



AUSTRALIAN VINTAGE LTD

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**AUSTRALIAN VINTAGE LTD
VINTAGE REPORT AND TRADING UPDATE**

Australian Vintage Ltd (ASX: AVG) today announced it has bucked industry trends of falling wine exports and, subject to audit of accounts, should report an increase in volume of sales of close to 10% and a 7% increase in net dollar sales for the current financial year.

In a vintage and trading update, Australian Vintage Chief Executive Dane Hudson said:

“The harvest finished last month and we’ve processed 163,000 tonnes, which was 11% below last year’s throughput of 183,000 tonnes. The quality is good, with some excellent parcels, particularly from our premium vineyards in South Australia. We are also pleased with the grapes coming from our vineyards in Sunraysia and the Riverland.

“Subject to audit, our total sales for the year will be up around 10% in terms of volume and over 7% in dollars. This sales increase was predominantly driven by export with full year net sales more than 10% above last year. This is a strong result when you consider that the value of total Australian wine exports has declined over the last 12 months by around 14%.

“Importantly our focus on brands continues to pay off with solid branded volume and sales growth in most markets around the world. In the UK, Off License News just reported that based on Nielsen scan data our McGuigan brand grew by 32% in the off trade last year. This is a great result in a tough market.

“We have continued to work hard on the priorities that we outlined at our half year results presentation in February 2009 and have made good progress,” Mr Hudson said.

Actions taken over the past few months include:

- The sell-down of over \$10 million of excess bulk wine.
- On 30 April Indage failed to complete the purchase of Loxton Winery however the \$6 million deposit that was paid is not refundable and has been banked. AVG will continue to run Loxton at low cost while pursuing other sale options and legal recourse against Indage.
- A further \$5 million in operating costs removed from the business through a range of initiatives including headcount reductions and discretionary spending cuts.
- Third party grape purchases were reduced by \$4 million, compared with last year, due to lower tonnage, exiting of contracts and reduced market pricing.

“As a result of this work we have been able to maximise our cash flow and we’ve reduced our debt level from its peak of \$170 million at the end of December 2008,” Mr Hudson said. “As indicated in February, we remain on track to deliver a small operating profit this year, excluding the significant items provision we took up in the first half of the year”.

Australian Vintage Ltd will provide a full year update of its result on 26 August 2009.

Further information

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