DIAGEO

Diageo Aide Memoire H1 Fiscal 2026

This document sets out public information previously provided by Diageo plc, or else widely available in the market. Unless otherwise specified, the outlook comments below come from the Fiscal 26 Q1 Trading Statement, presentation and call script on 6 November 2025 and 2025 Preliminary Results materials with other content sourced from publicly available information. No new information is given, and there will be no comment on current trading or further guidance provided.

Fiscal 26 outlook

With the Fiscal 26 Q1 trading update, we provided the following guidance for fiscal 26:

- **Organic net sales growth** – expect to be flat to slightly down including the adverse impact from Chinese white spirits and a weaker US consumer environment than originally planned for.
- **Organic operating profit growth** – expect positive operating leverage, supported by cost savings from the Accelerate programme. Organic operating profit growth expected to be low to mid-single-digit, including the impacts of Chinese white spirits and a weaker US consumer environment in the organic net sales guidance. This also includes the impact of tariffs as at that time.
- **Taxation –** expect tax rate before exceptional items to be c.25% (fiscal 25: 24.9%).
- **Effective interest rate** – expect effective interest rate to be c.4.0% (fiscal 25: 4.1%).
- **Capital expenditure** – expect capex at the lower end of the range of $1.2-1.3bn (fiscal 25: $1.5 billion).
- **Free cash flow** – expect c.$3 billion (fiscal 25: $2.7 billion). This includes exceptional cash costs related to the Accelerate programme.

Overall net sales and operating profit performance comments

- Q1 fiscal 26 organic net sales growth was flat, with positive volume growth of 2.9%[1]. As a reminder, on the Q1 fiscal 26 trading update call, Nik Jhangiani said "*the decline in organic net sales will be greater in the first half.*" On operating profit growth, he said that *"we expect a stronger second half with the first half showing a decline."* Nik shared on the call a number of factors impacting the shape of H1 and H2, namely: adverse market mix more pronounced in H1 because of the dynamics in Chinese white spirits (CWS) and North America as well as stronger growth coming through from India, Accelerate savings skewed to H2, and savings related to A&P more pronounced in H2. Please note that the timing of Chinese New Year falls c.3 weeks later in 2026 compared to 2025. We also shared in the Q1 trading update that CWS adversely impacted group net sales by c.2.5% in the quarter.
- H1 fiscal 25 organic net sales increased 1.3%, with negative volume of 0.1% more than offset by 1.4% positive price/mix *(restated [2]).*

[1] H1 fiscal 25 and Q1 fiscal 26 results can be found at www.diageo.com/en/investors

[2] F25 growth rates adjusted for all acquisitions and disposals completed in fiscal 25 including Cacique, Pampero and Cîroc in North America – please see notes on disposals below.

Geographic regions

Organic growth %	F25			F26
Net sales	**H1**	**H2**	**FY**	**Q1**
North America	1.0	2.0	1.5	-2.7
Europe	0.8	-0.2	0.3	3.5
Asia Pacific	-2.5	-4.0	-3.2	-7.5
Latin America & Caribbean	5.1	15.3	9.2	10.9
Africa	9.0	12.3	10.5	8.9
DIAGEO total	**1.3**	**2.3**	**1.7**	**0.0**
Price / mix	**1.4**	**0.2**	**0.8**	**-2.8**
Volume	**-0.1**	**2.1**	**0.9**	**2.9**

Figures prepared based on Q1 published organic movements, figures quoted to 1 decimal place and not rounded. Fiscal 26 organic growth rates adjusted for all completed acquisitions and disposals to 30 September 2025 including Seychelles Breweries Limited, Guinness Ghana Breweries PLC and Diageo Operations Italy S.p.A - (Santa Vittoria production facility). Please see notes on disposals below.

