

**2005/2006 Interim Net Sales:**  
**+67%**



Pernod Ricard

*9 February 2006*

# Key points

- ▶ Continued rapid integration of Allied Domecq (AD) operations
  - 100% by the end of March 06
  - Non-production structure synergies achieved by the end of June 2006
    - ⇒ full impact on 2006/2007 accounts
- ▶ Pernod Ricard pre-acquisition operations: strong upturn in Q2: (+6.2% net sales organic growth) despite upheavals in the US market arising from the change in distributors (alignment of PR and AD networks)
- ▶ Significant decrease in financial debt at 30 June 2006
- ▶ Double digit growth in EPS for current fiscal year



# 05/06 interim net sales

## ▶ Commercial activities (PR + AD)

**Interim net sales: € 3,268million (+66,7%)**

## ▶ Pernod Ricard pre-acquisition operations

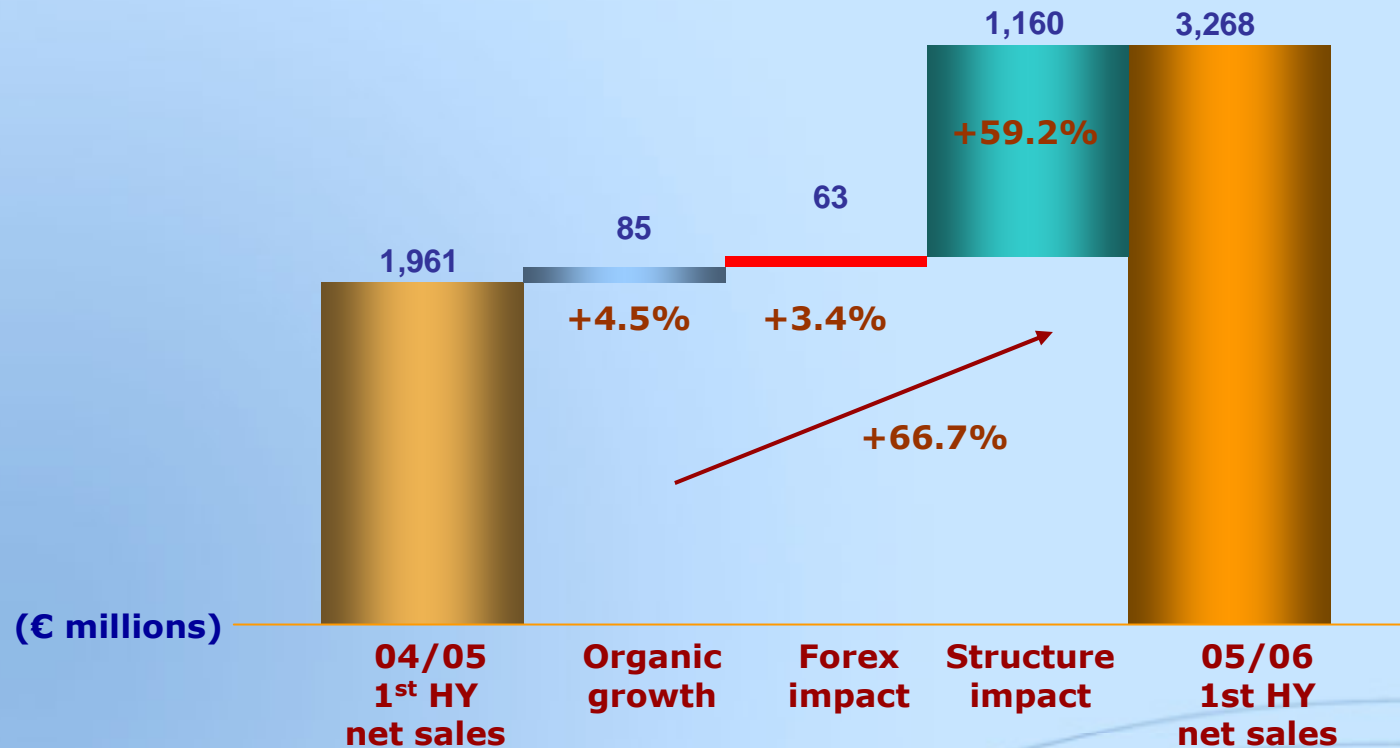
- Strong upturn in Q2 sales: +6.2%\*
- 1<sup>st</sup> half year: +4.5%\*
  - Excellent performance for Spirits activities: +6,4%\*
  - Offset by slowdown for Wine activities: -4.4%\*

