



AUSTRALIAN VINTAGE LTD

13 November 2024

ASX ANNOUNCEMENT

AVG AGM ADDRESSES & PRESENTATION

Australian Vintage Limited (**ASX: AVG**) will today address shareholders at its Annual General Meeting to be held as a hybrid meeting, commencing at 2.00pm Sydney Time.

Attached is a copy of the addresses to be delivered by Interim Chairman, James Williamson, and CEO, Craig Garvin and presentation material.

This information will provide shareholders an update on the company's financial performance and key strategies.

For the purpose of ASX Listing Rule 15.5, Australian Vintage Limited confirms that this document has been authorised for release by the Board of Directors.

ENDS

Further information

Craig Garvin
Chief Executive Officer
02 8345 6377

Adam Rigano
Chief Financial Officer
08 8172 8305

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CHAIRMAN'S ADDRESS



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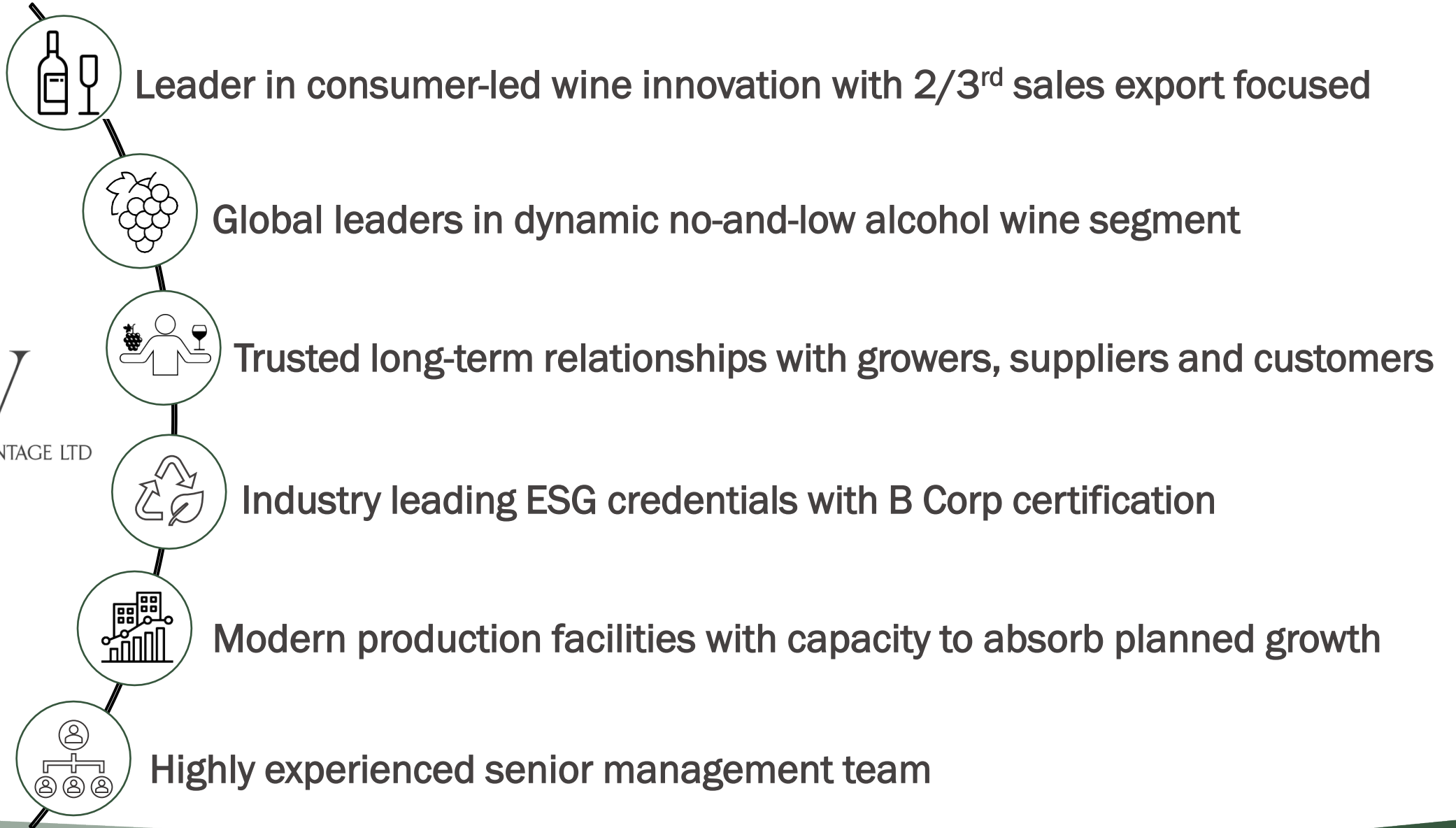
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AVG is a world-class consumer orientated business



