DIAGEO PLC
Form 6-K
August 23, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16 OF THE

SECURITIES EXCHANGE ACT OF 1934

For the month of July 2013

Commission File Number: 001-10691

DIAGEO plc

(*Translation of registrant's name into English*)

Lakeside Drive, Park Royal, London NW10 7HQ

(*Address of principal executive offices*)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F x Form 40-F ¨

Indicate by check mark whether the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ¨

Indicate by check mark whether the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ¨

List identifying information required to be furnished

by Diageo plc pursuant to Rule 13a-16 or 15d-16 of

The Securities Exchange Act 1934

1 – 31 July 2013

Information	**Required by/when**
Public Announcements/Press	The Stock Exchange, London

Announcement Company announces completion of USL share purchase agreement with UBHL. (4 July 2013)	**Announcement** Company receives approval to become sole shareholder in SJF Holdco, taking its holding in the Shanghai-listed company to 39.7%. (23 July 2013)
Announcement Company notified of transactions in respect of the Diageo Share Incentive Plan and Mr Walsh, Ms Mahlan and PDMRs inform the Company of their interests therein. Dr Humer informs the Company of his beneficial interests. (10 July 2013)	**Announcement** Company announces preliminary results for year ended 30 June 2013. (31 July 2013)
Announcement Legal & General Group Plc notifies the Company of its interest. (18 July 2013)	**Announcement** Company announces total voting rights. (31 July 2013)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorised.

Diageo plc

(Registrant)

Date: 22 August 2013	By: /s/ C Kynaston Name: C Kynaston Title: Assistant Company Secretary

Company	Diageo PLC
TIDM	DGE
Headline	Completion of USL share purchase with UBHL
Released	14:02 04-Jul-2013
Number	6339I14

RNS Number : 6339I

Diageo PLC

04 July 2013

4 July 2013

Diageo announces completion of USL share purchase agreement with UBHL

Diageo now the major shareholder in USL, the leading Indian spirits company, with a shareholding of 25.02%

Diageo has today completed the acquisition of a further 14.98% stake in United Spirits Limited, the leading spirits company in India. The consideration was INR 1440 per share and the total consideration of INR 31,345,558,560 (£344,190,791) has been settled today.

On 27 May 2013 Diageo subscribed for a preferential allotment of new shares in USL amounting to 10% of the post-issue enlarged share capital at a total consideration of INR 20,927,196,000 (£249,255,052). Separately, Diageo acquired 58,668 additional USL shares in the Tender Offer for a total consideration of INR 85,778,082 (£983,789). Diageo therefore now holds 36,359,192 shares representing 25.02% of the enlarged USL share capital at an aggregate cost of INR 52,358,532,642 (approximately £594,429,632). This represents a 18x multiple of USL's EBITDA for the year ended 31 March 2013 and the transaction is expected to be eps accretive in year 2 and economic profit positive in year 5 assuming a 12% WACC.

With completion of the Share Purchase Agreement, the Shareholders' Agreement between Diageo, United Breweries (Holdings) Limited and KFinvest is now effective. Diageo's 25.02% shareholding in USL, together with the voting and other governance arrangements agreed with the UBHL group, including Dr Mallya's continued role as Chairman of USL, will give Diageo control and enable Diageo to fully reflect the results of USL in its consolidated accounts, which it expects to do from 1 January 2014. Prior to this, Diageo will equity account its shareholding in USL.

Ivan Menezes, Chief Executive of Diageo, said:

'USL's strong market-leading position combined with Diageo's strength and capabilities opens an exciting and important new chapter for Diageo in the attractive Indian spirits market. Since we received approval for this transaction we have been getting ready for closing and integration. Having completed the share purchase, we will now begin the work to identify and capture the significant growth opportunities within this attractive market.'

'Through this acquisition we have transformed Diageo's position in India, a market which is one of the biggest growth opportunities in our industry. India will become one of Diageo's largest markets and with its increasing number of middle class consumers looking for premium and prestige local spirits brands as income levels rise it will also become a major contributor to our growth ambitions.'

Dr Vijay Mallya, Chairman of the UB Group, said:

'I am very pleased that we have completed our Share Purchase Agreement today. USL has entered into the next stage on its journey and I look forward to remaining part of that journey in my role as Chairman of USL.'

Key points:

- Diageo has acquired shares from UBHL, KFinvest (a subsidiary of UBHL), Palmer Investment Group Limited and UB Sports Management Overseas Limited (two subsidiaries of USL) and SWEW Benefit Company (a company established for the benefit of certain USL employees).
- Shares owned by the USL Benefit Trust which were part of the original transaction announced on 9 November 2012 and which represent 2.38% of the enlarged issued share capital of USL are not part of the sale and purchase announced today. If the release of all security interests over these shares is obtained they will be purchased separately at a later stage.
- Diageo has funded the acquisition through existing cash resources and debt.

Important Information

The important information set out below comprises information regarding:

- Completion of the Share Purchase Agreement
- USL board and executive management appointments
- The Shareholders' Agreement
- The Pioneer Distilleries tender offer
- An update on the joint venture arrangements with Dr Mallya
- Other important information and certain potential transaction risks

Completion of the Share Purchase Agreement

Following the conclusion of arrangements for the release of security over the 21,767,749 USL shares that have been sold to Diageo Bidco today and the recent decision of the High Court of Karnataka in respect of certain winding-up petitions pending against UBHL, Diageo has decided to close the Share Purchase Agreement, the final part of the USL Transaction announced on 9 November 2012.

It has not been possible to complete at this time the acquisition of shares from all of the sellers under the Share Purchase Agreement as certain lenders to USL are refusing to release security that they hold over the 3,459,090 USL shares (representing approximately 2.38% of the enlarged share capital of USL) held by the USL Benefit Trust notwithstanding that they have been repaid in full. USL believes that this refusal is in clear breach of the applicable contractual arrangements. Accordingly, USL and the trustees of the USL Benefit Trust are taking steps to expedite release of the security to enable the balance of the sale under the Share Purchase Agreement to Diageo Bidco to take effect as soon as practicable.

Important information on the decision of the High Court of Karnataka referred to above is contained in the "Other Important Information and Certain Potential Transaction Risks" section below.

USL Board and Executive Management Appointments

Dr Mallya will continue as non-executive director and chairman of USL. Ashok Capoor will continue as CEO of USL.

