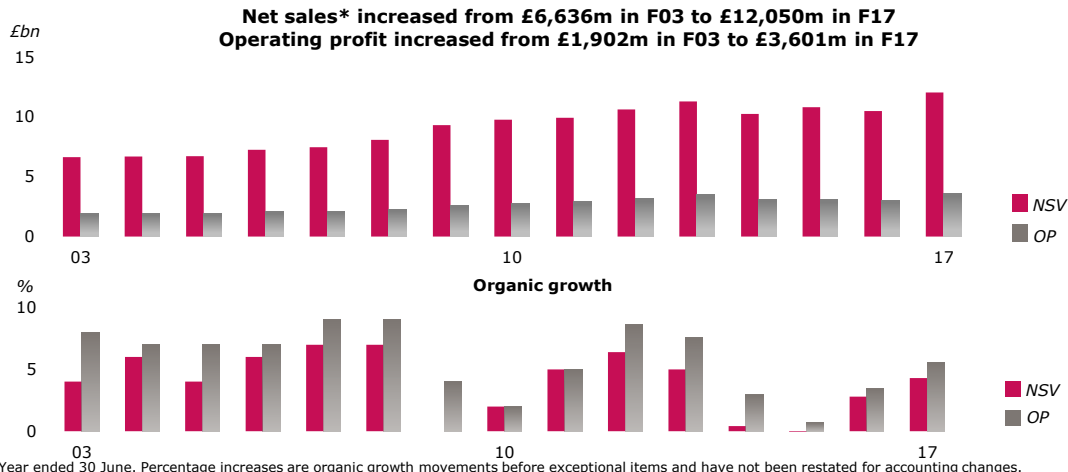


**“I WANT TO CREATE ONE OF THE BEST PERFORMING, MOST TRUSTED AND RESPECTED CONSUMER PRODUCTS COMPANIES IN THE WORLD”**  
**IVAN MENEZES, CEO**

**Sustained performance**



**Financial strength**

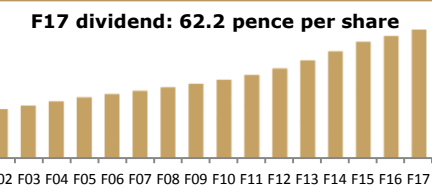
F17 reported figures	Organic movement	
Volume <b>242mEU</b>	<b>1%</b>	Free cash flow <b>£2.7bn</b>
Net sales <b>£12.1bn</b>	<b>4%</b>	
Marketing spend <b>£1.8bn</b>	<b>3%</b>	Reported operating margin* <b>29.9%</b>
Operating profit* <b>£3.6bn</b>	<b>6%</b>	
Dividend <b>62.2pence</b>	<b>5%**</b>	Net debt / EBITDA* ratio <b>2.0x</b>
Eps* <b>108.5pence</b>	<b>21%**</b>	

**Our three Sustainability and Responsibility priorities**

Every business decision, every operation and every programme and initiative must work towards our three sustainability and responsibility priorities:

- #1 Create a positive role for alcohol in society
- #2 Build thriving communities
- #3 Reduce our environmental impacts

