



Pernod Ricard

Créateurs de convivialité

PERNOD RICARD

A value-creative business model

Deutsche Bank conference – 20 June 2012

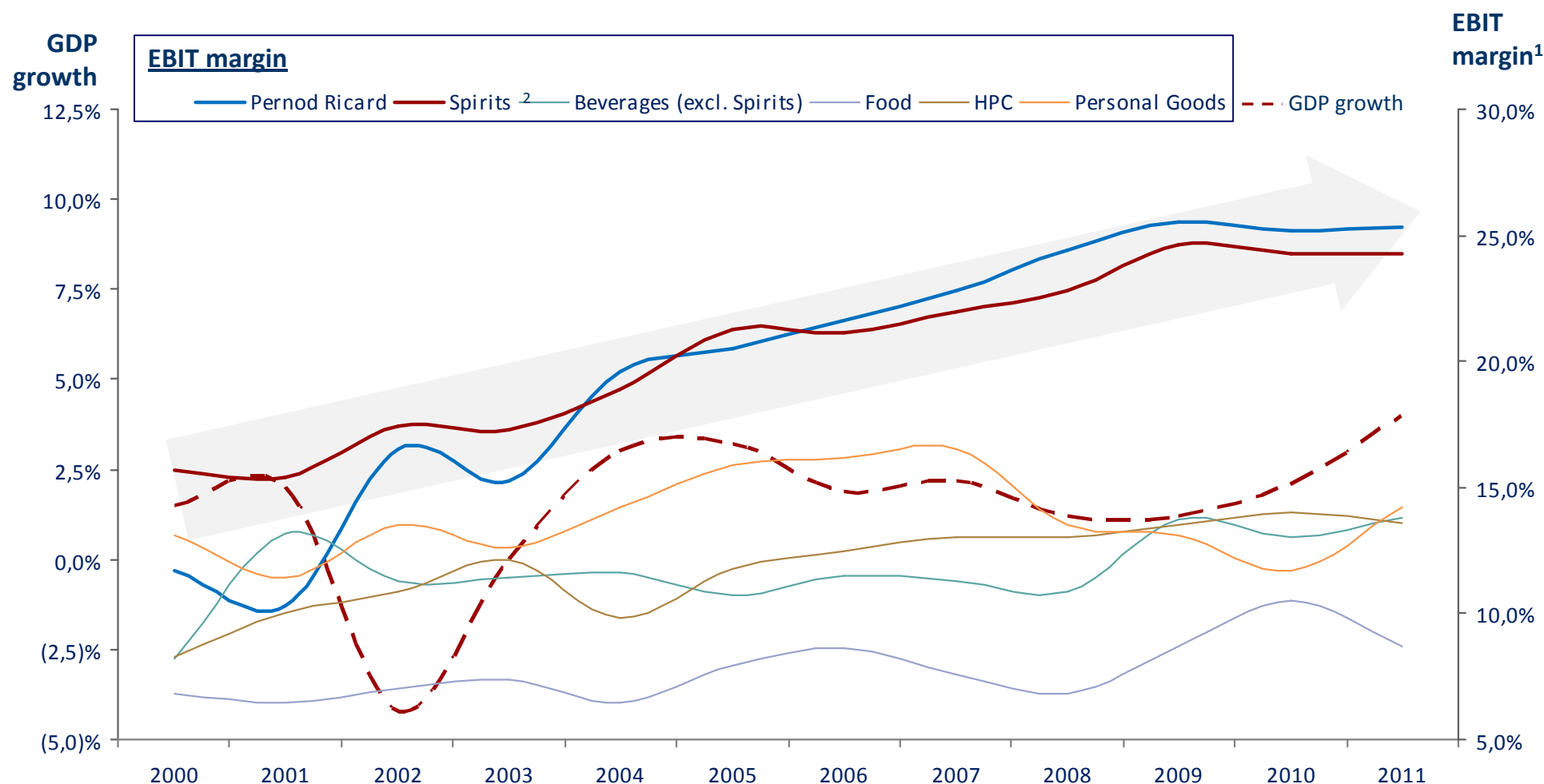


A value-creative business model

- 
- Spirits within the consumers' goods universe
 - Major achievements...
 - ... based on a strong business model
 - Striving for global leadership
 - Pernod Ricard's ambitions



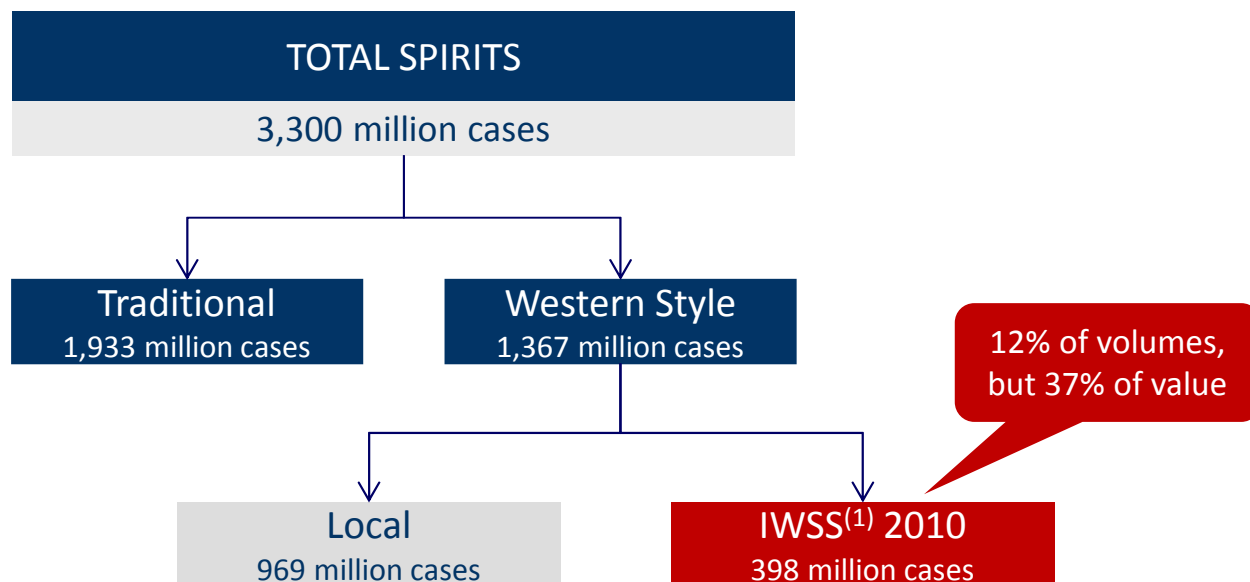
Spirits carry higher margins



- ➔ Spirits companies carry higher margins than other consumer goods players.
- ➔ Pernod Ricard has demonstrated over time the ability to improve its EBIT margins, which are above the average of its sector.

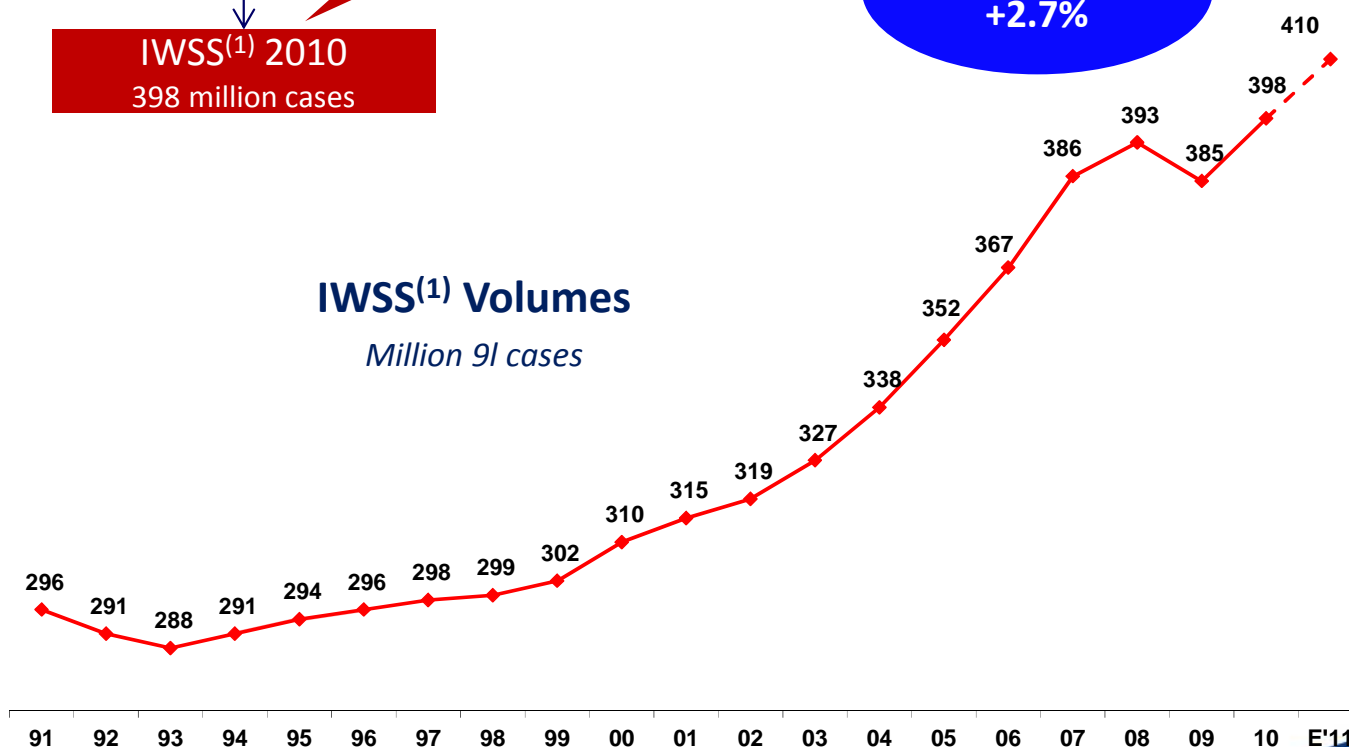


IWSS⁽¹⁾ market is value driven...



