

## Capital Markets Day

### Company Participants

- Alexandre Ricard, Chairman, CEO & Member of Executive Board
- Anindita Mukherjee, Chairwoman & CEO of Pernod Ricard North America
- Christian Porta, Chairman and CEO
- Conor McQuaid, Chairman & CEO of Irish Distillers
- Florence Tresarrieu, Global Senior VP of Investors Relations & Treasury
- Gilles Bogaert, Chairman and CEO of EMEA & LATAM
- Helene de Tissot, Executive VP of Finance, IT & Operations and Member of Executive Board
- Hermance de la Bastide, Vice President Corporate Affairs and Sustainability & Responsibility
- Jenny Cai, Head of IT retail business unit in China
- John Barrett, Senior VP & Chief Commercial Officer
- Philippe Guettat, Chairman & CEO of Pernod Ricard Asia
- Pierre-Yves Calloc'h, Chief Digital Officer
- Rajesh Mishra, Chief Operating Officer, India
- Sola Oke, Managing Director - Western Africa
- Unidentified Speaker
- Vanessa Wright, VP of Global Sustainability

### Other Participants

- Chris Pitcher, Partner of Beverages Research
- Ed Mundy, Equity Analyst
- Jeff Stent, Research Analyst
- Jeremy Fialko, Head of Consumer Staples Research of Europe
- Laurence Whyatt, Analyst
- Mitch Collett, Research Analyst
- Olivier Nicolai, Analyst
- Pierre Tegner, Financial Analyst
- Sanjeet Aujla, European Beverages Analyst
- Simon Hales, MD
- Trevor Stirling, Senior Analyst
- Unidentified Participant

### Presentation

## Alexandre Ricard {BIO 15161511 <GO>}

Okay. Well, good morning to all of you who are here physically with us at the Island, as well good morning to all of you who are following us live through a video conference.

So it was great to see most of you last night at our drinks and (inaudible) store. In a way, it's our way of bringing our vision to life, (spoken in foreign language), which is to bring people together in meaningful, positive and responsible ways to unlock the magic of human connection.

And in fact, one of the key topics, in fact, the key topic of this morning's session is the Conviviality platform. And the Conviviality platform is about bringing this vision to life with precision and at scale in order to, well, as you can see on this slide, stretch our growth.

So first of all, welcome to the Island. I think that this building is the perfect environment of our transformational journey -- of our transformation. You who are here physically with us will have a chance to visit our emphasis here today. You'll see that it is perfectly set to be the workplace of the future. It has attracted huge, young talent.

People want to come to the office basically every day, maybe a bit less so on Fridays. But that's another story. But most of days, it's fully packed. It's a great place to work. There's not a single office. I don't have an office. I can sit wherever I want, which is a great pleasure. Usually, I sometimes go on the terrace to work. Probably not today. It's a bit rainy. But listen, you'll see it's a perfect place. It is the embodiment of our transformation.

But without further ado, let's have the agenda of today.

## Florence Tresarrieu {BIO 16683472 <GO>}

Yes. Thank you, Alexandre. A very warm welcome to all of you in Paris and around the globe.

So as Alexandre was saying, today's all about the Conviviality platform. We know you're very eager to understand how it's working. So we're going to explain and illustrate, and we've got 18 speakers from Bernard Ricard, who you've met yesterday, where going to run you through what we are doing.

So this is the agenda that you can see on the screen for this morning and this afternoon. So we have -- we're going to have a plenary session this morning, starting with Alex explaining how we have the ambition to restructuring our growth, then Christian, Elan and Pierre will be explaining to you what the Conviviality platform is about and how data and technology are key enablers. Then Cedric and Lenny are going to explain how we are leveraging our unique culture of Conviviality, followed by El on the financial ambitions.

And in closing this morning with Konrad and Vanessa on the S&R ambition. So at the end of the planar recessions, you're going to have the first Q&A session. All 9 presenters are

going to be on stage answering your question before we are breaking for lunch, where you have the possibility to visit the Island and then the Fandstan (inaudible), so you can register at the counter to have a live visit.

We're going to start again at 2 with an illustration across our key markets, starting with EMA LATAM, with a focus on Germany and Sub-Saharan Africa, then Asia, China and India, of course, and then finishing with the U.S. before the last and then the second Q&A session, where again, the 9 presenters on stage. So back to you, Alexandre.

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## **Alexandre Ricard** {BIO 15161511 <GO>}

Thank you very much, Florence. And for me, the 3 key themes of today behind the Conviviality platform are, of course, the conviviality platform and how it's going to help us stretch our value creation model. The second key theme, which is critical and very, very important to us all, is people, people in culture. And I'll talk a little bit about this and later, Cedric and the team will deep dive into it, but it's absolutely very important as well.

And third key critical theme is sustainability and responsibility. And again, Connor and Vanessa will be talking about this. So these for me are the 3 critical themes of today's session.

(technical difficulty)

For me, this is a critical slide. So going back to the first point of the favorable trends, demographics, told you, growing global population and the increase of the drinking age population growing on average between 1% and 1.5% every single year.

Likewise, as I mentioned, the strong expansion of mill class in emerging countries, a couple of numbers. the 2 countries that will drive most of the industry growth in the next decade or so are China and India. And we have the unique competitive advantage to have strong dual leadership positions in both markets. And you'll see this afternoon with beta and his team.

But we have roughly 45% market share in China, where the affluent population is growing roughly by 7 million people per annum and where the middle class population that we're targeting is growing on average by 20 million people per annum. So that's for China.

And India, where we didn't do it on purpose, but we have a similar market share, which is roughly 45% of the market in which we operate in, in India. And in India, the LDA population is growing on average by 20 million people a year with good GDP growth and with as well a strong urbanization rates, which is what we'd like to call the perfect cocktail for our spirits category.

And as I mentioned, from a consumption point of view, increased penetration. I told you, spirits are now the number one TBA, total beverage alcohol category in value, growing

from 35% back in 2015 to now 40% in 2021. And it is a category, maybe the category, which is extremely resilient.

If you look at pre-Covid and today and you look at the value of the spirits market, it has grown by roughly 11%. The anticipations, the estimates beforehand were to be 4%, maybe 5%. It actually grew 11% over that period, which included the greatest pandemic we've ever known in recent history.

And as well, the acceleration of premiumization. So here, on that graph, you have the toll spirits market indexed 100 in 2015, now standing at 89 in 2021. But look at Spirits Standard and plus, standard premium, super premium and ultra-premium are now at 126. So premiumization is continuing to happen. And this is the perfect translation of the fact that people are drinking overall less, but far better. And this is where we, Pernod Ricard, are positioned.

As well as I mentioned, in terms of our uniqueness, we have the broadest portfolio of brands in the industry. Here, you have the House of Brands. We have strong brand equity building capabilities and as well the ability to build very strong local brands, and we'll talk about this a little bit later.

And as I mentioned as well, our route to market is balanced. We have global scale with a direct presence with our teams, the women and men of Pernod Ricard directly present marketing and selling our brands in 73 markets around the world, and of course, our overall presence with our portfolio of brands and more than and 60 markets around the world.

Strong footprint in emerging markets, like I mentioned earlier, with the strong dual leadership in both India and China, extended network as well as our partners and increasingly developing online channel distribution capabilities. And most importantly, our culture and shared values.

You have here our Executive Committee team. When I joined the Executive Committee team, I think it was 12 year ago, there was one British person, everybody else was French and 0 women. And now we have 40% non-French, 30% women, 100% of people that are either international or have international experience. This is a team I'm extremely proud of.

As you can see, the results so far this year are a testimony to their commitment, their performance mindset, but as well for those of you who know some of them, and you'll get more opportunities during the day, the conviviality details as well. And as I mentioned it, core to everything we do now fully embedded in our mindsets from grain to glass, our sustainability and responsibility mindset, strategic road map, and Connor and Vanessa are going to talk about this later this morning.

I think it's even more important in today's world to be extremely diversified. When I mentioned our journey growing from growth to profitable growth, what we can now focus on is the quality of that growth. And for me, the quality of the growth is it has to be

diversified. It has to come from basically everywhere. 2/3 of our growth this year so far based on the first half are driven by 5 categories. It's not driven by only Martell in China, like maybe 10, 12 years ago, it was mainly a story of Martell in China. It's not driven by only, I don't know, Jameson in the U.S. It's really broad-based and diversified growth across the entire portfolio of brands.

And the notion of balance is quite interesting as well. I like to say the 3/3, 1/3 Asia, 1/3 Europe, 1/3 America, but this is roughly it. And the 2 halves half emerging market and the other half mature market. That's what we call balanced, broad-based and diversified with clear winning strategies.

My first Capital Market Day was in June 2015. I had just been appointed Chairman and CEO. And well, it was the fact there was no growth. I stood there and in front of a lot of you that I still recognize saying we're going to deliver growth. We have no growth.

Yes. But we're going to deliver mid-single-digit growth.

In fact, I said 4% to 5%. We'll see what happened. And then came Transform & Accelerate in 2018. And for those who were there in China, but I'm almost going to say the -- the good old days when Covid was something we didn't know existed when life on earth was a little bit more simple. And you'll see what we delivered. There you go, from 0 to 2, from 2 to 4 and from 4 to 6. That was the mindset for growth.

Our obsession number one was growth. Our obsession number two is growth and our obsession number three was growth. Every single meeting started by what are you doing to grow, what are you doing to grow, if this investment are going to allow us to grow. And then we moved from 2019 to 2022 to transform and accelerate. And this is where we sit.

Now that we have the growth, let's focus on the profitability of that growth and the quality of that growth, quality being, let's be diversified. I think what this chart mentions here is we're credible. We do what we say and we say what we do, from no growth to mid-single digit done, from mid-single digit to profitable growth, strong margin expansion since fiscal year '19, roughly 50 bps per annum on average.

What you see here is the 4% to 7% framework corridor, which we compounded and believe it or not, and despite of the Covid crisis, we're right centerble of our midterm ambition of transform and accelerate, with by the way, it's always interesting to mention, and I'm sure then will make sure the message goes through with strong cash delivery a record year as well for our free cash flow.

And by the way, pandemic is gone from a business point of view. We're above all pre-Covid crisis levels by almost double digit in the 3 key regions, up 20% versus 2019 for Americas, 14% for Europe and 9% for Asia, Rest of the World, which is 13% at global level versus pre-Covid levels.

And this is probably the last time you're going to see versus pre-Covid levels. And of course, excellent rebound of all our Spirit brands. I think it's worthwhile noting that approximately 3/4, if not 80%, between 75% and 80% of our Spirit brands are delivering a record year in terms of net sales. Jameson, by the way, it's always nice to mention, has broken the 10 million case milestone. Ballantine's, the 9 million case milestone that could go on. And I'll just stress the Absolut number as well, has broken the 12 million case, historical milestone as well.

I want to mention a specialty brand, our largest specialty brand, which is 2020, Tiny, well, used to be Lilly. We acquired Lilly in 2008. Lilly joined the powerhouse Pernod Ricard and has reached or is about to reach this month the million case milestone.

When we acquired it in 2008, Lilly was roughly a 50,000 case brand. It's now 1 million cases. I think the convivial platform concept is going to show how things like this can replicate.

And overall, it's true. Our Specialty Brands portfolio, which 10 years ago basically didn't exist, there was nothing in that portfolio, almost doubled during the course of the whole pandemic crisis, going from 3% of our total business now to 5% last year. And with the kind of growth rates you see, it should soon be 6%, 7%, 8% of our total business. It's a very buoyant segment in our house of brands, and it has never declined.

You see it was growing 12% precrisis. During the Covid crisis still grew 7%. And now it's growing double-digit on average. And again, one of the key objectives we have set ourselves during the course of the pandemic was to demonstrate the resilience of the business, but also to come out of that crisis stronger than before.

The IWSR numbers that came out yesterday, so that was -- I discovered that number yesterday. And the good news, it is a positive number. Our guesstimate was it was going to be positive, but we gained 0.5 points of value market share in 2021 on standard and above Spirit segments. You see basically gaining or maintaining our share.

These are the top 18 markets, which represent roughly 80% of our business. And so in conclusion on what we've delivered so far, the broad-based performance is translating into strong shareholder value creation, which is something dear to my heart, of course.

You have here the 3-year, the 5-year total shareholder return and the evolution of this share price since I was appointed CEO. But -- and that's, for me, a critical slide. We revisited and refreshed our strategic framework with a clear deep dive on consumer insights in this post-Covid world and with the objective to see how we can stretch our performance. There are 5 big critical macro trends that are happening now, and I'll deep dive into some of them quite briefly because you know them. Some of them maybe with a little bit more of detail based on the questions I got last night.

So I'm anticipating, I'm trying to preempt some of the questions you may have. But number one, of course, changing consumer values and expectations. You'll see that our consumers are extremely sensitive to sustainability to responsibility. They expect this from

brands and as well from corporations, they're ever more connected, of course, and have huge power.

Number two, and I'll spend a little bit of time on that topic, which is the new world order or like Emmanuel Macron, I had to quote him anyways. I said it during the election campaign, this is the beginning of a new era, which one we might want to talk about it, but with a challenging geopolitical context and a little bit of inflation, if I'm not mistaken.

The third is indeed the real emergence of middle and affluent classes, which for the first time in history, last year represented over half of the world's population and are increasing ever more.

Number four, and that's not a surprise, tech and data revolution, which is relatively changing consumer behavior, ways of working and so on and so forth. And finally, which is related to it, unprecedented changes in the workplace and with a clear intensification of the war for talent. And Sean the team will talk about this later this morning as well.

So very briefly, consumer values and expectations are changing. You see our consumers are a lot more responsible. They're a lot more engaged they're a hell of a lot more connected and their habits are changing as well. And convenience is one example amongst many. So obviously, our strategic plan is clearly targeting our new consumers or the evolving or changing consumer.

So that one, the new global challenges we're facing. I won't go into the subtitle. But for me, there are 2 different topics. The first one is short term, what should we expect short term. Well, short term, global energy crisis is one. Raw material and potentially food supply shortages, which may lead to strong social tension in some markets, the second challenge, of course.

The third challenge is inflation, clearly. The fourth challenge is supply chain disruptions, of course. And the fifth challenge is raising rates which at the end of the day, we'll generate, no doubt about it. And we saw the numbers, a slowdown of GDP growth, which is still going to grow this year, but at a much lower rate than anticipated just 3 months ago, 4 months ago.

So I'd say these are -- this is the bucket of the short-term challenges. The longer-term challenges is -- so I thought I came up with the term, but in fact, already -- it's been existing for a couple of years, is slobalization. There will be a slowdown in globalization, no doubt about it. With the short-term increase in interest rates, sovereign debt might be a bit of an issue. There is a clear increase in nationalism across the world and in many markets, of course. There could be an increased risk of large complex as we know. And that's basically it for the long-term challenges.

And how are we positioned to face both the short term and the longer-term challenges? I would just sit back a second and think about what we built Pernod Ricard on. Pernod Ricard is built on 2 very deep human insights.

Number one, conviviality. And it's not new. Aristotle, 384 years before Christ, so almost 2,500 years ago, said men are social animals. Yes. And my version of what he said is people want to go out and celebrate. People want to be together. People cannot be alone. And look at what happened during the pandemic. People figured out ways to gather at home. And as soon as the on-trade reopened, first thing they did, gathered back in the on trade. As soon as it was back to lockdown, they did it back again at home. As soon as they reopened, they went back in the on trade. A couple of years ago, day for day almost, I was getting the question, does this mean the end of bars? And my answer was what Aristotle said, no.

When bars will reopen, people will go back. So the desire to socialize is a deep human insight. And what we do is to make these things happen, like yesterday evening and hopefully, like this evening, the experience will follow. That's the number one.

And the second deep human insight, which is desire for progression, what we call premiumization. People always aspire to better. And as long as the world progresses, people will always aspire for better. And by the way, in that case, I have to go back to the 2009 financial crisis. Well, people traded down for roughly 9 months and then they started trading up again. There is always an adjustment time. But the overall end game is people desire better, aspire for better. So that's my sit back kind of longer-term view of things.

And then what -- well, what I just showed you, as long as you're broad-based, as long as your sources of growth are good quality and diversified. From that point of view, the reality is the world is going to progress unevenly. So what we need to be and what we have already demonstrated recently, we need to be extremely agile in the way we allocate our resources and in the way we continuously reallocate our resources, number one.

Number two, we need to invest behind our brands. We're investing roughly 16% of our sales to build strong brand equity to command higher pricing to build desire burial to that people pay higher pricing, for our brands. Number three, it's better to be premium positioned than standard and below. Well, good news, we are.

And number four, and I'll finish on that note. It's extremely important to have a highly engaged, talented teams, and this is our focus. If we have a good strategy, what really matters is having the right team to make it happen. And this, I believe, we haven't, we'll touch upon it later on.

So this for me was as well one of the critical slides of this presentation. So I won't dwell upon this, clear emergence of middle and affluent classes, which will continue, as you can see, to grow. I mentioned China with 27 million affluent consumers every single year. I mentioned India with 20 million legal drinking age people joining the population every year.

I'll just say a couple of words as well on Nigeria. Nigeria will be the third largest populated country in the world by 2030. We decided to focus on Nigeria in 2014. I'm speaking under



the control of Solar, who's based in Legos, MD of our Western African business. In 2014, where we're barely doing any business in Nigeria today, we're celebrating 200,000 cases of Jameson. And by the way, talking about premiumization, of which 40,000 cases of Black Barrel. That's amazing.

I mentioned that tech and data are really, really changing consumer behaviors, ways of working. Look at that, 76% of consumers say their everyday lives and activities depend on technology. Mine as well, technology and spirits in my case, but technology. It's -- and the metaverse, we might talk a little bit of this afternoon with and, so I won't dwell upon this. But things are radically changing.

We sold a \$35,000 bottle of Roll Salute through NFTs, what was it, a couple of months ago. And finally, on precedent changes in the workplace. For me, this is what I spend a lot of my time on alongside Cedric, our HR Director. It's all about people. you want highly engaged, talented people, you want to attract them, you want to recruit them and then you want to retain them.

And by the way, you want to make sure they're happy doing their work. if you get these 4 points right, then I can go on vacation. This for me is a critical slide as well. I like to say that culture an organization like Bernice is a living organism, and culture evolves over time. Here at Pernod Ricard over the last, I'd say, 6, 7 years, we've evolved, and this is a nice way to summarize where we stand as a culture.

Number one, taking care of people. the well-being, the health, the safety of our people is part, and we're trying to make sure it's part of everything we do, ourselves, taking care of ourselves as well and taking care of our colleagues. This is very important from green to glass.

Number two, as I mentioned it and will be rementioned later on with Conor and Vanessa, having embedded in everything we do as well from green to class, sustainability and responsibility. Number three, and that was we presented this at our Capital Market Day in 2015, that obsession of the consumer, it all comes from the consumer, what he thinks, what he wants, what he desires. The consumer is king.

And if we are able to anticipate its desires will win. Number four, continuous improvement, innovation agility, flexibility that means that to really, really have this common sense mindset of being pragmatic in today's world. In today's world, what is worth a budget for full year -- sorry, Ellen, I'm sure it's worth a lot to you, but the day we signed off on the budget then comes the real story. Being agile, flexible, always having the succession, how to do better, how to improve, how to learn from our mistakes as well, how to learn how to fill how to reduce the cost of failure, but not caring a lot about failure itself.

Obviously, number of 5, diversity and inclusion, and we'll talk about this later on. The vision is simple. We want our teams to reflect the world in which we operate. If we want to be consumer-centric, we want to understand our consumers. We want our teams to be the reflection of our consumers. And we've made a lot of progress on that front and still have some more progress to do within our strategic road map by 2030.

And last but not least and more recently, and this is going to be music to the ears of Helene, digital and data. This is our new transformation. And today, as we talk about the converted platform, this is our new piece we're injecting in Pernod Ricard in our culture.

Not to know how to write an algorithm or a code. I don't know. I don't want to know, frankly. But to know why we want that and to use the data, that insight we have to really stretch our performance. That's the whole point. And therefore, this is basically a nice way to summarize Carrier today. So you have our vision. Credit, our mission, which is unlocking the magic of human connection by bringing good times from a good place.

So to do it responsibly and sustainably with the ambition, of course, to leave and shape the growth of our industry and with, and that's going to be the focus of the next section, our new growth engine a new growth model of Pernod Rica, the conviviality platform, which is about leveraging data, which is going to be powered by data with what we call more from the core, what we already do pretty well, but do even better. And as well expanding beyond, and Christian will explain what it means by pioneering indeed new terrains of value creation and with our new 3-year strategic priorities under transform and accelerate.

Just a couple of words. If I had to summarize what the conviviality platform is. And by the end of today, if you still don't understand what it is, then we have a big communications issue. It's all about leveraging the power of data. Our portfolio of brands I mentioned before and our unique distribution network to simply offer the right product at the right price at the right time to the right consumer with the right experience for every occasion and in every market, and this means precision at scale, and this is, and hopefully, by the end of today, you'll be convinced, our way to stretch our growth and profitability.

And on that note, before handing over to Christian, there is a small movie to introduce the Conviviality platform. So movie, please.