\*Organic growth



# 05/06 interim net sales

- ▶ Contribution of Allied Domecq brands to Pernod Ricard net sales: € 1,239 million (since 26 July 2005)
- ▶ Structure impact net of Larios, Bushmills and Seagram's Vodka disposals
- ▶ Increase in favourable forex impact (+1.3% for Q1)



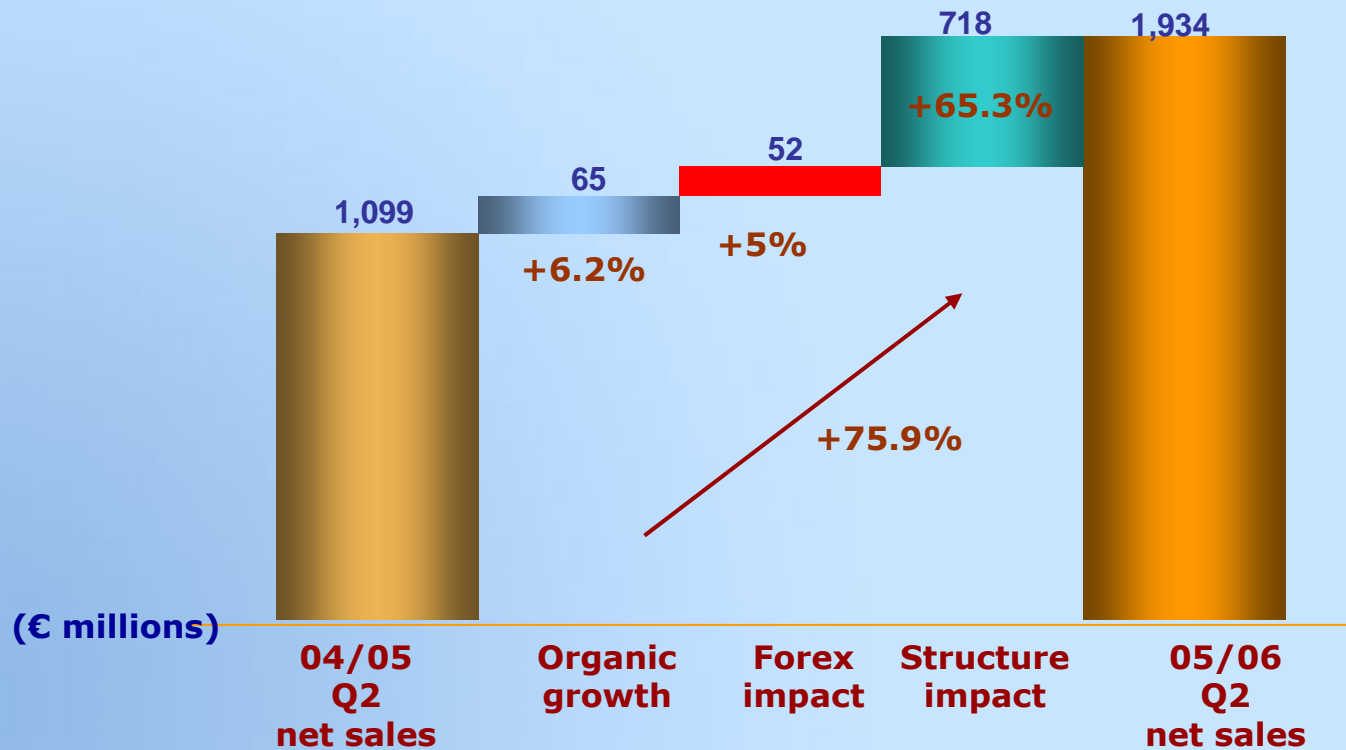
▶ QSR sales excluded from above analysis: reported in 'net profit/(loss) from discontinued operations'

