

DIAGEO

Delivering Long-term Sustainable Growth:

Our *Vibrant* Scotch Portfolio

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Edinburgh
01 June 2023

Cautionary statements concerning forward-looking statements

This presentation contains 'forward-looking' statements. These statements can be identified by the fact that they do not relate only to historical or current facts. In particular, forward-looking statements include all statements that express forecasts, expectations, plans, outlook, objectives and projections with respect to future matters, including the statements related to Diageo's fiscal 23 outlook, Diageo's medium-term guidance for fiscal 23 to fiscal 25 and any other statements with respect to trends in results of operations, margins, growth rates, overall market trends, the impact of changes in interest or exchange rates, the availability or cost of financing to Diageo, anticipated cost savings or synergies, expected investments, the completion of any strategic transactions or restructuring programmes, anticipated tax rates, changes in the international tax environment, expected cash payments, outcomes of litigation or regulatory enquiries, anticipated changes in the value of assets and liabilities related to pension schemes and general economic conditions. By their nature, 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.

These factors 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 impact of the Covid-19 pandemic, or any other global or regional public health threats, on Diageo's business, financial condition, cash flows and results of operation; (iii) the elevated geopolitical instability as a result of Russia's invasion of Ukraine; (iv) the effects of climate change, or legal, regulatory or market measures intended to address climate change; (v) changes in consumer preferences and tastes, including as a result of disruptive market forces, changes in demographics and evolving social trends (including any shifts in consumer tastes towards at-home occasions, premiumisation, small-batch craft alcohol, or lower or no alcohol products and/or developments in e-commerce); (vi) changes in the domestic and international tax environment that could lead to uncertainty around the application of existing and new tax laws and unexpected tax exposures; (vii) 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; (viii) any litigation or other similar proceedings (including with tax, customs, competition, environmental, anti-corruption or other regulatory authorities); (ix) legal and regulatory developments, including changes in regulations relating to environmental issues and/or e-commerce; (x) the consequences of any failure of internal controls; (xi) 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; (xii) cyber-attacks or any other disruptions to core business operations; (xiii) contamination, counterfeiting or other circumstances which could harm the level of customer support for Diageo's brands and adversely impact its sales; (xiv) Diageo's ability to maintain its brand image and corporate reputation or to adapt to a changing media environment; (xv) increased competitive product and pricing pressures, including as a result of introductions of new products or categories that are competitive with Diageo's products and consolidations by competitors and retailers; (xvi) increased costs for, or shortages of, talent, as well as labour strikes or disputes; (xvii) Diageo's ability to derive the expected benefits from its business strategies, including Diageo's investments in e-commerce and its luxury portfolio; (xviii) fluctuations in exchange rates and/or interest rates; (xix) a tightening of global financial conditions, including an extended period of constraint in the capital markets which Diageo may access; (xx) movements in the value of the assets and liabilities related to Diageo's pension plans; (xxi) Diageo's ability to renew supply, distribution, manufacturing or licence agreements (or related rights) and licences on favourable terms, or at all, when they expire; or (xxii) any failure by Diageo to protect its intellectual property rights.

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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 are considered "non-GAAP financial measures" under SEC rules. Please refer to the section "Definitions and reconciliations of non-GAAP measures to GAAP measures" set out at the end of this presentation.

Introduction to *Debra*



To be one of the *best performing*, most *trusted* and *respected* consumer products *companies* in the *world*

Confident in
Scotch as a
top driver of
sustainable
long-term
growth

- ✓ Scotch is **large** and **growing** ahead of TBA¹
- ✓ Scotch is **premiumising** and **we lead it**
- ✓ We are **recruiting consumers into** Scotch and driving new **occasions**
- ✓ We are building Scotch **brand relevance** and **appeal**
- ✓ We are **investing** in Scotch for long-term sustainable growth

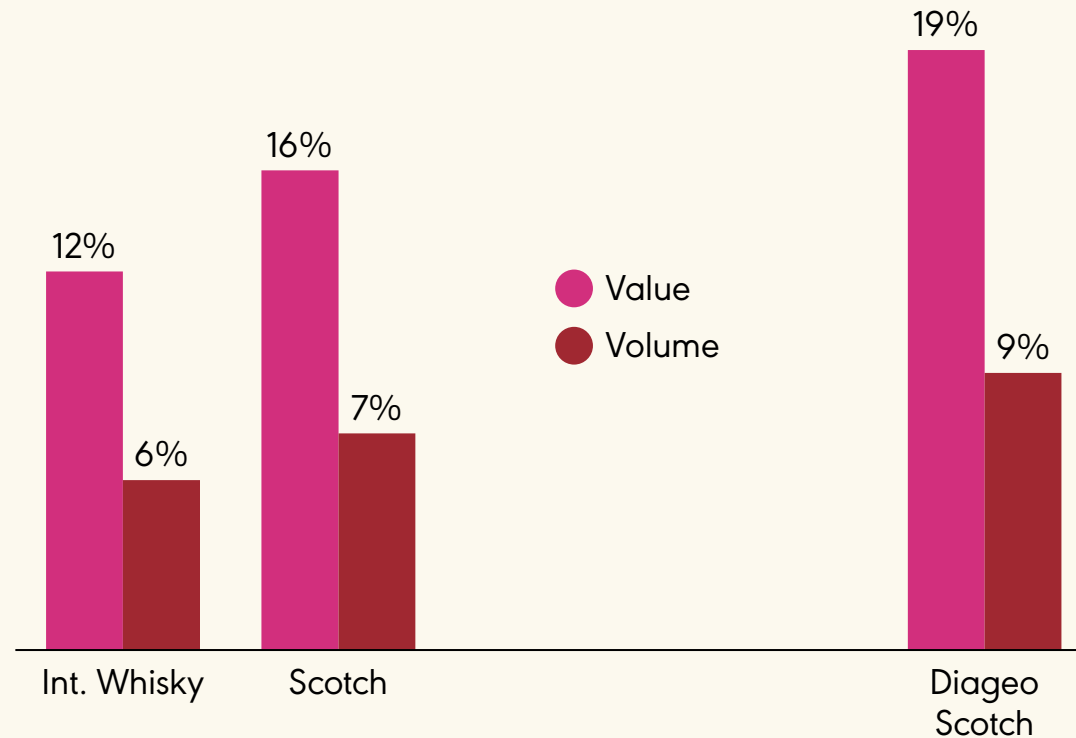
Hot off the press... 2022 a *fantastic year* for Scotch

Int. Spirits accelerating in TBA (% value growth 2022)

TBA Sub-Category Value Growth (%)

Spirits	10%
Beer	10%
RTD	8%
Wine	1%
Baijiu	-2%
Total	6%

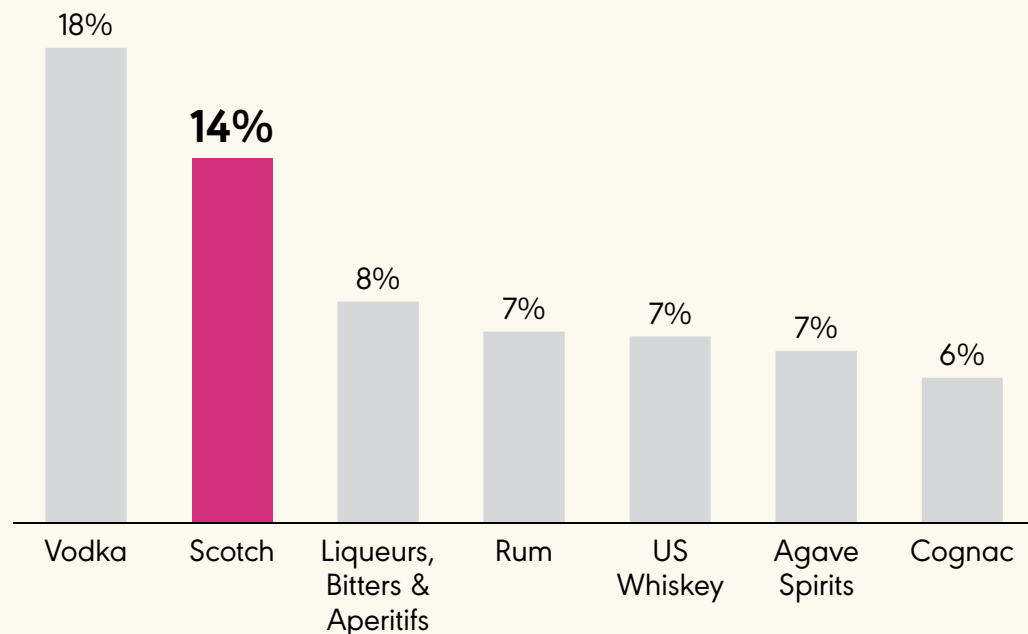
Scotch continues to thrive (% value & volume growth 2022)



20.1%
share of
Int. Whisky
(+121bps)

Scotch is *large* and continues to *grow* ahead of TBA

2nd largest International Spirits category¹
 (% of Int'l Spirits category 2022 value)



Growing ahead of TBA
 (% value CAGR)

