

## 2.1.10 Share buyback programme

The following paragraphs include the information that must be included in the Board of Directors' report pursuant to article L. 225-211 of the French Commercial Code and that relates to the description of the share buyback programme in accordance with article 241-2 of the French Financial Markets Authority (AMF) General Regulation.

### Transactions performed by the Company on its own shares during FY18 (1 July 2017 – 30 June 2018)

#### Authorisations granted to the Board of Directors

During the Combined Shareholders' Meeting of 17 November 2016, the Company's shareholders authorised the Board of Directors to buy or sell the Company's shares for a period of 18 months as part of the implementation of a share buyback programme. The maximum purchase price was set at €150 per share and the Company was not authorised to purchase any more than 10% of the shares making up the Company's capital; additionally, the number of shares held by the

Company could not, at any time, exceed 10% of the shares comprising the Company's capital.

Furthermore, the Combined Shareholders' Meeting of 9 November 2017 authorised the Board of Directors to trade in the Company's shares under the same conditions and at a maximum purchase price set at €200 per share, for a period of 18 months. This authorisation cancelled the authorisation granted by the Shareholders' Meeting of 17 November 2016 with effect from 9 November 2017, up to the portion which remained unused.

Pursuant to these authorisations, the liquidity agreement compliant with the AMAFI Code of Conduct and entered into with Rothschild & Cie Banque with effect from 1 June 2012 was renewed on 1 June 2018 for a period of one year. The funds initially allocated to the liquidity account amount to €5,000,000.

The authorisation granted by the Shareholders' Meeting of 9 November 2017, which remains in force at the date this document was filed, will expire on 8 May 2019. The Shareholders' Meeting of 21 November 2018 will be called upon to authorise the Board of Directors to trade in the Company's shares under a new share buyback programme described below, under "Details of the new programme to be submitted for authorisation to the Combined Shareholders' Meeting of 21 November 2018".

#### Situation at 30.06.2018

|  |              |
|--|--------------|
| % of direct and indirect treasury shares         | 0.45%        |
| Number of shares held                            | 1,195,168    |
| Number of shares cancelled in the last 24 months | None         |
| Nominal value                                    | 1,852,510    |
| Gross carrying amount                            | €110,689,955 |
| Portfolio market value <sup>(1)</sup>            | €167,204,003 |

(1) Based on the closing price at 30.06.2018, i.e. €139.90.

### Summary of transactions performed by the Company on its own shares during FY18

The following table details the transactions performed by the Company on treasury shares within the scope of the share buyback programme during FY18.

| Total gross flows from 01.07.2016 to 30.06.2017 |            |  |                        |                        |                        |                                     |                                     |                    |                                |                          | Positions open at 30.06.2017 |                   |                 |               |
|---|------------|--|------------------------|------------------------|------------------------|-------------------------------------|-------------------------------------|--------------------|--------------------------------|--------------------------|------------------------------|-------------------|-----------------|---------------|
| Liquidity agreement                             |            | Transactions carried out (excluding liquidity agreement) |                        |                        |                        |                                     |                                     |                    |                                |                          | Long positions               |                   | Short positions |               |
| Operations                                      | Purchase   | Sale   | Purchase of securities | Call options purchased | Call options exercised | Exercise of the cancellation clause | Exercise of the cancellation clause | Sale of securities | Sale and repurchase agreements | Transfers <sup>(1)</sup> | Call options <sup>(2)</sup>  | Forward purchases | Put options     | Forward sales |
| Number of shares                                | 483,721    | 490,221  | 135,632                | 260,000                | 100,000                | 197,525                             | 211,008                             | -                  | -                              | 410,332                  | 950,000                      | -                 | -               | -             |
| Maximum term                                    | -          | -  | -                      | 15.12.2020             | 15.11.2018             | 14.06.2018                          | 21.06.2019                          | -                  | -                              | -                        | 15.12.2020                   | -                 | -               | -             |
| Average price (in euros)                        | 128.74     | 129.47   | 128.19                 | -                      | -                      | -                                   | -                                   | -                  | -                              | 87.90                    | 109.37                       | -                 | -               | -             |
| Average price over the period (in euros)        | -          | -  | -                      | 126.53                 | 102.80                 | 64.00                               | 68.54                               | -                  | -                              | -                        | -                            | -                 | -               | -             |
| Amount (in euros)                               | 62,273,274 | 63,469,403   | 17,387,200             | 32,897,800             | 10,280,000             | 12,641,600                          | 14,462,488                          | -                  | -                              | 36,067,232               | 103,897,000                  | -                 | -               | -             |

(1) Transfers of treasury shares.

(2) American call option and sale and repurchase agreement.