Following the Preferential Allotment, Diageo Bidco nominated Gilbert Ghostine as a non-executive director of USL, and USL confirmed that appointment at that time. Now, following closing of the Share Purchase Agreement, Diageo Bidco has nominated Ravi Rajagopal as a non-executive director of USL. In addition, Diageo Bidco has confirmed P.A. Murali as CFO and has also nominated him as an executive director of USL. These appointments are expected to be confirmed at a USL board meeting later today.

The appointment of the following additional non-executive directors of USL, all of whom are independent, is also expected to be confirmed at the USL board meeting later today: Arun Gandhi, Sudhakar Rao, D. Sivanandhan and Renu Kamad.

Following the USL board meeting today to confirm the above appointments, it is expected that there will be 10 directors on the Board of USL.

Shareholders' Agreement

The Shareholders' Agreement in relation to USL between Diageo, Diageo Bidco, UBHL and Kingfisher Finvest India Limited ("KFinvest") has come into effect today.

Under this agreement:

- Diageo Bidco is entitled to nominate, propose or recommend directors to the USL board and appoint its nominees to the roles of CEO, CFO and the Head of Internal Audit.

- members of the UBHL group which hold USL shares are (subject to specific and limited agreed exceptions) obliged to vote their shares at Diageo Bidco's direction. This voting obligation will terminate on the earlier of the Diageo group reaching a majority position in USL and the end of the fourth full accounting period of Diageo after today's date.

The other principal provisions of the Shareholders' Agreement are set out in the announcement of the USL Transaction made by Diageo on 9 November 2012 (the "Transaction Announcement"). Its terms and the position under it are unchanged save that:

(i) the put option arrangements described in the Transaction Announcement no longer apply under the Shareholders' Agreement; and

(ii) the number of shares that UBHL and KFinvest will be obliged to vote at Diageo Bidco's direction in accordance with the voting obligation described above has reduced as a result of a reduction in UBHL's shareholding in USL. UBHL and KFinvest have informed Diageo that they currently hold, in aggregate, voting rights over 16,108,323 USL shares, representing 11.08% of USL's enlarged share capital.

Pioneer Distilleries Tender Offer

As required by the SEBI Takeover Regulations, by virtue of the Shareholders' Agreement coming into effect on completion of the USL Transaction, Diageo will publish, within 5 working days of the current date, a detailed public statement in respect of the mandatory tender offer to the public shareholders of Pioneer Distilleries Limited ("Pioneer") (a subsidiary of USL) to acquire up to the remaining 18.42% of Pioneer's outstanding share capital. Under the terms of the offer, Pioneer shareholders are entitled to receive INR 60 for each Pioneer share which shall be adjusted upwards by an amount computed at the rate of 10% per annum for the period from the date of the Transaction Announcement to the date of the detailed public statement. This values Pioneer at approximately INR 857 million (£9.4 million). At that price, and assuming full take-up of the offer by Pioneer shareholders, the maximum aggregate consideration payable would be approximately INR 158 million (£1.7 million). As the shares of Pioneer are infrequently traded on the Indian stock exchanges, the offer price is based on an independent valuation and not the market price. The market price of a Pioneer share on the last business day prior to the Transaction Announcement was INR 38.25.

Update on Joint Venture Arrangements with Dr Mallya

Having received the necessary regulatory and competition authority clearances, Diageo completed its agreement to acquire a 50% interest in the company which owns United National Breweries' traditional sorghum beer business in South Africa on 27 June 2013. The remaining 50% is held by a company affiliated with Dr Mallya. Diageo has acquired its 50% interest for $36 million (approximately £24 million), subject to customary adjustments. Diageo announced its intention to form this joint venture on 9 November 2012, subsequently announcing its agreement to enter into such joint venture on 28 January 2013.

Following today's completion of the USL Transaction, the near-term priority of Diageo and Dr Mallya is the integration of USL into the Diageo group. Once that is successfully under way, Diageo and Dr Mallya will explore the opportunity of extending their relationship into other emerging markets in Africa and Asia (excluding India) through a further joint venture relationship on terms and with a scope as yet to be determined. It is not certain whether such a joint venture will be established or, if so, on what basis. If this wider emerging markets joint venture is established, it is expected that the South African joint venture would be contributed to it.

Other Important Information and Certain Potential Transaction Risks

This section sets out some additional important information relating to aspects of today's closing as well as certain potential continuing risks.

As described above, it has not been possible to complete at this time the acquisition of 3,459,090 USL shares (representing approximately 2.38% of the enlarged share capital of USL) under the Share Purchase Agreement from the USL Benefit Trust as certain lenders to USL are refusing to release security that they hold over those shares notwithstanding that they have been repaid in full. USL and the trustees of the USL Benefit Trust are taking steps to expedite release of the security to enable the balance of the sale under the Share Purchase Agreement to Diageo Bidco to take effect as soon as practicable. If it is not ultimately possible to complete the acquisition, the Share Purchase Agreement would lapse in relation to these shares and they would instead continue to be held by the USL Benefit Trust subject to an undertaking that the trustees would only vote the shares at the direction of USL.

As described above, the High Court of Karnataka (the "High Court") has recently granted leave to UBHL under sections 536 and 537 of the Indian Companies Act in respect of five winding-up petitions currently pending against UBHL to enable the sale by UBHL to take place notwithstanding the continued existence of those winding-up petitions. The leave granted by the High Court, which places certain conditions on UBHL in relation to the sale, is in respect of the five winding-up petitions (the "Original Petitions") that were pending on 9 November 2012, being the date on which the USL Transaction was agreed. Since then, two additional winding-up petitions have been brought against UBHL, and the leave granted by the High Court does not extend to them. It is also possible that the decision of the High Court in respect of the Original Petitions could be reviewed in the event of an appeal. It is considered unlikely that any appeal process in respect of the leave decision on the Original Petitions would definitively conclude on a timely basis. Accordingly, Diageo has, in relation to UBHL, waived the conditionality under the Share Purchase Agreement relating to the absence of insolvency proceedings and has acquired 10,141,437 USL shares from UBHL as part of today's closing.

