DIAGEO



Fiscal 27 Q1 Trading Statement

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Cautionary statements concerning forward-looking statements and non-GAAP financial measures

The following presentation contains 'forward-looking' statements. These statements can be identified by the fact that they do not relate only to historical or current facts and may generally, but not always, be identified by the use of words such as "will", "anticipates", "should", "could", "would", "targets", "aims", "may", "expects", "intends" or similar expressions or statements. In this presentation, such statements include those that express forecasts, expectations, plans, outlook, objectives and projections with respect to future matters, including information relating to Diageo's fiscal 27 outlook and beyond, Diageo's medium-term guidance, ambitions relating to organic net sales, organic operating profit, EPS, free cash flow and improved operating leverage, the impact of changes in interest or exchange rates, anticipated cost savings or synergies, expected investments, the completion of any strategic transactions or restructuring programmes including the operating framework redesign, anticipated tax rates, changes in the international tax environment, potential tariffs and Diageo's ability to mitigate the impact of tariffs, expected cash payments, future inventory levels and any other statements relating to Diageo's performance during or for the year ending 30 June 2027 or thereafter.

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, which include, but are not limited to: (i) economic, political, social or other developments in countries and markets in which Diageo operates, including geopolitical instability and macroeconomic events that may affect Diageo's customers, suppliers and/or financial counterparties; (ii) the effects of climate change, or legal, regulatory or market measures intended to address climate change; (iii) changes in consumer preferences and tastes, including as a result of disruptive market forces, changes in demographics and evolving social trends (including any shifts in consumer tastes towards at-home occasions, premiumisation, small-batch craft alcohol, lower or non-alcoholic products or THC and hemp-based THC beverages, increased use of GLP-1 medications, and/or developments in e-commerce); (iv) changes in the domestic and international tax environment that could lead to uncertainty around the application of existing and new tax laws and unexpected tax exposures; (v) changes in the cost of production, including as a result of increases in the cost of commodities, labour and/or energy due to inflation and/or supply chain disruptions; (vi) any litigation or other similar proceedings (including with tax, customs, competition, environmental, anti-corruption or other regulatory authorities); (vii) legal and regulatory developments, including changes in regulations relating to environmental issues and/or e-commerce; (viii) the consequences of any failure of internal controls; (ix) the consequences of any failure by Diageo or its associates to comply with anti-corruption, sanctions, trade restrictions or similar laws and regulations, or any failure of Diageo's related internal policies and procedures to comply with applicable law or regulation; (x) Diageo's ability to make sufficient progress against or achieve its ESG ambitions; (xi) cyber-attacks and IT threats or any other disruptions to core business operations; (xii) loss, operational disruptions to or closure of a production site, office or other key facility due to unforeseen or catastrophic events or otherwise; (xiii) contamination, counterfeiting or other circumstances that raise consumer concerns and could harm the level of customer support for Diageo's brands and adversely impact its sales; (xiv) Diageo's ability to maintain its brand image and corporate reputation or to adapt to a changing media environment; (xv) fluctuations in exchange rates and/or interest rates; (xvi) Diageo's ability to successfully execute its strategic business transformation projects; (xvii) Diageo's ability to derive the expected benefits from its business strategies, including in relation to expansion in emerging markets, acquisitions, investments in joint ventures, productivity initiatives or inventory forecasting; (xviii) Diageo's ability to consistently deliver good value, service performance, commercial execution and suitable portfolio choices to its customers; (xix) increased competitive product and pricing pressures, including as a result of introductions of new products or categories that compete with Diageo's products and consolidations by competitors and retailers; (xx) increased costs for, or shortages of, talent, as well as labour strikes or disputes; (xxi) movements in the value of the assets and liabilities related to Diageo's pension plans; (xxii) Diageo's ability to renew supply, distribution, manufacturing or licence agreements (or related rights) and licences on favourable terms, or at all, when they expire; or (xxiii) any failure by Diageo to protect its intellectual property rights.

All oral and written forward-looking statements made on or after the date of this presentation and attributable to Diageo are expressly qualified in their entirety by the above cautionary factors and by the factors set out under "Our principal risks and risk management" in Diageo's Annual Report and under "Risk Factors" in Diageo's Annual Report on Form 20-F for the year ended 30 June 2026 filed with the US Securities and Exchange Commission. 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.

This presentation includes financial measures which are not presented in Diageo's financial statements prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the UK and are considered "non-GAAP financial measures" under US Securities and Exchange Commission rules. Please refer to the section "Definitions and reconciliation of non-GAAP measures to GAAP measures" set out at the end of this presentation.