IFRS results



# Focus on 2<sup>nd</sup> quarter

- ▶ Strong acceleration in organic growth in Q2: +6,2% versus +2.3% for Q1
- ▶ Contribution of Allied Domecq brands: € 767 million



- ▶ QSR sales excluded from above analysis: reported in 'net profit/(loss) from discontinued operations'

## IFRS results



# Pernod Ricard Top 12

- ▶ **Good progression of Top 12 driven by the continued premiumisation**  
**Volume: +2% ⇒ Net sales: +9% (organic growth)**
- ▶ **Premium brands continue their spectacular progression: Chivas, Martell, The Glenlivet, Jameson are the main drivers of this growth**



# Strong growth in premium brands



▶ **Chivas**      **Volume: +13%**      **Net sales\*: +18%**

\*1<sup>st</sup> HY organic growth

- ▶ **Continuation of very dynamic growth in Asia:**
  - Chinese Asia x 2
  - A favourable Q2 in Korea and Taiwan
- ▶ **USA: Nielsen and NABCA figures indicate almost stable consumer off-take but 1<sup>st</sup> half year shipments disrupted by change in distributors**
- ▶ **Very good Q2 in Central and South America (Venezuela +35%)**
- ▶ **Stability in Europe: strong growth in France, Greece and Russia, but decline in Spain**
- ▶ **Strong growth for Chivas 18 YO: +70%**



# Strong growth in premium brands

▶ **Martell**      Volume: +9%      Net sales\*: +23%

\*1<sup>st</sup> HY organic growth



- ▶ Continued of premiumisation:
  - Cordon Bleu : +38%
  - Success of new XO: +53%
- ▶ XO + Cordon Bleu and superior qualities = 20% brand volume
- ▶ Very good performance in Asia (+35%)
- ▶ Downturn in the USA (-3%) and the United Kingdom (-4%) that primarily affects VS
- ▶ Strong growth in Russia and Mexico



# Strong growth in premium brands

▶ **Royal Salute**    Volume: +21%    Net sales\*: +42%

\*1<sup>st</sup> HY organic growth



- ▶ Continued spectacular progression in Asia
- ▶ Success of launch of Stone of Destiny (38 YO)  
⇒ strength of brand's unique and ultra-premium status



# Strong growth in premium brands

▶ **Jameson**      Volume: +12%      Net sales\*: +14%

\* 1<sup>st</sup> HY organic growth



▶ Growth in all regions, notably:

- USA: +21% and Global Travel Retail: +19%
- South Africa (+37%) becomes a significant market for the brand (N°6 market)
- Continuation of growth in Europe: +8%



**2 million cases mark within view**



# Strong growth in premium brands

▶ **The Glenlivet**      Volume: +10%      Net sales\*: +12%

\* 1<sup>st</sup> HY organic growth



- ▶ Continued sustained growth, primarily in new markets (Asia, Australia, New Zealand), as well as in Europe (France, Travel Retail)
- ▶ USA shipments: +2% affected by change in distributors
  - Depletions: +6%
  - December Nielsen: +11%
  - NABCA 6-months: +11%



# Contrasting evolution of local brands

▶ Correction in process of weaknesses identified in Q1

	Q1	Q2	H1
• Ararat	-65%	+51%	-14%
• Montilla	-26%	+18%	+2%
• Amaro Ramazzotti	-10%	-4%	-6%

▶ Continuing outstanding performances by select local brands

- Royal Stag (India): +14%
- Olmeca (Russia, South Africa): +20%
- Ruavieja (Spain): +14%
- Something Special (Venezuela, Central America): +45%

▶ While slowdowns are noted for others:

- 100 Pipers (Thailand primarily): -14%



# Allied Domecq key brands

## ▶ Turnaround in Q2 despite:

- Continued policy of cleaning up product flows
  - Destocking of certain markets
  - Stoppage of parallel flows
- Destocking carried out in anticipation of change of US distributors



