

Frost protection at Keltern Vineyard





Welcome Shareholders to the AGM of Terra Vitae

18th November 2013

2.30pm



Terra Vitae Vineyards Ltd

Financial Highlights

- The Directors believe that the results *before revaluation adjustments* best reflect the performance of the vineyard operation. These results were as follows:

	2013	2012	2011	2010	2009
• Profit before tax & NZ IFRS adjustments	\$569,790	-\$230,210	-\$216,831	-\$511,240	-\$619,900
• Grape Harvest Income	\$6,386,312	\$5,107,402	\$5,466,492	\$4,094,473	\$3,916,466
• Grape Harvest Tonnes	3818	3211	3585	2583	2189
• Average Price per tonne	\$1,673	\$1,591	\$1,525	\$1,585	\$1,789

Terra Vitae Vineyards Ltd

Financial Highlights

- So what has changed since 2009 – the low point

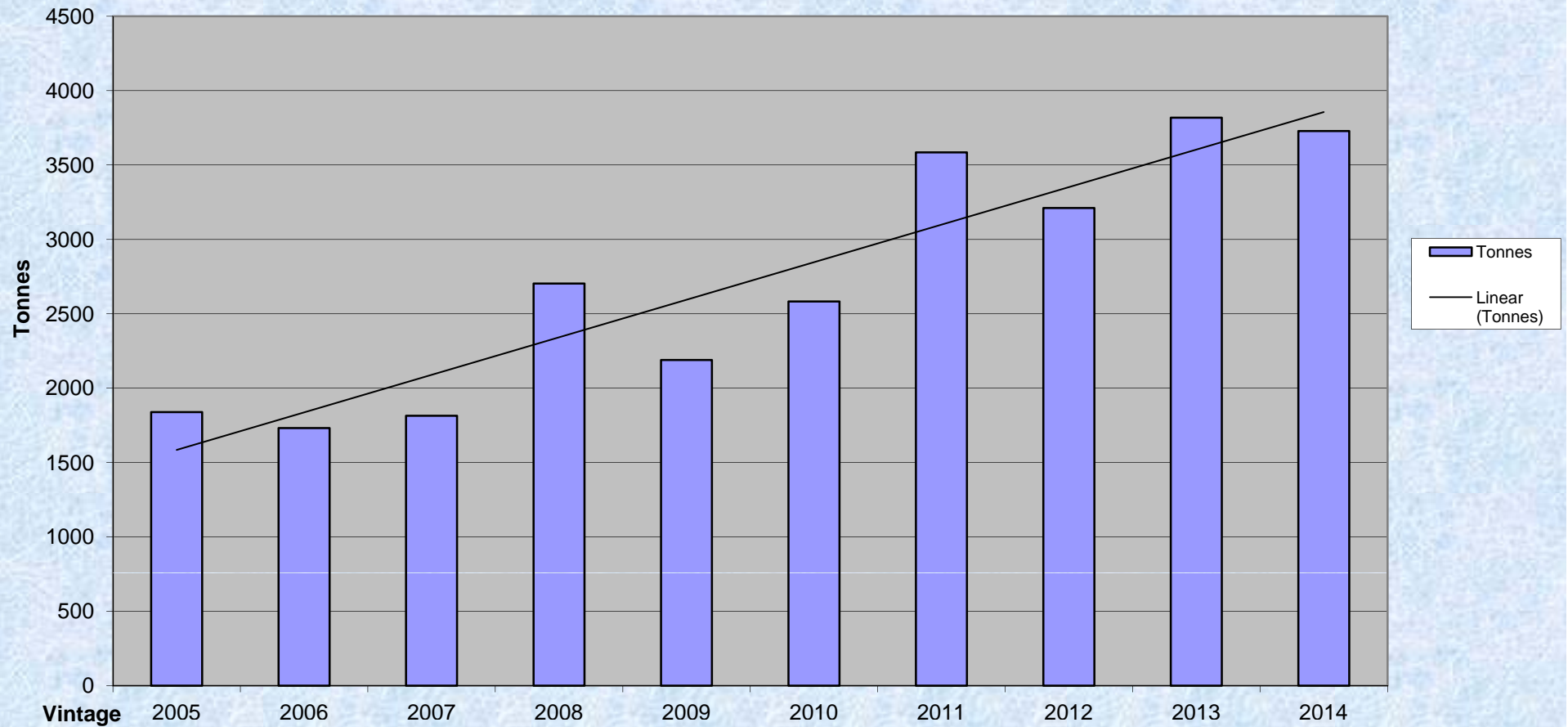
	2009-2013 Movement	2013	2009
Profit before tax & NZ IFRS adjustments	\$1,189,690	\$569,790	-\$619,900
Grape Harvest Income	63%	\$6,386,312	\$3,916,466
Grape Harvest Tonnes	74%	3818	2189
Average Price per tonne	-6%	\$1,673	\$1,789

