



ALLIED DOMECQ

Results for the Full Year to
31 August 2002

Presented by

Graham Hetherington

Chief Financial Officer

We set out to...

- Address US trading issues
- Revitalise core brand growth
- Enhance our marketing capabilities
- Deliver on our innovation agenda
- Strengthen through targeted acquisition



Highlights

- Core brand volumes up 2%
 - H2 core brands ↑ 8%
- Advertising and promotion up 34% to £443m
 - Organic ↑ 20%
- Normalised EPS up 5% to 32.6 pence
- Operating Cash flow improved to £760m
- Dividend per share up 7% to 13.0 pence

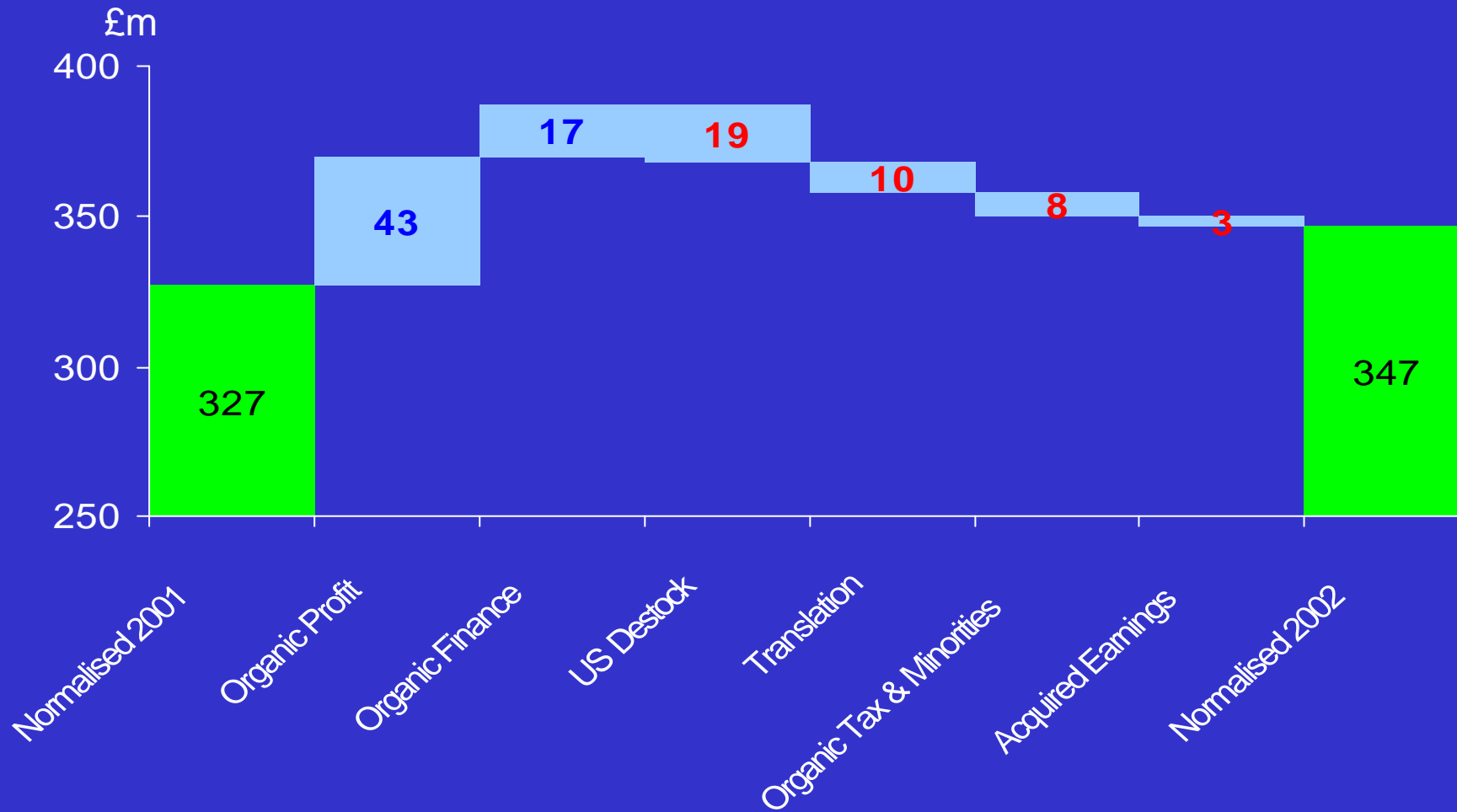
Summary financials

£m	2002	2001	Increase (Decrease)
Turnover	3334	2,879	16%
EBIT	610	543	12%
EBITDA	685	599	14%
Cash flow from operating activities	760	423	80%
Net Debt	2578	1854	39%

Note: The results above are at reported exchange rates. EBIT and EBITDA are shown on a normalised basis. During the period, the Mexico excise rebate was treated as an exceptional item and amounted to £138m after tax. Last year's rebate was included within earnings but has been reclassified as exceptional in line with current year treatment.

