Pernod Ricard

Créateurs de convivialité

2018/19 FULL-YEAR
SALES AND RESULTS

29 August 2019

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

Pernod Ricard

+8.7%

Organic PRO

50%

FY19 Dividend payout

Up to €1bn

Share Buy-back across FY20 & FY21

Excellent year, demonstrating clear business acceleration

Very strong FY19 delivery…

- **Sales at +6.0%,** while optimising wholesaler inventories in USA
- **strong pricing: +2%**[1]
- **accelerated completion of FY16-20 Operational Excellence** €200m savings roadmap by 1 year
- **Profit from Recurring Operations (PRO): +8.7%,** highest since FY12
- **PRO margin improvement: +74bps**
- **strong cash conversion at 88%**[2] **and Recurring Free Cash Flow +4%** but Free Cash Flow -5% due to non-recurring items

… and investment paving way for future success

- **roll-out of Transform & Accelerate strategic plan**, with significant progress made in year 1
- **active portfolio management,** in particular through gin and American whiskey acquisitions
- **launch of 2030 Sustainability & Responsibility roadmap**
- **strengthened route-to-market** in USA and Global Travel Retail
- **sustained A&P investment** at 16.5% of Sales, focused on core priorities
- significant **increase in ageing stocks +€0.3bn** to develop leadership in cognac and enhance whisky position

Inflection in financial policy supported by continued strong cash generation and deleveraging

- proposed **dividend increase to 50%** payout ratio: €3.12/share[3]
- **launch of share buy-back programme of up to €1bn,** across FY20 and FY21

1. *Pricing on Strategic brands*
2. *Ratio of Recurring Operating Cashflow to PRO*
3. *Subject to vote at Annual General Meeting on 8 November 2019*

Pernod Ricard

+9.5%[1]

Net profit from Recurring Operations

Key figures

	FY19	FY19 vs. FY18
Sales	€ 9,182m	+6.0% reported: +5.3%
Mature markets	€ 5,233m	stable
Emerging markets	€ 3,949m	+15%
PRO	€ 2,581m	+8.7% reported: 9.5%
PRO / Sales	28.1%	+74bps
Net Profit from Recurring Operations[1]	€ 1,654m	reported +9.5%
Net Profit[1]	€ 1,455m	reported -8%
Recurring Free Cash Flow	€ 1,477m	reported +4%
Free Cash Flow	€ 1,366m	reported -5%

1 Reported Group share

FY19: delivering Transform & Accelerate strategic plan

	TRANSFORM AND ACCELERATE	MEDIUM-TERM AMBITION	FY19 ACHIEVEMENTS
STRATEGIC PILLARS	Leverage unique premium portfolio		Innovation: **+26%** Luxury: **+14%**
	WIN IN **4 KEY MARKETS:**		
	Develop USA	**MSD**[1] growth	**+4%** (Sell-out)[2]
	Broaden leadership in China	**HSD to LDD**[1] growth	**+21%**
	Broaden leadership in India	**LDD**[1] growth	**+20%**
	Develop premium+ Travel Retail leadership		**+6%**
	Leverage our **Sustainability & Responsibility** strategy		Roll-out of **2030 roadmap,** building on previous **2020 plan**
FINANCIAL KPIs	**SALES**	+4% to +7%	**+6.0%**
	REVENUE GROWTH MANAGEMENT	Promotional effectiveness Active price management	**+2%**
	OPERATIONAL EXCELLENCE	FY16-20: **€200m** FY20-21: **€100m**	**100% complete** **-**
	SUSTAINED A&P INVESTMENT	c. 16%	**16.5%**
	STRUCTURE COST DISCIPLINE	< Sales growth	**+4%**
	OPERATING LEVERAGE	c. 50-60bps	**+74bps**

1. HSD: High-Single-Digit; MSD: Mid-Single-Digit; LDD: Low-Double-Digit
2. Internal estimate of Spirits Sales

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+7%

Strategic International Brands' FY19 Sales

FY19: leveraging unique premium portfolio

FY19 strong growth across all key spirits categories

- **Strategic International Brands: +7%, continued strong growth,** notably on **Jameson**, with **acceleration on Martell and Scotch**, dampened by impact of USA wholesaler inventory optimisation
- **Strategic Local Brands: +12%, acceleration** driven by Seagram's Indian Whiskies
- **Specialty Brands: +12%, continued dynamism**, particularly for Lillet, Altos, Monkey 47, Ultra premium Irish Whiskey range and Smooth Ambler
- **Strategic Wines: -5%,** due to value strategy in UK and USA inventory management
- **Innovation: contributing c.25% of Group topline growth,** in particular thanks to Martell Blue Swift, Chivas XV, Lillet, Beefeater Pink, Mumm Grand Cordon and Monkey 47

Active portfolio management

- **leverage high-growth categories** through Super-premium acquisitions:
  - **Malfy gin**, leveraging gin boom
- **strengthen key markets:**
  - **Rabbit Hole**[1] bourbon and **TX**[2] American whiskey to reinforce USA footprint
- **develop new route-to-markets and geographies**
  - **distribution partnership with Domaines Barons de Rothschild (Lafitte)** in China to boost Premium Business Unit on-trade route-to-market
  - **JV with local partner in Myanmar** to capture Emerging Middle Class opportunity
  - **acquisition of Bodeboca platform to accelerate e-commerce capability**
- **disposal of non-core assets**
  - **Argentinian** wine portfolio
  - third-party distribution for **Imperial (Korea)**

1 majority stake, closing in FY20
2 agreement announced 5th August 2019

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+6.0%

Organic FY19 Sales

+5.3%

Reported FY19 Sales

FY19: very strong Sales, with continued development of Must-win markets

Strong performance in Must-win markets

- **USA: Sell-out broadly in line with market[1]** and strengthening of route-to-market
- **China: +21%,** outstanding performance thanks to continued strong dynamism of Martell and growth relays
- **India: +20%,** with continued expansion of Seagram's Indian whiskies and Strategic International Brands
- **Travel Retail: +6%,** strong growth driven by all regions

FY19 Sales driven mainly by Asia

- **Americas: +2%,** acceleration in Canada, dynamic growth in Latam and Sell-out broadly in line with market in USA, but Sales dampened by USA wholesaler inventory optimisation
- **Asia-Rest of World: +12%, strong acceleration** driven mainly by China, India and Turkey and continued good growth in Japan
- **Europe: +1%, slight growth in contrasted environment**, with continued strong growth in Eastern Europe partly offset by Western Europe (difficult market in France and commercial disputes)

Q4 FY19

- **Sales +5%, continuation of dynamic growth** but impact of USA wholesaler inventory management

1 Internal estimate of USA spirits growing at +4.5%

Roll-out of “Good Times from a Good Place” 2030 Sustainability & Responsibility Roadmap

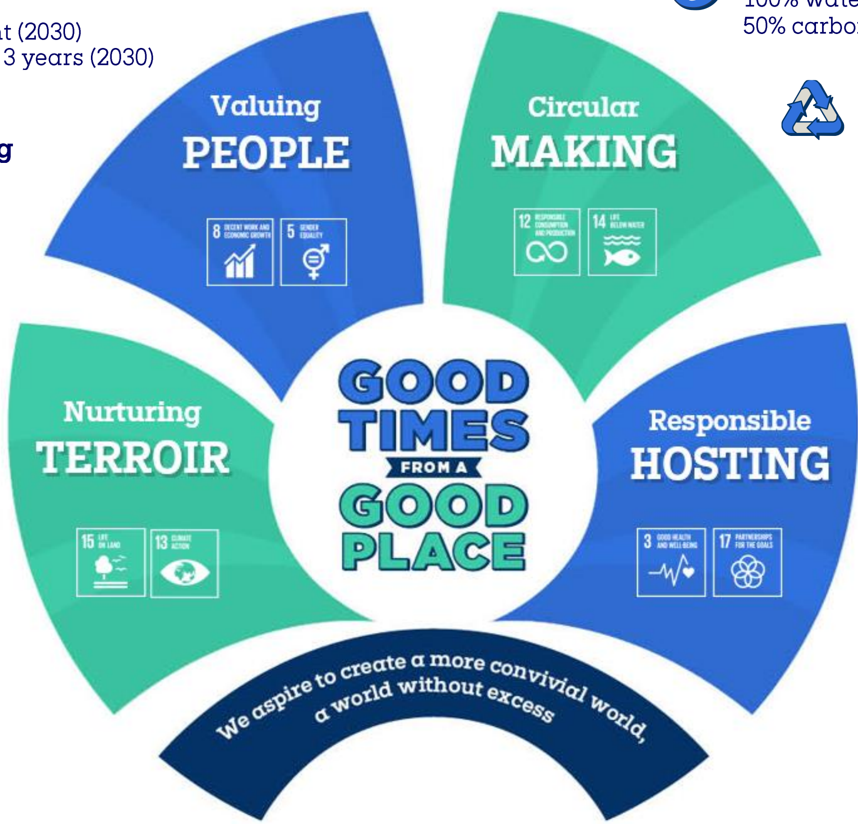
8 AMBITIOUS COMMITMENTS

Equality & future leadership
Equal pay (2022)
Gender balanced top management (2030)
Employee future-fit training every 3 years (2030)

