Cautionary Statement Regarding Forward-Looking Statements

This document contains forward-looking statements that involve risk and uncertainty. 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 beyond Diageo’s control. For more details, please refer to the cautionary statement concerning forward-looking statements at the end of this document and to pages 48 to 49 of Diageo’s Annual Report on Form 20-F for the fiscal year ended June 30, 2018, filed with the US Securities and Exchange Commission (SEC) on August 6, 2018 (the “2018 Form 20-F”). The 2018 Form 20-F is available from the website maintained by the SEC at www.sec.gov and on the Investors section of the website maintained by Diageo at www.diageo.com.

All oral and written forward-looking statements made on or after the date of this document and attributable to Diageo are expressly qualified in their entirety by the factors described and by the principal risks set out at the end of this document and in the ‘Risk factors’ section on pages 39 to 47 of the 2018 Form 20-F. Any forward-looking statements made by or on behalf of Diageo speak only as of the date they are made. Diageo does not undertake to update forward-looking statements to reflect any changes in Diageo’s expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

The reader should, however, consult any additional disclosures that Diageo may make in any documents which it publishes and/or files with the SEC. All readers, wherever located, should take note of these disclosures. Filings with the SEC are also available to the public from commercial document retrieval services, and from the website maintained by the SEC at www.sec.gov.

Non-GAAP Financial Measures

This document includes the following financial measures which are not presented in our financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and are considered “non-GAAP financial measures” under SEC rules: Volume, Organic growth financials, Free Cash Flow, Earnings per share pre-exceptionals and Return on capital employed (ROIC).

These non-GAAP financial measures supplement our IFRS-IASB disclosures and should not be considered as alternatives to any IFRS-IASB financial measures. The reasons we use these non-GAAP financial measures and the reconciliations to their most directly comparable IFRS-IASB financial measures are included in the section entitled “Definitions and reconciliation of non-GAAP measures to GAAP measures” in the 2018 Form 20-F.

No script
Welcome back and thank you Cristina and Ed.
Good Morning, my name is John Kennedy. I am the President of Europe, Turkey and India
I have been with Diageo for over 20 years wearing many hats across many geographies. Marketing Director in Australia, ran innovation in NA, GM for Canada and over the last 10 years in various roles in Europe.
I am also leading our focus on Scotch for the executive team, and that is why I am here to talk to you about this exciting category today.
Let’s start
ENSURING SUSTAINABLE SCOTCH PERFORMANCE

International Whisky is buoyant with broad based momentum

Scotch is the leading category within whisky

Diageo has a leadership position in Scotch

Scotch delivers consistent performance for Diageo

Our strategy and track record give us confidence for the future, but we are not complacent

- International whisky is the largest international spirits category and is showing strong, consistent growth over time
- Scotch whisky is the biggest and most valuable segment of the whisky market at over 50% of the total sales value
- It not new news that Scotch is Diageo biggest category - over a quarter of Diageo net sales and about a third of CAAP (Contribution After Advertising & Promotion)
- It's profitable, premium (53% Retail Sales Value in Premium and above, IWSR) and growing (4% RSV growth in 2017, IWSR).
- It has the most international footprint of spirits categories with significant scale in almost all our markets.
- Scotch economics are very attractive, and critical in supporting our “quality growth” objective.
- However, strong emerging market exposure presents economic, regulatory and foreign exchange (FX) volatility, which is a challenge to our ability to deliver consistently.
- Today I will talk about Scotch in the context of International Whisky – why Scotch is an attractive and growing category, Diageo’s leadership in Scotch, and our strategy to continue to grow ahead of International Whisky.
- Finally, you will see why we can sustain the level of performance you have seen in our most recent results and why we are confident about the future for Diageo Scotch.
• At our last Capital Markets Day I shared a similar slide to this showing the return to growth of Scotch within Diageo.
• The drivers of this growth remain the same: a consistent strategy across four pillars delivering broad-based performance across the regions.
• As context for F19 H1, F18 had some headwinds as
  • growth in North America, LAC and Asia Pacific.
  • This was partially offset by weakness of JēB in Spain, challenges in Africa and the impact on Old Parr of tax changes in Colombia.
• Against this backdrop F19 H1 was a good start to the year for scotch with net sales up 7% and broad-based growth across most regions and brands:
  • Johnnie Walker growth accelerated, with net sales up 10%.
  • Growth across our primary Scotch brands was also good, up 10%, with LAC and India performing strongly.
  • Both Old Parr and Buchanan’s improved, partially benefiting from weaker prior year comparables.
• In summary, F19 H1 has been a strong half for Scotch and I will share more detail on our plans later in my presentation.
• Again, a familiar slide, but one worth emphasizing.
• Diageo has breadth and depth across all price points; from Primary Scotch, to recruit selectively emerging middle class (EMC) consumers, to Prestige offerings for high net worth individuals (HNWI).
• You heard from Ivan this morning about the large, growing and profitable Prestige price tier.
  • It is a price tier where Scotch has the right to win,
  • As the Scotch category continues to premiumise and with our strong breadth and depth of portfolio it’s an attractive segment for Diageo
  • We have set up a dedicated team to go after this opportunity, but more on this later
• Diageo has a leading position in Scotch, we’re nearly two times the size of our nearest competitor with ~40% value share.
• We have extraordinary brands.
• And we have a strong position with our aged stock back in Scotland
We continue to invest for growth in our supply assets

