



ASX:DW8

[www.digitalwine.ventures](http://www.digitalwine.ventures)

Digitally transforming the global wine and beverage industry

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**INVESTOR UPDATE – JULY 2019**

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# CORPORATE OVERVIEW

**Digital Wine Ventures (ASX:DW8) an Australian publicly listed company that aims to simplify and improve the \$300+ billion global wine supply chain by connecting the various participants using technology.** <sup>(1)</sup>

## **WINEDEPOT is DW8's cornerstone investment.**

- Founded by Dean Taylor
- Acquired in May 2019
- B2B Marketplace
- Cloud-based trading, operating & logistics platform



1. Source: Zion Market 'Global Wine Market' Research Report April 2019

# CORPORATE OVERVIEW

<b>Snapshot @ 17 July 2019</b>	
Share price	\$0.008
Shares on Issue	893,815,097
Options on Issue	237,000,000
Performance Rights	100,000,000
Market Capitalisation	\$7,150,521
Enterprise Value	\$6,412,521
Cash	\$738,000
<b>Registry</b>	
Issued Shares	893,815,097
Number of shareholders	754
% owned by Top 5 holders	30.23%
% owned by Top 20 holders	55.49%
% owned by Management	17.34%
<b>Top 5 Shareholders</b>	
Whodeanie Pty Ltd (Dean Taylor)	11.19%
The Trust Company (Australia) Ltd	6.79%
Cranley Consulting Pty Ltd	4.24%
Mr Anthony Robert Ramage	4.14%
Perpetual Capital Investments Pty Ltd	3.88%



# MANAGEMENT



**DEAN TAYLOR** CEO

**With seven successful ventures under his belt, Dean is a start-up veteran and one of Australia's digital pioneers.**

Originally an architect, his first business was **Wine Ark** offering climate-controlled wine storage. His second venture, **Wine Exchange** leveraged the 'emerging internet' to create an online trading platform for wine. He went on to establish the **Cellar Club**, Australia's most premium wine club.

In 2010 he launched **Cracka Wines** a direct-to-consumer marketplace. He then added **Winegrowers Direct** and **My Wine Guy** to his portfolio before merging them with **The Wine Society** – Australia's oldest wine club.

Named one of the **50 Stars of Wine** and **TOP 50 People in E-commerce** he is well known and highly regarded within the wine industry and online retail community. All of his ventures have been disruptive and had a strong technology focus, putting him in an ideal position to lead both **WINEDEPOT** and Digital Wine Ventures.



CTO **DAVIDE DEFENDI**

**Davide is an entrepreneurial technologist, experienced in taking IT concepts from inception through to sale.**

Originally a certified software engineer it wasn't long before Davide was looking to disrupt traditional business through innovative technology.

From a start-up perspective Davide has been involved with/founded two digital agencies, a technology recycling & service business, an instant messaging business similar to WhatsApp with user growth of more than 15 million users and an IOT based enterprise.

He's sold technology to and served on the board of both public ASX listed and private companies. He has a proven ability to manage all aspects of business; including negotiating multi-million dollar customer contracts; leading dynamic, multi-functional teams and organisations; and executing innovative strategies to create and deliver value.

# NON EXECUTIVE DIRECTORS



**PIERS LEWIS**

## NON EXECUTIVE CHAIRMAN

Piers is a wine enthusiast with over 20 years experience in M&A, corporate governance and financial management, working in senior roles for multinationals such as Credit Suisse, ABN Amro, RBS and NAB.

In 2011, Piers founded SmallCap Corporate - a corporate advisory services company based in Perth that manages more than a dozen ASX listed and public unlisted clients.

Piers is a member of the institute of chartered accountants of Australia, a member of the corporate governance institute and holds a bachelor of commerce from the University of Western Australia.



**MIKE EDWARDS**

## NON EXECUTIVE DIRECTOR

Mike is a Company Director and Corporate Advisor with over 20 years experience in the private and public sector. He holds a Bachelor of Business, a Bachelor of Science (and a Graduate Diploma in Oenology from University of Adelaide).

Mike currently holds Non-Executive Director roles at De.Mem Ltd (ASX:DEM), Norwood Systems (ASX:NOR) & Serpentine Technologies (ASX:SP3) and is also an Authorised Representative at Alto Capital.

Mike's worked as a Winemaker for Devils Lair, Voyager Estate and Franciscan Estate (Napa). He's also run Edwards Wines his own wine business in Margaret River.



**SAM ATKINS**

## NON EXECUTIVE DIRECTOR

Sam holds a bachelor of commerce degree from the University of Adelaide and is a graduate of the Australian Institute of Company Directors (GAICD). Sam brings extensive wine industry experience to the position.