(presentation)

**Christian Porta** {BIO 15443310 <GO>}

Good morning and thank you, Alex. You have done most of my jobs. So that's great. So in the next few minutes, actually 45 minutes with my colleagues, Ellen Chaplin, who's our Chief Information Officer; and Pierre Kallo, who is our Chief Digital Officer, I'll try to explain to you what the Conviviality platform is and why it is a powerful growth model for Pernod.

So you have heard it already. It all starts from the human need for connection. I discovered that even Aristo was supporting the Conviviality platform. So that's a great start. We are all about moments of conviviality. That's the heart of what Pernod Ricard is. Connection is the need and conviviality is our answer. That is at the core of what Pernod Ricard is.

So what are we doing? We deliver moments of conviviality by blending, which is a nice word when you're in the spirits industry, a powerful combination of 3 major assets that

were mentioned already. Our portfolio of brands. This is the most comprehensive, the broadest, dare I say the best portfolio of brands in the industry.

We have our route to markets. You've heard it. We're present directly through controlled entities with our own people in 73 markets, an extended network, and we're getting better and better at omnichannel distribution. And last but not least, our people, talented individuals and powered teams and an inclusive conviviality culture. That's what we are doing. We delivered those moments of conviviality. We want to be present in most of those moments of conviviality.

(inaudible) is at the core of our growth model. I think that's pretty obvious, and that's really an important point to understand what the strategy of the Pernod Ricard is.

Now the next step, if we get to the next slide, is that we want to blend data and technology with conviviality, and that's the basis of our powerful platform for future growth. So it's all about moments of conviviality, leverage data and technology. Two important things. We need to better understand what the consumer needs are in a more granular way. That's absolutely key. That's consumer centricity and all the things that we have implemented and continue to implement to get better at understanding the consumer lead.

And the other very, very important development is that we have to find a more accurate matching of fragmented consumer demand. It was one of the biggest evolutions in the spirits industry in the past 15 to 20 years, is the consumer is no longer as loyal to a brand or to a category as he or she was in the past. There is -- we all have a lot more data. We will have a lot more means of buying, purchasing, consuming brands, and that's a reality. And consumers want to have more brands, more experiences.

So we need to make sure that with data and technology, we are present at the right time, bring the right brand to the right consumer, the right place with the right message and of course, at the right price. I think that was said already. That is very important. That is what the conviviality platform is all about, making sure by using data and technology, we are in as many moments of conviviality in the right way, bringing the right brand.

So the Conviviality platform is our growth model. This is what will enable Pernod Ricard to stretch its growth in the future. I think that, again, has been said. And that is really what the conviviality platform is all about.

So now what does it look like? This is the Conviviality platform on one page. 6 dimension, 6 growth access, 6 growth terrains, you can call it like you want. 3 which we call more from the core and 3 which we call expand beyond. We're not a tech company. We don't intend to become a tech company. We want to use technology and data to be more powerful. So we will continue to be mostly spirits and wine company. That is where more from the core comes into play. The dimension, portfolio and A&P effectiveness, pricing power and prestige acceleration.

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We have a baseline growth if we implement what we want to implement on those 3 more from the core axes will be even more powerful will stretch our growth even further. At the same time, consumers are changing. The world is changing. We also need to expand beyond. And those are the 3 axes of what we call expand beyond New products and categories. new route to market, route to consumers and more and more experiences and services as our consumers, they do not just want to drink a Jameson or Chivas or an absolute. They want to do so and have an experience in a place with friends, with people and so on. So experiences in services are going to be more and more important. So that's the Conviviality platform.

You can see that the core business is enabling the beyond models because the core business is where profitability is coming from. At the same time, the expand beyond businesses are nurturing the core business by pushing the core business to grow further. So it's a very, very positive model, one that stretches growth as much as we can. So that's in one page what the conviviality platform is all about. Now let's look at -- each of the 6 dimensions a little bit further from a global point of view and then (inaudible) this afternoon in the regional sessions, we see a lot more examples of how this is already used.

So portfolio and A&P affected this. That's a very important one. It's very simply activating more brands with the right level of spend. Today, the reality is that in any given market, we activate properly between 6 and 8 brands. The aim of this with the tools and the teams and the assets that we are creating is to go from 6 to 8 to 15 to 20 and at the same time, allocate A&P more efficiently. It's not about cutting A&P. It's about spending the right A&P on each brand, freeing up A&P to invest behind other brands because we want to spend more money on more brands because the consumer demand is there, and we need to respond to that consumer demand. So a certain number of things that we are implementing.

Again, you'll have more detail in a few minutes, and this afternoon. So that's the first access, a very, very significant one. Second, pricing power. This is about maximizing the pricing power of our brands. This was important 6 months ago, this is now almost critical in the environment in which we operate with higher inflation, COGS increases and so on. So here, it's all about capturing stronger value share by using better data, better technology to be able to better price, be more efficient when it comes to promotional effectiveness and basically extract more value. We have invested a lot in tools but also in revenue growth teams. We now have very, very good and efficient revenue growth management teams in many countries, and that helps us to move faster in that area.

Third access on the move from the core is prestige acceleration. You've seen in Alex's presentation the higher you go in terms of price, the stronger the growth rate. And we are already the leader in Ultra Premium Plus because we have the best portfolio, covering including cognac and champagne. So here, it's about doing even better. We have a very, very exceptional portfolio of brands. There are strong barriers of entry in that category, which is great we have global coverage. We are already doing very well in certain geographies.

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We now want to do very well in all geographies when it comes to prestige. So this is more from the core, the 3 dimensions. If we move to expand beyond. The first one is about scaling up innovation with new products and new categories. We have already had some good successes in the past when it comes to innovation, but we want to go further. We want to have fewer, larger, bigger, faster innovations that we can scale up more rapidly. We have completely changed our ecosystem in terms of innovation, we have created innovation hubs in the different regions so as to be closer to the consumers.

We have now a dedicated global ready-to-drink and ready-to-serve structure which is a kind of a mini brand company working with the market and offering a full portfolio of brands to the markets to increase our presence in ready-to-drink. We have improved that test lean and optimized approach. So this is an area in which we were doing already pretty good. Now it's about doing even better.

The fifth dimension or the second dimension of expand beyond is broadening our coverage of the route to consumer. We want more direct relationship with consumers. We have invested in marketplaces. We have invested in merchant sites. We have invested in the Whiskey Exchange, which is the leading ecommerce platform for spirits in Europe, and that's the route we want to go.

You have all been -- most of you have been at the drinks and co store, concept store last night. This is also part of what we want to do. We want to have more direct contact with the consumer to be sure that we know him, we have data about him. We can use that data and we can grow in a more direct manner. Last, but not least, experiences and services.

As I said, consumers, they do not just want to have a drink. They want to have an experience with a drink, or they want to have a service with a drink or a drink with a service. So our job is to go more and more into experiences and services. We already have good businesses there, our brand homes, which are very, very -- we have a high number of. They already receive hundreds of thousands of visitors every year across the globe. So the point is to go beyond that, better use the data, better use that contact with the consumers, but also invest in new experiences.

And again, I'll say a few words a little later on the type of initiatives that we are implementing. So this is the convert platform. And of course, there is mutual enrichment between core and beyond, are not 2 ecosystems that work on their own or do not communicate. I think, for example, the prestige assets that we're developing, they enable what we call direct to VIP, which is our route to market or route-to-consumer dedicated to high net worth individuals in a certain number of countries.

On the other hand, the brand homes and the contracts we're having with the brands in the different brand homes, they help the growth of up brands globally in terms of portfolio and A&P effectiveness. So it is something that works well together.

Now as you have understood, understanding the consumer, understanding what the consumer wants, what the consumer drinks, ideally even predicting what the consumer is

going to drink or it's going to want is critical. So what we have called consumer centricity, which Alex mentioned in his opening words, is even more important than before. We have improved a lot over the past 2 years. We've implemented a lot of new initiatives and tools and suggest we have a short video to see what has been happening. Video please.

(presentation)

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So you see a lot of systems teams put in place to better understand, better anticipate what consumers want, which is absolutely key within the conviviality platform because understanding the consumer, understanding what the consumer wants is key to be able to be there with the right brands.

So the Conviviality platform, we have developed a lot of digital applications and programs to support those growth, access those 6 dimensions. You see a few on the chart. I don't expect you to remember all the names right now. But in the next section and then in this afternoon, you will see a certain number of examples of how this works, what it does and what benefit it brings to the business.

So Maestria, Matrix, DSTAT Vista rev up our core, what we call KDPs, key digital programs. And Pierre and Ellen will open a little bit the engine to show you what is in there, not too much because this is a competitive advantage. So we don't want to go too deep. But you will better understand what it does.

On the expand beyond Maestria, same on the innovation side to identify what the consumer wants, what type of innovation, what type of drink, what type of favor and so on and so on. That's very key.

Route to consumer, a certain number of initiatives that we have implemented in the past few years, drinks and coal, you work the store, but this is also a marketplace. This is also a merchant site in Spain, in France and a few other countries, the whiskey exchange, an acquisition that we did in October last year, the premium leading online site in Europe of spirits. Very good investment, something that will take us, has taken us into a different league on which we want to build. Direct to VIP, I mentioned that as well, and Philippe and the team in China will explain what it is. This is a direct-to-consumer focusing on high net worth individuals, people buying ultra-premium product, people buying rare and collectibles, people buying tasks. And that is a route that we want to develop very, very strongly.

And the last one, which is EZ24, again, will be mentioned by Solar and the team this afternoon, is B2B businesses that we are trying to establish in a certain number of markets where wholesalers and distributors are still very important again, to have direct relationship with customers. So you see a lot of initiatives in that route to consumer side.

On the experiences and services side, I think we are doing a lot with our brand companies. We are doing with our brand homes. But 1 initiative that I wanted to mention specifically is we have signed a 50-50 joint venture with the Spanish tech company, Fever, which is the kind of the like to call themselves, the Netflix of experiences, is a company

that develops experiences with brands and then monetize those experiences, a company that has had a very, very good growth. It's now a unicorn in terms of valuation.

And we have developed this 50-50 joint venture. And within that joint venture, we are developing initiatives, experiences on our own brands that we're going to monetize that we're going to replicate that we're going to scale up. And that is a very important element because again, consumers like to experience our brands in an experience or just beyond having a drink. So you see that is the ecosystem in which we work. And I think that is now the ecosystem that Pierre and Helene are going to describe in a little bit more detail on how with data and technology, we're creating a competitive advantage.

So Helene, Pierre.

## **Pierre-Yves Calloc'h**

Thank you, Christian. Really happy to be presenting to you. So our mission today is to help you understand the environment of applications. that we have developed and deployed for our sales and marketing teams in the different countries.

We are leveraging data technologies, digital and in particular, artificial intelligence. So the section is a little dense. So we have split between the 2 of us. So I, as a Chief Digital Officer, will be presenting what we have been.

## **Unidentified Speaker**

And as a CIO, I will help you understanding how we do think things, which is equally important.

## **Pierre-Yves Calloc'h**

Okay. So let's start. So our environment of application starts, as Christian was mentioning, with segmenting the consumer demand with the Mastria. And then we have 3 applications, which are about optimizing the way our sales and marketing teams are making decisions and executing with a common objective, which is to match the ever increasingly fragmented consumer demand with more brands from our portfolio.

So I'm going to start with Vista Rev-Up, which is our tool to optimize the promotional effectiveness. So let's say that you're, for example, a key account in the U.K., and Tesco is coming to you saying, I want the same promotion as last year on Absolut, which was a GBP 2 discount.

So going into Vista Rev-Up, the key account manager will have the possibility first to see what will be the impact this year of running that same promotion in terms of additional sales for the retailer and the financial also benefits for Pernod Ricard.

But that's not all. It will also give 3 more optimized recommendations for that promotion. The first one could be to run a different level of discount. For example, GBP 1.5 instead of GBP 2, which could give a better return on investment. It will also play on the SKUs, so we can recommend to go for the 75 centiliters instead of the liter, and combining different other elements like the start date and the type of activity.

So what we can do with one promotion, we can do it, of course, also a full calendar for one brand for all the retailers, for all the brands. And this helps the key account to go into a negotiation with solid information to engage with his or her counterpart in the retailer.

So Ellen, how this magic works.

### **Unidentified Speaker**

Well, actually, it's science. But first, maybe some of you may wonder if this is equivalent of what we call a TPO or trade promotion optimization tool, it's much better. And it's much better because we are assembling 3 things.

The first one are the set of data that we collect, extract cleans and assemble, which are our selling data to sell out data for the -- from the companies, the promotional data and our internal data in terms of cost of goods sold and trade terms per customer. And what we have assembled this data, we model these data through AI and machine learning.

And then we push the recommendation to the user through solvers. That means that there is an optimized user experience because we know that our key account needs not only to know which data is inside, but also to show -- to see the recommendation to be able to apply it. So there is a live scenario optimizer that enables a key account to choose what they want to achieve in terms of target and to see what is the best promotion. And that's much different from what you can see on the market.

### **Pierre-Yves Calloc'h**

Thank you, Ellen. So moving to -- sorry.

### **Unidentified Speaker**

Oh, yes. See, we're well prepared. So that was a full version. And there is also a light version. So the full version is for our key market, our most significant market, but we want each market actually or most of the market to be able to use this Vistara solution. And so we've built a specific statistical model in order for them to get the benefits also of these advanced capabilities.

So full mode for the main market and light mode for statistical model for the smallest one.

### **Pierre-Yves Calloc'h**



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Okay. So moving to Mastria. As it was mentioned, Australia is about getting a deeper and more granular segmentation of the consumer demand. So to do that, we use measures like the brand perception the brand fit, the path to purchase of the consumers and then using clusterization through artificial intelligence and different techniques of regression. We identify what are the predictive drivers of the consumer choice when they will be in the occasion of consumption that we call internally, moments of conviviality.

This application is fueling a number of business decisions within the company. First, and this is the first output, the portfolio strategy in each of the markets. We are also helping the brand activation, the media activation, the commercial execution and for M&A or innovation, it helps identifying white spaces within the different occasions in the market or also evaluate a potential target in terms of a fit within that market. And it's, of course, linked to the other applications, Matrix, Vista Rev-Up and Vistar, that I'm going to present in a few minutes.

Now moving into Matrix. Matrix is about optimizing our marketing and trade marketing investments. And we want each euro in Pernod Ricard to work harder for our brands. So we have 2 main functionalities to days, which are implemented in the market.

The first one is about identifying the best allocation of investment of marketing and trade marketing spend between the different brands in the market. The second functionality is for one brand. So let's say, for example, Absolut in the U.K. to identify the best combination of touch points. of the ones with the consumer, so it can be TV, activation in store, digital media, the press, et cetera. And so Matrix will give to the marketeers the best combination of activations to get both short-term impact.

We all love to get additional sales, but also longer-term impact because it's about brand building. So do we open the food again?

### **Unidentified Speaker**

A little bit. So again, Matrix is about combining short term with long term. Short-term contribution with the sell-out of the market data and our A&P spend. with long-term contribution, long-term prioritization actually, which is looking at what are the priority brands that we want to activate. Remember that we want to move from 6 to 8 to 15 to 20. So we have a broader range of brand to activate and also looking at a consumer survey and consumer insight and specifically, what is the attractiveness of each touch point for consumers.

And where we're mixing that into scenario where the user can actually choose either to increase revenue or top line or profitability bottom line in the different configuration. And all this information. So the scenario and the outcomes, the scenario are push actually into a solver where the user can receive the allocation by brand and the allocation by channel. And this is really a forward-looking engine. It's super accurate.

There is a great user interface. Actually, people want to buy the interface, yes, right? And we're talking about magic. But in that case, we are really bridging science and creativity.

Marketers have always been super creative, but we are bringing science and creativity to maximize any single year we invest in A&P.

## Pierre-Yves Calloc'h

Thank you, Ellen. Now moving to D-Star, which is about giving to our sales representative digital assistance to help them in their daily work. So this time like the other application has been piloted initially in 2 countries. So in that case, it was Germany and France, and we had the U.S. joining after a few months.

And it's -- there are 2 functionalities that we are deploying in all the countries. The first one is about optimizing the weekly route planning of the sales rep. So it's not about just geographical optimization, but it's also based on the potential of each of the outlet within the region of the sales rep, and that potential is calculated with a number of data. It's going to take, for example, demographic data of people living around the store, but also the specific promotions, which are running in that store, the SKUs, which are listed or not listed yet. And it's going to give to the sales rep on the Monday, the priority list of outlets to be visited.

The second thing that Vista will provide is for each of those outlets, a precise list of recommended actions. So the actions can be about, for example, listing a new product. It could be about activating a promotion from the consumer side on making sure that there is the right stock for future promotion in a few weeks. And all of that supported by a number of information that will help the sales rep to negotiate, to discuss with the owner of the representative in the outlet to make sure that his discussion is done with a lot more information that helps in the conversation.

So this is what we have been developing and the good thing that we have about all those tools is the level of adoption. So let me tell you an anecdote about Vista when we deployed it in France. It was quite amazing because when you want to implement those tools in a new country, you are deploying first the tool on only part of the population. So you have a control group, which is not using the solution. And then you have the people using the solution.

And after just a few weeks of that test in France, we had people demanding to the top management of France the rollout of the tool to the whole population because there was an unfair advantage to the people using the tool. So in my experience, it's the first time when deploy intake that you have people which are demanding faster rollout.

And it's not only about D-Star. So let's see a video feedback from different users across the globe. So video, please.

(presentation)

So we get usually a question, which is what's the difference between what you have implemented and what you can find off the shelf from software vendor or services from consulting companies.

So there are 3 elements that make this environment unique. First is tailored. It's tailored to our portfolio, is tailored to our markets and also to the level of availability of data in each of those markets, and it can vary significantly. This allows to have a high relevance of the production in each of the business context, which is really important for adoption because here, we are addressing experts, not only experts of marketing experts of marketing in a country on a specific brand or experts of commercial activity in a specific area.

So the level of the recommendation need to be extremely precise and relevant. And we are measuring constantly the level of accuracy of our predictions and the level of adoption by the users.

The second point is that it's owned, owned by Pernod Ricard, and this gives us different benefits. First, we have full transparency on the data which is used, the way the algorithms are built and what is called in artificial intelligence, explicability. So for each of the production, the recommendation, we know how it was decided, which is extremely important.

Sometimes, we are moving some millions of euros between brands, between touch points, between geographies, and you want to make sure that it's based on sound elements. And it's also a step stone for future functionalities that we will be developing because we have already the data part of the algorithm that can be used also for new functionalities in the future. Finally, it's a scalable environment.

We are using best-in-class technology, but it's also modular and flexible in case of changes in the market, changes in availability today of the data, we are able to continue to optimize and to run this element in the long term.

So that was about the what, and as promised, Helen will go in more details about how we've been doing this.

### **Unidentified Speaker**

Indeed. And again, this is too distinctive, but it's not only about the what, how we do things matters how do we do things makes a difference. And if you allow me to step back a little bit because I've joined the company only 6 months ago after 20 years in consulting, I have kind of an outside in perspective on what we do and how we do things.

And looking at how we do things, I can say that corporate usually, they face multiple challenges, multiple question. should they deliver in cells or outsource these new assets, how they should blend skills, the traditional skills with the modern skills from data science, how they can be fast at pace while delivering long-term outcomes. And most likely, how they can move over what we call the proof-of-concept syndrome, which is being stuck in pilot mode.

And all cops are facing these challenges. And I have to say that at Pernod Ricard, we find a secret cocktail because we are mixing more than a traditional skills. We are balancing the pace of shaping fastly solution and then building on the long run. And at the end of the

day, Christian and Alex were saying that we have plenty of right product, right time, right situation at the right moment. I have to add or right team, right on, right outcomes. And this is the secret cocktail. This is how we do things.

And if we deep dive a little bit, actually, what we've done is that we've assembled with joining forces between digital business and tech with common objectives close collaboration, and we are applying what is key to my heart, actually, the agile methodology on this quads. And these quads, they were globally, regionally and locally. We call them data distilleries for our end user because we help users to make informed choices with the stat distilleries, and each component is bringing its own expertise and working together deliver the assets that we were talking about.

And when we think about skills and strategic choices, actually, there was 1 key choice that was really, really significant, which was to choose to build internal capabilities. First, because we wanted in terms of data science that engineer our digital to overcome market scarcity. There is talent market scarcity, and we all know that. But we wanted also to build knowledge of our business dynamics because when you have people coming back and forth, how can they really understand the business drivers, how can they make it super relevant and super right for the end user at the end of the day to believe the insights that we get from the asset.

So we have covered all required on that asset. And we have actually a workforce today, which is more than 150 people experts working not only in HQ here, but also in all markets. And it was a significant recruiting effort that I'm sure Cedric will touch base afterwards.

And we had some luck, right?

### **Pierre-Yves Calloc'h**

Yes. We had some luck because, in fact, we started this program just before the pandemic. Meaning that just at the time that most companies or consulting firms were ramping down, we decided to accelerate, and so we got access to the best talent in consulting firms to help us start at the beginning, but also in terms of recruitment for people which are with us today and also in terms of balances.

