

Top Shelf International Holdings Ltd

ASX: TSI

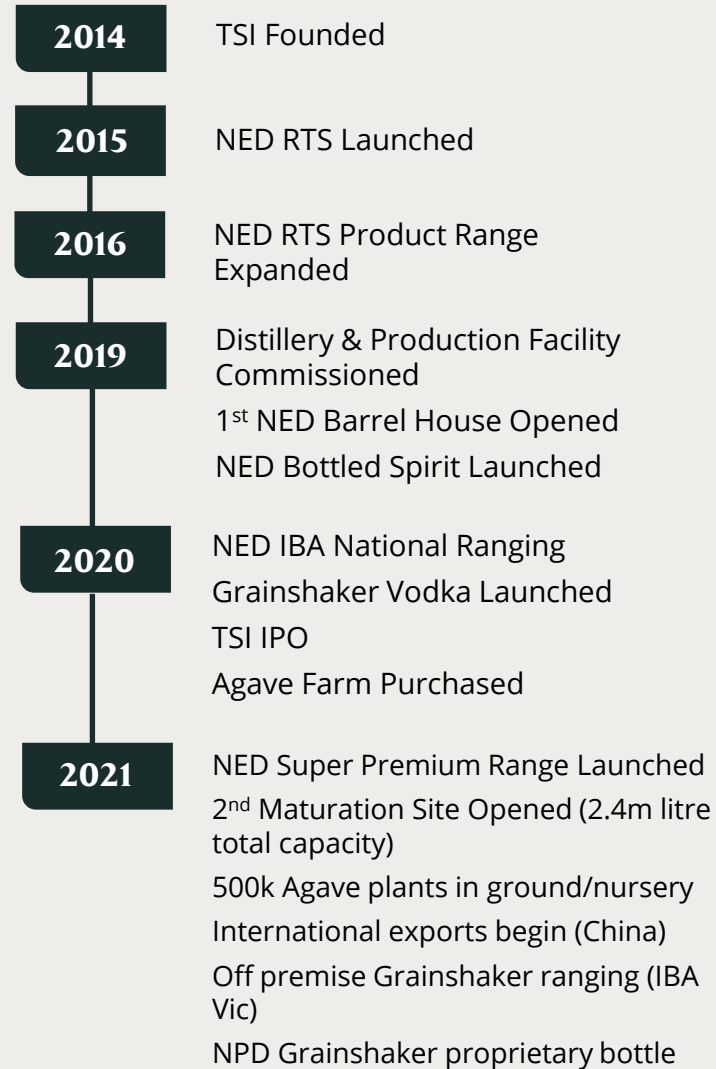
Wilsons Rapid Insights Conference

26 May 2021



Daring Australian Spirit

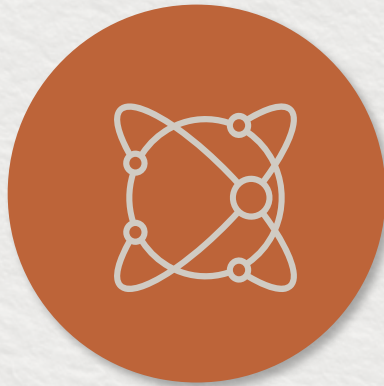
TSI on a page



Investment case



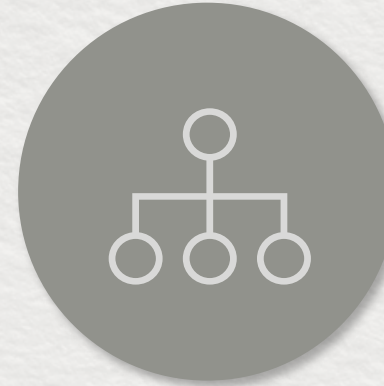
**Attractive
market
fundamentals**



**Repeatable
multi-brand
platform**



**Installed
scalable
capacity**



**Multiple
growth
frontiers**



**Strong track
record of
growth**

TSI Distinctiveness



Distinctive Portfolio of Australian Spirit Brands

- Whisky and vodka the largest spirit sectors with RTS growing strongly due to increasing 'at-home' occasion
- Agave is the fastest growing spirit in US circa \$10bn retail value
- Australia third largest consumer of agave spirit per capita
- Portfolio benefits in gaining access to and leveraging distribution channels from one brand to the other
- Scale benefits in management of marketing, overhead and distribution expenditures



