

SERIOUSLY CONVIVIAL

Integrated Annual Report
FY19

Build passion. Accelerate growth. Transform convivialité.



Pernod Ricard

Créateurs de convivialité



RAW, AUTHENTIC, SPONTANEOUS. A strong aesthetic sensibility imbued with memories of his time living in the Amazon rainforest guided photographer Stéphane Lavoué in his nine double portraits of Pernod Ricard employees for our tenth artistic campaign.

Carte Blanche to



Stéphane Lavoué

“I felt the need to create a personal universe. This Carte Blanche, which took me on a journey around the world, gave me the unique opportunity to transform a series of portraits into a personal photographic story. I admit that I was totally swept up by the magic of the encounters between people, generating a power that comes from the meeting of worlds that were often diametrically opposed. Everything separates them, and yet something special emerged in these encounters.”



This year, Pernod Ricard gave Carte Blanche to the French photographer Stéphane Lavoué.

 VISIT OUR WEBSITE TO FIND OUT MORE

To discover more content, scan the QR codes found throughout this Report.
The information can be accessed by pointing your smartphone camera directly at the QR code.

SERIOUSLY CONVIVIAL

Build passion. Accelerate growth. Transform convivialité.



Building today the
Pernod Ricard of the
future. Making *convivialité*
the springboard of our
transformation to be more
efficient, faster and agile.



Pernod Ricard

Créateurs de convivialité

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A voyage in convivialité



As 'convivialité' is a profoundly universal and inclusive value, nine of our employees travelled to nine different countries to meet nine iconic figures who embody the local communities and their cultures.



Our purpose

To create the conditions for sustainable growth that respect our environment and our communities and are collectively profitable for all our stakeholders.

Building for the Long Term was the title of the book written in 2005 by my uncle Patrick Ricard on the 30th anniversary of our Group's creation. A visionary declaration or a subject already relevant 15 years ago, I followed in his footsteps by writing the following message to our employees on 18 December 2018: "Our core purpose is to work together to create the conditions for sustainable growth – growth that respects our environment and our communities and is collectively profitable for all our stakeholders: employees, shareholders, customers, consumers and citizens."

So how gratifying it was to see this ethos promoted in a recent statement signed by the heads of 200 of America's largest firms including Amazon's Jeff Bezos, Apple's Tim Cook, JPMorgan Chase's Jamie Dimon, Boeing's Dennis Muilenburg and General Motor's Mary Barra. In a mission statement published on 19 August, they all declared, "Each of our stakeholders is essential. We commit to deliver value to all of them, for the future success of our companies, our communities and our country." A virtuous circle that reflects the words of BlackRock's Larry Fink, another of the statement's signatories: "Purpose is not the sole pursuit of profits, but the animating force for achieving them."

It is my sincere belief that profit and purpose are not at odds – in fact they go hand-in-hand. Achieving its purpose is the best way for a company to create the most value – value that is more stable and more robust, as it is to the advantage of all stakeholders. Shareholders who choose to take a long-term view are the primary, but not the only, beneficiaries of lasting value. By definition, achieving purpose means taking a long-term view: it requires creating the conditions for healthy growth built

on sustainable fundamentals, the performance of which is measured not solely by financial criteria, but also by social and environmental standards. The prevailing trend is no longer a strictly economic definition of corporate performance, but one of sharing and passing on heritage. This may explain why companies where there has been, and remains, a significant family investment perform better over the long term, as confirmed in The Family Business Model by the Credit Suisse Research Institute. According to this study, over the last nine years, family-owned firms outperformed the benchmark index by 47%.



ALEXANDRE RICARD
CHAIRMAN AND
CHIEF EXECUTIVE OFFICER

For Pernod Ricard, these values are not new, as evidenced by the creation of our Oceanographic Institute in 1966. Neither did the Group suddenly define its purpose in response to the recent French Action Plan for Business Growth and Transformation. For us, the term we use has always been 'vision' and ours has long been summed up by three words – *Créateurs de convivialité*. Our entire strategy, business model and organisation are driven by this mission.

Being 'creators of conviviality' means bringing people together in moments of sharing and celebration, occasions that are authentic and sincere, simple and generous, sources of joy and togetherness. By fulfilling this vision, we at Pernod Ricard will ultimately achieve our ambition of leadership. If we ensure that our brands are at the centre of each social interaction, we will become the industry leader.

Fulfilling our vision also means ensuring positive returns for as many people as possible. In essence, conviviality is social. It flourishes in an environment of sharing and of respect for one's host, their culture and environment. Conviviality doesn't tolerate excess. It is measured, open-minded and benevolent. This is the philosophy that underpins our new Sustainability & Responsibility roadmap to 2030, *Good Times from a Good Place*, which we launched this spring. This roadmap is central to our three-year business strategy *Transform & Accelerate*, with planned investment of hundreds of millions of euros over the next decade.

Transform & Accelerate is the result of the joint efforts of 1,000 employees who worked tirelessly from January to June 2018 to define it. In its first year, the plan has achieved excellent results – the best since 2012 – which I won't dwell on as they are detailed in the following pages. My aim here is to put this strategy into a broader perspective. It is a story in which we continue to evolve and adapt without ever losing our iden-

tity. Being 'long-term' doesn't mean taking our time or avoiding change. On the contrary, change allows us not just to go the distance, but to accelerate to achieve our ambition more quickly. This is what motivates us every day. It's a question of method, of priorities and of mindset.

Pernod Ricard boasts amazing talent, producing and distributing a peerless portfolio of brands around the

world, from China and India to the United States and Global Travel Retail, our four 'must-win' markets. I am convinced that today we are the best placed in our sector to capture future growth. What better proof than the results of our recent employee survey in which our employees, voiced their confidence in the future? Their commitment is demonstrated in our exceptionally high level of employee engagement and the record subscription rate for our first employee stock ownership plan.

Finally, a long-term vision is also a mitigating factor against cyclical volatility in periods of macroeconomic uncertainty. Strategy with a

sense of purpose is the best way to create value even in downturns, as it looks beyond the current cycle. We have always had clarity of purpose. Our focus today is on speed of action.

“In essence,
conviviality
is social.
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spirit of sharing,
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for one's host,
for their culture and
environment”

Happy reading.



CHAPTER 1

Our GROUP

Transforming for accelerated growth

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Our history, a social & entrepreneurial adventure





7



8



9



10

1
1975

Creation of Pernod Ricard from the merger of two French anise-based spirits companies: Pernod, founded in 1805, and Ricard, created in 1932 by Paul Ricard.

2
1988

Acquisition of leading Irish whiskey producer Irish Distillers – owner of Jameson.

3
1993

Creation of joint venture between Pernod Ricard and the Cuban rum company Cuba Ron to market and sell Havana Club.

4
2001

Acquisition of Seagram, securing key positions in whisky (Chivas Regal, The Glenlivet, Royal Salute) and cognac (Martell) categories.

5
2005

Acquisition of Allied Domecq, doubling the Group's size to become the world's #2 wine & spirits company, with brands including Mumm and Perrier-Jouët champagnes, Ballantine's whisky, Kahlúa and Malibu liqueurs and Beefeater gin.

Became member of the International Alliance for Responsible Drinking (IARD, formerly ICAP ⁽¹⁾).

2007

Adoption of a code of commercial communications.

6
2008

Acquisition of Vin & Sprit – owner of Absolut Vodka.

2010

Adhesion to the United Nations CEO Water Mandate.

7
2011

Upgrade of Group's credit rating to investment grade.

Launch of Responsib'ALL Day, Pernod Ricard's annual social engagement volunteer event involving the Group's entire workforce.

2012

Signing of the Wine and Spirits Producers' five commitments to promote responsible drinking.

2015

Appointment of Alexandre Ricard as Chairman & CEO.

8
2016

Acquisition of majority stake in Black Forest Distillers GmbH – owner of the super-premium gin Monkey 47.

Signing of the United Nation's Sustainable Development Goals.

9
2017

Acquisition of majority stake in high-end bourbon producer Smooth Ambler and in Del Maguey Single Village, the #1 mezcals in the United States.

2018

Nomination of Pernod Ricard as a Global Compact LEAD ⁽²⁾ company.

Adhesion to the 'New Plastics Economy' led by the Ellen MacArthur Foundation.

10
2019

Acquisition of the super-premium gin Malfy.

Acquisition of majority stake in super-premium Bourbon Rabbit Hole Whiskey.

Launch of new 2030 sustainability and responsibility roadmap "Good Times from a Good Place."

(1) International Center for Alcohol Policies.
(2) <https://www.unglobalcompact.org/take-action/leadership/gc-lead>

Our decentralised organisation

Decentralisation is a founding principle of our organisation. From the outset, Pernod Ricard has harnessed the potential of decentralisation to encourage consumer-centric decision-making and address customer needs in a timely manner. Decentralisation confers a competitive advantage in an uncertain environment, rendering company operations more flexible, efficient and effective. With an organisation based on respect for each affiliate's operational autonomy and the overall strategic principles defined at the Group level, we can confidently rely on the constant interaction between Headquarters, Brand Companies and Market Companies.

PERNOD RICARD HEADQUARTERS

Headquarters defines, coordinates and oversees the implementation of the overall company strategy and ensures that affiliates comply with corporate policies. Its main responsibilities are: governance functions (strategy, mergers & acquisitions, finance, legal affairs, corporate communications, talent development, sustainability and responsibility, etc.), dissemination of best practices and cross-functional initiatives with high added value (digital marketing, luxury, innovation, etc.), and support functions (supply chain, IT, etc.).

BRAND COMPANIES

THE ABSOLUT COMPANY
 CHIVAS BROTHERS
 MARTELL MUMM PERRIER-JOUËT
 IRISH DISTILLERS
 PERNOD RICARD WINEMAKERS
 HAVANA CLUB INTERNATIONAL

Based in the home country of each brand, the Brand Companies are responsible for developing the overall strategy for their respective brands, as well as activations that can be implemented at the local level by the Market Companies. They are also responsible for production and management of their industrial facilities.

MARKET COMPANIES

PERNOD RICARD NORTH AMERICA
 PERNOD RICARD ASIA
 PERNOD RICARD EMEA & LATAM ⁽¹⁾
 PERNOD RICARD GLOBAL TRAVEL RETAIL
 PERNOD SA
 RICARD SA

The Market Companies are each linked to a region (Pernod Ricard North America, Pernod Ricard Asia or Pernod Ricard EMEA & LATAM), with the exception of the Group's two founding Market Companies in France, Pernod SA and Ricard SA. Tasked with implementing the Group's strategy and key policies in their respective markets, the Market Companies' role is to activate the Group's international brand strategies at the local level and manage the local and regional brands in their portfolio.

(1) Europe, Middle East, Africa and Latin America.



19,140

employees across the world.
 37% of total workforce is female;
 62% is based in Europe, Africa
 & Latin America of which 15% is
 in France, 11% in North America
 and 27% in Asia and the Pacific

73

countries with our own salesforce

89

production sites in 23 countries⁽¹⁾

4

must-win markets: United States,
 India & Travel Retail

more than **160**

countries where our brands are distributed

(1) Operating sites as at 30 June 2019.

The Pernod Ricard Mindset: transforming for acceleration

The exceptional commitment of our 19,140 employees, as shown by the latest results of the independent survey I Say⁽¹⁾, is the key to our success. It is based on the Pernod Ricard Mindset, which can be found in our performance values and our teams' ability to embrace change in an increasingly volatile environment.

The 'Pernod Ricard Mindset' is a formidable tool for performance: it is the most visible expression of our culture. It stems from the founding principle of our organisation: decentralisation. By respecting the operational autonomy of our affiliates, to be as close as possible to consumers, we empower our employees to get involved and take the initiative to find new ways to engage with our markets. Through decentralisation, the Pernod Ricard Mindset combines the power of a large group and the agility of a start-up. It is the result of the perfect alchemy of our three cardinal values: an entrepreneurial spirit, mutual trust and a strong sense of ethics.

A decentralised business model cannot succeed without ingraining an entrepreneurial spirit throughout the organisation. Similarly, initiatives can only be effective if mutual trust exists between affiliates and their employees. This creates the right conditions for ongoing, spontaneous and direct dialogue, one in which our employees are given free rein to develop initiatives based on their experiences and insights. This approach relies on transparency, openness to others and respect for differences. This is what we mean by 'a strong sense of ethics.'

The foundation of our cultural model, these three values are closely linked to a particular attitude: *convivialité*. The hallmark of the Group, this *convivialité* is what makes Pernod Ricard so unique. We continuously foster sharing and collaboration. We strive to eliminate silos and to share expertise, foster discussions and streamline procedures.

SHAPED BY AN AMBITIOUS HUMAN RESOURCES POLICY

The implementation of the "Transform & Accelerate" strategic plan presents a real challenge. To support the roll-out of this plan, Pernod Ricard has established an ambitious human resources policy that involves all employees. Talent development is one of the

four essentials of our business model (see p. 24). For several months now, this policy has focused on transforming organisations, renewing processes and establishing new working methods, always with the goal of instilling the Pernod Ricard Mindset.

As part of the "TransfoHRm" project, many initiatives have been launched in this area. This comprehensive project first looked at defining a model of leadership that every manager should strive to attain. Managers from the Group representing its various affiliates worked together to establish management principles founded on boldness, a conquering spirit, the ability to adapt and the desire to make the most of diversity. One of our goals is also to show that *convivialité* is a performance accelerator. Being convivial means collaborating, sharing more freely and having direct and sincere relationships, which leads to greater agility, speed and simplicity.

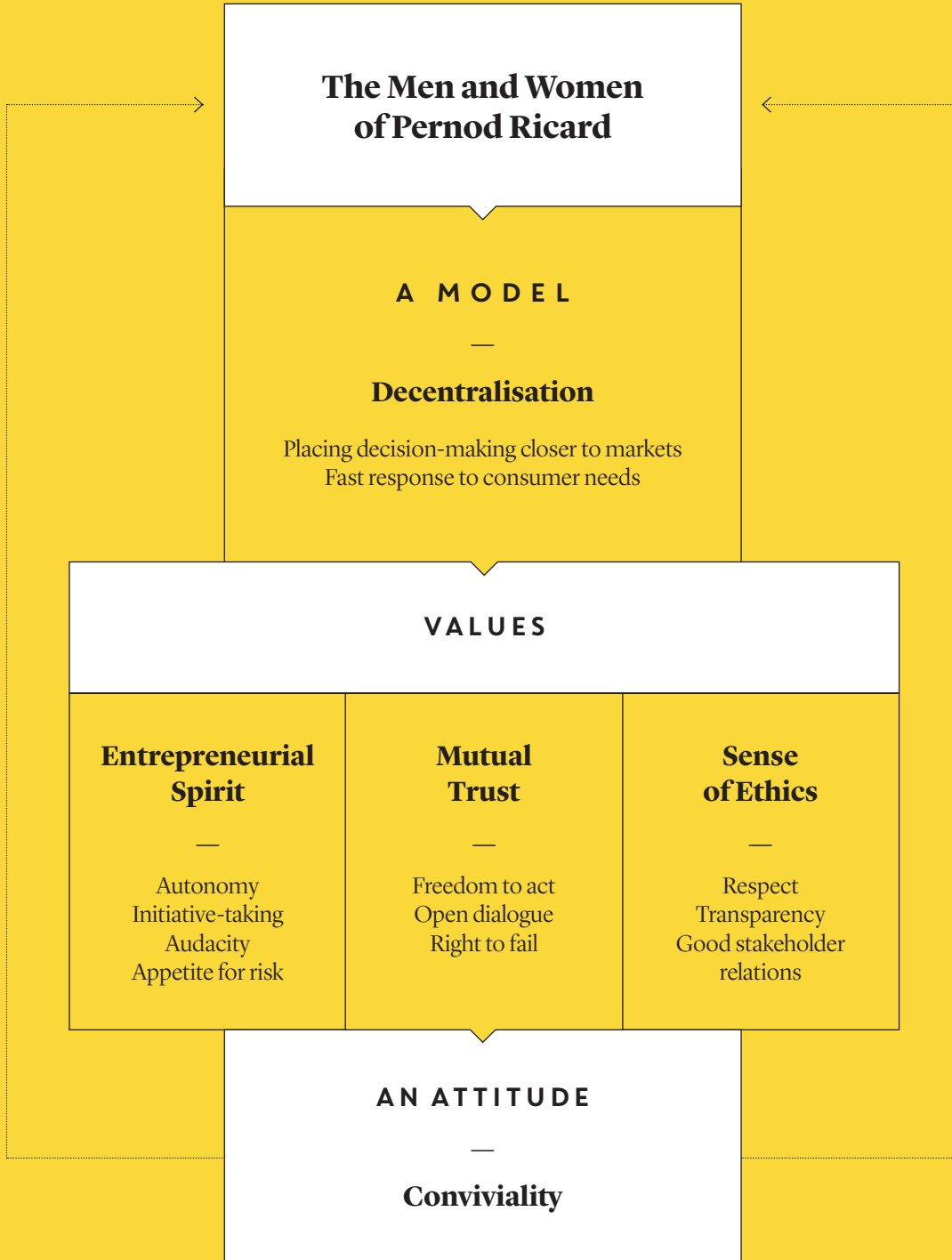
In line with the central role that talent development and digital technology play in its business model, the Group has also rolled out Workday, an innovative, comprehensive human resources management software solution. This tool enables all employees, irrespective of role or location, to access and manage all of their personal HR data with a single click. Workday was introduced in record time across almost 80 affiliates, making it the largest-scale rollout of the platform over such a short period.

Finally, this year saw the launch of our first employee shareholding plan, "Accelerate" (see p. 77). Covering 75% of the Group's workforce in 18 markets, this plan was a major success, with an overall subscription rate of 42%. The subscription rate was particularly high in certain markets, such as India – with over 75% participation – and China – with almost 50%.

Cédric Ramat, EVP Human Resources, Sustainability & Responsibility, said, "The huge response from our employees is a testament to their confidence in our ability to generate value over the long term."



OUR MODEL FOR SUCCESS



Alexander DiBiase,
Production
Supervisor -
Corby (Canada)
&
Roberto Ramos,
Tattoo artist -
La Marca
Havana, Cuba



RELIVE THE
ENCOUNTER



CONVIVIALITY IS:

“Creating a friendly, inclusive and welcoming atmosphere, especially when you’re from a small town!”

AND CONVIVIALITY AT WORK:

“Getting to know the people I work with makes work all the more enjoyable and fun.”

YOUR TOP CONVIVIALITY SPOTS:

“That’s hard – Havana has such a vibrant and convivial vibe! The public squares and ocean-side sidewalks are always full of people talking, playing music, sharing a drink.”

AN UNFORGETTABLE MOMENT:

“Walking with Roberto – he knows and has time for everyone. His passion and energy is infectious: a definite example of how one person can create big change.”

SOMETHING INSPIRING FROM YOUR TRIP:

“Culture and community stand out in Havana. There’s still an appetite to gather in public places, to get to know strangers and make new friends, to spend hours sharing stories and music.”

STÉPHANE LAVOUÉ

travel diary



HAVANA, Cuba



Our dynamic portfolio management to meet consumer needs & expectations

Pernod Ricard has a unique portfolio of global and local premium brands encompassing every major category of wine and spirits. As one of the most comprehensive portfolios in the market, it provides the Group with a singular competitive advantage for accelerating growth by allowing us to constantly invest in the most promising categories and brands. To ensure an optimal allocation of resources for our key brands, our proprietary brand planning tool – the House of Brands – is used across all our markets.

5 KEY CATEGORIES

Conscious of the ever-changing market trends and needs of our consumers, the House of Brands evolved over the 2019 fiscal year to include a new category of Specialty brands. By implementing this common framework throughout our business, it enables our Market Companies to prioritise their marketing investments in line with the Group's five strategic brand categories: **Strategic International, Luxury & Prestige, Specialty, Wines and Strategic Local.**

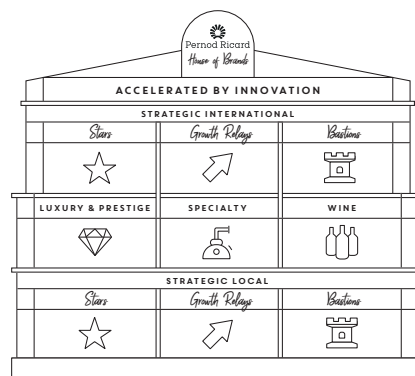
The Group's five brand categories encompass a wide variety of global premium brands with strong long roots. Our **Strategic International** brands are sold in almost every market around the world; **Luxury & Prestige** brands target iconic bars and the most affluent consumers; **Wines** allow us to access other universal convivial moments of consumption such as meals; and **Strategic Local** brands aim to reach local consumers and specific local occasions. Our newest category, **Specialty** brands, meets a growing demand for smaller-scale, authentic 'craft' products. The sense of purpose and transparency of these brands offers a unique and comprehensive value proposition that responds to new consumer trends and expectations. By creating strong consumer connections, this category – that has attractive profitability – presents significant growth potential for our business.

3 INVESTMENT PRIORITIES

Using the House of Brands ensures that we optimise resources at global and local levels. This dynamic brand management tool allows us to tailor our portfolio of premium brands and investment priorities according to consumption habits, local contexts and the growth potential across all our markets. After identifying the potential of each

brand in each segment, our local Market Companies – who distribute our brands directly in their markets – define their respective strategies based on three types of investment priorities: **Stars, Growth Relays and Bastions.**

We invest significantly in our **Stars** – leading brands sold internationally or locally – to enable them to continue leading the way in different categories and actively contribute to the Group's growth. Our **Growth Relays** also benefit from increased resources as they serve to capture different moments of conviviality in highly attractive categories and, at the same time, offer a promising growth outlook in the medium and long term. Meanwhile, investment in our **Bastions** – brands that are mature or in very competitive sales categories – ensures that we protect their market share, sales and profits.



Drawing on in-depth consumer insight and local knowledge of our markets, the House of Brands affords us the agility to make investment choices that strike the right balance between short-, medium- and long-term goals, while continuing to build brands that win throughout our must-win geographies.



HOUSE OF BRANDS

ACCELERATED BY INNOVATION



STRATEGIC INTERNATIONAL BRANDS



LUXURY & PRESTIGE

SPECIALTY

WINES



STRATEGIC LOCAL BRANDS

Ruzanna Hovhannisyan,
Administrative
Assistant -
Pernod Ricard
Armenia
&
Dustin Yellin,
Artist -
Pioneer Works
New York,
United States



RELIVE THE
ENCOUNTER



CONVIVIALITY IS:

"Affection – exchanging love, respect and warmth with old and new friends."

AND CONVIVIALITY AT WORK:

"Sipping a new cocktail in my favourite bar is always a good opportunity to create nice memories with colleagues."

YOUR TOP CONVIVIALITY SPOTS:

"Sunny's Bar and Westlight Bar have great atmospheres for swapping life stories. They're where people enjoying a drink open up and become more relaxed."

AN UNFORGETTABLE MOMENT:

"You need to be able to think out-of-the-box to create amazing art like Dustin. He was really sociable and very smart – he even knew about Armenian surrealist movies!"

SOMETHING INSPIRING FROM YOUR TRIP:

"It's very easy to be tired at the end of a day in New York. You need to take things easy, communicate freely and enjoy life to the fullest."

