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FY23 Results

25 August 2023

Agenda

Overview

Business Review

Financial Performance

Priorities and Outlook



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Overview

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OUR STRATEGIC GOAL IS TO
BUILD A LEADING
GLOBAL SUPER PREMIUM
WINE COMPANY.

FY23 Operating highlights



- A record year for sales, with strong growth in the US market. Supported by targeted price increases in other markets
- Over 600 million consumer impressions following **increased marketing investment** behind the brand both online and in-store
- **Vintage met expectations** on yield and delivered wines of excellent quality
- **Investment in supply chain infrastructure** and inventory levels ensured no interruptions in supply for markets
- As a founding member of Sustainable Winegrowing NZ, our **sustainability strategy** continues to deliver tangible results across ESG metrics

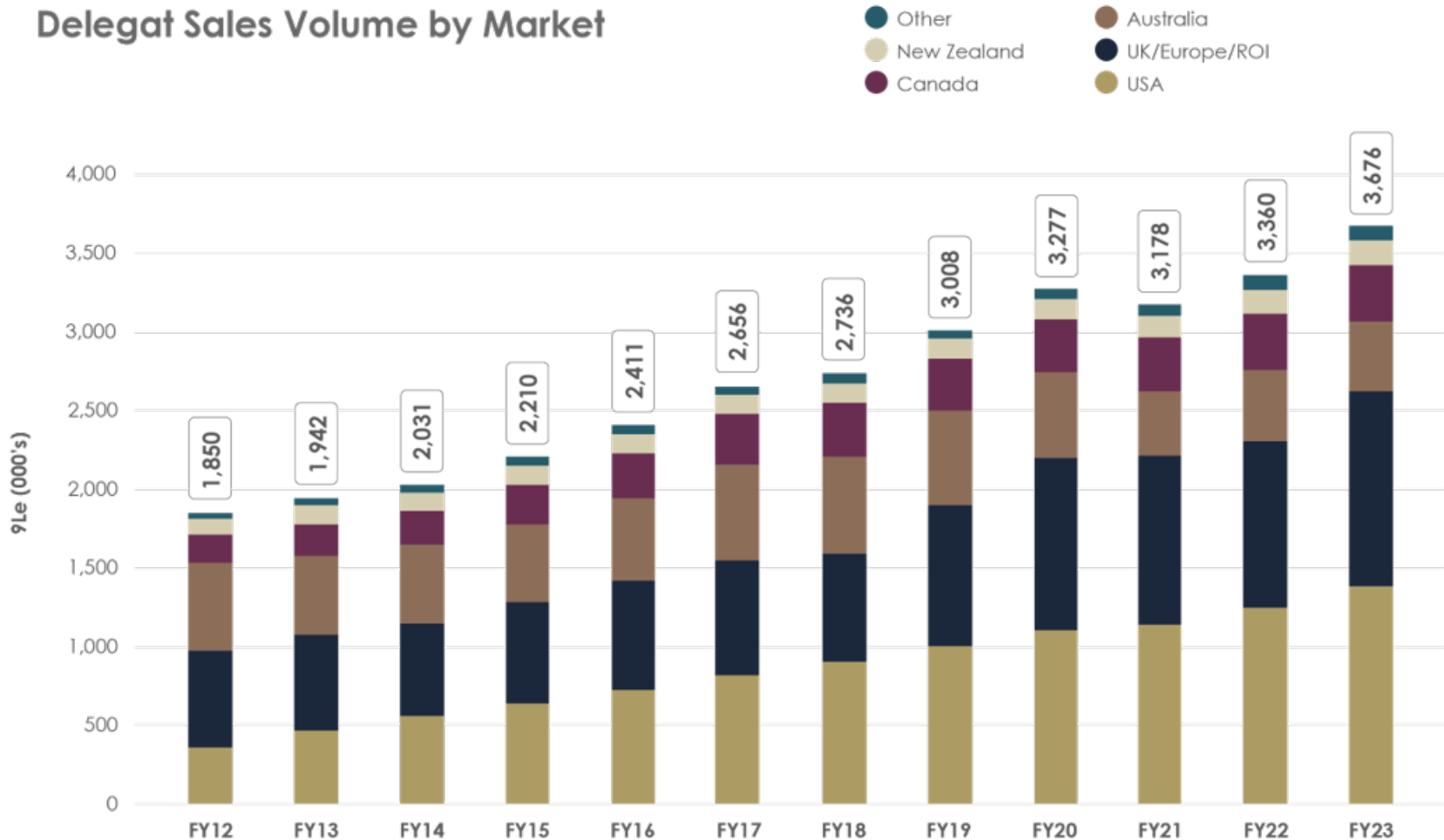
FY23 Financial highlights



- Record Global Case Sales of 3,676,000
Up 316,000 cases on last year (9%)
- Operating NPAT of \$59.3 million
Up \$1.2 million on last year (2%)
- Operating EBITDA of \$120.4 million
Up \$8.2 million on last year (7%)
- Reported NPAT of \$64.8 million
Up \$1.8 million on last year (3%)
- Cash from operations of \$59.7 million
Down \$5.9 million on last year (-9%)

