



DIAGEO

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Strategy into action

15 November 2023



DIAGEO 2 | Capital Markets Event 2023

Debra

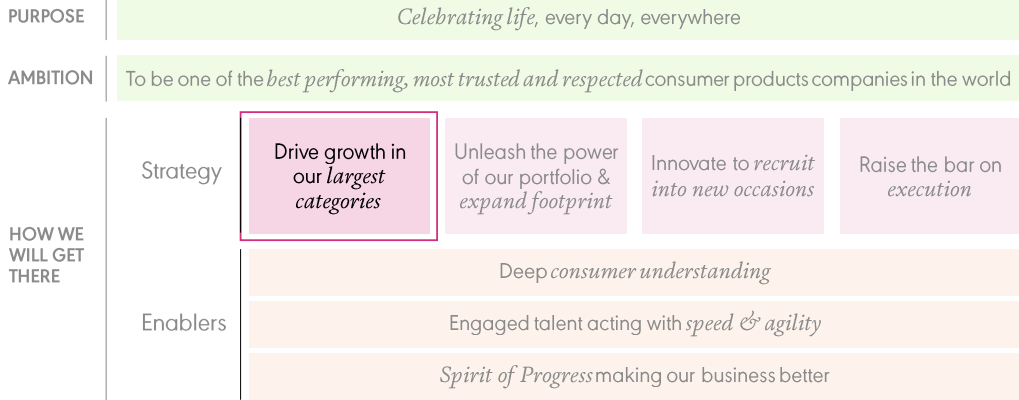
- Welcome back everyone.
- As I mentioned this morning, in this next session, my colleagues will explore the strategic priorities I outlined earlier.
- They will give you a virtual trip round the world by showcasing some powerful examples and case studies of where we are putting our strategy into action.
- Back in June, you heard a lot about scotch globally, and we highlighted scotch in Latin America. So today we thought we'd give you a chance to see another example; India, a key growth market where we see exciting opportunities for scotch.
- So, I will start by introducing you to Hina, Chief Executive of Diageo India, who unfortunately can't be with us today but has pre-recorded our first example of how we will continue to drive faster growth in our largest categories.



Hina

- Hello everyone! Sorry I can't be in NYC in person, but you will have an opportunity to chat with three of my key team members this afternoon.
- As Debra said, we are going to be looking into our largest categories and showing you how we're going to get even more growth out of them in the future.

We have a *clear purpose* and *strategy* to drive long-term sustainable growth



- So, to start I will give you some key facts about our largest categories globally:
- Our top 4 largest categories are scotch, beer, tequila and vodka.
- Together they represent 62% of our total F23 reported NSV, almost half of reported sales volume in equivalent units, and contributed to F23 organic sales growth by 98%.
- Scotch alone made up a quarter of our F23 NSV and tequila overtook vodka in F22.
- This 'Big Four' have consistently represented more than 50% of the Reported NSV over the last 5 years.

These are categories made up of iconic brands, including Johnnie Walker, Guinness, Don Julio and Smirnoff. They are rooted in culture and delivering quality growth.

In a moment, I'm going to discuss how we are growing the whisky category in India and Dayalan will show you how we are driving global growth in Guinness.

India: *long, attractive* runway for growth

Attractive demographics

+150m new LPA+¹
by 2030, accounts for
25% of global growth



Rising affluence

700m 'upper income
& above' people by 2030



Emerging socialising occasions

66% of consumption in casual
and lively occasions



- India, my home country, is one of the fastest-growing and most dynamic economies in the world.
- It has a large and young consumer base, there is a rising demand for premium products, and the consumer occasions landscape is changing.
- The demographics in the region present a large opportunity:
 - By 2030, 150 million Indian consumers will enter the legal purchasing age for alcohol, accounting for 25% of the global increase.
 - India's middle class and affluent population is also growing rapidly, creating a strong demand for premium products and experiences. By 2030, India will have 700 million people in this segment. These consumers have higher disposable incomes and are looking for quality, variety, and innovation in their choices of alcohol. (Source: India: WEF +Bain estimates, US population: Census.gov.in).
- The nature of TBA consumption occasions is also changing in India. In the last five years, the share of familiar occasions has declined while the share of socialising occasions has increased from 52% to 66%.
- This emerging shift offers potential for expanding repertoires, increasing experimentation, and opportunities for new experiences.

DRIVE GROWTH IN OUR LARGEST CATEGORIES

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Whisky *in India*

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- In this context, India is the largest whisky market by volume in the world.
- It has a deep-rooted whisky culture with a long and rich history of appreciation for whisky, that embraces both domestically produced and imported whiskies.
- Whisky is the most valuable category in the TBA market in India, accounting for 52% of the retail sales value.
- In fact, India is one of the few countries in the world where whisky is nearly twice the size of beer!

Three Scotch brands over a *million* cases



Looking specifically at scotch in India....

- Within whisky, scotch accounts for 13% of the total whisky value in the country. It is the fastest-growing and most profitable segment, as consumers seek higher quality and more aspirational products. In the last four years, there has been massive premiumisation in the market; with mid-priced segments growing at ~10%, primary scotches at ~17% and imported scotches growing significantly faster, at ~32% while lower price segments are declining at ~2% (source: IWSR Volume 3 year CAGR CY 2019-2022)
- However, there is still huge headroom to grow, as scotch penetration is still below 10%.
- So how did we begin to take advantage of this opportunity?
- Post Covid, we took the lead and invested ahead of the industry by focusing on our premium and luxury commercial business unit and stepping up on building new marketing capabilities in cultural integration.
- Our investments are paying off:
 - We have doubled our scotch NSV over the last two years, as a result our premium & luxury business contributing 31% of total net sales in F23, up from 19% in F19, of which scotch is 25% in F23, up from 13% in F19.
 - We have recruited 10m new consumers into scotch, almost double that of our nearest competitor (source: BGS calculations).
 - And built a strong competitive position in scotch, with close to 50% share in the segment, 1.4X our nearest competitor (source: IWSR).
 - We now have 3 scotch brands at over 1m cases, each contributing almost equally to Diageo's overall market share.
 - Johnnie Walker is the most recalled, strongest equity brand in imported scotches in India with almost 2X salience and equity of its nearest competitor (source: BGS).
 - Two other crown jewels in scotch are Black Dog and Black and White - targeting mixed gender consumption in shared occasions.

Godawan : a proudly *premium Indian* single malt



Global premium price
\$65++, LTO \$1000

Artisanal
Rajasthan provenance

Sustainability
Local sourcing, water
Regeneration

Conscious consumption
Great Indian Bustard
conservation

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Broadening our footprint beyond Scotch I'd now like to introduce you to a local Indian single malt called 'Godawan'. For those in New York, I hope you had the chance to try Godawan last night at dinner.

- India's young affluent have a new-found pride in their Indian provenance alongside contributing towards a better, sustainable world.
- Recognising that these consumers are 'global natives' with an affinity for Indian artisanship and mindful luxury, we crafted Godawan, a luxury-priced artisanal Indian Single Malt that is proudly Indian, given its provenance in Rajasthan.
- Godawan has sustainability at its core, working to conserve the Great Indian Bustard bird, an almost extinct species in the water-stressed state of Rajasthan.
- I could not be prouder of how this product, Godawan, has had a really strong start in its first year.
 - Its credibility is strong, our distillery in Alwar is Alliance of Water Stewardship 'Gold' certified and each bottle we sell contributes to bird conservation.
 - One of the most widely awarded Indian malts, it has won 21 international awards across liquid, packaging, brand building and design.
 - To mark the first year of Godawan, we launched a limited collectors edition of just 100 bottles, which was pre-sold at \$1000 per bottle to private collectors & clients.

Royal Challenge American Pride: recruiting into *new occasions*



Growth of
'casual occasions',
amongst LDA
41% of consumption¹

Growing appeal
of **bourbon-style
liquids**

Over 350,000
cases in first year²

- Our final whiskey success leveraged our consumer insights capabilities to recruit consumers in new occasions.
- We saw that bourbon had grown 24% in India in the last 3 years (source: IWSR), and we identified an opportunity space in the highest-priced segment in Indian whisky – upper-prestige.
- And so Royal Challenge American Pride was born...
- It is the first bourbon-based liquid in its segment marketed with American-style culture imagery that is very aspirational in India, camper vans, barbeque, outdoors, American pop music, etc.
- It also pioneers a new packaging innovation – the hipster pocket pack, which contributes almost half of the volumes today, because it's convenient - easy to try, and is a great fit for the shared occasion.
- It has become the fastest growing brand in the industry to hit over 350,000 cases in F23 within a year of launch, adding an incremental over 2 points of market share in the segment, according to our estimates. And 90% of those who tried it, repeated their purchase (source: IWSR, post launch consumer survey in cities post 6 months of launch).
- I'm truly delighted with our performance in India and how we have accelerated growth of whisky in the region.
- I'd like to close the India story by sharing a video on Royal Challenge American Pride. Thank you.

