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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by, and welcome to the FY '21 Q1 sales conference call. (Operator Instructions) I must advise you that this conference is being recorded today, Thursday, 22nd of October 2020.

I would now like to hand the conference over to first speaker today, Ms. Julia Massies. Thank you, and please go ahead.

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

Good morning, ladies and gentlemen, and thank you for joining our Q1 fiscal '21 sales presentation.

With us is this morning Helene de Tissot, our EVP for Finance, Production and IT. And without further ado, let me hand over to Helene.

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

Good morning to all. So let's start with our presentation on the Q1 net sales performance. So we are delivering an encouraging Q1 for this fiscal year '21. We see a minus 6% from an organic point of view, minus 10% from a reported point of view, in marked improvement versus Q4 of fiscal year '20. And this is due to the partial on-trade reopening and the continued resilience of the off-trade.

So if we look now at our markets, the off-trade remains very resilient in the U.S. and Europe. Our markets are benefiting from the partial on-trade reopening, though this channel is still disrupted. This is a good start in the U.S. and China with strong shipments ahead of festive season.

India is in double digit decline, but improving versus last year. Good resilience in Europe, thanks to the off-trade resilience and the staycation that happened over the summer. The continued strong dynamism in the market like the U.K. and Germany, we are near stable in France, but declining in Spain, which is a market very much exposed to the on-trade and Russia.

Travel Retail is still in very significant declines, in spite of some domestic travel resuming.

Moving now to the Brands. So our Strategic International Brands are in decline by 10%, with significant declines for Martell, Chivas and Ballantine, due mostly to Travel Retail, but continued strong growth of Malibu and The Glenlivet and resilience of Jameson.

Strategic Local Brands are in decline minus 6% with decline of Seagram's Indian whiskies, but double-digit growth of brands like Kahlua, Passport, Ramazzotti and Wiser's.

Specialty Brands are in strong growth, plus 30%, thanks in particular to Lillet, Malfy, Aberlour, our tequila brands, Avion, Altos and our Gin Monkey 47.

Strategic wines are in growth as well, plus 9%, driven by double-digit growth of Campo Viejo and Brancott Estate and Jacob's Creek, which is growing by 8%.

If we move now to our 4 whiskey markets, starting with the U.S. The U.S.A. is growing by 6%. We qualified the market robust, thanks to strong off-trade resilience and on-trade reopening. Q1 sales have benefited from good shipments ahead of festive season but some adverse channel and category mix.

Jameson is in good growth and driven by Original and continued development of Cold Brew and Black Barrel. And as well continued strong dynamism of growth relays like The Glenlivet, tequilas Altos and Avion and American whiskey portfolio and a very dynamic growth of tried and trusted Bastion brands like Malibu and Kahlua.

Global Travel Retail is down minus 64%, decline obviously, largely due to the passenger traffic, which is still significantly down versus pre-COVID-19 levels. Very limited sell-out trend improvement versus our last quarter fiscal year '20.

There is some positive impact of the opening of the Hainan Island in China to spirits duty free sales that happened first of July.

China -- returning to growth, plus 4%, so good growth supported by the on-trade recovery and sell-in ahead of Mid-Autumn festival that happened the first week of October.

Martell sell-in are stable but depletions in double-digit growth, and I'm referring to the July and August wholesaler depletion. Chivas Regal is back to high-single digit depletion growth. And our growth relays Absolut and The Glenlivet are continuing as well to develop very strongly.

India, minus 13%, which is improving versus Q4 fiscal year '20, but the market is still largely impacted by COVID-19, and that's why the demand is still in double-digit decline.

Sell-in ahead of sell-out in key states in order to avoid some disruption in some of supply chain before festive season, mainly Diwali in November.

Our Strategic International Brands are very resilient, with -- in particular, double-digit growth of Jameson and Ballantine's.

So I move now to the other key markets in Europe. So Europe is posting a performance of minus 5%. France is at minus 2%, which is showing improving trends versus last quarter of fiscal year '20, thanks to the on-trade reopening. And we had a high basis of comparison last year where Q1 was growing by 3%.