Under the share buyback programme authorised by the Shareholders' Meeting of 9 November 2017 and implemented by the Board of Directors, 135,632 shares were purchased on the market at a weighted average price of 128.19 euros per share. In addition, an optional hedge was subscribed for 260,000 shares by acquiring the same number of three-year American call options. The company also purchased 100,000 shares through the exercise of American call options.

Pursuant to authorisations granted by the Combined Shareholders' Meeting of 9 November 2017, the Board of Directors implemented a stock option allocation plan and a performance-based share allocation plan on 9 November 2017.

The 135,632 shares bought on the stock market and the 260,000 American calls, which enabled the same number of Pernod Ricard shares to be acquired, were allocated to hedge part of these stock option and performance-based share allocation plans.

Treasury shares constitute reserves covering the various stock options and performance-based share allocation plans still in force. During the period, transfers were made within these reserves of treasury shares: 223,742 shares were allocated to non-French tax residents benefiting from the performance-based share plan of 6 November 2013 (at the end of the four-year vesting period), and 24,849 shares were allocated to beneficiaries of the bonus share allocation plan of 17 November 2016 (vesting of the first third of the shares allocated), in addition to 161,741 shares transferred to cover the rights of beneficiaries who had exercised stock options.

The 100,000 Pernod Ricard SA shares resulting from the exercise of the American call options, which serve to cover the various plans, were sold off-market to an investment services provider at an average price of €102.80, with a repurchase option (cancellation clause), which allows the Company to recover the shares to be delivered to the beneficiaries of the various plans if necessary.

Cancellation clauses attached to shares sold under sale and repurchase agreements were transferred as and when rights were exercised (or performance-based shares vested). During the period, 408,553 shares were cancelled pursuant to these clauses at an average price of €66.34.

Under the liquidity agreement signed with Rothschild & Cie Banque, during the period, the Company:

- purchased 483,721 shares for a total amount of €62,273,274€; and
- sold 490,221 shares for a total amount of €63,469,403.

### Distribution of treasury shares on 30 June 2018

Treasury shares are all allocated as reserves for different stock option and performance-based share allocation plans.

### Details of the new share buyback programme to be submitted for authorisation to the Combined Shareholders' Meeting of 21 November 2018

The description of this programme (see below), which was established in accordance with article 241-3 of the AMF's General Regulation, will not be published separately.

As the authorisation granted by the Shareholders' Meeting of 9 November 2017 allowing the Board of Directors to trade in the Company's shares is due to expire on 8 May 2019, a resolution will be proposed at the Shareholders' Meeting of 21 November 2018

(12<sup>th</sup> resolution – see Section 7 of this Registration Document "Combined Shareholders' Meeting") to grant a further authorisation to the Board to trade in the Company's shares at a maximum purchase price of €240 per share, excluding acquisition costs.

This authorisation would enable the Board of Directors to purchase Company shares representing a maximum of 10% of the Company's share capital. Thus, in accordance with the law, the Company may not at any time hold a number of shares representing more than 10% of its share capital.

As the Company may not hold more than 10% of its share capital, and given that it held 1,195,168 shares (*i.e.* 0.45% of the share capital) at the time of the declaration relating to the number of shares and voting rights on 30 June 2018, the maximum number of shares that can be bought will be 25,346,991 (*i.e.* 9.55% of the share capital), unless it sells or cancels shares it already holds.

The purpose of the share buybacks and the uses that may be made of the shares repurchased in this manner are described in detail in the 12<sup>th</sup> resolution to be put to the vote of the shareholders on 21 November 2018. The share buyback programme would enable the Company to purchase the Company's shares or have them purchased for the purpose of:

- (i) allocating shares or transferring them to employees and/or Executive Directors of the Company and/or its current or future affiliates under the terms and conditions provided for by law, in particular by granting stock options or as part of employee profit-sharing plans; or
- (ii) covering its commitments pursuant to financial contracts or options with cash payments relating to rises in the stock market price of the Company's shares, granted to employees and/or Executive Directors of the Company and/or its current or future affiliates under the terms and conditions provided for by law; or
- (iii) making free allocations of shares to employees and/or Executive Directors of the Company and/or its current or future affiliates, under the terms and conditions of articles L. 225-197-1 *et seq.* of the French Commercial Code, it being specified that the shares may be allocated, in particular, to an employee savings plan in accordance with the provisions of article L. 3332-14 of the French Employment Code; or
- (iv) retaining them and subsequently tendering them (in exchange, as payment or otherwise) within the scope of external growth transactions, subject to the limit of 5% of the number of shares comprising the share capital; or
- (v) delivering shares upon the exercise of rights attached to securities granting access to the share capital through reimbursement, conversion, exchange, presentation of a warrant or in any other manner; or
- (vi) cancelling all or some of the shares repurchased in this manner, under the conditions provided for in article L. 225-209 paragraph 2 of the French Commercial Code and in accordance with the authorisation to reduce the share capital granted by the Combined Shareholders' Meeting of 9 November 2017 in its 13<sup>th</sup> resolution; or
- (vii) allowing an investment services provider to act on the secondary market or to ensure liquidity of the Company's shares by means of liquidity agreements in compliance with the terms of a Code of Conduct approved by the French Financial Markets Authority (AMF).

