

Delegat Group Limited – 2018 Annual Meeting Addresses

Annual Meeting of Shareholders

2 pm, Tuesday, 4 December 2018

Slide 1 – Title Slide

1. Welcome and Introductions

Ladies and Gentlemen, On behalf of the Board, I am pleased to welcome you here today to the 13th Annual Meeting of Delegat Group Limited since listing in April 2006. My name is Jim Delegat and I have the privilege of chairing your Board of Directors. There is a quorum present and given the time is now 2p.m. – I declare the meeting open for business.

Slide 2 – Welcome and Introductions

Let me first introduce you to my fellow Board Members, John Freeman (Managing Director), Rose Delegat, Robert Wilton, Dr. Alan Jackson (Chair of Audit & Risk Committee) and Shelley Cave (Chair of Remuneration Committee). Also on the dais is Murray Annabell, the Group's Chief Financial Officer, who will act as our minute secretary. I also would like to welcome our auditors, Ernst & Young, to the meeting.

2. Proxies

I can advise the meeting that Directors and others are holding proxies and postal votes in favour of Resolution 2 and 3 for 87,611,868 shares, representing 86.6% of the share capital of the Company.

3. Apologies

To open, are there any apologies anyone would like to advise the meeting of? Thank you – those apologies will be recorded in the minutes.

4. Notice of Meeting

The notice of meeting has been sent to all shareholders together with the Annual Report, and I propose that, together with the agenda they be taken as read.

5. Minutes of Previous Meeting

The minutes of the 12th Annual Meeting held on 5 December 2017 have been approved by the Directors, and Murray Annabell is holding a copy for inspection should any shareholder wish to see them.

Slide 3 - Agenda

6. Procedure

Firstly, I will address the Annual Report incorporating the Directors Report, Financial Statements and unqualified Audit Report covering the year to 30 June 2018. I will then provide a brief overview of our key investment projects before handing the meeting to the Managing Director who will cover 2018 performance in more detail and the Group's future growth plans.

Following Mr Freeman's remarks I will open the floor for discussion on the Annual Report and Executive Chairman's and Managing Director's presentation before moving on to the formal business of the resolutions.

Executive Chairman's Address

Slide 4 – Executive Chairman's Address

As Executive Chairman my focus is on the strategic direction and monitoring performance to ensure successful delivery of Board approved business plans. I invest a significant amount of my time on capital investments and growth initiatives.

Slide 5 – Another Year of Record Performance

On behalf of the Board of Directors of Delegat Group Limited, I am pleased to report another year of record performance. Delegat achieved record global case sales of 2,736,000 in the 2018 year, up 3% on the prior year. A highlight of this strong growth was 10% sales growth in North America which is our largest and fastest growing market.

A record Operating Net Profit After Tax of \$44.9 million was generated, up 17% on the prior year, continuing the Group's strong track record of profitable growth.

Your Board, being cognisant of both dividends to reward shareholders and the need for reinvestment for a growth company, declared a fully imputed dividend of 15 cents per share which represents an increase of 15% over the prior year.

Slide 6 – Investing for Growth

Delegat is investing for growth to support its strategic goal to build a leading global Super Premium wine company. During the year under review the Group generated cash flows from operations of \$57.8 million which more than funded the \$46 million invested in growth assets including development of the Group's wineries, land acquisition and vineyard development in New Zealand and the Barossa Valley.

Delegat will invest an additional \$33 million in 2019 to provide earnings growth in the years ahead. This capital investment supports the Group's plan to grow sales by more than 640,000 cases to 3,377,000 cases by 2021 and will provide for further growth beyond that period.

Slide 7 –Vineyard Development

The Group planted 200 hectares of new vineyard in FY2018 and is developing another 136 hectares in the current year. The Group has a further 575 hectares of viticultural land which will be planted progressively from FY20 onwards. The Group now has 4,145 net hectares of vineyards and viticultural land, 3,631 hectares in New Zealand and 514 hectares in Australia. Of this area 75% is owned or managed by the Company and 25% is from our grower partners.

Pictured on screen is the Oyster Bay vineyard in Marlborough. This fully developed vineyard demonstrates the scale and quality of our assets, which position the Group well to meet strong continuing growth in global demand for its Super Premium wines.

Slide 8 – Funding Growth

The Group has a strong balance sheet with shareholders' equity of \$343.2 million, net bank debt of \$281.5 million and undrawn syndicated bank debt facilities of \$68.5 million. The Group's retained earnings and long-term syndicated bank debt facilities provide appropriate funding for our capital investment programme and growth plan.

