Very good 2008/09 1st half-year
Confirmed guidance of double-digit growth in Group net profit from recurring operations, which should exceed € 1 billion for the first time over the full 2008/09 financial year

- **Sales: € 4,212 million (+13%)**
- **Profit from recurring operations: € 1,196 million (+24%)**
- **Group net profit from recurring operations: € 685 million (+15%)**
- **Group net profit: € 615 million (+5%)**

Press release - Paris, 13 February 2009
The Pernod Ricard Board of Directors' meeting of 12 February 2009, chaired by Patrick Ricard, approved the financial statements for the first half-year and provided guidance for the full 2008/09 financial year.

Pernod Ricard achieved an excellent performance during the 2008/09 1st half-year (1 July to 31 December 2008):

- ✓ Sustained growth in the Group's historical business: organic sales growth +5%
- ✓ Very significant increase in operating margin (profit from recurring operations/sales) that rose by 240 bps to 28.4%
- ✓ Substantial 15% increase in Group net profit from recurring operations reflecting the above two factors as well as the success of the integration of Absolut, which contributed immediately and significantly to the Group's growth.

Sales

Pernod Ricard's **2008/09 1st half-year consolidated net sales** (excluding tax and duties) **increased by 13%** to **€ 4,212 million,** compared to € 3,713 million in 2007/08 HY1. This growth was due to:
● **strong 5% organic growth,** in spite of a more difficult environment in the second quarter.
● a 4% negative foreign exchange effect, primarily due to the depreciation of the Pound Sterling, Korean Won, Indian Rupee and Australian Dollar.
● a strong 12% group structure effect, primarily due to the **integration of V&S** from 23 July.

The 14 strategic brands (excluding Absolut), grew by 1% in volume and **6% in value**[(1)], thereby reflecting the very positive impact of the move up-market and price increases. The strategic brands that reported the strongest value growth[(1)] were: Martell (+21%), Jameson (+14%), The Glenlivet (+12%), Havana Club (+11%) and Mumm (+8%). Chivas Regal (+6%) and Ballantine's (+5%) proved they could perform well, whereas Malibu (+1%), Kahlùa (-7%) and Perrier Jouët (-8%) were adversely affected by market conditions and inventory reductions in the US.
In addition, many other spirit brands confirmed their dynamism, especially Ararat and Olmeca in Eastern Europe, Wyborowa in Poland and Royal Stag, Imperial Blue and Blender's Pride in India.

Additional sales from the contribution of Vin & Sprit's portfolio, totalled € 507 million for 5 months and 7 days. The Absolut brand continued its rapid development with a slight decline in the US, but continued strong growth in other markets: Spain, the UK, France, Germany, Poland, Italy, Brazil, Mexico, …

In the 2nd quarter 2008/09, consolidated sales increased by 14% to € 2,456 million, including 3% organic growth, a 2% negative foreign exchange effect and a 13% positive group structure effect. The fact that strong growth was maintained over this quarter demonstrates the strength and staying power of Pernod Ricard's portfolio and commercial network. The sharply negative 6% foreign exchange effect of the first quarter was significantly offset by the appreciation of the US dollar and the Chinese Yuan.

Significantly improved portfolio contributive margin

Gross margin grew by 18% to € 2,503 million, i.e. 5 bps more than sales, due to the triple impact of a strong 6% organic growth, the integration of Absolut and favourable currency movements. The continuing implementation of the value added strategy, applied to the whole portfolio, as well as the contribution of Absolut, a highly profitable brand, led to a very significant improvement in gross margin ratio, which increased from 57.3% to 59.4% of sales, an increase of 210 bps.

The dynamic sales, strongly progressing profit margins and opportunities for market share gains, led us to continue strong growth in our **advertising and promotional expenditure** to **€ 731 million (up 17%).** Thus, the advertising and promotion expenditure to sales ratio reached 17.3% over the 2008/09 first half-year, compared to 16.8% over the same period of the previous financial year.

