

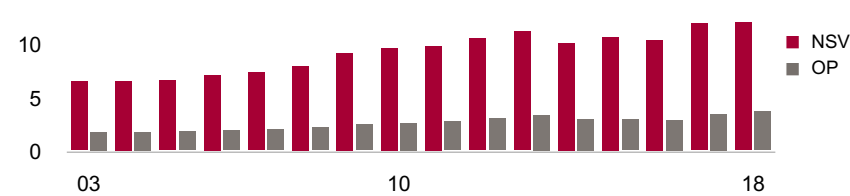
PERFORMANCE AMBITION



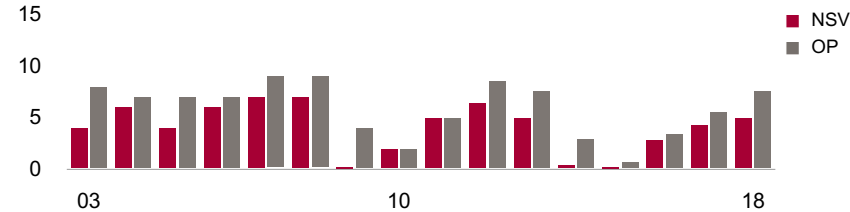
"OUR AMBITION IS TO BE ONE OF THE BEST PERFORMING, MOST TRUSTED AND RESPECTED CONSUMER PRODUCTS COMPANIES IN THE WORLD"

Sustained performance

Net sales* increased from £6,636m in F03 to £12,163m in F18
Operating profit increased from £1,902m in F03 to £3,819m in F18



Organic growth



Year ended 30 June. Percentage increases are organic growth movements before exceptional items and have not been restated for accounting changes.
 *Net sales is after deducting excise duties. 2003-2004 as reported under UK GAAP. 2005 restated for IFRS. 2009 restated for IFRS. 2012-2013 restated for IAS19 and IFRS11.

Financial strength

H1 F19 reported figures	Organic movement	
Volume 130.5mEU	4%	Free cash flow £1.3bn
Net sales £6.9bn	7%	
Marketing £1.1bn	9%	Reported operating margin ¹ 35.5%
Operating profit ¹ £2.5bn	12%	
Dividend 26.1 pence	5% ²	Adj. net debt ³ / EBITDA ¹ ratio 2.3x
Eps ¹ 77 pence	14% ²	

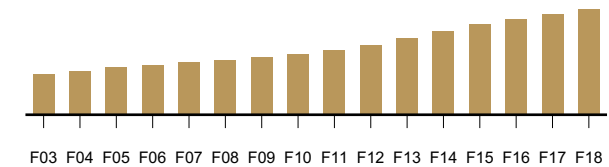
¹ Pre exceptional items; ² Reported movement; ³ Adjusted to include post employment liabilities

Our Sustainability and Responsibility priorities

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

Growing dividend per share

F18 dividend: 65.3 pence per share



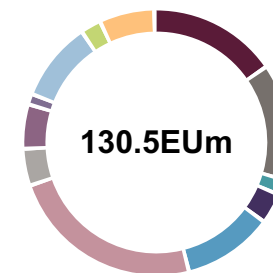
World leading brands¹

Global giants	Local stars	Reserve
% of net sales 42%	20%	19%



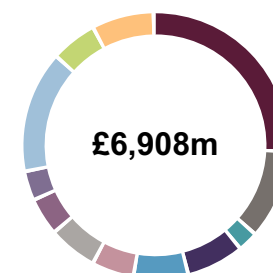
¹ Global giants and Local stars including reserve variants.

