



DELEGAT'S GROUP LIMITED

25th August 2011

Operating Performance Outlook – 2012, 2013 and 2014 financial years

The Group has established a very successful global wine business and remains committed to its long term goal of establishing Oyster Bay as one of the world's great Super Premium wine brands.

In the Super Premium segment of the global wine market, Oyster Bay occupies a strongly differentiated market position, where the brand is recognised and trusted by consumers as Premium and aspirational.

With the proliferation of cheaper New Zealand wine labels and high levels of competitor price discounting, activities to build brand awareness and equity have been important to ensure that Oyster Bay remains top-of-mind in the purchase decision and continues to lead the growth in branded New Zealand wine in its key markets.

“Dedicated in-market sales teams continue to be a competitive advantage”, says Jim Delegat.

The Group continues to invest in the global distribution of its brands to achieve sustainable profitable long term growth. The total sales and marketing team now comprises 124 people, of which 109 are based offshore in Australia, the United Kingdom, the United States of America and Canada. In the coming year the Group will establish a new in-market sales team in Ireland, a market where Oyster Bay is already a top 20 wine brand, and also plans to open an office in Hong Kong to accelerate the growth of Oyster Bay in China and the wider Asia region.

The next two years will be challenging primarily due to increasingly unfavourable exchange rates and the persistence of the industry's supply imbalance. In this environment it is important to maintain a long term perspective and manage the business carefully to protect long term brand equity and shareholder value.

The Group's strong balance sheet, substantial unused debt facilities, and strong operating cash flow afford the business the resources and ability to acquire assets if compelling opportunities arise.

United Kingdom, Ireland and Europe

Oyster Bay has maintained its position as leader of the New Zealand category and is the most recognised and recommended New Zealand wine brand in the United Kingdom.

The Group achieved strong listings growth in the Impulse and Convenience sectors of the United Kingdom market, accounting for one in four bottles of New Zealand wine sold in the Convenience Sector. Oyster Bay was named a Convenience *Must Stock* brand by retail publication *Independent Retail News*. The Group has also grown its distribution in the on premise (restaurants and bars) channel, providing greater opportunities for consumer trial across the Oyster Bay range of wines.

The Group continues to strive for improved profitability from the region and forecasts sales volumes will decrease to 598,000 cases in the 2012 financial year and to 586,000 cases by the 2014 financial year.

Australia, New Zealand, China and Asia Pacific

In Australia, the Group has grown its distribution in all channels and successfully expanded its in-market sales force to South Australia thereby achieving coverage in every State. Oyster Bay's range of elegant, cool climate wines is increasingly finding favour with consumers. Oyster Bay Sauvignon Blanc continues to be the number one selling bottled white wine in Australia.

In New Zealand, the Group recently established its own in-market sales team and the Oyster Bay brand remains very strong with recent consumer research showing it is New Zealand's most recommended wine brand.

In China and the wider Asia Pacific region the Group will open an office in Hong Kong to accelerate the growth of Oyster Bay in a region with significant long term growth potential.

The Group forecasts sales volumes of 696,000 cases in the 2012 financial year, increasing to 780,000 in the 2014 financial year.

United States and Canada

In the United States, Oyster Bay has led the growth of branded New Zealand wine, through significant distribution gains and increasing rate of sale per point of distribution. New York's Impact Magazine awarded Oyster Bay 'Hot Brand' status for its growth achievements in the United States.

In Canada, the Group's in-market sales force has continued to grow its distribution base across all major channels of distribution and Oyster Bay has achieved strong sales growth in the key provinces of British Columbia, Alberta and Quebec.

The Group forecasts sales volumes in North America will continue to grow to 545,000 cases in the 2012 financial year, reaching 826,000 cases in the 2014 financial year.

Global Case Sales Forecast

The Group is forecasting that sales volumes will decline to 1,839,000 cases in the current year driven by lower volumes in the United Kingdom in the first full year since the price increase was implemented in that market. Sales are forecast to grow to 2,192,000 cases in 2014 as the United Kingdom, Ireland and Europe region stabilises and the North American and Australasian, New Zealand, China and Asia Pacific regions continue to grow.

The forecast case sales, foreign currency rates used and resulting case price realisation for 2012, 2013 and 2014 are set out below:

CASE SALES, CASE PRICE REALISATION AND FOREIGN CURRENCY

Case Sales (000's)	2011	2012	2013	2014
	Actual	Forecast	Projection	Projection
UK, Ireland & Europe	820	598	613	586
Nth America (USA, Canada)	452	545	688	827
Australia, NZ & Asia Pac	697	696	756	780
Total Cases	1,969	1,839	2,058	2,192
Case Price Realisation (\$)	116.7	121.2	122.6	124.3

¹ Case Price Realisation is sensitive to:

- Foreign currency
- Country and product mix

Foreign Currency Rates ²	2011	2012	2013	2014
	Actual	Forecast	Projection	Projection
£	0.4661	0.4642	0.4441	0.4330
A\$	0.7650	0.7533	0.7693	0.7790
US\$	0.7589	0.7594	0.7308	0.7070
C\$	0.7638	0.7423	0.7333	0.7180

² Future Exchange Currency Rates are based on NZIER Consensus Forecasts as at April 2011.

As noted earlier the unprecedented unfavourable exchange rates, particularly against the Pound Sterling, US dollar and Euro, continue to be a challenge and are likely to have a significant impact on the profitability of the Group's business in the 2012 financial year. The consensus forecast is for exchange rates to improve over the coming three years and the Group will continue to closely monitor exchange rates and price realisation with a view to optimising pricing and profitability whilst achieving forecast case sales.

The consensus forecast rates for the 2012 year are unfavourable compared to the average rates realised in 2011 and current prevailing rates. The Group will continue to effectively manage its foreign currency exposures and look for opportunities to transfer costs into foreign currencies to reduce the net exposure and take advantage of natural economic hedges.

Outlook 2012

The Group's strategy of identifying 'Value Growth Markets' and 'Growth Markets' has proved successful and delivered improved profitability, despite currency headwinds. The Group has strong competitive advantages, an enviable track record of increasing shareholder value and robust long term business plans.

Jim Delegat, Managing Director, says: "*Delegat's is well positioned to achieve its sales forecasts, overcoming the slowdown in the major Western economies and the industry headwinds. We are confident in our ability to continue to profitably grow sales and shareholder value over the long term.*"

ENDS

For further information please contact:

Jim Delegat
 Managing Director
Delegat's Group Limited
 Telephone +64 9 359 7300

Andre Gaylard
 Chief Financial Officer