Pernod Ricard

Créateurs de convivialité

FY18 HALF-YEAR
SALES AND RESULTS

8 February 2018

Contents

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

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

Executive summary

Pernod Ricard

+5.1%

Sales

+5.7%

PRO

Very good H1

Performance acceleration, thanks to consistent implementation of medium-term growth roadmap:

- **strong diversified growth**, with all regions and categories performing well
- **improving price / mix**
- negative impact of later CNY[1] offset by strong Martell demand
- H1 favoured by **low basis of comparison** in some geographies (as in Q1)

Very strong financial delivery

- Profit from Recurring Operations **("PRO") organic margin improvement: +21bps**, thanks in particular to ongoing operational excellence initiatives
- **very strong Free Cash Flow** ("FCF"): €799m, +21% vs. H1 FY17
- FX mainly impacted by **USD weakness**:
  - -€83m on PRO and -€30m on FCF vs. H1 FY17
  - but €245m positive impact on Net Debt vs. 30 June 2017
- **Net debt decrease of €476m** to €7,375m vs. 30 June 2017 and **Net debt / EBITDA at 2.9x**[2]

1. *CNY: Chinese New Year on 16 February 2018 vs. 28 January 2017*
2. *Based on average rates: 1.18 in H1 FY18 vs. 1.10 in H1 FY17*

Pernod Ricard

+25%[2]

Net profit[1]

€799m

Free Cash Flow

Key figures

	H1 FY18	H1 FY18 vs. H1 FY17	
		Reported	Organic
Sales	**€ 5,082 m**	+0.4%	**+5.1%**
Mature markets	*€ 2,979 m*		+2%
Emerging markets	*€ 2,103 m*		+10%
PRO	**€ 1,496 m**	-0.3%	**+5.7%**
PRO / Sales	**29.4%**		**+21bps**
Net Profit from Recurring Operations[1]	**€ 994 m**	**+4%**	**+10%**
Net Profit[1]	**€ 1,147 m**	**+25%**	
Free Cash Flow	**€ 799 m**	**+21%**	

1. Group share *2. Reported*

Pernod Ricard

Sales summary

+5.1%

Sales

All categories dynamic, each growing +5%:

- **Strategic International Brands continued their strong growth**, driven in particular by Martell and Jameson
- **Strategic Local Brands accelerated** thanks to Seagram's Indian whiskies, Olmeca/Altos and improving trend on Imperial (Korea)
- **Strategic Wines accelerated** due to Campo Viejo's momentum
- **"Other"** improved significantly driven by **fast-growing premium brands,** in particular Monkey 47, Lillet and Avion

Improvement driven by Asia, in particular China (despite adverse CNY[1] phasing), India and Travel Retail Asia

- **Americas:** continued dynamism **+6%**
- **Asia-Rest of World:** acceleration **+7%** vs. +3% in H1 FY17
- **Europe:** continued good performance **+3%**

1. CNY: Chinese New Year on 16 February 2018 vs. 28 January 2017

Sales analysis

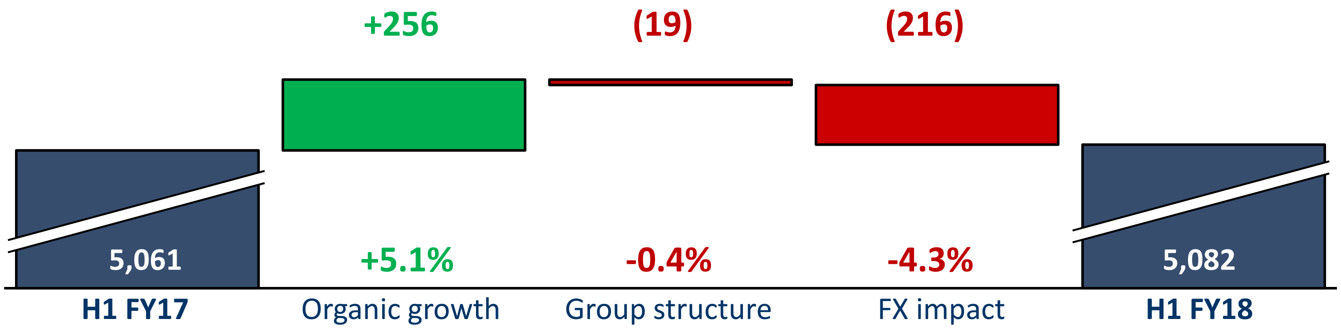
Pernod Ricard

+5.1%
Organic Sales

+0.4%
Reported Sales

Sales growth vs. H1 FY17

Half-year (€ millions)



Very strong H1

Negative impact due mainly to **weaker average USD rates** (1.18 in H1 FY18 vs. 1.10 in H1 FY17) and to a lesser extent CNY

Q2 FY18

- **Sales +4.6%**
- In continuity of Q1

Sales analysis

by region

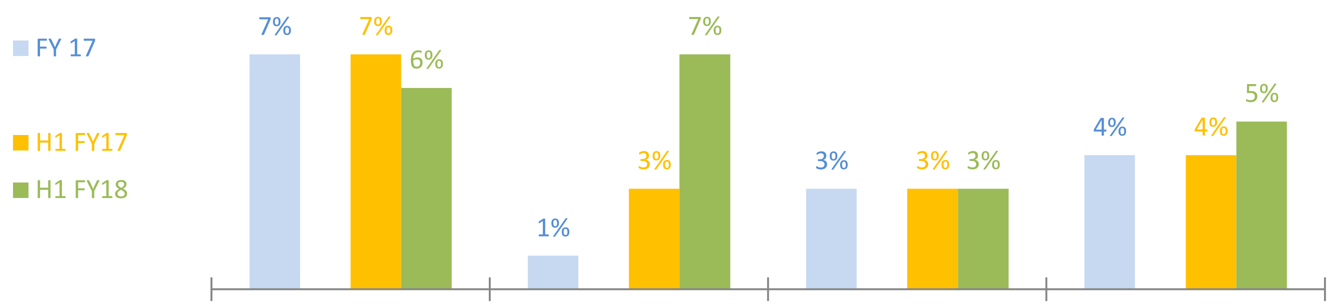
Pernod Ricard

+5.1%

Sales

Organic Sales growth by region

Americas	Asia-RoW	Europe	World
Continued dynamism, with slower growth in USA and Travel Retail but acceleration in Brazil and Mexico	Acceleration thanks to improvement in China (despite adverse CNY[1] phasing) and return to good growth in India post-regulatory changes	Good performance in particular in Eastern Europe, but difficulties in France and Spain	**Very strong H1**



% of Sales

1. CNY: Chinese New Year on 16 February 2018 vs. 28 January 2017

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+3%

Sales in USA

Americas

USA: approaching market growth rates

Market: overall growing +3% to +4%, slightly behind historic average and last year (+4%)[1]

- annual Nielsen **value +1.9%**[2] in 2017 vs. +4.4%[3] in 2016
- annual NABCA **value +5.6%**[2] in 2017 vs. +5.4%[3] in 2016

Pernod Ricard USA:

- **approaching market growth rate:** annual Nielsen **value +1.9%**[2], annual NABCA **value +4.0%**[2]
- **positive pricing**
- **diversification of growth** driven by clear portfolio strategy, with more brands contributing to performance

Consistent brand portfolio strategy:

Nielsen / NABCA[2] *Annual Value*	Jameson	Absolut	Malibu	The Glenlivet	Martell	Altos
	+13% / +18%	-3% / -3%	+0% / +4%	+3% / +1%	+22% / -15%	+18% / +46%

- **Jameson:** continued strong growth, with successful price increases in H1 as well as launch of new campaign and Jameson Caskmates IPA in H2
- **Absolut:** remains in decline but Lime performing well (#1 innovation in Nielsen 2017[2])
- **Malibu:** continuing to outperform category
- **The Glenlivet:** brand in transition following implementation of new range
- **Martell:** gaining share thanks to Martell Blue Swift and VS Single Distillery
- **Altos and Avion Tequilas**: very strong growth

1. *Pernod Ricard internal estimate*
2. *Nielsen XAOC + liquor Plus 12 months to Jan 27, 2018; NABCA 12 months to Nov 2017*
3. *Nielsen XAOC + liquor Plus 12 months to Jan 26, 2017; NABCA 12 months to Dec 2016*

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+10%

Sales in Americas excl. USA

Americas excluding USA
Very good growth

Travel Retail Americas: +3%

- high basis of comparison (+14% in H1 FY17)
- growth **driven by Absolut, Martell and Chivas**

Canada: stable

- **better Q2** following destocking in Q1, with Jameson and Jacob's creek performing strongly

Brazil: +11%

- **macroeconomic conditions improving** but uncertainty remains
- **growth across whole portfolio,** in particular on Chivas, Ballantine's, Absolut, Beefeater and Passport, thanks to resumed brand investment, albeit with favourable basis of comparison

Mexico

- strong growth driven by Strategic International Brands, following **strategic refocus**
- **price increase in July 2017**

Cuba

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

Argentina

- **continuation of strong growth**, partly favoured by inflation, in improving environment

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+7%

Sales in Asia-RoW

Asia-Rest of World

Growth acceleration

China: +8%, despite later CNY[1]

- **Martell +5%**
  - strong and accelerating demand across range
  - value strategy, with reduced promotional pressure and price increases to be deployed across range in H2, to impact mainly FY19
- **Chivas: very good H1**, thanks to launch of Chivas Regal Extra 12yo and NBA platform activation – success to be confirmed in coming year
- **strong double-digit growth of Premium brands** (Absolut, Ballantine's Finest and Jacob's Creek), benefiting from new focus and specific route to market implemented in FY17

