

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Year ended 30 June 2017

To the Pernod Ricard Shareholders' Meeting,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meetings, we have audited the accompanying financial statements of Pernod Ricard for the year ended 30 June 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 30 June 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Valuation of investments

(Notes 1.3 and 3 to the financial statements)

As at 30 June 2017, consolidated and non-consolidated investments are recorded in the balance sheet at a net carrying amount of €12,739 million and represent 80% of total assets. They are initially recognised at acquisition cost, excluding ancillary costs, increased for any legal revaluations where applicable.

If the value in use of investments is lower than their net carrying amount, a provision for impairment is recognised in the amount of the difference. As disclosed in Note 1.3 to the financial statements, value in use is determined based on a multi-criteria analysis, taking into account the share of the subsidiary's equity, the value based on dividend yield and the financial and economic potential of the subsidiary, with particular reference to the market value of its net assets. Estimates of the value in use of these investments is based on complex valuation models for subsidiaries which in turn own several subsidiaries and require management to exercise significant judgment (particularly regarding cash flow assumptions).

Given the weight of investments in the balance sheet, the complexity of the models used and their sensitivity to changes in the data and assumptions underlying estimates, we considered the determination of the value in use of investments to be a key audit matter presenting a risk of material misstatement.

Our responsibilities under those standards are further described in the Statutory Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit in compliance with independence rules applicable to us, for the period from 1 July 2016 to the issue date of our report and in particular we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) no. 537/2014 or in the French Code of ethics for statutory auditors.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring your attention to the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period, as well as our responses to those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific elements, accounts or items of the financial statements.

Responses as part of our audit

We tested the operation of Group controls covering the process for determining the value in use of investments. Our procedures notably consisted in:

- Verifying, based on information communicated to us, that the values estimated by management are supported by appropriate documentation of the valuation method and amounts used;
- Comparing data used in investment impairment tests with source data by entity and the results of audit procedures on these subsidiaries;
- Sample testing the arithmetical accuracy of values in use adopted by the Company.

We also assessed the appropriateness of disclosures in Note 1.3 to the financial statements.

This is a free translation into English of the Statutory Auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This report includes information specifically required by European regulation or French law, such as information about the appointment of the statutory auditors.

This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

Verification of the Management Report and of the Other Documents Addressed to Shareholders

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Pernod Ricard by the Shareholders' Meeting of 13 May 2003 for Deloitte & Associés and of 17 November 2016 for KPMG S.A.

As at 30 June 2017, Deloitte & Associés and KPMG S.A. were in the 14th period and first period of total uninterrupted engagement, respectively.

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements have been approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified by Article L.823-10-1 of the French Commercial Code, the scope of our statutory audit does not include assurance on the future viability of the Company or the quality with which Company's management has conducted or will conduct the affairs of the entity.

A more detailed description of our statutory auditor responsibilities for the audit of the financial statements is presented in the appendix to this report and is an integral part thereof.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as significant audit findings. We also bring to its attention any significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters. We describe these matters in the audit report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) no. 537/2014, confirming our independence pursuant to the rules applicable in France as defined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

Paris La Défense and Neuilly-sur-Seine, 20 September 2017

KPMG Audit
Division of KPMG S.A.

Eric Ropert
Partner

Deloitte & Associés

David Dupont-Noel
Partner

APPENDIX

Detailed description of the Statutory Auditors' Responsibilities

As part of an audit in accordance with professional standards applicable in France, we exercise professional judgment throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If we conclude that a material uncertainty exists, we draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, we modify our opinion;
- Evaluate the overall presentation of the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.