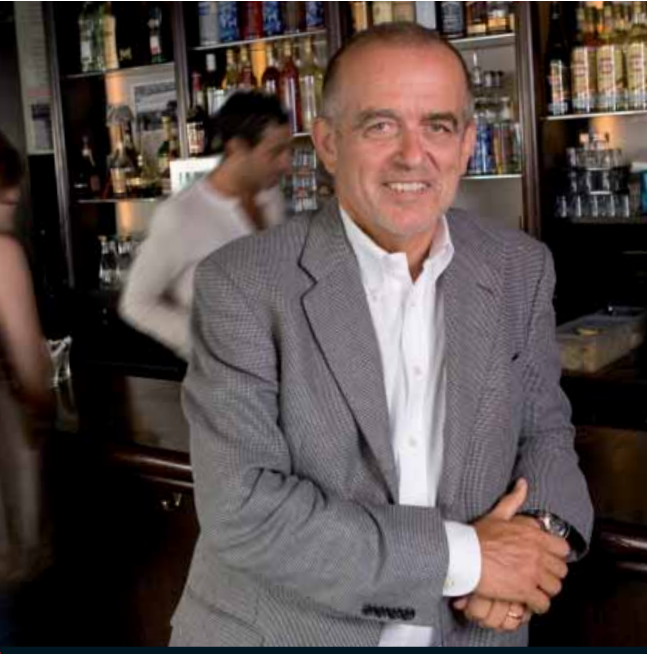


A world *of* CREATORS

—Pernod Ricard's strength lies in its unique organisational model of decentralisation based on autonomous Market Companies. This flexible and responsive model has kept the Group attuned to its consumers' needs across 70 countries. In 2009/2010, Pernod Ricard continued to grow in its historical markets and strengthened its leadership positions in emerging markets.

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Interview

Michel BORD

Managing Director, Distribution Network

— Michel Bord joined Pernod Ricard as Managing Director of Pracs, a Spanish subsidiary. From that time, he actively participated in the Group's growth. Appointed Chairman & CEO of Pernod Ricard USA, he subsequently took command of Pernod Ricard North America. In 2006, as Chairman & CEO of Pernod Ricard Americas, he supervised the takeovers of Seagram and Allied Domecq. From 2008, as Managing Director, Distribution Network, he led the network of distribution subsidiaries. After 20 years of dedication to the Group, Michel Bord decided to step down on 30 July 2010.

With the acquisitions of recent years, Pernod Ricard's global distribution network has been considerably broadened.

What are its features and its primary assets?

The recent acquisitions have enriched our brand portfolio, as well as reinforcing our distribution network. We're the only company in our industry that has complete control of its distribution. Thanks to strong local brands, we're rooted in our markets, which gives us legitimacy in importing and developing our international brands. The responsiveness inherent in our decentralised model is also an asset.

During a recession, we have succeeded not only in holding on to the majority of our positions, but also in winning market share overall—particularly in Spain. In France, we quickly redeployed our on-trade sales teams to the off trade to contend with the change in consumer habits, such as a move to drinking at home. But our greatest asset is probably our 'obsession' with consumers. We know them well and follow their behaviour very closely.

What is your assessment of the different regions' performances over the financial year?

We held up well in the key market of the United States without compromising on our prices. That was the right choice, because the latest panels show positive signs for Premium products.

We posted very strong results in Latin America, particularly Mexico and Argentina. In Western Europe, the situation is difficult in Spain and the United Kingdom. However, performances have been positive in Germany, and even more so in France. In Eastern Europe, the first half of 2010 showed clear signs of a recovery in Russia. In Asia, where we hold a leadership position in most of the key markets, our growth accelerated, especially in China, thanks to Martell and the good showing by the whisky brands. The Korean market experienced a recovery, and with it,



THANKS TO
STRONG
LOCAL BRANDS,
WE'RE ROOTED IN
OUR MARKETS,
WHICH GIVES US
LEGITIMACY
IN DEVELOPING
OUR INTERNATIONAL
BRANDS. ”



Duty Free. Finally, we outperformed in India, with a more than 25% jump in our local brands, which obviously benefited our international brands.

The aim of the Allied Domecq acquisition was to strengthen the Group's presence in the United States, the number one market by size. Does the US market remain within your strategic growth plans for the future, even though sales in Asia have exceeded US sales for the first time?

The fact that Asia has actually become Pernod Ricard's top region is a strong message. Although we did anticipate its potential, we couldn't have predicted this would happen so quickly even four years ago. We were clearly able to profit from our position in countries like China. However, the US market remains a strategic fit for the Group. It is still the world's top market for our Premium products and one of the most profitable. Furthermore, our market share there is below average, so there is room for progress on a market that is on a growth trend.

How is the Group adjusting to this new global balance?

With Agility, we redefined the objectives assigned to each region: to grow market share in the United States and accelerate growth in Latin America, to consolidate our value positions in Western Europe and France, to invest in the emerging Europe and Africa region to seize growth opportunities whilst limiting risks and finally, to become a leader in all our markets in Asia-Pacific. This has in no way affected the decentralised organisation of our Market Companies.

Agility puts a strong accent on innovation as one of the keys to growth.

How do you innovate in terms of distribution?

Innovation is above all about the ability to get to know our consumers and stay on top of change so we're first to come up with the right answers. For two years now, we've seen a decline in the on trade, i.e. drinking in bars, restaurants and nightclubs, in several markets, due to the smoking ban, the impact of the crisis, and security problems, especially in Latin America.

By contrast, the off trade, drinking at home what you buy at the supermarket, is on the rise. While 60% of consumers who go to a bar or restaurant don't know what they're going to drink, in a supermarket, buyers make decisions in under 30 seconds. It's up to us to make sure that our products are chosen over others. To do this, we uniformly use the '360°' approach, which lets us reach consumers upstream via advertising, but also reach buyers at the shelves. The objective is to be present all along the sales chain.