A long-term story of growth, especially in the key US market

Delegat Sales Volume by Market



Source: Delegat internal analysis

Oyster Bay is the leading Sauvignon Blanc brand in the world



NUMBER TWO PREMIUM SAUVIGNON BLANC
IN THE UK ¹



NUMBER ONE WINE IN AUSTRALIA ²



NUMBER TWO PREMIUM SAUVIGNON BLANC
IN THE USA ³



NUMBER TWO PREMIUM
SAUVIGNON BLANC IN CANADA ⁴



NUMBER ONE PREMIUM SAUVIGNON BLANC
IN NEW ZEALAND ⁵



Oyster Bay's strength extends to other varieties in key markets

Oyster Bay ranking within NZ Premium Wine category, by variety



Sauvignon Blanc






Chardonnay

Pinot Gris/Grigio

Rosé

Merlot

Pinot Noir

 US	2	1	1	3	1	1
 Canada	2	1	1	2	1	2
 UK	2	1	3	6	1	2
 Ireland	1	1	-	-	1	1
 Australia	1	1	3	2	1	2

We are one of the world's most successful Super Premium wine brands



Global sales of world's 10 largest premium wine brands, 2022

	Premium wine brands	2022 Volume (000s 9LE)
1	Josh Cellars Wine	5,771
2	Apothic Wine	4,189
3	Oyster Bay Wine	3,299
4	Kendall Jackson Wine	3,045
5	Menage a Trois Wine	2,852
6	19 Crimes Wine	2,765
7	Kim Crawford Wine	2,588
8	Robert Mondavi Wine	2,441
9	Ste. Michelle Wine	2,277
10	Meiomi Wines Wine	1,981

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Business review

Global Trends: Fewer wine consumers, drinking less but better

Moderation



- Less but better. Less consumed (generally) per occasion

Premiumization



- People still wanting to treat themselves
- Still buying favorite brands but stocking up

Shifting consumer awareness of brand and regions



- Younger consumers open minded, yet to develop wine knowledge (or no need to retain it)

