

# *Annual Report*

## 2009/2010



Portraits—Marcos Lopez



Pernod Ricard  
*Créateurs de convivialité*



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This Report is not the Group’s Reference Document. The Reference Document was filed with the French Financial Markets Authority on 29 September 2010. It is available through the Group’s website on [www.pernod-ricard.com](http://www.pernod-ricard.com) and the AMF website on [www.amf-france.org](http://www.amf-france.org).



MARCOS LOPEZ and the ‘créateurs de convivialité’

For thirty years, Pernod Ricard has asked a contemporary artist to illustrate the cover of its Annual Report. For the first time, the Group has chosen to give free rein to a photographer: Argentine Marcos Lopez, creator of the ‘Pop Latino’ style, and recently celebrated at the Rencontres d’Arles international photography festival. The artist thus travelled the world to meet the Group’s employees, those ‘créateurs de convivialité’ who are the wealth of Pernod Ricard. These meetings led to 18 unique portraits. Rather than illustrating the employees’ professional expertise, this original art highlights above all the conviviality that characterises the Group. An intriguing travelogue signed: Pernod Ricard, ‘Créateurs de convivialité’.

*Marcos Lopez, born in Santa Fe in 1958, lives and works in Buenos Aires. In 1993, he published his first book of black-and-white photographs, ‘Retratos’ (‘Portraits’), and then plunged into colour with the Pop Latino (2000) and Sub-Realismo Criollo (2003) series. Currently, his travelling retrospective series Vuelo de Cabotaje (‘Interior Flights’) is criss-crossing Argentina. In 2010, he showed his work at the Rencontres d’Arles international photography festival.*



Pernod Ricard  
*Créateurs de convivialité*

at a glance

## Solid Fundamentals

— Created by the link-up between Pernod and Ricard in 1975, Pernod Ricard has based its development on both organic growth and acquisitions. The purchase of part of the Seagram businesses (2001) and the acquisitions of Allied Domecq (2005) and Vin&Sprit (2008) have propelled the Group to the position of leader in the Premium segment and world co-leader in Wines & Spirits.

### **Pernod Ricard's strength is based on six solid fundamentals:**

#### 1. A portfolio of prestigious global brands

With leading brands in each category, Pernod Ricard holds one of the most comprehensive and Premium portfolios in the industry including ABSOLUT, Ricard anise and Scotch whiskies led by Chivas Regal, as well as Ballantine's, The Glenlivet, and Royal Salute, Jameson Irish whiskey, Martell cognac, Havana Club rum, Beefeater gin, Kahlúa and Malibu liqueurs, Mumm and Perrier-Jouët champagnes and Jacob's Creek, Brancott (formerly Montana), Campo Viejo and Graffigna wines.

#### 2. Strategic focus on Premiumisation and innovation

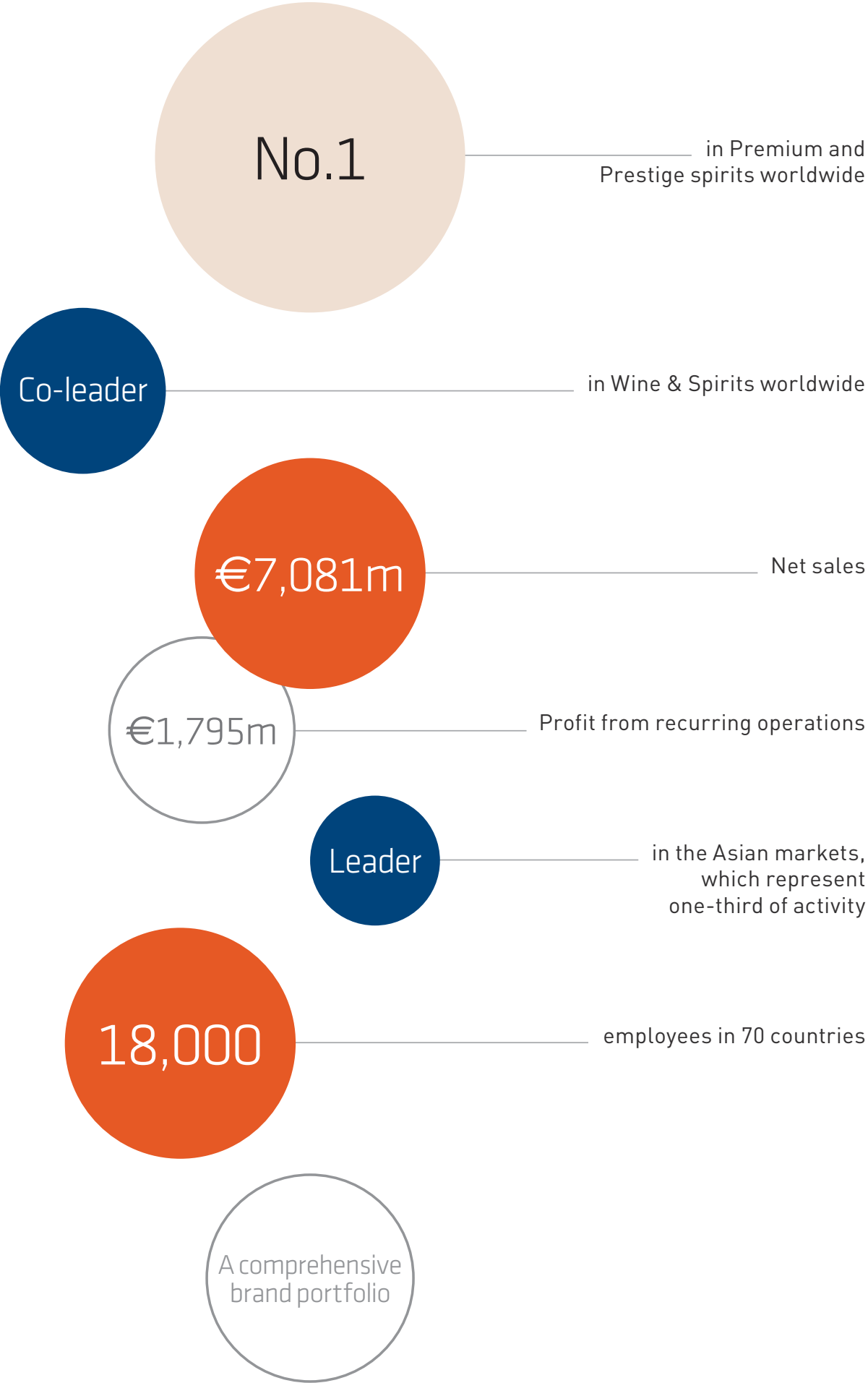
Pernod Ricard has made upscaling its brands and creating more Premium categories its strategic priority. This approach, known as 'Premiumisation', generates greater profitability and is underpinned by substantial marketing expenditure.

As a recognised brand-builder Pernod Ricard understands the importance of innovation as a driver of growth. From product extensions to new digital media and event planning, innovation is not limited to marketing—it infiltrates every area in the company: Sales, Human Resources, Production, and Finance.

(...)



KEY FIGURES



14 STRATEGIC SPIRITS AND CHAMPAGNE BRANDS



4 PRIORITY PREMIUM WINE BRANDS

### (...) 3. A unique organisational model: decentralisation and control of distribution

The Pernod Ricard organisation is made up of Brand Companies and Market Companies representing more than 18,000 employees in 70 countries. The Market Companies locally adapt the global strategy defined by the Brand Companies. This flexible and responsive organisation guarantees the best understanding of the specifics of each market and the expectations of its consumers. It is supported by complete control of distribution in the form of a proprietary global distribution network.

### 4. Active in 70 countries, Pernod Ricard is the Asian market leader

Pernod Ricard is now a major player in mature markets, and in recent years has become the industry leader in Asia, holding the leading position in China and India. This provides Pernod Ricard with a competitive edge that allows it to leverage future sources of growth in the industry.

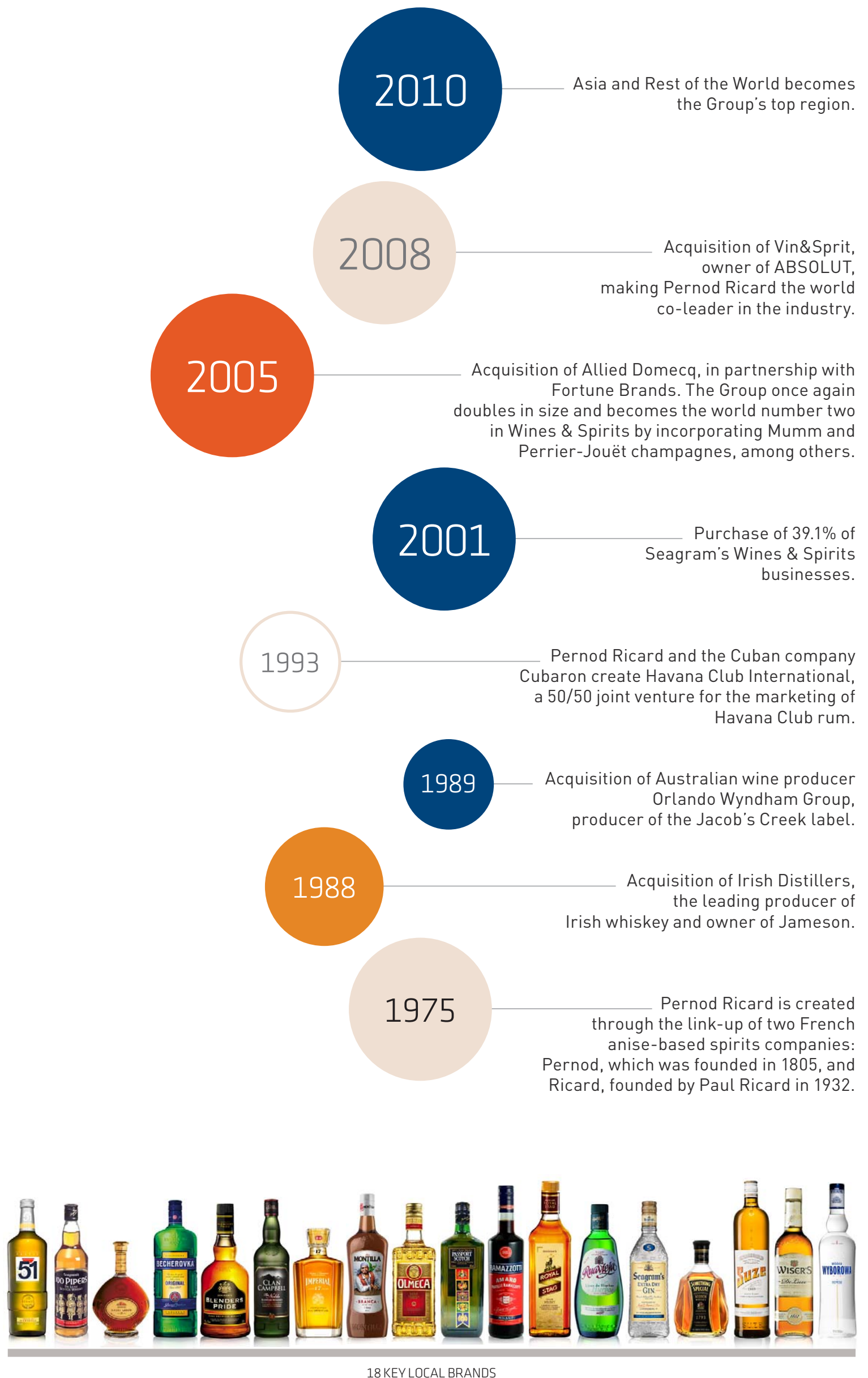
### 5. 18,000 'Créateurs de convivialité', united by a strong corporate culture

In a decentralised organisation, it is corporate culture that binds the whole. The Pernod Ricard spirit is best captured by the Group's own byword: 'Conviviality'. This is reflected in the new corporate tagline, 'Créateurs de convivialité'. It is both a managerial approach, built around simple, direct relationships between employees, and a sentiment that each of the Group's brands strives to create with its consumers. The culture relies on three values: entrepreneurial spirit, mutual trust, and a sense of ethics.

### 6. Historically committed to ethics and social responsibility

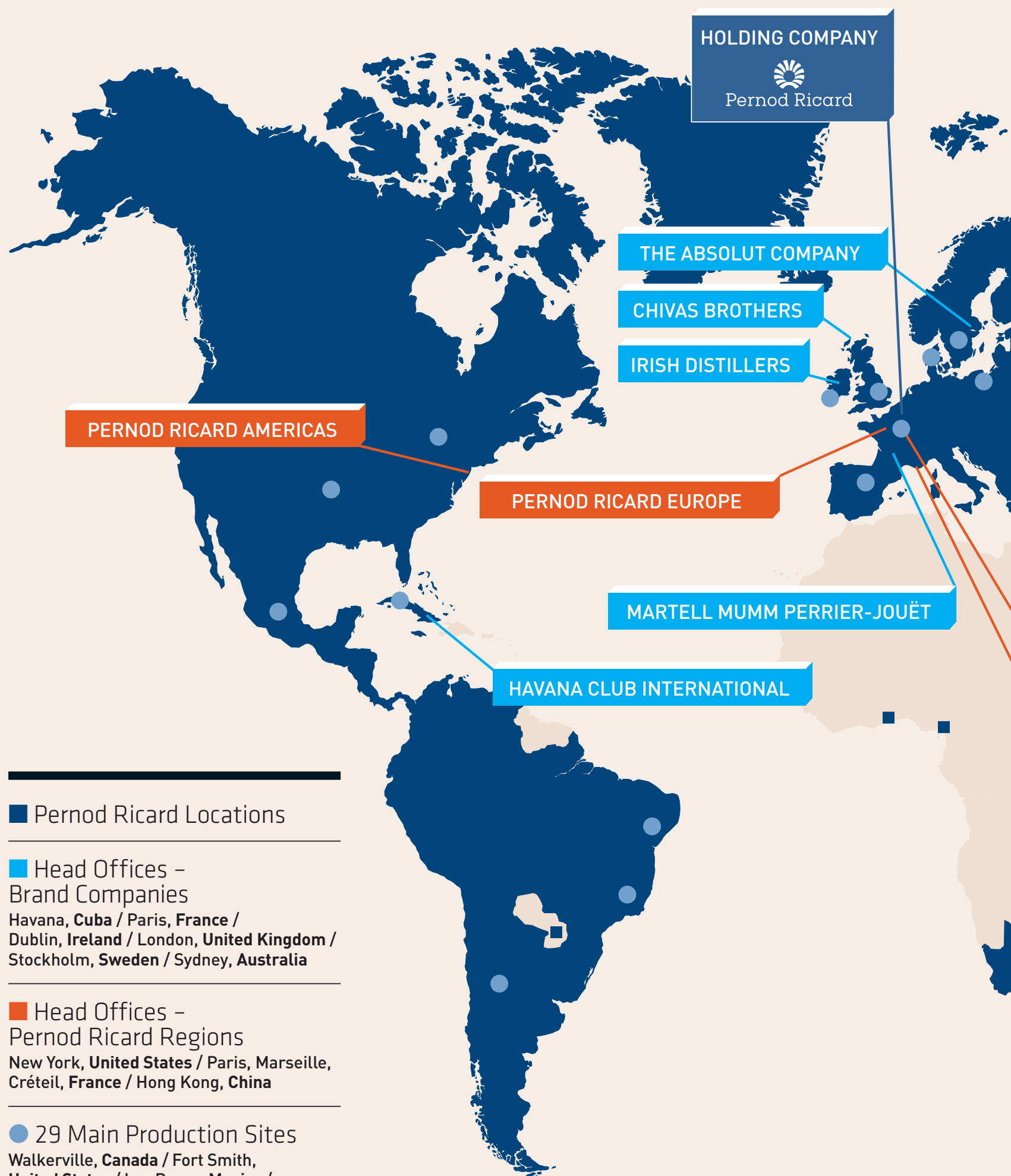
For several decades, the Group has been committed to a policy of social responsibility. Today, this policy embraces three priorities: responsible drinking, environmental ethics, and the development of cultural initiatives or social entrepreneurial projects.

## KEY DATES

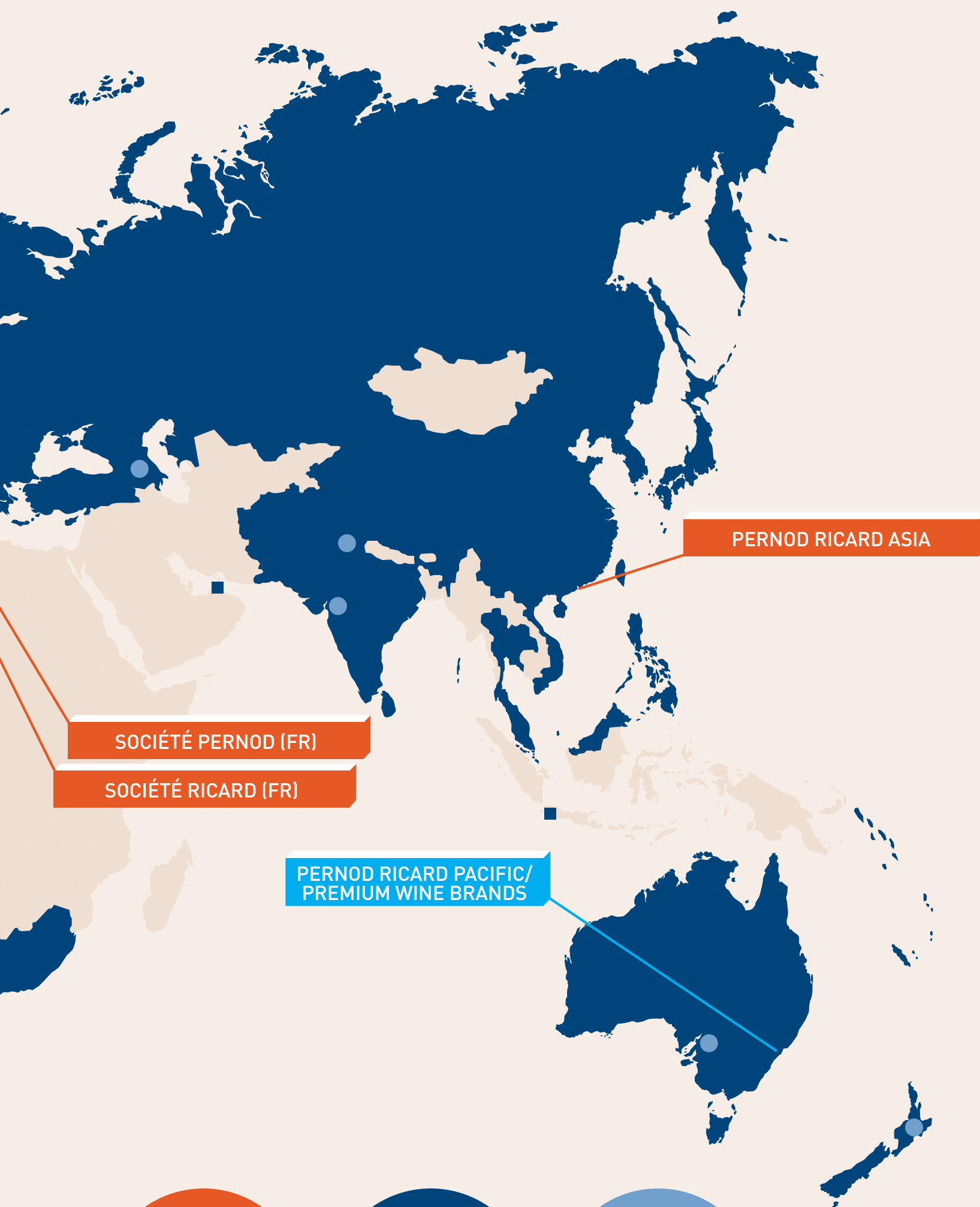




## LOCATIONS



6  
Brand  
Companies



4  
Regions<sup>(1)</sup>

70  
Countries

107  
Production  
Sites

[1] Asia and Rest of the World, Americas, Europe (excluding France) and France.

# Board of Directors

—Strong corporate governance is the essential factor in sustainable growth.  
Involvement, responsibility, transparency and ethics are  
at the heart of the decisions taken by Pernod Ricard's management and  
supervisory bodies.

## Organisation and method of operation

Throughout the financial year, the Board of Directors was composed of 14 members, including seven Independent Directors. Following Jean-Dominique Comolli's resignation on 1 September 2010<sup>(1)</sup>, the board is now made up of 13 members, six of whom are Independent Directors. Pernod Ricard applies the independence criteria provided for in the AFEP/MEDEF corporate governance code.

## The role division of the Chairman and the Chief Executive Officer

In order to adapt the Group's governance and to allow for natural succession within the Company's executive management, the Board of Directors decided to separate the role of the Chairman from that of the Chief Executive Officer. Patrick Ricard acts as Chairman of the Board, and Pierre Pringuet as Chief Executive Officer.

The Chairman of the Board of Directors organises the Board's operations and reports these developments back to the Shareholders' Meeting. He oversees the proper functioning of the Company's managing bodies and ensures that the Directors are fully equipped to fulfil their roles. The Chief Executive Officer is granted full powers to act in the name of the Company in all circumstances.

## DIRECTORS



*From left to right:* Patrick **RICARD** Chairman of the Board / Pierre **PRINGUET** Chief Executive Officer / François **GÉRARD**<sup>(2)</sup> / César **GIRON** / Rafaël **GONZALEZ-GALLARZA** / Alexandre **RICARD** Permanent Representative of Société Paul Ricard / Danièle **RICARD**

## INDEPENDENT DIRECTORS



*From left to right:* Nicole **BOUTON** / Wolfgang **COLBERG** / Jean-Dominique **COMOLLI**<sup>(1)</sup> / Lord **DOURO** / Gérald **FRÈRE** / Michel **CHAMBAUD** / Anders **NARVINGER**

(1) In view of his new responsibilities as 'Commissioner of State Holdings' with the Ministry of the Economy, Industry, and Employment, Jean-Dominique Comolli resigned on 1 September 2010. The Board of Directors, on the recommendation of the Appointments Committee, is submitting the nomination of Susan Murray as new Director to a vote by the shareholders.

(2) François Gérard is nearing the end of his term. Following the recommendation of the Appointments Committee, the Board of Directors proposes that the term of office of François Gérard be renewed for another four-year period.



## THE BOARD OF DIRECTORS, 2009/2010

During the financial year ended 30 June 2010, the Board of Directors met eight times with an attendance rate of 95%. The Board approved the annual and interim financial statements and the terms of financial communications, reviewed the budget, prepared for the Combined Ordinary and Extraordinary Shareholders' Meeting, and approved the draft resolutions. The current state of the business was discussed at each of these meetings: business activities, results and cash flow. With regard to the management of the Group's debt, it regularly monitored the progress of the planned asset disposal programme, continued the securitisation of commercial loans, and voted to launch a bond issue. It also decided, with effect from 18 November 2009, to issue bonus shares by capitalising share premiums. Regularly, the heads of the main subsidiaries were called on to present their company and activities.

## COMMITTEES OF THE BOARD OF DIRECTORS<sup>(1)</sup>

The Board of Directors delegates responsibility to its specialised Committees for the preparation of specific topics submitted for its approval.

### The Strategic Committee

#### Chairman:

Patrick **RICARD**

#### Members:

Raphaël **GONZALEZ-GALLARZA**

François **GÉRARD**

Danièle **RICARD**

The Strategic Committee met seven times during the financial year. Its main responsibility is to prepare the strategic policies for the Board's approval.

### Appointments Committee

#### Chairman:

Jean-Dominique **COMOLLI**

*Independent Director* (until 1 September 2010)

Nicole **BOUTON**

*Independent Director* (since 1 September 2010)

#### Members:

Lord **DOURO** *Independent Director*

Danièle **RICARD**

The Chairman of the Board of Directors attends the meetings of this Committee considering new appointments.

The Appointments Committee's main responsibility is to define the selection procedure for new Directors and oversee its strict application. The Committee also verifies, from time to time, compliance with the principles of governance to which Pernod Ricard subscribes, as well as the independence criteria of the members of the Board of Directors. In 2009/2010, the Appointments Committee focused especially on defining the terms for revising the Board's composition so as to comply with AFEP/MEDEF recommendations on the representation of women on Boards of Directors. As part of this process, the Committee recommended that the Board propose Susan Murray as a candidate for Independent Director, to be voted on by the shareholders.

## Remuneration Committee

#### Chairman:

Jean-Dominique **COMOLLI**

*Independent Director* (until 1 September 2010)

Nicole **BOUTON**

*Independent Director* (since 1 September 2010)

#### Members:

Lord **DOURO** *Independent Director*

Gérald **FRÈRE<sup>(2)</sup>** *Independent Director*

The Remuneration Committee's main task is to define the policy for remunerating the Group's Executive Officers in compliance with the recommendations of the AFEP/MEDEF code of governance to which the Company adheres. This policy covers all elements of remuneration, i.e. the level and amount of fixed and variable remuneration, but also the amounts and volumes of stock options awarded, as well as pension and social protection schemes. In 2009/2010, the Committee worked on all of these items related to the remuneration of the salaried Chairman of the Board of Directors as well as the Chief Executive Officer. Under the comprehensive stock option plan that was authorised for one thousand of the Company's employees on 24 June 2010, the Remuneration Committee reviewed the allocation procedures of the Chief Executive Officer, whose allocation of stock options, all contingent on performance, was confirmed at the Committee meeting on 1 September 2010.

## Audit Committee

#### Chairman:

Michel **CHAMBAUD<sup>(3)</sup>** *Independent Director*

#### Members:

François **GÉRARD**

Nicole **BOUTON<sup>(4)</sup>** *Independent Director*

Wolfgang **COLBERG** *Independent Director*

The main purpose of the Audit Committee is to review the draft financial statements, check the appropriateness and consistency of accounting methods and principles, and ensure the quality of the financial information issued to shareholders. It monitors the efficacy of internal control and risk-management systems. The Board of Directors may refer any financial or accounting matter to it. During the 2009/2010 financial year, it met four times with an attendance rate of 94%. In addition to reviewing the financial statements and monitoring the Group's cash flow and debt, the Audit Committee approved the Group Internal Audit plan and reviewed the reports issued during the financial year (24 assignments were carried out). It also reviewed the conclusions of the self-assessment questionnaires sent to the Group's main subsidiaries every year with the aim of evaluating whether their internal controls were effective and in line with the Group's principles.

(1) For further information, see page 39 of the Reference Document. (2) Since 2 November 2009, replacing William Webb. (3) Since 2 November 2009, replacing Didier Pineau-Valencienne. (4) Since 2 November 2009, replacing Gérard Théry.

# Management structures

—The Executive Committee is the Group's management body comprising General Management, the General Counsel and the Managing Directors of the main subsidiaries. It liaises between the Holding Company and its subsidiaries, as well as between the subsidiaries themselves (Brand Companies and Market Companies). Under General Management's authority, it is responsible for conducting the Group's business activities and ensures that its main policies are applied.

## EXECUTIVE COMMITTEE



(1) Jean-Christophe **COUTURES** Chairman & CEO of Pernod Ricard Pacific/Premium Wine Brands (2) Pierre **PRINGUET** Chief Executive Officer (3) Philippe **DRÉANO** Chairman & CEO of Pernod Ricard Americas (4) Philippe **SAVINEL** Chairman & CEO of Ricard (5) Gilles **BOGAERT** Managing Director, Finance (6) Pierre **COPPÉRÉ** Chairman & CEO of Pernod Ricard Asia (7) Lionel **BRETON** Chairman & CEO of Martell Mumm Perrier-Jouët (8) Bruno **RAIN** Managing Director, Human Resources and Corporate Social Responsibility (9) César **GIRON** Chairman & CEO of Pernod (10) Alexandre **RICARD** Chairman & CEO of Irish Distillers (11) Ian **FITZSIMONS** General Counsel (12) Thierry **BILLOT** Managing Director, Brands (13) Philippe **GUETTAT** Chairman & CEO of The Absolut Company (14) Laurent **LACASSAGNE** Chairman & CEO of Pernod Ricard Europe (15) Christian **PORTA** Chairman & CEO of Chivas Brothers



## General Management

For the 2009/2010 financial year, Group General Management was carried out by the Chief Executive Officer and four Managing Directors for Finance, Human Resources and Corporate Social Responsibility, Brands, and the Distribution Network. Following the departure of Michel Bord<sup>(1)</sup>, who was previously Managing Director, Distribution Network, the duties of this office have been performed by Chief Executive Officer Pierre Pringuet since 30 July 2010.

The General Management coordinates the Group Executive Committee's meetings.

Meetings are held three times a year between General Management and the direct subsidiaries; topics covered include strategy, the three-year plan and the budget, as well as a business review.

## Executive Board

The Executive Board is the permanent body responsible for coordinating and directing the Group. It is comprised of the Group Managing Directors and the General Counsel. The Executive Board initiates and reviews all decisions relating to Group affairs and submits such matters to the Board of Directors that require its approval. It also organises the work of the Executive Committee. At 1 July 2010, the Executive Board consisted of:

- ▶ Pierre Pringuet, Chief Executive Officer;
- ▶ Thierry Billot, Managing Director, Brands;
- ▶ Gilles Bogaert, Managing Director, Finance;
- ▶ Bruno Rain, Managing Director, Human Resources and Corporate Social Responsibility;
- ▶ Ian FitzSimons, General Counsel.

## Executive Committee

The Executive Committee is the Group's managing body that includes General Management, General Counsel and Management of the main subsidiaries. It coordinates between the Holding Company and its subsidiaries, as well as between the subsidiaries themselves (Brand Companies and Market Companies). Under the General Management's authority, it is responsible for conducting the Group's business activities and ensures that its main policies are applied.

In this capacity, the Executive Committee:

- ▶ examines the Group's activity and its variances with respect to the business plan;
- ▶ provides guidance when setting objectives (income statement, debt and qualitative objectives);
- ▶ reviews the Brands' strategies;
- ▶ analyses the performance of the network of the Group Market Companies and Brand Companies, and recommends necessary organisational adjustments;
- ▶ approves and enforces the Group's main policies (human resources, good marketing and business practices, quality safety environment policies, social responsibility, etc.).

The Executive Committee meets eight to eleven times a year.

## Holding Company Management

The primary objectives of the Holding Company's General Management are:

- ▶ to prepare and coordinate the decisions and actions to be taken by the Holding Company;
- ▶ to exchange information on the Group's operations and on action undertaken or to be taken by each of the functional management departments;
- ▶ to prepare for certain decisions that are the responsibility of the Group's General Management.

## HOLDING COMPANY



*From left to right:* Pierre **PRINGUET** Chief Executive Officer / Thierry **BILLOT** Managing Director, Brands / Gilles **BOGAERT** Managing Director, Finance / Michel **BORD**<sup>(1)</sup> Managing Director, Distribution Network / Bruno **RAIN** Managing Director, Human Resources and Corporate Social Responsibility / Patrick **CASTANIER** Vice-President, Business Development / Olivier **CAVIL** Vice-President, Communications / Jean **CHAVINIER** Vice-President, Information Systems



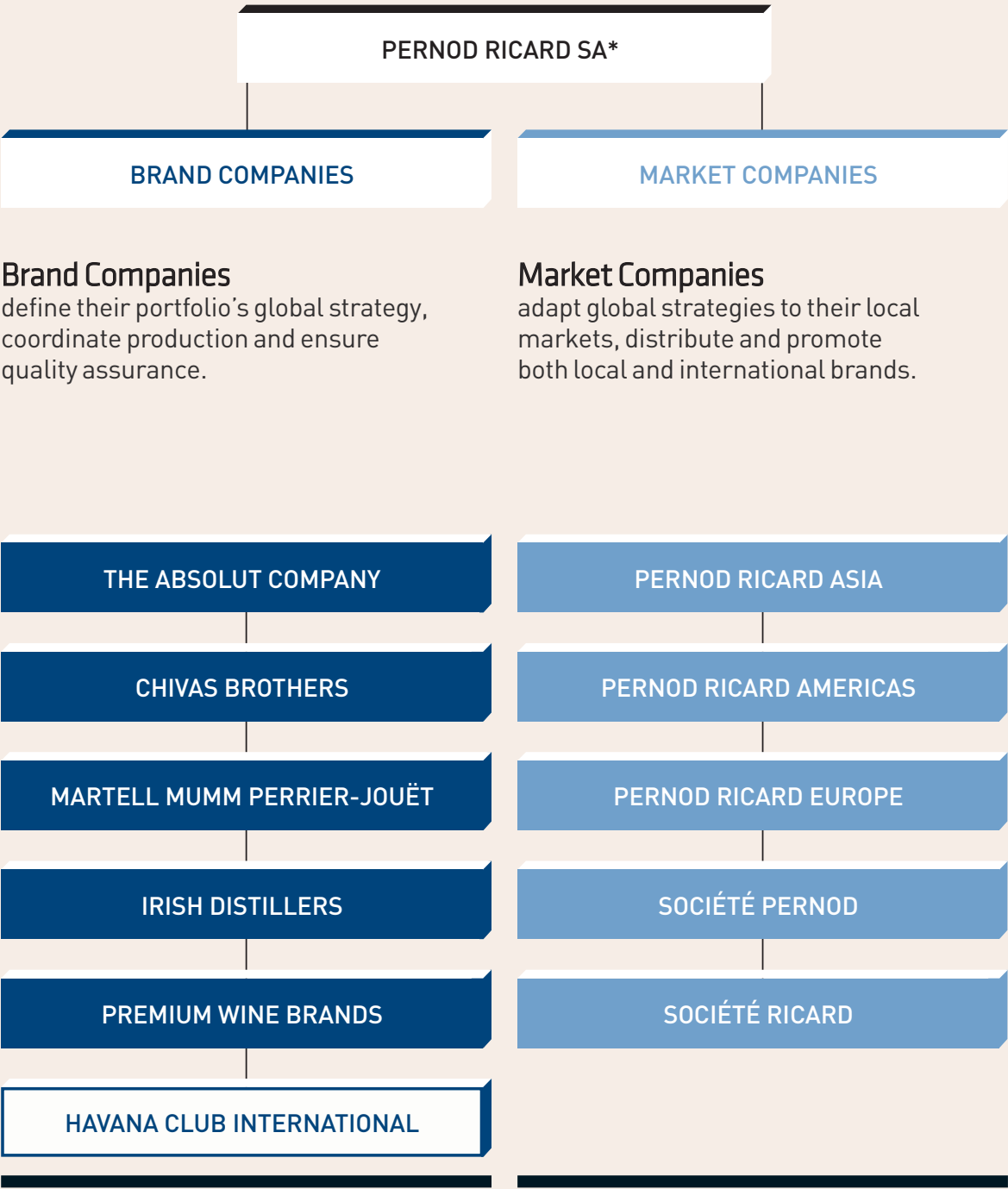
*From left to right:* Jérôme **COTTIN-BIZONNE** Vice-President, Audit and Development / Denis **FIÉVET** Vice-President, Financial Communication and Investor Relations / Ian **FITZSIMONS** General Counsel / Armand **HENNON** Vice-President, Public Affairs, France / Armin **RIES** Vice-President, Special Advisor to General Management / Martin **RILEY** Chief Marketing Officer / Jean **RODESCH** Vice-President, Institutional Affairs / Jean-Pierre **SAVINA** Vice-President, Industrial Operations

<sup>(1)</sup> After twenty years with Pernod Ricard, where he was a key architect of its international expansion, particularly in the Americas, Michel Bord decided to leave the Group in July 2010.



# Organisational Chart

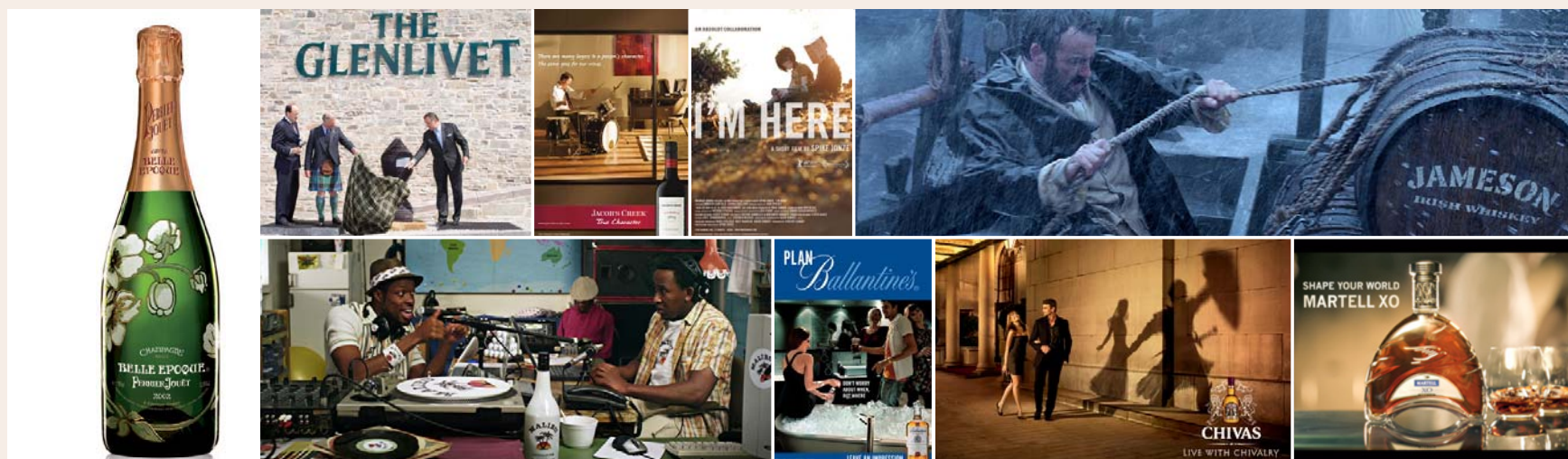
—The cornerstone of Pernod Ricard’s culture, decentralisation is the founding principle of the Group’s organisation. Its equilibrium depends on Companies working as closely as possible to their markets, coordinated by a Holding Company that defines the major strategic guidelines.



\* The Holding Company defines the Group’s strategy and oversees its implementation. It coordinates and drives forward advances in the following areas: Human Resources, Finance, Audit and Development, Marketing, Legal, Industrial Operations, Public Affairs, Information Systems, and Communications. It is also in charge of external growth transactions, shareholder relations and corporate governance matters. There are 151 people working at the Holding Company’s head office in Paris.

## 2009/2010 at a glance

— In keeping with the announced objective to increase marketing expenditure, this year was marked by a large number of new campaigns. Creativity and innovation were the watchwords of those campaigns, which made liberal use of new digital media. Internally, the financial year saw the launch of a large-scale Group project, 'Agility'. All of the Company's departments were involved, mobilising all employees. The consultation process led to the adoption of a series of recommendations which will be implemented over the next financial year. The aim of Agility is to strive for greater operating efficiency by leveraging the Group's strengths: decentralisation, Premiumisation, and human resources.



### The Group's Key Events

**JULY** ■ Pernod Ricard sold coffee liqueur brand Tia Maria to Illva Saronno for €125 million **OCTOBER** ■ Agility corporate project was launched, an exclusively internal consultation process involving all Pernod Ricard employees **MARCH** ■ Issue of €1.2 billion in six-year bonds. Pernod Ricard SA issued €1.2 billion worth of bonds, allowing it to repay the next tranches of the multi-currency syndicated loan falling due and to extend the maturity of the Group's debt **APRIL** ■ Agility's recommendations were presented to Group employees **MAY** ■ A group of Swedish and Danish assets was sold to the Altia Group, for €87 million (current exchange rate) **JUNE** ■ The extension of The Glenlivet's distillery was inaugurated by HRH Prince Charles on 4 June 2010.

### Marketing and Product Initiatives

**ABSOLUT** ■ The Spike Jonze film 'I'm Here' was released globally on the Internet **CHIVAS** ■ Launch of 'Shadows' media campaign **BALLANTINE'S** ■ Plan B campaign was launched **JAMESON** ■ Launch of 'Lost Barrel' TV ad **MARTELL** ■ The first TV campaign for Martell XO was launched in China **MALIBU** ■ Extension

of Maliboom Boom digital platform **JACOB'S CREEK** ■ 'True Character' global campaign was launched **PERRIER-JOUËT** ■ New Belle Époque 2002 vintage was released.

