DIAGEO

Driving *long-term sustainable* growth

CAGNY 2024

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February 22nd 2024

- Welcome, everyone - I last presented at CAGNY here in Boca Raton in 2016 so it’s great to be here again and spend time with you all today.

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 related to Diageo's fiscal 24 and fiscal 25 outlook, Diageo's medium-term guidance, Diageo's supply chain agility programme, future productivity savings, future inventory levels, future investments, future Total Beverage Alcohol market share ambitions and any other statements relating to Diageo's performance during or for the year ending 30 June 2024 or thereafter.

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 elevated geopolitical instability as a result of conflict in the Middle East 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, or lower or no alcohol products 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) contamination, counterfeiting or other circumstances which could harm the level of customer support for Diageo's brands and adversely impact its sales; (xiii) Diageo's ability to maintain its brand image and corporate reputation or to adapt to a changing media environment; (xiv) fluctuations in exchange rates and/or interest rates; (xv) Diageo's ability to derive the expected benefits from its business strategies, including Diageo's investments in e-commerce and its luxury portfolio; (xvi) increased competitive product and pricing pressures, including as a result of introductions of new products or categories that are competitive with Diageo's products and consolidations by competitors and retailers; (xvii) increased costs for, or shortages of, talent, as well as labour strikes or disputes; (xviii) movements in the value of the assets and liabilities related to Diageo's pension plans; (xix) 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 (xx) 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 2023 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.

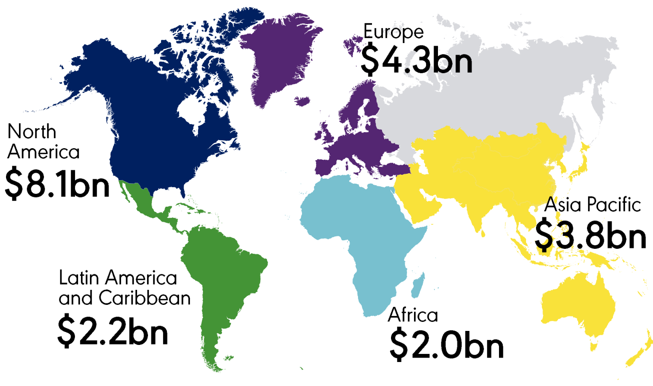
This presentation includes financial measures which are not presented in Diageo's financial statements prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the UK and are considered "non-GAAP financial measures" 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.

But first, here are our regulatory statements.

- Here is our plan for today.
- First, I will kick things off with a quick introduction to Diageo.
- Then, I will highlight the foundational facts about our attractive industry and Diageo’s strong position and long runway for growth within it.
- Next, I will move on to the four key strategies which leverage our competitive advantages and enable us to capture this growth and deliver our ambition.
- Lavanya will then discuss how our growth algorithm supports sustainable, long-term growth.
- And I will wrap up with our outlook for the near and medium term.

Our diversified footprint drives *resilient growth*

F23 reported net sales by region



- Six-year organic net sales CAGR of **7.4%**
- Progressive dividend policy; track record of increases since fiscal 2000

Source: Diageo, excluding Corporate
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.

- For those unfamiliar with our company, Diageo is one of the global leaders in beverage alcohol, with over 200 brands, including Johnnie Walker and Guinness.
- We sell our products in nearly 180 countries and have over thirty thousand employees and 132 production sites.
- Since 2017, we have achieved a top-line CAGR of 7.4%.
- Over the last ten years we have delivered a strong total shareholder return of 8%.
- And, we’ve maintained a track record of dividend increases since fiscal 2000.

INTRODUCTION TO DIAGEO

We *actively position* our portfolio in large Total Beverage Alcohol categories

#3
in Total Beverage Alcohol[1]

#1
in International Spirits[1]

1.4x
Larger than nearest International Spirits competitor[1]

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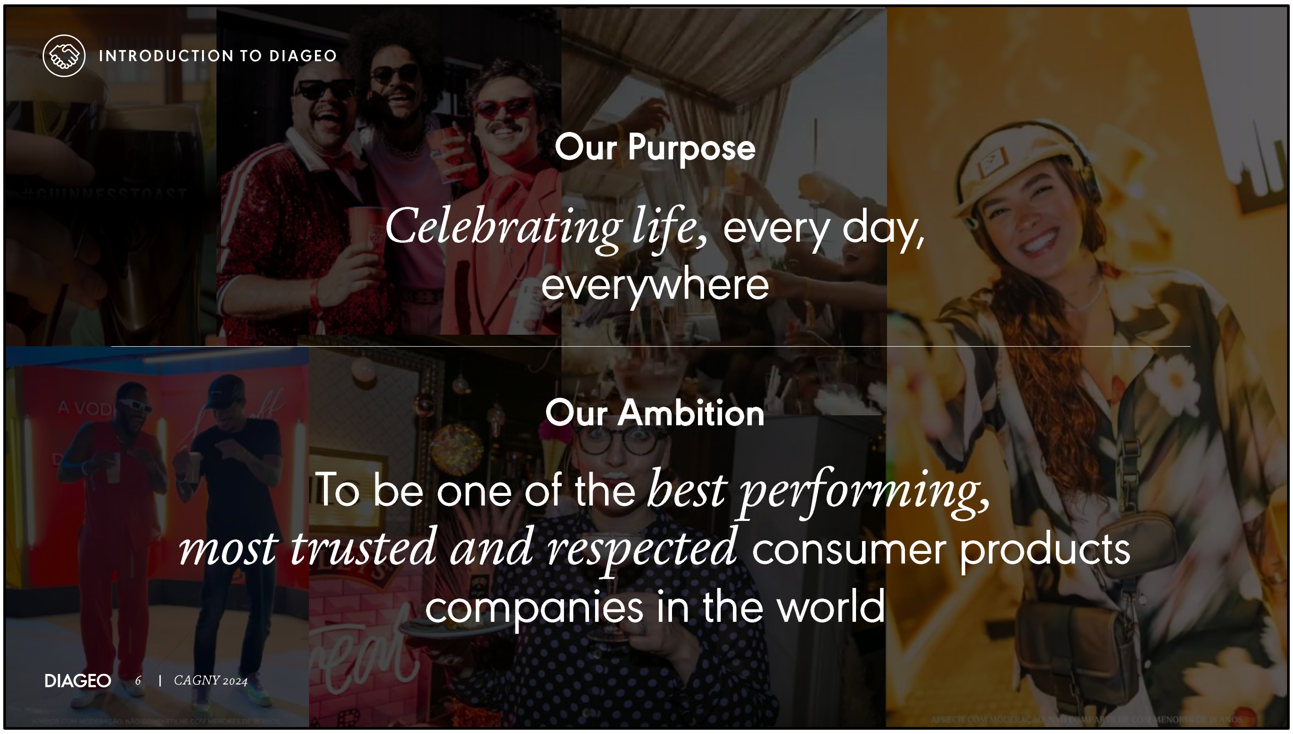
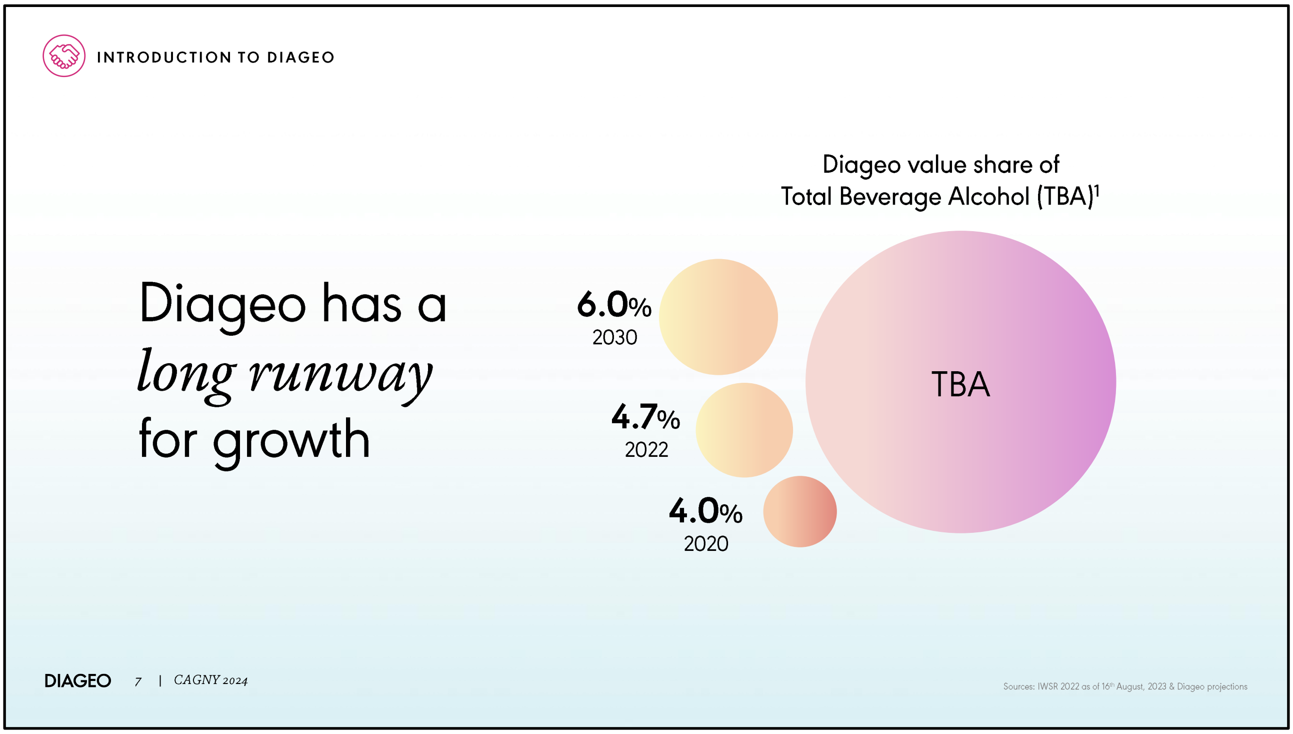
Source: 1. Retail Sales Value, IWSR 2022 as of 16th August, 2023

- Diageo is the third largest player in total beverage alcohol or TBA by value globally.
- We are #1 in International Spirits in retail sales value or RSV globally, 1.4x larger than our nearest International Spirits competitor and in the premium plus price tiers we are even larger.
- We are bigger than 4 of our top 10 competitors combined.
- We lead the largest International Spirits categories.
- We have brands in more categories than any other competitor - including our unique participation in Chinese White Spirits and through our 34% ownership of Moët Hennessy, the wine and spirits division of LVMH, giving us exposure to exciting champagnes and cognac.
- In fact, we have thirteen billion-dollar brands across our largest categories.
- In the US, which is our largest market accounting for about 35% of our total net sales value or NSV, we are 2X larger than the second biggest spirits company, and as of the end of January we have 6 out of the top 10 core spirits innovations in Nielsen. (Source: Nielsen L12 WK ending 01.31.24).
- We're committed to driving growth and quality share gains to drive sustainable shareholder returns.
- Our scale provides us with advantaged opportunities in manufacturing, encompassing both aged and unaged liquids, notably in scotch and tequila.
- And it facilitates economies of scale in our deep understanding of consumers through access to cutting-edge consumer insights, data, and tools.
- Scale also enables our ability to execute with brilliance – rolling innovation out at pace and unleashing the power of our portfolio across our footprint.
- I am now going to show you a video that brings this to life across our portfolio.

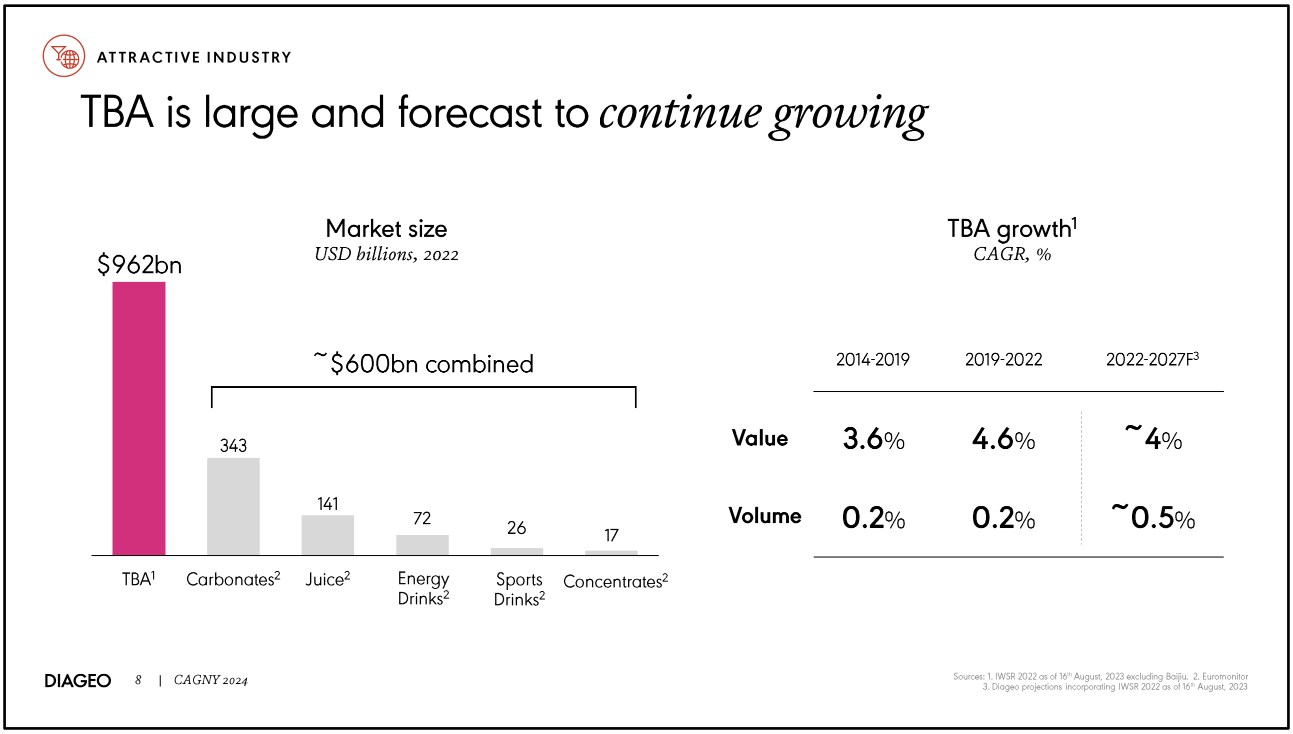


- We are driven by a clear purpose: celebrating life, every day, everywhere.
- It is embedded across our business and goes hand in hand with our ambition - we are committed to being one of the world's best performing, most trusted and respected consumer products companies.
- And importantly, we are committed to having a positive impact on society.
- After 24 years of experience in the consumer goods industry across 5 leading organisations in the F&B industry, I continue to be excited and impressed by both the strengths and the opportunities for Diageo.
- From when I originally joined Diageo’s board nearly five years ago, in 2019, through my time leading our North American and Global Supply businesses to my leadership role today, I continually look through the lens of consumer recruitment and occasions…. and see opportunity.
- In the last 8 months as Diageo CEO and having spent time speaking with our teams and distributor and customer partners around the world, I firmly believe our footprint across geography, category and price tier, combined with the deep heritage and quality of our brands, give us a powerful advantage to recruit consumers and deliver long-term sustainable growth.



