Diageo is a global leader in beverage alcohol with an outstanding collection of brands across spirits, beer and wine categories. These brands include Johnnie Walker, Crown Royal, J&B, Buchanan’s, Windsor and Bushmills whiskies, Smirnoff, Ketel One and Ciroc vodkas, Captain Morgan, Baileys, Don Julio, Tanqueray and Guinness.

Diageo is a global company, and our products are sold in more than 180 countries around the world. The company is listed on both the London Stock Exchange (DGE) and the New York Stock Exchange (DEO).

We employ approximately 28,000 talented people worldwide with offices in around 80 countries. Our manufacturing facilities are located across the globe including Great Britain, Ireland, United States, Canada, Italy, Africa, Australia and Latin America and Caribbean.

Diageo was formed in 1997, following the merger of GrandMet and Guinness, and is headquartered in London. The word Diageo comes from the Latin for day (dia) and the Greek for world (geo). We take this to mean every day, everywhere, people celebrate with our brands.

**CHIEF EXECUTIVE**

Ivan Menezes was appointed Chief Executive in July 2013, having been an Executive Director since July 2012.

Current external appointments: Non-Executive Director, Coach Inc.

Previous relevant experience: Chairman, Diageo Asia Pacific; President, North America; Chairman, Diageo Latin America and Caribbean; senior management positions, Guinness and then Diageo.

Previous relevant experience: marketing and strategy roles, Nestlé, Booz Allen & Hamilton Inc. and Whirlpool.

**CHIEF FINANCIAL OFFICER**

Deirdre Mahlan was appointed Chief Financial Officer and an Executive Director in October 2010.

Current external appointments: Non-Executive Director, Experian plc; Member, Main Committee of the 100 Group of Finance Directors.

Previous relevant experience: senior finance positions, Joseph E. Seagram & Sons, Inc.; senior manager, PricewaterhouseCoopers.

**MEMBERS OF THE EXECUTIVE COMMITTEE AND BOARD OF DIRECTORS**

Executive committee: Ivan Menezes (Chief Executive), Deirdre Mahlan (Chief Financial Officer), Nick Blazquez (President, Africa and Asia), David Gutter (President, Global Supply and Procurement), Andy Fennell (President and Chief Operating Officer, Africa), Sam Fischer (President, Greater China and Asia), Alberto Gavazzi (President, Latin America and Caribbean), John Kennedy (President, Europe), Anand Kripalu (CEO, USL), Charlotte Lambkin (Corporate Relations Director), Anna Manz (Group Strategy Director), Sibhan Moriarty (General Counsel), Syl Saller (Chief Marketing Officer), Larry Schwartz (President, North America) and Leanne Wood (Human Resources Director).


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**INTERIM RESULTS 2015**

(SIX MONTHS ENDED 31 DECEMBER 2014)

Diageo is a global leader in beverage alcohol with an outstanding collection of brands across spirits, beer and wine categories. These brands include Johnnie Walker, Crown Royal, J&B, Buchanan’s, Windsor and Bushmills whiskies, Smirnoff, Ketel One and Ciroc vodkas, Captain Morgan, Baileys, Don Julio, Tanqueray and Guinness.

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**CHAIRMAN**

Dr Frantz B Humer was appointed Chairman in July 2008, having been a Non-Executive Director since April 2005.

Current external appointments: Chairman, INSEAD Board of Directors; Non-Executive Director, CitiGroup Inc.

Previous relevant experience: Chairman, F. Hoffman-La Roche Ltd; Chief Operating Director, Glaxo Holdings plc.

**DR FRANZ B HUMER**

**IVAN MENEZES**

**DEIRDRE MAHLAN**

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**KEY PERFORMANCE INDICATORS**

<table>
<thead>
<tr>
<th></th>
<th>2015 H1</th>
<th>2014 H1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic net sales growth</td>
<td>%</td>
<td>- 2</td>
</tr>
<tr>
<td>Organic operating margin improvement</td>
<td>basis points</td>
<td>28 37</td>
</tr>
<tr>
<td>Earnings per share before exceptional items</td>
<td>pence</td>
<td>53.7 62.6</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>£ million</td>
<td>699 326</td>
</tr>
<tr>
<td>Return on average invested capital</td>
<td>%</td>
<td>13.9 17.8</td>
</tr>
</tbody>
</table>

