

Lion Nathan Limited

Interim Results 2009

Analyst Pack



CREATE AND CHAMPION THE MOST ADORED BRANDS



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This presentation should be read in conjunction with other publicly available material. Further information including historical results and a description of the activities of LNL is available on our website, www.lion-nathan.com.au.



2009 Interim Results Presentation

GROUP RESULTS | AUSTRALIA | NZ | WINE | OUTLOOK | KIRIN TRANSACTION

1. Group Results

2. Business Unit Results

- Australia
- New Zealand
- Wine

3. Outlook

4. Kirin transaction



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H1 2009 results – Group results

GROUP RESULTS | AUSTRALIA | NZ | WINE | OUTLOOK | KIRIN TRANSACTION

Volume (beer, wine, spirits & RTDs)	518 mL	+3.5%
Net Sales Revenue	\$1,185 m	+5.7%
Earnings Before Interest & Tax	\$307.0 m	+8.4%
Reported Net Profit After Tax	\$176.0 m	+6.9%
Interim Dividend per share	22c	+10.0%
Earnings per share*	33.1c	+7.1%

Solid first half beer results have enabled a positive revision of the FY09 NPAT** guidance to \$305 - \$315 million

* Calculated using total number of shares on issue less shares held by the Lion Nathan Achievement Rights Trust

** Pre-significant items, excludes costs associated with the Kirin offer and Scheme process

H1 2009 results - headlines

GROUP RESULTS | AUSTRALIA | NZ | WINE | OUTLOOK | KIRIN TRANSACTION

- Investments made in brands, breweries and people have delivered a stronger business
- The fundamentals of the beer market in Australia and New Zealand are robust despite tougher economic conditions, largely achieved through innovation led mix benefits
- Wine business adversely impacted by economic environment in US, UK and Australia as well as the investment in the US platform which is in start-up phase
- Acceleration in growth anticipated in H2 due to Boag's growth, timing of Easter, innovation momentum and the cycling of high levels of investment in the prior year
- Major capital projects on time and on or ahead of budget
- **Well positioned to achieve NPAT* guidance range of \$305 m - \$315 m (pre-significant items)**



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* Pre-significant items, excludes costs associated with the Kirin offer and Scheme process

2009 Interim Results Presentation

GROUP RESULTS | AUSTRALIA | NZ | WINE | OUTLOOK | KIRIN TRANSACTION

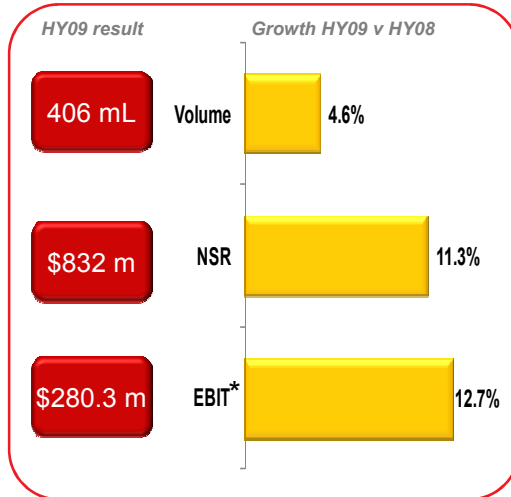
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Australia - headlines

GROUP RESULTS | AUSTRALIA | NZ | WINE | OUTLOOK | KIRIN TRANSACTION



- Strong EBIT result for the half
- Improvement in mix largely through “step up” beers and tap beer results
- Recent innovations building into sizeable brands
- Boag’s achieving good growth with more anticipated