With a strong
track record of
growth

IWSS⁽¹⁾ Volumes
Million 9l cases

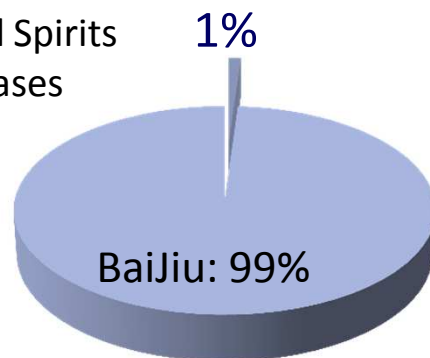




... with a largely untapped potential

Example: China

Imported Spirits
5m cases

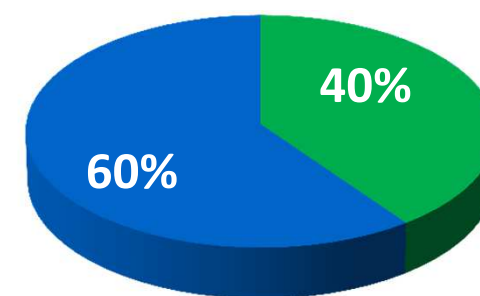


CAGR '02 to '12

Whisky:	+28%
Cognac:	+20%
White Sp. & others:	+18%
Baijiu:	+3%

Pernod Ricard's exposure to EM⁽¹⁾ is balanced between sales and profits

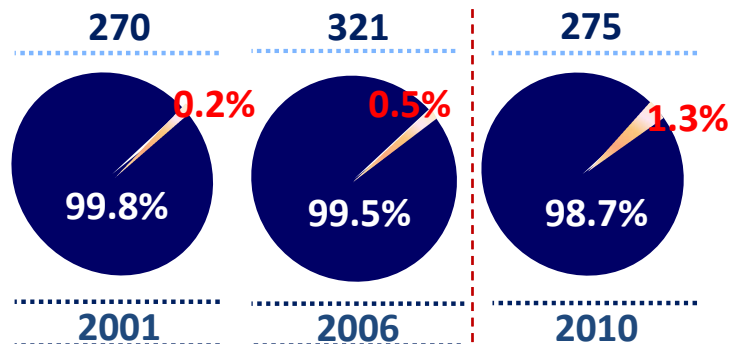
Net Sales - 9 months FY11/12



■ Emerging Markets ■ Mature Markets

Example: Russia

"Local" vs. *"imported"* spirits



CAGR 06/10
Local Spirits
-4% ⁽¹⁾

CAGR 06/10
Imported spirits
+22%

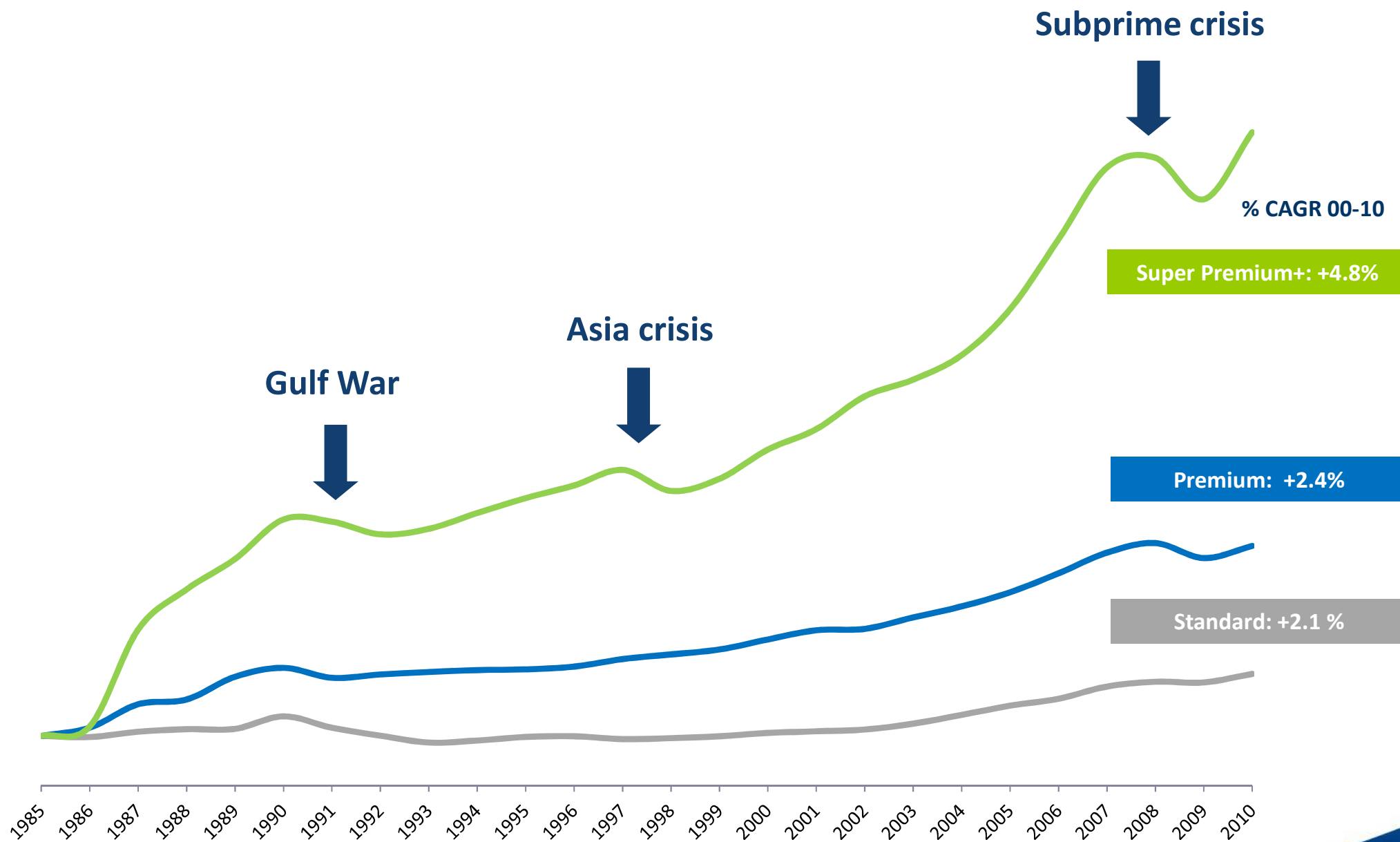
(Million of 9L cases)

08/09 crisis

**Ambition to reach
50% exposure to EM⁽¹⁾
within 2 to 3 years**



Spirits growth is driven by premium brands



Pernod Ricard's portfolio is favorably oriented toward premium brands



**74% of Pernod Ricard Net Sales⁽¹⁾
in Premium and above**

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Successful strategic refocus and value-creative M&A

December 2001

Seagram



July 2005

ALLIED DOMECQ



July 2008

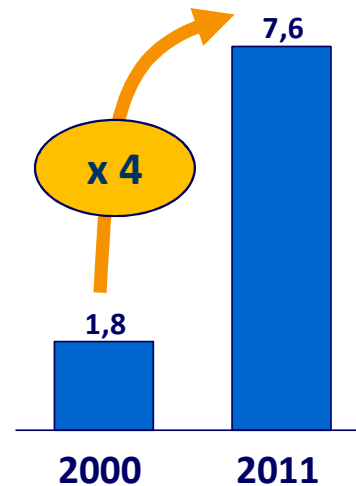
V&S



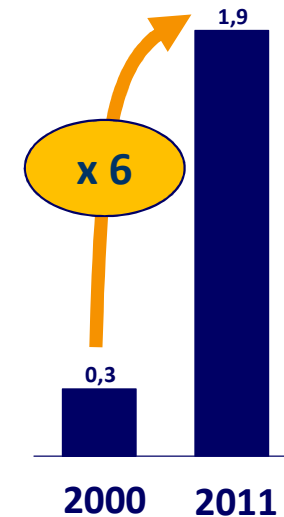
Total

20 billion euros

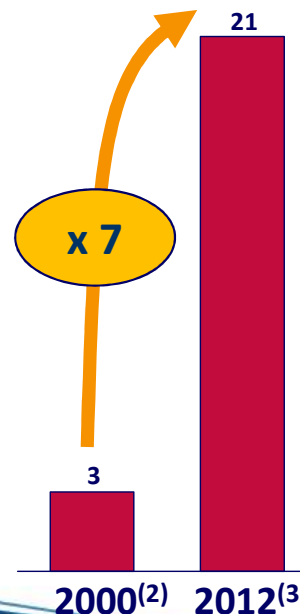
Net Sales⁽¹⁾





Profit from recurring operations⁽¹⁾



Market cap



Pernod Ricard's organic growth has outpaced that of the sector and that of its main competitor