Shared knowledge & learning
Train 10,000 bartenders on the bar world of tomorrow (2030)

Regenerative agriculture
x8 pilots schemes (2025)
Partner with over 5,000 farmers (2030)

Biodiversity
100% affiliates projects (2030)



Water balance and carbon
100% water balanced in high-risk countries (2030)
50% carbon footprint reduction (2030)

Packaging and waste
100% ban on single-use plastic POS (2025)
100% packaging recyclable, reusable, compostable or bio-based (2025)
Pilot 5 R&D circular distribution projects

Alcohol misuse
100% affiliates at least one alcohol misuse programme (2030)

Responsible Party
Expand Responsible Party globally to reach at least 1 million young adults (2030)

Business update

Sales analysis

by market

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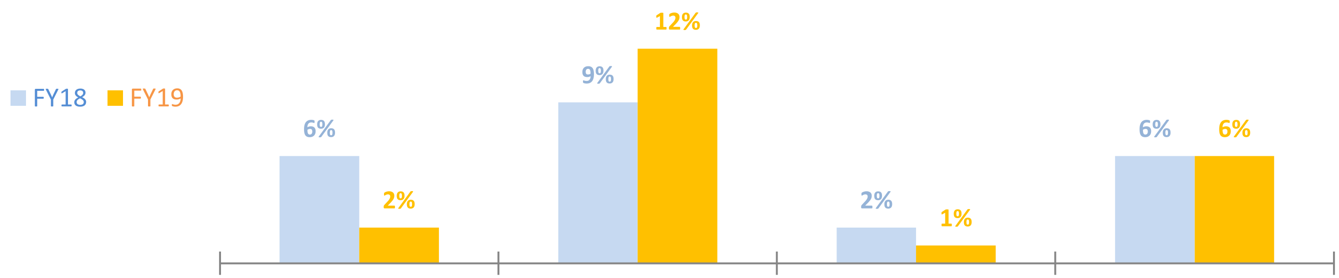
+6.0%

Sales

Very strong year

Sales growth by Region



Americas	Asia-RoW	Europe	World
Acceleration in Canada, strong growth in Latam and Sell-out in line with market in USA, but Sales dampened by USA wholesaler inventory management	**Strong acceleration** driven mainly by China, India and Turkey, and continued strong growth in Japan	**Slight growth in contrasted environment**, with continued strong growth in Eastern Europe partly offset by Western Europe (difficult market in France and commercial disputes)	**Very strong year**

% of Sales

Note: FY18 figures are pre-restatement for IFRS 15 norm

4 Must-win markets

USA: Sell-out broadly in line with market

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Stable

Sales in USA

18% of Sales

Transform & Accelerate ambition: Mid-Single-Digit growth

- **Sell-out broadly in line with market**[1]
- **stable Sales** due to 2-week wholesaler inventory reduction in H2
- Pernod Ricard braced to accelerate through wholesaler-supported portfolio activation and innovation in FY20

Consistent brand portfolio strategy to drive future growth

- **Star: 29% of Sales**
  - **Jameson** (+6%/+10%)[2]: strong growth, in particular with Black Barrel acceleration, albeit with slower H2 due to phasing of promotional spend to de-seasonalise brand and lapping of Caskmates IPA edition launch
- **Growth relays: 14% of Sales**
  - **The Glenlivet** (+5%/+2%)[2]: accelerating, driven by Founders Reserve, also recruiting from outside Single Malt category
  - **Martell** (Sales +53%; Nabca[2] +40%): continued strong momentum with increased Blue Swift distribution and velocity
  - **Avion** (+18%/+15%)[2] and **Altos** (+8%/+29%)[2]: continued strong development
- **Future growth stars**: fast-growing brands (including recent acquisitions):
  - **Monkey 47, Lillet, Del Maguey, Malfy, Irish Whiskey portfolio**
  - **new American whiskey portfolio: Smooth Ambler, Rabbit Hole, TX**
- **Bastions: 30% of Sales**
  - **Absolut** (-5%/-4%)[2]**:** still in decline in competitive category. Planet Earth's Favourite Vodka campaign launched in Q4. Strong early distribution gains for Absolut Juice and campaign featuring Lizzo
  - **Malibu** (+4%/+6%)[2]**:** continued good growth, outperforming category, helped by successful innovations of Pineapple and Mango
  - **Kahlua** (+2%/+2%)[2]**:** growth driven by Mint Mocha and Salted Caramel innovations

1. *Internal estimate of USA Spirits growing at c. +4.5%*
2. *Nielsen XAOC + liquor Plus 12 months to August 8th, 2019 / NABCA 12 months to July 2019*

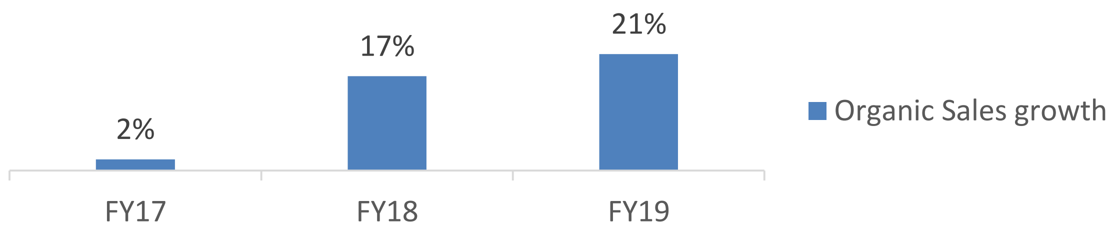
+21%

Sales in China

4 Must-win markets

China: outstanding growth +21%

Transform & Accelerate ambition: HSD to LDD growth



- growth acceleration in FY19, including strong pricing and positive mix
- **Sales to normalise to medium-term ambition from FY20**, in particular linked to managing Martell growth sustainability

Broadening the base

- **Martell dynamism continuing:** strong double-digit growth across the range supported by strong pricing policy
  - **Cognac market leadership maintained** at c.42% value share[1]
- **Chivas return to growth confirmed**
- **Premium brands continuing very strong performance**, most notably Absolut, Jacob's Creek, Ballantine's Finest and The Glenlivet. **Good development of Champagne,** with double-digit growth

Building of China's first ever malt whisky distillery

- **first distillery for international spirits** group, at Emeishan, Sichuan
- **innovative approach to malt whisky** with a strong drive on **sustainability**
- significant investment of **RMB1bn** for next decade, starting FY20, further embedding local presence, in line with commitment to develop local communities and knowhow
- due to begin production in 2021

1. *IWSR 2018*

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+20%

Sales in India

4 Must-win markets

India: Excellent performance +20%

Transform & Accelerate ambition: LDD growth

- **growth accelerating to +20%** vs. +14% in FY18, with very strong performance across whole portfolio and strong pricing
  - growth to moderate towards medium-term ambition from FY20

Royal Stag ICC Cricket World Cup association

Fashion designer Tarun Tahiliani and Bollywood actress Disha Patani at the Blenders Pride Fashion Tour

Bollywood actress Malaika Arora at Chivas 18 Alchemy event

- **very good year**, enhanced by low basis of comparison in Q1
- **Seagram's Indian whiskies acceleration** with double-digit growth on all brands, further supported by positive pricing across range
- **leadership in Premium+ Indian whiskies maintained** at >45% Value Share[1]
- **Strategic International Brands acceleration**, with strong double-digit growth across entire portfolio
- **strong double-digit growth on Strategic Wines**, led by Jacob's Creek

1. *IWSR 2018 Bottled in India Premium+ Western Style Spirits whiskies (>5 € average price)*

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+6%

Sales in Global Travel Retail

4 Must-win markets

Strong growth in Travel Retail, driven by Asia

Transform & Accelerate ambition: further leverage leadership in Premium+ segment

Martell Gifting Activation, Sydney Airport

Absolut and Beefeater, "Pink it Up!", Schiphol

- **good year**, driven by Strategic International and Specialty Brands with **good price/mix**
- **focus on consumer centricity,** accelerating pace of **innovation** and building **strategic customer partnerships**
  - launches including Chivas XV, Royal Salute Lost Distillery, Ballantine's 17yo and 21yo limited editions, Ballantine's 30yo cask editions, Jameson triple triple, Secret Speyside rare and aged malts
- strong overall value growth on **Martell**
- very good performance on our **whisky portfolio (Chivas XV, Royal Salute, The Glenlivet range and Jameson)**
- encouraging results on **Beefeater** (launch of Beefeater Pink)
- **growth in all regions**, most notably Asia

