



Pernod Ricard
Créateurs de convivialité

FY21 HALF-YEAR SALES AND RESULTS



11 February 2021

- All growth data specified in this presentation refers to organic growth (constant FX and Group structure), unless otherwise stated.
 - Data may be subject to rounding.
- This presentation can be downloaded from our website: www.pernod-ricard.com



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EXECUTIVE SUMMARY



Pernod Ricard

Créateurs de convivialité

-3.9%

Organic Sales

-2.4%

Organic PRO¹

-10.8%

Reported PRO¹



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H1 FY21 confirming sustainable business strength, with growth returning in Must-win domestic markets

Delivering Transform & Accelerate strategic priorities

- **USA in strong growth: +5%**
- **China** confirming **return to very strong growth: +13%**
- **India return to growth in Q2: +2%**
- **Gaining or holding share** in key markets, notably in Europe, despite On-trade disruption
- **Dynamic portfolio management, driven by Innovation** in strong growth (+10%)
- Driving **2030 Sustainability & Responsibility roadmap**, with significant progress in packaging
- **Accelerating digital transformation** across all functions

Displaying agility in managing ongoing Covid-19 impact

- Priority continuing to be given to **health, wellbeing and safety** of employees and business partners
- **Travel Retail** managing resources in agile manner
- **A&P both tightly managed and actively redeployed**, depending on market/channel opportunity and reality
- **Operational excellence** driving savings
- **Very strict discipline on Structure costs**
- **Dynamic management of resources** driving improvement in organic operating margin

1. PRO: Profit from Recurring Operations

Key Figures

	H1 FY21 (€m)	H1 FY21 vs. H1 FY20	
		Reported	Organic
Sales	4,985	-8.9%	-3.9%
Mature markets	2,760	-8%	-6%
Emerging markets	2,226	-10%	-1%
Sales excluding Travel Retail			+1%
PRO	1,595	-10.8%	-2.4%
PRO / Sales	32.0%		+51bps
Net Profit from Recurring Operations ¹	1,087	-11%	
Net Profit ¹	966	-6%	
Recurring Free Cash Flow	995	+59%	
Free Cash Flow	835	+46%	

1. Group share

Executive Summary

+51bps
PRO Margin

€995m
Recurring FCF



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H1 Sales trends continuing to improve and business growing excluding Travel Retail

H1 Sales in decline but Q2 improving vs. Q1

- **Americas +2%:** good growth in most domestic markets, with particular dynamism in USA, but significant decline in Travel Retail
- **Asia-RoW -6%:** double-digit growth in China, Turkey, Korea and Pacific, and India returning to growth in Q2, but Covid-related declines in certain Asian markets and Travel Retail
- **Europe -5%:** continued very strong growth in Germany, UK, Russia and Poland, more than offset by Covid impact in Spain, France, Ireland and Travel Retail

Strategic International Brands decline due to Travel Retail and On-Trade exposure but very strong performance of Specialty Brands

- **Strategic International Brands -6%:** solid growth of Malibu, Jameson and The Glenlivet, but overall category impacted by Travel Retail exposure. Martell and Scotch growing in domestic markets
- **Strategic Local Brands -4%:** mainly driven by Seagram's Indian whiskies and Seagram's Gin in Spain
- **Specialty Brands +22%:** continued very dynamic development of Lillet, Malfy, Aberlour, American whiskeys (Jefferson's, TX, Rabbit Hole and Smooth Ambler), Avion and Redbreast
- **Strategic Wines +3%:** solid growth thanks mainly to Campo Viejo and Brancott Estate

Q2 FY21 Sales: -2.4%

- **Improving** vs. Q1 (-5.6%), thanks in particular to better trends in China and India

Executive
Summary

-3.9%
Organic Sales

-8.9%
Reported Sales



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Executive Summary



Active Portfolio Management

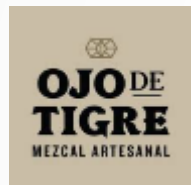
+10%
Innovation

Continuing to deliver on value creation levers

Active portfolio Management driving high quality growth



Acquisition of **Petroni** to strengthen presence in dynamic aperitif segment



Partnership with fast-growing super-premium mezcal **Ojo de Tigre**

Strong contribution of recently acquired brands to topline growth



Triple digit growth



+47%

Innovation in double-digit growth and driving premiumisation



+35%

Lillet continuing to be **key growth driver** of innovation portfolio



+70%

RTD innovations addressing consumer need for convenience
H1 launches of Beefeater RTD and Kahlua Cold Brew RTD



Continued investments in Low/No alcohol with H1 launch of Beefeater Light and acquisition of majority stake in Ceder's

Acceleration of digital transformation

Strong progress on Key Digital projects in core markets



Matrix : Marketing Investment Optimisation

Leveraging internal and external data to optimise, through AI, advertising and in-store animation budgets across brands and consumer touchpoints



D-Star : Powerful data-enriched insights for Sales Teams

Supporting commercial teams with live contextual recommendations based on external and internal data to:

- facilitate administrative tasks
- issue data-fueled recommendations on daily route planning, new product listings, best store activations and optimal commercial pressure



Rev'up : Promotional Effectiveness

Optimisation of price positioning and promotional activities, computing past promotion effectiveness and forecasting performance within future commercial context

Executive Summary

Unlocking
our power with new
technology & data



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E-commerce acceleration

E-commerce delivering strong value growth: H1 +63%

Top 4 markets accounting for 80% of Sales in strong value growth:

- China + 46%
- USA + 84%
- UK + 138%
- France + 56%

Drinks&Co: consumer platform

On-line sales delivering consistent growth, +60% and increasing consumer loyalty

Opening of Drinks&Co concept stores in Paris and Shanghai, offering unparalleled experiences and omnichannel journeys

Activation leveraging portfolio strength and enabling consumers to easily shop for our brands

Shoppable online events & online exclusives

UK



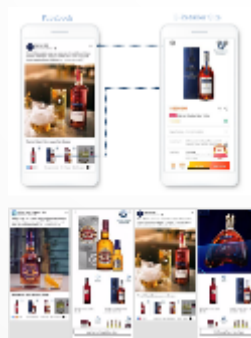
Cross-portfolio activations

Kenya / Nigeria



Driving Sales from social platforms

Singapore



On demand & streamlining path to purchase

USA



Driving visibility on new high growth platforms

Colombia



Executive Summary

+63%

e-commerce growth

SALES ANALYSIS by market



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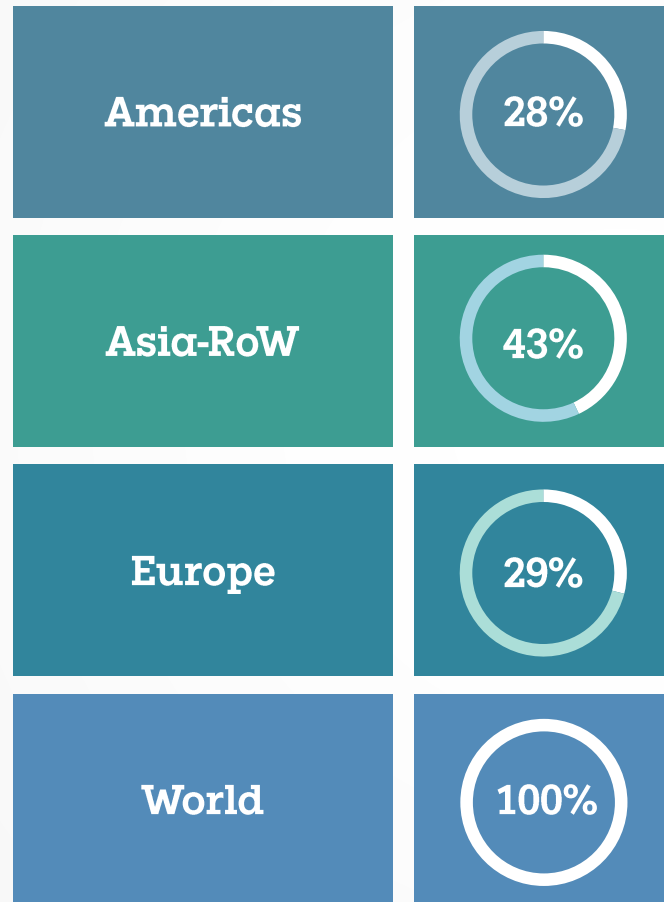
Sales analysis

