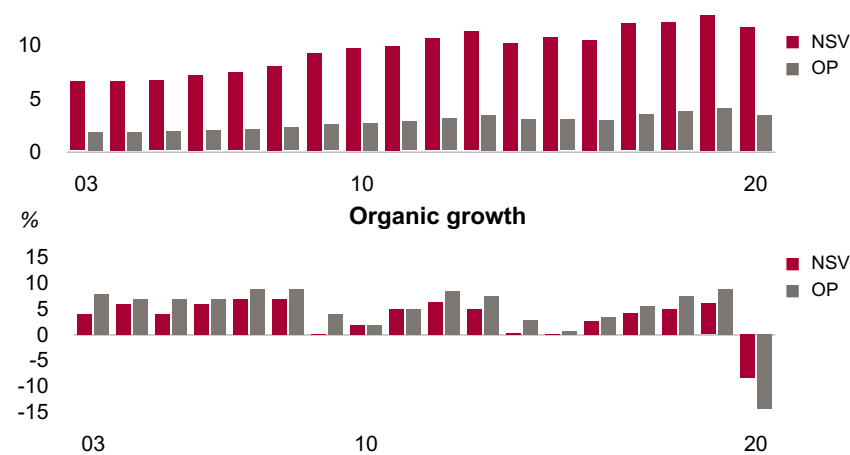


# PERFORMANCE AMBITION

**"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 £11,752m in F20**  
**Operating profit increased from £1,902m in F03 to £3,494m in F20**



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.

## Key financials

F20 reported figures	Organic movement	
Volume <b>217.0mEU</b>	(11)%	Free cash flow <b>£1.6bn</b>
Net sales <b>£11.8bn</b>	(8)%	
Marketing <b>£1.8bn</b>	(10)%	Reported operating margin <sup>1</sup> <b>29.7%</b>
Operating profit <sup>1</sup> <b>£3.5bn</b>	(14)%	
Dividend <b>69.88 pence</b>	2 % <sup>2</sup>	Adj. net debt <sup>3</sup> / EBITDA <sup>1</sup> ratio <b>3.3x</b>
Eps <sup>1</sup> <b>109.4 pence</b>	(16)% <sup>2</sup>	

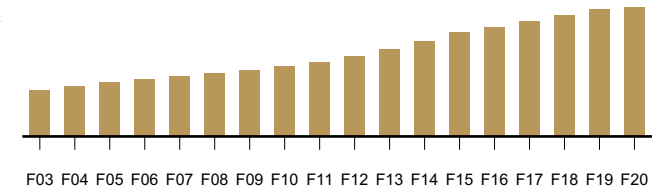
<sup>1</sup> Pre exceptional items; <sup>2</sup> Reported movement; <sup>3</sup> Adjusted to include post employment liabilities

## Our Sustainability and Responsibility priorities

- #1 Promote Positive Drinking
- #2 Champion Inclusion and Diversity
- #3 Pioneer Grain to Glass Sustainability

Growing dividend per share

F20 dividend: 69.88 pence per share



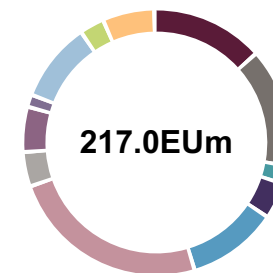
## World leading brands<sup>1</sup>

Global giants	Local stars	Reserve	
% of net sales	39%	20%	21%



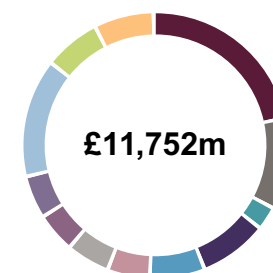
<sup>1</sup> Global giants and Local stars including reserve variants.

