Pernod Ricard

Créateurs de convivialité

2017/18 FULL-YEAR
SALES AND RESULTS

29 August 2018

Contents

All growth data specified in this presentation refers to organic growth, unless otherwise stated.
Data may be subject to rounding.

This presentation can be downloaded from our website: www.pernod-ricard.com
Audit procedures have been carried out on the full-year financial statements. The Statutory Auditors' report will be issued following their review of the management report.

Executive summary

Very strong year

+6.0%
Organic Sales

+6.3%
Organic PRO

+13%[1]
Net profit

Clear Sales acceleration: +6.0% vs. +3.6% in FY17, thanks to consistent strategy implementation:

- **strong diversified growth**, with all regions and key brands performing well
- **improving price / mix**

Very strong financial delivery

- **Profit from Recurring Operations (PRO): +6.3%,** in line with revised annual guidance
- **PRO margin improvement: +14bps**, while increasing investment behind must-win brands/markets to drive future growth
- FX mainly impacted by **USD**, as expected, with **-€180m impact on PRO but €91m favourable impact on Net Debt**
- **Net Profit[1]: +13%** thanks in particular to reduction in financial expenses
- **very strong Free Cash Flow** (+10%) leading to **Net debt decrease of c. €0.9bn** to €7.0bn and **Net debt / EBITDA at 2.6x[2]**

Proposed dividend increased to 41% payout (2.36€/share)[3], in line with new policy of gradually increasing payout to c. 50% by FY20[4]

1 Reported Group share
2 Based on average EUR/USD rates: 1.19 in FY18 vs. 1.09 in FY17
3 Subject to vote at Annual General Meeting on 21 November 2018
4 Decision to increase payout from 1/3 to c. 50% of Net Profit from recurring operations announced on 19 April 2018

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+13%[1]

Net profit

€1,433m

Free Cash Flow

Key figures

	FY18	FY18 vs. FY17
Sales	**€ 8,987m**	**+6.0%** reported: -0.3%
Mature markets	€ 5,363m	+2%
Emerging markets	€ 3,624m	+13%
PRO	**€ 2,358m**	**+6.3%** reported: -1.5%
PRO / Sales	**26.2%**	+14bps reported: -34bps
Net Profit from Recurring Operations[1]	**€ 1,511m**	reported **+2%**
Net Profit[1]	**€ 1,577m**	reported **+13%**
Free Cash Flow	**€ 1,433m**	reported **+10%**

1 Reported Group share

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Very strong Sales, with broad-based growth

+6.0%

Organic Sales

-0.3%

Reported Sales

Diversification of sources of growth, from a wide spectrum of markets…

- **continued dynamism in Americas: +6%, with USA now growing broadly in line with market** and acceleration in Mexico and Brazil
- **acceleration in Asia-Rest of World: +9%,** thanks to return to strong growth in China and India
- **modest growth in Europe: +2%,** with good momentum in Eastern Europe, Germany and UK but difficulties in France and Spain
- **Travel Retail in good growth**, across all regions, thanks in part to new organisation, leading to value market share gains

… and brands:

- **Strategic International Brands' acceleration**: +7% vs. +4% in FY17
- 11 out of 13 Strategic International Brands in growth and 6 improving vs. FY17
- very strong performance of **Martell (+14%)** and **Jameson (+14%)**
- **improving trends for overall Scotch portfolio** (+3% vs. stable in FY17) and return to growth of **Chivas (+5%)**
- **Absolut +2%**, thanks to success outside USA (+6%) although USA still in decline
- significant improvement of **Seagram's Indian whiskies +13%** vs. +3% in FY17
- **Innovation contributing** significantly to topline growth

Sales analysis

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+6.0%

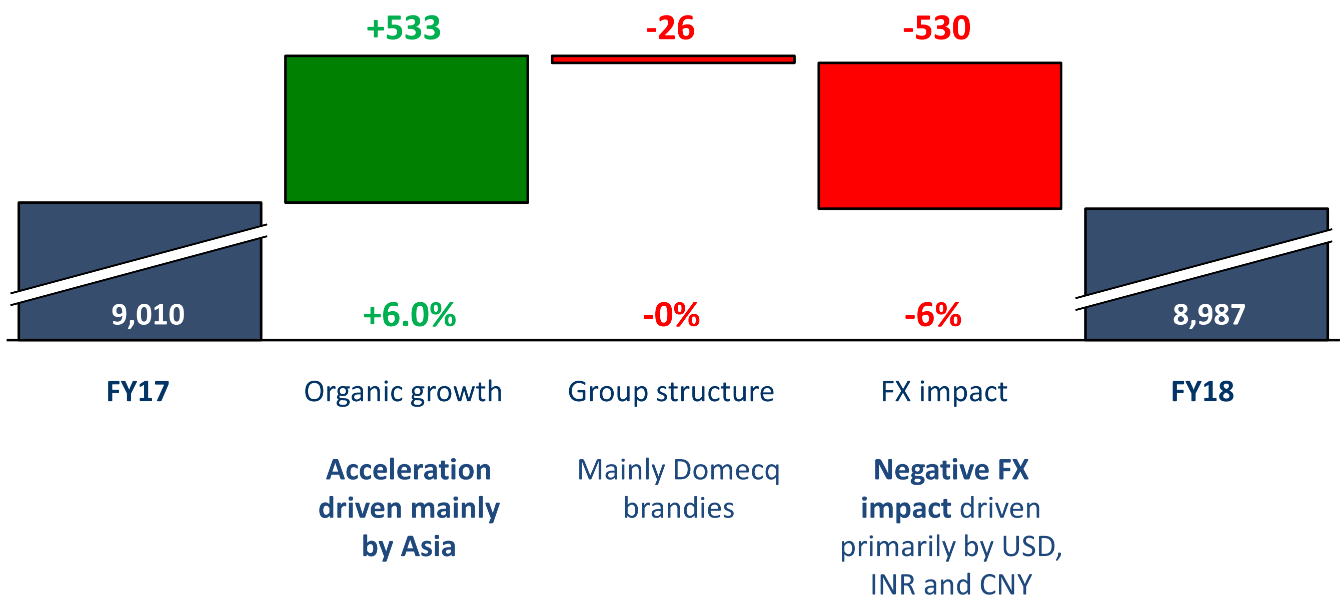
Organic Sales

-0.3%

Reported Sales

Sales growth vs. FY17

Full year (€ millions)



Q4

- **Sales +5%,** broadly consistent with 9-month underlying trends

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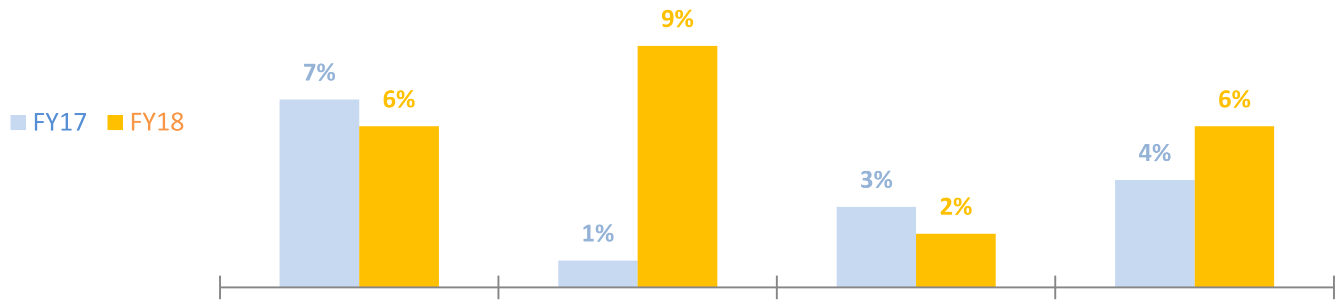
+6.0%

Sales

All Regions growing

Organic Sales growth by Region

Americas	Asia-RoW	Europe	World



Americas	Asia-RoW	Europe	World
Continued dynamism in the USA and acceleration in Travel Retail, Mexico and Brazil	Acceleration driven by return to strong growth in China, India and Travel Retail	Modest growth, with continued dynamism in Eastern Europe, Germany and UK but difficulties in France and Spain	**Very strong performance**

% of Sales

Americas

Continued dynamism: +6%

Americas

USA: continued dynamism, with growth now broadly in line with market

Market: growth stabilising at c. +4%[1]

- **Spirits continuing to gain share** in alcoholic beverages
- **continued premiumisation**, driven entirely by mix
- Tequila, Whisky and Innovation driving market

Pernod Ricard USA

- **continued strong performance: +4%,** now growing broadly in line with market[1]

Nielsen[2] / NABCA[3] *Annual Value*	Jameson	Absolut	Malibu	The Glenlivet	Martell	Altos
	+11% / +14%	-5% / -3%	*stable* / +4%	+3% / -2%	+55% / -30%	+24% / +37%

Consistent brand portfolio strategy

- **Jameson:** continued very strong double-digit growth (now c.3.5m cases) enhanced by Jameson Caskmates. Successful launch of Jameson Caskmates IPA.
- **Absolut:** still in decline in very difficult category; Lime #2 Absolut flavour[2], strengthening leadership in Citrus
- **Malibu:** good growth, outperforming its category
- **The Glenlivet:** stable after transition year
- **Martell:** very strong growth with price increase and market share gains[2], in particular thanks to successful launch of Martell Blue Swift and Martell VS Single Distillery
- **Avion, Altos and Del Maguey**: very strong dynamism
- **Campo Viejo:** developing very fast

+4%

Sales in USA

1. *Internal estimate*
2. *Nielsen XAOC + liquor Plus 12 months to August 11th, 2018*
3. *NABCA 12 months to June 2018*

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+10%

Sales in Americas excl. USA

Americas
Other markets

Travel Retail Americas: +9%

- **acceleration** driven by Strategic International Brands, in particular **Chivas**, with strong activations despite the negative impact of hurricane

Canada: stable

- good performance of Jameson and Wine (in particular Jacob's Creek), offset by Absolut and local brands

Mexico

- **double-digit increase of Strategic International Brands**, with strong pricing, thanks to strategic refocus following disposal of local brands

Brazil

- **return to growth** in improving context, driven by Strategic International Brands and Passport

Cuba

- **continued strong dynamism** driven by tourism

Asia-Rest of World

Strong acceleration: +9%

+9%

Sales in Asia-RoW

Asia-Rest of World
Strong acceleration

China: +17% vs. +2% in FY17

- **significant acceleration**, confirming return to strong growth
- **Martell: +17%** with growth across whole range and volume market share of Cognac maintained at 44%[1]
- **Chivas return to growth** following first-year activation of NBA platform, increased promotional support for Chivas 12 and introduction of Chivas 12 Extra
- **Premium brands growing strong double-digits** following first full year of new sales and marketing organisation. Particularly strong performance from e-commerce and Absolut with Absolut Nights

India: +14% vs. +1% in FY17

- **strong performance across portfolio,** enhanced by favourable basis of comparison (demonetisation and highway ban in FY17), in improving environment
- **market leadership maintained**, with over 45% value market share[2]