# Allied Domecq key brands

- ▶ Marked improvement in Q2 in most brands performances

	Q1*	Q2	1 <sup>st</sup> HY
Ballantine's	-20%	-6%	-11%
Beefeater	-19%	+2%	-7%
Malibu	+6%	+1%	+3%
Kahlua	-17%	-9%	-12%
Stolichnaya	+12%	+8%	+10%
Mumm	-1%	-1%	-1%
Perrier Jouët	+2%	-8%	-4%
Montana	+7%	+20%	+14%
<b>TOTAL</b>	<b>-9%</b>	<b>-1%</b>	<b>-4%</b>

Q1 = August and September



# Allied Domecq key brands

## Ballantine's



Q1	Q2	1 <sup>st</sup> HY
-20%	-6%	-11%

- ▶ The situation seems to have settled after the impact of market destocking and the stoppage of parallel flows ...
- ▶ ...but Q2 growth will remain adversely affected by June 2005 overstocking
- ▶ Asia: good Q2 notably for ultra premium qualities 17, 21 and 30 YO (1/3 of contribution)
- ▶ Increase in Advertising & Promotion (A&P) expenditure essential to sustaining the brand in Western Europe and accelerating its development in Eastern Europe



# Allied Domecq key brands

## Beefeater

Q1	Q2	1 <sup>st</sup> HY
-19%	+2%	-7%



- ▶ Turnaround in Q2 in two main markets: Spain and USA
  - Spain: Nielsen 2005: -1.8%
  - USA:
    - Depletions 2005: 0%
    - Nielsen 2005: +3%
    - NABCA 2005: 0%
- ▶ Overstocking of Spanish market at the end of June 2005  
⇒ limitation of growth at the end of June 2006 (base effect)



# Allied Domecq key brands

	Q1	Q2	1 <sup>st</sup> HY
<b>Malibu</b>	+6%	+1%	+3%



- ▶ US shipments affected by change in distributors
- ▶ Good performance in the US, France and UK
  - US Nielsen 2005 : +19%
  - US Depletions 2005: +11%
  - US NABCA 2005: +20%
  - France Nielsen 2005 : +20%
  - UK Nielsen : +8%



# Allied Domecq key brands

## Kahlua

Q1	Q2	1 <sup>st</sup> HY
-17%	-9%	-12%



- ▶ US shipments affected by change in distributors
- ▶ But...
  - 2005 US Depletions virtually stable: -1%
  - Slight growth in Nielsen sales: +2%
  - NABCA 2005 stable: 0%



# Allied Domecq key brands

## Stolichnaya

Q1	Q2	1 <sup>st</sup> HY
+12%	+8%	+10%



- ▶ **USA: quarter affected by change in distributors**
  - Depletions 2005: +5%
  - Nielsen 2005: +12%
  - NABCA 2005: +6%
- ▶ **Continuation of very strong growth**
- ▶ **Resumption of distribution (Greece, Spain, Benelux, UK, Australia...)**



# Allied Domecq key brands

## Montana

Q1	Q2	1 <sup>st</sup> HY
+7%	+20%	+14%



- ▶ Sustained growth in the United Kingdom: +14%
- ▶ Very good Q2 for Australia and New Zealand
- ▶ Double-digit growth in the USA



# Allied Domecq key brands

## Mumm – Perrier-Jouët

	Q1	Q2	1 <sup>st</sup> HY
Mumm	-1%	-1%	-1%
Perrier-Jouët	+2%	-8%	-4%



### ▶ Europe

- Satisfactory progression for Mumm (+3%)
- Europe accounts for 85% of volumes

### ▶ USA

- Slowdown in Q2 for Mumm and Perrier-Jouët (change in distributors)



# Continued growth in Asia and the Americas



# Asia & Rest of World

€ millions	04/05 1 <sup>st</sup> HY	05/06 1 <sup>st</sup> HY	Organic growth	Forex impact	Structure impact
Net sales	497	881	+13.2%	+5.8%	+58.2%

## ▶ Asia: Top 12 volumes +20%

- Chinese Asia: Main net sales growth driver +63% (organic growth)
  - Chivas 12 YO: x2
  - Martell: +41%
  - Royal Salute: +24%
- Chinese New Year was earlier in 2006, leading to shipments in December 2005
- Downturn in Thai market (-24%)

