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Annual General Meeting

22 November 2006



Today's Agenda

Performance Summary

David Clarke

Business Update

Dane Hudson

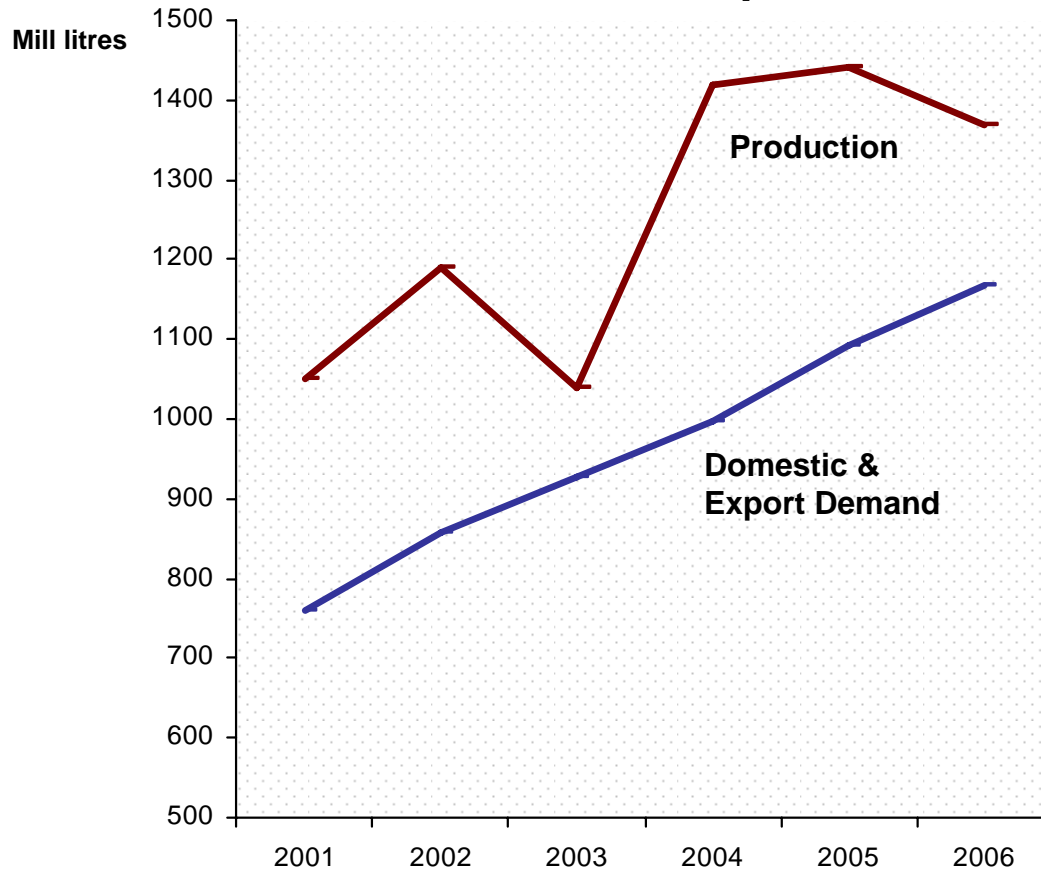
Formal Proceedings

David Clarke



Oversupply remains the biggest challenge for MSWL

Australian Wine Production & Export Performance





2006: A new reality in the wine industry

- **Deflationary pricing continuing:**
 - Oversupply: Australia and overseas
 - Continuing retail consolidation
 - Stock written down to reflect true value
- **Industry instability**
 - Competing to survive

But:

- Some firming of bulk wine prices
 - The global market is growing
 - MSWL in strong position to compete
-



2005/06 Top Line Results

- **Sales off 1%**
 - **Cash Flow from operating activities \$32.9m**
 - **Net debt reduced by \$22.7m**
 - **NPAT (pre stock write down) down 54% to \$17.5m**
 - **Inventory write down \$29m after tax**
 - **No final dividend**
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Summary

- **Disappointing financial result in a very difficult year**

But when the cycle turns MSWL is in a strong position

- **UK business a strength**
 - **Merbein successfully integrated**
 - **Smooth CEO transition**
 - **Volumes for first half of 2006/07 are sound but low margin**
 - **Forecasting half year result less than 50% of prior corresponding period**
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Business Update
Dane Hudson