- Let me start with why I believe Diageo has a long runway for growth.
- Despite our spirits category leadership position, we only have a 4.7% value share of TBA according to IWSR 2022.
- We measure ourselves in the total TBA market because consumers make brand choices across spirits, beer and wine depending on the occasion – ranging from a backyard BBQ at home to a special celebration and everything else in between.
- Our brands can recruit across these TBA occasions.
- In the US, where our share of TBA is 7.4%, our two largest brands only have around 16% household penetration.
- But this is what excites me about our business.
- There is a significant runway to do more.
- In 2020, we set out our ambition to outperform the market and deliver a 50% increase in Diageo's TBA share from 4% to 6% by 2030 – this is the equivalent of around 30 billion new individual drinks globally over that period.
- With our TBA share gains to-date, we have already made significant progress, and we still have over half the decade to go!
- My confidence in our ability to deliver this and outperform comes firstly from the attractiveness of the industry we operate in.

Note: household penetration represents household purchase in the last 12 months.



- TBA is large, substantially bigger than non-alcoholic beverage categories combined, with a market size of around $1 trillion globally.
- TBA has grown for over a decade, and it's still growing with strong value and resilient volume growth.
- Favourable market demographics and strong premiumisation trends are driving that growth and are expected to continue into the future.

ATTRACTIVE INDUSTRY

Consumer demographic trends *underpin future growth*

Growth of LPA+[1]

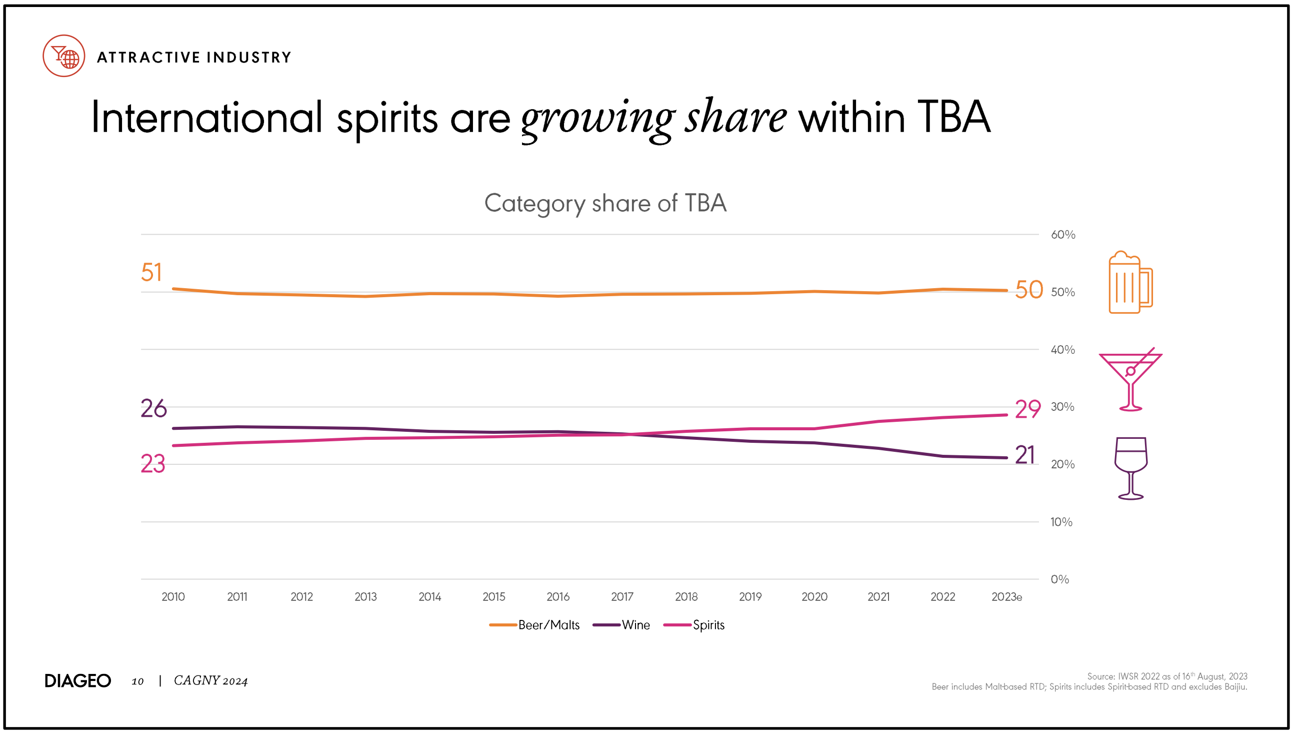
- Almost **600m new LPA+** by 2030
- **1/4** coming from **India**

Power of the middle-class[2]

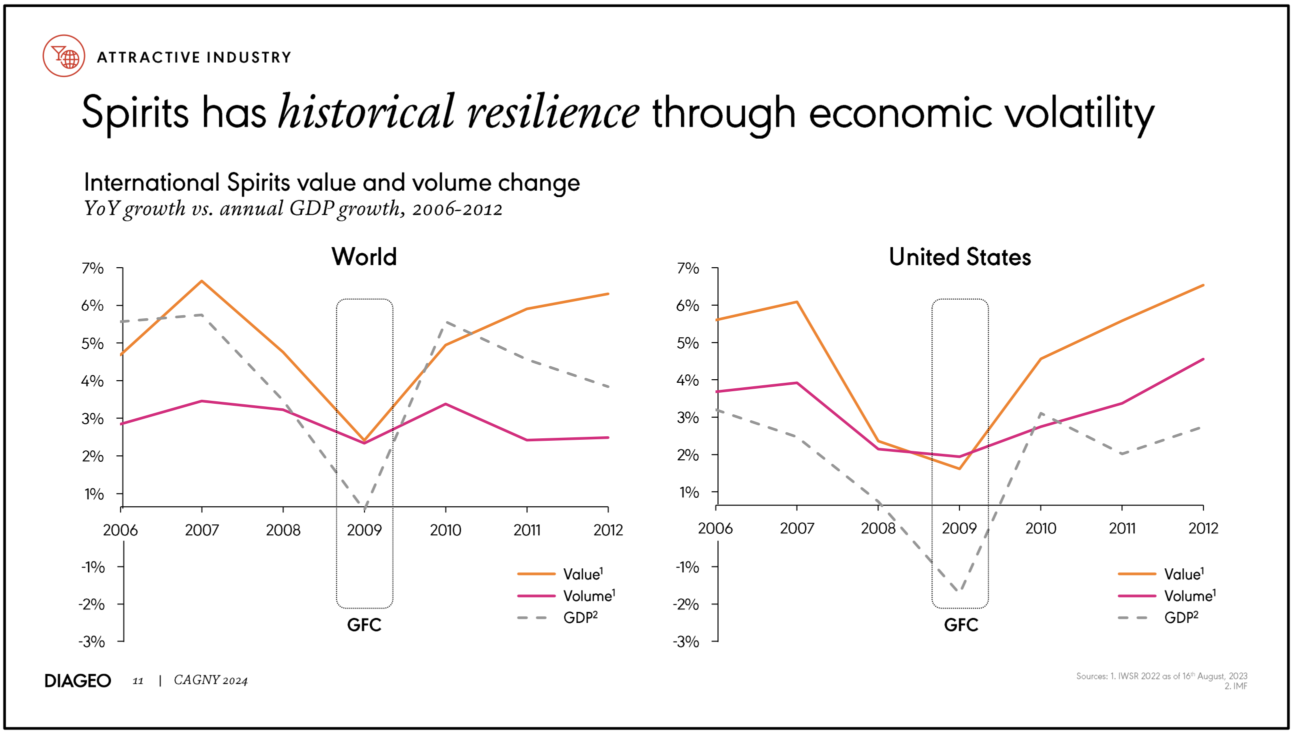
- **India:** 340m people
- **Latin America:** 230m people

Sources: IMF, World Bank Group, World Economic Forum, Bain Estimates
1. LPA+ means persons equal to or above legal purchasing age for alcohol according to the legislation of each country
2. Current estimates for India and Latin America

- Strong consumer demographics underpins the growth in the TBA market.
- We expect 600 million new legal purchase-age or LPA consumers to enter the market by 2030.
- In one of the largest whisky markets in the world, India alone is expected to account for a quarter of LPA growth.
- The expanding middle class around the world should further contribute to industry growth.



- Drilling down to the three core categories of TBA.
- Over the last decade, international spirits has performed remarkably well, growing ahead of beer, wine and overall TBA.
- And the strength of international spirits is expected to continue, with our 5-year value growth forecast to be 2x faster than beer and wine, continuing to win share of TBA.



- International Spirits is a very resilient category, as proven during one of the biggest economic downturns of the last 20 years – the global financial crisis in 2008-2009.
- During this time, the category grew despite GDP contraction.
- In the US, for example, in the off-trade, spirits were 3.5x less impacted than TBA, despite the increased unemployment across all income groups during this time period. (Source: Cotti, Dunn & Tefft (2014); off-trade consumption only)

ATTRACTIVE INDUSTRY

Spirits delivers against *key consumer trends and occasions*

Premiumisation

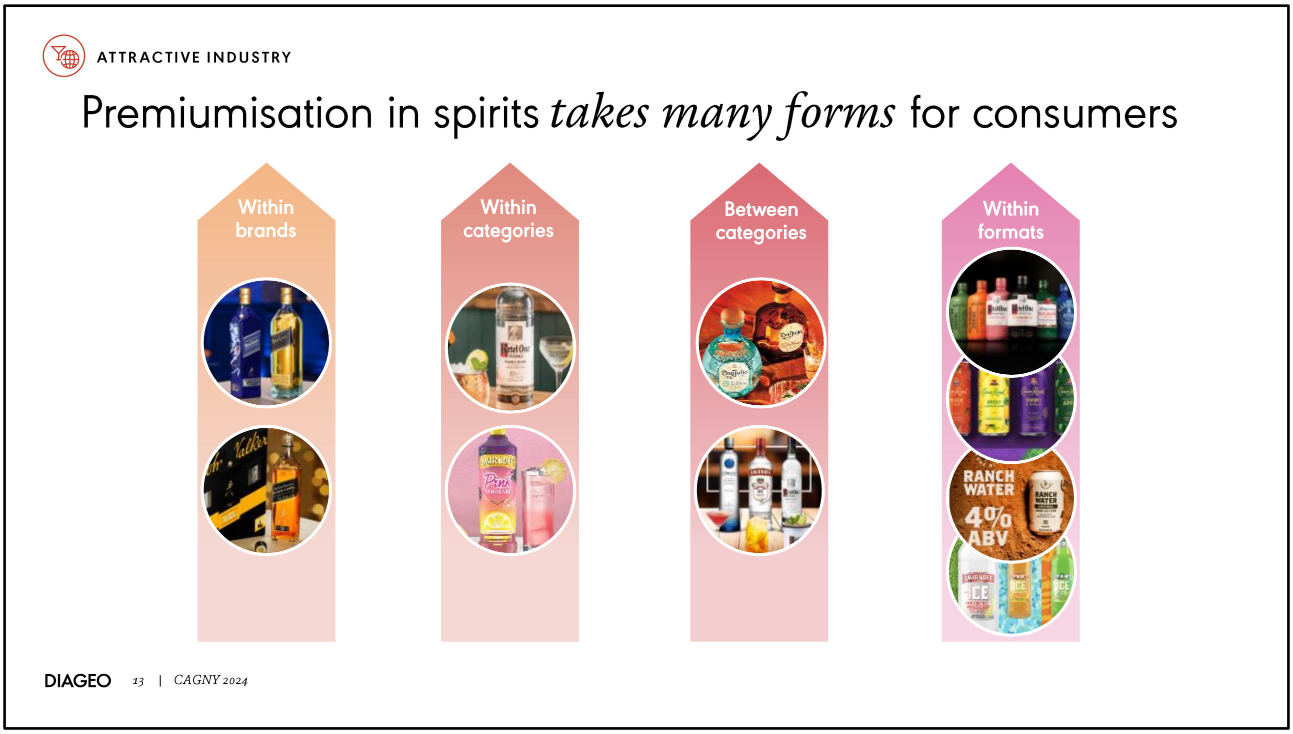
Convenience

Moderation

Participation across broad consumer groups and occasions

- Spirits is also a *dynamic* category because it capitalises on macro-consumer trends.
- Premiumisation, which is consumers choosing to drink better, not more, is a significant trend.
- In the last 10 years, premium and above spirits grew from 25% of category value to almost 35%.
- Super-premium plus spirits have grown in value more than 2x faster than other price tiers in the category.
- This price tier gained almost 700 basis points of share of International Spirits RSV since 2012.
- Convenience is already a significant part of many CPG categories, including TBA.
- Ready-to-drink has been the fastest-growing segment of TBA for several years.
- Increasingly, consumers are trading up from beer and malt-based convenience into higher-priced spirit-based products, which are also directly recruiting new LPA+ drinkers.
- As consumers prioritise wellness, they look for moderation. This has fueled the growth of spirits in many areas, including the growth of non-alcoholic spirits.
- While still small, sales of non-alcohol spirits products have grown 13 times since 2017.

Source: IWSR 2022 as of 16th August, 2023



- But premiumisation in spirits is not just about buying the most expensive or luxury products. Since 2017, the average price for a 70cl spirits bottle in the US has only increased by $3, from ~$16 to $19. (Source: IWSR 2022 as of 16th August, 2023)
- This is because premiumisation can mean buying a slightly more expensive bottle of your favorite brand for a gift, choosing an ultra-premium vodka cocktail over a premium cocktail in a bar, or simply choosing to buy a different category which has a higher price per bottle.
- For example, the average price for whiskey and tequila is more than ~2x that of rum or vodka in the US. (Source: IWSR 2022 as of 16th August, 2023)
- Premiumisation is also evident in the evolution of the ready-to-drink format - from malt-based drinks initially through the growth of seltzers, then spirits-based canned drinks to the recent multi-serve premium pre-made cocktails.

