



Press release – 1 October 2019



RECONQUER!

*A project launched by the companies Ricard and Pernod
to return to growth in a French market undergoing major change*

Marseille/Paris - The Ricard and Pernod companies have today presented the “Reconquer!” project to their Employee Representative Bodies and their entire staff. This initiative is in line with the three-year strategic plan “Transform & Accelerate,” implemented by the Group across all its markets worldwide. It echoes the successful restructuring of key markets that has already been implemented in the United States, China and Global Travel Retail.

The goal of this project is to win back the French market and its consumers, in other words, to recreate conditions for value growth in an increasingly competitive market undergoing accelerated change. In two years, Group sales in France have declined €60 million – equivalent to the sales of a European affiliate. In addition to deflationary pressure and the recent impact of the Egalim Law, which are in part the cause of these results, the Ricard and Pernod companies must also address the emergence of a “new” type of consumer who is reinventing the meaning of *convivialité*.

The French model, based on two companies and two distribution networks, has become overly complex and lacks agility. This requires a structural response and therefore the total reshaping of the organisation of the two French distribution subsidiaries, Ricard and Pernod. This involves implementing a structure that will allow the Group to be the first to seize all growth opportunities across all distribution channels. It is within this context that the companies Ricard and Pernod have proposed to their Employee Representative Bodies the creation of a single company, **Pernod Ricard France**, with effect from 1 July 2020. The head office of this new entity would be located in Marseille, in the new Docks business district.

This combination is focused on one ambition –winning back moments of *convivialité* and getting back on track to grow in the French market.

The “Reconquer!” project is structured around three major pillars: consumers, customers and employees.

- 1) **Winning back consumers** thanks to a unified and optimised portfolio and a bold innovation plan
- 2) **Reinventing our business model** to better serve our customers thanks to a single network structured by distribution channel
- 3) **Bringing together our employees** within a single, more streamlined and more agile organisation

The proposed merger of the two companies would lead to approximately 280 roles being open to voluntary redundancy. These would involve the sales and marketing departments affected by the new business combination. This organisation would also create new career development opportunities for employees with the planned creation of around 90 new roles to support this new strategy.

The introduction of this structure would rely on a voluntary approach. A voluntary redundancy scheme including support measures, in line with best practices in our sector, would then be proposed to the employees concerned. The success of this project will therefore be the result of ongoing labour negotiations initiated as of today with the Ricard and Pernod trade unions.

Furthermore, as part of the Group's strategy of actively managing its brand portfolio, today the Group is also announcing the proposed disposal of the brand Café de Paris and the Cubzac production site to InVivo Wine, the wine division of the leading French agricultural cooperative. This project would be completed with a guarantee to safeguard the jobs of the site's 29 employees. The two parties are in talks to establish a sub-contracting agreement for the brands not sold to InVivo.

The "Reconquer!" project does not concern Pernod Ricard's other operations in France. It does offer the Group the opportunity to recreate conditions for sustainable and profitable growth in its historical market.

Today Philippe Coutin, Chairman of both Ricard and Pernod, told a gathering of all employees of both companies, *"This project will be the product of several months of teamwork. We are entering into a phase of collaboration with management and unions – we hope this phase will be as responsible and interactive as possible. Throughout our history, the companies Ricard and Pernod have managed to evolve and reinvent themselves to continue the entrepreneurial adventure embarked upon by our founders. We have always succeeded together and together we will rise to this challenge."*

About Pernod Ricard

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

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