DRIVE GROWTH IN OUR LARGEST CATEGORIES



GUINNESS

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DAYALAN

- Thank you Hina, and good morning everyone. I now have the honor of talking to you today about one of our most iconic brands - Guinness.
- Guinness' unique magic is that it is a 'Global Brand with a Local Heartbeat' – it has been loved by vibrant communities all over the world since 1759.
- And in F23, Guinness delivered its strongest performance ever, with growth in every region and some record-breaking share growth. On a value share basis, Guinness is the #1 beer brand in Ireland and Nigeria, and we are very proud to report that in GB, within the on-trade, it was the number one beer brand in value sales for the last 12 months (GPS).

POWERING THE SURGE OF GUINNESS GROWTH



Guinness has a loyal and growing consumer base, and its growth is achieved by us following a simple and clear strategy that is built on three growth drivers. The first is...

- 1. Magnetic Purpose in Culture:** This is about telling authentic stories and taking actions that make Guinness relevant and attractive to both younger and more diverse consumers, whilst also reminding them of the great taste and quality of Guinness, the second growth driver is...
- 2. Inviting Experiences:** We have a growing network of Guinness brand homes across the world. We have the 'Guinness Storehouse' in Dublin, the 'Open Gate Brewery' in Baltimore, the recently opened Taproom in Chicago, and in 2025, 'Guinness Old Brewer's Yard' is set to open its doors in Covent Garden. We activate Guinness throughout the year around cultural events in the calendar which help to keep it top of mind – Saint Patrick's Day, of course, but we also activate around sporting events like the rugby in Europe, football in the US, and soccer in Africa and Asia. The last growth driver is....
- 3. Beautiful Guinness everywhere:** this is about offering a range of products that cater to different consumer needs and ensuring that they are available and accessible in more places and spaces.

DRIVE GROWTH IN OUR LARGEST CATEGORIES

Driving *recruitment
at scale* and
*delivering quality
growth* with
Guinness 0.0

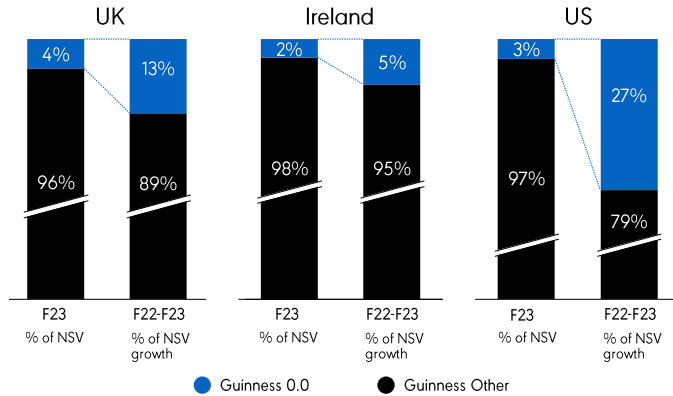


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- Guinness never stands still. It is always pushing the boundaries in terms of innovation, and this is why we launched Guinness 0.0.
- Through consumer research, we identified that ‘moderation’ was an opportunity which innovation from Guinness could unlock. We created Guinness 0.0 to tap into moderation whilst staying true to Guinness’ heritage and high-quality standards.
- We used data and consumer insights to identify the gap in the market for a non-alcoholic beer that tasted great and had a distinctive flavour. We invested in creating a liquid that met the high standards of Guinness, and our consumers, and we were delighted when Esquire magazine crowned us the 'King of non-alcoholic beers' in January this year.
- Guinness 0.0 is a breakout growth opportunity for our business. It has broadened our recruitment potential by appealing to younger, more female, and more ethnically diverse consumers.
- It has also opened new consumption occasions and Guinness 0.0 is the fastest growing non-alcoholic brand in value and volume terms within the off trade globally. It has added 500,000 incremental consumers to Guinness year on year and it is also leading our positive drinking agenda, as demonstrated by our responsible drinking campaign for St Patrick's Day, the biggest consumption day of the year for Guinness.

0.0 is a game-changing growth *driver for Guinness*

1. Outsized contribution to NSV growth
2. Highly incremental



- Guinness 0.0 is a clear growth opportunity for our business.
- It is driving recruitment from a broader consumer demographic. For example, in the UK 29% of 0.0 drinkers are female when compared to 20% in Guinness stout. In the US 44% of drinkers are LPA-34 when compared to 27% in Guinness stout. And one we are very excited about as we embark on a global roll-out is that 17% of 0.0 drinkers are Asian Americans when compared to 8% in Guinness stout.
- 0.0 is one of the industry's biggest innovations. In F23, in the US, 0.0 had a 3% contribution to total Guinness, but it accounted for ~27% of total Guinness growth.
- In Great Britain, this contribution was 13% and 0.0 is the fastest growing non-alc beer with an 11.5% market share.
- Looking forward, we see a clear opportunity for us to go deeper and broader with 0.0.
- We believe our strong brand equity will enable us to continue to grow Guinness 0.0 at scale in our stronghold markets. AND we believe it can go even broader than this – finding opportunities in new markets where we believe the liquid will resonate.



- We have just seen the great liquid innovation from Guinness – and now I am going to talk about two exciting technical innovations.
- We know that our consumers want to enjoy brilliant Guinness draught, no matter where they are. That's why we created Guinness Microdraught and Nitrosurge. These are both revolutionary technological solutions that enable consumers and outlets to pour a perfect pint of Guinness directly from a can.
- Nitrosurge has launched and scaled in Ireland and GB, and we believe it has unlocked the next wave of transformational growth for the stout category. It is driving premiumisation and penetration within the off-trade and in Ireland it is also appealing to a younger consumer, where 40% of Nitrosurge consumers are LPA-34.
- We also developed Guinness Microdraught to bring the magic of Guinness draught to every corner of the world, with a primary focus around the on-trade. This award-winning, cutting-edge technology serves beautiful, fresh Guinness draught on tap in outlets around the world, no matter what their size– you should think of this as a keg in a can, no outlet is too small!
- We are confident that both Guinness Microdraught and Nitrosurge will continue to grow the stout category whilst delighting our consumers around the world!
- So, this closes out our first strategic priority; from Godawan to Guinness, we are accelerating growth in our largest categories.
- I'm now going to hand over to Cristina, John, and Alvaro - they will talk to you about unleashing the power of our portfolio and expanding our footprint worldwide.

UNLEASH THE POWER OF OUR PORTFOLIO & EXPAND FOOTPRINT

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Growth Strategy 2:

Unleash the power
of our portfolio
& expand footprint

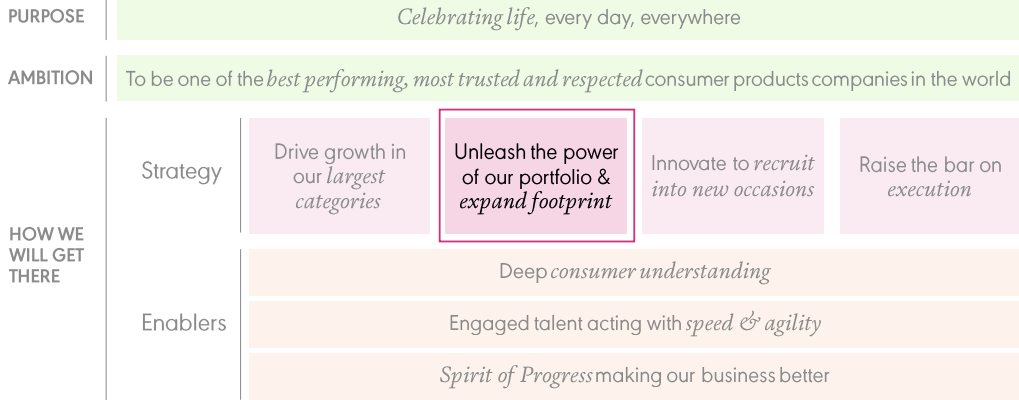
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CRISTINA

Thanks Dayalan.