		FY09	FY10	FY11	H1 FY12
Net sales organic growth	 Pernod Ricard	+0%	+2%	+7%	+11% ²
	Main international competitor	+0%	+2%	+5%	+7%
EBIT ¹ organic growth	 Pernod Ricard	+4%	+4%	+8%	17% ³
	Main international competitor	+4%	+2%	+5%	9%

1. Operating profit from recurring operations

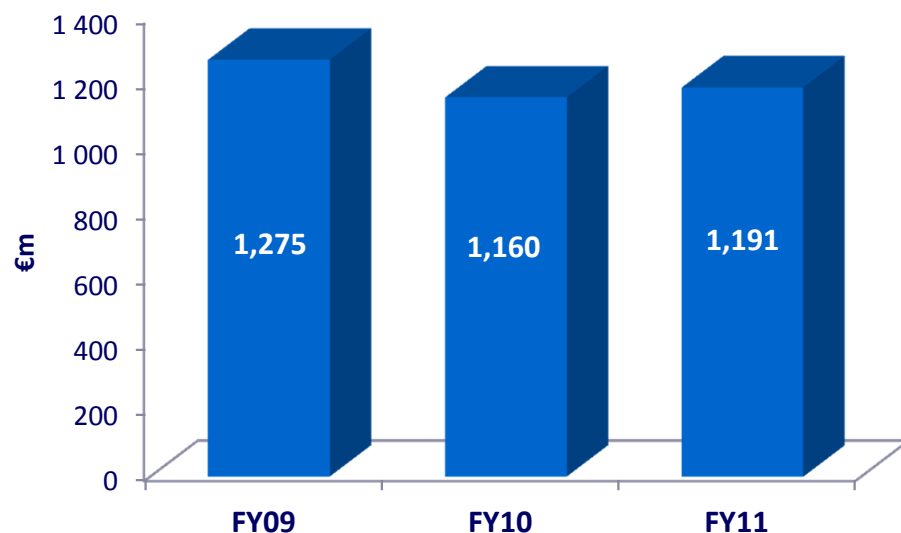
2. +8% net sales organic growth restated for 'pre-buying' in France

3. +12% EBIT organic growth restated for 'pre-buying' in France

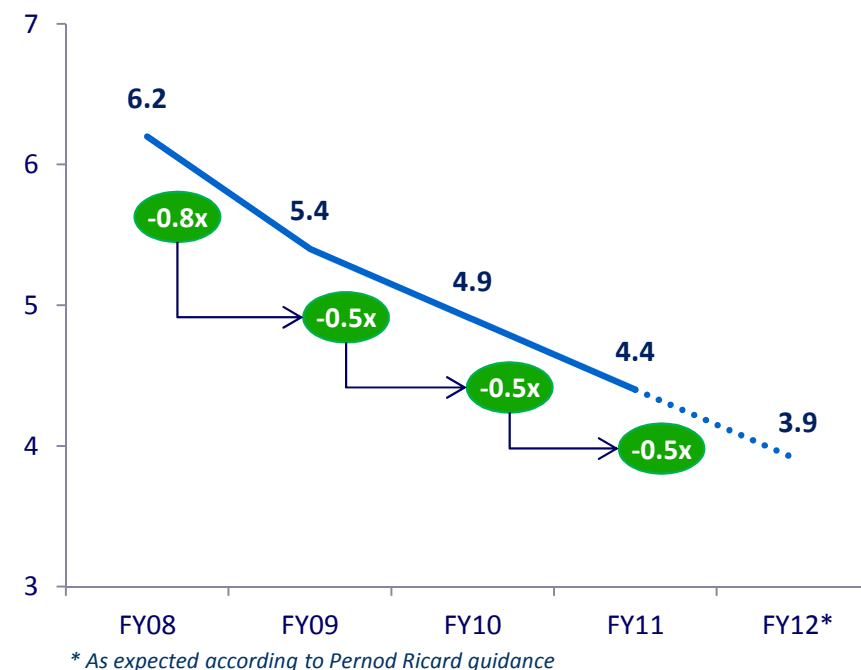


Rapid deleveraging

FCF from recurring operations



Net debt/EBITDA⁽¹⁾⁽²⁾



➔ Strong cash generation and organic EBIT growth have resulted in rapid deleveraging

➔ Upgrade to Investment Grade by Moody's and S&P in late 2011



2008 V&S acquisition debt fully refinanced

→ Sizeable and successful bond issues leading to over 75% bond proportion in total debt

- **EUR 1.0bn** (Mar. 11) and **USD 5.0bn** (Apr. 11 to Jan. 12)
- 5-year to 30-year maturities
- Leveraging excellent market conditions and Pernod Ricard's regained Investment Grade (e.g.: coupon of **5.5%** on the **30-year** maturity USD issue in Jan. 12)

→ Bank debt refinancing signed on 25 April 2012:

- Multi-currency revolving credit facility equivalent to **EUR 2.5bn** (drawn and available)
- Maturity: **5 years** (new maturity of April 2017 compared to July 2013 prior to the refinancing)
- **Attractive terms and conditions** (for one-third to two-thirds drawn, 135bps spread on the EUR portion and 175bps on the USD portion)
- Spreads improved by 15bps after June 2012, if Net Debt⁽¹⁾/EBITDA⁽¹⁾ ratio is below 4

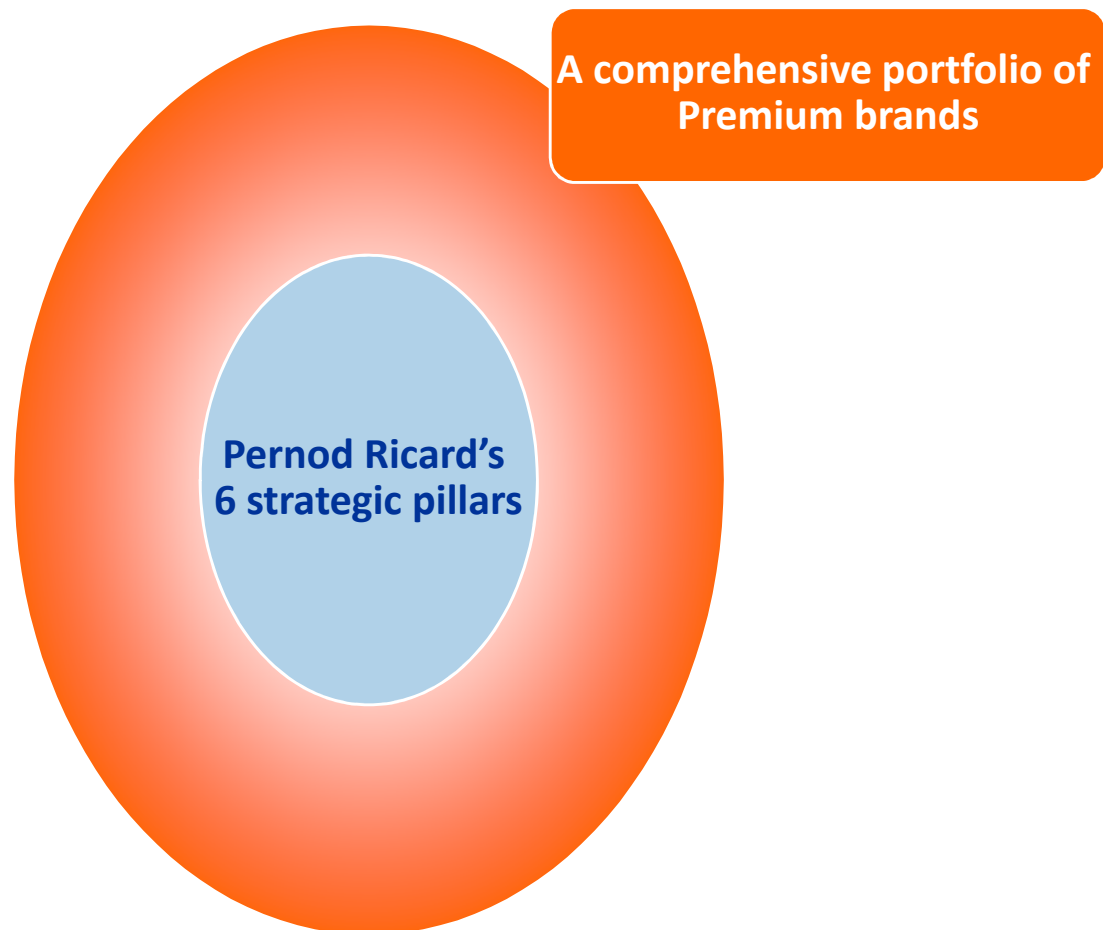
→ Refinancing completed in 12 months (Apr. '11 to Apr. '12) extending substantially average debt maturity to over 7 years (vs. 2 years beforehand)

