



AUSTRALIAN VINTAGE LTD



2011/2012 FULL YEAR RESULTS

Improved gearing and cash flow in a tough environment

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AUSTRALIAN VINTAGE LTD



TOP LINE RESULT

Shareholders Rewarded for Operating Profit Improvement

1. Net profit up 8% to \$7.1m
2. EBIT (after significant items) of \$23.4m compared to \$22.6m last year
3. Before significant items net profit declined by \$3.2m due mainly to reduced yield from our owned vineyards
4. Cash flow from operating activities positive \$10.6m compared to \$1.3m last year
5. Net Debt reduced by \$31.9m to \$129.1m
6. 2.6 cent fully franked dividend declared, payable 19 November 2012
7. Dividend Reinvestment Plan to remain



Strong Revenue Performance Despite Strong \$A Impact

1. Operating revenues amounted to \$228.0m after unfavourable exchange rate movements of \$3.9m
2. Operating Cash Flow positive \$10.6m
3. Net debt to equity reduced to 54% from 69% last year
4. SGARA (fair value of grapes picked), down \$4.1m due to below average crop from owned vineyards
5. Bank funding secured for another two years





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MARKET OVERVIEW

2012 a Standout Vintage for Quality

1. Vintage estimated at 1.66 million tonnes 4% up on 2011.
Expectations are that it will be recognised as a standout vintage in terms of quality
2. The higher crush is despite many regions reporting lower yields
3. While overall grape production is close to balance with total sales, the industry is vulnerable to returning to oversupply because current bearing area could produce higher yields in the future



Australian Vintage Continues Response to Industry Challenges – Focus on Branded Sales & Cash flow

1. Continued focus on branded sales

- McGuigan Wines ranked the World's 19th most admired wine brand by UK trade publication Drinks International
- McGuigan Wines entered the top ten global wine brands in the UK

2. Take advantage of our enhanced reputation as a low cost premium wine producer

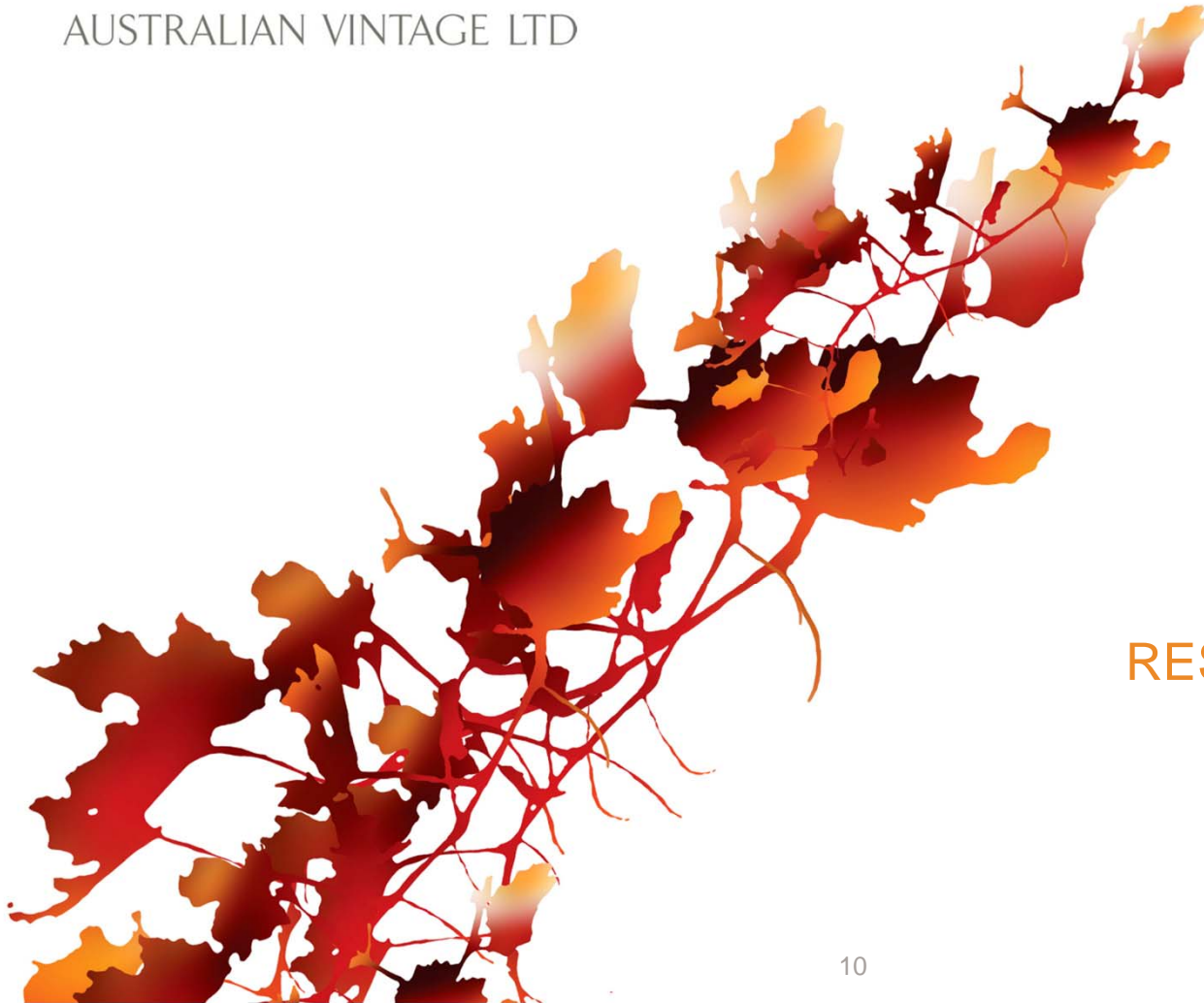
3. Continue to control cash flow and expenditure

