



AUSTRALIAN VINTAGE LTD

ABN 78 052 179 932

**Company Announcements  
Australian Securities Exchange**

**26<sup>th</sup> February 2020**

**Half Year 31 December 2019 Results**

Australian Vintage Limited will host an investor and media conference call commencing at 2.00 p.m. (AEDST) on Wednesday 26<sup>th</sup> February 2020 (dial-in details below). The presentation material will be available at [www.australianvintage.com.au](http://www.australianvintage.com.au).

In the event local dial in numbers are not available or successful, dial 0011 61 2 8318 0010 to connect.

**Teleconference Dial-In Details  
Conference Passcode: 749690021**

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Canada	+1 647 749 7023
China	+86 400 842 8248
France	+33 1 70 99 53 95
Germany	+49 69 667781698
Hong Kong	+852 5806 0577
Ireland	+353 1 526 8362
Japan	+81 3 4510 7206
Malaysia	+60 3-9212 5039
New Zealand	+64 4 280 8090
Philippines	+63 2 8231 3158
Singapore	+65 3157 6082
Taiwan	+886 2 5592 4062
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**Strong performance in core business underpins  
20% to 25% profit growth guidance for FY 20**

Continued strong performance in Australian Vintage Limited's (AVG's) core Australian and UK businesses for the six months ended December 2019 enabled AVG to forecast 20% to 25% net profit after tax growth.

AVG announced half year profit after tax of \$5.9 million. The result was after recognising:

- Increased wine costs amounting to \$1.5 million due to the disappointing 2019 vintage as foreshadowed at the 2019 AGM;
- adverse SGARA financial impact of \$1.0 million attributable to higher cost of water and fire damage;
- Increased investment of \$0.7 million in marketing to both grow and maintain brands in our key markets; and
- Restructuring costs of \$0.5 million.

In the UK sales of the McGuigan brand increase by 9%, but what is even more pleasing is that most of this growth has come as a result of improved sales mix. Sales of the higher priced McGuigan Black Label and Reserve ranges have increased by 14%. The growth in the UK market is not finished but it will require further investment in marketing and advertising.

We have challenges in the Asian and North American markets. However, both these markets are currently not a significant part of our business with China representing about 3% and North America representing about 3%.

The coronavirus has had no impact on our result for the six months to December 2019. Based on the fact that China is only a small part of our business, the impact of the virus is not expected to be material for the next 6 months.

Overall revenues declined by \$6.1 million due to the following declines:

- North America sales \$0.8 million, Asian sales \$2.7 million and NZ sales \$0.5 million; and
- A reduction of loss making bulk wines sales amounting \$2.2 million and vineyard management \$3.2 million.

AVG's Asian sales performance was particularly disappointing given the momentum in recent years. The \$2.7 million sales decline is a consequence of AVG's major distributor focusing on reducing working capital following a change in senior management.

AVG has plans in place to improve Asian, North America and NZ performances.

AVG's 2020 vintage is in process and early indications are that yields will be up on last year's disappointing vintage.



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AVG's Chief Executive Craig Garvin said "overall the result was pleasing considering the half's challenges and importantly the outlook is encouraging given AVG's brands positioning in our key markets and the potential in our emerging markets."

Outlook is based on normal vintage, stable foreign exchange and excludes the impact of the new accounting standard on leases.

***ENDS***

**Further information**

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