



FY22 ANNUAL RESULTS August, 2022

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Overview

FY22 year in review

Continued strong global pillar brand performance, premiumisation and innovation have led to increased market share and margin improvement...

- Market share growth across all key geographies despite global freight disruption
- Pillar brand sales increased to 78% of total revenue, 7 point increase v PY
- Innovation delivering across the business – leaders in no-and-low
- Underlying gross margin of 35%, increase of 3 percentage points
- Underlying EBITs up 7% to \$33.3m and underlying NPATS up 7% to \$21.5m
- Reported NPAT of \$17.3m, \$2.3m lower, impacted by FX, SGARA and one-offs
- Strong balance sheet with net debt at \$74.5m, gearing at 25%
- Acquisition intent for luxury wine brand
- TSR growth of ~80% from 1 July 2019
- EPS 6.9cps in line with prior year
- Final dividend of 3.4 cents per share, franked to 60%
- High margin wine and spirits based drinks business launched with net positive contribution
- ESG roadmap to Net Zero

One-off non-recurring impacts include demurrage in UK and stocks outs arising from BREXIT/ COVID plus COVID cellar door closure in Australia representing \$4.5 million in EBIT impact as reported at the half year results



We pride ourselves 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

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

 Consumers and Brands	 Markets and Customers	 People	 ESG	 Return on Assets
Investing in pillar brands Pillar brand portfolio in double digit growth Innovation is delivering growth and margin Consumer insight driving our branded strategies Increased marketing investment delivering share growth	Significantly improved our business in Aus and UK Outperforming wine category in key markets Leaders in no-and-low #2 customer rated alcohol supplier in Australia Resetting for growth in Asia & North America Joint business planning delivering	Staff engagement 70% Top Quartile Investment in leadership & development Prioritising diversity and behaviours Significant improvement in safety Culture Diversity – “Most improved gender equity award”	Climate action towards Net Zero Transition to renewable energy Responsible consumption through products and partnerships Sustainable imprint across all brand plans B Corp certification in progress	Underlying ROCE 7.5% Leveraging our world class assets for competitive advantage Delivering on all financial metrics Financial position and balance sheet are strong Margin improvement High margin drinks business launched

...with underlying results for FY22 demonstrating strong performance against our strategy



Consumers and Brands

Pillar Brand Sales
\$203.2m ▲+4%
 78% of total revenue

▲ +7pp

Underlying Gross Margin

35% ▲ +3pp

Marketing Investment
 Continued investment in pillar brands whilst activating collaborations and new drinks range



Markets and Customers

Outgrowing the market in key geographies (packaged)

