Slide 1 – Foster's Group Full Year Results Presentation

Good morning everyone. Welcome to Foster's 2006 results presentation. My name is Chris Knorr and I am Investor Relations Director at Foster's.

Presenting this morning are Foster's Chief Executive Trevor O'Hoy, Chief Financial Officer Pete Scott and Managing Director, Foster's Australia, Asia and Pacific Jamie Odell.

Also joining us later for questions is Rick Scully, Foster's Chief Marketing Officer and former Managing Director of Foster's Brewing International.

Copies of this morning's presentations are available at the Foster's website www.fostersgroup.com

This morning's session is being webcast and we also have a number of participants joining us via teleconference. The session is being recorded and a transcript will be available from the Foster's Group website in a day or so.

Slide 2 – Outlook Statement Disclaimer

Before commencing the presentation I wish to draw your attention to the disclaimer on slide 2, and advise that this presentation includes forward-looking statements. I caution you against placing undue reliance on those statements.

And with that I will hand over to Trevor.

Slide 3 – Trevor O'Hoy Chief Executive Officer

Slide 4 – 2006 Objectives

Thanks Chris, and good morning all.

As we reflect on our performance during fiscal 2006, it's worth spending a moment up front on what we set out to achieve.

At the start of the year, we had just completed the largest acquisition in this company's history – Southcorp.

As a new team, we set out to create sustainable value in two key ways.

First, though building and managing a diverse portfolio of excellent brands, weighted towards growth categories and growth segments.

And second, by further developing our capabilities in production, distribution and customer service.

In 2006, our focus was on integration, consolidation, and transformation.

Integration of three different businesses in three geographies, realising synergies, establishing innovation priorities, and building the capabilities that will underpin our growth in 2007 and beyond.

Consolidation of our sales forces, customer and distributor relationships, and management structures.

And transformation of our business portfolio through the divestment of non-core businesses and assets.

One year on, Foster's is a fundamentally different company.

While I am more than pleased with our progress on many fronts, the degree of complexity involved in bedding down our new organisation has undoubtedly had an impact.

While margin expansion in wine was strong, top line growth was disappointing. Innovation and new product development was low as we focused on getting our route-to-market structures and supply right.

During the second half, we intensified our efforts in this area and are already seeing early results, which we'll share with you a little later.

However, the strength of our Australian multi-beverage business continues to shine through, with CUB producing another outstanding result.

For the second consecutive year, and only the second time in the last 6 years, Foster's delivered on its promise of double-digit growth in normalised earnings per share.

And we exceeded all of our targets for synergy capture, cash flow generation, and debt reduction.

And we are now moving into a period of sustainable earnings growth and cash flow generation.

Slide 5 – 2006 Operating Highlights

Turning to slide 5 and the high points of 2006.

We've completed the initial phase of our route-to-market integration in all markets.

We've also completed a first stage assessment of our wine brand portfolio, and put in place a pipeline of product, marketing, and service innovation for 2007 and into 2008.

I'm pleased to report that Southcorp synergies are being realised ahead of our initial expectations. Synergies realised in 2006 were $61 million, with the annualised run rate in June 2006 at $146 million.

We have increased our 2008 estimate of synergy realisation to $165 million and expect the annualised run rate in December 2006 to be at that level.

So, as we stand here today, the end of the integration process is well and truly in sight, with the remaining synergy benefits to be realised in the P&L over the next 2 years.

Throughout the integration process we have also continued to re-engineer our global supply function be more flexible, responsive, low cost, and capable of delivering the highest standards of quality and consistency.

Supply efficiencies will underpin our ability to deliver lower product costs, increasing margins, and increased cash conversion.

Importantly, through this period, we've kept up the investment in our brands; with current spend just over 9% of revenue.

We've continued to narrow our strategic focus, disposing of non-core assets including our breweries in Asia, as well as several winery and packaging assets.

In addition, because the financial metrics were compelling, we sold the Foster's brand in Europe and India, realising significant value, with minimal loss of earnings.

With strong operating cash flows and the funds from divestments we have reduced net debt to $3.5 billion, and created an opportunity to return $200 million of capital to shareholders though an on-market buyback program.

We've also announced our intention to dispose of our Wine Clubs and Services division, further enhancing our focus on core businesses.

Slide 6 – Brand Highlights

As I said at the start, our focus as a business is on managing a portfolio of great brands. Brands that compete in growth categories and growth segments, and that are capable of delivering superior margins to customers and to Foster's.

In the past year, that portfolio demonstrated it's overall strength.

Revenues of our top 10 brands increased 3.3% during the period. These brands contribute around 60% of our total revenues and remain the key drivers of value going forward.

In Australia, the benefit of our diversified multi-beverage portfolio was highlighted by the above category growth of key brands including Carlton Draught, Pure Blonde, Corona, and Cougar.

A successful consumer marketing campaign reinvigorated interest in Australia's favourite beer – Victoria Bitter – and demonstrated our ability to innovate in a mature category.

Notwithstanding the current oversupply position in Australia, our global wine portfolio grew volumes by 1.9%. Excluding Rosemount, the total portfolio grew at around 5%. I'll come back to Rosemount in a moment.