This session is all about how we are going to "Unleash the Power of our Portfolio and Expand our Footprint." Essentially, how do we think globally but act locally. We'll talk about how we leverage these incredible brands that have heritage, history and global equity and activate them with executional excellence and pace locally, in more markets. We aim to have the right portfolio for the correct occasions in the right geographies across consumer groups: from the newly turned LPA consumer through to the ultra high net worth individual.

We have a *clear purpose* and *strategy* to drive long-term sustainable growth



I will now show you how we are unleashing the power of our tequila portfolio and expanding our footprint globally, then John will focus on the luxury opportunity in Asia and how we have expanded our portfolio to win, and then Alvaro will tell you the story of Smirnoff Spicy Tamarind, dreamed up in Mexico and now expanding globally.

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Diageo Tequila *around the globe*

It's Tequila Time

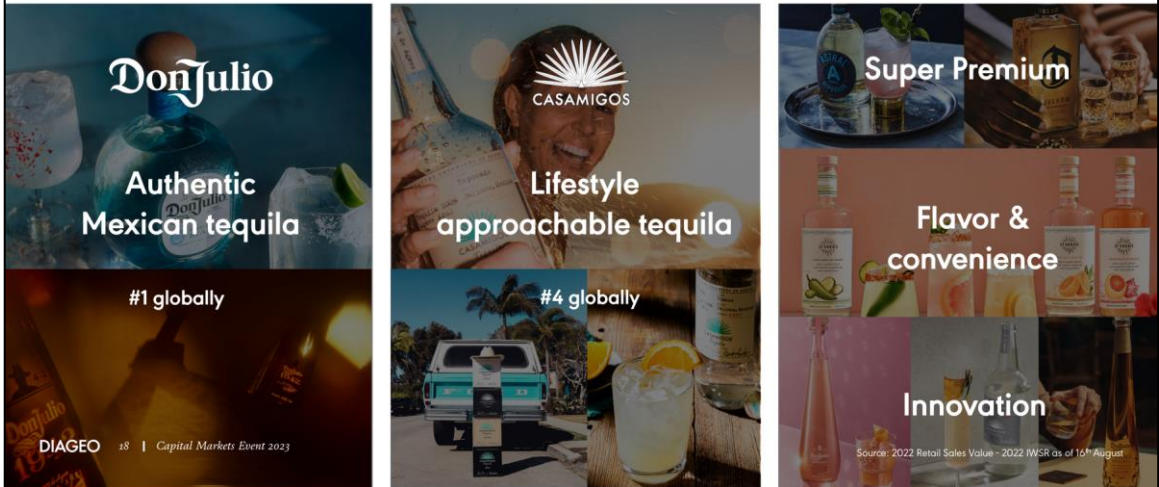
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So, starting with our Diageo tequila portfolio expansion around the world, 'It's Tequila Time!'

UNLEASH THE POWER OF THE PORTFOLIO AND EXPAND FOOTPRINT

Diageo has the *portfolio to win*



- We have a strong and diverse portfolio of industry leading tequila brands that are well-positioned to capture the growing demand for this category around the world.
- Our tequila brands are not only premium, but they are also versatile and aspirational.
- Within our luxury portfolio, Don Julio is positioned as the authentic Mexican tequila brand, where Casamigos is positioned as an approachable lifestyle tequila.
- Our brands appeal to a wide range of consumers and occasions, across cultures and markets.
 - They are enjoyed by both males and females equally, and can be enjoyed in many different ways, from sipping to mixing, from casual to formal, from day to night.
- The breadth of our footprint gives us a competitive advantage. As the category grows and evolves, consumers want to experience our brands across different variants and across the price ladder.
 - Our presence in Blanco, Reposado, Anejo and Cristalino, ensures that are well positioned to participate.

Taking Tequila around the *world*

Global Tequila **growing 3x faster** vs. Intl' Spirits¹

Over **60 countries** growing sales **50% vs year ago**

Don Julio **#1 selling** tequila brand globally

Casamigos is the **fastest growing tequila brand**²

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Sources: 1. IWSR 2022 as of 16th August; RSV 5Y CAGR; Intl' Spirits excludes Banju
2. IWSR 2022 as of 16th August; RSV 5Y CAGR - Within top 30 Tequila Brands based on RSV 2022

- At our Prelim results back in August this year, Debra talked about her desire to take tequila to the four corners of the earth, doing for tequila what Johnnie Walker did for Scotch. We are excited about making this a reality.
- Tequila is transcending the US and Mexico and breaking out into the rest of the world:
 - Global Tequila category is growing 3X faster vs. Intl' Spirits in the last 5 years (18% vs 6% 5Y CAGR).
 - It's expanding beyond the USA and Mexico:
 - ❖ Over 60 countries grew 50% YOY.
- As the category grows, Diageo continues to maintain its leadership, representing ~1/4 of global tequila sales with sustained market gains:
 - Don Julio is the number one selling tequila brand globally as of 2022.
 - Casamigos is the fastest growing tequila brand, among the largest 30 brands, growing at ~70% in the past 5 years.

Tequila *positioned for success* in Southern Europe

Premiumisation opportunity



Luxury tequila has doubled in size

Aperitivo occasion



Opportunity for tequila participation

Legacy perceptions



Educating consumers to savour tequila

- To show you the reach and impact of our tequila portfolio, I will share with you some examples of how we have been activating our range of tequilas globally, I will start by focusing on their recent launch in Southern Europe.
- Firstly, we identified a number of consumer insights that we believed would be a strong foundation to drive growth:
 - People in Southern Europe are drinking less but better and super premium spirits are outgrowing total spirits.
 - The ‘aperitivo’ occasion, where consumers have a drink and a light snack before a meal, is very popular in Southern Europe and one where we believe that tequila can be positioned to compete.
 - Luxury tequila has doubled in size in Southern Europe over the last year but some consumers still perceived tequila as a drink for low-quality shots. We had to overcome the barrier with a new serve that would position our tequilas as a premium, trendy option, simplifying their choice and creating demand by really educating them on our brands.
- Tequila penetration in Europe is relatively low but we see it is a great opportunity, and one where we believe we have the right portfolio to disrupt, engage and win. We are confident that we can harness our global equity and recruit locally, at pace.
- Leveraging off these insights, we identified the cocktail ‘The Paloma’ as our key strategy to capture the opportunity. The Paloma is a grapefruit-based refreshing cocktail that is very visually appealing.

The Paloma: the cocktail driving recruitment in Southern Europe

Positioned to win

Tapping into 'long drinks'

Easy to make

Trendy in the *World's 50-best bars*



Early signs of success

60% conversion rate from *Paloma activations*

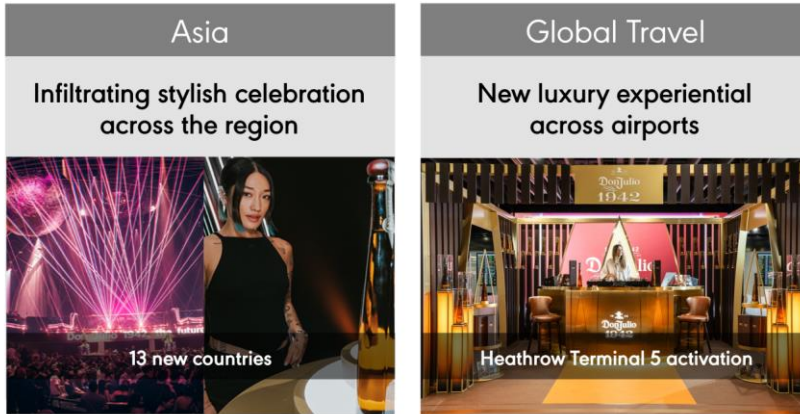
Casamigos is the *fastest-growing SP+ tequila* in Italy¹

*Diageo is now the #1 Super Premium share*²



- The Paloma aligns with the local preference for long drinks, it also taps into the global trend of consumers seeking out new and innovative cocktails, as evidenced by its rise in popularity. It is the 13th best-selling cocktail in the world, climbing two spots in the last year.
- For the on-trade, the Paloma offers a simple and adaptable serve that can be customised to different tastes and occasions.
- Casamigos and Don Julio are the ideal choices to lead this strategy:
- We have launched tequila in more than fifteen countries across Europe, including five countries in Southern Europe, we plan to drive the Paloma at scale across all our European markets in F24, with both Casamigos and Don Julio.
- And we have already seen encouraging results:
 - Casamigos is the fastest growing super-premium-plus tequila in Italy.
 - Our Paloma activations have generated high conversion rates and increased our share of tequila.
 - In Spain, we saw a 60% conversion rate from trial to purchase.
 - Tequila was one of the largest drivers of growth in Southern Europe in F23, contributing to 20% of the net sales growth.