## VOLUME



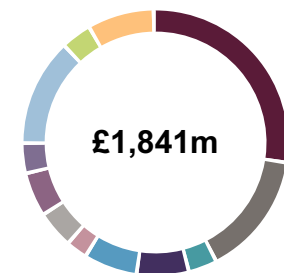
- Scotch
- Vodka
- US whiskey
- Canadian whiskey

## NET SALES

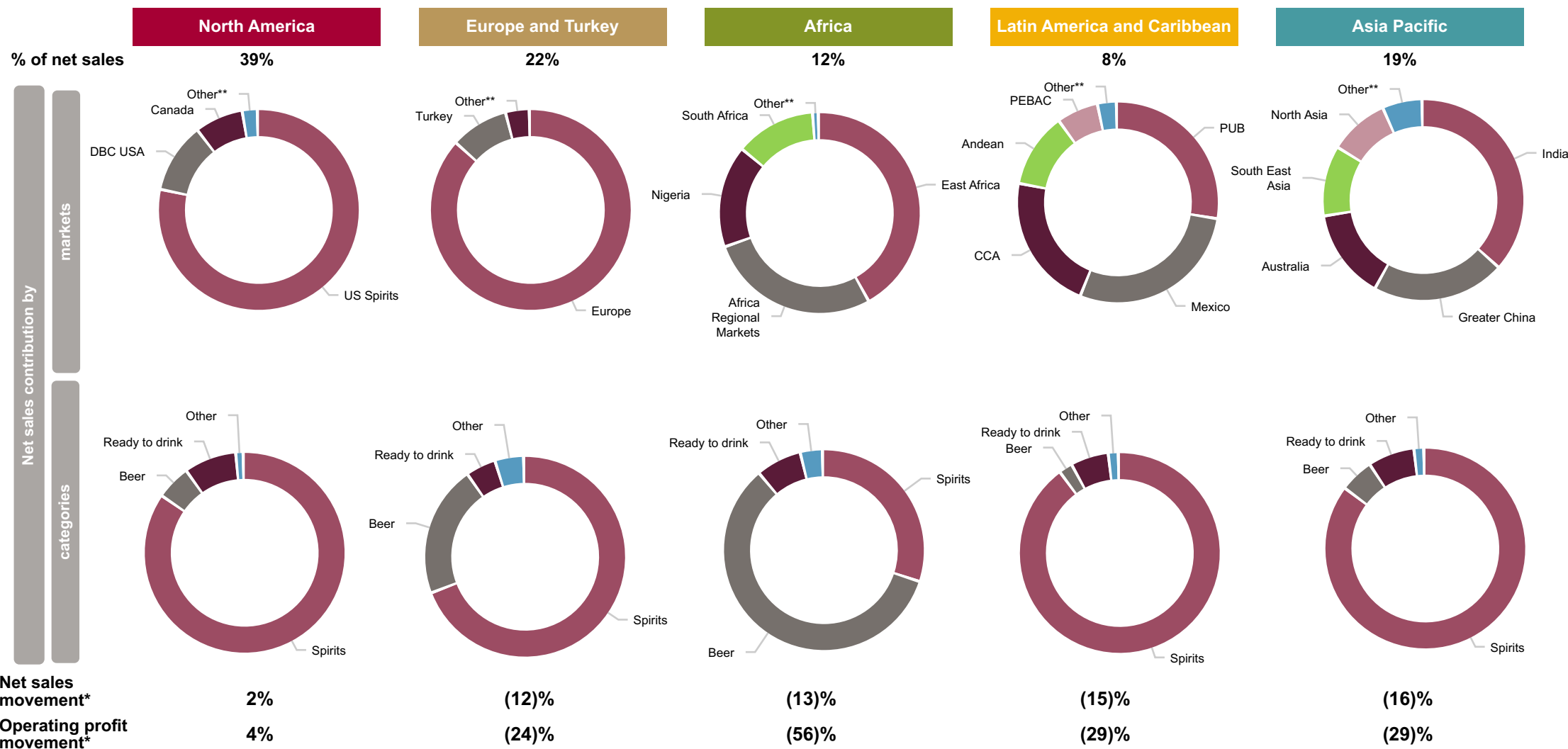


- Rum
- IMFL whisky
- Liqueurs
- Gin

## MARKETING



- Tequila
- Beer
- Ready to drink
- Other



## Highlights

North America delivered net sales growth of 2%, with growth in all three markets.