STÉPHANE LAVOÛÉ

Travel diary



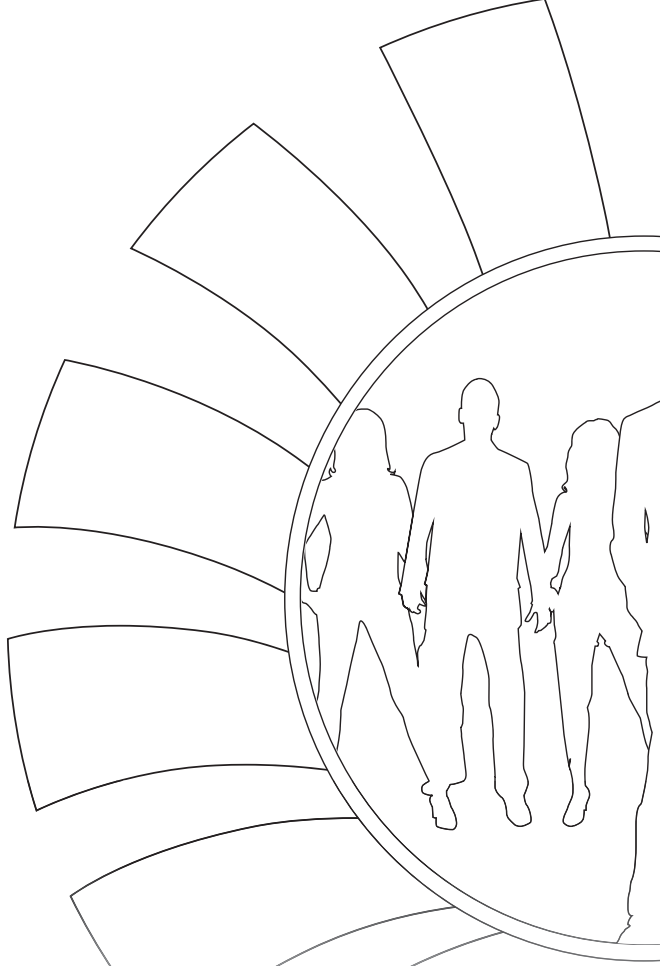
NEW YORK, United States



Our strategy: “Transform & Accelerate”

4 ESSENTIALS

- 
Operational excellence
 Reduce complexity & foster efficiency
- 
Talent development
 Recruit, retain & develop diverse teams
- 
Sustainability & Responsibility (S&R)
 Lead the industry in Sustainability & Responsibility
- 
Route-to-market / consumer
 Capitalise on our many different distribution channels in order to reach all of our customers and consumers



CHAPTER 1

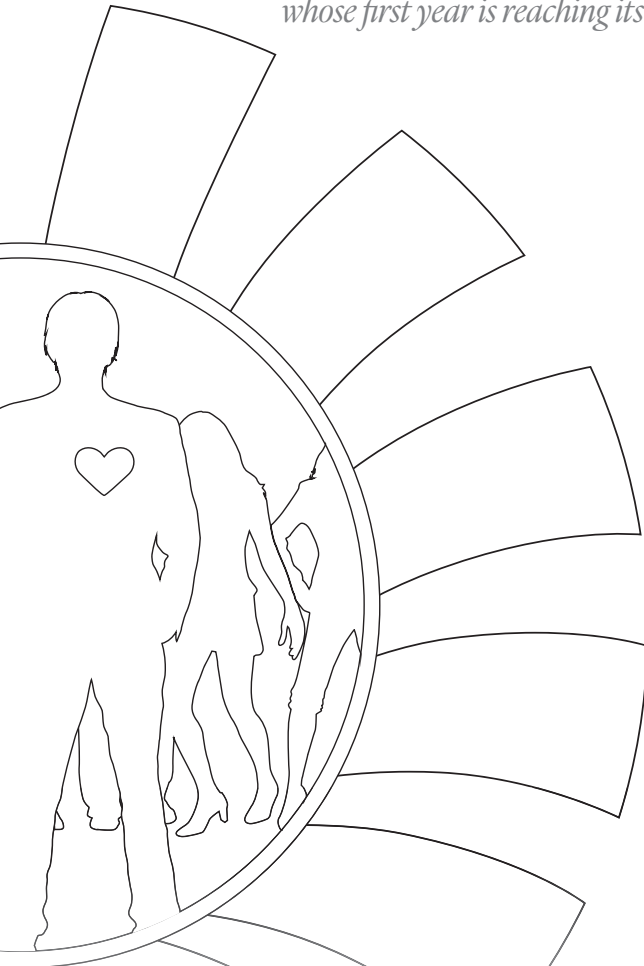
OUR PRIORITY: OUR CONSUMERS

Consumers remain our obsession. Understanding their evolving wants and needs and the trends impacting these is critical. Today’s consumer landscape is radically changing, shaped by a number of forces. A new ‘connected’ consumer is emerging, who is thirsty for a sense of purpose and new experiences. There is widespread concern about globalisation, leading to a rise in protectionism and a focus on all things local. In newer markets, rapid economic development is dramatically expanding the base of middle-class and affluent consumers, changing consumption patterns. All over the world, technology is transforming consumer behaviour, which is disrupting traditional relationships between businesses and customers and requires inventing new types of engagement.

These changes that affect consumers and their modes of consumption have a direct impact on our business: our proximity to consumers is essential to ensure our decisions reflect their motivations. Equally, the rapid pace of change requires speed and agility in our decision-making. These are significant challenges. In recent years, our roadmap based on our ‘Mindset for Growth’ has succeeded in accelerating, diversifying and geographically extending the Group’s sales, as well as preparing us for the future. The pillars of our strategic model – the **four Essentials** based on our historic strengths and **four Accelerators** aimed at leveraging these to meet consumer needs – continue to define our priorities (see our model above).

Looking forward, we need to continue to take this transformation further to accelerate our growth. In an increasingly volatile context and constantly shifting environment of

At Pernod Ricard, conviviality is more than our profession, it's our driving purpose. Bringing people together to share authentic, meaningful moments of conviviality was a guiding principle for our founders and this vision continues today to inspire the Group's 19,140 employees. As 'Créateurs de convivialité,' Pernod Ricard seeks to ensure that each of our Brands are at the heart of every social occasion; and in doing so, we will achieve our ambition of becoming the world leader in the wine & spirits industry. Our three-year strategic plan "Transform & Accelerate," whose first year is reaching its end, defines our priorities for achieving this ambition.



4 ACCELERATORS



Portfolio management

Position one of our brands at each and every shared moment of celebration, rooted in local realities



Premiumisation & luxury

Premiumise the portfolio & strengthen our position as the leader in luxury spirits



Innovation

Create brand experiences through new products and services



Digital acceleration

Accelerate the integration of digital into everything we do

changing consumer behaviour and intensifying competition, we must continuously adapt and transform to ensure we stay ahead. To this end, our new three-year strategic plan (2019-21) "**Transform & Accelerate**" focuses on two areas:

- How we can get '**More from the Core,**' building on our strengths to **Accelerate** growth,
- How we can best '**Prepare the Future,**' innovating to **Transform** our company.

Not just a slogan, "**Transform & Accelerate**" is a strategy consisting of 21 concrete actions specific to the four key challenges we must meet to outperform the industry. Our mission of **21 for 2021** will make us better, agile, together, allowing us to go the extra mile on the company's transformational journey.

Four challenges

This strategy will allow us to win in the four battlegrounds (see pp. 54-79) we have identified to accelerate our growth:

1 / Winning in key markets

2 / Building passion brands

3 / Funding the journey

4 / Valuing our people

Bringing “Good Times from a Good Place”

2019 saw the launch of Pernod Ricard’s new 2030 Sustainability & Responsibility (S&R) roadmap. This new strategy is the perfect illustration of our ongoing commitment to creating long-term value for all of our stakeholders.



VANESSA WRIGHT

Group VP Sustainability & Responsibility

What were the challenges in developing this roadmap?

Sustainability is a vast and complex topic that impacts all aspects of our business. To develop our roadmap, we collaborated with over 300 colleagues globally and external experts to identify the key issues facing our business today. Their input combined with our consumers’ concerns allowed us to establish a clear strategy that builds on the work we have already done while at the same time being fully aligned with the United Nations 2030 Sustainable Development Goals.

How does this new roadmap go further than previous targets and efforts?

Sustainability and Responsibility (S&R) is an integral part of our past, present and future. What differentiates our new roadmap from our previous approach is that it fully integrates S&R across the entire business from ‘grain to glass.’ To enable us to continue accelerating the pace of the progress already made – such as a 20% reduction in water consumption or a 30% reduction in carbon emissions⁽¹⁾, we have set ambitious targets for each of the four pillars of the new roadmap: Nurturing Terroir, Valuing People, Circular Making, Responsible Hosting. It also represents an opportunity to drive innovation, strengthen our business by differentiating our brands, attracting talent and creating shared value.

How will you measure progress?

We have adopted eight key commitments, with a total of 30 actions, that we will monitor and evaluate through identified KPIs. Responsibility and accountability for

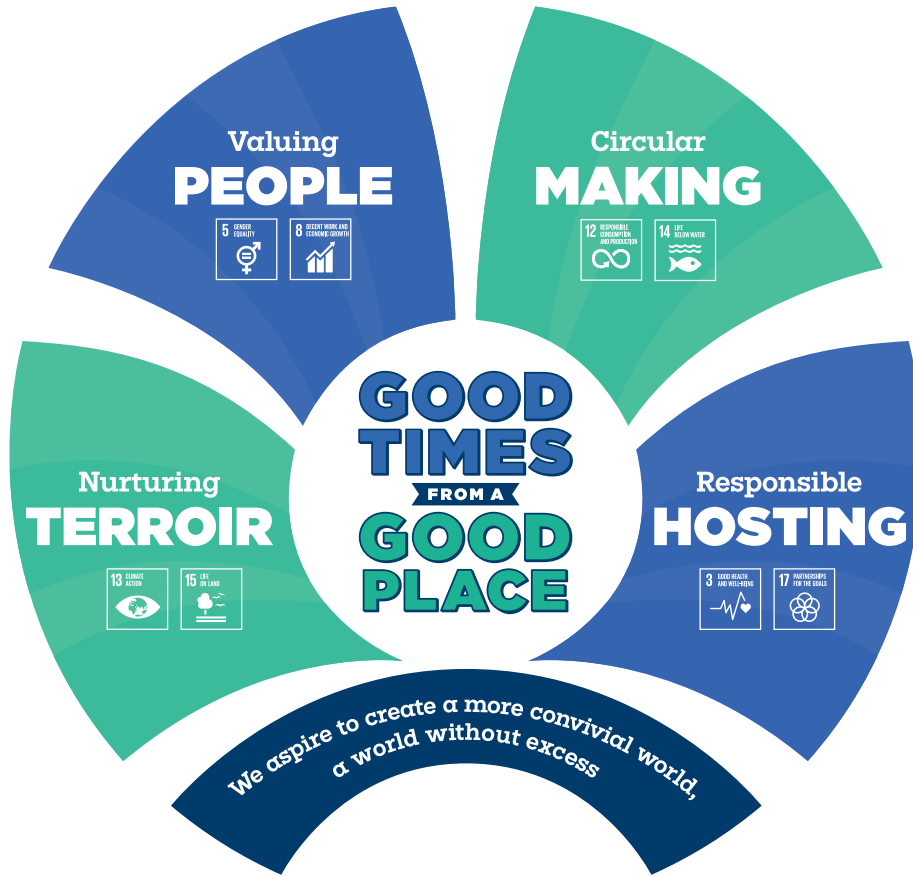
each pillar is integrated into the overarching goals of our business and driven by global multidisciplinary teams. This governance structure – that is both a human and financial investment representing more than several hundred million euros over 10 years – ensures that we are transparent about measuring and reporting back on our progress, as well as sharing best practices.

What will be key to success?

Uniting people in one clear direction. By calling this “Good times from a Good Place” we are directly connecting the S&R roadmap with our company vision in order to achieve the ultimate goal of creating a more convivial world without excess. It’s an inspiring rallying cry for everyone across our value chain – from employees to farmers and suppliers to the local communities where we work. It will be crucial for us to work with others to test and learn and find collective solutions.

What role will the Pernod Ricard teams play in the implementation of the 2030 roadmap?

Their role is crucial for embedding the strategy by designing and implementing projects through close collaborative relationships internally and externally. In short, they will contribute to bringing our vision to life! Our Group is a dynamic community of 19,140 committed people. We’re passionate hosts seeking a better way to live and work together, as well as respectful guests who want to protect and nurture our environments. S&R intrinsically reflects the three Pernod Ricard values: an entrepreneurial approach, mutual trust and strong sense of ethics.



NURTURING TERROIR

As each and every Pernod Ricard product takes its character from the land where it was grown, we have made it a priority to combat ‘Climate Change’ (SDG⁽¹⁾ 13) and protect ‘Life on Land’ (SDG 15). To ensure maintaining healthy and resilient ecosystems that allow us to continue producing quality products for the generations to come, we are committed to nurturing every terroir and its biodiversity. To address our agricultural footprint across the 250,000 hectares from where we source our ingredients, we are developing sustainable and regenerative agricultural practices to be implemented across our business.

OUR COMMITMENTS

- Deploy a regenerative agriculture pilot programme across our 8 wine regions⁽²⁾ (2025)
- Partner with over 5,000 farmers to share our know-how in regenerative agriculture (2030)
- 100% affiliates will have deployed a project related to the preservation of biodiversity (2030)

VALUING PEOPLE

Our raison d’être, *convivialité*, is about sharing, warmth, care and respect for people everywhere. We strive to provide ‘Decent Work & Economic Growth’ (SDG 8) and to champion ‘Gender Equality’ (SDG 5) throughout our business. To create shared value for all our stakeholders, we have reinforced our commitments to human rights, diversity and inclusion across our leadership, health and safety, responsible procurement, training and sustainable bartending.

OUR COMMITMENTS

- Equal pay (2022) and gender-balanced top management (2030)
- Provide training sessions for our employees at least every 3 years so that they can acquire new skills in anticipation of future needs (2030)
- Train 10,000 bartenders on techniques of the bar world of tomorrow taking a zero waste & anti-plastic approach (2030)

CIRCULAR MAKING

The world is made of finite resources that are under huge pressure. By contributing to ‘Responsible Consumption & Production’ (SDG 12) and protecting ‘Life Below Water’ (SDG 14) our goal is to help preserve natural resources. In moving towards a more circular business model – from the packaging we use to the promotional items we produce to the way we distribute our products and how they are ultimately recycled – we are actively striving to minimise our carbon footprint and protect our natural resources.

OUR COMMITMENTS

- 100% water balanced in high-risk countries (2030)
- 50% reduction in carbon intensity in line with Science-Based Targets (2030)
- 100% ban on single-use plastic POS (2025)
- 100% recyclable, reusable, compostable or bio-based packaging (2025)
- 5 pilot projects based on the circular economy model for the distribution of our products (2030)

RESPONSIBLE HOSTING

We believe that we have an important part to play in combating alcohol misuse and supporting the ‘Health and Well-being’ (SDG 3) of our consumers. We are committed to ensuring that they are informed about our products and how to enjoy them responsibly. To that end, we will continue building ‘Partnerships for [our] Goals’ (SDG 17) at a local and global level.

OUR COMMITMENTS

- Expand Responsible Party to reach at least 1 million young adults (2030)
- 100% affiliates will have at least one programme fighting alcohol misuse (2030)

(1) SDG: Sustainable Development Goals promoted by the United Nations.
 (2) Argentina, Australia, California (USA), Champagne (France), China, Cognac (France), New Zealand, Spain.

Our community of inspirational sustainability & responsibility leaders



AMAURY THOMAS

Managing Director of Distillerie & Vignobles Thomas



KELSEY RAMAGE

Co-founder of Trash Tiki

CHAPTER 1

Nurturing terroir

Preserving our legacy

In Cognac, the commitment to sustainable viticulture is a collective challenge for all winegrowers. Finding alternatives to pesticides is essential. Not just for sustainable growth and to preserve our unique savoir-faire, but to safeguard the land that has been passed down to us by previous generations, and which we will pass on to our children.

Transforming viticulture

Having supplied Martell for three generations, my family has a strong link with Pernod Ricard. Our relationship extends beyond a simple business transaction: it provides an opportunity for us to transform our agricultural model and make it more resilient. We have been working closely with Pernod Ricard to develop new mechanical techniques as a substitute to chemical treatment. As a result, Cognac is the first region in France to use equipment that limits the spray mist of pesticides. Martell has also committed to no longer using the herbicide glyphosate throughout its vineyards.

Our collaboration with Martell has allowed us to engage in other innovative projects, such as selecting new grapes with high resistance to disease. We're also working on initiatives to explore the role of soil and biodiversity in the control of plant disease and are increasing biodiversity in our own vineyards by, for example, planting grass.



Valuing people

Recycling everything you can

I've been bartending for 15 years. I met my partner, Iain Griffiths, at Dandelyan, a London bar that was re-using many ingredients at the time. To step up the efforts for promoting anti-waste practices, we created Trash Tiki to educate more people on the importance of reducing waste and to inject some fun into the world of sustainability. We started pop-ups on how to make anti-waste cocktails, held parties, played loud punk music and created a free and open platform online where people could mutually share their recipes. Making sustainability about people and fun gets everyone on board more easily.

Engaging our global community

We began partnering with Pernod Ricard in 2017 when I won the Tahona Society bartending competition by Altos tequila. It gives 50,000 USD to projects that get consumers talking about social engagement or environmental issues. Since then, we have collaborated with Absolut Vodka to create the Green Hustle, a global platform for sharing tips and tricks on how to help save the world – from using tasting spoons instead of straws to composting waste and making a case for the use of alternative ingredients. While the website is accessible to all, we are rolling out a global bartender education series to showcase different recipes and ways to end single-use ingredients. For example, after squeezing limes, you can also reuse the husks to make a stock that can become another ingredient – a small step that contributes to reducing consumption and to cutting the cost of purchasing limes in half. We're excited to take our work with Pernod Ricard to the next level with our global sustainability partnership.



While sustainability challenges can seem vast, we are convinced at Pernod Ricard that we can effect real change through collective action. Collaborating with all our partners and stakeholders, pooling ideas and resources, will allow us to focus in on areas where we can make the greatest impact. And as a result, it will allow us to move faster, more sustainably and more responsibly, to create a more convivial world, without excess. Four of our partners share their stories.



PATRICIA RICARD

Chairwoman of the Paul Ricard Oceanographic Institute



JOAO PINTO

President of the Erasmus Student Network

Circular making

The ocean: cycle of life

People around the world are becoming aware of how our lives and the planet are intimately linked in terms of climate and the environment. Much of the planet is covered by ocean, which is vital to the cycle of life: it produces 50% of the oxygen we breathe, stores 30% of the earth's carbon and regulates climate by absorbing and transporting heat from the sun.

Waste is a resource

At the Paul Ricard Oceanographic Institute, we've been exploring the link between humans and the ocean over the past 52 years. Our scientists have a lot of freedom to work on solutions, inspired by nature, to address the impact of human activity on coastal areas. One area of their research is how to reuse waste. The ocean can teach us much about virtual cycles: waste in nature is a precious resource, which is continually reused for new purposes. Adopting this mindset yields creative solutions, for example, with waste you can start a fish farm – which not only helps to reduce over-fishing, but by bringing fish closer to land thereby reduces the distribution-related carbon impact generated by necessary freezing and transportation to points of sale. This research by our scientists into circular models in nature complements Pernod Ricard's ambition to reduce waste by making its packaging 100% reusable, recyclable, compostable or bio-based.



Responsible hosting

Responsible Parties

Binge drinking is a big challenge to be tackled amongst young adults. As one of Pernod Ricard's 13,000 Responsible Party student ambassadors, we work with hundreds of thousands of students across 1,000 universities in Europe to increase health literacy so students are fully aware of the risks of harmful alcohol consumption. When the programme was launched with the Erasmus Student Network in 2010 there was much scepticism about our approach – instead of saying 'don't drink', rather promoting responsible drinking. But 10 years on, we're proud of the results. A recent study of 32,000 students showed that 88% found the Responsible Party programme useful and 61% said it helped them rethink their approach to drinking.

Empowering people

In fact, when I joined the network five years ago even I was sceptical, but today I'm one of its biggest advocates. What I like about the programme is that it's peer-to-peer, and it empowers young adults to take responsibility for their actions. We train our volunteers to raise awareness and work with policy makers at a local and national level, and have succeeded in putting this topic on the public agenda. Thanks to the dedication of our many volunteers, we've already impacted over 400,000 students in 32 countries. It shows that Pernod Ricard cares about its individual consumers, especially young adults.



Olusola Banjoko,
Trade Marketing
Executive -
Pernod Ricard
Nigeria
&
Zhashi Duma,
Restaurant owner -
EndFragment
Mosuo community,
Lugu Lake, China



RELIVE THE
ENCOUNTER



CONVIVIALITY IS:

"I'm torn between team bonding and happiness."

AND CONVIVIALITY AT WORK:

"Being friendly, listening and contributing. I know how to make a boring day fun by just being me!"

YOUR TOP CONVIVIALITY SPOTS:

"I will always cherish Madam Zhashi Duma's restaurant in the village of Luoshui where we shared experiences. Plus the local karaoke lounge - perfect for a night of joyful singing and dancing."

AN UNFORGETTABLE MOMENT:

"Singing with Madam Duma on the canoe ride to the island temple on Lugu Lake. People there are so free and caring."

SOMETHING INSPIRING FROM YOUR TRIP:

"Mosuo culture is amazing: they are a friendly, welcoming people who work together as a community, sharing their income at the end of every month."

STÉPHANE LAVOUÉ

Travel diary



LUGU LAKE, China



Our Board of Directors

The Pernod Ricard Board of Directors oversees the Group's governance in an ethical and transparent manner while ensuring that the business is managed in the best interests of the Group and its stakeholders. The Board members, who bring together complementary skills and experience, ensure that the Group pursues its business strategy with the primary goal of increasing the value of the Group.

ORGANISATION

In accordance with the AFEP-MEDEF Code of Corporate Governance for listed companies, Pernod Ricard respects the independence criteria established in the Code. It is comprised of 15 members, seven of whom are independent and two of whom represent Group employees. Following the recommendation of the Nominations, Governance and CSR Committee, as of 23 January 2019, the Board appointed a Lead Independent Director.

The Internal Regulations stipulate that the Board members must meet at least six times per year for meetings that are presided by the Chairman of the Board, who is also Pernod Ricard's Chief Executive Officer. The Chairman reports on the Board's progress at the Annual Shareholders' Meeting. The Chairman is tasked with ensuring that the Group's bodies run smoothly, which includes providing the Directors with the resources they need to fulfil their duties. The role of the Lead Independent Director is notably to convene and chair the meetings of the Board of Directors in the absence of the Chairman and CEO, conduct the annual assessment of the functioning of the Board of Directors on the basis of individual interviews with each Director, prevent the occurrence of conflict of interest situations, ensure compliance with the rules of the AFEP-MEDEF Code and the Board's Internal Rules and Regulations, convene and chair the Executive Session, review shareholders' requests for corporate governance and ensure that they are answered and meet with the Company's investors and shareholders.

In order to further root its work in the Group's daily business operations, the Board has access to the in-house social network and holds one meeting per year in an operating affiliate.

FY19 ACTIVITY

Over the course of FY19, the Board of Directors met 8 times, with an attendance rate of 99.09%. The average length of the meetings was approximately 3 hours. Their main activities were to:

- approve the half-year and annual financial statements;
- review the budget;
- oversee the preparations of the Annual Shareholders' Meeting;

- review and approve the work of the four specialised committees;
- review presentations of the activities of the functional departments and affiliates;
- review its own functioning and that of its committees.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors is assisted in its work by four specialised committees which provide advice and recommendations for the Board's discussions. The Strategic Committee – created and presided over by Alexandre Ricard since 2015 – reviews key subjects for Pernod Ricard SA and the Group, issues recommendations on acquisitions, divestitures and partnership projects and studies all strategic matters of interest to the Company or its Group. The Audit Committee notably reviews the half-year and annual draft financial statements, monitors the Group's cash flow and debt situation and assesses the Group's risk management and internal control systems. The Nominations, Governance & CSR Committee notably selects new Directors and reviews the composition and operation of the Board, CSR issues and the Group's performance and talent-management policy. Lastly, the Compensation Committee notably defines the remuneration policy for the Group's Executive Directors, proposes a general long-term remuneration policy and implements an annual plan for the allocation of options and performance shares.

