

Nik Jhangiani: Script

Slide 1: Guinness wrap-up and update on reshaped priorities

I am thrilled to be here today. Yes, Chris, you asked me earlier and I think several others in the room, I did try my first pint of Guinness at the Storehouse yesterday, a much anticipated moment. I had my son who had been after me for about three weeks saying don't try it in front of all the investors, what if you don't like it. Then Sonya came up to me yesterday very nervous around 'when are you going to try this', so, more to come on that, including my facial expressions. I will talk a little bit about my not -- the ones I am not allowed to talk about which is my accomplishments, but that might be over dinner in a different forum.

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

With that, I am going to turn over to talking a little bit around the normal cautionary statement that you have and then I am going to talk a bit about how Diageo beer has done and more importantly how has Guinness done relative to that as well.

Slide 3: Guinness: a strong contributor of growth for Diageo

So from fiscal 2021 through 2024 Diageo beer achieved greater than 15% CAGR adding about \$900 million to NSV, all right. Now, of this Guinness clearly thrived and actually growing 21% CAGR for that period and contributing about 75% of that 900 million of growth.

We have expanded the brand by 50% which stems from all the strategic investments you have heard us talking about including great job on marketing that Gráinne and the team have done. But I think it really also comes back to what Ewan was talking about, there's been a lot of investment in our quality commitment, and a lot really in terms of the breakthrough innovations with dispense and of course Guinness 0.0.

Slide 4: Diageo beer is premium, consistent with our strategy

Now Diageo is clearly a premium beer and the dynamics of beer and the growth areas in beer clearly continue to favour Guinness. Premium plus is the engine of our beer growth accounting for 19% volume and 25% value globally. So growing at a clip at just over just 5.5% as in in the category, clearly this aligns very well with our ambition to outperform premium value growth.

Slide 5: Guinness: a jewel in our portfolio

So Guinness is clearly a jewel in our portfolio and you have heard a lot about it through the day. Now, we clearly have leading position in our top two markets of Guinness globally, we have talked about that and you have heard about that from Nuno and Barry. But you can see clearly through some of your questions there is great opportunities, we think about what more we can do across the globe. And so, taking the US as an example we remain to date a relatively small player, at number 20 in the US and we have been gaining market share, we have accelerated plans for the US, as Laura talked about. But remember, there is clearly a lot more to go for,

and Laura just made a quick side bet commitment to me that she is going to get us to number ten. She said just don't ask me for a timeline, I am putting it down to the next three years, so, you know, put that into your models, guys, so let's see where we go from here.

You know, funnily enough I am going to be joking with Nuno in a little bit as well because he is going off to Mexico. There's nothing on that map for Latin America and quite honestly we will come back and talk about the opportunity there as well.

Do keep in mind this shows a value share. So if this was a volume share view you would see a higher proportion on share position when you think about the spot in the markets where we do sell concentrate because that is just recorded in our NSV in a different way. I am actually looking at how we should be thinking about reporting that volume as we go forward because that's clearly Guinness volume that's being sold into those markets as well and it comes back very much to my mindset of being at Coca-Cola where they report that volume from an angle of regardless of the partner model that they have.

Slide 6: Guinness: attractive margins, opportunity for further growth

So, you now look at a question that was asked about the margins. Clearly, Guinness has a very attractive beer margin. So, as Ewan said earlier, the Guinness expected gross margin for fiscal '25 will now be back to the comparable levels at fiscal '19. And that's despite all the significant cost inflation that we have had to navigate since then.

But what you can see here is clearly that has been driven by a combination of pricing, and some might argue do we have more opportunity as we look at that going forward. And I think we talked a little bit about that. Clearly there's been some favourable cost movements as well, but a lot of focus around efficiencies. Now the chart here shows the Guinness margin from St. James's Gate which is over 125 bps ahead of the margin for our other beers at Diageo. So there's further opportunity to improve that margin but you can already see that's a significantly higher margin that we have versus the rest of our beer.

Also do keep in mind that the margin of Guinness made outside of St. James's Gate is also attractive relative to the non-Guinness Diageo beer and I would say pretty much at similar levels as well. So clearly it's a very attractive business, a great jewel in our portfolio and one that we will continue to leverage for scale as we look forward.

