



ALLIED DOMEQCQ

## Appendices

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### Continuing normalised profit & earnings

	2002 £m	2001 £m	Change %
Trading profit at constant exchange rates	610	533	14
FX on translation		10	
Trading profit as reported	<u>610</u>	<u>543</u>	12
Finance charges	(130)	(90)	
Profit before tax	<u>480</u>	<u>453</u>	6
Tax (25%) ongoing	(120)	(113)	
Minorities	(13)	(13)	
<b>Net earnings</b>	<u><b>347</b></u>	<u><b>327</b></u>	<b>6</b>
Average shares outstanding	1,066	1,054	
Earnings per share (normalised)	32.6p	31.0p	5
<b>Earnings per share (basic)</b>	<b>36.8p</b>	<b>32.6p</b>	<b>13</b>

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## Financial summary Spirits & Wine and QSR

	2002 £m	2001 £m	Change %
Spirits & Wine	3,018	2,504	21
QSR	316	301	5
Gross turnover	3,334	2,805	19
Duty	(638)	(601)	(6)
<b>Group net turnover</b>	<b>2,696</b>	<b>2,204</b>	<b>22</b>
Spirits & Wine	516	450	15
QSR	78	70	11
Britannia	16	13	23
<b>Trading profit</b>	<b>610</b>	<b>533</b>	<b>14</b>

(at constant currency)

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## Spirits & Wine - turnover

	2002 £m	2001 £m	Change %
<b>Gross turnover</b>			
Product sales	2,966	2,441	22
Others (including bulk sales of spirits)	52	63	(17)
Comparable gross turnover	3,018	2,504	21
FX translation and reclassification	-	67	
<b>Gross turnover as published</b>	<b>3,018</b>	<b>2,571</b>	<b>17</b>
<b>Net turnover (at constant exchange rates)</b>			
Gross	3,018	2,504	21
Duty	(638)	(601)	(6)
<b>Net turnover</b>	<b>2,380</b>	<b>1,903</b>	<b>25</b>

For comparative purposes only:

- 1) Translation adjustments to turnover were £37m.
- 2) Prior year turnover includes a reclassification of £30m for certain discounts.

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## Spirits & Wine - year on year movement of 2000/2001 geographical trading profit

	2001	Market	FX	2001	2002		2002	
	Presented	Transfer	£m	01/02 FX	Reported	%	Organic	%
	£m	£m		£m	£m		£m	
Europe	142	7	3	152	160	5	146	(4)
North America	185	(27)	-	158	169	7	160	1
Latin America	46	-	(3)	43	61	42	61	42
Asia Pacific	59	-	(4)	55	66	20	66	20
Wine	-	26	-	26	68	162	29	12
Others	26	(6)	(4)	16	(8)	-	1	-
<b>Total</b>	<b>458</b>	<b>-</b>	<b>(8)</b>	<b>450</b>	<b>516</b>	<b>15</b>	<b>463</b>	<b>3</b>

Note: North America and Wine include the impact of the US destock

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## Spirits & Wine trading profit

	Reported		Growth	Organic Growth
	2002	2001		
	£m	£m	%	%
Net turnover	2,380	1,903	25	7
Gross profit	1,425	1,129	26	13
A&P	443	327	35	21
Net brand contribution	982	802	22	9
Overheads	466	352	32	18
<b>Trading profit</b>	<b>516</b>	<b>450</b>	<b>15</b>	<b>3</b>

Note: includes US destock (at constant currency)

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## Spirits & Wine - trading profit movements

	Organic	Acquired	Total £m	
<b>2001</b>			<b>450</b>	
Volume	25	152	177	
Price	25	-	25	
Mix	86	-	86	
Cost of goods	8	-	8	
<b>Gross profit growth</b>	<b>144</b>	<b>152</b>	<b>296</b>	
A&P	(69)	(47)	(116)	
Overheads	(62)	(52)	(114)	
<b>Trading profit growth</b>	<b>13</b>	<b>53</b>	<b>66</b>	+ 15%
<b>2002</b>			<b>516</b>	

