



AUSTRALIAN VINTAGE LTD



OUTPERFORMING THE INDUSTRY

2008/09 FULL YEAR RESULTS
26 AUGUST 2009

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

Top Line Result

Market Overview

Progress against Strategic Priorities

FY10 Outlook

Questions



Top Line Results: AVL has successfully faced up to new industry model

1. AVL sales outperform industry

- Sales up 9% versus last year to \$288.3 million

2. Strong progress on cash flow and debt reduction

- Operating cash flow +\$17.7 million
- Debt (net of cash) down to \$145.2 million, from \$169.2 million on 31 December 2008 and from \$147.4 million on 30 June 2008
- New 2 year facility agreed with bank

3. Strategic plan execution on track

- Export and branded sales very strong
- Asset and grape supply restructuring almost complete

4. Underlying profit \$4.3 million

- EBIT \$16.5m, down 13.8% before significant items
- NPAT loss of \$123.6m after significant items

5. Positive outlook for FY10



Continuing pressure on Australian wine industry

- Supply of grapes remains above demand
- Water availability and costs an ongoing issue
- Australian dollar still high vs historical levels: 13 year high against £
- Purchaser power and economic conditions driving unsustainable pricing in UK
- Demand for Australian wines is down:
 - Australia's share of UK off premise wine sales down from 24.3% to 22% over last 12 months (Off Licence News July 09)
 - Australia's export value down 10% this year on top of 10% value decline in prior year



Long term issues and poor economics now forcing transformational change

- Major wine companies reducing grape supply
 - Non-renewal and/or buying out grower contracts
 - Selling/exiting vineyards
- Growers exiting, walking away or taking up Government offer
- Plenty of signals to discourage new entrants
 - Collapse of Great Southern
 - Over \$750m worth of vineyards for sale
 - Collapse of Neqtar Winery
 - Public wine industry related companies' asset revaluations and writedowns almost \$2 billion over last 2 years



AVL faced up to industry transformation starting in 2006

- Third party growers reduced from 90KT in V2006 to 42KT in V2009 and 25KT in V2011
- Exited 5 vineyards (1,400 acres) reducing intake by 7,200T of high cost grapes and decreasing cash costs of operating vineyards by over \$5m
- Sold/exited Hunter Estate, Griffith, Tempus Two and Nepenthe wineries saving over \$6m in cash costs. Predict Loxton sale within 12 months
- Drove sales, dramatically outperforming industry
- Reduced working capital, enhanced cash flow, paid down debt and locked in longer term financing



