

# 2006/2007 1<sup>st</sup> quarter net sales

**up 9.2% to € 1,457 million**

*26 October 2006*



# 2006/2007 1<sup>st</sup> quarter net sales

- ▶ Net sales up 9.2%
- ▶ Organic\* sales up 5.6% (7.3% on spirits excluding bulk sales)
- ▶ Strong growth of Pernod Ricard key brands

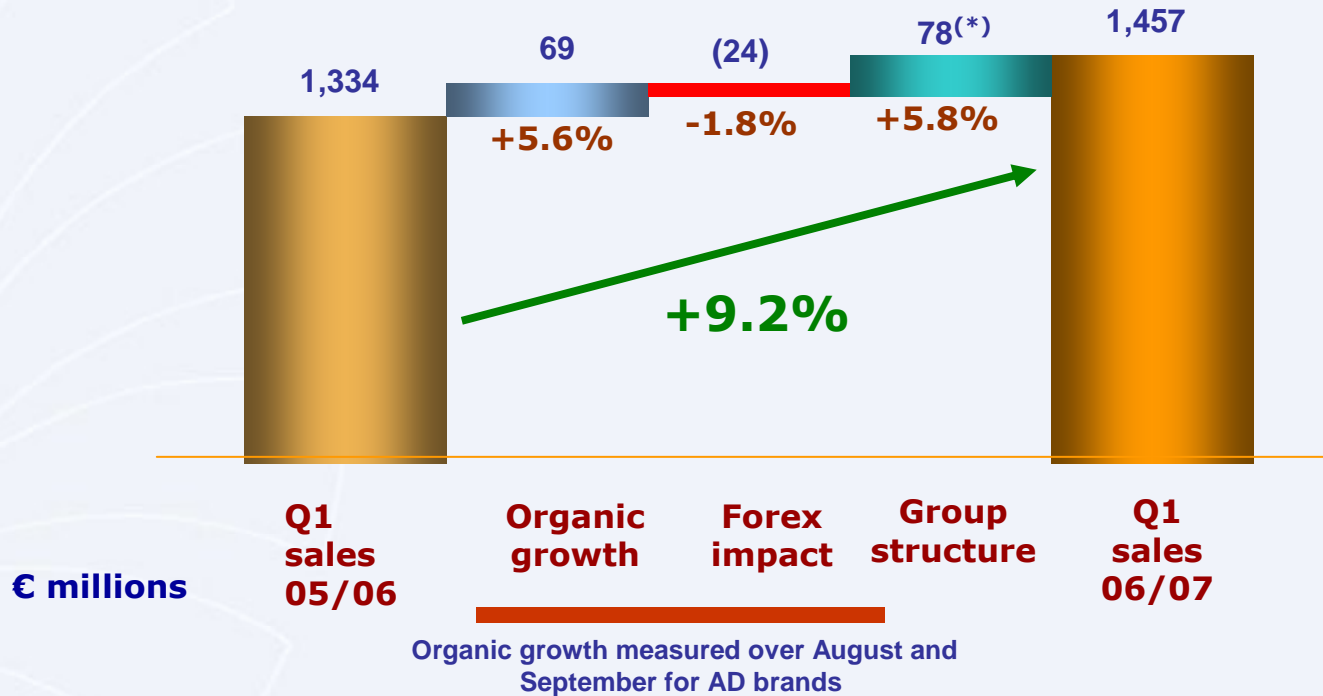
Top 15 up 2% in volume, 7% organic sales growth

\* Measured over August and September for AD brands



# 2006/2007 1<sup>st</sup> quarter net sales

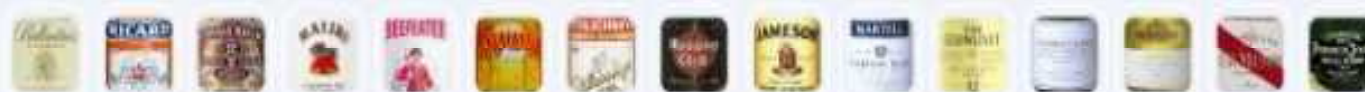
- ▶ Remaining Group structure impact following AD integration
- ▶ US\$ accounts for 50% of the forex impact



