



Pernod Ricard

*Créateurs de convivialité*

Philippe Guettat, President & CEO of Martell Mumm Perrier-Jouët

# Champagne: a growth relay for Pernod Ricard in Asia

28 May 2013



Capital Market Day  
— Beijing 2013 —

# Agenda

---

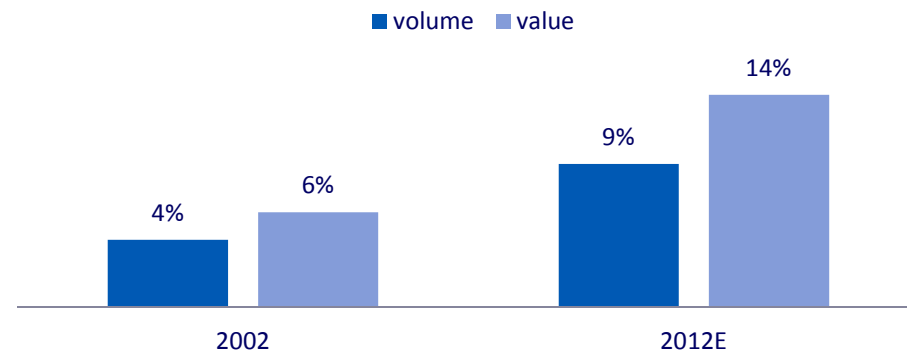
- The Champagne Market: Value Creation & Dynamic Growth in Asian Markets
- Pernod Ricard Performance in Champagne in Asia
- A Strong & Complementary Portfolio



## Asia is key for champagne brands development

- Asia is a dynamic champagne market: CAGR 2002-12E= 10.5% in volume and 14.6% in value
- As a result, Asia share of the champagne market is twice bigger than 10 years ago, especially for international brands

**The Asia Share in Champagne  
(International Brands)**

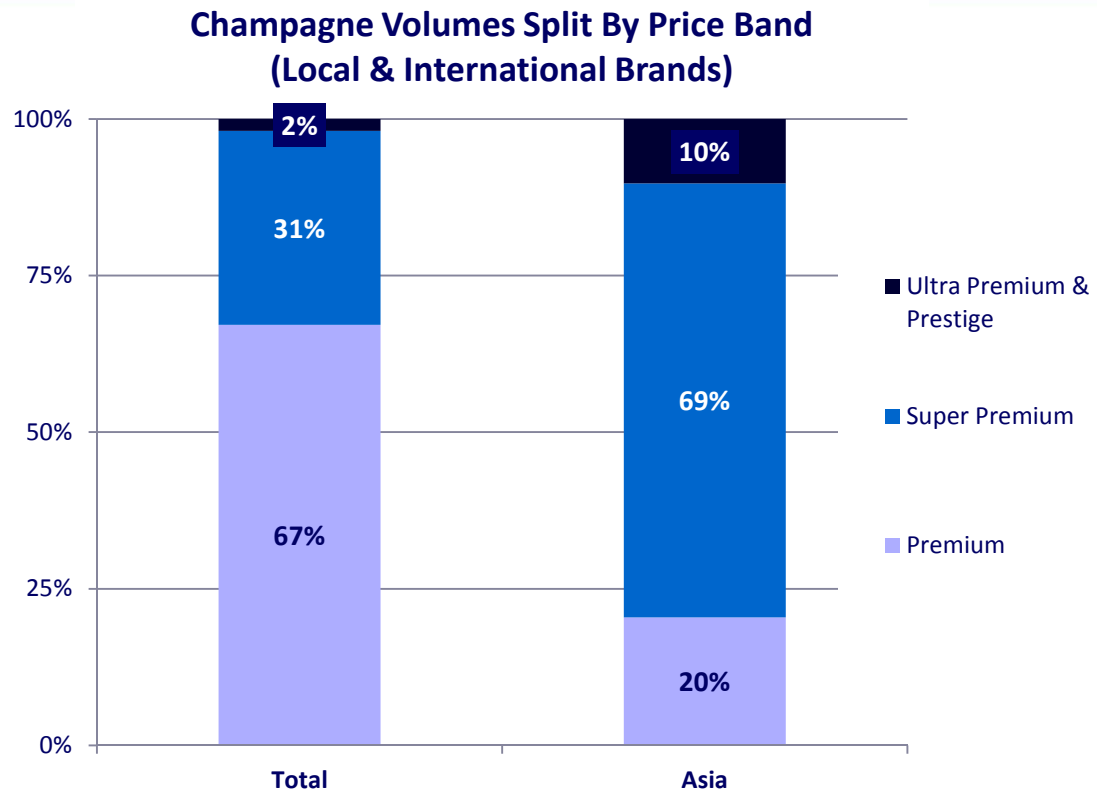


- Asia is much more brand driven

- International Brands = 80% of the Asia market but only 33% of total market

## Asia is a premium champagne market

→ Higher styles account for 10% of Asian volumes, but only 2% of worldwide volumes.