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+1%

Sales in Europe

Europe
Modest growth in contrasted environment

Western Europe: -1%, with +3% price/mix

- **France -5%:**
  - **continued declined in difficult market**, particularly in super premium+ blended Scotch and Aniseed categories, with new “Egalim” law now in place
  - **strong growth of Absolut** driven by flavours and successful launch of Extrakt
  - **weak Q4** with commercial dispute resolution more than offset by Egalim
- **Spain: stable,** with leadership maintained, in decelerating market
  - **positive price and mix**
  - **continued good growth of Seagram’s Gin**, outperforming category now in decline, but pressure still on Beefeater. Launch of **Beefeater Pink** and new **communication platforms** released in Q4 on both Beefeater and Seagram’s Gin
  - **modest decline on Ballantine’s and Chivas** in declining Whisky category
- **UK: stable**
  - **very strong growth of Spirits** with **double-digit Sell-out**, driven by Gin, Absolut, Jameson, Chivas and Havana Club, leading to share gains and **positive pricing**
  - **value approach on Wines**, in particular Jacob’s Creek
  - **Campo Viejo back to growth in H2** after tough H1
- **Germany -3%**
  - commercial dispute now resolved, resulting in **improvement in Q4 (+11%)**
  - continued strong development of **Lillet**
- **Ireland: +9%** driven by Jameson, Absolut, Beefeater and ultra-premium Irish whiskey

Eastern Europe +9%

- **Russia: +11%, continued dynamic growth across portfolio**
  - most notably on whiskies (Jameson, Ballantine’s)
  - good price/mix
- **Poland +6%:**
  - **continued good growth**, thanks to Ballantine’s, Jameson, Chivas, Jacob’s Creek and Seagram’s Gin
  - strong premiumisation trends leading to good product mix
- **robust growth in Ukraine, Kazakhstan and Romania**

Other key Markets

Americas

- **Canada +4%:**
  - **good growth** driven by Absolut, Jameson and The Glenlivet
  - **successful innovations** with Jameson RTD and The Glenlivet Captain's Reserve
  - **positive price and mix**
- **Brazil +13%: dynamic growth,** enhanced by Q1 positive phasing
  - triple-digit Sales growth of **Beefeater** and very strong performance across **whiskies** and **Absolut**
- **Mexico -4%:**
  - decline mainly due to destocking
  - **underlying Mid-Single-Digit value Sell-out** growth on premium + imported spirits, with market share gains, in particular on whiskies and Absolut

Asia-RoW

- **Japan +9%:**
  - **continued dynamism in Champagne**, with positive pricing and particularly good performance of Perrier-Jouët Grand Brut, Perrier-Jouët Blanc de Blancs and Mumm Grand Cordon Rose
  - **acceleration of Premium+ blended Scotch**, notably Chivas and Ballantine's
  - **good price/mix**, driven by Champagne and Whiskies
- **Korea**: **-24% (-3% excluding Imperial)**
  - Imperial distribution outsourced
  - restructuring of PR Korea to focus on Strategic International Brands complete
- **Africa and Middle East +16%:**
  - **high growth in sub-Saharan Africa**, notably Nigeria, driven by Martell, whiskies (Jameson, Chivas, Ballantine's, Seagram's) and Absolut
  - **very good performance in Turkey,** with very healthy pricing, double-digit volume growth and positive mix

Sales analysis

by brand

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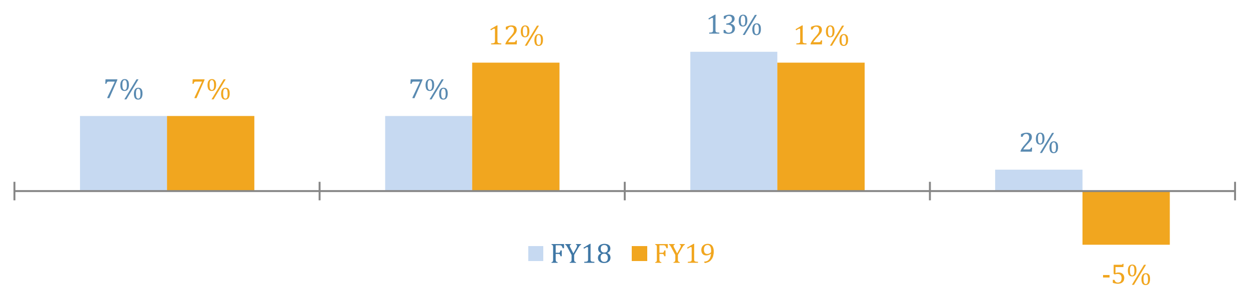
+6.0%

Sales

Very good year, with strong growth across all key Spirits categories

Sales growth by category

Strategic International Brands	Strategic Local Brands	Specialty Brands	Strategic Wines



Strategic International Brands	Strategic Local Brands	Specialty Brands	Strategic Wines
Continued strong growth, notably on Jameson, with acceleration on Martell and Scotch, dampened by impact of USA inventory optimisation	**Acceleration**, driven by Seagram's Indian Whiskies	**Continued dynamism**, particularly from Lillet, Altos, Monkey 47, Ultra premium Irish Whiskey range and Smooth Ambler	Value strategy in UK and USA inventory management
63%	19%	3%	5%

% of Sales

Innovation: contributing c.25% of Group topline growth

Price[1]: +2% but negative mix

Note: FY18 figures are pre-restatement for IFRS 15 norm
1. Pricing on Strategic brands

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+18%

Martell Sales

Martell

Outstanding year, with growth acceleration and diversification

Martell Home Live, interactive talk show, video series and now podcasts (USA)

Martell Blue Swift Quavo endorsement (USA)

Martell Cordon Bleu Extra

China

- acceleration of growth, with **very strong performance across all price segments and channels**, with faster growth of higher styles driving positive mix
- **strong pricing** thanks consistent implementation of policy and reduction of promotional support

USA: +53%

- continued strong development of **Martell Blue Swift**, now largest Martell SKU in USA
- price increases on Blue Swift, Cordon Bleu and XO

Continuation of globalisation strategy

- double-digit growth in Russia, Gulf, and Australia
- successful launch in West Africa

Sustained investment in strategic inventories to support medium-term growth

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+6%

Jameson

Sales

Jameson

Continued global expansion

Jameson Black Barrel

"Taste, that's why" new episode: Bartender's gathering

Jameson Caskmates: IPA edition

USA

- Sales impacted by wholesaler inventory reduction
- **positive price/mix** driven by price increases, partially offset by negative State mix
- **Sell-out high-single-digit** (+6%/+10%)[1]**,** with double-digit growth of Black Barrel (Q4 strongest quarter to date), high-single-digit growth of Jameson Original, and Caskmates to improve after lapping of IPA launch in FY18

Europe: +8%

- **double-digit growth in UK**, where brand is main contributor to value growth of imported whisky
- continued **double-digit growth across Eastern Europe**

Latam & Asia-RoW: continued global expansion of brand with **double-digit growth**

Continued strong Capex investment, with €150m expansion announced in FY19 to increase distillation, maturation and bottling capacity in Cork and Dublin, **to support international development**

1. *Nielsen XAOC + liquor Plus 12 months to August 8th, 2019 / NABCA 12 months to July 2019*

-3%

Absolut Sales

Absolut

Growing internationally but in decline in USA

Planet Earth Favorite Vodka, Earth Day Activation: Absolut partnered with Dan Tobin Smith to showcase how waste can be re-used and inspire people to do the same.

The "Absolut Juice Strawberry #GetJuicy" video featuring Lizzo singing her hit song "Juice" while sipping on the Absolut Juice beverage

"Born Colourless" Initiative to promote global unity and diversity in India

Outside USA (c.60% of Sales): +4%

- healthy growth driven by innovation and activation of global campaign
- continued international development, with double-digit growth in over 20 markets
  - Asia-RoW: driven by India +33%, China+32% and Africa Middle East (in particular Turkey)
  - Americas: double-digit growth in Canada and Brazil but decline in Travel Retail due to competitive context
  - Europe: double-digit performance in France, Switzerland, Ireland and Benelux, dampened by Germany (commercial dispute)

USA

- **Sales impacted by wholesaler inventory reduction**
- Sell-out at -5%/-4%[1]
- Planet Earth's Favourite Vodka campaign launched on 22nd April
- **Absolut Juice launched in Q4 with full roll out by end of Q1 FY20**. Initial results ahead of Absolut Lime and Grapefruit in same period post-launch

1. *Nielsen XAOC + liquor Plus 12 months to August 8th, 2019 / NABCA 12 months to July 2019*

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+7%

Scotch Sales

Scotch
Acceleration

Ballantine's x Boiler Room, Madrid

"Success is a blend" Chivas China campaign featuring Chris Wu

The Glenlivet 14yo launched in USA

Scotch whiskies Strategic International and Local Brands: +7%

- **Chivas: +6%,** strong growth in Turkey, India, Japan, Eastern Europe, China and UK offsetting decline in USA (due in particular to wholesaler inventory management)
- **The Glenlivet: +9%,** acceleration across Americas and Asia-RoW, thanks in particular to Founders Reserve in USA
- **Ballantine's: +7%** driven by Russia, India, Turkey and sub-Saharan African, despite difficulties in France and Spain
- **Royal Salute: +16%,** driven by strong acceleration in Taiwan, Travel Retail Americas and Travel Retail Asia
- **launch of several innovations,** including Secret Speyside collection, The Glenlivet 14yo, The Glenlivet triple cask range and Ballantine's smooth barrel

Other key brands

Ricard: -3%, decline driven by category, commercial dispute and strong impact of Egalim law

(image: Ricard Plantes Fraîches)

Beefeater: +8%, very strong growth across all regions, in particular in UK, Latam and Africa Middle-East. Successful launches of Pink and Blood Orange