### Significant Events post balance sheet 2010

**JULY** ■ Spanish company Ambrosio Velasco (Pacharán Zoco and Palacio de la Vega) was sold to Diego Zamora for €33.1 million ■ Announcement of the sale by Domecq Bodegas of Spanish wine brands Marqués de Arienzo™ and Viña Eguía™ to a consortium of buyers composed of Vinos de los Herederos del Marqués de Riscal SA and Gangutia S.L. (Bodegas Muriel) for €28 million ■ Organisational changes stemming from Agility's findings were announced: creation of a new Brand Company known as Premium Wine Brands, in charge of development and global strategy for the Group's priority wine brands; expansion of The Absolut Company's responsibilities to all of the Group's international vodkas; creation of a new Sub-Saharan Africa region, operating as a subdivision of Pernod Ricard Europe; and adoption of a new Group tagline, 'Créateurs de convivialité' ■ Twenty years of Entreprise & Prévention<sup>(1)</sup>

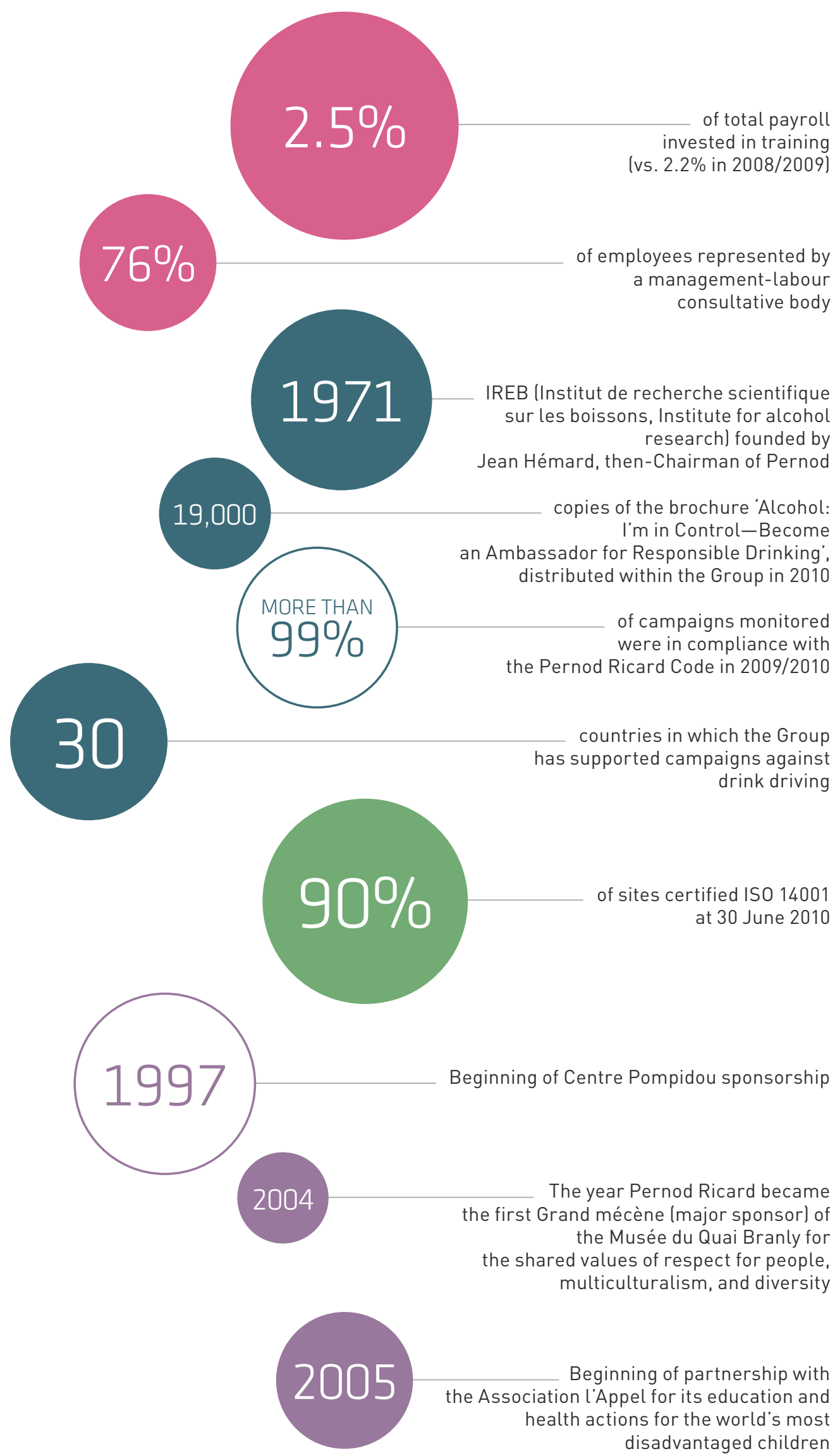
(1) Entreprise & Prévention covers 19 companies producing alcoholic drinks who are committed to the prevention of risks linked to alcohol abuse in France.

## CORPORATE SOCIAL RESPONSIBILITY

Pernod Ricard has grown in the respect of people and cultures. In 2003, it joined the United Nations Global Compact and, since 2005, has been listed on the extra-financial analysis index FTSE4Good. The Group focuses its action on four major priorities which have been acknowledged and implemented by all of its subsidiaries around the world. Priority number one: **THE EMPLOYEES**: Their professional and personal development is paramount, their international mobility is supported, and their entrepreneurial spirit is relied upon. A further strategic priority is Pernod Ricard's commitment to its social responsibility policies: **RESPONSIBLE DRINKING**: Pernod Ricard is taking action against the risks of excessive or inappropriate drinking by joining the fight against drink driving and leading prevention and education actions for youths and pregnant women. **ENVIRONMENT**: Every year Pernod Ricard reduces the impact of its activities, through sustainable farming, preservation of water resources, promoting eco-packaging and the reduction of its carbon footprint. And finally, in line with its sponsorship policy, **CULTURAL INITIATIVES AND SOCIAL ENTREPRENEURSHIP**: This puts the Group's stamp of support on all forms of individual and collective creativity, a priority within Pernod Ricard corporate responsibility policies.



KEY PERFORMANCES







## *Message*

Patrick RICARD

Chairman of the Board of Directors

*We are all 'créateurs de convivialité'*



# “ 18,000 Créateurs *de* CONVIVIALITÉ ”

This year, the Group adopted a new tagline: ‘Créateurs de convivialité’. This is no trivial matter. Creating conviviality in the world of today is a grand ambition. It is synonymous with openness, dialogue, empathy, and respect for others.

Conviviality is an important gene in Pernod Ricard’s DNA. Since the Group was created, it has been the foundation of employee relations with each other and with their customers. We have always promoted simple, direct, and loyal relations internally. We strive to be responsive to our audiences, from customers to suppliers, and we seek to be as accessible as possible to ensure we are meeting their needs.

Ensuring that we are ‘créateurs de convivialité’ is also a commitment for the future. Every employee in the Group must feel personally responsible for this company-wide motto. It is the employees who have to make it, as the attitude of each person influences the Group’s image. This improves the working environment, encourages the sharing of experience and know-how and contributes to performance. Conviviality is a critical factor in our business model of decentralisation. The deliberate choice not to have an all-powerful decision-making centre obliges everyone to interact with others and seek dialogue.

Each one of our brands must convey conviviality. It is the ultimate aim of our products to generate opportunities for meeting others. In a world that increasingly focuses on virtual relationships—paradoxically increasing the opportunities for dialogue—consumers are returning to the need for authentic conviviality: for face to face interaction to get out of the house, meet up, and share one of the experiences offered by our brands, which are true vehicles of conviviality. They create for the perfect environment for genuine interaction.

Such conviviality is the living embodiment of our responsible-drinking policy, which recommends reasonable, and celebratory drinking. It harshly condemns excessive and inappropriate consumption. Conviviality cannot be experienced amid excess.

Who is a ‘créateur’ of conviviality? Creators are those who always seek improvement. Those who are not satisfied with situations as they are, those who want to go beyond, who imagine and who innovate. We illustrate this thirst for creation via our sponsorship of contemporary art and by encouraging young artists. Art is indeed the expression of reaching further than our respective boundaries. For Pernod Ricard, ‘créateurs’ are those who hold our value of the entrepreneurial spirit in high regard. Creating means clearing new paths, exploring new markets, and launching new products. That is why being a ‘créateur’ means being a leader.

Since 1975, in order to continuously maintain growth, we have had to constantly innovate and anticipate changes and development in all fields. To keep pace with new modes of consumption and move into new economies, our teams have had to be proactive and always aim to outperform. This has ensured that we remain focused on our ambition of being the market leader.

As we grow, we have adapted our working methods without affecting our core identity: our values and ethics, our intangible principle of decentralisation, our way of being—always imbued with conviviality.

Ultimately, our new tagline is a formalisation of what has always existed at Pernod Ricard: this genetic conviviality that contributes to our uniqueness by always favouring the quality of human rela-

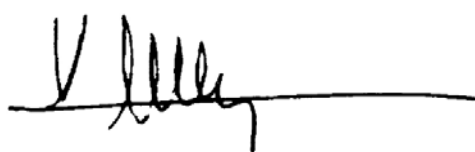
“

FOR PERNOD RICARD,  
'CRÉATEURS' ARE THOSE  
WHO HOLD OUR VALUE OF  
THE ENTREPRENEURIAL  
SPIRIT HIGH.”

tionships. It is evident in our employees' motivation, loyalty, and ability to adapt—especially in times of crisis when we have weathered the situation remarkably well.

That is why I have great confidence in the General Management team, led by Pierre Pringuet, and in each one of our 18,000 'créateurs de convivialité' to pursue our objectives in the long term, in the interest of the company, its shareholders, and all its employees and partners.

Patrick RICARD








*Interview with*

**Pierre PRINGUET**

Chief Executive Officer

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**Pernod Ricard closed its 2009/2010 financial year at end June.**

**What is your assessment of the Group's performance?**

We anticipated that 2009/2010 would see a mixed performance, and challenging overall. As a result, we set ourselves two objectives: to reinvest in our strategic brands and continue our debt reduction. That is exactly what we achieved.

Our marketing expenditure grew 5% (organic growth) and returned to its pre-crisis level, i.e. 17.8% of net sales. Three-quarters of this expenditure was allocated to our strategic brands, our 'Top 14': these grew 4% in value, twice as fast as the Group's average of 2% (organic growth). We are convinced that these investments in our brands, which will continue through 2010/2011, will cause our sales to rebound, beginning this year.

The performance of this 'Top 14' drove the Group's results, which are up 4% (organic growth of profit from recurring operations).

Moreover, our debt decreased (at constant exchange rates) by nearly €1.1 billion, due specifically to the free cash flow generated. Because of this, we crossed an important threshold with a significant reduction of the net debt/EBITDA ratio: from 6.2 after the acquisition of ABSOLUT to 5.3 in June 2009 to 4.9 in June of this year. Debt reduction will remain an essential priority in 2010/2011.

**Asia has become Pernod Ricard's top region in net sales and operating profit.**

**Isn't the Group overexposed there now?**

**What is the story for other regions?**

It's not a question of overexposure. Since Pernod Ricard is a global group, we are carrying out a strategy of moving into all global markets that offer growth opportunities. Therefore, it's not surprising to see that emerging economies are taking on weight in our activity. What's more, those markets are just as profitable as mature markets, with the same 33% share in the Group's net sales and results.

“

**IN A DIFFICULT ECONOMIC ENVIRONMENT, WE DID EXACTLY WHAT WE SAID WE WOULD.”**

This is the result of Pernod Ricard's confirmed policy of controlling its distribution network. Thus in Asia, we made this investment in manpower more than 20 years ago: today we are reaping its rewards with our position as leader in the industry, and we will fully benefit from its growth potential. Creating a new Sub-Saharan Africa region fits into the same logic. The existence of substantial resources in raw materials and a dynamic demographic are the drivers of that region's development, which now represents a significant and growing market for our products.

**The Premium brands were hit relatively hard by the crisis. Is it likely to curb your Premiumisation strategy?**

Not only has the crisis not endangered that strategy, but it has, on the contrary, validated what we have always asserted: Premium brands rebound first. Some consumers have indeed moved toward standard brands or stayed home instead of going out to bars, restaurants, or nightclubs. But as soon as they can, they resume their consumption habits: thus, for instance, in the United States, last summer's Nielsen panels showed growth in the Premium and Super-Premium segments that was once again faster than the market average.

“

**OVER THE LAST TEN YEARS, PERNOD RICARD HAS BEEN A CHAMPION OF CREATING VALUE FOR ITS SHAREHOLDERS, WITH A 14% RATE OF RETURN.”**

There is a deep-seated reason for the pre-eminence of Premium. In the branding world, some brands symbolise a lifestyle more than others: spirits, which weave a relationship of feeling and identification with their consumers, are part of that. The major international brands are still Premium brands that benefit from a timeless image. They stand up to the vagaries of the economy on one condition—that they remain desirable and maintain their communication territory, which is why we made the strategic decision to reinvest as of last year.

A key element in this Premium strategy is pricing policy. A year ago, we clearly stated that we would not compromise on prices, and that is clear from our performance. Thus for the 'Top 14,' aggregate growth was 2% in volume and 4% in value. Looking more closely at each of these brands, most of them show a positive price/mix effect, which is of significance.

In a difficult economy, we have shown our defensive ability, and even raised our brands' prices. Our conviction is still the same: Premium brands will fuel the Group's future growth.

**After the large acquisitions of recent years, what is the Group's financial position? Isn't the leveraging still too high?**

The Group is in a fundamentally healthy financial position, which is recognised by the markets: as proof, the very favourable terms in which we were able to call on the bond market last March. As for the previous two acquisitions (Seagram and Allied Domecq), we in fact agreed to a high initial gearing, with a debt/EBITDA ratio in the order of six, but with the clear will to reduce it rapidly: we wanted to return to a gearing of between three and four times our EBITDA. The pace of debt reduction in the last two years shows that we are on the right track.

**You have launched a new corporate project, Agility. What do you hope to achieve?**

After conducting a bold and value-creating acquisitions policy, Pernod Ricard is now focusing on organic growth in a climate that has been toughened by the economic crisis. 'Agility: The Road to Leader-

“

OUR CONVICTION  
IS STILL THE SAME:  
PREMIUM BRANDS  
WILL FUEL THE GROUP'S  
FUTURE GROWTH.”

**Where do the wine brands fit into this strategy?**

We have just reaffirmed our desire to be active in this wine market, which is growing all over the world. That is why we made the decision to create a new entity, Premium Wine Brands, which is in charge of our four priority brands: Jacob's Creek (Australia), Montana/Brancott Estate (New Zealand), Campo Viejo (Spain) and Graffigna (Argentina).

Premium Wine Brands applied a selective approach to the markets (focusing its efforts on those where there was a proven potential for imported wines) and will develop these four brands with a portfolio approach.

Our strategy in wine is clearly oriented to creating value, aiming to ensure the profitability of invested capital.

ship' thus has a primary objective of optimising organic growth. As such, we have identified some thirty projects that touch on all of the Group's key functions. Their implementation will accelerate our performance. Agility is both an ambition and a state of mind. Being a leader, of course, means driving the industry's growth, but it also means behaving like a leader: the one who everyone says is changing the rules of the game and who makes excellence its trademark. Agility is not a revolution; on the contrary, it's a dynamic based on Pernod Ricard's fundamentals: its strategic brands portfolio, its culture, and its people. What's more, that's the basis of our new tagline, 'Créateurs de convivialité.'

This corporate project was decided by the Executive Committee and has mobilised the efforts of many of



“

A LEADER IS THE ONE WHO EVERYONE SAYS IS CHANGING THE RULES OF THE GAME, AND WHO MAKES EXCELLENCE ITS TRADEMARK.”

our employees. This ensures its total acceptance by the entire Group, where it has been met with great enthusiasm.

**Between signs of a recovery and economic uncertainties, are you confident for the next financial year, 2010/2011? What are your priorities then?**

I'm confident in the Group's ability to rebound. Even if uncertainties persist—for example, a slower-than-expected U.S. recovery—the improvements we saw in the second half of our 2009/2010 financial year have been confirmed, and we've had a good start to the current year. The economic geography of the world has changed: China, India, Brazil and many others have become major economies. But many mature markets also have the ability to rebound. We have performed well by demonstrating our ability to seize all these growth opportunities where they exist. That is our ambition for the current financial year, with our two priorities still intact: 1/ grow our strategic brands by maintaining a sustained level of investment in them, and 2/ pursue the Group's debt reduction.







# BRAND Creators

—With leading brands in each category,  
Pernod Ricard has one of the most comprehensive portfolios in the industry.  
Its 14 strategic spirits and champagne brands and  
its 4 priority Premium wine brands are the result of  
a substantial marketing expenditure that has driven  
the Group’s Premiumisation strategy.

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## *Interview*

# Thierry BILLOT

Managing Director, Brands

— **Thierry Billot joined Pernod Ricard in 1982 as an auditor. He was named Finance and Administration Director of Pernod in 1985, joined the Holding Company as the Group's Financial Director in 1986, and took over operational responsibilities at Austin Nichols in the United States in 1992. Returning to France as Chairman & CEO of Pernod in 1996, he was appointed Chairman & CEO of Pernod Ricard Europe in 2002 before joining the Holding Company as Managing Director, Brands in 2008.**



“

PREMIUMISATION  
MEANS OFFERING  
THE MOST HARMONIOUS  
BALANCE BETWEEN  
‘SUBSTANCE’—AN ORIGIN,  
A HISTORY, KNOW-HOW—  
AND ‘IMAGE’,  
REFLECTING  
THE CONSUMER’S  
PERSONALITY.”



**Premiumisation has long been the heart of Pernod Ricard's brand strategy.**

**Is it still relevant and promising, despite the crisis?**

Premiumisation is, of course, the heart of our strategy. Premium products have suffered the impacts of the crisis due mainly to the decrease in on-trade consumption, where Premium brands are highly present. In the North American market, although standard brands have grown, we have not seen a massive transfer of consumption from Premium to standard products.

Premiumisation means offering the most harmonious balance between ‘substance’—an origin, a history, know-how—and ‘image’, reflecting the consumer's personality. This harmony is behind the longevity of the Premium brands. This is demonstrated by their ability to rebound after the various crises that we have survived over the last thirty years. We have seen the same trend since January 2010.

We also refused to enter into the downward pricing spiral that would, in an instant, have destroyed our years of effort to build our brands' capital. Rather, we decided to increase our marketing expenditure.

**Overall, how did the Group's brands perform over the financial year in terms of sales of strategic and priority brands as well as local brands?**

All of our strategic brands have grown—with, moreover, a positive price effect of 2%—except Ballantine's, which relies heavily on the Spanish market, and our two champagne brands, which are sensitive to the crisis.

Sales of our Priority Premium Wine brands fell in 2009/2010. This drop in volume is due to our decision not to engage in loss-leader promotions, specifically in England. This resulted in a sharp increase in our average sales prices.

Finally, local brands continued to grow, with the prize going to India. For us, the portfolio of local brands is a key factor for building our leadership in emerging markets.

**India is one of those emerging markets in which a new middle class is appearing. Do the brands specifically target these new consumers?**

When we speak of the middle class in emerging markets, we must keep in mind the income level, which is approximately \$250 per month on average. Therefore, international brands are still hard to access for the middle classes of emerging markets and they remain reserved for the elite. For regular drinking, the middle classes turn to local brands that often mimic the codes of international categories such as whisky, thereby paving the way for global brands as living standards improve. India is a perfect example, and Pernod Ricard is the market leader<sup>(1)</sup>.

The situation is different in China, where local categories such as Baiju (rice/sorghum alcohol) have very high volumes with an extremely wide price range. In China, we are now focusing our efforts on our strategic portfolio.

Each market has specific features that determine how we adapt our portfolio approach.

(...)

[1] In the 'western-style' spirits segment.



WE WILL CONTINUE TO RAISE OUR GAME  
SO THAT CREATIVITY AND INNOVATION ARE  
THE HEART OF OUR MODEL  
—NO MATTER WHAT FIELD WE'RE PLAYING ON.”



(...)

**In mature markets, the economic crisis has changed buying behaviours and caused a drop in patronage of bars and restaurants. How are the brands coping with this?**

During a crisis, consumers are more anxious. They tend to save more and go out less. Since our Premium brands are over-represented in cafés, hotels and restaurants (CHR), they are directly impacted by this reduced patronage.

Rather than go out, one has people over—so drinking at home is on the rise. On those occasions, the Premium brands are seen as a way of recreating an exclusive atmosphere.

Today, drinking at home more or less offsets the decline in sales in cafés, hotels and restaurants (CHR). This has encouraged us to develop innovative ways to help consumers create the festive atmosphere they want at home.

In Russia, for example, our subsidiary can go to consumers' homes for private parties and introduce them to the Martell line. These 'apartment parties', which involve opinion leaders (businessmen, artists, patrons, etc.), promote word-of-mouth and raise media interest.

Meanwhile, Havana Club has developed a kit with a shaker and cocktail recipes for the retail segment.

**How will the new segmentation of the Pernod Ricard brand portfolio—called the 'Maison des Marques' or 'House of Brands'—make it possible to adapt to these new trends?**

The purpose of the new segmentation of our portfolio is to showcase its richness as much as its specificity. So we have identified three brand groups:

- › the 'Top 14' strategic brands. These include two Global Icons, seven Premium spirits brands, and five Prestige spirits and champagne brands;
- › the 'Top 4' Priority Premium Wine brands; and
- › the 18 key local brands.

To best appreciate the role of each of these groups, we built the Pernod Ricard House of Brands.

At the top of the House, we isolated our two Global Icons: ABSOLUT and Chivas Regal. These have a global vocation and must therefore be developed on all markets.

Therefore, to better signify the importance of Premiumisation in our strategy, we have identified two brand groups—Premium spirits on one side, and Prestige spirits and champagnes on the other. Our aim is ensure these brands become global brands, depending on the maturity of the markets and of the categories.

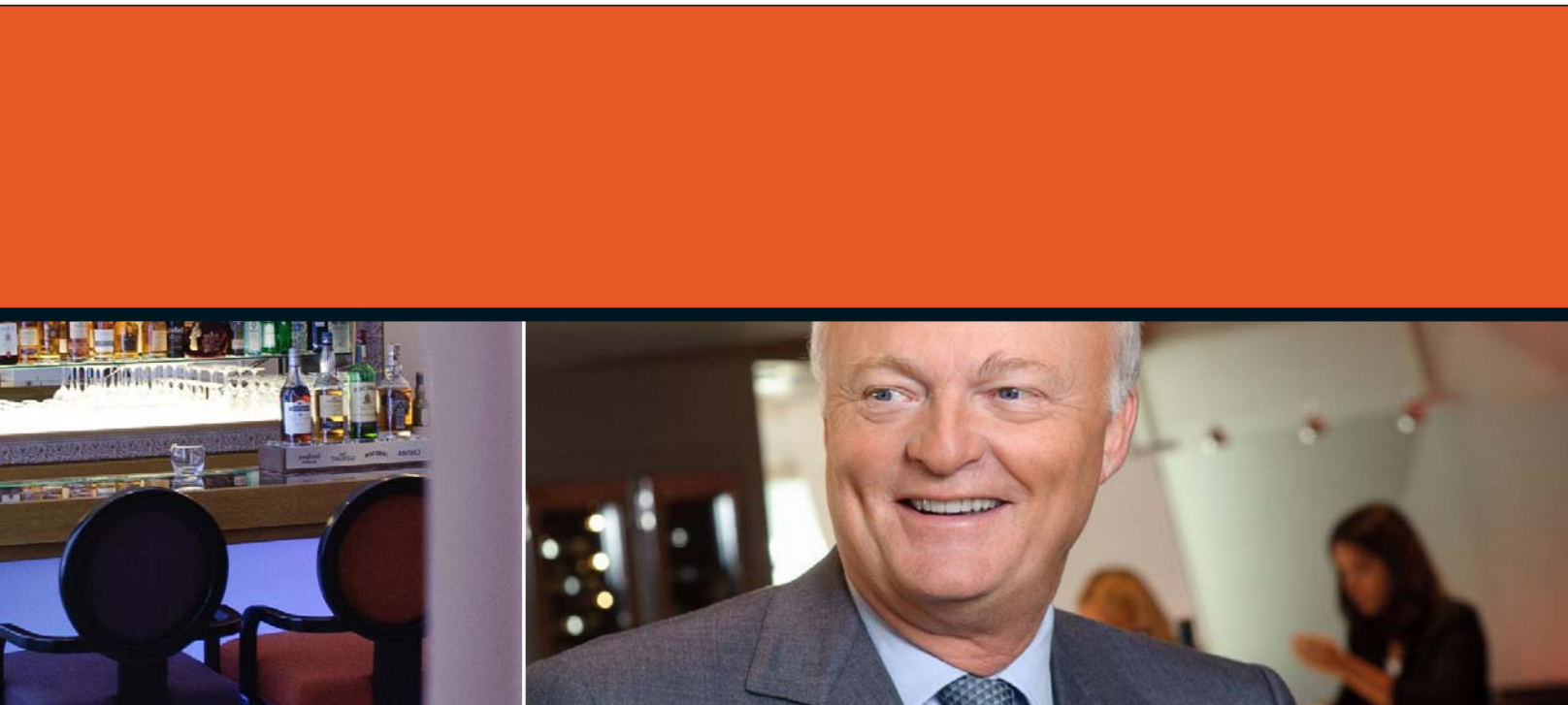
This richness and hierarchy of our portfolio, truly unique in our industry, enable us to best meet our consumers' expectations.

In particular, Premiumisation, or trading up, is a very strong aspiration in emerging markets such as China and Russia. Our Prestige brands are especially well-placed for this. We have also grouped our Premium Wine brands, which we consider to be a natural complement to drinking spirits and a good vehicle for reaching a female target. A portfolio approach is essential for successfully growing the wine segment. Finally, our 18 key local brands help us achieve the critical size required to be visible on certain markets. They frequently help to establish our leadership, e.g. in Russia with ArArAt and in Germany with Ramazzotti.

**What are the growth levers that you have identified to gain market share?**

Many categories offer a very interesting and global growth outlook. Whisky and vodka foremost, but also rum and liqueurs, not to mention cognac, as evidenced by Martell's success in China.

Our geographic coverage means we can capitalise on these opportunities. Pernod Ricard's values and style are also extremely effective levers in capturing leadership, with the agility and creativity they encourage. Premiumisation, the precious alliance of



substance and image, will engineer our growth. For instance, in June, Chivas Brothers launched a world-wide campaign called 'The Age Matters' to promote the importance of age when it comes to the quality of Scotch whiskies.

**Innovation is one of the levers identified for achieving Agility's objectives. What are Pernod Ricard's assets in terms of product innovation, and what are the focus areas for promoting it?**

We have always been very active, especially in line extensions and limited editions, frequently with a Premiumisation strategy. Beefeater 24, which is created using herbs that are macerated for 24 hours; Chivas Regal 18 and 25 years old; and, more recently, ABSOLUT Rock Edition and Malibu cocktails. I couldn't list all of them, it's such an integral part of our brands' existence.

After naturally prioritising the successful integration of the brands we acquired over the last ten years, we will continue to raise our game so that creativity and innovation are the heart of our model—no matter what field we're playing on. Of course, this will involve product innovation.

It can also mean combining the art of mixology with new technologies, as ABSOLUT did when it first offered a free iPhone application that can order you a drink and give the bartender the recipe.

The ability to translate creativity into innovation is a matter of both state of mind and organisation. We devote a lot of time to it.

**Today, a great deal of marketing innovation is done with new media. Have Pernod Ricard's brands 'taken the leap' and begun a new form of relationship with their consumers on the web?**

The objective is to stay in touch with the consumer. Since that consumer is spending more and more time on the Internet, one to two hours a day, it's naturally

taking on more importance in our brands' communication platform.

All our brands have a website; some have Facebook or other pages. More than other media, digital requires creativity in the message, because that is what will lead the web user to connect with our brands.

The Internet is also a terrific opportunity to interact with our consumers and build loyalty, always with the underlying desire to promote responsible drinking.

We are multiplying our initiatives. For example, 1.2 million web users connected to ABSOLUT's site to see the short feature 'I'm Here' by the American director Spike Jonze. The brand had given him free rein in an intentional collaboration with the world of art and creativity.



# The global Wine & Spirits market

— In 2009, the spirits market suffered from global economic conditions, which resulted in a market downturn of 2.1% in comparison with the previous year. However, over the longer term, the market continues to grow. In 2009, some categories fared better than others, such as vodka, rum, and New World wines. And since December 2009, the market has shown strong signs of improvement.

The analysis presented here is based on the annual IWSR study covering **only** the calendar year from January to December 2009. The initial indicators covering the first half-year (January-June 2010), based on the Nielsen surveys, show a marked improvement in the market position of Wines & Spirits.

## MARKET TRENDS

### Vodka and Scotch in the lead

Though the long-term trend remains positive for international spirits, with average yearly growth of 2.1% over the last 10 years, it did incur a drop in 2009, falling 2.1%. This worsening of the market trend resulted in the stabilisation of certain categories that had been growing in past years, such as vodka, virtually unchanged in 2009 at -0.5% and now with 20% of the market, on a par with Scotch whiskies, which suffered more from the crisis, with a 3.6% decline. Conversely, rum, with 12% of the market, has been one of the most resilient categories, after Japanese whiskies, which are growing in market share. However, based on the initial indicators covering the first calendar half-year 2010<sup>(1)</sup>, the downward trend in the spirits market is now stopped.

### Super-Premium, penalised by the crisis in 2009 but first to bounce back in 2010

As was the case in previous crises, Super-Premium and Premium brands suffered most in 2009, whilst standard brands held up better overall. Super-Premium and above posted a 5% decline, with a 3.3%

slump for Premium. However, in the Super-Premium and above category, Prestige brands fared slightly better. Gin, especially, with 7.7% growth, was the most buoyant spirits category in the Super-Premium segment. Vodka also did well. In the Premium segment, the categories of rum, Japanese whisky and Irish whiskey all generated growth. According to the initial indicators covering the first semester 2010<sup>(1)</sup>, Premium and Super-Premium brands were the first to recover after the crisis, and Super-Premium were once again posting the highest growth rates over that period.



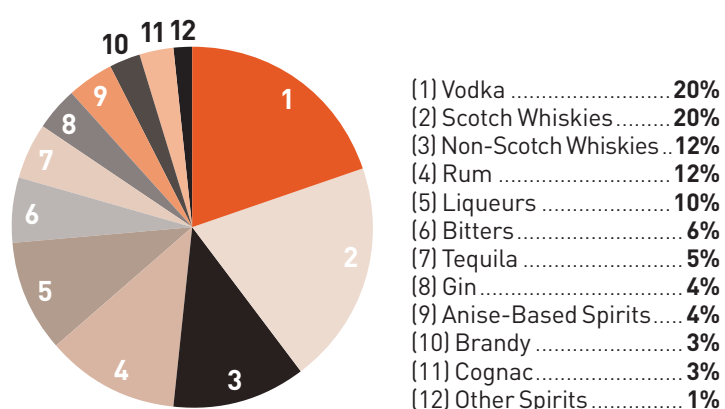
*By Martin Riley  
Chief Marketing Officer  
of Pernod Ricard*

### Wine and champagne sales

Consumption of branded still wines increased 1.3% in 2009, driven by the dynamism of wines from the New World, up 4%. Champagne, whose consumption is particularly sensitive to economic conditions, posted a drop of 3.7% for 2009, and a more marked decline for international brands, down 11%.

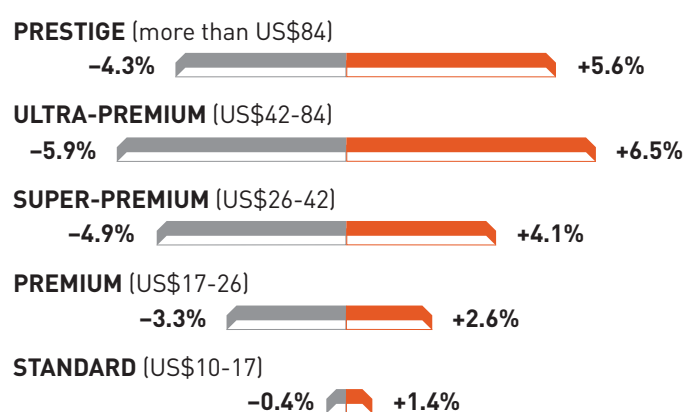
(1) Source: Nielsen, 27-country consolidation, December 2009-May 2010.

## Breakdown of international spirits by category



## Changes in spirits by price segment<sup>(2)</sup>

■ % change in volume 2008-2009  
■ % average yearly change 1999-2009



(2) Price for one 75cl bottle.

# House of Brands

Pernod Ricard's brands portfolio is now represented by House of Brands. At the top of the House, the ABSOLUT and Chivas Regal brands have been identified as 'Global Icons'. As such, they are given priority for development in all of the Group's markets. The seven strategic Premium spirits brands and the five strategic Prestige spirits & champagne brands are recognised as brands with an international standing. The wine market is now analysed as a category, so Pernod Ricard has grouped its four priority Premium wine brands into a new entity, Premium Wine Brands. Finally, the eighteen key local spirits brands give the Group a first-rate standing in the distribution networks, enabling it to develop its international brands.

14 STRATEGIC SPIRITS & CHAMPAGNE BRANDS

4 PRIORITY PREMIUM WINE BRANDS

18 KEY LOCAL BRANDS



2 GLOBAL ICONS

7 STRATEGIC PREMIUM SPIRITS BRANDS



5 STRATEGIC PRESTIGE SPIRITS & CHAMPAGNE BRANDS



4 PRIORITY PREMIUM WINE BRANDS



18 KEY LOCAL BRANDS





## Six Brand Companies

—As key players in Pernod Ricard's organisational model, the six Brand Companies define the global brand strategy, ensure product development and guarantee quality and know-how. Their mission is to showcase what gives each of their brands their character and uniqueness: the origin, history, and values that it represents.

### The Absolut Company



*Brands*  
ABSOLUT  
MALIBU  
KAHLÚA

*From left to right:* Anna **MALMHAKE** Vice President, Global Marketing / Krister **ASPLUND** Production Director / Paula **ERIKSSON** Communications Director / Mikael **SPÅNGBERG** General Counsel / Philippe **GUETTAT** Chairman & CEO / Jonas **TÅHLIN** Brand Development Director / Kicki **ALM** HR Director / Rolf **CASSERGREN** Chief Financial Officer / Stéphane **LONGUET** Chief Operating Officer, Standard Vodka

### Chivas Brothers



*Brands*  
CHIVAS REGAL  
THE GLENLIVET  
BALLANTINE'S  
BEEFEATER  
ROYAL SALUTE

*Front row, left to right:* Hervé **FETTER** Chief Financial Officer / Christian **PORTA** Chairman & CEO / Vanessa **WRIGHT** Communications Director / *Second row, left to right:* Scott **LIVINGSTONE** HR Director / Gordon **BUIST** Technical Director / Paul **SCANLON** International Commercial Director / Éric **BENOIST** Marketing Director / Aziz **JETHA** Business Development Director / Douglas **CRUICKSHANK** Director of Operations & Spirit Supply / Rick **CONNOR** Public Affairs Director

### Martell Mumm Perrier-Jouët



*Brands*  
MARTELL  
MUMM  
PERRIER-JOUËT

*From left to right:* Anne-Claire **RODARY** International Marketing & Communications / Éric **DOUVIER** HR Director / Michel **LETTER** Chief Operating Officer, Mumm Perrier-Jouët / Christophe **DANNEAUX** Finance Director / Lionel **BRETON** Chairman & CEO / Susan **GUSTAFSSON** General Counsel / Jean-Étienne **GOURGUES** International Commercial Director / Jean-Marc **MOREL** Chief Operating Officer, Martell



## Irish Distillers



*Brand*  
JAMESON

*From left to right:* Tamsin **TREVARTHEN** HR Director / Denis **O'FLYNN** Commercial Director, Ireland / Howard **SOUTHERN** Marketing Director / Alexandre **RICARD** Chairman & CEO / Conor **MCQUAID** International Commercial Director / Peter **MOREHEAD** Production Director / Mohit **LAL** Finance Director

## Havana Club International



*Brand*  
HAVANA CLUB

*Front row, left to right:* Ivette **MARTINEZ** Marketing & Sales Director, Cuba / Aurora **CALLEJO** Finance Director /  
*Second row, left to right:* André **LEYMAT** Industrial Director / Marc **BEUVE-MÉRY** Managing Director / Luis **PERDOMO** Chairman /  
Yves **SCHLADENHAUFEN** Marketing Director / Sergio **VALDÉS** Export Director

## Pernod Ricard Pacific/ Premium Wine Brands<sup>(1)</sup>



*Brands*  
JACOB'S CREEK  
BRANCOTT ESTATE  
CAMPO VIEJO  
GRAFFIGNA

*Front row, left to right:* Edouard **BEASLAY** Marketing Director / Kate **THOMPSON** Legal Affairs Director / Jean-Christophe **COUTURES** Chairman & CEO / Mark **O'CONNELL** Managing Director, Australia / Kieran **STEVENS** Managing Director, New Zealand /  
*Second row, left to right:* Nicolas **KRANTZ** Chief Financial Officer / Tim **PAECH** Managing Director, Travel Retail / Nick **BLAIR** Communications Director / Reuben **SUMMERELL** Regional Supply Chain Director / Philip **LAFFER** Group Chief Winemaker /  
Ryan **KLOSE** Chief Information Officer / Brett **MCKINNON** Technical Director / Fabian **PARTIGLIANI** Managing Director, New Zealand /  
Andrew **DAVIE** HR Director / Stephen **COUCHE** Managing Director, Orlando Wines / Darryn **HAKOF** International Sales Director

[1] Composition at 30 June 2010.



# ABSOLUT

## Creativity drives excellence

— More inventive than ever, ABSOLUT remains an inexhaustible source of inspiration and passion the world over for the most demanding artists and consumers. The brand has had an outstanding performance over the calendar year, better than its first year of inclusion in Pernod Ricard. An upward trend was also observed in the second half-year in ABSOLUT's top market, the United States.

**HISTORY:** Born in Sweden in 1879, ABSOLUT was created by Lars Olsson Smith, who already controlled one-third of the country's vodka market by the age of 14. 'ABSOLUT rent Bränvin' (an absolutely pure vodka), prepared using a revolutionary process, was his greatest success.

**MARKETS:** The main markets include the United States, Travel Retail, Canada, Mexico, Germany, Spain, the United Kingdom, and Greece.

**KEY POSITIONS:** No.1 among Premium vodkas worldwide. No.4 in spirits worldwide.

**RANGE:** ABSOLUT Original, Peppar, Citron, Kurant, Mandrin, Vanilia, Raspberri, Apeach, Ruby Red, Pears, Mango, Berri Açai, ABSOLUT 100.

**10.427**  
MILLION CASES SOLD,  
+6% IN VOLUME AND  
+6% IN NET SALES

**+37%**  
GROWTH IN FRANCE  
AND +46% IN BRAZIL

As the No.2 category in the global spirits market, vodka has also been the fastest-growing category for the last 10 years. ABSOLUT's nonconformity and taste for perfection have won it a privileged position in this very dynamic market. By letting consumers express their creativity and by inspiring artists, this resolutely Premium vodka has always succeeded in opening up new communication territories and creating various loyal communities.

### The ABSOLUT effect

With such creative equity, ABSOLUT's 2008 arrival in the Group had a significant leveraging effect on its entire portfolio. In countries where Pernod Ricard's presence was already strong, it continues to provide an excellent addition to the range, especially in the off trade; in Mexico, Canada and Brazil, where Pernod Ricard is well-established, it enjoys fast-paced growth thanks to the Group's resources; while in emerging

### 2009/2010 AT A GLANCE

► Limited editions in the United States, Canada, China and Travel Retail

► Pop Edition, No Label and Rock Edition promotions

## EVENTS



1



**Three-in-one: ABSOLUT Berri Açai (1)**  
Launched in February on the US market, ABSOLUT Berri Açai offers a threefold flavour based on fruit and berries from around the world: açai from South America, blueberry from North America and pomegranate from Southeast Asia.

**Jay-Z: a cherished icon for ABSOLUT (2)**  
In New York City, ABSOLUT has called on music icon Jay-Z to co-produce new content for the web and for social networks, such as the documentary portrait 'NY-Z', which was created for the 'Answer the Call' benefit concert held on 11 September 2010 at Madison Square Garden.





**Björn VON MATÉRN**—Brand Education Director—The Absolut Company—**SWEDEN** *by* **Marcos Lopez**

“The ABSOLUT man in ‘absolut tropical’! In the lobby of my hotel, we built a makeshift studio with a background that I had found at the market in Bombay. Björn’s smile is perfect in all the photos I took. It looks like a toothpaste commercial. We had a lot of fun together with this 1950s American actor style.”



markets like China it is designed to make quick progress by creating and growing the vodka category.

In 2009/2010, the 'ABSOLUT effect' was confirmed: despite a challenging American market, the brand grew in the second half. The brand's sales also saw double-digit growth in France (+37%), Brazil (+46%) and Mexico (+12%), and it achieved a significant milestone in China with an event-based limited edition signed by a renowned Chinese artist.

