

Paris, 13 February 2014

Sales virtually stable and slight increase in PRO¹ in HY1
(excluding forex impact and Group structure)

New guidance for FY 2013/14:
Organic growth in PRO between +1% and +3%

Net sales for the first semester of 2013/14 totalled **€ 4,570 million**. Excluding forex impact and Group structure sales were virtually stable, reflecting an improvement in the second quarter (+2%) over the first (-1%). Due to a highly unfavourable forex impact, reported net sales growth was -7%.

Sales were mainly impacted by one market, China (-18%):

- ✓ **Asia-RoW** excluding China +2%
- ✓ very good performance in **Europe** (+4%)
- ✓ return to growth in **Americas** (+3%) following a strong second quarter

Top 14 was virtually stable despite a mix effect of -4% (decline of Martell in China). Volumes were stable and pricing remained positive. The second quarter showed a return to growth. **Key local brands** performed well (+4%) despite the decline (primarily technical) of Imperial.

Operating margin improved (+34bps), thanks to strict control of resources, leading to organic growth in **Profit from Recurring Operations** of **+2%** at **€ 1,359 million**.

As announced, the **highly unfavourable forex impact** (**€ -112 million** on PRO at end December) affected the reported growth in Profit from Recurring Operations (-7%).

Financial expenses on recurring operations were reduced by -19% thanks to a significant reduction in the cost of debt to 4.6% (vs. 5.4% in HY1 2012/13).

Net profit from recurring operations declined -3%. Excluding forex impact, it grew +6%.

At end December, **debt** was reduced **€ -102 million** to **€ 8.6 billion**.

¹ Profit from recurring operations



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This announcement provided **Pierre Pringuet**, Chief Executive Officer of Pernod Ricard, with the opportunity to state: “We remain confident in the medium and long-term potential of China but we anticipate difficulties to persist for the full financial year. We want to **prioritize the Group’s future sales growth through a sound commercial policy and an appropriate level of investment**. As a result, we are issuing new guidance for FY 2013/14: **organic growth in profit from recurring operations between +1% and +3%.**”

Pierre Pringuet also announces the launch of **Allegro**, a project aimed at delivering further operational efficiency: “We want to **improve organisational efficiency** in order to generate **future growth, seize new opportunities** (particularly innovation and digital) and increase the **speed of execution**. We will continue to rely on our **decentralised model**, based on the **direct relationship between Brand Companies and Market Companies.**”

From a financial standpoint, this project will generate **€ 150 million of annual savings** over three years. They will be partly reinvested to support brand development.

A detailed presentation of sales for the first semester of 2013/14 can be downloaded from our website: www.pernod-ricard.com

Limited audit procedures have been carried out on the half-year financial statements. Half-year financial report related to this press release is being prepared and will be available on our website www.pernod-ricard.com.

Note: All growth data specified in this press release refers to organic growth, unless otherwise stated. France is now included in the Europe operating segment.

About Pernod Ricard

Pernod Ricard is the world’s co-leader in wines and spirits with consolidated sales of € 8,575 million in 2012/13. Created in 1975 by the merger of Ricard and Pernod, the Group has undergone sustained development, based on both organic growth and acquisitions: Seagram (2001), Allied Domecq (2005) and Vin & Sprit (2008). Pernod Ricard holds one of the most prestigious brand portfolios in the sector: Absolut Vodka, Ricard pastis, Ballantine’s, Chivas Regal, Royal Salute 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, Brancott Estate, Campo Viejo and Graffigna wines. Pernod Ricard employs a workforce of nearly 19,000 people and operates through a decentralised organisation, with 6 “Brand Companies” and 80 “Market Companies” established in each key market. Pernod Ricard is strongly committed to a sustainable development policy and encourages responsible consumption. Pernod Ricard’s strategy and ambition are based on 3 key values that guide its expansion: entrepreneurial spirit, mutual trust and a strong sense of ethics. Pernod Ricard is listed on the NYSE Euronext exchange (Ticker: RI; ISIN code: FR0000120693) and is a member of the CAC 40 index.

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Appendices

Sales analysis by region (new operating segments)

Net Sales (€ millions)	Q1 2012/13		Q1 2013/14		Change	Organic Growth	Group Structure	Forex impact
Europe	674	30.6%	666	33.1%	(7) -1%	21 3%	(15) -2%	(13) -2%
Americas	579	26.3%	532	26.4%	(47) -8%	2 0%	(1) 0%	(48) -8%
Asia / Rest of the World	951	43.2%	814	40.5%	(137) -14%	(55) -6%	(7) -1%	(74) -8%
World	2,203	100.0%	2,013	100.0%	(191) -9%	(32) -1%	(22) -1%	(136) -6%