World wine consumption increasing

Country & Cases	2006 Growth
Nth America - 296m cases	+ 4%
UK - 150m cases	+ 3%
Asia – 135m cases	+ 5%
Australia - 48m cases	+ 0.2%



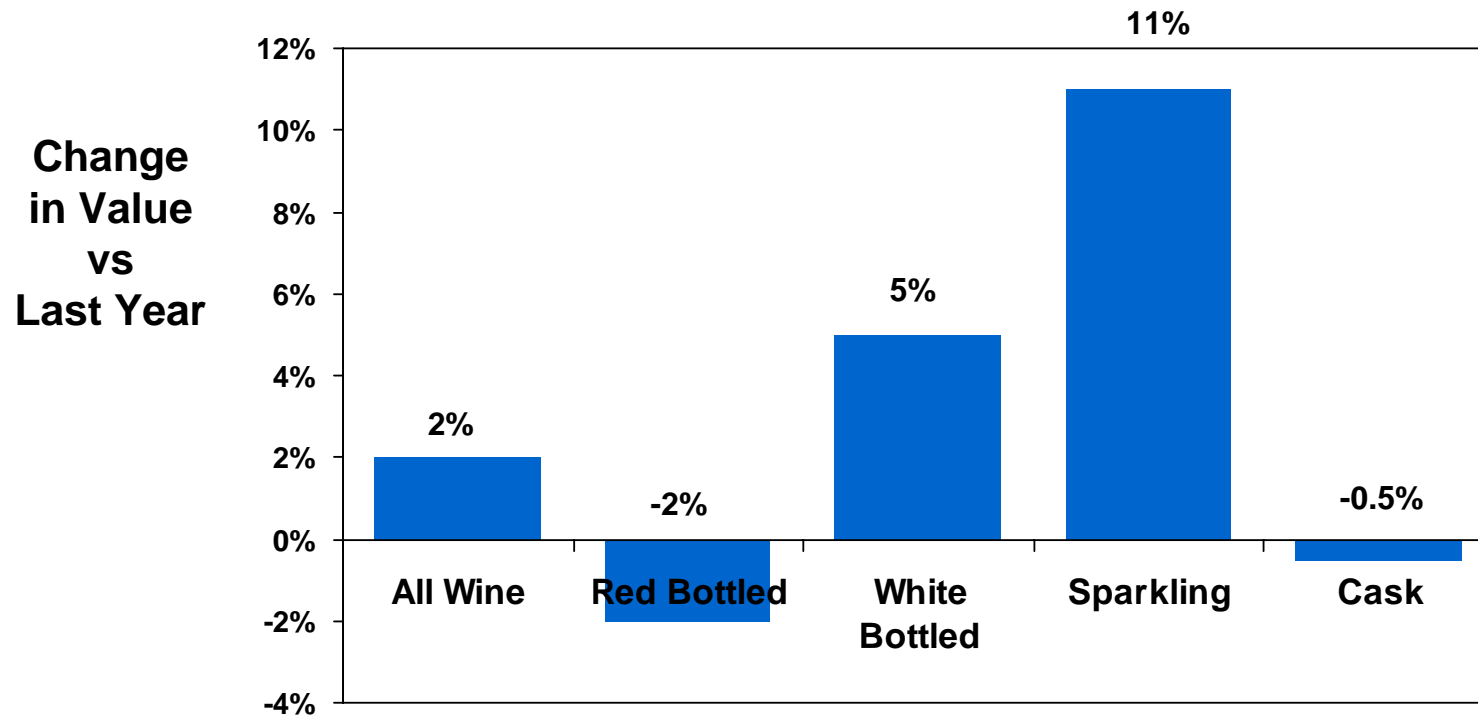
Australian wines remain attractive

2005/2006 Export Performance

	Volume (ml)	YOY Growth
UK	269	+ 2 %
North America	265	+ 15 %
Europe	128	+ 8 %
Asia	39	+ 13 %
Total Export	738	+ 12%