Distinctive Portfolio of Physical Assets

- Largest volume of Australian whisky in maturation at 1.4m litres. 2+ year maturation cycle
- Existing distillation capacity to produce 8,600 x bottles Australian Whisky and 10,700 x bottles Australian Vodka (700ml, 40% ABV) per day
- Existing high-capacity canning and bottling packaging to service medium term expansion plans
- Only Agave farm in Australia and internationally significant scale. 4-7 year growing cycle



Distinctive Team of Human Assets

- 'Repeater' leadership team with prior successful start up experience with Swiss, Damstra, Shell
- Industry- and skill-relevant Board to guide journey
- Execution team that is committed, entrepreneurial and who share a common ethos of being daring, trailblazing, spirited, peerless and grounded

TSI Distinctiveness



1.4m

Litres of whisky on oak at 40% ABV (end March quarter). Largest in Australia. 2.4m litre total maturation capacity



\$88.1m

Net wholesale value of maturing whisky (end March quarter)



1m

Australia's only Agave spirit farm. 1m plants in ground by 2024



10x

Installed distillation capacity relative to current sales



#1

Fastest growing Australian vodka

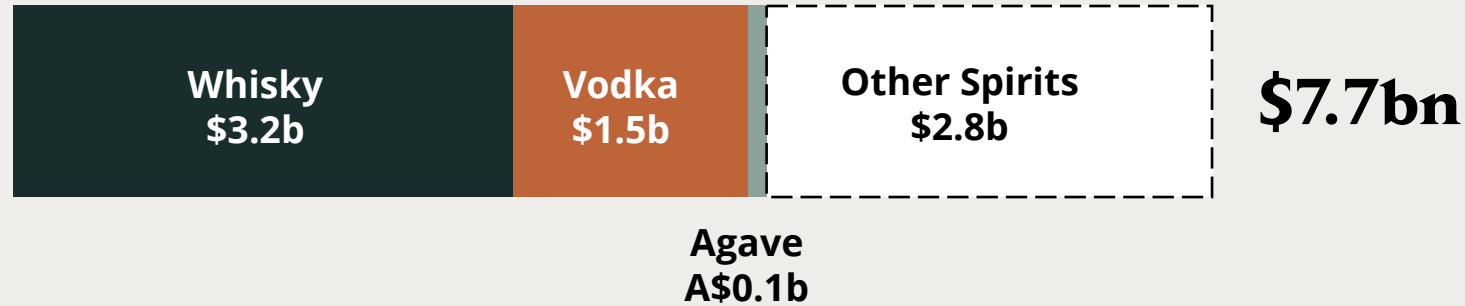
1. Attractive market fundamentals



1. Attractive market fundamentals

On Trend in chosen Australian categories – Whisky, Vodka & Agave

Australia - Total Addressable 2019 Market (Bottle)¹



Australia - Total Addressable 2019 Market (Ready To Serve - RTS)¹



1. Euromonitor International - Alcoholic Drinks in Australia, 2020 edition (September 2020)
Retail sales value assumes Australian dollars, including sales tax and shown in current terms.

