

DIAGEO

Core Competencies

- Brand Management and Strategic Acquisitions
- Corporate Social Responsibility
 - Leadership in alcohol in society
 - Building thriving communities
 - Reducing their environmental impact
- Maintaining Good Corporate Culture



Performance Indexes

- Total shareholder return of 12%
- Return on average invested capital of 13.8%
- Free cash flow of £2.6 billion
- Earnings per share of £106
- Dow Jones Sustainability Index- top 10% of businesses



DIAGEO

Strategic Posture

- Strategy: to aim to grow their position in international premium spirits
 - Premiumization in developed markets
 - Increasing presence in emerging markets
- Target middle class
- Executional priorities

The Diageo logo is displayed in a black rectangular box. The word "DIAGEO" is written in a bold, white, sans-serif font, centered within the box.

DIAGEO

Corporate Strategy

Diversification: dominant business

Net sales

(%)



Scotch

North American Whisk(e)y

Rum

Indian Made Foreign Liquor (IMFL)

Vodka

Tequila

Beer

Ready to drink

Liqueurs

Gin

Other

Category analysis

	Spirits £ million	Beer £ million	Wine £ million	Ready to drink £ million	Other ^(iv) £ million	Total £ million
2017						
Sales ⁽ⁱ⁾	14,241	2,635	81	854	303	18,114
Non-current assets ^{(i), (ii)}	-	-	-	-	-	-
2016						
Sales ⁽ⁱ⁾	11,993	2,486	265	726	171	15,641
Non-current assets ^{(i), (ii)}	-	-	-	-	-	-
2015						
Sales ⁽ⁱ⁾	12,052	2,562	479	703	170	15,966
Non-current assets ^{(i), (ii)}	-	-	-	-	-	-

Corporate Strategy

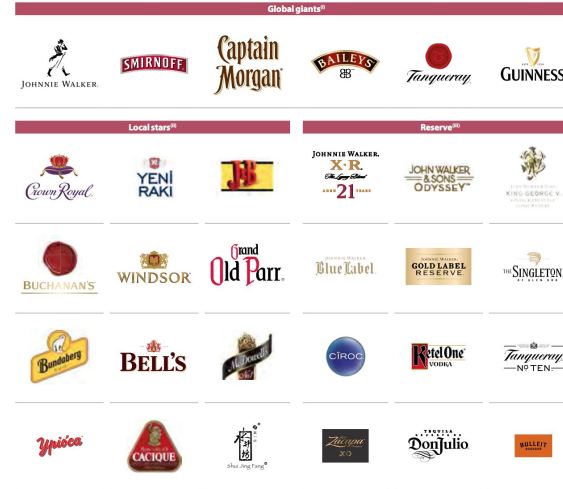
- Acquisitions
 - Casamigos tequila
 - United Spirits India

UNITED SPIRITS
A DIAGEO Group Company



Corporate Structure

- Decentralized
- Global leader in alcoholic beverages (21 markets)
- Focus is on variety and price for consumer
- Produce → Market → Innovate → Sell
- Strong platform



EACH OF OUR 21 MARKETS IS ACCOUNTABLE FOR ITS OWN PERFORMANCE AND FOR DRIVING GROWTH

	North America	Europe	Africa	Latin America and Caribbean	Asia Pacific
>15%	US Spirits and Wines	Western Europe [®]			
6–10%					India
3–6%	Diageo-Guinness USA (DGUSA)	Turkey	Nigeria East Africa	West LAC	Global Travel, Asia and Middle East
2–3%	Canada		Africa Regional Markets	Paraguay, Uruguay and Brazil	Australia North Asia Greater China
<2%		Russia and Eastern Europe [®]	South Africa	Mexico Venezuela Colombia	South East Asia

Corporate Culture

- Values: passion, freedom to succeed, pride, excellence, and the value of one another
- Women
- Sexual Orientation
- Work-life Balance
- Employee Development



Corporate Governance

- CEO: Ivan Menezes, since 2013.
Serves on Board of Directors (Not Chairman)
- Executive Board: 15 Positions. Board is stable and experienced.
- Board of Directors: 11 positions including CEO and CFO
- Ownership: Not controlled, owned by institutional investors and public



Competitive Position

- Core Competencies
- Competitive Advantages: Adding value to brands, Rare, Costly to imitate
- Substitutes: Competitors executive similar business models
- Ability to establish itself as unique is key

DIAGEO

**CELEBRATING LIFE,
EVERY DAY, EVERYWHERE**

Profit Potential

<i>Industry Profitability</i>	2017	2016	2015
Gross Profit Margin	59.75%	58.91%	57.92%
Net Profit Margin	20.44%	21.85%	17.16%
ROA	12.49%	14.98%	11.68%
ROE	34.39%	39.21%	29.26%
Diageo	2017	2016	2015
Gross Profit Margin	61.16%	59.45%	57.37%
Net Profit Margin	23.01%	22.53%	22.82%
ROA	12.34%	10.03%	11.37%
ROE	34.51%	33.51%	37.74%

Thank you!!

