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", "target", "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 outlook, Diageo’s medium-term guidance for fiscal 23 to 25, Diageo’s supply chain agility programme, future Total Beverage Alcohol market share ambitions and any other statements relating to Diageo’s performance 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 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, premiaisation, 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 expected 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) fluctuations in exchange rates and/or interest rates; (xiii) 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; and/or 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 2022 filed with the US Securities and Exchange Commission. 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.
Hello, and thank you for joining us. I am Debra Crew, CEO of Diageo.

I am pleased to share that in fiscal 23, we delivered strong performance with organic top-line and operating profit growth within our medium-term guidance.

Lavanya, our CFO, and I will discuss these results in more detail.

I will also share near-term opportunities to win in fiscal 24 and beyond.

But first, as you might know, fiscal 23 is the first time I have presented results as CEO of Diageo.

I was appointed in early June, taking over from our much loved and respected former CEO, Sir Ivan Menezes, who passed away.
• On behalf of the Diageo family, I would like to thank you and express our appreciation for your condolence messages during this challenging period, as we mourned the loss of Ivan.
• Ivan’s exemplary leadership, entrepreneurial spirit and, most of all, his humanity helped to build this company and continues to inspire us.
• I am proud of how our Diageo family has come together in recent weeks.
• Our commitment is to build on the success and enormous legacy he leaves behind.
• We celebrate his life every day by driving the business forward for the long term in the right way.
Our ambition is to be one of the best performing, most trusted and respected consumer products companies in the world.

- Our performance ambition captures the many reasons I am excited to lead Diageo.
- As many of you know, I have been with the company for over four years.
- First, as a non-exec board member, then as President of North America and as Chief Operating Officer.
- I have had the opportunity to experience all aspects of our business.
- I am as excited as ever about our brands, assets, capabilities and opportunities, as well as the amazing people who bring these things to life at Diageo.
- In the last few months, I have been meeting with our teams across our regions which has reinforced what I believe we need to do for us to achieve our performance ambition.
- Today, I will set out the near-term opportunities I am focussing on to win in fiscal 24.
- And I will share my longer-term roadmap at our next Capital Markets Day on November 16th.
**DELIVERING SUSTAINABLE LONG-TERM GROWTH**

**A strong set of results**

and organic NSV

4-YEAR CAGR\(^1\)

<table>
<thead>
<tr>
<th>F23 results</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organic volume</strong></td>
</tr>
<tr>
<td>↓ -1%</td>
</tr>
<tr>
<td><strong>Organic net sales value growth</strong></td>
</tr>
<tr>
<td>↑ +6%</td>
</tr>
<tr>
<td><strong>Organic operating profit</strong></td>
</tr>
<tr>
<td>↑ +7%</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
</tr>
<tr>
<td>£1.8bn</td>
</tr>
<tr>
<td>↓ -£1.0bn</td>
</tr>
</tbody>
</table>

\(^1\) F19 to F23 4YR CAGR indicative, based on unrounded numbers and the impact from disposals, acquisitions and re-classifications may not be fully captured. For additional information on non-GAAP measures, please see financial/legal appendix.

---

- I am pleased to share a strong set of results for fiscal 23.
- As a company, we are now 35% bigger on a net sales value basis compared to fiscal 19.
- In fiscal 23, we delivered organic net sales and operating growth squarely in our fiscal 23 to 25 medium-term guidance.
- Our strong top-line growth, revenue growth management initiatives and productivity savings have enabled continued operating margin delivery while re-investing in our brands and strategic priorities.
- In fiscal 23, we experienced a 1% organic decline in volume.
- While, on the face of it, this may appear unfavourable, this is a choiceful and expected trade-off as,
- We have implemented strategic price interventions over the past two years to ensure effective positioning for long-term growth.
- And I expect to return to volume growth over time.
- Our free cash flow delivery in fiscal 23 primarily reflects prior year lapping impacts.
- Lavanya will add more colour to this shortly.
Our advantaged portfolio of brands is fundamental to driving our business.

We delivered double-digit growth from our biggest brands in our top 3 categories.

- Our diversified footprint provides opportunities to grow where we see consumer preference.
- This deep and broad portfolio of brands across price points and categories is our competitive advantage.
- Our biggest brands in our three largest categories delivered strong double-digit growth in fiscal 23, and I am delighted.
- I will now share some fiscal 23 highlights about Johnnie Walker, Don Julio, Casamigos and Guinness.
- These brands have delivered outstanding results, and
- I am confident they will continue to be key drivers of future growth.

