

Go the

EXTRA MILE



**INTEGRATED ANNUAL REPORT
2017-2018**



Pernod Ricard
Créateurs de convivialité

CARTE BLANCHE
FOR PHOTOGRAPHER

Kourtney Roy

"I like being over the top and meticulous in my work," shares Canadian photographer and renowned artist Kourtney Roy in describing her uniquely expressive contribution to Pernod Ricard's 2018 "Go the Extra Mile" campaign. Selected as the photographer for this year's *Carte Blanche*, Kourtney set to work to apply her genius for photography to the challenge of capturing the shared mindset of Pernod Ricard's 18,900 employees. The idea was to creatively express the reality of pushing limits; across a series of 18 unconventional yet deeply revealing portraits, Kourtney has sought to convey what it means personally for each one of our outstanding ambassadors of the Group's values to "Go the Extra Mile".

As with the previous nine artistic campaigns, the only requirement that the photographer must respect for the *Carte Blanche* is the exclusive use of Pernod Ricard employees as models. It was a challenge relished by Kourtney, who is usually known for her whimsical self-portraits that mix outrageous scenes with an ultra-realistic rendering. For this project, after months spent searching for shooting locations, choosing costumes and watching films to create a story, Kourtney drew her inspiration from Martin Scorsese's classic *Casino*. "After two hours of makeup and wardrobe at a desert site near Las Vegas, my 18 models – all amateurs – were completely engrossed in this world that had been created for them."

Born in 1981 in the far reaches of northern Ontario, Roy wielded an axe and rifle long before arming herself with a camera. She arrived in Paris in 2004 after studying art and photography at the Emily Carr University of Art and Design in Vancouver, famous for its conceptual teaching. At the École Nationale Supérieure des Beaux-Arts, and as an assistant to several photographers, she developed and refined the style that has won her acclaim for nearly a decade. Her photographs won her the Prix Picto in 2007, the Emily Award in Canada in 2012 and a Prix Élysée nomination from Musée de l'Élysée in Lausanne in 2014.



"I find my inspiration in the cinema, especially in American films from the 1950s, 1960s and 1970s." — Kourtney Roy, Canadian photographer

Intrigued by the possibility of creating a tragic mythology of the self, Kourtney conjures an intimate universe pervaded both by wonder and mystery. Through her photographer's eye, the lyrical qualities of places and settings underscore the sublime banality of everyday life. Her photographs often feature wide-open and unreal spaces or cinematic backdrops, punctuated by the occasional pop culture reference – a trademark of her style. Through her artwork, Kourtney seeks to portray an otherwise shiny world that reflects her propensity to not take herself too seriously.



ALEXANDRE RICARD



MESSAGE FROM
THE CHAIRMAN & CHIEF EXECUTIVE OFFICER

The memory of France's second FIFA World Cup victory in the summer of 2018 will remain with me for a long time. While a remarkable sporting achievement in itself, what really struck me was the millions of people who celebrated the win with such collective zeal. Crowds of people spontaneously converged on even the smallest of village squares, strangers brought together by their shared urge to celebrate this exceptional event. How do you explain this desire to be united in joy? The obvious explanation is that the need for sharing and being together is simply part of human nature; it brings us a sense of wellbeing. That's what we mean when we speak about "convivialité" – and what is more convivial than sharing a drink and sharing good times with friends old and new?

Now the point here is not to glorify alcohol. There is no conviviality to be had in excess – quite the contrary, in fact. But like the social connections it nurtures, a

certain art de vivre is born through moderation and keeping things in balance.

This is precisely the meaning of our vision "Créateurs de convivialité," and the underlying theme of our first corporate campaign that will be deployed over the next fiscal year. To prove our hypothesis, we produced a short documentary in which we travelled across the globe to meet real-life consumers. Irrespective of culture and social origin, the film reveals this universal desire to come together and share moments of pure and authentic joy. Twenty years after the death of my grandfather and Group co-founder Paul Ricard, his motto to "Make a new friend every day" has acquired new relevance in an increasingly connected and virtual world.

We have linked the achievement of our vision "Créateurs de convivialité" to our ambition. The day when our premium brands underpin all moments of

“ONLY COMPANIES THAT UNDERTAKE AN IN-DEPTH ORGANISATIONAL TRANSFORMATION WILL SUCCEED IN IMPROVING THEIR AGILITY AND PERFORMANCE, THEREBY MAKING THE MOST OF THIS CHANGING ENVIRONMENT.”

celebration, occasions for sharing and get-togethers among friends – in short, every experience of conviviality – is the day we will become the de facto market leader.

To pursue this ambition, we must succeed in navigating an increasingly complex environment to surmount the following five challenges:

1. Address the challenges and seize the opportunities of a new geopolitical context, characterised by the rise of protectionism and a dramatically new consumer landscape;
2. Transform the technological revolution – Big Data, artificial intelligence, connected objects, etc. – into a growth driver;
3. Pre-empt the consumption patterns of new emerging classes in countries undergoing rapid demographic and economic development;
4. Satisfy the desire for more authenticity, transparency, proximity and environmental protection;
5. Attract, retain and develop talents by rethinking our ways of working.

Only companies that undertake an in-depth organisational transformation will succeed in improving their agility and performance, thereby making the most of this changing environment. The Group's Executive Committee and I initiated this transformation three years ago with the implementation of a new consumer-focused business strategy (see pp. 24-25) as well as a plan for operational excellence, the reorganisation of our key markets (United States, China and Travel Retail), the roll-out of an ambitious digital roadmap and luxury strategy, a focus on promising innovations and the creation of Pernod Ricard University for our employees. This has been possible only by virtue of what I call the “Mindset for Growth,” the all-conquering mindset demonstrated by each of our 18,900 employees.

The results speak for themselves: accelerated growth, with sales up 6% compared with 3.6% last year.

What's more, this growth is diversified and spread across all our regions. Our margins are beginning to improve,

profit from recurring operations is up 6.3% and we have reduced debt by nearly one billion euros year-on-year. Based on these positive figures we are increasing shareholder dividends, with a payout ratio revised to 41%. Yet our financial discipline has not prevented us from preparing for our future, as reflected in the rise in our marketing expenditure.

On that note, what will tomorrow bring? Nothing is certain, and I dare say it's still only the beginning.

While we have solid foundations, much still needs to be done to keep up the pace and it goes without saying that we will continue to transform our organisation and focus on growth. The new targets that we have set for our markets directly reflect this, with organic growth of our current operating profit expected between +5% and +7%. In order to attain this goal, we will continue to implement our key strategic drivers consistently across all our

markets: operational excellence, investments to strengthen our brands and key markets, innovation and dynamic portfolio management. We are also launching a number of new initiatives such as “TransfoRHm,” a wholly revised talent management policy, as well as an optimised financial management model “Finance 4.0,” the search for new sources of growth through the monetisation of our experiences, and lastly, deploying a new Sustainability and Responsibility platform with new targets identified in our 2030 roadmap.



While the current monetary and geopolitical environment can only be described as uncertain, rest assured that we are primed and ready to go. A few days before publishing this annual report, 300 of our most senior managers from around the world came together at our Pernod Ricard University training centre. The motto for our gathering perfectly encapsulates our continued determination: “Better, agile, together: transform and accelerate.”



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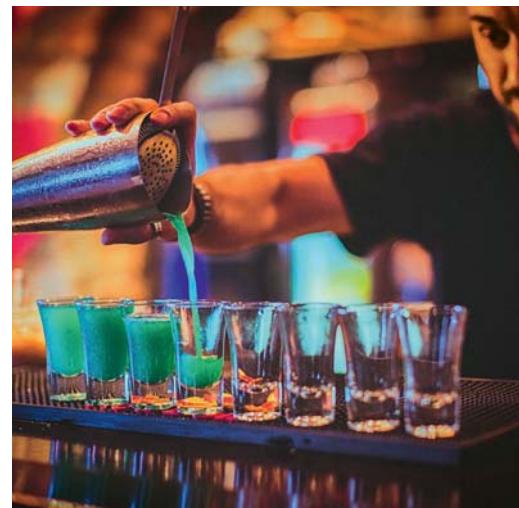


CHAPTER 1

THE PERNOD RICARD MODEL

Creating long-term value

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Go the

EXTRA MILE



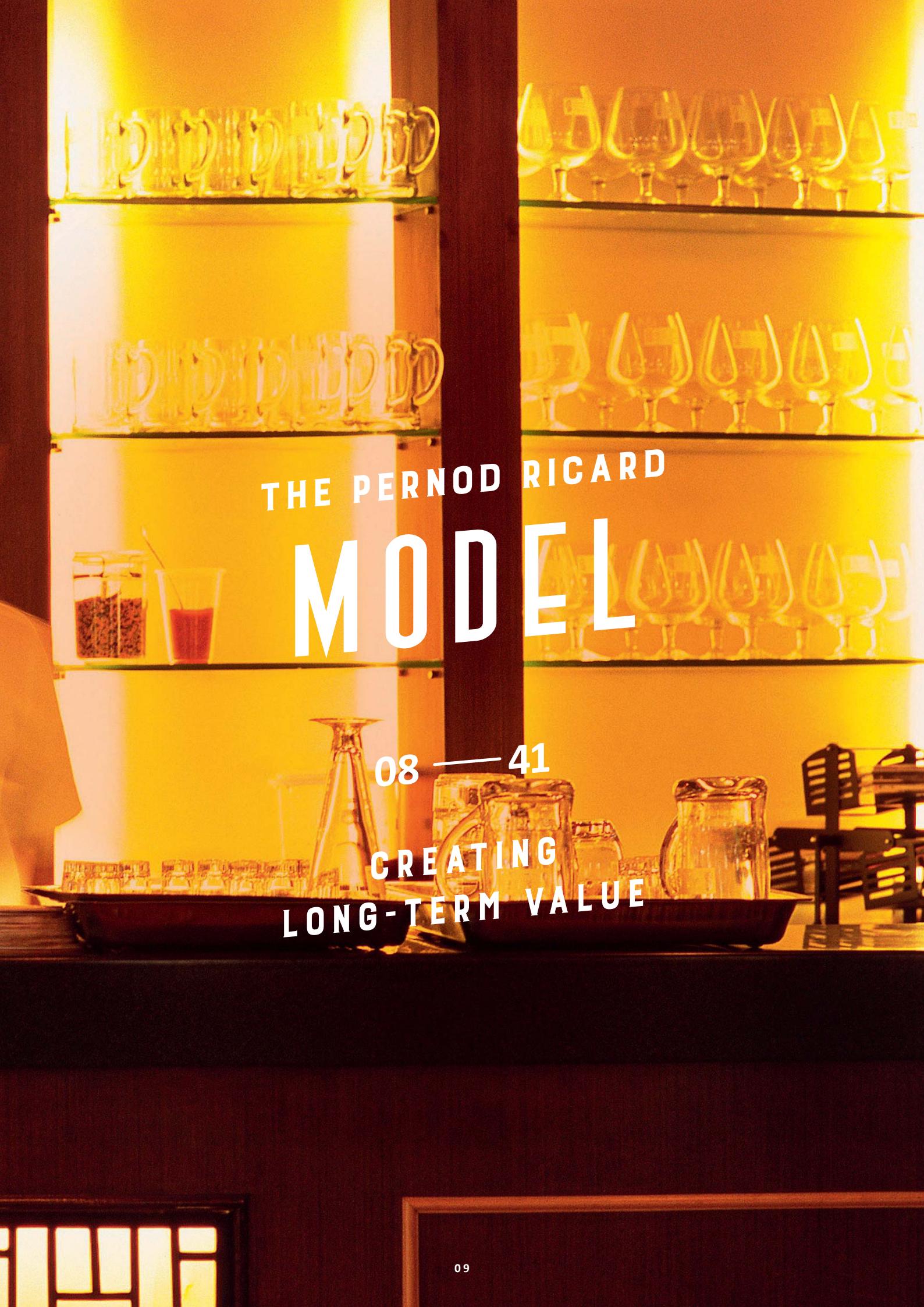
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POINT
at anything with to unlock more





THE PERNOD RICARD MODEL

08 — 41
CREATING
LONG-TERM VALUE

OUR HISTORY

A SOCIAL & ENTREPRENEURIAL ADVENTURE

**1975**

Creation of Pernod Ricard from the merger of two French anise-based spirits companies: Pernod, founded in 1805, and Ricard, created in 1932 by Paul Ricard.

**1989**

Acquisition of Orlando Wyndham Group – owner of Jacob's Creek.

1988

Acquisition of leading Irish whiskey producer Irish Distillers – owner of Jameson.

**1993**

Creation of Havana Club International, Pernod Ricard's joint venture with Cuban rum company Cuba Ron, to market and sell Havana Club.

**2001**

Acquisition of Seagram, securing key positions in whisky (Chivas Regal, The Glenlivet, Royal Salute) and cognac (Martell) categories.

(1) Corporate Social Responsibility.
 (2) European Federation of Food, Agriculture and Tourism Trade Unions.
 (3) Pernod Ricard European Works Council.
 (4) <https://www.unglobalcompact.org/take-action/leadership/gc-lead>

2005

Acquisition of Allied Domecq, doubling the Group's size to become the world's #2 Wine & Spirits company, with brands including Mumm and Perrier-Jouët champagnes, Ballantine's whisky, Kahlúa and Malibu liqueurs and Beefeater gin. Membership of the International Alliance for Responsible Drinking (IARD, formerly ICAP).

2011

Upgrade of Group's credit rating to investment grade. Launch of Responsib'ALL Day, a global annual event devoted to social responsibility involving the Group's entire workforce. Creation of a Responsible Procurement Policy.

**2007**

Adoption of a code of commercial communications.

**2003**

Signing of the United Nations Global Compact.

**2008**

Acquisition of Vin & Sprit – owner of Absolut Vodka.

2010

Adhesion to the United Nations' CEO Water Mandate.

2012

Signing of the Wine & Spirits Producers' 5 commitments to promote responsible drinking.

**2016**

Acquisition of majority stake in Black Forest Distillers GmbH – owner of the super-premium gin Monkey 47. Signing of the United Nation's Sustainable Development Goals. 50th anniversary of the *Institut Océanographique Paul Ricard*.

**2015**

Appointment of Alexandre Ricard as Chairman & CEO.

**2017**

Acquisition of majority stake in high-end bourbon producer Smooth Ambler and in Del Maguey Single Village, the #1 mezcal in the United States.

2018

Nomination of Pernod Ricard as member of Global Compact LEAD⁽⁴⁾.



02 Claudine Eynaud
PR Manager
Pernod (France) p. 15



03 Ronan Collins
Jameson Brand Ambassador
Pernod Ricard UK (United Kingdom) p. 18



04 Sophia Kwon
Community Manager
Pernod Ricard Korea (South Korea) p. 19



01 Tavarus Hogans
Commercial Capabilities Manager
Pernod Ricard USA (United States) p. 14

OUR GLOBAL PRESENCE TO SEIZE EXPERIENCES OF CONVIVIALITY AROUND THE WORLD



18 Inigo Tapiador
Global Marketing Manager
Kenwood Vineyards (United States) p. 79



17 Iris Bret
Global Brand Manager
Chivas Regal (United Kingdom) p. 78



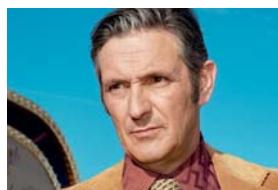
Pernod Ricard's brands are distributed through our 86 direct affiliates across five continents. The Group's geographical segmentation is divided into three regions – Pernod Ricard North America, Pernod Ricard EMEA & LATAM, Pernod Ricard Asia – and Pernod Ricard Global Travel Retail. Our decentralised organisation empowers our 18,900 employees to be true "conviviality activists" – on-the-ground ambassadors of our vision as "Créateurs de convivialité."



16 Blandine de Lestrange
Brand Manager
Havana Club International (France) p. 73



15 Guillaume d'Ursel
Trade Marketing Manager
Pernod Ricard Belgium (Belgium) p. 72



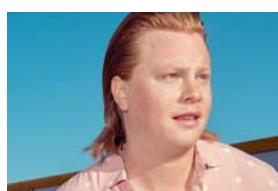
05 Juan Arriazu
Design Manager
Pernod Ricard Winemakers (Spain) p. 26



06 Coraline Pharose
Legal Assistant
Pernod Ricard (France) p. 27



07 Sue Wu
Corporate Communications Manager
Pernod Ricard China (China) p. 34



14 Karl Larsson
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13 Vasudha Arora
Quality Manager Finance
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08 Pierre Chauvin
Safety Officer
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09 Maria Petropoulou
Junior Demand Planner
Pernod Ricard Hellas (Greece) p. 40



10 Joaquin Wagner
Exports Manager
Pernod Ricard Argentina (Argentina) p. 41



11 Morgane Lesbaches
Sales Secretary
Ricard (France) p. 52



12 Calvin Barry Doherty
Brand Ambassador
Irish Distillers (Ireland) p. 53



37°09'N -95°71E

UNITED STATES

Tavarus Hogans

Commercial Capabilities Manager
Pernod Ricard USA

"When I envision the Extra Mile, it's a road late at night that's long, desolate and almost empty because so few people travel it. That mile isn't for everyone. There is wise saying that says if a man asks you to go one mile, go two. These are some of the first teachings of customer service: unselfishness and random acts of kindness. Random because they are rare. That rarity is the Extra Mile."



KOURTNEY ROY

46°22'N 2°21'E
FRANCE

Clawdine Eynaud

PR Manager
Pernod

"I've learned how important it is to show great adaptability and to address your fears in an environment that is constantly changing. We live in a world where we can no longer take anything for granted. We need to question ourselves constantly, work in teams and take an interest in other aspects of the company's business. It's a great challenge."

OUR DNA

THE PERNOD RICARD MINDSET

A WINNING SPIRIT OF CONQUEST

Our 18,900 employees are our greatest asset, and their exceptional commitment is an essential lever for our success. This commitment is a result of a collective spirit of conquest – what we call the Pernod Ricard Mindset. Shared and communicated across the Group, this Mindset fosters a culture that truly encourages our employees to always go “the Extra Mile.”

The Pernod Ricard Mindset is a powerful force that permeates every aspect of our activity, the most visible expression of a culture whose mission is to promote conviviality around the globe. Nurtured and spread throughout the Pernod Ricard community, it draws largely on the company’s founding principle of decentralisation. This policy ensures that we are able to respond to local market needs as they unfold. The premise is simple: in respecting the operational autonomy of our affiliates, we not only encourage but empower our employees to take the initiative for finding new ways to engage with our markets. With a true understanding of the local cultural and economic reality, they are in a key position to be the first to spot new trends or seize new opportunities, all while improving our customer proximity. This Mindset has become vital to the implementation of our strategy and the efficient operation of our organisation. It is the by-product of our three cardinal values: an entrepreneurial spirit, mutual trust and a strong sense of ethics. Together, these form the foundation of our cultural model.

The Pernod Ricard Mindset allows us to leverage the power of a large group and the agility of a start-up. A successful decentralised business model requires that an entrepreneurial

spirit be ingrained throughout an organisation. What would be the point of independent affiliates if they were given no entrepreneurial freedom?

Likewise, initiatives can only succeed when mutual trust exists between affiliates and their employees. This trust lays the foundation for an open and direct dialogue, one in which our employees are given free rein to develop initiatives that are based on their experiences and insights.

Such an approach requires spontaneity, transparency, openness to others and respect for differences – all essential elements to our strong sense of ethics. Since the Group’s inception, we have promoted the universal humanistic values of personal and professional responsibility, transparency and respect for individuals and cultures.

After all, the conquest of leadership, which remains the Group’s ambition, is contingent on exemplary behaviour.

These values, combined with the Pernod Ricard spirit of conviviality, are what make Pernod Ricard so unique. We foster simple, direct relationships between people. We encourage sharing and collaboration. We strive to eliminate silos and to share expertise, foster discussions and streamline procedures. And in doing so we have a clear goal in mind, to focus on our *raison d'être* – our consumers.