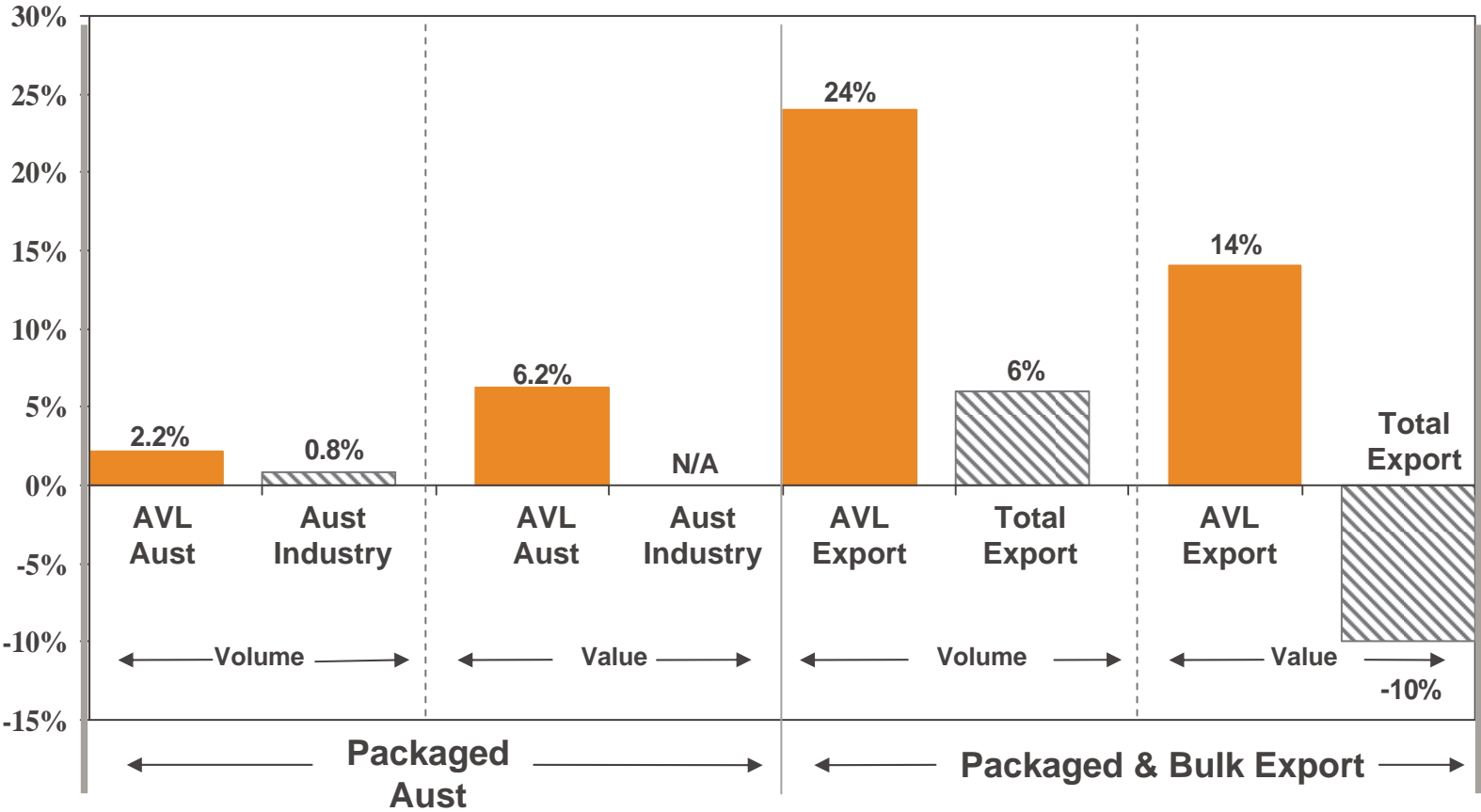
AVL's overriding objective to become a great commercial wine company with strong cash flow, solid production base and flexible supply

Strategic Priority	08/09 Progress
1. Grow Export Sales and Build Defendable Brands	<ul style="list-style-type: none"> ✓ Grew export sales 14% over prior year versus Australian industry decline of 10% ✓ Branded product sales up 3%
2. Restructure Asset Base and Maintain Low Cost Position	<ul style="list-style-type: none"> ✓ Exited vineyard arrangements and third party grower contracts reducing intake from 90,000T in V06 to less than 25,000T in V11 ✓ Significant restructuring with cash costs reduced by over \$15 million on annualised basis



