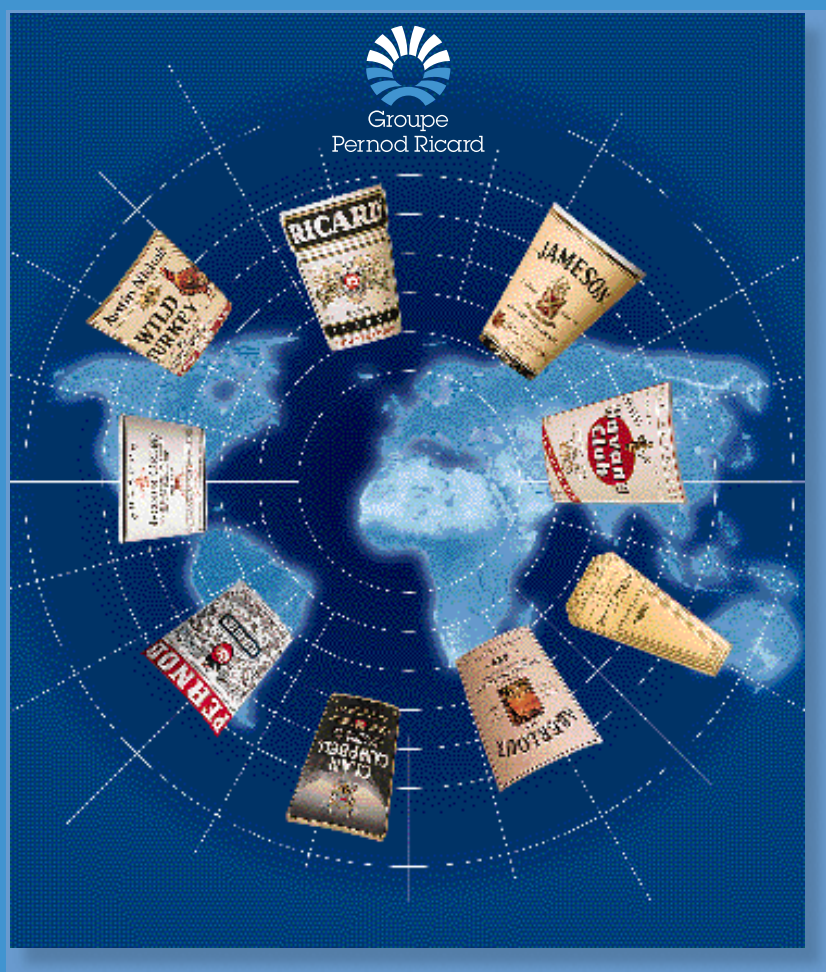


2-3	A message from the Chairman	70% of activity realised outside of France and 75% does not involve anis	
4-9	Groupe presentation	Our presence around the world Strategy, principles, organisation Our major brands	
10-15	The Year in Review with Thierry Jacquillat	A winning strategy Key figures Key events	
16-27	News from the regions	France: 31% of consolidated turnover	16
		Europe: Pernod Ricard's leading market region	19
		The Americas: Solid assets throughout the continent	22
		Cuba: the birthplace of cocktails	24
		Australia: double digit growth in export	25
		Asia: the Groupe consolidates its positions	27
28-29	The Stock Market	The Pernod Ricard Share: + 23%	
30-32	Human Resources	A confirmed trend towards internationalisation	



70% of activity is realised outside of France and 75% does not involve anis

We have just completed a record year, record in terms of turnover, profits and our level of diversification. All over the world, with the exception of France, our sales of spirits have increased, despite a rather slack world market, whilst our "world wines" have been able to benefit from a positive environment. At the same time, our nonalcoholic activities have contributed considerably to the increase in sales and profits.

PATRICK RICARD:

AN EXCELLENT
VINTAGE

SPIRITS: ANIS - A RANGE OF PRODUCTS WITH WORLDWIDE POTENTIAL

Outside of France our activities now represent almost 70% of the Groupe's total turnover. This is an important stage in our development.

All the more so because our geographical diversification has been accompanied by a significant expansion in our range of products. According to the objective which we set ourselves at the very beginning when we founded the Groupe, anis-based spirits, to which we owe our name and our history, were not to represent more than 25% of the consolidated "wines and spirits" activity. They continued however to expand throughout 1997, whether in volume, value or market share, depending on the country and the region. The range of anis brands also grew with the acquisition of a Greek anis, the ouzo Mini.

Together with our range of "wines of the world", our whiskies and our white spirits have become Pernod Ricard's key growth areas, as have our brands with a heavy regional basis, brands which are often very profitable.

NONALCOHOLIC ACTIVITIES: THE BALANCE

The alcohol-free activities have always represented a key area of diversification for our Groupe. And this year again this strategy proved to be well-founded since the performances recorded by this sector have made up for the downturn in the French spirits market, a slump which followed the new increase in duties on alcohol which was enforced at the beginning of the year.

Our nonalcoholic activities have grown very healthily, in volume and profitability. In 1997 they represented over 52% of our turnover, wildly exceeding the objectives we had set. In this sector our subsidiary SIAS, the world leader in fruit preparations, experienced rapid growth in an expanding market. In France, Ireland and Great Britain, under the impetus of the teams which we set up, our nonalcoholic activities continued to increase. Today they contribute fully to the profitability of the Groupe.

EXTERNAL GROWTH: OUR WINNING STRATEGY

With the acquisition of the company Larios, we now have in Spain a strong network and a well established brand of gin, whose potential extends well beyond the frontiers of the Spanish market. With Epom in Greece and Jan Becher in the Czech Republic, two companies which we also integrated in 1997, we are reinforcing the structure of our distribution network in Europe.

In this field, our philosophy has remained constant: we add to our sales forces highly motivated networks which have already either established a leading position or a strong competitive position in their market and who are showing good profitability. Often they also possess strong domestic brands which we can add to our portfolio. And from their point of view, we give our new subsidiaries international brands as well as an established means of exporting their own brands.

This strategy has proved to be valuable for our priority brands and for the development of the Groupe which today boasts a leading position in its European market and very strong structures on the other continents.

SIMPLE, SENSIBLE PRINCIPLES: SUPPORT OUR SHAREHOLDERS

It is our simple principles which have enabled us to maintain our profit levels and keep dividend payments high. Our shareholders are well aware of this. Since the creation of the Groupe, its share price has increased ten-fold. During 1997, despite a rather bumpy beginning to the year, the Pernod Ricard share caught up with the CAC 40 and then at the beginning of 1998, overtook it. Finally, if we compare our performances on the financial markets with those of our major international competitors, it becomes clear that we are in a very good position.

We have happily never confused the race to become a vast group with the pursuit of profitability. And for that our shareholders are grateful.



Our presence around the world

■ Wines and spirits
■ Nonalcoholic drinks and products

PR AMERICAS 100%	WORLD BRANDS DUTY FREE (GREAT BRITAIN) 100%	RICARD 100%
Cusenier Saic / Etchart (Argentina) 100%		Galibert & Varon 99,3%
El Muco Bebidas (Venezuela) 100%		Renault Bisquit 100%
Nihco (Canada) 100%		
PR Chile (Chile) 100%	CAMPBELL DISTILLERS (GREAT BRITAIN) 100%	PERNOD 100%
PRC Diffusion (Caribbean) 100%	Caxton Tower (G.B.) 100%	Cusenier / Crus et Domaines de France 100%
PR Mexico (Mexico) 100%		
AUSTIN NICHOLS (USA) 100%	IRISH DISTILLERS GROUP (IRELAND) 100%	
Boulevard Distillers (USA) 70%	BWG Limited (Ireland) 100%	
Yoo-Hoo Industries (USA) 100%	Pernod Ricard South Africa (South Africa) 100%	
HAVANA CLUB INTERNATIONAL 50%		

