

Pernod Ricard, the world's number two player in Wines & Spirits, holds a leading position globally

Profile

Since its inception in 1975, Pernod Ricard has built up the most premium portfolio in the industry and has become the world's number two player in the Wine & Spirits market through organic growth and acquisitions, including Seagram in 2001, Allied Domecq in 2005 and Vin&Spirit in 2008. This portfolio includes notably 13 strategic international brands, 15 strategic local brands and 4 premium wine brands, produced and distributed by the group through its own worldwide distribution network.



Performance in 2017

In 2016/17, Pernod Ricard delivered a strong year with business accelerating, and is on track to deliver mid-term roadmap. The organic top line growth has reached 3.6%, getting closer to the mid-term objective of + 4% to + 5%. The profit from recurring operations (PRO) recorded a solid organic growth: + 3.3%, at the higher end of the annual guidance bracket of + 2% to + 4%, despite unexpected regulatory changes in India. The operating margin was up by 35bps thanks to foreign exchange impacts. The group's share of net profit was up 13%, whilst cash flow generation and deleveraging improved significantly. Free cash flow increased by 22%, and 61% in two years, to historic high, supported by operational efficiency initiatives.

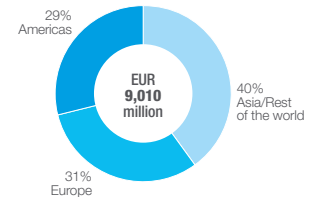
Deleveraging was significant with net debt/EBITDA ratio at 3.0x down 0.4x vs. FY16, and net debt down by EUR 0.9 billion to EUR 7.9 billion.

Furthermore, in 2016/17, there was:

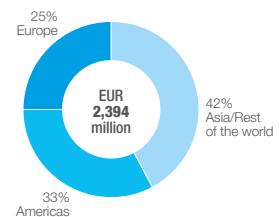
- an increase in profit from recurring operations of 8% in the Americas, 1% in Asia/Rest of World and 1% in Europe;
- an improvement of the gross margin (+ 4%): the mix turned positive (mainly due to Jameson and Martell), pricing was still muted and costs of goods sold were tightly managed thanks to operational efficiency initiatives;
- a dividend per share of EUR 2.02, a 7% increase compared with the previous year. This represents a pay-out ratio of 36%, in line with the customary policy of cash distribution of approximately one-third of the group's net profit from recurring operations.

Pernod Ricard in figures

Geographic breakdown of 2016-2017 net sales



Breakdown of 2016-2017 profit from recurring operations



Key financial data

30/06/
2017 30/06/
2016 30/06/
2015

Simplified income statement

(in EUR million)

Net sales	9,010	8,682	8,558
Profit from recurring operations	2,394	2,277	2,238
Net profit (group's share)	1,393	1,235	861

Simplified balance sheet

(in EUR million)

Shareholders' equity (group's share)	13,706	13,337	13,121
Non-controlling interests	180	169	167
Net financial debt	7,851	8,716	9,021
Debt-equity ratio (%)	57	65	68
Net financial debt/EBITDA (x)	3.0	3.4	3.5



Investment case

The spirits market is supported by favourable long term trends, in particular:

- Expanding urban population
- Growing market share compared to beer and wine
- Upmarket move by consumers

Pernod Ricard has a smooth growth and profitability profile:

- Number two player worldwide with one of the industry's most complete brand portfolios
- Systematic upmarket move thanks to its superior-quality and innovative products
- Numerous high potential brands
- Leading positions in categories such as whisky, rum and cognac

Market data and information on GBL's investment

Stock market data	30/06/ 2017	30/06/ 2016	30/06/ 2015
Number of shares issued (in thousands)	265,422	265,422	265,422
Market capitalisation (in EUR million)	31,121	26,569	27,498
Closing share price (in EUR/share)	117.25	100.10	103.60
Diluted net earnings from recurring operations (in EUR/share)	5.58	5.20	4.99
Dividend (in EUR/share)	2.02	1.88	1.80

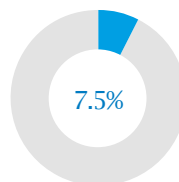
GBL's investment	31/12/ 2017	31/12/ 2016	31/12/ 2015
Percentage of share capital (in %)	7.5	7.5	7.5
Percentage of voting rights (in %)	10.9	6.8	6.9
Market value of the investment (in EUR million)	2,625	2,048	2,093
Dividends collected by GBL (in EUR million)	40	37	36
Representatives in statutory bodies	2	2	2

TSR annualised (%)

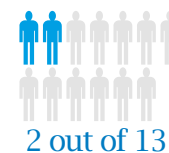
	1 year	3 years	5 years
Pernod Ricard	30.4	14.7	10.5
STOXX Europe 600 Food & Beverage	13.4	9.7	11.0



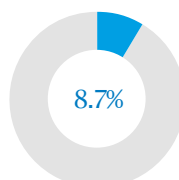
Capital held by GBL



Representatives in statutory bodies



Pernod Ricard's contribution to the net dividends collected on GBL's investments



Pernod Ricard's contribution to GBL's portfolio

