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FY24 Results

29 August 2024

Agenda

Summary

Business Performance

Financial Performance

Priorities and Outlook



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Summary

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OUR STRATEGIC GOAL IS TO
ESTABLISH DELEGAT AS A
LEADING GLOBAL SUPER
PREMIUM WINE COMPANY.

Achieving the Delegat vision is based on excellence across 4 key success factors



WORLD FAMOUS
brands



SUPER PREMIUM
quality



EXCLUSIVE
supply



GLOBAL
distribution

FY24 Financial highlights

- Revenue of \$371.8 million
Up \$4.6 million on last year (1%)
- Global Case Sales of 3,614,000
Down 62,000 cases on last year (-2%)
- Operating EBITDA of \$128.5 million
Up \$8.1 million on last year (7%)
- Operating NPAT of \$59.7 million
Up \$0.4 million on last year (1%)
- Cash from Operations of \$56.9 million
Down \$2.8 million on last year (-5%)
- Reported NPAT of \$31.4 million
Down \$33.4 million on last year (-52%)



FY24 Operating highlights

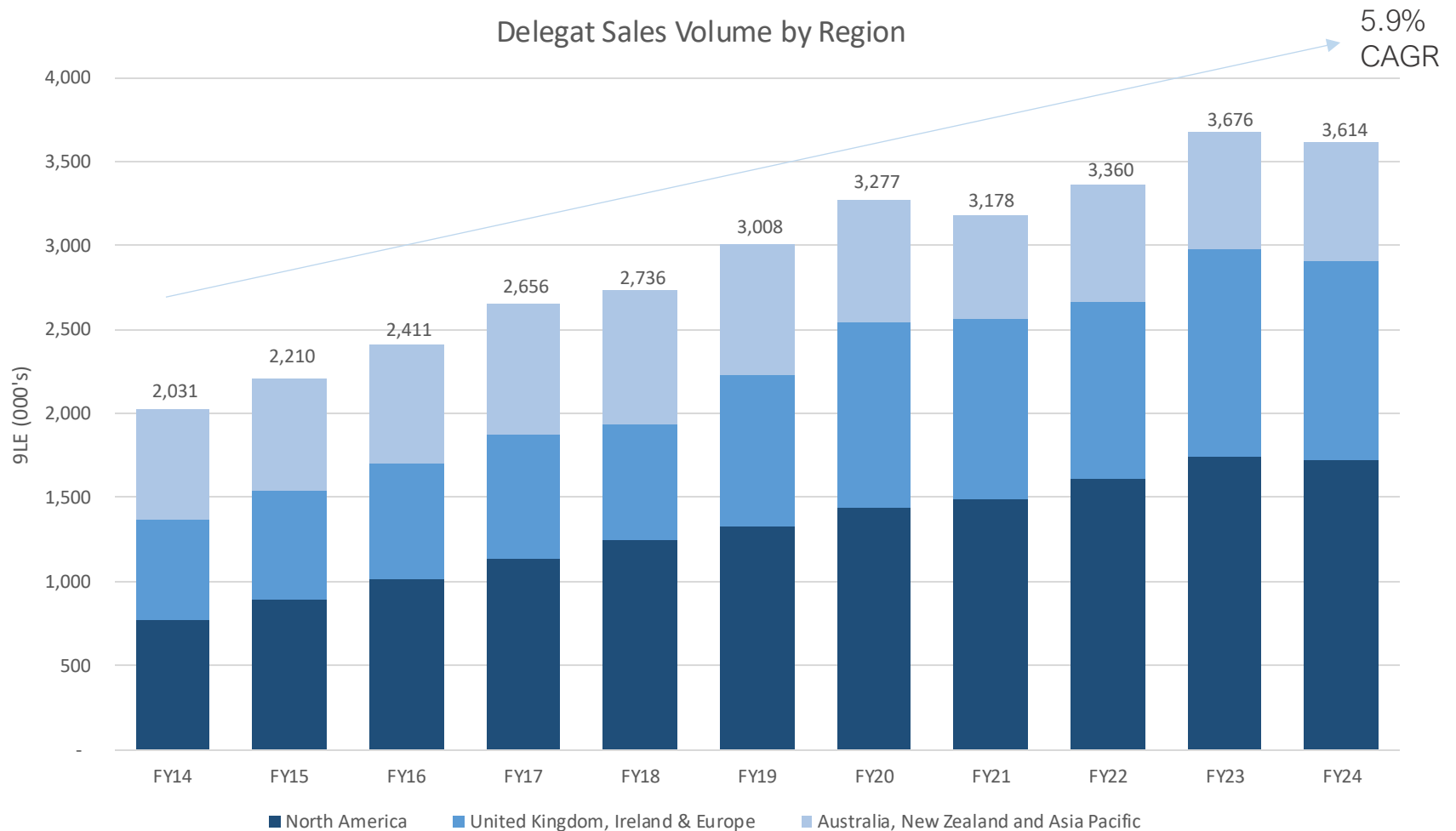


- A solid sales performance, despite some industry headwinds, with Delegat gaining market share in most markets
- Targeted price increases implemented in key markets and operating gross margin up 300bps
- Over 75 million global consumers engaged with increased marketing investment behind the brand both online and in-store
- The 2024 harvest, although light, yielded exceptional quality fruit across all three wine regions.
- Our sustainability strategy continues to deliver tangible results across ESG metrics

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Business Performance

A long-term story of growth, especially in the key North America region



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

Global case sales of world's 10 largest premium wine brands, calendar year



	Premium wine brands	2022 Volume (000s 9LE)	2023 Volume (000s 9LE)	Growth
1	Josh Cellars Wine	5,771	6,538	13.3%
2	Apothic Wine	4,212	3,746	-11.1%
3	Oyster Bay Wine	3,126	3,473	11.1%
4	Kendall Jackson Wine	3,275	3,365	2.7%
5	Kim Crawford Wine	2,604	2,616	0.5%
6	19 Crimes Wine	2,767	2,601	-6.0%
7	Menage a Trois Wine	2,852	2,496	-12.5%
8	Robert Mondavi Wine	2,480	2,272	-8.4%
9	Ste. Michelle Wine	2,294	2,199	-4.1%
10	Meiomi Wine	1,983	1,954	-1.5%

