



'Home Grown' Bell Potter Presentation

9 June 2022

Presenters: Mr Craig Garvin, CEO & Mr Adam Rigano, CFO

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Overview



- 101,580 tonnes of grapes crushed in Vintage 2022, and supply in balance with demand
- Strategic plan well on track as a consumer led branded business
- Pillar Brand sales revenue expected to be a higher percentage of sales. McGuigan Zero 75% higher in sales than prior year
- Australia/New Zealand retail sales to the end of March 6% higher than prior year, with Pillar Brand sales 8% higher
- We have gained share in all key markets
- Despite a tough UK market, we continue to outperform, growing share, against a backdrop of significant global freight disruption and a total market disrupted in H1 by labour and driver shortages
- Asia sales are up 12% on the prior year driven by accessing new markets in Taiwan, Malaysia and Singapore
- North America sales are up 13% on the prior year with strong growth in Canada
- Cash Flow from operating activities on track to generate a positive full year contribution that is within 10% of the previously advised outlook of around \$20 million
- Underlying EBITs, excluding FX movements, SGARA, and one-off non-recurring items forecast to be higher than prior year.

Australian Vintage is the 4th largest wine company in Australia, who prides itself on innovation to keep the consumer at the heart of everything we do

Our Vision

To be the first choice for every occasion

Our Purpose

Make the world a smaller place through sharing good times

Our Mission

We put the consumer at the heart of everything we do

Our Values



Working Collaboratively



Innovative



Nimble & Responsive



Empowered

Our Behaviours

Integrity

Respect

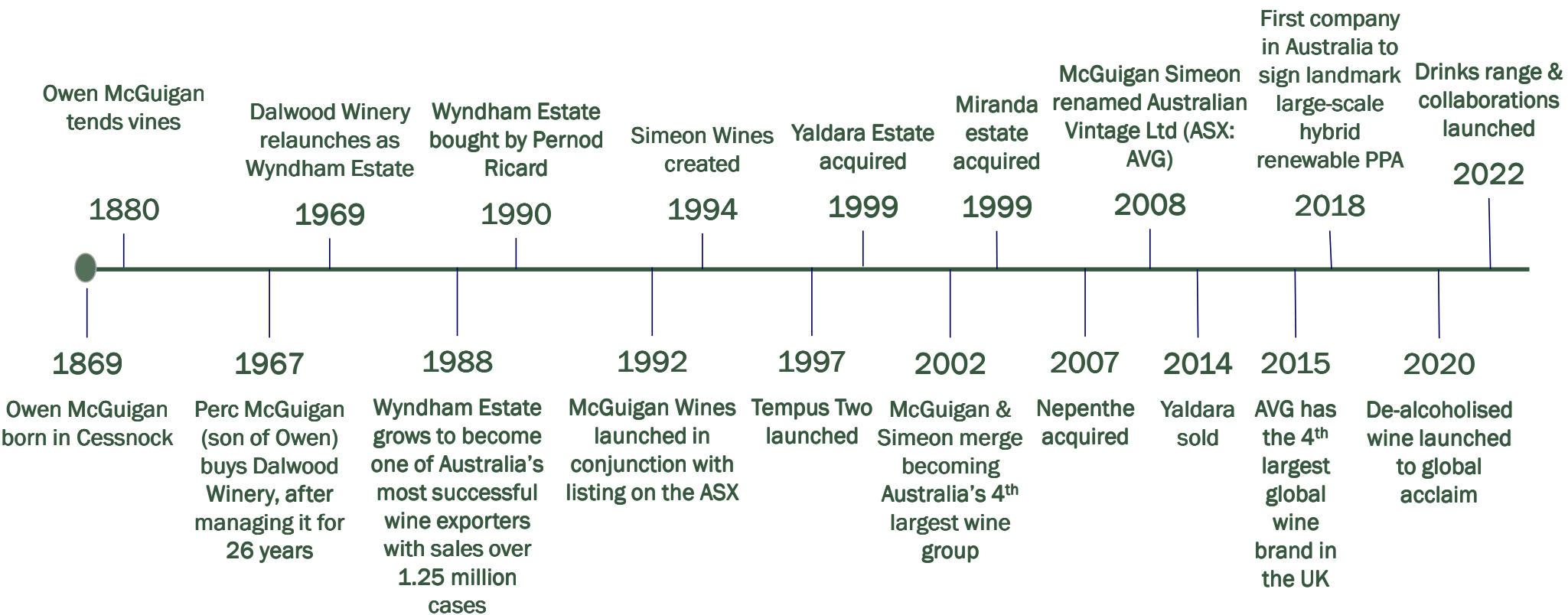
Courage

Collaboration

Resilience

Trust

Australian Vintage has a history of over 140 years and has been listed since 1992



Our strategic plan continues to position us well for growth...



