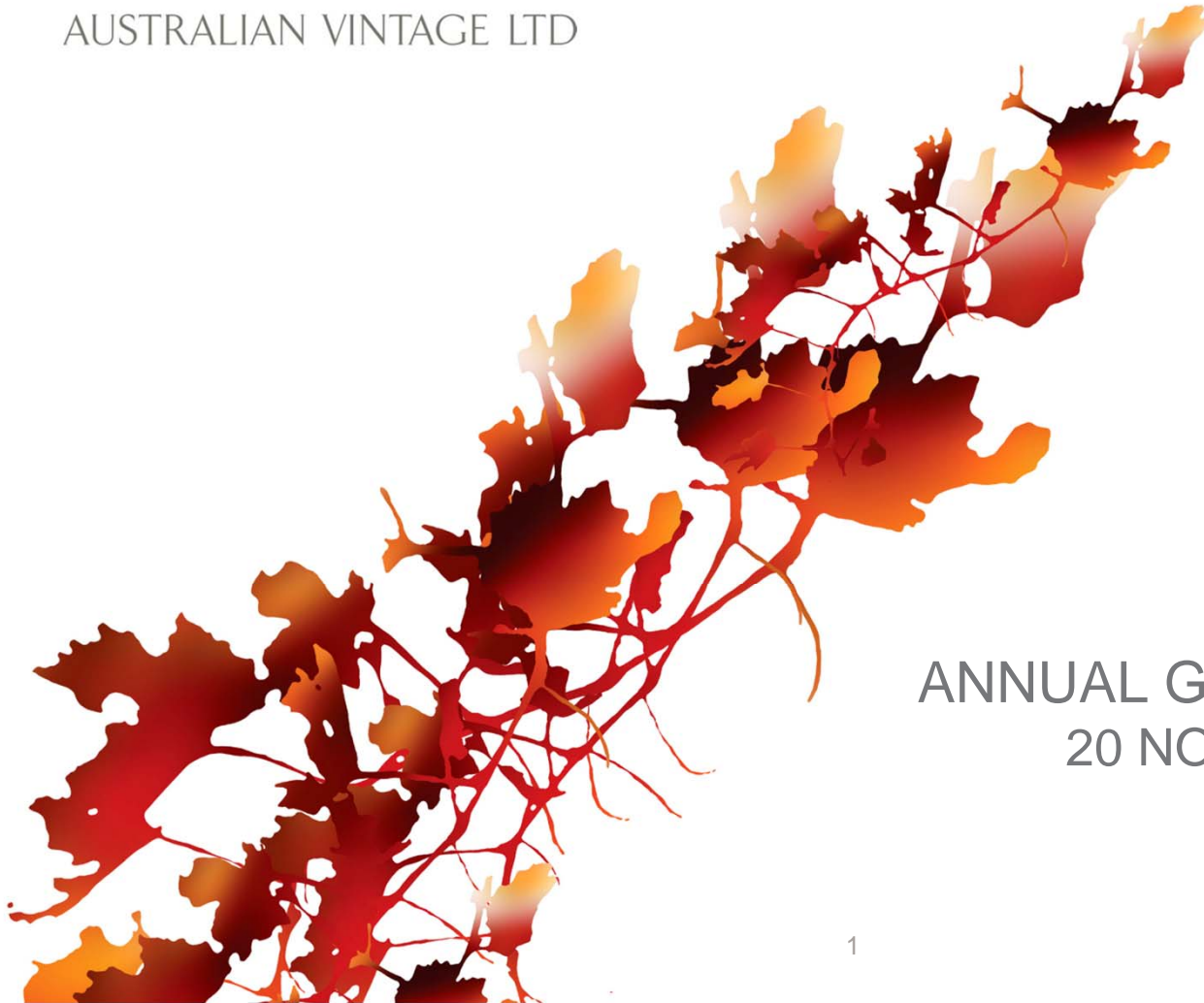




AUSTRALIAN VINTAGE LTD



ANNUAL GENERAL MEETING  
20 NOVEMBER 2013

## Disclaimer

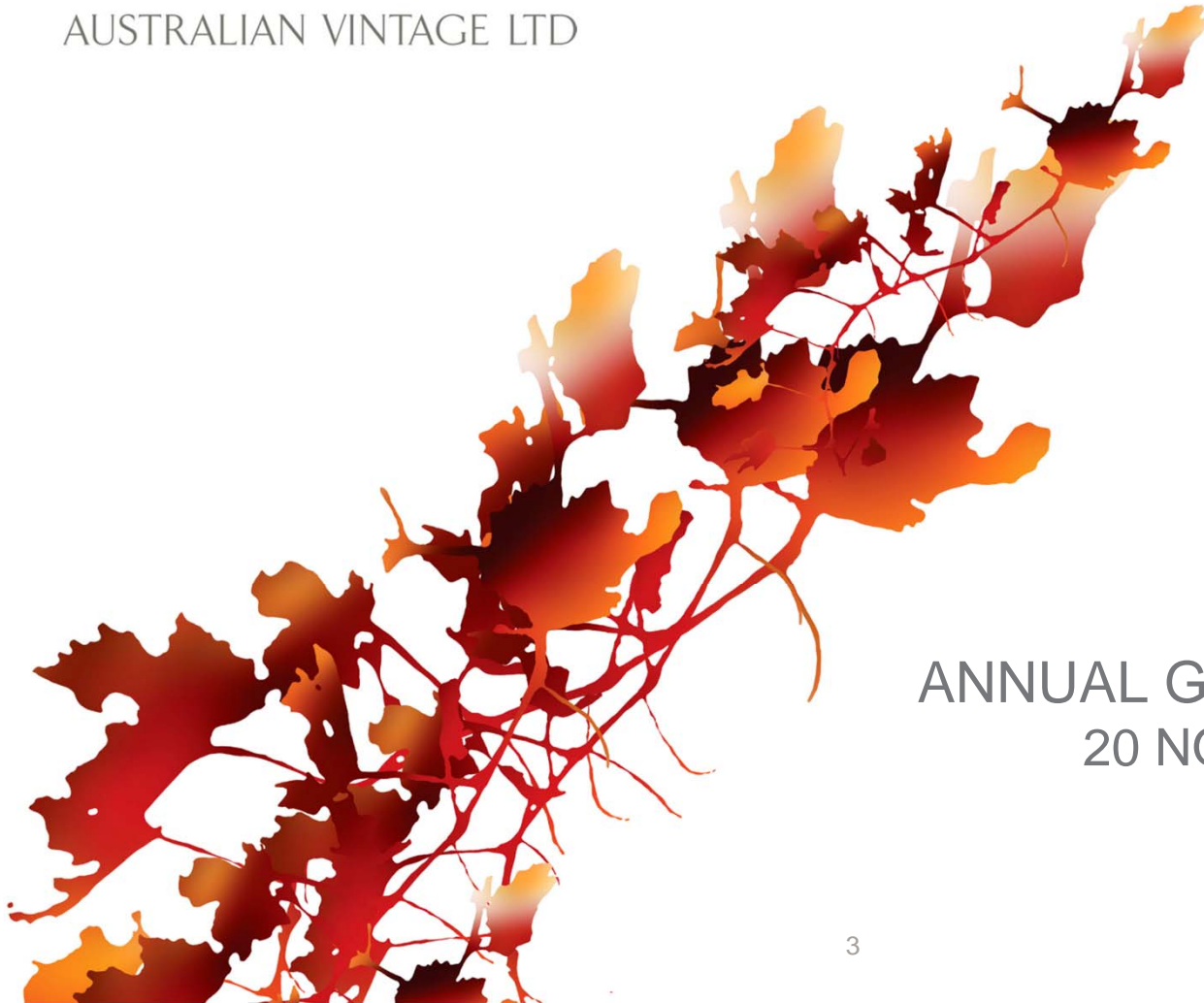
The information in this presentation is general advice, given in good faith and derived from sources believed to be accurate at this date but no warranty of accuracy or reliability is given and no responsibility arising in any other way including by reason of negligence for any errors or omissions is accepted by Australian Vintage Ltd.