Source: IWSR 2023, Premium+, Still Wine

Oyster Bay remains the leading Sauvignon Blanc brand in the world



NUMBER ONE WINE IN AUSTRALIA ¹



NUMBER ONE PREMIUM SAUVIGNON BLANC
IN NEW ZEALAND ²



NUMBER TWO PREMIUM SAUVIGNON BLANC
IN THE USA ³



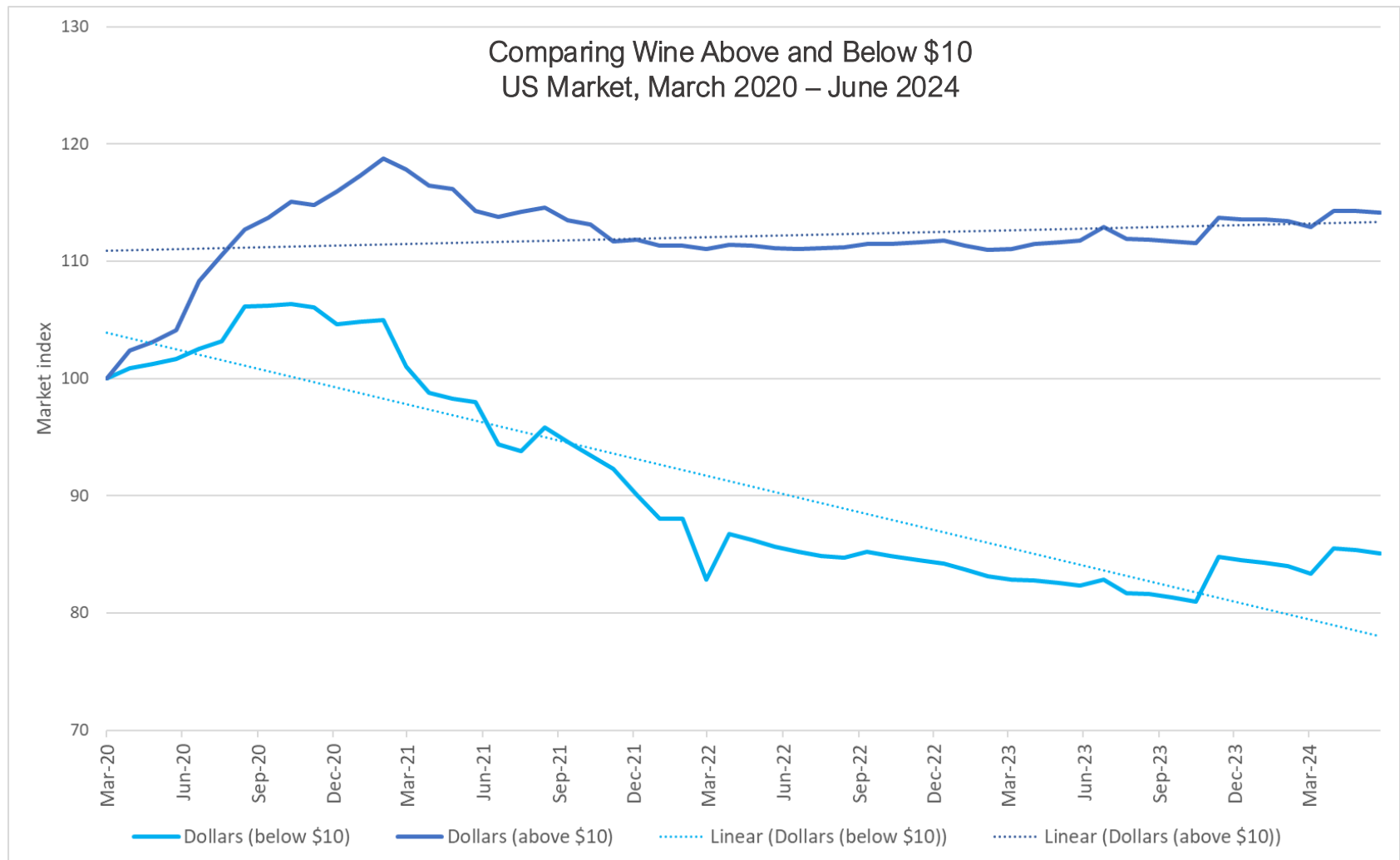
NUMBER TWO PREMIUM
SAUVIGNON BLANC IN CANADA ⁴



NUMBER TWO PREMIUM SAUVIGNON BLANC
IN THE UK ⁵

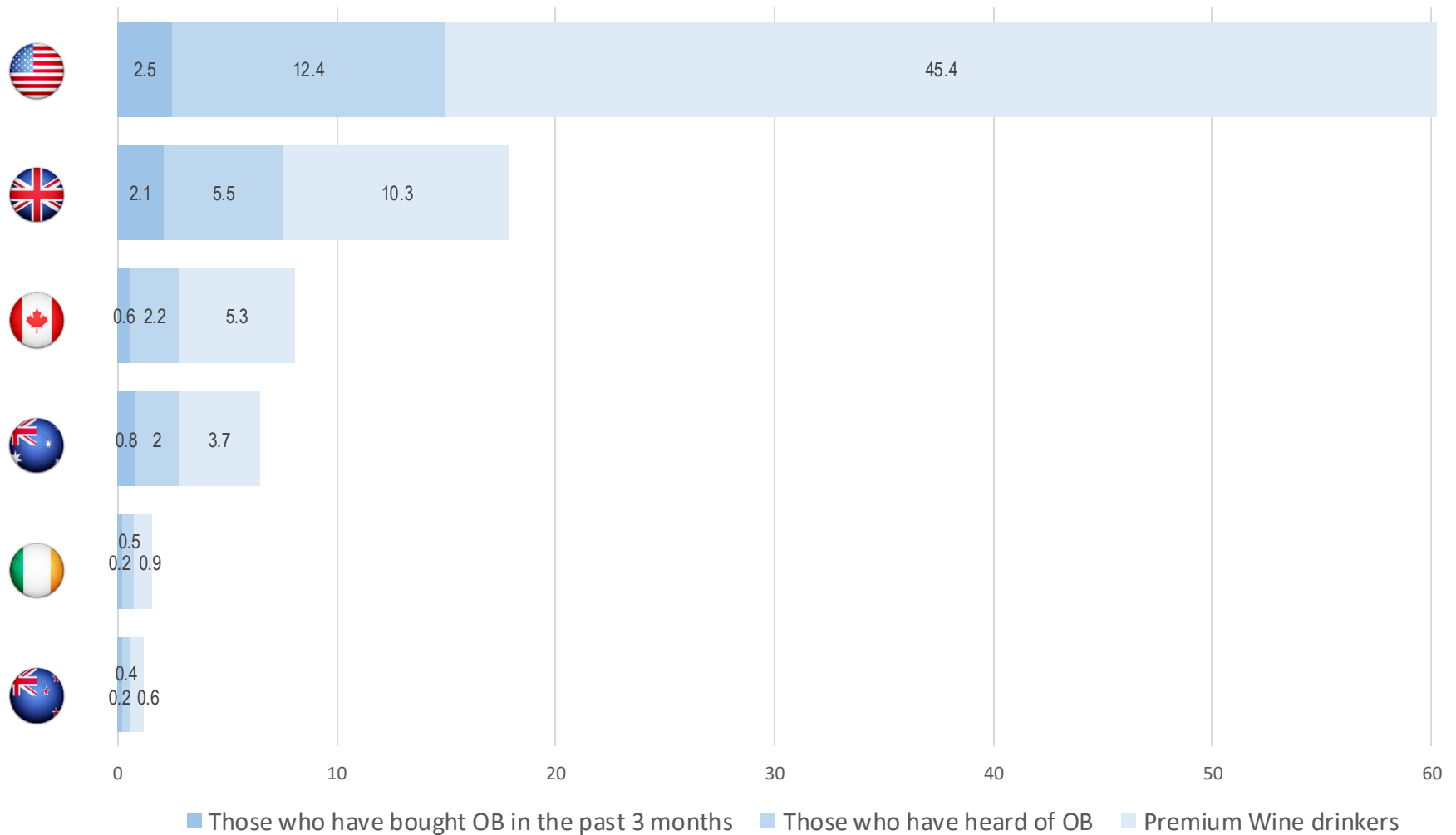


Premium wine category continues to show growth in US



The US market remains a significant growth opportunity for NZ Wine and Oyster Bay