India: +9%

- **acceleration** vs. H1 FY17 (+3%), enhanced by low basis of comparison (demonetisation in November 2016)
- **resilience through highway ban** (outlet relocation now broadly complete)
- continued double-digit **growth of Strategic International Brands and Strategic Wines** portfolios
- **price increases** on Seagram's whiskies aiming at offsetting Goods & Services Tax
- **regulatory environment still uncertain**, notably causing slowdown in Haryana and Punjab

Africa / Middle East

- **double-digit growth** largely driven by improved economic context and political stability in Turkey, enhanced by favourable basis of comparison
- **Strategic International Brands continuing to develop**, in particular Martell, Jameson, Chivas, Ballantine's and Absolut, driven by both volumes and pricing

1. CNY: Chinese New Year on 16 February 2018 vs. 28 January 2017

Pernod Ricard

+7%

Sales in Asia-RoW

Asia-Rest of World

Growth acceleration

Travel Retail Asia: +19%

- **strong rebound**
- **very favourable basis of comparison:** decline in H1 FY17 and FY18 commercial phasing skewed to H1 (will reverse in H2)
- growth driven mainly by Martell (will soften in H2)

Japan: +5%

- **continued strong growth** driven by champagnes Perrier-Jouët and successful launch of Mumm Grand Cordon
- good development of whiskies' portfolio (Chivas, Jameson and The Glenlivet)

Korea

- **mid-single digit decline**, **improving vs. FY17** thanks to the implementation of the turnaround plan
- Imperial still decreasing but trend improving vs. H1 FY17, thanks to innovation

Taiwan

- market difficulties
- **decline linked to Scotch**, while Martell performing strongly

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+1%

Sales in Western Europe

Europe

Western Europe: good resilience

France: -4%

- **continued tough environment**
- **Ricard in decline,** exacerbated by phasing (underlying trend -3%)
- Absolut, Ballantine's, Havana Club, Beefeater and Malibu in growth despite tough conditions

Spain: -4%

- **market decelerating** following post-crisis rebound and Catalonia political situation
- Pernod Ricard +1% underlying trend[1]

UK: +8%

- **continued dynamic growth**, driven in particular Monkey 47, Campo Viejo, Absolut, and Jameson

Germany

- **good H1,** in particular thanks to very strong **Lillet** performance in the developing Aperitif segment
- good growth also for Havana Club, Chivas, Jameson, Campo Viejo and Monkey 47

Travel Retail Europe

- return to growth driven by Martell and Ballantine’s

1. *Latest 52wk Nielsen value data available Jan 2018*

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+12%

Sales in Eastern Europe

Eastern Europe: continued strong dynamism

Russia: +15%

- **continued double-digit growth**
- **growth driven by Strategic International Brands** (Jameson, Chivas, Ballantine's, Havana Club and Absolut in particular) and **Ararat**

Poland

- **good performance,** driven by **Strategic International Brands,** particularly by whisky portfolio (Ballantine's, Chivas and Jameson)

Other markets

- dynamism in Kazakhstan, Ukraine and Romania

Sales analysis

by brand

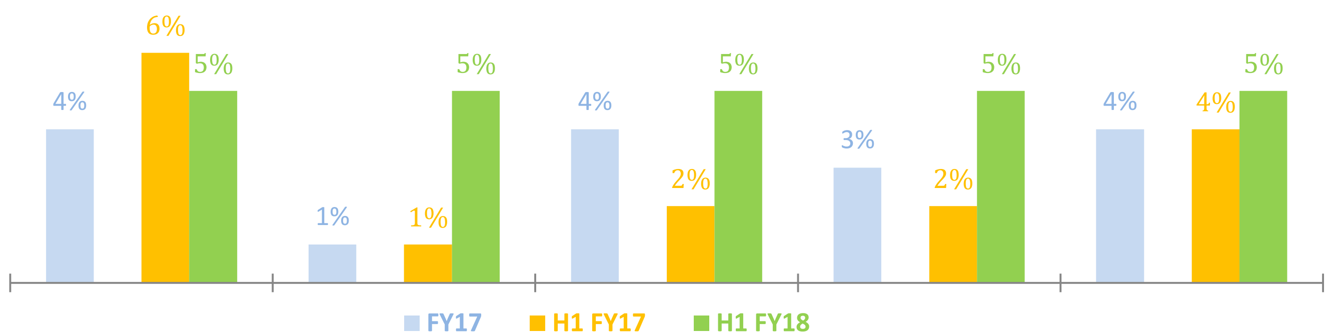
Pernod Ricard

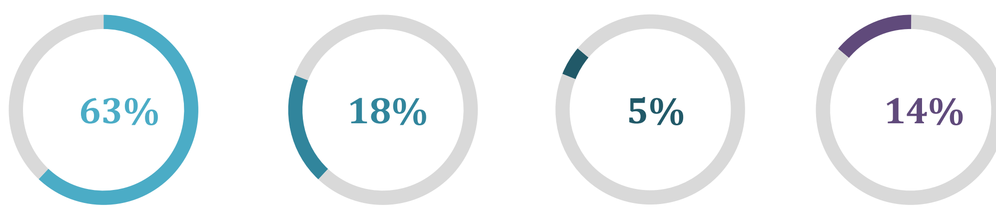
+5.1%

Sales

All categories dynamic, each growing at +5%

Strategic International Brands	Strategic Local Brands	Strategic Wines	Other	Total
Continued strong growth driven in particular by Martell and Jameson	Acceleration linked to Seagram's Indian whiskies and improving trend on Imperial	Acceleration driven by Campo Viejo	Performance driven by fast-growing premium brands, in particular Monkey 47, Avion and Lillet	Continued topline acceleration





% of Sales

Innovation: delivering +2% incremental Group topline growth

Price / mix: + 2.5%

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+5%

Strategic International Brands' Sales

Strategic International Brands: strong performance driven by Martell and Jameson

Martell: +10%, very dynamic

- **China** +5% and **Travel Retail Asia** in very strong growth despite later CNY[1]
- **double-digit increase in Americas** thanks to USA, Travel Retail and Mexico
- **favourable price / mix**, reflecting ongoing focus on value
- **price increases** in H2 (impact mostly in FY19)
- **high-single digit volume growth objective for full FY18**

Jameson: +12%, continued very strong performance

- driven by USA, Europe and Africa Middle East
- **USA:** +12%, driven by volumes and annual price increase, with new campaign and launch of Jameson Caskmates IPA in H2
- **Europe:** continuing gains, particularly in **Eastern Europe** and **Germany**
- **very fast development of growth relays**: Asia, Latin America…

Absolut: +2%, confirmed return to growth

- **strong international development: +9%** excl. USA driven by **Europe, China** and **Latam**
- **USA**: still in **decline** in very competitive vodka market

1. CNY: Chinese New Year on 16 February 2018 vs. 28 January 2017

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+5%

Strategic International Brands' Sales

Strategic International Brands: strong performance driven by Martell and Jameson

Scotch Whiskies:

- **Chivas: +2%** return to growth (vs. -1% in H1 FY17), driven by ongoing strength in Europe (+8%) and positive impact of turnaround plan in China
- **Ballantine's: +2%,** with dynamism in Eastern Europe and Africa Middle East partially offset by difficulties in Spain and Taiwan
- **The Glenlivet: +1%** with good development in Asia but still transitioning in USA post- implementation of new range

Other spirits: good overall growth

- **Mumm and Perrier-Jouët: +2%,** softer performance in H1 linked to Americas and Europe, but continued very dynamic growth of Perrier-Jouët in China and Japan
- **Ricard: -8%,** partly due to phasing, with anis market difficulties in France (underlying trend -4%)
- **Beefeater: +3%,** with dynamism in many European and Latin American markets offset by weakness in Spain
- **Havana Club: +7%,** good and improving growth, driven by Cuba, Russia and Germany
- **Malibu: +7%,** driven by USA

Pernod Ricard

+5%

Strategic Local Brands' Sales

Strategic Local Brands: acceleration

+5% in H1 FY18 vs. +1% in H1 FY17

- Significant **improvement in Seagram's Indian Whiskies'** growth (+9%) enhanced by low basis of comparison (demonetisation in India in November 2016)
- **Acceleration of Olmeca/ Altos** (premium Tequila)**, Ararat** (Brandy) **and Passport** (entry-level Scotch)
- **Imperial (Korea) still in decline** but trend improving
- **Positive pricing**, in particular thanks to Seagram's Blenders Pride and Imperial Blue in India

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+5%

Strategic Wines' Sales

Strategic Wines

- **Continued good growth**, in line with overall Group trend
- **Campo Viejo: strong performance** (USA, UK) driven in particular by price increases (+4% globally)
- **Brancott Estate in decline** due to Oceania, but dynamism in USA, Russia and UK

Pernod Ricard

+2%

Increment to Group topline growth from innovation

Luxury and innovation: very dynamic

- **Innovation Big Bets in very strong growth**, including triple-digit increases for Chivas Extra and Jameson Caskmates
- **Monkey 47 super-premium Gin being rolled out to new markets (including USA)** and developing very successfully
- **Luxury ("Le Cercle") portfolio accelerating (+11%),** in particular thanks to Martell

Marketing, innovation and S&R

PREMIUMISATION AND LUXURY

BALLANTINE'S

Ballantine's unveils first single malt range

Responding the growing demand of Single Malt, Ballntine's launched its three innovative bottles: Glenburgie, Miltonduff and Glentauchers.