-3.9%

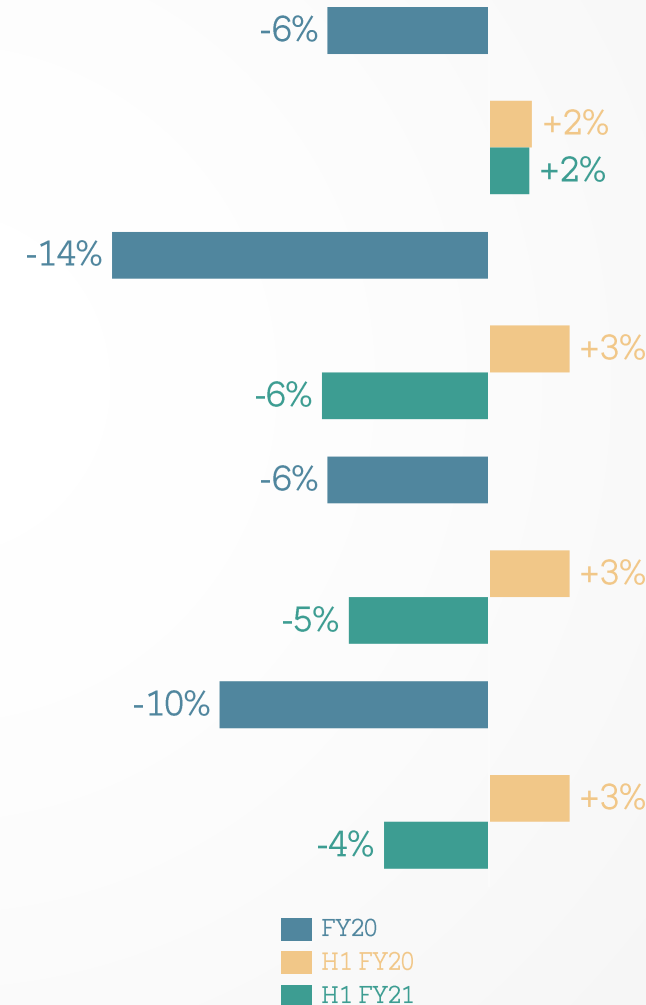
Sales

Organic Sales evolution by Region

H1 Sales in decline but Q2 improving vs. Q1



% of Sales



Good growth in most domestic markets, with particular dynamism in USA, but significant decline in Travel Retail

Double-digit growth in China, Turkey, Korea and Pacific, and return to growth in India in Q2, but Covid-related declines in certain Asian markets and Travel Retail

Continued very strong growth in Germany, UK, Russia and Poland, more than offset by Covid impact in Spain, France, Ireland and Travel Retail

H1 Sales in decline but Q2 improving vs. Q1. Growth excluding Travel Retail

FY20
H1 FY20
H1 FY21



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4 Must-win markets

USA: strong growth driven by dynamic Off-trade performance

Pernod Ricard growing in line with market by channel¹

- Very strong **performance in Off-trade**
- Market share **maintained in On-trade**
- **E-commerce booming**: +84%

Brands¹:

- **Jameson** (+18%/+1%): continued strong growth in spite of higher exposure to weak On-trade. Growth of core brand enhanced by Black Barrel. Cold Brew continuing its development
- **The Glenlivet** (+25%/+15%): continued good momentum, supported by Carribean Reserve and 14yo launches last year, with good pricing following H2 FY20 increase
- **Avion** (+69%/+97%) and **Altos** (+40%/+15%): continued very strong double-digit growth, gaining market share. Price increase on Altos in H1
- **Jefferson's** (+58%/+49%): dynamic integration into PR USA priorities; significantly outperforming American whiskey category
- **Martell** (+18%/+65%): solid underlying growth supported by Off-trade dynamism
- **Malibu** (+29%/+19%): continued very strong growth, with price increase, thanks in particular to upweighted media investment. Launch of Malibu Strawberry adding to ongoing growth of flavours
- Future growth relays **American whiskeys, Monkey 47, Del Maguey, Malfy and Redbreast**: up strong double-digits
- **Absolut** (+6%/-2%): strong growth in Off-premise but significant impact of On-Premise disruption, in challenging category
- **Kahlua** (+30%/+19%) very dynamic, supported by launch of Blonde Roast



Sales
analysis

+5%

Sales in USA



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Sales analysis

+13%
Sales in China

4 Must-win markets

China: very strong growth confirming recovery



Martell Noblige Revamp Campaign "Dare to be the Stand Out Swift" successfully launched in December



Martell Gourmet Theater 2020 editions



Launch of Secret Speyside Single Malt Collection

The Glenlivet Media "Original by tradition" campaign with new communication assets



- **Strong H1 Sell-in growth with acceleration in Q2**
- Growth driven by **recovery of consumer demand** in all On-trade channels, solid momentum in e-commerce and new retail, and excellent Mid Autumn Festival performance
- **Martell H1 Sell-out in very strong double-digit growth** with Cordon Bleu and XO growing even faster than rest of range, driving positive mix
- Chivas Regal Sell-out **stable** due to lapping Q2 FY20 sharp On-trade recovery after closures in Q1 FY20
- **Growth relays The Glenlivet, Royal Salute and Absolut in strong growth**
- Strong executions with **new campaigns on Martell and The Glenlivet (being rolled out)**, reflecting A&P back to double-digit growth

4 Must-win markets

India: return to growth in Q2 +2%



Royal Stag new campaign "Make it Large!" featuring leading global icons from across fields, ethnicities, nationalities & geographies



New limited edition packs for 100 Pipers Legacy Project



Imperial Blue latest edition of its widely popular 'Men Will Be Men' campaign featuring Karan Wahi

- **Sanitary situation improving progressively** throughout H1 and leading to easing of restrictions on public gatherings in Q2
- Off-trade now broadly open in all regions and production capacity overall normalised
- Seagram's Indian whiskies in decline but **positive mix due to stronger emphasis on Royal Stag and Blenders Pride**
- **Strategic International Brands returning to strong growth** thanks to dynamism of Ballantine's, Jameson and The Glenlivet. **100 Piper's** also performing well

≡ Sales analysis

-6%

Sales in India



Sales
analysis

-57%

Sales in Global
Travel Retail

4 Must-win markets

Global Travel Retail: still severely disrupted by Covid-19 restrictions



Jameson Tastehouse Dublin



Martell boutique, Hainan, China



- **Passenger traffic still in severe decline** in H1 leading to Sales decline across key brands in spite of some domestic travel resuming and increased spend per traveller
- **Positive performance of offshore Duty Free islands** (Hainan and Jeju)
- **Strong brand mix** due to Martell resilience vs. rest of portfolio, and higher portion of Martell Noblige, Cordon Bleu and XO thanks to Hainan
- **Continued strict cost control** in response to channel decline, to **focus on critical business drivers** (including investment in Hainan)
- **Opening of flagship Martell boutique in luxury space within CDFG mall in Hainan**, with full digital experience (including 3D immersive digital screens, live stream events and touchless in-store devices)



Europe

Continued resilience in spite of 2nd wave of On-trade restrictions

France: -8%

- New national lockdown from 30 October impacting On-trade and social gatherings
- **Mid-single digit Sell-out¹ growth in Off-trade** driven by dynamism of major brands and supported by On-trade transfer; not fully reflected in Sell-in due to destocking
- **Strong performance of Mumm and Single Malts** (Aberlour and The Glenlivet) despite challenging environment
- **Good results on Ricard**, ahead of Anis category
- **Launch of Ballantine's 7YO Bourbon Finish** to recruit in growing Bourbon category

Spain

- **Double-digit decline** due to On-trade restrictions and border shop activity decline
- **Share gains¹ overall** driven by Gin and Vodka

UK: +13%

- **Continued very strong performance** driven by Off-trade dynamism and Q4 FY20 price increases, despite strict On-trade restrictions
- Driven by **The Glenlivet, Jameson, Absolut, Malfy and Wines**

Germany: +14%

- **Acceleration in Q2 despite On-trade closure on 1 November**, driven by increased home consumption
- Driven by **Lillet and Ramazzotti** (with successful launch of Ramazzotti Crema in November)

Russia

- **Double-digit growth**, with advance shipments, primarily driven by Ballantine's, Jameson, Olmeca and Martell
- **Good pricing** on Strategic Brands

Poland

- Growth driven by **Ballantine's and Jameson**, offsetting weaker vodka performance linked to On-trade restrictions and high basis of comparison
- **Very strong price/mix** on Strategic Brands

≡ Sales
analysis



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Other key markets

Americas

Canada: +8%

- **Good growth, enhanced by phasing**, driven mainly by Jacob's Creek, The Glenlivet, Kahlua and Absolut
- **Dynamic innovations**, in particular Absolut Juice and Jameson RTD

Brazil

- **Modest growth** primarily driven by Ballantine's and Passport, despite On-trade disruption
- **Market share gains¹ in Gin and Vodka**
- **Strong pricing** across whole portfolio after Q1 price increases

Mexico

- **Good growth driven primarily by Passport**, enhanced by low basis of comparison
- Market share gains in whiskies¹

Asia-RoW

Japan

- **Decline driven by ongoing On-trade disruptions**, primarily impacting Chivas Regal, Ballantine's and Mumm
- **Growth of Perrier-Jouët** thanks to distribution expansion, driving positive mix

Korea: +10%

- Driven by **Royal Salute, Ballantine's and Absolut**, with very dynamic Off-trade offsetting On-trade disruption
- **Effective value strategy**

South-East Asia

- Difficulties in particular in Thailand and Philippines, due to subdued tourism and outlet shutdowns resulting from Covid

Africa and Middle-East

- Sanitary crisis in Middle East/North Africa and new restrictions impacting recovery in South Africa
- **Turkey: continued double-digit growth** thanks to Off-trade dynamism benefiting whiskies; very strong price/mix
- Excellent performance in **Nigeria**