1. *IWSR 2017*
2. *IWSR 2017 Bottled in India Premium+ Western Style Spirits whiskies (>5 € average price)*

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Asia-Rest of World
Strong acceleration

+9%

Sales in Asia-RoW

Travel Retail Asia: +8%

- **growth acceleration vs. FY17,** driven by Strategic International Brands, in particular **Martell**

Japan

- **continued strong growth** driven by Strategic International Brands, notably **Perrier-Jouët, Ballantine's and Chivas**
- very favourable price/mix

Korea: -5%

- **still in decline** but trends improving
- Imperial still difficult though innovation helping consumer recruitment
- Strategic International Brands back to growth

Africa and Middle East

- **dynamic growth**
- **Strategic International Brands driving performance**, in particular Chivas, Jameson and Ballantine's

Australia

- **slight growth,** with Strategic International Brands accelerating but decline in Wines

Taiwan market

- market difficulties
- decline driven principally by the **Scotch portfolio** (Ballantine's, Chivas and The Glenlivet)

Europe

Modest growth: +2%

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Stable

Sales in Western Europe

Europe

Western Europe: stable

France: -4%

- **market remaining challenging**, with tough pricing environment
- decline of Ricard, Pastis 51 and whiskies, in difficult categories
- **good performance of growth relays** (Absolut, Havana Club)

Spain: -5%

- **decline** due to market slowdown[1], amplified by destocking, further impacted by Catalonia political situation
- **Whisky category in decline**[1], putting pressure on Ballantine's, but Chivas and Jameson in growth
- **Beefeater Pink launched** in March 2018 - expected to improve Gin performance in FY19

UK: +6%

- **dynamic, driven by Strategic International Brands**, in particular Absolut, Jameson and Beefeater
- Wine portfolio continuing premiumisation led by Campo Viejo
- **good pricing** across both Wines and Spirits

Germany

- **continued good performance**, driven by Lillet, as well as Jameson, Chivas and Havana Club
- positive pricing
- very successful development of Monkey 47

Ireland

- **dynamic**, thanks to Strategic International Brands (in particular Jameson) and development of Prestige Irish Whiskey

Travel Retail Europe

- **return to growth**, driven by Ballantine's, Jameson and Chivas

1. *Latest Nielsen 52 weeks value available at August 2018*

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+10%

Sales in Eastern Europe

Europe

Eastern Europe: continued dynamism

Russia

- **continued double digit growth**
- **driven by Ararat, Olmeca and Strategic International Brands,** in particular Scotch portfolio, Jameson, Absolut and Havana Club

Poland

- **good performance** across the portfolio, especially Ballantine's
- positive mix

Sales analysis

by brand

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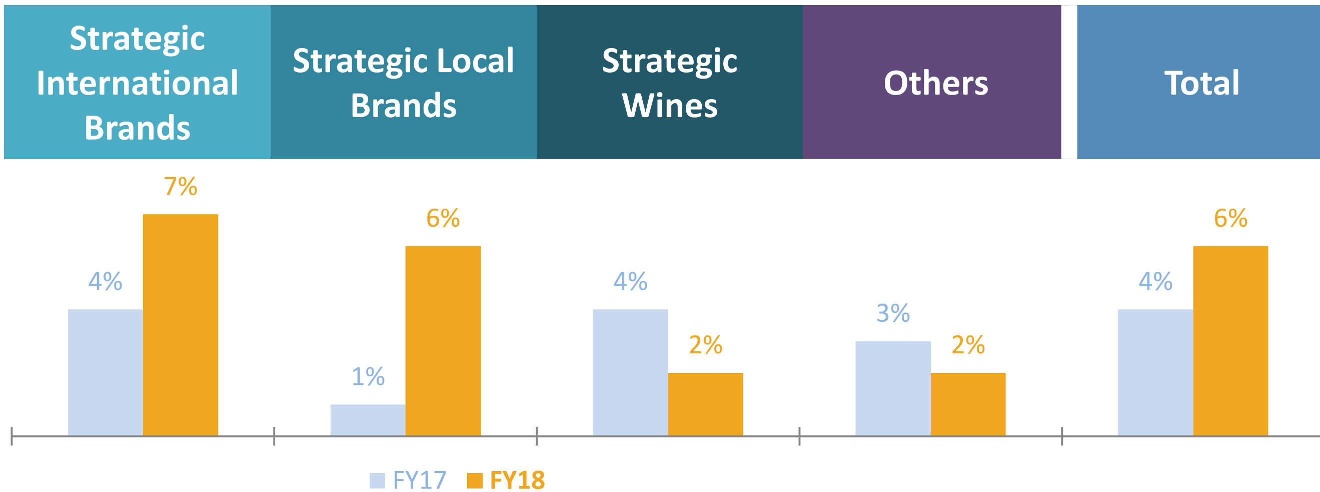
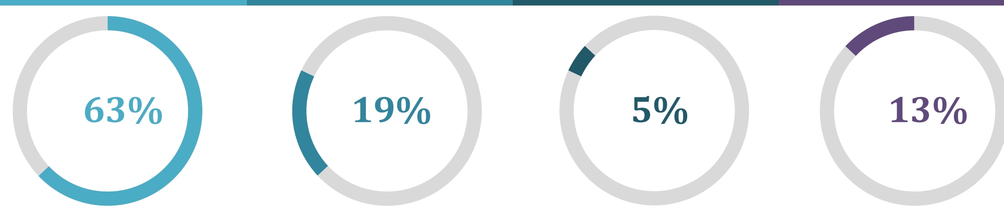
+6.0%

Sales

Acceleration driven by Strategic International Brands and Seagram's Indian whiskies



Strategic International Brands	Strategic Local Brands	Strategic Wines	Others	Total
Growth acceleration of Martell, continued double-digit growth of Jameson and return to growth of Chivas	Acceleration driven by return to strong growth of Seagram's Indian Whiskies; good momentum on Olmeca/Altos	Strong performance of Campo Viejo but slowdown on Jacob's Creek and Brancott Estate	Performance driven by fast-growing premium brands, in particular Monkey 47 and Lillet	**Very strong performance**



% of Sales

Innovation: delivering +2% incremental Group topline growth

Price / mix: + 2.3%

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+7%

Strategic International Brands' Sales

Strategic International Brands

Successful internationalisation strategy of Jameson, Martell and Absolut

Jameson: +14%, continued double-digit performance

- **USA:** +14%, with Jameson Caskmates +87%
- **Europe:** double-digit growth, with strong performance in Russia, Ukraine, UK, Ireland, Germany and Poland
- **Africa Middle East**: double-digit growth, driven by Southern Africa

Martell: +14%, acceleration in FY18

- **China:** +17%, back to strong growth with volume market share[1] maintained at 44%.
- **good growth outside China** driven mainly by Travel Retail and USA
- FY19 to be impacted by FY18 price increases (in particular in China) which will be partly offset by significant cost of goods increase, due to using *eaux-de-vie* purchased at higher market prices

Absolut: +2%, confirmed return to growth

- **outside USA (>50% of Sales): +6%,** driven by **China, India, Latin America and Europe**
- **USA**: still in decline (-4%) in a difficult Vodka category

1. IWSR 2017

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+7%

Strategic International Brands' Sales

Strategic International Brands

Scotch and other brands in good overall growth

Scotch whiskies: improving trends +5%

- **Chivas: +5%,** rebound in China following new NBA platform and launch of Chivas 12 Extra. Strong performance in India, Eastern Europe and Latin America
- **The Glenlivet: +5%,** growth acceleration following transition year, with strong performance in Asia and Eastern Europe and improving trends in Western Europe
- **Ballantine's: +5%,** performance improvement driven by Asia, Eastern Europe and Africa Middle East

Other brands

- **Ricard: -6%,** in struggling category. Launch of Ricard Plantes Fraîches to inject newness
- **Beefeater: +4%,** good performance in UK and Latin America offset by decline in Spain
- **Havana Club: +6%**, continuation of good growth thanks mainly to Cuba
- **Malibu: +6%,** thanks to USA and successful summer activations
- **Mumm: +1%,** stronger performance in Australia, Americas and Asia offset primarily by weaker UK (value-orientated strategy)
- **Perrier-Jouët: +6%,** strong performance with Japan and China both in double-digit growth

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+6%

Strategic Local Brands' Sales

Strategic Local Brands

Acceleration driven by Seagram's Indian whiskies

Return to strong growth of Seagram's Indian Whiskies: +13% vs. +3% FY17

- favoured by basis of comparison (demonetisation and highway ban in FY17)

Improving trends but continued decline of Imperial (Korea)

- Innovation helping recruit new consumers

Continued dynamism of Olmeca/Altos

- thanks to USA, Russia, China, Sub-Saharan Africa and Turkey

Kahlua in modest growth

- mainly driven by China and Travel Retail Americas

Strategic Wines

Clear value strategy

+2%

Strategic Wines' Sales

Positive pricing resulting from clear value strategy

Growth driven by Campo Viejo (+16%), in particular in USA and UK

Brancott Estate in decline (-5%), due to very competitive environment

Deceleration of Jacob's Creek, driven by implementation of value strategy in UK

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+2%

Incremental Group Sales growth from Innovation

Innovation and Luxury

Innovation and Luxury delivering significant incremental Group top line growth

Innovation

- **Continued strong momentum behind Big Bets** (in particular Jameson Caskmates, Chivas Extra, Martell Blue Swift, Olmeca/Altos, Avion, Lillet (outside France) and Jacob's Creek Double Barrel)
- **Monkey 47** in strong development: +50%
- **Avion, Olmeca/Altos and Del Maguey** in strong growth
- **Premiumising impact** of innovation on overall portfolio: Sales/case significantly above Group average

Luxury

- Le Cercle portfolio: +10%

Marketing, innovation and S&R

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CONSUMER CENTRIC

ABSOLUT

Absolut x Stonewall donation buses

Following on from the disruptive #KissWithPride Summer 2017 campaign, Absolut UK has partnered up with #Stonewall again to launch the UK's first donation buses - passengers can use their smartphones to tap to donate (via NFC chips applied to every seat back) to raise vital funds for Stonewall to continue their critical work in fighting for acceptance without exception in the UK and around the world.

HAVANA CLUB

'Cuba Made Me' new global communication strategy aligns the brand with Havana's raw street culture

The campaign is designed to attract a new breed of young adult urban rum drinkers across Europe.
The campaign distances itself from the tourism clichés of beaches, vintage cars and salsa and instead focuses on the young Cubans uniquely shaped by Havana, its culture and its streets.

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CONSUMER CENTRIC

JAMESON

Jameson "Love Thy Neighborhood"

Jameson is proud to celebrate the neighborhoods of the U.S. and invite fans to "Love Thy Neighborhood" with the brand at these block parties, whilst also supporting Keep America Beautiful. The block parties feature great food and drinks along with live music from Jameson Music's artists and craft brewers from Jameson's established Drinking Buddies program.

MALIBU

Let the summer win you with the new Malibu Games

The Malibu Games are a new competition. Their goal: to release the pleasure of summer living and encourage people "to challenge themselves to let summer take flight."