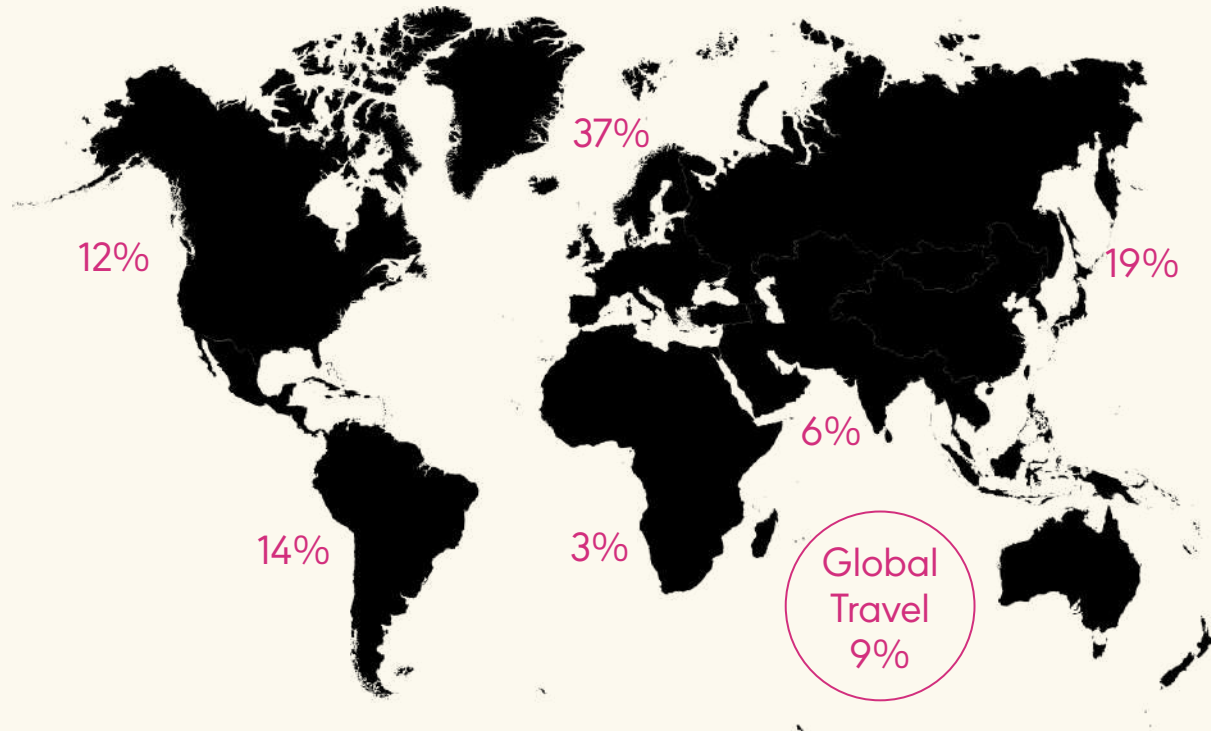
	2016-2021	2021-2026F ²
Scotch	5%	6%
TBA	4%	5%

¹Source: IWSR 2022 data as at 1 June 2023

²Source: Diageo forecast

Scotch is a *global* category and the *most premium* in international spirits

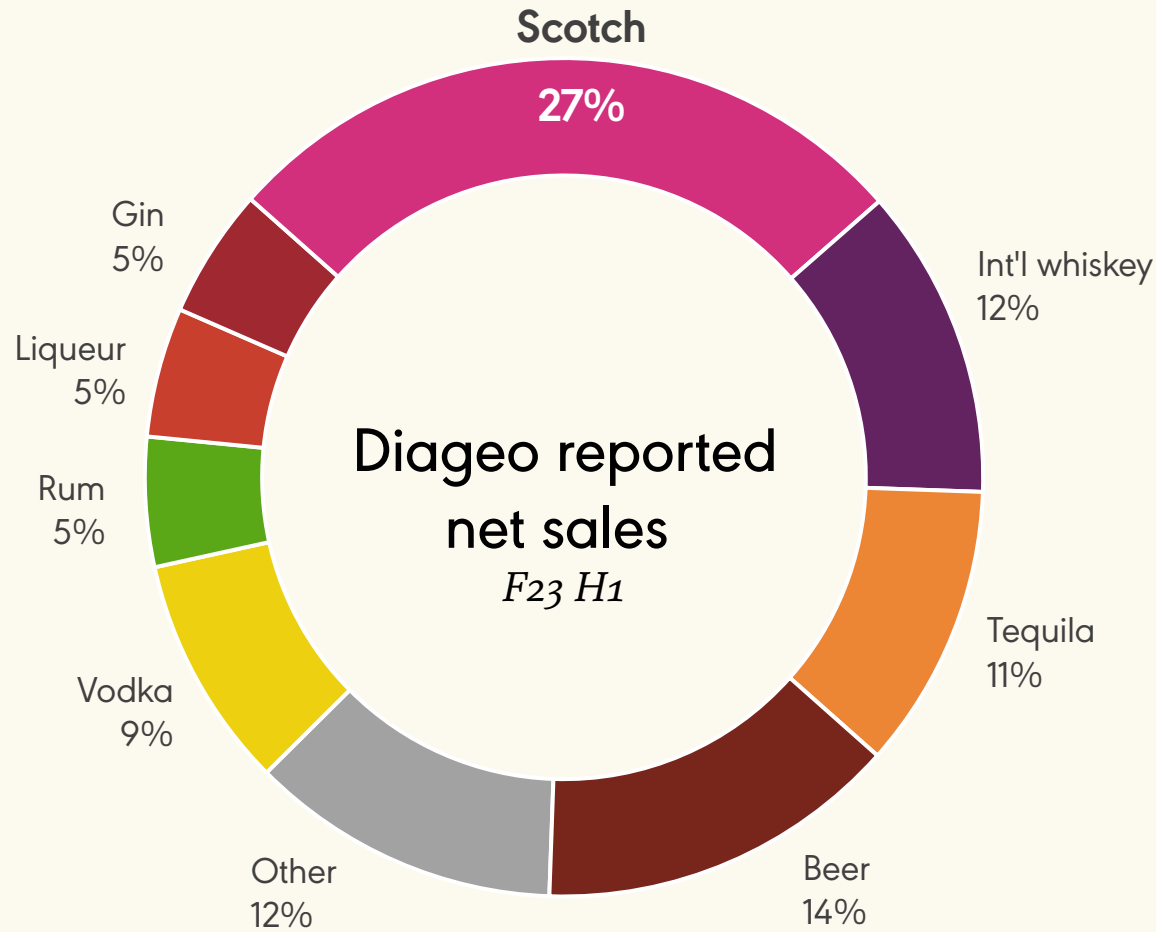
Broad geographical footprint
(% 2022 Scotch category value by region)



Absolute category value in Premium+ price tiers



Scotch is Diageo's *largest category*



JW Blue



The Singleton



Talisker



Lagavulin



Mortlach



JW Black



Buchanan's



Old Parr



JW Red



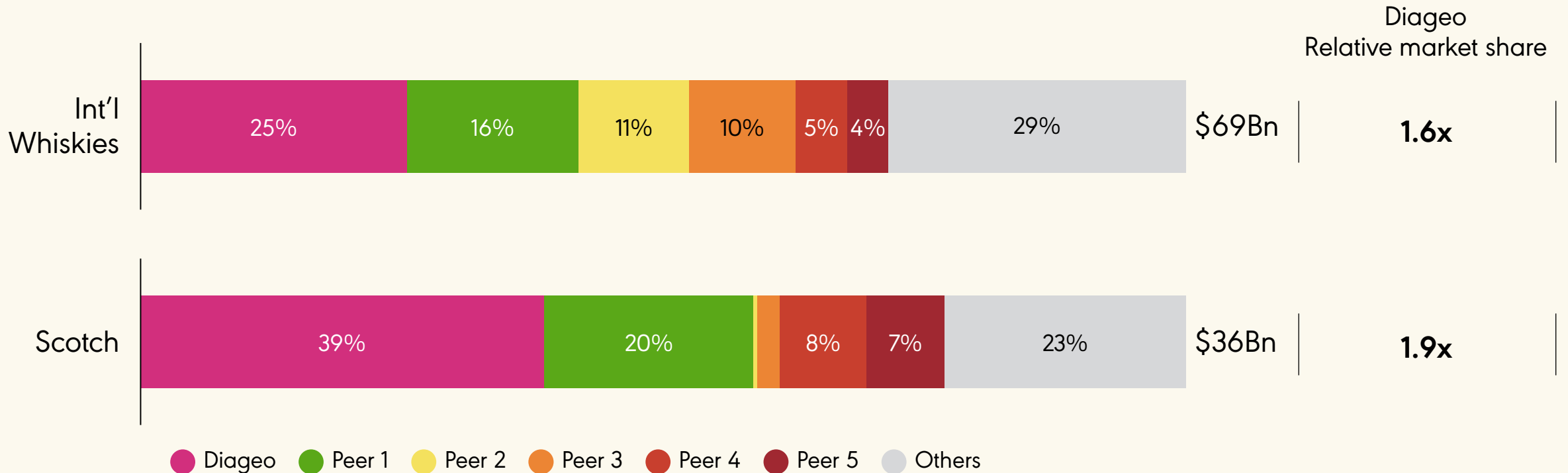
J&B



Black & White

Diageo *leads* in International Whiskies and Scotch

Int'l Whiskies Value by Manufacturer
(2022)