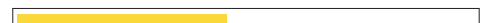
53.8% Independent Directors



40% Non-French Directors



46.1% Female Directors



99.09% Attendance rate





Alexandre Ricard
Chairman & Chief
Executive Officer
Strategic Committee Chairman



Maria Jesus Carrasco Lopez
Employee Director



César Giron
Director
Strategic Committee Member
Nominations, Governance
& CSR Committee Member



Gilles Samyn
Independent Director
Audit Committee Member



Pierre Pringuet*
Vice-Chairman of the Board of
Directors until 23 January 2019,
Strategic Committee Member,
Compensation Committee
Member



Wolfgang Colberg
Independent Director
Audit Committee Chairman
Strategic Committee Member
Nominations, Governance
& CSR Committee Member



Martina Gonzalez-Gallarza*
Director



Kory Sorenson
Independent Director
Audit Committee Member
Compensation Committee
Member



Patricia Barbizet
Lead Independent Director
Nominations, Governance &
CSR Committee Chairwoman



Stéphane Emery
Employee Director
Compensation Committee
Member



Anne Lange
Independent Director
Strategic Committee
Member



Veronica Vargas
Director



Nicole Bouton
Independent Director
Compensation Committee
Chairwoman
Nominations, Governance & CSR
Committee Member



Ian Gallienne
Independent Director
Strategic Committee Member
Compensation
Committee Member



Paul-Charles Ricard
Director
Permanent Representative
of Société Paul Ricard

* Following the decision of Ms Martina Gonzalez-Gallarza and Mr Pierre Pringuet to resign from the Board of Directors as from the Shareholders' Meeting of 8 November 2019, the Board of Directors, on the recommendation of the Nominations, Governance & CSR Committee, has decided to propose the appointment of Ms Esther Berrozpe Galindo and Mr Philippe Petitcolin as Directors. Their term of office would be conferred for a term of four years expiring at the end of the Shareholders' Meeting to be held in 2023 to approve the financial statements for the previous financial year.

The Nominations, Governance & CSR Committee and the Board of Directors examined the applications and notably appreciated that Ms Esther Berrozpe Galindo and Philippe Petitcolin could respectively provide the Board of Directors with her marketing expertise and their experience as general manager of an international group and a listed group. Following a review, they also confirmed that Ms Esther Berrozpe Galindo and Mr Philippe Petitcolin fulfilled the AFEP-MEDEF independence criteria adopted by the Company.

Our Executive Board & Executive Committee

The Group's general management is led by the Chairman & CEO, who is assisted by the Executive Committee. Under its authority, the Executive Committee implements the Group's main policies.

The Executive Board is the permanent body responsible for coordinating and leading the Group, in cooperation with the Chairman & CEO, whom it assists with his responsibilities. The Executive Board reviews all decisions related to Group affairs and submits various matters to the Board of Directors when approval is required. It also organises the work of the Executive Committee and defines objectives for its members, in particular by signing off the three-year plan, budget and regular business reviews.

The Executive Committee, the Group's managing body, has 15 members – the five members of the Executive Board (see below) as well as the Managing Directors of the Group affiliates. They meet once per month (11 times annually),

either at Headquarters or at an affiliate site. Under the direction of the Chairman & CEO, the Committee helps to define the Group's strategy and plays an essential coordinating role between Headquarters and the affiliates, and amongst the affiliates themselves (Brand Companies and Market Companies). The Committee is responsible for overseeing the Group's business activities and ensuring that its main policies are applied. More specifically, the Committee analyses the performance of the Group's business in relation to its market plan (budget and three-year plan); actively participates in setting financial and operational objectives (financial results, debt and qualitative objectives); periodically reviews the brand and market strategies; analyses performance and evaluates changes in the organisation as needed; and approves and ensures compliance with the Group's main policies.

EXECUTIVE BOARD MEMBERS (as of 30 June 2019)



Alexandre Ricard
Chairman & Chief Executive Officer, Executive Director



Hélène de Tissot
EVP, Finance, IT & Operations



Christian Porta
Managing Director, Global Business Development



Amanda Hamilton-Stanley
General Counsel & Compliance Officer



Cédric Ramat
EVP, Human Resources, Sustainability & Responsibility

EXECUTIVE COMMITTEE MEMBERS
(as of 30 June 2019)



Alexandre Ricard
Chairman & Chief Executive Officer, Executive Director



Hélène de Tissot
EVP, Finance, IT & Operations



Christian Porta
Managing Director, Global Business Development



Amanda Hamilton-Stanley
General Counsel & Compliance Officer



Cédric Ramat
EVP, Human Resources, Sustainability & Responsibility



Gilles Bogaert
Chairman & CEO of Pernod Ricard Europe, Middle East, Africa and Latin America



Paul Duffy
Chairman & CEO of Pernod Ricard North America



Philippe Guettat
Chairman & CEO of Pernod Ricard Asia



Mohit Lal
Chairman & CEO of Pernod Ricard Global Travel Retail



Jean-Christophe Coutures
Chairman & CEO of Chivas Brothers



César Giron
Chairman & CEO of Martell Mumm Perrier-Jouët



Anna Malmhake
Chairwoman & CEO of The Absolut Company



Conor McQuaid
Chairman & CEO of Irish Distillers Group



Bruno Rain
Chairman & CEO of Pernod Ricard Winemakers



Philippe Coutin
Chairman & CEO of Ricard SA and Pernod SA

Ian Logan,
Whisky Brand
Ambassador –
Chivas Brothers
&
Princess
Nina Menegatto
Seborga, Italy



RELIVE THE
ENCOUNTER



CONVIVIALITY IS:

“Inspiring people to share their passions and pleasures through all our brands!”

AND CONVIVIALITY AT WORK:

“Spending time with consumers and colleagues around the world. I want our whiskies to be aspirational and accessible for everyone.”

YOUR TOP CONVIVIALITY SPOTS:

“Seborga is so refreshing and makes you want to immerse yourself in its warmth, kindness and friendliness. People are so proud of their village.”

AN UNFORGETTABLE MOMENT:

“Lunching with the Princess of Seborga. She lives and breathes all that the Principality stands for. The perfect figurehead!”

SOMETHING INSPIRING FROM YOUR TRIP:

“Within an hour, people were stopping to welcome us to the mountaintop. The village is stunning and the location perfect, but the most memorable thing about Seborga is the people.”

Travel diary

SEBORGA, Italy





Our value creation model

Our resources

HUMAN CAPITAL

Our employees around the world are at the heart of everything we do. Their mindset and the diversity of their expertise and profiles gives the Group greater agility and adaptability in an increasingly volatile context.

- **19,140 employees** across close to **80 affiliates** in **73 countries** with **73 countries** with Pernod Ricard offices
- **86%** outside of France
- **37%** women ^(a)
- **1.70%** of Group payroll invested in training ^(a)

INTELLECTUAL CAPITAL

Innovation is part of our DNA. Our Brand Companies and Market Companies continuously work to ensure that we respond to our customers' and consumers' desires and expectations.

- **39 strategic brands** in our global portfolio, the House of Brands
- **16 brands** in the Impact Top 100 ^(c)
- **4 Marketing Centres of Excellence** to sharpen consumer insight (Cultural Foresights, Equity & Consumer Understanding, Shoppers & Travellers, Mix Optimisation)
- **Implementation of global digital tools** that allow us to adapt our marketing strategies in real-time

FINANCIAL CAPITAL

Our investors and shareholders provide the financial resources and stability needed for the Group to undertake its activities.

- **Share Capital allocation:** Paul Ricard SA & Others (**16.3%**), Board/Management/Employees/Treasury/Shares (**1.7%**), Institutional Investors (**78.1%**), Individual Shareholders (**3.9%**) ^(a)
- Net debt / EBITDA: **2.3x** ^(a)
- Market capitalisation: **EUR 43 billion** ^(a)

INDUSTRIAL CAPITAL

We continuously strive to improve our manufacturing and distribution processes in terms of safety, quality and efficiency, capitalising on the many innovations brought about by Industry 4.0.

- **89 production sites** in **23 countries** ^(a)
- Natural resources from **+280,000 hectares** of land including **5,625 hectares** of vineyards operated by the Group
- **EUR 4.8 billion** ^(a) in maturing inventory
- **EUR 363 million** of CAPEX
- **Distribution network** in **+160 countries**

SOCIAL CAPITAL

Due to the diversity of our brands, Pernod Ricard is deeply rooted in local communities. We are committed to building long-standing and ethical relationships with all our partners – farmers, suppliers, academics and bartenders.

- **Code for Commercial Communications** ensures that our commercial communications do not encourage or condone irresponsible consumption or misuse of any kind.
- **Targeted action** on the ground to **tackle alcohol-related harm**. Often working with industry peers and external partners.

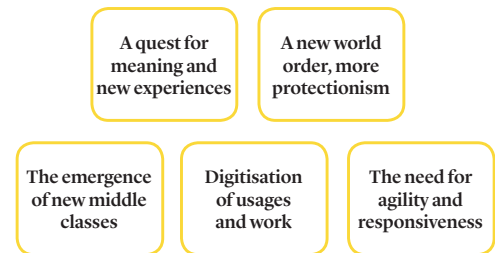
ENVIRONMENTAL CAPITAL

We are committed to nurturing every terroir and its biodiversity, responding to the challenges of climate change to ensure quality ingredients now and for generations to come.

- **Energy consumption** per unit produced: **6.11 kWh** per litre of distilled pure alcohol ^(d)
- **6.9 millions m³** of **water consumption** ^(f)
- The **primary materials** used for packaging are **glass (969,052 tonnes)** and **cardboard (84,719 tonnes)**. ^(d)

Our consumer-centric strategy (see pp. 24-25)

5 CRITICAL AREAS THAT ARE IMPACTING CONSUMERS



4 ESSENTIALS

- Operational excellence
- Talent development
- Sustainability & Responsibility (S&R)
- Route-to-market/consumer

4 ACCELERATORS

- Portfolio management
- Premiumisation & luxury
- Innovation
- Digital acceleration

(a) As at 30 June 2019.
(b) According to the 2019 I S&P survey.
(c) Per unit of production between fiscal years FY19

and FY19.
(d) In FY19.
(e) TOP 100 Impact 2019.
(f) 25.2 million m³ of water was taken from the Group's industrial

sites. Only 6.9 m³ constitute water consumption, the rest being exclusively used by cooling installations and restored without any impact on the environment.

(g) Internal definition of top management: Job band C and above.
(h) Since 2010.

(i) Reduction in Free Cash Flow

due to positive one-off items in FY18.

At Pernod Ricard, we believe that real value can only be created over time if it is beneficial to all of our stakeholders – starting with our consumers who are at the heart of our strategy. Our goal is to continue accelerating our Group’s transformation; we aspire to not only being ‘créateurs de convivialité,’ but creators of economic, social and environmental value.

Our impacts

Make our employees grow

- **94% of employees are proud to work for the Group**^(b)
- Record subscription rate for first-ever Group employee shareholding plan: **41.5%**^(d)

Create new products and services

- Luxury LeCercle Portfolio: **+14%** in FY19
- **Innovation** represents **approximately 1/4 of our topline growth**
- **+1000 users** from **6 Brand Companies** and **39 Market Companies** monitor their brands and our competitors as well as campaigns and activations via **one single monitoring tool**

Create long-term value

- **+6.0%** organic growth in sales^(a)
- **-5%** free cash flow, resulting in a **EUR 342 million** reduction in net debt^(e)
- Dividend proposed of **EUR 3.12**, representing a **50%** payout ratio^(d)

Producing high-quality products and enhancing our production capacity

- **95.5% of our sites are ISO 14001-certified**^(a)
- **99%** of our vineyards are **certified** according to environmental standards
- **Provide employment in local economies**, especially in agriculture through the production and **purchase of raw and processed agricultural products (2.6 million tonnes per year)**

Promote responsible drinking and engage with our partners and communities

- Increased awareness of **more than 400,000 students across 32 countries** about the health effects of alcohol consumption through our Responsible Party programme^(b)
- Group’s **economic contributions to communities** estimated at **EUR 6.5 billion**^(d)

Minimise our impact on the environment by limiting waste, consumption and use of natural resources

- **-34%** of CO₂ emissions (scope 1 + 2)^(c)
- **-22%** of **water consumption**^(c)
- **-69%** of **non-recycled waste** (landfilled or incinerated) per litre of finished product^(c)

Our medium and long-term ambitions (see pp. 26-27)

PEOPLE



Capitalise on our diverse teams

By 2030, our top management^(d) team will be gender-balanced.

Share knowledge and learning

By 2030, 100% of employees will have received future-fit training at least every three years.

By 2030, we will have trained 10,000 bartenders on the bar world of tomorrow.

By 2030, we will have partnered with 5,000 farmers to share our acquired knowledge on regenerative agriculture.

Fight alcohol misuse

By 2030, all affiliates will have at least one programme implemented at scale and evaluated.

By 2030, Pernod Ricard will have expanded its ‘Responsible Party’ programme globally to reach at least one million young adults.

Develop strong and inclusive brands

By 2023, all strategic brands will work to break stereotypes through responsible marketing initiatives.

PROFIT



Embed dynamic growth

Our FY19-21 plan projects top line growth of +4 to +7%, underpinned by leveraging our unique premium portfolio and winning in our four key markets.

Deliver operating leverage

Our FY19-21 plan projects a strong financial performance, with an expansion of operating margins by approximately 50 to 60 BPS per year.

PLANET



Preserve biodiversity and regenerative agriculture

By 2030, all affiliates will have implemented a strategic biodiversity project addressing the most pressing local biodiversity issues.

By 2025, we will have developed regenerative agriculture pilot schemes within our vineyards across 8 wine regions.

Deploy circular models

By 2025, we will have banned all promotional items made from single-use plastic and 100% of our packaging will be recyclable, compostable, reusable or bio-based.

By 2030, we will have piloted five new circular ways of distributing wine & spirits and help increase recycling rates in the top 10 largest markets with low recycling levels.

By 2030, we aim to be water balanced in all high-risk watersheds, replenishing 100% of water consumption from production sites.

By 2030, we commit to reducing the overall intensity of our carbon footprint by 50% aligned with Sciences-Based Targets (SBTs).

Justine Chen,
Communications
Coordinator -
Pernod Ricard China
&
Ivi Stéphane,
Barman -
Noroit & Marin
Ile de Groix, France



RELIVE THE
ENCOUNTER



CONVIVIALITY IS:

"Inspiring, sharing and exploring special moments with joyful souls."

AND CONVIVIALITY AT WORK:

"With my colleagues we're creating a wine universe and the best is yet to come!"

YOUR TOP CONVIVIALITY SPOTS:

"The fish market for its passion to provide the best local seafood, all the way to China! Plus the wonderful food and company at the Auberge du Pêcheur."

AN UNFORGETTABLE MOMENT:

"Hearing the stories of Ivi Stéphane. He grew up on Groix and everyone knows him. He's a star on this beautiful island."

SOMETHING INSPIRING FROM YOUR TRIP:

"Life is a generous gift and we should honour those who light it up. Groix is where good people gather for good times."

STÉPHANE LAVOUÉ

Travel diary



ILE DE GROIX, France



Our key financial figures

Leadership positions

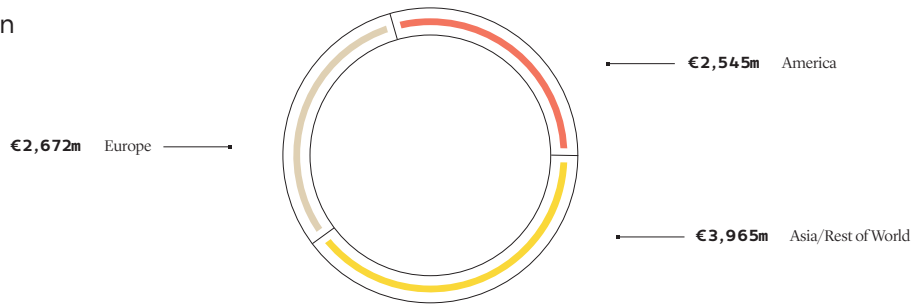
World
No. 1
for premium, ultra-premium and prestige spirits⁽¹⁾

World
No. 2
in wine & spirits industry⁽¹⁾

16
brands amongst the world's top 100⁽²⁾

Financial metrics FY19

Sales by region



€9,182m
Net sales

€2,581m
Profit from Recurring Operations

€1,654m
Net Profit from Recurring Operations (Group share)

(1) Source: *The Pernod Ricard Market View*, based on IWSR volume data ending 2018.

(2) Source: *Impact Databank 2018*, published in March 2019.

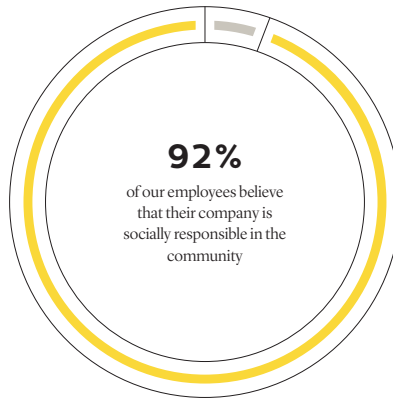
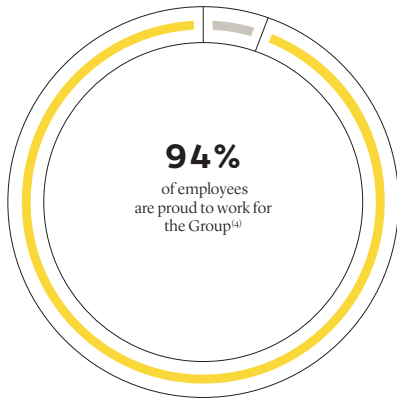
Our key non-financial figures

Protecting the planet

22%
reduction in water consumption⁽³⁾

34%
reduction in CO₂ emissions⁽³⁾

Employee engagement



86%
declare that people within their department are encouraged to act responsibly and to conduct their activities in line with our Sustainability & Responsibility engagements.

83%
feel that the concept of conviviality is what makes Pernod Ricard unique.

86%
believe conviviality (approachable, straightforward, and friendly) is a reality at Pernod Ricard.

90%
believe strongly in the goals and objectives of Pernod Ricard.

(3) Per unit of production between FY10 and FY19.

(4) Source: Results of the *I Say* survey, July 2019, Willis Towers Watson.



CHAPTER 2

Our
ENVIRONMENT

*Seizing opportunities in a rapidly
evolving environment*

46 – 53

Major trends transforming our sector

The omnipresence of new technologies in our daily lives has disrupted the wine & spirits industry. Characterised by moral and ethical awareness, millennials are no longer attached to a single brand. Instead, they choose from a range of brands depending on the moment of conviviality. To better understand these cultural changes and the needs of consumers, Pernod Ricard has identified six major trends.

NOVEL EXPERIENCES



Consumers are looking for novelty and entertainment. They want to be surprised and step out of their comfort zone while maintaining certain points of reference.

Opportunities/ Having fun, going off the beaten path and being creative! Playing on traditional blends of alcohols, encouraging consumers to discover new flavours and offering new experiences.

Key points/ Reconsidering traditional production methods as well as the cost and pace of innovations.

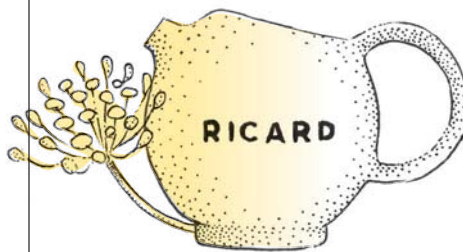
Actions/

- The launch of Mumm Grand Cordon Stellar, a bottle of champagne specially designed to be consumed in space (or 'in zero-gravity')
- The collaboration of Daily Paper x Havana Club on a limited-edition streetwear collection, designed by young creatives.



\$80bn

Forecasted Immersive Augmented Reality and Virtual Reality market size by 2025 ⁽¹⁾



HEALTH AND WELLNESS



In the face of environmental and health crises, consumers are looking for healthier, balanced and modest ways of consumption.

Opportunities/ Developing products from ingredients of the highest quality – whether natural, organic, vegan or gluten-free – but also low-alcohol or non-alcoholic beverages.

Key points/ The negative perception of 'industrial' products, the lack of transparency on ingredients used or the absence of natural ingredients. Rejection and reduction of alcohol consumption by some consumers.

Actions/

- The success of Ricard's 'Plantes Fraiches' (Fresh Plants) recipe, made from anise grown in Haute-Provence, France.
- The launch of Absolut Juice, a new lower-alcohol spirit made from natural ingredients.
- The UK launch of the non-alcoholic gin Ceder's Alt Gin.

80%

of global consumers believe food can be as effective as medicine in maintaining overall health⁽²⁾

HUMAN AUTHENTICITY



In search of transparency and authenticity, consumers are becoming more interested in production methods and ingredients used. They prefer beverages developed according to traditional and responsible practices.

Opportunities/ Showing transparency by explaining how our products are made, while sharing information about our history, terroirs and the expertise of our employees.

Key points/ The perception of global brands as being dehumanised, overly superficial and impersonal and the rise of artisanal brands.

Actions/

- The Ruavieja campaign #WeHaveToSeeMoreOfEachOther highlighted the excess of screen-time in today's society to the detriment of social interaction, notably with family and friends.
- Adding the new Red Spot whiskey to the Mitchell & Son's range of spot whiskies – whose name evokes the Mitchell family tradition of marking barrels with coloured spots.

88%

of global drinkers pay special attention to on-package information that allows you to see where it was made⁽³⁾

ON-THE-GO CONSUMPTION



For economic, safety or simply comfort reasons, going out is no longer a preferred option for many consumers. The restaurant is gradually moving to their home, and the bar is following the same direction. This trend has been boosted by the emergence of delivery apps.

Opportunities/ Offering new beverages that are already prepared and ready to drink in new easily-transported formats.

Key points/ The disruption of traditional distribution channels and consumer habits in favour of ready-to-consume products.

Actions/
 · Launch of Kahlúa Espresso Martini RTD, a new ready-to-drink product that facilitates enjoying quality cocktails at home.
 · Launch of Jacob's Creek Cool Harvest slim line, wine available in a can.

\$83bn

Market size of food delivery industry⁽⁴⁾



RESPONSIBLE CONSUMPTION



Today, consumers are looking for brands that are responsible and respectful of the environment and the communities in which they originated.

Opportunities/ Strengthening the S&R policy – which is already firmly rooted in the Group's DNA, promoting sustainable production processes and packaging, and supporting the social and cultural communities around us. Continuing our ethical and responsible commitment with our business partners (customers and suppliers).

Key points/ The perception that large companies have opaque policies with a short-term vision focused on profit without trying to create long-term value for everyone.

Actions/
 · Altos collaborated with the Huichol community in Mexico to produce special-edition bottles in support of local artisans.
 · Launch of the Green Hustle, a new initiative by Absolut in partnership with Trash Tiki, with the goal of reducing waste in bars.⁽²⁾



75%

of worldwide consumers believe companies have an ethical obligation to avoid harming the environment⁽²⁾



FEMININE IDENTITY



Around the world, the place of women is changing: their purchasing power is increasing and societies are moving towards greater gender equality.

Opportunities/ Encourage the promotion of unisex brands without gender biases, promote gender equality and meet the expectations of our consumers who are more open to new choices and brands.

Key points/ A strategy focused on male consumers or a stereotyped segmentation of our offering or communications.

Actions/
 · The Glenlivet celebrated Mother's Day with American actress, DJ and radio host La La Anthony
 · Launch of *Les Ateliers Lillet*, designed for women who desire to discover more about the brand while exploring their own personal passions with different artists and creators.

76%

of women say there's never been a better time to be female⁽²⁾

Mapping moments of conviviality

HAPPY HOUR

After a busy day or week working, friends and colleagues catch up to share a special moment in a relaxed atmosphere. The venue is often a familiar place close to their work where they can chat, unwind and let off steam.