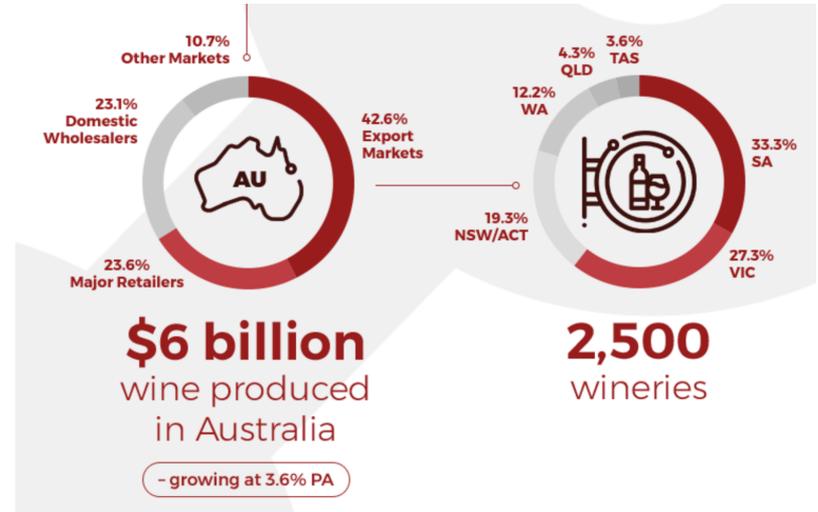
Sam has held the roles of general manager of trading and general manager of Xanadu Adelaide Hills and was managing director and CEO of Brand New Vintage Ltd.

Sam also held senior sales, marketing and business development roles within the international division of BRL Hardy Ltd. Sam maintains a shareholding in the boutique private wine company, Fox Gordon Pty Ltd.

# INITIAL OPPORTUNITY – AUSTRALIAN WINE MARKET

## The Australian wholesale wine market is big and growing.

- **2,500+** wineries produce about **\$6 billion** of wine PA <sup>(1)</sup>
  - \$2.76 billion is exported <sup>(2)</sup>
  - \$750 million is sold direct-to-consumer <sup>(3)</sup>
- **\$2.2 billion is sold at a wholesale level** <sup>(4)</sup>
  - Via 2,000+ distributors <sup>(4)</sup>
  - Servicing 50,000+ licensed premises
  - 50% are single person operators <sup>(4)</sup>
  - ALM (Metcash) is the largest player <sup>(4)</sup>
- **\$850 million** is imported each year <sup>(4)</sup>
  - 45% from New Zealand



### Sources:

1. IBIS WORLD – Wine Production in Australia Industry Report May 2018
2. Wine Australia - Wine Export Report June 2018
3. Estimate based upon Wine Australia DTC wine volume data
4. IBIS WORLD – Liquor Wholesaling in Australia Industry Report April 2018

# THE PROBLEM

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**The existing wine supply chain is inefficient, highly fragmented and extremely erosive on margins. It is also incapable of servicing the rapidly growing direct-to-consumer and online market segments.**

- **TYRANNY OF DISTANCE**

Australia is a big country. Shipping heavy, bulky and fragile products interstate is expensive and erosive on margins. It also takes longer than the 2 days expected by modern consumers.

- **LACK OF TECHNOLOGY**

Most businesses are operating with limited technology relying heavily on paperwork and manual processes for even the simplest of transactions.

- **SUBSCALE**

While collectively there are very large volumes of wine being stored and shipped around the country, the lack of consolidation means few players have access to volume breaks.

