SOLID H1 FY20 ON HIGH BASIS OF COMPARISON
+2.7% ORGANIC SALES GROWTH (+5.6% REPORTED)
+4.3% ORGANIC GROWTH IN PRO[1] (+8.1% REPORTED)

NEW FY20 GUIDANCE[2] REFLECTING CURRENT COVID-19 ASSUMPTIONS:
ORGANIC GROWTH IN PRO BETWEEN +2% AND +4%

SALES

Sales for H1 FY20 totalled €5,474m, with **organic growth of +2.7%** and **reported growth of +5.6%**, with a favourable FX impact linked to USD and Emerging market currency appreciation vs. Euro.

Pernod Ricard delivered solid results in a challenging environment, with broad-based growth:

- **Diversified growth** across Regions, with robust performance of Must-win markets USA, India and China, further enhanced by earlier Chinese New Year[3]
- **Dynamic performance of Strategic International Brands,** in particular Jameson, Martell, The Glenlivet, Malibu, Ballantine's, Royal Salute and Beefeater
- Continued **strong pricing: +2% on Strategic brands**
- Focus on **operational excellence and resource allocation,** driving strong organic **improvement in PRO margin +51bps.**

We continued to roll-out the Transform & Accelerate 3-year strategic plan:

- Implementation of **2030 Sustainability & Responsibility roadmap**
- Launch of Reconquer project to **resume growth in France and reorganisation of Wine business** to reignite its performance
- **Active portfolio management:** completion of TX, Rabbit Hole and Castle Brands acquisitions.

Sales growth was robust, with a very strong basis of comparison: **+2.7% vs +7.8% in H1 FY19.** The **Must-win markets** posted the following performance:

- **USA: +4%,** good growth driven by Whiskies and Specialty brands
- **China: +11%,** strong H1 on a high comparison basis (H1 FY19 +28%), enhanced by earlier Chinese New Year[3]
- **India: +5%** good H1 in a volatile context, with a high basis of comparison (H1 FY19 +24%)
- **Travel Retail: robust Sell-out**, but H1 FY20 impacted by shipment phasing.

There was **diversified growth throughout the Regions:**

- **Americas +2%:** good growth in USA partially offset by weaker Mexican market and phasing in Travel Retail
- **Asia-RoW +3%:** growth driven mainly by China and India, dampened by the transfer of Imperial Korea to a third-party distributor

[1] PRO: Profit from Recurring Operations
[2] Guidance given to market on 29 August 2019 of organic PRO growth between +5% and +7%
[3] Chinese New Year: 25 January 2020 vs. 5 February 2019

- **Europe +3%:** strong growth with improving trends, driven by Germany, UK and Eastern Europe acceleration, but difficulties remaining in France.

Q2 Sales were €2,991m, with +3.8% organic growth (+6.9% reported), following a soft Q1 FY20 (at +1%), and enhanced by earlier Chinese New Year.

RESULTS

H1 FY20 PRO was €1,788m, with organic growth of +4.3% and **+8.1% reported**. For full-year FY20, the **FX impact on PRO is estimated at c. +€70m[1].**

The H1 organic PRO margin was up by +51bps, thanks to:

- Strong **pricing** on Strategic brands: **+2%**
- **Gross margin in slight decline -15bps,** following particularly strong H1 FY19 (+71bps):
  - Positive impact of earlier Chinese New Year but negative mix of India
  - Cost of Goods headwinds (in particular agave and grain neutral spirit (GNS) in India)
- **A&P: increase broadly in line with Sales,** with strong arbitration and focus behind strategic priorities
- **Structure: -2%** thanks to strong discipline and favourable phasing **(growth expected for full-year FY20)**
- **Positive FX impact of +€59m thanks mainly to USD** (EUR/USD 1.11 in H1 FY20 vs. 1.15 in H1 FY19) and Emerging market currency appreciation vs. Euro

The H1 FY20 corporate income **tax rate** on recurring items was **c.24%;** the rate is expected at **c. 25% for full-year FY20**.

Group share of Net PRO was €1,216m, +10% reported vs. H1 FY19, thanks mainly to strong improvement in PRO.