Leading the tequila growth *around the world*



- We use consumer insights to inform our strategic approach. We understand what motivates and delights our customers in different markets.
- As a result, we leveraged the power of our tequila portfolio in a different way across Asia.
- We tapped into the demand for luxury products among Asian consumers and positioned Don Julio 1942, our super premium tequila, as our flagship.
- We positioned this variant as the icon of stylish celebrations. 1942 entered the most aspirational on-trade venues, becoming the new luxury brand for high-energy occasions. Across many activations, local influencers and musicians created and shared engaging social content with wide reach. This translated into strong results, tequila was the fastest growing category in APAC last year.
- We also launched the new Don Julio Experiential Platform across airports to drive recruitment. You may have seen the Heathrow Terminal 5 activation this summer, which drove exceptional brand visibility and engagement to a wide audience.
- I will now play a short video to show you how we are activating tequila globally. From the Paloma cocktail at Apres-Ski in the Alps to Mediterranean beach clubs, and from Don Julio 1942 in the luxury market of Southeast Asia to Global Travel outlets, our brands are creating exceptional activations and experiences that engage consumers and drive brand awareness.
- I will then hand over to John who will continue to demonstrate how we're using the power of our portfolio by taking you further into the world of luxury in Asia.

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Luxury in Asia

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JOHN

Thanks Cristina.

To continue the theme of ultra-premium, cool nightlife, trendsetters and Luxury products, I'm going to take you over to Asia, specifically to Greater China and Vietnam.

Luxury is a *huge opportunity* across Asia

APAC is the *biggest region for Luxury* in the world

38%
of personal Luxury goods globally



- I want to talk to you about the luxury opportunity in APAC and demonstrate how the combination of our approach along with deep consumer insights is driving recruitment and delivering quality, sustainable growth.
- Asia is the largest and fastest-growing region for luxury consumption in the world, accounting for 38% of global luxury spend.
- Within that, China is the largest and one of the most important luxury markets globally, representing 17% of the market today and projected to reach 25% by 2030.
- In addition, while China is the largest TBA market in the world, International Spirits only account for 3% of TBA, and hence we see a very strong runway for growth for our luxury spirits in China.
- And beyond China, we see opportunities for Diageo to grow in the Luxury segment across the entire APAC region.

We invest
in deeply
understanding
the Luxury spirits
consumer



Cultural Progressives



Luxury Lovers



Connoisseurs



Status Seekers



Discerning Discoverers



Experience Curators

- We have a deep and nuanced understanding of Luxury consumer segments and their evolving preferences and behaviours.
- In 2022, we launched a study with 9,000 Luxury alcohol shoppers across Greater China and SEA to segment the Luxury alcohol market.
- Today, we understand more deeply who these consumers are, what matters to them, what they purchase, and how they interact with brands.
- The luxury consumer is becoming younger, more diverse and inclusive. It is shifting from older status cues of establishing wealth by displaying what you own, what assets you have, to more youthful, diverse and progressive cues which places a higher value on experiences, connections and brands that represent shared values.
- This creates new opportunities for Luxury brands to engage with consumers in more meaningful and authentic ways.
- We have used our insights to craft our approach on how to win in Luxury across the region; we position our brands to win in culture, position them as 'beacons of desire', create captivating experiences, and aim to execute flawlessly at every touchpoint.
- We understand the consumer needs and preferences, and we are building our brands from the top.
- I would now like to bring some examples to life on our approach to driving recruitment, share gains and net sales growth.

UNLEASH THE POWER OF THE PORTFOLIO AND EXPAND OUR FOOTPRINT

We build our brands *from the top* and embed them *in culture at scale*



Trial
+500 bps¹



P3 year CAGR
+16% Luxury²



Market share
+20 bps³

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Sources: 1. Diageo BGS; F2123, rounded
2. Diageo; F2023, rounded
3. Diageo GPS F2123, rounded

- In Greater China, within Johnnie Walker, we shifted our model to build the brand from the top, through Johnnie Walker Blue Label.
- We believe this creates more aspiration for the brand, which drives equity benefits across all its labels in our portfolio, including Johnnie Walker Red and Black.
- Chinese New Year is a key opportunity for us to leverage this strategy.
- It is the biggest occasion for gifting and celebration in the spirits category, representing around a third of the annual category value in spirits.
- Our limited-edition Blue Label packs for Chinese New Year are highly sought-after, selling at a 20% premium to Johnnie Walker Blue label.
- On screen, the middle picture is from our latest innovation for the Year of the Dragon, it is a limited-edition pack created through our second collaboration with James Jean, the iconic Taiwanese-American artist and cultural pioneer who is very connected in culture.
- This is part of a series that was created in China, but also distributed globally to the Chinese diaspora, generating \$40M sales annually.
- More importantly you can see how our approach of building JW from the top is successfully driving trial, NSV and market share across the trademark.

UNLEASH THE POWER OF THE PORTFOLIO AND EXPAND OUR FOOTPRINT

Strategic approach to Luxury being *executed across APAC*, driving *strong results*



Vietnam

Trial

+100 bps¹

P3 year CAGR

+88% Luxury²

Market share

~2.0x³

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Sources: 1. Diageo BGS; F21Q4'23, rounded
2. Diageo; F2Q'23, rounded
3. Diageo GPS F2F'23, rounded

- Let's now look at Johnnie Walker beyond Greater China and how this same approach has been implemented in the wider region.
- Southeast Asia is a fast-growing market, with 20-25 million new consumers entering the mid-to-high income range between 2022 and 2030.
- And within Southeast Asia, Vietnam is particularly exciting with almost 100 million people and one of the fastest-growing number of high-net-worth individuals in the market.
- Again, we are building the trademark from the top – this visual is when we collaborated with the royal silverware craftsman in Vietnam to make 3 precious Johnnie Walker XR gifts – each retailing at \$10K USD each.
- Our results in Vietnam are outstanding – we have more than doubled our total business market share in three years.
- And our Johnnie Walker luxury portfolio is at the heart of that success, growing 88%.
- And on top of that, we benefit from the trickle-down effect of equity, growing strongly and winning share in our premium core business, with the total Johnnie Walker trademark, including Black and Red, up 57%.

UNLEASH THE POWER OF THE PORTFOLIO AND EXPAND OUR FOOTPRINT

We *leverage* our unparalleled whisky reserves to bring *iconic* products to market

Trial

+800 bps¹

P3 year CAGR

+33% Luxury²

Market share

~2.0x³



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Sources: 1. Diageo BGS; F2123, rounded
2. Diageo; F2023, rounded
3. Diageo GPS F2123, rounded

- Moving beyond blends and into Single Malts.
- I'm delighted to say that Mortlach has taken Asia by storm. For those of you who don't know this brand it is 200 years old but was only launched in Asia in 2018.
- Mortlach has a unique distillation process, and a beautiful and bold liquid profile and is positioned right at the top end of our malts portfolio.
- We have used a tentpole strategy, to position Mortlach as a beacon of desire. Using high aged liquids, such as this Mortlach 30YO (which you see on the screen) to drive aspiration –adopting an approach of available for the few, desired by the many.
- Mortlach 30YO has an RRP of \$4500 – with nearly two thirds of regional sales taking place in Greater China. And again, you can see the strong trial, NSV and market share results delivered across the entire Mortlach luxury portfolio within China.

