

ABOUT US

Diageo is a global spirits manufacturer and retailer with a wide product offering including: Johnnie Walker and Smirnoff.



MANAGEMENT

Diageo CEO Ivan Menezes took over at the helm in July 2013. Since then he has started a turn around in the company that is looking to grow into emerging markets and to reignite sales in North America. Spirit sales have struggled over the last few years due to more consumers leading a more health conscious lifestyle.

LATEST RESULTS

- Net Sales Grew 15%
- Operating Profit Grew 20%
- Operating Margin of 32%
- EPS of 62 pence (estimate 61.29 pence)
- Scotch Sales Grew 21%
- Johnnie Walker Scotch Organic* Volumes and Net Sales Grew by 4% and 5% Respectively
- Vodka Net Sales Declined by 2% (Organic*)

KEY METRICS

- COMPETITIVE ADVANTAGE:** Global Reach, Market Leaders, Premium Portfolio, Multiple Brands
- DIVIDEND YIELD:** 2.70%
- RISKS:** Consumer Demand, FX and EM
- GEOGRAPHIC REACH:** Global
- BETA:** 0.79
- MARKET CAPITALIZATION:** £55.04bn



KEY FINANCIALS (£)	2015	2016	2017E**	2018E**
Net Sales (million)	10813	10485	11982	12591
Net Sales Growth		-3%	14%	5%
Operating Income (million)	3480	3450	4050	4350
Operating Income Growth		-1%	17%	7%
Net Profit (million)	2381	2244	2661	2933
Net Profit Growth		-6%	19%	10%
EPS	0,95	0,89	1,06	1,16
EPS Growth		-6%	19%	9%
P/E	19	23	21	19
ROA	0,1	9%	10%	11%
ROE	33%	28%	29%	29%

*- Organic refers to figures excluding exchange rate changes

Source: Thomson Reuters

** - 2017E and 2018E are estimated figures