

21 September 2016



### Diageo issues trading commentary ahead of AGM

Ivan Menezes, Chief Executive, commented:

“The 2017 fiscal year has started well. As expected, the momentum we created last year, strengthening our business through improved marketing, innovation, and commercial execution, has set us up to deliver a stronger performance. Key drivers of improved top line growth are our fiscal 2017 priorities: scotch, US spirits and India.

“We have made a strong start to our productivity work and are moving at pace. As we no longer take productivity related costs as an exceptional item, in the first half these costs will impact our organic operating profit margin. In the second half productivity related costs will decline and be offset by higher savings as well as the benefits from our targeted reinvestment of those gains. This will contribute to organic margin expansion for the full year.

“Our top line momentum and progress in implementing productivity changes, gives us continued confidence in achieving our objective of mid-single digit top line growth, and over three years ending fiscal 19 delivering 100bps of organic operating margin improvement.”

#### For further information

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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, and our 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](http://www.diageo.com). Visit Diageo’s global responsible drinking resource, [www.DRINKIQ.com](http://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 and projections with respect to future matters and can be statements made about Diageo’s strategy, trends in results of operations, margins, and growth rates and growth rate objectives; estimates of Diageo’s cash flows, effective interest rates, effective tax rates, cost savings, results of hedging instruments, cash contributions in post-employment plans, impacts of exchange rates, dividend policies and shareholders return objectives, executive compensation levels, outcomes of litigation, and the impact of new accounting policies on Diageo’s consolidated results and financial position. 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. These factors include, but are not limited to exchange rates, interest rates, the availability or cost of financing to Diageo, social, political and environmental developments, legal and regulatory changes, litigation, failure to comply with laws and regulations, currency restrictions, consumer trends, preferences and purchasing power, overall market trends, the consequences of the referendum on the UK’s membership in the EU, increases in the cost of production, events that damage Diageo’s brands or reputation, inability to execute business strategies, shortage of talent, movement in the value of the assets and liabilities related to Diageo’s pension funds and a failure to protect Diageo’s intellectual property rights.

All oral and written forward-looking statements made on or after the date of this document and attributable to Diageo are expressly qualified in their entirety by the above factors and by the ‘Risk factors’ included in Diageo’s annual report for the year ended 30 June 2016. 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. The reader should, however, consult any additional disclosures that Diageo may make in any documents which it publishes and/or files with the US Securities and Exchange Commission (SEC). All readers, wherever located, should take note of these disclosures.

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