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FY24
Half-Year
Results

23 February 2024

Key messages

- New Zealand remains the **fastest growing country of origin** in premium US wine
- **Continued growth** in consumers sales and market share in the USA market
- **Solid sales** performance despite distributors and retailers resetting inventory holdings, resulting in lower replenishment orders for the year to date
- **Investing ahead of growth** – increased vineyard plantings and winery capacity to support future earnings growth



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Business update

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

HY24 Operating summary



- Solid sales performance despite lower replenishment orders by distributors and retailers
- Strong growth in US market, achieving 6.4% growth in consumer sales over the 6 months, and notable strength in the establishment of Oyster Bay Pinot Gris globally.
- Inflationary operating environment has required price increases in the UK, Canada and New Zealand
- Globally, over 700 million consumer impressions resulting in improved consumer awareness and affinity levels and **increased marketing investment** for our brands both online and in-store.

Solid sales result despite retailers resetting inventory levels

	December 2023	December 2022	% change v PCP
Case Sales (000's)			
UK, Ireland and Europe	579	559	4%
North America (USA and Canada)	959	1,028	-7%
Australia, NZ and Asia Pacific	386	383	1%
Total Cases	1,924	1,970	-2%
Foreign Currency Rates			
GB£	0.5046	0.5200	3%
AU\$	0.9185	0.9300	1%
US\$	0.6137	0.6301	3%
CA\$	0.8203	0.8311	1%

Delegat performing well in the current operating environment

Case Sales (000's)	H1 24	H1 23	% Change vs HY23
New Zealand Wine Exports	16,506	21,792	-24%
Delegat Total Cases	1,924	1,970	-2%

NZ\$ Millions	H1 24	H1 23	% Change vs HY23
New Zealand Wine Exports Value	1,149.6	1,454.7	-21%
Delegat Sales Revenue	196.8	197.1	0%

Building momentum in the USA



- New Zealand is the fastest growing country of origin in premium US wine. ⁽¹⁾
- Sauvignon Blanc is the fastest growing wine varietal in America and consumers are switching from other varietals ⁽²⁾
- Oyster Bay is the second fastest growing premium wine brand by value in USA over the last 24 weeks, growing at 6.4%
- Oyster Bay gained over 3,400 new points of distribution in leading national retailers in 2023 ⁽³⁾
- Oyster Bay is succeeding beyond Sauvignon Blanc. For example, Pinot Grigio growth is accelerating ⁽⁴⁾

Premium brand enables pricing strategy

- The Group is committed to growing profitability in key markets supported by price increases

	Dec 2023	Dec 2022	% Chg
NZ\$millions	Actual	Actual	
Sales Revenue	196.8	197.1	0%

Sales movement breakdown

Volume		-2%
Value		2%
Foreign Exchange		2%
Price		1%
Country/product mix		-1%



Company on track against FY24 priorities

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 and category leadership



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

Mid-year status



6.4% growth in retail sales in US market and strategic price increases in UK, Canada and New Zealand



45% increase in consumer impressions for 1H24 and continued investment in vineyards and wineries planned for 2H24



Pinot Grigio establishment has achieved 58% growth in retail sales in 1H24 in US market



