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EDITED TRANSCRIPT

Q1 2020 Pernod Ricard SA Corporate Sales Call

EVENT DATE/TIME: OCTOBER 17, 2019 / 7:00AM GMT



CORPORATE PARTICIPANTS

Hélène de Tissot Pernod Ricard SA - Member of Executive Board and MD of Finance, IT & Operations
Julia Massies Pernod Ricard SA - VP of Financial Communication & IR

CONFERENCE CALL PARTICIPANTS

Andrea Pistacchi Deutsche Bank AG, Research Division - Research Analyst
Chris Pitcher Redburn (Europe) Limited, Research Division - Partner of Beverages Research
Edward Brampton Mundy Jefferies LLC, Research Division - Equity Analyst
Ewan Mitchell Barclays Bank PLC, Research Division - Research Analyst
Marion Boucheron MainFirst Bank AG, Research Division - Research Analyst
Sanjeet Aujla Crédit Suisse AG, Research Division - European Beverages Analyst
Trevor J. Stirling Sanford C. Bernstein & Co., LLC., Research Division - Senior Analyst

PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by, and welcome to the first quarter 2020 sales. (Operator Instructions) I must advise you that this conference is being recorded today, Thursday, the 17th of October 2019.

And now I would like to hand the conference over one of your speakers today, the VP of Financial Communication and Investor Relations, Julia Massies. Please go ahead.

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

Good morning, ladies and gentlemen, and welcome to our first quarter sales call. As said, we'll go through a brief presentation and then give you a chance for some questions. We're hosted this morning by Hélène de Tissot, our Finance, IT and Operations Director. Hélène, over to you.

Hélène de Tissot Pernod Ricard SA - Member of Executive Board and MD of Finance, IT & Operations

Thank you, Julia. Good morning, everyone. So let's start with this Q1 sales performance. The organic sales growth is plus 1.3% for this quarter, plus 4% reported sales. So -- and this is a moderate growth which is in line with our expectation on a very high basis of comparison. As a reminder, last year, the group was plus 10.4% for the first quarter.

So if I may, I will go through the key markets first and then we move to the brands. So start with our #1 market, the U.S. So this is a good start in the U.S., plus 6%, thanks in particular to innovation, and this has brought some advanced shipments in that quarter performance.

Moving to China and India, a good growth, plus 6% for China, plus 3% for India, on the very high basis of comparison. Global Travel Retail is in -- declined by 6%, following a very strong Q1 last year, with double-digit growth in Q1 fiscal year '19. And we have a good growth in Europe, plus 3%, thanks to strong sales in Eastern Europe and return to growth in Western Europe.

So moving to the brands. Strategic International Brands are growing by 3% for this first quarter with a growth moderation which is due to the high basis of comparison we had, especially on Martell and Scotch last year, but an acceleration of Jameson in this first quarter, but as well Beefeater, Malibu and Havana Club. So Strategic Local Brands, plus 2%, with a softer growth due to a very high Q1 last year for Seagram's Indian whiskies.

Specialty Brands, which is the new category in our House of Brands that we started communicating about in the H1 last year, is performing well, plus 15%, a very dynamic performance, particularly for Lillet, Monkey 47 but as well our agave portfolio with Del Maguey and Altos.

Strategic Wines, minus 2%, which is a modest decline linked to the continued implementation of our value strategy on Jacob's Creek, mainly in the U.K. Pricing is positive, plus 2%, on Strategic brands.



So let me now deep dive into the key markets. So U.S.A., plus 6%, as I mentioned, it's in a good start. Jameson, which is our star brand, is in strong growth with the dynamic development of Black Barrel. We have as well continued dynamism on our growth relays, in particular The Glenlivet, which is driven by Founder's Reserve and the launch of The Glenlivet 14 Years Old. Talking about our bastion now, solid growth for Malibu and Kahlúa, but Absolut is still in decline despite promising launch of Absolut Juice.

