

1998



Groupe  
Pernod Ricard

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Mixed Media on wood 1999

### **Original work by Fabio Calvetti**

*Born in 1956 and settled in Certaldo near Florence, Italy, Fabio Calvetti draws his inspiration from the heart of the Tuscan countryside. His paintings display a fine balance between naked power and tenderness. Vermilion reds and golden yellows overlay more mellow backgrounds. The play of shadow and light draws us into a world which is in sharp contrast with his vivacious brush strokes.*

*With this painting, created for the Pernod Ricard collection, Fabio Calvetti celebrates Italcanditi's entry into the Groupe. The company specialises in fruit preparations. The work also gives a glimpse of Havana Club, the Cuban rum which is enjoying the fastest rate of growth of any spirit in the world and which has now joined the ranks of million-case brands.*



**1998**

**Turnover<sup>(1)</sup> +8%**

**Internal Growth +7.7%**

**Operating profit +7.9%**

**Pre-tax profit +5.4%**

**Wines and Spirits +4.5%**

**Fruit Preparations and Soft Drinks +6%**

**Distribution +19.9%**

**Wines and Spirits: No. 1 in the Euro Zone,**

**No. 1 in France and Ireland,**

**No. 2 in The Netherlands,**

**No. 3 in Spain**

**Wines: No. 1 Australian brand**

(1) 20,582 MF excluding duties and taxes





Patrick Ricard: " 1998 was a successful year for groupe Pernod Ricard. We reported an 8% increase in turnover. All of our major brands did well and internal growth was at the heart of our results."

Groupe Pernod Ricard turnover in the financial year 1998 resulted in an 8% increase. This is an excellent result, considering the fact that the year was not promising in our sector of activity: the crisis in Asia resulted in a prudent market, weather conditions were mediocre in Europe, and the impact of tax increases in the previous period did not help us commercially.

Within this highly sensitive context, the significant increase in Pernod Ricard turnover constitutes recognition as well as a pledge.

#### **Initiative and profitability**

First of all, recognition: ours is a winning strategy because it brings results. In fact, it benefits, first of all, from a determination to serve the interests of our shareholders. One year ago, I wrote that we would never confuse the race to expand on a gigantic scale with our objective of increasing profitability. Nothing has fundamentally changed. But today, I will go further, by recalling the fact that we are committed to "profitable initiative". This spirit has enabled us to acquire local brands which are essential today in their home markets and regions. This spirit has also encouraged us to concentrate our efforts on the Group's strategic brands. It has guided us when we decided to develop distribution activities. Result: groupe Pernod Ricard is the number one producer of wines and spirits in the Euro Zone and number five worldwide today, with a sales volume of FF20.5 billion (EUR 3,138 billion).

Secondly, the pledge: Without a doubt, internal growth lies at the heart of our results. Within a comparable scope of consolidation, weighted for currency effect, we reported a 7.7% increase in internal growth at the Group level. In Europe

alone, it was more than 10%. These figures are key. They demonstrate Pernod Ricard's overwhelming capacity to find new sources of profitability directly, with its own resources. The men and women who work for the Group day in and day out are to be thanked; our shareholders too, whose confidence we enjoy and who urge us to face new and passionate challenges every day.

#### **Europe and the World: the reality is ours**

And what finer challenge than that of internationalisation ! While everyone is discussing Europe, groupe Pernod Ricard can say that, in its own way, it is ardently pursuing the construction of the region. The Groupe's number one strategic market, and the world's most important economic zone, Europe (outside of France) in 1998 represented 42% of our wines and spirits sales. The Groupe is confirming its leadership in the Euro Zone: with a 14% share of the market, we are moving forward, thanks to brands like Clan Campbell, Jameson, Havana Club, Larios or Amaro Ramazzotti and, as well, our anis-based spirits. Ricard, now the No. 3 brand worldwide, also sells more than any other brand in France, Belgium and Luxembourg. Pastis 51 has exceeded 2.3 million cases sold and is number 36 worldwide in the spirits sector. With Mini, Pernod Ricard is the leading producer of Ouzo in Greece today. Finally, in the Czech Republic, our portfolio is enhanced by Becherovka, already listed among the case-millionaire brands.

In France, Groupe turnover registered a 6.3% increase, due to excellent results for anis based Ricard and Pastis 51, Clan Campbell scotch, Jameson and Paddy Irish whiskies and, as well, Cinzano. The share of our home market decreased, since 69.5% of total sales took place outside France. This factor demonstrates our real international potential.



### **Wines and Spirits: an excellent vintage**

Worldwide, the wines and spirits sectors registered very good results. Our wines are enjoying remarkable success in Europe, Asia, and the US, due to the performances of the Australian Jacob's Creek and the Argentine Etchart and, as well, to our Cruse and Lichine French wines. Jameson Whiskey advanced (+10%), reporting excellent results in Latin America where the brand was recently introduced. Havana Club Rum joined the exclusive club of case-millionaire brands, thereby confirming its extraordinary potential in the international market: increasing its volumes tenfold, Havana Club has joined the ranks of the worldwide elite in less than five years! In total, Pernod Ricard, from now on, counts 8 brands among the leading 100 spirits worldwide\* (as opposed to 4 brands just five years ago): Ricard, Larios, 51, Clan Campbell, Jameson, Suze, Havana Club, and Becherovka. In the wines sector, Jacob's Creek has enjoyed one of the strongest periods of growth worldwide.

*\*Impact International Classification*

### **Fruit Preparations: on the up**

Fruit processing activities (fruit preparations and soft drinks) continue to develop, due to a significant increase in activities in Europe, Australia, and on the American Continent. Fruit preparations reported a 16.3% progression (12.7% internal growth alone). In the soft drink sector, Orangina reported honourable results on national territory, contrasting with unfavourable weather conditions and uncertainties which this company's employees face. Champomy and Pampryl did well in France. In the US, Yoo-Hoo finished restructuring its range and increased its turnover.

As the media reported, we took advantage of this period to consider the sale of Orangina. If there is a transfer, and we are still keen for this to happen despite the decision made in April 1999 by the Conseil d'Etat, everyone knows that it will not take place at any price, or under just any or all conditions regarding personnel and the economy. For groupe Pernod Ricard, Orangina is an emblematic brand which has doubled its exported volumes over a period of ten years. If the sale agreement is concluded, the benefits of this operation will serve our ambitions and allow us to further improve our position in the spirits sector and, as well, in value-added markets. ►



Patrick Ricard

# Leading wines

**ANIS BASED SPIRITS:** RICARD\*, PASTIS 51\*,  
PERNOD, MINI, 8 HERMANOS, ALASKA, SAMBUCCA  
RAMAZZOTTI.

**WHISKIES:** CLAN CAMPBELL\*, JAMESON\*,  
WILD TURKEY, ABERLOUR, WHITE HEATHER,  
EDRADOUR, HOUSE OF LORDS, BUSHMILLS, PADDY,  
JOHN POWER, ROYAL CANADIAN.

**EAUX-DE-VIE:** COGNAC BISQUIT, RENAULT, CALVADOS  
BUSNEL, ARMAGNAC MARQUIS DE MONTESQUIOU,  
EAUX-DE-VIE CUSENIER ET LA DUCHESSE, BRANDY  
DORVILLE, ARARAT (ARMENIAN BRANDY).

**CLEAR SPIRITS:** RHUM HAVANA CLUB\*,  
GIN LARIOS\*, VODKA ALTAÏ, CORK DRY GIN.

**BITTERS:** SUZE\*, AMARO RAMAZZOTTI.

**LIQUEURS:** BECHEROVKA\*, SOHO, ROYAL DUTCH  
ADVOCAAT, LIQUEURS CUSENIER, EOLIKI, ZOCO.

**WINE-BASED APERITIFS AND SWEET NATURAL  
WINES:** DUBONNET, AMBASSADEUR, CINZANO\*\*,  
BYRRH, AMÉRICANO, VABÉ, BARTISSOL, PORTO  
CINTRA, KUEI HUA CHEN CHIEW.

**WORLD WINES:** AUSTRALIA (JACOB'S CREEK,  
WYNDHAM), ARGENTINA (ETCHART, RIO DE PLATA),  
CHILI (TERRA ANDINA), CALIFORNIA (CANYON  
RIDGE), CHINA (DRAGON SEAL), SOUTH AFRICA  
(LONG MOUNTAIN), FRANCE (ALEXIS L, FONTENOY,  
PREMIER DE LICHINE), SPAIN (PALACIO DE LA  
VEGA).

**SPARKLING WINES:** CANEL, CAFÉ DE PARIS, MAISON,  
CARRINGTON, CHAMEL.

**LOW ALCOHOL DRINKS:**

PERNOD HEX, SUZE TONIC, TWO DOGS, BISQUIT N° 1,  
WILD TURKEY AND COLA, WEST COAST COOLER.

**CIDERS:** LOÏC RAISON, LA CIDRAIE, DUCHÉ  
DE LONGUEVILLE, FLAGGER, DAGAN, E 33.

**SOFT DRINKS:** PAMPRYL, YOO-HOO, ORANGINA,  
BRUT DE POMME, RICQLÈS, PACIFIC, PAM PAM, BANGA,  
CHAMPOMY, MINERVA, AGRUMA.

\* One of the 8 Groupe case-millionaire brands.

\*\* In France.



# and spirits owned by the Groupe





# G R O U P E P R E S E N C E W O R L D W I D E

- Wines and Spirits
- Fruit Preparations and Soft drinks
- Distribution

PERNOD RICARD AMERICAS	100%
PR Argentina (Argentina)	100%
El Muco Bebidas (Venezuela)	100%
PR Canada (Canada)	100%
PR Chile (Chili)	100%
PRC Diffusion (Caribbean)	100%
PR Mexico (Mexico)	100%
Pramsur (Uruguay)	100%
PR Colombie (Colombia)	100%

AUSTIN NICHOLS (USA)	100%
Boulevard Distillers (USA)	70%
Yoo-Hoo Industries (USA)	100%

HAVANA CLUB INTERNATIONAL	50%
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WORLD BRANDS DUTY FREE (GREAT-BRITAIN)	100%
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CAMPBELL DISTILLERS (GREAT-BRITAIN)	100%
Caxton Tower (G.B.)	100%

IRISH DISTILLERS GROUP (Ireland)	100%
Pernod Ricard South Africa (South Africa)	100%

BWVG (Ireland)	100%
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PERNOD Cusenier/Crus et Domaines de France	100%
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RICARD Galibert & Varon	100%
Renault Bisquit	99.3%



SIAS-MPA	100%
Flavors From Florida (USA)	100%
Ramsey Laboratories (USA)	100%
SIAS Regional (Argentina)	67%
SIAS Mex (Mexico)	100%
SIAS Port (Mexico)	100%

SIAS-MPA	100%
DSF (Germany)	60%
San Giorgio Flavors (Italy)	100%
SIAS Bohemia (Czech Republic)	100%
SIAS Foods UK (Great-Britain)	100%
SIAS Polska (Poland)	93.1%
YB SIAS (Austria)	50%
Italcanditi (Italy)	54.3%
Sias Flavo Food (South Africa)	75%

SIAS-MPA	100%
SIAS-France	100%



PERNOD RICARD EUROPE	100%
Brand Partners (Norway)	50%
Epom (Greece)	95%
IGM Deutschland (Germany)	100%
Lizas & Lizas (Greece)	100%
Perau Associates (Sweden)	100%
Perisem (Switzerland)	100%
Polacek (Austria)	100%
PR Belux (Belgium)	67%
PR Larios (Spain)	100%
PR Nederland/Cooymans (Netherlands)	100%
PR Rouss (Russia)*	100%
Ramazzotti (Italy)	100%
Somagnum (Portugal)	75%
World Brands Denmark (Denmark)	100%
World Brands Finland (Finland)	100%
Alvita (Czech Republic)	100%

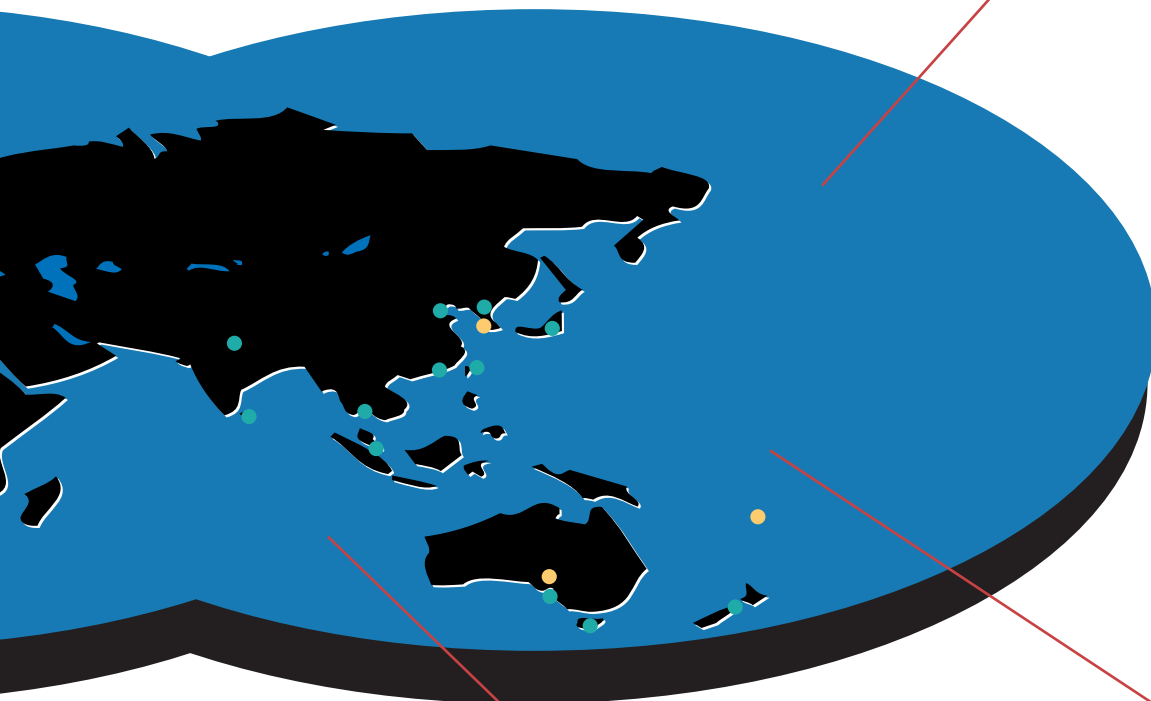
PERNOD RICARD AUSTRALIA (AUSTRALIA)	100%
Orlando Wyndham	97.9%
Two Dogs	100%
Orlando Wyndham New Zealand	100%

PERNOD RICARD ASIA	100%
Beijing Pernod Ricard Winery (China)	65%
Casella Far East (Hong Kong)	100%
Casella Taiwan (Republic of China)	100%
Dragon Seal (China)	53%
Perising (Singapore)	100%
Perithai (Thailand)	100%
Pernod Ricard Japan (Japan)	100%
PRK Distribution (Korea)	97.7%

PERINDIA (INDIA)*	74%
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PERICEYL (SRI LANKA)*	50%
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\* No consolidated in 1998



CSR PAMPYRL	99.2%
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CFP ORANGINA	100%
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SIAS-MPA	100%
SIAS Australia (Australia)	100%

SIAS-MPA	100%
SIAS Korea (Korea)	95.6%
South Pacific Foods (Fidji)	100%



## Cohesiveness of values and operating decentralisation of structures

Groupe Pernod Ricard's origins lie within the spirits sector. Very early on, the Groupe was determined to diversify its activities and to conquer new markets; to completely govern its own destiny. Thus, it prepared itself with all the tools needed to meet this challenge. The world's 5th biggest group in the wine and spirits sector today groupe Pernod Ricard reaps the benefits of its corporate strategy. Its results should enhance investor confidence.



Pernod at Créteil.

### Strategy: back to basics

Groupe Pernod Ricard's strategy is three-pronged :

- to develop separately our core activities: "Wines and Spirits" and two areas of diversification: "Fruit Processing" and "Distribution".
- to concentrate our efforts in the "wines and spirits" sector on a few brands which enjoy worldwide potential.
- to create or acquire networks in all key markets.

### From the land to the laboratory

All Pernod Ricard Groupe products are developed from fruit and plants. Each year, the Groupe selects and processes more than 2.1 million tons of fruit, plants, and cereals. Pernod Ricard is a significant player in the agricultural sector.



Based on its natural raw ingredients, each product can then develop an identity which helps create its name and reputation. Pernod Ricard is involved at every stage in the chain of development: selection and enhancement of seeds and farming techniques, irrigation, production, distillation, bottling and packaging...

Each stage is the object of methodical control, aimed at providing very high quality consumer products. Groupe Pernod Ricard makes significant investments in the area of research and development. In an industry as sensitive as that of agrifood, the Groupe has always remained true to its objective of innovation based on quality.

Today, our research centre consists of seven specialised laboratories. Each one actively participates in fundamental research concerning agricultural activities, agronomic cultivation, chemistry or biochemistry, sensory analysis, the creation of new flavours, toxicology, new technologies and products development. Each production subsidiary has its own quality control laboratory in which raw materials and processes are checked.

In total, the Groupe has at its disposal 75 plants and distilleries worldwide, two thirds of which are outside of France. Pernod Ricard operates some of the most modern installations in the world; for example, the



### AND NOW, "14001" CERTIFICATION.

Located in Northern Ireland and famed for its incomparable whiskeys, Old Bushmills, the oldest distillery in the world, has received its ISO 14001 Certification.

Jacob's Creek Winery in Australia. It is the proud owner of several centuries-old distilleries and spirits storehouses, such as Bushmills in Ireland, the oldest distillery in the world. It plays an important role in providing pleasure to the "amateurs" of authentic products.

development centres on every continent. Sias-MPA acquired three new subsidiaries in 1998: in Italy, South Africa and Argentina. It is also planning setting up in China, to contribute to the development of a market for dairy products. ■

### Decentralisation at the heart of our success

As experienced by its 12,800 staff, groupe Pernod Ricard is, above all, a decentralised structure. Besides defining the general strategy, the holding company manages the brands portfolio, finances, marketing, research, corporate communications, government relations, legal protection of brand names, industrial and logistical co-ordination.