MONKEY 47

Monkey 47 launched its 2017 Distiller's cut limited edition

At Convent Berlin 2017, Monkey 47 hit the spot, unveiling its annual limited edition.

MARTELL

H.O.M.E, the Martell art of hosting, invites you to experience Martell Blue Swift

Jhené Aiko expressed Martell's own vision of hosting. In a wonderful Hollywood Hills house, several famous actors such as Jamie Foxx came to experience the Martell art of Hosting, as well as the brand new Blue Swift Martell edition.

MIDLETON

Midleton Very Rare, "The Pinnacle of Irish Whiskey", joins the LeCercle prestige portfolio

As a true collector's item due to the limited quantities of each annual vintage, this rare and attractive Irish Whiskey reinforces Pernod Ricard's luxury and prestige portfolio.

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CONSUMER CENTRIC

ABSOLUT

The Vodka with nothing to hide
Absolut believes that producers should be transparent and honest about their production process. The film "The Vodka with Nothing to Hide" proves just how transparent things are in Åhus… From the CO_2 neutral distillation process to the sustainable ethos, this is an entertaining journey from seed to bottle, showing what modern vodka crafting really looks like

JAMESON

Taste, That's Why
Two films, shot by world famous director Matthijs VanHeijningen, 'Scully was to blame' and 'Coopers' marks a return to Jameson's roots. Taste is behind every decision we make, from the day John Jameson first triple distilled his whiskey, to the creation of Jameson Caskmates and everything in between. So if you want the answer, we have it. Taste, That's Why.

JACOB'S CREEK

New Jacob's Creek's campaign starring Chris Hemsworth
The famous Australian actor presents the "Two Barrels, one Soul" campaign, leading spectators to the wonderful Barossa Valley

Pernod Ricard

CONSUMER CENTRIC

THE GLENLIVET

Aptly named "The Whisky, The Glenlivet", the new global campaign gives the brand a modern and contemporary feel

Directed by Cannes Grand Prix film winner, Martin de Thurah, the films take a deep dive into experiences and moments that can only be described as definitive. The creatives demonstrate the beauty of the unspoilt world and encourage consumers to seek out definitive moments with the definitive whisky.

MUMM

Celebrate your #NextVictory: Mumm unveils new video clip partnering with Usain Bolt

The new Chief Entertainment Officer hits the spotlights dancing in the new Maison Mumm campaign and celebrating their common motto :"Dare. Win. Celebrate"

CHIVAS REGAL

Chivas Regal enters multi-year partnership with NBA China

Chivas Regal and NBA China have entered a multi-year marketing partnership which is the largest partnership with a professional sports league in the history of the brand.

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DIGITAL

MALIBU

Malibu brings connected bottles to Amsterdam

The Malibu bottles, which feature near-field communication (NFC) technology, rolled out in Amsterdam last month. Each bottle carries a neck-hanger inviting consumers to tap the front of the bottle with NFC-enabled phones.

UK

The "What Cocktail" skill for Alexa, with Amazon Echo

Pernod Ricard UK have partnered with Amazon to deliver one of the more advanced skills (Think app but for voice) on the device Amazon Echo. The "What Cocktail" skill aims to help aspiring cocktail makers find a suitable cocktail for their upcoming occasion.

HOME DELIVERY IN GHANA

Pernod Ricard & Jumia Food line up one-hour alcohol delivery in Ghana

The service, in partnership with food delivery app Jumia Food, is called Jumia Party. The app offers beer, wine, spirits and mixers, delivered from a fulfilment centre within the hour in the country's capital, Accra.

JUMIA PARTY

SUSTAINABILITY AND RESPONSIBILITY

RESPONSIBLE DRINKING

Renewal of ERASMUS partnership

Renewal of partnership with Erasmus Student Network (ESN) to implement an awareness raising program to combat instances of massive alcohol consumption; Responsible Party. 61% of students who took part confirmed they have changed their alcohol consumption habits

SMALL ACTS = BIG IMPACT

It's time to stop using non biodegradable plastic straws and limit its negative impact on our environment .

Knowing that these plastic products take more than 200 years to decompose, Pernod Ricard just announced the shift. Once the existing stocks are over, every office will offer environment friendly mix taps and straws.

SUSTAINABILITY AND RESPONSIBILITY

PATRON OF THE ARTS

Pernod Ricard Fellowship
The unique artist residency programme at the Villa Vassilieff (Paris, France) has been renewed for a third edition.

Paris Photo
The Group exhibited Martin Schoeller's Carte Blanche showcasing our employees, and attracted 65K visitors.

Fondation d'Entreprise Ricard
2018 will mark the 20th anniversary of the Fondation Ricard, an institution showcasing French artists and curators.

Fondation d'Entreprise Martell
The trust has invited Spanish architects SelgaCano to create an art installation during the building of the foundation.

Profit from Recurring Operations

Pernod Ricard

+5.7%

PRO

Summary income statement

€ millions	H1 FY17	H1 FY18	reported Δ	organic Δ
Sales	5,061	**5,082**	+0.4%	+5.1%
Gross margin after logistics costs (GM)	3,158	**3,200**	+1%	+6%
GM / Sales	*62.4%*	***63.0%***		*+65bps*
Advertising & prom. expenditure (A&P)	(901)	**(930)**	+3%	+7%
A&P / Sales	*17.8%*	***18.3%***		*+41bps*
Contribution after A&P expenditure (CAAP)	2,257	**2,270**	+1%	+6%
CAAP / Sales	*44.6%*	***44.7%***		*+24bps*
Profit from Recurring Operations (PRO)	1,500	**1,496**	-0.3%	+5.7%
PRO / Sales	*29.6%*	***29.4%***		*+21bps*

IFRS 15

Implementation from FY 19, leading to:

- reclassification of certain A&P expenses in deduction of Sales
- integration of the activity of certain third-party bottlers in India into Sales and Cost of Goods Sold

Main proforma estimated impacts:

- neutral on PRO but PRO margin up c. 70bps
- Sales reduced by c.3%
- GM down c. 170bps
- A&P / Sales ratio down c. 300bps to c.16%

Pernod Ricard

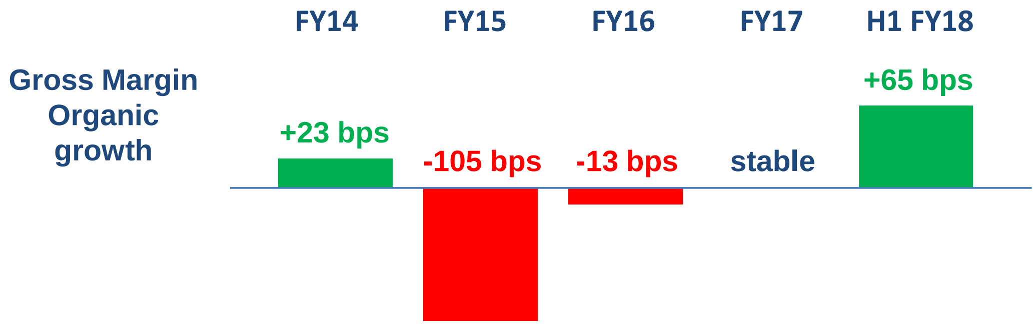
+65bps

Gross Margin ratio vs. H1 FY17

Income statement key comments

Gross Margin: improving +65bps (partly favoured by H1 phasing)

- **price impact improving**
- **positive mix** thanks in particular to Martell, Jameson and Chivas
- **tight management of Cost Of Goods Sold** thanks to operational efficiency initiatives, but negative impact of agave cost and Goods & Services Tax in India



A&P: +7%

- growth ahead of topline in H1 linked to phasing and accelerated spend to internationalise Martell

Structure costs[1] ratio stable (organically)

Improvement in PRO margin:

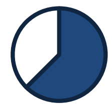
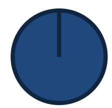
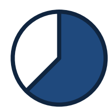
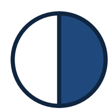
- +21bps, up to 29.4%
- driven by Gross Margin improvement

FX impact: (€83m) due mainly to US Dollar[2] and Chinese Yuan

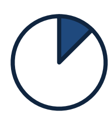
- Very limited FX hedging as per Group policy but “natural” hedging through debt breakdown by currency

1. *Structure costs = Selling expenses + General expenses + Other income and expenses from recurring operations*
2. *Average EUR/USD rate of 1.18 in H1 FY18 vs. 1.10 in H1 FY17*

FY16-20 operational excellence roadmap[1] on track and delivering in line with expectations

Roadmap pillar	Project progress	Key initiatives
A&P effectiveness		Shift to programmatic **Media** Internalisation of **content production** **POS/VAP** procurement optimisation
Supply chain		**Freight & warehousing** negotiation **S&OP process redesign** for better forecast accuracy **Finished goods stock** optimisation
Direct & indirect procurement		**Value Engineering** **Direct and indirect procurement** (industrial equipment, T&E, IT, General Expenses…)
Manufacturing		**Manufacturing** optimisation (including footprint)

New initiative

Promotional effectiveness		**Pricing Specialist teams** in place and starting to contribute to improving price **2-year programme** roll-out in progress

1. *Targeting total **gross P&L savings of €200m** over FY16-20, of which around **half will be reinvested in A&P***
\+ *Total **cash savings of €200m** over the period FY16-20, mainly related to supply chain improvements*

