In the final section of our presentation we will talk in more detail about the fundamentals that allow us to pair quality growth with robust financial performance.

Before I hand over to Lavanya, I want to talk about the intent behind our updated medium term guidance.
As shared throughout the first part of my presentation, all of us at Diageo have huge confidence in the attractiveness of our industry and category. We also believe in the solid business we have built over the years, the consistent investment we have made in it, and we have the talent, tools and capabilities to drive sustainable growth.

Moving forward, we expect to deliver organic net sales growth between 5 and 7%. This is ahead of what we were growing pre-Covid.

And is consistent with our medium term guidance provided two years ago.

Lavanya will take you through the detailed building blocks.

But, our confidence in this guidance is fundamentally underpinned by three things.

First, our participation in the attractive segment of International Spirits, which is growing ahead of TBA sourcing from Beer and Wine occasions.

Second, our advantaged portfolio & footprint which enables us to grow ahead of Spirits.

Third, the investments we will continue to make to grow share.

Given our share and growth ambition, we will continue to invest behind our brands.
I’m proud that we have stayed disciplined with our investments over the past few years, regardless of the operating environment.

It's paid off, as we have shown you, and Lavanya will also discuss this in more detail.

We see no reason to deviate from this successful model.

We firmly believe that maintaining the capability to remain invested in the current economic uncertainty and global market volatility is essential.

As we expand our portfolio footprint, reach more consumers, and gain more occasions, this ensures we have resilient brands in the near, medium and long term.

It keeps us competitive in the market to ensure we can continue to outperform in this attractive industry.

To be clear, the change in our operating profit guidance is not a change in 'intent' or ambition...but is meant to reflect a realistic and transparent view of the projected macro environment that we expect to be operating in.

As inflation moderates and productivity from our supply agility programme flows through, we expect operating profit to grow ahead of organic net sales growth.

Lavanya will cover this in further detail.
• Another important element of our medium-term guidance is how we continue to think strategically about our ambitious ESG agenda, Spirit of Progress.

• We continually review our approach to ESG to ensure we focus on the issues that are most material to our business; and prioritise actions that strengthen our performance, whether delivering efficiencies, strengthening our brands or driving employee engagement.

• The world of ESG is changing fast and the needs of our stakeholders are evolving. We are nearing the halfway point of our Spirit of Progress plan, so I have kicked off a review of what we have learned so far; and how we continue to ensure our near term priorities fully deliver for performance and productivity.

• This review will consider our commitments in three areas: those where we will maintain our current programmes and commitments; where we will accelerate actions given changing stakeholder needs; and areas where we will need to focus our efforts to ensure we are prioritising and pulling forward the actions that deliver growth and efficiency gains.

• In particular, as we work to decarbonise our value chain we and our industry bodies continue to advocate to governments to put in place the essential infrastructure and incentives required (in both direct operations and supply chains). No company or sector can deliver full decarbonisation alone and we and governments will need to forge new partnerships and a supportive policy environment to deliver Net Zero.

• As part of this we will also explore options to rationalise how we measure progress and streamline our external reporting, simplifying disclosures where possible to benefit investors and other stakeholders.

• We will update you on the results of this review in due course.

With that, I am happy to invite our CFO Lavanya to present the financial foundations of our performance, our growth algorithm.
SECTION ONE
Current context

SECTION TWO
Confidence in our foundations

SECTION THREE
Our strategy to drive growth

SECTION FOUR
Strong growth algorithm
Thank you, Debra.

In the next few minutes, I will cover how our growth algorithm supports Diageo’s virtuous cycle of sustainable growth.

We drive sustainable growth and profitability through volume, price and mix improvements.

Our culture of everyday efficiency helps us deliver productivity, and we return that back into the business through bold reinvestment.

This enables us to further accelerate our top-line growth and share gains, and positions us well to achieve our TBA share ambition while driving shareholder value.

I will now walk you through a breakdown of our performance in the past six years and why this gives us confidence in our medium term guidance.
• Lets start with topline growth.

• Since fiscal 17, we have outperformed our peer group with strong top-line growth.

• Prior to fiscal 20, top-line growth was consistently in the mid-single digits

• While fiscal 20 and the first half of fiscal 21 were significantly impacted by the pandemic, our business proved resilient.