Slide 7: Guinness: significant opportunity, even within existing markets

So, I think, as the team has shared today, there's a lot more that we can do here, and hope, you know, that the sessions today leave you with that sense of a lot more that we can achieve.

Let me bring some of those back to life. When you look at GB, Guinness 0.0 just on six tap handles. In Ireland, we have got a proven test ground for pioneering innovation and at premium points as well so we can definitely leverage some of that as we look globally as well.

US, less than 1% share of the beer market. Number one on-trade beer in New York and Boston. Clearly a big opportunity to extend that beyond the northeast coast.

Then when you look at the other markets, it is very concentrated to a limited number of markets, with a range of shares veering from as low as 1% up to 34%. And also keep in mind in

some of these other markets, again not included in the NSV because we work off the royalty model. So there's higher volumes there that are not necessarily captured here, but clearly an to further grow those as well. So I think again when you think about just the size of the opportunity, if you think about Guinness in the US, if it had just a quarter of the share of Guinness GB, that's an incremental 500 million in terms of NSV growth. So, Laura, it's not just about getting to number 10, it's about the size of the market as well. So we will build that into your models.

So clearly a lot to go for. Guinness 0.0, clearly that's a big opportunity as we think about what we can do in this space as well. When you look forward at the brewing capacity that's going to come on and the markets in which we clearly are playing in such a small way, including in a market like GB, we clearly have an opportunity to be able to grow that, so again if Guinness 0.0 in the US, was the same size as we have even in the UK today, that's another incremental 250 million, in terms of what we can do.

Slide 8: Guinness: recruiting more consumers with Guinness 0.0

So I clearly believe we have a lot more to go for when you think about the fact that total, you know, non-alc, 85% of that is beer today. Now the broader non-alc value and profit pool is growing across beer and spirits. So clearly I think we have a lot of opportunity to go after here, when we think about the fact that it's only available in eight markets today, Ireland and GB and the US, Australia, Canada, Eastern Europe, Korea, and truly the only market where we have it at scale is in Ireland, in draught. So clearly a big opportunity as we look forward.

Slide 9: Guinness: opportunity to expand distribution across Europe

So this was a question I think that was asked by Simon again, so I am revalidating that to make sure you see the size and scale of the opportunity. Clearly, you know, when you look at continental Europe and the fact that today, we are only scratching the surface with being at 12,000 outlets, you know, the outlet universe is huge at 1.4 million but there's a lot of work that's been happening to really understand what is the size of the opportunity when we think about segmenting that market and segmenting that outlet universe and where we truly believe we have the opportunity to be able to serve a quality Guinness. So clearly that he is about 200,000 outlets that we feel we can get to.

But again when you think about the fact that we can just double the outlet universe from 12 to 24,000 and Dayalan talked about the fact that today that's about \$100 million in NSV, well clearly depending on the size and scale of the outlets you go to first, that's at least another 100 million that we can be looking at in terms of NSV. So really pulling it together to talk to you about the size and scale of the opportunities that the team has laid out and we are super excited about what we can continue to do that.

Slide 10: Key messages

So I think really when you look at it as we kind of wrap up towards the Guinness opportunities across our market and what gets us super excited about this, is we clearly have an opportunity to outperform here. You know, key to our success has been the brand-building and the innovation, but that quality element is critically important as well. We do have world class brewing capabilities and clearly a lot more investment has gone there to bring a lot more capacity online soon. So when we look at it from an angle of the runway for growth, clearly

there's a lot more to go after. And we are super excited about that, super committed to it and I think you will be hearing a lot more about what's to come, particularly when we think about what more we can do with the Premier League as well.

Slide 11: [no title]

So, with that, I am actually going to close out on Guinness right now, and so this was me trying my first Guinness last night, not in front of you guys, but I have to say, I don't know, I had Dayalan, I had Grainne, I had Nuno and I had Barry with us as well and I think my facial expressions were okay. I actually have to say I enjoyed my first Guinness. So I am thrilled to potentially say that I am a Guinness convert. And, Nuno, I also have another favourite brand as you know that comes from Mexico which is Don Julio, so I actually thought in the spirit of you moving there, and I am going to have two of my favourite brands now that I am thinking about, we are going to put a challenge out to you as well for your plan around how you are going to expand Guinness into Mexico.