4. Underutilised Loxton Winery sold in August 2011 for \$27m





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RESULTS SUMMARY

Sales Summary

Full Year Sales

	Dollar Sales (\$'000)		
	2011/12	2010/11	% Change
Australasia/North America packaged	79,371	82,033	(3%)
UK/Europe	97,302	96,811	1%
Cellar Door	6,913	6,975	(1%)
Australasia/North America bulk wine and processing	40,550	33,876	20%
Vineyards	3,826	3,522	9%
	227,962	223,217	2%
Litres Sold ('000)	131,403	123,799	6%



McGuigan Brand Continues to Outperform

The McGuigan brand continued its growth in both the domestic and export market.

Overall, the McGuigan brand grew by 17% in volume to 2.4 million cases. In the domestic market the McGuigan brand experienced a 29% growth in volume and a 23% growth in sales and in the export market the brand grew 15% by volume and 12% in sales.

The Tempus Two brand grew by 6% in volume and 4% in sales and the Nepenthe brand sales was marginally down on last year but contribution was in line with last year.

McGUIGAN
WINES

TEMPUS TWO



NEPENTHE
WINES



Core Business Improving but result impacted negatively due to lower vineyard yields and reduced processing margins

\$'000	Results 2012	Results 2011	Change	
			\$'000	%
Australasia/North America packaged	6,353	5,694	659	12
UK/Europe	7,098	5,366	1,732	32
Cellar Door	885	1,219	(334)	(27)
Australasia/North America bulk wine and processing	7,562	11,762	(4,200)	(36)
Vineyards	1,466	5,238	(3,772)	(72)
Unallocated (excluding significant items)	(14,426)	(15,953)	1,527	10
Total	8,938	13,326	(4,388)	(33)
Tax	(1,871)	(3,106)	1,235	
Net Profit (before significant items)	7,067	10,220	(3,153)	(31)
Significant items (after tax)	-	(3,656)	3,656	-
Net profit	7,067	6,564	503	8



Domestic and Export performance improves in 2011/12

The Australasia/North America segment improved its contribution by \$0.7m due to improved branded sales partially offset by reduced contribution from lower margin cask sales.

The UK/Europe segment contribution improved by \$1.7m even after allowing for the unfavourable movement in the foreign currency. Continued growth in our branded sales was the main reason for this improvement.

Cellar door contribution was down by 27% due mainly to reduced visitor numbers and a shift in sales to lower priced and lower margin products.

The Australasia/North America bulk wine and processing segment contribution was down by \$4.2m due to lower margins from contract processing and the higher costs associated with leasing a portion of the Loxton winery for the Austflavour business. This business has now been relocated to the Buronga winery.