Premium wine drinkers (Millions), 2023



Delegat has outperformed the broader industry by both volume and value

Volume change, 000 cases, FY23 to FY24

Case Sales (000's)	FY23	FY24	% Change vs FY23
New Zealand Wine Exports	34,858	30,913	-11%
New Zealand Wine Packaged Exports	18,922	15,944	-16%
Oyster Bay Exports	3,463	3,401	-2%

Value change, \$000s, FY23 to FY24

NZ\$ Millions	FY23	FY24	% Change vs FY23
New Zealand Wine Exports Value	2,406	2,110	-12%
Delegat Export Revenue	351	357	2%

Oyster Bay has significant share of the NZ premium wine category across its major markets, and continues to gain market share

Oyster Bay Reported Market Share of NZ Premium – Calendar Years

Country	2021	2022	2023	2021 v 2023
United States	13.6%	14.5%	14.8%	+120pp
United Kingdom	22.6%	22.8%	28.0%	+540pp
Australia	12.0%	12.5%	12.7%	+70pp
New Zealand	3.8%	4.3%	4.5%	+70pp
Canada	24.2%	25.7%	24.2%	+0p
China	3.7%	6.2%	9.6%	+690pp
Total World	13.3%	14.1%	15.2%	+190pp

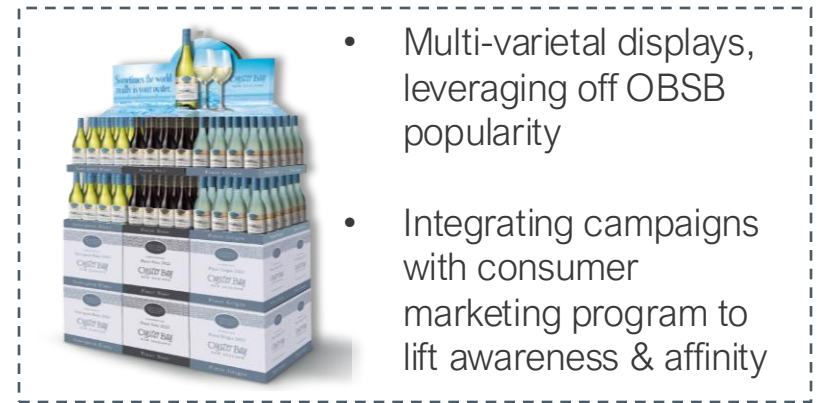
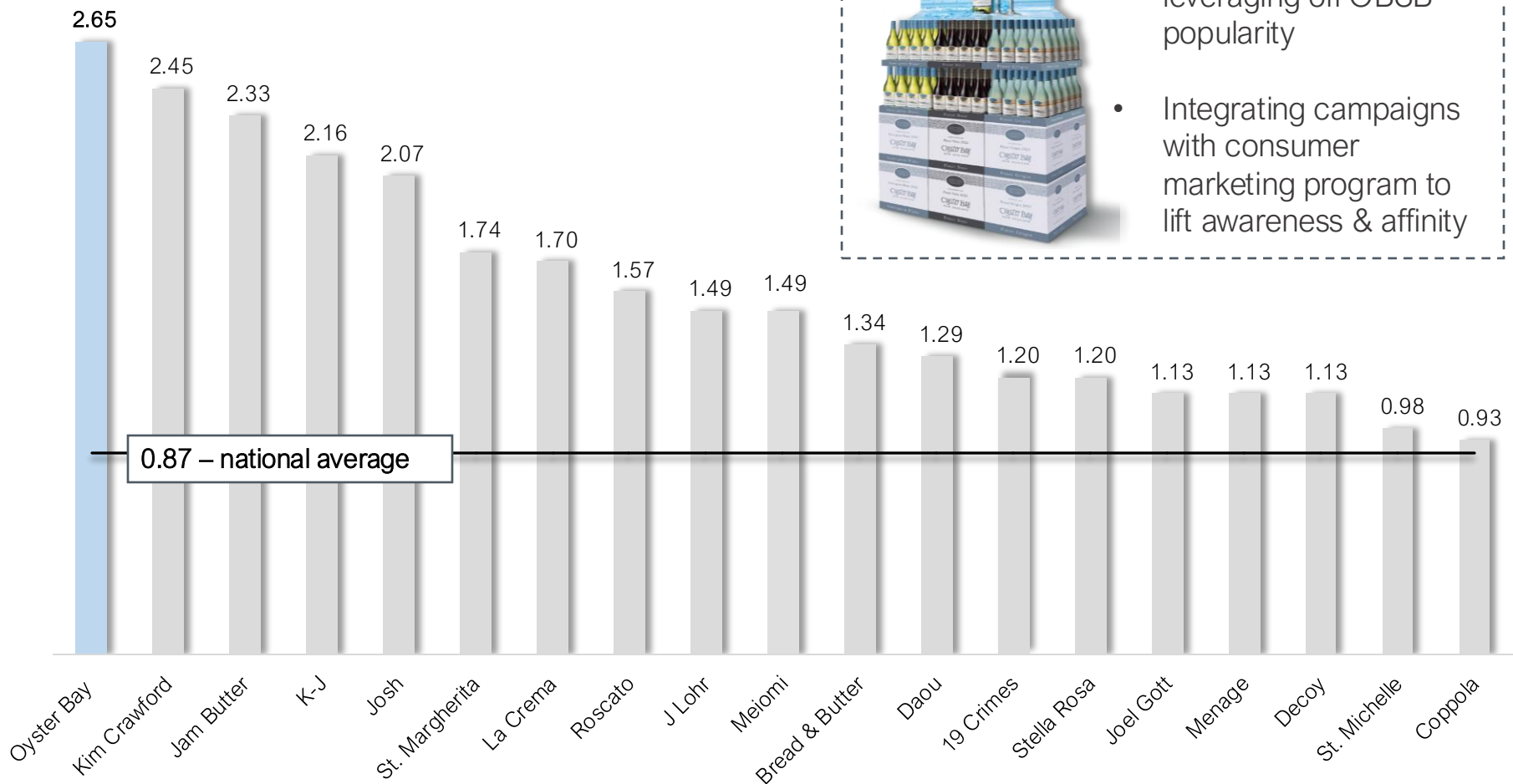
Oyster Bay continues to win in the US market, gaining further distribution and expanding our Pinot Grigio sales



