



PETER LEHMANN WINES LIMITED

KEY RATIO ANALYSIS

Ratio analysis is one tool for evaluating the performance of a company. It is useful to put the ratios in context by comparing the Company's ratios between years and to other companies in the same industry.

Profitability

EBIT as % of sales – this ratio is influenced by the Company's ability to increase/maintain selling prices, hold costs and/or alter its product mix to more profitable lines.

PLW incurred substantial costs during the takeover in 2003 and this affected the Company's profitability.

After tax profit as % of sales – this ratio includes interest and tax expense and indicates the company's effectiveness in using its resources.

Return on equity (after tax profit as % of net assets) – measures the Company's ability to generate profits from its assets. The wine industry requires substantial investment in assets to generate profits.

Financial stability

Current ratio (current assets divided by current liabilities) – measures the Company's ability to repay short-term debts quickly if it is in trouble. Generally a ratio of two to one is considered to be very comfortable. PLW operates in an industry where some of its inventory is held for maturation and this traditional measure is distorted. This ratio should be used in conjunction with other measures.

Debt to equity ratio (interest bearing debt as % of equity) – measures the extent of a company's debt exposure.

Interest cover (EBIT divided by net interest payments) – measures the margin of profit to protect the Company against a business downturn or a sharp rise in interest rates.

10 YEARS OF FINANCIAL HISTORY

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
PROFIT & LOSS (\$000's)										
Revenue from operating activities	36,492	45,152	45,179	46,639	52,298	55,797	57,592	63,487	61,999	52,598
Depreciation & amortisation	864	1,042	1,291	1,465	1,709	1,839	2,013	2,076	2,055	2,320
Earnings before interest & tax (EBIT)	8,275	9,829	10,654	9,093	7,234	11,065	10,090	10,474	14,823	9,754
Interest paid (net)	657	723	787	1,420	1,624	1,952	1,679	1,737	974	1,562
Operating profit before tax	7,618	9,160	9,867	7,673	5,610	9,113	8,411	8,737	13,849	8,192
Income tax expense	2,609	2,911	2,952	2,254	1,780	2,679	2,663	2,762	4,245	2,456
Operating profit after tax	5,009	6,195	6,915	5,419	3,830	6,434	5,748	5,975	9,604	5,736
Dividends paid/payable	2,743	3,492	4,088	4,095	2,088	3,531	3,151	3,265	5,282	6,607
BALANCE SHEET (AU\$000's)										
Receivables	9,149	10,621	14,423	13,765	15,148	15,809	14,416	17,208	14,530	12,622
Total inventory	27,741	37,331	46,028	49,362	53,591	56,310	54,490	46,877	49,245	49,849
Depreciated property, plant & equipment	16,726	16,909	22,099	28,970	29,066	30,148	31,583	32,837	32,356	33,168
Total assets	55,008	66,947	85,606	96,234	101,626	106,538	101,529	100,236	98,532	97,345
Accounts payable	7,523	11,905	13,867	13,601	12,398	11,568	8,767	8,846	11,247	8,083
Total borrowings	12,935	14,874	21,410	31,800	34,200	35,700	31,877	27,392	15,834	20,139
Total liabilities	25,109	32,252	41,356	47,784	50,045	50,741	43,605	39,538	31,616	31,126
Shareholders' equity	29,899	34,695	44,250	48,450	51,581	55,797	57,924	60,698	66,916	66,219
STATISTICS										
Number of shares at year end (000's)	33,260	34,924	37,148	37,311	37,969	37,969	37,969	37,969	37,969	37,969
Earnings per share	15.1c	18.1c	19.0c	14.5c	10.1c	16.9c	15.1c	15.7c	25.3c	15.1c
Dividend per share	8.25c	10c	11c	9c	5.5c	9.3c	8.3c	8.6c	13.9c	8.3c
Asset backing per share	90c	99c	119c	130c	136c	146c	152c	160c	176c	174c
Dividend as % of after tax profit	55%	56%	59%	62%	54%	55%	55%	55%	55%	55%
Franking for future dividends (AU\$000's)	7,569	11,692	11,995	7,894	8,511	10,272	11,792	13,230	14,444	15,467
EBIT as % of sales	23%	23%	24%	19%	14%	20%	19%	16%	24%	19%
After tax profit as % of sales (%)	14%	15%	15%	12%	7%	12%	10%	9%	15%	11%
Return on shareholders' equity (%)	17%	15%	18%	11%	7%	12%	10%	10%	14%	9%
Return on assets %	9%	9%	8%	6%	4%	6%	6%	6%	10%	6%
Current assets/current liabilities (times)	1.4	1.8	2.2	2.9	2.8	3.5	4.6	5.8	4.4	5.9
Debt to equity (%)	43%	43%	48%	66%	66%	64%	55%	45%	24%	30%
Interest cover at 30 June (times)	11	10	11	5	3.5	5.7	6.0	6.0	15.2	6.2

NOTE: 2006 and onwards prepared using the Australian equivalents of International Financial Reporting Standards.