Meanwhile, innovating also means transferring our know-how. We know how to host events in nightclubs, so we adapt the concept for private celebrity events.

We've also successfully tested category management with international hotel chains. It's a question of presenting the products by grouping them into coherent universes. This was tested in the retail segment and made it possible to increase the average sale price per glass.

To enable us to adapt quicker, we decided to create a Commercial Development Department. Its main mission will be to facilitate the sharing of good practices between subsidiaries.

Geographic regions

— Faced with a difficult economic environment, the Spirits market posted a slight decline in 2009 of 2.1% (in comparison with 2008) but remained in positive performance territory over the longer term. Certain regions or countries were more resilient than others, such as Oceania, Asia (especially India), and the United Kingdom, where sales continued to improve. Since December 2009, there have been strong signs of an upturn.

The analysis presented here is based on the annual IWSR study covering **only** the calendar year from January to December 2009. The initial indicators covering the first half-year (January-June 2010), based on Nielsen surveys, show a marked improvement in the market position of Wines & Spirits.

MARKET TRENDS

North America, the world's leading market

North America and the United States in particular, is still a key region, the leader in size and the one that has grown the fastest over the last decade, outpacing the European market. The region alone now represents 38% of the global International Spirits market, followed by Europe. The United States is still the world's top market, with a 32% market share. The global economic crisis has halted the region's growth, but its decline has been limited to just 0.6%. The strongest growth came from Oceania, despite being the smallest region in size, it posted 4.6% growth.

Dynamic India

Asia, which has come through the crisis quicker than the United States and Europe, has maintained 0.7% growth—still less pronounced than in 2008. While Japan played the role of locomotive, the region also profited from a dynamic market in India, which is emerging as the fifth-largest contributor to overall growth in the Spirits market. India in particular is the top contributor to growth in the Super-Premium seg-

ment, followed by Vietnam. Still on the side of emerging economies, the South American market remained sluggish.

Russia stalled over the calendar year

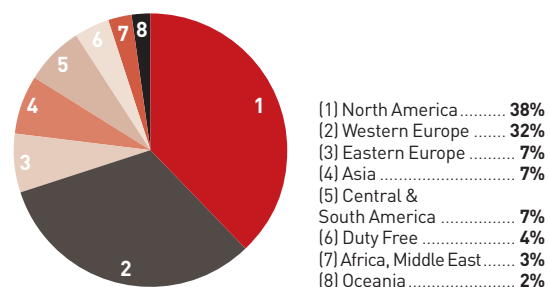
In 2009, Eastern Europe was severely affected by the crisis. The region (along with Travel Retail) posted one of the largest drops in the market, with an 11.4% slide (11% for Travel Retail). Russia experienced the worst drop, responsible for 45% of this decline. But the situation in Eastern Europe was a marked improvement over the first half-year 2010 (initial trends).

In Western Europe, consumption fared better, with a 2.3% downturn overall, covering a variety of outcomes: the United Kingdom experienced 2.1% growth, which makes it the second-largest contributor to global growth behind Japan; France remained stable; and Spain was the hardest-hit country, with volumes down 9%. In all, Europe was the source of 70% of the global market's downturn in 2009.

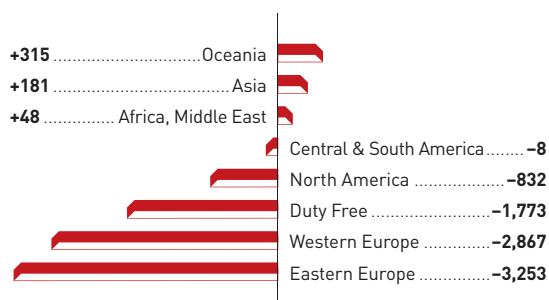


By Martin Riley
Chief Marketing Officer
of Pernod Ricard

Weights of the different regions



Change in volumes by geographic region



Pernod Ricard: Leading positions in all four corners of the world⁽¹⁾



Asia and Rest of the World

No.1 in India ■ No.1 in China
No.2 in Thailand
No.2 in South Korea ■ No.1 in Japan



Americas

No.4 in the United States ■ No.2 in Brazil
No.2 in Canada ■ No.1 in Mexico ■ No.1 in Argentina
No.2 in Venezuela ■ No.2 in Chile



Europe (excluding France)

No.1 in Spain ■ No.2 in Poland ■ No.1 in Germany
No.1 in the Nordic countries ■ No.2 in the United Kingdom
No.3 in Italy ■ No.1 in Central Europe
No.2 in Greece ■ No.2 in South Africa ■ No.2 in Russia
No.1 in Czech Republic ■ No.2 in Ireland



France

No.1 in France

(1) Source: 'Pernod Ricard Market View', based on IWSR, volume data at end 2009—Western-Style spirits, excluding ready-to-drink, wines and wine-based 'apéritifs'. Ranking among international groups. Portfolio at 1 July 2010.

Market Companies

— Pernod Ricard's Market Companies sell and promote international and local brands in every market, in cooperation with the Brand Companies. Four major regions have been designated by Pernod Ricard to manage its global presence: Asia and Rest of the World, Americas, Europe (excluding France) and France.