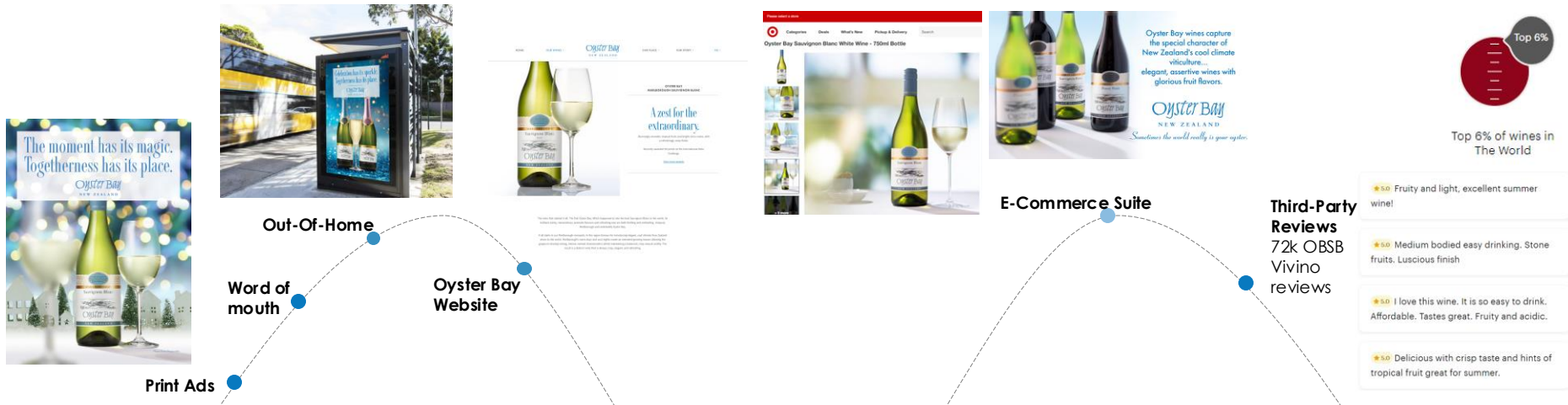
- New Zealand is still the fastest growing country of origin in premium US wine. ⁽¹⁾ Sauvignon Blanc is still the fastest growing wine varietal in America and consumers are switching from other varietals ⁽²⁾
- Oyster Bay is #10 premium brand in the USA and within the Top 10, the second fastest growing premium wine brand by value in USA growing at 4.8% ⁽³⁾
- Oyster Bay gained over 4,000 new points of distribution in leading national retailers in FY24 ⁽⁴⁾
- Oyster Bay incremental feature and display sales grew 11.8%, the fastest growth among Top 10 premium brands ⁽⁵⁾
- Oyster Bay is succeeding beyond Sauvignon Blanc with Oyster Bay Pinot Grigio now the fastest growing Pinot Grigio/Gris over \$10 ⁽⁶⁾

Oyster Bay is the fastest selling top 20 brand in US retail

Units/store/week



Supported by heavy investment in brand – both online and instore – throughout the consumer journey



Awareness

Consideration

Purchase

Advocacy

Consumer Communications Program

995M impressions, 74M reach in FY24 via social media & display



Integrated Shopper Marketing Campaigns



495K clicks to retailer sites in FY24 via social media & search

In-store POS



Social Commentary

- Karen Honey**
The Sauv Blanc was my wedding reception table wine of choice.
- Margaret Heron**
The best and my favourite Sauvignon Blanc
- Natalie Daleszak**
Only Sav ill drink, thanks to my Aunty Elizabeth Aitken
- Juliet Vance**
The only wine I drink
- Martin Silvana Holloway**
Love this so fresh and crisp
- Dan Cripps**
One of the nicest wines I've had !! Really enjoyable

2024 harvest light but exceptional quality

- The 2024 harvest yield of 34,150 tonnes was down 25% from last year's harvest as a result of cooler spring growing conditions across all three Delegat regions.
- Despite lower yields the harvest delivered high quality fruit across all three of Delegat wine regions.
- Sufficient inventories to support future sales growth



Pleasing progress expanding the Group's ESG program

Delegat biggest improver in Forsyth Barr Carbon & ESG ratings

Long Term Injury Frequency Rate decreased by 39% over the past year



Barossa Valley Estate achieves Sustainable Winegrowing Australia Accreditation

Implemented solution for juice recovery and treatment of liquid juice lees and retentate waste at Marlborough Winery

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Financial review

Solid sales result despite retailers resetting inventory levels

Case Sales (000's)	Jun 2024	Jun 2023	% Change vs 2023
UK, Ireland and Europe	1,184	1,237	-4%
North America (USA and Canada)	1,725	1,747	-1%
Australia, NZ and Asia Pacific	705	692	2%
Total Cases	3,614	3,676	-2%

Foreign Currency Rates	Jun 2024	Jun 2023	% Change vs 2023
GB£	0.4839	0.5032	4%
AU\$	0.9172	0.9173	0%
US\$	0.6133	0.6385	4%
CA\$	0.8231	0.8291	1%

Lower volumes offset by foreign exchange and price increases

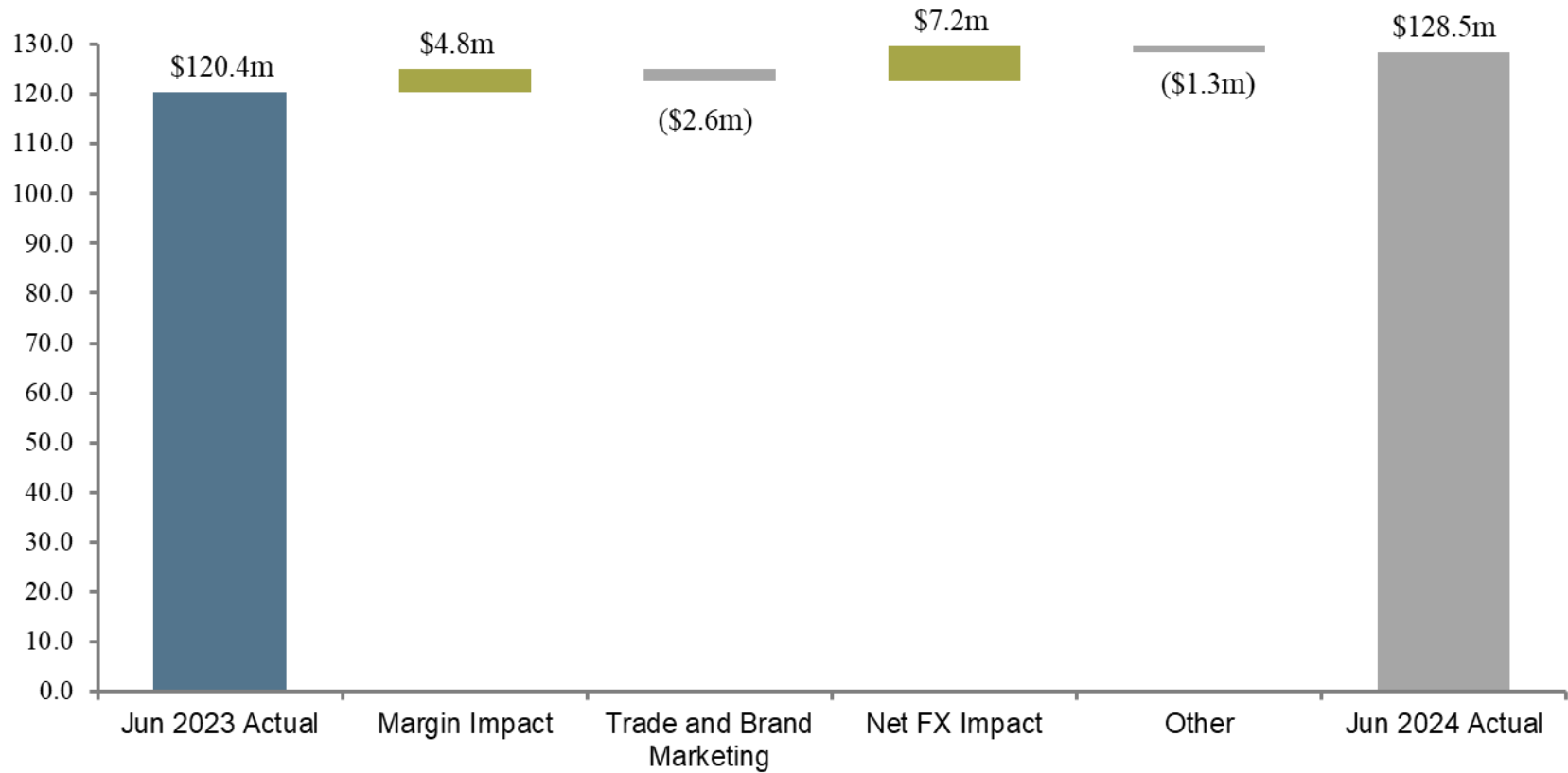
NZ\$ millions	June 2024 Actual	June 2023 Actual	% Change vs 2023
Sales Revenue	371.8	367.2	1%
<u>Sales movements breakdown:</u>			
Volume			-2%
Value			3%
Foreign Exchange		3%	
Price		1%	
Country/Product Mix		-1%	