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A business model built on six pillars



Comprehensive portfolio of Premium brands

The Pernod Ricard House of Brands, covering all key categories

Global Icons (2)



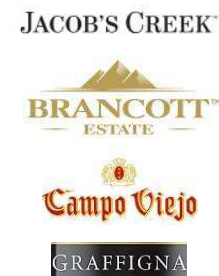
Priority Premium Spirit Brands (7)



Priority Prestige Spirit & Champagne Brands (5)



Priority Premium Wine Brands (4)

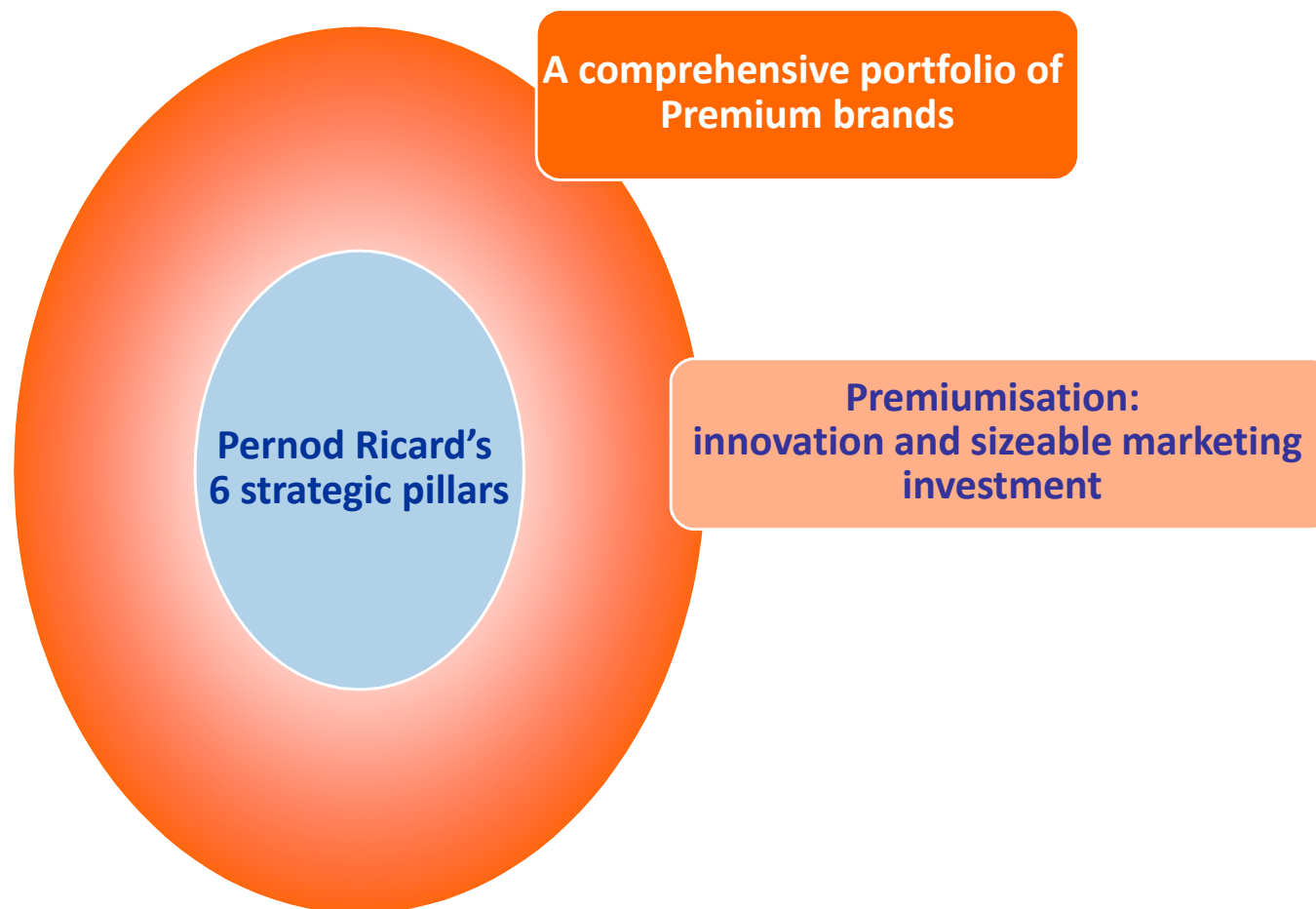


Key Local Spirit Brands (18)