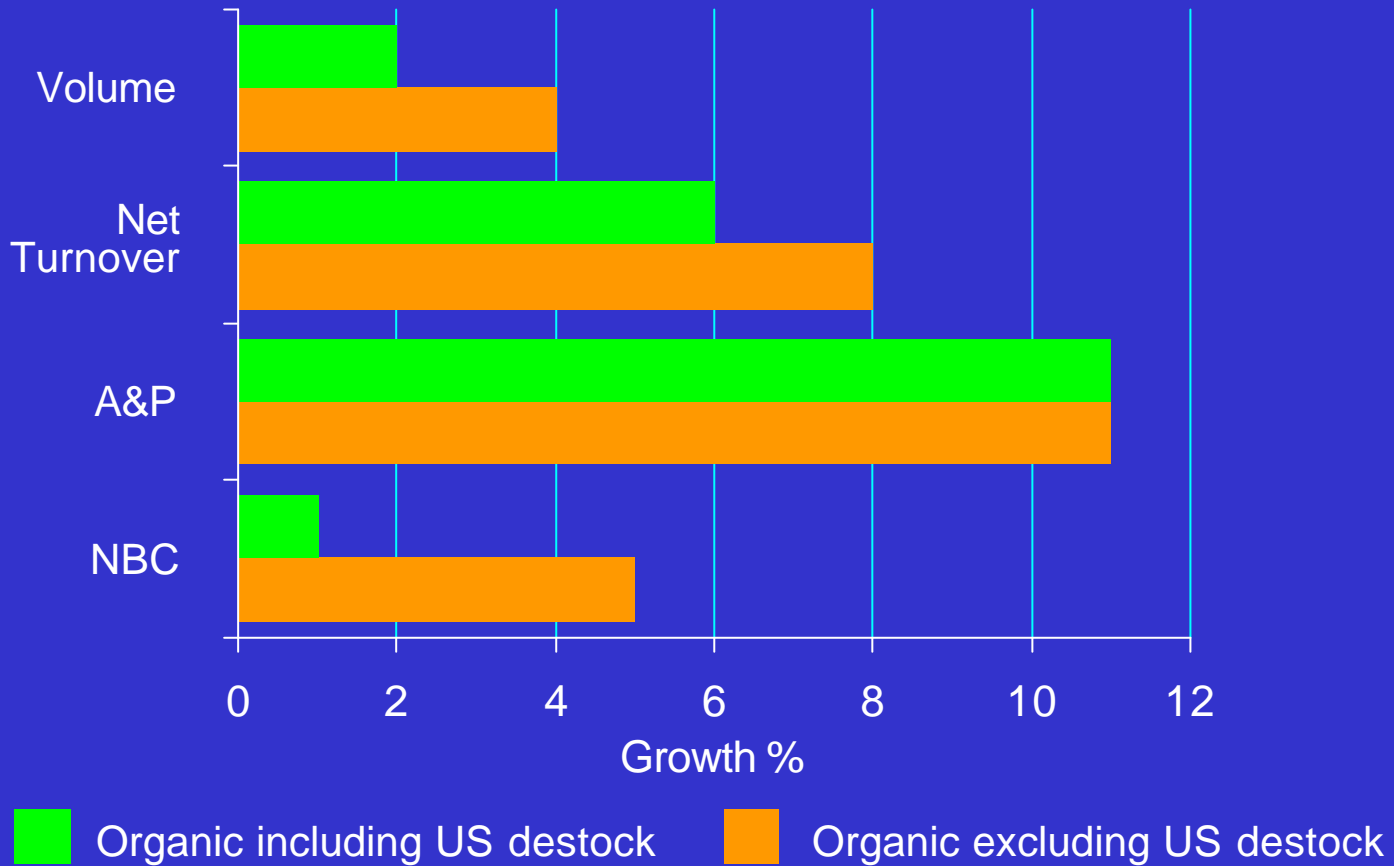


Allied Domecq earnings drivers



Core brands

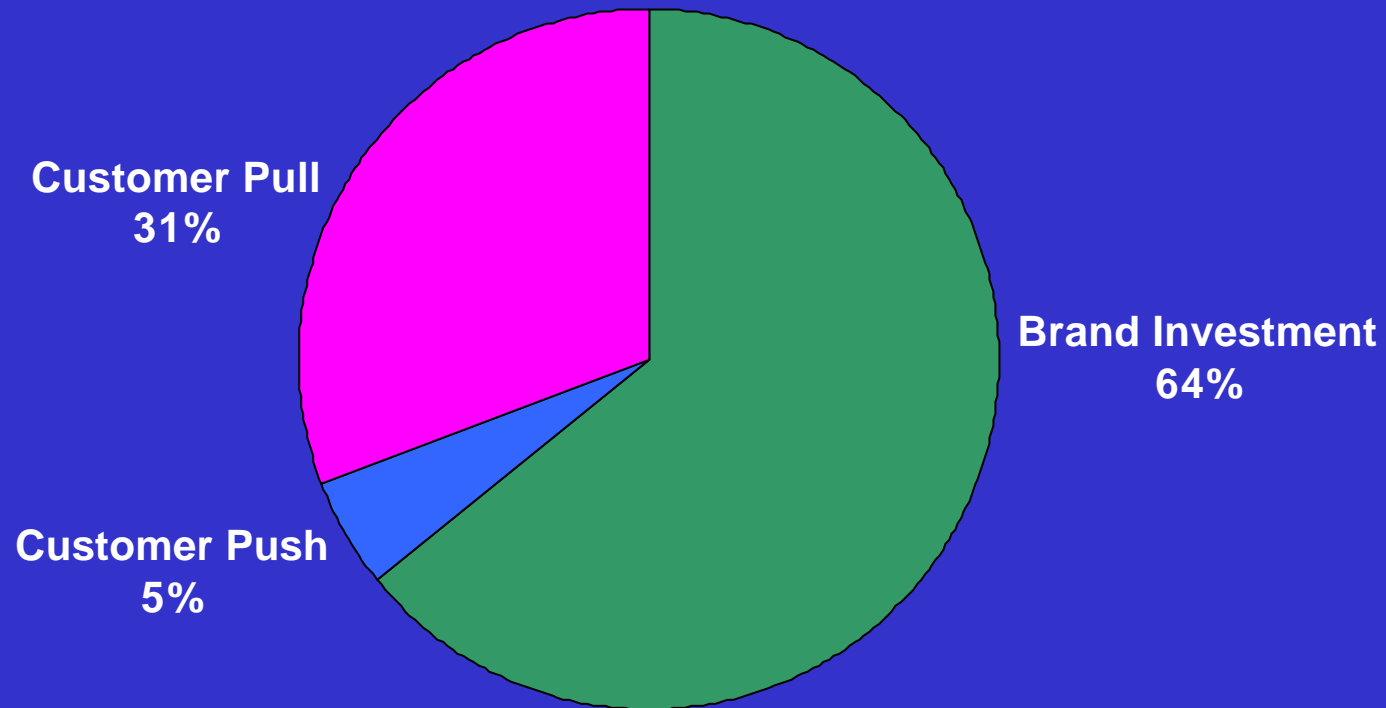
Net brand contribution drivers



Note: excludes Malibu

Advertising and promotion

2002



Acquisitions and premium wine

- Integrations on track
- Malibu
- Premium Wines

Cash flow and working capital

- Free cash flow - £211m
- Cash flow from operating activities - £760m
- Underlying working capital reduction - £110m
- Investing for the future

