

Q1 FY19 Sales

Press release - Paris, 18 October 2018

**VERY STRONG Q1 SALES, FAVOURED BY TECHNICAL IMPACTS  
GROWTH TO MODERATE IN FULL-YEAR FY19**

**ORGANIC SALES GROWTH: +10.4%  
(REPORTED GROWTH: +7.2%)**

**FY19 GUIDANCE<sup>1</sup> CONFIRMED:  
ORGANIC GROWTH IN PRO<sup>2</sup> BETWEEN +5% AND +7%**

**Sales for the first quarter of FY18 totalled € 2,387 million, with organic growth of +10.4%:**

- **modest growth in the Americas: +2%**
  - slower Q1 in USA, due to shipment phasing, although underlying trend remains broadly in line with market
  - strong performance of Travel Retail
- **very dynamic Asia-RoW: +23%, boosted by technical impacts**
  - strong growth across all categories in China, further enhanced by advance shipments
  - particularly good Q1 in India thanks to better market conditions and value strategy, reinforced by favourable basis of comparison
  - strong performance in Travel Retail Asia and Africa Middle East, but ongoing difficulties in Korea
- **mixed performance in Europe: +1%**
  - strong Sales in Eastern Europe
  - France and Spain in decline, with challenging markets.

**Reported growth was +7.2%** due to an unfavourable FX impact, mainly from Indian Rupee and Turkish Lira. **For full-year FY19, a slightly negative FX impact is expected<sup>3</sup>.**

Growth was driven by:

- **Strategic International Brands broad-based acceleration to +12%**, with improved growth from Martell and Scotch, continued strong performance from Jameson but Absolut in decline due to phasing in USA
- **Strategic Local Brands: +15%**, driven by the acceleration of Seagram's Indian Whiskies, Ararat and Passport and continued strong growth of Olmeca / Altos
- **Innovation delivering an incremental +2%** to overall Group Sales
- positive impact of **price/mix: +2.9%**.

H1 will benefit from the earlier Chinese New Year<sup>4</sup>. **Growth will then moderate in full-year FY19**, in particular due to Martell coming back in line with its medium-term high-single-digit volume growth target.

The Group will **continue to implement its strategic roadmap**, in particular focusing on digital, innovation and operational excellence. As part of its **active portfolio management**, the Group may

<sup>1</sup> Guidance communicated 29 August 2018

<sup>2</sup> PRO = Profit from Recurring Operations

<sup>3</sup> Based on average FX rates projected at 12 October 2018, particularly a EUR/USD rate of 1.16

<sup>4</sup> 5 February 2019 vs. 16 February 2018

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in the short or medium-term, make value-enhancing bolt-on acquisitions, as well as dispose of non-strategic brands.

As part of this communication, **Alexandre Ricard**, Chairman and Chief Executive Officer, stated,

*"We have had a particularly good start to the year, as expected. In an uncertain geopolitical and monetary environment, we confirm our FY19 guidance of organic growth in Profit from Recurring Operations of between +5% and +7%."*

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*All growth data specified in this press release refers to organic growth (at constant FX and Group structure), unless otherwise stated. Data may be subject to rounding.*

*A detailed presentation of Sales for the first quarter of FY19 can be downloaded from our website: [www.pernod-ricard.com](http://www.pernod-ricard.com)*

### **Definitions and reconciliation of non-IFRS measures to IFRS measures**

*Pernod Ricard's management process is based on the following non-IFRS measures which are chosen for planning and reporting. The Group's management believes these measures provide valuable additional information for users of the financial statements in understanding the Group's performance. These non-IFRS measures should be considered as complementary to the comparable IFRS measures and reported movements therein.*

#### Organic growth

*Organic growth is calculated after excluding the impacts of exchange rate movements and acquisitions and disposals.*

*Exchange rates impact is calculated by translating the current year results at the prior year's exchange rates.*

*For acquisitions in the current year, the post-acquisition results are excluded from the organic movement calculations. For acquisitions in the prior year, post-acquisition results are included in the prior year but are included in the organic movement calculation from the anniversary of the acquisition date in the current year.*

*Where a business, brand, brand distribution right or agency agreement was disposed of, or terminated, in the prior year, the Group, in the organic movement calculations, excludes the results for that business from the prior year. For disposals or terminations in the current year, the Group excludes the results for that business from the prior year from the date of the disposal or termination.*

*This measure enables to focus on the performance of the business which is common to both years and which represents those measures that local managers are most directly able to influence.*

#### Profit from recurring operations

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

### **About Pernod Ricard**

*Pernod Ricard is the world's n°2 in wines and spirits with consolidated Sales of €8,987m in FY18. Created in 1975 by the merger of Ricard and Pernod, the Group has undergone sustained development, based on both organic growth and acquisitions: Seagram (2001), Allied Domecq (2005) and Vin&Sprit (2008). Pernod Ricard holds one of the most prestigious brand portfolios in the sector: 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 employs a workforce of approximately 18,900 people and operates through a decentralised organisation, with 6 "Brand Companies" and 86 "Market Companies" established in each key market. Pernod Ricard is strongly committed to a sustainable development policy and encourages responsible consumption. Pernod Ricard's strategy and ambition are based on 3 key values that guide its expansion: entrepreneurial spirit, mutual trust and a strong sense of ethics.*

*Pernod Ricard is listed on Euronext (Ticker: RI; ISIN code: FR0000120693) and is part of the CAC 40 index.*

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## APPENDICES

### Q1 FY19 Sales by Region

Net Sales (€ millions)	Q1 FY18		Q1 FY19		Change		Organic Growth		Group Structure		Forex impact	
	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%
Americas	639	28.7%	636	26.6%	(3)	0%	15	2%	(3)	0%	(15)	-2%
Asia / Rest of World	916	41.1%	1,084	45.4%	169	18%	208	23%	(0)	0%	(39)	-4%
Europe	671	30.2%	667	27.9%	(4)	-1%	7	1%	(4)	-1%	(8)	-1%
World	2,226	100.0%	2,387	100.0%	161	7%	230	10%	(7)	0%	(62)	-3%

**Notes:**

FY18 has been adjusted to reflect the IFRS15 update as per press release 25<sup>th</sup> September 2018 "Application of IFRS 15 norm"

Bulk Spirits are allocated by Region according to the Regions' weight in the Group

### Foreign exchange impact on Q1 FY19 Sales

Forex impact Q1 FY19 (€ millions)		Average rates evolution			On Net Sales
		Q1 FY18	Q1 FY19	%	
US dollar	USD	1.17	1.16	-1.0%	6
Pound sterling	GBP	0.90	0.89	-0.6%	1
Chinese yuan	CNY	7.83	7.92	1.1%	(3)
Indian rupee	INR	75.51	81.65	8.1%	(22)
Turkish Lira	TRL	4.13	6.60	60.0%	(10)
Other					(33)
Total					(62)

### Upcoming communications

DATE <sup>1</sup>	EVENT
Wednesday 21 November 2018	Annual General Meeting
Thursday 13 December 2018	North America conference call
Thursday 7 February 2019	H1 FY19 Sales & Results
Tuesday 19 March 2019	EMEA & LATAM conference call
Thursday 18 April 2019	Q3 FY19 Sales

<sup>1</sup> The above dates are indicative and are liable to change