I'll take the opportunity of talking about the U.S. to mention the add of the new American whiskey to our -- as well new American whiskey portfolio with the completion of the Castle Brands acquisition and of the Jefferson acquisition as far as American whiskey are concerned since the 9th of October. Trade tariffs are going to be applied as soon as tomorrow to the single malt Scotch and Spanish wine.

Global Travel Retail, I mentioned it, minus 6%, and this is mainly due to a high basis of comparison but as well some promotional phasing in Europe. And we have a very strong price/mix in Global Travel Retail in this period.

Moving to China. So good growth, plus 6%, versus a very high comparable basis, plus 27% last year. So overall, good growth despite some softer on-trade environment.

Martell, strong pricing impact in this performance as it -- as I'm sure you remember, we increased our price by 5% last February, so we had the effect, the full impact of that in the Q1 performance, with softer volumes which is perfectly in line with our midterm strategy in terms of sustainable inventory management.

Chivas is in decline due to the challenging on-trade environment. We continue as well to have a very dynamic development of growth relays, in particular with double-digit growth of Absolut and Ballantine's Finest.

Moving to India now. So good growth, plus 3% versus a very high plus 34% last year. There is some softening macroeconomic environment happening in India, and we had as well some impact of very severe flooding in the Q1. Seagram Indian whiskies are driven by dynamic growth of Imperial Blue. And we have as well continued strong double-digit growth from our Strategic International Brands and from Jacob's Creek.

So moving now to the other key markets. Europe, so France is growing by 3%. This is due to promotional phasing in a market which stays difficult. You have Nielsen volume indication in our presentation of minus 3%. Having said that, Absolut is again in the double-digit growth in France. Spain is stable with Gin portfolio, mainly Beefeater and Seagram Gins that are now gaining share.

U.K., minus 1%, with a very strong dynamism in Gin, offset by the value strategy of Jacob's Creek I was mentioning before. So we are continuing to gain share in that market. Germany, strong growth, thanks mainly to Lillet, Havana Club and Absolut, with strong pricing as well. Russia, we mentioned Eastern Europe a bit before. Russia is in as well a strong continued double-digit growth driven by Strategic International Brands, in particular whiskeys and Martell.

Moving to Americas. So Canada is in decline. It's mainly linked to phasing despite a double-digit growth of Jameson. Latin America, modest growth overall, with a strong dynamism in Brazil.

Asia-Rest of the World. So Japan, a continued strong growth in Japan, led by Chivas and Perrier-Jouët and a good price/mix. Korea, significant decline, with improving performance on Strategic International Brands, offset by the transfer of Imperial distribution to third party. And Africa/Middle East, plus 9%, driven mainly by strong growth in Turkey, Nigeria, West Africa and as well Angola.

So maybe let me now move to the outlook for the year -- for the full year. So in a particularly uncertain environment, Pernod Ricard expects to obviously continue the execution of our Transform & Accelerate strategic plan that we presented to you a few months ago, focusing on embedding dynamic growth and delivering operating leverage, obviously in line with our objective to maximize long-term value creation. We are as well going to be focusing on the implementation of the Reconquer project in France that we announced a few days ago with the main objective to return to growth in medium term in that country.

We expect dynamic sales growth to continue, albeit growth rates will moderate versus fiscal year '19 in India and China, which is fully

consistent with our strategic plan assumption. We expect as well a dynamism in the U.S. following the inventory optimization we implement last year and with as well the integration of the new American whiskey portfolio I was mentioning before.

As mentioned as well in our full year communication, we're going to keep invest and increase our investments behind strategic investments, meaning key CapEx and strategic inventory priorities. We are starting our share buyback program from tomorrow, and you have some more details on the execution of that first tranche in the presentation. And we expect a significantly positive FX impact on our profit from recurring operation. So we are confirming our guidance for the year, which is an organic growth in profit from recurring operation between plus 5% and plus 7%.

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

Thank you very much. We will turn to your questions now, please.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And the first question comes from the line of Simon Hales from Citi.

And the next question comes from the line -- from Edward -- sorry, from Edward Mundy.

Edward Brampton Mundy Jefferies LLC, Research Division - Equity Analyst

Three questions, please. Hi, can you hear me?