Looking forward

- Accounting standards
- Commercial

US business reform



- Results through targeted actions and hard work
- Move-to-market
 - Portfolio management
 - New geographic structure
 - Move resources closer to the field
- Distributor management

New marketing tools



- Consumer segmentation research
- Country and trademark strategies
- New campaigns developed
 - Stolichnaya – See what unfolds
 - Ballantine's – Go play
 - Kahlúa – Unleash it
 - Sauza – Get lost

Innovation: update



- Ready to drink launch
 - Stolichnaya Citrona – US
 - Sauza Diablo – US
 - Spirit by Terry – Mexico
 - Canadian Club Cola - Australia
- Tia Lusso – 9 markets
- Ballantine's Masters – S. Korea
- Fruja fruit liqueurs – US
- QSR

Malibu update



- Gives access to fast growing category
- Integration nearing completion
- Addressed any stock issues
- “*Seriously easy going*” campaign

Wines people want



- Critical success factors
 - Strong brands
 - Lowest cost producer
 - Distribution
- Established wine business and communicated strategy
- Integration update
- Trading update
 - Montana
 - Champagnes
 - US wine
 - Bodegas y Bebidas

Achievements

- Addressed US trading issues
 - Revitalised core brand growth
 - Enhanced our marketing capabilities
 - Delivered on our innovation agenda
 - Strengthened through targeted acquisition
-
- Improved cash flow
 - Implementation of new information systems in Europe
 - Strengthened our management team
 - New people agenda

Priorities for the year ahead

- Earnings momentum
- Sustained growth of core brands
- Cash generation
- Demonstrating value from acquisitions

Balance sheet, cash flow & credit ratios

- **Strong balance sheet & cash flow**

- conservative accounting policies
- no material off balance sheet structures – fully disclosed
- conservative approach to liquidity/debt management
- strong brand value
- highly cash generative
- low capex requirement
- working capital management

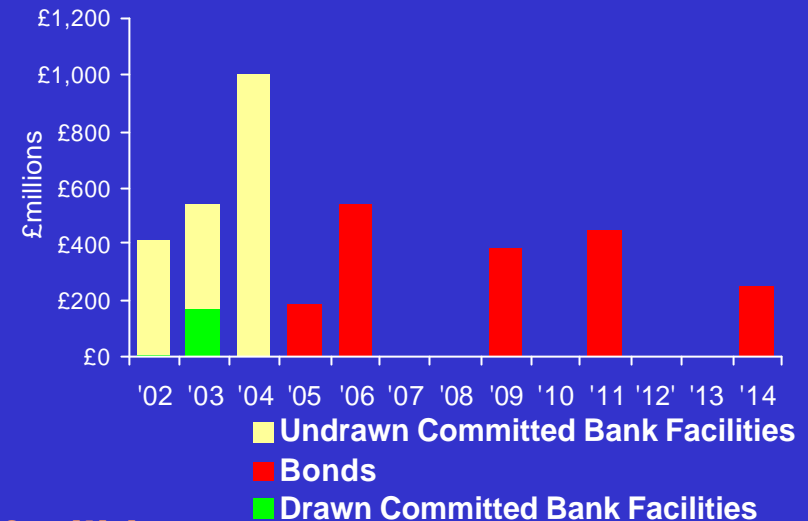
- **Credit ratios**

	2002	2001
EBITDA/ Net Interest	5.3x	6.7x
Net Debt / EBITDA	3.8x	3.1x
Cash flow from operating activities / Net Debt	29%	23%
EBITDA margin	21%	21%

Note: The results above are at reported exchange rates. EBITDA is shown on a normalised basis. During the period, the Mexico excise rebate was treated as an exceptional item and amounted to £138m after tax. Last year's rebate was included within earnings but has been reclassified as exceptional in line with current year treatment.