And now we have that critical mass of both people and data and projects that make this company attractive to people -- for people to join us and continue to develop the different applications. And I think yes, you need some luck some time, and we did have that, and that's a competitive advantage today to have this team.

### **Unidentified Speaker**

Indeed. And at Pernod Ricard, it's all about people because people is part of our DNA. But actually, in that specific context, we are mixing people and technology because they're amplifying each other, and we are combining them to have amplified people and amplify technology.

And on the people side, we do 3 things. Again, we have great addition of new skill set, but we are actually doing massive upskilling of our people because we want everyone to feel comfortable with digital data and technology. So we're building literacy in all our employees.

The second part is about adoption. We said that if the tools are super good, but at the end of the day, the user, for instance, the key account, they're getting back to the XL 5 on promotion effectiveness, does not work.

So we're investing a lot on adoption to secure buying through change management excellence. And last but not least, on the people agenda, we actually have to evolve our job catalog the new roles, the governance, how we govern the company. And this is also something that we've done. On the technology side, we have a great solution. We have great tool. We use a lot in machine learning, but we want to stay ahead of the curve.

And we have organized center of excellence for digital, data and technology in order to look at all the modern tech that are on the market and make sure that we choose the right 1 for our ease cases. And we are building a technology platform on the most advanced software.

And last but not least, because again, we want everyone to enter the data set and to be data citizen using data, we have a data portal where actually everyone can access all the data and the insight and make informed choices across the company. And we are doing this one. We've developed it internally and we are now doing joint development with the ecosystem. We actually now a software company, but with the other companies that wants to work with us on that one.

So again, we moved from 4 apps to actually having assets. And it's what we delivered, how we delivered and all these are 4 apps that are catalyzing each other. So they work individually, but also combined as they deliver much more power. And they are embedded in our user workplace. So it's like during on PowerPoint.

You use Matrix. You use Vista Rev-Up. You use D-Star, is really in their daily life. And so these 4 assets are driving forces for the growth model that we are presenting this morning. They are reality on key markets. And actually, we are not stopping at the pilot mode, which are the ones that you see here on the map, but we are starting scaling across market.

Again, full mode or light mode, to make sure that everyone benefits for the advanced capabilities because if we want all the markets to win, and this is how we make a difference.

## **Pierre-Yves Calloc'h**

So as a conclusion, so we have created 4 assets, and we are continuing to deploy and develop them. So we are, for example, piloting a new price elasticity module in the U.S. part of Vista Reverb. And thanks to those 4 assets, our unique portfolio and our unique

network of distribution that Christian was mentioning, we are today able to both generate demand and fulfill the demand like never before with precision at scale, and we can do this in the long run.

So we'll be happy to answer your question after the next 2 presentations. And for the moment, Christian, the platform is yours.

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## **Christian Porta** {BIO 15443310 <GO>}

Thank you, Ellen. Thank you, Pierre. And I hope you'll agree with me, and that this is live. This is not a concept anymore. This is real. This is being deployed, and this is really the basis of our new growth model.

And you see more of the applications and the implementation of all those tools this afternoon in the North American presentation, in the EMEA presentation and, of course, in the Asian presentation. So it's really a concept no longer. It's a reality.

We've launched this a little bit more than 2 years ago. Just in the middle of Covid, actually, it was quite a bold move. We made that decision in April 2020. We have been working on this for the 6 to 9 months before.

And I think in hindsight, it was the right decision to push to accelerate even at that time, which was quite a difficult time and quite a time in which it was difficult to make great or long-term decisions.

So the Conviviality platform, you have seen it in a way. This is another way of looking at it. This is in the spider map format. You can see the 6 axis, the 6 domains, the 6 terrains. You're going to see their relative contribution as well because, of course, more from the core will deliver more than expand beyond in the foreseeable future. So you see here the different tools that we have been implementing, the different apps, the different assets.

And again, this is all part of the whole of the conviviality platform. This is all being implemented at scale fully in as many geographies and as fast as possible. So that's the cordiality platform. So what does it deliver? Clearly, one of the main objectives and one of the main deliveries is activating more brands. That is absolutely critical. 6 to 8 today, 15 to 20 in the future. That is one of the key things that we need to achieve.

We are building on our key competitive advantages. We have the best portfolio the broad-based portfolio. We have a very good balanced geographic footprint. And the point of the conviviality platform is to accelerate the growth that we are having let's say, naturally, without stretching ourselves in a certain number of areas.

And from a financial point of view, because at the end, I think that is of interest to you. And when we look at our global growth framework, which is maintained at between 4% and 7% in terms of annual top line.

The Conviviality platform and the implementation of the one reality platform gives us confidence in aiming at the upper end of the range of that growth framework. So that's the benefit of the Conviviality platform. That's what Alex was mentioning before, stretching our growth. The framework doesn't change.

But with all the things we are doing, we are much more confident that we'll be able to aim at the upper end of the range that we are giving here. This is a medium-term range Ellen will comment on that much better than me at a later stage in the morning.

But this is what the Conviviality platform aims at delivering. So I hope it's clearer. I hope you get a better understanding of what Conviviality platform means, what it actually means for the people of Pernod Ricard and the different markets. We are, of course, available for questions later on. And now we are moving into the next section, which is about our unique culture of conviviality with Cedric and Lane. The floor is yours.

## Unidentified Speaker

Good morning. I'm today with Lilly Montoya, my colleague, as VP, HR for Pernod Ricard North America. And I'm (inaudible), the HR (inaudible) profit for Pernod Ricard group level.

So you've heard about the platform, about technology and things like that. But behind, we have people. And we would like to speak about these people within Pernod Ricard a little bit.

And to give you and to start on giving you Pernod Ricard lens. So Pernod Ricard went 18,000 people, well spread across the world, like our brand. And we are very consumer focused in the organization, as we have more than 80% of the population totally focused behind consumers with 40% in sales and marketing and 40% focusing on making our great products.

We are a pretty open organization to the world as we are recruiting more than 3,000 people every year, bringing new ideas and new things in the organization. But we are leveraging as well our internal mobility moves internal every year, including 300 moves, international moves between Pernod Ricard. So this is showing that the organization is a live organization and taking breadth from the external world as well.

It's a pretty young organization, and Gen Z and millennials are representing 60% of the population. And we are more and more gender balanced as we have 43% of our managers who are women in the organization now. So now I hand over to Lenny to give us a little bit more on that.

Thank you, Cedric. Hello, everyone. So Pernod Ricard has always been focusing on gender balance, which we have coined actually as better balance. And looking at our 18,000 employees, this is how we sort of break in terms of the diversity base.

So all employees, we are 39% women, so almost balanced. We continue the progression, of course, and this is a key focus for us, as Alex mentioned earlier and part of our road map. In terms of all managers, so people managers, we are balanced. And in terms of top management, which also includes our executive committee, we are nearly there, and again, progressing with a strong focus.

You will see an evolution over the last 6 years, where we were almost double at 34%. And at our Board level, we are balanced. Something that we're very proud of is in 2022, we achieved gender pay equity, and this is something we will continue to monitor and ensure that we sustain over time. So moving from diversity to inclusion does not mean that diversity won't continue to be a focus for us.

It will be, and we have a clear road map to achieve that. but we know that for diversity to really stick, you need inclusion, and this is a key part of our conviviality culture.

And so we have launched a new initiative within -- at the global level really, it's a global DNI framework. And what this framework is meant to do is bring together diversity and inclusion at a global level with clear objectives and KPIs and so affiliates can then take this framework and localize it at a local level.

So for example, in the U.S., gender diversity is key for us. but so is ethnicity, for example. So this allows us the opportunity to really localize based on the local needs of the affiliates. And then of course, we have also a youth action Council. They've actually, this is season 4, and it's really a group of young individuals who play a think tank sort of role for top management. So it's really bringing ideas, innovation, creativity, helping us to really link the next generation with the top leadership and they're spread all across the affiliates, representing 7 countries and different functions within the company.

So what does this mean for North America? We, of course, took the global D&I framework and localized it. Our objective is to be the most inclusive spirits and 1 company in North America. And we focus on 3 pillars: inclusive talent systems. This is everything that we're doing for our talents in terms of the employee experience and for them as teams.

And then we, of course, have our convivial culture, which is an important aspect of what we focus on and we drive. And this is really around the workplace and the business. And then finally, the marketplace. We want to make sure that we bring conviviality not just within the organization, but also externally into the industry, into our communities and into society.

So I'll show some examples of how we're doing that. If we focus. So we have quite a few examples here. We won't go through all of them, but we will certainly talk about a couple of them in this slide. So inclusive talent systems, we have partnered with Gartner, who has a tool called Talent Naron. And this is really a way to have data-based approach to finding talent. So we are based in New York City, and talent in New York City is very scarce. Everyone is looking for the same talent, the same capabilities, and we want to make sure that we are really expanding across the U.S. and finding the capabilities and the skill sets we need that are coming from diverse populations.



So we've partnered with them, and they're able to map out where these capabilities are so that we can attract them into the organization. In terms of convivial culture, we're very proud to say that we have been for 6 years now, a rated Best Place to Work for the LGBTQ community specifically based on our policies. We're very strong publicly advocating for this community. And so we are seen by the human rights community as a great place to work for 6 years in a row.

And then in terms of marketplace, we have launched Engage Responsibly. And Engage Responsibly is really about addressing what's happening in the industry around everything around online social hate that's being spread around in the Internet and via media. So we're very proud of launching this. It's fairly new. It's been now expanded externally. And so it's going to continue to create more force outside of the organization to the rest of the world. So these are just some examples of how diversity and inclusion is a key part and enabler of our people strategy, and now Cedric will take us through the rest of the people strategy.

Thank you. So after this quick snapshot on the Pernod Ricard people, we wanted to explain to you how we are engaging our people behind this transformation.

So the HR strategy is to blending performance and conviviality and we believe that it's a key differentiator for us. For that, we want to create an outstanding work environment and we want to create a unique experience for our employees.

And the first pillar of this strategy is definitely our culture. Since 90 years, conviviality is at the backbone of our culture, make our friends every day, all the way of connecting people are at the heart of our culture. This is absolutely key. And even more important today after the pandemic, we can have a kind of community revenge internally as well, and we saw that in Lezambi, our gathering of the top 600 managers in Lezambi every year. And it was the first year after the pandemic, and it was absolutely great to see people altogether.

So this is definitely a key differentiator for us. We can see that when we are recruiting people because they told us that they come to see us because of that, and it's a great retention tool as well for us. So the culture is absolutely at the core of everything. But you need to measure what the impact of the future when you do that. And we are doing that for us since 12 years, we have engagement survey on a regular basis.

And since 12 years on the row, whatever the KPIs, we are systematically above the very challenging FMCG benchmark on engagement. We have 86% of people responding to this service. So if it makes sense to take into account the results, of course, we are on the last one, 4 points above this FMCG benchmark. So you can measure the engagement of people in this survey on a regular basis, which is something we are doing on a yearly basis and now even 2x per year. But you have other ways to measure engagement as well.

And our employee share ownership plan accelerate. We had the second season this year, and we had 24 countries participating, roughly 80% of the Pernod Ricard employees at the worldwide level. And we have 46 participation rate, which is absolutely very, very encouraging for our people.

I'm giving you an example. In India, as the first country, 77% of the Indian population of Pernod Rica is now involved in this program. That means they invest money behind Puerto Rica behind this program. So this is showing these 2 examples are showing how people are engaged behind what we are doing at Pernod Ricard.

But to do that, we have as well a comprehensive system to assess performance and to assess the potential of our teams. And you can see here that at the center, we have the people. And we have a common language across the world when you're in Lima, Peru, in Paris or in Shanghai, we have the same language to speak about performance and to speak about our potential. And this is really super powerful for us to mental this population.

And as you can see, it's a continuous process around the year. And to show you the importance of this process the hand of the process on let's talk talent, a potential identification. We have a full session of Comex of 2 days every year only focused on people and speaking about our people, how we can develop them for the future of Pernod Ricard.

So this is powered by Workday. We have a lot of data behind that, and we will continue to leverage that through a new project like Horizon, which is skill-based talent marketplace, which is for the future. But to drive performance, you need to have rewards as well. And we have, of course, short term, long-term incentives. What is new in the incentive system is we are bringing more and more external KPIs. We used to have a lot of internal KPIs. Now systematically, we have market share, we have brand equity, and we are really evaluating, assessing our performance against competition to beat competition and not only internally.

So after a great culture, good systems, the third pillar is, of course, how we can help our people to grow. And we are for that Penka University. We're investing a lot in this university for our leaders first. We have a very extensive program on leadership with mixers, checkers vendors, depending on your level of seniority in management. But we are addressing as well a super high-level training for experts in marketing, in finance, with high-growth. And we are targeting the entire population with Cortera offering this learning platform to every single employee at Pernod Ricard because we believe it's a shared responsibility to develop yourself as well.

This is a big machine, but we are able to tailor as well what we are doing. And typically, for the digital transformation, we've created dedicated learning journey for our people. And Depasport is a good example of that. It's an internal program developed, and we have certified 6,400 people in this area, showing that the upskilling is absolutely key on what we are doing today.

And we did the platform Pioneer, for example, for our top executive for them to be able to embed the conviviality platform in their own business. So we have the right culture we have good processes, and we are growing our people. And this is working and already Peana touch upon this topic when we wanted to acquire a totally new profile at Pernod

Ricard, very high specialist in data with profile we didn't know before. We decided to change everything.

We're super agile in the way of addressing that in their package in the way of welcoming them and the way of focusing them. We had the tech night for example, the process -- the full process of recruitment was in 3 days. In 3 days, you had all the interviews, you had convivial experience with Pernod Ricard, understanding what is the group, understanding what is a great project behind our digital transformation, and we're able to attract this 150 data specialists in the organization.

And this was a good example of how we can support the transformation in HR and to be successful on that. So we definitely believe that we have the right future. We have the right people, we have the right mindset. We have the right capabilities and we are leveraging more and more data. But what is important is to be sure that people are really embedding that in the day-to-day. And maybe Lenny, you have some things to share.

Sure, Cedric. So there were a couple of things. One, our employees said that they really connect with the Pernod Ricard strategy and they believe we have the right strategy to succeed.

Secondly, they're connected with the culture. So they really feel the convivial culture. And thirdly, they're connected with the company values.

So that's a great initiative we have in measuring this because we know that our people are on the driving seat of the transformation, which is absolutely key for us. So thank you, and now I hand over to Ellen for the financial ambition.

Thank you.

## **Helene de Tissot** {BIO 20512444 <GO>}

Good morning, everyone. So talking about measurements, let's talk about performance and sustainable value creation. So as illustrated throughout this morning, we have delivered excellent financial performance, both from a top line point of view and bottom line, thanks to successful strategies.

What do I mean by excellent performance? It's all about acceleration of net sales and increased profitability. This has translated into a strong balance sheet, the strongest it has ever been associated with clear capital allocation policies driving long-term value creation for our group, for our shareholders, for our stakeholders with historical share price performance and associated TSR that Alex mentioned earlier this morning.

What we want to highlight today, and this has been already done by Christian and the team, is that the conviviality platform will stretch our profitable growth even further. So let me start by getting back quite fast to our geographical footprint with 2 key messages here.

The first one is the absolute relevance of our key growth engines, our famous 4 must-win markets with the U.S. with China, with India and with global Travel Retail. They are the largest and most dynamic and attractive markets of our industry in the long term.

Our ambition in those markets remain intact and have proven highly relevant, I must say, over the years and despite Covid. The second message, a very important one as well, is the increasing balanced footprint and diversification of growth. We've been probably much more balanced than we used to.

We -- as you remember, the contribution to growth a few years ago was more skewed towards Asia, in particular, China and India. And now if you look at the figures, especially here on the H1 numbers, versus H1 of this year '21. The growth profile is very well balanced with very strong figures across the globe with Europe growing at 36%, Americas at 24% and Asia Rest of the world at 40%.

Second, obviously key message is that thanks to this acceleration of our top line growth, together with operational efficiency, we've been delivering a significant operating margin expansion. As a matter of fact, if you look at the performance over the past 5 years, except the very first few months of Covid, we've been consistently delivering profit faster than net sales growth.

And this has been made together with significant investment behind our brands. We are confirming this ratio of circa 16% to net sales A&P, which is obviously forms critical to keep investing strongly behind our brands and at the same time, accelerate our performance in terms of profitable growth.

So I'm sure you're convinced that now profitable growth is a key priority for the group. And obviously, it does not go without challenges, especially right now in current times, where the environment is a bit, I would say, challenging, especially when we talk about significant inflationary pressures, but we had the ambition to protect our margin, thanks to pricing, thanks to premiumization and thanks to operational excellence.

For fiscal year '22, we are confirming our guidance of organic growth in profit from recurring operation growing at circa plus 17% with dynamic top line growth and increased investment driving some operating margin expansion.

If I move now to the strong price mix and especially to what we've been delivering since fiscal year '18, you see the numbers that are improving from 1 year to the other with -- thanks to leveraging our revenue growth management capabilities. And when I'm talking about pricing, it's covering both price increase, format mix and as well promotional effectiveness. And I'm sure you understand now that we're going to have even more power in terms of capabilities, thanks to the KDP, the key digital programs that we covered earlier this morning, and this is obviously already a reality. We are taking bold pricing actions across all geographies. as we speak. And more to come, especially with the power we're going to get from this KDP, especially Vista and app.

Moving now to something which is absolutely essential as well, which is operational excellence, which I'd like to call now a culture of excellence in operation. We've been launching the operational excellence program already a few years ago, back in fiscal year '16. And we are now consistently getting significant savings.

You see the numbers here, annual incremental savings of circa EUR 100 million per year since fiscal year '19 to improve our profitability and to protect our margin. So if you look at the numbers versus our baseline, we are talking about EUR 0.5 billion cumulative impact of this operational excellence program from our baseline back in '16. This is now a mindset in everything we do. This is firmly embedded in our ways of working, and this is critical, again, to navigate in the current environment.

We have been running different initiatives. You have some illustration on that slide. Let me maybe name a few of them like what we do in terms of packaging to create more value in everything we do on packaging.

And by the way, this is very consistent with our S&R road map that we're going to come to just after my presentation. with very sustainable packaging design and I would say, redesign, reducing weight, removing gift boxes, optimizing everything we do in terms of recyclability as well. We've been working heart of the manufacturing footprint optimization. We are as well leveraging consumer trends in terms of wet good optimization when it comes to recipe, sugar, removing sugar and as well everything we do in terms of lower ABV content.

We are leveraging much more our procurement capabilities with globalization of our procurement resources, and there's more to come in the coming months. All of this in the context where obviously agility and resilience is critical especially, as you know, in the current environment with very significant supply tensions.

Moving now to the -- to our organization. If I can go to the next slide. Thank you. So this is what we call the fit-for-purpose organization, fit for purpose in many ways. Let me give you a few distractions of our priorities here. First, I think you get it very loud and clear in the previous presentation, we are building the right organization to support our ambition to bolster the group transformation and to support our top line ambition. So we have mentioned earlier this morning, the Island, which is the embodiment of the transformation.

And I'm sure you're going to get a better experience of what we are talking about later today. We are as well promoting new ways of working.

Again, the Island is a very good illustration of that with closer collaboration, breaking silos and recruiting new talents, new generation of talents. We are as well recruiting very senior talent.

Elan is a very good illustration of that. You joined a bit more than 6 months ago, but you're already having a great impact as you also this morning. So we are as well adapting an organization to our strategic priorities. And this is done in a very as well local basis

depending on the dynamics of the market, depending on the opportunities we have in those different markets. We've been implementing successful reorganization, and we started that much before Covid to really bring simplification and amplify agility in our different markets, reinventing business model when it makes sense.

I can give you a few examples of that. We've been, as you know, putting in place this (inaudible) program in France just before Covid, we've been as well we are reorganizing our wine business in the Pacific and much more example. So it's all about as well bringing agility in everything we do and agility was at the core of what we did in terms of strict monitoring of our costs back in the first few months of Covid when the situation requires it.

You have the numbers here in terms of what happened in H2 of fiscal year '20, a very strict control of structure costs. So everything that we want to do in terms of organization is about, again, agility supporting the transformation and the ambition of the group with discipline, our ambition being for top line to grow ahead of structural cost. So let's look now at a very important part of our performance.

As you mentioned, Alex, this morning, the cash generation, a very strong cash flow performance that has enabled us to accelerate are deleveraging. So we have; been strongly focusing on deleveraging through increased growth and improved profitability, feeding into a strong cash delivery with historically high free cash flow. You see the numbers for fiscal year '21 and the H1 numbers was as well very strong, which enabled us to reduce our net debt translating into a strong balance sheet and at the same time, enabling us to increase for the future growth of the group. I'll come back to that in a second in terms of strategic investment both aging stocks and CapEx.

So all of this enabling us to get now to a strong investment-grade rating at BBB+ and Baa1.. So moving now to our financial policy. We are confirming today our financial policy in the following order of priority. I'm sure you're very familiar with them right now.

So while retaining investment-grade rating, our first priority is to invest in future organic growth meaning strategic inventories and CapEx. Second priority is to continue to actively manage our portfolio, including value-creating M&A.