Wolf Blass continued its strong growth – particularly in Europe and Asia – Beringer performed well, and Penfolds returned to growth. Lindemans grew well in the Americas and Europe.

As I've already noted, our focus during the integration was on maintaining the momentum of core brands, and building a pipeline of innovation and new product development initiatives for the future.

There is no doubt that the decline in Rosemount impacted our wine result. We've completed extensive consumer studies as part of a complete repositioning of the

brand, which we'll unveil later today. Rosemount has returned and we're confident that it will thrive.

Slide 7 – 2006 Financial Highlights

Turning now to our results on slide 7.

In spite of the challenges we faced in 2006, earnings growth has been strong and cash generation outstanding.

Net profit increased 15.4% and normalised EPS increased 14.8%. EBIT margin expansion was the key driver of the result.

Cash flow was outstanding with group cash conversion increasing 9.4 points to 103%.

In addition we realised over $550 million from divestments, net of additional payments to acquire Southcorp minority interests.

Group returns declined 3 points reflecting the full year impact of the Southcorp acquisition.

With that I'll hand over to Pete to run through the financials in more detail.

Slide 8 - Foster's Group Pete Scott Chief Financial Officer

Thanks Trevor and good morning everyone.

This year's result includes the first full year contribution of Southcorp. Recall that 6 weeks were included in the prior period. In addition to providing commentary on the reported result for the continuing business, I will also provide pro forma commentary where it assists in understanding the underlying performance of the combined business.

Consistent with prior periods, net profit and earnings per share are calculated on a continuing business basis before SGARA, amortisation and significant items. Given the decline in relative magnitude of SGARA and amortisation to group earnings we will cease adjusting for these items in fiscal 2007.

Average exchange rates in 2006 were broadly similar to 2005 and the translation impact of exchange rate movements on foreign currency earnings reduced net profit growth by approximately 0.3 percentage points. With the limited impact from currency translation on the 2006 result, constant currency commentary is provided only in relation to wine brand revenue.

In fiscal 2007 Foster's will align its primary segment reporting to the regional organisation structure announced in July. Today's presentation will focus on the historical business segments. The supplementary information includes 2006 financial information under the regional segment reporting format.

In May we finalised the Southcorp acquisition accounts. This has resulted in a number of fair value adjustments to the preliminary accounts used in the preparation of Foster's fiscal 2005 and interim 2006 results. The net impact of these fair value adjustments was an $85 million increase in Southcorp acquisition goodwill with offsetting adjustments to fixed assets, agriculture, inventory, provisions for onerous grape contracts, a minor adjustment to net debt relating to the Southcorp Medium Term Notes and deferred tax balances.

Slide 9 – Key Financials Continuing Business

Slide 9 provides a summary of the key financial metrics for the continuing business.

Today Foster's reported a 15.4% increase in net profit with sales up 24.5% and EBIT up 35.6%. Except for Clubs and Services, EBIT margins improved in all of our businesses and group EBIT margins expanded 1.8 percentage points to 22.6%.

Earnings per share increased 14.8% and weighted average shares on issue increased less than 1% to just over 2 billion.

The Southcorp acquisition was neutral to earnings per share. Total Southcorp synergies included in the result were $61 million.

Return on capital employed declined 3 percentage points but remains above the Group's weighted average cost of capital. This decline reflects the full year impact of the Southcorp acquisition. Capital employed at 30 June 2006 was approximately $7.9 billion and in line with the prior period.

Operating cash flow prior to interest and tax increased 43% to $1.3 billion and cash conversion in all of our businesses is close to or above 100% of EBITDAS. Wine Trade cash conversion increased 31 percentage points to 104% of EBITDAS.

Operating cash flow after net capex and dividends increased 68% to $328 million and an additional $557 million was realised from dispositions of assets net of acquisitions. Net cash payments relating to current and prior period significant items were $47 million.

Net debt is down $734 million to $3.5 billion and in April S&P upgraded our credit rating 1 notch to BBB flat.

Slide 10 – Net Profit After Tax

Slide 10 provides an over view of net profit growth for the continuing business. The major movements are:

- First, an increase in divisional EBIT of almost $300 million. This increase includes:
    - Strong organic growth in CUB and the former Beringer Blass business; and
    - The acquired EBIT and related synergies associated with Southcorp.
- Second, an increase in net interest expense of just over $160 million reflecting higher average net debt, due to the Southcorp acquisition and; an increase in the average cost of debt. In fiscal 2007 we expect the average cost of debt to be marginally above 6%.
- And finally tax expense is up $28 million. The effective tax rate was down 0.8 percentage points to 30.2% and we expect it to be comparable in 2007.

Slide 11 – Pro Forma 2005 EBIT

As indicated, pro forma commentary is provided to assist in the understanding of the underlying performance of the combined business. The waterfall charts on slide 11

provide an overview of Southcorp's and Foster's Pro Forma 2005 EBIT which we will reference in the presentation.

Turning first to Southcorp. Southcorp's reported 2005 EBITAS under A-GAAP of $201 million included currency hedge benefits of $45 million and one-time items of $21 million. Prior to hedge benefits and one-time items, Southcorp's 2005 A-GAAP EBITAS was $135 million.