1. Sell-out data per latest 52 wk Nielsen value data available at end January 2021

SALES ANALYSIS by brand



Pernod Ricard

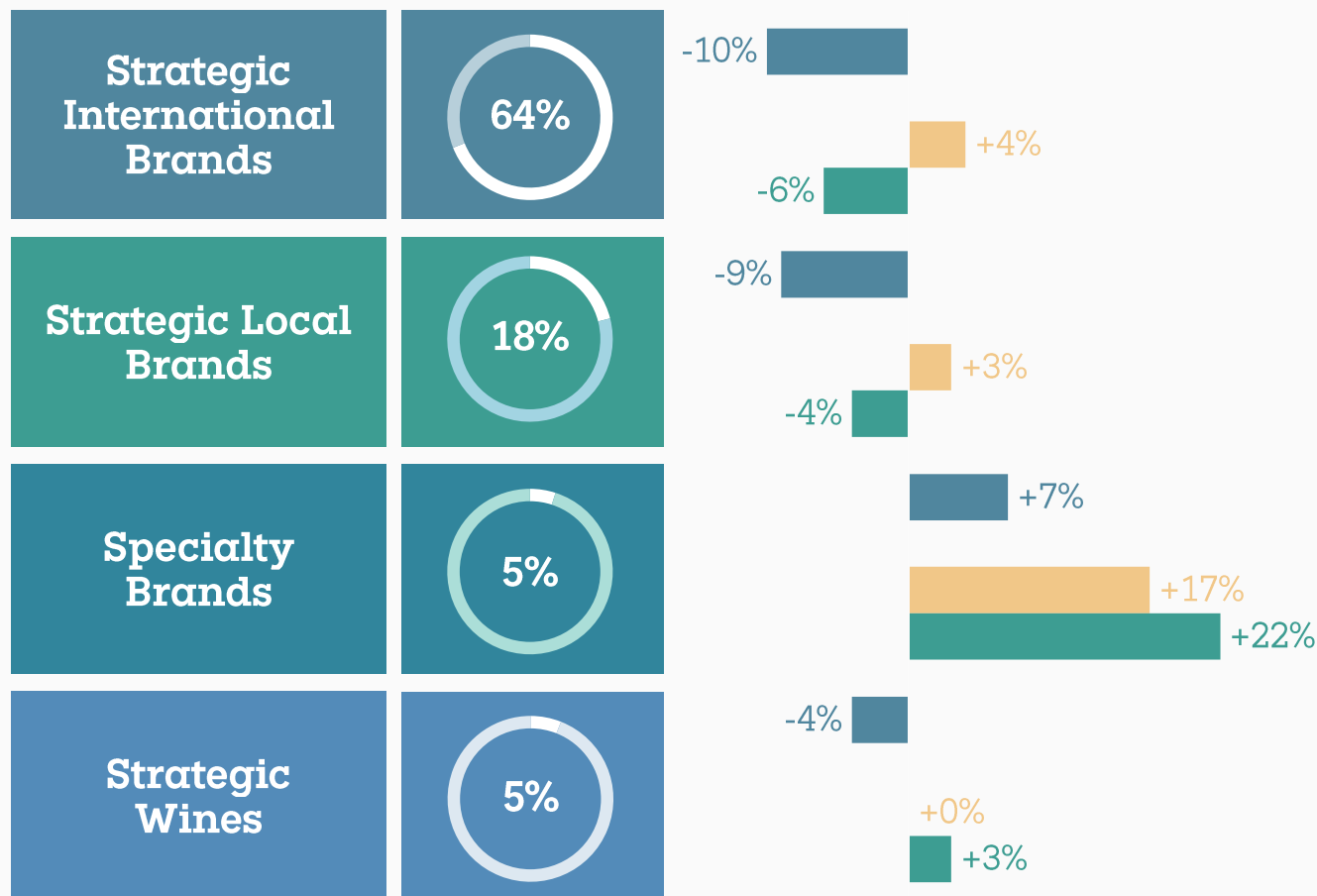
Créateurs de convivialité

Sales
analysis

-3.9%
Sales

Organic Sales evolution by Category

Strategic International Brands decline due to Travel Retail and On-Trade exposure but very strong performance of Specialty Brands



Solid growth of Malibu, Jameson and The Glenlivet, but overall growth impacted by Travel Retail exposure. Martell and Scotch in growth in domestic markets

Mainly driven by Seagram's Indian whiskies and Seagram's Gin in Spain

Continued very dynamic development of Lillet, Malfy, Aberlour, American whiskeys (Jefferson's, TX, Rabbit Hole and Smooth Ambler), Avion and Redbreast

Solid growth thanks mainly to Campo Viejo and Brancott Estate

FY20
H1 FY20
H1 FY21

% of Sales

Martell

In growth excluding Travel Retail, with very strong performance in China



L'Atelier Martell opened groundbreaking new store in central Shenzhen, China, its first store outside France.



Martell offering all-new content online partnership with famous chefs. Martell has rolled out concept in Malaysia



Angel Chen, well-known Chinese designer, revisited Martell Noblige – New limited edition for festive season

Continuation of value strategy

China

- **Double-digit growth** on already high comparison basis (H1 FY20 +13%)
- **Strong mix**, thanks to excellent performance of Cordon Bleu and higher styles

USA

- **Solid double-digit underlying growth¹** (+18%/+65%) supported by Off-trade dynamism and distribution gains
- **Good pricing in particular on Blue Swift**

Travel Retail/Other markets

- **Strong Sales to Hainan** but continued weakness in rest of Travel Retail Asia
- **Good growth** in Nigeria, Russia and Malaysia thanks to **internationalisation strategy**

≡ Sales
analysis

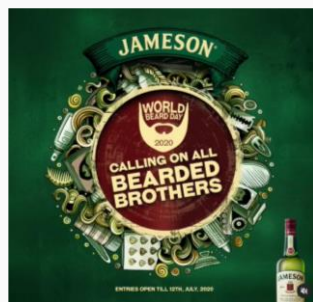
-3%
Martell Sales
(+1% excl. GTR)



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Sales analysis

Jameson Continued global expansion



Jameson Nigeria ran a #JamesonBeardDay Content & eCRM campaign, in celebration of World Beard Day, showcasing stories from the Bearded Brothers.



Jameson Limited Edition bottle for exclusive sale in Japan, designed in collaboration with founder and designer of popular Japanese apparel brand 'PUNK DRUNKERS'



'Sliders TVC' is rolled out across many of Jameson's European markets- Slovakia, Sweden, Romania etc.

Domestic markets growing, but brand impacted by Travel Retail exposure USA

- **Strong growth in Off-trade** with good at-home consumption as consumers continue to turn to « tried and trusted brands »
- Continued **strong development of Black Barrel**
- **Softness in On-trade** due to outlet closures, particularly in California

Europe¹

- **Mid single-digit growth**, driven by very dynamic Eastern Europe, notably Russia (enhanced by shipment phasing), Ukraine and Poland
- **Positive price/mix**, mainly in Eastern Europe
- **Strong share gains in Germany and UK²**

Other markets¹

- **Continued strong performance in Africa Middle East**, with triple-digit growth in Nigeria offsetting decline in South Africa (ban on alcohol sales)
- Asian markets accelerating and in **double-digit growth** driven by India
- Continued dynamic growth in **Australia and New Zealand**

1. Excluding Travel Retail
2. Sell-out data per latest 52 wk Nielsen value data available at end January 2021

+3%

Jameson Sales (+6% excl. GTR)



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Absolut

Impacted by exposure to Travel Retail and On-trade

≡ Sales
analysis



Absolut launched a new campaign 'It's in Our spirit', highlighting the desire to come together and be more inclusive both on and offline.



Absolut collaborated with Korean artist Xeva to create a giant eco graffiti in the heart of Seoul.



Absolut has launched the #VoteResponsibly campaign to remind people to vote for the US elections and Pernod Ricard USA has closed its offices to enable employees to go to vote.

Outside USA

- **Europe**¹: very good growth in UK, Russia and Germany driven by Off-trade offset by On-trade exposure in Spain
- **Asia**¹: almost stable with growth in China, Korea and India, offset by decline in Thailand due to lower tourism and On-trade lower footfall
- **Africa Middle East**¹: impacted by lockdowns in South Africa and sanitary crisis in North Africa
- **Market share gains** in mature markets and Brazil²

USA: +6%/-2%³

- **Continuing to authentically connect with consumers at culturally relevant moments.** Roll-out of new campaign #VoteResponsibly ahead of November presidential election
- **Dynamic Off-trade** but On-trade still impacted by outlet closures
- **Rapid development of RTD range** Absolut Soda and Absolut Cocktail cans



-10%
Scotch Sales
(+2% excl. GTR)



Scotch

Resilience of Single Malts but Blended Scotch impacted by On-trade and Travel Retail exposure



The Glenlivet distillery's exclusive single cask single malts now delivered at home, with the opening of its e-commerce platform.



Ballantine's launched a new global campaign 'Stay True: There's No Wrong Way', encouraging us to live our own way.



