

Application of IFRS 15 norm
Press release - Paris, 25 September 2018

APPLICATION OF IFRS 15 NORM REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group is applying the full retrospective approach as of 1 July 2018 in transitioning to the new standard.

As noted in the Half-year financial report at 31 December 2017, there is no expected impact on Profit from Recurring Operations (PRO) or on revenue recognition standards, based on preliminary analysis.

Two main topics have been identified with the following impacts:

- services paid to direct or indirect customers on visibility or promotional arrangements: reclassification from Advertising and Promotion expenses to a decrease in Net Sales;
- third party manufacturing in India: increase in Net Sales and Cost of Goods following the analysis of agent vs principal considerations.

The non-audited retrospective application on comparative year FY18 can be found below and will also be available on our website: www.pernod-ricard.com

About Pernod Ricard

Pernod Ricard is the world's n°2 in wines and spirits with consolidated Sales of €8,987m in FY18. 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 18,900 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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Appendices

Sales Analysis by Region, pre- and post- IFRS 15 restatement

Net Sales (€ millions)	Q1 FY18 Pre	Q1 FY18 Post	Net Sales (€ millions)	Q2 FY18 Pre	Q2 FY18 Post
Americas	652 28.4%	639 28.7%	Americas	747 26.8%	730 26.9%
Asia / Rest of World	940 41.0%	916 41.1%	Asia / Rest of World	1,125 40.3%	1,100 40.6%
Europe	701 30.6%	671 30.2%	Europe	918 32.9%	881 32.5%
World	2,292 100.0%	2,226 100.0%	World	2,790 100.0%	2,711 100.0%

Net Sales (€ millions)	H1 FY18 Pre	H1 FY18 Post	Net Sales (€ millions)	Q3 FY18 Pre	Q3 FY18 Post
Americas	1,399 27.5%	1,369 27.7%	Americas	545 27.5%	530 27.6%
Asia / Rest of World	2,065 40.6%	2,015 40.8%	Asia / Rest of World	901 45.6%	878 45.8%
Europe	1,619 31.8%	1,552 31.4%	Europe	532 26.9%	509 26.6%
World	5,082 100.0%	4,937 100.0%	World	1,977 100.0%	1,916 100.0%

Net Sales (€ millions)	9M FY18 Pre	9M FY18 Post	Net Sales (€ millions)	Q4 FY18 Pre	Q4 FY18 Post
Americas	1,943 27.5%	1,899 27.7%	Americas	603 31.3%	586 31.3%
Asia / Rest of World	2,966 42.0%	2,893 42.2%	Asia / Rest of World	682 35.4%	671 35.9%
Europe	2,150 30.5%	2,061 30.1%	Europe	642 33.3%	612 32.8%
World	7,059 100.0%	6,853 100.0%	World	1,927 100.0%	1,869 100.0%

Net Sales (€ millions)	H2 FY18 Pre	H2 FY18 Post	Net Sales (€ millions)	FY18 Pre	FY18 Post
Americas	1,148 29.4%	1,115 29.5%	Americas	2,546 28.3%	2,485 28.5%
Asia / Rest of World	1,583 40.5%	1,548 40.9%	Asia / Rest of World	3,648 40.6%	3,564 40.9%
Europe	1,174 30.1%	1,121 29.6%	Europe	2,792 31.1%	2,674 30.7%
World	3,905 100.0%	3,785 100.0%	World	8,987 100.0%	8,722 100.0%

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Profit from Recurring Operations by Region, pre- and post-IFRS 15 restatement

World

(€ millions)	H1 FY18				FY18			
	Pre		Post		Pre		Post	
Net sales (Excl. T&D)	5,082	100.0%	4,937	100.0%	8,987	100.0%	8,722	100.0%
Gross margin after logistics costs	3,200	63.0%	3,027	61.3%	5,604	62.4%	5,289	60.6%
Advertising & promotion	(930)	18.3%	(771)	15.6%	(1,720)	19.1%	(1,429)	16.4%
Contribution after A&P	2,270	44.7%	2,257	45.7%	3,884	43.2%	3,860	44.3%
Profit from recurring operations	1,496	29.4%	1,496	30.3%	2,358	26.2%	2,358	27.0%

Americas

(€ millions)	H1 FY18				FY18			
	Pre		Post		Pre		Post	
Net sales (Excl. T&D)	1,399	100.0%	1,369	100.0%	2,546	100.0%	2,485	100.0%
Gross margin after logistics costs	937	67.0%	908	66.3%	1,690	66.4%	1,629	65.6%
Advertising & promotion	(299)	21.4%	(283)	20.7%	(533)	20.9%	(495)	19.9%
Contribution after A&P	638	45.6%	625	45.6%	1,157	45.5%	1,134	45.6%
Profit from recurring operations	423	30.3%	423	30.9%	735	28.9%	735	29.6%

Asia / Rest of the World

(€ millions)	H1 FY18				FY18			
	Pre		Post		Pre		Post	
Net sales (Excl. T&D)	2,065	100.0%	2,015	100.0%	3,648	100.0%	3,564	100.0%
Gross margin after logistics costs	1,243	60.2%	1,166	57.9%	2,164	59.3%	2,030	57.0%
Advertising & promotion	(355)	17.2%	(279)	13.8%	(662)	18.1%	(528)	14.8%
Contribution after A&P	887	43.0%	887	44.0%	1,502	41.2%	1,502	42.2%
Profit from recurring operations	628	30.4%	628	31.2%	996	27.3%	996	28.0%

Europe

(€ millions)	H1 FY18				FY18			
	Pre		Post		Pre		Post	
Net sales (Excl. T&D)	1,619	100.0%	1,552	100.0%	2,792	100.0%	2,674	100.0%
Gross margin after logistics costs	1,020	63.0%	953	61.4%	1,749	62.6%	1,630	61.0%
Advertising & promotion	(275)	17.0%	(208)	13.4%	(525)	18.8%	(406)	15.2%
Contribution after A&P	745	46.0%	745	48.0%	1,224	43.8%	1,224	45.8%
Profit from recurring operations	445	27.5%	445	28.7%	626	22.4%	626	23.4%