	**1,495**	**1,551**
Decrease / (increase) in working capital requirements	(455)	(385)
Net interest and tax payments	(391)	(363)
Net acquisitions of non financial assets and others	(159)	(145)
Free Cash Flow	**490**	**658**
of which recurring Free Cash Flow	***544***	***741***
Net disposal of financial assets and activities, contributions to pension plans acquired from Allied Domecq	(40)	(0)
Dividends paid	(483)	(501)
(Acquisition) / Disposal of treasury shares and others	(28)	(23)
Decrease / (increase) in net debt (before currency translation adjustments)	**(60)**	**134**
Foreign currency translation adjustment	(177)	(371)
Decrease / (increase) in net debt (after currency translation adjustments)	**(237)**	**(237)**
Initial net debt	(9,021)	(8,716)
Final net debt	(9,258)	(8,953)

Debt Maturity at 31 December 2016



Available cash at end December 2016: €0.7bn in cash and €2.4bn in available credit facilities (syndicated credit coming to maturity in October 2018)

Gross Debt Hedging at 31 December 2016



Large part of Gross debt at fixed rates (81%)

As of January 2017, the Gross Debt in USD has been reduced to 57% (vs. 62% in 31/12/16)

Pernod Ricard

Bond Details

Currency	Par value	Coupon	Issue date	Maturity date
EUR	€ 1,000 m	5.000%	15/03/2011	15/03/2017
	€ 850 m	2.000%	20/03/2014	22/06/2020
	€ 650 m	2.125%	29/09/2014	27/09/2024
	€ 500 m	1.875%	28/09/2015	28/09/2023
	€ 600 m	1.500%	17/05/2016	18/05/2026
USD	$ 1,000 m	5.750%	07/04/2011	07/04/2021
	$ 1,500 m	4.450%	25/10/2011	15/01/2022
	$ 2,500 m o/w: $ 850 m at 5 years $ 800 m at 10.5 years $ 850 m at 30 years	 2.950% 4.250% 5.500%	12/01/2012	 15/01/2017 15/07/2022 15/01/2042
	$ 201 m	Libor 6m + spread	26/01/2016	26/01/2021
	$ 600 m	3.250%	08/06/2016	08/06/2026

Number of shares used in diluted EPS calculation

(x 1,000)	H1 16	H1 17
Number of shares in issue at end of period	265,422	265,422
Weighted average number of shares in issue (pro rata temporis)	265,422	265,422
Weighted average number of treasury shares (pro rata temporis)	1,490	1,148
Dilutive impact of stock options and performance shares	1,698	1,166
Number of shares used in diluted EPS calculation	**265,630**	**265,440**

(€ millions and €/share)	H1 16	H1 17	reported Δ
Group share of Net Profit from Recurring Operations	909	957	+5%
Diluted net earnings per share from recurring operations	**3.42**	**3.61**	**+5%**