**It is ripe for disruption, digital transformation and consolidation.**

## THE SOLUTION

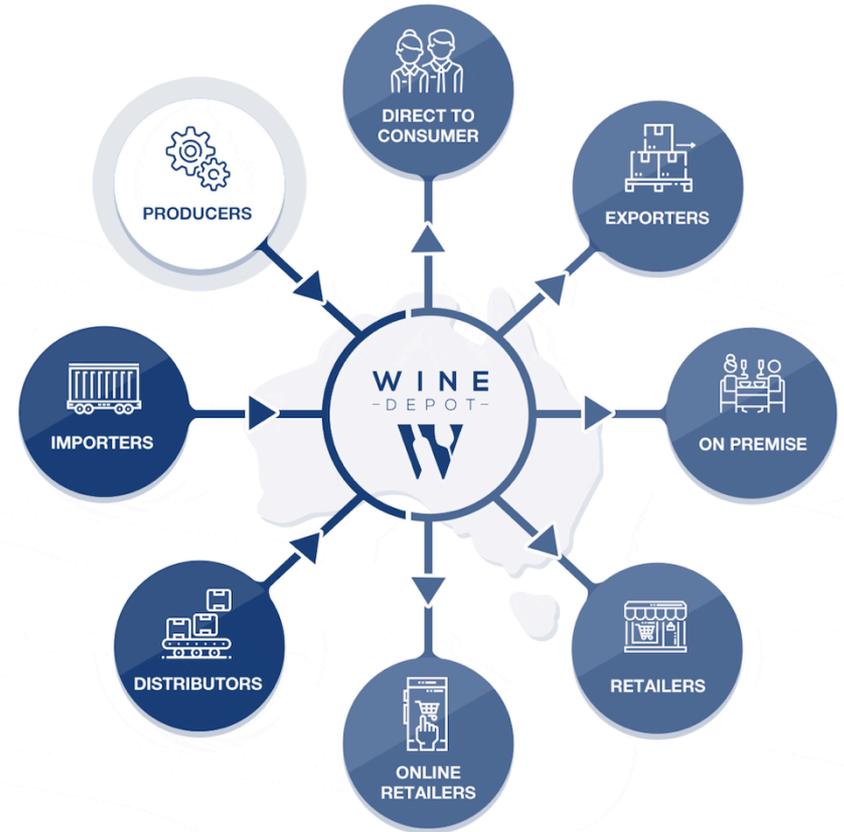
**WINEDEPOT is a cloud based B2B marketplace that has been designed to provide the wine industry an end-to-end supply chain solution.**

- Supporting and value adding to the technology platform is a smart logistics service.
- Catering for **producers, distributors, importers and retailers** of all sizes, it allows orders processed via the marketplace to be picked, packed and drop-shipped from inventory reserves held on consignment in 'depots' servicing key markets.



# THE VISION

**Simplify and improve the wine supply chain by connecting the various participants using technology.**



# CORE VALUE PROPOSITION

## A simple, cost effective end-to-end wine supply chain solution that:

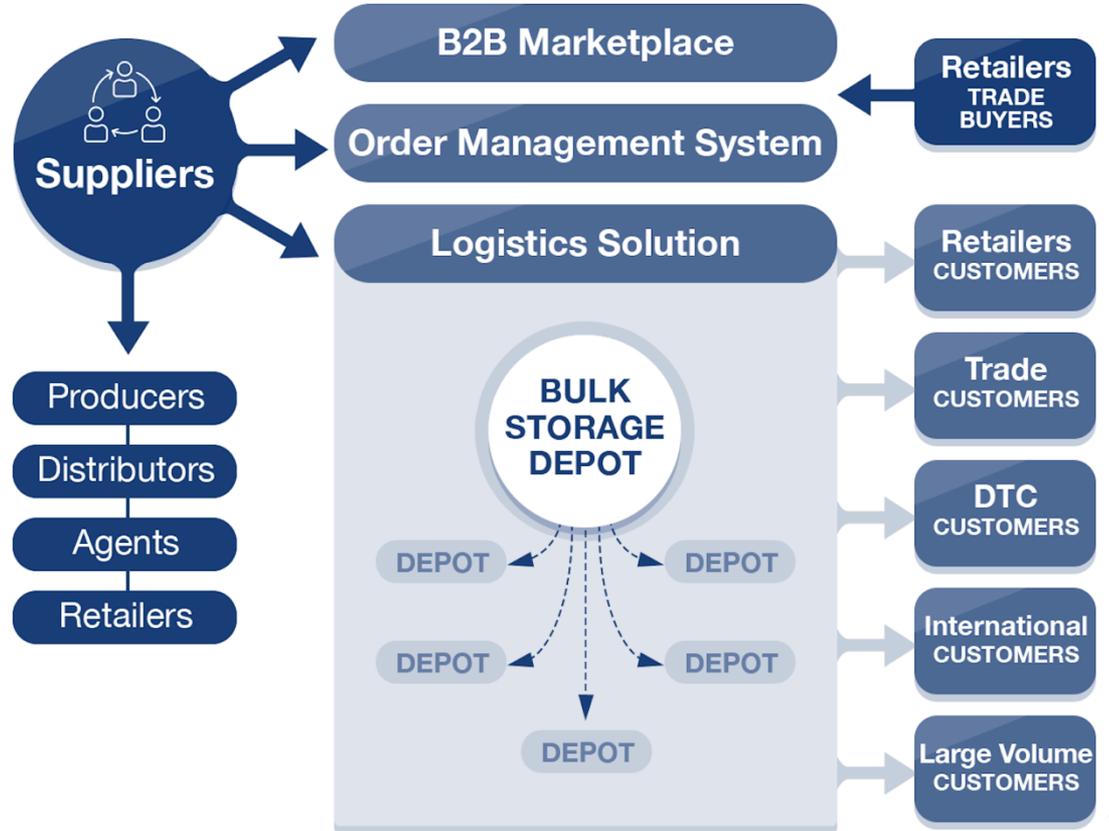
- Reduces shipping times
- Reduces freight costs
- Reduces working capital needs
- Simplifies administration
- Simplifies order management
- Simplifies inventory control
- Improves communication flow
- Improves customer service levels
- Improves margins