WHO? Colleagues or friends, or sometimes just a guys' or girls' get-together.

WHERE? Originally from English-speaking countries, the concept is becoming truly universal.

WHAT? Mainly cocktails (mojitos made with Havana Club rum or margaritas made with Olmeca tequila), simple mixed drinks (such as an Absolut vodka soda or Beefeater gin and tonic), a simple glass of Jameson whiskey or beers.



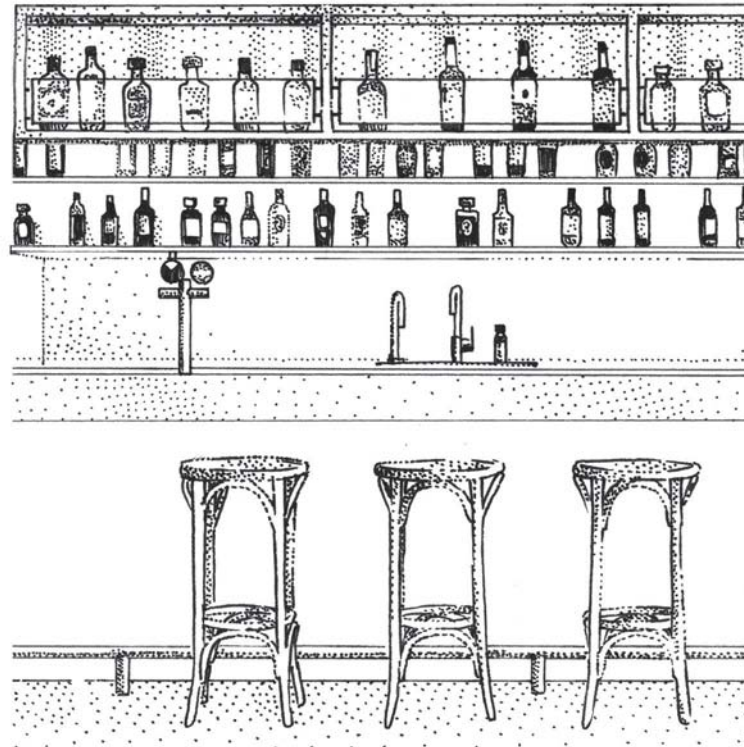
APERITIF

Very popular with consumers, the aperitif is a moment to relax and be yourself. Whether indoors or outdoors on a terrace at sunset, it's the perfect time to be with close friends or family with a drink in hand to whet your appetite before an evening meal.

WHO? All generations, with friends and family.

WHERE? Mainly in Western Europe.

WHAT? A glass of Ricard, a Beefeater gin and tonic, champagne (Mumm) or chilled wines - whether white, rosé, or even red - as well as light cocktails, Lillet (either by itself or with tonic) or a glass of whisky (The Glenlivet, Aberlour).



PERNOD RICARD WINEMAKERS, Sydney, Australia



COCKTAIL PARTY

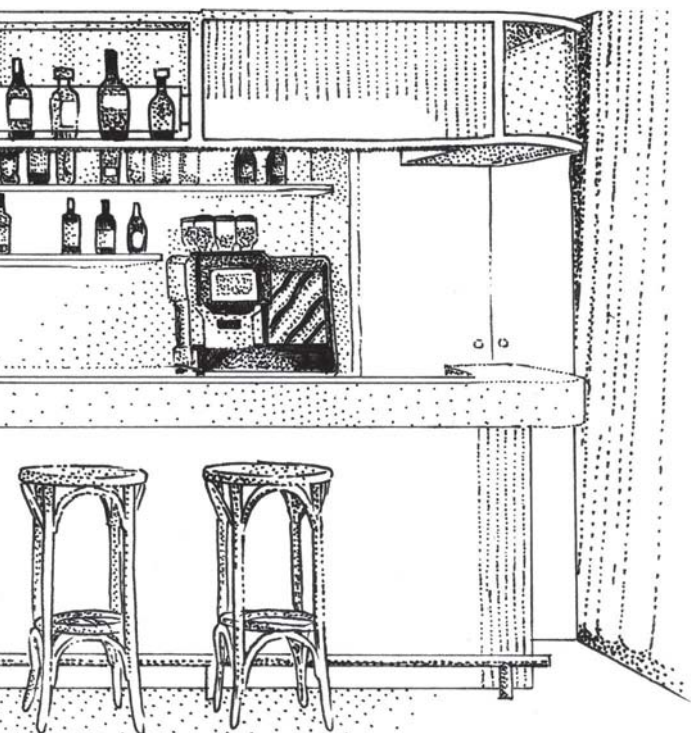
A cross between aperitif and dinner, a cocktail reception can be organised for a personal (birthday) or professional (opening) occasion. It's a pleasant time to meet new people while enjoying a combination of cocktails and nibbles.

WHO? Between loved ones, co-workers or acquaintances.

WHERE? In Europe and Anglo-American countries.

WHAT? Champagne (Perrier-Jouët) and light cocktails (made with Absolut Elyx).

Every country, culture and generation has its own celebrations and experiences of conviviality. To better understand consumers and meet their expectations, Pernod Ricard has mapped some of their wine and spirit consumption habits.



BUSINESS CELEBRATION

Enjoyed after dinner when the sun has set and the night is well under way. In Asia especially, business celebrations are an intimate setting where strong bonds are forged amongst business professionals or colleagues.

WHO? With colleagues and business professionals.

WHERE? In North America, Europe, and Asia – particularly in China, Japan, South Korea and Hong Kong.

WHAT? Blended and malt whiskies (Royal Salute, Chivas, The Glenlivet), cognacs (Martell) and local alcohols.



PARTY TIME

Full of energy and enthusiasm, consumers head out at night to party and have fun. Music and friends are all part of the mix, especially if a truly good evening is to be had.

WHO? Mainly between friends, but also between colleagues in some cultures, especially in Asia.

WHERE? Worldwide.

WHAT? Mainly champagne and spirits served straight (Absolut Vodka, Ballantine's) or in cocktails (Havana Club, Malibu, Olmeqa tequila).



DINNER

Considered a main meal in some countries, dinner is usually a time for sharing and conviviality. For special occasions guests are often invited to share in a special meal paired with wines and spirits carefully chosen by the hosts.

WHO? Between family members and friends.

WHERE? Worldwide.

WHAT? Wine reigns supreme in Western Europe and certain regions of North America (Kenwood Vineyards or Jacob's Creek), while beer and local spirits are preferred elsewhere. Innovative cocktail pairings are popping up on restaurant menus. In China, cognac with water is served with dinner.



Astrid Froment,
New Business
Acceleration Leader -
Pernod Ricard
Headquarters
&
Josefina Klinger,
Founder of
an eco-lodge
Nuquí, Colombia



RELIVE THE
ENCOUNTER



CONVIVIALITY IS:
"The magic in living together."

AND CONVIVIALITY AT WORK:
"Sharing informal moments whenever possible outside the office with my team and external partners."

YOUR TOP CONVIVIALITY SPOTS:
"The dance festival in Nuquí. After a few minutes surrounded by traditional folk dancers, we were replicating the moves to the delight of the villagers."

AN UNFORGETTABLE MOMENT:
"Seeing Josefina's entrepreneurial work with the families near Nuquí, in a wilderness that looked like the end of the earth! She's brought life to an amazing local initiative."

SOMETHING INSPIRING FROM YOUR TRIP:
"The sense of community that comes from gathering all generations together to build a better life for their village. Ecotourism has contributed to teaching kids to respect their environment: the jungle!"

STÉPHANE LAVOUÉ

Travel diary

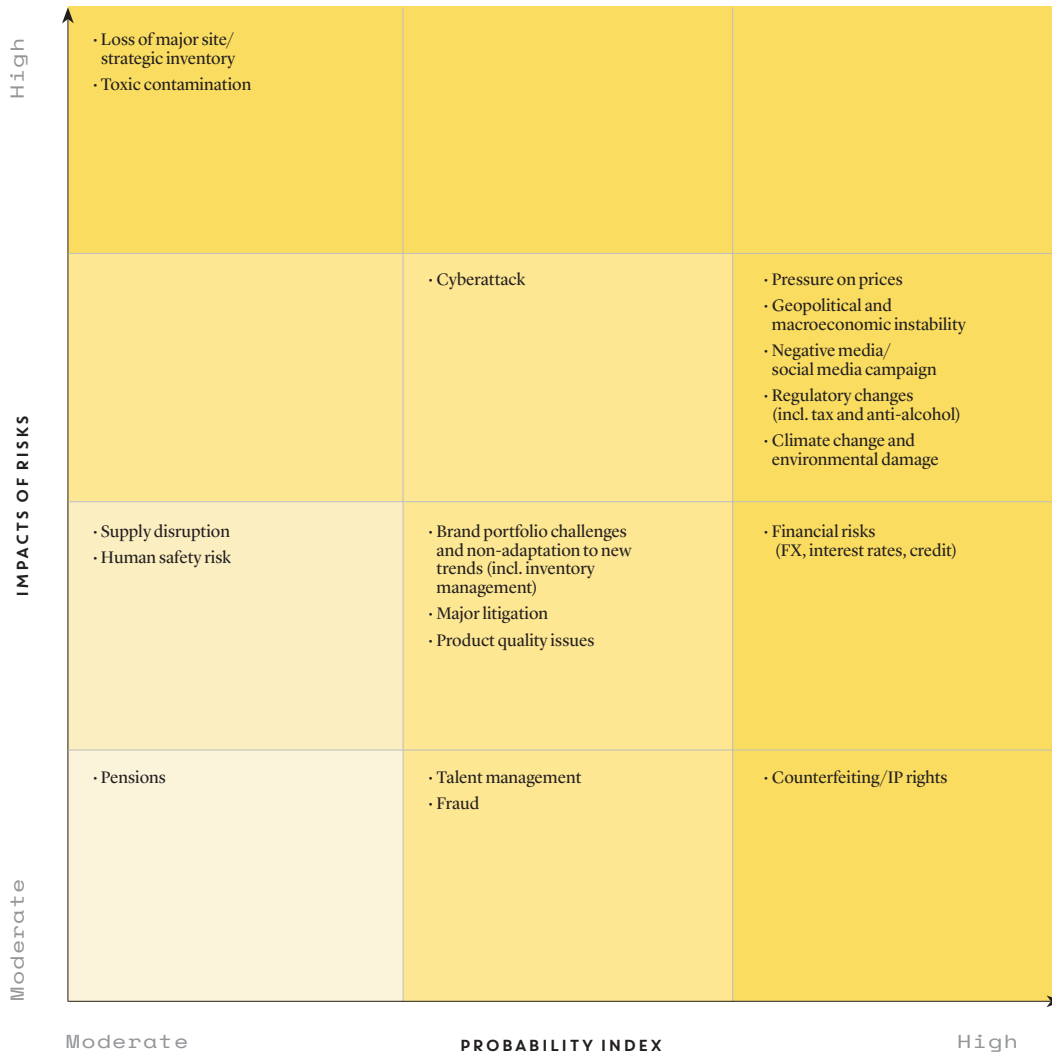


NUQUÍ, Colombia



Knowing our risks to better manage them

Facing a range of internal and external risks that may affect the achievement of our objectives, Pernod Ricard has implemented a system of internal control and risk management to better forecast and control them. As part of the Group's decentralised structure, each function and each affiliate contributes on an ongoing basis to the smooth running and improvement of this system.



Methodology: the Group's risk matrix was updated in 2018. Every three years, Pernod Ricard's main risks undergo a mapping process involving all Group affiliates and functions. The various risks are ranked according to their potential impact and probability of occurrence. This risk matrix is a risk management tool.

**Loss of major site/
strategic inventory**

Resulting in significant business disruption and unavailability of key brands in the trade.

Toxic contamination

Risk of toxic contamination of a product resulting in major injuries.

Pressure on prices

Risk of margin erosion due to intensified pressure from retailers and fierce competition.

Geopolitical and macro-economic instability

Risk of a broad geopolitical turmoil and the resurgence of a macroeconomic crisis.

**Negative media/
social media campaign**

Impacting the image of the Group and/or its key brands.

**Regulatory changes
(incl. tax and anti-alcohol)**

Strengthening of legislation resulting in restrictions or constraints in different areas (marketing, communication, tax, etc.).

**Climate change and
environmental damage**

The impact of global warming on Pernod Ricard operations and the impact of our operations on the environment.

**Financial risks (FX,
interest rates, credit)**

Unfavourable evolution of exchange and interest rates or the failure of customers leading to non-collection of receivables.

Counterfeiting/IP rights

Counterfeit and look-alike products damaging brand equity and impacting sales.

Cyberattack

Cyber intrusion compromising systems, websites and data integrity.

**Brand portfolio challenges
and non-adaptation to
new trends (incl. inventory
management)****Major litigation**

Against Pernod Ricard, its affiliates, its brands or its management.

Product quality issues

Quality deviation leading to customers' disappointment and brand image deterioration.

Talent management

Inability to attract, develop and retain talent.

Fraud

Resulting in financial losses or the leakage of sensitive information.

Supply disruption

Due to key supplier failure or volatility of raw materials prices.

Human safety risk

Severe accidents of our employees and contractors as a result of a criminal event or accident.

Pensions

Unanticipated increase of pension funds deficits and/or cash contributions.



TO LEARN MORE, REFER TO THE UNIVERSAL
REGISTRATION DOCUMENT



A close-up photograph of a hand holding a beer glass, with other glasses and a bar counter visible in the background. The lighting is warm and focused on the hand and the glass being held.

CHAPTER 3

Our
STRATEGY

*Focusing on four key battlegrounds
for sustainable growth*

56 – 81

Our challenge: to transform and accelerate our business

Lifestyles, technologies and societal shifts are changing how we engage and connect with consumers. To be a leader in the wine & spirits industry means going the extra mile to find more agile ways of working and capitalising on digital innovations across production, marketing and distribution channels to get closer to consumers and the experiences they seek. These goals drive our new Transform & Accelerate roadmap for 2019–2021, a 21-point plan that will transform the company in order to ‘Prepare the Future’ and accelerate growth by getting ‘More from the Core’. By creating new opportunities for conviviality and building lasting relationships with our consumers, we are laying the framework to (1) win in key markets and succeed at (2) building passion brands. Pursuing sustainable and diversified growth is (3) funding our journey, and our consistent acceleration is (4) valuing our people. A number of projects have already been successfully launched, from new brand experiences to technological transformation across our business lines. These achievements will lead us to victory in these four key battlegrounds, positioning us to continue delivering growth by creating value for consumers, employees and shareholders alike.

Battleground 1

Winning in key markets

Global Travel Retail, a deep dive to understand our shoppers
pp. 58-59

New Brand Ventures, our future growth stars
p. 60

Battleground 2

Building passion brands

Jameson, the power of bartender advocacy
pp. 62-63

Absolut, beyond spirits
pp. 64-65

Battleground 3

Funding the journey

Industry 4.0, transforming Operations for the business of the future
pp. 69-72

PRIME, sharper insights through digital
p. 73

Battleground 4

Valuing our people

Accelerate, putting employees at the heart of our performance
p. 77

Martell, sustainable viticulture
pp. 78-79

BATTLEGROUND 1

Winning in key markets

Differentiation is a critical factor for success in a competitive industry like wine & spirits. We are leveraging our strengths – a portfolio of premium brands, worldwide distribution reach and a decentralised consumer-centric organisation focused on local needs and global trends – to accelerate growth in emerging consumer segments and key geographies such as the United States, China, India and Travel Retail.

In the United States, our largest market, the New Brand Ventures team has built a portfolio of entrepreneurial and high-potential brands – including Monkey 47 artisanal gin, Del Maguey single-village mezcal and Rabbit Hole craft bourbon. Appealing to emerging trends, these super-premium specialty spirits have generated 11% net sales growth in the US.

In the primary distribution channel for our Prestige brands, Global Travel Retail, deep-dive market research resulted in unprecedented insight into the buying behaviour of duty-free shoppers, driving an ambitious new traveller-centric business strategy to reach this vast and growing market.

Global Travel Retail

A deep dive to understand our shoppers

With an audience of 3.6 billion international travellers⁽¹⁾ and growing, travel retail is often considered the 'sixth continent'. It is the primary distribution channel for our prestige brands and also provides an amazing retail theatre to build brand affinity. Given the visibility and the high potential of this distribution channel, understanding our shoppers in this significant market is vital.

Launched two years ago, the Global Travel Retail (GTR) organisation was created to engage specifically with the transient market of international travellers, who annually spend \$12 billion on wines and spirits⁽²⁾ (of which Pernod Ricard's market share is 25%⁽³⁾). With a central team based in London and regional business units in Asia, the Americas, Europe and the Gulf, today it is one of the Group's top performing profit contributors – delivering a revenue growth of +6% over FY19.

Connecting with a hugely diverse range of shoppers first requires knowing who they are, why they buy and what their shopping dynamics are. To explore this, over the last two years GTR has conducted a series of detailed shopper-insight studies. As more than half of duty-free shoppers purchase outside their own country, nationality is the key to gaining insight into buying behaviour in this market. Eight markets are particularly strategic for the Group: China, SAR Taiwan, South Korea, Russia, India, the UK, the US and Brazil. Extensive fieldwork, including personal interviews and home visits, was conducted to analyse these shoppers.

“While we already knew which nationalities were very important to us, now we know what drives the decisions of different shopper typologies and where they make their purchase,” explains Emma Donnellan, Head of Centre of

Excellence Shopper, E-shopper, Traveller. “So if we want to grow a brand that is strong in China, for example, we need to target them not only in China but in airports in cities such as Los Angeles, Singapore or Paris. This research has also allowed us to have a much better understanding of how we need to talk to each type of shopper.”

Who?

One of the key insights from the research was profiling seven distinct ‘typologies’ of duty-free spirit shoppers. For the Pernod Ricard portfolio, four of these are most significant:

- **Discerning value explorers:** Highly knowledgeable, prestige buyers who attach importance to authenticity and quality. They love to explore new spirits and are looking for the value duty-free products can offer.
- **Quality seekers:** Prestige buyers who are less price sensitive. They are hungry for information and seek out staff recommendations for high-quality purchases.
- **Pragmatic deciders:** Rational shoppers with a particular occasion or shopping mission in mind. They shop across multiple categories and are open to sales advice.
- **Bargain catchers:** For these shoppers, price is key. They are looking for good deals or excellent value for money.



When, where, why, how?

Beyond types of shoppers, the research drilled down to discover their different motivations and purchase objectives, finding that approximately 50% were for gifts or souvenirs. The data also revealed how, when and where shoppers make their decisions: around one-third decide what they will purchase before they leave home, one-third at the airport, and one-third in the store.

“Our discovery that many travellers plan ahead to make duty-free purchases made us realise that we shouldn’t wait until the trip itself to get our brands onto their radar,” says Emma Donnellan. This triggered a further study on shoppers’ digital behaviour to find out what platforms they use for each stage of the trip, from the time they start planning to their return home. The findings informed a comprehensive new traveller-centric digital strategy that delivers tailored content at specific micro-moments when these travellers are most receptive to brand messages. “Offline and online, we need to be present in the right place at the right time with the right message for the right typology.”

“Travel retail exclusives include Royal Salute’s The Lost Blend, Jameson Triple Triple, Absolut World or Ballantine’s 17 Seoul Edition, to name a few.”

It’s not just about the data...

This deep dive into travellers across the globe is already shaping our business strategy. Online, we are shifting digital spend to influence decisions pre-trip, as well as finding new ways to engage millennials. In store, as sales personnel were revealed to be hugely influential (about 1 in 2 shoppers interact with store staff), we are increasing our brand ambassador presence at priority airports and training them with knowledge based on our discoveries. In travel retail, people are more likely to trade up (e.g. choosing Ballantine’s 21 instead of Ballantine’s 17) and to explore different parts of the range, which can be encouraged through conversations depending on shopper typology. In certain markets, gifting is very important, so we are offering year-round gifting solutions such as unique gift bags or wraps for high-value products, as well as launching limited-edition travel retail-exclusive spirits.

Unprecedented in their level of detail and focus, these strategic insights put us a step ahead in understanding our duty-free shoppers and allow us to tailor our products and services to meet their specific needs.

New Brand Ventures

Our future growth stars

How do you ensure a pipeline of attractive high-growth brands? Over the past three years the New Brand Ventures team in the United States has focused on selecting, incubating and accelerating emerging and entrepreneurial spirits brands to deliver next generation growth for the Group.

The New Brand Ventures (NBV) team was created in 2016 with a mission to future-proof Pernod Ricard's USA portfolio by identifying and developing brands with the potential to become their next growth stars (see p. 20). Today it has a portfolio of nine brands that each occupy a niche position or offer something unique that resonates with emerging trends and consumer preferences. Some are historic Group brands, such as Aberlour or Lillet, others have come from Pernod Ricard's active portfolio management that drives different partnerships and acquisitions of specialty spirits.

"NBV has three key strengths," explains Jeff Agdern, Senior Vice President for New Brand Ventures. "First, its capacity to scout and carefully select brands with a strong consumer proposition. Next, the ability to help them find the most adapted and effective route-to-market by drawing on Pernod Ricard's marketing expertise and distribution reach. Lastly, our entrepreneurial way of working – that allows us to support our partner brands' visionary founders or provide our own dedicated brand leaders to manage all aspects of brand growth."

Monkey 47 gin, acquired in 2016, was one of the first brands taken on by NBV. Researching its appeal within the bartending community, the team identified early on the need for a larger format than its introductory 375 ml bottle to ensure the brand's success in the US market. After the US-exclusive launch of a new one-litre bottle, Monkey 47 saw exponential growth – increasing sales from 2,500 to 13,000 cases in 18 months. Building on this momentum, NBV has been investing in marketing and distribution initiatives across five key cities in the US to drive Monkey 47's next phase of growth.

NBV's strategy is to scale up growth of the different brands in its portfolio once the right marketing and distribution recipe has been found. The team has leveraged its close relationships with US distributors to adapt the route-to-market, capitalising on regions where demand for specialty spirits is strongest, targeting identified retailers, and having key account managers regularly visit top-tier customers. Continuous collaboration with wholesalers and retailers as well as a strong engagement with the bartending community will enable the NBV team to accelerate growth of super-premium brands new to Pernod Ricard's portfolio in 2019, such as Malfy's flavoured gins and Rabbit Hole's range of craft bourbons.

The partnership created with Del Maguey in 2017 is a prime example of NBV's strengths in action. The team spotted the potential of the emerging mezcal category and set out to preserve and strengthen the entrepreneurial appeal of the brand. NBV is supporting Del Maguey's founder, Ron Cooper, to continue his vision of a sustainable and traditional hand-crafted mezcal, while boosting its position as a super-premium mezcal throughout the United States. Combining the strengths of both partners, Del Maguey grew by 33% over the last twelve months.

NBV's focus on specialty spirits has paid off. Three years on, its portfolio has contributed more than 11% of net sales in the US, despite accounting for less than 2% of volume. With ambitious sales goals for the years to come, NBV will continue to unlock the potential of Group brands and accelerate their success.

BATTLEGROUND 2

Building passion brands

People today are eager for new and meaningful experiences that resonate with what's important to them. By tapping into the unique qualities and distinctive personalities of our brands, we are innovating with new products, creative programmes and activations that help us develop deep and lasting connections with all our communities – from bartenders, wine or spirits retailers to consumers – at every moment of consumption.

One example is Jameson, which has been building an enthusiastic community of bartenders over the last decade through its Barrelmen's Homecoming programme. Engaging bartenders with events and addressing issues that affect them both behind and beyond the bar has made them potent brand advocates eager to share their passion with consumers.

For Absolut, a leading premium vodka, the mission is to become a lifestyle brand for Chinese millennials who share its young, cool, creative vision. Unique events tailored to this new generation are creating a growing tribe around the brand in this market with immense potential.

