

FINANCIAL RESULTS – F15 H1

Organic net sales in the half broadly flat (-0.1%) with volume down 1.9%. Performance improved in Q2

Continued strong performance of reserve brands, up 10%, was a key driver of positive overall price/mix

Interim dividend increased 9% to 21.5 pence per share

Free cash flow was £699 million up £373 million on the first half last year

Restructuring benefits drove operating margin improvement of 28bps with organic operating profit up 0.7%

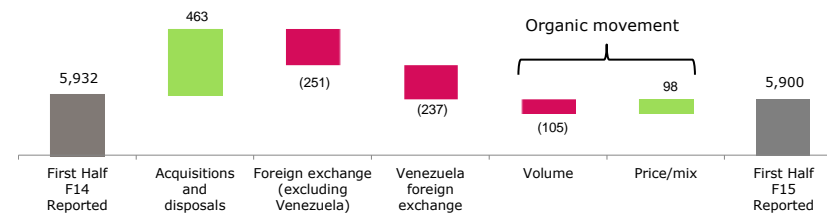
Eps before exceptional was 53.7 pence per share, down 8.9 pence per share driven mainly by negative exchange impacts

Marketing spend was in line with net sales, as effective spend benefitted from procurement efficiencies worth 3% of total marketing investment

KEY FINANCIAL INFORMATION

| | 2015 H1 | 2014 H1 | Organic growth % | Reported growth % | 2014 FY | 2013 FY | Organic growth % | Reported growth % |
|--|------------|---------|------------------|-------------------|---------|---------|------------------|-------------------|
| Volume | EUM 134.1 | 84.3 | (2) | 59 | 156.1 | 164.2 | (2) | (5) |
| Net sales | £m 5,900 | 5,932 | - | 1 | 10,258 | 11,303 | - | (9) |
| Marketing spend | £m 896 | 903 | - | (1) | 1,620 | 1,769 | (1) | (8) |
| Operating profit before exc. items | £m 1,839 | 2,060 | 1 | (11) | 3,134 | 3,479 | 3 | (10) |
| Operating margin expansion | bps 28 | 37 | | | 77 | 78 | | |
| Operating profit | £m 1,668 | 2,040 | | (18) | 2,707 | 3,380 | | (20) |
| Profit attributable to parent company's shareholders | £m 1,311 | 1,599 | | (18) | 2,248 | 2,452 | | (8) |
| Basic eps | pence 52.3 | 63.8 | | (18) | 89.7 | 98.0 | | (8) |
| Eps pre exceptionals | pence 53.7 | 62.6 | | (14.2) | 95.5 | 103.1 | | (7) |
| Reported tax rate | % 16.8 | 18.2 | | | 16.5 | 16.6 | | (1) |
| Tax rate before exceptional items | % 18.3 | 19.4 | | | 18.2 | 17.4 | | |
| Free cash flow | £m 699 | 326 | | | 1,235 | 1,452 | | |
| ROIC | % 13.9 | 17.8 | | | 13.7 | 16.0 | | |
| Net debt | £m | | | | (8,850) | (8,403) | | 5 |

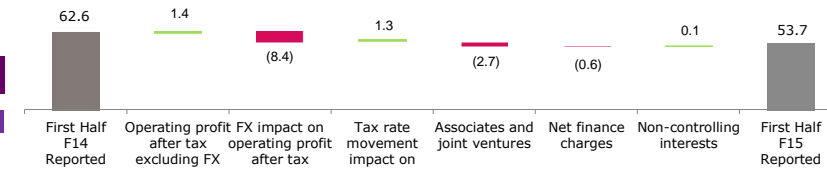
Organic net sales growth (£ million)



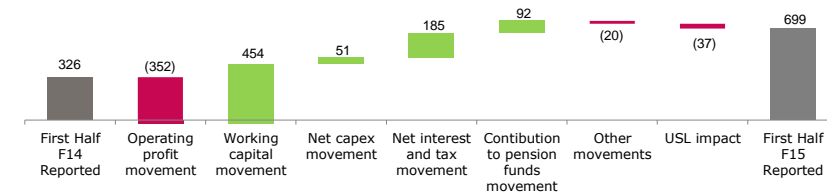
Organic operating margin improvement



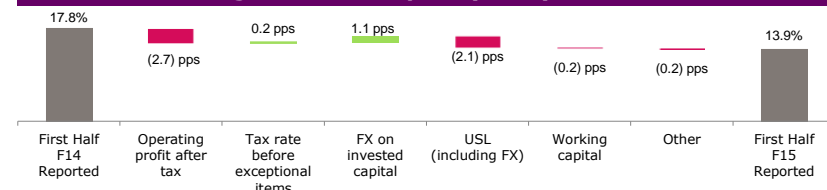
Earnings per share before exceptional items (pence)



