

AIP & PROFITSHARE EXAMPLES

Diageo Ireland Employees only

DIAGEO



*All calculations and figures used as for illustrative purposes only

For this illustration: Profitshare F18 result 9.3% and a business multiple of 1.02 are used

Example 1: Employee chooses 100% Profit Share	
Salary (Bonusable base pay)	€ 60,000
Bonus Target	10%
Business Multiple	1.02
Bonus Factor	100%
Total Bonus (Bonusable base pay x Target x BM x Bonus Factor)	€ 6,120
Profitshare % 2018	9.3%
Total profitshare potential (base pay X 9.3%)	€ 5,580
Employee elects 100% (100% of total profitshare awarded)	€ 5,580 ¹
Cash Bonus (Total Bonus less Profit Share)	€ 540 ²
Tax payable on bonus (Using 40% PAYE and 4% PRSI & 5.5% USC)	€ 267

SUMMARY

Tax paid on bonus €267, approximate cash received €273
Profitshare awarded to the value of €5,580

Example 2: Employee chooses 50% Profitshare	
Salary (Bonusable base pay)	€ 60,000
Bonus Target	10%
Business Multiple	1.02
Bonus Factor	100%
Total Bonus (Bonusable base pay x Target x BM x Bonus Factor)	€ 6,120
Profitshare % 2018	9.3%
Total profitshare potential (base pay X 9.3%)	€ 5,580
Employee elects 50% (50% of total profitshare awarded)	€ 2,790 ¹
Cash Bonus (Total Bonus less Profit Share)	€ 3,330 ²
Tax payable on bonus (Using 40% PAYE and 4% PRSI & 5.5% USC)	€ 1,648

SUMMARY

Tax paid on bonus €1,648, approximate cash received €1,682
Profitshare awarded to the value of €2,790

Example 3: Employee chooses 0% Profit Share	
Salary (Bonusable base pay)	€ 60,000
Bonus Target	10%
Business Multiple	1.02
Bonus Factor	100%
Total Bonus (Bonusable base pay x Target x BM x Bonus Factor)	€ 6,120
Profitshare % 2018	9%
Total profitshare potential (base pay X 9.3%)	€ 5,580
Employee did not complete their Contract of Participation therefore 0% profit share awarded	€ 0
Cash Bonus (Total Bonus less Profit Share)	€ 6,120 ²
Tax payable on bonus (Using 40% PAYE and 4% PRSI & 5.5% USC)	€ 3,029

SUMMARY

Tax paid on bonus €3,029, approximate cash received €3,091
NO Profitshare awarded to sell in the future

The real value of the Profitshare award is the tax efficiency & the potential increase in share price between the date of award and the point at which the shares can be sold, free of income tax (PAYE).

¹ All profitshare awarded is liable for USC & PRSI tax only.

² All cash bonus paid is liable for PAYE, USC & PRSI tax