PR EUROPE 100%	PR AUSTRALIA (AUSTRALIA) 100%
Brand Partners (Norway) 50%	Orlando Wyndham 89,5%
Epom (Greece) 95%	Two Dogs 100%
IGM Deutschland (Germany) 100%	Orlando Wyndham New Zealand 100%
Lizas & Lizas (Greece) 100%	
Perau Associates (Sweden) 100%	PR ASIA 100%
Perisem (Switzerland) 100%	Beijing Pernod Ricard Winery (China) 65%
Polacek (Austria) 100%	Casella Far East (Hong Kong) 100%
PR Belux (Belgium) 67%	Casella Taiwan (Republic of China) 100%
PR Larios (Spain) 100%	Dragon Seal (China) 53%
PR Nederland / Cooymans (Holland) 100%	Perising (Singapore) 100%
PR Rouss (Russia)* 100%	Perithai (Thailand) 100%
Ramazzotti (Italy) 100%	Pernod Ricard Japan (Japan) 100%
Somagnum (Portugal) 75%	PRK Distribution (Korea) 97,7%
World Brands Denmark (Denmark) 100%	
World Brands Finland (Finland) 100%	PERINDIA (INDIA)* 74%
	PERICEYL (SRI LANKA)* 50%

* Not consolidated in 1997



SIAS-MPA 100%	SIAS-MPA 100%	SIAS-MPA 100%	CSR PAMPRYL 99,2%	SIAS-MPA 100%
Flavors From Florida (USA) 100%	DSF (Germany) 60%	SIAS-France 100%		SIAS Australia (Australia) 100%
Ramsey Laboratories (USA) 100%	San Giorgio Flavors (Italy) 100%		CFP ORANGINA 100%	
SIAS Fruit Argentina (Argentina) 100%	SIAS Bohemia (Czech Republic) 100%			SIAS-MPA 100%
SIAS Mex (Mexico) 100%	SIAS Foods UK (Great Britain) 100%			SIAS Korea (Korea) 95,6%
SIAS Port (Mexico) 100%	SIAS Polska (Poland) 93,1%			South Pacific Foods (Fiji) 100%
	YB SIAS (Austria) 50%			

Strategy, principles, organisation

Our Groupe is constantly implementing various forms of expertise, either traditional or slightly more avant-garde. However they all share the same objective - the pursuit of excellence.

OUR FOUR POINT STRATEGY

As Paul Ricard used to say "Happiness is the pleasure you can give to people." Our mission is also to create and sell drinks, alcoholic or not, which can play a role in all of life's happiest moments. In the same spirit, we also produce fruit preparations which are used in various yoghurts, ice creams and other dairy desserts.

FUNDAMENTAL AND APPLIED RESEARCH:
A NUMBER OF FIRSTS

Organised into seven specialist laboratories, our scientists have been at the origin of a large number of major innovations within the food and agriculture industry: in-vitro cultures, new methods of cultivation, sensorial analysis and the creation of new flavours, the development of new aspects of industrial technology and of manu-

- To concentrate our efforts on a small group of ten brands or so, all of which have worldwide potential
- To create and acquire our own networks in all the key markets
- To develop, country by country, domestic brands with a regional basis
- To balance our activities with a highly profitable alcohol-free sector



WHAT WE DO: CREATE ADDED VALUE, BUILD AND MAINTAIN STRONG BRANDS.



THE PERNOD RICARD RESEARCH CENTRE WORKS CLOSELY WITH THE MAJOR SCIENTIFIC INSTITUTES IN EUROPE AND THE REST OF THE WORLD.

facturing processes, the physiology of drinks etc. And in addition, each of our production subsidiaries also has its own laboratory.

THE INDUSTRIAL TOOL:
TO PROCESS FRUITS
AND PLANTS

The Groupe has a world class production outfit comprising over 76 manufacturing plants all over the world (27 of which are in France). Some of our warehouses, cellars and distilleries are among the most modern in the world. Others, on the contrary, have deliberately retained methods of production which date back hundreds of years. Every year we process 2.3 million tonnes of fruits and plants, the only ingredients of our drinks and preparations. But in the main, the recipes remain secret.

DECENTRALISATION:
THE GOLDEN RULE OF
OUR ORGANISATION

Pernod Ricard is actually a federation of companies which are largely autonomous in their own regions or markets. In its role as a flagship, the holding company restricts its own activities to the functions of a chief of staff. On a day to day basis, its deliberately light team is responsible for the thought behind and the strategic control, as well as the management of our brand portfolio. It is also responsible for financial engineering, marketing research, the Groupe's relations with public authorities, corporate and financial communications, industrial and logistical coordination, the legal safeguarding of brands and external development. It oversees the consistency of the relationship with employees and guides the work of the research centre.



WHISKEY NOW REPRESENTS A QUARTER OF OUR ACTIVITY.



SIAS-MPA: RIGOROUS HYGIENE CONDITIONS.

The major production companies (Irish Distillers, Ricard, Pernod, CSR Pampryl, Campbell Distillers, Orlando Wyndham, Austin Nichols etc...) as well as the holding distribution companies (PR Europe, PR Americas, PR Asia) all report directly to head office. They then manage in a decentralised way their own subsidiaries.

The companies which produce the Groupe's key strategic brands define the commercial policy of their brands for the whole world. In return, they distribute in their domestic markets, imported brands produced by other Groupe companies.

World Brands Duty Free is responsible for the sales and marketing of all the Groupe's products through the network of tax-free shops at airports, on ferries etc...

SIAS-MPA, the world's leading fruit preparations company, has its own network of subsidiaries and production plants on all continents round the world.



OUR HUMAN STRENGTH: 12 650 MOTIVATED EMPLOYEES, 36% OF WHOM ARE FRENCH.

Our major brands

ANIS-BASED SPIRITS

AND BITTERS:

Ricard, Pernod, Pastis 51,
Mini, 8 Hermanos, Suze,
Ramazzotti, Becherovka.

SCOTCH, IRISH, CANADIAN, AND BOURBON WHISKIES:

Clan Campbell, Aberlour,
Wild Turkey, Jameson,
Bushmills, Paddy,
Power's, Royal Canadian,
White Heather.

CLEAR SPIRITS:

Ron Havana Club,
Cork Dry Gin, Gin Larios
Altaï, Huzzar and
Petroff Voldkas .

EAUX-DE-VIE:

Bisquit and Renault cognacs,
Marquis de Montesquiou
armagnac, calvados Busnel,
Dorville Brandy .

LIQUEURS:

Soho, Alaska, Zoco, Cusenier
and Eoliki Liqueurs,
Royal Dutch Advocaat,
Millwood, Cusenier cassis.

WINE-BASED APERITIFS

AND SWEET NATURAL

WINES:

Cinzano*, Dubonnet, Byrrh,
Ambassadeur, Bartissol,
Vabé, Porto Cintra,
Kuei Hua Chen Chiew.

* in France



WORLD WINES:

Jacob's Creek, St Hugo,
Wyndham Estate, Coolabah,
Etchart, Terra Andina,
Long Mountain, Dragon Seal,
Alexis Lichine, Cruse,
Palacio de la Vega.

SPARKLING WINES,

SPARKLING WINE

AND GRAPE-BASED DRINKS, LOW ALCOHOL DRINKS:

Canei, Café de Paris,
Blanc de fruit, Carrington,
Chamei, Maison,
Trilogy, West Coast Cooler,
Pernod Hex, Two Dogs.

CIDERS:

La Cidraie, Loïc Raison,
Duché de Longueville,
Flagger, Dagan, E33.

SOFT DRINKS:

Brut de Pomme, Ricqlès,
Pampryl, Pam-Pam,
Yoo-Hoo, Champomy, Banga,
Sirop Cusenier, Pacific,
Minerva.

FRUIT PREPARATIONS

AND FLAVOURS:

Sias-Mpa.

A winning strategy

We are concentrating our efforts on ten or so major brands, all with worldwide potential.

The two main characteristics of 1997 are, undoubtedly, the Groupe's success internationally, both in terms of turnover and profits, and the considerable contribution made by the nonalcoholic sector.

Did this come as a surprise ?

It is of course the reflection of a long-held strategy.

The growth in turnover (+ 13.3%) is made up of internal growth (at + 4.8%), gains from currency exchange (at + 5.7%) and from increase to our consolidated perimeter definition (at + 6.3%). For all these three, the international factor was key.

In France on the other hand, destocking by the retail industry following the rush buying which anticipated the increase in duties in 1996 led us to suffer a 3.4% fall in turnover, although we in fact increased our levels of market penetration. And today the French spirits market remains firmly depressed, due to excessive taxation.

For our Groupe, our alcohol-free activities happily made up for this.

Over the last few years, we have gradually restructured this sector to the benefit of those activities which give the earnings / capital invested ratios. Our release of Orangina, if it goes ahead, is all part of this programme.