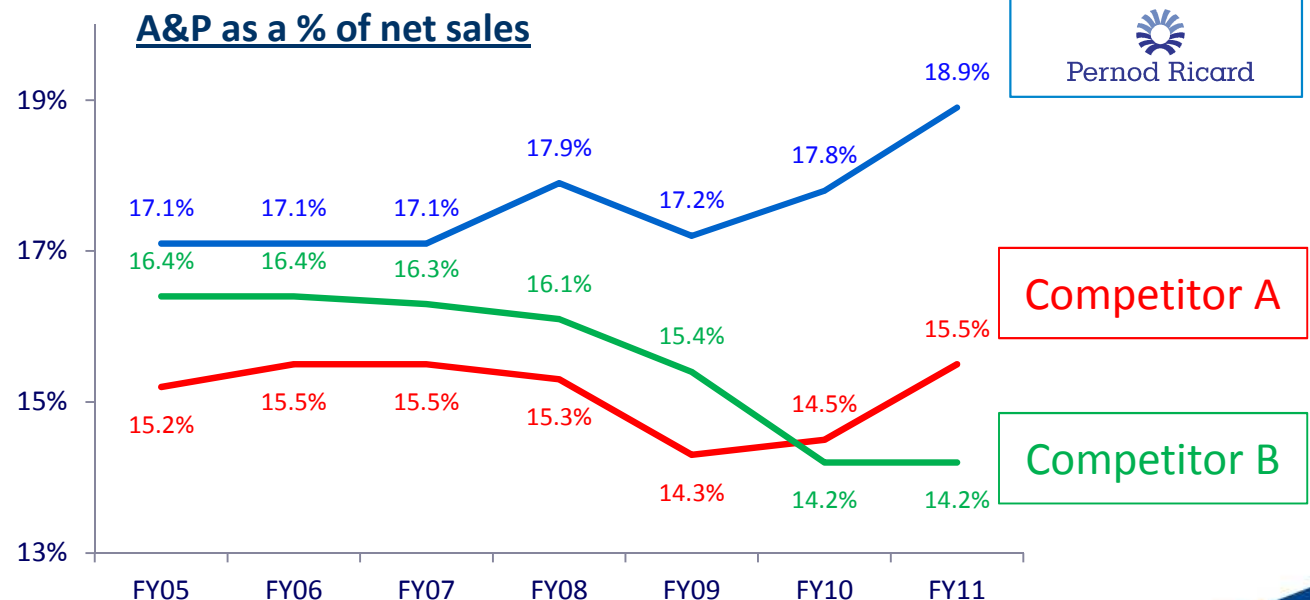
A business model built on six pillars



Premiumisation: sustained by innovation and sizeable marketing investment

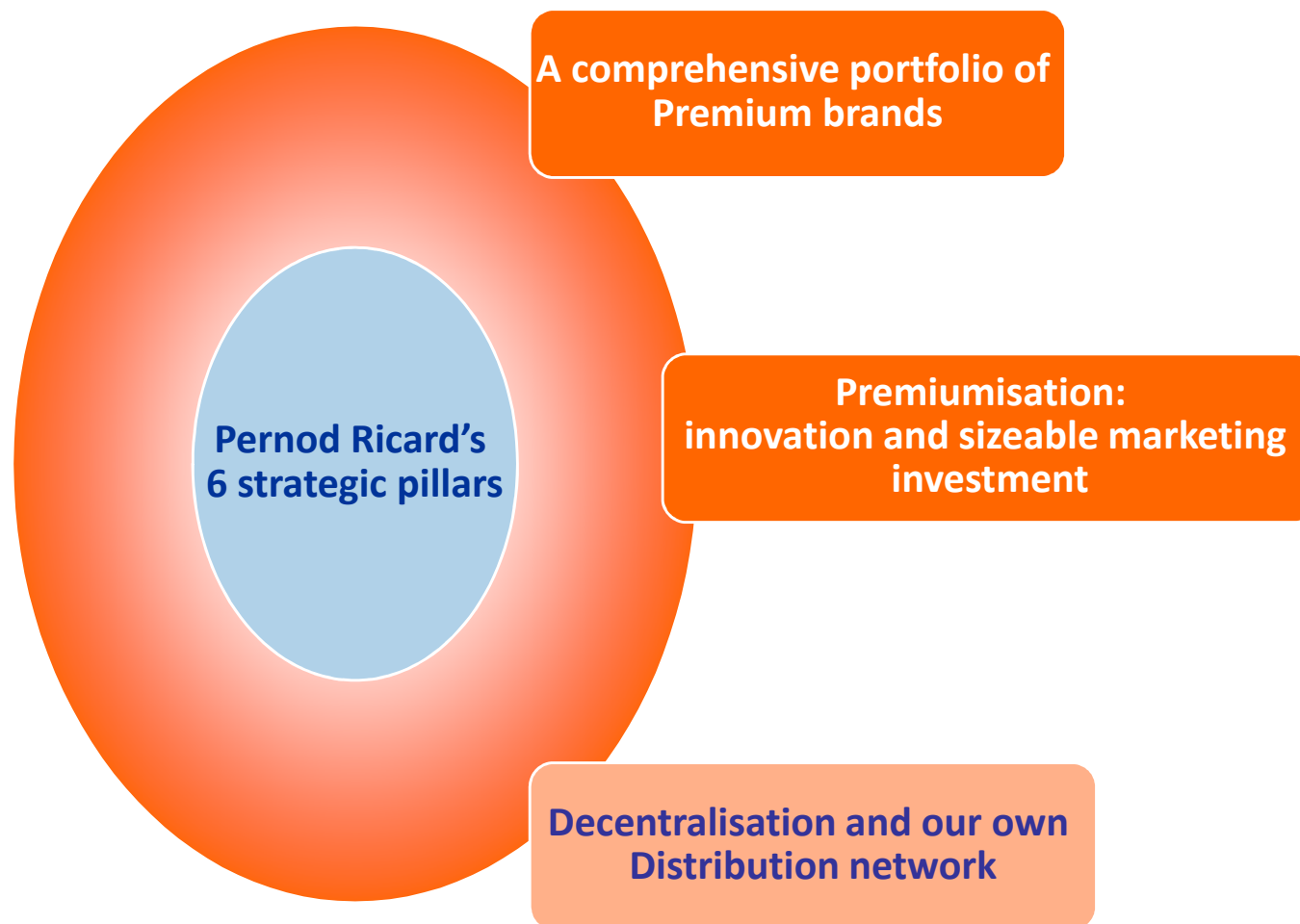
- A strategic priority that promotes greater profitability
- Premiumisation meets consumer expectations:
 - “Drinking less but better” in developed markets
 - Interest in inspirational brands, especially in emerging markets
- Premium brands have a strong public image
 - Our marketing investment has remained among the highest in the industry, even during the financial crisis

Marketing investment significantly ahead of competition, reaching a record for the Group in FY11





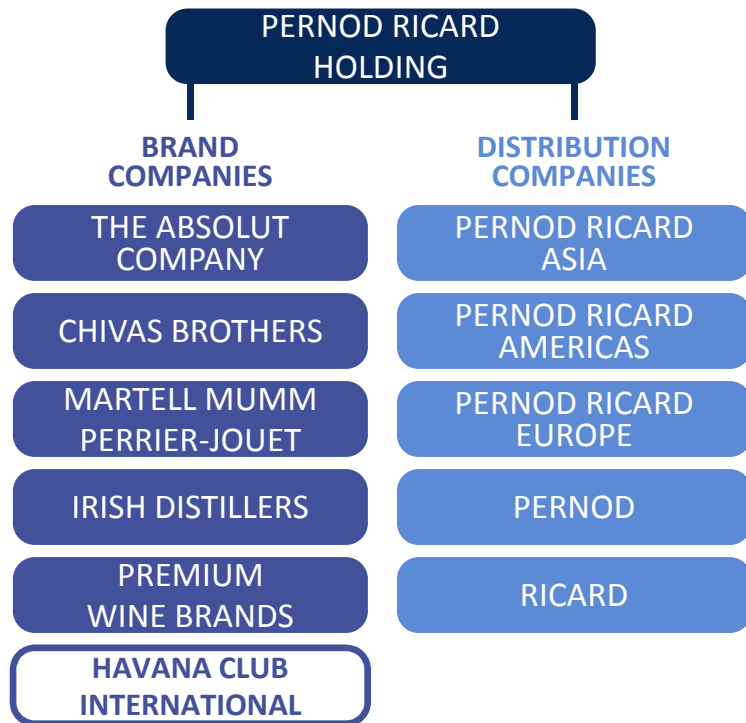
A business model built on six pillars



Decentralization and our own distribution network

Duality Brand companies/Market companies

Strong wholly-owned network, the most comprehensive in the industry



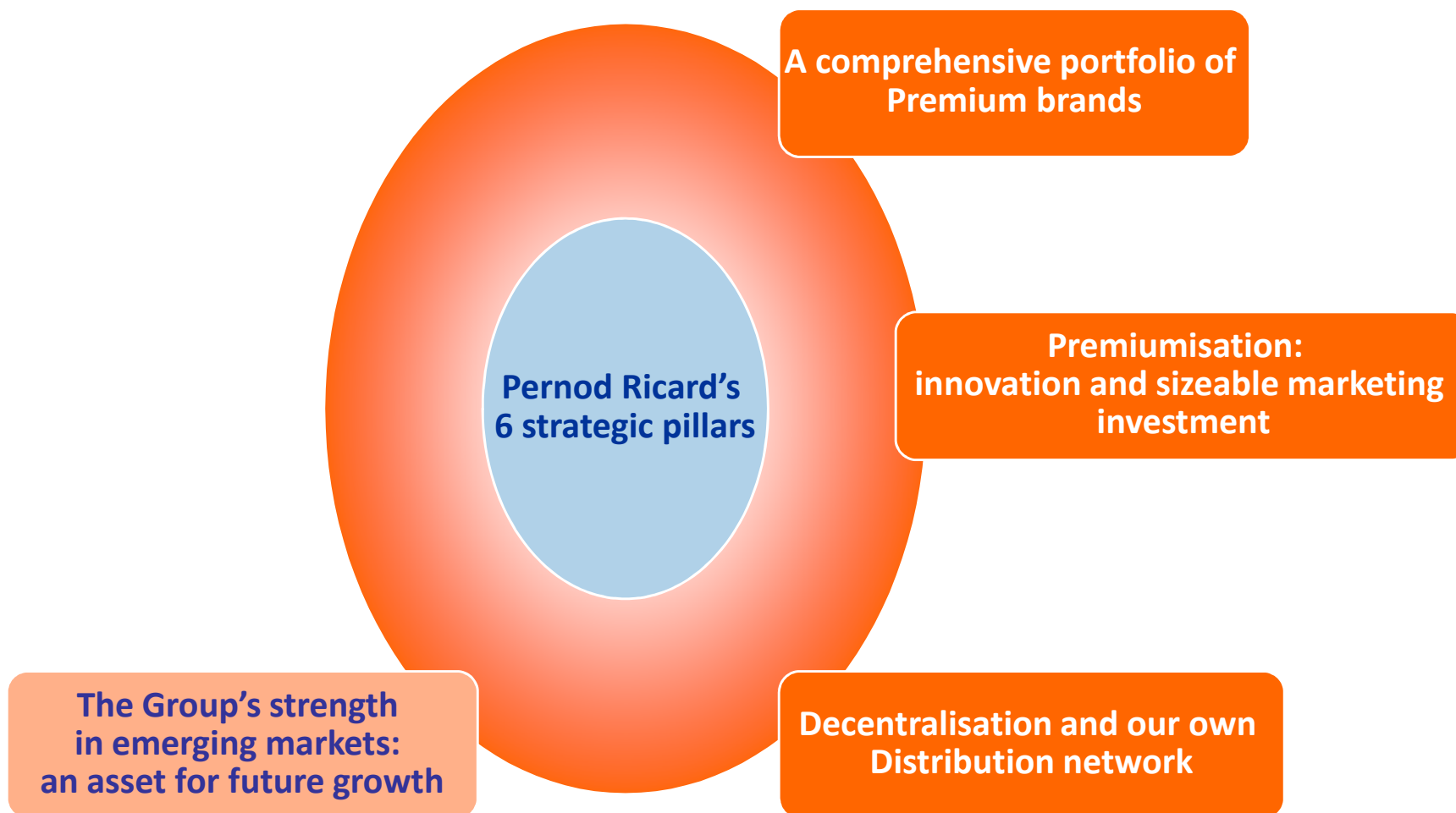
In more than 70 countries



“We sell our own brands with our own people”



A business model built on six pillars



Pernod Ricard's strength in emerging markets is an asset for future growth

Western Style Spirits (ranking among International Groups)



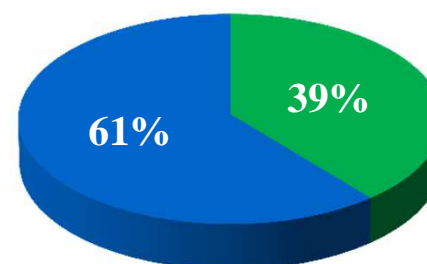
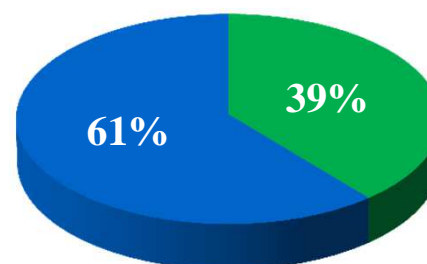
Pernod Ricard's strength in emerging markets is an asset for future growth

- ✓ We are the **clear market leader in Asia**, the Group's fastest-growing region.
- ✓ Emerging markets are the most dynamic: the **rise of a middle class** attracted by Premium brands will secure the **Group's future growth**.
- ✓ These results back up our **strategy of establishing a direct presence in market** as implemented for over 20 years now.