In US Spirits, net sales increased 2%.

Net sales in Canada increased 7% with good broad-based growth across all categories, with the exception of beer which was more impacted by the on-trade channel closure.

DBC USA grew net sales 8% as a result of the continued strong performance of ready to drink products growing 19%. In beer net sales were down 5%.

Europe and Turkey net sales declined 12%. Continental Europe declined by 15% while Great Britain was down 4%.

Gin declined 9%, driven by declines of Gordon's and Tanqueray mainly in Continental Europe.

In Europe, beer was particularly impacted by the impact of on-trade closures, declining 20%.

In Turkey, net sales declined 6%, driven by declines in raki and vodka.

Africa net sales declined 13%. Growth in the first half was offset by the impact of Covid-19 in the second half. East Africa declined 10%, Nigeria 20%, South Africa 25% and Africa Regional markets 8%.

Beer declined 13% as growth of Serengeti was offset by other key beer brands, including Guinness, Tusker and Senator, mainly due to on-trade closures.

Spirits declined 14%, mainly impacting Johnnie Walker, Kenya Cane and Smirnoff.

Latin America and Caribbean net sales declined 15%. All markets declined except Andean which grew 8% due to a strong first half and continued momentum in scotch in Colombia.

Scotch overall declined 21% as growth in Buchanan's in Colombia and Brazil, and White Horse in Brazil were offset by declines in Johnnie Walker across the region.

Tequila was down 11% as strong Don Julio performance in Caribbean and Central America was more than offset by a decline in Mexico.

Gin grew double-digit primarily driven by Tanqueray in Brazil.

Asia Pacific net sales declined 16%. Despite growth in the first half for the region, all markets other than Australia declined due to the impact of Covid-19.

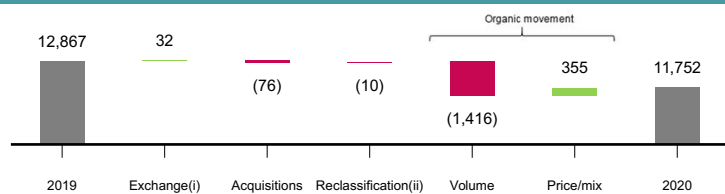
Scotch declined 20%, driven by Johnnie Walker in Travel Retail Asia and Middle East, South East Asia, and Korea.

Greater China declined 7% as scotch, liqueur and beer growth was offset by declines in Chinese white spirits.

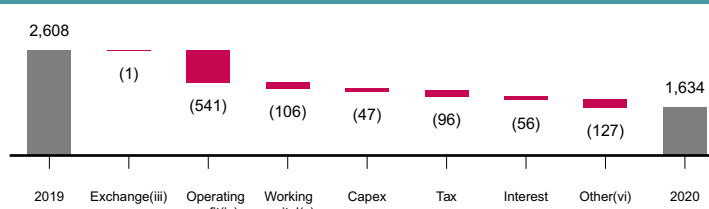
India net sales declined 17%, driven by the continued economic slowdown exacerbated by lockdowns impacting both Prestige and Above and Popular segments.