Pernod Ricard

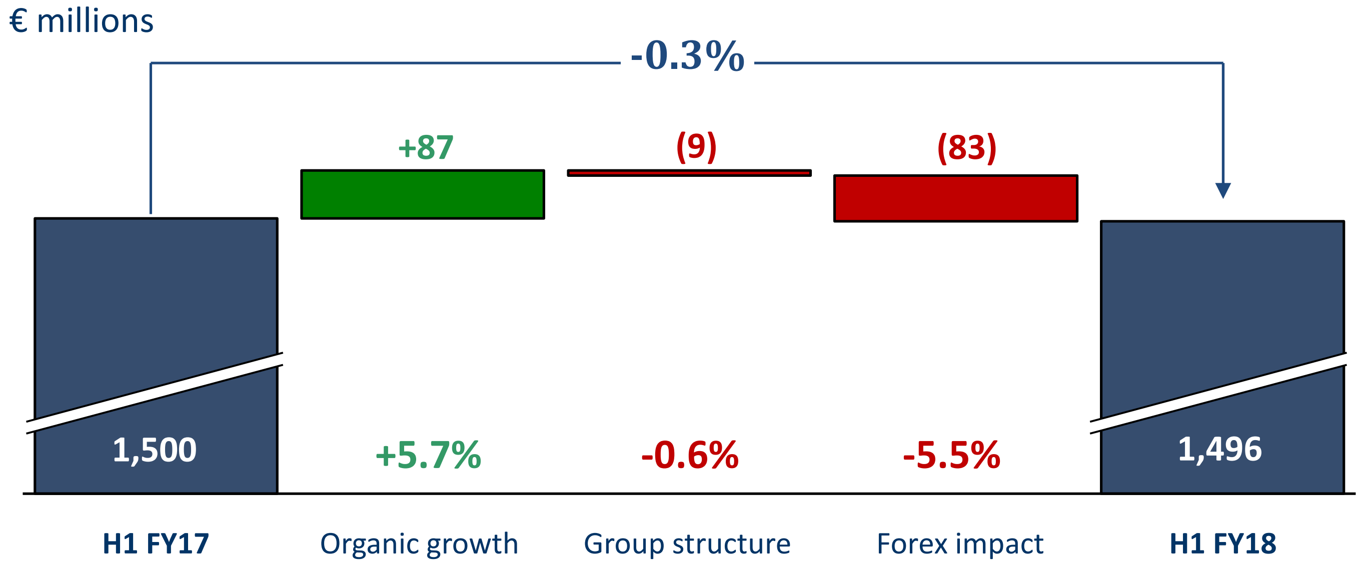
+5.7%

Organic PRO

-0.3%

Reported PRO, due to adverse FX

Change in PRO



Organic growth: **Very good H1**

Forex impact: **Negative impact** driven by mainly weakening USD (-€46m) and CNY (-€18m)

For full-year FY18, a negative FX impact on PRO of c. €180m is expected[1]

1. Based on average FX rates for full FY 18 projected on 25 January 2018, particularly EUR/USD = 1.25

PRO

Analysis by region

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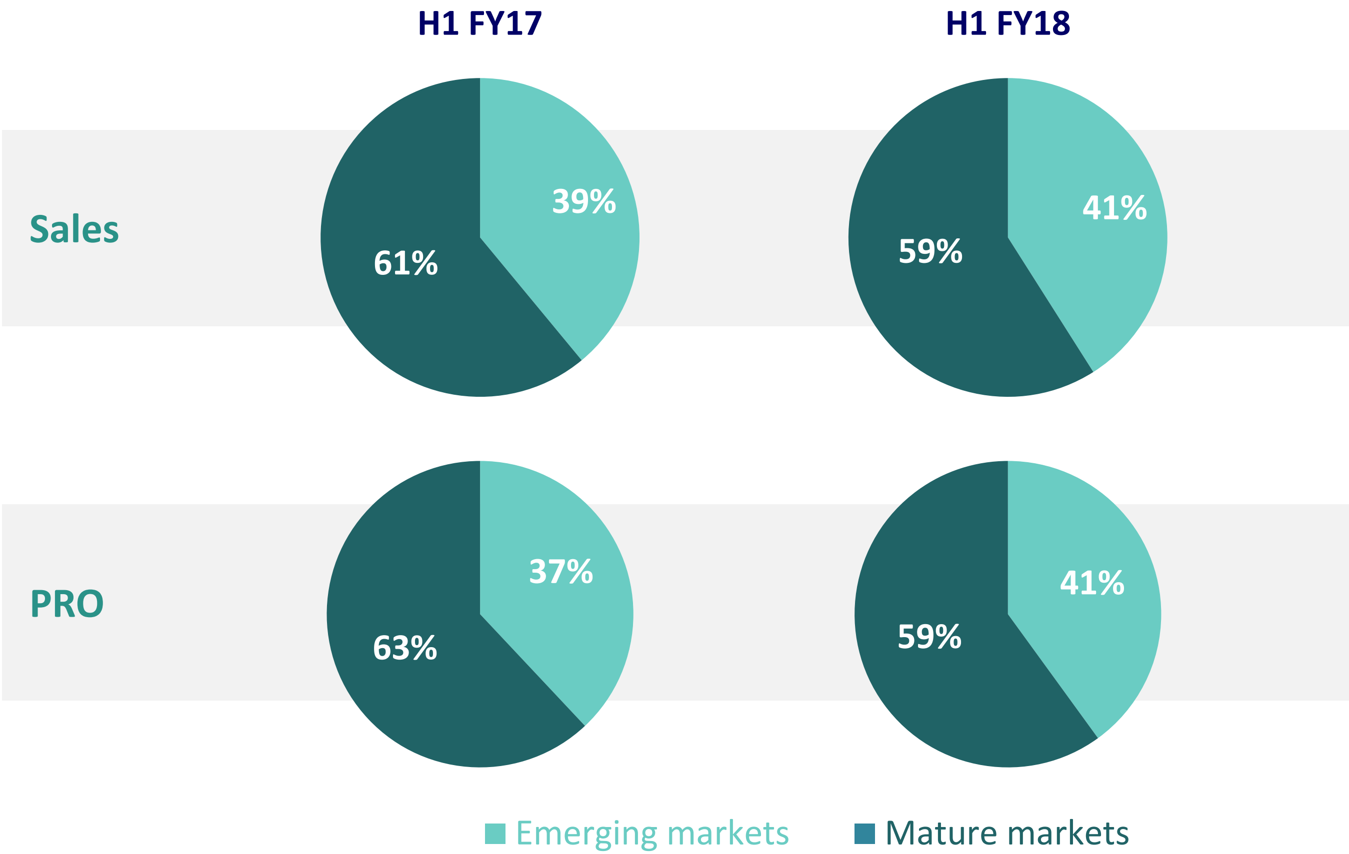
Healthy balance between emerging and mature markets

Analysis by market type



Growth driven mainly by dynamism of Emerging markets (Sales +10%)

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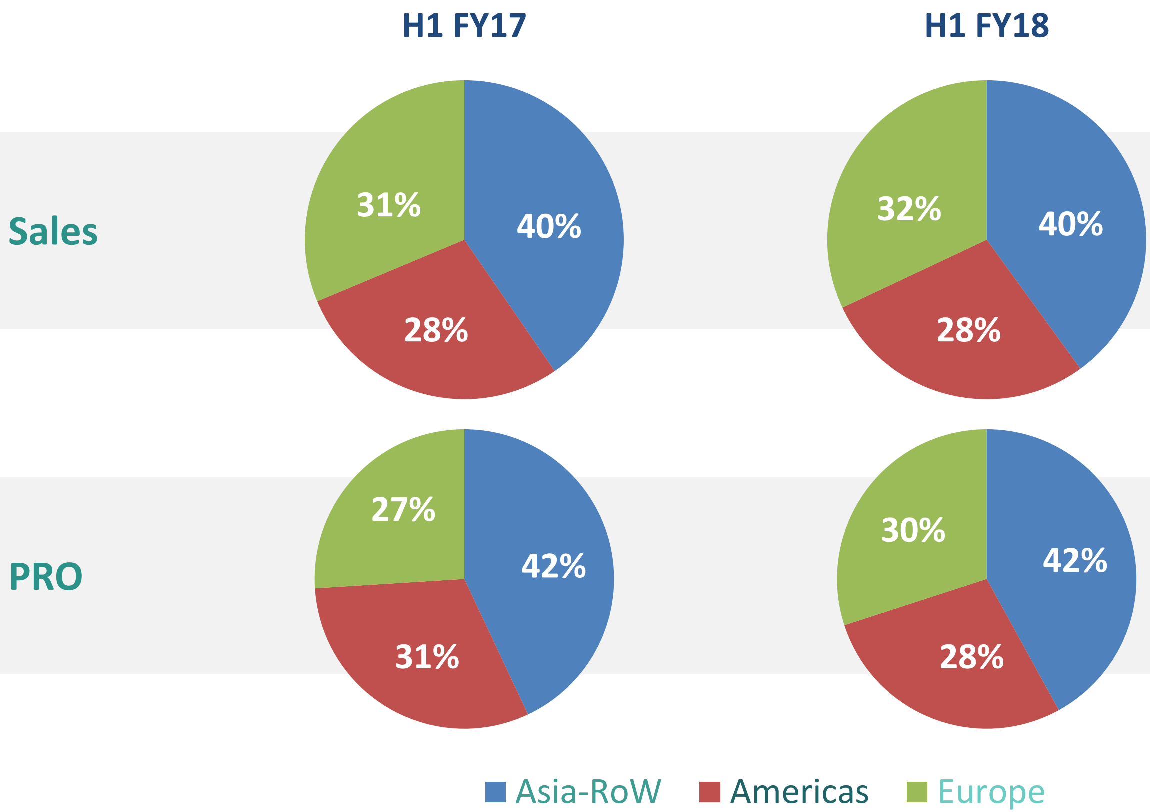
Healthy geographical balance