## ▶ India and Gulf States: very strong growth (+24%)

## ▶ Australia, New Zealand:

- Sustained progression in Spirits ⇒ +7% organic net sales growth
- Progression of Jacob's Creek and Wyndham Estate but very significant drop in bags in box ⇒ (-6% organic sales decline)



# Americas 1/2

€ millions	04/05 1 <sup>st</sup> HY	05/06 1 <sup>st</sup> HY	Organic growth	Forex impact	Structure impact
Net sales	412	895	+5.5%	+7.2%	+105.2%

North America: 2.7% 1<sup>st</sup> half year organic growth

## ▶ USA:

- Continuation of excellent performance of Jameson and The Glenlivet
- Overall activity adversely affected by:
  - Delivery control at distributors not retained (NY notably)
  - Natural disasters in Louisiana and Florida
- All of Allied Domecq brands significantly affected by change in distributors (20 to 30% volumes drop in December)
- Wine: aggressive competition for Australian wines

IFRS results



# Americas 2/2

- ▶ **South America: excellent Q2 (+19.1%) that increases 1<sup>st</sup> half year organic growth to +13.6%**
  - **Very strong 1<sup>st</sup> half year volume growth in Venezuela and Central America thanks to Chivas and Something Special**
  - **Very good Q2 in Brazil with the rebound of Montilla and the other local brands**



# Europe

€ millions	04/05 1 <sup>st</sup> HY	05/06 1 <sup>st</sup> HY	Organic growth	Forex impact	Structure impact
Net sales	744	1,136	+0.2%	+0.9%	+51,8%

- ▶ After a difficult Q1 (-3.7%), significant recovery in Q2 (+2.9%, even +4% ex-bulk)
- ▶ Havana Club (+6%) and Jameson (+9%) are the region's most dynamic brands
- ▶ Jacob's Creek (UK market) remained stable
- ▶ Amaro Ramazzotti (comparative base effect) continues to lose volume, but posted growth in consumer off-take (price increase)



# France

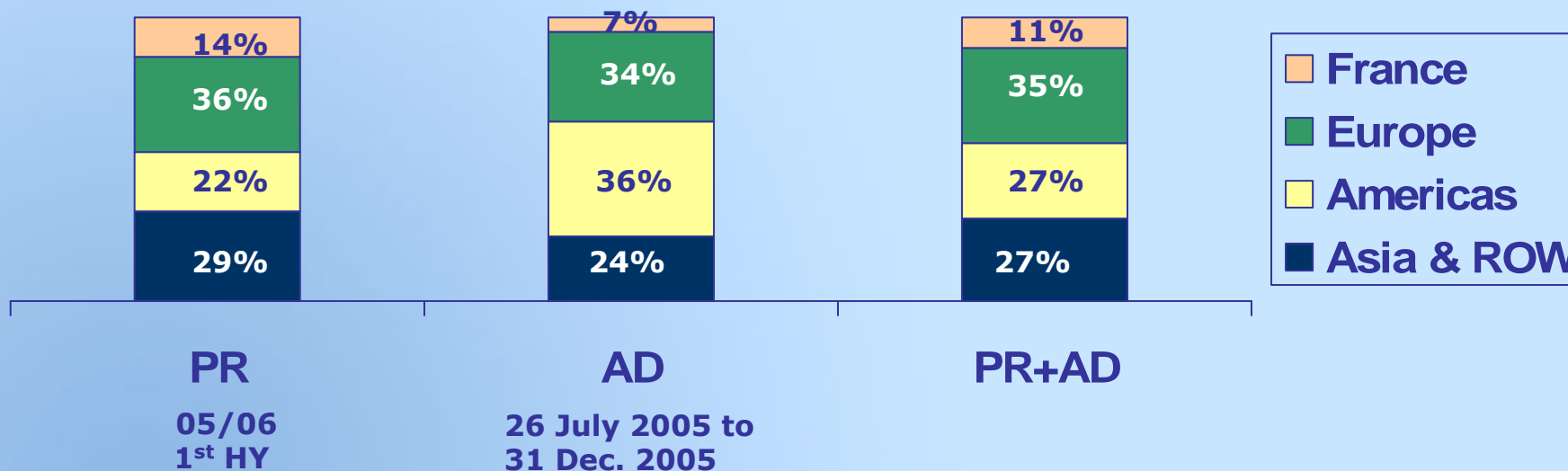
€ millions	04/05 1 <sup>st</sup> HY	05/06 1 <sup>st</sup> HY	-Organic growth	Forex impact	Structure impact
Net sales	280	357	-1.3%	-	+28.5%