In addition, Southcorp's 2005 A-GAAP EBITAS is adjusted for SGARA losses of $5 million and a $1 million charge on transition to AIFRS. Southcorp's Pro Forma 2005 EBIT is therefore $129 million.

Foster's 2005 reported EBIT of $825 million included a 6-week contribution from Southcorp of $20 million. In calculating Foster's Pro Forma 2005 EBIT we have adjusted for the 6-week contribution from Southcorp, currency hedge benefits of $17 million reported by Foster's and included Southcorp's full year pro forma EBIT of $129 million. Foster's pro forma 2005 EBIT is $917 million.

Slide 12 – EBIT Continuing Business

Moving to slide 12 which provides an overview of EBIT by division.

On a reported basis EBIT from continuing businesses increased 36% driven by robust organic growth in CUB, a full year contribution from Southcorp, organic growth in Global Wine Trade and Southcorp synergies. The EBIT contribution of both Clubs and Services and Foster's Brewing International were below the prior period.

On a pro forma basis EBIT increased 22% and Wine Trade EBIT increased 31%.

Slide 13 – Carlton & United Beverages

Slide 13 takes a closer look at CUB.

CUB had an outstanding year with EBIT increasing 17%.

Volume was up 1% and combined with price and mix benefits revenue increased by 6.6%. CUB delivered volume and revenue growth in Beer, Spirits, Cider and Wine.

Price, mix and strong cost management combined to deliver 17% EBIT growth.

Impressively CUB's total costs increased by only 2%.

Total cost of goods sold increased 2.4% and adjusting for mix, unit costs increased 0.8%. This cost containment reflects the realisation of benefits from the closure of Kent and the expansion of the Yatala brewery and the implementation of other supply efficiencies.

Approximately 50% of the increase in mix-adjusted unit costs was attributable to commodity price increases.

Our expectation is for further commodity price increases in fiscal 2007 and we have implemented a number of initiatives to limit the impact on product and total costs.

Based on agreements we have in place with suppliers, our direct labour arrangements and supply initiatives, we expect CUB's mix adjusted non-wine unit costs to increase by between 3 and 5% in fiscal 2007.

Slide 14 – Carlton & United Beverages

The waterfall chart on slide 14 provides an overview of CUB's earnings growth.

Volume was a moderate contributor with price, mix and product cost containment continuing to be the key drivers. Mix benefits are arising both within and between categories.

A&P spend declined modestly as we continued to review sponsorship arrangements.

Overhead and other expenses were up as we cycled a period of hiring gaps ahead of the Southcorp integration in the second half. In addition, a number of costs associated with implementing further efficiency initiatives were absorbed in the operating result.

Slide 15 – Foster's Wine Trade

Turning now to Wine Trade.

Pro forma volume growth of just under 2% and revenue growth of just over 1% was below category growth. There are 3 factors which have impacted top line performance.

- Firstly the integration process was disruptive to our route to market activities and limited our ability to effectively develop and execute on product development and innovation. This affected wine performance in all regions and all brands.

- Secondly and as we have previously indicated, the performance of the Southcorp brands in the UK was impacted by the disruption in trading terms and loss of promotional slots with several major retailers. New trading arrangements are now in place for the expanded portfolio and in the second half volume in EMEA increased 3.1%.

- Finally de-stocking in Canada where the Beringer Blass portfolio was transitioned to direct distribution, and out of stocks in Australia resulting from the Southcorp supply chain issues identified in the first half reduced volume growth by approximately 0.7 percentage points.

EBIT increased 82% on a reported basis and 31% on a pro forma basis. With modest top line growth, EBIT growth was driven by the realisation of supply efficiencies and Southcorp integration synergies. Total cost synergies included in the Wine Trade result were $59 million.

The performance of the Wine Trade business improved through the second half with pro forma revenue growth of approximately 5% and; increased synergy capture and supply efficiency benefits contributing to pro forma EBIT growth of almost 58%.

Slide 16 – Foster's Wine Trade

The waterfall chart on slide 16 looks at the key components of pro forma wine trade earnings growth.

The pro forma analysis provides a view of the underlying performance of the combined business.

After adjusting for Southcorp and Beringer Blass hedge benefits and the Southcorp one-offs, pro forma 2005 Wine Trade EBIT was $329 million. Pro forma wine trade earnings growth of 31% reflects the capture of Southcorp integration synergies, a reduction in SGARA losses and amortisation and organic earnings growth of approximately 10% largely driven by supply efficiencies. In the first half we indicated approximately $10 million in one-off costs were incurred due to the impact of Southcorp supply chain issues on product availability. These costs did not recur in the second half.

Slide 17 – Foster's Wine Trade Volume and Value

Turning now to top line performance of Wine Trade. Slide 17 looks at pro forma volume and constant currency revenue growth.

Volume of our 5 global brands, which represent approximately 65% of total volume was up 0.5%. Ahead of the global re-launch, Rosemount volumes were down 23%. Excluding Rosemount, pro forma global brand volumes increased by almost 5%.

Wolf Blass volumes increased 5% with revenue increasing by almost 9%. This is an extremely strong result for Wolf Blass given de-stocking in Canada, which reduced volume growth by approximately 2 percentage points.