## Longstanding involvement with artists

The worldwide success of ABSOLUT is based on the unique communications style of a brand that associates its name with the most visionary artists and creative talents around the world. In 2010, ABSOLUT created an event in which director Spike Jonze made an original short feature, 'I'm Here', which earned him the respect of the international art community while bringing in new consumer targets. The brand also chose Zooey Deschanel and Kate Beckinsale to be the faces of the 'Drinks' advertising campaign. The two young actresses were photographed by Ellen von Unwerth, an internationally-renowned German artist, in sophisticated settings that evoked a very rich graphic environment. The campaign's visuals were used in a spectacular promotion in New York City, whose Grand Central Station was transformed into a

## 2009/2010 AT A GLANCE

› Drinks' advertising campaign

› Lion d'Or and Lion d'Argent awards at the International Advertising Festival in Cannes for 'I'm Here' by Spike Jonze

› Rupert Sanders' advertising short, 'Anthem', nominated for an Emmy

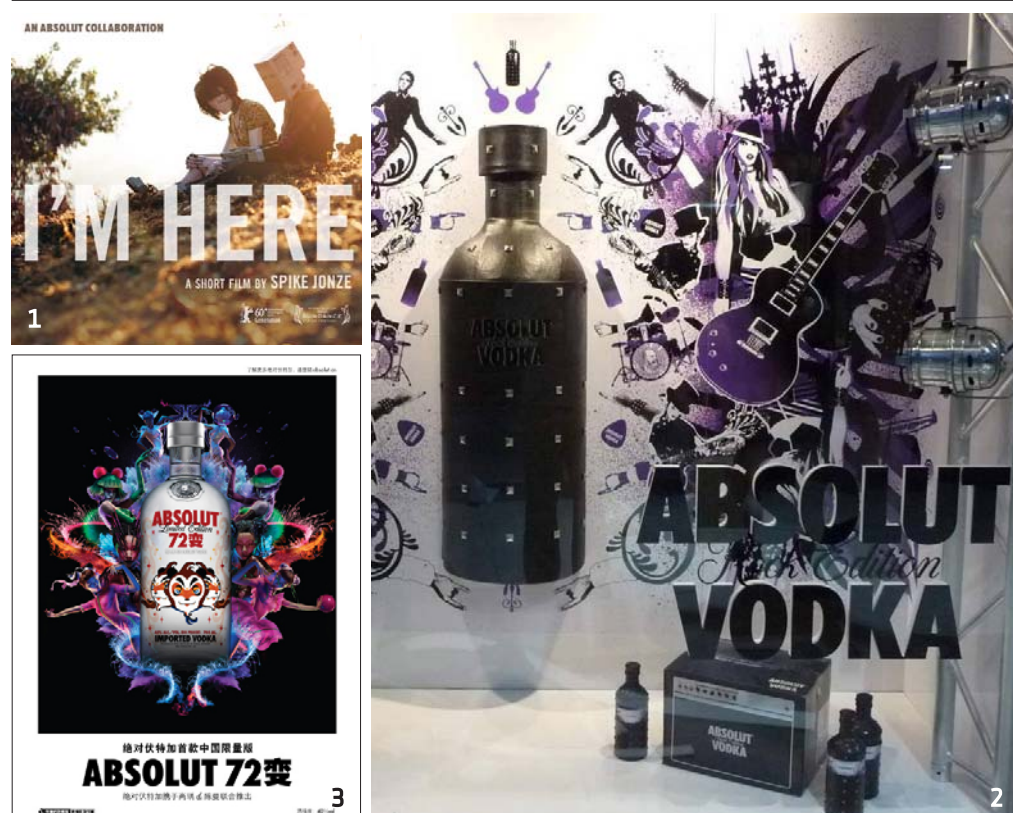
veritable art gallery for a month. To top it off, its 2010 commercial, 'Anthem', also plays on the brand's traditional involvement with young artists around the world who bring previously unimagined objects and images to life.

## When innovation creates buzz

The limited editions are also an essential element to drive the brand's image, bringing the ABSOLUT world to life with each launch and instantaneously creating favourable buzz within its fan community. In 2009 and 2010, the 'Cities' collection achieved three new benchmarks: ABSOLUT Vancouver, created by British Columbia artist Douglas Fraser; ABSOLUT Boston, infused with black tea and elderflower flavours; and ABSOLUT Brooklyn, designed by director Spike Lee. Alongside the Rock Edition and Pop Edition bottles created during the year, the new 'ABSOLUT no label', a limited edition with no logo, once again revealed the brand's ability to revolutionise visual codes. The year was also marked by two new flavours: Flavor of the Tropics, for the Travel Retail channel in the United States and Europe; and the US, Canada and Travel Retail markets' launch of a new berry- and fruit-flavour, ABSOLUT Berri Açai.

Today, the brand is ready to complement the American market's rebound by positioning itself among the key players and continuing to innovate on all fronts in products, marketing and especially new media, since the ABSOLUT community is particularly tuned-in to interactivity and digital communication. The potential for ABSOLUT remains high in Europe and, elsewhere in the world, it is focusing its ambitions on Brazil and Mexico and is off to conquer Asia, where it is determined to popularise the taste of Swedish-made vodka.

## EVENTS



### 'I'm Here': the film event (1)

ABSOLUT gave Spike Jonze, director of 'Being John Malkovich' and 'Where The Wild Things Are', free rein to imagine a tender, futuristic love story. The short feature 'I'm Here' garnered excellent buzz on the web and was well received by industry insiders.

### ABSOLUT Rock Edition in Argentina (2)

In Argentina, ABSOLUT conceived a campaign that focused on the rock'n'roll spirit. On the agenda: press coverage, a micro-site, a contest on [www.rollingstone.com.ar](http://www.rollingstone.com.ar), a radio contest and TV coverage of events organised by the brand, including a glamorous evening that brought together stars, actors, models, decision-makers and major clients in Argentina's capital.

### Pop art in China (3)

Launched as part of the Shanghai World's Fair, ABSOLUT 72 Transformations is the first limited-edition vodka ever offered in China. ABSOLUT called on Gao Yu, a Chinese pop-culture star, who drew inspiration from the very popular hero of a great Chinese literary classic, the Monkey King, and his 72 transformations to create a flamboyant label.

# CHIVAS REGAL

## Live with Chivalry



— By bringing chivalry's universal values back to the forefront, Chivas Regal has built up tremendous trust and image capital with consumers around the world over the last few years. In 2009/2010, this distinctive message helped it continue its rise in the world of luxury spirits. The brand's net sales grew +5%, faster than its volumes (+1%).

**HISTORY:** James and John Chivas, the founders of Chivas Brothers, were pioneers in the art of blending. The luxury Scotch market category was created with the introduction of Chivas Regal 25 Year Old in 1909.

**MARKETS:** The main markets include Travel Retail, USA, France, Gulf, Japan, Greece and Mexico.

**KEY POSITIONS:** The global No.2 Super-Premium Scotch whisky. Chivas Regal 18 is the global No.1 Ultra-Premium Scotch whisky.

**RANGE:** 12 Year Old, 18 Gold Signature and 25 Year Old.

4.247

MILLION CASES SOLD,  
+1% IN VOLUME AND  
+5% IN NET SALES

Double-digit  
growth  
IN CHINA AND VIETNAM

A global brand in more than 200 countries, Chivas Regal has proven extremely dynamic, especially in Asia. As a result, China is now the top market for the brand. In 2009/2010, the brand held up well despite unfavourable economic conditions that stemmed from 2008/2009. Now it is showing signs of a rebound in the Super-Premium, Ultra-Premium and Prestige categories. Today, the brand is No.1 amongst Super-Premium Scotch whiskies in China, and this year it saw double-

digit growth in that market, demonstrating its ability to win over emerging markets. Within the range in 2009, despite a difficult economy, Chivas Regal 18 Year Old rose to global leadership in the Ultra-Premium Scotch whisky category, a success that rewards the Premiumisation efforts undertaken over several years by the brand. Since its 2004 relaunch with new positioning and fresh packaging, sales of Chivas Regal 18 have tripled, reaching 200,000 cases in 2009.

### 2009/2010 AT A GLANCE

» Global roll-out of  
'Live with Chivalry'  
advertising campaign

» Partner in the GQ  
Man of the Year event

## EVENTS



### Live with Chivalry (1)

Over 60 markets ran the global 'Live with Chivalry' campaign in 2009/2010. A new advert, 'Rescue', was broadcast, and new versions of the 'Shadows' concept were launched, pairing contemporary chivalric figures with their 'shadows' from the past.

### Chivas Regal headlines Cannes (2)

For the second year, Chivas Regal partnered with the very glamorous Cannes Film Festival, capitalising on the event to highlight the codes of chivalry through various actions, including public relations campaigns on the Croisette, Chivas Bars at the Hotel Martinez and the Club Chérie Chéri, as well as a strong web presence focusing on 21st century chivalry, and a promotional campaign in key airports' Duty Free shops.



## Universal codes that transcend culture

Launched in 2008, the 'Live with Chivalry' campaign spearheads Chivas Regal's communications strategy. The campaign is recognised as distinctive and has, in two years, cemented its status as an icon. The theme of modern chivalry and its codes (honour, brotherhood and gallantry), have been well received by consumers worldwide, and has in addition been very widely adopted by the brand's markets.

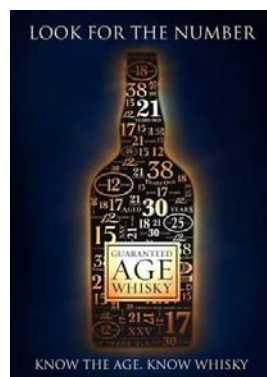
Deployed this year in over 60 countries, the campaign was broadcast on television in 30 of them. A new television advert, 'Rescue', was introduced in selected markets, featuring a sailing crew that diverts its course to come to the aid of a competitor in trouble. Another campaign, 'Shadows', also appeared in print and on outdoor media.

The 'Live with Chivalry' platform has also been used substantially in below-the-line marketing: Chivas Regal sponsored the GQ Man of the Year Award in several countries and partnered up with 'Esquire' in Mexico for a 'Search for Modern Knights' among local celebrities who were also selected to represent modern chivalry on the brand's website in Mexico.

In June 2010, to showcase the importance and the value of the age of whisky to consumers, Chivas Brothers launched a new campaign, 'The Age Matters'.

## 2009/2010 AT A GLANCE

- » New packaging for Chivas Regal 12
- » Gold Signature Campaign for Chivas Regal 18
- » Sponsorship of film events including the Césars and the British Academy of Film and Television Awards Campaign



'The Age Matters' campaign launched in 2009/2010

Chivas Regal also relies on partnerships with internationally known designers to foster its image as a luxury product. Alexander McQueen was the first to be asked to design a limited edition, followed by Christian Lacroix. The Chivas 12 Year Old Magnum by Christian Lacroix was launched successfully in 50 countries via high-end retail outlets and supported by strong promotional campaigns in Travel Retail shops in Asia. The Lacroix Magnum also received the Jury Prize at the Formes de Luxe event during Monaco's Luxe Pack trade show, the first time a spirits brand to have received the award.

## Growth potential in emerging markets

The brand continued to grow by capitalising on the outreach of its 'Live with Chivalry' campaign, which won over both mature markets and higher-growth emerging markets such as China. Chivas Regal seeks to appeal to the new emerging middle classes in China, Mexico, India, Australia and the wider Southeast Asia region, where there is an especially strong knock-on effect in Travel Retail. In more mature markets hit harder by the economic crisis, such as Spain and Eastern Europe, the brand is building on its equity in preparation for better times to come. Premiumisation is still at the core of the brand's strategy, the relevance of which was demonstrated by the 2007 rebirth of Chivas Regal 25 Year Old, which has spearheaded the range, as well as by Chivas Regal 18's solid showing in 2009. The brand has connected with consumers and will continue to cultivate this connection via new media. All brand campaigns are now available online, including key activities such as the Chivas Studio platforms, which have brought designers, photographers, jewellers and artists in London, Spain, India and Australia on board.

## EVENTS



## A limited edition designed by Christian Lacroix

In 2009, Christian Lacroix produced a limited-edition Chivas 12 Year Old Magnum that was distributed globally in over 50 markets. Lacroix's sophisticated design was applied via laser metallisation, a decorative technique from the world of luxury fragrance.





**Caroline MC CAFFERTY**—Clyde Hall Bottling Unit Manager—Chivas Brothers—SCOTLAND *by* **Marcos Lopez**

“Caroline has spent nearly a lifetime in the Chivas plant! We succeeded for one day in transforming Caroline into a real actress! We set up her ‘tea room’ on the edge of a lake and, between raindrops, we shot in a magical light, worthy of Stanley Kubrick’s film *Barry Lyndon*. Exactly the opposite of the harsh light of Latin America!”



# BALLANTINE'S

## Leave an impression



— Ballantine's is the No.1 Scotch in Europe. In 2009/2010 the brand performed well in key markets and saw progress in Latin America. In China, Ballantine's 15 Year Old saw double-digit growth, Ballantine's 17 Year Old held position in Korea and Asia Duty Free, while Ballantine's 21 Year Old developed well across Asia. Ballantine's 30 Year Old had strong recovery led by Duty Free.

**HISTORY:** Ballantine's was born in Edinburgh in 1827, when George Ballantine began to supply blended Scotch whiskies at his grocery store.

**MARKETS:** Ballantine's Finest and 12 Year Old main markets are: Spain, France, Germany, Travel Retail, China, Poland, the United States, Italy and Brazil. Ballantine's 15 Year Old is sold in China. Ballantine's 17 Year Old, 21 Year Old and 30 Year Old are sold in Travel Retail, Korea, Japan, China and Taiwan.

**KEY POSITIONS:** The No.2 Scotch whisky in the world and No.1 in Europe. The No.1 Ultra-Premium whisky in the Asia-Pacific region.

**RANGE:** Ballantine's Finest, 12 YO, 15 YO, 17 YO, 21 YO and 30 YO.

5.799

MILLION CASES SOLD,  
-4% IN VOLUME AND  
-4% IN NET SALES

+21%

GROWTH FOR  
BALLANTINE'S  
30 YEAR OLD

During the financial year Ballantine's launched a number of packaging innovations and Limited Editions. Ballantine's Finest produced a special edition gift tin and a 'Trompe L'œil' tin was developed for Ballantine's 12 Year Old. In Asia, a golf pack was produced for Ballantine's 17 Year Old inspired by the Ballantine's 17th signature hole (the player who scores a birdie receives a bottle of Ballantine's 17 Year Old) which was very successfully launched in Duty Free.

The 2010 Championship Blend celebrated the annual tournament. This exclusive blend included 50 year old whiskies when the very first Ballantine's tournament was held at Wentworth Golf Club in the United Kingdom. Finally, Ballantine's

Limited was re-launched to critical acclaim, developing strongly in Duty Free.

### Priceless image capital

Ballantine's lent its name to the prestigious Ballantine's Championship European Tour golf tournament in South Korea and since 2007 it has been an official sponsor of Barclay's Scottish Open. Innovation remains one of the brand's keys to success, demonstrated by the 'Equalizer' bottle, launched for use in bars and clubs.

Ballantine's has a range of developing markets around the world. Increased marketing investment in these new markets will be key to growth.

### 2009/2010 AT A GLANCE

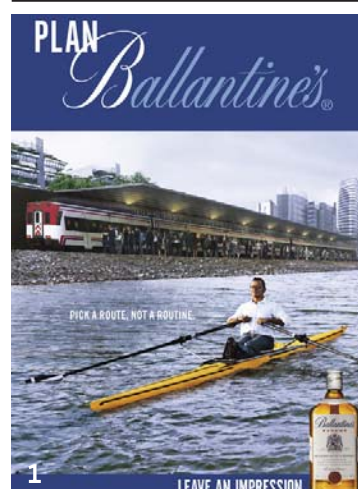
» Ballantine's Championship European Tour golf tournament in South Korea

» Golf champion Graeme McDowell becomes a brand ambassador

» The iconic Ballantine's Finest bottle turns 100

» Ballantine's Limited relaunched as a Prestige Duty Free product

## EVENTS



### 'Leave an Impression', phase 2 (1)

In 2010, Ballantine's launched 'Plan Ballantine's', the second phase of its global advertising campaign, 'Leave an Impression', which encourages consumers to embrace their creativity.

### Packaging—reinforcing brand status (2)

New packaging for the Ultra-Premium and Prestige ranges (Ballantine's 17, 21 and 30 Year Old) hit the market in 2010, reinforcing the brand's Premiumisation strategy with a design that is clearly anchored in the luxury sphere.

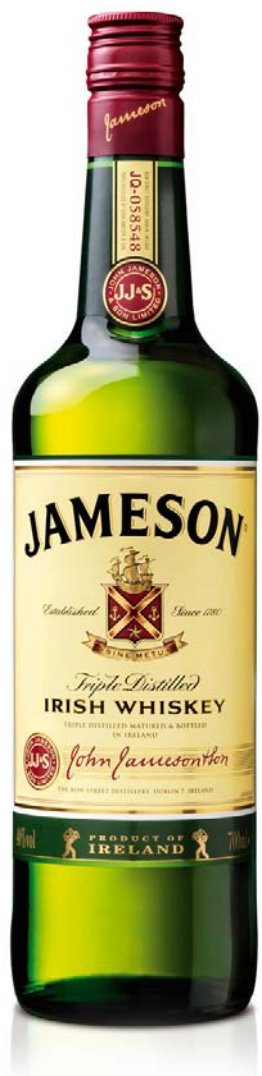




**Juan DOMÍNGUEZ RAMIREZ**—Purchasing Manager—Pernod Ricard España—SPAIN *by* **Marcos Lopez**

“Juan adores his city of Malaga, its climate and the sea... and buying fish! He played football at Barçà with Guardiola.... The cultural proximity between Spain and Argentina gave me the urge to reference one of my most famous photos, Terraza, where a family is preparing a barbecue in the Buenos Aires summertime.”





# JAMESON

## The Irish taste

Jameson is one of the fastest growing Group brands this year. It posted volumes up 9% and net sales up 12% (organic growth). Areas of strength include the United States, Europe and South Africa. The secret of its success? Jameson's unrivalled smooth taste coupled with a rich authentic heritage.

**HISTORY:** John Jameson established his famous distillery in Dublin in 1780, determined that he would create the finest Whiskey in the world.

**MARKETS:** Jameson is sold in more than 120 countries and most notably the United States, Travel Retail, Ireland, the United Kingdom, France, South Africa, Russia, Portugal and Spain.

**KEY POSITIONS:** No.1 Irish whiskey in the world with 61% market share. No.1 whiskey in Ireland.

**RANGE:** Jameson, Jameson 12 Year Old Special Reserve, Jameson Gold Reserve, Jameson 18 Year Old Limited Reserve, Jameson Rarest Vintage Reserve and Jameson Signature Reserve (exclusively sold in Travel Retail).

## 2.919

MILLION CASES SOLD,  
+9% IN VOLUME AND  
+12% IN NET SALES  
(ORGANIC GROWTH)

## +22%

GROWTH IN THE UNITED  
STATES, FRANCE +7%,  
SOUTH AFRICA +7% AND  
RUSSIA +8%

Jameson has exceptional geographic coverage and in 2009/2010 the brand achieved excellent results in markets as diverse as the United States, South Africa and Russia. The US market, which greatly appreciates smooth whiskey, remained a growth engine in 2009/2010, with volumes up by 22%. Jameson also posted double-digit growth in 29 of its global markets, weathering the Western Europe market well despite a difficult economic climate.

### Irish character, loves movies

The success of Jameson can also be attributed to a strong advocacy base within its target consumers, who find affirmation in Jameson's great

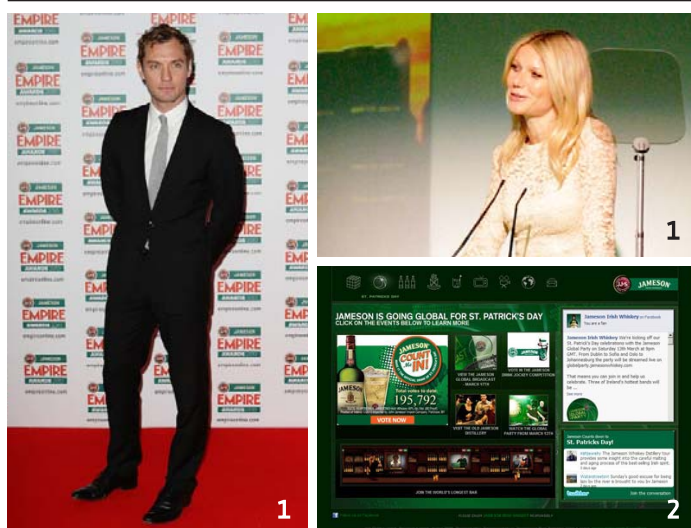
taste, quality and authentic heritage. In 2009/2010, the brand launched two major advertising campaigns and continues to build core communications around three platforms including St. Patrick's Day celebrations, the unique Jameson Taste and Film. Jameson identified film as its core sponsorship platform 12 years ago. Today the Brand is involved in more than 29 countries around the world including The Jameson Dublin International Film Festival, The Independent Spirit Awards in Los Angeles and The Jameson Empire Awards in London. The brand is now poised to capitalise on the economic recovery—especially in the United States—and to pursue its growth in new, dynamic markets.

## 2009/2010 AT A GLANCE

Three gold medals at  
the 2010 International  
Spirits Challenge

Gold medal at  
the 2010 San Francisco  
World Spirits Competition

## EVENTS



### A film-world partner (1)

This year, to further leverage the Jameson Empire Awards, Jameson worked closely with Empire to promote the 'Done in Sixty Seconds' competition internationally. Film fans from all over the world were given the opportunity to produce their own 60-second movie clips and upload them to [www.empireonline.com](http://www.empireonline.com). The chosen finalists travelled to London for the Jameson Empire 'Done in Sixty Seconds' party.

### A vibrant fan community (2)

Jameson has online presence via its website, which posts a record number of hits during the lead-up to St. Patrick's Day, as well as on Facebook, where it had 90,000 'Friends' as at July 2010.





**Ger BUCKLEY**—Cooper—Irish Distillers—Ireland *by* **Marcos Lopez**

"A cooper—an artisan in the family tradition for hundreds of years. Ger's face and gestures show a trade as noble as the wood. I was moved watching him work—his precision, his tools... After our photo session, he insisted on helping me buy an Irish football team jersey for my son in a quaint little town!"



# MALIBU

## Caribbean cool



— In a difficult economy for liqueurs in 2009/2010, Malibu posted a good performance in its top market, the United States, and its sales increased in the second half-year on the major European markets (United Kingdom, Spain, France, and Germany). In 2009/2010, the famous white bottle was as surprising and innovative as ever, developing a new profile in media and social networks, where its consumers are highly active.

**HISTORY:** Malibu has its beginnings on the island of Barbados, where rum has been produced since the mid-1600s. Today, the rum- and coconut-based spirit shares the Caribbean mood with its fans all over the world.

**MARKETS:** Some 150 countries, especially the United States, the United Kingdom, France, Travel Retail, Canada, Spain, Germany and the Netherlands.

**KEY POSITIONS:** No. 1 in the world for coconut-flavoured rum.

**RANGE:** Malibu, Mango, Tropical Banana, Passion Fruit, Island Melon and Pineapple.

**3.336**  
MILLION CASES SOLD,  
-1% IN VOLUME AND  
-1% IN NET SALES

**+33%**  
VOLUME GROWTH IN  
ITALY AND +5% IN  
THE UNITED STATES

Malibu is a favourite brand amongst young adults, whose consumption habits were some of the earliest to be affected by the recession. Despite the gloomy backdrop for the liqueur industry, the brand posted good performance in the United States, its first market.

To stay at the forefront, Malibu redoubled its successful operations during the financial year, making the most of its consumers' taste for music and good times. A new global advertising campaign—'Radio Maliboom Boom'—was launched in the United States in August and then in Canada, Spain, the Netherlands and Italy. In the American market, it won over a large audi-

ence. In Italy the brand partnered with the biggest web radio station, Radio 105, and spread the campaign to social networks.

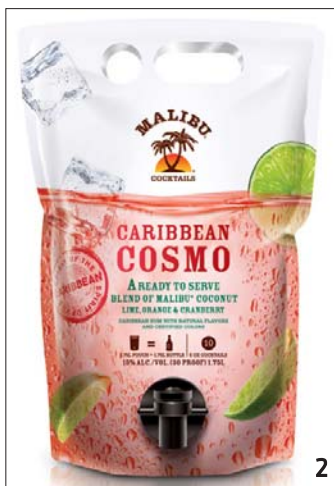
In addition, Malibu generated significant buzz with a party in New York City on 21 June 2010 with such stars as Sean Paul and Estelle. The event, broadcast live on Radio Maliboom Boom and relayed via Facebook, attracted 8,000 new fans. The brand also launched a creative promotional campaign in several countries, 'Malibu by U', in which consumers were asked to personalise the Malibu bottle drawing on inspiration from the works of UK and Canadian tattoo artists, designers and street artists.

### 2009/2010 AT A GLANCE

› 'Malibu by U' campaign

› 'First Day of Summer' event in New York City

## EVENTS



### Caribbean vibrations (1)

Malibu spread the Caribbean spirit with its new global advertising campaign, 'Radio Maliboom Boom', on the web and TV with three ads featuring DJ Bernhard and MC Wonder Full.

### Cocktail menu (2)

In June, Malibu launched three new Premium pre-mixed cocktails in the United States: Caribbean Cosmo, Rum Punch and Tropical Mojito.





# KAHLÚA

## The original spirit of Veracruz

— The rich and alluring taste of Kahlúa has enjoyed more than 70 years of global success. In 2009/2010, the brand capitalised on its competitive edge to ensure its leadership in the coffee liqueur segment, particularly in Mexico, a historic market for the product, but also to continue its development in Asian markets. Overall, the brand has been resilient in a difficult economy, one that is still marked by the decline in liqueurs.

**HISTORY:** The alluring taste of Kahlúa was created in Mexico in 1936 (hand-picked coffee beans roasted in small batches).

**MARKETS:** Kahlúa's main markets are the United States, Canada, Japan, Travel Retail and Mexico.

1.758

MILLION CASES SOLD,  
-1% IN VOLUME AND  
-1% IN NET SALES

+6%

GROWTH IN MEXICO AND  
+4% IN JAPAN

Since its creation, Kahlúa has won over consumers around the globe, and today the brand is the world's best-selling coffee liqueur. In 2009/2010 it achieved strong results in several markets. In Japan, its strategy, geared towards promotions in the on-premise and Internet investment, allowed it to continue to gain ground. In Mexico, improvement of the economic situation enabled

the brand to renew its growth path, reinforcing its hold on its historic market.

Today, the brand concentrates its efforts around its two key attributes—the proven strength of its core product and award-winning taste.

In 2010/2011, the brand will endeavour to increase relevance with consumers and build understanding through a new global advertising campaign.

### 2009/2010 AT A GLANCE

» Launch of Kahlúa Coffee Cream in the United States

» First Kahlúa Signature Cocktail Competition in Stockholm

## EVENTS



1



2

### Kahlúa Coffee Cream (1)

At the end of 2009 over the holiday season, Kahlúa launched Kahlúa Coffee Cream in the United States. This innovation, combining natural cream and 100% Arabica coffee beans from Veracruz (Mexico) attracted interest from consumers, distributors and the media.

### Kahlúa Signature cocktail (2)

The inaugural Kahlúa Signature Cocktail Competition was held in May 2010 in Stockholm. The city's best bartenders were invited to create the ultimate Kahlúa cocktail at the event. The aim was to educate professionals and extend the brand's cocktail repertoire.



# HAVANA CLUB

## Cuban and proud of it

— Like Havana's residents, Havana Club is passionate, warm and vibrant. Havana Club sets a true benchmark, promoting authentic Cuban culture around the world. Overall, the brand's volumes increased 3% and its net sales grew 5% (organic growth). The slump in historic markets, Spain and Italy, was offset by growth in many other markets.

**HISTORY:** The top Cuban rum in the world, Havana Club traces its origin back to 1878.

**MARKETS:** Cuba is the leading market for Havana Club, which is also sold in around 100 other countries, including Germany, Italy, Spain, Chile, France, Greece, Canada, the United Kingdom, Belgium and Mexico.

**KEY POSITIONS:** No.3 international rum brand, worldwide. No.1 in Premium rum (excluding the United States where Cuban products are not allowed) and the leader in Premium rum in Cuba, Italy, Germany and France.

**RANGE:** Havana Club Añejo Blanco, 3 years, Especial, Reserva, 7 years, Selección de Maestros, 15 years, Máximo Extra Añejo.

3.479

MILLION CASES SOLD,  
+3% IN VOLUME AND  
+5% IN NET SALES

Double-digit  
growth

IN MORE THAN  
30 COUNTRIES,  
AMONG THEM  
FRANCE (+13%)

Proud of its authentic roots, Havana Club lives and moves to the rhythm of Havana. Profoundly Cuban, it has a unique personality and carries an image rich in connotations. The brand is now considered as a rum Premium benchmark in many countries in Europe—its largest export market—and is gaining ground in America (Chile, and Mexico) as well as in Duty Free sales.

### Cuba today

Despite a difficult market in 2009, Havana Club managed to improve its standing in all the major international rankings and to boost its image in most countries. In the mixed-drink sphere it reinforced its credibility via the 8th International Cocktail Grand Prix held in Havana, and also by

Internet sites such as [www.havana-mojito.com](http://www.havana-mojito.com) and [www.havana-cocteles.com](http://www.havana-cocteles.com), a blog aimed at bar owners, bartenders and cocktail fans. The brand also intensified its promotion of contemporary Cuban culture—known as Havana Cultura—by incorporating new profiles and videos of Cuban artists in its online magazine and launching a fruitful collaboration with DJ Gilles Peterson. A double album, 'Havana Cultura: New Cuba Sound', which gained positive media coverage, developed from this novel partnership.

Today the brand, which was once again ranked on the 2009 IWSR Elite Brands List, can rely on a large range of rums in its pursuit of growth around the world.

### 2009/2010 AT A GLANCE

» Havana Club was awarded the Intangible Business Star Performance Award

» The brand was recognised again this year as an IWSR Elite Brand for its performance over the past 12 months and growth potential

## EVENTS



### Today's Cuban sound (1)

With the Havana Cultura initiative, Havana Club is exploring new promotional approaches, e.g. by collaborating with DJ Gilles Peterson to introduce listeners to today's Cuban music through albums releases and events.

### Mojitos straight from the source (2)

Havana Club is promoting the true Cuban mojito, that of Bodeguita del Medio, an iconic bar in Havana that made Mojito popular. The real Cuban recipe appears on [www.havana-mojito.com](http://www.havana-mojito.com) and is made today with Havana Club 3 years. The brand is also honouring bartenders' creativity by inviting the world's best barmen to compete in Havana during the International Cocktail Grand Prix.





**Asbel MORALES LORENZO**—Master Blender—Havana Club International—CUBA *by* **Marcos Lopez**

“Asbel has been in the rum business for ‘only’ 22 years. He also loves fishing and ‘la pelota’ (baseball). Despite all these years spent in Havana, he has never forgotten his hometown. As soon as you start talking baseball, it’s all about the Naranjas Club of Villa Clara. But for the photo, he chose to wear the Cuban national team jersey!”





# RICARD

## Convivialité 'à la française'

—A symbol of the 'apéritif', the Ricard brand unites people around strong values: optimism, 'joie de vivre', enthusiasm, and energy. By betting on Premiumisation and sustained investments, it is a leader that continues to grow, with a market share of 45.1%<sup>(1)</sup> in its segment of anise-based spirits.

**HISTORY:** Created in Marseille in 1932 by Paul Ricard, the undisputed leader of the 'apéritif' in France, the Ricard brand is indistinguishable from its recipe—the 'pastis' of Marseille, the first 'long drink' with a French accent.

**MARKETS:** The brand is number one in France and its border regions (Spain, Andorra, Italy, and Luxembourg) as well as Belgium.

**KEY POSITIONS:** No.1 in spirits in France and Belgium. No.2 in Europe. No.1 in anise-based spirits in Switzerland, Portugal, and Travel Retail.

**RANGE:** Ricard exists in different formats, from the flask to the gallon, and in 2010 it developed a 35cl format for the on trade.

### 5.403

MILLION CASES SOLD,  
SALES STABLE  
IN VOLUME AND  
+1% IN NET SALES

### +6%

GROWTH IN SPAIN AND  
PORTUGAL,  
+37% IN RUSSIA, AND  
+39% IN THAILAND

Ricard embodies 'convivialité': recognised as a high-quality brand 'to be shared amongst friends', it has a devoted following with 67% of loyal followers who exclusively purchase Ricard above all other brands of anise-based spirits. In 2009/2010, in a nearly-flat anise-based spirits market, it was the only brand to show growth, gaining one point of market share (45.1%)<sup>(1)</sup>. It posted very strong results in the 1.5L and 2L formats: +28% and +5%, respectively, on the French market<sup>(1)</sup>. In a difficult economic climate, which favours low-priced offers, the brand is distinguished by its results. It is, in fact, growing at twice the rate of the market.

<sup>(1)</sup> Source: Nielsen, FY 2009/2010, in value.

### Close ties and new fans

The leader of anise-based spirits in France, Ricard maintains close ties with its consumers through its direct marketing programme, 'Place Ricard', which has 170,000 subscribers and an online version that has attracted 35,000 consumers. In addition, the brand is winning over new consumers, by sending the message about new ways to consume the drink (in 2010 it launched a 'Ricard Pomelo' advert in the press). Finally, Ricard has increased its retail presence with Premium promotional offers, including limited editions. With this kind of creativity, it has also been able to raise its international profile, notably in Europe (Spain and Portugal).

### 2009/2010 AT A GLANCE

► Year-end holiday  
and summertime  
limited editions  
in retail

► 'La Tomate'  
cocktail 'apéritif'  
created by  
chef Olivier Bon

## EVENTS



1



2

### Ricard in Paris (1)

In 2010, Ricard strengthened its presence in Paris with some innovative moves: Ricard delivery tricycles met up with consumers in hip Paris neighbourhoods, and some events were held during Gay Pride.

### The spirit of Provence is exported (2)

'Pétanque' events in London, New York, and Montreal drew several thousand participants, ensuring the brand's recognition abroad.





**Frank ZANETTI**—Luxury and Night Outlets Area Manager—Société Ricard—FRANCE *by* **Marcos Lopez**

“When Frank is in a bar, he talks to everyone! Frank has family in Argentina, where he goes regularly. So we spoke Spanish to each other. We had a great time together in Méjanes, followed by Arles, where I was leading a staging workshop during Rencontres de la Photographie.”





# BEEFEATER

## The 100% London gin

— The only authentic London gin, Beefeater is traditional yet modern, in keeping with the British contrast between the past and present. In 2009/2010, the brand demonstrated 1% overall growth in its net sales and grew in some of its historical and emerging markets, which is testimony to Beefeater's consistent investment policy, as well as a unique marketing approach.

**HISTORY:** Launched by James Burrough in 1820, Beefeater is the only international gin brand to have its own distillery in London, the birthplace of this quintessentially British beverage.

**MARKETS:** Beefeater London Dry is sold in 120 markets with Spain, the United States, Canada, Travel Retail and Japan being most significant. Beefeater 24 is now in 25 markets and is well established in Spain, the United States, Canada, and Travel Retail.

**KEY POSITIONS:** The top Premium white spirit in Spain. The No.3 Premium gin in the United States.

**RANGE:** Beefeater London Dry Gin, Beefeater 24 and Beefeater Dry limited editions.

2.279  
MILLION CASES SOLD,  
-1% IN VOLUME AND  
+1% IN NET SALES

+42%  
VOLUME GROWTH IN  
ITALY

Beefeater Gin is market leader in Spain where, in 2010, it managed to maintain sales volumes despite a difficult economy. Beefeater also experienced strong growth in emerging European markets as well as Turkey, Italy, Sweden and Portugal. The 'Forever London' campaign helped raise the brand's profile by promoting the inspirational spirit of London via media events in Greece, the United States, Bulgaria and Serbia.

### Surprise. Innovate.

In 2010, the brand successfully launched Beefeater Summer Gin in 20 countries. The new recipe was well received and is sold in Harrods, Fortnum & Mason and Selfridges in London. In

the Super-Premium category, Beefeater 24 created the 'Contemporary Tea Salons' event and increased sales in over 20 markets. This year in Spain, the exceptional Beefeater 24 Midnight Labyrinth event was held to celebrate the 350th anniversary of London's Vauxhall Pleasure Gardens.

### A great brand for today

Beefeater capitalises on its 100% London origins to establish its status as a true contemporary and great brand. Beefeater is maximising on the renaissance of gin-based cocktails, leading Beefeater to become the driver of innovation for its category.

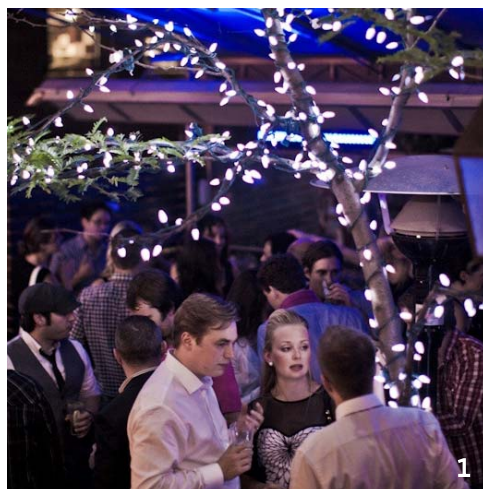
## 2009/2010 AT A GLANCE

» 'Forever London' advertising campaign extended

» Beefeater awarded best gin worldwide in two international competitions

» Beefeater sponsors fashion designer Jonathan Saunders

## EVENTS



### Tea-infused (1)

Since Beefeater 24's launch in 2008, the brand has organised 'Contemporary Tea Salons' to highlight its exceptional ingredients (green tea and sencha tea from China and Japan). Contemporary Tea Salons were held this year in Greece, Spain, Turkey and the United States.

### Summer Gin 2010 (2)

Created by master distiller Desmond Payne, Beefeater Summer Gin is the first limited edition ever launched by the brand under Pernod Ricard and was distributed in 20 countries in 2010.





# THE GLENLIVET

## The single malt that started it all

— Possessing an exceptional heritage, The Glenlivet is determined to achieve world domination in single malt whiskies. In 2009/2010 the brand continued to grow by 5% in volume and 7% in value (organic growth). Over the last five years, it has been the biggest contributor to global single malt volumes.

**HISTORY:** Created by George Smith, The Glenlivet was born in 1824 in the remote Livet Valley in the heart of Speyside.

**MARKETS:** The primary markets are the United States, Travel Retail, Canada, the United Kingdom, Taiwan, France, Australia, Japan and Germany.

**KEY POSITIONS:** Worldwide No.2 single malt.  
No.1 single malt in the United States.

**RANGE:** The Glenlivet 12 YO, 15 YO French Oak Reserve, 18 YO, 21 YO Archive, The Glenlivet XXV, Cellar Collection 1973, 12 YO First Fill, 15 YO, Nàdurra 16 YO, Nàdurra Cask Strength, Nàdurra Triumph 1991.

637

THOUSAND CASES SOLD,  
+5% IN VOLUME AND  
+7% NET SALES

+ 23%

VOLUME GROWTH IN  
TAIWAN

Of all the leading single malt whiskies, The Glenlivet is responsible for nearly one-third of global market growth over the last five years. The key to its success is the generosity and richness of its whiskies, guided by its unique and defining legacy that is still alive nearly two centuries after the brand was created. Since it became part of Pernod Ricard, the brand range has been extended to include six main references that beautifully showcase the defining style of The Glenlivet. During the financial year The Glenlivet continued its growth, repeating its 5% volume growth from the previous year.

### Signs of greatness

In 2009/2010, the brand launched The Glenlivet Nàdurra Triumph 1991 and the 1973 Cellar Collection in selected key markets, and continued to broadcast its 'Family Tree' advertising campaign. With the goal of becoming market leader, the brand increased its production capacity with a £10 million expansion of its Speyside distillery.

Pioneering and inventive, The Glenlivet is now a global brand, sold in most of the world's markets and with substantial growth potential in both Asia's emerging markets and the more mature markets of Europe and North America.

### 2009/2010 AT A GLANCE

» The Glenlivet production capacity expanded, with the extension of the distillery

» New master distiller Alan Winchester appointed

» 'Family Tree' advertising campaign extended

» New TV advertising for Taiwan

## EVENTS



### Major investment (1)

The extension to the Speyside distillery was officially opened in June 2010 by HRH Prince of Wales. This £10 million investment will increase the brand's production capacity by 75%.

### Nàdurra Triumph: a natural success (2)

This year in the United States, the brand launched The Glenlivet Nàdurra Triumph 1991, an exclusive limited edition made from Triumph, a special barley variety. Nàdurra means 'natural' in Gaelic.



# MARTELL

## An indulgence for those in the know

— Martell, the oldest of the great cognac Houses, has won people over throughout the world, including connoisseurs with passionate, refined tastes. The brand showed exceptional performance in 2009/2010, with sales up 6% in volume and net sales up 12% (organic). Martell performs the best in Asia, and China in particular, thanks to highly targeted communications and sponsorship.

**HISTORY:** Founded in 1715, Martell has developed exceptional know-how over the centuries.

**MARKETS:** Its primary markets are in Asia (China, Travel Retail, Malaysia, Singapore, Indonesia, Taiwan, Vietnam). The brand also has strong positions in the United Kingdom, the United States, Mexico and Russia.

**KEY POSITIONS:** No.1 in XO (Extra Old) Cognacs worldwide, with Cordon Bleu and Martell XO. No.1 in Malaysia, Singapore, Indonesia and Mexico.

**RANGE:** Martell VS, VSOP, Noblige, Cordon Bleu, XO, Création Grand Extra and L'Or de Jean Martell.

1.578

MILLION CASES SOLD,  
+6% IN VOLUME AND  
+12% IN NET SALES

+18%

GROWTH IN CHINA AND  
+16% IN ASIA

Already especially well-established in Asia, Martell has strengthened its positions and continued its expansion on markets such as Vietnam, Taiwan and the Philippines. With double-digit growth in 2009/2010, Asia confirmed itself as a driver for the brand, which also leveraged the fine performance of its Prestige references.

### The world of Martell

For several years Martell has developed a Premiumisation strategy which aims to consolidate its status as a luxury brand. The opening of an exclusive Martell boutique in Hong Kong international airport is part of this approach and enhances the brand's visibility. Consumers can discover the Martell products through an experience intensi-

fied by immaculate staging which plunges them into the elegant and luxurious atmosphere of a cognac House, on the other side of the world.

### High-end communication

Film directors, designers, photographers, composers... a wide variety of talented artists have been invited to collaborate with Martell to express its essence. Following on from Italian photographer Paolo Roversi, in 2009 British photographer Miles Aldridge created the second 'Advertising-as-art' series dedicated to Martell Cordon Bleu. Martell also pays tribute to the visionary spirit of the creativity of today's entrepreneurs with a new TV campaign for its prestige cognac Martell XO, launched in Asia in 2010.