Before making an investment in Australian Vintage Ltd, the investor or prospective investor should consider whether such an investment is appropriate to their particular investments needs, objectives and financial circumstances.





AUSTRALIAN VINTAGE LTD



ANNUAL GENERAL MEETING  
20 NOVEMBER 2013

# Today's Agenda

**Performance Summary**

**Ian Ferrier**

**Business Update**

**Neil McGuigan**

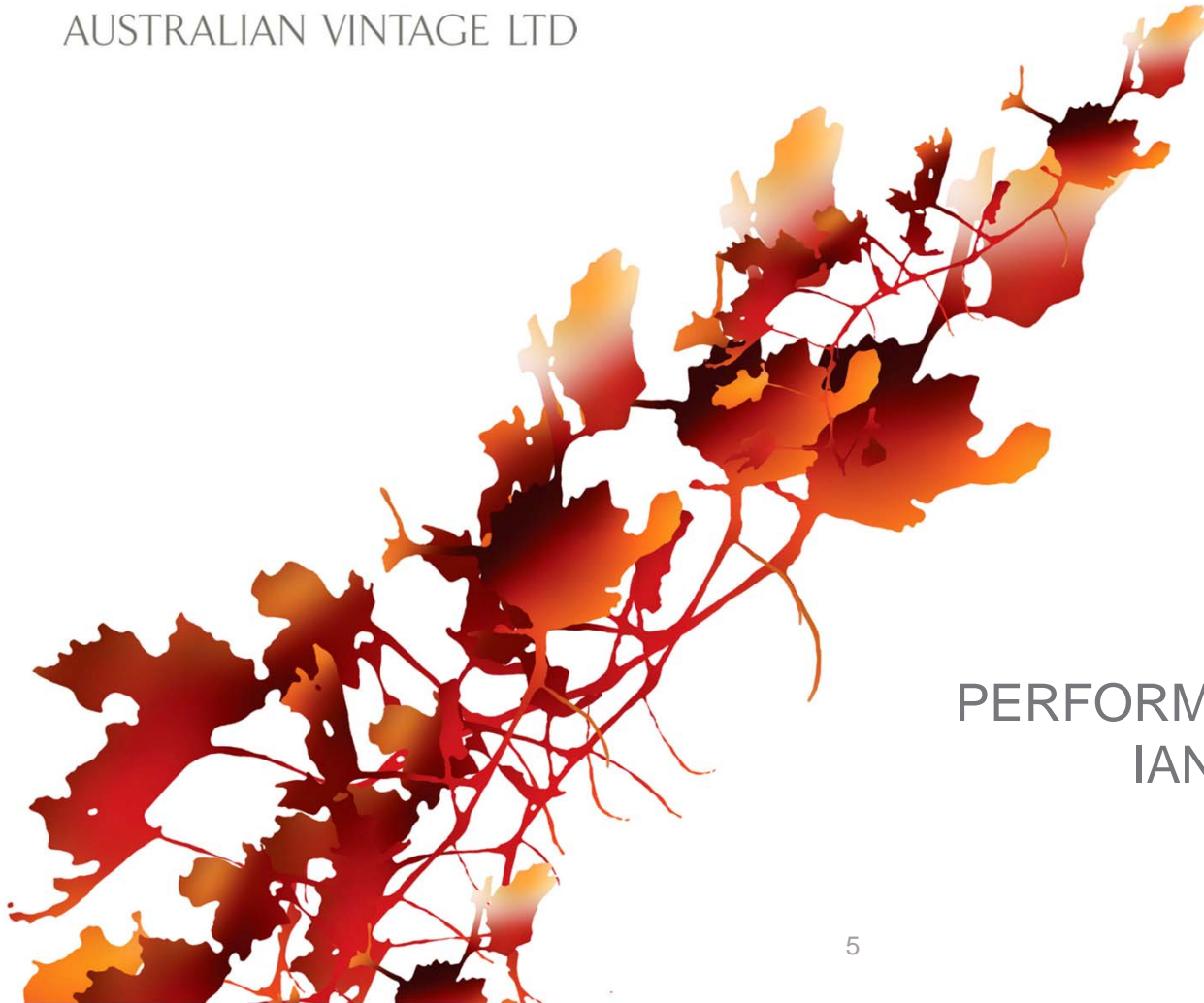
**Formal Proceedings**

**Ian Ferrier**





AUSTRALIAN VINTAGE LTD



## PERFORMANCE SUMMARY IAN FERRIER

## Optimism after enduring a protracted downturn:

Australian Vintage has endured a protracted industry downturn impacted by:

1. High Australian dollar
2. Cyclical oversupply across whole of industry
3. Higher taxes in key export markets (UK)

Company response – Position for growth when industry cycle turns:

1. Raise profile and grow sales of higher margin branded products
2. Reduce costs
3. Optimise asset base



## Your company

### 1. One of Australia's largest wine producers

- Crushes 150,000 tonnes a year – 8% of total Australian crush
- Sells 85 million litres of wine
- Operates 3 wineries in the Hunter Valley, Sunrayasia and the Barossa
- 2,900 planted hectares in 11 vineyards
- Production facilities 1.5m casks and 6m cases of bottled wine
- Produces the most popular red wine in Australia
- McGuigan is the world's 14<sup>th</sup> most admired wine brand
- McGuigan named International Winemaker of the Year three times in the last 5 years



## **2013 Results summary: Australian Vintage Maintains Profit and Dividend and Reduces Cost Base**

1. Net Profit of \$7.1 million
2. Dividend 2.6 cents per share fully franked
3. Annual Costs down \$4.5 million by vineyard lease renegotiation
4. 2013 vintage at 153,000 tonnes (2012 totalled 120,000 tonnes)
5. Revenue of \$208.5 million
6. EBIT of \$24.1 million
7. Net Debt \$142.1 million, higher than 2012 due to inventory increases





## **2014 strategy is to continue to respond to industry challenges and market opportunities with robust assets and active management**

