



AUSTRALIAN VINTAGE LTD

A large, stylized silhouette of a grapevine with leaves and clusters of grapes, rendered in shades of orange, red, and brown, positioned on the left side of the slide.

**Momentum Building
Strong Cash Flow
Improved Underlying Performance**

2008 Interim Results, 27 February 2008

Disclaimer

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Before making an investment in Australian Vintage, the investor or prospective investor should consider whether such an investment is appropriate to their particular investments needs, objectives and financial circumstances.



Today's Agenda

Overview

David Clarke

Business Review

Dane Hudson

Outlook

David Clarke



Top Line Results

- Momentum building
 - Sales up 0.5% versus last year to \$133.1 million
 - Branded product sales up 24%
 - Margins ahead of last year
- Strong cash flow
 - Operating cashflow, before significant items and tax, \$18.6 million higher than prior year
 - Net debt to equity 43% (Dec 06: 44%)
- Improved underlying performance
 - EBIT \$10.4m, up 47% before significant items
 - NPAT \$3.3m, up 52% before significant items



Key Financials: Building brands and improving margins

\$M		2006	2007	Change (%)
Sales	- Branded*	63.6	78.6	+24
	- Non Branded	61.7	47.1	-24
	- Vineyard Income	7.1	7.4	+4
	Total	132.4	133.1	+0.5
EBIT	(before Significant Items)	7.1	10.4	+47
EBIT	(after Significant Items)	4.9	6.7	+36
NPAT	(before Significant Items)	2.1	3.3	+52
NPAT	(after Significant Items)	0.59	0.64	+8

* Branded includes Australian Vintage own brands and exclusive labels (where trademarks owned by Australian Vintage)





AUSTRALIAN VINTAGE LTD



Business Review
Dane Hudson

Strategic initiatives unchanged for over 18 months...

- Grow Export
- Build (and Buy) Defendable Brand
- Maintain Low Cost Position

... and gaining traction



Solid progress achieved; flowing into results

Strategic Priorities

Recent Results

-
- | | |
|--|--|
| <ul style="list-style-type: none">• Grow Export | ✓ <ul style="list-style-type: none">• New distributor relationships working<ul style="list-style-type: none">- Bottled dollar sales +12%- Margins +4 points• Reducing reliance on speculative bulk wine sales |
| <ul style="list-style-type: none">• Build (and Buy) Defendable Brands | ✓ <ul style="list-style-type: none">• Export Branded/Exclusive Label +50%• Domestic trading off sales versus margins working: bottled sales +5% growth; margins +4 points• Nepenthe performance on track• Introducing new innovative brands |
| <ul style="list-style-type: none">• Maintain Low Cost Position | ✓ <ul style="list-style-type: none">• Exiting or increasing utilisation of under-performing assets• Ongoing operational and system improvements |
-



Grow Export

- New relationships expanding the business
 - WaverleyTBS and Groupe LFE
 - Asian distribution increasing: more branded bottled, less low priced bulk sales
 - Established new partnership with Metro Cash & Carry Group (585 stores worldwide) for exclusive range of regional Australian wines
 - Further opportunities exist due to other Australian wine company distributor consolidations
- Tesco relationship remains very strong; working with them around world

