



Pernod Ricard

*Créateurs de convivialité*

Mohit Lal, Managing Director of Pernod Ricard India

# Reinforcing leadership in India

28 May 2013



Capital Market Day  
— Beijing 2013 —

## An ambitious mid-term objective

**Expand leadership**  
in Premium+ Western Style Spirits<sup>(1)</sup>

**Value Share<sup>(2)</sup> > 50%**  
within 3 years

**+3pts**  
vs.11/12

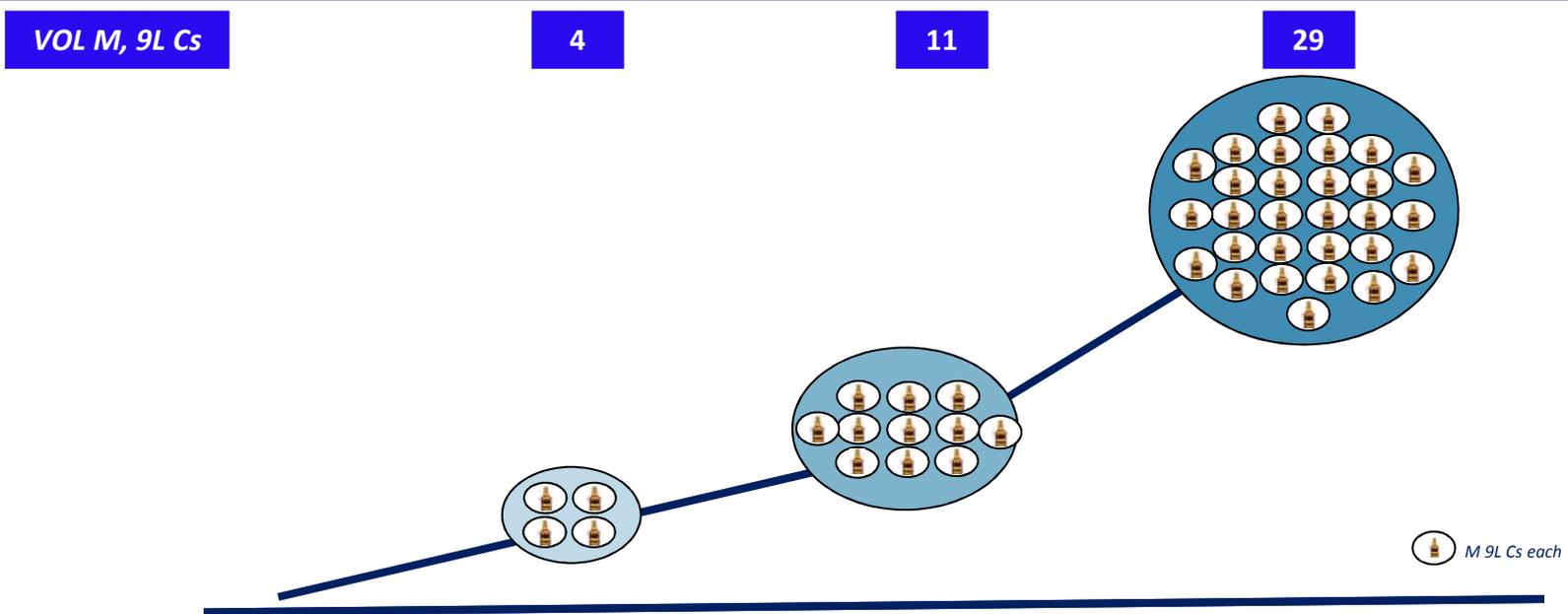
**Grow organically**

**Double digit profit growth**

(1) Above 7 USD

(2) Gross margin

# Pernod Ricard's journey in India has been impressive



	2002/03	2007/08	12/13 <sup>(2)</sup>
Premium+ WSS <sup>(1)</sup> VOL MS%	23%	41%	46%
Bottling units	8	15	25
# People	345	535	830

