Week in Review **Pernod Ricard SA**

Pernod Ricard's third-generation leader faces battle of his life

Chief executive Alexandre Ricard aims to defend French family spirits company from US activist



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Leila Abboud in London and Harriet Agnew in Paris DECEMBER 14, 2018

On the small Mediterranean island of Bendor that he bought as a family retreat, Paul Ricard, founder of the eponymous French spirits maker, ordered that the stone statue in the port be engraved with a motto: *nul bien sans peine*.

That "no pain, no gain" ethos helped Ricard build a powerhouse from a humble anise-flavoured liqueur called pastis he created 43 years ago.

Now one of his 15 grandchildren, Alexandre Ricard will need to channel similar determination if he is to see off the greatest threat to the family-backed company in its history: the arrival of aggressive US activist hedge fund Elliott Management with a 2.5 per cent stake worth almost €1bn.

The 46-year-old chief executive of Pernod Ricard is well prepared for the challenge, according to family members, colleagues and friends, despite a calm and reserved demeanour that can lead some to underestimate him.

Mr Ricard has methodically prepared for this moment, from visiting stores with his late grandfather during an internship, to studying for an MBA at the Wharton School and doing stints as an investment banker at Morgan Stanley and as a consultant at Accenture.

"Alexandre embodies the values of my grandfather of hard work and loyalty," said Patricia Ricard, his cousin. "He is very conscious of the role he must play and the faith that has been placed in him. We are all united behind him."

Elliott, run by US billionaire investor Paul Singer, has publicly called for more cost cuts and an overhaul of the board to address what it calls Pernod's perennial under-performance. Inside Pernod there are fears that Elliott will go further and push for a break-up or sale of the company, in which the Ricard family has a 14.2 per cent stake and a fifth of voting rights.



Bendor Island, in the French Riviera, was bought by the group's founder Paul Ricard as a family retreat © Alamy

Nevertheless Mr Ricard is not an old guard French CEO who will reflexively reject Elliott as an Anglo-Saxon interloper. The tall, sandy-haired executive comes from a younger cohort of French business leaders who are more internationally minded and familiar with the pressures of global capitalism. Speaking with an unaccented and fluent English from time spent in the US as a child, Mr Ricard is likely to simply carry on working hard — very hard — to prove Elliott wrong.

He is off to a good start since taking over as chairman and chief executive from the long-serving Pierre Pringuet in 2015: organic sales growth reached 6 per cent last year, up from 2 per cent two years ago, although operating profit growth has been a modest 4 per cent.

Behind the acceleration is a shift away from marketing based on categories such as vodka or gin towards what Pernod calls "consumption moments" in a nightclub or at dinner in a restaurant. Mr Ricard has also doubled down on premium spirits and travel retail, and ramped up innovation and digital marketing.

The shares are up 50 per cent since he took over, ahead of a 43 per cent rise for rival Diageo, which Elliott has held up as a model, given its higher margins.

People who know him agree on one thing: he lives and breathes Pernod Ricard. He had a huge zinc-topped bar built in his Paris apartment where guests can peruse Pernod products — from old bottles of Jameson whisky to the newest flavour of Absolut vodka. He took a mixology course a few years ago and recently appeared naked in an internal video to introduce a new Absolut advertising campaign.

The second-youngest chief in the CAC 40 blue-chip index, he rejects the formality typical of many French *grands patrons* and asks people to call him Alex. Everyone at the company addresses him with the informal *tu*.

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Wherever he travels, he hits the bars at night to talk to patrons and bartenders, according to Conor McQuaid, a longtime Pernod executive who worked for Mr Ricard in Ireland. The trips are both research and a chance to get his staff to open up. "At times, the real business was done in the bars," said Mr McQuaid. "In the evening people would be more candid than they were during the PowerPoint presentation earlier in the day."

Although Mr Ricard can give off a stiff vibe in public, his Instagram feed offers a glimpse of a more relaxed demeanour. There is a photo of him bearded, grinning with friends at the seaside, drinking Ricard of course. There are also hints of his values: an old black-and-white snap of his grandfather along with a handwritten note from the founder calling for an end to poverty and inequality.

But his Instagram feed does not feature photos of his partner with whom he has two children, and he has worked to ensure that her name has never appeared in the press.

People who know him say this discretion comes from a life lived under the weight of expectations. "He is someone who has had to protect himself," said one former colleague.

With Elliott bearing down, however, Mr Ricard will have to get used to a public contest. His even temper will be an asset, said Emmanuel Babeau, his first boss at Pernod when he was a junior in the audit department who is now deputy chief executive of Schneider Electric. "I have never seen him be ruled by his emotions."

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