1. Growing focus and investment in increasingly valuable brands
  - Increased volume of high quality 2013 vintage
2. Build on growing international reputation as a premium, high productivity wine producer
3. Continue to tightly manage cash



## September capital raising gives company stronger balance sheet flexibility

- Successful raising of \$41.8 million new capital with good institutional and retail support
- Proceeds used to reduce debt
- AVL's banking facility extended to September 2015 with significantly better terms
  - Annual interest savings approximately \$5 million
  - Reduce gearing to 36.5%



## 2014 Outlook

- **Industry**

- Global Industry conditions are improving as demand outpaces supply
- Grape production and sales in Australia are trending to balance
- Global demand continues to grow in emerging markets such as Asia
- Weakening AUD against GBP and Euro are expected to improve margins in major markets

- **Australian Vintage**

- Quality reputation of brands continues to grow
- Higher 2013 vintage will improve cost base and cash flow
- Renegotiated vineyard leases and reduced interest expense on debt has already reduce costs



## Outlook (continued)

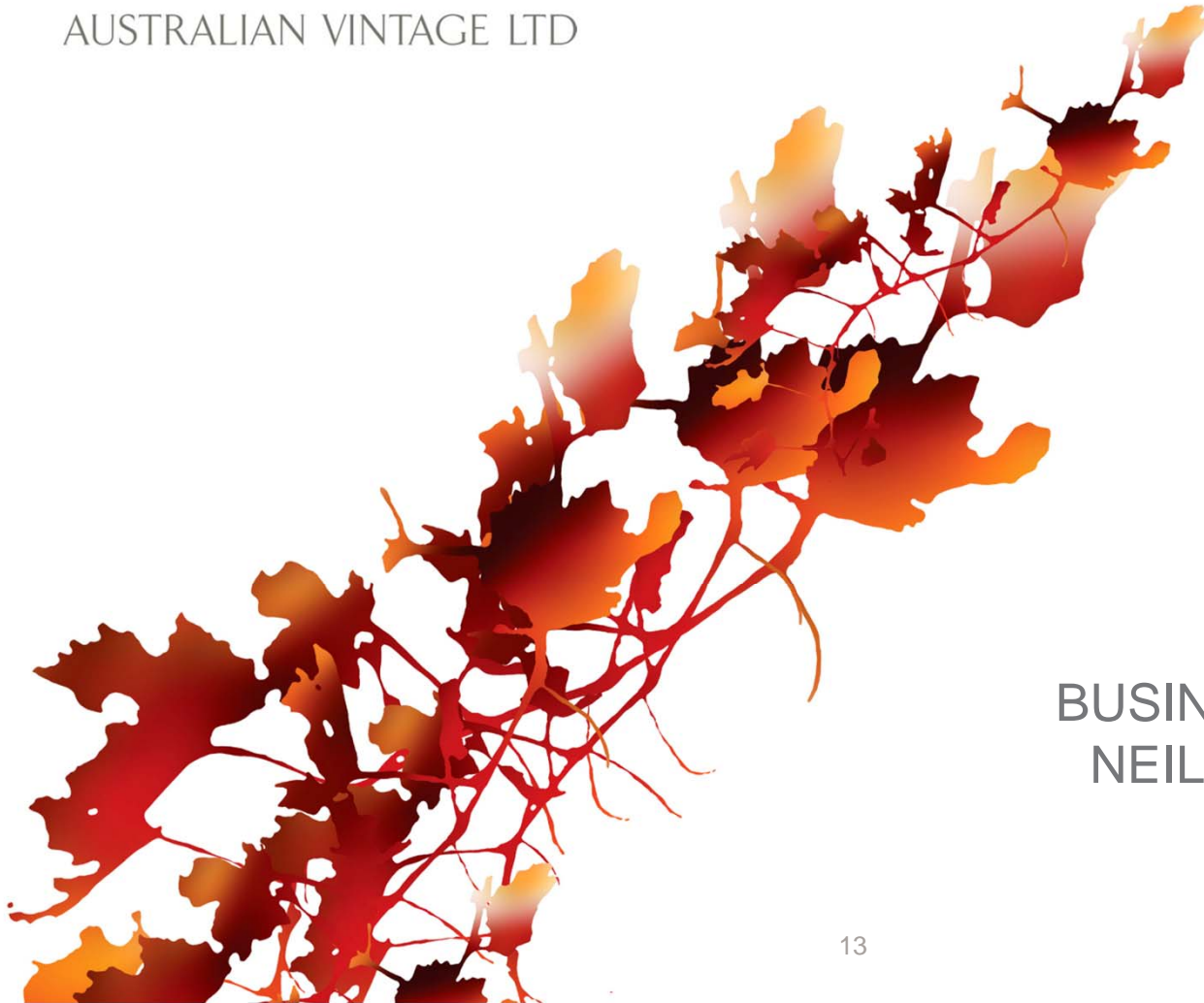
### Forecast 2014 net Profit for Australian Vintage Limited

- We remain optimistic about the business.
- We continue to face short term challenges. A recent frost event is likely to cause yield loss in our vineyards but we expect the FY14 profit impact to be minimal.
- The Australasia/North American segment is encouraging with stronger than expected demand.
- UK/Europe segment performance to October 2013 is below expectation but we expect this to pick up in the remaining nine months.
- In line with our expectation the half year result to December 2013 will be down on the previous year due to positive margin bulk wine sales and one off items in the previous year.
- However, we are confident our 2014 full year result will be significantly better than last year and in line with previous market guidance.





AUSTRALIAN VINTAGE LTD



BUSINESS REVIEW  
NEIL MCGUIGAN

# Vision for AVL

## TO MAXIMISE RETURNS ON SHAREHOLDERS FUNDS

### How will this be done

- Continue to put the “wine” back into the wine business
- Make the wine the “hero” in every facet of our business
  - branded
  - private label
  - exclusive label
  - contract winemaking
- Put personality and romance back into wine
- Build confidence in our brands with our customers and consumers
- Create strategic alliances in developed and emerging markets
- Innovate with wine style and packaging that is market appropriate

### Areas of concern

- Foreign exchange rates
- Global production, consumption and the emergence of quality alternatives
- Anti alcohol lobby
- WET rebate decreasing prices on bulk wine



