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PRESENTATION

Operator

Good morning, and good afternoon, ladies and gentlemen. We are hosted this morning by Philippe Guettat, our Chairman and CEO for the Asia region. We would like to take you through a brief presentation and then give you some time for some questions afterwards. Philippe, over to you.

Philippe Guettat - Pernod Ricard SA - Chairman & CEO of Pernod Ricard Asia

Thank you, Julia. Hello, and welcome to the Pernod Ricard Asia Investor Call today. So as Julia said, I'm Philippe Guettat, Chairman and CEO of Pernod Ricard Asia. Today I'd like to take you through some of the very strong achievements and progresses that we've made in the implementation of transform and accelerate 3-year's strategy plan here in Asia.

So in the first 9 months of this fiscal, we have continued to consolidate value leadership with very strong performance. First, we achieved broad-based growth across key markets of plus 15% which is an acceleration of 4 percentage points compared to the previous fiscal with China and India clearly leading the way.

Second, we have continued to deliver operating leverage through our focus and value strategy, portfolio premiumization and operational excellence, resulting in Asia being a key growth engine for Pernod Ricard. Third, we have made significant progress in transformational initiatives, including the reorganization of our business in Korea, opening new route-to-market in Vietnam, the Philippines and Myanmar.

So our strong performance comes against the backdrop of very favorable long-term outlook in Asia.

In particular, over the next 6 years, where the middle-income and affluent income people in Asia, consumer population in Asia, we call them the MAC, will grow by 500 million people, reaching 1.5 billion person in total.

This demographical trend will drive strong demand for more premium, higher quality and safer products as well many of these consumers are growing up in the digital era and are very dynamic in the way they connect and consume. We also believe that the long-term outlook of key markets remained favorable due to the robust fundamentals of their economy.

China continues to focus on driving domestic growth, and India is maintaining its space as the fastest growing major economy behind very robust fundamentals.

At the same time, we remain vigilant on ongoing political and regulatory risk, including trade tensions and development from some of the recently concluded major election in the region.



Now let me take you through a quick look at how our key markets are performing, starting from the top left-hand corner China. So here China is leading growth in Asia with a plus 21% result more or less in line with last year where plus 19%, benefiting from a rigorous value strategy and a strong consumer recruitment program at meal and party occasions for Martell and as well we're seeing this growth throughout the whole of the portfolio in China.

India is also showing extremely strong performance across Seagram brands and as well on international portfolio, recording of plus 19% versus last year, which is 5 percentage points higher than the year before.

In Korea, we completed a reorganization of our business at the beginning of the second half of this fiscal, which -- and we've been in fact, devolving the distribution at Imperial transferring to a third-party company.

This will allow in the future Pernod Ricard Korea to focus fully on Strategic International Brands and on the key segment of the market, which are growing. We'll elaborate a bit more on this topic later during this presentation.

In Japan, our premiumization strategy is working around Mumm, the Chivas and the Scotch portfolio, notably Chivas Regal.

Onto Taiwan market, where after the completion of trade destocking last year, the business is now back to healthy growth, fueled by Martell, Royal Salute, and The Glenlivet.

Hong Kong and Macau, SAR here Martell and champagne are continuing to drive the growth and delivering a very solid double-digit growth in line to what we recorded last year as well.

Last, Southeast Asia, where we are enjoying good performance, driven by Martell and whiskies. We also made solid progress in establishing route-to-market, and I will talk about that a little more later. So looking more closely at some of our key brands and categories in Asia. As I said, we have seen excellent growth in Martell with sales for the first 9 months are plus 19%, mainly due to the dynamism in Greater China and is well supported by a strong performance in Southeast Asia.

Our value strategy, clear focus on brand building and investment in consumer recruitment, during meal occasions and party occasions is as well allowing us to expand the consumer base and Martell continues to be the leading cognac in China.

Seagram's whiskey is as well showing a strong growth in India and in Gulf with a strong performance at plus 18%, which is significantly higher than the year before. And we've been expanding our value leadership across all operating price segments.