Chivas Regal Success is a Blend campaign activated with Diego Luna in Mexico

Scotch portfolio outperforming category¹ in key markets of USA, UK, Germany, Turkey, SAR Taiwan, Russia, Poland & Mexico

- **The Glenlivet: +2%** with strong Sell-out² in USA (+25%/+15%), thanks to positive momentum generated through *Original By Tradition* campaign. Softer Sell-in cycling high H1 FY20 ahead of tariff-related price increases. Accelerating in Asia as #1 growth contributor driven by SAR Taiwan, China and India. Good price/mix
- **Chivas: -16%** mainly due to Travel Retail and trade restrictions in Japan. Double-digit growth in Turkey, USA, Russia and UK. *Success is a Blend* campaign amplified in key market of Mexico thanks to celebrity partnership with Diego Luna
- **Ballantine's: -12%** with double-digit growth in Eastern Europe, India, Turkey and Brazil but exposure to Travel Retail Asia on Prestige range and Spain on Premium range. Successful innovation launches of *Ballantine's 7yo Bourbon Finish* and *Ballantine's Light*
- **Royal Salute: -28%** due to high exposure to Travel Retail Asia. Focus on domestic business driving very **strong growth in China, Korea, SAR Taiwan and USA**. Positive market mix from growth of USA and Korea

1. Nielsen value data (Latest 6 months)
2. Nielsen 26wk data ended January 23rd / Nabca 26wk data ended December (NB: Nabca includes On-trade)



Other key brands



Beefeater: -20%, with dynamic Flavours, double-digit development in USA, Czech Republic and China, but significant exposure to On-trade in Spain

image: Beefeater campaign The Spirit of London



Havana Club: -9%, with weakness in Western Europe, in particular Spain, Germany and France

image: Havana Club collaborated with legendary British rapper Skepta for the launching of a limited edition Skepta Havana Club 7 Rum bottle



Malibu: +26%, strong growth thanks mainly to USA, but also UK and Canada. Continued very high growth of Flavours

image: The Coconut Nut Malibu Remix with DJ Dillon Francis, inviting over 30 Malibu Ambassadors around world to spark dance craze with #TheCoconutChallenge



Ricard: -5% primarily impacted by destocking in France and closure of border shops in Spain. Positive underlying trends in France

image: Ricard campaign « Born à Marseille »



Mumm: -5%, as result of On-trade disruption in Japan, Italy, USA and Spain, offsetting modest growth in France and double-digit growth in Pacific

image: Mumm orchestrated a tasting and gastronomic experience with Mumm Cellar Master Laurent Fresnet in the Maison Mumm in Reims



Perrier-Jouët: -19%, growth in Japan due to distribution gains and expansion in China but decline in USA and Western Europe

image: reinvention of art of gifting with launch of new, beautiful and sustainable eco-designed gift box



Strategic Wines: +3%

- **Campo Viejo** in strong double-digit growth driven by UK and USA
- **Brancott Estate** in strong growth thanks mainly to UK
- **Jacob's Creek** in decline due to China and Thailand

Sales analysis



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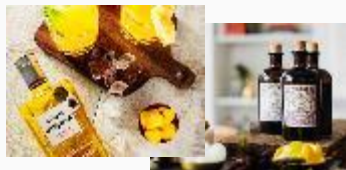
+22%

Specialty Brands

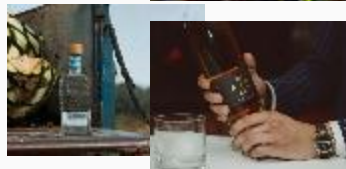
Specialty Brands in very strong growth



Continued strong development of Specialty Whiskey portfolio, with **Aberlour** growing +38% in USA and +9% in France. **Redbreast** also in strong double-digit growth in USA and Ireland



Monkey 47 impacted by On-trade disruptions in Western Europe, but continued strong double-digit growth in USA, China and India. **Malfy** in triple-digit growth



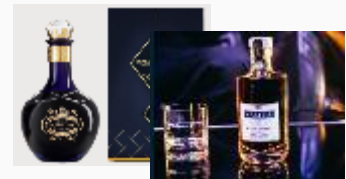
Rapid growth of agave portfolio in particular in USA with Avion (+69%/+97%¹) and Altos (+40%/+15%¹)



Lillet: continued very strong development +35%, on high basis of comparison (H1 FY20 +41%), mainly driven by Germany but also Austria, Belgium and USA



Successful integration and rapid growth of American whiskey brands, Jefferson's, Rabbit Hole, TX and Smooth Ambler



Prestige portfolio declining -10%: good momentum on Avion Reserva 44, The Glenlivet 15yo and Midleton Range but rest of portfolio impacted by exposure to Travel Retail



SUSTAINABILITY & RESPONSIBILITY



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Nurturing TERROIR

Sustainable Agriculture through strong partnerships



- **Sustainable Green Spring Barley scheme:**
 - ✓ Supporting **sustainable barley** sector
 - ✓ **Enhancing biodiversity** on farms
 - ✓ Helping farmers reduce **carbon footprint**
- **220 farmers** participating so far
- Programme positively endorsed and supported by **Irish Farmers Association**



Valuing PEOPLE

Supporting communities



Black Lives Matter

- **Support pledged by PR USA** to Equal Justice Initiative, The National Urban League, and National Black Chamber of Commerce
- Incremental contributions from **Malibu** and **Martell**

#EngageResponsibly

- First ever business-to-consumer, human-centric, open-source, globally scalable solution to **fight against online hate speech**
- Tools, technology, and campaigns engaging brands and educating consumers, empowering both to be part of solution
- Complementary to business-to-business Global Alliance for Responsible Media initiative, undertaken in partnership with social media platforms
- Brands earning certification by **calculating "hate footprint"**
- **Footprint then offset** by investing in **vetted NGOs** that either fight hate or support communities most impacted by hate



Circular MAKING

Strong progress towards sustainable packaging targets

Set to achieve target of no single-use plastic POS after June 2021

New Sustainable Packaging Panel & dedicated 'EcoPack' Tool to ensure global alignment

- **100% recyclable Beefeater bottle**, 400+ tonnes of plastic saved per year (thanks to removal of caps and labels)
- **Absolut innovative paper bottle** and **limited-edition swirl bottle at 60% recycled glass**
- **Perrier-Jouët** gift box: 100% natural fibres (FSC-certified) + sustainable ink & glue
- **Reuse of bottles in India**: 25,000 tonnes of glass saved, 10% of bottles reused
- **Weight reduction**: Campo Viejo, Olmeca, Altos, Jacob's Creek and Lillet



Responsible HOSTING

Tackling alcohol misuse



- Mandatory **MOOC for all employees**
- Global Responsible Drinking Charter



- Partnership with UNITAR on **drivers education programmes**
- **South Africa & Dominican Republic** starting countries



- **E-commerce partnership** with online retailers & delivery platforms
- Focused on **preventing online sale and delivery of alcohol to minors**



- Responsible Party **digital campaign**
- **6.7 million** reached, **2.3 million** engaged



PROFIT FROM RECURRING OPERATIONS



Pernod Ricard

Créateurs de convivialité

-2.4%
Organic PRO

-10.8%
Reported PRO



Group Income statement

PRO organic margin improvement +51bps despite Sales decline, thanks to dynamic management of resources and favourable phasing

€ millions	H1 FY20	H1 FY21	Reported Δ	Organic Δ
Sales ¹	5,474	4,985	-8.9%	-3.9%
Gross margin after logistics costs (GM)	3,419	3,021	-12%	-5%
GM / Sales	62.5%	60.6%		-108bps
Advertising & prom. expenditure (A&P)	(842)	(706)	-16%	-12%
A&P / Sales	15.4%	14.2%		+132bps
Contribution after A&P expenditure (CAAP)	2,577	2,315	-10%	-3%
CAAP / Sales	47.1%	46.4%		+24bps
Structure ²	(789)	(721)	-9%	-6%
Structure / Sales	14.4%	14.5%		+27bps
Profit from Recurring Operations (PRO)	1,788	1,595	-10.8%	-2.4%
PRO / Sales	32.7%	32.0%		+51bps

- **Gross margin contracting** -108bps, driven by:
 - ✓ **Soft pricing**, with fewer price increases and on solid comparison basis (H1 FY20 +2% on Strategic Brands, benefiting from FY19 Martell price increases)
 - ✓ **Adverse mix** primarily linked to decline in Travel Retail
 - ✓ **Higher Cost of Goods** mainly from continued agave cost pressures and lower fixed cost absorption, offsetting Operational Excellence initiatives
- **A&P: +132bps**, resulting from purpose-based investment, with strong reduction in markets and channels with subdued demand and favourable phasing (ratio of c. 16% expected for FY21, with strong double-digit increase in H2)
- **Structure costs: +27bps**, reflecting dynamic management of resources and FY20 reorganisations
- **Strong negative FX impact on PRO -€155m** due to USD and Emerging market currency depreciation vs. Euro.
Significant negative FX impact also expected for full-year FY21

1. Including customs duties
2. Including OIE and Royalties

Americas

PRO margin improvement reflecting tight resource management, enhanced by phasing

€ millions	H1 FY20	H1 FY21	Reported Δ	Organic Δ
Sales	1,461	1,402	-4%	+2%
Gross margin after logistics costs (GM)	986	909	-8%	Stable
GM / Sales	67.5%	64.8%		-80bps
Advertising & prom. expenditure (A&P)	(285)	(250)	-12%	-6%
A&P / Sales	19.5%	17.8%		+150bps
Contribution after A&P expenditure (CAAP)	701	659	-6%	+3%
CAAP / Sales	48.0%	47.0%		+70bps
Structure ¹	(215)	(199)	-7%	-3%
Structure / Sales	14.7%	14.2%		+62bps
Profit from Recurring Operations (PRO)	486	459	-6%	+5%
PRO / Sales	33.3%	32.7%		+132bps