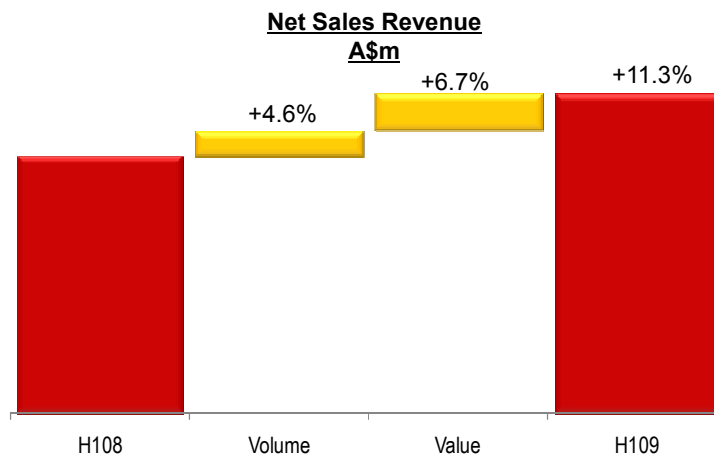


* Operating EBIT (Reported EBIT growth 14.8%)

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Australia – net sales revenue growth

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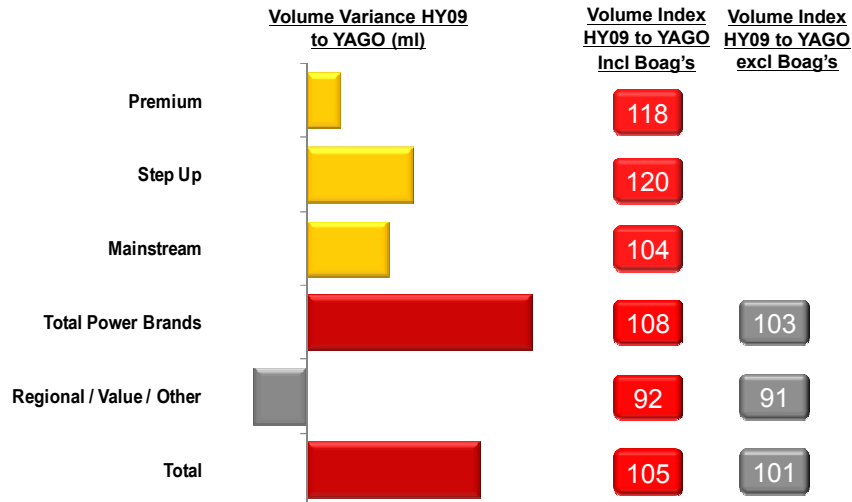


Strong mix due to tap beer results and innovation success

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Australia – beer category volume summary

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Power brand strategy continuing to deliver

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For details of Power Brands refer to Appendix 6

Australia – market trends*

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- Beer market in growth
- Value growing ahead of volume
- Premium segment growing by ~15% MAT
- Low Carb market growing at over 40% MAT
- LNA growing ahead of market in all segments other than Premium
 - LNA is structurally under represented in Premium
 - Significant price activity seen in Premium segment in the half

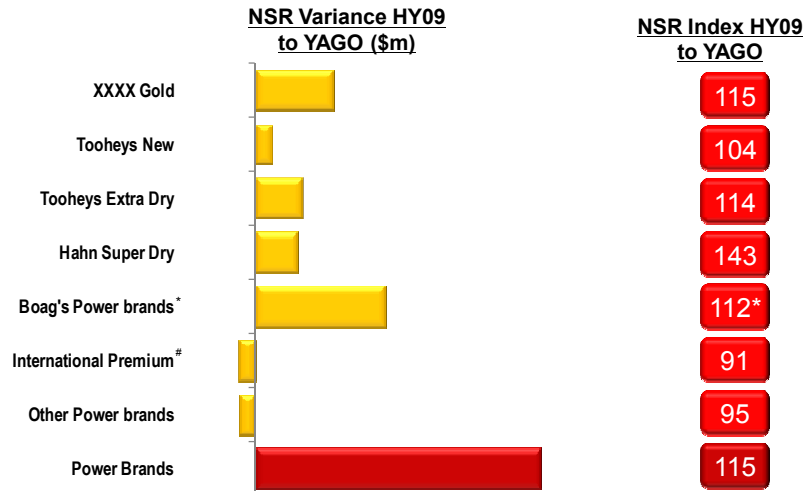


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* AC Nielsen MAT data to March 2009. Boag's has been adjusted for in this data