(image: Beefeater gin and tonic)

Havana Club: stable, with double-digit growth in Cuba offset by commercial disputes in Germany and France

(image: Havana Club and PLACES+FACES partnership)

Malibu: -1%, slight decline driven by commercial context in Western Europe, but share gain in brand's largest market (USA)

(image: Malibu Strawberry Spritz)

Mumm: +1%, due to strong growth in USA, China and Japan offset by France. Strong price/mix

(image: Mumm Grand Cordon)

Perrier-Jouët: +5%, good growth thanks mainly to ongoing success in Japan. Strong price/mix

(image: Perrier-Jouët Belle Epoque)

- **Speciality Brands: +12%,** good growth across all regions, with particularly strong performance from Lillet, Altos and Monkey 47
- **Strategic Wines: -5% but price/mix +3%**
    - decline primarily driven by **value approach in UK** (Jacob's Creek) and USA inventory management (Kenwood)
    - **double-digit growth of Jacob's Creek in China and India, and of Campo Viejo in USA** (Nielsen 52wk to August 2019: +24%)

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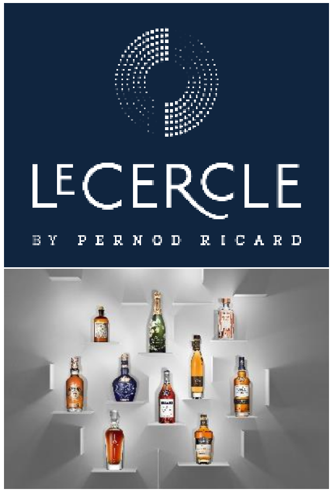
Innovation and Luxury
Premiumising impact on overall portfolio

Innovation: +26%

- **strong growth of Big Bets,** in particular Martell Blue Swift, Beefeater Pink, Lillet, Altos, Martell Cordon Bleu extra, Absolut Lime, Absolut Grapefruit, Absolut Extrakt and Jacob's Creek Double Barrel
- **very strong development of other innovations,** in particular Chivas XV, Mumm Grand Cordon, The Glenlivet 13yo, Monkey 47, Chivas Mizunara, Smooth Ambler, Scapa Skiren and Del Maguey

Luxury: +14%



- **13% of Group** Sales
- Le Cercle portfolio accelerating to **+14%** vs. +10% in FY18
- performance driven by mainly by Martell, Royal Salute and Monkey 47

Active portfolio management

Super premium M&A, leveraging high-growth categories

Leveraging Gin boom

- **Malfy**
  - **acquisition of the Italian super-premium gin Malfy,** distilled in the Italian region of Moncalieri
  - already present in several international markets such as the United States, United Kingdom and Germany
  - SKUs: Originale, Con Limone, Con Arancia and Gin Rosa (c.$30)

Strengthening USA footprint through American whiskey

- **Rabbit Hole[1] Bourbon**
  - Rabbit Hole Whiskey, award-winning range of Kentucky spirits, produced and based in **Louisville, Kentucky**
  - particularly recognised iconic, state-of-the-art distillery in the heart of Louisville
  - SKUs: Straight Bourbon, Straight Rye, Sherry Aged Bourbon, London Dry Gin ($35 - $80)

- **TX[2] American Whiskey**
  - TX, a brand founded in 2010 by Leonard Firestone and Troy Robertson
  - Range of super-premium whiskeys
  - **Whiskey Ranch, a state-of-the-art distillery in Fort Worth, Texas,** where consumers can enjoy full TX brand Experience, including tours and tastings
  - SKUs: TX Blended Whiskey and TX Straight Bourbon ($35 - $45)

1 majority stakes, closing in FY20
2 agreement announced 5th August 2019

Sustainability & Responsibility

Pernod Ricard

Sustainability & Responsibility
Addressing plastics

Pernod Ricard banned non-biodegradable plastic straws and stirrers in January 2018

ELLEN MACARTHUR FOUNDATION
Rethink the future

By 2025, committed to:

- eliminate unnecessary plastic packaging,
- 100% for reusable plastic, recyclable or biodegradable packaging,
- integrate recycled plastics into its packaging,
- roll-out sustainable packaging guidelines for all existing packaging and new product development.

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Sustainability & Responsibility
Strong ESG ratings

Global Compact LEAD — **'LEAD'** status recognized by the United Nations Global Compact for a strong integration of the Sustainable Development Goals (SDGs)

SUSTAINALYTICS — **'Leader'** with a score of 73%

vigeoeiris — **No 1** in the Beverage industry (1/39)

ecovadis SUPPLIER SUSTAINABILITY RATINGS — **Gold** - among 3% of global companies with most advanced commitments

Corporate Responsibility Prime rated by oekom research — **Prime** - among **7.3%** companies that classify as Prime (out of 178)

CDP DISCLOSURE INSIGHT ACTION — **Climate A-**

MSCI — **AA** (CCC to AAA)

Pernod Ricard

Sustainability & Responsibility
Outstanding Employee engagement

2019 Employee engagement survey (5th edition) highlights:

- **88% engagement rate**
- **88% participation**
- **94% Proud to work for Pernod Ricard**

Successful first Employee share ownership plan

- **18 countries covered i.e. 75% of Group headcount**
- **Participation rate: 41.5% including:**
  - India: 76%,
  - China: 48%
- **5-year holding period**
- **0.5m shares acquired (0.2% of overall capital)**

Profit from Recurring Operations

Pernod Ricard

+8.7%

PRO

Income statement

€ millions	FY18[1]	FY19	reported Δ	organic Δ
Sales	8,722	**9,182**	+5.3%	+6.0%
Gross margin after logistics costs (GM)	5,289	**5,648**	+7%	+7%
GM / Sales	*60.6%*	***61.5%***		*+39bps*
Advertising & prom. expenditure (A&P)	(1,429)	**(1,512)**	+6%	+6%
A&P / Sales	*16.4%*	***16.5%***		*-2bps*
Contribution after A&P expenditure (CAAP)	3,860	**4,137**	+7%	+7%
CAAP / Sales	*44.3%*	***45.1%***		*+42bps*
Structure[2]	(1,502)	**(1,556)**	+4%	+4%
Structure / Sales	*17.2%*	***16.9%***		*-33bps*
Profit from Recurring Operations (PRO)	2,358	**2,581**	+9.5%	+8.7%
PRO / Sales	*27.0%*	***28.1%***		*+74bps*

- **Gross margin expansion at +39bps thanks to:**
  - strong pricing on Strategic brands of: +2%
  - Cost of Goods headwinds (in particular agave, glass and GNS in India) offset by accelerated completion of Operational excellence FY16-20 roadmap by 1 year
  - negative mix linked mainly to Seagram's Indian whiskies and USA wholesaler inventory management
- **A&P:** increase broadly in line with Sales, with strong arbitration and focus behind strategic priorities (China and India in particular)
- **Structure: +4%** moderate increase in context of business acceleration, thanks to strong discipline and resource focus on key priorities
- **PRO margin: +74bps** strong improvement thanks to positive pricing, Gross margin improvement and Structure cost discipline

1. *FY18 restated for IFRS 15 norm*
2. *Includes OIE and Royalties*

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Stable

Americas

PRO

Americas

Good underlying performance, dampened by USA wholesaler inventory optimisation

€ millions	FY18[1]	FY19	reported Δ	organic Δ
Sales	2,485	**2,545**	+2%	+2%
GM	1,629	**1,698**	+4%	+1%
GM / Sales	*65.6%*	***66.7%***		*-65bps*
A&P	(495)	**(504)**	+2%	+1%
A&P / Sales	*19.9%*	***19.8%***		*-14bps*
CAAP	1,134	**1,193**	+5%	stable
CAAP / Sales	*45.6%*	***46.9%***		*-51bps*
Structure[2]	(399)	**(408)**	+2%	+2%
Structure / Sales	*16.0%*	***16.0%***		*+1bps*
PRO	735	**785**	+7%	stable
PRO / Sales	*29.6%*	***30.9%***		*-52bps*

- **good underlying trends,** with strong dynamism in Latin America and Travel Retail but Sales dampened by wholesaler inventory optimisation in USA (USA Sales stable with Sell-out broadly in line with market[3])
- **Gross margin rate down -65bps driven by decreased weight of USA**
- **A&P modest increase** driven by priorities (Martell, The Glenlivet and Jameson in USA; Beefeater in Brazil)
- **Structure cost increase below that of Sales,** thanks to strong discipline
- **reported PRO +7%** thanks mainly to favourable USD movement

1. *FY18 restated for IFRS 15 norm*
2. *Includes OIE and Royalties; Headquarters, Regional headquarters and Brand company costs allocated in proportion to CAAP*
3. *Internal estimate of USA spirits growing at c. +4.5%*