- **Gross margin contracting** -80bps, driven by **adverse mix** linked in particular to channel/formats in USA and lesser Travel Retail share, and continued agave cost pressure
- **A&P: +150bps**, reflecting purpose-based investment. Increased investment in USA, with strong reallocations reflecting opportunities and continued support behind Jameson and growth relays
- **Structure costs: +62bps**, reflecting tight resource management in Covid context
- **Strong negative FX impact on PRO -€65m** due mainly to US Dollar and to lesser extent Brazilian Real

1. Including OIE and Royalties; Headquarters, Regional headquarters and Brand Company costs reallocated in proportion to CAAP



PRO

+5%
Americas PRO

-11%
Asia-RoW PRO

Asia - Rest of World

PRO margin decline resulting mainly from Gross margin pressure and FX

€ millions	H1 FY20	H1 FY21	Reported Δ	Organic Δ
Sales ¹	2,415	2,127	-12%	-6%
Gross margin after logistics costs (GM)	1,442	1,232	-15%	-8%
GM / Sales	59.7%	57.9%		-140bps
Advertising & prom. expenditure (A&P)	(341)	(291)	-15%	-10%
A&P / Sales	14.1%	13.7%		+60bps
Contribution after A&P expenditure (CAAP)	1,101	940	-15%	-8%
CAAP / Sales	45.6%	44.2%		-80bps
Structure ²	(268)	(266)	-1%	+3%
Structure / Sales	11.1%	12.5%		-114bps
Profit from Recurring Operations (PRO)	833	674	-19%	-11%
PRO / Sales	34.5%	31.7%		-194bps

- **Gross margin contraction** due mainly to adverse market mix (Travel Retail decline)
- **A&P: +60 bps**, reflecting cautious investment in markets impacted by Covid but strong investment in China
- **Structure costs: -114 bps**, reflecting tight resource management offset by negative one-off costs
- **Adverse Emerging market FX impact**, in particular from Turkish Lira, Indian Rupee and Chinese CNY

1. Including customs duties
2. Including OIE and Royalties; Headquarters, Regional headquarters and Brand company costs reallocated in proportion to CAAP

Europe

Very significant organic operating margin improvement thanks to very tight resource management

€ millions	H1 FY20	H1 FY21	Reported Δ	Organic Δ
Sales	1,598	1,456	-8.9%	-5%
Gross margin after logistics costs (GM)	991	881	-11%	-7%
GM / Sales	62.0%	60.5%		-126bps
Advertising & prom. expenditure (A&P)	(216)	(164)	-24%	-23%
A&P / Sales	13.5%	11.3%		+250bps
Contribution after A&P expenditure (CAAP)	775	717	-7%	-3%
CAAP / Sales	48.5%	49.2%		+124bps
Structure ¹	(306)	(255)	-17%	-16%
Structure / Sales	19.2%	17.5%		+210bps
Profit from Recurring Operations (PRO)	468	461	-1%	+5%
PRO / Sales	29.3%	31.7%		+334bps

- **Gross margin contraction** due mainly to adverse market mix
- **A&P: +250 bps**, as result of cautious investment in markets impacted by Covid, in particular due to ongoing restrictions in On-trade channel across Region
- **Structure costs: +210 bps**, reflecting continuation of strict operating guidelines and efficiencies from reorganisations
- **Adverse FX impact** mainly from Russian Ruble

1. Including OIE and Royalties; Headquarters, Regional headquarters and Brand company costs reallocated in proportion to CAAP

NET PROFIT



Pernod Ricard

Créateurs de convivialité

-9%

Reported EPS

EPS reflecting decline in PRO and positive impact of FY20 Share buy-back

€ millions	H1 FY20	H1 FY21	reported Δ
Profit from Recurring Operations	1,788	1,595	-10.8%
Financial income (expense) from recurring operations	(164)	(151)	
Income tax on recurring operations	(392)	(337)	
Minority interests and other	(15)	(20)	
Group share of Net Profit from Recurring Operations	1,216	1,087	-11%
Number of shares used in diluted EPS calculation ('000)	265,263	261,478	
Diluted net earnings per share from recurring operations "EPS" (€/share)	4.58	4.16	-9%

- **Financial expenses from recurring operations +€14m vs. H1 FY20**, mainly due to successful US\$2bn bond debt refinancing, driving decrease of average cost of debt to 3.2% from 3.7% in H1 FY20
- **Tax rate on recurring items** at 23.4% vs. 24.2% for H1 FY20, due to reduction in French tax rate and geographical mix
- **Decrease in number of shares**, explained mainly by share buy-back programme of FY20, resulting in share cancellation in H1 FY21

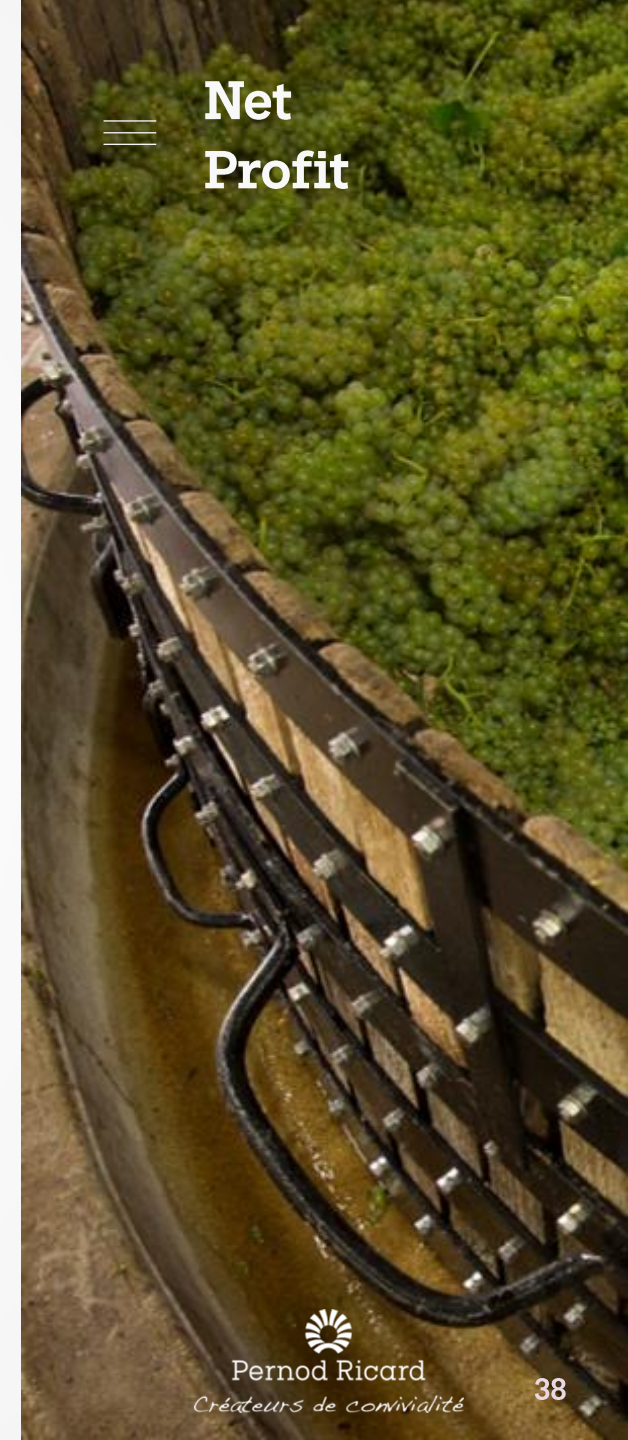


Non-recurring items

€ millions	H1 FY20	H1 FY21
Capital gains/losses and impairment	(10)	(6)
Restructuring and reorganisation costs	(115)	(54)
Other non-recurring income and expenses	(27)	(2)
Non-recurring operating income and expenses	(152)	(61)
Non-recurring financial items	(1)	(103)
Corporate income tax on non-recurring items	(31)	44

- **Non-recurring expense at -€61m**, driven by **-€54m reorganisation costs** reflecting ongoing operational adaptation
- **Non-recurring financial result -€103m** mainly due to one-off cost relating to early redemption of US\$2bn bond debt (make-whole call) in context of successful liability management and foreign exchange impact
- **€44m positive tax on non-recurring items** driven mainly by tax effect on non-recurring items notably on make-whole call

≡ **Net Profit**



Group share of Net profit

€ millions	H1 FY20	H1 FY21	reported Δ
Profit from Recurring Operations	1,788	1,595	-10.8%
Non-recurring operating income and expenses	(152)	(61)	
Operating profit	1,636	1,534	-6%
Financial income (expense)	(166)	(254)	
Corporate income tax	(423)	(294)	
Non-controlling interests and other	(15)	(20)	
Group share of Net profit	1,032	966	-6%