---

**OTHER FINANCIAL INFORMATION**

<table>
<thead>
<tr>
<th></th>
<th>2015 H1 REPORTED</th>
<th>2014 H1 REPORTED</th>
<th>ORGANIC GROWTH</th>
<th>REPORTED GROWTH %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume (9-L equivalent cases)</td>
<td>134.1m</td>
<td>84.3m</td>
<td>(2)</td>
<td>59</td>
</tr>
<tr>
<td>Net sales</td>
<td>£5,900m</td>
<td>£5,932m</td>
<td>- (1)</td>
<td></td>
</tr>
<tr>
<td>Marketing spend</td>
<td>£896m</td>
<td>£903m</td>
<td>- (1)</td>
<td></td>
</tr>
<tr>
<td>Operating profit before exceptional items*</td>
<td>£1,839m</td>
<td>£2,060m</td>
<td>1 (11)</td>
<td></td>
</tr>
<tr>
<td>Operating profit**</td>
<td>£1,668m</td>
<td>£2,040m</td>
<td>(18)</td>
<td></td>
</tr>
<tr>
<td>Reported tax rate</td>
<td>16.8%</td>
<td>19.2%</td>
<td>(8)</td>
<td></td>
</tr>
<tr>
<td>Reported tax rate before exceptional items</td>
<td>18.2%</td>
<td>19.4%</td>
<td>(6)</td>
<td></td>
</tr>
<tr>
<td>Profit attributable to parent company’s shareholders</td>
<td>£1,311m</td>
<td>£1,599m</td>
<td>(18)</td>
<td></td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>52.3p</td>
<td>63.8p</td>
<td>(18)</td>
<td></td>
</tr>
<tr>
<td>Interim dividend per share</td>
<td>21.5p</td>
<td>19.7p</td>
<td>9</td>
<td></td>
</tr>
</tbody>
</table>

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**STOCK EXCHANGE DATA AS AT 31 DECEMBER 2014**

<table>
<thead>
<tr>
<th></th>
<th>London Stock Exchange</th>
<th>New York Stock Exchange</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ticker</td>
<td>DGE</td>
<td>DEO</td>
</tr>
<tr>
<td>Market cap</td>
<td>£46bn</td>
<td>US$72bn</td>
</tr>
<tr>
<td>Shares in issue</td>
<td>2,513.7 million</td>
<td>628.4 million</td>
</tr>
</tbody>
</table>

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**MAJOR SHAREHOLDERS AS AT 31 DECEMBER 2014**

BlackRock Investment Management Ltd 5.7%
MFS Investment Management 3.33%
Harris Associates LP 3.26%

* Operating profit before exceptional items includes attributable transaction and integration gain of £10 million in the six months ended 31 December 2013 in respect of business acquisitions. ** Operating profit includes an exceptional charge of £171 million.

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**FINANCIAL CALENDAR**

Q3 IMS 16 April 2015
Preliminary results 30 July 2015
Financial Year 1 July to 30 June
NORTH AMERICA

- Net sales in North America were in line with last year, given the slowdown in the US spirits market as a result of weaker pricing and comparison against a strong first half last year.
- Our strength in innovation continues to be a key growth driver and Cîroc Pineapple and Crown Royal Regal Apple contributed to overall growth in Diageo’s vodka and North American whiskey categories, up 6% and 3% respectively, while Captain Morgan gained share in rum driven by Captain Morgan White Rum.
- Our reserve brands grew 10%, with strong performance from Don Julio (up 21% net sales) and Bulleit Bourbon (up 59% net sales) which both outperformed their categories and gained share.

EUROPE

- Diageo’s performance in Europe reflected a stable performance in Western Europe, strong growth in Turkey, and tough trading conditions in Russia and Eastern Europe.
- Western Europe net sales were broadly flat as the performance of individual markets continued to reflect the mixed economic recovery across Europe.
  - In Great Britain, net sales increased 2% driven by strong growth of ready to drink and reserve brands.
  - In Ireland, net sales declined 2%, largely driven by the transfer of sales of wines to Diageo Wines Europe which was worth 2pps of growth. Guinness net sales were up 1%, growing after more than six years of decline.
  - In Southern Europe, net sales declined 1%. In Spain, category performance was mixed with Tanqueray and Smirnoff net sales up 24% and 7% respectively.
- Net sales in Germany and Austria declined 13%. This was driven by commercial negotiations and the transfer of sales of Yeni Raki to Mey İçki and scotch net sales decline in Germany. In Austria, performance was impacted by the comparison against the prior period which saw forward buying ahead of the January 2014 duty increase.
  - In France net sales increased 2%, driven by a good performance in scotch malts and reserve brands.
- The consumer environment in Russia and Eastern Europe has been severely impacted by the economic and political events there and net sales declined 12%. Scotch, Diageo’s largest category in Russia, was the hardest hit and declined 17%, although Johnnie Walker Red Label maintained its leadership position in standard scotch, and White Horse gained share.
- Net sales in Turkey were up 11%, driven by raki and included the transfer of sales from the German former distributor to Mey İçki which was worth 2pps of growth.