I also want to leave a nice farewell gift from you to Barry because I think you talked about all the reasons to believe for GB so Debra and I just concurred very quickly, I think we are going to take your business plan up for the next three years as well, Barry, as you come in so that's your thank you and that can be built into your models as well.

Slide 12: The Time is Now

On a more serious note I think let's turn to how do we think about the rest of Diageo and what we have just obviously announced yesterday, which is now really is the time for us at Diageo to accelerate on all fronts, okay? But very importantly, you know, we really want to shift to much more focus on cost and cash. I love the fact that our supply chain teams have been playing this role but we are going to bring this in a lot more across the organisation, at least for the shorter term, with a lot more financial rigor and discipline on a returns mindset as we truly look forward, you know, for us.

Slide 13: Recap: reshaped priorities for sustainable growth

So, I had shared this at CAGNY and at our interim results around our priorities for sustainable growth. And I am very pleased to say that this is not something that, you know, Debra and I or even just the Executive Team are living by. I had the opportunity to talk to the Senior Leadership Group Team in March where I laid this out, and it's been very much embraced by about our top 130 leaders. And, more importantly, I see this cascading through the organisation, okay?

So I think one thing that has really impressed me as I have come into Diageo is how quick the culture is to adapt and adopt and how quickly people are saying, okay, what do we need to do, how do we need to deliver, help us move in the right frame to be able to move to deliver against what we set out as our new objectives. So very much, you know, the commitment is there and I want to give you all the confidence on what we are trying to deliver is very much not just being led here, but actually going to be led by not just 130 top leaders but being cascaded down. One of the things that Debra and I will work on with the board as well is how do we look at that in relation to our metrics too to ensure that we are driving the right behaviours, not just in terms of what we are focused on and what we measure, but how do we also drive that through incentives.

Slide 14: Reshaped Priorities - areas of focus for the business

So when you look here, I want to walk you through each of these areas in a little more detail again to talk to you around the confidence of what we are trying to tackle and importantly how some of that initial work has already started unlocking value for us as we look forward.

Now growth is of paramount importance, all right, and we clearly do believe in the attractiveness of the long-term fundamentals of the spirits business. We have the opportunity to lead the industry in the capabilities such as our pricing muscle, our GM, and we also need to focus on optimising the work that we can do alongside our GM on our brand price internal architecture. But we are going to come back to you a lot more on that in August and in the months to come thereafter.

Slide 15: Reshaped Priorities - areas of focus for the business

If I really look at where I want to focus right now, I want to talk to you about three components in particular that we are tackling immediately. So our commitment to drive operating leverage, maximise free cash flows while optimising our returns.

Slide 16: Accelerate: launch of first phase, To deliver sustainable consistent performance

So, what we have done is launch our first phase of Accelerate. This is consistent with our strategic priorities and our focus on what we can manage and control today. The programme sets out for clear near term cash delivery targets and a disciplined approach to operational excellence and cost efficiency.

It will strengthen Diageo by increasing our effectiveness, our agility and our resilience.

Slide 17: Accelerate: Evolving to a more agile global operating model

So clearly, we are excited about what we need to launch here and the first piece of that is really evolving to a little more of an agile global operating model.

So, we are in the midst of defining our operating framework which will outline the principles and dictate our operating model choices, which is critical. So this comes back to you know, us being able to fully leverage as an organisation our scale and drive clear end to end accountabilities which will enable both simplification but also clarity of ownership.

I think marketing has been a great example of where we have started embracing that and I am going to come back and talk about that, but we are looking at it end to end and looking at it in terms of what's the role within market, what's the role within what's happening at centre and what are the things that we can leverage from a scale perspective, but also looking at it with these agile brand communities and I am going to talk a little bit more about that as well.

One of the other areas as we look at this is how do we also get clear and prioritise our strategic longer term capabilities that we need to build. One of those for instance is a broader partnership

model that's going to help us fuel long term growth. Now, whether it's our partners that we have in terms of our key distributors across the US or what we have in terms of our partners in terms of how we have been looking at our Guinness model and moving asset-light. If we look at our partners when we think about our wholesalers and distributors across all of these markets, Debra and I have come in from a world of having worked very closely with distributors and partners coming from the Coke and Pepsi world, and I think there's a lot we can do as we think about our capabilities that we need to develop and how we want to work with those partners for true win-win and allowing them to win that allows us to win in the work going forward.