F23 organic net sales growth

<table>
<thead>
<tr>
<th>Brand</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Johnnie Walker</td>
<td>+15%</td>
</tr>
<tr>
<td>Guinness</td>
<td>+16%</td>
</tr>
<tr>
<td>Casamigos</td>
<td>+16%</td>
</tr>
<tr>
<td>Don Julio</td>
<td>+20%</td>
</tr>
</tbody>
</table>

Source: Diageo internal information - note Casamigos +16% tequila only
Johnnie Walker, the world’s #1 international spirit\(^1\) brand, continued to grow double-digit

- In fiscal 23, scotch net sales grew 12%, led by Johnnie Walker, which delivered impressive growth of 15%,
- With organic volume up 9%, yes, 9%, and,
- Strong price/mix of 6 percentage points.
- The brand gained share of scotch globally, including in 8 of our largest markets by net sales value.
Diageo is #1 in global tequila¹ and is well positioned to take tequila around the world

- Tequila organic net sales were up 19% in fiscal 23, reflecting
- Strong performance of Don Julio and Casamigos, which grew 20% and 16%, respectively, primarily driven by North America.
- In Europe, the region’s tequila net sales doubled, and the category accounted for nearly a 10th of its organic net sales growth.
- Our tequila business is now our third-largest category in net sales value.
- We are the global #1 tequila player by retail sales value or RSV with Don Julio in the top position and Casamigos close behind.
- And our global market share of the category rose by 131 basis points to over 23% retail sales value in 2022.
- We believe there is a long runway for growth opportunities to go after.
- And I’ll come back to the global opportunity in a moment.
A momentous year for Guinness

- In fiscal 23, Guinness had the best year since we have been tracking it,
- With growth in all regions led by double-digit growth in Europe, LAC, Asia Pacific, and high-single digit growth in NAM and Africa.
- We are focussing on driving premiumisation with strong revenue growth management initiatives.
- And we’re also focussing on increasing penetration supported by innovation and consistent marketing investment.
- Our strategy is working.
- Guinness has become the #1 beer by volume in the Island of Ireland off-trade over the past 12 months.
- And I am pleased that as we continue to fully integrate our work to promote responsible drinking into our brand messages,
- Guinness 0.0 4-pack was recently the #1 non-alcoholic item in the GB off trade by value and volume.
Resilience and opportunity from our diversified footprint

F23 full year organic net sales growth by region

North America +0%
Europe +11%
Latin America and Caribbean +9%
Asia Pacific +13%
Africa +5%

• I believe the power of our diverse global business is sometimes underestimated.
• Our broad presence across regions and markets provides resilience and the ability to participate in global growth opportunities.
• In fiscal 23, LAC, Europe and Asia Pacific all delivered strong growth on top of double-digit growth in the prior year,
• And Africa delivered mid-single-digit growth against a challenging macro environment.
• In NAM, putting fiscal 23’s US spirits industry normalisation impacts aside, I believe we have much opportunity and
• I will discuss this in a moment.
Delivered quality market share gains in fiscal 23 and going forward expect consistent gains from key markets

- Winning quality market share remains a key focus.
- And, we invest consistently behind our brands to achieve this.
- We gained or held share in measured markets that totalled over 70% of our net sales value in fiscal 23.
- In the CPG sector, I believe 70% is very impressive.
- Yet, I still think we can do more.
- With our advantaged portfolio, investments and capabilities, I want and expect to see markets like the US not just holding but gaining share consistently in TBA over time.
- This will enable us to achieve our 6% global value share ambition.
- So let’s go to the US now.
US spirits consumer *resilient* and continues to *premiumise*

- First, I want to reiterate my confidence that the US spirits market presents a very attractive opportunity for growth.
- In the US, TBA has grown at a 4% CAGR over the past 10 years, and
- Spirits is up 6%, gaining 8 percentage points of TBA share over that same period.
- Remember, at our Capital Markets Day nearly two years ago, I mentioned two things: First, our expectation that US spirits consumption would normalise over time.
- And as expected, we are seeing it trend back towards historical mid-single-digit growth.
- Importantly, we also see consumer resilience and premiumisation continuing.
- Since 2019 and throughout the past 12 months, premium-priced options have consistently increased their market share in the US spirits industry.
- Second, I also said that we aim to outperform the US TBA industry over time.
- And I believe with Diageo’s advantaged portfolio, brand-building and commercial capabilities, we can achieve this ambition.
I now want to address the shipment growth of Diageo’s US Spirits business in fiscal 23.

Industry-wide, the impacts of normalisation coming out of the Covid super-cycle are working their way through the supply chain.

Remembering that the US operates in a three-tier system, these impacts are experienced at different times and magnitudes across manufacturers, distributors and retailers.

As for Diageo, elevated demand during the pandemic drove inventory to severely low levels. Crown Royal, which I will discuss in a moment is a good example of this.

We leveraged our supply chain capabilities through fiscal 21 and fiscal 22 to get product to distributors and back on retailers’ shelves as quickly as possible.

At the same time, we saw distributors increase inventories of our imported products in response to the shipping and logistical challenges in fiscal 22.

As we said at the end of fiscal 22, this resulted in our US shipments growth being ahead of depletions by three percentage points, creating a large lap effect for fiscal 23.

As you can see from the chart, for the past year, distributor inventory levels have been aligning with pre-Covid historical levels.