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Highly experienced senior management team setting culture of success

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Craig Garvin
Chief Executive Officer

- CEO of Australian Vintage from 2019 to May 2024. Reappointed October 2024
- Extensive FMCG executive experience including as Australian CEO of Parmalat for 9 years, overseeing brands including Pauls, Oak, and Vaalia
- Consumer goods and retail experience also includes executive positions at Campbell Arnott's and leadership roles at Lion Nathan



Jeff Howlett
General Manager – Asia Pacific

- 20+ years in the global wine and spirits industry, specialising in sales, category management, trade marketing, and leading cross-functional teams
- Previously spent 8 years at Pernod Ricard Winemakers including Global Strategy and Competitive Intelligence Director
- Extensive international experience in the wine industry, working across markets such as ANZ, USA, China, Russia, UK, Vietnam, and Thailand



Julian Dyer
Chief Operating Officer

- 20+ years experience in the wine industry
- Previously worked at Sainsbury's Supermarkets, starting out as a buyer and rising to become head of wine for the group before joining Australian Vintage
- Previous roles at AVG include Business Manager for UK supermarkets and General Manager UK/Europe



Adam Rigano
Chief Financial Officer

- 20+ years in senior roles in finance, strategy, and operations in manufacturing, specialising in F&B, agriculture, energy, and construction materials
- Former GM of Finance at Adbri Limited; previous roles at Beston Global Food Company Ltd, Santos Ltd, and Pernod Ricard Winemakers
- Experienced in leading teams in complex business environments



Tom Dusseldorp
Chief Marketing Officer

- 15+ years experience in the Australian and UK marketing landscape, specialising in food and drink brands
- Responsible for AVG's total marketing and brand strategy across Australia, UK and global markets including North Americas and Asia
- Former roles at Pernod Ricard, Freedom Foods, Camp Australia, and All G Foods



Thomas Jung
Operations Director

- 25+ years experience across the Australian wine industry, including as a winemaker at some of Australia's leading wineries
- Responsible for AVG's winemaking, sourcing and planning operations
- Supply chain excellence and track record of asset consolidation and grower relations
- Holds a Bachelor of Wine Science from Roseworthy Agricultural College

Strategic focus remains unchanged: Three key areas to restore value

- Grow sales
- Tightly managed costs and working capital
- Achieve consistent, sustainable positive free cash flow



**Close the gap to net tangible assets
~ 60 cents per share**

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CEO'S ADDRESS

Industry state of play and how AVG is positioning for success

External issues have created challenges for the Australian wine industry

- Supply chain dislocation
- Cost hyperinflation
- Extreme weather
- Supply glut
- Evolving consumption trends

AVG is taking active steps to enhance its resilience and growth prospects

- Export market diversification
- Product innovation
- Pillar brand growth
- Cost efficiencies
- Tightly managed inventories



AVG is creating a stronger platform for sustainable growth and shareholder value creation

2024 Highlights: Improved earnings despite challenging environment

- Generating \$261 million revenue, 25% growth in EBITs to \$13.2 million
- Expanding footprint across Asia and the Americas following strong global demand, export accounting for 2/3 of total revenue
- Global leaders in dynamic no-and-low wine category (+20% revenue vs prior year)
- Experienced refreshed Board with proved track record in executing revenue growth strategies
- Liquidity secured with increased banking facilities and capital raise
- Global best practice framework in ESG (B Corp Certified)