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+19%

Asia-RoW PRO

Asia-Rest of World

Excellent growth driven mainly by China, India and Africa ME

€ millions	FY18[1]	FY19	reported Δ	organic Δ
Sales[2]	3,564	**3,965**	+11%	+12%
GM	2,030	**2,308**	+14%	+15%
GM / Sales	*57.0%*	***58.2%***		*+121bps*
A&P	(528)	**(592)**	+12%	+13%
A&P / Sales	*14.8%*	***14.9%***		*+5bps*
CAAP	1,502	**1,716**	+14%	+15%
CAAP / Sales	*42.2%*	***43.3%***		*+116bps*
Structure[3]	(506)	**(537)**	+6%	+7%
Structure / Sales	*14.2%*	***13.5%***		*-63bps*
PRO	996	**1,179**	+18%	+19%
PRO / Sales	*28.0%*	***29.7%***		*+179bps*

- **Sales growth** driven mainly by China, India but good dynamism also in Travel Retail and Turkey
- **Gross margin improving +121bps** thanks in particular to positive pricing and mix in China (Martell) and pricing in Turkey
- **strong A&P growth,** focused on core priorities (Martell China, India media and "To the MACs" emerging-middle-class strategy)
- Structure cost growth reflecting **targeted investment in growth relays**
- **excellent PRO margin increase, thanks mainly to pricing, while continuing significant investments behind future growth**

1. *FY18 restated for IFRS 15 norm*
2. *Including customs duties*
3. *Includes OIE and Royalties; Headquarters, Regional headquarters and Brand company costs allocated in proportion to CAAP*

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+2%

Europe

PRO

Europe
Strong growth in Eastern Europe but difficult context in Western Europe

€ millions	FY18[1]	FY19	reported Δ	organic Δ
Sales	2,674	**2,672**	Stable	+1%
GM	1,630	**1,643**	+1%	+2%
GM / Sales	*61.0%*	***61.5%***		*+69bps*
A&P	(406)	**(415)**	+2%	+2%
A&P / Sales	*15.2%*	***15.5%***		*+20bps*
CAAP	1,224	**1,228**	stable	+2%
CAAP / Sales	*45.8%*	***45.9%***		*+49bps*
Structure[2]	(597)	**(611)**	+2%	+2%
Structure / Sales	*22.3%*	***22.9%***		*+26bps*
PRO	626	**617**	-2%	+2%
PRO / Sales	*23.4%*	***23.1%***		*+23bps*

- **Sales growth at +1%,** with dynamism in Eastern Europe, but difficulties in Western Europe
- **Gross margin ratio +69bps** driven in particular by Operational Excellence initiatives
- **Structure costs tightly managed.** Ratio impacted by weaker topline following commercial disputes
- **PRO margin demonstrating modest improvement**
- reported PRO impacted by negative FX

1. *FY18 restated for IFRS 15 norm*
2. *Includes OIE and Royalties; Headquarters, Regional headquarters and Brand company costs allocated in proportion to CAAP*

Net profit

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+10%

EPS growth

Double-digit EPS growth driven by robust business profit

€ millions	FY18	FY19	Reported Δ
Profit from Recurring Operations	2,358	2,581	+9.5%
Financial income (expense) from recurring operations	(301)	(314)	
Income tax on recurring operations	(520)	(586)	
Minority interests and other	(26)	(27)	
Group share of Net Profit from Recurring Operations	**1,511**	**1,654**	**+9.5%**
Number of shares used in diluted EPS calculation ('000)	265,543	265,420	
Diluted net earnings per share from recurring operations "EPS" (€/share)	**5.69**	**6.23**	**+10%**

- **slight increase in Financial expense** from recurring mainly due to higher short-term USD interest rate over the period and FX effect (stronger USD)
- **Tax rate on recurring items close to 26%**, with slight increase vs. FY18 driven by profit increase in countries with higher tax rate

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Non-recurring items

(€ millions)	FY18	FY19
Capital gains/losses and impairment	(44)	(98)
Restructuring and reorganisation costs	(38)	(77)
Other non-recurring income and expenses	20	(30)
Non-recurring operating income and expenses	**(62)**	**(206)**
Non-recurring financial items	**(1)**	**3**
Corporate income tax on non-recurring items	**129**	**4**

- **impairment charge of €69m** driven mainly by Brancott Estate while **capital loss** driven chiefly by Argentinian wine disposal
- **€77m restructuring/reorganisation costs** reflecting ongoing operational adaptation, with Korea being most significant change following outsourcing of Imperial distribution and reorganisation of Pernod Ricard Korea to focus on Strategic International Brands
- **Other non-recurring income and expense** driven mainly by one-off, non-cash, Allied Domecq pension fund re-evaluation (following equalisation reform)

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Group share of Net profit

(€ millions)	FY18	FY19	Reported Δ
Profit from Recurring Operations	**2,358**	**2,581**	**+9.5%**
Non-recurring operating income and expenses	(62)	(206)	
Operating profit	**2,296**	**2,375**	**+3%**
Financial income (expense) from recurring operations	(301)	(314)	
Non-recurring financial items	(1)	3	
Corporate income tax	(392)	(582)	
Non-controlling interests and other	(26)	(27)	
Group share of Net profit	**1,577**	**1,455**	**-8%**

- **higher tax charge** linked to profit increase and positive non-recurring items in FY18
- **decrease in Group share of Net profit, despite excellent PRO growth,** driven mainly by:
  - one-off items in FY19
  - unfavourable basis of comparison due to positive one-off effects in FY18 (sale of bulk Scotch inventory; reimbursement of French tax on dividends and revaluation of deferred tax assets and liabilities in USA)

Cash flow

& Debt

Continued very strong Free Cash Flow

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+4%

Recurring Free Cash Flow

€ millions	FY18	FY19	reported Δ	% Δ
Profit from Recurring Operations	2,358	**2,581**	**+223**	**+9.5%**
Amortisation, depreciation, provision movements and other	242	**247**	+4	
Self-financing capacity from recurring operations	**2,600**	**2,827**	**+227**	**+9%**
Decrease/(increase) in strategic stocks[1]	*(178)*	***(274)***	*(96)*	
Decrease/(increase) in operating WCR	*38*	***73***	*+35*	
Decrease/(increase) in recurring WCR	(141)	**(201)**	**(61)**	
Non-financial capital expenditure	(362)	**(363)**	(1)	
Recurring Operating Cashflow	**2,097**	**2,263**	**+166**	**+8%**
Financial income (expense) and taxes	(676)	**(786)**	(110)	
Free Cash Flow from recurring operations (Recurring FCF)	**1,422**	**1,477**	**+56**	**+4%**
Non-recurring items	11	**(111)**	(123)	
Free Cash Flow (FCF)	**1,433**	**1,366**	**(67)**	**-5%**

(1) Ageing stocks and wine inventories

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+4%

Recurring Free Cash Flow

88% cash conversion[1], with business acceleration and increased strategic inventories

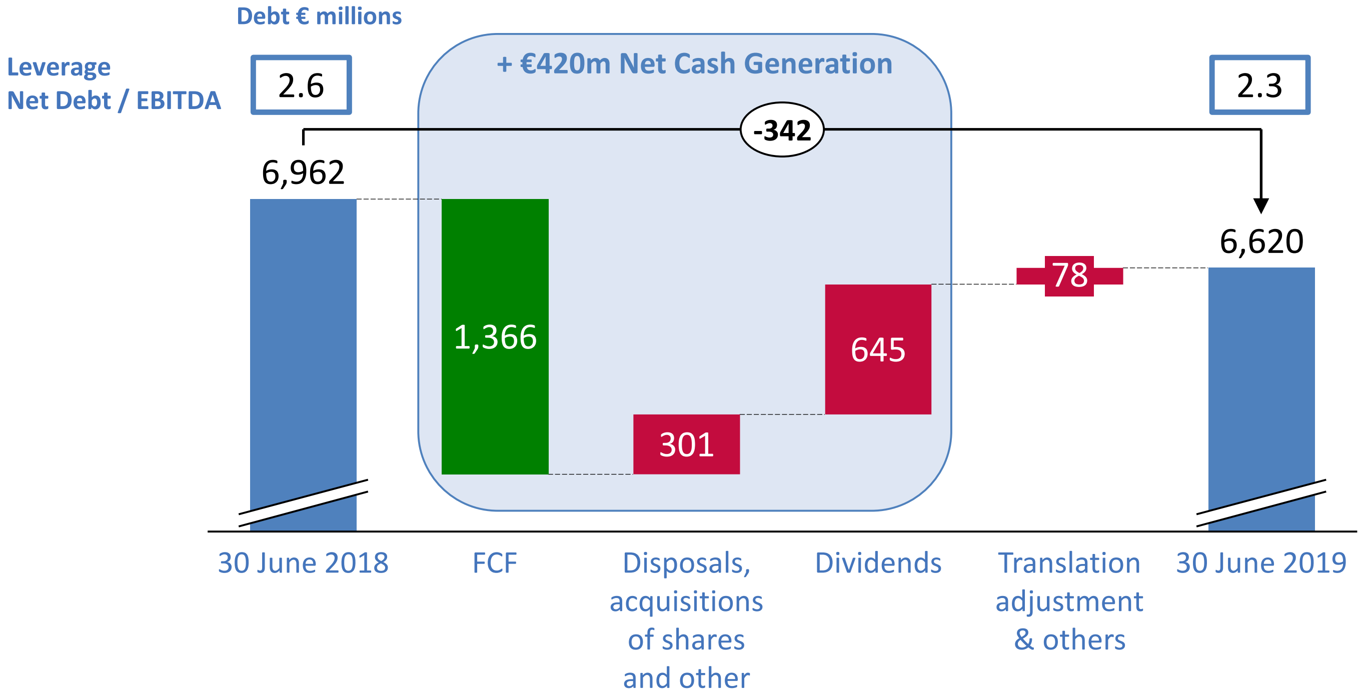
- **strong Recurring Operating Cash Flow: +€166m vs. FY18,** thanks to strong business performance with maintenance of high conversion rate at 88% and positive Operating Working capital evolution, supported by Operational Excellence initiatives
- **increase in strategic inventory build: -€274m,** additional €96m vs. FY18, driven mainly by whisky and cognac, to support future growth.
  - sustained investment to continue into FY20 – expect c. €300m
- **Capex/Sales ratio remaining almost stable at 4.0%.**
  - for FY20, Capex/Sales ratio to increase to c.5% to support key investment priorities
- **slight increase of financial expense (-€20m)** mainly due to higher short-term USD interest rate over the period as well as FX effect (stronger USD). **Higher cash tax (-€90m)** mainly linked to increasing profits in higher tax jurisdictions
- **non-recurring FCF: -€111m,** due mainly to restructuring
- **Free Cash Flow at -5% vs. FY18, due to positive one-off items in FY18** (sales of bulk Scotch inventory and reimbursement of French tax on dividends)