Changes in occasion

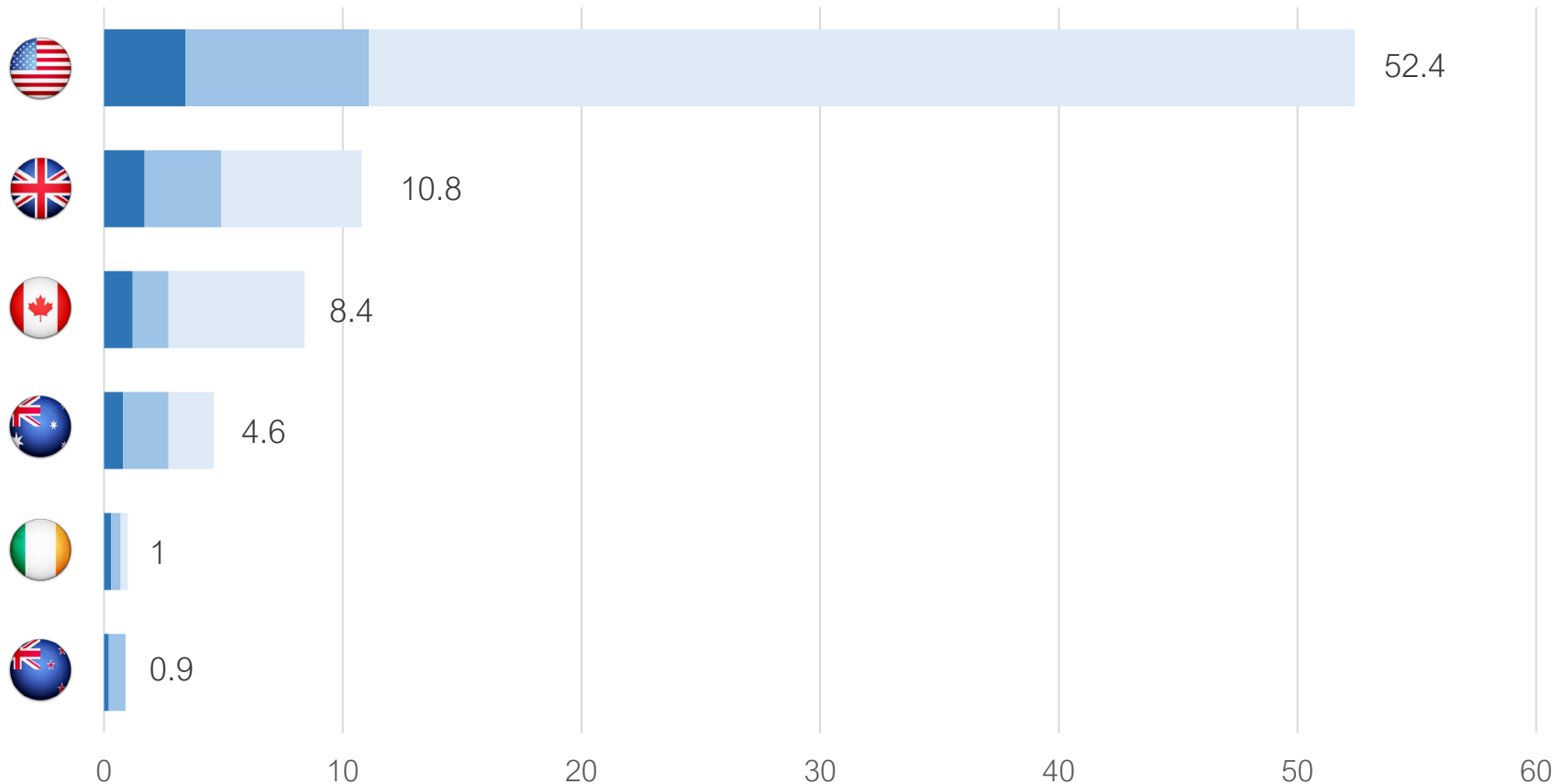


- Wine competing with spirits, premium seltzers for the same occasions

Delegat has a clear focus of the premium segment in each market it is targeting

Premium wine drinkers (Millions): Tracking 2022 vs 2020

- Those who have bought Oyster Bay in the past 3 months
- Those who have consumed NZ wine in the past 6 months
- Premium wine drinkers



Investment in the US market to drive rate of sale and consumer loyalty

Winning in key accounts with feature and display

.... driving awareness & affinity in digital



Top Tier Promotion Secured:
CoSpace

Pinot Gris Distribution:
+356 PODs

Sauvignon Blanc
Cold Box Placement:
+800 PODs



Northern California
Safeway Premium
Sauvignon Blanc Ranking



Oyster Bay has outperformed the industry in the US over the last 12 months across its major varieties

Volume growth, premium segment, US market 12 months to 31 March 2023

Variety	Industry	Oyster Bay
Sauvignon Blanc	5.5%	16.1%
Pinot Grigio	0.1%	25.9%
Chardonnay	-2.4%	14.3%
Pinot Noir	-2.1%	8.4%



2023 harvest, wine making and supply chain performance

- Consistently high quality across the Group harvest. The harvest of 45,340 tonnes was up 1% from 2022 harvest (compared to industry which was down 6% v 2022)
- Recovery from Cyclone Gabrielle was rapid with minimal grape losses, reflecting quality of company infrastructure
- Global shipping still tight in H1, but began moving more comfortably in H2
- Significant ongoing investment in vineyard development and winery capacity expansion



Ongoing work expanding the Group's ESG program

Achieved Carbon Reduce certification through Toitu

50/50 gender split in corporate management & sales leadership roles



60% reduction in lees waste to landfill

12 Hectares riparian & wetland planting in Awatere valley

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Financial review

Case Sales and FX

Case Sales (000's)	Jun 2023	Jun 2022	% Change vs 2022
UK, Ireland and Europe	1,237	1,060	17%
North America (USA and Canada)	1,747	1,608	9%
Australia, NZ and Asia Pacific	692	692	0%
Total Cases	3,676	3,360	9%

Foreign Currency Rates	Jun 2023	Jun 2022	% Change vs 2022
GB£	0.5032	0.5066	1%
AU\$	0.9173	0.9263	1%
US\$	0.6385	0.6765	6%
CA\$	0.8291	0.8650	4%