Operating EBITDA and cashflows up on 1H23

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Financial Results

HY24 Financial summary



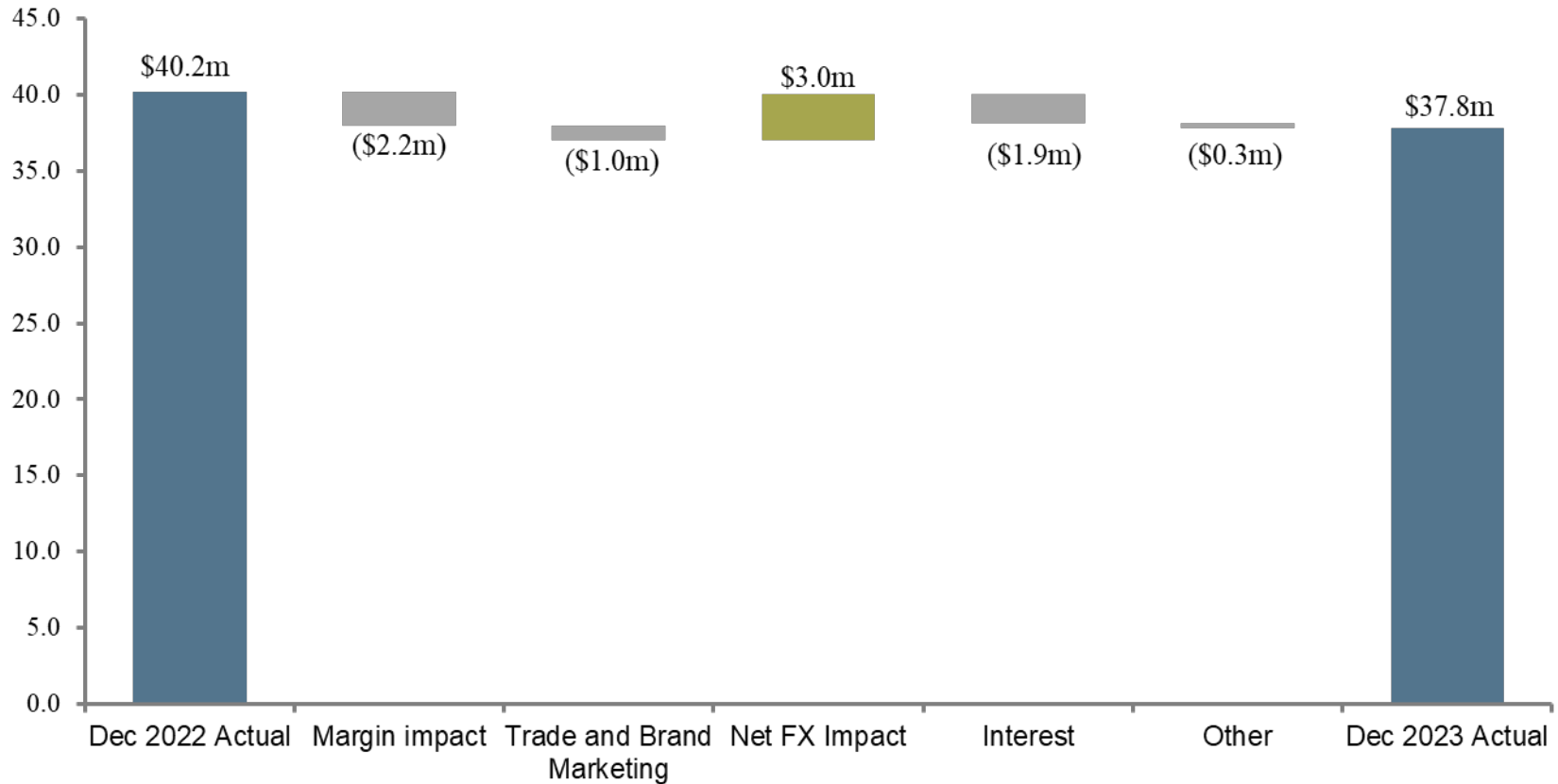
- Global Case Sales of 1,924,000
Down 46,000 cases on HY23 (-2%)
- Operating EBITDA of \$74.8 million
Up \$0.6 million on HY23 (1%)
- Operating NPAT of \$37.8 million
Down \$2.4 million on HY23 (-6%)
- Reported NPAT of \$33.4 million
Down \$7.3 million on HY23 (-18%)
- Cash from operations of \$35.8 million
Up \$0.5 million on HY23 (1%)