Analysis by region



Evolution of profit by region reflecting reinforcement of Euro vs. USD

Pernod Ricard

+4%

Americas PRO

Americas

Topline growth fuelled by higher investment, but adverse FX

€ millions	H1 FY17	H1 FY18	reported Δ	organic Δ
Sales	1,431	**1,399**	-2%	+6%
GM	972	**937**	-4%	+5%
GM / Sales	*68.0%*	***67.0%***		*-8bps*
A&P	(291)	**(299)**	+3%	+9%
A&P / Sales	*20.4%*	***21.4%***		*+73bps*
CAAP	681	**638**	-6%	+4%
CAAP / Sales	*47.6%*	***45.6%***		*-80bps*
PRO[1]	463	**423**	-9%	+4%
PRO / Sales	*32.4%*	***30.3%***		*-54bps*

- **Strong organic Sales growth,** with good performance throughout continent
- **Gross margin rate in slight decline** due to adverse geographic mix
- **A&P** ahead of topline linked to phasing and investment to support priority brands (in particular Martell in USA)
- **Strong negative FX** impact linked to USD weakness vs. Euro

1. Head office costs allocated in proportion to CAAP

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+6%

Asia-RoW PRO

Asia-Rest of World

Acceleration in both Sales and Profit

€ millions	H1 FY17	H1 FY18	reported Δ	organic Δ
Sales[2]	2,040	**2,065**	+1%	+7%
GM	1,212	**1,243**	+2%	+8%
GM / Sales	*59.4%*	***60.2%***		*+104bps*
A&P	(330)	**(355)**	+8%	+13%
A&P / Sales	*16.2%*	***17.2%***		*+101bps*
CAAP	883	**887**	+1%	+7%
CAAP / Sales	*43.3%*	***43.0%***		*+3bps*
PRO[3]	633	**628**	-1%	+6%
PRO / Sales	*31.0%*	***30.4%***		*-27bps*

- **Sales acceleration** thanks to China (despite later CNY[1]), India, Travel Retail and Africa Middle East, albeit with some favourable bases of comparison
- **Gross margin enhancement** due to favourable mix impact from Travel Retail
- **A&P increase** linked mainly to additional **investment in China**, in particular behind Chivas and Martell (A&P rebuild)
- **Healthy organic profit growth but significant adverse FX** impact from Chinese Yuan, Turkish Lira, Japanese Yen and Indian Rupee

1. *CNY: Chinese New Year on 16 February 2018 vs. 28 January 2017*
2. *Including customs duties*
3. *Head office costs allocated in proportion to CAAP*

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+8%

Europe

PRO

Europe

Good Sales performance and tight resource management driving significant PRO growth

€ millions	H1 FY17	H1 FY18	reported Δ	organic Δ
Sales	1,589	**1,619**	+2%	+3%
GM	973	**1,020**	+5%	+4%
GM / Sales	*61.2%*	***63.0%***		*+81bps*
A&P	(280)	**(275)**	-2%	-1%
A&P / Sales	*17.6%*	***17.0%***		*-68bps*
CAAP	693	**745**	+7%	+6%
CAAP / Sales	*43.6%*	***46.0%***		*+150bps*
PRO[1]	405	**445**	+10%	+8%
PRO / Sales	*25.5%*	***27.5%***		*+141bps*

- **Sales growth at +3%,** thanks to good performance in particular in Eastern Europe, but difficulties in France and Spain
- **Gross margin increase** due mainly to price increases (UK, Germany) and mix (Russia, Poland)
- **Tight management of A&P**, in particular in Western Europe
- **Very strong PRO growth**, consistent with strategy and global resource allocation

1. *Head office costs allocated in proportion to CAAP*

Net profit

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Financial income (expense) from recurring operations

€ millions	H1 FY17	H1 FY18	reported Δ
Financial income (expense) from recurring operations	(201)	**(153)**	+48
Cost of debt	*4.0%*	***3.4%***	

- **Significant reduction in Financial expenses from recurring operations due to:**
  - €20m material reduction in cost of debt from 4.0% to 3.4% thanks to bond refinancing and optimised short-term financing (commercial paper)
  - €19m strongly improved cash flow
  - €9m positive FX impact

- Cost of debt expected at c. **3.6% for full-year FY18** (vs. 3.8% expected in 31 August 2017 communication)

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Corporate income tax on recurring items

€ millions	H1 FY17	H1 FY18
Corporate income tax on recurring items	(334)	**(333)**
Rate	*25.7%*	*24.8%*

- Tax rate on recurring items close to 25%, linked mainly to improved country mix
- **For full-year FY18, a tax rate close to 25%** is expected (vs. 26% anticipated in 31 August 2017 communication)

- **USA tax reform**: **no significant future impact** expected on effective tax rate, as Federal tax rate decrease to 21% is offset by broadening of taxable basis and other technical impacts

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Group share of Net Profit from Recurring Operations and EPS

€ millions	H1 FY17	H1 FY18	Reported Δ
Profit from Recurring Operations	1,500	1,496	-0.3%
Financial income (expense) from recurring operations	(201)	(153)	-24%
Income tax on recurring operations	(334)	(333)	stable
Minority interests and other	(9)	(16)	
Group share of Net Profit from Recurring Operations	**957**	**994**	**+4%**
Diluted net earnings per share from recurring operations "EPS" (€/share)	**3.61**	**3.74**	**+4%**

- Increase of +4% in Net Profit from Recurring Operations and EPS, despite adverse FX, thanks mainly to **reduction in financial expenses**
- **At constant FX, Net Profit from Recurring Operations and EPS are +10%**

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Non-recurring items

€ millions	H1 FY17	H1 FY18
Non-recurring operating income and expenses	0	62
Non-recurring financial items	(4)	4
Corporate income tax on non-recurring items	(38)	87

- **€62m positive non-recurring operating** result driven principally by Glenallachie disposal and one-off sale of bulk Scotch inventory as part of active asset management, partially offset by restructuring expenses

- **€87m positive non-recurring tax result** due mainly to:
  - France: reimbursement of 3% tax on FY13-17 dividends
  - USA: €55m one-off P&L positive net impact further to reevaluation of deferred tax assets and liabilities at new corporate income tax rate

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Group share of Net profit

€ millions	H1 FY17	H1 FY18	Reported Δ
Profit from Recurring Operations	**1,500**	**1,496**	**-0.3%**
Non-recurring operating income and expenses	0	62	
Operating profit	**1,500**	**1,558**	**+4%**
Financial income (expense) from recurring operations	(201)	(153)	
Non-recurring financial items	(4)	4	
Corporate income tax	(372)	(246)	
Non-controlling interests and other	(9)	(16)	
Group share of net profit	**914**	**1,147**	**+25%**

- Significant increase in Net profit due to reduction in financial expenses and positive non-recurring items, despite adverse FX

Cashflow

& Debt

+€141m

Free Cash Flow

vs. H1 FY17

Cash flow statement:

Free Cash Flow increased +21%

€ millions	H1 FY17	H1 FY18	reported Δ	% Δ
Profit from Recurring Operations	**1,500**	**1,496**	**(5)**	**-0.3%**
Amortisation, depreciation and provision movements and other	116	**106**	(10)	
Self-financing capacity from recurring operations	**1,617**	**1,602**	**(15)**	**-1%**
Decrease (increase) in strategic stocks[1]	*4*	***31***	*+27*	
Decrease (increase) in operating WCR	*(378)*	***(485)***	*(106)*	
Decrease (increase) in recurring WCR	(374)	**(453)**	(79)	
Non-financial capital expenditure	(145)	**(135)**	+10	
Financial income (expense) and taxes	(357)	**(324)**	+33	
Non-recurring items	(82)	**109**	+191	
Free Cash Flow (FCF)	**658**	**799**	**+141**	**+21%**

1. *Ageing stocks and wine inventories*

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+€141m

Free Cash Flow vs. H1 FY17

Free Cash Flow increased +21%

Strong increase in Free Cash Flow to €799m, +€141m / +21% vs. H1 FY17 (+63% vs. H1 FY16)

- **H1 favourable variation of strategic inventory** due mainly to Cognac shipments (to reverse in H2)
- **increase in operating Working Capital variation vs. H1 FY17** linked in particular to:
  - business growth (impacting mainly inventory) in particular in Russia and Turkey
  - CNY[1] phasing in China
- **Capex slightly down** due mainly to H1/H2 phasing
- Financial expenses significantly down thanks to **lower cost of debt and improved cash flow**
- **positive impact of non-recurring cash items**:
  - one-off sale of bulk Scotch inventory as part of active asset management
  - reimbursement of French 3% tax on FY13-17 dividends

