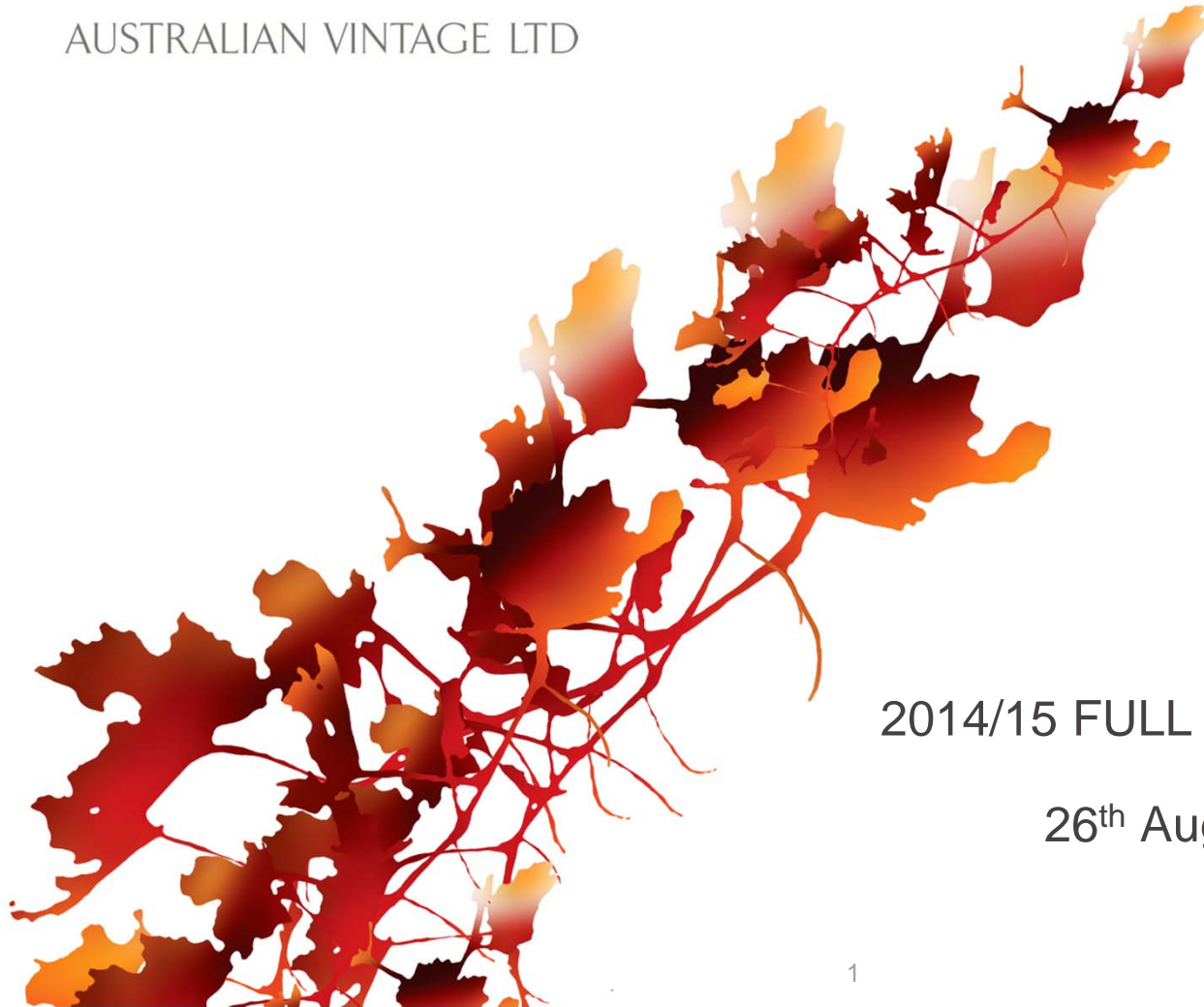




AUSTRALIAN VINTAGE LTD



2014/15 FULL YEAR RESULTS

26th August 2015

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 errors or omissions herein is accepted by Australian Vintage Ltd.

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.