Good growth in operating EBITDA

NZ\$ millions	Jun 2024	Jun 2023	% Change vs 2023
Sales Revenue	371.8	367.2	1%
Operating Revenue	375.7	375.8	0%
Operating Gross Profit	171.3	162.1	6%
Operating Gross Margin	46%	43%	
Expenses	(55.4)	(54.1)	-2%
Promotion and Marketing	(13.2)	(11.2)	-18%
Operating EBIT	102.7	96.8	6%
Operating EBIT % of Revenue	27%	26%	
Interest and Tax	(43.0)	(37.5)	-15%
Operating NPAT	59.7	59.3	1%
Operating NPAT % of Revenue	16%	16%	
Operating EBITDA	128.5	120.4	7%
Operating EBITDA % of Revenue	34%	32%	

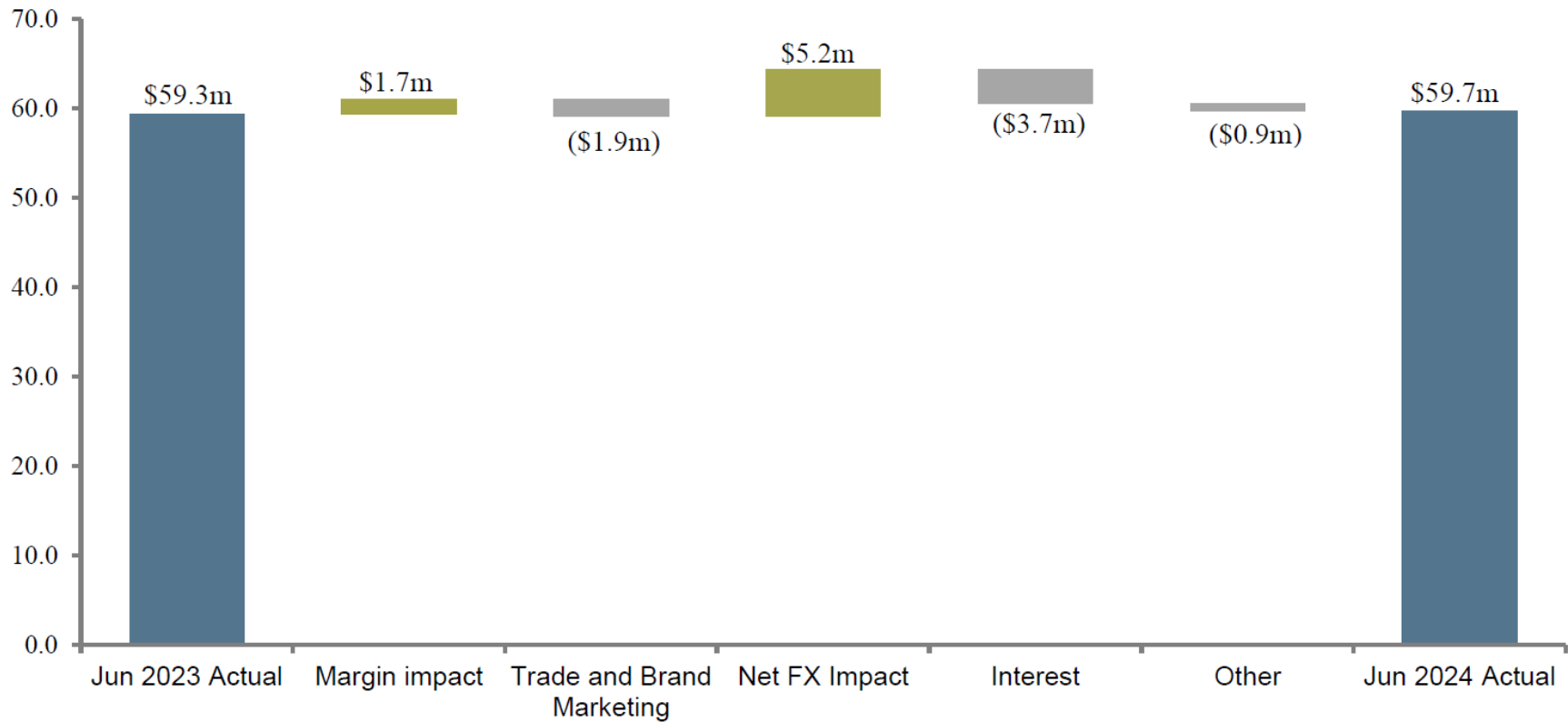
Operating EBITDA Movement – Last Year

NZ \$millions

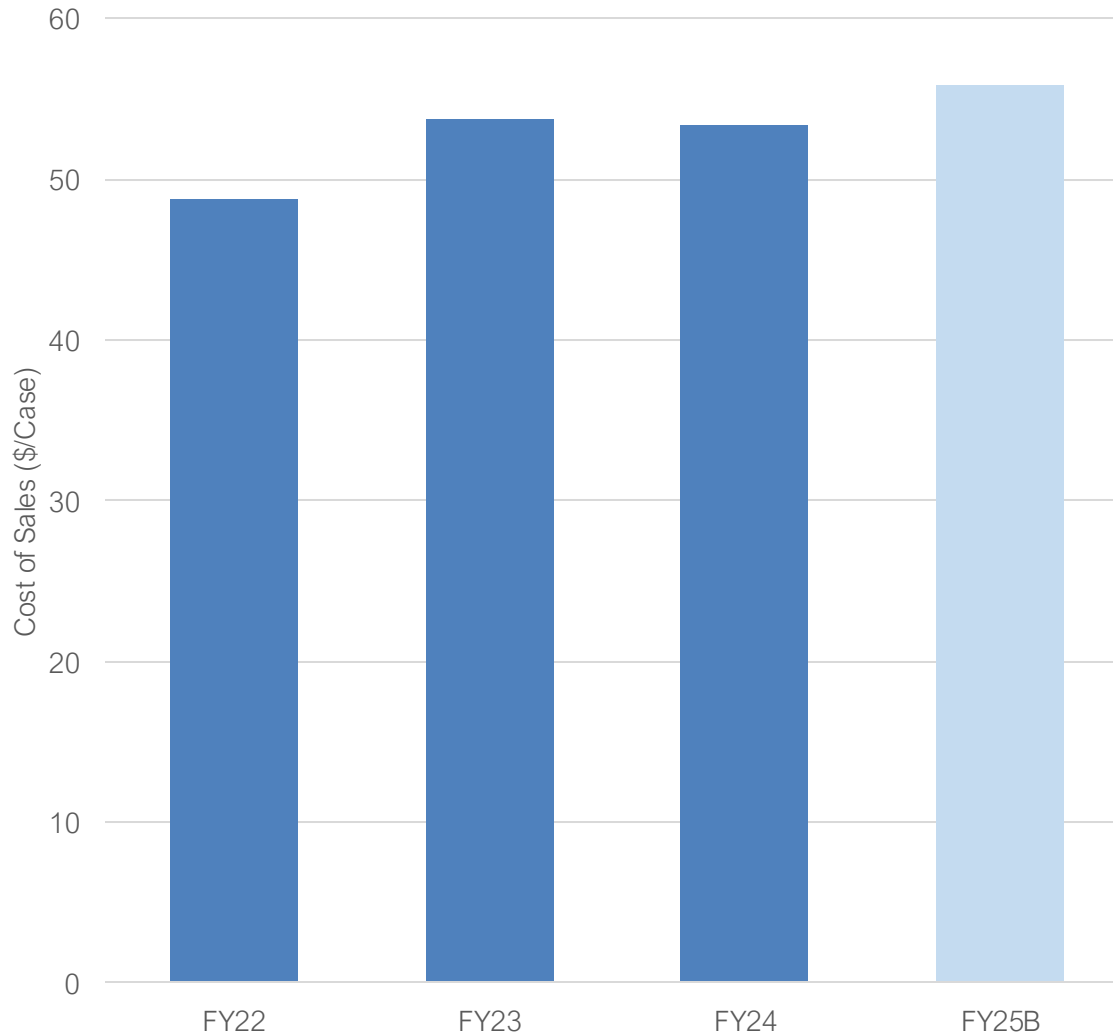


Operating Profit Movement – Last Year

NZ \$millions



Cost of Goods Sold flat over the past year