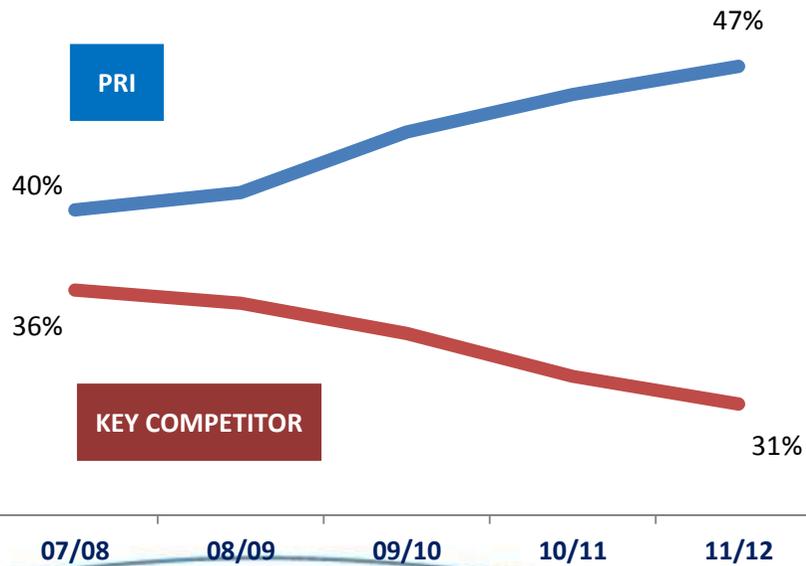
(1) Premium+ Western Style Spirits refers to brands operating at above 7\$ ECP (varies by State)

(2) Estimate

# Profit leader in India

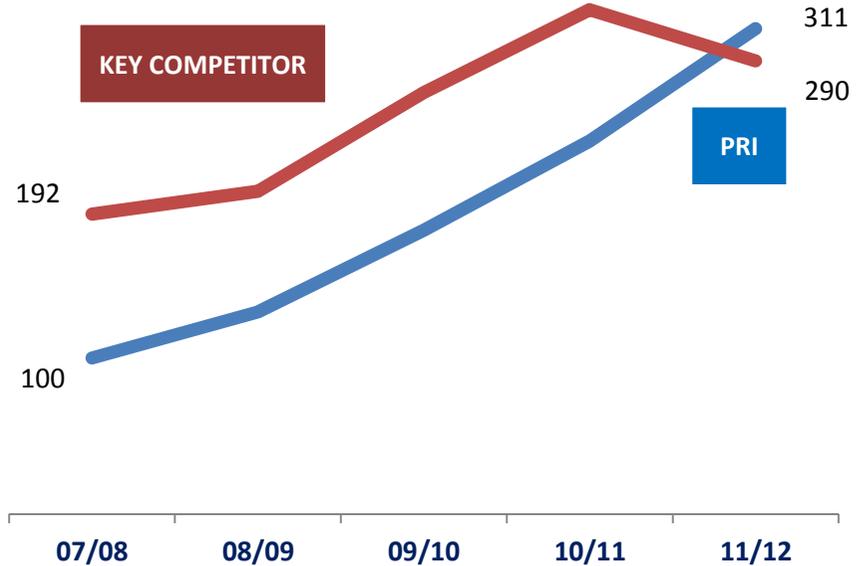
## Value leader in Premium+ WSS

Value Share (CM market share %)