Pernod Ricard Asia



First row from left to right: Cyril SAYAG VP Public & Legal Affairs / Phanuwat WONGSRIPHISANT Managing Director Thailand / Hélène de TISSOT VP Finance / Pierre COPPÉRÉ Chairman & CEO / Jenny TO Managing Director Hong Kong / Kevin LEE Managing Director Philippines / Param UBEROI Chairman & CEO, South Asia / Bernard COULATY VP Human Resources / **Second row from left to right:** Fabrice AUDAN President & CEO Japan / Con CONSTANDIS Managing Director China / Thibaut de POUTIER Managing Director Asia Duty Free / Xavier BEYSECKER VP Marketing / Franck LAPEYRE President & CEO Korea / Cheng Keang TAN Managing Director Malaysia / Paul-Robert BOUHIER Managing Director Singapore / Tim PAECH Managing Director Taiwan

Pernod Ricard Americas



First row from left to right: Patrick O'DRISCOLL President & CEO, Corby Distilleries / Frederic VILLAIN VP Administration and Finance / Philippe DREANO Chairman & CEO / Geoffroy GERMANO VP Marketing / Pascal DE MARCHI VP Operations / Cedric RAMAT VP Human Resources / **Second row from left to right:** Sergio MARLY Chairman & CEO Argentina / François BOUYRA CEO & General Director, Casa Pedro Domecq / Paul DUFFY President & CEO USA / Bryan FRY General Manager Brazil / Christophe LEMARIE President & CEO Travel Retail / Cedric RETAILLEAU General Manager Venezuela



Pernod Ricard Europe



First row from left to right: Christian **BARRÉ** Managing Director, Domecq Bodegas⁽¹⁾ / Philippe **HÉBERT** VP Administration & Finance / Philippe **MEERT** Business Development Director / Laurent **LACASSAGNE** CEO / Noël **ADRIAN** Managing Director, Italia / David **de MARDT** Managing Director, South Africa / Francesco **TADDONIO** Marketing & Development Director / **Second row from left to right:** Éric **LABORDE** Managing Director, Eastern Europe / David **HAWORTH** Managing Director, Turkey / Philippe **COUTIN** Managing Director, Iberia / Jean-Louis **LABORDE** Managing Director Africa and Middle East / Antony **SCHOFIEL** Managing Director, Jan Becher / Michel **MAURAN** Managing Director, Nordic Cluster / Ian **WILLIAMS** Managing Director, Travel Retail Europe / Alain **DUFOSSÉ** Managing Director, Deutschland / Jean-Manuel **SPRIET** Managing Director, United Kingdom / Jean-Marc **BRYSKÈRE** Managing Director, Benelux / Victor **JEREZ** Managing Director, Wyborowa / Bruno **GOIMIER** VP Human Resources / Henry **CAREW**⁽²⁾ Managing Director, Southern Central Europe / Pierre-Yves **CALLOCH** VP Organisation and Information Systems / Camille **MÉRY** VP Operations

Société Pernod



First row from left to right: Estelle **RIVALS** Human Resources Director / César **GIRON** CEO / Sylvie **MACHENAUD** Communications Director / Jean-Marc **ROUÉ** Operations Director / **Second row from left to right:** Régis **SOUILLET** Chief Administrative & Financial Officer / Frantz **HOTTON** Commercial and Marketing Director

Société Ricard



From left to right: Jean-Michel **SENAUD** Vice-President, Operations / Bruno **PIERRAIN** Vice-President, Administration & Finance / Philippe **SAVINEL** Chairman & CEO / Guillaume **GIRARD-REYDET** Vice-President, National Sales / Jean-Charles **CASTELLANO** Vice-President, Human Resources / Michael **MEROLLI** Vice-President, Marketing

(1) On 26 July 2010, Domecq Bodegas joined the new Premium Wine Brands organisation. (2) Since 1 October 2010, Henri Carew has been Managing Director of the new Pernod Ricard Sub-Saharan Africa organisation, and Benoît Laug has replaced him as General Manager, Pernod Ricard Southern Central Europe.

Asia and Rest of the World



ASIA

HISTORY: For 30 years, the Group has been creating distribution subsidiaries throughout the Asia region: Pernod Ricard Thailand in 1981, Pernod Ricard Hong Kong Ltd and Pernod Ricard Asia Duty Free Ltd in 1982, Pernod Ricard Singapore in 1989, Pernod Ricard Japan in 1990, Pernod Ricard Taiwan and Pernod Ricard Korea in 1992, Pernod Ricard India and Pernod Ricard Asia in 1997, Pernod Ricard Persian Gulf in 2002, Pernod Ricard China and Pernod Ricard Malaysia in 2004, and Pernod Ricard Philippines in 2006.

KEY POSITIONS: No.1 in Asia for imported wines and spirits. No.1 among imported spirits in China, Japan, Malaysia, Singapore and the Asian Travel Retail channel. No.1 in Scotch in China, Japan, Malaysia, Indonesia and Singapore. No.1 in Prestige Cognac (XO) in China, Malaysia, Japan, Indonesia, Singapore and the Philippines. No.1 in Premium vodka in China, India, Taiwan, Thailand, South Korea, and Hong Kong. No.1 Australian wine in Vietnam, Indonesia, India, and the Philippines.

—Taking advantage of a growing number of Asian consumers able to purchase quality products, Pernod Ricard has strengthened its leadership in this region. Asia currently drives the sector’s dynamism and the Pernod Ricard portfolio still has many levers to ensure future growth. Asia is definitely one of the drivers of the Premiumisation strategy. In 2009/2010, the Group’s subsidiaries recognised the first signs of recovery and took advantage of economic momentum in China, India and Vietnam, among other Asian countries.