In the event that a winding-up order is passed in respect of UBHL, today's sale of USL shares by UBHL to Diageo Bidco would, as a matter of Indian company law, be treated as automatically void unless leave of the court in respect of all relevant winding-up petitions had been or were obtained for that sale. Accordingly, it is possible that, if a winding-up order were to be passed in respect of UBHL, Diageo Bidco could lose title to the 10,141,437 USL shares acquired today from UBHL. If, following any such winding-up order, the sale of USL shares by UBHL to Diageo Bidco were to be treated as automatically void, it would remain open for retrospective leave to be sought for that sale in respect of any relevant winding-up petition. Whilst there can be no certainty as to the outcome of any such leave application, or the timeframe within which it would be concluded, Diageo believes that the acquisition price of INR 1,440 per USL share is fair and reasonable as regards USL, USL's shareholders and USL's secured and unsecured creditors. Diageo also takes comfort from the High Court's conclusion, after detailed consideration, that the acquisition from UBHL enhances the business opportunities of UBHL and that the transaction is genuine and bona fide for the purposes of promoting the interests of UBHL and its creditors, including the creditors who brought the Original Petitions.

Diageo also has the benefit of certain contractual undertakings and commitments from the relevant sellers in relation to potential challenges to its unencumbered title to the USL shares acquired today, including relating to the winding-up petitions described above and/or certain losses and costs that may be incurred in the event of third party actions relating to the acquisition of the USL shares.

As part of the arrangements being put in place at closing, Diageo Holdings Netherlands B.V. ("DHN") has agreed to issue a conditional back-stop guarantee to Standard Chartered Bank ("Standard Chartered") in respect of the liabilities of Watson Limited ("Watson"), a company affiliated with Dr Mallya and which is a significant shareholder in UBHL, under a $135 million facility that Standard Chartered expects, subject to agreement of full documentation and implementation of a security package, to advance to Watson to refinance certain existing loan facilities. The right of Standard Chartered to call on the guarantee from DHN would be subject to Standard Chartered having first taken certain agreed steps to recover from Watson, including defined steps towards enforcement of its expected security package. In addition, DHN would have, in respect of its potential liability under this guarantee, the benefit of certain counter-indemnity protection as well as the security package put in place for the Standard Chartered facility.

Following today's completion of the final part of the USL Transaction, Diageo will, as contemplated in the Transaction Announcement, now commence the implementation within the USL group of Diageo's operational and governance standards as part of the USL group joining Diageo's international group. As the principal operations of the USL group are located in India and are geographically and operationally devolved within that jurisdiction, it is possible that achieving Diageo's proposed implementation could involve commitment of greater management time, costs and resources than expected, with potential implications for the day-to-day operations of the USL business units.

Except as disclosed in this announcement or previously by Diageo, there has been no significant change affecting any matter contained in the Transaction Announcement and no other significant new matter has arisen which would have been required to be mentioned in the Transaction Announcement if it had arisen at the time of preparation of the Transaction Announcement.

Terms defined in the Transaction Announcement have the same meaning where used in this announcement.

Cautionary Note Regarding Forward-Looking Statements

This announcement contains certain forward-looking statements relating to the financial condition, results of operations and business of USL and certain plans and objectives of Diageo. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "hope", "aims", "continue", "will", "may", "should", "would", "could", or other words of similar meaning. These statements are based on assumptions and assessments made by USL and/or Diageo in light of their experience and their perception of historical trends, current conditions, future developments and other factors they believe appropriate. By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future and circumstances could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and you are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this document. In particular, no statement regarding earnings per share should be interpreted to mean that earnings per share will necessarily be greater than those for any relevant preceding financial period. Neither USL nor Diageo assumes any obligation to update or correct the information contained in this announcement (whether as a result of new information, future events or otherwise), except as required by applicable law.

Sources of information

The share price of Pioneer in this announcement has been taken from the website of National Stock Exchange of India.

Foreign exchange information included in this announcement for historic transactions is based on the actual exchange rates achieved by Diageo when implementing the relevant transaction. Foreign exchange calculations for transactions on or around the date of this announcement have been based on the Reserve Bank of India exchange rates prevailing as at 3 July 2013 (with the INR:£ rate being INR 91.07:£1).

For further information

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JM Financial acted as lead transaction and financial adviser to Diageo on the transaction. BofA Merrill Lynch acted as joint financial adviser.

Slaughter and May and Platinum Partners acted as legal advisers to Diageo. Deloitte LLP provided Financial and Tax due diligence services.

About Diageo

Diageo is the world's leading premium drinks business with an outstanding collection of beverage alcohol brands across spirits, beer and wine. These brands include Johnnie Walker, Crown Royal, J B, Windsor, Buchanan's and Bushmills whiskies, Smirnoff, Cîroc and Ketel One vodkas, Baileys, Captain Morgan, Tanqueray and Guinness.

Diageo is a global company, with its products sold in more than 180 countries around the world. The company is listed on both the New York Stock Exchange (DEO) and the London Stock Exchange (DGE). For more information about Diageo, its people, brands, and performance, visit us at www.diageo.com. For our global resource that promotes responsible drinking through the sharing of best practice tools, information and initiatives, visit DRINKiQ.com.

Celebrating life, every day, everywhere.

ENDS

Company	Diageo PLC
TIDM	DGE
Headline	Director/PDMR Shareholding
Released	15:10 10-Jul-2013
Number	31508-AAAD

TO: Regulatory Information Service

PR Newswire

RE: PARAGRAPH 3.1.4 OF THE DISCLOSURE AND TRANSPARENCY RULES

The notifications listed below were all received under Paragraph 3.1.2 of the Disclosure and Transparency Rules.

Diageo plc (the "Company") announces that:

1. It received notification on 10 July 2013 of the following allocations of ordinary shares of 28 101/108 pence each in the Company ("Ordinary Shares") under the Diageo Share Incentive Plan (the "Plan"), namely:

(i) the following directors of the Company were allocated Ordinary Shares on 10 July 2013 under the Plan, by Diageo Share Ownership Trustees Limited (the "Trustee"):

Name of Director	Number of Ordinary Shares
D Mahlan	9
PS Walsh	9

(ii) the following Persons Discharging Managerial Responsibilities ("PDMR") were allocated Ordinary Shares on 10 July 2013 under the Plan, by the Trustee:

Name of PDMR	Number of Ordinary Shares
N Blazquez	9
D Gosnell	9
A Morgan	9
S Moriarty	9
L Wood	9
I Wright	9

The number of Ordinary Shares allocated comprises those purchased on behalf of the employee using an amount which the employee has chosen to have deducted from salary ("Sharepurchase") and those awarded to the employee by the Company ("Sharematch") on the basis of one Sharematch Ordinary Share for every two Sharepurchase Ordinary Shares.

The Sharepurchase Ordinary Shares were purchased and the Sharematch Ordinary Shares were awarded at a price per share of £20.14.