- We are the world’s biggest Scotch producer, with 28 malts distilleries and we’ve recently invested £35m to reopen Brora and Port Ellen, distilleries which closed in 1983.
- We have over 10m casks of maturing stock all of which gives us a strong position. At our two production sites we are bottling over 50 thousand bottles of Scotch an hour.
- Our craftsmen and women in Scotland take pride in every drop of Scotch we produce.
WE CONTINUE TO INVEST FOR GROWTH IN OUR SUPPLY ASSETS

- For example will be at our own cooperage and coppersmith, I’m also proud to say that these two women pictured in the bottom right-hand corner, Angela Cochrane and Kirsty Olychick are our first two female coopering apprentices. They are breaking down the gender barriers and blazing a pioneering trail in a male dominated trade.
INTERNATIONAL WHISKY, THE LARGEST CATEGORY, IS GAINING SHARE AND PREMIUMIZING

INTERNATIONAL WHISKY SHARE OF INTERNATIONAL SPIRITS

INTERNATIONAL WHISKY IS PREMIUMIZING (RSV $BN)

Source: IWSR, 2017 data

- Now let’s talk about why we are excited and optimistic about the outlook for Scotch and Diageo.
- The Scotch category is part of International Whisky.
- International Whisky (IW) is defined as Scotch, US Whiskey, Japanese Whisky, Irish Whiskey and Canadian Whisky. There are some local whiskies which are part of the competitive set within a specific market, but these brands are not global players.
- IW is the largest International Spirits category, at 1.4 times the size of Vodka. It grew to $53bn Retail Sales Value (RSV) globally in 2017, taking 36bps of share from other International Spirits categories in 2017.
- International Whisky is vibrant, gaining share in International Spirits from 29.7% in 2013 to 31.2% in 2017.
- The category is continually premiumising with Premium and above International Whisky growing at 7% CAGR over the last 4 years.
• Scotch is the most valuable category within IW, with 55% value share. Scotch growth is accelerating with a truly global footprint. In 2017, Scotch grew by over US$1bn for the first time since 2012.
• Scotch is the biggest contributor to growth in IW, and we believe this trend will be sustained going forward.
• Scotch is very premium with around 80% value share of the Super Premium and above price tiers of International Whisky.
• Looking at trends within Scotch: one of the biggest advantages is its premium skew.
• Growth in premium tiers is accelerating and as consumers select to drink less but better, this trend will continue in the future.
• Diageo is well positioned to take advantage of the trend towards premium priced offerings.
• Diageo is the leader in Scotch across all regions and within that our sales mix is skewed to premium price tiers.
• Our Scotch brands have leadership positions in all key markets
• Johnnie Walker is the #1 International Spirits brand in the world.
• In LAC we have the 3 leading whisky brands – all Scotch’s.
• In Africa we are number 1 with Johnnie Walker – three times as big as our nearest competitor
• In Europe we are #2 with pockets of leadership in for example Southern Europe through Johnnie Walker
• In Travel Retail, very strong Scotch channel, we are #1 with Johnnie Walker
• In APAC, Johnnie Walker is again the leader
• We have more to do in Scotch in the US. The market is traditionally led by North American whiskies, like Crown Royal, the number 2 whisky.
• We have a clear and consistent strategy.
• Our Scotch competitive set includes all International Whisky.
• The visual on this slide is something you’ve seen before articulated slightly differently.
• “Local Stars” Scotch, scale brands, that are leaders in their specific markets and that compete regionally, needed their own bucket.
• We have given Johnnie Walker its own focus and the results speak for itself.
• A 2nd evolution is that Innovation is not a pillar in itself, but rather an enabler across each of these pillars.
• We’ve added price / mix as an outcome we measure on our portfolio as Scotch is a key driver of gearing in our business with pricing significantly ahead of the Diageo average.
• Lets now take a look at what we have been achieving on Johnnie Walker and what we have been focussing on.
As you can see from this chart on the left hand side our performance on Johnnie Walker has continued to improve since F15 with double digit growth of +10% in F19 H1.