UNLEASH THE POWER OF THE PORTFOLIO AND EXPAND OUR FOOTPRINT

We create *captivating experiences* that generate *iconic* content and *massive* reach

Trial

+1,200 bps¹

P3 year CAGR

+19%² Luxury

Market share

~1.5x³



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Sources: 1. Diageo BGS; F2123, rounded
2. Diageo; F2023, rounded
3. Diageo GPS F2123, rounded

- Staying with Single Malts – Singleton is our no. 1 Malt in Greater China and leads the market in equity scores like 'craftsmanship', a crucial metric for Chinese consumers.
- We believe its critical to create captivating experiences to drive luxury recruitment.
- An example of this is with Singleton in China.
- We brought the brand to life with an exclusive 'money can't buy' experience for key influencers, 'The Singleton Discovery Tour' on The Great Wall of China, which then became compelling content that we amplified across our media ecosystem to reach a wider audience.
- The Singleton is our leading malt brand in Greater China. The brand is growing and premiumising rapidly. In fiscal 20, only 10% of the brand was SGT 15YO and above, but thanks to a 47% growth CAGR, now SG15YO and above account for over 25% of total trademark sales.
- Let me bring that to life.

UNLEASH THE POWER OF THE PORTFOLIO AND EXPAND OUR FOOTPRINT

We leverage our deep understanding of emerging
Luxury occasions to drive transformational innovation



+300 bps¹
Trial



+27% TM²
F23 v F22



+180 BPS³
Market share

DIAGEO 30 | Capital Markets Event 2023

Sources: 1. Diageo BGS; F22Q4/23, rounded
2. Diageo, rounded
3. Diageo GPS F22/23, rounded

- Staying within Singleton, we are learning that in Luxury, leveraging our deep understanding of consumers and occasions and delivering razor-sharp execution, we can unlock and drive transformational growth.
- The Singleton 13-year-old Golden Tresor in Taiwan is a great example of how we can drive premiumisation
- For context, Singleton is the no. 1 malt in Taiwan.
- Post-Covid, our consumer insights indicated that occasions shifted from big group and business gatherings, which tend to be very high energy, in-outlet, and male-dominated, to more lively, mixed-gender in-home occasions. Wine was making inroads in this new occasion against Scotch.
- Leveraging this, we saw an opportunity to innovate and capture this growing segment with a unique offering: The Singleton 13 YO Golden Tresor.
- This is a premium expression of our signature malt, finished in Sauternes casks to give it a delicate and wine-like finish.
- It appeals to both new and existing scotch drinkers, and it elevates the in-home occasion with its elegant packaging and presentation.
- This has been a very successful innovation executed through great insight; allowing us to charge 40% more with just one additional year of ageing.
- Let me play a short clip to bring this to life in a bit more detail.

UNLEASH THE POWER OF THE PORTFOLIO AND EXPAND OUR FOOTPRINT

Opportunity to drive *recruitment* of Luxury consumers as we *leverage* our portfolio



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- Our approach to win in luxury is driving recruitment, penetration and share gains.
- We know this approach drives results and we are looking to extend our reach in APAC beyond Scotch and go further into exciting new categories like Luxury tequila, which you heard about from Cristina and also in Super Premium Gin.
- I'm now going to hand over to Alvaro who is going to take you to an entirely different world - the story of Smirnoff Spicy Tamarind.

FROM MEXICO TO THE WORLD



ALVARO

Thanks John! So, come join me for a very quick look at the wonderful colorful world of Smirnoff Spicy Tamarind and its global expansion.

SMIRNOFF SPICY TAMARIND REDEFINING THE OPPORTUNITY

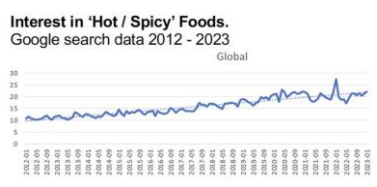
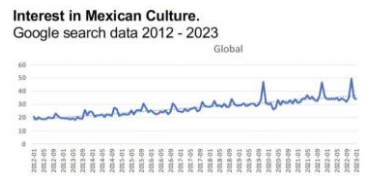


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Source: WSR 2022 as of 16th August

- The Smirnoff Spicy Tamarind success story began with the creation of a cultural connection through a locally relevant flavor innovation and packaging in Mexico, utilising one of our core brands, Smirnoff.
- We developed an exceptional product, and once people tried it, they fell in love with the taste. And, we focused on getting the product into the hands of consumers.
- The introduction of this hot and unique flavor profile didn't go unnoticed, as other categories, such as Burger King, embraced this trend, with offerings like the Tamarindo King Burger.
- The outcomes were outstanding.
 - We successfully recruited 5 million new consumers to the Smirnoff brand, effectively reversing the decline in the vodka category.
 - Notably, many of these new consumers were previously non-spirit drinkers, with our data indicating that Spicy Tamarind primarily attracted beer drinkers, resulting in a 23% increase in this category.
 - Furthermore, we established a strong emotional connection with younger consumers, with the brand earning the title of 'Most loved brand' among LPA-24-year-old consumers.

SMIRNOFF SPICY TAMARIND REDEFINING THE OPPORTUNITY



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- But we quickly realised that there was a bigger opportunity for Spicy T as we affectionately call it.
- Through data tapping into cultural momentum and consumer trends we identified the global rise of Mexican culture and cuisine and interest in 'Spicy Foods'.
- This enabled us to really define the size of the prize and consumer base and think beyond markets which have large Mexican populations.
- This was evident by the US roll out of Spicy Tamarind. Although we initially started in states with a strong Mexican American population, our hypothesis was confirmed that it truly is for anyone interested in spicy flavors with over 75% of people in key market research identifying as 'Spicy Enthusiasts' (source: Spicy T. Concept test – Zappi 2021).
- In the US today in fact over 41% of total Spicy T volume is coming from Non-Hispanic consumers.
- As an example, in Michigan, a state where nearly 75% of the population identify as white non-Hispanic (source: <https://datausa.io/profile/geo/Michigan>) we're seeing Smirnoff Spicy Tamarind increase both share and distribution, proving this variant is NOT just for Hispanic consumers (source: Michigan +2bps in Nielsen and increased weighted distribution 0.21% à 38%) (source: Nielsen L13W w/o 10-9).
- It really is a multicultural offer with 33% of drinkers being white and 8% being African American (source: Numerator data as of 9-30-2022).

SMIRNOFF SPICY TAMARIND REDEFINING THE OPPORTUNITY



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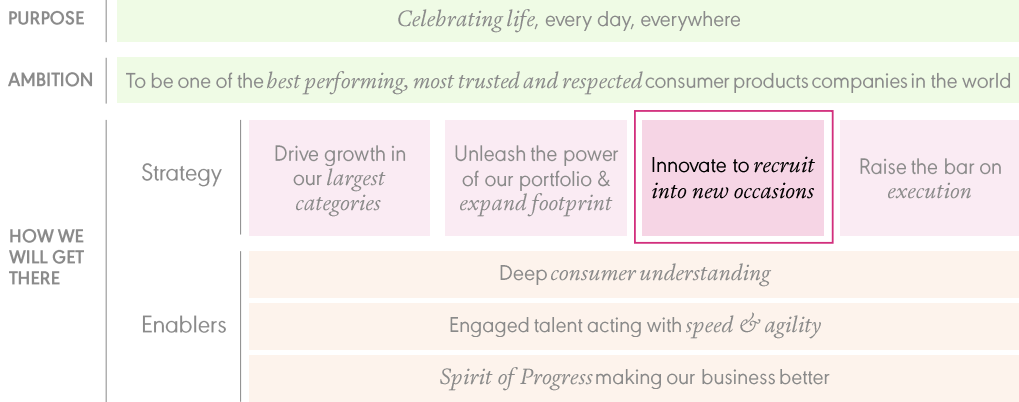
- And we haven't stopped there. Enabled by the credibility of the known and trusted Smirnoff brand which facilitates confidence in consumer cross-cultural exploration, Smirnoff Spicy Tamarind will be in 11 countries by the end of F24 with further expansion planned for F25.
- It has become the number 1 fastest growing flavored vodka in the US (source: Nielsen L52W).
- So, to summarise – we have demonstrated that whether it is in a beach bar in Greece, a nightclub in Shanghai, or in a Mexican house party, we are unleashing the power of our portfolio in incredible ways and expanding our footprint, both into new occasions and new geographical areas.
- Now, for the next stop on our trip, I'll be handing back over to Cristina who is going to land us in Europe and then Sally and Claudia who are taking us across the pond to the US.