Consumers and Brands

Investing in pillar brands

Pillar brand portfolio in double digit growth

Innovation is delivering

Consumer insight driving our branded strategies



Markets and Customers

Significantly improved our business in Australia and UK

Outperforming wine category in key markets

Resetting for growth in Asia

Joint business planning delivering



People

Despite the pandemic staff engagement has improved, now @70%

Upweighting investment in leadership

Prioritising diversity and behaviours

Significant improvement in safety



Sustainability

Carbon footprint audit review

Renewables priority

Linking CSR to local communities

Brand planning for “sustainable” product range



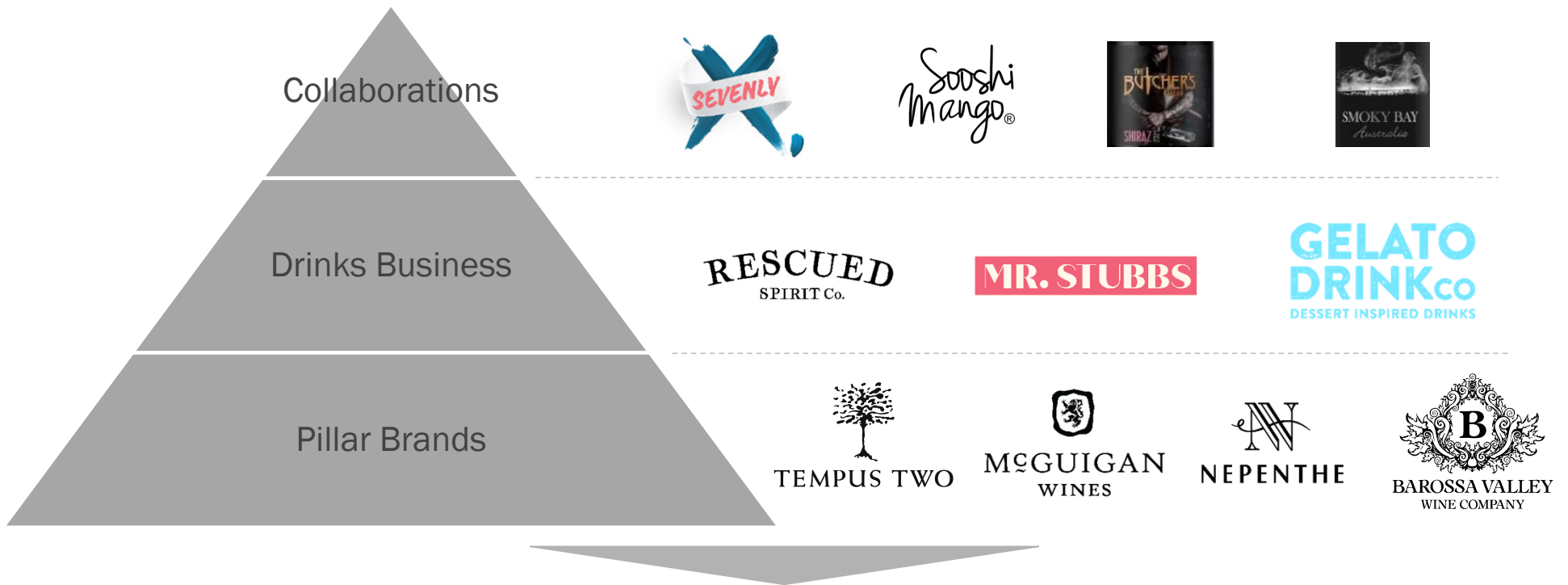
Return on Assets

Leveraging our world class assets for competitive advantage

Delivering on all financial metrics

Financial position and balance sheet are strong

...New brands are designed to support our pillar brands and target new consumers and occasions...