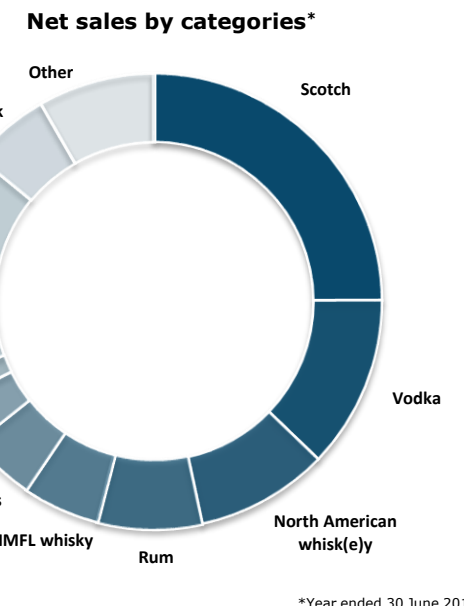
**Growing dividend per share**



**World leading brands<sup>1</sup>**

Global giants	Local stars	Reserve
<b>41%*</b>	<b>20%*</b>	<b>16%</b>
<p><b>Johnnie Walker</b> is the <b>No.1</b> scotch whisky in the world</p> <p><b>Tanqueray</b> is the <b>No.1</b> gin in the United States</p> <p><b>Smirnoff</b> is the <b>No.1</b> vodka in the world</p> <p><b>Baileys</b> is the <b>No.1</b> liqueur in the world</p> <p><b>Captain Morgan</b> is the <b>No.2</b> rum in the world</p> <p><b>Guinness</b> is the <b>No.1</b> stout in the world<sup>2</sup></p>	<p><b>Crown Royal</b> is the <b>No.1</b> Canadian whisky in the world</p> <p><b>Windsor</b> is the <b>No.3</b> super premium scotch whisky in Asia Pacific</p> <p><b>McDowell's</b> is the <b>No.2</b> IMFL whisky in the world</p> <p><b>Yeni Raki</b> is the <b>No.1</b> aniseed based spirit in the world</p> <p><b>Buchanan's</b> is the <b>No.2</b> premium scotch whisky in the United States</p> <p><b>Old Parr</b> is the <b>No.1</b> scotch whisky in Colombia</p> <p><b>Bundaberg</b> is the <b>No.1</b> rum in Australia</p> <p><b>Shui Jing Fang</b> has 600 years heritage and distributed in 26 countries</p>	<p><b>Ciroc</b> is the <b>No.2</b> reserve vodka in the United States</p> <p><b>Don Julio</b> is the <b>No.2</b> reserve Tequila in the world</p> <p><b>Lagavulin</b> is the <b>No.2</b> super premium scotch malts whisky in Europe</p> <p><b>Zacapa</b> is the <b>No.1</b> reserve rum in the world</p> <p><b>Bulleit</b> is the <b>No.1</b> rye whiskey in the world</p>

**Category depth**



	North America	Europe, Russia and Turkey	Africa	Latin America and Caribbean	Asia Pacific
<b>% of net sales</b>	<b>35%</b>	<b>23%</b>	<b>13%</b>	<b>9%</b>	<b>20%</b>
<b>markets</b>					
<b>categories</b>					
<b>price segments</b>					
<b>Net sales movement*</b>	<b>3%</b>	<b>5%</b>	<b>5%</b>	<b>9%</b>	<b>3%</b>
<b>Operating profit movement*</b>	<b>4%</b>	<b>8%</b>	<b>10%</b>	<b>15%</b>	<b>4%</b>
<b>Highlights</b>	<p>North America delivered net sales growth of 3% with full year performance improving in US Spirits and DBC USA, and Canada continuing to grow.</p> <p>Full year depletion and net sales growth in US Spirits was 3%.</p> <p>North American whisk(e)y, scotch and tequila delivered the strongest category performance.</p> <p>DBC USA net sales grew 3% with ready to drink growing and beer flat.</p>	<p>In Europe, net sales were up 4% with Continental Europe and GB the main contributors.</p> <p>Strong performance on Johnnie Walker, Baileys, Captain Morgan and reserve brands continued.</p> <p>Guinness net sales were up 2% supported by innovations from the 'The Brewers Project'.</p> <p>In Russia the prior year price increases continued to impact performance with net sales up 7% and volume down 4%.</p>	<p>Africa delivered net sales growth of 5% with all markets contributing except East Africa, which was flat.</p> <p>Beer performance with net sales up 3% was driven by Senator and Satzenbrau, partially offset by Guinness down 5% and Tusker down 10%.</p> <p>Mainstream spirits showed strong growth, up 21%</p> <p>Scotch was up 5% driven by Johnnie Walker.</p>	<p>Latin America and Caribbean delivered 9% growth in net sales, with strong performance from Mexico, Andean and PEBAC.</p> <p>Andean performance was driven by Colombia with net sales growth of 20%.</p> <p>PUB grew net sales 4% as the rate of decline in Brazil slowed.</p> <p>Across the region, scotch net sales grew 12% and a decline in vodka was offset by tequila, Baileys and rum.</p>	<p>Asia Pacific net sales grew 3% with strong growth in Greater China and solid performance in Australia and South East Asia.</p> <p>In Greater China, net sales grew 25% as a result of strong momentum in Chinese white spirits and scotch performance, up 5%.</p> <p>The business in India grew 2%, largely driven by IMFL whisky and scotch, despite the impact of demonetisation and the Supreme Court ruling.</p>