Third box, Chivas, which is as well here recording a strong second consecutive year of growth, thanks to the investment behind successes of blend campaign and portfolio extension and as well, we've been putting a lot of effort to continue recruiting new consumers behind the brand, and we are seeing growth in all our key geographies in particular China, Japan and India.

Here, last box, but here quite impressive results behind our premium growth relays with the rates growing at plus 36% for Ballantine's and 26% for Absolute Vodka in China and India and 27% for Jameson across the whole regions. As you know, these growth relays are critical and instrumental in our effort to recruit the younger middle-class consumers, which I was referring to before the beginning of this presentation and to diversify our portfolio in markets.

Onto Page 6. Apologies for the slide, which lacks a bit of images, which is a quick reminder of our vision and strategic pillars.

So across Asia, Pernod Ricard is a clear value leader and as we said before, our aim is to further consolidate this #1 position by conquering the middle class and expanding our strongholds within the affluent class. In order to unlock future growth, we must continue to deliver more value from our core brands by premiumizing our portfolio through price and sales mix, innovating products and experiences to drive consumer engagement and elevate the luxury status of our brands. We also need to prepare our business for the future through expansion into new categories, new price points and new geographies.



All in all, we are developing a business model that is more diverse with greater agility to respond to potential volatility.

Now let us take a closer look at some of our key markets. So if you can turn please to Page 7 and the section of China. Reminding here first that China is enjoying long-term macro trends, which are very positive with an expected increase in the MAC populations of a bit less than 200 million people over the coming 6 years. Here, our ambition is clear, it's about recruitment. We aim to expand the imported spirits market to double its size to 2 percentage points by 2025 to -- 2% sorry, between 2017 and 2025.

So as we see, it's really about educating consumers and recruiting consumers on the size of imported spirits, which is small relatively compared to the overall alcohol and spirit consumptions.

So in 2016, we introduced 2 business units within Pernod Ricard China. The Prestige business unit, which is focusing on the nights and meal occasion and the premium business unit, which is focusing on e-commerce, new retail, modern off-trade and new on-trade.

These 2 business units have been flanked by le Centre which is a route-to-market specializing in luxury and night -- high-net-worth individuals.

And now with a recently announced distribution partnership with Domaines Barons de Rothschild Lafite, DBR Lafite. Pernod Ricard China is strengthening its route-to-market with a focus on the distribution of premium imported wines. This would include DBR brands and of course, Pernod Ricard wines portfolio starting with Jacob's Creek.

So these four route to markets are clearly integrated and fully synergized in order to deliver maximum operational efficiency.

So this is clearly an example of the agility of our decentralized business model. So such a robust and diverse route-to-market combined with a strong portfolio of brands have enabled us to execute a very efficient volume and values of growth strategy further strengthening our market leadership position.

So now let's look at each of the business units more in details. From Page 8, we invite you to take a closer look at the elements driving the strong performance of Martell. So while Martell is a leading cognac in China, we continue to reinforce the status and premiumize the brand with increased media investment and activations, which have in turn had built strong equity and conversion.

Our first and foremost priority is to drive consumer recruitment, as I said before. Firstly, in premium meal occasions, where we are scaling up our activations with Le Cercle lifestyle platform and bringing the online virtual restaurant to life through the pop-up Curious Restaurants across 8 cities in China. These monetized events were sold out within 2 days and created interactive and engaging experiences for for over 20,000 consumers while generating more than 120 million social impressions.

In addition, we have continued to expand our presence in party occasions to recruit younger LDA+ consumers. Much of the recent success can be attributed to the strong impression and the one has been through content rich engagement, delivered through the market a party channel. A content hub, which is nationally available online and has generated over 190 million impressions to date.

In parallel, we are continuing to execute our value strategy by premiumizing sales mix, implementing price increases as we did in the last 2 years and moderating our promotional intensity where and when appropriate.

So Page 9. Beside the very strong performance in the Prestige business unit, the premium business unit also had exceptionally dynamic development, thanks to our portfolio.