- **Group share of Net profit -6%**, reflecting decline in Profit from Recurring Operations partially offset by lower non-recurring and corporate tax items

CASH FLOW & DEBT



Pernod Ricard

Créateurs de convivialité

€1,268m
Recurring
Operating Cash
Flow

Cash Flow statement

€ millions	H1 FY20	H1 FY21	reported Δ	% Δ
Profit from Recurring Operations	1,788	1,595	(193)	-10.8%
Amortisation, depreciation, provision movements and other	174	191	+17	
Self-financing capacity from recurring operations	1,962	1,786	(176)	-9%
Decrease/(increase) in strategic stocks	(47)	(14)	+33	
Decrease/(increase) in operating Working Capital Requirement (WCR)	(716)	(336)	+380	
Decrease/(increase) in recurring WCR	(763)	(350)	+412	
Non-financial capital expenditure	(174)	(168)	+6	
Recurring Operating Cash Flow	1,025	1,268	+243	+24%
Financial income (expense) and taxes	(398)	(273)	+125	
Free Cash Flow from recurring operations (Recurring FCF)	627	995	+368	+59%
Non-recurring items	(57)	(160)	(103)	
Free Cash Flow (FCF)	570	835	+265	+46%

Very strong cash delivery in H1

Recurring Free Cash Flow at €995m, resulting from:

- **Decline in Profit from Recurring Operations: -10.8%**
- **Significant improvement in operating WCR** due to inventory normalisation and payables rebuilding vs. June, leading to **very strong cash conversion¹ at 79%**
- **Lower increase in strategic inventories** vs. LY mainly reflecting Covid impact and active cash-out management. **Stable capital expenditure**
- **Lower financial costs** driven by lower average cost of debt at 3.2%, thanks to successful refinancing of US Dollar bond debt
- **Significant reduction in cash tax (+€103m)**, reflecting Covid impact on business profit and differences in timing of prepayment/repayment

Non recurring Free Cash Flow at -€160m due mainly to:

- **Restructuring costs** linked in particular to France and Wine business
- **Financial expenses** due to one-off cost relating to early redemption in November of US\$2bn bond debt (make-whole call)

FCF
& Debt

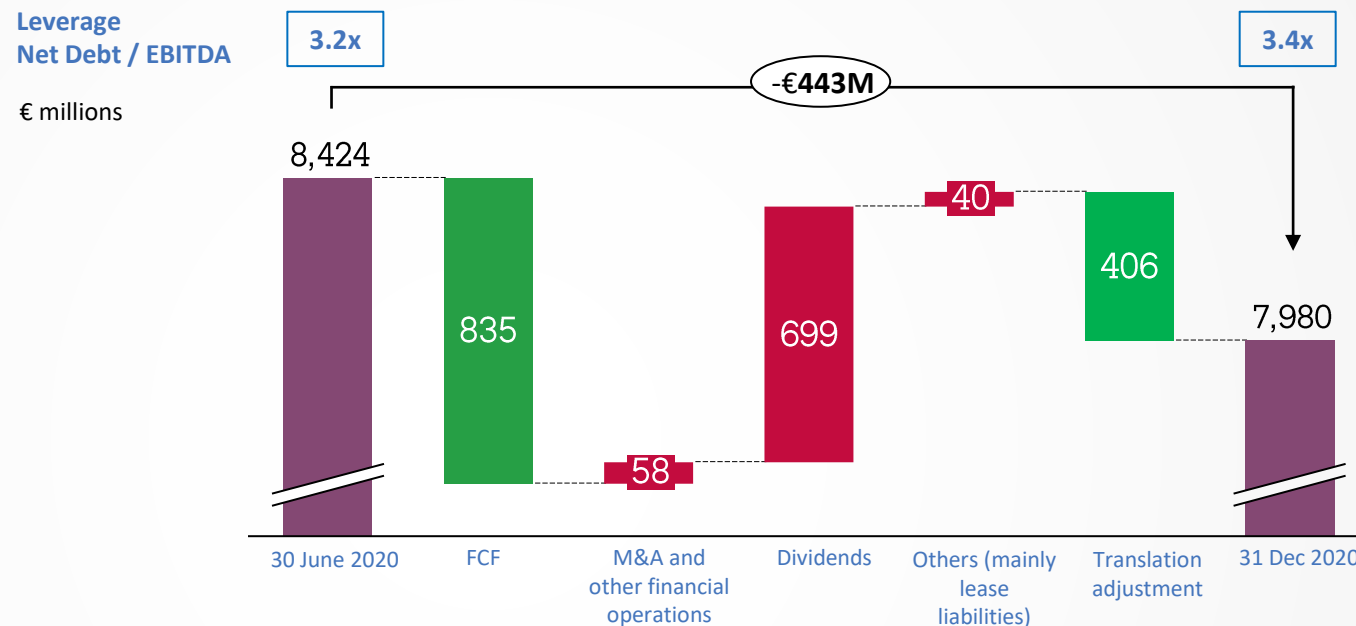
€835m
Free Cash
Flow

FCF & Debt

3.4x¹

Net Debt / EBITDA ratio at 31 Dec 2020

€443m debt reduction thanks to stronger FCF and positive FX



- **€443m decrease in Net Debt** vs. 30 June 2020 as softer business profit linked to Covid-19 more than offset by:
 - **Stronger FCF** thanks to improved WCN, lower tax and financial expenses, partly offset by higher non-recurring items
 - **Limited M&A cash-out**
 - **Lower dividend payment** (-€144m vs LY) reflecting stable pay-out ratio but lower FY20 Net Profit from Recurring Operations resulting from pandemic impact
 - **Suspension of Share buy-back** programme in April 2020
 - **Significant positive FX impact of €406m** mainly due to EUR strengthening vs. USD



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CONCLUSION & OUTLOOK



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Conclusion & Outlook

H1 FY21 reflecting **sustainable business strength**, with growth returning in Must-win domestic markets, and **agility in effectively managing crisis**

For FY21, Pernod Ricard expects:

- **Continued uncertainty and volatility**, in particular relating to sanitary and economic conditions, resulting in prolonged **downturn in Travel Retail** and **On-trade disruption**
- **Sales to return to organic growth for FY21**, thanks in particular to dynamism in Must-win markets USA, China and India
- Continued implementation of **clear strategy** with acceleration of **Digital transformation**
- **Dynamic resource management, with strong reinvestment where efficient** (A&P expected at c. 16% ratio for FY21)



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Appendices



Definitions and reconciliation of non-IFRS measures to 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.

Upcoming communications

Date ¹	Event
9 March 2021, 3pm CET	North America conference call
22 April 2021, 9am CET	Q3 FY21 Sales conference call
25 May 2021, 3pm CET	Sustainability & Responsibility conference call
22 June 2021	Asia conference call

1. Dates are indicative and liable to change

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

Strategic International Brands'

organic Sales growth

	Volumes H1 FY21 (in 9Lcs millions)	Organic Sales growth H1 FY21	Volumes	Price/mix
Absolut	5.6	-12%	-11%	-1%
Chivas Regal	2.1	-16%	-20%	4%
Ballantine's	4.2	-12%	-5%	-7%
Ricard	2.3	-5%	-4%	-1%
Jameson	4.7	3%	2%	1%
Havana Club	2.4	-9%	-2%	-6%
Malibu	2.5	26%	26%	0%
Beefeater	1.6	-20%	-20%	0%
Martell	1.5	-3%	-6%	3%
The Glenlivet	0.7	2%	0%	2%
Royal Salute	0.1	-28%	-32%	5%
Mumm	0.5	-5%	-2%	-3%
Perrier-Jouët	0.2	-19%	-17%	-2%
Strategic International Brands	28.3	-6%	-5%	-1%

Sales Analysis by Period and Region

Net Sales (€ millions)	H1 FY20		H1 FY21		Change		Organic Growth		Group Structure		Forex impact	
Americas	1,461	26.7%	1,402	28.1%	(59)	-4%	22	2%	47	3%	(128)	-9%
Asia / Rest of World	2,415	44.1%	2,127	42.7%	(288)	-12%	(148)	-6%	1	0%	(140)	-6%
Europe	1,598	29.2%	1,456	29.2%	(142)	-9%	(83)	-5%	(8)	0%	(52)	-3%
World	5,474	100.0%	4,985	100.0%	(489)	-9%	(209)	-4%	40	1%	(320)	-6%

Net Sales (€ millions)	Q2 FY20		Q2 FY21		Change		Organic Growth		Group Structure		Forex impact	
Americas	788	26.3%	729	26.5%	(59)	-7%	(10)	-1%	27	3%	(76)	-10%
Asia / Rest of World	1,299	43.4%	1,209	44.0%	(90)	-7%	(11)	-1%	0	0%	(79)	-6%
Europe	904	30.2%	811	29.5%	(93)	-10%	(50)	-6%	(5)	-1%	(37)	-4%
World	2,991	100.0%	2,750	100.0%	(241)	-8%	(71)	-2%	22	1%	(192)	-6%