- ▶ 5.6% organic growth (up 5.1% excluding bulk spirits sales)
  - Spirits\*\* = +7.3%
  - Wine = -4.7%

\*Group structure = AD brands (July 06 - July 05), brands disposed of & discontinued agency brands

\*\*Excluding bulk spirits sales



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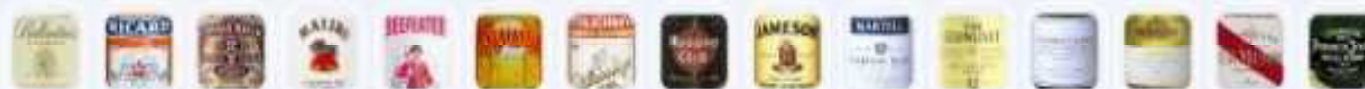
## ▶ Numerous disruptive factors ...

- Excess inventory of a number of AD brands in 2005 and resulting destocking
- Stocking ahead of prices or excise duties increases in 2005 : Thailand, Spain
- Sales on AD brands generating parallel flows, stopped in Latin America
- Postponement of commercial events: Mid-Autumn Festival (MAF) in China, Off-trade seasonal promotions (France), preparation of end of year operations in Spain and the US
- Disruptions in certain markets: Russia (availability of tax stamps and embargo on Georgian wines), Thailand, Lebanon, Duty-Free, ...

... making the first quarter not representative of the underlying performance of the activity



# Portfolio review



# Portfolio review

**Chivas Regal:            Volume -8%            Sales\* -6%**

\*Organic growth



- ▶ **USA:** Launch of end of year operations postponed to October 2006  
→ Q1 shipments = -30% vs. Nielsen = -4.7%
- ▶ **Asia:**
  - Brand progress is hampered by a slowdown in China (partly related to a later MAF this year) and postponement of shipments to Japan
  - Hong-Kong, Indonesia, Singapore, Taiwan and Vietnam remain quite dynamic
- ▶ **Europe:**
  - Russia : growth adversely affected by the shortage of the new tax stamps
  - Spain : end of year operations postponed on Q2



# Portfolio review

**Ballantine's: Volume\* +7% Sales\* +27%**

\* Organic growth Measured over August and September for AD brands  
*volume over three months = - 11%, linked to AD trade overloading*



- ▶ **Strong positive mix effect: growth in premium qualities (Asia) and discontinuation of low price sales in Latin America**
- ▶ **Ballantine's Finest**
  - Growth in France, Italy and Central Europe
  - Spain : Continuing negative trend ( Nielsen 12 months : -4.8%)
- ▶ **Ballantine's Superior Qualities**
  - Strong growth in China, in South Korea, on Duty Free, and in Taiwan

**Ballantine's: A new premium offer for Chinese Asia**



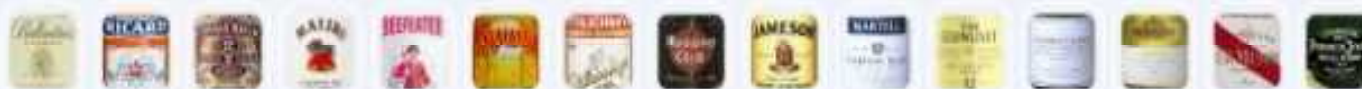
# Portfolio review

**Martell: Volume +16% Sales\* +22%**

\*Organic growth



- ▶ **Continuing strong growth and up-market movement:**
  - Continuing growth by Cordon Bleu
  - Successful launch of the new XO and Noblige
- ▶ **Very good performance in Asia (up 37%), driven by China, Singapore, Malaysia ...**
- ▶ **Strong growth in Mexico**
- ▶ **Decline of VS in the US and UK**