Growth in Operating EBITDA

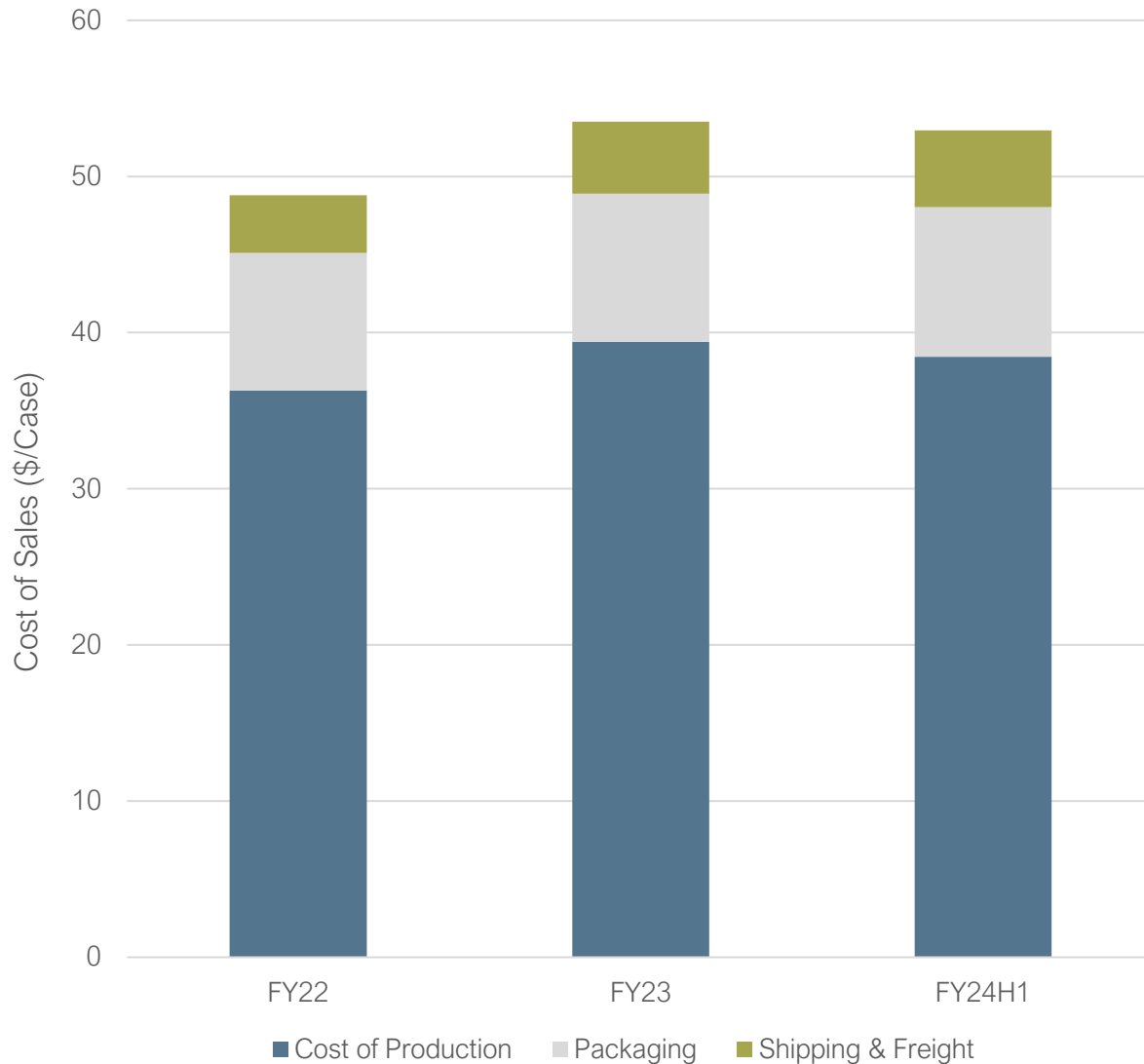
NZ\$ millions	Dec 2023	Dec 2022	% Change vs 2022
Sales Revenue	196.8	197.1	0%
Operating Revenue	198.6	198.8	0%
Operating Gross Profit	96.1	95.6	1%
Operating Gross Margin	48%	48%	
Expenses	(26.9)	(26.9)	0%
Promotion and Marketing	(7.2)	(6.5)	-11%
Operating EBIT	62.0	62.2	0%
Operating EBIT % of Revenue	31%	31%	
Interest and Tax	(24.2)	(22.0)	-10%
Operating NPAT	37.8	40.2	-6%
Operating NPAT % of Revenue	19%	20%	
Operating EBITDA	74.8	74.2	1%
Operating EBITDA % of Revenue	38%	37%	

Operating Profit Movement - Last Year

NZ \$millions



COGS Summary



- COGS are higher across production, shipping and packaging costs.
- Cost of Grape impacted by vintage yield outcomes