First Chivas, which has responded very well to the equity rejuvenation relaunch campaign. As a result, we have seen significant improvements in our equity measure across brand awareness, social share of voice and affinity. So you have some examples here of all the different activation that we have been running across the year.



So these great progress, but was made possible by strong balance sheet with celebrity singer and performer Kris Wu and further by our continuous partnership with NBA. Moreover, the launches of Chivas 12 Extra and Chivas XV have been instrumental in premiumizing the night occasion.

As for other growth relays, Absolute and Ballantine's are both seeing very strong growth, supported by highly localized communication campaign to recruit young middle class consumers and as well we have seen double-digit growths on Jacobs Creek.

So we now move to India. Page 10 with a robust economy is expected to add here more than 100 million MACs over the next 6 years and we at Pernod Ricard India continues to consolidate our leadership position.

So a great performance is enabled by a robust business model, which consists of 4 key pillars, they are always the same, but is always important and critical to remind them. First of all, we have a leading portfolio of whiskies in the Seagram's, which is complemented by a broad and fast growing international spirits and wine portfolio. Such depth allows us to address the needs of different consumer segments and to capture trends.

Second, our commercial and marketing capabilities are extremely strong. In particular, region based trade marketing, experts ensure that we have an extensive reach and world-class visibility at the point of purchase.

Index purchase as well are supported by digital center of excellence, where we constantly seek new and effective means to connect with consumers and engage with them through each content.

Third, our businesses is enabled by a network of 30 highly efficient and asset live production sites. With more than 15 million cases managed through the system, our operational team has achieved numerous accolades and certification in quality control in manufacturing excellence, which is a guarantee of the strong quality of our brands.

The final pillar is our dedication in shaping a better future for our communities. So here, we accept that our category is not without its social issues, but we remain active campaigners against underage drinking through programs as Cool teens. We are so actively seek ways to reduce our environmental impact, whether it is to achieve water neutrality or deploy natural gas powered vehicle fleet.

So the robust business below has enabled us to navigate challenging external factors and allow us to propel ahead in creating sustainable growth.

So Page 11. In the first 9 months of FY '19, our business in India continues to accelerate with an impressive plus 19% growth. Seagram's whiskies here further increase value share through recruitment and we continue to drive trade up. While international spirits and wines are increasing in relevance with localized and powerful communication campaigns.

Shifting now to South Korea, Page 12. To no secret that this market has been challenging for us for a number of years, in particular, the local whiskey segment, in which Imperial operates. This what I said last year, during the Capital Market Day and this is really linked to the segment's structural decline and continued brand challenges.

So in order to tackle that, we've decided to earlier this year, to externalize the distribution of Imperial to a local partner.

So such transformation now enables Pernod Ricard Korea to refocus on developing international spirits where there is more market dynamism and streamlined the organization accordingly.

So our focus now is clearly to grow strategic international brands. Ballantine's and Absolut are leaders in their respective categories, and we continue to drive their performance by refreshing their brand image and increasing local relevance.

We'll also put a lot more focus in developing our growth relay brands such as Jameson, Malibu and The Glenlivet to capture fast-growing categories.

Few words on Japan. Page 13, which is continuing strong success story. Our strong growth carries on, thanks to focus on the Prestige and luxury category. So first and foremost, Perrier-Jouët, which continued to gain share, and we're putting strong efforts to reinforce the brand equity behind Perrier-Jouët and the luxury position with a new communication campaign supported by extensive digital touch points and local activation.

The Mumm champagne has also seen performance accelerate, thanks to the distribution expansion, a new campaign and the launch of our new iconic bottle Grand Cordon.

Chivas continues to grow in the dynamics Scotch whiskey category, thanks to local innovation in Chivas Mizunara, premiumization, led by Chivas 18 and a refresh communication campaign leveraging a local celebrity and delivering strong impacts and a stronger reach. With a same context, Ballantine's and The Glenlivet are also growing strongly.

