Agenda:

13.05  Train Departs London Kings Cross
13.31  Train arrives in Welwyn Garden City with short walk to Store
14.00  Introduction: Rowan Gormley, Group CEO
14.15  The Plan: John Colley, Majestic Retail Managing Director
14.35  Customer Engagement: Josh Lincoln, Customer Director
15.00  Investment in People: Louise Ellis, People Director
15.20  Product Range: Richard Weaver, Buying & Merchandising Director
15.45  Q&A
16.45  Store walk round and Definition Wine Tasting

Return Trains to London Kings Cross:
Departs: 17.24, Arrives: 17.49
Departs: 17.48, Arrives: 18.17
Reminder – Our goal is sustainable growth in shareholder value
“We have a simple plan and we’re on track”
WHAT WE’RE HERE TO TELL YOU TODAY:

1. We have a good team
2. A simple plan, on track
3. A disciplined environment
1. WE HAVE A GOOD TEAM

Rob Farnworth  
Operations Director

Richard Weaver  
Buying & Merchandising Director

Neil Firth  
Supply Chain Director

Louise Ellis  
People Director

James Gomes  
Transformation Director

Josh Lincoln  
Customer Director

Mark Lovatt  
Head of Finance

John Colley  
Managing Director
REMINDER: THIS IS WHERE WE WERE...

WE WERE GROWING BY OPENING STORES BUT THIS WASN’T WORKING

OUR SUPPLY CHAIN LACKS FLEXIBILITY

...BUT OUR SHOPPING EXPERIENCE CAN BE INCONSISTENT

OUR SYSTEMS ARE HOLDING US BACK
WE DID NOT RECOGNISE **WHAT MADE US SPECIAL**

A GOOD RETAIL BUSINESS IS BUILT ON GREAT PEOPLE
SO WE ASKED THEM TO HELP US SHAPE OUR PLAN

1. We asked for their views..

   ‘Majestic at its best is a loyal customer coming back to say “I loved what you recommended last time - you got it spot on”’
   Store staff, Birmingham

2. ...this told us what Majestic means to them..

   ‘Staffing is a big issue. Any problem can be fixed with more staff’
   Store staff, Manchester

3. What we needed to do to help them deliver that

   ‘It’s hard to convey passion when you’re speaking in generic terms. When you have a story, it definitely helps’
   Store staff, Manchester

4. .. And how to get them on board with the plan
2. WE HAVE A SIMPLE PLAN – WHICH IS ON TRACK

Experience

‘Nations favourite Wine specialist

Offer

Any time
Any place
Anywhere

Own the customer relationship

Right Range in the Right Store

Unique Wines with stories

Brands Quality & Value

Make it Easier

Simplify the Task

Right stock
Right time
Right amount

Joined-up Systems

SUPPORTED BY

‘Keeping Great People’
**What We Will Deliver – And When**

*We are building an infrastructure to grow our business*

<table>
<thead>
<tr>
<th>KPI</th>
<th>March 2016</th>
<th>2017 H1</th>
<th>2017 H2</th>
<th>2018 H1</th>
<th>2018 H2</th>
</tr>
</thead>
<tbody>
<tr>
<td>5* service rating</td>
<td>86%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Retention</td>
<td>68%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manager retention</td>
<td>75%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wine quality</td>
<td>New KPI</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Availability</td>
<td>66%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*We will deliver…*

*…which will translate into…*

**Sales:** £500m+ by 2019  
**Dividend:** Restored in H1 2017
3. WE ARE WORKING IN A DISCIPLINED ENVIRONMENT

1. Everything gets measured...
   - Based on ROI – Does it create value?
   - Use the Test and Learn Principle before roll out of projects

2. Misusing capital hits me in the pocket
   - If I make a case for more money I can get it but my sales target goes up

3. Discipline
   - I have to prove that I am earning a healthy ROI - or give it back

For Example...
## Initiative

<table>
<thead>
<tr>
<th>Description</th>
<th>KPIs</th>
<th>How does this link to the plan?</th>
<th>What we’re learning</th>
</tr>
</thead>
</table>
| **Store Refits** | Refurb of stores | • 5* service  
  • 2nd shop rate  
  • LfL sales | • Simplify the task  
  • Right Range, Right Store | Positive early signs – need to trade through peak for reliable data |
| **People** | • Additional 0.5 heads per store  
  • Incentives and remuneration increases | • 5* service  
  • Team Retention  
  • LfL sales | • Keeping great people  
  • Own the customer relationship | Positive early signs – need to trade through peak for reliable data |
| **National Fulfilment Centre** | Fulfilment centre for 40% of all online orders and urgent store replenishment to support peak trading | • 5* service  
  • LfL sales  
  • Availability | • Right stock, right time, right amount  
  • Next Day Delivery | Launching as we speak – needs to trade through peak to see full impact |
EXAMPLE 1: STORE REVAMPS