AVL vs WINE



+5% vs +3%



Total -5% vs -10%
 Zero +51% vs +11%



+9% vs +3%

Shipments rebounding in other battlegrounds



+26% value

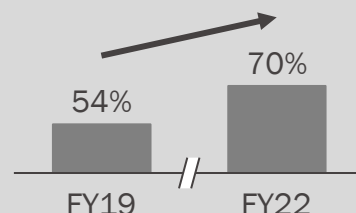


Asia ex-China
 +18% value

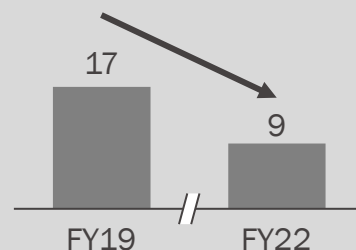


People

Employee engagement



Lost Time Injury Frequency Rate



ESG

ESG journey advanced

Winery production 100% powered by wind and solar

APCO 2025 sustainability packaging targets

Responsible consumption through product and partnerships

**Net Zero
2040**



Underlying Return

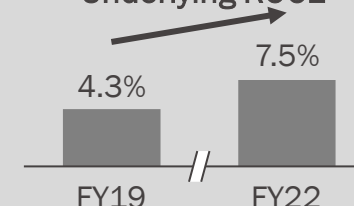
Underlying EBITDAS
\$48.2m ▲+7% PY

Underlying EBITDAS margin
 18.5%

Underlying EBITs
\$33.3m ▲+7% PY

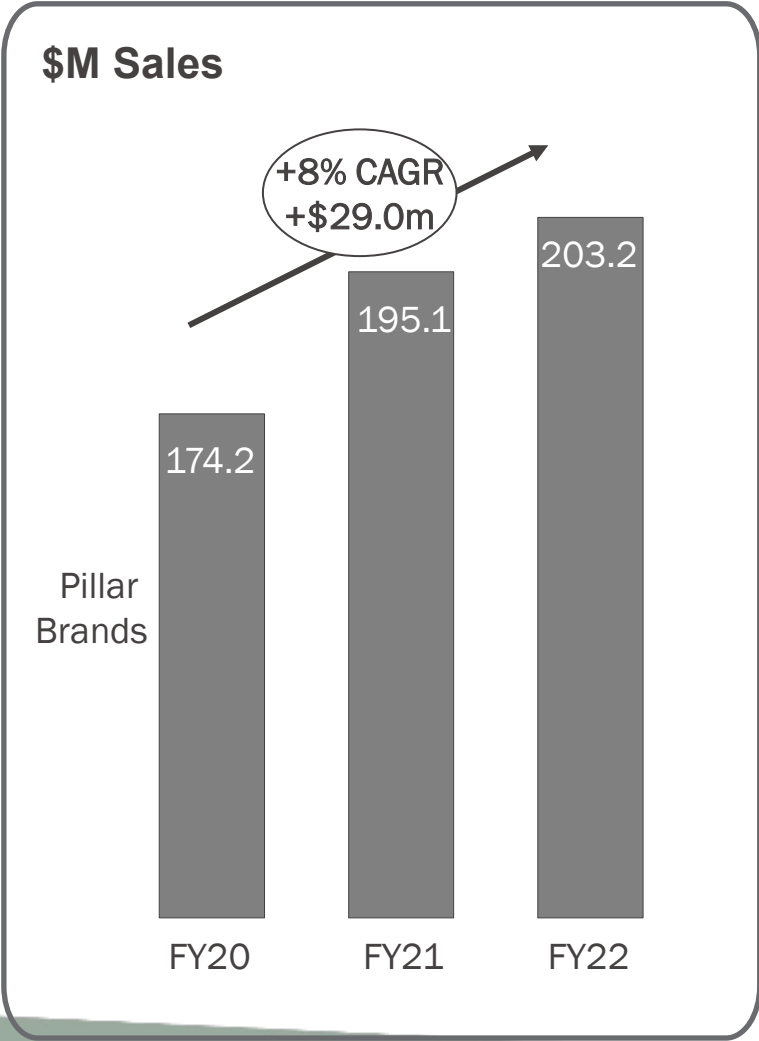
Underlying NPATS
\$21.5m ▲+7% PY

Underlying ROCE

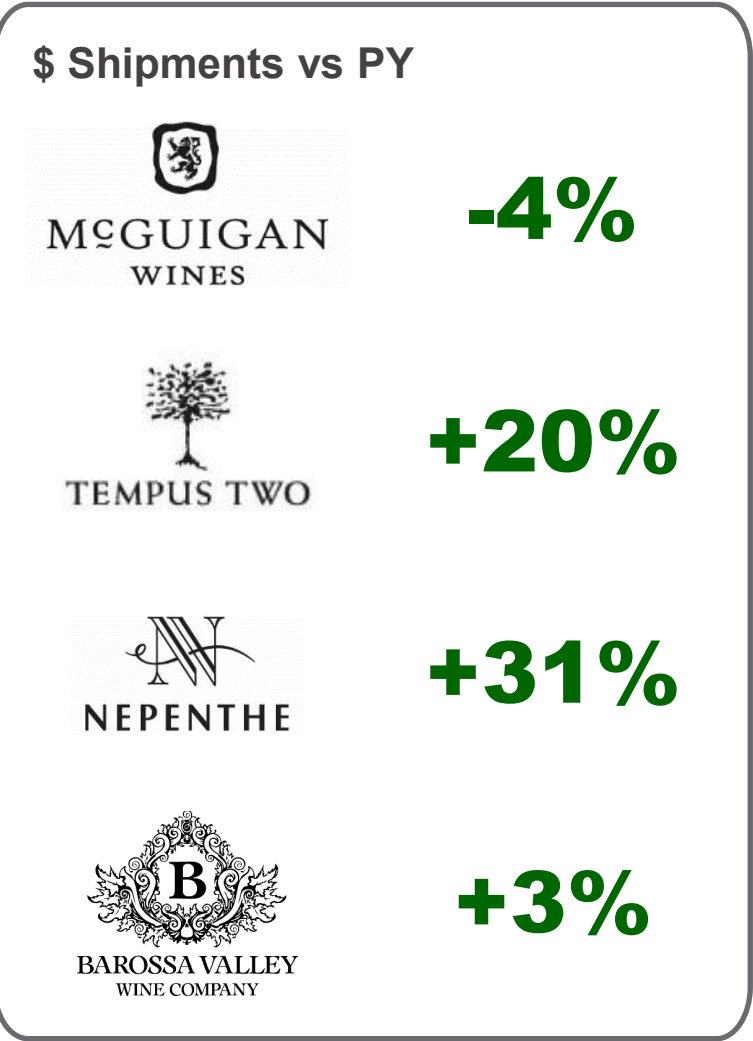


Investment in pillar brands has driven outperformance of wine category in key markets

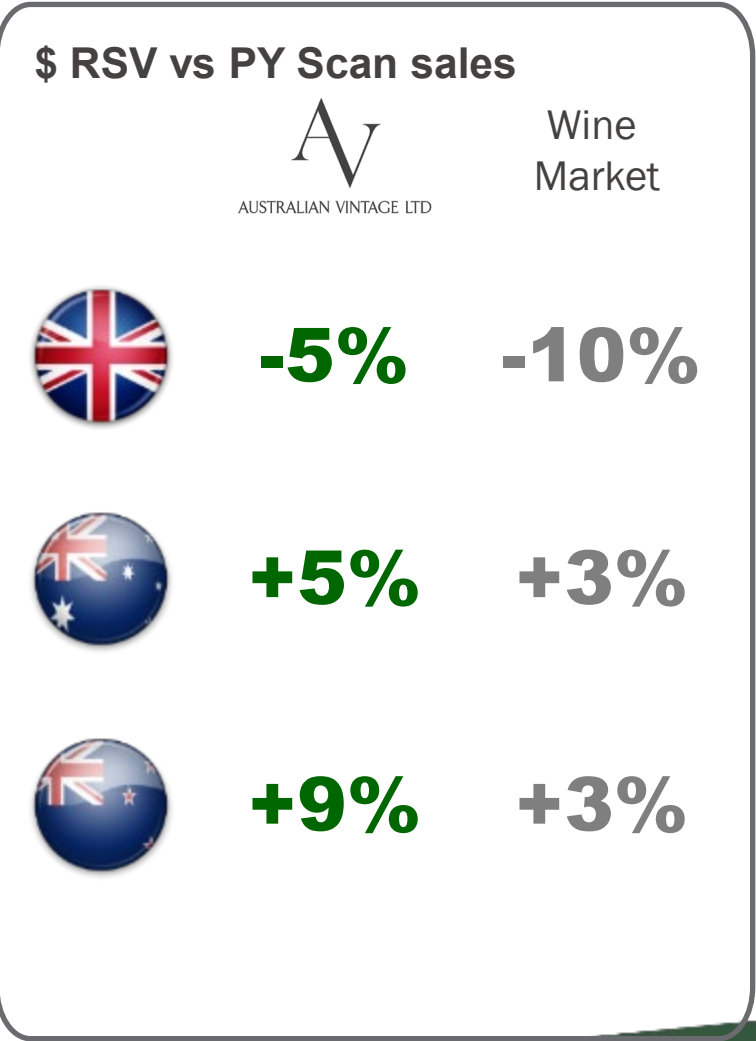
Pillar brands delivering top-line...