\* Organic growth year ended 30 June 2017, \*\* Other mainly Travel Retail



# FINANCIAL RESULTS – F17

Reported net sales (£12.1 billion) and operating profit (£3.6 billion) were up 15% and 25% respectively, reflecting favourable exchange and accelerated organic growth

All regions contributed to broad based organic net sales growth, up 4.3%, and organic volume grew 1.1%

Organic operating profit grew 5.6%, ahead of top line growth, driven by good progress on productivity partially offset by implementation costs and one-off items

Free cash flow continued to be strong at £2.7 billion, increasing by £566 million compared to the prior year, with net cash from operating activities up £584 million to £3.1 billion

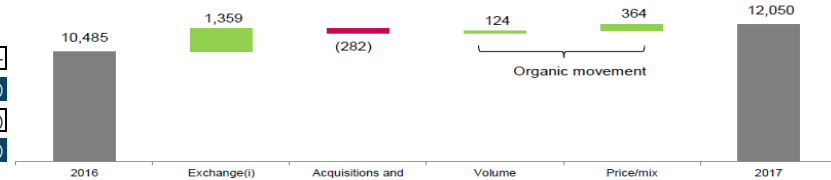
Basic eps of 106.0 pence was up 18%. Pre-exceptional eps was 108.5 pence, up 21%, as higher operating profit and associate income along with favourable exchange more than offset the impact of disposals and a higher tax rate

The board recommended a final dividend increase of 5%

## KEY FINANCIAL INFORMATION

	F17	F16	Organic growth%	Reported growth%	F16	F15	Organic growth%	Reported growth%
Volume	EUm 242.2	246.4	1	(2)	246.4	246.2	1	-
Net sales	£m 12,050	10,485	4	15	10,485	10,813	3	(3)
Marketing spend	£m 1,798	1,562	3	15	1,562	1,629	(2)	(4)
Operating profit before exceptional items	£m 3,601	3,008	6	20	3,008	3,066	3	(2)
Operating margin expansion*	37	19			19	24		
Operating profit	£m 3,559	2,841		25	2,841	2,797		2
Profit attributable to parent company's shareholders	£m 2,662	2,244		19	2,244	2,381		(6)
Basic eps	pence 106.0	89.5		18	89.5	95.0		(6)
Eps pre-exceptional items	pence 108.5	89.4		21	89.4	88.8		1
Reported tax rate	% 20.6	17.4		18	17.4	15.9		9
Tax before exceptional items	% 20.6	19.0		8	19.0	18.3		4
Free cash flow	£m 2,663	2,097			2,097	1,963		
ROIC	% 13.8	12.1			12.1	12.3		
Net debt	£m (7,892)	(8,635)			(8,635)	(9,527)		

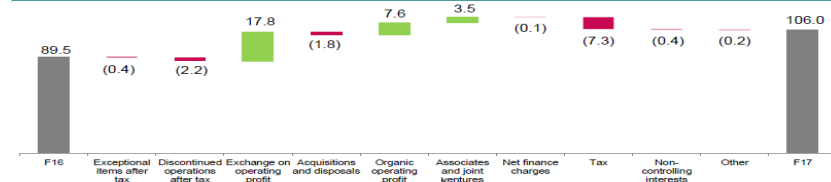
## Net sales growth (£ million)



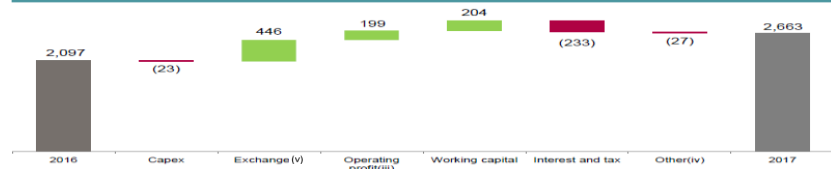
## Operating margin improvement (%)