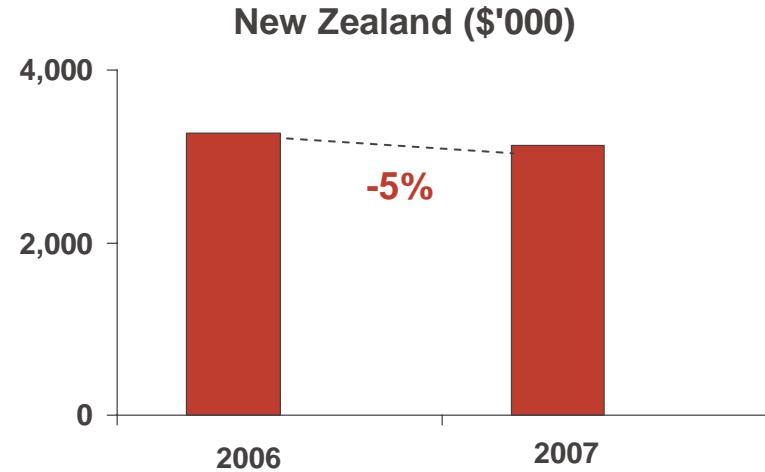
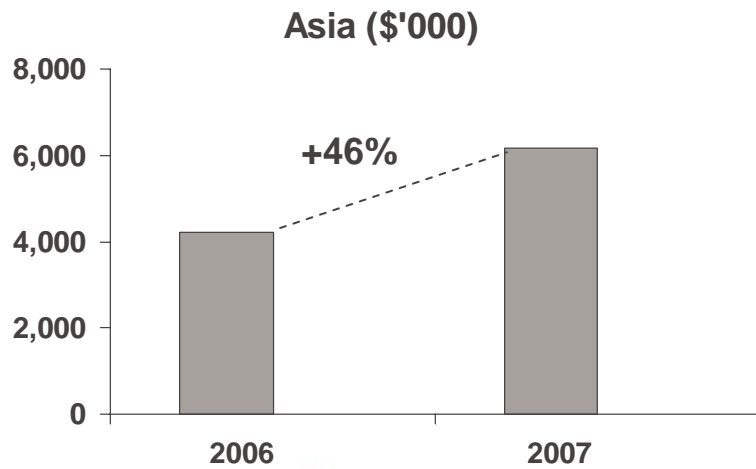
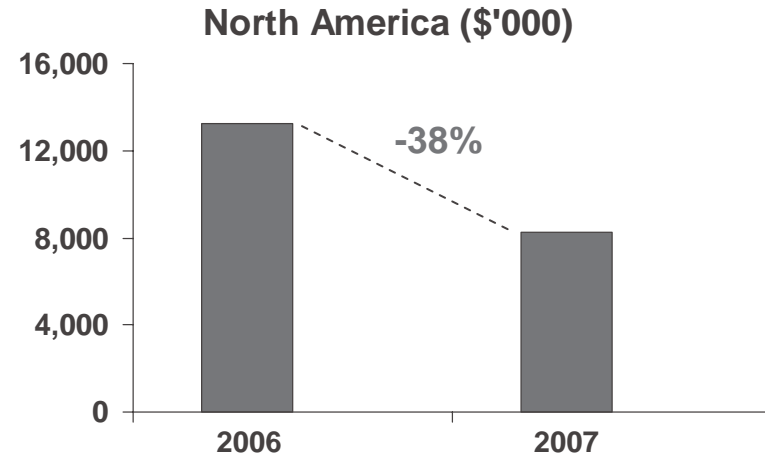
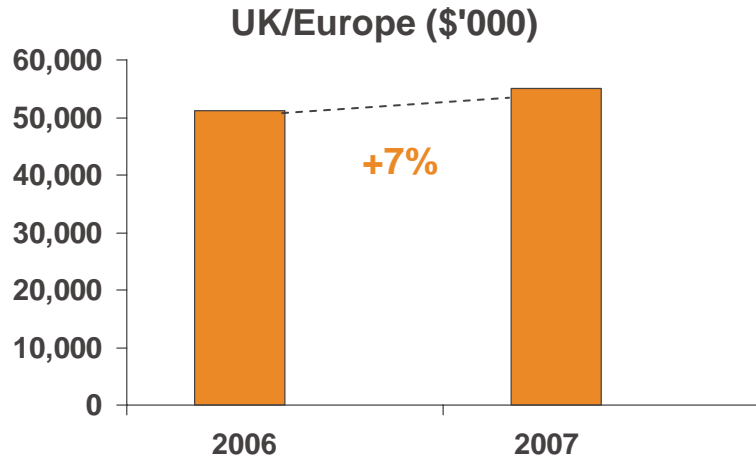


Grow (Export continued)

- North America challenging but innovation and dedicated resourcing will deliver improved results
 - Purchased Billyrock Station brand.
 - Identifying new distribution opportunities
 - Building direct retail relationships for branded and private label
- High A\$ will remain a hurdle in US
 - However wines priced at +\$9 grew 13% YOY and are 40% of the market



Export – First Half Sales Performance



Build & Buy Defendable Brands: Approach unchanged using proven FMCG strategies

- Cautiously invest in sales driving promotions
- Target to break through clutter with difference not absolute spend
- Introduce, or buy brands that complement our portfolio
- Provide highest quality product at best price



Focus on value adding promotions...



CAPTIVA

The
**BLACK
Label**

**WIN
A
HOLDEN
CAPTIVA
SUV**

WORTH \$36,000

**PLUS A CASE OF BLACK LABEL
TO BE WON EVERY DAY**

WIN

Simply purchase any bottle of McQuigan Black Label wine for your chance to win

See in store poster or log onto www.mcquiganwines.com.au for entry details and full terms and conditions.