Slide 9 – Executive Chairman Concluding Remarks

Your company is one of New Zealand's great growth stories. The record results achieved in the year under review are testament to the strength of the Group's business model. I personally am as excited about your company's performance, strategy and growth plans as I have ever been.

Your Board would like to take this opportunity to acknowledge our Delegat Great Wine People around the world. Our global team have once again shown great resolve and set new performance records. It is inspiring to work with such a talented team who are committed to winning together.

John Freeman, the Group's Managing Director, will now provide a more fulsome report on the 2018 year and our plans for the future.

Managing Director's Address

Slide 10 – Managing Director's address

Good afternoon Ladies and Gentlemen. It is a privilege to be with you today for my first Annual Meeting as Managing Director, and it will be my pleasure to share and discuss the performance and growth plans of the company.

Before I begin my formal address, I would just like to say a few words about your company. Since rejoining Delegat a year ago, I have been extremely impressed by the talent and continued drive of our staff. I've worked with some of these fine people for over 10 years, and others I have been meeting for the first time as I travel around the business. But regardless of their differences in time with the company or their role within the business, they are surprisingly similar in their ambition, their intellect, and their desire to succeed in their careers and to make a meaningful contribution to the success of the business. It is a great thing to see. It is quite humbling, but it is also inspiring for me and accordingly I am even more excited about tackling the challenges and opportunities that face our business in the future.

Turning to the business at hand, in this address I will report on 2018 performance and will outline the Group's future growth plans.

2018 was another year of record performance and continuing to build the foundations for long term-growth. As noted by the Executive Chairman, in 2018 the Group achieved record Operating Net Profit After Tax of \$44.9 million, record global case sales and another year of strong net cash flows from operations.

Slide 11 – Global Sales Performance

The Group's investment in developing its own in-market sales teams in New Zealand, Australia, the United Kingdom, the United States, Canada and China are delivering superior performance in a highly competitive global marketplace. We are a global business that never sleeps.

Our record global case sales continue to be well diversified by market, with 46% in North America, 29% in the Australia, New Zealand and Asia Pacific region, and 25% in Europe including the United Kingdom.

Case sales in the Australia, New Zealand and Asia Pacific region grew by 2% to 799,000 cases. In the established New Zealand and Australia markets, Oyster Bay continued to perform strongly as a category leading Super Premium wine brand.

In Australia, Oyster Bay was voted as the Most Distinctive Brand of the Year for white wine at the 2018 Australian Drinks Awards, and Oyster Bay Sauvignon Blanc continues to lead the category as the top selling Sauvignon Blanc and number one bottled white wine by value. The rapid growth of Oyster Bay Pinot Gris in the region was a highlight of the 2018 year, as was the continued growth of the Barossa Valley Estate brand.

Slide 12 – Consumer Advertising Campaign, Australia

The Group's brands are targeted towards Aspirational and Succeeder Wine Consumers.

These consumers work hard to achieve success in their lives. Accordingly, they often seek out status and reward, and do so by surrounding themselves with products and brands that allow them to confidently demonstrate their good taste to their peers. Within wine this means selecting on the basis of quality, region, and brand.

On the screen you will see an example of our Consumer Advertising campaign in Australia.

The Group has invested significantly in the established markets of Australia and New Zealand in order to maintain high brand awareness, continue to grow brand affinity, and deepen the relationship with our target consumers. We're confident that this investment will continue to be repaid in the form of sustainable high-quality earnings from these key markets.

Slide 13 – Global Sales Performance (repeat)

Still looking at the Asia Pacific region, the Group's operations in China continue to develop. This is particularly evident when looking at the Group's flagship store within the T-Mall e-Commerce platform. The store enables aspirational consumers throughout China to purchase the Group's brands directly from Delectat. Whilst China represents a relatively small proportion of current sales, the Group is excited about the long-term prospects in this rapidly changing market, and our understanding of the nuances and complexities of the market continues to advance.

Turning to North America, the Group again delivered strong growth, increasing sales volumes by 10% to a record 1,250,000 cases. North America remains our largest opportunity to grow sales in the short to medium term.