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

Yes, absolutely.

Edward Brampton Mundy Jefferies LLC, Research Division - Equity Analyst

So the first question is on Slide 5 on your outlook, which is unchanged, that third bullet, dynamic sales growth to continue in line with sort of medium term, does that imply that for the year, you're still comfortable with your medium-term expectations for both China and India of high single digits to low double digits for China and, I think, low double to mid-teen for India given that the first quarter was always going to be very, very tough given the very tough basis of comparison in those 2 markets? My first question.

The second question is on Global Travel Retail. I was wondering whether you're able to provide a bit more colour around the minus 6% by region.

And then the third question is on FX guidance where you're being slightly more, I think, optimistic. I mean your guiding now for a significant positive impact. I was wondering whether you're able to quantify what that might mean.

Hélène de Tissot Pernod Ricard SA - Member of Executive Board and MD of Finance, IT & Operations

Okay. Thank you very much. So I will start with your first question. So as you rightly mentioned, we are obviously cycling a very high comparable basis for this first Q1 and especially in China and India, which obviously was fully expected. So that's why this was as well mentioned in the full year communication in terms of what should be the outlook for fiscal year '20. So I would say absolutely no surprise on that.

Yes, we are comfortable that the midterm ambition we are having for those markets, and by the way, not only for those markets, but for China and India, are still very valid. This is obviously the whole focus of the Transform & Accelerate strategic plan, and we've been investing consistently in the past to deliver that type of ambition. So Q1, very, very high for those both markets, China and India. By the way, H1 as well is quite high in terms of comparable basis for those markets as well. And the soft Q1 was fully expected. So no change in terms of our ambition in those markets, and that's exactly what you mentioned.

If I may move now to Global Travel Retail, we don't give the figures by sub-region, I would say, because as you know, it's very volatile for



our Travel Retail. And especially on a quarterly basis, I don't think it will be very meaningful. So this is mainly linked to the very high comparable basis that we had globally last year and as well some phasing in Europe.

FX guidance, well, I think obviously we have 3 months more than last time we talked about it, and there's already some positive impact in this first quarter, as you can see. We don't want to quantify it precisely right now. It's obviously starting the year, and there's lots of sensitivity linked to what could be the euro-U.S. dollar rate for the full year. But I'm sure you have all the information you need to make your own computation. If you refer to the sensitivity analysis that we gave at the time of the full year communication, knowing that the average rate last year was 1.14 for euro-U.S. dollar, so that should help. But it's fair to say that we assume currency, looking at the current euro-U.S. dollar rate, that the impact could be significantly positive for us.

Operator

And the next question comes from the line of Trevor Stirling from Bernstein.

Trevor J. Stirling *Sanford C. Bernstein & Co., LLC., Research Division - Senior Analyst*

Three questions on my side, please, Hélène. So in Asia, you talked about the China on-trade being slightly weaker, and I wonder if you can just give us a little bit more colour. Is that related to clampdown on corruption? Or is it underlying consumer trends?

In the Americas, U.S. was very strong, up 6%, but the region was only 2%. And I wondered if you can tell us what was the big drag on growth in the Americas.

And finally, on currency, you've given guidance based on the spot rates the 1st of October. Over the last couple of weeks, sterling has rallied strongly, which presumably will put some offset to that in terms of transactional FX on Scotch COGS. And I was wondering if you could just make any comment on how significant that could be.

Hélène de Tissot *Pernod Ricard SA - Member of Executive Board and MD of Finance, IT & Operations*

Okay. So maybe I'll just start by the final one on the FX and the impact on the sterling. I think we're not commenting especially on such a short period what would be the impact. So that's the only thing I can tell you, I'm sorry, at this time of the year.

Maybe I'll start now with your question on China. So it's fair to say, as we mentioned in the communication, that we have a softer on-trade environment in this first few months of the year. And this is mainly due to the recent closures that happened in the on-trade environment, mainly in the night outlets to be more specific. And this started late spring, to be fair, and it's leading in some cases to temporary closures of KTVs and as well some modern clubs have to close a bit earlier than they should, let's say. So this is the reason why we mentioned this softer on-trade environment, and this is as well impacting especially Chivas in this first quarter.

