

FINANCIAL RESULTS – F14

Net sales, up **0.4%**, reflecting mixed performance; growth in North America, stability in Western Europe and weakness in emerging market economies

Positive consumer trends in higher priced categories, Diageo's reserve brands net sales were up **14%** and targeted price increases drove 3ppt of positive price/mix

Procurement driven savings, worth 4% of total marketing spend, more than offset the cost of increased activity, contributing **0.2ppt** of the total margin improvement

Free cash flow was **£1,235 million**

Fourth quarter net sales up **0.8%**

Operating margin improved **0.8ppt**

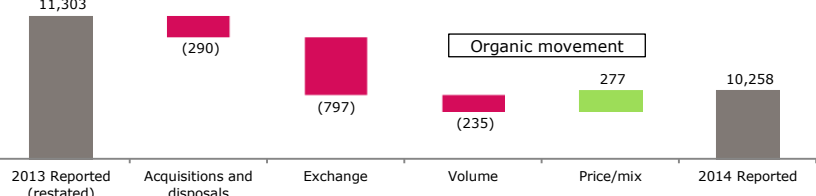
Eps before exceptionals was down **7.6p to 95.5 pence per share** as foreign exchange movements reduced eps by 10 pence per share

Recommended final dividend of 32.0 pence per share, **up 9%**

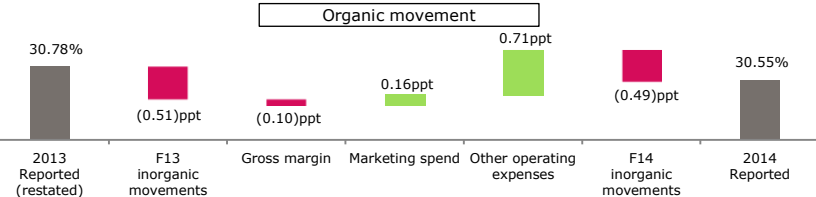
KEY FINANCIAL INFORMATION

		2014 FY	2013 FY	Organic growth %	Reported growth %	2014 H1	2013 H1	Organic growth %	Reported growth %
Volume	EUm	156.1	164.2	(2)	(5)	84.3	88.4	(3)	(5)
Net sales	£m	10,258	11,303	-	(9)	5,932	5,975	1	(1)
Marketing spend	£m	1,620	1,769	(1)	(8)	903	918	3	(2)
Operating profit before exc. items	£m	3,134	3,479	3	(10)	2,060	2,001	3	3
Operating margin expansion	bps	77	78						
Operating profit	£m	2,707	3,380		(20)	2,040	2,017		1
Profit attributable to parent company's shareholders	£m	2,248	2,452		(8)	1,599	1,521		5
Basic eps	pence	89.7	98.0		(8)	63.8	60.8		5
Eps pre exceptionals	pence	95.5	103.1		(7)	62.6	60.2		4
Reported tax rate	%	16.5	16.6		(1)	18.2	18.2		
Tax rate before exceptional items	%	18.2	17.4			19.4	18.3		
Free cash flow	£m	1,235	1,452			326	708		
ROIC	%	13.7	16.0						
Net debt	£m	(8,850)	(8,403)		5				

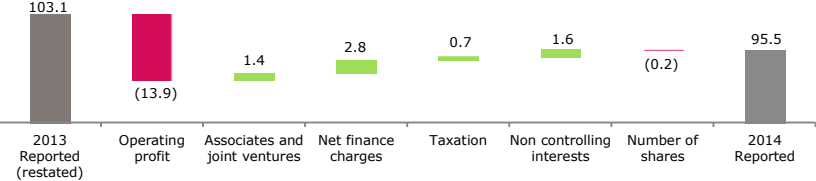
Organic net sales growth (£ million)