Net Sales (€ millions)	Q2 2012/13		Q2 2013/14		Change	Organic Growth	Group Structure	Forex impact
Europe	946	35.0%	946	37.0%	0 0%	38 4%	(19) -2%	(19) -2%
Americas	703	26.0%	677	26.5%	(26) -4%	39 6%	(1) 0%	(63) -9%
Asia / Rest of the World	1,054	39.0%	934	36.5%	(120) -11%	(27) -3%	(5) -1%	(87) -8%
World	2,703	100.0%	2,558	100.0%	(145) -5%	50 2%	(25) -1%	(170) -6%

Net Sales (€ millions)	HY1 2012/13		HY1 2013/14		Change	Organic Growth	Group Structure	Forex impact
Europe	1,619	33.0%	1,612	35.3%	(7) 0%	59 4%	(33) -2%	(33) -2%
Americas	1,282	26.1%	1,209	26.5%	(73) -6%	41 3%	(2) 0%	(112) -9%
Asia / Rest of the World	2,005	40.9%	1,749	38.3%	(256) -13%	(82) -4%	(12) -1%	(162) -8%
World	4,907	100.0%	4,570	100.0%	(336) -7%	18 0%	(48) -1%	(306) -6%

NB: France is now included in the Europe operating segment



Sales analysis by region (former operating segments)

Net Sales (€ millions)	Q1 2012/13		Q1 2013/14		Change	Organic Growth	Group Structure	Forex impact
France	149	6.8%	156	7.8%	7 5%	7 5%	(0) 0%	0 0%
Europe excl. France	524	23.8%	510	25.3%	(14) -3%	13 3%	(14) -3%	(13) -3%
Americas	579	26.3%	532	26.4%	(47) -8%	2 0%	(1) 0%	(48) -8%
Asia / Rest of World	951	43.2%	814	40.5%	(137) -14%	(55) -6%	(7) -1%	(74) -8%
World	2,203	100.0%	2,013	100.0%	(191) -9%	(32) -1%	(22) -1%	(136) -6%

Net Sales (€ millions)	Q2 2012/13		Q2 2013/14		Change	Organic Growth	Group Structure	Forex impact
France	225	8.3%	241	9.4%	16 7%	17 7%	(1) 0%	0 0%
Europe excl. France	721	26.7%	705	27.6%	(16) -2%	22 3%	(18) -3%	(19) -3%
Americas	703	26.0%	677	26.5%	(26) -4%	39 6%	(1) 0%	(63) -9%
Asia / Rest of World	1,054	39.0%	934	36.5%	(120) -11%	(27) -3%	(5) -1%	(87) -8%
World	2,703	100.0%	2,558	100.0%	(145) -5%	50 2%	(25) -1%	(170) -6%

Net Sales (€ millions)	HY1 2012/13		HY1 2013/14		Change	Organic Growth	Group Structure	Forex impact
France	374	7.6%	397	8.7%	23 6%	24 6%	(1) 0%	0 0%
Europe excl. France	1,245	25.4%	1,215	26.6%	(30) -2%	35 3%	(32) -3%	(33) -3%
Americas	1,282	26.1%	1,209	26.5%	(73) -6%	41 3%	(2) 0%	(112) -9%
Asia / Rest of World	2,005	40.9%	1,749	38.3%	(256) -13%	(82) -4%	(12) -1%	(162) -8%
World	4,907	100.0%	4,570	100.0%	(336) -7%	18 0%	(48) -1%	(306) -6%



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Top 14 brands organic sales growth

Top 14	Net Sales*	Volumes	Price/mix
Absolut	1%	-3%	4%
Chivas Regal	-4%	-8%	4%
Ballantine's	-4%	2%	-6%
Ricard	9%	8%	1%
Jameson	16%	13%	3%
Havana Club	4%	2%	3%
Malibu	-3%	-4%	1%
Beefeater	3%	4%	-1%
Kahlua	-1%	-1%	0%
Martell	-8%	-8%	-1%
The Glenlivet	10%	1%	9%
Royal Salute	-11%	-10%	-1%
Mumm	-1%	-2%	1%
Perrier-Jouët	9%	0%	9%
Top 14	-1%	0%	-1%

* Organic growth



Profit from recurring operations by region (new operating segments)

World

(€ millions)	HY1 2012/13	HY1 2013/14	Change	Organic Growth	Group Structure	Forex impact
Net sales (Excl. T&D)	4,907 100.0%	4,570 100.0%	(336) -7%	18 0%	(48) -1%	(306) -6%
Gross margin after logistics costs	3,096 63.1%	2,909 63.6%	(188) -6%	21 1%	(12) 0%	(197) -6%
Advertising & promotion	(888) 18.1%	(821) 18.0%	67 -8%	21 -2%	2 0%	45 -5%
Contribution after A&P	2,208 45.0%	2,088 45.7%	(120) -5%	42 2%	(10) 0%	(152) -7%
Profit from recurring operations	1,459 29.7%	1,359 29.7%	(100) -7%	22 2%	(10) -1%	(112) -8%