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AUSTRALIAN VINTAGE LTD



TOP LINE RESULT

Top Line Result

1. Revenue up 7.5% to \$230.9 million despite a \$5.2 million decline in the Australasia/North America bulk and processing segment.
2. Net profit down 11% to \$9.4 million due mainly to reduced contribution from the Australasia/North America bulk and processing segment.
3. Cash flow from operating activities improved by \$5.7 million to a positive \$2.1 million.
4. Gearing (Net Debt to Equity) is at a comfortable 36%.
5. Focus on branded sales has resulted in 18% sales growth for our three key brands (McGuigan, Tempus Two and Nepenthe)
6. No dividend as company focuses on increased investment in brand growth and improved efficiency.



Continued Strong growth in Branded Sales

1. Total revenue up 7.5% to \$230.9 million due mainly to the ongoing improvement in branded sales offset by reduced bulk wine sales and reduced contract processing.
2. Australasia/North America packaged sales up 11% to \$99.0 million with bottled sales up 9% and cask sales up 14%.
3. UK/Europe up 12% to \$98.0 million. Bottled sales up 16% and low margin bulk wine sales down 28%.
4. Australasia/North America bulk wine revenue down \$5.2 million due to expiry of a large contract processing contract.
5. For the year, sales of the McGuigan brand grew by 18%, Tempus Two by 11% and Nepenthe 25%.



