



DELEGAT'S GROUP LIMITED
MANAGING DIRECTOR'S ADDRESS

2008 PERFORMANCE

I am pleased to report that 2008 has been a year of record sales performance and market share milestones.

The Group has again led New Zealand wine category growth globally, whilst demonstrating its competitive strength to grow export market share. Over the five year period to 2008 the Group's share of total New Zealand wine industry exports by volume increased from 6.6% to 13.8%. Export case sales now represent 88% of the Group's total case sales.

This success has been achieved beyond New Zealand's principal offering of sauvignon blanc, in which it also commands a leading export share. The Group has also continued to achieve strong export growth and category leadership in chardonnay, merlot and pinot noir.

The Group achieved export case sales growth for the year of 20% versus New Zealand wine industry export growth of 17%. The Group's case sales have grown at a compound annual growth rate of 43% over the five years to 2008.

During the year the Group increased its in-market price realisation resulting in an average of \$112 per case, 5% ahead of the previous year. This represents a premium of 38% against industry export earnings of \$81 per case.

This price premium is underpinned by the strength of the Oyster Bay brand, its super premium positioning and the Group's vertically integrated business model.

Key sales performance highlights;

- Oyster Bay is the number one New Zealand wine brand in the important UK, Australia and Canada markets.
- Oyster Bay achieved the fastest growth of major New Zealand wine brands in the United States.
- Oyster Bay grew its market share and remained the number one selling still white wine by value in Australia. Additionally Oyster Bay was awarded Brand of the Year at the 2007 Australian Liquor Industry awards and Premium White Wine of the Year for the third consecutive year.
- Oyster Bay remains the number one New Zealand wine brand by volume and value in United Kingdom multiple grocers. All four Oyster Bay varietal wines hold the number one position within their respective categories. Additionally, Oyster Bay is the 15th largest still white wine brand of all world wine brands in the United Kingdom.
- New Zealand, Asia Pacific and other markets have all delivered excellent sales results.

The result of the 2008 year's activities and successes are;

- Total revenue for the year under review is \$165.3 million compared to \$134.8 million in the 2007 year-an increase of 23%.
- Earnings before interest, taxes, depreciation and amortisation (EBITDA) at \$55.4 million are 46% ahead of last year.
- Profit for the year of \$19.1 million is 77% ahead of the 2007 year.

Ladies and gentlemen the results from the past year are testament to the disciplined execution of our global strategy.

Group Operations

Group operations continue to perform well and are managed to a high standard. We are now seeing the benefits of scale across our business units.

Group winemaking commissioned a new 4000 tonne capacity Hawke's Bay winery in time for the 2008 harvest. The Auckland barrel cooperage was transferred to a site adjacent to the new Hawke's Bay winery. These new facilities have proven their worth given their efficiency and proximity to our Hawke's Bay vineyards. The Marlborough winery continues to deliver the benefits of large scale Super Premium wine production and we will continue to add processing capacity as new vineyard plantings come into production.

Group viticulture had a bountiful harvest totalling 26,680 tonnes of very good quality, a record for the Group. Our vineyards in both the Hawke's Bay and Marlborough regions are amongst some of the best and are now largely developed and are progressively coming into full production. Currently the Group has three new vineyard sites under development in Marlborough totalling 204 hectares.

The Group's controlled subsidiary Oyster Bay Marlborough Vineyards Limited recently reported a very good 2008 financial result.

It is important to note that the Group is a founding member and strong proponent of Sustainable Winegrowing New Zealand. We are committed to the ongoing improvement of all aspects of sustainable vineyard and winery practices.

We are proud to continue to receive major awards and accolades from the worlds leading wine commentators and competitions.

- Oyster Bay Marlborough Chardonnay 2007 was named “Best Import” and awarded 91/100 points by leading Australian wine writer Huon Hooke, Sydney Morning Herald 13 May 2008 Australia.
- Oyster Bay Marlborough Sauvignon Blanc 2007 received the top score in Newsweek Magazine April 2008 USA.
- Oyster Bay Marlborough Sauvignon Blanc 2007 won the 2008 Good Housekeeping Magazine “Top Wine under £10” Readers choice award, January 2008, United Kingdom.
- Deleat’s Reserve Hawke’s Bay Cabernet Sauvignon Merlot 2006 won a gold medal at 2007 Air New Zealand Wine Awards.

Our People

To meet the challenges of our rapidly growing organisation we realise the importance of attracting and retaining world class professionals. Through all our growth we maintain and build a strong culture of performance, combined with a can-do-attitude that supports the right people working together as a team to deliver world-class outcomes.

2009 OUTLOOK

The New Zealand wine industry is an international success story.

New Zealand’s reputation and status as a world-class producer of sauvignon blanc, chardonnay, pinot noir and merlot has never been stronger and global consumers continue to demand New Zealand’s unique, elegant and flavourful wine styles. The Super Premium wine segment continues to show sustainable growth across all major global markets. This trend is driven by consumers continuing to trade up to stand-out brands from leading wine regions of the world.

Delegat's Group Limited is a New Zealand wine industry success story.

We believe that the valuable niche Delegat's has established for its Oyster Bay brand in the global Super Premium wine market, supported by a proven and robust business strategy, positions the company well for the year ahead.

I am pleased to report that the Group continues to experience strong trading conditions in the first half of the current financial year and we forecast that the 'Net Profit after Tax' for that period will be \$15.5 million. This result is on the back of 1st half revenue of \$112 million, an EBIT of \$28.7 million and EBITDA of \$35.4 million.

Given the excellent performance in the first half of the year, we are confident that the Group will deliver a full year result in line with the market consensus of \$24.7 million. This represents a 29% increase on the 2008 full year performance.

I acknowledge the ongoing support of our Shareholders, Grower Partners, customers, suppliers and the Board.

Together we are building one of the world's truly great wine companies.

Jim Delegat

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