



AUSTRALIAN VINTAGE LTD

21 February 2025

ASX ANNOUNCEMENT

## HALF YEAR 2025 FINANCIAL RESULTS

### IMPROVED CASH PERFORMANCE AMID CHALLENGING INDUSTRY CONDITIONS, WELL POSITIONED FOR FUTURE GROWTH

#### Australian Vintage Limited (ASX: AVG) 1H 2025 Highlights

##### Financial Performance

- Best normalised cash outflow result in four years driven by disciplined cost control and operational efficiencies.
- Normalised total cash outflow: -\$8m, an \$11m improvement vs. prior period
- 1H cash outflow includes two thirds of grower payments impacting the seasonality of AVG cash flows.
- Net debt (Dec): -\$73m in line with expectations with strong positive free cash flow generation in the second half achieving normalised free cash flow neutrality for FY25 as per targets

##### Revenue & Market Share

- Revenue and market share held steady despite industry challenges.
- Market share maintained in UK and ANZ, with white and sparkling wine growth offsetting declines in low-price reds.
- Global leadership in no-and-low alcohol continued with strong UK growth.
- New product innovation driving consumer recruitment and engagement.

##### Profitability

- Underlying EBITs: ~\$6m, down ~\$2m year-over-year, reflecting strong cost control while navigating challenging industry-wide conditions.

For personal use only



AUSTRALIAN VINTAGE LTD

## CEO Commentary

Australian Vintage CEO Craig Garvin said: “Our first-half results reflect early progress in restoring shareholder value, balancing cost discipline with targeted investments for sustainable growth, with positive cash flow, reduced debt and accelerated brand growth as key measures.

“These results highlight that Australian Vintage is an agile industry leader with innovation as a core capability. We are focused on delivering profitable growth while maintaining strong cash flow control. Our key achievements this half include:

- **Best cash performance in four years**, driven by stable revenue and rigorous cost management.
- **Operating cash outflow**: -\$2m (lowest in four years) with 1H cash outflow including two thirds of grower payments impacting the seasonality of AVG cash flows
- **Total normalised free cash flow after lease payments improved by +\$11m**
- **Maintaining market share** in the UK, Australia, and New Zealand, highlighting the resilience of our business and the expertise of our team. More recently, this includes recruitment of one of the UK’s most talented retail executives to drive market expansion and deepen retail partnerships in the UK, one of our key export markets.
- **Growth in Asia**. China and the rest of Asia represent a significant upside with strengthened relationships with **COFCO** and **Oceanus** expected to help drive double digit growth for the full year.
- **Brand sales** at 80% of total revenue (65% in FY20).
  - **Premium brands** continue to grow with Barossa Valley Wine Company poised for relaunch into the Asia market.
  - **McGuigan Zero remains #1 in the UK**, up +20%, growing ahead of the no-and-low alcohol category.
  - **McGuigan Mid leading the mid-category in the UK**.
  - **Growth in higher-margin white and sparkling categories**, offsetting declines in low-price reds.
  - **Premiumisation and innovation now account for 26% of revenue and 37% of margin**, a significant increase from 7% and 10% in FY19.
  - **New product innovation**: CTZN (the first AI wine), Lemsecco (a ready-to-drink citrus spritz), and Tempus One Peach launched in FY24.

“Our full year growth initiatives include the launch of Poco Vino™, a format-based wine innovation that will create a new category in the wine industry. I recently

Australian Vintage Ltd  
ABN 78 052 179 932

275 Sir Donald Bradman Drive, Cowandilla SA 5033 Australia  
[www.australianvintage.com.au](http://www.australianvintage.com.au)



AUSTRALIAN VINTAGE LTD

attended the Wine Paris tradeshow, where Poco Vino™ captured global attention as a standout breakthrough innovation.

“Poco Vino™ pioneers a “make where sold” wine sourcing model, utilising France and Italy for Europe, Napa for the USA and Australia for Asia Pacific driving significant cost efficiencies while aligning with consumers’ willingness to pay a higher price for convenience. Early orders are extremely encouraging and ahead of expectation. Major UK and Australian retailers have agreed to range the product, which is set to launch in the 2025 calendar year. With preorders for FY26 expected to exceed \$8 million, this innovation represents the most exciting launch in AVG's history.

“We continue to pursue partnership, consolidation and acquisition opportunities to premiumise our portfolio which will be fully funded through non-core asset sales.

“Since returning to the business in October, I have made it a priority to visit our key markets twice and meet with all key partners to ensure our commitment and connection at the highest level.

“This is ensuring we are leveraging strategic partnerships to accelerate growth in key international markets, China and the rest of Asia represent a significant upside to our business in the short to medium term. The company has partnered with COFCO (China’s leading wine distributor), and Oceanus (a key distributor in Asia), with shipments to Asia expected to increase by double digits for the full year.