AFRICA

- Our overall performance in Africa has improved, with net sales up 5%, as we began to lap the excise duty change on Senator Keg in Kenya and saw improved performance in our Africa Regional Markets (net sales up 16%), on the back of beer growth in Ghana and Cameroon, together with strong growth in spirits in Angola.
- East Africa’s performance, with volume and net sales up 7% and 11% respectively was driven by robust performances in both beer and spirits.
- In a challenging economic environment, net sales in South Africa were down 6% as we lapped the sell in of last year’s success, Smirnoff Ice Double Black and Guana. Both Smirnoff 1818 and Johnnie Walker delivered very strong performances.
  - Nigeria remains a challenging market as consumers trade down into value beer. However, the successful launch of Orinj drove growth in the beer category.
  - Spirits were up 19% with double digit growth in every market, driven by both mainstream international spirits and our strong local spirits brands. Reserve net sales up over 25% in the region.

LATIN AMERICA AND CARIBBEAN (LAC)

- In LAC we have delivered a good performance across the domestic business while the border business remains challenging. Currency volatility in the border trade and reduced imports into Venezuela have impacted net sales of our scotch brands which were down 7% in the half.
- In Venezuela, the impact of high inflation together with restrictions on imported goods led to scotch volume declining 40% and net sales declining 13%. The strong performance of local brands led to total net sales increasing 6%, despite a shortage of glass impacting volumes.
- Net sales in Paraguay, Uruguay and Brazil (PUB) were flat. Net sales of Johnnie Walker were down 11% in a competitive pricing environment while Old Parr and White Horse performed well up 18% and 28% respectively. Net sales growth in vodka was driven by Smirnoff up 23%.
  - Performance in Colombia was strong with share gains and net sales up 12%.
  - Mexico delivered 7% net sales growth driven by the strong performance of scotch.
  - Net sales in WestLAC declined 11% driven by further market contraction in the border zones, down 50%, as a result of currency volatility. In the domestic markets, net sales grew 4% with strong contributions from Peru, Chile and Jamaica.

ASIA PACIFIC

- Performance for Asia Pacific reflects inventory reductions, a tough comparison against high shipments in South East Asia last year and weakness in the scotch category in China.
- In Greater China, net sales performance in the second quarter reflected the improved performance of Shui Jing Fang, up 25%.
  - In mainland China, scotch was down 22% as the effects of the government’s anti-extravagance measures persist.
  - In Taiwan, net sales were up 5% driven by continued success of The Singleton.
  - North Asia, India and Global Travel, Asia and Middle East (GTME) delivered growth and Australia’s performance improved.
  - Diageo India continued to grow, driven by category growth and share gains across scotch and vodka, as the business benefited from the sales agency agreement in place with USL since October 2013.
  - GTME net sales grew 12%, with Spps of growth coming from the transfer of sales for some Indian travel retail customers from the South East Asia market.
  - Australia net sales were down 1%, with 8% growth of ready to drink driving improved performance compared to the second half of last year.
  - North Asia net sales grew 4% driven by Guinness, up 34%, and innovation like Windsor Black and Haig Club.
  - Our reserve performance was good, up 7%, with 36% growth of the reserve scotch malts, and all markets except South East Asia grew their reserve portfolio double digit. Innovation contributed significantly to the region’s net sales performance, with the high profile launch of Haig Club in South East Asia, Korea, China and GTME.
BRANDS HIGHLIGHTS
(SIX MONTHS ENDED 31 DECEMBER 2014)

GLOBAL GIANTS AND LOCAL STARS
Global giants represent 30% of Diageo net sales:

• Johnnie Walker’s net sales and volume decline (down 12% and 9%) was largely driven by currency related weakness in South East Asia and the border zones in WestLAC, the challenging environment in Russia and Eastern Europe, and the lapping of a strong innovation pipeline in the United States. Elsewhere the brand performed well including in Africa where net sales were up double digit.