Slide 14 - Growth in US Premium Wine Consumer Numbers

In the United States, the Group continued to deliver strong growth. Two key underpinning trends are driving this growth. The first is premiumisation, and the second is shifting consumer preferences. On the screen you will see research conducted by Wine Intelligence on the US premium wine market. Over the past six years, the number of consumers regularly purchasing premium wine in the United States has grown by over 50% to 55 million. Secondly, we have observed that consumers are increasingly seeking out crisp, elegant, contemporary wines, a style in which New Zealand excels.

The Group has been working for many years to capitalise on these trends. Our well-established in-market sales team partners closely and effectively with powerful distributors in order to establish quality distribution with leading retailers and on-premise venues. As in other markets, we work tirelessly to ensure that our brands resonate with aspirational wine consumers and drive category-leading rate of sale.

The result of these efforts is evident in the Group's sales growth, but also in Oyster Bay's recognition and regard within the market. Oyster Bay was awarded 'Hot Brand' status for the eighth consecutive year by New York's Impact Magazine, and Oyster Bay Sauvignon Blanc is a top 5 white wine over US\$10 by value. Oyster Bay Pinot Gris was launched late in the 2018 year, and has already outpaced our initial projections. Further distribution growth was also achieved with the Barossa Valley Estate brand, with the Group continuing its efforts to expand distribution channels for this range in the US.

Slide 15 – Global Sales Performance (repeat)

In Canada, a strong base of distribution has been in place for some time in each of the major provinces, including significant growth in the French-speaking province of Quebec over the past three years. In 2018 the Group achieved growth in Canada whilst implementing price increases in two of the larger provinces.

Oyster Bay has now become one of the most powerful Super Premium wine brands in the market, with success being achieved across the range. As an example, Oyster Bay Pinot Gris is now the number one Pinot Grigio in British Columbia above C\$13. The Group's success with this varietal in Canada is another encouraging indicator of its potential globally. Highlights for 2018 in Canada also included strong growth for Oyster Bay Pinot Noir and Barossa Valley Estate Shiraz.

The United Kingdom, Ireland and Europe region delivered a strong year with 687,000 cases sold. Sales volumes declined slightly, in line with the Group's expectations following a price-repositioning in the United Kingdom market the previous year. Despite this, Oyster Bay maintained its Super Premium category leadership position. Oyster Bay Sauvignon Blanc, Chardonnay and Merlot are the top selling wines above £8 in their respective categories irrespective of origin. Barossa Valley Estate has established quality distribution with leading National Account customers and this distribution platform provides significant consumer reach and opportunity to grow the brand over the long-term.

In Ireland, Oyster Bay has again maintained its Super Premium category leadership position. Oyster Bay Sauvignon Blanc, Chardonnay, Merlot and Pinot Noir are the top selling New Zealand wines in their respective varietal categories above €10. Barossa Valley Estate Shiraz and Grenache Shiraz Mourvèdre are the top selling Australian wines in their respective varietal categories above €12.

Slide 16 – Major Awards and Accolades

The Group was awarded a record number of gold medals and received outstanding acclaim in major international wine competitions, showcasing the world-class quality of its wines and significance within the Super Premium wine category. Some of the notable highlights were as follows:

- International wine industry research group Wine Intelligence ranked Oyster Bay as New Zealand's most powerful wine brand. This Brand Power ranking process combines a number of research measures including brand awareness, rate of purchase, and brand connection with consumers.
- Oyster Bay was named 'One of the World's Most Admired Wine Brands' for the sixth consecutive year by Drinks International Magazine UK.
- Oyster Bay Marlborough Sauvignon Blanc 2017 was awarded a gold medal at the Mundus Vini Grand International Wine Awards, Germany.
- Oyster Bay Marlborough Pinot Noir 2015 was awarded a double gold medal and 95 points at the San Francisco International wine competition, USA. This is the same competition where Oyster Bay Marlborough Chardonnay 2016 also won a gold medal and 90 Points the previous year.
- Barossa Valley Estate GSM 2015 was awarded a gold medal and 95 points at the Sydney Royal Wine Show, and following on from this, the 2016 vintage of this wine has been awarded 90 points by Wine Spectator Magazine, USA.
- Barossa Valley Estate Shiraz 2014 was awarded a Top 100 and a Blue Gold medal at the Sydney International Wine Competition, and as with GSM the subsequent

vintage also enjoyed success, with the 2015 vintage being awarded a gold medal and 93 points at the San Francisco International Wine Competition.