Drinks Business and Collaborations will enable investment certainty for our Pillar Brands as we build a consumer led portfolio

... with key balance scorecard metrics improving whilst global freight and energy challenges are being managed (Snapshot at the Half Year 22)



Consumers and Brands

Pillar Brand Sales
\$106.2m

77% of total revenue

▲ +5pp

↔ 99% of PY

Marketing Investment

+40%

Accelerating marketing investment on pillar brands



Markets and Customers

Outgrowing the market in key geographies*

AVL vs WINE



+9% vs +3%



+8% vs -3%



+17% vs +5%

Shipments rebounding in other battlegrounds



+19% value

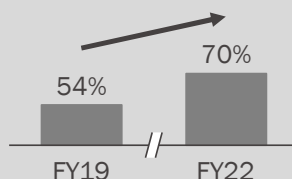


Asia ex-China
+23% value

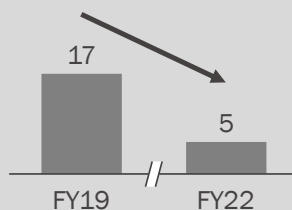


People

Staff Engagement



Lost Time Injury Frequency Rate



Sustainability

Wine Processing
Renewables

100%

Solar & Wind
(Buronga)

Sustainability journey advanced

Carbon audit complete

Chief Sustainability Officer appointed

Key initiatives underway



Return on Assets

Contribution after Mktg
\$25.3m

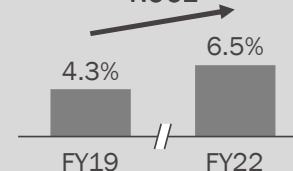
▲ +6%

NPAT

▼ -25%

Impacted by demurrage, stock outs, SGARA & COVID closures

ROCE



* AU & NZ - IRI Market data FYTD Dec 21; UK/IRE - Nielsen FYTD Dec 21; CAN/Asia - AVL Shipments \$

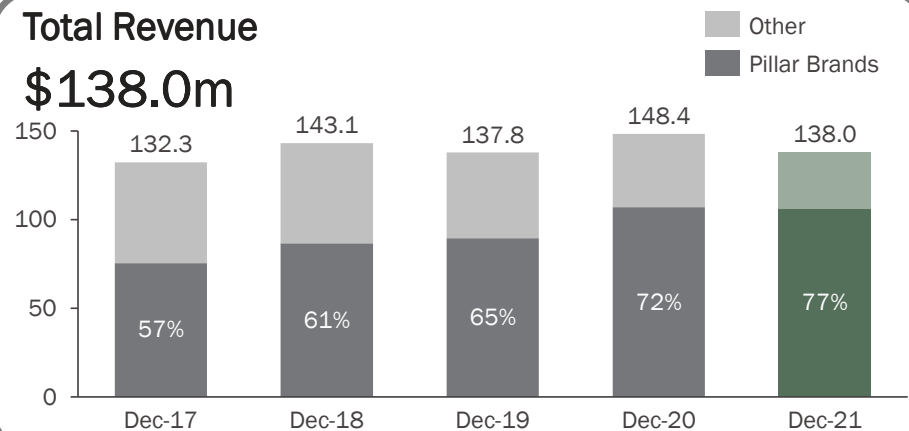


Return on Assets

Snapshot Half Year 22: Historical financial performance supports step change in AVL business

