

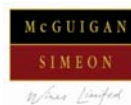


McGuigan Simeon Wines Limited Full Year Results 2006

A disappointing result but opportunities are clear

Today's Agenda

Overview	David Clarke
Business Review	Dane Hudson
Outlook	David Clarke



2006: A very challenging environment....

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

But:

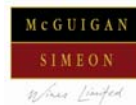
- The global market is growing
- MSWL in strong position to compete



3

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
- Write down \$29m after tax
- No final dividend

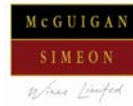


4

Key Ratios

	2006	2005
EBITA/ Sales Revenue	10%	16%
R.O.C.E (1)	7%	11%
Return on equity (2)	5%	11%
Gearing	42%	47%
Cashflow from operating activities	\$32.9m	\$2.1m
Net interest cover (3)	3.4	6.4

1. EBITA / net assets plus net borrowings
2. Net profit on equity
3. EBITA / net interest
4. All figures pre stock write down



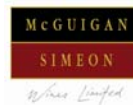
5

Full Year 2005/06

- Disappointing financial result in a very difficult year

But:

- UK business a strength
- Merbein successfully integrated
- Smooth CEO transition
- MSWL positioned to ride out a tough environment



6

Business Review

Dane Hudson

World wine consumption increasing

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

Australian wines remain attractive

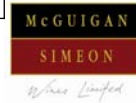
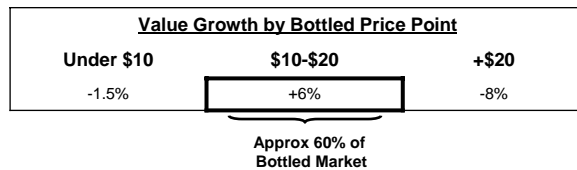
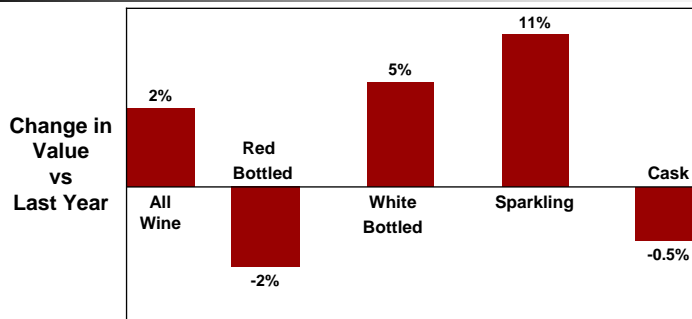
2005/2006 Export Performance

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



9

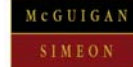
Local consumption solid



10

Approximately 1 billion excess litres in Australia

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Crush/Production (m tonnes)	1.917	1.925	1.846
Crush/Production (m litres)	1420	1425	1365
Sales:			
Domestic (ML)	414	426	435
Export (ML)	<u>575</u>	<u>657</u>	<u>725</u>
	989	1083	1161
Annual Oversupply	431	342	204
Cumulative Oversupply (ML)	431	773	977

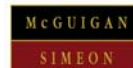


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11

Oversupply unlikely to clear before 2009

- Annual supply should equal annual demand around 2008
- Clearing excess will be challenging
 - US 2006 vintage 30% above prior year
 - South America and South Africa have low cost bases and are growing
 - Australian dollar unlikely to fall below US70c in near term
- However a poor harvest in 2007 and/or 2008 would have a significant impact
 - Lowest autumn/winter rainfall in South Australia for 25 years
 - Water restrictions occurring in Hunter Valley

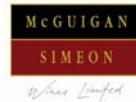


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12

Australian retail environment challenging

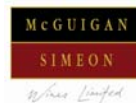
- **Wine companies fighting to clear stocks**
 - Cleanskins
 - Brand discounting
 - “Combo” sales: linking beer and wine
- **Retail consolidation increasing margin pressure**
 - Multiples transferring cost to suppliers
 - Acquisitions leading to more aggressive terms
 - Wine industry in same position as other FMCGs with margins structurally reduced for long term