Spain is down minus 26%, and this is due to the significant on-trade exposure in that market in the context of, this summer, night outlets closed and as well, strict restriction happening for bars and restaurants, with lower tourism in July and August.

U.K. posted a strong growth of plus 22% with broad-based acceleration with an off-trade dynamic and more than offsetting the decline of on-trade. And we have a lot of positive pricing, thanks to the increases that happened in Q4 fiscal year '20.

Germany, double-digit growth as well of 12%, with strong growth driven by brands like Lillet and Ramazzotti, with very strong price/mix on Strategic brands.

Russia is delivering a double-digit decline in this first quarter due to lower on-trade demand and as well high basis of comparison. Russia was growing by 13% last year at the same time.

Poland is in double-digit growth due to the strong development of Jameson and Ballantine's Finest.

Moving now to Americas, which is growing by 5%, including U.S.A., strong growth in Canada with some advanced shipments that were primarily driven by Jacob's Creek, The Glenlivet and Absolut.

Brazil is in gradual rebound, but this is enhanced by favorable phasing.

Mexico is growing, driven by Strategic International Brands and Passport, with a low basis comparison.

Asia, rest of the world, including China and India, in decline by 12%, with Japan declining due to a limited footfall in the on-trade during the first quarter and better resilient price/mix.

Korea is growing by the 13%, driven by Strategic International Brands and positive pricing based on positive phasing in those figures.

Southeast Asia, most countries are still impacted by the pandemic and trade disruptions.

Africa Middle East is in decline, primarily driven by South Africa minus 42%, with still very strict rules throughout Q1 and even a new ban that happened in the summer, despite continued strong performance in Turkey, plus 49%.

Moving now to our conclusion and outlook. So Q1 of this fiscal year is in decline but in marked improvements versus Q4, as expected. Thanks to brand resilience in the off-trade and partial reopening of the on-trade.

For the full year '21, Pernod Ricard expects continued uncertainty and volatility, in particular relating to sanitary conditions and their impact on social gatherings and travel.

We expect a lot of challenging economic conditions. The off-trade will remain resilient in the U.S. and Europe, but prolonged downturn in Travel Retail and on-trade disruption throughout fiscal year '21.

We expect return to growth in China and gradual improvement in India. Q2 to still be strongly impacted by COVID-19, but sales to return to growth in the second half of the fiscal year '21.

We're going to continue implementing our clear strategy with the acceleration of the digital transformation. We will as well continue to have a very strict cost discipline with the agility to reinvest to adjust to evolving market opportunities.

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

Thank you very much, Helene. We will now take your questions. Operator, please can you open the line for questions?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) All right, our first question comes from the line of Edward Mundy from Jefferies.

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

I've got 3, please. I think in the first quarter, there was some shipment phasing impact after the sharp decline in Q4. I was wondering whether you're able to indicate what you think your depletions were in the first quarter.

Second question is on your guidance, you expect Q2 to still be strongly impacted by COVID-19 which implies that Q1 was also strongly impacted. I mean is the read that Q2 will not be worse than Q1 at this stage?

And then the third question is around Travel Retail. We've had now a couple of quarters to look at the weakness. Do you get a sense that, that consumption occasion from Travel Retail has shifted into other channels such as the traditional off-trade?

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

Ed, sorry, just on your first question, please, the sound was cut a little bit. You were asking about shipment phasing. What geography were you referring to, please?

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

Yes, just the -- there's some shipment phasing impact after the very sharp decline in the last quarter. Do you have a sense as to what your depletions were in the first quarter?

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

This is the global question?

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

Yes, global question. Yes.

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

Okay. So let me start with this one. So I think, as you said, we have a encouraging Q1, which is largely due to the fact that the off-trade is still evolving very well, despite the on-trade is opening in key geographies like the U.S. and Europe. And when it comes to, let's say, phasing or significant difference between the shipments and depletion to -- I mean to simplify the answer I would say there is nothing very specific to highlight.

We have some slightly, let's say, higher shipments that we mentioned earlier like in India, but it's only a question of few days to support, let's say, great logistics and supply chain for the weeks to come in the festive season. So the figures for India probably a bit better let's say underlying demand, I would say.