Terra Vitae Vineyards Ltd

Financial Highlights

- The Financial Accounts included in the 2013 Annual Report are reported under NZ IFRS.
- Under NZ IFRS and as a result of our Valuers' valuation as at 30 June 2013, fair value adjustments of \$1,580,373 were taken to the Income statement.
- It is pleasing to report that since balance date, prices have continued to rise in Marlborough and Hawkes Bay for developed vineyards and bare land suitable for viticulture.
- Our production costs are currently tracking on budget.

Terra Vitae Harvest Tonnes (budgeted from 2014)



Banking Relationship

- We have an excellent relationship with Rabobank and being a specialist Agri Business bank, they have an excellent understanding of the viticulture and wine industries.
- As part of our normal annual review we are in preliminary discussions with them at present, regarding a restructuring of our facility and are taking the opportunity to look at various financing packages.
- I welcome our bankers who are here today.

SHARE TRADES

Shares traded in past 12 months 405,000

Price range 21 to 40c

Present price 40c

NTA per share \$0.72

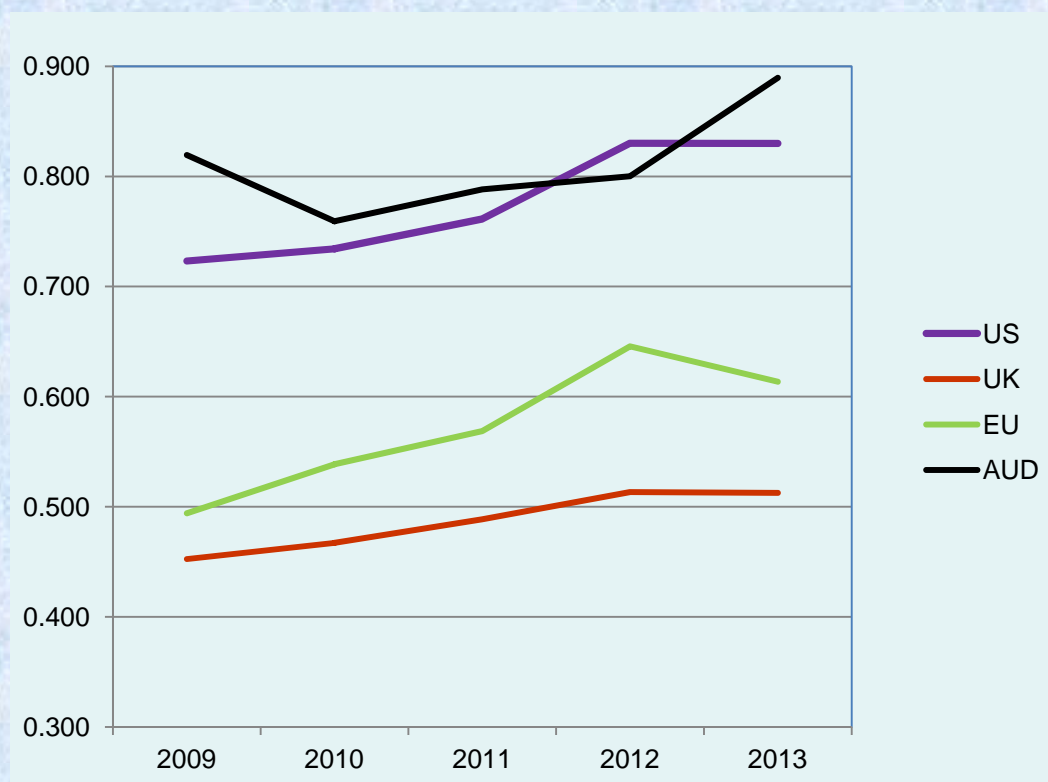
Equivalent to original TVV price, last trade is \$1.09

Equivalent to original Seddon price, last trade is \$2.00

The external influences

- The continuing global crisis in many parts of the world is continuing to cause the \$NZ to remain high against our main trading partners. This results in lower revenues for exporters.