# HOW IT WORKS

The platform consists of three separate but vertically integrated components:

- **B2B MARKETPLACE**  
Online trading floor
- **ORDER MANAGEMENT SYSTEM**  
SaaS application
- **LOGISTICS SOLUTION**  
Storage, handing & delivery



# TARGET MARKET/S

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**The nature of our platform allows us to target a broad range of industry users:**

## **SUPPLIERS**

- Includes: **producers, distributors, importers & agents.**
- Responsible for building the product range necessary to supply the marketplace.
- Generate most of our revenue, so are seen as our primary customer group.

## **TRADE BUYERS**

- Includes: **online retailers, marketplaces, on-premise, independent & traditional retailers.**
- Responsible for generating marketplace demand
- Seen as our secondary customer group.

**It is important to note that we only facilitate transactions only between businesses licenced to buy and or sell wine. General consumers have no access to the B2B marketplace, order management system or logistics platform. All consumer sales interaction is via our customers.**

## REVENUE MODEL - MULTIPLE INCOME STREAMS

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**The platform consists of three components that can function together or separately.**

**This allows us to generate multiple revenue streams including:**

- **TRADING FEES** - % commission on all wholesale sales processed
- **LISTING FEES** - applies to each product listed on the trading platform
- **SAAS FEES** - monthly subscriptions
- **LOGISTICS FEES** - storage, handling, picking, packing, local and international freight
- **INDUSTRY DATA FEES** - business Intelligence, analytics and special reports

**Trading fees provide the greatest long-term upside for the venture.**

- The exiting Australian wholesale wine market is worth over \$2.2 billion PA <sup>(1)</sup>
- Our platform has the potential to both capture a stake of and grow the existing wholesale market

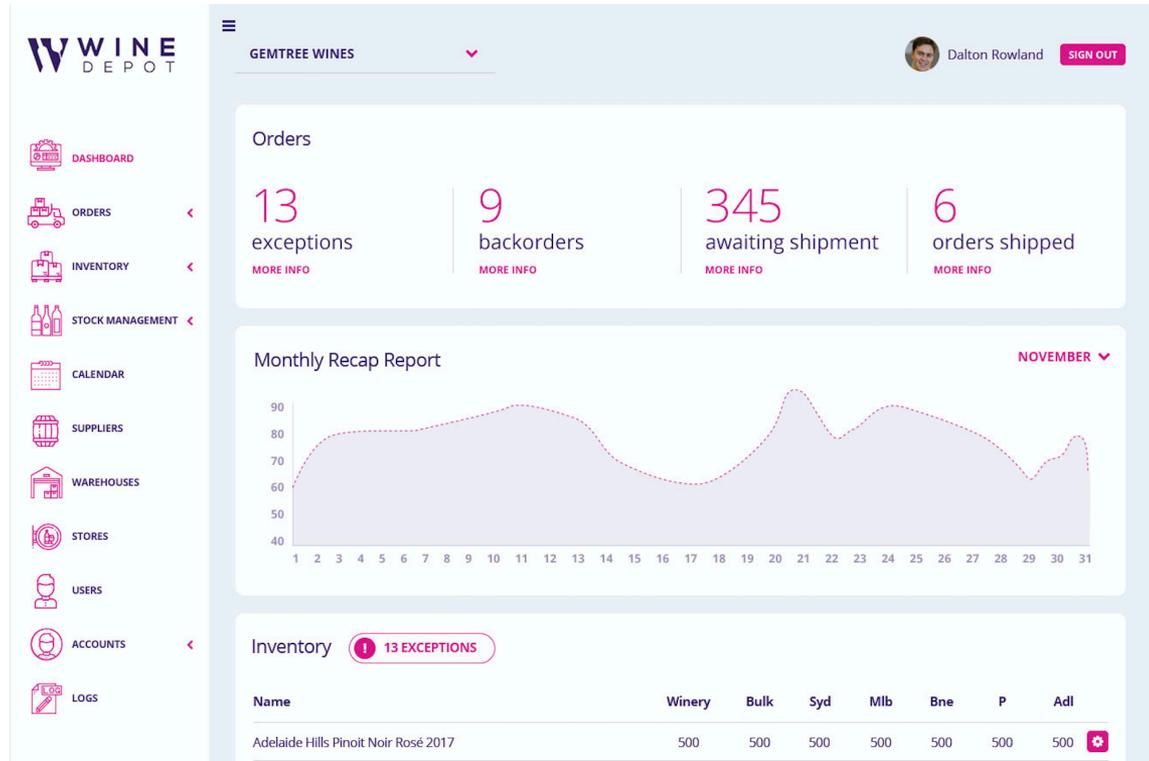
1. Source: IBIS WORLD – Liquor Wholesaling in Australia Industry Report April 2018

