

sDiageo reiterates guidance for low single digit organic operating profit growth in fiscal 2010 following first quarter's trading

14 October 2009

In the three months ended 30 September 2009 net sales were down 6% on an organic basis against the comparable period. Net assets were £4,225 million at 30 September 2009, having been £3,936 million at 30 June 2009 reflecting operating profit in the period, some movements on reserves and a small impact from exchange rate movements.

Paul Walsh, Chief Executive of Diageo, commented:

'As we anticipated consumer trends across our markets remain broadly unchanged since the year-end. Therefore net sales in the first quarter of the new financial year have been weak when compared to the strong performance of the first quarter last year. In the first quarter of last year stock levels increased. However this year, stock levels have not risen in the first quarter and in our biggest market, North America, stock levels in our US spirits distributor channel are below those held at 30 June 2009.

'The restructuring programme is on track to deliver the forecast benefit of a £120 million reduction in costs year on year. In addition we continued to benefit from efficiencies in marketing spend and media rate deflation.

'The year has started as we thought it would and we reiterate our guidance for low single digit organic growth in operating profit in fiscal 2010.'

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Forward-looking statements

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