# Global Wine Industry

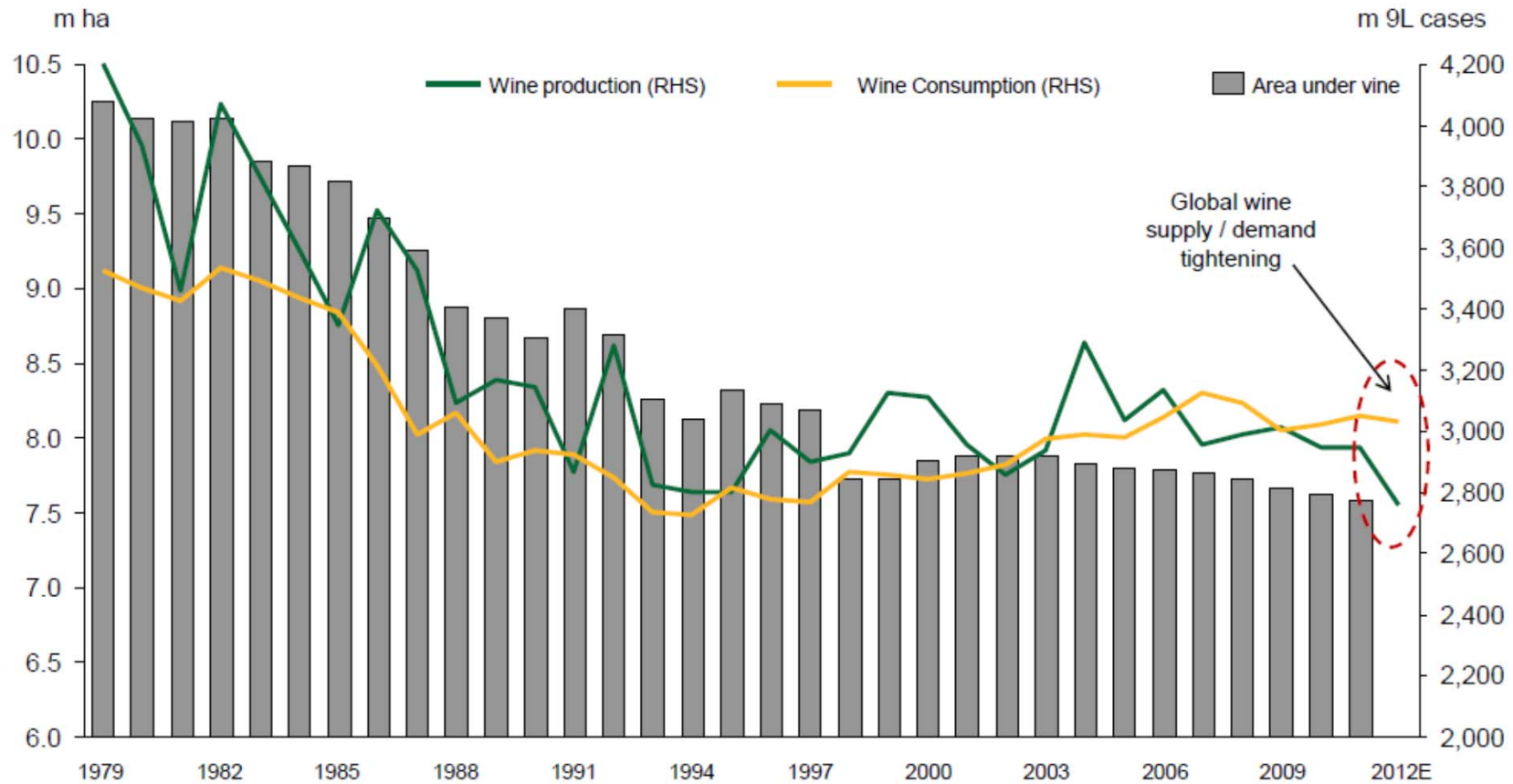
1. We cautiously believe the industry globally is moving towards balance.
  - Oversupply is decreasing - Global output fell from 26,400 million litres in 2011 to 24,800 million litres in 2012. The 2012 vintage was the smallest since 1975.
  - Consumption is increasing - It has been outpacing production for more than six years, and global inventories are now 7,500 million litres below the highs reached in 2006, a drop of approximately 40%.
2. Alongside the cyclical change, global production and consumption patterns are shifting. Producers in Europe have dropped significant capacity as their populations begin to consume less wine, and production around the Pacific is increasing as Pacific markets including the US and China grow. This is a process that will continue to play out over the coming decade.

(Sources: International Organisation of Vine and Wine, Rabobank Wine Quarterly)



# World Industry Conditions (continued)

## Global Wine Supply and Demand



Note: Provisional 2011 data, 2012 estimates; Area under vine covers all grapes

\* Consumption figures include c.333m 9L cases of wine used in the production of fortifieds and industrial applications

Source: International Organisation of Vine and Wine (OIV)





## World Industry Conditions - Summary

1. The global wine industry is cyclical, partially due to the slow supply response.
2. The industry cycle is currently moving towards supply/demand balance.
3. Global area under vine continues to decline.
4. Global consumption growth is beginning to increase after years of decline.
5. The global outlook does look promising. But there will always be a lag phase and the Australian wine industry is arguably still bouncing along the bottom of the cycle.
6. Asia-Pacific has become the new growth area as European markets level off.
7. Consolidation in the retail sector and dominance by major companies continues to provide challenges to the industry.



# Australian Wine Industry

## 2013 Vintage

1. The quality of the 2013 vintage was very good with some parcels of wine higher in quality than the exceptional 2012 vintage.
2. The Australian industry crush increased by more than 10% to 1.83 million tonnes. The 2012 crush was 1.66 million tonnes.
3. The 2013 crush is 100,000 tonnes above the average for the past 6 years of 1.73 million tonnes and is creating downward pressure on bulk wine sales price.
4. The increased crop resulted from the absence of major events such as frost, disease or inclement weather at harvest.
5. The large 2013 vintage reminds the Australian wine industry that the production potential of the Australian industry remains too high.