Therefore, in fiscal 23, shipment growth lagged depletions growth by two percentage points.

And so, as of the end of fiscal 23, I am comfortable with our overall US distributor inventory levels.
I also want to discuss two areas regarding our US TBA share.

First, in fiscal 23, spirit-based RTDs contributed to a meaningful portion of TBA growth and more than a third of US spirits industry growth.

We lost share in this emerging category. And those losses offset category gains we had in tequila, scotch, Canadian, and US whiskey.

Most of the spirits RTD growth is driven by consumers experimenting and trialing new—mostly undifferentiated—entrants flooding the market and promoting heavily.

Let me be clear: I see opportunities for Diageo in this space.

Consumers are mostly trading up, from malt-based beverages and seltzers to spirits-based beverages, which offers us an opportunity.

But we are not going to just chase share.

We’ve consistently said we will be selective about how we play in the RTD space.

We will always focus on differentiated, premium opportunities that complement our brands and portfolio and deliver sustainable growth.

And we have a strong pipeline of innovation to help us do this.

Second, Crown Royal, our largest US spirits brand, while gaining category share of Canadian Whisky...lost share of overall TBA.

Severe liquid constraints driven by high consumer demand during Covid disrupted both:

- Our ability to innovate on the brand, and
- The brand’s physical presence in store.

But we are taking steps to increase A&P investments, innovate, optimise Crown Royal merchandising and add production capacity.

At this year’s Super Bowl, Crown Royal was the first spirit brand to air an ad on TV.

The ad reached over 100 million consumers and ranked 3rd highest in viewership.

As liquid constraints for Crown Royal have subsided, we are developing a pipeline of innovation, and

We are leveraging a new capability to optimise product displays and placement in retail stores to drive incremental volume uplift.

Finally, to support the long-term growth ambition of this brand, we are increasing our production capacity, up to 50 thousand barrels per year, through a $200 million investment in a new carbon-neutral distillery in Canada.
Near-term opportunities – Innovation

Speed & agility

Moving on to the near-term opportunities we are going after to win and drive value creation. The first area is innovation.

Over the past couple of years, the availability of aged tequila was also constrained due to high consumer demand.

This hampered our ability to innovate in tequila, similar to Crown Royal.

As aged liquid becomes available, we are moving quickly to develop the sustainable and targeted innovation pipeline we had already planned.

In April, we launched Don Julio Rosado Reposado, a new signature luxury tequila, which is

Aged at least four months in Ruby Port wine casks from the captivating Douro wine region of Northern Portugal.

With its light fruit finish and delicate pink hue, Don Julio Rosado targets the daytime occasion,

It is helping to build the luxury price ladder for Tequila in the US and gaining share in both the tequila category and spirits market.

In June, we launched Casamigos’ first innovation since acquiring the brand,

Casamigos Cristalino, a super-premium offering.

It positions us to expand the tequila category in the US and lead it as the brand of choice as consumers explore different flavours and serves.

This builds on the momentum of the fast-growing Cristalino sub-segment within tequila.

Diageo was the architect of the Cristalino sub-segment in 2012 through the launch of Don Julio 70,

A variant which grew faster than the category and gained share in fiscal 23.
Near-term opportunities – Global brand building

- The next near-term opportunity is to expand our brands into the hands of new consumers in new places and spaces.
- Global or local, every one of our brands has a story to tell.
- And we will move with speed and agility so that our brands are there for people to enjoy as part of celebrations, big or small.
- By having the right product in the right place at the right time and at the right price, we win with consumers.

- For example, every month, 93 million people who choose to drink alcoholic beverages, choose Johnnie Walker.
- We have grown Johnnie Walker to be the world’s biggest international spirits brand by RSV.
- Nearly a third of Johnnie Walker drinkers are now female.
- We will increase the absolute amount of A&P and maintain the reinvestment rate in our scotch business.

- On tequila, my ambition is simple. I want to take tequila around the world.
- We are the people who have done that successfully with so many brands.
- From the 1800s, Johnnie Walker took scotch to the four corners of the globe, and now we plan to do this with tequila,
- And there is no one else better placed to do it.

- On Guinness, we will sustain our biggest innovation pipeline in 30 years with:
  - Guinness 0.0, for those occasions when people choose not to drink alcohol
  - Guinness NitroSurge, which recruits on-trade drinkers into the off-trade, and
  - Growing Guinness Microdraught, which allows us to take Guinness into new spaces that would traditionally have required kegs.
Productivity initiatives delivered £450m of cost savings in F23

Critical to fueling investment to deliver our medium-term guidance

• On to productivity, the fuel that powers our ability to consistently fund and increase investments in our brands.
• And our culture of everyday efficiency.
• For Diageo, productivity and efficiencies aren’t just a bolt-on or a nice-to-do.
• Everyday efficiency is core to who we are. Our people act like owners and are encouraged to do so.