The Ordinary Shares are held by the Trustee and in the name of the Trustee. Sharepurchase Ordinary Shares can normally be sold at any time. Sharematch Ordinary Shares cannot normally be disposed of for a period of three years after the award date.

2. It received notification on 10 July 2013 that Dr FB Humer, a director of the Company, had purchased 412 Ordinary Shares on 10 July 2013 under an arrangement with the Company, whereby he has agreed to use an amount of £ 8,000 each month, net of tax, from his director's fees to purchase Ordinary Shares. Dr Humer has agreed to retain the

Ordinary Shares while he remains a director of the Company.

The Ordinary Shares were purchased at a price per share of £20.14.

As a result of the above transactions, interests of directors and PDMRs in the Company's Ordinary Shares and American Depository Shares ("ADS")* (excluding options, awards under the Company's LTIPs and interests as potential beneficiaries of the Company's Employee Benefit Trusts) are as follows:

Name of Director	Number of Ordinary Shares
Dr FB Humer	47,295
D Mahlan	132,342 (of which 131,691 are held as ADS)
PS Walsh	769,660

Name of PDMR	Number of Ordinary Shares
N Blazquez	71,202
D Gosnell	110,574
A Morgan	96,579
S Moriarty	28,768
L Wood	1,642
I Wright	56,324

P Tunnacliffe

Company Secretary

10 July 2013

*1 ADS is the equivalent of 4 Ordinary Shares.

Company	Diageo PLC
TIDM	DGE
Headline	Holding(s) in Company
Released	13:01 18-Jul-2013
Number	31300-288E

For filings with the FCA include the annex

For filings with issuer exclude the annex

TR-1: NOTIFICATION OF MAJOR INTEREST IN SHARES

1. Identity of the issuer or the underlying issuer of existing shares to which voting rights are attached:

Diageo Plc

2. Reason for the notification (please tick the appropriate box or boxes):

An acquisition or disposal of voting rights

Yes

An acquisition or disposal of qualifying financial instruments which may result in the acquisition of shares already issued to which voting rights are attached.

An acquisition or disposal of instruments with similar economic effect to qualifying financial instruments

An event changing the breakdown of voting rights

Other (please specify):

3. Full name of person(s) subject to the notification obligation: Legal & General Group Plc (L&G)

4. Full name of shareholder(s) N/A
(if different from 3.):

5. Date of the transaction and date on which the threshold is crossed or reached: 16 July 2013

6. Date on which issuer notified: 17 July 2013

7. Threshold(s) that is/are crossed or reached: L&G (Below 3%)

8. Notified details:

A: Voting rights attached to shares

Class/ type of shares if possible using the ISIN CODE	Situation previous to the triggering transaction		Resulting situation after the triggering transaction				
	Number of Shares	Number of Voting Rights	Number of shares	Number of voting rights		% of voting rights	
				Direct	Indirect	Direct	Indirect
ORD 28.935	99,894,002 (As on 21/10/2009)		Below 3%				

B: Qualifying Financial Instruments

Resulting situation after the triggering transaction

Type of financial instrument	Expiration date	Exercise/ Conversion Period	Number of voting rights that may be acquired if the instrument is exercised/ converted.	% of voting rights

C: Financial Instruments with similar economic effect to Qualifying Financial Instruments

Resulting situation after the triggering transaction

Type of	Exercise/	Number of voting	% of voting rights

financial instrument	Exercise price	Expiration date	Conversion period	rights instrument refers to		
					Nominal	Delta

Total (A+B+C)

Number of voting rights	Percentage of voting rights
	Below 3%

9. Chain of controlled undertakings through which the voting rights and/or the financial instruments are effectively held, if applicable:

Legal & General Group Plc (Direct and Indirect) (Group)

Legal & General Investment Management (Holdings) Limited (LGIMH)

(Direct and Indirect)

Legal & General Investment Management Limited (Indirect) (LGIM)

Legal & General Group Plc (Direct) (L&G) (Below 3% = LGAS, LGPL & PMC)

Legal & General Investment Management (Holdings)

Legal & General Limited (Direct) (LGIMHD)

Insurance Holdings Limited (Direct) (LGIH)

Legal & General Assurance (Pensions Management)

Legal & General Limited (PMC)

Assurance Society Limited (LGAS & LGPL)

Legal & General Pensions Limited (Direct) (LGPL)

Proxy Voting:

10. Name of the proxy holder: N/A

11. Number of voting rights proxy holder will cease to hold: N/A

12. Date on which proxy holder will cease to hold voting rights: N/A

Notification using the total voting rights figure of

13. Additional information: 2,510,356,543

14. Contact name: Angela Hayter (LGIM)

15. Contact telephone number: 020 3124 3851

Company	Diageo PLC
TIDM	DGE
Headline	Approval to become sole shareholder in SJF Holdco
Released	07:00 23-Jul-2013
Number	9073J07

RNS Number : 9073J

Diageo PLC

23 July 2013

23 July 2013

Diageo receives approval to become sole shareholder in SJF Holdco, taking its holding in the Shanghai-listed company to 39.7%

Diageo has received approval from the Chinese authorities to acquire the remaining 47% stake in Sichuan Chengdu Shuijingfang Group Company Ltd. (SJF Holdco) (formerly Sichuan Chengdu Quanxing Group Company Ltd) owned by its Chinese partners. As a result, SJF HoldCo will be converted from a joint venture into a wholly foreign-owned enterprise owned by Diageo. On completion, Diageo's indirect interest in the Shanghai-listed company, Sichuan Shuijingfang Co., Ltd. (Shuijingfang), will rise from 21.05% to 39.71%. The total consideration for the 47% of SJF Holdco will be approximately £233 million.

Gilbert Ghostine, President of Diageo Asia Pacific, said:

"I am delighted to have gained approval from the Chinese authorities to acquire the rest of our Chinese partners' interest in SJF HoldCo. This is a milestone in the journey we began with our partners six years ago. As the controlling shareholder in Shuijingfang, Diageo will continue to work with the senior Chinese management to build Shuijingfang into the leading international Bai Jiu brand. I have every confidence in the long-term future of the Bai Jiu category in China."

Vermilion Partners acted as transaction adviser to Diageo. Haiwen acted as legal adviser to Diageo on the transaction. HSBC acted as partner bank for FX and Settlement.