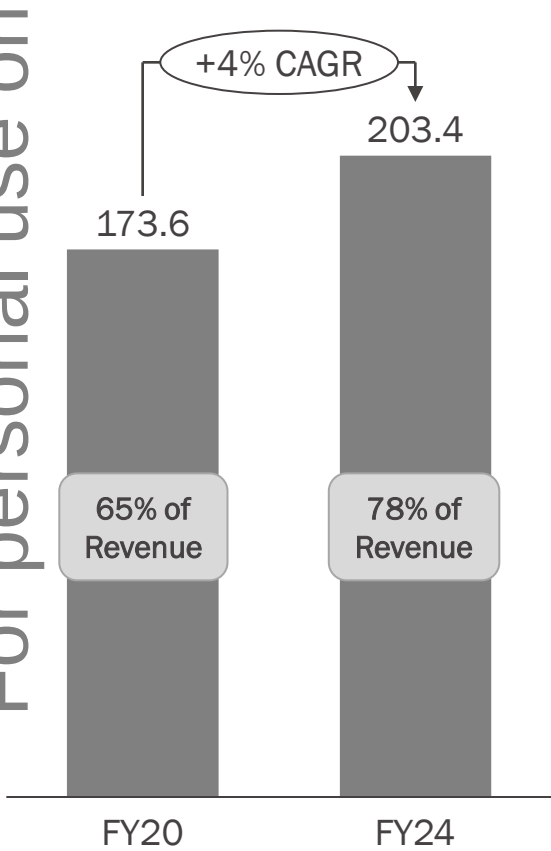


Strategic plan creating a stronger foundation for the future

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Branded sales growth continues

\$M Branded Sales



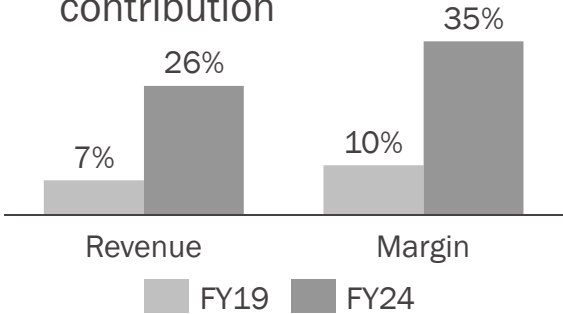
Premiumisation strategy working

Sales \$ CAGR from FY20



Innovation & brand growth delivering >1/3rd margin

- Innovation & brand growth driving stronger margin contribution



Growth in no-and-low alc wine

- Global leaders in dynamic no-and-low wine segment
- No-and-low growing +20% vs prior year
- Now representing over 10% of group sales



Strategic Plan: driving strong growth and cash performance

- Target cashflow neutral in FY25 due to 70% of prior vintage grape payment in FY25 (in line with industry norms)*
- +\$10m targeted FCF in FY26 and +\$20m in FCF and 8% ROCE by FY27*
- Continue to invest in brands & innovation to drive growth
- Leverage existing export capability positioning for global new market expansion (China, rest of Asia, Americas)
- Industry leading ESG credentials to deliver point of difference
- Modern processing facilities with capacity to support planned growth
- Continued focus on cost-out programs to drive efficiencies
- Open to industry consolidation / partnership opportunities

*All targets are subject to macroeconomic conditions, vintage, foreign exchange and consumer behaviour



Future growth will come from a combination of focusing on Brands in core markets, fast-tracking consumer-led innovation & accelerating international expansion

Investing in Pillar Brands

- Investment in key brands and geographies
- Focus on retaining core consumers and recruiting next generation of wine drinkers



Step change consumer led innovation

- Industry leader in innovation over past 5 years; established no-low wine segment
- Consumer led disruptive innovation to premiumise and recruit



Accelerate international expansion

- Unlock new channels and geographies and expand reach in existing markets
- Deploy relevant brands and innovation to scale and premiumise portfolio at pace



Summary

- Experienced management team with track record / confidence to execute on strategy coupled with refreshed board
- A focus on revenue and gross margin growth through innovation, geography and brand mix
- Large asset backing that will be leveraged into strong cash flow through more effective inventory utilisation
- Reducing fixed cost base – focus on accelerating shift to variable versus fixed grape supply agreements
- Target stronger FCF generation growing to FY27 +\$20m pa and ROCE +8% with earnings more in line FCF*
- Exploring potential for industry consolidation and collaboration opportunities to continue to improve asset utilisation and earnings