• In fiscal 23, we delivered £450 million of productivity cost savings. Another strong year.
• We reinvest these savings back into the business. Into our brands I just discussed. Our people are all in.
• And I’m pleased to share that our sustainability initiatives contribute to our productivity savings.
• There are two I’d like to highlight:

• First, at our packaging plant in Leven, we partnered with our energy provider to install one of the largest solar installations in the UK.
• It generates enough power from Scottish daylight to meet up to 100% of our plant’s energy needs during the summer months.
• We are lowering our energy cost without the need for significant capex.
• This partnership is a win-win.

• The second is our use of drones on our agave farms in Jalisco, Mexico.
• As you’ll know, agave plants are the key ingredient in making tequila.
• The drones are pretty neat – they’re in action, scanning our agave plants to identify which ones need water and fertiliser.
• Our farmers then dispense both to nurture and nourish our agave plants, but only where needed.
• We expect this innovation to contribute to our 2030 target to deliver a 40% improvement in water use efficiency in water-stressed areas.

• We see significant opportunities like this to continue to deliver incremental productivity, which we will leverage to continue to reinvest in the business.
• I’ll now hand over to Lavanya, who will take you through our financials in more detail.
Thank you, Debra, and good morning, everyone.

As Debra mentioned, we have delivered another strong set of results in fiscal 23.

We grew organic net sales by 6.5% at the top end of guidance, with strong price/mix performance mitigating a modest decline in volume.

We leveraged our advantaged portfolio, strong brands, diversified footprint, and the ability to adapt quickly to drive growth in a challenging environment.

We expanded organic operating margin by 15 basis points, reflecting our disciplined business model despite headwinds from cost inflation.

We generated free cash flow of £1.8 billion as growth in operating profit was more than offset by a shortfall in working capital. I’ll talk more about free cash flow in a few minutes.

Pre-exceptional earnings per share increased 8%.

We increased our full year dividend by 5%, reflecting our continued strong performance and our commitment to a progressive dividend policy.

Return on invested capital was 16.3%, a decline of 50 basis points.

Our orientation is to invest for the long-term, which can impact ROIC in the short-term, as it did in fiscal 23.

In fiscal 23, we increased capex, invested in maturing stock and continued to optimise our portfolio through acquisitions and disposals.

Finally, we delivered total shareholder return (TSR) for the 10-year period of 9%, which remains strong.

The twelve-month TSR of -2% for fiscal 23 was driven by a lower year-on-year share price.
Our profitable growth algorithm delivers *quality long-term growth*

1. Driving top-line growth
2. Improving price/mix
3. Driving productivity
4. Increasing A&P

- Our profitable growth algorithm continues to deliver sustainable, long-term growth.
- We continue to premiumise our portfolio, increase prices and drive productivity, all of which enables us to invest smartly.
- Price/mix contributed 7.3 percentage points to top-line growth, reflecting price increases taken by all regions.
- Price contribution to NSV growth was in the mid to high-single digits.
- Volume was impacted by declines of beer in Africa, where we took significant price increases in response to macro-economic challenges.
- Spirits volume was flat.
- However, if you adjust for lapping of the fiscal 22 inventory replenishment in North America, spirits volume would have grown approximately 1% in fiscal 23.
- We unlocked a further £450 million of productivity cost savings across COGS, marketing and overheads during the year, up from our historic average of £400 million annually.
- Strong top-line performance combined with our culture of everyday efficiency enabled us to continue to re-invest in our brands and core capabilities.
- We drove productivity in our A&P and increased marketing investment by nearly 6%.
Our advantaged portfolio in fast-growing categories is driving top-line growth

F23 Organic net sales growth of key categories

<table>
<thead>
<tr>
<th>Category</th>
<th>Net sales</th>
<th>Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scotch</td>
<td>8%</td>
<td>4%</td>
</tr>
<tr>
<td>Tequila</td>
<td>43%</td>
<td>32%</td>
</tr>
<tr>
<td>Beer</td>
<td>5%</td>
<td>-1%</td>
</tr>
<tr>
<td>Gin</td>
<td>8%</td>
<td>5%</td>
</tr>
<tr>
<td>Other whisky (e)</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Chinese white spirits</td>
<td>7%</td>
<td>6%</td>
</tr>
<tr>
<td>Total Diageo</td>
<td>8%</td>
<td>2%</td>
</tr>
</tbody>
</table>

• In fiscal 23, our portfolio delivered organic net sales growth led by our three largest categories: scotch, tequila, and beer.
• Our scotch business, on a reported basis, is bigger by over 30% in fiscal 23 when compared to fiscal 19 levels.
• For the full year, our scotch business grew organic net sales by 12%, contributing nearly 50% of Diageo’s net sales growth.
• Tequila grew 19%, contributing 30% of Diageo’s organic net sales growth.
• Over the last 4 years, our tequila business quadrupled, and in fiscal 23 is almost 25% larger in net sales than vodka.
• Our beer business delivered 9% organic net sales growth, with Guinness growing at a remarkable 16%.
• Growth was broad-based and led by key markets, including Great Britain, Ireland, Nigeria and the US.
• In other whisky, organic net sales of IMFL whisky in India grew 15%, fueled by Royal Challenge, and
• The higher marques within IMFL grew significantly ahead of the overall average.
• This growth was more than offset by a decline in Crown Royal in North America.
• Organic net sales of Crown Royal declined by 10% as it lapped the replenishment of stock levels by distributors in fiscal 22.
• Sales of Chinese white spirits were adversely impacted by continued Covid-related restrictions, as it is mostly consumed in the on-trade.
Delivering sustainable long-term growth