Note: includes US destock (at constant currency)

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## Spirits & Wine – regional growth

	Volume		Net Turnover		A&P		Trading Profit	
	Rep %	Org %	Rep %	Org %	Rep %	Org %	Rep %	Org %
Europe	8	3	14	6	24	11	5	(4)
North America	5	1	11	4	13	3	7	1
Latin America	(1)	(7)	12	9	27	26	42	42
Asia Pacific	7	7	20	19	57	56	20	20
Wine	532	7	200	10	187	28	162	12
<b>Total</b>	<b>26</b>	<b>0</b>	<b>25</b>	<b>7</b>	<b>35</b>	<b>21</b>	<b>15</b>	<b>3</b>

NB: At constant actual rates / Reported includes acquisitions / North America & Wine include US destock

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## Spirits & Wine - volumes by region

Cases (million)	Reported			Organic
	2002	2001	%	%
Europe	19.6	18.2	8	3
North America	15.2	14.5	5	1
Latin America	11.0	11.1	(1)	(7)
Asia Pacific	4.0	3.7	7	7
Wine	12.9	2.0	532	7
Rest of World	0.8	0.9	(4)	(6)
<b>Total</b>	<b>63.5</b>	<b>50.4</b>	<b>26</b>	<b>0</b>

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## Spirits & Wine - core volumes

	Volume Cases (millions)	Incl. US destock impact		Excl. US destock impact	
		Volume Growth %	Net Turnover Growth %	Volume Growth %	Net Turnover Growth %
Ballantine's	5.7	4	11	4	11
Kahlúa	3.1	(9)	(9)	(5)	(3)
Beefeater	2.3	3	2	4	4
Sauza	1.9	10	19	10	20
Canadian Club	2.2	2	(8)	7	(2)
Tia Maria	0.8	13	14	13	14
Courvoisier	1.0	8	8	9	8
Maker's Mark	0.4	10	16	10	16
Total Organic Core Brands	17.4	2	6	4	8
Malibu	0.5	-	-	-	-
<b>Total Core Brands</b>	<b>17.9</b>	<b>5</b>	<b>8</b>	<b>7</b>	<b>10</b>

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## Spirits & Wine – local market leaders

	Volume Cases (millions)	Growth %	Net Turnover Growth %
Mexican brandies	4.5	(12)	7
Spain DyC	1.9	(7)	(5)
Spain Centenario	0.8	12	14
US Stolichnaya	1.5	94	89
US HW Liqueurs	0.9	(12)	(14)
South Korea Imperial	1.0	19	22
Philippines Fundador	0.5	15	12
GB Teachers	0.7	12	9
Germany Kuemmerling	0.6	-	-
<b>Total local market leaders</b>	<b>12.4</b>	<b>8</b>	<b>29</b>

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## Spirits & Wine - key brand volumes

	Reported			Organic		
	Volume Cases (million)	Growth %	Net Turnover Growth %	Volume Cases (million)	Growth %	Net Turnover Growth %
Core Brands	17.9	5	8	17.4	2	6
Local market leaders	12.4	8	29	11.4	(1)	12
Premium Wines	12.9	531	191	2.2	7	10
Other Spirits & Wines	20.3	2	8	19.5	(1)	6
<b>Total portfolio</b>	<b>63.5</b>	<b>26</b>	<b>25</b>	<b>50.5</b>	<b>0</b>	<b>7</b>

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## Spirits & Wine – RTD equivalent volumes