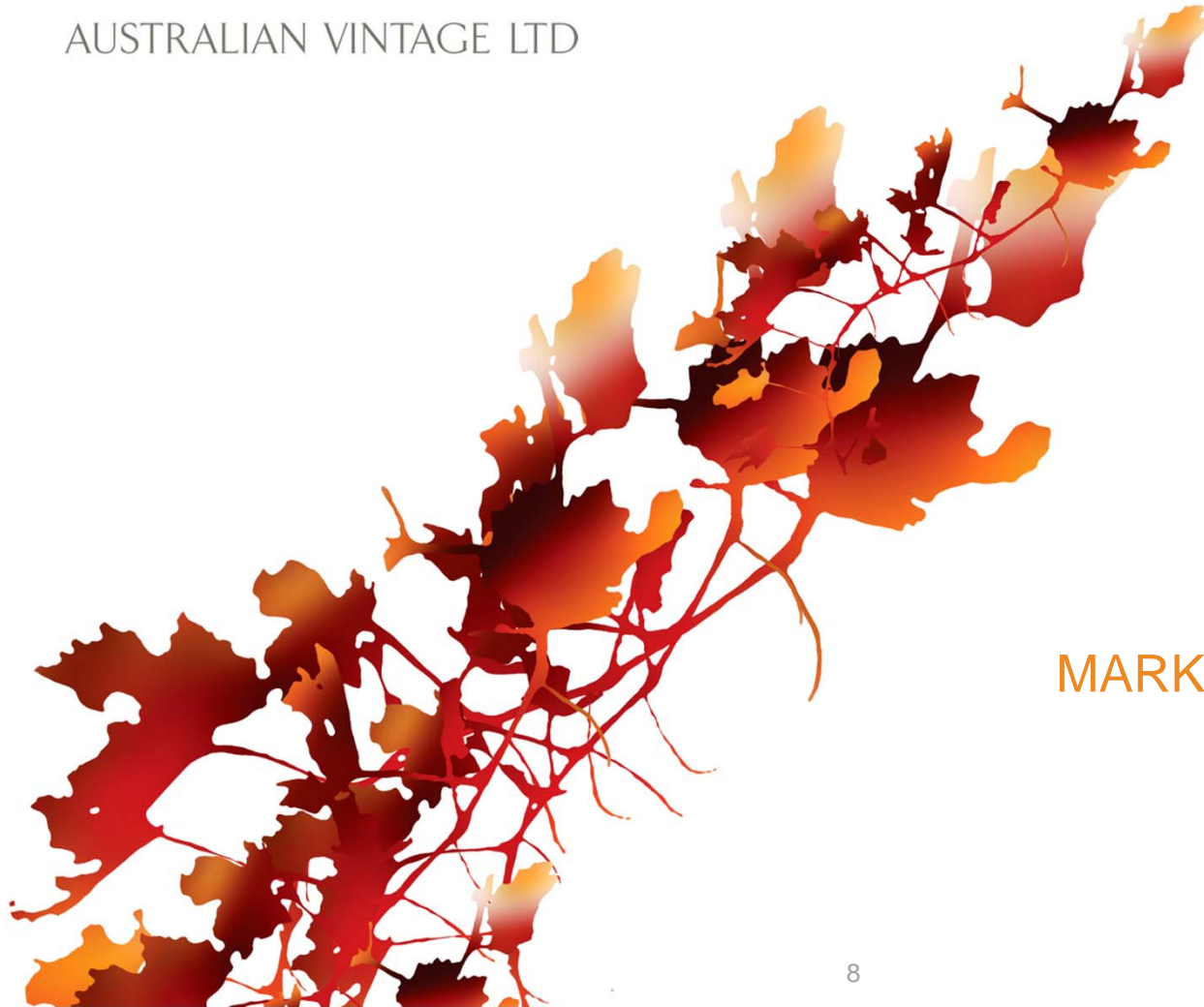
Highlights and Key Points

1. The Australasia/North America segment contribution decreased by 10% to \$7.2 million due to the increased cost of the 2014 vintage.
2. The UK/Europe segment contribution improved by 14% to \$4.5 million. The contribution from bottled sales was up on last year with the benefits of the lower AUD being offset by the higher 2014 vintage.
3. The Cellar Door segment continued to improve with contribution up by 18% to \$1.4 million on the back of increased investment and focus.
4. The Australasia/North America bulk wine and processing segment contribution decreased by \$3.3 million due to the expiry of a large contract processing agreement.
5. Gearing reduced from 39% to 36%. Cash Flow from operating activities improved by \$5.7 million on last year. Working Capital increased by \$5.3 million due to additional inventory.
6. Bank facility to October 2017.