Net Sales (€ millions)	Q1 FY20		Q1 FY21		Change		Organic Growth		Group Structure		Forex impact	
Americas	674	27.1%	673	30.1%	(0)	0%	32	5%	20	3%	(52)	-8%
Asia / Rest of World	1,116	44.9%	918	41.0%	(198)	-18%	(138)	-12%	1	0%	(61)	-5%
Europe	694	27.9%	645	28.8%	(49)	-7%	(32)	-5%	(2)	0%	(14)	-2%
World	2,483	100.0%	2,236	100.0%	(248)	-10%	(138)	-6%	18	1%	(128)	-5%

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

Summary Consolidated Income Statement

(€ millions)	H1 FY20	H1 FY21	Change
Net sales	5,474	4,985	-9%
Gross Margin after logistics costs	3,419	3,021	-12%
Advertising and promotion expenses	(842)	(706)	-16%
Contribution after A&P expenditure	2,577	2,315	-10%
Structure costs	(789)	(721)	-9%
Profit from recurring operations	1,788	1,595	-11%
Financial income/(expense) from recurring operations	(164)	(151)	-8%
Corporate income tax on items from recurring operations	(392)	(337)	-14%
Net profit from discontinued operations, non-controlling interests and share of net income from associates	(15)	(20)	30%
Group share of net profit from recurring operations	1,216	1,087	-11%
Other operating income & expenses	(152)	(61)	NA
Financial income/(expense) from non-recurring operations	(1)	(103)	NA
Corporate income tax on items from non recurring operations	(31)	44	NA
Group share of net profit	1,032	966	-6%
Non-controlling interests	14	18	26%
Net profit	1,046	984	-6%

Profit from Recurring Operations by Region (1/2)

Segment Reporting

World

(€ millions)	H1 FY20		H1 FY21		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	5,474	100.0%	4,985	100.0%	(489)	-9%	(209)	-3.9%	40	1%	(320)	-6%
Gross margin after logistics costs	3,419	62.5%	3,021	60.6%	(398)	-12%	(188)	-5.5%	17	0%	(227)	-7%
Advertising & promotion	(842)	15.4%	(706)	14.2%	136	-16%	101	-12.1%	(5)	1%	40	-5%
Contribution after A&P	2,577	47.1%	2,315	46.4%	(261)	-10%	(87)	-3.4%	12	0%	(187)	-7%
Profit from recurring operations	1,788	32.7%	1,595	32.0%	(193)	-11%	(42)	-2.4%	4	0%	(155)	-9%

Americas

(€ millions)	H1 FY20		H1 FY21		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	1,461	100.0%	1,402	100.0%	(59)	-4%	22	2%	47	3%	(128)	-9%
Gross margin after logistics costs	986	67.5%	909	64.8%	(77)	-8%	3	0%	22	2%	(103)	-10%
Advertising & promotion	(285)	19.5%	(250)	17.8%	35	-12%	18	-6%	(4)	2%	21	-8%
Contribution after A&P	701	48.0%	659	47.0%	(43)	-6%	21	3%	18	3%	(81)	-12%
Profit from recurring operations	486	33.3%	459	32.7%	(27)	-6%	27	5%	11	2%	(65)	-13%

Note: 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 the World

(€ millions)	H1 FY20		H1 FY21		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	2,415	100.0%	2,127	100.0%	(288)	-12%	(148)	-6%	1	0%	(140)	-6%
Gross margin after logistics costs	1,442	59.7%	1,232	57.9%	(211)	-15%	(120)	-8%	(3)	0%	(87)	-6%
Advertising & promotion	(341)	14.1%	(291)	13.7%	50	-15%	35	-10%	0	0%	15	-4%
Contribution after A&P	1,101	45.6%	940	44.2%	(161)	-15%	(86)	-8%	(3)	0%	(72)	-7%
Profit from recurring operations	833	34.5%	674	31.7%	(159)	-19%	(95)	-11%	(4)	0%	(60)	-7%

Europe

(€ millions)	H1 FY20		H1 FY21		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	1,598	100.0%	1,456	100.0%	(142)	-9%	(83)	-5%	(8)	0%	(52)	-3%
Gross margin after logistics costs	991	62.0%	881	60.5%	(110)	-11%	(71)	-7%	(2)	0%	(37)	-4%
Advertising & promotion	(216)	13.5%	(164)	11.3%	52	-24%	49	-23%	(1)	0%	3	-2%
Contribution after A&P	775	48.5%	717	49.2%	(58)	-7%	(22)	-3%	(2)	0%	(34)	-4%
Profit from recurring operations	468	29.3%	461	31.7%	(7)	-1%	26	5%	(3)	-1%	(30)	-6%

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

Foreign Exchange Impact

Forex impact H1 FY21 (€ millions)		Average rates evolution			On Net Sales	On Profit from Recurring Operations
		H1 FY20	H1 FY21	%		
US dollar	USD	1.11	1.18	6.5%	(79)	(40)
Russian rouble	RUB	71.19	88.61	24.5%	(33)	(24)
Turkish Lira	TRL	6.36	8.94	40.5%	(20)	(20)
Indian rupee	INR	78.59	87.48	11.3%	(59)	(18)
Chinese yuan	CNY	7.80	7.99	2.5%	(17)	(12)
Pound sterling	GBP	0.88	0.90	2.6%	(5)	4
Other					(106)	(46)
Total					(320)	(155)

Sensitivity of profit and debt to EUR/USD exchange rate

Estimated impact of a 1% appreciation of the USD

Impact on the income statement ⁽¹⁾	(€ millions)
Profit from recurring operations	+10
Financial expenses	(2)
Pre-tax profit from recurring operations	+9

Impact on the balance sheet	(€ millions)
Increase/(decrease) in net debt	+38

(1) Full-year effect

Balance Sheet: Assets

Assets (€ millions)	30/06/2020	31/12/2020
(Net book value)		
Non-current assets		
Intangible assets and goodwill	16,576	15,953
Tangible assets and other assets	3,699	3,867
Deferred tax assets	1,678	1,578
Total non-current assets	21,953	21,398
Current assets		
Inventories	6,167	6,139
<i>aged work-in-progress</i>	5,084	5,135
<i>non-aged work-in-progress</i>	76	72
<i>other inventories</i>	1,006	932
Receivables (*)	906	1,829
<i>Trade receivables</i>	862	1,758
<i>Other trade receivables</i>	44	70
Other current assets	323	299
<i>Other operating current assets</i>	317	293
<i>Tangible/intangible current assets</i>	6	5
Tax receivable	142	133
Cash and cash equivalents and current derivatives	1,947	1,964
Total current assets	9,485	10,363
Assets held for sale	87	11
Total assets	31,525	31,772
(*) after disposals of receivables of:	513	750

Balance Sheet: Liabilities and Shareholder's Equity

Liabilities and shareholders' equity (€ millions)	30/06/2020	31/12/2020
Group Shareholders' equity	13,968	14,435
Non-controlling interests	243	244
<i>of which profit attributable to non-controlling interests</i>	21	18
Total Shareholders' equity	14,211	14,679
Non-current provisions and deferred tax liabilities	3,511	3,424
Bonds non-current	8,599	8,680
Lease liabilities - non current	433	409
Non-current financial liabilities and derivative instruments	192	82
Total non-current liabilities	12,735	12,595
Current provisions	222	187
Operating payables	1,877	2,345
Other operating payables	1,016	753
<i>of which other operating payables</i>	633	704
<i>of which tangible/intangible current payables</i>	383	49
Tax payable	232	349
Bonds - current	723	237
Lease liabilities - current	88	103
Current financial liabilities and derivatives	404	523
Total current liabilities	4,563	4,497
Liabilities held for sale	16	0
Total liabilities and shareholders' equity	31,525	31,772

Analysis of Working Capital Requirement

(€ millions)	June 2019	December 2019	June 2020	December 2020	H1 FY20 WC change*	H1 FY21 WC change*
Aged work in progress	4,788	5,047	5,084	5,135	123	67
Advances to suppliers for wine and ageing spirits	12	13	19	10	1	(8)
Payables on wine and ageing spirits	(105)	(182)	(108)	(161)	(77)	(47)
Net aged work in progress	4,695	4,878	4,995	4,984	47	11
Trade receivables before factoring/securitization	1,842	2,928	1,375	2,508	1,070	1,173
Advances from customers	(24)	(17)	(38)	(18)	7	19
Other receivables	338	340	343	354	(20)	27
Other inventories	889	923	1,006	932	15	(62)
Non-aged work in progress	79	76	76	72	(3)	(2)
Trade payables and other	(2,717)	(2,951)	(2,364)	(2,870)	(206)	(554)
Gross operating working capital	405	1,299	398	978	864	601
Factoring/Securitization impact	(674)	(827)	(513)	(750)	(143)	(246)
Net Operating Working Capital	(269)	472	(115)	227	721	355
Net Working Capital	4,427	5,350	4,879	5,211	768	366
* at average rates						
Of which recurring variation					763	350
Of which non recurring variation					5	16