Our premium-plus price tier has grown 7 percentage points since F19

- In fiscal 23, we continued to premiumise our portfolio.
- Premium-plus now accounts for 63% of Diageo’s net sales, up 7 percentage points compared to fiscal 19.
- We also drove strong performance in standard, fueled by consumers trading up in emerging markets such as India, Turkey and Brazil.
- In these three emerging markets, organic net sales growth of standard, premium, and premium-plus price tiers was 3-4 times faster than the value tier.
- Our premium brand variants grew 5%, with continued momentum in Guinness and Johnnie Walker Black Label.
- This growth would have been even more impressive, if not for Chinese white spirits, which was impacted by Covid, and Crown Royal, where we were lapping the restock in fiscal 22.
- Our super-premium-plus brand variants delivered over a fourth of our organic net sales growth, and grew 7%.
- This strong performance was driven by Don Julio and Casamigos, the higher marques of Johnnie Walker, Lagavulin and The Singleton.
DELIVERING SUSTAINABLE LONG-TERM GROWTH

**Our diversified global footprint is delivering strong top-line growth**

**Organic net sales growth by region**

<table>
<thead>
<tr>
<th>Region</th>
<th>F23 vs F22</th>
<th>North America</th>
<th>Europe</th>
<th>Asia Pacific</th>
<th>Latin America and Caribbean</th>
<th>Africa</th>
<th>Total Diageo</th>
</tr>
</thead>
<tbody>
<tr>
<td>F23 net sales CAGR²</td>
<td>9%</td>
<td>0%</td>
<td></td>
<td>13%</td>
<td>9%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>F23 volume CAGR²</td>
<td>2%</td>
<td>7%</td>
<td>6%</td>
<td>15%</td>
<td>8%</td>
<td>8%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Diageo F23 net sales are **35%** higher than F19¹

- We grew organic net sales in four of the five regions in fiscal 23, despite lapping strong double-digit growth at the group level.
- Organic net sales in North America were flat for the year, as US Spirits cycled strong double-digit shipment growth in fiscal 22.
- In Europe, the market accelerated meaningfully through the course of fiscal 23, driven by premiumisation, targeted price increases and strong growth in Guinness.
- Asia Pacific grew organic net sales by 13% despite Greater China, which declined by 4%.
- In Greater China, we delivered double-digit growth in scotch, primarily in Taiwan.
- This was more than offset by a decline in Chinese white spirits due to Covid-related restrictions.
- India, South East Asia and Travel Retail all posted double-digit growth, mainly from scotch.
- Latin America and Caribbean grew organic net sales by 9%, and in Africa, we delivered growth across all markets except East Africa, supported by price increases.
Revenue growth management is driving balanced top-line growth and share gains in key categories

<table>
<thead>
<tr>
<th>Region</th>
<th>Type</th>
<th>Volume (ppts)</th>
<th>Price/Mix (ppts)</th>
<th>Share1 (bps)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>Malts</td>
<td>3</td>
<td>13</td>
<td>16</td>
</tr>
<tr>
<td>APAC</td>
<td>Scotch</td>
<td>14</td>
<td>12</td>
<td>26</td>
</tr>
<tr>
<td>USA</td>
<td>Tequila</td>
<td>9</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>Mexico</td>
<td>Tequila</td>
<td>3</td>
<td>9</td>
<td>12</td>
</tr>
<tr>
<td>Europe</td>
<td>Johnnie Walker</td>
<td>18</td>
<td>11</td>
<td>29</td>
</tr>
</tbody>
</table>

Source: Diageo internal information

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

- The power of our brands and our revenue growth management capabilities (RGM) fuel our profitable growth algorithm.
- Our RGM strategy is focused on driving balanced growth through volume and price/mix.
- In fiscal 23, price increases were a bigger contributor to our organic net sales growth than historically, in the mid to high single digits range – more than offsetting the COGS increase we had in the year.
- We feel very good about our balanced approach to RGM, given our share performance.
- Let me bring to life some examples of revenue growth management.
- Within malts, we used headline price increases alongside innovations like Talisker Surge & Singleton Golden Tresor to premiumise the malts category.
- Across APAC, scotch volume grew 14% while value grew 26%, with Johnnie Walker Black, Gold and Blue Label variants all growing faster than Red Label.
- And in Europe, Johnnie Walker grew volume 18%, while value grew 29%.
- Importantly, in all of these examples, we drove RGM while also gaining share.
Productivity initiatives delivered around £450m during fiscal 23