Jameson

The power of bartender advocacy

Creating meaningful connections is the secret behind every successful brand and a core Jameson value. A thriving and passionate bartender community has played a huge role in building Jameson Irish Whiskey into a top 10 premium spirit, by sharing with their customers what they know and love about the brand.

Over the past ten years, Jameson has transformed its support for bartenders into a powerful strategic programme that connects the brand locally and globally with bartenders and consumers across the world.

Jameson has long nurtured its relationship with bartenders through a network of 80 brand ambassadors, Jameson's 'feet on the street'. By initiating different grassroots initiatives, ranging from masterclasses to hero programmes, that bring together bartenders from all around the world, Jameson has built a platform focusing on connecting, engaging, empowering and rewarding bartenders throughout the years.

Local inspiration

The Jameson Barrelmen's Homecoming is the heart of the brand's bartender engagement programme. In FY19 Jameson introduced for the first time an overarching theme, 'From Farm to Glass' – a community-focused topic close to the hearts of bartenders, consumers and Pernod Ricard. 'From Farm to Glass' encouraged bartenders to collaborate with local producers and make use of ingredients unique to their local environment. For over nine months, a series of local events in over 20 countries brought together more than 2,500 people to explore the 'From Farm to Glass' ethos – through educational workshops, foraging sessions, talks with guest speakers and tastings. As part of the programme's global cocktail competition, 700 bartenders took up the

challenge of showing how their local cultures could inspire new Jameson cocktail serves. The collective buzz around these regional activations inspired an explosion of online conversations, with a social media reach of 14.2 million.

Global acceleration

In addition to connecting, engaging and empowering bartenders, the Jameson Barrelmen's Homecoming also seeks to reward their passion and commitment, notably with the opportunity to join the pinnacle of the global programme: a four-day gathering in the heart and home of Jameson Irish Whiskey. In June, Jameson welcomed 120 guests from all corners of the globe for an immersive and inspiring programme, including the finale of the global cocktail competition.

The global Barrelmen's Homecoming gathering is seen by bartenders as an invaluable opportunity to take a deep dive into the brand while connecting with fellow Barrelmen and to meeting the wider family of people behind the brand. It affords the participants the chance to taste, see, touch, smell and interact with the brand in a variety of educational and convivial ways. From witnessing first-hand the brand experience at the Jameson Distillery Bow Street in Dublin, visiting the working Midleton Distillery in Cork or participating in a series of innovative workshops, the Barrelmen explored the different business aspects of the 'From Farm to Glass' theme – including urban farming, mixology, music and the different tools of the trade, such as glassware.



20

countries organised events related to the overarching theme 'From Farm to Glass'



700

bartenders participated in the global cocktail competition



“Bringing everyone to Jameson’s home is a great way to deepen people’s attachment to the brand and connect with bartenders from around the world who are passionate, curious and ready to share new ideas,” says Simon Fay, Business Acceleration Director at Irish Distillers.

Creative collaboration

The Jameson Barrelmen’s Homecoming cocktail competition put the 26 local winners through three gruelling challenges. Following an initial speed round, 15 bartenders went on to showcase their ‘From Farm to Glass’ creations. For the final, five bartenders teamed up with colleagues from other countries to make an original cocktail menu using only their know-how and ingredients available in their immediate surroundings in Ireland. The collaborative and creative approach of Ania Kulak from Norway wowed the judges. In lieu of a cash prize, Jameson will fund and

support Ania in developing a programme that benefits her local community.

“We’re delighted to offer a programme that brings together all the excitement and interactivity of a global competition while showing our commitment to supporting bartender education, community collaboration and innovation,” adds Simon Fay, Business Acceleration Director at Irish Distillers.

The Barrelmen’s Homecoming is engaging bartenders to continue pushing the boundaries of their craft, playing a key role in the renaissance of the whiskey category by sharing their passion for Jameson with consumers worldwide.

Absolut

Beyond vodka

In China, Absolut is putting vodka on the map by igniting the interest of a new generation of consumers. Through innovative initiatives that resonate with young people's lifestyles, it is establishing itself as more than a vodka, as a way of experiencing life.

In a market traditionally dominated by local spirits and, to a lesser extent, whiskies, vodka has low awareness in China. Yet today it is one of Absolut's fastest-growing regions. A key driver is the brand's strong appeal to China's younger generation – a massive market of 320 million people born after 1990 who are open to and thirsty for new experiences and tastes. Like their peers around the world, Chinese millennials identify with brands that embody their values, aspirations and lifestyles and offer unique ways to express their individuality.

Fired up with an ambition to be the natural choice of this experience-seeking generation, Absolut set about creating a close affinity that goes well beyond the brand. To achieve this, Absolut has found fresh ways to resonate with the passion points of Chinese young people, creating inspiring events with a cool, alternative vibe that are dramatically boosting visibility and building a community like never before.

Absolut Lab

This summer Absolut energised Shanghai with a cutting-edge pop-up store at the trendy entertainment complex Julu 758. For eight weeks, the Absolut Lab shared a retail space with eco-friendly Swiss brand Freitag. The space included an exhibition area selling limited-edition Absolut Art®, merchandise created in collaboration with a leading Asian street fashion brand, an Absolut bar and, of course, its very own 'lab' where visitors could try different local flavours.



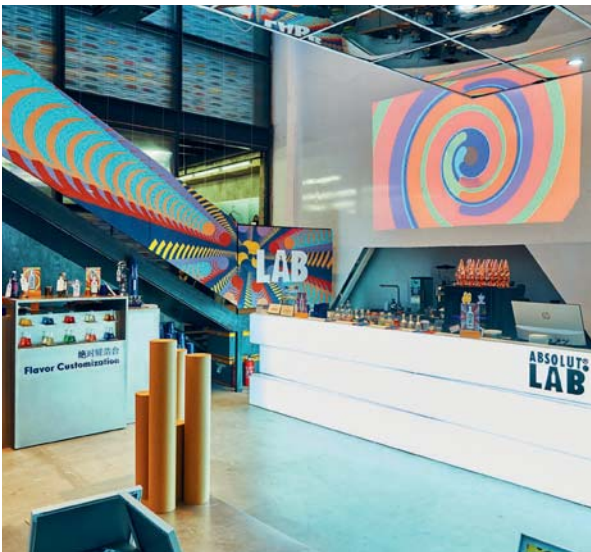
#1
vodka
in China

+32%
sales in China
in FY19





At each event, guests could purchase Absolut in an exclusive bottle wrap with a city-specific map and tagline such as 'Awesome Absolut' in the local dialect.



Visitors had the opportunity to discover the full Absolut portfolio, as well as experience the infinite possibilities of Absolut by customising it with different extracts, infusions and local ingredients. Immersive and hands-on, the lab invited guests to explore different ways to drink vodka – giving full rein to their self-expression.

This pilot pop-up store was promoted online on the WeChat and Drinks&Co platforms, amplifying its impact and digital reach. Its phenomenal success has paved the way for other 'Absolut Experience' pop-ups planned in major cities around China.

AbsolutNights100

To help Chinese millennials ring in 2019, Absolut decided to put a twist on their iconic Absolutnights event. Instead of hosting just one big social event in one city, the brand decided to host 100 Absolutnights parties across all of China, with the help of Absolut's local advocates and influencers. To source ideas for AbsolutNights100, Absolut took to social media to encourage Chinese consumers to submit their own original ideas for celebrating the new year. The result? More than 1,500 entries from over 190 cities. From these, a winning theme was selected for each of the 100 Absolutnights sponsored by Absolut.

With the popular South Korean actor and creative influencer Hong-sik – who has 1.6 million followers on Instagram (@ongsick) – promoting the events and a consequential offline and online campaign, the AbsolutNights100 propelled the Absolut social media channels to their highest-ever social reach and engagement levels. The events themselves that were live-streamed on Yizhibo (a leading live streaming platform in China) were alone viewed over 61 million times, sparking 52 million likes. These combined actions not only generated exceptional media coverage, but boosted brand visibility.

Initiatives like these are generating passion with young people in China, making Absolut a brand they want to follow on social media, a brand that brings them together in inspiring ways, a brand at the heart of their important life moments: a brand that is beyond vodka. Resolutely Absolut.

Hanna Hall,
Manager Industrial
Engineering -
The Absolut Company
&
Sumiko Iwamuro,
DJ
Tokyo, Japan



RELIVE THE
ENCOUNTER



CONVIVIALITY IS:
"Happiness. Pure and simple!"

AND CONVIVIALITY AT WORK:
"Being inclusive."

YOUR TOP CONVIVIALITY SPOTS:
"Tokyo's narrow streets at night with small bars that can only host a few people. I loved the other streets and parks we visited - we were not typical tourists!"

AN UNFORGETTABLE MOMENT:
"DJ Sumiko's 'Deca Bar' - it's one-of-a-kind! She is totally unforgettable and so young in mind and body. She didn't even have a problem pole dancing at the bar. And what clothing style!"

SOMETHING INSPIRING FROM YOUR TRIP:
"Being in a tiny Tokyo bar. The tight warm space made it really easy to talk, dance and mix with other guests. That was real conviviality!"

STÉPHANE LAVOUÉ

Travel diary



TOKYO, Japan



BATTLEGROUND 3

Funding the journey

By optimising our performance, we are creating a solid financial footing to fuel our growth. Already we have achieved cost and cash savings of €200 + €200 million through our Operational Excellence Plan launched in 2016. Having seen the benefits of smarter purchasing, targeted media investment, strategic allocation of resources to priority brands, we continue to invest in digital solutions that allow us to improve efficiency and create business value through data.

Across our production and logistics channels, we are evaluating Industry 4.0 technologies such as COBOTS on packing and bottling lines to assist workers, real-time tracking of the entire global supply chain, and digital monitoring of water consumption through sensors to optimise resource use. We also launched PRIME, a proprietary tool that harnesses data science and artificial intelligence to check the pulse of consumers, trends and the competition.

In every aspect of the business, we are boosting our agility through value-added innovations that benefit employees, customers and partners, generating sustainable and diversified growth, and giving us an edge in all our markets.



Industry 4.0

Transforming Operations for the business of the future

The rise of new digital industrial technology, known as Industry 4.0, is actively contributing to improving productivity, quality and working environments across many industries. Pernod Ricard has embraced Industry 4.0 principles and technologies – from automation to big data and connected objects – to drive a strategic transformation across its global operations.

To enable the Group to accelerate its collective operational performance, Operations leaders from across Pernod Ricard came together in 2017 to identify a list of promising technologies for our business. “We decided to take an approach aligned with our decentralised model, testing each selected initiative through a series of pilot projects across our wine and spirits sites worldwide,” explains Rodrigo Fernandez, Group Operations Performance Manager. “This has allowed us to make focused investments and evaluate each solution and its potential business benefits on a case-by-case basis.”

The Group’s Industry 4.0 journey has followed a test-and-learn approach. By allowing our teams to identify the most appropriate solutions for different business needs, cross-fertilise ideas and analyse the benefits of initial technology pilots, Pernod Ricard is creating the right conditions for its Brand and Market Companies to move more quickly on replicating promising solutions.

With the central Group Operations’ team playing a key role in coordinating Industry 4.0 initiatives and guiding future technology investments, together with Pernod Ricard Winemakers for its winemaking activities, Pernod Ricard is well-placed to transform and accelerate operational efficiency, creating new value-added services that benefit its employees, customers and partners.

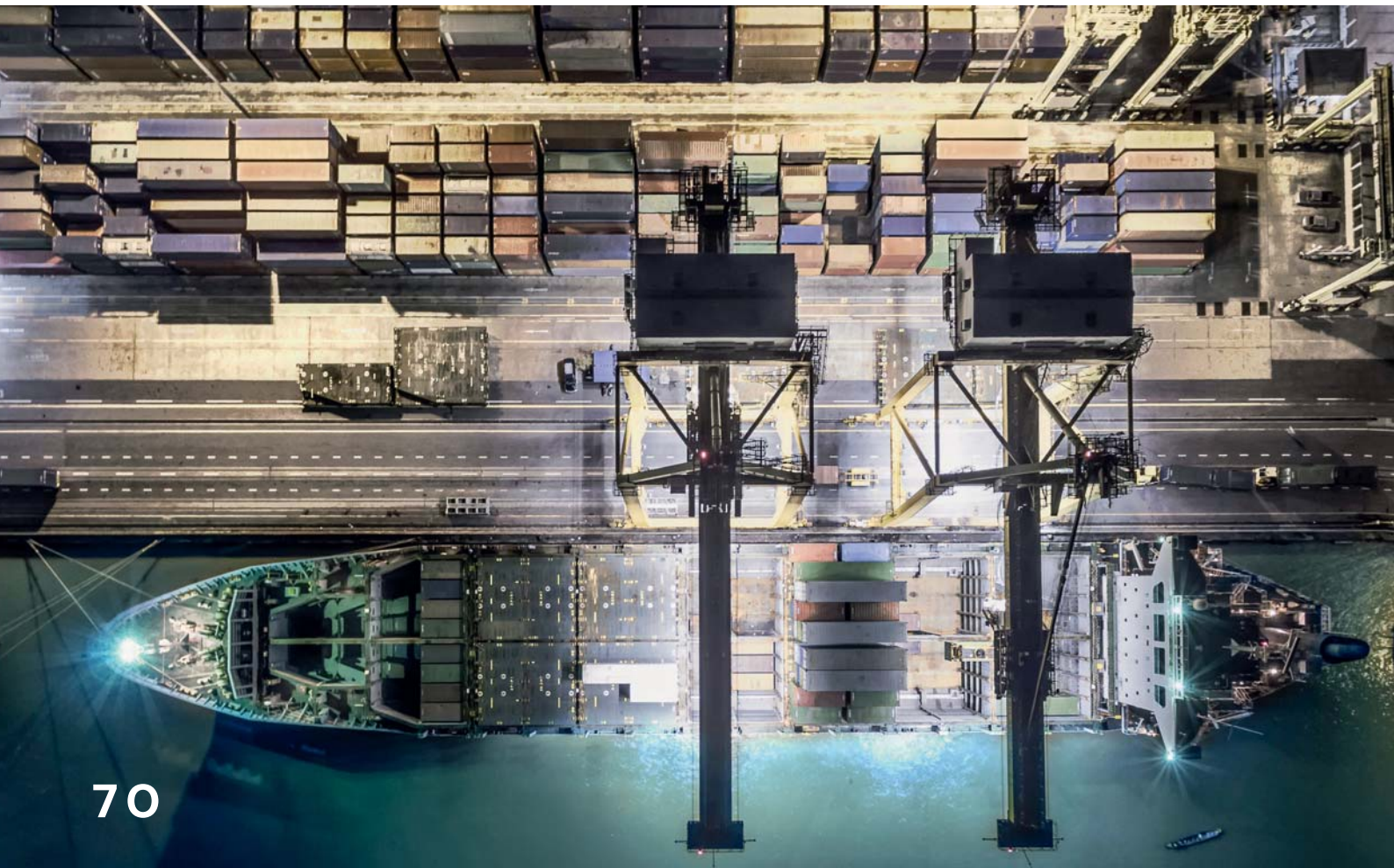
CONTROL TOWER

A live panoramic view of our global supply chain

At any given time, thousands of sea containers are on the move between the Group's various Brand and Market Companies across the globe. For the supply chain teams who need to have access to their whereabouts in real-time, the process has been a highly manual and time-consuming one: requiring them to compile information from each of their shipping providers' individual websites.

To tackle this complex supply chain issue, Pernod Ricard deployed a new digital solution that provides real-time visibility of all shipments across the Group's numerous sea freight providers on one single platform. The new 'Control Tower' combines information provided directly from each carrier with the Group's automated identification system data to show the precise location of all shipments at any moment.

Centralising this critical data is not only a significant time saver for the supply planners in 62 of our global offices for whom it is critical to track shipment progress, it also allows them to be more proactive in anticipating and communicating accurate lead times. In addition to which, this new tool facilitates generating comprehensive reports on the performance and reliability of our shipping partners and measuring our carbon footprint.



COBOT

Collaborative solutions power productivity

Collaborative robots (COBOTs) bring the complementary skills of man and machine together. To explore the benefits that this technology can bring to benefit both people and industrial performance, two of Pernod Ricard's Brand Companies have been testing how the use of COBOTs can streamline activities on the production line and support bottling operations.

The Group's first COBOT was tested at our Absolut facilities in Sweden to relieve operators from arduous, noisy and ergonomically challenging tasks. After the success of their first two pilots, the local Operations' team continued to deploy additional COBOTs on their packing lines. Delivering immediate productivity gains and cost savings, Absolut further invested in this new technology by creating a dedicated COBOT for training teams to design future COBOTs.

The Martell bottling plant in France deployed its first COBOT in 2018. Engaging the local team in the operational design from the start of the project made it faster to adapt and deploy the COBOT tailored to their local needs, to reduce employees' exposure to repetitive movements and musculoskeletal strain. Equipped with a series of sensors, the Martell COBOT works safely alongside operators to prepare shipping cases for bottles. Besides improving employee safety, the COBOT is a valuable resource supporting Martell's premiumisation strategy. As the brand's high-end products require more manual handling, this new tool has proved a fast and efficient solution to manage the wide variety of packaging needs that result from the many different Martell bottle formats.



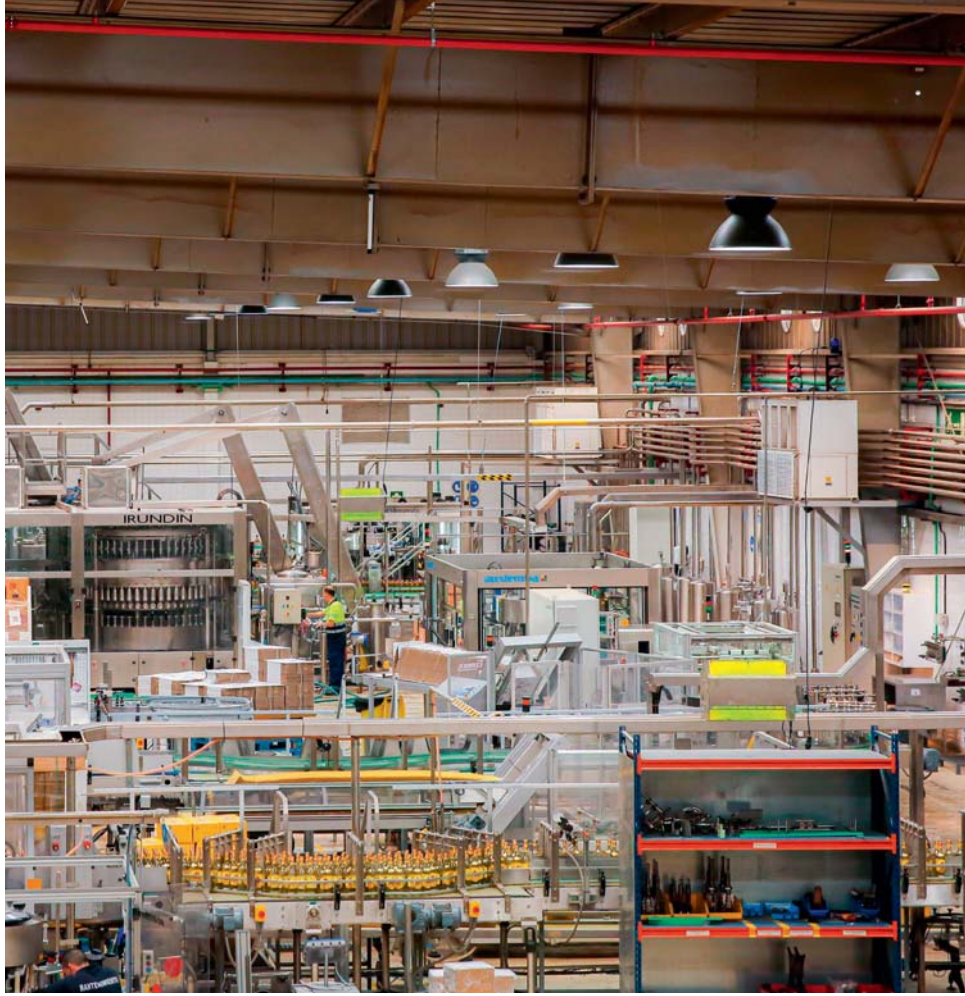
IOT APPLICATION IN MANZANARES

A real-time solution for better resources management

Connected devices can inform and guide real-time decision-making for better resource management. A long-time pioneer in operational excellence initiatives, Pernod Ricard Spain's Manzanares facility spearheaded a pilot programme to evaluate the use of sensors for monitoring water usage in the production environment.

Through the installation of multi-function sensors on production equipment across the site, the team is able to track in real-time on a central dashboard its water usage along with a variety of other site operations. This system allows the local teams to identify issues – such as unusual variations or potential leakages that typically take time to detect – and implement corrective actions in a more reactive manner. These same sensors are powered by solar panels making this a solution with a doubly positive ecological impact.

From this experience gained at Manzanares and from its different pilots, Pernod Ricard will continue rolling out the most relevant and cost-effective solutions across its many operational sites to further optimise Operations' performance across the Group.



Prime

Sharper insights through digital

What are consumers saying and thinking about our brands? New technology makes getting accurate answers to this fundamental marketing question more possible than ever. Our innovative proprietary ecosystem, PRIME, harnesses data science and artificial intelligence to gain a deeper understanding of our consumers.



FLORENCE RAINSARD

Global Consumer Insights Director

What is PRIME?

PRIME arose from the realisation that with the explosion in social media, digital technologies and the rise of omnichannel purchasing our tools to track brand performance needed to evolve to meet the fast-evolving marketing trends. Previously, we were focusing on the different categories of spirits, while allowing us to compare different brands in a same category (such as vodkas with vodkas, whiskies with whiskies, etc.), we were not able to take sufficiently into account our consumers' reality at the moment of consumption. On top of that, while we could measure brand equity, we weren't able to fully measure the impact of specific actions such as marketing campaigns. To strengthen our insights, we decided to develop a totally new consumer research tool that leverages best-in-class digital technology.

What makes the tool unique?

This tailor-made ecosystem has two key functionalities: a short questionnaire aimed at an online panel of consumers (accessed via research panels) that allows us to track the perception of our brands, combined with our social listening tool that tracks brand momentum by spontaneously capturing online data in real-time. The latter allows us to monitor social media channels for direct mentions of our brands affording us a better understanding of our consumer's reality in their own words and posts. It also enables us to track the competition, identify new trends, detect influencers and see spikes in interest in our brands.

What difference is it making?

Compared to traditional methods, this digital ecosystem gives us access to real feedback in real-time, allowing our marketing

teams to detect early signals and rapidly act on opportunities. Now deployed in 27 countries, the huge volume of granular data the tool provides means we can be reactive to local cultural nuances.

How are you translating the insights into action?

Our teams can access the information from an online dashboard at any time of the day. We also keep them informed about key findings through quarterly newsletters – sharing stories that help us better understand our consumers, their perceptions of the brands they drink, and the occasions when they drink them. This allows us to tailor our marketing assets to maximise engagement, giving us an edge in the battle to win consumer attention.



Sahil Soni,
Marketing Manager –
Pernod Ricard India
&
Finn MacDonnell,
Pub Manager –
Dick Mack’s
Pub & Brewhouse
Dingle, Ireland



RELIVE THE
ENCOUNTER



CONVIVIALITY IS:

“Affability. It’s the link that changes strangers to friends, makes good stories into great stories and transforms time spent into cherished moments!”

AND CONVIVIALITY AT WORK:

“A simple good morning and maybe a ‘How’s your day going?’ is a great way to share!”

YOUR TOP CONVIVIALITY SPOTS:

“Dick Mack’s Pub in Dingle was amazing. A place filled with friendly people and incredible local characters.”

AN UNFORGETTABLE MOMENT:

“Finn welcomed us in such a genuinely caring way. Amazing to hear about his connection to a legacy of family legends.”