Growth A\$ 2019-2020

+16%	+25%
Bourbon Bottle	Bourbon RTS
+13%	+47%
Vodka Bottle	Vodka RTS
+22%	
Tequila Bottle	

Source: IRI data for Coles/ALM May 21

Macro Trends
driving growth

Drink less,
but better

The power
of provenance

A richer
moment

1. Attractive market fundamentals

Significantly under-represented markets for Australian spirit brands

Domestic and International Markets present a clear gap for Australian scaled spirits brands

The retail market for spirits and RTDs in Australia was A\$11.1¹ billion in 2019; only one Australian spirit brand (Bundaberg Rum) was in the top 20 spirit based RTD brands consumed for 2019

Participating at scale in Whisky, Vodka and Agave can't be easily replicated

Whisky

High barriers to entry due to maturation process. A scaled craft Australian whisky brand requires time, significant funding and the requisite skills.

Vodka

High volume category (2 x larger than Gin¹). A scaled craft Australian vodka brand requires the distillation assets and the requisite skills.

Agave

An innovative category with high growth potential and global appeal. High barriers to entry due to plant cycle, access to plants, timing, funding and the requisite skills.

Beer

A\$23¹ billion

80%

produced domestically

Wine

A\$12¹ billion

70%

produced domestically

Spirits

A\$11.1¹ billion

8%

produced domestically

1. Euromonitor International - Alcoholic Drinks in Australia, 2020 edition (September 2020) Retail sales value in 2019. Assumes Australian dollars, including sales tax and shown in current terms.

1. Attractive market fundamentals

The global Agave opportunity

Agave is on track to become the third largest spirit category in the US¹

Australians are the third largest consumer of agave spirit per capita

Significant compound annual growth

In 2020 tequila sales grew 46% globally²

In Australia bottled tequila/mezcal sales grew 57% in the March quarter³

Australian Market

- 1.1 million litres of bottled spirit sold in 2019
- Retail sales of approximately A\$119 million
- Double CAGR of the overall spirits category at 4.5% from 2015 to 2019, with a CAGR value higher at 6.4% over the same period

US Market

- 188 million litres of bottled spirit sold in 2019
- Retail sales of approximately US\$9.5 billion
- Double the volume CAGR of 12.7% from 2015-2019 compared to the overall spirits category at 7.5%

TSI Capacity

- 1m plants by 2024
- 200,000 annual plant harvest cycle
- 10 x 700ml bottles per plant
- 2m bottles per year
- @\$70 weighted average wholesale sales value

\$140m / year

1. <https://www.dmarge.com/2021/03/tequila-mezcal-popularity-australia-premium-spirits-sales.html>

2. <https://www.forbes.com/sites/katedingwall/2021/12/31/big-sales-no-agave-a-look-at-2020-in-the-tequila-industry/?sh=233b87ebc088>

3. Tequila/Mezcal 700-750ml. IRI data for Coles/ALM May 21

2. Repeatable multi-brand platform



3. Our brands

NED Australian Whisky

Executing channel and NPD growth while preparing for whisky inventory step change



- Revenue constrained by available matured whisky inventory
- Managing inventory and prioritising allocation per SKU and channel to maximise return
- NPD NED & Cola 8% RTS, The Wanted Series Super Premium sub branded range into IBA Retail
- Initial exports into China
- Targeted investment building brand awareness and mental availability – Kelly Grove Racing / Supercars

Target Consumer

Dark spirits drinkers seeking an authentically Australian alternative in a segment dominated by global brands



3. Our brands

Grainshaker Handmade Australian Vodka

Growth in distribution channels supporting sales growth

- Building brand in must win On-Premise in key inner metro
- Key retail penetration through IBA Victoria
- Initial exports into China
- Scaling e-presence on Amazon Launchpad
- Targeted investment building brand awareness and mental availability – Australian Open, music festivals

Target Consumer

Premium gin and vodka drinkers / bored wine drinkers looking to get more involved in how their vodka tastes



¹ TSI internal data vs. AU Liquor ALM/CLG IRI Aztec

3. Our brands

Australian Agave Spirit

A one-of-a-kind, sustainably-produced Australian Agave Spirit



- First-of-its-kind project that will define a new global premium spirits category
- Farm capable of supporting a premium Australian Agave spirit category and brand on an international scale
- 1m plants in ground by 2024. Currently 230,000 in ground and a further 245,000 in nursery
- Size of the farm and production capacity will place TSI in the top 25 of the world's agave spirit/tequila producers

