

Diageo issues trading commentary ahead of AGM 2021

Ivan Menezes, Chief Executive, commented:

“We have made a strong start to fiscal 22, with organic net sales momentum across all regions. This reflects excellent execution, as we benefit from resilience in the off-trade and continued recovery in the on-trade. However, we expect near-term volatility to remain, including the potential impact of any future waves of Covid-19.

Our North American business is performing strongly, despite some supply chain constraints, reflecting resilient consumer demand. We continue to invest ahead in marketing and innovation to underpin long-term growth. Our business in Europe is recovering ahead of our expectations. Off-trade demand has remained robust and there is good momentum in the on-trade. Our businesses in Africa, Asia Pacific and Latin America and the Caribbean are performing well, although volatility in these markets is likely to persist. Travel Retail continues to be disrupted.

We expect organic operating margin to benefit from a further recovery in sales volumes, positive channel mix and premiumisation trends, while we are continuing to invest in our marketing and commercial capabilities. As previously indicated, we are managing rising inflationary pressures, which are partly due to supply chain constraints.

I am pleased with how our business is performing and I remain confident in our ability to deliver long-term sustainable growth and shareholder value. We will continue to do business in the right way, from grain to glass, for all our stakeholders.”

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About Diageo

Diageo is a global leader in beverage alcohol with an outstanding collection of brands including Johnnie Walker, Crown Royal, J&B, Buchanan’s and Windsor whiskies, Smirnoff, Cîroc and Ketel One vodkas, Captain Morgan, Baileys, Don Julio, Tanqueray and Guinness.

Diageo is a global company whose products are sold in more than 180 countries around the world. The company is listed on both the London Stock Exchange (DGE) and the New York Stock Exchange (DEO). For more information about Diageo, our people, our brands, and performance, visit us at www.diageo.com. Visit Diageo’s global responsible drinking resource, www.DRINKiQ.com, for information, initiatives and ways to share best practice.

Celebrating life, every day, everywhere.

Cautionary statement concerning forward-looking statements

This document contains 'forward-looking' statements. These statements can be identified by the fact that they do not relate only to historical or current facts. In particular, forward-looking statements include all statements that express forecasts, expectations, plans, outlook, objectives and projections with respect to future matters, including trends in results of operations, margins, growth rates, overall market trends, the impact of changes in interest or exchange rates, the availability or cost of financing to Diageo, anticipated cost savings or synergies, expected investments, the completion of any strategic transactions or restructuring programmes, anticipated tax rates, changes in the international tax environment, expected cash payments, outcomes of litigation or regulatory enquiries, anticipated changes in the value of assets and liabilities related to pension schemes and general economic conditions. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including factors that are outside Diageo's control. Any forward-looking statements made by or on behalf of Diageo speak only as of the date they are made. Diageo does not undertake to update forward-looking statements to reflect any changes in Diageo's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

An explanation of non-GAAP measures, including organic movements, is set out on page 74 of Diageo's Annual Report for the year ended 30 June 2021.

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