## Most profitable player

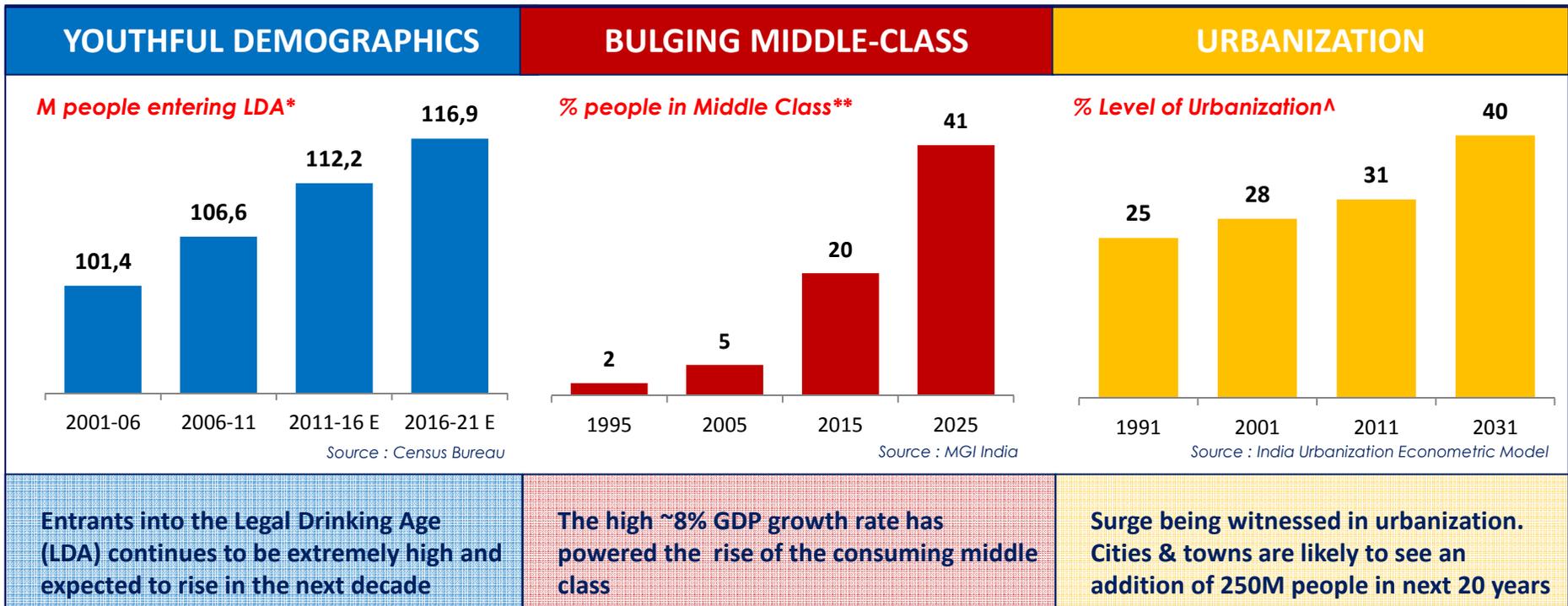
Operating Profit\* Index



Source : Key Competitor Annual Report, PRI Statutory Report; OIE not included for PRI & Key Competitor