Pillar brands all growing share



...leading to AVL outperforming in key markets

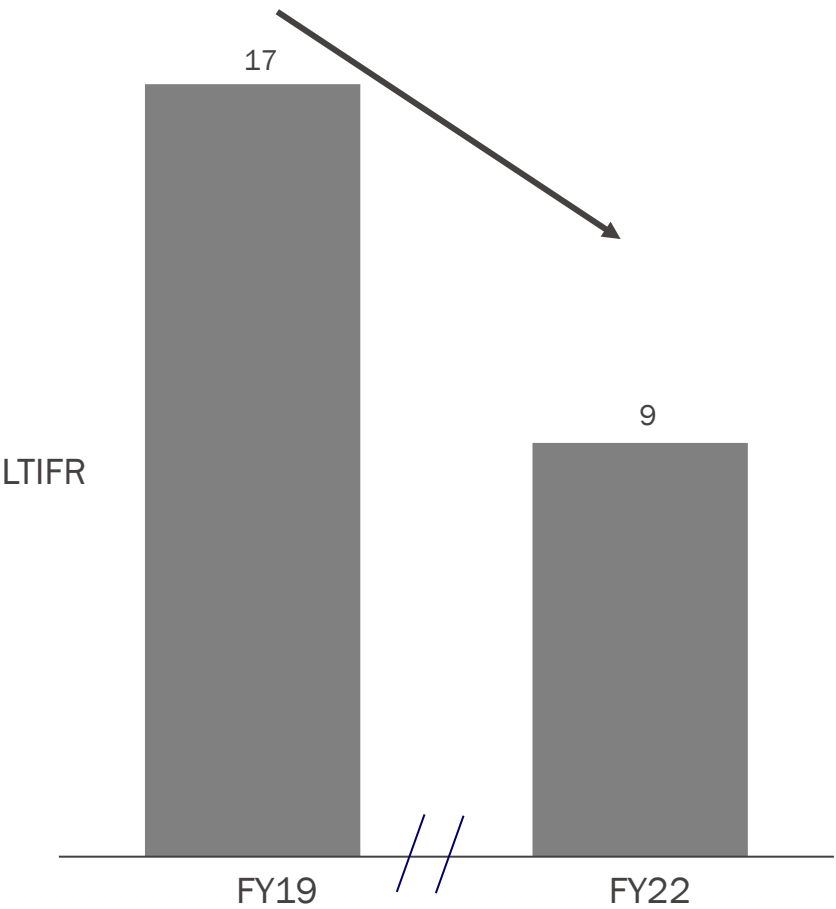


Safety is a core priority of the business

Balanced approach to safety

- Continuing to enhance the safety of our people
- Global roll out of safety essentials program
- Driving a safety priority strategy and aiming for zero harm
- Implemented leading Covid safe ways of operating, shift segregation and risk management
- Launched enhanced mental health support programme – aiming to become an accredited mentally fit workplace by FY24
- Be a “World Class Safety Organisation”

Significant reduction in LTIFR (Lost Time Injury Frequency Rate)



We are well progressed on cultivating an achievement-based culture with the right behaviours underpinned by employee engagement

Creating meaningful connections between AVL and our people

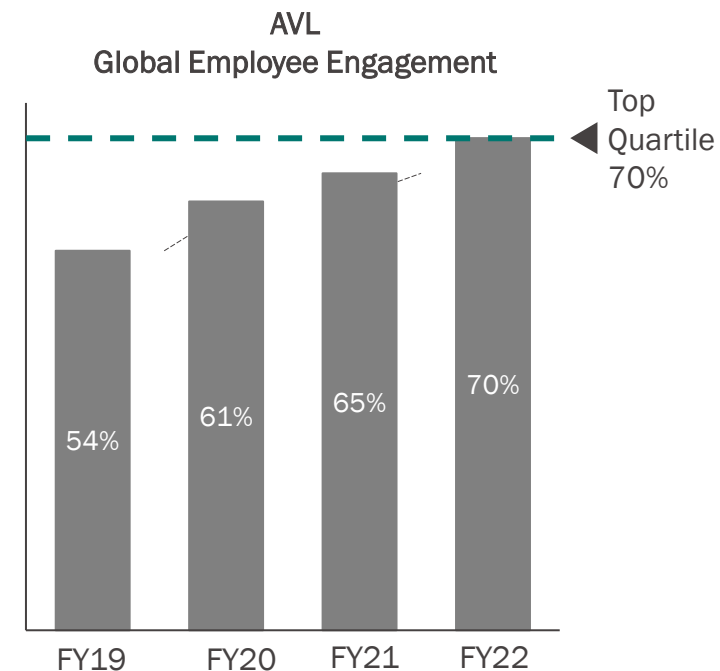


Fostering an inclusive achievement-based culture

- Behavioural framework embedded, creating a safe and inclusive culture
- Launch of leading global benefits
- Investment into global mental health first aid training for all people managers
- Leadership development for high potentials linked to global talent and succession planning
- Most Improved Gender Equality Award