OLD FORMAT:

REVAMPED:

TOUCH UP:
EXAMPLE 1: STORE REVAMPS – INITIAL RESULTS

20 Revamped Stores Completed Since April 2016:
- Average Like-for-Like performance up 10% pps

4 “Touch-up” Stores Completed Since July 2016:
- Average Like-for-Like performance up by 5.1% pps
Josh Lincoln
Customer Director

“Test and Learn”
**MY JOB:** GROW SALES BY GROWING CUSTOMERS RATHER THAN BRANCHES

**Hello!**

1. WELCOME PROCESS
2. TEST & LEARN
3. MULTICHANNEL

FOR NEXT YEAR
1. THE WELCOME PROCESS

- We have **400,000** new customers per year
- Of those **45%** become repeat customers
- Every % we can move that by is worth **£300,000** additional contribution. A year!
- So this is our approach:

<table>
<thead>
<tr>
<th></th>
<th>Old Approach</th>
<th>New Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>In store</td>
<td>“What are you looking for?”</td>
<td>“Is this your first time here?”</td>
</tr>
<tr>
<td>At checkout</td>
<td>“Do you want to join our mailing list?”</td>
<td>“Would you like me to email you a voucher today?”</td>
</tr>
<tr>
<td>Online</td>
<td>Buy, buy, buy</td>
<td>Tell us about you – so we can serve you better</td>
</tr>
<tr>
<td>Follow up</td>
<td>Buy, buy, buy</td>
<td>We can see you like x, so you should try Y</td>
</tr>
</tbody>
</table>
2. TEST AND LEARN

Test 1 – CUSTOMER INTERACTION

Content vs Promotional emails

Total revenue per customer over period was:
- 7.6% win for Content

Lesson Learned: Sell the wine, not the discount
2. TEST AND LEARN

Test 2 – RECOGNISING LOYALTY

For the first time ever we launched Black Book Wines to our best customers. We pushed it multi-channel...

- Mail
- Email
- Website

What we learned:
- 89% uplift by segmenting best customers and treating them as such
- Experiential incentives work better than discounts
2. TEST AND LEARN

Test 3 – CREATING LOYALTY

We tested including Nurture customers (those who aren’t loyal Majestic-ers yet) with a personalised mailer

Test 1a – First letter with free glasses = 40% Lifetime ROI uplift
Test 1b – First letter with £10 voucher = 91% Lifetime ROI uplift
Test 2 – Second letter = 201% ROI uplift
Test 3 – Third letter = 27% ROI uplift

Lessons learned
- Cash is king for new customers
- 2 mailings are worth it...3, not so much
CREATING A CULTURE WHICH SUPPORTS TEST & LEARN

SMALL SCALE TESTS FIRST

- No more ‘I think’, we’re letting the numbers do the talking
- We have a long list of things we’re testing… Some will work, some won’t
- The ones that work, we’ll take the learnings and make it a rule
- The ones that don’t, we’ll dust ourselves off and try the next one
- …if we’re not getting some wrong, we’re not trying hard enough
Louise Ellis
People Director

“Really
Our people are our greatest asset”
THE MAJESTIC RETAIL PEOPLE VISION

“To recruit and retain talented people by being recognised as one of the best employers”

Passion and Teamwork
- Build upon current engagement levels
- Enable our teams to work better together
- Build on our passion for wine for the benefit of our customers

Recognition and Reward
- Recognise and reward great performance
- Offer remuneration packages to engage, motivate and drive excellence

Training & Development
- Drive an improvement in capability across the business
- Provide innovative, relevant and targeted development opportunities
- Train to sell in Retail
WHY IS ENGAGING OUR TEAMS SO IMPORTANT?

STORE MANAGER TURNOVER IS UNACCEPTABLE

Our people are the key to CUSTOMER LOYALTY

...and customers value them highly...

.. We are making progress reducing turnover
HOW WE’RE MAKING IT HAPPEN

REWARDS
Living Wage Employer
Removed Bonus Caps
LTIPs and Free Shares
New Bonus Scheme

SMART TOOLS
The Right Recruitment
Engagement & Retention
Performance Management
Benchmarking

STRUCTURE
Flexible workforce
Grading structure
Exit Interview analysis
Rising Stars

We are a Living Wage Employer

glassdoor®
HOW WE MEASURE WHAT WE ARE DOING?

