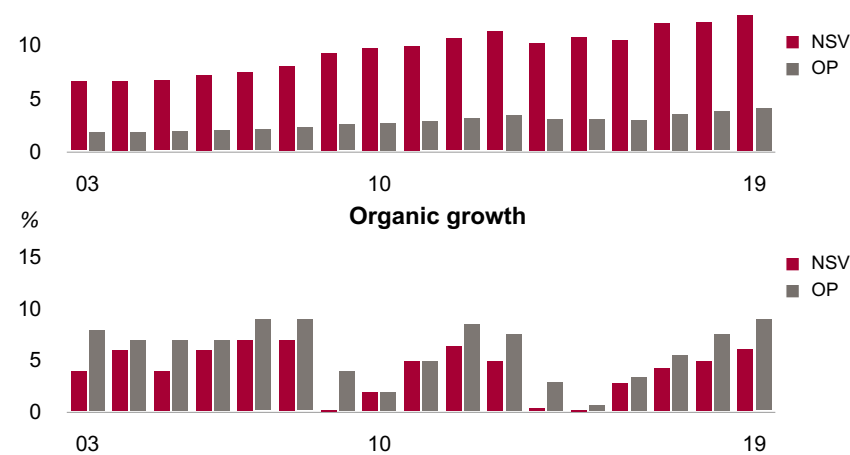


# PERFORMANCE AMBITION

**"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 £12,867m in F19**  
**Operating profit increased from £1,902m in F03 to £4,116m in F19**



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

F19 reported figures	Organic movement	
Volume <b>245.9mEU</b>	<b>2%</b>	Free cash flow <b>£2.6bn</b>
Net sales <b>£12.9bn</b>	<b>6%</b>	
Marketing <b>£2.0bn</b>	<b>8%</b>	Reported operating margin <sup>1</sup> <b>32.0%</b>
Operating profit <sup>1</sup> <b>£4.1bn</b>	<b>9%</b>	
Dividend <b>68.57 pence</b>	<b>5%<sup>2</sup></b>	Adj. net debt <sup>3</sup> / EBITDA <sup>1</sup> ratio <b>2.5x</b>
Eps <sup>1</sup> <b>130.8 pence</b>	<b>10%<sup>2</sup></b>	

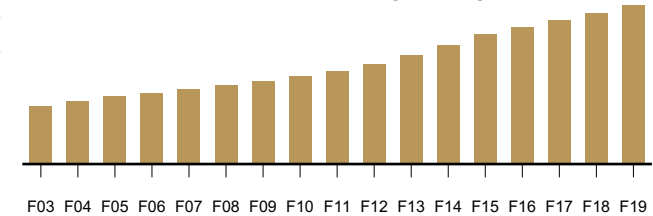
<sup>1</sup> Pre exceptional items; <sup>2</sup> Reported movement; <sup>3</sup> Adjusted to include post employment liabilities

## Our Sustainability and Responsibility priorities

- #1 Promoting positive drinking
- #2 Building thriving communities
- #3 Reducing our environmental impact

**Growing dividend per share**

**F19 dividend: 68.57 pence per share**



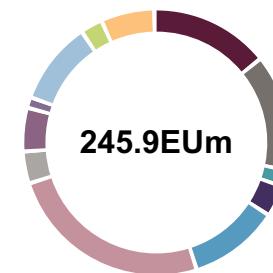
## World leading brands<sup>1</sup>

Global giants	Local stars	Reserve
% of net sales <b>41%</b>	<b>20%</b>	<b>19%</b>



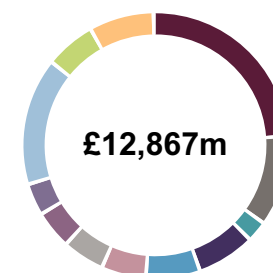
<sup>1</sup> Global giants and Local stars including reserve variants.