94%

OF OUR EMPLOYEES
ARE PROUD TO WORK
FOR PERNOD RICARD

95%

WHOLEHEARTEDLY SHARE
THE GROUP'S VALUES

88%

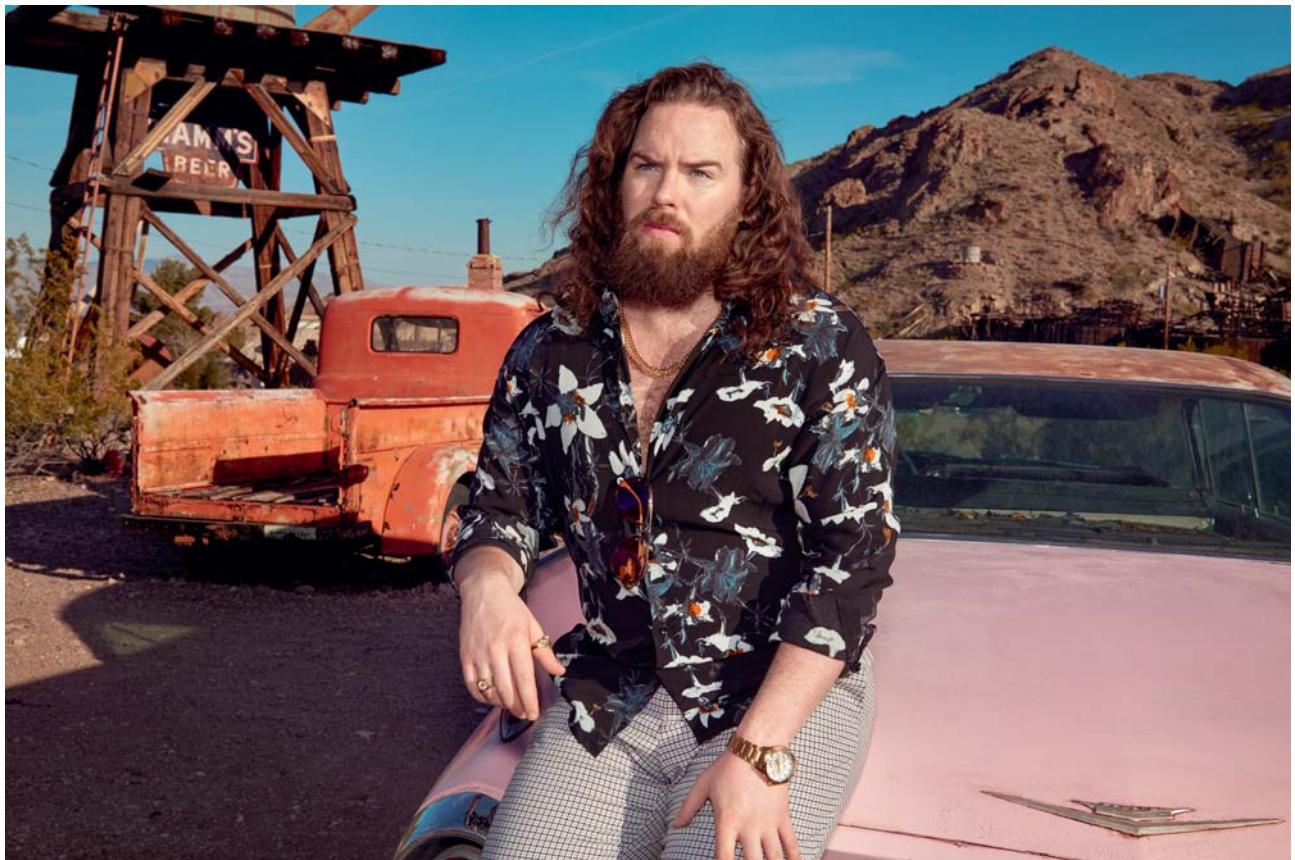
FEEL A SENSE
OF COMMITMENT

Source: Results of the / Say survey, June 2017, Willis Towers Watson.

OUR
MODEL FOR SUCCESS

CREATING LONG-TERM VALUE





55°37'N -3°43'E
UNITED KINGDOM

Ronan Collins

Jameson Brand Ambassador
Pernod Ricard UK

"In the UK, our team has adopted the All Blacks famous cultural mantra of 'sweeping the shed.' This team culture that was made famous by the world-renowned New Zealand national rugby team stresses that no one person is bigger than the team, and that everyone is responsible for the smallest details, even cleaning the locker room after a match. This mindset has pushed me to go the Extra Mile in all aspects of my work and to connect with Pernod Ricard people around the world."



KOURTNEY ROY

35°90'N 127°76E
SOUTH KOREA

Sophia Kwon

Community Manager
Pernod Ricard Korea

"Despite the difficult market situation in South Korea, I managed to grow the brands I am in charge of by double-digit last year. It was quite an achievement that took a lot of work and positive thinking. It is important to challenge the status quo and to remain optimistic about what you can do – even if it seems impossible."

OUR UNIQUE AND DYNAMIC PORTFOLIO TO MEET LOCAL MARKET NEEDS

With our unique portfolio of international premium brands encompassing every major category of wines and spirits, Pernod Ricard has one of the most comprehensive portfolios in the market. To allocate our resources in the best possible way, we implemented a Group-wide modular planning tool, the House of Brands.

This tool enables our affiliates to prioritise their investments according to the growth potential of each brand in their local market.

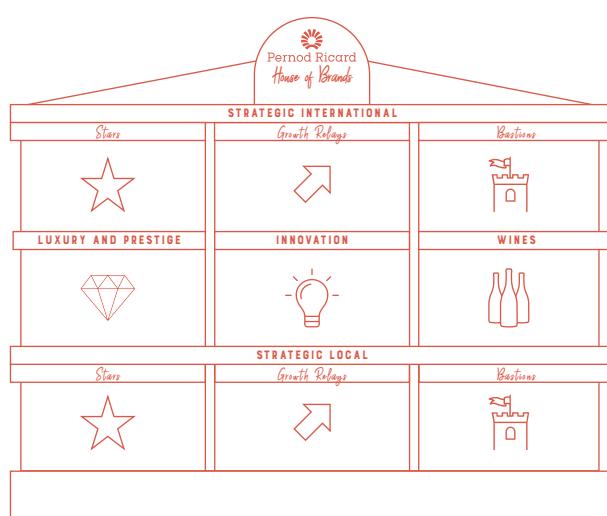
Allocating resources in a way that is adapted to the needs of our brands means we can best leverage the impact of our investments, thereby fostering the Group's growth. The House of Brands allows us to tailor our investment priorities and organise our portfolio of premium brands according to the local context and consumption habits, as well as the growth potential of each brand in each market.

This dynamic brand management tool allows each market to invest in line with the Group's priorities (whether in Strategic International Brands, Luxury, Innovation, Strategic Wines or Strategic Local Brands) as well as its local context (such as the local moments of consumption, or specific conviviality experiences). After identifying the potential of each brand in each segment, the market determines its local strategy based on three types of investment priorities: Stars, Growth Relays and Bastions.

For the brands that are categorised as Stars, the Group invests significantly in them since they actively

contribute to current growth. Our Growth Relay brands, that are promising from a future performance perspective, also benefit from increased resources to continue promoting dynamic growth in the medium and long term. Meanwhile, the goal of our investments in our mature brands or those brands that are in a very competitive sales category, the Bastions, is to ensure that we protect their sales and profits.

This segmentation not only permits greater agility, taking full advantage of local market knowledge while serving the Group's overall performance, but also contributes to maintaining a consistent and coherent dialogue between Pernod Ricard Headquarters and affiliates when resources are allocated. The House of Brands helps markets find the right balance between short, medium and long-term benefits and between growth, preservation and defensive strategies.



GO THE EXTRA MILE

THE
HOUSE OF BRANDS



— STRATEGIC INTERNATIONAL BRANDS —

LE CERCLE
BY PERNOD RICARD

BIG BETS
BY PERNOD RICARD



— LUXURY —

— INNOVATION —

— STRATEGIC WINES —

CREATING LONG-TERM VALUE



— STRATEGIC LOCAL BRANDS —

+ Illustrative selection of brands.

OUR

ORGANISATION

DECENTRALISED TO CAPTURE NEW BUSINESS OPPORTUNITIES

Decentralisation is a founding principle of our organisation. From the outset, Pernod Ricard has harnessed the potential of decentralisation to encourage consumer-centric decision-making and address customer needs in a timely manner.

Decentralisation confers a competitive advantage in an uncertain environment, rendering company operations more flexible, efficient and effective.

With an organisation based on respect for each affiliate's operational autonomy and the overall strategic principles defined at the Group level, we can confidently rely on the constant interaction between Headquarters, Brand Companies and Market Companies.

In a volatile environment, adaptability is essential at every level if we are to capture new market trends ahead of the competition. As one of the Group's key strengths, decentralisation has instilled a culture of openness to change and constant transformation that allows us to constantly improve our agility, speed and overall efficiency. It affords us the benefits of economies of scale inherent to a large international organisation with a global structure – for example, the ability to pool resources and share expertise, while freeing affiliates from these same operational constraints. By removing all obstacles that prevent us from making strategic decisions at a local level, our local markets can focus on the essential: capitalising on opportunities for growth.

Our decentralised organisation is structured around three entities: Headquarters – which defines the Group's strategy and oversees its implementation, six Brand Companies responsible for developing products and

their marketing policies and 86 Market Companies responsible for the local distribution of the Group's portfolio of brands. Each entity is managed as an individual profit centre and thus afforded significant autonomy. Affiliates are obliged to obtain results that are in line with the defined strategy and that contribute to the Group's overall success.

Our organisational model relies on the continuous dialogue between all Group entities in order to facilitate decision-making and operational efficiency.



86

MARKET COMPANIES
AROUND THE WORLD

93

PRODUCTION SITES⁽¹⁾

4

STRATEGIC MARKETS:
US, CHINA, INDIA
AND TRAVEL RETAIL

(1) Operating sites as at June 30, 2018.



OUR CONSUMER-FOCUSED STRATEGY

4 ESSENTIALS



Today's consumers are no longer loyal to a single brand. They are increasingly demanding and more connected than ever. They choose from a range of brands, based on the moment of consumption (meal, aperitif, celebration), including when, where (restaurant, home, night club), and with whom they are (family, friends, colleagues). To ensure that we understand and meet their needs, we have placed the consumer at the heart of our strategy; everything we do revolves around consumer satisfaction.

Our strategic model is based on four Essentials and four Accelerators, defining our priorities for the coming years.

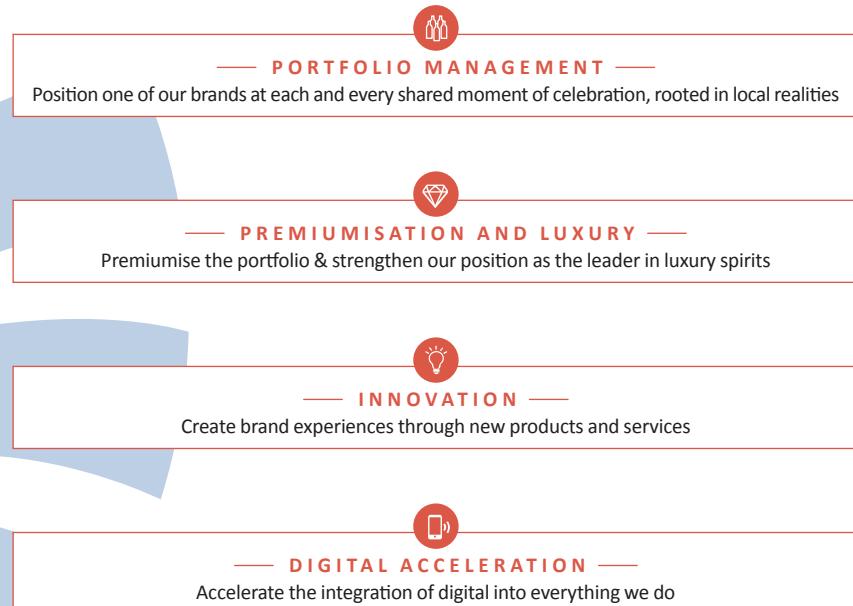
Our four Essentials are built on our historic fundamentals:

- **Operational Excellence:** streamline operational processes to produce, distribute and commercialise our products more effectively, thereby acting with more speed and agility;
- **Talent Management:** capitalise on our solid entrepreneurial culture to develop our employees, enhance their career paths and attract new talent;
- **Sustainability & Responsibility (S&R):** integrate S&R as an integral part of our brand strategy to drive long-term positive and sustainable growth, serving all our communities;
- **Route-to-Market/Consumer:** boost our brands across all distribution channels – from traditional

At Pernod Ricard, conviviality is more than our profession, it's our driving purpose. We strive to bring people together. As "Créateurs de convivialité," the Group's vision is to ensure that each of our Brands are at the heart of every shared moment, transforming these social occasions into true experiences of conviviality – simple, genuine, direct and authentic moments of sharing. In realising this vision we will achieve the ambition of our founders Paul Ricard and Jean Hémard to become the world leader in the Wine & Spirits industry.

4 ACCELERATORS

CREATING LONG-TERM VALUE



channels to new emerging channels, such as e-commerce, to optimise delivery of our products.

Our four Growth Accelerators leverage these Essentials to meet new consumer needs:

- **Portfolio Management:** position one of our brands in each moment of conviviality;
- **Premiumisation and Luxury:** encourage consumers to move upmarket and consolidate our leadership in the luxury spirits segment;
- **Innovation:** develop new products and services and create new brand experiences;
- **Digital Acceleration:** integrate digital technology into all our projects.

This strategy will allow us to win on the **four battlegrounds** (see pp. 56-83) we have identified to accelerate our growth:





40°46'N -3°74E

SPAIN

Juan Arriazu

Design Manager
Pernod Ricard Winemakers

"It's essential to keep learning about new technologies, design programmes, printing systems and processes. I was born in another era with a different education and different values from the current one. As a 56 year-old, I work closely with Millennials and Generation X, so I need to be flexible. We live in a fast-changing world. Either you adapt or you retire."

GO THE EXTRA MILE



KOURTNEY ROY

46°22'N 2°21'E
FRANCE

Coraline Pharose

Legal Assistant
Pernod Ricard

"The Extra Mile is a state of mind. It means you're always learning and acquiring new skills. Every day when assisting my team members with their different requests, I strive to go beyond the call of duty. In addition to my support role, I've proven that I can generate creative solutions and new ideas. It's immensely satisfying, both professionally and personally."

OUR S&R MODEL

TO SHARE SUSTAINABLE GROWTH

Pernod Ricard has always been a pioneer in corporate global responsibility. More than 50 years ago, our founder Paul Ricard created the *Institut Océanographique Paul Ricard*, just one example of his vision for the Group's place in the world.

Today, our commitment to Sustainability & Responsibility (S&R) remains a cornerstone of the Group, intrinsic to every aspect of our mission as "Créateurs de convivialité."

Pernod Ricard has dedicated itself to striking a consistent balance between business efficiency, community well-being and environmental protection. As "Créateurs de convivialité," we believe that the universal human instinct for conviviality flows most naturally and abundantly from a healthy social and physical environment. Sustainability & Responsibility are intrinsic to both our vision and our ambition, non-negotiable "Essentials" for the success of our strategic model (see pp. 24-25). These "Essentials" permeate each Brand's strategy and by ensuring "Brand Positive Impact" each Brand is able to contribute to a better world.

At Group level, the Sustainability & Responsibility strategy correlates directly with key challenges our stakeholders have defined (see our materiality matrix, p. 50). The strategy is based on four priorities (see opposite): empowering our employees, developing our local communities in ways that involve our business partners, promoting responsible consumption and protecting our planet.

Mobilising our 18,900 employees is essential to our strategy's success. As frontline ambassadors, our employees reaffirm our commitments on a daily basis through a wide range of initiatives. In line with our

principle of decentralisation, these initiatives are always rooted in local needs, while at the same time securely tied to the Group's global priorities.

We take an open and friendly approach with stakeholders, partners and companies that support our activities around the world. It is a source of pride for us to protect and maintain the environmental heritage unique to each of our Brands. Reflecting our consumer expectations for authenticity, transparency

and traceability, we endeavour to adopt the most sustainable practices in developing our products.

Looking at the global community, Pernod Ricard firmly supports the United Nations Sustainable Development Goals (SDGs) defined in 2015 to end poverty, protect the planet and ensure peace and prosperity for all.

In 2018, Pernod Ricard's S&R strategy was again recognised at the highest level by non-financial rating agencies. The Group was ranked #1 worldwide in the beverage sector in terms of Corporate Social Responsibility (CSR) by Vigeo Eiris in May. According to EcoVadis, Pernod Ricard ranks among the top 3% of global companies with the most advanced CSR commitments.

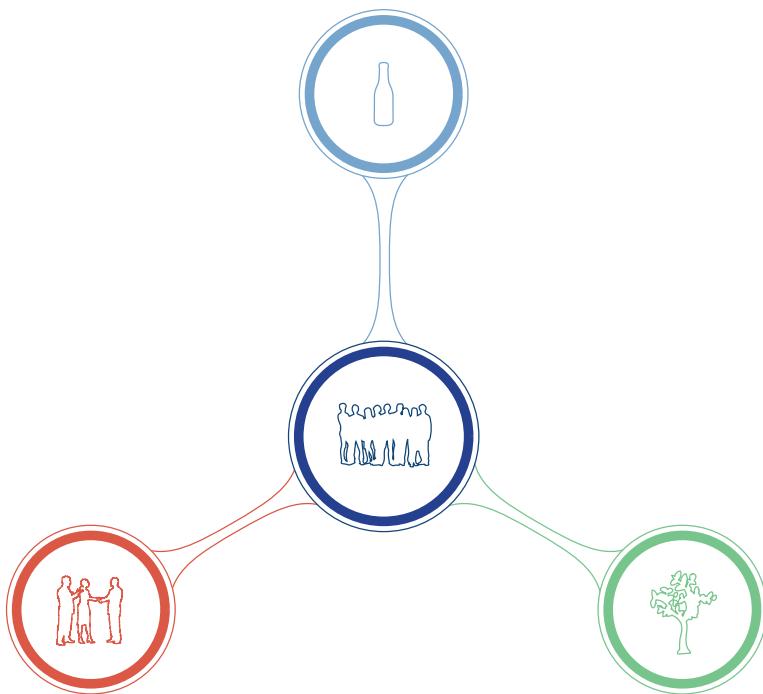


92%
OF OUR EMPLOYEES BELIEVE
THAT THEIR COMPANY
IS SOCIALLY RESPONSIBLE
IN THE COMMUNITY

85%
DECLARE THAT THEY ARE
ENCOURAGED TO ACT
RESPONSIBLY

83%
ARE WELL AWARE OF
PERNOD RICARD'S S&R MODEL
AND ITS FOUR AREAS
OF ENGAGEMENT

Source: Results of the *I Say* survey - S&R policy, June 2017, Willis Towers Watson.



Empowering our employees

As frontline ambassadors of our commitments, employees are central to our S&R model. Our credibility derives from their actions. And it is through their efforts that our S&R model, based on the Group's values – entrepreneurial spirit, mutual trust and strong sense of ethics – will ensure Pernod Ricard's success.

- 94% of our employees are proud to work for Pernod Ricard⁽¹⁾.

ACTIONS

- For the 8th edition of Responsib'ALL Day⁽²⁾, the Group's 18,900 employees dedicated the day to helping their local communities. As water and biodiversity are key to our business, all of the projects in 2018 were related to the UN SDG goals #15 (Life on Land) and #6 (Clean Water and Sanitation).



Developing our local communities and involving our business partners

By associating its business partners and suppliers to its sustainability initiatives, Pernod Ricard has made a long-term commitment to the local communities where the Group does business. The company is committed to fostering a culture of sharing and an ethos of dialogue.

- 96% of our affiliates have implemented at least one local community/partner engagement initiative;
- 2,483 of our suppliers have been analysed by our supplier management tool since 2012.

ACTIONS

- Kahlúa launched a sustainability initiative to grow coffee more fairly and sustainably in Veracruz (Mexico) with the goal of using 100% sustainable coffee by 2020.

Promoting responsible consumption

We promote responsible consumption in three principal ways: by targeting at-risk behaviours and populations (young people, pregnant women), by taking preventive action via educational programmes and direct awareness-raising campaigns for our customers and suppliers, and by having our affiliates engage closely with their local communities to address local issues and concerns.

- 85% of our affiliates have implemented at least one initiative to promote responsible drinking.

ACTIONS

- More than 590 "Responsible Party" events have been organised over the past eight years, thus raising awareness of more than 370,000 students in 32 countries.

Protecting our planet

The Group's premiumisation strategy hinges on preserving and passing on the unique *terroir* where each of our Brands is produced. With all Group products deriving from agricultural raw materials, Pernod Ricard has implemented stringent initiatives embodied in each affiliate's action plan, supported by a comprehensive global environmental roadmap.

Reduction per production unit:

- 20% reduction in water consumption⁽³⁾;
- 30% reduction in CO₂⁽³⁾ emissions.

ACTIONS

- Pernod Ricard has banned non-biodegradable plastic straws and stirrers from its events;
- In Spain, Pernod Ricard's Campo Viejo is experimenting with sustainable winegrowing practices in their vineyards in the Rioja region; it is also Spain's first winery certified as carbon-neutral.

As a pledge of our on-going commitment to sustainability and responsibility, in 2019 Pernod Ricard will deploy a new sustainability and responsibility platform, with new targets to attain by 2030.

(1) Source: Results of the *I Say* survey, June 2017, Willis Towers Watson. (2) Responsib'ALL Day is an annual global event for which all Pernod Ricard employees from around the world dedicate time and resources to support the Group's global sustainability commitments. (3) Since 2009-10, these two indicators are down by -20% and -30% respectively – thus achieving the 2020 Roadmap objectives ahead of schedule.

OUR

BOARD OF DIRECTORS

The Pernod Ricard Board of Directors oversees the Group's governance in an ethical and transparent manner while ensuring that the business is managed in the best interests of the Group and its stakeholders. The Board members, who bring together complementary skills and experience, ensure that the Group pursues its business strategy with the primary goal of increasing the value of the Group.

Organisation

Pernod Ricard follows the AFEP-MEDEF Code of Corporate Governance for listed companies and applies the independence criteria established in the Code. The 13 Directors – one of whom represents Group employees and six of whom are independent, meet eight times per year on average for meetings that are presided by the Chairman of the Board, who is also Pernod Ricard's Chief Executive Officer. The Board is assisted in its work by four specialised committees and the Chairman reports on the progress at the Annual Shareholders' Meeting. The Chairman is tasked with ensuring that the Group's bodies run smoothly, which includes providing the Directors with the resources they need to fulfil their duties. In order to further root its work in the Group's daily business operations, the Board has access to the in-house social network and holds one meeting per year in an operating affiliate.

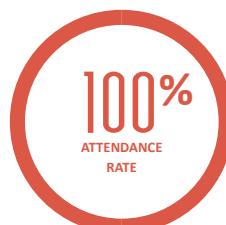
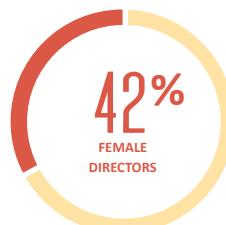
FY18 Activity

Over the course of FY18, the Board of Directors met 8 times, with an attendance rate of 100%. The average length of the meetings was approximately 3 hours. Their main activities were to:

- approve the half-year and annual financial statements;
- review the budget;
- oversee the preparations of the Annual Shareholders' Meeting;
- review and approve the work of the four specialised committees;
- review presentations of the activities of the functional departments and affiliates;
- review its own functioning and that of its committees.