*All targets are subject to macroeconomic conditions, vintages, foreign exchange and consumer behaviour

Proxy Results

Item of Business	Total Votes Lodged	For	Against	Open
Election of a Director – Margaret Zabel	114,882,892	112,508,953 97.93	367,520 0.32	2,006,419 1.75
Election of a Director – Michael Byrne	114,882,892	112,537,818 97.96	338,070 0.29	2,007,004 1.75
Election of a Director – James Williamson	114,882,892	107,048,938 93.18	5,827,535 5.07	2,006,419 1.75
Election of a Director – Elaine Teh	114,891,532	107,262,088 93.36	5,607,395 4.88	2,022,049 1.76
Adoption of Remuneration Report	112,142,383	108,608,367 96.85	1,816,150 1.62	1,717,866 1.53
Amendment to the Company’s Constitution	114,895,367	112,144,859 97.61	1,013,441 0.88	1,737,067 1.51

Thank You



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Chairman's Address – James Williamson

I am honoured to be your new Chairman.

Like you, I am a shareholder in AVG. While I may not have held my shares as long as many of you, I am a significant and committed shareholder because I believe this is a good business. I say that as someone who has spent over 28 years in financial markets, including as head analyst covering global alcoholic beverages for a major Pan-European Bank.

I am now the Co-Founder and Chief Investment Officer of Wentworth Williamson Management, a private fund manager I co-founded in 2013. Wentworth Williamson is backing the Australian Vintage team with our money as we consider them to be one of the best teams in the industry.

I believe that with our current Board, management team, and support from key shareholders, Australian Vintage is well-positioned to navigate the challenges of a difficult and volatile global market.

- We are a truly multinational wine company with a portfolio of great brands in all our markets.
- We have world-class assets and innovative know-how. We are a global leader in low and no alcohol wine and have expanded into spirits and ready-to-drink cocktails to diversify our portfolio
- And we have some of the best distribution partners in each of our markets and strong long-term customer and supplier support

In our view, given the above and with the alignment we have between the board and management on strategy, we can grow sales and earnings, achieve consistent sustainable free cash flow; and the share price should close the gap to its net tangible assets per share.

First though, I want to acknowledge that this has been a particularly difficult year for shareholders in Australian Vintage.

As a fellow shareholder, I know how many of you are feeling.

Our company has excellent assets, great brands, a global footprint, a talented team and enormous potential. But through a combination of factors – some within our control, some beyond our control – Australian Vintage has simply not delivered the value it should have for us as shareholders.

In particular, we acknowledge that the capital raise conducted in June this year lacked broad shareholder support and eroded shareholder value. This led to a significant decrease in the share price, which has since remained stagnant. This stagnation is partly due to one of our major shareholders significantly reducing their holdings, despite the company's inherent value.

In July, we began a process of board renewal with Margaret Zabel joining the board. In August, your other directors joined the board, including me as Interim Chair and CEO.

To be frank, the current situation is unacceptable to both your board and the company's leadership team. I want to assure you that the new board, our CEO, and everyone at Australian Vintage are fully aligned on the actions needed to turn this situation around. We have a laser-like focus on turning our circumstances around and restoring value for shareholders. Let me also assure you that we understand the urgency of the task.



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Your new board of directors is closely aligned with shareholders' interests and brings significant global experience across beverages, logistics, financial markets, fast-moving consumer goods, marketing, and innovation.

As you know, a key responsibility of the board is the appointment of the chief executive officer. In August as your new board this was our first priority. When we reviewed possible candidates for the CEO role in September, it became clear that Craig Garvin is the best person for the job.

I understand that some of you may find this decision unusual, especially since Craig left us in May. I want to take a moment to explain how your board reached this decision.

In January 2024, a matter involving a lapse in judgment by Craig was brought to the company's attention. The previous board engaged a leading employment law firm, Lander & Rogers, to conduct an independent review of the matter. To be clear, that review did not include any advice or findings suggesting that Craig should leave the company. As a result, this board did not agree with the decision in May that led to Craig's departure, and we resolved to have him participate in the CEO search process.

Craig's appointment in October followed an external search that considered several exceptional candidates. His track record at Australian Vintage, his leadership style, and his deep understanding of our industry and partners make him the ideal choice to lead the company and restore value for our shareholders, customers, and employees.