The main production companies (Irish Distillers, Ricard, Pernod, CSR-Pampryl, Campbell Distillers, Orlando Wyndham, Austin Nicols) as well as Pernod Ricard Europe, Pernod Ricard America, and Pernod Ricard Asia are directly attached to the parent company. Under Groupe supervision, they manage their own subsidiaries and put their own brand strategies into operation worldwide. In their national markets, each company sells imported brands which are produced by other companies in the Groupe.

Regarding fruit preparation activities, Sias-MPA, a world leader, has subsidiaries and



Orlando Wyndham: 5 wineries, one of which is the world's most modern.



## “ Shareholders and personnel know it: Growth means little without profitability.”

In a difficult market, Pernod Ricard continues to provide value. In three years, the Groupe will have increased its shareholder's added-value fourfold.

**In 1998, groupe Pernod Ricard registered an 8% increase in turnover. The last quarter was excellent. Is it true that it was that period that “saved your year”?**

True enough, the last quarter enabled us to accelerate our growth, but I want to underline the fact that by the end of September, it had already increased by +6.8%. Our performance was excellent in a global market seeking new landmarks. General market evolution and the Asian crisis were not kind to us; the soft drinks sector suffered from poor summer weather conditions. Nevertheless, we continued to post constant gains in sales and income.

I believe that this growth bears witness to our dynamism and our ability to develop new niche markets, thereby illustrating the soundness of our strategy and the great potential of our brands.

A more prospective analysis of the financial year has led me to draw two important conclusions: in a market where inflationary spirals are kept under control, groupe Pernod Ricard continues to increase its benefits because of its unique capabilities. Internal growth alone increased by +7.7%. Without a doubt, the organisation and corporate strategy of groupe Pernod Ricard is the key factor behind its daily energy. At the same time, brand strategies adopted in the wines and spirits sectors allow us to reinforce our position and, as well, to maintain a free hand regarding the changes taking place worldwide. They represent a decisive advantage when competing internationally.

**You talk about a corporate philosophy.**

**What are the Groupe's values?**

Regardless of the particular area of activity in question, it is

essential to have roots and points of references. We have ours. Among them, each brand has its own history. In this way, our corporate culture and all of our values are completely aligned with those of management. The men and women of this enterprise, forming a solid, open community, are at the core of its success.

This being said, we must not forget that a Groupe can survive only if it is profitable. Therefore, the directors of our subsidiaries and the Groupe's managers profit from stock options calculated on the basis of the growth of value. Moreover, management and many other personnel are interested in corporate results. It's our job to stimulate value increase, by implementing the criteria for success at every level of the decision-making process. Everyone in the company takes profit in it: Shareholders, the Groupe, the management and our employees.

### ASSET CREATION WITHIN THE GROUPE

in FF million	1997	1998	Variation
Operating profit after taxes	1,729	1,810	81
Average employed capital	16,625	18,141	
• Capital costs	1,512	1,469	43
• Rate	9.1%	8.1%	
Asset creation	217	341	124

### What are the benefits for shareholders?

We have continuously placed a great deal of importance on the profitability of our investments. Our core activities, wines and spirits, allow us to clear large margins. Whenever we invest one euro in the company, in every sector where we operate, we think of the benefits which the shareholders will enjoy. When we decided to invest in distribution, our objective was profita-



bility. The result: this activity has multiplied its profits by fifteen in ten years. Our shareholders immediately harvest the benefits, because we have always distributed one third of our income, reserving the other two thirds for further investment and development.

**Fruit Preparations and Soft drinks activities appear to be slowing down...**

Yes and no. Soft drink sales are decreasing slightly, essentially due to weather conditions. Nevertheless, fruit preparations registered excellent gains in all markets: +12.2% in France, +25% throughout the rest of Europe, contributing about 13% of the Group's turnover.

In this sector, as in the others, our approach remains the same. We give preference to activities which enhance growth in their respective markets and which result in the most attractive capital returns.

**And Orangina?**

The motivation to let Orangina go is part of this logic. While we foresee greater international development for the brand, the sale would provide us with the means to invest in sectors of growth, permitting us to rapidly confirm our leadership and realise greater profitability.

**You mentioned market evolution in the wines and spirits sectors.**

**What changes are taking place today?**

Watch our strategic approach. Whiskies, gins, rums, or anis-based spirits are part of a closed circle of major international beverages available worldwide. Within this family, we own brands of worldwide renown. We concentrate our efforts on them. Over a five year period, the Groupe has doubled the number of its million-case brands.

This does not prevent us from keeping a constant watchful eye on our markets. Our method has not changed: we are equally prepared to invest in more "regional" brands, carefully examining the potential of each one. Thus, more Amaro Ramazzotti is purchased in Germany than in Italy, where it originated. Powers Irish Whiskey and Larios Spanish Gin are leaders in their national markets, 51 is No. 2 in France. Consider a brand like Becherovka - a bitter drink our network has just started

distributing: sales in the Czech Republic, its country of origin, were excellent. However, the brand also has strong sales potential in Eastern Europe and in South America. Pernod Ricard's business expertise in important worldwide markets will be a real advantage.

Of course, we are always on the lookout for brands with worldwide appeal and recognition. We have the means to acquire them at a fair price, respecting our criteria concerning profitability and shareholder interest.

Finally, remember that three of our key brands, Havana Club, Jameson, and Clan Campbell feature in the hit parade of the 6 strongest growth brands worldwide.

**However, your distribution activities are only distantly related to your core business.**

During a period of transition, it is important to follow the consumer step by step. The world is opening up every day. We are observing new life styles and what better place to experiment than the world of distribution! Finally it is essential to note the fact that this activity results in large returns relative to invested capital, representing the best criteria for growing economic value. ■





## Important events which took place during 1998.

In 1998, the Groupe experienced a number of events illustrating the dynamism of Pernod Ricard and the high level of staff involvement. They resulted in the Groupe's growth on every continent.

### No. 1 IN THE EURO ZONE

With a 14% share of market in terms of volume, groupe Pernod Ricard was No. 1 among international groups in the Euro Zone in 1998.

### Pernod Ricard: the best performing international Groupe in 1998

With a 3% increase in volume, Pernod Ricard is the international Groupe whose wines and spirits activities reported the best results in 1998. Major competitors reported lower increases or even decreases in volume.

Pernod Ricard has put 3 brands in the top 6 fastest growing brands over a period of 3 years worldwide: Havana Club (+18%), Jameson Irish Whiskey (+12%), and Clan Campbell Scotch (+10%).

### Ricard, the No. 3 brand, worldwide

With a 2% progression in 1998, Ricard has become the third largest spirits brand worldwide, with a volume of 7.4 million cases sold. In France, the brand registered a 3% increase in volume.

### Distribution: a profitable activity

In the area of distribution, Pernod Ricard has developed true expertise. Thanks to BWG Limited, modern distribution techniques have been introduced by this UK and Republic of Ireland player including computerised stock management, cashier scanners, logistical support.

In a region where convenience shopping is dynamic and prosperous, Pernod Ricard wants to concentrate its activities solely on the wholesale sector. It will distribute to its 850 franchises "Spar" and "Mace" and service independent clients, as well.

BWG Foods has set up 80 points of sale, exclusively reserved for the trade (cash and carry and delivery businesses).

Requiring little capital, distribution activities offer a very good return on investment and increase value for Groupe shareholders. In 1998, distribution activities reported an increase in sales of 19.9% (13.7% internal growth), representing 21.8% of the Groupe's total sales.

### Larios Gin, No. 3 on the world gin market

Larios Gin, number 1 in the Euro Zone and the leader in all categories in the Spanish spirits market, is pursuing its development on the European Continent and in Latin America. The brand is now listed as one of the top 30 worldwide. Larios is back on the growth path since its entry into the Groupe at the end of 1997. It registered a 2% increase in volume in 1998.

### Fruit Preparations: +16%

In 1998, Sias-MPA registered a 16% increase in turnover. The worldwide leader in fruit preparations for the dairy industry also reinforced its position in three key countries. In Italy, Sias-MPA purchased 54% of Italcanditi, one of the principal providers of processed fruit to the transalpine food industry. In South Africa, Sias-MPA took over Flavo Foods. The subsidiary also reinforced its position in Argentina, by creating Sias-Argentina, ►



*In 1998, BWG made 6 new acquisitions: Barr's, Knox, Symonds, Bellevue, Renton, Goodwins. In total, BWG Limited registered a FF4.5 billion turnover (EUR 686 million).*







a fusion of Sias Saic and its former competitor Regional.

In all, Sias-MPA now constitutes 22 industrial units spread over every continent. Among its objectives, the subsidiary looks forward to setting up in China, to contribute to the development of a local market for fresh dairy products.

#### **Becherovka joins the Groupe's portfolio of brands**

A national beverage of the Czech Republic and already a million-case brand, Becherovka, a bitter liquor joins the Groupe's portfolio. Its objective: globalisation.

#### **Distributing Wild Turkey directly**

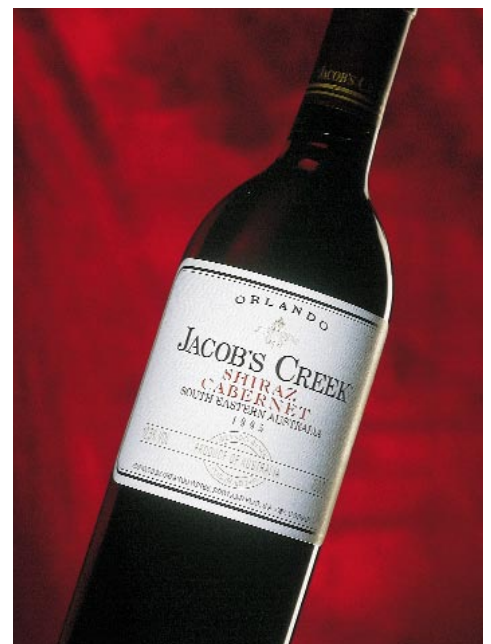
Pernod Ricard decided to take over the direct distribution of Wild Turkey Bourbon in Japan and in the US. Distributed by Austin Nicols, a Groupe subsidiary



attached to Pernod Ricard Americas, Wild Turkey is set to rapidly enhance its position in those major markets with good growth potential. The most widely sold premium bourbon in the world is one of the Groupe's strategic brands.

#### **Jacob's Creek: No. 1 Australian wine**

Jacob's Creek continues to grow, with 2.2 million cases exported in 1998. The Australian wine is experiencing strong growth in new world countries (US, Canada, Argentina, Australia, New Zealand) and



in Scandinavia, Asia, and in the UK. The brand registered an important increase in volume in American supermarkets.

Orlando Wyndham, the Australian subsidiary, also reported a 7% increase in sales of Wyndham Estate, its No. 2 brand both on the domestic and export market. Over a period of two years, the brand has been awarded 40 medals at international exhibitions.



### **Amaro Ramazzotti: a case study**

A typical Italian beverage, Amaro Ramazzotti has moved ahead significantly in the German market. 3 million litres were sold in 1998 (as opposed to 1.7 million in 1995). For eight years, Ramazzotti has reported the highest growth rate in Germany, averaging more than 23% growth.

### **Mini Ouzo, No. 1 in its market**

No. 2 in the anis-based spirits market before its entrance into the Groupe, Mini Ouzo has become No. 1 in Greece. ■





© D. Sarraute

**Spirits: 8 case-millionaire brands**

**Wines: the best exported brand in the world**



# The Groupe's key brands reported a 7% increase in volume.

Pernod / Ricard / Jameson /  
Havana Club / Wild Turkey / Aberlour /  
Clan Campbell / Jacob's Creek...





# France:

## solid roots and several records.

In France, Groupe turnover increased (+6.3%) due to excellent sales of Ricard and 51, the anis-based spirits, the whiskies Clan Campbell, Jameson, Wild Turkey, Bushmills and Cinzano. The Groupe's French roots remain solid while it continues to strengthen its position in markets worldwide.

### THE GROUPE IN FRANCE

- 30.5% of total activities:
  - Wines and Spirits: 15.7%
  - Soft Drinks: 14.8%
- 26 plants and distilleries throughout the country
- Principal French subsidiaries
  - Wines and Spirits: Ricard, Pernod
  - Fruit Preparations and Soft drinks: CSR-Pampryl, CFPO, Sias-MPA
- 4,700 staff

With 30.5% of consolidated turnover, excluding duties and taxes, France represents the Groupe's leading market.

### Growth in anis-based spirits

With a 10.4% increase in turnover in 1998, wine and spirits activities confirmed their upturn (after an increase in duties in 1997), reporting a 10.4% increase in turnover. In 1998, volume and the Groupe's market share increased.

The Ricard brand improved its position both in "on" and "off" premises. In the anis-based spirits sector, subjected to a 1.8% downturn, Ricard gained a 0.9 share of market, to chalk up 36.6%. Pastis 51 also performed well, registering a 4.6% increase in volume. In fact, the French market clearly recognises the quality of our brands: bottom priced products and private labels compete poorly. In total, the Groupe holds 55% of the French anis-based spirits market.

### A record year for whiskies

In the scotch sector of the market, growing at a rate of 3.4%, the Groupe's whiskies registered remarkable results. Clan Campbell confirmed its potential with an increase in volume of 18.7%.

Irish whiskies also prospered in the market: a 14.4% volume increase for Jameson, 91% for Paddy and 14% for Bushmills. The French have certainly discovered and are enjoying the taste and originality of Irish whiskeys. ▶

### PERNOD RICARD, LEADING FRENCH PRODUCER OF

- Anis-based Spirits,
- Fruit Juices and Soft drinks,
- Ciders and Eaux-De-Vie,
- Bitters,
- Sweet, Natural Wines,
- Fruit Preparations







Cinzano's excellent results are also of note as are those of Larios, a gin originating in Spain, which also reinforced its position of leadership on the European continent.

**Fruit Preparations: +11.4%,  
soft drinks stable**

Sias-MPA fruit preparations experienced growth of 11.4% due to an increase in volumes sold.

In the soft drinks sector, Orangina registered good results on national territory, in spite of unfavourable weather conditions and the uncertainties faced by the company's employees. Champomy and Pampryl also did well.



**It's ultra fresh, its Pampryl!**

In November, CSR Pampryl launched a new line of fresh fruit juices, available in France through large scale distribution. With the help of the Pernod Ricard Research Centre, the Pampryl company, which took over Ulti, developed an innovative technological

process - high pressure - which prolongs stay fresh dates, from 7 to 16 days, without altering the taste or the vitamin level content. Voted "taste of the year" by a consumers jury, Pampryl freshly-pressed juice will enable CSR Pampryl to reinforce its success over the last years with brands like Champomy. At the 1998 French competition "Concours général agricole", Pampryl was a three time winner, obtaining a gold medal for its fruit juice made from Muscat raisins, a silver medal for Champomy, and a bronze medal for Loïc Raison Sweet Cider. ■



Champomy, a sparkling apple soft drink hugely popular at children's parties in France.



## Europe: achieving a 12.5% growth.

The European market mirrors Europe itself: rich potential and multicultural. As the leading European and French brand in 1998, Ricard also became the best selling spirit in Belgium and Luxembourg. Larios reinforced its position in Mediterranean Europe. The Fruit Preparations and Soft drinks sector progressed. In the British Isles, distribution reported a 19.9% increase.

Europe is the Groupe's number one regional market. Pernod Ricard achieves 42% of its wine and spirits sales in Europe (outside France).

### Good growth of strategic brands

The spirits sector realised a 2.9% progression in the European market. Internal growth remains high, due to the performances of brand leaders. Ricard has become the leading spirits brand in Belgium and Luxembourg.

Havana Club reinforced its position in Germany, Italy, Spain, and France. Ramazzotti has chalked up a 23% increase in sales in Germany. Good results, as well, for Larios gin.

Already enjoying a strong market position in Spain, it continues, nonetheless, to progress. Confirmation, too, of its success in Mediterranean Europe, where Larios is selling extremely well.

At the same time, the Groupe has reinforced its position in Finland and Greece, where PR Hellas has become the leading producer of Ouzo, with Mini.

In the whiskies sector, Clan Campbell continues to develop its activities. Jameson and Bushmills Irish whiskeys demonstrated their best performances in Southern Europe.



Impressive growth of "Wines of the World" in the British Isles and in Northern Europe.

The performance of Jacob's Creek Wine in Great Britain and Ireland should be highlighted. In total, wine activities registered a 15.9% increase.

Today, Pernod Ricard has two production sites in Eastern Europe (Altaï in Russia and the other in Karlovy-Vary, in the Czech Republic) and 8 distribution centres: in Armenia, the Baltic States (Lithuania, Estonia), the Republic of Georgia, Hungary, the Czech Republic, Russia and Poland.

### Becherovka in the East

Already a case-millionaire brand, Becherovka is the national drink of the Czech Republic.

Since it joined Pernod Ricard's portfolio, it has demonstrated potential in Eastern Europe and in South America. ►

### THE GROUPE IN EUROPE

- No. 1 network on the Continent (19 countries)
- 42% of the Groupe's Wines and Spirits activities
- A 3-fold organisation:
  - Pernod Ricard Europe and its subsidiaries (international distribution of the Groupe's brands, production of local brands),
  - Sias-MPA and its Fruit Preparation subsidiaries.
  - The Groupe's whisky producing companies: Irish Distillers and Campbell Distillers.



### Doors open up in Russia

PR Rouss, a Pernod Ricard subsidiary in Russia, was officially accredited by the state monopoly to distribute wines and spirits.

Pernod Ricard intends to take advantage of this situation; in particular, to develop sales of Altaï vodka, Armenian brandy, Georgian wines and international brands.

### Fruit Preparations and Soft drinks: strong growth for Sias-MPA in Europe

In spite of Orangina's good performance in its major markets, the Groupe's soft drinks were unstable in Europe, where weather conditions were particularly unfavourable. On the other hand, Sias-MPA (fruit preparations) reported an increase in volume for all European subsidiaries. Sias-MPA saw its sales progress by 26.9% in Europe.