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SUSTAINABILITY AND RESPONSIBILITY

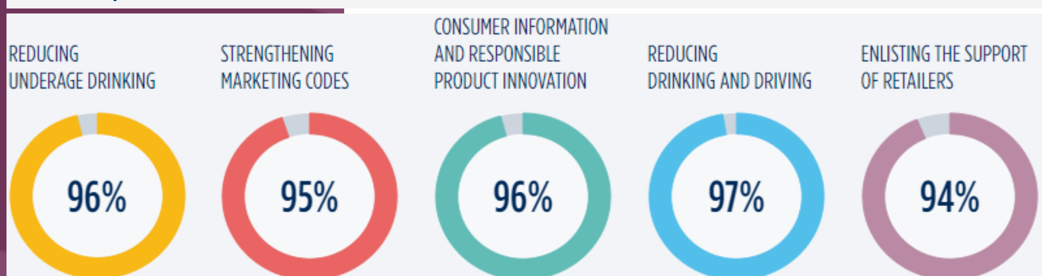
DEVELOP OUR COMMUNITIES

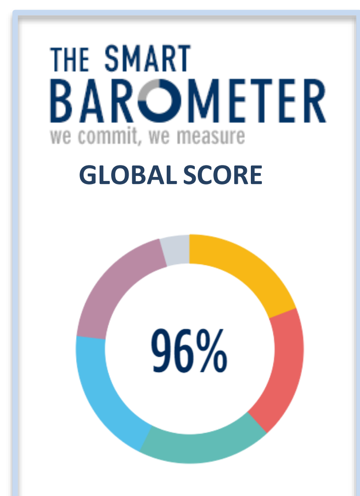
Kahlúa will source 100% of its coffee from sustainable communities within 4 years' time

In 2016, Kahlúa launched Coffee for Change to make coffee farming more fair and sustainable in Veracruz, Mexico. The work that has been done for more sustainable development and improved livelihood of coffee farmers in Ocotempa is now being replicated across four new communities: Atempa, Coxititla, Oxotitla and Popocatepec. This will turn things around for the better for more than 550 families and their land.

RESPONSIBLE DRINKING

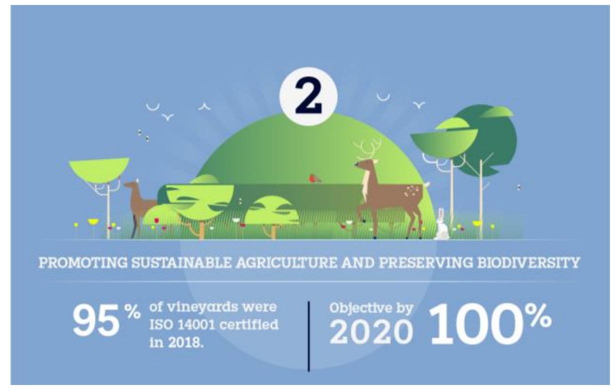
In July, Pernod Ricard exceeded its objective of 95%.
The Group created a dedicated tool to measure its contribution to the Industry 5 Commitments to tackle the harmful use of alcohol.

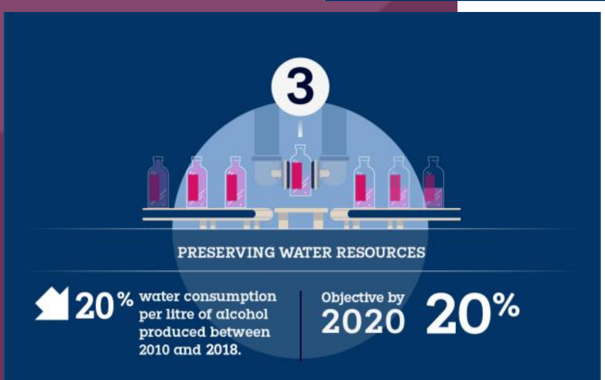


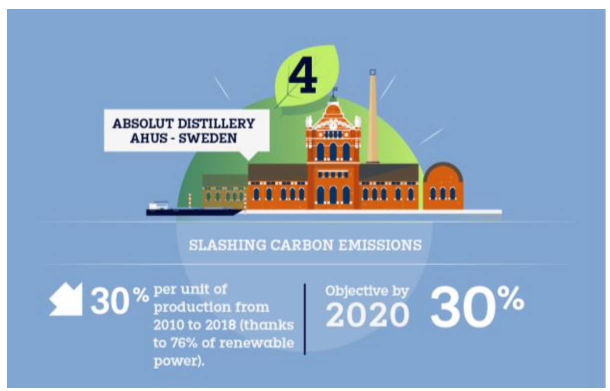


SUSTAINABILITY AND RESPONSIBILITY

PROTECT THE PLANET







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ROUTE TO MARKET

ABSOLUT

Absolut Home - the Åhus Villa - has been inaugurated

Absolut now has a home to invite guests to learn more about Absolut's "One Source, One Community" philosophy and show the world Absolut has nothing to hide. Absolut Home opened to the public on August 13th.

MUMM

Melbourne Cup Carnival Birdcage

Mumm disclosed a new first for the Birdcage at Flemington - a cruising motor yacht that takes pride of place in the heart of the Houses two storey Yacht Club themed marquee. The installation was revealed by internationally successful Australian model and Mumm Ambassador, Shanina Shaik, who assisted in christening the vessel with a bottle of Mumm champagne.

PREMIUMISATION AND LUXURY

THE GLENLIVET

The Glenlivet Code - a new and particularly mysterious Scotch Whisky

The Glenlivet Code is a new limited edition with no information on barrel maturation or the flavours of the precious nectar. Connoisseurs and amateurs embark on a voyage of discovery during which they will try to unravel the secrets of this unique taste.

ROYAL SALUTE

Royal Salute unveils Royal Wedding expression

The Duke of Argyll and Chivas Brothers unveiled the Royal Salute Royal Wedding Edition for the wedding of Prince Harry and Meghan Markle.

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INNOVATION

CHIVAS REGAL

Chivas XV - a 15-Year-Old blend - brings Scotch to the celebration occasion

Selectively finished in Grande Champagne Cognac casks, Chivas XV is a disruptive new addition to the Scotch category shaking up the Scotch whisky category

BEEFEATER

Beefeater Pink

Flavoured with strawberry, Beefeater Pink offers new gin lovers a tasty, aesthetic and unique alternative. As stencilled, its transparent bottle announces the colour in a graffiti spirit and evokes the duality tradition-modernity that characterises the cradle of the brand. The launch included strawberry-scented posters installed in one of London's busiest tube stops, Oxford Circus.

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INNOVATION

HAVANA CLUB

Havana Club Connected Glass

Launched on July 10 at the Plaza Havana Club in Paris, the ephemeral meeting spot of Havana Club for the summer. The glass is equipped with an NFC chip that allows the consumer to transmit the order to the bartender. The consumer only needs to wait to be served at the table or to receive a notification to pick-up the cocktail when ready at the bar. At home, the same technology gives the user access to the "Cocktail Club" web app to find ideas for cocktails, recipes, shopping list based on their inputs, such as the ingredients the user already has at home and the number of guests.

MARTELL

Martell Blue Swift – Redefining the standards

Over 230 years since shipping the first Cognac barrels from France to the United States, this newest product innovation was inspired by Martell's rich and storied history with America. This first Martell VSOP finished in Kentucky Bourbon casks, offers an unsuspected tasting experience with aromas of candied fruit and plum complemented by the sweetness of vanilla. Martell Blue Swift celebrates the House's historical ties to the U.S., with a product inspired by what might happen when Cognac meets Bourbon.

Profit from Recurring Operations

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+6.3%

PRO

Summary income statement

€ millions	FY17	FY18	reported Δ	organic Δ
Sales	9,010	**8,987**	-0.3%	+6.0%
Gross margin after logistics costs (GM)	5,602	**5,604**	stable	+6%
GM / Sales	*62.2%*	***62.4%***		*+15bps*
Advertising & prom. expenditure (A&P)	(1,691)	**(1,720)**	+2%	+7%
A&P / Sales	*18.8%*	***19.1%***		*+21bps*
Contribution after A&P expenditure (CAAP)	3,912	**3,884**	-1%	+6%
CAAP / Sales	*43.4%*	***43.2%***		*-7bps*
Profit from Recurring Operations (PRO)	2,394	**2,358**	-1.5%	+6.3%
PRO / Sales	*26.6%*	***26.2%***		*+14bps*

- **Good progress of Operational excellence FY16-20 roadmap:**
  - c. 2/3 of P&L and cash savings now delivered
  - €60m favourable P&L impact (mainly from Cost of Goods Sold and A&P) in FY18 of which half reinvested into A&P

- **PRO margin: +14bps** driven by Gross margin improvement and Structure cost discipline
- **PRO +6.3% but Reported profit down due to FX**

- **IFRS 15** to be implemented from FY19 (cf Appendix)

Gross margin after logistics costs

62.4%

Gross margin

€ millions	FY17	FY18	organic Δ
GM	5,602	**5,604**	+6%
GM / Sales	*62.2%*	***62.4%***	*+15bps*

Gross margin ratio up +15bps

- **Operational excellence savings limiting impact of cost of goods' increases** (in particular Agave cost and GST in India)
  - FY19 Gross margin to be impacted by increasing input costs (commodities, Cognac and Agave)
- strong growth from Martell and Jameson but **negative mix** from growth in Seagram's Indian Whiskies and decline of Ricard
- **pricing** improving

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19.1%

A&P ratio

Advertising & promotion expenditure

€ millions	FY17	FY18	organic Δ
A&P	(1,691)	**(1,720)**	+7%
A&P / Sales	*18.8%*	***19.1%***	*+21bps*

A&P +7% to prepare future growth

- support for **key innovation projects**
- **internationalisation of Martell**
- support of **new Chivas platform in China**
- Operational excellence savings reinvested

A&P / Sales ratio broadly stable at approximately 19%

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-20bps

Structure cost ratio

Structure costs

€ millions	FY17	FY18	organic Δ
Structure costs[1]	(1,517)	**(1,526)**	+5%
Structure / Sales	*16.8%*	***17.0%***	*-20bps*

Structure costs excl. Other income and expenses: +4%

- **strong discipline** leading to increase below that of top line
- **targeted investment in Emerging markets and growth relays** to drive future growth