Sales

Profit from recurring operations

H1 2011/12



■ Emerging Markets ■ Mature Markets

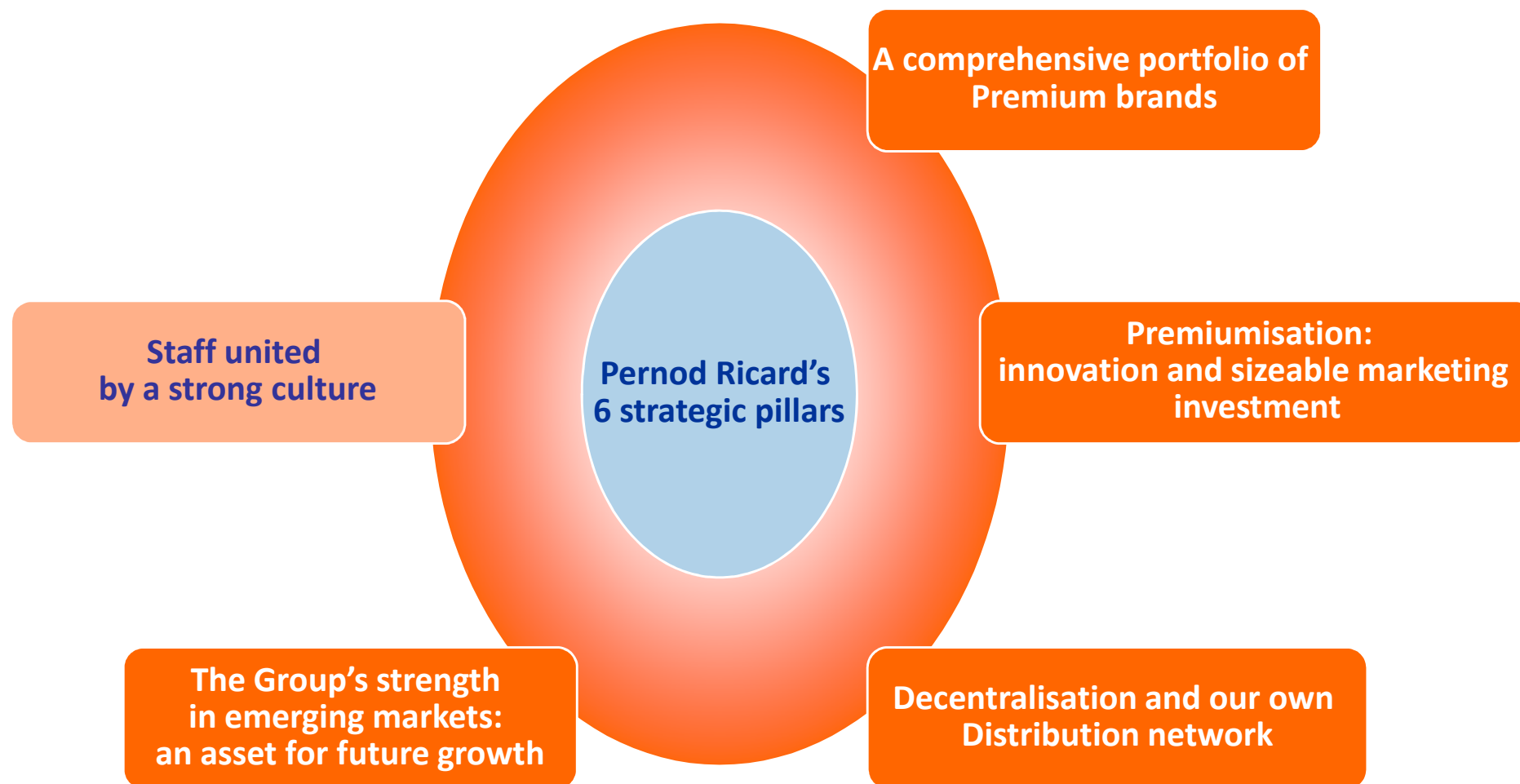


Emerging markets sales +18%⁽¹⁾ in H1 2011/12

An increasingly powerful growth driver for the Group

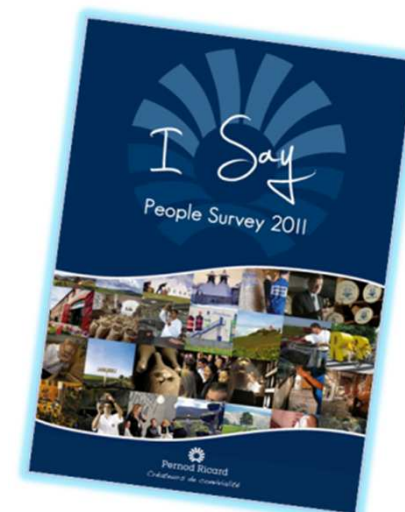
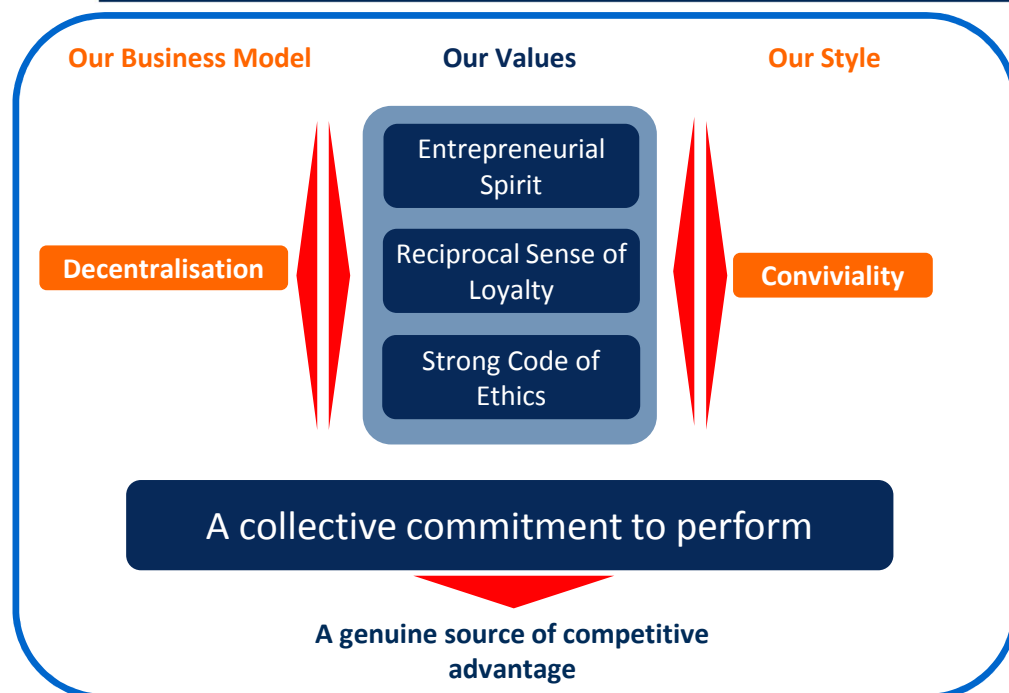


A business model built on six pillars





Staff united by a strong culture



- ✓ In a decentralised structure, the corporate culture is what **brings everyone together**.
- ✓ This culture is based on three values: **entrepreneurial spirit, mutual trust and a code of ethics**.
- ✓ These three values are essential to **decentralisation** and are expressed by an attitude of **conviviality**