The technology supporting our platform is robust, scalable and highly extendible.

The framework used enables rapid deployment and provides commercial benefits including:

- Brief coding required to achieve complex requirements
- Highly extendible and reusable code base
- Large developer talent pool available globally
- Extensive, well-structured documentation
- Security, authentication and caching out of the box

The image is for illustrative purposes only.



## KEY PARTNERSHIP/S

### To accelerate the development of the Logistics Service we have partnered with **Australia Post.**

- Under the agreement, Depots will be built within Australia Post's existing distribution centres in **Brisbane, Sydney, Melbourne and Perth.**
- Embedded inside their sites, our orders flow directly into their fulfillment system avoiding the need for collection, transfer and sortation **reducing handling costs and delivery time.**
- Provides access to 57,000 sqm of storage and over 100 warehouse staff on a **variable cost base, scaling up and down as required.**

**The agreement with Australia Post greatly reduces our capital expenditure requirement and execution risk associated with launching the logistics platform.**



## KEY PARTNERSHIP/S

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**We have also partnered with Wine Storage & Logistics Pty Limited (WSL) to establish a dedicated central storage and distribution centre which will serve as the main depository for the inventory used to support our local and international depots.**

**The partnership provides us access to:**

- 22,000 sqm climate controlled warehouse with over 25,000 pallets storage capacity
- Highly competitive line-haul fleet
- Air freight and marine shipping capability
- Mixed case kitting, repacking, relabeling, container packing services.
- The perfect base for our Adelaide depot

**The partnership with WSL also provides us access to over 200 wine suppliers including TWE, Accolade, Constellation Brands & Pernod Ricard.**

# KEY STRENGTHS

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## Key strengths inherent to our model:

- **GREEN FIELD OPPORTUNITY**  
Unique platform and package of services not currently available
- **B2B FOCUSED**  
Avoiding the highly competitive consumer wine market
- **NO INVENTORY RISK**  
We do not own any inventory or carry any inventory risk
- **TOTALLY AGNOSTIC**  
We are unaligned to any one retailer or sales channel
- **LOGISTICS PARTNERSHIPS**  
Variable cost warehousing model, reduces CapEx and OpEx
- **FIRST MOVER ADVANTAGE**  
There is currently no platform like this in Australia

# LAUNCH STRATEGY

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## The platform and associated components will be launched in phases:

- **PHASE 1 - Logistics Solution in Australia**
  - Use this service to acquire initial customer base, focusing on independent wine producers
- **PHASE 2 - Order Management System in Australia**
  - Use to develop deep and sticky relationships with key stakeholders
- **PHASE 3 - B2B Marketplace in Australia**
  - Once there is sufficient inventory listed on the platform
- **PHASE 4 – Expand into China**
  - Providing suppliers access to that rapidly growing market
- **PHASE 5 – Expand into other Markets**
  - Such as USA, UK, Canada, New Zealand, Singapore...

### WINEDEPOT plans to roll out a network of 'depots' servicing key markets.

- Each depot holds a broad range, but limited volume of inventory on consignment.
- Suppliers orders are routed to the depot closest to the delivery address.
- Orders are picked, packed (bottle & case) and drop-shipped to the customer
- Delivering locally significantly reduces delivery times, freight costs and breakages.
- Depots are replenished bi-weekly from bulk storage facilities on behalf of the suppliers.
- The SYD, BNE, MLB & PTH depots are located within Australia Post distribution centres.



**The 'depots' are to be supported by a central storage and distribution hub where most of the inventory is kept.**

- Aggregated volumes allows us to offer highly competitive bulk storage and line-haul rates.
- Our service includes collecting stock from the winery, bottling plant or storage.
- Large orders for major accounts can also be dispatched from this facility.
- The intention is to also offer a range of other services from this facility including relabeling, repacking, kitting mixed cases and container unloading and packing.
- The central distribution hub is being established and operated by WSL.