- Our culture of everyday efficiency and a strong pipeline of productivity initiatives play a critical role in our growth algorithm.
- In our last Capital Markets Day, I laid out a commitment to deliver £1.2 billion of productivity between fiscal 22 and fiscal 24. We have delivered approximately £830 million of our commitment in the first two years.
- We are on track to achieve and even exceed this goal, and this underscores our commitment to driving productivity.
- We launched our supply chain agility programme in fiscal 23, starting in North America and India, which delivered nominal savings in this fiscal, as expected.
- The value from this programme will build in future years, as we’ve previously discussed and will be incremental to our current three-year $1.5 billion productivity target.
We delivered organic operating margin expansion despite increased cost inflationary pressures in fiscal 23.

- The primary pressure was due to higher energy prices.
- We faced significant cost pressure during the year, particularly in glass, paper, metal and transportation costs.
- In addition, gross margin was impacted by the decline of beer volumes in Africa.
- Pricing more than offset COGS inflation in absolute terms and partially offset the negative impact on gross margin.
- Productivity also helped mitigate inflation.
- Finally, we increased our marketing investment by 6% in fiscal 23 as we continue to invest behind future growth.
Free cash flow generation impacted primarily by creditors within working capital

<table>
<thead>
<tr>
<th>F22</th>
<th>Exchange (1)</th>
<th>Operating profit (2)</th>
<th>WC</th>
<th>Maturing stock</th>
<th>Capex</th>
<th>Tax</th>
<th>Interest</th>
<th>Other (3)</th>
<th>F23</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,783</td>
<td>122</td>
<td>384</td>
<td>(779)</td>
<td>(279)</td>
<td>(87)</td>
<td>(252)</td>
<td>(226)</td>
<td>72</td>
<td>1,800</td>
</tr>
</tbody>
</table>

**Movement in free cash flow £m**

- Free cash flow declined year-on-year, despite strong growth in operating profit and favourable foreign exchange impacts.
- These favourable impacts were more than offset by higher year-on-year working capital outflows, investment in maturing stock, and tax and interest payments.
- Strong working capital management resulted in an improvement of debtors and inventory with days sales outstanding and days inventory both reducing year on year.
- Creditors had a negative impact on working capital as organic net sales growth and hence purchases moderated in fiscal 23 versus fiscal 22.
- Going forward, we expect creditors to grow in line with our business.
- In fiscal 24, I expect capex to remain unchanged in the range of 1.3 - 1.5 billion US dollars, including investments in production capacity to support future growth, our digital capabilities, ambitious sustainability agenda and our supply chain agility programme.
- I expect these levels of spend to continue in the coming years, but then decline again to historic levels as a percentage of NSV starting in fiscal 27.
Translation driving positive impact from foreign exchange

- Moving on to foreign exchange.
- Favourable foreign exchange movements positively impacted both net sales and operating profit in fiscal 23.
- As a large portion of our income and profit is generated in US dollars, the positive translation impact in the year was mainly driven by the sterling weakening against the US dollar.
- Transactional foreign exchange had a negative impact on operating profit for fiscal 23. The exchange loss is predominantly driven by the weakening of the Nigerian Naira.
- We hedge our transactional foreign exchange on a rolling basis for our major currency exposures.
- This strategy results in foreign exchange rates that reflect the average of our hedging positions built over time.
- Despite market foreign exchange volatility during the year, our average transactional exchange rates on our hedged currency exposures were closely aligned to the same period in the prior year.
Diageo, starting F24, will change its functional and presentation currency from GBP to USD

- Change in functional currency took effect 1 July, 2023
- No change to UK listing
- Three years re-presented historical financials to be made available prior to F24 Interim Results

Today we announced that starting 1 July 2023, Diageo Plc’s new functional currency is the US Dollar.
- This is because the group’s share of net sales and expenses in the US and other countries whose currencies correlate closely with the US Dollar has been increasing over the years.
- This trend is expected to continue in line with the group's strategic focus.
- We are changing the presentation currency in line with the functional currency, with effect from 1 July, 2023.
- The change will provide better alignment of the reporting of performance with our business exposures.
- The announcement does not change our UK listing.
- Three years’ of re-presented historical financials will be available on our website prior to announcing our fiscal 24 interim results.
DELIVERING SUSTAINABLE LONG-TERM GROWTH

