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Australian Vintage forecasts cash outflow as wine industry struggles persist

Company faces rising debt and falling sales but eyes UK growth and future recovery through new products and acquisitions

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Australian Vintage, one of Australia’s largest wine producers, has revised its financial outlook for the current year, now expecting a cash outflow of $AU13 million instead of breaking even as previously forecast. The company informed shareholders of the

change this week, citing persistent challenges in the global wine industry. These include an ongoing oversupply of wine and weak demand in key markets, which have affected producers across the sector.

The new projection marks a $AU15 million improvement compared to last year's results, but it will still push Australian Vintage's net debt to $AU76 million by year-end. This comes at a time when the company's market value on the Sydney stock exchange stands at just $AU23.6 million. Company representatives described the situation as "disappointing" and indicated that more stringent measures will be necessary to drive sales growth and manage inventory in the next financial year.

Sales for the current year are expected to fall by 3%, with flagship brands McGuigan and Tempus Two likely to be impacted by the soft market conditions. Following the announcement, Australian Vintage shares dropped by up to 12%, reaching $AU0.75 per share. The decline has fueled speculation that Vinarchy, formerly known as Accolade, may pursue a takeover of Australian Vintage. Industry observers suggest that Vinarchy could use Australian Vintage's public listing as a cost-effective way to create a profitable exit for its international financiers. Both companies have declined to comment on these rumors.

Despite the difficult environment, Australian Vintage highlighted some positive developments in its update. The company has invested heavily in launching its new 187ml Poco Vino bottle, which is set to debut in British retail outlets in July. Pre-sales for Poco Vino have already surpassed expectations, prompting the company to accelerate further investment in packaging and inventory buildup.

Looking ahead, Australian Vintage expressed optimism about fiscal year 2026, predicting mid-single-digit sales growth and describing it as a potential "transformational year" for the group. The company aims to reverse declining sales trends and generate free cash flow during that period.

In addition to its financial update, Australian Vintage announced the acquisition of MadFish Wines for an undisclosed sum. While MadFish represents a small part of Australian Vintage's overall portfolio, it holds significance in the UK market, where it sells approximately 200,000 cases annually. The acquisition is seen as a strategic move

to strengthen Australian Vintage’s presence in Britain amid challenging conditions at home and abroad.

The wine industry globally continues to grapple with excess supply and shifting consumer preferences, factors that have weighed heavily on producers like Australian Vintage throughout this financial year. The company’s latest moves reflect both the difficulties facing established wine groups and their efforts to adapt through innovation and targeted acquisitions.