Committees of the Board of Directors

To assist the Board of Directors in its decision-making, four specialised committees work on specific subjects to provide advice and recommendations. Created and presided over by Alexandre Ricard since 2015, the Strategic Committee studies key subjects for Pernod Ricard SA and the Group, issues recommendations on acquisitions, divestitures and partnership projects and deals with all strategic matters of interest to the Company or its Group. The Audit Committee reviews the half-year and annual draft financial statements, monitors the Group's cash flow and debt and assesses the Group's risk management and internal control systems. The Appointments, Governance, and CSR Committee selects new Directors and reviews the composition and operation of the Board, S&R issues and the Group's performance and talent-management policy. Lastly, the Remuneration Committee defines the remuneration policy for the Group's Executive Directors, proposes a general long-term remuneration policy and implements an annual plan for the allocation of options and performance shares.



Board of Directors

(as of 26 September 2018)



ALEXANDRE RICARD
Chairman & Chief Executive Officer
Strategic Committee Chairman

PIERRE PRINUET
Vice-Chairman of the Board of Directors
Strategic Committee Member

NICOLE BOUTON
Independent Director
Nominations, Governance & CSR Committee Chairwoman
Compensation Committee Chairman

WOLFGANG COLBERG
Independent Director
Audit Committee Chairman
Strategic Committee Member
Nominations, Governance & CSR Committee Member

IAN GALLIENNE
Independent Director
Strategic Committee Member
Compensation Committee Member

CÉSAR GIRON
Director
Strategic Committee Member
Nominations, Governance & CSR Committee Member

MARTINA GONZALEZ-GALARZA
Director

ANNE LANGE
Independent Director
Strategic Committee Member

PAUL-CHARLES RICARD
Director
Permanent Representative of Société Paul Ricard

GILLES SAMYN
Independent Director
Audit Committee Member

KORY SORENSEN
Independent Director
Audit Committee Member
Compensation Committee Member

VERONICA VARGAS
Director

STÉPHANE EMERY
Employee Director

OUR

EXECUTIVE BOARD & EXECUTIVE COMMITTEE

The Group's general management is led by the Chairman & CEO, who is assisted by the Executive Committee. Under its authority, the Executive Committee implements the Group's main policies.

The Executive Board is the permanent body responsible for coordinating and leading the Group, in cooperation with the Chairman & CEO, whom it assists with his responsibilities. The Executive Board reviews all decisions related to Group affairs and submits various matters to the Board of Directors when approval is required. It also organises the work of the Executive Committee and defines objectives for its members, in particular by signing off the three-year plan, budget and regular business reviews.

The Executive Committee, the Group's managing body, has 15 members – the five members of the Executive Board (see below) as well as the Managing Directors of the Group affiliates. They meet once per

month (11 times annually), either at Headquarters or at an affiliate site. Under the direction of the Chairman & CEO, the Committee helps to define the Group's strategy and plays an essential coordinating role between Headquarters and the affiliates, and among the affiliates themselves (Brand Companies and Market Companies). The Committee is responsible for overseeing the Group's business activities and ensuring that its main policies are applied. More specifically, the Committee analyses the performance of the Group's business in relation to its market plan (budget and three-year plan); actively participates in setting financial and operational objectives (financial results, debt and qualitative objectives); periodically reviews the brand and market strategies; analyses performance and evaluates changes in the organisation as needed; and approves and ensures compliance with the Group's main policies.

Executive Board Members

(as of 26 September 2018)

ALEXANDRE RICARD
Chairman & Chief Executive Officer, Executive Director



HÉLÈNE DE TISSOT
EVP, Finance, IT & Operations



CHRISTIAN PORTA
Managing Director, Global Business Development



AMANDA HAMILTON-STANLEY
General Counsel



CÉDRIC RAMAT
EVP, Human Resources, Sustainability & Responsibility



Executive Committee Members

(as of 26 September 2018)



ALEXANDRE RICARD
Chairman & Chief Executive Officer, Executive Director



HÉLÈNE DE TISSOT
EVP, Finance, IT & Operations



CHRISTIAN PORTA
Managing Director, Global Business Development



AMANDA HAMILTON-STANLEY
General Counsel



CÉDRIC RAMAT
EVP, Human Resources, Sustainability & Responsibility



GILLES BOGAERT
Chairman & CEO of Pernod Ricard Europe, Middle East, Africa and Latin America



PAUL DUFFY
Chairman & CEO of Pernod Ricard North America



PHILIPPE GUETTAT
Chairman & CEO of Pernod Ricard Asia



MOHIT LAL
Chairman & CEO of Pernod Ricard Global Travel Retail



JEAN-CHRISTOPHE COUTURES
Chairman & CEO of Chivas Brothers



CÉSAR GIRON
Chairman & CEO of Martell Mumm Perrier-Jouët



ANNA MALMHAKE
Chairwoman & CEO of The Absolut Company



CONOR MCQUAID
Chairman & CEO of Irish Distillers Group



BRUNO RAIN
Chairman & CEO of Pernod Ricard Winemakers



PHILIPPE SAVINEL
Chairman & CEO of Ricard SA and Pernod SA



35°86'N 104°19'E

CHINA

Sue Wu

Corporate Communications Manager
Pernod Ricard China

"For me the Extra Mile is about stepping out of your daily comfort zone and constantly pushing yourself to do new and constructive things with your life. And you don't have to move mountains to do it! This year I joined Pernod Ricard China's Volunteer Club. With 11 other colleagues we were trained in the skills and techniques needed to be part of the Shanghai Marathon First Aid Team – something I'd never experienced before!"



KOURTNEY ROY

46°22'N 2°21'E
FRANCE

Pierre Chauvin

Safety Officer
Martell

"I work in the Risk Management Team — we're a dynamic, tight-knit team, where everyone uses their individual skills and values to keep all our employees and facilities safe. Over the past year we have also begun training Martell's other teams in prevention and first aid as part of our Group's commitment to reducing workplace accidents. I make a constant effort to take on new challenges and do my part for the team. For me, that attitude is the Extra Mile."

CREATING SHARED VALUE



Procure high-quality raw materials

All of our products are made from agricultural raw materials, which is one of the reasons why we are firmly committed to protecting local natural resources vital to producing high-quality products and managing our Brands' assets.

1,693 suppliers have pledged to respect sustainability principles (as of 30 June 2018) by signing the Suppliers CSR Commitment⁽¹⁾.

Enhance our production capacity

We take great care when bottling our products and comply with all relevant quality and safety standards.

99.3% of our sites have received ISO 9001 certification.
30% reduction in CO₂ emissions (Scope 1+2) per unit produced (litre of distilled alcohol) since 2010.
20% reduction in water consumption per unit produced (litre of distilled alcohol) since 2010.

Innovate

Innovation is a strategic priority, as reflected in our Breakthrough Innovation Group (BIG) and our Brand and Market Companies.

Our goal for the medium term is to obtain 20% to 25% of the Group's growth through innovation.

Actively manage our portfolio

The Group acquires premium brands with high potential and disposes of non-strategic assets.



Ageing

Brands such as Martell are classified as AOC, a geographical indication that requires an ageing period to reach full maturity. Their ageing, storage and bottling demand refined expertise that represents a considerable competitive advantage as well as a barrier to market entry.

€4.5 billion in maturing inventory.



High-quality products

Our products offer a high level of quality. They bear the authentic stamp of the regions where they are produced, and often carry an *Appellation d'Origine Contrôlée* (AOC).

(1) The purpose of this document is to educate our suppliers about a number of important topics: labour and human rights, health and safety, environmental management, ethics and fair trade practices and responsible consumption.

As part of our commitment to sustainable value creation, we pursue a systematic premiumisation policy that requires substantial investments in each of our Brands on a regular basis. Our goal is to develop operating models that generate economic, social and environmental value for all of our stakeholders.



Continually refine our distribution network

We operate our own distribution networks, and as a result we have a sales force that is attentive to the needs of our consumers and the markets in which we operate. Our goal is to expand these networks, in particular through new channels such as e-commerce and travel retail, in order to reach consumers no matter where they are.

A presence in 86 countries.



Build customer loyalty

Draw on new technology to anticipate customer and consumer needs.

40% of our media purchases are digital.



SHARING THE VALUE WE CREATE

We share the value we create with all of our stakeholders – employees, communities and the surrounding environment, clients and consumers, suppliers and shareholders – so that they themselves can create long-term value. This virtuous cycle is rooted in our responsible approach – sustainable value creation inherently benefits all stakeholders.



Promote responsible drinking

Consuming our products should be a pleasant, risk-free experience, which is why we promote responsible, moderate consumption through campaigns to educate consumers and raise awareness, conducted in association with other industry firms, NGOs and public authorities.

85% of Group affiliates conducted at least one responsible drinking campaign.⁽²⁾

100% of Group affiliates operating as distributors displayed the “no alcohol for pregnant women” logo on their bottles.⁽³⁾

(2) Source: Internal, non-financial reporting. (3) During the 2017/2018 financial year.

OUR
**KEY FINANCIAL
 FIGURES**

LEADERSHIP POSITIONS

WORLD
NO. 1
 FOR PREMIUM,
 ULTRA-PREMIUM
 AND PRESTIGE
 SPIRITS ⁽¹⁾

WORLD
NO. 2
 FOR WINE
 & SPIRITS ⁽¹⁾

16
 BRANDS
 AMONGST
 THE WORLD'S
 TOP 100 ⁽²⁾

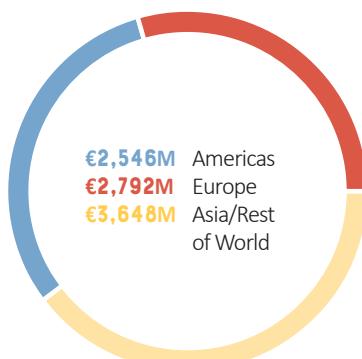
**FINANCIAL METRICS
 FY18**

€8,987M
 NET SALES

€2,358M
 PROFIT FROM
 RECURRING OPERATIONS

€1,511M
 NET PROFIT FROM
 RECURRING OPERATIONS
(Group share)

SALES BY REGION



OUR
KEY NON-FINANCIAL
FIGURES

SUSTAINABLE PERFORMANCE

RESPONSIBLE
DRINKING



EMPLOYEE
ENGAGEMENT



PROTECTING THE PLANET

20%
REDUCTION IN WATER
CONSUMPTION⁽⁴⁾

30%
REDUCTION IN CO₂⁽⁴⁾

96%
OF AFFILIATES IMPLEMENTED
AT LEAST ONE INITIATIVE FOR LOCAL
COMMUNITY DEVELOPMENT AND
PARTNER ENGAGEMENT⁽³⁾

(1) Source: *The Pernod Ricard Market View*, based on IWSR volume data ending 2017. (2) Source: *Impact Databank 2017*, published in March 2018. (3) Source: Internal, non-financial reporting.
(4) Reduction per unit of production between FY10 and FY18. (5) Source: Results of the /Say survey, June 2017, Willis Towers Watson.



39°07'N 21°82E
GREECE

Maria Petropoulou

Junior Demand Planner
Pernod Ricard Hellas

"When I started in my current job last summer, my communication with shippers and forwarders was quite limited. Once I had the green light to take more initiatives, I started to build a relationship with them based on respect and trust. I also tried to gain credibility and be considered as a reliable partner and not a junior. I try to go beyond existing relationships and to propose win-win solutions."



KOURTNEY ROY

-38°41'N 63°61E
ARGENTINA

Joaquin Wagner

Exports Manager
Pernod Ricard Argentina

"I'm always trying to bring added value to my daily work by proposing new and better ways to do my job. In exports, we are targeting the US market and all of South America with a special focus on Brazil. We are also exploring and entering the Asian market, particularly China and Japan, countries where wine imports grew most last year."





OUR CHALLENGES

42 — 55

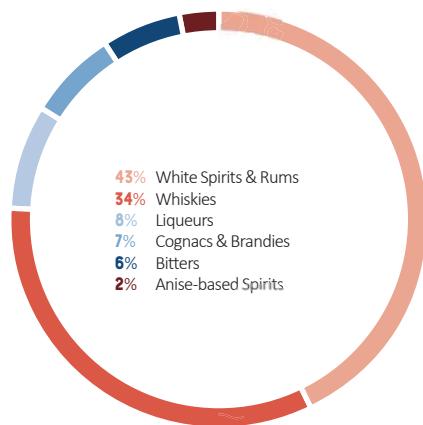
EXPLORING
A WORLD
OF CONVIVIALITY

THE GLOBAL SPIRITS MARKET

CATEGORY FOCUS

EXPLORING A WORLD OF CONVIABILITY

BREAKDOWN OF INTERNATIONAL SPIRITS CONSUMPTION⁽¹⁾

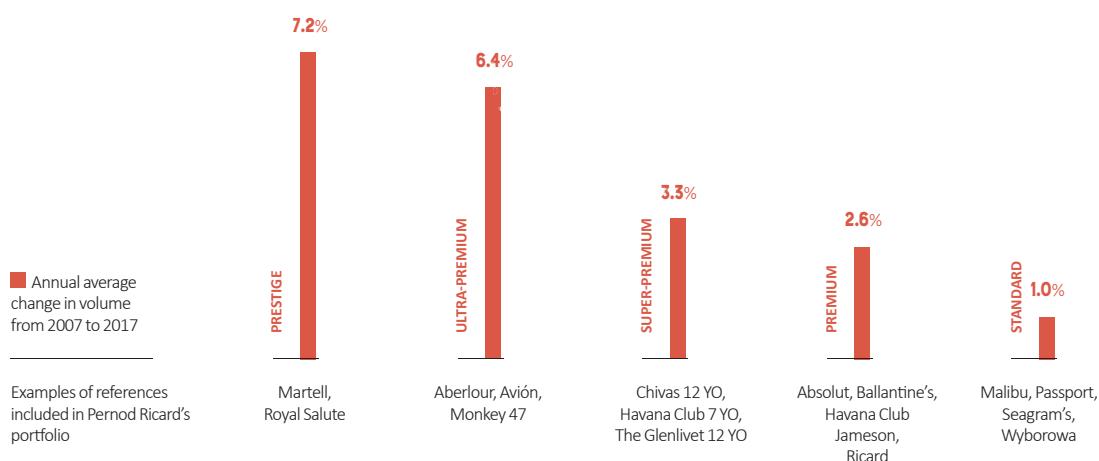


BREAKDOWN OF PERNOD RICARD'S VOLUMES⁽¹⁾



(1) Source: *The Pernod Ricard Market View*, based on IWSR data, volume data at year-end 2017, "International Spirits."

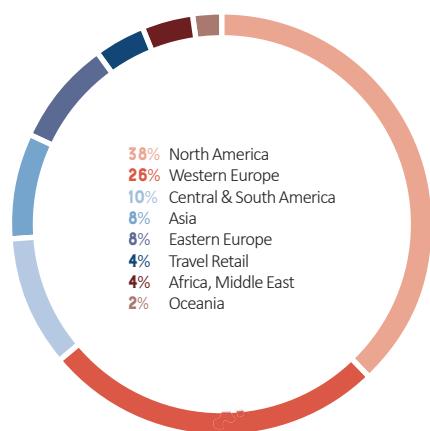
EVOLUTION IN INTERNATIONAL SPIRITS CONSUMPTION BY PRICE SEGMENT⁽²⁾



(2) Price for a 75 cl bottle in the United States.
Source: *The Pernod Ricard Market View*, based on IWSR data, volume data at year-end 2017, "International Spirits."

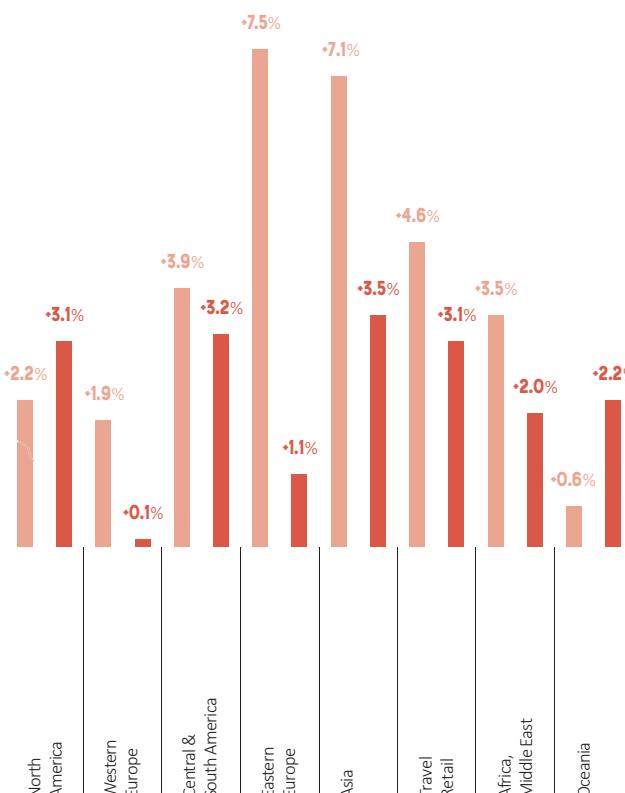
REGIONAL FOCUS

BREAKDOWN OF GLOBAL SPIRITS CONSUMPTION
BY GEOGRAPHICAL REGION



Source: *The Pernod Ricard Market View*, based on IWSR data, volume data at year-end 2017, "International Spirits."

EVOLUTION OF GLOBAL SPIRITS CONSUMPTION
BY GEOGRAPHICAL REGION



■ Evolution in volume from 2016 to 2017 ■ Average annual evolution from 2007 to 2017

Source: *The Pernod Ricard Market View*, based on IWSR data, volume data at year-end 2017, "International Spirits."

GROUP'S POSITION

RANKING AMONG
INTERNATIONAL
GROUPS

EUROPE, MIDDLE EAST AND AFRICA

- #1 in France
- #1 in Spain
- #1 in Poland
- #1 in Germany
- #1 in the Czech Republic
- #1 in the Nordic Countries
- #1 in Switzerland
- #1 in Eastern Europe
- #2 in Angola
- #2 in Portugal
- #2 in Greece
- #2 in Russia
- #2 in Ireland
- #2 in South Africa
- #2 in Turkey
- #2 in the United Kingdom
- #3 in Italy

AMERICAS

- #2 in Brazil
- #2 in Canada
- #2 in Chile
- #3 in Argentina
- #3 in the United States
- #4 in Mexico

ASIA - PACIFIC

- #1 in China
- #1 in Malaysia
- #2 in Thailand
- #2 in South Korea
- #2 in Australia
- #3 in Japan
- #3 in India

TRAVEL RETAIL

- #2 in Travel Retail

Source: *The Pernod Ricard Market View*, based on IWSR data, volume data at year-end 2017, "International Spirits."

MAJOR TRENDS

TRANSFORMING OUR SECTOR



Human Authenticity

In search of transparency and authenticity, consumers are becoming more interested in production methods and ingredients used. They prefer beverages developed according to traditional and responsible practices.

OPPORTUNITIES Showing transparency by explaining how our products are made, while sharing information about our history, *terroirs* and the expertise of our employees.

KEY POINTS The perception of global brands as dehumanised, overly superficial and impersonal and the rise of artisanal brands.

ACTIONS Promotion of the traditional nature and origins of our Brands, such as Jameson, Martell and Absolut, produced using recipes going back more than 100 years.

- Acquisition of artisanal brands, such as Monkey 47 dry gin and Del Maguey mezcal.



+25%

IN ANNUAL SALES
OF ARTISANAL SPIRITS IN
THE UNITED STATES⁽¹⁾



\$13.4BN

VALUE OF AMAZON'S
ACQUISITION OF WHOLE
FOODS MARKET'S ORGANIC
SUPERMARKETS⁽²⁾



+200%

IN SALES OF FLAVOURED
SCOTCH WHISKIES
SINCE 2016 VERSUS -3% FOR
SCOTCH WHISKIES⁽³⁾

(1) Source: 2017 Craft Spirits Data Project completed by the American Craft Spirits Association (ACSA), Park Street, and the IWSR.
(2) Source: Nielsen Global Health & Wellness Report 2015. (3) Source: The Pernod Ricard Market View, based on IWSR.

The omnipresence of new technologies in our daily lives has disrupted the Wine & Spirits industry. Characterised by moral and ethical awareness, Millennials are no longer attached to a single brand. Instead, they choose from a range of brands depending on the moment of conviviality. To better understand these cultural changes and the needs of consumers, Pernod Ricard has identified six major trends.



On-the-go Consumption

For economic, safety or simply comfort reasons, going out is no longer a preferred option for many consumers. The restaurant is gradually moving to their home, and the bar is following the same direction. This trend has been boosted by the emergence of delivery apps.

OPPORTUNITIES Offering new beverages that are already prepared and ready to drink in new easily-transported formats.

KEY POINTS The disruption of traditional distribution channels and consumer habits in favour of ready-to-consume products.

ACTIONS Launch of beverages adapted to drink at home, such as Absolut Mixt or the Espresso Martini Pack.
• Launch of Drinks & Co, offering home delivery.



