Pernod takeover talk lifts Domecq

Shares in UK drinks and food firm Allied Domecq have risen on speculation that it could be the target of a takeover by France's Pernod Ricard.

Reports in the Wall Street Journal and the Financial Times suggested that the French spirits firm is considering a bid, but has yet to contact its target. Allied Domecq shares in London rose 4% by 1200 GMT, while Pernod shares in Paris slipped 1.2%. Pernod said it was seeking acquisitions but refused to comment on specifics.

Pernod's last major purchase was a third of US giant Seagram in 2000, the move which propelled it into the global top three of drinks firms. The other two-thirds of Seagram was bought by market leader Diageo. In terms of market value, Pernod - at 7.5bn euros ($9.7bn) - is about 9% smaller than Allied Domecq, which has a capitalisation of £5.7bn ($10.7bn; 8.2bn euros). Last year Pernod tried to buy Glenmorangie, one of Scotland's premier whisky firms, but lost out to luxury goods firm LVMH. Pernod is home to brands including Chivas Regal Scotch whisky, Havana Club rum and Jacob's Creek wine. Allied Domecq's big names include Malibu rum, Courvoisier brandy, Stolichnaya vodka and Ballantine's whisky - as well as snack food chains such as Dunkin' Donuts and Baskin-Robbins ice cream. The WSJ said that the two were ripe for consolidation, having each dealt with problematic parts of their portfolio. Pernod has reduced the debt it took on to fund the Seagram purchase to just 1.8bn euros, while Allied has improved the performance of its fast-food chains.