Today, Asia is experiencing tremendous change. In India, China and Vietnam, rising income in urban areas means that consumers are upgrading to higher quality and international brands, a trend towards Premiumisation which reinforces the Group’s strategy. In India, Pernod Ricard India is investing heavily in packaging and marketing to support its portfolio’s brands. In China, Pernod Ricard has increased its investments to support the dynamic growth of Chivas Regal 12 Year Old and 18 Year Old. Brands such as Martell Cordon Bleu, Martell XO, and Royal Salute are also strongly supported in China, Malaysia, Vietnam, Singapore, Taiwan, Indonesia and the Travel Retail channel. On some markets such as China and Korea, the consumer repertoire is broader and consumers are starting to embrace white spirits—a great opportunity for ABSOLUT. There has also been significant regular expansion in wine consumption over the last 10 years. It is no longer limited to Western-style restaurants, and wine is now commonly found in Asian restaurants as well as in the home. As a result of this, Pernod Ricard has increased distribution along with advertising and promotional spend on Jacob’s Creek in Japan and China.

ASIA AND REST OF THE WORLD

+9% NET SALES (ORGANIC GROWTH)
+14% OPERATING PROFIT (ORGANIC GROWTH)



Satwinder PAL SINGH—Research and Quality Manager—Wine Production—
Pernod Ricard India—INDIA *by* Marcos Lopez

“Satwinder is highly educated; he told us a lot about India. We went to Mahatma Gandhi Market together. And we started taking pictures. When I said, ‘Smile’, the whole market erupted in friendly laughter! We had lunch in a typical Goa restaurant, the perfect place for our photo.”

The recovery is here

With the exception of Japan and Thailand, the latter of which was affected by political instability, faster-than-expected Asian economic recovery has been seen in China, Korea, Vietnam and Travel Retail, and the Indian market remains very dynamic. China posted strong growth, driven by volumes of brands such as Martell, Chivas, ABSOLUT and Royal Salute, as well as by price increase. The cognac category saw exceptional performance as a result of the mobilisation of all distribution channels behind Martell Noblige and strong consumption of Martell Cordon Bleu and Martell XO especially during Chinese New Year.

The boom in India

In India, local whisky blends Royal Stag and Blenders Pride posted impressive performances. International brands Chivas, ABSOLUT and Ballantine's also delivered strong results. In Vietnam's fast-emerging market, Group brands posted solid growth. Korea rebounded thanks to Imperial's robust sales. Taiwan had an extremely good year, with Martell and The Glenlivet gaining market share. After a difficult start to the year, Travel Retail saw a brisk recovery, with strong growth in the second half as the number of travellers increased. The major brands experienced a very positive trend in the second half in this market, +52% for Ballantine's, +60% for Royal Salute and +40% for Chivas.

Today, local spirits still represent the top categories in north-eastern Asia (Japan, Korea and China). Educating the consumer about Western whisky categories and brands will be a key challenge for Pernod Ricard with the aim of capitalising on the boom in wine and spirits consumption.

Outlook

Local teams will reinforce the various brands' image in the coming years and refine their market access strategies in order to capture a share of the consumption growth in the region. Building an appropriate organisation, acquiring the necessary human resources and developing production capacity will be key, especially in India.

EVENTS



CHINA: Interactive Martell Noblige (1)

With the first interactive advertising film ever presented in China (web users could choose between several scenarios), Martell generated great buzz and significantly increased the click-through rate on its website.

KOREA: Imperial scores points (2)

In 2010, the Korean football team successfully advanced to the Round of 16 at the World Cup. Imperial, the team sponsor, capitalised on the impact and designated team captain Jisung Park as its brand ambassador.

SINGAPORE: Martell VSOP supports start-ups (3)

The Martell VSOP 'Ultimate Start-Up' space offered help to young entrepreneurs with their projects. The campaign was actively promoted via image projections, a dedicated mini-site and various events.

INDIA: Blenders Pride Fashion Tour

With the 6th edition of the Blenders Pride Fashion Tour, the brand has linked its name and image with those of 12 Indian fashion designers. The event travelled to six cities with a total of 25 shows.



- 2009/2010 AT A GLANCE**
- » Chivas 'Red Carpet' Travel Retail promotional campaign at Hong Kong Airport
 - » Chivas 'The Knights' campaign in Japan
 - » 'ABSOLUT 72 Transformations' limited edition in China
 - » New Martell Duty Free shop at Hong Kong Airport
 - » Martell Noblige online campaign in China
 - » Martell VSOP 'Ultimate Start-Up' promotion in Singapore
 - » Ballantine's Championship European Golf tournament in South Korea
 - » Digital marketing campaign in Japan and Taiwan for The Glenlivet Brand Ambassador
 - » New packaging for Royal Stag and Blenders Pride

AFRICA AND THE MIDDLE EAST



After a rather slow start in the first quarter (July-September 2009), the end of the year was relatively good in Africa and the Middle East and there were encouraging signs of an early-2010 recovery.

South Africa and Africa posted overall strong growth, especially due to Jameson's performance.

A customised portfolio

Pernod Ricard has solid assets in the region. Chivas Regal and ABSOLUT brands are well established in the Middle East and North Africa, providing an excellent foundation for confronting the competition on their markets.

In sub-Saharan Africa, the Group can count on its full portfolio of whisky brands, while in South Africa, Jameson has become a truly global icon. The year 2009/2010 saw the emergence of new consumers in this key regional market.

A new class of affluent black consumers now has access to Premium brands: Jameson is one of their favourites and Chivas Regal is now within their reach.

Similarly, this is happening in Angola, Namibia, Mozambique, Ghana, Nigeria and Kenya, though on a smaller scale.

PACIFIC



In a highly competitive market, Pernod Ricard Australia's sales were down 2% in 2009/2010. However, sales of key brands showed net growth for the portfolio's Premium segments: +14% for Jacob's Creek, +12% for ABSOLUT, +12% for Chivas, +10% for Jameson and +26% for Mumm. In New Zealand, net sales were up +1% despite the increased cost of advertising and promotions. Though Jacob's Creek posted a slight dip of -4%, other strategic brands made gains, with +21% for Brancott Estate, +13% for ABSOLUT, +28% for Ballantine's and +16% for Jameson.