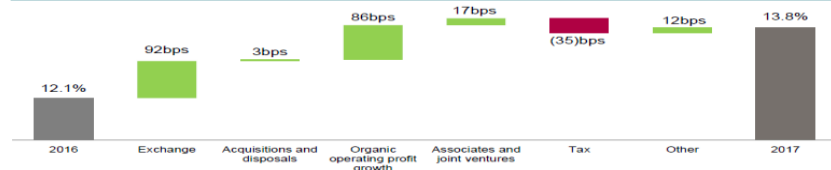
## Basic eps (pence)



## Free cash flow (£ million)



## Return on average invested capital (ROIC) (%)



(i) Exchange rate movements reflect the translation of prior period reported results at current exchange rates.

(ii) Excluding exchange.

(iii) Operating profit excluding exchange, depreciation and amortisation, post employment payments and non cash items but including operating exceptional items

(iv) Other items include post employment payments, dividends received from associates and joint ventures, loans and other investments and discontinued operations. (v) Exchange on operating profit before exceptional items.

## BUSINESS REVIEW

	VOLUME				NET SALES			
	F17	F16	F17	F16	F17	F16	F17	F16
NORTH AMERICA	2	47.4	1	47.0	3	4,161	3	3,565
EUROPE, RUSSIA AND TURKEY	3	44.4	2	43.9	5	2,824	4	2,544
AFRICA	3	32.2	9	31.3	5	1,556	3	1,401
LATIN AMERICA AND CARIBBEAN	2	21.1	(2)	20.6	9	1,044	1	863
ASIA PACIFIC	(1)	97.1	-	103.6	3	2,419	2	2,076
CORPORATE					12	46	13	36
DIAGEO	1	242.2	1	246.4	4	12,050	3	10,485

	MARKETING				OPERATING PROFIT**			
	F17	F16	F17	F16	F17	F16	F17	F16
NORTH AMERICA	4	642	(2)	541	4	1,899	4	1,551
EUROPE, RUSSIA AND TURKEY	3	443	5	404	8	936	6	801
AFRICA	5	166	1	143	10	218	(11)	212
LATIN AMERICA AND CARIBBEAN	4	195	-	167	14.7	250	(1)	199
ASIA PACIFIC	-	343	(12)	301	4	487	13	395
CORPORATE		9		6	(15)	(189)	(13)	(150)
DIAGEO	3	1,798	(2)	1,562	6	3,601	3	3,008

	F17	F16
Operating margin	30.2	29.8

\*Organic, \*\*Pre-exceptional



## STRATEGIC MARKETS PERFORMANCE (growth %)

	Organic volume		Organic net sales		Reported net sales	
	F17*	F16	F17	F16	F17	F16
<b>NORTH AMERICA</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>17</b>	<b>3</b>
US Spirits	2	1	3	3	17	4
Diageo Beer USA	2	-	3	1	12	5
Canada	2	2	3	4	17	(5)
<b>EUROPE, RUSSIA AND TURKEY</b>	<b>3</b>	<b>2</b>	<b>5</b>	<b>4</b>	<b>11</b>	<b>(3)</b>
Europe	3	4	4	3	9	(2)
Russia	(4)	(9)	7	27	41	(12)
Turkey	(2)	(2)	4	6	6	(7)
<b>AFRICA</b>	<b>3</b>	<b>9</b>	<b>5</b>	<b>3</b>	<b>11</b>	<b>(1)</b>
East Africa	5	25	-	16	16	3
Africa Regional Markets	-	11	5	9	18	23
Nigeria	10	(11)	16	(15)	(16)	(19)
South Africa	(1)	1	7	5	40	(6)
<b>LATIN AMERICA AND CARIBBEAN</b>	<b>2</b>	<b>(2)</b>	<b>9</b>	<b>1</b>	<b>21</b>	<b>(16)</b>
PUB	(3)	(5)	4	(9)	38	(27)
Mexico	16	10	20	10	27	7
CCA	(4)	(5)	(1)	(6)	1	(21)
Andean	(11)	5	21	37	39	(21)
PEBAC	43	8	13	9	18	(20)
<b>ASIA PACIFIC</b>	<b>(1)</b>	<b>-</b>	<b>3</b>	<b>2</b>	<b>17</b>	<b>(6)</b>
India	(2)	-	2	5	14	(11)
Greater China	25	(5)	25	(2)	45	-
Australia	-	2	3	2	25	(5)
South East Asia	7	3	3	16	15	15
North Asia	11	6	(3)	(5)	18	(6)
Travel Retail Asia and Middle East	(14)	(8)	(13)	(12)	(15)	(3)
<b>DIAGEO</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>3</b>	<b>15</b>	<b>(3)</b>