Moving to your question on Americas. So yes, it's plus 6% for the U.S., and Americas is plus 2%. There is, as we mentioned as well, some phasing impacting Canada in this first quarter, which is in decline due to that phasing. This as well, Travel Retail Americas, some phasing as well there, and LATAM is in modest growth. So that's how you get to the 2%.

Operator

And the next question comes from the line of Ewan Mitchell from Barclays.

Ewan Mitchell *Barclays Bank PLC, Research Division - Research Analyst*

I wonder if you could just talk through some kind of the depletion trends that you've seen in China in a bit more detail. I know you said the on-trade has been tough, but is that broadly in line with what we've been seeing? And then secondly, Hong Kong, has that affected Travel Retail? I know you said it's volatile, but is there something that we should be continuing to be aware of there?

Hélène de Tissot *Pernod Ricard SA - Member of Executive Board and MD of Finance, IT & Operations*

Yes. Thank you. So back to China, so the performance of, again, of plus 6% is a good one. Due to this very high comparable basis of plus 27%, so we were expecting this growth to moderate, and by the way, as we mentioned, not only for the first quarter but for the full year. And we believe the growth will moderate to be in line with our midterm ambition which is high single digit, low double digit for China.

So talking about depletion, I'm afraid I cannot tell you much more than what I've just said about on-trade because we don't have the Mid-Autumn Festival and Golden Week depletion so far. It's too early in the year. So I cannot comment those depletion trends.

Hong Kong. So Hong Kong, well, we have obviously a market -- a distribution company there, sorry. So we have some decline in the Hong Kong domestic market and as well some impact in Travel Retail, as we mentioned. I would say both are quite limited for us because we have -- I mean it's a small business for us, Hong Kong, from a domestic point of view, and Travel Retail is impacted especially because of the reduction of Chinese travelers, but it has a limited impact globally.

Ewan Mitchell Barclays Bank PLC, Research Division - Research Analyst

Okay. If I may, one more on Absolut in the U.S. Is this in line with what you're expecting post the launch of Juice? Or are you expecting an upturn from here? Could you just give a bit more colour on how you're seeing that go?

Hélène de Tissot Pernod Ricard SA - Member of Executive Board and MD of Finance, IT & Operations

Yes. Thank you. So I mean there are 2 things important to remember as far as Absolut in the U.S. is concerned: first, the launch of the new campaign, Planet Earth's Favourite Vodka, that has been launched end of April last year, so only 6 months ago, but which is strongly activated in the U.S.; and as well as you mentioned, the launch of Absolut Juice, which this one happened in July, so it's even more recent.

So the distribution is expanding. I would say the early signs of the launch are quite positive, and we're obviously monitoring the development of that launch. Maybe just to give you some more details, the distribution gains we are having in Absolut Juice are faster than Lime in the same period post launch. And as you know, probably Absolut Lime was a good success in the U.S. So it's still early days, and we are carefully monitoring the development of that launch.

Operator

And our next question comes from the line of Marion Boucheron from MainFirst.

Marion Boucheron MainFirst Bank AG, Research Division - Research Analyst

Just 2 questions for me, please. The first is on the several phasings you've seen, there were some positives, some negatives. So what will be in your view the -- a good underlying growth assumption for Q1? I mean did you see major changes in sellout trends also in some key markets? And the second question is on...

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

Marion, I'm sorry to interrupt you. We didn't hear the beginning of the question. Would you mind repeating? The line was blurred. We couldn't hear you. Sorry about that.

Marion Boucheron MainFirst Bank AG, Research Division - Research Analyst

Yes, sure. Sorry. It's about -- I mean there have been several phasing impact in Q1 and some technical. So I was just trying to get a better understanding of the underlying trends you've seen in some markets, and notably, on Travel Retail, I think last year you were up 6%. So if we strip out some effects, I mean are the -- is it still similar what you're seeing this year? I guess some -- if there were some changes in sellout trends in some markets could be a good strategy.