ENGAGEMENT DRIVES PERFORMANCE AND WE ARE MAKING PROGRESS

Asking our employees views and listening to their feedback:

- “Have your say” questionnaire and Employee Engagement Surveys
- Departmental action plans in place
- Pulse surveys

Plus:

- Measuring management turnover
- Monitoring labour cost control vs budget

<table>
<thead>
<tr>
<th>Question</th>
<th>Mean* Feb 2016</th>
<th>Mean* Feb 2015</th>
<th>% Diff Year on Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>It’s easy to explain our offers and pricing to customers</td>
<td>2.96</td>
<td>1.96</td>
<td>51%</td>
</tr>
<tr>
<td>How happy are you with environment you work in everyday?</td>
<td>2.96</td>
<td>2.61</td>
<td>13%</td>
</tr>
<tr>
<td>I’m 100% clear on how you measure how well I’m doing at my job</td>
<td>2.59</td>
<td>2.38</td>
<td>9%</td>
</tr>
<tr>
<td>I have enough time at work to get everything done that I need to</td>
<td>2.4</td>
<td>2.22</td>
<td>8%</td>
</tr>
<tr>
<td>I love getting customers excited about wine</td>
<td>3.73</td>
<td>3.49</td>
<td>7%</td>
</tr>
<tr>
<td>I always share new ideas about how we could be doing things better</td>
<td>3.08</td>
<td>2.91</td>
<td>6%</td>
</tr>
<tr>
<td>You pay me the right amount for what I do</td>
<td>2.22</td>
<td>2.1</td>
<td>6%</td>
</tr>
<tr>
<td>I get to work with people with a real mix of backgrounds and experience, where everyone is included</td>
<td>3.11</td>
<td>2.96</td>
<td>5%</td>
</tr>
</tbody>
</table>

* Scoring out of 5
SO WHAT’S NEXT:

- Creating good jobs for great people
  - Improve our engagement index
  - Improve our labour turnover

- Building an engaged productive team

- Embed systematic learning & development solutions

- Create a learning culture

- Be innovative and future proof our approach to People

- Maximise our opportunity at Peak
Richard Weaver
Buying & Merchandising Director

“Taking Majestic back to its roots”
THE PLAN

1. RIGHT RANGE IN THE RIGHT STORE
2. UNIQUE WINES WITH STORIES
3. BRANDS QUALITY & VALUE
RIGHT RANGE, RIGHT STORE

BUILDING A MERCHANDISING FUNCTION

ENTRY PRICED NEW WORLD:

17% of sales

9% of sales

WINES OVER £15:

5% of sales

10% of sales

Stourbridge

Wimbledon
HOW WILL THIS WORK?

Core
(Distributed in all stores, on an ongoing basis)

WIGIGs – when it’s gone it’s gone
(Distributed in all stores, only last 1-2 months)

<table>
<thead>
<tr>
<th>Party Bolt-On</th>
<th>Nearly Core Bolt-On</th>
<th>Premium Bolt-On</th>
</tr>
</thead>
<tbody>
<tr>
<td>New World Bolt-On £ 18</td>
<td>New World Bolt-On ££ 18</td>
<td>New World Bolt-On £££ 18</td>
</tr>
<tr>
<td>Old World Bolt-On £ 18</td>
<td>Old World Bolt-On ££ 18</td>
<td>Old World Bolt-On £££ 18</td>
</tr>
<tr>
<td>France Bolt-On £ 18</td>
<td>France Bolt-On ££ 18</td>
<td>France Bolt-On £££ 18</td>
</tr>
</tbody>
</table>
HOW WILL THIS WORK? STOURBRIDGE...

Core
(Distributed in all stores, on an ongoing basis)

WIGIGs – when it’s gone it’s gone
(Distributed in all stores, only last 1-2 months)

Nearby Bolt-On

<table>
<thead>
<tr>
<th>Product</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>New World Bolt-On</td>
<td>£18</td>
</tr>
<tr>
<td>Old World Bolt-On</td>
<td>£18</td>
</tr>
<tr>
<td>France Bolt-On</td>
<td>£18</td>
</tr>
</tbody>
</table>

Premiun Bolt-On

<table>
<thead>
<tr>
<th>Product</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>New World Bolt-On</td>
<td>££18</td>
</tr>
<tr>
<td>Old World Bolt-On</td>
<td>££18</td>
</tr>
<tr>
<td>France Bolt-On</td>
<td>££18</td>
</tr>
</tbody>
</table>

Core
437 products

WIGIGs – when it’s gone
15 products
**HOW WILL THIS WORK? WIMBLEDON...**

### Core

(Distributed in all stores, on an ongoing basis)

- 437 products

### WIGIGs – when it's gone it's gone

(Distributed in all stores, only last 1-2 months)