\* Organic growth year ended 30 June 2020 \*\* Other principally Travel Retail

## Net sales (£ million)



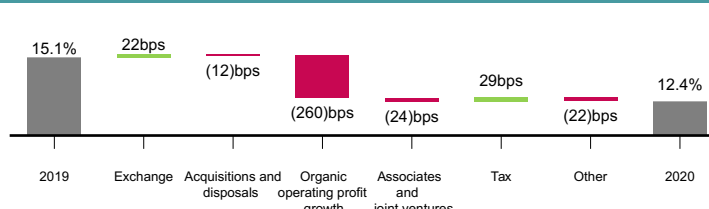
## Free cash flow (£ million)



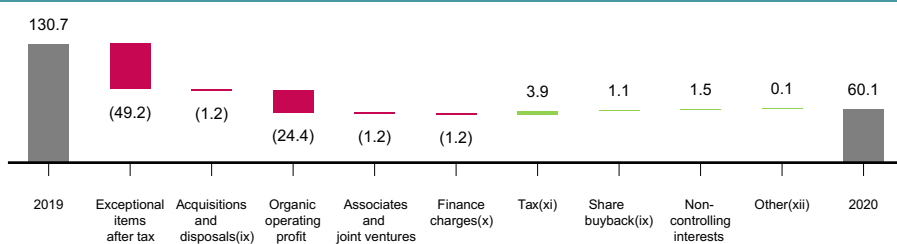
## Operating margin (%)



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



## Basic earnings per share (pence)



- (i) Exchange rate movements reflect the adjustment to recalculate the reported results as if they had been generated at the prior period weighted average exchange rates.
- (ii) For the year ended 30 June 2019 trade investment of £10 million has been reclassified from marketing to net sales.
- (iii) Exchange on operating profit before exceptional items.
- (iv) Operating profit excludes exchange, depreciation and amortisation, post employment charges and other non-cash items.
- (v) Working capital movement includes maturing inventory.
- (vi) Other items include post employment payments, dividends received from associates and joint ventures, and movements in loans and other investments.
- (vii) Fair value adjustment and reclassification.
- (viii) ROIC calculation excludes exceptional operating items from operating profit.
- (ix) Includes finance charges net of tax.
- (x) Excludes finance charges related to acquisitions, disposals and share buyback.
- (xi) Excludes tax related to acquisitions, disposals and share buyback.
- (xii) Fair value adjustments and exchange on operating profit

## Consistent first half performance significantly impacted by Covid-19 in the second half

Reported net sales (£11.8 billion) were down 8.7% driven by organic declines. Reported operating profit (£2.1 billion) declined 47.1%, driven mainly by exceptional operating items and organic net sales.

Organic net sales were down 8.4%, with growth in North America more than offset by declines in all other regions. Organic volumes were down 11.2%.

Organic operating profit was down 14.4%, ahead of organic net sales, driven by volume declines, cost inflation and unabsorbed fixed costs that were partially offset by short term cost reductions and ongoing productivity benefits.

Solid cash flow delivery with net cash from operating activities at £2.3 billion, £0.9 billion lower than prior period and free cash flow at £1.6 billion, £1.0 billion lower than prior period, in each case largely due to lower organic operating profit, lower dividends from associates, one-off tax impacts and increased working capital use.

Measures have been put in place to reinforce Diageo's already solid liquidity including pausing the current three-year return of capital programme, bringing forward a £2.0bn USD bond issuance launched in April 2020 and putting in place an additional committed credit facility of £2.5 billion.

Exceptional operating items included non-cash impairment charges of £1.3 billion. These were in India, Nigeria, Ethiopia and on the Windsor brand in Korea, reflecting the impact of Covid-19 and challenging trading conditions.

Basic eps of 60.1 pence decreased by 54.0% primarily due to exceptional operating items. Pre-exceptional eps declined 16.4% to 109.4 pence, driven primarily by lower operating profit.