On the other hand Sias-MPA and our distribution activities in Ireland and England are highly profitable and growing much faster. The world fruit preparations market, of which Sias is the leader, is growing at a rate of 5% a year. We are however doing far better than this, due to an

unquestioned technological advantage and to the intense creativity of our teams.

And at the end of it all we must also highlight our healthy internal growth, despite a slack world spirits market and the French slump. We owe this to the quality of our networks.

Does the diversity of your brand portfolio not automatically lead you to lose the focus of your efforts?

In reality, we have chosen a small group of ten or so priority brands for their capacity to win over the widest range of consumers in the largest number of countries.

We are investing heavily in these brands, six of which already feature in the world league table of "over a million case brands". Ricard, Jameson, Havana Club, Clan Campbell to name but a few. These brands are experiencing the fastest rates of growth in the worldwide market. And to these you can add Suze and our new brand of gin, Larios.



THIERRY JACQUILLAT, PRESIDENT

In an area which is also linked to cultural habits and local traditions, we also believe in the essential regional diversity of our portfolio. This is the case with Ramazotti, an Italian bitter which is enjoying growing success in those countries of Germanic tradition. Finally, in every market, we have specific local brands, often market leaders or at least in a competitive position, which contribute to the profitability of our local market.

Where does your "wines" sector sit within your international range?

We are enjoying a huge success with the development in the major markets of our "world wines" concept. What we are talking about are varietal wines sold under our brand names. Jacob's Creek, our Australian range, is well on the way to joining the pack of the world's best selling quality wines.

This is why we are using the same teams to develop our ranges of Chilean, Argentinian and South African wines. We also have a few French varietal wines.

Our success stems from the excellent value for money we provide and from the thorough understanding of the concept of

brands and grape types, particularly in those countries where wine consumption has started only recently. I must add here that the world still wine market grew considerably in 1997. In total our wines are up by 10% in terms of turnover (internal growth). In short, the development of Jacob's Creek and our other New World wines is a priority.

With a level of debt at less than 31% and with significant funds of its own, the Groupe has the means to invest elsewhere. What is your approach?

In 1997 we completed three acquisitions (Two Dogs in Australia, Epom in Greece, and not forgetting Larios in Spain) and we participated, as an investor and as an operator, in the privatisation of Jan Becher in the Czech Republic. These business operations, all located outside of France, gave us an added turnover of over 1 billion francs in 1997, as well as two brands, Larios and Becherovka, which are their own market lead-

ers. In the years to come we are expecting that these acquisitions will have a "network effect", benefiting our major international brands. It is a short term objective.

In this sense, although they are sometimes not very spectacular, these activities to integrate new subsidiaries are always strategic for us. And for us this method has been very fruitful since it has always enabled us to figure among the champions of asset creation.

What is the outlook for 1998?

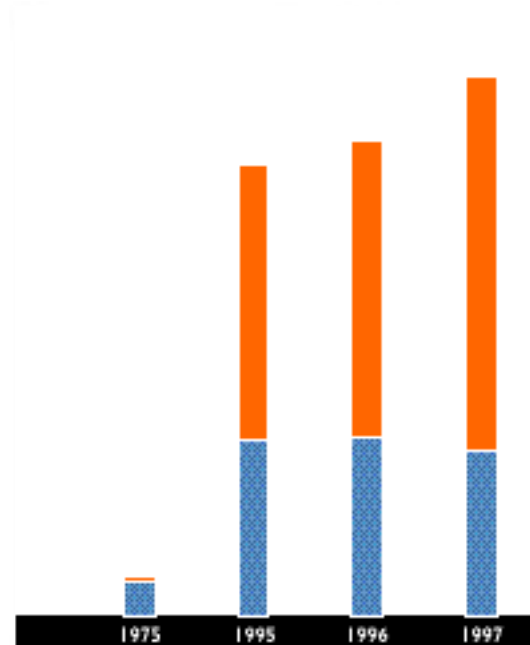
There are of course uncertainties, for example the Asian crisis and its consequences, both in its own region and elsewhere in the world, although the general economic environment seems to be positive. The French spirits market seems to have picked up and that's why our volumes in France should return to their usual levels.

And if to that we add the advantages brought by our geographical diversification, the dynamism of our strategic brands, the consolidation of our market shares, the even spread of our different activity sectors and the quality and enthusiasm of our 12 650 employees, we can really approach this year with confidence.

Asset creation within the Groupe (in FF million)	1995	1996	1997
Operating profit after taxes	1 466	1 545	1 729
Average employed capital	14 141	15 002	16 625
Capital costs	10,0%	9,8%	9,1%
Asset creation	52	75	217

Key figures

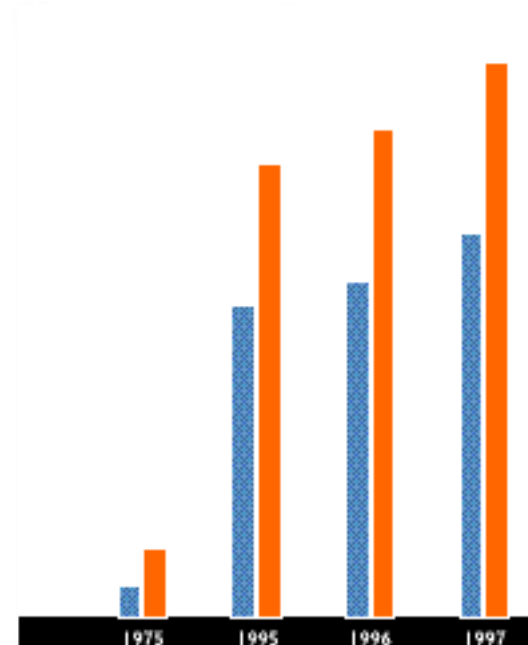
Consolidated turnover excluding duties and taxes (in FF million)
1997: 19 049 million francs (or 2 865 M€*)



■ Export
■ France

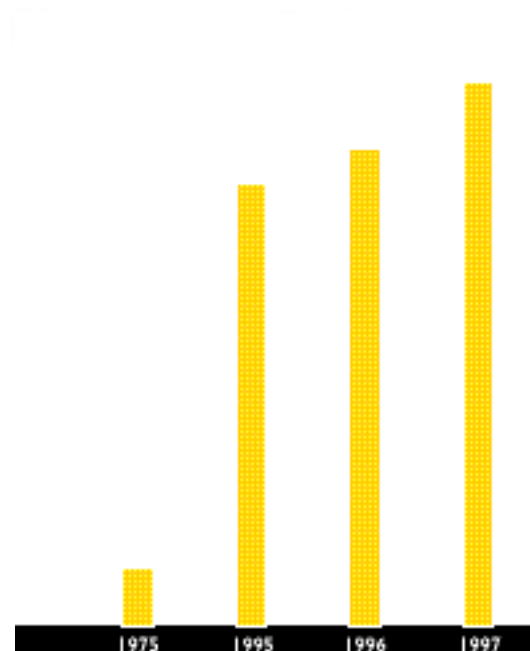
Consolidated profit (in FF million)

1997: Consolidated pre-tax profit: 1 956 FFM (or 294 M€*)
Consolidated Groupe share net profit: 1 354 FFM (or 204 M€*)

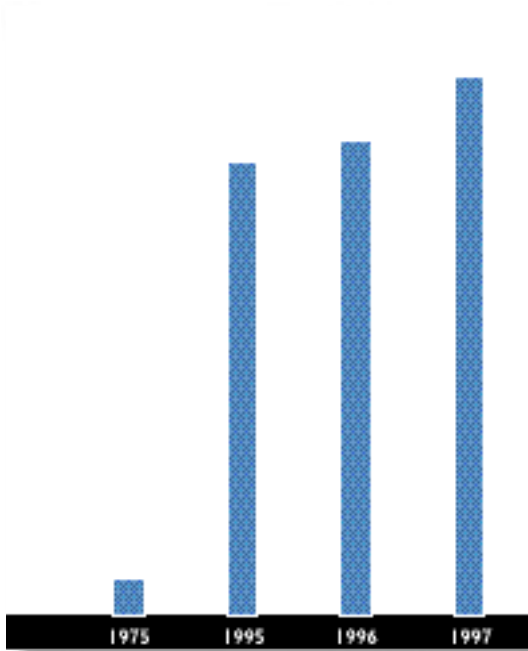


■ Consolidated Groupe share net profit
■ Consolidated pre-tax profit

Groupe share net profit per share (in francs)
1997: 24,02 francs (or 3,61€*)