Funding and risk management update

- **Balanced maturity profile**
- **Conservative fixed/floating mix:**
 - 61% fixed
 - policy is 50-70%
- **Large headroom of undrawn committed facilities**
 - £900mn
 - policy is minimum of £300m
- **Centralised treasury function**
 - Currency and interest rate derivatives only used to hedge underlying exposures



Credit ratings

Moody's	Baa1	Stable	Mar 2002
S&P	BBB+	Negative	Feb 2002

- **Formal target: strong BBB**
- **Work to remove negative outlook**
- **Strong/stable cash flow**
- **Active dialogue with Rating Agencies**

Moody's (7/3/02): "Ratings reflect the company's adequate debt protection measurements, its solid operating margins, the strong operational cashflow generated by its portfolio of premium brands and its position as a major international drinks company. The stable outlook reflects the relatively stable cashflow characteristics of the global spirits business, the company's wide geographical spread of operations and its portfolio of premium brands."

S&P (27/2/02): "The ratings on U.K.-based wines and spirits group Allied Domecq PLC reflect the group's leading position in the spirits sector of the global drinks market, the stable and strong cash-generating characteristics of its brand portfolio, and its moderate-to-aggressive financial profile. The outlook reflects the challenge for the enlarged group, constrained by higher interest expenses and sustained capital expenditure and working capital requirements, to raise its free cash flow generation significantly and recover a financial profile more in line with the current rating category by the end of financial 2004..."



ALLIED DOMECCO

Cautionary statement regarding forward looking information

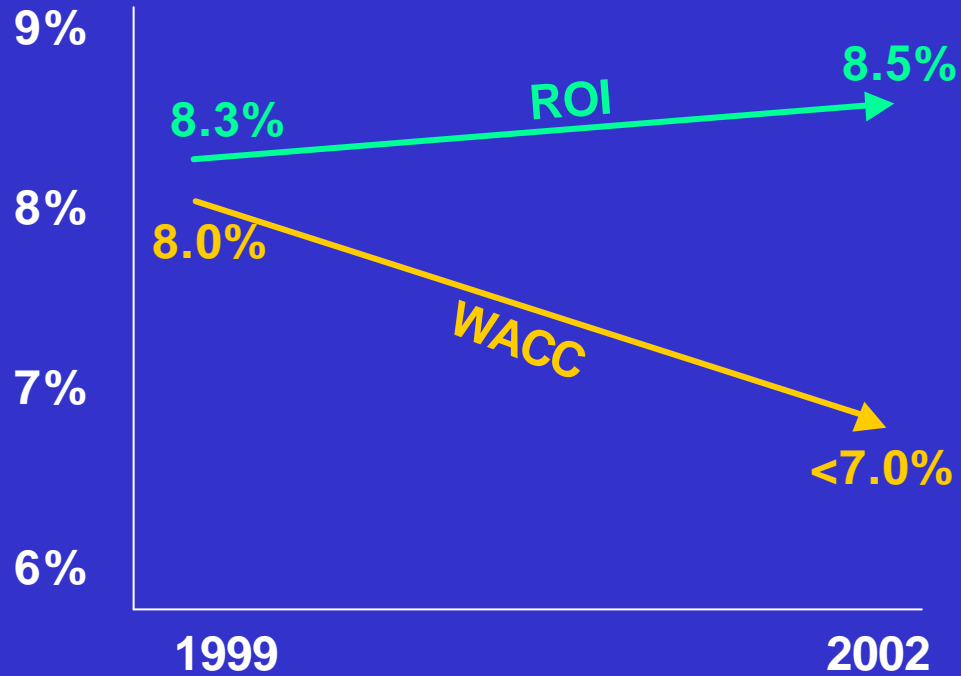
Some statements in this presentation contain "forward-looking" statements as defined in Section 21E of the United States Securities Exchange Act of 1934. They represent our expectations for our business, and involve risks and uncertainties. You can identify these statements by the use of words such as "believes", "expects", "may", "will", "should", "intends", "plans", "anticipates", "estimates" or other similar words. We have based these forward-looking statements on our current expectations and projections about future events. We believe that our expectations and assumptions with respect to these forward-looking statements are reasonable. However, because these forward-looking statements involve known and unknown risks, uncertainties and other factors which are in some cases beyond our control, our actual results or performance may differ materially from those expressed or implied by such forward-looking statements.