- **North America** – In Q1 fiscal 26, organic net sales declined 2.7%, with price/mix down 0.6% driven primarily by negative mix in US Spirits. US Spirits organic net sales declined 4.1%, impacted by year-on-year decline in consumption with the overall spirits market softer than expected, and lapping tough comparatives particularly in tequila. On the trading update call, Deirdre Mahlan discussed how the prior year in the tequila category benefited from restocking and size extensions, which impacted comparatives. She also noted trends of consumers trading down, general category weakness and increased promotional intensity within the tequila category. On the call, she also shared that there was a c.2.5% difference between shipments and depletions for US Spirits in the quarter. In the press release, we stated that overall distributor inventory levels at the end of the quarter were appropriate, reflecting some seasonality as would be typical ahead of the October – December period.
- **Europe** – In Q1 fiscal 26, organic net sales grew 3.5%, driven by sustained strong momentum in Guinness and good overall performance despite the continued challenging backdrop. While the spirits category was soft in key markets, this was offset by good performance from Türkiye and Middle East North Africa (MENA). Pricing in Türkiye and Guinness performance drove positive price/mix of 5.3%. We highlighted this region on the trading update call as benefitting already from the work to date on stronger commercial execution.
- **Asia Pacific** – In Q1 fiscal 26, organic net sales declined 7.5% driven by Greater China partially offset by double-digit growth in India and growth across other markets. Price/mix declined 12.8% driven largely by weakness in CWS in China due to reduced consumption occasions across the baijiu category given market policy. This adversely impacted net sales in the region by c.13%. India grew double-digit. Beer route-to-market changes in Australia and China negatively impacted performance.
- **Latin America and Caribbean** – In Q1 fiscal 26, organic net sales grew 10.9%, mainly driven by Brazil. Positive price/mix across most of the region resulted in price/mix up 4.1%. Brazil delivered double-digit organic net sales growth supported by a stabilising consumer environment, with Mexico broadly flat as the consumer environment continued to stabilise. We highlighted in the Q1 trading update that we were closely monitoring the counterfeit beverage news reported at the end of September.
- **Africa** – In Q1 fiscal 26, organic net sales grew 8.9% due to high single-digit growth in East Africa and strong growth in South, West and Central Africa. Market mix led to price/mix down 1.7%.

Other comments for consideration

- **Accelerate Programme** – with the Q1 Fiscal 26 trading update we shared that the programme was progressing well, with good momentum across the group. We also guided on the trading update call to c.40% of the savings expected in fiscal 26.
- As a reminder, the key targets of the Accelerate programme are:
  - **Consistent cash delivery:** We have activated a renewed focus on cash across the organisation and expect to sustainably deliver c.$3 billion free cash flow per annum from fiscal 26, increasing as business performance improves.
  - **Cost savings:** expect to sustainably deliver c.$625 million cost savings programme over the next 3 years (increased with fiscal 25 results from c.$500 million). We expect c.50% of the benefit to drop through to operating profit over the three years, after investing the remaining balance for growth in areas such as commercial capabilities and digital. The exceptional cash costs are included in our c.$3 billion free cash flow per annum guidance from fiscal 26. At the Barclays conference in Boston in September 2025, Nik Jhangiani said that he expected c.$500 million exceptional costs associated with this programme.
  - **Commitment to deleveraging:** expect to be well within the target leverage range of 2.5-3.0x net debt/EBITDA no later than fiscal 28, through a combination of organic growth and positive operating leverage, combined with tighter capital discipline, and appropriate and selective disposals over the coming years. On the Q1 fiscal 26 trading update call, Nik Jhangiani referenced the initiation of USL's strategic review of their investment in Royal Challengers Bengaluru, which is scheduled to complete in March 2026. On 17 December 2025, we announced that Diageo had entered into an agreement to sell its shareholding in East African Breweries plc (EABL) to Asahi Group Holdings, Ltd, *see Disposals on page 4.*
- **Tariffs –** With the Q1 fiscal 26 trading update, we reiterated guidance for tariffs into the US, at c.$200 million pre-mitigation on an annualised basis. This assumed maintaining the current 10% tariff on UK and 15% on European imports, and that Mexican and Canadian spirits imports remained exempt under USMCA. We stated that given actions to date and before any pricing that we expected to be able to mitigate around half of this impact on operating profit on an ongoing basis.

Subsidiaries and associates – results reported since Diageo fiscal 25 FY results

- **United Spirits Limited (USL)** – On 20 January 2026, USL reported its third quarter fiscal 26 results ended 31st December 2025. Consolidated net sales for the third quarter increased by 7.6% to INR3,694 CrR. The standalone business Q3 net sales were up by 7.3% to INR3,683 Cr and the Prestige & Above segment grew by 8.2%. Consolidated underlying EBITDA for the third quarter grew by 5.5% to INR599 Cr.
- **Sichuan Swellfun Co., Ltd (SJF)** – On 19 January 2026, a pre-announcement of full year results ended 31 December 2025 was published. Reported sales were projected to be down 42% to CNY 3,038 million, and net profit projected to be down 71% to CNY 392 million.
- **Associates and joint ventures** - Diageo has a 34% shareholding in Moët Hennessy, the wine and spirits division of LVMH Moët Hennessy Louis Vuitton SE (LVMH). On 14 October 2025, LVMH reported its Q3

25 revenue for the quarter ended 30 September 2025. The wine and spirits division reported organic revenue +1% for the quarter.