• Smirnoff’s net sales declined 3% largely driven by the lapping of high shipments in the prior period in the United States. However, the relaunch of the brand with new packaging and the marketing campaign ‘Exclusively for Everybody’ and targeted price promotions improved the performance of Smirnoff Red.

• Captain Morgan’s net sales were down 4% largely driven by the performance of the brand in the United States where it was lapping the launch of Captain Morgan White Rum last year. Captain Morgan net sales grew 6% in Great Britain and 61% in Australia.

• Baileys’ net sales declined 5% as the brand entered the year with high inventory levels and saw softer depletions in the US, Greater China and Nigeria. In Western Europe, net sales declined 4% as the brand lapped successful innovation launches in the prior period, however brand equity scores remain strong supported by the launch of the ‘Here’s to Us’ campaign.

• Tanqueray had a very strong performance with net sales up 12% and volume up 9% driven by strong double digit growth across Western Europe, particularly Spain and Great Britain. The ‘Tonight we Tanqueray’ campaign supported the performance of Tanqueray No. Ten, with net sales up double digit in nearly every region.

• Guinness’ net sales declined 4%. Performance was weak in Nigeria as consumers traded down into value lager. The brand performed well in Africa Regional Markets and Kenya where net sales grew double digit. In Great Britain, the brand maintained share in a competitive beer category and in Ireland net sales were up 1% and Guinness gained share supported by the ‘Made of More’ campaign. In the United States, net sales were up 1% driven by the successful launch of Guinness Blonde American Lager.

Local stars represent 16% of Diageo’s net sales:

• Growth from Buchanan’s, which continued to outperform the category in the United States, and Yeni Raki in Turkey was offset by net sales decline of Old Parr in the border zones in West LAC, while in Venezuela, high inflation and import restrictions impacted demand of imported spirits, led to strong double digit growth of our local portfolio. In Asia Pacific, improved performance in baijiu was partially offset by net sales decline from Bundaberg in Australia.

Key categories highlights:

• Scotch represents 26% of Diageo net sales and declined 6%, mostly driven by the weak performance of Johnnie Walker, partly offset by growth of Buchanan’s in the United States and Haig Club and Singleton. Performance was strong in Africa, where net sales were up double digit.

• North American whiskey represents 6% of Diageo’s net sales and grew 3%. The performance was mostly driven by Bulleit Bourbon which grew net sales 57% globally. Crown Royal net sales declined 1% lapping last year’s innovation, partly offset by the successful launch of Crown Royal Regal Apple.

• Vodka represents 13% of Diageo net sales and grew 4% mainly driven by the strong performance of Cîroc in many markets.

• Beer, which represents 17% of Diageo net sales, grew 2% driven by the strong performance of Orijin in Nigeria.

SPOTLIGHT ON RESERVE AND INNOVATION

Our expertise in innovation and our leading position in luxury enables us to grow and access new customers.

Reserve continues its exciting growth trajectory with net sales up 10% globally:

• The opportunity globally to grow our reserve brands as the number of high net worth individuals increases shows Diageo’s growth potential is undiminished despite the current environment being tough.

• Our leadership in luxury drove the performance of Western Europe for instance, where we were able to achieve double digit net sales growth in all of our luxury brands. Key drivers of reserve were vodka, gin and scotch.

• Great Britain was the host of lots of reserve activity in the half including the World Class global final and the reserve portfolio grew net sales 50% in the half.

• In the US, Bulleit Bourbon is leading the category growth and Cîroc performed very strongly supported by the launch of Cîroc Pineapple.

• Zacapa is growing in all key markets, most notably Western Europe, GTM&E and Mexico.

• Don Julio’s net sales grew 21% driven by share gains in the fast growing super premium tequila category in the US and increased marketing investment.

• We launched our first ever above the line campaign in Europe for Cîroc helping the brand to more than double its net sales. ‘On Arrival’ is a two year partnership with photographer Mario Testino capturing people from around the world celebrating their moments of success.

Innovation is driving growth in beer and spirits and our strong innovation capability enables us to unlock new growth opportunities:

• The launch of Cîroc Pineapple in the US has created consumer excitement and lifted sales for the whole trademark in North America. One month into the launch, Cîroc Pineapple is already the #3 largest spirits innovation by value.

• In Nigeria, the strong performance of Orijin, an innovation at a mainstream beer price point, has enabled us to grow our overall share in the beer category in the last four months.

