



AUSTRALIAN VINTAGE LTD
ABN 78 052 179 932

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AUSTRALIAN VINTAGE LIMITED ('AVL')
IMPACT OF THE LOWER GBP

Since the announcement of BREXIT the GBP has continued to fall. At the end of May 2016 the GBP was 49 pence against the AUD and it is currently 62.8 pence. Every global wine company that sells wine to the UK has experienced similar falls with the GBP declining between 18% and 34% against the various currencies.

Whilst the lower GBP will negatively impact our cash flow, we remain confident that our 2016/2017 cash flow from operating activities will still be significantly better than in 2015/2016 due to the lower grape prices from the removal of onerous grape contracts and the termination of a vineyard lease.

Sales of our key McGuigan brand continues to grow with volume sales up as at the end of September 2016.

In August 2016, AVL advised the market that "for the next 12 months a 1 pence movement in the GBP impacts our Net Profit after tax by approximately \$0.3 million". Whilst we continue to pursue various strategies to minimise the impact of the lower GBP, they are taking longer than expected. The UK remains a very tough market and we expect conditions to remain challenging for at least the next 12 months.

Assuming the GBP remains at the current rate of 62.8 against the AUD for the balance of the 2016/2017 financial year, the negative impact on our Net Profit after tax will be approximately \$3.5 million to \$4.0 million. This will have an impact on our 2016/2017 result and assuming a normal vintage, we expect our full year Net Profit after tax result to be down by approximately \$3.0 million against last year's result of \$7.2 million before one off items.

The unfavourable movement in the GBP has not changed our commitment to the UK and we continue to work with our retailer and distributor partners to continue to grow our brands.

A further update will be provided at our Annual General Meeting in November 2016.

ENDS

Further information

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