Vineyard contribution is below last year due to below average crop levels from our own vineyards resulting in a \$4m decline in the value of our grapes from those vineyards. This was partially offset by an improved contribution from our vineyard management business.

Unallocated expenses reduced due to lower interest cost resulting from reduced borrowings and interest rates.



Impact of Foreign Exchange Movements on Results and Business

- With approximately 61% of our total export sales in GBP, 6% in Euro and 2% in CAD, AVL's exposure to exchange rates is significant. The balance of our export sales is in AUD.
- The average weighted GBP in 11/12 was 64.9 compared to 62.2 the previous year. This represents a negative movement of 4.3% and resulted in a negative impact on all our foreign currency sales of \$3.9m.
- The impact of the higher exchange rates has had a negative impact of \$2.6m on EBIT.



Positive Cash Flow from Operating Activities

	2012 \$m	2011 \$m
Operating Activities		
Receipts from customers	241.4	258.1
Payments to suppliers and employees	(217.7)	(244.5)
Interest and other costs	(13.3)	(12.8)
Other	0.2	0.5
Net cash from operating activities	10.6	1.3
Investing & Financing Activities		
Capital Expenditure	(5.3)	(5.0)
Payout of tank operating leases	-	(15.3)
Proceeds from sale of assets	26.1	1.6
Dividends (net of DRP)	(2.3)	-
Loan payment received	2.3	-
	20.8	(18.7)



Improved Financial Position

During the year borrowings reduced by \$31.4m due to the sale of the Loxton winery and a positive cash flow from operating activities.

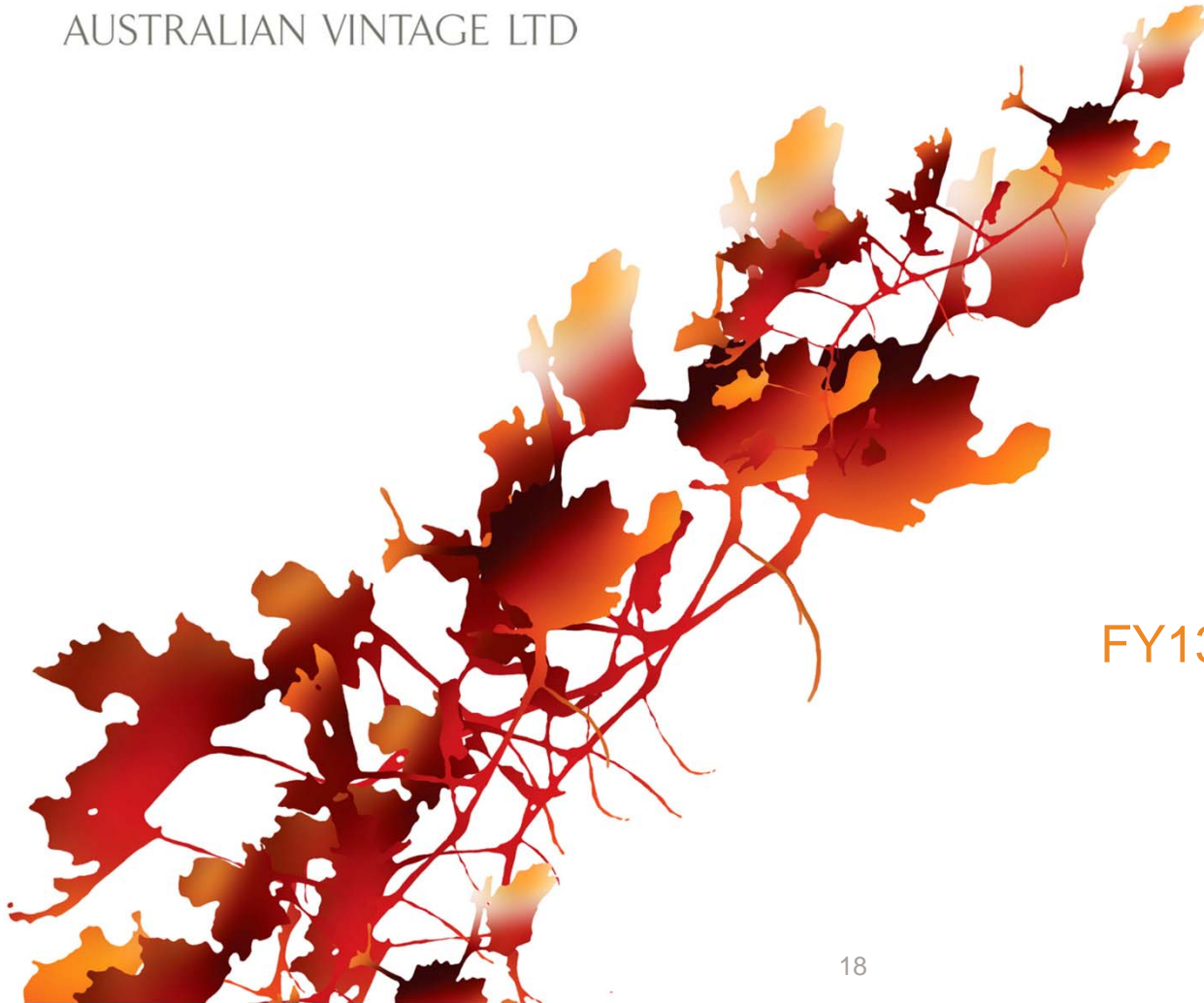
Our gearing (net debt to equity) has reduced from 69% in 2011 to 54% in 2012.

