



LINDEMANS

THE MARKET

The Australian wine industry is one of the country's great success stories. With a thriving and highly competitive domestic wine market, Australia is recognised internationally as a prominent New World wine producer. As a result, Australian wine exports have skyrocketed in recent years to record volumes and show no sign of abating.

In the 12 months to 31 March 1997, for example, wine exports totalled 152.7 million litres, an increase of almost 26% over the previous year. The value of those exports was \$574.9 million. The Winemakers Federation of Australia is targeting a billion dollars' worth of exports by the year 2000.

About 1000 wineries in Australia produce some 10,000 different wine products, so the market is extremely competitive and diverse. In recent times there has been a huge upswing in 'shelf-smart' domestic products, new labels, and innovative forms of packaging to compete for prime position in the hotly contended retail market.

ACHIEVEMENTS

Lindemans Wines is Australia's oldest continuous winemaker and one of the country's most prolific exporters of fine wine. The company has a proud tradition of winning awards both in Australia and overseas.

Lindemans has won the prestigious Most Successful Exhibitor award a record number of times on the Australian Wine Show circuit. It is also one of the key Australian brands in international markets such as North America, the United Kingdom, Scandinavia, Europe and Asia.

As early as 1862, Dr Lindeman's Cawarra wines were gaining recognition in London, and soon afterwards attracted attention at international exhibitions in France. That tradition continues. In 1988 Lindemans was named Winemaker of the Year at the prestigious International Wine and Spirit competition in London. Lindemans' Coonawarra and Padthaway vineyard wines, crafted by Greg Clayfield, helped to clinch this honour.

Today, Lindemans Bin 65 Chardonnay is Australia's most successful white wine export and



has been repeatedly acclaimed by wine consumers and critics alike around the world. The wine has spearheaded Lindemans' export success and has received numerous accolades, including eight consecutive 'Best Buy' Awards from Wine Spectator magazine in the US. 'Best Buy' status is defined by Wine Spectator as 'outstanding quality at a modest price'.

Lindemans' Padthaway vineyard wines and Lindemans Chief Winemaker, Phillip John, are the engine behind the entire brand's success on the wine show circuit. Padthaway wines alone have been awarded more than 500 domestic and international wine show awards, making the Padthaway vineyard the most awarded single vineyard in Australia.

Lindemans is the only Australian winemaker to

invest in an extensive cellaring program across a number of wine growing regions. The practice recalls the days when Dr Lindeman cellared wines under the verandah of his stately homestead because he believed that wines benefited from ageing. Each year parcels of the finest wines produced by Lindemans in the Hunter Valley, Coonawarra and Padthaway are designated for extended cellaring under carefully controlled conditions. As they approach optimum maturity, these wines are selected and released as Lindemans Classic Wines - a mantle that embodies the very essence of Lindemans proud winemaking history. These wines are also recognised and highly awarded on the domestic wine show circuit.

The 1970 Lindemans Hunter River Chablis Bin 3875 is one of Australia's most awarded wines and bears testimony to Lindemans' stringent cellaring program. Even today, when presented in blind tastings, this wine is described as youthful. It has received 18 trophies and 24 gold, 2 silver and 1 bronze medal. Today, Patrick Auld, Lindemans Winemaker for the Hunter Valley, is the driving force behind the continued successes of the Lindemans Hunter River wines.

In the December/January 1997 issue of Wine Spectator two Lindemans wines were named in the 'Top 100 Wines' from around the world. The 1994 Lindemans Padthaway Vineyard Chardonnay achieved seventh place and scored 92 points. This was one of only two Australian wine brands to be ranked in the top ten. The 1991 Lindemans Coonawarra St George Vineyard Cabernet Sauvignon also ranked exceptionally well, coming in at number 35 with a score of 92 points.

In 1997, for the fifth consecutive year, Lindemans has been named a Hot Brand by influential US liquor industry news publication, Impact. One of Impact's key criteria for the judging of Hot Brands is double-digit percentage growth in the previous three years.