Page 14. So far in the presentation, I have focused more on the first strategic pillar, which is delivering more value from our core business. So now I would like to switch gears and speak more about the second pillar, which is to expand into new categories, price points and geographies.

A specific focus is put on Southeast Asia today, as a lot of exciting progress has been made in this region.

First in Vietnam, where we have launched Imperial Blue in the first half of FY '19 with a highly localized strategy, which can be characterized by the products lower ABV, a local production setup and a Vietnamese relevant communication campaigns and route-to-markets. As well in the -- at the end of the first half of FY '19, Imperial Blue and Imperial Blue light were launched in the Philippines. So we have also established a joint venture with Premier Wine & Spirits, which is our historical partner and distributor and this will help us amplify our consumer reach in the market with great potential and to address better the needs of the middle class in the Philippines.

In Myanmar, where we have set -- where we are part of a joint venture, a high-class whiskey was relaunched under the Seagram's brands, followed by the launch of Imperial Blue in the second half FY '19. As we look beyond this year, we believe our joint venture puts us in a good position to capture future development of international spirits.

There are so many exciting developments in other parts of Southeast Asia, in particular Cambodia and Indonesia, where we continue to innovate on products, improve our route-to-market and seek new ways to engage middle class consumers.

So as a conclusion to this presentation, Page 15. Over all in the first 9 months of FY '19, we have accelerated growth led by China and India while further diversifying our business with transformational initiatives and new ventures. Our robust and proven business model, underpins our unique leadership position in key markets and sets a strong foundation for us to capture the growing middle-income consumer opportunities.

The combination of our business model and a highly skilled team should surely give you confidence that Pernod Ricard is uniquely positioned to continue to capture the opportunities as they present themselves or that we create back in Asia.

So this brings me to the end of my presentation and would now like to open the floor to questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And your first question comes from the line of Sanjeet Aujla.

Sanjeet Aujla - *Crédit Suisse AG, Research Division - European Beverages Analyst*

Philippe, 3 questions for me, please. Firstly, on China, how relevant is e-commerce now as a percentage of sales and how fast is that channel growing for you? Secondly, on India, I think you called out possible changes to the regulatory environment post elections. Can you just maybe give a bit

more detail on some of the sensitivities there? And thirdly, just on margins in the region, again, you called out a return to operating leverage, when you think about the medium term, what sort of margin expansion do you expect for the region in light of the group ambition of the 50 to 60 basis points.

Philippe Guettat - Pernod Ricard SA - Chairman & CEO of Pernod Ricard Asia

Thank you. So first of all e-commerce on China, so we, overall as you know e-commerce is making the progress for any luxury goods or FMCG in these markets and spirits and wines are no exception, in particular wines. So the way to e-commerce is very viable by brand and price point. Some brands like Martell, here we're more talking about single digit in terms of the percentage of our retail business. Other brands, especially, the ones targeting the middle-class consumers like Chivas, Absolut and Jacobs Creek, here we are more talking about double-digits of our total retail business. Talk about wine and in particular on the back of our renewed -- of our partnership with DBR, we probably have strong double-digits in line with the market. Second, India, no new news in terms of regulations, just in fact, as we know, in the past and especially, the year before, last year and the year before in fact, there have been different regulatory changes, which have been at national level, which have been impacting our business. Then there is systematically as well different regulations that can impact some different states, for instance, recently, there have been these potential announcement of prohibition in Andhra Pradesh in 5 years and most of the time by experience, we know that these different regulatory changes can be either negative or can be positive that overall balance out the business. So for the moment, overall, no real material impact have been announced. Third, operating leverage, as you know the core objective for Asia is to broaden business and to deliver superior, sustainable long-term growth in the region, not to deliver a leverage. So that said, in fact, we are anticipating clearly, very dynamic growth in India and China so this will lead to leverage and will support the operating leverage target that the group has set at the global level and that's only what I can say to you at this stage.

Sanjeet Aujla - Crédit Suisse AG, Research Division - European Beverages Analyst

Got it. Just a quick follow up on India, your largest competitor recently warned on import cost inflation accelerating, are you seeing some of the dynamics there?