**PASSION
POP**

Win
a trip for 2 to
NEW YORK
for the ultimate
makeover!

PLUS 8
\$500 Sportsgirl
vouchers to
be won!

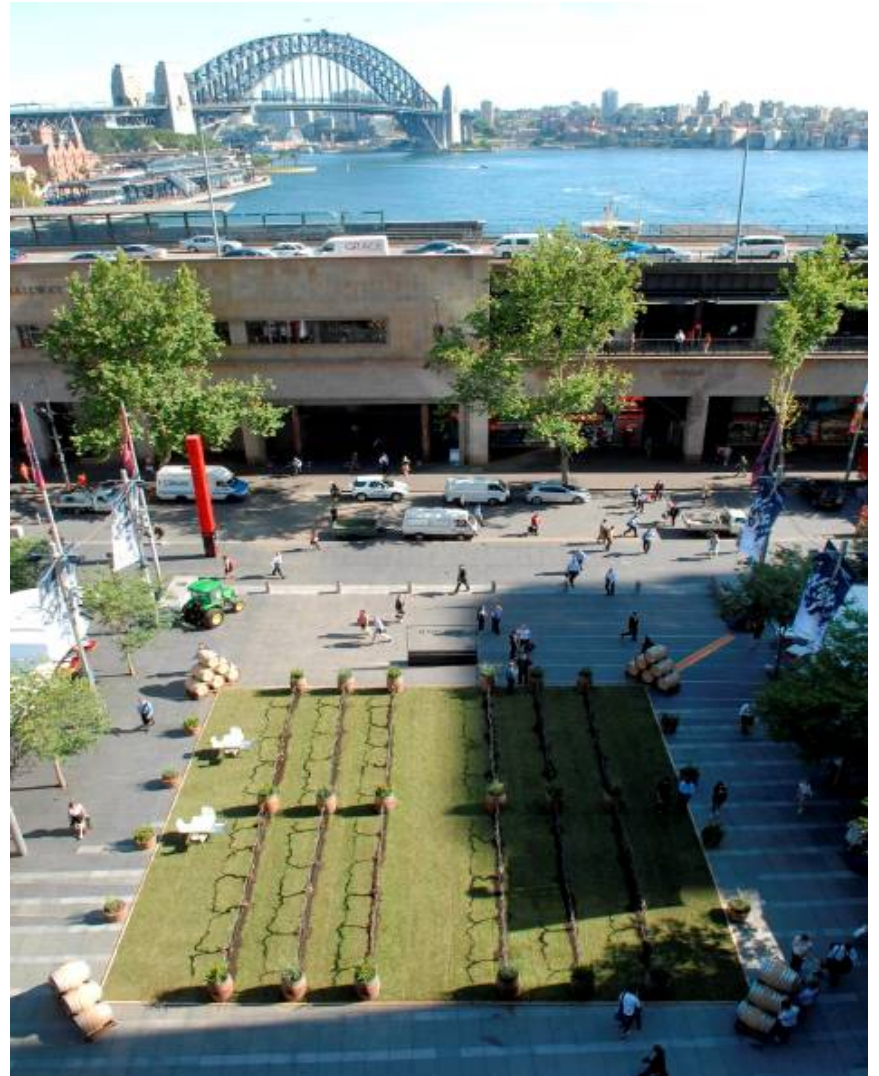


... and innovative communication like the City Vineyard

New McGuigan Discover Range



...launching City Vineyard
in London in July



Launching new innovative products with points of difference

Y Generation

... fun, funky brand



Lifestylers

... embrace the art of fine Australian wine



My Timers & Y Generation

... sustainable resource initiative, 'Tree Free' unoaked



Finally, building great brands requires quality products obtaining third party endorsement

**McGuigan: Winner,
2008 Sydney Royal Wine
Show... Exhibitor
gaining the highest
number of points in the
Premium Classes,
Current Vintage...**

*"...while a lot of rosés are too big and sweet,
this one is thoroughly up to date in style and
has some real finesse about it... clean and fresh
and decidedly more-ish, with just enough fruit
sweetness to ensure you want another glass..."*
Winsor Dobbin on McGuigan Discover Rosé,
Sun Herald 20 Jan 08

*These are smart wines, easy-to-drink and of
exceptional "value..." (McGuigan Discover Range)*
John Fordham, Sunday Telegraph 25 Nov 07