AUSTRALIAN VINTAGE LTD



MARKET OVERVIEW

Market Conditions

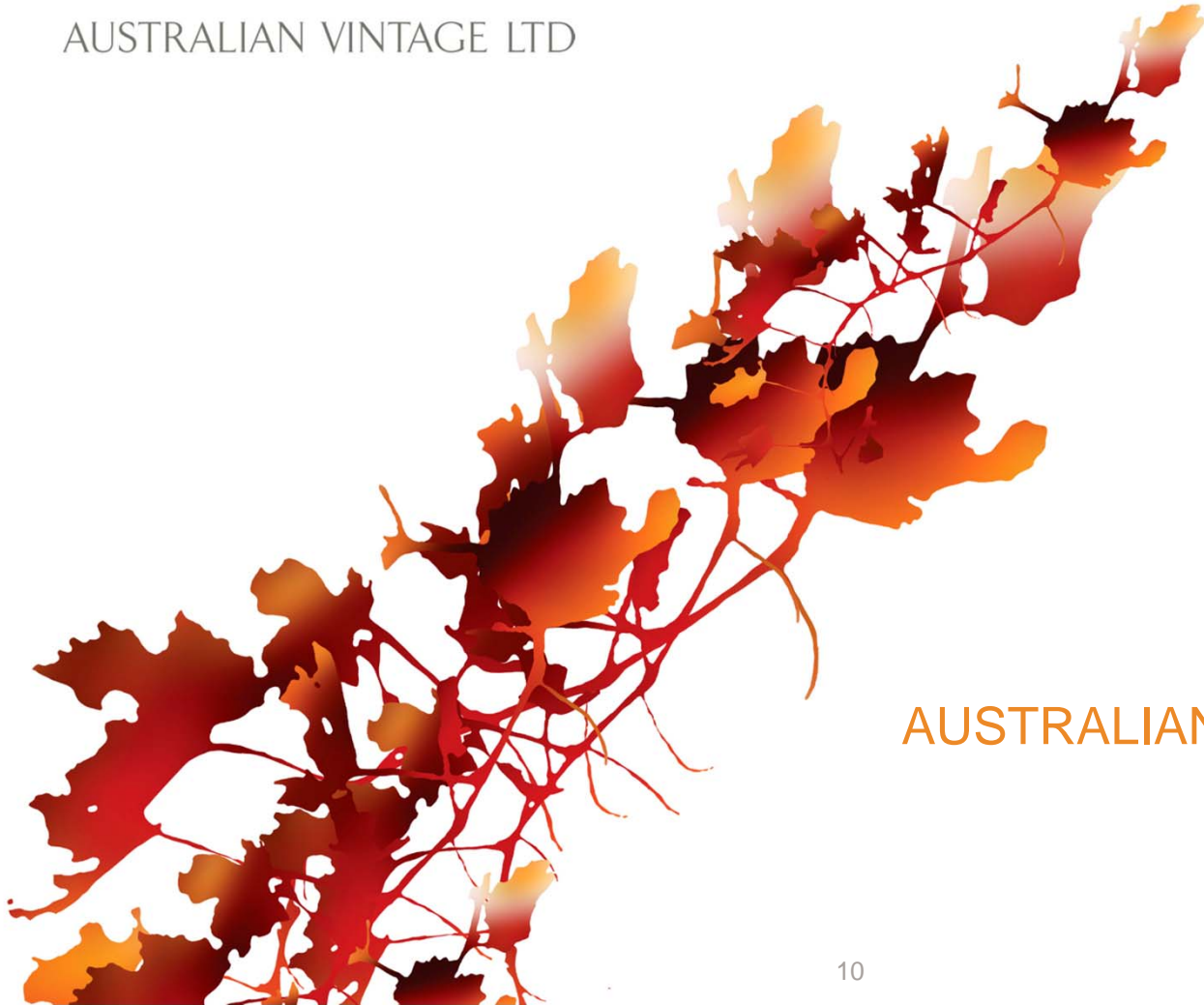
Global conditions remain challenging:-

1. In the year ended June 2015 total Australian wine exports increased by 4% to 724 million litres valued at \$1.9 billion (Australian Grape and Wine Authority – Wine Export Approval Report).
2. Whilst the Australian dollar has weakened, the average value of exports increased by only 0.3% to \$2.61/L with the average value of bulk wine exported decreasing by 7% to 95 cents/L.
3. The weaker Australian dollar, the free trade agreements with Japan and South Korea, a rebound from austerity measures in China and improved economic conditions in the UK and USA, have helped Australian exports.
4. The International Organisation of Vine and Wine (OVI) recently estimated that global wine production fell 7% in 2014 to 27 billion litres.





AUSTRALIAN VINTAGE LTD



AUSTRALIAN WINE INDUSTRY

Australian Wine Industry

1. The 2015 Australian grape crush is 1.67 million tonnes. This figure is just below the 8 year average crush of 1.70 million tonnes. (July 2015 Vintage Report prepared by the Winemakers Federation of Australia).
2. In 2009, total bearing area in vines in Australia was around 157,000 hectares. Since then it has declined and in 2013 total bearing area was around 133,000 hectares (October 2014 Vintage Report prepared by the Winemakers Federation of Australia).
3. For the total domestic market, wine sales have increased by 14% to 609.5 million litres. Sales of Australian wine was relatively flat at 455.1 million litres with the balance of 154.4 million litres representing imported wine. Imported wine volumes increased by 90% or 73.2 million litres (Wine Sales in Australia – Quarterly Report: June 2014 prepared by the Winemakers' Federation of Australia).
4. The Australian dollar continues to weaken against the main currencies. Whilst this has helped margins, the full benefits have not flowed through as overseas customers continue to put pressure on margins.