Group share of Net profit was €1,032m, +1% reported vs. H1 FY19, despite strong improvement in PRO due mainly to non-recurring items.

FREE CASH FLOW AND DEBT

Free Cash Flow was €570m, while **increasing Capex and the ageing stock inventory build**, as expected.

Net debt increased by €1,608m[2] vs. 30 June 2019 to €8,228m at 31 December 2019 due mainly to increased M&A cash-out, an increased dividend payment and the start of the share buy-back programme[3] with €223m purchased in H1 FY20. In H2 FY20, the programme will continue, with a new clip of €300m maximum, to be executed by 30 June 2020.

The Net Debt/EBITDA ratio at average rates[4] was **2.7x** at 31 December 2019.

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[1] Based on average FX rates projected on 11 February 2020, particularly a EUR/USD rate of 1.11
[2] Including €531m of lease liability, pursuant to implementation of IFRS16 norm
[3] of up to €1bn over FY20 and FY21, announced on August 29th, 2019
[4] Based on average EUR/USD rates: 1.12 in 2019

As part of this communication, **Alexandre Ricard**, Chairman and Chief Executive Officer, declared, "*H1 FY20 demonstrated solid growth and resilience of our business model. Our 3 year-plan Transform& Accelerate is driving success, as evidenced by the diversification of the sources of growth in terms of geographic footprint and categories, continued strong pricing and ultimately the improvement in operating leverage.*

Looking to H2 FY20, the environment remains particularly uncertain from a geopolitical standpoint, with the additional pressure related to the COVID-19 outbreak. While we cannot currently predict the duration and extent of the impact, we remain confident in our strategy. Our first priority is to ensure the safety and wellbeing of our employees and business partners. I would like to praise the exemplary behaviour of our teams during this difficult time. We fully support their efforts, as well as those of the Chinese people and authorities to contain the epidemic.

Assuming a severe impact of COVID-19, mainly on Q3 FY20, we are at this stage providing a guidance of organic growth in Profit from Recurring Operations for full-year FY20 of +2% to +4% and will continue to closely monitor our environment. We will stay the strategic course and maintain priority investments in order to continue maximising long-term value creation."

All growth data specified in this press release refers to organic growth (at constant FX and Group structure), unless otherwise stated. Data may be subject to rounding.

A detailed presentation of H1 FY20 Sales and Results can be downloaded from our website: www.pernod-ricard.com

Audit procedures have been carried out on the half-year financial statements. The Statutory Auditors' report will be issued following their review of the management report.

Definitions and reconciliation of non-IFRS measures to 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.

Profit from recurring operations

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

About Pernod Ricard

Pernod Ricard is the No.2 worldwide producer of wines and spirits with consolidated sales of €9,182 million in FY19. Created in 1975 by the merger of Ricard and Pernod, the Group has developed through organic growth and acquisitions: Seagram (2001), Allied Domecq (2005) and Vin&Sprit (2008). Pernod Ricard, which owns 16 of the Top 100 Spirits Brands, holds one of the most prestigious and comprehensive brand portfolios in the industry, including: 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, Malibu liqueur, Mumm and Perrier-Jouët champagnes, as well Jacob's Creek, Brancott Estate, Campo Viejo, and Kenwood wines. Pernod Ricard's brands are distributed across over 160 markets, and by its own direct salesforce in 73 markets. The Group's decentralised organisation empowers its 19,000 employees to be true on-the-ground ambassadors of its vision of "Créateurs de Convivialité." As reaffirmed by the Group's three-year strategic plan, "Transform and Accelerate," deployed in 2018, Pernod Ricard's strategy focuses on investing in long-term, profitable growth for all stakeholders. The Group remains true to its three founding values: entrepreneurial spirit, mutual trust, and a strong sense of ethics. As illustrated by the 2030 roadmap supporting the United Nations Sustainable Development Goals (SDGs), "We bring good times from a good place." In recognition of Pernod Ricard's strong commitment to sustainable development and responsible consumption, it has received a Gold rating from Ecovadis and is ranked No. 1 in Vigeo Eiris for the beverage sector. Pernod Ricard is also a United Nation's Global Compact LEAD company. Pernod Ricard is listed on Euronext (Ticker: RI; ISIN Code: FR0000120693) and is part of the CAC 40 index.