Australian consumption solid





Oversupply unlikely to clear before 2009

- **Likely 700 million to 1 billion litres in excess stock today**
 - **Clearing oversupply will be challenging**
 - **However a poor harvest in 2007 and/or 2008 would have a significant impact**
 - Severe drought conditions across Australia
 - Frosts have impacted multiple regions across Australia
 - **Confident the industry will improve; the only question is timing**
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MSWL positioned to meet market challenges

- **Excellent international business**
 - **Broad Australian distribution**
 - Close relationship with Independents
 - Growing business with Majors
 - **Solid brands**
 - Punches well above marketing weight
 - Products well positioned in today's value market
 - **Lean and nimble organisation; experienced team**
 - **Low cost producer**
-



Achieved double digit volume growth in tough market

	2005/06 Volume (million litres)	% Change Versus Prior Year
Export	76.7	21
Domestic	74.0	-6
Contract Winemaking	36.4	27
Total	187.1	10



Delivered record cash flow growth

Cash Flow (\$m)	2005/06	2004/05	Var
From Operating Activities	32.9	2.1	30.8

Repaid \$23m of Net Debt

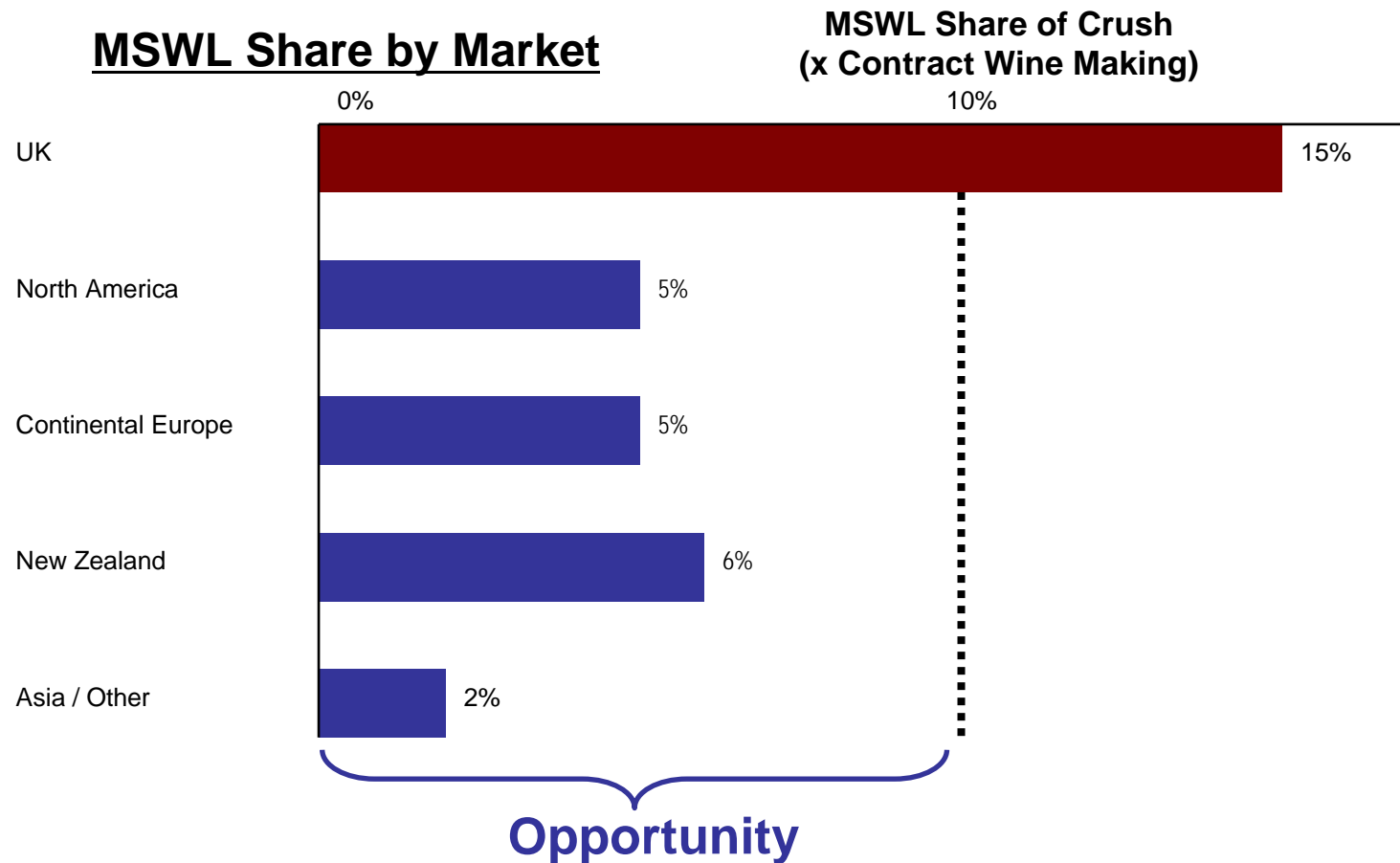


Strategic Priorities very clear

- **Grow export**
 - Build on UK strength
 - Generate North American growth
 - Place “irons in the fire” in non core markets with focus on Asia
 - **Build (and buy) defensible brands**
 - Consolidate/grow home market position through rejuvenated marketing and product mix management
 - Grow branded and private label business
 - Remain open to acquisitions
 - **Maintain low cost position**
 - Drive Merbein packaging
 - Capture supply chain savings
 - Maximise asset utilization: Wineries and Vineyards
-



Export opportunity is significant





“McGuigan” fastest growing wine brand in UK over last 12 months

McGuigan Gold rose to No 31 (+420% sales change MAT to May 06)



McGuigan's recorded growth of 972% to debut at No 28 on Top 50 UK Supermarket Brands List in sales.



International branded growth continuing