• We recovered strongly in fiscal 21 and 22 when we delivered two years of double-digit net sales growth, well ahead of pre-Covid levels.

• In fiscal 23, we grew topline at 6.5% at the top end of our medium-term guidance of 5-7%, as growth normalized in line with our expectations.
Top-line growth from fiscal 17 to 23 has been driven by consistent positive growth in both volume and price/mix.

Diageo’s price/mix growth, which saw a strong acceleration during the past two years, sits in the upper quartile of our CPG peer group.

Volume growth on the other hand has been steady during this time, with a CAGR in the 2% to 2.5% range during the pre-pandemic years, and during the last four years.

We have invested significantly in technology and analytic tools to support revenue growth management and have built deep data sets which allow us to get the balance right between price, mix and volume growth.
In addition to growing the top-line, we’ve also expanded operating margin, including over the past two years when we faced significant inflation.

In fiscal 22 and 23, mid to high single digit price increases and stepped up productivity savings in F23... more than offset the absolute cost inflation impact on our gross margin.

Volume growth provides us with margin leverage across the portfolio and improving mix tends to benefit our margin structure.

Our culture of everyday efficiency has allowed us to deliver an annual run rate of about $500 million in cost savings each year dating back to fiscal 17.

And we see opportunities to continue to accelerate productivity.
We have consistently upweighted our investment in brand building.

- We have delivered this operating margin expansion while consistently upweighting our A&P investment in brand building to drive long-term sustainable growth of our brands.
- A&P is crucial to strengthening our brand equity and building resilience of our business for the long term.
- Our sustained and upweighted marketing investment is also a key differentiator of our performance versus our peer group.
- In fiscal 23, we spent $3.7 billion on marketing, nearly a 60% increase from fiscal 17.
- Our reinvestment rate has also increased by nearly 300bps over that time period.
- You can see on this chart that this investment has been in NAM and across Europe and APAC.
• And this targeted A&P investment in our key regions is paying off.
• We have gained considerable market share in all the regions where we upweighted A&P investment.
• One key insight we have is that this A&P investment needs to be sustained over several years on a consistent basis to deliver the right outcomes.
• We’ve also spent our A&P more efficiently, growing the impact of our investment by increasing ROI.
• We’ve done this through building and utilising powerful analytical tools and developing our marketing effectiveness capabilities and by focusing more of our A&P on media.
• We started to invest in this suite of tools and capabilities back in fiscal 17.
• These tools have been continuously enhanced, and the number of markets in which they are utilized continues to grow. Catalyst is now in most key markets, Demand Radar covers around 90% of both our NSV and A&P investment, and EDGE365 covers around 70% of NSV.
• They enable us to use data and technology to ensure we make the best investment choices at a market and brand level.
• One of our tools is a marketing mix model that analyses how to optimise our allocation in investment across our portfolio of brands.
• Another tool, Sensor, helps us make smart decisions on digital media mix for specific campaigns.
• These tools and capabilities have enabled us to significantly increase the ROI of our A&P spend, while increasing the reinvestment rate behind our brands.
• And as I discussed in the previous slide, this is working – the proof is clearly in the sustained gains we have seen in market share over time.
Our commitment to overhead efficiency has also supported our strong operating profit delivery.

Since fiscal 19, the rate of increase of Diageo’s overheads has been the lowest out of our CPG peer group and puts our overall overheads spend as a % of sales in the lowest quartile in the group.

Over the past 4 years our staff costs grew at half the rate of organic NSV growth, and our indirect costs held broadly in line with top-line growth.

Since fiscal 19, our headcount has only increased by 6% while our organic net sales are 35% bigger on a constant basis.

In these years we have made investments in critical categories such as tequila, where we have added roughly 1,500 full time employees, and in key capabilities such as digital and luxury.

We have at the same time improved the efficiency and effectiveness of our people, supported by the investments we have made in data and technology.

And as you saw in Debra’s presentation earlier in the day, our people are more engaged than ever before.

This has delivered a strong contribution to operating margin over time and with that supported our ability to invest in the business.
Clearly, our profitable growth algorithm underpins our strong past performance, and we believe it will continue to do so in the future.