COGS reduced across production, and packaging costs, however, is expected to increase in FY25 as a result of the lower yielding 2024 vintage

Low yielding 2024 harvest and tax legislation changes have impacted reported profit

NZ\$ millions	Jun 2024	Jun 2023	% Change vs 2023
Operating NPAT	59.7	59.3	1%
Operating NPAT % of Revenue	16%	16%	
Biological Produce (Grapes) ¹	(24.0)	2.1	n/m ³
Derivative financial Instruments	2.7	5.6	-52%
Total Fair Value Items	(21.3)	7.7	n/m³
Taxation of NZ IFRS fair value items	6.0	(2.2)	n/m ³
Removal of building tax depreciation ²	(13.0)	-	n/m ³
Fair Value Items after Tax	(28.3)	5.5	n/m³
Reported NPAT	31.4	64.8	-52%

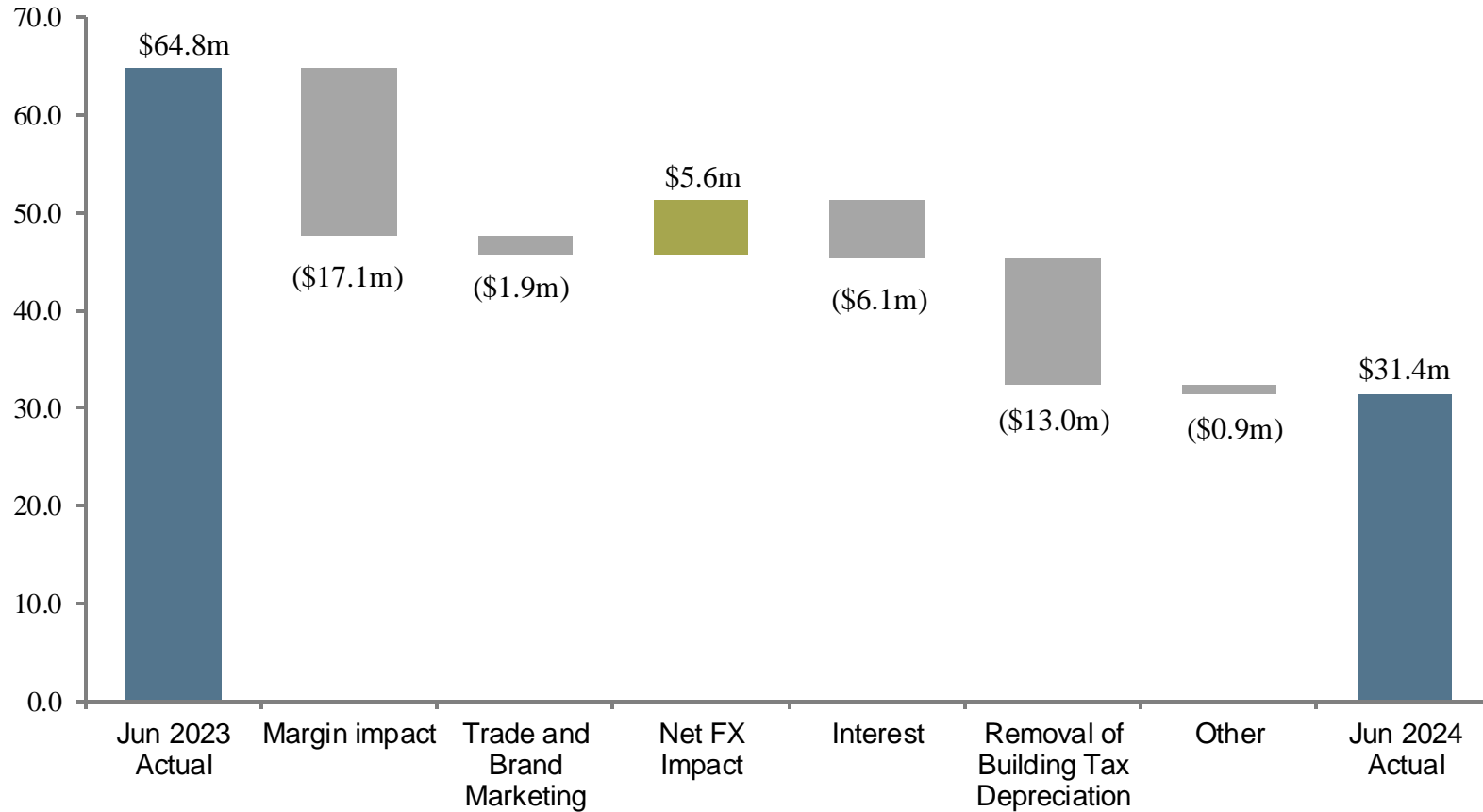
1. Biological Produce (Grapes) is the difference between market value paid for grapes versus the cost to grow grapes. The harvest provision is reversed and only recognised when the finished wine is sold.

