

# COOPERS ANNUAL GENERAL MEETING

## CHAIRMAN'S ADDRESS

MR GLENN COOPER

November 30, 2006

### **LADIES AND GENTLEMAN**

WELCOME TO THE 144<sup>th</sup> ANNUAL GENERAL MEETING OF COOPERS BREWERY LTD. I CALL FOR APOLOGIES. (DAVID KINGSTON).

LET ME INTRODUCE YOUR DIRECTORS: ON MY RIGHT IS OUR MANAGING DIRECTOR DR TIM COOPER, MR BILL COOPER OAM, DR JAMES COOPERS, MR CAMERON PEARCE, COMPRISING YOUR BOARD AND MR HAYDN DUFFIELD OUR COMPANY SECRETARY.

ALSO WITH US TODAY ARE OUR AUDITORS LED BY MR GARY SAVAGE & BRAD GRUNERT. OUR BANKERS FROM THE ANZ, MR TOM RUNDLE AND OUR SOLICITORS FROM PIPER ALDERMAN, MR MARK GORDON.

WELCOME ALL.

LADIES AND GENTLEMEN, YOU HAVE RECEIVED THE COMPANY'S ANNUAL REPORT FOR THE 2005-2006 FINANCIAL YEAR AND THERE ARE SPARE COPIES AT THE REAR OF THE ROOM.

IT IS MY PLEASURE TO DELIVER THE CHAIRMAN'S REPORT FOR THE 2006 FINANCIAL YEAR AND THEN OPEN THE FLOOR FOR DISCUSSION ON MATTERS RELEVANT TO THE COMPANY'S PERFORMANCE.

THE PAST FINANCIAL YEAR HAS BEEN ONE THAT CAN ONLY BE REFERRED TO AS A 'DEFINING MOMENT' IN THE HISTORY OF COOPERS BREWERY LTD. WITHOUT HESITATION, I SAY THAT THE SEEING OFF OF THE BARBARIANS AT THE GATE WAS ONE OF THIS COMPANY'S GREAT ACHIEVEMENTS OVER ITS LONG HISTORY.

### **REVIEW OF OPERATIONS**

NET PROFIT AFTER TAX WAS \$12.7 MILLION UNDER THE NEW INTERNATIONAL ACCOUNTANCY RULES. EQUITY DECREASED \$10.4 MILLION AFTER TAKING INTO ACCOUNT \$14.8 MILLION IN REPAYMENT OF CAPITAL TO SHAREHOLDERS WHO PARTICIPATED IN THE SHARE BUY-BACK DURING THE YEAR. THIS EQUATED TO 4.26% OF THE COMPANY'S CAPITAL.

THE PERFORMANCE OF YOUR COMPANY UNDER EXTREME DIFFICULTY WAS QUITE OUTSTANDING. OUR PROFIT RESULT OF \$12.7 MILLION COMPARED TO THE PREVIOUS YEAR OF \$13.65 MILLION, AFTER BOOKING COSTS ASSOCIATED WITH OUR SUCCESSFUL TAKEOVER RESPONSE OF \$8 MILLION, IS A RESULT WE SHOULD ALL BE EXTREMELY PROUD OF.

OUR BEER SALES CONTINUED ITS GROWTH INCREASING 13.6% ON LAST YEAR IN A RELATIVELY FLAT TOTAL BEER MARKET IN AUSTRALIA.

THE PERFORMANCE OF OUR SUBSIDIARY, PREMIUM BEVERAGES, WITH ITS PRESENCE IN THE STATES OUTSIDE SOUTH AUSTRALIA HAS CONTINUED TO GROW WITH PREMIUM BEVERAGES INCREASING A WHOPPING 34.6%. SALES IN SA HAVE BEEN LEVELLED THIS YEAR SHOWING SIMILAR SALES TO LAST YEAR.

THIS HAS BEEN DUE TO THE TWO ELEMENTS: A MASSIVE DISCOUNTING VENTURE BY LION NATHAN (there may just be an element of revenge seeking involved) RESULTING IN SOME OF THE CHEAPEST BEER IN AUSTRALIA.