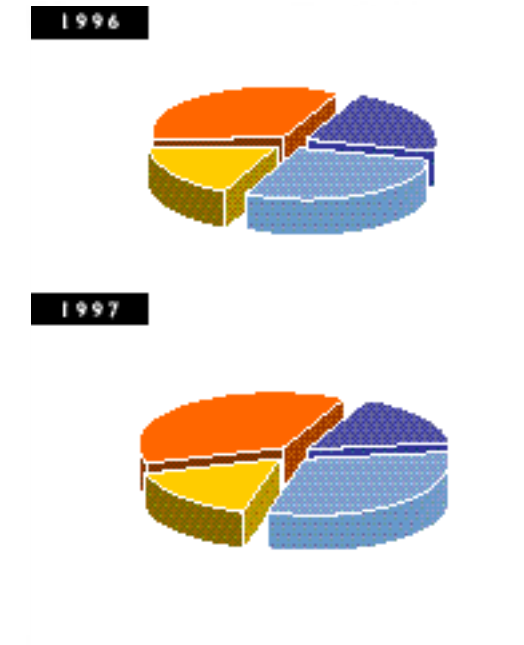
Net dividend payment per share (in francs)
1997: 9,50 francs (or 1,43€*)



* € 1 Euro = 6,65 FF

Workforce in 1997: 12 652 of whom 8 089 abroad

Breakdown of turnover, excluding duties and taxes, by sector



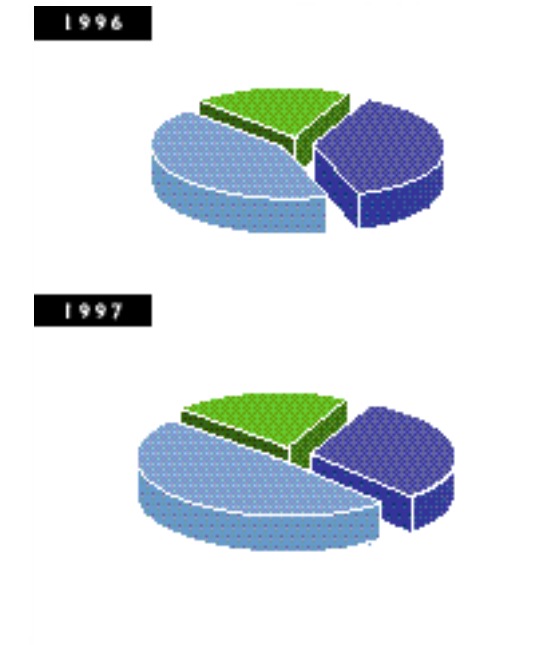
Wines and spirits
■ France ■ Abroad
Nonalcoholic drinks and products
■ France ■ Abroad

Share price (in FF)
Price on 12.31.97: 354 francs (or 53€*)
Stock market capitalisation on 12.31.97: 19 961 million francs (or 3 002 M€*)



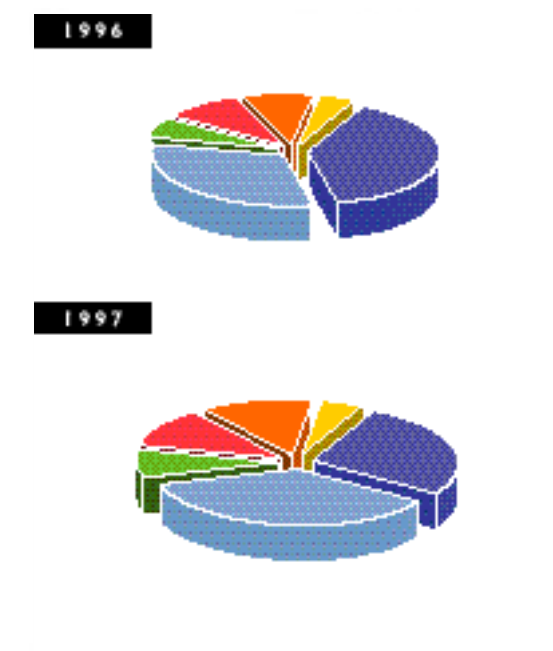
— Closing Pernod Ricard price
○○○ SBF 250

Breakdown of turnover, excluding duties and taxes, by geographical zone



■ France
■ Europe
■ Rest of the world

Operating profit by sector, France and outside of France



Wines and spirits:
■ France ■ Europe ■ Rest of the world
Nonalcohol:
■ France ■ Europe ■ Rest of the world

Significant events

With three acquisitions and the purchase of a share interest, the reorganisation of its distribution network and some major brand news, 1997 is good illustration of the strategic ambitions of the Groupe and of its determination to achieve them.

PR REGIONS

For the drinks sector the year saw the Groupe set up the new organisation of the distribution network into three major geographical zones, headed up by the regional holding companies: Europe (excluding France, Great Britain and Ireland), the Americas and Asia Pacific. The objective clearly is to bring the decision making centres closer to the relevant markets. The major production companies remain directly responsible to Pernod Ricard's head office in Paris.

ACQUISITIONS: LARIOS,
EPOM, JAN BECHER

The company Larios, the number one Spanish spirits producer, joins Groupe Pernod Ricard. Following the regrouping of Larios and Prac S.A., the Groupe's strategic brands, particularly Ricard and Havana Club, enjoy immediate benefits to their volumes and market shares. In addition, the excellent gin Larios is set to take advantage of the Groupe's European network for its first strides into the world of export.



REGIONAL SUBSIDIARIES BRINGING THE
DECISION MAKERS CLOSER TO THE MARKETS.



AUSTRALIAN, SOUTH AFRICAN, CHILEAN,
ARGENTINIAN, CALIFORNIAN, CHINESE,
SPANISH AND FRENCH VARIETAL WINES.



THE WORLD'S THIRD LARGEST BRAND OF
GIN IS SPANISH.

Pernod Ricard also acquired the company Epom which produces the ouzo Mini and Jan Becher whose brand of bitters Becherovka is a best seller in the Czech Republic, with potential for the whole region.

Each of these acquisitions enables the Groupe to accelerate the penetration of its big international brands into the markets concerned. In Columbia the Groupe saw fit to set up its own network.

NEW WORLD WINES

On the back of its success in almost all markets around the world, our range of "new world wines" welcomed a new brand, Canyon Ridge, which boasts three varietal wines grown and produced in California.

A FACELIFT
FOR PACKAGING

The packaging of our major brands underwent some subtle developments. The traditional Ricard label gained a touch more style and was endowed with the prestigious signature of its creator - a guarantee of authenticity.

Aberlour acquired even more in elegance and simplicity and Jameson has reinforced its own hallmarks.

The duty free range, available particularly widely in airports and on ferries also enjoys new packaging projects and range extensions.

TREND: THE GROUPE'S
NEW LOW ALCOHOL
DRINKS

The fashion started in Great Britain where we launched Pernod Hex (sparkling with blackcurrant), the success of which shows no sign of letting up. In the same style, the Groupe also acquired Two Dogs, a lemon-flavoured "alcopop" from Australia. Finally, Pernod Ricard launched Dagan and Flagger, two English-style ciders. The sector for low alcohol drinks sold in small containers is in full growth, all over Europe as well as in the United States, Australia and South Africa.



A RANGE FOR YOUNG FASHIONABLE CONSUMERS.

BANGA DINGUE AND
BANGA MAXI FRUITS

These two highly successful launches have breathed fresh life into our sales of fruit drinks.

In 1997 the success of our nonalcoholic sector compensated for the problems encountered on the French spirits market resulting from the increase in taxes.

ORANGINA

Pernod Ricard has signed a letter of good intent concerning the sale of Orangina to Coca Cola. The little round bottle is thus all set for an exciting future all over the world. The sale is conditional however on the result of the audit which will be carried out in 1998 when the authorities will then have to officially endorse the agreement between the two parties.



SITUATED WITHIN THE WALLS OF THE DISTILLERY,
THE FAMOUS ST DUSTAN NOW
FEATURES WELL ON THE NEW LABEL.



