



Citigroup Australia & New Zealand Investment Conference

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Ted Kunkel, President and CEO



Three Core Operating Businesses



Foster's Group

CUB Beverages

Beer

RTD's/Spirits/Cider

**Beringer Blass
Wine Estates**

Trade

Clubs

Services

**Foster's Brewing
International**

JV – Europe, USA

Integrated Brewing Ops
China, India,
Vietnam, Fiji

Foster's Key Attributes

- Premium branded portfolio
- Benefits of diversification
- Organic growth
- Capital efficiency
- Balance sheet flexibility

3

Premium Branded Portfolio



4

Benefits of Diversification

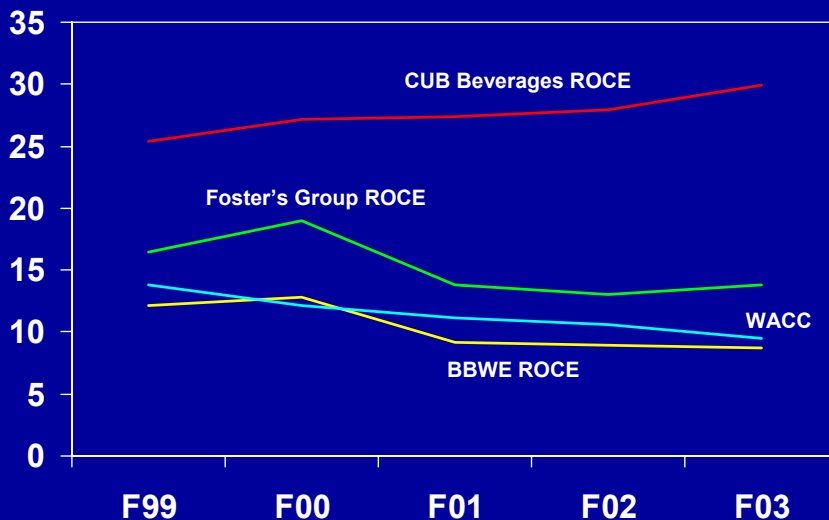


Organic Growth

- Domestic beer – major player in well structured market, earnings growth expectations of at least 5-7%
- Global beer presence via Foster's Lager in over 150 countries
- Premium wine – favourable growth characteristics – shift from a special occasion drink to “everyday affordable luxury”
 - Increasing affluence, female workforce participation & ageing population drive wine performance
 - Growth characteristics superior to beer & spirits

Capital Efficiency

EBITAS ROCE and WACC



7

Balance Sheet Flexibility

Gearing

	HY04 A\$m	HY03 A\$m
Net debt (A\$m)	684.3	3,283.1
Book equity (A\$m)	4,752.5	4,546.3
Net debt / equity (%)	14.4	72.2
Net debt / equity 6 January 2004 (%)	28.5	72.2
Net debt / capitalisation (%)	12.6	41.9
Net debt / market cap (%)	7.5	35.3

Interest Cover

EBITAS (A\$m)	526.8	583.5
Net interest expense (A\$m)	34.0	79.7
EBITAS interest cover (times)	15.5	7.3

Standard & Poor's Credit Rating **BBB+**

8

Half Year 04 Results Highlights

- Toughest market conditions in wine in over 20 years
- Moderate group normalised earnings growth – up 2.9% to A\$320.6m
- FX – 24% appreciation of AUD/USD removed 550 basis points of earnings growth
- EPS stable at 15.1 cents per share
- Strong cashflow – normalised operating cash flow up 35.4% to A\$286.9m

9

Strong Cashflow Generation

	A\$m	Cashflow/ EBITDAS %
Normalised Operating Cash Flow		
CUB Beverages*	275.6	88.6
Foster's Brewing International*	26.8	103.5
BBWE*	133.2	62.5
Foster's Group*	458.4	76.1
Foster's Group**	286.9	47.6

* Pre interest and tax

** Post interest and tax

10

High Margin Structure

	%
Foster's Group	24.9
CUB Beverages	30.7
Foster's Brewing International	16.8
Beringer Blass Wine Estates	20.4
BBWE Trade	23.3
Trade Americas	20.7
Trade Europe	22.2
Trade Asia Pacific	31.7

11

Brand Performance

Wolf Blass

- Wolf Blass portfolio of brands grew 25% (over 1.5 million cases) in half year
- In Australia, Wolf Blass is the number one table wine by value¹
- Major inroads in UK/Europe
- Growth momentum in US (priced > US\$10)



1 – AC Nielsen

12

Brand Performance

Stone Cellars

- Positioned in the \$US6 to 8 category
- 18% volume growth to over 0.5 million cases in the half
- Brand to be marketed in the UK
- Moving to an outsourced model



Brand Performance – Beer & Other Beverages

- CUB maintains strong brand equity across products
- Strong premium beer position (approximately 60% share)¹ facilitating margin/mix enhancement
 - Crown Lager (largest premium beer in Australia)
- Strength of distribution across all categories
- New product innovation/development
 - Launch of Empire (beer for youth market)
 - Skyy Vodka – international RTD brand
- Foster's strong global brand equity – 9% volume growth



Outlook for Foster's – Key Influences

- North American wine market recovery
- Major continuing capital management focus
- New Chief Executive

15

North American Wine Market

16

Dynamics of North American Wine Market

- Confident about long term fundamentals for premium wine
- Superior brands – backed by strategic marketing support – key to success
- Recent events predominately cyclical

17

North American Wine Market

Supply/Demand

- Oversupply of grapes based on level of plantings in late 1990s
- Bulk wine prices appreciated
- Extreme value category appears to have peaked
- Strengthened BBWE on premise sales – up 10% in last half
- 7-8% depletions realistic

18

Beringer Blass Trade Operational Review

Rationale and Approach

- North American wine market conditions driven by cyclical factors - but necessary to manage business assuming a level of structural change
- Focus on rebuilding margins to mid 20s (with reinvestment in brand growth)
- Superior brands essential - but increased focus on cost efficiency and capital usage in Beringer's wine model

19

Wine Trade Operational Review

Main Areas of Focus

- **Grape & Wine Sourcing**
 - Aligning fruit intake to product
 - Facilitate move to outsourcing at \$10 and under
 - Regional sourcing of fruit
 - Grape contractual arrangements flexibility
- **Wine Making and Conversion**
 - Increased efficiency in wine making arrangements
 - Utilise best practices across group
 - Optimise facilities
- **Logistics and Distribution**
 - Packaging, handling & distribution

20

Major Continuing Capital Management Focus

Continued focus on capital return:

- In absence of appropriate investment opportunities that meet strategic and financial criteria
- 10% of shares re-purchased (approx 200 million)
- Shareholder approval being sought later this month
 - To buyback up to an additional 200 million shares
 - Intention to buy back 125 million shares in next 12 months

21

New Chief Executive

- Trevor O'Hoy appointed – MD CUB Beverages and former CFO
- Powerful business platform
 - CUB – low volatility earnings and cash flow
 - FBI – strong growth
 - BBWE – superior wine model and strong organic growth
- Strengthened capital disciplines

22