### Distribution (UK and Ireland): +19.9%

In 1998, the Groupe enhanced its position in the wholesale distribution sector in Ireland and in the UK, acquiring six regional subsidiaries.

Distribution activities represented a turnover of approximately FF4.5 billion (EUR 686 million), with one of the best returns on Groupe investment and, as well, one of the strongest areas of growth. ■



850 convenience stores in Ireland and the UK.









# The Americas:

## Wild Turkey in North America, Etchart in South America.

Present in the US and Canada, Pernod Ricard also has subsidiaries in South and Central America. In these specific markets, where buying attitudes vary, the Groupe set landmarks in key sectors. Wines, spirits, fruit preparations and soft drinks: Throughout the continent, Pernod Ricard boasts a base of solid assets which help to accelerate growth.

### PERNOD RICARD AMERICAS (100%)

- Austin Nichols, USA,
- PR Canada,
- PR Mexico,
- El Muco Bebidas, Venezuela,
- Pramsur, Uruguay, Brazil, Paraguay,
- PR Argentina,
- PRC Diffusion, Caribbean,
- PR Chile, Chili.

### SIAS-MPA

- Ramsey Sias, USA,
- Flavors from Florida, USA,
- Sias Port, Mexico,
- Sias Mex, Mexico,
- Sias Regional, Argentina.

In the US, Pernod Ricard decided to distribute Wild Turkey directly, the biggest selling premium bourbon worldwide. Behind this decision stands the Groupe's determination to take advantage of every opportunity to manage its growth in key markets. From now on, Wild Turkey will be distributed by Austin Nicols. The company already sells other Groupe brands in the US.



Austin Nichols at Lawrenceburg, Kentucky.

Globally, spirits activities registered contrasting results (good for Jameson and Bushmills, less positive for Clan Campbell and Cusenier), while wines maintained their excellent progression.

### Increased growth in Wines

Jacob's Creek reported an extraordinary increase in sales in American supermarkets. In Canada, Jacob's Creek also improved its position with a significant increase in market share.

In South America, the Groupe reported exceptional sales of wine in Argentina (an increase of 11%). Etchart, the leading producer of high quality Argentine wines, added Rio de Plata Torrontes Chardonnay and Tempranillo Malbec to its line. In terms of exports, Etchart reported an increase of 55%. Havana Club continued its growth on the Continent (+42% in Argentina; +36% in Mexico). ▶







**IN ARGENTINA, CUSENIER CHANGES ITS NAME**

*After 100 years, Cusenier SAIC has become Pernod Ricard Argentina SA. With a 100% share of Bodegas Etchart, PR Argentina will market popular local brands.*

*The company will also import Groupe products. Such as: Jameson and Havana Club.*

**Soft drinks have remained stable, good performance for fruit preparations**

Non-alcoholic activities remain stable for Pernod Ricard Americas. Although distribution of Orangina in certain markets was terminated, this activity showed a 1.8% increase in turnover. However, in the non alcohol sector, it is important to highlight the performance of Sias-MPA. This subsidiary, which specialises in fruit preparations for the dairy industry, scored significant gains in South America (+21.2%). It also reported a 3.4% increase in the US. ■



Cafayate: Etchart Vineyards at the foot of the Andes mountains.



# Cuba: the world grooves to the rhythms of Havana.

Havana Club: +25% / Best worldwide  
growth of spirits over three years /  
A tenfold increase in volume  
in 5 years / Joins world case-millionaire  
hit parade

Between its drive to remain true to itself and its desire to reach out to the world, Cuba is confident that it will always be able to make the most of its best qualities: the love the Cuban people have for their culture and products.



#### HAVANA CLUB SINCE 1878

- Silver Dry, 75° proof: clear, brilliant, ideal for long drinks and cocktails.
- Aged 3 years, 80° proof: light amber, straight or as a cocktail base.
- Aged 5 years, 80° proof: golden amber, fine, balanced aroma.
- Aged 7 years, 80° proof: a great after-dinner drink.

“ El Ron de Cuba”: “the rum” spoken of in the same tone as a master. Country of sugar cane, the island of Cuba produces high quality light rums, distilled twice and refined before being blended with well aged brandies and then matured in white oak casks. Havana Club is at the forefront of these “Rones Superiores”. Ahead of its objectives by two years, in 1998 the brand joined the ranks of the 100 best-selling spirits worldwide. Havana Club, the only Cuban rum distributed in international markets, reported a 25% increase in turnover at the end of 1998.

Pernod Ricard has turned Havana Club into a strategic brand. Since it joined the Groupe in 1994, sales have proved the brand's real potential. In a recent speech made before the Cuban Parliament, acknowledging the work carried out by Havana Club International, Fidel Castro emphasised the fact: “Five years ago, our country exported 100,000 cases of rum. Today, sales are in excess of one million”. ■

*Havana Club displayed enormous potential in all of its major markets, with close to a 200% increase in Italy where sales exceeded 1.4 million litres: +37% in France; +42% in Argentina; +36% in Mexico - all highlighting its objective of rapidly becoming one of the world's great brands. It certainly has all that it takes.*









# Asia:

## the crisis leads to new opportunities.

1998 was a very difficult year for Asia. However, groupe Pernod Ricard reported positive results in many markets, witnessed by the growth of Dita in Japan and the growth of Jacob's Creek, Wyndham Estate, Cruse and Lichine wines throughout the entire Continent.

### PERNOD RICARD ASIA:

- Beijing Pernod Ricard Winery, China which produces wines: Dragon Seal et 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

Increasingly, consumers in Asia prefer quality imported spirits. With subsidiaries in 9 countries (Singapore, Japan, South Korea, Taiwan, China, Hong Kong, Thailand, Vietnam and Malaysia), groupe Pernod Ricard is taking advantage of this change in behaviour, to develop its brand strategy for markets in the region.

Concerning spirits, Pernod Ricard Asia emphasises the national origin and quality of its brands, notably Wild Turkey American bourbon which Pernod Ricard is now distributing directly, and for Jameson Irish whiskey, the exoticism of which is hugely popular with Asian consumers, not forgetting Bisquit Cognac, which remains a great classic in the region, cognac being the preferred spirits of the Chinese. But Asia is becoming, more and more, a wine-loving region, particularly those provided by Pernod Ricard.

### Asia discovers the Wines of the World

Regarding wines, Pernod Ricard Asia maintains a policy which emphasises value for money and a variety of origins. In Japan, Pernod Ricard saw its sales of Jacob's Creek increase by 20%. In January, Pernod Ricard Japan took over distribution of the Alexis Lichine line of wines. In China, Dragon Seal cabernet sauvignon, produced locally by the Groupe, can now be seen on tables at official receptions - while Dragon Seal Dry Red and Dry White, which



bring together a full range of light wines, also reported encouraging gains in exports to key markets; notably because of solid entrenchment within the Asian restaurant circuit.

Pernod Ricard Asia offers a wide range of "wines of the world": Jacob's Creek, Lichine and Cruse, Etchart (Argentina), Terra Andina (Chile), Long Mountain (South Africa). In this region, it is important to take advantage of the growing trend for wine, to establish the best sources for development. Pernod Ricard teams involved in field work also focus on the promotion of the Groupe's strategic brands on the Continent.

Regarding non-alcoholic activities, it should be noted that Sias-MPA registered a decrease in turnover in South Korea due to the crisis in that region. Sias-MPA has already taken new initiative in China, by investigating the possibility of installing a production unit there. ■









## Pacific:

strong growth in the wines sector, in the Australian market as well as in exports.

With 5 “wineries” and the leading Australian brand (Jacob’s Creek), Orlando Wyndham, confirms its determination in the wines sector. Product quality as well as different tastes attract Australians. Through its Australian subsidiary network, Pernod Ricard also markets a range of spirits throughout the Pacific region.

### PERNOD RICARD AUSTRALIA:

- Orlando Wyndham,
- Two Dogs Holding,
- Orlando Wyndham New Zealand.

When Orlando Wyndham was purchased in 1989, the Pernod Ricard brands were not sold in Australia.

Ten years later, the Groupe’s brands sales have reached 3.5 million litres, notably for Jameson, White Heather, Wild Turkey whiskies and 6 million litres of premixes. Nevertheless, Pernod Ricard registered its best performances in the wines sector.

Ten years after its acquisition by the Groupe, Orlando Wyndham has become a perfect player in Pernod Ricard’s international strategy. On one hand the subsidiary provides the Groupe with solid domestic production and selling capacities in Australia. At the same time it represents a widening of the range with a worldwide conquest strategy.

### 40% in export

Orlando Wyndham developed its range of wines around two major brands : Jacob’s Creek and Wyndham Estate. In order to meet local and international demands Orlando Wyndham has been gradually equipping itself with new plants. In 1998 the subsidiary inaugurated the world’s most modern bottling plant, capable of handling 23,000 bottles an hour. It also acquired 300 hectares of extra vineyards.

In the domestic market, sales of bottled wine

continued to increase. Jacob’s Creek broke a record, with 2.2 million cases exported in 1998. Brand strategy gives priority to international markets, where the wine is experiencing strong growth. Benefiting from the Groupe’s international network, Orlando Wyndham continues to advance in foreign markets, notably in Europe, Asia, US, Argentina, Canada and New Zealand. Export sales are now 40% compared to 10% at the beginning of the 1990s.

Regarding fruit preparations, Sias-MPA has improved tonnage by 10% in the Australian market. This increase is second only to that enjoyed in South America. ■

### ORLANDO WYNDHAM:

Jacob’s Creek, No.1 in Australia and the world’s most exported brand.







## Because of uncertainties linked to the future of Orangina, Pernod Ricard shares are currently undervalued.

1998 was an exceptionally harsh year for stocks, on the Paris Bourse as well as in other worldwide stock exchanges. Representative of the market average, the French Stock Exchange Indexes (SBF 80 and SBF 250) advanced (21% and 28.5% respectively).

After an extremely brilliant, record breaking first half year, 1998 was marked by the extension of the Asian crisis to other developing regions, such as Russia and Latin America. Adjustments took place around mid July. In two months, gains made in the Western stock markets during the first half were cancelled: Index dropped 20% on the London Stock Exchange, 17% on the New York Stock Exchange, and 28% on the Frankfurt Stock Exchange. The Paris Bourse did not escape the tempest and suffered a 24% correction.

Conscious of the extended risks that the crisis could well extend and broaden, worldwide authorities adopted a series of appropriate and proactive measures: aid programs to Brazil, survival of LTCM, concentrated reduction of interest rates. At the same time, Japan finally came up with a rational plan to prevent bank failures. Reassured by these life saving efforts, stock markets improved

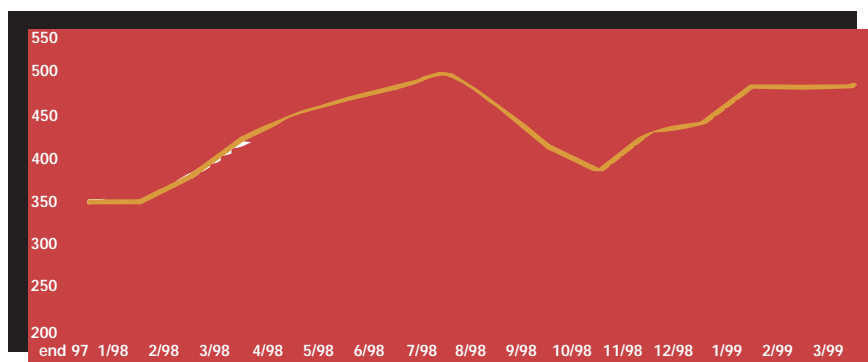
in October and they were compensated in large measure by adjustments which began in July. With the exception of Wall Street, the shares have not recovered their highs of the year.

Pernod Ricard remained stable in a strong, rising market, with gains restricted to +2.5%. Nevertheless, the first quarter was exceptional and could have motivated predictions of excellent overall performance. Having opened the year at FF354, the stock advanced steadily, outperforming the indexes to reach FF465 on March 19 (it would turn out to be the high for the year). Market interest was fuelled by expectations due to the prospective sale of Orangina and the confirmation of good business gains made in 1997 (results were posted on March 17).

Due to profit taking, the rise in the price of the stock ended, its advance considered overextended or too rapid (+70% since November, 1997). Pernod Ricard was adjusted, with large trading volume, ending the first quarter at FF421.

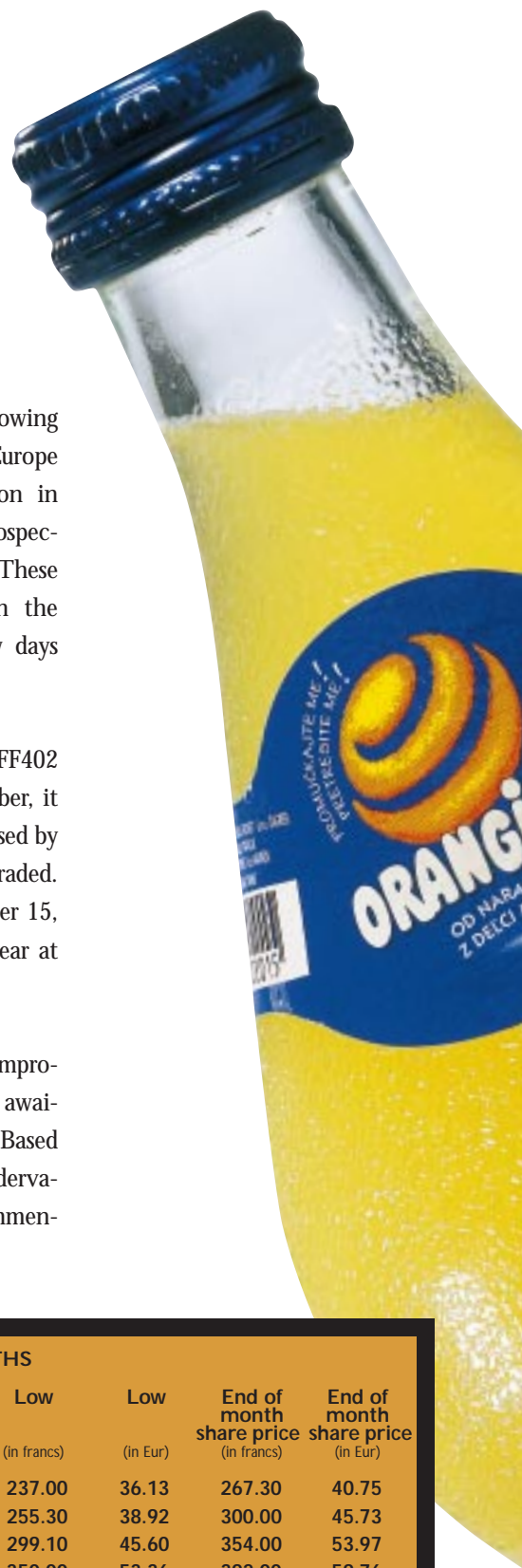
### MONTHLY AVERAGE TREND

— Pernod Ricard  
— CAC 40



April was a cautionary period for the stock, motivated by a possible delay in the sale of Orangina. The May 18 announcement of the French government's decision to refer the case to the "Conseil de la Concurrence" weighed heavily on the price of the shares which showed under-performance of 10% compared to the market (FF413). The draft





of an agreement to buy Yerevan Armenian brandy and the take-over of Italcanditi in Italy (fruit preparations) had no impact on the price of the stock.

Pernod Ricard remained stable at a level of FF403 in August, during a significant correction (CAC 40 -12.6%) which followed the extension of the Asian crisis and the opening of another front in Russia. The low stock valuation (a 20% decrease in relation to the market), its limited exposure on Asian markets, and its strong European presence gave it the status of a safe investment. Shares were equally unaffected by the extreme lows registered in September.

On September 18, the Government officially vetoed Orangina's transfer, at the same time "leaving the door open" to new proposals. On October 8, during the presentation of half year results - which were excellent - the Groupe expressed its concern regarding

business in the second half of 1998 following poor summer weather conditions in Europe and the levelling out of consumption in France, signalling the market to a prospective 5% evolution in results for 1998. These two events weighed significantly on the shares which dropped 15% in a few days (FF337.5 on October 12).

The stock rose in November, to reach FF402 on the 25th of the month. In December, it experienced a period of turbulence caused by volatility and a reduction in volumes traded. The stock reached its low on December 15, at FF327. Pernod Ricard closed the year at FF363, a restrictive increase of 2.5%.

In the first quarter of 1999, the stock improved globally, in line with a market still awaiting the news concerning Orangina. Based on its intrinsic qualities and on its undervaluation, analysts, in the majority, recommended the purchase of Pernod Ricard. ■

VOLUMES AND SHARE PRICES OVER 18 MONTHS

Month	Volumes number of shares (in thousands)	Capital volumes (in FFM)	Capital volumes (in Eur M)	Average price (in francs)	Average price (in Eur)	High (in francs)	High (in Eur)	Low (in francs)	Low (in Eur)	End of month share price (in francs)	End of month share price (in Eur)
10/97	2,499	711	108	284.47	43.37	298.00	45.43	237.00	36.13	267.30	40.75
11/97	4,168	1,211	185	290.44	44.28	309.00	47.11	255.30	38.92	300.00	45.73
12/97	4,158	1,379	210	331.75	50.57	365.00	55.64	299.10	45.60	354.00	53.97
1/98	3,050	1,149	175	376.57	57.41	394.00	60.06	350.00	53.36	392.00	59.76
2/98	2,252	865	132	384.23	58.58	398.00	60.67	368.50	56.18	398.00	60.67
3/98	3,853	1,624	248	421.40	64.24	465.00	70.89	395.10	60.23	421.00	64.18
4/98	2,534	1,052	160	414.98	63.26	437.00	66.62	400.00	60.98	415.00	63.27
5/98	2,085	870	133	417.35	63.62	445.50	67.92	401.50	61.21	443.40	67.60
6/98	1,488	630	96	423.34	64.54	448.00	68.30	409.00	62.35	419.00	63.88
7/98	1,925	800	122	415.35	63.32	436.00	66.47	403.00	61.44	420.00	64.03
8/98	1,691	681	104	402.86	61.42	425.00	64.79	375.10	57.18	418.00	63.72
9/98	2,781	1,113	170	400.30	61.03	430.00	65.55	351.00	53.51	412.50	62.89
10/98	1,950	710	108	364.08	55.50	405.00	61.74	333.00	50.77	370.00	56.41
11/98	1,757	669	102	380.67	58.03	400.00	60.98	360.00	54.88	370.10	56.42
12/98	1,515	541	82	357.11	54.44	375.30	57.21	327.00	49.85	363.00	55.34
1/99	1,805	-	98	-	54.12	-	59.80	-	49.53	-	55.40
2/99	2,201	-	121	-	54.78	-	58.60	-	52.25	-	53.90
3/99	2,588	-	143	-	55.25	-	61.50	-	52.80	-	58.85



## Sales and training at the heart of action.

As of December 31, 1998, groupe Pernod Ricard work force numbered 12,819 versus 12,652 in 1997, an increase of 1.32%. 8,117, or 64% of personnel work outside of France, a percentage equalling that of the preceding fiscal year.

