

Dayalan Nayager: Script

Slide 1 – Optimising our global route-to-consumer

Slide 2 - Cautionary statements concerning forward-looking statements and non-GAAP financial measures and non-GAAP financial measures

Slide 3 - Bio

Good afternoon everyone, I hope you have enjoyed your Guinness flavoured treats!

My name is Dayalan Nayager, and I am Diageo's President of Europe and our Chief Commercial Officer. I have been with Diageo for over 12 years and have worked across Great Britain, Global Travel and most recently Africa.

Before joining Diageo, I held leadership roles across various functions at Mars and Heinz.

Slide 4 – Confident we are optimising our footprint to sustain and accelerate future growth efficiently

Today, I am excited to talk to you about how we are strategically shaping our global distribution footprint to support the long-term sustainable growth of Guinness.

We are evolving our route-to-consumer, and we are making strategic choices on the most efficient and effective distribution model by market.

By using a variety of distribution models, we are expanding our footprint whilst ensuring we are scalable and responsive to the most compelling growth opportunities.

Our partnership model is a key enabler to growth. It allows us to accelerate growth in existing markets and to enter new markets whilst avoiding large capex which was once required. This delivers growth with financial discipline.

Ultimately, optimising our global footprint is not just about efficiency, it's a fundamental lever for unlocking future growth. It gives us the flexibility to scale, the discipline to invest wisely, and the confidence to drive Guinness forward.

Slide 5 - Global diversity in Guinness portfolio meeting local tastes and consumer preferences

Before we dive into the various models, let's take a moment to look at the breadth of our global Guinness portfolio.

Our portfolio spans kegs, bottles, cans, and our latest innovations in dispense systems—each playing a unique role in how we bring Guinness to life around the world.

Guinness is a truly global brand, but what makes it remarkable is its deep local relevance. Whilst the Guinness name and visual identity resonate worldwide, we tailor our portfolio to meet local consumers tastes and preferences.

One of the most striking examples of this is the contrast between markets. For example, in Africa, Foreign Extra Stout or Guinness FES as it is referred to locally is our largest format. Meanwhile, Draught Guinness is our largest format in Europe and the US, where the smooth, creamy pour is synonymous with the brand experience.

Slide 6 – Guinness brand strength enables a unique and highly profitable route to consumer

Now, let's talk about how we distribute beautiful Guinness across the world. Ultimately, we have quite a simple route-to-consumer with two distinct models.

The first is our finished goods model, which accounts for approximately 80% of Guinness revenue.

This is a highly integrated route-to-consumer, where we manage the majority of the supply chain directly. From our highly efficient and effective brewery at the epicenter of our Guinness network, St. James's Gate, we brew, and ship finished goods to consumers around the world.

This model serves many of our largest markets, including Great Britain, Ireland and the US. It's a well-established and efficient system built on strong relationships, and a resilient infrastructure.

We also work with partners to distribute finished goods in many other markets. This approach allows us to tap into broader footprints and local expertise whilst extending our reach.

Our second route-to-market involves local production under a license and extract model. In this model, partners brew Guinness locally—using our unique Guinness Flavour Extract, also known as GFE. GFE is the backbone of our asset-light model. It is the special ingredient that brings the magic of Guinness taste and quality to consumers around the world.

In markets where we have the scale and infrastructure—like EABL—we brew and distribute Guinness Foreign Extra Stout ourselves. Where an asset-light approach makes more sense, we collaborate with trusted local partners. These partners leverage their deep local knowledge and extensive networks to reach a vast number of outlets.

Although both models are vastly different, they enable us to consistently deliver quality, efficiency and scale. Ewan will elaborate on this next.

Slide 7 – Guinness brand strength enables a unique and highly profitable RTM

Now, let's dive into our largest route to market, finished goods.