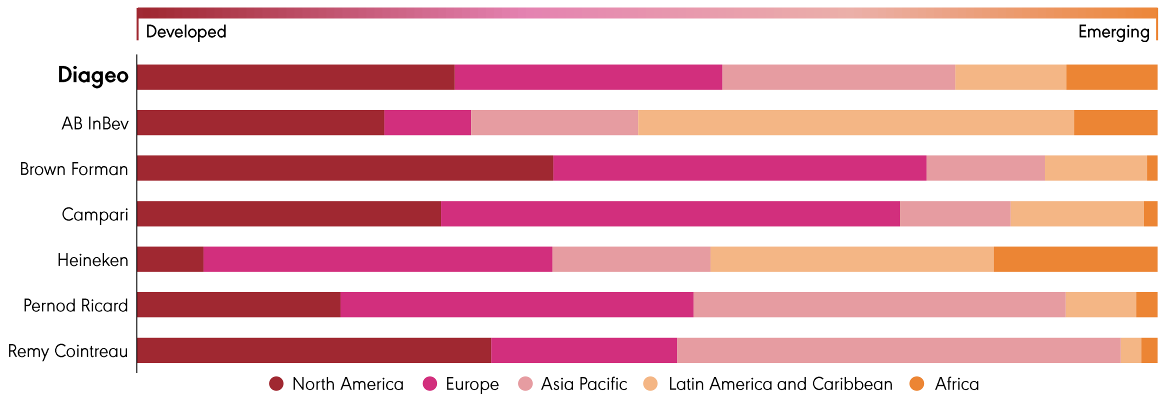
- Looking at Diageo within the most vibrant parts of TBA, we have an advantaged portfolio that has the broadest range of regions, categories and price tiers.
- The strength of this portfolio combined with our world class brand building and execution of our strategy for growth enables Diageo to capitalise on the opportunities provided by the attractive TBA industry and beat the competition.
- I am going to walk you through Diageo's position to win.

ADVANTAGED FOOTPRINT

Diageo’s regional footprint is one of the *most diversified* among top TBA players

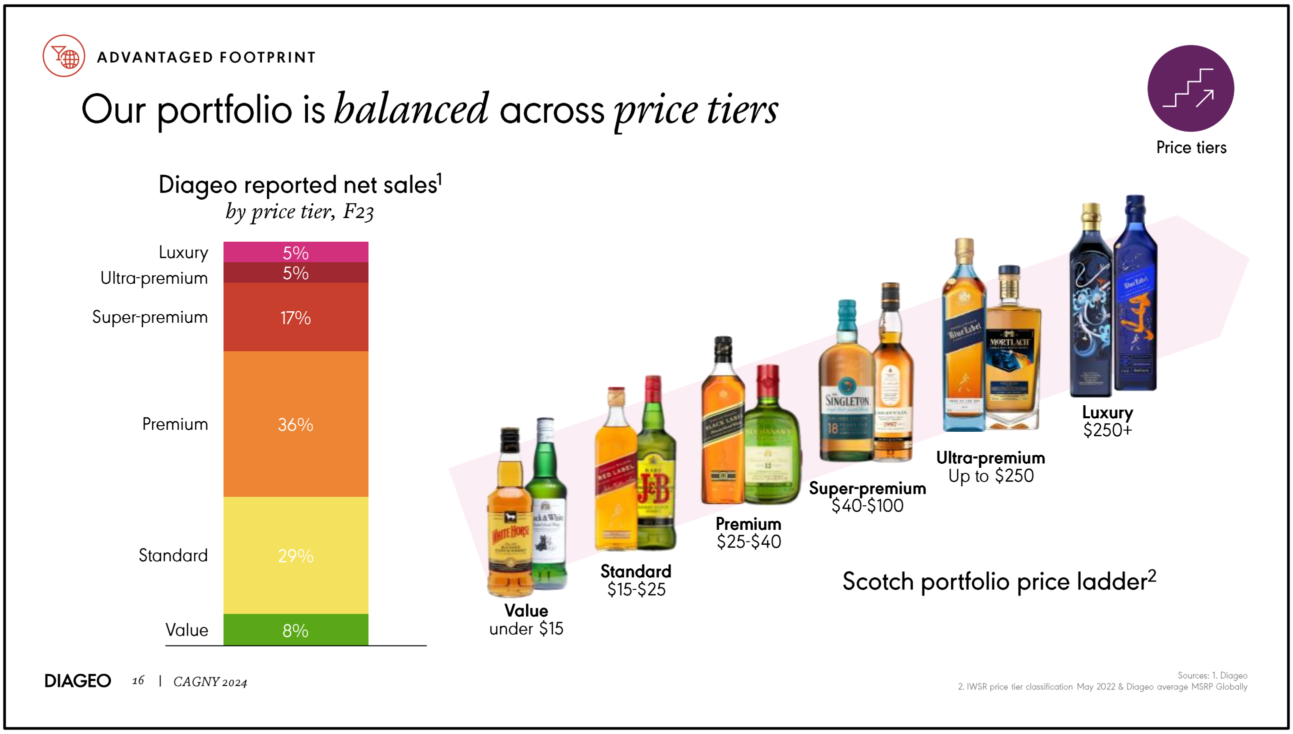
Geographies

Region share of RSV, 2022

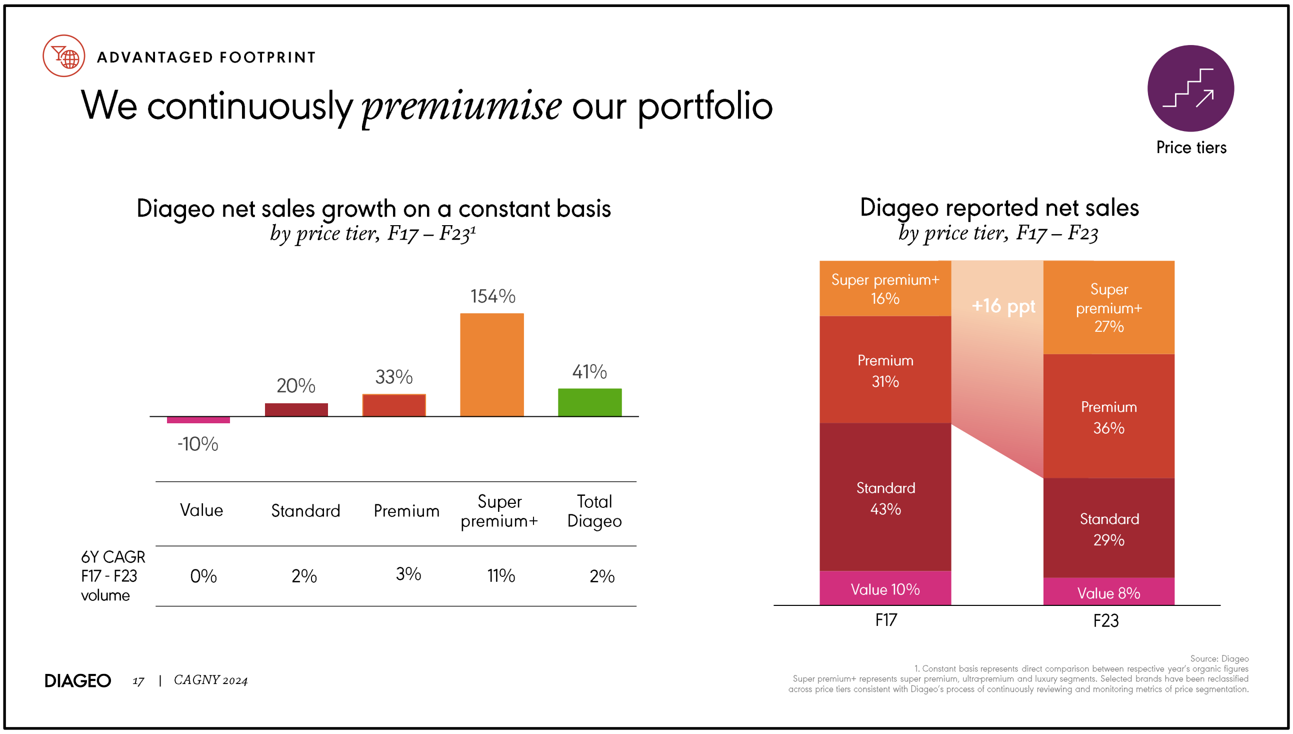


Source: IWSR 2022 as of 16th August, 2023
Global Travel excluded from analysis

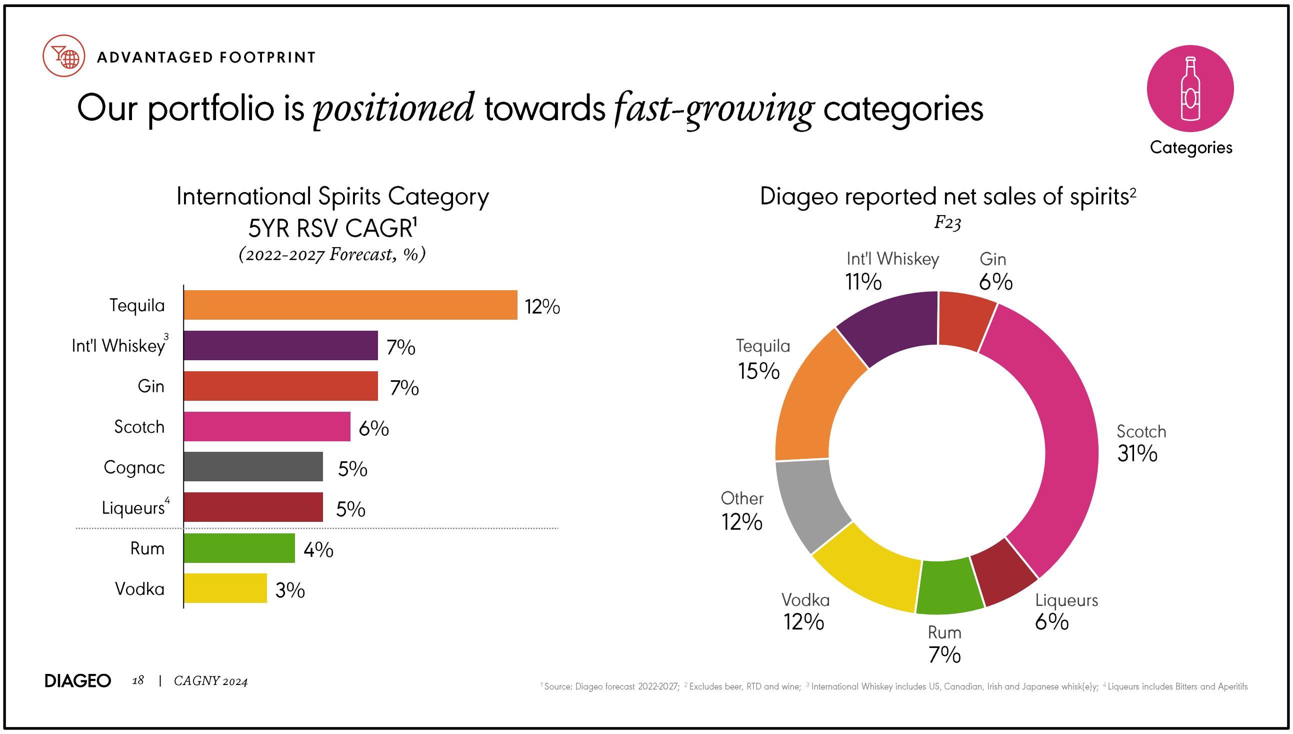
- Diageo has a broad and diversified geographical footprint vs our peers.
- This presence across regions and markets provides the ability to participate in growth opportunities globally.
- This supports resilience through short-term volatility and enables the delivery of long-term, sustainable growth.



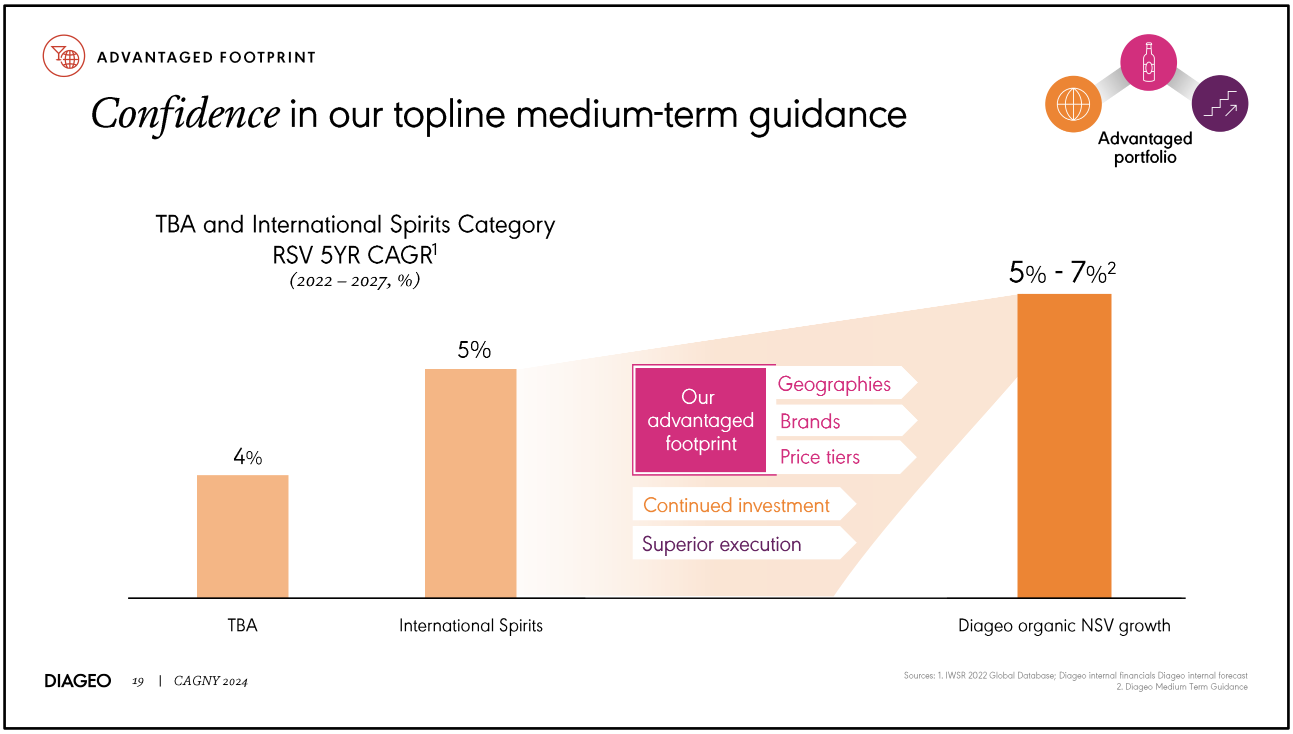
- The strength of our portfolio is not only across geographies but also price tiers.
- Our advantaged portfolio enables us to provide a breadth of choices within consumer trends – across motivations, occasions and categories - and to offer this to consumers across the world.
- This supports the delivery of long-term, consistent, growth, regardless of the short-term macroeconomic volatility.
- Scotch and tequila skew premium, but 47% of our reported sales outside these categories are in the standard and value price tiers.
- As the visual shows, within scotch, our brands and variants span a wide range of price points.
- This is also the case within other categories– for example, in tequila, with Don Julio and Casamigos in luxury and ultra-premium, while 21 Seeds, Astral and DeLeón participate in super-premium.