Third priority is the dividend distribution at circa 50% of our net profit from recurring operation. And the final priority is share buyback when the above priorities are fulfilled. So let's start by the first priority to invest in future organic growth. This is why we've been consistently investing in aging inventories moving from CCA EUR 200 million per year from fiscal year '14 to '18 to now circa EUR 300 million per year from fiscal year '19 to fiscal year '21.

And this is, I think, still a very good proxy of what we intend to do. You have here as well the numbers in terms of what we are talking about in our balance sheet, aging stock of circa EUR 5.5 billion.

So this is obviously critical to support the future growth in terms of sourcing for cognac and as well the quite a strong ambition we have for the whiskey portfolio. Moving now to the CapEx. Again, we are talking here about an acceleration of our investments. And when we talk about CapEx, it's obviously industrial CapEx, but not only it includes digital and technology CapEx for sure. And other CapEx, you see here the numbers, a consistent increase of our CapEx investments over the years with a guidance for this year of circa 5% of the net sales with as well as some very concrete illustration with beautiful desire in China that we would love to visit as soon as possible, but it's already extremely exciting and as well investments in our capacity with what we've been doing right now for (inaudible) distilleries.

Second priority is to accelerate active portfolio management. This is a key pillar of our future growth. I think the acceleration here is very visible when you look at what we've been doing since 2016. So 25% acquisition of very promising brands. I'll come back to their performance in a minute.

So we've been really focusing and promising brands in booming categories. And we've been as well building quite a unique partnership with industry pioneers. It started in 2016 with Alexander Stein with Monkey 47, but if I look at the most recent past, we've been as well building fantastic partnership with Petteri, for instance, for our sovereign brand and as well a very strong relationship with the funders of the whiskey exchange. So a key focus on acquiring new brands and at the same time, disposing of brands with less attractive growth profile.

So strong track record, I must say, in terms of successful integration into our ecosystem obviously offering the unique route-to-market network to those new brands. Let's look at the concrete performance of these brands that we acquired with our M&A road map.

So you see here quite impressive numbers, I must say, in terms of performance. So starting with the U.S. risky portfolio with top line multiplied by 2, acceleration as well in super premium plus 10 category with Monkey 47 multiplied by 4, multi multiplied by 5, increase as well exposure to the Agave category with great numbers of (inaudible) multiplied by 3, and much more to come in terms of diversification of the route to market with the Whiskey Exchange, Bodeboca and Uvinum acquisition.

So all these strategic priorities have delivered significant value for our shareholders with the first significant dividend growth. aligned with our business performance with 10% CAGR increase of the dividend per share since fiscal year '18. A very strong reduction as well in the cost of debt, now down to 2.2% in H1 fiscal year '22. We used to be at 3.6% in fiscal year '20. And this is a very concrete result of, I must say, a very proactive liability management, attribute to you, Florence and the team with an extreme dynamic, I would say, management of circa 50% of our growth on debt that has been refinanced since fiscal year '19.

We are talking about EUR 7 billion that have been refinanced both in euro and U.S. dollar, seizing very opportunistic market windows to achieve attractive funding terms with, I must say, strong market reception every time and as well a very innovative format being the

first ESG-linked bond of the industry earlier this spring. So all of this leading into strong total shareholder return.

Alex mentioned already the numbers, coupled with share buyback of EUR 1.25 billion since fiscal year '20. So let me conclude because I can see that Conor and Vanessa are ready for the S&R focus. So let me conclude with a midterm ambition for the next 3 years so from fiscal year '23 to fiscal year '25 and maybe a need for clarification.

This is a 3-year ambition. Guys, this is not a guidance. This is a 3-year ambition, starting with the top line growth between plus 4% and plus 7%, aiming for the upper end of the range with all the power of the combat platform, focused on pricing, pricing, pricing, further enhanced by our digital predictive tools with continuous improvements in operational efficiency building on our culture of excellence with significant A&P investment maintained at circa 16% of sales with acceleration of reallocation of our investment across our portfolio and leveraging the full power of key digital program, discipline on structure costs, but at the same time, investing behind our teams in their priorities, especially to deliver on that transformation agenda, aiming at an increase infrastructure below top line growth with operating leverage of circa 50 to 60 bps, provided top line within plus 4% and plus 7% range and with a confirmed priorities in terms of financial policy. Let me give the mic now to Conor and Vanessa.

## Vanessa Wright

So good morning. Sustainability and responsibility is at the core of our business. I think that came across very clearly from Alex's presentation this morning. And we strongly believe that combining sustainability with our magic ingredient of conviviality and people really strengthens our performance. We see it as a business driver. We see it as an accelerator of innovation and technology and we see it as a fundamental in terms of attracting consumers to our brands and indeed, employees to our company.

For us, it's about conviviality for the planet, and we see ourselves as passionate hosts and respectful guests. Now our 2030 S&R road map is strongly linked to the vision of the group. You heard that earlier. It's about unlocking the magic of human connections by bringing good times from a good place.

We launched this strategy in 2019, and we launched it as a grain-to-glass strategy linked on the material risks of our business linked to consumer concerns and also using the guiding framework of the United Nations Sustainable Development Goals to build our targets.

We have more than 30 targets between now and 2030, and we believe that this strategy is a stretching as ambitious now as it was then. However, we're always looking to accelerate and strengthen what we're doing. So here are some examples of some of the things that we've done in the last year. We've created a separate sustainability and response to the Responsibility Board Committee, led by Patricia Barbizet, our Lead Independent Director; and we've introduced S&R performance targets related to our

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long-term incentive plans and also our annual bonus objectives for all of our senior management.

We've also -- we're the first in the industry, only a few weeks ago to launch the first sustainability-linked bond. And also, we've just announced that we'll be putting in place a new bureaux role that combines sustainability, public affairs and communications that will be led by Conor McQuaid, starting on the 1st of July. I'll hand it over to you, Conor.

## **Conor McQuaid** {BIO 19078814 <GO>}

Thanks, Vanessa. And I'm really enjoying and looking forward to the opportunity to build on the work of the team and see what I can do to really accelerate our sustainability and responsibility road map billing as we will do on conviviality and collaboration, but importantly, working together with technology, data and indeed, innovation to accelerate this agenda.

As Pernod Ricard, everything we do starts with the consumer. And clearly, we have looked at the external body of research, which is available to us, but gone deep on 17 markets with our own team, as Florence mentioned earlier in the video, to really understand how seen sustainability and responsibility pertains to our brands. And clearly, there is an ever increasing desire on the part of the consumer to hear more about what we're doing and specifically in the areas of carbon emissions, packaging and ingredients.

So if the consumer is a key stakeholder for now, so we have other key stakeholders that we're working with.

## **Vanessa Wright**

Yes. So one of those very, very important stakeholders. And you can see here, actually, when we go to talk about farmers that road map or the time line of some of our targets along the top. We don't propose to go through all of those today, perhaps illustrate some where we're leveraging technology or innovation.

So all our products come from nature from agriculture. So we rely on these healthy functioning ecosystems to produce our products. We source more than 100 ingredients from more than 66 countries. So any variation on quality availability or price can impact our performance. So we've been doing a lot of work to understand where all of our ingredients come from and risk magnum, both on social and environmental risks and then working with farmers to see how we can put in place mitigation plans to strengthen those supply chains. We've also been working on regenerative agricultural practices, and we've been piloting agricultural technology.

You can see here that we've been using electric automated tractors using artificial intelligence in our vineyards in Champagne, but also in other parts. So we're very strongly on track.

We've already launched 10 regenerative agricultural programs and pilots, and we've worked with more than 10,000 farmers across the world. Next on to another key audience, and it's in our valuing people pillar. Cedric and lane already covered the part about our employees. So this is a part related to our customers. We know from social listening that bartenders play an increasingly important role in influencing consumers, and that was really fast tracked during the Covid pandemic. This links very strongly to one of our targets, which is around training 10,000 bartenders on sustainable bar practices by 2030.

So in 2020, we launched a free online training program called the Bar World Tour, which is available in 8 languages to really help accelerate that. And you'll hear more about that from the Asia team this afternoon. So passing to you.

### **Conor McQuaid** {BIO 19078814 <GO>}

Yes. And regarding our carbon agenda, which is obviously top of many people's minds. Clearly, we're -- our commitment is to follow a net 0 carbon trajectory towards 2050. And as that pertains to our Scope 1 and Scope 2, those areas that are under our direct control, our intention is a 54% reduction by 2030.

So each of the brand companies, and I know this from personal experience, have a clear road map to adopt to deliver against these goals. We're also looking very clearly on what water it takes to make our superlative products, and we have achieved an 8% reduction in our net usage of water per liter of pure alcohol since 2018, and we are looking to replenish those areas at risk with water, and we have achieved a target growth or target of that 53%.

That also pertains to our work with our additional partners in the supply chain, and we are working clearly with their carbon footprint and how we can collaborate together. People such as NSR have worked with us very collaboratively in trying to reduce our collective carbon footprint from the manufacturing of glass and also the reduction in packaging, making sure that practically all packaging and POS is either reusable, recyclable or compostable in the near future.

You will hear more this afternoon are a very exciting initiative with our colleagues in Asia who are looking for closed-loop distribution system to be piloted, and we are one of the first international players in the industry to access this new initiative, and the team for Asia will speak to that in detail this afternoon. We all say clearly, from a Pernod Ricard perspective that there is no conviviality without responsibility and giving that message and conveying that message in a meaningful and impactful way is something that we clearly are focused upon.

One great initiative is the Drink More Water campaign, which managed to touch 110 million consumers in a pan-continental intent across many of our markets. But this is 1 of 150 initiatives, both global and local, that are adopted across markets across the world and an exciting area of focus as we use our brands to build on this important need to convey these messages in an impactful way.

We also want to give the consumers more information and again, pushing ourselves to be innovative in this way. We will launch in 2022 in Europe a new cure code that the consumer can interact with and have more information available to them on everything pertaining to the brand in question. And this builds on our additional 3 warning labels that are on the back of all our products and will be rolled out globally by 2024.

But again, conscious of the need of the brands to do a lot of heavy lifting in this particular space. So let me show you a short video that gives you a sense of some of the great work that's been done on the brands across the portfolio.

(presentation)

So last but not least, our critical stakeholders are our employees and indeed our colleagues, who we work with every day and who inspire us to take this challenge and move forward with our agenda. And one of the key initiatives that we do every year is once a year, we take a day out from the business, all 18,000 colleagues across the world, to learn more about the great initiatives that we've adopted across markets, but indeed give back to their communities. And in doing so, we will do that next week on the 16th of June. But this is not just a new initiative. It's been part of our culture and embedded in the organization for the last 10 years. So genuinely very inspiring for the teams. Vanessa?

## Vanessa Wright

Yes. So just to conclude, we hope that in this very short space of time and with this snapshot, the slide is not moving on, we've been able to give you a very quick picture and a summary of some of the strong progress we're making against this 2030 strategy in terms of how we're accelerating this road map and focusing on key priorities, how we're investing in a carbon-neutral future related to all parts of our business and how we're innovating and looking for new solutions in the way that we do things.

We're very proud of what we've achieved so far, but we know it's a journey, and we know we have a long way to go. And key to this is really working with others to make sure we continue to drive this sustainable performance throughout our business in every part. Thank you very much.

## Alexandre Ricard {BIO 15161511 <GO>}

Okay. Well, I hope you enjoyed this morning so far. The picture is somewhat misleading. There's still a Q&A session before we go into operative time.

Just a few final words for this morning session before we do the Q&A. I was thinking what message has not been shared with you today. I think it's quite clear cut. But there's something Christian mentioned in his presentation this morning that I want to share a few thoughts on.

He mentioned, I think, that very, very important executive committee meeting we held in April 2020. I don't know for you guys if you remember, April 2020, we didn't know what

would happen in the world. The world was kind of falling apart.

And that day, we had to make a decision as a team, do we just deal with the crisis? Or do we deal with the crisis and get on with our transformation? And obviously, we went for the latter. We said from now on, we're going to have 2 jobs in the company, all of us, all 18,000 convivialist. We're going to deal with the world today and change for the better tomorrow and transform our business.

And I hope what you've seen this morning is not just things on slides but it's a reality now. We're a changed organization, changed mindset, an evolved culture blending performance in Conviviality. And I just want to share this with you, this personal story that inspired me.

In fact, in 2020, when all the big institutions were trying to have a view on world GDP, decline is going to be 6%, 7%, 8%, 9%, 10%. I looked in history and looked which was the worst year ever before 2020? And that year was 1932, exactly 90 years ago, when my grandfather founded Ricard as a company.

So he founded Ricard, the worst economic year ever in the 20th century. And here we are. And during that time, obviously, I started digging a little bit into history, and there's a letter he wrote in April 6, 1938 to his younger brother, Pierre, who was his confidant and helping him on venture. He was talking already about the transformation of Ricard and about marketing effectiveness in 1938. But anyways, there was only one brand in one region. Now it's about doing this at scale, leveraging data.

And it was tough. And April 1938 was really, really tough. We had working capital issues. Banks would no longer grant in loans. And little did he know that the following year, he'd lose his brother to illness. He'd lose one of his most senior members of staff. And a few months later as well, there would be prohibition on alcohol.

And there we are here today. So that's just to say that transformation, a long-term view and the resilience of the business are extremely part of who we are here at Pernod Ricard.

As Helene said, what you've seen today from a numbers point of view is a midterm, not next year, a midterm ambition. It's confidence. And I'm sure during Q&A, you might ask us what was going to happen as well in today's world. The only thing I can tell you is volatility is here to stay for the foreseeable future, I believe, forever, by the way. And it's all about, going to be about being extremely agile. And I think we've demonstrated this once, in fact, twice, and we're going to have to demonstrate, keep on demonstrating this for the foreseeable future.

And on that note, I'd like to close and now open the floor to Q&A. We're going to run a small movie to get ready and have all of the presenters this morning come down here to answer all the questions you may have, if you have any, of course.

## Questions And Answers

### A - Florence Tresarrieu {BIO 16683472 <GO>}

Thank you very much. While everybody is getting ready, maybe 3 things. The first one is to remind you that this is a Capital Market Day, not FY '22 lending discussion. So please direct your questions to the long-term ambition that we've been this morning.

The second one is just to remind you as well that you're going to have all the regional CEO this afternoon with a full afternoon on the regional presentation. So we, I mean, ask you to your original questions for this afternoon, I guess, you're going to have much more details. And then the last ask is one question at a time so that everybody is going to get a chance to ask its question.

### Q - Unidentified Participant

Maybe one for Helene. As you're looking out over the next 12 months or so, what sort of cost inflation environment do you envisage? Are you able to give us some sort of magnitude? And is the ambition to hold gross profit in absolute terms or as a percentage, please?

### A - Helene de Tissot {BIO 20512444 <GO>}

Thank you for this question. I'm very surprised that you're asking question on inflation. But seriously, I mean, obviously, we've been already facing some inflationary pressure.

As you probably remember, we are talking about the pressure already in the H1 and as well in the Q3 communication. It's probably already a reality in terms of logistic cost. That was probably the first element of the COGS in which we felt the pain. It's probably even materializing a bit more in terms of dry goods and wet goods as well is going to be under pressure.

Even if, as you all know, we had some natural hedging when it comes to spirit. So this is a reality. Hopefully, your question is not about the amplitude and how long it's going to last because I don't have my magic crystal ball with me. But we are ready, ready to, as we said, keep building behind our brands. being bold in terms of pricing. And this is already happening in many geographies. So the ambition is to protect the margin. That's a very, I think, clear ambition.

### Q - Unidentified Participant

One of the key areas of focus is to increase the number of brands you're activating in each market you said to 15 to 20 over. Over what timeframe do you think you can do this? And are there any brands in the portfolio, which you think will particularly benefit from being able to better leverage across markets also given supply constraints? And equally countries, any countries that any of the meaningful countries that could see a significant benefit from this?

### A - Alexandre Ricard {BIO 15161511 <GO>}

I think it's difficult to give you a timeframe for all the countries in which we operate because the starting point is very different. But I would say that over the next -- between now and the next 5 years, we anticipate to get to the stage where in every single country, we can have 15 to 20 brands activated properly.

Now in terms of which brands will benefit the most, the category that we call specialty brands, by definition, we have strategic international brands, which are 13 of the ones that will benefit the most proportionately from this better activation are the specialty brands. And you see some of the brilliant results that we're achieving already on brands like Monkey, like Malfy, like Jeffersons, like many others, Lilly, I think, was mentioned and which will be highlighted again this afternoon in the Parana Deutschland presentation. Those brands, they will, I think, proportionately benefit more. And that's part of the plan as well because those specialty brands, they correspond to a consumer demand.

There is a vast number of consumers and increasing the number of consumers that want what we call specialty brands, what other people call craft brands, artisanal brands and stuff like that.

So this goes beyond, let's say, the big brands, the blockbusters that we have in our portfolio, they will benefit as well from being better activated in the markets, having better touch point allocation, stronger return on investment. But proportionally, the specialty brands will get the bigger uplift.

#### **Q - Ed Mundy** {BIO 16282424 <GO>}

Ed Mundy, Jefferies. Alex, I think you highlighted in your early presentation from mindset for growth and ambition of 4% to 5%, yet you ended up delivering 6% and continue to deliver 6% through the crisis.

As you think about the current guidance or guidance range, your current ambition of 4% to 7% towards the upper end of that 4% to 7% range. Clearly, we've got pricing that's come back, which was never there before. And we've got the potential upside from more growth streams and potentially faster growth from a lot of the initiatives that you're pursuing as part of the Conviviality platform.

If the external environment doesn't deteriorate meaningfully and we get a relatively soft landing, is it impossible to deliver above the 4% to 7% range? A lot of ifs there.

#### **A - Alexandre Ricard** {BIO 15161511 <GO>}

I hope you're right, by the way, because there are quite a few ifs in your question. And you're right, it's an ambition. It is not a guidance. Let's be very clear about that. Listen, the reason why we reiterated this top line framework, the 4% to 7%. It didn't fall down from the sky.

We did -- first of all, it started in 2018. We did a huge bottom-up exercise within Pernod Ricard, which involved a little bit more than 800 people in the organization, which was driven by consumer demand fundamentals.

We refreshed this in the light of the post-Covid world. And I think even presented it in her presentation, the mid-single-digit growth framework of the U.S. The high single-digit growth consumption potential in China, the low double-digit growth sustainable potential consumption in India. The return to pre-Covid levels of passenger traffic in the next 2 to 3 years max, et cetera, et cetera.

And of course, EMA LATAM with our medium-term loan growth relays, and the big growth markets such as Germany and Spain and so on and so forth, we've redone our work and the consumption underlying fundamentals lead us to believe that this is what the growth framework will look like.

Now, and as we've seen in the past, we'll have better years. It's not a scoop, but this year will be a better year. And we'll have worse years below 4%. It's not a scoop. It happened in 2020, for obvious reasons. But that growth model is unchanged. And in fact, what the crisis has proven is that it's there. It is there. So I think it's the strongest into, you could think indeed, oh, look, look where we're coming from. Maybe it could be more than that.

The real fundamentals driven by consumption demand, is there -- I think that if I rely on IWSR forecast numbers that just came out yesterday, so it's a little bit refreshed. I think that the value projections are somewhere between 3% and 4%. I think it's 3.4%, something like that.

So our 4% to 7% takes into account our emerging market exposure, our stronghold, our broad portfolio of brands, and the up range takes into account the implementation, the successful implementation of the conviviality platform. I hope this addresses a bit your question, but it's really driven by consumption.

## Q - Unidentified Participant

Just a follow-up here -- a follow-up on the digital platforms. Since deploying these new digital and data tools over the last 2 years, have you substantially changed the way you think about any of your key brands? And has these tools identified any obvious large gaps in your portfolio?

## A - Alexandre Ricard {BIO 15161511 <GO>}

I think we look at this on a permanent basis. We optimize the way we invest behind our brands. What we didn't mention this morning is that we have also significantly changed our marketing organization over the past 2 years with a project called Lions, which was about changing the innovation ecosystem.

I mentioned that this morning by regional hubs. But also, it's changing the way we create content with what we call content creation managers in the biggest countries on the biggest brands so that we get closer proximity to the consumer and that what we develop globally as brand companies is more relevant in the U.S., in China, in Nigeria and so on. So that comes on top or is part of the overall transformation.

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So it's digital transformation plus marketing effectiveness, changes plus innovation improvements. So this is being implemented. We started Lions, I think, 1.5 years ago, in hubs are now in place for more than a year ago. So this also contributes to a better marketing, a more effective marketing because it's not -- the increase in return on investment does not just come from better allocation between touch points. You also need to have the right creative.

If you have -- if you don't have the right creative, you can reallocate as much as you want. You won't have the same efficiency or the same effectiveness. So we have also worked a lot on this, which means that on a permanent basis, we are changing our advertising. So if you have seen some this morning, you'll see some more in the afternoon on Malibu and a few other brands.

We're constantly improving marketing creativity, our marketing creations. We're constantly researching it. So there is not a single piece of advertising that is not pre-research and post-research before it is launched or after it is launched. So there is a constant way or a constant process of improving the marketing execution, not just on the pure return on investment point of view, but also from a marketing creativity point of view.