## Australian Wine Industry (continued)

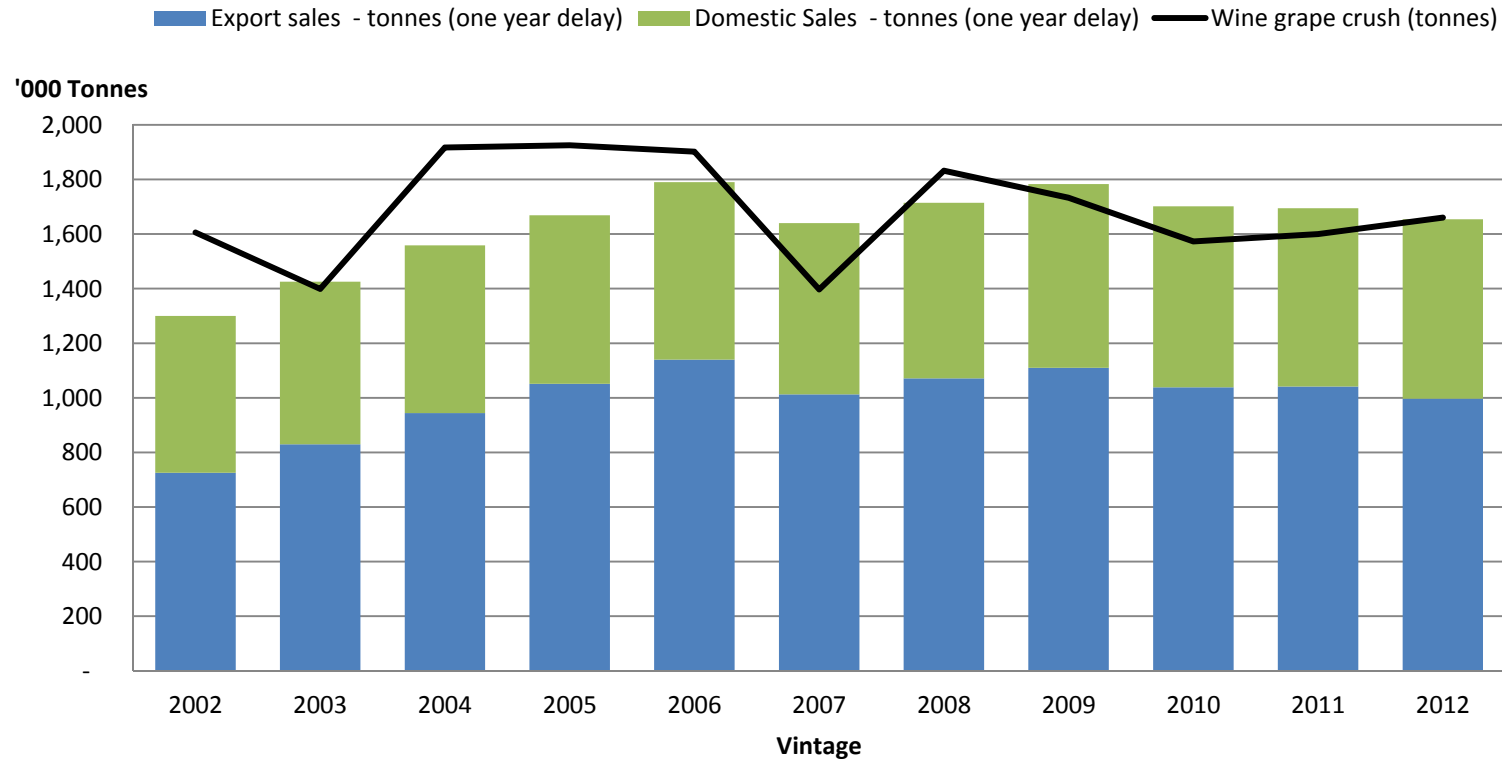
### 2013 Vintage

6. Although the 2013 vintage is above expectations the long term outlook is that the supply and demand will continue to move towards balance.
7. The high AUD, which has negatively impacted profitability of wine companies, has reduced. This movement should improve the profitability of export wine sales.
8. The wine industry continues to face challenges but there are signs that, in the medium to long term, industry conditions are improving.



# Australian wine – Supply and Demand

- Australian wine production and sales have been balanced for past 4 years



#### Assumptions:

1. All data for year ended 30 June.
2. Domestic and Export sales per year converted to tonnes using average extraction rate of 700 litres per tonne.
3. Sales delayed by one year – e.g. Tonnes produced in 2002 compared on graph to domestic and export wine sold in 2003 etc

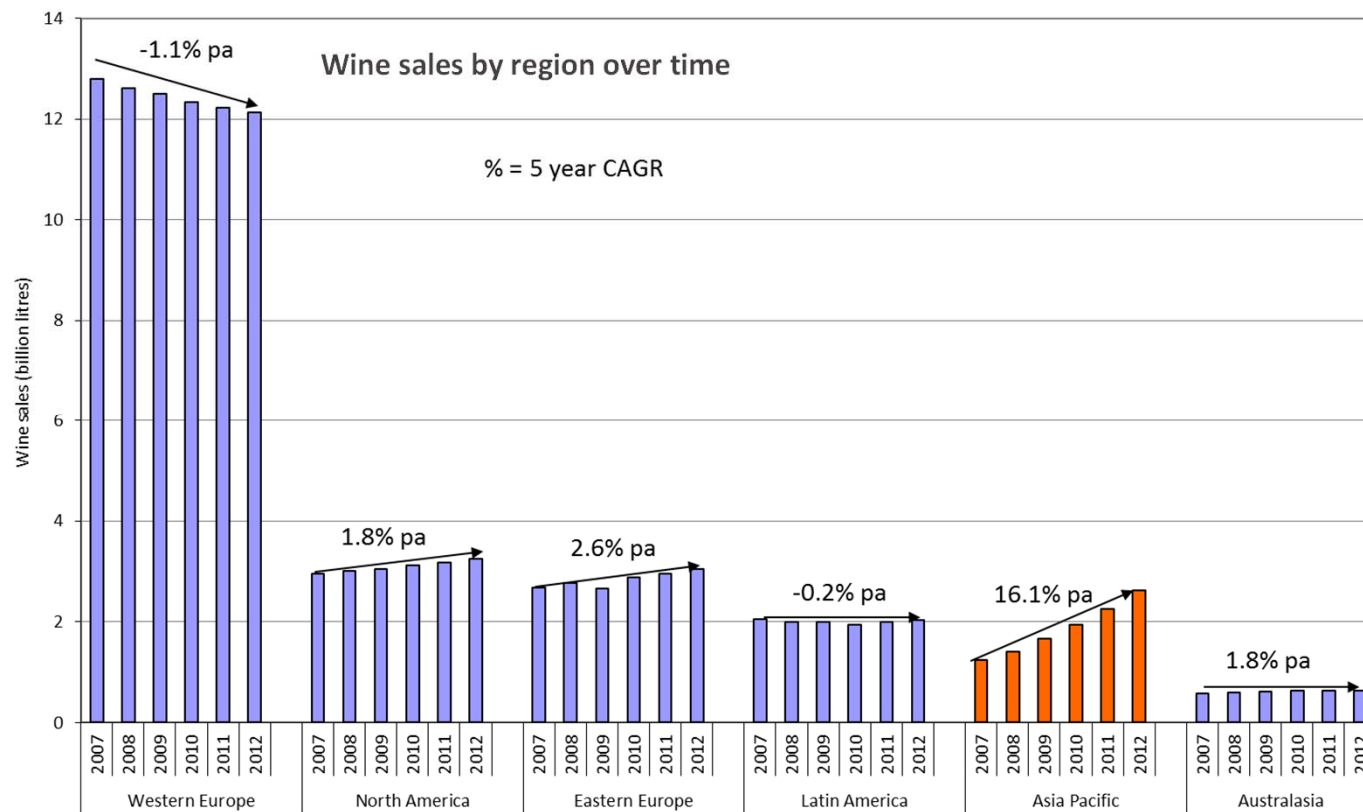
Source: Wine Australia



# Key Markets for Australian Wine

## Asia Pacific is the fastest growing region

- Asia Pacific (China, Malaysia, Japan, Hong Kong, Korea, etc.) growing at the fastest rate
- Western Europe in decline
- Eastern Europe has recovered since GFC
- Australasia (Australia, New Zealand) is flat



