



FOLEY
WINES

Annual General Meeting 2018



Agenda

Introduction

Formalities

CEO's presentation

Shareholder questions

Resolutions

Conduct of voting

General business

Meeting close



Introductions

Mark Turnbull – Director and CEO

Paul Brock – Director

Tony Anselmi – Director

Jane Trought – CFO



Annual General Meeting 2018 | CEO's presentation

2018 highlights

Continuous momentum

Case sales

471,000
+ 21%

Bottle sales revenue

\$38m +25.2%

Operating cash flow

\$7.2m
+104.8%

Mt. Difficulty

Conditional
offer accepted

Strategic partnership

with Lion
announced

2018 Results

- Operating earnings (before revaluations)
\$2.8m vs \$5m
- Profit after tax for group \$1.8m vs \$3.06m
- Bulk sales (9 litre equivalent cases)
102,000 vs 46,000
- Capex \$2.12m (in line with previous years
without earthquake influence)
- Dividend of 3 cents per share
(fully imputed) maintained
- Bank debt reduced to \$9m.



Results adjusted for one-offs

- Operating earnings (before revaluations)
\$3.16m vs \$2.96m +7%
- Profit after tax for group
\$2.18m vs \$1.43m +52%



Market overviews



New Zealand

144,000 cases

+57%

A period of significant growth – driven by wine quality and accolades.



Australia

113,000 cases

+66 %

Great growth – we are building very strong relationships.



USA/Canada

122,000 cases

-17%

Went backwards but a strong start this year.



UK/Europe

73,000 cases

+14%

Continuing to gain traction with significant wins.



Rest of world

19,000 cases

+5%

Where have we come from

The journey so far

*A strong track record of rejuvenating
and growing iconic New Zealand
wineries and brands*

2009

Vavasour and
Goldwater
acquired

2011

Te Kairanga
acquired

2012

Grove Mill
acquired

2014

Lighthouse
Gin acquired

2014

Martinborough
Vineyard
acquired

2018

Mt. Difficulty
TBC



Our purpose

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



Our business model

Centralised services delivering cost advantages, market access and a competitive position internationally.

Enabling the wineries to focus on creating amazing wine.



**This model
delivers**

*Economies of scope
(plus economies of scale)
due to our focus on related
diversification.*

Our strategic priorities

Strategic priority:

*Continuing to realise our
premiumisation strategy*

Building brands people love underpinned by excellent wine quality.

We have the wine quality to sell more at higher price points.

Investing in developing premium brands.

Lifting prices in selected markets.

Strategic priority:

*Leveraging the power of our
portfolio*

A 'one stop shop' portfolio of brands across price points and regions delivering real value to our customers and distributors.

Our powerful portfolio gives us the ability to choose to work with partners who will deliver our vision.

**Strategic
priority:**

*Nurturing strong, long term
relationships in key markets*

A collaborative and agile partner delivering real value
for our customers and distributors.

Strategic priority:

Cementing our new Lion partnership

Implementing a new sales support structure in New Zealand giving us access to premium distribution across all channels.



**Strategic
priority:**

*Focus on process improvement
and delivering cost savings*

Scaling up: increasing volume and Mt. Difficulty acquisition.

These strategic priorities will enable us to:

- Sell more
- Sell more of our premium brands
- Realise more value for our entry level brands
- Reduce costs

—————> *Increased returns for Shareholders.*

A strong start to 2019 - Q1 results

- First quarter export shipments 93,000 cases
 - up 35%
- October Exports 57,000 cases
 - FFW record for monthly shipments
- USA shipments up 100% for first four months
- Price increases implemented in NZ, Australia and the UK
- Three Trophies
- 29 Gold Medals
- Wins with Etihad, British Airways and Air New Zealand

Mt. Difficulty update

**Current
status:**

*Has been recommended for approval
by OIO and is with Ministers for
final approval.*

Previously the Ministers raised issues – which we have responded to.

Ministerial Directive Letter - 28 November 2017

The Ministerial Directive on Sensitive Land has five high relative factors:

- Jobs
- New technology
- Increased Export Receipts
- Increased processing of primary products
- Oversight and participation by New Zealanders

Critically, when assessing an application the OIO must look at any benefits from the overseas investment which are over and above those which would have occurred anyway.

High relative factors

We will:

Create 10 new jobs – represents a 67% increase in their current numbers.

Increase exports by 61% over the next 5 years.

Increase Grove Mill processing by 33%, equivalent of 83% of Mt. Difficulty's current capacity.

Continue to increase participation by New Zealanders; currently we have approximately 900 New Zealand shareholders and 100% of New Zealand management is New Zealanders.

Other factors:

Increased Investment for Development Purposes: we will commit \$7.4m over the next three years.

Track record: FFW (and Bill Foley's other New Zealand Investment) – we have a strong track record of positive investment in New Zealand.

Shareholder questions



Resolutions

1. Auditor's remuneration
2. Re-election of Tony Anselmi
3. Election of Paul Brock
4. Directors' fees
5. Adoption of new constitution



**General
business**

THANK YOU