



CWAU Industry Outlook and Strategic Position

AGENDA

- ★ Demand situation
 - Domestic
 - International
- ★ Supply situation
- ★ CWAU strategic position

Domestic Demand Situation – market flat, with declines in key categories

Domestic Wine Sales

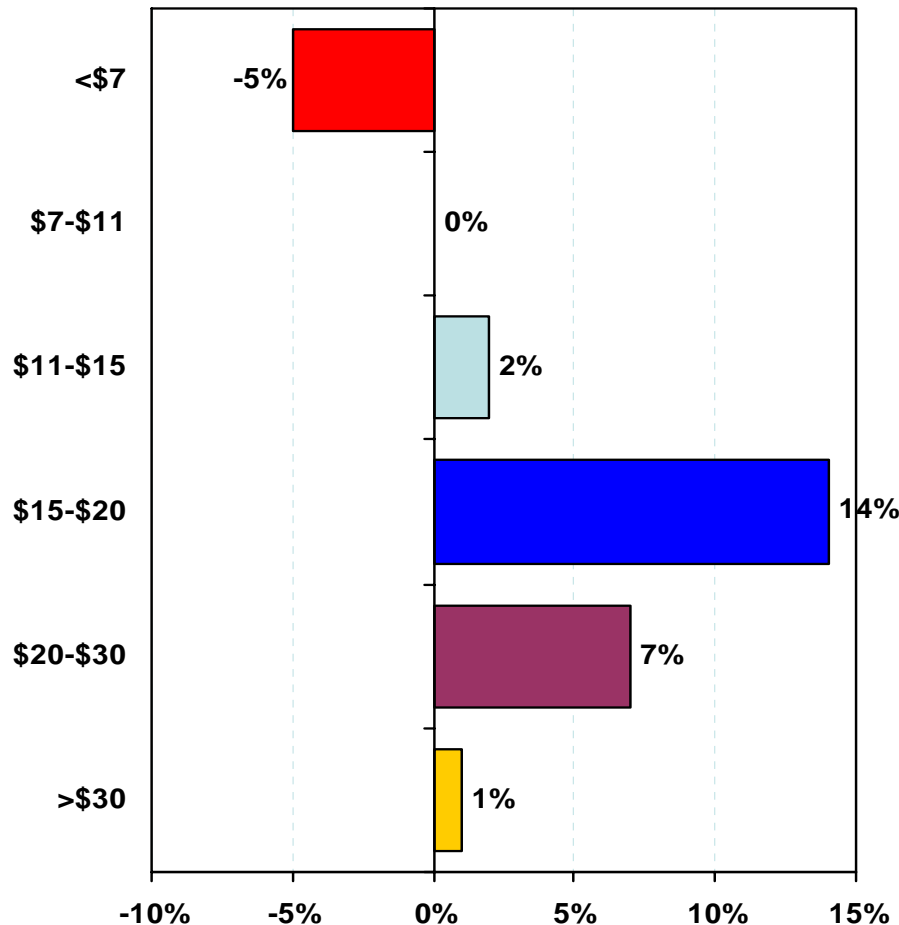
MAT to 30th April, 2009

CATEGORY		MAT VOL (L 000s)	Change vs LY
Table wine	White	100,132	4.7%
	Red	104,605	5.7%
Sparkling		36,889	1.4%
Cask		159,863	-4.9%
Fortified		16,389	-1.4%
TOTAL AUST WINE		417,878	0.5%
Imports		61,798	23.0%
TOTAL MARKET		479,676	2.9%

- ★ 'Value' end of market (cask and <\$7 glass) seeing greatest decline
- ★ Consumers drinking 'up' (read: more expensive)

Domestic Demand Situation

Growth by price point – total wine volume
MAT to 30th April, 2009



MARKET DRIVERS

- ★ Imports (especially NZ)
- ★ Private label / cleanskins
- ★ Exit from 1L glass
- ★ Continued decline in cask
 - Also under threat from volumetric tax!

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International volumes are also in decline