### STOCK OPTIONS:

Close to 200 executives, Groupe companies and subsidiaries managing teams and staff, benefit from stock options which take into account shareholder added value.

In 1998, 233,084 shares were distributed, as opposed to 244,596 in 1997.

The relative stability of groupe Pernod Ricard's global work force (+1.32%) does not reflect the evolution from one country to another. In France, the number of workers continued to increase (+4.5% in 1997 and +3% in 1998), notably due to hiring associated with the Robien Law. The number of Groupe employees also increased (13.55%) in America. On the other hand, the number of Groupe employees decreased in Asia (21.45%), due to the crisis affecting this geographic zone. In general, figures based on job

categories remained unchanged. This was also true in France, where hiring in different socioprofessional categories was stable.

### Flexibility on fluctuating markets

The percentage of long term contracts (CDI Contrats à Durée Indéterminée) remained stable at 90% of total personnel. In France, short term contracts (Contrats à Durée Déterminée) remained marginal - 2.93% of all appointments - with a tendency to decrease (-6.76%) due to programs concerning conversion and flexible working hours which have been in place since 1997. On the other hand, 1998 saw an increase of short term contracts in South America; particularly those concerning production jobs. The seasonal activity factor and the need to manage growth on the Continent explained these circumstances in large measure.

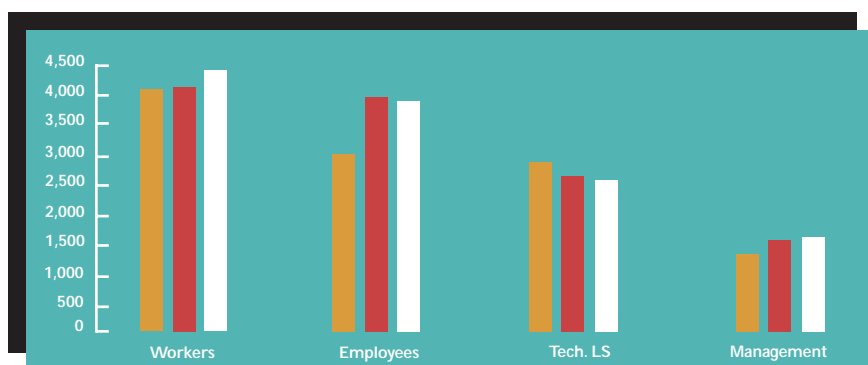
In 1998, part time personnel represented only 3.8% of the entire work force. Part time contracts are decreasing in France. On the other hand, they are developing within foreign subsidiaries, notably in Northern Europe.

In 1998, levels of new appointments decreased (-9.3% in relation to 1997). 429 posts were filled externally on French territory. The number of people leaving their jobs equally decreased by 14.9%.

The average worker age remained stable at 38.5 years (38.4 years in 1997). In France,

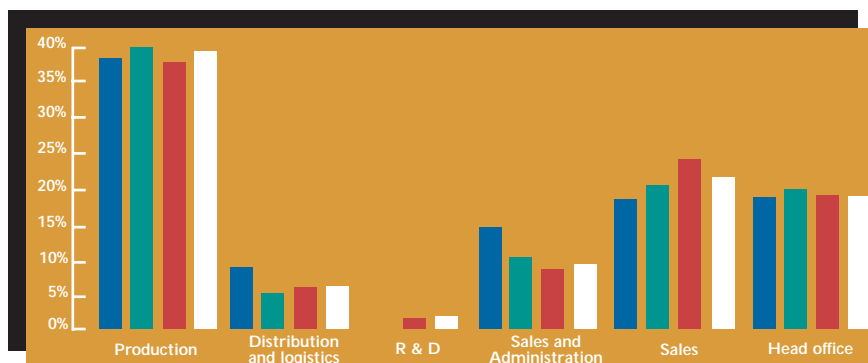
WORK FORCE FIGURES, BY CATEGORY

1996 1997 1998



ALLOTMENT OF WORK FORCE BY SECTOR

1995 1996 1997 1998



the average worker age is 40.2 years. Globally, the foreign subsidiaries' work force is younger: 37.8 years for European subsidiaries; 36.6 years for the rest of the world.

The age pyramid of the Groupe is balanced. Length of service increased slightly: 10.4 years in 1998 compared to 10.2 years, in 1997.

### Stable payrolls, less absenteeism

The average yearly salary in French subsidiaries remained relatively stable in 1998. This phenomenon was due to the entry of young professionals into the work force at lower salaries and also to overall salary freezes concerning managers, in accordance with the Robien agreements.

In 1998, the majority of French salary bonuses and profit sharing represented 5.37% and 4.61% respectively in French subsidiaries, as opposed to 5.68% and 7.81% the previous year.

In 1998, the absentee rate, calculated on the basis of 37 subsidiaries, decreased; sick leave (-7.80%) and accidents on the job (-10.36%).

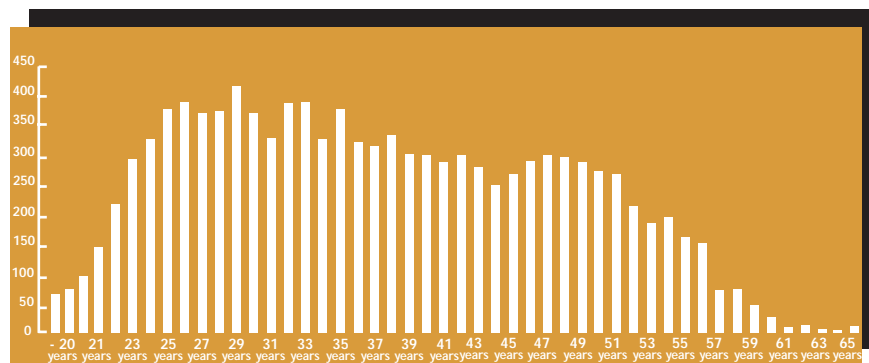
The accident frequency rate on the job, and to or from the workplace, decreased significantly, registering 26.67 as opposed to 29.29 in 1997. The number of serious accidents continues to decrease, from 0.48 in 1997 to 0.43 in 1998.

#### PROFIT SHARING AND EMPLOYEE SHARE PARTICIPATION SCHEMES

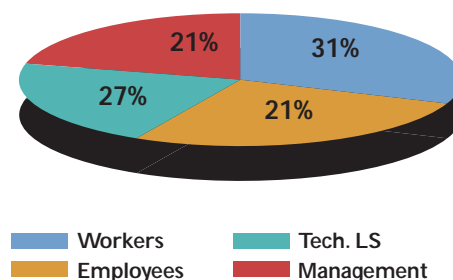
	1997	1998
<b>Profit sharing (1)</b>	<b>48,886</b>	<b>49,678</b>
% of total salaries	5.68	5.37
<b>Share participation (1)</b>	<b>68,503</b>	<b>42,702</b>
% of total salaries	7.81	4.61

(1) FF 000

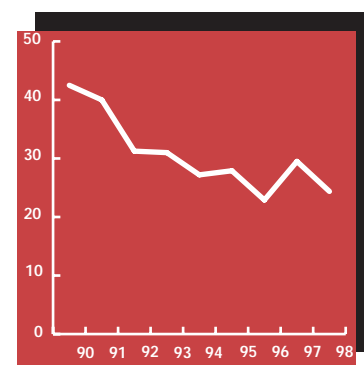
#### AGE PYRAMID



#### TRAINING HOURS PER CATEGORY



#### ACCIDENT FREQUENCY RATE (number of accidents with leave / 1 000 000 hours worked)

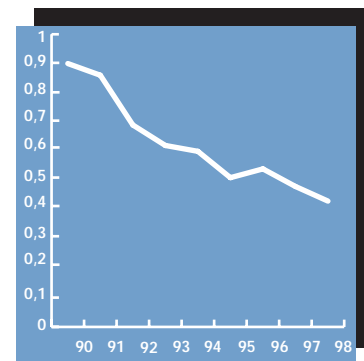


#### Training: a priority in France and abroad

2.22% of the total payroll was set aside for job training, as opposed to 2.07% in 1997. This figure signifies an important number of beneficiaries (+18%) and training expenses (+8.84%); in particular, for foreign subsidiaries. Training levels remains high in France, where it represents 3.11% of the total payroll.

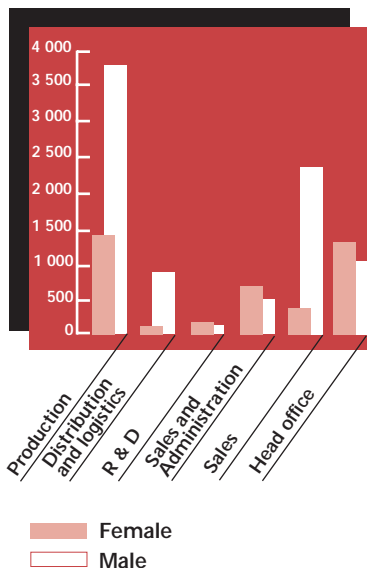
The Pernod Ricard Training Centre concluded 23 training sessions in 1998, as opposed to 17 sessions in 1997. These highly motivated events are generally headed by well known, international experts. In 1998, the PRTC proposed a catalogue of 8 training courses to be given in French and English. In 1998, for the first time, training courses in Spanish were also on offer. ►

#### ACCIDENT SEVERITY RATE (number of days lost / 1 000 hours worked)





ALLOTMENT OF MALE/FEMALE PERSONNEL, BY SECTOR



In total, 259 managers attended these training programs, 83% from European subsidiaries. However, 1998 also saw an increase in the number of participants from Asia.

The sales forces reached, to include 2,722 persons (as opposed to 2,454 in 1997, or an increase of 9.7%), partly due to 7 subsidiaries which were not included in the 1997 figures\*, illustrating the Groupe's determination to boost its sales. In France, the sales force increased by 9.9% on average.

\* Pernod Ricard Belux, Epom, Lizas-Lizas (Greece), Pernod Ricard Canada, Sias Mex, Sias Port (Mexico), Pernod Ricard Japan and Beijing Winery (China).

#### More female managers

At the end of 1998, Groupe Pernod Ricard employed 4,258 female staff, as opposed to 4,226 in 1997, or 33.2% of the total work force.

In Asia, the number of female workers was greater (40.6% as opposed to 31.7% in Europe and 36.4% in America).

In France, female personnel increased 5% over 1997.

In 1998, we noted a significant increase in the number of women holding managerial positions: +13.5% in Distribution and Logistics and +14.7% in Research and

Development. The number of female managers increased (+7.3%) while the number of male managers remained stable.

#### CSNE et EOP: young graduates on the international scene

Groupe Pernod Ricard favours the insertion of young people, within the framework of their military service, who will join us on the international scene.

These young trainees work in commercial, financial and technical departments; they are also involved in information technology and oenology. Every year, about 30 young people spend 16 months working with Groupe subsidiaries outside France.

Since 1994, the "European Orientation Programme" in Ireland has also been encouraging young university graduates to increase their professional experience for one year.

Irish Distillers offered young graduates an opportunity to participate in sales missions as well those concerning Groupe marketing and communications. The programme began with three weeks of training that covered all sectors, from the production of whiskeys to market positioning and brand promotion. The "EOP" can carry its mission outside the country, where it will participate in promoting Irish Distillers brands and become a true ambassador of Irish whiskies. ■

Annual Conference at Les Embiez: 350 managers from every region of the world.





ANNUAL GENERAL MEETING OF SHAREHOLDERS  
MAY 4, 1999  
FOR THE 1999 FISCAL YEAR

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Pernod Ricard

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Limited company with capital of FF 1,127,733,200  
Head office: 142, bd Haussmann, 75008 Paris  
Tél: (33-1) 40.76.77.78 Fax: (33-1) 42.25.95.66  
R.C.S. Paris B 582041 943 (58B4194)

**BOARD OF DIRECTORS**

Since

**Chairman**

Mr. Patrick Ricard 06.15.1978

**Directors**

Mr. Jean-Claude Beton (1) 06.11.1987

Mr. Jean-Dominique Comolli 05.06.1997

Mr. Jean-René Fourtou 05.06.1997

Mr. François Gérard (2) 12.10.1974

Mr. Rafaël Gonzales Gallarza (3) 07.17.1997

Mrs. Françoise Hémard (1) 06.09.1983

Mr. Thierry Jacquillat(1) 05.10.1989

Mrs. Danièle Ricard (1)(5) 06.16.1969

Mr. Arthur Veil Picard (1) 12.10.1974

Société Paul Ricard

Permanent Representative:

Ms. Béatrice Baudinet (4) 06.09.1983

*(1) These directors do not retain any other responsibilities as directors in companies of any significant size.**(2) Mr François Gérard is chairman and CEO of SIAS-MPA.**(3) Mr Rafaël Gonzales Gallarza is chairman and CEO of PR Larios**(4) Ms. Béatrice Baudinet is general manager of SA Paul RICARD**(5) Ms. Danièle Ricard is chairman and CEO of SA Paul RICARD.*

Mr. Patrick Ricard is a Member of the Board of Directors of Société Générale and of the following companies: Eridania Béghin-Say and SA Paul Ricard.

Mr. Jean-Dominique Comolli is chairman and CEO of Seita

Mr. Jean-René Fourtou is chairman and CEO of Rhône-Poulenc S.A., Vice Chairman of the AXA supervisory board, sits on the boards of Shneider and Société Générale.

*The Board of Directors held 8 meetings during 1998.*

**GENERAL MANAGEMENT****Chairman and Chief Executive Officer**

Mr. Patrick Ricard 06.15.1978

**President**

Mr. Thierry Jacquillat 06.15.1978

**AUDITORS**

C. C. C. Jean Delquié

84, Boulevard de Reuilly - 75012 PARIS

Mr. Jean DELQUIÉ

Société d'Expertise Comptable A. &amp; L. Genot

99, Boulevard Sakakini - 13352 MARSEILLE

Mr. Alain, Mr. Louis GENOT

Cabinet Mazars &amp; Guérard

125, rue de Montreuil 75011 PARIS

Mr. Frédéric ALLILAIRE

Mr. Xavier CHARTON

Alternate Auditors:

Société d'Etudes Economiques et d'Expertise Comptable

Mr. José MARETTE

**KEY DATES****1974 and 1975:**

- Creation of the PERNOD RICARD GROUP, headed by Jean HÉMARD

**1976:**

- Absorption of CDC (DUBONNET, CINZANO, BYRRH) and CUSENIER.

**1980:**

- Acquisition of the US company AUSTIN NICHOLS.

**1981:**

- Acquisition of the ORANGINA brand for international distribution.

**1982:**

- Takeover of SIAS-MPA, the world's leading producer of fruit preparations.

**1983-1995:**

- International expansion of SIAS-MPA.

**1984:**

- Takeover of CFPO (Compagnie Financière des Produits Orangina), followed by the takeover of the main French bottling companies of the same brand.

**1985:**

- First Asian branch established in Singapore.

**1985-1995:**

- Expansion of the European network.

**1988:**

- Takeover of IRISH DISTILLERS following a friendly takeover bid.
- Acquisition of YOO-HOO INDUSTRIES (USA).

**1989:**

- Acquisition of ORLANDO WINES (Australia).

**1990-1994:**

- Expansion of the Asian network.

**1993:**

- Cooperation agreement with Cuba for the sale of HAVANA CLUB rum.

**1995:**

- Acquisition of SOMAGNUM (Portugal).
- Creation of PR Belux (Belgium and Luxembourg), WORLD BRANDS FINLAND and WORLD BRANDS DENMARK.

**1997:**

- Acquisition of LARIOS (Spain), EPOM (Greece), APPLEBY WESTWARD (U.K.) and TWO DOGS (Australia).
- Investment in Czech company JAN BECHER.

**1998:**

- Acquisition by BWG of six wholesale distribution companies in Ireland and UK.
- Acquisition by SIAS MPA of ITALCANDITI (Italy) and of two companies in South Africa and Argentina.

**INFORMATION**

Alain-Serge Delaitte,

Vice President, Communications

142, bld Haussmann - 75379 PARIS CEDEX 08

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# Management Report

In accordance with the applicable legal provisions and our bylaws, we have convened this Annual General Shareholders' Meeting to report to you on the activity of your Company and its subsidiaries during the year 1998 and to submit for your approval the statements for the year ending December 31, 1998.

On a worldwide basis, consumer spending was affected by the financial crisis which started in Asia in 1997 and spread to Russia and Brazil in 1998. Nevertheless, household consumption rose significantly in our key markets of Western Europe, the United States and Australia, which all enjoyed inflation at an historic low.

The anticipation of the euro's arrival on 1 January 1999 sparked a downturn in European interest rates. The principal hard currencies remained stable against the franc on average, with two notable exceptions: the Australian dollar, which fell 14.1% and the Irish pound, down 5.1%.

PERNOD RICARD's strategic brands boosted the group's volume though wines and spirits sales dipped slightly worldwide. The fruit preparations and distribution activities also were up significantly whereas alcohol-free drinks were down, mainly owing to unfavorable weather.