SOMETHING INSPIRING FROM YOUR TRIP:

“An Irish pub is a hub for the whole community where you’ll find people from all walks of life chatting, laughing, singing, drinking... I loved that so many haven’t changed: an authentic home away from home!”

travel diary



DINGLE, Ireland



BATTLEGROUND 4

Valuing our people

Our company is about people as much as products – from the teams behind our brands to everyone who helps us create conviviality. We want to continue to inspire the collective commitment of our 19,140 employees, empowering them to go the extra mile, achieve results that go beyond the bottom line and create value within all the local communities across our ecosystem.

To share the value we create, in 2019 Pernod Ricard launched its first employee share ownership plan, Accelerate. The high take-up rate demonstrates employees' conviction in the company and directly aligns them with its performance. An approach of collective responsibility also extends to where we operate: for example, Martell, long a driver in sustainable viticulture, is working with a range of local partners to develop environmental benchmarks in the Cognac appellation.

Delivering value to all our stakeholders – employees, communities, consumers, suppliers and shareholders – creates a virtuous circle that will ensure a successful, sustainable future.

Accelerate

Putting employees at the heart of our performance

In 2019, we launched our first employee share ownership plan, “Accelerate.” This initiative supports our strategy of investing in sustainable and profitable long-term growth for all stakeholders – beginning with our employees. It is a reflection of the ‘Pernod Ricard Mindset,’ that drives each of our 19,140 employees, our own ‘Créateurs de convivialité,’ to excel at their work⁽¹⁾.

The exceptional commitment and mindset of our *Créateurs de convivialité* has been key to Pernod Ricard’s success. Our employees play a critical role in the Group’s transformation, driving the redefinition of our work practices and our digital acceleration.

To mark a new chapter in Pernod Ricard’s collective history, we wanted to directly link employees to the Group’s success. Loyal to our company’s core values, we believe that aligning employee interests with those of our management and shareholders reinforces an environment of mutual trust and individual responsibility.

The name of our employee share ownership plan – “Accelerate” – was chosen to mirror the “Transform & Accelerate” strategic plan we launched in July 2018. It allows employees to buy shares in Pernod Ricard at a discounted rate with a five-year vesting period. Thus truly turning our collective success into individual success.

For the first edition of “Accelerate”, 18 Pernod Ricard markets were invited to participate in the programme, thereby involving nearly 14,000 employees – accounting for three quarters of the Group’s total workforce. The initiative was a huge success, even in countries where employee shareholder plans are far from commonplace, such as in India and China, where record levels of

enrolment were attained (76% and 48% respectively). Subscription rates exceeded 60% in many countries, with an average of 41.5% overall – unusually high for this type of plan and demonstrative of the pride and confidence that our teams take in their work. These figures place the Group amongst the best-performing players in the field according to the French Federation of Employee Shareholder Associations (*Fédération Française des Associations d’Actionnaires Salariés*).

“Over 50 years ago, our founder, Paul Ricard, established pioneering profit-sharing opportunities for employees,” says Géraldine Noel, Compensation, Benefits & International Mobility Director at Pernod Ricard. “This new employee share ownership plan maintains this tradition by placing the concept of sharing at the heart of our business model and performance.”



(1) I Say survey, July 2019. Willis Towers Watson.

Martell

Sustainable viticulture

Maison Martell's commitment to sustainability is not just ambitious and innovative, but collaborative too. To ensure that its cognac is produced in total respect of the environment, the Maison Martell works hand-in-hand with the many different industry stakeholders, ranging from regional government and Cognac appellation authorities, partner vineyards and their own teams.

Maison Martell's long-standing sustainability programme covers the entire cognac production cycle and all related activities.

In the late 2000s, the cognac house first implemented an initiative to reduce energy consumption at its Gallienne distillery in Javrezac (France). The dedication and involvement of the site's personnel contributed to the transformation of the distillery's facilities, processes and working methods, enabling it to become the first AOC Cognac distillery to receive ISO 50001 certification in March 2016. This certification is a testament to the success of this transformative project which both reduces its energy use by one fifth over five years and fully optimises its energy management system.

Since 2015, Maison Martell has also supported the development and deployment of a new set of standards for sustainable winegrowing that is adapted to the specific needs of AOC Cognac. Maison Martell has been leading this initiative alongside winegrowers, the National Interprofessional Bureau for Cognac⁽¹⁾, the Charente and Charente-Maritime Chambers of Agriculture and the French Institute in Vine and Wine⁽²⁾. In fact, almost 90% of Martell's 1,200 partner winegrowers today take an active part in working to improve environmental practices and share their best practices through the working groups organised by Maison Martell.





Thanks to actions like these, Maison Martell owns the first, and so far, only, two cellars in the region awarded with the ‘Highest Environmental Quality’⁽³⁾ (HQE) certification.

Maison Martell’s significant investment in research and the numerous actions it has taken to protect the environment benefits the entire Cognac industry while, at the same time, fulfilling Pernod Ricard’s commitment to valuing its people.

Developing more resistant grape varieties

To develop grape varieties that are more resistant to disease and better adapted to climate change, Maison Martell recently launched a long-term research initiative in collaboration with important regional and national scientific experts – including the Interprofessional Bureau for Cognac, the *Conservatoire du Vignoble Charentais*, the French National Institute for Agriculture Research⁽⁴⁾ and the French Institute in Vine and Wine, not to mention Martell’s 1,200 partner vineyards. These new varieties will enable winegrowers to treat their vines less frequently and in a more sustainable manner. The first trial plots will be planted throughout the vineyards of volunteer winegrowers in 2023 following the initial phases of research and development with regards to the genomic selection, varietal creation, hybridisation and initial testing; and it is expected that this project will come to a close as early as 2028.

Protecting nature

Maison Martell cognac is aged in barrels made from fine grain French oak, some of which is sourced directly from the surrounding state-owned forests in the Charente department. Promoting sustainable winegrowing thus also means protecting the region’s exceptional botanical heritage. Whether by contributing to reforestation projects, such as the 28-hectares of trees that Maison Martell planted to offset the clearing of 14-hectares for the construction of new cellars at the Lignières site; or by participating in various collaborative regional projects. Through the development of an interactive trail within the state-owned forest of Bercé, for example, the Maison Martell and the National Forest Service (*Office National des Forêts*) made it possible for all, including people with disabilities, to experience the reality of being amidst the forests’ 300-year-old oaks.

(3) Haute Qualité Environnementale.

(4) Institut National de la Recherche Agronomique (INRA).

Jorge Garcia,
Commercial Operation
Manager -
Pernod Ricard Mexico
&
Haukur S. Magnusson,
Restaurant owner
Ísafjörður, Iceland



RELIVE THE
ENCOUNTER



CONVIVIALITY IS:

“Friendship. Sharing experiences, dreams and concerns is how we grow as people and communities.”

AND CONVIVIALITY AT WORK:

“Celebrating achievements with colleagues, finding solutions together, supporting each other’s goals.”

YOUR TOP CONVIVIALITY SPOTS:

“Relaxing at the Dynjandi waterfall, discovering Icelandic customs at Haukur’s restaurant and the eclectic music festival.”

AN UNFORGETTABLE MOMENT:

“Time passed too quickly joking around with Haukur out on the boat!”

SOMETHING INSPIRING FROM YOUR TRIP:

“Icelanders are very open and friendly. Their outlook on life is enjoying the company of others. That sums up the music festival: everyone having fun together.”

STÉPHANE LAVOUE

Travel diary



ÍSAFJÖRÐUR, Iceland



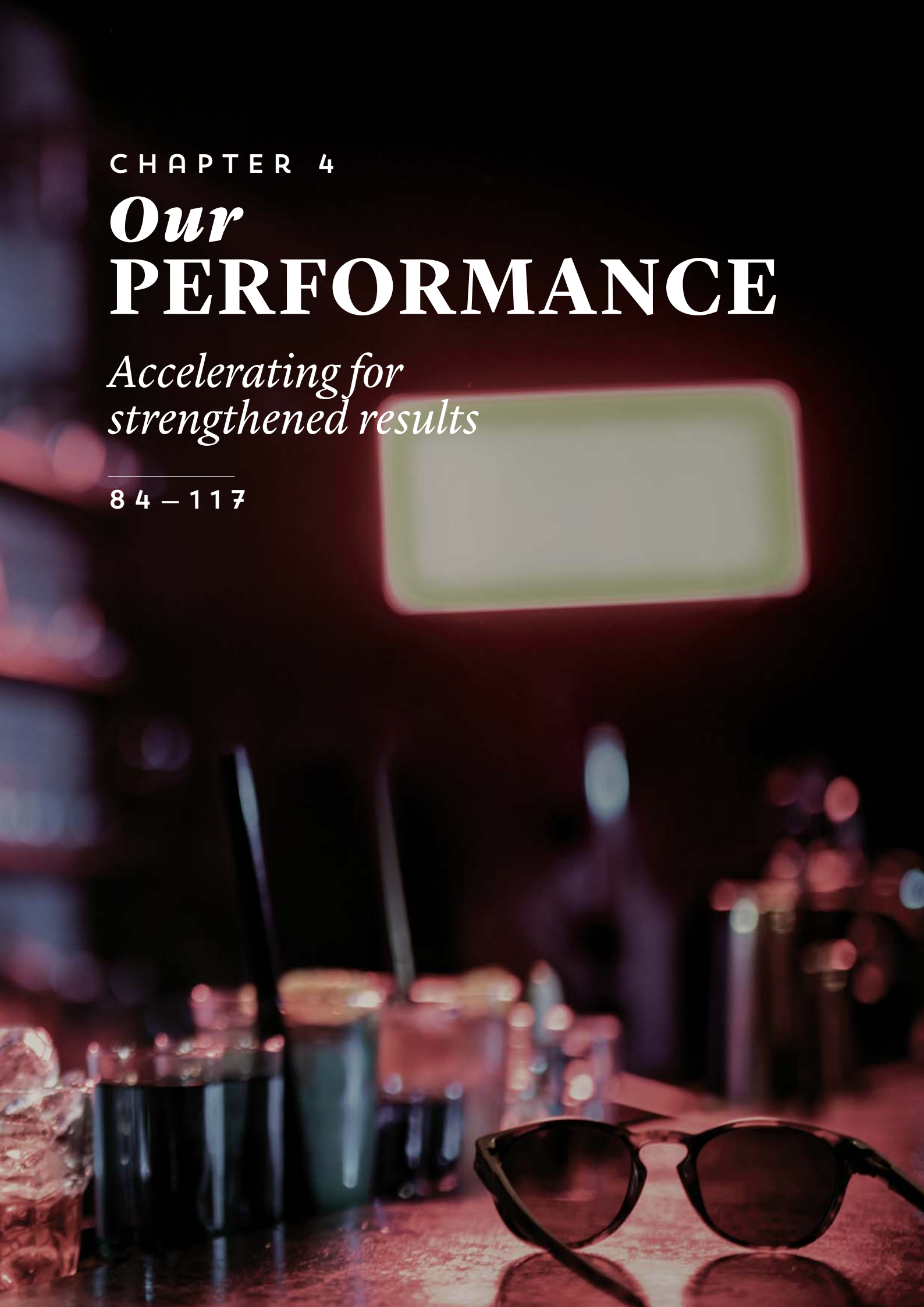


CHAPTER 4

Our PERFORMANCE

*Accelerating for
strengthened results*

84 – 117



A look back at an excellent FY19



HÉLÈNE DE TISSOT

EVP Finance, IT & Operations

How would you describe the Group's performance over FY19?

FY19 was an excellent year, with very strong and diversified Sales growth across the portfolio, growing +6.0% on an organic basis. This performance was driven by the continued development of our must-win markets, with excellent performance in China and India and continued strengthening of the USA and Global Travel Retail route-to-markets. We also delivered strong pricing at +2%.

FY19 was also very strong in terms of financial performance, with organic Profit from Recurring Operations (PRO) growing +8.7%, our highest growth since FY12. This generated strong improvement in our operating margin, which expanded +74bps on an organic basis, driven by the accelerated completion of our Operational Excellence FY16-20 programme and by Structure cost discipline more than offsetting Cost of goods headwinds, the negative mix of Seagram's Indian whiskies and the USA wholesaler inventory optimisation.

Moving to our cash performance, we maintained a strong cash conversion rate, broadly in line with last year at 88%, whilst increasing our ageing stocks to support our ambition of long-term sustainable growth. This led to a +4% increase in Recurring Free Cash Flow. However, reported Free Cash Flow declined -5% due to positive one-off items in FY18. This strong cash performance reduced Net Debt by €342m to approximately €6.6bn and the Net Debt/EBITDA ratio to 2.3x at end June 19 from 2.6x one year prior. Finally, our proposed dividend of €3.12 per share increases the pay-out ratio to 50%, thereby enabling us to achieve our ambition to gradually increase the pay-out to 50% by FY20.

What can we expect for FY20?

We anticipate a particularly uncertain environment in FY20. We will continue to execute our Transform and Accelerate strategic plan, which focuses on embedding dynamic top-line growth and delivering operating leverage, thereby maximising long-term value creation. We will see a moderation of growth in China and India, whereas the USA should be dynamic following our wholesaler optimisation in FY19, all of which is in line with the assumptions of our strategic plan. To support our top-line ambition, we will increase investments in our strategic priorities, with CAPEX increasing to roughly 5% of Sales and ageing stocks increasing approximately €300m. We have also announced a two-year share buy-back programme of up to €1bn, starting in FY20. The guidance we have provided for Organic growth in PRO in FY20 is between +5% and +7%.

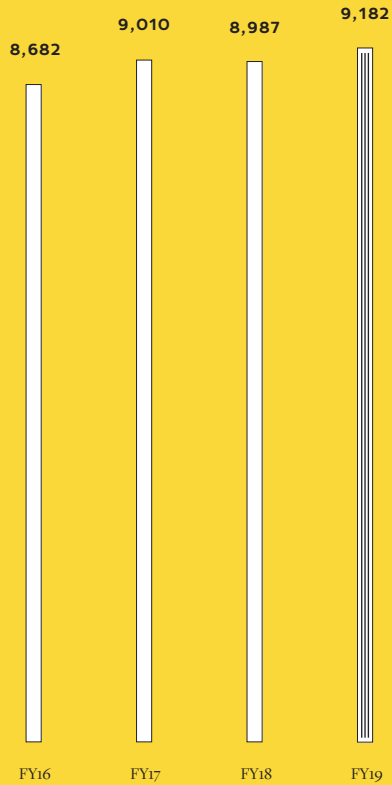
What is the ambition of the new Transform and Accelerate strategic plan?

We announced the FY19-21 Transform and Accelerate strategic plan at our half-year results in February. The focus of this plan is to embed our dynamic growth and to deliver operating leverage, in line with the objective of maximising long-term value creation. The ambition we outlined was organic top-line growth between +4% and +7%, continued focus on pricing and building on our operational excellence initiatives, with a new plan aiming to deliver an additional €100m in savings by FY21. We will also invest strongly into A&P⁽ⁱ⁾, maintaining a ratio of approximately 16% of Sales, with careful arbitration to support must-win brands, markets and innovation. We will maintain strict discipline on Structure costs, with growth below that of the top-line, while investing in key priorities. With all of this, we can deliver roughly 50-60bps operating leverage annually, provided top-line growth is within the +4% to +7% bracket.

(i) Advertising and Promotion.

OUR PERFORMANCE INDICATORS

Net sales FY16 to FY19
(millions of euros)



Source: Figures prior to FY19 are not restated for IFRS 15 norm applications

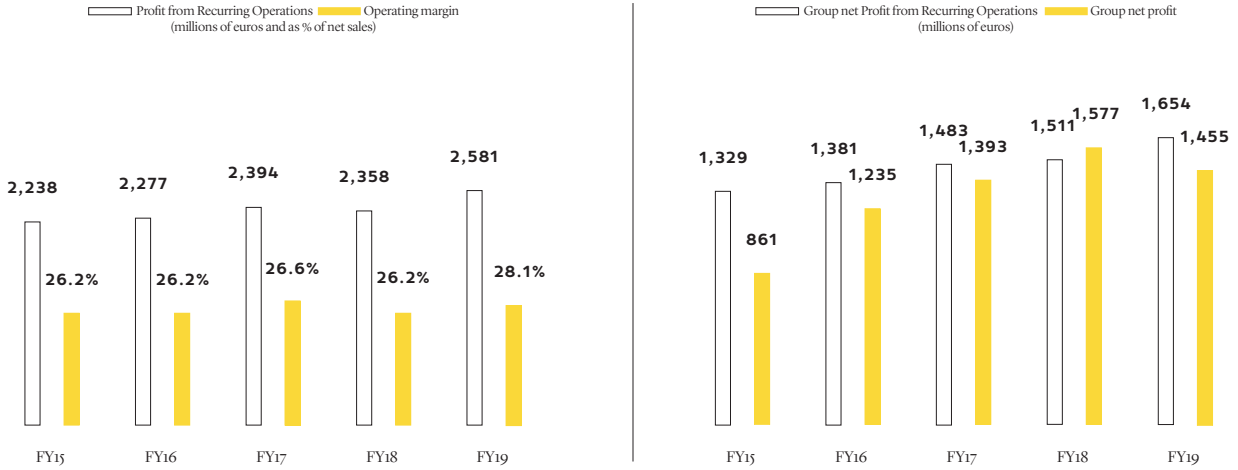
€9,182m
Net sales

+15%
Sales in emerging markets

€2,581m
Profit from Recurring Operations

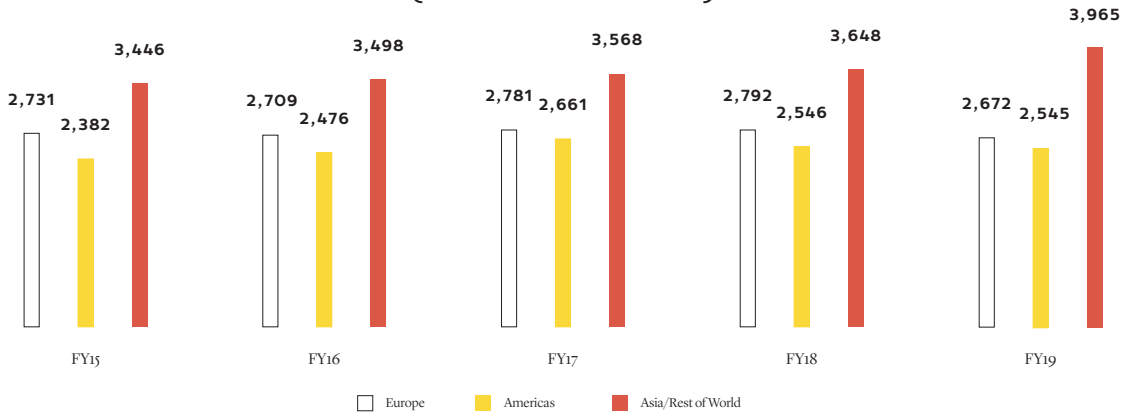
+8.7%
Organic growth in Profit from Recurring Operations

OUR PERFORMANCE



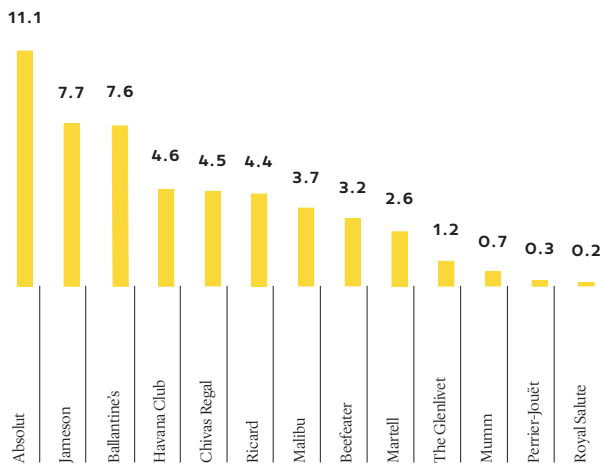
Source: Figures prior to FY19 are not restated for IFRS 15 norm applications

SALES BY REGION
(millions of euros)



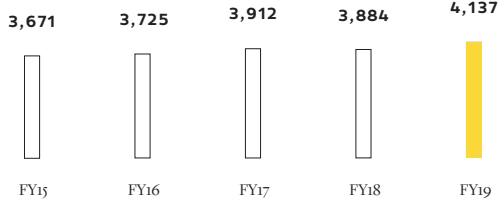
Source: Figures prior to FY19 are not restated for IFRS 15 norm applications

STRATEGIC INTERNATIONAL BRANDS
(millions of 9-litre cases sold)

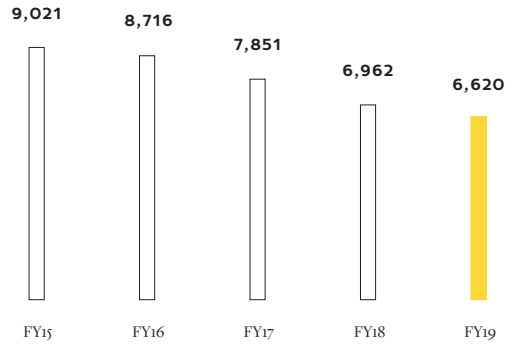


51.9m
CASES SOLD

**CONTRIBUTION
AFTER ADVERTISING AND
PROMOTION INVESTMENTS**
(millions of euros)

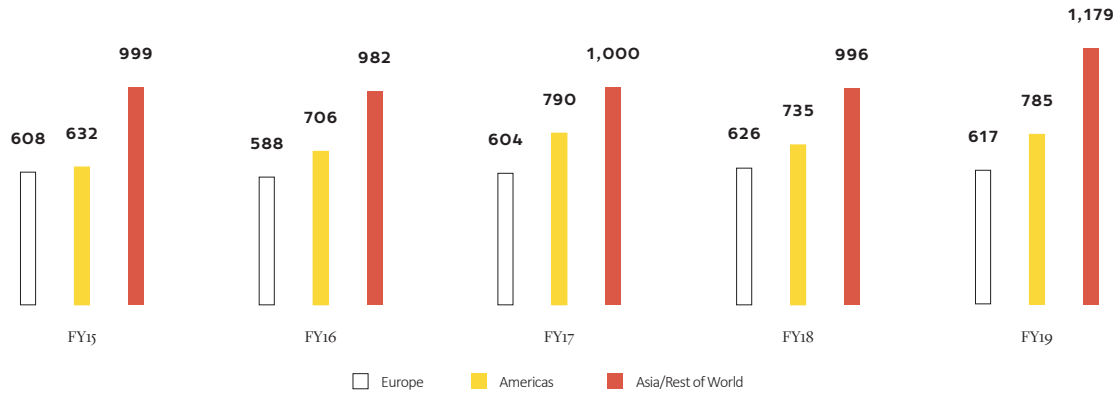


NET DEBT
(millions of euros)

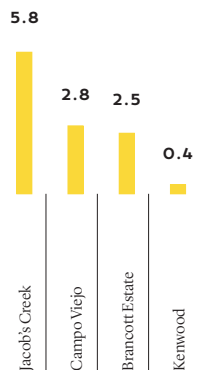


Source: Figures prior to FY19 are not restated for IFRS 15 norm applications

OPERATING PROFIT BY REGION
(millions of euros)



4 STRATEGIC WINE BRANDS
(millions of 9-litre cases sold)



11.5m
CASES SOLD

USA

FY19 PERFORMANCE

+4%

sell-out
Broadly in line
with market⁽¹⁾

*Transform & Accelerate
medium-term ambition:
to grow mid-single digit
and gain market share.*



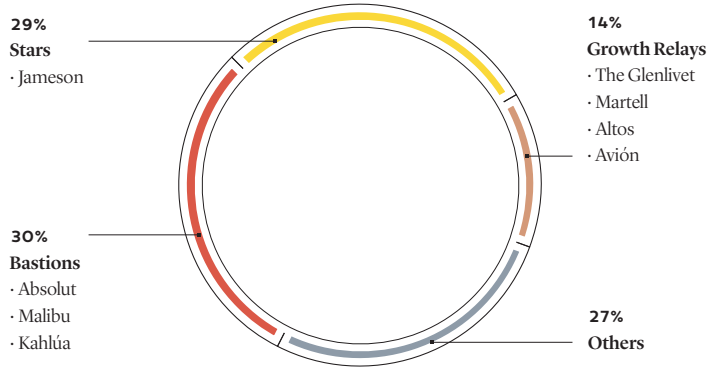
+53%

growth in Martell sales
in the USA



(1) Internal estimate of USA Spirits growing at approximately 4.5%.

