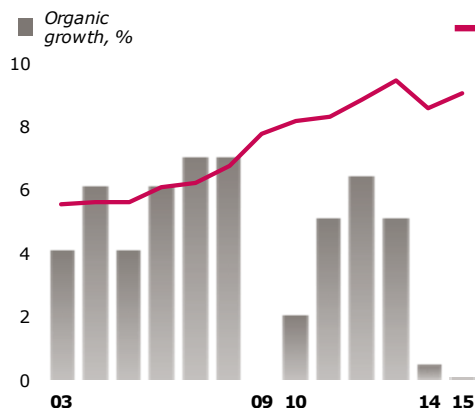


**“I WANT TO CREATE ONE OF THE BEST PERFORMING, MOST TRUSTED AND RESPECTED CONSUMER PRODUCTS COMPANIES IN THE WORLD”**

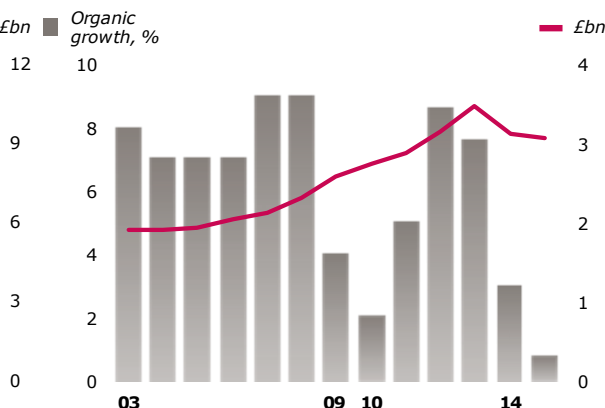
**IVAN MENEZES, CEO**

**Sustained performance**

**Net sales\* increased from £6,636m in F03 to £10,813m in F15**



**Operating profit increased from £1,902m in F03 to £3,066m in F15**



**Financial strength**

F16 H1 reported figures	Organic movement	
Volume <b>130mEU</b>	<b>1%</b>	Free cash flow <b>£0.8bn</b>
Net sales <b>£5.6bn</b>	<b>2%</b>	
Marketing spend <b>£0.8bn</b>	<b>5%</b>	Reported operating margin* <b>30.6%</b>
Operating profit* <b>£1.7bn</b>	<b>2%</b>	
Dividend per share <b>22.6 pence</b>	<b>5%</b>	Net debt / EBITDA* ratio <b>2.8x</b>
Eps* <b>51.3 pence</b>	<b>(4)%</b>	

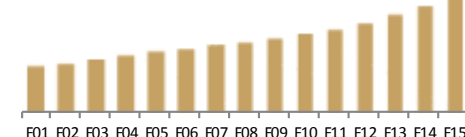
**Diageo and Responsible drinking**

We focus on three areas where we believe our contribution has the most impact:

- #1 Set high company and industry standards in responsible marketing and provide consumer information about our brands.
- #2 Implement initiatives designed to raise awareness and work with others to seek to change attitudes and behaviour to minimise alcohol misuse.
- #3 Promote effective and targeted alcohol policies and foster balanced debate and stakeholder dialogue at the global, regional and country levels.