13

MSWL positioned to meet market challenges

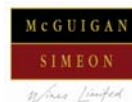
- **Excellent international business**
- **Broad Australian distribution**
 - Close relationship with Independents
 - Growing business with Majors
 - MSWL a necessary alternative to major producers
 - A “high bar” reduces the number of wine companies that can sell to large retail groups
- **Solid brands**
 - Punches well above marketing weight
 - Products well positioned in today's value market; dominant below \$10 price point
- **Lean and nimble organisation; experienced team**
- **Low cost producer**



14

Achieved double digit volume growth in tough market

	2005/06 ml	2004/05 ml	% Change
Export	76.7	63.4	21
Domestic	74.0	78.6	-6
Contract Winemaking	36.4	28.7	27
Total	187.1	170.7	10

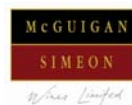


15

Delivered solid cash flow growth

Cash Flow (\$m)	2005/06	2004/05	Var
From Operating Activities	32.9	2.1	30.8
From Net Capital Expenditure	-12.9	-16.7	3.8

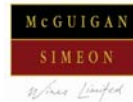
Repaid \$23m of Net Debt



16

Strategic Priorities very clear

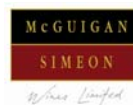
- **Grow Export**
 - Build on UK strength
 - Generate North American growth
 - Place "irons in the fire" in non core markets with focus on Asia
- **Build (and Buy) Defendable Brands**
 - Consolidate/grow home market position through rejuvenated marketing and product mix management
 - Grow branded and private label business
 - Remain open to acquisitions
- **Maintain Low Cost Position**
 - Drive Merbein packaging
 - Capture supply chain savings
 - Maximise asset utilization: Wineries and Vineyards



17

Structure and processes changed to capture opportunities

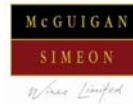
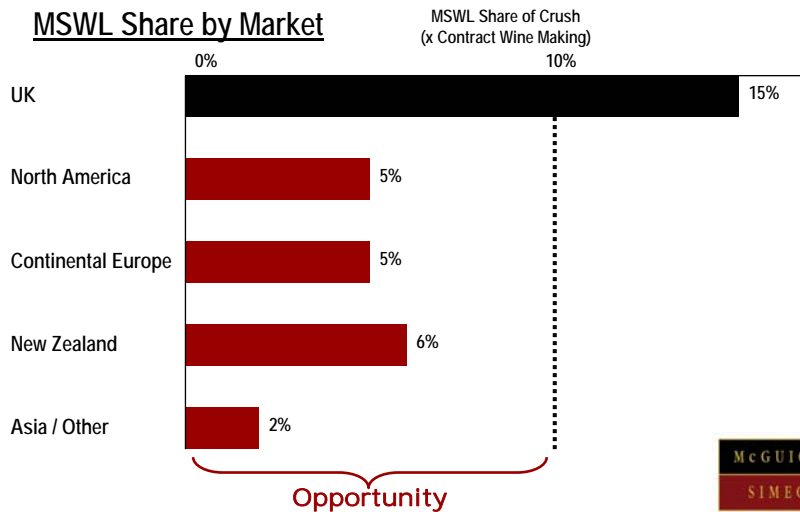
- **Restructured leadership group**
 - Lisa McGuigan promoted to Global Head of Marketing
 - Recruited experienced FMCG National Sales Manager, ex Arnotts and CCA
 - Created dedicated Export Leader and doubled size of team
- **Creating stronger discipline around key processes**
 - Establishing milestones to ensure progress
 - Focusing on improving execution



18

Export will drive MSWL faster than system growth

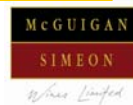
MSWL Share by Market



19

UK drove MSWL's growth in 2005/06

Full Year ending 30/6/06	2005/06 \$m	2004/05 \$m	Growth %	Comments
UK	145.8	86.5	▲ +69%	Strong relationships; Brand growth
North America	25.0	49.6	▼ -50%	Partly due to Black Swan move to bulk
Continental Europe	13.6	15.4	▼ -12%	Branded business growing but bulk volume down
New Zealand	7.5	10.5	▼ -29%	Bulk Volume down; Competitive market
Asia / Other	6.4	7.1	▼ -10%	Branded growing but bulk volume down
Total	198.3	169.1	▲ +17%	



20

UK: A replicable model of success

Initiative

Build strong retailer relationship through responsive on the ground sales team



- Volume growth across all retailers
- Extending Tesco relationship into USA and Asia