Slide 8 – Established and highly effective distribution network across Guinness' three largest markets

You heard earlier from Barry, Nuno, and Laura about the exciting growth we're driving in Ireland, Great Britain, and the US. These three markets now account for approximately 60% of our net sales value.

Given their scale and strategic importance, we have adopted a high-touch Diageo distribution model, managing most of the route-to-consumer ourselves.

Across all three markets, we have exceptional capabilities and long-standing relationships with customers, and we believe this is the most efficient and effective way to manage our route-to-consumer.

Slide 9 – [no title]

Now looking at our partnership models.

We have two.

The first, is where we work with partners in leveraging their footprint to bring our finished goods to market, and the second is using GFE, the magic ingredient, to brew Guinness locally.

Slide 10 - World class global distribution footprint, individually tailored to market

We have established a broad world-class distribution network which is individually tailored to each market.

Our strong global network is made up of over 100 trusted partners. As you can see in many cases, we work with the market-leading partner in each country which gives Guinness access to the broadest distribution. We believe this flexibility gives us a competitive advantage in driving Guinness growth.

Slide 11 - Partnership model enables Guinness to unlock future growth with trusted partners while driving efficiencies

Across both partnership models, our partners have superior distribution networks, allowing Guinness to expand in existing markets and enter new, high-potential markets.

Crucially, both models are asset-light for Diageo.

This approach brings numerous advantages; including enhanced flexibility and efficiency, and significantly reduces risk.

Most importantly, it requires minimal capital investment, far less than building a brewery, giving us access to greater capacity without the need for substantial upfront spend.

Slide 12 – [no title]

Lets start with our first partnership model, this is where our route-to-consumer is built on a finished goods distribution, and is mainly used in Continental Europe.

Slide 13 – Our quality distribution partners and their broad reach provide Guinness with a strong footprint in Continental Europe

This model is highly effective for Continental Europe. Through our partners, we gain extensive distribution reach.

Continental Europe represents around \$100 million in annual sales. Currently, we are in 12,000 on-trade outlets and I believe that Guinness has the opportunity to win in 200,000 on-trade outlets. As I come into my new role, I see enormous potential here.

Slide 14 – [no title]

The second partnership model is where our partners brew and distribute Guinness locally. In my time in Africa, we have accelerated and actively optimised our footprint. We refer to this as our asset light approach, and it is primarily used in Africa and in Asia Pacific.

Slide 15 – Asia Pacific: complex, diverse region with highly choiceful RTM to support growth

In Asia Pacific, our approach is clear: we are highly choiceful in how we go to market because in a region this complex, precision matters.

From historic Foreign Extra Stout markets in South-East Asia to emerging draught strongholds, the region presents a rich mix of legacy and future potential through new draught partnerships.

We have recently optimised our route-to-consumer in Mainland China, Australia, and New Zealand.

We have partnered with Lion in Australia and New Zealand, and with AB InBev in Mainland China to produce Guinness draught locally. This strengthens our relationships and signals the long-term commitment of our partners.

Our partners believe in the potential of Guinness, and we believe in their ability to deliver growth.

Slide 16 - Evolution in Guinness model in Africa over the last five years

Looking at Africa. Back in 2019, we shared a strategy centered around using our beer route-to-consumer to drive growth of our premium spirits portfolio in Africa. This

strategy resulted in us merging our beer and spirits distribution models across the region as we believed there was a potential to leverage synergies between the categories.

As the African consumer, and our understanding of that consumer has evolved, we have adapted our strategy to reflect these shifts. Although beer and mainstream spirits can often coexist within the same distribution model, premium spirits need a different approach.

Operating a successful scale beer business is vastly different from what is required for a premium spirits business. Both these businesses have unique outlet universes, delivery frequencies, logistics networks and require different sales capabilities.

With the pace at which Africa is urbanising, premium spirits have accelerated in key cities across the region. To capture this growth, we implemented a new route-to-consumer for premium spirits which is independent from our beer route-to-consumer.