PORTFOLIO STRATEGY to drive future growth



FUTURE GROWTH STARS



RECENT AMERICAN WHISKEY ACQUISITIONS



China

Transform & Accelerate ambition: high-single digit to low-double digit medium-term growth. Expand the imported spirit market to double its size from 1% to 2% between 2017 and 2025.



1st

single malt distillery in Mainland China in Emeishan, Sichuan

NEW PARTNERSHIP WITH DBR LAFITE



DOMAINES BARONS DE ROTHSCHILD LAFITE

FY19 PERFORMANCE

+21%

sales

Outstanding performance thanks to continued strong dynamism of Martell and growth relays

PORTFOLIO STRATEGY

2 ROUTES TO MARKET

Prestige BU



Premium BU



India



CHAPTER 4

Transform & Accelerate ambition: low-double digit medium-term growth, consolidating leadership position in the industry.



Cricket World Cup association
Royal Stag ICC⁽²⁾

FY19 PERFORMANCE

+20%

sales

>45%

value market share⁽¹⁾

PORTFOLIO STRATEGY

3 PREMIUM LOCAL BRANDS



FAST-GROWING INTERNATIONAL BRANDS



(1) IWSR 2018 bottled in India Premium & Western style Spirits whiskies (> 5E average price). (2) International Cricket Council.

Global Travel Retail

FY19 PERFORMANCE

+6%

Strong growth driven by all regions



FY19 LAUNCHES



Transform & Accelerate ambition: develop premium & Travel Retail leadership.

Focus on consumer-centricity: capability and route-to-market changes to accelerate pace of innovation and build strategic customer partnerships.

PERFORMANCE

Very good performance on our whisky portfolio



Europe

FY19 PERFORMANCE

+1%
sales

WESTERN EUROPE

-1%
sales

+3%
price/mix

EASTERN EUROPE

+9%
sales



FRANCE

-5%
sales

Difficult market



SPAIN

stable
sales

Positive price/mix



UNITED KINGDOM

stable
sales

Double-digit sell-out for spirits



RUSSIA

+11%
sales

Dynamic growth across portfolio



Rest of world

JAPAN

+9%
sales

Good price/mix driven by Champagnes & whiskies



CANADA

+4%
sales

Successful innovations (Jameson RTD and The Glenlivet Captain's Reserve)



AFRICA & MIDDLE EAST

+16%
sales

Very strong performance in sub-saharan Africa and Turkey



BRAZIL

+13%
sales

Triple-digit sales growth of Beefeater & very strong performance across whiskies & Absolut



Our brands: innovating in a changing world

Our brand portfolio is one of the most comprehensive in the industry. Covering all categories of wines and spirits, it allows us to place our brands at the centre of each moment of consumption. The dynamic management of our portfolio – made possible by our House of Brands (see page 20-21) – ensures the optimal allocation of resources by allowing us to prioritize investments for our strategic brands in line with the consumption habits and the local context specific to each market. This approach is the cornerstone of our customer-centric business model and our decentralized organization.

But beyond this, a deep understanding of emerging trends (see pages 46-47) is essential in order to capitalize on opportunities and best respond to evolving consumer needs and values. Today these include a growing demand for transparency and authenticity, for strong ethics, and for more natural ingredients and artisanal methods.

To meet these new expectations, our brands are developing innovative strategies tailored to each market: launching lower-alcohol and 100% natural spirits, introducing fresh new tastes and packaging, teaming up with influencers, actively engaging with our stakeholders, championing local music and culture, offering bespoke VIP experiences, organizing original events and more.

In the following pages, we share some of the year's highlights for our Strategic International, Luxury & Prestige, Speciality and Wine brands. All these initiatives are testament to Pernod Ricard's determination to engage with our consumers – new and old, making them the first drivers of our acceleration.

Chivas Regal
p. 95

Absolut — Ballantine's
pp. 96-97

Jameson — The Glenlivet
pp. 98-99

Havana Club — Malibu
pp. 100-101

Beefeater — Ricard
pp. 102-103

Mumm — Perrier-Jouët
pp. 104-105

Martell — Royal Salute
pp. 106-107

LeCercle — Aberlour
pp. 108-109

Monkey 47 — Lillet
pp. 110-111

Redbreast — Altos
pp. 112-113

**Campo Viejo
Brancott Estate
Jacob's Creek
Kenwood Vineyards**
pp. 114-115

650m

global Manchester United fans worldwide

46%

of net sales growth from product innovations (XV and Mizunara)

+10%

net sales in emerging markets in 2019

It goes without saying that the legendary English football club Manchester United understands the rewards of working as a team. Its diverse squad of top players, trainers and managers, and global fan base have made it one of the most famous football teams on the planet – the perfect partner for the bold new Chivas campaign, ‘Success is a Blend.’

The partnership was launched at the kick-off of the 2018/2019 football season at the club’s home stadium, Old Trafford, where Chivas premiered a film showcasing the team’s unique blend of talents. Since then 45 markets have activated the partnership, working with the Club to engage their 650 million fans worldwide.

The campaign has also seen the brand working with many different global influencers. In China, Chivas has collaborated with music producer, singer and actor Kris Wu, the local face of the campaign. With his diverse mix of aspirations and talents, Wu has strong appeal with China’s urban millennials, helping to reach an audience of over 700 million. ‘Success is a Blend’ has been a key driver in the impressive +6% value growth of Chivas in FY19, proving our belief that blended is better, in life and Scotch.

Chivas Regal

“Success is a Blend” speaks to the heart of Chivas’ DNA. Not only does it champion blended Scotch whisky, but also demonstrates great success comes from collaborating with others.”

RICHARD BLACK
Global Marketing Director, Chivas





Absolut

"People want natural products with a real story behind them. Absolut Juice gives them a new way to mix things up and squeeze the best from every moment, through the seasonal tastes of Sweden."

CHARL BASSIL
VP Marketing, Absolut

3

seasonal fruit flavours
(Strawberry, Apple, Rhubarb)



Swedish tastes set many lifestyle trends. So it's little wonder that Absolut sought inspiration from local seasonal delights when creating its latest range of refreshing spirit drinks. The result is Absolut Juice, the brand's lower-alcohol alternative for daytime and early evening occasions. From the bottle design and labelling to its fresh taste appeal, Absolut Juice connects consumers with the brand's history, craftsmanship and natural inspiration. Made from vodka, real fruit juices and natural flavours, it's the ideal ingredient for making simple cocktails by just adding soda, tonic or sparkling wine.

It also satisfies growing consumer interest in more conscious drinking. With a lower ABV than traditional vodka drinks, Absolut Juice extends the brand's appeal and taps into new moments of indoor and outdoor consumption, such as picnics, aperitifs or barbecues. Launched in the US and UK to date, Absolut Juice is fast proving a popular choice amongst young adult consumers. It's yet another demonstration of how the brand is constantly innovating to strengthen Absolut as a natural premium choice.

Ballantine's

"We've showcased incredible True Music artists for years, delving deep into each scene. Now it's time to take our passion for music a step further, continuing to ensure it stands for something real, while benefiting musicians and their communities."

MATHIEU DESLANDES

Global Marketing Director, Ballantine's



Music has a universal power to transcend social and geographical borders in a way that simply brings people together. Five years since its launch, the Boiler Room⁽¹⁾ x Ballantine's True Music partnership has brought to stage more than 250 boundary-pushing artists at 30 events in 15 countries in a pure celebration of music. At heart, True Music is about supporting emerging artists, respecting cultural roots and showcasing local music scenes, whether it's hip hop in South Africa, techno in Russia, baile funk in Brazil or perreo in Spain.

And in 2019 True Music dialed it up a notch, to focus in on the grassroots scenes where the pioneering artists it champions learned to thrive. Conscious of the challenges frequently facing these artists, this new tour across Russia, Poland, Spain and South Africa also served as a forum for discussion. Each leg of the tour brought together a panel of diverse voices spearheading the local scenes – musicians, promoters, technicians, fans – and culminated in a live show of homegrown talent, that will form the basis of a documentary film. 'Staying true' to music is not only important for Ballantine's audience but something the brand too is genuinely passionate about.

#1

Scotch whisky in Europe

(1) A London-based independent music broadcasting platform.



Jameson

"Black Barrel is a serious whiskey that doesn't take itself too seriously. We believe in making the super-premium experience accessible and enjoyable for all our consumers."

SIMON FAY
Business Acceleration Director, Irish Distillers

183,000

Black Barrel cases sold globally in FY19

+23%

Black Barrel sales vs FY18



When it comes to bringing that special serve for an elevated drinks occasion, Jameson has it covered. A blend of compelling consumer communications and activations around its triple distilled Black Barrel has helped the brand broaden the appeal of its super-premium whiskey to new consumers.

Black Barrel holds a special place in Jameson's portfolio. First launched in 2011 to offer a richer and more complex whiskey experience to the brand's Original blend, Black Barrel has steadily gained popularity at craft cocktail bars worldwide thanks to its focus on bartender advocacy. In 2019 sales of Black Barrel in the US reached 100,000 cases, boosted by the expansion of its Friendsgiving programme – a series of convivial activations across 10 cities bringing together 600 bartenders over Jameson cocktails and festive food. Jameson also won over consumers during this festive gifting period of the year by showcasing the know-how behind the process that contributes to Black Barrel's unique flavour with in-store demonstrations providing tastings and offering a personalised bottle engraving service.

Black Barrel has been a standout performer in 2019, increasing global sales by 24%. It's a prime example of how Jameson is elevating its brand with bartenders and consumers to capture the growth potential of the super-premium whiskey segment.

The Glenlivet

"We want to open up the world of single malt Scotch. Our new pack design and activations appeal to existing drinkers and invite those yet to discover our whiskies into the Glenlivet fold."

MIRIAM ECEOLAZA

Marketing Director, The Glenlivet



A Scotch rich in 200 years of history, The Glenlivet also has an eye on the future. To reach a generation of new consumers, the whisky is reimagining ways to broaden the appeal of its single malts.

This year, The Glenlivet unveiled a fresh new look for its single malt portfolio. The distinctive new visual identity combined with innovative activations are helping it stand out in a competitive market and broaden its appeal to new consumers. The brand put this to the test in its biggest market, the United States, with Founder's Reserve – The Glenlivet's most successful innovation over the last three years. The growth of the brand in the US particularly benefited from a wide range of original digital promotions, tasting events, on-premise activations in shops and hotels and from strong local partnerships. Notably, the brand joined forces with actress and social media influencer La La Anthony to celebrate Mother's Day for an activation that attracted a myriad of consumers in New York who lined up and down the street to shop from La La's specially curated gift list and sample Founder's Reserve highball floats.

Innovative initiatives like these are attracting a more inclusive, diverse audience: over 55% of Founder's Reserve consumers in 2019 were female⁽¹⁾. Proof that bringing original ideas to a celebrated heritage can open up new horizons.

#1

in share of conversation
in the US⁽²⁾

(1) CBL Online Survey, Nielsen Total US Food, lasting 52 weeks, ending 29/12/2018.
(2) PRIME, July 2019. (To learn more about PRIME, see p. 73.)





Havana Club

"These new collaborations mark the next chapter of our rum revolution inspired by Havana's lifestyle and street culture. We are excited to work with other passionate artists and brands to share Cuban heritage with the rum drinkers of tomorrow."

LUDMILLA STEPHKOV
Brand Director, Havana Club

+95m

impressions generated by the Daily Paper collaboration on social media

644,000

interactions on the Havana Club x Daily Paper posts



Setting out to lead the rum revolution and recruit the next generation of rum drinkers, Havana Club launched a new creative partnership with the streetwear fashion brand Daily Paper.

United by a mutual passion for street culture, the two brands came together to create an exclusive apparel line and a new limited-edition bottle of Havana Club 7 Years Old. Drawing on Havana Club's Cuban heritage and Daily Paper's creative eclecticism, the Cuban Links collection pays homage in name and design to the ubiquitous gold chain in street culture by its use of different shades of black and gold.

At the heart of this collaboration is a collective desire to nurture emerging young creatives. As a second part of this partnership, Havana Club and Daily Paper launched the Cuban Links Academy Contest to identify three emerging talents in fashion, music and photography. The winners of this exclusive competition travelled to Cuba to work alongside Cuban creatives to produce the final pieces of the one-off capsule collection and the supporting media campaign.

Encouraging young talent and giving the streets a voice through creative partnerships is all part of Havana Club's strategy to make it truly the cult rum brand for younger urban adults.

Malibu

155m

campaign video views
from 2018 Malibu Games⁽¹⁾

123m

impressions generated
by influencers on social media⁽¹⁾

For the second year running Malibu is making waves around the world with its season-long campaign to prepare people for summer. Combining a digital-first approach with influencer collaborations, the brand's strategy is to create a stronger connection with young adults and put its flavoured rums at the front and centre of summer fun.

The Malibu Games 2019 kicked off with a three-day event in the Dominican Republic, inviting more than 30 influencers from 10 countries to share their experiences with millions of followers on Facebook, YouTube and Instagram. The broader campaign running from April to September seeks to continue shifting brand perception while ensuring the brand stays relevant; whether that's by providing rich experiences for consumers or focusing on daytime drinking occasions by providing new lower-alcohol options.

The Malibu Games 2019 demonstrates how the brand has successfully positioned itself as an emblem of summer conviviality, creating inspiring content for people to live their best summer ever.

"We're inspiring influencers in a seriously fun way to connect Malibu with young, fun-loving adults across the world and encourage them to liberate their summer selves in the spirit of true conviviality."

JOHAN RADOJEWSKI
Global VP Marketing, Malibu



(1) Results for the period 1 May - 30 Sept. 2018 are generated by data collected and combined from multiple sources, such as owned social media accounts - Instagram, Facebook, YouTube, Twitter, influencers' social media accounts and other partners' media platforms like BuzzFeed, Snapchat, Shazam.



Beefeater

"We want people the world over to enjoy the unique flavour and urban personality of Beefeater London gins so they can appreciate city living to the fullest."

LOUISE RYAN
Managing Director, The Gin Hub

+8%

sales in FY19, double the growth of FY18

+87%

net sales in UK, one of +50 markets where Beefeater grew double or triple digit in FY19



Taste, quality and a London heritage are three essential elements of this iconic gin that reflects the tastes of today's gin drinkers across its entire portfolio – from the classic London Dry gin, Crown Jewel, Beefeater 24 to flavoured gins such as Beefeater Pink Strawberry. 2019 has seen the launch of a new global communications campaign reinforcing Beefeater's place as the original London gin.

Beefeater has remained true to its roots and continues to this day to be distilled in London at its Kennington distillery. In this new campaign, Beefeater is showcasing the connection between a modern gin with heritage and this historic, forward-looking capital. The Spirit of London campaign captures the energy, attitude and vibe embodied both by Beefeater and the city of London. Launched initially in Europe, the campaign bolsters the brand's premium and heritage positioning by showcasing its exceptional urban gins in unique London locations.

With the Spirit of London, Beefeater is continuing to appeal to a worldwide audience of young, urban consumers by encouraging them to refresh their love for life in the city.

Ricard

"Innovation is a particularly effective lever for brand transformation. It's the most powerful tool we have for driving consumer demand for anise-based spirits."

CAROLE GUINCHARD

Brand Director, Ricard



Ricard Plantes Fraîches was born on the Valensole Plateau in Haute-Provence. A true innovation, Ricard's new recipe has successfully introduced a new generation of consumers to anise-based spirits. The launch of this new aperitif was accompanied by an immersive, educational communications campaign. Central to the campaign was a pop-up cabin amidst the fennel fields of Valensole, providing visitors with an exceptional, immersive introduction to anise – the primary ingredient in Ricard Plantes Fraîches. Ricard also held a first-of-its-kind training in 'pastic-ology' to improve consumers' knowledge of anise and pastis. In a fun and engaging manner, Ricard presented its inimitable savoir-faire, which combines the quality, natural ingredients and transparency that consumers seek. Furthermore, Ricard partnered with beekeepers in Provence to preserve the local bee colonies on the Valensole' Plateau, for whom the anise plants provide vital nutrients. A study on this subject, financed by Ricard, is currently being conducted in partnership with the Mediterranean Institute of Biodiversity and Ecology. This collaboration is just one example of Ricard's commitment to conserving the environment, our native land and its biodiversity.

#1

in alcohol innovation⁽¹⁾

39%

of Ricard Plantes Fraîches consumers had never purchased an anise-flavoured beverage⁽²⁾

(1) Nielsen ScanTrack, revenue generated following 9 launch periods.
 (2) BDD Catalina, as of 4 September 2018.



Mumm

"Combining science and traditional savoir-faire, we explored a new frontier for the champagne tasting experience. Maison Mumm continues to open up new horizons for people wanting to celebrate however, whenever, wherever."

QUENTIN MEURISSE
Vice President Marketing, Champagne

1,991

press articles published across 7 countries⁽¹⁾

€163 m

total Advertising Value Equivalency

21,700

global online and social media mentions⁽²⁾

(1) Compiled as of 30 January 2019 across the following countries: Australia, France, Japan, New Zealand, South Africa, UK & USA.
(2) Source: Edelman Intelligence, as at 30 January 2019.



Renowned for ground-breaking innovations, Maison Mumm has taken champagne to new heights. A three-year collaboration has led to the launch of Mumm Grand Cordon Stellar, the first champagne designed to be tasted in space. To ensure a tasting experience faithful to that on *terra firma*, engineers, researchers, astronauts and oenologists came together to analyse every aspect of the champagne ritual – from the integrity of its aromas and flavour, the glass and materials used for the bottle, to popping the cork and how to drink it.

Raimonds Tomsons, Best Sommelier in Europe 2017, joined the crew in the first-ever zero gravity tasting over the vineyards of Reims. "In such extreme conditions everything is different, and your senses are sharpened. The champagne exits the bottle as a sort of foam that coats the palate and tongue. Weightlessness concentrates and intensifies Mumm Grand Cordon's signature style – you experience the full power of Pinot Noir."

Maison Mumm has a long history in pushing the boundaries. With this exceptional scientific endeavour, the brand is exploring how Mumm champagne can be part of the future of commercial space tourism.

Perrier-Jouët

"Art of the Wild is the perfect illustration of how nature and art have always been the historic inspiration for Perrier-Jouët in elaborating its unique champagnes and creating exceptional experiences."

GUILLAUME PETAVY MEYNIER
Global Brand Director, Maison Perrier-Jouët

12,700

drinks served
at HyperNature

+12%

sales in FY19
in Europe



The Perrier-Jouët *Art of the Wild* programme has brought together a growing international community of artists who share its vision of enchanting everyday life through art and nature. Participants from the worlds of gastronomy, fashion, art and design explore the essence of nature and art as sources of inspiration for exceptional experiences.

Following a series of vibrant *Art of the Wild* events at the renowned world design fair in Miami, Perrier-Jouët opened an exclusive rooftop bar and ephemeral restaurant in Paris, HyperNature, to create a nature-inspired gourmet experience. Thanks to the talents of Michelin-starred chef Akrame Benallal, guests enjoyed champagne tastings and unique gastronomic pairings.

To further the HyperNature experience, Perrier-Jouët collaborated with British artist Bethan Laura Wood to create an original sculpture that also serves to provide an immersive tasting experience. Incorporating glasses of champagne within its delicate design, the life-sized HyperNature tree highlighted the rituals associated with fine champagne as well as celebrating the terroir and savoir-faire of Maison Perrier-Jouët.





Martell

"The creative visionaries who appear on Martell Home Live embody the human values of our Brand, and help us connect with consumers worldwide in a way that's relevant to their cultural interests and passions."

PATRICIA KASTRUP
Brand Director, Martell

In April, Martell broadcast live across all its social media channels the premiere episode of Martell Home Live. As a key part of Martell's global multi-channel initiative, HOME, this new interactive talk show celebrates creative trailblazers who are shaping contemporary culture around the world – such as Big Freedia, Princess Nokia or Charli XCX. In a convivial and avant-garde format set in unconventional locations, each participant shares how they are radically breaking with the status quo to make a statement in their fields.

Following the first successful edition celebrating vogue dance, underground rap and hip-hop in New York City, a second Martell Home Live will give a taste of the culinary inspirations of chefs from across Asia. This international cultural journey reflects Martell's continued quest to push the limits in bringing new expressions of cognac and conviviality together through the best in arts, music, gastronomy and mixology. Like the visionaries who are pushing culture forward, Martell is seeking to explore audacious ideas and leave a lasting legacy.



8.4m

video views
for the campaign

15m

social media impressions

Royal Salute

"Royal Salute boasts an esteemed history, and we have worked diligently to ensure it remains at the heart of the brand, while striving to ensure our portfolio stays at the cutting edge of Scotch whisky innovation."

MATHIEU DESLANDES

Marketing Director, Royal Salute

+15%
growth in FY19

55
markets
in growth

#2
Prestige blended
Scotch globally⁽¹⁾



This year, the 'King of Whisky,' Royal Salute unveiled an all-new look for its signature 21-Year-Old Scotch with a contemporary take on its rich heritage. The new look represents the most significant redesign in the brand's history and pays tribute to Royal Salute's royal legacy with a striking design, fit for modern royalty. Two new whiskies were also introduced to the 21 Year Old range: The Malts Blend and The Lost Blend, both created by Master Blender Sandy Hyslop. The Malts Blend is the first blended malt from Royal Salute, crafted with more than 21 single malts from the five regions of Scotland; while The Lost Blend has been crafted to include whiskies from distilleries no longer in production. Both represent the first permanent additions to the 21 Year Old range since Royal Salute's inception in 1953, when it was first created as a gift for the Coronation of Queen Elizabeth II.

The new range was unveiled in July 2019 in Seoul, South Korea, where the brand brought to life the enchanting and colourful new world of Royal Salute in front of global media and VIP retailers. The new look projects an understated luxury that will resonate with a new generation of luxury consumers, marking a new modern direction for the brand.

(1) Source: IWSR 2018.



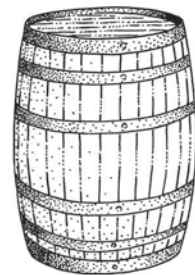
LeCercle

"To better meet the needs of our VIP consumers, Pernod Ricard has more than 20 relationship managers worldwide dedicated to providing bespoke services that cater to the specific needs and tastes of each customer."

SIMONE MARBACH
Prestige Marketing Manager

What do you offer someone who has everything? The creators of Midleton Very Rare – one of the 10 brands in the Pernod Ricard LeCercle prestige portfolio – have a truly original idea: a personalised cask of the pinnacle of Irish whiskey. For demanding collectors, the Midleton Distillery has launched the Very Rare Cask Circle, a private members' club that offers individuals the opportunity to hand-select their own cask of the finest whiskey.

In an exclusive visit to the Distillery in Cork in the south of Ireland, VIP customers can choose from the rarest reserve casks to finish their hand-picked 12 or 30 year old whiskey guided by the Master Distiller. The cask can be customised with personal messages or family crests for gifting. The whiskey can be bottled immediately or matured in the distillery and bottles requested as and when desired. Creating bespoke experiences around its exceptional brands is central to LeCercle's mission of ensuring a luxury product for every occasion – turning a dream into business results!