CRISTINA

- Thanks Alvaro - our third strategic growth strategy is innovation to recruit into new occasions.
 - We aim to understand and shape the future of how people across the world will socialise.
 - We use data and technology to ensure we have our finger on the pulse when it comes to consumer trends today, tomorrow and into the future.
 - Our team of innovators constantly seek to push the boundaries and create new products, tastes, experiences, platforms, patents, and business models that consumers will love, and will create long-term sustainable growth for Diageo.
- We embrace a “test and learn” entrepreneurial mindset and aren’t afraid to look beyond our own walls to build our expertise because staying ahead of consumers demands a radical approach to innovation – and no small amount of bravery.
- To introduce you to our world of Innovation, here is a short video.

We have a *clear purpose* and *strategy* to drive long-term sustainable growth



- As demonstrated by the video, we could talk all day about Innovation, we only have time for two case studies so I will be talking to you about the development and growth of the non-alc category and Sally will be bringing to life our 'ready-to-serve' innovations and why they are so strategically important to us here, in the US.
- Innovation is a strategic growth engine for Diageo.
- It already delivers scale and sustainable growth across markets and brands.
- 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).
- We are winning share in innovation and over the last ten years we have launched the highest number of innovations on average per year.
- We have some of the most loved and traditional brands in the industry, yet we constantly seek to innovate tomorrow's products, to drive relevancy and excitement, and evolve to meet the future needs of consumers.
- Our non-alc products are doing exactly that.

Shaping and leading the non-alc spirits category



#1

Casual moments to connect with others



#2

Moments to savour and appreciate



#4

Casual moments to connect with others



Newly launched

Lively upbeat moments

We are the #1 non-alc spirits player globally

- We are leading and shaping the non-alc spirits category.
- From beer with Guinness 0.0, which Dayalan spoke about earlier, to our spirits brands.
- The non-alc category is being driven by the growing trend of ‘wellness’ and whilst it is still a nascent category, it is growing fast.
- We believe the category has strong growth potential, is margin-accretive, and it supports our positive drinking ambitions. The non-alc spirits category is forecast to grow with a CAGR of 11% over the period 2022-2027 (source: IWSR).
- Acting on this trend and growth opportunity, we acquired Seedlip via Distil Ventures in 2016, and have created and launched Gordons 0.0, Tanqueray 0.0 and , just recently, Captain Morgan 0.0, our first non-alc dark spirit.
- We hold the leading market share position in the three largest non-alc markets globally; UK, USA and Germany. In Spain and Italy, we hold 67% and 77% respectively: we are shaping the category.
- We have a real strength in our liquid expertise: our liquids are not just moderating alternatives. They are premium drinks that deliver on taste and quality.
 - The taste profile of our non-alc versions matches the taste profile of the trademark;
 - For those of you in New York with us today, we have prepared a range of cocktails drawing from our 0.0 portfolio for you to enjoy at the showcase this afternoon.
- Our non-alc portfolio has enormous potential to grow across markets and occasions. 80% of Diageo’s current non-alc sales come from only five markets.
 - We see a large opportunity for us to drive incremental share and drive recruitment in a broader range of occasions;
 - Particularly daytime occasions where consumers love the experience of a non alc ‘adult drink’.
- Tanqueray 0.0 is a great example of this, a new moderation option that appeals to many 0.0 drinkers, offering them a more exciting choice than the current default 0.0 beer.
 - In Spain, where Tanqueray 0.0% was first launched, 30% of our volume comes from beer.
 - 7-10% comes from non-TBA.
- I will share with you more on how we achieved this in Spain and also talk you through our strategy in Italy, home of the ‘aperitivo’ occasion.

Occasion-led strategy tapping into moderation in Spain and Italy



Beer-led occasions



Non-alc beer¹:
13% of total beer
Non-alc gin²:
0.8% of total gin



'Aperitivo' occasions



Non-alc beer¹:
3% of total beer
Non-alc aperitif³:
21% of total aperitif

- The moderation trend is strong in Southern Europe, we identified that 50% of Italian consumers and 40% of Spanish consumers are looking for moderation.
- We also identified a perception amongst GenZ consumers that beer was a softer and lighter drink, and more socially acceptable to drink in the 'aperitivo' occasion.
- Leveraging these insights, we tailored strategies for Spain and Italy, targeting the most attractive segments and occasions where we could win share and drive growth.
- In Spain, we focused on competing in 'beer-led' occasions as currently, non-alc beer accounts for 13% of the beer market.
- We activated our brands around major sports events, such as the World Cup, and have recently partnered with Atlético de Madrid, one of the most popular football clubs in the country, to connect with fans and increase consumption in 'watching sports' occasions which has historically been beer territory.
- In Italy, we positioned Tanqueray 0.0 as the perfect choice for the 'aperitivo' occasion, to recruit from aperitif, beer and wine.

Igniting Tanqueray 0.0: *delivering occasion-led success*

		<i>New to Tanqueray</i>	<i>New to gin</i>	<i>Recruited from beer</i>
Roll-out potential	SPAIN	+94%	+79%	+30%
	ITALY	+93%	+84%	+21%

- The results speak for themselves.
- In Spain, Tanqueray 0.0% is the #1 TBA seller on Amazon and the most successful TBA innovation in a decade, according to Nielsen.
- It accounts for 16% of total trademark NSV and has boosted the Tanqueray brand by +1.5pp share since its launch.
- In Italy, Tanqueray 0.0% is the best-selling spirits innovation in the last year (source: Nielsen) and is shaping the 0.0 gin category with a 78% market share.
- It has also helped us consolidate Tanqueray as the #1 gin brand in the country, growing by +1.2pp share since its launch.
- More impressively around 80% in both countries are consumers new to the brand and new to gin.
- We are confident that we can replicate this success in other markets.
- We are not only growing our brands,
- but also tapping into new consumption occasions, be it daytime, aperitivo, or any occasion where consumers are seeking an "adult non alc drink", hence, recruiting new consumers.
- We aim to be a driving force in no-alcohol, setting standards in innovation, product quality and category execution that the rest of the industry follows.
- Now, we cross the Atlantic to our host market here - where Sally will show you how we are innovating to meet the needs of our consumers for convenience and choice.

Ready to Serve Cocktails : a *US growth opportunity*

- New market with **40M+** consumer opportunity¹
- **Ideal** brand entry point
- Incremental business:
 - Open **new occasions**
 - Reach **younger, female** and more **diverse people**
 - Source volume from beer and wine



SALLY

- Thanks Cristina - And welcome to the US, everyone. I will talk to you about making it simple for more people to share better cocktails, more often.
- Innovation that gets people into new occasions is an incremental growth opportunity in North America.
- Our brands will be your partner on the journey to discover your 'inner mixologist'.

Ready-to-serve cocktails makes it easy for anyone to offer beautiful, high-quality cocktails at home.

The team and I see a nice platform here and an attractive space for Diageo to lead:

The market potential is massive: bringing together existing RTS consumers and spirits cocktail drinkers means a potential pool of around 40 Million consumers - almost 20% of the total LDA+ drinker population.

- Importantly, the volume in Ready to Serve is incremental to core spirits formats – over indexing with younger, female and more diverse consumers vs total spirits.
- In occasions where there are "cocktail intimidation" barriers - like hosting a meal or a party for friends – ready to serve cocktails deliver bartender quality serves in an easy, accessible way.
- Incremental occasions and consumers lead to incremental volume with 50% of ready to serve volume recruited from beer and wine (source: Numerator SOV Analysis FY23).

Early data show we may have something special here, with the higher-priced tier of the category growing over 49% in the last year (source: NielsenIQ ending 9/9/23) and we anticipate that trend will continue.

Diageo Cocktail Collection *adds new consumers*

Cocktail bar quality
in a **convenient format**

Multi-category,
multi-brand **pipeline**

Early results **positive**



Here's how we are delivering on our ambition:

- "Cocktail Collection" will be a full line of ready to serve cocktails, expanding Diageo's footprint with some of the most popular and complex cocktails in the US today.
- These outstanding cocktails were developed with bartenders and they could not be easier to serve at home – open. Pour. Serve and let hosting accolades roll in.
- Bulleit Old fashioned and Manhattan are in the market and early feedback is extremely positive, more on that in a second.
- Espresso Martini, the Cosmo and the Negroni will bring Ketel One and Tanqueray into the mix just in time for holiday hosting – (with an SRP \$13.99 for the 350ml and \$25.99 for the 750ml).

Diageo is moving decisively into a promising space.