Disposals - during and since fiscal 25:

- **Completed since 30 June 2025**
  - **Seychelles Breweries Limited** – On 1 July 2025, Diageo announced completion of the sale of its 54.4% shareholding in Seychelles Breweries Limited to Phoenix Beverages Limited, a subsidiary of Mauritius-based IBL Group.
  - **Guinness Ghana Breweries PLC –** On 3 July 2025, Diageo announced completion of the sale of its 80.4% shareholding in Guinness Ghana Breweries PLC to Castel Group.
  - **Diageo Operations Italy S.p.A – Santa Vittoria production facility** – On 24 June 2025, Diageo announced the sale of Diageo Operations Italy S.p.A, inclusive of the Santa Vittoria production facility, to NewPrinces S.p.A. This transaction completed in September 2025.
- **The disposals of Pampero, Safari and Cacique -** All completed in fiscal 25. No financial performance details were shared.
- **The disposal of majority shareholding in Guinness Nigeria PLC –** Completed on 30 September 2024, with the sale to Tolaram.
- **Strategic Joint Venture with Main Street Advisors Inc.** – In June 2025, Diageo completed the exchange of a majority ownership of Cîroc brand rights in North America for a majority ownership interest in Lobos 1707 tequila.
- **The disposal of Sheridan's –** Announced on 8 September 2025 the sale to Casa Redondo. No financial performance details were shared.
- **Entered into agreement to sell 65% shareholding in East African Breweries plc to Asahi Group Holdings, Ltd** - Subject to regulatory approvals, completion is expected in the second half of calendar year 2026. Estimated net proceeds after tax and transaction costs of $2.3bn will de-lever Diageo's balance sheet by c.0.25x.

Foreign exchange

- In the Q1 fiscal 26 press release, we said that using the hedged rates in place and all other exposures using 30 September 2025 spot rates (including $1=£0.74 and $1=€0.85), for fiscal 26 would result in a positive impact on net sales of approximately $200 million and a positive impact of approximately $50 million on operating profit.

Debt issuance

Since FY fiscal 25 results we completed the following bond issuance:

- On 3 October 2025, Diageo announced on this date it issued:
  - €500m 3.250% fixed rate debt instruments due 3 October 2032
  - €500m 3.750% fixed rate debt instruments due 3 October 2037

  More details on the above can be found in the investor news section of the Diageo plc website.

Prior year comparatives

	F25							F26
Reported net sales - $m	**Q1**	**Q2**	**H1**	**Q3**	**Q4**	**H2**	**FY**	**Q1**
North America	1,917	2,178	4,095	1,903	1,975	3,878	7,973	1,849
Europe	1,152	1,480	2,632	898	1,291	2,189	4,821	1,212
Asia Pacific	957	1,153	2,110	803	722	1,525	3,635	864
Latin America & Caribbean	461	589	1,050	378	419	797	1,847	512
Africa	458	486	944	369	521	890	1,834	389
Corporate	41	29	70	25	40	65	135	49
DIAGEO total	**4,986**	**5,915**	**10,901**	**4,376**	**4,968**	**9,344**	**20,245**	**4,875**

	F25							F26
Organic volume growth - %	**Q1**	**Q2**	**H1**	**Q3**	**Q4**	**H2**	**FY**	**Q1**
DIAGEO total	-3.0	2.4	-0.1	2.9	1.3	2.1	0.9	2.9

	F25							F26
Organic net sales growth - %	**Q1**	**Q2**	**H1**	**Q3**	**Q4**	**H2**	**FY**	**Q1**
North America	2.3	-0.1	1.0	6.9	-2.3	2.0	1.5	-2.7
Europe	1.0	0.7	0.8	-0.4	0.0	-0.2	0.3	3.5
Asia Pacific	-10.9	5.6	-2.5	1.6	-9.8	-4.0	-3.2	-7.5
Latin America & Caribbean	16.0	-1.7	5.1	28.5	5.0	15.3	9.2	10.9
Africa	14.3	4.9	9.0	10.1	14.2	12.3	10.5	8.9
DIAGEO total	**1.1**	**1.4**	**1.3**	**6.3**	**-1.1**	**2.3**	**1.7**	**0.0**

Fiscal 26 organic growth rates unrounded and adjusted for all completed acquisitions and disposals to 30 September 2025 including Seychelles Breweries Limited, Guinness Ghana Breweries PLC and Diageo Operations Italy S.p.A - Santa Vittoria production facility. Please see notes on disposals above.

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