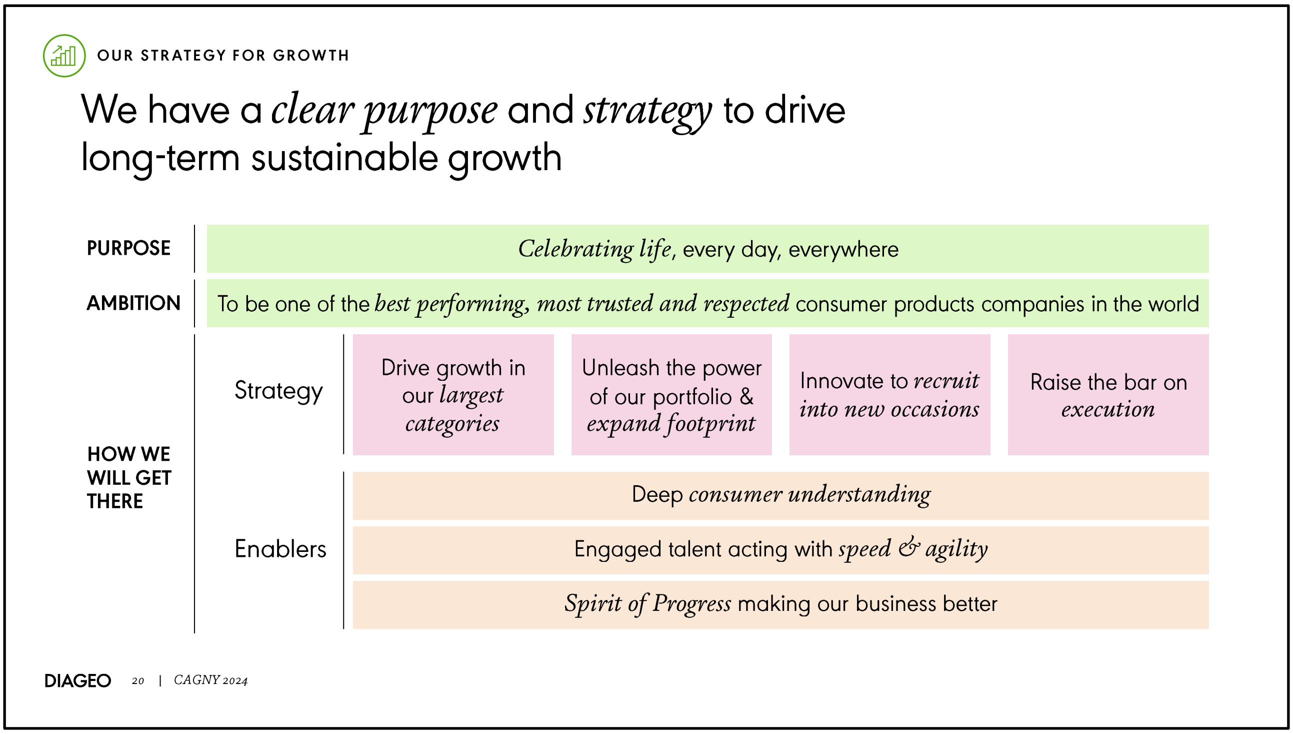
- Our active portfolio management, along with innovation and brand investment, has also enabled the continued premiumisation of our business.
- Premium and above products gained 16 percentage points of share of net sales value since F17.
- They now account for 63% of our NSV.



- Globally, our advantaged portfolio positions us to capture growth opportunities not only by market and price point but also by category.
- Our current strategic focus is firmly grounded in the categories of international spirits with high growth.
- Tequila has experienced high growth in the US, but still has significant headroom to increase penetration.
  And we are now taking tequila global.
- Importantly, Diageo's largest category, scotch, continues to grow ahead of TBA.
- I will talk more on the strength of our scotch and tequila portfolio later.



- As I have just taken you through, Diageo's advantaged footprint across geographies, categories and prices tiers supported by our continued investment and superior execution has driven our 6-year top-line CAGR of 7.4% to fiscal 23.
- Looking forward I have confidence in our medium-term top-line organic NSV growth guidance of 5-7%, because these fundamentals remain in place and we will continue to invest and raise the bar on execution.
- Lavanya will discuss the building blocks in more detail later.
- I am now going to talk further about our strategy to drive long-term sustainable growth.



- At our Capital Markets Event in November, I laid out the four key strategies I want us to focus on to drive long-term sustainable growth.
  - Continue to drive growth in our largest categories with our amazing brands
  - Unleash the power of the portfolio to expand our footprint across the world
  - Innovate to recruit into new occasions, and
  - Going from strong to stronger by raising the bar on execution.
- Starting with driving growth in our largest categories: our top 3 largest categories are scotch, beer and tequila.
- Together, they represent just over 50% of our total reported NSV in fiscal 23 and almost one third of reported sales volume in equivalent units.
- These categories include iconic brands, such as Johnnie Walker, Guinness and Don Julio.

OUR STRATEGY FOR GROWTH

Scotch is Diageo's largest category and continues to deliver *quality growth*

Drive growth in our *largest categories*

- Scotch is Diageo's largest category, representing more than 25% of our total net sales in fiscal 23. We hold the largest global scotch share at just under 40%. (Source: IWSR 2022 as of 16th August, 2023)
- And it is highly profitable, with a gross margin that is meaningfully above Diageo's average.
- Our scotch business has grown at an 8% value CAGR over the period fiscal 2019 to fiscal 2023, with volume growing at a 4% CAGR, and as we shared in our recent results, we are gaining value share in 7 out of 10 of our largest measured scotch markets* – including in North America led by Johnnie Walker - our leading brand and the world's #1 scotch brand in both value and volume – 3.5x bigger than the second in value.
- It has a truly global footprint – nearly a quarter of consumers who drink scotch worldwide choose to drink Johnnie Walker. (Source: Kantar 'How The World Drinks' 2022)
- Our scotch portfolio contains many other world-class brands, such as Buchanan's and in Single Malts: The Singleton, Lagavulin, Mortlach and Talisker.
- We are also increasing our participation in developing markets such as India, where we have recruited 10 million new consumers into scotch, almost double that of our nearest competitor. (Source: BGS calculations)
- Innovation plays an important role in recruiting new scotch consumers and driving new occasions.
- For example, The Singleton Golden Tresor is recruiting new consumers in Greater China, Johnnie Walker Blonde is recruiting from Brazil's casual beer occasions and through Johnnie Walker Blue Label Elusive Umami we are introducing consumers to a new luxury flavour profile globally.

**Source: Diageo, Internal estimates incorporating AC Nielsen, Association of Canadian Distillers, Dichter & Neira, Frontline, Intage, IRI, ISCAM, NABCA, Scentia, State Monopolies, TRAC, IPSOS and other third-party providers*

OUR STRATEGY FOR GROWTH

Guinness *surges* in performance, recruitment and popularity

Drive growth in our *largest categories*

- Diageo's participation in beer is centered around our instantly recognisable flagship and iconic brand, Guinness.
- Guinness truly is a 'Global Brand with a Local Heartbeat' – created in 1759, it is loved by communities all over the world.
- In F23, Guinness delivered its strongest performance ever, with growth in every region and some record-breaking share growth continuing in H1 F24, once again achieving double-digit organic NSV growth, up 14%.
- The majority of the growth was in Europe, followed by Africa and the US.
- Guinness pushes the boundaries on innovation. It has broadened our consumer base by appealing to younger, more female, and more ethnically diverse consumers.
- Guinness Nitrosurge enables consumers to pour a perfect pint of Guinness at home directly from a can. In Ireland, it is appealing to a younger consumer, 40% of Nitrosurge consumers are LPA-34. (Source: Kantar)
- Guinness 0.0 was crowned the 'King of non-alcoholic beers' by Esquire magazine last year.
- On a value share basis, Guinness is the #1 beer brand in Ireland and Nigeria and, at the end of calendar year 2023, became the #1 value sales beer brand in Great Britain across the on and off trade combined. (Source: Last 24 weeks CGA and Nielsen data to 30/12/23)
- I asked Anna MacDonald, who leads our marketing team in Great Britain, to share with you what her team did to achieve #1 status and show you why we have confidence in the ongoing strength of Guinness. Please play the video.

OUR STRATEGY FOR GROWTH

Guinness *sets the benchmark* for Brand Homes

Drive growth in our *largest categories*

London

Dublin

Chicago

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- In GB, we plan to open Old Brewer’s Yard in Covent Garden, London in Spring 2025, which will help us to reach an even broader audience for Guinness than before.
- Our Guinness brand homes are best in class for consumer engagement.
- Our Storehouse in Dublin was named the world’s leading tourist attraction at the 2023 World Travel Awards.
- And here in the US, the Open Gate Brewery in Chicago - opened in September last year and welcomed over 100,000 visitors through December.

OUR STRATEGY FOR GROWTH

Strong and diverse *tequila portfolio well-positioned* to capture growing global demand

Unleash the power of our portfolio & *expand footprint*

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- Our next strategy is unleashing the power of our portfolio and expanding our footprint. Our tequila portfolio is a great example of that.
- Tequila is an established category in its home market of Mexico and in the US.
- But it is now increasingly breaking out into the rest of the world as consumers appreciate its versatility, participation across many occasions and aspirational qualities.
- I believe that the breadth of our footprint gives us a competitive advantage. As the category grows, Diageo continues to maintain its leadership, representing ~1/4 of global tequila sales – with a broad portfolio footprint that covers attractive price points and occasions. (Source: IWSR 2022 as of 16th August, 2023)
- Don Julio is the number one selling tequila brand globally as of 2022. (Source: IWSR 2022 as of 16th August, 2023)
- Casamigos has been the fastest-growing tequila brand, among the largest 30 brands globally, growing at ~70% in the past 5 years. (Source: IWSR 2022 as of 16th August, 2023)
- While still early, we are encouraged by the global roll-out of our tequilas – with Casamigos and the Paloma cocktail in Southern Europe in the aperitivo occasion, or Don Julio 1942 as a stylish icon of celebration in Asia.
- But our participation in tequila is more than Don Julio and Casamigos and we are confident that there is so much more to go after even though we are the #1 player here in the US -- household penetration remains lower than other categories : just under 2/3rd that of whiskey. (Source: Numerator)
- Through DeLeón, which we now fully own, along with Astral and 21 Seeds, our tequila portfolio extends into the super-premium price tier enabling us to participate in that booming segment of the category in the US.

OUR STRATEGY FOR GROWTH

Our innovation taps into consumer insights to *recruit into new occasions*

Innovate to *recruit into new occasions*

Opportunity	Premumisation	Convenience	Moderation	Global Rollout
				
Insight	**India :** LDA+ young affluent have a new-found pride in their Indian provenance with an affinity for Indian artisanship and mindful luxury	**USA**: Consumers want to make beautiful bartender quality cocktails at home but often don't know how	**Europe:** Consumers seeking an "adult non-alc drink" are on the rise	Mexico: Appeal for Mexican culture and interest in 'spicy foods' growing globally

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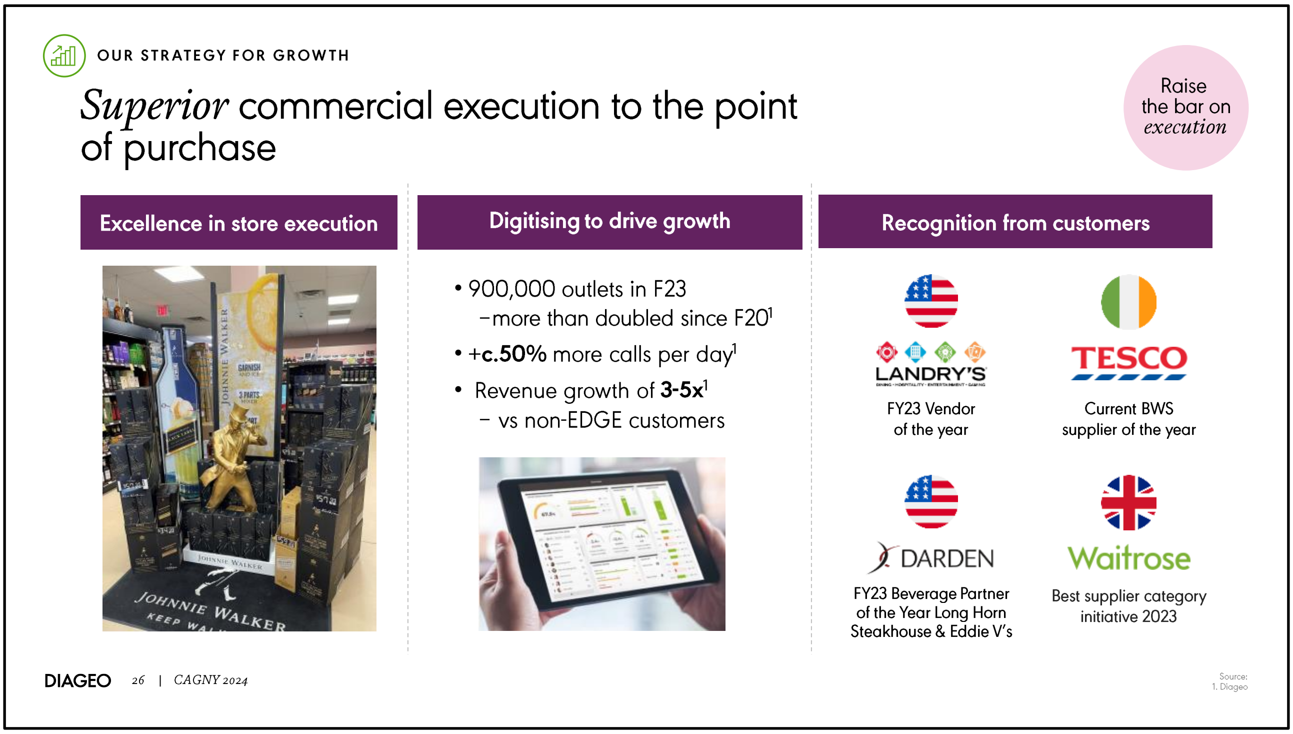
- The role of innovation at Diageo is to recruit new consumer groups in new occasions.
- We focus on innovation growth behind the major consumer macro trends I discussed earlier.
- You see on the slide some of our success stories that have recruited consumers against these key trends by identifying a clear opportunity rooted in insight and executing it brilliantly.
- We also leverage our global footprint to rollout innovation at pace - Smirnoff Spicy Tamarind shown here, will be in 11 countries by the end of F24 with further expansion planned for F25.
- Our approach is working.
- We're a leader in global innovation and over-index in our share of TBA innovation (RSV* ~9% in CY22, vs ~6% of TBA RSV* total).
- Diageo was recently named the No.1 innovation business in the beverage industry in Fortune Magazine. (Source: https://fortune.com/ranking/worlds-most-admired-companies)
- According to Nielsen, Diageo launched 6 of the largest 10 new core spirits products by RSV in the 6 months to end of January 2024. For context, there were over 400 new spirits launches across approximately 150 brand owners in the US in the same time period. (Source: Nielsen L12 WK ending 01.31.24; Nielsen TBA Innovation list ending 12.31.23). These include Baileys Chocolate Liqueur and Don Julio Rosado, Casamigos Cristalino and Ketel One Espresso Martini Ready to Serve – each with a distinct recruitment role.