And then the second question is on France. So there was obviously some help in Q1. Now what's the underlying -- is the minus 3% from Nielsen, you mentioned, a good read of the underlying trends? Well, I think Q4 last year was probably much worse due to the Egalim law. So just trying to see what we should expect for the upcoming quarters there.

Hélène de Tissot Pernod Ricard SA - Member of Executive Board and MD of Finance, IT & Operations

Okay. Thank you. So I mean in terms of underlying trends, I think we already cover the key markets, talking about China and India. And maybe just to remind as well that in the U.S., the -- our expectation for the full year is fully consistent with our midterm ambition which is mid-single-digit growth. So nothing I can add to that.

So if we talk about then the other geographies, it's fair to say that the Western Europe is now back to growth, and this is mainly due to Germany's strong growth. So it's difficult obviously to talk about underlying trend by only referring to one quarter because, as you rightly mentioned, there's many things that can happen in terms of phasing of technicalities. Germany is exiting commercial disputes, so that's part of the reason of the dynamism. But the underlying trends are good, especially on the brands that I mentioned before.

Moving to France, because that's your next question, but I think it's as well probably the right market to flag in terms of underlying trends, unfortunately being less favourable than this first sales -- first quarter sales performance. The market is still in decline, and we are obviously still facing the same difficulties in terms of environment, which is a deflationary environment, and as well some categories that we are very exposed that are in decline.

What you mentioned about Egalim law is obviously still very relevant because the law is enforced. So -- and as we enforce since February or March last year, so we're going to have the impact of Egalim law in the coming months. So I don't think we should expect short term any improvement in that market. What is obviously very relevant to mention is that we have an ambitious plan to be back to market share gain in France with a significant organization to put agility and more efficiency in France to recover in that market, which is obviously quite relevant for us. But it's a midterm plan. The teams are going to be focused in the implementation of that plan this year, and this return to growth is the midterm ambition.

Yes, I think you mentioned as well something on Travel Retail. So there was a high comp basis, double-digit growth last year in the quarter.

Operator

(Operator Instructions) And the next question comes from the line of Chris Pitcher from Redburn.

Chris Pitcher Redburn (Europe) Limited, Research Division - Partner of Beverages Research

A couple of questions. Firstly, on the wine value strategy, how long until that stops being a drag on sales? And can you give us some indication of how the value strategy is impacting profitability for wine?

Can you just give us a bit more colour on the U.S. shipment phasing? You've just spent 2 quarters reducing inventories and now there's been some advanced shipments. Can we just understand what's going on there?

And then finally, just on India. Some other companies are talking about a slowing environment in India, particularly in the rural region. Can you give us any indication whether you're seeing something similar and what your split would be, say, rural versus urban, if you have that figure?

Hélène de Tissot Pernod Ricard SA - Member of Executive Board and MD of Finance, IT & Operations

Thank you. So I'll start with the wine. And so the value strategy is impacting us as well in this quarter, as you rightly pointed out. This is mainly at Jacob's Creek in the U.K., so we don't exactly quantify how long this is going to last. But I mean it is a strategy, so we're going to keep implementing it.

What I think is very important to point is that we have as well other brand and brand market combination on which the dynamism is much stronger. For instance, talking about Jacob's Creek, this is a very dynamic brand in a key market such as China and India with a very strong double-digit growth, and this is as well a brand which is very dynamic in Eastern Europe. And we have as well strong growth relays in our wine portfolio such as Campo Viejo in the U.S. So I wouldn't like to reduce the conversation on wine on the situation of Jacob's Creek in the U.K. There's much more dynamism in some other geographies and with as well some other brands.

So then the U.S., and so you were talking about the phasing of the shipments. So maybe let me use that question to clarify that we did implement this optimization of wholesalers' inventory in the second half last year, mainly I would say in the last quarter, to be fair, so this has been done by June 2019.