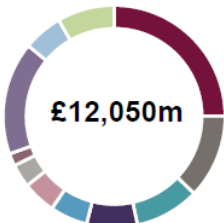
## CATEGORY AND BRAND PERFORMANCE (growth %)

	Organic volume		Organic net sales		Reported net sales	
	F17*	F16	F17	F16	F17	F16
<b>SPIRITS</b>	<b>1</b>	<b>-</b>	<b>5</b>	<b>3</b>	<b>19</b>	<b>(1)</b>
SCOTCH	4	(3)	5	-	18	(4)
NORTH AMERICAN WHISK(EY)	8	4	11	6	29	12
VODKA	(2)	-	(4)	1	10	2
RUM	(2)	2	4	3	19	(3)
LIQUEURS	4	1	3	3	12	2
TEQUILA	27	(17)	26	8	43	28
GIN	8	3	8	8	20	6
IMFL WHISKY	1	(1)	6	3	21	(11)
<b>BEER</b>	<b>1</b>	<b>13</b>	<b>2</b>	<b>6</b>	<b>7</b>	<b>1</b>
<b>READY TO DRINK</b>	<b>(4)</b>	<b>(13)</b>	<b>-</b>	<b>(11)</b>	<b>17</b>	<b>(11)</b>
<b>DIAGEO</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>3</b>	<b>15</b>	<b>(3)</b>
<b>GLOBAL GIANTS**</b>						
Johnnie Walker	4	(4)	6	1	18	(3)
Smirnoff	(1)	1	(1)	2	13	-
Captain Morgan	7	4	6	3	22	5
Baileys	6	2	5	4	18	3
Tanqueray	12	11	9	12	24	15
Guinness	(1)	4	-	4	8	2
<b>LOCAL STARS**</b>						
Crown Royal	10	5	12	6	30	11
Yeni Raki	(3)	1	4	4	5	(9)
JeB	3	(6)	-	(9)	13	(12)
Buchanan's	16	(2)	16	10	29	1
Windsor	(11)	(4)	(12)	(10)	5	(12)
Old Parr	-	(13)	5	1	22	(14)
Bundaberg	(4)	(6)	-	(3)	21	(10)
Black & White	24	22	16	31	37	14
Ypióca	1	(6)	5	(6)	41	(28)
McDowell's	(1)	-	2	-	15	(16)
Shui Jing Fang(***)	66	55	65	20	81	22
<b>RESERVE**</b>						
Scotch malts	3	8	2	7	17	6
Cîroc	(10)	(2)	(12)	(3)	1	2
Ketel One vodka	-	4	(5)	4	11	10
Don Julio	25	(13)	25	18	43	40
Bulleit	23	27	24	29	44	36

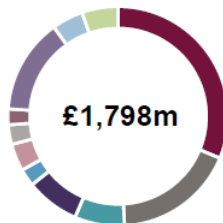
### VOLUME



### NET SALES



### MARKETING SPEND



- Scotch
- Vodka
- North American whisk(e)y
- Rum
- IMFL whisky
- Liqueurs
- Gin
- Tequila
- Beer
- Ready to drink
- Other

\* Organic equals reported volume movement except for McDowell's No.1 (6)%, which was impacted by the move from an owned to a franchise model in India.

\*\*Spirits brands excluded ready to drink

\*\*\* Organic growth figures represent total Chinese white spirits of which Shui Jing Fang is the predominant brand.