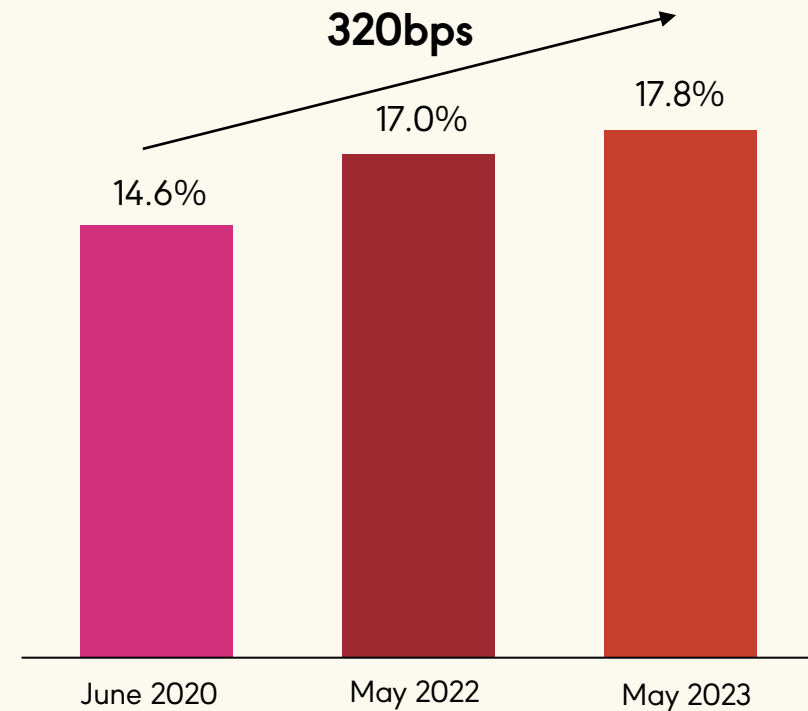
Diageo scotch is fueling the *growth* and *winning share* in International Whiskies

Diageo Scotch
portfolio delivered

30%

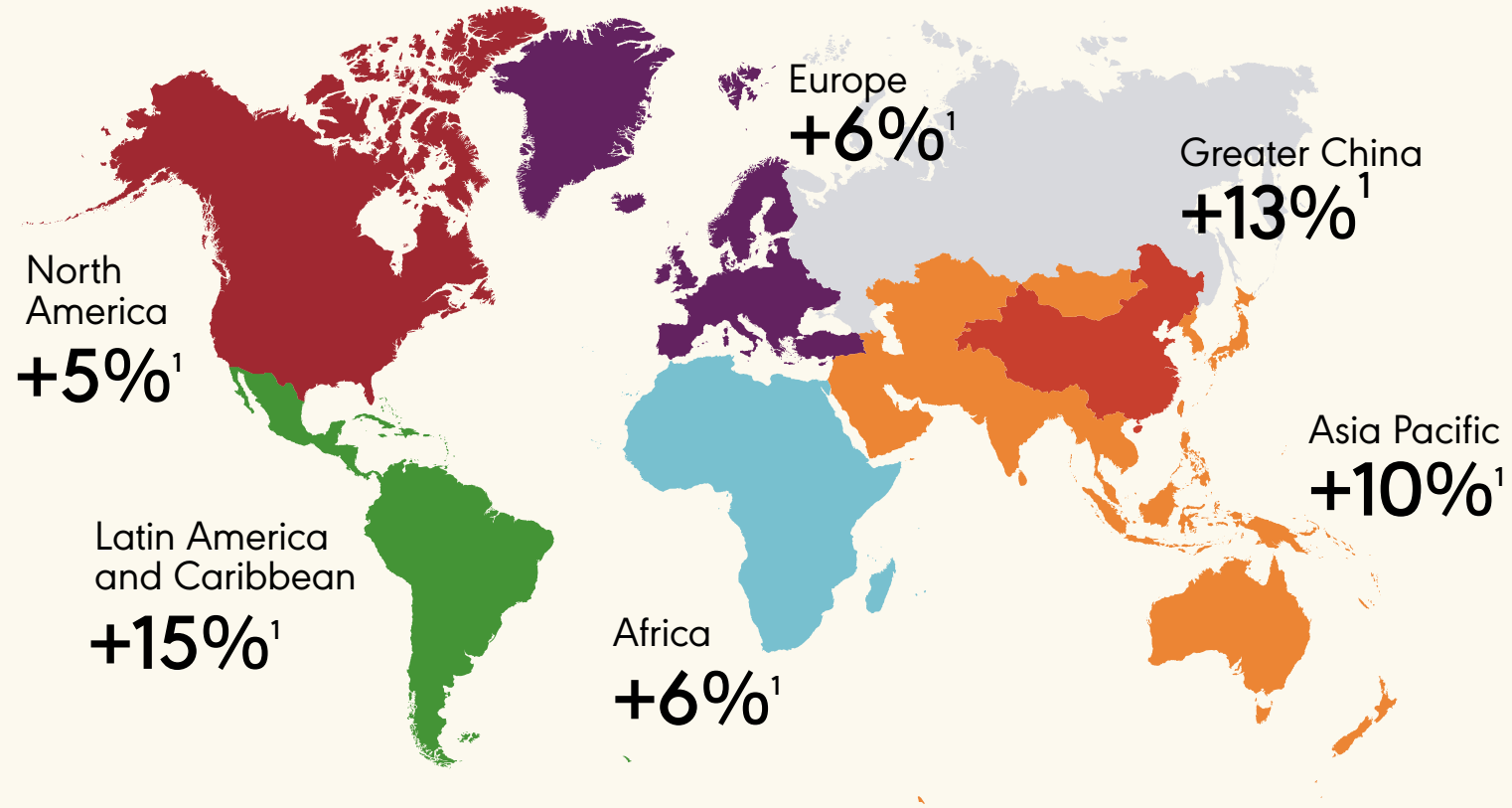
total Int'l Whiskies category
value growth in 2022¹