ENDS

For further information

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About Diageo

Diageo is the world's leading premium drinks business with an outstanding collection of beverage alcohol brands across spirits, beer and wine. These brands include Johnnie Walker, Crown Royal, J B, Windsor, Buchanan's and Bushmills whiskies, Smirnoff, Cîroc and Ketel One vodkas, Baileys, Captain Morgan, Tanqueray and Guinness.

Diageo is a global company, with its products sold in more than 180 countries around the world. The company is listed on both the New York Stock Exchange (DEO) and the London Stock Exchange (DGE). For more information about Diageo, its people, brands, and performance, visit us at www.diageo.com. For our global resource that promotes responsible drinking through the sharing of best practice tools, information and initiatives, visit DRINKiQ.com.

Celebrating life, every day, everywhere.

Company	Diageo PLC
TIDM	DGE
Headline	Preliminary Results
Released	07:00 31-Jul-2013
Number	5311K07

RNS Number : 5311K

Diageo PLC

31 July 2013

Preliminary results, year ended 30 June 2013

Results show Diageo is a strong business getting stronger

- Net sales growth of 5%, driven by 4 percentage points of positive price/mix
- Operating profit growth of 8%, driven by 0.8 percentage points of margin expansion
- Marketing investment up 5%, to 15.7% of net sales, focused on the strategic brands
- Strong performance in North America with net sales up 5% and operating profit up 9%
- Emerging markets' net sales are 42% of Diageo's business, following 11% net sales growth and acquisitions which added £233 million
- Emerging markets operating profit up 18%, as increased scale led to operating margin expansion
- Acquisition of the Ypióca brand in Brazil in August 2012
- Free cash flow was £1.5 billion, after making a £400 million contribution to the UK pension scheme
- Growth of 11% in eps pre-exceptional items, to 104.4 pence per share
- Board recommending a 9% increase in the final dividend
- Increased stake in Shuijingfang and acquired the major interest in USL since the year end

Ivan Menezes, Chief Executive, commenting on the year ended 30 June 2013

"These results reflect Diageo's strengths. We have delivered 5% net sales growth reflecting the strength of our US spirits business and continued double digit growth in the emerging markets, despite weakness in some markets. Price increases in each region, positive mix in North America and Latin America and the rigour we have in managing our cost of production and controlling our overheads drove significant expansion in operating margin.

The effectiveness of our marketing campaigns remains a competitive advantage for us and this year we have seen these campaigns extend the leadership of our brands in many markets during the year. This has been a key driver of our performance in scotch, our biggest and most profitable category, especially for Johnnie Walker which is now a 20 million case brand. Innovation is driving growth in every region, with our biggest launches in US spirits where we continue to lead the innovation agenda in the industry. Elsewhere, the investments we have made to enhance our routes to market in Africa, Latin America and Eastern Europe have driven strong growth.

The breadth of our good performance is reflected in the strength of the cash flow, in our double digit eps growth and a recommended 9% increase in the final dividend. This year we have again made a strong business stronger and we remain on track to deliver our medium term guidance."

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Key financials:

		2013	2012	Organic growth %	Reported growth %
Volume	EUm	165.0	156.5	1	5
Net sales	£million	11,433	10,762	5	6
Marketing spend	£million	1,787	1,691	5	6
Operating profit before exceptional items	£million	3,530	3,198	8	10
Operating profit	£million	3,431	3,158		9
Profit attributable to parent company's equity shareholders	£million	2,485	1,942		28
Free cash flow	£million	1,460	1,647		
Basic eps	pence	99.3	77.8		28
eps pre-exceptional items	pence	104.4	94.2		11
Recommended full year dividend	pence	47.40	43.50		9

Operating profit before exceptional items includes attributable transaction and integration costs of £8 million (2012 – £61 million) in respect of business acquisitions.

Income from associates of £199 million (2012 – £213 million) includes a deferred tax asset write-off of £23 million (2012 – £nil) in respect of DHN Drinks in South Africa.

The tax rate before exceptional items for the year ended 30 June 2013 remained unchanged at 17.7% compared with the year ended 30 June 2012. The reported tax rate, which includes tax on exceptional items, was 16.9% for the year ended 30 June 2013 compared with 33.3% for the year ended 30 June 2012. In the year ended 30 June 2012 tax authority negotiations were concluded resulting in a favourable change to the taxation basis of certain overseas profits and intangible assets and a write off of deferred tax assets of £524 million.

Organic growth by region:

	Volume %	Net sales %	Marketing spend %	Operating profit %
North America	1	5	10	9
Western Europe	(3)	(4)	(6)	(7)
Africa, Eastern Europe and Turkey	4	10	16	10
Latin America and Caribbean	4	15	11	26
Asia Pacific	(1)	3	(1)	6

The organic growth calculation does not include brands which were disposed of in the year ending 30 June 2013, primarily Nuvo, and Jose Cuervo as a result of the termination of the distribution agreement.

Exchange rate movement

	£million
Net sales	(60)
Operating profit before exceptional items	(4)

Exchange rate movement for net sales and operating profit before exceptional items are the translation of prior year reported results at current year exchange rates.

Using current exchange rates (£1 = $1.54 : £1 = €1.16) exchange rate movements for the year ending 30 June 2014 are expected to adversely impact operating profit by £55 million and increase net finance charges by £5 million. This guidance excludes the impact of IAS 21 and 39.

Update on strategic transactions

On 4 July 2013 Diageo announced the completion of the United Spirits Limited (USL) share purchase agreement with United Breweries (Holdings) Limited and the acquisition of a further 14.98% stake in USL for a total consideration of INR 31 billion (£344 million). This follows Diageo’s subscription for the preferential allotment of 10% of the post issue share capital of USL and the acquisition of 58,668 additional shares through the mandatory tender offer. Diageo is now the major shareholder in USL with a shareholding of 25.02%. The total purchase consideration was INR 52 billion (£594 million).

On 11 December 2012 Diageo announced that discussions between Diageo and JB y Compania S.A. de C.V. and Lanceros S.A. de C.V. in respect of the future of the Jose Cuervo brand had ended. The contract for the distribution of Jose Cuervo in North America and many other markets between Diageo and Jose Cuervo expired on 30 June 2013. In the year ended 30 June 2013 Diageo reported net sales of £308 million and operating profit of £76 million from Jose Cuervo.

Definitions

Unless otherwise stated in this announcement:

- volume is in millions of equivalent units (EUm)
- net sales are sales after deducting excise duties
- percentage movements are organic movements
- commentary refers to organic movements
- share refers to value share

See page 34 for additional information for shareholders and an explanation of non-GAAP measures.