Philippe Guettat - Pernod Ricard SA - Chairman & CEO of Pernod Ricard Asia

Could you just say on which cost inflation?

Sanjeet Aujla - Crédit Suisse AG, Research Division - European Beverages Analyst

Glass and ENA in particular.

Philippe Guettat - Pernod Ricard SA - Chairman & CEO of Pernod Ricard Asia

Yes, absolutely, absolutely, that's something that clearly, we are witnessing and both on glass and grain neutral spirits, there is some variability as well, it depends on the seasons but something that needs to be mitigated by higher price increase in order to be able to sustain a sustainable long-term growth with us. And as well, we have an extremely efficient operational efficiency agenda in order to be able to mitigate big impacts of increase of costs

Operator

We do have a further question and your next question is from the line of Fernando Ferreira.



Fernando Ferreira - BofA Merrill Lynch, Research Division - Director

I have 3 as well. First one, looking at the growth rates you've shown on Slide 5, it was interesting to see the acceleration on your growth relays for like Ballantine's and Absolut. So I'm just curious as how relevant these brands are on a combined basis for the region today and where you may see them in the next 5 years? Second question, if you can give us an update on Duty Free in the region? I appreciate that the business is managed separately but if you could highlight some trends for -- and how your brands are performing there, that will be helpful? And then in India, what do you expect in terms of the run rate of growth for India? Do you still believe that low double-digit rates is feasible or is that what you're aiming for?

Philippe Guettat - Pernod Ricard SA - Chairman & CEO of Pernod Ricard Asia

Thank you, Fernando. So growth relay clearly, today, these brands are starting to become relevant, in terms -- and significant in our business, but overall, they remain minor compared to the big 2 pillars of our business, which are Martell and Seagram whiskies and even compared to the overall the Chivas business. But that's the whole purpose of our strategy, which is clearly playing very strongly on the core. In order to grow these brands and to make them really significant in our business in the coming 5 years and that's a purpose of the investment that we're putting behind these brands, Ballantine's finest, Absolut, Chivas 12 and Jameson and as well as the wine portfolio. Duty Free in the region a bit not much new news compared to what was said during the Q3 result, which is quite as -- and Asia, as you know, is -- weight for quite a big share of Global Travel Retail business, pretty dynamic on the back of growing number of travelers, especially, in terms of overall business of Martell and a higher grade Scotch whiskies. India, so growth in terms of medium-term objective, we are still confident on low double-digit in medium-term on average. Obviously, some years will be better or worse and this will really depend on the volatility of these market, which is embedded into this market and depending as well on what could happen on the regulatory front. But overall, we're very confident on the solid growth prospects, and the growth -- and the strong underlying fundamentals on the market.

Operator

And your next question comes from the line of Edward Mundy.

Edward Brampton Mundy - Jefferies LLC, Research Division - Equity Analyst

Three questions, please. The first is on China and I appreciate a big part of your Martell business is Noblige on Cordon Bleu, but with the -- the requirement for XO to be aged for 10 years as best of 6 years, is there an opportunity to take the pricing up on XO in that market? The second question is again on China, there are some recent press reports I think around the clamp down on the traditional KTV channel. Are you seeing any impacts here? And could you just confirm that I think traditional KTV is under 15% of your sales. And then the third question is on Korea, where you're moving towards a more international portfolio and externalising the third-party distribution of Imperial, could you perhaps talk about the accounting treatment of that, is that going to be excluded scope item or will it come out of the organics?

Philippe Guettat - Pernod Ricard SA - Chairman & CEO of Pernod Ricard Asia

Okay. I'll take the first 2 question and I'll leave to Julia to have the pleasure of answering the accounting question on Korea. So for China, first price increase for XO, that's something that we've been already implementing and on the back of -- a long the rest of the range, we increased our price in February 2018 and then again, February 2019 by 5% because across the board, including Martell XO, which today is retailing at a significant price premium compared to competitors. So we're seeing that we're really capturing the most of the value on XO, which is an important part of our growth ambitions and playing a strong part in our portfolio. Second, clamp down on KTV, well this is some stage -- there is some regular checks and regulations on night outlets. China is no exception to what happens in other parts of the other world and we know that this is as well through transitionally -- transitions and is in order to ensure that the clients are compliance with the regulations of the country. And as well we know it's a smaller part of our business and today, potentially a bit too early to comment on the potential impact.