Source: Euromonitor International



## AVL FY 13 Result Summary

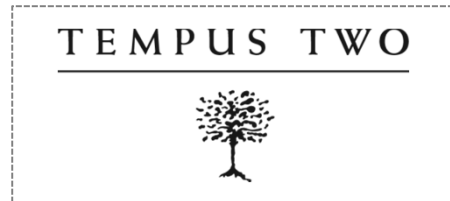
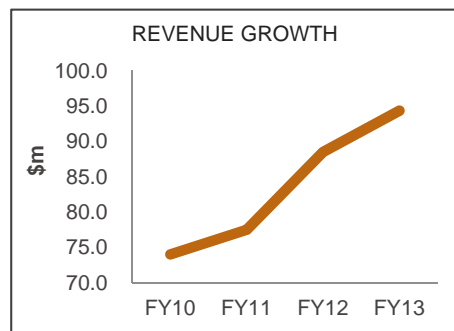
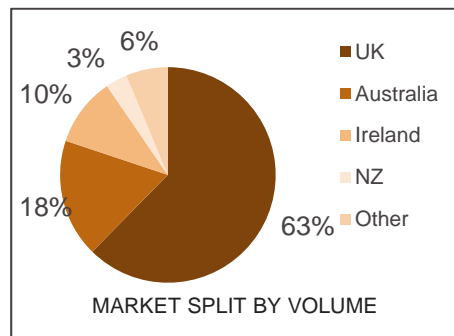
- FY13 Result reflected low volume 2012 vintage of 120,000 tonnes
  - increased average cost per litre
  - acquired \$6m of bulk wine to meet requirements
- Exchange rates remained at historically high levels during the year
- Despite these difficult trading conditions, net profit maintained at \$7.1 million (\$5.0 million before the after tax one off item of \$2.1 million)
  - EBIT of \$24.1m versus \$23.4m in FY12
- Fully franked dividend maintained at 2.6 cents per share
- Successful renegotiation of vineyard leases resulting in an annual cash saving of \$4.5 million per annum plus other benefits
- Net Debt increased by \$13.0 million to \$142.1 million due to increase in inventory (up \$19.7 million) as a result of the strong 2013 vintage of 153,000 tonnes



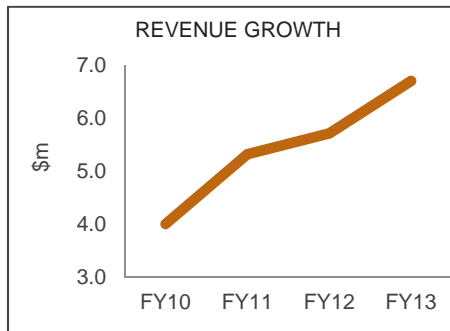
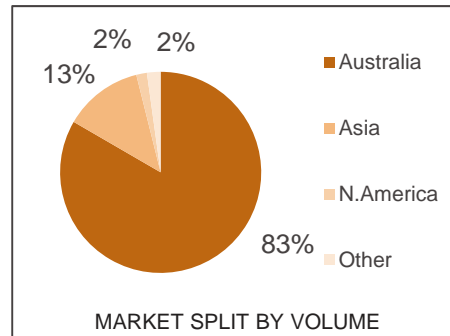
# Strong Growth Across Branded Portfolio...



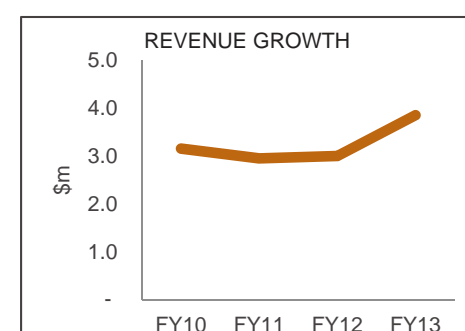
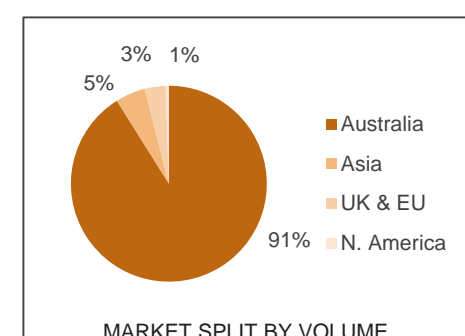
Brand Sales In 10% Growth In FY13



Brand Sales In 26% Growth In FY13



Brand Sales In 18% Growth In FY13



# Core Brand Portfolio...



## McGuigan Wines – The Wine is the Hero

‘Quality, consistency, value and innovation are the hallmark of the McGuigan brand. Our award-winning pedigree is second to none, and our premium winemaking credentials are without rival. Continued and sustained success on the international stage across all major global wine competitions has vindicated our philosophy of making the wine the hero.’





# NPD launch

## The Philosophy

### Overview:

- Release of McGuigan Philosophy – RRP \$150
- 2010 Cabernet Shiraz from the Clare Valley.
- Inspire consumers through 'Halo Product' and inform them of the quality of the brand and recent successes in international wine competitions.
- Gift box created for presentation to key media and stakeholders.
- Limited production of 1,200 x 6 packs, half volume destined for Asia.

Timing: April 2014



## Core Brand Portfolio...



### International Winemaker of the Year 2012 – International Wine & Spirits Competition

39 wines entered | 39 medals received – an  
unprecedented 100% strike rate

### White Winemaker of the Year 2013 – International Wine Challenge

International Semillon Trophy | Australian White Wine  
Trophy | Hunter Valley Semillon Trophy – Bin 9000  
Semillon 2005

### Australian Wine Producer of the Year 2012 - International Wine & Spirits Competition

Third time in four years.

International Semillon Trophy – Bin 9000 Semillon 2004.



Further success includes...

- Black Label Red is the **#1 selling branded red wine** by volume in the Australian market.
- McGuigan Wines is ranked as the **#2 Australian brand** and **#14 most admired wine brand in the world** by leading UK drinks publication Drinks International.
- McGuigan Wines is the **#6 global wine brand in the UK market**. (Nielsen Grocery Scantrack).
- McGuigan Wines is the **#1 global wine brand in the Irish market**.
- Winemaker Peter Hall was recognised as **Hunter Valley Winemaker of the Year** in 2013.
- **Champion White Wine of Show** at the International Wine Challenge 2013 - Bin 9000 Semillon 2005.
- **Australian Single Varietal White Wine** under £15 Trophy at the Decanter World Wine Awards 2013 - McGuigan Bin 9000 Semillon 2007

## Core Brand Portfolio...

TEMPUS TWO



### Tempus Two – Celebrate in Style.

‘Tempus Two is fashion, and fashion is about balance and harmony. This is reflected in everything the we do. Our labels and bottles – whilst different and non-conventional, - are in balance and harmony. Our winemakers explore new varietals, borrow techniques from the old world and implement in a new world fashion, resulting in wines with style and substance. The company we keep reflects our mantra – we’re aligned with like-minded fashionable brands including Aje, Mercedes Benz Fashion Week and the Portsea Polo season.



# Core Brand Portfolio...



## Nepenthe – We are the Adelaide Hills.

'Nepenthe is the Adelaide Hills. Whilst wineries have begun sourcing grapes from other regions we are solely committed to Australia's premier cool climate wine region. Sauvignon Blanc is the iconic white of the region - Nepenthe produces the *best* Sauvignon Blanc in the Adelaide Hills because we use only free run juice – we're the only winery to do so, a fact reflected in our consistent trophy and gold medal wins. We are the flag bearer for Adelaide Hills red varieties – we are the only winery to have received an international trophy for a red – and it's a Pinot Noir.