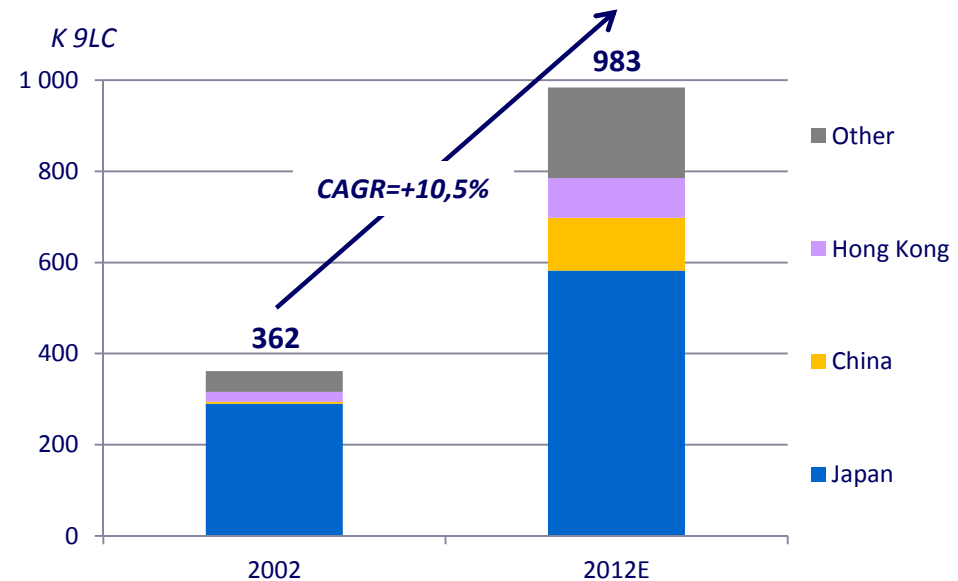




## Top 3 Asian markets rank among the Top 15 export markets

- Japan: the largest and most developed champagne market in Asia
- Solid growth of other markets, especially China.

| IWSR<br>(local +<br>international) | 2012E<br>K 9LC | % CAGR<br>2002-12E | MS in Asia<br>2012E |
|------------------------------------|----------------|--------------------|---------------------|
| 1- Japan                           | 582            | 7,2%               | 59%                 |
| 2- China                           | 116            | 38,4%              | 12%                 |
| 3- Hong Kong                       | 87             | 15,0%              | 9%                  |
| Others                             | 199            | 15,8%              | 20%                 |
| Asia (Total)                       | 983            | 10,5%              | 100%                |





## Japan, the historical champagne market

→ Back to growth after the 2008-09 crisis and despite the difficult Japanese economy

→ Sophisticated, value market

- The share of brut non-vintage is the lowest of champagne's major export destinations.
  - less than 70% by volume and just over 55% by value
- High share of Rosé champagnes (14%)
- 3rd market worldwide for Ultra Premium & Prestige, after US & France
  - Ultra premium & Prestige = approx. 12% of Japan volumes
- Strong wine & champagne culture

→ Mostly on-trade consumption, especially in Restaurants, Clubs and Wine Bars



## China, the fastest growing market

- Shipments to China reached 2 M bottles in 2012
- Strong penetration potential as current presence limited
  - Mostly Modern On-Trade (night clubs), especially among younger Chinese adults
  - Concentration in largest cities (Shanghai, Beijing, Guangzhou) but expanding step by step
- Positive characteristics fueling future champagne development in China
  - Huge potential with middle classes aspiring to Western/French luxury goods
  - Strongly associated to an idea of happiness and celebration, high spirits and sharing
  - Real excitement around the category: very desirable and trendy – a sign of status
- A broad spectrum of drinking occasions will foster future development
  - A drink for males & females, light in alcohol
  - Usages are evolving from formal to more aspirational, 'everyday life' occasions
- Brands play a key role in Chinese consumers' choices