In line with expectations, with NAM turnaround underway

- Organic net sales +0.6% excluding EABL; volume -0.1% and +0.7% price/mix
- Growth in EMEA, LAC, Asia Pacific and India, partly offset by continued weakness in spirits in NAM
- Focus in NAM remains on improving competitiveness and plans are in place
- Fiscal 27 guidance reiterated



F27 Q1 key performance metrics

Volume and net sales

Organic net sales excluding EABL

+0.6%

Organic net sales including EABL

+1.4%

Reported net sales

+1.2%

$4,931m

Organic volume excluding EABL

-0.1%

Price/mix excluding EABL

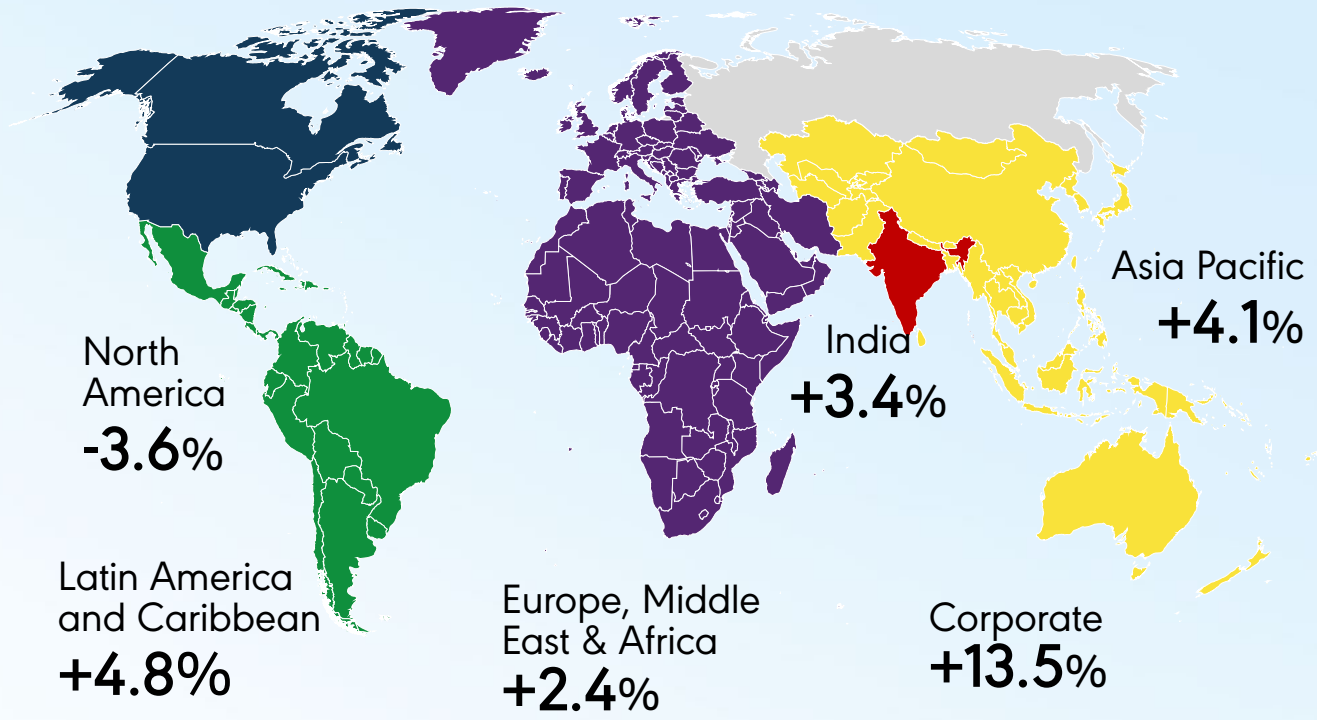
+0.7%

For additional information on non-GAAP measures please see financial/legal appendix

Regional organic net sales detail

- NAM: volume -3.7% price/mix +0.1%; turnaround plan continues, market remains soft
- EMEA: volume +4.4% price/mix -2.0%; spirits + RTD the key drivers of growth
- APAC: volume +6.2% price/mix -2.1%; strong Global Travel, Mainland China flat (CWS and IPS[1])
- LAC: volume +7.0% price/mix -2.2%; strong growth in CCAV, South LAC and Colombia, partly offset by weakness in Mexico and flat Brazil
- India: volume -5.8% price/mix +9.2%; good growth in Prestige and Above, pressure in Popular segment

F27 Q1 organic net sales growth
by region



Source: Diageo
The above map is intended to illustrate general geographic regions where Diageo has a presence and/or in which its products are sold. It is not intended to imply that Diageo has a presence in and/or that its products are sold in every country or territory within a geographic region
1. Chinese white spirits, International Premium Spirits

Fiscal 27 outlook unchanged

Broadly flat organic net sales growth (F26: -2.0%)

Organic operating profit growth up low-to mid-single-digit (F26: +2.0%)

Free cash flow c.$2bn (F26: $3.2bn) after exceptionals and excluding EABL

Leverage ratio at end of fiscal 27 at mid-point of target leverage range[1,2]

1. Leverage ratio calculated using adjusted net debt which is the equivalent to adjusted net borrowings (net borrowings plus post-employment benefit liabilities before tax
2. Including benefits of the completion of EABL transaction and sale of RCB by USL

