

Q3 FY18 SALES

Press release - Paris, 19 April 2018

**VERY GOOD YEAR-TO-DATE SALES: +6.3% ORGANIC GROWTH
(REPORTED: +0.2%)**

**Q3: +9.3% ORGANIC GROWTH, ENHANCED BY FAVOURABLE PHASING
OF CHINESE NEW YEAR**

**CONFIRMATION OF FY18 GUIDANCE¹ AT TOP-END OF RANGE:
ORGANIC GROWTH IN PRO² C. +6%**

DISTRIBUTION OF INTERIM CASH DIVIDEND: €1.01 PER SHARE ON 6 JULY 2018

EVOLUTION OF DIVIDEND POLICY

Year-to-date Sales

Sales for the first 9 months of FY18 totalled € 7,059 million, with organic growth of +6.3%, driven by Emerging markets (+13%):

- ✓ **continued dynamism in the Americas +6%:** good performance in USA and acceleration of Latin America
- ✓ **very dynamic Asia-RoW +10%,** thanks to confirmed return to strong growth in China, India (partly favoured by low basis of comparison), Travel Retail and Africa Middle East
- ✓ **Europe +2%:** good momentum in Eastern Europe and stability in Western Europe (good performance in Germany and UK, but difficulties in Spain and France)
- ✓ **diversification of sources of growth:**
 - **Strategic international Brands +7%:** strong performance driven by Martell, Jameson and return to growth of Chivas
 - **Strategic Local Brands +7%:** dynamism driven largely by Seagram's Whiskies (partly favoured by a low basis of comparison in India) but also strong double-digit performance of Olmeca / Altos
 - **Strategic Wines: stability** with continued strong results for Campo Viejo offset by adverse phasing (UK and Kenwood in the US)

Reported growth was +0.2% due to unfavourable FX over the period, mainly linked to the strengthening of the Euro, in particular vs. the USD.

Q3 Sales

Sales for the third quarter of FY18 were enhanced by CNY and Easter phasing³ and totalled € 1,977 million, including organic growth of +9.3% and reported growth of -0.5%. This comprised:

- ✓ **continued dynamism in the Americas +6%:** good overall performance
- ✓ **Asia-RoW +18%:** strong underlying performance enhanced by favourable CNY phasing in China and cycling demonetisation in India in FY17
- ✓ **modest decline in Europe -1%:** continued difficulties in Spain and France together with unfavourable shipment phasing in Russia and adverse basis of comparison in UK

¹ Guidance provided to market on 9 February 2018 of organic growth in PRO between +4% and +6%

² PRO = Profit from Recurring Operations

³ Chinese New Year on 16 February 2018 vs. 28 January 2017 and Easter 1 April 2018 vs. 16 April 2017

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Interim cash dividend

The Board of Directors meeting on 18 April 2018, under the chairmanship of Alexandre Ricard, decided to distribute an interim cash dividend of €1.01 per share for the current FY18 financial year. In line with Pernod Ricard's standard practice, the interim dividend is equal to 50% of the total dividend paid out in the previous financial year.

The ex-dividend date will be Wednesday 4 July 2018 and the **interim dividend will be paid on Friday 6 July 2018.**

Dividend policy evolution

Given the profit growth acceleration and debt deleveraging since FY16, Pernod Ricard's Board of Directors is **recommending an inflection of its dividend policy**, to be decided at the AGM on 21 November 2018. It is recommending to **progressively increase the dividend distribution over the next 3 years to c. 50% of Net profit from Recurring Operations, starting with FY18** (vs. the historical rate of c. 1/3.)

The Group remains committed to **value-creating M&A while retaining an investment grade rating.**

As part of this communication, **Alexandre Ricard**, Chairman and Chief Executive Officer, stated,

"We have very strong year-to-date Sales growth at +6.3%. Our strategy is consistent and driving results, in particular in terms of diversifying the sources of growth.

We confirm our FY18 guidance¹ given to the market on 9 February 2018 at the top-end of the range, with organic growth in Profit from Recurring Operations of c. +6%²."

Note: All growth data specified in this press release refers to organic growth (at constant FX and Group structure), unless otherwise stated. Data may be subject to rounding.