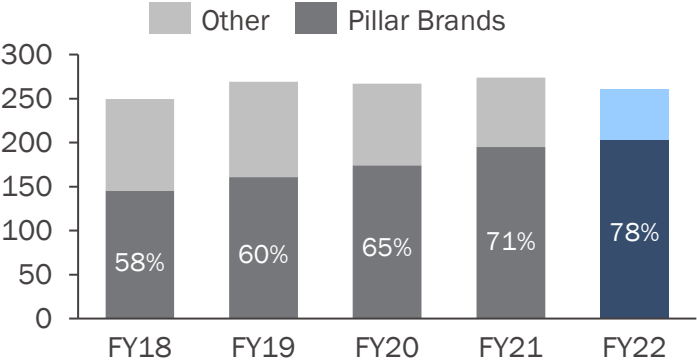
Step-changing improvement in employee engagement

- Continued investment in employee engagement reaching top quartile in FY22
- Goal to become a recognised global best employer

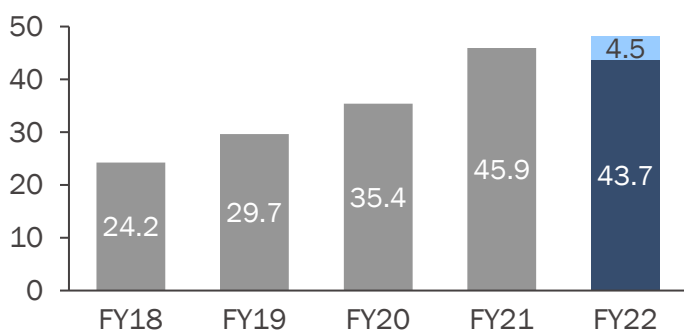


Strong financial performance in a difficult global environment

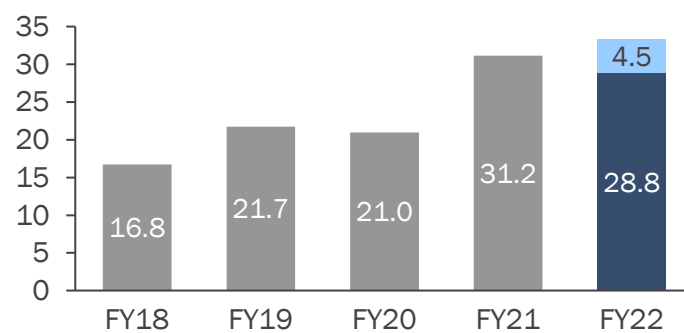
Total Revenue \$260.1m



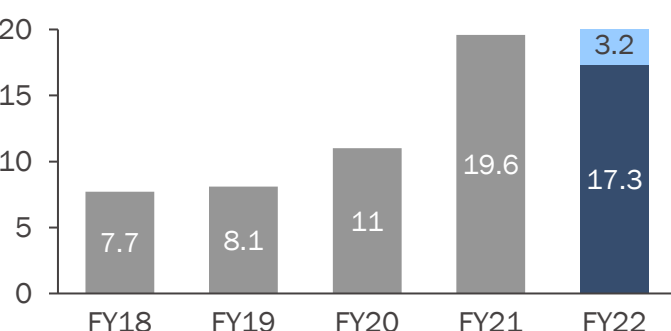
EBITDAS \$48.2m (underlying)¹



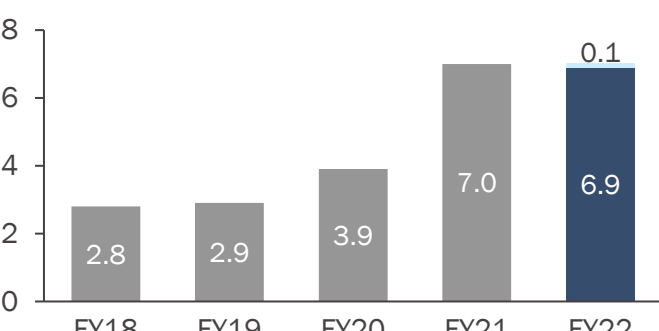
EBITS \$33.3m (underlying)¹



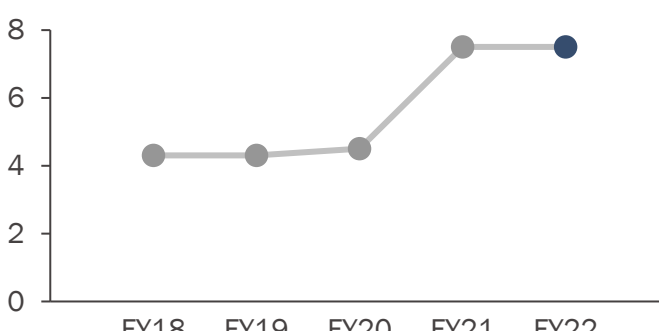
Net Profit After Tax \$20.5m (underlying)¹