So the other geographies, is nothing significant to report. Please let me know if I'm answering your question because the sound is really not great.

Moving to the -- your second question in terms of the guidance and Q2 versus Q1. Well, it's fair to say that Q1 has been encouraging with a significant improvement versus Q4, which was expected.

Moving now to Q2, we believe that we cannot assume at that stage that Q2 is gonna in turn improve versus Q1 for the following reasons. So first, quite obviously, there is some more restrictions coming on a daily basis in Europe and -- with respect to the second wave of COVID, which is disrupting on-trade and social gatherings, probably even more than in Q1.

We had some positive staycation effect in Q1 that we do not expect will happen in Q2.

GTR is not improving, and we don't believe it will in the coming weeks and months. India is still in a slow recovery mode. And as I just mentioned, the Q1 figures is probably a bit stronger than the underlying demand. We have as well some phasing in Q2 compared to last year with Chinese New Year phasing, which is 3 weeks later this year than last year, meaning it's going to be mid Feb vs end of Jan last year, which should impact Q2 and there is still a lot of uncertainty around Q2 and what would be the outcome of Mid-Autumn festival in China and obviously as well OND season in the Western world.

So that's why we believe that we cannot assume that Q2 will in turn improve versus Q1.

Then your last question on Travel Retail and shift to domestic. So that's fair to say that this is happening. It's probably quite difficult to quantify. But yes, this is happening in many geographies but -- so we cannot quantify that.

Operator

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

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

Morning Helene and Julia, a couple of questions from me, please. Firstly, on the U.S., the plus 6% figure you reported, is that in line with your sell-out trends? And where do you think the market is growing right now in terms of sell-out in the U.S.?

And then just a follow-up on China. Can you just talk a little bit about what you're hearing anecdotally of a Mid-Autumn Festival and within your sort of Q2 Martell depletions, how the on and off-trade is performing, please?

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

Okay. So starting with the question on the U.S., so -- well, first, maybe let me answer the question on the market. So -- well, it's obviously -- still, it's too early to say what would be the more, let's say, normalized long-term trend, knowing that we have only a few weeks behind us of the fiscal year '21. Market trends looks better than in Q4, and this is driven primarily by the recovery of the on-trade and the off-trade holding well despite the reopening of the on-trade.

It would appear that the market is growing faster than its long-term trend, which was just up as 4%, let's say, before COVID.

We see as well the consumer trends that we were referring to for fiscal year '20 being still very clear and consistent, meaning the strong alcohol consumption, the continued success of tried and trusted brands as well the e-commerce trends, still a strong premiumization as well.

So all those things are quite consistent with the end of fiscal year '20 and spirits are still the most dynamic category in beverage. So that's what I can say on the market dynamics.

Moving now to our sell-out performance. So it is -- our sell-out are back to growth, and this is thanks to the on-trade improvement and to the strong resilience of the on-trade. We believe we can assume sell-in are broadly in line with the sell-out, meaning mid-single digits. But it remains just 2 months of data for our sell-out and OND is just ahead of us, which will obviously give much better indication in the coming weeks.

If I move now to your question on the China, so for Mid-Autumn Festival, too early, I'm afraid. We're going to have depletion results in November.

So I cannot give you a true view of what's happening for MAF, but our insights are strong.

And for the, let's say, performance of the trade, it's broadly reopened, both the off-trade and on-trade. For the on-trade, we believe that 10% are probably not coming back into business.

But the footfall in the on-trade is still improving vs this summer and probably not at pre-COVID levels, but we see as well some higher level of spending per head, larger basket size, so -- which means that it's probably, let's say, normalized because of that trend.

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

Got it. And sorry, I didn't quite hear your conclusion on the U.S., but was that sell-in is consistent with sell-out at mid-single digit? Did I hear that correctly?

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

Yes, broadly in line with the sell-in, which means that probably mid-single digits for the sell-out. But I was making a remark saying, well, it's only -- we only have 2 months of data. Can you hear me well?

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

Yes, yes, yes, I can hear you better. Yes.