Craig is a respected and well-liked leader who will continue executing the strategy to transform Australian Vintage into a leading branded beverage business, delivering balanced growth in both revenue and profitability for shareholders.

As Chair, I also served as acting CEO for several weeks in September, which gave me the privilege of getting to know our leadership team. That experience made it clear to me that we have an exceptional executive team with a strong, positive culture.

Our management team collectively has around 100 years of experience in fast-moving consumer goods, with most of that within the alcoholic beverage industry. I am confident that we have a committed and capable team focused on restoring value for our shareholders.

I made the point about our leadership team because execution is the real differentiator in business. The 5-year strategic plan developed by Craig and the team, transforming the company into a consumer-led business with a commitment to innovation, remains relevant today. Craig adopted a consumer-led approach when he joined 5 years ago that has seen:

- Revenue growth by 4% per annum
- Branded contribution up from 50% when he joined to 78%
- New products are now driving 35% of margin and that did not exist 5 years ago
- Global leadership in the no-and-low alcohol wine category

Without this strategy we would not have been able to absorb the significant increases in the cost of doing business that occurred following COVID and was exacerbated by geopolitical tensions. Although inflation is moderating, we need to be vigilant and continue to take costs out of the business.

The strategy is sound. By Financial year 2027 we are targeting sustainable free cash flow of more than \$20m and Return on capital of more than 8% p.a. for the company.

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So let me be clear...this is not business as usual at Australian Vintage.

As I said earlier, the board and management are aligned with a single-minded focus on growing sales and tightly managing costs and working capital to achieve sustainable, consistent, positive cash flow. And we are moving with urgency. Our aim is to close the gap between our share price today and our net tangible assets of around 60 cents per share.

We have a strong focus on restoring shareholder value. This is supported by a clear and achievable plan. We understand the urgency of the task. And we have a talented management team capable of delivering those results.

We appreciate your continuing support.

I will now hand over to Craig to go through this in more detail.

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Chief Executive Officer's Address – Craig Garvin

Thank you, James, and hello, shareholders.

After a six -month absence, it's a privilege to return as your CEO. Today, I want to talk about our plan to restore and grow value at Australian Vintage.

This has been a challenging year, but I'm energised by the opportunity in front of us. Since returning, I have focused on personally meeting our distributors, customers and employees in Australia, the UK, Asia, and Canada.

It's clear our customers and our people, value our brands, our company and our presence in the market. There is a lot to be optimistic about even though we are faced with challenging market conditions.

You have heard me talk before about the ongoing external challenges for the Australian wine industry here and globally. These have been exacerbated by a higher cost of doing business in a more competitive and volatile environment.

Topline data shows that globally, wine, is declining around 4% by volume, year on year. Value is flat.

The key driver of decline in Western markets is around mid-week wine with meals or traditional wine moments, and the wine category is challenged with appealing to the next generation.

For Australian Vintage we see these challenges as opportunities for long term growth - retain wine consumers who tend to be older, and appeal to younger consumers into the category especially in the UK and Australia.

Our strategy positions us to leverage current industry trends.

- Increasing consumer interest in healthier lifestyles is seeing the No and Low alcohol wine segment valued at \$4.3 billion. With Australian Vintage the global leader in this segment we are well placed to take advantage of the predicted annual growth rate of 7.9%.
- We are catering to evolving consumer preferences for lighter, more flavorful, and refreshing styles, which are appealing to younger drinkers.
- Growing interest in wine across markets like China and South Korea is a significant opportunity

Our Strategic Focus

Our strategy to restore shareholder value centers on three pillars:

1. **Driving Top-Line Growth** – We're investing in our leading brands and expanding into growth markets like China and North America. With a strong focus on innovation, we're addressing demand for premium and no-and-low alcohol products.
2. **Cost Efficiency** – We are optimising operations to be more flexible and cost-effective. This includes reducing fixed grape supply, improving inventory turnover, and maximising asset efficiency.
3. **Strategic Opportunities** – We are open to industry partnerships and consolidation where they are shareholder value accretive. Consolidation, which is well underway, will help address structural issues in the Australian wine market, and our modern facilities position us well for potential partnerships.