Revenue Growth Analysis

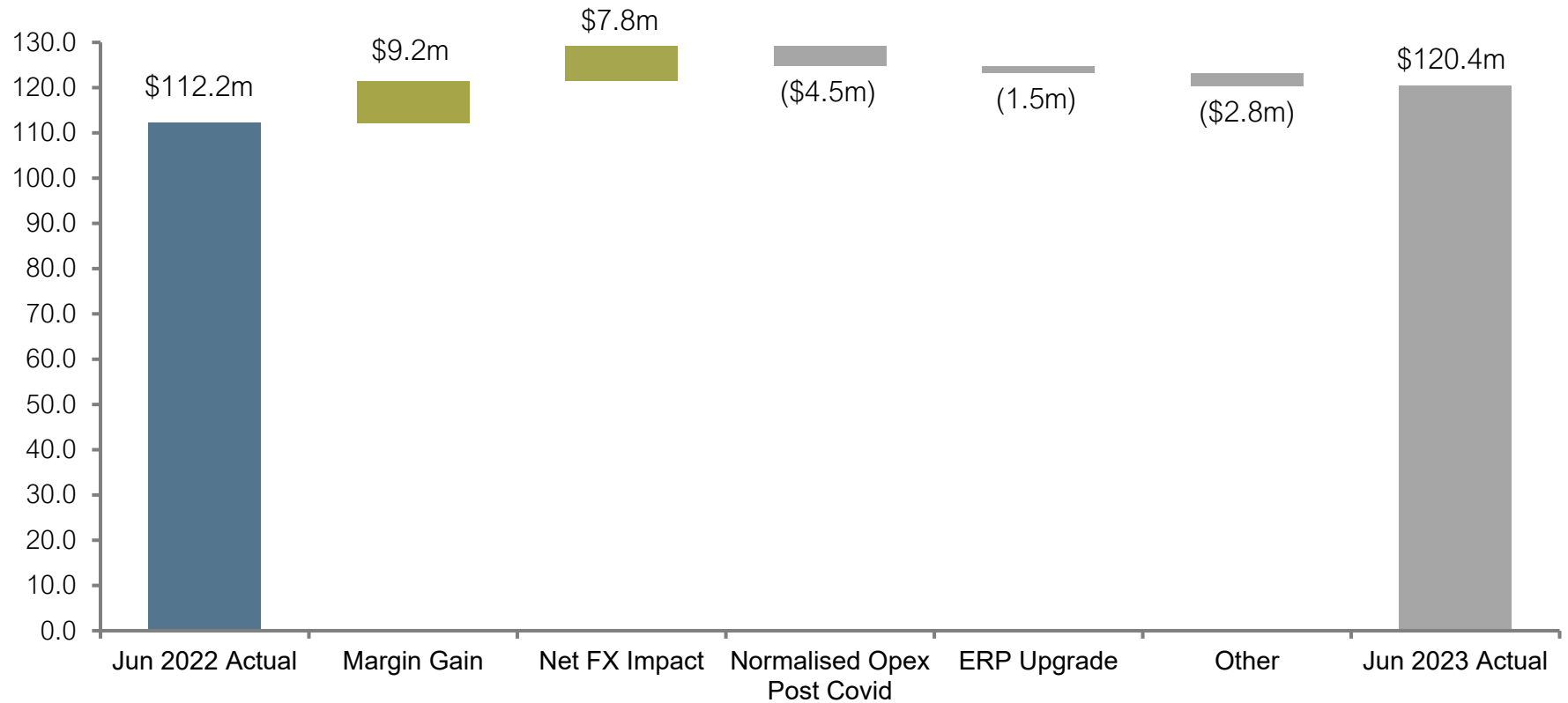
NZ\$ millions	June 2023 Actual	June 2022 Actual	% Change vs 2022
Sales Revenue	367.2	319.3	15%
<u>Sales movements breakdown:</u>			
Volume			9%
Value			6%
Foreign Exchange		4%	
Price		3%	
Country/Product Mix		-1%	

Operating Performance

NZ\$ millions	Jun 2023	Jun 2022	% Change vs 2022
Sales Revenue	367.2	319.3	15%
Operating Revenue	375.8	325.4	15%
Operating Gross Profit	162.1	144.2	12%
Operating Gross Margin	43%	44%	
Expenses (excl Promotion and Marketing)	(54.1)	(45.7)	-18%
Promotion and Marketing	(11.2)	(9.7)	-15%
Operating EBIT	96.8	88.8	9%
Operating EBIT % of Revenue	26%	27%	
Interest and Tax	(37.5)	(30.7)	-22%
Operating NPAT	59.3	58.1	2%
Operating NPAT % of Revenue	16%	18%	
Operating EBITDA	120.4	112.2	7%
Operating EBITDA % of Revenue	32%	34%	