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BUSINESS REVIEW

For the year ended 30 June 2013

North America

Larry Schwartz, President, Diageo North America, commenting on the year ended 30 June 2013, said:

"Diageo's organic performance in North America, with volume up 1% and net sales up 5%, has been driven by our strength in US spirits which continues to benefit from positive demographics and the consumers' wish to premiumise. Great innovation, impactful marketing campaigns, and our superior route to market have resulted in 3% volume growth and 8% net sales growth in US spirits. We have taken price increases across our brands, especially on our premium and super premium brands. The strong performance of Crown Royal, Johnnie Walker, Buchanan's, and Bulleit Bourbon, and double digit growth of our reserve brands, were the key contributors to mix. We have sustained our successful innovation pipeline and again we have 5 of the top 10 new launches in the United States, with Crown Royal Maple the number one US innovation this year. We have increased marketing spend 11% on our US spirits brands and we now have on air campaigns for all our core brands. DGUSA, in contrast, had a difficult year with increased competition from new entrants in flavoured beer. Wine has had a good year, benefiting from innovation and price increases. Canada has delivered good growth through price increases, innovation, and marketing investment in Tanqueray, Crown Royal, and Baileys. Strong price/mix across North America enhanced our gross margin and with our continued focus on overheads we were able to increase marketing investment while still delivering 120bpts of operating margin improvement."

Key financials £m:

	2012	FX	Acquisitions and disposals*	Organic movement	2013	Reported Movement %
Net sales	3,556	22	(24)	179	3,733	5
Marketing spend	547	6	(18)	50	585	7
Operating profit before exceptional items	1,360	14	(3)	113	1,484	9
Exceptional items	(11)				-	
Operating profit	1,349				1,484	10

* Diageo reported net sales of £267 million (2012 – £266 million) from Jose Cuervo in North America. Acquisitions and disposals are in respect of the year on year movement for Jose Cuervo, as a result of the termination of the distribution agreement, and for disposals made in the years ended 30 June 2013 and 30 June 2012. The variance is primarily driven by the sales decline of Nuvo.

Key markets and categories:

	Organic volume* %	Organic net sales %	Reported net sales %
North America	1	5	5
US Spirits	3	8	7
DGUSA	(7)	(6)	(6)
Diageo Chateau & Estate Wines	1	3	4
Canada	-	8	7
Spirits**	2	8	8
Beer	(2)	(1)	(3)
Wine	1	4	4
Ready to drink	(10)	(10)	(11)

The strategic brands**:

	Organic volume* %	Organic net sales %	Reported net sales %
Johnnie Walker	5	12	13
Crown Royal	14	17	17
Buchanan's	13	19	19
Smirnoff	2	5	6
Ketel One vodka	5	8	8
Cîroc	1	4	5
Captain Morgan	-	4	4
Baileys	4	7	8
Tanqueray	7	11	12
Guinness	(2)	(1)	-

* Organic equals reported movement for volume except for Canada (1)%, beer (3)% ready to drink (12)%, and wine 0%, reflecting the disposals in North American wine and other disposals and the termination of the Jose Cuervo distribution agreement.

** Spirits brands excluding ready to drink.

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- **US spirits** net sales grew 8% driven by a strong performance in North American whiskey, scotch, and vodka. Crown Royal and Bulleit Bourbon contributed more than 45% of the net sales growth following successful innovations such as Crown Royal Maple Finished and Bulleit 10 year old which were launched this year. Smirnoff delivered a strong performance and grew net sales 6% with the expansion of the confectionery line and the launch of Smirnoff Kissed Caramel, Iced Cake and Root Beer Float. Johnnie Walker increased net sales 14% driven by the strong performance of both Johnnie Walker Black Label and Blue Label. 5ppts of positive price/mix arose from price increases put through across categories and positive mix from premiumisation as net sales of the reserve brands grew 9%. Net sales growth in the fourth quarter benefited from the shipment of a new Cîroc flavour which was launched in July.

- **Canada**'s net sales growth of 8% was driven by price increases across categories, successful innovation launches in whiskey, rum, and liqueurs, and the impact of increased marketing investment behind Johnnie Walker, Crown Royal and Baileys as well as bulk whiskey sales.

- Net sales in beer declined 1%. Guinness lost share in the United States as we lapped the introduction of Guinness Black Lager and Red Stripe was affected by supply disruptions.

- Ready to drink net sales declined 10% as Smirnoff Ice faced increased competition from established beer brands.

- Marketing investment was up 10% driven by an increased investment behind strategic brands. Increased spend of 24% on Johnnie Walker was focused on the 'My Label is Black' campaign which was designed to celebrate the Hispanic community. Successful campaigns included the 'Reign On' campaign for Crown Royal, the continuation of the 'Master of the Mix' programme, featuring a DJ competition on cable TV, sponsored by Smirnoff, and the 'Luck Be a Lady' campaign for Cîroc featuring Sean Combs. Increased investment behind Bulleit Bourbon was focused on raising consumer awareness of the brand.

- Price increases implemented across the portfolio and positive mix from the double digit net sales growth of our super and ultra premium brands drove 120bpts of organic operating margin improvement.

Western Europe

John Kennedy, President, Diageo Western Europe, commenting on the year ended 30 June 2013, said:

"Western Europe continued to be a challenging trading environment. Our Southern European markets and Ireland faced another very tough year and net sales declined 11%. Trading in Great Britain was resilient as double digit growth in reserve brands coupled with growth from innovation and improved performance from Smirnoff offset a 9% decline in ready to drink and a 3% decline in Guinness. Benelux, and Germany and Austria grew net sales double digit mainly driven by the strong performance of our scotch and rum brands. Marketing investment, while lower overall, was focused on the biggest opportunities, primarily on our strategic brands, Captain Morgan and Tanqueray as well as on Guinness which made share gains in the last quarter in Great Britain and Ireland. We increased marketing investment on Cîroc, Ketel One vodka, Zacapa, and Johnnie Walker and consequently reserve brands continued to be an area of significant growth, up double digits. Overall we are addressing the challenges we see in Southern Europe and Ireland and we are capturing growth in the stronger markets of Western Europe."