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Appendices

Emerging Markets

Asia-Rest of World		Americas	Europe
Algeria	Mongolia	Argentina	Albania
Angola	Morocco	Bolivia	Armenia
Cambodia	Mozambique	Brazil	Azerbaijan
Cameroon	Myanmar	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
Malaysia			Serbia
			Ukraine

Strategic International Brands' organic Sales growth

	Volumes H1 FY20 (in 9Lcs millions)	Organic Sales growth H1 FY20	Volumes	Price/mix
Absolut	**6.3**	**-1%**	**1%**	**-2%**
Chivas Regal	**2.6**	**-2%**	**-3%**	**1%**
Ballantine's	**4.4**	**5%**	**3%**	**1%**
Ricard	**2.4**	**-5%**	**-5%**	**0%**
Jameson	**4.6**	**9%**	**9%**	**0%**
Havana Club	**2.5**	**6%**	**0%**	**6%**
Malibu	**2.0**	**13%**	**9%**	**4%**
Beefeater	**1.9**	**12%**	**13%**	**-1%**
Martell	**1.6**	**4%**	**-3%**	**8%**
The Glenlivet	**0.7**	**15%**	**8%**	**6%**
Royal Salute	**0.1**	**17%**	**12%**	**5%**
Mumm	**0.5**	**-3%**	**-6%**	**3%**
Perrier-Jouët	**0.2**	**1%**	**-12%**	**13%**
Strategic International Brands	**29.8**	**4%**	**2%**	**2%**

Sales Analysis by Period and Region

Net Sales (€ millions)	H1 FY19		H1 FY20		Change		Organic Growth		Group Structure		Forex impact	
Americas	1,389	*26.8%*	1,461	*26.7%*	72	*5%*	22	*2%*	15	*1%*	35	*2%*
Asia / Rest of World	2,266	*43.7%*	2,415	*44.1%*	149	*7%*	68	*3%*	16	*1%*	64	*3%*
Europe	1,530	*29.5%*	1,598	*29.2%*	69	*4%*	47	*3%*	7	*0%*	14	*1%*
World	5,185	*100.0%*	5,474	*100.0%*	289	*6%*	137	*3%*	39	*1%*	113	*2%*

Net Sales (€ millions)	Q1 FY19		Q1 FY20		Change		Organic Growth		Group Structure		Forex impact	
Americas	636	*26.6%*	674	*27.1%*	37	*6%*	14	*2%*	2	*0%*	21	*3%*
Asia / Rest of World	1,084	*45.4%*	1,116	*44.9%*	32	*3%*	(4)	*0%*	4	*0%*	32	*3%*
Europe	667	*27.9%*	694	*27.9%*	27	*4%*	21	*3%*	2	*0%*	4	*1%*
World	2,387	*100.0%*	2,483	*100.0%*	96	*4%*	31	*1%*	8	*0%*	57	*2%*

Net Sales (€ millions)	Q2 FY19		Q2 FY20		Change		Organic Growth		Group Structure		Forex impact	
Americas	753	*26.9%*	788	*26.3%*	34	*5%*	8	*1%*	13	*2%*	14	*2%*
Asia / Rest of World	1,182	*42.2%*	1,299	*43.4%*	117	*10%*	73	*6%*	12	*1%*	32	*3%*
Europe	863	*30.8%*	904	*30.2%*	42	*5%*	26	*3%*	5	*1%*	10	*1%*
World	2,798	*100.0%*	2,991	*100.0%*	193	*7%*	106	*4%*	31	*1%*	56	*2%*

Summary Consolidated Income Statement

(€ millions)	H1 FY19	H1 FY20	Change
Net sales	**5,185**	**5,474**	**6%**
Gross Margin after logistics costs	**3,239**	**3,419**	**6%**
Advertising and promotion expenses	(799)	(842)	5%
Contribution after A&P expenditure	**2,440**	**2,577**	**6%**
Structure costs	(786)	(789)	0%
Profit from recurring operations	**1,654**	**1,788**	**8%**
Financial income/(expense) from recurring operations	(157)	(164)	5%
Corporate income tax on items from recurring operations	(379)	(392)	3%
Net profit from discontinued operations, non-controlling interests and share of net income from associates	(13)	(15)	17%
Group share of net profit from recurring operations	**1,105**	**1,216**	**10%**
Other operating income & expenses	(66)	(152)	NA
Financial income/(expense) from non-recurring operations	1	(1)	NA
Corporate income tax on items from non recurring operations	(18)	(31)	NA
Group share of net profit	**1,023**	**1,032**	**1%**
Non-controlling interests	14	14	4%
Net profit	**1,036**	**1,046**	**1%**