### 2009/2010 AT A GLANCE

► Successful Martell XO campaigns in China and Russia

► Involvement of Martell in major cultural events such as Martell Artists of the Year and 'Art for the World', the sculpture exhibition unveiled at the Expo Boulevard in Shanghai

## EVENTS



**Welcome to the world of Martell (1)**  
Consumers discovered Martell's new visual style via an iconic boutique that opened in 2010, proposing a unique sensory experience in a luxurious environment.

### Martell XO Exclusive Architect Edition by Paul Andreu (2)

As part of Martell's innovations, working with architect Paul Andreu gave rise to a limited edition of Martell XO signed by this world-renowned architect. The event was generously covered by the media, particularly in Mexico, Ukraine and China.





**Benoît FIL**—Cellar Master—Maison Martell—Martell Mumm Perrier-Jouët—FRANCE *by* **Marcos Lopez**

“Benoît made a fuss over which basket and which hat to use to pay homage to the authenticity of this magnificent Cognac vineyard. Benoît makes ‘the soil’ speak; he’s a passionate gardener, and his favorite playground is the vineyards of his region. Together we saw some spectacular vistas, toured some magnificent structures, and were always surrounded by vines.”





# MUMM

## Boldness and style

— Although 2009/2010 was a difficult year for the champagne market, there was a significant rebound in the second half. Despite the downturn, Mumm pursued its value strategy without compromising on price. Still the market leader in France, the world's number-one champagne market, Mumm also performed well in China, Japan, and Australia.

**HISTORY:** Mumm was created in 1827 by the Mumm family, wine traders since 1761. Its trademark bold elegance is represented by the Cordon Rouge (red ribbon), the brand's emblem.

**MARKETS:** The main markets are France, Italy, the United Kingdom, and Spain.

**KEY POSITIONS:** The No.1 major international champagne brand in France.

**RANGE:** Brut Cordon Rouge, Millésimé, Rosé, Mumm de Cramant, and Cuvée R. Lalou.

602

THOUSAND CASES SOLD,  
-9% IN VOLUME AND  
-7% IN NET SALES

+12%

GROWTH IN VOLUMES  
IN THE ASIA-PACIFIC  
REGION

In an environment marked by a very aggressive price competition, Mumm managed to defend its positions in 2009/2010 by refusing to compromise on price. The brand posted gains in market share in Spain and Italy, harvesting the fruits of a sustained-investment policy. In the Asia-Pacific region, less affected by the crisis, the brand benefited from the growing interest in champagne brands and the power of the Pernod Ricard distribution network, with strong growth in China (+11%), Japan (+7%), and Australia (+25%).

### An exceptional universe

Mumm's new international campaign is resolutely contemporary, using a creative and 'liber-

ated' approach to champagne. With the tagline 'It's an exceptional story', it invites consumers to invent their own exceptional moments. The message is especially aimed at emerging markets.

With designer Patrick Jouin, Mumm boosted the brand's creative and innovative aspect during Milan Design Week and with an exhibition at the Centre Georges Pompidou in Paris called 'La substance du design' ('The Substance of Design'). Finally, this year Mumm renewed its historic partnership with Formula 1 racing, through many operations in the different Grand Prix countries: limited editions, on- and off-trade promotions, public relations, and VIP events.

### 2009/2010 AT A GLANCE

» New advertising campaign launched

» 'Menus de légende' ('Legendary Menus') at the Élysée Palace

## EVENTS



1



2

### Inspiring design (1)

Designer Patrick Jouin designed an exclusive line of champagne glasses, an ethereal and innovative reinterpretation of the Cordon Rouge.

### Partnering with F1 (2)

In 2010, Mumm celebrated the 10th anniversary of its partnership with the world of Formula 1 racing, the world's third most-watched sport.





# PERRIER-JOUËT

## Elegance and beauty

— Perrier-Jouët is successfully cultivating its elite image. Refined and inventive, the brand has won over consumers looking for exclusive pleasures, particularly in Asia. It held its ground in 2009/2010 in China, Travel Retail in Europe, and in Japan. Since January 2010, its star has been on the rise in the United States.

**HISTORY:** Founded in 1811 by Pierre Nicolas Perrier et Adèle Jouët, the Maison Perrier-Jouët very quickly made its champagnes known in England and then the United States. It was in 1902 that Émile Gallé drew the backdrop of anemones that would become the symbol of the brand and adorn the 'Belle Époque' vintage in 1964.

**MARKETS:** The main markets are the United States, the United Kingdom, France, Switzerland, Travel Retail, Italy, and Japan.

**KEY POSITIONS:** The No.3 champagne in the United States.

**RANGE:** Grand Brut, Blason Rosé, Grand Brut Millésimé, Cuvée Belle Époque Millésimé, Cuvée Belle Époque Blanc de Blancs and Cuvée Belle Époque Rosé.

198

THOUSAND CASES SOLD,  
STABLE NET SALES

+36%

GROWTH IN VOLUMES  
IN THE ASIA-PACIFIC  
REGION

In an uncertain economy, 2009 was a difficult year for Perrier-Jouët, but there has been a marked recovery in its sales since the start of this calendar year. In the United States, Florida, New York, and other states have regained some buoyancy. In Europe, the subsidiaries found development opportunities, such as in France and Spain, where sales advanced despite the tough economy. Finally, in Asia, sales sharply increased in Japan and China. Magical places, artistic staging, recollections of an era... Perrier-Jouët stepped forward to win the loyalty of its consumers while attracting new ones in emerging markets.

### Occupying exceptional places

Perrier-Jouët cultivates its brand image with its involvement in exceptional places. In 2009/2010, it occupied the VIP area in Club Billionaire in Porto Cervo, Sardinia, the fifth floor of the prestigious London store Harvey Nichols with a champagne bar, and the Gourmet area of La Rinascente in Milan. The brand also associates with figures in the art world to cultivate its Art Nouveau style and floral décor. It asked young designer Noé Duchaufour-Lawrance to create a limited edition of tasting tables and made actress/model/painter Rie Rasmussen the icon of its new advertising campaign.

### 2009/2010 AT A GLANCE

» Grand Prix Stratégies du Luxe 2009 for the Perrier-Jouët - Barbro Andersson collaboration

» POPAI Awards for the brand's new merchandising materials

» International launch of the Belle Époque 2002 vintage

## EVENTS



1



2

### A Flower Table for champagne (1)

With the Flower Table tasting table, young designer Noé Duchaufour-Lawrance revisited the floral theme of the white anemone, the emblem of Perrier-Jouët.

### Favourite Website Award for Perrier-Jouët (2)

The creativity of the brand's new website was lauded with an FWA. For Perrier-Jouët, the web is fulfilling its promise as a creative showcase: in Korea, 12 artists were invited to share their vision of the brand, and the 'Perpetual Emotions' event/exhibit was broadcast on the web.

# ROYAL SALUTE

## A heritage of excellence



— In 2009/2010, the ultimate luxury whisky, Royal Salute, joined Pernod Ricard's strategic brand portfolio. The world leader in over 21 year old whiskies is especially well established in Southeast Asia. In 2009/2010, the brand continued to perform strongly in the region and especially in China, Vietnam and Korea, as well as in Travel Retail outlets.

**HISTORY:** Created in homage to HM Queen Elizabeth II on her coronation in 1953, Royal Salute is still the only Scotch whisky with a range starting at 21 years old.

**MARKETS:** The brand is primarily established in Travel Retail, China, Taiwan, Vietnam, South Korea and the Persian Gulf.

**KEY POSITIONS:** The leading Prestige Scotch whisky brand in China, Taiwan, South Korea.

**RANGE:** Royal Salute 21 Year Old, Royal Salute The Hundred Cask Selection, Royal Salute 38 Year Old Stone of Destiny and Royal Salute 62 Gun Salute.

142

THOUSAND CASES SOLD,  
+6% IN VOLUME AND  
+1% IN NET SALES

Double-digit  
growth

IN CHINA AND  
ASIA DUTY FREE

Royal Salute has built its success in Asia on the prestige of its British origins. Today it aims at conquering new markets, notably by associating its name with an elite sport, Polo. Acclaimed for the richness and complexity of its blend, Royal Salute now holds a unique place in the hearts of Scotch whisky connoisseurs. Its success is opening doors in such emerging markets as India, Brazil and the Persian Gulf states.

### A very high-end strategy

The brand, already quite active in polo, furthered its sponsorship activities in 2009/2010 by teaming up with events in China, India and Dubai targeting businessmen, decision-makers and consumers

of luxury products. The launch of the brand's latest innovation, Royal Salute 62 Gun Salute, redefined the upper echelons of the Scotch whisky category by breaking past the \$2,000 price point. Bottled in a crystal decanter and based on at least 40 year old whiskies, this blend expresses the extraordinary know-how of Colin Scott, the brand's Master Blender for 21 years. The brand now intends to extend its worldwide growth by continuing to innovate in the prestige Scotch whisky category. By choosing to sponsor polo—'the king of sports and the sport of kings', which embodies the values of respect and integrity that are integral to its key markets—Royal Salute has demonstrated its strategy's relevance.

### 2009/2010 AT A GLANCE

Continuation of The Mark of Respects Awards, a public relations programme in Korea that pays tribute to successful citizens

Launch of the new 'Respect Earned' advertising campaign

### EVENTS



#### Polo: the sport of kings (1)

Alongside other prestige brands, Royal Salute sponsors polo matches in China, India and Dubai. This choice is in complete harmony with the brand's positioning.

#### A launch that was crowned a success (2)

Royal Salute 62 Gun Salute was launched in 2010 with a gala dinner in the Tower of London in the presence of HRH Prince Michael of Kent, Master Gunner within the tower.





**Jessie LU**—Communications Manager—Pernod Ricard China—CHINA *by* **Marcos Lopez**

"After nearly twenty hours travelling, I got to Australia with four full suitcases. Pernod Ricard China was having a convention there. I'm excessively enthusiastic and, in the hotel corridors, getting costumes out, I told Jessie Lu that her photo seemed to be there, in that moment. In the hotel restaurant, we found a genuine 'set' with a blue backdrop, flowers, and in a stroke of luck, a watering can!"





# JACOB'S CREEK

## The ambassador of Australian wines

— Produced in southern Australia, Jacob's Creek wines are for consumers seeking simplicity and authenticity. In the highly competitive Australian wine category, the brand, despite declining in the United Kingdom, continued to grow in the United States, Australia and New Zealand and confirmed a breakthrough in China.

**HISTORY:** The Jacob's Creek brand was launched in 1976 but the original vineyards from which it is sourced, were planted in 1847.

**MARKETS:** Primarily the United Kingdom, Australia, the United States, New Zealand, Canada, Sweden, Ireland, Travel Retail and China.

**KEY POSITIONS:** No.1 Australian bottled wine in Australia, New Zealand and Sweden. No.2 in the United Kingdom. No.3 in the United States, Ireland and the Netherlands. No.4 in Canada.

**RANGE:** Flagship products: Reserve Shiraz, Classic Chardonnay and Sparkling Chardonnay Pinot Noir.

7.065

MILLION CASES SOLD,  
-10% IN VOLUME AND  
-5% IN NET SALES

+7%

VOLUME AND  
+6% VALUE GROWTH  
OUTSIDE THE UNITED  
KINGDOM

Jacob's Creek is a world leader in Australian wine. In the United Kingdom, where pricing competition continues to intensify, the brand held second place among Australian wines in 2009/2010 and remained the top Australian sparkling brand in value. Pernod Ricard has maintained a value strategy with growth of the Premium line and a selective policy of participating in advertising campaigns. In the United States, where the Australian category faces tough challenges, it posted solid double-digit growth and remained the No.4 Australian brand in volume.

### A growth dynamic

The year was marked by the launch of a new 'True Character' advertising campaign, which promotes

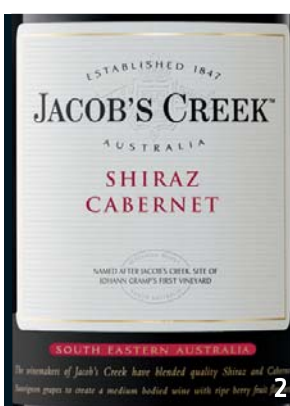
being true to yourself when enjoying wine. The first countries to broadcast the campaign were Australia and the United Kingdom. The brand also sponsored the Australian Open tennis tournament which had strong impact in the brand's key markets. Jacob's Creek successfully launched its Sparkling Moscato in Australia and Japan, selling more than 100,000 cases in the first year. Today, the brand seeks to achieve leadership in China and will launch new products and a new television commercial there. Premiumisation is another significant area in its growth strategy. Jacob's Creek will further enhance its Reserve range only sourcing wine from the best Australian regions, such as Barossa and Coonawarra, and will continue with its packaging innovations.

### 2009/2010 AT A GLANCE

» 'True Character' advertising campaign

» Jacob's Creek sponsors the Australian Open tennis tournament

## EVENTS



### A sparkling success (1)

Smooth and fresh, the new sparkling wines from Jacob's Creek—Sparkling Moscato and Moscato Rosé—conquered new, younger consumer profiles.

### Packaging: the key to Premiumisation (2)

Innovative packaging was launched for the Classic and Reserve ranges this year. The Orlando Wines creation date now appears on the labels, and each wine in the Classic range has its own label colour, which makes for easy identification when shopping.





**Bernard HICKIN**—Cellar Master—Orlando Wines—AUSTRALIA *by* **Marcos Lopez**

"I had a terrific trip through the hills of Barossa Valley to go meet Bernard. Chance, as Cartier Bresson said, was present in that photo. I was thinking of a vintage car... and I mentioned it to him like it was a passing idea. He owned one, and he also had the guitar... for a photo worthy of a 1950s rock star!"





# BRANCOTT ESTATE

## Wines made in New Zealand

—As the first brand that believed in planting vines in southern New Zealand's Marlborough region, Montana is now reaping the fruits of its venture and ramping up its international growth based on a new global brand name, 'Brancott Estate', already used in the United States. In 2009/2010, the brand's volumes grew 7% overall and net sales grew 6% (organic growth).

**HISTORY:** Founded in 1961 by Frank Yukich, Brancott Estate was the first to produce Sauvignon Blanc in the Marlborough region.

**MARKETS:** Brancott Estate's main markets are in the United Kingdom, New Zealand, Australia and the United States.

**KEY POSITIONS:** No.2 worldwide for New Zealand wines. No.3 still wine in New Zealand.

**RANGE:** Brancott Estate Sauvignon Blanc, Pinot Noir, Pinot Gris, Letter Series Sauvignon Blanc and Letter Series Pinot Noir.

1.323

MILLION CASES SOLD,  
+7% IN VOLUME AND  
+6% IN NET SALES  
(ORGANIC GROWTH)

+30%

GROWTH IN  
NEW ZEALAND AND  
+21% IN THE UNITED  
STATES

In 2009/2010, Brancott Estate posted excellent growth of around 30% in its New Zealand stronghold. Growth in several key markets rebounded, such as the United States (+21%) and Australia (+12%). In the United Kingdom, the brand suffered from a particularly competitive environment.

### A television pioneer

This year, Brancott Estate's first-ever television commercial aired in New Zealand, Australia and the United Kingdom. This was the first New Zealand wine brand to appear on the small screen in Australia, with a commercial that reinforced Brancott Estate as a true New Zealand industry pioneer. In addition, Brancott Estate rolled out

new packaging for its Classic and Reserve ranges at the end of 2009. In February 2010 it launched the market's first Sauvignon Gris in New Zealand.

### Inspiring new horizons

2010 will be a turning point in the brand's history. To support its Premiumisation strategy, Montana is becoming Brancott Estate, in honour of Brancott Vineyard, where Brancott Estate pioneered Marlborough Sauvignon Blanc, one of New Zealand's flagship wines. This change to a single brand around the world focuses resources and investments to optimise the brand's growth potential, especially in the already-promising American market.

### 2009/2010 AT A GLANCE

» First televised campaign in United Kingdom, Australia and New Zealand

» Sauvignon Gris launched in New Zealand

» Brancott Estate Sauvignon Blanc awarded Sauvignon Blanc Trophy for New Zealand at International Wine Challenge

### EVENTS



### Increased advertising investments (1)

This year Brancott Estate invested in an ambitious advertising campaign in the run up to the end-of-year celebrations: the brand appeared in magazines, in sales outlets, with promotions and, for the first time, on television.

### Packaging that creates value (2)

In October 2009, Brancott Estate globally rolled out new packaging that expresses the brand's Premium positioning and roots it firmly in the Marlborough region.





# CAMPO VIEJO

## For the love of Rioja

—After bringing Rioja to the mainstream consumer in Spain, Campo Viejo set out to conquer international markets. In 2009/2010, the newcomer to the Pernod Ricard portfolio of priority brands grew 2% in volume and 1% in net sales. This contemporary Rioja made excellent progress in the United States and posted good performance in Spain and South America as well as in Serbia and Germany. It also penetrated Thailand and Taiwan.

**IDENTITY:** Born in 1950 in La Rioja region, Campo Viejo is now the best-known wine brand in Spain and the most-consumed Rioja in the world.

**MARKETS:** Campo Viejo's main markets are Spain, the United Kingdom, the United States, Germany, Sweden, the Netherlands, Switzerland, and Ireland.

**KEY POSITIONS:** The world's No.1 Rioja. No.1 in Spanish Premium brands. No.1 Spanish on-trade brand in the United Kingdom and No.2 in on-trade Riojas in the United States.

**RANGE:** Flagship products: Crianza, Reserva, Dominio and Cava Brut Reserva.

1.483

MILLION CASES SOLD,  
+2% IN VOLUME AND  
+1% IN NET SALES

+50%

GROWTH IN VOLUME  
IN GERMANY



# GRAFFIGNA

## A pioneer in Argentinean wine

—Graffigna's vintages are regularly singled out in international rankings amongst Argentinean Malbec's. Centenario Malbec embodies this unique varietal and was the most awarded Malbec in 2008/2009. Total exports continue to grow strongly as the brand increases its international penetration. It delivered 37% growth in net sales, predominantly due to new markets such as Canada and the United States. In volume, it grew 7%.

**IDENTITY:** Created in 1870 by Santiago Graffigna, an Italian immigrant to Argentina, Graffigna was the first Argentinean wine to be exported and the first to be sold as a brand. Today, Graffigna is a brand with international potential led by the Centenario Premium wine range.

**MARKETS:** Graffigna's main markets are Argentina, the United States, the United Kingdom, the Netherlands, Finland, Travel Retail and Canada.

**KEY POSITIONS:** The fastest-growing Premium Argentinian brand in the United States.

**RANGE:** Flagship products: Grand Reserve, Centenario and 135° Anniversario.

311

THOUSAND CASES SOLD,  
+7% IN VOLUME AND  
+37% IN NET SALES

+20%

GROWTH IN  
EXPORT MARKETS



# LEADERS in their markets

\_\_Key Local Brands have made a name for themselves in some countries, adding to the richness of the Pernod Ricard portfolio. These 18 Spirits Brands hold a leadership position in their field. They ensure the Group has a select presence in the distribution networks and a strategic positioning in emerging markets.



**PASTIS 51**  
No. 2 anise-based spirit  
in France



**100 PIPERS**  
No. 1 whisky  
in Thailand



**ARARAT**  
No. 2 international brandy  
in Russia



**BECHEROVKA**  
No. 2 bitters  
in Czech Republic



**BLENDER'S PRIDE**  
No. 1 whisky  
in Argentina



**CLAN CAMPBELL**  
No. 1 Premium whisky  
in France



**IMPERIAL**  
No. 2 whisky  
in South Korea



**MONTILLA**  
No. 1 rum  
in Brazil



**OLMECA**  
No. 1 tequila  
in Russia



**PASSPORT**  
No. 2 standard whisky  
in Brazil



**AMARO RAMAZZOTTI**  
No. 2 bitters  
in Germany



**ROYAL STAG**  
No. 5 whisky  
in India



**RUAVIEJA**  
No. 1 liqueur  
in Spain



**SEAGRAM'S GIN**  
No. 1 gin  
in the United States



**SOMETHING SPECIAL**  
No. 2 whisky  
in Venezuela



**SUZE**  
No. 1 bitters  
in France



**WISERS**  
No. 1 whisky  
in Canada



**WYBOROWA**  
No. 2 standard vodka  
in Poland





**Paul Campbell**—Marketing Director—Pernod Ricard South Africa—**SOUTH AFRICA** *by* **Marcos Lopez**

“His childhood spent in Jamaica, his youth spent in America, Paul is currently with Pernod Ricard in South Africa. This is a man at the crossroads of multiple cultures. In the photo, he chose to represent South Africa in its modern incarnation, making reference to a triumph recognized the world over: the organisation of the most recent Football World Cup.”



### *Interview*

Ian FITZSIMONS

General Counsel, Pernod Ricard

**—For Ian FitzSimons, General Counsel of Pernod Ricard, brand protection and heritage is of paramount importance. Building aspirational brands on a global scale goes hand-in-hand with an unwavering respect of their history, identity, and attributes on every continent. To ensure the brands are protected, the Group can count on an international team and its abilities to be creative and innovative. For in this area too, Pernod Ricard proves its creativity.**



TO PROTECT OUR BRANDS, WE HAVE AN AGILE, MULTI-CULTURAL ORGANISATION.”

#### **In what way is brand protection now a major issue for Pernod Ricard?**

In a business such as Pernod Ricard's, the two assets with the most value are its people and its brands. Today, the Group has 26,000 registered trademarks, some of which have a heritage several centuries old, such as Martell, created in 1715, and Jameson, which dates back to 1780. As co-leaders, we are naturally vulnerable to attacks against these assets: success, unfortunately, breeds imitators. For us, it's very important to counter this because it can be destructive in terms of image for the brand, and costly in financial terms. It can also have serious consequences on a public-health level.

#### **What kinds of attacks are made on your brands?**

They are very diverse, from out-and-out counterfeiting to 'me too' problems—namely, products that are frequently the result of a deliberate strategy of imitating the label, the shape of the bottle, or the colour and/or design of a successful original product. We are also seeing new risks emerge, particularly on the Internet, where our brands can be used in inappropriate contexts, or cited and used negatively, such as on social networks.

#### **Are there some geographic regions especially prone to these risks?**

The emerging markets such as Asia, Latin America, and Central and Eastern Europe are the most affected. Given that they are growth engines, it's critical that we fight against this.

#### **How is brand protection organised within the Group?**

The Group's management is very involved in these issues. We have set up a team dedicated to intellectual property, which includes 30 employees from diverse nationalities organised in six units, with each unit managing several brand portfolios worldwide. For instance, the intellectual property unit based in Great Britain is in charge of Scotch whiskies and Beefeater Gin. This organisation, which follows our operations, allows us to be effective and monitor local issues. Elsewhere, we launched an anti-counterfeiting programme a little over three years ago, with a rather unusual approach, grouping all the relevant know-how of lawyers, engineers, public affairs people, logistics people, etc. Tested successfully in China, this approach is now deployed in other Asian countries as well as South America and Eastern Europe.



KEY EVENTS

ricard.com, reserved domain (1)

Since 1996, the domain name ricard.com had been held by a third party. Using the governing principles of the uniform settlement of disputes regarding domain names, the Group managed to retrieve the domain name. It's an important symbolic victory when you consider that '.com' now attracts the vast majority of Internet traffic.

Recognised expertise (2)

The work accomplished by Pernod Ricard's Intellectual Property Team was awarded several prestigious prizes in 2010: the Food, Beverages and Tobacco Team of the Year Award and the Europe, Middle East and Africa Team of the Year Award at the World Trademark Review Industry Awards in Boston; the Intellectual Property Team of the Year Award at the European Counsel Awards in London; the Global Counsel Awards in New York; and 'Directeur Propriété intellectuelle de l'année' (intellectual property manager of the year) at the Trophées du Droit et de la Finance (Law and Finance Awards) in Paris.

Malibu, an exemplary case (3)

Since 2007, systematic actions (legal proceedings and negotiation) have been undertaken to protect the Malibu brand. Our objective is to obtain modification of products that could be confused with the authentic white bottle. Carried out in France, Great Britain, the United States, and Spain, this action made it possible to have the appearance of a significant number of bottles changed and halted this unfair competition.

All brand defenders (4)

With the Ten Golden Rules, the Group has made its employees around the world aware of the basic principles of brand protection. The Golden Rules were also distributed to the Group's legal counsel.



Key figures

What, in concrete terms, are your methods of combating counterfeiting?

They may be technological—we are very innovative in that area—or legal, including criminal prosecution. On the Internet, we're quick to react, with special vigilance on any B2B sites that might be liable for the bulk of transactions on 'fake' bottles.

Do you also have external partners?

On such a comprehensive issue, we have to. Of course, we work with the Wines & Spirits industry. In fact, it's an association co-funded by the industry that takes charge of investigations, acts in partnership with local authorities, and also develops training and communication actions. But our concerns are also those of the public authorities, who on the one hand, lose tax revenue in the parallel economy, and on the other hand, are obviously very concerned by the health impact of adulterated products.

What are your objectives for the coming year?

Brand protection is a job that never ends. We're going to keep deploying the approaches that have proven their effectiveness. We can count on an agile, multi-cultural organisation, which is an asset in the face of a global phenomenon. And we've also undertaken to raise awareness of this matter amongst all of the Group's employees. They truly are 'our eyes and ears' in the markets.

26,000  
BRAND REGISTRATIONS

30  
EMPLOYEES, COORDINATED BY INTELLECTUAL PROPERTY MANAGEMENT, SPREAD AMONG MANY SITES IN THE UNITED STATES, THE UNITED KINGDOM, AUSTRALIA, FRANCE, AND SWEDEN, WITH CONTACTS IN INDIA, MEXICO, CHINA, BRAZIL, AND RUSSIA





# A world *of* CREATORS

—Pernod Ricard’s strength lies in its unique organisational model of decentralisation based on autonomous Market Companies. This flexible and responsive model has kept the Group attuned to its consumers’ needs across 70 countries. In 2009/2010, Pernod Ricard continued to grow in its historical markets and strengthened its leadership positions in emerging markets.

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## *Interview*

# Michel BORD

Managing Director, Distribution Network

**—Michel Bord joined Pernod Ricard as Managing Director of Pracs, a Spanish subsidiary. From that time, he actively participated in the Group's growth. Appointed Chairman & CEO of Pernod Ricard USA, he subsequently took command of Pernod Ricard North America. In 2006, as Chairman & CEO of Pernod Ricard Americas, he supervised the takeovers of Seagram and Allied Domecq. From 2008, as Managing Director, Distribution Network, he led the network of distribution subsidiaries. After 20 years of dedication to the Group, Michel Bord decided to step down on 30 July 2010.**

**With the acquisitions of recent years, Pernod Ricard's global distribution network has been considerably broadened.**

**What are its features and its primary assets?**

The recent acquisitions have enriched our brand portfolio, as well as reinforcing our distribution network. We're the only company in our industry that has complete control of its distribution. Thanks to strong local brands, we're rooted in our markets, which gives us legitimacy in importing and developing our international brands. The responsiveness inherent in our decentralised model is also an asset.

During a recession, we have succeeded not only in holding on to the majority of our positions, but also in winning market share overall—particularly in Spain. In France, we quickly redeployed our on-trade sales teams to the off trade to contend with the change in consumer habits, such as a move to drinking at home. But our greatest asset is probably our 'obsession' with consumers. We know them well and follow their behaviour very closely.

**What is your assessment of the different regions' performances over the financial year?**

We held up well in the key market of the United States without compromising on our prices. That was the right choice, because the latest panels show positive signs for Premium products.

We posted very strong results in Latin America, particularly Mexico and Argentina. In Western Europe, the situation is difficult in Spain and the United Kingdom. However, performances have been positive in Germany, and even more so in France. In Eastern Europe, the first half of 2010 showed clear signs of a recovery in Russia. In Asia, where we hold a leadership position in most of the key markets, our growth accelerated, especially in China, thanks to Martell and the good showing by the whisky brands. The Korean market experienced a recovery, and with it,



“

THANKS TO  
STRONG  
LOCAL BRANDS,  
WE'RE ROOTED IN  
OUR MARKETS,  
WHICH GIVES US  
LEGITIMACY  
IN DEVELOPING  
OUR INTERNATIONAL  
BRANDS.”



Duty Free. Finally, we outperformed in India, with a more than 25% jump in our local brands, which obviously benefited our international brands.

**The aim of the Allied Domecq acquisition was to strengthen the Group's presence in the United States, the number one market by size.**

**Does the US market remain within your strategic growth plans for the future, even though sales in Asia have exceeded US sales for the first time?**

The fact that Asia has actually become Pernod Ricard's top region is a strong message. Although we did anticipate its potential, we couldn't have predicted this would happen so quickly even four years ago. We were clearly able to profit from our position in countries like China. However, the US market remains a strategic fit for the Group. It is still the world's top market for our Premium products and one of the most profitable. Furthermore, our market share there is below average, so there is room for progress on a market that is on a growth trend.

**How is the Group adjusting to this new global balance?**

With Agility, we redefined the objectives assigned to each region: to grow market share in the United States and accelerate growth in Latin America, to consolidate our value positions in Western Europe and France, to invest in the emerging Europe and Africa region to seize growth opportunities whilst limiting risks and finally, to become a leader in all our markets in Asia-Pacific. This has in no way affected the decentralised organisation of our Market Companies.

**Agility puts a strong accent on innovation as one of the keys to growth.**

**How do you innovate in terms of distribution?**

Innovation is above all about the ability to get to know our consumers and stay on top of change so we're the first to come up with the right answers. For two years now, we've seen a decline in the on trade, i.e. drinking in bars, restaurants and nightclubs, in several markets, due to the smoking ban, the impact of the crisis, and security problems, especially in Latin America.

By contrast, the off trade, drinking at home what you buy at the supermarket, is on the rise. While 60% of consumers who go to a bar or restaurant don't know what they're going to drink, in a supermarket, buyers make decisions in under 30 seconds. It's up to us to make sure that our products are chosen over others. To do this, we uniformly use the '360°' approach, which lets us reach consumers upstream via advertising, but also reach buyers at the shelves. The objective is to be present all along the sales chain.

Meanwhile, innovating also means transferring our know-how. We know how to host events in nightclubs, so we adapt the concept for private celebrity events.

We've also successfully tested category management with international hotel chains. It's a question of presenting the products by grouping them into coherent universes. This was tested in the retail segment and made it possible to increase the average sale price per glass.

To enable us to adapt quicker, we decided to create a Commercial Development Department. Its main mission will be to facilitate the sharing of good practices between subsidiaries.

# Geographic regions

—Faced with a difficult economic environment, the Spirits market posted a slight decline in 2009 of 2.1% (in comparison with 2008) but remained in positive performance territory over the longer term. Certain regions or countries were more resilient than others, such as Oceania, Asia (especially India), and the United Kingdom, where sales continued to improve. Since December 2009, there have been strong signs of an upturn.

The analysis presented here is based on the annual IWSR study covering **only** the calendar year from January to December 2009. The initial indicators covering the first half-year (January-June 2010), based on Nielsen surveys, show a marked improvement in the market position of Wines & Spirits.

## MARKET TRENDS

### North America, the world's leading market

North America and the United States in particular, is still a key region, the leader in size and the one that has grown the fastest over the last decade, outpacing the European market. The region alone now represents 38% of the global International Spirits market, followed by Europe. The United States is still the world's top market, with a 32% market share. The global economic crisis has halted the region's growth, but its decline has been limited to just 0.6%. The strongest growth came from Oceania, despite being the smallest region in size, it posted 4.6% growth.

### Dynamic India

Asia, which has come through the crisis quicker than the United States and Europe, has maintained 0.7% growth—still less pronounced than in 2008. While Japan played the role of locomotive, the region also profited from a dynamic market in India, which is emerging as the fifth-largest contributor to overall growth in the Spirits market. India in particular is the top contributor to growth in the Super-Premium segment, followed by Vietnam. Still on the side of emerging economies, the South American market remained sluggish.

ment, followed by Vietnam. Still on the side of emerging economies, the South American market remained sluggish.

### Russia stalled over the calendar year

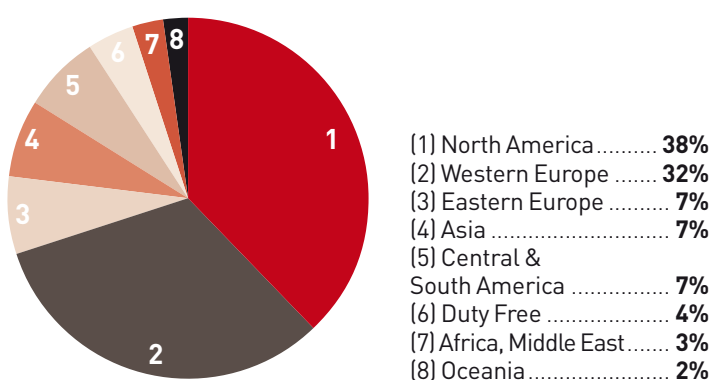
In 2009, Eastern Europe was severely affected by the crisis. The region (along with Travel Retail) posted one of the largest drops in the market, with an 11.4% slide (11% for Travel Retail). Russia experienced the worst drop, responsible for 45% of this decline. But the situation in Eastern Europe was a marked improvement over the first half-year 2010 (initial trends).

In Western Europe, consumption fared better, with a 2.3% downturn overall, covering a variety of outcomes: the United Kingdom experienced 2.1% growth, which makes it the second-largest contributor to global growth behind Japan; France remained stable; and Spain was the hardest-hit country, with volumes down 9%. In all, Europe was the source of 70% of the global market's downturn in 2009.

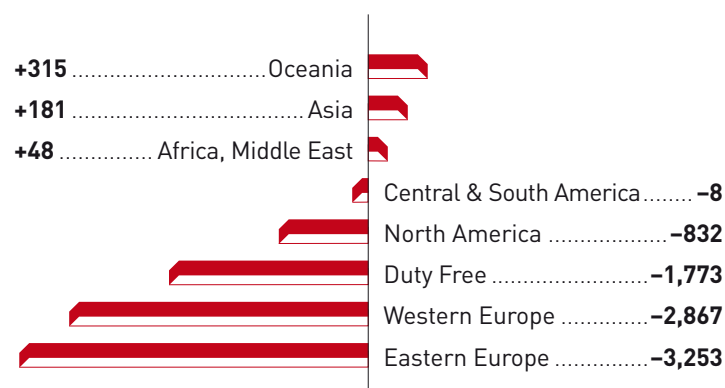


**By Martin Riley**  
Chief Marketing Officer  
of Pernod Ricard

## Weights of the different regions



## Change in volumes by geographic region





Pernod Ricard: Leading positions in all four corners of the world<sup>(1)</sup>



*Asia and Rest of the World*

No.1 in India ■ No.1 in China  
No.2 in Thailand  
No.2 in South Korea ■ No.1 in Japan



*Americas*

No.4 in the United States ■ No.2 in Brazil  
No.2 in Canada ■ No.1 in Mexico ■ No.1 in Argentina  
No.2 in Venezuela ■ No.2 in Chile



*Europe (excluding France)*

No.1 in Spain ■ No.2 in Poland ■ No.1 in Germany  
No.1 in the Nordic countries ■ No.2 in the United Kingdom  
No.3 in Italy ■ No.1 in Central Europe  
No.2 in Greece ■ No.2 in South Africa ■ No.2 in Russia  
No.1 in Czech Republic ■ No.2 in Ireland



*France*

No.1 in France

[1] Source: 'Pernod Ricard Market View', based on IWSR, volume data at end 2009—Western-Style spirits, excluding ready-to-drink, wines and wine-based 'apéritifs'. Ranking among international groups. Portfolio at 1 July 2010.

## Market Companies

— Pernod Ricard's Market Companies sell and promote international and local brands in every market, in cooperation with the Brand Companies.  
Four major regions have been designated by Pernod Ricard to manage its global presence:  
Asia and Rest of the World, Americas, Europe (excluding France) and France.

### Pernod Ricard Asia



*First row from left to right:* Cyril **SAYAG** VP Public & Legal Affairs / Phanuwat **WONGSRIPHISANT** Managing Director Thailand / Hélène **deTISSOT** VP Finance / Pierre **COPPÉRÉ** Chairman & CEO / Jenny **TO** Managing Director Hong Kong / Kevin **LEE** Managing Director Philippines / Param **UBEROI** Chairman & CEO, South Asia / Bernard **COULATY** VP Human Resources /  
*Second row from left to right:* Fabrice **AUDAN** President & CEO Japan / Con **CONSTANDIS** Managing Director China / Thibaut **dePOUTIER** Managing Director Asia Duty Free / Xavier **BEYSECKER** VP Marketing / Franck **LAPEYRE** President & CEO Korea / Cheng Keang **TAN** Managing Director Malaysia / Paul-Robert **BOUHIER** Managing Director Singapore / Tim **PAECH** Managing Director Taiwan

### Pernod Ricard Americas



*First row from left to right:* Patrick **O'DRISCOLL** President & CEO, Corby Distilleries / Frederic **VILLAIN** VP Administration and Finance / Philippe **DREANO** Chairman & CEO / Geoffroy **GERMANO** VP Marketing / Pascal **DE MARCHI** VP Operations / Cedric **RAMAT** VP Human Resources / *Second row from left to right:* Sergio **MARLY** Chairman & CEO Argentina / François **BOUYRA** CEO & General Director, Casa Pedro Domecq / Paul **DUFFY** President & CEO USA / Bryan **FRY** General Manager Brazil / Christophe **LEMARIE** President & CEO Travel Retail / Cedric **RETAILLEAU** General Manager Venezuela





## Pernod Ricard Europe



*First row from left to right:* Christian **BARRÉ** Managing Director, Domecq Bodegas<sup>(1)</sup> / Philippe **HÉBERT** VP Administration & Finance / Philippe **MEERT** Business Development Director / Laurent **LACASSAGNE** CEO / Noël **ADRIAN** Managing Director, Italia / David **de MARDT** Managing Director, South Africa / Francesco **TADDONIO** Marketing & Development Director / *Second row from left to right:* Éric **LABORDE** Managing Director, Eastern Europe / David **HAWORTH** Managing Director, Turkey / Philippe **COUTIN** Managing Director, Iberia / Jean-Louis **LABORDE** Managing Director Africa and Middle East / Antony **SCHOFIEL** Managing Director, Jan Becher / Michel **MAURAN** Managing Director, Nordic Cluster / Ian **WILLIAMS** Managing Director, Travel Retail Europe / Alain **DUFOSSÉ** Managing Director, Deutschland / Jean-Manuel **SPRIET** Managing Director, United Kingdom / Jean-Marc **BRYSKÈRE** Managing Director, Benelux / Victor **JEREZ** Managing Director, Wyborowa / Bruno **GOIMIER** VP Human Resources / Henry **CAREW**<sup>(2)</sup> Managing Director, Southern Central Europe / Pierre-Yves **CALLOC'H** VP Organisation and Information Systems / Camille **MÉRY** VP Operations

## Société Pernod



*First row from left to right:* Estelle **RIVALS** Human Resources Director / César **GIRON** CEO / Sylvie **MACHENAUD** Communications Director / Jean-Marc **ROUÉ** Operations Director / *Second row from left to right:* Régis **SOUILLET** Chief Administrative & Financial Officer / Frantz **HOTTON** Commercial and Marketing Director

## Société Ricard



*From left to right:* Jean-Michel **SENAUD** Vice-President, Operations / Bruno **PIERRAIN** Vice-President, Administration & Finance / Philippe **SAVINEL** Chairman & CEO / Guillaume **GIRARD-REYDET** Vice-President, National Sales / Jean-Charles **CASTELLANO** Vice-President, Human Resources / Michael **MEROLLI** Vice-President, Marketing

(1) On 26 July 2010, Domecq Bodegas joined the new Premium Wine Brands organisation. (2) Since 1 October 2010, Henri Carew has been Managing Director of the new Pernod Ricard Sub-Saharan Africa organisation, and Benoît Laug has replaced him as General Manager, Pernod Ricard Southern Central Europe.

## Asia and Rest of the World



### ASIA

**HISTORY:** For 30 years, the Group has been creating distribution subsidiaries throughout the Asia region: Pernod Ricard Thailand in 1981, Pernod Ricard Hong Kong Ltd and Pernod Ricard Asia Duty Free Ltd in 1982, Pernod Ricard Singapore in 1989, Pernod Ricard Japan in 1990, Pernod Ricard Taiwan and Pernod Ricard Korea in 1992, Pernod Ricard India and Pernod Ricard Asia in 1997, Pernod Ricard Persian Gulf in 2002, Pernod Ricard China and Pernod Ricard Malaysia in 2004, and Pernod Ricard Philippines in 2006.

**KEY POSITIONS:** No.1 in Asia for imported wines and spirits. No.1 among imported spirits in China, Japan, Malaysia, Singapore and the Asian Travel Retail channel. No.1 in Scotch in China, Japan, Malaysia, Indonesia and Singapore. No.1 in Prestige Cognac (XO) in China, Malaysia, Japan, Indonesia, Singapore and the Philippines. No.1 in Premium vodka in China, India, Taiwan, Thailand, South Korea, and Hong Kong. No.1 Australian wine in Vietnam, Indonesia, India, and the Philippines.

—Taking advantage of a growing number of Asian consumers able to purchase quality products, Pernod Ricard has strengthened its leadership in this region. Asia currently drives the sector's dynamism and the Pernod Ricard portfolio still has many levers to ensure future growth. Asia is definitely one of the drivers of the Premiumisation strategy. In 2009/2010, the Group's subsidiaries recognised the first signs of recovery and took advantage of economic momentum in China, India and Vietnam, among other Asian countries.