Australia – key power brand performance

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Standout performance of XXXX Gold, TED & Hahn Super Dry

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*James Boag's Premium, Light, Classic Blonde & Draught, YAGO index based on assumed volumes (irrespective of ownership) # Heineken and Becks brands

Australia - Boag's building momentum

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	Volume Growth* H1
Key Boag's brands#	+12%
Total Boag's trademark	+8%

- Boag's Draught is now available on tap in over 1,800 locations nationwide and building
- Excellent early feedback on Boag's Draught TV advertising, launched late in the half, which highlights Tasmanian provenance



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* Growth rates based on assumed H1FY08 volumes (irrespective of ownership)

Australia - Brewery investment program

GROUP RESULTS | AUSTRALIA | NZ | WINE | OUTLOOK | KIRIN TRANSACTION



- Objective – to increase capacity of the Esk brewery to enable the Boag's beers to grow whilst maintaining their Tasmanian provenance

	Previous Guidance	Update
Costs	~\$25 million	On track
First brew	End of 2009	On track
Completion	H1 FY10	On track



Investing to support Boag's reaching it's full potential

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Australia - Brewery investment program

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- Objective – to upgrade infrastructure at the two major breweries in Australia – Tooheys and XXXX
- The investment enables:
 - higher levels of flexibility and agility
 - a reduced environmental footprint,
 - efficiency gains

	Previous Guidance	Update
Total Project Invest cost savings	\$15 million EBITDA savings per annum	Slightly ahead of target
Completion	FY09	On track (some fine tuning in FY10)



Delivering a range of benefits for Tooheys and XXXX

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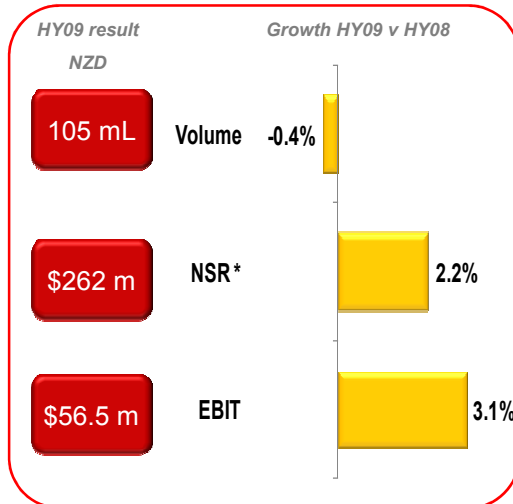
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New Zealand - headlines

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- Domestic beer volumes steady
- Total volumes down due to Export market declines
- Positive mix trends continue largely due to successful innovations
- Wine, Spirits & RTDs complementing the good Beer results
- Price increase effective March to recover cost increases

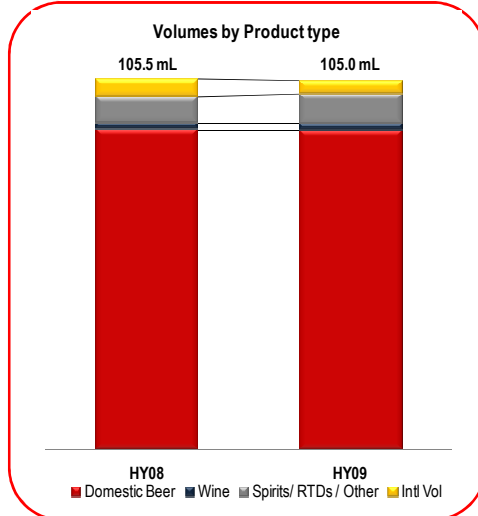


* Excludes Other Businesses – Lion Liquor Retail, CBC, Maltexo

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New Zealand - volumes

GROUP RESULTS | AUSTRALIA | NZ | WINE | OUTLOOK | KIRIN TRANSACTION



- Stable domestic beer volumes despite cycling strong prior year summer period and Easter in H1 last year
- Spirits / RTDs / Other – NPD and new RTD pack formats capturing additional volumes
- International volumes down as consumer demand weakens in key US export markets (eg. Hawaii)