Profit from Recurring Operations by Region

World

(€ millions)	H1 FY19		H1 FY20		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	5,185	*100.0%*	5,474	*100.0%*	289	*6%*	137	*3%*	39	*1%*	113	*2%*
Gross margin after logistics costs	3,239	*62.5%*	3,419	*62.5%*	180	*6%*	78	*2%*	20	*1%*	82	*3%*
Advertising & promotion	(799)	*15.4%*	(842)	*15.4%*	(43)	*5%*	(21)	*3%*	(7)	*1%*	(15)	*2%*
Contribution after A&P	2,440	*47.1%*	2,577	*47.1%*	136	*6%*	57	*2%*	13	*1%*	66	*3%*
Profit from recurring operations	**1,654**	***31.9%***	**1,788**	***32.7%***	**134**	***8%***	**71**	***4%***	**3**	***0%***	**59**	***4%***

Americas

(€ millions)	H1 FY19		H1 FY20		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	1,389	*100.0%*	1,461	*100.0%*	72	*5%*	22	*2%*	15	*1%*	35	*2%*
Gross margin after logistics costs	942	*67.8%*	986	*67.5%*	44	*5%*	5	*1%*	11	*1%*	28	*3%*
Advertising & promotion	(276)	*19.8%*	(285)	*19.5%*	(9)	*3%*	(1)	*0%*	(2)	*1%*	(6)	*2%*
Contribution after A&P	666	*48.0%*	701	*48.0%*	35	*5%*	4	*1%*	9	*1%*	22	*3%*
Profit from recurring operations	**470**	***33.8%***	**486**	***33.3%***	**16**	***3%***	**(8)**	***-2%***	**5**	***1%***	**18**	***4%***

Asia / Rest of the World

(€ millions)	H1 FY19		H1 FY20		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	2,266	*100.0%*	2,415	*100.0%*	149	*7%*	68	*3%*	16	*1%*	64	*3%*
Gross margin after logistics costs	1,353	*59.7%*	1,442	*59.7%*	89	*7%*	38	*3%*	6	*0%*	45	*3%*
Advertising & promotion	(309)	*13.6%*	(341)	*14.1%*	(32)	*10%*	(20)	*7%*	(4)	*1%*	(8)	*2%*
Contribution after A&P	1,044	*46.1%*	1,101	*45.6%*	57	*5%*	18	*2%*	2	*0%*	37	*4%*
Profit from recurring operations	**766**	***33.8%***	**833**	***34.5%***	**67**	***9%***	**36**	***5%***	**(2)**	***0%***	**33**	***4%***

Europe

(€ millions)	H1 FY19		H1 FY20		Change		Organic Growth		Group Structure		Forex impact	
Net sales (Excl. T&D)	1,530	*100.0%*	1,598	*100.0%*	69	*4%*	47	*3%*	7	*0%*	14	*1%*
Gross margin after logistics costs	944	*61.7%*	991	*62.0%*	46	*5%*	35	*4%*	3	*0%*	9	*1%*
Advertising & promotion	(214)	*14.0%*	(216)	*13.5%*	(2)	*1%*	0	*0%*	(1)	*0%*	(1)	*1%*
Contribution after A&P	730	*47.7%*	775	*48.5%*	45	*6%*	35	*5%*	2	*0%*	8	*1%*
Profit from recurring operations	**418**	***27.3%***	**468**	***29.3%***	**50**	***12%***	**43**	***10%***	**(0)**	***0%***	**7**	***2%***