- ▶ Slight turnaround in sales in Q2 (+0.8%) after a significant downturn in Q1 (-3.8%)
  - Aniseed: still difficult situation
    - In a poorly oriented market
      - Ricard : -4% in line with the market
      - Pastis 51 : -9%
  - Whiskies: Pernod Ricard brands continue to progress
    - Category in growth
      - Chivas Regal +9%
      - Jameson +4%
      - Clan Campbell +1%
  - Rum and Vodka: sustained dynamism
    - Havana Club: +10%, Zubrowka: +11%, Wyborowa: +29%



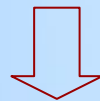
# Geographic breakdown of Pernod Ricard net sales: increasing importance of Americas/Asia & ROW at the expense of France

## ► New net sales breakdown



# Allied Domecq integration

- ▶ Integration of the majority in Europe and Asia in 2005
- ▶ USA, Mexico: integration in January 2006
- ▶ Australia integration on 1st January (exit from the joint venture with Brown Foreman)
- ▶ Canada, South Korea: integration in 2006 Q1



Confirmation of 100% integration by 31 March 2006 objective



# Allied Domecq integration

## ► Synergies

- Confirmation of € 300 million in announced synergies (€ 270 million in overhead and commercial costs and € 30 million in production costs)
- Overhead and commercial costs: achievement of target structure at 30 June 2006
  - ⇒ full impact of synergies by 2006/2007 fiscal year
  - ⇒ estimated impact on 2005/2006 fiscal year (11 month AD) > 40% to 50% of synergies
- Production costs: synergies fully generated in 2007/2008 fiscal year



# Allied Domecq integration

## ▶ Transaction fees and restructuring costs

- Transaction fees (forex hedging, set up of financing, advisors...) < € 300 million announced
- Restructuring costs initially estimated at € 450 million, now revised to between € 350 million and € 400 million
- Bulk of these costs paid at 30 June 2006



# Allied Domecq integration

- ▶ **Contribution of AD brands**
  - ▶ Impact of destocking and stoppage of parallel flows estimated to date at € 30 million
  - ▶ Adjustment of Fortune Brands' brands sales prices: € 290 million  $\Rightarrow \cong$  € 30 million of contributions transfers to Fortune Brands
  - ▶ Higher A&P costs to relaunch selected brands



# Allied Domecq integration

## ▶ Disposals

- ▶ 9 December 2005: disposal of stake in Britvic: € 208M
- ▶ 12 December 2005: Dunkin' Brands disposal agreement: \$US 1.7 billion after-tax
- ▶ 22 December 2005: Glen Grant, Old Smuggler and Braemar disposal agreement signed with Campari: € 130 million
- ▶ 27 January 2006: final agreement on brands transfer to Fortune Brands
  - ⇒ price supplement: £UK 199 million (€ 290 million)
  - ⇒ Révision downwards of the tax charge to around 5%
- ▶ End of January 2006 : disposal to Fortune Brands of other AD brands (Fürst Bismarck, Tres Cepas, Terry, CRF, 1920, Salignac, Martinez, Tuella) for a amount of circa 29 M€



# Allied Domecq integration

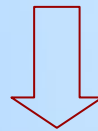
## ▶ Evolution of Pernod Ricard financial debt

### ▶ Thanks to:

- Disposals realised
- Cash flows generated

### ▶ And despite:

- The payment of transaction fees and restructuring costs essentially in 2005/2006 fiscal year



**Very significant reduction in financial debt at 30 June 2006**



# Outlook

## ▶ Reminder of guidance announced in April 2005

### ▶ Short term

- “Significant EPS growth (excluding non recurring items and foreign exchange impact) in Year 1 ”