AUSTRALIAN VINTAGE LTD



BUSINESS AND RESULTS SUMMARY

Australian Vintage Limited

Results Summary (\$'000)

	12 months to		Change	
	30/06/15	30/06/14	\$'000	%
Australasia / North America Packaged	7,194	7,956	(762)	(10)
UK / Europe	4,457	3,903	554	14
Cellar Door	1,430	1,213	217	18
Australasia / North America bulk and processing	116	3,384	(3,268)	(97)
Vineyards	3,512	3,237	275	8
Total	16,709	19,693	(2,984)	(15)
Finance costs	(6,397)	(9,139)	2,742	(30)
Interest received	45	447	(402)	(90)
Profit Before Tax	10,357	11,001	(644)	(6)
Tax	(3,225)	(3,331)	106	(3)
Net Profit (before one off items)	7,132	7,670	(538)	(7)
Adjustment to provision for onerous contracts	924	4,106	(3,182)	
Tax	(277)	(1,232)	955	
Profit on Sale of Yaldara	6,351	-	6,351	
Tax	(169)	-	(169)	
Overseas Customer Incentive plus Stock NRV	(5,559)	-	(5,559)	
Tax	1,668	-	1,668	
Legal costs – dispute with vineyard owner/other	(1,005)	-	(1,005)	
Tax	301	-	301	
Total one off adjustments (after tax)	2,234	2,874	(640)	(22)
Total Net Profit (after one off adjustments)	9,366	10,544	(1,178)	(11)
EBIT before one off items	16,709	19,693	(2,984)	(15)
EBIT after one off items	17,420	23,799	(6,379)	(27)



Australian Vintage Limited – Business & Results Summary

1. Branded Sales

The branded business continues to improve with the ongoing growth in our three key brands, McGuigan, Tempus Two and Nepenthe. Total sales of these three key brands increased by 43% over the last three years and all our branded products now make up 72% of our total sales compared to 62% in 2012.

2. Australasia / North America Packaged

This segment contributed \$7.2 million compared to \$8.0 million in the prior period.

Australasia/North America packaged sales were up 11% on last year with an increase in bottled sales of 9% and an increase of 14% in our cask sales. Sales of our McGuigan brand increased by 12% in this segment and over the last three years the McGuigan brand has grown by 70%.

The higher wine cost was the main reason why the Australasia/North America segment contribution did not increase in line with increased sales.



Australian Vintage Limited – Business & Results Summary (cont.)

3. UK / Europe

This segment contributed \$4.5 million compared to \$3.9 million in the prior period.

Total sales were up \$10.4 million to \$98.0 million due to the ongoing increase of our branded products.

Whilst the lower Australian dollar provided a benefit of \$5.2 million, compared to the previous year, this benefit did not fully flow through to improved margin in the UK/Europe segment due to higher 2014 wine costs and the increased margin pressure from some of the major UK supermarkets.

Our brands continue to perform well and we continue to expand our distribution footprint in the UK.

4. Other Segments

Cellar Door contribution increased by \$0.2 million or 18%. The increase was due to improved sales and continued focus on consumer engagement.

The contribution from the Australasia/North America bulk and processing segment was down by \$3.3 million due to the expiry of a large contract processing agreement.

The vineyard segment contribution was \$0.3 million above last year. Whilst SGARA was up \$0.1 million on last year, expected SGARA was down \$0.9 million.



Australian Vintage Limited – Business & Results Summary (cont.)

5. Financial Position

Our cash flow from operating activities improved by \$5.7 million due mainly to increased sales.

Gearing ratio is at a comfortable 36% (39% as at 30 June 2014) and we have secure banking facilities in place until October 2017.

From 2016 onwards the Company has a number of significant onerous and above market priced grower contracts that expire. The expectation is that these growers will be replaced with market priced grape contracts. Based on contracts that expire from 2016 to 2018 and using the average weighted 2015 grape prices, the expected cash flow benefit after 2018 is \$6.9 million per annum.





AUSTRALIAN VINTAGE LTD



OUTLOOK

Outlook

AVL continues to focus on the core strategies of quality, growing branded business, growing export and maintaining low cost position.

We continue to face short term challenges due to our high cost from the 2014 vintage and the ongoing margin pressure.

The 2016 result will continue to be negatively impacted by the high cost of the 2014 vintage. However, the 2015 vintage cost is significantly lower and will help improve margins in the second half of the 2016 financial year.

No dividend due to increased investment in the 3 core brands and efficiency improvements. As in previous years, board will re assess the payment of future dividends on a year by year basis.