Key financials £m:

	2012	FX	Acquisitions and disposals	Organic Movement	2013	Reported movement %
Net sales	2,345	(36)	1	(90)	2,220	(5)
Marketing spend	355	(8)	1	(20)	328	(8)
Operating profit before exceptional items	717	(12)	(1)	(48)	656	(9)
Exceptional items	43				(31)	
Operating profit	760				625	(18)

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Key market and categories:

	Organic volume* %	Organic net sales %	Reported net sales %
Western Europe	(3)	(4)	(5)
Spirits**	(2)	(3)	(4)
Beer	(6)	(5)	(7)
Wine	(13)	(7)	(7)
Ready to drink	(13)	(8)	(9)

The strategic brands**:

	Organic volume* %	Organic net sales %	Reported net sales %
Johnnie Walker	(2)	(1)	(3)
J B	(18)	(24)	(26)
Smirnoff	2	(1)	(2)
Captain Morgan	17	15	13
Baileys	(4)	(6)	(7)
Guinness	(5)	(3)	(4)

* Organic equals reported movement for volume except for spirits (1)% and ready to drink (14)%.
** Spirits brands excluding ready to drink.

- In the stronger economies of **Germany, Austria, and Benelux** double digit net sales growth was delivered. Germany and Austria maintained strong momentum on the back of increased marketing investment and expansion of the sales force in the off trade. Captain Morgan and Smirnoff both grew volume and share while net sales of Mey İçki's brands in Germany, the largest export market for raki, grew following increased marketing.

- In **Great Britain,** innovation and growth of reserve brands offset the impact of a weaker beer market. Innovations included Pimm's Blackberry & Elderflower and a further range extension of pre-mix cans. Growth in reserve was driven by the introduction of Cîroc. Guinness net sales declined 3%, however in the last quarter Guinness gained share as a result of increased marketing investment.

- In **Ireland,** the beer market contracted across all channels due to the weak economy, and Guinness declined 5%. However, as a result of increased investment, the brand has gained share in the last quarter.

- Net sales in **France** declined 8% in a weak trading environment and J B lost share as promotional activity by competitors increased.

- **Iberia, Greece** and **Italy** now represent 3% of Diageo's net sales after a number of years of tough trading. In these Southern European markets, volume declined 13% and net sales declined 15% as deeper austerity measures affected overall consumption and sales mix. J B and Baileys were impacted the most, declining 30% and 18%, respectively.

- Captain Morgan was the best performing brand in Western Europe with 15% net sales growth primarily in Great Britain and Germany driven by higher marketing investment. Reserve continues to show significant growth across Western Europe, with strong growth from the Malts portfolio, while Tanqueray performed well in Great Britain, Benelux, and Germany and gained share in the key gin market of Spain.

- In Western Europe, innovation plays an increasingly important role. Innovation is focused on both sustaining prior year launches, such as Captain Morgan in Germany, and The Singleton in Northern Europe, and on ensuring successful new launches in this year, such as Pimm's Limited Editions, Johnnie Walker Gold Label Reserve, and Johnnie Walker Platinum Label.

- Net sales in **Diageo Wines Europe** declined 10% in the financial year, mainly due to the lapping of very strong En Primeur sales in the previous year, and the decision to exit from some low value wines.

Africa, Eastern Europe and Turkey

Nick Blazquez, President, Diageo Africa, Eastern Europe and Turkey commenting on the year ended 30 June 2013, said:

"This year we are reporting Africa, Eastern Europe, and Turkey as a newly formed region, which is now Diageo's second largest and is the biggest contributor to net sales growth. Net sales grew 10% from strong performance of spirits and a robust performance of beer in Africa, where we grew net sales despite volume declines. Our important spirits markets grew strongly driven by Johnnie Walker in scotch and Smirnoff in vodka. Growing scotch is our priority in spirits and I am pleased to see our strong share gains across the majority of our markets as we scaled up our marketing campaigns. In Eastern Europe and Turkey our focus is primarily on spirits, and Africa remains the key opportunity for growing our outstanding beer business, and expanding spirits. In Africa, while the economic and political situations vary and have impacted beer volume in certain markets, we are investing in beer capacity and building routes to market to fuel long term growth. We have continued to invest in supply and production capacity in Nigeria, Kenya, Ghana, Cameroon, and the expansion of the Meta Abo brewery in Ethiopia. We are also committed to our community and environmental responsibilities, driving down energy consumption, using local raw materials for beer production, and utilising returnable packaging. Our marketing investment grew 16% to support growth of well established brands and bring new brands and variants to emerging middle class consumers. We have introduced innovation at scale delivering new packaging and fantastic products such as Ruut Extra in Ghana, which is Diageo's first beer brewed using cassava, Jebel grain spirit in Kenya, and Shark Tooth rum in Russia. I am pleased with the progress we continue to make in building our brands and our organisation, and with these good results."

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Key financials £m:

	2012	FX	Acquisitions and disposals	Organic movement	2013	Reported movement %
Net sales	2,051	(28)	59	198	2,280	11
Marketing spend	232	(6)	3	36	265	14
Operating profit before exceptional items	575	(12)	31	60	654	14
Exceptional items	(7)				(5)	
Operating profit	568				649	14

Key markets and categories:

	Organic volume* %	Organic net sales %	Reported net sales %
Africa, Eastern Europe and Turkey	4	10	11
Africa	3	9	8
Nigeria	(1)	5	6
East Africa	3	10	13
Africa Regional Markets	(1)	9	7
South Africa	14	17	5
Russia and Eastern Europe	14	16	14
Turkey	(4)	8	22
Spirits**	8	13	14
Beer	(1)	5	6
Ready to drink	27	32	28

The strategic brands**:

	Organic volume* %	Organic net sales %	Reported net sales %
Johnnie Walker	22	22	19
J B	5	4	-
Smirnoff	8	19	11
Captain Morgan	17	19	12
Baileys	13	13	11
Guinness	(2)	2	1

* Organic equals reported movement for volume except for: Africa, Eastern Europe and Turkey 7%, Africa 5%, Africa Regional Markets 5%, Turkey 9%, spirits 11%, beer 1%, reflecting the acquisition of Meta Abo and Mey İçki.

** Spirits brands excluding ready to drink.

- **Africa, Eastern Europe and Turkey** delivered 10% net sales growth, with spirits net sales up 13% and beer net sales up 5% and therefore spirits have driven 59% of the region's net sales growth. Volume in the region was up 4% despite a challenging Africa beer market. Ready to drink net sales grew 32%, driven by Africa.