VOLUME



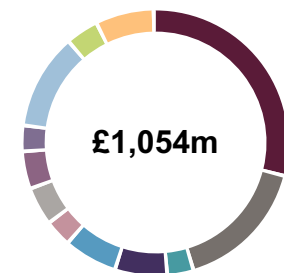
- Scotch
- Vodka
- US whiskey
- Canadian whiskey

NET SALES



- Rum
- IMFL whisky
- Liqueurs
- Gin

MARKETING

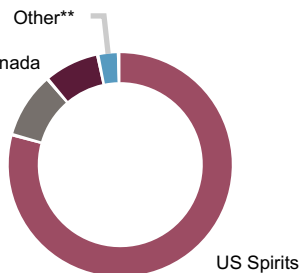


- Tequila
- Beer
- Ready to drink
- Other

North America

% of net sales

34%

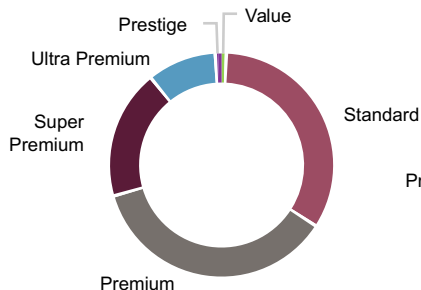


Net sales contribution by

markets

categories

price segments

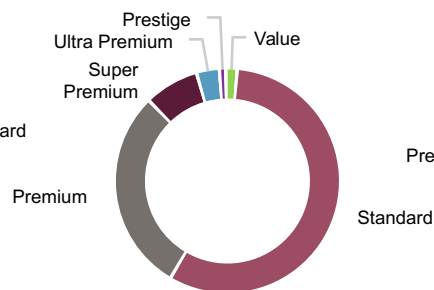
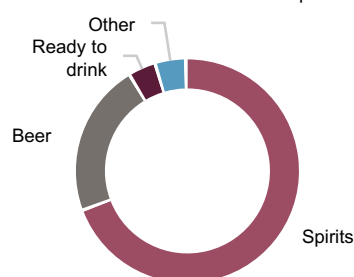
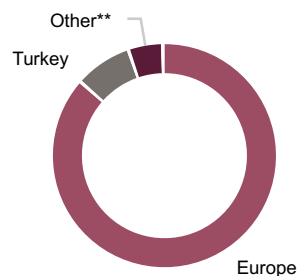


6%

4%

Europe and Turkey

24%

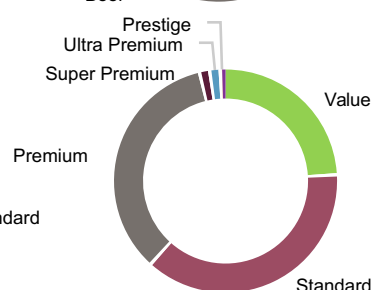
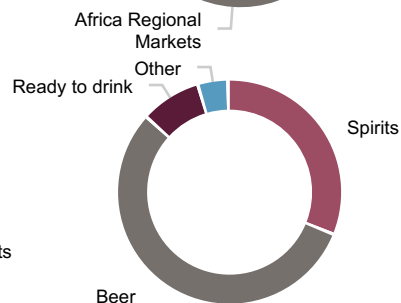
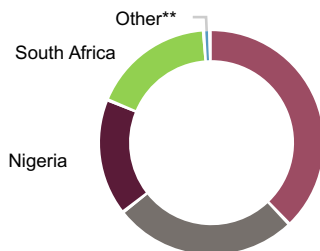


5%

5%

Africa

12%

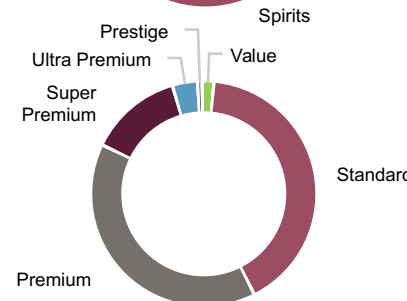
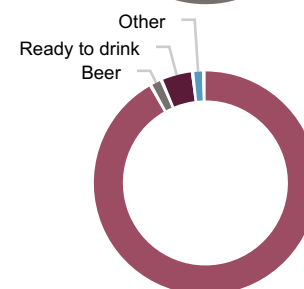
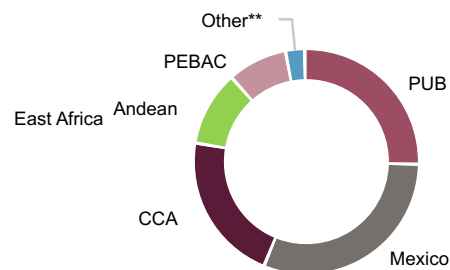