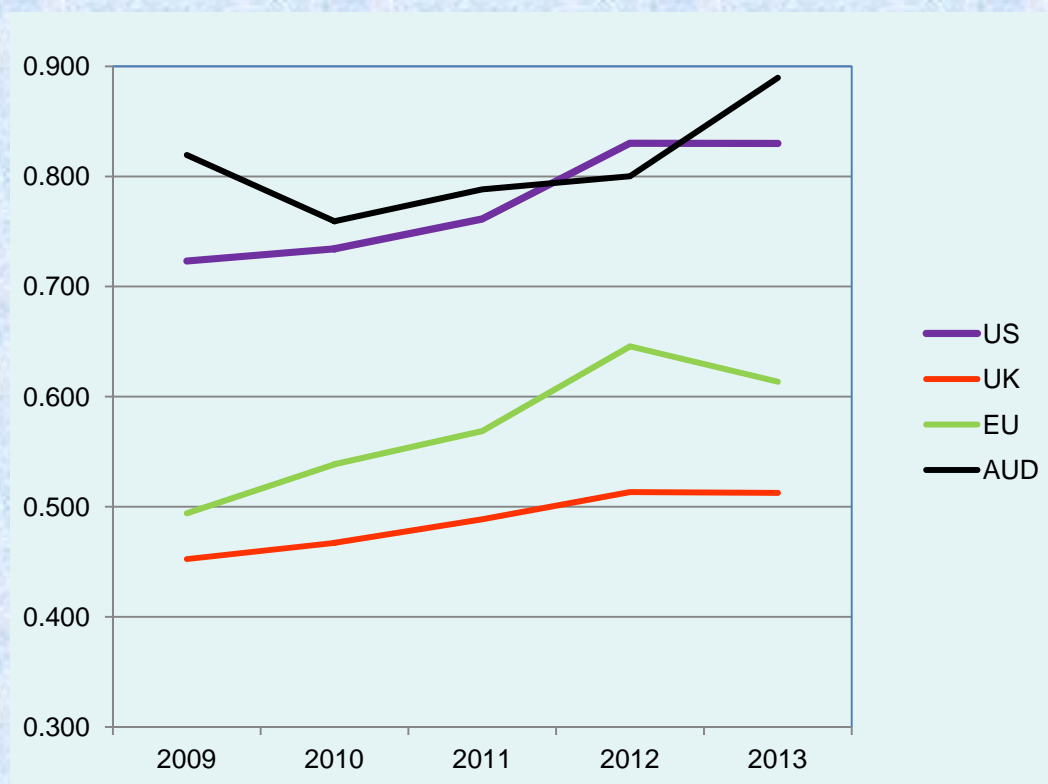
Exchange rate positions at 30 Sept



The external influences

Movement of \$NZ against major currencies over past 4 years

- \$US – up 15%
- EU – up 24%
- GBP – up 13%
- AUD – up 9%



NEW ZEALAND WINE INDUSTRY

KEY PERFORMANCE INDICATORS

OCT
2013

Industry KPIs

OCTOBER

TOTAL VALUE OF EXPORTS

 **1.22 billion** ▲ **3.0%** AT
AUG
2013

PACKAGED WINE EXPORT PRICE

 **\$8.46/L** ▲ **1.0%** AT
AUG
2013

BULK WHITE WINE EXPORT PRICE

 **\$3.86/L** ▲ **27.0%** AT
AUG
2013

AVERAGE IN MARKET PRICE

 **\$13.04** ▲ AUD **2.0%**  **£6.78** ▲ GBP **6.0%**

SHARE OF TOTAL EXPORTS, BY VOLUME