We have started this work already over the last couple of months. It is going to encompass all areas of our business and it will be enabled by tech and our digital systems and we will have to make investments there as well.

Slide 18: Accelerate is expected to deliver c.\$500m cost savings over 3 years

Now, this will clearly simplify our overhead structure. And our end to end ways of working which applies to supply as well. Now, our supply chain has really been strengthened through intentional phases I would say over the last five years, and our global footprint optimisation has led to a resilience mindset but also one of anti-fragility. Now we will continue to look at all areas of productivity in supply to ensure optimised costs and continuity of supply of course, which includes procurement meeting excellence and further digitisation, production optimisation as well as the exciting science futures platform that Ewan is leading and I had a chance to spend some time with the team in Scotland last week. So truly some ground-breaking stuff there as well that would help put us ahead of the pack.

Turning to trade spend optimisation, and I know we talked a little bit about this yesterday, over the past years we have been taking pricing and our trade investment has grown as well. Unfortunately, it's been growing at a faster rate than our NSV. And we have a significant spend optimisation opportunity across the spend, as well as we look at the commercial A&P in totality in terms of what sits within that bucket of 3.6 billion in total A&P.

Now substantial amount of the spend is in GB, Ireland, continental Europe, Australia and global travel and we have actually kicked off work, because we were doing pockets of work across each of those areas, but we are now looking at it across those markets and North America in an integrated way in terms of our trade spend, our A&P in totality to be able to get more transparency of that spend, ensure we have sufficiency across A&P and, quite honestly, that trade spend is working harder in terms of its dollars that have been put in, and generating better returns.

I will give you an example just to put this to life in terms of what we are already seeing, so we have done some work in GB already. In GB's grocery channel we have full visibility now of the ROI across 25,000 weekly promotional events, over the last three years. We can see that circa 70% of those investments has generated a positive ROI which is strong when compared to other categories. However, we have opportunities to improve our gross margin given that 30% of those promotional investments have delivered a negative ROI and within these half of those investments resulted in both Diageo and our customer make negative gross margins.

So clearly the power of the data and the visibility that we have and that we are going to continue to unlock as we look across at those markets that I have just highlighted to you is what I would call very differentiated from what might have happened in the past. Once you have the data, the

ability to act on data and to drive change is going to be significant. This is going to be a multi-year journey as well, but we feel confident about the ability that we have a big opportunity to unlock that spend and either drop that to the bottom line and/or reinvest it but linked much better to a pay performance angle so big opportunities as we look at that and we look forward.

The other piece I would say that would be important that would be different, and this comes back to again how we want to think about incentives. So clearly as we identify those and we think about what we can do, and the unlock opportunity that will need to be built in to the targets as we move forward, to ensure that they are being delivered and appropriately being incentivised for as well, because we know that incentivisation behaviour and measurement does drive delivery.

Slide 19: Evolving our A&P spend to accelerate growth and optimise our largest investment

Now, we have had a lot of discussion around the shape of our A&P spend and I think it's going to be quite different when you think about that 55, 35, 10, depending on the market. And quite honestly I think what we are focused on is to say we have got a 90% bucket that we need to look at but we can look at that once we have optimised what is today sitting at over 20% and we can bring that down. Cristina and I have looked and I said listen, let's not get over caught up on is it 10, or is it 12 or is it 13. One is at our absolute level of spend because clearly there's inefficiency in what we are spending today in totality. So there is an opportunity to bring that number down regardless and get much more for it. And then quite honestly if the development piece is actually coming out to 10 or 12 or 13, it doesn't really matter as long as we are spending it optimally. And this is where I think ensuring that we have got better allocation, cohesion and efficiency to continue to maximise the returns, whilst ensuring brand sufficiency, I know Cristina would have killed me if I didn't say that, very focused on that and I am very focussed on returns so we are coming together with sufficiency and a returns mindset to really make sure that we are sweating each of those dollars a lot more.