SECONDLY, A STRATEGIC DECISION BY MANAGEMENT TO NOT FOLLOW THOSE PRICES, AND MAINTAIN THE QUALITY IMAGE OF OUR PRODUCTS. I CAN REPORT THAT THIS STRATEGY IS CURRENTLY DELIVERING INCREASED PROFITS FOR BEER IN SOUTH AUSTRALIA.

SALES OF BUDWEISER, FOR WHICH PREMIUM BEVERAGES AND OURSELVES ARE THE AUSTRALIAN DISTRIBUTOR, INCREASED 96.2% OVER LAST YEAR.

TWO NEW PRODUCTS WERE RELEASED – COOPERS PREMIUM LIGHT AND COOPERS PREMIUM LAGER. WHILE THE LIGHT BEER MARKET IS MOST COMPETITIVE, IT IS IN DECLINE IN AUSTRALIA SOME 10%, HOWEVER, OUR LIGHT IS HOLDING ITS POSITION. OUR NEW PREMIUM LAGER IS PERFORMING WELL AND SHOWED A 73.9% INCREASE ON THE FORMER COOPERS DRAUGHT, WHICH IT REPLACED. OUR LICENSED BREWED SOFT DRINK, BIRELL, RECORDED AN INCREASE OF 3.5% ON THE PREVIOUS YEAR.

## **EXPORTS**

WHILE AT THIS POINT IN TIME OUR OVERSEAS BEER EXPORTS ACCOUNTS FOR ONLY 3% OF OUR TOTAL BEER VOLUME. EXPORTS GREW 35.3%. THE COMPANY EXPANDED OUTLETS IN THE USA AND ENTERED NEW MARKETS eg BRAZIL AND CHILE.

OUR EXPORT MANAGER, TERRY MINIKEN, TELLS ME THAT HIS SALES ARE NOW GREATER THAN NORTHERN TERRITORY, AND HE IS NOW ZEROING IN ON THE OTHER STATES. I CAN INFORM YOU A RECENT ACHIEVEMENT BY TERRY WAS THAT COOPERS SPARKLING ALE AND OUR NEW PREMIUM LAGER ARE NOW A PERMANENT ITEM IN SOME 786 OUTBACK STEAKHOUSES IN ALL STATES IN THE USA, SO HE IS LOOKING FORWARD TO ANOTHER JUMP IN SALES.

## **HOME BREW & MALT EXTRACT**

### **HOME BREW**

WHILST THE AUSTRALIAN MARKET CONTINUED TO DECLINE AS A RESULT OF THE STRONG ECONOMIC ENVIRONMENT AND MATURITY OF THE MARKET, COOPERS MAINTAINED ITS STRONG MARKET SHARE OF 70%. THIS LAST FINANCIAL YEAR SAW THE RELEASE OF A NEW HOME BREW PRODUCT "MEXICAN CERVEZA" CONTRIBUTING TO AN INCREASE IN TOTAL HOME BREW SALES OF 4.9% WITH EXPORT SALES INCREASING 20 % V LAST YEAR.

MISCELLANEOUS HOME BREW ACCESSORIES SALES ALSO INCREASED 14.9% V LAST YEAR. MORGANS BREWING COMPANY CONTINUED TO TRADE PROFITABLY CONTRIBUTING TO THE CONSOLIDATED RESULT.

## **MALT EXTRACT**

MALT EXTRACT SALES DECLINED 8.2% DUE TO REDUCED USAGE AMONGST MAJOR CUSTOMERS AND CONVERSION OF BULK SUPPLY TO CANNED SUPPLY FOR MORGANS. SUBSEQUENT TO THE END OF THE 05-06 FINANCIAL YEAR WE HAVE CONFIRMED NEW SUPPLY AGREEMENTS FOR ARNOTT'S AND A MAJOR ASIAN MANUFACTURER.

## **BIRELL**

BIRELL SALES INCREASED 3.5% THROUGH TRADITIONAL GROCERY CHANNELS.