1 Recurring Operating Cash Flow / PRO

Leverage ratio down to 2.3 with increased dividend and dynamic M&A

€342m

Reduction in Net Debt



- **continued very significant FCF at c. €1.4bn**
- **increase in M&A cash-out** reflecting dynamic portfolio management
- negative **phasing of Employee share ownership plan**, with c.€80m cash-out in June 2019 (and c.€60m employee contribution cash-in in July)
- **significant increase in dividend payout** to 41% (-€94m vs FY18)
- negative translation adjustment and others: €78m mainly due to EUR/USD evolution[1] and IFRS 15 opening impact

1 Closing rate evolution from 1.17 at 30 June 2018 to 1.14 at 30 June 2019

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€3.12

FY19 Proposed dividend per share[1]

Up to €1bn

Share buy-back across FY20 and FY21

Inflection in financial policy supported by continued strong cash generation and deleveraging

Updated financial policy

Priorities, while retaining investment grade rating:

1. increased **investment in future organic growth,** in particular through strategic inventories and capex
2. continued **active portfolio management** and value-creating M&A
3. **accelerated dividend distribution** increase to c.50% payout from FY19
4. up to €1bn **share buy-back programme** across FY20 and FY21

FY19 proposed dividend[1]: €3.12, corresponding to 50% payout of Net Profit from Recurring Operations

- **accelerating** Group's 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)

Launch of Share buy-back programme of up to €1bn

- to be implemented **over FY20 and FY21**
- **shares to be cancelled**
- **execution at market conditions, with ability to suspend or terminate** programme at any time

1 The FY19 dividend will be submitted for approval at the Annual General Meeting of 8 November 2019

Conclusion and outlook

Conclusion: excellent FY19 demonstrating clear business acceleration and long-term value creation

Diversified growth across portfolio

Strong pricing

Excellent performance in China and India and strengthening of route-to-market in Travel Retail and USA

Accelerated completion of FY16-20 Operational Excellence roadmap by 1 year

Continued focused investment to support future growth

PRO growth: +8.7%, strongest performance since FY12, and improved margin expansion +74bps

Strong cash performance resulting in continued Net Debt reduction and deleveraging

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FY20 Outlook

For FY20, in a particularly uncertain environment, Pernod Ricard expects:

- **continued execution of Transform & Accelerate[1] strategic plan, focused on embedding dynamic growth and delivering operating leverage, in line with objective of maximising long term value creation**
- **dynamic Sales growth to continue, albeit growth rates to moderate in India and China, consistently with plan assumptions**
- **dynamism in USA following inventory optimisation in FY19**
- **increased investment behind key Capex and Strategic inventory priorities**
- **start of share buy-back programme**

Soft Q1 expected due to unfavourable comparison base in Asia-RoW (+23% in FY19) but dynamic start in USA

FY20 Guidance:
Organic growth in PRO between +5% and +7%

1 cf detailed targets on slide 6

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.

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Upcoming communications

DATE[1]	EVENT
Thursday 17 October 2019	**Q1 FY20 Sales**
Friday 8 November 2019	**Annual General Meeting**
Thursday 13 February 2020	**H1 FY20 Sales & Results**
Thursday 23 April 2020	**Q3 FY20 Sales**

1 These dates are indicative and are liable to change

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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 FY19 (in 9Lcs millions)	Organic Sales growth FY19	Volumes	Price/mix
Absolut	11.1	-3%	-2%	-1%
Chivas Regal	4.5	6%	2%	3%
Ballantine's	7.6	7%	7%	-1%
Ricard	4.4	-3%	-2%	-1%
Jameson	7.7	6%	6%	0%
Havana Club	4.6	0%	1%	-1%
Malibu	3.7	-1%	-2%	1%
Beefeater	3.2	8%	8%	-1%
Martell	2.6	18%	11%	8%
The Glenlivet	1.2	9%	8%	1%
Royal Salute	0.2	16%	15%	1%
Mumm	0.7	1%	-2%	3%
Perrier-Jouët	0.3	5%	0%	6%
Strategic International Brands	**51.9**	**7%**	**2%**	**4%**

Note: USA wholesaler inventory reduction impacting performance, in particular for Jameson, Absolut and The Glenlivet

Sales Analysis by Region

Net Sales (€ millions)	FY18		FY19		Change		Organic Growth		Group Structure		Forex impact	
Americas	2,485	*28.5%*	2,545	*27.7%*	60	*2%*	40	*2%*	(7)	*0%*	27	*1%*
Asia / Rest of World	3,564	*40.9%*	3,965	*43.2%*	401	*11%*	443	*12%*	0	*0%*	(42)	*-1%*
Europe	2,674	*30.7%*	2,672	*29.1%*	(1)	*0%*	28	*1%*	(12)	*0%*	(17)	*-1%*
World	**8,722**	***100.0%***	**9,182**	***100.0%***	**460**	***5%***	**512**	***6%***	**(19)**	***0%***	**(32)**	***0%***

Net Sales (€ millions)	Q4 FY18		Q4 FY19		Change		Organic Growth		Group Structure		Forex impact	
Americas	586	*31.3%*	589	*29.5%*	3	*0%*	(21)	*-4%*	2	*0%*	22	*4%*
Asia / Rest of World	671	*35.9%*	777	*39.0%*	106	*16%*	93	*14%*	0	*0%*	13	*2%*
Europe	612	*32.8%*	628	*31.5%*	16	*3%*	14	*2%*	(0)	*0%*	2	*0%*
World	**1,869**	***100.0%***	**1,994**	***100.0%***	**125**	***7%***	**86**	***5%***	**2**	***0%***	**37**	***2%***

Net Sales (€ millions)	H2 FY18		H2 FY19		Change		Organic Growth		Group Structure		Forex impact	
Americas	1,115	*29.5%*	1,155	*28.9%*	40	*4%*	(11)	*-1%*	(2)	*0%*	52	*5%*
Asia / Rest of World	1,548	*40.9%*	1,699	*42.5%*	150	*10%*	120	*8%*	0	*0%*	30	*2%*
Europe	1,121	*29.6%*	1,143	*28.6%*	21	*2%*	24	*2%*	(3)	*0%*	0	*0%*
World	**3,785**	***100.0%***	**3,997**	***100.0%***	**212**	***6%***	**134**	***4%***	**(5)**	***0%***	**83**	***2%***

Bulk Spirits are allocated by Region according to the Regions' weight in the Group
FY18 figures restated for IFRS 15 norm application

Summary Consolidated Income Statement

(€ millions)	FY18	FY19	Change
Net sales	**8,722**	**9,182**	**5%**
Gross Margin after logistics costs	**5,289**	**5,648**	**7%**
Advertising and promotion expenses	(1,429)	(1,512)	6%
Contribution after A&P expenditure	**3,860**	**4,137**	**7%**
Structure costs	(1,502)	(1,556)	4%
Profit from recurring operations	**2,358**	**2,581**	**9%**
Financial income/(expense) from recurring operations	(301)	(314)	4%
Corporate income tax on items from recurring operations	(520)	(586)	13%
Net profit from discontinued operations, non-controlling interests and share of net income from associates	(26)	(27)	5%
Group share of net profit from recurring operations	**1,511**	**1,654**	**9%**
Other operating income & expenses	(62)	(206)	NA
Financial income/(expense) from non-recurring operations	(1)	3	NA
Corporate income tax on items from non recurring operations	129	4	NA
Group share of net profit	**1,577**	**1,455**	**-8%**
Non-controlling interests	26	27	5%
Net profit	**1,603**	**1,482**	**-8%**

FY18 figures restated for IFRS 15 norm application

Profit from Recurring Operations by Region (1/2)