	Reported		Equivalent Units Basis	
	Volume Cases (million)	Growth %	Volume Cases (million)	Growth %
Ballantine's	5.7	4	5.7	4
Kahlúa	3.1	(9)	2.2	(10)
Beefeater	2.3	3	2.3	3
Canadian Club	2.2	2	2.0	(4)
Sauza	1.9	10	1.8	15
Tia Maria	0.8	13	0.8	13
Courvoisier	1.0	8	1.0	8
Maker's Mark	0.4	10	0.4	10
<b>Core Brands</b>	<b>17.4</b>	<b>2</b>	<b>16.3</b>	<b>2</b>
Malibu	0.5	-	0.5	-
<b>Local market leaders</b>	<b>12.4</b>	<b>8</b>	<b>12.2</b>	<b>8</b>
<b>Premium Wines</b>	<b>12.9</b>	<b>-</b>	<b>12.9</b>	<b>-</b>
<b>Other Spirits &amp; Wines</b>	<b>20.3</b>	<b>2</b>	<b>18.2</b>	<b>2</b>
<b>Total portfolio</b>	<b>63.5</b>	<b>26</b>	<b>60.1</b>	<b>28</b>

RTD's are divided by 10 for equivalent basis. Stolichnaya Citrona and Sauza Diablo (2.7m 9 litre cases, 270k cases on an equivalent units basis) are not included above.

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## Return on investment

	<b>£m</b>	
Trading profit after tax for the Twelve months to 31 August 2002	458	
Capital employed	<b>Average £m</b>	<b>Aug 2002 £m</b>
Capital employed (pre tax & dividends)	3,377	3,788
Add: goodwill written off	<u>2,316</u>	<u>2,334</u>
Capital invested (pre tax)	<u>5,693</u>	<u>6,122</u>
Capital invested (post tax)	<u>5,357</u>	<u>5,806</u>
Return on average capital invested	8.5%	
Cost of capital (post tax)	circa 6.5%	

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## Mexican excise rebate

	2001 Actual £m	2002 Actual £m	2003 Estimate £m	Total £m
Profit & loss - gross	47	213	40	300
Profit & loss - post tax	30	138	26	194
Cash effect - net of tax	47	128	29	204

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## Cash flow

	2002 £m	2001 £m
<b>Operating cash net of fixed assets</b>	<b>655</b>	<b>359</b>
Taxation	(178)	(34)
Interest	(129)	(72)
Dividends	(137)	(167)
<b>Free cash flow</b>	<b>211</b>	<b>86</b>
Acquisitions	(1,155)	(659)
Disposals	7	5
Shares issued	149	-
Shares purchased for employee trusts	(34)	(26)
Currency translation of borrowings	98	(8)
<b>Increase in borrowings</b>	<b>(724)</b>	<b>(602)</b>
Gearing - enterprise value	36%	30%

OCNOFA includes Mexican excise rebate 2002 : £203m and 2001 : £47m  
Taxation includes Mexican excise rebate tax 2002 : £75m and 2001: nil

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## Balance sheet

	Aug 2002 £m	Aug 2001 (restated) £m
Fixed assets	2,390	1,547
Stock	1,302	1,203
Debtors	1,068	1,005
Creditors	(1,024)	(931)
Dividend	(88)	(80)
Deferred purchase consideration	-	(226)
Provisions	<u>(284)</u>	<u>(255)</u>
Capital employed	3,364	2,263
Net debt	<u>(2,578)</u>	<u>(1,854)</u>
Net assets	<u>786</u>	<u>409</u>

Note: 2001 includes a £53m prior year adjustment following the adoption of FRS19 (deferred taxation)

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## Working capital ratios

	Aug 2002 £m	Aug 2001 £m
Group net turnover (as reported)	2,696	2,204
Group net turnover (annualised)	2,818	2,388
Stocks	1,302	1,159
Trade debtors	537	505
Trade creditors	<u>(175)</u>	<u>(146)</u>
Trade working capital	<u>1,664</u>	<u>1,518</u>
Stocks % net turnover (annualised)	46%	48%
Trade debtors % net turnover (annualised)	19%	21%
Trade creditors % net turnover (annualised)	<u>(6)%</u>	<u>(6)%</u>
Trade working capital % net turnover (annualised)	<u>59%</u>	<u>63%</u>

All figures at constant 2001/02 rates. Annualised turnover adjusted for a proforma full year impact of acquisitions.