Growth by market – Total Australian Wine

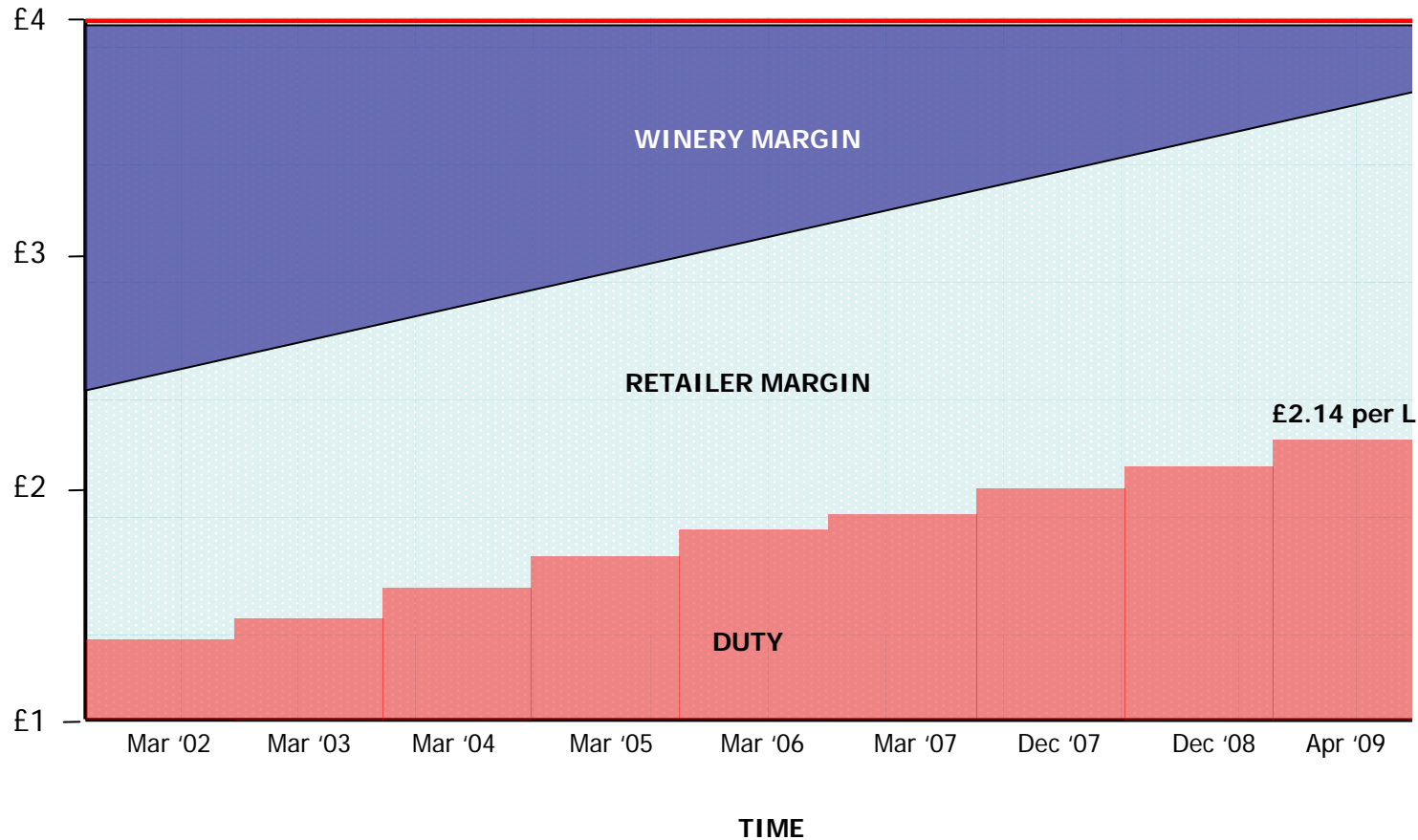
MAT to 31st May, 2009

	Cases 9L 000s		Value \$000s	
	MAT May 09	vs MAT May 07	MAT May 09	vs MAT May 07
UK	29,788	-8%	\$761,123	-27%
Mainland Europe	11,885	-20%	\$288,976	-16%
USA	25,970	2%	\$728,890	-25%
Canada	4,806	-11%	\$210,320	-19%
Japan	1,137	9%	\$51,225	7%
Asia North	3,543	3%	\$152,111	57%
Asia South	1,292	-1%	\$85,794	3%
NZ	2,147	-45%	\$77,237	-23%
Other	859	1%	\$37,741	9%
TOTAL EXPORTS	81,427	-8%	\$2,393,417	-20%

- ★ All major markets in decline (top 4 are 89% of volume)
- ★ CWAU's major market (UK/EU) in sharpest decline
 - Also suffering most from continued margin squeeze from duty increases
- ★ Small Asian markets showing some growth off small base