## **OPERATIONS**

ON THE OPERATIONS SIDE WE CONTINUE TO GROW AND IMPROVE OUR MANUFACTURING FACILITIES. A NEW STATE OF THE ART KHS BOTTLE RINSER AND FILLER WERE INSTALLED WHICH HAS THE CAPACITY TO FILL UP TO 1200 BOTTLES PER MINUTE.

WE CHOSE TO RUN OUR PRODUCTION LINE AT AROUND 800-900 BOTTLES PER MINUTE. WE ALSO PURCHASED AN ADDITIONAL 15,000 NEW 50 LITRE KEGS TO KEEP UP WITH OUR INCREASED BULK BEER SALES, WHICH BY THE WAY GREW 14.7%.

AT THIS TIME LAST YEAR WITH THE REAL THREAT OF THE END OF THE LINE FOR THIS GREAT FAMILY COMPANY, I SPOKE ABOUT A QUOTE MADE BY MR TREVOR O'HOY THE CEO OF THE GIANT FOSTERS COMPANY AND THAT WAS **"THE COOPER BRAND GETS ITS CREDENTIALS AND ITS BRAND EQUITY FROM**

**BEING HAND-CRAFTED, FAMILY OWNED AND NICHE PRODUCTS... SO WHOEVER GETS IT BY THE TAIL HAS GOT A BIG CHALLENGE ”**

AIN'T THAT THE TRUTH.

THAT CONCLUDES MY CHAIRMAN'S ADDRESS EXCEPT TO PASS ON FROM THE DIRECTORS OF COOPERS, OUR SINCERE THANKS TO THOSE SHAREHOLDERS WHO BRAVELY SHOWED LOYALTY, CONFIDENCE AND SUPPORT OF THIS GREAT COMPANY, SO THAT IT MAY KEEP GROWING STRONGER FOR FUTURE GENERATIONS TO ENJOY THE FRUITS OF MANY PEOPLES LABOUR.

I MUST ALSO PASS ON OUR THANKS TO MR MARK GORDON, AND HIS TEAM AT PIPER ALDERMAN FOR A FABULOUS AND CONQUERING EFFORT.

I WOULD ALSO EXPRESS MY PERSONAL THANKS TO ALL DIRECTORS OF THE BOARD ON A JOB VERY WELL DONE OVER AN EXTREMELY DIFFICULT YEAR. IN PARTICULAR TO OUR MANAGING DIRECTOR DR TIM COOPER AND OUR COMPANY SECRETARY MR HAYDN DUFFIELD, FOR TAKING THE BRUNT OF THE TAKEOVER DEFENCE AND THEIR TIRELESS WORK DURING THE PROCESS.

DAVID KINGSTON HAS ANNOUNCED HIS DECISION TO STEP DOWN AS A BOARD MEMBER AND I QUOTE FROM HIS LETTER ***“I CONFIRM THAT MY EVER INCREASING PERSONAL BUSINESS INTERESTS ARE MAKING IT DIFFICULT FOR ME TO TRAVEL TO ADELAIDE ON A REGULAR BASIS FOR BOARD MEETINGS. IT HAS BEEN A GREAT PLEASURE TO HAVE WORKED WITH THE COOPERS BOARD OVER THE PAST 10 YEARS OR SO AND TO HAVE SEEN THE COMPANY GROW SO***

***SUBSTANTIALLY. THE SHARE PRICE HAS RISEN FROM AROUND \$7 WHEN I JOINED THE BOARD TO THE CURRENT \$300 PLUS LEVEL. A TREMENDOUS EFFORT BY ALL”.***

THAT CONCLUDES MY CHAIRMAN'S REPORT AND I NOW ASK TIM COOPER TO PROPOSE ADOPTION OF THE ANNUAL FINANCIAL REPORT THE DIRECTOR'S REPORT, THE REPORT OF THE AUDITOR AND THE ASSOCIATED FINANCIAL STATEMENTS AND THE CHAIRMAN'S REPORT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2006.