Free cash flow (£ million)



Return on average invested capital (ROIC)



BUSINESS REVIEW

| | H1 F15 | | FY F14 | | Quarterly growth %* | | | |
|---------------------------|------------|--------------|------------|---------------|---------------------|------------|----|----|
| | %* | £m | %* | £m | Q1 | Q2 | Q3 | Q4 |
| VOLUME | | | | | | | | |
| NORTH AMERICA | (2) | 25,6 | (1) | 49,3 | 0.1 | (0.2) | | |
| EUROPE | (1) | 24 | (1) | 44,6 | (1.4) | 0.4 | | |
| AFRICA | 9 | 13,9 | (6) | 24,4 | - | 9.4 | | |
| LATIN AMERICA & CARIBBEAN | (10) | 11,2 | (1) | 23,0 | (1.4) | (0.2) | | |
| ASIA PACIFIC | (7) | 59,4 | (5) | 14,8 | (7.4) | (4.0) | | |
| CORPORATE | - | - | - | - | 4 | 12 | | |
| DIAGEO | (2) | 134.1 | (2) | 156.1 | (1.5) | 0.7 | | |
| NET SALES | | | | | | | | |
| NORTH AMERICA | - | 1,867 | 3 | 3,444 | | | | |
| EUROPE | - | 1,459 | 1 | 2,814 | | | | |
| AFRICA | 5 | 746 | - | 1,430 | | | | |
| LATIN AMERICA & CARIBBEAN | (1) | 619 | 2 | 1,144 | | | | |
| ASIA PACIFIC | (5) | 1,166 | (7) | 1,347 | | | | |
| CORPORATE | 8 | 43 | 4 | 79 | | | | |
| DIAGEO | - | 5,900 | - | 10,258 | (1.5) | 0.7 | | |
| OPERATING PROFIT | | | | | | | | |
| NORTH AMERICA | (1) | 819 | 8 | 1,460 | | | | |
| EUROPE | 1 | 480 | 1 | 853 | | | | |
| AFRICA | 4 | 175 | (2) | 340 | | | | |
| LATIN AMERICA & CARIBBEAN | 7 | 207 | 3 | 328 | | | | |
| ASIA PACIFIC | (7) | 214 | (13) | 283 | | | | |
| CORPORATE | 16 | (56) | 13 | (130) | | | | |
| DIAGEO | 1 | 1,839 | 3 | 3,134 | | | | |

*Organic

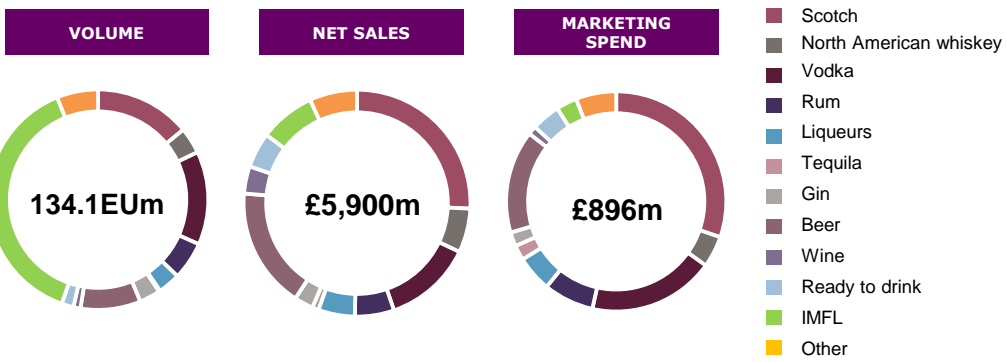


STRATEGIC MARKETS PERFORMANCE (growth %)