**Growing dividend per share**

**F15 dividend: 56.4 pence per share**



**World leading brands**

**Global giants**

**Local stars**

**Reserve**

**Johnnie Walker** is the **No.1** Scotch whisky in the world<sup>1</sup>

**Tanqueray** is the **No.1** Imported gin in the United States<sup>4</sup>

**Crown Royal** is the **No.1** Canadian whisky in the world<sup>2</sup>

**Ypióca** is the **No.1** premium cachaça brand in Brazil<sup>7</sup>

**Cacique** is the **No.1** rum in Venezuela<sup>1</sup>

**Ciroc** is the **No.2** Ultra premium vodka in the United States<sup>3</sup>

**Smirnoff** is the **No.1** Premium vodka in the world<sup>2</sup>

**Baileys** is the **No.1** Liqueur in the world<sup>2</sup>

**Windsor** is the **No.2** Super premium Scotch whisky in Asia Pacific<sup>1</sup>

**Yeni Raki** is the **No.1** aniseed based spirit in the world<sup>2</sup>

**Bundaberg** is the **No.1** rum in Australia<sup>8</sup>

**Don Julio** is the **No.1** Super premium Tequila in the world<sup>1</sup>

**Captain Morgan** is the **No.2** Brand in the rum category in the world<sup>2</sup>

**Guinness** is the **No.1** Stout in the world<sup>5</sup>

**Buchanan's** is the **No.2** Premium Scotch whisky in the United States<sup>6</sup>

**Old Parr** is the **No.1** premium whisky in Colombia<sup>7</sup>

**White Horse** is the **No.1** scotch whisky in Russia by volume<sup>1</sup>

**Johnnie Walker** is the **No.1** super and ultra premium Scotch whisky in the world<sup>1</sup>

**JeB** is the **No.5** Scotch whisky in the world<sup>1</sup>

**Bells** is the **No.2** blended scotch in the United Kingdom<sup>7</sup>

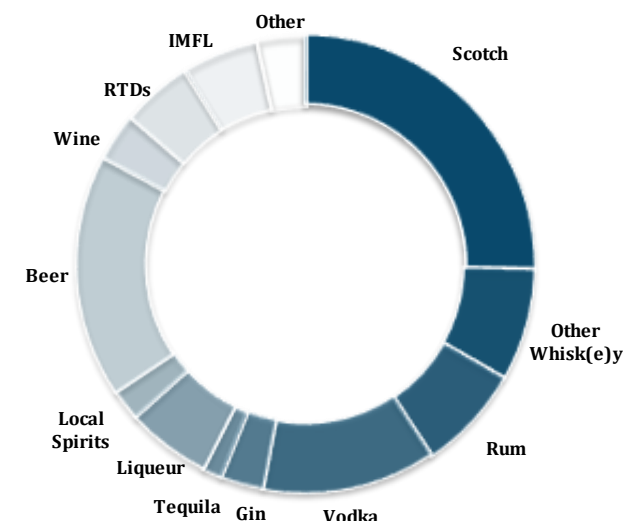
**Shui Jing Fang** has 600 years heritage and distributed in 26 countries

**Ketel One** is the **No.2** Super premium vodka in the United States<sup>3</sup>

**Bulleit** is the **No.1** Rye whiskey in the world<sup>6</sup>

**Category depth**

**Net sales by categories\***



\*Six months ended 31 December 2015

<sup>1</sup>IWSR; <sup>2</sup>Impact Databank; <sup>3</sup>IRI; <sup>4</sup>Beverage Information Group; <sup>5</sup>Plato Logic; <sup>6</sup>Internal estimation; <sup>7</sup>Nielsen; <sup>8</sup>Aztec



	North America	Europe, Russia and Turkey	Africa	Latin America and Caribbean	Asia Pacific
<b>% of net sales</b>	<b>33%</b>	<b>24%</b>	<b>13%</b>	<b>9%</b>	<b>21%</b>
<b>markets</b>					
<b>categories</b>					
<b>price segments</b>					
<b>Net sales movement*</b>	<b>(2)%</b>	<b>3%</b>	<b>3%</b>	<b>9%</b>	<b>2%</b>
<b>Operating profit movement*</b>	<b>(2)%</b>	<b>5%</b>	<b>0%</b>	<b>5%</b>	<b>18%</b>
<b>Highlights</b>	<p>Diageo's largest and most profitable region with positive demographic and spirits market premiumisation trends.</p> <p><u>Market leader in spirits</u></p> <p>Depletion growth ahead of shipment growth as the US implement changes to the management of innovation launches</p> <p>Continued success on innovation with increasing emphasis on sustainability</p>	<p>Continued momentum in Europe with net sales up 2% and Diageo gained share</p> <p>Turkey net sales up 9% driven by strong growth in Raki and international spirits</p> <p>In Russia price increases to offset devaluation led to volume decline of 12% however net sales grew 20%</p> <p>Reserve brands delivered another strong performance with net sales up 17%</p>	<p>Strong beer growth across the region led by Senator in Kenya, and Guinness and Malta Guinness in Nigeria</p> <p>Orijin Bitters and RTDs significant decline in Nigeria, but successful launch in Ghana</p> <p>Good performance in the growing value beer segment</p> <p>Spirits brands performance led by rum, vodka and Orijin Bitters in Ghana, with Smirnoff 1 818 in South Africa continuing growth</p>	<p>Strong scotch performance, including primary to counter currency issues and lower consumer disposable income</p> <p>Don Julio's successful integration, growing share in a growing category in Mexico</p> <p>Disposed of non-core assets – Argentina wine and beer in Jamaica</p> <p>Building on our strength in scotch to broaden the portfolio</p>	<p>Successful renovation of Royal Challenge drove top line growth in India</p> <p>Smirnoff, Captain Morgan and Baileys performed strongly in Australia and all gained share</p> <p>Strong performance of Shui Jing Fang drove growth in China</p> <p>Innovation helping drive growth in South East Asia</p>

\* Organic growth six months ended 31 December 2015