- **Nigeria** proved to be a challenging market as consumer confidence was negatively impacted by low government spending and the beer market continued to decline. Volume decreased 1%, however, net sales grew 5% as a result of 52% net sales growth in spirits and price/mix in beer. Beer volume decreased 4%, largely due to Harp and Guinness, however Diageo's beer business delivered net sales growth of 1% as the beer route to market was reinforced through investment in Guinness' distribution network, and an increased sales force. Malta Guinness delivered 15% net sales growth following the introduction of Malta Guinness Low Sugar last year, price increases, and marketing investment.

In spirits, Johnnie Walker net sales grew 63% and Baileys net sales were up 30%, as a result of increased distribution and marketing investment. Johnnie Walker spend was focused behind outdoor advertising, the ‘Keep Walking’ campaign, and event sponsorship, while Baileys increased visibility and promotions, coupled with a new bottle launch. Snapp, an apple flavoured ready to drink, targeting the female audience, performed well, benefitting from marketing support, strong distribution and launch events.

East Africa delivered 10% net sales growth from 3% volume growth. Beer net sales increased by 9%, driven by beer brands in Kenya. Guinness delivered 19% net sales driven by the 'Made of More' advertising campaign, and the Guinness Football Challenge promotion and grew margin as a result of price increases. Tusker net sales were up 13% largely because of favourable price/mix, and volume also grew due to strong marketing support through soccer sponsorships and the 'It's Our Time' campaign. Senator beer net sales grew 9% driven by growth of Senator Keg in Kenya, and the introduction of Senator in Tanzania. There was some weakness in local spirits, however, international spirits performed particularly well with Johnnie Walker and Smirnoff delivering 22% and 24% incremental net sales respectively. Johnnie Walker's performance was delivered through a mix of growth drivers, including building bar staff capability in premium spirits, educational whisky events for consumers, and on trade activations to promote smaller-sized bottles. Key drivers of Smirnoff growth were price increase and geographic mix. Ready to drink net sales were up 48% as Smirnoff Ice and Snapp continued to grow.

In **Africa Regional Markets** spirits growth was driven by Johnnie Walker which delivered double digit increases in net sales across all key markets. Beer net sales were driven by price increases in Ghana, Cameroon, and Seychelles. In Ghana, beer benefited from the government's tax concessions on products containing a majority of local raw materials. This helped to offset supply constraints, such as water shortages and increased energy costs. In Cameroon, growing competition from lagers and beer price increases impacted volume. Strong performance of Meta in Ethiopia contributed to total beer net sales growth. Marketing investment was focused behind Johnnie Walker in spirits as well as Ruut Extra in Ghana, Malta Guinness in Cameroon, and Meta beer.

South Africa delivered a strong performance in spirits driving net sales growth of 17%. Scotch was the largest contributor following national roll out of VAT 69 and J B promotion campaigns. The expansion of the Johnnie Walker Red Label 'Step Up' campaign and the launch of the 'Keep Walking' campaign targeted at emerging middle class consumers drove premiumisation. As a result, Johnnie Walker net sales grew 31% and share increased. In vodka, Smirnoff maintained last year's performance trajectory and grew net sales 19%. As pricing and value are key to growth of spirits against local beer and brandy, 500ml PET packaging was launched, following the successful introduction of the 200ml PET pack last year. Smirnoff introduced new flavours, Smirnoff Iced Cake and Smirnoff Kissed Caramel.

Russia and Eastern Europe delivered 16% net sales growth. Scotch contributed over half of this growth. Johnnie Walker maintained its leadership, posting its biggest share gains in Poland, Bulgaria, and Ukraine. In the standard segment, Bell's and Black&White drove volume growth recruiting emerging middle class consumers into the whisky category. Increased marketing investment was focused behind the strategic brands and innovation, which is one of the key growth drivers in the market. Captain Morgan performed strongly with net sales growth of over 30%, as did Bushmills.

Turkey net sales were up 8% while volume declined 4% driven by raki category, which was impacted by excise duty increases. Yeni Raki, which remains the most recognised raki brand in Turkey, grew net sales 7% as a result of price increases and better mix. Johnnie Walker and Smirnoff grew net sales double digit and gained share. Johnnie Walker Double Black, Johnnie Walker Gold Label Reserve, Smirnoff Gold, and Cîroc were introduced to widen the range of international brands. Captain Morgan Spiced Gold was introduced to meet the opportunity in cocktail consumption occasions. Marketing investment grew 12% and supported new brand introductions, as well as Johnnie Walker and Smirnoff.

Marketing investment in the region was up 16%, mainly driven by significant increases on spirits brands, which were up 25% in Africa, 25% in Russia and Eastern Europe, and 12% in Turkey. In Africa marketing investment in beer grew 8%.

Latin America and Caribbean

Randy Millian, President, Diageo Latin America and Caribbean, commenting on the year ended 30 June 2013, said:

"Our Latin America and Caribbean business has delivered another strong set of results. Net sales grew 15%, driven by volume, price and mix improvement. Strong double digit growth in Venezuela, Mexico, and West LAC offset a slowdown in Brazil, mostly due to destocking in the wholesale channel driven by a stricter enforcement of tax collections. Scotch remains the growth engine of the region contributing 81% of overall net sales growth. We have expanded our reach to emerging middle class consumers by investing strongly in Johnnie Walker Red Label, Black&White and White Horse. As we drive our premiumisation strategy, we have focused our marketing on super and ultra premium brands. Our reserve brands grew net sales double digit, with particularly strong performance of Johnnie Walker Gold Label Reserve, Buchanan's Special Reserve, and Cîroc. At the same time we have continued to invest in our route to market, particularly in Brazil and Mexico, and increased our focus on innovation which this year accounted for more than a tenth of the net sales in the region. Strong price/mix enabled us to increase marketing investment and still grow operating profit 26% with 300bpts of margin expansion. Overall, despite some headwinds in Brazil and volatility in Venezuela, these are long term, high-growth markets with favourable population demographics and we are well positioned to capture these opportunities and consolidate our leadership position in the region."

Key financials £m:

	2012	FX	Acquisitions and disposals	Organic movement	2013	Reported movement %
Net sales	1,239	(26)	62	182	1,457	18
Marketing spend	208	(5)	8	22	233	12
Operating profit before exceptional items	369	(4)	9	97	471	28
Exceptional items	(2)				-	
Operating profit	367				471	28

Key markets and categories:

	Organic volume* %	Organic net sales %	Reported net sales %
Latin America and Caribbean	4	15	18
PUB	1	1	

The strategic brands**:

	Organic volume* %	Organic net sales %	Reported net sales %
Johnnie Walker	6	11	9
Buchanan's	10	26	27