This programme is also intended to enable the Board of Directors to trade in the Company's shares for any other authorised purpose or any purpose that might come to be authorised by law or regulations in force.

The Company may purchase a number of shares such that:

- the Company does not purchase more than 10% of the shares comprising the Company's share capital at any time during the term of the share buyback programme; this percentage applies to the share capital adjusted based on capital transactions carried out after this Shareholders' Meeting; in accordance with the provisions of article L. 225-209 of the French Commercial Code, when shares are repurchased to favour liquidity of the share under the conditions set out by the applicable regulations, the number of shares taken into account for calculating the 10% limit equates with the number of shares purchased, less the number of shares sold during the authorisation period; and
- the number of shares held by the Company at any time does not exceed 10% of the number of shares comprising its share capital.

These shares may be purchased, sold, transferred, delivered or exchanged, on one or more occasions, by any authorised means pursuant to the regulations in force. These means include, in particular, over-the-counter transactions, sales of blocks of shares, sale and repurchase agreements, the use of any financial derivative instruments traded on a regulated or over-the-counter market, and the setting up of option strategies (purchases and sales of puts and calls and any combinations thereof in compliance with the applicable regulations). Transactions involving blocks of shares may account for the entire share buyback programme.

These transactions may be carried out during periods considered appropriate by the Board of Directors. However, during a public offer period, the repurchases would only be carried out subject to the conditions that they:

- enable the Company to comply with its commitments subscribed prior to the offer period;
- are undertaken within the scope of the pursuit of a share buyback programme that was already in progress;
- fall within the scope of the objectives referred to in points (i) to (v); and
- cannot cause the offer to fail.

The Board of Directors may also, in compliance with the applicable legal and regulatory provisions, reallocate the previously repurchased shares (including those repurchased under a previous authorisation) to another objective, or carry out a disposal of those shares (on or off the market).

This authorisation would be valid for a period of 18 months from the Shareholders' Meeting of 21 November 2018 and would cancel, as from this same date, for any unused portion, the authorisation granted to the Board of Directors to trade in the Company's shares by the Combined Shareholders' Meeting of 9 November 2017 in its 12<sup>th</sup> resolution.

## 2.1.11 Items liable to have an impact in the event of a public offer

In accordance with article L. 225-37-5 of the French Commercial Code, the items liable to have an impact on the Company's securities in the event of a public offer are set out below.

### 2.1.11.1 The Company's share capital structure

The Company's share capital structure is shown in the table "Allocation of share capital and voting rights on 30 June 2018" in Section 8 "About the Company and its share capital", in the subsection "Information about its share capital".

Threshold crossings declared during FY18 are also indicated in the table entitled "Allocation of share capital and voting rights on 30 June 2018" in Section 8 "About the Company and its share capital" of this Registration Document, in the sub-section "Information about its share capital".

### 2.1.11.2 Statutory restrictions on the exercise of voting rights and double voting rights

The Company's bylaws provide for a limit on voting rights. This mechanism is described in subsection 2.1.12.3 "Voting conditions" below.

In addition, certain shares of the Company have double voting rights as described in subsection 2.1.12.3 "Voting conditions" below.

### 2.1.11.3 Agreements between shareholders of which the Company is aware

The Shareholders' agreement between shareholders of the Company (agreement between Mr Rafaël Gonzalez-Gallarza and Société Paul Ricard, owned by the Ricard family) is described under "Shareholders' agreements" in the subsection 2.1.5 "Composition of the Board of Directors" of this Registration Document and also appears on the AMF website ([www.amf-france.org](http://www.amf-france.org)).

### 2.1.11.4 Agreements entered into by the Company which were modified or become void as a result of a change of control of the Company

Under certain conditions, the Company's financing contracts provide for the early repayment of its debts. The description of the change of control clauses of these contracts is given under "Significant contracts" in Section 4 "Management report" of this Registration Document.

### 2.1.11.5 Other items

The Company's bylaws are amended in accordance with the applicable legal and regulatory provisions in France.

There is no specific agreement providing for indemnities in the event of the termination of the position of a member of the Board of Directors, with the exception of the commitments to the Executive Director described in the paragraph "Policy on deferred commitments" in subsection 2.1.8.4 "Compensation policy for the Executive Director".

## 2.1.12 Shareholders' Meetings and attendance procedures

Article 32 of the bylaws sets out the procedures that shareholders must follow in order to attend Shareholders' Meetings.

The shareholders meet every year at a Shareholders' Meeting.