Foreign Exchange Impact

Forex impact H1 FY20 (€ millions)		Average rates evolution H1 FY19	H1 FY20	%	On Net Sales	On Profit from Recurring Operations
US dollar	USD	1.15	1.11	-3.7%	50	29
Chinese yuan	CNY	7.91	7.80	-1.3%	8	6
Indian rupee	INR	81.93	78.59	-4.1%	25	8
Russian rouble	RUB	76.13	71.19	-6.5%	10	8
Other					20	7
Total					**113**	**59**

For full-year FY20, a positive FX impact on PRO of c. +€70m is expected[1]

Notes:
Impact on PRO includes strategic hedging on Forex
1. Based on average FX rates projected on 11 February 2020, particularly EUR/USD rate of 1.11

Sensitivity of profit and debt to EUR/USD exchange rate

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

Impact on the income statement[(2)]	(€ millions)
Profit from recurring operations	15
Financial expenses	(1)
Pre-tax profit from recurring operations	**14**

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

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

Balance Sheet

Assets (€ millions)	30/06/2019	31/12/2019
(Net book value)		
Non-current assets		
Intangible assets and goodwill	17,074	17,640
Tangible assets and other assets	4,002	3,626
Deferred tax assets	1,590	1,615
Total non-current assets	**22,665**	**22,882**
Current assets		
Inventories	5,756	6,046
aged work-in-progress	*4,788*	*5,047*
non-aged work-in-progress	*79*	*76*
other inventories	*889*	*923*
Receivables (*)	1,226	2,159
Trade receivables	*1,168*	*2,101*
Other trade receivables	*59*	*58*
Other current assets	359	302
Other operating current assets	*291*	*295*
Tangible/intangible current assets	*67*	*7*
Tax receivable	105	89
Cash and cash equivalents and current derivatives	929	1,180
Total current assets	**8,375**	**9,776**
Assets held for sale	5	97
Total assets	**31,045**	**32,755**
(*) after disposals of receivables of:	674	827

Liabilities and shareholders' equity (€ millions)	30/06/2019 restated*	31/12/2019
Group Shareholders' equity	**15,987**	**15,687**
Non-controlling interests	195	220
of which profit attributable to non-controlling interests	*27*	*12*
Total Shareholders' equity	**16,182**	**15,907**
Non-current provisions and deferred tax liabilities	3,584	3,619
Bonds non-current	6,071	7,618
Lease liabilities - non-current	-	424
Non-current financial liabilities and derivative instruments	379	92
Total non-current liabilities	**10,034**	**11,753**
Current provisions	149	213
Operating payables	2,187	2,429
Other operating payables	1,058	770
of which other operating payables	*660*	*721*
of which tangible/intangible current payables	*398*	*49*
Tax payable	307	389
Bonds - current	944	948
Lease liabilities - current	-	93
Current financial liabilities and derivatives	182	240
Total current liabilities	**4,826**	**5,082**
Liabilities held for sale	2	14
Total liabilities and shareholders' equity	**31,045**	**32,755**

** Opening position of Group Balance Sheet Liabilities have been restated from impact of IFRIC 23 first application*

Analysis of Working Capital Requirement

(€ millions)	June 2018	December 2018	June 2019	December 2019	H1 FY19 WC change*	H1 FY20 WC change*
Aged work in progress	4,532	4,581	4,788	5,047	64	123
Advances to suppliers for wine and ageing spirits	10	29	12	13	19	1
Payables on wine and ageing spirits	(96)	(172)	(105)	(182)	(77)	(77)
Net aged work in progress	**4,447**	**4,439**	**4,695**	**4,878**	**7**	**47**
Trade receivables before factoring/securitization	1,641	2,704	1,842	2,928	1,054	1,070
Advances from customers	(6)	(6)	(24)	(17)	(1)	7
Other receivables	353	305	338	340	(1)	(20)
Other inventories	869	849	889	923	(16)	15
Non-aged work in progress	71	84	79	76	11	(3)
Trade payables and other	(2,471)	(2,719)	(2,717)	(2,951)	(238)	(206)
Gross operating working capital	**457**	**1,217**	**405**	**1,299**	**809**	**864**
Factoring/Securitization impact	(610)	(772)	(674)	(827)	(162)	(143)
Net Operating Working Capital	**(153)**	**445**	**(269)**	**472**	**648**	**721**
Net Working Capital	**4,294**	**4,884**	**4,427**	**5,350**	**654**	**768**
Of which recurring variation					**651**	**763**
Of which non recurring variation					**3**	**5**