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

Okay, so we only have 2 months of data. So it's a bit too early to say. And obviously, we are just ahead of OND, which will give us a much better indication of where we stand.

Operator

And your next question comes from the line of Laurence Whyatt from Barclays.

Laurence Bruce Whyatt ***Barclays Bank PLC, Research Division - Analyst***

Just following up maybe on Sanjeet's questions about China. It sounds like that depletion level is -- you said it was in double digits, yet your sell-in was only about 4%. Could you give us an idea of your stock levels in China? Do you think that the stock levels are now going down because we understand that at the end of your full year 2020 your stock levels were back to normal levels?

Are you now -- do you think your stock levels now are a bit lower than they would normally be?

Secondly, on Travel Retail, how -- what's the impact of Hainan Island? It's still very early for that channel to be open. Is it a very small part or is there bit more material, it's why your Travel Retail numbers are slightly better than perhaps people expected?

And then finally, in the U.S., you've mentioned resilience in the off-trade as the on-trade returns. Would you expect that trend to continue if people continue to work from home in the sort of brave new world that we are starting to see? Or do you expect that to sort of die down as people return to the on-trade?

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

So starting with China. The question was on stock level. Well, I would say, anyway, we believe we have a broadly normative level of stock everywhere even during the period of the year. So for China, we don't have the depletion for the month of September. So too early to give you the most updated view, including what would be MAF performance, as I just mentioned.

But we believe we have a normative level of stock for the end of the year. As you mentioned, we had a healthy level at the end of June. So we'll be able to comment more when we have the MAF figures. But likely to be healthy. As I mentioned, the -- we have some early insights on MAF, which are strong.

Then on Travel Retail, your question, Hainan, is a very good question. Our performance, as you saw, was minus 64% for Q1 in net sales, which is probably a bit better than the volume performance. And by the way, when you look at the passenger traffic figures, it's more minus 80%, which is quite consistent with our volume performance for the quarter. So our net sales performance is a bit better than our volumes performance, thanks to mix, which is positive, and this is linked to the performance of 2 brands, Martell and Royal Salute that are more resilient than the rest of the portfolio.

And for Martell, this is linked to the beginning of some shipments to Hainan, which, as you mentioned, is an opportunity. This offshore duty free has enabled retail to benefit from this duty-free system since 1st of July. So this is an opportunity that we will obviously capture in the coming weeks and which has already some positive impact on our Q1 figures.

U.S. this is a question about the long-term trend. Obviously, it's a bit early to give you any definitive view of what would be consumer trends and, let's say, shift from the on-trade to the off-trade. Well, what you can -- what we can say is that so far, we believe that the on-trade will be back. Obviously, it's going to take a bit more time with everything happening around the pandemic evolution.

And as I briefly mentioned before, we can see in this Q1 in the U.S., some -- quite similar consumer trends than let's say, between March and June, meaning there's a very strong alcohol consumption with a small group at home that are probably replacing big gatherings and moment of consumption around, let's say, relaxing.

There were also some virtual occasions but this is probably fading a bit when consumers have other choices. There is a search for quality, for availability of the brand and reliability and convenience, and we believe we have a strong portfolio to meet this consumer demand.

Laurence Bruce Whyatt ***Barclays Bank PLC, Research Division - Analyst***

Just one follow-up on the Travel Retail. If you were shipping into Hainan island at the moment, can we assume that, that 64% in Travel Retail is then ahead of the depletions you're seeing?

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

There is some phasing in the shipments, I would say that the 64% is probably more supported by the positive mix I was referring to, meaning the resilience of Martell and Royal Salute.

Operator

Your next question comes from the line of Simon Hales from Citi.

Simon Lynsay Hales ***Citigroup Inc., Research Division - MD***

Just a couple for me. Helene, can you just sort of just clarify again some of your comments around the shipments versus depletion trends? Because you called out in the presentation a number of sort of shipment build that we've seen in the U.S., I think Canada, a bit of in China ahead of Mid-Autumn festival, also in India ahead of some potential disruption there ahead of festive season.