This was delivered with growth across the trademark and particularly strong performance on JW Black +10% and JW Blue +12% in H1.
To continue to deliver sustained growth on Scotch and deliver against our Scotch ambition to win share in International Whisky, Johnnie Walker is key to our success. We continue to execute against our vision to become the most enjoyed, most desired, and most talked about whisky in the world. In F18 and F19 have made shifts in a number of key areas;

- Our visual identity
- Upweight our media spend and drive iconic brand presence
- Revamp our influencer strategy
- Target new occasions for Johnnie Walker with new serves and formats
- Ensure we retain culturally relevant through well targeted partnerships

Let's look at each of these in a little more detail.
You saw a great example of Johnnie Walker’s overhauled visual identity in the Madrid Store earlier in the Marketing presentation.

This visual identity is what inspired that space and is what inspires everything we do on the brand.

It is lighter, brighter, more inviting and in-tune with evolving consumer trends towards more relaxed, less formal occasions.
• Over the past 5 years we have invested over £1bn in scotch, behind both brand building and capital investments.
• We have step changed our brand investment led by Johnnie Walker, upweighting our media presence especially in iconic locations and sites.
• Here is an example of a recent campaign from F19 H1 when we ran a media campaign in London Heathrow driving Johnnie Walker quality credentials at scale:
• We reached 13.2m passengers
• Our research showed that:
  • We increased awareness
  • Increased purchase intent
  • Increase in brand perception
  • A 4% uplift in sales over the same period vs previously year
  • The brand grew share
  • Shifted the mix to more premium SKUs
• And we will continue to invest behind our brands, experience centres and supply in the future.
• In order to really drive our serve to scale, we need to embed it with those who are influencing drinks decisions at the point of purchase. Our most important gatekeepers: the bartenders.
• Over the years, we have dabbled with bartender advocacy for Johnnie Walker. But we have not done this consistently.
• We are going to change that and put the passion back into Johnnie Walker, through winning bartender’s hearts, minds and voices.
  • We will do this through both The Diageo Bar Academy & our World Class programmes
• We’ve already made a lot of progress with in bar training, but we have an ambition to double this number by 2021
• We can scale the training through our online training platform and social channels and reach millions of bar professional across the globe.
• We believe passionately that putting more focus behind our serve strategy & relationship with trade, is one of the most critical priorities as we move into F20.
• Our influencer programmes will also make a hero of the highball, with Johnnie Walker Black Label playing a central role amongst the world’s best bartenders. Many of you will have had an opportunity to taste this last night.

• As with our other programs, we re-visited our serve strategy and asked ourselves, consumers and leading-edge bartenders whether the early work we had developed on highball was the right choice to reframe Scotch and recruit new consumers.

• The answer was a resounding yes.

• We believe the highball can drive broader consumption. We have a great opportunity to lead and drive the trend and importantly our liquids are well suited to support it.

• In a world where consumers and bartenders are looking for new, exciting, fresh and simple drinks – we can transform the Scotch experience.

• It is not a serve – it is a category of drinks.
• We have to celebrate and recognise the enormous success of Johnnie Walker White Walker.
• It has represented a true step change in how we innovate and the level to which we can execute at launch, rolling out simultaneously to over 75 countries globally.
• With innovation we are opening up Scotch to a whole new audience thanks to the global phenomenon that is Game Of Thrones.
• This is a limited edition, brand new blend, drawing on cues from the story line and executed in a stunning pack.
• As Ed and Cristina touched on this innovation has done a good job of recruiting into Scotch and Johnnie Walker:
  • In Spain 52% of buyers were new to Johnnie Walker, and 39% of them kept Johnnie Walker in their repertoire after the White Walker purchase.
  • In addition it about 50% of buyers were female in a market where of scotch drinkers 2/3s are male.
  • E-commerce data from the US backs this up, showing White Walker has attracted new consumers, over-indexes in 25-34 year old's relative to the trademark, and now repeat buyers.
• The premier of the last season (Season 8) of Game of Thrones aired a few weeks ago and the finale on Sunday night. A couple of things we learnt from our social listening M&E over the few days building up to the screening a day or two afterwards:
  o White Walker reached a quarter of a billion people (246M) on social channels across the
globe.