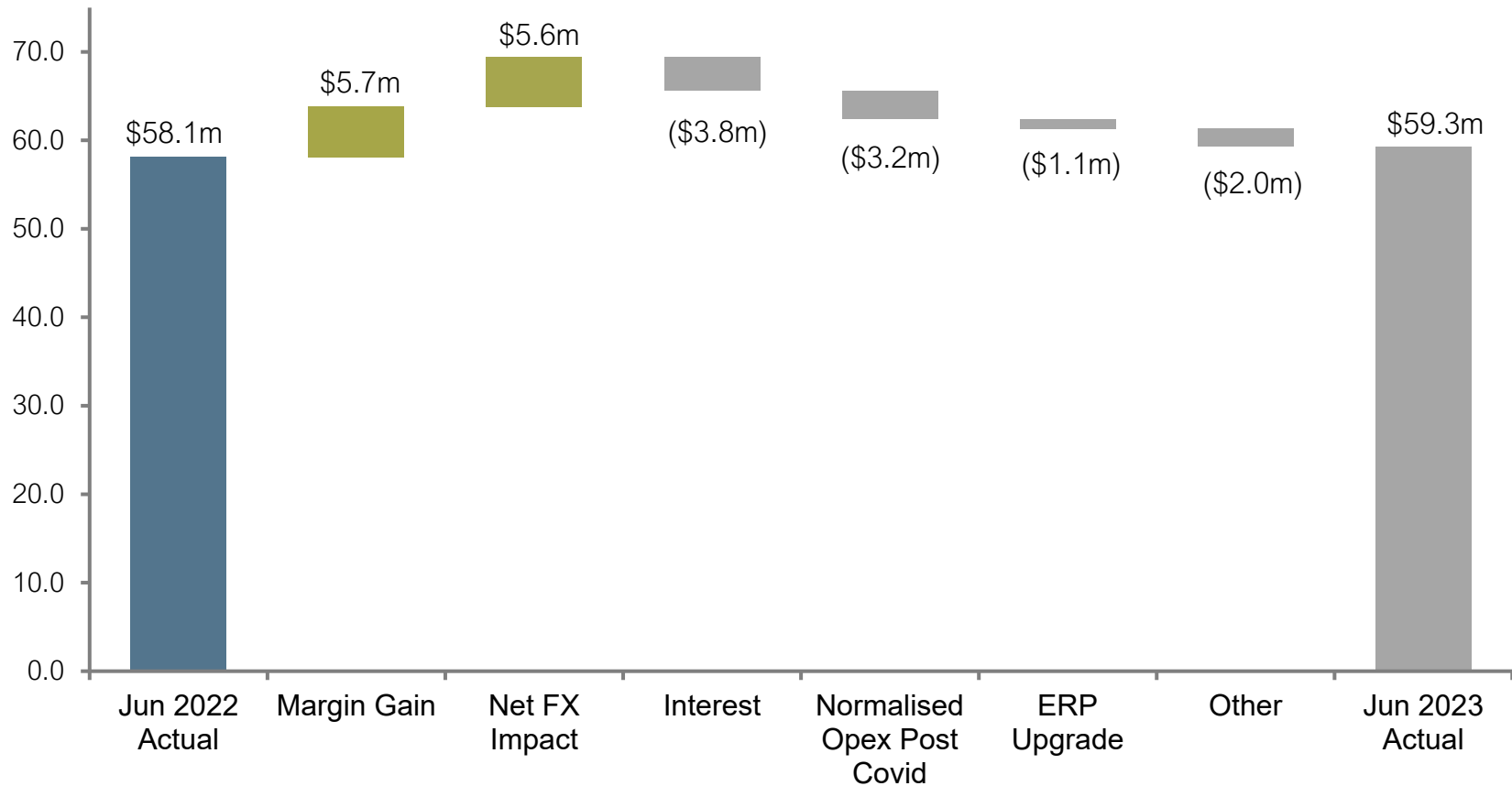
Operating EBITDA Movement – Last Year

NZ \$millions



Operating Profit Movement – Last Year

NZ \$millions



COGS Summary of Movement



- COGS increased across production, shipping and packaging costs, but are predicted to stabilise over time.
- Cost of Grape impacted by vintage yield outcome and increase grape prices. Reducing cost reflects cycling out of low yielding 2021 vintage.
- Packaging, shipping & freight expected to stay high with ongoing inflationary cost increases and shipping lines passing on higher surcharges.

Impact of 'Fair Value' Adjustments

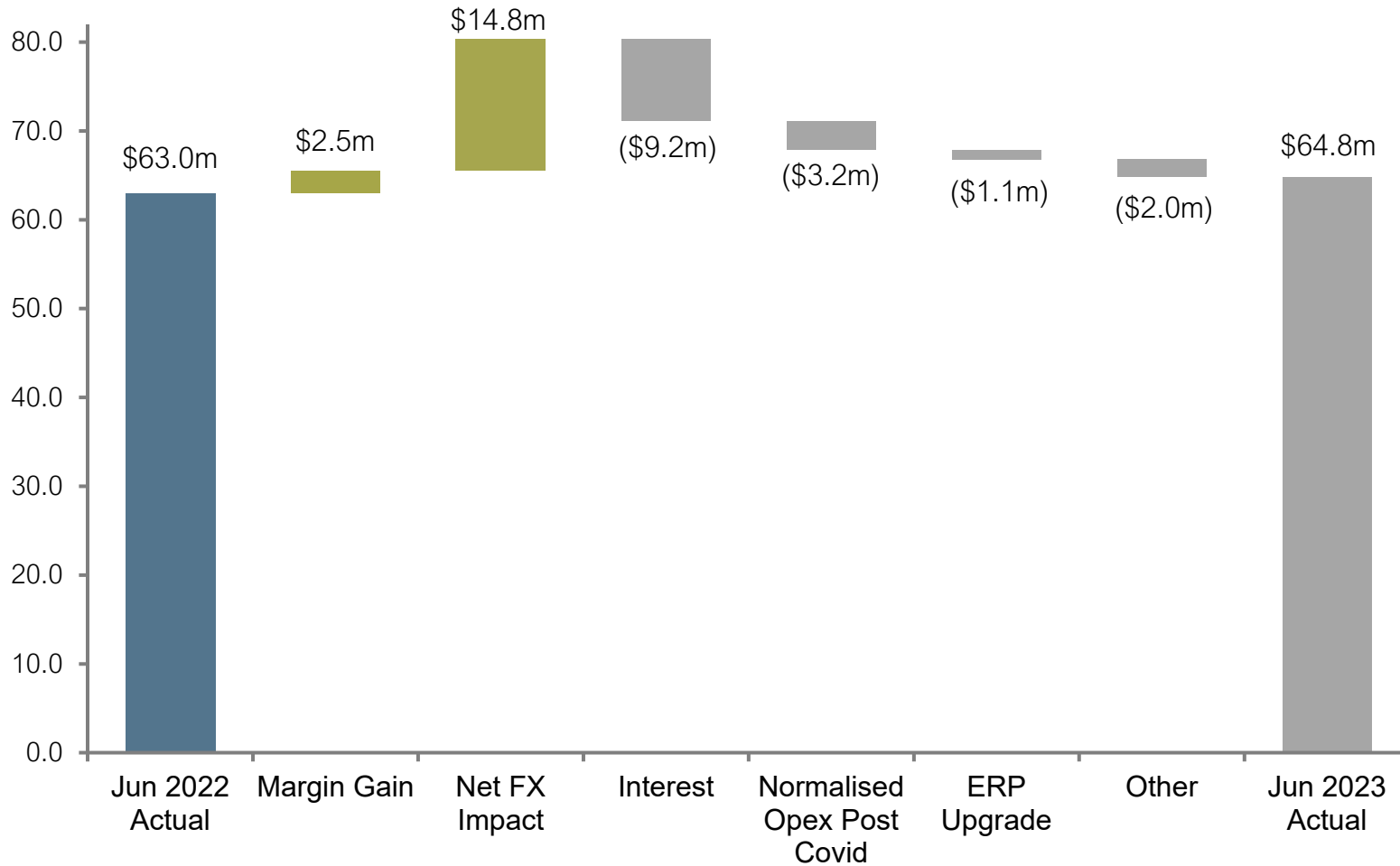
NZ\$ millions	Jun 2023	Jun 2022	% Change vs 2022
Operating NPAT	59.3	58.1	2%
Operating NPAT % of Revenue	16%	18%	
Biological Produce (Grapes) ¹	2.1	6.6	-68%
Derivative financial Instruments	5.6	0.2	n/m ²
Total Fair Value Items	7.7	6.8	13%
Taxation of NZ IFRS fair value items	(2.2)	(1.9)	16%
Fair Value Items after Tax	5.5	4.9	12%
Reported NPAT	64.8	63.0	3%