* at average rates

Net Debt

(€ millions)	30/06/2019			31/12/2019		
	Current	Non-current	Total	Current	Non-current	Total
Bonds	944	6,071	7,015	948	7,618	8,566
Syndicated loan	-	-	-	-	-	-
Commercial paper	-	-	-	-	-	-
Other loans and long-term debts	177	363	540	226	81	307
Other financial liabilities	177	363	540	226	81	307
Gross Financial debt	1,121	6,434	7,555	1,174	7,698	8,873
Fair value hedge derivatives – assets	-	(13)	(13)	-	(15)	(15)
Fair value hedge derivatives – liabilities	-	2	2	-	0	0
Fair value hedge derivatives	-	(12)	(12)	-	(15)	(15)
Net investment hedge derivatives – assets	-	-	-	-	-	-
Net investment hedge derivatives – liabilities	-	-	-	-	-	-
Net investment hedge derivatives	-	-	-	-	-	-
Net asset hedging derivative instruments – assets	-	-	-	-	-	-
Net asset hedging derivative instruments – liabilities	0	-	0	4	-	4
Net asset hedging derivative instruments	0	-	0	4	-	4
Financial debt after Hedging	1,121	6,422	7,543	1,178	7,684	8,862
Cash and cash equivalents	(923)	-	(923)	(1,152)	-	(1,152)
Net financial debt excluding lease liability	198	6,422	6,620	26	7,684	7,710
Lease Liability *	-	-	-	93	424	517
Net financial debt	198	6,422	6,620	120	8,108	8,228

**Lease liabilities at 31 December 2019 include the contract previously qualified as "Financial leases" and disclosed under "Other loans and financial debts" at 30 June 2019 for an amount of €28 million.*