Impact of 'Fair Value' Adjustments

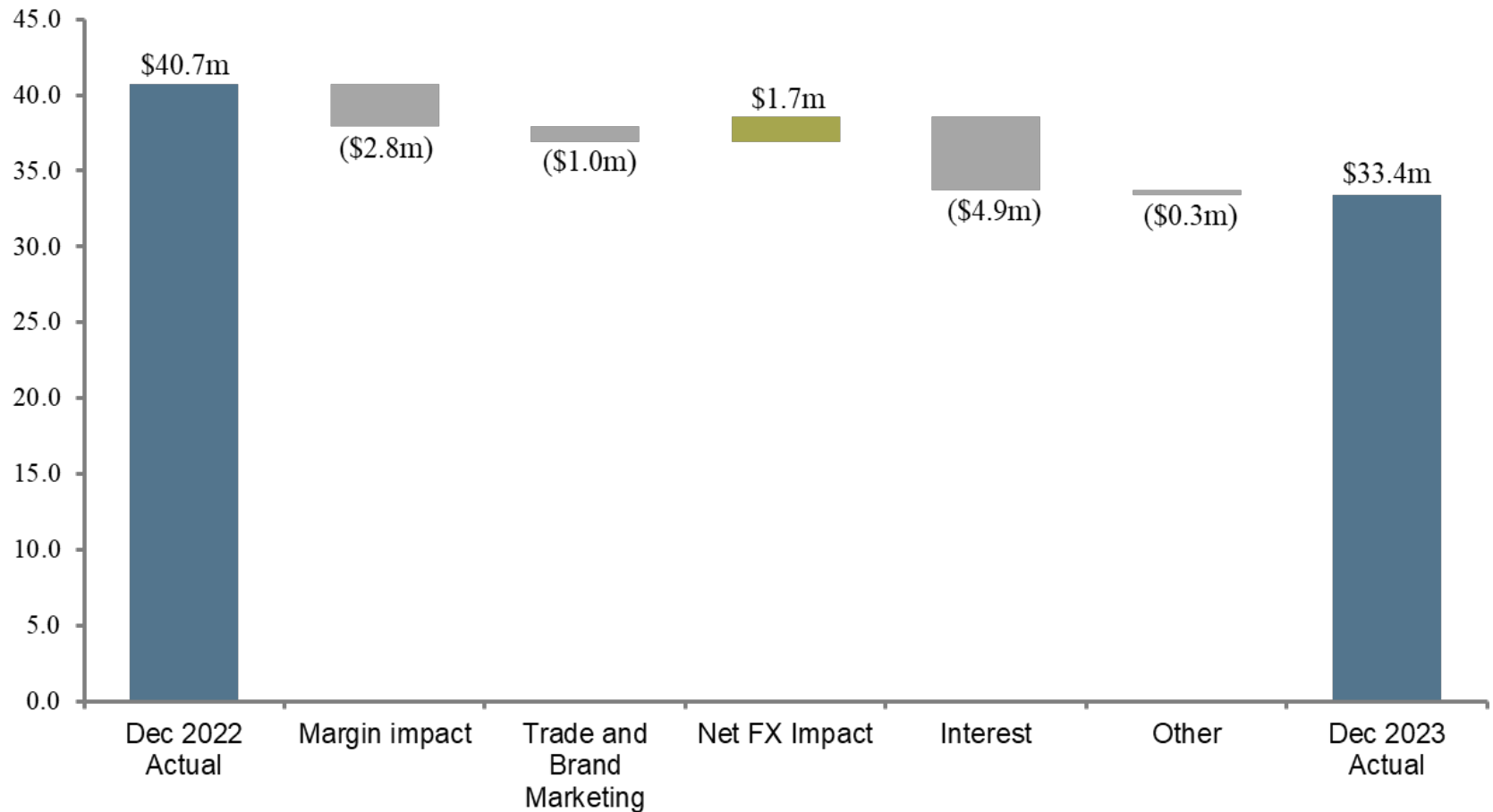
NZ\$ millions	Dec 2023	Dec 2022	% Change vs 2022
Operating NPAT	37.8	40.2	-6%
Operating NPAT % of Revenue	19%	20%	
Biological Produce (Grapes) ¹	(10.5)	(9.6)	9%
Derivative financial Instruments	4.5	10.4	-57%
Total Fair Value Items	(6.0)	0.8	n/m²
Taxation of NZ IFRS fair value items	1.6	(0.3)	n/m ²
Fair Value Items after Tax	(4.4)	0.5	n/m²
Reported NPAT	33.4	40.7	-18%