72%

OF MILLENNIALS PREFER
TO SPEND WEEKEND
EVENINGS AT HOME RATHER
THAN GOING OUT⁽⁴⁾



56%

OF AMERICAN CONSUMERS
WILL STOP BUYING
PRODUCTS FROM UNETHICAL
COMPANIES⁽⁶⁾



+1BN

WOMEN WILL ENTER
THE LABOUR MARKET
BY 2020⁽⁷⁾

(4) Source: Ypulse (<https://www.ypulse.com/post/view/why-millennials-would-rather-stay-in-than-go-out>). (5) Source: <https://www.chivas.com/the-venture/about>
(6) Source: Mintel. (7) Source: *The Third Billion*, PwC (<https://www.strategyand.pwc.com/third-billion>).

MAPPING MOMENTS OF CONVIVIALITY



— Happy Hour —

After a busy day or week working, friends and colleagues catch up to share a special moment in a relaxed atmosphere. The venue is often a familiar place close to their work where they can chat, unwind and let off steam.

WHO? Colleagues or friends or sometimes just a guys' or girls' get-together.

WHERE? Originally from English-speaking countries, the concept is becoming truly universal.

WHAT? Mainly cocktails (mojitos made with Havana Club or margaritas made with Olmeca tequila), a simple glass of Jameson whiskey or beer.

— Aperitif —

Very popular with consumers, the aperitif is a moment to relax and be oneself. Whether indoors or outdoors on a terrace at sunset, it's the perfect time to be with close friends or family with a drink in hand to whet one's appetite before an evening meal.

WHO? All generations, with friends and family.

WHERE? Mainly Western Europe.

WHAT? A glass of Ricard, a Beefeater gin and tonic, champagne (Mumm) or chilled wines – whether white, rosé, or even red – as well as light cocktails.

— Cocktail Party —

A cross between aperitif and dinner, a cocktail party can be organised for a personal (birthday) or professional (opening) occasion. It affords an opportunity to meet new people while enjoying a combination of cocktails and nibbles.

WHO? Between loved ones, co-workers or acquaintances.

WHERE? In Europe and English-speaking countries.

WHAT? Champagne (Perrier-Jouët) and light cocktails (made with Absolut Elyx).

Every country, culture and generation has its own celebrations and experiences of conviviality.

To better understand consumers and meet their expectations, Pernod Ricard has mapped out their wine and spirit consumption habits.



— Dinner —

A main meal in some countries, dinner is usually a time for sharing and conviviality. For special occasions guests are often invited to share in a special meal paired with wines and spirits carefully chosen by the hosts.

WHO? Between family members and friends.

WHERE? Worldwide.

WHAT? Wine reigns supreme in Western Europe and certain regions of North America (Kenwood Vineyards or Jacob's Creek), while beer and local spirits are preferred elsewhere.



— Business Celebration —

Enjoyed after dinner when the sun has set and the night is well under way. In Asia especially, business celebrations are an intimate setting where strong bonds are forged among business professionals or colleagues.

WHO? With colleagues and business professionals.

WHERE? In North America, Europe, and Asia – particularly in China, Japan, South Korea, and Hong Kong.

WHAT? Whiskies (Royal Salute or Chivas Regal), cognacs (Martell) and local alcohols.



— Party Time —

Full of energy and enthusiasm, consumers head out at night to party and have fun. Music and friends are all part of the mix, especially if a truly good evening is to be had.

WHO? Mainly between friends, but also between colleagues in some cultures, especially in Asia.

WHERE? Worldwide.

WHAT? Mainly champagne and spirits served straight (Absolut Vodka, Ballantine's) or in cocktails (Havana Club, Malibu).

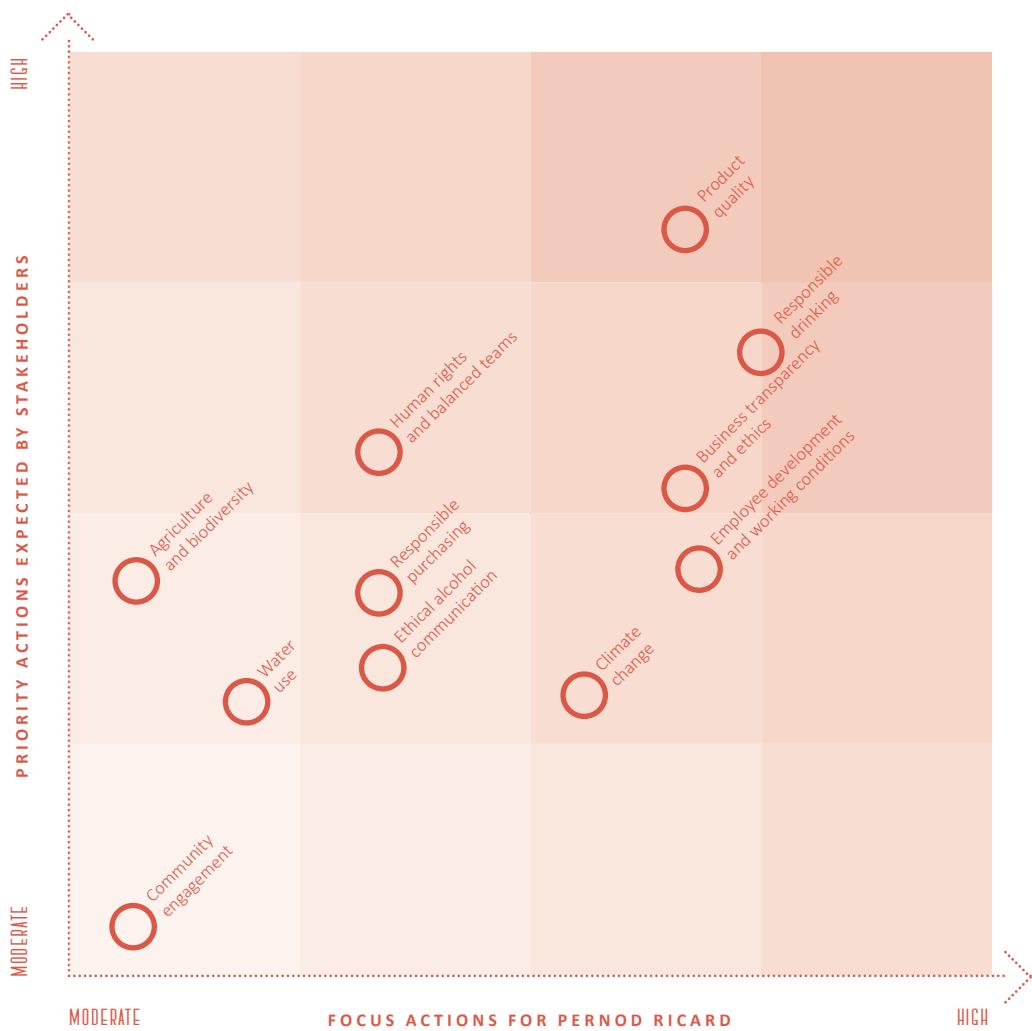
LISTENING TO

OUR STAKEHOLDERS



To create value over the long term, Pernod Ricard must constantly anticipate and adapt to the challenges of a changing world. In FY17, the Group unveiled our Materiality Matrix – the result of an extensive consultation process with over 1,300 internal and external stakeholders. The Matrix has allowed the Group to identify, understand and prioritise the major challenges that could impact our business in the short, medium and long term.

The most important challenges highlighted by the Matrix contributed to defining the Group's Sustainability & Responsibility (S&R) strategy (see pp. 28-29).



A 3-STEP METHODOLOGY: 1. Identification of the main S&R issues through an in-depth analysis of information provided by S&R leaders at each of the Group's affiliates; 2. Prioritisation of the identified issues by external stakeholders – according to the importance of the topics to be addressed by a major company such as Pernod Ricard, and by internal stakeholders – based on the current and potential impacts of the issues on the Group's business activities; 3. Detailed review and final validation of the Matrix by the Executive Board. The Materiality Matrix highlights the issues that Pernod Ricard must view as priorities. Approved by the Executive Board, it serves as a tool for future dialogue with stakeholders regarding our S&R strategy and the actions to be taken.



Agriculture, biodiversity and water management

As a Group born out of brands strongly rooted in their respective local regions, with products derived from transforming agricultural raw materials, Pernod Ricard promotes the implementation of sustainable agriculture at all our sites and encourages the protection of local biodiversity. The Group is also committed to the responsible use of water throughout our farms and vineyards. Water is an essential component of the products developed by the Group – 99% of our water footprint is from the production of raw materials. Since September 2010, the Group has strengthened its commitment to protecting the planet's water resources by endorsing the United Nations' CEO Water Mandate.



Employee development and working conditions/transparency and ethics

The Group is committed to developing and training our employees through trainings, performance appraisals and encouraging a healthy work/life balance (flexibility, working hours, etc.). In terms of health and safety, we are committed to creating an optimal working environment. Today, 92% of our sites are OHSAS 18001-certified. The Group aims to operate with integrity and ethics, starting with the upholding of the law in all the markets in which we are present and through our own internal policies. In particular, Pernod Ricard focuses on combating corruption and anti-competitive practices, respecting fiscal policies and maintaining complete transparency and integrity regarding our influence strategies and practices.



Responsible consumption/ethical communication

Pernod Ricard is committed to communicating responsibly with consumers. In 2007, we adopted an internal code of commercial communications. The purpose of this code that reinforces the Group's S&R policy is multifold: to combat excessive or inappropriate alcohol consumption as well as drinking and driving; to avoid the creation of communications that might entice minors or depict pregnant women, that associate alcohol with hazardous and/or workplace activities or that link alcohol consumption with physical performance, health benefits, or social and/or sexual success; and to prevent using the level of alcohol content as a main theme in our brands' promotional campaigns. Responsible consumption is one of the major priorities shared by the Group's employees, consumers and investors.



Communities, responsible purchasing and human rights

Pernod Ricard is committed to respecting the communities in which we operate and contributing to their development. We build long-term relationships with our suppliers, who are encouraged to support our S&R policy and to provide high-quality products and services. Equally important is the attention the Group devotes to respecting the human rights of our employees by promoting an open dialogue with the labour unions (present in 32% of our entities), ensuring a balanced working environment and offering equal opportunities and fair treatment for all.

Photos from left to right: The Glenlivet Distillery and its surroundings; Pernod Ricard Mexico's new offices in Mexico City; Alexandre Ricard reaffirms our support of the Responsible Party Project by renewing our partnership with the Erasmus Student Network in Brussels; Hand-picked coffee beans from Veracruz, Mexico, as part of Kahlúa's sustainability programme.



46°22'N 2°21'E
FRANCE

Morgane Lesbaches

Sales Secretary
Ricard

"My job has changed a lot this year, due to our Sales team's evolving communications needs across the different French regions and due to my team also growing in size. I've needed to be extremely flexible and responsive to support the wide variety of requests from my six colleagues. As someone always up for new challenges it's been a great opportunity for me – and has given me a fresh burst of energy and motivation."

GO THE EXTRA MILE



KOURTNEY ROY

53°41'N -8°24E
IRELAND

Calvin Barry Doherty

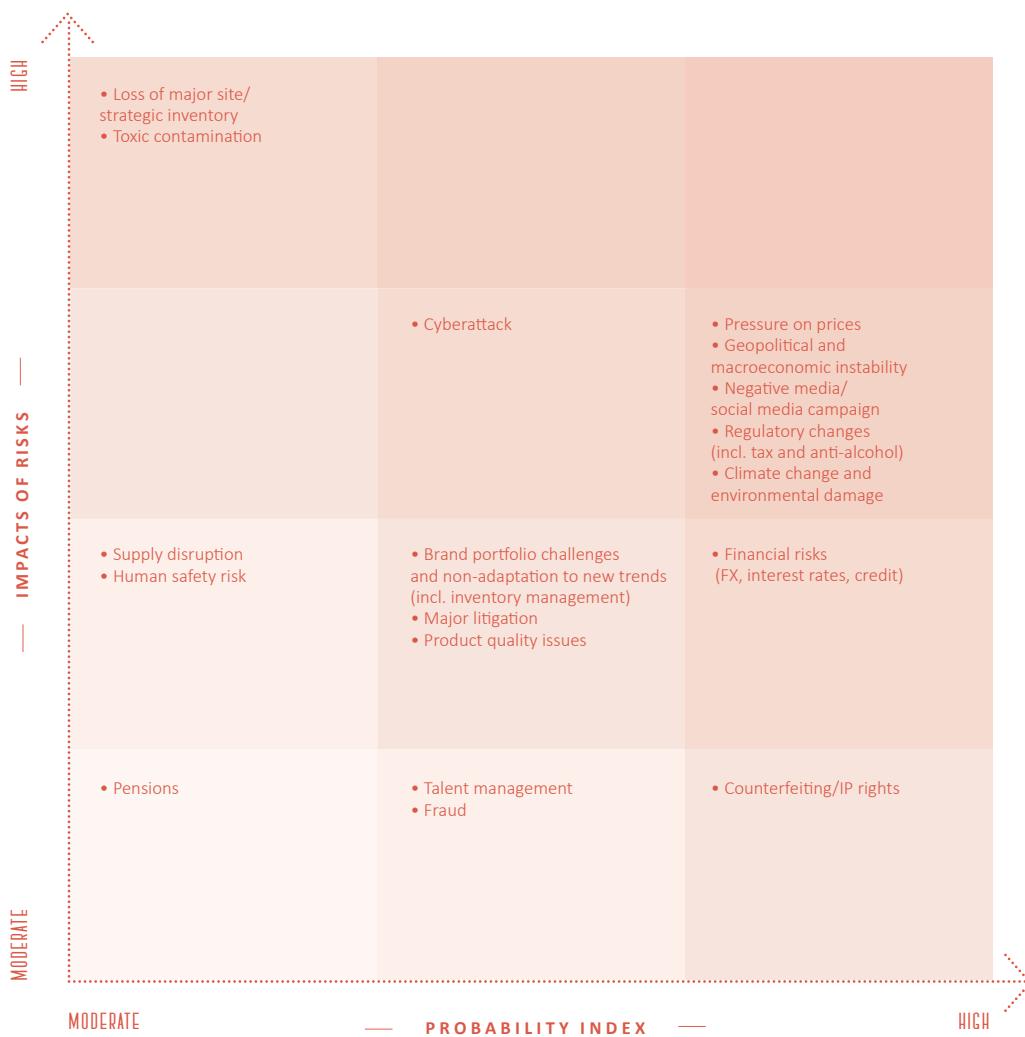
Brand Ambassador
Irish Distillers

"For our team every day is different, and going the Extra Mile is being open to the extra responsibility and pride we hold in our work. In our job, it's important to go further than expected. I try to do that with fellow staff but also with customers, whether it's assisting in a different department when they're under pressure or getting to know the customers better."

KNOWING OUR RISKS

TO BETTER MANAGE THEM

Facing a range of internal and external risks that may affect the achievement of our objectives, Pernod Ricard has implemented a system of internal control and risk management to better forecast and control them. As part of the Group's decentralised structure, each function and each affiliate contribute on an ongoing basis to the smooth running and improvement of this system.



METHODOLOGY: the Group's risk matrix was updated in 2018. Every three years, Pernod Ricard's main risks undergo a mapping process involving all Group affiliates and functions. The various risks are ranked according to their potential impact and probability of occurrence. This risk matrix is a risk management tool.

**Loss of major site/
strategic inventory**

Resulting in significant business disruption and unavailability of key brands in the trade.

Toxic contamination

Risk of toxic contamination of a product resulting in major injuries.

Cyberattack

Cyber intrusion compromising systems, websites and data integrity.

Pressure on prices

Risk of margin erosion due to intensified pressure from retailers and fierce competition.

**Geopolitical and
macroeconomic instability**

Risk of a broad geopolitical turmoil and the resurgence of a macroeconomic crisis.

**Negative media/
social media campaign**

Impacting the image of the Group and/or its key brands.

**Regulatory changes (incl.
tax and anti-alcohol)**

Strengthening of legislation resulting in restrictions or constraints in different areas (marketing, communication, tax, etc.).

**Climate change and
environmental damage**

The impact of global warming on Pernod Ricard operations and the impact of our operations on the environment.

Supply disruption

Due to key supplier failure or volatility of raw materials prices.

Human safety risk

Severe accidents of our employees and contractors as a result of a criminal event or accident.

**Brand portfolio challenges
and non-adaptation to
new trends (incl. inventory
management)****Major litigation**

Against Pernod Ricard, its affiliates, its brands or its management.

Product quality issues

Quality deviation leading to customers' disappointment and brand image deterioration.

**Financial risks (FX, interest
rates, credit)**

Unfavourable evolution of exchange and interest rates or the failure of customers leading to non-collection of receivables.

Pensions

Unanticipated increase of pension funds deficits and/or cash contributions.

Talent management

Inability to attract, develop and retain talents.

Fraud

Resulting in financial losses or the leakage of sensitive information.

Counterfeiting/IP rights

Counterfeit and look-alike products damaging brand equity and impacting sales.





OUR BATTLEGROUNDS

56 — 83



SHAPING
A MORE AGILE
ORGANISATION

BATTLEGROUND #1

WINNING IN KEY MARKETS

TO CREATE
NEW OPPORTUNITIES
FOR CONVIVIALITY

In a sector as competitive as Wine & Spirits, differentiation in the market can make the difference for outpacing the competition.

With this in mind, we identified four key markets that are essential to continue achieving this goal and accelerating our growth: the United States – the largest market for our Group and the industry as a whole, China and India – two vital growth markets, and Travel Retail – the foremost distribution channel for our Prestige brands.

In each of these markets we have solid competitive advantages, from our complete portfolio of Premium brands across all categories, to our decentralised consumer-centric organisation, and our exceptionally committed employees, who are the driving force behind realising our ambition.

Success in key markets such as these hinges upon our ability to place the consumer at the core of our business. Today's consumers are less likely to remain loyal to a single brand. Instead they navigate among a selection of brands depending on the occasion, be it a happy hour, an aperitif, a dinner party or other convivial moment.

In one example of this winning strategy, Martell had a stellar year in the United States, with sales increasing +27%. This success was underpinned by its strong brand identity, distinctive packaging, and the superior quality of its cognac, which is very popular among Americans eager for new taste experiences.

Meanwhile in China, Pernod Ricard partnered with Tencent, the Chinese Internet and broadcasting giant and owner of WeChat. This partnership has afforded us the possibility of co-creating fresh content, reaching a new target group of ultra-connected consumers and, in consequence, raising awareness of our brands in this highly-promising market. In addition we launched AskJerry, a live chat platform with real-time advice about making cocktails – a highly successful move that has also given us the opportunity to continue developing relationships directly with our consumers.

GO THE EXTRA MILE

GAINING IN AGILITY



TENCENT

BOOSTING VISIBILITY, DIGITALLY



Monkey 47 gin & tonic
in an iconic Absolut Elyx
copper pineapple



Homepage of Martell
Party Channel on Tencent
digital platform



Ask Jerry QR code
to learn more about
cocktails online



Ask Jerry offline cocktail
experience workshop

With a population of 1.4 billion people eager to explore new trends and products, China is a market with almost unimaginable potential. Enthusiastic users of digital tools, millions of Chinese go online every day to search, socialise, share or shop. To reach consumers via these new channels, in 2017 Pernod Ricard China and Chinese web and broadcasting giant Tencent signed an exclusive partnership, the only one of its kind in the alcohol industry.

Incomparable to even the largest global digital companies, Tencent is an integrated platform offering an almost unlimited range of internet services: imagine Google, Facebook,

WhatsApp, YouTube, Netflix and Amazon all wrapped up in one big digital package. As the owner of the most popular messaging app in China, WeChat, which has 1 billion users⁽¹⁾, this tech firm holds an immense pool of user data – essential information for brands to better understand and connect with consumers. Through the partnership, Pernod Ricard has the unprecedented opportunity to co-create content delivered on the various Tencent platforms and access data that can be leveraged to target consumers.

This partnership extends beyond more traditional above-the-line advertising activities, with several innovative marketing strategies launched over the last year.

Martell teamed up with Tencent to create the first branded party channel in China, a content hub that has averaged over 2.1 million views daily.

Meanwhile, Chivas signed a landmark, multi-year marketing partnership with the National Basketball Association (NBA) China. With basketball consistently featured on televisions in China across all retail channels, this partnership – supported by Tencent, which also has the exclusive rights to broadcast all NBA games – generated over 833 million Chivas brand video views, with 7 million users actively engaging in the Chivas content.

#1
COGNAC IN CHINA:
MARTELL

#1
PREMIUM WHISKY
IN CHINA:
CHIVAS

802M
INTERNET USERS
IN CHINA⁽³⁾



Chivas Advertising Poster



Signing of the Tencent partnership

Ballantine's also took advantage of the Tencent partnership to launch a local Chinese "True Music" community, a platform for users to discover new music, vote for their favourite artists or songs, or participate in contests to win a variety of prizes and concert tickets. In addition to recruiting 13,000 members in only six months, this new channel had over 120 million visits.

These initiatives have reached a vast audience, dramatically increasing both online and offline awareness of these premium brands. In a virtuous circle, they have also enabled a consequential body of data to be gathered that affords more insights into local consumer needs.

Inspired by the explosion of consumer interest in cocktails – the number of cocktail bars leaping from 800 in 2014 to 14,000 in 2017⁽²⁾ – Pernod Ricard China launched Ask Jerry, an unbranded live chat cocktail platform integrated in WeChat.

"Jerry," a virtual cocktail expert, answers user questions, in turn promoting cocktail culture and knowledge about spirits. In addition to Jerry's 54,000 followers, an integral part of this initiative is the dedicated bartender community, which has around 3,900 members. By building brand knowledge and loyalty, Ask Jerry has successfully developed relationships with Pernod Ricard consumers while at the same time creating a new channel for sales, even offering drink delivery services. A newly

formed joint venture with an external tech company will further accelerate Ask Jerry's development.

