



Annual Shareholders Meeting 2019



Agenda

Introduction

Formalities

CEO's presentation

Shareholder questions

Resolutions

Conduct of voting

General business

Meeting close



Introductions

Paul Brock – Deputy Chairman

Mark Turnbull – Director and CEO

Tony Anselmi – Director

Grant Graham – Director

Jane Trought – CFO

Annual Shareholders Meeting 2019 | CEO's annual results presentation

A pivotal year

- + Record operating profit
- + Completion of Mt Difficulty purchase.
- + Long term distribution agreement with Lion NZ Ltd entered into.

Highlights *From a pivotal year.*

Case sales	Export cases	Bottled sales revenue	Operating earnings	Reported profit after tax
522,000 + 11%	404,000 + 23.5%	\$44m +15.7%	\$5.1m +83.8%	\$3.5m +94.9%

Cases = 9L equivalents (e.g. 12x750ml bottles)

2019 Results

- **Operating Cashflow**
\$6.4m vs \$7.7m (significantly influenced by Mt Difficulty)
- **Capex**
\$2.9m vs \$2.1m
- **Dividend**
of 3 cents per share (fully imputed) maintained
- **Bulk sales** (9 litre equivalent cases)
55,000 vs 102,000 in line with growing demand for our branded products.

Market overviews

Focused on market diversification.



New Zealand

118,000 cases

-18%

In line with expectations of change in price and new distributor.



Australia

138,000 cases

+22 %

Continued momentum with key strategic relationships developing.



USA/Canada

145,000 cases

+19%

Focusing on the right opportunities for our portfolio.



UK/Europe

97,000 cases

+33%

Continuing to build traction as our portfolio gains attention.



Rest of world

24,000 cases

+26%

Opportunities continue to arise around the world, particularly in Asia.

Mt Difficulty acquisition

Completed January 3, 2019

Sales revenue of \$6.262m at an average selling price of \$196 per case in the first six months.

A strategically important acquisition that will deliver significant value to the Company.



Mt Difficulty acquisition

Seamless integration into Foley Wines:

Shipping Mt Difficulty wines from Foley Wines within a week.

Mt Difficulty products benefitted from bottling and production efficiencies in the first 3 months.

Financial systems integrated within first month.

Foley Wines has grown total sales of Mt Difficulty by 28% in the first four months of this year (vs same period pre-purchase).

Focus on exports: Mt Difficulty exports 25% up for first four months (vs same period pre-purchase), with opportunities for further growth apparent.

Strategy recap



Our purpose

Making great wine that people love to drink around the world.





Our ambition

*To be New Zealand's most
revered wine group*

Through the ownership of iconic wineries in
New Zealand's most acclaimed regions, satisfying
the most discerning retailers and restaurants
around the world.



Our model



OUR POINT OF DIFFERENCE: *Five exceptional wineries and one craft distillery from three acclaimed regions, managed from one point.*



Marketing



Logistics



Finance



Sales



Bottling



Warehousing



HR

MARTINBOROUGH



MARLBOROUGH



CENTRAL OTAGO



Significant progress on our strategic priorities

Our long term strategic priorities *Recap*

PREMIUMISATION	+	PORTFOLIO	+	RELATIONSHIPS	+	DISTRIBUTION
<i>Continuing to realise our premiumisation strategy</i> Investing in brands built on real places and people. High quality winemaking. Sell more at higher price points.		<i>Leveraging the power of our portfolio</i> Cross-selling the portfolio. A 'one stop shop' portfolio of brands across price points and regions. Delivering real value to our customers and distributors.		<i>Nurturing strong, long term relationships</i> A collaborative and agile partner delivering real value for our customers and distributors. Working with partners who can deliver our ambition. An efficient supply chain for exports.		<i>Building premium, diversified distribution platforms.</i> A sales support structure in New Zealand giving us access to premium distribution across all channels. Strong on-premise focus in New Zealand. Focus on geographical diversification of sales.

Strategic priority one progress:

*Continuing to realise our
premiumisation strategy*

Significant brand building activity in the past 12 months.

Decrease in bulk wine sales as demand for our branded products grows.



Strategic priority one progress:

*Continuing to realise our
premiumisation strategy*

Strong recognition of wine quality by influential writers
and competitions.



Strategic priority one progress:

*Continuing to realise our
premiumisation strategy*

Repositioning of brand price points.

Net case realisation to December (the period prior to the Mt Difficulty acquisition) was increased by \$10 per case in the New Zealand market.



Strategic priority two progress:

*Leveraging the power of
our portfolio*

Our portfolio is delivering a total solution for customers seeking premium partners who can commit to long term supply arrangements.

Cross selling the broader portfolio into the right existing channels.



**Strategic
priority three
progress:**

*Nurturing strong, long term
relationships in key markets*

Major existing retailers coming to us for range extensions, including core ranging across the portfolio.

Strong collaboration with these retailers to build rate of sale momentum through the high quality distribution that has been secured.