Today, Asia is experiencing tremendous change. In India, China and Vietnam, rising income in urban areas means that consumers are upgrading to higher quality and international brands, a trend towards Premiumisation which reinforces the Group's strategy. In India, Pernod Ricard India is investing heavily in packaging and marketing to support its portfolio's brands. In China, Pernod Ricard has increased its investments to support the dynamic growth of Chivas Regal 12 Year Old and 18 Year Old. Brands such as Martell Cordon Bleu, Martell XO, and Royal Salute are also strongly supported in China, Malaysia, Vietnam, Singapore, Taiwan, Indonesia and the Travel Retail channel. On some markets such as China and Korea, the consumer repertoire is broader and consumers are starting to embrace white spirits—a great opportunity for ABSOLUT. There has also been significant regular expansion in wine consumption over the last 10 years. It is no longer limited to Western-style restaurants, and wine is now commonly found in Asian restaurants as well as in the home. As a result of this, Pernod Ricard has increased distribution along with advertising and promotional spend on Jacob's Creek in Japan and China.

### ASIA AND REST OF THE WORLD

**+9%** NET SALES  
(ORGANIC GROWTH)

**+14%** OPERATING PROFIT  
(ORGANIC GROWTH)





**Satwinder PAL SINGH**—Research and Quality Manager—Wine Production—  
Pernod Ricard India—INDIA *by* **Marcos Lopez**

“Satwinder is highly educated; he told us a lot about India. We went to Mahatma Gandhi Market together. And we started taking pictures. When I said, ‘Smile’, the whole market erupted in friendly laughter! We had lunch in a typical Goa restaurant, the perfect place for our photo.”



## The recovery is here

With the exception of Japan and Thailand, the latter of which was affected by political instability, faster-than-expected Asian economic recovery has been seen in China, Korea, Vietnam and Travel Retail, and the Indian market remains very dynamic. China posted strong growth, driven by volumes of brands such as Martell, Chivas, ABSOLUT and Royal Salute, as well as by price increase. The cognac category saw exceptional performance as a result of the mobilisation of all distribution channels behind Martell Noblige and strong consumption of Martell Cordon Bleu and Martell XO especially during Chinese New Year.

## The boom in India

In India, local whisky blends Royal Stag and Blenders Pride posted impressive performances. International brands Chivas, ABSOLUT and Ballantine's also delivered strong results. In Vietnam's fast-emerging market, Group brands posted solid growth. Korea rebounded thanks to Imperial's robust sales. Taiwan had an extremely good year, with Martell and The Glenlivet gaining market share. After a difficult start to the year, Travel Retail saw a brisk recovery, with strong growth in the second half as the number of travellers increased. The major brands experienced a very positive trend in the second half in this market, +52% for Ballantine's, +60% for Royal Salute and +40% for Chivas.

Today, local spirits still represent the top categories in north-eastern Asia (Japan, Korea and China). Educating the consumer about Western whisky categories and brands will be a key challenge for Pernod Ricard with the aim of capitalising on the boom in wine and spirits consumption.

## Outlook

Local teams will reinforce the various brands' image in the coming years and refine their market access strategies in order to capture a share of the consumption growth in the region. Building an appropriate organisation, acquiring the necessary human resources and developing production capacity will be key, especially in India.

## 2009/2010 AT A GLANCE

» Chivas 'Red Carpet' Travel Retail promotional campaign at Hong Kong Airport

» Chivas 'The Knights' campaign in Japan

» 'ABSOLUT 72 Transformations' limited edition in China

» New Martell Duty Free shop at Hong Kong Airport

» Martell Noblige online campaign in China

» Martell VSOP 'Ultimate Start-Up' promotion in Singapore

» Ballantine's Championship European Golf tournament in South Korea

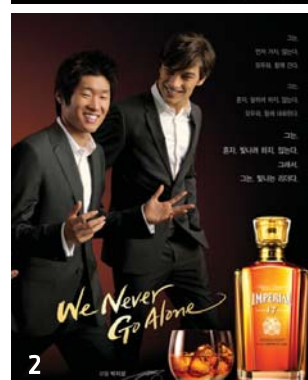
» Digital marketing campaign in Japan and Taiwan for The Glenlivet Brand Ambassador

» New packaging for Royal Stag and Blender's Pride

## EVENTS



1



2



3

### CHINA: Interactive Martell Noblige (1)

With the first interactive advertising film ever presented in China (web users could choose between several scenarios), Martell generated great buzz and significantly increased the click-through rate on its website.

### KOREA: Imperial scores points (2)

In 2010, the Korean football team successfully advanced to the Round of 16 at the World Cup. Imperial, the team sponsor, capitalised on the impact and designated team captain Jisung Park as its brand ambassador.

### SINGAPORE: Martell VSOP supports start-ups (3)

The Martell VSOP 'Ultimate Start-Up' space offered help to young entrepreneurs with their projects. The campaign was actively promoted via image projections, a dedicated mini-site and various events.

### INDIA: Blenders Pride Fashion Tour

With the 6th edition of the Blenders Pride Fashion Tour, the brand has linked its name and image with those of 12 Indian fashion designers. The event travelled to six cities with a total of 25 shows.



# AFRICA AND THE MIDDLE EAST



# PACIFIC



After a rather slow start in the first quarter (July-September 2009), the end of the year was relatively good in Africa and the Middle East and there were encouraging signs of an early-2010 recovery.

South Africa and Africa posted overall strong growth, especially due to Jameson's performance.

## A customised portfolio

Pernod Ricard has solid assets in the region. Chivas Regal and ABSOLUT brands are well established in the Middle East and North Africa, providing an excellent foundation for confronting the competition on their markets.

In sub-Saharan Africa, the Group can count on its full portfolio of whisky brands, while in South Africa, Jameson has become a truly global icon. The year 2009/2010 saw the emergence of new consumers in this key regional market.

A new class of affluent black consumers now has access to Premium brands: Jameson is one of their favourites and Chivas Regal is now within their reach.

Similarly, this is happening in Angola, Namibia, Mozambique, Ghana, Nigeria and Kenya, though on a smaller scale.

In a highly competitive market, Pernod Ricard Australia's sales were down 2% in 2009/2010. However, sales of key brands showed net growth for the portfolio's Premium segments: +14% for Jacob's Creek, +12% for ABSOLUT, +12% for Chivas, +10% for Jameson and +26% for Mumm. In New Zealand, net sales were up +1% despite the increased cost of advertising and promotions. Though Jacob's Creek posted a slight dip of -4%, other strategic brands made gains, with +21% for Brancott Estate, +13% for ABSOLUT, +28% for Ballantine's and +16% for Jameson.

## Targeted investment

A surplus of wine combined with pressure from distributors looking to gain market share has increased the brands' promotional and marketing costs. The subsidiaries have thus focused their efforts on key brands. In Australia, sustained investment was made in Jacob's Creek with the launch of Jacob's Creek Moscato and sponsorship of the Australian Open tennis tournament, and also for Brancott Estate with a new TV campaign and fresh packaging. In New Zealand, Brancott Estate benefited from a major campaign and new packaging, while ABSOLUT and Jameson were particularly well-supported. Impact on growth was positive in these two strategic markets.

## EVENTS



### AUSTRALIA: Jameson sponsors Tropfest (1)

Jameson had top billing at the Tropfest festival in Sydney. This sponsorship confirmed the brand's commitment to international cinema.

### NEW ZEALAND: Montana/Brancott Estate made a new impression with the World of WearableArt (2)

Montana renewed its association with the World of WearableArt Awards, a typically New Zealand event.

### SOUTH AFRICA: Jameson, whiskey of the rising classes (3)

By associating itself with South African Fashion Week, Jameson boosted its position as the favourite Irish whiskey of the 'Black Diamonds'—the new South African elite.

### LEBANON: Chivas 25 on top (4)

In Lebanon, Chivas Regal organised a special event at the top of Fakra Mountain for the launch of Chivas 25, a standard in luxury shops and high-end bars.

## MARKETS

### *Americas*



**HISTORY:** The Group's development in the Americas region was marked by several major steps: Austin Nichols & Co. was acquired in 1980, Seagram in 2001, Allied Domecq in 2005 and The Absolut Company in 2008. These purchases have enabled the Group to capture first-rate positions in the key markets of the United States, Canada, Mexico and Brazil. Since 2006, the Pernod Ricard Americas division has overseen all Group operations in the region.

**KEY POSITIONS:** Pernod Ricard is No.2 in volume for the Americas region in the spirits market, No.1 in Premium vodka, gin and Irish whiskeys and No.2 in Scotch whiskies.

— In a very bumpy economic environment, the Americas region managed to grow +4% (net sales) by focusing its efforts on strategic brands such as ABSOLUT, Chivas Regal, Malibu and Jameson. Overall, despite flat results in the United States but with a marked improvement in the second half of the year, markets such as Mexico and Travel Retail posted very strong growth. Pernod Ricard increased its advertising and promotional expenditure by 7% more than the Group average. This expenditure was primarily focused on the United States, Mexico, and Brazil.

#### Growth-engine brands

While the economic and financial crisis was still affecting the entire Americas region, Pernod Ricard's flagship brands demonstrated their ability to drive growth. ABSOLUT saw strong performance of +7% growth in the region overall, +3% in North America in volume, and continued to gain market share in Mexico, Brazil and Argentina. The Chivas Regal support strategy rolled out in Brazil and Mexico bore fruit, with Chivas Regal 12 Year Old advancing in its category in Brazil and market-share gains in Mexico (+3 points), where Chivas Regal 12 Year Old now has 23% market share among 12-year-old whiskies. Ballantine's saw moderate growth in the region as a whole, but very strong volume growth in Mexico, Brazil and Travel Retail. Jameson, which grew overall in the region by +21%, continues to be one of the fastest-growing Premium spirits in the United States, and was awarded 'Hot Brand' status by 'Impact' magazine for the 10th consecutive year while representing a major growth opportunity in Canada, Mexico and Argentina. Malibu and The Glenlivet generated significant volume growth as well, with +2% and +5%, respectively, compared with the previous year.

+4%  
NET SALES

+1%  
OPERATING PROFIT  
(ORGANIC GROWTH)





**Alejandro Manuel FLORES PÉREZ**—Commercial Legal Manager—Casa Pedro Domecq—**MEXICO** *by* Marcos Lopez

“This counsel’s hobbies are travelling, photography and singing. During our outings, Alejandro played us Mexican rock on his guitar! The Riviera Hotel in Havana, with its 1950s-style bars, was the ideal spot for a lively photo shoot. It was also a ‘historic’ meeting—in this magnificent hotel that is being designated by UNESCO.”



## MARKETS

In the wine category, the Group's priority brands posted +13% growth in volume throughout the region. In particular, Jacob's Creek posted strong growth, driven mainly by the American market.

### North America: heading toward recovery

The United States had a challenging year, with high unemployment putting pressure on consumers. The market was thus affected by a triple shift: from on- to off-trade (home) consumption, from Premium to more standard products, and from large to smaller sizes. However, the second half of the year saw an upswing in activity and renewed consumption of Super-Premium and higher-priced brands.

In this context, Pernod Ricard USA finalised its new route-to-market and realigned its pricing strategy to respond to the high pressure competitive context. The Company also continued to focus strongly on strategic brands and on their relationship with consumers, by leveraging the use of social networks and brand content generation. For example, the ABSOLUT NY-Z concert series went beyond a typical sponsorship with an icon of the music world, creating original brand content. Relayed through social networks, these concerts were seen from the first week by more people than any other 'traditional' ABSOLUT campaign in the brand's history. Further examples of innovation include the subsidiary launching a new advertising campaign, 'Drinks', a new spot, 'Lemon Drop', as well as product and public-relations innovations such as the ABSOLUT Boston and ABSOLUT Brooklyn limited editions. Jameson also launched a new spot, 'Lost Barrel', which added to the brand's dynamism. Chivas continued its 'Live with Chivalry' campaign, and Malibu was one of the most active brands in terms of public relations and digital communications, with the launch of the 'First Day of Summer' online videos.

In Canada and the United States, the recession made consumers revise their purchasing decisions, and there were many new market trends. Canadian consumers were more likely to stay at home and they spent less time in bars and clubs; they were also more price-conscious, demanding value for money in the products they chose. New technologies, especially social networks and mobile Internet, also held an increasingly significant place in their day-to-day lives. Canadian whisky Wiser capitalised on this trend with the Wiserhood viral marketing campaign on Facebook. Thanks to innovative marketing at points of sale, Travel Retail had an excellent year, with +6% growth in volume. Chivas Regal posted a very good performance in the Dominican Republic, as did ABSOLUT in the Caribbean.

### 2009/2010 AT A GLANCE

» 'ABSOLUT Drinks' campaign in the United States

» Chivas Regal 'Live with Chivalry' campaign launched throughout the region

» ABSOLUT NY-Z Concert Series featuring Jay-Z in New York City

» Malibu celebrates the first day of summer in the United States

» 'Smart Bars' programme on the US market

» Launch of L'Orde Jean Martell in Mexico

» Launch of Azteca de Oro in Mexico

» ABSOLUT Miami Spectacular launched for Travel Retail

» Chivas campaign in Venezuela

» Launch of ABSOLUT Rock 360 edition in Argentina, Brazil, Mexico and Travel Retail

## EVENTS



### USA: John Jameson on screen (1)

Jameson is one of the fastest-growing Premium spirits brands on the US market. In 2009/2010, it launched a new advertising campaign, including the first-ever US Jameson TV advert, which focused on the adventures of the John Jameson character.

### BRAZIL: Chivas 18 Year Old takes to the catwalk in São Paulo (2)

To raise its profile with decision-makers, Chivas 18 Year Old partnered with the designer Ricardo Almeida. In May 2010 the designer presented a winter collection inspired by the brand in his São Paulo atelier before an audience of 500 major clients.

### BRAZIL: Perrier-Jouët brings a springtime bloom (3)

With its 'Spring' campaign, Pernod Ricard Brazil catered for the most sophisticated women of São Paulo, Rio and Brasília to launch Perrier-Jouët champagne in Brazil. Lunches, tasting sessions, dinners and even a Perrier-Jouët bar in the very private 'Club A' in São Paulo received copious media coverage.





## South America

In Brazil, numerous regulatory changes, including increased taxes, affected both producers and consumers. In this context Pernod Ricard Brazil accelerated plans to reduce its reliance on price-sensitive brands and focused its efforts on imported strategic brands, which gave ABSOLUT, Chivas, and Ballantine's a strong growth. In the Wines and Spirits market, vodka—especially imported vodka—posted much stronger growth than all other spirits, a trend that ABSOLUT took advantage of.

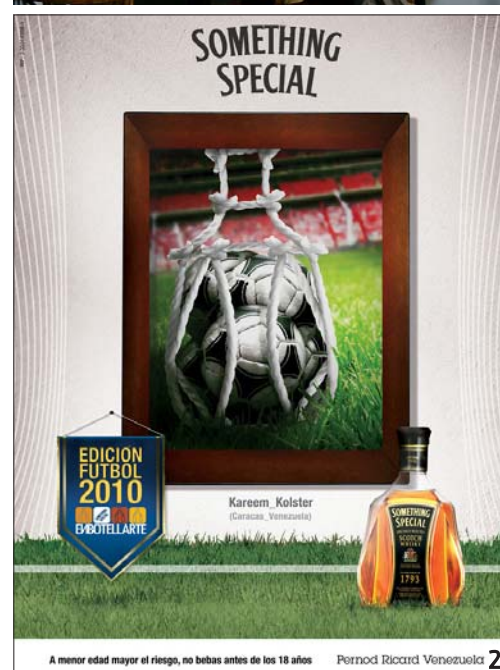
In Mexico, the economic environment was difficult, reflecting the US recession. The country was also affected by security issues, particularly in the North, with a negative impact on sales volumes related to a decline in on-trade consumption. Mexican subsidiary Casa Pedro Domecq thus focused its efforts on key categories to develop its market share leadership and strengthen the positions of strategic brands such as ABSOLUT and Chivas. In addition, the rollout of a new route-to-market for ready-to-drink Caribe Cooler increased the brand's volume and profitability.

Inflation continued to worsen in Argentina at 2% per month, pushing consumers to seek discounts and forcing brands to double their packaging and visual-communication efforts to attract and retain them. At the same time new consumer categories, including women, entered the alcohol market through sparkling and white wines and fruity drinks such as daiquiris. While improving its effectiveness in sales and marketing, Pernod Ricard Argentina also focused its efforts and investments on the fastest-growing brands such as ABSOLUT and Ballantine's, which were given original campaigns that resulted in very good media coverage. Venezuela had the highest rate of inflation in all Latin America and was also struck by economic and energy supply crises. The devaluation of the bolivar and a drop in exports to Colombia reduced Venezuelans' standard of living, as reflected by the sharp fall-off in Duty Free business.

## Outlook

In the near future, the Americas region's teams will commit over all to boosting the visibility and asserting the leadership of such key brands as ABSOLUT, Chivas Regal and Jameson, while accelerating their growth in Brazil and Mexico. In Canada they will emphasise the distribution and visibility of key brands for high-end on-trade accounts, whereas in less-stable countries like Venezuela, they will adjust their business model to control risk.

## EVENTS



### CANADA: the Wiserhood phenomenon (1)

To enhance the image of Canadian Wiser whisky, Corby created a 360° campaign based on the model profile of brand connoisseurs, men between the ages of 25 and 40, and a club that could bring them together. The 'Wiserhood' was born. Highly creative and full of humour, the campaign became a viral marketing phenomenon. This raised Wiser to the leading position in Canadian whiskies.

### VENEZUELA: Something Special scores (2)

In Venezuela, Something Special whisky capitalised on the World Cup with a campaign in sales outlets and on the web. The strategy of linking the brand with consumption at home, with friends, before a match, led to an 18-point preference gain with young Venezuelans.

## MARKETS

### *Europe (excluding France)*



**HISTORY:** Active in Europe since the Group's creation in 1975, Pernod Ricard has its own Market Companies in all European markets, except some very small ones such as Cyprus, Malta, Moldavia, Albania, Macedonia and Montenegro.

**KEY POSITIONS:** Pernod Ricard is the No.1 or No.2 international group everywhere in Europe (No.1 in Germany, France and Spain, No.1 in Premium vodka in the United Kingdom, Greece and Germany, No.1 Scotch whisky in France, Germany and Italy, No.1 Premium rum in Italy, Germany, France, Greece and Switzerland, No.1 Super-Premium Scotch in the United Kingdom, France and Russia) with such leading brands as ABSOLUT, Chivas Regal, Ballantine's, Jameson, Havana Club and Malibu.

— **With Europe hit hard by the economic crisis, Pernod Ricard Market Companies have not only held onto their market shares but conquered new markets. It has been a difficult year in Western Europe (particularly in Spain and the United Kingdom), but in the second half-year, there were encouraging signs of recovery, particularly in Germany and Eastern Europe (especially Russia and Ukraine), which were severely affected in the first months of the financial year. Sales also recovered in Travel Retail shops.**

The year was difficult throughout the Europe region, where rising jobless rates led to a decline in purchasing power. In addition, most European markets were affected by sharp increases in VAT and alcohol taxes. In Greece, the worst-hit country, retail prices of Pernod Ricard's Premium brands nearly doubled, due solely to tax increases. Despite this challenging context, Pernod Ricard Europe posted a satisfactory performance, with market-share gains in most key countries. In Spain, the biggest market, Pernod Ricard gained value share in all key categories: whisky, vodka and gin. Turkey also performed remarkably well; the Group gained five points of market share in the whisky category.

#### **Divergent market situations**

After a slow start in the first quarter, the year-end was relatively active, especially in Travel Retail, with results surpassing those of 2008. From early 2010, there were some positive signs in Russia, while the United Kingdom, Italy and Spain returned to positive results in the last quarter of the financial year.

**-5%**

CHANGE IN NET SALES  
(ORGANIC GROWTH)

**-3%**

CHANGE IN  
OPERATING PROFIT  
(ORGANIC GROWTH)





**Olga DOBROTINA**—Chief Accountant—Pernod Ricard Rouss—RUSSIA *by* **Marcos Lopez**

“When I heard about Paris Plage, I was thrilled! What more could I ask for? My Pop Latino work draws a lot from illusions about the Caribbean. So the location was perfect. The parasols had come halfway round the world in my luggage, and they finally found their place in the sun next to Olga—who cheerfully took part in the shoot!”



Turkey remained strong all year long. Conversely, Greece and the Balkan region, with the possible exception of Slovenia and Croatia, had a terrible year and do not seem to be emerging from the crisis yet. In this difficult environment, subsidiaries have had to be cautious and limit their price increases. However, as in the rest of the world marketing investments were increased and benefited from the reduction of media buying costs. Moreover, for some brands, especially Malibu, spending was switched from traditional media to the Internet.

## Changing consumer habits

There have been several significant changes in the Wine and Spirits market in Europe. The economic crisis has boosted home consumption, so Pernod Ricard has adapted its strategy by investing more in category management and establishing agreements with key retailers. The subsidiaries also strengthened their promotional plans for supermarkets, but did not divest themselves from the on-trade market, which remains a key channel for brand-building.

## A boom in digital

Another phenomenon was the boom in digital social networks, which has dramatically changed media-consumption habits. The subsidiaries thus launched innovative communications programmes, such as a web radio in Spain for Malibu, or, for instance in Russia, an internet programme based on Armenian legends for the Armenian brandy ArArAt, a campaign that won a European 'Effie' award (for the most effective European campaign). In addition, a rise in cocktail consumption has led Pernod Ricard to base communications on these drinks, on which Pernod Ricard can claim a strong legitimacy.

## EVENTS



## SPAIN: Ballantine's mixes it up (1)

In Spain, Ballantine's launched El Gran Temazo, drawing 800,000 web users.

This online music platform hosted on YouTube lets listeners hear a selection of mixes and create their own.

## ITALY: Caribbean waves (2)

Launched by Malibu, 'Radio Maliboom Boom', a web radio station hosted by a DJ and musician who are icons in Caribbean culture—DJ Bernard and MC Wonder Full—was a big hit in Italy on the country's first web radio station, Radio 105.



## 2009/2010 AT A GLANCE

- » Opening of the new Becherovka production site in Karlovy Vary, Czech Republic
- » Disposal of local spirits and standard wines in Sweden and Denmark
- » Launch of ABSOLUT Tropics in Duty Free
- » Launch of new Premium packaging for Luksusowa Vodka in Poland
- » Opening of Perrier-Jouët bars at London's Harvey Nichols and Milan's Rinascente
- » 'Chivas in Russia' operation during the Cannes Film Festival



## EVENTS

European affiliates have extensively used some global digital initiatives: Havana Club launched a new website (havana-mojito.com) to remind consumers that the authentic Cuban mojito cocktail, from the Bodeguita del Medio in Havana, is made with Havana Club. ABSOLUT was the first brand to launch a cocktail application for the iPhone called “Drinkspiration”.

### Increased modernisation in the East

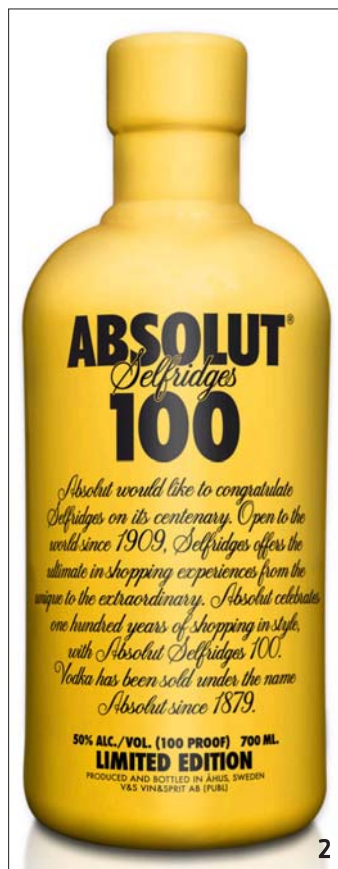
This year was marked by accelerated off-trade modernisation (hyper and super markets) in Eastern Europe and a decline in traditional trade (small shops). This phenomenon took off faster than expected, possibly due to the economic crisis as well as to solid investments by both local and international retailer groups. Pernod Ricard is well placed to establish a positive dialogue with these key customers.

### Outlook

Today, the main challenge faced by the Group in lower-growth European countries is to capture new market share. In mature markets the Group will strictly focus its budgets on the channels and brands with the greatest potential. In emerging markets, and especially in Russia, Pernod Ricard intends to increase its leadership by investing in both consumer and on-trade oriented activities.



1



2



3

### GERMANY: ABSOLUT sponsors “Made in Berlin” art centre (1)

The ‘Made in Berlin’ art centre created a stir by exhibiting the artistic visions of several renowned creative minds.

### UNITED KINGDOM: Happy birthday, Selfridges! (2)

To celebrate its 100th birthday, the major London retailer Selfridges asked a few prestigious brands to create limited editions. ABSOLUT chose a yellow bottle (Pantone 109, Selfridges’ signature colour), which was dubbed ‘ABSOLUT Selfridges 100’.

### SPAIN: Celebrity doubles with Beefeater (3)

With Beefeater London Doubles, Beefeater launched a casting call in Spain for celebrity lookalikes on the London scene (e.g., Amy Winehouse, Elton John, Robbie Williams, Victoria Beckham). The candidates were pre-selected on Facebook and on the Beefeater London Doubles website, and the winners were treated to a 5-star lifestyle for two months last summer, and signed a contract with an international celebrity doubles agency.

## MARKETS

### France



**—In a generally flat market, Pernod Ricard's Market Companies in France posted solid performances. With +2% volume growth in its portfolio and 6.8% value growth in supermarket retail, Ricard strengthened its leadership position in spirits in France, with a 19% market share. Société Pernod focused its efforts on Premiumisation and strategic brands, managing to increase on trade by more than 1%, despite the crisis' negative impact on the champagne market.**

**HISTORY:** Société Ricard was founded in 1932 by Paul Ricard. In 1975, together with Société Pernod, founded in the early 19th century, it created the Pernod Ricard Group. Previously competitors on the French market, they combined forces to win over the international market.

**KEY POSITIONS:** Ricard is the leader in the spirits market with a 19% market share. Clan Campbell is No.1 in Premium whiskies. In the Pernod portfolio, Mumm, Havana Club, Aberlour, and Suze are the leaders in their reference markets. Ballantine's is the No.2 Premium whisky. With the two founding companies, the Group is No.1 in France for whiskies, anise-based spirits, bitters, Premium vodkas, and Premium rums.



SOCIÉTÉ  
**RICARD**

+6.8%

IN SUPERMARKET RETAIL  
FOR THE PORTFOLIO'S  
BRANDS<sup>(1)</sup> (+37% IN VOLUME  
FOR ABSOLUT)

In France, the brands distributed by Ricard all posted remarkable growth, surpassing that of the market in most instances. This was true for Ricard, at +1% (+3% in supermarket retail) in a flat market, and Lillet, at +5%, as well as for whiskies: Clan Campbell, at +3% (+12% in supermarket retail, for an under-12-year blend market at +6%), Chivas Regal, at +9%, The Glenlivet, at +2%, and Jameson, at +7%. ABSOLUT, at +37%, grew three times faster than the vodka market.

#### The web—a new field of expression

In 2009/2010, the brands quickly adapted to legislative changes by moving their message to the Internet. Clan Campbell, ABSOLUT, and Malibu opened their French websites during the year. Clan Campbell launched the first campaign for a spirits brand on the Internet in France, while ABSOLUT created buzz on social networks with its video, 'Alambic'.

Innovative programmes were also launched, such as the 'Terres de whisky' website, the web version of the brand loyalty programme for Chivas Regal, Jameson, and The Glenlivet, and the online version of 'Place Ricard', a magazine for the brand's consumers.

(1) Source: Nielsen, results in value over the financial year at end June.

## RICARD EVENTS



#### ABSOLUT: an unusual venue for a Spike Jonze film (1)

The highly-anticipated tour of 'I'm Here'—a film directed by Spike Jonze in cooperation with ABSOLUT—was launched in the open area in front of the Centre Georges Pompidou in Paris. The screening room? An ephemeral and itinerant cinema inside a freight container!



## Creativity rewarded

The brands also owe their strong performances to an especially creative marketing policy. ABSOLUT transformed a travelling freight container to promote the film 'I'm Here' by Spike Jonze. By calling on the offbeat irreverence of sports reporter Darren Tullet (Canal +) for its new radio spot, Jameson's brand recognition soared.

There were also numerous events. Chivas Regal renewed its partnerships with the Cannes Film Festival and the César Film Awards.

Several brands bolstered growth in on-trade demand, including Clan Campbell, with a DJ competition, the 'Clan Mix Contest', and Ricard, with the launch of a 35cL bottle—an innovation as it is the first anise-based spirits bottle that can be ordered tableside in a restaurant. In supermarket retail, the brands multiplied their Premium promotional offers, particularly at the end of the year.



## Jameson's radio campaign (2)

Jameson chose St. Patrick's Day to kick off a new radio campaign. On the air: a 'Lesson in Smooth', delivered tongue-in-cheek by the Canal + reporter Darren Tullet over the nation's major radio stations.



+1%

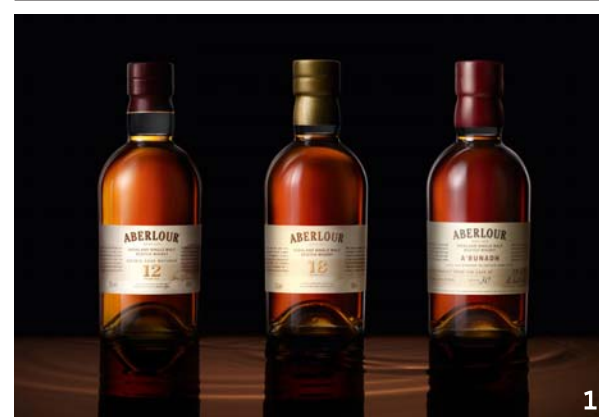
IN SUPERMARKET RETAIL  
FOR THE PORTFOLIO'S  
STRATEGIC BRANDS

In 2009/2010, Société Pernod reaped the rewards of its policy of prioritising strategic brands. This resulted in significant gains in on-trade market share, where performance was nearly two times better than the market's, particularly in supermarket retail. While rum, vodka, and whisky were still the winning segments, the stabilisation of the anise-based spirits category during a recession emerges as quite a feat. Indeed, Pernod contributed to the category's buoyancy with the 51 Piscine initiative, an original way of drinking pastis—in an elegant stemmed glass usually associated with champagne and rosé. These performances are due to both growing consumer demand in the on trade and strong promotional support in supermarket retail.

## Innovate—to create growth

In an environment of slow growth, Société Pernod is pursuing a Premiumisation and innovation strategy that is paying off. As a result, Aberlour has taken first place in value in the single malt market. On the innovation front, Pernod launched Soho Litchi & Guarana in 2009, created a new drinking ritual with the 51 Piscine glass, and featured a 'mobile tag' in Havana Club advertisements. On the production end, the idea of capturing the CO2 from fermentation during the process of developing Café de Paris reduced emissions and outside procurement. Customers rewarded the mobilisation of all Pernod employees, who were transformed into true brand ambassadors to ensure optimum sales for retailers during the year-end holidays.

## PERNOD EVENTS



## Winning packaging for Aberlour (1)

As part of its Premiumisation strategy, Aberlour has innovated its packaging. More contemporary, it reflects an ideal balance between traditional and modern design. The objective after achieving volumes and value leadership, is to take the leading spot in Super-Premium single malts (priced over €23/bottle).

## Diners in the sky, with Mumm (2)

Société Pernod and G.H. Mumm were partners of the first 'Diners in the Sky' events held in Paris in September 2009. Diners, suspended 50 meters above the Tuileries Gardens, enjoyed a menu created by top starred chefs, along with the best Mumm vintages.





# COMMITTED Creators

— For more than 40 years, Pernod Ricard has been committed to a policy of social and environmental responsibility.  
The Group has four priorities in this area:  
A human-resources policy that promotes talent and entrepreneurial spirit; the active promotion of responsible drinking; a stringent environmental ethic; and the development of cultural initiatives and social entrepreneurship projects.

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CULTURAL AND SOCIAL SOLIDARITY INITIATIVES .....p.120



## *Interview*

# Bruno RAIN

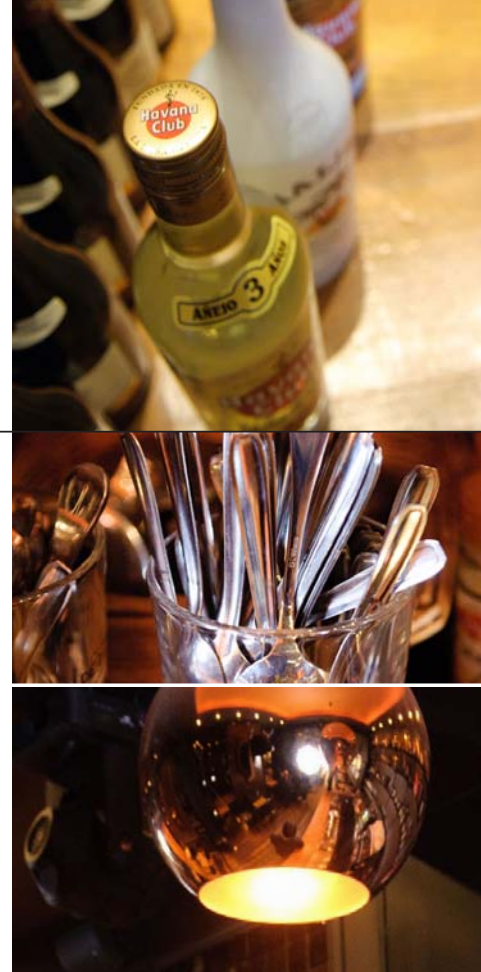
Managing Director, Human Resources and  
Corporate Social Responsibility

— Bruno Rain joined Pernod Ricard as an auditor for the Holding Company. He then became Chief Financial Officer of the SEGM (which became Pernod Ricard Europe) and was soon promoted to the role of Group Chief Financial Officer. He took on his first line management duties abroad, first as the head of Pernod Ricard Argentina and then of Pernod Ricard España. Since 2006, he has been Managing Director, Human Resources, and in 2010, he was also named head of Corporate Social Responsibility.



“

WHAT BINDS  
THE GROUP TOGETHER  
IS OUR CULTURE AND  
OUR VALUES.  
THEY ARE THE REASON  
WE CAN GROW WITH  
A DECENTRALISED  
ORGANISATION.”



**Pernod Ricard is characterised by its highly decentralised organisation and its ability to grow its subsidiaries, be they historic or more recently acquired. What is the binding agent that makes the Group more than a simple ‘federation of SMEs’?**

The binding agent is our culture and values. They are the reason we can grow with a decentralised organisation. Not only inherited from Paul Ricard, the founder of Ricard and co-founder of the Group, they were also forged in the international expansion that motivated the link-up of Pernod and Ricard.

The management we have now joined Pernod Ricard as part of this adventure. The companies were competitors, with different cultures and different ways of working. In France, they each held on to their personality, but pooled their resources to grow internationally.

Our decentralised operation and respect for culture stems from there. Decisions are made in the field by the relevant manager, which is vital to our response time, a competitive advantage that will remain imperative despite the size of our business.

After the acquisitions of Seagram and Allied Domecq, there was the potential for our culture to dissolve. However, those who had a great deal of experience in the business felt at home in our culture, specifically in one of our key values, the entrepreneurial spirit.

At Pernod Ricard, the decentralised approach means the managers of the Brand Companies and Market Companies challenge each other with a constructive dialogue. In this type of organisation, transparency and mutual trust are critical in relaying and sharing information. The Managers are well known to each other and meet at least once a year in a week-long seminar on Les Embiez Island in the Mediterranean. These meetings maintain simplicity and conviviality, just like our business. We implement a relaxed approach although we are individually committed, driven by performance and employ a sense of ethics.

**Ultimately, what differentiates Pernod Ricard’s culture?**

Passion. Also, building for the future, in sync with our brands, and working as a team.

Everyone who works in the Group knows that we have a shareholder core who share our spirit, are realistic, and pragmatic. This guarantees a long-term vision and strategy with employees feeling responsible, and involved.

**The Group sets out its ambition as a leader and outperformer.**

**What more do you expect from managers and employees?**

It is imperative that we conduct ourselves as a leader, which includes changing our working methods as well as our state of mind. This means being able to invent tomorrow’s products, to create the trend and not only in the sales and marketing fields.

Pernod Ricard’s team is behind the Group’s success—and that’s why it is now at the heart of our Agility project.

What do we expect of the Group’s men and women? We already have excellent managers in our subsidiaries. Now, we need creative and charismatic leaders—the best in each field—who can inspire, lead teams and develop talent. Agility encourages this leadership culture which promotes creativity and innovation. Finally, to understand the diversity of our consumers and our markets, we need managers who can develop our teams’ diversity. This is a key factor in being competitive, which must be supported by greater geographic and functional mobility.

(...)

“

NOW, WE NEED CREATIVE AND CHARISMATIC LEADERS—THE BEST IN EACH FIELD—WHO CAN INSPIRE, LEAD TEAMS AND DEVELOP TALENT.”



(...)

#### How are you going to support such a change?

The priorities we defined in Agility logically structure our human resources policy around three areas: shared values, managing talent by promoting diversity and mobility, and the emergence of a real leadership culture.

Our wish is to create an appropriate environment for improving performance, developing skills, and supporting our employees' careers. Now we need to formalise our strategy so that each person can be in charge of his or her career.

This means building skill repositories, the assessment and training tools that match our objectives.

Our subsidiaries currently use tools to measure performance and identify potential. The challenge is ensure that they are based on the same criteria everywhere—to guarantee that our human resources management practices are consistent and transparent.

#### Can you tell us more about the three key areas in your human resources policy?

We believe our strength comes from our values. Shared by all, they are a factor in staff retention, as our low turnover shows. We proved that we were capable of integrating employees from different backgrounds and we are committed to a path of developing innovative approaches.

Managing talent is a condition for being the best on our markets. It now must be part of a comprehensive, consistent, coordinated approach Group-wide.

It's about promoting women and non-French employees to positions of responsibility, putting more women on the sales teams since women represent a growing share of our consumers, developing multicultural teams, and further diversifying our recruitment profiles. For example, recruiting more creatives in our Brand Companies. In this respect, international mobility is a powerful way of promoting diversity.

We need to step up these efforts through tools like iMove, an intranet that transparently allows all Group employees to find out which positions are open and to submit their applications. With regards to the leadership culture, we are in the process of developing team management skill benchmarks, much like those we have already implemented for the technical skills required for marketing, finance, and human resources. Moreover, we've set up an individual bonus system that includes a portion dedicated to staff management and development. Currently it applies to all of the Management Committees.

#### You are now in charge of Corporate Social Responsibility. What is your assessment of the Group's performance in this area?

Corporate Social Responsibility is intrinsic in the Group's DNA. Although we've long been active on issues of responsible drinking, conservation of the environment, and professional ethics, it is now important we highlight this amongst our audiences.

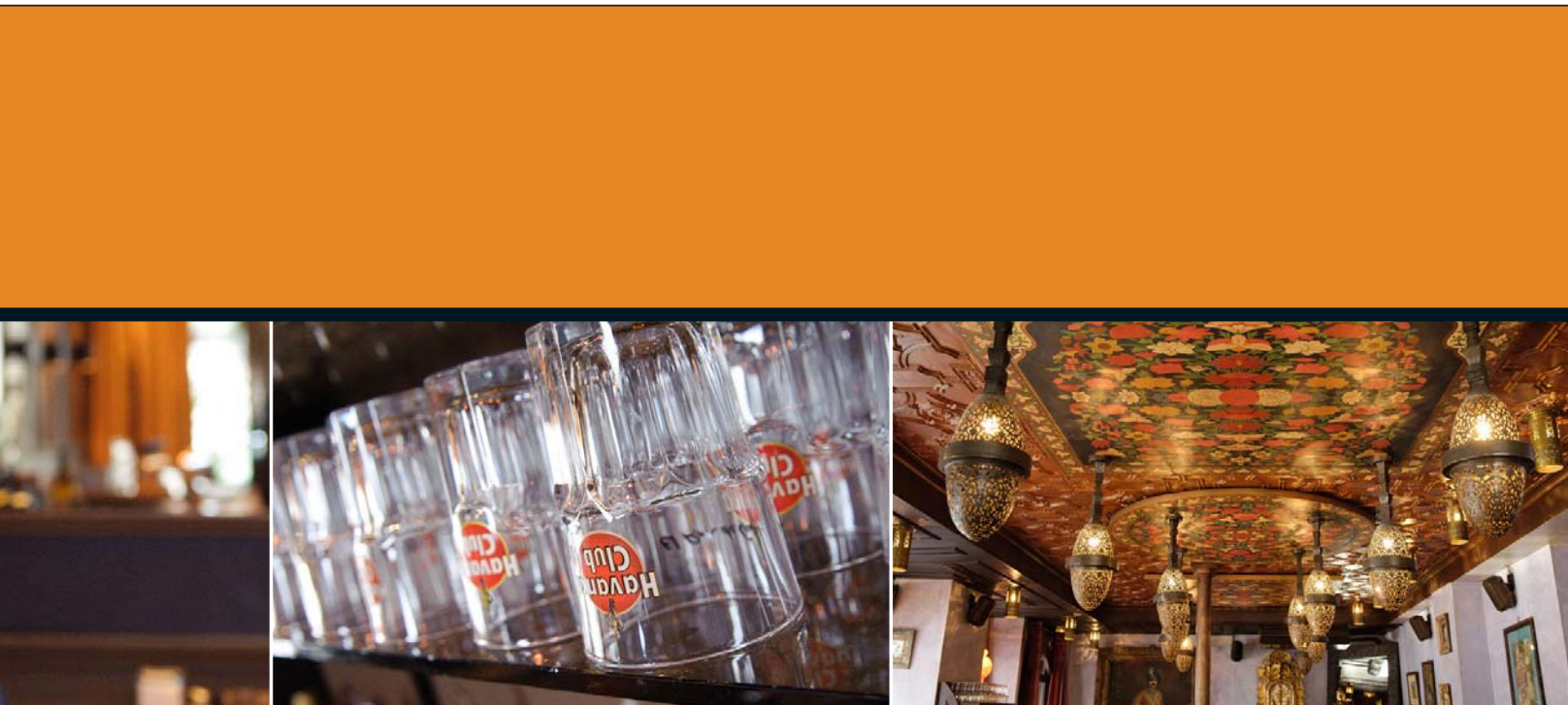
The working group that led the review of our responsibility under Agility has launched a widespread internal and external consultation. It has also gathered recommendations from the subsidiaries. Given the richness and diversity of the initiatives we've identified, the need for greater consistency is clear.