Target Consumer

Discerning spirit drinkers looking for something elevated and crafted



3. Repeatable multi-brand platform

Leverage efficiencies across supply chain, channels and brand activation

Products

Distribution



- Bottled Australian Whisky
- Core and Premium – NED, The Wanted Series
- Ready-to-serve (RTS)

- Off premise strategy – national IBA ranging in more than 1400 stores
- Naming Rights Partner of Kelly Grove Racing (Supercars)
- DTC and e-commerce (Dan Murphy's Marketplace)
- International via local Chinese buyers



- Bottled Australian Vodka
- Corn, Wheat, Rye varieties
- Ready-to-serve (RTS)
- Kegs

- On premise strategy
- Off premise IBA Victoria
- Official Partner of Australian Open
- DTC and e-commerce (Amazon)
- International via local Chinese buyers



- Bottled 100% Australian Agave
- Blanco, Reposado, Anejo, Extra Anejo

- Go to market strategy in development
- Domestic and global opportunity

Portfolio Approach

Brands **leverage** each other to open channel and distribution

Deliver **efficiency** through owned supply chain, shared data and customers, resourcing and marketing activation model to build and deliver scale

3. Installed scalable capacity



3. Installed scalable capacity



Based on triple shift Whisky production, double shift vodka production. Whisky wholesale price \$41.70/700ml; Vodka wholesale price \$40/700ml; Agave weighted wholesale price \$70/700ml

3. Installed scalable capacity

Across supply chain and assets

Whisky Distillery Capacity¹

8,600 bottles/day

x10

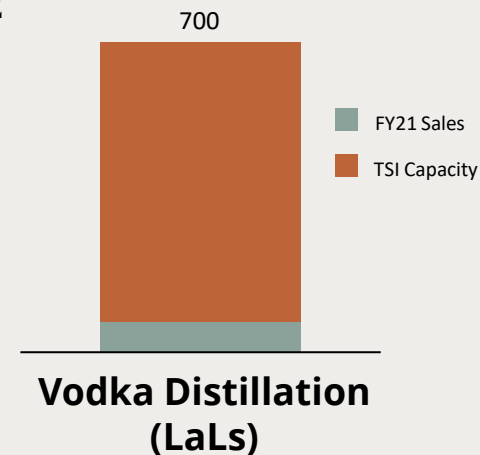


Whisky Distillation
(LaLs)

Vodka Distillery Capacity²

10,700 bottles/day

x20



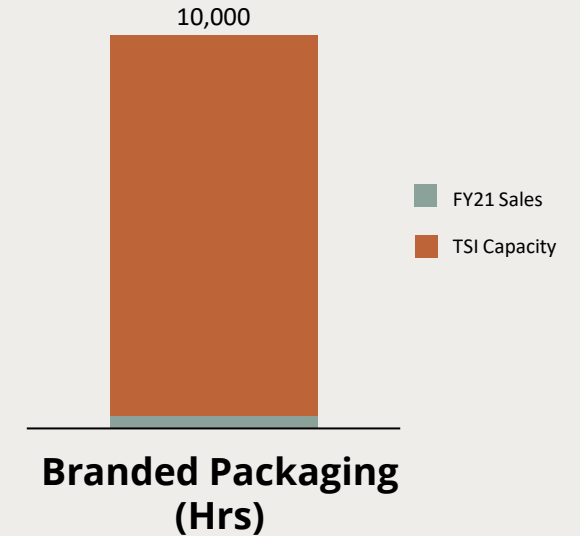
Vodka Distillation
(LaLs)

Packaging Facility³

Canning – 10,000/hr

Bottling – 7,000/hr

x30



Branded Packaging
(Hrs)