## VOLUME



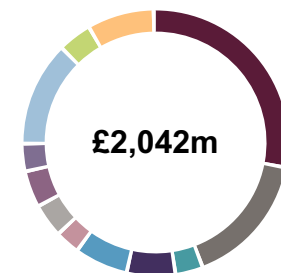
- Scotch
- Vodka
- US whiskey
- Canadian whiskey

## NET SALES

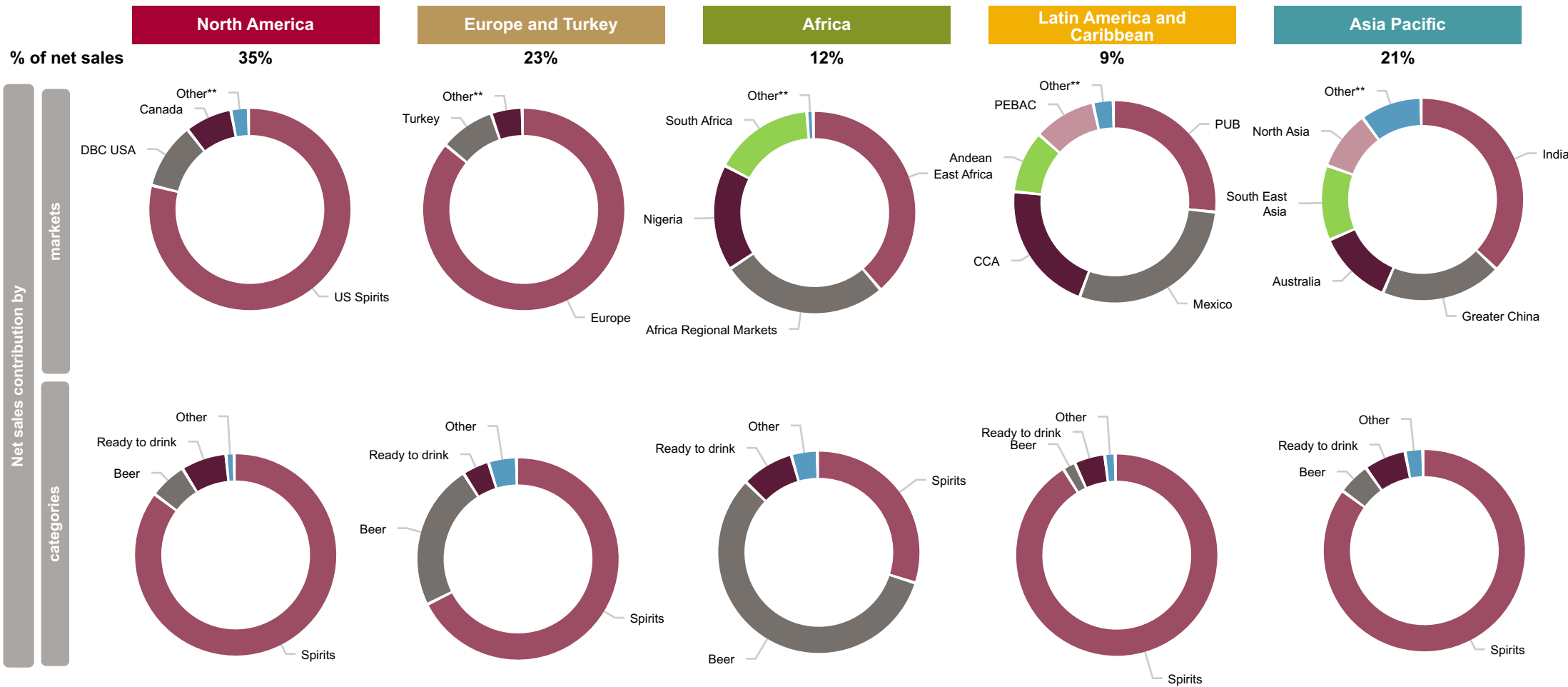


- Rum
- IMFL whisky
- Liqueurs
- Gin

## MARKETING



- Tequila
- Beer
- Ready to drink
- Other



Net sales movement\*

Operating profit movement\*

## Highlights

North America delivered net sales growth of 5% with growth across all three key markets.

In US Spirits, net sales increased 5%.

Net sales in Canada increased 5% with broad based growth, including strong ready to drink performance. Spirits net sales was up 3%.

DBC USA net sales grew 10% largely driven ready to drink growth of 18%. In beer, net sales were up 2%, with Guinness growing 3%.

Europe and Turkey delivered 4% net sales growth. Europe was up 3% with growth driven by Continental Europe, Great Britain and Ireland.

Strong growth in gin in Europe continued with Tanqueray and Gordon's growing double digit, benefitting from growth across their core and innovation variants. In Western Europe we continued to gain market share in gin.