Our Corporate Social Responsibility strategy must be based on three fundamentals: to be bound to our business, our history, our heritage, to be in sync with our culture and our identity, and to involve our teams so they can internalise the process.

#### In your opinion, what are the challenges and priorities for continued progress?

In the assessment of the Group by its various stakeholders, ethics and CSR are now weighed alongside economic performance. So it's natural that this would be a part of our vision.





First of all, the subsidiaries are committed to respecting the common rules and principles issued by the Group, such as those defined by the UN Global Compact, the sustainable development charter, and the Pernod Ricard charter. They represent a common base. On that basis, our responsibility has three priorities, of which the first two are mandatory.

Firstly, responsible drinking of alcohol, in which we must be exemplary. In all our markets, we must contribute to reducing the risk of drink driving through awareness and education policies.

Secondly, the environment. We want to reduce our footprint by limiting our water and energy consumption and our greenhouse gas emissions, and also by promoting sustainable agriculture and more environmentally-friendly containers and packaging. Premium brands cannot exist in the absence of environmental ethics.

Thirdly, cultural and entrepreneurial initiatives and our actions. These must be linked to our activities and in sync with our brands, values, and heritage.

**Do these priorities come with specific targets and commitments that are evaluated by medium- or long-term indicators?**

Not yet, but eventually each subsidiary will have a plan to implement, along with performance indicators. A working group has been created to prepare them, but already we've decided to create a global week that is internally dedicated to Corporate Social Responsibility. Moreover, I'm going to rely on an advisory committee whose mission will be to verify that the subsidiaries' projects are consistent with the policy defined by the Group.

# A sustainable commitment

—With a view to long-term development, Pernod Ricard has, from its inception, built a unifying policy of environmental and social responsibility. It is developed around four priorities: employee development, responsible drinking, control of our environmental impact, and deployment of cultural and social-solidarity initiatives. This commitment is illustrated by the Group's adherence to the United Nations Global Compact, as well as its listing in the FTSE4Good index, which identifies businesses that are working toward sustainable development.



## ● HUMAN RESOURCES

**1938** Ricard launched employee shareholding. **1982** Direct collective expression is established among employees. **2003** An ethics charter internal to the Group was drafted and distributed in 17 languages. **2004** In France, Pernod Ricard signed the diversity charter. **2005** Also in France, the Group signed the apprenticeship charter (targeting youth unemployment). **2006** Pernod Ricard inaugurated a Sustainable Development Charter containing concrete commitments to employees, consumers, shareholders, suppliers, and partners. **2010** 88 of 107 sites are OHSAS 18001 certified.

## ● RESPONSIBLE DRINKING

**1971** Jean Hémar, Chairman of Pernod, created the IREB, the Institut de recherches scientifiques sur les boissons (Institute for Alcohol Research). **2005** Pernod Ricard joined the ICAP (International Centre for Alcohol Policies). The Group instituted control of advertising campaigns on its strategic brands before their release. **2006** It affixed the 'Interdiction de boire aux femmes enceintes' (Pregnant women should not drink) pictogram on all its products for the European market, and included a responsibility message in its advertisements all over the world. **2007** The Group became a member of the European Commission's Alcohol and Health Forum and signed the European Road Safety Charter. It formalised its code of conduct in a commercial communications code shared by all subsidiaries. **2010** The Group focused its action on the campaign against drink driving and education, particularly for young people.

## ● ENVIRONMENT

**1966** Paul Ricard created the Oceanographic Institute on Les Embiez. **1970** Martell undertook the creation of Revico, a company for processing the still washes from the Cognac region. **1997** The Jacob's Creek biodiversity conservation project began in Australia. **2001** Ricard was the first French business in the food processing sector to obtain the Environment, Quality, Health & Safety triple certification. **2004** The Group adopted a comprehensive Quality Safety Environment policy, setting certification targets for subsidi-

aries. **2006** The first version of the 'Guide d'éco-conception interne' (Internal guide to eco-design) was distributed to subsidiaries, and accompanied by training sessions. **2009** Pernod Ricard completed an assessment of the carbon footprint of its activities. **30 June 2010** 90% of production sites are ISO 14001 certified.

● **Suppliers and partners.** **2006** Pernod Ricard's purchasing terms and conditions, applied by all subsidiaries, included two paragraphs on social and environmental responsibility. **2007** Pernod Ricard's suppliers were asked to reply to the 'Involvement in the respect of Sustainable Development' questionnaire in order to assess their impact on the environment and their commitment with regard to social responsibility. **2010** Purchasing departments systematically launched studies on reducing the packaging weights of the main brands (bottles, carton cases, gift boxes).

## ● CULTURAL AND SOCIAL SOLIDARITY INITIATIVES

**1975** Pernod Ricard began its collection of original art; a commissioned piece of artwork is used to illustrate the cover of each Annual Report. **1997** Pernod Ricard became a partner of the Centre Pompidou. **2004** The Group signed a sponsorship agreement with the Musée du Quai Branly. It supports the Orchestre-Atelier Ostinato and its young musicians. **2005** Pernod Ricard contributed to funding for water tank vehicles alongside the Appel aid organisation in Haiti. **2008** Pernod Ricard invested with PlaNet Finance to fund projects of low-income individuals. March **2010** Employees got involved with the Group to aid the people of Haiti who are victims of the earthquake.



### United Nations Global Compact

The Global Compact is an international pact created by the United Nations in 2000. Its signatories commit to respecting the ten founding principles concerning the environment, human rights, working standards, and the fight against corruption.





**Mélina PY**—Director, Pernod Plant (Marseille)—Société Pernod—FRANCE *by* **Marcos Lopez**

“I’m an engineer by training, and I spent my whole childhood in the masculine world of dairy plants, among huge steel vats, in the midst of the Argentine pampa. I was very surprised by my meeting with Mélina in the Pernod plant. Mélina, at the helm of a large production line, radiated simplicity, serenity, and grace!”

## SOCIAL RESPONSIBILITY COMMITMENTS

PRIORITIES	CHALLENGES	COMMITMENTS
 <p><b>HUMAN RESOURCES</b></p>	<ul style="list-style-type: none"> <li>• Provide an appealing, stimulating working environment</li> <li>• Identify and develop all talent</li> <li>• Encourage and reward group and individual performance</li> </ul>	<p>Ensure employees are part of our competitive advantage</p> <p>Encourage creativity and initiative-taking</p> <p>Move toward a working environment that is fair for all</p> <p>Support the development of our talent</p>
 <p><b>RESPONSIBLE DRINKING</b></p>	<ul style="list-style-type: none"> <li>• Ensure responsible promotion of our brands</li> <li>• Make young people, pregnant women, and employees aware of risky behaviours</li> <li>• Reduce driving accidents linked to alcohol consumption</li> </ul>	<p>Apply the Code on Commercial Communications to all campaigns</p> <p>Avoid all drinking by minors and pregnant women; prevent irresponsible drinking by young adults</p> <p>Make every employee an ambassador for responsible drinking</p> <p>Encourage the monitoring of blood alcohol levels</p>
 <p><b>ENVIRONMENT</b></p>	<ul style="list-style-type: none"> <li>• Conserve natural resources and respect the environment</li> </ul>	<p>Deploy an effective environmental management system</p> <p>Promote sustainable agriculture</p> <p>Save water resources locally</p> <p>Reduce energy consumption</p> <p>Reduce the impact of waste and packaging</p> <p>Measure and reduce greenhouse gas emissions</p>
<p><b>SUPPLIERS AND PARTNERS</b></p>	<ul style="list-style-type: none"> <li>• Encourage our suppliers and partners to make a commitment to Sustainable Development</li> </ul>	<p>Influence our suppliers so that they act responsibly all along the value chain</p>
 <p><b>CULTURAL AND SOCIAL SOLIDARITY INITIATIVES</b></p>	<ul style="list-style-type: none"> <li>• Encourage contemporary art</li> <li>• Promote the emergence of young artists</li> <li>• Make art accessible to the greatest number of people</li> <li>• Encourage long-term social entrepreneurship actions on the ground</li> </ul>	<p>Prolong creative passion through concrete actions</p> <p>Support creativity and the entrepreneurial spirit in all their aspects</p> <p>Encourage the artistic initiatives of our long-term partners</p> <p>Make each employee an actor in social solidarity</p>



ACTIONS TAKEN	INDICATORS
<ul style="list-style-type: none"> <li>• Social surveys to measure employee well-being progressively launched. Pernod Ricard's entrepreneurial spirit and values encouraged. Diversity in recruitment and internal mobility cultivated. New collective Europe-wide agreement for better representation of countries in employee-management dialogue.</li> <li>• iMove, an intranet dedicated to internal job offers, developed. Career Committees and potential reviews continued. Training hours increased.</li> <li>• Performance evaluation systems improved. Bonus and stock-option programmes resumed, and employee profit-sharing continued.</li> </ul>	<p><b>42%</b> of outside recruits were women (+3% over 2008/2009)</p> <p><b>2.5%</b> of payroll dedicated to training</p> <p><b>200</b> internal movements between subsidiaries during the year</p> <p><b>1,000</b> employees profited from stock-option and bonus share plan</p>
<ul style="list-style-type: none"> <li>• Prior control by the Internal Approval Panel mandatory for strategic brands.</li> <li>• Preventative actions taken in partnership in schools (e.g. Espace project in France). Pictogram of pregnant women applied on bottles sold in Europe. Preventative actions for youth (e.g. Responsible Parties project in Europe). Internal ethics code with regard to responsible drinking adopted in every subsidiary.</li> <li>• Awareness campaigns conducted for consumers and employees. Designated-driver concept promoted.</li> </ul>	<p><b>99.2%</b> of campaigns monitored were in compliance with the Pernod Ricard Code in 2009/2010</p> <p><b>19,000</b> copies of the brochure 'Alcohol: I'm in Control— Become an ambassador for responsible drinking' distributed within the Group in 2010</p> <p><b>30</b> countries in which the Group has supported drink driving prevention campaigns</p>
<ul style="list-style-type: none"> <li>• ISO 14001: continued ISO 14001 certification of sites.</li> <li>• Agriculture: adopted stringent agricultural standards; contracted with producers.</li> <li>• Water: measured consumption and reduction actions; mapped sites located in water stress zones. Improved wastewater treatment.</li> <li>• Energy: energy diagnostics; invested to improve energy efficiency of distilleries. Awareness and optimisation programme on bottling sites.</li> <li>• Packaging: new version of the Group's eco-design manual distributed; programme to reduce bottle weight.</li> <li>• CO<sub>2</sub> emissions: measured carbon footprint at production sites. Took actions to reduce packaging and optimise logistics.</li> <li>• Follow up with suppliers by means of a questionnaire about their social and environmental commitments.</li> <li>• Held dialogue to evaluate their involvement and action plans in terms of reducing their environmental footprint.</li> </ul>	<p><b>90%</b> of sites ISO 14001 certified at 30 June 2010</p> <p><b>-24%</b> savings in water consumption (in m<sup>3</sup>) between 2007/2008 and 2009/2010 in the five countries where water resources are limited</p> <p><b>-2.1%</b> savings in energy consumption (by unit produced between 2008/2009 and 2009/2010)</p> <p><b>82%</b> of solid waste recycled between 2008/2009 and 2009/2010</p> <p><b>90%</b> of production sites calculated their carbon footprint</p>
<ul style="list-style-type: none"> <li>• A new dimension in the historic collaboration with the Centre Pompidou: Major sponsorship of Centre Pompidou Virtuel.</li> <li>• Extension of actions to promote cultural diversity: renewed our commitment to the Musée du Quai Branly.</li> <li>• Exposure given to an internationally-renowned photographer to illustrate the Group's new tagline, 'Créateurs de convivialité' (notably in the 2009/2010 Annual Report).</li> <li>• Established a Group-wide, comprehensive, participatory sponsorship policy, in respect of local issues.</li> </ul>	

# Committed, passionate creators

—Pernod Ricard is enriched by a cultural foundation that is shared by its 18,177 employees.  
A true building block of the Group's DNA, this foundation is made up of common values  
that are critical to the development of the company's people and its success.  
It shows in a spirit of teamwork and a convivial attitude that encourages  
individual and collective enthusiasm for building together and working towards our vision.

## Unifying values

The Group was built on strong values: the entrepreneurial spirit (promoting individual initiative), mutual trust (reciprocal consideration of every employee), and a sense of ethics (respect for the individual, promotion of diversity, responsible commitment, and transparency). In addition, all employees share a collective attitude: 'conviviality', reaffirmed in the new corporate tagline: "Créateurs de convivialité."

The Group formalised this model in a charter distributed to all. The subsidiaries spread this culture to new recruits, in the example of Chivas Brothers, which publishes a welcome booklet detailing the Group's history and undertakings for its new employees, and organises meetings with management.

## A climate that promotes Group performance

Pernod Ricard's economic development is based on decentralisation. This leaves a great deal of room for autonomy and accountability. It also relies on close cooperation between the Brand Companies and Market Companies. This organisation facilitates dialogue and open-mindedness, and implies the need to adapt to one another's culture. With the result of a working

environment that is based on shared experience, group performance and trust, which quickly integrates new employees.

## A shared vision and shared successes

Employees are given a stake in the Group's successes, both by means of payroll practices that make sure to reward group performance, and by signs of recognition from the managers. Thus, at Pernod Ricard USA, the Stars programme showcases the ten employees who have achieved the best performances each quarter, and names three each year to whom a prize is awarded. Moreover, in keeping with the Group's spirit of conviviality, a tradition of celebration has developed, which is part of the sharing of a common culture. In some subsidiaries, such as Brazil, plant visits, meals, festivals, and games are organised regularly,

Key  
figure

93%

OPEN-ENDED CONTRACTS  
AMONG ALL JOBS IN 2009/2010

“

The Group's corporate social reporting, prepared each year using the subsidiaries' contributions, shines a light on Pernod Ricard's company profile. To consolidate its importance, a portion of the indicators has been audited for the first time this year, such as workforce (total, fixed-term contracts, open-ended contracts), the men-to-women ratio, and voluntary turnover. The lack of significant discrepancies is an encouragement to extend the audit scope to other indicators, with the aim of refining the company data a bit more.”



*Stéphane Deblinger*  
Director of Human Resources, Holding Company



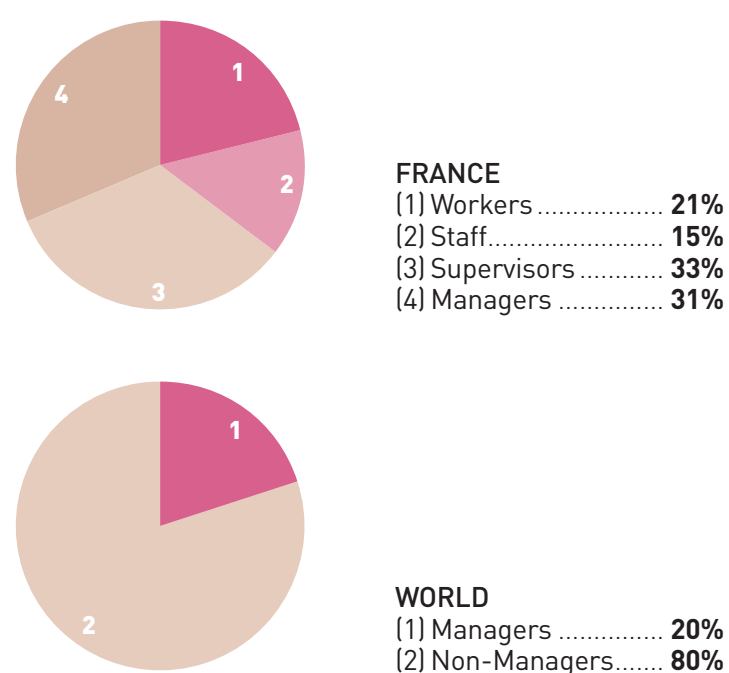


which strengthens the teams' cohesion. A further example this year includes all employees from Pernod Ricard Europe's head offices going to Brussels. This trip provided an opportunity to thank them for their commitment and for them to meet the Group's European Affairs teams.

### Loyalty and commitment at the heart of relationships

Employee commitment and loyalty are two distinctive marks of the Group. These are reflected in very low turnover. In exchange, with regard to recruitment, the Group favours open-ended contracts, which demonstrate its willingness to commit to its employees for the long term. Thus in 2009/2010, despite an unstable economy, the Group pursued its open-ended contracting, with 1,562 new recruits.

Breakdown of average workforce by category



## good PRACTICES

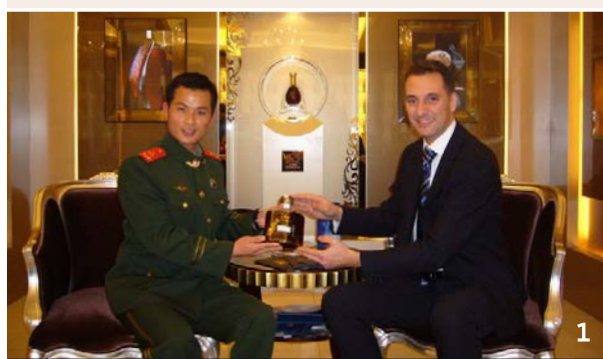


### Ricard: a great place to work

Each year, in more than 40 countries, the 'Great Place to Work' survey evaluates businesses according to their employees' confidence in their management, pride in their work, and the friendliness of the working environment. The method is an anonymous questionnaire and an evaluation of the company and its Human Resources practices. Ricard, which participated for the first time, took sixth place in the honours. Eighty-six percent of employees stated that Ricard was a great place to work, 94% said they were proud to be a part of our company.

### Shared experience—a key value (1)

For two years, Martell and Pernod Ricard China have deployed an original formula: for the Chinese New Year, the cognac brand sends several two-person teams to support sales actions as part of the operations organised by the local subsidiary. These teams are composed of a sales manager and a member of the production, logistics, or administration teams, which means a combination of skills. When the brand and local teams come together, it promotes understanding of needs and a better approach to the business.



# Mobility and diversity—competitive assets

### Mobility—a reality

Pernod Ricard has always encouraged mobility to support its growth internationally. Its objective is to develop multicultural profiles, constructed by means of varied international career paths. Three benefits:

- spreading the Group's culture in countries where it was recently established;
- retaining the most promising talent by offering attractive and evolving positions;
- the crossover of business and country expertise.

New procedures have been rolled out this year to make the processes more fluid. An internal-mobility website, iMove, posting the job opportunities available Group-wide, was launched in February. Since then, more than 400 offers have been posted on line.

### A diversified Group—reflecting its consumers

At Pernod Ricard, diversity is first of all cultural, reflecting the 70 countries where the Group is established: 54% of employees are based in Europe, 22% in the Americas, and 24% in Asia-Pacific. The global establishment of local teams contributes to the Group's economic performance: as a source of enriching exchanges, multiculturalism encourages adaptation to change, the ability to innovate, and create. Thus, the Managing Directors all have had very different career paths. At Pernod Ricard, diversity is also reflected in its men-to-women component. Today, women make up one-third of employees and 42% of new recruits. Twenty-nine percent of them are managers, and their number is still growing, and 18% are on Management Committees.

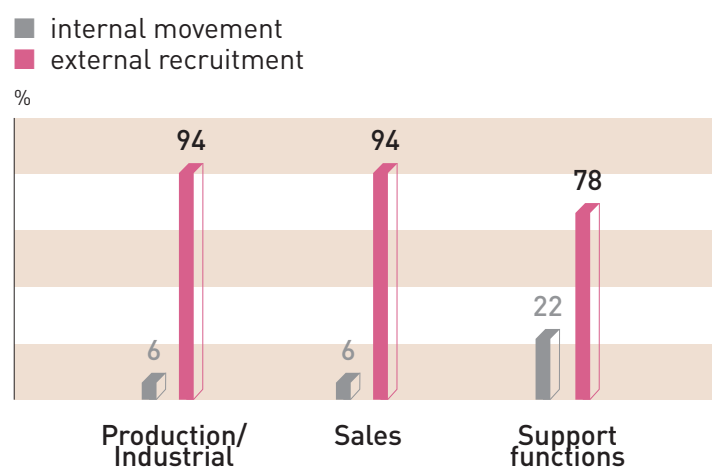


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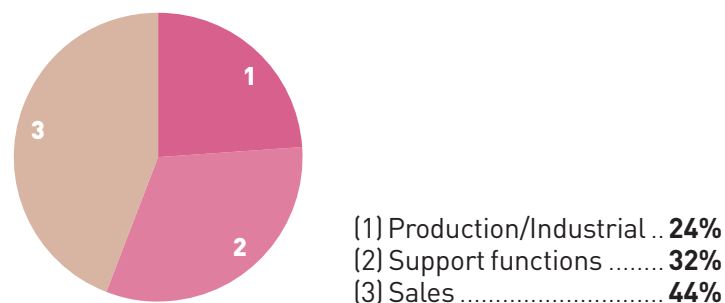
INTERNAL MOVEMENTS RECORDED IN THE GROUP, AN INCREASE OF 49% OVER 2007/2008. MOBILITY IS INCREASING YEAR ON YEAR. IN 2009/2010, 33% OF JOB MOVEMENTS INVOLVED WOMEN.

### Recruitments

As a %



### Recruitment by business line



## good PRACTICES



### iMove—a springboard for rapid change

Jennifer Arbitell and Carol Murphy found their new jobs using the internal mobility web application, iMove. Jennifer Arbitell, a Pernod Ricard USA employee, wanted to work in the Marketing department. "Thanks to iMove, I was able to view the list of available jobs, submit an application, and get an interview. In less than three weeks, I was offered a Division Marketing Manager position." Carol Murphy has had a Human Resources Manager career at Pernod Ricard UK since 2002. With iMove, she found an opportunity for change with Chivas Brothers: "I was able to immediately identify which positions within my speciality were available, by region and by subsidiary. Because we do business in 70 countries, there are many opportunities within the Group."

### Olzem Citci, Global Marketing Director, The Absolut Company (opposite)

"I'd been working at the head office of Malibu-Kahlúa International in New York for several years. Because I'm from Turkey, I wanted to go back to Europe. So I had the opportunity to join The Absolut Company as Global Marketing Director in Stockholm."



# Developing talent— a key to success



## 2.5%

PORTION OF PAYROLL DEDICATED TO  
TRAINING IN 2009/2010,  
COMPARED TO 2.2% THE PREVIOUS YEAR

### Training: an increasingly robust effort

Training reinforces employee know-how while contributing to the Group's operating performance. Each year, Pernod Ricard increasingly invests in this area. FY 2009/2010 saw 341,836 hours devoted to training—up 11% from the previous year. 70% of employees underwent training, for an average of 27 hours each. The catalogue handed out by the Pernod Ricard Training Centre is even more complete this year, with training to develop managerial skills, which are a strategic priority for the Group.

### A dynamic policy for identifying and cultivating talent

To provide its employees with a motivating perspective on careers, the Group has established effective management tools. Annual performance and development reviews help identify needs in terms of skills and plan for the future. In addition, Career Committees conduct a thorough review of managerial positions in each function, for the purpose of promoting international movement. This dynamic management of human resources encourages internal promotion. This resulted in 212 internal movements in 2009/2010.

## good PRACTICES



### Transmitting know-how (1)

In France, Pernod Ricard contributes to the training and recruitment of young people by supporting internships. In 2005, the Group signed the apprenticeship charter committing it to bringing young people on board and training them to work in the business. In France, the Group's companies now have 33 apprentices. There are also tutoring programmes in other subsidiaries. In the United States, for example, new recruits have a six-month coaching period with an experienced staff member. Objective: to facilitate their integration by giving them the keys to understanding the Group and training them in their field. According to a study conducted this year, 70% say they appreciate this support.



### Martell: a training cycle dedicated to high-potential managers (2)

In order to develop the skills of its line managers, Martell has begun an innovative and comprehensive training cycle. It is composed of 22 days of training in a wide variety of areas such as management, communications, business economics, social legislation and project management. In order to apply this knowledge to use in their own field of activity, interns must also work on a concrete project, which they will have to defend before a professional panel. This is an effective way of reconciling theory and practice that other subsidiaries are also adopting, such as Casa Pedro Domecq in Mexico with its 'Young Talent' programme. Promising managers are invited to develop a project for 6 to 12 months that they present to the Management Committee.

# Safety and well-being in the workplace

## Moving toward zero accidents

Ensuring health and safety at work is the keystone for any responsible human resource management policy. The Group has set itself the target of zero accidents. To spread and to standardise good practices, health and safety training sessions are held regularly: 14% of sessions are on hygiene, health, and safety, representing 47,481 training hours. An 'Alcohol – I'm in Control' charter was also published. It covers the codes of conduct related to alcohol consumption and applies strictly to Group employees.

## Concrete results thanks to subsidiaries' commitment

The severity of accidents declined from 0.25% in 2008/2009 to 0.17% in 2009/2010, reflecting the efforts made by the subsidiaries to improve their practices. To date, 88 of 107 sites have obtained OHSAS 18001 certification, a standard which establishes strict rules about working conditions and safety. In an effort to measure employees' expectations and motivation, many subsidiaries conduct their own actions, surpassing the framework of legal obligations. Thus, with regard to workplace well-being, Chivas Brothers has since 2008 conducted a survey of its employees to evaluate the six management points that are

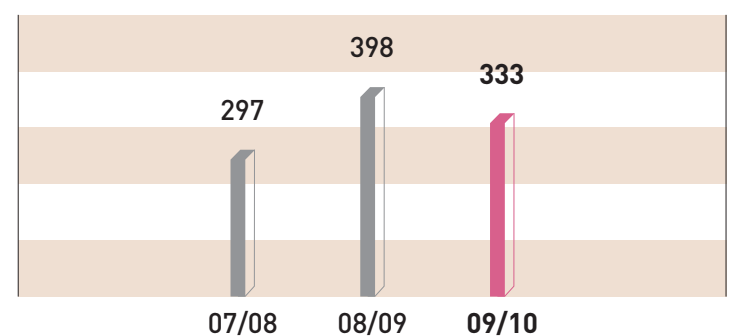


factors in stress (such as change, human relations, etc.) in order to identify areas for improvement and to promote corrective measures. In New Zealand, the subsidiary received the 2010 Health & Safety award for the best initiative: the free medical check-ups and personalised health advice that it offers to employees helped significantly reduce absences due to accidents. On the strength of its success, the initiative was extended to the teams in Australia.

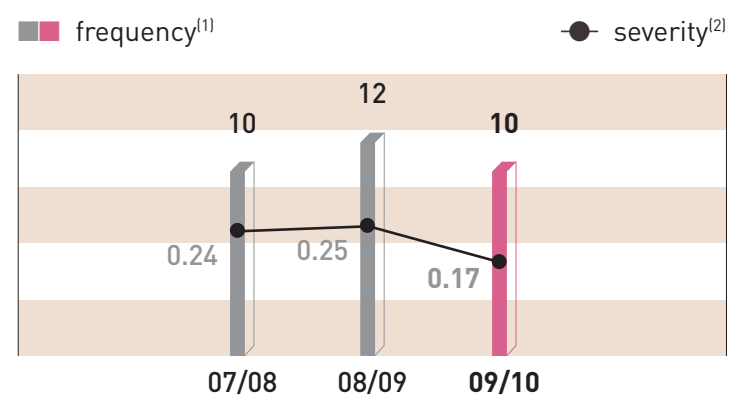
## Promoting employee-management dialogue

This year, the Pernod Ricard European Committee, which plays a driving role in developing employee-management information and dialogue, signed a new agreement that, by reducing the workforce threshold from 450 to 300 to obtain a second representative seat, improves representation of medium-sized countries.

## Number of workplace accidents that resulted in sick leave



## Frequency and severity



(1) Frequency: number of accidents with sick leave of more than one day occurring in a 12-month period per million work hours.  
(2) Severity: number of days compensated per 1,000 hours worked, i.e. number of days lost by temporary disability per 1,000 hours worked.

## good PRACTICE

### Pernod: Managers involved in a stress-reducing approach

This year, Pernod initiated a proactive approach to stress awareness. Meetings were organised with Managers, by department (10-12 persons maximum), led by the Human Resources Director and the workplace physician, to identify the sources and symptoms of stress. These meetings started a constructive dialogue with the managers, who now have tools for taking action and supporting their teams.





**Cecília SALEME**—Head of Training & Development—Pernod Ricard Brazil—**BRAZIL** *by* **Marcos Lopez**

“As a Brazilian neighbour, Cecília came to Buenos Aires, which she was discovering for the first time. We visited the Palermo district, full of bookshops and cafés, and shared a good Argentine steak. Cecília takes tango lessons in São Paulo, so she felt right at home in the streets of my neighbourhood as well as at the piano in my studio in San Telmo.”



# Promoting responsible conviviality

**—For Pernod Ricard, there can be no conviviality where there is excess. Responsible drinking is a key factor in conviviality. This view is the heart of Pernod Ricard's ethics, and embodied first by its employees. Today, the Group is reasserting its leading role in prevention. It focuses its action around two priorities: the campaign against drink driving, especially in emerging countries, and the education of young people and pregnant women, particularly in developed countries.**

## A long-standing commitment

As a major player in the Wines & Spirits market, Pernod Ricard has always played an essential role in preventing the risks of alcohol misuse. In 1971 it launched its commitment: Jean Hémard, who was then Chairman of Société Pernod, sponsored the creation of the IREB, the Institut de recherches scientifiques sur les boissons (Institute for Alcohol Research), whose mission is to subsidise and conduct research on alcohol dependency. This laid the groundwork for a concrete policy to promote responsible drinking.

## Active support for prevention associations

Along with the funding for research, the Group has created partnerships with international public health organisations and authorities, joining in 1991 the EFRD (European Forum for Responsible Drinking); in 2005 the ICAP (International Centre for Alcohol Policies), an international think tank; and in 2007 becoming a member of the first European Alcohol and Health Forum, a platform for action initiated by the European Commission. Pernod Ricard is also heavily involved in the creation and monitoring

of prevention associations that are fully dedicated to promoting responsible drinking, bringing other businesses in the Wines & Spirits sector into its arena. As a result, it has become a founding member of at least thirty associations around the world. During the past year, Pernod Ricard has supported the creation of several associations, including TABBA (Thailand Alcohol Beverage Business Association) in Asia, which is dedicated to educational projects. The Group also supported the founding of three new associations in Europe (Bulgaria, Romania, and Slovakia). In keeping with the commitment made by the European Confederation of Spirits Producers (CEPS) to the European Alcohol and Health Forum, their launch was accompanied by an informative website designed to raise awareness of the risks of excessive or inappropriate drinking. Likewise, with regard to wines, the Group actively took part in establishing the 'Wine in Moderation' programme (<http://www.wineinmoderation.eu>) started by the European wine producers' association.

On a global scale, Pernod Ricard has also committed to the World Health Organisation, with the principal producers of wines, beers, and spirits, to establish a series of initiatives to

“

We got very busy on the issue of responsible drinking, which, as part of our Agility corporate project, became Priority One in our Corporate Social Responsibility policy. We emphasised the campaign against drink driving and underage drinking, two major social challenges. Externally, we actively contributed to reviewing the global strategy to reduce the misuse of alcohol, which was adopted in May by the World Health Organisation.”

*Jean Rodesch*  
*Vice-President, Institutional Affairs*







(1) 2010 meeting of Corporate Social Responsibility correspondents. ■ (2) FRED Association (Hong Kong Forum for Responsible Drinking) created in February 2010. (3) Pernod Ricard intranet dedicated to responsible drinking. ■ (4) Website with consumer information launched in Romania.

contribute to the prevention policies of national governments (<http://www.global-actions.org>).

### Stringent rules in all countries

Pernod Ricard observes strict self-discipline as defined by standards that go beyond the legal framework and are shared by all its employees. Thus, as part of the implementation of its commercial advertising, the Group has set itself ethical rules that are enforced with the same stringency regardless of country. In particular, it has established its own Code on Commercial Communications that is more restrictive than occupational codes. To support the subsidiaries in charge of incorporating and disseminating the major guidelines defined by the Executive Committee in the field, the Group has deployed a network of correspondents and developed an information portal that is accessible to all employees and dedicated to best practices in responsible drinking.

### Employees—ambassadors for responsible drinking

Pernod Ricard's responsible drinking policy is based on its employees' unwavering respect for the commitments made by the Group. The Group encourages them to adopt exemplary conduct, in keeping with its values, and to be the ambassadors for its responsible drinking policy. To this end, Pernod Ricard regularly conducts awareness actions, such as the mini-guide 'Alcohol: I'm in Control', translated into many languages and distributed to all employees in 2010. Moreover, the Group encourages its subsidiaries to organise events and training sessions focused on responsible drinking.

Already more than 50 Corporate Social Responsibility (CSR) correspondents, volunteers from different functions, represent one subsidiary each and are tasked with disseminating the Group's responsible drinking policy by adapting it to specific local settings. Each year, they meet in a different city for a three-day seminar. By 2011, every subsidiary will have appointed a CSR correspondent.

## good PRACTICE



### Everyone's business

Pernod Ricard has designed a mini-guide to remind employees of the foundations and the framework for the company's actions. Entitled 'Alcohol: I'm in Control. Be an ambassador for responsible drinking' and translated through the subsidiaries into many languages (Polish, Chinese, Portuguese, etc.), it was distributed to all 18,000 employees. Objective: to give them information about alcohol, detail the Group's action priorities and resources, alert them to risky drinking situations (drink driving and awareness among minors, young adults, and pregnant women).

# Ethical marketing, an integral part of brand communications

For Pernod Ricard, promoting responsible drinking means promoting responsible commercial communications. In this area, the Group has rigorous ethical rules, which it reinforced in 2005 after acquiring Allied Domecq by establishing an internal control system for advertising campaigns before their release. In line with this control, a Code on commercial communications, incorporating specific provisions that are often more restrictive than the legal framework of some countries, was formalised in 2007. In March 2010, an appendix was added to take account of the changes in Internet and mobile phone usage. This appendix sets out the rules for all new communications vehicles and tools, marking an additional step in the establishment of a code of conduct shared by all.

## A highly coordinated control procedure

The control system depends on an Internal Approval Panel, totally independent of Marketing, whose mission is to rule on the future of planned advertising campaigns, regardless of the medium chosen, with regard to strict criteria set out by the Pernod Ricard Code on Commercial Communications: It prohibits them from creating a link between performance and alcohol or social success and alcohol; it bans nudity; etc. The Internal

Approval Panel's opinion must be sought for strategic and priority brand campaigns. A summary of all decisions is submitted each month to the Group Executive Committee. It is then sent to correspondents for distribution of good practices in the subsidiaries.

## More and more projects reviewed

Control of advertising campaigns has gradually extended to the majority of brands, which explains the growing number of projects being reviewed. Thus, during the financial year, 277 advertising campaigns were reviewed compared to 204 in 2009, an increase of more than 36%. Of these campaigns, one received a red notice and another, an orange notice. The red notice concerned a project that was not in compliance with Article 1.3 of the Code, which states that commercial communications must not be associated with an illegal or antisocial activity. The orange notice concerned failure to comply with the Code's basic principles concerning human dignity. This year, none of the advertisements overseen by the Advertising Approval Panel was rejected, which proves that a priori control is effective.

## good PRACTICES



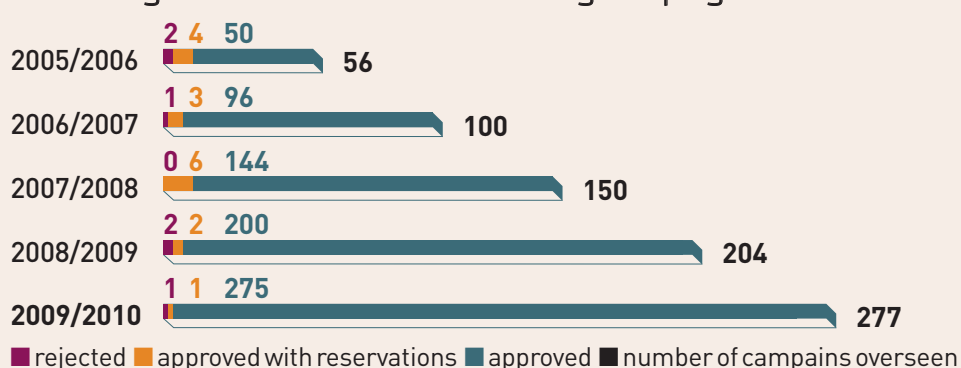
### Awareness training around the world (1)

Training is regularly given to marketing and sales teams to update their knowledge of the Group's ethics commitments. This year, 16 seminars were organised for nearly 350 employees, including two in September 2009 in Venezuela and Colombia, which brought together 30 and 20 people, respectively, in the presence of local Managing Directors. On the agenda: A presentation of the rules of ethics for commercial advertising, followed by a fun test: Each participant was invited to vote on the compliance or non-compliance of a series of advertisements.

### Some examples of approvals (2)

After its review, the Approval Panel hands down formal opinions: red for rejection, orange for approval subject to modification, and green for unreserved approval.

### Extending internal control of advertising campaigns





# Drink driving— an on-going combat

Drink driving is the second leading cause of fatal accidents on the road, after speed-related accidents. That is why Pernod Ricard has made this issue one of its top priorities. In 2007, the Group signed the European Road Safety Charter, and as a result, participates in many education and awareness actions for a variety of audiences. This year, the Group was asked by the World Health Organisation to make a contribution by 2013 on the issue of road safety, which has been identified as a global health challenge.

## A major risk in emerging countries

According to the World Health Organisation, which published a status report on road safety around the world in 2009 indicating the urgency of taking action, road accidents cause more than 1.2 million deaths and 20-50 million non-fatal injuries each year. More than 90% of deaths occur in low- to moderate-income countries, which are home to only 48% of the world's vehicles. Among the risk factors are driving while intoxicated. If the majority of countries have laws that make it possible to combat this risk factor, very few have the resources to apply it on a daily basis. This finding has moved Pernod Ricard to deploy targeted programmes in the countries where the Group is established, relying on its subsidiaries' to implement them.

## Concrete measures to reduce risks

A major concern in many emerging countries, the fight against drink driving is the subject of a growing number of awareness measures. Pernod Ricard supports these measures by means of its partner associations and by putting its know-how to work by creating prevention campaigns, such as the actions carried out this year in Belarus and Hong Kong. Pernod Ricard Minsk designed an attractive, effective film to remind consumers not to take the wheel after drinking. It was broadcast on all national television stations after being approved by the police authorities. Prevention association FRED (Hong Kong Forum for Responsible Drinking), created in February under Pernod Ricard Hong Kong, works alongside other actors in the Wines & Spirits industry, in close cooperation with the government, consumers, and other stakeholders. Its actions include the distribution of 50,000 stickers in bars and restaurants featuring the message: 'If you drink, don't drive'.

## good PRACTICE



**A foundation inaugurated in Korea**  
As a result of its experience in the area of prevention with its 'Smart Driving' campaign launched in 2007, Pernod Ricard Korea took the initiative, jointly with other industry members, to create a foundation to boost the movement against drink driving. This mission is to encourage reasonable behaviour, specifically by hosting the 'Smart Driving' platform, a tool of dialogue and information. Inaugurated in March and chaired by a member of the Korean Congress, it has many institutional partners among its supporters, including the national police and the public road safety authority.

Mrs Yu Chung-Ok, member of the Korean Congress, and Mr Ricard, Chairman of Pernod Ricard's Board of Directors.

# Raising awareness among high-risk populations—a priority

Pernod Ricard focuses its action on three groups for whom drinking alcohol is inappropriate: minors, where the objective being to postpone the age of regular drinking and prevent drinking to get drunk (see below); young adults, who should be empowered to face possible risk situations; and pregnant women, who should be informed of the risk to their unborn child. For these groups, the Group has chosen to act over the long term, by supporting innovative programming focused on prevention and information.

## Young adults: inform and empower

In tandem with the targeted actions undertaken locally (such as MEAS in Ireland, which fights against binge drinking), and in tune with the commitments made to the European Forum for Alcohol, and Health, Pernod Ricard, in partnership with the Erasmus Student Network (ESN), has launched a Europe-wide programme for organising responsible student parties. The objective is to combat inappropriate and excessive drinking by helping students prepare for their event and informing them of their responsibilities. Ultimately, the programme should inform nearly 60,000 students. Designed by students at the École

hôtelière de Lausanne (Lausanne Hotel School) in 2009, as part of a graduation project, the programme is available on a website and in a handy kit that is provided to the subsidiaries.

