AUSTRALIAN VINTAGE LTD
ABN 78 052 179 932

Company Announcements
Australian Securities Exchange

31 May 2018

VINTAGE AND TRADING UPDATE
AUSTRALIAN VINTAGE LIMITED MAINTAINS GUIDANCE

Key Points

- 93,000 tonnes of grapes crushed in Vintage 2018 which was in line with 2017
- Grape yields from owned and leased vineyards down on last year's large vintage by 11%
- Total sales to the end of April up 20% on last year with the UK/Europe segment up 25% and the Australasia/North America Packaged segment up 8%
- Cash Flow from operating activities on track to be significantly up on last year
- Subject to no material changes in the current exchange rates, the 2018 Net Profit after tax is expected to be between $7.0 million and $7.5 million

Vintage Update

Australian Vintage (ASX: AVG) today reported that it crushed 93,000 tonnes of grapes from the 2018 Vintage, in line with tonnes crushed last year.

Neil McGuigan, Chief Executive Officer said "whilst our total tonnes are in line with last year, the actual amount crushed for own use declined by 2,500 when compared to last year. This was offset by a 2,500 tonne increase in third party contract processing.

With increased contract processing and third-party grapes, we expected to crush around 101,000 tonnes this year, but vineyard yields were lower than expected. Australian Vintage owned, and leased vineyard yields were down 7% on expectation, with third party growers down by as much as 30%.

At this stage it appears that the 2018 Australian wine industry crush is estimated to be around 10% down on the big 2017 crush with indications that the quality again will be very high."

Trading Update

"Total sales to the end of April 2018 are 20% above last year due to increased sales of our 3 key brands, McGuigan, Tempus Two and Nepenthe. Our continued focus on these three brands is continuing to drive sales growth with McGuigan sales up 13% on last year, Tempus Two up 40% and Nepenthe up 21%.

Management's post Brexit decision to continue to focus and expand our sales team in the UK is now providing benefits with the UK/ Europe segment showing significant growth with total sales up 25% and sales volumes up 11% to the end of April 2018.

As foreshadowed in our half year results press release, the lower yields from our owned and leased vineyards will mean that our income from vineyards (SGARA) will be down on last year but we remain on target to achieve our forecast profit.

Outlook

"The Company continues to focus on increasing branded sales and at the same time improving the efficiency of the business and improving the quality of our outstanding wines. We continue to put in place strategies that will see this company become a highly respected global branded wine company.

Subject to no material changes to the current exchange rates we are confident that the 2018 Net Profit after tax will be between $7.0 million and $7.5 million."

ENDS

Further information

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