The final recommended dividend of 42.47 pence per share is the same as the final dividend for fiscal 19. This brings the full year dividend for fiscal 20 to 69.88 pence per share, an increase of 2%

## KEY FINANCIAL INFORMATION

		Organic		Reported		Organic		Reported	
		F20	F19	growth%	growth%	F19	F18	growth%	growth%
Volume	EUm	217.0	245.9	(11)	(12)	245.9	240.4	2	2
Net sales	£m	11,752	12,867	(8)	(9)	12,867	12,163	6	6
Marketing	£m	1,841	2,042	(10)	(10)	2,042	1,882	8	9
Operating profit before exceptional items	£m	3,494	4,116	(14)	(15)	4,116	3,819	9	8
Operating margin expansion*	bps	(212)	83			83	78		
Operating profit	£m	2,137	4,042		(47)	4,042	3,691		10
Profit attributable to parent company's shareholders	£m	1,409	3,160		(55)	3,160	3,022		5
Basic earnings per share	pence	60.1	130.7		(54)	130.7	121.7		7
Earnings per share before exceptional items	pence	109.4	130.8		(16)	130.8	118.6		10
Tax rate including exceptional items	%	28.8	21.2		36	21.2	15.9		33
Tax rate before exceptional items	%	21.7	20.6		5	20.6	20.7		—
Free cash flow	£m	1,634	2,608			2,608	2,523		
ROIC	%	12.4	15.1			15.1	14.3		
Average net debt	£m	(12,708)	(10,393)			(10,393)	(9,063)		

## BUSINESS REVIEW

		F20		F19		F20		F19		F20	F19
		%*	EUm	%*	EUm	%*	£m	%*	£m		
NORTH AMERICA EUROPE AND TURKEY AFRICA LATIN AMERICA AND CARIBBEAN ASIA PACIFIC CORPORATE DIAGEO	VOLUME	—	48.4	2	49.4	2	4,623	5	4,460		
		(11)	40.2	(2)	45.4	(12)	2,567	4	2,939		
		(13)	28.8	1	33.6	(13)	1,346	7	1,597		
		(15)	19.0	1	22.4	(15)	908	9	1,130		
		(15)	80.6	5	95.1	(16)	2,270	9	2,688		
		(11)	217.0	2	245.9	(8)	11,752	6	12,867		
NORTH AMERICA EUROPE AND TURKEY AFRICA LATIN AMERICA AND CARIBBEAN ASIA PACIFIC CORPORATE DIAGEO	MARKETING	(6)	727	11	762	4	2,034	3	1,948	45.2	43.9
		(12)	428	6	490	(24)	757	2	1,014	29.5	34.5
		(8)	160	3	174	(56)	101	50	275	9.0	17.2
		(15)	155	6	201	(29)	248	19	365	27.1	32.3
		(11)	365	7	412	(29)	501	26	703	22.3	26.2
		(10)	1,841	8	2,042	(14)	3,494	9	4,116	30.2	32.0

\* Organic, \*\* Pre-exceptional

## STRATEGIC MARKETS PERFORMANCE (growth %)

	Organic volume		Organic net sales		Reported net sales	
	F20	F19	F20	F19	F20	F19
<b>NORTH AMERICA</b>	—	2	2	5	4	8
US Spirits	(1)	2	2	5	3	8
Diageo Beer USA	7	8	8	10	10	15
Canada	7	3	7	5	7	4
<b>EUROPE AND TURKEY</b>	(11)	(2)	(12)	4	(13)	—
Europe	(10)	—	(12)	3	(12)	2
Turkey	(12)	(13)	(6)	11	(7)	(20)
<b>AFRICA</b>	(13)	1	(13)	7	(16)	7
East Africa	(11)	12	(10)	13	(9)	18
Africa Regional Markets	(12)	(3)	(8)	8	(13)	9
Nigeria	(10)	(10)	(20)	(7)	(19)	(3)
South Africa	(23)	(2)	(25)	6	(33)	(6)
<b>LATIN AMERICA AND CARIBBEAN</b>	(15)	1	(15)	9	(20)	6
PUB	(14)	(1)	(7)	6	(17)	(3)
Mexico	(14)	4	(19)	8	(21)	8
CCA	(17)	5	(16)	13	(16)	14
Andean	2	(16)	8	19	(2)	14
PEBAC	(29)	13	(44)	6	(47)	3
<b>ASIA PACIFIC</b>	(15)	5	(16)	9	(16)	7
India	(15)	5	(17)	8	(16)	4
Greater China	(4)	11	(7)	19	(7)	19
Australia	5	3	6	6	2	2
South East Asia	(19)	2	(23)	8	(21)	9
North Asia	(18)	12	(15)	(2)	(14)	—
Travel Retail Asia and Middle East	(47)	4	(46)	13	(47)	15
<b>DIAGEO</b>	(11)	2	(8)	6	(9)	6