FY09 Sales: AVL outperforms industry

AVL Change in Net Sales versus Prior Year



Branded strategy on track

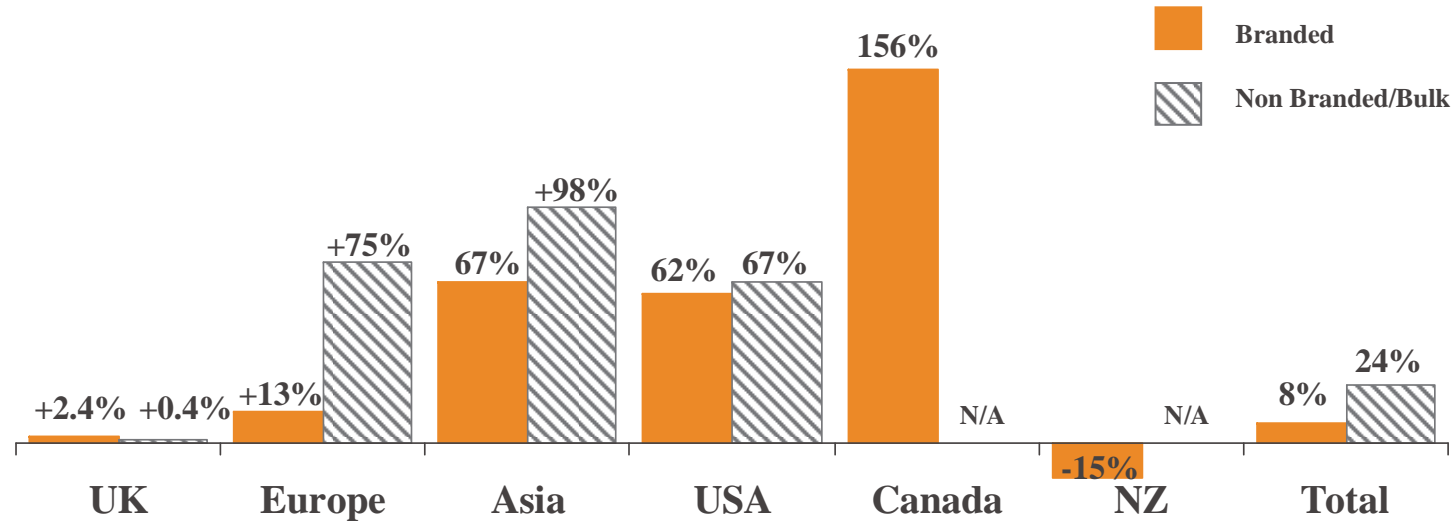
Full Year Branded Sales

	Case Sales ('000)			Dollar Sales (\$'000)		
	2007/08	2008/09	% Change	2007/08	2008/09	% Change
Export Branded	1,801	2,112	+17%	80,594	87,236	+8%
Australian Branded	1,743	1,521	-13%	60,737	58,910	-3%
Total	3,544	3,633	+3%	141,332	146,146	+3%



Export sales growth around the world and well ahead of Australian wine industry

AVL Net Sales
Growth vs
Prior Year



Change in Value of
Australian Wine
Exports

UK	-19%	Europe	-18%	Asia	+14%	USA	-0.6%	Canada	-18%	NZ	-12%	Total	-10%
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Brand McGuigan achieved solid growth driven by focus on quality and consumer promotions

Brand McGuigan Performance

Total Sales = \$59m

YOY Case Growth = 15%

YOY Net Sales Growth = 8%

Key Awards:

Shortlist Chardonnay 2007: 3 trophies at 2009 International Wine Challenge

Shortlist Shiraz 2006 and 2007: Best in Class at 2009 Pacific Rim Wine Challenge

Shortlist Cabernet Sauvignon 2006: Top 5 Cabernet Sauvignon of the Year by Winestate Magazine