Targeted investment

A surplus of wine combined with pressure from distributors looking to gain market share has increased the brands' promotional and marketing costs. The subsidiaries have thus focused their efforts on key brands. In Australia, sustained investment was made in Jacob's Creek with the launch of Jacob's Creek Moscato and sponsorship of the Australian Open tennis tournament, and also for Brancott Estate with a new TV campaign and fresh packaging. In New Zealand, Brancott Estate benefited from a major campaign and new packaging, while ABSOLUT and Jameson were particularly well-supported. Impact on growth was positive in these two strategic markets.

EVENTS



AUSTRALIA: Jameson sponsors Tropfest (1)

Jameson had top billing at the Tropfest festival in Sydney. This sponsorship confirmed the brand's commitment to international cinema.

NEW ZEALAND: Montana/Brancott Estate made a new impression with the World of WearableArt (2)

Montana renewed its association with the World of WearableArt Awards, a typically New Zealand event.

SOUTH AFRICA: Jameson, whiskey of the rising classes (3)

By associating itself with South African Fashion Week, Jameson boosted its position as the favourite Irish whiskey of the 'Black Diamonds' —the new South African elite.

LEBANON: Chivas 25 on top (4)

In Lebanon, Chivas Regal organised a special event at the top of Faqra Mountain for the launch of Chivas 25, a standard in luxury shops and high-end bars.

MARKETS
Americas



HISTORY: The Group's development in the Americas region was marked by several major steps: Austin Nichols & Co. was acquired in 1980, Seagram in 2001, Allied Domecq in 2005 and The Absolut Company in 2008. These purchases have enabled the Group to capture first-rate positions in the key markets of the United States, Canada, Mexico and Brazil. Since 2006, the Pernod Ricard Americas division has overseen all Group operations in the region.

KEY POSITIONS: Pernod Ricard is No.2 in volume for the Americas region in the spirits market, No.1 in Premium vodka, gin and Irish whiskeys and No.2 in Scotch whiskeys.

— In a very bumpy economic environment, the Americas region managed to grow +4% (net sales) by focusing its efforts on strategic brands such as ABSOLUT, Chivas Regal, Malibu and Jameson. Overall, despite flat results in the United States but with a marked improvement in the second half of the year, markets such as Mexico and Travel Retail posted very strong growth. Pernod Ricard increased its advertising and promotional expenditure by 7% more than the Group average. This expenditure was primarily focused on the United States, Mexico, and Brazil.

Growth-engine brands

While the economic and financial crisis was still affecting the entire Americas region, Pernod Ricard's flagship brands demonstrated their ability to drive growth. ABSOLUT saw strong performance of +7% growth in the region overall, +3% in North America in volume, and continued to gain market share in Mexico, Brazil and Argentina. The Chivas Regal support strategy rolled out in Brazil and Mexico bore fruit, with Chivas Regal 12 Year Old advancing in its category in Brazil and market-share gains in Mexico (+3 points), where Chivas Regal 12 Year Old now has 23% market share among 12-year-old whiskies. Ballantine's saw moderate growth in the region as a whole, but very strong volume growth in Mexico, Brazil and Travel Retail. Jameson, which grew overall in the region by +21%, continues to be one of the fastest-growing Premium spirits in the United States, and was awarded 'Hot Brand' status by 'Impact' magazine for the 10th consecutive year while representing a major growth opportunity in Canada, Mexico and Argentina. Malibu and The Glenlivet generated significant volume growth as well, with +2% and +5%, respectively, compared with the previous year.

+4%
NET SALES

+1%
OPERATING PROFIT
(ORGANIC GROWTH)



Alejandro Manuel FLORES PÉREZ—Commercial Legal Manager—Casa Pedro Domecq—
MEXICO *by* Marcos Lopez

“This counsel’s hobbies are travelling, photography and singing. During our outings, Alejandro played us Mexican rock on his guitar! The Riviera Hotel in Havana, with its 1950s-style bars, was the ideal spot for a lively photo shoot. It was also a ‘historic’ meeting—in this magnificent hotel that is being designated by UNESCO.”

MARKETS

In the wine category, the Group's priority brands posted +13% growth in volume throughout the region. In particular, Jacob's Creek posted strong growth, driven mainly by the American market.

North America: heading toward recovery

The United States had a challenging year, with high unemployment putting pressure on consumers. The market was thus affected by a triple shift: from on- to off-trade (home) consumption, from Premium to more standard products, and from large to smaller sizes. However, the second half of the year saw an upswing in activity and renewed consumption of Super-Premium and higher-priced brands.

In this context, Pernod Ricard USA finalised its new route-to-market and realigned its pricing strategy to respond to the high pressure competitive context. The Company also continued to focus strongly on strategic brands and on their relationship with consumers, by leveraging the use of social networks and brand content generation. For example, the ABSOLUT NY-Z concert series went beyond a typical sponsorship with an icon of the music world, creating original brand content. Relayed through social networks, these concerts were seen from the first week by more people than any other 'traditional' ABSOLUT campaign in the brand's history. Further examples of innovation include the subsidiary launching a new advertising campaign, 'Drinks', a new spot, 'Lemon Drop', as well as product and public-relations innovations such as the ABSOLUT Boston and ABSOLUT Brooklyn limited editions. Jameson also launched a new spot, 'Lost Barrel', which added to the brand's dynamism. Chivas continued its 'Live with Chivalry' campaign, and Malibu was one of the most active brands in terms of public relations and digital communications, with the launch of the 'First Day of Summer' online videos.