In total, the **contribution after advertising and promotional expenditure increased by 18%** to € 1,772 million and represented 42.1% of sales, up 160 bps compared to the previous financial year.

Improved structure costs / sales ratio

Structure costs increased by 7% to € 576 million, which only represents 2% organic growth and shows the disciplined management of these costs in an uncertain environment. This discipline, combined with the accelerated implementation of synergies related to the acquisition of Vin & Sprit, generated **a further reduction in the structure costs / sales ratio to 13.7%**, a decrease of 80 bps compared to the previous financial year.

Remarkable growth in profit from recurring operations

Profit from recurring operations grew by 24% to € 1,196 million. **The operating margin was 28.4%**, an improvement of 240 bps compared to the previous financial year.

All regions experienced double-digit growth in profit from recurring operations:

- ✓ Remarkable 23% growth in **Asia/Rest of World** (organic growth of 18%), which was due in particular to vigorous Martell and Ballantine's sales in China and local brands in India.
- ✓ The foreign exchange and group structure effects particularly enhanced the growth of the **Americas** region, which achieved a spectacular 46% increase. Sales were in slight decline in the US (-2%[(1)]), in a more difficult market, adversely affected by inventory reductions by retailers, whereas Latin America had a very good first half-year and the Canadian market grew.
- ✓ **In Europe**, organic growth was generated by Eastern Europe (Russia, Poland, Romania…) with good progress in Germany and Sweden, along with more difficult situations in Spain, the UK and Italy. The contribution of Absolut and Vin & Sprit's operations in Nordic countries resulted in a sharp overall increase in profit from recurring operations.
- ✓ **In France**, growth from Ballantine's, Mumm and Clan Campbell's commercial performance was accelerated by good control of structure costs and foreign exchange movements, especially the depreciation of the Pound Sterling.

Currency movements had a negative impact on sales but positive impact on profitability, primarily due to the depreciation of the currencies of two of our main producing countries: Pound Sterling and Australian Dollar. **Over the 2008/09 first half-year, the foreign exchange effect on profit from recurring operations was positive at € 29 million.**

Over 5 months and 7 days, **Vin & Sprit's integration** added **€ 164 million** to the profit from recurring operations of the first half-year 2008/09, thus strongly contributing to the growth of the Group.

Net profit from recurring operations

Net financial expenses from recurring operations totalled € 339 million. Debt-related financial interest totalled € 320 million (i.e. an average interest rate of about 5.2%), finance structuring costs being € 8 million and other financial expenses € 11 million.

Corporate tax on recurring operations was an expense of € 169 million, i.e. a rate of 19.7%, in line with our forecasts. Lastly, **minority interests and other items** amounted to a negative € 3 million.

In total, **Group share of net profit from recurring operations totalled € 685 million,** a 15% increase compared to the first half-year 2007/08.

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Net profit

Other operating income/(expense) was a € 133 million expense, primarily relating to the Vin & Sprit integration, including € 47 million due to the early exit from distribution contracts and € 70 million in integration and acquisition costs. Non-current financial items were a € 46 million expense and were essentially due to negative foreign exchange effects and the impact of volatility on the time value of interest rate hedges. Lastly, **profit from non-current operations generated a € 109 million tax credit**, due to the deduction of non-current expenses and the positive impact of foreign exchange movements (deductible exchange losses).

Consequently, **Group net profit totalled € 615 million, a 5% increase** compared to the 2007/08 financial year.

Net debt and cost of debt

Net debt at 31 December 2008 amounted to € 12,956 million. As expected, the level of debt was affected by the following over the first half-year:

- **the acquisition of Vin & Sprit** and the exit from the Maxxium and Future Brands distribution contracts.
- **the impact of the appreciation of the US dollar** (€/$ = 1.39 at 31 December 2008, compared to 1.58 at 30 June 2008).
- **strong free cash flow generation** over the period (€ 658 million, free cash flow from recurring operations), bolstered by the setting up of a factoring facility.
- **the payment of dividends** relating to the 2007/08 financial year.