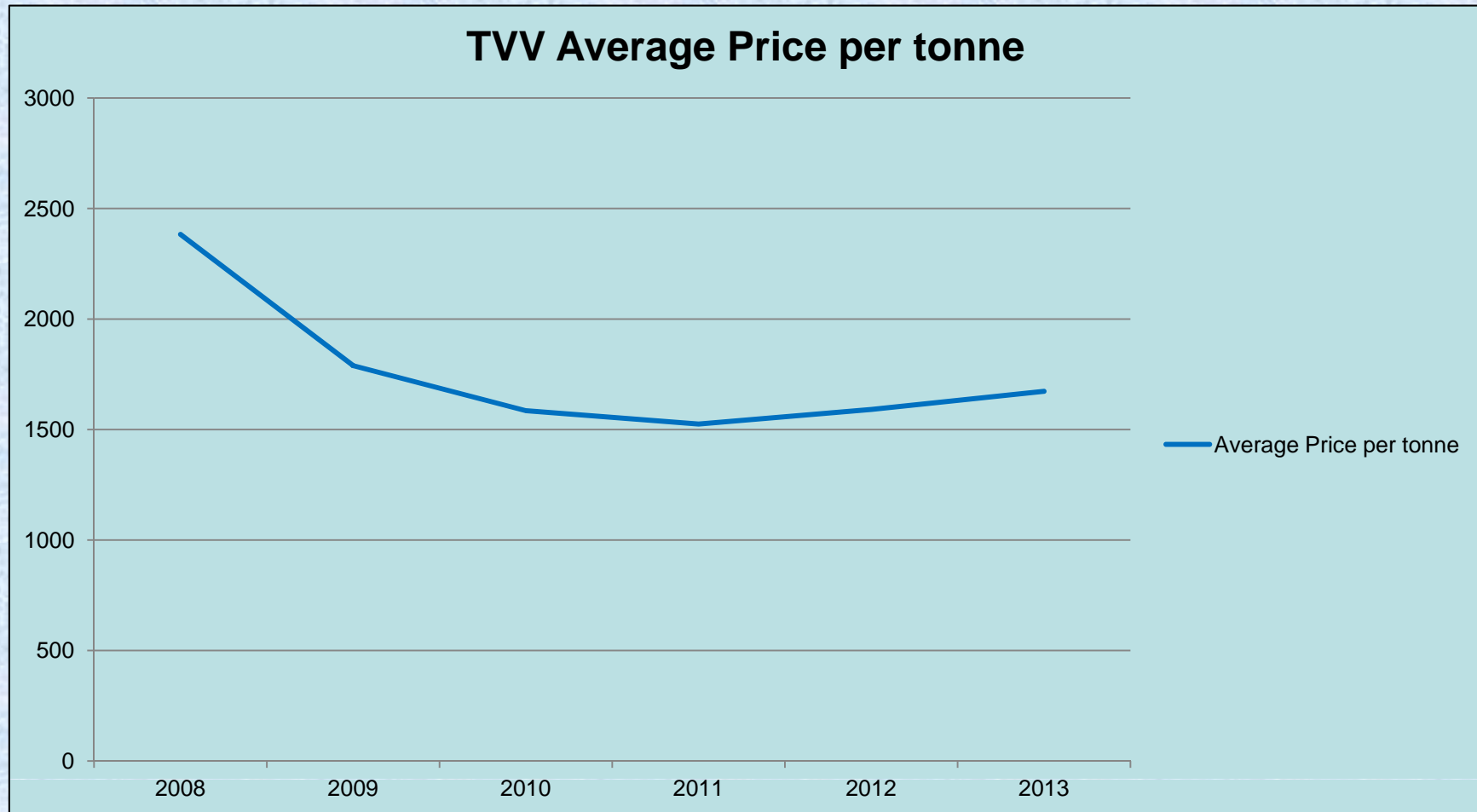
SEP 2013

84.8%  **15.2%**
SAUVIGNON BLANC OTHER VARIETALS

Grape Prices

- Other than Mother Nature, grape prices is the variable that can have the most influence on the company's profitability.
- The movement in prices has been governed by supply and demand.
- With supply and demand back in balance, the decline in grape prices has ceased.
- An improvement in the outlook and in prices has enabled us to catch-up on a lot of maintenance and plant replacement ,which we deferred during the last five years.
- Given a reasonable season, our budgeted profit this year should enable us to resume paying dividends.