It starts with top-line growth.
• Going forward, we believe we can deliver organic net sales growth in the range of 5% to 7%.

• As Debra discussed earlier, International Spirits has been growing ahead of TBA, recruiting and gaining share from Beer and Wine occasions.

• Looking ahead, we expect International Spirits to grow at 5% RSV CAGR, ahead of TBA at 4% per year. And our portfolio and advantaged footprint is placed to grow faster than that.

• Our growth algorithm also anticipates that we will continue to invest behind our brands to grow share and grow ahead of the category.

• I will now discuss the building blocks of volume, price and mix.

• Let’s first cover volume.
  – And as I showed earlier, Diageo has grown volume at a 2% CAGR since F17.
  – And we expect this to continue. While volume growth may be muted in some parts of the world with more consumers under pressure, with the breadth of our footprint, we have several opportunities to double down. One particularly attractive opportunity is India, which in F23 grew volumes by 5.5%.

• As I referenced earlier, in the recent two years, we have grown price at mid to high single digits as inflation peaked. Going forward, we expect price increases to normalise to 1-2 points of growth, in line with historic pre-covid levels.

• And lastly premiumization. Debra showed you how in both developed and emerging markets the Premium+ segment of our business continue to outpace the growth of Standard and Value Tiers.
  – We expect the continued trend of premiumisation to drive an additional 2-3 percentage points of growth in the medium term.
  – Premiumisation comes from consumers drinking better, from category mix and brand mix. Scotch has grown at an 8% CAGR for the past four years and in F23 scotch malts grew at 16% which was double the rate of growth of primary scotches. Even in the last few months, from the start of the fiscal, in the US, Super Premium+ is driving all of the category growth, growing 2.5% while Premium and below is declining 2.0%.
  – In the US, this has been a consistent trend except during the GFC, where there were three quarters without premiumisation.

• Through our strong execution and consistent investments in our brands and core capabilities, we believe we can further outperform the market and grow share, enabling us to deliver our top line guidance of 5 to 7%.
• This growth is enabled by reinvesting productivity savings.
• We see the opportunity to accelerate productivity over the coming three years and aim to deliver $2 billion of savings from fiscal 25 through fiscal 27.
• This is a significant step-up in our commitment.
• Recall that our historic productivity savings run rate has been about $500 million per year.
We intend to deliver this productivity across COGS, marketing spend and overheads. COGS has historically been the biggest driver of our savings and will be enhanced through our supply agility programme, which I will cover a little later.

Marketing and overheads efficiencies are expected to continue to fuel our ability to reinvest in the business.

I shared earlier how we optimize marketing efficiency through improved ROI.

We also go after waste in every aspect of marketing spend, from agency spend to being more choiceful in how we use point-of-sale material, reusing it, and gaining efficiencies on media.

On overheads, we will continue to deliver productivity including through the investment we are making in SAP 4 HANA which is expected to step change our processes and drive efficiency and savings.

We are also delivering cost savings from the work that we do on sustainability.

For example, when we improve the energy efficiency of our operations, when we reduce the water usage of our operations, or when we remove carton boxes from products, we are delivering COGS savings.

And with investments like our Supply Agility Programme, we’re now making a step change to take productivity to an even greater level.
We are investing in a more resilient and efficient Supply Chain network

- Our investment in the supply agility program aims to increase the resilience of our supply operations while reducing our carbon footprint, increasing efficiency and reducing costs, as well as increasing cash flow.
- This five-year programme was announced at the end of fiscal 22, and we plan to invest up to $650 million to strengthen our supply chain network and make it fit for the future.
- Productivity savings from the supply agility program are expected to step up from fiscal 25 and accelerate in the following years.
And in line with our growth algorithm, we will deploy the additional productivity to drive sustainable long-term growth of the business.

Earlier today, you heard Debra discuss our strategy to raise the bar on execution, and my colleagues have shared with you examples of how we are activating at pace against this.

Sally and Claudia shared with you our plans to shape the next chapter of our route-to-market and operating model.

With our distributor partners, we will invest behind this initiative.

This is expected to further strengthen the competitive advantage we have in our largest market and provide us with the confidence that we can further accelerate growth.