In Canada and the United States, the recession made consumers revise their purchasing decisions, and there were many new market trends. Canadian consumers were more likely to stay at home and they spent less time in bars and clubs; they were also more price-conscious, demanding value for money in the products they chose. New technologies, especially social networks and mobile Internet, also held an increasingly significant place in their day-to-day lives. Canadian whisky Wiser capitalised on this trend with the Wiserhood viral marketing campaign on Facebook. Thanks to innovative marketing at points of sale, Travel Retail had an excellent year, with +6% growth in volume. Chivas Regal posted a very good performance in the Dominican Republic, as did ABSOLUT in the Caribbean.

2009/2010 AT A GLANCE

» ABSOLUT Drinks' campaign in the United States

» Chivas Regal 'Live with Chivalry' campaign launched throughout the region

» ABSOLUT NY-Z Concert Series featuring Jay-Z in New York City

» Malibu celebrates the first day of summer in the United States

» 'Smart Bars' programme on the US market

» Launch of L'Orde Jean Martell in Mexico

» Launch of Azteca de Oro in Mexico

» ABSOLUT Miami Spectacular launched for Travel Retail

» Chivas campaign in Venezuela

» Launch of ABSOLUT Rock 360 edition in Argentina, Brazil, Mexico and Travel Retail

EVENTS



USA: John Jameson on screen (1)

Jameson is one of the fastest-growing Premium spirits brands on the US market. In 2009/2010, it launched a new advertising campaign, including the first-ever US Jameson TV advert, which focused on the adventures of the John Jameson character.

BRAZIL: Chivas 18 Year Old takes to the catwalk in São Paulo (2)

To raise its profile with decision-makers, Chivas 18 Year Old partnered with the designer Ricardo Almeida. In May 2010 the designer presented a winter collection inspired by the brand in his São Paulo atelier before an audience of 500 major clients.

BRAZIL: Perrier-Jouët brings a springtime bloom (3)

With its 'Spring' campaign, Pernod Ricard Brazil catered for the most sophisticated women of São Paulo, Rio and Brasilia to launch Perrier-Jouët champagne in Brazil. Lunches, tasting sessions, dinners and even a Perrier-Jouët bar in the very private 'Club A' in São Paulo received copious media coverage.



South America

In Brazil, numerous regulatory changes, including increased taxes, affected both producers and consumers. In this context Pernod Ricard Brazil accelerated plans to reduce its reliance on price-sensitive brands and focused its efforts on imported strategic brands, which gave ABSOLUT, Chivas, and Ballantine's a strong growth. In the Wines and Spirits market, vodka—especially imported vodka—posted much stronger growth than all other spirits, a trend that ABSOLUT took advantage of.

In Mexico, the economic environment was difficult, reflecting the US recession. The country was also affected by security issues, particularly in the North, with a negative impact on sales volumes related to a decline in on-trade consumption. Mexican subsidiary Casa Pedro Domecq thus focused its efforts on key categories to develop its market share leadership and strengthen the positions of strategic brands such as ABSOLUT and Chivas. In addition, the rollout of a new route-to-market for ready-to-drink Caribe Cooler increased the brand's volume and profitability.

Inflation continued to worsen in Argentina at 2% per month, pushing consumers to seek discounts and forcing brands to double their packaging and visual-communication efforts to attract and retain them. At the same time new consumer categories, including women, entered the alcohol market through sparkling and white wines and fruity drinks such as daiquiris. While improving its effectiveness in sales and marketing, Pernod Ricard Argentina also focused its efforts and investments on the fastest-growing brands such as ABSOLUT and Ballantine's, which were given original campaigns that resulted in very good media coverage. Venezuela had the highest rate of inflation in all Latin America and was also struck by economic and energy supply crises. The devaluation of the bolivar and a drop in exports to Colombia reduced Venezuelans' standard of living, as reflected by the sharp fall-off in Duty Free business.

Outlook

In the near future, the Americas region's teams will commit over all to boosting the visibility and asserting the leadership of such key brands as ABSOLUT, Chivas Regal and Jameson, while accelerating their growth in Brazil and Mexico. In Canada they will emphasise the distribution and visibility of key brands for high-end on-trade accounts, whereas in less-stable countries like Venezuela, they will adjust their business model to control risk.

EVENTS



CANADA: the Wisershood phenomenon (1)

To enhance the image of Canadian Wisers whisky, Corby created a 360° campaign based on the model profile of brand connoisseurs, men between the ages of 25 and 40, and a club that could bring them together. The 'Wisershood' was born. Highly creative and full of humour, the campaign became a viral marketing phenomenon. This raised Wisers to the leading position in Canadian whiskies.

VENEZUELA: Something Special scores (2)

In Venezuela, Something Special whisky capitalised on the World Cup with a campaign in sales outlets and on the web. The strategy of linking the brand with consumption at home, with friends, before a match, led to an 18-point preference gain with young Venezuelans.

MARKETS

Europe (excluding France)



HISTORY: Active in Europe since the Group's creation in 1975, Pernod Ricard has its own Market Companies in all European markets, except some very small ones such as Cyprus, Malta, Moldavia, Albania, Macedonia and Montenegro.

KEY POSITIONS: Pernod Ricard is the No. 1 or No. 2 international group everywhere in Europe (No. 1 in Germany, France and Spain, No. 1 in Premium vodka in the United Kingdom, Greece and Germany, No. 1 Scotch whisky in France, Germany and Italy, No. 1 Premium rum in Italy, Germany, France, Greece and Switzerland, No. 1 Super-Premium Scotch in the United Kingdom, France and Russia) with such leading brands as ABSOLUT, Chivas Regal, Ballantine's, Jameson, Havana Club and Malibu.

—With Europe hit hard by the economic crisis, Pernod Ricard Market Companies have not only held onto their market shares but conquered new markets. It has been a difficult year in Western Europe (particularly in Spain and the United Kingdom), but in the second half-year, there were encouraging signs of recovery, particularly in Germany and Eastern Europe (especially Russia and Ukraine), which were severely affected in the first months of the financial year. Sales also recovered in Travel Retail shops.

