Treasury is liquid in an industry with high capital demands and long production times. Net debt at balance date was just $71 million or 2.5 per cent of shareholders' funds. The emphasis on brands – and in Treasury's case, premium brands – means they represent 23.5 per cent of total assets of $3.7 billion.

The board is compact. Chairman Max Ould has a long background in consumer goods as chairman of Goodman Fielder and managing director of National Foods.

Managing director David Dearie is experienced in the liquor industry. He was managing director, Australia and New Zealand, of Foster's wine division from mid-2009 and, earlier, managing director for wines from Italy, France and America".

Treasury has a quality brand base to build upon. Penfolds, Wolf Blass, Rosemount and Lindeman's are the foundation brands in Australia. It's enjoying exceptional growth with Pepperjack and Devil's Lair, and strong growth with Wynn's as the market leader in the Coonawarra region.

The ageing of the population has created a little-recognised growth opportunity for the wine industry. In Australia wine accounts for every second alcoholic drink consumed by those in the 55-plus age bracket, which is moving towards being a third of the population.

The Australian wine industry has also corrected gradually from oversupply in 2008 and

In Australia wine accounts for every second alcoholic drink consumed by those 55-plus.

Western Europe and Africa of Brown-Forman, a producer best known for whisky brands Jack Daniels and Southern Comfort.

Treasury paid 6¢ a share dividend, 50 per cent franked, for 2010-11, despite being listed for less than two months. Full franking is unlikely given the high percentage of offshore earnings. The new company's policy is to pay out 50 to 75 per cent of profit as dividends.

The consensus expectation among brokers is for earnings per share over the next two years of about 20¢. If that proves accurate, Treasury won't be a yield stock and carries a demanding multiple.

There is an added indirect "investment" attraction, however, in that shareholders can buy what the company describes as premium wines at exceptional prices through the shareholders' club. The offer includes "some outstanding

2009. Treasury has reduced acreage in all its Australian vineyards, except for its small presence in the Margaret River, Western Australia.

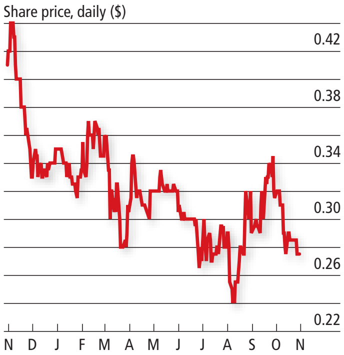
Treasury's short-term priorities are weighted to improving performance at Beringer, lifting investment in Asia because of its growth opportunities, and addressing the cost base, especially in the EMEA countries, where margins slumped in the past two years.

The new Treasury Wine Estates has set its aims high in an industry that's invariably challenging. It now has a liquid, strong balance sheet, a much clearer and dedicated corporate focus, proven and accepted lead brands and the lure of underdeveloped markets in Asia and, feasibly, the US. **Si**

Graeme Adamson is a respected corporate analyst, journalist and author with 40 years' experience.

AUSTRALIAN VINTAGE | AVG

Share price, daily ($)



FAST FACTS	
Market cap	$35m
Dividend yield	9.09%
Hist. earnings per share	5.1¢
Hist. price-earnings ratio	5.4

THE COMPANY that came out of the merger of McGuigan Wines and Simeon Wines in 2002, Australian Vintage (AVG), turned over $300 million in 2004, when the EBIT/sales ratio was 20.5 per cent.

Since then it's been largely downhill, because of excess supply globally, extreme weather and debt.

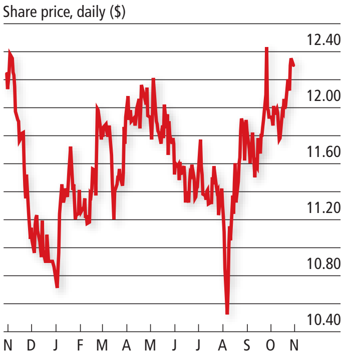
Australian Vintage has stabilised in the past two years and its costs are falling. Revenue of $226 million in 2011 was the lowest since the merger. EBIT rose 24 per cent to $29.3 million (13 per cent of sales) despite a $9.8 million adverse impact from the rising Australian dollar. Net profit, excluding one-offs, was up 72 per cent to $10.2 million (8¢ a share).

The dividend of 2.5¢ a share franked was the first since 2006. The current share price relates to net tangible assets of $1.13 a share.

AVG's crush of 147,000 tonnes was 9 per cent of the industry's national production in 2011. More than half is exported, mainly to the UK. Some packaging and bottling is being shifted there as a hedge against currency movements.

COCA-COLA AMATIL | CCL

Share price, daily ($)



FAST FACTS	
Market cap	$9.3bn
Dividend yield	4.07%
Hist. earnings per share	58.0¢
Hist. price-earnings ratio	21.2

THIS IS Australia's only other listed beverage company. CC Amatil (CCL) holds three Coca-Cola franchises: Australia, Indonesia/PNG and New Zealand/Fiji.

Its shares have firmed since SABMiller bid for Foster's because CCA anticipates a $200 million to $300 million profit from the expected sale of its 50 per cent interest in Pacific Beverages to SABMiller and may acquire non-brewing assets from Foster's.

Underlying net profit rose 5.5 per cent to $234 million (31¢ a share) in the June half, despite natural disasters in Australia and NZ. The interim dividend rose to a franked 22¢ a share from 20.5¢ previously, the 21st successive increment in half-yearly payments.

EBIT of the Indonesian subsidiary increased 24 per cent in local currency terms, with the EBIT margin widening from 5.5 per cent to 6.4 per cent. The margin in Australia edged up to 20.2 per cent.

Directors expect stronger growth in the more profitable December half and 2011 earnings per share should exceed 70¢, with benefits ahead from a peak of $400 million in capital spending this year.