We anticipate up-weighting A&P investment in the coming years to drive our business, and we will as always take a disciplined and data-based approach to our marketing investments.

Our focus on this upweighting will be on brands, categories and geographies where we expect the best ROI. As you saw through the day today, this will include Guinness, our business in India, our tequila portfolio in NAM and around the world, Scotch of course, NAM whisky, our western Europe business, Baileys, the non-alc portfolio, and our fantastic innovations.

And last night, those who were here in person would have experienced some of the approaches we are taking to drive growth through progressive applications of data and technology.
Now on to our long-term investments.

We run this company for the long term, like true owners.

Overall, maturing stock levels have increased close to 50% since fiscal 17.

Maturing inventory now stands at over $7bn and is the liquid gold which provides us our strongest moat.

This increased significantly over the past three years driven by the strong growth of whiskey, and the explosive growth of tequila.

So, while the rate of growth in our maturing stocks will moderate in the coming years, we will continue to invest across aged liquid categories including scotch, US whiskey, and reposado and anejo tequilas.

We will also continue to invest behind capacity increases and our supply agility program.

We have previously said that we expect capital expenditures in fiscal 24 to be in the range of $1.3 to $1.5 billion.

We expect this level of capex spend to continue in the coming years, before declining again to historic levels as a percentage of net sales from fiscal 27.
And that brings us to our capital allocation strategy, where we use a very consistent and disciplined approach.

- Our first priority on capital allocation is investing in the organic growth of our business.
- Second, we invest in acquiring strategic brands that strengthen our exposure to fast-growing categories.
- More on that in a minute.
- Third, we have a progressive dividend policy with a dividend cover target of between 1.8 to 2.2 times.
- Fourth, where we have excess cash, we return it to shareholders.
- We manage all of this within a target leverage ratio of between 2.5 to 3.0 times net debt to EBITDA.
- We ended our last financial year with a leverage ratio of 2.6 times, towards the lower end of the range.
**PROFITABLE GROWTH ALGORITHM**

*Disciplined M&A has increased our exposure to fast growing categories*

<table>
<thead>
<tr>
<th>Diageo spirit acquisitions and disposals since FY17 by price tier</th>
<th>Acquisitions $2.8bn</th>
<th>Disposals $1.6bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Super Premium+</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Premium</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Standard</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Value</td>
<td>36</td>
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</tr>
</tbody>
</table>

- Bold and value accretive M&A will continue to be an integral part of our capital allocation strategy.
- As Debra highlighted this morning, we have actively shaped our portfolio towards more premium brands in faster-growing categories over recent years.
- Importantly, we have also disposed of $1.6 billion worth of brands that did not fit within our portfolio and mostly played in slow-growing segments.
- The net impact has materially contributed to the shift of our portfolio towards premium-plus price tiers.
Coming full circle, our long-term growth algorithm and disciplined approach to capital allocation allows us to create value for you, our shareholders.

Aside from fiscal 20 and 21 when the business was impacted by the once in a generation pandemic, our ROIC has increased by 250 basis points since fiscal 17.

We make capital allocation decisions for the long-term.

Increased investment in maturing stock, capex, and acquisitions in fiscal 23 reduced our ROIC in the year.

However, we believe that this will contribute to increasing ROIC over the long term.
Now onto dividends and share buybacks.

The progressive dividend policy I previously mentioned has delivered consistent year on year dividend growth for over 20 years, including in fiscal 20, when COVID significantly impacted the business.

We expect to remain progressive dividend payers in the medium term.

And we have returned £9.3bn of capital back to shareholders since fiscal 18 and continue to add to this with the current programme to return up to $1bn further to shareholders by the end of fiscal 24.

Our approach on buy backs will be determined annually in line with our capital allocation strategy, while remaining broadly within our leverage ratio targets.

Our disciplined approach to capital allocation will remain unchanged.
Before I summarize our medium-term guidance, let me start with our fiscal 24 outlook, which we put out last Friday.

I am disappointed that we are no longer expecting organic net sales in H1 fiscal 24 to grow faster than H2 fiscal 23, and we are now expecting organic operating profits to decline for the half.