Earnings Per Share 7.0 cents (underlying)¹



Return on Capital Employed 7.5% (underlying)¹

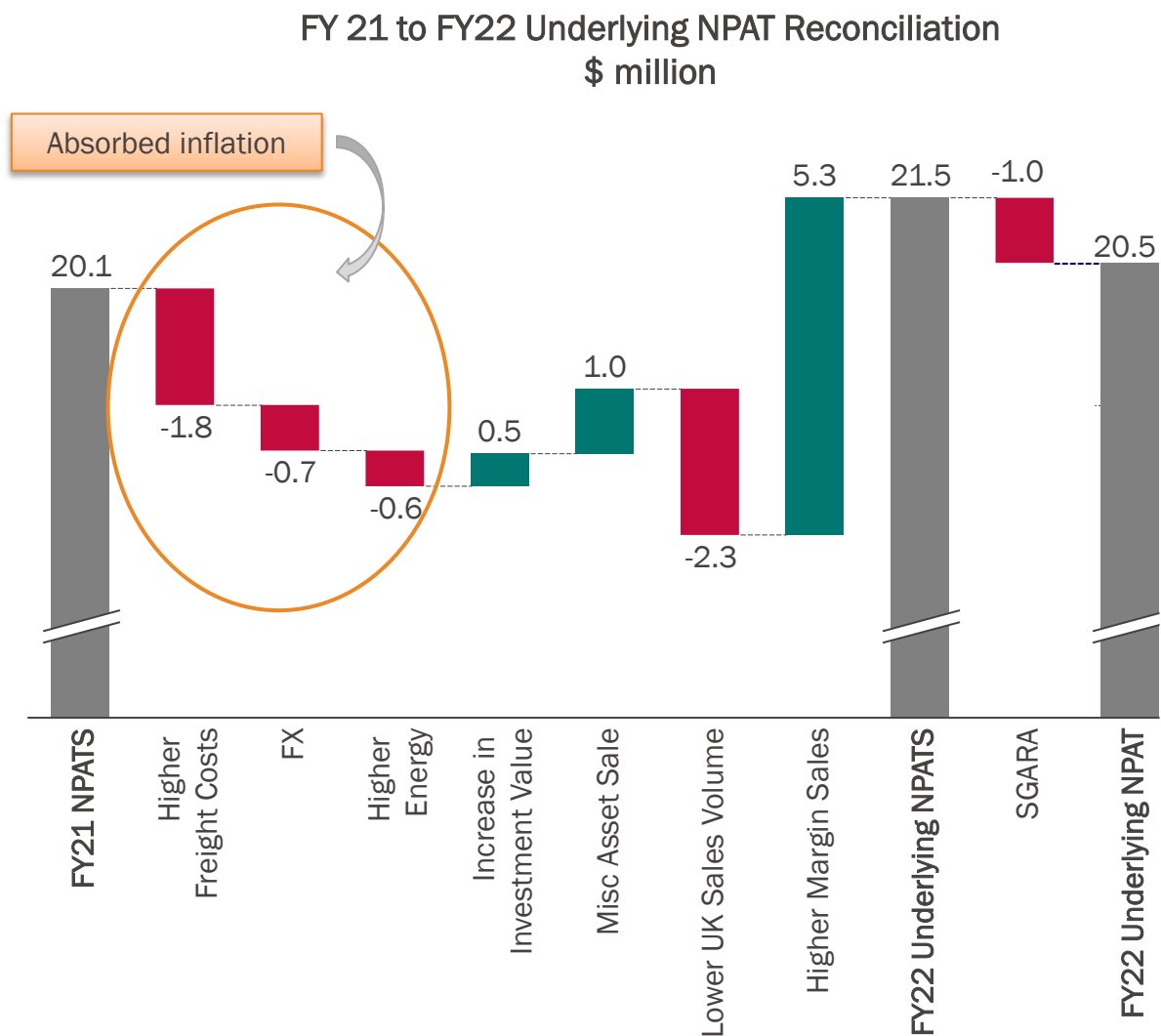


¹ One-off non-recurring items for demurrage, stock outs and COVID cellar door closures totals \$4.5m



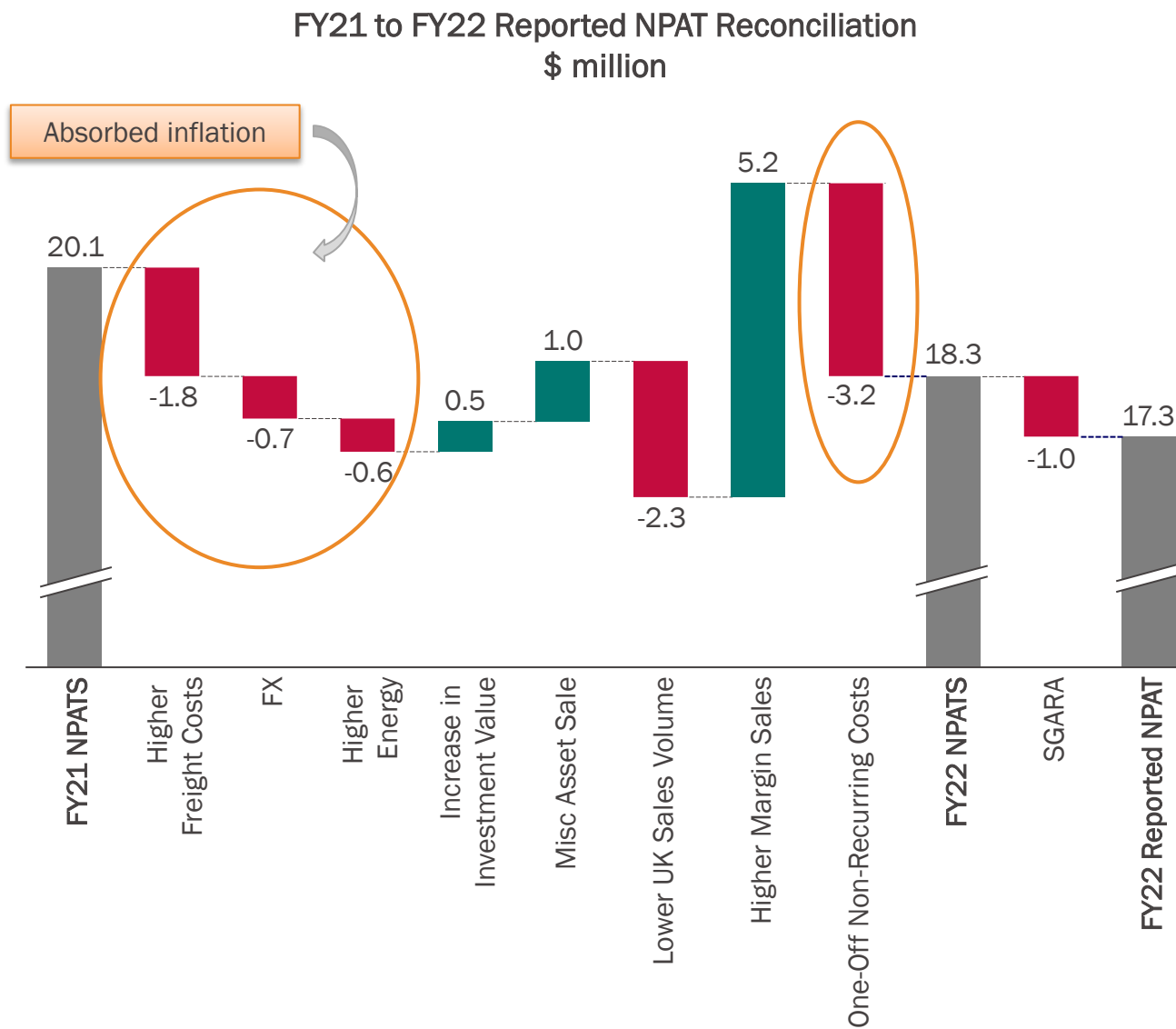
Underlying income statement - strong underlying performance despite challenging market factors