## Pregnant women: a policy of dissuasion

Informing women and the general public about the risks associated with alcohol and pregnancy is a major concern. In 2006, the Group made a commitment along with health authorities to adopt a proactive approach in Europe by labelling bottles with the 'Interdiction de boire aux femmes enceintes' (Pregnant women should not drink) pictogram. Recently, this initiative has been extended by Pernod Ricard's Brazilian subsidiary and is being reviewed in other countries. The Group has also initiated targeted-message campaigns locally. The latest was at the initiative of Pernod Ricard Deutschland which, in 2010, partnered with the largest hospital in Germany, Charity Hospital in Berlin, to spread the message on the dangers of alcohol and pregnancy. The logo appears on giant posters placed on the hospital's façade, and a magazine and web campaign features women opinion leaders in Germany who act as spokeswomen for the message 'No alcohol for my baby.'



## good PRACTICE



### Minors: take action early

Based on the model of actions conducted in Sweden, Denmark, Spain, and Finland, Pernod Ricard has initiated a pilot operation in the Limousin region of France to prevent the risks of alcohol misuse, beginning in secondary school.

This three-year project, launched amongst sixth-year students in 15 of the region's secondary schools (1,200 students) and carried out by the Entreprise & Prévention association, of which Pernod Ricard is a member, relies on educational teams and gets parents closely involved. Based on the development of self-esteem, it is presented in the form of interactive learning modules. The programme has been warmly received by teachers, parents, and students. The Observatoire régional de santé du Limousin (Limousin region health monitoring agency) is in charge of its evaluation.

The evaluation is being conducted scientifically for the first time in France, by comparing two groups of students, the first of which takes the educational workshops, while the second uses no specific programme.





**Amélie FROGER-ROUSSEL**—Public Affairs Manager—Pernod Ricard Holding Company—**FRANCE**  
*by* **Marcos Lopez**

"It was very easy to work with Amélie, who speaks excellent Spanish. We decided to do a typical Parisian scene. Quite simply, we sat outdoors at the restaurant next door and I took out my camera, like a tourist! Then we shared a very French meal: steak tartare and fries."



# Pernod Ricard and the planet

—Preserving the environment has always been a major policy for the Group. Deeply entrenched in its history and values, this commitment is tied in with the convictions of its founder Paul Ricard and was amply reasserted and clarified in 2010. It is also one of the underpinnings of the Group's Premiumisation policy: Premium brands cannot exist in the absence of environmental ethics. Respect for the land, responsible farming, and access to the best raw materials are the bases of the quality policy of every brand in the Pernod Ricard portfolio.

## An approach shared by the subsidiaries on every continent

At Pernod Ricard, the environmental approach is deployed directly by subsidiaries, with each one basing actions to reduce its environmental impact on the principles defined by ISO Standard 14001 (90% of sites certified at 30 June 2010). Appointed by the subsidiaries, QSE (Quality Safety Environment) correspondents lead the environmental policy. They have a dedicated intranet and meet annually for an in-depth working seminar that improves the subsidiaries' compliance and encourages them to share good practices. Moreover, the Group has set out internal standards applicable to production sites, and it regularly verifies application in the field during audits conducted jointly with the subsidiaries, there again helping to standardise practices.

## A commitment that goes beyond the Group's scope

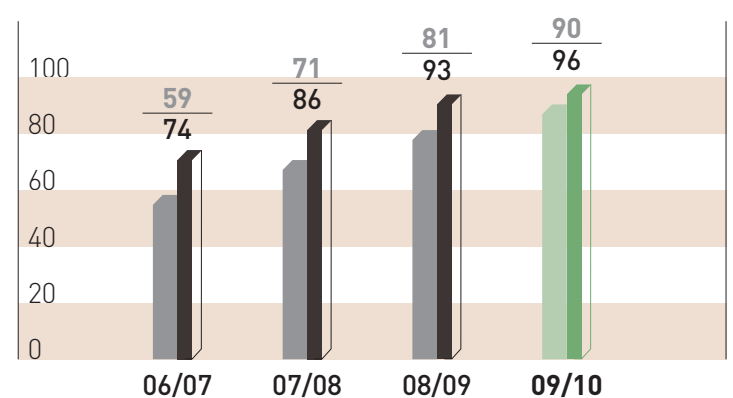
To contribute to changing behaviours in the industry, Pernod Ricard is involved with several strategic organisations with which it develops progress measurement tools (carbon footprint calculator, eco-design platform, etc.). It is also involved locally, close to the realities on the ground. In this regard, the action carried out by Pernod Ricard Italia in the wine country of Canelli is a perfect example. Its initiative, a partnership of 22 public and private actors was formed to implement a Sustainable Develop-

ment approach, carried out through key actions such as the introduction of an environment and safety week, and a filtering garden project to process wastewater.

## Percentage of ISO 14001 certified sites

As a %

■ compared to number of sites  
■ compared to volumes produced



Key  
figure

90%

OF SITES ISO 14001 CERTIFIED

“

For several years now, our subsidiaries have been working to reduce the footprint of their activities. Our ambition is to give their action new momentum. To achieve this, we have formalised objectives that we are translating into action plans: Promote sustainable agriculture, reduce our water, energy, and greenhouse gas footprint, develop eco-design for packaging, and continue our certification policy.”



*Jean-Pierre Savina*  
Vice-President, Industrial Operations





**A symbol of the 2010 commitment**  
The 1,500 tonnes of equivalent CO<sub>2</sub> generated by the travel of 750 employees for the Group's Annual Convention (Les Embiez Island) were offset by financial support for construction in India, in the Hassan district, State of Karnataka, of 30 biogas tanks that will make it possible to produce renewable energy while supplying compost. Created in partnership with the Action Carbon programme of the GoodPlanet Foundation, thus illustrating the commitment made by Pernod Ricard in 2010.

Clearly-identified environmental impacts



**FARMING OF RAW MATERIALS:** consumes irrigation water, as well as fertiliser and pesticides that have an impact on biodiversity.

**PRODUCTION OF WINES AND SPIRITS:** consumes water (needed for blending eau-de-vie, cleaning fermentation vats, and cooling distillation boilers), produces organic waste (still wash, marcs), and is responsible for greenhouse gases linked to the consumption of fossil fuels (gas, fuel) used to feed the distillation boilers.

**PACKING AND PACKAGING:** consumes electricity during bottling, and generates indirect greenhouse gas and solid waste emissions made up largely of packaging material (glass, cardboard, paper).

**CONSUMPTION OF THE END PRODUCT:** involves the production of packaging waste by the end consumer (glass from bottles, cardboard from end product if it is packaged), etc.

[1] The industrial scope at 30 June 2010 includes 107 production sites in 26 countries: 54 sites perform bottling (and vinification), 28 distillation, with the other facilities used for ageing, vinification or blending purposes. It does not include the office buildings or agricultural properties.

Well-defined action priorities

Within the Group's industrial scope, every environmental impact is accompanied by concrete commitments<sup>[2]</sup>.

FIELD	COMMITMENTS	ACTIONS
MANAGEMENT	DEPLOY AN EFFECTIVE ENVIRONMENTAL MANAGEMENT SYSTEM	<ul style="list-style-type: none"><li>Extend ISO14001 certification to production sites in every region in the world.</li><li>Involve all subsidiaries in the Group's commitment to preserving the environment.</li></ul>
AGRICULTURE	PROMOTE SUSTAINABLE AGRICULTURE	<ul style="list-style-type: none"><li>Adopt stringent production standards for our own agricultural products and have them certified when that is relevant.</li><li>Through our purchases of agricultural products, help our suppliers improve their environmental conservation.</li></ul>
WATER	CONSERVE WATER RESOURCES LOCALLY	<ul style="list-style-type: none"><li>Measure our water usage and take actions to reduce it, with priority in regions where water resources are limited.</li><li>Control our wastewater discharge to minimise its impact on the environment.</li></ul>
ENERGY	REDUCE ENERGY CONSUMPTION	<ul style="list-style-type: none"><li>Take actions to reduce consumption of electricity and fuels.</li><li>Study and encourage the use of renewable energy.</li></ul>
WASTE	REDUCE THE IMPACT OF WASTE AND PACKAGING	<ul style="list-style-type: none"><li>Extend the eco-design approach to products and reduce the quantities of packaging materials used.</li><li>Increase sorting and recycling of waste on sites.</li></ul>
CLIMATE	MEASURE AND REDUCE GREENHOUSE GAS EMISSIONS	<ul style="list-style-type: none"><li>Measure carbon footprint at all production sites.</li><li>Define priorities for reducing those emissions, either by means of reducing energy consumption, or indirectly through the services and products purchased.</li></ul>

[2] For more details on Pernod Ricard's environmental management, see the Reference Document, page 13.

# Promoting sustainable agriculture

Pernod Ricard's business, based exclusively on the processing of agricultural raw materials, gives it a significant environmental responsibility. The Group owns nearly 8,000 hectares of vineyard and buys and produces about 950,000 tonnes of agricultural raw materials (mainly grapes and grains). Invested in limiting its impact on the environment, the Group encourages development of sustainable agriculture that respects resource conservation and biodiversity. This approach takes many forms and is conducted on the ground by the subsidiaries.

## Practices adapted to local environments

Throughout the Group, the subsidiaries endeavour to implement good sustainable agriculture practices by tailoring them to the needs of their crops, which has enabled significant advances. Quantities of inputs (fertilisers, pesticides) and waste have declined. In France, Martell halved its use of pesticides in the first three spring sprayings, by adapting the pesticide doses to the leaf surface. In Armenia, the Yerevan Brandy Company provided training to its grape-growing suppliers on the management of their pesticide products and the collection of wastes. Water and raw materials consumption was reduced thanks to the widespread use of innovative procedures, such as at Brancott Estate in New Zealand, which constantly measures its soils' humidity and anticipates weather forecasts so as not to irrigate more than necessary; in Mexico, where the use of a double shredder saved 420 tonnes of agave in 2010. Finally, actions promoting biodiversity are conducted by many sites. In Australia, for more than 12 years, Pernod Ricard has led an ambitious programme to restore woodland ecosystems in the wetlands of Jacob's Creek, the cradle of the Australian wine brand.

## A commitment to adopt the most stringent benchmarks

Pernod Ricard has set itself the target of identifying the local benchmarks best adapted to sustainable agriculture, and encourages farm and vineyard partners to follow them. This approach has already been put in practice in several subsidiaries, such as the Brancott Estate vineyards, all 'Sustainable Wine Growing New Zealand' certified, Orlando Wines, which is awaiting certification, and The Absolut Company in Sweden, which uses wheat that meets rigorous specifications for sustainable agriculture. Likewise, Mumm Napa in California has committed to implementing the 10 principles of the very stringent California Sustainable Winegrowing Alliance (conserving vegetation, controlling insects, etc.).



# 100%

OF VINEYARDS OPERATED BY BRANCOTT ESTATE (EX-MONTANA) ARE SUSTAINABLE WINE GROWING NEW ZEALAND-CERTIFIED

## good PRACTICE



### Fennel, 100% local and responsible crop

In 2002, growers in Provence began cultivating fennel for Ricard on the Valensole plateau using sustainable agriculture principles such as limiting pesticides, administering treatment to non-blooming crops, crop rotation, water management. Eight years later, fennel is grown on over 100 hectares, and the feedback on the experiment is conclusive. In addition to the quality of the essential oil produced, fennel, which is grown alongside lavender and durum wheat, has proven a useful way for local growers to diversify their crops. This plant has favoured the development of entomofauna, in particular bees, thus maintaining biodiversity.



# Saving water resources

Unequally distributed and increasingly subject to pollution, water is a precious and fragile resource that must be saved and shared. At Pernod Ricard, water management is based on the principle of reducing consumption, recycling, and accounting for sites located in water stress zones. The Group is targeting a 10% reduction in its water consumption per unit produced between 2008 and 2012. It has also agreed to calculate its water footprint all along its production chain. The process will begin in 2011, with the use of an evaluation tool on a pilot site.

## Controlled consumption

This year, total water consumption came to 6.15 million m<sup>3</sup>, with 70% of this volume concentrated in the distilleries. There has been a drop of 2.6% per unit produced (expressed as m<sup>3</sup> per kilolitre of pure alcohol, kl PA) compared to the previous year, which is explained by the good results obtained by distilleries (-2.3%) and bottling units (-6.4%). Thus, for the distilleries of Hermosillo in Mexico and Resende in Brazil, optimising osmosis units contributed to a 27% and 32% reduction in consumption, respectively. On the vinification and bottling site of Rowland flat in Australia, water from centrifugation is reused, and an automatic wine-blending system reduces the consumption of water for washing.

## Increased vigilance in water stress zones

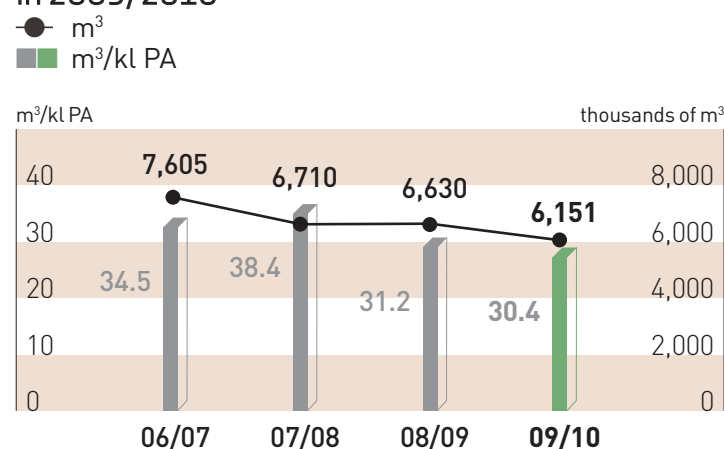
In 2010, Pernod Ricard mapped the long-term water availability on all its sites: 16 of them were identified as being located in sensitive zones, representing only 8% of the Group's total water

consumption. Starting in 2011, using this analysis, the affected subsidiaries will undertake plans to manage their water resources, based on the model of actions already established in India, Australia, and Mexico (use of rainwater to supply cooling towers and fire systems, wastewater recycling, and more).

## Adapted wastewater treatment

Wastewater is monitored to ensure it complies with locally-authorised quality limits. BOD (biochemical oxygen demand), which measures the polluting load of wastewater, is the subject of action plans on sites, like the one in Walkerville, Canada, which reduced its BOD by 1,500mg/l to 500mg/l by means of a process that decomposes the organic matter without oxygen, using the action of micro-organisms.

6,151,000m<sup>3</sup> of water consumed in 2009/2010



**-2.6%**

WATER CONSUMED PER UNIT PRODUCED BETWEEN 2008/2009 AND 2009/2010

## good PRACTICE



**In India, 26% reduction in water consumption since 2008 thanks to the three-R method**  
 Located in the very dry region of Rajasthan, the Behror production unit was completely rethought using the 'three Rs' principle: reduce, reuse, and recycle. Bottle rinsers were replaced with new, water-saving machines. Condensate from the distillery's boilers was collected to make steam. At the end of the cycle, the water obtained after processing effluents is recycled, either for use in the distillation process or for irrigating green spaces.

# Reducing energy consumption

Fossil energy reserves are not infinite, and their combustion is responsible for greenhouse gases, contributing to climate change. Faced with these major challenges, the Group set itself the target in 2008 of reducing its consumption per unit produced by 10% by 2012, and encouraging the use of renewable energy.

## Effective reduction processes

The decline in the Group's energy consumption has been steadily on-going since 2006. It is tied to the establishment, on the sites, of processes to improve energy efficiency, based on three levers of action: attentive monitoring of consumption using tailored measuring tools, conducting energy diagnostics on site with a view to finding potential savings, and establishing energy-management systems based on performance indicators to identify the best practices and make them widespread. By undertaking these processes, several distilleries have obtained remarkable results: The Glenlivet's distillery increased its energy efficiency by 7% by collecting the heat of the condensate from the six new alambics. At The Absolut Company in Sweden, the energy management system used in the distillery received certification, the mark of energy excellence of that high-performance unit.

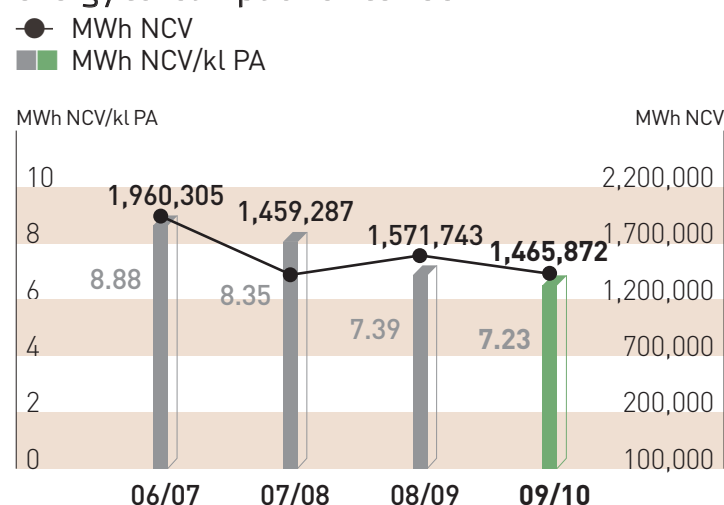
## Notable improvements on many sites

In 2009/2010, the Group's total energy consumption was 1,466GWh compared to 1,572GWh the previous year. Distilleries were responsible for nearly 81% of total energy use.

In performance terms, this represents a 2.1% savings (expressed as kWh per litre of distilled pure alcohol).

Among the advances, the Midleton Distillery in Ireland reduced its energy consumption by 10% after a new evaporator with a steam-recompression system came online. The Mexican distilleries of Arandas and Hermosillo also reduced their consumption by 7%, optimising the boilers' operation. The bottling sites, which totalled 12% of the Group's energy consumption, also contributed to the overall reduction, e.g. the Fort Smith site in the United States, which reduced its consumption per unit produced by 8% in optimising the use of compressed air in its process.

## A steady decline in energy consumption since 2007



# -2.1%

ENERGY CONSUMED PER UNIT PRODUCED  
BETWEEN 2008/2009 AND 2009/2010

## good PRACTICE



### Operation Energy Performance at Pernod

Long committed to a process of improving its energy performance, Société Pernod has set itself the ambition of strongly and sustainably reducing its gas and electricity consumption at its Créteil and Thuir sites. At end 2009, the subsidiary requested a consulting company to help it optimise its consumption. Based on ground surveys, the company established a consumption diagnostic with regard to the sites' actual needs, then prepared an action plan, currently being implemented, involving the organisation, the equipment, and the supplier contracts. Expected declines in consumption (in kWh) were 10% for Créteil and 8% for Thuir. With the success of the approach relying on employees, a large change-management project was deployed to involve the teams.





82%  
OF SOLID WASTE RECYCLED

# Reduce the impact of waste and packaging

Pernod Ricard's activities generate organic waste from the transformation of raw materials as well as packaging waste (glass, cardboard, plastic, etc.). The majority of these end up with the consumer. The Group has undertaken sustained efforts to achieve three objectives: reduce the quantity of packaging used, increase the recycling rate of solid waste to 85% by 2012 by emphasising eco-design of packaging, and move toward zero organic waste incinerated or disposed of.

## Eco-design—a core priority

2009/2010 was marked by important advances in eco-design. At Pernod, the Café de Paris bottle was lightened by 25%, almost as much as the Domecq Bogedas wine bottle (see the good practice item, below).

Actions were also taken to reduce the quantities of cardboard used. All of Ricard's sites gradually replaced their boxing machines with technology that not only reduces the quantity of cardboard used by 226 tonnes per year, but also the number of delivery pallets by 2,000 per year. The Absolut Company also began to modify the composition of its cardboard cases to include more recycled cardboard.

Finally, to promote eco-design internally, the guide including the methods and best practices developed by the Group was updated this year and filled with new eco-designs. This was published and distributed to all subsidiaries.

## Solid waste recycling rates have increased

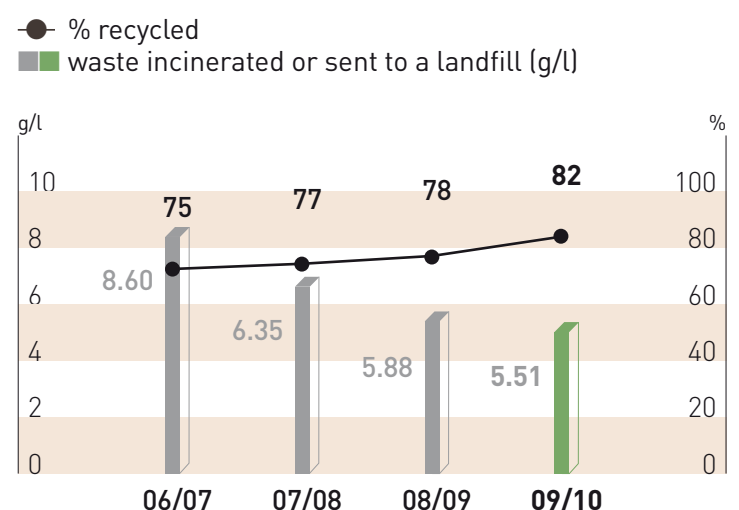
The Group continued its actions to reduce the quantity of solid waste landfilled or incinerated, from 5.9 to 5.5g/l. Equally, the

recycling rate improved from 78% to 82%, reflecting the efforts made to improve sorting of waste on site and the Group's commitment to prioritising waste-recovery processes. For bottling sites, which by themselves make up 62% of solid waste, this ratio was 90.5%.

## Organic by-product recovery improving

Since 2007, the quantity of organic waste landfilled or incinerated has continually declined, 3,743 tonnes (0.36% of total organic products) this year compared to 7,106 tonnes in 2009. This downward trend reflects the many waste-recovery initiatives taken by the subsidiaries, such as the Rowland Flat vinification site in Australia and the Aura site in Spain, which transform wastewater treatment sludge and grape marc into compost. In India, marcs from the Nashik vinification site are used as a source of grape-seed oil. In France, the still wash from the Martell cognac distilleries is transformed into methane by Revico, which is then used for the production of green electricity thanks to a partnership signed by EDF Énergies Nouvelles in 2009.

## Continual increase in the recycling rate and a decline in the quantity of solid waste incinerated or sent to landfill



## good PRACTICE



### When eco-design serves the planet

Since 2004, Domecq Bodegas has endeavoured to reduce the weight of its bottles without reducing their strength or changing their appearance. The subsidiary succeeded in bringing it down from 550 to 500 grams, then 450 grams. In early 2010, Domecq Bodegas took an additional step by reducing it to 380 grams. This measure, which involves 30 million bottles, will save 5,100 tonnes of glass and as much waste.



Heavy tradition 550g



Light tradition 500g



Sphere 450g



Optima 380g

# Reduce the impact of activities on the climate

With the CO<sub>2</sub> emissions generated, human activities increase the greenhouse effect, contributing to climate change, with important repercussions on both the environment and health. Faced with this challenge, Pernod Ricard has made commitments to measure its greenhouse gas emissions and take more targeted actions.

## Creating a report on greenhouse gas emissions

Pernod Ricard has measured its carbon footprint and 90% of the Group's production sites were evaluated. The target was to have a full carbon footprint by 2011 (100% of sites evaluated). This first snapshot has made it possible to quantify greenhouse gas emissions due directly to Pernod Ricard's activity around the world, to create a hierarchy of their sources and thus to better identify the priorities for action. Based on the results of their respective footprints, the subsidiaries are going to develop an individualised plan to reduce CO<sub>2</sub> emissions for the next five years.

## CO<sub>2</sub> emissions down significantly at production sites

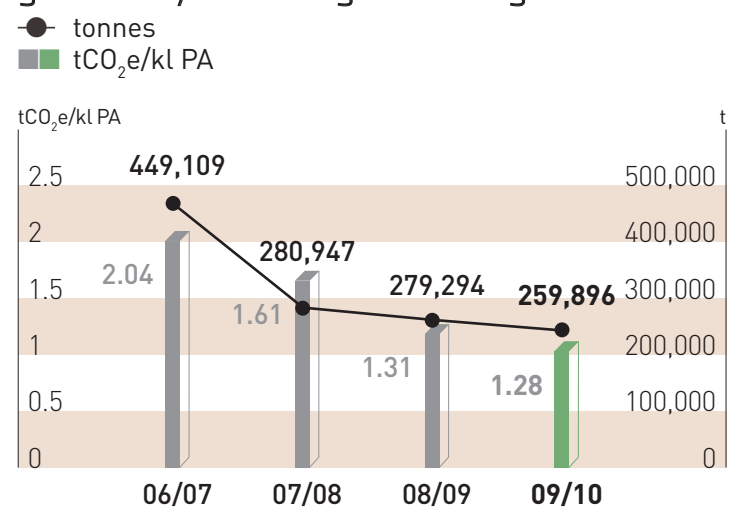
Direct emissions generated by consumption of fossil fuels by production sites decreased in 2009/2010 to 259,896 tonnes of CO<sub>2</sub> (compared to 279,294 tonnes of CO<sub>2</sub> the previous year). These numbers confirm the merit of the actions undertaken to improve the energy efficiency of sites. The Hermosillo distillery in Mexico reduced its CO<sub>2</sub> emissions by 38% by reducing its fuel consumption in favour of biomass. Action taken Group-wide also contributed to this improvement, for example, the Information Technology Department, which in 2009 had launched a process to optimise its information systems in order to reduce the com-

pany's total carbon footprint, continued its action to disseminate good practices (recycling, reduced energy consumption, development of videoconferencing, etc.).

## Levers of progress on indirect emissions related to products and services purchased

The Group also undertook to develop solutions to reduce indirect emissions generated upstream and downstream of production, by means of awareness-raising for its suppliers (see opposite). The eco-design actions undertaken also make it possible to reduce this footprint, with packaging contributing 31% to the Group's total emissions. In addition, it is estimated that 80% of shipping is done by sea, a shipping method that emits little CO<sub>2</sub>, and represents about one-fourth of CO<sub>2</sub> emissions related to Logistics.

## A 6.9% decline in direct CO<sub>2</sub> emissions given off by consuming fossil energies



## good PRACTICE



## In Mexico, a complete diagnostic, followed by actions

Having completed the full mapping of its greenhouse gas emissions, Casa Pedro Domecq undertook to measure the environmental impact of the packaging for all its products. To evaluate this impact, the subsidiary took two criteria into account, output volume and quantity of CO<sub>2</sub> released. This analysis helped identify the products with the highest impact (12 products representing only 23% of sales volume and nearly 34% of total emissions). The subsidiary now has an accurate view of the impact of its packaging, which is very useful in designing future products.



# Suppliers: a continuous progress approach

Sustainable Development concerns Pernod Ricard at all stages in the life cycle of its products. The Group therefore intends to share its commitment with suppliers and mobilise those involved all along the value-creation chain.

## Monitoring and referencing: toward a common tool

Each subsidiary selects and monitors its own suppliers, and since 2007 has had an 'Involvement in the respect of Sustainable Development' questionnaire to evaluate their practices. Chivas Brothers wanted to go beyond that benchmark and prepared a 'Supplier Audit Checklist', which includes approximately 100 criteria, of which about 20 are on social and environmental responsibility. This is used as a basis for monitoring the main suppliers, listing new suppliers, and getting them all to move toward stringent accreditations such as ISO14001 or FSC/ PEFC<sup>(1)</sup>. It will gradually be made available to all subsidiaries.

## Growers in the front ranks of suppliers

As well as providing suppliers with benefits, Pernod Ricard's success is intimately linked to their success. In the front rank of those suppliers are the growers. In 2009/2010, the Group bought or produced more than 950,000 tonnes of agricultural products: grapes and wines, cereals, fruits, and plants and herbs. Add to that processed products (alcohol, sugar, etc.), and 2.5 million tonnes of agricultural products are transformed, the equivalent of about 160,000 hectares of crops, on all five continents. Most often, these purchases are through contractual partnerships in which the Group commits to growers whose long-term interest it shares. Additionally, these make it possible to implement environmental protection actions (see page 112 of this Report).

## Coordinated initiatives

As a result of the subsidiaries' actions, carried out in cooperation with their suppliers, there have been significant improvements in our environmental impacts. These especially involve optimising packaging (lightening bottles, adapting cardboard inserts, choosing materials and processes, etc. See page 115 of this Report). They are also observed in the area of logistics, with the choice of better solutions for transporting purchased products in cooperation with the supplier.

## Procurement that incorporates social criteria

Considering social criteria is an integral part of choosing suppliers and products. For example, the subsidiaries regularly perform audits on suppliers of promotional products, which help to improve workers' working and living conditions. In Asia, for instance, this approach led one supplier to design a plant that incorporated safety and comfort standards that were higher than local standards and higher than originally planned. Meanwhile, the subsidiaries endeavour to develop innovative projects that respect local populations. The one initiated by Pernod Ricard Italia in Kerala, India, fits into this category: its aim is to support small producers by establishing a fair-trade spice production channel and leading targeted development actions (micro-lending, crop diversification, support for small-scale growers, etc.).

Pernod Ricard's very first act toward its suppliers is to seek their collective commitment, from the smallest SME-SMI to the large partner groups, to what the Group wants in terms of the responsible behaviours that it imposes on itself. The close ties established with every one of them helps when incorporating the challenges of Sustainable Development all along the value chain.

## good PRACTICE



New Smurfit Kappa bio boiler at Piteå (Sweden): a huge investment to produce electricity based on carbon neutral biomass and hence reduce CO<sub>2</sub> emissions.

## Smurfit Kappa, a committed supplier

Smurfit Kappa, a producer of paper-based packaging (carton cases, etc.), is a long-term Pernod Ricard partner. Very involved in social and environmental issues (like Pernod Ricard, member of the United Nations Global Compact), the group has certified the majority of its paper production sites to the FSC or PEFC<sup>(1)</sup> standards. It has also invested heavily in reducing CO<sub>2</sub> emissions and working to conserve raw materials. The work done in collaboration with Pernod Ricard made it possible to reduce the quantity of packaging materials used by 400 tonnes, helping to reduce CO<sub>2</sub> emissions.

<sup>(1)</sup> FSC and PEFC are independent organisations whose certification guarantees a sustainable management of forests.

## 2009/2010 ENVIRONMENTAL REPORT

### 2009/2010 environmental reporting scope

Pernod Ricard's environmental reporting covers the financial year (July-June) and concerns all of the 107 industrial production sites under operational control at 30 June 2010. During the 2009/2010 period, six sites were released from the industrial scope. Of those sites, only the Mendoza site was included in the environmental reporting scope, because the data from the other sites were not available at the close of the financial year, which brings the reporting scope to 108 sites. Only industrial sites are taken into account (agricultural lands, head offices and logistics sites are not included in the reporting scope).

CATEGORY	DEFINITION	UNIT	TOTAL
			2009/2010
NUMBER OF SITES	• Number of reporting sites		108
ISO 14001 (AT 30 JUNE 2010)	• Number of ISO 14001 certified sites <sup>(1)</sup> • Proportion of ISO 14001 certified sites in total production	% %	90 96
INVESTMENTS	• Amount of investment for environmental protection	€ M	7.30
COMPLIANCE OF ACTIVITY	• Fines or penalties related to the environment	NUMBER	2
PRODUCTION VOLUME	• Total production of a) distilled alcohol b) finished product	kl PA kl	202,740 1,182,500
WATER	• Total volume consumed <sup>(1)</sup>	m³	6,155,298
WASTEWATER	• Total volume of wastewater	m³	5,445,849
ENERGY	• Total energy consumed <sup>(1)</sup> of which: natural gas of which: electricity	MWh NCV MWh NCV MWh NCV	1,465,872 783,127 267,652
CO <sub>2</sub> EMISSIONS	• Direct emissions (Scope 1) <sup>(1)</sup> • Indirect emissions associated with electricity consumption (Scope 2)	tCO <sub>2</sub> e tCO <sub>2</sub> e	259,896 97,758
REFRIGERANT GASES	• Quantity of fluorinated gases installed • % of HFC in fluorinated gases installed • Quantity of fluorinated gases released into the atmosphere • % of fluorinated gases released into the atmosphere	kg % kg %	19,353 37.54 2,051 10.6
PACKAGING MATERIALS	• Glass consumption • Cardboard consumption	t t	698,948 64,074
ORGANIC WASTE	• Quantity of organic waste landfilled or incinerated	t	3,743
SOLID WASTE	• Total quantity of solid waste • Quantity of solid waste landfilled or incinerated • % of solid waste recycled or recovered	t t %	35,817 6,510 82
HAZARDOUS WASTE	• Quantity of hazardous waste treated externally	t	626

(1) Data that have been verified by the Statutory Auditors.

(2) The volumes cited in the 2008/2009 report have been adjusted due to a problem relating to the interpretation of a definition on two sites.

(3) Data concerning natural gas consumption, total energy consumption and CO<sub>2</sub> emissions for the years 2007/2009 have been adjusted compared with the data published in earlier reports, as natural gas consumption was reported in MWh GCV and not in MWh NCV, as was the case for other energy sources.



## Methodology

The chosen indicators make it possible to monitor the Group's environmental performance on the basis of indicators that are relevant to its industrial activity. They are drawn up using the GRI (Global Reporting Initiative, version G3) guidelines and principles while remaining adapted to the Group's specific activity where necessary.

The main categories of data collected concern: water management (consumption and effluents), energy consumption, waste management (organic, solid, hazardous, etc.), direct CO<sub>2</sub> emissions and environmental management.

PERNOD RICARD			UNIT	RATIO <sup>(4)</sup>					G3 GRI INDEX
2008/2009	2007/2008	2006/2007		a) or b)	2009/2010	2008/2009	2007/2008	2006/2007	
114	103	104	-	-	-	-	-	-	-
81	70	59	-	-	-	-	-	-	-
93	86	74	-	-	-	-	-	-	-
5.85	5.60	9.25	-	-	-	-	-	-	EN30
4	0	0	-	-	-	-	-	-	EN28
212,746	174,729	220,662			-	-	-	-	-
1,228,829	1,166,177	1,185,449			-	-	-	-	-
6,630,377 <sup>(2)</sup>	6,710,552	7,605,066	m³/kl PA m³/kl	a) b)	30.36 5.21	31.17 5.40	38.41 5.75	34.46 6.42	EN8
5,284,008 <sup>(2)</sup>	5,063,494	5,831,760	m³/kl PA m³/kl	a) b)	26.86 4.61	24.84 4.30	28.98 4.34	26.43 4.92	EN21
1,571,743 <sup>(3)</sup>	1,459,287 <sup>(3)</sup>	1,960,305 <sup>(3)</sup>	MWh/kl PA MWh/kl	a) b)	7.23 1.24	7.39 <sup>(3)</sup> 1.28 <sup>(3)</sup>	8.35 <sup>(3)</sup> 1.25 <sup>(3)</sup>	8.88 <sup>(3)</sup> 1.65 <sup>(3)</sup>	EN3 EN4
873,033 <sup>(3)</sup>	818,595 <sup>(3)</sup>	800,663 <sup>(3)</sup>		a) b)	- -	- -	- -	- -	
272,880	218,929	246,290		a) b)	- -	- -	- -	- -	
279,294 <sup>(3)</sup>	280,947 <sup>(3)</sup>	449,109 <sup>(3)</sup>	tCO <sub>2</sub> e/kl PA tCO <sub>2</sub> e/kl PA	a) a)	1.28 0.48	1.31 <sup>(3)</sup> 0.49	1.61 <sup>(3)</sup> 0.63	2.04 <sup>(3)</sup> -	EN16
20,499	20,249	20,480	-	-	-	-	-	-	EN19
27.2	23.7,	19.9	-	-	-	-	-	-	
2,940	2,297	2,330	-	-	-	-	-	-	
14.34	11.34,	11.38	-	-	-	-	-	-	
-	-	-	kg/kl (g/l)	b) b)	591 54	- -	- -	- -	EN1
7,106	11,631	18,359	kg/kl (g/l) PA kg/nl (g/l)	a) b)	18.46 3.17	33.40 5.78	66.57 9.97	83.20 15.49	EN22
32,879	32,202	40,652	kg/kl	b)	30.29	26.76	27.61	34.29	EN22
7,228	7,400	10,197	(g/l)	b)	5.51	5.88	6.35	8.60	
78	77	75	-	-	-	-	-	-	
515	349.8	432.2	kg/kl	b)	0.53	0.42	0.30	0.36	EN24

[4] a) Ratio for 1,000 litres of pure alcohol (kl PA).  
b) Ratio for 1,000 litres of finished products (kl).

# A heritage of creation and solidarity

—Cultural initiatives, sponsorship actions, and social solidarity projects are part of Pernod Ricard's Corporate Social Responsibility policy. Because these actions go beyond economic performance, they bear meaning for the entire Group, for both its internal and external audiences. Sharing creative experiences, supporting entrepreneurial initiative, making every Pernod Ricard employer the ambassador for these commitments—these are the objectives that the Group has set.

## A solidly-anchored tradition

Sponsorship and commitment to contemporary art are part of the Group's heritage. Even before the Group was created, Société Pernod was known for its advertisements created by contemporary artists of the period, such as A.M. Cassandre and André Wilquin. Pernod had also asked futurist architect Jean Willerval to design its head office in 1974. Meanwhile, Paul Ricard became a sponsor in 1966 by creating the Oceanographic Institute of Les Embiez, with the objective of making resources

for information, research, and observation of the ocean available to the public and to scientists. Passionate about painting and an artist himself, Paul Ricard also got involved early in promoting the arts, creating a foundation in the 1960s to help young artists increase their exposure and exhibit their talent. Today, the Foundation d'Entreprise Ricard awards a prize to one of the artists who best represent their generation and buys one of his or her works to donate to the Centre Pompidou.

“

Our social solidarity and cultural patronage approach is justified only if it means something for all of our stakeholders. As such, it must support our values and enhance our own culture so that each stakeholder is able to recognise him or herself as part of this movement and take a personal interest. These achievements must be seen as one of the vehicles for our new Group tagline: “Créateurs de convivialité.” To create means to be enterprising, while conviviality is synonymous with sharing, empathy and solidarity. That's why supporting all forms of creative expression, particularly contemporary art, is important to us. Lastly, when it comes to social solidarity, we focus on projects with entrepreneurial initiative but with a dual approach: to make sure that every employee can take responsibility for the Group's commitments.”

*Olivier Cavil*

*Vice-President, Corporate Communications*





## PERNOD RICARD ARTIST *of the year*: MARCOS LOPEZ



Marcos Lopez, self-portrait in Marseille, July 2010.

Pernod Ricard has always supported creativity, seeking out the talent of contemporary artists, whether for its advertising, bottles, posters, or its Annual Reports where the covers have been illustrated by a specially commissioned artwork for 30 years. In this way, Pernod Ricard has supported more than thirty painters in France and abroad, helping young artists gain recognition. For the first time, Pernod Ricard selected a contemporary photographer as their artist. Marcos Lopez from Argentina is known for his colour portrait work, 'Pop Latino'. His work was highlighted this year at Rencontres d'Arles (an internationally-recognised photography festival). Marcos staged the portraits of 18 employees, '18 Créateurs de convivialité' who embody the Group's multicultural identity through their professional choices and origins.



'Clin d'œil au voyage', by Marcos Lopez, Paris, August 2010.



# Culture for everyone

Since its creation, Pernod Ricard has pursued the historic commitment of its founding companies to promote contemporary art, with three objectives: encourage all forms of creativity, make art accessible to the greatest number, and share all artistic cultures. The aim of the Group's action is to highlight heritage by supporting institutions with international reach.

## A long-term commitment

The Group's priority is long-term actions with partners who hold authority in their field. The Group has sponsored the Centre Pompidou since 1997. Pernod Ricard, committed to improving the dialogue between art and the public, for the first time proposed an event involving the year's two leading exhibitions, Lucian Freud and DreamLand. Not only was it possible to see both exhibitions, but also to enjoy the interactive games that the Group had created especially for the occasion. These were digital video installations inviting visitors to interact with the artworks by opening a to 'dialogue' stream.

This initiative presents the new dimension that this partnership will take over the next three years: Pernod Ricard has become Grand Mécène (top sponsor) of the Centre Pompidou Virtuel, which will be completed in the first half of 2011. We believe this is a new phase in the sharing of the Museum's artistic heritage.

## Support for every culture

With seventy subsidiaries, the Group also aspires to showcase the cultures of the countries in which it operates. Since 2004, it has been the Grand Mécène (top sponsor) of the Musée du Quai Branly, dedicated to the Arts and Civilisations of Africa, Asia, Oceania, and the Americas, which promotes values close to its own: Respect for humanity, multiculturalism, and diversity. During the financial year, Pernod Ricard completed a new video by the artist Charles Sandison, 'The River', which screened on the access ramp to the exhibition halls, mixes the Group's image with the diversity of languages and cultures.

(...)

## good PRACTICES



Danza contemporanea de Cuba. 1



2

### Promoting local culture (1)

Conviviality is part of Cuban culture.

To promote Cuban culture, Havana Club International creates and supports many festivals and events labelled 'Havana Cultura' in the Americas and in Europe. To increase its support, the subsidiary launched a double album dedicated to the new sounds of Cuban culture, with Gilles Peterson, a well-known DJ producer. It also created an online magazine, [havana-cultura.com](http://havana-cultura.com), a veritable window on contemporary Cuban culture, highlighting two new artists each month. The site has registered nearly one million hits in one year.

### Supporting new talent (2)

Pernod Ricard China is associated with 'Martell Artists of the Year', which features artists from varied fields (painting, sculpture, photography) each year. Twenty-nine artists have been given the award since 2004, the year a major artistic event was launched. The awards were handed out at the Shanghai Museum of Art. Additionally, an artistic fund was established in 2007 in partnership with the Central Academy of Fine Arts in China, to support promising young artists. It funds a cultural exchange programme between France and China.





**Soochang HONG**—Senior Manager, Imperial Brand—Pernod Ricard Korea—**SOUTH KOREA** *by* **Marcos Lopez**

“Our time in Seoul was limited, and it was with great determination that we faced getting across the city, with its enormous traffic jams, in the rain, to get to the historic centre. The photo was taken when the traffic was at its worst! Soochang had the great foresight to bring his own stylist and makeup artist! There was no question of improvising!”