With premium spirits now operating an independent route-to-consumer. This gave us the opportunity to transition our beer route-to-consumer in many African markets to an asset-light operating model—aligning with partners who have the ability to manufacture and scale Guinness distribution locally.

Slides 17 – Brewing footprint optimised to ensure focus and drive profitability, recent acceleration in pace

Over the past 3 years, we have transitioned our beer business in Cameroon, Nigeria, Ghana and the Seychelles to an asset light model.

As part of this, we've made strategic decisions to sell several of our brewing operations when the timing and partnerships were right. Our goal has always been to secure strong value and align with trusted local partners who can fuel Guinness growth for the future.

We have pursued this strategy with confidence, because we believe it is the right way to unlock growth for Guinness across Africa, and I will share the early results from Cameroon and Nigeria shortly.

Our continued focus on financial discipline gives us confidence to believe that these decisions are the right ones, not just for today, but for the long-term success of Guinness.

The benefits of our asset-light approach, combined with sharper management focus, fewer operational complexities, and rigorous capital allocation, gives us great confidence that we are shaping a footprint in Africa that's fit for the future.

Slide 18 – We have successfully optimised our African footprint: Cameroon

I'd like to briefly share two examples of our asset-light strategy in action in Africa. At the core of this approach is a focus on capital efficiency and allocation, and the ability to scale our brands in a way that delivers value to both the business and our shareholders.

The first example is the sale of our Guinness Cameroon operations. We had an aging brewery with limited capacity that required significant capital investment.

We know that it is not profitable or efficient to ship beer more than 500 kilometers from a brewery and with just one brewery in Douala, it restricted our ability to distribute Guinness efficiently across Cameroon which has a length of almost 1,700 kilometers.

We sold this operation to Castel, who already had five breweries in Cameroon. Castel have proven to be a great partner and have helped to turn around a 5-year CAGR volume decline of -3% per annum prior to the sale, to now delivering growth of more than 5% by leveraging their broad manufacturing and distribution network.

Slide 19 – We have successfully optimised our African footprint: Nigeria

The second example is Guinness Nigeria; before the sale, we operated two breweries in Nigeria, one in Lagos and one in Benin. Similar to Cameroon, we did not have the ability to distribute Guinness profitably across the country. In contrast, a significant competitor had nine breweries, making it difficult for us compete in a meaningful way. To drive Guinness growth in Nigeria, we needed to materially invest in capex. However, this would not have been the best use of Diageo's capital.

Instead, we sold our 58% stake in Guinness Nigeria to Tolaram, one of the largest distributors in Nigeria with vast local knowledge, after nearly 50 years of operating in the country. Early results show that Tolaram are proving to be an excellent partner. In the 6 months to December 2024, Guinness Nigeria delivered strong volume growth supported by Tolaram's distribution network.

In our asset-light model, Diageo, the owner of the Guinness IP, continues to benefit from the upside potential, achieving margin accretion while reducing our exposure to FX volatility and macroeconomic uncertainty.

While the Guinness route-to-consumer consists of multiple parts, it is strategic and executed in service of delivering quality Guinness to consumers.

I've seen this model come to life in my time in Africa, and I am excited by the potential it can unlock for Diageo.

Slide 20 – Confident we are optimising our footprint to sustain and accelerate future growth efficiently

I'd like to summarise by leaving you with three key messages.

First, by leveraging a range of distribution models, we've built the flexibility to adapt quickly to market dynamics to maximise our reach in both mature and emerging markets.

Secondly, our partnership model enables us to accelerate growth in existing markets with minimal capital investment. This enables us to use our resources efficiently and effectively.

And lastly, our partnership model allows us to enter new markets faster by tapping into local expertise and established networks—without the need for heavy upfront investment.

We are confident that we are optimising our global footprint to not only sustain but accelerate Guinness's growth in the years ahead.

Thank you for your time. I'll now hand over to Ewan.

Slide 21 – End of slides