Our target is to achieve free cash flow from recurring operations of close to € 1 billion over the full 2008/09 financial year and to generate free cash flow in excess of € 1 billion in each of the 2009/10 and 2010/11 years.
This strong cash generation and the € 1 billion asset disposal program will enable the Group to continue the rapid improvement of its debt ratios, that started in the first half 2008/09. **The target of a net debt/EBITDA ratio of close to 4 by 30 June 2011 is therefore confirmed.**

The average cost of debt should be less than 5% for the full year 2008/09 and close to 4% for 2009/10, base on current interest rates and current hedging.

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Conclusion and outlook

The **first half-year,** featuring strong sales growth, a significant improvement in operating margin and the rapid and successful integration of Vin & Sprit, **was outstanding**.

Although visibility is limited for the second half of the year, **we anticipate that the wines & spirits sector will on the whole continue to show excellent resilience**. **Our leadership positions** should, thanks to the combined strength of our distribution network and our strong brands, enable us **to gain market share** in many countries, as we did during the first half-year. Third quarter growth (the weakest quarter of the year) will, however, be affected by unfavourable technical effects, which could result in negative organic growth in sales.

For the full 2008/09 financial year, we aim for:

- ✓ Strong organic growth in profit from recurring operations (but due to the lack of visibility, we broaden our guidance range to between +5% and +8%)
- ✓ Average cost of borrowing below 5%
- ✓ Successful integration of Absolut and accelerated implementation of Vin & Sprit integration synergies

Pierre Pringuet, Chief Executive Officer states: "**These factors enable us to confirm our guidance[4] for double-digit growth in our Group net profit from recurring operations, which for the first time should exceed € 1 billion over the full 2008/09 financial year".**

(1) Organic growth
(2) GNP/capita below USD 10,000
(3) Pernod Ricard's original group structure
(4) At current foreign exchange and interest rates

About Pernod Ricard

Created by the merger of Pernod and Ricard (1975), the Group has undergone sustained development, based on both organic growth and acquisitions. The purchase of part of Seagram (2001), the acquisitions of Allied Domecq (2005) and recently of Vin & Sprit (2008) have made Pernod Ricard the world's co-leader in wines and spirits with sales of € 6,589 million in 2007/08.

Pernod Ricard holds one of the most prestigious brand portfolios in the sector: ABSOLUT Premium Vodka, Ricard pastis, Ballantine's, Chivas Regal and The Glenlivet Scotch whiskies, Jameson Irish Whiskey, Martell cognac, Havana Club rum, Beefeater gin, Kahlúa and Malibu liqueurs, Mumm and Perrier-Jouët champagnes, as well Jacob's Creek and Montana wines.

The Group favours a decentralised organisation, with 7 Brand Owners and 70 Distribution Companies established in each key market, and employs a workforce of more than 19,300 people.

Pernod Ricard is strongly committed to a sustainable development policy and encourages responsible consumption.

Pernod Ricard is listed on the NYSE Euronext exchange (Ticker: RI; ISIN code: FR0000120693) and is a member of the CAC 40 index.

Shareholders' agenda: 2008/09 3rd Quarter sales– Thursday 30 April 2009

Download the slides of the 2008/09 1st half-year presentation as well as the half year financial report on www.pernod-ricard.com

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STRATEGIC BRANDS ORGANIC GROWTH

HY1 2008/09	Volume growth	Net Sales organic growth
Chivas Regal	4%	6%
Ballantine's	3%	5%
Ricard	-1%	-1%
Martell	-6%	21%
Malibu	-1%	1%
Kahlua	-7%	-7%
Jameson	7%	14%
Beefeater	-1%	3%
Havana Club	12%	11%
The Glenlivet	7%	12%
Jacob's Creek	-5%	-1%
Mumm	0%	8%
Perrier Jouet	-14%	-8%
Montana	3%	3%
14 Strategic Brands	**1%**	**6%**