# Agenda

---

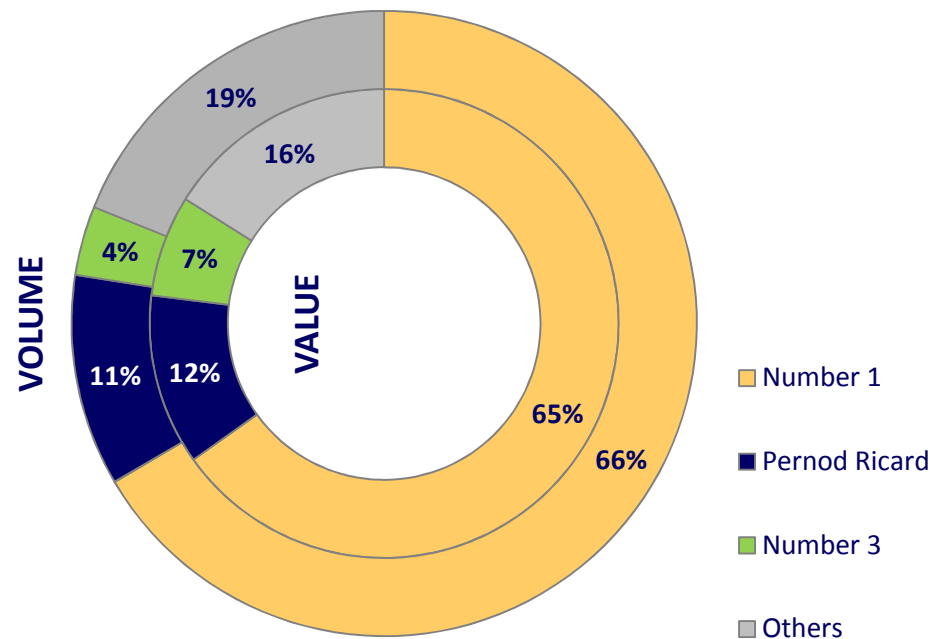
- The Champagne Market: Value Creation & Dynamic Growth in Asian Markets
- **Pernod Ricard Performance in Champagne in Asia**
- A Strong & Complementary Portfolio



## Pernod Ricard, the 2<sup>nd</sup> champagne player in Asia

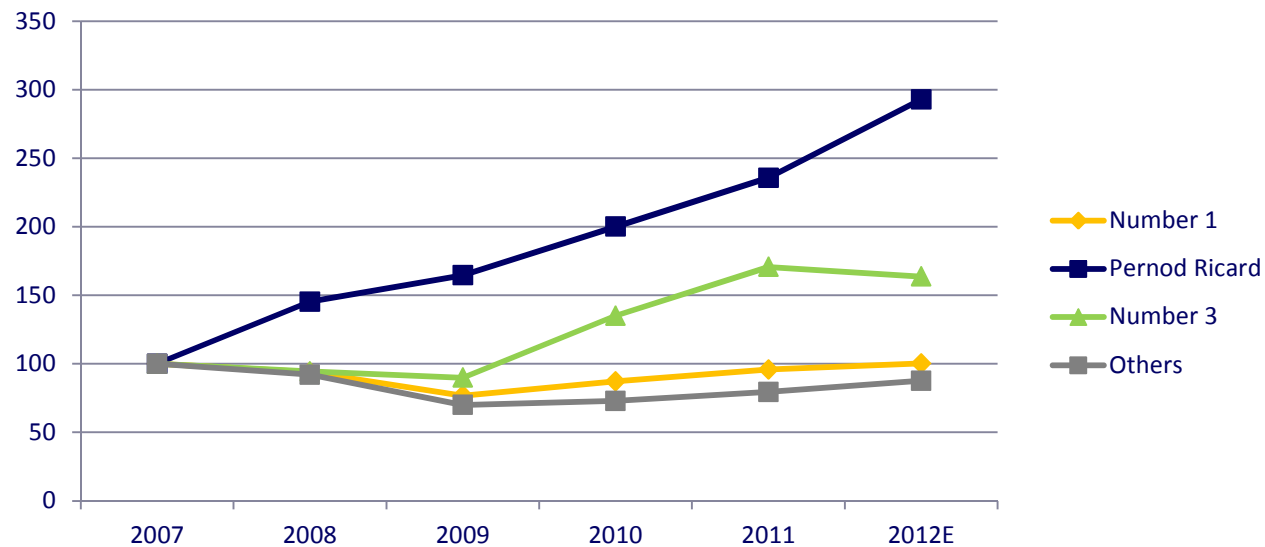
- 11% market share in Volume and 12% in Value
- A solid N.2 position

Share of Volume/Value By Owner in Asia  
(International Brands)