Beringer volumes increased almost 10%. However value growth lagged volume reflecting higher growth in the Blush, California Collection and Stone Cellars ranges which are all priced below US$7 a bottle.

Lindemans volumes were down 1.2% with revenue down less than 0.5%. Growth in the Americas, EMEA and Asia was offset by declines in Australia.

Penfolds performed well in all regions.

Volume of our regional brands was up approximately 5% with revenue up approximately 2%. Of note was the strong growth in luxury wines in the Americas with Chateau St Jean volume up almost 12% and Stags Leaps' volume up 17%. The Little Penguin continued to grow solidly with volume up almost 27%.

Volume in the Americas increased 3.4% with constant currency revenue up 4.5%. Approximately 1 percentage point of revenue growth in the Americas was attributable to the global alignment of accounting treatment for trade spend in the second half.

The Asia Pacific result reflects the impact of challenging trading conditions in Australia that resulted in price declines and negative mix. Volume growth was also limited by peak period out of stocks in the first half due to Southcorp supply chain inefficiencies and some distributor de-stocking. Growth in Asia was strong with volume up 19%.

Volume in EMEA was down 2.7% with revenue down 2.6%. Strong growth in Continental Europe and in Wolf Blass in the UK, was offset by declines in the former Southcorp brands in the UK.

Slide 18 – Southcorp Integration Synergies

Slide 18 provides an overview of Southcorp integration synergies.

2006 earnings included $61 million of cost synergies with an additional $14 million of synergies capitalised into working capital.

The total annualised run rate as at 30 June 2006 was $146 million.

In June we announced a number of initiatives to further consolidate our winemaking activities in Australia and to sell the Domaine La Motte winery in France. We expect these initiatives will generate approximately $8 million of additional cost savings over previous guidance.

Generally synergies are being realised above our initial expectations and we now expect to realise synergy cost benefits of approximately $165 million, inclusive of the $8 million additional benefits just referred to, by fiscal 2008.

We expect the synergy run rate at December 2006 to be approaching $165 million and in 2007 expect to realise cost benefits of approximately $130 million.

Slide 19 – Clubs & Services, Foster's Brewing International and Corporate

Moving onto slide 19.

Today we announced our intention to divest the Clubs and Services division.

EBIT for the division declined 10.7% in 2006. Solid results from the services businesses and Asia Pacific Clubs were offset by a poor result from the European direct selling operation.

An $86 million impairment charge relating to a number of specific Clubs and Services businesses has been recognised as a significant item. The charge includes the write off of intangibles for several companies and a write down to the expected recoverable amount for the European direct selling business.

Turning now to Foster's Brewing International.

Reported EBIT declined 11.7% reflecting a lower contribution from Asia, the transfer of duty free to CUB and the sale of the Foster's trademark in Europe. The overhead cost reductions we announced at the time of the sale are well advanced.

With Foster's move to a regional reporting structure in 2007, FBI's earnings will form part of the regional results. The global marketing team will continue to develop the Foster's brand in conjunction with our local partners in the regions where Foster's Group retains ownership.

Corporate expenses were down approximately 17.7% on the prior period which included a number of one off costs. We expect corporate costs to be marginally higher in 2007.

Slide 20 – Significant Items (before tax)

Slide 20 provides an overview of significant items.

Turning firstly to the Southcorp integration and business restructuring. All anticipated costs relating to the integration have now been recognised and total $182 million with $102 million recognised in 2006. Of the $182 million recognised, $137 million are cash costs and $45 million have been non-cash charges.

Total cash costs are $17 million above the guidance we provided at the half-year and include approximately $16 million of additional costs relating to the initiatives we announced in June to further consolidate our Australian wineries. As I mentioned

earlier these initiatives are expected to generate an additional $8 million in synergy cost benefits.

No additional non-cash charges were recognised in the second half.

Other significant items include a $713 million gain on the sale of the Foster's trademark in Europe and the Chinese brewing business and; the $86 million Clubs and Services write down.

Slide 21 – Cash Flow – Continuing Business

Turning now to cash flows.

Reported operating cash flow pre interest and tax was up 56% to $1.277 billion. This amount includes net cash flows associated with significant items totalling $47 million which result from:

- Cash disbursements relating to the Southcorp integration in 2006 of $92.2 million.
- Cash receipts of $57.9 million from the close out of the Southcorp hedge book.
- And payments of $13 million primarily associated with the wine trade operational review announced in June 2004.

Continuing business Operating cash flow prior to interest, tax and significants increased 43% to $1.325 billion.

Cash conversion in all businesses is strong and for the group operating cash flow prior to interest and tax was 103% of EBITDAS.

CUB's cash conversion continues to be in the 95-100% range and Wine Trade cash conversion increased 31 percentage points to 104% of EBITDAS.

The increase in Wine Trade's cash conversion reflects improved debtor and creditor management, the realisation of supply efficiencies and a benefit from lower grape prices in Australia.

We expect further supply initiatives to result in Wine Trade maintaining cash conversion in the 80 to 90% range over the next few years, ahead of longer-range guidance of between 70 to 80%.

Slide 22 – Net Debt

Turning now to slide 22 which looks at net debt.

Net debt is down $734 million to $3.5 billion.