CONFIRMED WORLDWIDE APPEAL.

France: 31% of consolidated turnover



France represents Pernod Ricard’s single most important market, with 31% of sales and 39% of operating profit, even if its relative share is falling, in line with objectives.

Via its specialist subsidiaries, the Groupe sells and markets a very extensive range of French and imported spirits.

In France the Groupe also produces fruit juices and drinks as well as fruit preparations for yoghurts and dairy desserts. For the first time in 1997, the nonalcoholic sector exceeded the spirits activities in value, in France as well as in the international market.

SPIRITS: THE INCREASE IN DUTIES BRINGS THE MARKET DOWN

In France the balance provided by the nonalcoholic sector has compensated for the poor performance recorded by the spirits.



ID CARD

• 31% of the Groupe’s total activity of which:

wines and spirits: 15%
nonalcoholic activities: 16%

• 39% of operating profit.
• 27 production plants located all over the country.

• Main French subsidiaries:
wines and spirits: Ricard, Pernod
alcohol-free activities: CSR-Pampryl, CFPO, Sias-Mpa.

• 4 600 employees.

In 1997 the French spirits market suffered from a significant fall in volumes (6%), due to the marked destocking carried out by the national accounts. This followed the precautionary stock loading at the end of 1996 by the trade, in anticipation of the increase in duties.

RELATIVELY OUR BRANDS ARE INCREASING THEIR MARKET PENETRATION

Within this context the Groupe’s French brands also suffered from a downturn in volumes. They fell however less than all their competitors and therefore gained market share. This was particularly the case for Ricard, Pastis 51 and Suze.



THE GROUPE OF MANY FIRSTS:

The number one operator in the French spirits market, our Groupe is also the leading producer of anis, fruit juices and drinks, cider and calvados, bitters, sweet natural wines and fruit preparations.

A GOOD PERFORMANCE FOR THE WHISKIES

On the other hand, our whiskies Clan Campbell and Jameson, propelled by their success in the international arena, are also experiencing further sales increases, in terms of volumes, turnover and market share. It is also worth noting that France is the number one market in the world for scotch, ahead of the UK and the USA.

The French wines range is also up in volume and value, due notably to the widened distribution of Café de Paris.



THE RICARD LIVE MUSIC STAGE: MILLIONS OF FANS.

IN PARTNERSHIP WITH FRENCH AGRICULTURE

In 1997 we processed:

- fruits and plants: 2.3 million tonnes,
- pure alcohol: 450 000 litres, in other words 50% of French production (only of agricultural origin),
- packaging: 1% of French production (bottles, boxes etc.).

NONALCOHOLIC ACTIVITIES: THE BALANCE IS CONFIRMED

In 1997 the Groupe's nonalcoholic activities made a key contribution to turnover in France, as well as to the operating profits in our domestic market.

Volumes were up for all products (+ 6%). Sales of fruit drinks were revitalised by the launch of the ranges Banga Dingue and Banga Maxi Fruits.

And as for CFPO, they enjoyed great success with Orangina Rouge.

The fruit preparations also contributed hugely to the healthy performance of this sector, all of which meant that our Groupe was able to improve its positions in a market which itself was up 5%.

Europe: the Groupe's leading market region

Europe, the leading market in the world in terms of purchasing power and consumption, has always been a geographical priority for Pernod Ricard.

In 1997 three acquisitions made in Spain, the Czech Republic and Greece served to reinforce the importance of the European wines and spirits sector and gave the Groupe a new brand with potential for the whole region, Larios, as well as two local brands Bechevovka and Mini.

Our own distribution network is one of the largest in continental Europe. Although the Groupe remains keen to seize any opportunity for development which may arise in this region of the world which represents 49% of its activities.

WINES AND SPIRITS:
BRANDS WITH
INTERNATIONAL POTENTIAL
CONTINUE TO GROW

6 Groupe brands figure among the top 100 brands in the world, large-

ID CARD

- The largest network in continental Europe (19 countries).
- 49% of the Groupe's total activities achieved in Europe, made up of:
 - wines and spirits: 21%
 - alcohol-free activities: 28%
- 49% of operating profits.
- A three-fold organisation:
 - PR Europe and its subsidiaries (the distribution of the Groupe's international brands, the production of local brands),
 - Sias-Mpa and its subsidiaries producing and selling fruit preparations,
 - The whiskey production companies: Irish Distillers and Campbell Distillers (direct subsidiaries of Pernod Ricard).

ly due to volumes sold in Europe: Ricard, Larios, Pastis 51, Suze, Clan Campbell and Jameson. The latter two are also among the five fastest growing brands in the world.

Within the Europe region, Pernod Ricard is concentrating its advertising and promotional efforts on a few strategic products which have an international future and which, in 1997, in fact confirmed this potential for development.

In 1997 Clan Campbell joined Jameson as one of the fastest growing spirits in the world, as it continues to grow in almost all of its European markets.

And Havana Club recorded volumes which were up by over 40%.



THE GROUPE LEADS THE FRENCH MARKET.



THE LEADING CZECH SPIRIT.



In Germany, Austria and Central Europe the Italian amaro Ramazzotti is continuing its expansion with growth in excess of 20%.

Thanks to the integration of the company Larios, the brands Ricard and Havana Club are reinforcing their positions on the Spanish market. In return, the gin Larios is beginning its breakthrough into the European market.

The success of the Groupe's wines continues, particularly in Great Britain and Ireland with the "new world wines" range, especially Jacob's Creek.



PERNOD HEX WIRED: A CONSPICUOUS ENTRANCE ONTO THE BRITISH MARKET.



JACOB'S CREEK: AUSTRALIAN WINES ARE SEDUCING A GROWING NUMBER OF CONSUMERS IN EUROPE.

FRUIT PREPARATIONS:
+ 19%

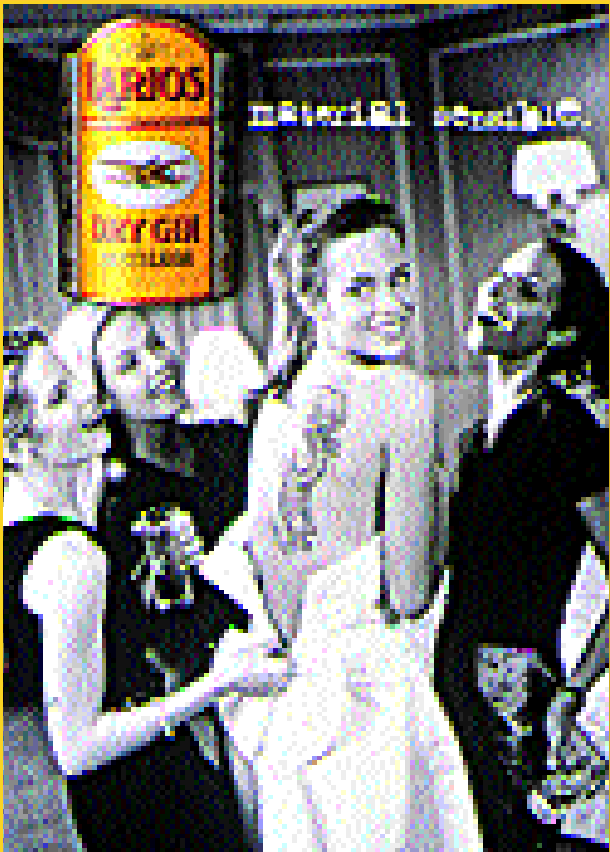
The growth of Sias - Mpa is continuing at the same sustained pace all over the world. And in Europe in 1997 the company recorded growth in turnover of 19%. This pace is even faster in Germany and Poland. CFP Orangina also recorded excellent sales performances in Great Britain, Belgium and Holland, with average growth in turnover sitting at 18% in the European market. Finally, our distribution sector is also continuing to expand, in Ireland and Great Britain.



THE "ANGEL'S SHARE" EVAPORATES DURING MATURATION.



THE WIDEST RANGE OF ANIS-BASED SPIRITS IN THE WORLD.



The Americas: solid assets

Throughout the region the Groupe has built solid relations with its production subsidiaries in the USA, Argentina and Mexico.



Our strategic brands are present in all our key markets.