Diageo Scotch Share of Int'l Whiskies²



Diageo scotch is delivering *strong topline growth* in all regions

F19 H1 to F23 H1 Scotch organic net sales value CAGR¹

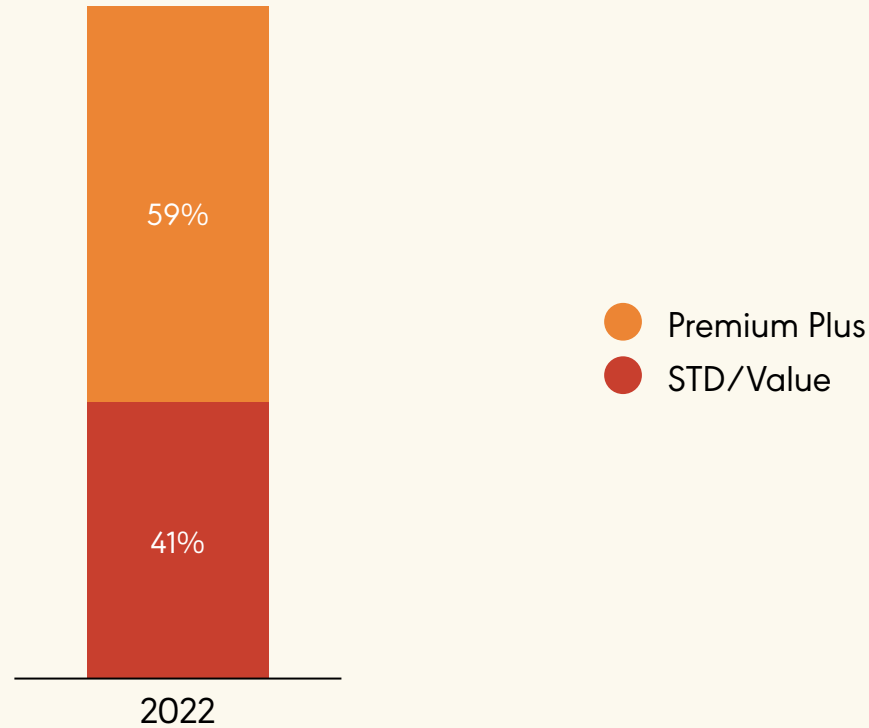


Source: Diageo

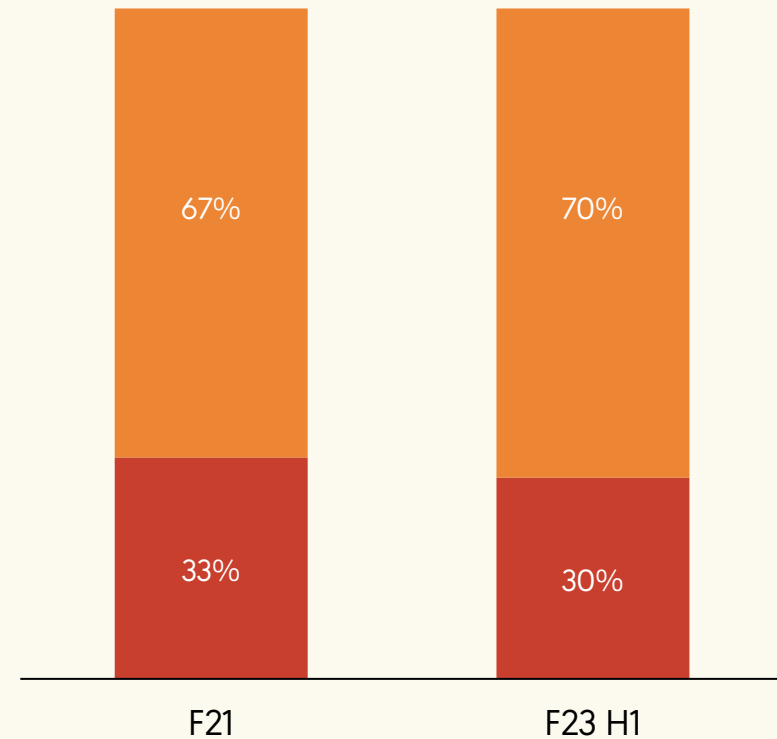
¹ Indicative CAGR for first half of fiscal 19 to first half of fiscal 23 CAGR; the impact from disposals, acquisitions and re-classifications may not be fully captured

Diageo scotch is increasingly *more premium* than the category

Share of Scotch category value by price tier¹



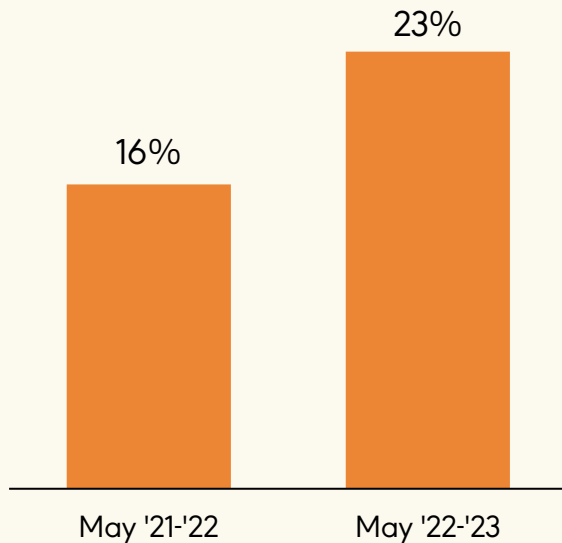
Diageo reported Scotch net sales² by price segment, F21-F23 H1



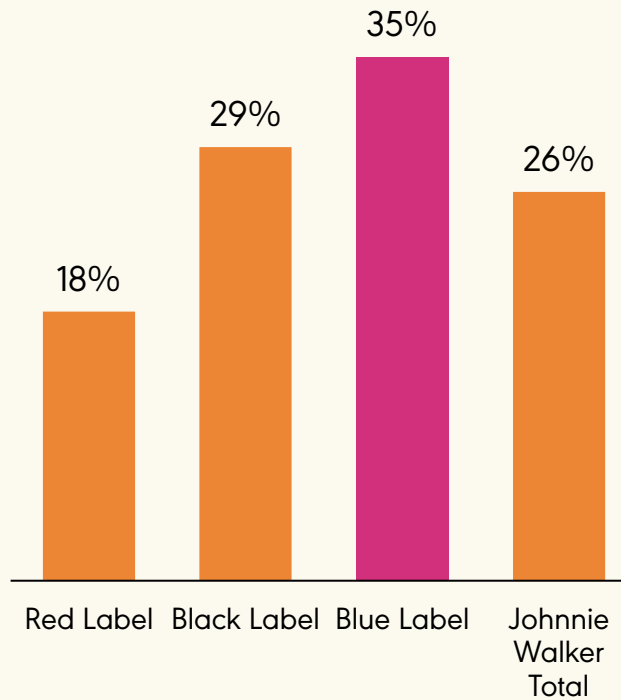
¹ Source: IWSR 2022 data as at 1 June 2023
² Source: Diageo

Johnnie Walker driving *growth* in International Whiskies

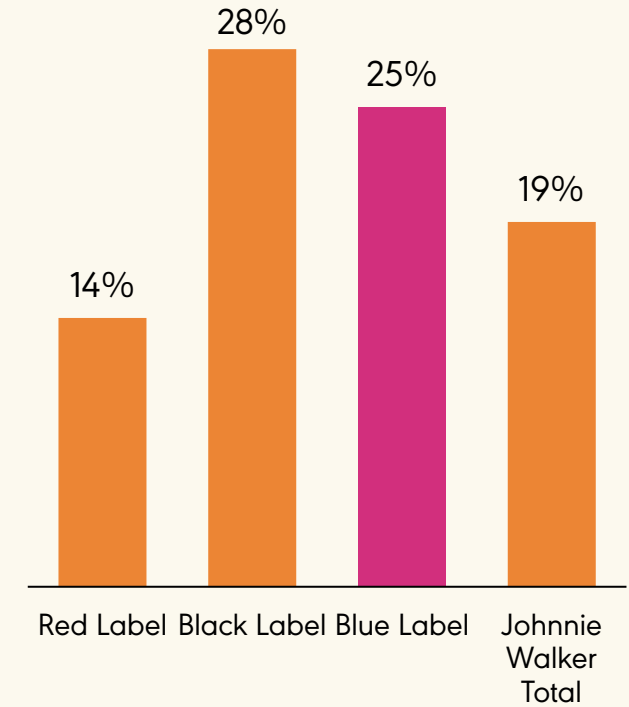
Contribution to Global Int'l Whiskies Category Growth¹
May '21-'23