*"It looks amazing and drew the crowds like
bees to honey...." (City Vineyard)*
Huon Hooke, Good Living, SMH, 4/12/07



Sales confirm strategy working

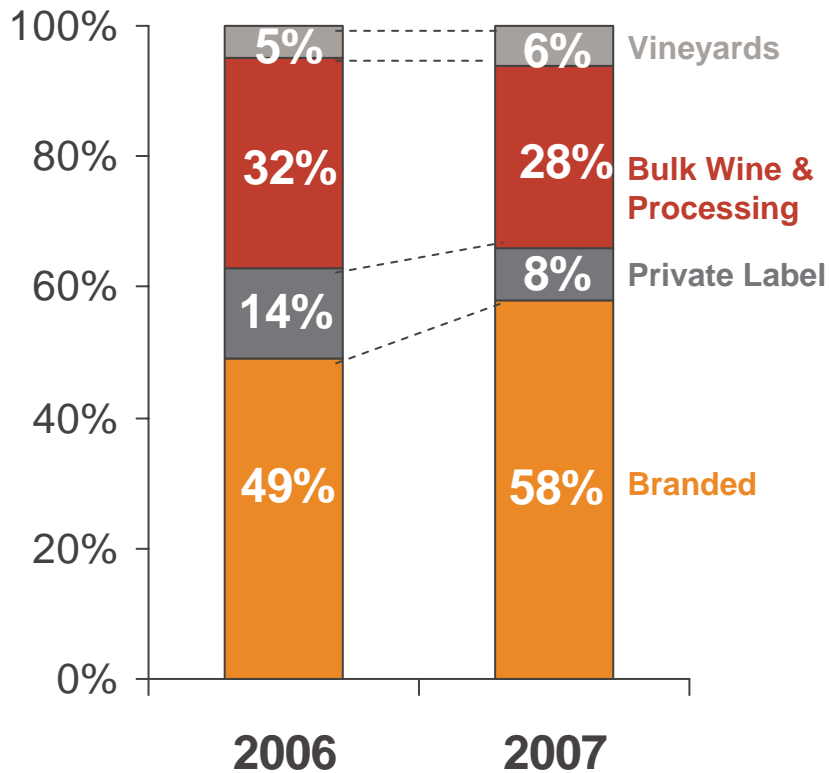
First Half Branded Sales

	Case Sales ('000)			Dollar Sales (\$'000)		
	2006/07	2007/08	% Change	2006/07	2007/08	% Change
Total Export Branded	754	1,002	+33	28,965	43,605	+50
Australian Branded	1,158	1,068	-8	34,593	34,966	+1
Total	1,912	2,070	+8	63,558	78,571	+24%

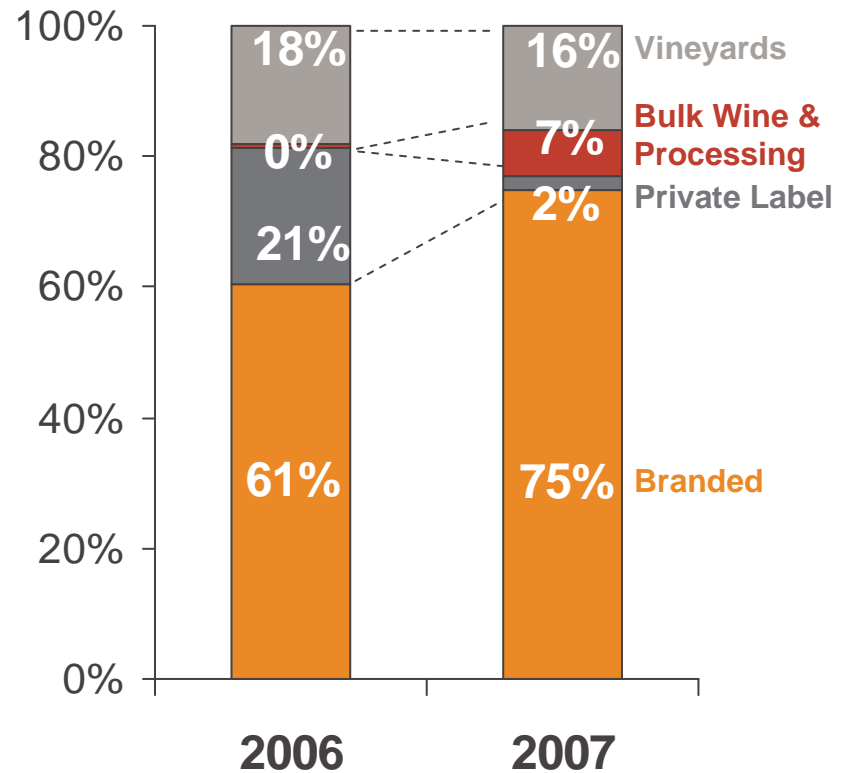


Achieving objective of growing branded sales as percentage of total business

Revenue
(6 months to December)