In the United States, Austin Nichols produces one of the world's most prestigious bourbons, Wild Turkey, which has enjoyed steady growth, since it first joined the Groupe. In the domestic Bourbon market, rather sluggish in 1997, Austin Nichols has consolidated its volumes. The company is also achieving fantastic results with the Groupe's imported wines and spirits, brands which again this year, are increasing in volume.

In export, Wild Turkey has been enjoying healthy growth in such markets as Australia, Japan and even France. The company also produces and distributes Yoo-Hoo, a chocolate drink which is incredibly popular among young American consumers.

The Groupe is gradually introducing its strategic brands into the major markets of Latin America.



ID CARD

- PR Americas (100%)
- Austin Nichols, United States,
- Nihco International, Canada,
- PR Mexico,
- El Muco Bebidas, Venezuela,
- Pramsur, Uruguay, Brazil and Paraguay,
- Cusenier saic, Argentina,
- PRC Diffusion, Caribbean,
- PRCD Bolivia, Equador, Columbia, Peru,
- PR Chile, Chile.
- SIAS-MPA
- Ramsey Sias, USA,
- Flavors from Florida, USA,
- Siasport, Mexico,
- SiasMex, Mexico,
- Sias Fruit Argentina.

Among those Havana Club is proving its real potential throughout the entire region, particularly in Mexico. Jameson and Clan Campbell are also present in the major markets.

In Columbia, priority was given to Dubonnet, and in Argentina, Cusenier Saic, one of Pernod Ricard's oldest subsidiaries, has built up a large range of local products such as the anis 8 Hermanos, Cusenier liqueurs and Padilla.

In the south of the continent, the Groupe has developed a range of wines, widely appreciated in both export and at home: Etchart of Argentina and Terra Andina of Chile.

As for the fruit preparations market, Sias - Mpa also realises a significant share of its activity in North America and Latin America.



Cuba: the birthplace of cocktails

“Mojito”, “Cuba Libre”, “Piña Colada”, “Havana Loco”, “Daiquiri”, “Havana tonic”, all these rum-based cocktails were the fruits of the imagination of bartenders from Havana.

A country of sugar cane and the birthplace of cocktails, Cuba produces some excellent rums, among the best in the world, which are now regrouped under the Havana Club range. Hugely popular locally, these rums are now also enjoying stunning success all over the world.

Havana Club is a “Ron superior”, made in the traditional Cuban way, that’s to say a light rum, twice distilled and then matured. Young rums are brought together with aged eaux-de-vie, and they

ID CARD
HAVANA CLUB SINCE 1878
a full range of rums:
• Silver Dry, 37°5: clear and pure, perfect for long drinks and cocktails
• 3 years old, 40°: lightly golden, drink it straight or in cocktails
• 5 years old, 40°: golden brown with a fine, balanced nose
• 7 years old, 40°: a perfect after-dinner drink.

are then all aged in white oak casks. They are filtered and then left to rest.

Pernod Ricard was keen to have Havana Club in the Groupe because of its strategic brands, brands which are now enjoying great success in all regions of the world. In Europe, growth for 1997 was in excess of 40%. On the island of Cuba, the Groupe is importing international brands, now present in all hotels, restaurants and tourist venues.



Australia: double digit growth in export

Our Australian wines, produced using the Groupe’s own vineyards and cellars, sell both in the domestic market and in export all over the world.

PR Australia produces a wide variety of still and sparkling wines, most notably the Jacob’s Creek, Wyndham Estate, Richmond Grove and Montrose ranges and for sparkling wines - Carrington and Trilogy. The company also imports the Groupe’s strategic brands, particularly its range of whiskies.

ID CARD
• PR Australia:
- Orlando Wyndham
- Two Dogs Holding
- Orlando Wyndham
- New Zealand.
• Number 1 exporter of Australian wines.
• Jacob’s Creek is the leading branded wine in Australia.

PR Australia is also in charge of developing our brands in New Zealand.

In 1997 the Groupe took control of the company Two Dogs, the creator of “alcopops” now widely distributed in Australia, Europe and the United States.



PR Australia's sales in its domestic market have continued to expand in the wine sector where the company is the second biggest operator in terms of volume.

In the spirits market, Wild Turkey Bourbon, Jameson Irish whiskey and Clan Campbell Scotch have all enjoyed significant growth, significantly outperforming the market.



THE JACOB'S CREEK RANGE, MARKET LEADER IN AUSTRALIA.

In 1997, Australian wines continued their seduction of consumers the world over, especially in the United States, Great Britain, Asia and in those countries where wine consumption has started only recently. And Jacob's Creek now features among the world's biggest selling brands of quality wine.

THE VERY FIRST JACOB'S CREEK VINES WERE PLANTED 150 YEARS AGO IN THE BAROSSA VALLEY.



Asia: the Groupe consolidates its positions

The growth of the Groupe in these markets has naturally been hindered by the economic crisis which is shaking the entire region. Pernod Ricard is taking the opportunity to reinforce its positions.

PR Asia, a Pernod Ricard subsidiary, has a light presence in all the major Asian markets. It is an area in which the Groupe is still going through its investment phase and therefore the current problems are not affecting the Groupe's results in any significant way. On the contrary, the Groupe is able to make the most of the situation by taking time to expand its distribution networks throughout our region.

PR Asia imports all of Pernod Ricard's strategic brands, as well as Bisquit Cognac and some speciality drinks, such as Soho. The Groupe also distributes some soft drinks.

ID CARD

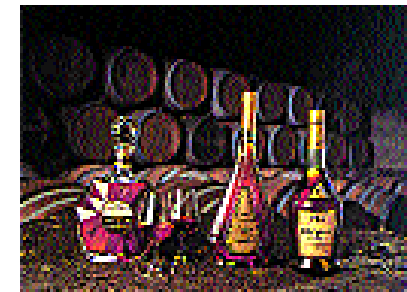
• PR ASIA:

- Beijing Pernod Ricard Winery, China, producing the wines Dragon Seal and Zhong Hua Kuei Hua Chen Chiew,
- Dragon Seal, China,
- Casella Far East, Hong Kong,
- Casella Taiwan,
- Perithai, Thailand,
- Pernod Ricard Japan,
- PRK Distribution, Korea,
- Perising, Singapore,
- PR Vietnam,
- Perindia, India,
- Periceyl, Sri Lanka,
- Sias Korea, Korea.

Despite the rather tense economic environment PR Asia has still managed to achieve healthy increases in volumes in those biggest markets with the Jacob's Creek range of wines.

In China, Pernod Ricard produces local wines for international consumption, most notably Dragon Seal. In Japan, the Groupe has preferred to build its own network and has taken advantage of the bouyant market, particularly that of the clear spirits sector, to increase volumes by 40%, all brands included.

In India the Groupe recently acquired a production plant which is still in the process of being modernised.



RENAULT AND BISQUIT, TWO COGNACS ENJOYING GREAT POPULARITY IN THE REGION.



SOHO: A LITCHEE-BASED LIQUEUR.

The Pernod Ricard share: + 23.3%

1997 was a very good year on the Paris Stock Market, as was the case for the majority of European markets.

The continued fall of long-term interest rates, the steady rise of the dollar, the gathering momentum of the move towards European Monetary Union, the consolidation of the economic recovery throughout the year, sustained by a revival in domestic demand (in the second half of the year), the regular revision of company profit growth forecasts, the ever-increasing number of mergers, regroupings and corporate "rapprochements" as well as high number of asset selling activities. All have been accompanied by a record volumes of exchange, and a large number of new introductions onto the market, all explain the excellent performance in Paris.

During the first three months of the year the share followed the CAC 40 index, without ever

diverting in any significant way. Despite the announcement of results for 1996 (19th March) which were better than expected, the market remained cautious, despite the low price earning ratio.

The prospects of an increase in net profits at + 5% for 1997, announced at the Shareholders' General Meeting on 6th May, is deemed insufficient to change opinions and the general market consensus remains unchanged.

As with all the other shares in the food and agriculture sector, the share seemed as though it had been forgotten and remains stuck within the 280 / 300 francs, bracket, the level at which it entered portfolio and arbitrated.

In line with the general market, the share fell swiftly, following the announcement of the first round

results in the French general elections, only to bounce sharply back on 2nd June when the Market witnessed a veritable rush on consumer and distribution shares within the context of a policy to raise salaries and the anticipation of a possible fall in VAT rates.