The year was difficult throughout the Europe region, where rising jobless rates led to a decline in purchasing power. In addition, most European markets were affected by sharp increases in VAT and alcohol taxes. In Greece, the worst-hit country, retail prices of Pernod Ricard's Premium brands nearly doubled, due solely to tax increases. Despite this challenging context, Pernod Ricard Europe posted a satisfactory performance, with market-share gains in most key countries. In Spain, the biggest market, Pernod Ricard gained value share in all key categories: whisky, vodka and gin. Turkey also performed remarkably well; the Group gained five points of market share in the whisky category.

Divergent market situations

After a slow start in the first quarter, the year-end was relatively active, especially in Travel Retail, with results surpassing those of 2008. From early 2010, there were some positive signs in Russia, while the United Kingdom, Italy and Spain returned to positive results in the last quarter of the financial year.

-5%

CHANGE IN NET SALES
(ORGANIC GROWTH)

-3%

CHANGE IN
OPERATING PROFIT
(ORGANIC GROWTH)



Olga DOBROTINA—Chief Accountant—Pernod Ricard Rouss—RUSSIA *by* Marcos Lopez

“When I heard about Paris Plage, I was thrilled! What more could I ask for? My Pop Latino work draws a lot from illusions about the Caribbean. So the location was perfect. The parasols had come halfway round the world in my luggage, and they finally found their place in the sun next to Olga—who cheerfully took part in the shoot!”

Turkey remained strong all year long. Conversely, Greece and the Balkan region, with the possible exception of Slovenia and Croatia, had a terrible year and do not seem to be emerging from the crisis yet. In this difficult environment, subsidiaries have had to be cautious and limit their price increases. However, as in the rest of the world marketing investments were increased and benefited from the reduction of media buying costs. Moreover, for some brands, especially Malibu, spending was switched from traditional media to the Internet.

Changing consumer habits

There have been several significant changes in the Wine and Spirits market in Europe. The economic crisis has boosted home consumption, so Pernod Ricard has adapted its strategy by investing more in category management and establishing agreements with key retailers. The subsidiaries also strengthened their promotional plans for supermarkets, but did not divest themselves from the on-trade market, which remains a key channel for brand-building.

A boom in digital

Another phenomenon was the boom in digital social networks, which has dramatically changed media-consumption habits. The subsidiaries thus launched innovative communications programmes, such as a web radio in Spain for Malibu, or, for instance in Russia, an internet programme based on Armenian legends for the Armenian brandy ArArAt, a campaign that won a European 'Effie' award (for the most effective European campaign). In addition, a rise in cocktail consumption has led Pernod Ricard to base communications on these drinks, on which Pernod Ricard can claim a strong legitimacy.

EVENTS



SPAIN: Ballantine's mixes it up (1)

In Spain, Ballantine's launched El Gran Temazo, drawing 800,000 web users. This online music platform hosted on YouTube lets listeners hear a selection of mixes and create their own.

ITALY: Caribbean waves (2)

Launched by Malibu, 'Radio Maliboom Boom', a web radio station hosted by a DJ and musician who are icons in Caribbean culture —DJ Bernard and MC Wonder Full—was a big hit in Italy on the country's first web radio station, Radio 105.



2009/2010 AT A GLANCE

- 】 Opening of the new Becherovka production site in Karlovy Vary, Czech Republic
- 】 Disposal of local spirits and standard wines in Sweden and Denmark
- 】 Launch of ABSOLUT Tropics in Duty Free
- 】 Launch of new Premium packaging for Luksusowa Vodka in Poland
- 】 Opening of Perrier-Jouët bars at London's Harvey Nichols and Milan's Rinascente
- 】 'Chivas in Russia' operation during the Cannes Film Festival

EVENTS

European affiliates have extensively used some global digital initiatives: Havana Club launched a new website (havana-mojito.com) to remind consumers that the authentic Cuban mojito cocktail, from the Bodeguita del Medio in Havana, is made with Havana Club. ABSOLUT was the first brand to launch a cocktail application for the iPhone called "Drinkspiration".

Increased modernisation in the East

This year was marked by accelerated off-trade modernisation (hyper and super markets) in Eastern Europe and a decline in traditional trade (small shops). This phenomenon took off faster than expected, possibly due to the economic crisis as well as to solid investments by both local and international retailer groups. Pernod Ricard is well placed to establish a positive dialogue with these key customers.

Outlook

Today, the main challenge faced by the Group in lower-growth European countries is to capture new market share. In mature markets the Group will strictly focus its budgets on the channels and brands with the greatest potential. In emerging markets, and especially in Russia, Pernod Ricard intends to increase its leadership by investing in both consumer and on-trade oriented activities.



1



2



3

GERMANY: ABSOLUT sponsors "Made in Berlin" art centre (1)

The 'Made in Berlin' art centre created a stir by exhibiting the artistic visions of several renowned creative minds.

UNITED KINGDOM: Happy birthday, Selfridges! (2)

To celebrate its 100th birthday, the major London retailer Selfridges asked a few prestigious brands to create limited editions. ABSOLUT chose a yellow bottle (Pantone 109, Selfridges' signature colour), which was dubbed 'ABSOLUT Selfridges 100'.

SPAIN: Celebrity doubles with Beefeater (3)

With Beefeater London Doubles, Beefeater launched a casting call in Spain for celebrity lookalikes on the London scene (e.g., Amy Winehouse, Elton John, Robbie Williams, Victoria Beckham). The candidates were pre-selected on Facebook and on the Beefeater London Doubles website, and the winners were treated to a 5-star lifestyle for two months last summer, and signed a contract with an international celebrity doubles agency.