6%

30%

Latin America and Caribbean

10%

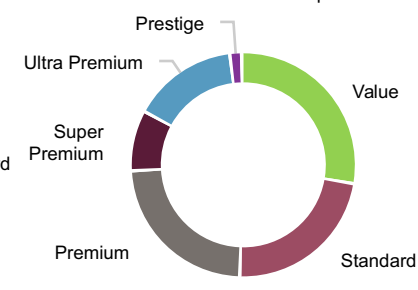
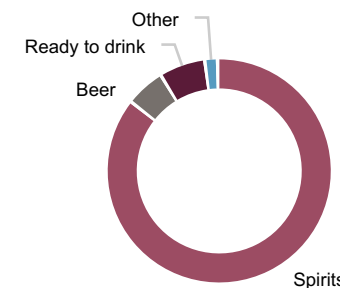
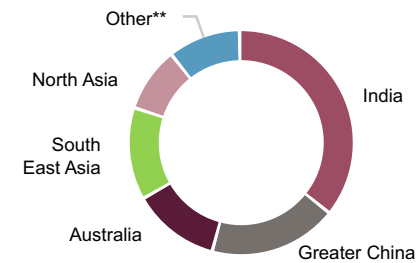


9%

21%

Asia Pacific

20%



13%

35%

Net sales movement*

Operating profit movement*

North America delivered net sales growth of 6% with growth across all markets.

In US Spirits, net sales increased 5%, with overall share trends improving.

Net sales in Canada increased 5% as the spirits business lapped a weaker performance in the same period last year and with good growth in ready to drink.

DBC USA net sales grew 13% largely driven by growth in ready to drink, as a result of successful prior year innovation launches.

Europe and Turkey delivered 5% net sales growth. Europe was up 5% with growth driven by Great Britain, Ireland and Continental Europe.

Strong growth in gin continued with Tanqueray and Gordon's growing double digit. In Western Europe we gained over 600bps of market share in gin.

Beer was up 4% driven by strong performance from Guinness Draught, continued growth of Hop House 13 Lager and the successful launch of Rockshore lager in Ireland.

In Turkey, net sales were up 10% driven by inflation and excise led price increases.

Africa net sales grew 6% with growth in East Africa, Africa Regional Markets and South Africa partially offset by a decline in Nigeria. In East Africa net sales grew 13% lapping prior year weakness following the presidential election in Kenya.

Across Africa, beer net sales were up 5% with strong growth in Serengeti Lite in Tanzania and Senator Keg in Kenya partially offset by decline in Satzenbrau in Nigeria. Guinness and Malta Guinness grew 5% and 10%, respectively across all key markets.

Spirits delivered double digit net sales growth largely driven by Smirnoff 1818 and Tanqueray in South Africa, and Chrome Vodka in Kenya.

Latin America and Caribbean delivered 9% growth in net sales with strong performance in Mexico, Colombia and CCA, which benefitted from lapping the impact of last year's hurricanes. Growth in the region was broad based across all categories.

Scotch grew 8% with continued strong performance of Johnnie Walker and primary scotch growing 8% and 15%, respectively. Buchanan's was up 8% and Old Parr returned to growth as the brands benefitted from lapping last year's tax changes in Colombia.

Don Julio delivered double digit growth led by Mexico.

Tanqueray and Smirnoff's double digit growth was driven by Brazil.

In Asia Pacific net sales grew 13% with strong growth in Greater China, India, South East Asia and Travel Retail Asia and Middle East, partially offset by the continued contraction of the scotch category in Korea.

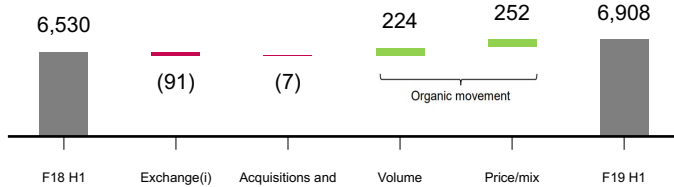
In scotch, net sales were up 15% as strong performance in Johnnie Walker and scotch malts more than offset the net sales decline of Windsor in Korea.