- The fourth component of our strategy for growth is raising the bar on execution.
- Continuing to improve our execution at the point of purchase - in-store execution - across our advantaged portfolio is key to ensuring our brands show up with scale and relevance to our consumers.
- We continue to focus on building our sales excellence capabilities, in particular the use of digital tools and EDGE365 which has increased both our outlet coverage but also the revenue growth from those customers who utilize EDGE.
- While there is still room to raise the bar further, recent awards have recognized the strength of our partnerships and relationship building with customers.

OUR STRATEGY FOR GROWTH

Over 30,000 employees *engaged in delivering* our ambition

Engaged talent acting with *speed & agility*

Committed & engaged workforce

83%

employees see a clear link between their goals and Diageo's priorities

+80

Net Promoter Score for employees recommending Diageo's brands

Diverse leadership reflecting our consumers

44%

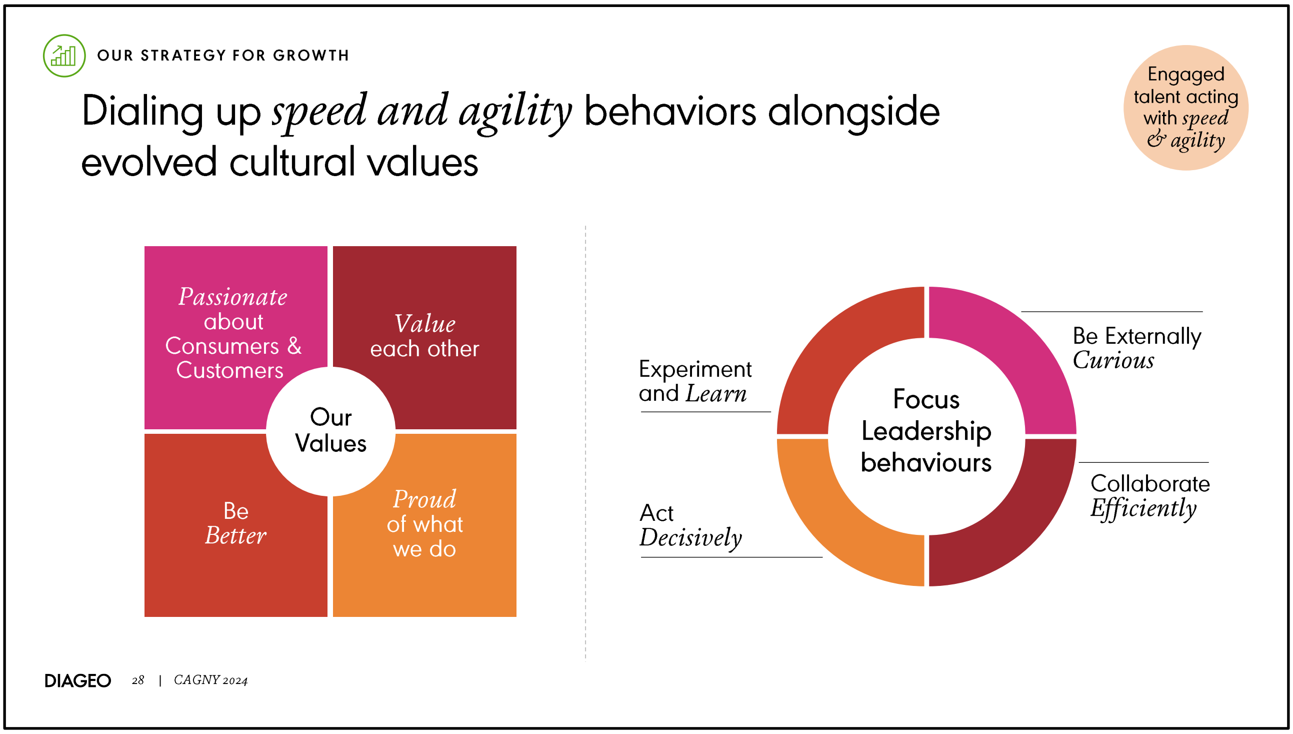
of our leadership cohort are female

19

Different nationalities in our leadership

Source: Diageo
All figures are fiscal 23

- An important enabler for us is our engaged workforce. We have over 30,000 talented individuals, working with a clear purpose and with speed and agility to deliver our performance.
- I believe we have a highly competitive employer brand that helps us to attract, grow and retain the best talent in a fiercely competitive marketplace.
- We know from our annual survey that our employees take ownership and have immense pride for Diageo's brands and performance.
- In 2023, the Net Promoter Score for employees recommending Diageo's products was +80. For context, an index score of +10 to +30 is considered great; and anything +30 is considered excellent.
- Just as our consumers are diverse, we have a strong and diverse bench of leadership talent.
- At the end of F23, 44% of our leadership cohort are female (increase of +5ppt vs YE F20) and 43% are ethnically diverse.
- In our Board, 70% of our directors are women and 40% are ethnically diverse.



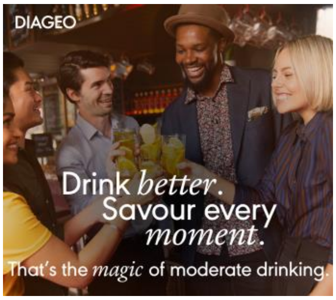
- At Diageo, we have an advantaged culture that fuels our performance.
- Our values are at the heart of our total company culture, and we have recently evolved these to reflect how we are looking to the future in Diageo.
- The change to "be better" is one I feel most passionate about. It inspires the organisation to raise the bar... not becoming complacent in leadership. It encourages the prioritisation of progress over perfection and captures the relentless spirit of learning for the development of the self and the business.
- Our behaviours shape and guide our culture, and our leadership teams are actively dialling up on four areas that enable us to be fast, agile, transformational and responsive to changing consumer dynamics.
- In today's operating environment, we are setting ourselves up to respond quickly to emerging trends, seize opportunities faster than our competitors, innovate promptly and pivot our plans rapidly when required.
- I am proud of our teams and the Diageo culture. Let's hear directly from some of our leaders around the world about what Diageo brings to them.

- And I am pleased to be joined today by the members of our executive team.
- They are a winning combination of home-grown talent who have held varied roles across Diageo markets, including more than half who have been with Diageo for over a decade and new joiners - 3 in the last 5 years - who bring valuable market experience and a wealth of functional expertise.
- I am proud that my Executive team - like our portfolio – has a broad and diverse footprint - of gender, of country of origin and of global consumer experience.
- You will have the opportunity to engage with them at dinner.

OUR STRATEGY FOR GROWTH

Committed to *doing business the right way* for quality market share

Spirit of Progress making our business better

Positive drinking	Water	Carbon/Cost/Cash
		

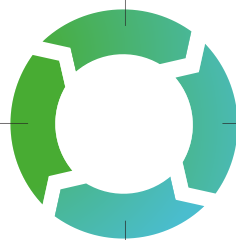
- I want to finish by mentioning ESG – a fundamental tenet of both our values, but also building our business.
- At our recent interim results presentation, I shared that we are continuing to simplify our Spirit of Progress ESG plan, so that we can focus on the real priorities for our business. For example, we will accelerate our positive drinking and water ambitions - the two most material areas for us.
- On the pillar of accelerating to a lower carbon world, we have pivoted to a more focused approach: we are prioritising and focusing on targeting the triple wins; where not only can we reduce carbon, but also where we can improve cost and cash.
- I'll now hand over to Lavanya, who will take you through our growth algorithm in more detail, before I return to discuss our forward-looking outlook.

STRONG GROWTH ALGORITHM

Our growth algorithm enables *sustainable long-term* growth towards our 2030 ambition

Quality top-line growth
through our advantaged portfolio and footprint

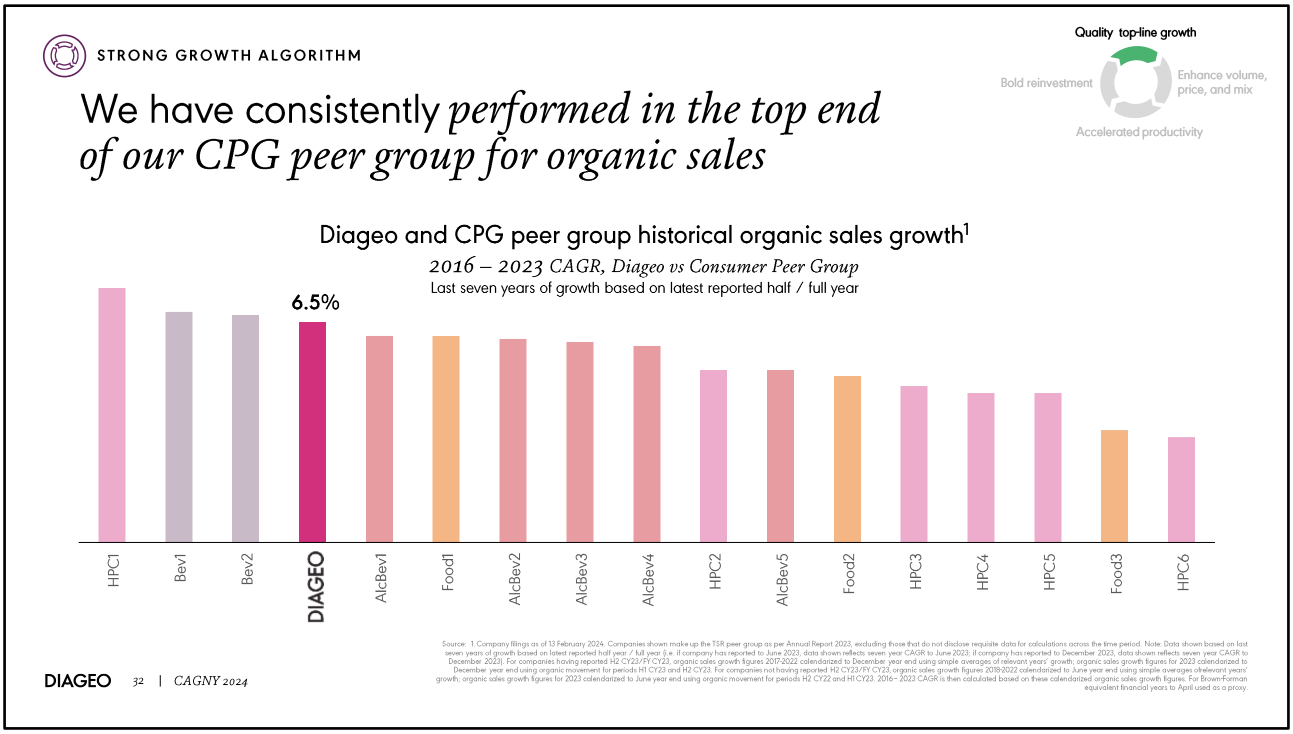
Bold reinvestment
to grow share of TBA



Enhance volume, price and mix
through disciplined revenue growth management

Accelerated productivity
through a culture of everyday efficiency and supply chain reengineering

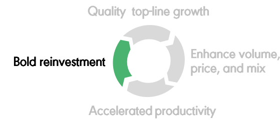
- Thanks Debra.
- Our growth algorithm enables us to deliver sustainable long-term growth and consistent top tier shareholder returns.
- There are four parts to this simple algorithm
- First, we drive top line growth through our fantastic portfolio of brands and their advantaged footprint.
- Second, we drive revenue growth management through price and mix improvement.
- Third, our culture of everyday efficiency helps us deliver best in class productivity.
- And finally we take the benefits of revenue growth management and productivity and reinvest them back into our brands through carefully targeted investments.
- And this enables us to further accelerate the growth of our top line and our share performance.
- Since this is at the heart of the thesis of investing in Diageo, let’s walk through each of these one step further with a deeper dive into productivity and A&P investment.

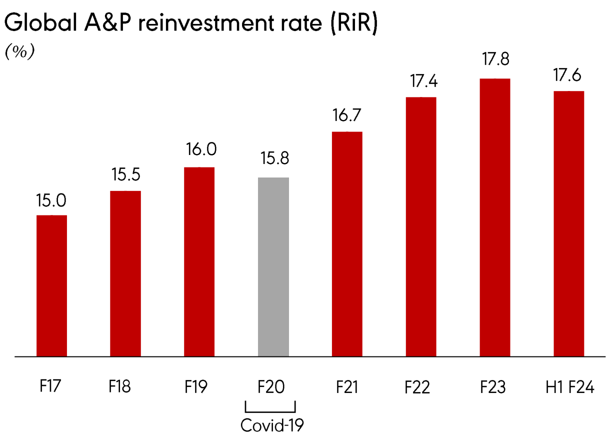


- Let's start with the top line.
- As you will see on this chart, going back seven calendar years to 2016, Diageo's topline performance has been in the top quartile of CPG peer group companies.
- This track record gives us confidence in our ability to drive future growth.