New 2 year banking facility signed in August.





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FY13 OUTLOOK

Outlook

- **Industry**

- will remain very challenging
- oversupply continues to reduce
- while grape production appears to be in balance, we are vulnerable to returning to oversupply because our bearing area could produce higher yields in future vintages
- competition fierce across Australia and overseas markets
- high Australian \$ continues to hamper margins making recovery of the wine industry slow

- **Australian Vintage**

- expect to continue to grow the export and domestic segment
- while we remain realistically cautious about any near term recovery, we are confident in Australian Vintage's ability to respond successfully to the challenges



Additional Information



McGUIGAN
WINES

McGuigan Wines

McGuigan named International Winemaker of the Year, again.



At the 2011 International Wine & Spirits Competition McGuigan Wines was awarded:

- International Winemaker of the Year
- Australian Producer of the Year
- Trophy for 'Best Semillon' - 2006 Bin 9000 Semillon
- 34 medals from a total of 37 entries – an unrivalled success rate of 91.9%.
- This was the second time in just three years that McGuigan Wines received one of the world's most coveted accolades.

And the awards and recognition continued throughout 2012...

- McGuigan Wines ranked the *World's 19th Most Admired Wine Brand* by UK trade publication Drinks International. Wedged between other premium wine brands Cheval Blanc and Domaine Romanee-Conti, McGuigan Wines was described as '*one of the most progressive, dynamic, brands coming out of Australia at present*'.
- McGuigan Wines entered the top ten global wine brands in the UK, and is currently the eighth largest global wine brand by value and the ninth largest by volume – up from 153rd just over seven years ago.
- Domestically, McGuigan Wines is in growth 22% by value and 23% by volume YOY.
- McGuigan Wines lead the charge for Australia at the prestigious *International Wine Challenge* (IWC) whilst also taking honours at the equally revered *Decanter World Wine Awards* (DWWA). At the IWC, McGuigan Wines received a remarkable five Gold medals, more than any other Australian wine brand whilst also scooping Gold at the DWA for the McGuigan Shortlist Eden Valley Riesling 2007.

McGUIGAN
BLACK
Label

Black is Back!

Australia's #1 Selling Red Wine

McGuigan Black Label Red has reclaimed its position as the # 1 selling branded bottled red wine by volume (MAT 3rd June 2012).

The Black Label Range grew +24% in FY12 vs LY. An outstanding achievement!

The range continues to grow with the addition of new SKU's Black Label Cabernet Sauvignon and Pinot Grigio.