1. CNY: Chinese New Year on 16 February 2018 vs. 28 January 2017

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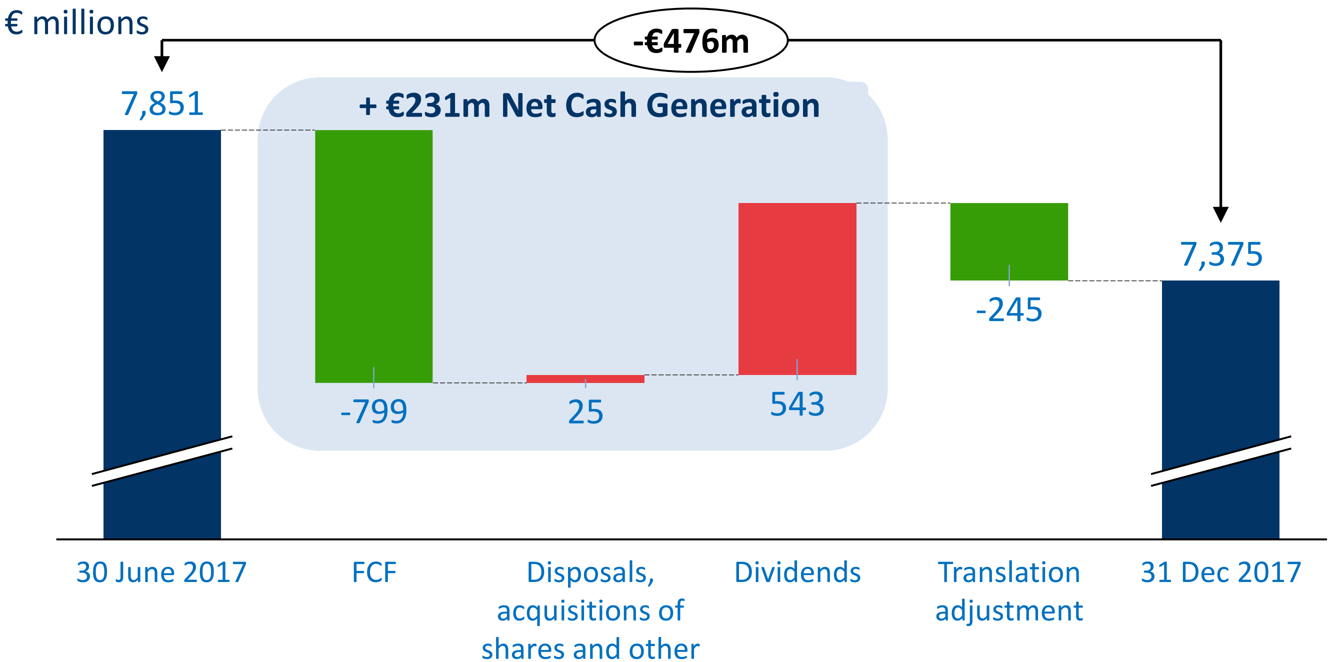
-€476m

Reduction in Net Debt

Debt reduction thanks to cash generation and favourable debt translation impact



- **Strong Net Cash Generation before translation impact** despite full dividend payment and adverse H1 working capital seasonality: +€231m
- **Positive translation adjustment,** mainly on USD-denominated debt which represents 55% of Gross Debt at 31 December 2017 (EUR/USD rate 1.20 at 31/12/2017 vs. 1.14 at 30/06/2017)

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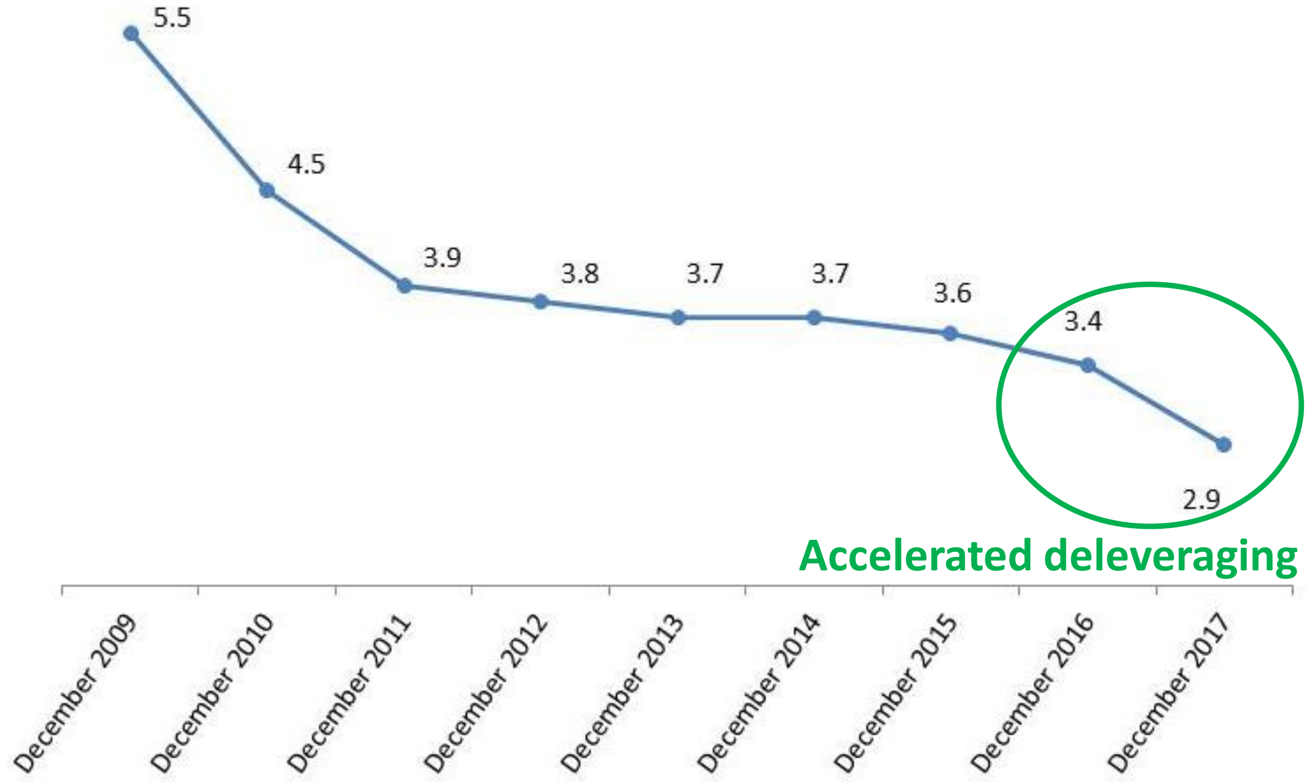
Significant deleveraging: Net Debt/EBITDA ratio decrease to 2.9x[1]

2.9x

Net Debt / EBITDA ratio



1. Average rates EUR/USD 1.18 in H1 FY18 vs. 1.10 in H1 FY17

Conclusion and outlook

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Conclusion & Outlook

Very strong H1, with **acceleration vs. FY17** in particular in China, India and Global Travel Retail

For full-year FY18, Pernod Ricard expects:

- **good diversified growth** to continue across regions and brands
- **pricing** to start to improve vs. FY17
- ongoing **focus on operational excellence and cash flow**
- **negative FX** impact of c.**€180m**[1] on PRO

Upgrade of FY18 Guidance[2]:
Organic growth in PRO between +4% and +6%

1. *Based on average FX rates for full FY 18 projected on 25 January 2018, particularly EUR/USD = 1.25*
2. *Vs. Guidance provided to market on 31 August 2017 of organic growth in PRO of between +3% and +5%*

Appendices

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Upcoming communications

DATE[1]	EVENT
Thursday 22 March 2018	**EMEA LATAM conference call**
Thursday 19 April 2018	**Q3 FY18 Sales**
Wednesday 6 June 2018	**Asia Conference call**
Wednesday 29 August 2018	**FY18 Full-year Sales & Results**
Thursday 18 October 2018	**Q1 FY19 Sales**
Wednesday 21 November 2018	**Annual General Meeting**

1 The above dates are indicative and are liable to change

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

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

Organic growth

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

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

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

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

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

Free cash flow

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

"Recurring" indicators

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

- **Recurring free cash flow**

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

- **Profit from recurring operations**

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

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

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

Net debt

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

EBITDA

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

Emerging Markets

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

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Strategic International Brands organic Sales growth

	Volumes H1 FY18 (in 9Lcs millions)	Organic Sales growth H1 FY18	Volumes	Price/mix
Absolut	6.4	2%	3%	0%
Chivas Regal	2.6	2%	2%	1%
Ballantine's	4.0	2%	3%	-1%
Ricard	2.3	-8%	-8%	0%
Jameson	4.0	12%	11%	1%
Havana Club	2.4	7%	5%	2%
Malibu	1.9	7%	5%	1%
Beefeater	1.6	3%	1%	1%
Martell	1.4	10%	8%	3%
The Glenlivet	0.6	1%	3%	-2%
Royal Salute	0.1	-5%	-5%	0%
Mumm	0.5	0%	-2%	1%
Perrier-Jouët	0.2	4%	1%	3%
Strategic International Brands	**28.1**	**5%**	**3%**	**2%**

Sales Analysis by Period and Region

Net Sales (€ millions)	Q1 FY17		Q1 FY18		Change		Organic Growth		Group Structure		Forex impact	
Americas	649	*29%*	652	*28%*	3	*0%*	40	*6%*	(3)	*0%*	(34)	*-5%*
Asia / Rest of World	917	*41%*	940	*41%*	23	*2%*	64	*7%*	(1)	*0%*	(41)	*-4%*
Europe	682	*30%*	701	*31%*	19	*3%*	23	*3%*	(1)	*0%*	(3)	*0%*
World	**2,248**	***100%***	**2,292**	***100%***	**45**	***2%***	**128**	***6%***	**(5)**	***0%***	**(78)**	***-3%***