Organic NSV growth²
CAGR H1 F21-F23



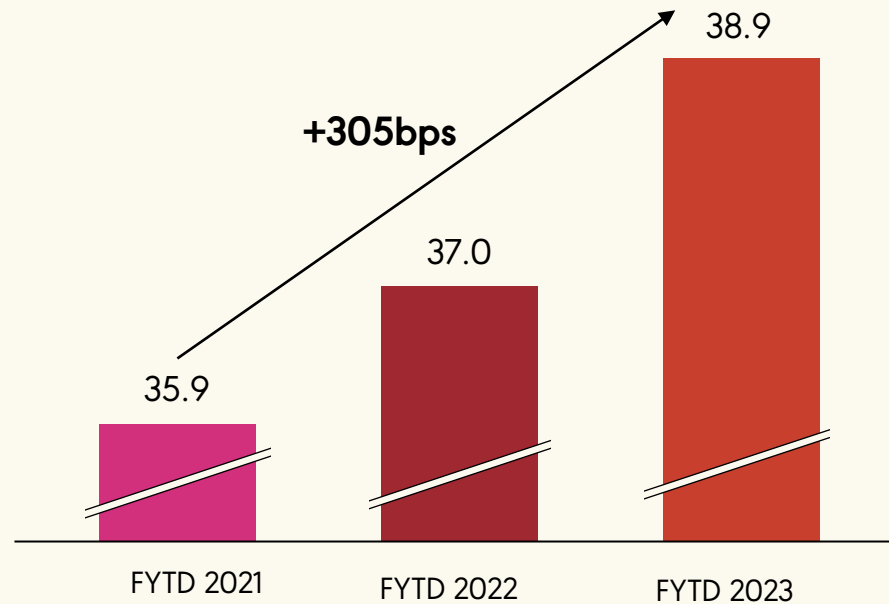
Organic volume growth²
CAGR H1 F21-F23



1 Source: Diageo GPS (R12M Retail Sales Value (RSV) data, May 2023)
2 Source: Diageo

In the US Scotch is *also performing strongly*

Diageo US Scotch category share¹
%



Diageo is committed to leading Scotch to a *low carbon future*

PHASE 1



Furnace
Decarbonisation




Packaging
Renovation



Protect
Peatlands

PHASE 2



Regen Agri
@ scale



Breakthrough
innovation



Logistics
decarbonisation



Brands



Distillation & maturation

Virtuous circle of *consistent investment*



Sustainability



Scotland

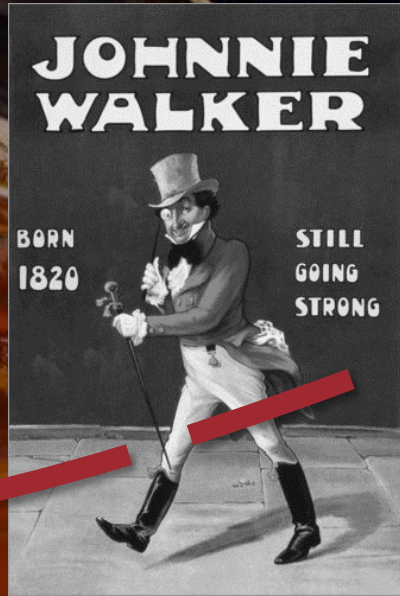
AGENDA

1. Role of Scotch for Diageo
2. Scotch brand building
3. LAC Scotch overview
4. Wrap Up / Q&A

We are entering a new era for Scotch



DISCOVERY



DISTRIBUTION



DIVERSIFICATION



DESIRE





The age of *desire*



Scotch is well-placed to benefit from
macro consumer trend tailwinds

Our liquids are *recognized* externally







#WORLDCLASS

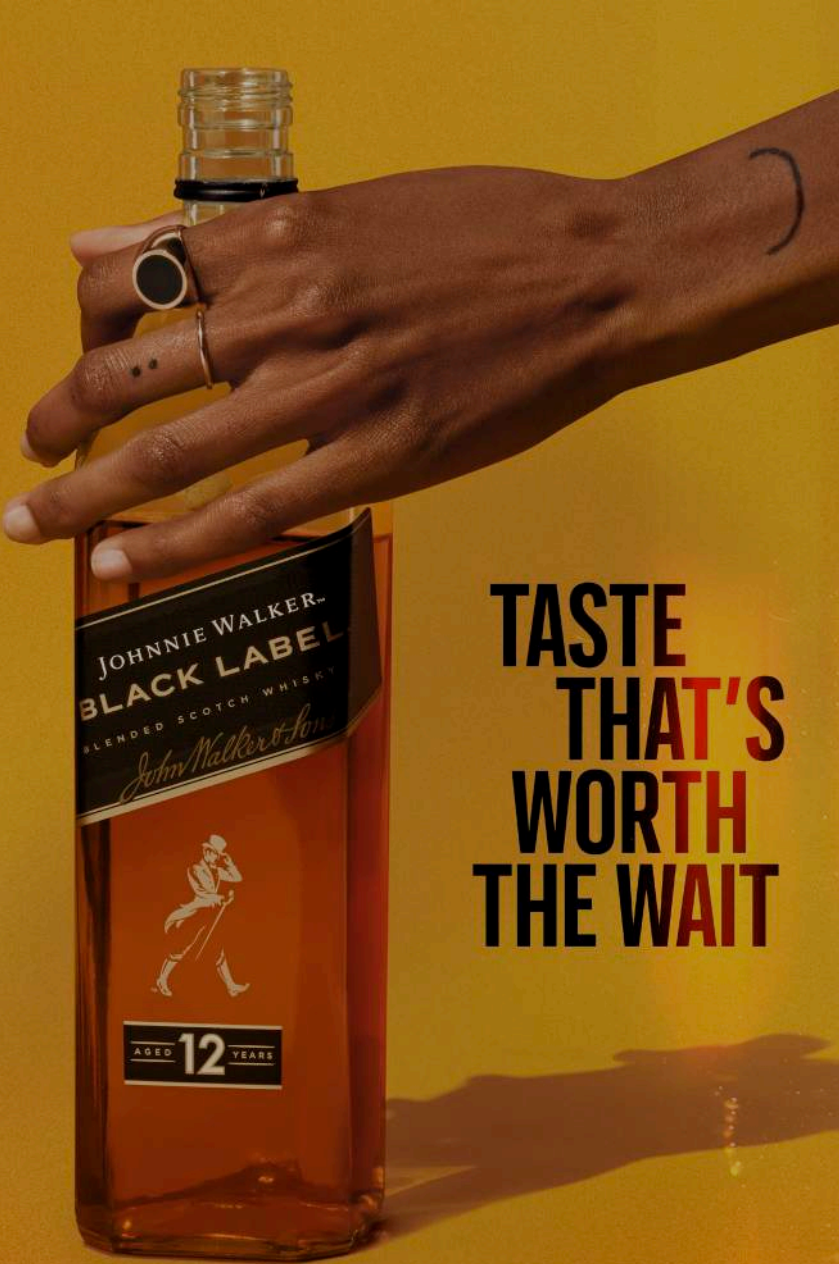
#WORLDCLASS

#WORLDCLASS2022

DRINK RESPONSIBLY

DRINKIQ.com

Get the look



**TASTE
THAT'S
WORTH
THE WAIT**



**TASTE
THAT'S
WORTH
THE WAIT**

DRINK RESPONSIBLY



KEEP WALKING



KEEP WALKING

JOHNNIE

JOHNNIE WALKER
BLACK LABEL
BLENDED SCOTCH WHISKY

**WORLD'S
NO.1 INT'L
SPIRIT**

IWSR 2022
as at 1 June 2023

**£2 BN NSV
+34%**

Diageo
F22 financial results

**9% SHARE
OF IW**

Diageo GPS
(R12M share data to April 2023)

**95M P4W
CONSUMERS**

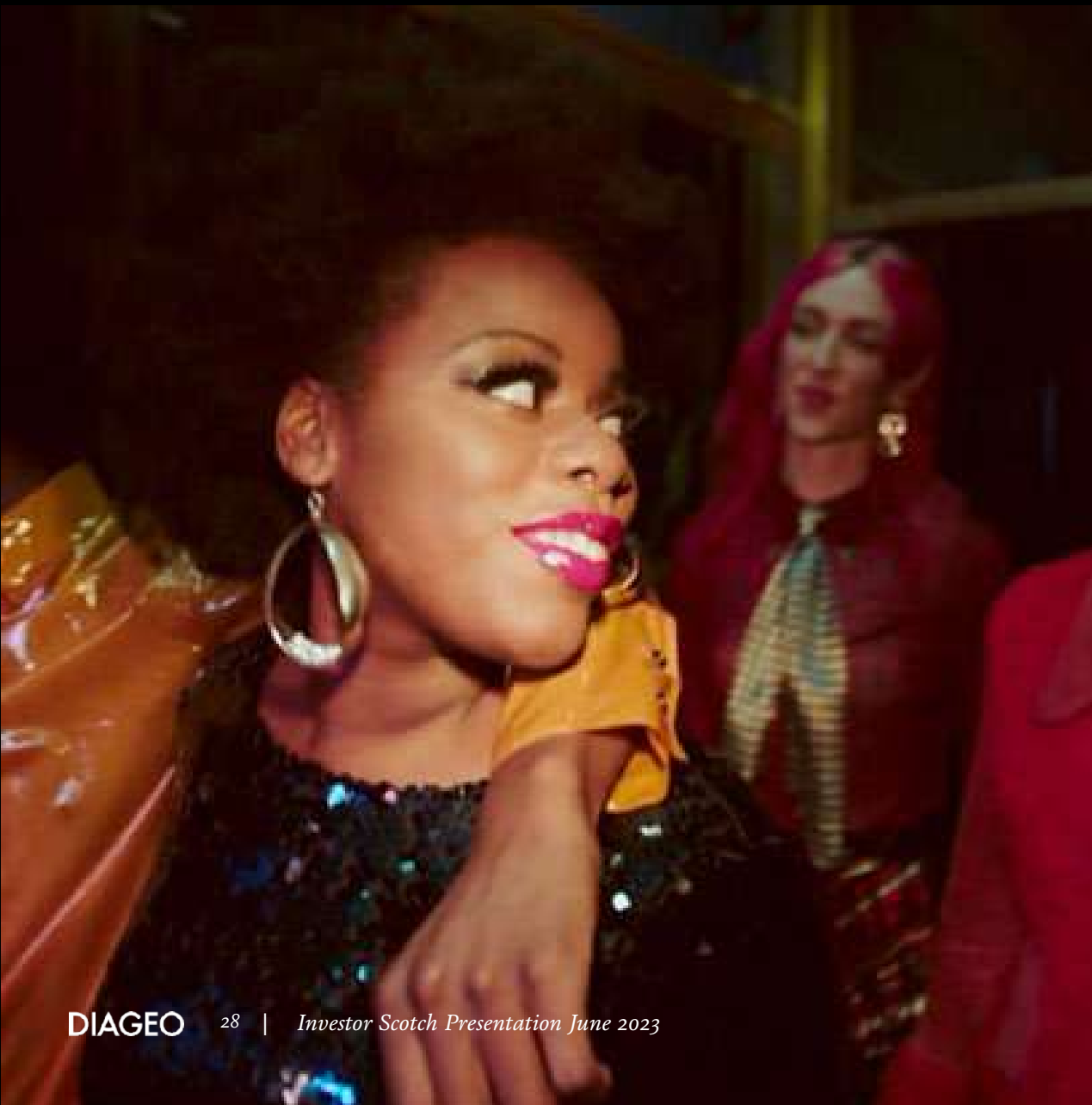
"How the world drinks"
Kantar database 2022