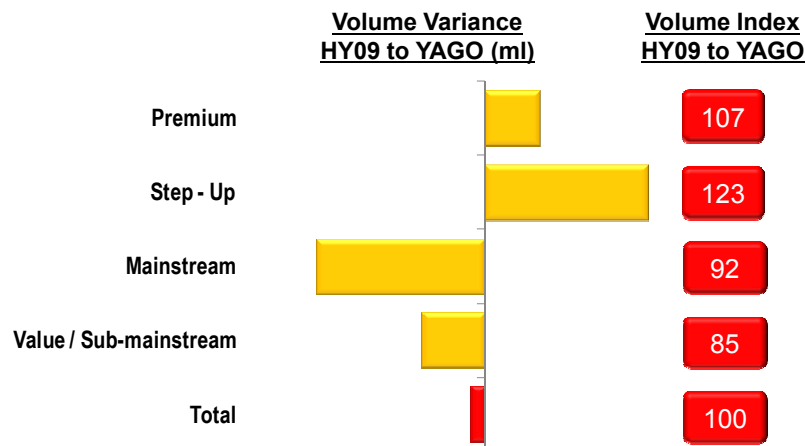


Stable domestic beer, with upsides through Wine, Spirits & RTDs

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New Zealand – beer category volume growth

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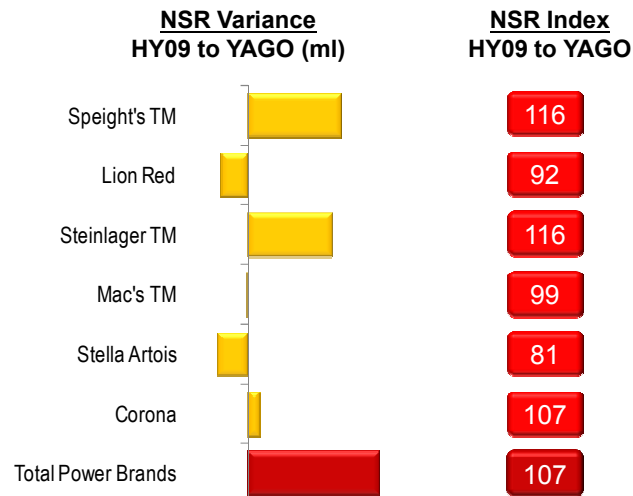
Consumers migrating to Premium & Step-Up through new products

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Domestic volumes only, for details of Power Brands refer to Appendix 6

New Zealand – domestic beer

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Power brand growth fuelled by new products

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Auckland Brewery on track

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- Objective – to consolidate manufacturing in Auckland into one integrated beverage site
- The investment enables:
 - higher levels of flexibility and agility
 - Improved safety, quality and environmental footprints
 - efficiency gains

	Previous Guidance	Update
Total cost savings	NZ\$15 million EBITDA savings per annum	On track
First Brew	Q1 F10	On track
Completion	FY11	On track
Costs	~NZ\$250m	On track



A transformational investment for our NZ business

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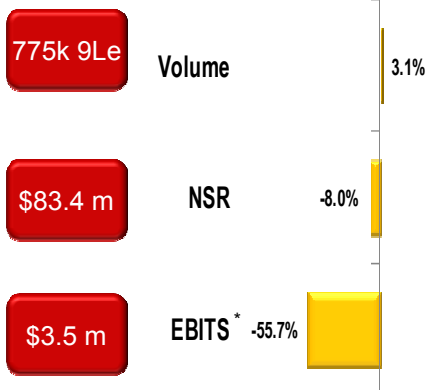
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Wine - headlines

GROUP RESULTS | AUSTRALIA | NZ | **WINE** | OUTLOOK | KIRIN TRANSACTION

HY09 result

Growth HY09 v HY08



- Volume includes agency brands in US for first time
- Consumers trading down and consuming off-premise
- Level and frequency of pricing promotions in key markets has increased considerably
- Overheads increased due to US distribution platform which is in start-up phase
- Negative SGARA impact



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* EBIT pre SGARA (Reported EBIT \$2.8m, down 66.7%)

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Outlook

GROUP RESULTS | AUSTRALIA | NZ | WINE | **OUTLOOK** | KIRIN TRANSACTION

FY09 NPAT* guidance of
\$305M – \$315M

Growth rate expected to increase in H2 due to...

