

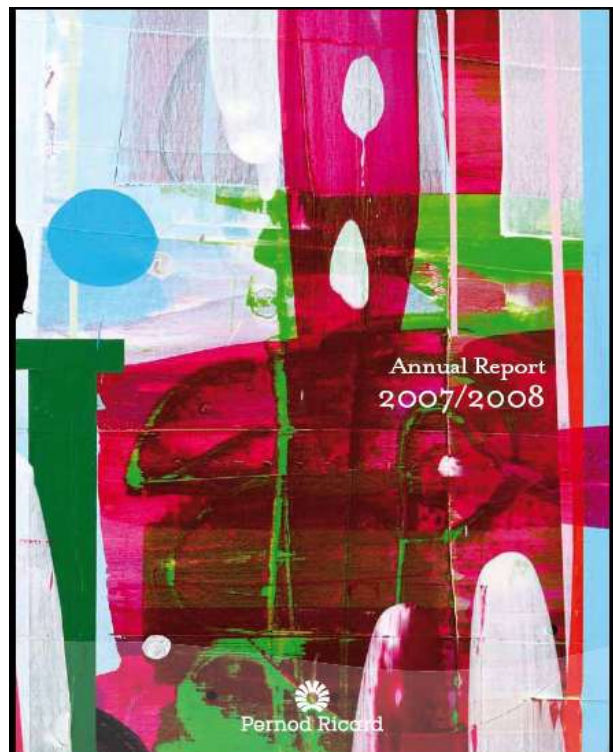
Report of the Month

ReportWatch e.com

March 2009

Pernod Ricard

Paris, France



Report Facts

Company name: Pernod Ricard SA
Fiscal year end: June 30, 2008
Report title: Annual Report 2007/2008
Chairman and CEO: Patrick Ricard
Managing Director: Pierre Pringuet
Number of books: 2 (incl. Reference Document)
Report length: 124 + 192 pages
Auditors: Deloitte, Mazars & Guérard
Design: Terre de Sienne - Labrador
E-mail: investor.relations@pernod-ricard.com

Report Rating: ★★★(★)

(Rating scale below)

Profile-Products (Excerpts, as from the report)
Pernod Ricard was created in 1975 out of the link-up of the two leading French anise-based spirits specialists. In the 2000's, Pernod ricard shifted its strategic focus... to concentrate on wines and spirits. A series of acquisitions (part of Seagram, Allied Domecq, Vin&Spirit) have made the Group the world co-leader in thhe sector and the Number 1 in... quality spirits.

Strategic brands include: Absolut Vodka, Jacob's Creek, Ballantine's, Ricard, Chivas Regal, Malibu, Martell...
(from the Annual Report) (Italics are own company's words)

Key Figures

Sales: EUR 6,589 million
Recurring income: EUR 1,522 million
Net profit: EUR 840 million
Free cash flow: EUR 315 million
Earnings per share: EUR 3.87
Dividends per share: EUR 1.32
Operating margin: 23.1%
Number of employees: 17,625

(Source: 2008 figures sourced from the annual report)

Some Competitors

- Diageo
- Fortune Brands
- Foster's
- SABMiller
- E. & J. Gallo

Report Rating: ★★★(★)

Triple A

- > Strongly branded and well-organized profiling job, especially with such a number of brands to feature. See among others the *To the rhythm of festivities* year calendar.
- > Quantity and quality of illustrations, based on products, brands, people, charts, maps.

Double A

- > Lively, informative and sparkling review of brands and markets (see Selected Page).
- > Employee and human resource issues supported with facts and figures (e.g. length of service, turnover rate).
- > Transparency on governance mechanisms, also with regard to committees and *limitation of powers*.
- > Good review of a number of sustainability and responsibility issues, e.g. environmental indicators, supply-chain management, sponsorship activities.

Simple A

- > The report delivers better on the qualitative aspects than on a translation in actual figures (except for brands).
- > Share performance and indicators are in (and include a shareholder interview), yet are not sufficiently developed (virtually no ratios).

B sides

- > A very low-calorie financial review: 7 pages mainly consisting of tables, and including less than half a page about *Cash flow and funds* (sic), not even analyzed separately.
- > Emphasizing *more than 30 years of continued growth* (*Reference Document* p 4) and not backing it with historical figures and ratios, at least for the last 3 to 5 years, is difficult to admit. Sure there has been external growth factors that make comparisons more complicated, but this is not an excuse.
- > The full PDF report download, which includes the legally binding *Reference Document*, is 300-odd pages long.

Rating Scale

★★★★★: First-rate ★★★★★(★): Excellent ★★★★★: Very good ★★★(★): Sound ★★*: Average

★★(★): Uneven ★*: Common ★(★): Substandard ★: Poor (★): Uncompetitive

The rating is based on ReportWatch internal desk research and does not take into account the independent Rating Panel's judgment. It may therefore differ from ratings (to be) published in the *Annual Report on Annual Reports*.

How does the company report in key areas? What are the main report pluses and minuses?

*The **Report Scan** gives an overview of strengths and weaknesses, and scores each item.*

Contact e.com@reportwatch.net

2007
2008

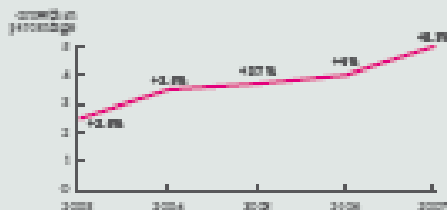
Chairman's Message	Analysis by the Managing Director	Events in 2007/2008	Strategic and financial objectives	History	Market	Strategy	Organization
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The market in the Premiumisation era

The trends observed in the Wine & Spirits market over the last few years have been confirmed. While the local spirits segment, that represents most of the volumes, remains relatively stable, international spirits are growing rapidly. This growth is spearheaded by vodka and whisky, the first categories to be affected by the shift towards Premium products or the development of age qualities. On the wine market, quality wines are tending to grow. New World vintages continue to be the trendsetters. Although emerging markets represent new growth engines, the United States continues to be the primary contributor to growth⁽¹⁾.

On a Wine and Spirits market which is stable overall, international spirits are showing steady growth. Although they account for only 15% of sales by volume, they represent 65% of sales value and are growing more and more rapidly year by year. International spirits sales rose by as fast as 2007/2008 (+5.4%) as in 2003/2004 (+2.5%).

Global sales growth of international spirits



Breakdown of international spirits by category*



Vodka, a major growth contributor

The dynamic growth in international spirits is driven by those categories which already have the highest sales volumes: vodka, whisky and rum.

Vodka has been the primary contributor to this growth for the past ten years or so: with eight million additional 9-litre cases sold between 2006 and 2007, it accounted for almost half of all growth in international spirits sales. One third of vodka's sales growth is in the United States.

Scotch whiskies (which account for almost a fifth of growth) and rum (for 16%) are the two other most dynamic categories.

Contribution of the major international spirits categories to sales growth (2006-2007 financial year)**



Pernod Ricard's major assets

- A comprehensive, rich brand portfolio including vodka, whisky and rum.
- 1/3 of the portfolio comprised of "Premium and higher quality" brands.
- A leading position on the Premium and higher quality segment.
- A new asset: ABSOLUT Vodka.

(1) source of slide data for the slide: Pernod Ricard market news, brand coverage, data for case.