**A simplified fee model will make it much easier for users to understand their full supply chain costs.**

### Suppliers will be able to process orders received across most sales channels:

- **WINERY ORDERS**

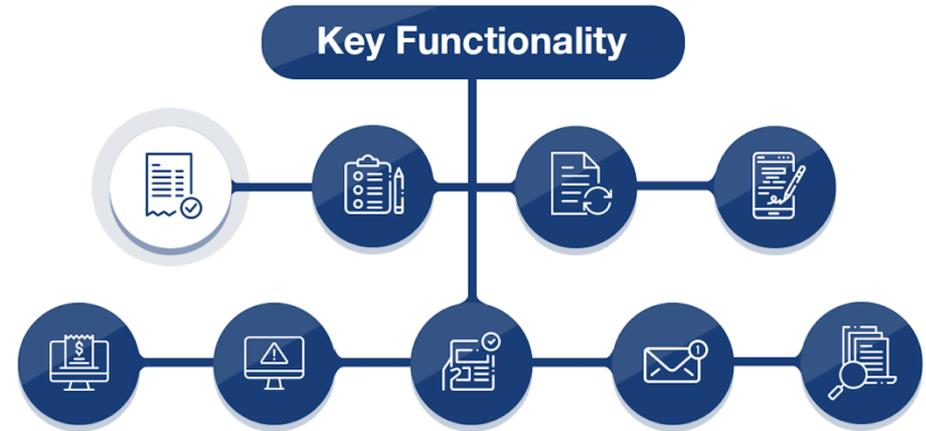
- cellar door, website and phone sales
- mailing list & wine club
- consumer tastings and events

- **3<sup>RD</sup> PARTY ORDERS**

- online retailers, marketplaces & wine APP's
- wine clubs and other D2C channels
- flash sales & promotions

- **TRADE ORDERS**

- bars, restaurants, clubs, hotels & bottle shops
- major chains & supermarkets
- samples, tastings, shows & industry events



**Our order management system will provide users access to a range of functionality normally only available via an ERP system.**

**Key functionality to be offered will include:**

- Automatically generating purchase, sales and delivery orders,
- Creating warehouse ASN's, pick lists, manifests and notifications
- Digital contracts and signatures
- Issuing invoices, statements, account credits and rebates
- Payment reminders, collections and payments
- Order fulfillment and inventory management
- Low inventory notifications and automated replenishment tools
- Credit management and monitoring

**Orders from wineries, online retailers, marketplaces and public wine events will be drop-shipped directly to the end consumer.**

Our cloud based system will be able to accept orders via a range of interfaces, software integrations and/or custom API.



**The B2B Marketplace will allow Suppliers to sell directly to Trade Buyers in a transparent and competitive online marketplace.**

**Key functionality includes:**

- Ability to offer products to a wide or targeted audience of trade buyers
- Product data, content & wine ratings management
- Pricing management
- Product allocation management
- Promotional management & scheduling tools
- Bin end and inventory clearance tools

### Benefits include:

- Centralised buying / ordering
- Express account applications
- A single invoice for all purchases
- Access to accurate product data
- Ability to buy by the bottle
- Wine list management tool/s
- Simple re-order functionality



**Establishing an account with each Supplier proposed to be completed in seconds.**

**Other benefits for marketplace users include access to a range of reports and analytics tools that allow them to monitor industry trends and benchmark their sales performance against their peers.**