### ▶ Medium term

- “Strong double-digit EPS growth (excluding non recurring items and foreign exchange impact) by Year 3 after the acquisition”



# Outlook

## ► February 2006

### ► Short term

#### • Despite:

- A 2005/2006 fiscal year reduced to 11 months of Allied Domecq activity
- A lesser impact in the accounts of the QSR activity (disposed earlier than planned)
- The importance of destocking



**Anticipation of 2005/2006 EPS growth (excluding non recurring items) of between +10% and +15%)**

\*EPS 04/05 pro forma, IFRS, exc. non recurring items = 6,6€

### ► Medium term



**Strong double-digit EPS growth (excluding non recurring items) expected beginning from 2006/2007 fiscal year (1 year earlier than announced)**





# Appendices



# 2005/2006 interim net sales

Sales split as at 30 september 2005 (€ millions)

	31.12.04 6 months		31.12.05 6 months		Change		Organic growth		Forex impact		Perimeter impact	
	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%
Wine & Spirits France	280.2	14%	356.5	11%	76.3	27.2%	-3.5	-1.3%	0.0	0.0%	79.8	28.5%
Wine & Spirits Europe	743.9	38%	1,136.2	35%	392.3	52.7%	1.1	0.2%	6.1	0.9%	385.2	51.8%
Wine & Spirits Americas	411.6	21%	894.6	27%	483.0	117.4%	21.6	5.5%	28.2	7.2%	433.2	105.2%
Wine & Spirits Asia/ROW	497.1	26%	880.5	27%	383.4	77.1%	65.4	13.2%	28.7	5.8%	289.3	58.2%
<b>Total Wine &amp; Spirits</b>	<b>1,932.9</b>	<b>99%</b>	<b>3,267.9</b>	<b>100%</b>	<b>1,335.0</b>	<b>69.1%</b>	<b>84.6</b>	<b>4.5%</b>	<b>63.0</b>	<b>3.4%</b>	<b>1,187.5</b>	<b>61.4%</b>
<b>Total Other Business</b>	<b>27.7</b>	<b>1%</b>	<b>0.0</b>	<b>0%</b>	<b>-27.7</b>	<b>-100.0%</b>	<b>0.0</b>	<b>0.0%</b>	<b>0.0</b>	<b>0.0%</b>	<b>-27.7</b>	<b>-100.0%</b>
<b>Total Group</b>	<b>1,960.6</b>	<b>100%</b>	<b>3,267.9</b>	<b>100%</b>	<b>1,307.3</b>	<b>66.7%</b>	<b>84.6</b>	<b>4.5%</b>	<b>63.0</b>	<b>3.4%</b>	<b>1,159.8</b>	<b>59.2%</b>

In IFRS norms



# 2005/2006 interim net sales

2005/2006 volumes	05/06 1 <sup>st</sup> HY	12-month rolling average
Havana Club	+15%	+16%
Chivas	+13%	+16%
Jameson	+12%	+12%
The Glenlivet	+10%	+8%
Martell	+9%	+9%
Seagram Gin	+1%	+0%
Clan Campbell	0%	-1%
Jacob's Creek	0%	+5%
Wild Turkey	-2%	+3%
Ricard	-5%	-5%
Amaro Ramazzotti	-6%	+1%
Pastis 51	-8%	-6%
<b>TOTAL TOP 12</b>	<b>+2%</b>	<b>+4%</b>



# 2005/2006 interim net sales

## Volume Growth by Allied Domecq key brands

	Q1 2006	Q2 2006	31.12.05 6 months	31.12.05 MAT
Ballantine's	-20%	-6%	-11%	-1%
Beefeater	-19%	2%	-7%	-3%
Malibu	6%	1%	3%	9%
Kahlua	-17%	-9%	-12%	-3%
Stolichnaya	12%	8%	10%	13%
Mumm	-1%	-1%	-1%	-1%
Perrier Jouet	2%	-8%	-4%	-16%
Montana	7%	20%	14%	34%
<b>Total</b>	-9%	-1%	-4%	4%