World

(€ millions)	FY18		FY19		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	8,722	*100.0%*	9,182	*100.0%*	460	*5%*	512	*6%*	(19)	*0%*	(32)	*0%*
Gross margin after logistics costs	5,289	*60.6%*	5,648	*61.5%*	359	*7%*	346	*7%*	(1)	*0%*	14	*0%*
Advertising & promotion	(1,429)	*16.4%*	(1,512)	*16.5%*	(83)	*6%*	(82)	*6%*	(1)	*0%*	0	*0%*
Contribution after A&P	3,860	*44.3%*	4,137	*45.1%*	277	*7%*	265	*7%*	(2)	*0%*	14	*0%*
Profit from recurring operations	**2,358**	***27.0%***	**2,581**	***28.1%***	**223**	***9%***	**207**	***9%***	**(9)**	***0%***	**25**	***1%***

Americas

(€ millions)	FY18		FY19		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	2,485	*100.0%*	2,545	*100.0%*	60	*2%*	40	*2%*	(7)	*0%*	27	*1%*
Gross margin after logistics costs	1,629	*65.6%*	1,698	*66.7%*	69	*4%*	10	*1%*	0	*0%*	59	*4%*
Advertising & promotion	(495)	*19.9%*	(504)	*19.8%*	(9)	*2%*	(5)	*1%*	(0)	*0%*	(5)	*1%*
Contribution after A&P	1,134	*45.6%*	1,193	*46.9%*	59	*5%*	5	*0%*	0	*0%*	54	*5%*
Profit from recurring operations	**735**	***29.6%***	**785**	***30.9%***	**50**	***7%***	**(1)**	***0%***	**(2)**	***0%***	**53**	***7%***

Bulk Spirits are allocated by Region according to the Regions' weight in the Group
FY18 figures restated for IFRS 15 norm

Profit from Recurring Operations by Region (2/2)

Asia / Rest of the World

(€ millions)	FY18		FY19		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	3,564	*100.0%*	3,965	*100.0%*	401	*11%*	443	*12%*	0	*0%*	(42)	*-1%*
Gross margin after logistics costs	2,030	*57.0%*	2,308	*58.2%*	278	*14%*	301	*15%*	0	*0%*	(23)	*-1%*
Advertising & promotion	(528)	*14.8%*	(592)	*14.9%*	(64)	*12%*	(68)	*13%*	(0)	*0%*	3	*-1%*
Contribution after A&P	1,502	*42.2%*	1,716	*43.3%*	213	*14%*	233	*15%*	0	*0%*	(20)	*-1%*
Profit from recurring operations	**996**	***28.0%***	**1,179**	***29.7%***	**183**	***18%***	**195**	***19%***	**(1)**	***0%***	**(12)**	***-1%***

Europe

(€ millions)	FY18		FY19		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	2,674	*100.0%*	2,672	*100.0%*	(1)	*0%*	28	*1%*	(12)	*0%*	(17)	*-1%*
Gross margin after logistics costs	1,630	*61.0%*	1,643	*61.5%*	13	*1%*	36	*2%*	(2)	*0%*	(21)	*-1%*
Advertising & promotion	(406)	*15.2%*	(415)	*15.5%*	(9)	*2%*	(10)	*2%*	(1)	*0%*	2	*0%*
Contribution after A&P	1,224	*45.8%*	1,228	*45.9%*	4	*0%*	26	*2%*	(3)	*0%*	(19)	*-2%*
Profit from recurring operations	**626**	***23.4%***	**617**	***23.1%***	**(10)**	***-2%***	**13**	***2%***	**(6)**	***-1%***	**(16)**	***-3%***

Bulk Spirits are allocated by Region according to the Regions' weight in the Group
FY18 figures restated for IFRS 15 norm

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Foreign Exchange Impact

Forex impact FY19 (€ millions)		Average rates evolution FY18	FY19	%	On Net Sales	On Profit from Recurring Operations
US dollar	USD	1.19	1.14	-4.4%	104	61
Chinese yuan	CNY	7.76	7.79	0.3%	(3)	(2)
Indian rupee	INR	77.70	80.52	3.6%	(39)	(13)
Russian rouble	RUB	70.51	74.93	6.3%	(13)	(9)
Turkish Lira	TRL	4.63	6.40	38.2%	(25)	(22)
Pound sterling TC	GBP	0.89	0.88	-0.5%	2	(2)
Other					(59)	12
Total					**(32)**	**25**

Note : Impact on Profit from Recurring Operations includes strategic hedging on Forex

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	+14
Financial expenses	(2)
Pre-tax profit from recurring operations	**+11**

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

(1) Full-year effect

Balance Sheet: Assets

Assets (€ millions)	30/06/2018	30/06/2019
(Net book value)		
Non-current assets		
Intangible assets and goodwill	16,858	17,074
Tangible assets and other assets	3,322	4,002
Deferred tax assets	1,556	1,590
Total non-current assets	**21,737**	**22,666**
Current assets		
Inventories	5,472	5,756
aged work-in-progress	*4,532*	*4,788*
non-aged work-in-progress	*71*	*79*
other inventories	*869*	*889*
Receivables (*)	1,122	1,226
Trade receivables	*1,031*	*1,168*
Other trade receivables	*91*	*59*
Other current assets	280	359
Other operating current assets	*273*	*291*
Tangible/intangible current assets	*7*	*67*
Tax receivable	177	105
Cash and cash equivalents and current derivatives	771	929
Total current assets	**7,821**	**8,375**
Assets held for sale	0	5
Total assets	**29,558**	**31,045**
(*) after disposals of receivables of:	610	674

Balance Sheet: Liabilities and Shareholders' Equity

Liabilities and shareholders' equity (€ millions)	30/06/2018	30/06/2019
Group Shareholders' equity	**14,797**	**15,987**
Non-controlling interests	181	195
of which profit attributable to non-controlling interests	*26*	*27*
Total Shareholders' equity	**14,978**	**16,182**
Non-current provisions and deferred tax liabilities	3,567	3,735
Bonds non-current	6,777	6,071
Non-current financial liabilities and derivative instruments	494	379
Total non-current liabilities	**10,838**	**10,185**
Current provisions	143	149
Operating payables	1,951	2,187
Other operating payables	960	1,058
of which other operating payables	*621*	*660*
of which tangible/intangible current payables	*338*	*398*
Tax payable	225	157
Bonds - current	93	944
Current financial liabilities and derivatives	371	182
Total current liabilities	**3,743**	**4,676**
Liabilities held for sale	0	2
Total liabilities and shareholders' equity	**29,558**	**31,045**

Analysis of Working Capital Requirement

(€ millions)	June 2017	June 2018	June 2019	FY18 WC change*	FY19 WC change*
Aged work in progress	4,416	4,532	4,788	160	268
Advances to suppliers for wine and ageing spirits	5	10	12	(1)	2
Payables on wine and ageing spirits	(107)	(96)	(105)	6	(11)
Net aged work in progress	**4,314**	**4,447**	**4,695**	**166**	**259**
Trade receivables before factoring/securitization	1,617	1,641	1,842	88	187
Advances from customers	(16)	(6)	(24)	10	(18)
Other receivables	333	353	338	40	24
Other inventories	818	869	889	81	15
Non-aged work in progress	72	71	79	4	2
Trade payables and other	(2,323)	(2,471)	(2,717)	(225)	(226)
Gross operating working capital	**502**	**457**	**405**	**(3)**	**(15)**
Factoring/Securitization impact	(557)	(610)	(674)	(63)	(63)
Net Operating Working Capital	**(56)**	**(153)**	**(269)**	**(65)**	**(78)**
Net Working Capital	**4,258**	**4,294**	**4,427**	**100**	**181**
Of which recurring variation				**141**	**201**
Of which non recurring variation				**(41)**	**(21)**