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

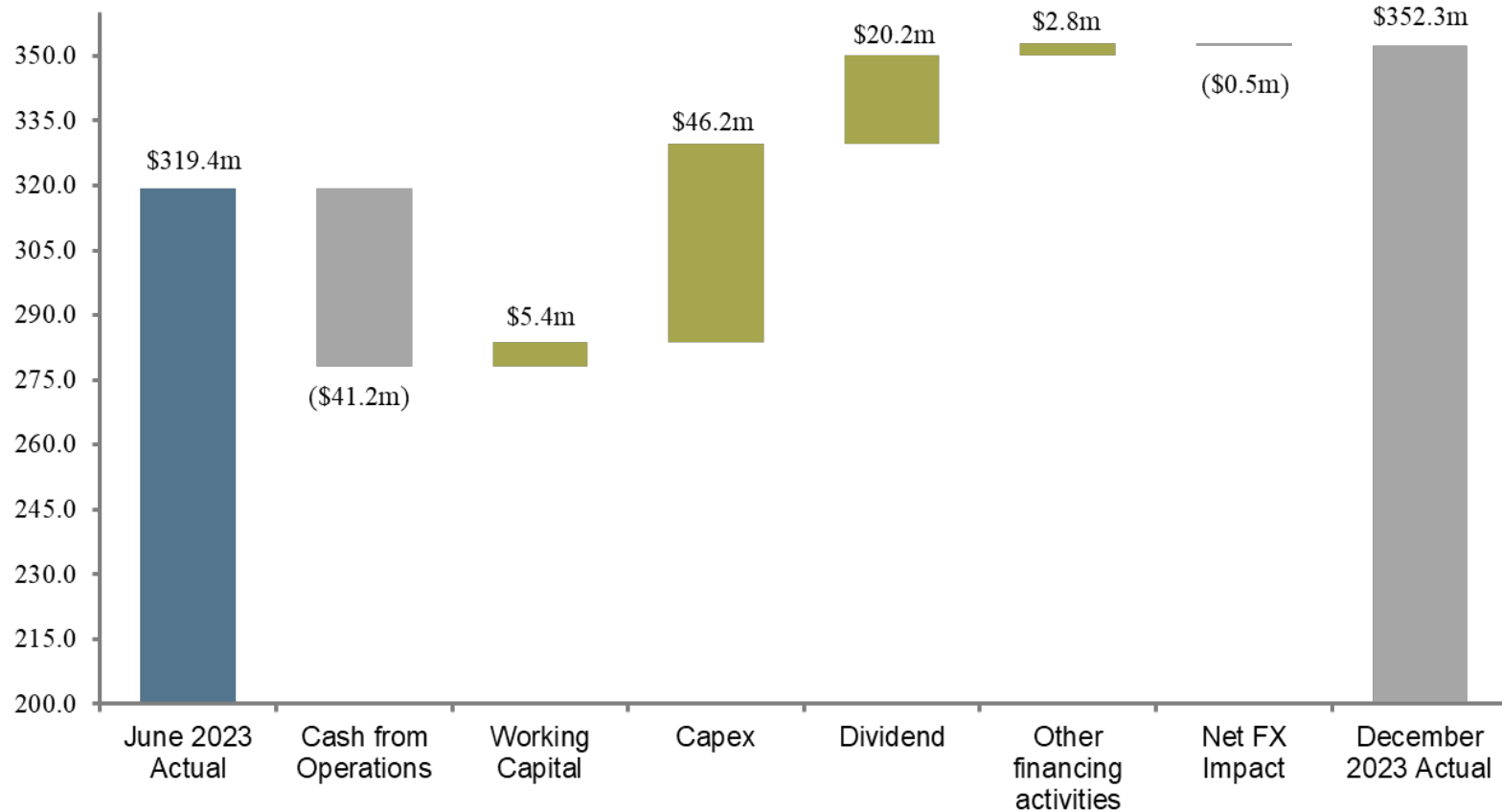


Balance Sheet Summary

NZ\$ millions	Dec 2023	Dec 2022	% Change vs 2022
<u>Assets</u>			
Current Assets	304.5	271.2	12%
Fixed Assets	800.6	735.9	9%
Other Non-current Assets	0.5	2.9	-83%
Total Assets	1,105.6	1,010.0	9%
<u>Liabilities</u>			
Current Liabilities	59.0	46.8	26%
Lease Liability	91.0	88.7	3%
Deferred Tax Liabilities	41.8	42.2	-1%
Senior Debt Facilities	357.6	313.9	14%
Total Liabilities	549.4	491.6	12%
<u>Equity</u>			
Shareholders' Equity	556.2	518.4	7%
Total Equity	556.2	518.4	7%
Total Liabilities and Equity	1,105.6	1,010.0	9%
Net Debt	352.3	305.8	15%

Increased debt levels driven by capital expenditure program

Net debt movement, June 2023 to December 2023, NZ Millions



Net Debt Overview

NZ\$ millions	Dec 2023	Dec 2022	% Change vs 2022
<u>Funding</u>			
Operating Cash Flow	35.8	35.3	1%
Net Debt	352.3	305.8	15%
<u>Key Ratios</u>			
Operating Interest Cover	6.46	8.94	-28%
Equity / (Equity + Net Debt) %	61.2%	62.9%	-3%
Senior Debt Ratio	3.16	2.68	-18%



Investing in vineyard development and winery expansion to support future earnings growth

- During the year, the Group has invested \$44.4m in New Zealand vineyard developments and winery expansion.
- Continued investment in vineyards and wineries is planned for 2H24.