Asia / Rest of the World

(€ millions)	HY1 2012/13	HY1 2013/14	Change	Organic Growth	Group Structure	Forex impact
Net sales (Excl. T&D)	2,005 100.0%	1,749 100.0%	(256) -13%	(82) -4%	(12) -1%	(162) -8%
Gross margin after logistics costs	1,262 62.9%	1,089 62.3%	(173) -14%	(63) -5%	0 0%	(110) -9%
Advertising & promotion	(359) 17.9%	(298) 17.1%	61 -17%	39 -11%	0 0%	22 -6%
Contribution after A&P	903 45.0%	791 45.2%	(112) -12%	(25) -3%	0 0%	(88) -10%
Profit from recurring operations	674 33.6%	584 33.4%	(90) -13%	(24) -4%	1 0%	(67) -10%

Americas

(€ millions)	HY1 2012/13	HY1 2013/14	Change	Organic Growth	Group Structure	Forex impact
Net sales (Excl. T&D)	1,282 100.0%	1,209 100.0%	(73) -6%	41 3%	(2) 0%	(112) -9%
Gross margin after logistics costs	831 64.8%	794 65.7%	(37) -4%	39 5%	(1) 0%	(75) -9%
Advertising & promotion	(243) 18.9%	(231) 19.1%	12 -5%	(6) 2%	0 0%	17 -7%
Contribution after A&P	589 45.9%	563 46.6%	(25) -4%	33 6%	(1) 0%	(58) -10%
Profit from recurring operations	378 29.5%	356 29.4%	(22) -6%	19 5%	(1) 0%	(40) -10%

Europe

(€ millions)	HY1 2012/13	HY1 2013/14	Change	Organic Growth	Group Structure	Forex impact
Net sales (Excl. T&D)	1,619 100.0%	1,612 100.0%	(7) 0%	59 4%	(33) -2%	(33) -2%
Gross margin after logistics costs	1,003 61.9%	1,025 63.6%	23 2%	45 5%	(11) -1%	(11) -1%
Advertising & promotion	(286) 17.7%	(292) 18.1%	(5) 2%	(12) 4%	1 0%	5 -2%
Contribution after A&P	716 44.2%	734 45.5%	17 2%	33 5%	(10) -1%	(6) -1%
Profit from recurring operations	407 25.1%	419 26.0%	12 3%	27 7%	(10) -2%	(5) -1%

NB: France is now included in the Europe operating segment



Profit from recurring operations by region (former operating segments)

Europe excluding France

(€ millions)	HY1 2012/13	HY1 2013/14	Change	Organic Growth	Group Structure	Forex impact
Net sales (Excl. T&D)	1,245 100.0%	1,215 100.0%	(30) -2%	35 3%	(32) -3%	(33) -3%
Gross margin after logistics costs	744 59.7%	743 61.1%	(1) 0%	27 4%	(11) -1%	(16) -2%
Advertising & promotion	(193) 15.5%	(191) 15.7%	2 -1%	(4) 2%	1 -1%	5 -3%
Contribution after A&P	551 44.2%	552 45.4%	1 0%	22 4%	(10) -2%	(11) -2%
Profit from recurring operations	326 26.2%	320 26.3%	(6) -2%	12 4%	(10) -3%	(9) -3%

France

(€ millions)	HY1 2012/13	HY1 2013/14	Change	Organic Growth	Group Structure	Forex impact
Net sales (Excl. T&D)	374 100.0%	397 100.0%	23 6%	24 6%	(1) 0%	0 0%
Gross margin after logistics costs	259 69.4%	283 71.2%	23 9%	18 7%	0 0%	5 2%
Advertising & promotion	(93) 25.0%	(101) 25.4%	(7) 8%	(7) 8%	0 0%	0 0%
Contribution after A&P	166 44.4%	182 45.8%	16 10%	11 6%	0 0%	5 3%
Profit from recurring operations	80 21.5%	99 25.0%	19 23%	15 18%	0 0%	3 4%



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Foreign exchange impact

Forex impact HY1 2013/14 (€ millions)		Average rates evolution			On Net Sales	On Profit from Recurring Operations	
		2012/13	2013/14	%			
US dollar	USD	1.27	1.34	5.4%	(54)	(35)	
Indian rupee	INR	69.63	83.44	19.8%	(55)	(22)	
Japanese yen	JPY	101.88	133.85	31.4%	(21)	(12)	
Russian rouble	RUB	40.15	43.89	9.3%	(15)	(11)	
Venezuelan bolivar	VEF	10.83	16.79	54.9%	(16)	(11)	
Chinese yuan	CNY	8.03	8.20	2.2%	(11)	(8)	
Currency translation variance / FX hedging						(3)	
Other currencies						(134)	(10)
Total						(306)	(112)

Foreign exchange estimated impact FY 2013/14 (profit from recurring operations)

Over the full 2013/14 financial year, the forex impact on profit from recurring operations is estimated at approximately € (170) million, based on average foreign exchange rates for the full financial year, projected on 7 February 2014, in particular EUR/USD = 1.35.