MARKETS

France



_ In a generally flat market, Pernod Ricard's Market Companies in France posted solid performances. With +2% volume growth in its portfolio and 6.8% value growth in supermarket retail, Ricard strengthened its leadership position in spirits in France, with a 19% market share. Société Pernod focused its efforts on Premiumisation and strategic brands, managing to increase on trade by more than 1%, despite the crisis' negative impact on the champagne market.

HISTORY: Société Ricard was founded in 1932 by Paul Ricard. In 1975, together with Société Pernod, founded in the early 19th century, it created the Pernod Ricard Group. Previously competitors on the French market, they combined forces to win over the international market.

KEY POSITIONS: Ricard is the leader in the spirits market with a 19% market share. Clan Campbell is No.1 in Premium whiskies. In the Pernod portfolio, Mumm, Havana Club, Aberlour, and Suze are the leaders in their reference markets. Ballantine's is the No.2 Premium whisky. With the two founding companies, the Group is No.1 in France for whiskies, anise-based spirits, bitters, Premium vodkas, and Premium rums.



+6.8%

IN SUPERMARKET RETAIL FOR THE PORTFOLIO'S BRANDS⁽¹⁾ (+37% IN VOLUME FOR ABSOLUT)

In France, the brands distributed by Ricard all posted remarkable growth, surpassing that of the market in most instances. This was true for Ricard, at +1% (+3% in supermarket retail) in a flat market, and Lillet, at +5%, as well as for whiskies: Clan Campbell, at +3% (+12% in supermarket retail, for an under-12-year blend market at +6%), Chivas Regal, at +9%, The Glenlivet, at +2%, and Jameson, at +7%. ABSOLUT, at +37%, grew three times faster than the vodka market.

The web—a new field of expression

In 2009/2010, the brands quickly adapted to legislative changes by moving their message to the Internet. Clan Campbell, ABSOLUT, and Malibu opened their French websites during the year. Clan Campbell launched the first campaign for a spirits brand on the Internet in France, while ABSOLUT created buzz on social networks with its video, 'Alambic'.

Innovative programmes were also launched, such as the 'Terres de whisky' website, the web version of the brand loyalty programme for Chivas Regal, Jameson, and The Glenlivet, and the online version of 'Place Ricard', a magazine for the brand's consumers.

(1) Source: Nielsen, results in value over the financial year at end June.

RICARD EVENTS



ABSOLUT: an unusual venue for a Spike Jonze film (1)

The highly-anticipated tour of 'I'm Here'—a film directed by Spike Jonze in cooperation with ABSOLUT—was launched in the open area in front of the Centre Georges Pompidou in Paris. The screening room? An ephemeral and itinerant cinema inside a freight container!

Creativity rewarded

The brands also owe their strong performances to an especially creative marketing policy. ABSOLUT transformed a travelling freight container to promote the film 'I'm Here' by Spike Jonze. By calling on the offbeat irreverence of sports reporter Darren Tullet (Canal +) for its new radio spot, Jameson's brand recognition soared.

There were also numerous events. Chivas Regal renewed its partnerships with the Cannes Film Festival and the César Film Awards.

Several brands bolstered growth in on-trade demand, including Clan Campbell, with a DJ competition, the 'Clan Mix Contest', and Ricard, with the launch of a 35cL bottle—an innovation as it is the first anise-based spirits bottle that can be ordered tableside in a restaurant. In supermarket retail, the brands multiplied their Premium promotional offers, particularly at the end of the year.



Jameson's radio campaign (2)

Jameson chose St. Patrick's Day to kick off a new radio campaign. On the air: a 'Lesson in Smooth', delivered tongue-in-cheek by the Canal + reporter Darren Tullet over the nation's major radio stations.



PERNOD

+1%

IN SUPERMARKET RETAIL
FOR THE PORTFOLIO'S
STRATEGIC BRANDS

In 2009/2010, Société Pernod reaped the rewards of its policy of prioritising strategic brands. This resulted in significant gains in on-trade market share, where performance was nearly two times better than the market's, particularly in supermarket retail. While rum, vodka, and whisky were still the winning segments, the stabilisation of the anise-based spirits category during a recession emerges as quite a feat. Indeed, Pernod contributed to the category's buoyancy with the 51 Piscine initiative, an original way of drinking pastis—in an elegant stemmed glass usually associated with champagne and rosé. These performances are due to both growing consumer demand in the on trade and strong promotional support in supermarket retail.

Innovate—to create growth

In an environment of slow growth, Société Pernod is pursuing a Premiumisation and innovation strategy that is paying off. As a result, Aberlour has taken first place in value in the single malt market. On the innovation front, Pernod launched Soho Litchi & Guarana in 2009, created a new drinking ritual with the 51 Piscine glass, and featured a 'mobile tag' in Havana Club advertisements. On the production end, the idea of capturing the CO2 from fermentation during the process of developing Café de Paris reduced emissions and outside procurement. Customers rewarded the mobilisation of all Pernod employees, who were transformed into true brand ambassadors to ensure optimum sales for retailers during the year-end holidays.

PERNOD EVENTS



Winning packaging for Aberlour (1)

As part of its Premiumisation strategy, Aberlour has innovated its packaging. More contemporary, it reflects an ideal balance between traditional and modern design. The objective after achieving volumes and value leadership, is to take the leading spot in Super-Premium single malts (priced over €23/bottle).

Diners in the sky, with Mumm (2)

Société Pernod and G.H. Mumm were partners of the first 'Diners in the Sky' events held in Paris in September 2009. Diners, suspended 50 meters above the Tuileries Gardens, enjoyed a menu created by top starred chefs, along with the best Mumm vintages.