



AUSTRALIAN VINTAGE LTD  
ABN 78 052 179 932

**ASX RELEASE**  
**27 May 2015**

## **VINTAGE AND TRADING UPDATE**

### **Key Points**

- 113,771 tonnes of grapes crushed in Vintage 2015 compared to 124,215 tonnes last year
- To the end of April 2015, total revenue up 6%, reflecting higher UK/Europe and Australasia/North America sales
- 2015 net profit result will be negatively impacted by the lower than expected yields from owned vineyards

### **Vintage Update**

Australian Vintage (ASX: AVG) crushed 113,771 tonnes of grapes from the 2015 vintage compared to 124,215 tonnes last year.

Neil McGuigan, Chief Executive Officer said “our total tonnes decreased by 10,444 tonnes compared to last year due to a reduction in tonnes processed for other customers. Actual tonnes from the 2015 vintage were slightly down on expectation as detailed in the following table:-

	Actual 2015 Tonnes	Expected 2015 Tonnes
Owened Vineyards	18,598	21,200
Lease/Third Party	84,850	80,000
Contract Processing	10,323	13,300
	113,771	114,500

Yields from owned vineyards are below expectation due to the effects of the previous year's frost on our own vineyards and as a result, the 2015 SGARA (Self Generating and Regenerating Assets) expected profit contribution of \$3.6 million is likely to be around \$2.6 million. SGARA is a non cash item. The increased yield on leased/third party vineyards does not impact SGARA.

In terms of quality, the 2015 vintage has produced some outstanding wines. Growing conditions were generally favourable to wine quality and yield.”

### **Trading Update**

“Total sales to the end of April 2015 are 6% above last year due to improved sales in both the Australasia/North America and UK/Europe segments, partially offset by lower bulk and processing sales.”

“Australasia/North America packaged sales are up 10% on last year as a result of increased branded bottle and cask sales.

“Sales into UK/Europe are up 11% on last year with the McGuigan brand now the number four brand in the UK market. However, these increased sales have not lead to a significantly improved contribution due to loss making bulk wine sales made in the first half of this year. Whilst the exchange rates, particularly the GBP, have moved favourably during this financial year resulting in some improved margin in bottled sales, it is evident that some of this improved margin has been eroded with ongoing margin pressure from our UK customers.”

“Our recognition for making exceptional wine continues to grow with the recent awards received at the International Wine Challenge (IWC) held in London. McGuigan Wines received six trophies, nine gold, five silver and eighteen bronze medals. Tempus Two received two trophies, two gold, three silver and two bronze medals and Nepenthe, two gold, three silver and one bronze medal. One of the great outcomes of this year’s IWC is that our business won awards across a spectrum of all the popular grape varieties.”

## **Outlook**

“The Company continues to focus on increasing branded sales, improving the efficiency of the business and improving the quality of our outstanding wines. The growth of our key brands is very encouraging and we remain confident that our core strategies are correct.”

“The lower yields from our owned vineyards are disappointing and will reduce this year’s SGARA income. As a result, and based on no material changes to forecast FX, we expect our 2015 net profit (after tax and one off items) to be approximately 10% lower than the 2014 result largely due to the decline in SGARA.”

## **ENDS**

## **Further information**

Neil McGuigan  
Chief Executive Officer  
02 4998 4199

Mike Noack  
Chief Financial Officer  
08 8172 8333

Footnote – the International Wine Challenge is known as one of the world’s largest, and most prestigious, blind tasting competitions. Wines tasted and assessed by a panel of industry experts with the winery name, grape variety and country of origin not revealed.