\$m	FY22	FY21	Fav/ (Unfav) %
Revenue	260.1	274.0	(5)
Underlying EBITDAS	48.2	45.9	5
EBITDAS margin (%)	18.5	16.8	10
Depreciation and Amortisation	(14.9)	(14.8)	-
Underlying EBITs	33.3	31.1	7
EBIT margin (%)	12.8	11.4	12
Finance costs	(2.7)	(2.6)	(4)
Underlying Profit before Tax	30.6	28.5	7
Tax (expense)	(9.1)	(8.4)	(7)
Underlying NPATS	21.5	20.1	7
NPATS margin (%)	8.3	7.3	14
SGARA (post tax)	(1.0)	(0.5)	(100)
Underlying NPAT	20.5	19.6	(5)
NPAT margin (%)	7.9	7.2	10



Income statement - strong performance despite challenging market factors

\$m	FY22	FY21	Fav/ (Unfav) %
Revenue	260.1	274.0	(5)
EBITDAS	43.7	45.9	(5)
EBITDAS margin (%)	16.8	16.8	-
Depreciation and Amortisation	(14.9)	(14.8)	-
EBITS	28.8	31.1	(8)
EBIT margin (%)	11.1	11.4	(3)
Finance costs	(2.7)	(2.6)	(4)
Profit before Tax	26.1	28.5	(8)
Tax (expense)	(7.8)	(8.4)	7
NPATS	18.3	20.1	(9)
NPATS margin (%)	7.0	7.3	(4)
SGARA (post tax)	(1.0)	(0.5)	(100)
Reported NPAT	17.3	19.6	(12)
NPAT margin (%)	6.7	7.2	(7)



Balance sheet - strong underlying performance despite challenging market factors

\$m	FY22	FY21
Cash & equivalent	2.5	3.7
Receivables	44.8	51.6
Inventories	222.4	190.7
Plant & Equipment	114.4	111.8
Goodwill/ intangible	51.1	51.5
Other	62.8	69.6
Total Assets	498.0	478.9
Payables	63.2	57.7
Borrowings	77.0	46.5
Leases	48.4	52.4
Other	9.5	9.6
Total Liabilities	198.1	166.2
Shareholders Equity	299.9	312.7

- Higher strategic inventory UK ensuring share growth. YE end inventory marginally higher than expected due to some shipping delays
- Higher borrowings driven by share capital consolidation in July 2021
- Excess capacity in all covenants
- Balance sheet strength positioning AVG well for inflationary disruption and acquisitions

	FY22	FY21
Net Debt (excl leases) \$m	74.5	42.8
Facilities Available \$m	106.3	96.8
Net debt (excl leases) / EBITDAS	1.5 times	0.9 times
Gearing (net debt/equity)	25%	14%
Leverage (net debt/ net debt + equity)	20%	12%
Net Tangible Assets per share	0.93	0.87
Interest cover (underlying EBITDAS/ interest)	17.9 times	17.7 times



Cash flow - impacted by higher inventory holdings and capital return to shareholders

\$m	FY22	FY21
Cash from operating activities prior to changes in assets/ liabilities and one-off non-recurring items	34.5	34.2
One-off non-recurring items in FY22	(4.5)	-
Increase in inventories	(31.7)	(7.9)
Decrease in receivables	6.8	4.6
Increase in payables	5.5	7.5
Other asset/ liability movement	4.8	6.6
Net cash from operations	15.4	45.0
Capex net of sales	(9.7)	(6.4)
Net investing cash flows	(9.7)	(6.4)
Free cash flow	5.7	38.6
Capital return to shareholders	(24.1)	-
Dividends	(6.8)	(7.6)
Leases	(6.4)	(6.5)
Proceeds/ (repayments) of borrowings	30.5	(28.5)
Net financing cash flows	(6.8)	(42.6)
Net decrease in cash	(1.1)	(4.0)

- Underlying cash flow from operating activities higher than prior year despite higher logistics and energy costs
- Lower net cash from operations is driven primarily by strategically higher inventory levels to partially mitigate global shipping challenges
- Cash from operations was expected to be higher however delayed shipments in June did not meet cut off date
- Higher capital than prior year driven by commissioning of second spinning cone
- Capital returned to shareholders in July 2021 increased net debt to \$74.5 million