This multi-pronged marketing approach to a huge and highly-diverse market has proven that the Pernod Ricard China initiatives together as a whole are greater than the sum of its parts. They have successfully increased product visibility and promoted brand growth. With more projects in the pipeline, the potential of this key market is ready to be unleashed.

(1) Source: *WeChat Quarterly Report* (Tencent), 1st quarter 2018.

(2) Internal Source.

(3) Source: *The 42nd China Statistical Report on Internet Development*, 2018, July.

CAMPO VIEJO

UNCORKING THE POTENTIAL
OF THE US MARKET



Campo Viejo vineyards
in La Rioja Spain



Multicoloured sculpture that the internationally renowned street artists Okuda and Remed created for Campo Viejo



With a stunning 85% increase in sales, it has been a stellar year for Campo Viejo wines in the United States. Although the brand is delivering strong results in other markets – double-digit growth in the United Kingdom, Sweden and Germany, Campo Viejo's momentum in the United States is particularly remarkable.

The brand's success story in the US, the largest and most premium wine market in the world⁽¹⁾, can be attributed to a combination of factors. Among these, the most significant is its capacity to find new and compelling ways to resonate with American consumers

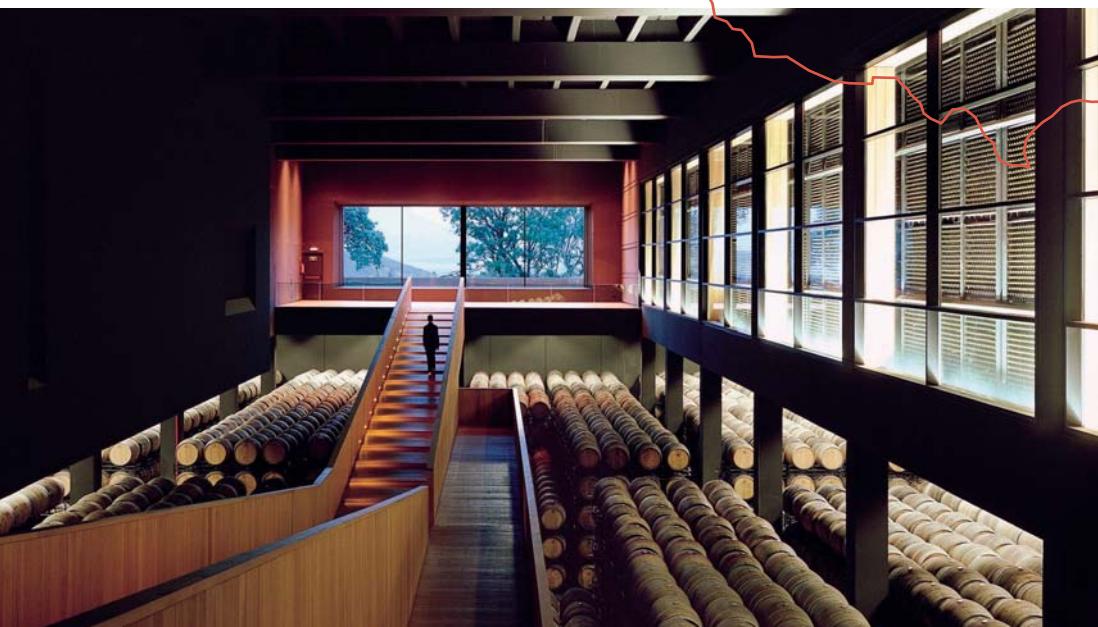
who, according to trends, are becoming more adventurous and willing to explore new wines and grape varieties.

The winning formula for Campo Viejo has entailed building creative activations that speak to consumers in a fun and approachable manner. By creating a strong brand identity, Campo Viejo has been able to successfully transcend the Spanish category and flow into the general market offerings, at the same time allowing the brand to distinguish itself in a diverse and complex segment that can

be confusing for buyers to navigate. Central to this, is the colourful packaging that makes Campo Viejo wines easy to locate in retail, with unique labels that are clearly identifiable. Apart from a high profile at points of sale, a clear and focused wine portfolio further facilitates the selection for buyers.

Engaging campaigns are the initial hook to win over consumers, but there is no substitute for taste to drive repeat purchase. Campo Viejo's winemakers blend traditional and progressive methods to craft fruit-forward wines that appeal to today's palates. Located

GO THE EXTRA MILE



Campo Viejo's newly renovated carbon neutral wine cellars



Campo Viejo Tempranillo, Campo Viejo Reserva and Campo Viejo Gran Reserva (from left to right)

in the Spanish province of La Rioja – a region well-known for the quality of its wines, Campo Viejo is committed to local biodiversity and sustainable practices. It was the first Spanish winery to achieve carbon-neutral certification, an industry benchmark in terms of respect for the environment.

The brand has received global recognition for the quality of its wines, further strengthening their profile and premium credentials. In 2018, the influential *Wine Spectator* magazine awarded 90 points to the “Reserva 2013,” while the New York and Berlin International Wine Competitions named Campo Viejo as

“Winery of the Year” (for Spain and La Rioja, respectively). Another positive indicator of a true rising star in the US, Campo Viejo was named a “Hot Prospect” wine brand by IMPACT magazine. The award highlights the up-and-coming wine brands that are primed to become significant market players in the years ahead and given its trajectory IMPACT “Hot Brand” status it is next on the horizon.

Beyond the appeal of the wine’s personality and the heritage and values that Campo Viejo represents, the brand has successfully adapted itself to today’s lifestyle trends, capitalising on the current appetite for rekindling human connections, striving for a life well-lived and for sharing authentic moments with friends. A vibrant and original

communication campaign, “Live Uncorked,” invites consumers to live a more colourful life through expressive brand experiences, social content and engagement.

Campo Viejo’s creative fusion of a diverse spectrum of elements—wine, culture, consumer desires and perceptions marketing – into a single brand identity is driving global excitement for the brand. Powered by the dynamics of the rise and expansion of the American market, the future prospects for these premium wines are rosy indeed.

(1) Source: IWSR 2017.



20°59'N 78°96E
INDIA

Vasudha Arora

Quality Manager Finance
Pernod Ricard India

"I understand the Extra Mile as a way of exceeding expectations and giving your all to do something remarkable in your professional life. This year I launched two major projects to transform operations within Pernod Ricard India's Finance Department, both of which have already had an important impact on change management. The two projects involved a host of internal and external stakeholders in India, and I stretched my limits to make them a success."



KOURTNEY ROY

60°12' N 18°64 E

SWEDEN

Karl Larsson

Business Analysis Manager
The Absolut Company

"The Extra Mile? Put simply, it's solving a problem or suggesting a solution even if it's not in your job description. We're all working toward the same goal, so when you know how to do something or have a good idea, take that extra time to help out."

BATTLEGROUND #2

BUILDING PASSION BRANDS

**TO SUCCESSFULLY BUILD LASTING
RELATIONSHIPS WITH OUR CONSUMERS**

Creating strong brand appeal is a vital asset in an industry where consumers typically have five or six favourite drinks. Gone are the days when consumers would look to buy an individual product; today they want a whole meaningful experience from a brand with which they identify. As such, brands more than ever need to align with their consumers' lifestyles, as well as their social, environmental and ethical concerns.

Recognition of these contemporary realities two years ago prompted us to return our consumers at the heart of our strategic model (see pp. 24-25). We harnessed all available resources to strengthen and enhance our consumers' relationships with our Brands, from the dynamic management of our portfolio to investing in new digital technology, and from promoting innovation and premiumisation to expanding route-to-market/consumer distribution channels.

Through pinpointing each moment of consumption – or “experience of conviviality” – we aim to precisely meet our consumers’ expectations for every moment. However, to forge the required close-knit consumer relationships to make this happen, we must showcase each Brand’s identity – in terms of their unique history, *terroir*, expertise and values – with flair and consistency.

Each Brand team works to develop or expand the distinctive personality of its particular Brand, whether it’s a young and hip Monkey 47 or a venerable

Martell cognac. The teams draw on a broad spectrum of talents and experiences to design brand experiences based on a deep understanding of the interplay between the perceptions and needs of the consumer and the intrinsic qualities of each product. This is underpinned by consistent communication at global and local levels.

One example is Jameson, considered by many as the standard-setter for Irish whiskey around the world. Following a large-scale renovation, its iconic Bow Street Distillery in Dublin reopened to the public, offering visitors a one-of-a-kind immersive experience. Meanwhile for Absolut, the world’s leading premium vodka⁽¹⁾, the Brand has taken transparency to the next level by inviting consumers into its distillery and bottling plant in Åhus, Sweden.

Thanks to this subtle combination of respect for our Brands’ unique personalities and cultivation of a sincere and direct voice, we’ve continued our responsible, sustainable conversation with consumers. In a digital world where lines are blurred between brands and corporate responsibility, being honest with consumers and ourselves is always a winning decision.

(1) Source: *The Pernod Ricard Market View*, based on IWSR, volume data ending 2017.

GO THE EXTRA MILE



GAINING IN AGILITY



JAMESON BOW ST. DISTILLERY

GAINING IN AGILITY

THE ULTIMATE JAMESON BRAND HOME EXPERIENCE



In our digital era, it seems that everything can be replicated with technology. Yet people are still looking for experiences – personal, multisensory, real world – that cannot be easily reproduced. As the most-visited whiskey experience in the world, Jameson fans travel from far and wide to experience the Brand first hand at the Jameson Distillery Bow St. The decision to transform the historic distillery into the ultimate Brand Home by creating a uniquely Jameson experience has added another must-see destination to Dublin's already redoubtable list.

The goal of this carefully crafted 11 million euro redevelopment project was to create a place where the spirit, the history and the flavours of the Brand could be brought to life. An experience where all the senses, not just taste, are actively engaged.

The brand experience at the Jameson Distillery Bow St. draws on a layered approach to brand immersion, combining theatre, technology and the taste of a world-class whiskey, set against the backdrop of the iconic 230-year-old Dublin distillery. It's a living, active social space that provides multi-sensorial experiences that create deep and lasting connections with its guests. As some are avid Jameson fans and others new to Irish whiskey, Jameson offers five fully-hosted experiences tailored to expand the horizons of a broad spectrum of whiskey enthusiasts. Each experience takes visitors on a story-driven journey that connects them with the passionate people, wide array of products and fearless spirit of Jameson Irish Whiskey.

"Our people are our most valuable asset. They are what set us apart from our competitive set; a point consistently reflected



350,000
VISITORS
PER YEAR



GO THE EXTRA MILE

GAINING IN AGILITY

through consumer feedback and comments received through our social channels," shares Simon Fay, International Marketing Director for Jameson. "Giving guests the opportunity to taste, see, touch, smell and interact with Jameson Brand Ambassadors in the original distillery buildings at our Brand Homes in Bow St. and in Midleton creates a powerful emotional connection that isn't possible through other marketing channels," adds Simon. The successful re-incarnation of the Bow Street Distillery is living proof that the quality time consumers spend engaging with Jameson in its Brand Home generates results on all levels: it contributes to stronger brand advocacy, loyalty and an increased return on investment through monetisation.

Since the re-opening of the newly renovated Bow Street Distillery in March 2017, Jameson has received several high-profile accolades, notably a prestigious Thea Award⁽¹⁾ for Outstanding Achievement and a World Travel Award for being "Europe's Leading Distillery Tour in 2018."



(1) The Thea Awards were created to bring recognition to achievement, talent and personal excellence within the themed entertainment industry.
<http://www.teaconnect.org/Thea-Awards/About-thea/>

ABSOLUT

ONE SOURCE,
ONE COMMUNITY:
CRAFTING THE WORLD'S
FINEST VODKA



-70%

LESS ENERGY
CONSUMPTION
THAN AN AVERAGE
DISTILLERY⁽¹⁾

How do you improve operations when you already run one of the most energy-efficient distilleries in the world? For Absolut Vodka, the Swedish brand of premium vodka globally recognised for its perfect character and taste, the answer lies in a commitment to excellence that embraces everything that goes into creating a product of impeccable quality: from the sourcing of ingredients to an uncompromising approach to distillation and a respect for the local community. Absolut Vodka is constantly seeking ways to apply the latest eco-friendly principles to a product life cycle that depends on the dedicated network of farmers, transporters and glass manufacturers who supply the vodka plant in Åhus, Sweden.

"Our relationships go beyond the transactional; they are built over the long term with the goal of reducing our collective impact on the environment and strengthening our community. We do it not because it's fashionable, but because it's in our blood, it improves our vodka, and we believe it's the right thing to do. This commitment is part of what makes our Brand attractive to customers," says Anna Schreil, VP Operations for The Absolut Company.

Absolut Vodka tastes better because it is entirely produced in one place. This "One



95%
LESS CO₂ EMISSIONS
THAN AN AVERAGE
DISTILLERY⁽¹⁾

80%
USE OF BIODIESEL
IN LOCAL TRANSPORT
TO/FROM FACILITIES

90%
OF ENERGY
FROM RENEWABLE
SOURCES

"Source" approach facilitates a respectful control of the production process, from seed to bottle. Every ingredient that goes into producing the vodka is local, including the best quality winter wheat, pristine water and Absolut's own strain of yeast used in the fermentation process. The vodka is even produced in a CO₂ neutral distillery.

"Circularity" is the guiding principle in the production of Absolut Vodka, the reason Absolut Vodka is so natural. Nothing is wasted – including the production by-products which are fed to pigs and cows, resulting in fertiliser that improves the soil quality of the wheat fields that supply it.

By applying the 5 Rs – Reduce, Recycle, Reuse, Respect, Rethink – to all aspects of the production cycle, Absolut Vodka improves sustainability while enhancing the unique characteristics and flavour of its vodka.

Absolut Vodka also works hand-in-hand with its suppliers to find new ways for them to reduce their own impact on the environment. For example, by building a biofuel filling station on site, Absolut Vodka has facilitated the use of biodiesel for its transporters. And by working closely with the local glass manufacturer, the Absolut Vodka bottle now consists of 46% recycled glass, an impressive achievement for clear glass. "It's extra work, but we believe in constant improvement," says Anna Schreil. This attention to detail, together with a deep respect for the product's community and an unwavering commitment to "One Source," is what makes Absolut Vodka such an extraordinary vodka.





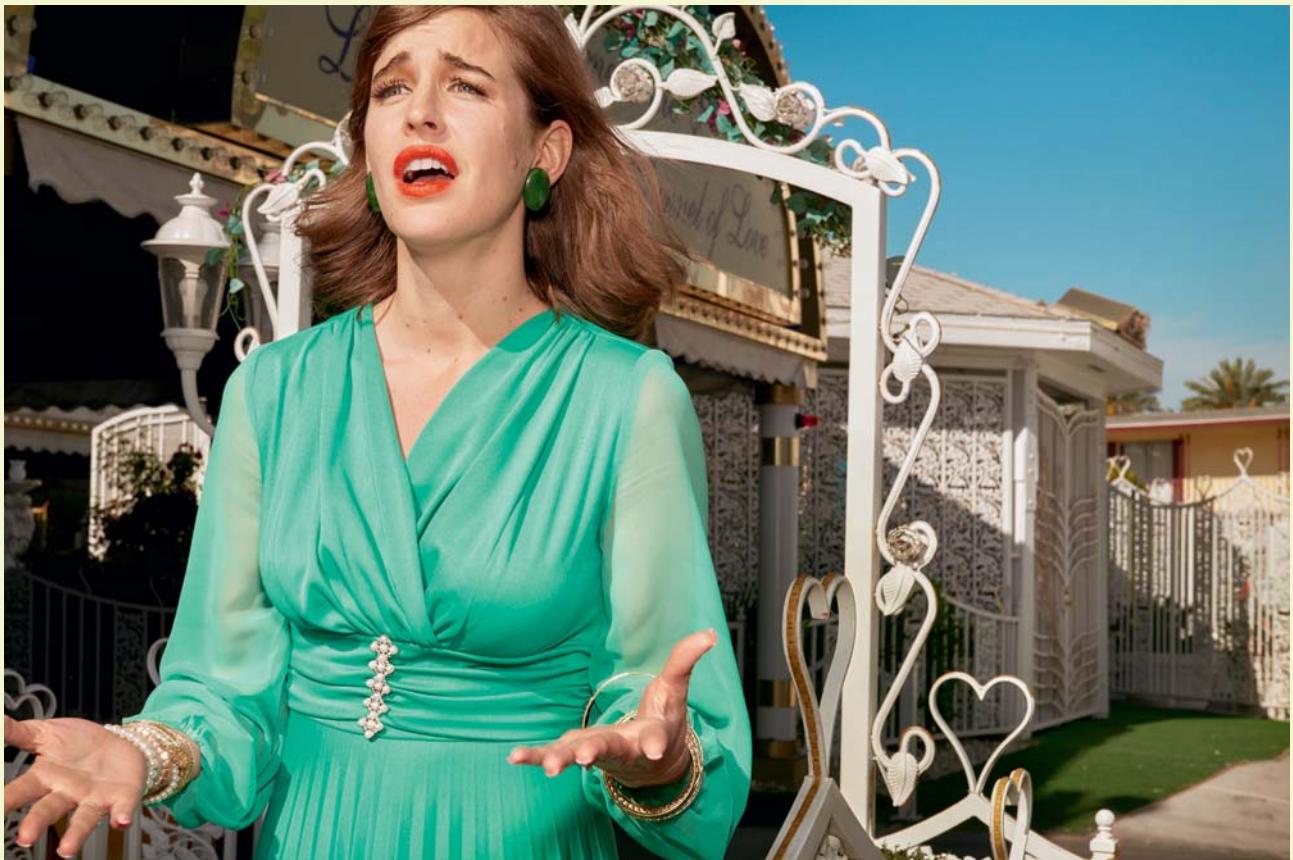
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BELGIUM

Guillaume d'Ursel

Trade Marketing Manager
Pernod Ricard Belgium

"I never take the easy way out. Instead I try to dig in and identify solutions that make a real difference. I bring this attitude to every project I lead, and it shapes the way I see my professional life. I make a point of getting out of my comfort zone, taking risks and trying new things. That's how I always go the Extra Mile in my day-to-day life."



KOURTNEY ROY

46°22'N 2°21'E

FRANCE

Blandine de Lestrange

Brand Manager
Havana Club International

"To win over a new generation of more urban adult rum drinkers, we repositioned Havana Club to tie it into street culture. This change has required me and the team to exercise genuine adaptability and agility. Operating out of my comfort zone, I regularly challenge myself in learning about many things I've never come across before."

BATTLEGROUND #3

FUNDING THE JOURNEY

FOR SUSTAINABLE AND DIVERSIFIED GROWTH

As conditions in the Wine & Spirits sector improve worldwide, the Group has set its sights on generating sustainable, diversified growth. To do so, we have made it a key priority to continuously work towards optimising our performance – a goal formalised with the launch of our Operational Excellence Plan in 2016 that targeted cost savings of 200 million euros, accompanied by a further 200 million euros in cash savings. Buying smarter, making use of programmatic media buying and working ever more efficiently, to name but a few of the measures put in place, have strongly contributed to building this firm financial footing.

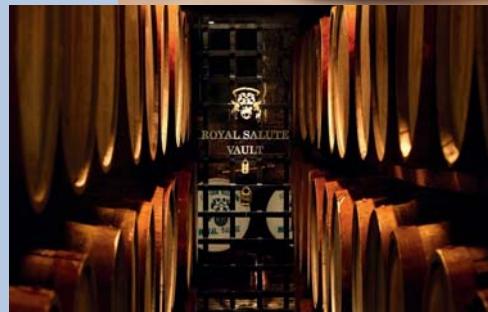
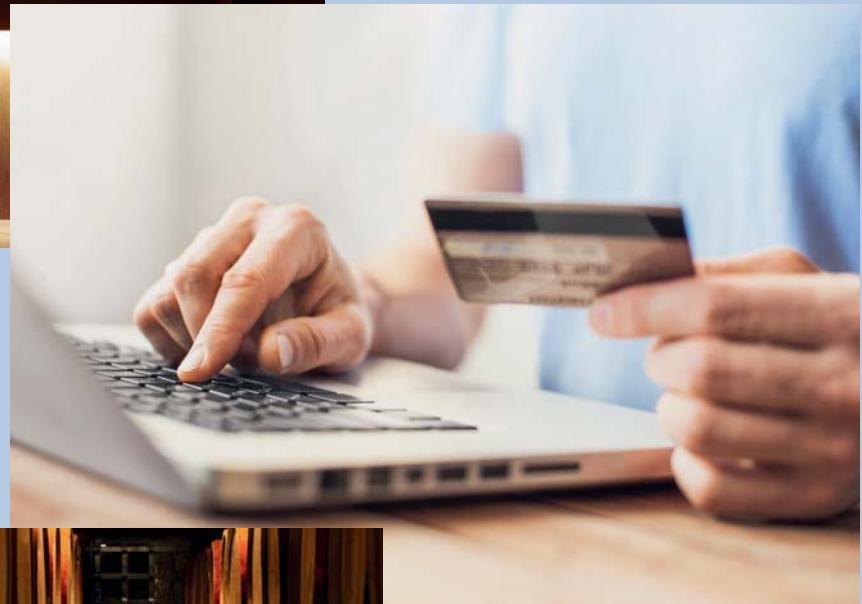
Barely two years after the Plan's implementation, we are well on the way to hitting our targets. We have already achieved approximately two-thirds of both our cost and cash savings, with approximately half of the cost savings reinvested behind our Brands.

To further bolster the different initiatives put in place, we have focused on ensuring an optimal allocation of our resources. Our aim has been to avoid an overexposure to any one particular market and rather to diversify and boost our sales to create long-term growth. By focusing our investments on clear business priorities, this diversification strategy has proved beneficial in generating balanced growth across different categories and geographies.