Operating free cash flow after dividends increased 68% to $328 million. Net capex was $220 million and the major capex projects in 2006 were the development of the Wolf Blass and Napa bottling centres, upgrades to the packaging facilities at Karadoc and winery capacity expansion at Asti and Wolf Blass.

We expect net capex in 2007 to be approximately $240 million.

Proceeds from divestments and assets sale were approximately $763 million. This includes proceeds from the sale of the Foster's trademark in Europe, the Chinese brewing business and several small Australian Service businesses.

Acquisition expenditure in 2006 was $206 million and included a $156 million payment to acquire the minority interests in Southcorp and the final payment of deferred consideration relating to properties acquired by Lensworth in 2002.

Non-cash items were $106 million and include the impact of adopting the AIFRS Financial Instrument standards on 1 July 2005 and the translation impact on foreign currency denominated debt.

Slide 23 – Capital Structure & Debt Profile

Slide 23 profiles our capital structure.

Gearing - defined as net debt to book equity is down 36 percentage points to 78%. EBIT/interest cover is 4.6 times, which is lower than the prior period and reflects the full year impact of the debt funded Southcorp acquisition.

Notwithstanding the $200 million share buy back announced today, Foster's expects operating cash flows to reduce net debt to below $3 billion in fiscal 2008. This is one year ahead of our guidance at the time of the Southcorp acquisition. Foster's remains committed to delivering financial metrics consistent with a BBB+ / Baa1 credit rating in Fiscal 2008.

Thank you and I will now hand you back to Trevor.

Slide 24 – Foster's Group Trevor O'Hoy Chief Executive Officer

Slide 25 – 2007 Objectives

Thanks Pete.

The year just gone was one of physical integration, capability build, and margin driven earnings growth.

Heading into 2007, our objective remains unchanged – creating value by making and marketing a portfolio of the best drinks, and leveraging our capabilities in supply and route-to-market.

We are very well placed to continue our strong earnings growth with a combination of the right business model, and a recommitment to top line growth through product innovation and brand support.

Supply is a key enabler of our business, critical to building great brands and getting those brands to market.

An ongoing commitment to supply efficiency and the further realisation of Southcorp synergies will provide a base of cost savings to drive earnings growth.

Our focus in 2007 is on:

- Further refinement of our route-to-market structures

- Brand investment and new product development
- Maintaining the momentum in supply efficiency and flexibility
- Continued capital efficiency and cash flow delivery;
- and most significantly Accelerating earnings growth.

Slide 26 – Route-to-Market Integration

The initial phase of our route-to-market integration is now complete in every region.

In Australia, we remain absolutely committed to the multi-beverage model. Our objective remains improving service and simplifying business for our customers. This means building the capability for one order, one delivery and developing a tailored portfolio of products to meet more consumer occasions and customer needs.

In April we combined the CUB, Beringer and Southcorp sales teams. We are now operating with 1 integrated sales team organised into 4 primary channels.

It is very early days. We are 4 months in to a 2-year exercise. It's fair to say that we still have quite some way to go to fully meet or exceed customer expectations, particularly in the local channel.

Based on early feedback, the two key areas of focus over the next 12-18 months will be simplifying the portfolio – both for customers and the sales teams – by streaming it according to the needs of customers within each of the channels; and developing our sales and systems capabilities.

Our commitment to being consumer led and customer driven is steadfast. Jamie and his team are working with our customers to identify the key priorities and accelerate evolution of the model.

Pleasingly, overall, the performance of multi beverage portfolio through the integration process was solid and the benefits of multi-beverage remain compelling – lower cost, improved service, and a more relevant and targeted product and service offering.

So, in 2007 the priorities are:

- Investing in sales force capability, with particular focus on cross-category selling, and servicing the needs of a variety of venue formats.
- Simplifying, differentiating, and prioritising our wine portfolio by customer channel based on the outcomes of the assessment process completed earlier this year.
- Innovation across packaging and customer format, and using cross category promotions to further differentiate our customer and consumer offering.
- Systems integration remains a key focus; in particular key enabling projects around transaction ordering and fulfilment are progressing.
- And finally, leveraging Foster's Beverage Services, which is now in place and providing services to customers such as in store merchandising.

In the Americas, we have maintained a dual sales force model the past 12 months and integrated the Beringer and Southcorp sales support functions. In July 2006, we established an additional specialist sales team to focus on luxury wines, and help drive growth in the premium on-premise category.

In the UK and Europe, it took some time for us to bring together the legacy Beringer and Southcorp trading terms, and during this time we experienced reduced promotional slots.

But we have now finalised trading terms with all major UK retailers, and have secured a strong promotional program for the next 12 months.

With route-to-market infrastructure now in place in every region, the way is clear for innovation and new product development to be brought to market over the coming weeks and months.

I'll now hand over Jamie Odell. Jamie is here today as the former head of our global wine business and also in his new role leading our multi-beverage business in Australia, Asia and Pacific. He will take you through some of the innovation priorities across our total portfolio…

Slide 27 – Innovation is a Key Growth Driver

Thanks Trevor.

As you've pointed out, innovation is a vital ingredient in maximising top line growth.

This slide brings this fact into sharp relief.

The graph on the left shows the percentage of total sales volume growth owing to new wine brands versus existing wine brands in the US right across the industry from 2003 to 2005.