In H2 fiscal 24, we expect to see a gradual improvement in NSV, and operating profit growth compared to H1 fiscal 24.

But this does not detract from the confidence we have in our long-term growth algorithm.

In the medium term, we expect organic net sales to grow within a range of 5% to 7%.

As we have mentioned before, our confidence in this guidance is underpinned by our participation in the attractive segment of International Spirits; our advantaged portfolio and footprint which enables us to grow ahead of spirits; and the investments we will continue to make to grow share.

With only a 4.7% value share of the global TBA market, we have significant headroom for continued growth.
On to operating profit growth.

In the near term, while inflation has moderated, it is persistent.

And as I mentioned previously, price contribution to the top-line is expected to moderate faster than inflation back to 1 to 2 percentage points.

We expect this to be different from the past two years when we have covered the absolute impact of inflation with pricing actions.

In this environment, we will continue to accelerate productivity savings and benefit from operating leverage, premiumisation and revenue growth management.

We expect organic operating profit to grow broadly in line with the top-line as we choose to continue to step up A&P investment to support our brands.

As I covered earlier, we generate strong returns on these investments.

We have the tools and capabilities to continue to invest with confidence and, as we have demonstrated over the last 3 years, our investments are translating to share growth.

Over time, we expect operating margin growth to increase as inflation abates and the benefits of the supply agility programme flow through.
So, in closing, here are the key takeaways –

- We have delivered consistent, high-quality, strong performance.
- We are committed to doing business the right way.
- I’m really excited about Diageo’s future because TBA is an attractive industry, and within that, spirits are even more attractive.
- We have an advantaged portfolio of fantastic brands.
- We have an unrivalled geographic footprint.
- With only a 4.7 share of TBA we have a long runway for growth.
- And finally, with our growth algorithm and our capital allocation strategy we are confident in our ability to deliver long-term sustainable shareholder value.
- Thank you very much.

- Now, let’s open the floor to Q&A.
This ends the webcast, thank you for joining us.
DIAGEO

Capital Markets Event 2023

Iconic brands delivering quality growth for the future

Debra Crew
Chief Executive Officer

19th November 2023
Financial/legal appendix:

Definitions and reconciliation of non-GAAP measures to GAAP measures

Diageo’s strategy 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 internal purposes.

The group’s management believes that these measures provide valuable additional information for users of the financial statement in understanding the group’s performance. These non-GAAP measures should be viewed as complementary, and not as a substitute for the comparable GAAP measures and reported movements. The reconciliation of these non-GAAP measures to the comparable GAAP measures can be found on page 239 of Diageo’s Annual Report for the year ended 30 June 2020, and on page 160 of the report on Form 6-K filed by Diageo plc in the United States. These measures are not comparable to the GAAP measures shown in this report.

It is not possible to reconcile the two sets of numbers as exceptional items, free cash flow (net sales growth and free cash flow) and operating profit growth to a more comparable GAAP measure as it is not possible to predict, without reasonable effort, the timing and outcome of the factors impacting these measures, nor does it reflect any disposals or acquisitions.

Volume

Volume is measured in standard cases. A standard case of spirits is approximately 720mls of 70° proof spirit. Therefore, to convert volume of product sold to standard cases, divide by the volume in litres for each of the product categories, as detailed in the note on “Organic movements.”

Organic movements

Organic information is provided in selling amounts and constant currency basis, excluding the impact of acquisitions and disposals. Organic measures are calculated by factoring out the performance of the businesses which are not organic, i.e., those measures which do not reflect organic progress or performance.

Calculation of organic movements:

An explanation of the non-GAAP measures is included in the financials on pages 22 to 23 of Diageo’s Annual Report for the year ended 30 June 2021.

Continued on the following page
a) Exchange rates
Exchange rate movements, reflected in the group's consolidated financial statements, are treated as assets or liabilities. They are translated at the period-end exchange rates. Consequently, exchange differences are calculated as being the difference between the rate at which the foreign currency was translated into the reporting currency at the period-end and the rate at which the foreign currency was translated into the reporting currency at the start of the period. Exchange differences are presented in the balance sheet as assets and liabilities, and in the income statement as a single line item in the 'Income from operations' or ‘Income from continuing operations before tax’ section, depending on whether the exchange differences are attributable to foreign currency transactions or toTranslation of the entity from US dollar to local currency.

b) Acquisitions and disposals
For consolidation purposes, acquisitions made during the current period are included in the consolidated income statement from the date of acquisition. Disposals made during the current period are included in the consolidated income statement from the date of disposal. This approach is intended to provide a comparable basis for assessing the performance of the group over time.