- Continued performance of Power brands in Aust & NZ
- Boag's growth
- Innovation momentum
- Heavy investment period in H2 FY08, including funding costs and marketing spend
- Timing of Easter



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* Pre-significant items, excludes costs associated with the Kirin offer and Scheme process

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Key Highlights

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- Implementation Agreement signed between Lion Nathan and Kirin (10 May, 2009)
- Offer Consideration of \$12.22 per share (the "Offer")
 - Base cash price of \$11.50 per share
 - Cash dividends of \$0.72 per share expected to be fully franked (including \$0.22 interim dividend)
- Offer implies an equity value for Lion Nathan of \$6.5 billion
- Offer is unanimously recommended by Lion Nathan's Independent Board Committee ("IBC"), subject to the independent expert's opinion that the Offer is in non-Kirin shareholders' best interests and no superior proposal emerging
- Transaction expected to be effected by a Scheme of Arrangement, subject to approval by non-Kirin Lion Nathan shareholders



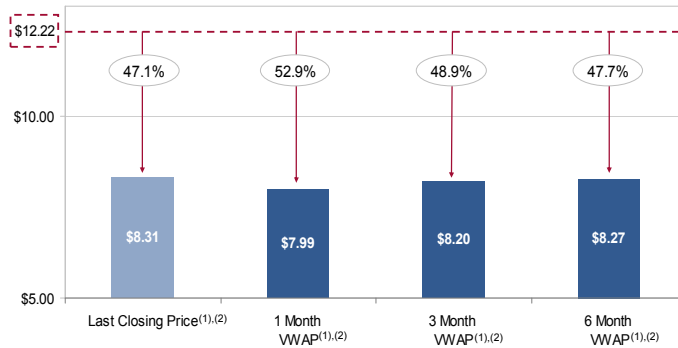
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Attractive Premia

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- Offer Consideration of \$12.22 per share (incl interim dividend) represents a highly attractive premium
- Including the franking benefits expected to be attached to the dividends, the Offer Consideration has a value of up to \$12.37 per share for certain classes of shareholders

SUBSTANTIAL OFFER PREMIUM



Notes:
 1. ASX share price.
 2. Last close price as at 22 April 2009, (the day prior to Lion Nathan's announcement of the receipt of an indicative privatisation proposal). VWAP represents volume weighted average share price in the relevant period up to and including 22 April 2009.

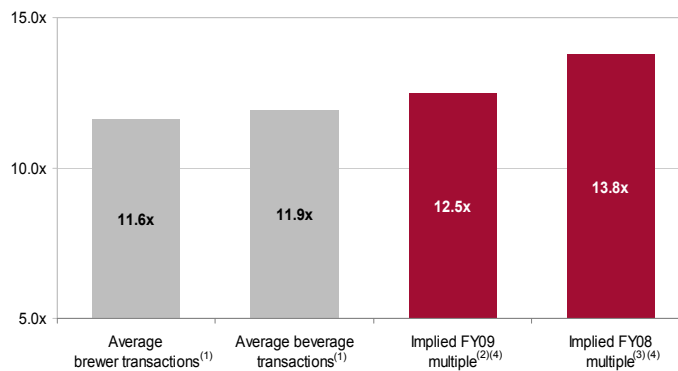
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Attractive Transaction Multiple

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- Above average historical precedent multiples of brewer and beverage transactions

ABOVE AVERAGE PRECEDENT EV/EBITDA TRANSACTION MULTIPLES



Notes:
 1. Based on 15 Australasian and international brewer transactions and 13 Australasian and international beverage transactions since 2001.
 2. Based on the average of broker forecast FY09 EBITDA of \$654m from broker reports issued since Lion Nathan's H1'09 results release on 24 April 2009 (ABN Amro, Citigroup, Credit Suisse, G.S.B.W., Merrill Lynch and UBS).
 3. Based on FY08 actual EBITDA of \$592m.
 4. Based on FY08 reported Net Debt.