# Portfolio review

**Havana Club: Volume +10% Sales\* +8%**

- ▶ Strong volume growth in Latin America (+18%), primarily by Añejo Blanco in Cuba, and Mexico
- ▶ Growth in Europe due to the recovery in Italy (+7%), following a difficult 05/06 year and growth in France, Germany and Greece



**Jameson: Volume +8% Sales\* +14%**

- ▶ Confirmed success in North America (+29%), especially in the US (3 months depletions up 20%)
- ▶ Renewed double-digit growth in South Africa (+19%), thereby becoming the 4<sup>th</sup> export market for the brand over the period
- ▶ Modest increase in Europe, due in particular to Ireland and Greece



\*Organic growth



# Portfolio review

**Ricard: Volume -2% Sales\* -3%**

- ▶ Growth in France, in line with the recent improvement highlighted by Nielsen panel
- ▶ Lower activity on the Spanish border



**The Glenlivet: Volume +4% Sales\* +4%**

- ▶ Strong performance in Asia (+16%)
- ▶ US growth confirmed (+4%)
- ▶ Slowdown in France, linked to promotional activities in the off-trade, being performed later in 2006 compared to 2005



\*Organic growth



# Portfolio review

**Malibu: Volume\* +1% Sales\* +10%**

*volume over three months = -6%, linked to AD trade overloading*

- ▶ Brand growth, on favourable comparison bases
- ▶ Volume growth limited by the preparation for relaunch of “flavors”
- ▶ Strong growth in net sales, due to the discontinuation of low-price sales
- ▶ USA: Q1 depletions = down 3%, with a 20% reduction by “flavors”, and a stable “regular” Malibu (impact of strong sales made by AD before its acquisition)



**Stolichnaya: Volume\* +21% Sales\* +25%**

*volume over three months = +16%*

- ▶ USA : Success confirmed on the major market (Shipments = + 10% vs Nielsen T1 = + 5%)



\* Organic growth Measured over August and September for AD brands



# Portfolio review

**Beefeater: Volume\* +12% Sales\* +14%**

*volume over three months = - 2%, linked to AD trade overloading*

- ▶ Europe: Beefeater grew in Spain (main market, Nielsen 12 months = +2.5%), France and Russia
- ▶ USA: A difficult quarter affected by a strong comparison basis

**Kahlua: Volume\* +3% Sales\* +3%**

*volume over three months = - 8%, linked to AD trade overloading*

- ▶ USA: situation remaining difficult, Q1 shipments = -13%, vs. depletions = -3%
- ▶ New add campaign on air beginning October
- ▶ Growth in Canada, Mexico and Japan

\* Organic growth Measured over August and September for AD brands



# Portfolio review

**Jacob's Creek: Volume -1% Sales\* -1%**

\*Organic growth

- ▶ Success of new brand qualities: Reserve, Sparkling, ...
- ▶ Increasing or stable volumes in all markets, except in the UK, the brand's leading market



**Montana: Volume\* -5% Sales\* -8%**

\* Organic growth Measured over August and September for AD brands

*volume over three months = - 2%, linked to AD trade overloading*

- ▶ The brand is well positioned in all its major markets. However, it is adversely affected by an unfavourable comparison basis



# Portfolio review

**Mumm: Volume\* -8% Sales\* -3%**

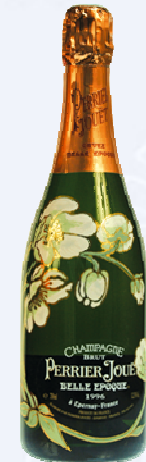
*volume over three months = - 7%, linked to AD trade overloading*

- ▶ Difficulties in the French market, due to the price increase which had an adverse impact on volumes (repositioning)

**Perrier-Jouët: Volume\* -17% Sales\* +2%**

*volume over three months = - 8%, linked to AD trade overloading*

- ▶ Strong increase by Belle Epoque resulting in higher unit sales
- ▶ USA: postponed preparation of end of year sales