**Strategic
priority four
progress:**

*Building a premium distribution
platform in New Zealand.*

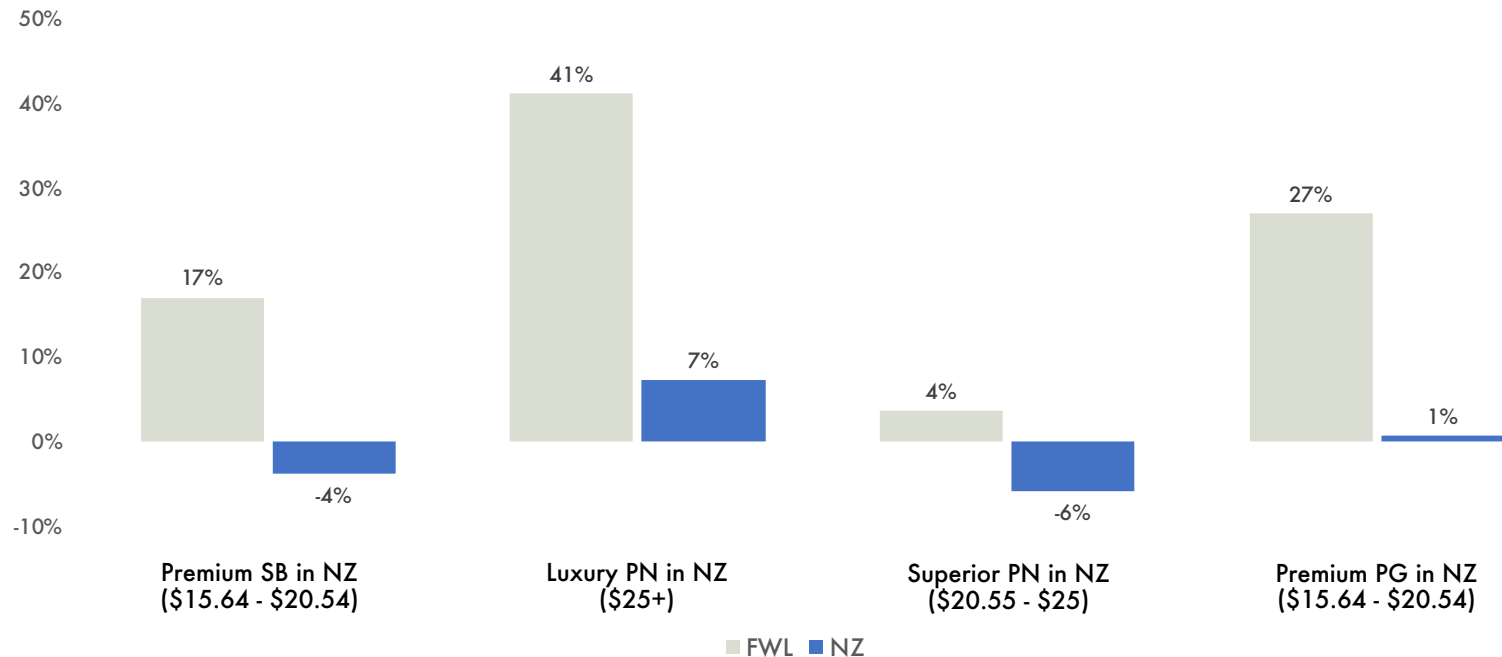
Lion NZ depletions-out of Foley Wines products
up 78% for the first quarter vs year ago.



Strategic priority four:

*Building a premium distribution
platform in New Zealand.*

Foley brand portfolio with Lion is outperforming the market
in New Zealand.



Outlook



A record month

Company progressing well toward 600,000 case forecast for 2020.

Year to date case sales to October are 210,000 cases.

October was a record month with approximately 75,000 cases shipped.

Focus on increasing EBITDA margin.

Benchmarking against Treasury Wines Estates, our goal is to at least match TWE EBITDA margin in 2020 (25.07% for the year ended June 2018 – Wall Street Journal).

Outlook continued *2021 target.*

While the business will continue to face a number of uncertainties around FX risk, unexpected changes in taxes and duties and agricultural risk, the Directors believe that with the progress being made, and as we continue to execute our strategy as outlined, an operating profit before tax of \$10m is achievable for the 12 months ended 30 June 2021; effectively doubling our 2019 result.



SEE THE VAVASOUR STORY [HERE](#)

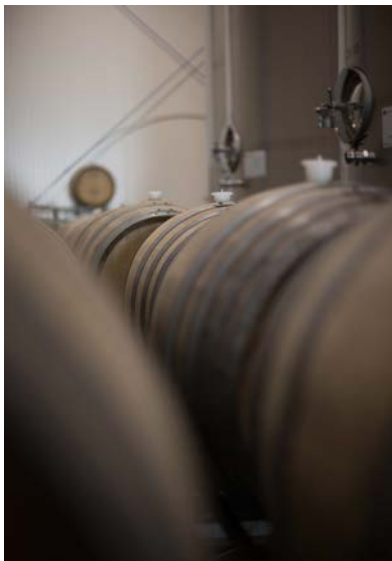
Shareholder questions





Resolutions

1. Auditor's remuneration
2. Re-election of Mark Turnbull
3. Election of Grant Graham
4. Adoption of new constitution



General business

THANK YOU