STRONG GROWTH ALGORITHM

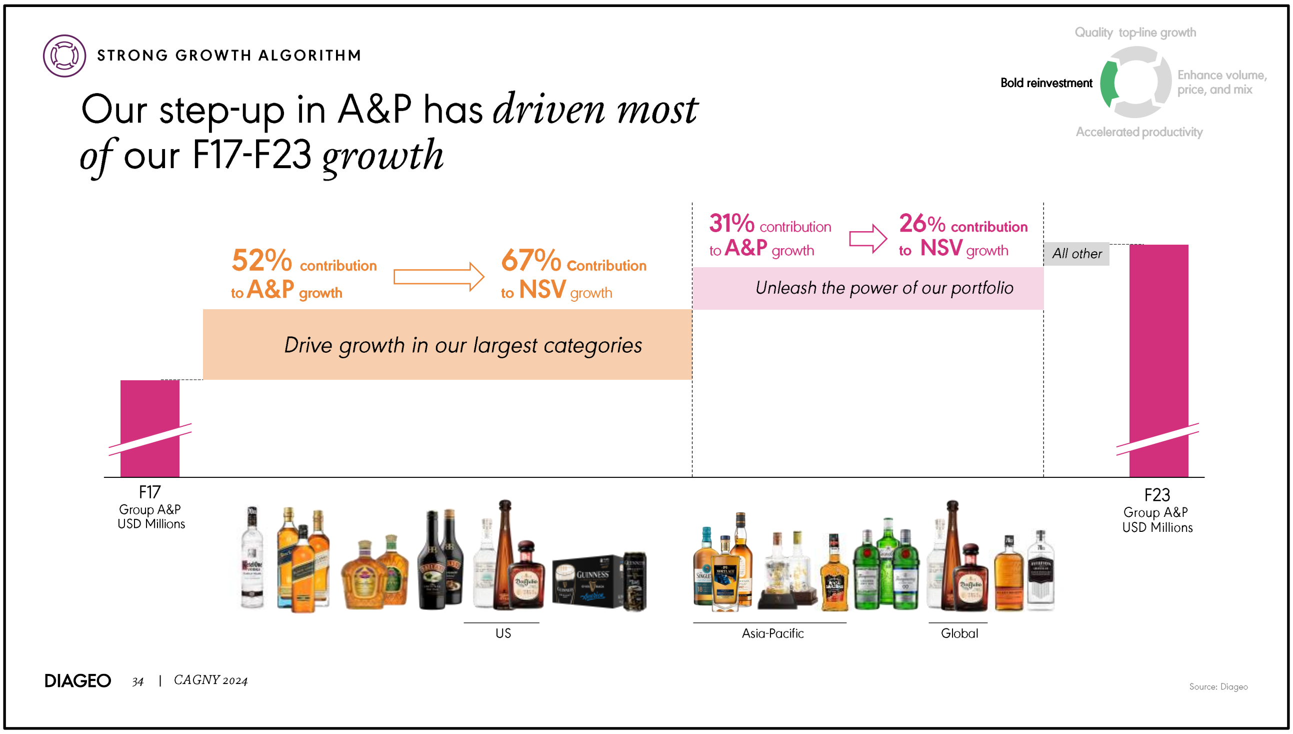
Continued investment in *brand-building*



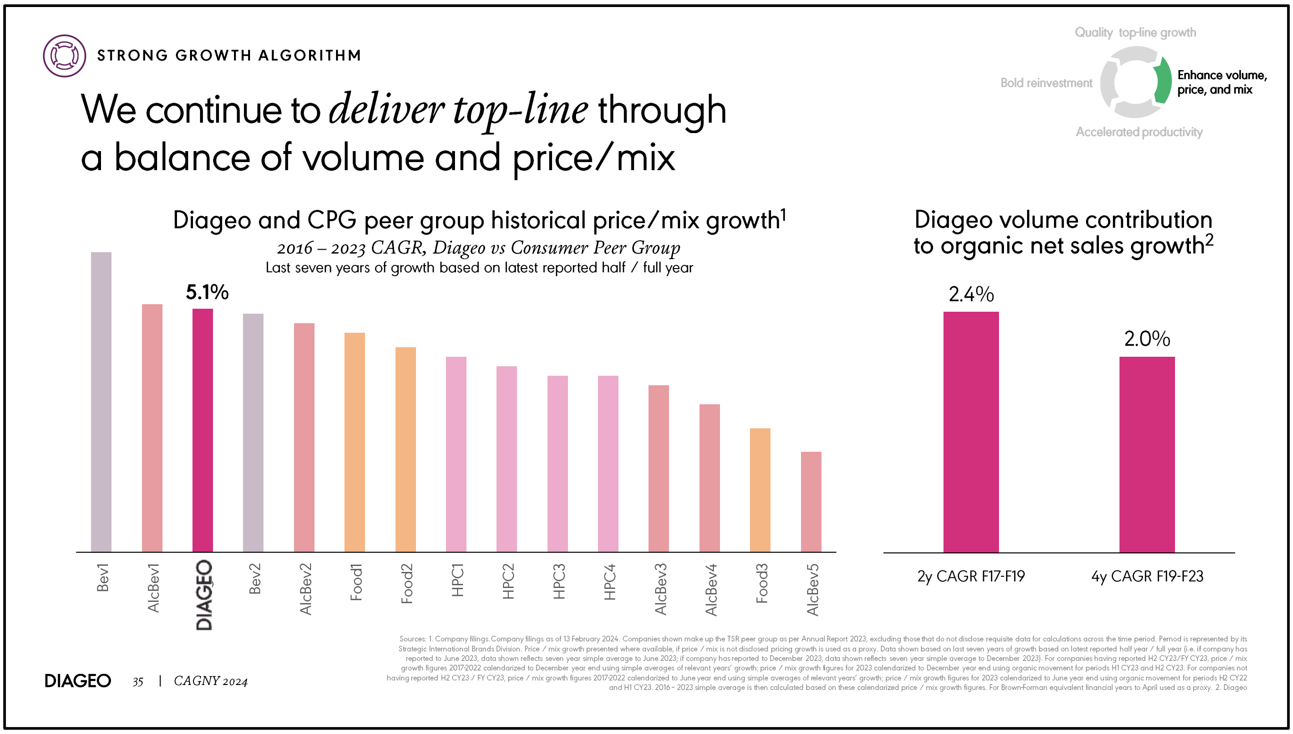


Source: Diageo

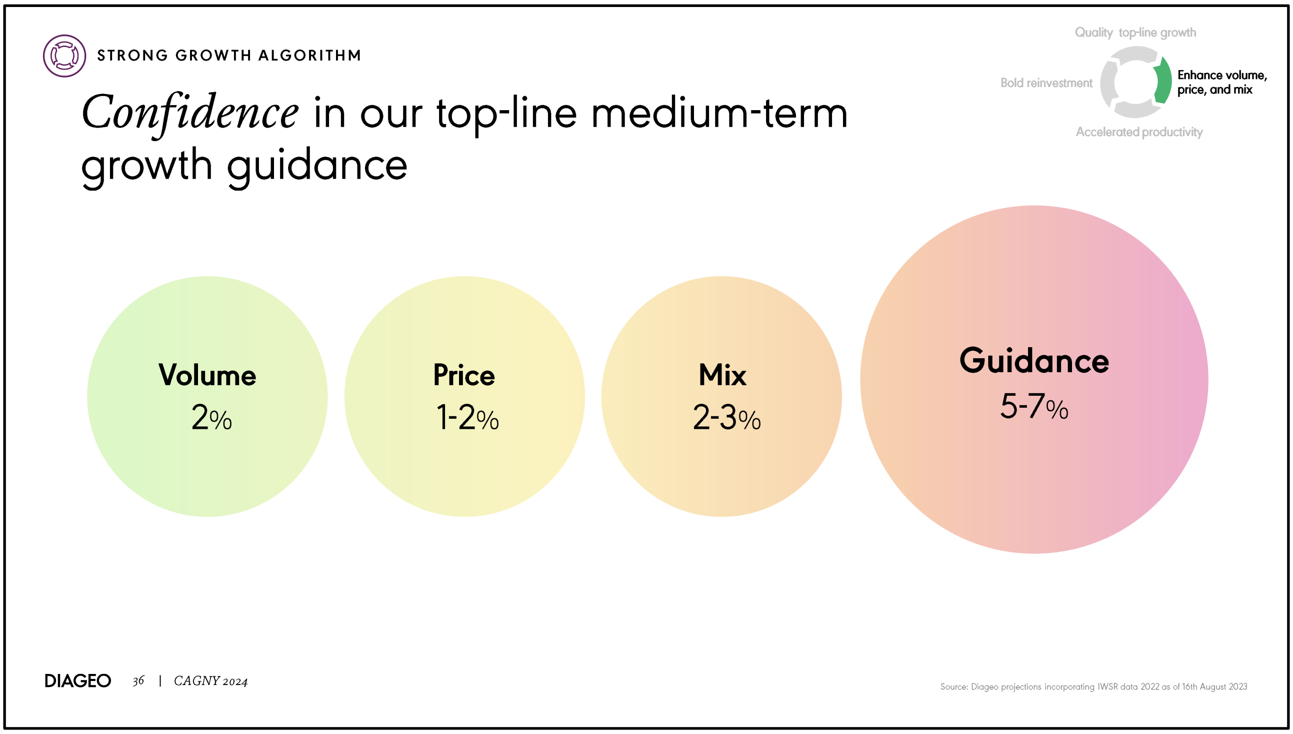
- A key driver of our top tier performance is that we have continued to upweight investment in brand building.
- Going back to fiscal 17, we have increased marketing investment by over $1 billion.
- And this has driven our TBA share up from 4% in 2020 to 4.7% in 2022.
- The investment also supports the growth of the spirits category which has consistently taken share from beer and wine.



- Let's double click our A&P investment choices and their returns over the past years.
- The increased investments were targeted at the strategies Debra shared earlier.
- 83% of the incremental investment was to drive the growth of our largest categories and unleash the power of our portfolio.
- These investments drove 93% of our NSV growth over this time period.
- The first strategy of investing in our largest categories gives us scale and resilience.
- The investment in Johnnie Walker around the world enabled the brand to grow 300 bps of share in the last 3 years.
- Guinness has grown at a 5.4% NSV CAGR over the past five years and grown a further 14% in the last half.
- Our tequila portfolio in the US has nearly tripled market share and driven organic NSV growth more than 5 times faster than the Diageo average.
- Second, we invest in unleashing the power of our portfolio across more markets. These are longer term investments. Here we have invested more than 30% of our A&P growth resulting in just over a quarter of the NSV growth.
- For example, our global gin portfolio grew at 1.5 times that of the Diageo average.
- We also invest in key opportunity markets such as India and China – both with domestic spirits such as Royal Challenge and Shui Jing Fang – and international spirits.
- Scotch in India has grown at a 20% CAGR over this time period.
- With our active portfolio management, we are now supporting more brands to drive the long- term growth of the business.
- In the last half, most of our upweighted investment has been to support the launch of tequila across Europe and Asia Pacific and to grow our business in China and India.
- Going forward, we will continue to be disciplined in our A&P investment and target opportunities which will drive business growth while improving the ROI of our investment.



- Over the years, Diageo has built strong capabilities in revenue growth management.
- We are strategic and surgical in how we take pricing actions.
- And we do this in a very data-based manner.
- We leverage our investments in digital, technology and data analytics to make the best pricing decisions by market at a brand level.
- The chart on the left shows that we have driven price/mix growth at the top end of our peer group.
- And on the right, you see that we have achieved this while maintaining volume CAGR in the 2% to 2.5% range.



- As Debra shared earlier, our medium-term guidance is to grow topline between 5 and 7%.
- This is enabled by our participation in the faster growing categories of international spirits, our advantaged footprint, consistent investment in A&P and our superior execution.
- We expect volume growth of 2%, price of between 1 and 2 points and mix of between 2 and 3 points. But what gives us the confidence we can achieve this?
- Let's start with our confidence in the 2 points of volume growth
- Strong consumer demographics support TBA growth.
- Alcohol penetration continues at historic levels and spirits continue to gain share from beer and wine.
- Next is price.
- In the recent two years, we have grown price at mid to high single digits as inflation peaked. Going forward, we expect price increases to normalise to 1-2 points of growth, in line with historical pre-Covid levels.
- And lastly mix or premiumisation which Debra described in detail.
- Let's unpack one example – the shift out of vodka and rum to tequila and whiskey.
- The average price of a bottle of tequila or whiskey is 2x that of a bottle of vodka or rum. 2-3% of mix growth requires 2-3% of consumer occasions to shift from vodka or rum to tequila or whiskey. Over the period 2017 – 2022, together, tequila and whiskey grew twice as fast as rum and vodka combined. Looking ahead to 2027, they are forecast to grow even faster.
- This gives us confidence that the premiumisation building block will continue to be resilient.

STRONG GROWTH ALGORITHM

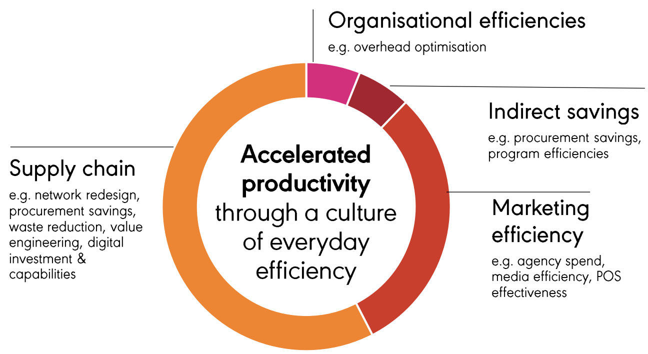
Quality top-line growth
Enhance volume, price, and mix
Bold reinvestment
Accelerated productivity

Productivity culture through *everyday efficiency*: on track to exceed our $1.5Bn target (F22-F24)

$1.375bn **Savings F22- F24 H1**[1]

$2bn **F25-F27** Target

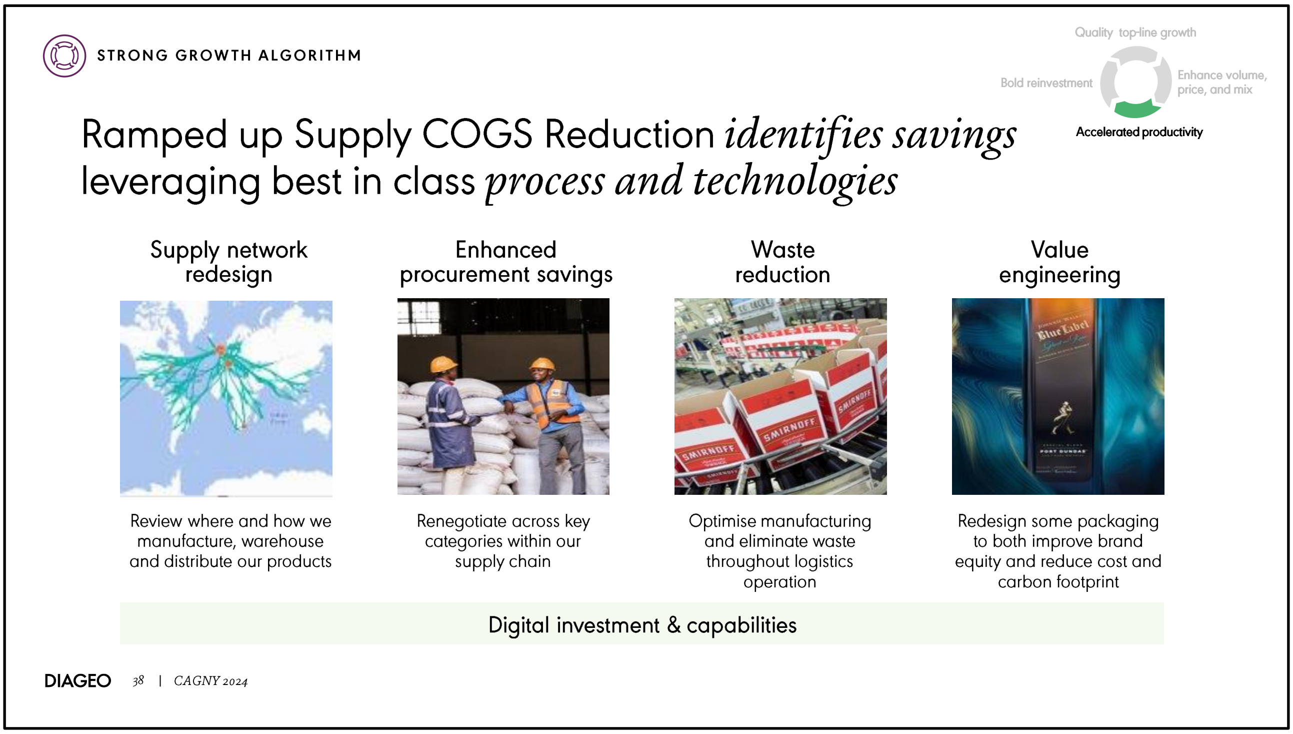
F20-F23 Average contribution



DIAGEO 37 | CAGNY 2024

Source: Diageo
1. F22, F23 and H1 F24
2. Projects that had an actual saving impact in F23

- Let's move to productivity.
- Delivering everyday efficiency is a mindset that's built into our culture.
- In fiscal 23, we stepped up the delivery of productivity and this helped offset higher cost inflation and enabled us to invest in our business.
- In the first half of fiscal 24, we unlocked a further $335 million of productivity cost savings and are on track to exceed our three year $1.5bn productivity savings target by the end of fiscal 24.
- Going forward, we will further accelerate productivity and aim to deliver $2 billion of savings from fiscal 25 through fiscal 27.
- This is a significant step-up in our commitment, and we are confident in our ability to deliver this.
- The majority of savings come from cost of goods followed by marketing efficiencies and overhead efficiencies.
- First, a few stats on overheads productivity.
- From fiscal 19 to fiscal 23, we grew organic NSV by 35% while headcount only increased by 6%.
- As you heard at our last Capital Markets Event, the rate of increase of Diageo's overheads has been the lowest out of our CPG peer group and puts our overheads spend as a % of sales in the lowest quartile in the group.