WALKER

KEEP WALKING



KEEP WALKING

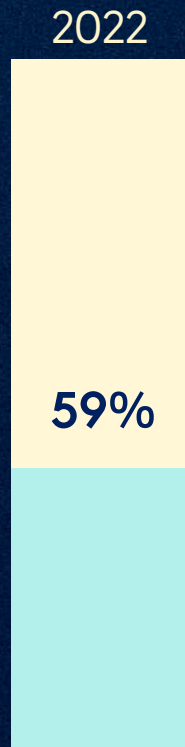


PREMIUMISATION

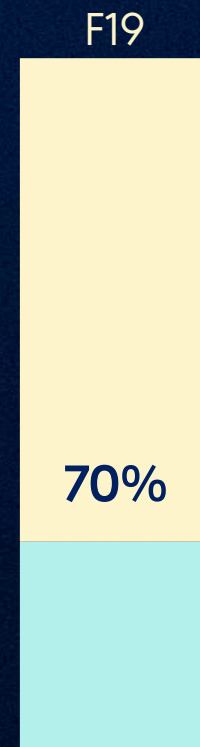
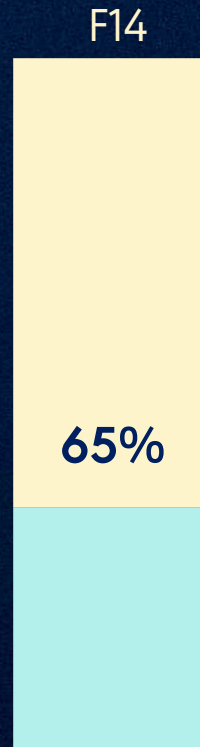


Johnnie Walker is on a *long term premiumisation journey*

Total Scotch
Category RSV



Johnnie Walker
NSV F14-F22



■ STD ■ PREM PLUS

Sources: IWSR 2022 data as at 1 June 2023 & Diageo financial data





THE SINGLETON



**fastest growing
single malt
globally**

#2

**IW brand in
lead market,
Taiwan**

#1

**driver of malts
value growth in
Europe**

THE
SINGLETON.

Golden Trésor

FINISHED IN EX-SAUTERNES WINE CASKS
FOR A HONEY-GLAZED SMOOTHNESS



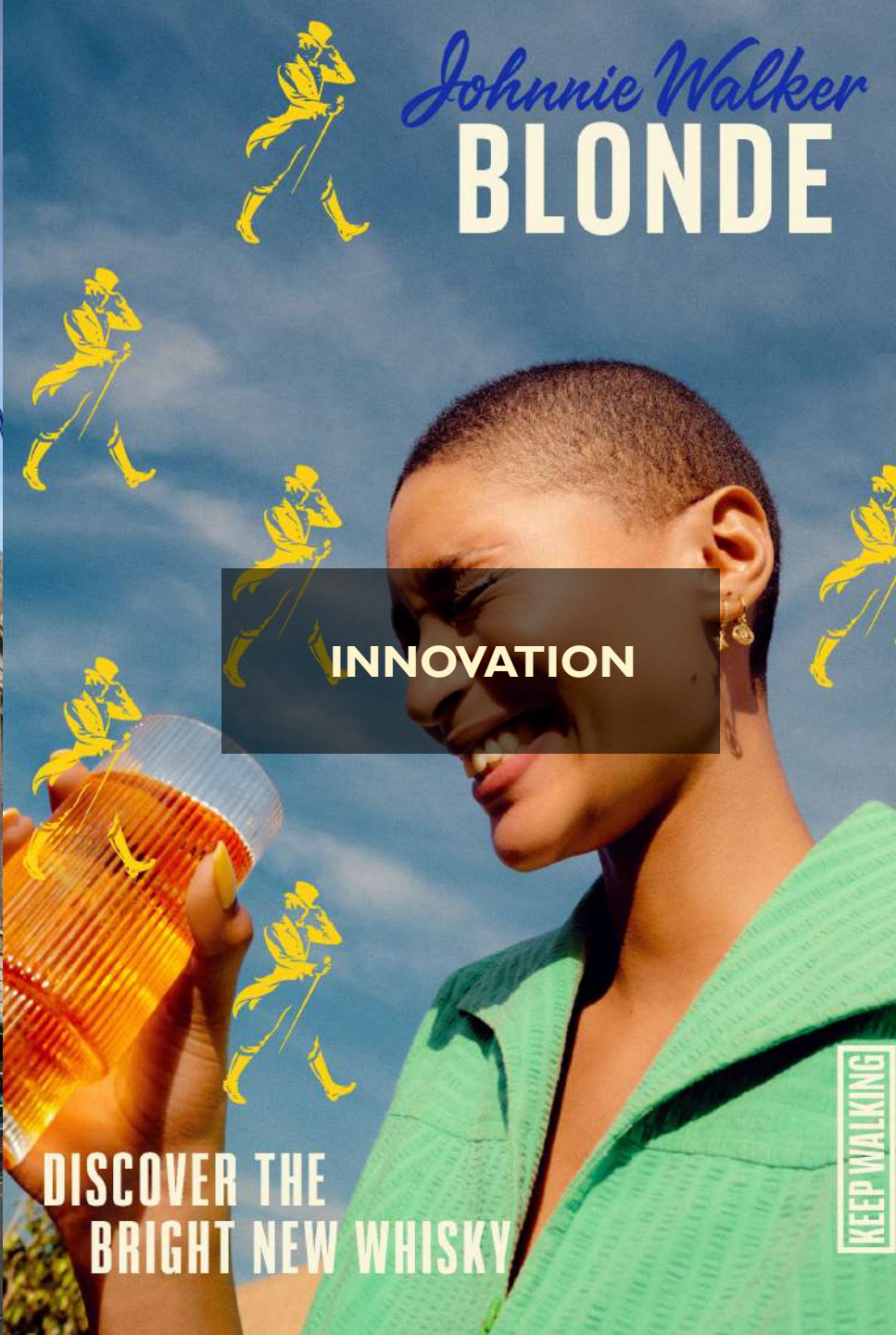
MAKE IT SHINE







EXPERIENCE



Johnnie Walker
BLONDE

INNOVATION

**DISCOVER THE
BRIGHT NEW WHISKY**

KEEP WALKING



SUSTAINABILITY





B

JOHNNIE WALKER
FRISKILL STREET

JOHNNIE WALKER
FRISKILL STREET

JOHNNIE WALKER
FRISKILL STREET

WHAT'S

YOUR WHISKY?



YOUR UNIQUE FLAVOURPRINT

Your FlavorPrint shows preference to Woody and Spicy flavours.

87% MATCH

SMOKY, WOODY, DRIED, FRUITY, SPICY, SWEET, CONFECTIONARY

EXPLORE GRAPH RETAKE

We think you'll love
The Singleton of Glendullan
12 Year Old
Speyside ABV 40% EEE

LEARN MORE

Johnnie Walker

BLONDE



ENTER HAINAN 2220

SCAN THE BOTTLE TO DISCOVER THE FUTURE



JOHNNIE WALKER

PLEASE DRINK RESPONSIBLY, VISIT DRINKIQ.com FOR THE FACTS.

Blue Label

Our ambition to lead Scotch to a *low carbon* future

Increase recycled content



Light-weighting bottles



Reduce and remove excess packaging



Transition to alternate materials





AIR-INK®





ESTD 1850
TALISKER
SINGLE MALT SCOTCH WHISKY
x
PARLEY
WILDER SEAS
LIMITED EDITION
40% ALC/VOL (80 PROOF) 500 ML (16.9 FL OZ)

The future is
ours to shape



AGENDA

1. Role of Scotch for Diageo
2. Driving brand growth
3. LAC Scotch overview
4. Wrap Up / Q&A

Welcome *to* LAC!



~340M LPA+ TBA consumers
growing at 1.5% per year
(vs USA ~160M, growing 0.8%)



~50% under 30 years old
(vs Europe ~50% over 45 years old)



12 of World's Top Cities¹
11 of World's Best Bars²



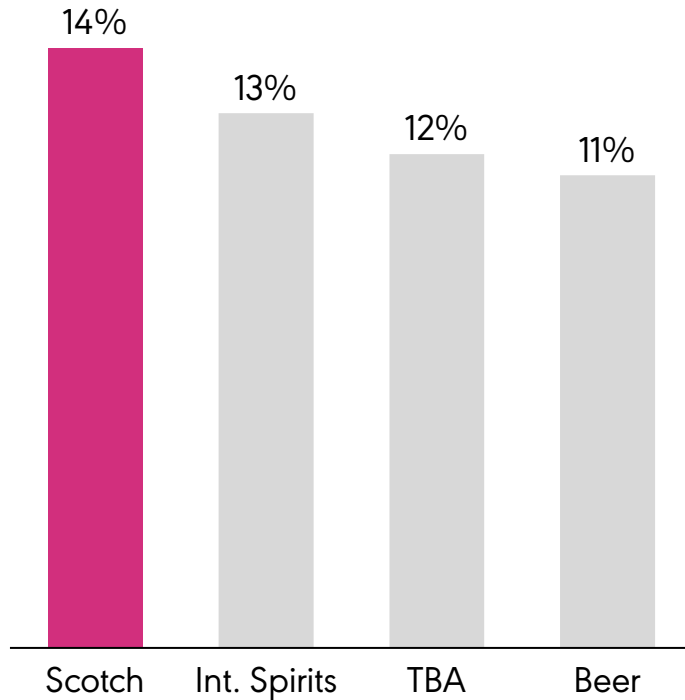
Fastest growing region for...
Premium beer (10% CAGR 2016-2021)
SP+ Spirits (66% 2021-2022)