95%

of Pernod Ricard employees
are proud to work for the
Group

94%

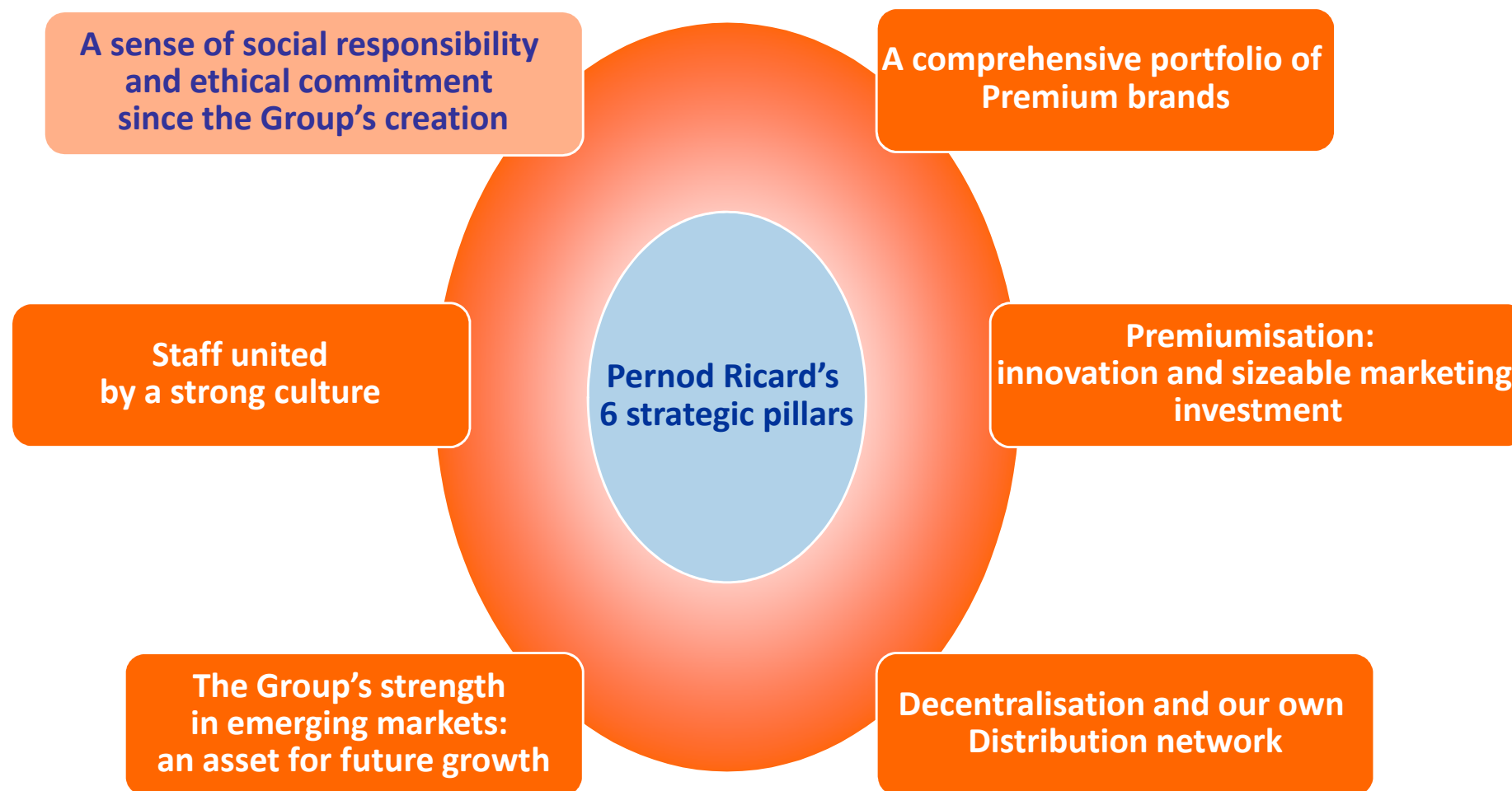
subscribe to Group core
values

80%

consider conviviality is part of
their day-to-day life at work

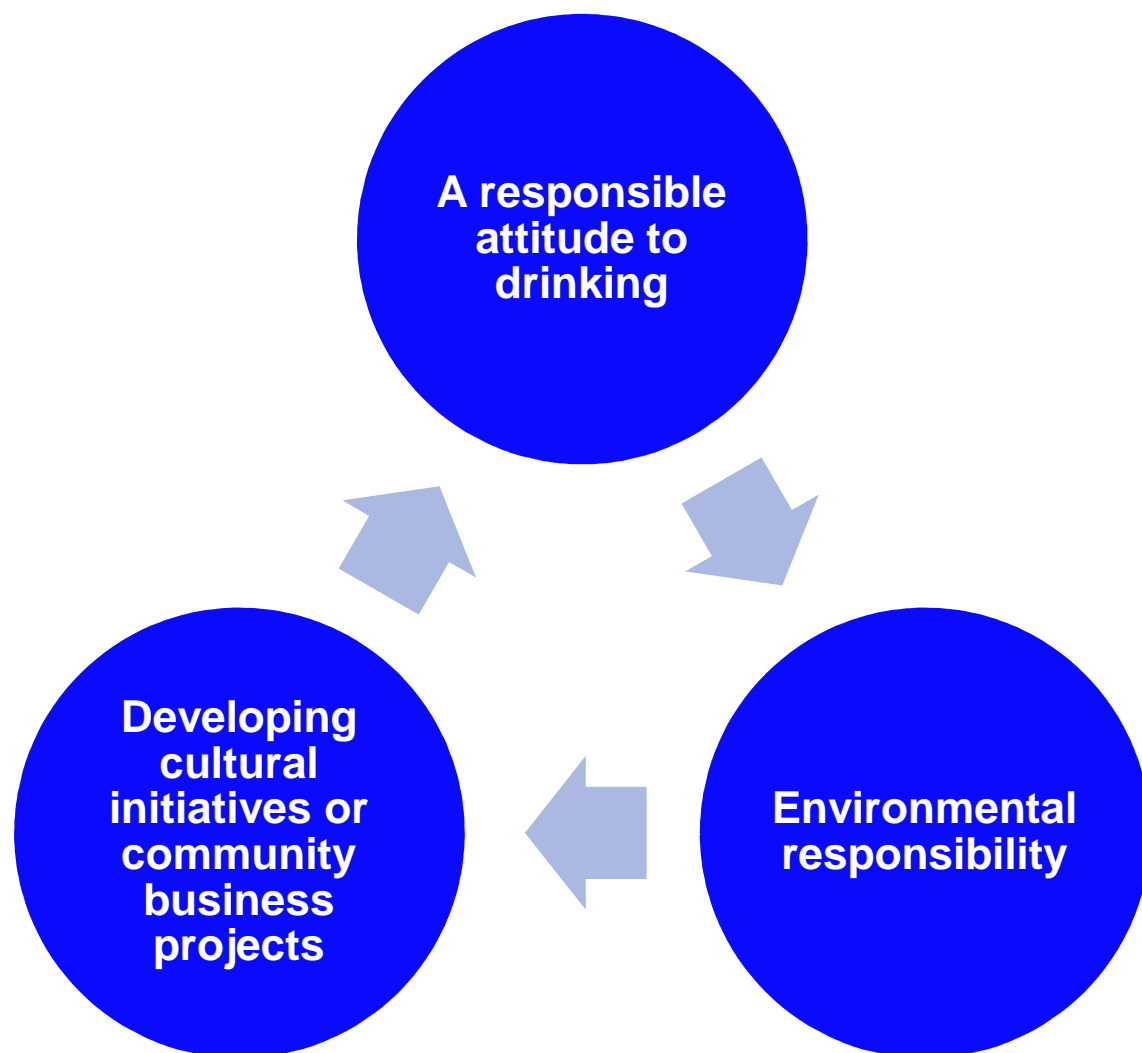


A business model built on six pillars



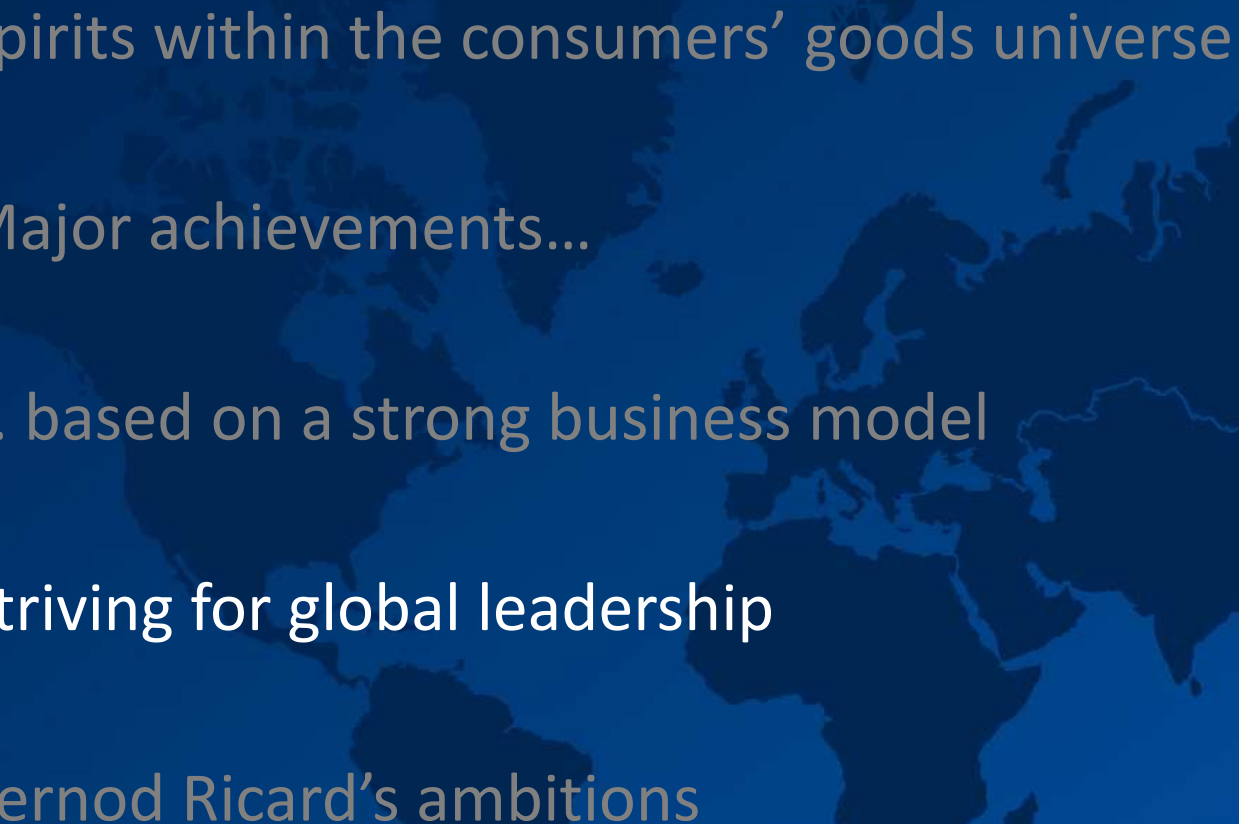
Social responsibility and ethical commitment since the Group's creation