1 Structure costs = Selling expenses + General expenses + Other income and expenses from recurring operations

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Change in PRO

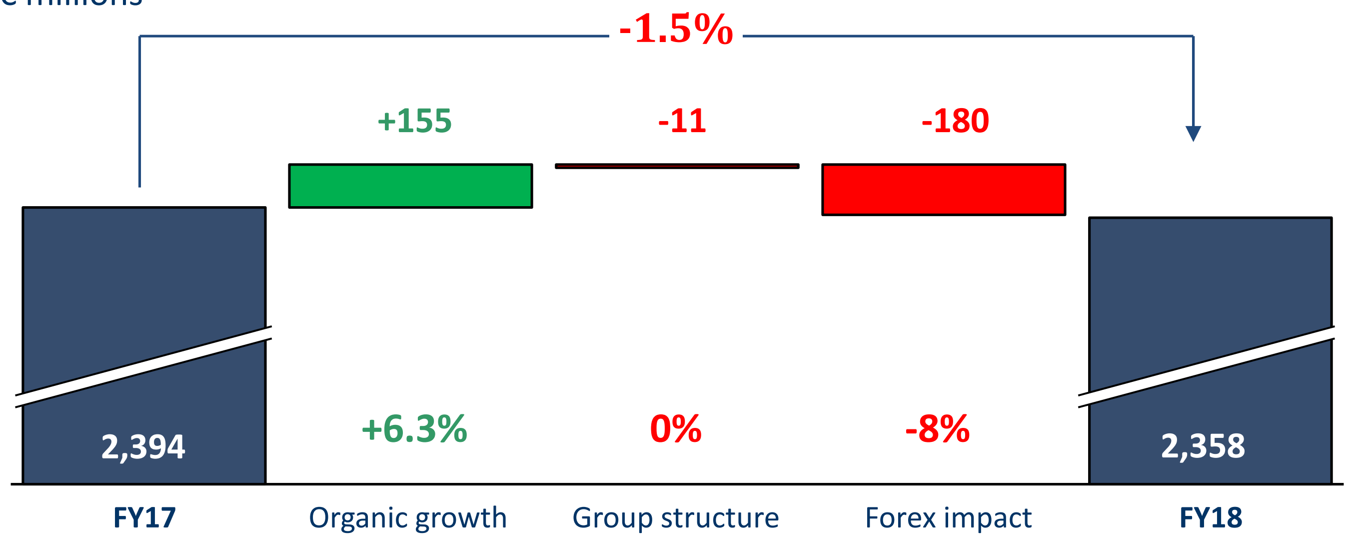
+6.3%

Organic PRO

-1.5%

Reported PRO

€ millions



PRO growth in line with revised annual guidance of c. +6%

Mainly Domecq brandies

Negative FX primarily due to weaker USD but also weaker CNY, INR and JPY

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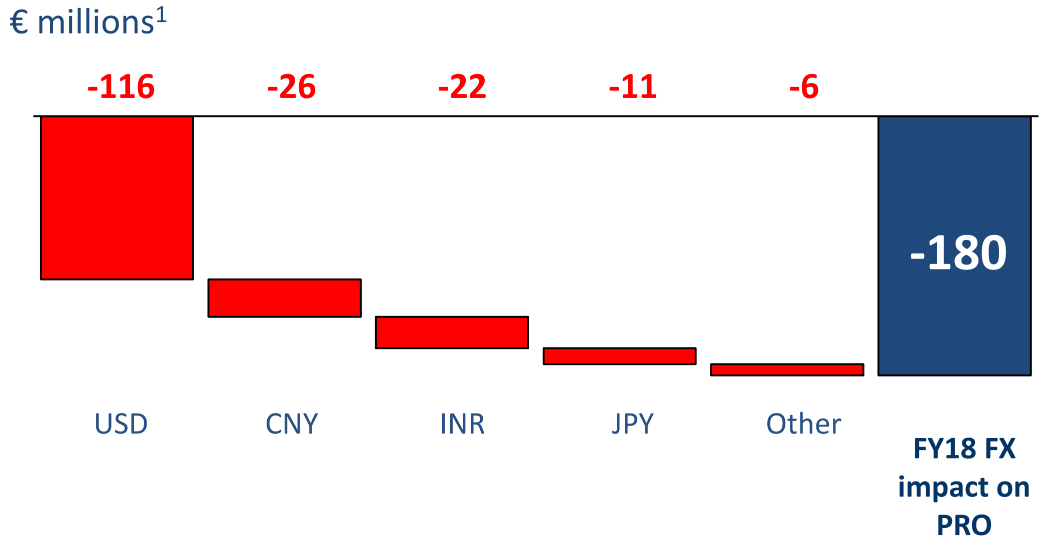
-€180m

Negative FX impact on PRO in FY18

Change in PRO – FX impact

For full-year FY18, -€180m FX impact on PRO primarily due to weaker USD



Lower FX impact than Q3 estimate of -€200m mainly due to strengthening of USD during Q4

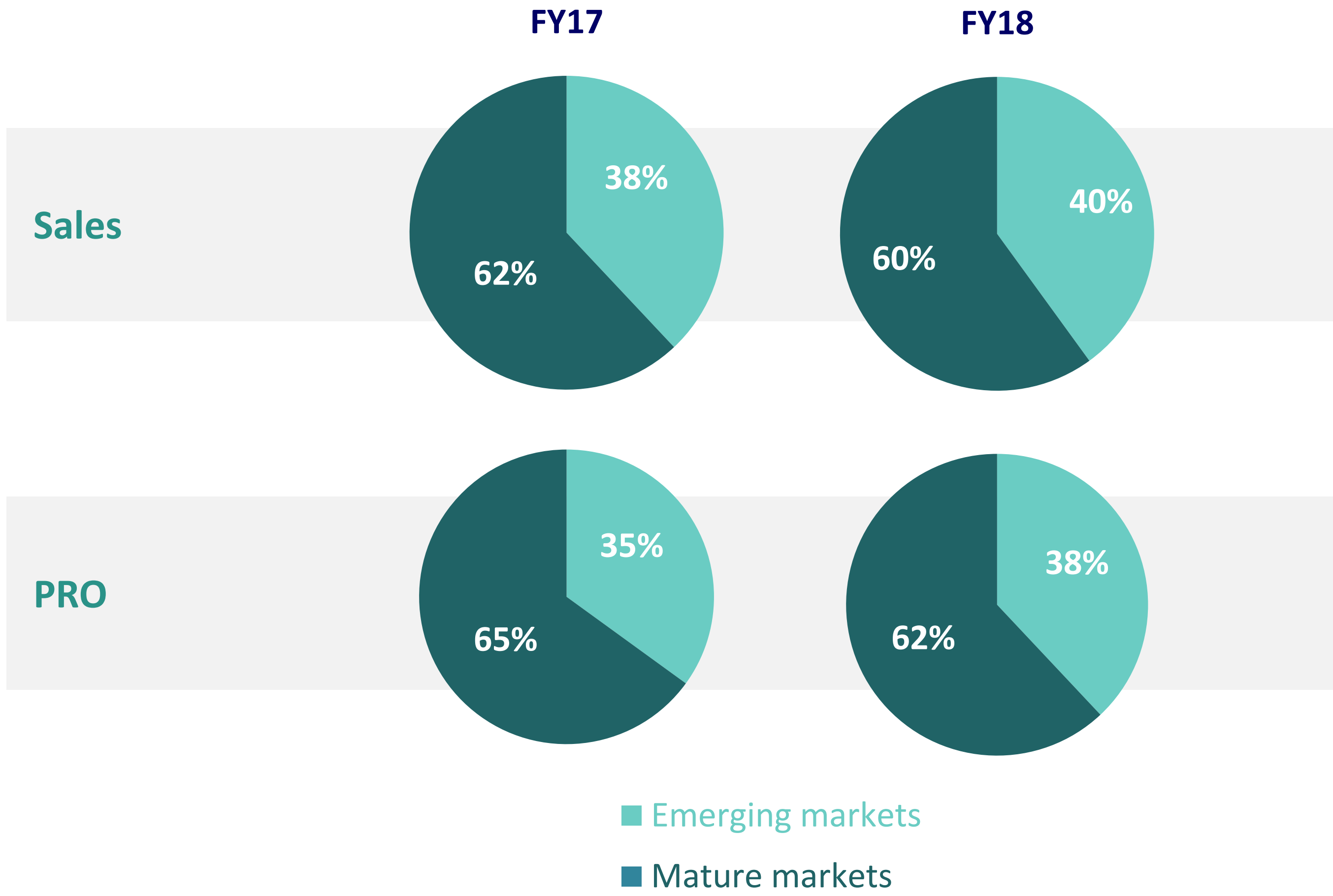
1 Includes impact of strategic hedging on Forex

PRO

Analysis by region

Healthy geographical balance

Analysis by market type



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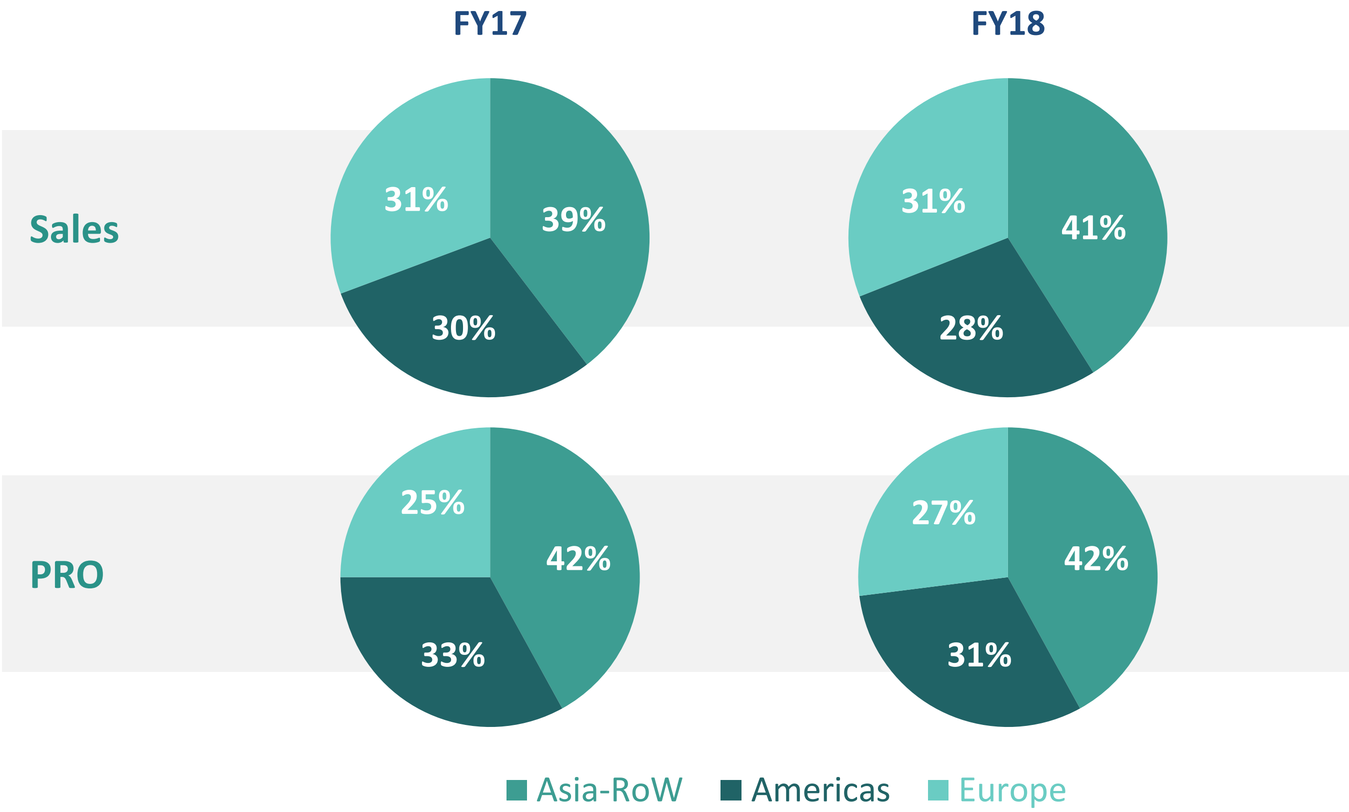
Healthy geographical balance