1. Biological Produce (Grapes) is the difference between market value paid for grapes versus the cost to grow grapes. The harvest provision is reversed and only recognised when the finished wine is sold.

2. n/m means not meaningful.

Reported Profit Movement – Last Year

NZ \$millions

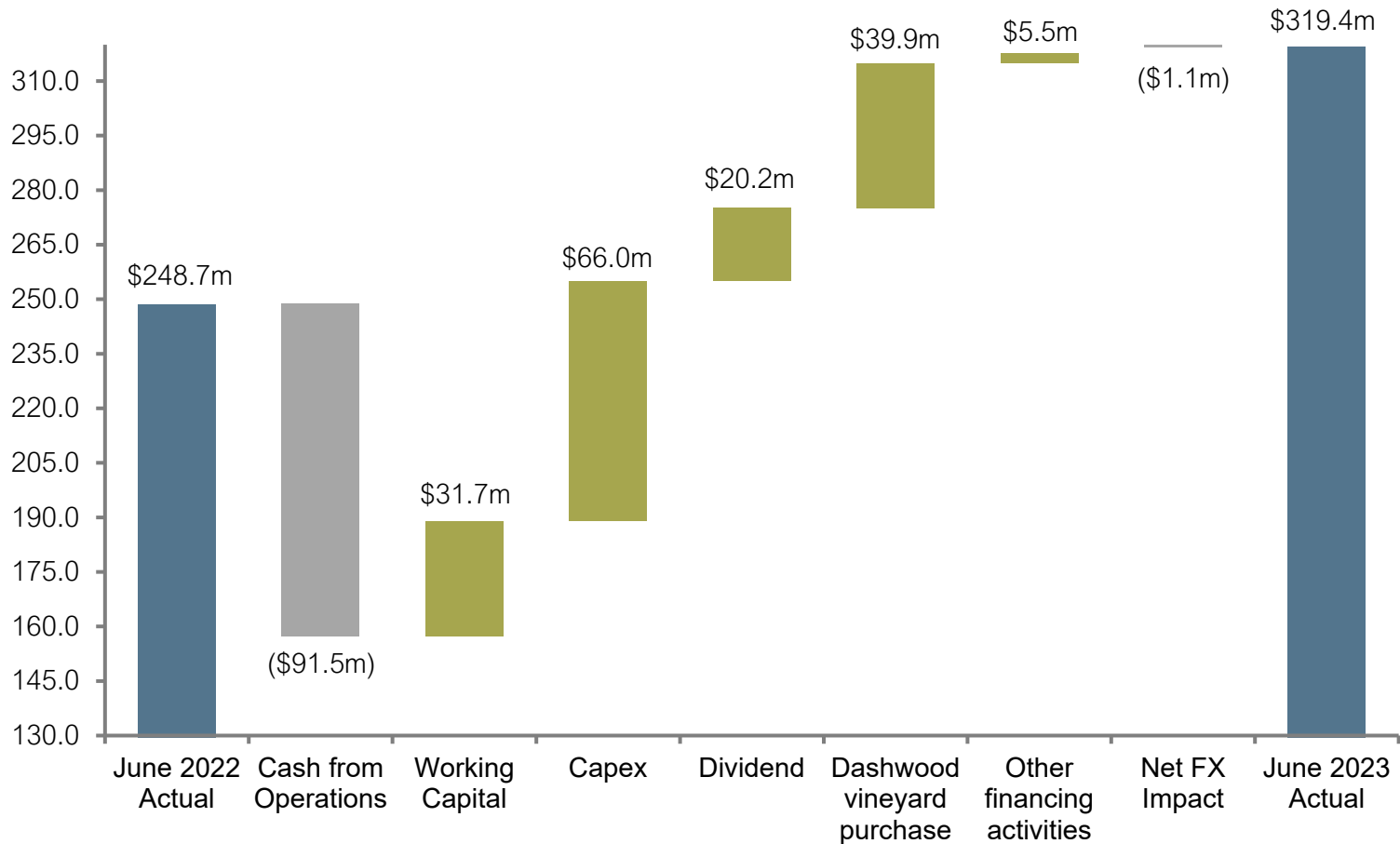


Balance Sheet Summary

NZ\$ millions	Jun 2023	Jun 2022	% Change vs 2022
<u>Assets</u>			
Current Assets	296.1	257.9	15%
Fixed Assets	764.2	706.7	8%
Other Non-current Assets	3.0	2.8	7%
Total Assets	1,063.3	967.4	10%
<u>Liabilities</u>			
Current Liabilities	58.1	100.9	-36%
Lease Liability	93.6	79.5	11%
Deferred Tax Liabilities	40.8	33.0	24%
Senior Debt Facilities	326.0	253.8	28%
Other Non-current Liabilities	-	0.7	0%
Total Liabilities	518.5	467.9	11%
<u>Equity</u>			
Shareholders' Equity	544.8	499.5	9%
Total Equity	544.8	499.5	9%
Total Liabilities and Equity	1,063.3	967.4	10%
Net Debt	319.4	248.7	28%

Net Debt Movement

NZ \$millions



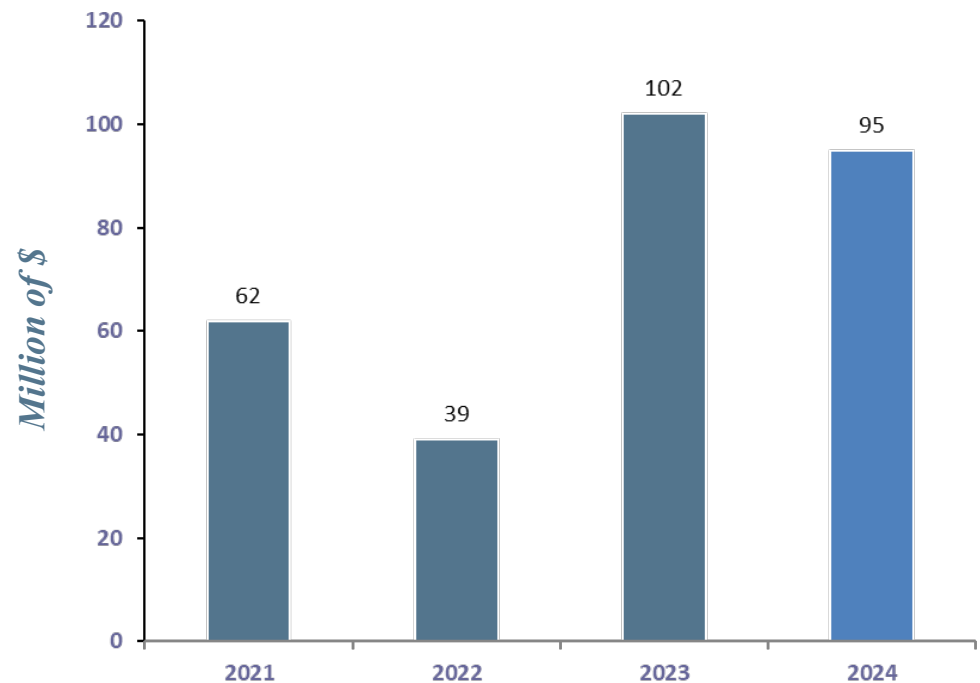
Investing in Growth – Capital Expenditure Update

2021: Includes vineyard and winery developments in Hawke’s Bay, Marlborough and Barossa Valley, and land acquisition in New Zealand.

2022: Includes vineyard and winery developments in Hawke’s Bay, Marlborough and Barossa Valley.