Greater China grew 20% driven by strong performance in both scotch and Chinese white spirits.

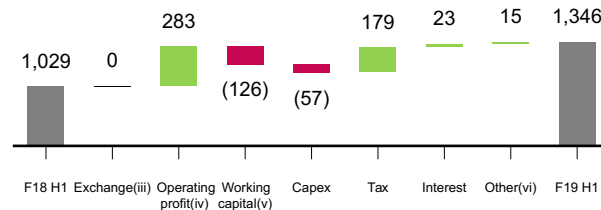
India grew 12%, largely driven by both IMFL whiskey and scotch in the prestige and above segment, and enhanced by lapping a weak prior year.

* Organic growth six months ended 31 December 2018, ** Other principally Travel Retail

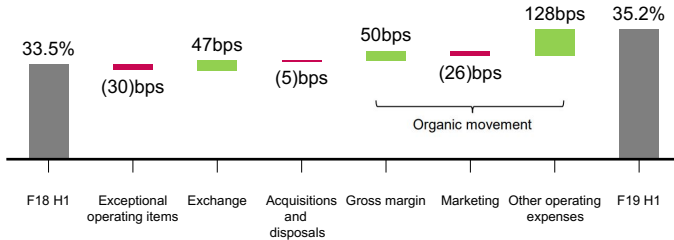
Net sales (£ million)



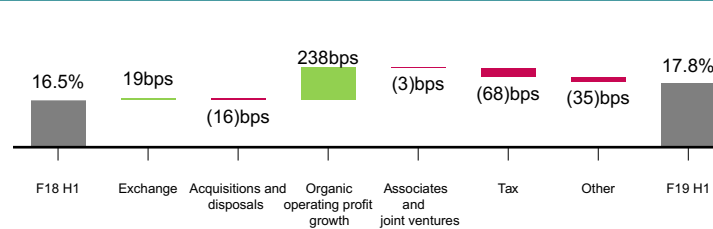
Free cash flow (£ million)



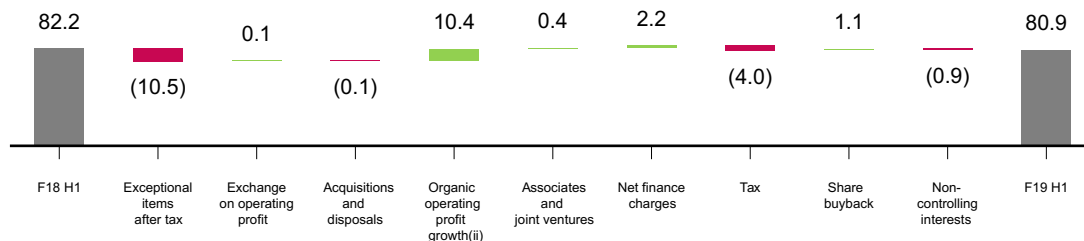
Operating margin (%)



Return on average invested capital (%)^(vii)



Basic earnings per share (pence)



- (i) Exchange rate movements reflect the translation of prior period reported results at current exchange rates.
- (ii) Excluding exchange.
- (iii) Exchange on operating profit before exceptional items.
- (iv) Operating profit excluding exchange, depreciation and amortisation, post employment charges and non-cash items.
- (v) Working capital movement includes maturing inventory.
- (vi) Other items include post employment payments, dividends received from associates and joint ventures, and movements in loans and other investments.
- (vii) ROIC calculation excludes exceptional items.

Delivering our strategy through consistent performance

Reported net sales (£6.9 billion) was up 5.8% with organic growth partially offset by unfavourable exchange. Reported operating profit (£2.4 billion) was up 11.0%, driven by organic growth

All regions contributed to broad based organic growth, with organic net sales up 7.5% with organic volume up 3.5%

Organic operating profit grew 12.3%, ahead of top line growth, as cost inflation and higher marketing investment were more than offset by improved price/mix and efficiencies from our productivity programme

Cash flow continued to be strong, with net cash from operating activities at £1.6 billion, up £356 million and free cash flow at £1.3 billion, up £317 million

Basic eps of 80.9 pence was down by (1.6)%. Pre-exceptional eps was 77 pence, up 13.6%, driven by higher organic operating profit and lower finance charges.