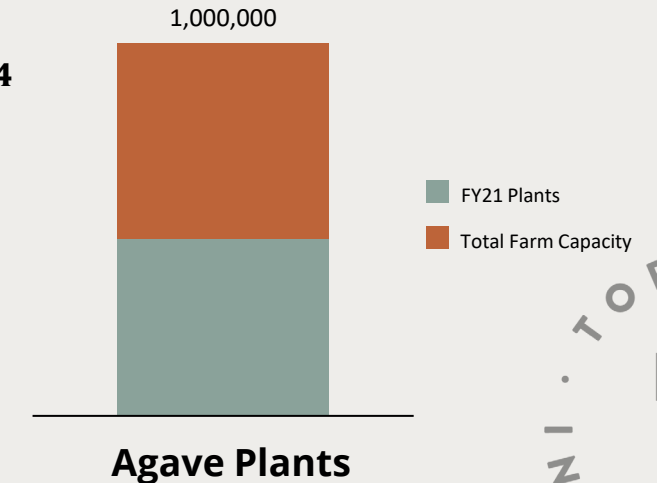
Agave Farm Capacity⁴

1,000,000 plants by 2024

230,000 plants in ground

245,000 plants in nursery

x2



Agave Plants

1. 48,000 LaLs per month @40% ABV / 700ml

2. 60,000 LaLs per month @40% ABV / 700ml

3. \$20m annual revenue capacity in third party on double shift packaging facility.

4. Some investment in Agave distillation required to leverage the installed capacity in the farm at Eden Lassie.

4. Multiple growth frontiers



4. Multiple growth frontiers

Leverage multiple levers to achieve our ambition



\$100+m

\$100m+ revenue
5% market share

\$50+m

\$50m+ revenue
5% market share

\$100+m

\$100m+ revenue
\$80m+ international

Available growth levers

Grow distribution channels

Off and on premise, international and DTC/e-comm to grow physical availability / margins

Initial China Exports
Amazon Launchpad (Grainshaker)
Dan Murphy's Marketplace (NED)
NED & Grainshaker DTC
NED wholesale price \$40 to \$41.70

Grow channel velocity

Brand investment and activation to grow mental availability / margins

Australian Open x Grainshaker
Kelly Grove Racing x NED

Extend products (SKUs)

NPD to grow available products and increase average prices / margins

NED The Wanted Series Premium
NED Small Barrel Program
Grainshaker RTS
Grainshaker Kegs