Just to clarify, I may have missed it because the line was a little bit bad at the beginning, are you saying that actually the headline organic sales delivery that you've reported in the Q1 of just under minus 6%, that is a real representation of the true underlying depletion trends that you've seen on a global basis? I'm just trying to square the circle there.

Secondly, I wonder if you could also just talk a little bit about just the performance in France. That was particularly impressive given the comparative that you saw, and you mentioned the on-premise was reopening. Is there anything else specifically going on there at the brand level that sort of reinforced that good Q1 performance?

And then finally, I wonder if you could give any particular comments on the development of your online and e-commerce business in the quarter would be interesting, please.

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

Okay. Thank you, I will start with your first question. It is true we pointed some markets for which we see some phasing, and that's very true for Canada. For instance, we mentioned that also for Brazil. But I would say, to answer your question, in terms of global trend, it's true that the Q1 performance is probably a good reflection of the depletion performance.

But we mentioned as well for U.S. and China, the shipments ahead of festive season, is I would say something which is quite normal at this time of the year. Obviously, there is sometimes some phasing in China with Mid-Autumn Festival but having as well strong shipments ahead of OND in the U.S. is something that makes total sense and that has been happening for many years now.

So no significant gap between our shipments and depletion at group level. I hope this is answering your question.

Simon Lynsay Hales ***Citigroup Inc., Research Division - MD***

Yes, that's great.

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

Okay. Thank you. So moving to France. I think it's true that the quarter has been probably quite good versus Q4, and this is as well due to the reopening of the on-trade during summer and the off-trade, which is quite good. And then obviously, moving to Q2, as you know, we are under curfew since the last Saturday. This is obviously in some key cities. This could be extended tonight, there is obviously some impact on the on-trade. So let's see. This improving trend, again, is probably due to staycation impact in France, with French people, most of them staying in France driving some good consumption during summer.

For the online, I would say, quite similar to the trend we described for the full year '20. This is accelerating in Q1 as well.

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

Operator, can we turn to our next caller, please.

Operator

(Operator Instructions) The next question comes from the line Olivier Nicolai from Goldman Sachs.

Jean-Olivier Nicolai ***Goldman Sachs Group, Inc., Research Division - Equity Analyst***

I got 3 questions, please. First, on the U.S., the Malibu brand has been doing very well now for a number of quarters. Could you please provide some details on the initiatives you've done? And how to managed to outperform the rum category? And if you think that, that growth for the Malibu brand is sustainable?

Second question is, again, a little bit on the US. But just to follow-up on the restocking effect that you've seen in many markets in Q1, and you mentioned the U.S. as being one. Now do you interpret this as a sign of confidence from wholesalers for the coming festive season? Or do you think it's just motivated by perhaps other factors, like potential price increase, or tariff, or anything like this?

And just lastly, could you help us a little bit navigating numbers in India because it's been very volatile. Q4 was down significantly, Q1 down 13% on your sales. Now are you kind of able to give us an idea of what has been the exit rate in term of depletion during this Q1? And how you think it will evolve over the next year? And if you think that India could go back once the restrictions are lifted to -- back to midterm trend of double-digit growth?

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

Okay. Thank you. So maybe I'll start with the U.S. So you were asking question on Malibu. So it's true that this is a brand which is a Bastion, which is performing very strongly, as you mentioned. And this has probably -- has been amplified by -- since COVID, I would say. Well, the reason for this strong success is, I believe, a very consistent way of activating the brand, simple and consistent way for many months.

This summer activation has been very successful but -- during that summer as well. And it's a well known brand, which is strongly exposed to the off-trade and that's probably the reason why we've been so successful. And I would say it's obviously a very strong achievement to be delivered by a bastion brand, very happy with the success of Malibu in the U.S.

Your second question in terms of restocking in the U.S. and what I would say, our view is that the level of stock in the U.S. is normal given at the time of the year. And we assume for the full year, as we mentioned, doing our clear communication, sell-in equal sell-out in the U.S.

India, your question on exit rate, I would say, as I mentioned before, I mean this minus 13% net sales performance in India, it's probably a bit stronger than the underlying demand. We believe that in the off-trade, which is quite fully open, depletions are at c. 80% of pre-COVID level, that's where we are at the end of Q1, on-trade was closed and is reopening -- has been reopening very recently in some regions like in Delhi, but this is really based on a regional decision.