According to AC Nielsen analysis, new brands accounted for more than half of the volume growth in the $4-6 and $6-8 price brackets.

Even in the higher brackets shown ($8-10 and $10 –14), around one quarter of volume growth flowed from new brands.

New packaging formats are another key growth driver. The light blue bars in the graph on the right of this slide show the growth in sales in the US in terms of packaging formats.

The clear message here is that consumers are voting for convenience. Look at the strong growth in the 3 litre premium bag-in-box format and also 375 ml and 187ml bottles.

Yes, that growth is off a low base but when you also consider the low or negative growth of large format bottles, you can see the importance of getting the format right in a changing marketplace.

The success of exotic varietals (like Pinot Grigio) and source countries (like New Zealand) points to the rich interplay of consumer hot buttons.

The underlying drivers are demographic diversity and generational change.

For example, the 2005 Wine Market Council Consumer Survey found that younger consumer segments are driving most of the growth in the wine category in the USA.

How do we anticipate and cater for changing interests and expectations in the midst of such change?

Slide 28 – Foster's Approach to Innovation

As a consumer-led, customer-driven company, our approach to innovation starts with collecting superior consumer and customer insights.

These insights drive the way we resource and position each existing brand and new product … and the way we pursue opportunities at the venue level. Importantly, we take care to integrate the two insight streams to ensure effective execution in the field.

Consumer and customer insights also drive the way we shape and “stream” our portfolio.

What’s missing in our offer? How can we best marry sets of brands or brand tiers to particular customer groupings?

The supply chain team is as crucial a player in our innovation planning and execution as marketing, sales and finance. We put a lot of effort into right sizing volume expectations to realistic market supply- demand assessments. And the supply chain supports NPD with flexible, efficient sourcing.

We are confident that we have the right model for successful innovation.

However, as Trevor has said, we have focused our efforts during the past year on getting the basics right after the Southcorp acquisition.

We’ve established our teams and our route to market in each geography. We’ve cut costs while also upgrading capability where it counts.

Importantly, we’ve taken the time to thoroughly plan and prepare for our next big push forward.

Slide 29 – Recent Innovation & Repacks

In the last few months, all this preparation has started to bear fruit.

The repack for Black Opal hit US shelves towards the end of F06 and early signs are very encouraging.

We’ve also refocused the Americas sales force on the Little Penguin, with some fun and innovative ideas including a promotional shrink wrap on the four major varietals and Halloween kits to dress the Little Penguin for the big event. Thanks to this re-energisation effort, the Little Penguin has become the fastest growing Australian wine brand in the latest four-week Nielsen period.

And just a week or so ago, our Americas region embarked on two very exciting developments.

In conjunction with the Liquor Control Board of Ontario, we launched the world’s first full-size PET wine bottle for Bilyara Reserve.

We also kicked off our national launch of Pink and Yellow in the USA, with Texas and Michigan leading the charge.

In Continental Europe, our portfolio has seen 15 per cent compound annual growth from 2004 to 2006 (compared with 6% for the Australian category generally in Europe), and innovation has been a key factor behind that success.

It was Penfolds that successfully developed the premium Bag-in-Box category in Sweden, where high-end consumers find this format convenient for boating and other outdoor activity. In F06 we leveraged that foundation with good results. We introduced premium 3L bag-in-box stock-keeping units (or SKUs) for Lindemans, Rosemount and Eaglehawk across the Nordics.

In partnership with Albert Heijn (the world's ninth largest retailer), we also created a number of new Beringer SKUs for Continental Europe to target key price segment and consumer needs. In store from May 2006, these wines are now selling well.

Our new Lindemans retailer-specific brands in the UK are also doing well. The 8 week promo offer on Lindemans "Winemakers Release" in Asda from April 2006 exceeded expectations.

Nielsen for the quarter to 15 July 2006 shows the brand returning to strong growth (+12.3% value, +14.5% volume). Importantly, the four-week post-promotion number is also positive, showing that the additional activity is driving Lindemans sales beyond one-off price reductions.

All of these initiatives have been well thought out, well executed, and all promise incremental growth.

But the big question, I can hear you thinking, is 'what's happening with Rosemount?'.

Slide 30 – Rosemount: Relaunch

The new Rosemount is still some months away from the shelves.

Consumers will be able to buy it in Australia and the UK from November and in other markets early in calendar 2007.

To be frank, the marketer in me would prefer to keep it under wraps until then.

But I couldn't ask Trevor to stand up in front of you here today with only a "Trust us. It will be great" message.

So we decided to give you the first opportunity to see the new Rosemount.

Let me emphasise – this relaunch is a complete makeover. We've taken the brand apart and rebuilt it. It has been a long and intense process. But not one moment was wasted.

We knew we had to get it right.

I'm going to play a short video now. Later we'll give those in the room here a bottle so you can sample the new taste at your convenience.

You be the judge.

VIDEO PRESENTATION

Slide 31 - Rosemount

The Shiraz SKU you've seen in the video is from the Diamond Label tier, the "heart" or anchor point of the Rosemount range.

This slide shows you the new range architecture, which has been focused and simplified.

Fewer tiers – six, down from 10.

Fifty fewer SKUs.