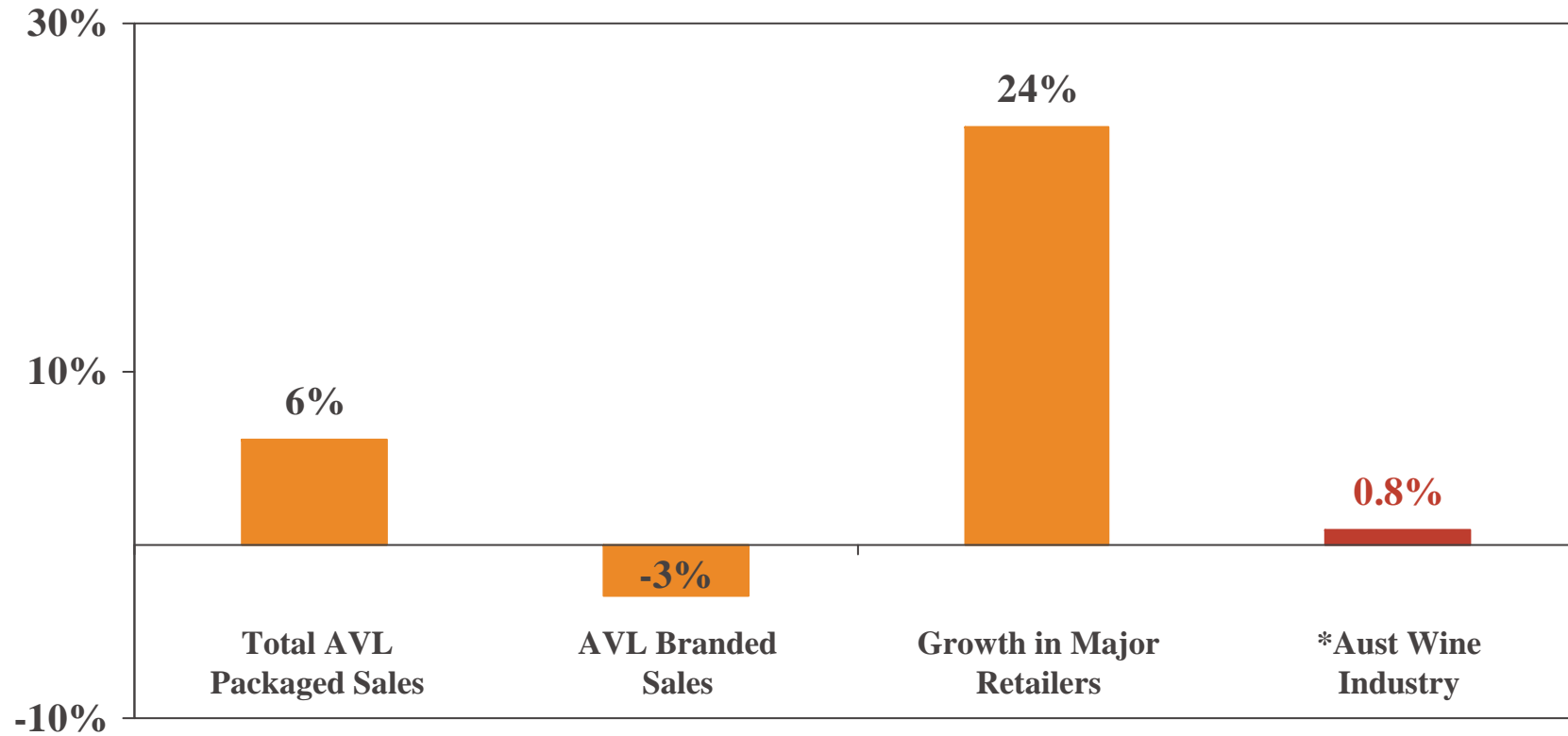
Brand Nepenthe also achieved good growth assisted by major awards in UK Decanter Wine Show

Brand Nepenthe Performance	
YOY Case Growth	= 5%
YOY Net Sales Growth	= 2%
Key Awards:	
Altitude Sauvignon Blanc 2008: Trophy for Best Aust Sauvignon Blanc under £10 at 2009 Decanter Awards	
Ithaca Chardonnay 2006: Trophy for Best Aust Chardonnay above £10 at 2009 Decanter Awards	



Solid sales growth across Australian business

Australian Packaged Dollar Sales Growth



*Source WFA, Full Year 2009 volume change



Achieving third strategy of maintaining low cost position and leveraging assets

- Winery costs \$3.1m below last year and \$6m below 2006/07
- Annualised headcount, discretionary and other costs cut by \$7m – Forecasting expenses \$3m lower in 09/10 and cost of goods \$4m lower on a like for like basis
- Grape purchases reduced from 90,000T in V2006 to less than 25,000T in V2011
- Inventory now in balance with stock/sales ratio 1.1 to 1 versus the 2 year industry average of around 1.7 to 1
- Orlando contract winemaking arrangement renegotiated and will remain at up to 50,000T through end of V2014



Delivered strong cash flow from operating activities

\$M	2008	2009
Receipts from customers	304.5	310.6
Payments to suppliers and employees	(281.7)	(279.3)
Interest and other finance costs	(11.8)	(10.0)
Income tax (paid) / refunded	2.2	-
Total (before water and one-off items)	13.2	21.3
Water	(9.2)	(3.6)
Reorganisation of overseas distributors	(4.4)	-
	(0.4)	17.7