Beer was up 1% in Europe. Lager net sales grew 5% driven by Rockshore in Ireland, while Guinness Draught grew 1%.

In Turkey, net sales grew 11% driven by inflation and excise led price increases.

Africa delivered 7% net sales growth, with growth across East Africa, Africa Regional Markets and South Africa partially offset by a decline in Nigeria. In East Africa net sales grew 13% driven by growth across both beer and spirits, partially benefitting from lapping prior year weakness in the first half.

Across Africa, beer net sales were up 5% driven by double digit growth in Senator Keg, Serengeti Lite, and Malta Guinness, partially offset by declines in Satzenbrau.

Spirits delivered strong net sales growth driven by mainstream spirits and scotch across all key markets as well as strong growth of Tanqueray in South Africa.

Latin America and Caribbean delivered 9% growth in net sales with strong performance in Brazil, Mexico, Colombia and CCA. Net sales in Brazil grew 11%, partially benefitting from a one-off incentive related credit.

Scotch grew 7% with continued solid performance of Johnnie Walker and primary scotch growing 5% and 14% respectively. Buchanan's was up 8% and Old Parr returned to growth as both brands benefitted from lapping last year's tax changes in Colombia.

Don Julio delivered double digit growth led by Mexico.

Gin grew double digit driven by the strong growth of Tanqueray in Brazil.

Asia Pacific delivered 9% growth in net sales with strong growth across the region except North Asia.

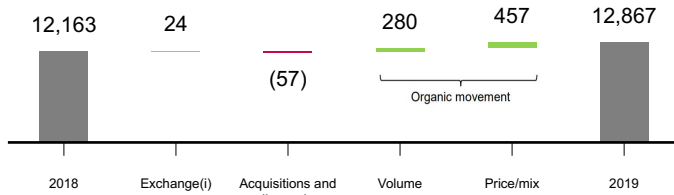
Scotch net sales were up 9% across the region led by strong performance in Johnnie Walker and scotch malts, which more than offset the net sales decline of Windsor in Korea.

Greater China grew 19% driven by strong performance in both Chinese white spirits and scotch.

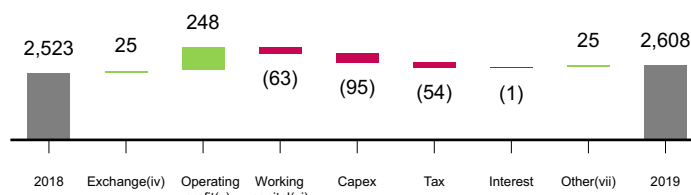
Net sales in India grew 8% with growth from the "Prestige and Above segment" up 12%, led by double digit growth in scotch, driven by Johnnie Walker and Black & White.

\* Organic growth year ended 30 June 2019 \*\* Other principally Travel Retail

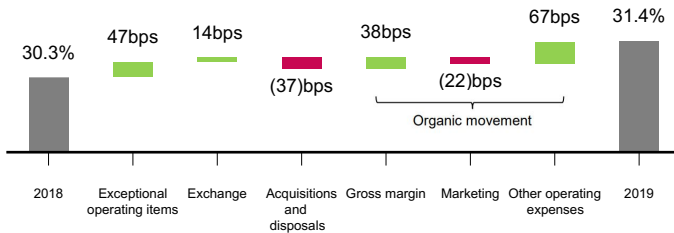
## Net sales (£ million)



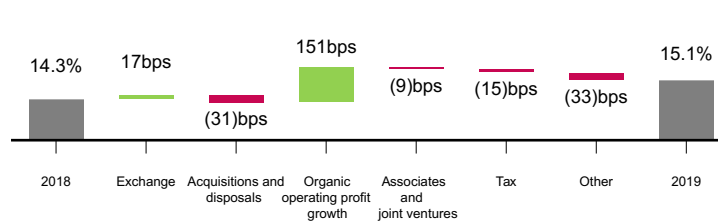
## Free cash flow (£ million)