And a simpler, more meaningful hierarchy, with the Flagships at the pinnacle, followed by Show Reserve, then Diamond Label and Diamond Cellars. Rosemount Road serves as the on-premise entry point and Ryecroft as the off-premise entry point.

Slide 32 – Rosemount Relaunch

Focus groups and sensory research show that that the new bottle is a winner and consumers like the fresher, brighter taste and colour of the wines.

Key customers around the world are enthusiastic.

This is very important, because trade disenchantment with the brand has been one of the most significant factors in its decline.

A sign that retailers are beginning to re-engage with the brand in anticipation of the re-launch, we are seeing the first major promotions for Rosemount in the UK since May 2005.

For the trade, a big name revitalised makes for an easier sell than any new-to-world innovation.

And with serious stand-out shelf appeal, the new Rosemount promises to be an attractive growth and profit driver for them – injecting excitement into the Australian category and driving consumer trade-up to higher price points.

Of course, it will also drive growth and profit for Foster's.

Realistically, however, I must point out that the staggered and extended nature of the global roll-out will limit its financial impact in F07.

We had to get it right, and we believe we HAVE done that.

We have returned Rosemount to its original proposition, the territory that made it such a famous and successful brand in the nineties. The taste … the look and feel … the language … all reflect modern, sophisticated style.

So the new Rosemount stands out among our five global brands. It complements the more traditional brands in our portfolio. It's lifestyle. It's aspirational. And arguably more so than any other major Aussie brand in that territory.

While we have devoted a great deal of time and effort on Rosemount, we have been busy on other brands too.

Before I hand the platform back to Trevor, I will cover a few other exciting developments.

Slide 33 – Lindemans Country of Origin

Today also marks the global launch of our new country-of-origin range for the Lindemans brand.

Making the most of our close associations with leading local winemakers around the world, we have created Lindemans wines from South Africa, to be distributed in North America from October this year. The next stage is Lindemans South African and Chilean wines for the European market.

We know that consumers around the world perceive Lindemans first and foremost as a well known brand that stands for reliable quality.

Surprisingly, they do not necessarily identify it with Australia.

This gave us an idea. Let’s leverage that strong awareness and trustworthiness to extend the brand into other source countries.

Wines from South Africa and Chile are showing good growth in our key markets, but very few strong brands have emerged. And many consumers prefer to have the assurance of a known brand when trying new experiences.

Having a Lindemans label on these source countries offers a plus for retailers too. They can develop emerging categories without adding to label clutter on their shelves.

For our part, we can leverage our Lindemans marketing dollar across several categories, while enhancing our offer to the type of consumer we call “pragmatists”, savvy shoppers who look for dependable, value-for-money wines.

Slide 34 – Australian Multi Beverage Innovation

Now let’s look at some great developments in our Australian multi-beverage business.

Cold Card Cash is a consumer promotion which breaks new ground. For the first time anywhere in the world, a drinks company is using a mega-promotion to incentivise consumer purchase across multiple brands and categories – a total of 14 of our beer, wine and spirits brands.

The promotion is also innovative in its use of multiple media – including Channel 9 TV, NineMSN, SMS, and point of purchase elements.

Breaking new ground in consumer engagement, our VB cricket promotion was a huge success last summer, spiking VB sales in January and February, as consumers fought hard to acquire the talking figurines of the legendary Aussie batsman, “Boony”.

So what about this year? Well in time for the Ashes Test Series between Australia and England, Boony will be back … and he’s bringing a mate! The 2006 campaign will have more elements than the first campaign… linking in again with our customers, consumers and maybe even a few English tourists!

VB is the number one beer in Australia and a $1 billion consumer spend trademark.

But look out for Carlton! Carlton Draught, the key brand within the Carlton family, has continued to grow strongly in the last year – up 21% in Nielsen outlets.

Now, we’re moving to a masterbrand architecture for the whole Carlton family of beers -- with a new modernised bottle shape, more in-store presence and simplified production and sales execution.

We’re confident that the Carlton masterbrand will join VB as a $1 billion consumer spend trademark in the next couple of years.

We’re also confident that Cougar has a great future as a masterbrand.

Our fantastic new masterbrand creative for Cougar will increase its promotional footprint via new products and campaigns which clearly target the next generation of dark spirit drinkers

Please take the time to find out more from the displays we've assembled around the room.

We also have some product and information packs for you to take away.

The marketing team did manage to keep the wraps on lots of other things, so I look forward to telling you more when I can

But for now, back to you Trevor.

Slide 35 –Demand-Driven Supply

Thanks Jamie.

The two drivers of our value as an organisation are brands, and our ability to get those brands to market in the most efficient, effective way.

Our global supply function is a key part of our customer-driven philosophy, and an important enabler behind the innovation Jamie has just described.

It's also the driver behind our ability to continue to capture efficiency benefits, and reduce product costs.

As part of our recent reorganisation, we elevated global supply to the Foster's leadership team, and, under Michael Brooks, streamlined responsibility for all planning, procurement, production, packaging and distribution.

The core tenets of our supply philosophy are quality, flexibility, and efficiency.

We have an unwavering commitment to the highest quality and consistency at every price point.

We have embedded flexibility into the way we operate – demand-driven inventory positions, and rigorous planning and risk management capabilities.