Consolidated net sales stood at FF 20,582 million in 1998, up 8.0% from the year before.

Pretax profit before exceptional items rose 5.4% to FF 2,061 million. Organic growth pushed this figure to 9.2% on a like-for-like basis.

The Group share in net income slipped 2.1% to FF 1,326 million owing to the non-recurring capital gains on asset disposals recorded in 1997.

Net income rose 9.3% once the exceptional net capital gains for 1997 have been excluded.

These good results, obtained in an unsteady world economy, confirm the suitability of the Group's strategy, which is focused on the core business of wines and spirits. Our goal is to globalize our strategic brands and to confirm our status as a major player in the sector, while at the same time diversifying into alcohol-free drinks, fruit preparations and retail.

In addition, PERNOD RICARD continued to pursue its acquisition program in each one of its businesses :

- It was selected for the Armenian government's bid to privatize the YEREVAN BRANDY Company, which is the leader in its markets, notably in Russia.
- It acquired ULTI, which specializes in ultra fresh fruit juices, along with ITALCANDITI in Italy, FLAVO FOODS in South Africa and REGIONAL in Argentina through SIAS MPA. It also bought out BELLEVUE, KNOX, BARR'S, RENTON and GOODWINS OF HANLEY in the UK retail sector including Northern Ireland.

Plans to sell the ORANGINA brand and its related operating plant to THE COCA COLA Company for FF 5,000 million have not been finalized at this time, following France's Minister of the Economy, Finance and Industry refusal to approve the deal in an order dated 17 September 1998.

Also during 1998, PERNOD RICARD took action to prepare its organization and computer systems for the euro's arrival and Y-2K compliance.

- The Euro Project has enabled the group to book its in-house funds flows in the new currency since 1 January 1999.
- Under supervision from headquarters, each company has committed to make its computer hardware and applications Y-2K compliant. No major risk has been anticipated.

These two projects have not exceeded FF 30 million in overall costs.

## THE PERNOD RICARD GROUP

### Commercial results in France

A year after France raised duties in 1997, the spirits market has not resumed growth, despite strong consumer spending in 1998.

Nevertheless, in the face of this slight erosion of the market, PERNOD RICARD's brands performed very well overall and gained market share.

In particular, volume sales of the group's two brands of anis-based liquors, RICARD and PASTIS 51, together rose 13% compared with 1997 in a segment that declined around 1.5%. This increase comes to 3% when restated for the inventory draw-down effect. For the first time in years, this growth also occurred in cafés, hotels and restaurants, an area where the group enjoys the strongest marketing power in the sector.

Consequently, PERNOD RICARD's share of the anis category (measured in value) increased 1.1% to a 10 year record high of 55% of the market.

In the whiskies segment, which grew by around 3%, all of PERNOD RICARD's brands advanced, rising 18.6% overall from 1997.

This momentum pushed PERNOD RICARD above 10% market share in whiskies measured in value for the first time in 1998, making it the biggest advance among the sector's multinational players.

Worth mentioning is CLAN CAMPBELL, which considerably surpassed the 10 million bottles mark. This probably made it France's leading brand of whisky once café, hotel and restaurant sales are factored in.

PERNOD RICARD is the leader in specialty whiskies sold retail (malt, Irish, bourbon), a buoyant sector where prices and margins are higher. It commands 20.5% of the market in value, and enjoyed a 22.9% increase in volume sales across the board for its JAMESON, ABERLOUR, PADDY, BUSHMILLS and WILD TURKEY brands.

SUZE retained its position as market leader despite a slightly reduced market share and volumes. There are ambitious plans to reintroduce the brand in 1999 by attracting a younger clientele, eventually leading to higher sales. Though CINZANO sales surged during the year, this did not offset the overall erosion of wine-based drinks and sweet wines in a declining segment.

A rainy summer dampened sales of alcohol-free drinks in 1998. In addition, cutthroat price competition during the World Cup football championship put a lid on ORANGINA, whose sales were unchanged from 1997.

PAMPRYL continued to advance in 1998 with the introduction of a new innovation, fresh squeezed PAMPRYL, following that of BAREX "pure juice" in a plastic bottle in 1997.

Despite a brand reintroduction, BANGA sales fell considerably in a very uncertain non-carbonated fruit drinks market.

CHAMPOMY's success in France continued in 1998, and the brand was introduced in export markets.

LOÏC RAISON enabled PERNOD RICARD to consolidate its number one position owing to an aggressive action plan in the cider market.

Lastly, sales of SIAS FRANCE fruit preparations continued to advance strongly in pace with an expanding chilled products market.

### **Commercial results outside France**

The Group had another good year abroad, as international sales rose 8.8% to make up 69.5% of consolidated sales.

Sales of wines and spirits rose 6.6% on a constant consolidation scope, led by the Group's strategic brands, particularly HAVANA CLUB, JAMESON, CLAN CAMPBELL, RICARD, PERNOD and JACOB'S CREEK. RICARD regained its position as the world's third best selling liquor following a good year in its key export markets and higher volume sales in France. It became number one in Belgium and Luxembourg.

The Group now has 8 of the world's 100 top selling brands and 3 of the fastest growing 6 in 1998. Furthermore, sales of Larios gin rose 4% in 1998, thus reversing their downward trend before the Group acquired it. Lastly, MINI became Greece's leading ouzo drink during the year.

This marketing drive earned the Group market share in a stagnating global spirits market, notably owing to a solid lead position in the euro zone, where it has a 14% share of the spirits market.

Pernod Ricard has indeed a low geographic risk profile with a major presence in the Euro zone and minor commitments in Asia, Latin America and Russia.

The wines business continued to expand in a buoyant market with a 9% increase in volume and 44% in operating profit thanks to the dynamic international wines sector, led by its jewel, JACOB'S CREEK, up 18%. However, the Group's other brands continued to climb in 1998, especially ETCHART, an Argentine wine, whose export sales volume rose 55%.

Sales of alcohol-free drinks continued to grow at a good rate, rising 9.5% based on 6.8% organic growth and an ongoing acquisitions program.

SIAS emphasized international growth, both organic and through acquisitions, in both key and emerging markets. ORANGINA's international sales rose sharply, notably in Europe and Africa.

Finally, the Group's retail business consolidated its positions in Ireland and the UK, as sales rose 20% in all, or 13% on a constant consolidation scope. This placed it as the Group's third largest division at 22% of consolidated sales.

## Analysis of the consolidated income statement

In 1998, the consolidation scope was expanded to include ULTI in France, ITALCANDITI in Italy and FLAVO FOODS of South Africa, which were integrated into the fruit preparations activity. Meanwhile BWG acquired the following retail brands: BELLEVUE, KNOX, BARR'S, RENTON, GOODWINS OF HANLEY and SYMOND. ALVITA in the Czech Republic was consolidated for the first time.

Net sales excluding taxes and duties stood at FF 20,582 million, an 8.0% increase from 1997. Sales rose 7.7% excluding the currency effect (-1.9%) and consolidation scope (+2.2%). 1.2% of the increase is attributable to the basis effect from drawing down inventories in France over the first three months of 1997 after duties were raised on 1 January.

This strong increase in the Group's sales reflects the ongoing growth of its wines and spirits and retail activities, which recorded organic growth of 7.9% and 13.3% respectively. This was tempered by lower growth in alcohol-free drinks, up only 4.4% despite a strong advance posted by fruit preparations.

Consolidated gross profit stood at FF 10,829 million, up 7.7% on a like-for-like basis, or equal to organic growth in sales. The consolidated gross profit margin fell from 53.6% in 1997 to 52.6% last year mainly because of currency movements in some of the Group's activities, while that of wines and spirits rose in both France and abroad.

On a constant consolidation scope, production costs and overhead expenses rose a modest 2.2%.

Marketing and distribution expenses, which comprise advertising and promotional costs, marketing and sales expenses and logistics, rose 10.0% on a like-for-like basis, reflecting increased advertising and promotional spending on our strategic brands.

Consequently, operating profit advanced 7.9% to FF 2,292 million from FF 2,125 million in 1997. On a like-for-like basis, this came to 11.4%, which was well above that of sales.

An analysis by sector shows:

- A sharp 18.9% rise in operating profit (like-for-like) in the wines and spirits sector, evidencing the leverage effect generated by the growth in our strategic brands analyzed previously on the profitability of our international network.
- A 30.4% increase in operating profit in the retail sector from FF 135 million in 1997 to FF 176 million last year, or 16.1% was on a constant consolidation scope. Thus, the activity benefited both from organic growth and acquisitions.

- The wines and spirits activity in France posted a 3.7% increase in operating profit.
- The alcohol-free drinks business recorded a 7.4% in operating profit mainly owing to the good performances of the fruit preparations activity.

Net interest expense rose FF 62 million to FF 231 million from FF 169 million in 1997. The increase is mainly the result of non-recurring dividends received in 1997, particularly SUEZ, as well as unfavorable currency effects. The rise in the Group's net debt was offset by a lower average cost of financing.

Thus, pretax income before exceptional items for 1998 rose 5.4% to FF 2,061 million, up 9.2% on a like-for-like basis.

There was a net exceptional charge of FF 82 million versus a FF 43 million gain in 1997. The difference is the result of non-recurring capital gains recorded in 1997 on the sale of equity shares in SOCIÉTÉ GÉNÉRALE and SYMINGTON as well as on the disposal of Lainate's industrial plant in Italy.

The corporate income tax paid fell 6.7% to FF 515 million, mainly the result of the lower net exceptional items analyzed above.

Income from equity affiliates dropped sharply from FF 41 million in 1997 to FF 5 million in 1998, as Brazil's financial crisis adversely affected HEUBLEIN's margin there.

Goodwill amortization expenses were unchanged at FF 95 million while minority shares in consolidated net income stood at FF 48 million, up from FF 38 million in 1997.

As a result, consolidated net income after minority interests at December 31, 1998 would be up 9.3% excluding the capital gains on asset sales in 1997.

Consequently, the Group share in net income came to FF 1,326 million versus FF 1,354 million in 1997.

## Human Resources

As of December 31, 1998, employees of the PERNOD RICARD Group numbered 12,819 persons, 8,117 of them outside France.

In accordance with the authorization given by the Special Shareholders' meeting of May 5, 1998, the Board of Directors of PERNOD RICARD instituted a stock option plan for upper level executives within the Group.

This plan covered 233,084 shares granted as options on January 28, 1999 to 183 beneficiaries at the price of FF 56.7 euros per share.



During 1998, 34,368 shares, 78,870 shares, and 105,775 shares were acquired under the provisions of stock option plans set up in 1988, 1994, and 1996. There were no options exercised under the plans set up in 1989 and 1997.

### Management of Financial Risks

In 1998, the policy for management of financial risks continued to adhere to the previously introduced rules of prudence. The Group has deemed it essential to hedge its exposure to interest rate, exchange rate, and liquidity risks by taking strong positions strictly based on its own anticipated activity.

### Research and Development

The Group continued its R&D efforts in 1998, in its research laboratories and in various subsidiary projects. It allocated approximately 1% of its consolidated annual sales to R&D. The total number of employees involved in this activity is approximately 250.

The funds and numbers of employees allocated to research and development have remained stable over the past three fiscal years.

### Future Prospects

The PERNOD RICARD Group still wishes to sell its ORANGINA brand to THE COCA COLA Company while at the same time it began a study on the future of the YOO HOO brand.

This plans' purpose is to build up the funds needed in order to strengthen our competitive position in our core business of wines and spirits and to expand our secondary activities.

The Group will also seek productivity gains in each of its operations in 1999.

Together, these initiatives should enable the Group to show a gain in profitability in 1999.

### THE PERNOD RICARD COMPANY

The main role of PERNOD RICARD, the parent company of the Group, is to handle matters of general interest and coordination in the areas of strategy, financial control of subsidiaries, external growth, marketing, development, research, human resources, and communications. In addition, PERNOD RICARD is authorized by its French subsidiaries to carry out, on their behalf, the purchase of media space.

Finally, PERNOD RICARD has turned over to some of its subsidiaries the use of brands of which it is the owner.

Pernod Ricard manages its brand portfolio while ensuring their legal protection.

Operating income, which includes royalties for brands belonging to PERNOD RICARD, totalled FF 389 million, a 3.9% increase from 1997. This reflects improved sales among the French subsidiaries following 1997, a year marked by the impact of a duties hike effective 1 January 1997. Operating expenses were stable at FF 343 million.

Operating profit therefore rose sharply from FF 31.5 million to FF 46.3 million.

Non-operating revenue was FF 1,068 million, an increase of 23% over 1997, the result of an increase in the dividends received by subsidiaries and a decrease in financial charges due to a drop in interest rates.

Income net of corporate income tax stood at FF 1,158.7 million in 1998 compared with FF 1,092.2 million the year before, or a 6% increase.

### Appropriation of Net Income

The 1998 statements are attached to this report, and we hereby submit them for your approval.

We propose that you set the dividend at 1.5 Euro per share.

We therefore submit to you the following income allocation:

Net income for the year:	FF 1,158,712,817.78
Retained earnings:	FF 2,065,286,654.04
<b>Distributable earnings:</b>	<b>FF 3,223,999,471.82</b>

And decides to distribute these funds

in the following manner:

Sum necessary to pay shareholders, as a primary

dividend, a sum equal to 6% of equity, or FF 1.20

per share:	FF 67,663,992.00
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Sum necessary to pay shareholders,

as a supplementary dividend, at FF 8.6394

per share:	FF 487,144,373.00
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The remainder allocated to retained earnings:	FF 2,669,191,106.82
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<b>Total amount allocated:</b>	<b>FF 3,223,999,471.82</b>
--------------------------------	----------------------------

At the time of payment, dividends accruing to shares held by the Company in the context of share option programs will be deducted from the total dividends and will be allocated to the "retained earnings" account.

If you approve of this appropriation plan, the overall dividend for one share will be 2.25 euros based on a 50% tax credit.

Distributed dividend	1.5 euro
Tax already paid to the French Treasury	0.75 euro

We request that you set the date of May 11, 1999, for payment of the dividend, after deduction of the payment on account of FF 4.75 (0.72413 euro) on January 12, 1999.

In accordance with the provisions of Article 243 bis of the General Tax Code, it is stated that the amounts of dividends distributed for the three previous years and of the corresponding tax credits were as follows:

	Shares outstanding	Net amount (in FF)	Tax credit (in FF)	Total revenue (in FF)
1995	56,386,660	8.00	4.00	12.00
1996	56,386,660	8.40	4.20	12.60
1997	56,386,660	9.50	4.75	14.25

### Additional Information

It is proposed that the Board of Directors be given full discharge for 1998.

We propose to you the nomination of Mr. Pierre FAURRE and Mr. Gérard THERY as Board members.

We propose to you the re-election of Mrs. Danièle RICARD and Mr. Jean-Claude BETON, whose terms of office expire at the present Shareholders' Meeting.

We also propose to you the re-election of the Jean DELQUIE C.C.C. Company and the Alain et Louis GENOT Independent Auditing Firm as permanent Statutory Auditors.

Furthermore, we propose that you authorize the Board of Directors to issue bonds denominated in euros or in foreign currencies, on one or several occasions, for a maximum total face value of one billion five hundred million euros, or its equivalent in foreign currencies under the procedures and at the times, rates, issuance and amortization terms that it deems appropriate.

We also propose that you authorize your Company to repurchase its own shares up to a limit of 10% of its share capital, or 5,638,666 shares based on the number of shares existing on 31 December 1998 for a period of eighteen months starting from the day of the present Shareholders' Meeting for the purpose of:

- either granting options to the company's employees, its agents or those of companies that it controls,
- or for stabilizing their price,
- or for canceling them, provided that a resolution authorizing this cancellation is adopted by the Extraordinary Shareholder's Meeting.

The shares may be purchased on the open market or otherwise, notably by buying blocks of shares or by using any derivative financial instrument traded on a regulated market or over the counter, and provided that any optional strategies be implemented under the terms and limits set by the market authorities. The portion of the program taken by acquiring blocks of shares may account for the entire repurchase scheme.

The maximum purchase price per share shall be FF 700 or  $\neq$  106.71, or the equivalent in any currency.

The treasury stock so acquired may be sold at a minimum per share price of FF 200 or  $\neq$  30.49, or the equivalent in any currency.

The maximum amount dedicated to this program shall be 601 702 049 euros, or the equivalent in any currency.

Finally, we wish to report that the Société PAUL RICARD and Société SIFA each held more than 10% of the voting rights in PERNOD RICARD on 31 December 1998.

The personnel of PERNOD RICARD and its subsidiaries hold 3.3% of the voting rights.

We ask that you adopt the draft resolutions to be submitted for your approval.