Analysis by region



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+7%

Americas

PRO

Americas
Good performance driven by top line growth

€ millions	FY17	FY18	reported Δ	organic Δ
Sales	2,661	**2,546**	-4%	+6%
GM	1,790	**1,690**	-6%	+5%
GM / Sales	*67.3%*	***66.4%***		*-51bps*
A&P	(551)	**(533)**	-3%	+5%
A&P / Sales	*20.7%*	***20.9%***		*-15bps*
CAAP	1,239	**1,157**	-7%	+5%
CAAP / Sales	*46.6%*	***45.5%***		*-36bps*
PRO[1]	790	**735**	-7%	+7%
PRO / Sales	*29.7%*	***28.9%***		*+27bps*

- **strong Sales growth** driven by continued dynamism in USA and acceleration in Travel Retail, Brazil and Mexico
- **Gross margin rate down -51bps driven by USA,** due to increased Agave cost and lower weight of Absolut more than offsetting positive pricing and increasing weight of Jameson
- **A&P ratio broadly** stable reflecting continued investment to support core priorities
- **Structure cost increase below that of Sales,** thanks to strong discipline
- **Reported PRO -7%** due to unfavourable USD movement

1 Headquarters, Regional headquarters and Brand company costs allocated in proportion to CAAP

Pernod Ricard

+7%

Asia-RoW PRO

Asia-Rest of World

Growth acceleration driven by China, India and Travel Retail, supported by A&P

€ millions	FY17	FY18	reported Δ	organic Δ
Sales[1]	3,568	**3,648**	+2%	+9%
GM	2,102	**2,164**	+3%	+10%
GM / Sales	*58.9%*	***59.3%***		*+42bps*
A&P	(618)	**(662)**	+7%	+13%
A&P / Sales	*17.3%*	***18.1%***		*+67bps*
CAAP	1,484	**1,502**	+1%	+8%
CAAP / Sales	*41.6%*	***41.2%***		*-25bps*
PRO[2]	1,000	**996**	stable	+7%
PRO / Sales	*28.0%*	***27.3%***		*-44bps*

- **Sales growth +9%** driven by growth acceleration in China, India and Travel Retail
- **Gross margin improving +42bps** driven by acceleration of China, despite increasing weight of India
- **A&P increasing +67bps,** to support growth in China (Martell, Chivas 12 Extra and NBA platform) and India (innovation launches)
- Structure cost growth reflecting **targeted investment in growth relays**
- PRO margin decrease linked to increased investment to support strategic priorities
- **negative FX** due to weaker CNY, INR and JPY

1 Including customs duties
2 Headquarters, Regional headquarters and Brand company costs allocated in proportion to CAAP

Pernod Ricard

+4%

Europe

PRO

Europe
Good performance thanks to price/mix driving Gross margin improvement

€ millions	FY17	FY18	reported Δ	organic Δ
Sales	2,781	**2,792**	stable	2%
GM	1,710	**1,749**	+2%	+3%
GM / Sales	*61.5%*	***62.6%***		*+52bps*
A&P	(522)	**(525)**	+1%	+2%
A&P / Sales	*18.8%*	***18.8%***		*-1bps*
CAAP	1,188	**1,224**	+3%	+3%
CAAP / Sales	*42.7%*	***43.8%***		*+52bps*
PRO[1]	604	**626**	+4%	+4%
PRO / Sales	*21.7%*	***22.4%***		*+53bps*

- **Sales growth at +2%,** with dynamism in Eastern Europe, Germany and UK but difficulties in France and Spain
- **Gross margin ratio +52bps** driven by positive price/mix in UK, Russia and Germany offsetting erosion in France (lower weight of Anis and deflation)
- **tight management of** A&P and Structure costs, in line with Group strategy
- **PRO margin improvement: +53bps**

1 Headquarters, Regional headquarters and Brand company costs allocated in proportion to CAAP

Net profit

Pernod Ricard

+2%

EPS growth

Group share of Net Profit from Recurring Operations and EPS impacted by negative FX

€ millions	FY17	FY18	Reported Δ
Profit from Recurring Operations	2,394	2,358	-1.5%
Financial income (expense) from recurring operations	(376)	(301)	-20%
Income tax on recurring operations	(509)	(520)	+2%
Minority interests and other	(27)	(26)	
Group share of Net Profit from Recurring Operations	**1,483**	**1,511**	**+2%**
Number of shares used in diluted EPS calculation ('000)	265,478	265,543	
Diluted net earnings per share from recurring operations "EPS" (€/share)	**5.58**	**5.69**	**+2%**

- **significant reduction in Financial expense** from recurring operations: +€75m, thanks to lower average Gross debt in FY18 vs. FY17 and reduction in cost of debt from 3.8% to 3.5%
  - expected cost of debt of c. 3.9% in FY19
- **Tax rate on recurring items close to 25%**, as expected, in line with FY17
  - for FY19, expected rate of c. 26%
  - USA tax reform: no significant future impact expected on effective tax rate, as Federal tax rate decrease to 21% is offset by broadening of taxable basis and other technical impacts (as communicated in H1)

Non-recurring items

(€ millions)	FY17	FY18
Capital gains/losses and impairment	(86)	(44)
Restructuring and reorganisation costs	(57)	(38)
Other non-recurring income and expenses	(19)	20
Non-recurring operating income and expenses	**(163)**	**(62)**
Non-recurring financial items	**3**	**(1)**
Corporate income tax on non-recurring items	**71**	**129**

- **capital gain thanks** mainly to Glenallachie disposal**, offset by impairment** charge (chiefly Brancott Estate and Wyborowa)
- **€38m Restructuring/reorganisation costs** linked to numerous projects reflecting ongoing operational adaptation and efficiency
- **positive Other non-recurring operating income** driven by sale of bulk Scotch inventory as part of active asset management
- **significant non-recurring tax result** due mainly to:
  - France: reimbursement of 3% tax on FY13-17 dividends
  - USA: €55m positive net impact further to revaluation of deferred tax assets and liabilities at new corporate income tax rate

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Group share of Net profit

(€ millions)	FY17	FY18	Reported Δ
Profit from Recurring Operations	**2,394**	**2,358**	**-1.5%**
Non-recurring operating income and expenses	(163)	(62)	
Operating profit	**2,232**	**2,296**	**+3%**
Financial income (expense) from recurring operations	(376)	(301)	
Non-recurring financial items	3	(1)	
Corporate income tax	(438)	(392)	
Non-controlling interests and other	(27)	(26)	
Group share of Net profit	**1,393**	**1,577**	**+13%**

- **strong increase in Group share of Net profit, thanks in particular to significant reduction in financial expenses**

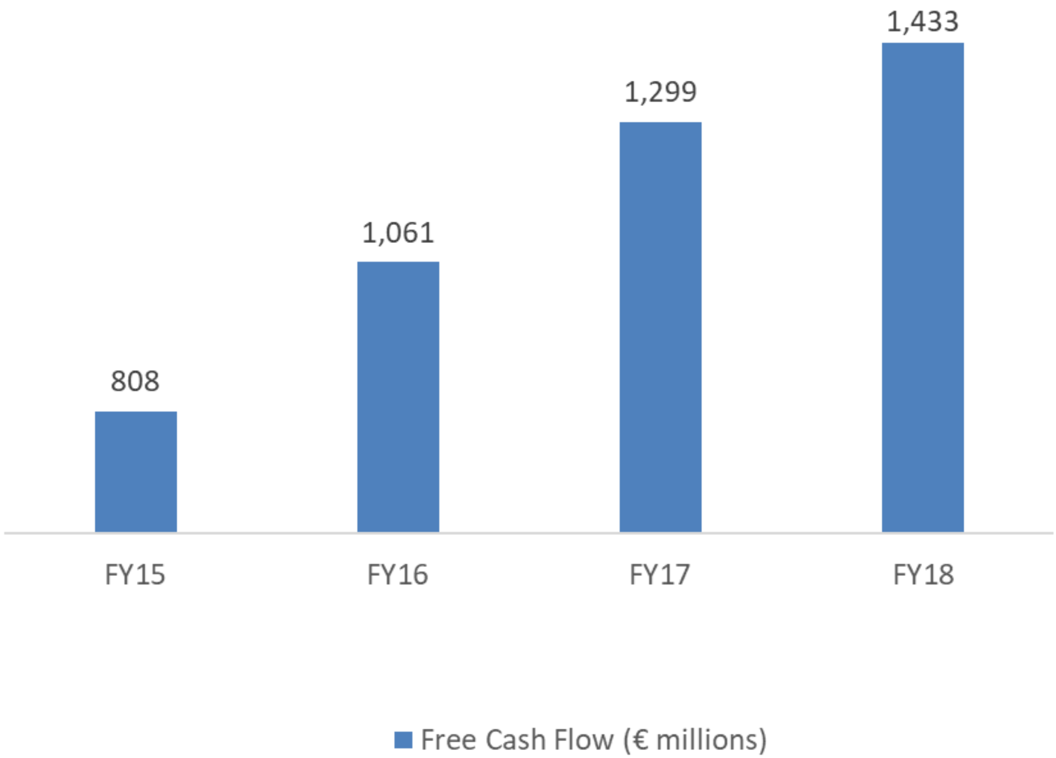
Cash flow

& Debt

Continued very strong increase in Free Cash Flow, reaching new historic high

+€134m

Free Cash Flow



Pernod Ricard

+€134m

Free Cash Flow

Continued very strong increase in Free Cash Flow

€ millions	FY17	FY18	reported Δ	% Δ
Profit from Recurring Operations	2,394	**2,358**	**(37)**	**-1.5%**
Amortisation, depreciation, provision movements and other	241	**242**	+1	
Self-financing capacity from recurring operations	**2,635**	**2,600**	**(35)**	**-1%**
Decrease/(increase) in strategic stocks[1]	*(168)*	***(178)***	*(10)*	
Decrease/(increase) in operating WCR	*103*	***38***	*(65)*	
Decrease/(increase) in recurring WCR	(65)	**(141)**	**(75)**	
Non-financial capital expenditure	(357)	**(362)**	(5)	
Financial income (expense) and taxes	(742)	**(676)**	+66	
Free Cash Flow from recurring operations (Recurring FCF)	**1,471**	**1,422**	**(49)**	**-3%**
Non-recurring items	(172)	**11**	+183	
Free Cash Flow (FCF)	**1,299**	**1,433**	**+134**	**+10%**

(1) Ageing stocks and wine inventories

Free Cash Flow at €1,433m with 89% conversion of PRO into cash[1]