## ... And the most dynamic player in recent years

→ A sustained CAGR of 24% in volume 2007-12E



*Note: Pernod Ricard acquired G.H.MUMM and Perrier-Jouët in 2005*

*IWSR 2011 ; 2012 estimates*

## ...Thanks to a portfolio of two well-performing brands

---

- ➔ Pernod Ricard owns 2 of the Top 5 champagne brands in Asia
- ➔ Both brands have been performing above competition in recent years

| IWSR                        | MS 2012E |
|-----------------------------|----------|
| 1 Moet et Chandon Champagne | 43%      |
| 2 Veuve Clicquot Champagne  | 15%      |
| 3 Mumm Champagne            | 7%       |
| 4 Dom Perignon Champagne    | 7%       |
| 5 Perrier Jouët Champagne   | 5%       |

*Note: Pernod Ricard acquired G.H.MUMM and Perrier-Jouët in 2005*

# Agenda

---

- The Champagne Market: Value Creation & Dynamic Growth in Asian Markets
- Pernod Ricard Performance in Champagne in Asia
- **A Strong & Complementary Portfolio**

## G.H.MUMM, a brand with broad appeal



- ➔ A large champagne house – the 3rd house worldwide and in Asia
- ➔ Key Asian markets:
  1. China
  2. Japan
  3. Singapore
- ➔ A masculine, high quality brand with broad appeal
  - A well-known brand worldwide and in major Asian markets
  - A strong brand code: the red sash, symbol of excellence
  - A renown brut non-vintage: Cordon Rouge



## Formula1 drives G.H.MUMM image in Asia



- ➔ G.H.MUMM is the Official Champagne Sponsor of Formula1 since 2000
- ➔ In 2013, 8 of the 19 Grand Prix are located in Asia
- ➔ The sponsorship gives G.H.MUMM a TV exposure value estimated at USD 6.6 million per year in Asia & Pacific Rim
  - Only for live TV exposure
  - Of which almost USD 1 million in China
- ➔ In China, Formula1 brings G.H.MUMM values of success & celebration, thus strengthening its brand image.



## A strong number 2 in China



### → A solid and dynamic number 2 position

- 26% market share in volume among International Brands

### → Positive image among champagne drinkers

- A masculine and passionate personality, with values of success and celebration
- Packaging codes perceived as unique and masculine
- Strength of the red colour and the sash symbol (gentleman-like)

### → More and more associated to Formula 1, with positive values





## A strong number 2 in China



➔ Successful brand activation in trendy nightclubs, allowing trial and brand preference





## Perrier-Jouët, a 'Maison' champagne



→ A 'Boutique' champagne – the 10<sup>th</sup> *Maison* worldwide and the 5<sup>th</sup> in Asia

→ Key Asian markets:

1. Japan
2. China
3. Hong Kong

→ A crafted champagne with distinctive personality

- A feminine & artistic brand personality, with family ('maison') spirit, unique in the world of champagne
- An outstanding packaging for the Belle Epoque prestige cuvée, which drives appeal and recognition
- A strong identity code throughout the range: the anemone flower



## A growing Prestige brand in Japan



### → Belle Epoque is the 2<sup>nd</sup> prestige cuvée in Japan

- Dynamic growth in the On-Trade channel, now expanding its distribution to gastronomy channels & wine stores
- The brand is perceived as luxurious but not showy, and the flowery design enhances the value of Perrier-Jouët

### → The brand is well activated locally thanks to dedicated initiatives and sales focus

- Impactful PR programs based on artistic initiatives
  - In 2002 Belle Epoque Florale Edition by Makoto Azuma was launched with large press coverage (5M€)
- Gastronomy programs with Japanese fine cuisine
- CRM program for loyal consumers
- Dedicated champagne ambassador

## A growing Prestige brand in Japan



VIDEO >



PR Initiatives & Events



Wine & Gastronomy



HNWI & Brand Advocacy



## More initiatives to further build Perrier-Jouët in Asia

A new packaging design from H2 2013  
More crafted & contemporary



A new advertising campaign from Sept. 2013  
'The Garden' by photographers Warren&Nick



## In conclusion

- ➔ **Asia is a growing champagne market, skewed towards international brands and premium styles.**
  - Only one developed champagne market: Japan, other markets offer huge growth potential
- ➔ **Pernod Ricard is a solid number 2 with dynamic growth in key markets.**
  - It benefits from a balanced portfolio of 2 brands: G.H.MUMM (3rd in Asia) and Perrier-Jouët (5th in Asia).
  - It has already built some successes in Japan (especially Perrier-Jouët) and China (especially G.H.MUMM), showing the potential of both brands.
- ➔ **New consumers, new occasions and new markets are still to be developed for champagne in Asia. The strength of Pernod Ricard in the region allow us to capture a significant part of the future growth.**



Pernod Ricard

# Capital Market Day

— Beijing 2013 —