# Consolidated Balance Sheet

## Assets

millions	12/31/1998	12/31/1998			12/31/1997	12/31/1996
	Net value Euro	Gross FF	Amortization and provisions FF	Net value FF	Net value FF	Net value FF
<b>Fixed assets</b>						
Intangible assets	531	3,904	(418)	3,486	3,457	2,600
Property, plant and equipment	593	8,431	(4,543)	3,888	3,768	3,467
Goodwill	326	2,847	(709)	2,138	1,901	1,386
Investments	238	1,619	(59)	1,560	1,534	2,043
<b>Total fixed assets</b>	<b>1,688</b>	<b>16,801</b>	<b>(5,729)</b>	<b>11,072</b>	<b>10,660</b>	<b>9,496</b>
<b>Current assets</b>						
Inventories	890	5,938	(98)	5,840	5,614	5,120
Current receivables	898	6,262	(372)	5,890	4,869	4,659
Marketable securities	121	819	(26)	793	739	710
Cash	295	1,935		1,935	2,206	1,064
<b>Total current assets</b>	<b>2,204</b>	<b>14,954</b>	<b>(496)</b>	<b>14,458</b>	<b>13,428</b>	<b>11,553</b>
<b>Prepaid expenses</b>	<b>39</b>	<b>273</b>	<b>(15)</b>	<b>258</b>	<b>239</b>	<b>182</b>
<b>Currency translation adjustment</b>	<b>1</b>	<b>5</b>		<b>5</b>	<b>3</b>	<b>6</b>
<b>Total assets</b>	<b>3,932</b>	<b>32,033</b>	<b>(6,240)</b>	<b>25,793</b>	<b>24,330</b>	<b>21,237</b>



## Capital and liabilities

millions	12/31/1998 Euro	12/31/1998 FF	12/31/1997 FF	12/31/1996 FF
<b>Shareholders' Equity</b>	<b>1,828</b>	<b>11,992</b>	<b>11,588</b>	<b>10,476</b>
including Net Income	202	1,326	1,354	1,190
<b>Minority Interest's Equity</b>	<b>51</b>	<b>333</b>	<b>374</b>	<b>332</b>
including minority interest income	7	48	38	32
Provisions for contingencies	75	492	503	462
Deferred income taxes	11	75	119	57
<b>Liabilities</b>				
Long-term debt	1,093	7,169	6,706	5,098
Returnable containers	11	75	90	86
Trade and other accounts payable	750	4,917	4,236	3,968
Other liabilities	108	711	684	733
<b>Total Liabilities</b>	<b>1,962</b>	<b>12,872</b>	<b>11,716</b>	<b>9,885</b>
<b>Adjustments Liabilities</b>	<b>4</b>	<b>29</b>	<b>30</b>	<b>25</b>
<b>Total Capital and Liabilities</b>	<b>3,932</b>	<b>25,793</b>	<b>24,330</b>	<b>21,237</b>

# Consolidated Statement of Income

millions	1998		1997	1996	1998/1997
	euros	FF	FF	FF	%
Net sales excluding taxes and duties	3,138	20,582	19,049	16,814	+8.0
Cost of goods sold	(1,487)	(9,753)	(8,845)	(7,513)	+10.3
<b>Gross margin</b>	<b>1,651</b>	<b>10,829</b>	<b>10,204</b>	<b>9,301</b>	<b>+6.1</b>
Marketing and distribution costs	(768)	(5,034)	(4,637)	(4,286)	+8.6
Production costs and overhead	(534)	(3,503)	(3,442)	(3,080)	+1.8
<b>Operating profit</b>	<b>349</b>	<b>2,292</b>	<b>2,125</b>	<b>1,935</b>	<b>+7.9</b>
Net interest expense	(35)	(231)	(169)	(208)	+36.7
<b>Pretax profit before exceptional items</b>	<b>314</b>	<b>2,061</b>	<b>1,956</b>	<b>1,727</b>	<b>+5.4</b>
Exceptional items	(12)	(82)	43	(49)	N/S
Income taxes	(79)	(515)	(552)	(465)	(6.7)
Interest in earnings of equity companies	1	5	41	60	(87.9)
Net income before amortization of goodwill	224	1,469	1,488	1,273	(1.3)
Amortization of goodwill	(15)	(95)	(96)	(51)	(1.0)
Net income before minority interests	209	1,374	1,392	1,222	(1.3)
Minority interests	7	48	38	32	+26.3
<b>Net income</b>	<b>202</b>	<b>1,326</b>	<b>1,354</b>	<b>1,190</b>	<b>(2.1)</b>
<b>Earnings per share*</b>					
Pretax profit	5.57	36.55	34.69	30.63	+5.4%
Net earnings adjusted	3.58	23.52	24.02	21.10	(2.1%)
<b>Net pre-tax earnings</b>					
Total	288	1,889	1,944	1,687	(2.8%)
Per share	5.11	33.50	34.47	29.92	(2.8%)

\*Number of shares in 1996, 1997 and 1998 : 56,386,660

# Consolidated statement of changes in shareholders' equity

FF millions

Group shareholders' equity

<b>SHAREHOLDERS' EQUITY AT DECEMBER 31, 1995</b>	<b>9,278</b>
Dividends paid	(444)
Change in currency translation adjustment	452
Net income	1,190
<b>SHAREHOLDERS' EQUITY AT DECEMBER 31, 1996</b>	<b>10,476</b>
Dividends paid	(459)
Change in currency translation adjustment	217
Net income	1,354
<b>SHAREHOLDERS' EQUITY AT DECEMBER 31, 1997</b>	<b>11,588</b>
Dividends paid	(519)
Change in currency translation adjustment	(403)
Net income	1,326
<b>SHAREHOLDERS' EQUITY AT DECEMBER 31, 1998</b>	<b>11,992</b>

# Consolidated Cash-Flow Statement

FF millions	1998	1997	1996
Net income	1,326	1,354	1,190
Minority interests	48	38	32
Interest in earnings of equity companies (net of dividends)	43	13	(45)
Depreciation of fixed assets	516	516	406
Amortization of goodwill	93	96	51
Change in provisions and deferred taxes	4	81	21
Gains on disposals of fixed assets	41	(211)	(42)
<b>Cash flow</b>	<b>2,071</b>	<b>1,887</b>	<b>1,613</b>
Change in working capital need	(781)	(319)	(209)
<b>Cash provided by operating activities</b>	<b>1,290</b>	<b>1,568</b>	<b>1,404</b>
Acquisition of property, plant and equipment (net of disposals)	(782)	(465)	(440)
Acquisition of investments (net of disposals)	(191)	523	(154)
Effect of change in scope of consolidation	(624)	(1,511)	(159)
Net change debt on assets	8	0	7
<b>Cash used in investment activities</b>	<b>(1,588)</b>	<b>(1,453)</b>	<b>(746)</b>
Increase in capital	-	-	-
Dividends paid	(544)	(466)	(459)
<b>Cash used in financing activities</b>	<b>(544)</b>	<b>(466)</b>	<b>(459)</b>
Currency translation adjustment	162	(85)	(219)
<b>Change in net debt</b>	<b>(681)</b>	<b>(436)</b>	<b>(20)</b>
Net debt at the beginning of the year	(3,760)	(3,324)	(3,303)
Net debt at the end of the year	(4,441)	(3,760)	(3,324)



# NOTES to the Consolidated Financial Statements

## NOTE 1 - ACCOUNTING PRINCIPLES

### 1.1. Principles of consolidation

The Group's consolidated financial statements have been prepared in compliance with French legal requirements as set forth in Law No. 85-11 of January 3, 1985 and the related Application Decree No. 86-221 of February 17, 1986.

The financial statements of significant subsidiaries which are over 50%-owned or effectively controlled are included in the consolidated financial statements.

Companies over which the Group exercises joint control with another partner are consolidated using the equity method.

All intercompany and intra-Group transactions have been eliminated.

A list of the consolidated companies is provided in Note 18. For purposes of simplification and to avoid any serious prejudice to the Group, only the names and addresses of the main companies included in the scope of consolidation are listed.

### 1.2. Foreign currency translation

Financial statements prepared in foreign currencies have been translated according to the following principles:

- Balance sheets have been translated at official year-end rates.
- Statements of income have been translated using the average yearly rate for each currency.
- Differences in currency translation resulting from the effect of fluctuations in the year-end to year-end exchange rate on opening shareholders' equity and from the use of different rates in translating the balance sheet and the statement of income have been included in consolidated reserves.

Foreign currency transactions are translated at the exchange rate prevailing at the transaction date. Gains and losses resulting from foreign currency translation up until December 31, 1998 are recorded in the statement of income.

### 1.3. Intangible assets

Intangible assets are valued at original cost; they are amortized when their market value falls below cost.

For these brands, the inventory value is determined based on their future profits

In compliance with the Law of January 3, 1985 concerning French companies' consolidated financial statements, goodwill arising from mergers prior to 1987 was fully amortized that year by a direct charge to shareholders' equity.

### 1.4. Property, plant and equipment

Property, plant and equipment are valued at cost or when applicable, at a revalued cost in compliance with legal requirements.

Depreciation is calculated according to the straight-line method or, when applicable, according to the declining-balance method over the estimated useful life of the underlying asset.

Average periods of depreciation for these assets are as follows:

Buildings	15 to 50 years
Machinery and equipment	5 to 15 years
Other fixed assets	3 to 5 years

Real estate of significant value which is acquired through leasing contracts is capitalized and depreciated over the estimated useful life of the asset.

Buildings under sale and leaseback agreements are subject to a similar restatement. Any resulting capital gains are eliminated from the year's income.

Returnable containers are valued at cost. Based on statistics provided by each company, this item is restated to adjust the asset value of the containers to reflect losses from breakages and to recognize unrealized income from non-returns. In the case of changes in deposit rates, the debt corresponding to non-returned containers is valued at the new rates, with possible losses charged to expenses.

Obsolescence is reflected in the depreciation calculations.

### 1.5. Investments

Equity investments in non-consolidated companies are valued at acquisition cost. A provision for depreciation is made if the market value falls below cost.

This inventory value is equal to the current value, which can generally be estimated based on the market price, or which may correspond to the company's portion of shareholders' equity represented by these securities.

#### **1.6. Goodwill**

Since January 1, 1986, goodwill on acquisition has been reflected in assets and assigned by brand name if appropriate.

Goodwill is amortized on a straight-line basis over a period appropriate to the acquisition but not exceeding 40 years. Regarding strategic investments, notably the acquisitions of IRISH DISTILLERS Group and ORLANDO WYNDHAM, goodwill on acquisition is amortized over a 40-year period and represents about 48 % of the net amount of the goodwill at december 31, 1998, compared to 55% at december 31, 1997.

Goodwill on recent acquisitions is amortized over a period not exceeding 20 years.

At the end of every accounting period, the acquisition variances are analyzed in terms of the development of the company and may be depreciated if necessary.

#### **1.7. Inventories**

Inventories are valued at the lower of cost or market value, mainly using average weighted costs. A depreciation reserve is set up when the inventory value is less than the net book value.

The cost of long-term inventories is uniformly determined to include distilling and aging costs but excludes interest expense. These inventories are classified in current assets according to prevailing business practices, although a large part remains in inventory for over one year before being sold.

#### **1.8. Investment securities**

Investment securities are recorded on the balance sheet at their original value. When the market value of these securities at the close of the fiscal period is less than their original value, a depreciation reserve is set up.

#### **1.9. Borrowings denominated in Irish Pounds**

The effects of variations in exchange rates on repayments on the maturity dates of borrowings in Irish pounds contracted for the acquisition of the IRISH DISTILLERS Group have been eliminated by the constitution of a deposit in the same currency and of an amount identical to that of the debt.

#### **1.10. Provisions for contingencies**

This item records all provisions for contingencies made by Group companies, notably provisions for retirement benefits, excluding related social charges.

The Group's foreign companies provide for their retirement-related commitments in compliance with local practice and legislation. The Group's French companies record retirement benefits accrued at year-end for those employees 45 years of age and older, and who have been employed by the company for more than ten years.

This provision is computed by discounting future commitments.

#### **1.11. Income taxes**

Since January 1, 1977, Groupe PERNOD RICARD's tax liability has been determined according to the regulations governing tax consolidation of French companies more than 95% owned.

Deferred tax credits or liabilities resulting from timing differences between taxable income and accounting income are accounted for by the accrual method. These concern primarily timing differences, cancellations of regulated provisions and restatements on consolidation. Deferred income taxes as tax liabilities and long-term capital losses have been recorded only if there is a high probability of charging them in the short term to tax credits. The resulting long-term and short-term tax liability is recorded as deferred income taxes.

Deferred taxes in France have been revalued to reflect the additional contribution based on the due date.

The impact of a re-evaluation of all deferred taxes in France would have been negligible.

#### **1.12. Management of financial risks and interest rate hedging instruments**

In 1998, the policy of managing financial risks continued to respect the previously introduced rules of prudence. The PERNOD RICARD Group has deemed it essential to hedge its exposure to risks of interest rates, exchange rates and liquidity strictly based on its own anticipated operations. In particular, the practice of management of exchange rate risks and the realization of multilateral clearing of intercompany flows (netting) has had the effect of significantly reducing the Company's exposure to exchange rate risks. As a result, the residual exposure to exchange rate is low.

Income and expenses relating to contractual guarantees entered into are recorded in the PERNOD RICARD Group income statement on a prorata basis over the life of the contract:

- Premiums paid are spread, for accounting purposes, over the duration of the contract.
- Interest rate differentials received or paid from time to time are accounted for in the year earned or incurred.

## NOTE 2 - SCOPE OF CONSOLIDATION

The consolidation scope was expanded to include ULTI in France, ITALCANDITI in Italy and FLAVO FOODS of South Africa, which were integrated into the fruit preparations activity. Meanwhile BWG acquired the following distributors: BELLEVUE, KNOX, BARR'S, RENTON, GOODWINS OF HANLEY and SYMOND. ALVITA in the Czech Republic was consolidated for the first time.

## NOTE 3 - NET FINANCIAL ITEMS

FF millions	1998	1997	1996
Net interest expense	(305)	(304)	(298)
Investment income	51	84	63
Other	23	51	27
<b>Total</b>	<b>(231)</b>	<b>(169)</b>	<b>(208)</b>

## NOTE 4 - NET EXTRAORDINARY ITEMS

FF millions	1998	1997	1996
Net capital gains on assets and securities disposals	26	187	42
Restructuring charges	(65)	(35)	(41)
Other	(43)	(109)	(50)
<b>Total</b>	<b>(82)</b>	<b>43</b>	<b>(49)</b>

1997 net extraordinary revenues consist mainly of capital gains from the disposal of operating assets and securities held in the Société Générale, Warre and Suez companies, partially compensated for by exceptional currency exchange rates (reserves for various elements of fixed assets, restructuring costs...).

Industrial and administrative restructuring accounted for the largest portion of exceptional charges in 1998.

## NOTE 5 - AMORTIZATION OF GOODWILL

FF millions	1998	1997	1996
Amortization of goodwill	(95)	(96)	(51)

## NOTE 6 - EURO

Around FF 256 million in unrealized losses on euro zone currencies were charged to consolidated shareholders' equity. These unrealized gains or losses mainly involved the Irish punt, the Spanish peseta and the Italian lire.

## NOTE 7 - INTANGIBLE ASSETS AND GOODWILL

The intangible assets recorded at year-end mainly consist of trademarks.

The value of acquired trademarks is determined according to the Company's sector of activity and the importance of their international distribution.

The inventory value is estimated based on future profits which may be generated by the brand in question.

The change in intangible assets and goodwill from 1997 to 1998 may be explained primarily by various external growth transactions during the year, particularly, the acquisitions of ITALCANDITI (by SIAS MPA) and of GOODWIN & SYMONS (by BWG).

The group does not depend on any specific patent or license.

## NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

FF millions	1998		1997	1996
	Gross value	Depreciations and provisions	Net value	Net value
Land	378	(17)	361	388
Buildings	2 596	(1 188)	1 408	1 455
Machinery and, equipment	4 074	(2 581)	1 493	1 372
Other	1 199	(757)	442	431
Work in progress	178	-	178	113
Advances	6	-	6	9
<b>Total</b>	<b>8 431</b>	<b>(4 543)</b>	<b>3 888</b>	<b>3 768</b>

Annual capital expenditure in 1998, which totalled approximately FF 782 million, may be broken down as follows according to business sector:

Wines and spirits France	6.5 %
Wines and spirits International	44.6 %
Fruit preparations and soft drinks	33.7 %
Distribution	15.2 %

## NOTE 9- INVESTMENTS

FF millions	1998		1997	1996
	Gross value	Provisions	Net value	Net value
Shareholdings accounted for by the equity method	278	-	278	320
Other equity investments	992	(50)	942	940
Receivables on investments	136	(3)	133	120
Other	213	(6)	207	154
<b>Total</b>	<b>1,619</b>	<b>(59)</b>	<b>1,560</b>	<b>1,534</b>

Companies accounted for by the equity method include HEUBLEIN DO BRAZIL, L'IGLOO, BEIJING PERNOD RICARD WINERY, DRAGON SEAL, SIMEON WINES, EIGHT TO TWELVE.

Other equity investments include SOCIÉTÉ GÉNÉRALE shares (FF 642 million, 1.38% of capital), Financière Saresco (FF 89 million, 35% of capital) and SIFA (FF 40.4 million, 44.8% of capital). These investments are valued at the historic cost. On 31s December 1998 their market value is higher than their booking value.

#### NOTE 10 - INVENTORIES AND WORK IN PROCESS

Inventories and work in process at 1998, 1997, and 1996 yearends were as follows:

FF millions	1998	1997	1996
Raw materials	864	1,015	944
Work in process	3,311	3,151	2,880
Goods in inventory	597	727	617
Finished products	1,068	721	679
<b>Total</b>	<b>5,840</b>	<b>5,614</b>	<b>5,120</b>

#### NOTE 11 - PROVISIONS FOR CONTINGENCIES

FF millions	1998	1997	1996
Provisions for retirement benefits	158	149	137
Provisions for other risks	334	354	325
<b>Total</b>	<b>492</b>	<b>503</b>	<b>462</b>

Contingency reserves correspond mainly to reserves for taxes and benefits in the amount of FF 97 million, reserves for disputes with third parties, in the amount of FF 94 million, reserves for currency risks in the amount of FF 39 million, with the remainder consisting mainly of reserves for restructuring activities or various risks.

To our knowledge, there are no facts or disputes which could significantly affect the results, financial position, or assets of the Group.

#### NOTE 12 - INCOME TAXES

FF millions	1998	1997	1996
Taxes payable	(559)	(490)	(476)
Deferred taxes	44	(62)	11
<b>Total</b>	<b>(515)</b>	<b>(552)</b>	<b>(465)</b>

Deferred taxes are calculated according to the crual method. They are broken down as follows on the balance sheet:

FF millions	1998	1997	1996
Deferred tax credit	(312)	(309)	(289)
Deferred tax liability	387	428	346
<b>Net deferred tax</b>	<b>75</b>	<b>119</b>	<b>57</b>

Deferred tax assets recorded on 12/31/98 on tax losses (which are recorded only if there appears to be a high probability of applying future tax credits) total FF 10 million.

The CECO company in France enjoys a special tax status.