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SUMMARISED HALF-YEAR CONSOLIDATED INCOME STATEMENT

(€ millions)	31/12/2007	31/12/2008	Change
Net sales	**3 713**	**4 212**	**13%**
Gross Margin after logistics costs	**2 126**	**2 503**	**18%**
A&P expenditure	(623)	(731)	17%
Contribution after A&P expenditure	**1 503**	**1 772**	**18%**
Structure costs	(537)	(576)	7%
Profit from recurring operations	**966**	**1 196**	**24%**
Financial income/(expense) from recurring operations	(176)	(339)	92%
Corporate income tax on items from recurring operations	(183)	(169)	-8%
Net profit from discontinued operations, minority interests and share of net income from associates	(13)	(3)	NA
Group share of net profit from recurring operations	**594**	**685**	**15%**
Other operating income and expenses	5	(133)	NA
Non-recurring financial items	(9)	(46)	NA
Corporate income tax on items from non recurring operations	(1)	109	NA
Group share of net profit	**588**	**615**	**5%**
Minority interests	13	11	-17%
Net profit	**601**	**625**	**4%**

FOREX IMPACT

Forex impact HY1 (€ million)		On Net Sales	On Profit from Recurring Operations
US Dollar	USD	0.0	0.0
British Pound	GBP	(46.6)	7.7
Korean Won	KRW	(35.0)	(9.9)
Indian Roupie	INR	(18.1)	(4.8)
Australian Dollar	AUD	(16.0)	1.9
New Zealand Dollar	NZD	(11.6)	(0.5)
Canadian Dollar	CAD	(10.7)	(3.1)
Thai Bath	THB	(7.8)	(1.9)
South African Rand	ZAR	(7.5)	(3.9)
Mexican Peso	MXN	(6.0)	(1.6)
Brasilian Real	BRL	(4.2)	(0.9)
Russian Rouble	RUB	(2.8)	(1.9)
Venezuelian Bolivar	VEB	0.1	0.0
Polish Zloty	PLN	2.1	0.3
Chinese Yuan	CNY	22.4	11.8
Other currencies		4.5	6.4
Conversion differences/Hedging			29.4
Total		**(137.1)**	**28.9**

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HALF-YEAR CONSOLIDATED BALANCE SHEET

Assets (Net book value) (€ millions)	30/06/2008	31/12/2008
Non-current assets		
Intangible assets and goodwill	10 341	16 462
Property, plant and equipment and investments	1 822	1 889
Deferred tax assets	722	1 107
Total non-current assets	**12 885**	**19 458**
Current assets		
Inventories and receivables	5 125	5 576
Cash and cash equivalents	421	530
Total current assets	**5 546**	**6 106**
Assets held for sale	**-**	**68**
Total assets	**18 431**	**25 632**

Liabilities and shareholders' equity (€ millions)	30/06/2008	31/12/2008
Shareholders' equity	6 420	5 847
Minority interests	177	183
Shareholders' equity – attributable to equity holders of the parent	**6 597**	**6 030**
Non-current provisions and deferred tax liabilities	3 073	3 278
Bonds	2 352	2 284
Non-current financial liabilities and derivative instruments	3 262	10 872
Total non-current liabilities	**8 687**	**16 435**
Current provisions	287	306
Operating payables and derivatives	1 910	2 532
Current financial liabilities	950	330
Total current liabilities	**3 147**	**3 167**
Total equity and liabilities	**18 431**	**25 632**

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MOVEMENT IN NET DEBT

€ millions	31/12/2007 6 months	31/12/2008 6 months
Self-financing capacity	**1 006**	**1 185**
Decrease (increase) in working capital requirements	(550)	(166)
Financial income/(expense) and taxes	(281)	(397)
Acquisition of PPE, intangible assets and other	(66)	(92)
Free Cash Flow	**109**	**530**
Financial asset disposal/acquisition, payment to pension funds and others	(90)	(24)
Change in Group structure	(79)	(5 994)
Dividends	(273)	(295)
Decrease (increase) in net debt (before currency translation adjustments)	**(333)**	**(5 784)**
Translation adjustment	217	(1 030)
Decrease (increase) in net debt (after currency translation adjustments)	**(117)**	**(6 813)**
Initial debt	(6 515)	(6 143)
Final debt	(6 631)	(12 956)