- Johnnie Walker became the most talked about whisky, leading share of voice.
• One of the most important places to celebrate Johnnie Walkers 200\textsuperscript{th} is Edinburgh.
• We expect to open up the doors to an amazing visitor experience near the end of 2020.
• The historic building on Princes Street in the center of Edinburgh, will be transformed into a multi-sensory, immersive visitor experience, guiding people through the 200 year history of the brand, the art and science of whisky-making, and taking them on a journey through the flavours of Scotland. It will include a flexible event space, a bar academy, and an unprecedented retail experience on the ground floor.
• We have learnt a lot from our Guinness Storehouse
• Internally we have the experience and skills to replicate an experience of this scale in Edinburgh
• We re-entered primary Scotch 5 years ago, with two key objectives:
  
  • firstly, to recruit emerging market consumers, giving them a taste for Scotch and acting as a stepping stone to Standard and above products; and
  
  • secondly, as a hedge against volatility, enabling us to catch consumers as they trade down in more difficult economic times
• We have delivered against these objectives, growing to a strong market share position in our target emerging markets.

• In terms of recruitment the results have been very promising:
  
  • In Mexico, Black & White has recruited more women, and younger legal drinking age consumers than the scotch category in general.

  • In Brazil, the skew towards recruiting women is even more pronounced for Black & White.

  • Encouraging evidence that we are recruiting into a category where we have established leadership positions at the higher price points.

• Looking forward, we continue to see Primary Scotch as an important recruitment tool in selected emerging markets as consumers come into the threshold of affordability of International Spirits.
• We have a full portfolio of brands and our “Local Stars” in scotch are a selection of Standard and above brands
• These brands have scale with a big role regionally
• These brands over-index in their core market(s) and as a result, performance tends to follow category trends in that market which can be volatile.
• We have 3 local stars brands that together make up over half a billion in NSV
• These brands are leaders in their respective countries:
  • Buchanan’s in Mexico,
    • Which has grown at a 10 year CAGR of 8.2% (IWSR 2007 – 2017)
    • And has a big opportunity in the US where the Latin American population is one of the fastest growing cohorts.
  • Old Parr in Colombia,
    • Has grown at a CAGR of +5.2% over the last 10 years. (IWSR 2007 – 2017)
    • The brands has seen headwinds recently due to tax reform in the country, but returned to growth in F19.
  • J&B is the leader in Spain where the Whisky category is under pressure due to the move towards early evening occasions you heard about earlier.
    • Performance not where we want it to be, but our new campaign is addressing some of the issues the brand faced in Spain
    • Our serve strategy moves to longer drinks with the occasion moving earlier;
    • further broadening whisky’s appeal to women and J&B via occasion and serve.
• Turning to the final pillar of our scotch strategy – Premiumise aspirationally

• We recognise the need to broaden the base of our Scotch growth, reigniting our Malts performance, which was weaker than we wanted F18, including increasing participation with our Prestige brands.
There are three big consumer trends that give us confidence in the longevity of the opportunity in Malts:

- **Craft** - Malts play perfectly—made by real people, recognized for their provenance, heritage and real sense of place.
- **Experimentation** - Flavour exploration and category innovation are big drivers of enthusiasm for Malts. No other spirits category offers such a diverse and seemingly never-ending range of flavours, with different regions, creating an abundance of flavour variations.
- **Casual Get Together** – consumers are shifting towards more casual occasions where blends are strongly rooted and where exploration and experimentation are fueling in Malts. In Asia, Casual Get Together and Relax & Unwind now account for +70% of all occasions. As a result, the Talisker Hi-Ball in Japan is very much a drink of choice at the moment.
Malts as a category has global momentum and is outpacing category growth.

- It has grown from ~$3bn in 2007 to ~$6.3bn in 2017 (~10% CAGR, IWSR).

- Growth is coming from all regions, and is now growing above 20% in more than 50 countries.

