



AUSTRALIAN VINTAGE LTD

ABN 78 052 179 932

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TRADING UPDATE AND IMPACT OF BREXIT

Trading Update

To the end of May 2016, AVL sales were up 8% against last year due to improved sales of our three key brands (McGuigan, Tempus Two and Nepenthe) partially offset by lower margin bulk wine sales and processing income. Prior to the Brexit vote, Australian Vintage Limited ('AVL') was on track to achieve a net profit growth of 10% to 15%.

Sales of our McGuigan brand are up by 22% globally.

Our strategy to grow our export business, increase sales of our three key brands and focus on cost control has seen this company continue to transform into a well-respected branded wine business from a bulk wine producer.

AVL continues to push the boundaries with high quality wine production and vineyard innovation.

Del Rios Termination

Previously the market was advised that the cost to AVL associated with the Del Rios vineyard lease termination was \$9.7 million (post-tax). As a result of legal costs recovered and savings in other associated areas, this figure has reduced by approximately \$0.5 million.

Impact of Brexit

In May 2016, AVL advised the market that, subject to no material changes to the current exchange rates, AVL expected its 2016 net profit after tax (and before one-off items) to be up 10% to 15% on last year's result of \$7.1 million.

The recent significant unfavourable movement in the GBP has meant that AVL will need to account for an unforeseen unrealised foreign exchange loss of approximately \$1.0 million (after tax) as at 30 June 2016. This unrealised loss is based on the exchange rate impact on our UK based working capital.

Our foreign exchange hedges are based on caps and collars and therefore provide a range rather than a specific forward exchange rate.

AVL's Chief Executive Officer, Neil McGuigan stated "it is unfortunate that the recent events surrounding the Brexit vote has led to AVL's profit being adversely affected. This event was outside of our control and is disappointing as our company was on track to achieve a 10% to 15% profit growth on last year. We expect the uncertainty in the UK to settle down in the short to medium term and are continuing to execute the growth plans for our branded business which we expect will drive an improved cash flow in the near future".

AVL is currently in blackout until the Company announces its detailed financial accounts to the market, scheduled for Wednesday 24 August 2016.

ENDS

Further information

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