Slide 17 – E&E Black Pepper Shiraz

In the 2018 year the Group reintroduced E&E Black Pepper Shiraz to the world. For over 25 years E&E Black Pepper Shiraz has earned a reputation as a defining wine of the Barossa Valley, which is itself one of the world's most celebrated wine regions. Whilst the Group is primarily focused on Super Premium wines, the privilege and responsibility for producing such an iconic wine is an opportunity not to be missed.

We are delighted to report that the legacy of E&E Black Pepper Shiraz has been maintained, with the 2014 vintage receiving 94 points from Wine Spectator Magazine. More recently Langton's Classification confirmed the status of E&E Black Pepper Shiraz within the "Outstanding" category, recognising its long-term reputation as one of Australia's iconic wines.

Slide 18 – 2018 Vintage

The Group achieved a record harvest of 40,059 tonnes from the 2018 vintage. The New Zealand harvest was 38,012 tonnes, up 10% on the 2017 vintage. The Australia harvest was 2,047 tonnes. The New Zealand harvest was of very high standard for both yield and quality, and again demonstrated the Group's investment in world-class vineyard and winery assets to deliver a great outcome. The Barossa Valley region enjoyed exceptional weather conditions throughout the growing season, resulting in excellent fruit quality from which our winemaking team can produce outstanding Super Premium wines. Importantly, the Group continues to have appropriate inventories to achieve our future sales growth plans.

Slide 19 – Sales Growth FY2018 to FY2021

The Group's strategic goal is to build a leading global Super Premium wine company. The Group will continue to build leading global brands from world leading regions, focusing on the wine styles for which those regions are internationally renowned. Delecta plans to grow sales by more than 640,000 cases to 3,377,000 cases over the next three years. The primary drivers of planned growth are Oyster Bay varietals in North America, and Oyster Bay Pinot Gris and Barossa Valley Estate varietals globally.

Because of the commercial sensitivity of the information, we only provide sales projections for the current FY19 year and the following two years at a global level.

However, it is not hard to see that our business is founded on long-term business plans built on enduring consumer and market trends. So you will not be surprised to hear that we will continue to focus on the significant and immediate opportunity in North America, and that we will continue to learn and grow in new markets such as Asia. Within our more established markets in Australasia and Europe we continue to see opportunities to increase distribution, and to grow sales across our brands and our varietal ranges.

We will also continue to invest for future long-term growth and earnings by developing and executing high-quality consumer campaigns in key markets. You can expect to see this again this Christmas here in New Zealand as an example.

Slide 20 – Forecast FY2019

With respect to the 2019 year, the Group is on track to achieve its full year goal to grow case sales by 8% to 2,945,000 cases. The Group forecasts the 2019 operating profit result to be in line with market consensus of \$50.3 million.

Slide 21 – Managing Director Concluding Remarks

In conclusion, your company is well positioned to grow sales and achieve sustainable earnings growth in the years ahead. This continued success hinges on our great staff here in New Zealand and around the world. I wish to personally thank each of our Great Wine People for their achievements in 2018, and for their continuing efforts to aim high, pursue mastery and win together. Lastly, I would like to thank you, our shareholders, for your commitment as we have worked hard to build your company, and for your ongoing support in the future.

Shareholders' Questions and Discussion

Are there any questions in respect of the Annual Report, my Executive Chairman's presentation or the Managing Director's presentation?

Thank you – I will record that the 2018 Annual Report has been received and considered.

Now we will proceed to the Ordinary Business on the Agenda.

Election of Directors

The Resolutions numbered Agenda Items 2 & 3 are both ordinary resolutions.

Agenda item 2

Re-election of Rose Delegat as Director

In accordance with the rotation provision of the constitution Rose Delegat retires from office and being eligible offers herself for re-election.

Rose will now briefly address the meeting.

Agenda item 3

Re-election of Dr Alan Jackson as Director

In accordance with the rotation provision of the constitution Alan Jackson retires from office and being eligible offers himself for re-election.

Alan will now briefly address the meeting.

Agenda item B: General Business

I now look to the final item on the agenda: General Business. Are there any items of General Business? Is there any discussion? Thank you.

With the late change of Annual Meeting venue as a result of the Viaduct Events Centre not being available and SkyCity operating under certain liquor license restrictions, we will not be providing a wine tasting with accompanying canapes, as we have in previous years. Instead at the conclusion of the meeting the Board invites you all to mix and mingle with your fellow shareholders, board members and senior management where a tea service will be provided.

With there being no further items of business, I will declare the meeting closed and thank you for the interest you have in the company.