(...) **Giving young talent a chance**  
Pernod Ricard encourages the emergence of young talent. It supports the Atelier OstinatO, an orchestra composed of young instrumentalists, inviting them to appear at festivals and concerts and in exceptional venues, such as this year at the Opéra Comique in Paris.

good PRACTICES



**Restoring our heritage (1)**  
In France, Martell continued its sponsorship with the Château de Versailles, supporting the restoration of the paintings in the Antechamber of the Grand Couvert de la Reine, a room designed for the king to take his meals in public. This support epitomises Martell Mumm Perrier-Jouët's commitment to preserving, promoting and providing access to the historical heritage of France.



**Transmitting know-how (2)**  
In Canada, the Corby Company formed a five-year partnership with George Brown College, the country's largest and most prestigious hotel school. This partnership means the college can offer its new students a range of mixology workshops as part of the regular curriculum.



**Partnering with art and culture (3)**  
ABSOLUT has been a partner of the Dublin Fringe Festival for two years and renamed it 'Absolut Fringe'. It is the largest art and culture festival in Ireland, known for its creativity and pioneering spirit. Every September, it draws nearly 150,000 visitors.

**Sponsoring film events (4)**  
For more than ten years in 23 countries, Jameson has supported film festivals and events including the prestigious International Film Festival in Dublin, the Empire Awards in London in association with 'Empire', the world's most influential movie magazine, and the Independent Spirit Awards in Los Angeles.

**Celebrating creativity**  
In Poland, the Wyborowa brand has paired up with the film 'Beats of Freedom', which tells the story of Polish artists' and musicians' fight for freedom in the 1980s. Many celebrities and well-known figures attended the premiere in Warsaw, giving this VIP event national visibility.



# Solidarity actions on the ground

Aware of its social responsibility as a leading business, Pernod Ricard encourages solidarity actions. They are part of the entrepreneurial spirit of the Group, which ensures that they are supported by all employees. The Group also aspires to be an entrepreneur of social action, to help future entrepreneurs.

## Taking concrete action

In 2008, Pernod Ricard signed a partnership agreement with PlaNet Finance, an international organisation focused on the development of micro-lending, which helps fund the business projects of low-income individuals. As such, the Group has committed to supporting projects presented by women (for small businesses, for example) in Senegal, Mali, and Ivory Coast. This year, with the initiative of Pernod Ricard Italia and one of its suppliers, the Group is reviewing the feasibility of a project to promote the growth of small Indian producers by means of fair-trade crops.

## Encouraging employees to be involved

True to its values, Pernod Ricard encourages its employees to be involved and take the initiative. Following the earthquake in Haiti in January 2010, the Group chose to support a field organisation, Appel, with which it already had a long-term relationship in Haiti. The principle was simple: make it possible for employees to fund concrete, visible reconstruction projects.

Pernod Ricard thus established a matching-gift system for its employees: for each euro donated, the Group gave an additional euro.

The funds collected met some of the Haitian people's basic needs such as psychological support for the traumatised and material assistance to survivors.

These funds will also be used to complete long-term projects, such as helping with occupational training, so that the most disadvantaged can create their own businesses.

## good PRACTICES



### Partners with Appel since 2005 (1)

Sharing the same concept of sustainable development in solidarity, Pernod Ricard chose to join forces with Appel, an international aid organisation that deploys education and health actions. In Haiti, on Tortuga Island, this assistance meant nearly 400 new water tanks and a health education programme in cooperation with the hospital.

### Developing social ties: volunteerism (2)

The employees of Pernod Ricard USA's New York office gave one day of their time to Habitat for Humanity, an association dedicated to building homes for low-income families. They helped out on the building site of a house in Brooklyn. Meanwhile, the subsidiary provided financial support.



### Sharing meaningful moments: get involved on the ground

In Mexico, Casa Pedro Domecq encouraged its employees to be involved on a day-to-day basis with local associations with a view to sharing and solidarity in line with the values of Mexican society.





# Creators *of* VALUE

—Pernod Ricard has become one of the most important creators of value in the Wines & Spirits sector. In ten years, net sales have multiplied four times over and profit from recurring operations by six. For the coming years, the Group's aim is to create value through three major levers: sales growth, cash conversion and optimal resource allocation.

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FINANCIAL OVERVIEW.....	p.132
SHARE OVERVIEW .....	p.136
SHAREHOLDER COMMUNICATIONS .....	p.140



## *Interview*

# Gilles BOGAERT

Managing Director, Finance

— Gilles Bogaert joined the Group as an internal auditor in 1995, then alternated line management duties with Holding Company duties: He was Vice-President of Administration and Finance of Pernod Ricard Argentina in 1998, Vice-President of Administration and Finance of Pernod Ricard Central & South America (CESAM) in 2002, and Chairman & CEO of Pernod Ricard Brasil in 2008; at the Holding Company, he served as Director of Audit and Business Development of Pernod Ricard in 2003 and, most recently, has been Managing Director, Finance, since July 2009.



“

THE GROWTH IN  
OUR PROFITABILITY  
HAS NOT BEEN AT  
THE EXPENSE OF  
OUR BRAND-BUILDING.  
THESE ARE THE INGREDIENTS  
OF SOLID AND SUSTAINABLE  
PERFORMANCE.”



**What is your analysis of the Group's financial performance for the year? Did you meet your previously announced targets?**

I'm pleased with our performance. We generated a 4% operating margin, better than our initial target of 1%-3%.

The 2% organic growth in net sales is better than the previous year's, when our sales were flat.

The key benefit of Premiumisation, which has been pursued despite the crisis, is that it came with a better mix (higher growth of the Top 14 strategic brands at 4%), which markedly improved the gross margin rate.

Finally—and this is most telling—the growth in profitability was achieved while increasing expenditure on our key brands. Advertising and promotion expenditure actually increased 5%.

So our improved profitability has not been at the expense of our brand-building. These are the ingredients of our solid and healthy performance, we have not sacrificed the long-term to the short-term.

Two years after the start of the crisis, the richness of our portfolio and our excellent geographic exposure are major assets.

The Group has benefited from the momentum of emerging markets (8% organic growth in net sales), particularly Asia, which has offset the more difficult situation in some mature markets, such as Spain.

**What was the impact of the euro/dollar exchange rate on profits?**

When nearly three-quarters of our profits are in dollars or related currencies, the dollar's appreciation against the euro and other European currencies (GBP, SEK) technically works in our favour. Our Brand Companies produce mainly in Europe and export to our Market Companies around the world.

Over the 2009/2010 financial year, given the high volatility of currencies, the US dollar depreciated slightly against the euro (1.39 vs. 1.37) at average exchange rates, although it did appreciate strongly at year-end (€/US\$ exchange rate of 1.23 at 30 June 2010).

Thus, we did not benefit from a favourable currency impact for the US dollar on the Group's operating profits, but we should do so in 2010/2011.

The currency impact on 2009/2010 profit from recurring operations was negative by €58 million this is due exclusively to the devaluation of the Venezuelan Bolívar.

**Pernod Ricard has made debt reduction a priority. How is the Group doing since the sale of its Swedish and Danish assets to Altia of Finland?**

Our debt reduction continued at a rapid pace in 2009/2010. Not including currency translation, debt declined by €1,090 million.

This is largely due to the strong generation of free cash flow (€1,110 million), but also to one-time cash-optimisation items: disposals (including Tia Maria, Scandinavian assets) and the dividend reduced to 0.50 per share for financial year 2008/2009.

The best indicator for measuring debt reduction is the net debt/EBITDA ratio (calculated with debt converted at average exchange rates): it fell from 5.4 to 4.9 at end June 2010—which is a significant drop.

With regard to disposals, with €800 million in assets sold at end June (€860 million including disposals of Spanish assets after 30 June 2010), we are close to completing our programme.

Other disposals may be planned if the strategic interest is justified and the price offered is sufficiently attractive.

(...)



WE ANNOUNCED A TARGET OF ONE BILLION EUROS IN DISPOSALS. TO DATE, WITH 800 MILLION EUROS IN ASSETS SOLD, WE ARE CLOSE TO COMPLETING OUR PROGRAMME.”



(...)

**Over the last ten years, Pernod Ricard has demonstrated its ability to create value thanks to a dynamic acquisition policy. What does the Group intend to do now that external growth is no longer a priority?**

The Group actually stands out in the sector because of its ability to create value. In 10 years, our net sales have multiplied by four and our profits by six. The acquisitions of Seagram, Allied Domecq, and Vin&Sprit drove these strong growth multiples. But they were not the only factors. We were also able to generate organic growth in both our historic brands and our acquired brands.

Today, the challenge is to continue on this virtuous path by constantly seeking to improve the effectiveness of points of contact with our customers, by promoting a strategic focus, creativity and a quick execution.

That concludes the challenge of our corporate project, Agility. We can add up the major levers of value creation using a simple financial equation: net sales growth, cash conversion and optimal resource allocation.

This financial equation is fully consistent with our major strategic objectives.

Growth in net sales is the main lever for improving our profitability, which is why we must invest in our brands over the long term, by being creative and innovative. Cash conversion will help us reduce our debt. This requires being rigorous in the management of our strategic inventories, capital investments, and working capital requirements. With the crisis, we are seeing a very mixed picture in terms of growth of brands and countries. Value creation is not standardised across the world so choices must be made to optimally allocate our resources.

**Does the emphasis on debt reduction and growth affect performance management?**

The priority of debt reduction and organic growth increases our performance management requirements.

We have a set of targeted indicators, most of which are used in calculating our managers' bonuses: indicators of profitability (contribution of brands after promotional expenditure, operating profit), operating cash flow, net debt/EBITDA ratio (for executive directors).

The return on capital employed (ROCE) is an increasingly useful indicator, it is very helpful in streamlining the asset base and making the right allocation choice.

**How can the Group reconcile decentralisation and cost optimisation?**

Our corporate project Agility is, above all, a growth project and decentralisation has been clearly confirmed as one of the cornerstones that sets Pernod Ricard apart. It is a result of our desire to be closer to our consumers and markets. It is an asset to be preserved, we do want to take advantage of our size and continually launch cost-optimising initiatives.

By having a coordinated approach, we can reduce our costs, create value, gain experience and efficiency. For several years, we have been focusing our efforts on our purchasing policy. Now, our direct purchases of raw materials—as well as some indirect purchases such as promotional materials—are pooled on a regional or global basis. Coordinated logistics management can also improve production management and inventory levels.

Likewise, for several years we have been deploying a strategy Group-wide that moves toward convergence of our IT tools.





Lastly, we are pooling administrative duties where it makes sense, with the primary aim of best serving the business.

To continue in this direction, we are committed to promoting the exchange of good practices among teams and not only in regard to business and marketing issues.

To avoid wasting energy or resources in 'reinventing the wheel' simultaneously in several entities, we must rely on the expertise and experience disseminated within the Group.

We must be able to identify the best practices for creating value in a decentralised organisation, circulate them, and see that they are applied.

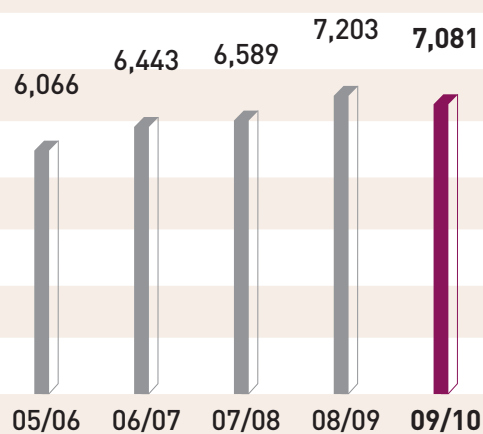
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“WE MUST BE  
ABLE TO IDENTIFY  
THE BEST PRACTICES FOR  
CREATING VALUE.”

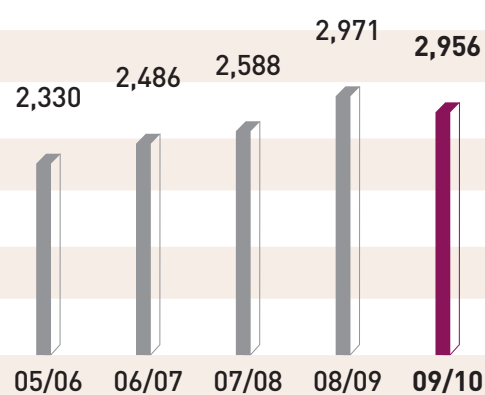
## 2009/2010 figures

— In an economic environment that had mixed performance, but improved overall in the second half of its financial year, Pernod Ricard posted a healthy financial position, marked by the quality of its results and significant debt reduction.

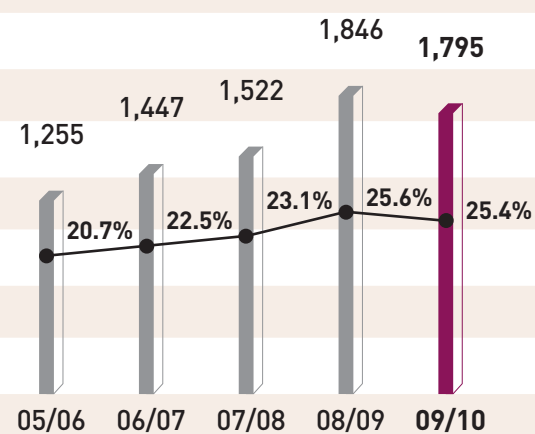
Net sales  
In euro millions



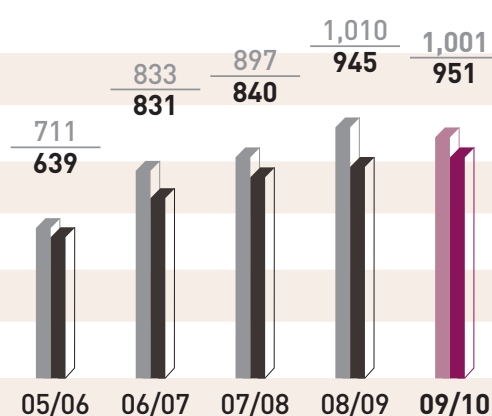
Contribution after advertising and promotion expenses  
In euro millions



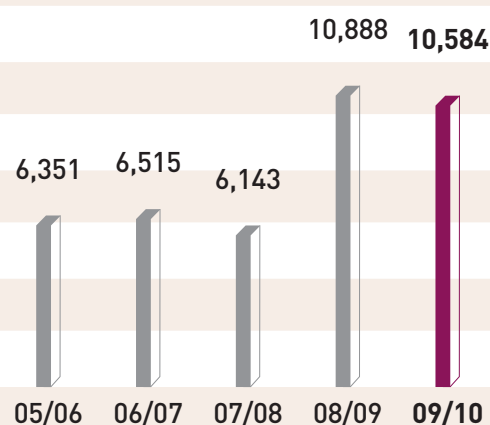
Profit from recurring operations  
Operating margin  
In euro millions and as a % of net sales



Group net profit from recurring operations  
Group net profit  
In euro millions



Change in net financial debt  
In euro millions



■ Group net profit from recurring operations  
■ Group net profit

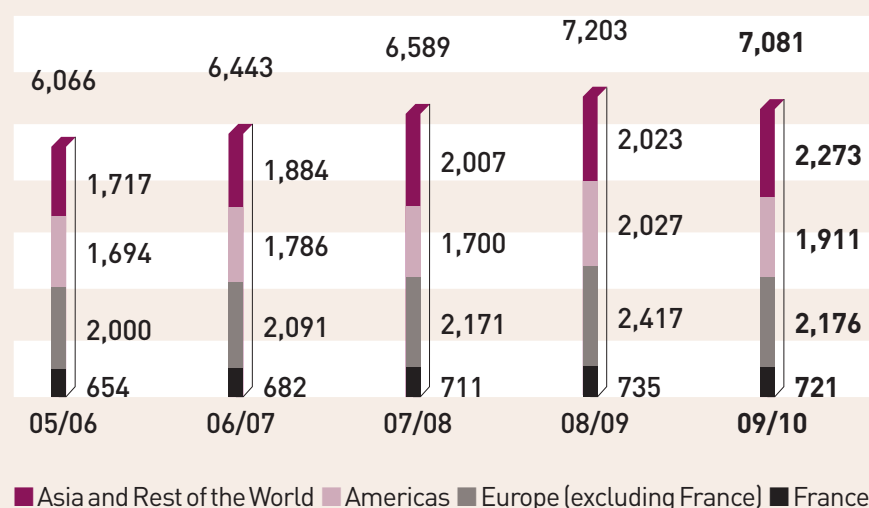




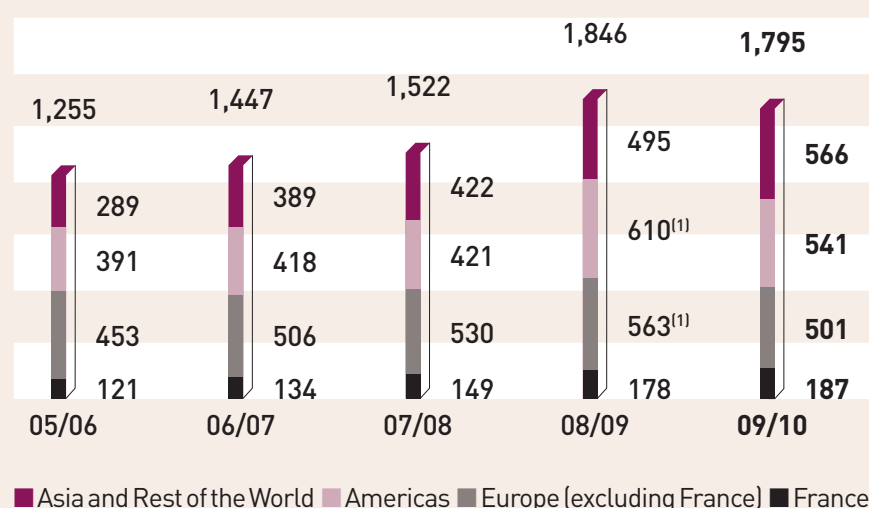
€7,081m  
2009/2010  
NET SALES

€1,795m  
PROFIT FROM  
RECURRING OPERATIONS

### Sales by region In euro millions



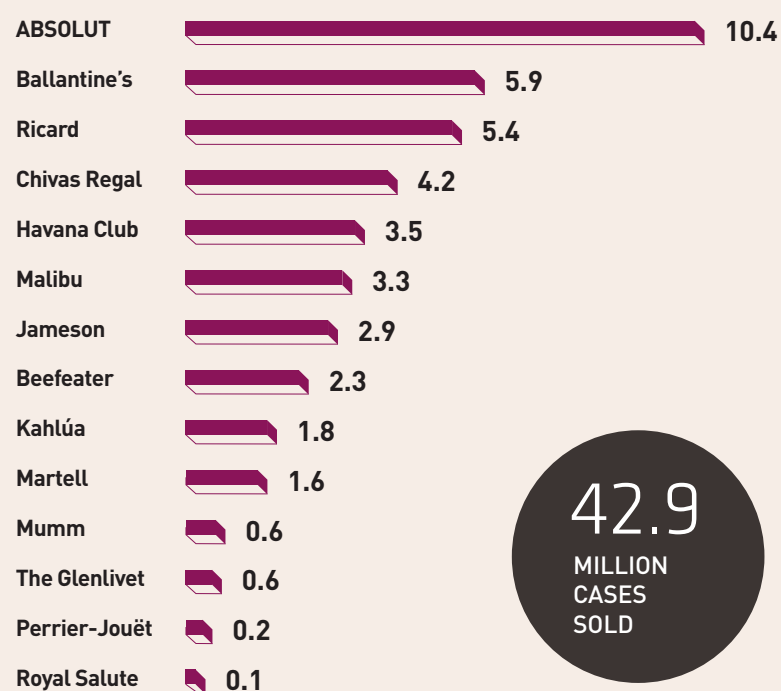
### Profit from recurring operations by region In euro millions



(1) Reclassification of €26 million in other income and expenses in the Americas (-26) and Europe (excluding France) (+26) in 2008/2009.

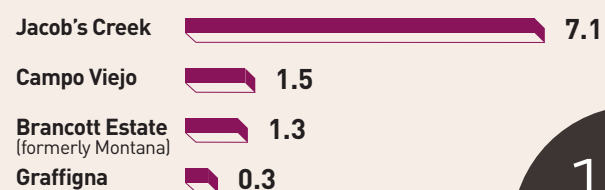
### Volume per brand In millions of 9-litre cases

#### 14 STRATEGIC SPIRITS AND CHAMPAGNE BRANDS



42.9  
MILLION  
CASES  
SOLD

#### 4 PRIORITY PREMIUM WINE BRANDS



10.2  
MILLION  
CASES  
SOLD

## FINANCIAL OVERVIEW

### Annual consolidated balance sheet

*In euro millions*

ASSETS	30.06.2009	30.06.2010
Net amounts		
<b>Non-current assets</b>		
Intangible assets	11,310	12,364
Goodwill	4,888	5,393
Property, plant and equipment	1,757	1,823
Biological assets	75	116
Non-current financial assets	105	118
Investments in associates	3	6
Deferred tax assets	1,115	1,307
Non-current derivative instruments	–	20
<b>NON-CURRENT ASSETS</b>	<b>19,253</b>	<b>21,148</b>
<b>Current assets</b>		
Inventories	3,714	4,007
Trade receivables	936	944
Income taxes receivable	58	37
Other current assets	185	218
Current derivative instruments	23	12
Cash and cash equivalents	520	701
<b>CURRENT ASSETS</b>	<b>5,435</b>	<b>5,918</b>
Assets held for sale	178	42
<b>TOTAL ASSETS</b>	<b>24,867</b>	<b>27,107</b>

LIABILITIES AND SHAREHOLDERS' EQUITY	30.06.2009	30.06.2010
<b>Shareholders' equity</b>		
Share capital	401	410
Share premium	3,019	3,022
Retained earnings and currency translation adjustments	3,058	4,739
Group net profit	945	951
<b>GROUP SHAREHOLDERS' EQUITY</b>	<b>7,423</b>	<b>9,122</b>
Minority interests	185	216
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>7,608</b>	<b>9,337</b>
<b>Non-current liabilities</b>		
Non-current provisions	521	691
Provisions for pensions and other long-term employee benefits	405	408
Deferred tax liabilities	2,217	2,500
Bonds—non-current	2,523	2,893
Non-current derivative instruments	427	375
Other non-current financial liabilities	8,297	6,925
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>14,390</b>	<b>13,792</b>
<b>Current liabilities</b>		
Current provisions	312	312
Trade payables	1,759	1,871
Income taxes payable	101	104
Other current liabilities	209	224
Other current financial liabilities	383	317
Bonds—current	17	934
Current derivative instruments	28	212
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,810</b>	<b>3,975</b>
Liabilities held for sale	60	2
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>24,867</b>	<b>27,107</b>



## Annual consolidated income statement

*In euro millions*

	30.06.2009	30.06.2010
Net sales	7,203	7,081
Cost of sales	(2,995)	(2,863)
<b>Gross margin after logistics costs</b>	<b>4,208</b>	<b>4,218</b>
Advertising and promotion	(1,237)	(1,262)
<b>Contribution after advertising and promotional expenses</b>	<b>2,971</b>	<b>2,956</b>
Trading costs and overheads	(1,125)	(1,160)
<b>Profit from recurring operations</b>	<b>1,846</b>	<b>1,795</b>
Other operating income	362	234
Other operating expenses	(452)	(322)
<b>Operating profit</b>	<b>1,757</b>	<b>1,707</b>
Financial expenses	(710)	(524)
Financial income	19	17
<b>Interest (expense) income</b>	<b>(691)</b>	<b>(507)</b>
Corporate income tax	(108)	(223)
Share of net profit/(loss) of associates	0	1
<b>Net profit from continuing operations</b>	<b>958</b>	<b>978</b>
Net profit from discontinued operations	8	0
<b>NET PROFIT</b>	<b>966</b>	<b>978</b>
Including:		
• Attributable to minority interests	21	27
• Attributable to equity holders of the Parent	945	951
Earnings per share—basic (in euro) <sup>(1)</sup>	3.94	3.62
Earnings per share—diluted (in euro) <sup>(1)</sup>	3.92	3.59
Net earnings per share from continuing operations (excluding discontinued operations)—basic (in euro) <sup>(1)</sup>	3.91	3.62
Net earnings per share from continuing operations (excluding discontinued operations)—diluted (in euro) <sup>(1)</sup>	3.88	3.59

(1) In accordance with IAS 33, the following adjustments have been made:

- Earnings per share at 30 June 2009 was adjusted for the bonus rights issue of one share for each 50 shares held on 18 November 2009.

## Analysis of business activity by geographic area

*In euro millions*

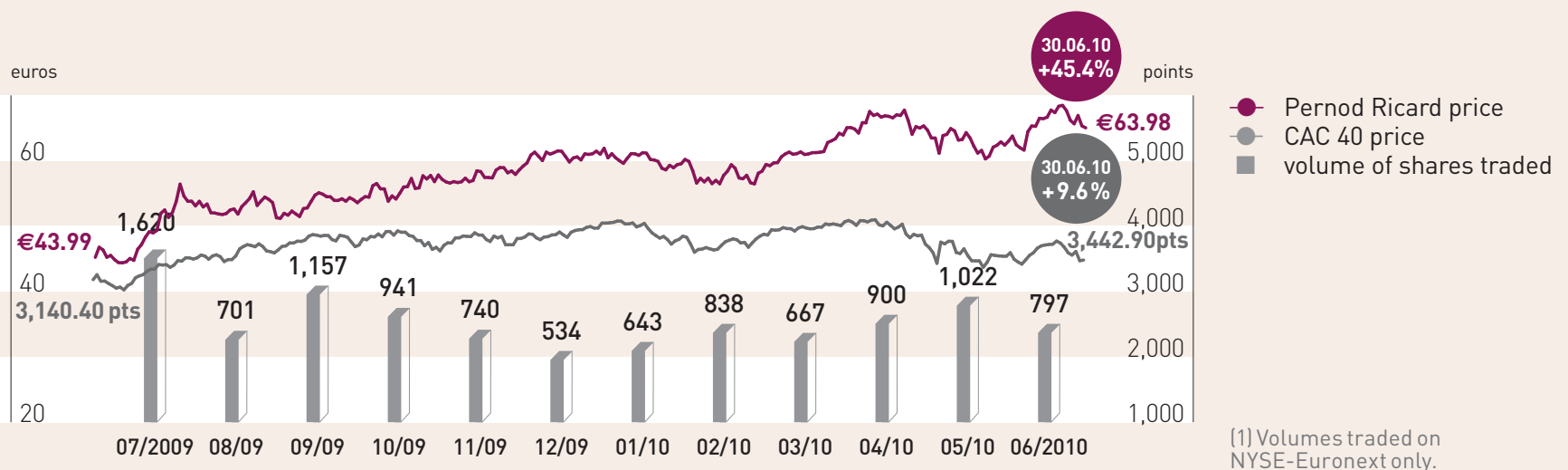
ASIA / REST OF THE WORLD	30.06.2009	30.06.2010	Organic growth	
Net sales	2,023	2,273	181	9%
Gross margin after logistics costs	1,136	1,263	107	10%
Contribution after advertising and promotional expenses	753	839	71	10%
<b>Profit from recurring operations</b>	<b>495</b>	<b>566</b>	<b>66</b>	<b>14%</b>
AMERICAS	30.06.2009	30.06.2010	Organic growth	
Net sales	2,027	1,911	74	4%
Gross margin after logistics costs	1,253	1,193	57	5%
Contribution after advertising and promotional expenses	907	861	34	4%
<b>Profit from recurring operations<sup>(2)</sup></b>	<b>610</b>	<b>541</b>	<b>6</b>	<b>1%</b>
EUROPE (EXCLUDING FRANCE)	30.06.2009	30.06.2010	Organic growth	
Net sales	2,417	2,176	(123)	-5%
Gross margin after logistics costs	1,302	1,234	(10)	-1%
Contribution after advertising and promotional expenses	963	897	(14)	-2%
<b>Profit from recurring operations<sup>(2)</sup></b>	<b>563</b>	<b>501</b>	<b>(14)</b>	<b>-3%</b>
FRANCE	30.06.2009	30.06.2010	Organic growth	
Net sales	735	721	(2)	0%
Gross margin after logistics expenses	518	528	12	2%
Contribution after advertising and promotional expenses	348	358	12	3%
<b>Profit from recurring operations</b>	<b>178</b>	<b>187</b>	<b>11</b>	<b>7%</b>
TOTAL	30.06.2009	30.06.2010	Organic growth	
Net sales	7,203	7,081	130	2%
Gross margin after logistics expenses	4,208	4,218	167	4%
Contribution after advertising and promotional expenses	2,971	2,956	102	4%
<b>Profit from recurring operations</b>	<b>1,846</b>	<b>1,795</b>	<b>69</b>	<b>4%</b>

(2) Reclassification of €26 million in other income and expense between the Americas and Europe in financial year 2008/2009.

# 2009/2010 Share performance

— In an uncertain macroeconomic environment,  
Pernod Ricard's share  
largely outperformed the CAC 40.

Change in the share price over one year in comparison with the CAC 40 index and trading volumes<sup>(1)</sup>



*By Denis Fievet*  
Vice President, Financial Communication and Investor Relations

### Pernod Ricard shares: +45% since 1 July 2009

After two turbulent years, stock market indices were up overall for financial year 2009/2010. However, macroeconomic uncertainties surrounding public debt and austerity measures were the source of great volatility. After initially stimulating the indices, the recovery plans then raised fears about their mode of financing. In this environment, Pernod Ricard's share largely outperformed the Paris index by closing at €64 on 30 June 2010. It has posted +45% annual growth since 1 July 2009—significantly better than the CAC 40 (+10%).

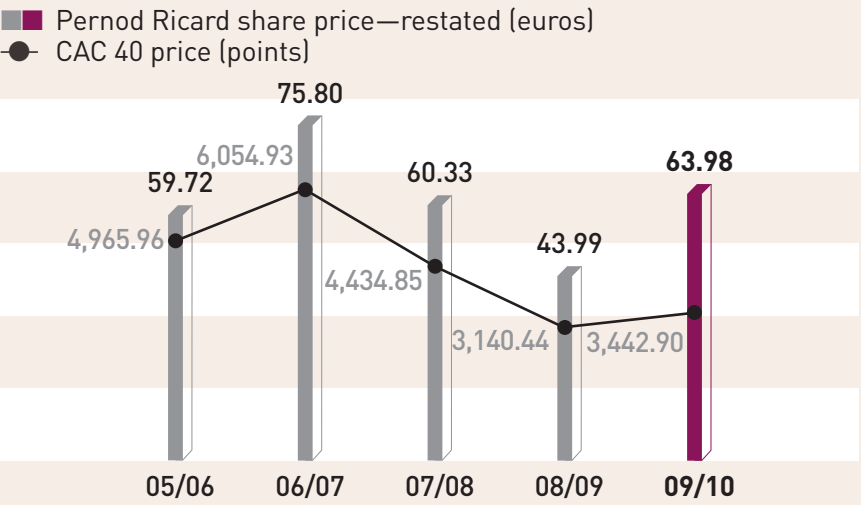
This performance on the stock market is not only due to Pernod Ricard's status as a defensive share in an uncertain environment, but also to its solid financial results. Indeed, during the financial year, Pernod Ricard regularly confirmed or improved its performance targets, while proving its commitment to pursue investments in its brands. In this way, the Group boosted market confidence through the relevance of its strategy and its ability to optimise future growth.



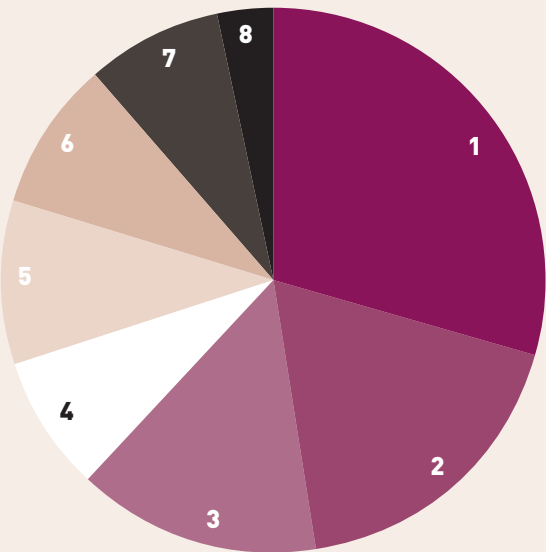


Pernod Ricard is traded on the Paris stock exchange on NYSE Euronext SA Paris Eurolist (compartment A) SRD (deferred settlement service). The Group is included in the CAC 40 index, accounting for 2.015% of total market capitalisation at 30 June 2009. The Pernod Ricard share is eligible for inclusion in French 'PEA' share savings plans (Plan d'Épargne en Actions) and for SRD (Service à Règlement Différé—deferred settlement service).

Value of the Pernod Ricard share over five years (price at 30 June)



Breakdown of share capital at 30 June 2010



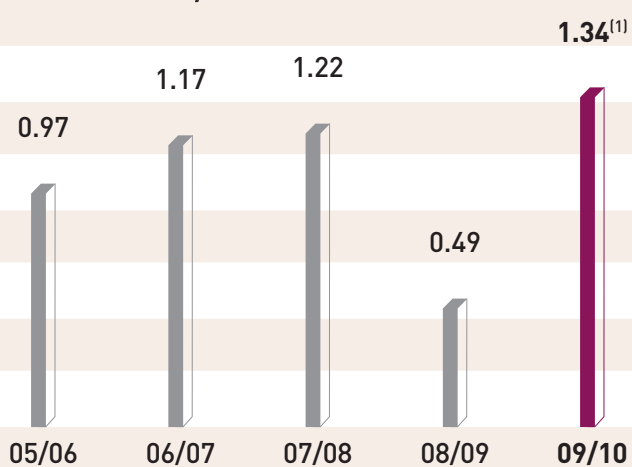
(1) U.S. institutional investors.....	29.5%
(2) French institutional investors .....	18.2%
(3) Société Paul Ricard .....	14.3%
(4) Other foreign and miscellaneous institutional investors .....	8.1%
(5) Groupe Bruxelles Lambert.....	9.8%
(6) Individual shareholders .....	8.8%
(7) U.K. institutional investors .....	8.1%
(8) Board + Management + Employees + Treasury shares .....	3.2%



## SHARE OVERVIEW



Net dividend (restated) over  
the last five financial years  
*In euros*



[1] Subject to the Shareholders' approval.

### 2010 dividend

At its meeting on 1 September 2010, the Board of Directors decided to submit to the Shareholders' vote a dividend of €1.34 per share. The interim dividend of €0.61 paid on 7 July 2010 would leave a balance of €0.73 per share. Subject to the Shareholders' approval, the ex-date of this balance will be 12 November and the payment date 17 November 2010.

SUMMARY OF STOCK MARKET DATA	2007/2008	2008/2009	2009/2010
Number of listed shares at 30 June	219,682,974	258,640,536	264,232,313
Average number shares (except Treasury shares)—diluted <sup>(2)</sup>	234,757,940	241,221,105	264,856,425
Stock market capitalisation at 30 June (€m)	14,334	11,605	16,906
Diluted Group net profit from recurring operations per share	4.13	4.27	3.78
Diluted Group net profit from recurring operations per share (after restatement) <sup>(2)</sup>	3.82	4.19	3.78
Dividend per share	1.32	0.5	1.34
Dividend per share after restatement <sup>(2)</sup>	1.22	0.49	1.34
Average monthly volume of trades	21,039	31,627	19,258
Average monthly volume of trades after restatement <sup>(2)</sup>	24,283	36,012	19,351
Highest share price for the financial year	83.3	67.9	67.51
Highest share price for the financial year after restatement <sup>(2)</sup>	76.47	65.29	67.51
Lowest share price for the financial year	61.7	38.6	35.89
Lowest share price for the financial year after restatement <sup>(2)</sup>	55.88	37.06	35.19
Average share price for the financial year	74.03	49.63	58.17
Average share price for the financial year after restatement <sup>(2)</sup>	67.11	47.71	57.32
Share price at 30 June	65.25	44.87	63.98
Share price at 30 June after restatement <sup>(2)</sup>	60.33	43.99	63.98

[2] Historical data were restated to take into account the capital increase through the allocation of one bonus share for 50 shares carried out 18 November 2009.





**Paul MANN**—Director of Marketing Finance—Pernod Ricard USA—UNITED STATES *by* **Marcos Lopez**

“Despite my very basic English, Paul and I understood each other perfectly—both strangers in New York! He an Englishman with his references to the punk movement—and I, an Argentine... We Argentines appreciate the English sense of humour. I suggested we go to the Lower East side, which I know well. For once, it was I who had to temper Paul’s somewhat transgressive creative mind! We ended our day sharing a good meal in an Irish pub, just like two old friends.”

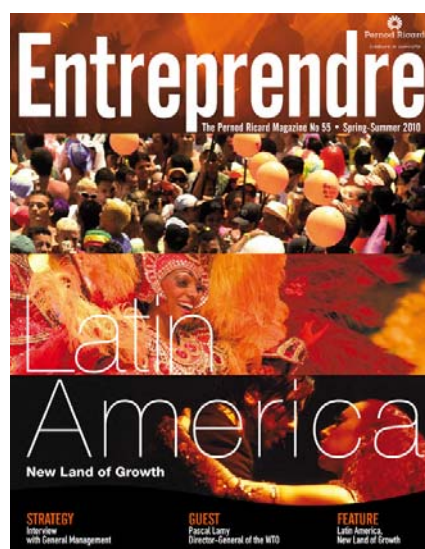


# Conviviality shared with our shareholders

—Pernod Ricard has endeavoured to create a relationship of trust with its shareholders based on open channels of communication and dialogue. With its Club Premium and tailored communication tools, which ensure transparent and quality information, the Group shares with them its culture and spirit of conviviality.

## Communications in line with expectations

Pernod Ricard is constantly developing its communications in order to better respond to its shareholders' needs. Communication is centred on two complementary media: the Group's website which provides all the key information in terms of figures, dates, and brands; and 'Entreprendre' magazine, created in 1983 and circulated in three languages to all employees and shareholders. The magazine is the result of the in-depth involvement of both the general management and the subsidiaries. It unlocks the history of the Group and its products and offers detailed coverage of its global strategy, business lines, and know-how. True to its transparency ethic, Pernod Ricard allows its shareholders (analysts, reporters, etc.) to follow the Annual General Meeting in real time. Beginning this year, to promote interactivity, this meeting is being broadcast via webcam. In addition, shareholders will have the option of asking their questions in real time.



## Club Premium—a place for contact and culture

To strengthen bonds and introduce shareholders to its culture and roots, Pernod Ricard created Club Premium in 2006. Its

10,500 shareholding members are provided with an information letter, a freephone number, and a dedicated mini-site. The Club also gives them the option of attending many events—both convivial and unique—with themes central to Pernod Ricard's activities and commitments: its products, the environment, and contemporary art. This year shareholders had the option of touring the cellars of G.H. Mumm, Martell, and Perrier-Jouët, taking wine-tasting and cocktail-mixing workshops, and visiting Les Embiez Island, Paul Ricard's Oceanographic Institute, and the Domaine du Mas de Méjanès in Camargue, a region where Paul Ricard has brought back rice farming. In terms of cultural events, several concerts have been held for members, notably by the Orchestre Ostinato, as have various contemporary art exhibitions.

## SHAREHOLDERS' DIARY

- » 21 OCTOBER 2010: 2010/2011 first quarter sales and 2010/2011 full-year guidance
- » 10 NOVEMBER 2010: Annual General Meeting for the 2009/2010 financial year
- » 17 FEBRUARY 2011: 2010/2011 half-year sales and results
- » 05 MAY 2011: 2010/2011 third quarter sales

## good PRACTICE



### Exceptional cultural events

Pernod Ricard's Club Premium members can experience exceptional moments, such as private tours of exhibitions. In October 2009, they were invited into the world of the FIAC (Foire internationale d'art contemporain—International Contemporary Art Fair), held in the courtyard of the Louvre, with commentary by a lecturer (photo). The day ended with a visit to the exhibition at the Fondation d'Entreprise Ricard, which has been committed to contemporary art since its creation, and supports one artist each year by buying one of his or her works. In January 2010, 350 shareholders also took a private tour of the 'Soulages' show at the Centre Pompidou Museum.





A French Public Limited Company with share capital of €409,560,085.15

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Cover and portrait series on pages 35, 39, 41, 43, 47, 49, 53, 57, 59, 63, 75, 79, 83, 95, 103, 109, 121, 123, and 139: Advice, direction and artistic coordination: Arts Affaires, © Marcos Lopez – Arts Affaires.

Pages 8, 10, 17, 18, 19, 20, 21, 22, 23, 26, 27, 28, 29, 64, 65, 90, 91, 92, 93, 128, 129, 130, 131: Jean Chiscano, with the generous participation of the Majestic Hotel & Villa, Sir Winston's, Le Toro restaurant, Publicis Drugstore, and Auberge DAB in Paris.

Pages 68, 69: Gilles Coutin, with the generous participation of the Comptoir de l'Arc in Paris.

Pages 111: GoodPlanet / SKG Sangha.

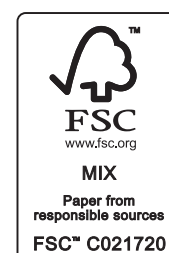
Pages 112, 116: Ilán Rabchinsky.

Pages 124: Anne Chauvet.

**Copies of this document are available on request from the Group's head office.**

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Portraits—Marcos Lopez