2. On 28 March 2024, the New Zealand Government enacted changes to the tax legislation to remove the ability to depreciate commercial buildings for tax purposes. The application of this change resulted in an increase in deferred tax liability of \$13.0m, and a corresponding one-off, non-cash accounting adjustment to the tax expense for the year

3. n/m means not meaningful.

Reported Profit Movement – Last Year

NZ \$millions

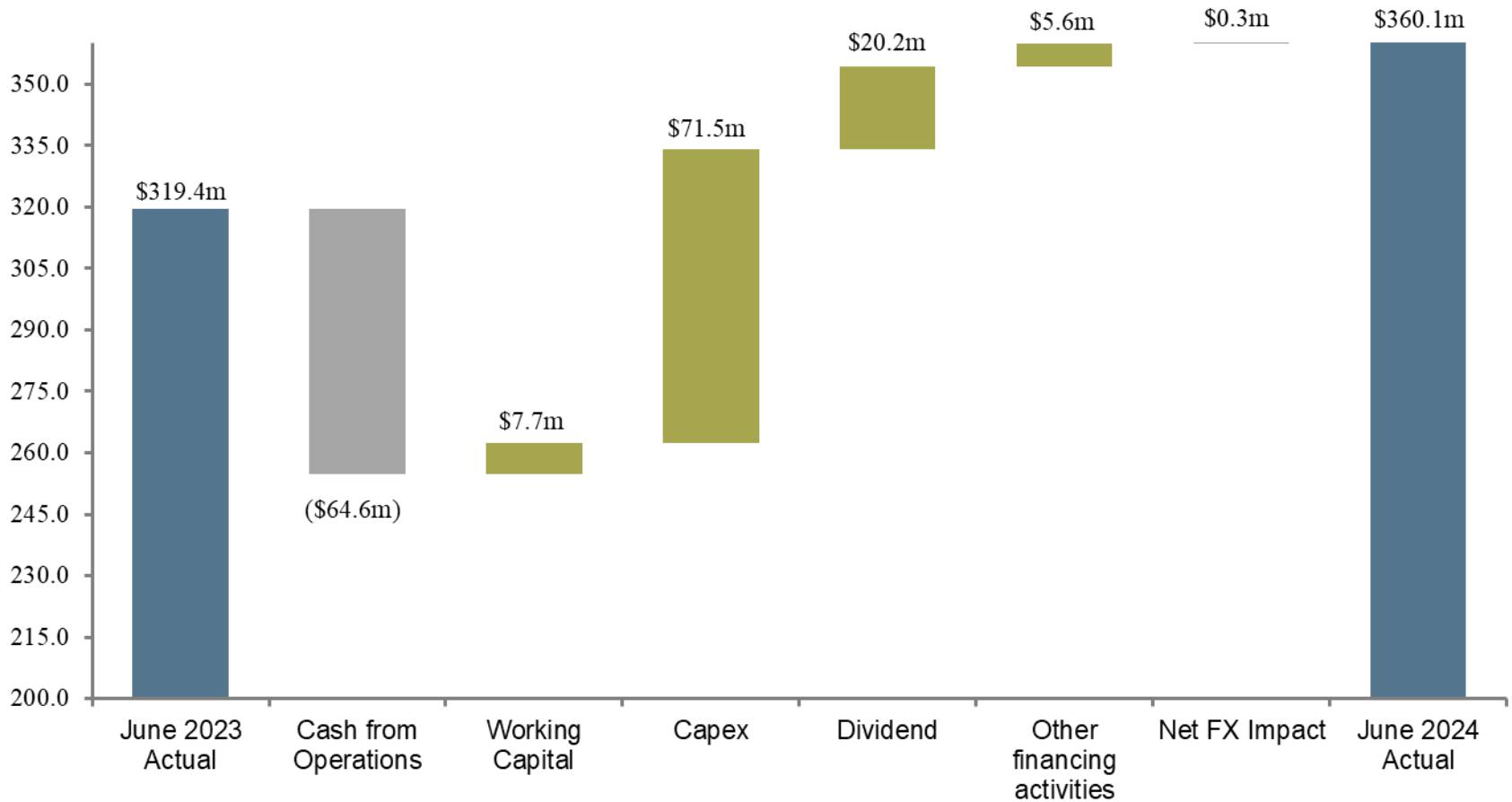


Solid asset base of \$1.1b supports Delegat long-term growth

NZ\$ millions	Jun 2024	Jun 2023	% Change vs 2023
<u>Assets</u>			
Current Assets	302.9	296.1	2%
Fixed Assets	811.4	764.2	6%
Other Non-current Assets	1.6	3.0	-47%
Total Assets	1,115.9	1,063.3	5%
<u>Liabilities</u>			
Current Liabilities	40.7	58.1	-30%
Lease Liability	94.6	93.6	1%
Deferred Tax Liabilities	55.1	40.8	35%
Senior Debt Facilities	369.5	326.0	13%
Total Liabilities	559.9	518.5	8%
<u>Equity</u>			
Shareholders' Equity	556.0	544.8	2%
Total Equity	556.0	544.8	2%
Total Liabilities and Equity	1,115.9	1,063.3	5%
Net Debt	360.1	319.4	13%