Julia Massies - Pernod Ricard SA - VP of Financial Communication & IR

Okay, as for Korea, Ed, you're correct, on the 1st of April, the distribution of Imperial has moved to a third party. So the sales that's now have been recorded for Korea are going to be the sales of Chivas brothers to the third party, which will reflect the new distribution margin system. So there will be a difference there on the sales line and also a royalty payment structure, which will come through the other income and expense line.

Edward Brampton Mundy - Jefferies LLC, Research Division - Equity Analyst

So net-net at the -- so the EBIT level presumably there's no impact? Or no material impact from this but possibly, the revenue line, you'll probably see it coming through there?

Julia Massies - Pernod Ricard SA - VP of Financial Communication & IR

Well there have been a number changes to our Korea business and in particular, the structure has evolved in order for us to be able to support Strategic International Brands with the adequate structure, so that actually had some changes in a number of different lines in the Korea business. So I can't comment precisely on EBIT.

Edward Brampton Mundy - Jefferies LLC, Research Division - Equity Analyst

Okay. And could you just come back to my first question on XO. Do you think there's an opportunity to take more pricing with the age requirement being stipulated to 10 years as the competition catches up on pricing? And do you think there's more opportunity for that part of the category to really extent its pricing, whether it's up to the Cordon Bleu?

Philippe Guettat - Pernod Ricard SA - Chairman & CEO of Pernod Ricard Asia

I think overall, to answer the whole category already, it's quite clear for major players, the age requirement is not really a significant impact because most of the leading XOs are already aged more than 10 years, before -- more than 6 years before and so over 10 years. So and as I said, already to price wise, including for XO, we're already significant premium compared to our competitors so it will really depends how the overall market evolves. But as an industry, I think we need to be careful, we are here for long-term, and we need to clearly phase our increase of our price increase with the corresponding increase in terms of purchasing power of our consumers. If we go too fast then ultimately we're going to price outside of the market, overall. I'm talking about all connections, and is not going to be good for us to ensure long-term sustainable growth. So are we seeing what we have today is a pretty good and overall a profitable strategy and that will deliver sustainable growth.

Operator

And your next question comes from the line of Nico Von Stackelberg.

Nico Von Stackelberg - Liberum Capital Limited, Research Division - Research Analyst

Yes, my first question is on the Chinese government social credit system, which is expected to be implemented in 2020. Do you know what they're explicitly deeming as bad behavior in regards to alcohol? And how are they going to be tracking this side? As in, do you get a hit to your social score when you purchase alcohol? Maybe you can answer that one and then I'll go back to the other -- I have 2 other questions, please?

Philippe Guettat - Pernod Ricard SA - Chairman & CEO of Pernod Ricard Asia

Cannot comment on the social credit system as it is to the best of our knowledge, in fact, that will not really been linked to in any sense to overall behavior in terms of consumption of alcohol. And moreover, what we know anyway is that in China, today, in fact there's probably either -- there



is limited cultural adversity towards alcohol and there is a pretty easy for us to operate. For us as well for local players and there is limited barrier in terms of advertising and promoting alcohol and it's really very much embedded as part of the cultural lifestyle of the Chinese consumers. So to be frank, I would not expect any impact of this decision on our business.

Nico Von Stackelberg - *Liberum Capital Limited, Research Division - Research Analyst*

Okay. And the next question is on China again. With baijiu as a category looking quite attractive. I guess, the sense that this is something that you guys are actively looking at. In the past, we've been told this is not an area of interest for the firm from an M&A perspective. Could just clarify, where you currently stand when it comes to baijiu as a category in China, please? Than the last question's more on the Philippines, I was hoping to talk about one of the smaller markets really, it's a huge Gin market, but we're quite far away from a premium serve. So I guess the question is, how far away, how many years do you think it will take for this to be a market that actually starts to premiumize in a material way?