# Continued Global Success...

Brand	Award		
McGuigan	Trophy - International Winemaker of the Year	International Wine & Spirits Competition	
	Trophy - Australian Producer of the Year	International Wine & Spirits Competition	
	Trophy - White Winemaker of the Year	International Wine Challenge	
	Trophy - International Shiraz   Syrah	Hong Kong IWSC	Hand Made 2010
	Trophy - Champion White Wine of Show	International Wine Challenge	Bin 9000 Semillon 2005
	Trophy - Australian White Wine	International Wine Challenge	Bin 9000 Semillon 2005
	Trophy - Hunter Valley Semillon	International Wine Challenge	Bin 9000 Semillon 2005
	Trophy - International Semillon	International Wine & Spirits Competition	Bin 9000 Semillon 2004
	Trophy - Australian Single Varietal White Wine <£15	Decanter World Wine Awards	Bin 9000 Semillon 2007
	Trophy - Best Australian Dry White Table Wine	Rutherglen Wine Show	Vineyard Select Semillon 2005
	Gold 'Best in Class'	International Wine & Spirits Competition	Farms Shiraz 2009
	Gold 'Best in Class'	Cairns Wine Show	Bin 9000 Semillon 2007
	Gold 'Best in Class'	International Wine & Spirits Competition	Bin 9000 Semillon 2004
	Gold	International Wine & Spirits Competition	Bin 9000 Semillon 2005
	Gold	Cairns Wine Show	Hand Made 2010
	Gold	International Wine Challenge	Hand Made 2009
	Gold	International Wine Challenge	Shortlist Semillon 2007
	Gold	Cairns Wine Show	Shortlist Chardonnay 2012
	Gold	Melbourne Wine Show	Bin 9000 Semillon 2012
	Gold	Royal Hobart Wine Show	Shortlist Semillon 2007
	Gold	Hong Kong IWSC	Shortlist Semillon 2007
	Gold	Decanter World Wine Awards	Bin 9000 Semillon 2006
Tempus Two	Trophy - Best International Semillon	Hong Kong IWSC	Copper Zenith Semillon 2005
	Trophy - Australian Sweet Regional	Decanter Asia Wine Awards	Pewter Botrytis Semillon 2009
	Trophy - Best Semillon Blend	Perth Royal Show	Varietal Semillon Sauvignon Blanc 2012
	Trophy - Best Semillon Blend	Riverina Wine Show	Varietal Semillon Sauvignon Blanc 2012
	Gold	International Wine Challenge	Copper Zenith Semillon 2005
	Gold	International Wine Challenge	Copper Zenith Semillon 2009
	Gold	International Wine Challenge	Copper Zenith Semillon 2010
Nepenthe	Trophy - Best International Red <\$200HK	Hong Kong IWSC	Altitude Pinot Noir 2012
	Gold	Royal Hobart Wine Show	Late Harvest Riesling 2010
	Gold	Australian Cool Climate Wine Show	Altitude Sauvignon Blanc 2013
	5* Winery	James Halliday Wine Companion	



# Marketing Initiatives Driving Growth...



- McGuigan Black Label Alfa Romeo Consumer Promotion.
- IWSC Consumer Advertising Campaign – Radio | Print | Outdoor.
- Premium Range Launches – McGuigan Expressions | McGuigan Founder's Series | McGuigan The Philosophy.
- New McGuigan E-Commerce Website.
- Cellar Door Digital Media Installation.
- John Torode UK Brand Ambassador Programme.
- St George Illawarra Dragons Sponsorship.

TEMPUS TWO



- Mercedes Benz Fashion Week | Festival Sponsorship | AJE Designer Endorsement.
- Victorian Polo Association Sponsorship.
- Consumer Advertising Creative Development & Campaign
- New Tempus Two Website.
- Tempus Two Pewter Distribution Drive – Hero Outlet Programme.
- Tempus Two Copper Iconic Consumer Promotion.
- Premium On-Premise Ranging – Hilton UK | IRE | EU | ASIA PACIFIC.



- Kooyong Tennis Sponsorship.
- Noosa Food & Wine Festival.
- Lyndey Milan Video Recipe Development & Consumer Promotion.
- New Nepenthe Website.
- Nepenthe Winemakers Selection – Exclusive Cellar Door Range.
- Public Relations Campaign.
- Altitude Sauvignon Blanc Advertising.





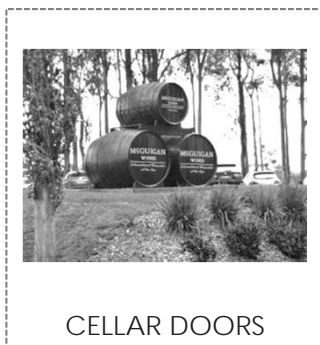
# Marketing Initiatives Driving Growth...



- **Positioned as our 'health & wellbeing' low alcohol brand.**
- Brand Refresh & Positioning – Summer Hues to Summer Light.
- Summer Light 'Health & Well Being' Campaign.
- Summer Light Fernwood Fitness Sponsorship.
- Summer Light Luxury Retreat Consumer Promotion.
- UK | EU Launch Summer Light.



- **The fun sparkling wine brand.**
- Brand Repositioning – Pre-night party starter to iconic retro Australian brand.
- Passion Pop Nail Polish Consumer Promotion.
- Passion Pop Lip Gloss Consumer Promotion.
- Double Digit Brand Growth:
  - Volume Growth 10% v LY.
  - Value Growth 12% v LY.



- **The window to our brands.**
- McGuigan – Continuity Wine Club.
- Tempus Two – Continuity Wine Club.
- Nepenthe – Continuity Wine Club.
- McGuigan Hunter Valley Cellar Door Digital Media Installation.
- McGuigan Cellar Select Exclusive Cellar Door Only Range – Emerging Variety Testing Ground.
- Nepenthe Weddings | Functions Focus.



## 2013 Hong Kong International Wine & Spirits Competition...

TEMPUS TWO



McGUIGAN  
WINES  
*Come on in*



- ❖ McGuigan Wines won the **Trophy for Best Shiraz | Syrah** for the **2010 Langhorne Creek Hand Made Shiraz**.
- ❖ Nepenthe received the **Trophy for Best Red Wine in Hong Kong below HK\$200** (AUD\$<27) for the **2012 Nepenthe Altitude Pinot Noir**.
- ❖ Tempus Two was awarded the **Trophy for Best Semillon** for the **Copper 'Zenith' Semillon 2005**.





## 2013 International Wine & Spirits Competition...



- ❖ Nominated for Australian Producer of the Year – the fifth year in a row.
- ❖ International Semillon Trophy 'world's best Semillon' – McGuigan Bin 9000 Semillon 2007.
- ❖ 1 Trophy, 6 Gold (5 Gold Outstanding), 26 Silver (8 Silver Outstanding), 10 Bronze.
- ❖ 48 wines entered | 42 medals received.
- ❖ 87.5% strike rate.



