



AUSTRALIAN VINTAGE LTD
ABN 78 052 179 932

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VINTAGE AND TRADING UPDATE

Key Points

- 124,214 tonnes of grapes crushed in 2014 compared to 153,000 tonnes last year
- Vintage 2014 has produced low yields in certain grape growing regions due to frost events late last year
- We remain confident that our 2014 net profit result will be significantly better than last year and in line with previous market guidance

Vintage Update

Australian Vintage (ASX: AVG) crushed 124,214 tonnes of grapes from the 2014 vintage compared to 153,000 tonnes last year.

Neil McGuigan, Chief Executive Officer said “The significant frost event late last year has impacted our vineyards particularly in Balranald and near Swan Hill. These two vineyards alone were 16,000 tonnes below last year. Our Adelaide Hills vineyards were also down by 36%.

In terms of quality, the wine from dry land vineyards are again outstanding and at this early stage are looking better than the 2013 vintage. The quality from irrigated regions is equal to the outstanding 2013”.

Trading Update

“Overall our sales continue to be marginally down on last year by about 3% due mainly to reduced bulk wine sales into North America and into the UK”.

“Australasia/North America packaged sales continue to be up on last year with an increase in our branded bottle sales, predominately driven by the McGuigan Brand”.

“The exchange rates, particularly the GBP, have moved favourably during this financial year resulting in improved margin and our contribution from the UK/Europe segment is currently better than last year. However, it is evident that some of the improved margin from the lower AUD has been eroded with ongoing margin pressure from our UK customers”.

Outlook

“We expect that the 2014 industry crush will be down on 2013 due to the effects of frost in late 2013. Whilst this will help the industry’s supply and demand position it is likely to lead to higher priced wine due to lower utilisation of the industry’s processing assets. It is quite clear that the industry still has an issue with an overcapacity of processing capability”.

“The Company continues to focus on increasing branded sales, improving the efficiency of the business and improving the quality of our outstanding wines”.

“We remain confident that our 2014 result will be significantly better than last year and in line with market expectations. The lower tonnes from the 2014 vintage will impact negatively on SGARA, but we expect this will be offset by the favourable adjustment to the provision for onerous contracts that was reported in our half results”.

ENDS

Further information

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