

## **Weak pound sends Guinness maker Diageo shares to record high**

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Shares of Guinness maker Diageo hit an all-time high of GBP 36.03 yesterday as the pound sank on the rising prospects of a no-deal Brexit.

Although the company is London-headquartered, most of its earnings come from outside the UK, so a weaker pound is a positive for earnings.

The drinks maker's stock has risen 29% this year and by a whopping 96.5% from the GBP 18.33 on June 23, 2016 when the UK voted to leave the European Union in a referendum. This year the overall market, as measured by the FTSE-100, increased by 6.7%. Also, this year the pound moved from 1.25 USD/GBP to 1.21 USD/GBP.

The world's largest spirits company, which makes Johnnie Walker, Smirnoff vodka as well as Guinness, saw its operating profit soar 10% to GBP 4bn for the year ended June 30, while the pound depreciated during the same period by 5.1%.

Its big winner last year was a whisky called 'White Walker by Johnnie Walker', inspired by hit TV series Game of Thrones.

The company also approved plans to return up to GBP 4.5bn to shareholders from 2020-2022.

While the earnings and the prospect of share buybacks have boosted the stock, it does face some potential headwinds as a potential trade war with the US could hit sales of its products in America.