Our Group-wide modular planning tool, the House of Brands (see pp. 20-21), has enabled us to prioritise our marketing investments while adapting our portfolio of Brands to the needs of our local markets. At the same time, we are investing in our key ("Must Win") markets as a priority – namely the United States, China, India and Global Travel Retail. And on the innovation front, we have focused our efforts on our most promising projects ("Big Bets") to ensure we allocate all resources necessary for their success.

This long-term commitment has enabled us to stay the course when the economic environment has become challenging in certain countries – such as Spain and China – only to come back stronger once growth is restored. Rather than seeking maximal instantaneous profit, which we could achieve through drastic cost-cutting measures, our long-term strategy will allow us to consolidate our position, a sustainable advantage, and in the long run to outperform our competitors.

GO THE EXTRA MILE



DRINKS & CO

A BRAND IN SYNC WITH OUR CUSTOMERS

GAINING IN AGILITY

To carve out a key position for Pernod Ricard in the fast-growing e-commerce sector, the Group launched our very own digital brand, Drinks&Co. By providing a platform that brings together all of our Brands in one location, our aspiration is to not only boost Internet sales, but also to create a space in which our customers can explore the wide world of *convivialité*.



Two years post launch, the Brand is present in more than 25 countries via local Pernod Ricard private sale sites and already has a steadily growing community of Facebook and Instagram fans.

Drinks&Co's success is proof of the enterprising spirit of our people. Created entirely in house without external agency support, it has been the ultimate entrepreneurial adventure. Julie Laurens, Global Head of e-commerce, sums up the ambition that inspired its creation: "We wanted to do something radically different, while at the same time making things simpler and more efficient for everyone, and in doing so become the leader in the category."

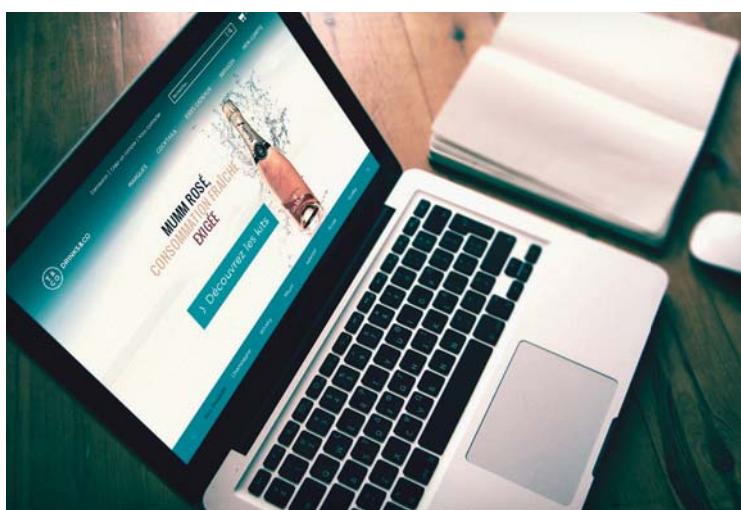
The Brand's name is a nod to two fundamental elements of Pernod Ricard's DNA. The "Co" refers both to *convivialité*, that sense of togetherness encapsulated in the Pernod Ricard signature, and to community, because members of our private sale sites receive exclusive community-only offers.

To ensure that the Drinks & Co websites will continue to attract and retain an ever-increasing number of consumers, editorial content will continue to be expanded and enriched. As Julie explains, "We'll be publishing the stories behind our Brands and products as well as more instructive information on different aspects of our business that interest consumers, such as the origins of the term 'single malt.' While we believe our products speak for themselves, we want to create a separate world for each Brand and, looking further ahead, deliver one-of-a-kind experiences that customers can enjoy wherever they are, no matter the occasion." The gradual, organic introduction of new ideas and services will continue to transform the website into a fully-fledged brand experience.

The Brand maintains a resolutely local focus that keeps it agile enough to accommodate country-specific cultures. In Argentina, for instance, a Drinks & Co House provides a consumer experience that spans offline and online channels to bring people together. It perfectly illustrates the Brand's signature "Good things come together" and its determination to share good times with its consumers.

1ST
GLOBAL DIGITAL
BRAND LAUNCHED
BY THE GROUP

1ST
BRAND SPANNING
THE WHOLE
PERNOD RICARD
PORTFOLIO



Follow Drinks & Co
on Instagram for their latest news:
@drinks_and_co

MARTEL

THE WINNING COGNAC STRATEGY TO HELP ACCELERATE THE GROUP'S GROWTH



+14%
INCREASE IN
GLOBAL MARTELL
SALES

#1
COGNAC
IN CHINA

When it comes to developing our Premium and Prestige portfolio, Pernod Ricard is able to draw on Martell's winning business strategy.

This strategy is built on three main pillars: a firm commitment to our winemaking partners, strong marketing investments and continuous development of new innovations.

The relationships we have established with our winegrowers, some of which go back many generations, are at the heart of our success. Our shared commitment to sustainable viticulture is essential to ensuring the superior quality as well as the long-term supply of our Martell cognacs. In addition to providing trainings for our partners on the different sustainable grape-growing methods, this dedication to the environment is a key factor for defining our mutual commitments.

The difficulties encountered by the entire cognac sector in the Chinese market in 2013, which stemmed from domestic policy measures, did not divert us from our trajectory. In fact, Martell has since strengthened its leadership in this market with double-digit growth across all price categories. This growth has been fuelled by an increase of the middle-class population and their cognac

consumption along with increased marketing investments – in particular, to better penetrate the “mealtime” consumption moments and strengthen our sales in the Prestige category.

Lastly, in the United States the Brand has experienced a clear acceleration of its growth thanks to investments that have been made over the past several years, making a substantial contribution to the globalisation of the business. This dynamic performance reflects the expansion of our consumer base that followed the successful US launches of innovations such as Martell Blue Swift⁽¹⁾ in 2016 – an *Eau de Vie de Vin* made of 100% Cognac VSOP (Very Superior Old Pale) finished in Kentucky Bourbon casks – and Martell VS Single Distillery in 2017.

(1) To learn more about Martell Blue Swift, refer to p. 102.



55°37'N -3°43E
UNITED KINGDOM

Iris Bret

Global Brand Manager
Chivas Regal

"We put great creativity into all our Brand initiatives in order to break the codes of the traditional, highly-competitive whisky category. This year we have pushed the edge of technology to create disruptive packaging that combines motion-tracking technology and 3D visualisation, creating vibrant and innovative designs for our limited-edition campaign."



KOURTNEY ROY

37°09'N -95°71E
UNITED STATES

Inigo Tapiador

Global Marketing Manager
Kenwood Vineyards

"The Extra Mile implies addressing an issue that might not be your responsibility or in your job description, but which will have a positive impact on the business, yourself or others. This year I was part of a leadership improvement programme for managers. It has helped us to identify, change and improve certain behaviours. The process has been humbling, but I'm absolutely convinced it will bring many benefits at both business and individual levels."

BATTLEGROUND #4

ENHANCING PERFORMANCE CULTURE

TO KEEP ACCELERATING



At Pernod Ricard, we are able to count on all our employees to deliver results at every level.

As an organisation, we help teams to foster success by optimising their day-to-day operations, which includes assessing and identifying the resources managers need, and by ensuring they have every opportunity to grow. But our success is also strongly rooted in a collective winning mentality, the Pernod Ricard Mindset.

In line with our values, this Mindset pushes our employees to always “Go the Extra Mile.” Managers are encouraged to build and develop their teams, promote partnerships and even contribute to their local communities, in order to ultimately achieve results that deliver beyond the bottom line.

We cultivate this Pernod Ricard Mindset in five ways:

- **Devolving decision-making and promoting initiative-taking:** People become more invested in their work when they are given real decision-making power. They are more willing to go the Extra Mile, putting their skills and expertise to work even when that means going beyond their job description. Our employees demonstrate this every day, with a particularly visible example being their participation in our annual Responsib'ALL Day, whereby employees take time out of their day-to-day to give back to local communities.
- **Working transversally:** It is a priority for Pernod Ricard to break down silos by encouraging people from different functions and geographies to work together. In addition to ensuring the Group's projects are managed by cross-functional teams, we offer a six-month job-

swap programme for employees to trade roles with a colleague in another part of the business.

- **Harnessing the power of digital:** For Pernod Ricard digital technologies are not just nice to haves, but vital to the future of our business. These technologies are transforming our industry, keeping us connected to our employees and our customers. Going digital is good news for our people, ensuring faster, smoother communication between Headquarters and our affiliates. Meanwhile, social media has made it easier to connect with new audiences and to better understand and anticipate their needs.

- **Engaging the younger generation:** Our Youth Action Council (YAC) is a think tank composed of nine employees under 30 years old from across our organisation. Founded to give a voice to our younger employees, it enables them to raise issues and share ideas directly with top management. This had led to the implementation of initiatives such as HomeViviality, an in-house version of Airbnb⁽¹⁾.

- **Training and developing our people:** To provide our employees with optimal working conditions to thrive, we founded Pernod Ricard University, a programme five years in the making, to provide training for some of our most talented people. Both the Blenders Leadership Programme for top management and our Better Balance diversity programme are just two examples of ways we are helping our employees give their best.

(1) A platform that lets Pernod Ricard employees rent their homes to a colleague on a seasonal basis.



PERNOD RICARD
UNIVERSITY,
Domaine de La Voisine
(France)



NASHIK

WHEN DIVERSITY BOOSTS PRODUCTIVITY

55%
REDUCTION IN
BOTTLE WASTAGE
OVER ONE YEAR

Prior to October 2015, the workforce at the Pernod Ricard India Pvt Ltd plant in Nashik, 200 kilometres from Mumbai, was entirely male. Located in a predominately agricultural region, the commitment of the plant's workforce was highly dependent on the cycles of the growing seasons. The distillery, winery and bottling plant routinely suffered from high absenteeism, poor quality control and reduced productivity as a result.

P. Sriram, Executive Vice President Operations of Pernod Ricard India, and Shrikant Lonikar, Chief Human Resource Officer, decided that it was essential for the success of the plant to establish consistency across all aspects of the functioning of the plant.

In hindsight, the solution could not have been more obvious: hire the local women who were unencumbered by any conflicting loyalties. The challenge, however, to get them – and more importantly, their families – on board, was two-fold: overcome the cultural prejudice against alcohol and working outside of the home.

With the local staff already highly engaged with the surrounding communities through a number of sustainability and responsibility initiatives, it was not long before they had built

the level of trust needed to gain acceptance for the women to work at the plant. The new recruits received cross-functional and technical skills development training in areas including safety, food handling and workplace hygiene standards. Placed in the production and quality departments, the women were soon overseeing operations such as quality inspection and equipment maintenance.

By 2017, the first 50 female employees – diligent, highly productive and passionate about their work – had, literally, changed the face of the workplace. Encouraged by this success, Sriram and Shrikant continued to hire more women, including qualified engineers. In just two years, the plant began sweeping awards among Pernod Ricard's 31 plants in India for quality, productivity, cost control and waste control.



87.5%
INCREASE IN
PRODUCTIVITY
FROM JANUARY 2016
TO JANUARY 2017

98%
REDUCTION IN
CRITICAL DEFECTS





GO THE EXTRA MILE



BLENDERS

SUCCESSFULLY TRAINING LEADERS FOR TOP MANAGEMENT

How do we prepare our leaders to take on the strategic challenges of the future to enable Pernod Ricard to achieve market leadership?

The Global Talent Management Team and Pernod Ricard University partnered with Korn Ferry, a global organisational consulting firm, to create a programme that aims to empower our top leaders to own their own development. Launched in April 2018, the Blenders' Leadership Programme was designed in response to our business challenges, in full alignment with our Global Strategic Framework, and to meet the needs of the entire leadership spectrum within the Group. The ultimate goal being to enable our top managers as accelerators of our growth, who have the means to lead their 18,900 colleagues.

This two-phase global leadership programme, that builds on the Mixers and Shakers programmes for top-level management, provides participants with a framework for their personal development within the context of our business.

In order to provide a highly-tailored personal development programme, each participant is first assessed against our newly developed Leadership Competency Model. This

model reflects the skills and behaviours required in our leadership teams to propel Pernod Ricard into the future – such as being “bold and agile,” “open and authentic” or “consumer-centric,” to cite a few. This process creates a clear roadmap for their continued development that is adapted to their own leadership style. It lays the foundation for the second phase of the programme during which participants work on specific development areas that were identified in their individual development plans. By developing our talents in such a manner, we contribute to developing personal leadership profiles which will “blend” into the Pernod Ricard leadership style needed for the effective implementation of our strategy.

“The company is changing. We want to make sure our leaders are fully equipped to not only accompany the changes we put in place in the most efficient way, but they must also be able to anticipate and even provoke change,” said Lani Montoya, Global Talent Management Director.

Blenders is part of an ongoing global initiative for excellence in leadership. As Lani shared, “as the first agents of change within the Group, our leaders are the ones that build our future.”



A person's hands are shown from the side, holding a bottle of Mumm Champagne. The bottle has a red and blue label with the brand name 'MUMM CHAMPAGNE' visible. The background is a blurred, colorful scene with yellow and green hues.

OUR PERFORMANCE

84 — 111

STRONG AND DYNAMIC

A LOOK BACK AT A GREAT 2017/2018 VINTAGE

“FY18 WAS DEFINITELY A VERY STRONG YEAR AND WE EXPECT BROAD-BASED SALES GROWTH IN FY19.”



HÉLÈNE DE TISSOT

EVP, FINANCE, IT & OPERATIONS

How would you describe the Group's performance during the 2017/2018 financial year?

HÉLÈNE DE TISSOT: FY18 was definitely a very strong year with a clear acceleration of Sales, growing +6.0% organically. All regions and key brands performed well and price/mix improved. For instance, in the US we are now growing broadly in line with the market, and both China and India have returned to strong growth. As for our Brands, 11 out of the 13 Strategic International Brands grew, with 6 of them improving vs FY17. We also had a very strong financial performance, with organic Profit from Recurring Operations (PRO) growing +6.3%, in line with our revised annual guidance. Our operating margin improved +14bps, driven by Gross margin improvement and Structure cost discipline despite increased investment behind Must-Win Brands and markets to drive future growth. We have seen a return to positive pricing and also continue to make good progress on the Operational Excellence roadmap. FY18 was another very strong year for Cash Flow, with Free Cash Flow growing +10%. This enabled significant deleveraging, with Net Debt decreasing approximately €0.9bn to €7.0bn and the Net Debt/EBITDA ratio falling to 2.6x. Finally, our proposed dividend of €2.36 per share increases the pay-out ratio to 41%, in line with our new policy to gradually increase the pay-out to approximately 50% by FY20.

Will growth continue to be steady?

H.T.: Looking forward, we will continue executing our consistent strategy, with clear resource allocation and support for Must-Win Brands and markets.

In FY18 our sales growth was broad-based and diversified, and that is our expectation for the upcoming financial year.

Should we expect improvement of the operating margin?

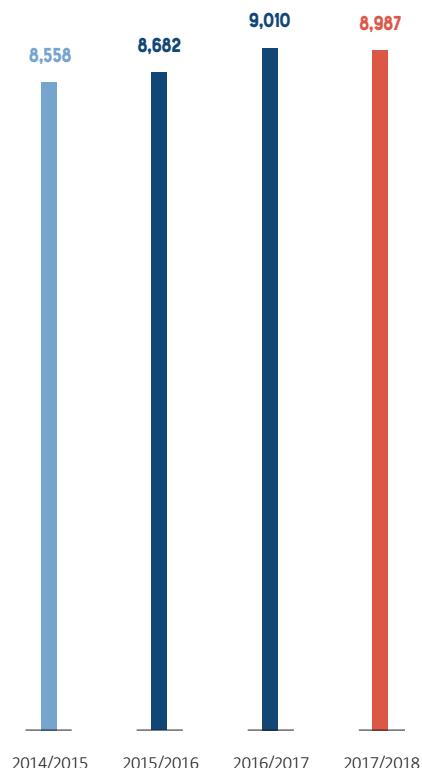
H.T.: We expect gradual improvement of the PRO margin on an organic basis. In FY17 the margin was down slightly at -6bps but in FY18 improved +14bps. Margin progression should continue thanks to pricing improvements, favourable product mix, Operational Excellence initiatives and continued discipline on structure costs. Despite growing pressure on input costs, we should see a moderate improvement in the organic PRO margin in FY19.

What are the future prospects for the Group?

H.T.: We anticipate ongoing uncertainty of the geopolitical and monetary environment in FY19. Nevertheless, we expect broad-based Sales growth to continue, thanks in part to improved pricing. Input costs will be under growing pressure, but thanks to the Group's continued execution of a consistent strategy we have set guidance of organic growth in PRO for this financial year between +5% and +7%.

OUR
PERFORMANCE INDICATORS

NET SALES FROM 2014/2015 TO 2017/2018
(MILLIONS OF EUROS)



STRONG AND DYNAMIC

€8,987M

NET SALES

+10%

FREE CASH FLOW

compared to 2016/2017

+13%

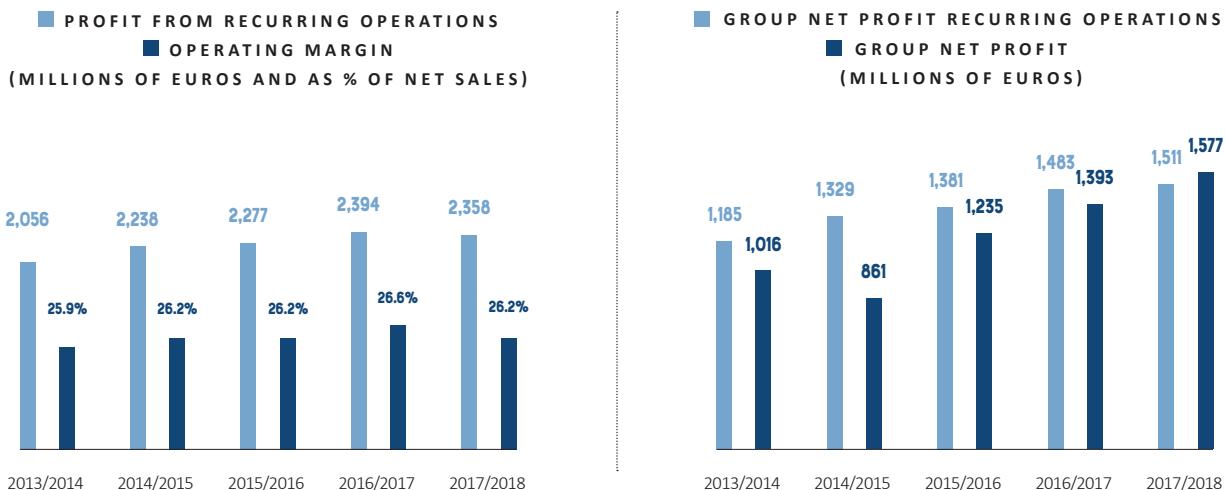
GROUP NET PROFIT

compared to 2016/2017

€2,358M

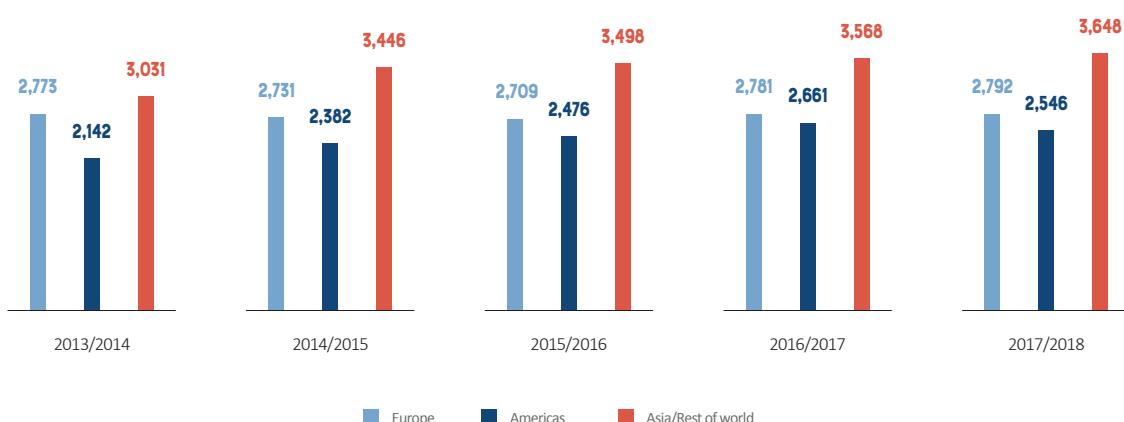
PROFIT FROM RECURRING
OPERATIONS

PERFORMANCE

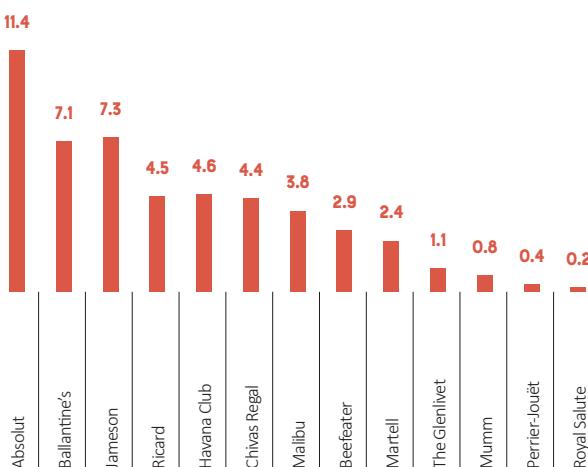


STRONG AND DYNAMIC

SALES BY REGION (MILLIONS OF EUROS)