## New Product Development...Summer Light.

**Daily Mail**

‘They’re low-calorie , suddenly they're everywhere. But... are there ANY low alcohol wines you shouldn't pour down the sink?’

**Miranda Summer Light Sauvignon Blanc, 5.5 per cent, £4.99, Morrisons**

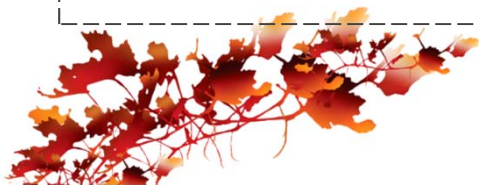
‘The **aroma is certainly better than much of the competition** and the **flavour is fresh and lemony** - a great option to have on hand...’

Rating 8 | 10.

**Miranda Summer Light Shiraz, 5.5 per cent, £4.99, Morrisons**

‘There are hardly any red wines with low-alcohol levels. So **this one is, in fact, a special treat.** This is **the only low-alcohol wine I’ve ever encountered that’s robust enough to pair with barbecued sausages...**’

Rating 8 | 10.



## Responsibility to Shareholders

1. AVL management is fully aware that we work for you, the shareholders.
2. AVL's management is continually reviewing costs, new business opportunities and innovation to increase profitability and to maximise a return on shareholders funds.



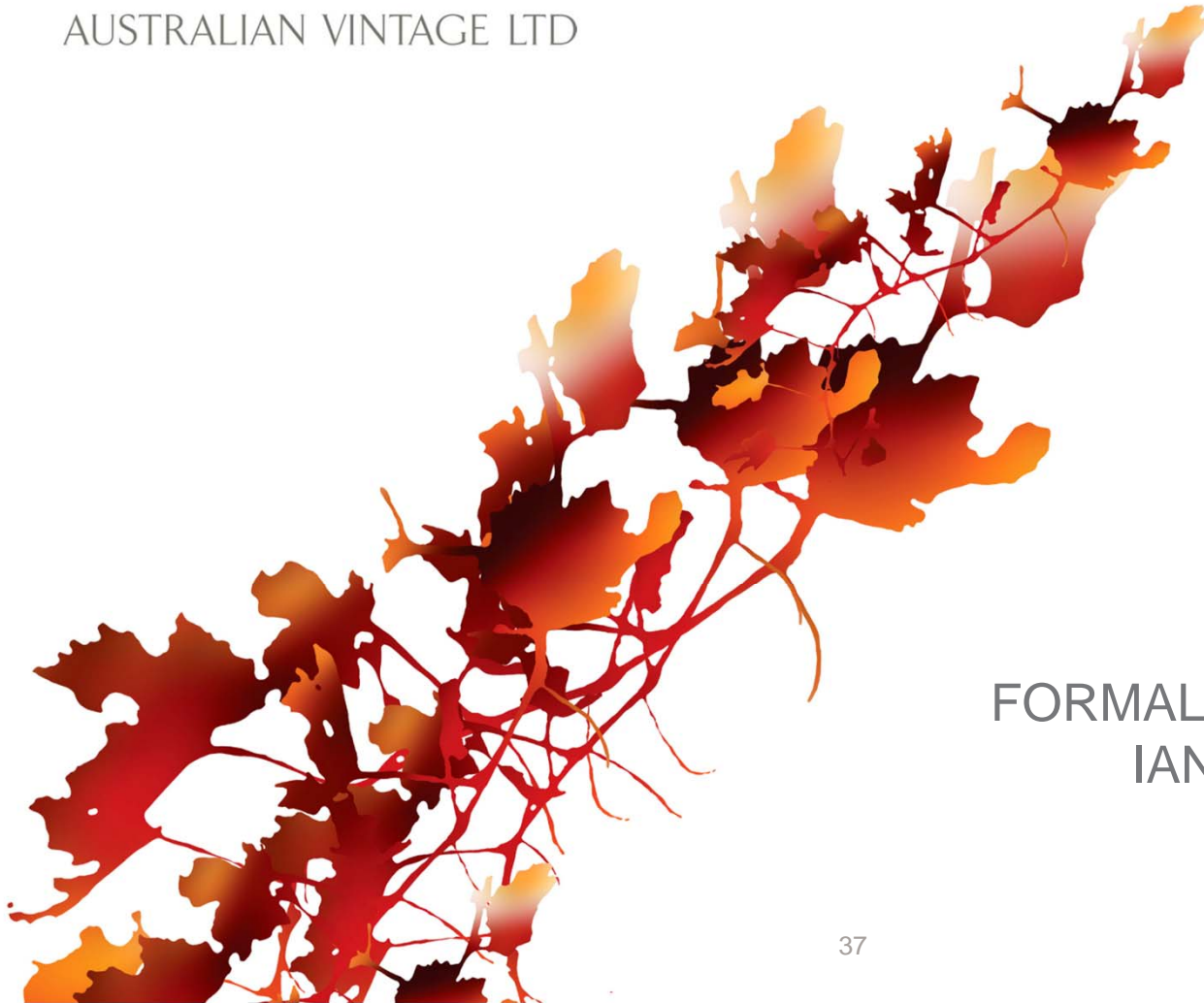
# Summary

- AVL has a very strong and experienced board that provide very clear strategies to management.
- We are totally convinced that our strategies are correct, but we must remain patient.
- AVL continues to review its cost base to ensure it is appropriate for the size of its business.
- AVL's branded business, private label, exclusive label business and contract winemaking services have the same level of quality commitment.
- AVL will continue to focus on our core brands.
- AVL will continue to evolve our wine styles, innovate with packaging and increase our category performance, particularly in sparkling wine, low and reduced alcohol wines.
- AVL is focusing our marketing activities closer to the point of sale and on increasing distribution.
- AVL will continue to capitalise on existing markets, and increase investment in time and resources in emerging markets eg: China
- AVL believes that quality is what will ensure the Australian wine industry overcomes its present challenges.





AUSTRALIAN VINTAGE LTD



FORMAL PROCEEDINGS  
IAN FERRIER

## Accounts

“To consider and receive the Financial Report, the Directors’ Report and the Auditor’s Report of the Company for the year ended 30 June 2013.”



## Resolution 1

- To consider and if thought fit, pass as an ordinary resolution:

*“That Perry R Gunner is re-elected as a Director of the Company.”*



## Resolution 2

- To consider and if thought fit, pass as an ordinary resolution:

*“That the Remuneration Report of the Company for the year ended 30 June 2013 be adopted.”*





## Resolution 3

- **To consider and if thought fit, pass an ordinary resolution:**

*“That approval is given as required by the Corporations Act and ASX Listing Rules for:*

- *The grant of 257,003 performance rights under the AVG Performance Rights and Option Plan (“Plan”) (approved by shareholders at the 2012 Annual General Meeting) to Neil McGuigan on 22<sup>nd</sup> July 2013; and*
- *The acquisition of shares in the Company on the vesting of those performance rights in accordance with the rules of the Plan as described in the Explanatory Statement accompanying the Notice of Meeting.”*





AUSTRALIAN VINTAGE LTD