SEGMENT REPORTING

Total:

(€ millions)	31/12/2007 6 months		31/12/2008 6 months		Change		Organic growth		Forex impact		Change in Group	
Net sales (Excl. T&D)	**3 713**	*100%*	**4 212**	*100%*	**499**	*13%*	**172**	*5%*	**(137)**	*-4%*	**464**	*12%*
Gross margin after logistics costs	**2 126**	*57%*	**2 503**	*59%*	**376**	*18%*	**126**	*6%*	**(2)**	*0%*	**252**	*12%*
Advertising & promotion	**(623)**	*17%*	**(731)**	*17%*	**(108)**	*17%*	**(45)**	*7%*	**14**	*-2%*	**(77)**	*12%*
Contribution after A&P	**1 503**	*40%*	**1 772**	*42%*	**269**	*18%*	**81**	*6%*	**12**	*1%*	**175**	*12%*
Profit from recurring operations	**966**	*26%*	**1 196**	*28%*	**230**	*24%*	**72**	*8%*	**29**	*3%*	**129**	*13%*

Asia / rest of the world:

(€ millions)	31/12/2007 6 months		31/12/2008 6 months		Change		Organic growth		Forex impact		Change in Group	
Net sales (Excl. T&D)	**1 085**	*100%*	**1 130**	*100%*	**45**	*4%*	**101**	*9%*	**(78)**	*-7%*	**22**	*2%*
Gross margin after logistics costs	**557**	*51%*	**641**	*57%*	**84**	*15%*	**78**	*14%*	**(8)**	*-1%*	**14**	*3%*
Advertising & promotion	**(205)**	*19%*	**(229)**	*20%*	**(24)**	*12%*	**(23)**	*11%*	**5**	*-3%*	**(7)**	*3%*
Contribution after A&P	**352**	*32%*	**412**	*36%*	**60**	*17%*	**55**	*16%*	**(3)**	*-1%*	**7**	*2%*
Profit from recurring operations	**233**	*21%*	**288**	*25%*	**54**	*23%*	**42**	*18%*	**7**	*3%*	**5**	*2%*

Americas:

(€ millions)	31/12/2007 6 months		31/12/2008 6 months		Change		Organic growth		Forex impact		Change in Group	
Net sales (Excl. T&D)	**970**	*100%*	**1 181**	*100%*	**210**	*22%*	**36**	*4%*	**(21)**	*-2%*	**196**	*20%*
Gross margin after logistics costs	**552**	*57%*	**736**	*62%*	**184**	*33%*	**23**	*5%*	**16**	*3%*	**145**	*26%*
Advertising & promotion	**(159)**	*16%*	**(199)**	*17%*	**(39)**	*25%*	**(4)**	*3%*	**4**	*-2%*	**(39)**	*25%*
Contribution after A&P	**393**	*40%*	**537**	*45%*	**144**	*37%*	**19**	*5%*	**19**	*5%*	**106**	*27%*
Profit from recurring operations	**264**	*27%*	**387**	*33%*	**122**	*46%*	**17**	*7%*	**23**	*9%*	**82**	*31%*

Europe:

(€ millions)	31/12/2007 6 months		31/12/2008 6 months		Change		Organic growth		Forex impact		Change in Group	
Net sales (Excl. T&D)	**1 262**	*100%*	**1 497**	*100%*	**236**	*19%*	**31**	*3%*	**(38)**	*-3%*	**242**	*19%*
Gross margin after logistics costs	**747**	*59%*	**837**	*56%*	**90**	*12%*	**16**	*2%*	**(15)**	*-2%*	**90**	*12%*
Advertising & promotion	**(172)**	*14%*	**(209)**	*14%*	**(37)**	*21%*	**(13)**	*8%*	**5**	*-3%*	**(29)**	*17%*
Contribution after A&P	**575**	*46%*	**628**	*42%*	**53**	*9%*	**3**	*1%*	**(11)**	*-2%*	**61**	*11%*
Profit from recurring operations	**372**	*29%*	**411**	*27%*	**39**	*11%*	**6**	*2%*	**(8)**	*-2%*	**41**	*11%*