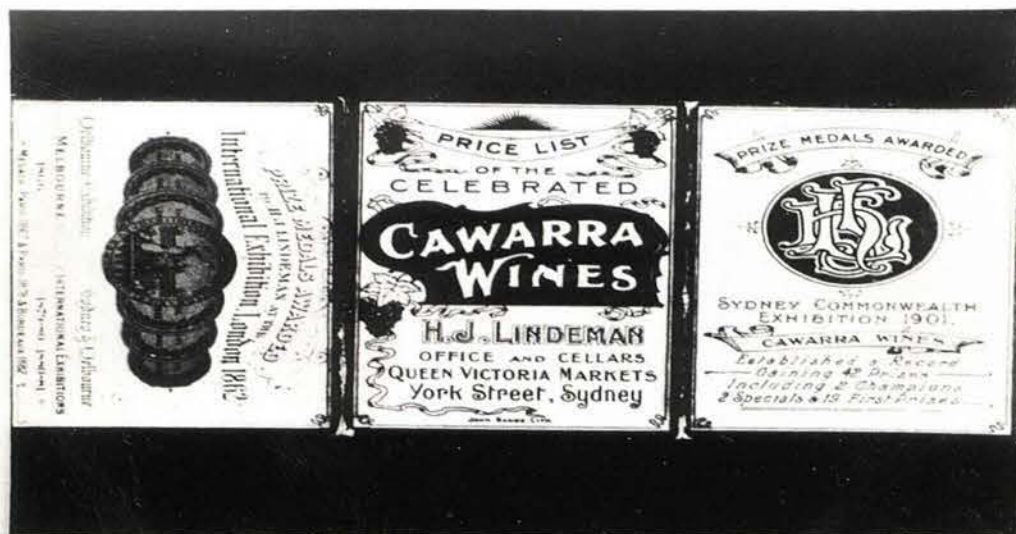
HISTORY

Dr Henry John Lindeman, a Royal Navy Surgeon, and his wife Eliza, built the stately Cawarra homestead, near Gresford in New South Wales in 1843.

Cawarra is an Aboriginal word for 'beside running water' and it was on the flats by the Paterson River that Dr Lindeman planted his first grape vines. One of his aims was to encourage people to drink and appreciate wine, in an effort to curb the drunkenness caused by spirits of the time, predominantly rum. He also believed that wine had medicinal value in its own right.

The development of Lindemans since those early pioneering days has been a story of innovation, hard work and the pursuit of excellence. Dr Lindeman was committed to putting Australia on the map as a producer of fine quality wines and he was rewarded early with international success. He began exporting Lindemans Cawarra Claret to the United Kingdom as early as 1858.

During the 1860s Dr Lindeman exhibited his wines extensively in Australia and abroad and in 1862 he gained recognition for Cawarra wines at the International Exhibition in London. Five years later,



Lindemans wines received awards at the Paris Exhibition. Lindemans' international success continued, particularly in France, with medals in Paris in 1878 and Bordeaux in 1882.

When Dr Lindeman died in 1881 Lindemans was already a leader in Australia's fledgling wine industry and had become a recognised name overseas.

The business was continued by his three sons who eventually moved the winery operations from the Cawarra homestead to Pokolbin in the heart of the Hunter Valley. That led to the purchase of the current Ben Ean winery site from the McDonald family in 1912. Lindemans' Hunter River operations remain at that site today.

The strong push for international sales, started by Dr Lindeman, continued unabated under his descendants, and Lindemans' growth and development continued through the middle years of the 20th century. In 1953 Lindemans became a public company. This was quite a large public offering for the time and the capital raised was used to fund winery improvements, equipment purchases and expansion into other regions.

During the 1960s, Lindemans bought new vineyards in South Australia and started wine production from the premium Coonawarra and Padthaway districts. This enabled Lindemans to grow a wider range of grape varieties and to experiment with new styles. In the late 60s and early 70s, Lindemans Ben Ean Moselle white wine became a household name. Today, Ben Ean is often referred to as the wine which introduced Australians to wine drinking.

In 1972, US tobacco giant Phillip Morris acquired Lindemans and initiated another round of investment and equipment upgrades. The following year, Karadoc was built, the largest winery facility in the Southern Hemisphere. Established in Victoria's Mildura district, Karadoc demonstrates the enormous investment Phillip Morris was prepared to make in Australian winemaking. It is still one of the most modern and well equipped winery and packaging facilities in the world.

By the beginning of this decade Lindemans wines were being exported into Asia, Japan, New Zealand, North America, the United Kingdom, Europe and Scandinavia. Dr Lindeman's dream to put Australia on the international wine map had come to fruition as other winemakers began to follow the Lindemans lead.

In 1990 Lindemans was acquired by Penfolds Wines and soon afterwards by SA Brewing Holdings, which has now become Southcorp Holdings, of which Southcorp Wines is a division. Lindemans is one of the largest brands in the Southcorp stable, which holds approximately 25% market share in Australia.

In 1993 Lindemans celebrated its 150th anniversary of the first planting of vines at Cawarra by Dr Henry Lindeman in 1843. The Cawarra homestead, which is now inhabited by descendants of Dr Lindeman, was the venue for many celebrations during the course of that year.