The earlier launch of Bulleit RTS provides *replicable proof of incrementality* and *trademark recruitment*



Bulleit RTS drinkers skew more multi-cultural vs. regular Bulleit

75%+ of Bulleit RTS drinkers are incremental to the portfolio

18% of Bulleit RTS triers purchased Bulleit Whiskey in the **6 months AFTER** trying Bulleit RTS

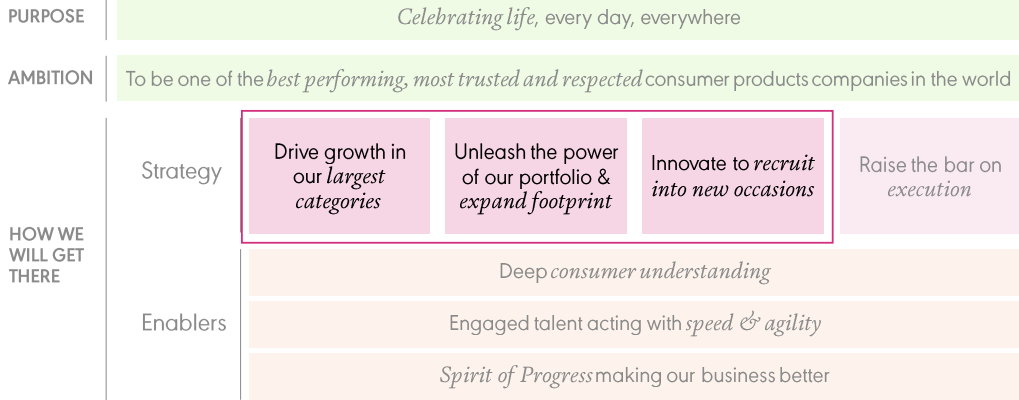


The Bulleit case study is a reason to believe.

- Launched last year, Bulleit Manhattan and Old Fashioned are fast gaining momentum and engagement - with diverse younger consumers.
- Importantly – these ready to serve products recruit new users to the portfolio; 75% of Bulleit ready to serve drinkers are incremental.
- 18% of those who tried Bulleit ready to serve purchased Bulleit whiskey in the 6 months after trying the ready to serve.

This is a great innovation that recruits consumers into new occasions then inspires them to buy more by building relationships with our brands. There is a lot to like about this model and I look forward to sharing more as we write the story of this incremental new platform.

We have a *clear purpose* and *strategy* to drive long-term sustainable growth



Well, we've taken you on a tour around the world, sharing three of our four key strategies. We've given you global examples of how:

1. We're driving to get even more growth out of our largest categories
2. We're using our global footprint, portfolio, and consumer insights to make sure our brands get into new and exciting places and spaces
3. We're innovating to stay ahead of preferences, occasions, pours, and serves to ensure that we stay relevant to the consumers of today and tomorrow.

Before we dive into our final strategy, to raise the bar on execution, let's go into a Q&A session with all the speakers here in New York.

DIAGEO

Q&A

Capital Markets Event 2023

DEBRA

Thanks Sally.

We are going to focus this Q&A session on the growth strategies that we have just been talking about. I am joined on stage by some of my executive leadership team, please take this opportunity to dive into their regions.

Sally and Claudia are going to cover off NAM in our next session. You will have the opportunity to have a focused Q&A session on our North American business.



Before the Q&A, we covered three of our strategies which will underpin our growth.

The fourth strategy is raising the bar on execution - and I want to reemphasise how important this strategy is going to be for us. This is how we will take strategy to action.

We have a *clear purpose* and *strategy* to drive long-term sustainable growth



- As I have mentioned before, we will do this in our end-to-end operations by working to drive unprecedented productivity and across every consumer touchpoint - from how we understand consumers, how we create demand and how consumers experience our brands on the shelf and on menus.
- This is how we will make our scale show up in the marketplace.
- This strategy applies across the globe, to all our regions, but today we want to show you how it applies to our largest region, North America, where we already have a fantastic portfolio of strong brands.
- This region, our largest region is 41% larger by value than it was pre-covid and we have increased investment in this market consistently over the past several years.
- But there is still plenty of room to grow given we still only have a 7.5% market share of US TBA (source: IWSR 2022).
- So we want to continue to raise the bar on execution, go from strong to stronger.
- So, I invite Sally and Claudia to discuss the US market as an example of how we will continue to raise the bar on execution.

RAISE THE BAR ON EXECUTION

A powerhouse portfolio with diversified and distinctive brands

>2x

Next largest
US international spirits competitor¹

#1

Whisky & tequila portfolio¹

16%

Largest brands
US household penetration²



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Sources: 1. IWSR 2022 as of 16th August
2. Numerator

SALLY

Thank you, Debra.

- I'll start with the facts that brought me here to the world's leading international spirits company;
- The US is one of the largest spirits markets in the world and we believe Diageo is positioned better than all our peers:
- Debra mentioned the growth in recent years, but it's the growth ahead where I see potential and possibilities.
- Positive demographics, premiumisation trends, and consumer preference for spirits over other TBA categories present a strong tailwind for growth.
- Diageo has the scale, breadth of portfolio and depth of talent and capabilities to lead this dynamic market.
- Our international spirits business is twice as big as the nearest competitor.
- We have a portfolio of brands that spans consumers, occasions and categories.
- We have the expertise that allows us to meet people where they are, from amateur to aficionado in our categories.
- This attractive and profitable market is evolving rapidly with ever changing consumer preferences and as Debra said, we have outperformed the market through the last four years.
- Going forward, this is how we'll go from strong to stronger:
- First, win in Whisky – this is the most dynamic category and is fast growing. We are focusing on our goal of winning in Whisky with Crown Royal, Bulleit and our scotch portfolio of Johnnie Walker, Buchanans and our single malts. We are currently leading the category in market share, but we know there is more opportunity out there.
- Second, we will continue to broaden and expand our leading Tequila portfolio.
- And third, we will Innovate to drive recruitment into new occasions.
- I will cover some examples showcasing this plan further.
- Then, Claudia will discuss how we will execute to win smartly and competitively:
- How we leverage data to drive greater agility, greater efficiency and effectiveness in our media activities and
- Build on our route-to-market strength to shape a next-generation operating model.
- But first, let me introduce you to the jewel in the crown of our whisky portfolio – Crown Royal.



Crown Royal is our largest whisky in this strong portfolio.

- We must expand Crown’s leadership and we have a plan:
- We are raising the bar on execution in three ways:
- Consumers have told us they don’t know enough about the brand so we are investing in a marketing campaign that showcases what makes Crown Royal distinct. It brings to life the smoothness and versatility of this quality liquid across occasions and also showcases our iconic purple bag. The first TV ad aired last Monday.
- We are broadening the footprint of this powerful trademark by continuing to innovate to meet the changing needs and preferences of our consumers – just as you saw in the video.
- To ensure excellence in execution, we are implementing a hyper-localised approach to drive growth. We are using proprietary data and insights to assess zipcode by zipcode to raise the bar of execution at the point of purchase.
- We are confident that these three actions will help us grow this billion-dollar brand to broaden its appeal to more people, in more occasions.

Broadening occasion footprint for tequila future growth



Don Julio Blanco
Mixing and socialising



Don Julio 1942
High tempo night club



DeLeón
High energy



21 Seeds
Casual sharing



Casamigos Cristalino
Sipping with friends



Don Julio Rosado
Day time moments



Astral
Early evening mid tempo

- Now, moving to tequila. I know the team has talked a lot in the past about tequila. Cristina shared what we are doing to grow tequila globally, and now I am going to tell you about our exciting new initiatives around tequila in the US.
- Tequila saw annual growth of just under 20% from 2017-2022, and it is projected to be the largest value category within international spirits, delivering over 60% of incremental growth for core spirits over the next five years (IWSR).
- But, household penetration still remains lower than other categories (IWSR).
- We are the number one tequila player in the US, which positions us well for future growth.
- As the category matures, consumers are exploring and expanding their repertoires.
- This is leading to growth in the category across a broader range of variants, price points and new consumption occasions.
- We will be at the forefront of driving growth across these opportunities.
- Our breadth of variants in Don Julio and Casamigos including Blanco, Reposado, Anejo and Cristalino provide options for consumers in occasions when they want to explore and demonstrate their knowledge.
- We are also actively expanding our participation across the price ladder, first with DeLeon and more recently with Astral and 21 Seeds, growing our options in super premium tequila to access even more occasions.
- We are also innovating in formats such as Astral Ready to Serve Margarita, which is launching early next year.
- And, we are playing in more serves and occasions. For example, the 21 Seeds Spicy Jalapeño and Cucumber with Soda makes an easy to prepare skinny margarita which is simply delicious.
- Our mission is clear – more consumers, more occasions, more serves.
- And I have confidence, there is much more to come on the North American tequila growth story at Diageo.