Three priorities underpin Group policy



A commitment shared by all Group employees as demonstrated by the renewed success of the recent **Responsib'All Day**

A value-creative business model

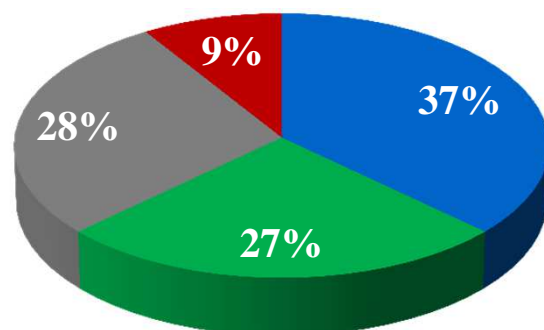
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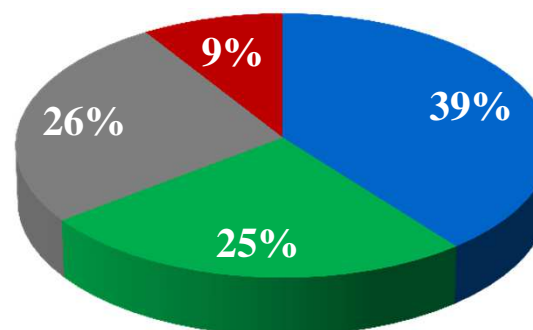
European roots, global reach

→ Truly global business, with an increasing share of Asia-RoW region

9 months 2010/11⁽¹⁾



9 months 2011/12⁽¹⁾



■ Asia-RoW ■ America ■ Europe (excl. France) ■ France

Net Sales in the Euro zone:
<25%⁽⁴⁾ of Group Net Sales

→ Recent weakening of the EUR vs. USD has a positive impact on Pernod Ricard's P&L

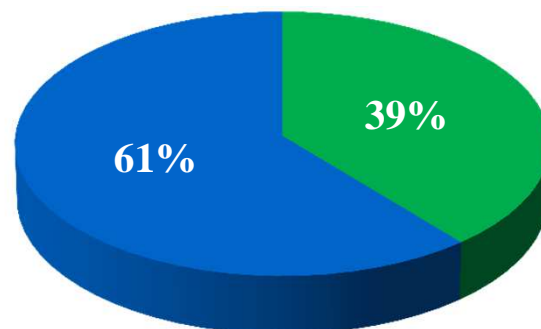
Estimated impact of a 1% appreciation of the USD and linked currencies⁽²⁾⁽³⁾

- € +13 million on pre-tax profit from recurring operations (average annual exchange rate 1.38 during FY 2011/12)
- € +53 million on net debt (closing exchange rate 1.29 at 31 Dec. 2011)

Emerging Markets are already as profitable as Mature Markets

HY1 11/12

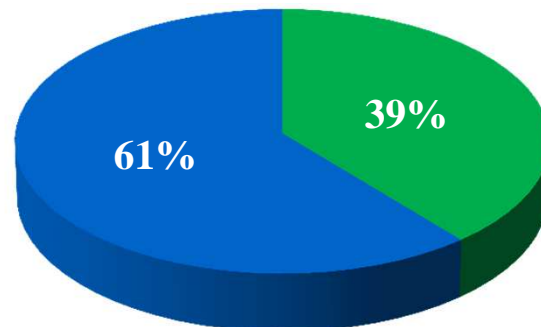
Sales



**Organic growth
in Emerging Markets**

+18%

**Profit from
Recurring
Operations**



■ Emerging Markets ■ Mature Markets

+22%


Emerging markets: 77%
of the Group's organic
sales growth⁽¹⁾

Emerging Markets continue to deliver fast and profitable growth

Ambition to seize all regional opportunities to deliver strong global growth

→ Asia: Leverage Pernod Ricard's position to strengthen its leadership

- Deliver superior profitable growth by expanding dominance in the core business (Super Premium+ for affluent consumers & Indian whiskies)
- Seize a major profit opportunity by making inroads into luxury (Prestige+ for HNWI)
- Prepare for new opportunities (new Emerging Markets, Modern On-Trade & meal occasions)

→ Americas: Gain market share

- Invest to bridge the gap with our main competitor

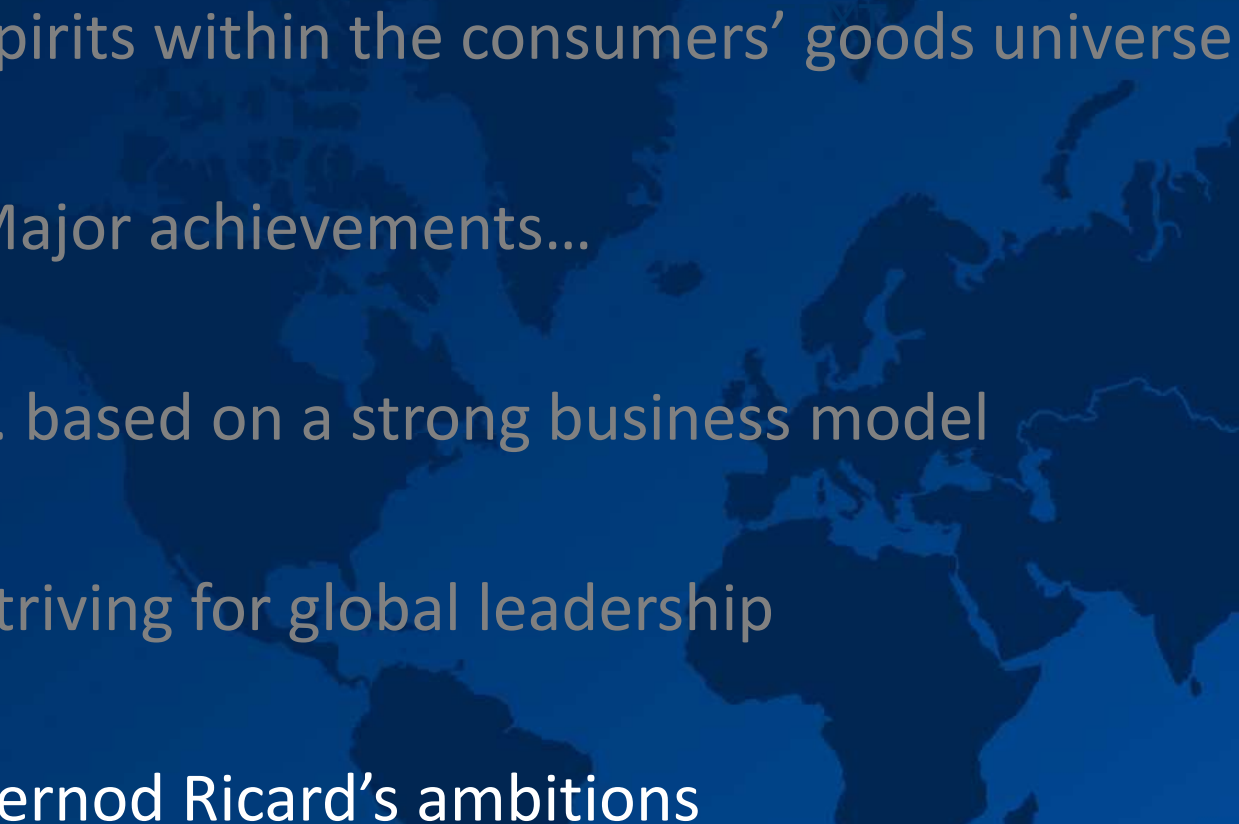
→ Europe: Act smart in a bi-polarised region

- Gain market share and defend our profit pools in Western Europe
- Capitalize on our strong foothold in Eastern Europe to reinforce our leadership in fastest growing and most profitable European markets

→ Sub-Saharan Africa: Seed for long term growth

- Rapidly expand footprint to accelerate growth momentum in a promising region

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PRO⁽¹⁾

**Organic growth in
profit from recurring
operations close to +8%**

Financial debt

**Net Debt⁽²⁾ / EBITDA⁽²⁾
close to 3.9
at 30 June 2012**

A leadership ambition

- ➔ Outgrow the industry thanks to the continued Premiumization strategy, enhanced by further efforts towards innovation

- ➔ Lead value growth in key spirits categories:
 - **Cognac:** Grow Martell value in the mid-teens, in particular leveraging further the unique price/mix opportunity offered by its leadership position in the largest market worldwide (China).
 - **Scotch Whisky:** beat category value growth, and achieve high-single to double-digit value growth
 - **Vodka:** Grow Absolut value in mid-single digits thanks to (i) renewed growth in the US and (ii) the continuation of its strong momentum in the rest of the world



Pernod Ricard

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