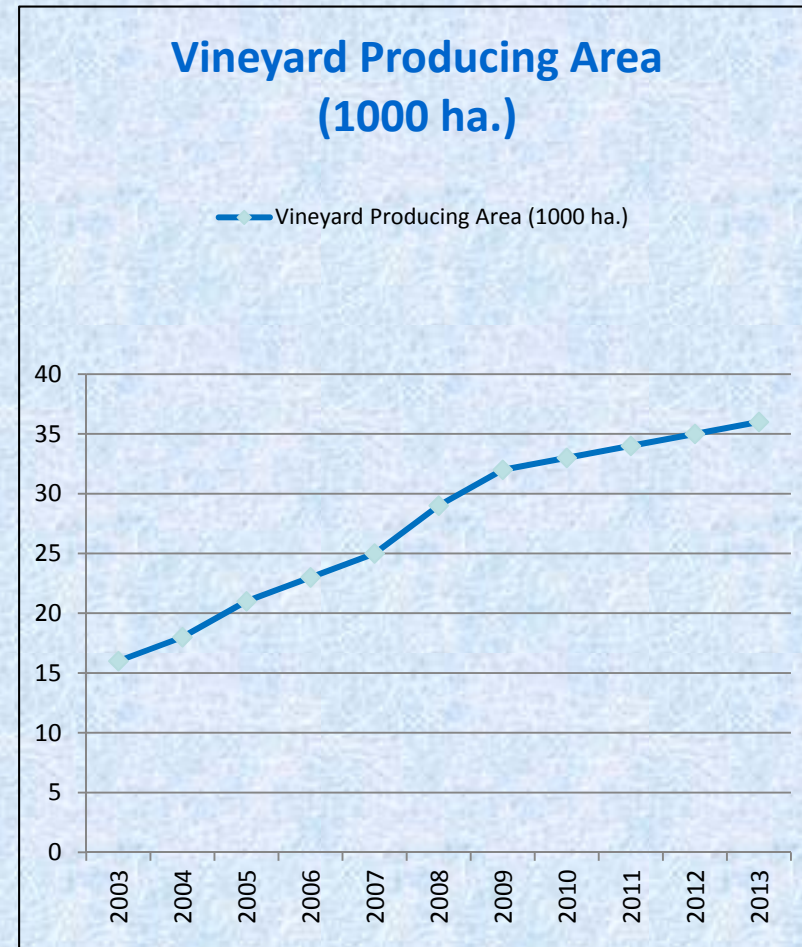
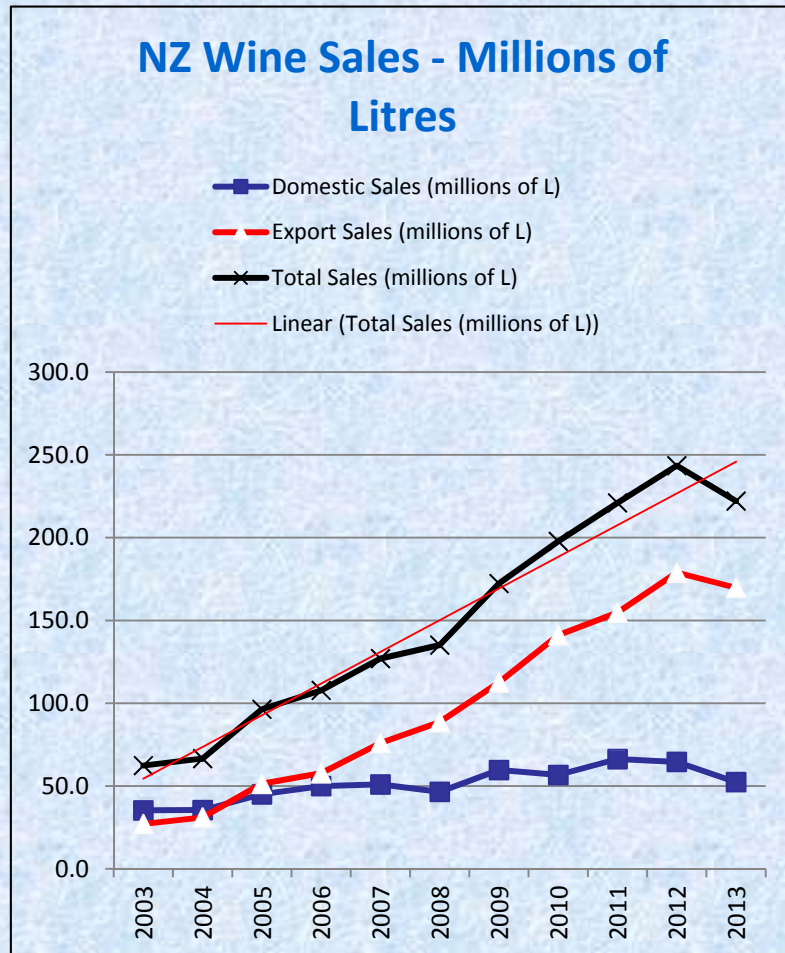
Grape Prices



Grape Prices

- As I said, grape production and wine consumption are back into balance. The next slide shows the flattening out of new vineyard plantings against the backdrop of long term growth in wine sales.
- The blip in 2013 sales was the result of the low tonnage harvested in 2012
- 2013 saw a 28% increase in yield over 2012 for the industry, which will be reflected in the wine sales for the current year.