Strategic outlook

- Global inflation placing pressure on input costs in all markets
- In the UK, inflation coupled with record global shipping costs have seen margin erosion for all suppliers
- AVL addressing inflationary pressure through continued focus on higher margin branded wine, operational efficiencies and actively pursuing price increases. New strategic initiatives in play:
 - New drinks business high margin growth opportunity
 - Global brand collaborations
 - Wines of the World broadening opportunities in Asia including India
 - Austflavour is a unique growth opportunity through world leading technology that is in place
- Inventory indexed to global shipping lead times
- ROCE strategically on track to achieve double digits in the long term
- Dividend of 3.4 cents per share franked to 60%, 26% higher than prior year and in addition to the capital return of 8.5 cents per share in July 2021
- Market update to be provided at the Annual General Meeting

Complementary portfolio of premium brands targeting differentiated consumer needs and occasions

AVL Wine Brands



Easy going, quality wine
for me

‘Just Because’

Trusted & rational

Priority markets: global



Celebrate any occasion your
way

‘Beyond Tradition’

Stylish & sophisticated

Priority markets: global



Premium wine crafted for
sharing

‘Let it Flow’

Social & sharing

Priority markets: ANZ/UK



Aspirational Barossa

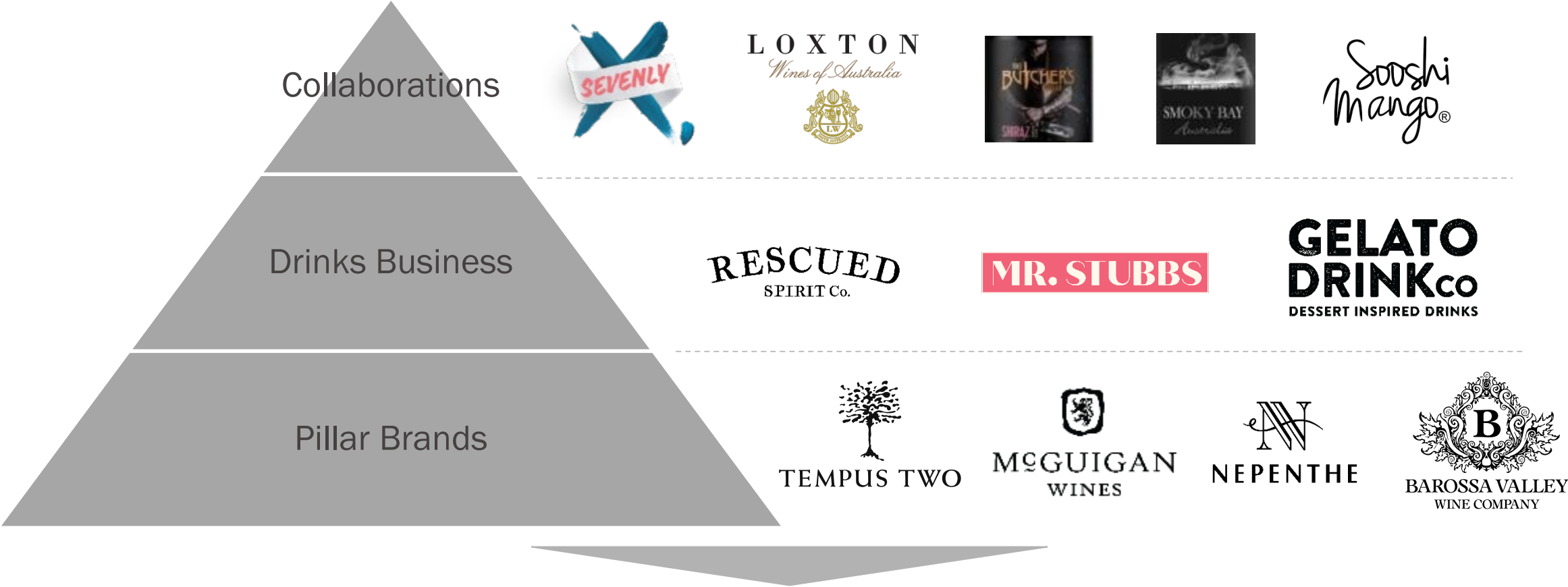
‘Barossa Strong’

Indulge & impress

Priority markets: ANZ/Asia



Leverage great assets, know how and raw alcohol surplus to support high margin growth categories