ALLIED DOMEcq

Appendices

Return on investment



Year to August 2002

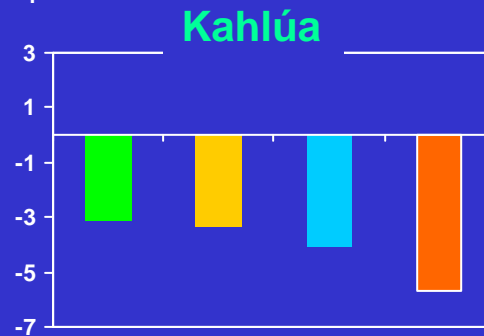
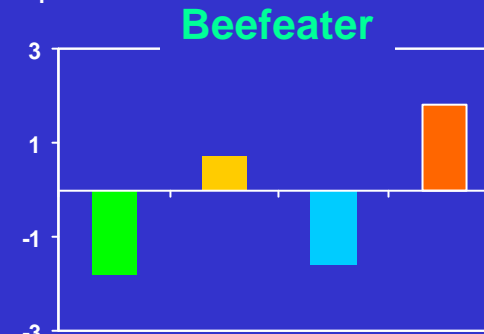
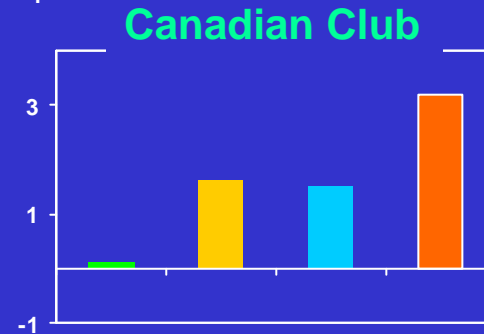
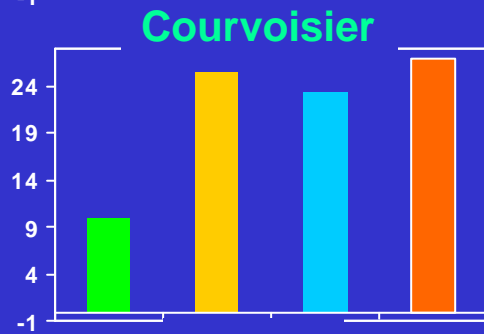
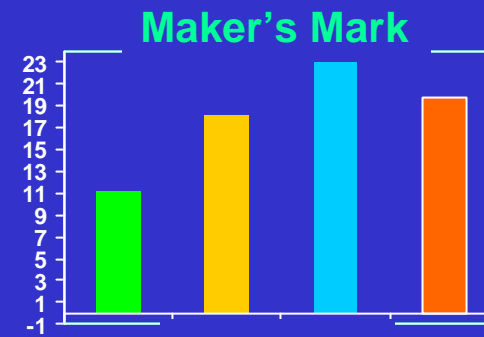
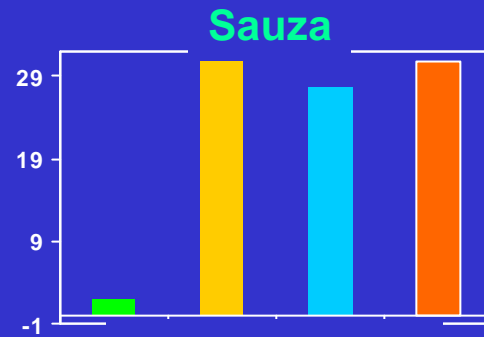
Spirits	9.2%
Premium Wine	4.2%
Other	15.6%
Total	8.5%