- 15 products

#### Nearly Core Bolt-On

<table>
<thead>
<tr>
<th></th>
<th>18</th>
<th>18</th>
<th>18</th>
</tr>
</thead>
<tbody>
<tr>
<td>New World Bolt-On £</td>
<td>18</td>
<td>New World Bolt-On ££</td>
<td>18</td>
</tr>
<tr>
<td>Old World Bolt-On £</td>
<td>18</td>
<td>Old World Bolt-On ££</td>
<td>18</td>
</tr>
<tr>
<td>France Bolt-On £</td>
<td>18</td>
<td>France Bolt-On ££</td>
<td>18</td>
</tr>
</tbody>
</table>

#### Party Bolt-On

- 18

#### Premium Bolt-On

- 18

---

34
How do we make sure we have the right products and the right amount of products for each store's customers?

<table>
<thead>
<tr>
<th></th>
<th>32 shelves</th>
<th>4 shelves</th>
<th>4 shelves</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bolt-On 1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bolt-On 2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bolt-On 3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bolt-On 4</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Core**

(Distributed in all stores, on an ongoing basis)

**HOW WILL THIS WORK? WITH FINE WINE**
BUILD ON A SIMPLE CORE TO ADD EXCITEMENT

Until September we had 5 unique ranges, guess how many we have now? 194
CREATING A CUSTOMER JOURNEY

New Merchandised areas to focus on points of difference:

- Hotspot
- WIGIG
- Off the Beaten Track
- Definition
- Last Chance to Buy

Range discipline to match the store space
HIGHLIGHT WHAT MAKES US DIFFERENT

Off the beaten track: wines from less established regions

Definition: our award winning own brand for discovery

“Unique Wines with Stories”

WIGIG: “when it’s gone, it’s gone”
BUILD STONG BRANDS OF OUR OWN

PARCEL SERIES
7 SKUs from undisclosed sources
Well below their normal price
Launched in September – first wine sold out in less than a fortnight

LAY & WHEELER
Introductory fine wine range
Developed jointly by MW & L&W teams
Top producers from Bordeaux, Burgundy, Italy and Spain
6 SKUS at launch

KING OF HOPS
Our own craft beer range
Doubling in size to 4 SKUs for peak
Craft lager from Meantime
Golden Ale from Hogsback

VALLEE ANTIGUA
£5.99 Chilean tertiary label
Result of extensive tender process
Striking packaging
First test of new sourcing style
AND OUR MULTI-AWARD WINNING DEFINITION RANGE

INTERNATIONAL WINE CHALLENGE GOLD SILVER AND BRONZE AWARDS

OWN LABEL BRANDS NOW ACCOUNT FOR 2.6% OF TOTAL SALES
OUR VALUE PROPOSITION

COMPETITIVE ON PRODUCT

1. **We target the £8 sweet spot**
   - Healthy volumes
   - Healthy margin
   - Customers value specialist advice
   - Our model gives us a buying advantage

2. **Aim to**
   - Match supermarkets on key brands/price points
     - we offer a price match guarantee
   - Offer the best value basket year round

3. **Use exciting products to beat the market**
Your money back if your wine’s not delicious

Summary
John Colley
Managing Director
WE’RE READY FOR CHRISTMAS

- We have:
  - The Plan
  - The Resource
  - The Stock
  - The Promotions
  - Improved home delivery
  - The people
IN SUMMARY..

**WHY IS ENGAGING OUR TEAMS SO IMPORTANT?**

Our people are the key to customer loyalty...

...and customers value them highly...

...We are making progress reducing turnover.

**MY JOB: GROW SALES BY GROWING CUSTOMERS RATHER THAN BRANCHES**

**WELCOME PROCESS**

**TEST & LEARN**

**MULTICHANNEL**

FOR NEXT YEAR

---

**HIGHLIGHT WHAT MAKES US DIFFERENT**

- Off the beaten track, where there are fewer established brands.
- Off-the-shelf products enable winning our own brand.
- WHERE: "when it’s gone, it’s gone!"
IN SUMMARY..

1. We have a good team
2. A simple plan, on track
3. A disciplined environment
Rioja Reserva Viña Ardanza 2005/07, La Rioja Alta

Grape: Tempranillo, Garnacha

Flavours: Cherry, Spice, Redcurrant

"plenty of cigar ash, incense and leather along with hint game. But the palate was drying out a bit. Another bottle showed much fresher, with a great classical Rioja profile. This is very affordable making it a superb value for what it delivers"

Luis Gutiérrez – The Wine Advocate

MIX SIX OR MORE

£23.25

£17.43

Save 25%
WINE PRICES AND IMPACT OF STERLING

- Majority of COGS in sterling (NB: Duty)
- 85% hedged for FY2017 with currency purchased pre-Brexit
- Duty and other local costs unaffected
- Creative sourcing to maintain margins at key price points

COGS BY CURRENCY

- 75% STR
- 22% EUR
- 2% USD
- 1% NZD
- 1% AUD
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