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Signs of Progress

We're already seeing positive momentum. We are continuing to gain market share in our main geographies of UK and Australia while at the same time expanding into North America, where sales are up 28% over the prior year.

Since 2020, we have grown our brands at 4% a year. Over that time Tempus Two has grown 7% a year, Nepenthe 13%, Barossa Valley Wine Company 6% and our foundation McGuigan brand by 1%. This is an extraordinary result considering that the global wine market is down 4%.

USA, China, UK and Canada are four of the six largest wine markets in the world.

China lifted its tariffs and resumed orders in the second half of the 2024 financial year. While it will take time for sales to return to previous levels - especially given the current state of the Chinese economy — the growth opportunity remains significant.

We are already working closely with our Chinese partners to grow share in China.

With the support of our new Director, Elaine Teh, whose company is our distributor in Singapore and Malaysia, we expect to take better advantage of the opportunity in these markets.

While we are driving sales and innovation, global inflation means we will continue to focus on our cost base.

It's important to note, that we are one of the few wine companies where overall demand is in balance with our supply.

In 2024, we grew sales by 1% to \$261 million and increased underlying EBIT by 25% to \$13 million, while continuing to invest in marketing and innovation.

As James said, our team understands the urgency required and I am confident that we can quickly get our strategic plan back on track.

When I first joined Australian Vintage in 2019, I recognised the significant work that had to been done to build a branded business and create an efficient operational footprint.

With a majority of our global sales in retail markets, we strategically shifted the focus to a consumer-led business, from a production led business.

A consumer-led focus is one that places the consumer at the heart of everything we do and helps build superior, sustainable margins for shareholders. It also enables us to be agile and respond to changing market dynamics to drive revenue and margin.

With this in mind, we embarked on a strategy of:

- Successfully reducing bulk wine sales and increasing our brand contribution.
- Premiumising our portfolio. Our brands have all increased in their contribution driving marg
- On top of premiumising, we have been innovating. Innovation is the key to engaging and retaining consumers.



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- Driving global leadership in the no-and-low alcohol category. We have released some exciting new ranges during the year in Not Guilty and McGuigan Mid, on top of our existing range, and we will continue to use our strategically important assets to grow in this category.

The strategy remains sound.

After my six months out of the business, all of us on the team at Australian Vintage recognise that where we are today is not acceptable. There are three pillars to our strategy to restore shareholder value.

We will drive top line growth through:

- Investing in category-leading, and margin accretive brands and innovation;
- Leveraging existing export capability to position for new market expansion across China, and in Asia and the Americas;
- Utilising industry-leading ESG credentials to deliver a point of difference.

The second area is costs.

We have a continued focus on our operational footprint to allow our cost base to be more variable and increase efficiency. In particular:

- Reducing fixed grape supply
- Improving our inventory churn
- Driving further operational efficiencies; and
- Sweating our assets whilst optimising our overall footprint.

Consistent with our strategic plan, we remain open to industry consolidation and partnership opportunities where they create value for shareholders.

We truly believe that in order to right size and stabilise structural issues in the Australian wine industry, consolidation is key. Our modern processing facilities are well placed for any opportunity.

Let me go deeper.

Our investment in product innovation and brands is delivering over one third of our margin in products that did not exist five years ago. This is significant for our business as we operate in a category where it is difficult to take price, so margin accretion offsets increases in the cost of doing business.

Importantly our innovation and premiumisation is engaging new consumers, especially Gen Z's and Millennials, while retaining our existing consumer base.

We continue to release exciting new products including Lemsecco Spritz and CTZN, the first Australian wine curated by artificial intelligence that has just launched in the UK, along with our Tempus One Spritz.

In summary, all of us at AVG are focused on restoring shareholder value.

We have clarity about what needs to be done and we have an experienced team that has a track record to restore value for shareholders.

And we understand your frustration and we are moving urgently.



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The actions already underway give us the confidence to target free cash flow generation of \$20 million per annum by the end of financial year 2027 and a return of capital of 8%.

Of course, these targets are subject to vintage, the global macroeconomic conditions we operate in, foreign exchange and consumer behaviour. But they are our goals.

Thank you for listening and thank you for your continued support for Australian Vintage.

On your behalf, I would like to take this moment to thank our employees, our customers, suppliers and growers for their ongoing support in what has been a very challenging year.

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