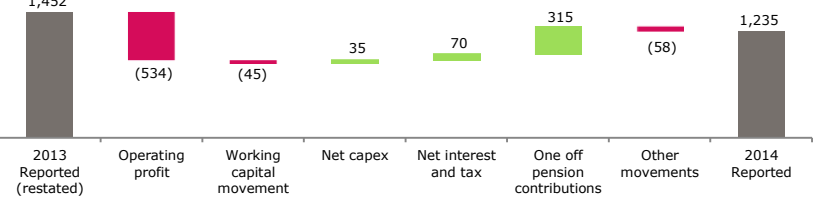
Organic operating margin improvement



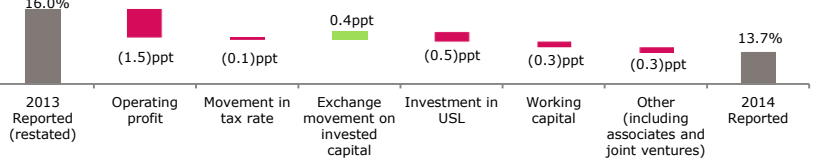
Earnings per share before exceptional items (pence)



Free cash flow (£ million)



Return on average invested capital (ROIC)



BUSINESS REVIEW

	FY		H1	
	%*	EUm	%*	EUm
VOLUME				
NORTH AMERICA	(1)	49.3	(2)	26.5
WESTERN EUROPE	-	33.0	(2)	17.7
AFRICA, EE & TURKEY	(5)	36.0	(4)	19.4
LATIN AMERICA & CARIBBEAN	(1)	23.0	(2)	12.5
ASIA PACIFIC	(5)	14.8	(4)	8.2
CORPORATE	-	-	-	-
DIAGEO	(2)	156.1	(3)	84.3
	%*	£m	%*	£m
NORTH AMERICA	2	540	5	293
WESTERN EUROPE	-	323	(2)	177
AFRICA, EE & TURKEY	1	242	8	135
LATIN AMERICA & CARIBBEAN	1	203	7	123
ASIA PACIFIC	(7)	305	(3)	170
CORPORATE	22	7	14	5
DIAGEO	(1)	1,620	3	903

	FY		H1		Quarterly growth %*			
	%*	£m	%*	£m	Q1	Q2	Q3	Q4
NET SALES								
	3	3,444	5	1,904	5	4	1	2
	-	2,169	(1)	1,179	(1)	(1)	1	0
	1	2,075	2	1,155	1	2	(5)	3
	2	1,144	0	900	(2)	2	28	(6)
	(7)	1,347	(6)	752	1	(10)	(19)	-
	4	79	(2)	42	3	(2)	3	4
	-	10,258	1	5,932	1.6	0.3	(1.3)	0.8
	%*	£m	%*	£m				
	8	1,460	8	851				
	-	639	(3)	370				
	-	554	(3)	327				
	3	328	(5)	386				
	(13)	283	(4)	193				
	13	(130)	6	(67)				
	3	3,134	1	2,060				

*Organic



FINANCIAL RESULTS – F14

STRATEGIC MARKETS PERFORMANCE (growth %)