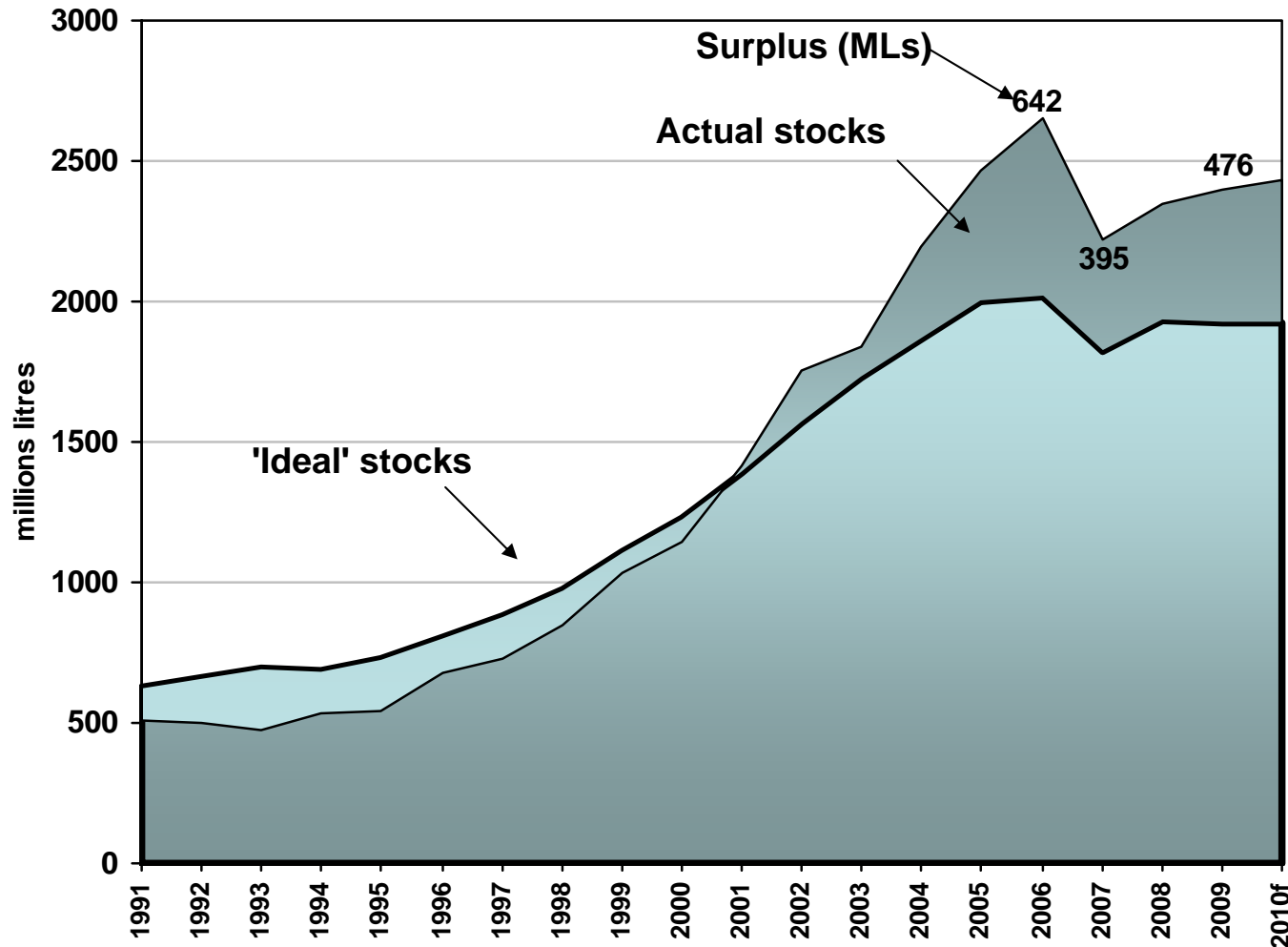
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International demand declining – UK margin squeeze



★ Strategic exit from unprofitable price points will also continue

Supply Situation – oversupply getting worse



- ★ Vintage '09 was 1.71mt
- ★ Demand running at 1.5mt

Supply Situation – by region

	V '09	V '08	V '07	V '06	V '05	V '04
Riverland		0.42	0.32	0.46	0.48	0.44
Sunraysia		0.31	0.36	0.42	0.44	0.39
Riverina		0.38	0.22	0.29	0.25	0.26
<i>Warm Climate (% of total)</i>		<i>61%</i>	<i>68%</i>	<i>64%</i>	<i>64%</i>	<i>63%</i>
Cool Climate		0.69	0.43	0.66	0.67	0.65
TOTAL	1.71	1.83	1.34	1.84	1.86	1.75

- ★ 5 out of the last 6 vintages in surplus
- ★ Post vintage '09 surplus is around 476ML
 - Equivalent of 53M 9LE, or **1.2 years' worth of domestic demand**
 - 1 in 5 rows of vines not required at current yields
- ★ Much of the surplus is in fighting varieties (grades 7, 8 and 9)
- ★ Most down side risk in warm climate. Domestic volumetric tax could exacerbate position by ~100k tonnes.

CWAU Strategic Position

- I. Reduce warm climate intake by 1/3
 - Exit <\$7 domestic
 - Exit profitless 1 Ltr glass domestic
 - Withdraw from unprofitable export segments
 - Impact – 100k tonnes

- II. Anticipate V'10 grape prices down >30% over V'09.