- It is a highly premium category with 98% of Retail Sales Value in Premium and above price tiers. It is well placed to take advantage of current consumer trends towards craft, experimentation and more casual socialising.

- Malts contribute significantly to our Scotch NSV and remain a big opportunity and focus area for Diageo.
As some of your will have seen last night in our reserve showcase, on top of these consumer trends, we overlay 4 exciting growth pools:

- 1st – Over 50% of global malts volume are what we call “easy drinking” Speyside malts
- 2nd – As consumers continue to explore malts, the 2nd biggest volume pool and one of the fastest growing segment, are the smoky discovery malts which are 10% of the volume pool
- 3rd – Prestige (2.7% of volume, but 11.3% of value).
- 4th – Blended Malts (blends are 6% of total malts) are malts that don’t behave like traditional malts and don’t talk to the traditional consumer, but use their flavour diversity to bring a new consumer into malts. This is one of the fastest growing segments in spirits globally for the last 3 years.

In F19, we revitalized our Malts strategy, recognizing that consumers are drawn in by the craft and authenticity of Malts, but are recruited and captured by the power of brands.

We have made a number of interventions to build priority, powerful brands and to drive performance on four focus brands:

- Singleton to recruit;
- Talisker to win in smoky;
- Mortlach to be a prestige offering;
- and Copper Dog to energise & expand the category

The breadth and depth of portfolio means we have a number of significant brands outside of these four strategic priorities. We anticipate increased consumer awareness with respect to our 4 corner malts - Cardu, Glenkinchie, Clynelish, Caol Ila (as in the 4 corners of Scotland) driven by our ongoing Johnnie Walker activation, some of which (e.g. Cardhu in Europe) are already a regional focus. Complementing these are some regionally significant brands (for example Lagavulin in Europe and North America) where we see significant future potential.
• Let’s look at an example of how these trends and insights show up in execution of one of our strongest Malt Brands: Talisker
• Talisker is a great example of a brand that fits with the consumer desire for craft and authenticity, with a unique flavour in an easily accessible, but differentiated, occasion.
• Let me show you:
We take the theme of wild spirits further through a physical experience—the Talisker Atlantic Challenge. A rowing race across the Atlantic Ocean. This life changing adventure takes teams from in the Canary Islands, to Antigua, 3000 miles across the Atlantic Ocean, breaking boundaries and limits as they go. This is the world’s toughest row, and a truly unique experience where teams embarked upon a journey of self-discovery, exhilaration, fearlessness and freedom. We’ve had a fantastic array of teams through the years including all-female teams and armed force veterans who’ve recovered from serious injuries. On 16 January 2019, four wild spirits from the Netherlands conquered the elements to become the first ever Dutch team to win the Talisker Whisky Atlantic Challenge. On 16 January 2019, four wild spirits from the Netherlands conquered the elements to become the first ever Dutch team to win the Talisker Whisky Atlantic Challenge.
The smell and taste of Talisker conveys a sense of provenance instantly connecting the drinker with the rugged environment – like a warm welcome from a wild sea.

Our on-trade strategy takes this into a powerful approach through serve and ritual.

The Talisker Sour – our smoky character cuts through and makes the best whisky sour.

Or if you want to explore with food, Talisker & oysters combination

And you can just have your Talisker rocking tray serve ritual
• An important pillar of our strategy to continue to strengthen our reserve portfolio through our increased focus on our Prestige Brands of malts and blends.
• With our quality liquids and distilling credentials, our portfolio is well positioned to capitalize on the growing trend for Scotch among HNWIs.
• As you heard through Ed and Cristina’s presentation we are well versed in building iconic brands, driving desire through comms, partnerships & experiences. We apply these same fundamentals to our Prestige portfolio.
• Prestige is a global market with a global consumer.
• But today, I want to give you a bit more insight into our business in Asia Pacific, and in particular, China where we see significant headroom for growth.
• There is a significant market opportunity in China in international spirits
• China is the world’s largest TBA market with US$178bn RSV (source: IWSR, 2017).
• International spirits’ share of TBA net sales is only around 3%. This may look modest but total RSV of this share is estimated to be nearly US$5bn (source: IWSR, 2017).
• The Chinese international spirits market is also the most “premiumised” in the world with around 90% of Retail Sales Value being represented by products within Super Premium and above price tiers.
• Scotch is the #2 international spirits category in China, behind Cognac but
• As status cues continue to evolve in China, we are seeing increasing interest in the Scotch category, reflecting its provenance, craft and heritage.