### **Q - Mitch Collett** {BIO 21929382 <GO>}

It's Mitch Collett from Deutsche Bank. I'd like to come back to the point about more brands. So going from 6 to 8 to 15 to 20, you've guided to marketing spend being flat as a percentage of sales. So I wondered how you manage the reallocation of resources between brands and also how you manage the inevitable tension between the market companies and the brand companies. And I suppose I'm thinking specifically about a few markets that have had a lot of success with some very specific brands. So China with Martell, for example, or the U.S. with Jameson. How do you make sure that those big brands don't lose impetus as you reinvest in those smaller brands you're trying to grow with?

### **A - Unidentified Speaker**

Maybe one point because I keep getting always -- so thank you for the question because it allows us to clarify once and for all. I used to get -- I will -- I believe I will no longer get the question, but with everything you're doing, you're going to become much more efficient in terms of marketing investment. And so you should see that ratio go down. And the answer is no because we'll maintain that ratio because all the efficiency we get out of everything you saw this morning will be reinvested.

In some cases, behind our blockbuster brands, a record year of investment for Jameson in the U.S. I believe maybe even a record quarter of investment right now for Absolut in the U.S., just to give you 2 examples. And as well redirected towards specialty brands or other brands that will be given a real chance to win in the market. So it's all about getting efficiency out of a fixed ratio.

By the way, we need a fixed ratio because if you don't have a fixed ratio, things become unlimited. And what a fixed ratio allows us to do is to have positive tension in the system,



how to best allocate that 16%, how to minimize nonworking A&P, how to maximize working A&P and how to allocate -- so you saw this morning nice your portfolio strategy in any given market, and then you allocate within that market. And at a broader level, how do I allocate between markets.

So that's the framework we have. So we have the global framework, which we work around at the Executive Committee level. And then there's the local framework, they have resources. And within this pile of resources, they allocate the most efficient way. And we like to call this freedom within a frame. They're fully empowered, a brand company and a market company, to make the right decision for that brand.

And the tension, by the way, a market company needs to drive profit. A brand company wants to see the brand being built over time. And the interaction between them or sometimes maybe we need to intervene, of course, is that the purpose is to find the right balance between short-term profit and also long-term brand building. And these tools are going to allow us to do this a lot more efficiently.

### **Q - Laurence Whyatt** {BIO 20899439 <GO>}

It's Laurence Whyatt at Barclays. Pretty much everything you've said so far around the marketing shows a much improved return on marketing investment. All the tools you've built, just recently learned about Lions as well. There's a huge amount more there yet. It's almost following on from Mitch's question, you're maintaining the 16%. Why not increase that further? Your nearest competitor has a much higher ratio, although they don't give a specific guidance on the number. Why not increase that and therefore, drive top line growth even faster?

### **A - Alexandre Ricard** {BIO 15161511 <GO>}

But if we believe it's something we can do if we see that we have the perfect asset and the perfect asset and marketing spend behind a brand that if we even accelerate more, it can deliver even more growth, the issue is that then you'll get extra sales, you invest more. And so to grab even more ratio, it takes a little bit of time at the end of the day. We want to make sure that we get a bang for buck on every single euro we invest.

But the reality is we go to our markets every year, over the last 2 years, that's what we've been doing, generally speaking, and saying, are you happy with the level of investment you have. You can always invest more. The question is, do you get the right return if you do invest more? At this stage, we believe that 16% is a good normative ratio that allows us to have the right discussions and so on and so forth. But you know what, if 1 day, we believe that we can do a huge investment somewhere with a lot of return, we will do it. But the reality today is we believe that at this stage of our transformation with 16% investment, we're the second biggest investor in the industry. It's a consistent ratio. And over the last few years, it's been working quite well.

And I'll give you one example. It's not always easy to achieve that kind of ratio because, as I said, budget is budget for something, I'm sure, then -- but once budget is done and closed, then comes the real life, and the real life is surprises, good ones and bad ones.

But take an example, China. China, and in particular, Shanghai in April and May. April and May in Shanghai was probably not the best 2 months of the year, as you can imagine.

What did our Chinese team do? They had loads of A&P investment planned over these 2 months out of home in blah, blah and activation, what did they do? They cut everything in Shanghai for these 2 months and a few other cities. Of course, I'm looking at said, you better make sure that you don't rebase our A&P investment for China for next year. I said, don't worry. But that's the point being agile.

And then you call other markets in, by the way, we're cutting in China because right now, they're in Shanghai, the people aren't really going out and celebrating. Can you invest more? And sometimes people say, yes, and sometimes people say, "Listen, I'm responsible. I can invest more, but it's not going to give any return." Then don't do it. So the point is that -- and by the way, it's not 16,00. It's circa 16. By the way, circa 16 means anywhere from 15 to 17, depending on what happens.

### **Q - Simon Hales** {BIO 3267479 <GO>}

It's Simon Hales from Citi. Could I first just clarify just where you are on the deployment of the KDPs, both from a full and a light version? Maybe I missed that in terms of are you fully globally deployed? And if not, when do you hope to get there?

### **A - Unidentified Speaker**

No, you didn't miss it because we were not that specific in the presentation as you would expect. I think, again, we cannot give you a number, the percentage of deployment. But I think as you understood from the presentation, we are no longer in a proof-of-concept mode. We're no longer in pilot mode. Matrix, which is the marketing effectiveness tool is now being deployed in at least 5 of our biggest markets, and we continue to deploy at speed. is being deployed in a lot of European markets. We are working, as I think was mentioning, on the U.S. deployment because they are some specific situations in California in terms of retail and doesn't work in every state because of the structure of the trade in the U.S. We are working on Asian development. So.

I cannot give you a number, but what you have to understand is that we're fully in action mode, in deployment mode. There are countries like we started on Matrix in Germany and Japan. So '23, budget '23 will be the second live year in every market in which deploy -- we deploy any of the KDPs. There is a target. There is an objective. We follow it on a quarterly basis. We make sure that the assumptions we're making on improvement in return on investments are there in terms of touch points, in terms of allocation per brand.

We work with the markets. And in many cases, I think we're actually spending more in the market because initially, our market companies, they were quite scared about the fact that this would be an A&P reduction program. No, this is an A&P optimization. It's not about reducing the amount of A&P. It's about investing it properly. So you might actually spend less on the brand, but free up A&P that you can invest behind other brands, and it accelerates your top line growth. So we are making good progress. I cannot give you any

specific number in percentage over how much of, for example, the A&P is covered in terms of matrix today, but I think we are really fully in action mode.

### **Q - Simon Hales** {BIO 3267479 <GO>}

And just following on from that, obviously, the whole improving trade spend and promotional effect is a key part of the matrix to and the sort of tools that you highlighted this morning. How can we think about measuring your progress there going forward? I sort of wonder where we've been in terms of those spend levels historically where we are now. Who knows where you'll get to on those, but interested to see how we can manage your program or measure your progress there. It's very difficult from the outside.

### **A - Unidentified Speaker**

I'm not sure I can answer that question. The others? Helene?

### **A - Helene de Tissot** {BIO 20512444 <GO>}

Internally, we have very clear KPIs internally, which obviously, we cannot share externally. They're all ROI KPIs for the main part. Externally, I would suggest a total shareholder return at the end of the day.

### **A - Florence Tresarrieu** {BIO 16683472 <GO>}

Sorry. So we're going to take the last 2 questions, as I'm sure you're starving. And remember, there is a Q&A session this afternoon as well, right. So this is not the end of it.

### **Q - Chris Pitcher** {BIO 2496733 <GO>}

Chris Pitcher from Redburn. Alexandre, you mentioned that managing volatility and changes in ongoing challenge for the business. And your guide -- your ambition, sorry, 4% to 7%, it's wider than average, but still implies a lower level of volatility than your business has seen since your grandfather founded that. Could you give us an idea for how your relationship and particularly data sharing with distribution and retailer partners has improved to help you see problems coming quicker than perhaps you would have done back in the Asia crisis or the global financial crisis to give us greater reassurance that you can course correct quicker, both maybe softening the peaks and reducing the troughs than historically we've been accustomed to?

### **A - Alexandre Ricard** {BIO 15161511 <GO>}

Well, I'll let Pierre answer on the data front, maybe.

### **A - Pierre-Yves Calloc'h**

Okay. So on the data sharing, so getting data is one of the most challenging elements that we have. So we can get usually the off-trade data quite easily. But in a lot of countries, except in the U.S. and the U.K., it's really difficult to get the online data. And so we have been creating new programs to actually create and get that data from different players. And this is where we know that we are, I would say, in advance in our industry because we are the first one going after and creating that data.

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So this is one of the key points, and that's the most complex point that we get in each of the countries where we are implementing because we need 3, as Helene was explaining, 3 years of historical weekly data for the elements to work. We've tried with less. We don't get the level of accuracy, which would be professional to give to our users internally.

### **A - Helene de Tissot** {BIO 20512444 <GO>}

Maybe if I can add just one thing in terms of data sharing of retailer on the trade part. The point is that we are also equipping our key accounts with the ability to make more informed decisions and to use insight. So whenever we have access to true data sharing and full transparency with retailer, we are able to manage better and deeper conversation to drive jointly the business with the retailer, but it's not the case in all markets. So whenever we have this ability, we do it, but it's more actually from a joint business planning point of view rather than from a really optimization point of view at first.

### **A - Alexandre Ricard** {BIO 15161511 <GO>}

The beauty is that all the interest are aligned. And these key accounts that are more advanced on data sharing, we commonly see the uplift in sales and margin. And so other accounts that are not equipped or not yet willing to share the data, even if sometimes we need to pay for it, which is another story, they're going to get into this. The most advanced market, by the way, in terms of data sharing and we've seen the impact was in factoring last Capital Market Day in China. And the partnership we signed just a month ahead of a Capital Markets Day with Dencent to share the data, and we saw the impact it had on our sales.

### **A - Florence Tresarrieu** {BIO 16683472 <GO>}

So we're going to break for lunch. So lunch is served in the bar, I guess, you're going to -- you're all going to go there, so you can just follow us. And we will resume at 2 sharp. So if you can maybe come in a couple of minutes ahead so that we are right on time.

(Break)

+++presentation

### **A - Gilles Bogaert** {BIO 6407065 <GO>}

Hello. Good afternoon. Thank you, Florence, for giving us the best slots of the day just after lunch. It's good to see so many familiar faces, 4 years after the last Capital Market Day in Shenzhen. And this time with my new role, CEO of EMEA-LatAm, but it has been my new role for 4 years now. So 4 years, it's enough, hopefully, to show the outcomes and what we delivered from the Transform Accelerate plan that we did 4 years ago and also to give a good update on where we are in terms of transformation.

EMEA-LatAm, as you know, it's a big part of Europe in the financial communication. Africa/Middle East is together with Asia, Rest of the World, and LatAm is together with North America as part of the Americas. We decided to do a zoom on 2 different types of geographies of the region that we believe represents well what the region is about. One

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large mature European markets, Germany, and Joel, the CFO of Pernod Ricard Western Europe and Pernod Ricard will be with us to present the focus on Germany. And the very promising emerging continent, sub-Saharan Africa and, the Marketing Director; and, as the Managing Director of West Africa, including Nigeria, will be with us to present what we've been doing there.

So let's start with a few words on EMEA LatAm as a whole. I think let's show results rather than long speeches. We've been able in the last few years to multiply the sales pace by 2 as compared to the previous period and very diversified coming from all countries, all management entities within the region. We did that by growing market share in most of our key markets. You have the list here, Germany, U.K., Spain, on and off trade, Poland Russia, Mexico imported in plus spirits. SSA, Turkey and Brazil. And last but not least, we've been able to significantly increase our operating margin through premiumization, which is the backbone of our strategy through bold pricing. And we have not waited for the last months to be bold in terms of pricing, sharp resource allocation and fit-for-purpose organization.

We delivered that performance by deploying efficiently our key business transitional battlegrounds. Some of them have been there for many years. The whiskey war is critical. It's a large part of our business. And we've been able, in the last few years, to gain share to deliver double-digit top line growth in whiskey, thanks to stronger brand platforms that we developed with the brand companies and sharp execution, leveraging our blended scotch, Chivas and Ballantine's in almost all geographies. Jameson in Europe and Africa, and with a great growth potential to come in the LatAm. And more recently, the malt portfolio, in particular, the Glenlivet.

We spoke a lot today about prestige, and we also multiply by 2 the pace of growth of prestige within the region, leveraging the depths of the portfolio and also strengthening our route to market and route to consumer by putting in place some dedicated resources and some upskilling. Beyond those -- more from the core battlegrounds, we have already -- we have also, sorry, looked for and delivered new growth from new sources of growth.

Innovation for sure has been a key driver. And within the last few years, we've been able to deliver close to 3% incremental top line growth, thanks to innovation. And also, we've been able to seize the new opportunity of the operative moment of consumption. And we did that, as you can see, with many brands that we didn't have in the portfolio. Some years ago, within 10 years ago, we didn't have in the region outside France. Italicus is a newcomer. Malfy was about a few years ago. was so origin from South Africa. Petroni Vermut from Galicia in Spain and the Wenon Monkey47.

And very clearly, this active portfolio management, bringing new brands at the right time to the portfolio of EMEA-LatAm has benefited to the growth profile of the region and to the performance I presented before. Clearly, we've been able to do that also accelerating on our digital transformation. You can see here the community platform. And we've been very busy in the last few years to become a more data-driven region, helping us to make educated decisions for instance, to better allocate our marketing resources with metrics to have a better sales execution and increase our distribution, thanks to this star to improve the management of pricing and promotions, thanks to Vista and Reve and to

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strengthen our route-to-market, route-to-consumer with direct to VIP or IS24 and Sola will speak in a few minutes about that.

And as you can see with the flags here, we have implemented or we are implementing or we are about to deploy most of these key digital programs in most of our key geographies. So the change is happening there. Beyond the deployment of the KDPs in the years to come, the intent is to evolve our market cores, to create the market core in the future so that all that digital transformation is embedded into the way they're working into the organization linked to the business, and it will require some change management, some upscaling, some new career path for some of the people.

We have also evolved our organization. Alexandre, you was saying earlier this morning that a company is a living organism. And to be able to do that, we needed to evolve our organization. And what we try to do is to balance -- to find the right balance between consumer centricity, business proximity on the one hand and expertise-sharing, convergence and synergies on the other hand.

A good example is the creation of the management entities that Christian had done just before I joined. And what we try to do with those management entities which, as a reminder, it's -- we have 58 market cores in the region, 11 management entities. So on average, you have one lead market, a big market core, together with 4 or 5 smaller markets as part of the geographical perimeter. And today, they work as one entity. We have some mutualization. We have more convergence. The lead market is helping the smaller markets, bringing its expertise. It allows to have also delayered organization.

And sometimes, we have one unique team for the full management entity in some areas like digital marketing, HR, just to give a few examples. We have also created 1 year ago, and Christian, you mentioned that this morning, an EMEA-LatAm innovation hub, and there is one in each region with objective to be more consumer-centric and to deploy fewer, better, bigger innovations. And 1 year later, let's say, the pipeline looks promising.

On IT, which is so important to enable that transformation. I think Helene has been quite convincing on that. We have created 4 hubs for the 4 regions. So at a level which allows to have the scale, but also to have the business proximity to be able to work with the markets on the transformation. And last but not least, we have at the regional level or more often at the group level, some center of excellences in critical areas where we share the expertise, we drive convergence and we give a service to all the market cores. A few examples are consumer insights, supply chain or in IT expertise in front office or back office, for instance.

So let's now see how this transformation and this business acceleration took place in a very big market for the region, Germany, which is -- it's an interesting market, which sometimes is said to be a bit conservative with the many retailer concentration, very price-sensitive. So what is the recipe as well to be successful in Germany?

## A - Unidentified Speaker

Thank you. Good afternoon. Well, actually, you mentioned Germany as a mature country, but let me remind you that Germany delivered one of the best performance in the region of EMEA-LatAM over the past 3 years, with sales growing double-digit and significant market share gain. So that's quite good for a mature market. This...

Indeed, indeed.

Those results come from a very clear portfolio strategy. With a strong focus on 4 star brands. We have Lillet, Absolut, Avana Club and Ramazzotti. Also boosting Prestige, which is very significant in Germany to capture high-value net worth individuals, but also high-end gastronomy, but also expanding beyond. We continue to have active portfolio management to keep on leveraging the aperitive segment around gin and also with Italicus and driving innovation at scale, tapping on moments of consumption like cream liquor where we were not before with Remy, low ABV, Ramatis, Avana Club Verde and ready-to-drink.

Now the -- now this portfolio strategy can be empowered by our KDP deployment. Germany was one of the pilots in 2 major KDPs, Matrix and star, it was very exciting. And now we're getting the learnings. We are very happy and confident about the outcome and starting to see the results. The journey is not over. We are planning on deploying more KDPs next year.

Let me go back to Lillet, our success story. It's actually a great example of how we build brands. It all started in 2011, when we identified an increased consumer need towards aperitif and especially with the female group target. So we decided to go with a seeding approach in one city in Munich, with a very local approach. Once the brand started to get some traction, we increased significantly the investment, adding media. And for the past year, we've been investing in driving equity and communicating on the female empowerment purpose.

Today, Lillet is one of our star brands. It has strong equity, a fantastic performance. And most importantly, it fully answers what the consumer wants, which is low ABV, high-quality ingredients, premium and easy to mix. Let's watch our picnic video.

(presentation)

So as I mentioned, we were a pilot on metrics, and now we've been using metrics for 2 years, and we see many benefits. First, on our core brand, we have a clear view on our touch points and what works. By getting those learnings, we are able to better allocate our investment by Tuchman. If we take the example of Lillet, it enabled us to review and optimize our media strategy by touch point between TV, out-of-home and social digital and have the best recipe, understanding what are the best threshold to optimize the return on spend.

By doing that, we are able to free up resources towards our innovation that now we can definitely launch at scale with dedicated TV campaign. Here, you see Ramazzotti, social digital, last refit using the learnings metrics on our historical brands, applying them to

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innovations. Prestige is one of our strategic growth driver and we've been focusing on high-end gastronomy, B2B route-to-market and home payment experiences. And we are very excited that we can learn from the learnings of Pernod Ricard, Switzerland, who is part of our management entity to deploy the exclusive VIP ecommerce platform next year offering Prestige brands, rare and collectible with very individualized services. And by doing that, we will have direct access to VIP offering high-end products at a higher margin.

Finally, Distal has become the tool for our sales representative to plan their visit. You saw the testimonies this morning. And not only we have a higher to the visit recommendation. Most importantly, the in-store recommendation are being executed, and we already see positive results with increased distribution and improved commercial execution. Thank you.

### **A - Pierre-Yves Calloc'h**

Thank you. I like mature markets with the growth rate of emerging markets, to be fair. Your new boss will become CEO of Pernod Ricard Western Europe in a few weeks. is currently in charge of the group commercial transformation, and I'm sure he will contribute to bring Pernod Ricard Western Europe to the next level. Thanks a lot.

### **A - Unidentified Speaker**

Thank you.

### **A - Pierre-Yves Calloc'h**

So time to speak about SSA with and MTAB. So is Africa, the continent of the future of the presence.

### **A - Unidentified Speaker**

Of the present. The time is now. So the clicker works. Just a brief context in terms of sub-Saharan Africa. And sub-Saharan Africa is becoming a big contributor to Pernod Ricard with markets like South Africa and Nigeria. I think Alex, this morning talked about demographics, right? It's a very young, resilient, dynamic population, where 50% of the population is below the age of 18. So what that means is a market like ours, we need to set ourselves up for the future.

And the way we've done that, we've created 4 clusters in the west, in the east, in the south and South Africa with 7 affiliates, which is market companies included in Nigeria, which puts us closer to where our consumers are, right? And this is enabling us to double our growth, and we have done that in the last 3 years.

So what is enabling this growth? It's really the localization of our global conviviality platform model. And I'm not going to talk about more from the core and expand beyond because you've heard all of that this morning, what we focused on 3 lenses. And for us, it's about portfolio. So portfolio prioritization, which we've done to ensure that we spend or we get the best bang for our buck, making sure that A&P effectiveness and we're putting the money in the right brands.



The second is in terms of prestige acceleration, where we're leveraging premiumization, right? Using data to create and to enable us in terms of the right collaborations. And Taby will talk a bit about that later. The last is in terms of pricing power. So I know Helene talked about it this morning, but pricing power is all about value. And for us, it's about price leadership, making sure we continue to deliver value for the business.

The other thing is in terms of organization, where we are refreshing our marketing organization, focusing the teams on excellence in execution to ensure that we create the right experiences. This morning, Christian talked about Lions project and all of that, this is what it is about because people at the center of who we are in Pernod Ricard.

The last is about digital transformation where we are leveraging data teams, right, to harness the power of data to deliver our KDP projects across our markets. And this is already beginning to yield results. You will see that Jameson, this year, will deliver circa 1 million cases in Sub-Saharan Africa. And I was waiting for the applause. Black -- Jameson Black Barrel out of this is now the third largest market. Well, Nigeria is now the third largest market for Jameson Black Barrel across the world.