2023: Includes vineyard and winery developments in Hawke’s Bay, Marlborough and Barossa Valley, and the \$39.9 million purchase of the previously leased Dashwood vineyard in Marlborough.

2024: Includes vineyard and winery developments in Hawke’s Bay, Marlborough and Barossa Valley and planned supply chain infrastructure investment.



Key Ratios

NZ\$ millions	Jun 2023	Jun 2022	% Change vs 2022
<u>Funding</u>			
Operating Cash Flow	59.7	65.6	-9%
Net Debt	319.4	248.7	28%
<u>Key Ratios</u>			
<u>Operating Profit Measures</u>			
Interest Cover	6.59	9.45	-30%
Return on Equity ¹	12.4%	13.2%	-7%
Return on Capital Employed ²	11.4%	11.4%	0%
<u>Reported Profit Measures</u>			
Interest Cover	7.08	10.17	-30%
Equity / (Equity + Net Debt) %	63.0%	66.8%	-6%
Return on Equity	12.4%	13.2%	-6%
Return on Capital Employed	11.7%	11.8%	-1%

1. Return on Equity (Operating) excludes all fair value items from both NPAT and Assets/Liabilities.

2. Return on Capital Employed (Operating) excludes all fair value items from both EBIT and Assets/Liabilities.

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Priorities & Outlook

Continued global growth with strong focus on profitability supported by ongoing brand and infrastructure investment