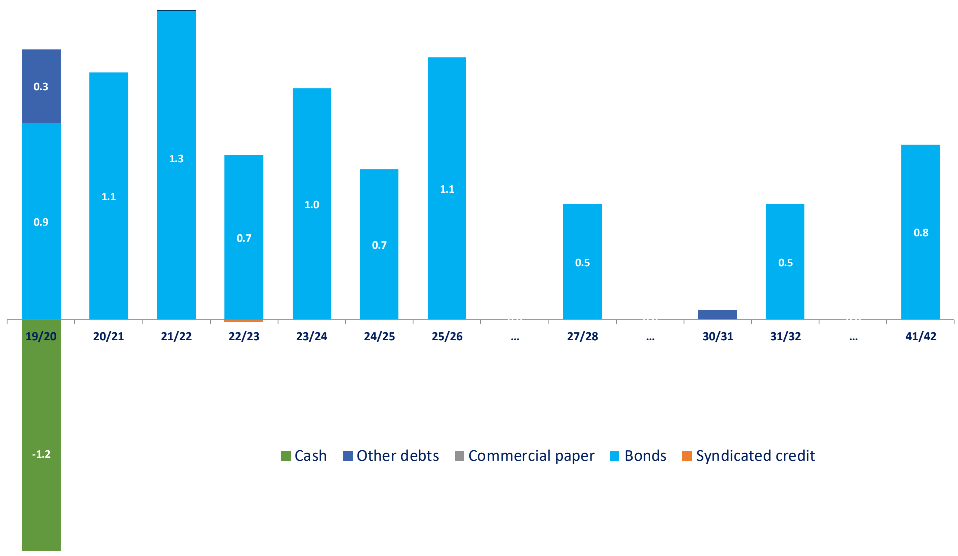
Change in Net Debt

(€ millions)	31/12/2018	31/12/2019
Operating profit	1,588	1,636
Depreciation and amortisation	111	174
Net change in impairment of goodwill, PPE and intangible assets	26	8
Net change in provisions	4	75
Retreatment of contributions to pension plans acquired from Allied Domecq and others	3	
Changes in fair value on commercial derivatives and biological assets	(5)	(3)
Net (gain)/loss on disposal of assets	(1)	(7)
Share-based payments	18	21
Self-financing capacity before interest and tax (1)	**1,744**	**1,903**
Decrease / (increase) in working capital requirements	(654)	(768)
Net interest and tax payments	(374)	(401)
Net acquisitions of non financial assets and others	(131)	(164)
Free Cash Flow (2)	**585**	**570**
of which recurring Free Cash Flow (3)	***622***	***627***
Net acquisition of financial assets and activities and others	(103)	(540)
Dividends paid	(636)	(843)
(Acquisition) / Disposal of treasury shares	(54)	(228)
Decrease / (increase) in net debt (before currency translation adjustments and IFRS 16 non cash impacts)	**(208)**	**(1,041)**
IFRS 15 opening adjustment	16	
Foreign currency translation adjustment	(69)	(36)
Non cash impact on lease liabilities (4)		(531)
Decrease / (increase) in net debt (after currency translation adjustments and IFRS 16 non cash impacts) (5)	**(260)**	**(1,608)**
Initial net debt	(6,962)	(6,620)
Final net debt	(7,223)	(8,228)

Note: IFRS16 impacts are: (1) +56M€ / (2) +42M€ / (3) +38M€ / (4) -531M€ / (5) -489M€

Net Debt Maturity at 31 December 2019

€ billions



Note: Available cash at 31 December 2019: €1.2bn in cash and €2.5bn syndicated credit not used (syndicated credit coming to maturity in June 2024)

Gross Debt after hedging at 31 December 2019

- 13% floating rate and 87% fixed rate
- 46% in EUR and 54% in USD

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
	€ 1,500 m o/w: € 500 m € 500 m € 500 m	0.000% 0.500% 0.875%	24/10/2019	24/10/2023 24/10/2027 24/10/2031
USD	$ 1,000 m	5.750%	07/04/2011	07/04/2021
	$ 1,500 m	4.450%	25/10/2011	15/01/2022
	$ 1,650 m o/w: $ 800 m at 10.5 years $ 850 m at 30 years	4.250% 5.500%	12/01/2012	15/07/2022 15/01/2042
	$ 201 m	Libor 6m + spread	26/01/2016	26/01/2021
	$ 600 m	3.250%	08/06/2016	08/06/2026

Net Debt / EBITDA ratio evolution

	Closing rate	Average rate[(1)]
EUR/USD rate Jun FY19 -> Dec FY20	1.14 -> 1.12	1.14 -> 1.12
Ratio at 30/06/2019	**2.3**	**2.3**
EBITDA & cash generation excl. Group structure effect and forex impacts	0.1	0.1
Group structure[(2)] and forex impacts	0.2	0.3
Ratio at 31/12/2019	**2.7**	**2.7** [(3)]

(1) Last-twelve-month rate
(2) Including IFRS 16 impact
(3) Syndicated credit leverage ratio restated from IFRS16 is 2.6

Diluted EPS calculation

(x 1,000)	H1 FY19	H1 FY20
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)	(1,215)	(1,462)
Dilutive impact of stock options and performance shares	1,274	1,303
Number of shares used in diluted EPS calculation	**265,481**	**265,263**

(€ millions and €/share)	H1 FY19	H1 FY20	reported △
Group share of net profit from recurring operations	1,105	1,216	10.0%
Diluted net earnings per share from recurring operations	**4.16**	**4.58**	**10.1%**

Current COVID-19 assumptions, with impact on FY20 PRO

China:

- On-trade

All outlets closed in February, and till end of June in Hubei province
Gradual recovery starting from March, back to normal by June

- Off-trade

Significant impact on Traditional and Modern outlets in late January and February
Recovery in March

Travel Retail Asia

- Reduction in Chinese passenger numbers of c. 2/3 in February and March
- Gradual recovery starting from April, back to normal by June

FY20 Impact from China + Travel Retail Asia lost Sales:

- Impact on Group FY20 Sales: c. -2%
- Priority investments maintained throughout Group, while activating targeted mitigation measures
- Impact on Group FY20 PRO: c. -3%

Upcoming Communications

Date[1]	Event
Tuesday 10 March 2020	North America conference call
Thursday 23 April 2020	Q3 FY20 Sales
Tuesday 26 May 2020	Sustainability & Responsibility conference call

1 The above dates are indicative and are liable to change