Net Sales (€ millions)	Q2 FY17		Q2 FY18		Change		Organic Growth		Group Structure		Forex impact	
Americas	782	*28%*	747	*27%*	(35)	*-5%*	38	*5%*	(10)	*-1%*	(64)	*-8%*
Asia / Rest of World	1,123	*40%*	1,125	*40%*	2	*0%*	71	*6%*	(1)	*0%*	(69)	*-6%*
Europe	907	*32%*	918	*33%*	11	*1%*	19	*2%*	(3)	*0%*	(5)	*-1%*
World	**2,813**	***100%***	**2,790**	***100%***	**(23)**	***-1%***	**128**	***5%***	**(14)**	***0%***	**(137)**	***-5%***

Net Sales (€ millions)	H1 FY17		H1 FY18		Change		Organic Growth		Group Structure		Forex impact	
Americas	1,431	*28%*	1,399	*28%*	(32)	*-2%*	79	*6%*	(13)	*-1%*	(98)	*-7%*
Asia / Rest of World	2,040	*40%*	2,065	*41%*	25	*1%*	136	*7%*	(1)	*0%*	(110)	*-5%*
Europe	1,589	*31%*	1,619	*32%*	29	*2%*	42	*3%*	(4)	*0%*	(8)	*-1%*
World	**5,061**	***100%***	**5,082**	***100%***	**22**	***0%***	**256**	***5%***	**(19)**	***0%***	**(216)**	***-4%***

Bulk Spirits are allocated by Region according to the Regions' weight in the Group

Summary Consolidated Income Statement

(€ millions)	H1 FY17	H1 FY18	Change
Net sales	**5,061**	**5,082**	**0%**
Gross Margin after logistics costs	**3,158**	**3,200**	**1%**
Advertising and promotion expenses	(901)	(930)	3%
Contribution after A&P expenditure	**2,257**	**2,270**	**1%**
Structure costs	(756)	(774)	2%
Profit from recurring operations	**1,500**	**1,496**	**0%**
Financial income/(expense) from recurring operations	(201)	(153)	-24%
Corporate income tax on items from recurring operations	(334)	(333)	0%
Net profit from discontinued operations, non-controlling interests and share of net income from associates	(9)	(16)	80%
Group share of net profit from recurring operations	**957**	**994**	**4%**
Other operating income & expenses	(0)	62	NA
Financial income/(expense) from non-recurring operations	(4)	4	NA
Corporate income tax on items from non recurring operations	(38)	87	NA
Group share of net profit	**914**	**1,147**	**25%**
Non-controlling interests	10	16	65%
Net profit	**924**	**1,163**	**26%**

Profit from Recurring Operations by Region (1/2)

World

(€ millions)	H1 FY17		H1 FY18		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	5,061	*100.0%*	5,082	*100.0%*	22	*0%*	256	*5%*	(19)	*0%*	(216)	*-4%*
Gross margin after logistics costs	3,158	*62.4%*	3,200	*63.0%*	42	*1%*	195	*6%*	(6)	*0%*	(146)	*-5%*
Advertising & promotion	(901)	*17.8%*	(930)	*18.3%*	(28)	*3%*	(67)	*7%*	0	*0%*	39	*-4%*
Contribution after A&P	2,257	*44.6%*	2,270	*44.7%*	13	*1%*	127	*6%*	(6)	*0%*	(108)	*-5%*
Profit from recurring operations	**1,500**	***29.6%***	**1,496**	***29.4%***	**(5)**	***0%***	**87**	***6%***	**(9)**	***-1%***	**(83)**	***-6%***

Americas

(€ millions)	H1 FY17		H1 FY18		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	1,431	*100.0%*	1,399	*100.0%*	(32)	*-2%*	79	*6%*	(13)	*-1%*	(98)	*-7%*
Gross margin after logistics costs	972	*68.0%*	937	*67.0%*	(35)	*-4%*	52	*5%*	(6)	*-1%*	(82)	*-8%*
Advertising & promotion	(291)	*20.4%*	(299)	*21.4%*	(8)	*3%*	(27)	*9%*	0	*0%*	19	*-6%*
Contribution after A&P	681	*47.6%*	638	*45.6%*	(43)	*-6%*	25	*4%*	(5)	*-1%*	(63)	*-9%*
Profit from recurring operations	**463**	***32.4%***	**423**	***30.3%***	**(40)**	***-9%***	**17**	***4%***	**(8)**	***-2%***	**(50)**	***-11%***

Bulk Spirits are allocated by Region according to the Regions' weight in the Group

Profit from Recurring Operations by Region (2/2)

Asia / Rest of World

(€ millions)	H1 FY17		H1 FY18		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	2,040	*100.0%*	2,065	*100.0%*	25	*1%*	136	*7%*	(1)	*0%*	(110)	*-5%*
Gross margin after logistics costs	1,212	*59.4%*	1,243	*60.2%*	30	*2%*	103	*8%*	(0)	*0%*	(73)	*-6%*
Advertising & promotion	(330)	*16.2%*	(355)	*17.2%*	(26)	*8%*	(44)	*13%*	(0)	*0%*	18	*-6%*
Contribution after A&P	883	*43.3%*	887	*43.0%*	5	*1%*	59	*7%*	(0)	*0%*	(55)	*-6%*
Profit from recurring operations	**633**	***31.0%***	**628**	***30.4%***	**(5)**	***-1%***	**36**	***6%***	**(0)**	***0%***	**(41)**	***-6%***

Europe

(€ millions)	H1 FY17		H1 FY18		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	1,589	*100.0%*	1,619	*100.0%*	29	*2%*	42	*3%*	(4)	*0%*	(8)	*-1%*
Gross margin after logistics costs	973	*61.2%*	1,020	*63.0%*	47	*5%*	39	*4%*	(1)	*0%*	8	*1%*
Advertising & promotion	(280)	*17.6%*	(275)	*17.0%*	5	*-2%*	4	*-1%*	0	*0%*	1	*-1%*
Contribution after A&P	693	*43.6%*	745	*46.0%*	52	*7%*	43	*6%*	(1)	*0%*	10	*1%*
Profit from recurring operations	**405**	***25.5%***	**445**	***27.5%***	**40**	***10%***	**34**	***8%***	**(1)**	***0%***	**7**	***2%***

Bulk Spirits are allocated by Region according to the Regions' weight in the Group

Foreign Exchange Impact

Forex impact H1 FY18 (€ millions)		Average rates evolution H1 FY17	H1 FY18	%	On Net Sales	On Profit from Recurring Operations[1]
US dollar	USD	1.10	1.18	7.1%	(87)	(46)
Chinese yuan	CNY	7.41	7.81	5.5%	(27)	(18)
Turkish lira	TRL	3.43	4.30	25.6%	(8)	(8)
Japanese yen	JPY	116.12	131.67	13.4%	(11)	(7)
Indian rupee	INR	73.73	75.87	2.9%	(14)	(5)
Pound sterling	GBP	0.86	0.89	3.8%	(9)	3
Other					(61)	(3)
Total					**(216)**	**(83)**

For full-year FY18, a negative FX impact on PRO of c. -€180m is expected[2]

Notes
1. Impact on PRO includes strategic hedging on Forex
2. Based on average FX rates for full FY 18 projected on 25 January 2018, particularly EUR/USD = 1.25

Sensitivity of profit and debt to EUR/USD exchange rate

Estimated impact of a **1% appreciation of the USD** and linked currencies[1]

Impact on the income statement[2]	(€ millions)
Profit from recurring operations	+18
Financial expenses	(2)
Pre-tax profit from recurring operations	**+16**

Impact on the balance sheet	(€ millions)
Increase/(decrease) in net debt	**+44**

(1) CNY, HKD

(2) Full-year effect

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Balance Sheet: Assets

Assets (€ millions)	30/06/2017	31/12/2017
(Net book value)		
Non-current assets		
Intangible assets and goodwill	17,152	16,692
Tangible assets and other assets	3,028	3,107
Deferred tax assets	2,377	1,581
Total non-current assets	**22,557**	**21,380**
Current assets		
Inventories	5,305	5,251
of which aged work-in-progress	*4,416*	*4,356*
of which non-aged work-in-progress	*72*	*59*
Receivables (*)	1,134	1,841
Trade receivables	*1,059*	*1,763*
Other trade receivables	*74*	*78*
Other current assets	270	269
Other operating current assets	*264*	*263*
Tangible/intangible current assets	*6*	*5*
Tax receivable	111	144
Cash and cash equivalents and current derivatives	700	907
Total current assets	**7,521**	**8,412**
Assets held for sale	10	5
Total assets	**30,088**	**29,797**
(*) after disposals of receivables of:	**557**	**840**

Balance Sheet: Liabilities and Shareholders' Equity

Pernod Ricard

Liabilities and shareholders' equity (€ millions)	30/06/2017	31/12/2017
Group Shareholders' equity	**13,706**	**14,372**
Non-controlling interests	180	184
of which profit attributable to non-controlling interests	*28*	*16*
Total Shareholders' equity	**13,886**	**14,556**
Non-current provisions and deferred tax liabilities	4,524	3,743
Bonds non-current	6,900	6,677
Non-current financial liabilities and derivative instruments	522	617
Total non-current liabilities	**11,946**	**11,036**
Current provisions	159	148
Operating payables	1,826	2,032
Other operating payables	935	729
of which other operating payables	*619*	*693*
of which tangible/intangible current payables	*316*	*36*
Tax payable	156	279
Bonds - current	94	92
Current financial liabilities and derivatives	1,087	925
Total current liabilities	**4,256**	**4,205**
Liabilities held for sale	-	-
Total liabilities and shareholders' equity	**30,088**	**29,797**