Segment Profit
(6 months to December)



Remain Low Cost Producer by consolidating operations around Mildura (Buronga Hill Winery and Merbein Packaging)...

- Exited under-utilised assets (Griffith Winery, Tower Estate Investment, Hunter Ridge Winery, Vineyard and Warehouse) yielding approximately \$20 million in cash
- Increased utilisation at Merbein with Cask line and Premium line move from Griffith – total capacity now +6 million cases, up from 4.2 million
- Relocated warehousing and distribution to GTS in Mildura from Griffith



And improving and simplifying business systems and practices

- JDE financial system fully implemented
- Improving national stock allocation and management system
- Restructured/reduced contract grower base by 60%



Australian Vintage's integrated strategy is working

- Branded sales momentum
- Gross margin up across all parts of the business through product mix shifting and price increases
- EBIT up 47% to \$10.4m before significant items
- Structural and system changes will cement Australian Vintage as lowest cost producer



And, to repeat, operating cash flow well up on last year

\$ '000	2006	2007
Receipts from customers	148,144	158,733
Payments to suppliers and employees	(150,614)	(141,366)
Financing costs (net)	(4,626)	(5,871)
Cash flow from operating activities before significant items and tax	(7,096)	11,496
Payment for temporary water licences	-	(8,611)
Payments relating to re-organisation of overseas distribution agreements	-	(4,407)
Income tax received/(paid)	(2,689)	2,190
Net cash provided by/ (used in)	(9,785)	668



Many positive outcomes achieved over last six months, but risk remains

- Total vintage for 2008 still uncertain, although we will crush more tonnes than vintage 2007
- Higher costs for vintage 07 coming through, but targetting to offset through further price rises
- High Australian dollar remains a hurdle
- Very competitive market place



Driving strategic priorities will generate further improvement

- Grow Export
- Build (and Buy) Defendable Brand
- Maintain Low Cost Position





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Outlook for Second Half 2007/2008

Competitive Environment

- Smaller Vintage 2007 and uncertain 2008 are pushing up prices:
 - Domestic cask and branded prices increasing
 - Export prices increasing, particularly bulk
- Branded wine margins improving
 - Competitive environment but more sustainable prices and margins occurring
 - Strong brands will survive and grow, but need innovative marketing
- Australian wines are respected globally, but
 - The higher Australian dollar and higher costs will be a challenge
 - Volumes unlikely to continue strong historic growth



Vintage '08 – Industry returning to balance

- Vintage 2008 likely to be broadly in line with 2007
 - Drought and water restrictions
 - Many companies and individuals bought water to ensure adequate crop levels
- Industry estimates are around to 1.4 million tonnes
- Australian Vintage owned vineyards likely to crop at normal levels due to significant purchase of water (\$8.6 million leased and \$5.3m purchased)
- Will update market post vintage



Outlook

- Vintage '08 expected to be broadly in line with '07
- Own vineyards to crop better than 2007
- Remain confident in achieving a small profit



Questions



Back up



Additional Information – EBIT to 31 December 2007

	2006	2007
	\$'000	\$'000
Profit for the Period	594	643
Adjust for:		
Tax (benefit) / Cost	(571)	190
Finance Cost	5,486	6,207
Interest Revenue	(644)	(385)
EBIT	4,865	6,655



Additional Information – Significant Items to 31 December

	2006 \$'000	2007 \$'000
Profit on disposal of winery and vineyard assets	-	2,981
Costs associated with the re-organisation of overseas distribution agreements	-	(4,407)
Costs associated with exiting Grande Junction Development	(2,220)	-
Prior Year international rebate claim	-	(1,239)
Costs associated with re-organisation of domestic distribution operations	-	(1,076)
Significant items before tax	(2,220)	(3,741)
Applicable Tax	666	1,122
After Tax	(1,554)	(2,619)