• Our focus in China is on investing in and building the Super Premium and above scotch category:
  • Increasing education and mentoring to drive understanding and appreciation through Diageo Whisky Academy and Whisky summit, training both consumers and trade customers
  • Creating category buzz and engagement through “Love Whisky”, our social media platform for Whisky enthusiasts.
  • Continuing to expand our whisky retail spaces of whisky boutiques and whisky reserve shops to exhibit our broad portfolio as well as build relationships with high net worth individuals.
  • Lastly we have a strong focus on prestige to excite and satisfy growing Chinese demand, including through the introduction of new products and innovations such as our recent “Ghost & Rare” limited edition.
This focused strategy has driven significant progress. Diageo China is now leading the whisky category in terms of value and driving the growth in the category.
• Although Johnnie Walker leads our scotch presence in China, with Johnnie Walker Blue Label as our #1 strategic brand.
• Our prestige portfolio including special release malts, as well as rare, full cask sales are also delivering strong growth. The Whisky summit I spoke about earlier has been particularly effective in recruiting wealthy consumers into acquiring these rare casks and stimulating their interest in learning about and owning rare, prestige whiskies.
• While we are proud of the progress we’ve made in China and of our leading position in our industry, in the context of the Total Beverage Alcohol market in China, we still have work to do. However, the potential and opportunity are very exciting and Diageo is better placed than ever to win in China.
ENSURING SUSTAINABLE SCOTCH PERFORMANCE

Scotch is an attractive and growing category

Diageo has exceptional brands with scale across geographies and price tiers

Performance has improved and is increasingly consistent

Clear, evolving strategy that is delivering

Increasing, targeted investments behind our brands

We are confident in our plans going ahead

• In closing
• We participate in an attractive and growing category
• Our brands are exceptional, we have scale and we have leading position across geographies and price tiers
• Our Scotch performance is consistently improving
• Our consistent strategy is proven to deliver growth
• We are increasingly investing behind our brands
• As a result, we are confident in our plans going forward to continue to deliver quality growth for Diageo.
Cautionary statement concerning forward-looking statements