There was disappointment in July when the share failed to participate in the healthy upturn in the Stock Market with a fluctuation of 1.3% in a market which was at 7.6%. Poor weather conditions in June gave the market reason to believe that the nonalcoholic sector was having problems.

On 7th August the half year results are published. The finance community acts on the announced growth and comments widely on the strong international increases although, with only a few excep-

tions, does not see fit to revise its views on the share. Whilst the market once again falls, in keeping with Wall Street, which had suffered a Black Friday on 15th August, the share proves to be rather resistant, a factor which enables it to reduce the gap with the CAC 40, at the same time maintaining its poor price levels (283.5 francs on 29th August).

In September, the share suffers from the consequences of the announcement of its exit from the CAC 40 (announcement made on 23rd September, to take effect on 12th November). Pernod Ricard, largely undervalued in a food and agriculture sector which had been abandoned by the market, bore the brunt, together with Bouygues, of the necessary re-adjustment for the entry onto the market of France Telecom and SGS Thomson. This announcement, for technical reasons, leads



to a spate of steady retraction from the share. The market anticipates downward pressure linked to the exit of index-linked funds, the role of which is to reflect at any point the composition of the index.

Pernod Ricard successfully weathers the effects of the Asian crisis (the Hong Kong crash on 23rd October) and proves itself to be more resistant than the market by confirming its ability to bounce back from this side of the 280 francs.

November marks a radical turning point in the life of the share in 1997. On 7th November, the last day of the market before the readjustment of the index, the session witnessed the effect of the "one-shot" exit of index-linked funds and a strong speculative run on the share linked to the announcement of the death of Mr. Paul Ricard. Finally the market wakes up to the fact that the Pernod Ricard share is clearly under valued and the next day Pernod Ricard confirms its recovery with an 8.1% rise.

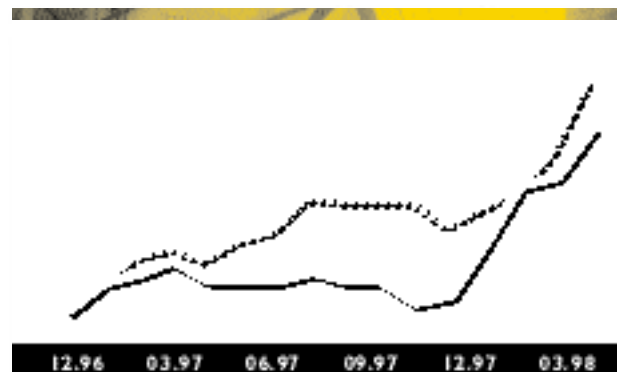
Activity during the third quarter highlights the improved growth and is widely commented on: information meetings held in our offices, press releases and comments from analysts. The share is set to rise steadily at the will of these various publications.

The announcement of the planned sale of Orangina is very well received by the market which applauds the transaction. The affair is heavily covered by the media and the financial market approves by focusing on the strategic aspects of the deal and on the Groupe's new capacity to equip itself with a major tool for growth and to really develop its brands. Most of the analysts alter their recommendations and now recognise that the share has the potential to hit 400 francs.

The share, with high trading volumes, continues its rise into the first quarter of 1998 and on 31st March closes at 421 francs.

Monthly average trend

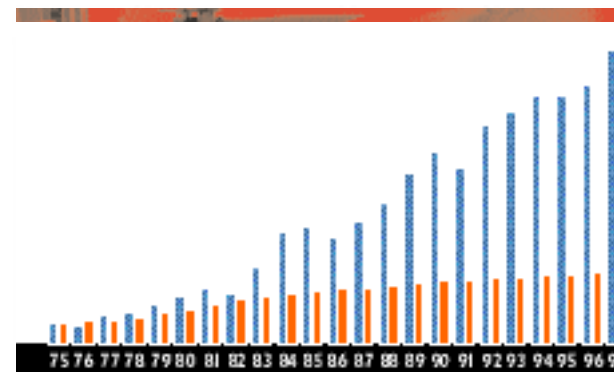
□ Pernod Ricard
○○ CAC 40



Net dividend trend

■ Pernod Ricard
■ Inflation

(1) AAGR Pernod Ricard: 12,70%



(1) Annual Average Growth Rate

Volumes and share prices over 18 months

Month	Volumes number of shares (in thousands)	Capital volumes (in FFM)	Average price (in francs)	High (in francs)	Low (in francs)	End of month share price (in francs)
09/96	2423	703	289,97	308,80	270,20	286,00
10/96	2452	677	276,23	292,00	266,10	276,00
11/96	2247	638	283,97	297,00	274,00	289,00
12/96	2602	724	278,36	296,00	262,00	287,00
01/97	4294	1289	300,14	313,00	277,00	308,90
02/97	2434	748	307,22	319,80	297,50	311,00
03/97	2607	829	317,82	334,50	302,00	315,70
04/97	2626	794	302,58	314,00	287,00	299,90
05/97	3770	1138	301,77	309,00	271,50	275,50
06/97	3478	1049	301,73	315,00	268,20	303,00
07/97	2350	726	309,15	319,80	296,00	307,00
08/97	2030	613	301,97	320,80	283,00	283,50
09/97	2382	704	295,71	313,80	284,10	296,00
10/97	2499	711	284,47	298,00	237,00	267,30
11/97	4168	1211	290,44	309,00	255,30	300,00
12/97	4158	1379	331,75	365,00	299,10	354,00
01/98	3050	1149	376,57	394,00	350,00	392,00
02/98	2252	865	384,23	398,00	368,50	398,00
03/98	3852	1623	421,40	465,00	395,10	421,00

A confirmed trend towards internationalisation

On 31st December 1997 Groupe Pernod Ricard employed 12 652 people (Vs. 11 614 in 1996, marking an increase of 8.94%), of whom 8 089 work abroad, that is 64% of the workforce (Vs. 62% in 1996).

Throughout 1997, we note on one hand an increase in the number of French employees (+ 4.5% in 1997 against a fall of -2.2% in 1996), and on the other hand the integration of some new foreign subsidiaries within our perimeter of consolidation: Epom (Greece), Larios (Spain), Nihco (Canada), PR Mexico, El Muco Bebidas (Venezuela), Pramsur (Uruguay), PR Colombie, Two Dogs (Australia), PR Trinidad, Appleby-BWG (Great Britain).

The breakdown by category remains stable, taking into consideration the removal this year of the "sales personnel" category, now divided between employees and the technicians/line supervisors. The gender split also remains stable with 66.5% of men and 33.5% of women in 1997.

CONTRACTS

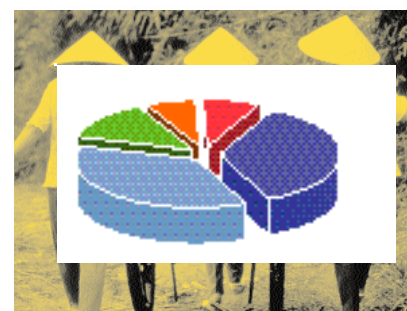
Short-term contracts on 31st December 1997 represented 9.3% of the overall workforce (as opposed to 7% in 1996). This type of contract is becoming more popular abroad, particularly outside of Europe (20.5% of contracts), a fact which can be largely explained by seasonal work. In France, short-term contracts have totalled 3.2% of all contracts.

IN / OUT

In 1997, 1975 recruitments were made outside of the Groupe, all on permanent contracts, as opposed to 1406 in 1996. Amongst these 433 were made in France (as opposed to 218 in 1996). In fact, in 1997 the majority of our French subsidiaries signed agreements concerning work scheduling and the reduction of working hours

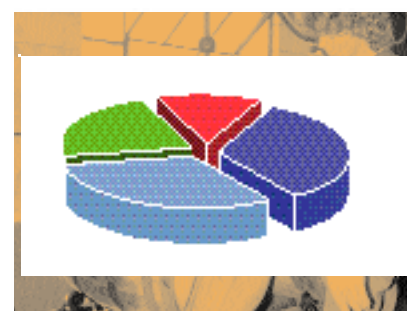
Geographical breakdown

■ France ■ Europe, excluding France
■ The Americas ■ Asia ■ Australia



Breakdown by category

■ Workers ■ Employees
■ Tech. LS ■ Management



(the Loi Robien), which as a consequence led to 10% increase in employee recruitment.