# India - A large profit pool opportunity

# Vibrant growing economy

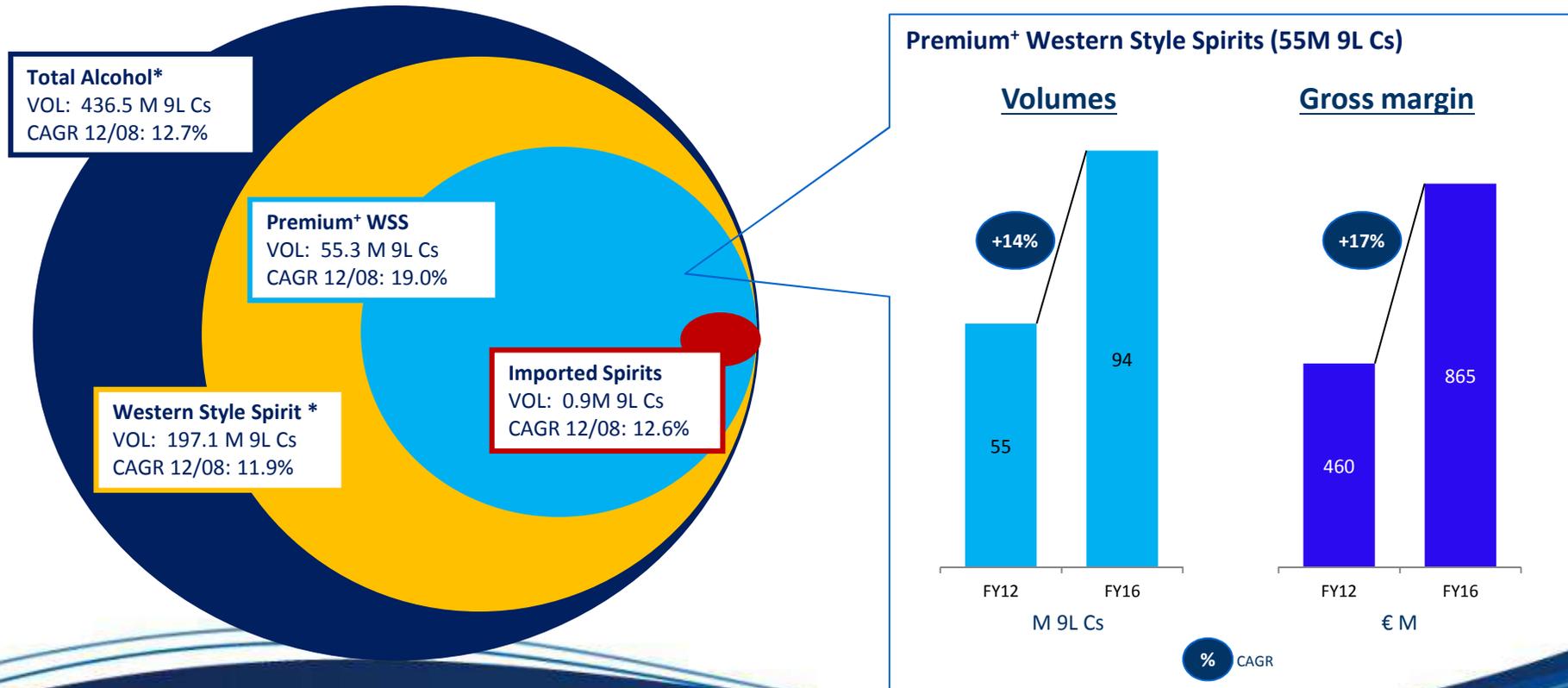


- Favorable demographics, surge of middle class, urbanization and changing culture will continue to drive adoption, consumption & premiumization in the category

\* LDA varies by State, taken at Age 21 ; \*\* Middle Class defined as income bracket of 200-1000 K INR Household Income at 2000 prices; ^ Defined as the ratio of urban population