This presentation and its notes (together, this "Presentation") contain 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, including trends in results of operations, margins, growth rates, overall market trends, the impact of changes in interest or exchange rates, the availability or cost of financing to Diageo, anticipated cost savings or synergies, expected investments, the completion of any strategic transactions and restructuring programmes, anticipated tax rates, changes in the international tax environment, expected cash payments, outcomes of litigation, anticipated deficit reductions in relation to pension schemes and general economic conditions. These statements are often, but not always, made through the use of words or phrases such as "believe", "anticipate", "could", "may", "would", "should", "intend", "plan", "potential", "predict", "will", "expect", "estimate", "project", "positioned", "strategy", "outlook", "target" and similar expressions. 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:
- economic, political, social or other developments in countries and markets in which Diageo operates, which may contribute to a reduction in demand for Diageo's products, adverse impacts on Diageo's customer, supplier and/or financial counterparties, or the imposition of import, investment or currency restrictions (including the potential impact of any global, regional or local trade wars or any tariffs, duties or other restrictions or barriers imposed on the import or export of goods between territories, including but not limited to, imports into and exports from the United States, Canada, Mexico, the United Kingdom and/or the European Union);
- the negotiating process surrounding, as well as the final terms of, the United Kingdom's exit from the European Union, which could lead to a sustained period of economic and political uncertainty and complexity whilst detailed withdrawal terms and any successor trading arrangements with other countries are negotiated, finalised and implemented, potentially adversely impacting economic conditions in the United Kingdom and Europe more generally as well as Diageo's business operations and financial performance (see more detailed status on Brexit below);
- changes in consumer preferences and tastes, including as a result of changes in demographics, evolving social trends (including any shifts in consumer tastes towards locally produced small-batch products), changes in travel, vacation or leisure activity patterns, weather conditions, and/or a downturn in economic conditions;
- any litigation or other similar proceedings (including with customs, competition, environmental, anti-corruption or other regulatory authorities), including litigation directed at the beverage alcohol industry generally or at Diageo in particular;
- changes in the domestic and international tax environment, including as a result of the OECD Base Erosion and Profit Shifting Initiative and EU anti-tax abuse measures, leading to uncertainty around the application of existing and new tax laws and unexpected tax exposures;
- the effects of climate change, or legal, regulatory or market measures intended to address climate change, on Diageo's business or operations, including on the cost and supply of water;
- changes in the cost of production, including as a result of increases in the cost of commodities, labour and/or energy or as a result of inflation;
- legal and regulatory developments, including changes in regulations relating to production, distribution, importation, marketing, advertising, sales, pricing, labelling, packaging, product liability, antitrust, labour, compliance and control systems, environmental issues and/or data privacy;
- the consequences of any failure by Diageo or its associates to comply with anti-corruption, sanctions, trade restrictions or similar laws and regulations, or any failure of Diageo's related internal policies and procedures to comply with applicable laws or regulations;
- the consequences of any failure of internal controls, including those affecting compliance with new accounting and/or disclosure requirements;
- Diageo's ability to maintain its brand image and corporate reputation or to adapt to a changing media environment;
- increased competitive product and pricing pressures, including as a result of actions by increasingly consolidated competitors or increased competition from regional and local companies, that could negatively impact Diageo's market share, distribution network, costs and/or pricing;
- any disruption to production facilities, business service centres or information systems, including as a result of cyber-attacks;
- Diageo's ability to derive the expected benefits from its business strategies, including in relation to expansion in emerging markets, acquisitions and/or disposals, cost savings and productivity initiatives or inventory forecasting;
- increased costs for, or shortages of, talent, as well as labour strikes or disputes;
- fluctuations in exchange rates and/or interest rates, which may impact the value of transactions and assets denominated in other currencies, increase Diageo's cost of financing or otherwise adversely affect Diageo's financial results;
Brexit
There continues to be uncertainty with respect to the process surrounding the United Kingdom’s proposed exit from the European Union. We continue to believe that, in the event of either a negotiated exit or no-deal scenario, the direct financial impact to Diageo will not be material. In the EU, we expect that our finished case goods will continue to trade tariff free in either scenario. While there continues to be uncertainty over future trading arrangements between the UK and the rest of the world, we have mitigation plans in place for the short-term disruption that could arise from a ‘no deal’ scenario, in which the UK leaves the EU without the parties reaching a formal withdrawal agreement approved by the UK Parliament and including the inability of the UK Government to renew existing EU Free Trade Agreements with third party countries to which we export and where trading could revert to WTO rules. We have further considered the principal impact to our supply chain which we have assessed as limited and have appropriate stock levels in place to mitigate this risk. The full implications of Brexit will not be understood until future tariffs, trade, regulatory, tax, and other free trade agreements to be entered into by the United Kingdom are established. Furthermore, we could experience changes to laws and regulations post Brexit, in areas such as intellectual property rights, employment, environment, supply chain logistics, data protection, and health and safety. A cross-functional working group is in place that meets on a regular basis to identify and assess the consequences of Brexit, with all major functions within our business represented. We continue to monitor this risk area very closely, including a continuing focus on identifying critical decision points to ensure potential disruption is minimised, and take prudent actions to mitigate risk wherever practical.

Other information
All oral and written forward-looking statements made on or after the date of this Presentation and attributable to Diageo are expressly qualified in their entirety by the above risk factors and by the ‘Risk factors’ section contained in the annual report on Form 20-F for the year ended 30 June 2018 filed with the US Securities and Exchange Commission (SEC). Any forward-looking statements made by or on behalf of Diageo speak only as of the date they are made. Diageo does not undertake to update forward-looking statements to reflect any changes in Diageo’s expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that Diageo may make in any documents which it publishes and/or files with the SEC. All rights reserved. © Diageo plc 2019 presentation. The Presentation is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction. This Presentation is provided for the purpose of giving information about Diageo to investors only and is not intended for general consumers. Diageo, its directors, officers, employees, agents or advisers do not accept or assume responsibility to any other person to whom this material is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. The information in this Presentation does not purport to be comprehensive and has not been independently verified. Certain industry and market data contained in this Presentation has come from third party sources. Third party publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but there is no guarantee of accuracy or completeness of such data. This Presentation includes names of Diageo’s products, which constitute trademarks or trade names which Diageo owns, or which others own and license to Diageo for use. All rights reserved. © Diageo plc 2019. The information in this Presentation does not constitute an offer to sell or an invitation to buy shares in Diageo plc or an invitation or inducement to engage in any other investment activities.
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