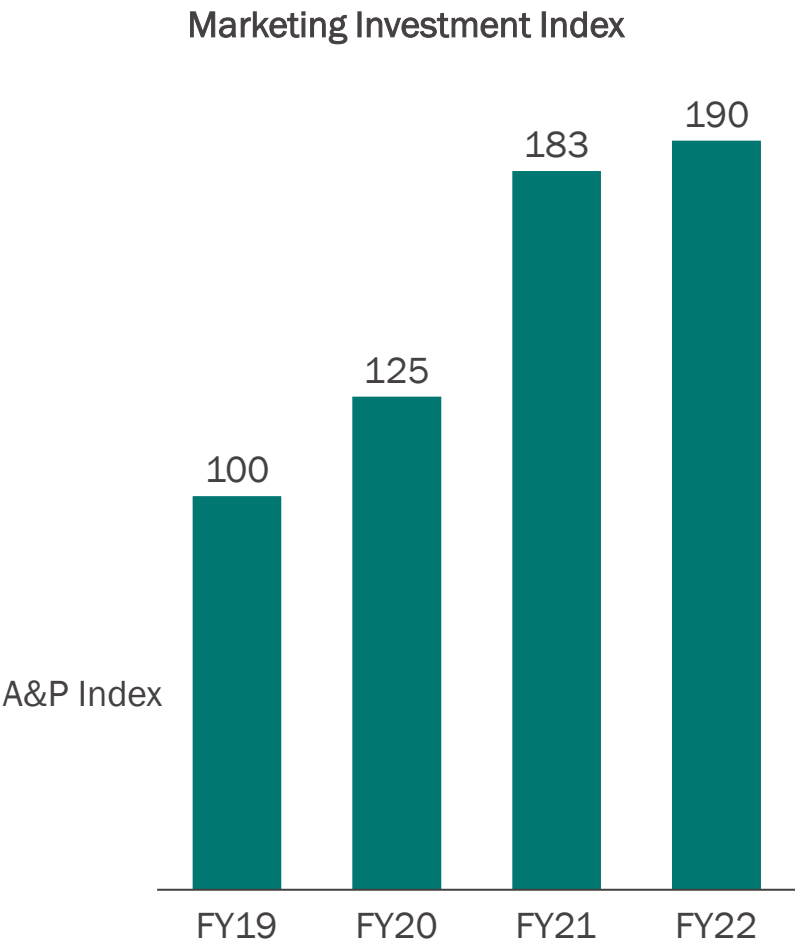
Drinks business (innovate) and collaborations (accelerate) will enable high margin growth globally as we build a consumer led portfolio

Focus on pillar brand investment to support new brand platforms

Consumer insight driven brand platforms and partners...



...Supported by upweighted investment



Utilising insights to guide our innovation program to deliver incremental global growth consumer driven

Delivering premium, consumer centric/disruptive NPD...



...and market-leading performance

- Pillar brands +4% annual sales growth
- Premium innovation driving higher GM
- New products, new markets

Drinks business underpinned by global consumer research and taps into dynamic Spirits / RTD categories that are 2X the size of wine

Insight driven, targeted category & consumer opportunity

- Spirits/RTD is a \$10bn category in Australia
- Margins in excess of 50%
- Home-premise experimentation occasions increasingly popular with flavoured spirits category up by 11%
- RTD growth gathered pace increasing by 56.8% value v 2019.
- Very attractive segment, high attraction for younger consumers
- Low capital investment required with Global opportunities
- High inflation consumers pivoted to at-home consumption but still looking for the cocktail / theatre of serve with convenience
- Logical strategic fit

New drinks portfolio addressing global category growth opportunities



Joint business planning approach – driven by consumer insight – to engage key customers globally

Working to fulfill full potential in core markets

Leveraging insights to drive pillar brand awareness & distribution

Independent global customer forum gives supplier feedback in partnering areas



ADVANTAGE



#2 Total Alcohol Supplier
#1 Supply Chain



#5 Wine Supplier
#1 Wine Supplier for Strategic Partnering



- Activating premium portfolio to drive brand awareness and trial
- Trusted partner on consumer insights
- New ranging of Tempus Two in UK and listed in top 50 fastest growing wine brands
- Penetrating new customers and channels

High-margin Austflavour division a strategic priority

Well positioned with capability and know how to leverage global demand for specialised end products

- Massive global opportunities
- High margin, high value, grape juice and concentrate division providing unique winemaking products, confectionary, soft-drinks and de-alcoholised wines as examples
- Long term partnerships in Australia, Japan, North America delivering improved margin percentage contribution
- Assets are in place with minimal capital investment required
- Important and unique growth opportunity that will grow its contribution through world leading technology and increased capability
- Contract processing services seeing increase in demand
- Supply chain challenges have opened up global opportunities e.g. NZ



Leveraging our capability and knowhow to deliver a competitive advantage for innovation



Leveraging our quality asset base to deliver a competitive advantage for pillar brands

Points strategy driving super premium growth +20% CAGR



Our ESG journey is well underway

ENVIRONMENT

Renew and regenerate



Climate action towards Net Zero



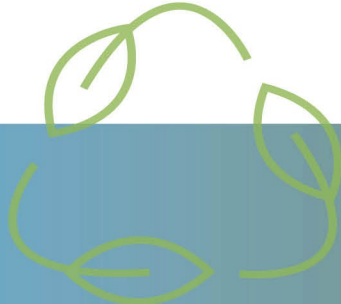
Sustainable winegrowing practices



Renewable energy to power us



Packaging for a circular future





AVL WINES

Our ambition is to be a NET POSITIVE company, certified B Corporation



SOCIAL

Engage and nourish



Employee health & wellbeing



Community engagement & support



Responsible consumption of alcohol

GOVERNANCE

Share and grow



Profit with purpose



Diversity, inclusion and collaboration



Responsible supply chain



Measurement, reporting & transparency



Climate action towards Net Zero

AVL is committed to NET ZERO carbon emissions by 2040, across Scopes 1, 2 & 3. We have taken a science backed approach, to be validated by the Science Based Targets Initiative.

2030

42%

Reduction in Scope
1 & 2 emissions

52%

Reduction in Scope
3 GHG emissions per
production unit

2040

NET ZERO

Across Scopes
1, 2 and 3



Making a positive impact on people and planet

- Head of Sustainability and team appointed
- Environment
 - Climate action towards Net Zero
 - Transitioning all owned and managed sites to 100% renewable energy sources
 - Working towards Sustainable Winegrowing Australia certification
 - APCO 2025 sustainable packaging targets
- Social
 - Competitive employee benefits and mental health training
 - Promoting moderation through partnerships with DrinkWise (Australia) and Community Alcohol Partnerships (CAP, UK)
 - Giveback partnership with 1% for the Planet





AVL WINES