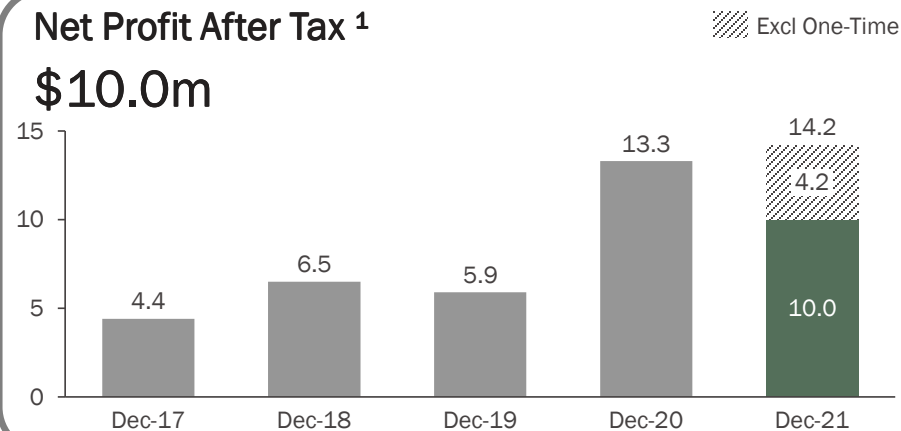
Total Revenue

\$138.0m



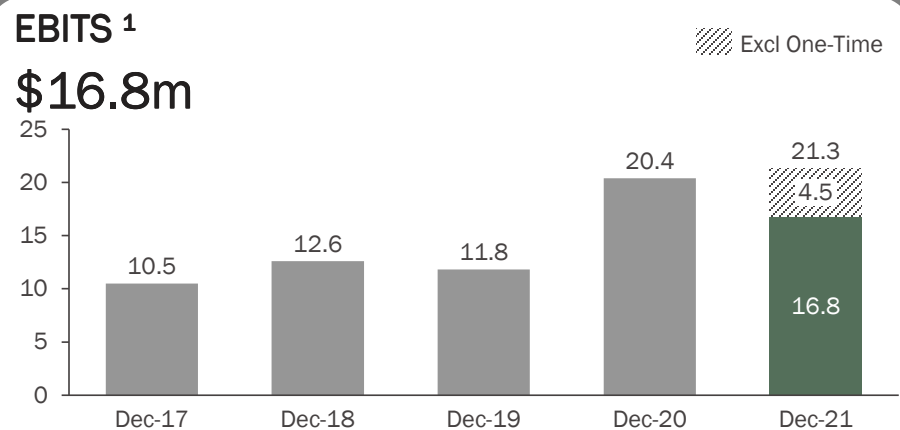
Net Profit After Tax ¹

\$10.0m



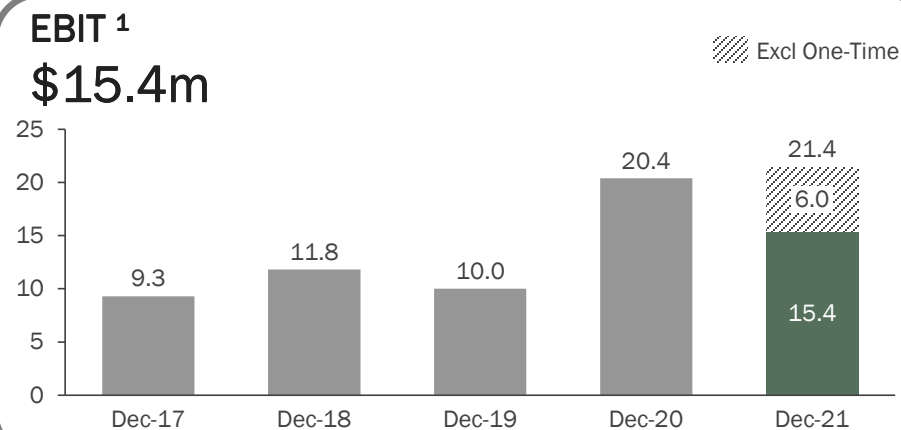
EBITS ¹

\$16.8m



EBIT ¹

\$15.4m

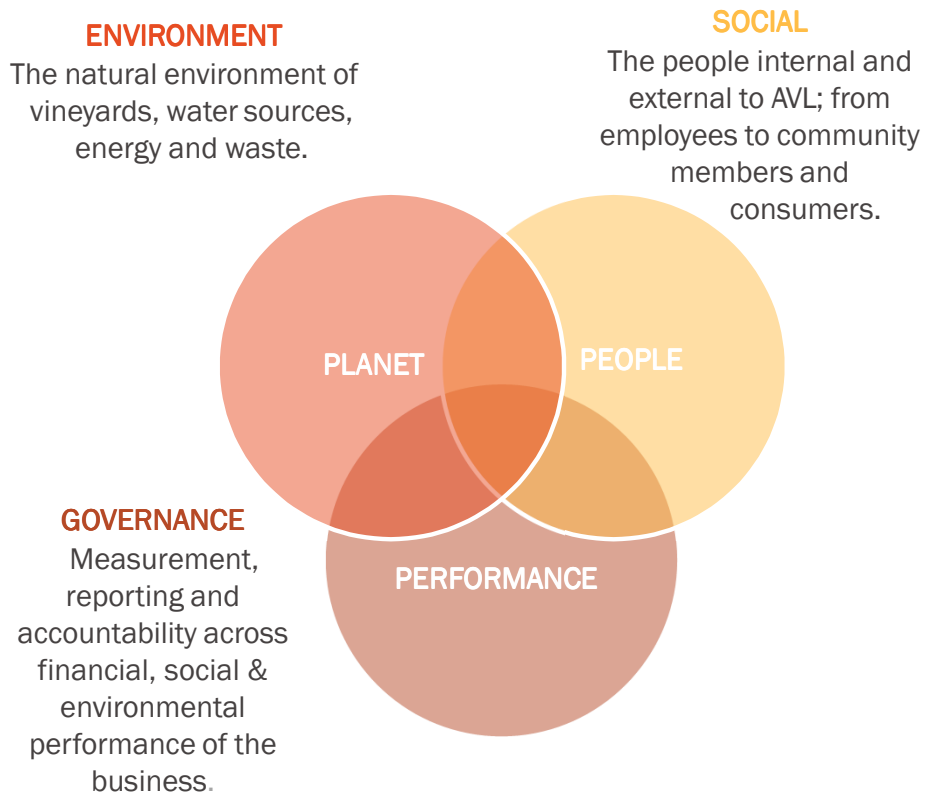


Note ¹ for December '21, these figures include one-time events of \$5.5m due to UK logistic, COVID Cellar Door disruptions and SGARA vs prior year



Our sustainability journey is well underway

Multi dimensional approach to sustainability



Sustainability is at the forefront of our business



- Chief Sustainability Officer appointed
- Carbon audit complete
- 100% of our Buronga winery facility energy is sourced from solar and wind power
- Re-use of water across selected vineyards
- Key sustainability initiatives commencing

Outlook

- Our vision and values and our scorecard remain critical to the ongoing growth of the company as they guide the business approach with a strong focus on putting the consumer at the heart of everything the Company does.
- Company has made a step change to a credible quality wine branded business. Compared to the average NPAT achieved during the 6 month periods from December 17 through to December 19, this result is 79% higher, even after allowing for the additional costs and closure of cellar doors.
- For the full year the Company is expecting pillar brand sales, margins and market share to be up on prior years, as a percentage of sales revenue.
- Underlying EBITs, excluding adverse FX movements from the half, one-off non-recurring costs, and SGARA expected to be in the range of \$31.1m to \$35.3m. NPATS on the same basis expected to be in the range of \$20.0m to \$24.0m (subject to audit and account completion in August 2022)