NZ Wine Sales vs Vineyard Area



We can't control

- The weather
- World wide economies
- The strength of the \$NZ
- The retail pressure on wine prices

But we can control our costs

- Through tight budgetary control
- Economies of scale
- Our vineyard managers taking ownership of the performance of their vineyards
- Strategic asset purchases which provide a quick payback.

Last years challenges

These included;

- Replanting of virus affected vines in Hawke's Bay, allowing us varietal changes, which will provide higher returns
- Water issues in both provinces
- Earthquakes
- Managerial changes on the vineyards

This years Challenges

- Negotiating a lift in grapes prices
- Realigning rows and fences and headlands following the earthquakes
- Resolving water issues
- Continuing the Keltern replanting and managing the new vines
- Continuing to review all input costs
- See the share price lift







Celebration

- Congratulations to the Vineyard managers and the Villa Maria winemaking team for once again producing some outstanding wines from our vineyards, as evidenced by the numerous medals and trophies they were awarded.
- At the 2013 Marlborough Wine Show, Terra Vitae featured in three of the major awards won by Villa Maria and our congratulations go to Garrie and his team for this outstanding result, which I am sure he will cover in his address.

Awards salute Seddon wines

Kat Duggan

Villa Maria winery came away from the 2013 Marlborough Wine Awards with four trophies, including titles for vineyard excellence and champion wine of the show on Saturday night.

Senior winemaker Jeremy McKenzie said the excellence award was an "awesome" way to recognise the hard work of staff at their Seddon vineyard, which won the award.

"It's great for our viticultural team and the guys out at the Seddon vineyard. They put their heart and soul into producing us good fruit for a range of varieties," he said.

Two key wines for their Seddon vineyard were their single vineyard pinot gris, which took away the TNL Freighting Champion Pinot Gris Award and their single vineyard pinot noir.

"[The pinot noir] has had a long history of top Marlborough pinots for years and goes worldwide with its following, so that's a strong hold for us," Mr McKenzie said.

The award for the champion wine of the show went to the Villa Maria Cellar Selection Marlborough Dry Riesling 2013, which also won the King Salmon award for the 2012-2013 riesling category.



Winning ways: Villa Maria Wine maker Jeremy McKenzie with one of the trophies from the Marlborough Wine Awards.

Photo: EMMA ALLEN/FAIRFAX NZ

WINNING WINES

Giesen wines:

Fuder Single Vineyard Selection: Matthews Lane Sauvignon Blanc 2012 - WineWorks Champion Sauvignon 2012 and WineWorks Champion Sauvignon Blanc Emerging Style.

Fuder Single Vineyard Selection: Clayvin Chardonnay 2011 - Ormond Nurseries Ltd Champion Chardonnay 2011.

Brothers Marlborough Late Harvest Sauvignon Blanc 2012 - The Honey Company Ltd Champion Sweet Wine

Villa Maria wines:

Single Vineyard Seddon Vineyard Pinot Gris - TNL Freighting Champion Pinot Gris

Villa Maria Cellar Selection Marlborough Dry Riesling 2013 - New Zealand King Salmon Champion Riesling 2012-13 and Champion Wine overall.

Both the Giesen sauvignon blancs and the chardonnay were Fuder Single Vineyard Selection, which had been aged in 1000-litre German oak barrels and were considered their premium wines.

Celebration cont.

- There have been many accolades that Sir George has received over the past year, including the launching of his book, the wonderful 50 year celebration, many successful wine awards and a refresh of the brand.
- One that stands out for me and one that I was privileged to attend at the MCG in Melbourne was his winning the prestigious Rabobank Leadership Award for outstanding achievement in the food, beverage and agribusiness sectors in Australia and NZ. This is the first time the award has gone to a New Zealander and it was a great evening to be a New Zealander attending the awards.

I move we adopt the annual report and financial statements
for the year ending 30.06.2013