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Conditions and Process

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- Implementation Agreement sets out details of conditions and process
- Scheme of Arrangement
 - Approval by non-Kirin Lion Nathan shareholders
 - Australian court approvals
- Limited Scheme conditions including:
 - Any required third party and regulatory approvals (including FIRB and OIO)
 - No material adverse event relating to the business of Lion Nathan (>\$30 million NPAT, \$90 million net assets)



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Indicative Transaction Process

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EVENT	Indicative timing
Lodge Scheme Booklet with ASIC	Jul / Aug 2009
Application in respect of the Court hearing to be held on the First Court Date, filed with the Court, served on ASIC and delivered to ASX	Jul / Aug 2009
First Court Date	Aug / Sept 2009
Printing of Scheme Booklet	Aug / Sept 2009
Members' Scheme Meeting held	Sept / Oct 2009
Second Court Date	Oct 2009
Lodge Court order with ASIC (effective date)	Oct 2009
Scheme Record Date	Oct 2009
Implementation Date	Oct 2009



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Appendix 1 - Expenses

Appendices

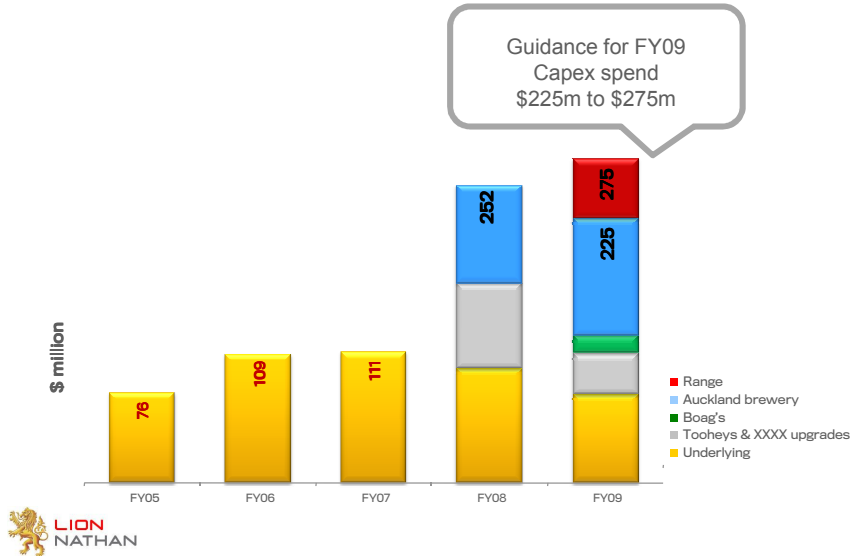
Pre Significant Items

A\$m	HY09	HY08	\$m Change	% Change	
Cost of sales	568.5	546.3	22.2	4.1%	← Volume, mix & COGS rate increases
Sales and marketing costs	193.2	184.5	8.7	4.7%	← Increased marketing investment + US Wine sales platform costs
Distribution costs	48.2	45.0	3.2	7.1%	← Beer volume growth & Wine rate increases
Finance and admin costs	50.1	50.0	0.1	0.2%	
Other expenses	54.6	42.4	12.2	28.8%	← Includes increased costs due to change in SA bottle deposit levies (offset by other revenue)
Total expenses	914.6	868.2	46.4	5.3%	