- **New Markets for Branded Sales:**
 - Iceland
 - Japan
 - Russia
 - Vietnam
 - **Branded Bottled growth up 20% so far this financial year**
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Building defensible brands large opportunity in Australia

- MSWL branded market share approximately 4%; well below crush percentage of 10%
- Brand awareness figures low but provide significant brand growth and awareness opportunities

Brand Awareness	%	Brand Awareness	%
Jacobs Creek	88%	Hardy's	72%
Brown Brothers	86%	McWilliams	69%
Penfolds	84%	Tyrells	47%
Lindemans	82%	McGuigan	42%
Rosemount	78%	Devils Lair	19%
Wolf Blass	77%	Tempus Two	9%
Yalumba	74%		



Initiatives in place to build brands

- Reworking brand/product portfolio
- Reviewing sales force effectiveness by benchmarking vs. FMCG best practices





New McGuigan Black Label Packaging





Product price points an issue... but an opportunity

Retail Price Point Range	Core Bottled Products	Approx MSWL Share of price segment
Below \$10	Black Label	9%
	Somerton	
	Passion Pop	
\$10 - \$20	Bin Range	1%
	Earth's Portrait	
	High Country	
	Tempus Two Varietals	



New Tempus Two Copper Range an example of “right product, right price point”



Moscato



Mélange
à Trois



Wilde
Chardonnay



Cabernet
Merlot



New Tempus Two Copper Range an example of “right product, right price point”

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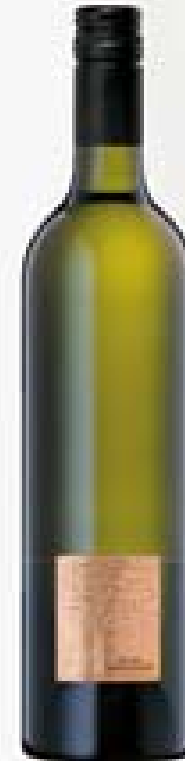
TASTINGS

TOP AUSSIE WHITE

Tempus Two Wilde Chardonnay 2005

A wild child indeed, this is a complex chardonnay with smoky, toasty barrel ferment, and slightly sulfidic characters, possibly influenced by wild-yeast fermentation. The palate is clean and dry with good length and, again, lots of feral flavours. **90/100**

Food prawn dumplings





Priorities are clear at this stage of the cycle

Tactical Priorities

- Reduce excess stocks and maximise cash flow
- Maintain fixed cost leverage through contract wine making and bottling

Strategic Imperatives

- Grow Export
 - Build Defendable Brands
 - Maintain Low Cost Leadership
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