Group structure effect

Group structure HY1 2013/14 (€ millions)	On Net Sales	On Profit from Recurring Operations
Scandinavian activities	(22)	(10)
Spanish activities	(11)	1
Australian activities	(6)	2
Other	(9)	(2)
Total Group Structure	(48)	(10)



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Summary consolidated income statement

(€ millions)	31/12/2012 (*)	31/12/2013	Change
Net sales	4,907	4,570	-7%
Gross Margin after logistics costs	3,096	2,909	-6%
A&P expenditure	(888)	(821)	-8%
Contribution after A&P expenditure	2,208	2,088	-5%
Structure costs	(749)	(729)	-3%
Profit from recurring operations	1,459	1,359	-7%
Financial income/(expense) from recurring operations	(280)	(227)	-19%
Corporate income tax on items from recurring operations	(317)	(295)	-7%
Net profit from discontinued operations, non-controlling interests and share of net income from associates	(11)	(11)	0%
Group share of net profit from recurring operations	852	826	-3%
Other operating income & expenses	(95)	(20)	NA
Non-recurring financial items	(0)	2	NA
Corporate income tax on items from non recurring operations	89	20	NA
Group share of net profit	846	828	-2%
Non-controlling interests	11	11	-1%
Net profit	857	839	-2%

(*) Data published with respect to fiscal year 2012/2013 has been adjusted following the application of amended IAS 19 (Employee Benefits), adopted in the European Union and whose application is mandatory for the Group from 1 July 2013 with retrospective effect as from 1 July 2012



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Balance sheet (assets)

Assets (€ millions)	30/06/2013 (*)	31/12/2013
(Net book value)		
Non-current assets		
Intangible assets and goodwill	16,753	16,291
Tangible assets and other assets	2,506	2,605
Deferred tax assets	1,771	1,729
Total non-current assets	21,030	20,625
Current assets		
Inventories	4,484	4,568
<i>of which aged work-in-progress</i>	<i>3,617</i>	<i>3,706</i>
<i>of which non-aged work-in-progress</i>	<i>69</i>	<i>65</i>
Receivables (**)	1,159	1,695
<i>Trade receivables</i>	<i>1,090</i>	<i>1,624</i>
<i>Other trade receivables</i>	<i>69</i>	<i>71</i>
Other current assets	209	198
<i>Other current assets</i>	<i>203</i>	<i>192</i>
<i>Tangible/intangible current assets</i>	<i>6</i>	<i>6</i>
Tax receivable	27	39
Cash and cash equivalents and current derivatives	620	688
Total current assets	6,499	7,188
Assets held for sale	8	4
Total assets	27,537	27,817

(**) after disposals of receivables of:

505	684
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(*) Data published with respect to fiscal year 2012/2013 has been adjusted following the application of amended IAS 19 (Employee Benefits), adopted in the European Union and whose application is mandatory for the Group from 1 July 2013 with retrospective effect as from 1 July 2012



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Balance sheet (liabilities and shareholders' equity)

Liabilities and shareholders' equity (€ millions)	30/06/2013 (*)	31/12/2013
Group Shareholders' equity	11,014	11,467
Non-controlling interests	165	162
<i>of which profit attributable to non-controlling interests</i>	<i>19</i>	<i>11</i>
Total Shareholders' equity	11,179	11,629
Non-current provisions and deferred tax liabilities	4,076	4,069
Bonds	6,949	6,731
Non-current financial liabilities and derivative instruments	915	1,441
Total non-current liabilities	11,940	12,241
Current provisions	163	153
Operating payables	1,546	1,572
Other operating payables	924	765
<i>which other operating payables</i>	<i>635</i>	<i>723</i>
<i>Tangible/intangible current payables</i>	<i>288</i>	<i>41</i>
Tax payable	127	167
Bonds	1,001	525
Current financial liabilities and derivatives	656	765
Total current liabilities	4,418	3,947
Liabilities held for sale	0	0
Total current liabilities	27,537	27,817

(*) Data published with respect to fiscal year 2012/2013 has been adjusted following the application of amended IAS 19 (Employee Benefits), adopted in the European Union and whose application is mandatory for the Group from 1 July 2013 with retrospective effect as from 1 July 2012