

DIAGEO

DIAGEO

HALF YEAR RESULTS

10 FEBRUARY 2011

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CEO



Improved organic performance and increased investment in strategic brands and emerging markets

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Net sales up 4%*

Marketing spend up 10%*

Operating profit up 2%*

eps pre-exceptionals up 9%**

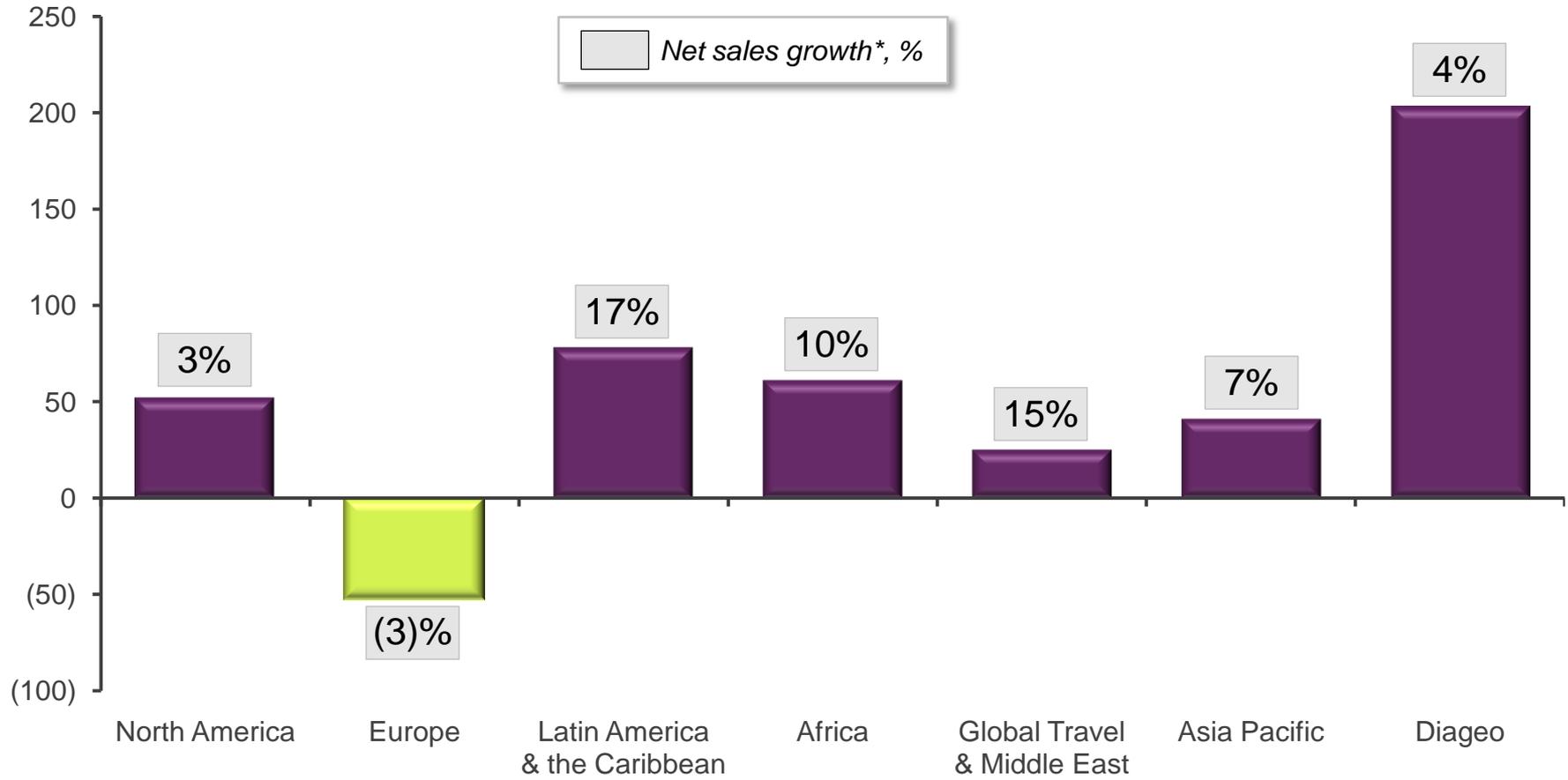
Free cash flow of £0.8bn

6% increase in interim dividend

Diageo delivered an improved performance despite weakness in Europe

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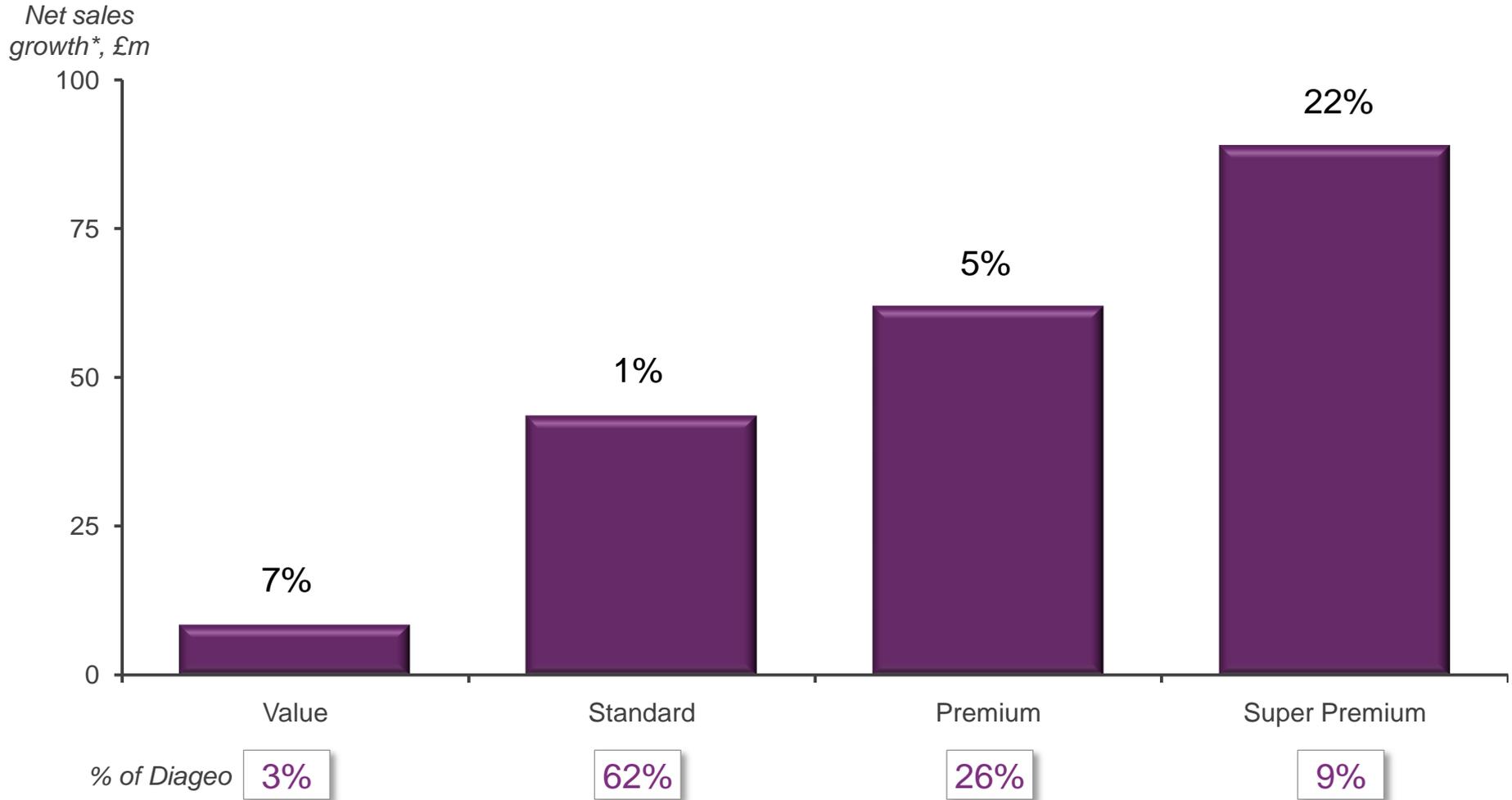
Net sales growth*, £m



6 months ended 31 December 2010. *Organic growth.