So moving forward, we believe that the situation will improve. But right now, it's not back to normal. Our production is not back to 100% either, but it's quite aligned with the demand trend I was referring to. And we believe we should come back to 100% production capacity progressively and be fully operational at the end of H2.

Operator

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

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

Two questions from my side, please, Helene. The first one is you referenced strict cost discipline in the presentation. And as you're now starting to think about perhaps putting some money back into the business, do you think you've identified permanent cost savings? Or was it largely things -- discretionary spend that you stopped but will come back?

And the second question, again, the year-end conference call a few months ago, you talked about the aspiration of getting A&P as a percentage of sales back to where it used to be. Given A&P was significantly reduced in H2 of last financial year, do you think that will largely recover in H2 of this financial year?

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

Okay. Thank you very much. So I'll start with your first question on the cost discipline. So we are obviously still implementing a very strict discipline everywhere in the group with the same guidelines that were put in place quite quickly at the end of Q3 last year, meaning travel ban, recruitment freeze, salary freeze and very strict discipline in terms of spending, I would say.

So what we want to do is, obviously, to keep this strict cost discipline but as well have the agility to really adjust our resources and my comments in valid for both structure costs and A&P - I'll come back to your question on A&P in a minute - to really adapt to the evolution of the situation depending on the market. But we strongly believe that this year is going to be a mix of a very contrasted situation, depending on the market. It's already true in the first quarter with U.S. and China in growth. And we want to have that agility to really adapt our resource allocation, depending on the situation in every market, I would say.

So that's what you should expect for the year.

Moving to the A&P question. So obviously there were some very strong control and cut of the A&P in Q4 last year to adapt to the environment, meaning this, let's say, almost global confinement in many geographies, where obviously in that context the need to activate our brands was not there anymore.

We are now moving to what we call purposed-based investments, meaning that we have a very systematic prioritization of the investment behind our top priorities because we really want as well to have that agility to strongly invest behind top priorities, but being able, obviously, to keep a very strict control of our A&P, depending on the situation of the market.

So that means that there will be this, again, specific approach, depending on the market dynamics. But we believe it's fair to assume A&P to Net Sales ratio around 16%, which is very close to what we used to spend pre-COVID, but with this purpose-based approach and agility.

Operator

Our next question comes from the line of Richard Withagen from Kepler.

Richard Withagen ***Kepler Cheuvreux, Research Division - Research Analyst***

First of all, on Jameson in the U.S., I mean that has traditionally been very much an on-trade brand. Can you talk a bit about how you have activated that brand in the off-trade?

And then the next question I have is on digital, again. Have you seen a slowdown in e-commerce growth as markets opened up again after the lockdowns?

And on the investments in digital, in which regions will you invest the most behind e-commerce?

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

Okay. Thank you. So maybe I'll start with your first question on Jameson. So it's true that this brand is probably more exposed to the on-trade than, let's say, the split of the market between on and off in the US and that is one of the most on-trade brand for us as well. And when you look at the recent trends of Jameson, this is strongly performing in the off-trade.

And when you look at the latest Nielsen figures, Jameson is growing very strongly. The Irish whisky category is growing well since March, and it's going in line with the spirits market and Jameson is growing in line with the category. So when I look at the figures since March, it's plus 30% in Nielsen and plus 16% in the 52 weeks. So a strong performance, I would say.

In terms of activation, I mean we've been quite agile to react to the confinement. For instance, we have some digital activation as soon as mid-March around the St. Patrick, which was the beginning of the confinement in the U.S. to bring St. Patrick at home. If I remember well, the activation for Jameson, so -- which is really showing that agility. We want to have to adapt to what's happening and to be able to be very much consumer-centric.

So Jameson has been performing well in this context of very strong resilience of the off-trade in the U.S.