France:

(€ millions)	31/12/2007 6 months		31/12/2008 6 months		Change		Organic growth		Forex impact		Change in Group	
Net sales (Excl. T&D)	**396**	*100%*	**404**	*100%*	**8**	*2%*	**5**	*1%*	**(0)**	*0%*	**3**	*1%*
Gross margin after logistics costs	**270**	*68%*	**288**	*71%*	**18**	*7%*	**10**	*4%*	**6**	*2%*	**3**	*1%*
Advertising & promotion	**(87)**	*22%*	**(94)**	*23%*	**(7)**	*8%*	**(5)**	*6%*	**0**	*0%*	**(2)**	*2%*
Contribution after A&P	**183**	*46%*	**195**	*48%*	**11**	*6%*	**4**	*2%*	**6**	*3%*	**1**	*0%*
Profit from recurring operations	**96**	*24%*	**111**	*27%*	**15**	*15%*	**7**	*7%*	**7**	*7%*	**1**	*1%*

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SALES ANALYSIS AT 31 DECEMBER 2008

€ million	HY1 2007/08		HY1 2008/09		Variation		Organic Growth		Group Structure		Forex impact	
Wines & Spirits France	396	*11%*	404	*10%*	8	*2%*	5	*1%*	3	*1%*	(0)	*0%*
Wines & Spirits Europe excl. France	1 262	*34%*	1 497	*36%*	236	*19%*	31	*3%*	242	*19%*	(38)	*-3%*
Wines & Spirits Americas	970	*26%*	1 181	*28%*	210	*22%*	36	*4%*	196	*20%*	(21)	*-2%*
Wines & Spirits Asia / Rest of the World	1 085	*29%*	1 130	*27%*	45	*4%*	101	*9%*	22	*2%*	(78)	*-7%*
Wines & Spirits World	**3 713**	***100%***	**4 212**	***100%***	**499**	***13%***	**172**	***5%***	**464**	***12%***	**(137)**	***-4%***

€ million	Q2 2007/08		Q2 2008/09		Variation		Organic Growth		Group Structure		Forex impact	
Wines & Spirits France	239	*11%*	244	*10%*	4	*2%*	2	*1%*	2	*1%*	(0)	*0%*
Wines & Spirits Europe excl. France	753	*35%*	867	*35%*	114	*15%*	(1)	*0%*	139	*18%*	(25)	*-3%*
Wines & Spirits Americas	578	*27%*	714	*29%*	136	*24%*	4	*1%*	124	*22%*	7	*1%*
Wines & Spirits Asia / Rest of the World	586	*27%*	632	*26%*	46	*8%*	65	*11%*	11	*2%*	(30)	*-5%*
Wines & Spirits World	**2 157**	***100%***	**2 456**	***100%***	**300**	***14%***	**71**	***3%***	**276**	***13%***	**(48)**	***-2%***

€ million	Q1 2007/08		Q1 2008/09		Variation		Organic Growth		Group Structure		Forex impact	
Wines & Spirits France	157	*10%*	161	*9%*	4	*2%*	2	*1%*	1	*1%*	0	*0%*
Wines & Spirits Europe excl. France	508	*33%*	630	*36%*	122	*24%*	32	*7%*	103	*20%*	(13)	*-3%*
Wines & Spirits Americas	393	*25%*	467	*27%*	74	*19%*	31	*9%*	72	*18%*	(29)	*-7%*
Wines & Spirits Asia / Rest of the World	499	*32%*	498	*28%*	(1)	*0%*	36	*7%*	12	*2%*	(48)	*-10%*
Wines & Spirits World	**1 557**	***100%***	**1 756**	***100%***	**199**	***13%***	**101**	***7%***	**188**	***12%***	**(89)**	***-6%***