* without FX effects and reclassifications

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Net Debt

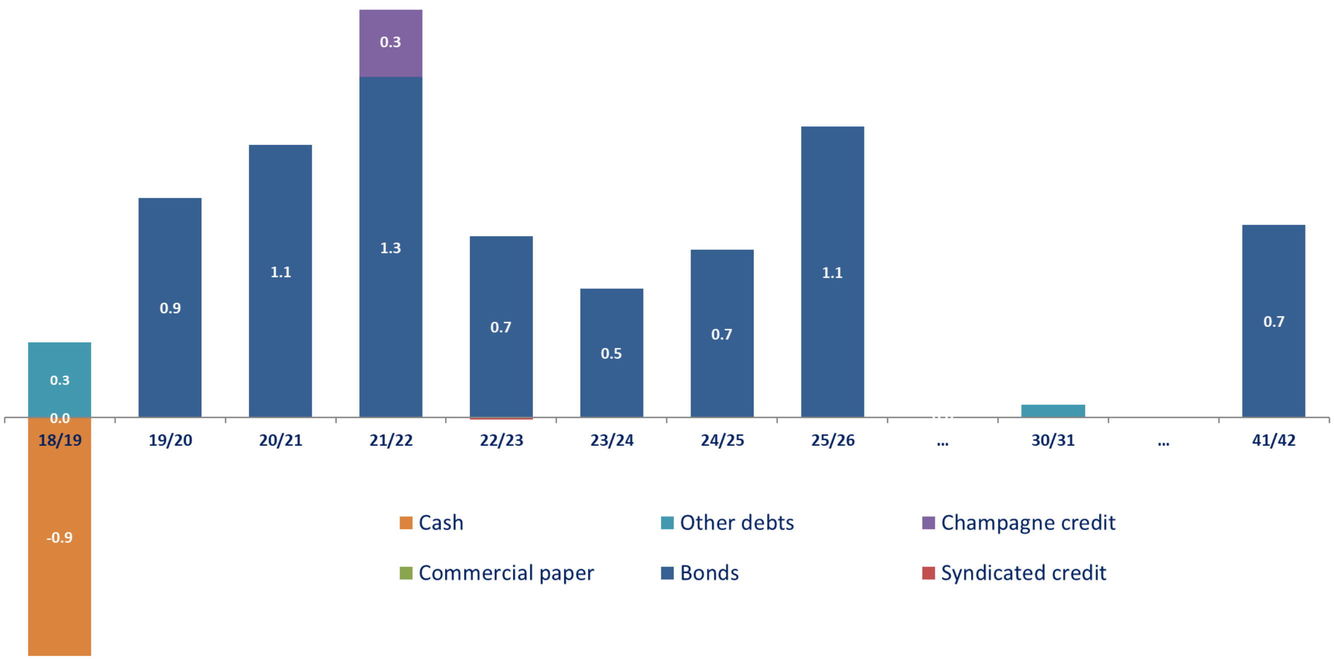
(€ millions)	30/06/2018			30/06/2019		
	Current	Non-current	Total	Current	Non-current	Total
Bonds	**93**	**6,777**	**6,869**	**944**	**6,071**	**7,015**
Syndicated loan	-	-	-	-	-	-
Commercial paper	280	-	280	-	-	-
Other loans and long-term debts	80	463	542	177	363	540
Other financial liabilities	**360**	**463**	**822**	**177**	**363**	**540**
Gross Financial debt	**452**	**7,239**	**7,691**	**1,121**	**6,434**	**7,555**
Fair value hedge derivatives – assets	-	-	-	-	(13)	(13)
Fair value hedge derivatives – liabilities	-	25	25	-	2	2
Fair value hedge derivatives	**-**	**25**	**25**	**-**	**(12)**	**(12)**
Net investment hedge derivatives – assets	-	-	-	-	-	-
Net investment hedge derivatives – liabilities	-	-	-	-	-	-
Net investment hedge derivatives	**-**	**-**	**-**	**-**	**-**	**-**
Net asset hedging derivative instruments – assets	(1)	-	(1)	-	-	-
Net asset hedging derivative instruments – liabilities	-	-	-	0	-	0
Net asset hedging derivative instruments	**(1)**	**-**	**(1)**	**0**	**-**	**0**
Financial debt after hedging	**452**	**7,265**	**7,716**	**1,121**	**6,422**	**7,543**
Cash and cash equivalents	**(754)**	**-**	**(754)**	**(923)**	**-**	**(923)**
Net financial debt	**(303)**	**7,265**	**6,962**	**198**	**6,422**	**6,620**

Change in Net Debt

(€ millions)	30/06/2018	30/06/2019
Operating profit	2,296	2,375
Depreciation and amortisation	216	226
Net change in impairment of goodwill, PPE and intangible assets	73	69
Net change in provisions	(35)	7
Retreatment of contributions to pension plans acquired from Allied Domecq and others	14	3
Changes in fair value on commercial derivatives and biological assets	(1)	(7)
Net (gain)/loss on disposal of assets	(48)	0
Share-based payments	35	40
Self-financing capacity before interest and tax	**2,549**	**2,714**
Decrease / (increase) in working capital requirements	(100)	(181)
Net interest and tax payments	(659)	(829)
Net acquisitions of non financial assets and others	(358)	(338)
Free Cash Flow	**1,433**	**1,366**
of which recurring Free Cash Flow	***1,422***	***1,477***
Net disposal of financial assets and activities, contributions to pension plans acquired from Allied Domecq and others	(60)	(181)
Dividends paid	(551)	(645)
(Acquisition) / Disposal of treasury shares and others	(23)	(121)
Decrease / (increase) in net debt (before currency translation adjustments)	**798**	**420**
IFRS 15 opening adjustment		16
Foreign currency translation adjustment	91	(94)
Decrease / (increase) in net debt (after currency translation adjustments)	**889**	**342**
Initial net debt	(7,851)	(6,962)
Final net debt	(6,962)	(6,620)

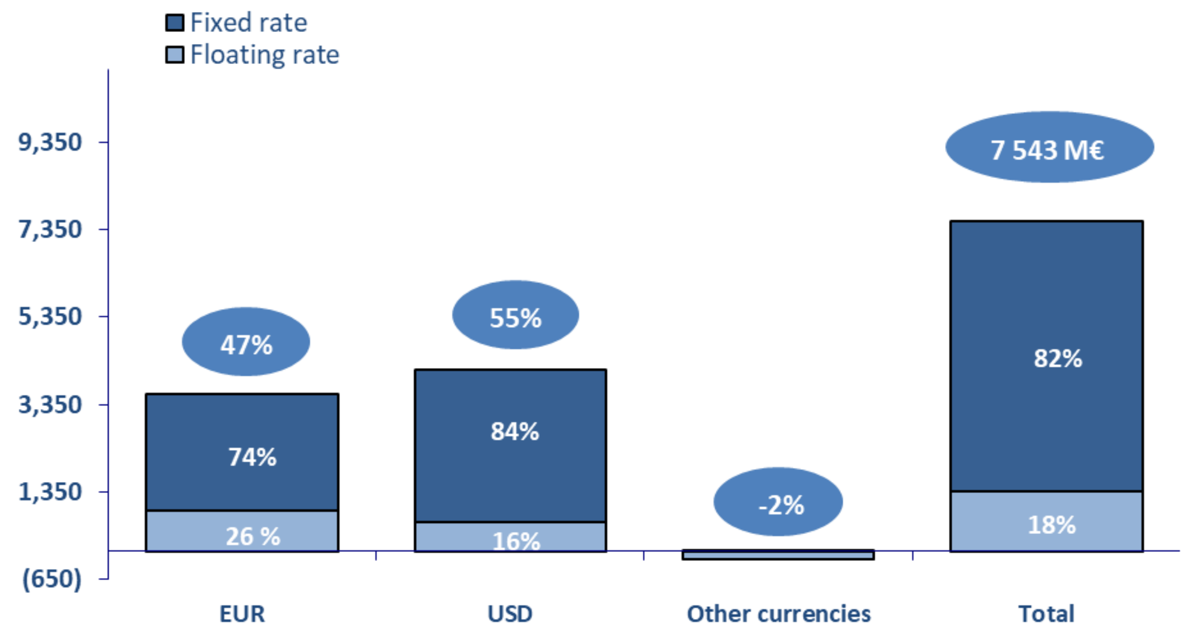
Net Debt Maturity at 30 June 2019

€ billions



Note: Syndicated credit facility of €2.5bn not used

Gross Debt after hedging at 30 June 2019



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

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Net Debt / EBITDA ratio evolution

	Closing Rate	Average rate[2]
EUR/USD rate: Jun FY18 -> Jun FY19	*1.17 -> 1.14*	*1.19 -> 1.14*
Ratio at 30/06/2018	**2.7**	**2.6[1]**
EBITDA & cash generation excl. Group structure effect and forex impact	**(0.4)**	**(0.4)**
Group structure and forex impacts	**+0.1**	**+0.1**
Ratio at 30/06/2019	**2.3**	**2.3**

1 Syndicated credit spreads and covenants are based on the same ratio as the average rate of the last twelve months of closing date

2 Average rate of last twelve months of closing date

Diluted EPS calculation

(x 1,000)	FY18	FY19
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)	(1,308)	(1,248)
Dilutive impact of stock options and performance shares	1,429	1,246
Number of shares used in diluted EPS calculation	**265,543**	**265,420**

(€ millions and €/share)	FY18	FY19	reported △
Group share of net profit from recurring operations	1,511	1,654	9.5%
Diluted net earnings per share from recurring operations	**5.69**	**6.23**	**9.5%**

IFRS 16 planned impact: starting FY20

The Group will use the modified retrospective approach. This transition approach implies that comparative figures for the previous financial periods will not be restated to reflect the adoption of IFRS16.

To measure IFRS16 expected impacts on the Group financial results, relevant data collection and contracts inventory have been completed.

Based on the ongoing contracts, the expected IFRS16 impacts are the following:

- C. €500m increase in total assets and liabilities. Most of the impact is due to premises where the Group is operating
- C. €100m increase in EBITDA on a full-year basis
- Non-material impacts on the operational result, the financial result and the net result. Full-year impact estimations are lower than 10 million euros on each of these aggregates
- An increase of c.€80m to €90m in cash flow from operations on a full-year basis, with the corresponding decrease in cash flow from financing.

This new lease standard includes simplification measures: the Group will not apply IFRS16 requirements to lease contracts whose term is lower than twelve months, the Group will also exclude the leases for which the underlying asset is of ‘low-value’ and will continue to treat finance leases as they were treated under IAS 17.