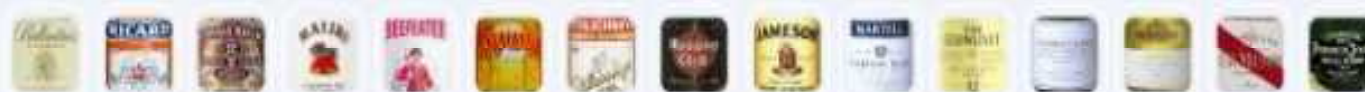


\* Organic growth Measured over August and September for AD brands



# Overall steadiness of other brands

- ▶ A number of local brands posted very strong growth ...
  - Growth on favourable comparison bases: Ararat, Amaro Ramazzotti, Montilla, Presidente, Don Pedro and Wyborowa
  - Continuing success: Something Special, Royal Stag, Olmeca and Imperial
- ▶ ...but also a few difficulties:
  - 100 Pipers in Thailand, Tia Maria in the UK and Hiram Walker Liqueurs in the USA



# Growth in all four regions



# Asia – Rest of World

€ millions	Q1 05/06	Q1 06/07	Organic growth	Forex impact	Group structure
Sales	388	443	+10.0%	-3%	+8%

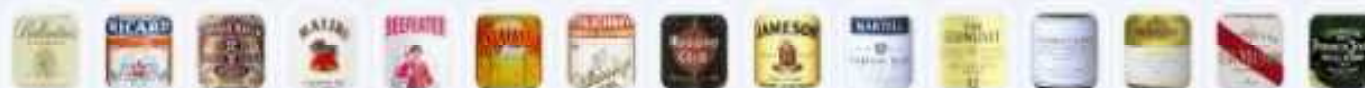
## ▶ Growth remaining strong in Asia

- Martell and Ballantine's were the two leading contributors to growth in Q1
- China experienced continuing strong growth, in spite of a later MAF this year: strong growth by Martell and Whiskies (Chivas + Ballantine's = around +10 %)
- Strong impact of the decline in 100 Pipers in Thailand (Sales -29%, custom duties representing approx 50% of sales)

➔ Excluding Thailand, organic growth of Asia - Rest of World = +17%

The unfavourable effect of a later Chinese New Year will result in shipments postponed from Q2 in 05/06 to Q3 for 06/07

## ▶ Australia – New Zealand: increased sales, driven by Jacob's Creek and Montana



# Americas

€ millions	Q1 05/06	Q1 06/07	Organic growth*	Forex impact	Group structure
Sales	368	405	+1.7%	-3%	+8%

- ▶ **North America: organic growth +1.1%** (Spirits +4.1%, Wine -16.8%)

**US market:** activity abnormally high on AD brands during T1 05/06 (changes in commercial teams & distributors)

- Jameson, Wild Turkey, The Glenlivet, Stolichnaya and Malibu experienced continuing growth
- Seagram's Gin confirmed its recovery: Q1 depletions +5%
- A more difficult quarter for Kahlua and Beefeater
- Postponement of end of year operations for a number of brands, Chivas Regal and Perrier-Jouët in particular

- ▶ **Central and South America: organic growth +4.7%**

- Strong growth by Montilla in Brazil and Something Special in Venezuela ...

\*Organic growth excluding bulk spirits sales



# Europe

€ millions	Q1 05/06	Q1 06/07	Organic growth*	Forex impact	Group structure
Sales	436	458	+4.6%	-0.1%	+2%

## ▶ Sales recovery in Europe (+4.6% vs. +2.1% Q4 05/06)

- Due to:
  - Strong overall growth of AD brands, benefiting from a favourable comparison basis and enhanced distribution: Ballantine's, Beefeater and Malibu
  - Continued growth for Jameson and Havana Club
  - Confirmed recovery of a number of local brands: Ramazzotti, Ararat
- Despite:
  - A more difficult situation for Ricard (fewer visitors crossing the Spanish border), as well as Jacob's Creek and Montana in a more competitive UK market
  - Disruption related to the new tax stamps in Russia and the discontinuation of Georgian wine sales (embargo)