AVL's restructuring almost complete and close to vision

	2005/06	2009/10
Vineyard & 3rd Party Growers	<ul style="list-style-type: none"> • Tonnes crushed for wine sales 182KT • Contract processing tonnes <u>50KT</u> <p>232KT</p>	<ul style="list-style-type: none"> • Tonnes crushed for wine sales 100KT • Contract processing tonnes <u>50KT</u> <p>150KT</p>
Wineries and Production	<ul style="list-style-type: none"> • Tower Estate Winery investment • Hunter Estate 5KT • Griffith Winery and Packaging 18KT • Tempus Two 0.3KT • Buronga Hill 130KT • Nepenthe (purchased 07) 1KT • Loxton 90KT • Yaldara 10KT <p><u>Total Capacity 254KT</u></p> <ul style="list-style-type: none"> • Packaging across 7 sites 	<ul style="list-style-type: none"> • Hunter Valley 2KT • Buronga Hill 130KT • Yaldara/Barossa Winery 10KT <p><u>Total Capacity 142KT</u></p> <ul style="list-style-type: none"> • Loxton Winery sold or mothballed • Predominant packaging at Merbein
Sales and Marketing	<ul style="list-style-type: none"> • Branded sales 43% of total revenue and McGuigan brand in decline 	<ul style="list-style-type: none"> • Branded sales approx 60% of total revenue and McGuigan brand growing for 3rd year in row • New products substantial contributors



In summary

1. Australian wine industry undergoing structural transformation
2. AVL has successfully faced up to new industry model
3. AVL outperforming the industry
4. AVL delivered on commitments:
 - sales targets
 - cash flow commitment
 - debt reduction
5. Now structurally well positioned for the future