The interim dividend increased 5% to 26.1 pence per share

KEY FINANCIAL INFORMATION

	F19 H1		F18 H1		Organic growth%	Reported growth%	F19 H1		F18 H1		Organic growth%	Reported growth%
	£m	EUm	£m	EUm			£m	EUm	£m	EUm		
Volume												
Net sales	6,908	130.5	6,530	126.4	7	3	6,530	126.4	6,421	129.4	4	(2)
Marketing	(1,054)		(968)		9	9	(968)		(908)		7	7
Operating profit before exceptional items	2,451		2,190		12	12	2,190		2,065		7	6
Operating margin expansion*		bps		bps				bps		bps		
Operating profit	2,430		2,190			11	2,190		2,065			6
Profit attributable to parent company's shareholders	1,976		2,058			(4)	2,058		1,514			36
Basic earnings per share	80.9		82.2			(2)	82.2		60.3			36
Earnings per share before exceptional items	77.0		67.8			14	67.8		62.0			9
Tax rate including exceptional items	21.3		3.5			509	3.5		21.0			(83)
Tax rate before exceptional items	21.2		19.8			7	19.8		20.9			(5)
Free cash flow	1,346		1,029				1,029		1,084			
ROIC	17.8		16.5				16.5		15.7			
Average net debt	(10,183)		(8,819)				(8,819)		(9,066)			

BUSINESS REVIEW

	F19 H1		F18 H1		F19 H1		F18 H1		F19 H1		F18 H1	
	%*	£m	%*	£m	%*	£m	%*	£m	%*	£m	%*	£m
VOLUME												
NORTH AMERICA	3	25.6	1	25.2	6	2,356	2	2,183	6	2,356	2	2,183
EUROPE AND TURKEY	1	25.7	5	25.2	5	1,633	4	1,599	5	1,633	4	1,599
AFRICA	1	17.6	4	17.4	6	821	2	774	6	821	2	774
LATIN AMERICA AND CARIBBEAN	(1)	12.4	9	12.5	9	672	7	649	9	672	7	649
ASIA PACIFIC	7	49.2	(1)	46.1	13	1,398	7	1,298	13	1,398	7	1,298
CORPORATE					4	28	8	27	4	28	8	27
DIAGEO	4	130.5	2	126.4	7	6,908	4	6,530	7	6,908	4	6,530
MARKETING												
NORTH AMERICA	10	383	8	338	4	1,101	3	1,027	4	1,101	3	1,027
EUROPE AND TURKEY	9	260	6	246	5	614	12	599	5	614	12	599
AFRICA	6	91	2	83	30	153	(3)	120	30	153	(3)	120
LATIN AMERICA AND CARIBBEAN	6	110	11	109	21	254	10	218	21	254	10	218
ASIA PACIFIC	13	208	9	188	35	409	17	316	35	409	17	316
CORPORATE	—	2	—	4	13	(80)	(14)	(90)	13	(80)	(14)	(90)
DIAGEO	9	1,054	7	968	12	2,451	7	2,190	12	2,451	7	2,190
OPERATING PROFIT												
NORTH AMERICA												
EUROPE AND TURKEY												
AFRICA												
LATIN AMERICA AND CARIBBEAN												
ASIA PACIFIC												
CORPORATE												
DIAGEO												
OPERATING MARGIN												
NORTH AMERICA												
EUROPE AND TURKEY												
AFRICA												
LATIN AMERICA AND CARIBBEAN												
ASIA PACIFIC												
CORPORATE												
DIAGEO												

* Organic, ** Pre-exceptional

STRATEGIC MARKETS PERFORMANCE (growth %)