Bank facilities support long term growth

NZ \$millions



Investing for growth – capital expenditure update

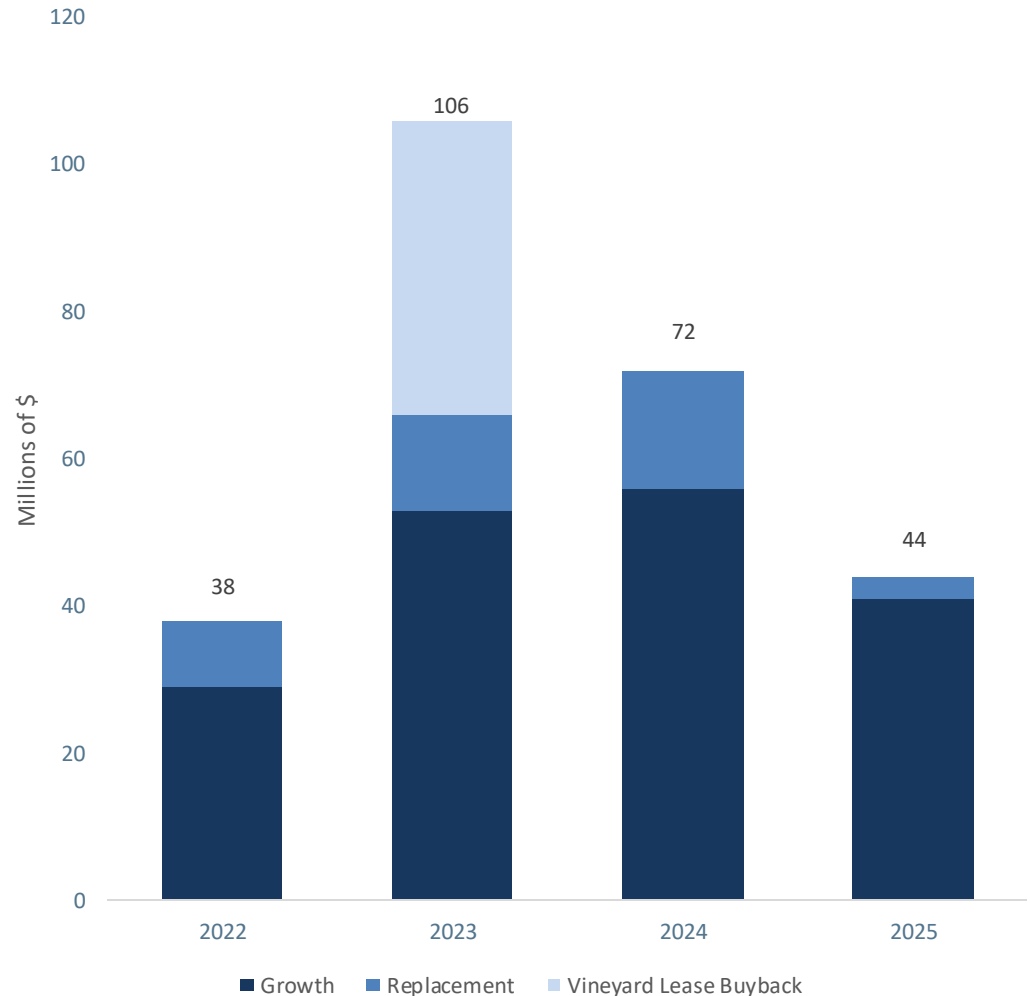
Capital expenditure NZD, FY22 to FY25B

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.

2025: Includes vineyard and winery developments in Hawke’s Bay, Marlborough and Barossa Valley



Key financial ratios

NZ\$ millions	Jun 2024	Jun 2023	% Change vs 2023
<u>Funding</u>			
Operating Cash Flow	56.9	59.7	-5%
Net Debt	360.1	319.4	13%
<u>Key Ratios</u>			
<u>Operating Profit Measures</u>			
Interest Cover	5.19	6.59	-21%
Return on Equity ¹	11.6%	12.4%	-6%
Return on Capital Employed ²	10.8%	11.4%	-5%
<u>Reported Profit Measures</u>			
Interest Cover	4.11	7.08	-42%
Equity / (Equity + Net Debt) %	60.7%	63.0%	-4%
Return on Equity	5.7%	12.4%	-54%
Return on Capital Employed	8.3%	11.7%	-29%

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

FY25 Priorities



Continued volume growth in US market and value growth in other markets supported by solid price increases



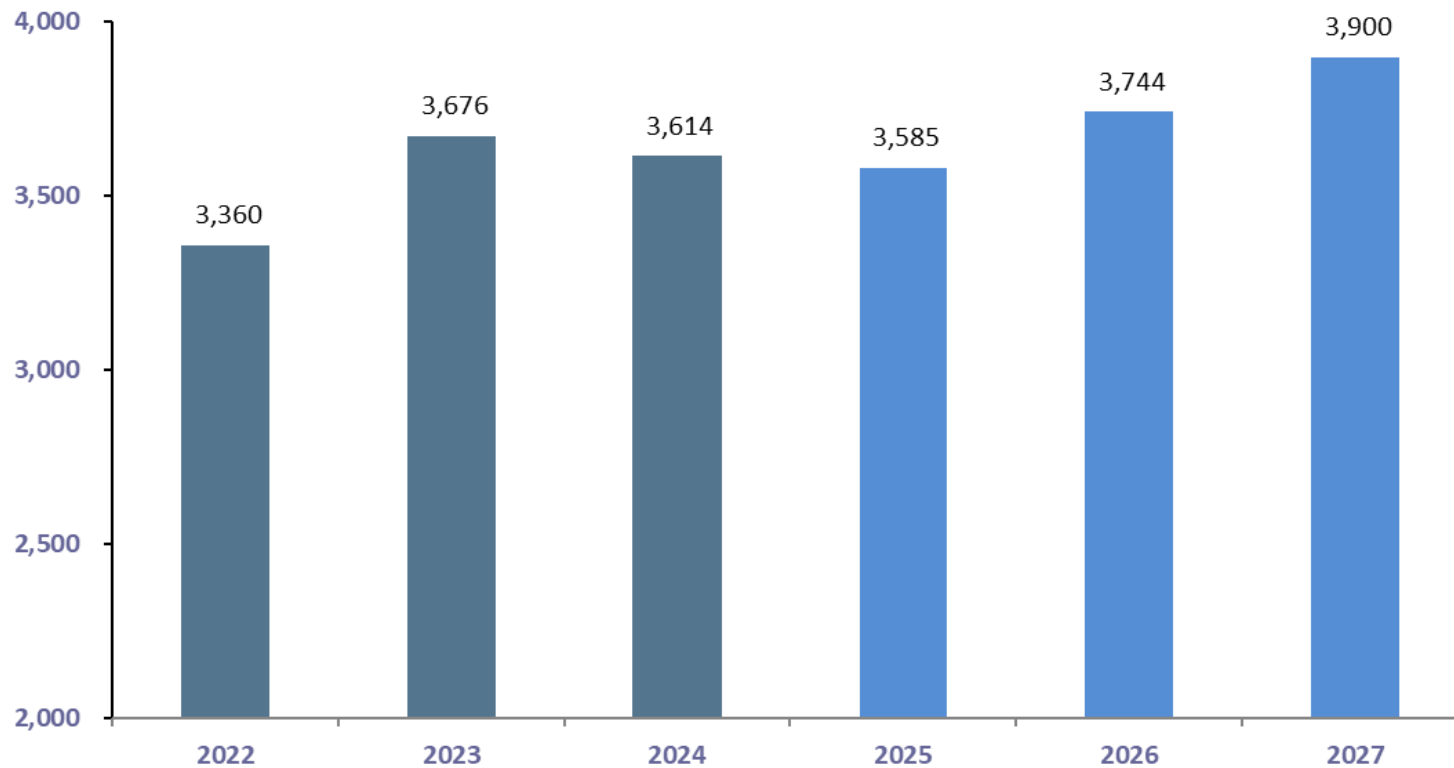
Increased investment in consumer marketing and shopper marketing to drive increased rate of sale



Driving ongoing growth of Pinot Gris/Grigio, Chardonnay and Pinot Noir

Continued investment will support strong sales growth to 3.9m cases in FY27

9 Litre Cases Thousands, FY22 to FY27



FY25 Operating Profit Guidance

Based on prevailing exchange rates and market conditions, the Group forecasts to achieve an **FY25 operating NPAT that is in the range of \$55 - \$60 million***

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Thank you