Supported by data, digital, direct and key partnerships



5-Year Ambition

40%
Gross Margin

15-20%
Brand Investment

20+%
Contribution Margin

5. Strong track record of growth

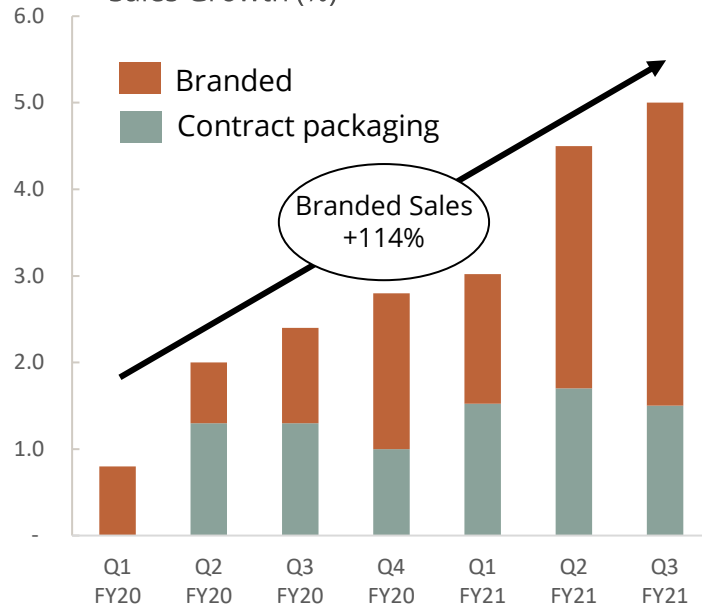


5. Strong track record of growth

TSI is On Track in delivering high growth outcomes

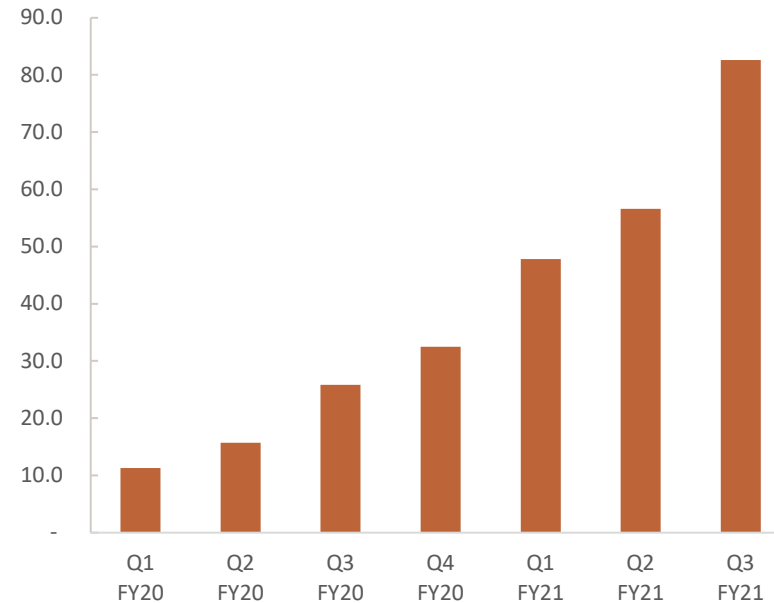
TSI Total Sales

Sales Revenue (\$m) and Annualised Branded Sales Growth (%)



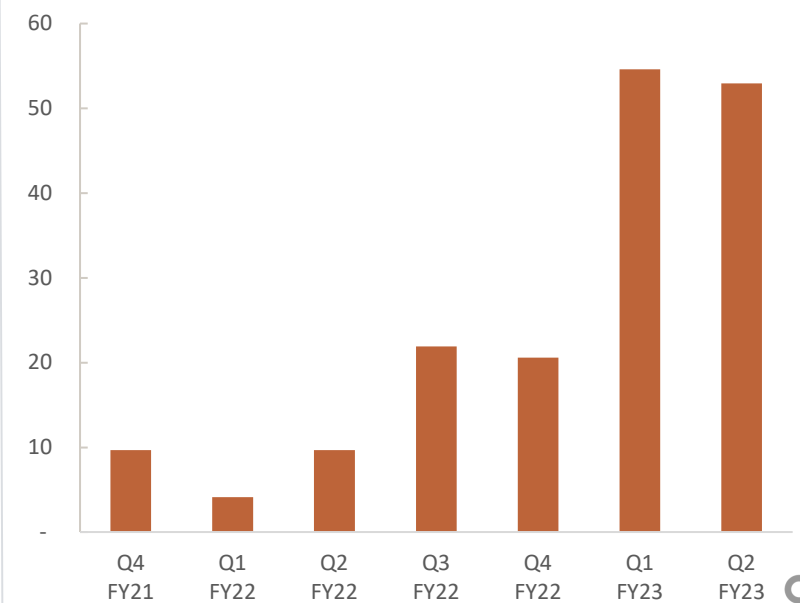
Whisky Inventory Maturation Asset

Net Wholesale Value at Maturation¹ (\$m)



Whisky Monthly Harvest Schedule

Annualised Net Sales Value Run Rate² at Maturation¹ (\$m)



Notes:

1. Net Sales Value at Maturation is based on current wholesale price of \$41.70 per bottle ex GST
2. Ratio of 75/25 to RTS/Glass and \$80 and \$240 wholesale value per RTS and Glass cases respectively