| | VOLUME* | | NET SALES* | | NET SALES** | |
|------------------------------------|---------|--------|------------|--------|-------------|--------|
| | F15 HY | F14 FY | F15 HY | F14 FY | F15 HY | F14 FY |
| NORTH AMERICA | (2) | (1) | - | 3 | (2) | (7) |
| US Spirits and wines | (3) | (1) | - | 5 | (1) | (7) |
| DGUSA | (2) | (5) | - | (7) | (1) | (11) |
| Canada | - | (2) | 1 | 1 | (8) | (17) |
| EUROPE | (1) | | - | | (6) | |
| Western Europe | (1) | - | - | - | (4) | (2) |
| Russia and Eastern Europe | (8) | (1) | (12) | 2 | (25) | (7) |
| Turkey | 5 | (3) | 11 | 5 | (1) | (12) |
| AFRICA | 9 | (6) | 5 | - | (4) | (9) |
| Nigeria | 14 | (9) | 1 | (9) | (6) | (14) |
| East Africa | 7 | (12) | 11 | 2 | 5 | (2) |
| Africa Regional Markets | 15 | (3) | 16 | 2 | (3) | (8) |
| South Africa | 2 | 4 | (6) | 12 | (16) | (9) |
| LATIN AMERICA AND CARIBBEAN | (10) | (1) | (1) | 2 | (31) | (21) |
| PUB | (9) | 9 | - | 10 | (7) | (4) |
| Venezuela | (44) | (17) | 6 | 78 | (79) | (71) |
| Colombia | 10 | 5 | 12 | 8 | 2 | (7) |
| Mexico | 4 | (1) | 7 | (4) | - | (10) |
| West Lac | (11) | (9) | (11) | (8) | (17) | (15) |
| ASIA PACIFIC | (8) | (5) | (5) | (7) | 55 | (14) |
| South East Asia | (31) | (25) | (31) | (19) | (33) | (25) |
| Greater China | (20) | (20) | (3) | (31) | (7) | (33) |
| India | 12 | 22 | 6 | 42 | 1690 | 8 |
| Global Travel Asia and Middle East | 13 | 18 | 12 | 19 | 11 | 15 |
| Australia hub | (4) | (2) | (1) | (3) | (6) | (17) |
| North Asia | 1 | 2 | 4 | 4 | 1 | (2) |
| DIAGEO | (2) | (2) | - | - | (1) | (9) |

CATEGORY AND BRAND PERFORMANCE (growth %)

| | VOLUME* | | NET SALES* | | NET SALES** | |
|------------------------|---------|--------|------------|--------|-------------|--------|
| | F15 HY | F14 FY | F15 HY | F14 FY | F15 HY | F14 FY |
| SPIRITS | (2) | (1) | (1) | - | 1 | (10) |
| SCOTCH | (5) | (5) | (6) | (1) | (19) | (10) |
| NORTH AMERICAN WHISKEY | 1 | - | 3 | 5 | 1 | - |
| VODKA | (1) | (1) | 4 | - | 1 | (5) |
| RUM | (6) | 9 | (2) | 7 | (14) | (4) |
| LIQUEURS | (5) | (2) | (6) | - | (11) | (7) |
| TEQUILA | 32 | 43 | 35 | 34 | 22 | (71) |
| GIN | 7 | 3 | 7 | 3 | 2 | (1) |
| BEER | - | (11) | 2 | (3) | (4) | (8) |
| WINE | 1 | (4) | - | 1 | (4) | (6) |
| READY TO DRINK | (10) | 8 | (1) | 4 | (12) | (11) |
| DIAGEO | (2) | (2) | - | - | (1) | (9) |
| GLOBAL GIANTS | | | | | | |
| Johnnie Walker | (9) | (6) | (12) | (4) | (18) | (9) |
| Smirnoff | (3) | (1) | (3) | (2) | (7) | (7) |
| Captain Morgan | (2) | 6 | (4) | 6 | (7) | 1 |
| Baileys | (4) | (2) | (5) | 1 | (10) | (3) |
| Tanqueray | 9 | 4 | 12 | 6 | 9 | 3 |
| Guinness | (4) | (5) | (4) | (1) | (9) | (5) |
| LOCAL STARS | | | | | | |
| Crown Royal | 1 | (4) | (1) | 1 | (2) | (3) |
| Yeni Raki | (2) | (6) | 10 | 2 | (3) | (14) |
| JeB | (2) | (7) | (5) | (8) | (10) | (11) |
| Buchanan's | (3) | (13) | 5 | 6 | (38) | (24) |
| Windsor | (4) | (5) | (1) | 1 | (1) | 1 |
| Old Parr | (11) | (12) | (14) | (5) | (47) | (27) |
| Bundaberg | (21) | (8) | (17) | (7) | (22) | (19) |
| Bells | (4) | (6) | (4) | (7) | (15) | (16) |
| White Horse | 4 | 15 | (3) | 9 | (21) | (3) |
| Ypioca | (6) | 12 | (3) | 21 | (11) | 4 |
| Cacique | (45) | - | 8 | 16 | (63) | (49) |
| Shui Jing Fang | 170 | (73) | 101 | (81) | 96 | (81) |
| RESERVE | | | | | | |
| Scotch Malts | 8 | 12 | 10 | 18 | 5 | 16 |
| Ciroc | 27 | 2 | 27 | 2 | 26 | (2) |
| Ketel One Vodka | (2) | 3 | (1) | 6 | (2) | 2 |
| Don Julio | 16 | 27 | 21 | 27 | 19 | 22 |
| Bulleit | 44 | 66 | 57 | 69 | 55 | 62 |



*Organic, **Reported