Paula Rey

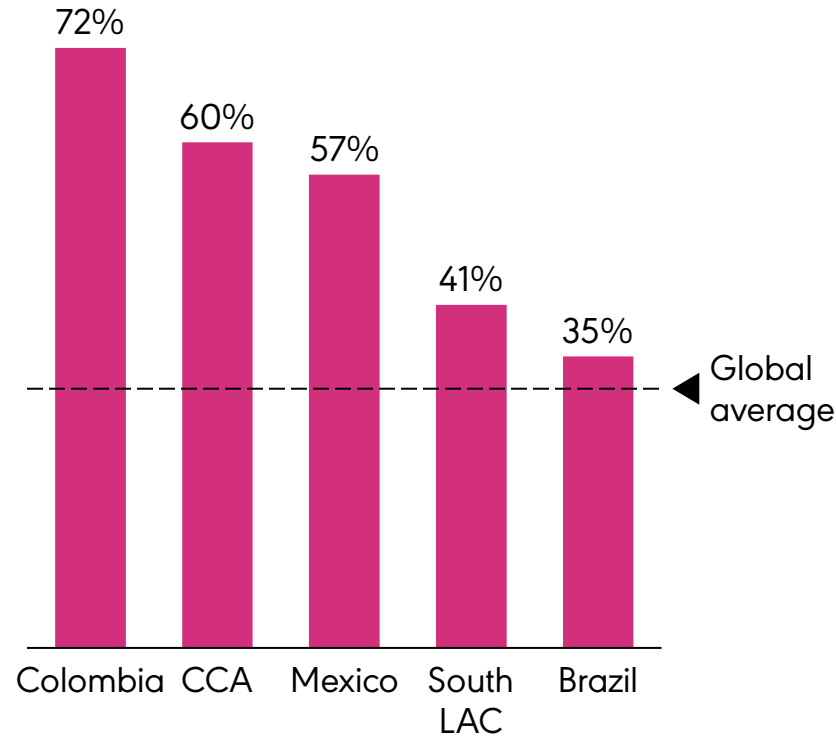


LAC Scotch is *thriving*, premium and has considerable headroom

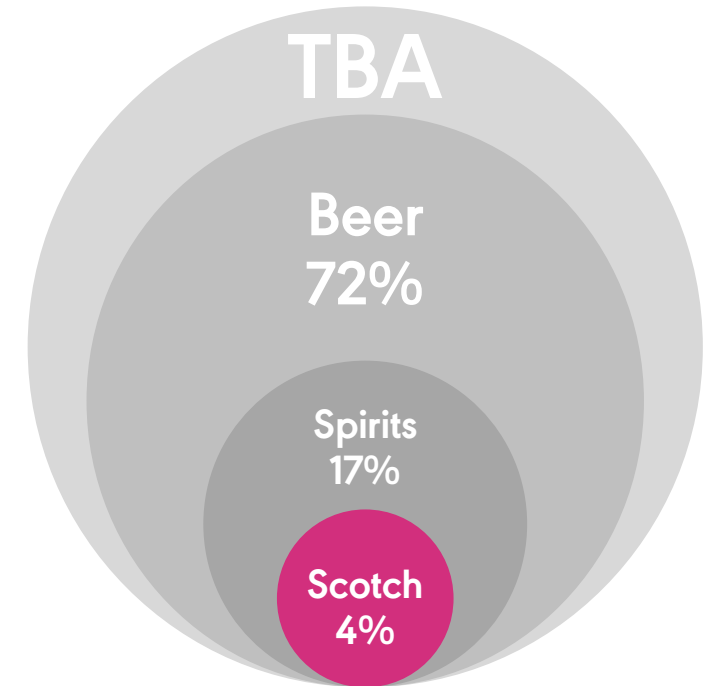
LAC Scotch Growth
(RSV CAGR 2019-2022)



Premium & above Scotch
(% of Whisky category RSV, 2022)

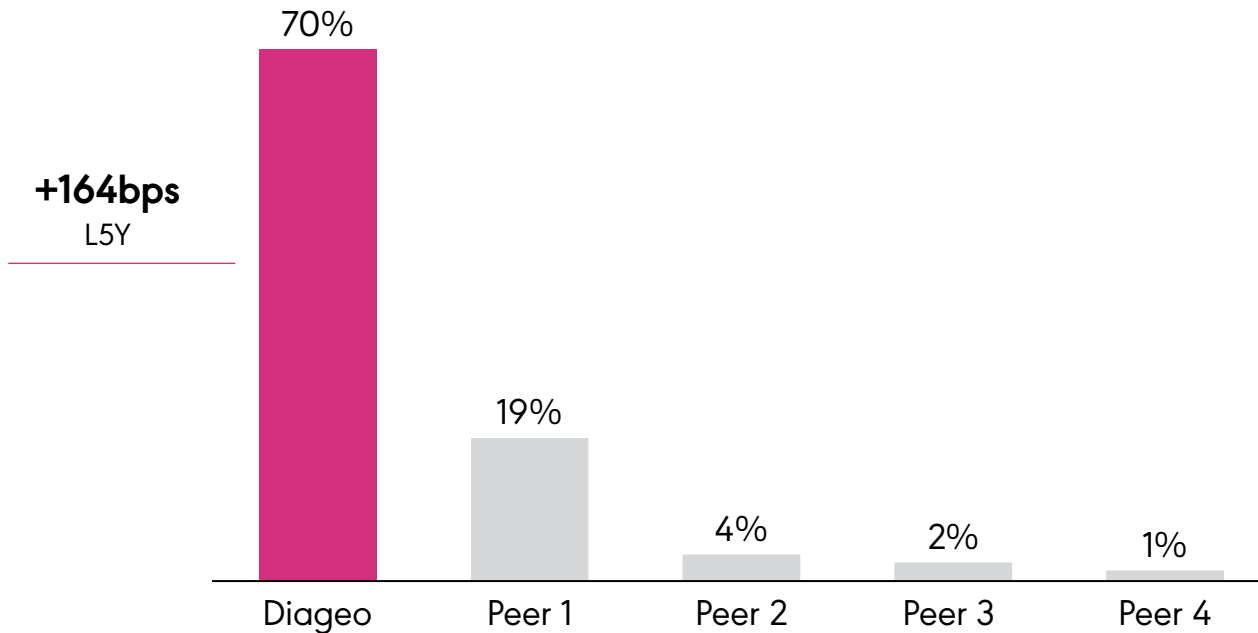


LAC TBA*1
(% of RSV 2022)



Diageo *leads the category* across multiple LAC markets

LAC Scotch market leaders
(RSV share 2022)



Diageo Scotch RMS by LAC market
(Market size in \$ RSV, RSV share 2022)

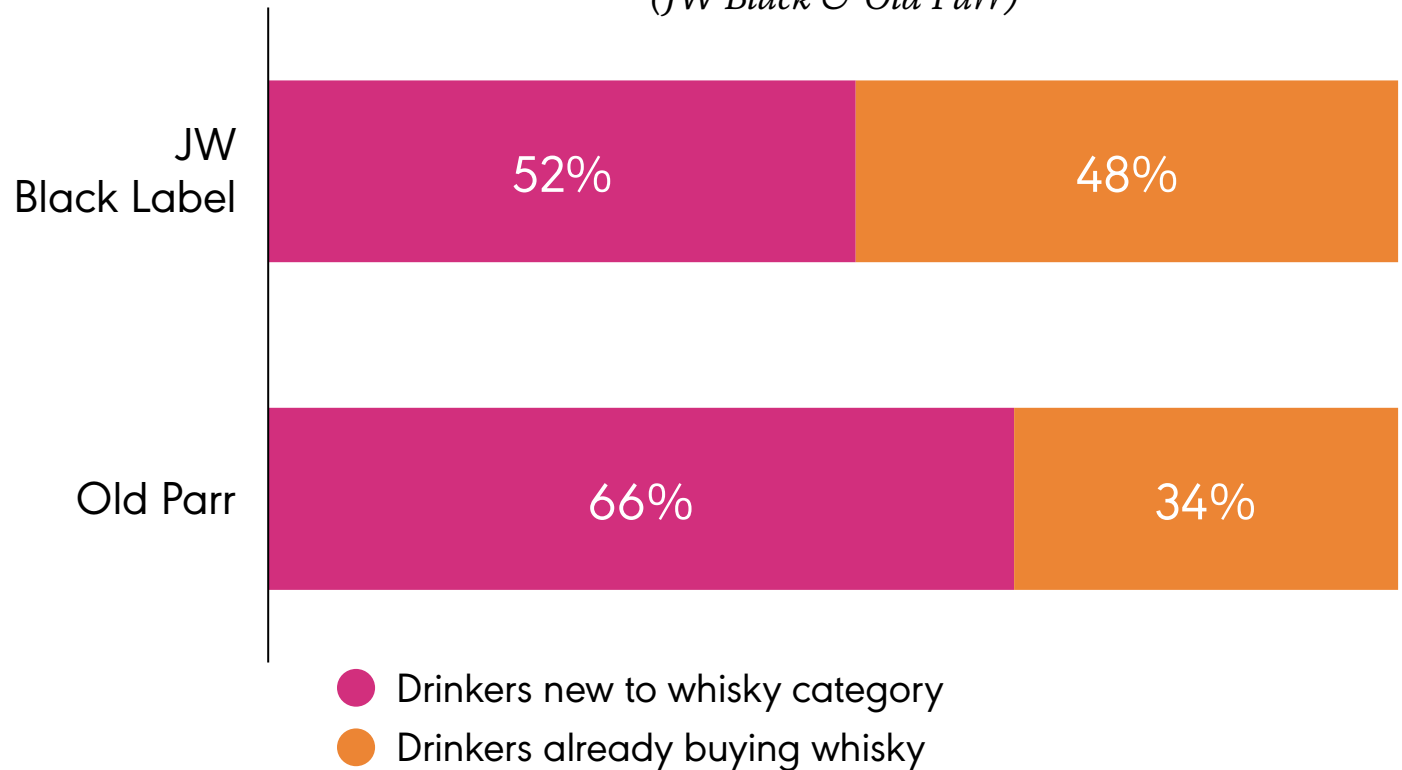
MEXICO \$998m	5.3
CCA \$798m	4.5
COLOMBIA \$536m	4.8
BRAZIL \$1,639m	3.2
SOUTH LAC \$823m	2.3