Talking about the first quarter phasing, so the shipments are plus 6%, and we mentioned that the underlying trend is circa plus 4%, which is very consistent with what it was last fiscal year. So there's some difference in those numbers. They -- and some advanced shipments that have been done by wholesalers, let's say, anticipating the risk of U.S. tariff where, for which, as you know, there was lots of uncertainty in the list of products, the quantum as well of the year, tariff until the, I would say, probably the last minute. So that's one of the explanations.

The other one, which is the very usual one, is that obviously this is a quarter just before very festive season of October, November and December in the U.S. So shipments are as well accelerating to ensure that our products are at the right location in terms of point of sale and consumption for this very busy quarter in the U.S.

So talking about India in your last question. So it's fair to say that there is a softening of the macroeconomic environment. Probably as an illustration, as you know, the GDP of the second quarter was only plus 5%, which was quite low compared to what it used to be previously. So this is, let's say, softening. As obviously you know, India is a key market for us. We have a very strong ambition in India. Our midterm ambition is low double digit, and we believe this is the right as well underlying trend to expect for this fiscal year. So I would say no change at all in the fundamentals for us in India.

The softening of the environment for the first quarter has probably led to some, let's say, softer demand and some trading down. That's why we have some stronger performance of Imperial Blue compared to the other Seagram whiskies in this first quarter, but there is no change in the strategy and no change for us in terms of the ambition for the year.

Please remind as well that in the Q1, we had severe flooding, heavy rain and flooding in some key states in the eastern and western parts of India, especially Haryana and Maharashtra, which impacted our performance in this first quarter. And again, there was a very high comparable basis because last year was recycling the first quarter of the previous year with the highway ban and GST implementation.

Operator

And the next question comes from the line of Sanjeet Aujla, please, from Crédit Suisse.

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

Just going back to Global Travel Retail, I think you said Q1 last year was up double digit. Can you just give us a sense of what Global Travel Retail was up last year on a full year basis so we can get a sense of the phasing of the comparatives there?

And then my second question is on the U.S. Your underlying performance still seems to be around 4%, which is pretty in line with last year. Are you seeing any benefits yet from the stepped-up investments from your wholesalers following the inventory optimization across the portfolio?

Hélène de Tissot *Pernod Ricard SA - Member of Executive Board and MD of Finance, IT & Operations*

Okay. Thank you. So on Global Travel Retail, again, I would say, first, a quarter is a quarter; and second, Global Travel Retail can be very volatile. So that's, I would say, 2 very good reasons not to spend too much focus on what is the expectation from one quarter to the other. To answer your question, Global Travel Retail last year was growing by 6% for the full year and it was double digits in the first quarter.

So moving to the U.S. So this plus 4%, as you mentioned, is very consistent with our performance last year. It's broadly in line with the market. Obviously, we have strong ambition in the U.S. As I mentioned, midterm ambition is mid-single digit. This is our #1 market. We have significantly increased our investments 2 years ago to support that ambition, and we are obviously keeping a strong focus and investment in that key geography for us. So no change, obviously, in our ambition. This is, again, only a quarter. Everything which is put in place is there to give us the right outcome for the full year and the following years.

As far as the wholesale support are concerned, as you rightly mentioned, we did negotiate with them stronger activation in the context of the inventory optimization, and this is going to be happening in the full year. So there is, let's say, no need to focus on one quarter versus the other in terms of activation. What matters is a continued investment strategy and focus on our teams and our customers to deliver that ambition.

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

Got it. And just a quick technical one on tax. Since you last updated, I think there's been a reduction in the corporate tax rate in India. Are you able to give us some sensitivity on that to your business here?

Hélène de Tissot *Pernod Ricard SA - Member of Executive Board and MD of Finance, IT & Operations*

Well, we don't quantify this. And obviously, this is a sales call. But I think what I can say is that this recent tax reform obviously appears to be good news, and this should as well help the dynamism of the economy in that key market for us. So we'll probably be able to give you more flavor than that in our next communication.

Operator

And the next question comes from the line of Simon Hales from Citi. So we will pass to the next question that comes from Andrea Pistacchi from Deutsche Bank.

