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Diageo sells Argentinian wine interests to Grupo Peñaflo and appoints them as dedicated distributor for Diageo's spirits brands

Diageo has agreed the sale of its wine interests in Argentina to Grupo Peñaflo. In addition, Peñaflo will be appointed as the distributor of Diageo's international spirits brands and, after an interim period, will jointly produce with Diageo its domestic spirits brands across Argentina. The appointment of a dedicated distributor in Argentina will strengthen Diageo's route to market and is expected to accelerate the performance of Diageo's brands there. The transaction is expected to be completed early in 2016.

Sale proceeds, which are not material, have not been disclosed. The sale includes the Navarro Correas and San Telmo wine brands, together with production sites and vineyards. In the year ended 30 June 2015 net sales were £18.5 million.

The transaction, which is eps neutral in the first full year following completion, will result in an exceptional loss before taxation of approximately £60 million upon completion.

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About Diageo

Diageo is a global leader in beverage alcohol with an outstanding collection of brands including Johnnie Walker, Crown Royal, J&B, Buchanan's and Windsor whiskies, Smirnoff, Cîroc and Ketel One vodkas, Captain Morgan, Baileys, Don Julio, Tanqueray and Guinness.

Diageo is a global company, and our products are sold in more than 180 countries around the world. The company is listed on both the London Stock Exchange (DGE) and the New York Stock Exchange (DEO). For more information about Diageo, our people, our brands, and performance, visit us at www.diageo.com. Visit Diageo's global responsible drinking resource, www.DRINKiQ.com, for information, initiatives, and ways to share best practice.

Celebrating life, every day, everywhere.

About Grupo Peñaflor

Grupo Peñaflor is the largest producer and distributor of wine in Argentina, and one of the top ten wine producers worldwide.