+€134m

Free Cash Flow

- **+6.3% PRO growth but -1.5% reported profit** due to -€180m FX impact
- **slight overall increase in strategic inventory build: -€10m, driven mainly by higher cash-out to support Cognac dynamism**
- **+€38m positive variance on Operating Working Capital,** despite business growth (+6%), thanks to operational excellence programme
- **Capex/Sales ratio remaining almost stable at 4.0%**
- **continuation of financial expense decrease** thanks to lower average Gross debt and reduction in cost of debt
- **positive non-recurring FCF** thanks to one-off sale of bulk Scotch inventory as part of active asset management and reimbursement of French 3% tax on FY13-17 dividends

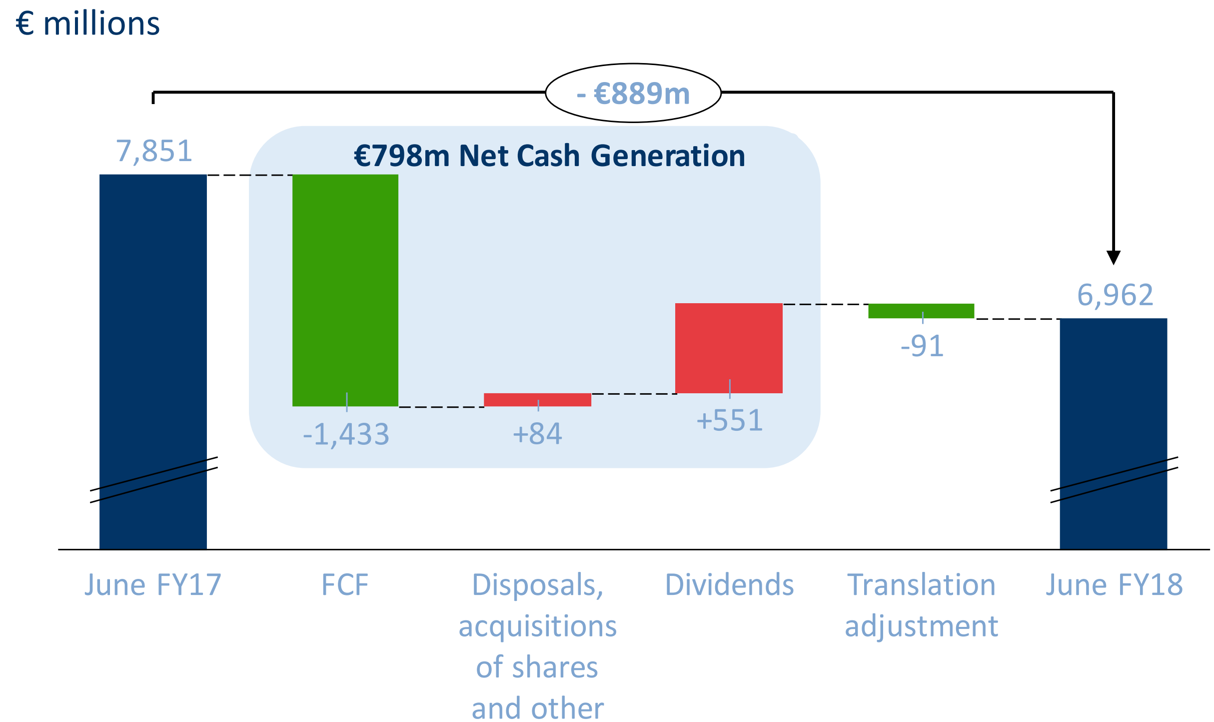
1 Recurring Operating Cash Flow / PRO

Pernod Ricard

-€889m

Reduction in Net Debt

Net Debt decrease of -€0.9bn, down to €7bn



- **continued very significant Net Cash Generation at c. €0.8bn**
- favourable translation adjustment: €91m mainly due to EUR/USD evolution[1]

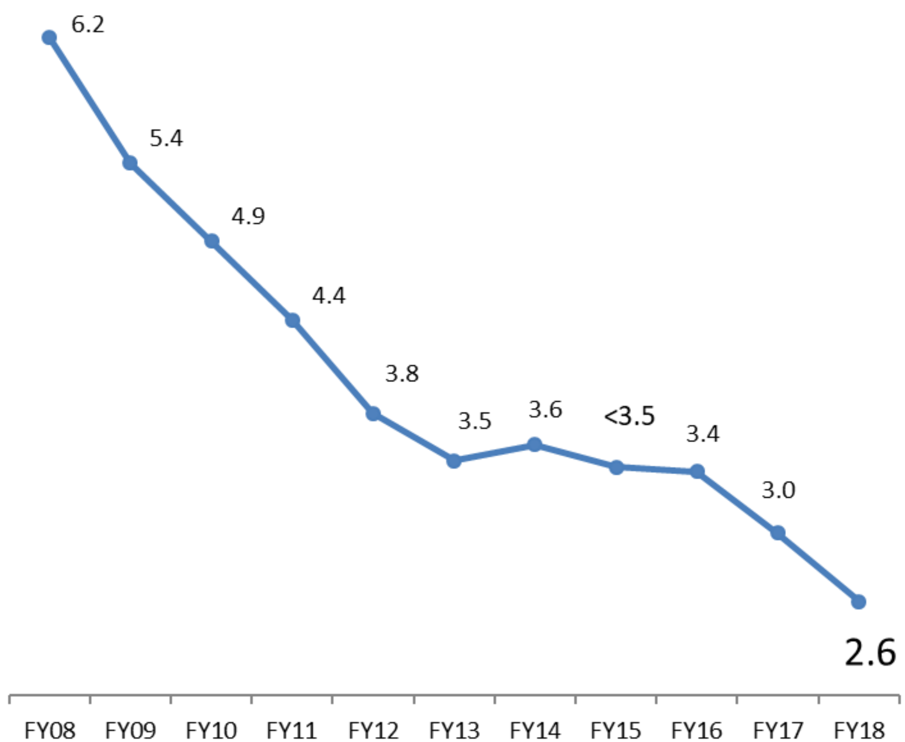
1 Closing rate evolution from 1.14 at 30 June 2017 to 1.17 at 30 June 2018

Pernod Ricard

Continued significant deleveraging: Net Debt/EBITDA ratio decrease of -0.4 to 2.6x in FY18

-0.4

Net Debt / EBITDA ratio reduction



Pernod Ricard

€2.36

Proposed dividend per share

Proposed dividend: €2.36 per share

€ / share	FY14	FY15	FY16	FY17	FY18[1]
Dividend	1.64	1.80	1.88	2.02	**2.36**

Proposed dividend increase: +17% vs. FY17

Pay-out ratio of 41%

- reflecting Group's new policy of gradually increasing cash distribution from approximately one-third of Group Net Profit from Recurring Operations to c. 50% by FY20 (announced on 19 April 2018)

1 The FY18 dividend will be submitted for approval to the Annual General Meeting of 21 November 2018

Conclusion and outlook

Conclusion: very strong FY18 demonstrating clear business acceleration

Broad-based, diversified growth across all regions and key brands

Sales acceleration including a return to strong growth in China and India

USA now growing broadly in line with market

Continued focused investment to support future growth

Good progress on implementation of Operational excellence roadmap, including return to positive pricing

PRO growth: +6.3%, in line with revised annual guidance

Very strong cash performance resulting in continued significant reduction of Net Debt and deleveraging

Outlook

Continued execution of consistent strategy with clear resource allocation and support for must-win brands and markets

For FY19, in an uncertain geopolitical and monetary environment, Pernod Ricard expects:

- **broad-based Sales growth to continue**
- **improved pricing**
- **growing pressure on input costs**
- **very strong Q1 given low base of comparison in India and earlier Mid-Autumn Festival**

FY19 Guidance:
Organic growth in Profit from Recurring Operations between +5% and +7%

Appendices

Definitions and additional information related to the use of non-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.

Free cash flow

Free cash flow comprises the net cash flow from operating activities excluding the contributions to Allied Domecq pension plans, aggregated with the proceeds from disposals of property, plant and equipment and intangible assets and after deduction of the capital expenditures.

"Recurring" indicators

The following 3 measures represent key indicators for the measurement of the recurring performance of the business, excluding significant items that, because of their nature and their unusual occurrence, cannot be considered as inherent to the recurring performance of the Group:

- **Recurring free cash flow**

Recurring free cash flow is calculated by restating free cash flow from non-recurring items.

- **Profit from recurring operations**

Profit from recurring operations corresponds to the operating profit excluding other non-current operating income and expenses.

- **Group share of net profit from recurring operations**

Group share of net profit from recurring operations corresponds to the Group share of net profit excluding other non-current operating income and expenses, non-recurring financial items and corporate income tax on non-recurring items.

Net debt

Net debt, as defined and used by the Group, corresponds to total gross debt (translated at the closing rate), including fair value and net foreign currency assets hedging derivatives (hedging of net investments and similar), less cash and cash equivalents.

EBITDA

EBITDA stands for "earnings before interest, taxes, depreciation and amortization". EBITDA is an accounting measure calculated using the Group's profit from recurring operations excluding depreciation and amortization on operating fixed assets.

Upcoming communications

DATE[1]	EVENT
Thursday 18 October 2018	**Q1 FY19 Sales**
Wednesday 21 November 2018	**Annual General Meeting**
Thursday 7 February 2019	**H1 FY19 Sales & Results**
Thursday 18 April 2019	**Q3 FY19 Sales**

1 The above dates are indicative and are 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 FY18 (in 9Lcs millions)	Organic Sales growth FY18	Volumes	Price/mix
Absolut	11.4	2%	2%	0%
Chivas Regal	4.4	5%	5%	0%
Ballantine's	7.1	5%	5%	0%
Ricard	4.5	-6%	-5%	-1%
Jameson	7.3	14%	12%	1%
Havana Club	4.6	6%	5%	0%
Malibu	3.8	6%	5%	1%
Beefeater	2.9	4%	4%	0%
Martell	2.4	14%	12%	2%
The Glenlivet	1.1	5%	5%	0%
Royal Salute	0.2	-2%	1%	-2%
Mumm	0.8	1%	-1%	2%
Perrier-Jouët	0.3	6%	1%	6%
Strategic International Brands	50.7	7%	4%	3%

Sales Analysis by Region

Net Sales (€ millions)	FY17		FY18		Change		Organic Growth		Group Structure		Forex impact	
Americas	2,661	*29.5%*	2,546	*28.3%*	(114)	*-4%*	159	*6%*	(18)	*-1%*	(255)	*-10%*
Asia / Rest of World	3,568	*39.6%*	3,648	*40.6%*	80	*2%*	324	*9%*	(1)	*0%*	(242)	*-7%*
Europe	2,781	*30.9%*	2,792	*31.1%*	11	*0%*	50	*2%*	(7)	*0%*	(32)	*-1%*
World	**9,010**	***100.0%***	**8,987**	***100.0%***	**(23)**	***0%***	**533**	***6%***	**(26)**	***0%***	**(530)**	***-6%***