#### NOTE 13 - LONG-TERM DEBT

The breakdown of long-term debt by maturity date is as follows:

FF millions	1998	1997	1996
Short term (less than one year) including bank loans	5,077	4,442	3,163
Medium term (from one to five years)	4,456	3,726	2,355
Long term (over five years)	1,952	2,088	1,318
	140	176	618

<b>Total</b>	<b>7,169</b>	<b>6,706</b>	<b>5,098</b>
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- On 31 December 1998 the PERNOD RICARD Group had a confirmed line of credit of FF 88 million, valid until November 2000.
- Around 38% of PERNOD RICARD's debt is denominated in non-euro currencies.
- On March 20, 1992, PERNOD RICARD issued, outside of France, bonds in the form of Perpetual Subordinated Notes for a total nominal amount of FF 400 million.

The subordinated perpetual notes are considered to be a "repackaged" debt arrangement, arising from an agreement with a third-party special vehicle company at the time of issuance. The FF 217 million of net indebtedness at December 31, 1998 was booked as "long-term debt". This amount is equal to the issue's face value minus a payment initially made and capitalized during the issuance.

Borrowings resulted in no guarantees or mortgages other than the guarantees provided by PERNOD RICARD SA, listed in Note 14.



## NOTE 14 - FINANCIAL COMMITMENTS

FF millions	1998	1997	1996
<b>COMMITMENTS GIVEN</b>			
Leasing	88	77	77
Bank guarantees	1,089	977	673
Purchasing commitments	121	85	110

The guarantee given to SOCIÉTÉ GÉNÉRALE by PERNOD RICARD in order to counter-guarantee the loan notes issued for the partial financing of the IRISH DISTILLERS GROUP was reduced to FF 4 million as of December 31, 1998 compared with FF 56 and 8 million respectively as of December 31, 1996 and 1997.

In 1994, PERNOD RICARD provided guarantees of up to £ 40 million for amounts which may be owed by the BWG Foods and the BWG NI companies in the form of a loan and swap contracts taken out by these companies. As of December 31, 1998, the balance remaining due and which is guaranteed by PERNOD RICARD totals £ 31.4 million.

In 1998 PERNOD RICARD guaranteed various loans contracted by its subsidiaries, including a FF 300 million loan to SANTA LINA and FF 200 million loan to PR FINANCE S.A.

Pursuant to the provisions of section 17, Companies (Amendment) Act, 1986 (Republic of Ireland) PERNOD RICARD has guaranteed for the year ended 31 December 1997, the liabilities of the following subsidiaries : Comrie Ltd., Irish Distillers Group Ltd, Irish Distillers Ltd., The West Coast Cooler Co. Ltd., Watercourse Distillery Ltd., Fitzgerald & Co. Ltd., Ermine Ltd., Gallwey Liqueurs Ltd., Smithfield Holdings Ltd., Irish Distillers Holdings Ltd.

As mentioned in Note 1.12, as part of the PERNOD RICARD policy of hedging against exchange risks, PR Finance has a currency hedging portfolio which, at December 31, 1998, totals FF 120 million, broken down as follows:

Contract	Maturity	Amount	Rate
Forward buying	1/29/99	AUD 8 million	3.4965
Forward sale	1/29/99	GBP 2 million	9.3235
Forward sale	1/4/99	GBP 8 million	9.4002

## NOTE 15 - GUARANTEED RATE CONTRACTS

As mentioned in Note 1.12, the PERNOD RICARD Group has a portfolio of rate guarantee contracts which represented, on December 31, 1998, a total sum of FF 1,474 million, as follows:

Company	Contract	Maturity	Basis	Guarantees
PR Finance	Fixed rate swap	Dec. 2001	FF 300 million	3.5%
Orlando	Fixed rate swap	Nov. 2000	80 M AUD	6.58%
PR Finance	Fixed rate swap	Janv. 2000	FF 200 million	3.8%
PR Finance	Fixed rate swap	May. 2000	FF 400 million	3.5%
PR Finance	Fixed rate swap	Janv. 2003	FF 300 million	5.0%

The variable-rate portion of Pernod Ricard's long-term debt, after hedging, accounts for approximately 55% of the total.

## NOTE 16 - AVERAGE NUMBER OF EMPLOYEES AND PAYROLL EXPENSES

The average number of employees in 1998 was 12,995, compared with 12,057 in 1997 and 11,233 in 1996. These figures are calculated on an average annual basis and include temporary personnel.

Payroll expenses totaled FF 3,102 million in 1998 compared with FF 3,029 million in 1997, and FF 2,736 million in 1996. These figures include employee profit-sharing and payroll taxes in addition to temporary personnel costs.

## NOTE 17 - BUSINESS SEGMENT INFORMATION

### WINES AND SPIRITS FRANCE

	1998	1997	1996
<b>Volumes sold millions of liters</b>	<b>99</b>	<b>90</b>	<b>111</b>

<b>Employees</b>	<b>2,358</b>	<b>2,216</b>	<b>2,262</b>
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#### 12 production facilities in France :

- Bessan,
- Bordeaux,
- Cormeilles,
- Créteil,
- Cubzac,
- Dijon,
- Eauze,
- Lille,
- Lignières,
- Marseille,
- Thuir,
- Rennes.

#### Major trademarks:

- Ricard, Pastis 51, Pernod.
- Suze.
- Ambassadeur, Dubonnet, Cinzano, Byrrh, Americano 505, Vabé, Bartissol.
- Scotch Whiskies Clan Campbell, White Heather, Aberlour, Cutty Sark (\*).
- Irish Whiskeys Jameson, Bushmills, Power, Paddy.
- Whisky canadien Royal Canadian.
- Bourbon Wild Turkey.
- Vodkas Karinskaya, Altaï, Stolichnaya (\*).

- Calvados Busnel, Lancelot.
- Cognacs Bisquit, Renault, Armagnac Marquis de Montesquiou.
- Rhum Havana Club.
- Portos Cintra, Warre, Feist.
- Liqueurs Soho, Janeiro, Alaska, Cusenier, eaux de vie la Duchesse.
- Gins Larios, Black Jack, Hastings.
- Vins Alexis Lichine, Cruse, Victor Bérard, Pasquier Desvignes.
- Café de Paris, Blancs de fruits.

(\*) licensed

(These franchised brands account for a negligible portion of the group's activity.)

#### Companies operating in the segment:

- Ricard and its subsidiaries: Renault Bisquit, Galibert & Varon.
- Pernod and its subsidiary: Cusenier.
- CSR Pampryl.

The principal clients in this sector are mass distribution companies in France and wholesalers as well as cafés, hotels and restaurants.

### Wines and Spirits France

(FF millions)	1998	1997	1996	Change 1998/1997
<b>Net sales excluding taxes and duties</b>	<b>3,231</b>	<b>2,926</b>	<b>3,523</b>	<b>10,4 %</b>
Cost of goods sold	(618)	(576)	(615)	7,3 %
<b>Gross margin</b>	<b>2,613</b>	<b>2,350</b>	<b>2,908</b>	<b>11,2 %</b>
Production and overheads expenses	(1,415)	(1,200)	(1,455)	17,9 %
Marketing and distribution expenses	(601)	(574)	(686)	4,7 %
<b>Operating profit</b>	<b>597</b>	<b>576</b>	<b>767</b>	<b>3,7 %</b>

## WINES AND SPIRITS INTERNATIONAL

	1998	1997	1996
<b>Volumes sold</b>			
<b>millions of liters</b>	<b>268</b>	<b>259</b>	<b>242</b>
<b>Employees</b>	<b>4,359</b>	<b>4,306</b>	<b>3,794</b>

### 24 production and bottling facilities:

- United States: Lawrenceburg.
- Great Britain: Aberlour, Kilwinning, Glenalachie.
- Ireland: Bushmills, Fox and Geese, Cork, Middleton.
- Australia: Rowland Flat, Griffith, Hunter Estate.
- Spain: Dicastillo, Manzanares.
- Switzerland: Geneva.
- Argentina: Buenos Aires, Mendoza, Cafayate, Carupan.
- Italy: Canelli.
- Netherlands: Tilburg.
- Greece: Palini, Mytilene.
- Czech Rep. : Karlovy-Vary, Bohatice.

### Major trademarks:

- Ricard, Pastis 51, Pernod, Mini.
- Suze.
- Dubonnet.
- Scotch Whiskies Clan Campbell, Aberlour, White Heather, House of Lords, Glenforres.
- Irish Whiskeys Jameson, Bushmills, Paddy, Power.
- Bourbon Wild Turkey.
- Whisky canadien Royal Canadian.
- Cognacs Bisquit, Renault.
- Armagnac Marquis de Montesquiou, Calvados Busnel, Brandies Dorville.
- Rhum Havana Club.
- Liqueurs Zoco, Amaro Ramazzotti, Sambuca, Fior di Vite, Mariposa, Ocho Hermanos, Millwood, Eoliki.
- Gin Larios, Cork Dry Gin, Genièvre Legner, vodkas Huzzar, Altai, Petroff.

- Vins Cruse, Alexis Lichine, Victor Bérard, Pasquier Desvignes.
- Jacob's Creek, Wyndham, Richmond Grove, Etchart, Palacio de la Vega, Long Mountain, Dragon Seal, Terra Andina.
- Canei, Carrington, Café de Paris, Carlton.

### Companies operating in the segment:

- PR Europe and its subsidiaries: PR Larios (Spain) and its subsidiary Palacio de la Vega, Pérism and B&C Trading(Switzerland), Ramazzotti (Italy), IGM Deutschland (Germany), PR Austria and its subsidiary Polacek (Austria), PR Nederland BV and its subsidiary Kerstens (Netherlands), Lizas & Lizas and Epom (Greece), Somagnum (Portugal), Perau Associates (Sweden), Brand Partners (Norway), World Brands Denmark, World Brands Finland, Alvida (Czech Rep.), PR Belux (Belgium), .
- PR Asia and its subsidiaries: Casella Far East (Hong Kong), Perising (Singapore), Pernod Ricard Japan (Japan), Casella Taiwan (Taiwan), Perithai (Thailand), PRK Distribution Ltd (Korea).
- Irish Distillers Group Plc and its subsidiaries Irish Distillers Ltd (Ireland), Old Bushmills Distillery Ltd (Northern Ireland), Fitzgerald (Ireland), PR South Africa (South Africa).
- Campbell Distillers and its subsidiary Caxton Tower Wines,
- PR Americas and its subsidiaries : Austin Nichols and its subsidiary Boulevard Distillers, PR Canada,, PR Argentina, PRC Distribution(Caribbean), PR Mexico, El Muco (Venezuela), PR Columbia.
- Orlando Wyndham and its subsidiary Two Dogs.
- Ricard and its subsidiaries.
- Pernod and its subsidiaries : Cusenier, Crus et Domaines de France
- CSR Pampryl.
- World Brands Duty Free and its subsidiary, World Brands Duty Free Inc (USA),

The major clients of this division are mass distribution companies, wholesalers, bars, hotels and restaurants and specialty stores.

### Wines and Spirits International

FF millions	1998	1997	1996	Change 1998/1997	Excluding currency effect
<b>Net sales excluding taxes and duties</b>	<b>6,223</b>	<b>6,119</b>	<b>4,843</b>	<b>1.7 %</b>	<b>5.1 %</b>
Cost of goods sold	(2,089)	(2,067)	(1,748)	1.0 %	
<b>Gross margin</b>	<b>4,134</b>	<b>4,052</b>	<b>3,095</b>	<b>2.0 %</b>	
Marketing and distribution expenses	(1,896)	(1,809)	(1,394)	4.8 %	
Production and overheads expenses	(1,232)	(1,306)	(977)	-5.6 %	
<b>Operating profit</b>	<b>1,006</b>	<b>937</b>	<b>724</b>	<b>7.4 %</b>	<b>12.9 %</b>

The currency effect corresponds to the effect of currency variations on the conversion of foreign subsidiary accounts.

## FRUIT PREPARATIONS AND SOFT DRINKS<sup>(\*)</sup>

	1998	1997	1996
<b>Volumes sold</b>			
<b>millions of liters *</b>	<b>704</b>	<b>737</b>	<b>745</b>
<b>Employees</b>	<b>4,773</b>	<b>4,128</b>	<b>3,920</b>

(\*) Excluding flavors and fruit preparations.

### 14 production facilities in France

- Anneville s/Scie,
- Domagné,
- Fegersheim,
- La Courneuve,
- Le Theil,
- Mâcon,
- Marmande,
- Meyzieux,
- Mitry Mory,
- Nuits Saint Georges,
- Rivesaltes,
- Signes,
- Valence,
- Vigneux s/Seine

### 23 production and bottling facilities overseas:

- Germany : Constance, Nauen.
- UK : Corby.
- Australia : Sydney Mangrove Mountain.
- USA : Anna Botkins (Ohio), Winter Haven (Floride), Fort Worth (Texas), Carlstadt (New Jersey), Hieleah (Floride), Opelousas (Louisiane).
- South Africa : Cape Town.
- Mexico : Jacona.
- Italy : Turin, Bergame.
- Greece : Le Pirée.
- Czech Rep. : Kaplice, Otavice.
- Korea : Séoul.
- Austria : Kröllendorf.
- Poland : Ostrolenka, Bielsk Podlaski.
- Argentina : Corronda.
- Fidji : Fidji.

### Major trademarks:

- Orangina.
- Ricqlès
- Banga.
- Ciders La Cidraie, Loïc Raison, Duché de Longueville, Flagger, E33.
- Brut de Pomme.
- Champomy.
- Pacific.
- Pampryl. Pam-Pam.
- Agruma.
- Sirops Cusenier.
- Pepsi-Cola,(1).

(1) "on trade" Distribution Agreement.

### Companies operating in the segment:

- Ricard.
- Cusenier.
- PR Americas and its subsidiaries PR Argentina and Yoo-Hoo Industries.
- SIAS-MPA and its subsidiaries : SIAS France, DSF (Germany), Ramsey and Flavors from Florida (USA), SIAS Foods UK, San Giorgio Flavors (Italy), SIAS Australia, SIAS Mex and SIAS Port (Mexico), SIAS Korea, YB SIAS (Austria), SIAS Polska (Poland), SIAS Bohemia (Czech Rep.), Italcanditi (Italy), Sias Flavo Foods (South Africa), Sias Regional (Argentina), South Pacific Foods (Fidji Islands).
- CSR Pampryl.
- CFPO and its subsidiaries.
- Orlando Wyndham.

The major clients of this division are mass distribution companies, wholesalers, bars, hotels and restaurants and specialty stores.

The Fruit Preparations activity mainly consists of food industry groups.

### Fruit preparations and soft drinks

FF millions	1998	1997	1996	Change 1998/1997	Excluding currency effect
<b>Net sales excluding taxes and duties</b>	<b>6,636</b>	<b>6,258</b>	<b>5,752</b>	<b>6.0 %</b>	<b>7.1 %</b>
Cost of goods sold	(3,160)	(2,969)	(2,805)	6.4 %	
<b>Gross margin</b>	<b>3,476</b>	<b>3,289</b>	<b>2,947</b>	<b>5.7 %</b>	
Marketing and distribution expenses	(1,395)	(1,330)	(1,215)	4.9 %	
Production and overheads expenses	(1,569)	(1,482)	(1,371)	5.9 %	
<b>Operating profit</b>	<b>512</b>	<b>477</b>	<b>361</b>	<b>7.4 %</b>	<b>8.4 %</b>

The currency effect corresponds to the effect of currency variations on the conversion of foreign subsidiary accounts.

(\*) This business segment combines the activities classified in 1997 as "Alcohol-free drinks and products - France" and "Alcohol-free drinks and products - export and international". The distribution activity is not included, being treated as a wholly separate activity in 1998.



## DISTRIBUTION<sup>(\*)</sup>

	1998	1997	1996
<b>Employees</b>	<b>1,505</b>	<b>1,407</b>	<b>1,257</b>

### Companies operating in the segment:

- B.W.G. and its subsidiaries J&J Haslett and Appleby.

### Distribution

FF millions	1998	1997	1996	Change 1998/1997	Excluding currency effect
<b>Net sales excluding taxes and duties</b>	<b>4 493</b>	<b>3 746</b>	<b>2 697</b>	<b>19,9 %</b>	<b>22,4 %</b>
Cost of goods sold	(3 887)	(3 233)	(2 346)	20,2 %	
<b>Gross margin</b>	<b>606</b>	<b>513</b>	<b>351</b>	<b>18,1 %</b>	
Marketing and distribution expenses	(329)	(298)	(222)	10,4 %	
Production and overheads expenses	(101)	(80)	(46)	26,3 %	
<b>Operating profit</b>	<b>176</b>	<b>135</b>	<b>83</b>	<b>30,4 %</b>	<b>28,1 %</b>

The currency effect corresponds to the effect of currency variations on the conversion of foreign subsidiary accounts.