The super premium price segment grew fastest in all four regions

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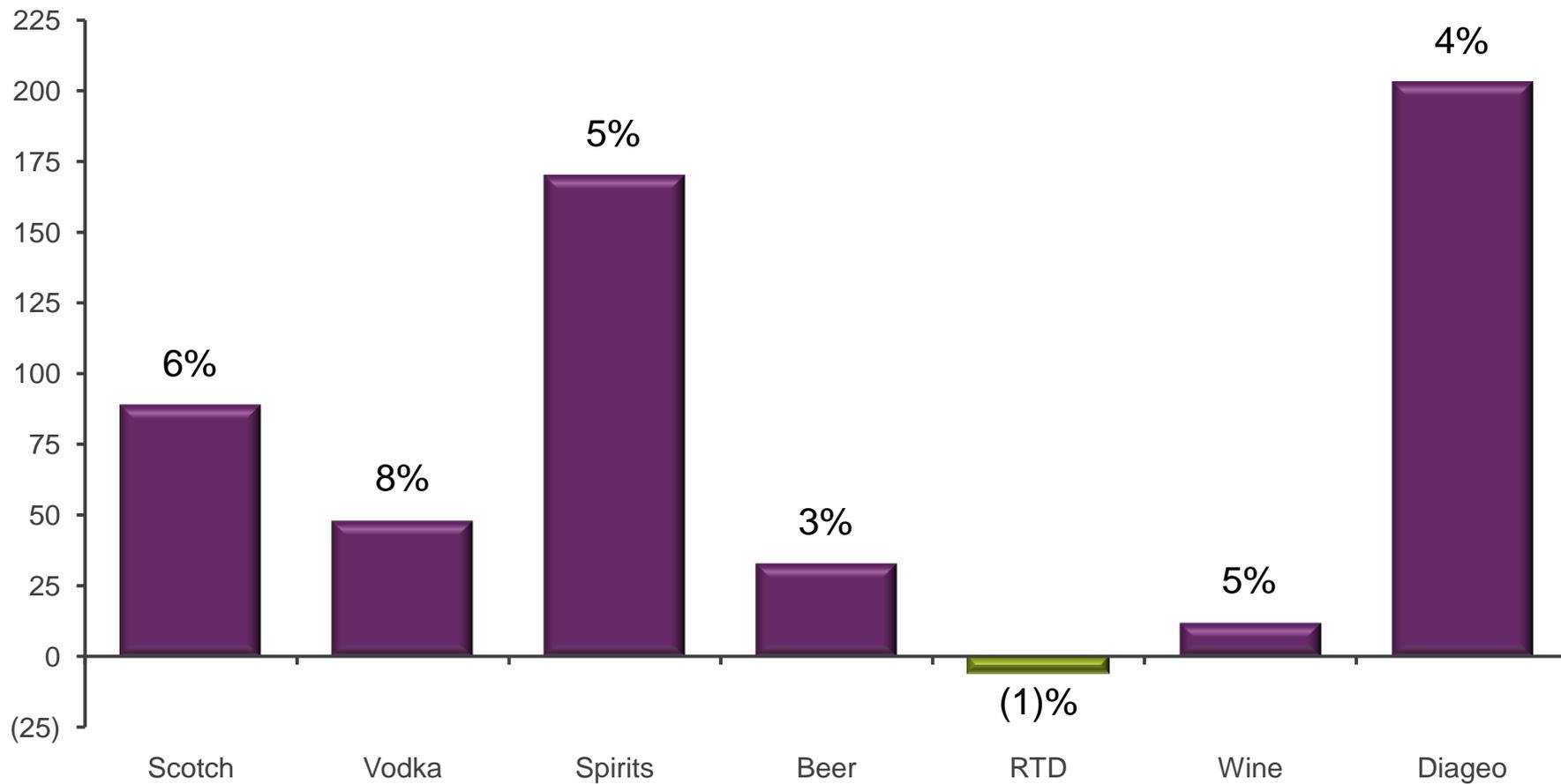


6 months ended 31 December 2010. *Organic growth.