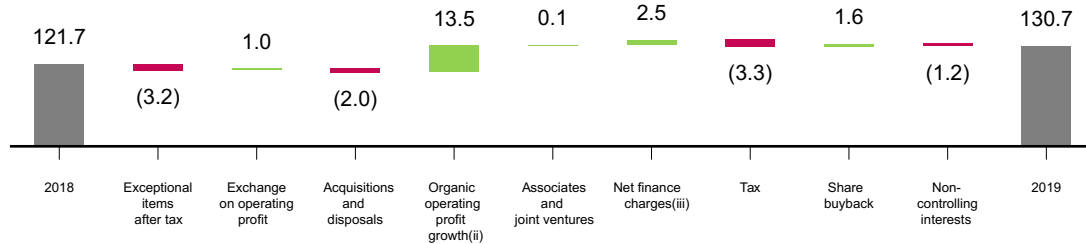
## Operating margin (%)



## Return on average invested capital (%)<sup>(viii)</sup>



## 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) Net finance charges in relation to share buyback and acquisitions and disposals are reflected in the respective categories.
- (iv) Exchange on operating profit before exceptional items.
- (v) Operating profit excluding exchange, depreciation and amortisation, post employment charges and non-cash items.
- (vi) Working capital movement includes maturing inventory.
- (vii) Other items include post employment payments, dividends received from associates and joint ventures, and movements in loans and other investments.
- (viii) ROIC calculation excludes exceptional income statement items.

## Delivering our strategy through consistent performance

Reported net sales (£12.9 billion) increased 5.8% with organic growth partially offset by acquisitions and disposals. Reported operating profit (£4.0 billion) increased 9.5%, driven by organic growth

All regions contributed to broad based organic growth, with organic net sales up 6.1% with organic volume up 2.3%

Organic operating profit grew 9.0%, ahead of top line organic growth, driven by improved price/mix and productivity benefits from everyday cost efficiencies, partially offset by cost inflation and higher marketing investment

Cash flow continued to be strong, with net cash from operating activities at £3.2 billion, up £164 million and free cash flow at £2.6 billion, up £85 million

Basic eps of 130.7 pence increased by 7.4%. Pre-exceptional eps grew 10.3% to 130.8 pence, driven by higher operating profit and lower finance charges, which more than offset an increased tax charge as a result of higher profit

The final dividend increased 5% bringing the full year dividend to 68.57 pence per share

## KEY FINANCIAL INFORMATION

	F19	F18	Organic growth%	Reported growth%	F18	F17	Organic growth%	Reported growth%
Volume	EUm 245.9	240.4	2	2	240.4	242.2	2	(1)
Net sales	£m 12,867	12,163	6	6	12,163	12,050	5	1
Marketing	£m 2,042	1,882	8	9	1,882	1,798	7	5
Operating profit before exceptional items	£m 4,116	3,819	9	8	3,819	3,601	8	6
Operating margin expansion*	bps 83	78			78	37		
Operating profit	£m 4,042	3,691		10	3,691	3,559		4
Profit attributable to parent company's shareholders	£m 3,160	3,022		5	3,022	2,662		14
Basic earnings per share	pence 130.7	121.7		7	121.7	106.0		15
Earnings per share before exceptional items	pence 130.8	118.6		10	118.6	108.5		9
Tax rate including exceptional items	% 21.2	15.9		33	15.9	20.6		(23)
Tax rate before exceptional items	% 20.6	20.7		—	20.7	20.6		—
Free cash flow	£m 2,608	2,523			2,523	2,663		
ROIC	% 15.1	14.3			14.3	13.8		
Average net debt	£m (10,393)	(9,063)			(9,063)	(8,771)		

## BUSINESS REVIEW

	F19		F18		F19		F18		F19		F18	
	%*	£Um	%*	£Um	%*	£m	%*	£m	%*	%*	%*	
NORTH AMERICA EUROPE AND TURKEY AFRICA LATIN AMERICA AND CARIBBEAN ASIA PACIFIC CORPORATE DIAGEO	VOLUME	2	49.4	1	48.2	5	4,460	4	4,116			
		(2)	45.4	4	46.3	4	2,939	4	2,932			
		1	33.6	3	33.2	7	1,597	3	1,491			
		1	22.4	5	22.2	9	1,130	7	1,069			
		5	95.1	2	90.5	9	2,688	9	2,503			
		2	245.9	2	240.4	6	12,867	5	12,163			
NORTH AMERICA EUROPE AND TURKEY AFRICA LATIN AMERICA AND CARIBBEAN ASIA PACIFIC CORPORATE DIAGEO	MARKETING	11	762	6	662	3	1,948	2	1,882	43.9	45.0	
		6	490	6	474	2	1,014	8	1,028	34.5	35.0	
		3	174	2	158	50	275	(5)	191	17.2	12.2	
		6	201	4	196	19	365	19	308	32.3	29.5	
		7	412	15	388	26	703	19	568	26.2	22.8	
		(25)	3	(50)	4		(20)	(189)	13	(158)		
8	2,042	7	1,882	9	4,116	8	3,819	32.0	31.2			

