

Tuesday  
13 September 2005



ACN 052 179 932

## McG U I G A N S I M E O N W I N E S L I M I T E D

### ASX ANNOUNCEMENT AND PRESS RELEASE

## A creditable result in challenging times

Annual result for twelve months to 30 June 2005 \*

• Revenue **	\$377.0 million	up 16%
• EBITDA (before SGARA)	\$ 62.5 million	up 5%
• EBITDA (after SGARA)	\$ 67.3 million	down 10%
• Net profit after tax	\$ 35.9 million	down 11%
• Dividend	23.5 cents	no change
• Earnings per share (after significant items)	32.1 cents	down 15%

\* compared to same period 2004

\*\* excludes vineyard sales

McGuigan Simeon Wines Limited today released its financial results for the full year ended 30 June 2005.

### Highlights

- Sales up 16% with a significant increase in export sales
- EBITDA before SGARA up 5%
- EBITDA down 10% due to lower margins on sales and impact of SGARA
- Final dividend of 13.25 cents, payable 22 November 2005

### Operational review

#### Domestic Sales

- Bottled sales of \$98.0 million, up 15%, reflecting continued focus on branded products, scale and mature distribution.

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- Bulk sales increased 4% to \$69.7 million with volume actually increasing by 13%. Average sales in dollars per litre declined due to the tight domestic market conditions.

### *Export Sales*

- Total export sales, bottled and bulk, increased 34% in dollar terms with significant increases in the UK/Europe and the United States. Actual sales volume increased by 40%.
- Exports of bulk wine (including bulk in bottles) increased by 49% to \$116.3 million based on a strengthening distribution alliance with customers, particularly in the UK and the rest of Europe.
- Export of branded bottled sales increased by 8% with a significant increase achieved in the UK. Sales to the United States struggled due to the financial difficulties experienced by our agent. The company has now appointed a new agent in the US and sales should improve in the 2005-06 financial year.

### *Vineyards' Contribution (SGARA)*

- The contribution from owned/leased vineyards decreased by \$9.7 million to \$4.7 million due to the significant decline in the market price of grapes from our owned/leased vineyards and the full year impact of vineyard leasing costs.
- With the industry in oversupply, the company does not foresee any positive movement in grape prices for at least the next two years.

### *Note on International Financial Reporting Standards*

#### *AASB – 1047 International Financial Reporting Standards*

McGuigan Simeon Wines will be required to adopt the Australian equivalents to International Financial Reporting Standards (AIFRS) for the annual reporting periods beginning on or after 1 January 2005. Accordingly, McGuigan Simeon Wines Limited's first half year report prepared under AIFRS will be for the reporting period ending 31 December 2005, and its first annual financial report prepared under AIFRS will be for the year ended 30 June 2006.

The key changes in Accounting Policies expected for McGuigan Simeon Wines Limited are detailed in the Preliminary Final Report. In summary:

- The application of AIFRS does not change McGuigan Simeon Wines' business strategy, cash flows or ability to continue to pay dividends;
- McGuigan Simeon Wines estimate a \$3.2 million reduction in net assets due mainly to deferred tax adjustments;
- Restated net profit for the full year ended 30 June 2005 is \$0.5m higher due to the elimination of goodwill amortization, partially offset by the expensing of Director shares and options.

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## Comments

“This is a creditable result in challenging times for the industry,” McGuigan Simeon Wines Chairman, David Clarke said today. “We have grown sales by \$53.2 million in an environment where there is oversupply and an unfavourable Australian dollar exchange rate for export sales.

“There is no doubt that margins have decreased and for the next year or so we do not foresee any significant margin improvements.

“Our performance demonstrates the strength of McGuigan’s income streams and allows us to manage our stock without any significant write-downs. Our financial position remains sound with gearing at 46%.”

Managing Director, Brian McGuigan said: “While I am somewhat disappointed with the outcome for the full year, the underlying principles of good management, a low cost structure and income diversity have underpinned the company’s result this year and will continue to do so in the immediate future.

“We have successfully integrated Miranda into our portfolio and with the recent acquisition of Merbein our cost structure will decline further.

“The recently completed review by an outside consultant has identified some \$7.0 million in costs savings. As these savings relate mainly to production, the earnings benefits will not flow through until 2007.

“While the company cannot be totally quarantined from broader economic and industry trends in the short term, we have ensured that it has a solid foundation and strategy to continue to prosper in the longer term.

“Internationally we have continued to grow markets despite the strength of the Australian dollar and intense competition. The result also reflects our continuing effort to restrain company costs and improve productivity.”

“As we said last year, the company is a competitive force in the wine industry with solid financial foundations. Scale and diversity provide flexibility in producing, supplying and marketing wine and the ability to take advantage of high growth, low risk opportunities as they arise.”

## Outlook 2006

“Our trading results for the first two months are in line with last year,” Mr Clarke said. “The overall market will continue to be very competitive with unfavourable exchange rates and oversupply affecting all market sectors, especially exports. We do not see this situation changing significantly in the next two years.

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"We will continue to look at acquisitions if it is clear that they will add to shareholder value. While we continue to be confident in our long term future, in the absence of more favourable market conditions, the best we can foresee in the 2005-06 financial year is net profit before significant items in line with or marginally down on this year."

**ENDS**

Further information:

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Chairman  
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Brian McGuigan  
Managing Director  
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**Briefing details**

McGuigan Simeon Wines' Chairman, David Clarke, and Managing Director, Brian McGuigan, will hold a briefing to provide details about the results and the company's activities.

The briefing details are:

**Date:           Tuesday**  
**13 September 2005**

**Time:           9.30am (AEST)**

**Venue:         Level 3 Conference Room**  
**Macquarie Bank**  
**1 Martin Place (enter from Pitt Street)**  
**Sydney**

Those people unable to attend in person can participate via teleconference.

Dial in details are:

Australia Toll Free:                 1800 730 040  
International callers:                61 8 8220 0778

(Copies of the slides used at the briefing will be available on the company's website: [www.mswl.com.au](http://www.mswl.com.au))

To RSVP or for further information about the briefing phone Gabrielle Notley on 02 9232 1033.