- Without the additional demurrage, stock-outs, temporary closure of our cellar doors and the reduced SGARA, December 21 NPAT would have been above prior period. One-off costs for demurrage, stock-outs and the temporary closure of cellar doors represented \$4.5m.
- For the second half we are expecting our operating cash flow to exceed the prior corresponding period. Full year operating cash flow is estimated to be within 10% of \$20 million.
- Net debt expected to be around \$70m, representing gearing at 25% and net debt/ net debt + equity of 20%

Appendix: Results Summary – Sales and Contribution

	Sales (\$'000)		Change	
	31 Dec '21	31 Dec '20	\$'000	%
<i>Sales</i>				
Australia / New Zealand	64,811	66,209	(1,398)	(2%)
UK, Europe & Americas	69,587	78,913	(9,326)	(12%)
Asia	3,617	3,280	337	10%
TOTAL	138,015	148,402	(10,387)	(7%)

	Contribution (\$'000)		Change	
	31 Dec '21	31 Dec '20	\$'000	%
<i>Contribution (before marketing)</i>				
Australia / New Zealand	17,073	13,657	3,416	25%
UK, Europe & Americas	14,002	14,545	(543)	(4%)
Asia	421	178	243	137%
TOTAL	31,495	28,380	3,115	11%
Marketing expense	(6,147)	(4,477)	(1,670)	37%
Contribution (after marketing)	25,348	23,903	1,445	6%
Additional logistic costs	(3,694)	-	(3,694)	n/a
Temporary closure of cellar doors	(804)	-	(804)	n/a
Corporate / other	(4,098)	(3,578)	(520)	15%
EBITS	16,753	20,325	(3,572)	(18%)
SGARA	(1,375)	98	(1,473)	(1,510%)
EBIT	15,378	20,423	(5,045)	(25%)
Net interest expense (inc. AASB 16)	(1,307)	(1,400)	93	(7%)
Tax	(4,065)	(5,729)	1,664	(29%)
NPAT	10,006	13,294	(3,288)	(25%)