- Next to Supply productivity.
- We leverage the scale and breadth of our business and our investments in digital technologies to continuously increase productivity.
- As a part of the supply agility program, we are reviewing our sourcing, manufacturing and distribution footprint to identify opportunities to reduce material, manufacturing, logistics and duty costs. This is delivering savings in North America and India and all regions are being reviewed.
- On procurement, we have renewed freight contracts taking advantage of market trends and we have increased our tequila glass suppliers from 2 to 5 thereby reducing costs and building resilience.
- Brewing waste is now 17% lower than our pre-Covid base line, factory employee productivity is 7% higher and production line operating reliability is 6% higher. We have also driven logistics efficiencies and improved container utilisation.
- On value engineering, we expect to eliminate around 140 million cartons per year by the end of fiscal 24. Our work on lightweighting glass continues to reduce costs and carbon.
- But rather than hear more about this from me, let's go to a video narrated by Ewan Andrew, President, Global Supply Chain & Procurement and Chief Sustainability Officer, who is also here with us today.

STRONG GROWTH ALGORITHM

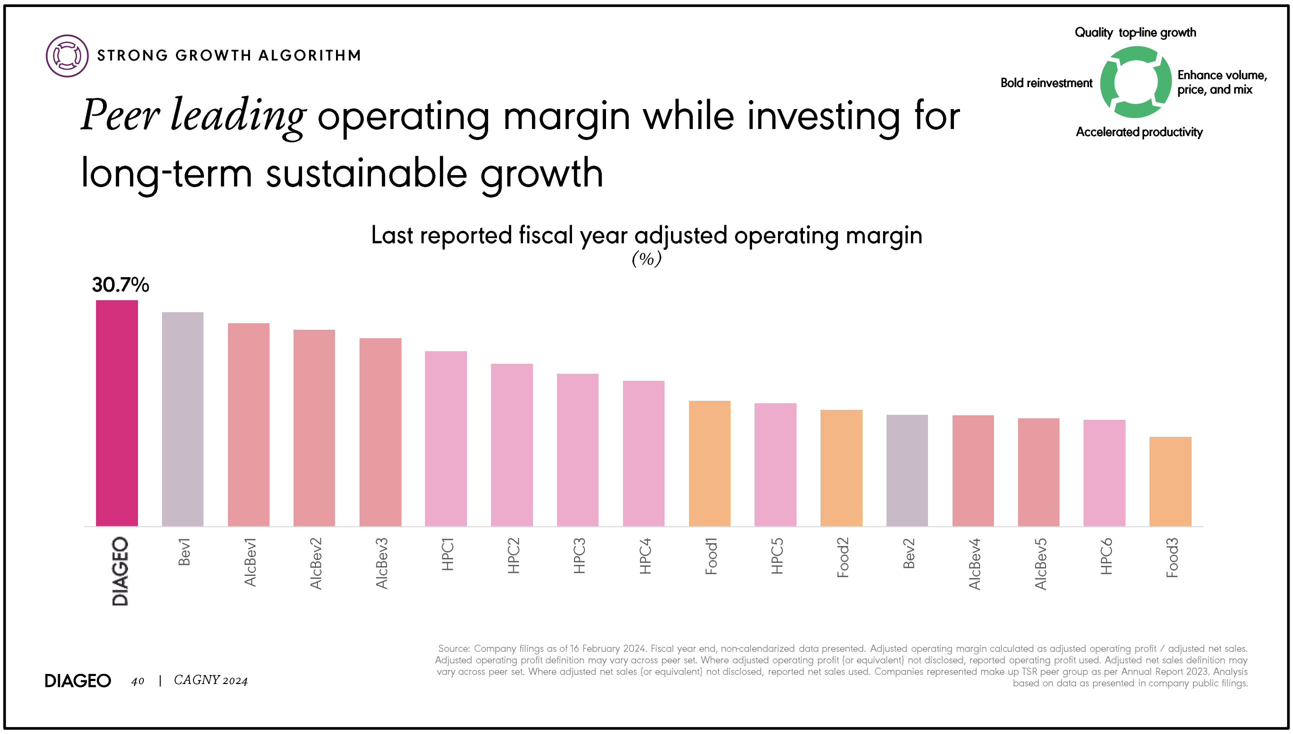
Advertising production that drives *agility*, *consistency* and *cost efficiency*

~50% *cost reduction*

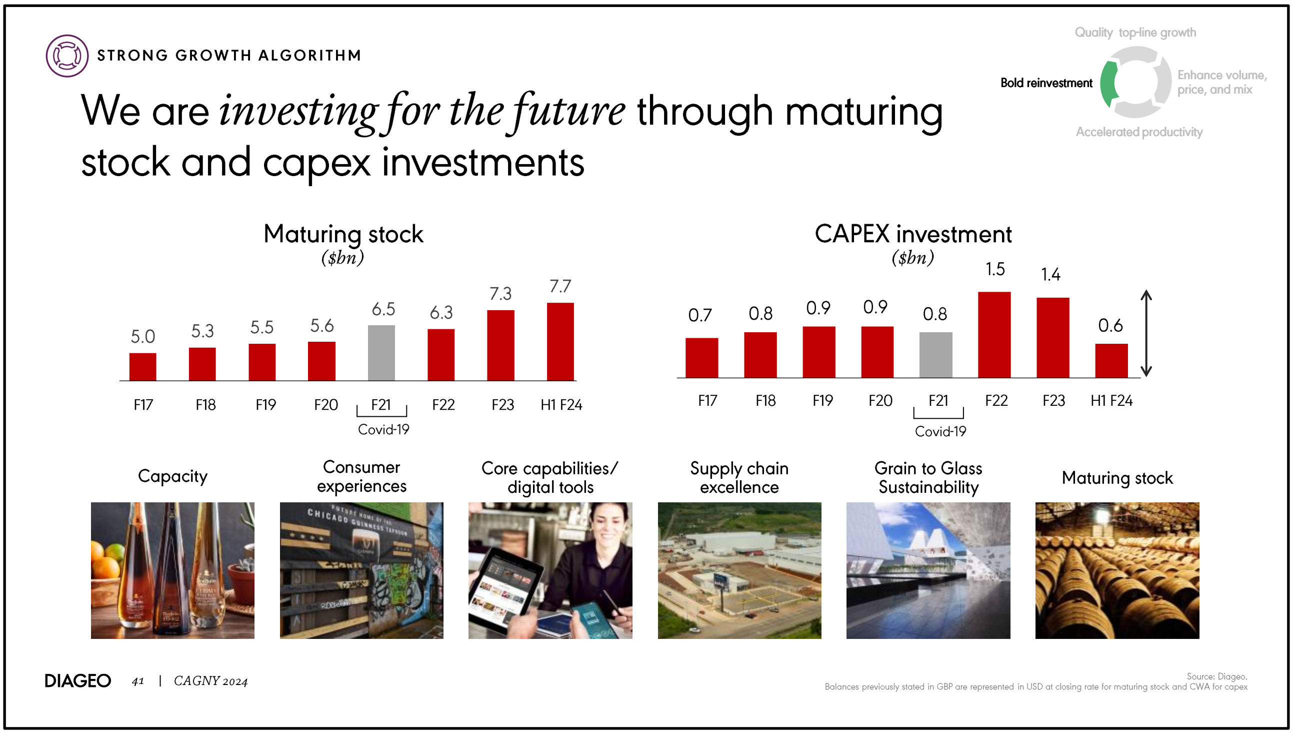
~X2 *speed*

SMIRNOFF

- Over the years we have invested in a suite of tools and capabilities which enable us to improve our marketing efficiency.
- Between fiscal 20 and fiscal 23, tools such as Catalyst and Sensor improved A&P ROI ahead of A&P growth on an indexed basis
- A further example is the work we are doing to reduce our A&P spend on development or non-working activities. This enables us to be more consistent in our messaging and increase the amount we spend on consumer-facing brand building and execution.
- For the recent launch of the Smirnoff "We do We" Global platform, we shot one set of advertisements centrally and provided over 30 markets the ability to customise and flex visual elements to match their local needs.
- They could easily change the language, the product, the serve and the occasions.
- This resulted in advertising, on average, being produced twice as quickly.
- The global spend on Smirnoff advertising production is on track to be 50% less than in fiscal 23.



- All of this contributes to Diageo having the best operating margins among our CPG peer group
- This is a key advantage that supports our growth strategy.

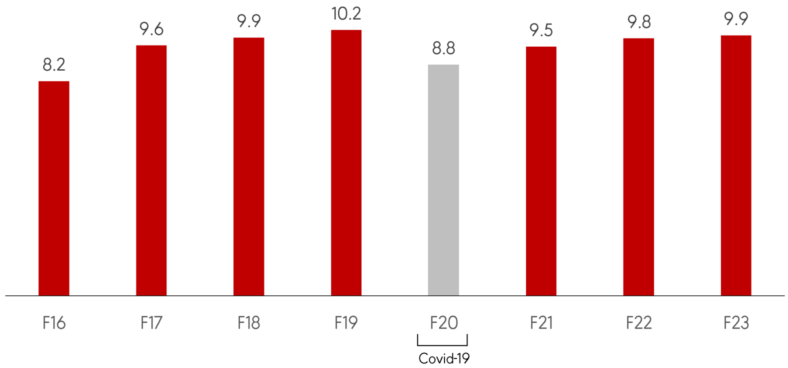


- We run this company for the long term, like true owners.
- A testament of this is the steady increase in investment that we have made in maturing stock which currently sits at over $7.7 billion.
- This is Diageo’s strongest moat. And this has increased by over $2.7 billion in the last six and a half years, led by the strong growth of whisk(e)y, and the explosive growth of tequila.
- While we will continue to invest across aged liquid categories, we do expect the rate of growth in our maturing stocks to moderate in the coming years.
- To support volume growth, we also invest consistently in capex.
- In the last year and going forward, this includes investments in our supply chain agility program.
- As we have previously guided, we expect capex in fiscal 24 to be in the range of $1.3 to $1.5 billion.
- We expect this levels to continue in the coming years, before moderating to historical levels as a percentage of net sales from fiscal 27.

STRONG GROWTH ALGORITHM

Strong free cash flow delivery over time through disciplined working capital management, while reinvesting in the business

3-year cumulative Free cash flow
($bn)



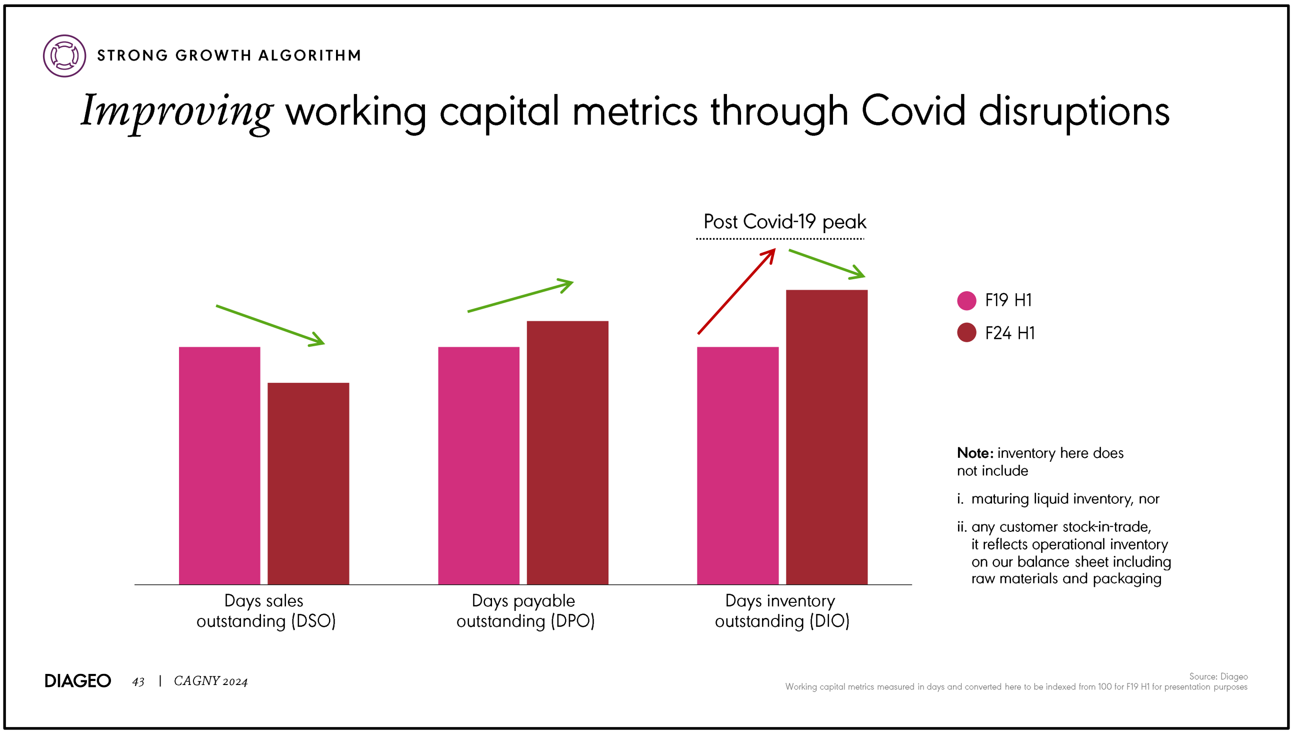
F24 H1 Free cash flow
($bn)