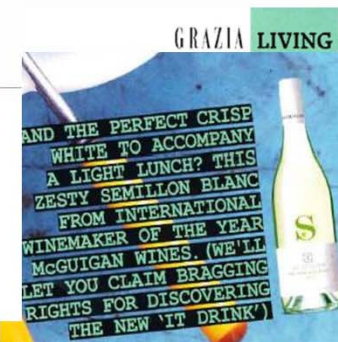
The Semillon Blanc is the new 'IT' drink

Best Buy Wines

\$15 AND UNDER



2011 McGuigan The Semillon Blanc, Hunter Valley, AS13
This is a solid silver medal wine and, when you factor in its price, this new style is arguably the best-value white of the year. Neil McGuigan has stolen a winemaking and marketing march on his colleagues and struck a blow against the might of Marlborough sauvignon with this bright new Hunter style. It is fresh, clean and vibrantly juicy with green bean and fresh garden-herb flavours, a hint of sweetness and a crisp, refreshing finish. PP







Launched in July 2011, The Semillon Blanc has been well received with numerous reviews by key wine writers and consumer magazines such as Cleo, Gourmet Traveller Wine, Madison and Grazia.

In FY13, this innovative and exciting product will continue to be a focus.



We're achieving our business objective of growing branded sales...

Range	
<p>McGuigan Black Label</p> 	<p>+24% value growth. Worth over \$23M. Black Label Red reclaims spot as # 1 selling branded red wine by volume. Re-packaged sparkling range. Continue to add new SKU's to drive incremental sales growth.</p>
<p>Tempus Two Copper Series</p> 	<p>+9% value growth. Addition of NEW Sauvignon Blanc helping deliver incremental sales.</p>
<p>Tempus Two Varietals</p> 	<p>+11% value growth. Blanc De Blanc and Moscato Rosa added to range.</p>
<p>Nepenthe Altitude</p> 	<p>+9% in value growth. Awards success driving sales of SB, Tempranillo and Shiraz..</p>



Highly awarded on the world stage...

Brand	Award		
McGuigan	Gold	Sydney Wine Show	2010 Discover Pinot Grigio
	Gold	Sydney Wine Show	2007 Bin 9000 Semillon
	Gold	Sydney Wine Show	2003 Bin 9000 Semillon
	Trophy	Pacific Rim International Wine Show	2011 Bin 7000 Chardonnay
	Gold	International Wine & Spirits Competition International	2006 Bin 9000 Semillon
	Gold	International Wine & Spirits Competition	2006 Bin 9000 Semillon
	Gold	International Wine & Spirits Competition	1997 Bin 9000 Semillon
	Gold	International Wine & Spirits Competition	2003 Bin 9000 Semillon
	Gold	International Wine & Spirits Competition	2004 Bin 9000 Semillon
	Gold	International Wine & Spirits Competition	2005 Bin 9000 Semillon
	Gold	Decanter World Wine Awards	2007 The Shortlist Riesling
	Gold	International Wine Challenge	2005 The Shortlist Riesling
	Gold	International Wine Challenge	2007 The Shortlist Riesling
	Gold	International Wine Challenge	2010 The Shortlist Riesling
	Gold	International Wine Challenge	2010 The Shortlist Chardonnay
	Gold	International Wine Challenge	2004 Bin 9000 Semillon
Tempus Two	Gold	Sydney Wine Show	2010 Copper Zenith Semillon
	Gold	Decanter World Wine Awards	2007 Copper Zenith Semillon
	Gold – Best in Class	Pacific Rim International Wine Competition	2010 Copper Zenith Semillon
	Gold	Pacific Rim International Wine Competition	2009 Copper Zenith Semillon
	Gold	Pacific Rim International Wine Competition	2011 Varietal Verdelho
	Gold	Pacific Rim International Wine Competition	2008 Pewter Botrytis Semillon
	Gold	Pacific Rim International Wine Competition	2010 Pewter Shiraz
Nepenthe	Trophy	Decanter World Wine Awards	2011 Altitude Sauvignon Blanc
	Gold	Decanter World Wine Awards	2010 Altitude Shiraz
	Gold	International Wine Challenge	2010 Ithaca Chardonnay



Significant Items

	2012 '000	2011 \$'000
Transaction Costs	-	-
Provision for onerous contracts – write back	-	865
Employment contract payment	-	-
Impairment of Assets		
- Impairment of Loxton Winery	-	(4,425)
- Impairment of other Assets	-	(3,201)
Winery under utilisation costs	-	(2,919)
Sale of water licence	-	1,570
Settlements received	-	1,433
Significant items before tax	-	(6,677)
Tax	-	3,021
Significant items after tax	-	(3,656)