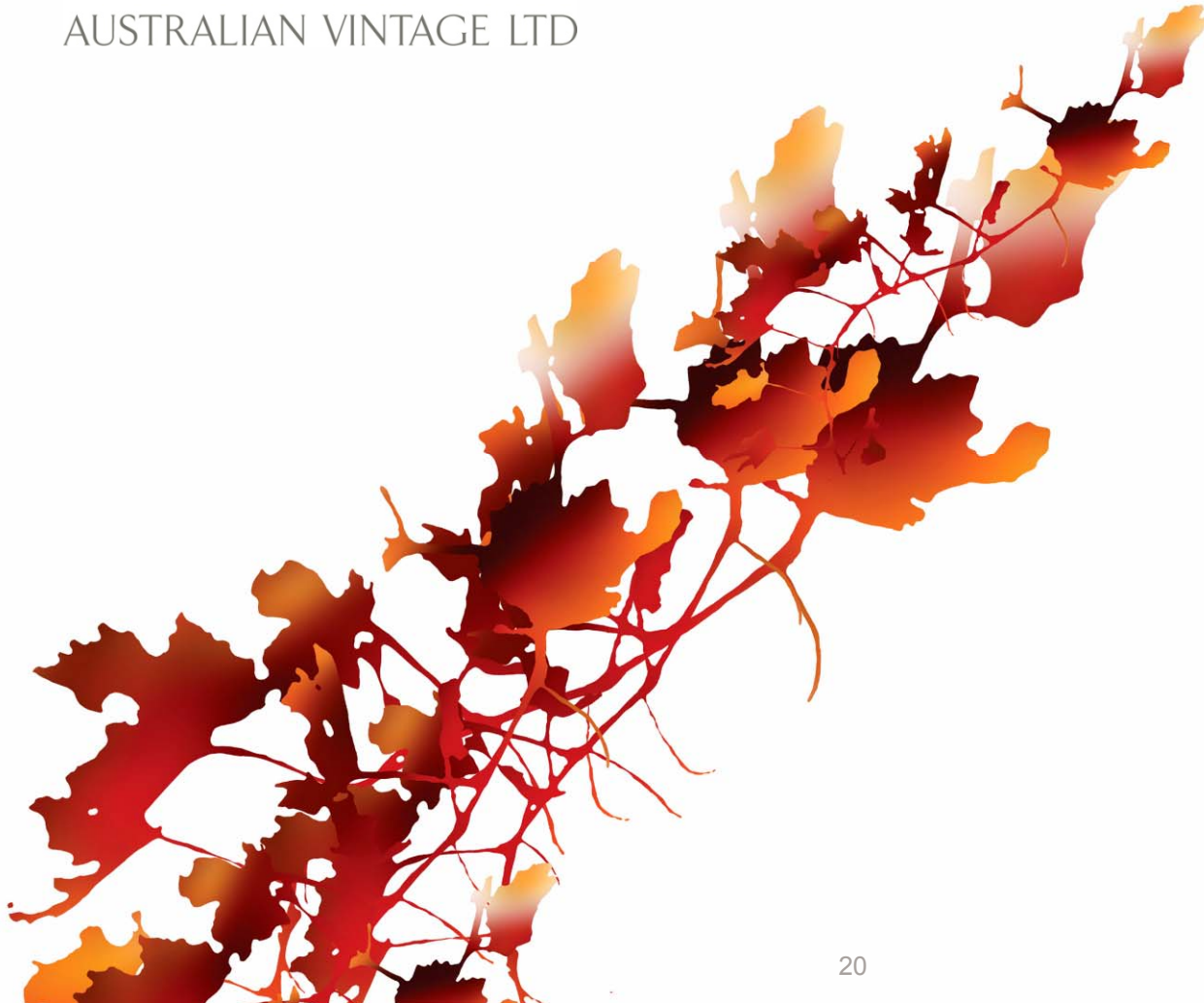
Outlook

- Industry remains challenging
 - Oversupply continuing
 - High Australian dollar
 - Competitor asset actions, including sales of written down stock
- Budgeting to deliver +100% NPAT growth in FY10, before significant items and assuming no further deterioration in FX – will provide further profit guidance at Annual General Meeting in November 2009





AUSTRALIAN VINTAGE LTD



Questions

Back up



Sales and EBIT Summary

\$M		2008	2009	Change
Sales	- Branded*	141.3	146.2	↑ 3.5%
	- Non Branded	30.3	38.2	↑ 26.1%
	- Bulk/Processing/Vineyard Income	93.4	103.9	↑ 11.2%
	Total	265.0	288.3	↑ 8.8%
EBIT	(before Significant Items)	19.1	16.5	↓ 13.8%
EBIT	(after Significant Items)	13.1	(156.4)	
NPAT	(before Significant Items)	5.5	4.3	↓ 22.2%
NPAT	(after Significant Items)	1.3	(123.6)	

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



Segment Profitability

\$'000	Results 2008	Results 2009	Change vs PY
Branded wine division*	7,292	4,605	↓ 37%
Private Label wine division	(1,071)	481	N/A
Bulk wine and processing	6,830	9,676	↑ 42%
Vineyards	5,119	851	↓ 83%
Unallocated**	(16,647)	(182,612)	
Total	1,523	(166,999)	
Tax impact	(179)	43,358	
Net Profit/(Loss)	1,344	(123,641)	

* Margin reduction due to FX (\$0.7m) and using higher cost premium wine in branded products (\$2.5m) to use up excess premium material. This will not occur in F09/10