- (i) Organic equals reported volume movement except for Diageo total (12)%, vodka (10)%, Canadian whisky 6%, rum (12)%, liqueurs (5)% and ready to drink 1%, which were impacted by acquisitions and disposals.
- (ii) Vodka, rum, gin including IMFL brands.
- (iii) Organic equals reported volume movement.
- (iv) Spirits brands excluding ready to drink.
- (v) Growth figures represent total Chinese white spirits of which Shui Jing Fang is the predominant brand.
- (vi) Vodka and Ketel One includes Ketel One vodka and Ketel One Botanical.

## CATEGORY AND BRAND PERFORMANCE (growth %)

	Organic volume		Organic net sales		Reported net sales	
	F20 <sup>(i)</sup>	F19	F20	F19	F20	F19
<b>SPIRITS<sup>(iv)</sup></b>	(11)	3	(8)	7	(8)	6
SCOTCH	(16)	2	(17)	6	(17)	6
US WHISKEY	(1)	2	3	4	4	9
CANADIAN WHISKY	7	6	8	6	8	8
VODKA <sup>(ii)(vi)</sup>	(8)	2	(8)	2	(8)	4
RUM <sup>(ii)</sup>	(11)	(3)	(7)	(2)	(7)	(3)
LIQUEURS	(4)	1	(4)	4	(5)	4
TEQUILA	12	19	25	29	27	37
GIN <sup>(ii)</sup>	(9)	17	(4)	22	(5)	23
IMFL WHISKY	(14)	6	(14)	8	(13)	3
<b>BEER</b>	(15)	1	(15)	3	(15)	4
<b>READY TO DRINK</b>	5	7	8	12	3	12
<b>DIAGEO</b>	(11)	2	(8)	6	(9)	6
	Organic volume		Organic net sales		Reported net sales	
	F20 <sup>(iii)</sup>	F19	F20	F19	F20	F19
<b>GLOBAL GIANTS<sup>(iv)</sup></b>						
Johnnie Walker	(20)	2	(22)	7	(22)	7
Smirnoff	(9)	—	(6)	3	(6)	5
Captain Morgan	(2)	(1)	(2)	(2)	—	1
Baileys	(3)	—	(3)	4	(3)	5
Tanqueray	(5)	17	(4)	19	(4)	21
Guinness	(15)	—	(16)	2	(16)	2
<b>LOCAL STARS<sup>(iv)</sup></b>						
Crown Royal	7	6	8	6	10	10
Yeni Raki	(22)	(19)	(15)	6	(15)	(24)
JeB	(18)	(10)	(18)	(8)	(18)	(9)
Buchanan's	(14)	6	(12)	6	(13)	8
Windsor	(44)	(1)	(26)	(16)	(28)	(15)
Old Parr	(17)	4	(15)	3	(19)	1
Bundaberg	3	(4)	—	(1)	(4)	(5)
Black & White	(7)	10	(5)	14	(10)	9
Ypióca	(17)	(7)	(14)	(1)	(24)	(12)
McDowell's	(17)	7	(15)	8	(15)	4
Shui Jing Fang <sup>(v)</sup>	(9)	16	(16)	22	(16)	22
<b>RESERVE<sup>(iv)</sup></b>						
Scotch malts	(5)	7	(3)	12	(1)	12
Cîroc vodka	(17)	(8)	(17)	(8)	(16)	(5)
Ketel One <sup>(vi)</sup>	(4)	9	(6)	10	(4)	15
Don Julio	(1)	15	15	26	16	30
Bulleit	4	9	3	7	6	12