Andrea Pistacchi *Deutsche Bank AG, Research Division - Research Analyst*

Hélène and Julia, 3 questions, please. The first one, could you talk a bit about the stock levels in China, how you feel about these stock levels going into Chinese New Year and whether we should expect a bit of a replenishment of stocks as you go into new year? And in terms -- given the timing of the Chinese New Year, a bit earlier this year, whether this will have an impact, a positive impact on Q2?

The second question, on your guidance, you've confirmed 5% to 7% EBIT guidance organic. At the full year, you were saying that this guidance was factoring in some of the, obviously, risks in the environment. Now the biggest one of these risks was tariff risk presumably, which for now seems to have gone away. Now of course, this may change, but for now, it's gone away. Does this mean -- I don't quite know how to say that, does this mean that you are, if anything, even more confident about this guidance? I'm saying this in the context of consensus being close to 8%, still above your guidance range.

And then if I may, the final question is on the U.S. on Jameson, which you're saying is performing strongly. Can you just give an update on Jameson, in particular on those SKUs of Jameson, like Caskmates, which were underperforming but you were working on to improve?

Hélène de Tissot *Pernod Ricard SA - Member of Executive Board and MD of Finance, IT & Operations*

Yes. Thank you very much. So I'll start with your first question about China stock levels and Chinese New Year phasing. So maybe just to remind you that we are monitoring very closely the stock evolution. We have a very good visibility on a monthly basis. So we did have a very healthy trade inventory stock at the end of last fiscal year and then we are following that all along the year. Obviously, there is some increase just before some significant festive season, but obviously quite usual.

So talking about the phasing of Chinese New Year, it's going to be 25th of Jan. Last year, it was the 5th of February, so it's a bit earlier. So it could have some impact in terms of stronger Q2 for us. Having said that, the intake barriers can really change year-on-year on Chinese New Year, so I wouldn't elaborate too much on that. It's too early to give as well the trend of what could be the phasing of the replenishment of stock. And I would like to highlight that we have a high comp last year for the H1 even if Chinese New Year was a bit later than it's going to be this year. Plus, China was at plus 28% for the year, first half, so we're going to have a high comp there.

For the guidance, so I think as you rightly mentioned, the guidance that we are confirming today has been built and have focused in a context that we qualify as particularly uncertain and that we still qualify as particularly uncertain. Unfortunately, I just need to amend what you said, the tariffs have not gone away. They are implemented as of tomorrow. So the rate and the uncertainty around the rates have been clarified, let's say, but it has been as well. It is materialized and it's going to happen tomorrow, and obviously it's not good news. So I just wanted to clarify that.

So the guidance right now is confirmed as well because the environment remain particularly uncertain, as I mentioned. The U.S. risk was and is one of the factor. By the way, there is still uncertainty of this U.S. tariff impact for the full year because, as you might have seen, this what is called a carousel process, which means that there will be a review of the list subject to this 25% tariff in 120 days and then again in 180 days. So the risk is still there.



That was not the only one. The environment, as obviously you know, is as well especially, let's say, impacted by the trade war, and as you say, trade war that could escalate between U.S. and China but as well between the U.S. and the European Union. And there's as well other risks, Brexit but as well the global GDP forecast which is reducing, and this is usually ending up in impacting the consumption. So we are very early in the year and the environment is particularly uncertain, and this is why we are confirming the guidance.

Your last question was on Jameson. So Jameson, obviously, our star brand in the U.S. The dynamism was good. It's a strong growth for Jameson in the first quarter. Outlook for the brand is high single digit, low double-digit value growth. Original is in the high single-digit growth. And to be more specific about your question on Caskmates, it's performing better, but it's still cycling the IPA launch. And we should as well mention Black Barrel, there's a strong momentum on Black Barrel which is enjoying a double-digit growth.

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

Okay. Ladies and gentlemen, I think that brings our call to a close. Thank you very much, H  l  ne, and thank you very much, ladies and gentlemen, for your time. Have a good day.

H  l  ne de Tissot Pernod Ricard SA - Member of Executive Board and MD of Finance, IT & Operations

Thank you very much.

Operator

That does conclude our conference for today. Thank you for participating. You may all disconnect.

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