**Unallocated results include finance costs and significant items

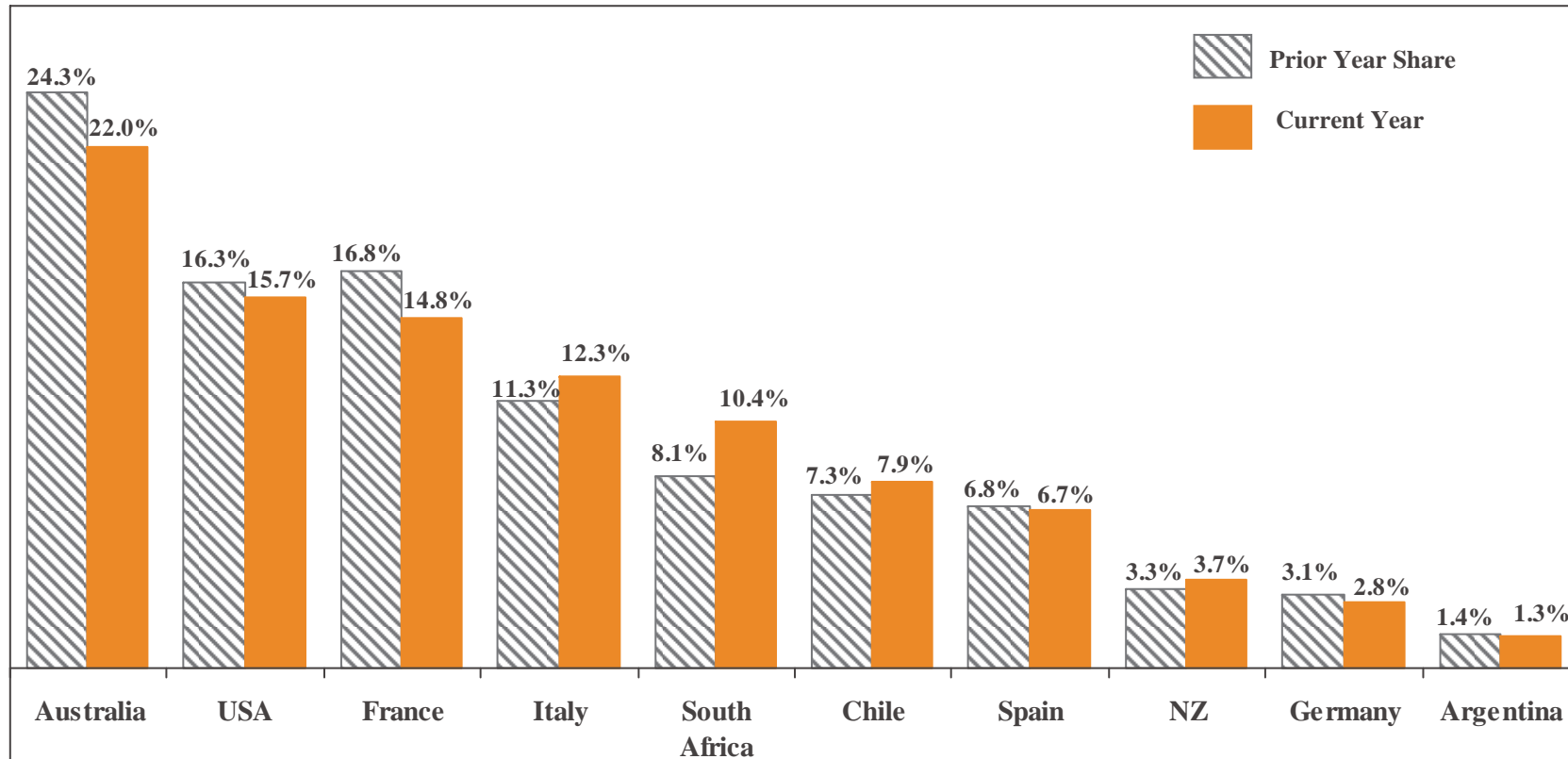


Additional Information – Significant Items to 30 June

	2008 \$'000	2009 \$'000
Profit on disposal of winery and vineyard assets	3,054	-
Stock valuation adjustment	(1,759)	(74,421)
Impairment of property, plant & equipment	-	(16,209)
Costs associated with the re-organisation of overseas distribution agreements	(5,056)	-
Impairment of goodwill and other intangibles	-	(12,527)
Provision for onerous contracts	-	(73,473)
Redundancy costs		(2,196)
Impairment of non current investments/financial assets	-	(5,295)
Allowance for significant doubtful debts	-	(1,248)
Contract settlement proceeds	-	12,518
Prior Year international rebate claim	(658)	-
Costs associated with re-organisation of domestic distribution operations	(1,535)	-
Significant items before tax	(5,954)	(172,851)
Applicable Tax	1,768	44,924
After Tax	(4,168)	(127,927)



Share of UK Off Premise Sales



Source: Off Licence News July 09