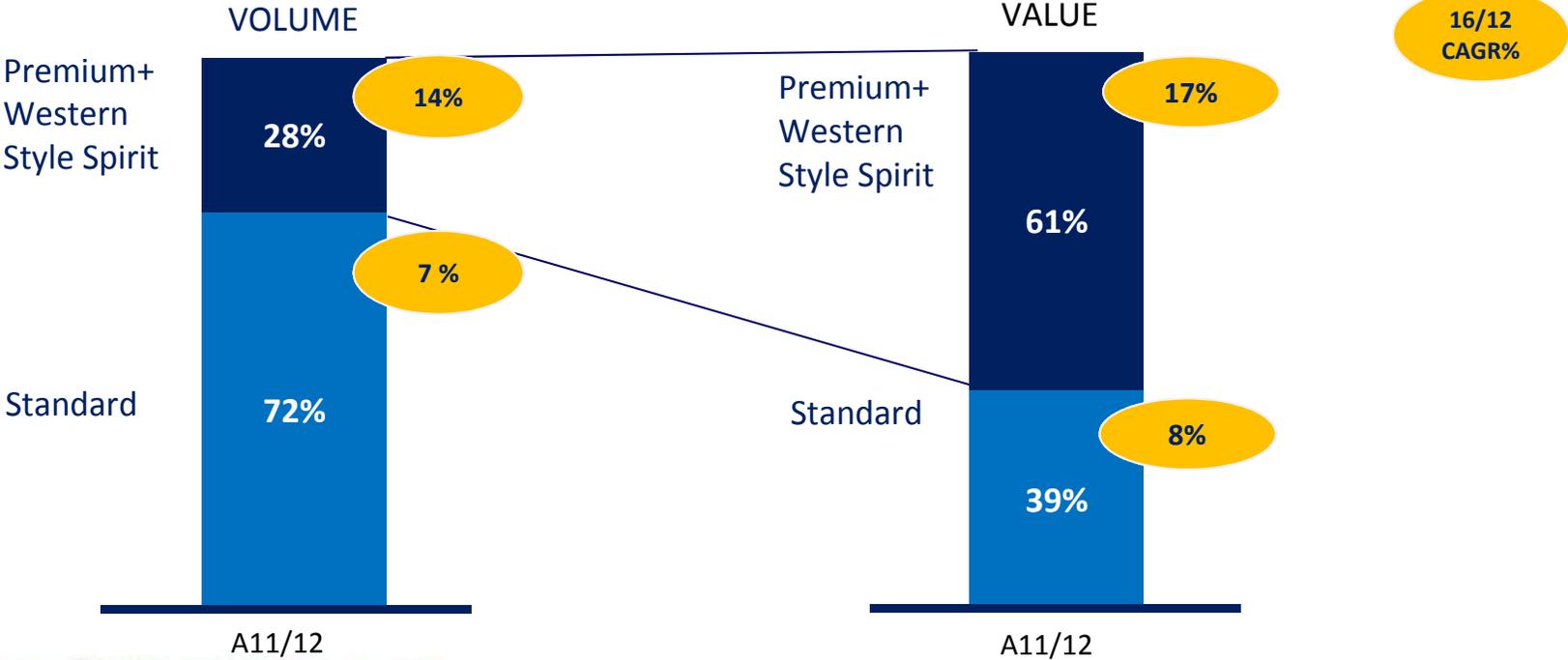


## Largest growth potential amongst emerging markets



Source : PR Market View \* Total Alcohol includes Spirits, Wine & Beer and does not include Country Liquor & Cheap Spirits estimated ~300M 9L Cs

# Pernod Ricard operates in segments with most potential



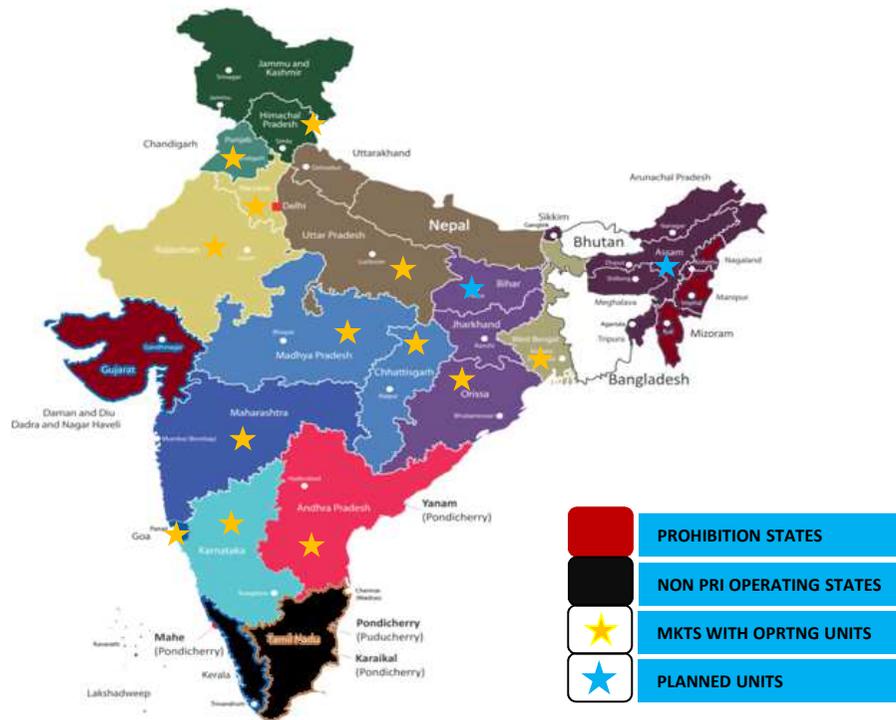


## The foundation of Pernod Ricard leadership



India inspires

# Optimized organization: entrepreneurial and value focused



## FRONT END

- Front end organized as 15 market focused profit centers
- Covering 82% of the outlet universe in operating markets
- Strong On premise channel capability with a 85% coverage
- Best in class retail execution

## BACK END

- 25 Bottling units across all key States
- Distributed model to optimize tax & distribution costs

## **Strong foundation & plans to deal with changes in the competitive environment**

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- ➔ **The deal between our key International & local competitors reaffirms our confidence in India's market potential**
  - They have a stated intent of focusing at the premium end which will heighten the level of competition
  
- ➔ **We are confident of our ability to consolidate our leadership position**
  - A strong portfolio that covers all key value driving segments
  - Vibrant , activated brands backed by impactful positioning platforms
    - ✓ Difficult to build new brands given marketing restrictions
  - Ability to scale up investments, if required
  - Agile & close to market front end structure that ensures quick market response
  - A winning culture which is difficult to replicate