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## Debt analysis at 31 August 2002

	£m	%	Interest Rate %
Fixed rates	1,604	62	5.6
Floating rates	974	38	3.6
<b>Net debt</b>	<b><u>2,578</u></b>	<b><u>100</u></b>	<b>*4.8</b>

\* The 12 month average interest rate incurred during the year was 5.2%. Commitment and other borrowing fees add a further 0.3%.

### Borrowings by currency

	£m	%
US \$	1,194	46
Euro	719	28
New Zealand \$	252	10
Other	413	16
<b>Net debt</b>	<b><u>2,578</u></b>	<b><u>100</u></b>

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## Exchange rates

	Average*		2002 v 2001 %	Closing 31.8.02	Average* Current Forward	Profit before tax Translation Impact
	2001	2002				
Euro	1.63	1.60	2	1.58	1.59	1c = £0.7m
USD	1.44	1.46	(1)	1.55	1.53	1c = £1.7m
CAD	2.20	2.30	(5)	2.41	2.42	1c = £0.3m
KRW	1,790	1,860	(4)	1,844	1,951	10W = £0.2m
MXP	13.51	13.70	(1)	15.33	15.88	10c = £0.3m
NZD		3.33		3.30	3.24	10c = £0.2m

\* 12 month

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## Glossary of key terms

### GROUP

- Continuing business - Statutory basis excluding businesses disposed.
- Normalised - Excluding exceptional items, goodwill amortisation and discontinued businesses.
- Organic - As for normalised excluding the contributions from acquisitions until they have been incorporated in the business for one calendar year.

### QSR

- System-wide Sales - Sales from all distribution points, both franchisee and owned stores.
- Same Store Sales - Sales growth from distribution points that were present for 52 weeks in the prior reporting period.
- Distribution Points - A measure of the number of sales outlets by brand, solo stores equal 1 distribution point, combo's equal 2 distribution points, trombo's equal 3 distribution points.
- Stores - A measure of the number of sites irrespective of the number of distribution points at that site - solo's, combo's and trombo's all equal 1 store.

### SPIRITS & WINE

- Total Portfolio- All cased spirits, wine and liqueur volumes. Ready to Drink products distributed by Allied Domecq are included under the mother brand. The volumes and contribution for Stolichnaya Citrona and Sauza Diablo are not included in the Portfolio tables. The portfolio is broken down into:  
**Core brands** – Core global priority spirits brands Ballantine's, Beefeater, Kahlua, Sauza, Canadian Club, Courvoisier, Tia Maria, Maker's Mark and Malibu.  
**Local Market Leaders** - Brands of strategic importance in local markets due to high growth potential, providing critical mass or leading in-market category.

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## Glossary of key terms

### SPIRITS & WINE CONTINUED

- **Premium Wines** – includes Montana, Bodegas y Bebidas, AD Wines USA (incl. Buena Vista and Mumm Cuvee Napa) and Mumm Perrier Jouët
- **Other Spirits & Wines** - All other spirits and wines excluding the core brands, local market leaders and premium wines.
- A&P - advertising and promotion invested in Allied Domecq portfolio brands.
- Net Brand Contribution – Calculated as gross margin less Advertising and Promotion.
- Analysis of the brand portfolio is presented at constant exchange rates.
- Geographical profits - Analysed by translating local currency sales region profits recorded on a see-through cost of goods basis. Profits are stated at a constant actual exchange rate for the year and the impact of any foreign exchange settlement transaction differences is shown centrally.
- Pricing - Price increases are quoted net of duty, discounts and price support. This represents the true price movement achieved by Allied Domecq.
- Global operations - Includes accumulated savings not passed to the marketing regions, other trading activities including bulk sale of spirits and production overheads not charged to marketing regions.

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*Appendices*