Spirits, primarily scotch and vodka brands, were the key drivers of growth in the half

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Net sales growth*, £m



6 months ended 31 December 2010. *Organic growth.

The 14 strategic brands drove three quarters of total growth

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14 Strategic brands

%

% of total volume

65

% of total net sales

67

% of total marketing spend

79

%

% of volume growth

77

% of net sales growth

75

% of additional marketing spend

98

Strong platform for growth

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Brand building in a new world

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Innovation to sustain brand relevance and unlock future growth

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Premiumisation



Emerging markets



Developed markets



Strong pipeline



Building an efficient and sustainable supply footprint to support growth

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Roseisle



US Virgin Islands



Investing in partnerships and improving routes to market to drive growth

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- Strategic partnerships are building access to a wider consumer base
- Sales evolution in emerging and developed markets
- Joint business planning with global customers

Today's results reflect the global economic environment

The DIAGEO logo is positioned in the top right corner of the slide. It consists of the word "DIAGEO" in a bold, white, sans-serif font, set against a dark background. To the right of the text, there is a partial view of a glass containing a beverage with a green garnish, likely a cocktail or a drink with a lime wedge.

- Double digit net sales growth in emerging markets with growth in North America, while Europe remains weak
- Marketing spend up 10%, with over 60% of the increase directed towards emerging markets
- Innovation focused on driving growth in developed markets, and increasing accessibility and building categories in emerging markets
- Enhanced customer relationships and routes to market
- Further improvement in an already efficient supply footprint

VT of Marketing ads

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QUESTIONS?



Cautionary statement concerning forward-looking statements

This presentation contains 'forward-looking' statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. In particular, forward-looking statements include all statements that express forecasts, expectations, plans, outlook and projections with respect to future matters, including trends in results of operations, margins, growth rates, overall market trends, the impact of interest or exchange rates, the availability or cost of financing to Diageo, anticipated cost savings or synergies, the completion of Diageo's strategic transactions and restructuring programmes, anticipated tax rates, expected cash payments, outcomes of litigation, anticipated deficit reductions in relation to pension schemes and general economic conditions. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including factors that are outside Diageo's control.

These factors include, but are not limited to:

- global and regional economic downturns;
- increased competitive product and pricing pressures and unanticipated actions by competitors that could impact Diageo's market share, increase expenses and hinder growth potential;
- the effects of Diageo's strategic focus on premium drinks, the effects of business combinations, partnerships, acquisitions or disposals, existing or future, and the ability to realise expected synergies and/or costs savings;
- Diageo's ability to complete existing or future business combinations, restructuring programmes, acquisitions and disposals;
- legal and regulatory developments, including changes in regulations regarding production, product liability, distribution, importation, labelling, packaging, consumption or advertising; changes in tax law, rates or requirements (including with respect to the impact of excise tax increases) or accounting standards; and changes in environmental laws, health regulations and the laws governing labour and pensions;
- developments in any litigation or other similar proceedings (including with tax, customs and other regulatory authorities) directed at the drinks and spirits industry generally or at Diageo in particular, or the impact of a product recall or product liability claim on Diageo's profitability or reputation;
- developments in the Colombian litigation, Turkish customs litigation, SEC investigation, Korean customs litigation or any similar proceedings;
- changes in consumer preferences and tastes, demographic trends or perception about health related issues, or contamination, counterfeiting or other circumstances which could harm the integrity or sales of Diageo's brands;
- changes in the cost or supply of raw materials, labour, energy and/or water;
- changes in political or economic conditions in countries and markets in which Diageo operates, including changes in levels of consumer spending, failure of customer, supplier and financial counterparties or imposition of import, investment or currency restrictions;
- levels of marketing, promotional and innovation expenditure by Diageo and its competitors;
- renewal of supply, distribution, manufacturing or licence agreements (or related rights) and licenses on favourable terms when they expire;
- termination of existing distribution or licence manufacturing rights on agency brands;
- disruption to production facilities or business service centres, and systems change programmes, existing or future, and the ability to derive expected benefits from such programmes;
- technological developments that may affect the distribution of products or impede Diageo's ability to protect its intellectual property rights; and
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