Strong balance sheet drives resilience in our business

<table>
<thead>
<tr>
<th></th>
<th>F23</th>
<th>F22</th>
<th>Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closing net debt¹</td>
<td>£m</td>
<td>(15,541)</td>
<td>(14,137)</td>
</tr>
<tr>
<td>Average Net Debt¹</td>
<td>£m</td>
<td>(15,244)</td>
<td>(12,692)</td>
</tr>
<tr>
<td>Net interest charge</td>
<td>£m</td>
<td>(595)</td>
<td>(353)</td>
</tr>
<tr>
<td>Net other finance charges</td>
<td>£m</td>
<td>1</td>
<td>(69)</td>
</tr>
<tr>
<td>Net Finance Charges</td>
<td>£m</td>
<td>(594)</td>
<td>(422)</td>
</tr>
<tr>
<td>Effective interest rate</td>
<td>%</td>
<td>3.9</td>
<td>2.7</td>
</tr>
<tr>
<td>Adjusted² Net Debt¹ / Adjusted³ EBITDA</td>
<td>x</td>
<td>2.6</td>
<td>2.5</td>
</tr>
</tbody>
</table>

Source: Diageo internal information
1. Net debt is equivalent to net borrowings
2. Adjusted to include net debt and post employment plan benefit liabilities
3. Earnings before exceptional operating items, interest, tax, depreciation, amortisation and impairment

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

- Moving on to updates on finance charges and debt.
- Our net finance charges increased by £172 million.
- The year-on-year increase in finance charges was primarily driven by the higher interest rate environment, which also contributed to higher losses on our foreign exchange swap portfolio, and changes in foreign exchange rates.
- Therefore, our effective interest rate was 3.9%, an increase of 1.2 percentage points compared to fiscal 22 and slightly below our guidance of “around 4.0%” for fiscal 23.
- Looking ahead, I expect our effective interest rate for fiscal 24 to be just above 4%, subject to the movements in interest rates.
- Our leverage ratio of 2.6x remains at the lower end of our target range.
- Given the ongoing economic uncertainty, we continue to expect to be at the lower end of our range in the near-term.
**Consistent and disciplined approach to capital allocation**

**Leverage ratio policy**

Adjusted net debt\(^1\) to adjusted EBITDA: 2.5x – 3.0x

- **Organic growth**
- **Dividends 1.8x to 2.2x dividend cover**
- **M&A and portfolio management**

**Return excess cash to shareholders**

- 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.
- Today, we announced a recommended final dividend of 49.17 pence per share, a 5% increase on our final dividend in fiscal 22.
- This would bring our full-year dividend for fiscal 23 to 80.00 pence per share, a growth rate of 5% in line with the growth rate in fiscal 22.
- Our dividend cover remains around the mid-point of our target range of 1.8x to 2.2x.
- When we have excess cash, we expect to return it to shareholders.
- In fiscal 23, we returned £1.4 billion of capital to shareholders through our share buyback programmes.
- This included £0.9 billion to complete our £4.5 billion multi-year return of capital programme, and an additional half a billion pound programme in the second half of fiscal 23.
- We remain committed to returning excess capital to shareholders given our confidence in Diageo’s future performance,
- Today we announced that we expect to undertake a new share buyback programme during fiscal 24 of up to one billion US Dollars.

Source: Diageo internal information

\(^1\) Net debt is equivalent to net borrowings. Adjusted net debt includes net debt and post employment plan benefit liabilities.
**Strong growth** in eps driven primarily by organic operating profit

<table>
<thead>
<tr>
<th>F23 eps before exceptional items</th>
<th>Organic operating profit</th>
<th>Acquisition and disposal</th>
<th>Hyper inflation adjustment</th>
<th>Fair value remeasurement</th>
<th>Foreign exchange on operating profit</th>
<th>Associates and joint ventures</th>
<th>Tax</th>
<th>Net finance charges</th>
<th>Non-controlling interests</th>
<th>Share buyback</th>
<th>F23 eps before exceptional items</th>
</tr>
</thead>
<tbody>
<tr>
<td>151.9</td>
<td>13.8</td>
<td>[1.7]</td>
<td>0.9</td>
<td>2.3</td>
<td>5.3</td>
<td>(2.0)</td>
<td>(4.3)</td>
<td>(5.5)</td>
<td>0.8</td>
<td>2.0</td>
<td>163.5</td>
</tr>
</tbody>
</table>

Source: Diageo internal information

1. Includes finance charges net of tax
2. Excludes tax related to acquisitions, disposals and share buybacks
3. Excludes finance charges related to acquisitions, disposals, share buybacks and includes finance charges related to hyperinflation adjustments

- Basic earnings per share, before exceptional items, increased 7.6% from 151.9 pence to 163.5 pence.
- The increase was driven by organic operating profit and a positive impact from foreign exchange movements.
- Our tax rate before exceptional items was 23%, an increase of 0.5 percentage points over fiscal 22, with profit mix being the primary driver of that movement.
- This was within our guidance range of 22% to 24%.
- In fiscal 24, we expect the tax rate before exceptional items to be in the region of 24%.
Well positioned for the long-term

- Encouraged by the strong performance we delivered for the full year in F23
- F23-F25 medium-term guidance:
  - Organic net sales growth of 5% to 7%
  - Organic operating profit growth of 6% to 9%