(c) Exceptional items
Exceptional items are those that management's judgement needs to be disclosed separately. Such items are included within the income statement to which they relate and are excluded from the group's income statement calculations. Management believes that exceptional items are material and that the disclosure of these items is necessary for a complete understanding of the performance of the group. Changes in estimates may result in material transactions being classified as exceptional items.

Exceptional items may also be considered to be material and unusual, such as in types of special, extraordinary, and unusual items, including tax provisions, restructuring costs, and other items. Exceptional items may also arise from the disposal of businesses, brand disposals, or other transactions, and should be disclosed as exceptional items. Exceptional items are presented in the income statement as a single line item in the 'Income from operations' or 'Income from continuing operations before tax' section, depending on whether the exceptional item is attributable to a disposal of a business or to an extraordinary item.

Continued on the following page

Continued from the previous page
Fair value remeasurement
Fair value remeasurement through adjustments to eliminate the impact of fair value change in biological assets, revaluation of non-current assets accounted for under revaluation and fair value change on biological assets and other intangible assets and acquired assets and liabilities are recognised in profit or loss.

Shareholder value metrics
• Existing Capita (IE:Q) share price
• Dividend per share
• Total return by year, annualised year-on-year and annualised year up to 30 June 2023

Market share approach
• Market share in developing markets
• Share of voice
• Share of shelf
• Share of voice market share
• Market share
• Share of voice

*Please note that all references to Diageo’s 2023 results reflect the full-year of fiscal 2023.
DURGA:
As Lavanya said, we have now concluded the formal presentation and webcast element of our Capital Markets Event. This afternoon, we are taking you in to the heart of the occasions that you heard so much about this morning. We have told you how we use our consumer insights to leverage occasions to drive growth, and now we invite you to see them in action, as close to ‘real life’ as possible. You will see how we use our deep consumer understanding and our powerful tools to create and execute winning strategies for different occasions, markets, and brands.

We have 10 occasion showcases, featuring brands from across our portfolio; Guinness, Don Julio, Tanqueray, Smirnoff, Johnnie Walker amongst others and we have featured how they show up within specific occasions across the globe, be it a wedding in India, Eurovision watch party in Germany or a beach bar in Brazil. We picked them to provide a broad cross section - they are just some of many different combinations of brand, occasion, and market that we execute every day. These are hosted by our talented marketers from across our regions who will share with you how they bring our occasions to life in their own regions. They are the experts in turning strategy into action, and they have a lot of insights to share with you. You will see in these occasions we have many of the actual point of sales and activation elements we use. They will also be joined by our executive team, who will be happy to answer your questions and engage with you in this interactive session.

This is a great opportunity to meet our team, so please take advantage and truly immerse yourselves! Before we dive into the occasions showcase, we would like to introduce you to our Consumer Choice Framework or CCF. This is the tool we use that guides us as we think about and navigate occasions – as our marketing and commercial teams plan their business strategy, prioritize how and where they are going to focus and execute against, the CCF and its data are their compass.
To explain more about the CCF, and the benefits it bring, here is a short video from Giles Hedger, our Global Lead in Consumer Planning.
VIDEO: GILES CCF
DURGA:
And Giles is here today (point to Giles) and can talk to you further.

So - logistics - If you look on the back of your lanyards, you have a number which delineates your group – on screen now you will see where you are starting. There are also hosts with numbered signs to guide you as well as soft chimes to move you through the experiences. At each occasion territory we have delicious snacks and non-alcoholic cocktails made with the Diageo brands you heard about today - all inspired by the markets you are visiting. As you arrive at each station, please do make sure you try them and take the time to really immerse yourselves, experience like a consumer and ask questions! At the end of our occasions experience, your hosts will lead you to our cocktail hour at the Diageo bar on the 41st floor.