**Pernod Ricard is best placed  
to garner the lion's share  
of value growth that India offers**

## Key battlegrounds and ambitions

**Expanding share of Indian Premium whiskies**

**Strengthen leadership**

**Strengthen position in imported spirits**

**Gain co-leadership**

**Develop new growth drivers**

**New territories & product offerings**

**Challenging operating environment**

**Bolster organisation to continue to overperform**

# Strengthen leadership in Indian Premium Whiskies

## ✓ Continue investments to maintain edge in these categories by expanding consumer franchise

### → High Voltage Communication

- Cutting edge execution and continuous revitalization

### → Premium Offerings

- Build on initial success of newly launched premium whisky offerings - Blenders Pride Reserve Collection, Royal Stag Barrel Select, Hundred Pipers 12YO Scotch

### → Packaging & Pack Play

- Refreshed periodically, Introducing pack sizes to tap emerging consumption occasions

### → Expand Activation Footprint



## Gain co-leadership in imported spirits

✓ Drive category growth and continue to build strong positions in Scotch, Single Malt, Wines and Vodka

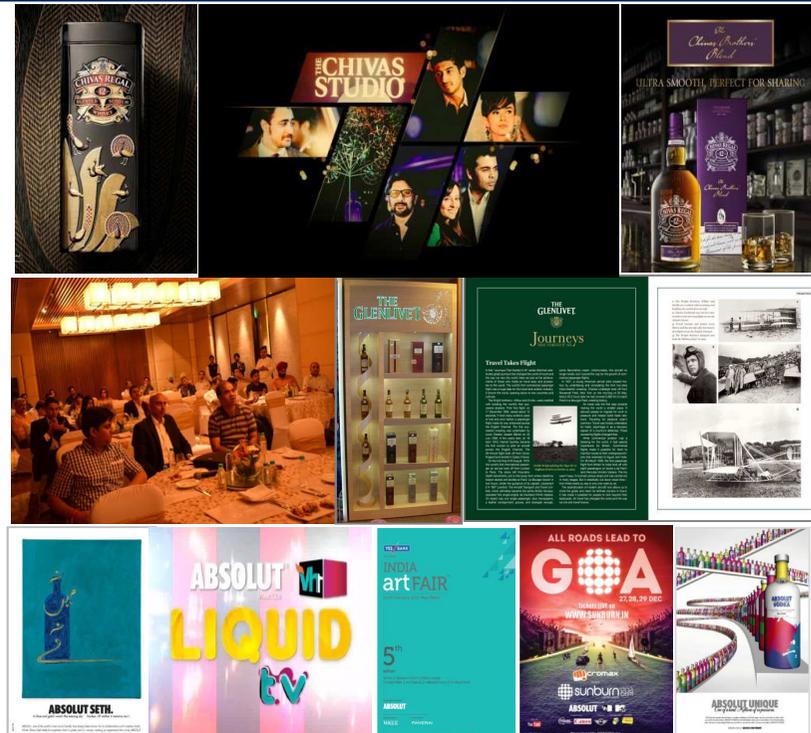
→ Continue high levels of investment behind International Brands

→ Powerful Go-To-Market

- Customized approach and focus on Premium Retail, Modern On Trade & Travel Retail

→ Driving Brand Advocacy

- Strong on-ground consumer engagement programs targeting affluent, younger urban consumer



## New territories & product offerings

### ✓ Develop new growth drivers to harness potential in the medium term

#### → Tier 2/3 town witnessing growth in consumer disposition towards premium brands

- Enhancing coverage, expanding activation footprint & visibility in small towns

#### → High growth being witnessed in Emerging Markets like Bihar, Rajasthan, Assam

- Garner higher share through enhanced focus

#### → Tap Emerging Spaces

- Dial up presence in the Vodka & Wine category



## Bolster organization to continue to overperform

### ✓ Strengthen and build capabilities

→ Continuous evolution and strengthening of the front end structure

→ Scale up Manufacturing

- Building capacity ahead of demand
- Enhancing quality & flexibility

→ Bolstering Organization Capabilities

- Supply Chain, retail execution and information support



# Conclusion



**Provide PR the arsenal to capture a lion's share of the value growth**



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