Pernod Ricard

Analysis of Working Capital Requirement

(€ millions)	June 2016	December 2016	June 2017	December 2017	H1 FY17 WC change	H1 FY18 WC change
Aged work in progress	4,364	4,331	4,416	4,356	8	(25)
Advances to suppliers for wine and ageing spirits	5	16	5	24	11	20
Payables on wine and ageing spirits	(109)	(140)	(107)	(153)	(31)	(47)
Net aged work in progress	**4,260**	**4,207**	**4,314**	**4,228**	**(12)**	**(52)**
Trade receivables before factoring/securitization	1,517	2,745	1,617	2,603	1,192	1,042
Advances from customers	(2)	(17)	(16)	(8)	(15)	8
Other receivables	305	297	333	315	(3)	5
Other inventories	857	784	818	837	(76)	42
Non-aged work in progress	73	80	72	59	7	(12)
Trade payables and other	(2,168)	(2,521)	(2,323)	(2,565)	(322)	(302)
Gross operating working capital	**582**	**1,367**	**502**	**1,241**	**783**	**782**
Factoring/Securitization impact	(520)	(913)	(557)	(840)	(386)	(294)
Net Operating Working Capital	**62**	**454**	**(56)**	**402**	**397**	**489**
Net Working Capital	**4,322**	**4,661**	**4,258**	**4,630**	**385**	**436**
Of which recurring variation					**374**	**453**
Of which non recurring variation					**10**	**(17)**

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Net Debt

(€ millions)	30/06/2017			31/12/2017		
	Current	Non-current	Total	Current	Non-current	Total
Bonds	**94**	**6,900**	**6,993**	**92**	**6,677**	**6,769**
Syndicated loan	-	319	319	-	209	209
Commercial paper	630	-	630	730	-	730
Other loans and long-term debts	441	161	601	177	380	558
Other financial liabilities	**1,071**	**480**	**1,551**	**908**	**589**	**1,497**
GROSS FINANCIAL DEBT	**1,165**	**7,379**	**8,545**	**1,000**	**7,266**	**8,266**
Fair value hedge derivatives – assets	(6)	(17)	(22)	(3)	(5)	(8)
Fair value hedge derivatives – liabilities	-	7	7	-	8	8
Fair value hedge derivatives	**(6)**	**(9)**	**(15)**	**(3)**	**3**	**0**
Net investment hedge derivatives – assets	-	-	-	-	-	-
Net investment hedge derivatives – liabilities	-	-	-	-	-	-
Net investment hedge derivatives	**-**	**-**	**-**	**-**	**-**	**-**
Net asset hedging derivative instruments – assets	(2)	-	(2)	(6)	-	(6)
Net asset hedging derivative instruments – liabilities	-	-	-	-	-	-
Net asset hedging derivative instruments	**(2)**	**-**	**(2)**	**(6)**	**-**	**(6)**
Financial debt after hedging	**1,158**	**7,370**	**8,528**	**991**	**7,269**	**8,260**
Cash and cash equivalents	**(677)**	**-**	**(677)**	**(886)**	**-**	**(886)**
Net financial debt	**481**	**7,370**	**7,851**	**106**	**7,269**	**7,375**

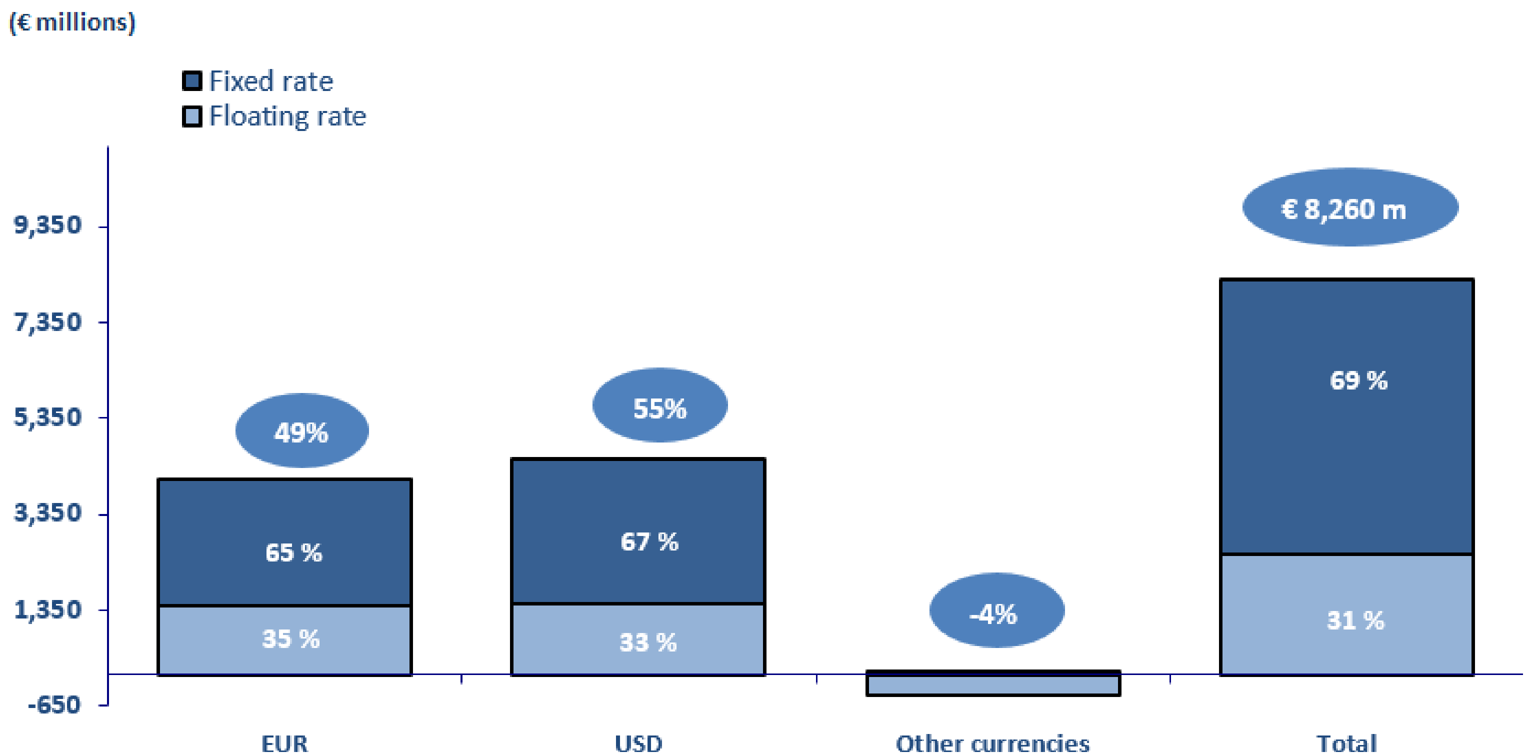
Change in Net Debt

(€ millions)	31/12/2016	31/12/2017
Operating profit	1,500	1,558
Depreciation and amortisation	106	106
Net change in impairment of goodwill, PPE and intangible assets	4	1
Net change in provisions	(75)	(17)
Retreatment of contributions to pension plans acquired from Allied Domecq	4	3
Changes in fair value on commercial derivatives and biological assets	1	(2)
Net (gain)/loss on disposal of assets	(10)	(39)
Share-based payments	20	18
Self-financing capacity before interest and tax	**1,551**	**1,628**
Decrease / (increase) in working capital requirements	(385)	(436)
Net interest and tax payments	(363)	(263)
Net acquisitions of non financial assets and others	(145)	(129)
Free Cash Flow	**658**	**799**
of which recurring Free Cash Flow	***741***	***690***
Net disposal of financial assets and activities, contributions to pension plans acquired from Allied Domecq	(0)	8
Dividends paid	(501)	(543)
(Acquisition) / Disposal of treasury shares and others	(23)	(32)
Decrease / (increase) in net debt (before currency translation adjustments)	**134**	**231**
Foreign currency translation adjustment	(371)	245
Decrease / (increase) in net debt (after currency translation adjustments)	**(237)**	**476**
Initial net debt	(8,716)	(7,851)
Final net debt	(8,953)	(7,375)

Debt Maturity at 31 December 2017

Available cash at end December 2017: €0.9bn in cash and €2.3bn syndicated credit not used (syndicated credit coming to maturity in June 2022)

Gross Debt Hedging at 31 December 2017[1]



Natural debt hedging maintained: EUR/USD breakdown close to that of EBITDA

69% of Gross debt at fixed rates

1. *includes fair value and net foreign currency asset hedge derivatives*

Bond Details

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

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Diluted EPS

(x 1,000)	H1 FY17	H1 FY18
Number of shares in issue at end of period	265,422	265,422
Weighted average number of shares in issue (pro rata temporis)	265,422	265,422
Weighted average number of treasury shares (pro rata temporis)	(1,148)	(1,388)
Dilutive impact of stock options and performance shares	1,166	1,437
Number of shares used in diluted EPS calculation	**265,440**	**265,471**

(€ millions and €/share)	H1 FY17	H1 FY18	reported △
Group share of net profit from recurring operations	957	994	+4%
Diluted net earnings per share from recurring operations	**3.61**	**3.74**	**+4%**