So you see the potential of the market is there. And we have been growing. You see the numbers there. We've been growing double digits in terms of value and growing our market share. So strong delivery across the market. And will show you how data and insights have helped us to deliver these results.

Thanks. Yes. So with phenomenal results like that, it's quite important to be very close to the consumers, understand whether it so we're quite fortunate to be equipped with global chain data, but it doesn't end there. We're applying this at a local level, trying to understand how our consumers habits changing. So this particular trend was one that we saw shortly as we were coming out of our various levels of lockdown.

So picture this. Consumers have been sitting at home, enjoying what they're calling private hometainment, and some of the wealthier consumers going as far as having people, chefs at home, cooking gourmet dishes for them.

So as we start to get out of lockdown and we're starting to social life, what does it mean for conviviality. So how do brands start to connect with consumers. So imagine that private hometainment experience has in essence kind of started to challenge what people are doing in convivial premium moments away from the home. So how did we answer this as a brand? Well, through the brand Jameson. We were able to look at this insight and figure out what it means for us, what it meant is that we needed to start delivering premium, memorable convivial moments away from the home where consumers feel as safe but can also have just as great a time.

And we leverage this insight by executing this through the Jameson Connects in Nigeria. And in South Africa, we took the Bow Street Jameson Distillery (inaudible). And the way our marketing model operates, it enables us to ensure that when we're able to extend this to the rest of the markets. But enough of the former, I think let's just give you a flavor of what that looks like. Should we play the video?

FINAL

(presentation)

So speaking about Prestige acceleration, Martell is one of the key brands towards us achieving this ambition. And as you can see through the double-digit growth that we're delivering, clarity on that agenda and how we're transforming our business has been key to this. So we've been able to deliver not only double-digit volume growth but value growth as well. Of course, value being the more preferred one. And this has, in essence, set us up to not only lead the market value share, but to also start to have the credibility to influence the culture taking Martell from the number three brand -- number three cognac brand in Nigeria to the number two.

And so the Prestige acceleration also requires that we remain closer to what's happening in popular culture. So through the brand of Martell, we've been able to embed the brand and popular culture. Now I'm sure a lot of you are wondering, how do you embed a brand and popular culture. It's about listening to consumers, listening to what's on the ground and understanding what the key social themes are and being relevant to those. Now these 2 trends that you're seeing, more particularly the one around the westernizing cool.

The big narrative at the moment throughout the continent that was seen is a shift away from expressing cool in a very western way. It's about having pride in where you come from and what cool looks like in an African sense. And so we partnered with Nigerian Superstar Davido, now you don't know who Davido is, you will soon know the Davido. I think perhaps it's at this stage, I should just play the video to give you a sense of who the cool kids are that we're turning up with on Martell.

(presentation)

Thank you. Maybe something that have just mentioned, you forgot to tell them.

Yes. Of course. The advert with Davido has been ranked number two globally in the ongoing study that Kantar does on creative work throughout the world. So quite an accolade for our Martell with Davido.

So we're not just delivering in culture. We're doing that creatively. So things to note. So we're just not looking at the now. We're also looking into the future. So in terms of expanding beyond and you heard a lot of that this morning. We have a direct to trade project, which is called Easy 24, which Christian talked about this morning.

It's about disintermediation. Right? Big word, but it's all about getting closer to our consumers, maximizing our profitability and gathering real-time data. So we've got these 2 projects, which are part of global pilots that we're currently running and 2 of them is in Africa. So in Ghana, we're creating a 360 route to consumer, while we're reducing our third-party customers. So we are trying to remove the middleman. We want to go straight to the consumer. We want to go straight to the customer. And we're enhancing our systems where we are integrating across all our systems to make sure that we're able to contact our customers directly.

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In South Africa, it's moving from traditional-only channels to including the former channels as well. So we are creating an omnichannel ecosystem where we can and will be able to link up directly with the customer. And this is already delivering results, even though it's a pilot, right? Conversion rates are at 31%, retention rates at 71%. So we are truly looking at our future. And the future of Africa, it's already started.

That's great, so. Thank you. And so the presence is happening in Africa, and it's great for our future. I will collect the future. Thank you.

Thank you.

### **A - Alexandre Ricard** {BIO 15161511 <GO>}

And maybe what takeaway from that session. In the last 3 years, in the EMEA-LatAm, we've been able to accelerate growth. We've been able to enhance margins through sharp portfolio management, the right resource allocation and this transformation and this evolution of the organization that we've been doing. Looking ahead, it will still be a story of growth, of value growth, pricing, pricing, pricing. And with objectives to keep reinforcing our competitive advantage on the way to the platform. And speaking about growth, speaking about transformation, it's a perfect transition to hand over to my colleague and friend, Philippe Guettat. Thank you.

### **A - Philippe Guettat** {BIO 16385569 <GO>}

Thank you very much. Great to see you all here after 4 years. So he'll start my line, but years ago, we met in Shenzhen. That was the latest Capital Market Day that we had the pleasure to host Pernod Ricard Asia together with Pernod Ricard China, but that's great to see you. And then to resume this great opportunity and this great occasion to mingle around and just to expose to all of you our strategy here in Pernod Ricard.

So now moving to Asia and stretching how we're going to stretch further the growth of Pernod Ricard in Asia, thanks to the Conviviality platform. This is what we're going to do now for 25 minutes together with my colleagues and friends. So Rajesh Mishra, who is the COO of Pernod Ricard India; and Hermance de La Bastide, who is the VP, CSR, S&R, Corporate Affair and communication of Pernod Ricard Asia.

So I will take you through a bit the introduction about Asia, then as well about, more from the core in China. Unfortunately, we couldn't bring any colleague from China, but we'll have one later in video. And then later, Rajesh will take the fantastic opportunity to stress the growth further in India with Conviviality platform and amounts with close with one of the expand beyond in China, THE CHUAN, the distillery in Sichuan and the -- and some of the enablers.

So moving on, overall, with the growth of Pernod Ricard in Asia. Just a quick reminder, about where we stand at the moment. You've seen that the Transform & Accelerate platform of Pernod Ricard is delivering and has been delivering has continued to deliver. We've been posting a 14%. So growth for the first 9 months of the year. These are data that you have seen.

And in fact, even if we didn't have exactly the same level rebound post-Covid in all the different geographies of Asia, so this time for the first 9 months of the fiscal year, in fact, the growth is mostly being delivered by India on one hand and on the rest by North Asia, which is the rest of North Asia, outside of China, being Hong Kong and Macau, Taiwan market, Korea and Japan, which has been delivering strong growth and in particular, a very strong rebound in Korea. That's always good to see Korea growing after so many years of decline for us and for the industry.

So thanks to this and as well the growth of China, which has been at high double digit. We've been consolidating our leadership. Alexandre talked about it this morning, 45% market share in both markets where we are operating, and strongly rebounding with high double-digit above 2019 numbers. As you can see here behind me on the screen, 36% in China and 22% in India.

So overall, as you saw, one of the key element for us is really consumer centricity. And this for this granular understanding of the Asian consumer. We've been for a long time in Asia. And thanks to Maestria. In fact, we even have a bit more and deeper understanding and of how consumers react and what they're aspiring to in order to drive our portfolio growth and innovation, growth and development as well.

So just to give you a bit of color around that. Clearly, first, just to highlight 6 major trends that we can -- we have identified in Asia and that are today leveraging the growth and will even take the growth to new heights in the future.

First, and it's the rise of the middle class. I'm not going to come back about, around that. Alexandre told us quite a lot this morning. I think he's is here to stay, and this is generating a massive opportunity for recruitment and promotions. I always say Asia is really not a share game. It's a recruitment game.

Second is this individualization of Gen-Z. In fact, they know what they want. They don't always want exactly what the previous generation wanted, and this is opening a new moment of conviviality moment of consumptions potentially and the ability for us to develop new products, new brands out of innovation within the expensive portfolio of Pernod Ricard.

Third, it is aspiration for a healthy lifestyle. So people want better quality product and as well of more premium overall to take to cater to this.

Then, of course, the pandemic has changed a lot of habit and opened up as well in some geographies. Opportunity for home payment and consumption at home. And as well, overall across Asia, we can see this rise about female empowerment, which was already very strong in China and North Asia, in Japan. Stronger even now in Korea and India is really joining the force, and we can see this is shaping and reshaping overall the business from giving us more opportunity to our brands.

And last but not least, the hyper connectivity, enabled by technologies, which, in fact, ability for us to reach more consumers with different touch points much more in an

individual manner.

So as you can see here, the sectional slide we saw it with the EMA Lat Am, Conviviality platform is at work in Asia across all geographies. We have metrics, which Pen was a pilot, and it's already at play in China. I'll come back to that afterwards. D-STAR where India was a pilot as well, is it work in China and as well in Thailand. Innovation Hub, of course, for the whole of Asian markets. And then direct consumers, very important for us in Asia, direct to VIP with (inaudible). We talk a lot in Shenzhen which is at the core of the strategies and as well being expanded to Hong Kong and Singapore and as well Drinks & Co and IS24 being piloted in Singapore.

So first, I will just talk a bit more about -- more from the core in China and how, thanks to Matrix and D-STAR, we are leveraging and growing Martell on one end and as well as the second pillar of growth, our risky portfolio, and in particular, our Prestige whiskey portfolio.

First, because with all that, and I've been discussing launch with some of you, in fact, just a very good news. In fact, we are delivering on our promise. You may remember (inaudible), good 4 years ago presenting the vision of Pernod Ricard China, which was, in fact, to double the share of international spirits in China from 1 percentage point to 2%, which is, in fact, a huge effort, but coming from a very small base. And to just we have to keep in mind is really the very small base and the potential huge potential recruitment in China forever for our industry. And as we are the market leader in this industry with 45% market share, of course, we have a lot to gain, and we have to drive this education game and this growth.

So we are delivering today, even last year, we were just in the middle at 1.6 percentage point of this journey, and I think we are very confident that we'll be able deliver on the vision of Pernod Ricard China. Then we'll have to find a new one for them, but sufficiently creative for that.

And what is great as well, this is all categories are recruiting. I just took the 2 most important, which is cognac and whiskey. It's not only 1 single category. All whiskeys, whiskey, cognac, is recruiting vodkas or white spirits in general. So I think that's, first, a very strong element and a very strong element of performance.

And second, we are recruiting always at the premium level, premium plus level. 90% of the growth is coming from premium plus level. which is another element of reassurance in the future moving forward for China is moving.

So I hope it's moving. On that, so about Martell, in fact, and we can see overall on Martell, we are driving premiumization. We are unlocking pricing power. I had a lot of questions about price of Martell, we have been repeatedly taking price, except during the Covid year. But each year, we're taking a mid-single-digit or even higher price and as well optimization, optimizing our promotion effort in order to deliver and to unlock this pricing power. And with D-STAR and Matrix, where even more sure that we'd be able to unlock it even further.

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I don't say higher, but further, which is for a longer term because at the same time as well, we are promising the portfolio. You can see that we are the leader in Prestige plus a strong market leader in Martell overall, very strong market leader in Prestige Plus with 53% market share. And in ultra-premium and super premium market leader as well, but with smaller 47%, which is still significant overall. And we are really being able to drive further the growth of all the Prestige plus portfolio in order to unlock this pricing power.

We are as well developing a range of collectibles and high-range premium and collectibles and rare and collectibles in order to cater to the direct VIP and to the customers, taking us even to a higher level of premiumization. And of course, all that coming with massive investment to continue to grow equity, awareness consideration of Martell with fantastic touch points and development that we have. You can see here the latest ad with Venn Cassel and turn long. And overall and incredible iconic level of activations. All this, of course, powered by Matrix to make the right shows of touch points and where to spend the money more efficiently.

Last as well for more from the core in China, which is the expansion of the Prestige of the whiskey portfolio, but the Prestige and malt portfolio as a second pillar of growth for us, clearly, we are over-delivering with Royal Salute hence of single malts compared to the different to the markets. And thanks to the store, we are able to know where to allocate our resources in terms of presence, visibility and activations for the whole of the range. And as well, thanks to Matrix, we're optimizing the touch points and the level of spend in between each of the different brands in order to ensure maximum impact and efficiency.

So Rajesh, maybe you can tell us more how you're going to stress even more your fantastic growth in India with the community platform.

### **A - Rajesh Mishra** {BIO 18485788 <GO>}

Thank you so much, Philippe. Good afternoon, all. So privileged to share and give you a little bit blip of India growth story. In a short period of time, we can't tell everything about India, but at least I will try and give a little glimpse about it.

With all humility, I say that Pernod Ricard India has reached the inflection point of accelerated growth for both this portfolio, international brand as well as the Seagram's whiskies. So uniqueness of our portfolio demographic dividend that India has, plus the economic growth that is creating a perfect tailwind for a very sustainable growth and premiumization trend. As you can see from the chart, for calendar in Q1, the retail sales value growth for the overall portfolio is 25%, with Seagram's 22% and international brand growing more than 58%. And in the current year, this growth is only getting accelerated.

I'll take you a little more into the composition of this growth, so Seagram's whiskey growth, it is underpinned by a very, very strong premiumization trend. So you can see from the chart below, the entry-level brand of Seagram's whiskey, which is Imperial Blue growing high mid-15. The Royal Stag and blended side going into 20s and then the upper end of the Seagram, which is standard scotch segment 100 Piper growing into 40s. And we are trying to further accelerate this growth by sustained investment in our team

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campaign and a high-profile sponsorship. What you see the ad that is playing right now here is our recent Blender's Pride theme campaign.

Giving a little insight on international brand. What I can say with all humility is that international brands growth are booming in India. On the penetration -- on its penetration on the young and the rising, young middle class affluent consumers. I think the kind of growth that India is seeing for international brand, it has never ever been seen before.

And this growth is not concentrated for a brand. You can see it for the entire portfolio, right, from Chivas to Ballantine to Absolut to JC, the growth is a higher double-digit growth. This is the growth that India is waiting for such a long period of time to happen, and that is happening in India as of now.

And we are further accelerating this growth through our portfolio expansion by giving consumer differentiated drinking experience either through new major launches or accelerating what we have launched previous years. So Jameson, which has become a trend in India, in that we have just launched Jameson Black Barrel as well as you are accelerating Chivas XV that was launched last year. And both these brands are getting a fantastic response from our consumer.

And we are further deepening our connect with the young and the woman consumer cohort with a captive campaign and activation to capture the new generation of drinkers. The ad that you see here, this is the India's first female (inaudible) that was curated by the 4 upcoming women rap artist. It's kind of created a purpose-led anthem that almost excited and inspired women across the globe.

We have further getting more from the core. We are further unleashing the full growth potential of India through our retail execution excellence, which is powered by D-STAR which is the data-driven and algorithm-led recommendation engine. This is enabling us to execute our perfect call, perfect store strategy. This recommendation engine is giving a recommendation to our close to 1,000 sales force who are making close to 7,000 retail visits per day. Each of them getting 3 recommendations per store per day for perfect call to action in the handheld devices on a homegrown software, what you call it Hawkeye and that helps them to take the right action on this tool.

Expanding beyond the core. I think in India, we are using innovation. We are creating a trend-setting innovation to capture a new set of a consumer. The first time in Indian premium whiskey segment, we launched India's first premium smoky whiskey, which is Blender's Pride, and this launch was done during the Covid time. And this was the first brand in the Covid space that was digitally launched, targeting youth cohort consumer. And within such a short period of a time, though it is not fully launched across the India within short, short period over time, it has captured 2.5% of the market share.

In the upper end of the Seagram whiskey with the standard cost segment, which is the most fiercely fought category in India, which is led by 100 Pipers. We introduced a new innovation, which is blended malt whiskey. And this is something that has created a new category in India and a short period of time, we have captured almost 1.2%.

So with this, I conclude India section and going back to China, expanding beyond the core through direct to consumer.

I have video on behalf of Jenny, who couldn't be here because her reason. And after that, almost we'll take you deeper into it. Video, please?

FINAL

### **A - Jenny Cai {BIO 18042315 <GO>}**

Greetings from Shanghai. My name is Jenny Cai, and I'm the Head of IT retail business unit in China. Today, with Le Cercle, we'll strengthen one-to-one direct-to-consumer relationships with our VIPs through a digitalized approach. Our VIPs joined innovation WeChat program, browse our portfolios and portal directors we're able to collect the data and learn about our VIP's behaviors and preferences, thereby allowing us to use the data to invite them to events that interest them or recommend specific products to them simply by sending them a link to click. This has had a significant impact on conversion of Prestige products and driving profitability.

On the other hand, Drinks & Co is not only a direct customer one-stop for all welcome drinkers but also digitally neighbored community today with over 50,000 members, recruiting is also through WeChat retail program. And the CR Debate is used to test a new concept and engage consumers focusing on open channel concept. As you can see, we are the industry leading, and we are well on the way to continue directly beating and convert consumers through leveraging the use of data.

### **A - Hermance de la Bastide**

Another example of how we expand beyond in China is our malt whiskey distillery in Sichuan, which is called THE CHUAN. And this project really was developed on the back of strong value growth trends in the single malt category. As you can see here on screen between 2017 and 2021, the category grew globally by 10% every year on average. But when it comes to China, these growth numbers goes up to 44%. And that was a clear driver for us to decide to innovate and to produce malt whiskey in China.

So the distillery eventually will be open to visitors, but it's already been launched virtually in November last year. And in fact, it is operational since almost 1 year since August 2021, a date since when we've been distilling and aging whiskey.

So now I'll talk a little bit about our enablers in Asia, starting with HR and then moving on to sustainability responsibility.

What you've seen and heard on our Asia plan so far really is powered by a strong talent plan, which is anchored into 3 areas: talent acquisition, talent development and upskilling. We've also accelerated our diversity in our teams in Asia. And over the past 2 years, we've increased the ratio of women in senior positions by 10%, reaching 24%.

If I take another indicator of diversity, we have, in terms of nationalities in our regions, we have 37 nationalities in our teams across the region.



So now back to talent development. Today, more than 40% of the teams of colleagues in Asia have completed a leadership development program.

And on upskilling, today, 10% of our new hires are actually dedicated to critical capabilities of the future. So that includes innovation, ecommerce, data analytics and so on.

So on S&R and really, what I would like to do now is to give you a feeling of how we in the field in Asia implement the global strategy, good times from a good place that you've heard this morning from Conor and Vanessa.

And first of all, we've been really focusing and accelerating our efforts on responsible drinking. And we've done that by leveraging digital campaigns that are dedicated to responsible drinking.

On the one hand, we have, for the first time in Asia developed a cross-market campaign on responsible drinking called Make Memories, Not Hangovers. And we signed it by Pernod Ricard. So we wanted in this campaign to go beyond our brands and to have a transversal message on education and prevention against binge drinking among young others.

On the other hand, we've started to leverage the power of our brands on this agenda by using Martell in China, its reach, its influence as well as our celebrity Tony Long. You've heard about Tony Long earlier, but I'm not sure if he's so familiar to everybody here. Basically, Tony Long, you can say he's the most famous actor in Asia. And in a way, he's sort of the Tom Cruise of our region. And with this campaign, and that's the first phase of it, we've already generated a buzz in social media with more than 50 million people in China. So going forward, we'll continue to accelerate and do more on responsible drinking, building on this campaign and expanding them in other markets.

With our sustainability and responsibility strategy, what we are doing really is to conduct the sustainability transformation of our business within our own operations. But we also think that we have a role to play in influencing and engaging with the ecosystems in which we operate. And in that respect, we see our on-trade partners as a critical stakeholder on this agenda. So that's why we heard this morning about the Bar World of Tomorrow. The group training that was developed for bartenders on sustainability looking at all aspects of sustainability within the bar. And in Asia, we've been rolling it out already since 18 months.

But our vision is for Bar World of Tomorrow to be more than a training and to become a platform of reference on sustainability for bartenders. And to achieve that vision, we are constantly looking for meaningful and impactful partnerships. A good example of that approach is what we've done with time out in Hong Kong. And together, we've created the first time out Sustainability Award rewarding precisely the best sustainable initiative in the bar tenders of Hong Kong. Also, we want with Bar World of Tomorrow to offer very practical solutions to our bar partners. And for that, we've partnered with ecoSPIRITS. We're very proud actually to be the first international spirits company to have announced a partnership with them.

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Maybe a few words about the spirit. It's a tech start-up that offers a solution to have more circularity in the distribution of wine and spirits. And to do that, basically, we stopped shipping the glass bottle through the oceans. And instead, locally in the market, we use 4.5-liter vessels, the so-called ecoTOTE that you can see here on screen. And we're very excited to pilot a partnership this very summer in Hong Kong and in Singapore with 3 of our brands.

So last but not least, I wanted also to share with you what we're doing and where we've been focusing our efforts in India and sustainability. 3 main areas. First of all, on local development. We have a variety of programs in that space, and we've been concentrating our efforts in the areas around our production plans, throughout India.

And so here, we have different initiatives on water efficiency, promoting sustainable and narrative agriculture but also livelihood through healthcare and education initiatives. And last year, only 1.3 million community members have been benefiting from our initiatives in that space.