\* Organic, \*\* Pre-exceptional

## STRATEGIC MARKETS PERFORMANCE (growth %)

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

<sup>(i)</sup> Organic equals reported volume movement except for Canadian whisky 5%, gin 16% and tequila 21%, which were impacted by acquisitions and disposals.

<sup>(ii)</sup> Vodka, rum, gin including IMFL brands.

<sup>(iii)</sup> Organic equals reported volume movement except for Johnnie Walker 3%.

<sup>(iv)</sup> Spirits brands excluding ready to drink.

<sup>(v)</sup> 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 17%.

<sup>(vi)</sup> Ketel One includes Ketel One vodka and Ketel One Botanical.

## CATEGORY AND BRAND PERFORMANCE (growth %)

	Organic volume		Organic net sales		Reported net sales	
	F19 <sup>(i)</sup>	F18	F19	F18	F19	F18
<b>SPIRITS</b>	<b>3</b>	<b>3</b>	<b>7</b>	<b>5</b>	<b>6</b>	<b>2</b>
SCOTCH	2	3	6	2	6	1
US WHISKEY	2	2	4	7	9	1
CANADIAN WHISKY	6	—	6	2	8	(4)
VODKA <sup>(ii)</sup>	2	1	2	(1)	4	(6)
RUM <sup>(ii)</sup>	(3)	(3)	(2)	1	(3)	(4)
LIQUEURS	1	6	4	6	4	4
TEQUILA	19	35	29	40	37	56
GIN <sup>(ii)</sup>	17	17	22	16	23	14
IMFL WHISKY	6	4	8	8	3	(1)
<b>BEER</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>(1)</b>
<b>READY TO DRINK</b>	<b>7</b>	<b>2</b>	<b>12</b>	<b>4</b>	<b>12</b>	<b>—</b>
<b>DIAGEO</b>	<b>2</b>	<b>2</b>	<b>6</b>	<b>5</b>	<b>6</b>	<b>1</b>

	Organic volume		Organic net sales		Reported net sales	
	F19 <sup>(iii)</sup>	F18	F19	F18	F19	F18
<b>GLOBAL GIANTS<sup>(iv)</sup></b>						
Johnnie Walker	2	3	7	5	7	5
Smirnoff	—	—	3	(2)	5	(5)
Captain Morgan	(1)	6	(2)	2	1	(1)
Baileys	—	6	4	6	5	5
Tanqueray	17	14	19	15	21	12
Guinness	—	3	2	5	2	2

	Organic volume		Organic net sales		Reported net sales	
	F19 <sup>(iii)</sup>	F18	F19	F18	F19	F18
<b>LOCAL STARS<sup>(iv)</sup></b>						
Crown Royal	6	1	6	3	10	(3)
Yeni Raki	(19)	—	6	10	(24)	(9)
JeB	(10)	(5)	(8)	(9)	(9)	(7)
Buchanan's	6	(3)	6	(2)	8	(6)
Windsor	(1)	(13)	(16)	(19)	(15)	(20)
Old Parr	4	(3)	3	(9)	1	(10)
Bundaberg	(4)	(3)	(1)	(4)	(5)	(7)
Black & White	10	26	14	33	9	28
Ypióca	(7)	2	(1)	2	(12)	(7)
McDowell's	7	—	8	8	4	(3)
Shui Jing Fang <sup>(v)</sup>	16	50	22	63	22	61

	Organic volume		Organic net sales		Reported net sales	
	F19 <sup>(iii)</sup>	F18	F19	F18	F19	F18
<b>RESERVE<sup>(iv)</sup></b>						
Scotch malts	7	1	12	1	12	4
Cîroc vodka	(8)	1	(8)	(2)	(5)	(6)
Ketel One vodka <sup>(vi)</sup>	9	3	10	(1)	15	(7)
Don Julio	15	34	26	39	30	32
Bulleit	9	9	7	11	12	5