

20 September 2017

Diageo issues trading commentary ahead of AGM 2017

Ivan Menezes, Chief Executive, commented:

“Our business continues to strengthen through improved marketing, innovation, and commercial execution, and we are well set up to deliver in line with our expectations.

We expect the H1 organic net sales growth rate will be impacted by the later timing of Chinese New Year and by the expected impact of the highway ban in India. Our productivity work continues to move at pace. As previously announced, we are up-weighting our investment behind US Spirits and scotch, and as a result we expect our organic operating margin expansion will be weighted towards H2. Our expectations on overall performance for the year remain unchanged.

Underlying momentum and progress in implementing productivity gives us continued confidence in our ability to deliver sustainable growth. We re-affirm our expectation of mid-single digit top line growth and 175bps of organic operating margin improvement over the three years ending 30 June 2019.”

For further information

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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.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This document contains 'forward-looking' statements. These 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, objectives and projections with respect to future matters, and can be statements made about Diageo's strategy, trends in results of operations, margins, growth rates and growth rate objectives; estimates of Diageo's cash flows, effective interest and/or tax rates, cost savings, results of hedging instruments, cash contributions to post-employment plans, exchange rate impacts, dividend policies and other shareholder return objectives, executive compensation levels and outcomes of litigation, as well as the impact of new accounting policies on Diageo's consolidated results and financial position. 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 of Diageo's control. These factors include, but are not limited to, economic, political, social or other developments; the negotiating process surrounding, as well as the eventual terms of, the UK's exit from the European Union; changes in consumer preferences and tastes as well as overall market trends; litigation; changes in the domestic and international tax environment; changes in the cost of production; legal and regulatory developments, as well as any failure to comply with existing laws and regulations; events that damage Diageo's image and reputation; increased competitive and pricing pressures; Diageo's ability to execute and derive the expected benefits from its strategies; increased costs for talent and/or labour strikes or disputes; fluctuations in exchange and/or interest rates; movements in the value of assets and liabilities related to Diageo's pension plans; Diageo's ability to renew existing agreements; and/or any failure by Diageo to protect its intellectual property rights.

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