On minorities and diversity, we are pushing women empowerment through different avenues. I'm not going to talk about all of them today, but I'm going to highlight the one we have on girl's education. But also this, so far, we have actually supported 2,000 transgender individuals with work placement initiatives, training and certification programs.

And finally, I have to highlight that Pernod Ricard India has just announced that it will stop using 500 million units of gift boxes in carton, and that will be a major contributor to reduce our waste and our carbon footprint in India.

So with that, I will hand over back to Philippe for some words of conclusion on Asia.

#### **A - Philippe Guettat** {BIO 16385569 <GO>}

Thank you very much, Hermance. So very quickly, I think you have a very quick glimpse about one of the reason why we are successful in Asia, First of all, it's a long-term presence for over a few decades in Asia and the very long-term leadership as well in most of the different markets of Asia.

Second, a very granular understanding of the consumers of the channels, but as well as the customers and very, very strong partnership, with the customers, distributors, retailers and the on-trade. And all that, we're going to keep it. And just with data and tech coming out of the community platform, we're going to make it even stronger to continue this winning strategy and even to amplify it.

Thank you very much. And now let's see how Pernod Ricard U.S.A. with Ann and John are going to rock the conviviality platform into the U.S. Ann over to you.

#### **A - Anindita Mukherjee** {BIO 16341562 <GO>}

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All right. Good afternoon. We're going to bring it home with the United States. I'm joined here by John Barrett, our Chief Commercial Officer for the United States, and I lead the North American business. It's really a pleasure to be here.

So let's talk a little bit about kind of where we are in the U.S. and what we're facing from a context perspective.

Covid has been a very turbulent time. But a lot of the kind of tailwinds and trends that we were seeing really got amplified as a part of Covid. The first, of course, and you've heard a lot about it, premiumization. Human beings want to progress. And as a result, they're going to premiumize, and we're absolutely seeing that in the U.S.

Convenience is huge. People want convenience when they think about what they drink. While they like to make cocktails at home, they also like to have it in a can. And so we're seeing a lot more ready to drink in the spirits space because they're looking for those quality brands. We've all heard it agave, agave tequila, Maskal, it's on fire in the United States. And while a lot of premise was closed, it's beginning to come back and stabilize, and that's great because people will socialize because they are social creatures.

But here's the best part of the story. As people come back into restaurants, they're still drinking at home. So that in-home cocktail making is still big. And a lot of that is being sourced from what we've seen from beer and people are really enjoying those cocktails.

And convenience is not just in what they drink, conveniences, how they get it in their houses. They're like, you mean I don't have to actually go log a big of spirits. It will just come to my house. Well, that is becoming bigger and bigger in the United States.

Now as we think about how that's been applied to our business in the U.S., it's been a phenomenal time since Covid. We, as the United States business, have now surpassed the \$2 billion mark, we grew 16% in fiscal year '21, and we're up 13% kind of 9 months into the year. And why? Well, the first, and we're going to talk about this is our incredible diversified portfolio.

When I got here 2.5 years ago, it was the thing that attracted them in Pernod Ricard. What an incredible portfolio. And what we have tried to do is really unlock it. And this whole notion of going from supporting 5 to 8 brands in the U.S. and now supporting almost 20 brands in the U.S., that's been a lot of secret of why we've been really getting that momentum in our business and really focusing on those fewer, bigger, better innovations, which we'll talk about.

But we've also gotten a lot more aggressive on pricing. We've got some really amazing brand equities. And so not only do we price to cover cost, we're actually pricing to maximize on that equity.

And then finally, this is where we're going to get a little deep today, these incredible capabilities as part of the conviviality platform.

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So we started this journey. As Alex said, we did not sit back and Covid. We decided we're going to accelerate and perform, but we're also going to transform. So very early on, this notion of being a connected team, simplifying the way we run the U.S. organization really underpinned by the why of our business, creators of conviviality, unlocking the magic of human connection, but we put the science behind it. And that's what (inaudible) all about, and I'll talk about that in a second.

So what's our mission? To unlock that portfolio to win across all the occasions. So not only do we have advantaged brands, we have an advantaged portfolio that wins in every occasion that we can compete in. And we artfully do it and make it easy to enjoy because convenience does matter in our market. And of course, all of that powered by the conviviality platform.

And that's what we want to talk to you about today. We have brought it to life, and we want to show you how we've done it. And I'm going to cover -- we're going to cover between me and John 4 of these vectors. We're going to talk about what we've done to unlock our portfolio. We're going to talk about our pricing power. We're going to talk about how we're going into experiences and how we've really leveraged innovation. It doesn't mean we're doing the other 2, but in the interest of time, we wanted to show the impact across those 4.

So, let's start with Maestria. Maestria is a powerful analytic human data signal that helps us understand what is predictive of choice. So for every single occasion in the United States, we now understand what drives choice in that occasion and what it takes for our brands to own those drivers of choice.

When you understand that, you then wire that into what we call our media-to-shelf commercial system. What John and his counterpart (inaudible), who unfortunately couldn't be here today because we believe in work life balance and she's on vacation in Hawaii. So I'm going to fill in for her. But wiring all that predictive data into how we go commercialize is critical.

And we also have much longer lead times in the United States. Our customers want to see our plans 18 months in advance of launch. So we had to overhaul our system, simplify it and put in an operating system that is really centered around the ability to leverage data in a predictive way across our commercial system.

So just a couple of thoughts on Maestria. When we use in what we want to drink in an occasion, it's the context that matters. If I'm out trying to celebrate, that's going to drive choice. If I'm at home just relaxing, that's a different context. I'm going to have different needs. Context is king. That is what drives choice. If you understand that and wire that into your system, you can do a lot of really fun things that drive much more efficiency and much more effectiveness.

So that's how we wire our organization. And all of that feeds into our people processes, our systems, our technology, our data and how we work together. And this is what has fueled the way we operate in the U.S.

So today, the first part is all around that grow the core, portfolio and A&P effectiveness. The way we think about it is, first, you've got to drive availability and visibility of your brands. That's what D-STAR is all about. Matrix is then driving velocity, how fast do those brands move on shelf? That's the purchase. When you have velocity, you have traction with your customers. And then finally, you want to price. You want to price for what it's worth to the shopper.

So I'm going to hand it over to John, who's going to take through how we've applied D-STAR.

### **A - John Barrett** {BIO 16586732 <GO>}

Thank you very much, Ann. So you've heard about D-STAR throughout the day. And, what I would like to do is show you how we are using D-STAR and the power of this analytical tool to really power our sales force of the future to make sure that we have that availability and that visibility in the marketplace for the right part of our portfolio at the right time and in the right place.

So D-STAR, as you've heard, is really key to enable precision at scale. And we are leveraging all different types of data in combination with our D-STAR engine to develop a DNA or a profile for each account, based on what we then know about that account, we can translate that into what is the most valuable opportunity for that account, what should our people go target and we then translate that most valuable opportunity into the next best action so that when she or he next visits the outlet, that is the action that we take. So you can see how this is really driving a much more precise and more precision for our execution.

We've made investments, obviously, in D-STAR, and we've also streamlined our organization in the United States, within the commercial team. And this is about enabling our commercial team to translate these insights into action and to make sure that we close the loop on execution and do what we said we would do because it was the most important thing. So earlier in the day, there was some questions around give me some examples.

So here are some examples. These are real live accounts. You can look them up on the Internet right now if you want to verify it. So Komodo Miami is -- it's a high-energy, high-velocity restaurant. They happen to have a lot of agave-based calls on their menu. And the D-STAR engine pointed our representative at a visit to this account and with the specific purpose of 2 next best actions. One, we didn't have availability on the Del Maguey range. So it was expanding the penetration of the Pernod Ricard portfolio with the right part of the portfolio to target for this outlet based on the outlet DNA, and so that's about gaining new availability distribution.

The D-STAR engine also made a recommendation to drive velocity. And in doing so, our team was instructed to go and sell an Avion tequila menu item, and they did so. And it's now in place and it's doing quite well. So these insights translated into next best actions, and they've been accomplished, and we hope you enjoy one at Komodo Miami on your next visit.

Similarly, Broken Shaker different type of account, craft bar, really, it's more about small batch, ultra-premium portfolio. And at Broken Shaker, D-STAR recommended a new menu placement for Monkey 47 gin and also guided that we should be focused on gaining new distribution availability on Jefferson's Ocean Bourbon. So you can see how these insights are translating into the right opportunity and action.

And so Nick, earlier today, you asked a question, is this real? Is it happening? And yes, it is. We're fully deployed in 2 markets. We currently have 17 additional markets that are under deployment. We have 40 multifunctional D-STAR users are using the tool, and we are realizing value today. We're seeing double and triple-digit increases on points of distribution lift and menu lift with this targeted approach. And you can see on Glenlivet realized 5x the value versus in Florida and New York where we targeted initiatives on Glenlivet and off-premise. So D-STAR is alive. It is in place. It is expanding. So you'll see that we will be at 19 markets. We're not stopping there. We're continuing on, and we will complete the play. So back to Ann.

### **A - Anindita Mukherjee** {BIO 16341562 <GO>}

All right. Now -- so we've got availability, we've got visibility. And we've got John's team working on getting much greater distribution across our portfolio. Now we need that stuff to move, right? We got to now support this expanded portfolio. And that's where Matrix comes in.

Back to the earlier discussion that we were having when you still have an investment circa 16% of net sales, circa, right, how do you optimize to be able to cover more brands? Well, that's Matrix. And so for every one of these moments of consumption and conviviality because we understand choice drivers, we feed that into the Matrix. So the Matrix understands what you need to optimize against. So when you're creating your content, it's across those touch points. It's across those choice drivers. We know how to measure that. We know how to test for that.

We also know because of those choice drivers where are the media points that we need to go through. That's all done when we do all the preplanning. Then we understand what kind of reach and frequency we need to hit to be able to actually get the ROI that we need. We then actually measure those lifts and see if we got the ROI we predicted. If we didn't, we know how to AB test that, and it's a continuous loop.

So I'd like to give you an example because this came up before, right? And I'm going to talk about 2 really big brands in a second, Martell and Malibu. And we still continue, we're getting smarter on how we're supporting those brands. But by supporting them more, we're getting more effective and more efficient. So where do some of those dollars go? And how do we get there? Let's talk about Jefferson's, right?

Jefferson's is one of our American whiskey brands. It's doing phenomenally well. We've almost tripled that business over the last 2 years. How did we do it? While we understood the moment of conviviality, Jefferson's plays it. It's called his Happy Hour.

FINAL

We know in the U.S. even during the week men need a break. And in that break, so do women, but they do it differently. That's a different demand moment. Anyway, but what we've seen in that demand space is they want to try something kind of adventurous, something cool, right? Well, think about Jefferson's. This is a brand, Jefferson's Ocean that's been matured in the sea, goes around the like equator 3x visits 5 continents. That's how we mature the liquid. And what you get is unbelievable. This carman chocolaty, yum, right? Well, that's what matters in that moment of conviviality. So when we target media, and we've created this incredible spot that romances that adventure, when you go out in the media, we don't target people, we target the occasion of adventure.

So we have web crawlers that are out there while we're asleep. And they find if you're reading something about an adventurous vacation or let's do a bachelor party and go bungee jumping, that's when Jefferson's delivers their ad. This is precision at scale.

And here's the beauty of it, you're not buying expensive mass media. You're buying cheaper digital personalized media. That's how you can afford to spend against more brands, even though you're spending circa 16%, right? So that's an example of one of our specialty brands that had in huge lift while we're still supporting our major brands.

Let's talk about the next one, Martell. I'm going to just show you what the campaign is and I'm going to play a video in a second. But what I love about this brand, this is the beauty of Pernod Ricard, global scale, local leverage. You just saw a spot from the SSA team that was brilliant. It was all about audacity and all about soaring available, right? Well, we do the same thing, but we do it in a relevant way for the U.S. customer.

And here's what's more important. We've seen in this demand space, there's actually more women than men. And so this kind of cognac has always been about this man thing. Well, we figured out it's not just menu like cognac. It's women too. Can we play video?

(presentation)

So there you got Janelle Monae. And for those of you who don't know her, man, she is really, really big in the black community, and she is a tireless advocate for women and really standing out in the world and believing what you do.

And you can see from the results. I mean our business is up double-digit in the U.S. with Martell. We have an incredible brand company that's given us some supply advantage. And when you put it all together, you have all the right ingredients to build a really great brand in the U.S.

Now let's talk about Malibu. Well, Malibu has been an incredible success story globally. And Malibu is a brand that most people think, "Oh, it's a summer brand, right?" Because it's all about summer type drinks.

But as we really got into that moment of conviviality, we saw this is not just summer time, but summer mindset. And that allowed us to understand you can actually broaden the

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shoulders of Malibu and actually have it be relevant even in December because everybody wants that kind of break during the year. And so rather than Malibu being about summer, it's about you just go ahead and drink it any way you want the Malibu way.

Let's play video and show you how we did it.

(presentation)

I hope you do whatever taste good, too. So Malibu has just been on fire and this has been the central way that we have taken this all the way to the shelf and Malibu continues to drive huge growth for us in the U.S.

So with all this brand equity, John, how are we capitalizing on pricing?

### **A - John Barrett** {BIO 16586732 <GO>}

Thanks, Ann. So the next topic for discussion is Vista RevUp. And as you've heard, this KDP, our key digital program, is really all about price and promotions, which is especially important now in these times of inflation.

So like Matrix, which Ann just talked about, Vista RevUp analyzes the performance of past events and uses these historical learnings as well as other inputs to fuel predictive simulation tools. Vista RevUp is helping our commercial teams identify the right price and the right promotions.

And so as you've heard earlier today, the tool is using machine learning techniques to determine optimal price points, promotional depth and frequency for our Pernod Ricard portfolio. It's allowing for more informed price optimization and more nuanced tailoring of price and promotion strategies to brands and at the state level.

The Vista post-event analysis tool is the first step in our journey and it delivers a return on investment on performance on these historical promotions. Vista, again, this is real, it's been live in 10 states for over a year, and it's absolutely delivering a positive impact for Pernod Ricard USA.

Let's talk about one of those using the Glenlivet as an example, on 750 ML we realized 40% trade efficiency. We did this by discontinuing events that were not generating an acceptable return and by optimizing the remaining promotions that were ongoing for efficiency and a higher return on investment.

So the tool is supporting the local teams to make more informed choices and we're confident that with such positive business results from the historical analysis, we know that tremendous opportunity is in front of us and will be unlocked once we get to the optimizer and further simulation tools. So another key digital program in practice in the United States. Ann, back to you.

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## A - Anindita Mukherjee {BIO 16341562 <GO>}

All right. So let's talk about beyond the core, right? So many of you may or may not know that we have been sponsoring Absolut -- or has been sponsoring Coachella for many years, 10 years now.

So we looked at the experience and services kind of opportunity to say what could we do to really leverage Absolut and Coachella in a whole new way? And we decided to take Absolut into the metaverse. And why did we do that?

Here's the reason. Event marketing in our business is absolutely critical, right? Creates buzz, creates word of mouth. The problem is, usually, your exposure in those events are only limited to the people who attend the event. So how do you take that and increase your ROI? You do it by then leveraging that in real life event and take it in a way that creates earned and shared media and takes it into a virtual world.

Well, that's what we did with Absolut and Coachella. We combined a real-life experience that if you didn't attend Coachella, you can actually go into the metaverse and experience it. So people could go in, created their avatars, went into the metaverse, danced on this incredible like dance floor for 10 floors, they interacted with bartenders. If they like the drink, there was a vending machine where they could actually order the drink. And through Drizly, have it delivered in their house real time.

So this in real life and metaverse is all coming together, and it was an unbelievable experience. Let me show you what it looked like. Please play the video.

(presentation)

So the number I'm looking at is that 1.5 billion impressions, that's free media folks. And all of a sudden, we took an event marketing and created national awareness and penetration of the brand.

And finally, let's end with one of -- probably one of the most important things to keep our portfolio fresh, innovation. And again, with Mastria and all the things that we are learning, along with a lot of the social listening that you heard from Florence in terms of future trends, we are now closer to the market and the consumer in the U.S. to generate better, faster innovation.

And so we've created within a year, an unbelievable understanding of where these trends are. We've tested over 2,700 concepts. And we've really funneled that down to what we know will help us win, because innovation needs to be about 25% of our growth. And this is a whole new muscle that we've built, right, as a group. And we are finding new ways to work together to harness the power of total Pernod Ricard.

In a lot of these insights, in a lot of these white spaces, we've seen a lot of change. So impress still important, very important trend. We saw a lot with flavors. But now in addition to craft, we're seeing more prestige, people want more prestigious innovation and, of

course, convenience. And when you put that together, you're now going and hunting in more white space waters where there is much more incremental volume to be had.

And we've been doing that with our portfolio in the U.S. So ready-to-drink. We've taken our core brands. Again, consumers looking for those quality, high-value brands, Absolut, Malibu, our latest launch with Jameson. These are brands that consumers are looking for because they deliver convenient cocktails.

But convenience doesn't just stop in the can. People are looking for convenient cocktails that are ready to serve. We are just about to launch Altos Margarita. And I got to tell you, I think it was Walmart, right? I don't think they've ever given me good news. But Walmart, when they tasted this, John, what did they say?

### **A - John Barrett** {BIO 16586732 <GO>}

Well, Walmart, when they tasted that they said, "Wow, this is going to halo back to the core brand. We're going to need to look at what we're doing on core brand programming and bring in this innovation."

### **A - Anindita Mukherjee** {BIO 16341562 <GO>}

And that's what you want innovation to do, lift the entire brand. And then, of course, our partners at IDL, who did an incredible job coming up with Jameson Orange. And I got to tell you, you know that the U.S. palate is sweet. But Jameson Orange, this is a whiskey forward incredible flavored whiskey. And if you haven't tried it, please do because one of the things that's amazing about it, is first, I always put it to my nose. It smells like fresh orange rind. And then it hits your tongue and you get that beautiful Jameson whiskey.

And why is this important? Folks 1 out of 2 people who are trying Jameson Orange are new to the Jameson franchise. Multicultural users are coming into Jameson because this is an entry point into the brand. So this is helping us with incremental volume, doing it in a pure Jameson way, and it is so far very early, doing pretty good.

So let us show you the spot that's running right now in support of Jameson.

(presentation)

So there you have it. This is the U.S. living the conviviality platform. It's powering our growth. It's powering incredible excitement in the team, and we just want to thank you for the opportunity to share it with you today. Thank you very much.

+++qanda

### **A - Florence Tresarrieu** {BIO 16683472 <GO>}

We're just waiting for Ann. So we're now moving into our second Q&A session. So with all presenters in the region. So it's the time to ask all the questions you have on our key markets. So I guess we -- are we all here? Yes. So I guess we can start. So we're going to

do exactly the same as in the morning, and I guess the hostess microphone is going to come.

**Q - Laurence Whyatt** {BIO 20899439 <GO>}

It's Laurence Whyatt at Barclays. Perhaps a question for Philippe. We spent a lot of time 4 years ago looking at the Tencent collaboration with Pernod Ricard. And you've mentioned it in the presentation today. Just wondering if you could give us some insight precisely or some examples of how that's managed to accelerate your sales in China over the past few years?

**A - Philippe Guettat** {BIO 16385569 <GO>}

Well, maybe not to be too specific because we stand as well a business partner plan. We have extended it with Tencent, and then we have extended it as well with another one with Alibaba. But I think things are going extremely well with them. We've been super successful in all the different 11/11. And then, well, the latest June 19 was a bit less successful for you know clearly about the reasons behind that. But overall, I think things are progressing extremely well.

What you need to keep in mind, nevertheless, is that at the same time as well, ecommerce in China is a bit challenged, it's changing, and now you have new players coming out. And in particular, Pingo and TikTok, which is doing which are well growing even faster than the Tencent and Alibaba. So in fact, it's -- so we're expanding our range and as well working extremely closely with these new players as well.

**Q - Chris Pitcher** {BIO 2496733 <GO>}

Chris Pitcher from Redburn. Could I ask about the India operating environment. It's been many, many years of really tough regulatory changes with demonetization, GST, motorway bans and the like. Are we entering a phase now do you think of better regulatory changes, things like perhaps reduced tariffs, liberalization of trade such that rather battling against the government, it's working more in your favor?

**A - Rajesh Mishra** {BIO 18485788 <GO>}

I think everything that you said, I think those are things are passed. So of course, India, you cannot deny the regulatory challenges that is always there. But I think as of now, India is actually looking forward. So it is extremely, I would say, a forward-looking approach by the government.

They are trying to create an ecosystem which really eases business in a big way and help business to accelerate. And there is a think tank, which is working. India is trying to take the advantage of some of the shift that is happening at a geopolitical level.

So on the regulatory side, some challenges do will still remain there, but you cannot compare the past challenges with the future challenges that you can expect in India. And government is extremely positive to create that business environment as business flourishes.

**Q - Trevor Stirling** {BIO 15030312 <GO>}

Yes. Trevor Stirling from Bernstein. A question for you, Ann.

You've highlighted that agave, I think, as you mentioned the total fire in the U.S., but neither Avion nor Olmeca, Altos, at least from the NABCA data, has really taken off. Just wondering, is that something that's correct, that's what you see? And what are you doing about it?