	Organic volume		Organic net sales		Reported net sales	
	F19 H1	F18 H1	F19 H1	F18 H1	F19 H1	F18 H1
NORTH AMERICA	3	1	6	2	8	1
US Spirits	1	1	5	3	7	—
Diageo Beer USA	10	2	13	2	15	(4)
Canada	5	(2)	5	1	3	1
EUROPE AND TURKEY	1	5	5	4	2	4
Europe	4	5	5	4	4	9
Turkey	(11)	7	10	10	(25)	(8)
AFRICA	1	4	6	2	6	(4)
East Africa	13	4	13	—	16	(5)
Africa Regional Markets	(4)	(6)	6	(4)	10	(8)
Nigeria	(13)	17	(4)	20	(3)	—
South Africa	—	4	4	(2)	(8)	(2)
LATIN AMERICA AND CARIBBEAN	(1)	9	9	7	4	3
PUB	(4)	9	—	14	(13)	13
Mexico	4	7	9	12	7	12
CCA	17	(6)	22	(6)	27	(6)
Andean	(29)	16	20	(1)	9	(12)
PEBAC	13	31	2	17	(1)	18
ASIA PACIFIC	7	(1)	13	7	8	3
India	7	(3)	12	2	3	(4)
Greater China	7	29	20	32	19	32
Australia	6	(10)	8	(8)	2	(9)
South East Asia	16	8	16	10	18	7
North Asia	3	6	(7)	(5)	(5)	(8)
Travel Retail Asia and Middle East	15	29	24	27	12	32
DIAGEO	4	2	7	4	6	2

* Organic equals reported volume movement except for scotch malts 5%, Canadian whisky 3%, IMFL whisky 8%, gin 24%, and tequila 23%.

** Spirits brands excluding ready to drink.

*** Organic growth figures represent total Chinese white spirits of which Shui Jing Fang is the predominant brand. Organic growth adjusted to remove bulk sales reported in comparable period last year. Reported volume was up 4%.

**** Vodkas, rum, gin including IMFL brands.

***** Ketel One vodka includes Ketel One Botanical.

CATEGORY AND BRAND PERFORMANCE (growth %)

	Organic volume		Organic net sales		Reported net sales	
	F19 H1*	F18 H1	F19 H1	F18 H1	F19 H1	F18 H1
SPIRITS	4	2	7	5	5	20
SCOTCH	4	4	7	3	6	21
US WHISKEY	2	3	4	8	6	5
CANADIAN WHISKY	5	1	5	2	6	(1)
VODKA****	2	1	3	(3)	2	15
RUM****	(4)	(1)	(3)	5	(5)	13
LIQUEURS	0	5	3	5	2	12
TEQUILA	18	37	29	43	36	36
GIN****	25	18	28	16	29	21
IMFL WHISKY	9	(2)	11	1	2	14
BEER	2	—	4	4	5	7
READY TO DRINK	9	(5)	16	(2)	15	21
DIAGEO	4	2	7	4	6	15
GLOBAL GIANTS**						
Johnnie Walker	5	5	10	7	9	6
Smirnoff	1	2	2	(1)	2	(3)
Captain Morgan	(2)	8	(4)	6	(3)	5
Baileys	—	6	3	6	3	6
Tanqueray	20	16	21	16	22	15
Guinness	3	1	4	4	4	2
LOCAL STARS**						
Crown Royal	5	1	5	3	7	(1)
Yeni Raki	(17)	2	5	7	(29)	(11)
JeB	(11)	(5)	(10)	(8)	(10)	(6)
Buchanan's	5	(3)	7	1	6	(2)
Windsor	(8)	(11)	(20)	(15)	(18)	(16)
Old Parr	5	(11)	6	(15)	3	(16)
Bundaberg	2	(13)	1	(8)	(4)	(9)
Black & White	11	31	16	42	7	42
Ypióca	(10)	12	1	7	(15)	5
McDowell's	8	(3)	10	3	2	(6)
Shui Jing Fang***	13	69	22	75	20	73
RESERVE™						
Scotch malts	4	1	5	3	8	4
Cîroc vodka	(9)	(2)	(12)	(6)	(9)	(9)
Ketel One vodka*****	18	(6)	21	(11)	24	(14)
Don Julio	13	35	26	42	27	38
Bulleit	8	10	6	11	8	8