$1.5bn

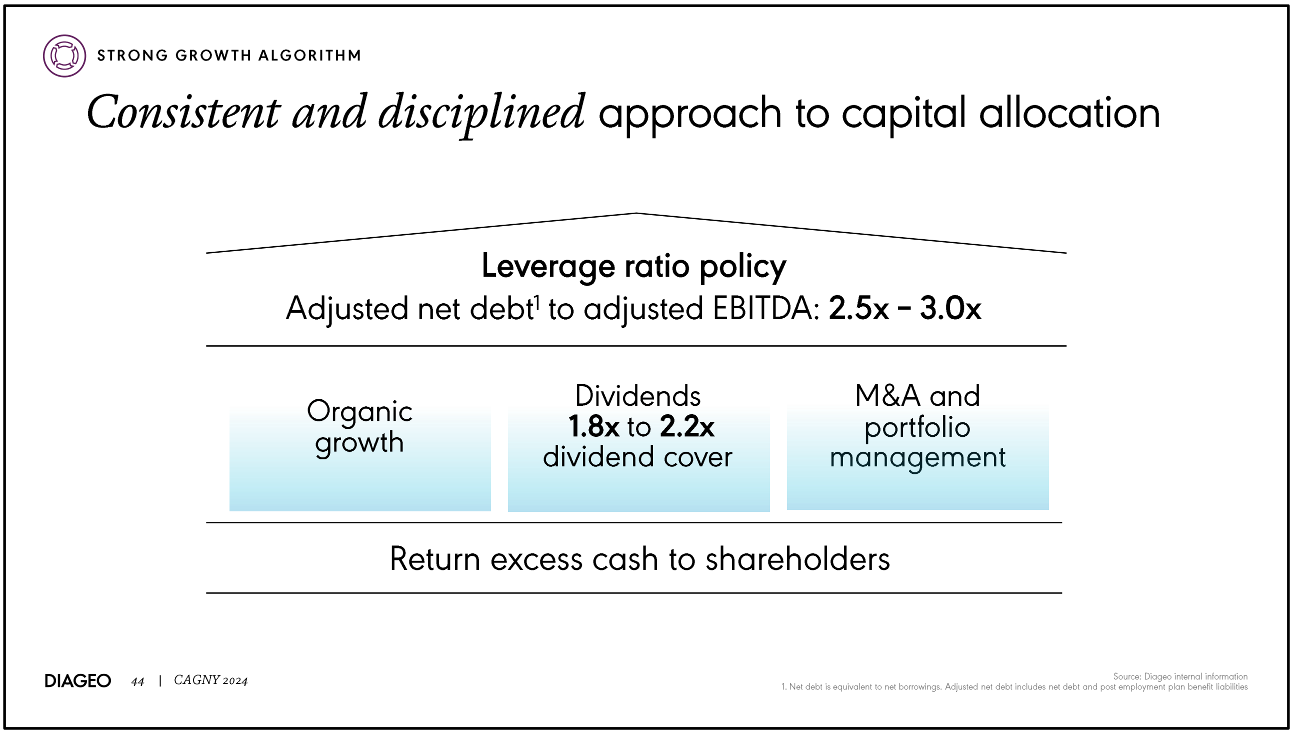
+$0.5bn YoY

Source: Diageo
1. Balances previously stated in GBP is represented in USD at CWA rate

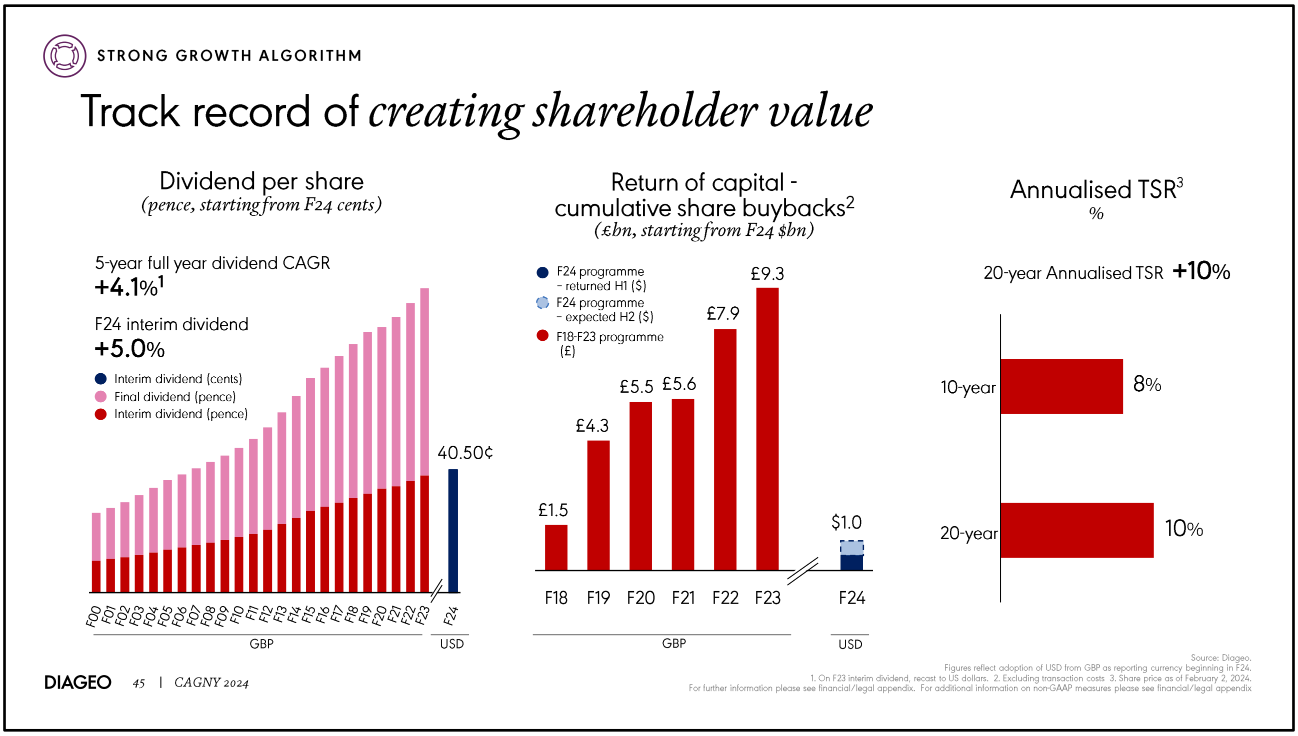
- Diageo delivers consistent, strong cumulative free cash flows.
- Following a dip through Covid, our cumulative free cash flow has increased despite increased reinvestment into the business through capex and increasing maturing stock.
- We have delivered this through organic operating profit growth and disciplined working capital management.



- The work we do on improving working capital is across all three pillars of days sales, days payable, and days inventory.
- On DSO and DPO we have improved our working capital performance significantly compared to fiscal 19 first half levels through actively reducing overdue debt, improving supplier payment terms and driving source-to-pay process improvements.
- While DIOs increased during the Covid years to protect against supply chain disruptions, they have reduced from their peak levels.
- In H1 fiscal 24, we reduced our inventory enabled by new data analytic solutions and improved stock management processes.
- Looking ahead we see opportunity to reduce DIO levels further and this will be an area of focus.



- Our strong cash flow performance helps maintain a strong balance sheet.
- Our consistent and disciplined approach to capital allocation is unchanged.
- Our priority is to invest in sustainable organic growth and to acquire strategic brands that strengthen our exposure to fast-growing categories.
- We have a progressive dividend policy and target a dividend cover range of between 1.8 and 2.2 times.
- I want to emphasise that we remain committed to our target leverage range. And I am conscious that we were at the upper end of the range at the end of the half year. We will make the right decisions to support the long-term growth of the business. Should our leverage ratio fall outside of the range, we will take steps to return to the range as soon as practicable.



- Over the years, we have delivered significant value to our shareholders.
- We have increased dividend every year for over 20 years and have consistently returned excess cash to shareholders.
- We expect to remain progressive dividend payers in the medium term.
- We returned £9.3 billion of capital to shareholders through our share buyback programmes over the period fiscal 18 through fiscal 23. At the beginning of fiscal 24, we announced a new share buyback programme for up to $1.0bn and by the end of December 2023 we had returned $0.5bn with the remaining amount expected to be returned in the second half of the year.
- And finally, as Debra mentioned, over the last 10 years Diageo has generated a total shareholder return CAGR of 8%.
- Now, let me hand back to Debra for our outlook and closing.

Medium-term guidance *ahead of pre-Covid historical* growth rates

Organic net sales growth

5% *to* 7%

While investing to *continue share growth*

Organic operating profit growth

Medium term broadly in line with organic net sales growth driven by increased A&P investments

Longer term ahead of organic net sales growth

- Thank you, Lavanya.
- After a 4-year CAGR of 6.5%, the first half of fiscal 24 was challenged due to a materially weaker performance in our Latin America region.
- We view this as a near-term challenge, and we expect Diageo’s performance to gradually improve in the second half of fiscal 24 compared to the first half.

- As we move into fiscal 25 and the consumer environment improves, we expect to progress towards the delivery of our medium-term guidance.
- Over the medium term, as the fundamentals of TBA have not changed, we expect to deliver organic net sales growth between 5% and 7%.
- My confidence in this guidance is fundamentally underpinned by our advantaged portfolio and footprint, which will enable us to grow ahead of International Spirits, which is growing ahead of TBA, sourcing from Beer and Wine occasions.
- And, with targeted investments and superior execution we believe we can drive share gains.
- As inflation moderates and productivity from our supply chain agility programme flows through, we expect operating profit to grow ahead of organic net sales growth.

- So, to summarise our main messages from today.
- Diageo is a leader in total beverage alcohol, a fundamentally attractive, growing and resilient category.
- We have a broad geographical footprint and advantaged portfolio, which we continue to actively shape and develop.
- We are focused on accelerating the business and winning share by raising the bar on operational execution while building the foundations for long term sustainable growth.
- Our commitment to delivering everyday efficiency, and re-investing smartly underpins our approach.
- And finally, we are confident in our strategy and our ability to deliver value for shareholders.
- We will now move to the breakout room for Q&A, after which, I hope many of you can join me and my Executive team for dinner on the Great Lawn.
- You will have the opportunity to try some of our exciting new innovations including Bulleit Single Malt and Don Julio Alma Miel and to experience our purpose of ‘celebrating life every day, everywhere’.

- Thank you.

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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 remeasurement, 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 232-239 of Diageo's Annual Report for the year ended 30 June 2023.

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(a) Exchange rates

'Exchange' in the organic movement calculation reflects the adjustment to recalculate the reported results as if they had been generated at the prior period weighted average exchange rates.

Exchange impacts in respect of the external hedging of intergroup sales by the markets in a currency other than their functional currency and the intergroup recharging of services are also translated at prior period weighted average exchange rates and are allocated to the geographical segment to which they relate. Residual exchange impacts are reported as part of the Corporate segment. Results from hyperinflationary economies are translated at forward-looking rates.

(b) Acquisitions and disposals

For acquisitions in the current period, the post acquisition results are excluded from the organic movement calculations. For acquisitions in the prior period, post acquisition results are included in full in the prior period but are included in the organic movement calculation from the anniversary of the acquisition date in the current period. The acquisition row also eliminates the impact of transaction costs that have been charged to operating profit in the current or prior period in respect of acquisitions that, in management's judgement, are expected to be completed.

Where a business, brand, brand distribution right or agency agreement was disposed of or terminated in the reporting period, the group, in the organic movement calculations, excludes the results for that business from the current and prior period. In the calculation of operating profit, the overheads included in disposals are only those directly attributable to the businesses disposed of, and do not result from subjective judgements of management.

(c) Exceptional items

Exceptional items are those that in management's judgement need to be disclosed separately. Such items are included within the income statement caption to which they relate and are excluded from the organic movement calculations. Management believes that separate disclosure of exceptional items and the classification between operating and non-operating items further helps investors to understand the performance of the group. Changes in estimates and reversals in relation to items previously recognised as exceptional are presented consistently as exceptional in the current year.

Exceptional operating items are those that are considered to be material and unusual or non-recurring in nature and are part of the operating activities of the group, such as one-off global restructuring programmes which can be multi-year, impairment of intangible assets and fixed assets, indirect tax settlements, property disposals and changes in post- employment plans.

Gains and losses on the sale or directly attributable to a prospective sale of businesses, brands or distribution rights, step up gains and losses that arise when an investment becomes an associate or an associate becomes a subsidiary and other material, unusual non-recurring items, that are not in respect of the production, marketing and distribution of premium drinks, are disclosed as exceptional non-operating items below operating profit in the income statement. Exceptional current and deferred tax items comprise material and unusual or non-recurring items that impact taxation. Examples include direct tax provisions and settlements in respect of prior years and the remeasurement of deferred tax assets and liabilities following tax rate changes.

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(d) Fair value remeasurement

Fair value remeasurement in the organic movement calculation reflects an adjustment to eliminate the impact of fair value changes in biological assets, earn-out arrangements that are accounted for as remuneration and fair value changes relating to contingent consideration liabilities and equity options that arose on acquisitions recognised in the income statement.

Adjustment in respect of hyperinflation

The group's experience is that hyperinflationary conditions result in price increases that include both normal pricing actions reflecting changes in demand, commodity and other input costs or considerations to drive commercial competitiveness, as well as hyperinflationary elements and that for the calculation of organic movements, the distortion from hyperinflationary elements should be excluded.

Cumulative inflation over 100% (2% per month compounded) over three years is one of the key indicators within IAS 29 to assess whether an economy is deemed to be hyperinflationary. As a result, the definition of 'Organic movements' includes price growth in markets deemed to be hyperinflationary economies, up to a maximum of 2% per month while also being on a constant currency basis. Corresponding adjustments have been made to all income statement related lines in the organic movement calculations.

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Shareholder value metrics

- Dividends: Diageo internal information.
- Return of Capital (RoC): Diageo internal information.
- TSR: FactSet as of 31 December 2023. TSR based on time periods of 6 months, 1 year, 5 years and 10 years up to 31 December 2023. TSR for 1 year, 5 years and 10 years calculated as the annualised TSR performance of the stocks up to 31 December 2023. TSR based on trading currency.

Market share approach

- All analysis of data has been applied with a tolerance of +/- 3 bps.
- Percentages represent % of markets by total Diageo net sales contribution who have held or gained total trade share.
- Measured markets indicate a market where we have purchased any market share data.
- Effective fiscal 23 market share now reflects total on and off trade and data may include beer, wine, spirits or other elements.
- Measured market net sales value sums to 89% of total Diageo net sales value in the first half of fiscal 24.

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