**A - Anindita Mukherjee** {BIO 16341562 <GO>}

Yes. I get this question, it's probably the number one question I get, and I'll say 2 things. One, tequila is on fire. And what's interesting is, so is mezcal, right. Mezcal is a smaller portion of the agave. The good news is we have the number one share player in mezcal.

And when it comes to our 2 tequila brands, I think right now, we're still investing at the right levels. And here's why I say that. I don't think we need tequila to be able to continue to win. And that goes back to our diversified portfolio. And so I think we are putting the right investment. We are still -- it's still in its infancy. I think we have a road to go on our tequila brands. But I think overall for the portfolio, I feel very confident that we have the right segments to be able to still win and you don't need tequila to overbalance the portfolio.

**Q - Olivier Nicolai** {BIO 16004446 <GO>}

Olivier Nicolai, Goldman Sachs. One question for you, Gilles, and your team. Can you give us a bit more details on your route to market in Africa and how ecommerce could play a role for the Premium Spirits growth? And I believe that you know ecommerce very well in Africa.

**A - Sola Oke**

You want to take it?

**A - Gilles Bogaert** {BIO 6407065 <GO>}

Yes. You can.

**A - Sola Oke**

So in terms of ecommerce, even though it's still quite small, we are investing. And like Gilles said, we've got a partnership in Africa. We are leveraging other players as well so that we can anticipate that growth, and we are present when that growth happens.

**A - Gilles Bogaert** {BIO 6407065 <GO>}

Maybe to complement the answer. I think we are happy with the rich market we have in Africa today. We are accelerating a lot of the growth. So we start to have the scale, and we have a large portfolio. We have decided to go also the standard fruit launching some Seagram whiskeys the ones that are so successful in India in Africa, so that we can enlarge

our rich. And we work in many markets with some distributors or wholesalers that also distribute some other brands from other categories, including beer and so on.

So in a way, we leverage that scale that way. And we don't need to have one partnership with one big player in pan-regional or in whatever country.

Ecommerce is still at the beginning in Africa. We have a partnership with Jumia, as you know, and we are also a shareholder of Jumia. And we have strong share there. They also help us to grow our brands through their sales force in some remote geographies. And many people have a cellphone in Africa. And we truly believe that maybe it will skip the physical retail phase in some occasions, and that's why it's very important in our omnichannel strategy to bet on the marketplaces on (inaudible) and on the ecommerce as a whole. So I think we have the right to market today to be able to keep delivering strong growth in Africa.

**Q - Jeremy Fialko** {BIO 5509683 <GO>}

Jeremy Fialko, HSBC. A question for Ann. You talked about D-Star and then Vista, which obviously deployed in some states, but not in others. You gave 1 or 2 specific examples in terms of, say, promotional efficiency or kind of value uplift on certain brands. But can you just maybe take a step back and maybe give a slightly higher level perspective, say, okay, these are the states that's implemented, these are the states it hasn't been.

Kind of what are your market share wins on a kind of an overall state basis, where it's implemented, where it hasn't been? Or your pricing, what your price realizations have been implemented, not implemented. So we can kind of see what sort of changing from not having it to having it is doing on a sort of state-by-state basis?

**A - Anindita Mukherjee** {BIO 16341562 <GO>}

I'll turn it over to the expert. The man who deals with it every day.

**A - John Barrett** {BIO 16586732 <GO>}

Thank you for your question. We're really excited. On D-Star, as I mentioned, it is live in Florida and New York, and we're currently rolling it out in the 17 control states. So it's under deployment there.

What I can tell you is that we're really encouraged. I shared with you a couple of examples. There are many examples that we could have shared today had we had more time. But specific to your question, we are seeing more robust share gain in Florida and New York. I want you to understand it's early days, and there's other factors involved in that, but we're very encouraged with what we're seeing behind D-Star.

With Vista RevUp, it's live in 10 states, also currently in control states. We're really excited because we're in the process of bringing it up with the enhanced capability in California. And so that's right in front of us and very exciting what we expect coming out of our biggest state and biggest business.

**A - Anindita Mukherjee** {BIO 16341562 <GO>}

Yes. I'd (inaudible) is and the reason we're really excited about California is, as you all know, we've got some major retailers there that put a lot of price promotion into that state. So to be really able to leverage this, I think our ability to extract value out of California which is one of our big 4 states is really going to be critical moving forward.

**Q - Simon Hales** {BIO 3267479 <GO>}

It's Simon Hales from Citi. A question again for Ann. Just coming back to your comments there, to Trevor's earlier question that you don't need tequila or supremely tequila to win. I'm just trying to reconcile that with the midterm growth ambition that you've got for mid-single-digit growth in North America.

That sounds very similar to, I think, what we would expect the industry to be growing at maybe post pandemic. So it doesn't sound like you're expecting despite all the excitement and all the good things you've just shown you and in John's presentation that we're going to see a major share gain relative to the industry. Is that the takeaway from this? And if it is, is it because you haven't got that super premium tequila exposure?

**A - Anindita Mukherjee** {BIO 16341562 <GO>}

So I'm going to answer this question. And of course, I'm not giving any forward-looking guidance whatsoever. But let me say this, in our tequila portfolio, one of the things that really matters is really the high-end side of tequila. That is really what is growing. In addition to Del Maguey, what I think we feel good about is Reserva. And Reserva is doing very well. As a matter of fact, we just launched Cristalino and it's, again, very high end, superpremium. And so we're being very thoughtful about where to extract that granular growth when it comes to tequila.

Now in terms of overall growth for the full portfolio, our objective still remains that we will beat the market. I'm not going to give you a date. I'm going to tell you that we're on that journey. Unfortunately, the U.S. has the worst, and I say this because I don't come from alcohol, the worst sell-out data in any industry I've ever seen.

So no one has an understanding of the total share performance at a national level. But what we do have with Nielsen and NAPCA we're beginning to close the gap, right? So we're moving in the right direction. Guys, we're turning a big ship. And so we are absolutely committed that we will beat the market with the portfolio we have, we've done the work. We know we can do it. It's just now wiring the organization to get there, and I think we're well on our way. But no forward-looking statements.

**Q - Sanjeet Aujla** {BIO 16265895 <GO>}

Question for Gilles. With all the insights you're gathering with the new capabilities, can you give us a sense of how significant the Aperitivo occasion is now just across demand spaces in Europe? And are you still under-indexed to that, kind of broadly in line or getting over indexed to that key consumption occasion?

## A - Gilles Bogaert {BIO 6407065 <GO>}

It's big and it's getting even bigger. And I believe we have more than our fair share. When you look at all the brands we have, we used to have -- we still have to record the historical brand, and we have been historically the kings of the aperitif, and we added Lillet, all the Gin portfolio, including recently Malita, Italicas. We have plenty of brands that we can leverage to seize that separative opportunity.

I think what that stake now is to grow it in more countries. It has started a lot in Western Europe. I think Germany, Austria, Belgium are a very good example. In the U.K., now in the Latin America, these are things that are starting to happen. And so we are seeing those brands on a lower scale with objective to accelerate. Gin boom is starting to happen also in some areas of SSA. So it started in Europe and it starts to be bigger elsewhere. And again, with the portfolio we have, with the initiatives we have, with the brand equity that we have, I'm very confident that we'll keep delivering very strong performance in the aperitif moments. And innovation can play a big role there because it's also about conscious drinking. It's also about female consumption. And it ticks many boxes of the new consumer trends.

## Q - Pierre Tegner {BIO 3944807 <GO>}

Pierre Tegner with ODDO. I'm sorry, I'm not a veteran on the spirit sector. So probably my question will be a bit naive. But you -- during all the day, you spoke about pricing opportunity beyond offsetting the inflation. We clearly understand that you have developed capabilities and digital tools to better probably optimize your pricing. But in concrete terms, could you -- could each of you share with us the biggest example you have in mind for the next 2 years in terms of better optimizing the pricing on the specific category or channel?

Or just not delivering sensitive data, but give us -- could you give us a concrete example on a 2-year or 3-year basis? Just to understand. Or you can increase better optimize pricing and increasing the brand equity without damaging the competitiveness on specific category on the market?

## A - Philippe Guettat {BIO 16385569 <GO>}

I'll start. But don't expect me to give you what we're going to do in the next 2 to 3 years. I will more speak great examples of what we've done in the recent past. Lillet is a very good example. Lillet, we have increased the price strongly every year. And the price gap versus the main competitor is now, what EUR 5, EUR 6, whereas it was between EUR 3 and EUR 4 a few years ago.

And why have we been able to do that? We've been able to do that, yes, because we have the right tools, the right insights. But more importantly, in that case, because we built a very strong equity with high-quality products and superior brands come on superior pricing. That's as simple as that. And it's the work that Joelle described before and how we built that brand step-by-step in a consistent manner with the female empowerment city by city to bring it to that level.

And we'll do it with the other brands, for the high-end part of the portfolio. And we are leader in the high-end part of the speed portfolio. when you have limited supplies, when you have allocations, it helps you also to commend superior pricing, and we actually do it.

## A - Hermance de la Bastide

Maybe just to carry on, on Asia, on China. This is what I explained during the presentation for Martell. In fact, we've been unlocking pricing power each every year. And each year, we're taking price increase, which are ranging from high mid-single-digit around. And this is clearly part of the brand building exercise for Martell. And we're taking price ahead of the rest of the competition because we are heavily investing in terms of brand equity first. And you've seen some of the examples of the asset that we're using in terms of media and overall and in terms of digital media as well.

A lot of activations on trade and both in the night but as well a lot in the mid occasions granular in order to new consumers in the existing regions, which are strong regions for cognac, which I went down South and East, which is Candonga, a bit enlarged, but as we're doing a lot of effort in terms of recruiting. So bringing Martell into this moment of consumption of meal occasions of celebratory meal occasions outside of the traditional regions of strength of cognac in order to recruit. So putting a lot of effort behind that.

And then there is a clear pool behind the brand that enables us gradually as well to pull up the price. But at the same time, what we need to make sure is that we manage very closely our inventory because at the moment you have too high inventory, you really start a price war. And second as well that you control the price across the board which is in each individual channel, in particular, ecommerce, so that, in fact, you don't completely lose the traction and the support of your key customers and partners.

And so just about what we saw. Clearly, the tool and the data-enabled technology will give us even more precision in terms of understanding the market dynamics, and be able as well potentially to leverage at a better pace and with a better breadth of pricing power for Martell.

## A - John Barrett {BIO 16586732 <GO>}

So to round it out with a U.S. example. One brand that we were particularly thrilled with the performance through the pandemic was Malibu Rum and it was amazing what the consumer response was to that brand. So I feel like we talked a lot today about how we're leveraging Vista RevUp to really evaluate the frequency and the depth of promotions. And so we've done that work on Malibu.

But in addition, I think the other part of your question relates to frontline price increase. And so with frontline price increase, we took a look at the convergence of the consumer response to the brand, therefore, our knowledge of the brand equity and we evaluate what that right price increase on a frontline basis is. So it's this combination of the brand equity and the ability to take frontline price, and it's these new tools that are enabling us really evaluate what the right promotional depth and frequency is.



**A - Gilles Bogaert** {BIO 6407065 <GO>}

Maybe to add the last point on that. It's the role of innovation. We said innovation is a source of additional growth. But I think we also try to leverage innovation to set higher prices and what we call vertical innovation.

Yes. There is innovation towards convenience, ready-to-drink, and we know that profitability tends to be a bit lower. But there is also the vertical innovation, what we've been doing on Jameson, Select Reserve Black Barrel. What we're doing Ballantine's, that we saw -- we launched 7 years old, 10 years old in Europe. And this contributes to a higher price mix also.

**Q - Ed Mundy** {BIO 16282424 <GO>}

Asked a question on potential deregulation in India. I think scotch is about 10% of your business at the moment within India with Indian made whiskey about 90%. If we do get deregulation tariffs do come down, how big do you think the scotch business could be as a portion of India?

**A - Rajesh Mishra** {BIO 18485788 <GO>}

I can't give you any numbers in simulation, but as we showed in the presentation that India is on a secular pavilion trend. So whether duty reduction or no duty reduction, eventually, India will premiumize. Premiumize is a very fast pace because there are so many Indians which is creating a massive tailwind for this. Of course, if the duty reduction happens and that we have seen in some of the local states where the duty on the international brands have been reduced and the growth has become exponential. So this will definitely accelerate the growth in a big way.

**Q - Ed Mundy** {BIO 16282424 <GO>}

And is it a volume game? Or do you think it's a price laddering game if this was to take place?

**A - Rajesh Mishra** {BIO 18485788 <GO>}

No, it will be both, in my view, volume as well as the price setting in both.

**Q - Sanjeet Aujla** {BIO 16265895 <GO>}

And just back to RTDs in the U.S. is becoming a bigger focus area for yourselves. Can you just talk about how you geared up to supply, putting liquid in Kansas somewhat alien for spirits businesses? So could you just talk about some of the investments you've made there? Are you in-house or outsourcing some of that.

And then for yield as well, is RTDs potentially something the European business is looking at scaling up? I don't think you really referenced that much in your presentation. But what insights are you getting from the U.S. on the European potential?

**A - Anindita Mukherjee** {BIO 16341562 <GO>}

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So I think on our RTD business, again, the beauty of the Pernod Ricard model, we have a center of excellence that helps us draw scale from whether it be innovation or capabilities. And so we have that center of excellence. But then when it comes to commercialization, it's really about local. These are products that have an expiry date, right? So we've made investments in the canning lines at our Fort Smith plant. We do a lot of local flavor development right in the United States. So we are closest to the market when it comes to commercializing it, but then we also have the ability to leverage the scale around innovation and new capabilities that are coming in RTDs, whether it be procurement, et cetera, and it's kind of the best of both worlds.

Now John is running that BU right now. Anything you wanted to add, John?

**A - John Barrett** {BIO 16586732 <GO>}

I think you covered it.

**A - Anindita Mukherjee** {BIO 16341562 <GO>}

Okay. All right. There you go.

**A - Gilles Bogaert** {BIO 6407065 <GO>}

And yes, it's still at the beginning, but there is a clear potential of ready-to-drink business in Europe, in particular in the U.K., in Germany, which are the number two markets where we want to accelerate. And then we have other markets, Tier 2 markets, where we have some ambition. South Africa is a good example. Latin America as a whole. And what we've been doing with the creation of the ready-to-drink business units is that we have now more scale coming with the full portfolio, in particular, when we engage with our third-party producer.

And in U.K. and Germany, we have our own road to markets. In some of the countries, we could consider to go through a third-party, road to market also if it makes sense. A good recent example in Brazil, we are testing the launch of Beefeater ready to drink in partnership with ABl.

**Q - Jeff Stent** {BIO 7295245 <GO>}

Jeff Stent, BNP. We've heard a lot about systems today, but a lot of those systems are very -- I wouldn't say inwardly focused or not, but we've heard nothing about how you actually interact with bars, retailers, wholesalers, et cetera. And I'd be really interested in what the experience has been in the different markets. I suspect it's very local. But what's going on that front? Because it seems to me that, that increasingly is a real sort of battlefield when it comes to sort of systems now. Thank you.

**A - Anindita Mukherjee** {BIO 16341562 <GO>}

I'm going to turn it over to John first.

**A - John Barrett** {BIO 16586732 <GO>}

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Thank you for your question. So I'll talk about D-Star. Obviously, you're aware that the United States is a 3-tier system. And so everything that we accomplished from an execution standpoint flows through our wholesaler partners. As I said, D-Star is live in New York and Florida. So it's been an incredible collaboration with our largest wholesaler, Southern Glazers Wine and Spirits. And they have been investing significantly in their capability from a B2B standpoint and their sales force automation. So the only way that D-Star works is if we're able to pass these most valuable opportunities that translate into the next best action for their sales rep to action in a bar or with a customer through their organization and through their system.

So we have some very exciting things going with them that is set to enable integration into their system so that these next best actions can not only be served to the right person at the right time so that we get the right part of our portfolio in the right place at the right time, but also that they will return closed-loop execution to confirm that it was done and how it did. So that's pretty exciting.

### **A - Gilles Bogaert** {BIO 6407065 <GO>}

And in different countries where we have indirect route to market, we also leverage D-Star. There is a module of D-Star, it's of more than off-trade, one about on-trade and one also to help us to work better with our distributors, leveraging more data, having digital platform. Maybe not always with AI, but just with business tools and strengthening the way we work with our distributors and increasing distribution, increasing the way we activate our brands. Improving the way we manage promotions with them. So this is something maybe we spend a bit less time today on, but we are also working on.

### **Q - Unidentified Participant**

A follow-up question for Ann. It was interesting to hear you feel you don't need tequila to win in the U.S., but your -- the market leader, Diageo not only has a very strong tequila portfolio. but it's spending several hundred million dollars more on marketing than it was 5 years ago. Everyone has been very keen to point out the around 16%. But is it fair to assume that your business will be the upper end of that around, and you'll be looking to maybe take a bit of the marketing from elsewhere? I appreciate that Philippe is looking very worried there. But just trying to get a sense of can you win it without tequila and without that scale of marketing as well?

### **A - Anindita Mukherjee** {BIO 16341562 <GO>}

That's why we love the word circa. And let me be honest with you. I would tell you, this what I love about working at Pernod Ricard. It is a team sport. And there are years where for whatever reason, you may have heard about the China situation in Shanghai, we -- there's a huge responsibility in this team that for every dollar we spend, we hold every dollar in euro hostage.

And so in some years, if we have the assets, if we have the wiring, we go in and we ask for more money. And in most times, I'm being honest, most times, we get it. And for me, what I've been told, U.S. is really important, this is a group that follows up on it, and we work as a group to make it happen. So that's why I feel confident that even with our

tequila, where it is today, could we want to make it bigger? Sure, maybe who knows? But I still have to deliver the fact that the reason I was hired is we've got to beat the market. And so we have designed a system that will do that. It's just a question of how fast can we get there. And I'm kind of happy with our progress, and we shall see. It's a journey.

**A - Florence Tresarrieu** {BIO 16683472 <GO>}

So maybe we've got time for one last question. If there is...

**Q - Ed Mundy** {BIO 16282424 <GO>}

Gilles, you've got quite brand Cedars and the 0-alcohol spirits, and there hasn't been an awful lot of talk around that. Is it a big priority for the business? And are there opportunities to do 0-alcoholic brand spirits as well as white spirits?

**A - Gilles Bogaert** {BIO 6407065 <GO>}

Conscious drinking is part of our priorities, and we are testing different things. So Cedars is one of the brands that we partner with an entrepreneur that created the brand, and we took it over. And I think it's managed by Pernod Carran as part of the aperitif and the low opportunities and developed in a few European markets.

In Spain, we have also launched Ballantine's Light and Beefeater Lights, which half the level of alcohol with that same intent with a very good, good start, promising start. So we are still in the phase where we are testing that, trying to see what works well, what has to be improved. I think it can help the mother brand equity. It can source new consumers to the brand. It can be also a way for our consumers that drinks a normal Ballantine's, a 40-year old Ballantine's or Beefeater from time to time to have the lighter one in other occasion of consumption. So we -- yes, we believe in it. It can be lower ABV. It could be sometimes 0 ABV. I think these are still early days, but this is definitely an opportunity that we are carefully looking at and monitoring and we're investing behind.

**Q - Laurence Whyatt** {BIO 20899439 <GO>}

Just one for Sola and Thabi. In Africa, your largest spirits competitor has a beer portfolio. And one of the large beer competitors is about to get a spirits portfolio soon. Do you need any more scale in order to be able to hit the markets that you're trying to hit, given that those other competitors have such a -- have the beer as well to be able to sell more spirits products?

**A - Sola Oke**

I think we are in the phase where, one, we don't need more scale in terms of beer. We are premiumizing in terms of the market, right? So the potential and the opportunities are still there. We haven't fully maximized the portfolio that we have. So you heard us talk about things like Jameson, Martell, there's still potential in the market that we're still looking at. So opportunities with innovation that we even haven't started knocking on the door yet.

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So there's a lot of potential in the market, and there's a lot of things that we're looking at the moment. So I think the future for us is still bright. So in terms of what we are doing, we need to consolidate on those and then stretch those to get us to where we want to go to.

### **A - Gilles Bogaert** {BIO 6407065 <GO>}

And we can share with the setup we have. So it proves it works well. And instead of looking at what we don't have, I would prefer to look at what we have and speaking about Nigeria, having such a strong whiskey portfolio and having Martell could be the winning formula for the future. And not so many players have both.

### **A - Florence Tresarrieu** {BIO 16683472 <GO>}

Thank you very much. So this is concluding our day. Thank you very much to all the 18 speakers on stage and sitting in the front row. Thank you very much to you all, in Paris and online.

So I hope you enjoyed the very intense presentations, but very enlightening on the conviviality platform.

Some of you are going to join us for dinner. So we are welcoming you from 7 p.m. onwards at the Grand Bar and some people are going to come take you upstairs. In the meantime, you can have a visit a tour of the Island or the Foundation.

We have as well some meeting room available if you want to have a place where you can work. So if you go to the front desk, they will be able to give you some direction.

So thanks again. We see you tonight.

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