“We are also building the capability to deliver sustainable growth while removing costs. Organising to win requires a disciplined approach—positive cash flow and reduced debt must be tangible outcomes.

“To achieve this, we have appointed two proven leaders to key roles. Jeff Howlett, Chief Operating Officer is leading a significant cost-reduction and consolidation strategy. Tom Dusseldorp, Chief Commercial Officer, now oversees the global brand rollout and innovation strategy. With these experienced leaders reporting directly to me, we have a clear structure in place to optimise costs, strengthen cash flow, and accelerate high-margin global growth.

“This approach is already delivering improved performance, with continued gains expected in our full-year results and future years.

Australian Vintage Ltd  
ABN 78 052 179 932

275 Sir Donald Bradman Drive, Cowandilla SA 5033 Australia  
[www.australianvintage.com.au](http://www.australianvintage.com.au)



AUSTRALIAN VINTAGE LTD

“In addition, we have recruited one of the UK’s most talented retail executives, who brings extensive liquor experience and is a clear thought leader in alcoholic beverage consumer insights, to lead UK sales. This appointment will drive market expansion and deepen retail partnerships in one of our key export markets.

“While some market participants are seeing lower demand, our smaller scale and commitment to innovation means we can move with greater agility in adapting to changing consumer preferences. This flexibility enables us to pivot more quickly, optimise operations, and capture emerging opportunities in a way that some of our larger competitors cannot. The pace and market acceptance of our new products demonstrates this.”

### Strategic Focus

Following board renewal in 2024, Australian Vintage has prioritised free cash flow generation, debt reduction, and top-line growth, with profitability set to rebalance as planned by FY27. Key initiatives include:

- Investing in high-margin brands and innovation to drive category leadership.
- Expanding in China, the rest of Asia and the Americas through partnerships.
- Leveraging the balance sheet whilst investing inventory into markets and categories, without discounting pillar brands, where it currently does not compete.
- Optimising operations and reducing the fixed cost base:
  - Reducing fixed grape supply and increasing sourcing flexibility.
  - Driving further operational efficiencies.
  - Optimising the operational footprint.
- Maximising utilisation of industry-leading processing facilities to support growth and potential industry partnerships/consolidation.

### Targets

- Free cash flow neutral by FY25, then \$10m-\$20m in FY26, and \$20m+ per annum by FY27.
- ROCE of 8%+ by FY27, aligning earnings with cash flow.
- Targets are subject to macroeconomic conditions, vintages, foreign exchange and consumer behaviour

Mr Garvin added: “With strong innovation and strategic expansion, Australian Vintage is set to generate positive cash flow in the second half of FY25, thereby achieving free cash flow neutrality for the full financial year.

Australian Vintage Ltd  
ABN 78 052 179 932

275 Sir Donald Bradman Drive, Cowandilla SA 5033 Australia  
[www.australianvintage.com.au](http://www.australianvintage.com.au)



AUSTRALIAN VINTAGE LTD

“I am extremely pleased with the alignment we have established between our newly appointed board and management. Our board is supporting our progress with professional expertise and strategic acumen to deliver improved results and market performance.

“As the industry continues to consolidate globally, we remain proactive in evaluating opportunities that drive long-term value. Our processing capabilities, wine expertise, and assets are world-class and a strategic advantage when paired with the right incremental volume.”

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

#### Further information

Craig Garvin  
Chief Executive Officer  
02 8345 6377

Adam Rigano  
Chief Financial Officer  
08 8172 8305

#### *Important Information*

*This announcement is in summary form and is not necessarily complete. It should be read together with the Company's Appendix 4E and other announcements lodged with the Australian Securities Exchange.*

*This announcement contains information that is based on projected and/ or estimated expectations, assumptions or outcomes. Forward looking statements are subject to a range of risk factors. The Company cautions against reference on any forward-looking statements, particularly in light of economic conditions that impact consumer demand and the cost base, foreign exchange impacts, agricultural risk and other geopolitical risks.*

*While the Company has prepared this information with due care based on its current knowledge and understanding and in good faith, there are risks, uncertainties and other factors beyond the Company's control which could cause results to differ from projections. The Company will not be liable for the accuracy of the information, nor any differences between the information provided and actual outcomes, and reserves the right to change its projections. The Company undertakes no obligation to update any forward-looking statement after the date of this presentation, subject to disclosure obligations.*

Australian Vintage Ltd  
ABN 78 052 179 932  
275 Sir Donald Bradman Drive, Cowandilla SA 5033 Australia  
[www.australianvintage.com.au](http://www.australianvintage.com.au)