FY24 Priorities



Continued sales growth in the US market and improved value capture in the more established markets



Increased investment in consumer and shopper marketing to drive rate of sale, plus investment in operating assets to drive future growth



Show ongoing success driving growth of Pinot Gris/Grigio, plus securing feature & display for Chardonnay and Pinot Noir



Improvement in underlying profit margins and cashflow through careful cost management & capital expenditure

Long Term Strategic Goals



The leading premium Sauvignon Blanc in the US, Oyster Bay Pinot Gris established as a top-3 premium brand in category globally



Oyster Bay achieving leading awareness, affinity and penetration with premium wine consumers



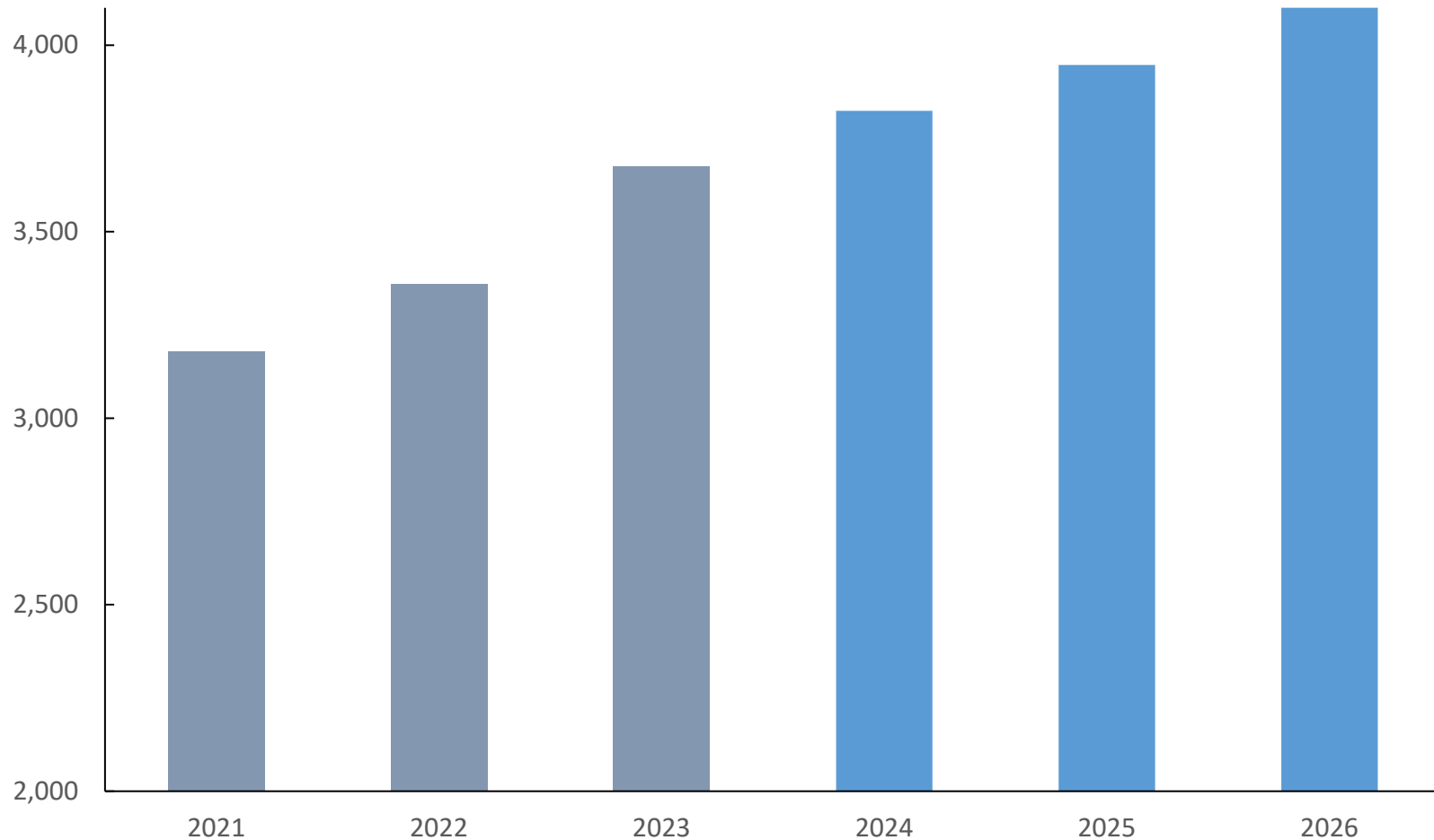
Deep channel relationships with leading retailers as Oyster Bay established as a leading brand in premium wine globally



Long term security of supply (and cost advantage) through vineyard developments and supply chain infrastructure investments

Investment in infrastructure will support strong sales growth to 4.1m cases in FY26 and further growth beyond

Thousands 9 Litre Cases, 2021 to 2026



FY24 Operating Profit Guidance

Based on prevailing exchange rates and market conditions, the Group forecasts to achieve an
**FY24 operating NPAT that
is in the range of
\$62 to \$67 million***

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Thank you