+14%

LeCercle portfolio sales in FY19

25

markets have dedicated prestige teams



Aberlour

"Aberlour Casg Annamh pays homage to our 100-year-old passion for craftsmanship. This new expression will help grow our retail trade network and appeal to our international following of Scotch whisky connoisseurs."

MIRIAM ECEOLAZA
Marketing Director, Aberlour

In homage to Aberlour's passion for sherry, in 2018, Aberlour introduced adventurous malt lovers to the latest addition to its range of sherry cask matured Scotch, Aberlour Casg Annamh. This new premium single malt – which means 'Rare Cask' in Gaelic – is created from a limited number of specially selected casks from traditional bodegas in Spain. Aberlour has been sourcing its seasoned Oloroso sherry casks from the same region for the past 30 years to provide just the right aromatic qualities for its distinctive flavour.

The distilling expertise behind the creation of this new expression is highlighted in its packaging. Produced in small batches, each bottle and canister features the specific batch number, reflecting the quality and richness of the whisky and reinforcing the brand's premium and craft credentials.

Launched in early 2018 in France, Casg Annamh has increased stockists by 35% to date. Currently in nine markets, it has achieved nearly double its anticipated volume of sales. Aberlour will continue to capitalise on the success of tastings promoted on social media to drive in-store sales and online buzz, bringing Aberlour to a wider pool of consumers than ever before.



9

markets have launched
Aberlour Casg Annamh

7,200

cases sold in FY19

+35%

new Aberlour stockists
in France since its launch
in early 2018



Monkey 47

"Distilling gin is very experimental in nature. We believe in exploring the widest variety of possibilities to challenge our sensory experiences and create something uniquely different."

ALEXANDER STEIN

Founder, Monkey 47



Monkey 47 is a brand born to experiment. Having spent 18 months crafting its signature gin, the brand has created the Booze Lab to continue pushing boundaries and share its spirit blends with a select community of adventurous drinkers.

Through the Booze Lab, Monkey 47 explores diverse aromas and captures them in alcohols through alternative distillation and culinary techniques. This past May the brand released its first edition of the Experimentum Series. Inspired by flavours from Japan, the '2yo1: Tokyo' features Monkey 47's classic ingredients combined with Japanese pepper sanshō and Kobe beef fat. The addition of this citrusy spice along with the silky-smooth beef flavour brings a surprising and complex taste experience, emblematic of Monkey 47's innovative approach to the art of distillation.

The Experimentum Series highlights Monkey 47's reputation for creativity and craftsmanship that defies traditional gin categories and contributes to building a core following of connoisseurs looking for something out of the ordinary to savour.



Lillet

15

Markets held *Les Ateliers Lillet* events around the world in FY19

22,300

Instagram followers (+70% vs LY)

+29%

sales in FY19

"Les Ateliers Lillet have brought a fresh and original way to encourage women's self-expression. They have helped to inspire and empower Lillet's growing community of young chic female connoisseurs."

CHARLOTTE GENG
Marketing Manager, Lillet

How do you get young women to enjoy the creative possibilities of your brand? Through a programme of inspiring events, *Les Ateliers Lillet* have brought together artists, lifestyle influencers and guests to explore everything from making natural cosmetics, personalised jewellery and fashion, to crafting personalised Lillet cocktails.

Initially launched in a rooftop setting in Stuttgart, Germany, *Les Ateliers Lillet* focus on providing memorable moments that capture the French aperitif culture. Immersing guests in creative activities linked to their personal interests and passions has proved an excellent way to highlight Lillet's flair and craftsmanship and resonate with younger female consumers. To date, *Les Ateliers Lillet* events have been held across 15 countries – from the USA, to the UK, Denmark, Spain, Hong Kong and Malaysia, contributing to an explosive growth of the brand's online presence thanks to social media posts from its many enthusiastic participants.

By inspiring women to explore their creativity with Lillet, *Les Ateliers* are contributing to transforming Lillet into a trendsetting choice that reflects the confident identity of women today.



Redbreast

"In addition to selling out in record time, Redbreast Dream Cask Pedro Ximénez Edition has been bought by people from Ireland to SAR Taiwan and many places in between. We're delighted that so many Birdhouse members could share and enjoy this exceptional creation."

BILLY LEIGHTON

Master Blender, Irish Distillers

924

bottles of Redbreast Dream Cask Pedro Ximénez Edition

1 m

circulation of media articles on Dream Cask launch

61%

increase in Birdhouse members



In 2019, Redbreast Irish Whiskey marked World Whiskey Day with the launch of the Dream Cask Pedro Ximénez Edition – a new craft expression combining four unique whiskeys 20 to 33 years of age. Developed to excite the brand’s long-time advocates and recruit new followers, the Dream Cask succeeded in intriguing the online whiskey community.

This new special edition created a buzz as it was exclusively distributed through the Redbreast online private members’ club, The Birdhouse. Partnering with luxury media titles, creating bespoke Birdhouse content and organising private tasting events also strongly contributed to helping the brand reach beyond the current fanbase and grow its audience.

Whiskey fans had to be quick to snag one of these bottles: all 924 were sold out in just 14 minutes. But faithful to Redbreast’s core brand purpose, to spark the joy of sharing, this limited-edition release inspired a real sense of camaraderie amongst the whiskey community. Many of the happy few who were lucky enough to have acquired one of the few 500 ml bottles took to social media to #PassItOn!

Altos



"The Tahona Society's Collective Spirit competition has proved a great platform to champion and inspire sustainable practices amongst our global bartending families that truly benefit their local communities."

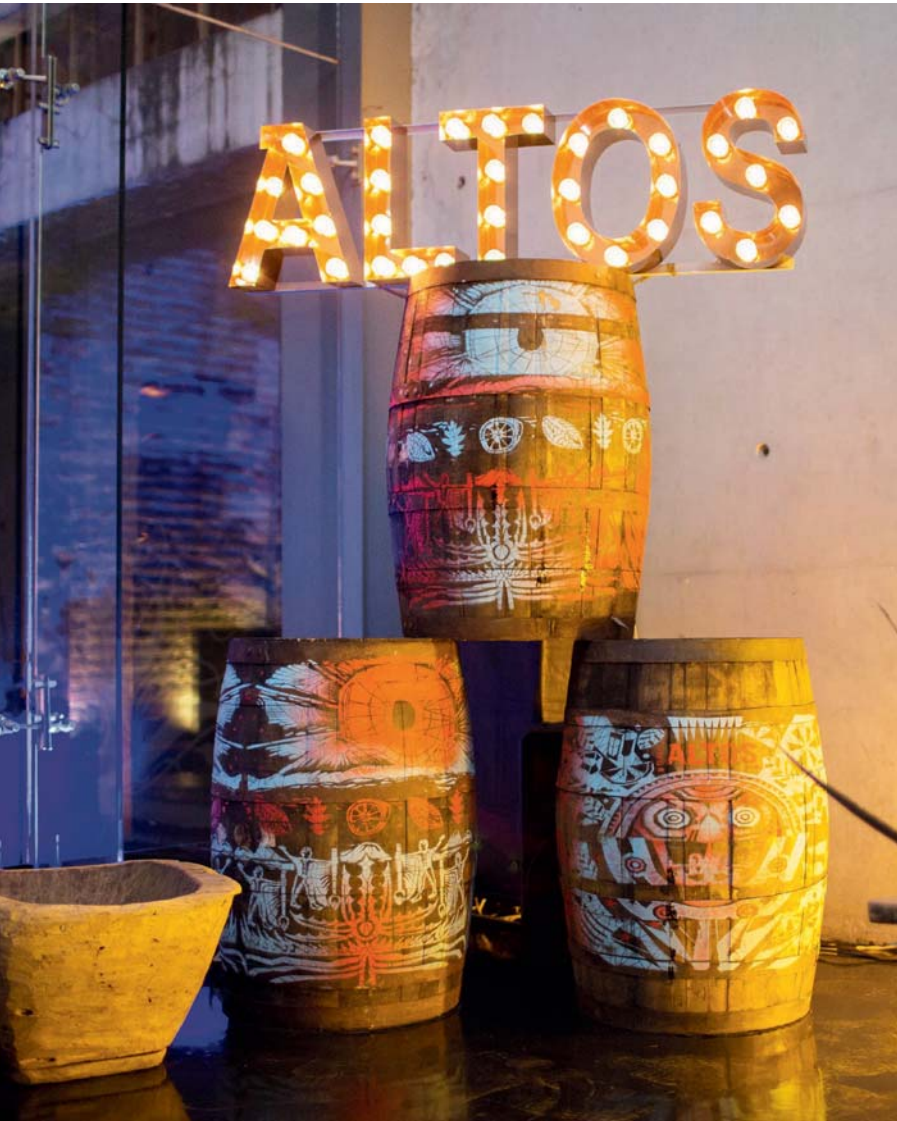
CARLOS ANDRES RAMIREZ
Global Advocacy Team, House of Tequila

For ten years the Tahona Society by Altos has invested in education and support for a growing and global *familia* of bartenders. Now local communities too are seeing the benefits.

In 2018 Altos took the Society's annual cocktail competition in a new, socially responsible direction. The Tahona Society Collective Spirit sought ideas from bartenders for improving communities through sustainable and environmental bar-related initiatives.

Finalists from 15 countries pitched their ideas to a panel of judges in Mexico, benefiting from tequila training and business skills coaching as well as taking the time to tour the Altos distillery. Two bartenders from Canada took away 50,000 USD in prize money for their project to provide physical and mental health services to hospitality staff.

As part of ongoing education and career support for bartenders, The Tahona Society has also created a unique online portal where more than 1,000 active members post ideas and advice. It's all part of the brand's desire to build a community of people who share its passion for tequila, conviviality and making a positive impact.



110

projects submitted for the 2019 Tahona Society Collective Spirit competition

#1

tequila brand in a poll of elite bartenders by Drinks International 2019

+26%

sales in FY19



Brancott Estate

7

markets have launched the Benjamin Craven limited edition

Brancott Estate created the original Marlborough Sauvignon Blanc in 1979 and 40 years on, the brand continues to show its originality with four new limited-edition labels by UK designer, Benjamin Craven. True to Craven's signature style of eye-catching blends of bold, contrasting colours, the limited-edition labels for the award-winning Brancott Marlborough Sauvignon Blanc boast bright, geometric designs inspired by the local landscape and the flavours of this New Zealand wine.

Benjamin Craven was an ideal partner: his contemporary, colourful style and high profile as an emerging designer have helped shift the brand's appeal to a younger audience. Reinterpreting the labels in his signature style, the new look maximised visibility for Brancott Estate on the shelf. The launch of the limited-edition bottles was enhanced by engaging digital content, global media outreach and an event co-hosted with Craven in London where influencers were encouraged to use abstract shapes and colours to express the flavours of the wine.

The PR campaign engaged wine, trade and lifestyle press and resulted in a front cover design for international Drinks Business magazine. With shipments of more than 210,000 9-litre cases, this limited edition has proved to be a commercial success.

Campo Viejo

+3.2%

volume growth of rosé in 6 key markets⁽¹⁾

Campo Viejo's first ever rosé wine is a light and refreshing addition for this much-loved household name, and a colourful way to seduce both fans and new consumers in the fast-growing rosé category.

This latest innovation from Campo Viejo capitalises on the global popularity of rosé, introducing a vibrant tasting wine with a delicate colour – in line with current consumer trends for pale contemporary-style rosés. Campo Viejo Rosé was launched across the United States, United Kingdom and New Zealand with digital promotions and events such as food and wine pairings at pop-up bars to bring the sights, sounds and taste of Spain to life.

Campo Viejo Rosé rounds out the brand's portfolio which now extends from its best-selling red wines to white wine and sparkling Cava. Touching every wine category, Campo Viejo offers something for every occasion, opening up an already-strong brand to new consumers and new moments of conviviality.



(1) Source: 17-19 CAGR (IRI MAT Jun. 19 data Australia & New Zealand, Nielsen MAT Jun. 19 data USA & UK, System Bolaget MAT Jun. 19 data Sweden, OTC MAT Jun. 19 data Canada).



Jacob's Creek

+17%

sales in China
in FY19

Iconic Australian wines like Jacob's Creek are driving growing demand from Chinese consumers for imported premium wines. Pernod Ricard Winemakers and Pernod Ricard China combined their expertise in an innovative go-to-market approach that aims to double the Group's wine sales by 2022.

Most Chinese consumers purchase wines online or in smaller independent stores and local chains. With over two million outlets, understanding how best to serve the complexity of this retail landscape is critical. Launching a pilot in two eastern Chinese provinces in late 2018, Pernod Ricard's teams have tested the success of a strategy built on three strengths: a curated aspirational range of Jacob's Creek's wines suited to Chinese tastes, a dedicated commercial sales team and a tailored marketing and activation plan. Training and tasting events, including wine immersion trips in Hong Kong and Australia, have helped strengthen relationships with retailers and wholesalers and build their wine knowledge and brand understanding.

Sales growth of over 17% for Jacob's Creek over the past year has shown the benefits of a targeted strategy that combines Group operational expertise and local proximity as well providing as a strong blueprint to drive future growth in China in the years ahead.

Kenwood Vineyards

X2

Sales volumes of Kenwood Six Ridges range has almost doubled in one year

From the rugged coastline, volcanic soils, quintessential fog to mountain ridges, Sonoma's natural diversity makes it a wild and special place to both craft wines and experience the outdoors. Kenwood is celebrating its links to the region with the launch of a new brand world that illustrates how its wines are intrinsically connected to the great outdoors.

The brand's newest activation, 'The Outdoor Pour,' was conceived to do just that, "Events, such as organised campfires, seek to inspire people to step outside and reconnect with the wild, themselves and others over food and wine," shared Aldo Barrios, Marketing Director at Kenwood.

As part of its drive to become a top 20 premium US-origin wine, Kenwood released a new icon wine, The Barn Pinot Noir and prioritised its flagship Six Ridges range. Named in honour of the ridges bordering Kenwood's vineyards, the Six Ridges range embodies the brand's positioning as 'Defined by the Wild.'

With 23 months' consecutive growth for Kenwood's Six Ridges, and the IWSC⁽¹⁾ wine of the year award for The Barn Pinot Noir, it's clear that wine lovers are keen to explore the distinctive character of these premium wines, defined by Sonoma's wild spirit.

(1) International Wine & Spirit competition.



Pernod Ricard in the financial markets

Pernod Ricard's share price climbed by +16% over the course of FY19. The share hit a record high of €163.70 on 20 June 2019.

CHAPTER 4

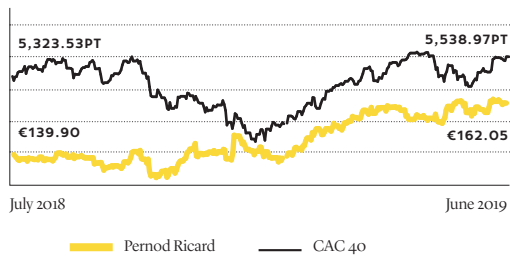
FY19: In a favourable market environment for defensive stocks, Pernod Ricard shares rose sharply following an excellent first year of the Group's new strategic plan, "Transform & Accelerate". Pernod Ricard shares climbed +16% during the FY19 financial year, reaching a record high of €163.7 on 20 June 2019. While the shares performed broadly in line with the STOXX Europe 600 Food & Beverages index (+18% over the period), they once again outperformed the CAC 40 index (+4%).

Concentrated in the second half of the financial year 2018/2019 (January to June), the rise in Pernod Ricard's share price reflected the publication of strong results,

increased organic EBIT growth guidance for FY19 as well as the announcement of a new 3-year strategic plan which investors believed would reinforce Pernod Ricard's 'best in class' status amongst large cap staples companies. Pernod Ricard shares also benefited from their defensive characteristics within the context of rising fears of a global economic slowdown in light of potential trade wars. An increasingly accommodative stance from the US Federal Reserve and the European Central Bank as well as heightened hopes of a rate cut also played in favour of 'bond proxies' such as Pernod Ricard.

ONE YEAR SHARE PRICE PERFORMANCE

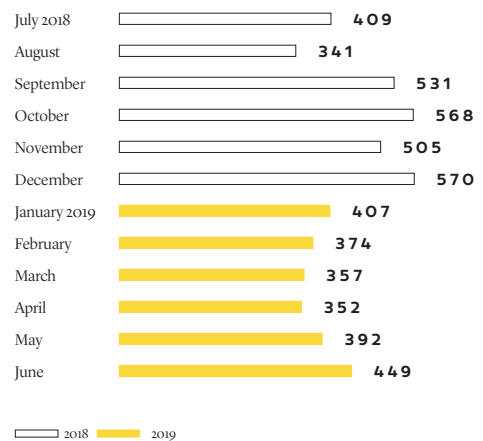
in comparison with CAC 40



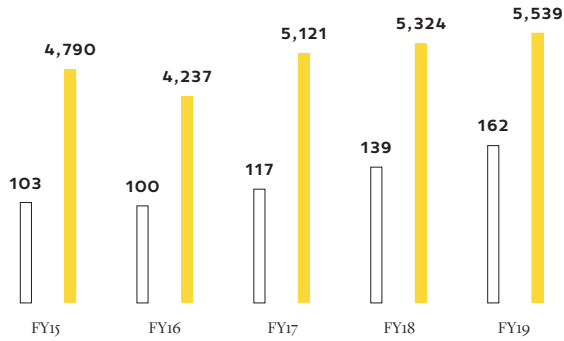
+16%
Pernod Ricard

+4%
CAC 40

in daily volume of transactions

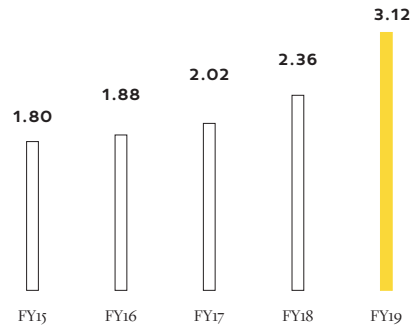


SHARE PRICE OF PERNOD RICARD & CAC 40 OVER FIVE YEARS (at end June 2019)



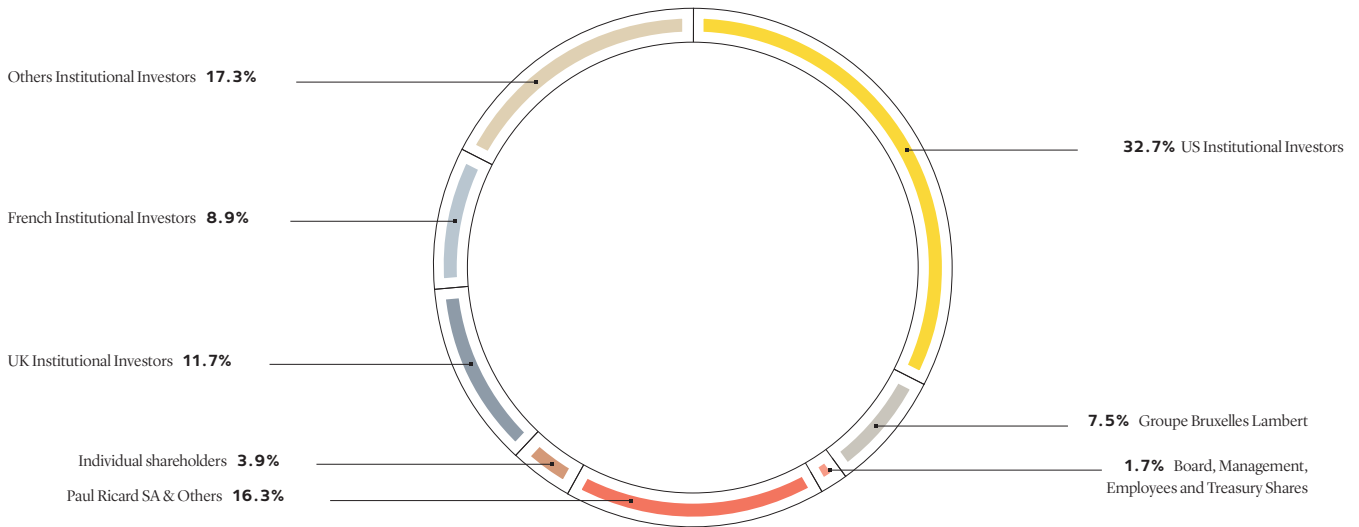
Pernod Ricard is traded on the Paris stock exchange on NYSE Euronext SA Paris Eurolist (compartment A) SRD (deferred settlement service). The Pernod Ricard share is eligible for inclusion in the French share savings plan, the PEA (Plan d'Épargne en Actions), and for the SRD (deferred settlement service).

PERNOD RICARD DIVIDEND (in euros)



A dividend of €3.12 per share for the 2018/2019 financial year will be submitted for the approval of the Shareholders' Meeting on 8 November 2019. This dividend reflects an acceleration of the Group's policy of gradually increasing cash distribution from approximately one third of Group Net Profit from Recurring Operations to c.50% by FY20 (announced on 19 April 2018). Taking into account the interim dividend of €1.18 per share paid on 6 July 2018, the final dividend payable stands at €1.94 per share.

BREAKDOWN OF SHARE CAPITAL AS AT 31 MARCH 2019



PERNOD RICARD STOCK MARKET DATA⁽¹⁾

	FY17	FY18	FY19
Number of listed shares at 30 June	265,421,592	265,421,592	265,421,592
Average number of shares (except treasury shares) - diluted	265,477,729	265,543,003	265,419,549
Stock market capitalisation at 30 June (€m)	31,121	37,132	43,012
Group net profit per share (€)	5.58	5.69	6.23
Dividend per share (€)	2.02	2.36	3.12 ⁽¹⁾
Average monthly volume of trades	9,236	8,879	9,253
Highest share price (€)	124.00	147.25	163.75
Lowest share price (€)	96.56	113.20	129.35
Average share price (€)	108.03	128.87	145.96
Share price at 30 June (€)	117.25	139.90	162.05

(1) Source: Euronext.

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INTEGRATED ANNUAL REPORT

Discover the success stories of our Brands and employees across the globe in FY19.



UNIVERSAL REGISTRATION DOCUMENT

Dive into an in-depth legal, economic, financial and accounting analysis of FY19 financial year.



AT A GLANCE

Grasp the essentials of Pernod Ricard with this summary of key information.



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Please consume our Brands responsibly.

Carte Blanche

2010–2019

2010 – Marcos López – *Portraits*



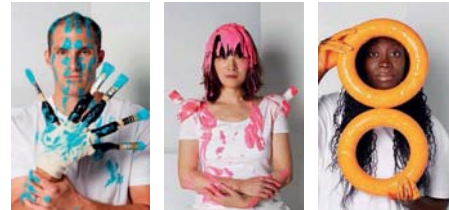
2011 – Denis Rouvre – *Blast*



2012 – Eugenio Recuenco – *Connected*



2013 – Olaf Breuning – *Co-Création*



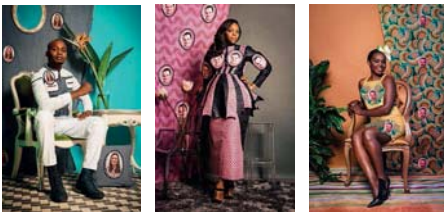
2014 – Vee Speers – *Transmission*



2015 – Li Wei – *Vision*



2016 – Omar Victor Diop – *Mindset*



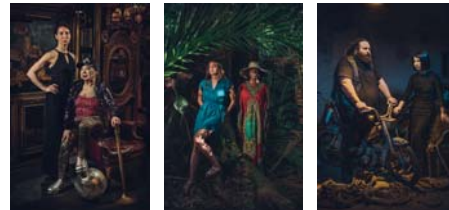
2017 – Martin Schoeller – *Inspiring Action*



2018 – Kourtney Roy – *Go the Extra Mile*



2019 – Stéphane Lavoué – *Seriously Convivial*





Pernod Ricard

Créateurs de convivialité