Innovating with excellence *in growth occasions*



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- I've just told you how we have innovated in tequila, now let me give you a couple more examples of how we are expanding at pace to capture growth opportunities; including how we're listening, learning and offering relevant options for multi-cultural consumers and how we're expanding into incremental occasions with our large trademarks.
- First let me start with one of our biggest innovations last year.
- Buchanan's Pineapple was born from an insight we discovered through social listening; Hispanic consumers were mixing Buchanan's Deluxe with pineapple juice and coining it the 'Buchanita'.
- Building on this, we created a liquid that captured this trend.
- Buchanan's Pineapple is the number one core spirits innovation in the last year, and importantly it has driven Buchanan's trademark share growth (source: Nielsen last 12 months 7/10/23).
- It is driving new recruitment to both the trademark and the category. In fact, initial consumer data shows 80% of these consumers are new to buying Buchanan's within the last year and 50% of these consumers had not purchased Scotch in the past year.
- The next example I'll share with you is just hitting shelves, which is an extension of our 'Baileys treating' strategy.
- It is built around the five delicious Cs: chocolate, coffee, ice-Cream, cake & cocktails.
- We knew that there was overlap between chocolate consumption and Baileys - with 98% of US consumers liking chocolate.
- Leveraging this insight and proven platform, the team developed and launched Baileys Chocolate to deliver a new option in this indulgent occasion.
- We are seeing promising early signs of success; this will be Baileys largest innovation launch to date and it has already gained 13 basis points of share (source: Nielsen w/e 10/14).
- We are proud of our ability to identify new opportunities within key occasions and innovate at scale and with speed. Diageo has 6 of the top 10 core spirits innovations in the last 12 months. And importantly, we keep asking 'what's next' (source: Nielsen last 12 months from 7/10/23).
- Let me now handover to Claudia to walk us through how we are raising the bar on execution from media to route to market.

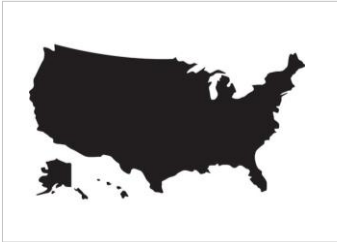
More *efficient & effective* in our media, powered by AI



CLAUDIA

- Thank you Sally, and hello everyone.
- I'd like to now talk about how we leverage our data and technology capabilities to reach consumers with relevant messages, at the right time, and in the right location, so that they are much more likely to consider purchasing our brands.
- We bring together multiple pieces of data with AI technology to develop a distinctive and customised media bidding algorithm to best reach consumers with.
- Let me give you an example and some of you may have seen this last evening in the showcase.
- When analysing zip code and neighborhood data of our brands, we learnt that two of our whiskey brands have very different footprints in the key cities, even zip codes within the same state.
- You can see here the consumer heat maps for Crown Royal and Bulleit in the state of Texas. The darker the colour, the higher the demand for the brand.
- You can clearly see how different they are, with very distinct hot spots.
- These insights enabled us to pinpoint Crown Royal and Bulleit whiskey consumers in Texas with far greater accuracy, enabling us to make increasingly targeted media.
- We actioned this across thousands of zip codes in the US, personalising messages to consumers.
- And we did this simultaneously, at massive scale.
- Without our digital capabilities, we would have had to recruit 730 people to deliver this!
- And this approach is driving strong results. Targeting our media to the areas that matter most led to a +30% increase in effectiveness of our investment (source: Sensor, JAS F23).

Building on our *pioneering US route-to-market*



Dedicated selling teams and **optimised** distributor coverage



Leading capabilities, including **advanced** analytics



Investment in on-premise resources and tools

- We are also raising the bar to get the right brands in the right outlet, always perfectly executed.
- This has been a priority for Diageo for many years. We have pioneered many aspects of the US spirits route to market, which has delivered strong results and informed insights as we shape the future of our RTM.
- Let me give you a few examples.
- Diageo was the first to establish dedicated selling divisions with strategic distributor partners creating a competitive advantage which has helped us grow this business over the past two decades.
- Diageo also created the first advanced analytics team in the industry utilising digital image recognition software. This was called EDGE and you have heard us talk about this in prior investor engagements. This allows us to gain insight into execution in the independent channel and enables targeting the right outlets and pack sizes for our brands based on consumer demographics.
- We have also learnt that specialist selling and activation organisations drive a real impact on brand execution and share performance. Back in 2020, when many suppliers pulled back from the on-premise, we leaned in. We invested in specialist resources who partner with bar owners and operators to grow and evolve their businesses to changing consumer interests. They also provide invaluable consumer insights that strengthen our on-premise program.
- This investment has made a significant difference, with Diageo growing 200bps of on-premise share since 2019 (NABCA), and in the accounts covered by the specialist teams we grew share by 400bps (source: NABCA L12 mo-2019).

Next generation route-to-market and operating model



Establish category leadership and capabilities

Data driven strategy **prioritising growth** opportunities across geographies and brands

Unmatched execution in stores and bars

Greater local agility and activation excellence

With our business 41% bigger today by value than pre-COVID and our growth ambition for the US, we are clear that now is the time to shape the next chapter of our route to market and operating model in NAM.

I am excited to share that we are moving forward at pace with this work - which will mark a step-change in our competitive advantage.

We've put in place dedicated resources inside Diageo and our Distributor partners have as well, to shape and implement this transformative model quickly and effectively.

For obvious competitive reasons, I will not cover the specifics of the plan.

But I can share with you the end results we are working to achieve with this transformation.

First, to help us to elevate our category leadership with our distributor partners and retailers.

Second, to be able to utilise our vast array of data and move insight into action to invest for growth in key geographies and consumer segments.

Third, with this we expect to deliver unmatched execution and activation in stores, bars and the non-premise.

And finally, and most importantly to enable greater local agility and insight generation.

I am confident that with this transformation, we can raise the bar on execution, and our presence in stores and bars to be fitting for our position as the largest US spirits supplier and leader across key categories that Sally talked about earlier.

Let me hand back to Sally.

We have a *clear purpose* and *strategy* to drive long-term sustainable growth



SALLY

In North America, we're fully focused on raising the bar on execution to set us up for continued success in our next chapter of growth – this is a non-negotiable.

To summarise, we plan to do this by:

- Winning in Whisky - lead by our jewel: Crown Royal
- Broadening our footprint for tequila's future growth, uncovering new opportunities across diverse occasions for our brands
- Innovating with excellence in growth occasions, recruiting the next generation of consumers with particular focus on multicultural consumers and emerging trend spaces
- We will be increasingly efficient and effective in our media, increasing mental visibility and physical availability
- Building on our pioneering US route-to-market, which will mark a step-change in our competitive advantage.

Now, let's open the floor for questions.

DIAGEO

Q&A

Capital Markets Event 2023

Strategy into action

Four strategic priorities to drive *long-term, strategic growth*

We are...

- 1 ...driving to get even **more growth out of our largest categories**
- 2 ...using our global footprint, portfolio, and consumer insights to make sure **our brands get into new places and spaces**
- 3 ...innovating to stay ahead of trends, occasions, pours, and serves to **stay relevant to the consumers of today and tomorrow**
- 4 ...fully focused on continuing to raise the bar on reaching our consumers in the most valuable way

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DEBRA

- So that's the end of our Diageo quick world tour; from the US to China, Greece to Great Britain, India to Italy...
- We've seen our brands in action; from Guinness to Godawan, Smirnoff to Seedlip, Crown Royal to Captain Morgan
- These snapshots of countries and brands gives you a strong taste of how we are activating our global footprint and advantaged portfolio to drive growth.
- So, what do I see going forward:
- ...more growth out of our largest categories
- ...utilising our global footprint, portfolio, and consumer insights to expand our brands into new places and spaces
- ...maximising our innovation capabilities to stay ahead of preferences, occasions, pours, and serves to stay relevant to the changing consumer tastes of today and tomorrow
- ...and continuing to raise the bar on execution across our business.

- Now, let's have some lunch, return here to hear from Lavanya and then after that I'm excited for you to continue our global experience through the engaging consumer showcases that we have prepared for you.