Pernod Ricard
Créateurs de convivialité

FY24 Sales and Results
Press Release – Paris, 29 August 2024

ROBUST PERFORMANCE, IN A NORMALIZING SPIRITS MARKET

ORGANIC SALES DECLINE -1% (-4% REPORTED)
ORGANIC PRO[1] GROWTH +1.5% (-7% REPORTED)

Alexandre Ricard, Chairman and Chief Executive Officer, stated:

"Pernod Ricard achieved robust results for the fiscal year ending June 2024 within an environment of economic and geopolitical uncertainty and spirits market normalization after two years of exceptional post-pandemic growth.
Our global scale, our agility and our portfolio of brands, the most extensive in the industry, combined with our capacity to understand and to invest behind our consumers' desires and aspirations puts us in a very strong position to navigate these challenges.
I'd like to thank our teams for their responsiveness and relentless commitment to drive Pernod Ricard's long-term sustainable and profitable growth roadmap."

EXECUTIVE SUMMARY

Key highlights of fiscal year FY24:

- ✓ **Organic Net Sales broadly stable (growing c.+1% excluding Russia)** as strong performance in many mature and emerging markets largely offsets a still-normalizing US and challenging China
- ✓ **Sequential volume recovery** throughout H2 in most markets
- ✓ **Pricing, operational efficiencies and cost discipline** leading to organic Gross Margin and organic Operating Margin expansion of +108bps and +80bps
- ✓ **Investing in brand desirability and sustainable long-term growth** with a sharp and consistent A&P policy and an acceleration in strategic investments
- ✓ **Continuing active portfolio management** notably with disposals of some Strategic Local Brands and the announcement of the disposal of Strategic Wine brands[2]

[1] Profit from Recurring Operations
[2] Subject to fulfilment of closing conditions, including regulatory clearances and expected to occur during H2 FY25

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SALES

FY24 Net Sales totalled €11,598m, an organic decline of -1% (-4% reported), with a negative FX impact of €(784)m mainly linked to the Argentinian Peso, Turkish Lira, US Dollar, Chinese Yuan and Indian Rupee, partly offset by a positive perimeter impact of +€395m.

By regions:

- **Americas -5%,** with low single digit growth in price/mix:
  - **USA** -9%, with low single digit decline in price/mix
    - Spirits market continues to normalize
    - Depletions value c.-7% and Sell-out value c.-4%
    - Acquired brands Jefferson's & Código enjoying growth, Skrewball marketing campaign launched in May
    - Jameson holding share
    - Retailer and distributor inventory adjustments throughout FY24
    - In a still elevated interest rate environment, further inventory adjustments expected in FY25 leading to an anticipated decline in Q1
  - **Canada** broadly stable, strong RTD growth, gaining share
  - **Brazil** in slight growth with favourable comps & consumer demand recovery in H2, gaining share
  - **Mexico** in slight growth, with unfavourable comps and facing a soft tourism season, gaining share

- **Asia-RoW +3%,** with low single digit growth in price/mix:
  - **China** -10%, with flat price/mix:
    - Challenging macro-economic environment and continuing weak consumer sentiment impacting demand
    - Strong brand equity supporting price discipline
    - Market share gains
    - Stable sales of Martell Noblige, good performance on Premium International Brands Absolut, Jameson, Olmeca and Beefeater
    - Expecting a strong decline in Q1, with subdued trade sentiment ahead of MAF FY25 and cycling a stronger consumer sentiment last year in Q1; with full year trend expected to be similar to FY24
  - **India** +6%, with mid-single digit growth in price/mix:
    - Strong, broad-based and accelerating performance underpinned by strong consumer demand
    - Sales are premiumizing
    - Strong growth on International Brands, notably Jameson, Absolut and The Glenlivet
    - Growth of Seagram's whiskies, led by the higher style whiskies Royal Stag and Blenders Pride and successful launch of the Single Malt Longitude 77
  - Very good growth in Japan and Taiwan Market, gaining share, while declining in Korea, both in sales and share
  - Very strong results in Africa and Middle East, notably in Turkey with an outstanding performance on Chivas and Nigeria

    - Flat in South Africa with difficult macro-economic conditions

- **Europe -5%,** with flat price/mix:
    - Solid performance in Europe excluding Russia (+2%), with strong performances notably in Germany and Poland
    - Holding or gaining share in some key markets
    - Good brand performance on Jameson, Ballantine's, Absolut and Bumbu
    - Strong RTD performance, notably with Lillet and Absolut

- **Global Travel Retail +2%,** with low single digit decline in price/mix:
    - Full year sales growth with soft H1 impacted by protracted sales negotiation, and good growth in H2
    - Passenger numbers fully normalized with the exception of the ongoing recovery of Chinese travelers
    - Asia region performance is strong though impacted by the weakness of the macro-economic situation in China
    - Good growth across most whiskies including Royal Salute, The Glenlivet, Ballantine's and Jameson

By categories:

Jameson continuing its international expansion, Absolut in dynamic growth in Asia-ROW and Europe, Scotch Brands negatively impacted by USA and China.