Your second question in terms of e-commerce, well, I would say as I mentioned briefly earlier today, very consistent trends in e-commerce compared to last year. This is quite strong and accelerating. No change in the beginning of the fiscal year '21. And then in term of market, the situation is quite different depending on the market for the e-commerce. As you know, this is a strong channel in China. And this -- we believe this is a key channel to increase our penetration in China, which is our key strategic priority. And this is obviously a channel that we are leveraging to capture our -- the opportunity behind the channel in that country.

And the situation can be very different from one brand to the other brand. It's probably already double-digit weight in terms of sales for brands like Absolut, more single-digit for Martell.

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

We'll take our final 2 callers, please.

Operator

We do have still 2 more questions left. Your next question comes from the line of Chris Pitcher from Redburn.

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

I apologize if I missed the comment earlier because it was a bit of a crackly line. But could you talk a bit about Martell in the U.S.? We're hearing very strong growth for cognac from most other providers. But unless I've missed it, I don't think you've mentioned Martell in the United States.

And then also in the U.S., are you able to give us a scale for how much Cold Brew is up to now in terms of Jameson, whether you've been able to fully activate that as much as you'd hoped?

And then secondly, could we just have a bit of an update on potential regulatory barriers in India to a recovery? Where we are in terms of state taxes, dry laws and so forth? Just to understand that over the next year if possible.

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

Thank you. So maybe I'll start with your last question on India. And obviously, it's a very difficult exercise to predict what can happen from a regulatory point of view. Well, I would say that, as you know, we've been facing quite some strong taxes at the end of fiscal year '20 called Corona taxes leading to significant price upgrade.

The regulation, I mean, keeps moving, and there are still some places where we face those taxes. But the rate is going down, but it's still very high in some states like for instance, Andhra Pradesh. I would say, in average, we are probably still facing corona taxes that are, I would say, around 15% to 20% in terms of rate. This is variable by state, as I mentioned. And it's better at the end of June, where we are probably talking about average taxes between 25% to 30%.

Then back to your question on the U.S. So Martell, in terms of category, you're very right by saying that the cognac category is in a strong dynamism. We are quite small in the U.S. So we have a very small basis. That's why I didn't comment on the performance of Martell in the US due to the size of the brand in the market.

For Cold Brew, and it is one of our fiscal year '20 innovation, it so that the timing of the launch was obviously impacted by COVID. So we believe this is a great product that we're going to obviously strongly support in the month to come. It's still quite small, but it's a very recent launch.

Operator

And your last question comes from the line of Pinar Ergun from Morgan Stanley.

Pinar Ergun ***Morgan Stanley, Research Division - Equity Analyst***

I have 2 questions, please. Firstly, could you please give us an update on your market share trends in your must win markets? And second question, you highlighted challenging economic conditions. Do you anticipate any down-trading in any of your key countries going forward?

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

Thank you. So I answer your first question. I mean, in terms of market share, I would say that we've been commenting thus far full year performance less than 2 months ago. And I think that's a much more, let's say, value data to refer to in terms of market share gain and stabilization for our top markets. So it would be too -- I mean it's too early to make any comments on where we stand. But as I said, the performance was quite strong last year, and there's no reason to believe that there is any significant change.

For your second question in term of down-trading, it's true that in the current economic environment, that it's a fair question. I would say, when I look at our performance right now and the trend in our key markets, we don't see any down-trading so far, probably on the contrary, I would say.

When you look at U.S. as you know, this was a quite strong trend in the off-trade of this, let's say, strong premiumization that happened quite fast after the first, I would say, days of impact of COVID-19. And when you look at the most recent NIELSEN, it's still very true. I have the -- I am referring to the figures and you look at -- I mean the performance of standard +10%, premium +22%, super premium +40%, ultra premium +54% and prestige and above +70% so definitely, it's strong premiumization there. And in other markets, for instance like India, in this first quarter, we had strong performance of our brands like Royal Stag and Blender's Pride compared to Imperial Blue, which is as well a strong performance in terms of more premium brands, I would say, in a tough context.

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

Thank you very much, Helene. I think this brings our call to a close. So thank you very much, ladies and gentlemen, and have a good day.

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

Thank you all. Talk to you soon. Bye-bye.

Operator

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

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