And above all we are promoting a culture of continuous process improvement and cost reduction.

We've already realised significant scale opportunities in winery and packaging consolidation, and expect that the combination of our 2 supply structures will lead to further efficiencies.

Key supply projects already underway include the Wolf Blass Packaging Centre, the Napa Bottling Centre, and the transformation of our Australian logistics network.

And going into the 2006 Californian, and 2007 Australian vintages Foster's is very well placed, with significant opportunity to further increase supply flexibility in following vintages.

Slide 36 – Supply Initiatives FY05-FY08

Slide 36 gives you an overview of a number of efficiency programs that we have previously communicated. It should illustrate that the bulk of the work is complete, and we are realising benefits that will continue to flow over the next 2 years.

However, whilst we have previously talked to you about individual projects, the reality is that these projects have expanded from their original scope, and now form part of an ongoing pipeline of efficiencies for the future.

Cost out and efficiency are no longer ideas confined to a series of projects. They represent part of a culture of continuous process improvement and cost reduction that is core to Foster's organic growth platform.

Slide 37 – Efficiency

Effective 1 July we moved to a new integrated and regionally focused business structure.

Going forward relationships with our consumers and customers will be managed at the local level, supported by global marketing, supply chain and support functions.

Under this structure, we'll improve our ability to connect with consumer trends in each market, and draw on the benefits of scale and expertise afforded by strong integrated processes.

The structure will allow us to pursue even greater optimisation of overheads, and to accelerate cross-category priorities.

Today we announced our intention to dispose of our Wine Clubs and Services division.

Over the last 2 years, we've reviewed both the strategic fit and operational performance of these businesses.

We've looked at all options from maintaining them as a stand-alone division under Foster's ownership, integrating them into our broader brand portfolio and supply chain, and partial or complete divestment.

We've already divested several non-core assets including the Hunter Valley Packaging business, the AP John cooperage, and the Australian packaging materials distribution business.

In general, the remaining Clubs and Services businesses don't represent a strong strategic fit for Foster's, and we have concluded that they have greater potential under different ownership.

Today we also announced that we would return $200 million to shareholders via an on-market share buyback commencing mid-September.

The fact that Foster's is buying back shares only 12 months after the acquisition of Southcorp – a major acquisition that was 100% debt funded – is very significant.

It is testament to the strong operating cash flow generation of our businesses, and also to the significant value that we've realised from non-core assets during the year.

Slide 38 – Financial KPI's

We remain absolutely committed to achieving all of the financial targets we established at the time of the Southcorp acquisition.

Importantly, we are ahead of plan in some key areas – with outstanding cash generation, above 10% earnings per share growth, and greater than anticipated synergy realisation.

And while the shape of the P&L might have altered a little, the fundamental financial outcomes and expectations we set ourselves remain the same.

Slide 39 – Outlook

Before I conclude I'd like to spend a few moments on the key trends that we observe in our major markets.

The Australian wine market remains very competitive, largely as a result of oversupply conditions that we expect to continue for the next couple of years.

The large 2006 vintage and the resulting deterioration in bulk wine prices has added to recent competitiveness in the Australian retail market.

However let me put this into context. Wine sales in Australia represent only just over 8% of total Group earnings. Furthermore, Foster's scale, premium brand portfolio, outsourcing model, and our ability to export the majority of Australian production create opportunities for increased supply flexibility and margin expansion.

In Australian beer, we see a continued trend towards 'trading up' to premium and imported premium products. This is now a long-term trend that is increasingly driving value growth in the segment. Notably, we've grown value share of the premium beer segment to 57% since last year.

Retail consolidation is a fact of life in every market in which we operate. Our enhanced scale post Southcorp makes us more relevant as a supplier. Most importantly, as a large supplier we have the capability to partner with retailers and work together towards mutually profitable solutions.

In Asia we expect continued strong growth momentum driven by increased investment in sales and marketing resources, and new product initiatives.

In the Americas, we expect value growth to remain strong, with industry demand and supply remaining in balance, despite the larger than expected 2005 vintage.

Our focus there will be increasing investment in our larger brands, new product development, and further refining our sales capability.

The UK market remains competitive, but we expect revenue growth to improve based on stronger relationships with key retailers, and new product initiatives.

Finally, Continental Europe continues to grow strongly, with the Nordic countries, Ireland, and the Netherlands all presenting attractive growth opportunities.

Slide 40 – Sustained Financial Performance

As I noted at the start of today, Foster's is moving into a period of sustained earnings growth and cash flow generation.

The left hand chart shows that we are delivering on our promises, and for the second consecutive year, we have reported double-digit normalised earnings per share growth.

Clearly our reported growth in normalised earnings per share has been complicated by accounting changes, and acquisitions and divestments, which makes trend analysis difficult. The more important and consistent metric is cash flow.

The chart on the right shows acceleration in operating cash flow after dividends over the past 2 years. In particular, growth in 2006 has been outstanding, and reflects the growing sustainability of our cash delivery.

Slide 41 – Conclusion

With that, I'd like to thank you all again for coming along, or dialling in this morning.

And now we'd be happy to take your questions.

Jamie and Rick, would you please come up and join us on the stage.