Grow branded business with differentiated offerings

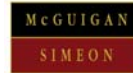


- McGuigan fastest growing wine brand in UK
- Branded bottled growth 100% -- will exceed Australian case sales in 2006/07

Utilize low cost position to grow private and exclusive label



- Bottled growth of almost 100%

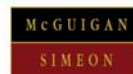


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21

Building defendable brands large opportunity in Australia

- MSWL branded market share approximately 4%; well below crush percentage of 10%
- Investing in market/consumer research
- Reworking product portfolio
 - Balancing Price points, Positioning, Range
 - Increasing focus on new product development
 - Growing private label business
- Reviewing Sales Force effectiveness by benchmarking vs FMCG best practices
- Brand Acquisitions likely – only if accretive

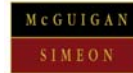


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22

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 Somerton Passion Pop	9%
\$10 - \$20	Bin Range Earth's Portrait High Country Tempus Varietals	1%



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23

Margins present challenges and opportunities

Challenges

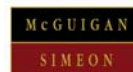
- Global over supply reducing bulk wine prices
- Retail consolidation
- Irrational supplier behaviour

Opportunities

- Supply chain opportunities
- Grape prices lower
- Merbein packaging costs lower than outsourced
- Restructuring higher cost vineyards and wineries
- Shifting product mix



Margins likely flat for 2006/07



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24

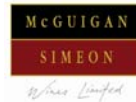
Priorities this year

Tactical

- Embed discipline around core processes
- Reduce excess stocks
- Maintain fixed cost leverage through contract wine making and bottling
- Maximise cash flow

Strategic

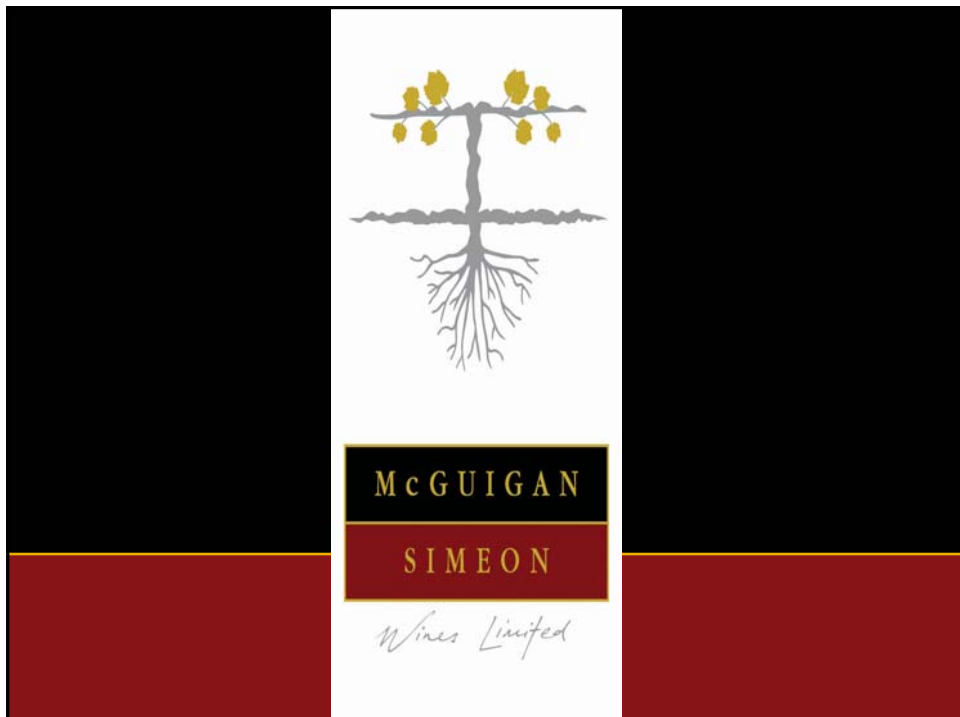
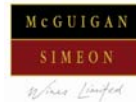
- Grow Export
- Build Defendable Brands
- Maintain Low Cost Leadership



Outlook:
2007

Outlook:

- Market will continue to be very competitive
- No change likely before 2009
- Targeting FY07 financial year similar NOPAT before significant items to FY06; but downside risk exists



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