Note: Continuing operations

Improving US brand performance



% change on year



Europe



↑ 6% net turnover

↑ 11% A&P

↓ 4% trading profit

- Strong performances Spain and UK

	Volume growth %	Net turnover growth %
Ballantine's Spain	+3	+4
DYC Spain	-7	-5
Beefeater Spain	+9	+12
Ballantine's France	+5	+11
Courvoisier UK	+8	+9
Centenario Spain	+12	+14
Teacher's UK	+12	+9
Tia Maria UK	+18	+15

NB: All figures are organic

Latin America



- ↑ 9% net turnover
- ↑ 26% A&P
- ↑ 42% trading profit
- Successful brandy promotion and production savings

	Volume growth %	Net turnover growth %
Presidente Mexico	-10	+14
Don Pedro Mexico	-15	+6
Sauza Mexico	+16	+39
Azteca de Oro Mexico	-16	+2

Asia Pacific



- ↑ 19% net turnover
- ↑ 56% A&P
- ↑ 20% trading profit
- Strong performances in Korea and Philippines

	Volume growth %	Net turnover growth %
Imperial S. Korea	+19	+22
Ballantine's S. Korea	+62	+58
Ballantine's Aged Asia DF	+3	+10
Ballantine's Japan	+3	+7
Fundador Philippines	+15	+12

QSR – a growing business



- System wide sales
 - Dunkin' Donuts +10%
 - Baskin-Robbins +6%
 - Togo's +1%
- Innovation
- Multi-branded store strategy
 - ↑ 30% to 800 stores
- New campaigns to raise awareness

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	610	543	12
Finance charges	(130)	(90)	
Profit before tax	480	453	6
Tax (25%) ongoing	(120)	(113)	
Minorities	(13)	(13)	
Net earnings	347	327	6
Average shares outstanding	1,066	1,054	
Earnings per share (normalised)	32.6p	31.0p	5
Earnings per share (basic)	36.8p	32.6p	13

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)
Group net turnover	2,696	2,204	22
Spirits & Wine	516	450	15
QSR	78	70	11
Britannia	16	13	23
Trading profit	610	533	14

(at constant currency)

Spirits & Wine - turnover

	2002 £m	2001 £m	Change %
Gross turnover			
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	
Gross turnover as published	3,018	2,571	17
Net turnover (at constant exchange rates)			
Gross	3,018	2,504	21
Duty	(638)	(601)	(6)
Net turnover	2,380	1,903	25

For comparative purposes only:

1) Translation adjustments to turnover were £37m.

2) Prior year turnover includes a reclassification of £30m for certain discounts.

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

	2001 Presented £m	Market Transfer £m	FX £m	2001 01/02 FX £m	2002 Reported £m %		2002 Organic £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	-
Total	458	-	(8)	450	516	15	463	3

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

Spirits & Wine trading profit

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

Note: includes US destock (at constant currency)

Spirits & Wine - trading profit movements

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

Note: includes US destock (at constant currency)

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
Total	26	0	25	7	35	21	15	3

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

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)
Total	63.5	50.4	26	0

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	-	-	-	-
Total Core Brands	17.9	5	8	7	10

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	-	-
Total local market leaders	12.4	8	29

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
Total portfolio	63.5	26	25	50.5	0	7

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
Core Brands	17.4	2	16.3	2
Malibu	0.5	-	0.5	-
Local market leaders	12.4	8	12.2	8
Premium Wines	12.9	-	12.9	-
Other Spirits & Wines	20.3	2	18.2	2
Total portfolio	63.5	26	60.1	28

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.

Return on investment

	£m	
Trading profit after tax for the Twelve months to 31 August 2002	458	
Capital employed	Average £m	Aug 2002 £m
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%	

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

Cash flow

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

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	(284)	(255)
Capital employed	<u>3,364</u>	<u>2,263</u>
Net debt	<u>(2,578)</u>	<u>(1,854)</u>
Net assets	<u><u>786</u></u>	<u><u>409</u></u>

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

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	(175)	(146)
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)	(6)%	(6)%
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.

Debt analysis at 31 August 2002

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

* 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
Net debt	<u>2,578</u>	<u>100</u>

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

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.

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.



ALLIED DOMEcq