THE PRODUCT

Lindemans produces wines in three premium Australian wine growing districts - the Hunter Valley in New South Wales, and Coonawarra and Padthaway in South Australia.

The Lindemans domestic product portfolio encompasses such well known names as Cawarra, Premier Selection, the Bin range, Lindemans Hunter River, Lindemans Padthaway, and Lindemans Coonawarra premium white and single vineyard red wines. There is also a range of premium fortified wines, Lindemans Classic Dry White and Classic Dry Red

as well as the Nyrang range.

RECENT DEVELOPMENTS

In response to ongoing concerns about cork taint, Lindemans introduced a synthetic closure (an artificial cork) to the Cawarra range of wines in November 1996. The non-cork, taint-free synthetic closure is especially designed to prevent cork taint, while retaining the same appeal as the traditional cork. It is a tan colour and will not break or crumble during extraction from the bottle.

Even more recently, in March, 1997 Lindemans redesigned the packaging of its highly successful Bin range of wines. Key elements of the new image include a drip-proof flange bottle which allows the insignia on the cork to be displayed and obviates the need for a capsule, as well as more elegant labels and a carton design which lends itself to in-store displays. The packaging changes enhance the image of the Bin range and reinforce the market positioning (high quality at reasonable prices) for which the Bin range of wines have become renowned. It is estimated that up to 70% of retail sales are made on impulse, which means that effective communication at point of sale is critical.

PROMOTION

During the mid to late 1980s, the "You make me smile - Dr Lindeman" theme song almost became an Australian anthem. A highly successful series of television commercials was developed with the same theme and tune. The message was that no matter where, no matter when, Dr Lindeman could provide the right wine accompaniment for the occasion.

With the introduction of Bin 65 Chardonnay to the domestic market in 1991, Lindemans embarked on a new radio and print campaign. Bin 65 was already well established in international markets. The radio campaign used the theme music for "You make me smile - Dr Lindeman" with the slogan "The whole world loves Bin 65" and from this point onwards, Lindemans' promotions stressed the international cachet of the brand. The radio campaign was supported by an intensive and successful bus side and print advertising campaign using the same slogan. Faces and flags from countries around the world helped to enhance the international theme.

In the years that followed Lindemans developed a new campaign, supported through radio and outdoor, with an alternative theme, "Enough said...just enjoy". The campaign developed an alternative catch cry for the brand. From the second half of 1997, Lindemans advertising will highlight the regional diversity of the brand (Hunter Valley, Coonawarra, Padthaway) and will promote the premium ranges from these areas.

On 1 July 1996, Lindemans made a foray into the on-line world and launched its own web site - <http://www.lindemans.com.au>. The site is proving a valuable resource for both Australian and interna-

tional wine connoisseurs and is becoming an essential marketing tool.

BRAND VALUES

The pioneering spirit of Dr Henry John Lindeman continues to be the force behind the Lindemans brand, as new districts, wine styles and markets are explored. However, throughout its 154 year life, Lindemans has maintained its classic winemaking traditions without losing sight of changing consumer tastes and market conditions, both in Australia and overseas.

Dr Lindeman's vision, tenacity and his absolute commitment to quality are the foundations on which the Lindemans tradition is built and continues to prosper.



Things you didn't know about Lindemans

- The Lindemans family motto is: "Fide sed cui vide", "Have trust, but be careful whom you trust".
- Lindemans Bin 65 Chardonnay is the best-selling Chardonnay in Sweden.
- Lindemans will sell over 2.5 million cases (30 million bottles) of bottled wine throughout the world in 1997.
- In 1986, a yet unnamed Lindemans wine from the 1985 vintage won, what is often described as the most marketable wine award in Australia, the Jimmy Watson trophy, for the best one year old red wine at the Melbourne Wine Show. In a major hurry, the wine was named Lindemans Coonawarra Pyrus after the first vineyard in which wine was made in Coonawarra. It is a Bordeaux blend of Cabernet Sauvignon, Merlot, Cabernet Franc and Malbec.
- Dr Lindeman's personal slogan was: "The purpose of wine is to bring happiness to man."
- Lindeman Island, off the coast of Queensland, was charted by Dr. Henry John Lindeman's nephew, who named a point of the island "Cawarra", after Dr Lindeman's property of that name.
- Lindemans Padthaway Vineyard is Australia's largest single vineyard with plantings of over 1100 hectares of vines for the production of premium wines.
- Lindemans Bin 65 Chardonnay is Australia's largest exported wine product.