Diageo drove over **70% of Scotch value growth** between 2017-2022

Premiumisation and recruitment are *the core* of our Scotch strategy in LAC

Scotch recruits from TBA *into Premium*

Source of Diageo Brazil Scotch growth
(JW Black & Old Parr)



Premiumisation and recruitment are the *core* of our Scotch strategy in LAC

Drinker profile – L4W penetration gains
(LAC vs Global, F22 x F21)



1 in 4

female TBA consumers drank
whisky in P4W



1 in 3

LPA-34 TBA consumers in
LAC drank whisky in P4W

And recruits a *wider*
range of new
consumers, more
rapidly than global
average

Three success factors driving our consumer recruitment

- 1** **Staying top of mind through culture:**
Driving relevancy and talkability through content creation and experiences

- 2** **Disrupting channels to recruit consumers from TBA occasions:**
On and off-premise stand-out execution

- 3** **Innovation reaching new consumers & occasions at higher price points:**
JW Blonde and Buchanan's Two Souls

1 Staying top of mind through culture:
Content creation - our digital approach to drive talkability



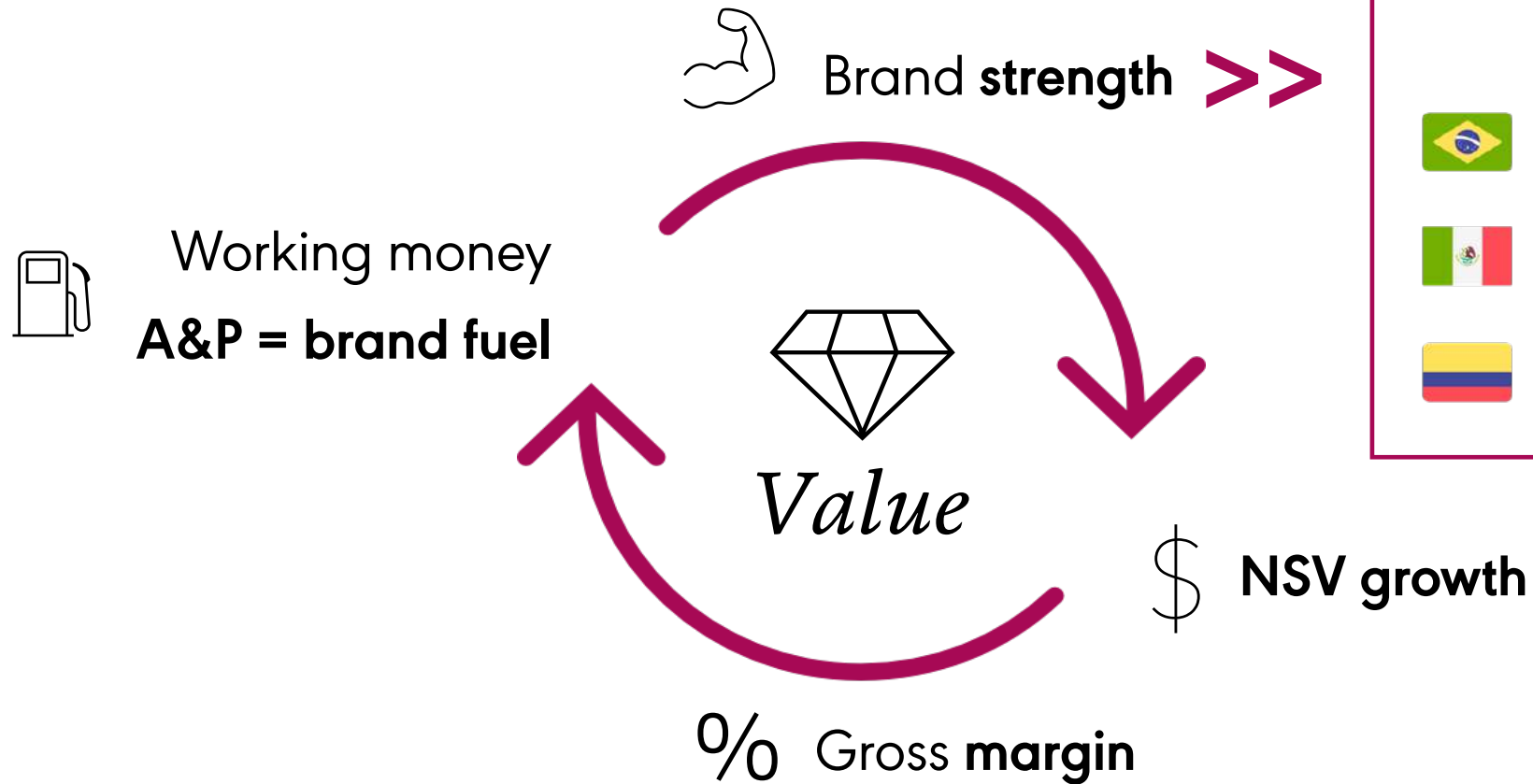
1 Staying top of mind through culture:
Driving talkability through *bespoke* experiences



3 *Innovation* reaching new consumers & occasions at higher price points:
JW Blonde and Buchanan's 2 Souls



Our Scotch *growth* flywheel:



Brand Strength, IW

	#1	#2	#3
	 JOHNIE WALKER	 JACK DANIEL'S	 Ballantine's
	 BUCHANAN'S	 JOHNIE WALKER	 JACK DANIEL'S
	 Old Parr.	 BUCHANAN'S	 JOHNIE WALKER



Recruitment from outside
the Scotch category



Vibrancy & aspiration via
innovation & brand building

We have *more* to go after!



Premiumisation
via mix & RGM



Standout execution
in on & off-trade

DIAGEO

2023
Scotch Presentation

Q&A



Confident in
Scotch as a
top driver of
*sustainable
long-term
growth*

- ✓ Scotch is **large** and **growing**
- ✓ Scotch is **premiumising** and **we lead it**
- ✓ We are **recruiting** new Scotch consumers and driving new **occasions**
- ✓ We are building Scotch **brand relevance** and **vibrancy**
- ✓ We are **investing** in Scotch for long-term sustainable growth

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 remeasurement 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.

Financial/legal appendix

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 further helps investors to understand the performance of the group. Changes in estimates and reversals in relation to items previously recognised as exceptional are presented consistently as exceptional in the current year.

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

Financial/legal appendix

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.

Growth on a constant basis

Growth on a constant basis is a measure used by the group to understand the trends of the business and its recovery towards pre-COVID-19 performance.

H1 F19 (i.e. six months ended 31 December 2018) to H1 F23 (i.e. six months ended 31 December 2022) growth on a constant basis for volume, sales, net sales and operating profit before exceptional items is calculated by adding up the respective periods' organic movement, expressed as a percentage of the relevant absolute amount.

Financial/legal appendix

Continued from the previous page

Shareholder value metrics

- Dividends: Diageo internal information.
- Return of Capital (RoC): Diageo internal information.
- TSR: FactSet as of 31st December 2022. TSR based on time periods of 6 months, 1 year, 5 years and 10 years up to 31st December 2022. TSR for 6 months calculated as the cumulative TSR performance of the stocks up to 31st of December 2022. TSR for 1 year, 5 years and 10 years calculated as the annualised TSR performance of the stocks up to 31st of December 2022. TSR based on trading currency.

Market share approach

- All analysis of data has been applied with a tolerance of +/- 3 bps
- Percentages represent % of markets by total Diageo net sales contribution who have held or gained total trade share.
- Measured markets indicate a market where we have purchased any market share data.
- In the Scotch category, measured market net sales value sums to 82% of total Diageo net sales value in the first half of fiscal 23.