Net Sales (€ millions)	Q4 2017		Q4 2018		Change		Organic Growth		Group Structure		Forex impact	
Americas	628	*32.0%*	603	*31.3%*	(24)	*-4%*	43	*7%*	(5)	*-1%*	(63)	*-10%*
Asia / Rest of World	690	*35.2%*	682	*35.4%*	(8)	*-1%*	38	*5%*	0	*0%*	(46)	*-7%*
Europe	645	*32.9%*	642	*33.3%*	(3)	*0%*	12	*2%*	(2)	*0%*	(13)	*-2%*
World	**1,962**	***100.0%***	**1,927**	***100.0%***	**(35)**	***-2%***	**93**	***5%***	**(6)**	***0%***	**(122)**	***-6%***

Net Sales (€ millions)	H2 2017		H2 2018		Change		Organic Growth		Group Structure		Forex impact	
Americas	1,230	*31.1%*	1,148	*29.4%*	(82)	*-7%*	80	*7%*	(4)	*0%*	(157)	*-13%*
Asia / Rest of World	1,527	*38.7%*	1,583	*40.5%*	56	*4%*	188	*12%*	(0)	*0%*	(132)	*-9%*
Europe	1,192	*30.2%*	1,174	*30.1%*	(18)	*-2%*	8	*1%*	(3)	*0%*	(24)	*-2%*
World	**3,949**	***100.0%***	**3,905**	***100.0%***	**(44)**	***-1%***	**277**	***7%***	**(8)**	***0%***	**(314)**	***-8%***

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

Pernod Ricard

Summary Consolidated Income Statement

(€ millions)	FY17	FY18	Change
Net sales	**9,010**	**8,987**	**0%**
Gross Margin after logistics costs	**5,602**	**5,604**	**0%**
Advertising and promotion expenses	(1,691)	(1,720)	2%
Contribution after A&P expenditure	**3,912**	**3,884**	**-1%**
Structure costs	(1,517)	(1,526)	1%
Profit from recurring operations	**2,394**	**2,358**	**-2%**
Financial income/(expense) from recurring operations	(376)	(301)	-20%
Corporate income tax on items from recurring operations	(509)	(520)	2%
Net profit from discontinued operations, non-controlling interests and share of net income from associates	(27)	(26)	-3%
Group share of net profit from recurring operations	**1,483**	**1,511**	**2%**
Other operating income & expenses	(163)	(62)	NA
Financial income/(expense) from non-recurring operations	3	(1)	NA
Corporate income tax on items from non recurring operations	71	129	NA
Group share of net profit	**1,393**	**1,577**	**13%**
Non-controlling interests	28	26	-7%
Net profit	**1,421**	**1,603**	**13%**

Pernod Ricard

Profit from Recurring Operations by Region (1/2)

World

(€ millions)	FY17		FY18		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	9,010	*100.0%*	8,987	*100.0%*	(23)	*0%*	533	*6%*	(26)	*0%*	(530)	*-6%*
Gross margin after logistics costs	5,602	*62.2%*	5,604	*62.4%*	1	*0%*	345	*6%*	(5)	*0%*	(338)	*-6%*
Advertising & promotion	(1,691)	*18.8%*	(1,720)	*19.1%*	(29)	*2%*	(120)	*7%*	(1)	*0%*	92	*-5%*
Contribution after A&P	3,912	*43.4%*	3,884	*43.2%*	(28)	*-1%*	225	*6%*	(6)	*0%*	(247)	*-6%*
Profit from recurring operations	**2,394**	***26.6%***	**2,358**	***26.2%***	**(37)**	***-2%***	**155**	***6%***	**(11)**	***0%***	**(180)**	***-8%***

Americas

(€ millions)	FY17		FY18		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	2,661	*100.0%*	2,546	*100.0%*	(114)	*-4%*	159	*6%*	(18)	*-1%*	(255)	*-10%*
Gross margin after logistics costs	1,790	*67.3%*	1,690	*66.4%*	(99)	*-6%*	92	*5%*	(4)	*0%*	(187)	*-10%*
Advertising & promotion	(551)	*20.7%*	(533)	*20.9%*	18	*-3%*	(29)	*5%*	(1)	*0%*	47	*-9%*
Contribution after A&P	1,239	*46.6%*	1,157	*45.5%*	(81)	*-7%*	64	*5%*	(5)	*0%*	(140)	*-11%*
Profit from recurring operations	**790**	***29.7%***	**735**	***28.9%***	**(55)**	***-7%***	**55**	***7%***	**(9)**	***-1%***	**(101)**	***-13%***

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)	FY17		FY18		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	3,568	*100.0%*	3,648	*100.0%*	80	*2%*	324	*9%*	(1)	*0%*	(242)	*-7%*
Gross margin after logistics costs	2,102	*58.9%*	2,164	*59.3%*	62	*3%*	207	*10%*	(0)	*0%*	(145)	*-7%*
Advertising & promotion	(618)	*17.3%*	(662)	*18.1%*	(44)	*7%*	(82)	*13%*	(0)	*0%*	38	*-6%*
Contribution after A&P	1,484	*41.6%*	1,502	*41.2%*	18	*1%*	125	*8%*	(0)	*0%*	(107)	*-7%*
Profit from recurring operations	**1,000**	***28.0%***	**996**	***27.3%***	**(4)**	***0%***	**74**	***7%***	**(0)**	***0%***	**(77)**	***-8%***

Europe

(€ millions)	FY17		FY18		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	2,781	*100.0%*	2,792	*100.0%*	11	*0%*	50	*2%*	(7)	*0%*	(32)	*-1%*
Gross margin after logistics costs	1,710	*61.5%*	1,749	*62.6%*	39	*2%*	46	*3%*	(1)	*0%*	(5)	*0%*
Advertising & promotion	(522)	*18.8%*	(525)	*18.8%*	(3)	*1%*	(9)	*2%*	(0)	*0%*	6	*-1%*
Contribution after A&P	1,188	*42.7%*	1,224	*43.8%*	36	*3%*	36	*3%*	(1)	*0%*	1	*0%*
Profit from recurring operations	**604**	***21.7%***	**626**	***22.4%***	**22**	***4%***	**26**	***4%***	**(2)**	***0%***	**(2)**	***0%***

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

Pernod Ricard

Foreign Exchange Impact

Forex impact FY18 (€ millions)		Average rates evolution FY17	FY18	%	On Net Sales	On Profit from Recurring Operations
US dollar	USD	1.09	1.19	9.5%	(215)	(116)
Chinese yuan	CNY	7.42	7.76	4.5%	(38)	(26)
Indian rupee	INR	72.41	77.70	7.3%	(64)	(22)
Japanese yen	JPY	118.88	131.65	10.7%	(18)	(11)
Other					(194)	(6)
Total					**(530)**	**(180)**

Note : Impact on PRO includes strategic hedging on Forex

Sensitivity of profit and debt to EUR/USD exchange rate

Estimated impact of a **1% appreciation of the USD** and linked currencies[(1)]

Impact on the income statement[(2)]	(€ millions)
Profit from recurring operations	+18
Financial expenses	(2)
Pre-tax profit from recurring operations	**+16**

Impact on the balance sheet	(€ millions)
Increase/(decrease) in net debt	**+41**

(1) CNY, HKD *(2) Full-year effect*

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Balance Sheet: Assets

Assets (€ millions)	30/06/2017	30/06/2018
(Net book value)		
Non-current assets		
Intangible assets and goodwill	17,152	16,858
Tangible assets and other assets	3,028	3,322
Deferred tax assets	2,377	1,556
Total non-current assets	**22,557**	**21,737**
Current assets		
Inventories	5,305	5,472
of which aged work-in-progress	*4,416*	*4,532*
of which non-aged work-in-progress	*72*	*71*
Receivables (*)	1,134	1,122
Trade receivables	*1,059*	*1,031*
Other trade receivables	*74*	*91*
Other current assets	270	280
Other operating current assets	*264*	*273*
Tangible/intangible current assets	*6*	*7*
Tax receivable	111	177
Cash and cash equivalents and current derivatives	700	771
Total current assets	**7,521**	**7,821**
Assets held for sale	10	0
Total assets	**30,088**	**29,558**
(*) after disposals of receivables of:	**557**	**610**

Pernod Ricard

Balance Sheet: Liabilities and Shareholders' Equity

Liabilities and shareholders' equity (€ millions)	30/06/2017	30/06/2018
Group Shareholders' equity	**13,706**	**14,797**
Non-controlling interests	180	181
of which profit attributable to non-controlling interests	*28*	*26*
Total Shareholders' equity	**13,886**	**14,978**
Non-current provisions and deferred tax liabilities	4,524	3,567
Bonds non-current	6,900	6,777
Non-current financial liabilities and derivative instruments	522	494
Total non-current liabilities	**11,946**	**10,838**
Current provisions	159	143
Operating payables	1,826	1,951
Other operating payables	935	960
of which other operating payables	*619*	*621*
of which tangible/intangible current payables	*316*	*338*
Tax payable	156	225
Bonds - current	94	93
Current financial liabilities and derivatives	1,087	371
Total current liabilities	**4,256**	**3,743**
Liabilities held for sale	0	0
Total liabilities and shareholders' equity	**30,088**	**29,558**

Analysis of Working Capital Requirement

(€ millions)	June 2016	June 2017	June 2018	FY17 WC change*	FY18 WC change*
Aged work in progress	4,364	4,416	4,532	148	160
Advances to suppliers for wine and ageing spirits	5	5	10	(0)	(1)
Payables on wine and ageing spirits	(109)	(107)	(96)	(1)	6
Net aged work in progress	**4,260**	**4,314**	**4,447**	**147**	**166**
Trade receivables before factoring/securitization	1,517	1,617	1,641	127	88
Advances from customers	(2)	(16)	(6)	(14)	10
Other receivables	305	333	353	60	40
Other inventories	857	818	869	(3)	81
Non-aged work in progress	73	72	71	(1)	4
Trade payables and other	(2,168)	(2,323)	(2,471)	(191)	(225)
Gross operating working capital	**582**	**502**	**457**	**(22)**	**(3)**
Factoring/Securitization impact	(520)	(557)	(610)	(46)	(63)
Net Operating Working Capital	**62**	**(56)**	**(153)**	**(68)**	**(65)**
Net Working Capital	**4,322**	**4,258**	**4,294**	**79**	**100**
			Of which recurring variation	**65**	**141**
			Of which non recurring variation	**14**	**(41)**