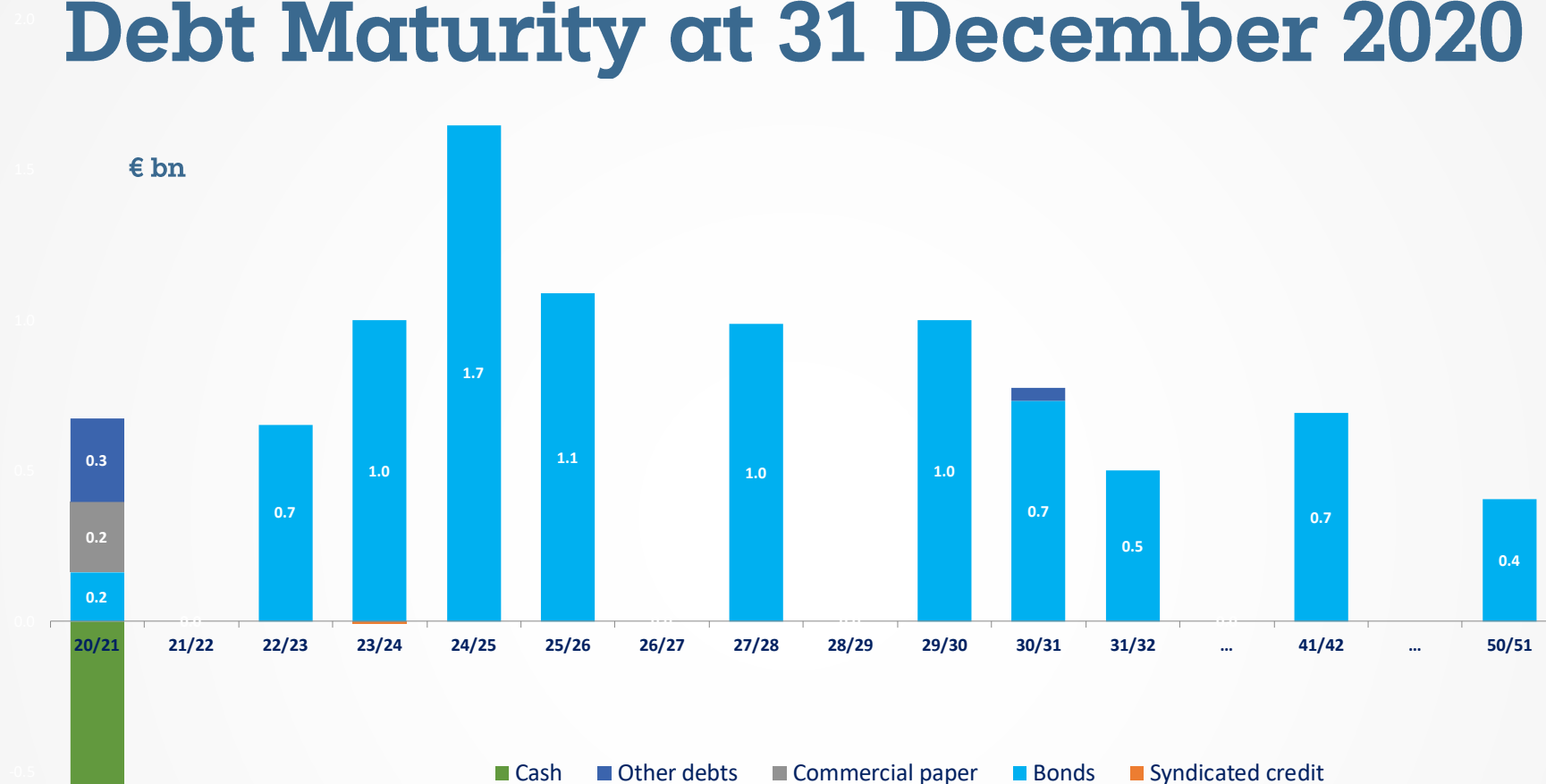
Net Debt

(€ millions)	30/06/2020			31/12/2020		
	Current	Non-current	Total	Current	Non-current	Total
Bonds	723	8,599	9,322	237	8,680	8,917
Syndicated loan	-	-	-	-	-	-
Commercial paper	299	-	299	232	-	232
Other loans and long-term debts	81	192	273	275	82	357
Other financial liabilities	380	192	572	507	82	589
Gross Financial debt	1,103	8,791	9,894	744	8,762	9,506
Fair value hedge derivatives – assets	(3)	(40)	(44)	-	(30)	(30)
Fair value hedge derivatives – liabilities	-	-	-	-	-	-
Fair value hedge derivatives	(3)	(40)	(44)	-	(30)	(30)
Net investment hedge derivatives – assets	-	(13)	(13)	-	(53)	(53)
Net investment hedge derivatives – liabilities	-	-	-	-	-	-
Net investment hedge derivatives	-	(13)	(13)	-	(53)	(53)
FINANCIAL DEBT AFTER HEDGING	1,100	8,737	9,837	744	8,679	9,423
Cash and cash equivalents	(1,935)	-	(1,935)	(1,955)	-	(1,955)
NET FINANCIAL DEBT EXCLUDING LEASE DEBT	(835)	8,737	7,902	(1,212)	8,679	7,468
Lease Debt	88	433	522	103	409	513
NET FINANCIAL DEBT	(747)	9,171	8,424	(1,108)	9,089	7,980

Change in Net Debt

(€ millions)	31/12/2019	31/12/2020
Operating profit	1,636	1,534
Depreciation and amortisation	174	179
Net change in impairment of goodwill, PPE and intangible assets	8	6
Net change in provisions	75	(31)
Changes in fair value on commercial derivatives, biological assets and investments	(3)	(5)
Net (gain)/loss on disposal of assets	(7)	2
Share-based payments	21	15
Self-financing capacity before interest and tax	1,903	1,699
Decrease / (increase) in working capital requirements	(768)	(364)
Net interest and tax payments	(401)	(347)
Net acquisitions of non financial assets and others	(164)	(153)
Free Cash Flow	570	835
<i>of which recurring Free Cash Flow</i>	<i>627</i>	<i>995</i>
Net acquisitions of financial assets and activities and others	(540)	(33)
Dividends paid	(843)	(699)
(Acquisition) / Disposal of treasury shares and others	(228)	(25)
Decrease / (increase) in net debt (before currency translation adjustments)	(1,041)	78
Foreign currency translation adjustment	(36)	406
Non cash impact on lease liabilities	(531)	(40)
Decrease / (increase) in net debt (after currency translation adjustments and IFRS 16 non cash impacts)	(1,608)	443
Initial net debt	(6,620)	(8,424)
Final net debt	(8,228)	(7,980)

Debt Maturity at 31 December 2020



Strong liquidity position of c. €5,3bn as of 31st December 2020, of which €3.4bn undrawn credit lines

Gross debt after hedging at 31st December 2020 (excluding lease liabilities):

- 5% floating rate and 95% fixed rate
- 58% in EUR and 41% in USD

Within FY21 maturity, US\$201m reimbursed at maturity on 26th January 2021

Bond Details at 31 December 2020

Currency	Par value	Coupon	Issue date	Maturity date
EUR	€ 500 m	1.875%	28/09/2015	28/09/2023
	€ 1,500 m o/w:			
	€ 500 m	0.000%		24/10/2023
	€ 500 m	0.500%	24/10/2019	24/10/2027
	€ 500 m	0.875%		24/10/2031
	€ 650 m	2.125%	29/09/2014	27/09/2024
	€ 1,500 m o/w:			
	€ 750 m	1.125%	01/04/2020	07/04/2025
USD	€ 750 m	1.750%		08/04/2030
	€ 500 m o/w:			
	€ 250 m	1.125%	27/04/2020	07/04/2025
	€ 250 m	1.750%		08/04/2030
	€ 600 m	1.500%	17/05/2016	18/05/2026
	\$ 201 m	Libor 6m + spread	26/01/2016	26/01/2021
	\$ 1,650 m o/w:			
	\$ 800 m	4.250%	12/01/2012	15/07/2022
	\$ 850 m	5.500%		15/01/2042
	\$ 600 m	3.250%	08/06/2016	08/06/2026
	\$ 2,000 m o/w:			
	€ 600 m	1.250%		01/04/2028
	€ 900 m	1.625%	01/10/2020	01/04/2031
	€ 500 m	2.750%		01/10/2050

Note: US\$201m reimbursed at maturity on 26th January 2021

Net debt / EBITDA evolution

		Closing rate	Average rate ⁽¹⁾
		1.12 -> 1.23	1.11 -> 1.14
Ratio at 30/06/2020		3.2	3.2
EBITDA & cash generation excl. Group structure effect ⁽²⁾ and forex impacts		0.0	0.0
Group structure ⁽²⁾ and forex impacts		0.1	0.2
Ratio at 31/12/2020		3.3	3.4⁽³⁾

(1) Last-twelve-month rate

(2) Including IFRS16 impact

(3) Syndicated credit leverage ratio restated from IFRS16 is 3.3

Diluted EPS

(x 1,000)	H1 FY20	H1 FY21
Number of shares in issue at end of period	265,422	261,877
Weighted average number of shares in issue (pro rata temporis)	265,422	262,315
Weighted average number of treasury shares (pro rata temporis)	(1,462)	(1,654)
Dilutive impact of stock options and performance shares	1,303	816
Number of shares used in diluted EPS calculation	265,263	261,478

(€ millions and €/share)	H1 FY20	H1 FY21	reported △
Group share of net profit from recurring operations	1,216	1,087	-10.6%
Diluted net earnings per share from recurring operations	4.58	4.16	-9.3%