(\*) This activity was classified in 1997 in the "Alcohol-free drinks and products - export and international"

### NOTE 18 - PRINCIPAL CONSOLIDATED COMPANIES

Company	Head Office	% interest 1998	% interest 1997	Consoli- dation method	Register
Pernod Ricard	142, boulevard Haussmann, 75379 Paris Cedex 08	Parent company			582 041 943
PR Finance	142, boulevard Haussmann, 75379 Paris Cedex 08	100	100	Full	349 785 238
Ricard	4 et 6, rue Berthelot, 13014 Marseille	100	100	Full	303 656 375
- Renault Bisquit	Domaine de Lignères, 16170 Rouillac	100	100	Full	905 420 170
- Galibert & Varon	Lignères, 16170 Rouillac	99,3	99,3	Full	457 208 437
Pernod	120, avenue du Maréchal Foch, 94105 Créteil	100	100	Full	302 208 301
- Cusenier	142, boulevard Haussmann, 75008 Paris	100	100	Full	308 198 670
- Crus et Domaines de France	23, parvis des Chartrons, 33074 Bordeaux	100	100	Full	384 093 290
PR Europe	2 rue de Solferino, 75007 Paris	100	100	Full	302 453 592
- Alvita (The Czech Republic)	Karlovarska Becherovka AS, T.G. Masaryka 57, 36076 Karlovy Vary	100	-	Full	
-PR Larios (Spain)	Calle César Vallejo, 24 (Poligono Industrial Guadalhorce), 29004 Malaga	100	-	Full	
- Palacio de la Vega ( Spain)	31263 Di Castello, Navarre	100	100	Full	
- Perisem (Switzerland)	44, route de St-Julien, 1227 Carouge, Genève	100	100	Full	
- Ramazzotti (Italy)	Corso Buenos Aires, 54, 20124 Milano	100	100	Full	
- Somagnum (Portugal)	Avenida de Foste 4, 2795 Carnaxide	75	75	Full	
- IGM Deutschland (Germany)	Schloss Strasse 18-20, 56068 Koblenz	100	100	Full	
- Polacek (Austria)	Resselgasse 1, 2201 Gerasdorf	100	100	Full	
- PR Nederland (Netherlands)	De Kroonstraat 1, 5048 AP Tilburg	100	100	Full	
- Lizas & Lizas (Greece)	Rue 15, Alon, 18540 Pirée	100	100	Full	
- Epom (Greece)	Parodos Narmacias Ellis, 81100 Mytilène	95	95	Full	
- PR Belux (Belgium)	104/106 rue Emile Delva, B1020 Bruxelles	67	67	Full	
- Perau Associates AS (Swenden)	Box 6703, Yxkullsgatan 18, 11385 Stockholm	100	100	Full	
- Brand Partners A/S (Norway)	PO Box 2752 Solli, N0204 Oslo	50,0	50,0	Full	
- World Brands Denmark A/S (Denmark)	Homemansgate 36/A, PO Box 861, 2100 Copenhagen	100	100	Full	
- World Brands Finland O/Y (Finland)	Salomonkatu 17 a, 00100 Helsinki	100	100	Full	
PR Asia	142, boulevard Haussmann, 75379 Paris Cedex 08	100	100	Full	410 241 814
- Pernod Ricard Japan K.K. (Japan)	Tamaya Building, 3rd Floor, 14-12 Shinjuku 1 - Chome Shinjuku-Ku, Tokyo 160	100	100	Full	
- Casella Far East Ltd. (Hong Kong)	1007-8 New Kowloon Plaza - 38 Tai Kok Tsui Road, Kowloon, Hong Kong	100	100	Full	
- Beijing Pernod Ricard Winery (China)	N°2 Yu Quan Road, Western Suburb, Beijing 100039	65	65	Equity	
- Dragon Seal (China)	N°2 Yu Quan Road, Western Suburb, Beijing 100039	53	53	Equity	
- Casella Taiwan (Republic of China)	Pao Fu Commercial Center 15/F.2, 420 Fu Hsin N. Road - Taipei	100	100	Full	
- Perithai (Thailand)	2533 Sukhumvit Rd, Bangchack Praekhanong, Bangkok 10250	100	100	Full	
- PRK Distribution Ltd (Korea)	941-26, Daechi-Dong-Kangnam-Ku, 135-081 Séoul	97,7	97,7	Full	
- Perising Ltd (Singapore)	60B, Martin Road, # 05-07/08 Trade Mart, Singapour	100	100	Full	
PR Americas	142, boulevard Haussmann, 75379 Paris Cedex 08	100	100	Full	410 239 792
- PR Argentine (Argentina)	Lima 229 - 4e - 1073 Buenos Aires	100	-	Full	
- Pramsur (Uruguay)	Lima 229 - 4e - 1073 Buenos Aires	100	-	Full	
- PRC Diffusion (Caribbean)	Z.I. Californie, Immeuble Synergie, Centre d'affaires, 97232 Le Lamentin	100	100	Full	390 984 912

Company	Head Office	% interest 1998	% interest 1997	Consoli- dation method	Register
- PR Canada (Canada)	2155 Cagnon, Lachine, Québec H8T3M7	100	100	Full	
- PR Colombia (Colombia)	Avenida 13, 100-34 Of 503, 1012 Santa Fe de Bogota	100	-	Full	
- El Muco (Venezuela)	Multicentro Empresarial Del Este, 1060 Chacao, Caracas	100	100	Full	
- PR Mexico (Mexico)	Homero 440, Col. Polanco, C.P. 11560 Mexico DF	100	100	Full	
- PR Chile (Chili)	La Concepcion 81 Oficina 1506, Providencia, Santiago	100	100	Full	
- Heublein do Brazil (Brazil)	655, rue Araporé, Sao Paulo	30	30	Equity	
- Austin Nichols (USA)	156, East, 46th Street, New York N.Y. 10017	100	100	Full	
- Boulevard Distillers (USA)	156, East, 46th Street, New York N.Y. 10017	70	70	Full	
- Yoo-Hoo Industries (USA)	156, East, 46th Street, New York N.Y. 10017	100	100	Full	
<b>World Brands Duty Free (UK)</b>	924, Great West Road, Brentford, Middlesex TW8-9DY	100	100	Full	
<b>CSR</b>	160 avenue Paul Vaillant Couturier, 93126 La Courneuve Cedex	99,2	99,2	Full	552 024 275
Pampryl	160 avenue Paul Vaillant Couturier, 93126 La Courneuve Cedex	99,2	99,2	Full	035 680 016
CSR Pampryl	160 avenue Paul Vaillant Couturier, 93126 La Courneuve Cedex	99,2	99,2	Full	321 875 007
Ulti	Rue de la Longueaie, 91270 Vigneux-sur-Seine	94,8		Full	
<b>Campbell Distillers (UK)</b>	West Byrehill, Kilwinning, Ayrshire KA 136 LE	100	100	Full	
- Caxton Tower Wines (UK)	4 Harlequin Ave., Brentford, Middlesex TW8 9EW	100	100	Full	
<b>Santa Lina</b>	2, rue de Solférino, 75007 Paris	100	100	Full	045 920 105
<b>SIAS-MPA</b>	142, boulevard Haussmann, 75379 Paris Cedex 08	100	100	Full	436 380 521
- SIAS-France	17, avenue du 8-mai-1945, 77295 Mitry-Mory	100	100	Full	341 826 006
- Ramsey Laboratories (USA)	6850 Southpointe Parteway, Brecksville, Ohio 44141	100	100	Full	
- Flavors From Florida (USA)	203 Bartow Municipal Airport, Bartow, Florida 33830-9599	100	100	Full	
- DSF Gmbh (Germany)	Lilienthalstrasse 1, D.78467 Konstanz	60	60	Full	
- SIAS Port (Mexico)	Martinez de Navarrete 83B, Col. Francisco Villa, 59845 Jacona, Michoacan	100	100	Full	
- SIAS Mex (Mexico)	Martinez de Navarrete 83B, Col. Francisco Villa, 59845 Jacona, Michoacan	100	100	Full	
- SIAS Australia (Australia)	CNR George Downs Drive & Wisemans Ferry Road, Central Mangrove, NSW 2250	100	100	Full	
- SIAS Korea (Korea)	77-1 Kanak-Dong, Songpa-Ku, Séoul	95,6	95,6	Full	
- SIAS Foods UK Ltd (UK)	Oakley Hay Lodge, Great Fold Road, Corby NN 18 AS	100	100	Full	
- YB SIAS GmbH (Austria)	A-3363 Kröllendorf	50	50	Full	
- SIAS Polska (Poland)	UL. Lawska 2, 07-410 Ostroeka	93,1	93,1	Full	
- SIAS Regional (Argentina)	Lima 229, 3° Piso, (CP 1073) Capital Federal, Buenos Aires	67,0	-	Full	
- SIAS Bohemia (The Czech Republic)	Pohorska 290, Kaplice, République Tchèque	100	100	Full	
- South Pacific Foods (Fidji)	POB 80, Nayama Road, Sigatoka, Fidji Islands	100	100	Full	
- SIAS Flavo Food (South Africa)	10 Brigid Road, Diep River, 7945 Cape Town	75	-	Full	
- SIAS Flavo Brands (South Africa)	10 Brigid Road, Diep River, 7945 Cape Town	100	-	Full	
- Italcanditi (Italy)	Via Cavour, 10, 24066 Pedrengo (BG)	54,3	-	Full	
- San Giorgio Flavors (Italy)	Via Fossata 114, 10147 Torino	100	100	Full	
<b>Compagnie Financière des Produits Orangina</b>	595, rue Pierre Berthier, Domaine de St Hilaire, 13855 Aix en Provence Cedex 3	100	100	Full	56 801 254
- Centre d'Elaboration des Concentrés Orangina	Parc d'activités du plateau de Signes, 83870 Signes	100	100	Full	382 255 016
- Orangina France	595, rue Pierre Berthier, Domaine de St Hilaire, 13855 Aix en Provence Cedex 3	95,4	95,4	Full	056 807 076
- L'Igloo	7, Première Avenue, 13127 Vitrolles	47,7	47,7	Equity	085 720 217
- The New Drinks Company	595, rue Pierre Berthier, Domaine de St Hilaire, 13855 Aix en Provence Cedex 3	100	100	Full	
<b>Comrie Plc (Ireland)</b>	61 Fitzwilliam Square, Dublin 2 (siège statutaire)	100	100	Full	
<b>Irish Distillers Group Plc (Ireland)</b>	Bow Street Distillery, Smithfield, Dublin 7	100	100	Full	
- Irish Distillers Limited (Ireland)	Bow Street Distillery, Smithfield, Dublin 7	100	100	Full	
- Old Bushmills Distillery Ltd (North of Ireland)	Distillery Road, Bushmills, Co Antrim BT57 BXH	100	100	Full	
- Fitzgerald & Co. Ltd (Ireland)	11-12 Bow Street, Dublin 7	100	100	Full	
- Dillon Bass Limited (North of Ireland)	Distillery Road, Bushmills, Co Antrim BT57 BXH	63,0	42,5	Full	
- Lurgan Cash & Carry Ltd (North of Ireland)	William Street, Lurgan, Co. Armagh	100	-	Full	
- W.G. Windrum Son & Co Ltd (North of Ireland)	William Street, Lurgan, Co. Armagh	100	-	Full	
- BWG Limited (Ireland)	Greenhills Road, Walkinstown, Dublin 12	100	100	Full	
- Appleby Westward Group Plc (UK)	Callington Road, Saltash, Cornwall PL12 6LT	100	100	Full	
- Bellevue Cash & Carry Ltd (UK)	30 Mc Donald Place, Edinburgh EH7 4NH, Scotland	100	-	Full	
- Goodwins of Hanley Ltd (UK)	Speedwell Road, Parkhouse East, Newcastle-under-Lyme, Staffordshire ST5 7RG	100	-	Full	
- T&A Symonds Ltd (UK)	Mead Avenue, Houndstone Business Park, Yeovil, Somerset BA22 8RJ	100	-	Full	
- J&J Haslett (North of Ireland)	20, The Cutts, Derriaghy, Dunmurry, Belfast, BT 17 9HR	100	100	Full	
- Pernod Ricard South Africa (South Africa)	19 Herold Street, Stellenbosch 7600	100	100	Full	
<b>Pernod Ricard Australia (Australia)</b>	33 Exeter Terrace, Devon Park SA 5008, Australia	100	100	Full	
- Orlando Wyndham Group Pty Limited	33 Exeter Terrace, Devon Park SA 5008, Australia	97,9	89,5	Full	
- Two Dogs	437 Pulteney Street, Adelaide, SA 5000	100	100	Full	
- Simeon Wines*	170 Greenhill Road Parkside SA 5063, Australia	15,8	16,2	Equity	

\* The Simeon Wines company is listed on the Sydney Stock Exchange

The percentage of control is equal to the amount of interest owned except for Igloo (50%)

# Report of the Auditors

## Consolidated Statements for the Year Ended December 31, 1998

Ladies and Gentlemen

In conformity with the mission assigned to us by your General Shareholders Meetings, we have conducted an audit of the consolidated statements of the Pernod Ricard company for the fiscal year ended December 31, 1998, as appended to this report.

The consolidated statements were approved by the Board of Directors. Based on our audit, we hereby express our opinion regarding these statements.

Our audit was conducted in accordance with professional standards. These standards require the utmost diligence in order to ensure that the consolidated statements do not include any significant errors or inconsistencies. An audit involves the use of sampling to examine the underlying information justifying the data contained in these statements. It also involves an assessment of the accounting principles followed as well as the resulting calculations and the overall presentation. We believe that our audit provides a reasonable basis for the opinion expressed below.

We hereby certify that the consolidated statements are in order and present an accurate picture of the assets and the financial position, as well as the overall results of Pernod Ricard and its consolidated companies.

Furthermore, we have also audited the data pertaining to the Group provided in the Management Report. We have no comment to make on the sincerity of the information given in the Management Report or on the consistency of this information with the consolidated financial statements.

Paris, March 19, 1999

The Statutory Auditors

CCC-JD  
M. Jean DELQUIÉ

Société d'Expertise  
Comptable A & L GENOT  
Alain et Louis GENOT

Cabinet MAZARS & GUERARD  
Frédéric ALLILAIRE  
Xavier CHARTON

# Shareholder Information

## HOW TO PARTICIPATE IN THE MEETINGS

Shareholders are informed of the meetings by means of notices published in the Bulletin des Annonces Légales Obligatoires (BALO) [Bulletin of Mandatory Legal Notices] and in a publication authorized to receive legal notices for the district in which the Head Office is located. Notices are also published in economic and financial publications with nationwide coverage.

Registered shareholders (those who have owned shares for at least a month as of the date of publication of the notice) are invited to all meetings by ordinary letter.

The owners of bearer shares wishing to be represented or to vote by correspondence must first convert their shares by five full days before the meetings, at the Société PERNOD RICARD, 142 Boulevard Haussmann, 75008 Paris or at one of the institutions below (\*).

Registered shareholders who have held their shares for at least five days prior to the meeting dates may attend, delegate a representative, or vote by correspondence with no formalities required.

The forms required for voting by correspondence may be obtained at the Company's Head Office.

Votes by correspondence are only accepted for forms reaching SOCIETE GENERALE or the Head Office of the Société PERNOD RICARD at least three days before the meetings.

Admission cards for the meetings will be sent to all shareholders requesting them at the Company's Head Office at 142 Boulevard Haussmann, 75008 Paris or at one of the following(\*) banking institutions. The holders of bearer shares must provide a statement attesting to the conversion of the shares in accordance with the terms above.

The holders of pure registered shares can issue their buy or sell orders directly to SOCIETE GENERALE, with whom preferential brokerage fees have been arranged.

For information and to obtain order forms, please contact:

- PERNOD RICARD, Direction Financière [Financial Division]: Antoine PERNOD  
Tel: (33)1 40 76 77 78 - Fax: (33)1 45 62 22 75
- SOCIETE GENERALE, Département des Titres [Securities Department] 32, avenue du Champ de Tir 44024 NANTES Cedex 01.

**A TOLL FREE NUMBER FOR HOLDERS OF PURE REGISTERED SHARES : 0800 11 97 57**

**INTERNET : (<http://www.pernod-ricard.fr>)**

Annual statements as well as up-to-the-minute information on company stock can be downloaded.



(\*) SOCIETE GENERALE, 29 Boulevard Haussmann, 75009 PARIS; BANQUE NATIONALE DE PARIS, 16, Boulevard des Italiens 75009 PARIS; CREDIT LYONNAIS, 19, Boulevard des Italiens 75002 PARIS; CREDIT DU NORD, 6 and 8 Boulevard Haussmann 75009 PARIS; CREDIT COMMERCIAL DE FRANCE, 103 Av. Champs-Élysées 75008 PARIS; SOCIETE MARSEILLAISE DE CREDIT, 75, rue de Paradis, 13006 MARSEILLE; CREDIT AGRICOLE

INDOSUEZ, 96 Boulevard Haussmann 75008 PARIS; CAISSE DES DEPOTS ET CONSIGNATIONS, 56, rue de Lille 75007 PARIS; CAISSE NATIONALE DE CREDIT AGRICOLE, 91-93 Bld Pasteur 75015 PARIS; BANQUE PARIBAS, 3, rue d'Antin, 75002 PARIS or at any of the Paris or provincial offices of these institutions or at the financial institution holding the shares.

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Paris Stock Exchange Regulatory Authority  
(Commission des Opérations de Bourse)

on April 14, 1999

under number R.99-091



## BOARD OF DIRECTORS

### Chairman

1/ Patrick Ricard

### Directors

2/ Françoise Hémard

3/ Danièle Ricard

4/ Jean-Claude Beton

5/ Jean-Dominique Comolli

6/ Jean-René Fourtou

7/ François Gérard

8/ Rafaël Gonzalez Gallarza

9/ Thierry Jacquillat,

10/ Arthur Veil Picard

Société Paul Ricard,  
permanent representative:

11/ Béatrice Baudinet



1	2	3
4	5	6
8	9	10

### MAJOR SUBSIDIARIES

#### Chairmen and Chief Executive Officers

Thierry Billot	PERNOD
Michel Bord	PR AMERICAS & AUSTIN NICHOLS
André Boucard	ORLANDO WYNTHAM
Richard Burrows	IRISH DISTILLERS
Gilles Cambournac	CAMPBELL DISTILLERS
Alain Chamla	CSR PAMPRYL
François Gérard	SIAS MPA
Iain Grist	PR ASIA
Chris Mason	WORLD BRANDS DUTY FREE
Georges Nectoux	RICARD
Jacques Pfister	CFP ORANGINA
Pierre Pringuet	PR EUROPE

### HOLDING COMPANY

#### General Management

Patrick Ricard	Chairman and Chief Executive Officer
Thierry Jacquillat	President

#### Vice Presidents

Jacques Bricout	Research Centre
Bernard Cazals	Human Resources
Pierre-Marie Châteauneuf	Administration and Legal Affairs
Alain-Serge Delaitte	Communications
Pierre Denêtre	Industrial Operations
Laurent Lacassagne	Finance
Philippe Mouton	Adviser to the Chairman
Eric de Poncins	Development
Claude Risac	Publics Affairs
Jean Rodesch	European Affairs
Jean-Manuel Spriet	Deputy Finance
Francesco Taddonio	Marketing

**Pernod Ricard:** COMMUNICATION: 142, Boulevard Haussmann - 75008 Paris - Tel.: 33 (01) 40 76 77 78

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