

Media release

29 August 2024

Delegat Group reports solid FY24 results

FY24 financial summary

- Sales Revenues of \$371.8m, up 1% on FY23
- Operating EBIT of 102.7m, up 6% on FY23
- Operating EBITDA of \$128.5 million, up 7% on FY23
- Operating NPAT of \$59.7 million, up 1% on FY23
- 3.6 million global case sales, down 2% on FY23
- Reported NPAT of \$31.4 million, down 52% on FY23

NZX-listed wine maker and exporter, Delegat Group, reported a solid FY24 result, with sales revenues of \$371.8m, up 1% on FY23, operating EBITDA of \$128.5 million, up 7% on FY23, and Operating NPAT of \$59.7 million, up 1% on FY23.

Chair, Jim Delegat, says the results reflect the strength of the Delegat business model and the calibre of its people as they build Delegat into a leading global Super Premium wine company.

“This is a solid result, particularly in the context of current global conditions. Continuing to grow the business and attract more consumers in our key markets is underpinned by the quality of our products, people and brands.”

The Reported NPAT of \$31.4 million is down 52% on FY23, primarily driven by the NZ IFRS requirement to value biological assets at their market value, as opposed to their cost to grow. The low yielding 2024 vintage meant the market value of biological assets was lower than their cost to grow, resulting in a write-down adjustment of \$5.0 million. This compares to a write-up of \$20.9 million in FY23, and results in a year-on-year reduction of reported NPAT of \$25.9 million.

In addition, tax legislation changes have removed the ability to depreciate commercial buildings for tax purposes. The impact of this change for Delegat resulted in a one-off adjustment to increase deferred tax liabilities as well as the FY24 tax expense by \$13.0 million.

“The Board is confident in the Group’s ability to prosper and drive sustainable sales and earnings growth over the long term,” Jim Delegat says.

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Delegat Group Managing Director, Steven Carden, says the Group achieved global sales of 3.6 million cases in 2024, 2% lower than the previous year.

“This is a solid result considering New Zealand packaged wine exports are down 16% during the same period. This performance is testament to the strength of our brands, the enduring relationships with our distributor partners and the effectiveness of our entire global team.”

“With over 96% of our wine sold offshore, Delegat Group remains the number one exporter of New Zealand wine – a bottle of our wine is sold on average every second of every day around the world. The Group’s focus remains on wine category premiumization and value growth, aligning to the long-term growth trend of super premium wine consumption.”

The Group’s sales continue to be well diversified by market, with 48% in North America, 33% in the United Kingdom, Ireland and Europe, and 19% in Australia, New Zealand and the Asia Pacific region.

The 2024 harvest yielded high quality fruit across all three of Delegat’s wine regions, with a Group harvest of 34,150 tonnes, a 25% decrease on the 2023 harvest.

“Marlborough, Hawke’s Bay and Barossa Valley experienced cooler spring growing conditions resulting in a significant, region-wide reduction in yield for the 2023/2024 growing season. The Group’s harvest was in-line with regional industry results. The vintage outcome delivered excellent quality wines for the Group’s brands,” Carden says.

The North American market is the group’s largest and, with more than 60 million premium wine consumers, stands out as its most significant opportunity for future growth.

Oyster Bay is already a category-leading New Zealand wine brand in the US market, with Oyster Bay Sauvignon Blanc a top five white wine by value, and Oyster Bay Pinot Gris the fastest growing premium Pinot Grigio in US retail. In recognition of its market performance and reputation, Oyster Bay continues to be recognised as a Blue Chip Brand by New York’s IMPACT Magazine.

“We’re committed to growing the profile of our Oyster Bay products in the US and we are pleased with the recognition they are achieving so far,” Carden says.

With its distribution channels and world-class viticulture and winemaking assets already providing strong foundations for growth, 2024 has seen the Group maintain its ongoing investment in property, plant, and equipment, including vineyard developments in New Zealand and development of the Hawke’s Bay and Marlborough wineries.

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Carden says “our investment programme saw \$69 million invested in growth assets. This included ongoing development of the Group’s wineries and vineyard development in New Zealand and the Barossa Valley.”

The Group has also focused its investment on consumer marketing to drive awareness and affinity. The Group’s global marketing programmes delivered over 995 million consumer impressions online over the year, a 53% increase on FY23.

“We also continue to work diligently to achieve the high standards of responsibility we have set regarding environmental, social and governance (ESG) issues across the business. Our current areas of focus include reducing Delegat Group’s environmental impact, enhanced Health and Safety outcomes for our people, and increasing diversity and inclusion,” Carden says.

Delegat confirmed the Board’s decision to pay a fully imputed dividend of 20 cents per share on 18 October 2024 to shareholders on record as at 4 October 2024, continuing the firm’s 10-year track record of sustainable dividend performance.

Carden says the Group is forecasting to lift case sales by 8% over the next three years, with the primary driver of planned growth Oyster Bay sales in North America. With respect to the 2025 year, Delegat plans for global sales of 3,585,000 cases and forecasts Operating Net Profit after Tax to be in the range of \$55 to \$60 million.

“We remain focused on exploring opportunities to improve case price realisation to improve profit margins and continue to invest in our assets, brands and people.”

Ends.

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