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Fiscal 27 technical guidance

Effective tax rate before exceptional items to be c.25% (F26: 24.3%)

Effective interest rate to be c.4% (F26: 3.9%)

Capex to be c.$1.25bn (F26: $1.2bn)

Historic growth across regions – organic

				F26				F27
Organic net sales	**Q1**	**Q2**	**H1**	**Q3**	**Q4**	**H2**	**FY**	**Q1**
North America	(2.7)%	(10.8)%	(7.0)%	(9.6)%	(10.7)%	(10.2)%	(8.5)%	(3.6)%
EMEA	4.9%	5.0%	4.9%	10.2%	4.7%	7.1%	5.9%	2.4%
Asia Pacific	(14.8)%	(20.6)%	(18.0)%	(0.5)%	(5.7)%	(2.9)%	(12.0)%	4.1%
Latin America & Caribbean	10.9%	(1.3)%	4.0%	18.7%	6.3%	12.1%	7.6%	4.8%
India	11.1%	6.6%	8.7%	0.7%	10.3%	5.4%	7.1%	3.4%
Corporate	(0.4)%	(6.4)%	(3.6)%	15.5%	(0.6)%	5.9%	0.7%	13.5%
Diageo	**0.0%**	**(5.2)%**	**(2.8)%**	**0.3%**	**(2.2)%**	**(1.0)%**	**(2.0)%**	**1.4%**
Volume	2.9%	(4.0)%	(1.0)%	0.4%	0.3%	0.3%	(0.4)%	1.1%
Price/mix	(2.8)%	(1.1)%	(1.9)%	(0.1)%	(2.5)%	(1.3)%	(1.6)%	0.3%

Note: Fiscal 26 data restated based on current reporting regions. EABL is included within EMEA for restated periods and within Corporate for F27 pending completion of the disposal

Foreign exchange information and estimated impact

Translation FX rates

Currency	Spot at 31 July 2026	Spot at 31 Oct 2026	Average actual 3m to 30 Sep 2025	Average actual 3m to 30 Sep 2026
USD	1.00	1.00	1.00	1.00
GBP	0.74	0.74	0.74	0.74
EUR	0.87	0.89	0.86	0.87
INR	95.37	94.98	87.3	95.59
CNY	6.75	6.65	7.16	6.74
TRY	47.53	49.95	41.59	49.02

Foreign exchange estimated impact

Using hedged rates already in place and for all other exposures, spot exchange rates at 31 October 2026 based on a representative income statement profile.

For full year fiscal 27 we would see combined translation and transaction FX as follows - approximately:

- c.$100m negative impact on net sales
- c.$25m negative impact on operating profit

Updated impact of tariffs on US imports

1. Estimated guidance for fiscal 27 assumes:

- 10% tariff on EU imports
- 0% tariff on UK whisk(e)y; 10% tariff on UK imports ex. whisk(e)y
- 50% tariff on Canadian imports in scope; bulk whisky outside scope

2. Estimated impact of F27: c.$100 million pre-mitigation or any pricing, c.$70 million post mitigation.

3. Mitigation / trade optimisation includes inventory management, supply chain optimisation, price and promotion management and reallocation of investments.

4. We continue to monitor developments

Financial/legal appendix:

Definitions and reconciliation of non-GAAP measures to GAAP measures

Diageo's strategic planning process is based on certain non-GAAP measures, including organic movements. These non-GAAP measures are chosen for planning and reporting, and some of them are used for incentive purposes. The group's management believes that these measures provide valuable additional information for users of the financial statements in understanding the group's performance. These non-GAAP measures should be viewed as complementary to, and not replacements for, the comparable GAAP measures and reported movements therein.

It is not possible to reconcile the forecast tax rate before exceptional items, forecast organic net sales growth and forecast organic operating profit growth to the most comparable GAAP measure as it is not possible to predict, without unreasonable effort, with reasonable certainty, the future impact of changes in exchange rates, acquisitions and disposals and potential exceptional items.

Volume

Volume is a performance indicator that is measured on an equivalent units basis to nine-litre cases of spirits. An equivalent unit represents one nine-litre case of spirits, which is approximately 272 servings. A serving comprises 33ml of spirits, 165ml of wine, or 330ml of ready to drink or beer. Therefore, to convert volume of products other than spirits to equivalent units, the following guide has been used: beer in hectolitres, divide by 0.9; wine in nine-litre cases, divide by five; ready to drink and certain pre-mixed products that are classified as ready to drink in nine-litre cases, divide by ten.

Organic movements

Organic information is presented using US dollar amounts on a constant currency basis excluding the impact of exceptional items, certain fair value remeasurements, hyperinflation and acquisitions and disposals. Organic measures enable users to focus on the performance of the business which is common to both years and which represents those measures that local managers are most directly able to influence.

Calculation of organic movements

An explanation of non-GAAP measures, including organic movements, is set out on pages 205-211 of Diageo's Annual Report for the year ended 30 June 2026.