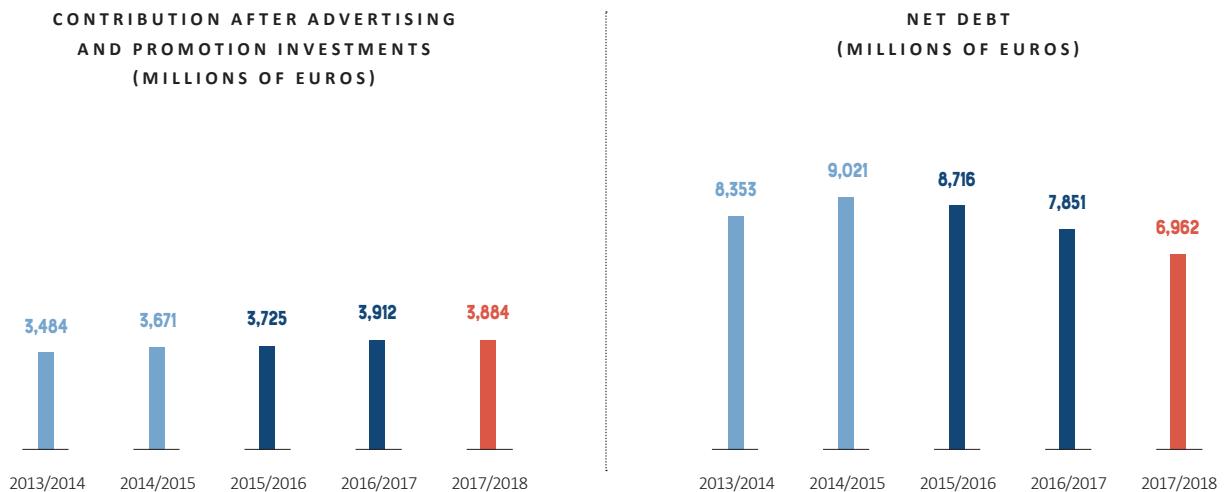


STRATEGIC INTERNATIONAL BRANDS (MILLIONS OF 9-LITRE CASES)

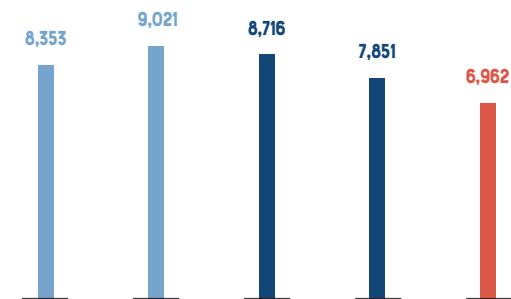


50.7M
CASES SOLD

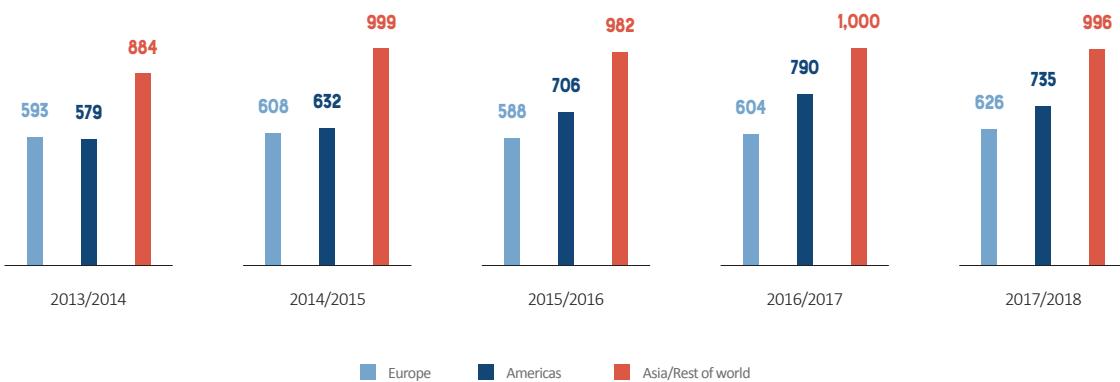
**CONTRIBUTION AFTER ADVERTISING
AND PROMOTION INVESTMENTS
(MILLIONS OF EUROS)**



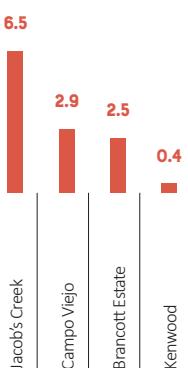
**NET DEBT
(MILLIONS OF EUROS)**



**OPERATING PROFIT BY REGION
(MILLIONS OF EUROS)**



**4 STRATEGIC WINE BRANDS
(MILLIONS OF 9-LITRE CASES)**



12.4M
CASES SOLD

PERNOD RICARD NORTH AMERICA



Dynamic performance in our #1 market

Our continued premiumisation and creative ways of connecting with customers contributed to drive sales growth in the United States in 2017 (+4%). Jameson remained the primary growth engine with double-digit performance, at +14%, powered by the momentum of its core range and the expansion of Jameson Caskmates (+87%)—the beer-barrel-aged Irish whiskey. The launch of Martell's VS Distillery and Blue Swift cognacs and continued rollout of Absolut Lime were also key success factors.

Other Brands were equally impressive, increasing their contribution to overall sales. House of Tequila brands Altos and super-premium Avión recorded strong results, as did the leading mezcal Del Maguey Single Village Estate. Malibu outperformed in its category, boosted notably by its #BecauseSummer campaign (see p. 103). Our wine and champagne teams also found creative new ways to resonate with consumers, resulting in an exceptional year for Campo Viejo and Maison Mumm.

In Canada, the overall results were relatively stable. Nevertheless, strong performances were achieved on priority Brands including Jameson, The Glenlivet and the wine portfolio – notably Jacob's Creek.

Now, more than ever, going the Extra Mile at Pernod Ricard means developing innovations that capitalise on the lifestyle trends of today's consumers. Our creative strategies, sustained by a commitment to excellence at every point along the way, from product creation to the consumer's glass, are proving their value in the world's largest spirits market.

+4%

SALES GROWTH
IN THE UNITED STATES

+47%

GROWTH FROM
INNOVATION

+87%

INCREASE IN JAMESON
CASKMATES NET SALES

PERNOD RICARD
EMEA & LATAM



**Momentum continues to build
in both mature and emerging markets**

The EMEA & LATAM region showed robust growth last year thanks to tight resource management, strict risk monitoring and a focused investment in Strategic International Brands. All three regions – Europe, Africa and Latin America – also benefited from leveraging Group accelerators such as innovation with new product launches, improved decision-making processes, e-commerce and other new business opportunities.

In emerging markets (LATAM, Africa and Eastern Europe) effective resource allocation was a key factor driving the strong contribution over the past year. In Brazil, this meant building activities behind key Brands in order to gain market share in a context that, while improving, remains uncertain. In Mexico the disposal of local Brands made it possible to refocus on International Brands and stabilise market share.

Strong sales of local Brands such as Ararat, an Armenian brandy, and a continued focus on other

premium+ Brands, helped drive double-digit growth in Russia. Premium+ brands, backed by pan-African marketing campaigns, were also responsible for dynamic growth in sub-Saharan Africa. In Turkey, we consolidated our leadership position in imported spirits and grew our Growth Relays⁽¹⁾, in particular, Absolut and Ballantine's.

In Europe, the launch of Beefeater Pink should help offset a market slowdown in Spain, while in Germany, dynamic growth in Lillet and Jameson set the pace in a market that is increasingly geared towards premium brands. The UK performed well thanks to a focus on key Brands such as Absolut, Jameson and Beefeater, combined with the growth of Campo Viejo, price increases for Jacob's Creek and overall positive pricing across Wines & Spirits.

(1) To learn more about Growth Relays, see p. 20.

+18%

**INCREASE OF JAMESON
NET SALES IN RUSSIA**

+59%

**GROWTH OF LILLET
NET SALES IN GERMANY**

+38%

**INCREASE OF ADVERTISING
& PROMOTION INVESTMENTS
IN MEXICO**

PERNOD RICARD

ASIA



Strong return to growth

Double-digit growth in Asia over the 2017/2018 fiscal year clearly demonstrates the success of our mission to win over middle-income to affluent consumers. Enthusiastic consumer response to a broad spectrum of innovative initiatives tied to new trends and opportunities in this fast-evolving region has strengthened our performance, particularly in China (+17%) and in India (+14%).

A wide variety of events in China enhanced exposure to Pernod Ricard Brands, inspiring consumers to find more ways to create new moments of conviviality. Prestige nights and evening dining events organised in cities across the country accelerated the portfolio, with Martell a noteworthy performer and Chivas also returning to growth. For Millennials, a series of “fun nights out” enhanced visibility of aspirational Premium Brands such as Absolut and Ballantine’s – strongly empowered by the digital ecosystem created in partnership with Tencent (see p. 60).

Sales in India rebounded strongly after a difficult year in 2016/2017 caused by an adverse regulatory environment. There was a solid performance across the portfolio, with Seagram’s whiskies, India’s leading premium Western spirits, showing the biggest momentum.

Across Asia, a focus on locally relevant innovations is boosting results, along with the integration of local spirit and wine brands into the portfolio. These include Helan Mountain wines in China and a new joint venture in Myanmar to produce whisky locally. In the Korean market, the launch of the low ABV⁽¹⁾ whiskies Imperial 35 and The Smooth contributed to sales.

Diversification, geographical expansion, premiumisation and, above all, innovation carefully crafted to match the culture and the aspirations of the local market are proving to be winning strategies in this dynamic region.

(1) Alcohol by volume.

1.7 BN

PROJECTED MIDDLE-CLASS
AND AFFLUENT CONSUMER
POPULATION⁽²⁾ BY 2025 IN
ASIA (+50% VS 2015)

45%

VALUE MARKET
SHARE
IN INDIA

+13%

INCREASE IN
MARTELL SALES
IN ASIA

(2) Defined by household disposable income levels.

PERNOD RICARD

GLOBAL TRAVEL RETAIL



**Positive momentum
and healthy growth**

Global Travel Retail is the number 2 profit contributor to the Group and a strategic channel that continues to see positive momentum with healthy growth in passenger traffic and retail sales. The channel provides our Brands a unique platform to engage with a premium audience of 3.3 billion travellers in an upscale environment. The newly formed Global Travel Retail organisation addresses the need for an organisation that is both consumer- and customer-oriented and that can engage with large global customers whilst still retaining our unique strength on the ground with local customers. It has seen healthy growth across all regions and key

Strategic Brands. Global Travel Retail continues to focus on the key pillars of value growth, innovation and digital acceleration through the travel trail. This year saw the very successful global activation of the Martell Chinese New Year programme, as well as innovations on Ballantine's prestige such as the Ballantine's 30 Cask Edition and Ballantine's 17 Seoul edition.

3.3BN
INTERNATIONAL
TRAVELERS

22.3%
VALUE MARKET SHARE

+7%
NET SALES

Source: IWSR 2017.

ABSOLUT

STRONG AND DYNAMIC



35

COUNTRIES LAUNCHED
THE VIDEO THE VODKA
WITH NOTHING TO HIDE

20M

IEWS ACROSS
ALL SOCIAL MEDIA
CHANNELS



"ABSOLUT HAS ALWAYS BELIEVED IN USING
ITS VOICE TO CHAMPION SUSTAINABILITY
AND TRANSPARENCY. WE FEEL IT'S NOW MORE IMPORTANT
THAN EVER TO LET OUR CUSTOMERS KNOW WE HAVE
NOTHING TO HIDE!"

CRAIG JOHNSON
VP Global Marketing, Absolut

In an age that demands brand transparency, Absolut created an audacious new short film to showcase its sustainable approach to creating high-quality vodka.

Taking viewers on a droll, behind-the-scenes tour of the century-old Åhus distillery and the farms and countryside that supply it, its employees bared all to prove that Absolut is truly "the Vodka with Nothing to Hide."

In a riff off the quintessential employee induction video, Absolut humorously describes its totally transparent production process, sustainable ethos and corporate culture. It features 28 real-life employees –

including CEO of The Absolut Company, Anna Malmhake – who volunteered to participate, an indication of the pride they feel about the vodka they produce. By sharing the Brand's unique story, this video amply demonstrates why Absolut has an edge among consumers who are looking for authenticity.

To learn more about Absolut's sustainable "One Source" approach, see p. 71.

BALLANTINE'S



#1

SCOTCH WHISKY
IN EUROPE AND
#2 IN THE WORLD

12M

PEOPLE LIVE STREAMED
FOUR TRUE MUSIC
EVENTS

+100

PIECES OF COVERAGE
AND A POTENTIAL
AUDIENCE REACH
OF MORE THAN
93 MILLIONSources: IWSR; Ballantine's
PR Assessment Report.

"THE BOILER ROOM X BALLANTINE'S
TRUE MUSIC PLATFORM CHAMPIONS ARTISTS
WITH A PIONEERING SPIRIT, CHALLENGING
THEM TO CONTINUE PUSHING BOUNDARIES
AND STAY TRUE TO THEMSELVES."

PATRICK VENNING
Marketing Director, Ballantine's

Ballantine's Scotch whisky is committed to supporting and celebrating music artists who do it "their way." The Boiler Room x Ballantine's True Music collaboration is a successful four-year partnership that champions artists with a pioneering spirit from all over the world and challenges them to continue pushing boundaries.

Last year, the True Music experience evolved to take on its first cross-continent tour with Boiler Room x Ballantine's True Music Africa. With a line-up featuring the most pivotal artists from the local underground music scenes in South Africa, Kenya and Cameroon, True Music Africa showcased a variety

of the electronic music styles sweeping the continent. Behind-the-scenes documentaries and a series of live-streamed parties that revealed the pioneering creativity of these artists helped to bring True Music Africa to the global stage.

Electronic music may not seem like an obvious fit for traditional Scotch whisky, but the True Music platform has allowed Ballantine's to connect with new consumers, our MATES⁽¹⁾, like never before. It has rejuvenated the way they enjoy Scotch whisky while supporting and celebrating something they value significantly: music.

(1) Millennials Aspiring for True Experiences and Self-belief.

STRONG AND DYNAMIC

BEEFEATER

STRONG AND DYNAMIC



10

BOTANICALS
GIVE BEEFEATER PINK
ITS REFRESHING
TASTE

1ST

GIN HUB
INNOVATION

+13M

IMPRESSIONS
GENERATED FROM KEY
HASHTAGS⁽¹⁾

(1) #beefeaterpink #pinkyourgin
#pinkyourdrink #pinkyourdrink.

"BEEFEATER PINK REPRESENTS WHAT GIN HAS BECOME: MODERN, VIBRANT AND COLOURFUL. IT'S THE PERFECT OPTION FOR CONSUMERS SEEKING NEW DRINKING EXPERIENCES."

ERIC SAMPERS
Brand Director, Beefeater

In April, the world's most-awarded gin brand⁽¹⁾, Beefeater, launched its latest expression: Beefeater Pink, a bold and visually-appealing gin crafted in the heart of London. Fusing natural strawberry, citrus and classic juniper botanicals, Beefeater Pink is designed to push category boundaries and appeal to today's new generation of gin drinkers.

Gin has been at the heart of a renaissance in craft cocktails around the world, and Beefeater Pink's natural strawberry flavour gives gin lovers a delicious,

fun and vibrant cocktail option that captures the real spirit of London.

Beefeater Pink is the first innovation launched by The Gin Hub, a new stand-alone Pernod Ricard entity that brings together various gin brands.

(1) Based on data collected from 2007/2018 covering international spirits awards – such as the Gin Masters, IWSC, The San Francisco World Spirits Competition, The International Spirits Challenge and the Beverage Tasting Institute (only up to 2014).

CHIVAS REGAL



#1

SCOTCH WHISKY
IN CHINA WITH 24%
SHARE OF THE SCOTCH
WHISKY MARKET

+16%

INCREASE IN CHIVAS
SALES IN CHINA

+850M

VIEWS VIA BROADCAST
AND ONLINE CHANNELS
FOR CHIVAS X NBA
PARTNERSHIP

Sources: IWSR 2017
Pernod Ricard fiscal year and Pernod Ricard.

"CHIVAS BELIEVES THAT BLENDED
IS BETTER - IN LIFE, BUSINESS AND
SCOTCH - AND THE BRAND HAS BROUGHT
THIS PHILOSOPHY TO LIFE THROUGH
ITS MULTI-PRONGED STRATEGY IN CHINA."

RICHARD BLACK
Global Marketing Director, Chivas

Chivas set out on a mission to return the brand to growth in China, with the ultimate ambition to rejuvenate and re-establish itself as the iconic spirit Brand in the country.

Chivas devised a robust strategy – which incorporated product innovation, commercial adjustments and marketing initiatives – to help drive growth and recruit new Chivas fans.

These efforts have paid off, the launch of Chivas Extra 12 as a market exclusive and the repositioning

of Chivas 12 have proved smart moves for the Brand. Furthermore, the landmark marketing partnership between Chivas and NBA China to help the Brand tap into its audience's passion for sports dramatically boosted engagement for Chivas on China's broadcast and digital channels.

As a result of this multi-faceted strategy, Chivas has seen double-digit growth in China – which means China is now the number two domestic market for Chivas globally.

STRONG AND DYNAMIC

HAVANA CLUB

STRONG AND DYNAMIC



"WE WANT TO ATTRACT A NEW AUDIENCE
OF YOUNGER, MORE URBAN CONSUMERS.
PRESENTING HAVANA'S UNIQUE STREET CULTURE
IS A WONDERFUL WAY TO DO THAT."

LUDMILLA STEPHKOV
International Director, Havana Club

To attract new and younger rum consumers, Havana Club launched its new international advertising campaign "Cuba Made Me" in May 2018. The 100% Cuban rum brand has chosen to highlight the pride that Cubans have for street culture. The campaign features young street artists, dancers and, of course, the famous *Cantineros*⁽¹⁾ in their own environment.

"Many brands aspire to be associated with street culture, but few of them have the necessary credibility," says Ludmilla Stephkov, the Brand's International

Director. "Havana Club is everywhere in Havana: in bars, nightclubs, in the streets... So this is the most authentic campaign possible."

Initially deployed in Germany, its top market outside its native island, the campaign was rolled out in late June 2018 in France, its second-largest market in Europe.

(1) Bartender in Spanish.

24M
IMPRESSIONS
GENERATED ON
SOCIAL NETWORKS
BY THE CAMPAIGN
"CUBA MADE ME"

13M
PEOPLE REACHED

88%
AD LIKEABILITY
AMONG TARGET
AUDIENCE

Sources: AdformAdserver
and AdEffect study made
by Kantar TNS.

JAMESON



#1

IRISH
WHISKEY

27

MARKETS HAVE
LAUNCHED "TASTE,
THAT'S WHY"

238

YEARS OF CRAFTING
TRADITIONAL
IRISH WHISKEY

Source: IWSR 2017.



"OUR 'TASTE, THAT'S WHY' CAMPAIGN PRESENTS A FRESH AND ENGAGING PLATFORM FOR JAMESON THAT IS SET TO BUILD THE PROFILE AND PERSONALITY OF THE BRAND IN THE USA, THE WORLD'S LARGEST IRISH WHISKEY MARKET."

SIMON FAY
International Marketing Director, Irish Distillers

Jameson put "taste" centre stage in its most recent global campaign. With "Taste, That's Why" Jameson Irish Whiskey has set out to conquer the Irish Whiskey market with the wit and charm of traditional Irish storytelling.

With the help of award-winning film director Matthijs van Heijningen, Jameson created two television films that reimagine true stories about Jameson and its workers. Produced in Ireland, the

films recount the misadventures of their heroes in a humorous yet authentic way, while drawing attention to the unique taste of Jameson – the secret to the Brand's success.

The genius of these stories is that they are at once engaging and instructive in the way they share the story of Jameson's uniquely personal approach to its whiskey, one in which tradition and creativity always go hand-in-hand.

RICARD

STRONG AND DYNAMIC



1
S P I R I T
I N F R A N C E ⁽¹⁾

1.4 M
I M P R E S S I O N S
G E N E R A T E D B Y T H E 1ST
R I C A R D P L A N T E S F R A Î C H E S
P O S T O N S O C I A L
N E T W O R K S ⁽²⁾

(1) Source: IWSR 2017.
(2) Source: Facebook Business Manager.



"OUR GOAL IS TO EXPAND THE RICARD
RANGE TO REACH CONNOISSEURS, MEN AND WOMEN
AGED 30 TO 50 WHO LOVE SPIRITS
AND QUALITY PRODUCTS BUT CURRENTLY
CONSUME LITTLE OR NO ANISE."

CAROLE GUINCHARD
Brand Director, Ricard

A breath of fresh air for aperitifs! For the first time since 1932, Ricard introduced a new Pastis recipe made exclusively with anise from fresh plants grown locally in Haute-Provence and distilled in less than 24 hours.

With the launch of Ricard Plantes Fraîches, Ricard is now available in two 100% natural recipes: the original and its new uniquely aromatic version with a light anise and vegetal flavour that was inspired by nature. Its subtlety and freshness make

it the ideal drink for an aperitif before dinner with friends or family.

At the same time, the Brand has significantly increased its digital visibility, its activity on social networks and visits to its online store.

Ricard, the undisputed leader in anise spirits, wants to revitalise the category, reach new consumers and generate incremental sales.

MALIBU



+45M

#BECAUSESUMMER
CAMPAIGN VIDEO
VIEWS⁽¹⁾

+41M

IMPRESSIONS
GENERATED BY
THE INFLUENCER
PROGRAMME ON
INSTAGRAM, FACEBOOK
AND YOUTUBE⁽¹⁾

+6%

INCREASE IN GLOBAL
MALIBU NET SALES

(1) Statistics compiled from owned social media accounts from 1 May – 30 September 2017.