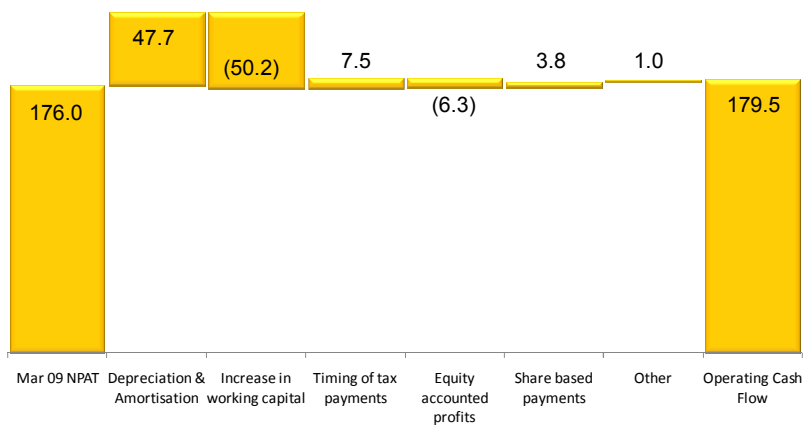
Appendix 2 - Capex

Appendices



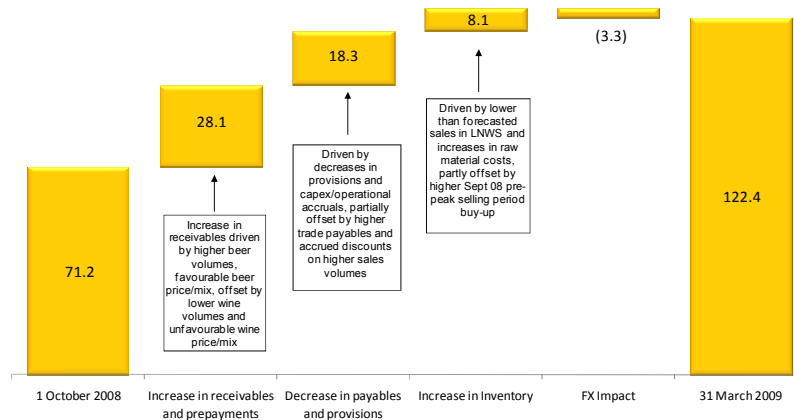
Appendix 3 - Operating Cash Flow

Appendices



Appendix 4 – Working Capital

Appendices



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Appendix 5 - Cash realisation ratio

Appendices

PRE SIGNIFICANT ITEMS A\$m	HY09	HY08	% CHANGE
Cash flows from Operating Activities	179.5	239.0	-24.9%
Boag's integration cash flow	0.5	2.5	-80.0%
Project Invest cash flow	2.2	2.6	-15.4%
Operating cash flow (a)	182.2	244.1	-25.4%
Operating net profit after tax	176.0	167.7	4.9%
Depreciation and Amortisation	47.7	43.7	9.2%
Operating cash after tax earnings (b)	223.7	211.4	5.8%
Cash realisation ratio (a)/(b)	81.4%	115.5%	-34.1pp
Pre-tax and interest	88.6%	103.2%	-14.6pp



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Appendix 6 – Glossary

Appendices

- **HY09 / H1** – Half year ended 31 March, 2009
- **H2** – Second half of the financial year (ie. 6 months ending 30 September 2009)
- **FY09** – Financial year ending 30 September, 2009
- **MAT** – Moving annual total
- **NPAT** – Net Profit After Tax
- **NSR** – Net Sales Revenue
- **Australian Power Brands**
 - Premium – Heineken, Boag's Premium, Becks, Hahn Premium, James Squire
 - Step-Up – Tooheys Extra Dry, Hahn Super Dry, Boag's Classic Blonde
 - Mainstream – Tooheys, XXXX Gold, Boag's Draught, Hahn Premium Light, Boag's Premium Light, XXXX Bitter
- **New Zealand brand categories:**
 - Premium – includes: Steinlager Pure, Stella, Corona, Macs, Becks
 - Step-Up – includes: Speights Summit, Steinlager Classic, Macs Gold
 - Mainstream – includes: Speights Gold Medal Ale, Waikato Draught, Lion Red
 - Value / sub-mainstream – includes: Castlepoint, Rheineck, Tasman Bitter



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