• The impressive recent launch of Haig Club is bringing new momentum to scotch opening the category to new consumers in Great Britain, the United States and Asia Pacific.
## BRANDS PERFORMANCE

(volumes, excl. RTDs, for the 12 months to 31 December 2014)  
(top markets for the six months ended 31 December 2014)

<table>
<thead>
<tr>
<th>BRAND</th>
<th>CATEGORY</th>
<th>VOLUME (MILLION 9-LITRE EQUIVALENT CASES)</th>
<th>TOP MARKETS (NET SALES)</th>
</tr>
</thead>
<tbody>
<tr>
<td>JOHNNIE WALKER</td>
<td>Scotch whisky</td>
<td>No. 1 Scotch whisky in the world* 17.9</td>
<td>United States GTME Brazil Mexico China Thailand South Africa Australia</td>
</tr>
<tr>
<td>CROWN ROYAL</td>
<td>Canadian whisky</td>
<td>No. 1 Canadian whisky in the world** 5.3</td>
<td>United States Canada</td>
</tr>
<tr>
<td>J&amp;B</td>
<td>Scotch whisky</td>
<td>No. 5 Scotch whisky in the world* 3.7</td>
<td>Spain France South Africa United States Turkey Belgium Portugal Portugal</td>
</tr>
<tr>
<td>BUCHANAN’S</td>
<td>Scotch whisky</td>
<td>No. 3 Premium Scotch whisky in Latin America and Caribbean* 1.6</td>
<td>United States Mexico Venezuela Colombia</td>
</tr>
<tr>
<td>WINDSOR</td>
<td>Scotch whisky</td>
<td>No. 2 Super Premium Scotch whisky in Asia Pacific* 0.7</td>
<td>Korea China</td>
</tr>
<tr>
<td>BUSHMILLS</td>
<td>Irish whiskey</td>
<td>No. 3 Irish whiskey in the world* 0.8</td>
<td>United States Russia Ireland France Great Britain GTME</td>
</tr>
<tr>
<td>SMIRNOFF</td>
<td>Vodka</td>
<td>No. 1 Premium vodka in the world** 25.6</td>
<td>United States Great Britain Canada Brazil South Africa Australia</td>
</tr>
<tr>
<td>KETEL ONE VODKA</td>
<td>Vodka</td>
<td>No. 2 Super Premium vodka in the United States*** 2.4</td>
<td>United States Canada Australia Brazil GTME</td>
</tr>
<tr>
<td>CÎROC</td>
<td>Vodka</td>
<td>No. 2 Ultra Premium vodka in the United States*** 2.6</td>
<td>United States Brazil Great Britain GTME</td>
</tr>
<tr>
<td>CAPTAIN MORGAN</td>
<td>Rum</td>
<td>No. 2 brand in the rum category in the world** 10.4</td>
<td>United States Canada Great Britain Germany Russia South Africa</td>
</tr>
<tr>
<td>BAILEYS</td>
<td>Liqueur</td>
<td>No. 1 Liqueur in the world** 6.2</td>
<td>United States Great Britain Canada Germany Spain GTME</td>
</tr>
<tr>
<td>DON JULIO</td>
<td>Tequila</td>
<td>No.1 Ultra premium tequila in the world* 0.4</td>
<td>United States Colombia Australia Canada GTME</td>
</tr>
<tr>
<td>TANQUERAY</td>
<td>Gin</td>
<td>No. 1 imported gin in the United States**** 2.4</td>
<td>United States Spain Canada Great Britain Australia Italy GTME</td>
</tr>
<tr>
<td>GUINNESS</td>
<td>Beer</td>
<td>No. 1 Stout in the world***** 10.0</td>
<td>Great Britain Ireland Nigeria United States Indonesia Cameroon</td>
</tr>
</tbody>
</table>

*IWSR; **Impact Databank; ***Beverage Information Group; ****Plato Logic

Before making any investment decision with respect to Diageo’s ordinary shares, investors are directed to Diageo’s interim results press release for the six months ended 31 December 2014 including an explanation of organic measures used in the document and a section on ‘Risk Factors’ that could impact the business. The Annual Report and additional information about Diageo can be found at www.diageo.com. The reader should consult any additional disclosures Diageo may make in documents filed with the United States Securities and Exchange Commission. Diageo does not undertake to update any information herein.

For more information please contact: global.press.office@diageo.com