Philippe Guettat - *Pernod Ricard SA - Chairman & CEO of Pernod Ricard Asia*

Thank you, Nico. What baijiu, today what we have -- we haven't set anything as far as I know and clearly, that's a category that we are observing and we're looking at but there is no action or even no intention that have been announce by Pernod Ricard at this stage. And I don't think as well, that there is much M&A activity happening on the baijiu front at any level thus far. Happy to learn more, if you have some more information. Philippines, quite -- very promising for us because clearly, young population getting more and more affluent, strong political stability, there is an established Western Style Spirits market around 70 million to 80 million cases overall. As you were saying, demand of Gin, there is a lot of brandy and rum as well and it's growing, it's premiumizing, especially on the brandy side. And we can see that there is a strong aspirations for Western Style Spirits and as well for imported Spirits. Simply at the moment, not sufficiently purchasing power to jump directly into this league. Although, some of the affluent category -- consumers are doing it. So our strategy is clear. We want to accelerate. Imperial Blue is playing in the premium value segments and in order to convert or to educate or recruit drinkers into whiskies and ultimately up trading them to our premium whiskies and super premium whiskies at a longer stage.

Operator

We do have a next -- further question, it's from the line of Marion Boucheron. Due to no response there would you like me to move on to the next question?

Julia Massies - *Pernod Ricard SA - VP of Financial Communication & IR*

Yes, please.

Operator

I need you to have a follow-up question from Sanjeet Aujla.

Sanjeet Aujla - *Crédit Suisse AG, Research Division - European Beverages Analyst*

Yes, just a quick follow up on Southeast Asia. You've delivered 8% growth year to date. Given, it's such a low base, I'd expect the growth to be higher than that, particularly, in light of some of the recent moves. So is there anything in particular that's dragging that down? And over the medium term, would you expect Southeast Asia to grow faster than, say, China and India?



Philippe Guettat - Pernod Ricard SA - Chairman & CEO of Pernod Ricard Asia

Okay. The -- normally, we don't -- we do not elaborate too much on the size of Southeast Asia, but it's not that such a low base in terms of our business. Especially, I mean, we are pretty strong in terms of our business for Martell and for Chivas, so international brands. And it's true that we are being the overall performance of Southeast Asia is slightly dragged down by Thailand this year, as we've been having -- enjoying a lesser dynamic growth in what we had last year. As you know, one of our key brands still remains 100 Pipers, which is positioned on a declining segment. And as well even if we are putting a lot of effort on the under development of our growth relays, in particular, Chivas and Jameson, this is not sufficiently contributing in order to stop the decline on that we've been experiencing in Thailand this year. But overall, very dynamic particular, Vietnam, Malaysia, and Indonesia.

Sanjeet Aujla - Crédit Suisse AG, Research Division - European Beverages Analyst

That's really helpful. And medium-term, do you think that can grow faster than China or India?

Philippe Guettat - Pernod Ricard SA - Chairman & CEO of Pernod Ricard Asia

That's a bit of a difficult question, it really depends on 2 aspects: First -- because as you know, it's a conjunction of different markets. It can be highly volatile on political and economics so it really depends, first, on that aspect; and second, is how successful it would be in establishing Imperial Blue and our other growth relays in all of these markets. So if a second question is met than maybe we'll be able to mitigate more strongly the volatility, and therefore, be -- get closer to GDP growth forecast in these markets.

Julia Massies - Pernod Ricard SA - VP of Financial Communication & IR

That brings us to close this call. So please -- thank you very much. Ladies and gentlemen, thank you very much for joining and have a good evening or morning depending where you are.

Philippe Guettat - Pernod Ricard SA - Chairman & CEO of Pernod Ricard Asia

Yes, thank you very much and have a nice evening or a nice morning.

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