The work this Company has done to reduce its cost base and build branded sales has delivered a robust company. We continue to monitor market conditions and intend to provide guidance at the Annual General Meeting in November.



Additional Information



Branded Success

Our branded success continued throughout FY14...

McGuigan Wines

- Cowra Wine Show 2015 - Trophy Best Single Vineyard Riesling; Trophy Best Single Vineyard Dry White Table Wine of Show; Trophy Best Riesling of Show.
- International Wine Challenge 2015 – 9 Gold; 5 Silver; 18 Bronze.
- International Wine & Spirits Challenge 2014 – McGuigan shortlisted for Australian Producer of the Year.
- China Wine & Spirits Awards 2015 – 7 Double Gold Medals
- James Halliday Wine Companion 2016 – The Philosophy 2010 – 97 points.
- 4 ½ * Winery – James Halliday Australian Wine Companion 2016. 11 wines scored 90+ points.

Tempus Two

- Cowra Wine Show 2015 - Best Single Vineyard Chardonnay; Ian Armstrong Trophy Best Chardonnay of Show
- James Halliday Wine Companion 2016 – Uno Shiraz 2013 - 95 points.
- 5* Winery – James Halliday Australian Wine Companion 2016. 5 wines scored 90+ points. 8 wines scored 90+ points.

Nepenthe

- Royal Queensland Food & Wine Show 2014 - Trophy Best Sauvignon Blanc of Show.
- James Halliday Wine Companion 2015 – Ithaca Chardonnay 2013 – 95 points.
- 5* Winery – James Halliday Australian Wine Companion 2014.



Branded Success

Our success is more than just medals...

- McGuigan Wines is one of only two wine producers in the world to have been crowned International Winemaker of the Year three times by the prestigious International Wine & Spirits Competition in London, having achieved the feat in 2009, 2011 and 2012.
- Cowra Wine Show 2015 - AVL 'Most Successful Exhibitor'
- In FY15 81% of total McGuigan volume was export.
- McGuigan Black Label Red is the #1 selling bottled red wine in the domestic market, and has three wines in the top 10 selling red wines in Australia.
- In the UK, McGuigan is the 4th largest wine brand by volume and value, and the second fastest growing wine brand.
- McGuigan has just entered the top 20 global alcohol brands by value in the UK, ahead of brands such as Peroni, Bailey's and Guinness worth £108.2M (\$230.4M) on the back of 23.2% growth MAT.
- McGuigan is the 2nd largest wine brand by volume and value in the Irish market.
- McGuigan Estate is the largest selling brand sub-range in the UK, selling 1.5M cases per annum.
- McGuigan Wines is the #1 global wine brand in Nova Scotia, Canada.
- Industry recognition through the Advantage Survey Report 2015 sees Australian Vintage rated:
 - #1 Manufacturer Personnel
 - #2 in Business Relationship & Support
 - #2 in Customer Service
 - #2 in Supply Chain
 - #2 in Customer Service



Portfolio Extensions

Differentiation strategy drives brand McGuigan at \$10+...



Bin Series



Reserve



The Brothers



Classic



Expressions



2014/15 One Off Items

Provision for Onerous Grower Contracts

In December 2014 an onerous grower contract was renegotiated to normal market grape prices. The onerous \$0.9 million provision for this contract has been reversed.

Sale of Yaldara Winery

In November 2014 the Yaldara winery and brand was sold for \$15.5 million. This resulted in a profit before tax of \$6.4 million. The tax expense is only \$0.2 million due to the use of capital losses not previously recognised in the accounts of the company.

Legal Fees

We are currently involved in a legal dispute with a vineyard owner. The legal costs to the end of June 2015 was \$1.0 million (\$0.7 million after tax). It is expected that this dispute will be concluded prior to 31st December 2015. If successful the company will be able to terminate this long term contract.

Non Recoverable Incentives to Customers

The company has made a decision to write off previous incentives made to various customers. The decision to write these amounts off was based on developments where we concluded that the benefits from these payments was unlikely to occur. A significant portion of the \$5.6 million (\$3.9 million after tax) related to overseas customers and included both cash and stock incentives.