\*Organic growth excluding bulk spirits sales



# France

€ millions	Q1 04/05	Q1 05/06	Organic growth	Forex impact	Group structure
Sales	142	150	+0.6%	-	+5%

- ▶ Stabilised aniseed market (Q1 IRI Panel: -0.2%)
- ▶ Growth by Ricard in France: volumes +3%
- ▶ Strong growth by Chivas Regal (Q1 panel + 6.5%) and Ballantine's (Q1 panel +20%, with strong promotional activities)
- ▶ Strong volume growth by Havana Club (+15%)
- ▶ Decline by Mumm following price increase
- ▶ Postponement of a number of promotional activities to Q2

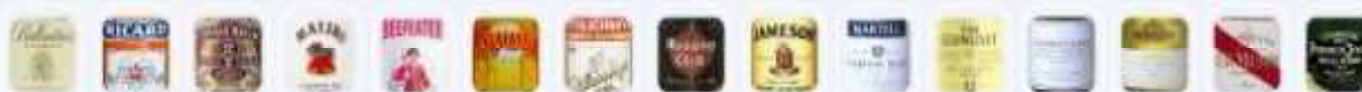


# Conclusion & Outlook

- ▶ First quarter performance was satisfactory but of little significance : Q1 05/06 impacted by AD integration and numerous disruptions affecting the period
- ▶ Pernod Ricard approaches the second quarter, which represents a decisive period for our full year overall performance, with confidence, as it should witness a significant increase in sales in certain regions, North America in particular.



**Confirmation of the full year guidance**





# Appendices



# 2006/2007 1<sup>st</sup> quarter net sales

Net sales split as at 30 September 2006 (€ million)

	Q1 05/06		Q1 06/07		Variation		Organic growth		Forex Impact		Perimeter Impact	
Wines & Spirits France	142	11%	150	10%	8	5%	1	0,6%	0	0%	7	5%
Wines & Spirits Europe	436	33%	458	31%	22	5%	12	3,2%	0	0%	10	2%
Wines & Spirits Americas	368	28%	405	28%	37	10%	18	5,6%	13	3%	31	8%
Wines & Spirits Asia/Rest of the world	368	29%	443	30%	56	14%	38	10,0%	-11	-3%	29	8%
<b>Total Group</b>	<b>1 334</b>	<b>100%</b>	<b>1 457</b>	<b>100%</b>	<b>122</b>	<b>9,2%</b>	<b>69</b>	<b>5,6%</b>	<b>-24</b>	<b>-1,8%</b>	<b>78</b>	<b>6%</b>



# 2006/2007 1<sup>st</sup> quarter net sales

## Group Structure Analysis

	M€
AD Brands - July 2006	185
AD Brands- July 2005	-46
Disposals & Agency termination	-61
<b>Group Structure</b>	<b>78</b>

## Bulk spirit sales variation analysis

	Var in M€
Bulk Scotch Whiskies	-5,6
Bulk Canadiens Whiskies	12,5
of which Rich & Rare inventories	11,6
Bulk other spirits	0,4
<b>Total variation bulk spirits</b>	<b>7,4</b>



# 2006/2007 1<sup>st</sup> quarter net sales

## Volume and organic growth of strategic brands

Q1 2007	Variation in volume	Volume organic growth	Net sales organic growth
Chivas regal	-8%	-8%	-6%
Ballantine's	-11%	7%	27%
Ricard	-2%	-2%	-3%
Martell	16%	16%	22%
Malibu	-6%	1%	10%
Kahlua	-8%	3%	3%
Jameson	8%	8%	14%
Beefeater	-2%	12%	14%
Stolichnaya	16%	21%	25%
Havana Club	10%	10%	8%
The Glenlivet	4%	4%	4%
Jacob's Creek	-1%	-1%	-1%
Mumm	-7%	-8%	-3%
Perrier Jouet	-8%	-17%	2%
Montana	-2%	-5%	-8%
<b>15 Strategic brands</b>	<b>-1%</b>	<b>2%</b>	<b>7%</b>