* at average FX rates

Pernod Ricard

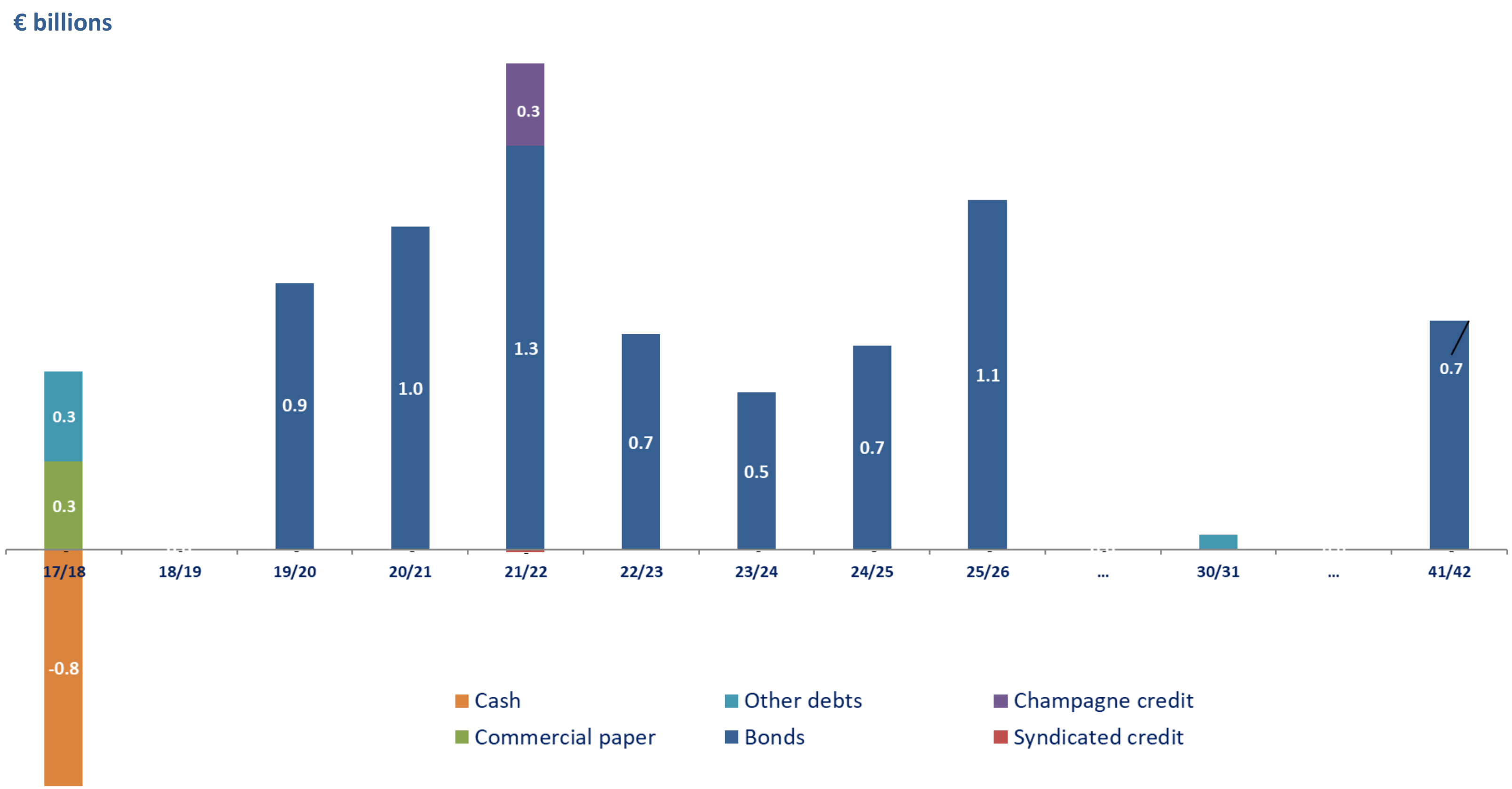
Net Debt

(€ millions)	30/06/2017			30/06/2018		
	Current	Non-current	Total	Current	Non-current	Total
Bonds	**94**	**6,900**	**6,993**	**93**	**6,777**	**6,869**
Syndicated loan	-	319	319	-	-	-
Commercial paper	630	-	630	280	-	280
Other loans and long-term debts	441	161	601	80	463	542
Other financial liabilities	**1,071**	**480**	**1,551**	**360**	**463**	**822**
Gross Financial debt	**1,165**	**7,379**	**8,545**	**452**	**7,239**	**7,691**
Fair value hedge derivatives – assets	(6)	(17)	(22)	-	-	-
Fair value hedge derivatives – liabilities	-	7	7	-	25	25
Fair value hedge derivatives	**(6)**	**(9)**	**(15)**	**-**	**25**	**25**
Net investment hedge derivatives – assets	-	-	-	-	-	-
Net investment hedge derivatives – liabilities	-	-	-	-	-	-
Net investment hedge derivatives	**-**	**-**	**-**	**-**	**-**	**-**
Net asset hedging derivative instruments – assets	(2)	-	(2)	(1)	-	(1)
Net asset hedging derivative instruments – liabilities	-	-	-	-	-	-
Net asset hedging derivative instruments	**(2)**	**-**	**(2)**	**(1)**	**-**	**(1)**
Financial debt after hedging	**1,158**	**7,370**	**8,528**	**452**	**7,265**	**7,716**
Cash and cash equivalents	**(677)**	**-**	**(677)**	**(754)**	**-**	**(754)**
Net financial debt	**481**	**7,370**	**7,851**	**(303)**	**7,265**	**6,962**

Change in Net Debt

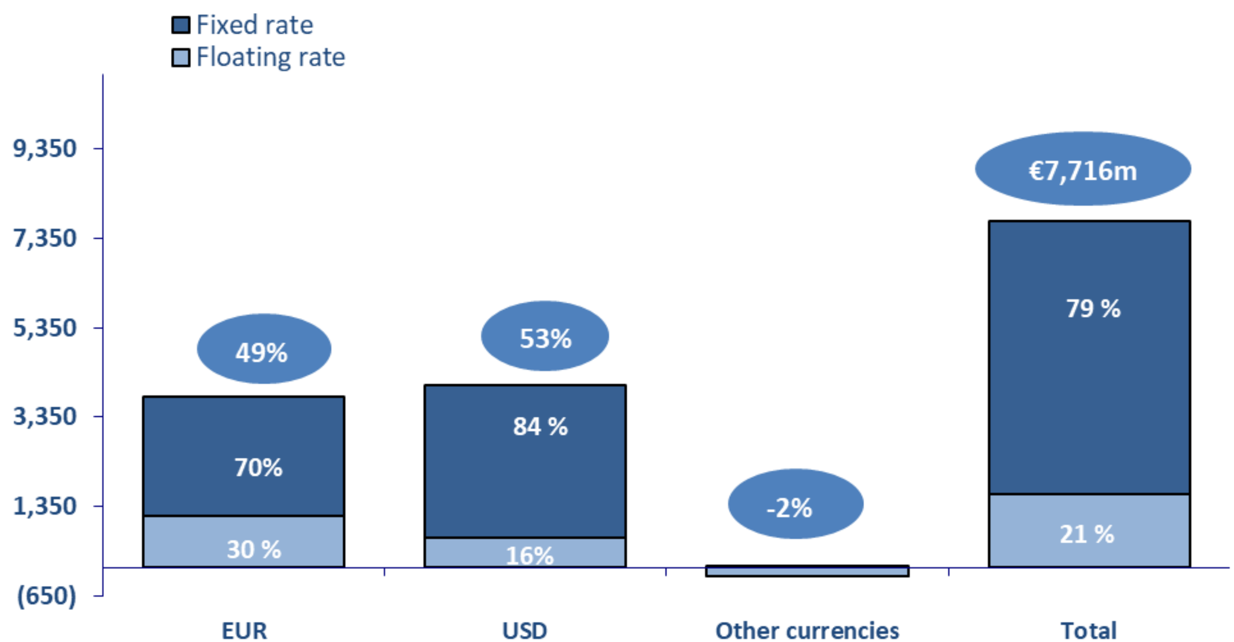
(€ millions)	30/06/2017	30/06/2018
Operating profit	2,232	2,296
Depreciation and amortisation	219	216
Net change in impairment of goodwill, PPE and intangible assets	75	73
Net change in provisions	(59)	(35)
Retreatment of contributions to pension plans acquired from Allied Domecq and others	7	14
Changes in fair value on commercial derivatives and biological assets	(14)	(1)
Net (gain)/loss on disposal of assets	6	(48)
Share-based payments	34	35
Self-financing capacity before interest and tax	**2,499**	**2,549**
Decrease / (increase) in working capital requirements	(79)	(100)
Net interest and tax payments	(771)	(659)
Net acquisitions of non financial assets and others	(350)	(358)
Free Cash Flow	**1,299**	**1,433**
of which recurring Free Cash Flow	***1,471***	***1,422***
Net disposal of financial assets and activities, contributions to pension plans acquired from Allied Domecq and	50	(60)
Dividends paid	(511)	(551)
(Acquisition) / Disposal of treasury shares and others	(36)	(23)
Decrease / (increase) in net debt (before currency translation adjustments)	**802**	**798**
Foreign currency translation adjustment	62	91
Decrease / (increase) in net debt (after currency translation adjustments)	**865**	**889**
Initial net debt	(8,716)	(7,851)
Final net debt	(7,851)	(6,962)

Net Debt Maturity at 30 June 2018



Note: Syndicated credit facility of €2.5bn not used

Gross Debt after hedging at 30 June 2018



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Bond Details

Currency	Par value	Coupon	Issue date	Maturity date
EUR	€ 850 m	2.000%	20/03/2014	22/06/2020
	€ 650 m	2.125%	29/09/2014	27/09/2024
	€ 500 m	1.875%	28/09/2015	28/09/2023
	€ 600 m	1.500%	17/05/2016	18/05/2026
USD	$ 1,000 m	5.750%	07/04/2011	07/04/2021
	$ 1,500 m	4.450%	25/10/2011	15/01/2022
	$ 1,650 m o/w: $ 800 m at 10.5 years $ 850 m at 30 years	 4.250% 5.500%	12/01/2012	 15/07/2022 15/01/2042
	$ 201 m	Libor 6m + spread	26/01/2016	26/01/2021
	$ 600 m	3.250%	08/06/2016	08/06/2026

Net Debt / EBITDA ratio evolution

	Closing rate	Average rate
EUR/USD rate: FY17 → FY18	*1.14 → 1.17*	*1.09 → 1.19*
Ratio at 30/06/2017	**3.0**	**3.0**[1]
EBITDA & cash generation excl. Group structure effect and forex impact	**(0.5)**	**(0.5)**
Group structure and forex impacts	+0.2	+0.1
Ratio at 30/06/2018	**2.7**	**2.6**

1 Syndicated credit spreads and covenants are based on the same ratio at the average rate

Diluted EPS calculation

(x 1,000)	FY17	FY18
Number of shares in issue at end of period	265,422	265,422
Weighted average number of shares in issue (pro rata temporis)	265,422	265,422
Weighted average number of treasury shares (pro rata temporis)	(1,189)	(1,308)
Dilutive impact of stock options and performance shares	1,245	1,429
Number of shares used in diluted EPS calculation	**265,478**	**265,543**

(€ millions and €/share)	FY17	FY18	reported △
Group share of net profit from recurring operations	1,483	1,511	+2%
Diluted net earnings per share from recurring operations	**5.58**	**5.69**	**+2%**

IFRS 15 Pro-Forma

Implementation from FY19, leading mainly to:

- reclassification of certain A&P expenses in deduction of Sales
- integration of the activity of certain third-party bottlers in India into Sales and Cost of Goods Sold

Main proforma estimated impacts:

- neutral on PRO but PRO margin up c. +80bps
- Sales reduced by c. -3%
- Gross Margin ratio down c. -170bps
- A&P / Sales ratio down c. -270bps to c. 16%