AVERAGE AGE AND LENGTH OF SERVICE*

In 1997 the average age of Groupe personnel was 38 years and 4 months, lower than that of 1996 which was 39 years and 5 months. This change in the average age can be explained on one hand by the recruitment of young employees by all the subsidiaries and on the other hand by the integration into our definition of consolidated companies of subsidiaries whose workforces are generally younger (especially outside of Europe).

A disparity exists between the French subsidiaries where the average age is 40 years and 4 months and the foreign subsidiaries where the average age is 37 years and 10 months for the other European subsidiaries and 36 years for the rest of the world.

Average length of service is also down from 11 years and 9 months in 1996 to 10 years and 2 months in 1997.

Overall the Groupe's age profile is well balanced. The integration of the new subsidiaries made up of relatively young workforces compensates for the ageing of the older subsidiaries.

* NB: only permanent contracts are analysed.

PAY*

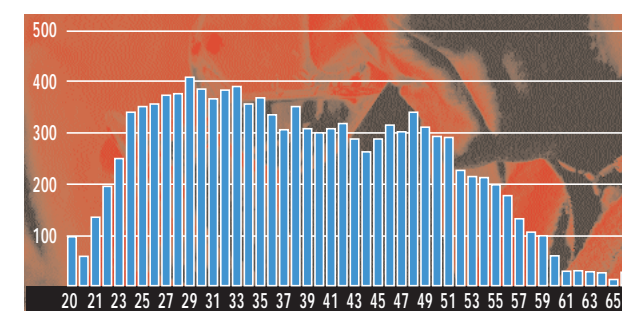
In 1997, the average annual salary increase in France was 2%. This increase should be viewed in the context of two exceptional factors this year, resulting from the implementation of the Loi Robien: on one hand the freezing of general increases in a large number of the French subsidiaries and on the other hand the recruitment of personnel who are paid on a 35-hour week basis.

TRAINING

Levels of training have remained stable for the whole Groupe (2.07% of the total payroll). We note an increase in training within the French subsidiaries (3.28% in 1997 as opposed to 3.18% in 1996). This percentage, which is higher than the obligatory minimum, reflects the Groupe's keenness to fulfill everybody's potential, in terms of in-house training (with the Pernod Ricard Training Centre) as well as external.

As for the subsidiaries abroad, levels of training remain clearly much lower (1.29% of the total payroll for Europe and 0.53% for the rest of the world). However we

Age breakdown



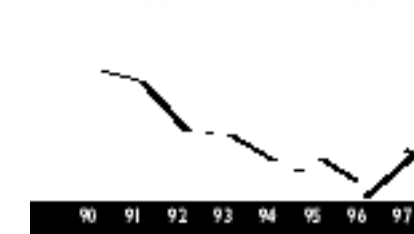
*NB: only the salaries of the French subsidiaries are analysed.

can highlight particular training programmes carried out at Irish Distillers with the "Beyond 2000" project and in the UK, at Campbell Distillers, where a number of employees took part in a course on methods of evaluation and job description, run in collaboration with Hay consultants. It is worth noting that all job categories benefit equally from training investment.

Profit sharing and employee share participation schemes	1996	1997
Profit sharing	55 678 784	49 885 991
% of total salaries	6.39	5.87
Share participation	58 212 982	68 503 459
% of total salaries	6.68	7.88

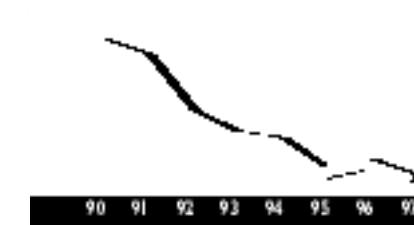
Frequency

(Number of accidents with leave / 1 000 000 hours worked)



Severity

(Number of days lost / 1 000 hours worked)



ABSENTEEISM AND ACCIDENTS AT WORK: A YEAR OF CONTRASTS

If the rate of frequency (29.28) is up within the Groupe compared to 1996 then, in contrast, the level of severity (0.48) is down. Thus there were more accidents in 1997, but they were less serious. Overall, these two figures fit within a downward trend which started at the beginning of the 90s.

Rates of sickness leave are down, as are levels of maternity leave.

PROFIT SHARING AND EMPLOYEE SHARE PARTICIPATION SCHEMES IN THE FRENCH SUBSIDIARIES

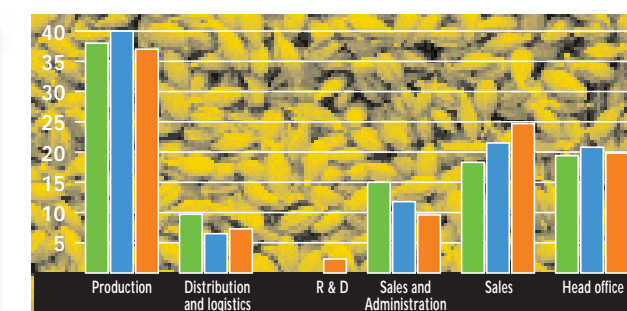
For 1997, the number of share participation schemes increased by 17.68%,

whilst the level of profit sharing fell by 10.40%.

The joint total of participation / profit sharing schemes climbed from 113 891 766 francs in 1996 to 118 389 450 francs in 1997, marking an increase of + 4%.

Breakdown by department

■ 1995 ■ 1996 ■ 1997



The reduction in working hours

Groupe Pernod Ricard's French subsidiaries are working together in the fight against unemployment.

Since the foundation of Groupe Pernod Ricard, each and every subsidiary has been concerned with the well-being of its employees and with its role as a player in the economic life of the country.

It was in this spirit that in France in 1997, our human resources activities were marked by the signing of agreements concerning the Scheduling and Reduction of Working Time, within the context of the law of 11th June 1996, the so-called Loi Robien.

The introduction of these agreements gave Pernod Ricard the opportunity to illustrate its desire to contribute to the fight against unemployment.

The practicalities of the Loi Robien, in a bid to create jobs, involved 5 of the 6 French subsidiaries of the Groupe. Thus the

companies CSR-Pampryl, Cusenier, Orangina, Pernod and Ricard, by reducing their work time by 10%, created a total of 377 jobs, 259 of these recruitments having been made before 31st December 1997.

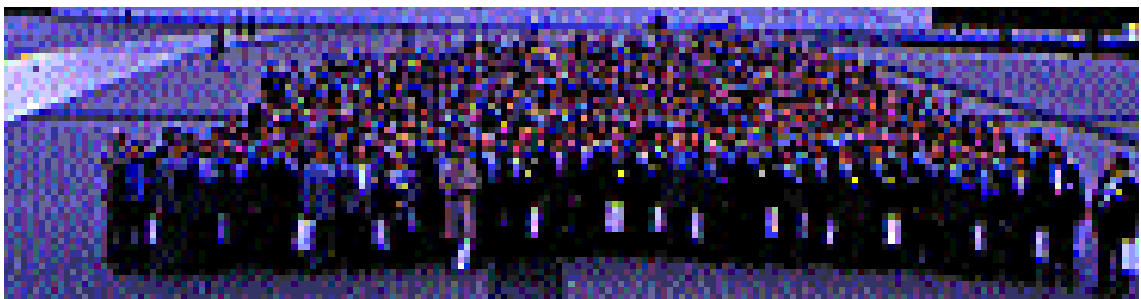
These new jobs have largely been made within commercial positions, enabling the companies involved to reinforce their sales force, thus gaining a greater presence in the field. This wave of relatively young new recruits has also helped to "rejuvenate" the age profile of Groupe employees in France.

As far as production is concerned, the reduction in working hours has been made possible by the introduction of annualisation agreements which have inturn generated gains in productivity.

The subsidiaries have therefore succeeded in motivating all their

staff around this scheme of reducing working hours, a scheme which, depending on the various companies, aims to bring fresh life to the social dialogue, to create a common identity, to offer new schedules to the customers and to adapt the workload and production schedules to the seasonality of sales.

A new organisation has been implemented at the cost of certain financial sacrifices, in the form of salary reductions, and the freezing or capping of increases, aspects which concern all employees, from staff on the production line right through to management, including the subsidiary Chairman. And moreover, this application of the Loi Robien, by providing more free time, has certainly contributed to the personal fulfillment of those employees concerned.



SHARING EXPERIENCES - OUR TRUE WEALTH LIES WITH OUR PEOPLE.