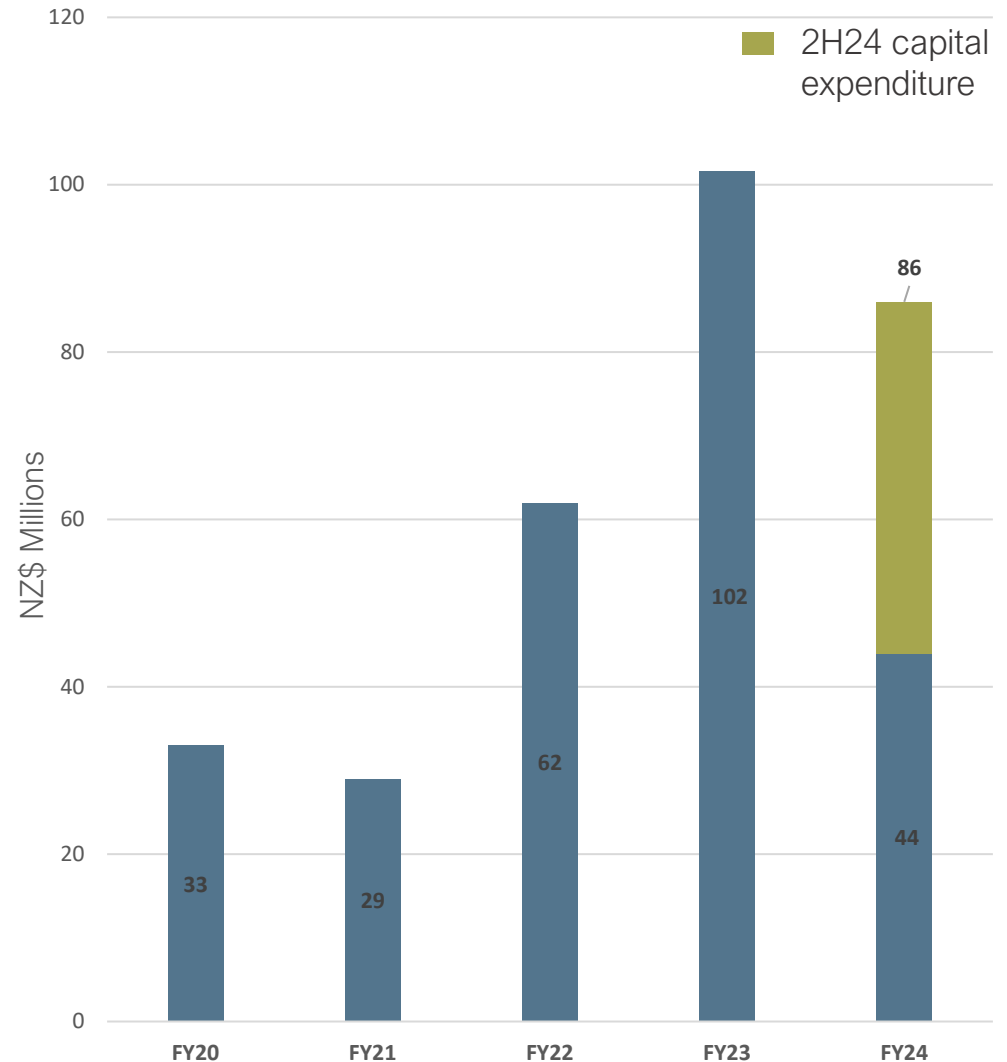
Capital Expenditure program

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 freehold Dashwood vineyard, Marlborough.

2024: Includes vineyard and winery developments in Hawke’s Bay, Marlborough and Barossa Valley.



Full Year Guidance

The Group maintains its FY24 Operating Profit guidance in the range of \$57 million to \$61 million.



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Thank you