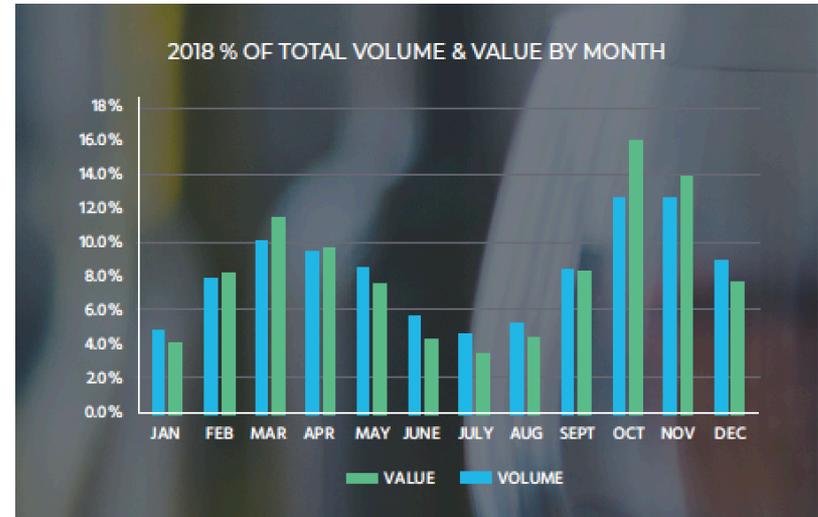
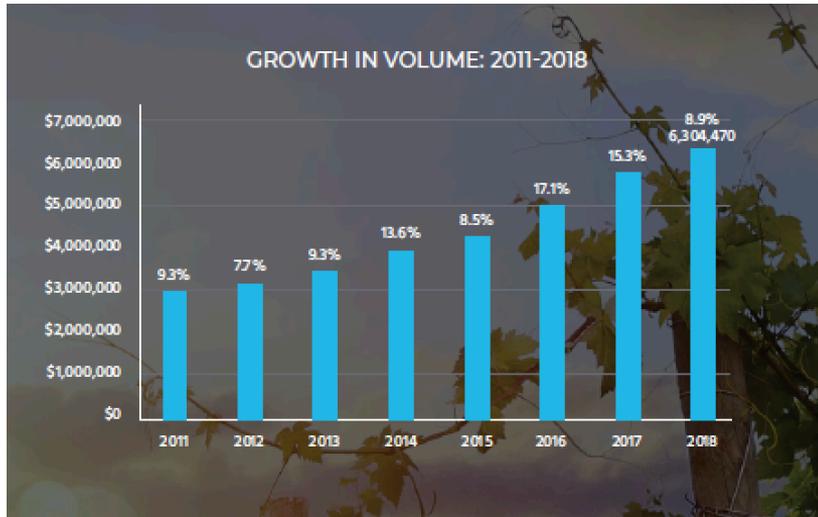


Image source: Ship Compliant - Direct to Consumer Wine Shipping Report 2019

**Last year Australia exported \$1.12 billion to China, up 55% on the year before.** <sup>(1)</sup>

- DW8 is one of the few publicly listed Australian companies that can own and operate a wine and logistics business on mainland China.
- Expanding our Depot network into China would provide Australian and New Zealand suppliers an easy way to access and service this market.
- Shanghai, where we already have an office, is the most likely place for our first international depot.

**DW8 already has the corporate, legal, financial, licensing and IT structures in place, allowing WINEDEPOT to operate in China.**

1. Source:Wine Australia - Wine Export Report June 2018



**~ \$2.76 billion** <sup>(1)</sup>  
exported per year

- via 2,298 exporters  
5.6% forecast growth

<b>\$1.12B</b> China (up55%)	<b>\$424M</b> USA	<b>\$384M</b> UK
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<b>\$200M</b> Canada	<b>\$88M</b> NZ	<b>\$87M</b> Singapore
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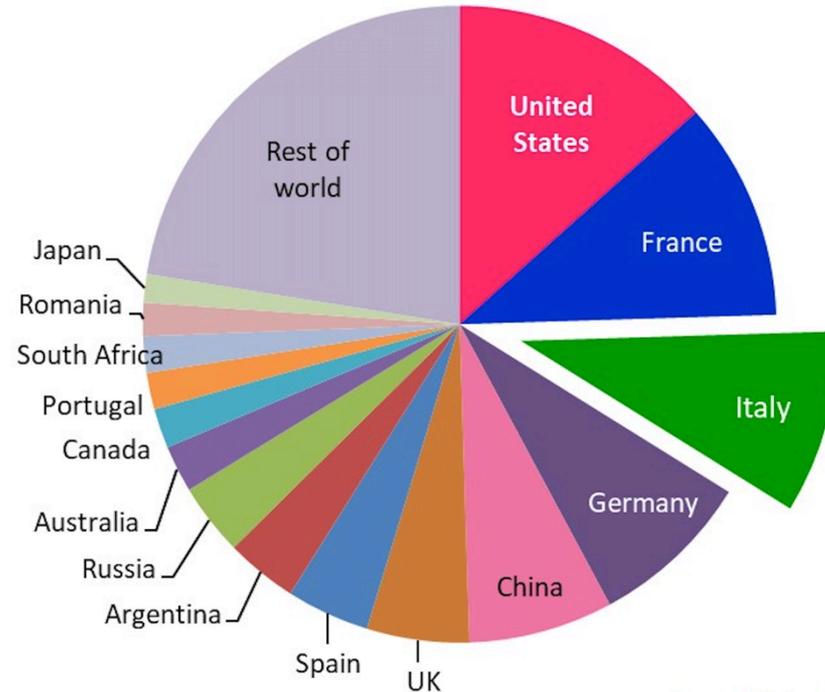
**The global wine market is expected to reach USD 423.59 billion by 2023.** <sup>(1)</sup>