Another good example over here is the fact that already, with the work that the ABCs are doing, and I am using GB again as an example, that GB is involved in 7 of the 10 agile brand communities but what does that mean immediately. If their work is being developed in conjunction with GB, in all that that was being done at a local level, that clearly eliminates that work and that spend, and frees that up, either again to drop to the bottom line and/or reinvest it. And that's again one market in which I am just giving an example, there's numerous examples of that and that split of what needs to happen is central and through those ABCs versus what needs to be happening locally can clearly unlock a lot of value in that 20% surplus spend that we have as a total A&P market today.

Slide 20: Improving consistency of free cash flow (FCF), cash delivery

So, moving to free cashflow and the consistency of that, I think we have a sizable opportunity here as we think about all the areas that we need to go after. I have had the opportunity to work alongside Ewan and his team for the last couple of months and really get into understanding the whole investment that we make in maturing liquid. Now we have a sizable maturing inventory balance but that is a competitive advantage, let's not lose sight of that. And we need to use that, that liquid gold, in absolutely the right way, including how we need to think about pricing opportunities and how we think about both our blends and our single malts when I talk about the biggest chunk of that being in scotch.

We have done various simulations and scenarios and I think we have confidence that we can optimise the cash investment over the next three years. We have run these, in terms of how we need to look at distillation capacity across what's a complex network of 31 distilleries and we believe that with measured reduction in our distillation capacity, without impacting our long term supply and our growth ambitions, we clearly can unlock value over the next three years in terms of the amount of cash that is going in there, without in any way impacting our long term growth ambitions. We will continue to stay agile here and reassess our plans based on the demand recovery curves. And, in fact, Ewan and I have a six-month routine where we can continue to look at what we are actually pulling out and what's being bottled, what's being shipped and what our balances are and what we need to look at as we go forward. So we truly do have a process already that we can use to test our agility and relook at our assumptions going forward.

On CAPEX over the past four years I think Diageo has invested over 5.5 billion as we build out capacity, increases across areas in Scotch, in tequila, in Littleconnell that Ewan just highlighted and of course in NAM capacity as well. Clearly this provides us with a much more robust footprint, going back to that point around the resilience and the anti-fragility and going forward we clearly have an ability to adjust our CAPEX investment profile, with sweating and caring for those assets a lot more.

Now, I have given out some estimates in terms of what we see that as NSV. Stand, I will come more to you more in August as we think about our next three year plan and in absolute dollars terms what we do truly feel that we can look at for '26 to '28 as we look at this whole basis of the investments that have been made and investing and sweating and caring for those assets a lot more.

Slide 21: Focused on deleveraging to well within target range

We are hyperfocused on deleveraging but not deleveraging for the sake of deleveraging, deleveraging in the right way to be able to offer us a lot more flexibility as we go forward. I think Diageo has had a strong track record of active portfolio management and curating our portfolio, rightfully so, towards high growth brands. However, where appropriate and consistent with our long term strategy, we are going to be more rigorous in pursuing disposals where it's in the best interests of both Diageo and our shareholders. So this means assets which are not strategic or core to our business will be disposed. I have had a lot of questions asked around: Did I go off script yesterday when I talked about substantial? No, I did not go off script when I talked about substantial, and I can also say to you, just to be clear, MH and Guinness, as we highlighted, are not for sale, and we are not talking about that today.

So, there is opportunities back to this point around non-core assets or non-strategically aligned assets when you think about our growth vectors going forward, that we do have the opportunity to be able to unlock value from those that will allow for our deleveraging our balance sheet. And, like I said, these actions will provide us more flexibility over time to ensure that we are maximising shareholder returns as well.

Slide 22: Key messages

So, before I hand back to Debra, just a few key messages that I think are important as we talk about Accelerate because we have developed a number of different scenarios to be prepared for different macroeconomic and industry conditions. But in each of those scenarios we are still

committed to delivering for 2026 at least that floor of 3 billion of free cashflow that we have guided to you and again our belief clearly is, with all the vectors that we have to be able to pull and leverage on, that will continue to grow not just on business performance but as we look at elements of liquid, CAPEX, our A&P investments, etc.

We are confident that we can deliver positive operative leverage to the work that we have done. We are also committed, like I said, to reducing our leverage ratios sustainably in the coming years and we have said that we will do that no later than fiscal '28. I think we have got clear action plans and manage the levers we have under our control to be able to do so.

Finally, we do intend to return Diageo to be a top four TSR company. Without I am going to hand back to Debra for some closing reflections.

Slides 23-25: Legal appendices