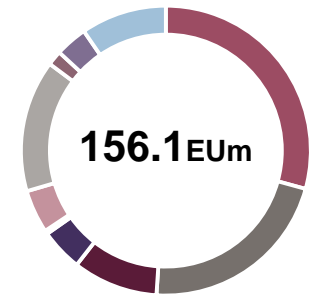
	VOLUME*		NET SALES*		NET SALES**	
	FY	HY	FY	HY	FY	HY
NORTH AMERICA	(1)	(2)	3	5	(7)	(2)
US Spirits and wines	(1)	(1)	5	6	(7)	(1)
DGUSA	(5)	(8)	(7)	(10)	(11)	(10)
Canada	(2)	(3)	1	(1)	(17)	(7)
WESTERN EUROPE	-	(2)	(0)	(1)	(2)	1
AFRICA, EE AND TURKEY	(5)	(4)	1	2	(9)	(3)
AFRICA	(6)	(6)	-	2	(9)	(2)
Nigeria	(9)	(13)	(9)	(10)	(14)	(10)
East Africa	(12)	(9)	2	4	(2)	3
Africa Regional Markets	(3)	(8)	2	1	(8)	(2)
South Africa	4	7	12	20	(9)	1
Russia and Eastern Europe	(1)	4	2	5	(7)	3
Turkey	(3)	(5)	5	(1)	(12)	(10)
LATIN AMERICA AND CARIBBEAN	(1)	(2)	2	8	(21)	13
PUB	9	5	10	3	(4)	(6)
Venezuela	(17)	(5)	78	145	(71)	133
Colombia	5	2	8	3	(7)	(6)
Mexico	(1)	3	(4)	(1)	(10)	(1)
West Lac	(9)	(13)	(8)	(14)	(15)	(17)
ASIA PACIFIC	(5)	(4)	(7)	(6)	(14)	(10)
South East Asia	(25)	(15)	(19)	(11)	(25)	(13)
Greater China	(20)	(7)	(31)	(23)	(33)	(22)
India	22	27	42	35	8	19
Global Travel Asia and Middle East	18	4	19	1	15	-
Australia hub	(2)	1	(3)	(1)	(17)	(13)
North Asia	2	(3)	4	4	(2)	(2)
DIAGEO	(2)	(3)	-	2	(9)	(1)

*Organic, **Reported

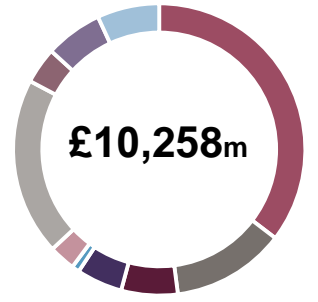
CATEGORY AND BRAND PERFORMANCE (growth %)

	VOLUME*		NET SALES*		NET SALES**	
	FY	HY	FY	HY	FY	HY
SPIRITS	(1)	(1)	-	2	(10)	-
WHISK(E)Y	(4)	(3)	-	2	(8)	4
Johnnie Walker	(6)	(3)	(4)	(1)	(9)	(1)
Crown Royal	(4)	(3)	1	1	(3)	-
J&B	(7)	(9)	(8)	(9)	(11)	(9)
Buchanan's	(13)	(20)	6	9	(24)	23
Windsor	(5)	(7)	1	(1)	1	1
Bushmills	8	17	7	13	4	14
Bulleit	66	65	69	60	62	60
VODKA	(1)	(3)	-	3	(5)	2
Smirnoff	(1)	(1)	(2)	(3)	(7)	(5)
Ketel One Vodka	3	6	9	8	2	8
Ciroc	2	20	2	22	(2)	22
RUM	9	9	7	9	(4)	10
Captain Morgan	6	6	6	6	1	5
LIQUEURS	(2)	(3)	-	-	(7)	(3)
Baileys	(2)	(3)	1	1	(3)	1
TEQUILA	43	29	34	26	(71)	(67)
Don Julio	27	29	27	26	22	22
GIN	3	(1)	3	-	(1)	1
Tanqueray	4	2	6	2	3	2
BEER	(11)	(12)	(3)	(3)	(8)	(3)
Guinness	(5)	(5)	(1)	(1)	(5)	(1)
WINE	(4)	(6)	1	3	(6)	(2)
READY TO DRINK	8	12	4	5	(11)	(6)
DIAGEO	(2)	(3)	-	2	(9)	(1)

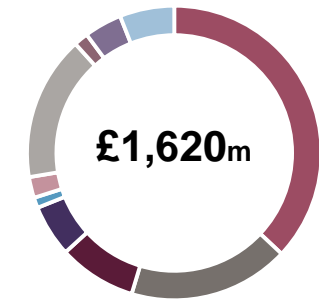
VOLUME BY CATEGORY



NET SALES BY CATEGORY



MARKETING SPEND BY CATEGORY



- Whisk(e)y
- Vodka
- Rum
- Liqueurs
- Tequila
- Gin
- Beer
- Wine
- Ready to drink
- Other