In 2017 it was USD 302 billion

- Growing at 5.8% CAGR
- Australia is just one, relatively small market

**Our platform has potential to be used in many other major wine markets.**

**It also has potential to be used in other alcohol categories such as craft spirits, beers and ciders.**



1. Source: Zion Market 'Global Wine Market' Research Report April 2019

Source: OIV data, 2018

## APPENDIX - COMPETITIVE MATRIX

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### Existing trade marketplaces / order management platforms include:

- **Seventy.com** **USA** (36 states)  
Launched in September 2012. An online platform connecting 1,000 distributors, 70,000 trade buyers and 100,000+ trade professionals. GMV ~ unknown. Commission rate unknown. No logistics service offered.
- **Beveragemedia.com** **USA** (6 states only)  
An online platform connecting 70 distributors and offering 70,000 SKU's  
GMV ~ \$350m in FY18. Commission rate unknown. No logistics service offered.
- **eBEV.com** **Australia** - Sydney & Melbourne only  
An online platform connecting distributors to trade buyers offering 29,000 products via 350 suppliers.  
GMV ~ \$10m in FY19. Commission rate = 1%. No logistics offered.
- **Libdib.com** **USA** (2 states)  
An online platform connecting craft producers to trade buyers, similar to Ootra
- **Ootra.com.au** **Australia**  
An online platform connecting boutique wineries to trade buyers, offering 120 products from 30 wineries.  
Commission rate = 20%. Logistics offered from MLB via Bevchain.

# APPENDIX - MEDIA COVERAGE

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**Board Room Media** (video interview):

<https://www.boardroom.media/article-single/Digital-Wine-Ventures:-The-premium-Wine-business-is-digitally-transforming>

**Hot Copper** (video interview):

<https://hotcopper.com.au/asx/dw8>

**Proactive Investors** (video interview):

<http://www.proactiveinvestors.com.au/companies/stocktube/10339/dawine-digitally-transforming-premium-wine-business-with-huge-opportunity-in-china-10339.html>

**Small Caps**

<https://smallcaps.com.au/digital-wine-ventures-launch-same-day-delivery-service-australia-post>

**Wine Business Monthly:**

<http://www.wbmonline.com.au/entrepreneur-dean-taylor-vows-to-disrupt-the-wine-supply-chain>

**Lifehacker:**

<https://www.lifehacker.com.au/2018/10/elevator-pitch-winedepot>

**Stockhead:**

<https://stockhead.com.au/tech/youll-be-able-to-get-wine-quicker-than-ever-thanks-to-digital-wine-ventures>

**Power Retail:**

<https://www.powerretail.com.au/news/dean-taylor-joins-asx-listed-dawine-as-new-ceo>

**Top Stocks:**

<https://topstocks.com.au/threads/asx-dw-8-dawine-to-acquire-smart-logistics-solution-and-appoint-dean-taylor-as-ceo>

# APPENDIX - MEDIA COVERAGE

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**Drinks Trade:**

<https://www.drinkstrade.com.au/digital-wine-ventures-launches-same-day-delivery-with-australia-post>

**Internet Retailing:**

<https://internetretailing.com.au/new-fulfilment-service-targets-online-wine-retailer>

**Business Insider:**

<https://www.businessinsider.com.au/australia-post-promises-same-day-delivery-from-2500-wineries-as-amazon-raises-the-bar-2019-7>

**My Business:**

<https://www.mybusiness.com.au/sales/6000-australia-post-to-offer-same-day-wine-delivery>

**Food & Drink Business:**

<http://www.foodanddrinkbusiness.com.au/news/digital-wine-ventures-australia-post-collab>

**Power Retail:**

<https://www.powerretail.com.au/news/bottoms-up-digital-wine-starts-offering-same-day-wine-deliveries>

**Logistics Magazine:**

<https://logisticsmagazine.com.au/australia-post-signs-deal-with-digital-wine-ventures>

**IT News:**

<https://www.itnews.com.au/news/australia-post-raises-a-glass-to-it-outsourcing-527584>

**Kalkine Media:**

<https://kalkinemediacom/2019/07/10/a-look-at-4-diversified-stocks-pro-dw8-xt-d-pet>

# CONTACT DETAILS

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**Or visit our websites:**

[www.digitalwine.ventures](http://www.digitalwine.ventures)

[www.winedepot.com](http://www.winedepot.com)

A large, bold, black letter 'W' logo centered on a white square background. The 'W' is composed of thick, solid black strokes.

**WINEDEPOT**