A detailed presentation of Sales for the third quarter of FY18 can be downloaded from our website: www.pernod-ricard.com

¹ Guidance provided to market on 9 February 2018 of organic growth in PRO between +4% and +6%

² Over the full FY18, the FX impact on Profit from Recurring Operations is estimated at approximately -€ 200m, based on average FX rates for full FY18, including rates projected on 13 April 2018, particularly a EUR/USD rate of 1.23

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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.

Profit from recurring operations

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

About Pernod Ricard

Pernod Ricard is the world's n°2 in wines and spirits with consolidated Sales of €9,010 million in FY17. Created in 1975 by the merger of Ricard and Pernod, the Group has undergone sustained development, based on both organic growth and acquisitions: Seagram (2001), Allied Domecq (2005) and Vin&Sprit (2008). Pernod Ricard holds one of the most prestigious brand portfolios in the sector: Absolut Vodka, Ricard pastis, Ballantine's, Chivas Regal, Royal Salute and The Glenlivet Scotch whiskies, Jameson Irish whiskey, Martell cognac, Havana Club rum, Beefeater gin, Malibu liqueur, Mumm and Perrier-Jouët champagnes, as well Jacob's Creek, Brancott Estate, Campo Viejo and Kenwood wines. Pernod Ricard employs a workforce of approximately 18,500 people and operates through a decentralised organisation, with 6 "Brand Companies" and 86 "Market Companies" established in each key market. Pernod Ricard is strongly committed to a sustainable development policy and encourages responsible consumption. Pernod Ricard's strategy and ambition are based on 3 key values that guide its expansion: entrepreneurial spirit, mutual trust and a strong sense of ethics.

Pernod Ricard is listed on Euronext (Ticker: RI; ISIN code: FR0000120693) and is part of the CAC 40 index.

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Upcoming communications

DATE ¹	EVENT
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

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Appendices

YTD Sales by Region

Net Sales (€ millions)	H1 FY17		H1 FY18		Change		Organic Growth		Group Structure		Forex impact	
Americas	1,431	28.3%	1,399	27.5%	(32)	-2%	79	6%	(13)	-1%	(98)	-7%
Asia / Rest of the World	2,040	40.3%	2,065	40.6%	25	1%	136	7%	(1)	0%	(110)	-5%
Europe	1,589	31.4%	1,619	31.8%	29	2%	42	3%	(4)	0%	(8)	-1%
World	5,061	100.0%	5,082	100.0%	22	0%	256	5%	(19)	0%	(216)	-4%

Net Sales (€ millions)	Q3 FY17		Q3 FY18		Change		Organic Growth		Group Structure		Forex impact	
Americas	602	30.3%	545	27.5%	(58)	-10%	37	6%	0	0%	(95)	-16%
Asia / Rest of the World	837	42.1%	901	45.6%	64	8%	151	18%	(0)	0%	(87)	-10%
Europe	547	27.5%	532	26.9%	(15)	-3%	(4)	-1%	(1)	0%	(11)	-2%
World	1,987	100.0%	1,977	100.0%	(9)	0%	184	9%	(1)	0%	(192)	-10%

Net Sales (€ millions)	9M FY17		9M FY18		Change		Organic Growth		Group Structure		Forex impact	
Americas	2,033	28.9%	1,943	27.5%	(90)	-4%	116	6%	(13)	-1%	(192)	-9%
Asia / Rest of the World	2,878	40.8%	2,966	42.0%	88	3%	286	10%	(1)	0%	(197)	-7%
Europe	2,136	30.3%	2,150	30.5%	14	1%	38	2%	(5)	0%	(19)	-1%
World	7,047	100.0%	7,059	100.0%	12	0%	440	6%	(20)	0%	(408)	-6%

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

Foreign exchange impact on YTD FY18 Sales

Forex impact 9M FY18 (€ millions)		Average rates evolution			On Net Sales
		FY17	FY18	%	
US dollar	USD	1.09	1.19	9.9%	(170)
Japanese yen	JPY	117.75	132.16	12.2%	(15)
Indian rupee	INR	72.92	76.97	5.5%	(39)
Argentinian peso	ARS	16.68	21.73	30.3%	(23)
Chinese yuan	CNY	7.38	7.81	5.8%	(42)
Pound sterling	GBP	0.86	0.89	3.4%	(11)
Other currencies					(108)
Total					(408)