- **Strategic International Brands -3%:**
    - Martell, sharp decline in China
    - Jameson, strong growth excluding impact of USA and Russia
    - Absolut, strong growth in Europe excluding Russia, and Asia, especially China & India
    - Strong performance of Scotch brands in Asia, excluding China, in Europe excluding Russia and in Middle East and Africa

- **Strategic Local Brands +5%:**
    - Strong momentum of Seagram's whiskies in India, in particular Royal Stag and Blenders Pride
    - Strong growth of Kahlúa in North America and Western Europe

- **Specialty Brands -2%:**
    - Good growth across Asia, Middle East, Africa, Central Europe and in Central and South America. Soft result in Western Europe and USA
    - Good growth on Bumbu, Skrewball, Altos and Lillet

Overall portfolio having **mid-single digit pricing**, with lower volumes and adverse market mix.

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RESULTS

FY24 Profit from Recurring Operations €3,116m, an organic growth of +1.5%, a reported decline of -7%

- Strong organic Gross Margin expansion of +108bps with pricing, operational efficiencies and strict cost control
- A&P at €1.9bn being c.16% of Net Sales and discipline on Structure Costs
- Operating Margin expands organically +80bps to 28.4%, but declines on a reported basis to 26.9%
- Reported Operating Margin impacted by adverse foreign exchange of €(425)m and favourable perimeter effects of +€140m
- Foreign Exchange impact largely on Turkish Lira, Argentinean Peso, US Dollar and Chinese Yuan

Group share of Net PRO was €2,000m, down -14.5%. Higher interest rates led to increased Recurring Financial Expenses with an average cost of debt at 3.2%. Income Tax on Recurring Operations is lower, in line with Profit from Recurring Operations.

Group Share of Net Profit was €1,476m, down -35%. Non-Recurring Operating Expenses include Wine business impairment with partial mitigation from proceeds on disposals and reversal of impairment on Kahlúa. Non-Recurring Income Tax includes impacts on deferred tax driven by the reversal of Kahlúa impairment and impairment of deferred taxes on foreign tax credit in the United-States.

Earnings Per Share in decline at €7.90, reflecting lower Group Share of Net Profit from Recurring Operations, and benefitting from Share Buy Back.

FREE CASH FLOW AND DEBT

Free Cash Flow at c. €963m, -33% vs FY23, driven by lower reported profit and acceleration of our planned strategic investments to fuel future growth.

Net debt up €677m vs. 30 June 2023 to €10,951m. The Net Debt/EBITDA ratio at average rate[3] increased to 3.1x reflecting lower year on year reported PRO and higher Net Debt.

A dividend is proposed of €4.70 per share, subject to shareholder approval at the Annual General Meeting on 8th November 2024, representing a CAGR increase since FY19 of 8.5%.

Pernod Ricard’s Financial Policy remains unchanged:

While maintaining investment grade rating

1. Investment in future organic growth, in particular through Strategic Inventories and Capital Expenditure
2. Continued active portfolio management, including value creating M&A
3. Dividend distribution at c.50% of Net Profit from Recurring Operations, aiming at consistently growing dividends
4. Share buyback, when above priorities are fulfilled

[3] Based on average EUR/USD rate: 1.08.

OUTLOOK

Leveraging our diversified portfolio and balanced footprint we reiterate our confidence in our medium-term financial framework of aiming for the upper end of +4% to +7% organic Net Sales growth and +50bps / +60bps organic Operating Margin expansion.

For FY25 we expect:

- Full-year organic Net Sales back to growth with continued volume recovery and to sustain organic Operating Margin
- A soft Q1 with further inventory adjustments in the US, a continued very weak macro context in China and a good performance in the rest of the world

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 FY24 Sales & Results can be downloaded from our website: www.pernod-ricard.com

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, acquisitions and disposals, changes in applicable accounting principles and hyperinflation.*
- *Exchange rates impact is calculated by translating the current year results at the prior year's exchange rates and adding the year-on-year variance in the reported transaction impact between the current year and the previous year.*
- *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 calculations of the current year only from the anniversary date of the acquisition.*
- *The impact of hyperinflation on Profit from Recurring Operations in Turkey and Argentina is excluded from organic growth calculations by capping local unit price/cost increases to a maximum of +26% per year, equivalent to +100% over three years.*
- *Where a business, brand, brand distribution right or agency agreement was disposed of or terminated in the prior year, the Group excludes the results for that business from the prior year in the organic movement calculations. 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 users to compare the Group's performance on a like-for-like basis, focusing on areas that local management is most directly able to influence.*

Profit from recurring operations

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

About Pernod Ricard

Pernod Ricard is a worldwide leader in the spirits and wine industry, blending traditional craftsmanship, state-of-the-art brand-building, and global distribution technologies. Our prestigious portfolio of premium to luxury brands includes 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 and Mumm and Perrier-Jouët champagnes. Our mission is to ensure the long-term development of our brands with full respect for people and the environment, while empowering our employees around the world to be ambassadors of our purposeful, inclusive and responsible culture of authentic conviviality. Pernod Ricard's consolidated sales amounted to €11,598 million in fiscal year FY24.

Pernod Ricard is listed on Euronext (Ticker: RI; ISIN Code:FR0000120693) and is part of the CAC 40 and Eurostoxx 50 indices.

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Appendices

Financial Tables can be consulted on www.pernod-ricard.com

Upcoming Communications

Date (subject to change)	Event
17th October 2024	Q1 FY25 Sales
8th November 2024	Annual General Meeting
13th February 2025	H1 FY25 Sales and Results
17th April 2025	Q3 FY25 Sales