- I am pleased with our performance in fiscal 23
- We delivered a strong set of results, despite ongoing global economic volatility and continued inflationary pressures.
- Our diversified portfolio and profitable growth algorithm continue to deliver sustainable top-line growth, and consistent productivity savings enable us to smartly reinvest in our brands.
- As Debra highlighted, the environment will continue to be challenging going forward, however we have industry-leading brands, a diversified global footprint and we are confident that we are executing the right strategy to deliver sustainable growth well into the future.
- Globally, we expect consumer demand to remain resilient, with spirits continuing to gain share of total beverage alcohol and we expect the long-term trend of premiumisation to continue.
- Given that backdrop, we continue to expect organic net sales growth to be between 5% and 7% and we also expect organic operating profit growth to be between 6% and 9% from fiscal 23 to fiscal 25.
- In fiscal 23, the strong net sales growth delivered in the first half was followed by moderation in the second half.
- Looking at fiscal 24, for the first half, despite a tougher comparator, we expect improvement from the second half of fiscal 23.
- This will accelerate in the second half of fiscal 24 due to the softer comparator.
- In line with organic net sales growth, we expect organic operating profit growth in fiscal 24 to improve from the second half of fiscal 23 and accelerate gradually through the year.
- And now, back to you Debra.
• Thank you Lavanya.
• So, we have had a strong year and we are well positioned despite the challenging backdrop.
• Today, even as the leading company in international spirits, we hold only a 4.7% share of the TBA market.
• This is up from 4% two years ago when we set our ambition to deliver a 50% increase by 2030, and
• The opportunity is significant.
• We are a relatively small player with a diversified geographic footprint and advantaged portfolio in a very large and attractive industry.
• Our business is set up for consistent, sustainable long-term growth and I will ensure that our team will deliver.
Well positioned for the long term

- TBA remains an attractive, growing and resilient market.
- Spirits continue to gain share.
- Premiumisation is continuing.
- Consumer remains resilient.
- Diversified footprint and advantaged footprint.
- Our core capabilities provide a competitive advantage.

In summary:
- TBA remains an attractive, growing and resilient market.
- Spirits continue to gain share, premiumisation is continuing, and we are seeing resilience in the consumer.
- We have a diversified footprint.
- Our advantaged portfolio, which we continue to actively shape, is driving quality market share gains.
- We believe our core capabilities across brand-building, digital, supply chain and our culture of everyday efficiency are a competitive advantage.
- We are investing for the long term to support delivery of sustainable long-term growth.
- I see clear opportunities to go after market share.
- Before I close, I would like to thank our 30,000-plus employees for our strong performance through fiscal 23.
- I have spoken about the advantaged position that Diageo holds, but it is our people who bring this together and execute Diageo’s strategy.
- I am excited to partner with them to deliver a strong fiscal 24 while enabling delivery of long-term sustainable growth for decades to come.
- Thank you.
No script
### APPENDIX: Increase in operating profit\(^{(1)}\) driven by organic growth

<table>
<thead>
<tr>
<th></th>
<th>F23 £m</th>
<th>F22 £m</th>
<th>Reported operating margin(^{2})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior period operating profit before exceptional items(^{1})</td>
<td>4,797</td>
<td>3,746</td>
<td>31.0%</td>
</tr>
<tr>
<td>Exchange rate movements</td>
<td>122</td>
<td>(32)</td>
<td>(58)bps</td>
</tr>
<tr>
<td>Fair value remeasurement &amp; other</td>
<td>75</td>
<td>104</td>
<td>23bps</td>
</tr>
<tr>
<td>Acquisitions &amp; disposals</td>
<td>(61)</td>
<td>(16)</td>
<td>(15)bps</td>
</tr>
<tr>
<td>Organic growth</td>
<td>321</td>
<td>995</td>
<td>15bps</td>
</tr>
<tr>
<td><strong>Current period operating profit before exceptional items(^{1})</strong></td>
<td><strong>5,254</strong></td>
<td><strong>4,797</strong></td>
<td><strong>30.7%</strong></td>
</tr>
</tbody>
</table>

Source: Diageo internal information

---

\(^{1}\) Reported operating profit before exceptional items

\(^{2}\) Reported operating margin before exceptional items
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 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 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 pounds sterling amounts on a constant currency basis excluding the impact of exceptional items, certain fair value remeasurements, hyperinflation adjustments 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 page 76 of Diageo’s Annual Report for the year ended 30 June 2022.

Continued on the following page

No script
DELIVERING SUSTAINABLE LONG-TERM GROWTH

Continued from the previous page

(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 respective years’ actual 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 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.

Continued on the following page
Continued from the previous page

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 unusual 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.

(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.

Continued on the following page
Continued from the previous page

Shareholder value metrics
- Dividends: Diageo internal information.
- Return of Capital (RoC): Diageo internal information.
- TSR: FactSet as of 30 June 2023. TSR based on time periods of 1 year, annualised 5 years and annualised 10 years up to 30 June 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 fiscal year to date.
- 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 87% of total Diageo net sales value in the full year of fiscal 23.