"OUR INFLUENCER STRATEGY POSITIONED
MALIBU AS THE RUM THAT BEST REPRESENTS
THE TRUE SPIRIT OF SUMMER FOR YOUNG
ADULTS, ENABLING THEM TO LIVE THE BEST
SUMMER OF THEIR LIVES."

JESPER GALATIUS
Global Brand Director, Malibu

Last year Malibu developed an innovative influencer campaign model that has allowed the Brand to significantly increase its reach to new young adults – and in doing so, successfully position its flavoured rum as the “Global Icon of Summer.”

By acknowledging the shift from the use of traditional mass media to a more fragmented media consumption led by “influencers,” Malibu has been able to more effectively reach today’s consumers. The digital campaign, #BecauseSummer, brought

together top-tier influencers in music, travel and summer sports, with local influencers. Among its many authentic and engaging digital assets, Malibu in collaboration with Earthwatch created a YouTube video, “Party Animals,” with pro-surfer Alana Blanchard to raise awareness for sea turtle conservation efforts.

The influencer model proved to be a huge success both in terms of driving fame for Malibu and increasing reach beyond media spend.

MARTELL

STRONG AND DYNAMIC



"MARTELL BLUE SWIFT IS A PRODUCT
BORN OUT OF THE POWER OF CURIOSITY,
AND WE LOOK TO CELEBRATE THOSE WHO EMBODY
AND SHARE OUR CURIOUS SPIRIT
WITH THE RELEASE OF OUR LATEST INNOVATION."

PATRICIA KASTRUP
Brand Director, Martell

In a game-changer move for the cognac industry, Martell has rolled out Martell Blue Swift, the first-ever spirit drink made with French cognac and finished in Kentucky Bourbon casks. First launched in the US, the new expression is designed to seduce a new generation of consumers who are attracted to more rounded smooth flavours.

In design, too, Martell Blue Swift breaks the cognac codes. The sleek new silhouette of its cylindrical bottle

recalls the shape of bourbon casks, and the elaborate cut-glass detail on its base evokes classic crystal decanters.

The 300-year-old Cognac House has a long history of launching disruptive products and reinventing industry standards through new blends and designs.

By breaking the traditional category barriers between cognac and bourbon, Martell has created the perfect drink for today's drinkers in quest of new experiences.

1,010

ARTICLES IN THE PRESS
MENTIONING
MARTELL BLUE SWIFT

1.4M

LIKES ON THE INSTAGRAM
POSTS OF MARTELL'S
ENDORSEES FEATURING
MARTELL BLUE SWIFT

M U M M



4,000

PRESS ARTICLES SINCE
USAIN BOLT BECAME
MAISON MUMM'S CHIEF
ENTERTAINMENT OFFICER

+300

VIP GUESTS AT
THE TOKYO LAUNCH
EVENT

"MUMM IS A MAISON OF VICTORY,
AND BOLT IS THE PERFECT EMBODIMENT
OF THIS SPIRIT. HIS ENERGY
AND ENTHUSIASM RESONATE WITH
CONSUMERS EVERYWHERE."

PIERRE BÉRARD
Marketing Director, Martell Mumm Perrier-Jouët

Following appearances at the Kentucky Derby and the Formula E circuit in New York, Usain Bolt closed out his second year as Maison Mumm's Chief Entertainment Officer at the Mumm Grand Cordon cuvée launch in Tokyo, where he unveiled its revolutionary bottle. His talents took centre stage at the ceremony in a bold new video in which the champion sprinter shares his personal philosophy on life: "Don't win to celebrate, celebrate to win."

Like Bolt, Mumm has a legacy of pushing the limits. Its new bottle features a reinterpretation of the Cordon Rouge red sash, that is, in fact, indented in the glass - a technological feat.

In Japan, an important market for Mumm, the event and its media campaign proved a winning combination, covered widely by the global press. Usain Bolt truly helped us go the Extra Mile!

STRONG AND DYNAMIC

PERRIER-JOUËT

STRONG AND DYNAMIC



"**ALWAYS AT THE LEADING EDGE OF ART,
PERRIER-JOUËT HAS TURNED TO DIGITAL MEDIA
AS A CONTEMPORARY WAY OF CELEBRATING NATURE
AS A SOURCE OF INSPIRATION.**"

PIERRE BÉRARD
Marketing Director, Martell Mumm Perrier-Jouët

Following Tokyo, for a unique celebration of nature and design, Perrier-Jouët took over Miami with "Eden"⁽¹⁾ during the week-long internationally renowned design fair Design Miami/2017.

In collaboration with the Chicago-based artists Petra Bachmaier and Sean Gallero of Luftwerk, this year Perrier-Jouët embraced a contemporary reinterpretation of the Maison's historic ties to Art Nouveau. The Luftwerk large-scale digital installations that use projected colour and light were on display at three key locations: the fair itself, the iconic

1111 Lincoln Road parking garage and the Miami International Airport.

Crowning it all was the Eden Ball, where guests enjoyed an ephemeral experience set in a bubble of luxurious flowers and exotic foliage that encapsulated Perrier-Jouët's mission to "re-wild" the urban environment.

(1) Named after Perrier-Jouët's "Eden" cellar in Épernay, home to its oldest and rarest champagnes. To experience Eden, visit our website at <https://www.perrier-jouet.com/en-ww/perrier-jouet-universe/eden>

+700%
INCREASE IN
SOCIAL MEDIA HITS
VS EDEN 2016

250
TASTINGS OVER
TWO DAYS
AT DESIGN/MIAMI



ROYAL SALUTE



13

MARKETS DISTRIBUTE
THE ROYAL SALUTE
21 YEAR OLD POLO EDITION

1,070

PIECES OF COVERAGE
GENERATED A REACH OF
MORE THAN 2.2 BILLION
TO DATE

STRONG AND DYNAMIC

"POLO IS A NOBLE GAME OF HONOUR, SKILL,
INTEGRITY AND RESPECT - ALL VALUES INHERENT
IN ROYAL SALUTE. THE ROYAL SALUTE 21 YEAR OLD
POLO EDITION IS THE ULTIMATE CELEBRATION OF
THE SPORT OF KINGS FROM THE 'KING OF WHISKY'."

MATHIEU DESLANDES
Marketing Director, Royal Salute

In tribute to its long-time affinity with the Sport of Kings, Royal Salute introduced a lighter-tasting blend designed to be enjoyed at sophisticated outdoor lifestyle occasions. Marking the first in what would become the Royal Salute Polo Collection, the Royal Salute 21 Year Old Polo Edition was announced at the Sentebale Royal Salute Polo Cup in Singapore 2017. The tournament benefited the Duke of Sussex's charity, a fitting link to Royal Salute's royal heritage. Endorsed by the brand's World Polo Ambassador, England's star player Malcolm Borwick, the new edition was presented in a limited-edition box signed by Borwick

himself and featured his widely recognised red helmet.

Polo and the lifestyle it accompanies are part of the British heritage that has long been an inspiration for Royal Salute.

By leveraging sponsorship of 15 international polo tournaments, Royal Salute has created impactful and inspiring brand activations that drive reach and engagement in key markets with fine whisky aficionados. The launch of the Polo Collection last year firmly cemented Royal Salute's standing in the polo landscape, now offering a dedicated product to celebrate the sport.

THE GLENLIVET

STRONG AND DYNAMIC



20
MARKETS HAVE
LAUNCHED
“THE WHISKY,
THE GLENLIVET”

90
MARKETS
DISTRIBUTE
THE GLENLIVET

“‘THE WHISKY, THE GLENLIVET’ WAS DESIGNED
TO CELEBRATE LIFE’S MOST NATURAL AND HUMBLING
EXPERIENCES, THOSE WHICH ALLOW US
TO LEAD RICHER AND MORE FULFILLING LIVES.
IT ENCOURAGES CONSUMERS TO SEARCH FOR THOSE
DEFINITIVE MOMENTS, WITH THE DEFINITIVE WHISKY.”

MIRIAM ECEOLAZA
Global Marketing Director, The Glenlivet

In September 2017, The Glenlivet launched its most ambitious campaign to date – “The Whisky, The Glenlivet” – to celebrate the Brand’s position as the definitive Speyside Single Malt. Launched in 20 markets to date, “The Whisky, The Glenlivet” reinforces its role as a visionary within the single malts category.

Founder and visionary, George Smith created The Glenlivet as the definitive Speyside single malt and his legacy continues to influence The Glenlivet’s

story today, inspiring everything the Brand does. The latest addition to the range, The Glenlivet Captain’s Reserve, is no different. Selectively finished in high-quality cognac casks, Captain’s Reserve maintains the distillery’s long tradition of pushing boundaries through innovation and is the result of a long period of flavour and cask experimentation. The stunning Single Malt marries the raisin-rich intense flavours of cognac casks with the creamy, fruity smoothness of The Glenlivet house style.

LE CERCLE



+10%

GROWTH
IN NET SALES
OF THE LECERCLE
PORTFOLIO

25

MARKETS
HAVE DEDICATED,
TRAINED,
PRESTIGE TEAMS

1,900

ICONIC
ESTABLISHMENTS
IDENTIFIED AND
MONITORED

"LE CERCLE'S PORTFOLIO GROWTH
ILLUSTRATES THE SUCCESSFUL DEPLOYMENT
OF OUR STRATEGY, WHICH AIMS TO STRENGTHEN
THE ROLE OF LUXURY AS AN ACCELERATOR
WITHIN THE PERNOD RICARD GROUP."

ÉRIC BENOIST

Global Marketing and Commercial Director, Pernod Ricard

LeCercle, Pernod Ricard's flagship champagne and spirits portfolio, now accounts for around 12% of the Group's net sales. A true growth accelerator, its sales performance is explained by the coordinated involvement of dedicated teams in 25 markets, the increasing presence and visibility of the portfolio in iconic institutions and the deployment of luxury

training programmes for the sales and marketing teams. A strategy in line with the aspiration of its consumers, High Net Worth Individuals, to gain access to increasingly high-end experiences and products.

STRONG AND DYNAMIC

JACOB'S CREEK

A NEW ROSÉ JUST IN TIME FOR SUMMER

Jacob's Creek Le Petit Rosé so perfectly captures the elegant and savoury style of French rosé that it quickly became a crowd pleaser among Australians. After less than a year on the market, it was the no. 1 rosé⁽¹⁾ and the no. 1 wine innovation in Australia⁽²⁾.

The quality and taste characteristics of Le Petit Rosé have truly elevated the rosé category in Australia and continue to attract new consumers to the Brand around the world, as rosé continues



its global momentum," shared Derek Oliver, Marketing Director for Jacob's Creek.

With the ambition of becoming the leaders in the rosé category, Jacob's Creek and Pernod Ricard Australia have demonstrated excellence in execution and redoubtable speed-to-market. This enabled the teams to create and launch two new premium wines in only 10 months, Le Petit Rosé and Barosé – just in time for the long, hot Australian summer.

(1) In Australia by volume Aztec Australia Liquor, 08/04/2018. (2) Aztec Australia Liquor 16/17.

STRONG AND DYNAMIC

CAMPO VIEJO

COLOURING STREETS OF THE WORLD

Winemaking and art have a lot in common. Just like urban artists who use city streets and paints to express their vision of a colourful life, Campo Viejo winemakers use the Rioja region as their canvas and the Tempranillo grape as their brush to create vibrant new wines for today's discerning palates.

"Streets of Colour" is Campo Viejo's experiential platform that has inspired millions of people across the globe to "live a life uncorked" while



enjoying Spanish artistry and its rich diverse culture. Since 2013 the #Streetsofcolour Urban Art Project has been supporting urban artists such as Okuda, Remed and 3TTMan.

Over the past 5 years, there have been more than 50 Streets of Colour events that have brought a touch of Spanish flavour to the streets of the world – from Madrid to Oslo, from London to Dublin and from Miami to Toronto, to name but a few!

(1) Source: IWSR 2016.

To learn more about the success of Campo Viejo in the US, see pp. 62-63.

BRANCOTT ESTATE

WHEN WINE & DESIGN MEET

To celebrate the first plantings of Sauvignon Blanc and Pinot Noir in Marlborough, New Zealand, Brancott Estate commissioned a permanent installation by New York artist Dror Benshetrit. Inspired by a visit to Marlborough, Dror produced *Under/standing*, an 8-metre-high sculpture comprised of 52 precision-cut, interlocking shapes that reflect the geometry of the vineyards. The intricate, volumetric sculpture fuses art and



science and is a tribute to Brancott's artful winemaking process and commitment to innovation. To accompany the sculpture, Chief Winemaker Patrick Materman created Reflection a limited-edition range of perfectly-balanced craft wines from individual parcels in the vineyard. The packaging was also designed by Dror and reflects his sculpture.

(1) Including coverage in leading wine, design and lifestyle publications such as Decanter, Dezeen, Designboom and Wallpaper.

STRONG AND DYNAMIC

KENWOOD VINEYARDS

THE POWER OF COMMUNITY

The devastating wildfires that hit California's Sonoma and Napa Counties in 2017 forced almost 110,000 people to evacuate their homes, including members of our Kenwood Vineyards and Mumm Napa teams.

And yet, "at such a time of unknown hardship and challenges, our teams came together with the help of Pernod Ricard USA to support local neighbourhoods," said Aldo Barrios, VP Global Marketing US & Argentinian brands for Pernod Ricard Winemakers.



To help make #SonomaStrong, together they made over 550 sifter boxes for the residents to use to sift through debris, volunteered time to rebuild communities, restored trails and replanted trees, made care packages and hosted neighbourhood gatherings.

Kenwood Vineyards has always been dedicated to the Group's ongoing S&R commitment, but in the face of such adversity, we are proud of our teams who went above and beyond the call of duty.

IN THE FINANCIAL MARKETS

2017/2018

Pernod Ricard's share price posted its highest annual increase in five years, jumping 19% during the 2017/2018 financial year.

The share hit a record high of €147 in mid-June 2018.

PERNOD RICARD IN THE FINANCIAL MARKETS

STRONG AND DYNAMIC

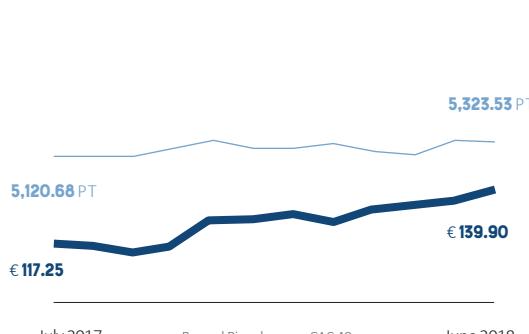
2017/2018: shares in Pernod Ricard rose sharply as organic growth accelerated faster than initially expected. Pernod Ricard shares climbed 19% during the 2017/2018 financial year, reaching a new record high of €147 on 15 June 2018. The share once again significantly outperformed the STOXX Europe 600 Food & Beverages index (down 1% over the period) as well as the CAC40 index (up 4%).

The rise in Pernod Ricard's share price reflected the improvement in investors' sentiment towards the stock as the recovery in Asia and some key markets and the recent strategic adjustments implemented

by the management led to a faster acceleration in organic performance than initially expected. Despite adverse US Dollar movements and general concerns surrounding the potential impact of a trade war between the United States and its main partners, strong results comforted investors' confidence that Pernod Ricard is well-positioned (better diversified, more agile) to take advantage of renewed strong secular growth for international spirits in China. Pernod Ricard's share price has risen 64% over a five-year period.

ONE-YEAR SHARE PRICE PERFORMANCE

IN COMPARISON WITH THE CAC 40



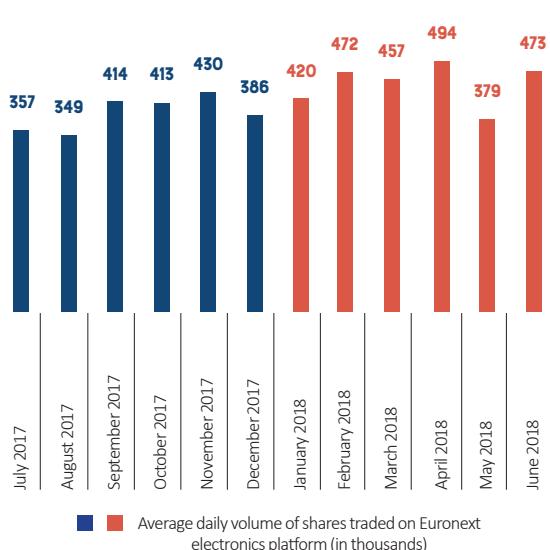
+19%

PERNOD RICARD

+4%

CAC 40

IN VOLUME OF TRANSACTIONS



**SHARE PRICE OF PERNOD RICARD
AND CAC 40 OVER FIVE YEARS (AT END JUNE)**

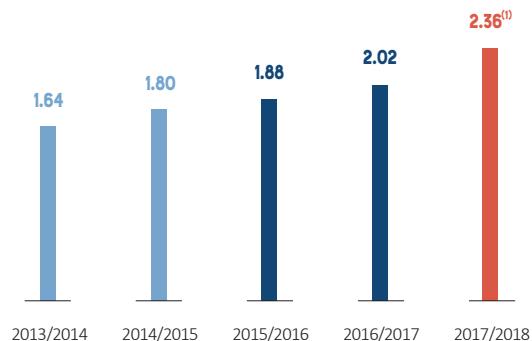


■ Pernod Ricard (euros) ■ CAC 40 (points)

Source: Euronext.

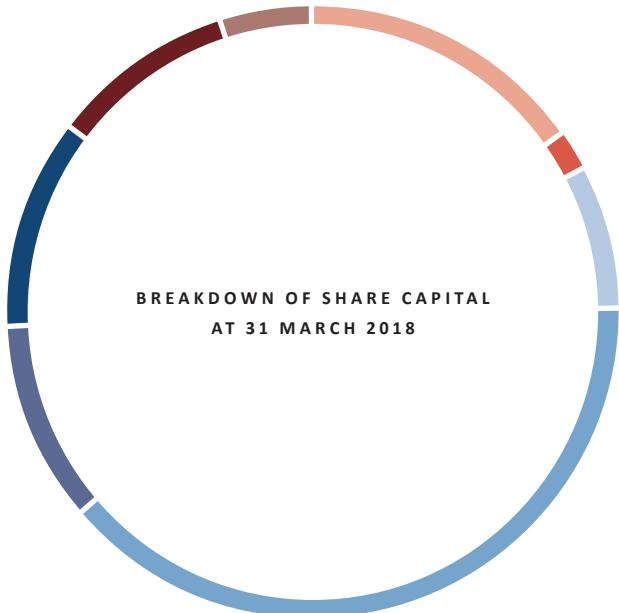
Pernod Ricard is traded on the Paris stock exchange on NYSE Euronext SA Paris Eurolist (compartment A) SRD (deferred settlement service). The Pernod Ricard share is eligible for inclusion in the French share savings plan (*plan d'épargne en actions, PEA*) and for the SRD (deferred settlement service).

**PERNOD RICARD DIVIDEND
(IN EUROS)**



A dividend of €2.36 (+17%) per share for the 2017/2018 financial year will be submitted for the approval of the Shareholders' Meeting of November 2018. This dividend reflects the Group's new 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). Taking into account the interim dividend of €1.01 per share paid on 6 July 2018, the final dividend payable stands at €1.35 per share.

**BREAKDOWN OF SHARE CAPITAL
AT 31 MARCH 2018**



- 15.0%** Société Paul Ricard and Others
- 2.1%** Board + Management + Employees + Treasury shares
- 7.5%** Groupe Bruxelles Lambert
- 40.2%** US Institutional Investors
- 9.0%** French Institutional Investors
- 10.9%** UK Institutional Investors
- 11.5%** Other Institutional Investors
- 3.8%** Individual Shareholders

PERNOD RICARD STOCK MARKET DATA

	2015/2016	2016/2017	2017/2018
Number of listed shares at 30 June	265,421,592	265,421,592	265,421,592
Average number shares (except treasury shares) - Diluted	265,632,528	265,477,729	265,543,003
Stock market capitalisation at 30 June (€M)	26,569	31,121	37,132
Net earnings per share from recurring operations - Diluted (€)	5.20	5.58	5.69
Dividend per share (€)	1.88	2.02	2.36 ⁽¹⁾
Average monthly volume of trades	12,125	9,236	8,879
Highest share price (€)	111.30	124.00	147.25
Lowest share price (€)	88.29	96.56	113.20
Average share price (€)	100.14	108.03	128.87
Share price at 30 June (€)	100.10	117.25	139.90

Source: Euronext. (1) Subject to the Shareholders' approval at the Annual Shareholders' Meeting on 21 November 2018.

EXPLORE THE WORLD OF
PERNOD RICARD

Take a look at the full range of our publications
to learn more about our Group



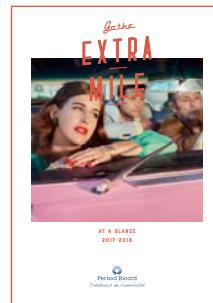
Integrated Annual Report

Go the Extra Mile, to discover success stories of our Brands and employees across the globe in FY18.



Registration Document

Dive into an in-depth legal, economic, financial and accounting analysis of the 2017/2018 financial year.



At a Glance

Grasp the essentials of Pernod Ricard with this summary of key information.



Pernod Ricard Website

Find exclusive content in the digital edition of our Integrated Annual Report on our website.



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THANK YOU to all of our contributors

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Please consume our Brands responsibly.



Pernod Ricard

Créateurs de convivialité