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Peter Kopanidis: Good morning and thank you for joining today's call. My name is Peter Kopanidis. I look after investor relations at Treasury Wine Estates. Thank you for joining me for today's call. On today's call we have TWE's Chairman of the Board, Paul Rayner and Warwick Every-Burns, Treasury Wine Estate's interim Chief Executive Officer.

Following the Chairman's address, the call will be opened up for Q&A. Today's call is not an operational or financial performance update, therefore please restrict your questions to those that pertain to today's announcement. With that, thank you and I'll hand over to our Chairman, Paul Rayner.

Paul Rayner: Thanks Peter. Good morning and thanks for joining us at short notice. You have seen this morning's ASX release announcing that David Dearie has left the business. I would like to put on record that David played an important role in guiding Treasury Wines through its demerger and establishing the company as a standalone business. He's also successfully built the profile of our wine brands internationally. However, having established a platform for the business, the Board believes the company now needs a chief executive with a stronger operational focus and the right balance of skills to deliver our ambitious growth targets.

The recent inventory issue in the USA, including the one-off losses incurred and announced to the market on 15 July significantly dented our overall performance for fiscal 2013 and was a key factor in this decision. Importantly and as we've set out in today's release, we're also taking the opportunity today to reaffirm the guidance that we set out with our annual results on 22 August of an EBIT range of between \$230 million to \$250 million for fiscal 2014.

An announcement for a permanent successor to David will of course be communicated in due course, following the successful conclusion of the current executive search process which will start immediately. In the interim, Warwick Every-Burns, who some of you may know as a non-executive member of TWE's Board until today and a chair of the company's HR committee, has agreed to take on the responsibility of Chief Executive. Warwick has been on our Board since day one, understands the business very well. He has sound international experience in the markets in which we operate and a great balance of expertise between marketing and operations. He has close to three decades of experience in FMCG business.

Warwick is here with me to answer any questions that you may have and I'd now like to open it up to any questions that you may have.

Operator: We will now begin the question and answer session. If you wish to ask a question, please press star followed by the number one on your telephone keypad and wait for your name to be announced. Our first question comes from the line of Tom Kierath from Morgan Stanley. Your line is open, please go ahead.

Tom Kierath: (Morgan Stanley, Analyst) Morning guys. Just wanted to clarify something you've written in the release, that you remain committed to the pre-existing strategic priorities. What happens with the CEO's appointed? Do you go back and review that or will the new CEO come in and be able to plot their own course?

Paul Rayner: We'll look at that when the new CEO's appointed, but quite clearly now the Board thinks that the current strategy is the appropriate one and a new CEO always has a different twist to things potentially, but clearly all we can say at this stage is what's in the announcement, that the Board thinks the current strategy is clearly the most appropriate one to go forward with.

Tom Kierath: (Morgan Stanley, Analyst) Do you need the US business?

Paul Rayner: Yes, US business is integral part of our operation.

Tom Kierath: (Morgan Stanley, Analyst) Okay, thank you.

Operator: Your next question comes from the line of David Errington of Merrill Lynch. Your line is open, please go ahead.

David Errington: (Merrill Lynch, Analyst) Good morning.

Paul Rayner: Good morning David.

David Errington: (Merrill Lynch, Analyst) Clearly the removal of CEO is a very large step by the Board and particularly very abruptly. Just following on from Tom's question about do you need the US business, clearly it's been the performance of the US business which has dented the company in 2013 and quite frankly 2014 and clearly it's dented the Board's confidence in the management team in terms of being able to run the company.

Now my question is, rather than - I mean clearly it's an integral part and you're not going to state your intentions about whether you want to sell it or not, because you just can't do that because you can't say that you're going to sell it, because you just don't do things like

that, my question is, do you believe, having now been the Chairman of this Board, that TWE can run the United States business in the appropriate manner that will generate acceptable and positive returns for its current shareholders. If so, how long is it going to take or how long do you expect us in the investment community to give you in order to generate an acceptable return in the United States?

Paul Rayner: Yes look I accept what you say and I think that making the move that we've done, by getting a CEO with the right balance of skills, will enable us to achieve the objectives that you're talking about. I think the American management there hasn't been there a long period of time. I think we've taken the necessary provisions we think to take the business forward. I'm not going to give a time scale as to when things are going to improve. The only thing we've said publically is that we're reaffirming guidance for this year to the overall result. But we think that the decision we made is going to certainly help us in the process going forward.

David Errington: (Merrill Lynch, Analyst) My comment would be, Paul, is that you've had 13 years, I mean not you, but the company's had 13 years. I mean clearly it doesn't take six weeks to get a new CEO, it can take probably six months and then effectively it's going to take time again for the CEO to settle in. Do you honestly expect the shareholders to be that patient with TWE given the history of the United States and now the CEO, are you expecting us to be that patient or should we just watch this space?

Paul Rayner: I think how patient you are I guess is really up to you. All I can say to you is the Board is committed to taking the business forward and getting the guidance that we've given and committed to the strategy. The Board has been here only two years, I've been here one year. I fully realise the history of this business. I think we realise what's necessary to take this forward.

David Errington: (Merrill Lynch, Analyst) Thanks Paul.

Paul Rayner: Thanks.

Operator: Your next question comes from the line of Andrew McLennan of Commonwealth Bank of Australia. Your line is open, please go ahead.

Andrew McLennan: (Commonwealth Bank of Australia, Analyst) Thank you. Good morning. Just a quick call, slight different context I guess from my perspective. I'm just wondering whether you've had the opportunity and Paul I realise you've only been there a year, as you've just mentioned, but you are essentially dealing with an agricultural business here

that manufactures a huge amount of commodity level product into both the US and the Australian market, so we've all come to know in the last couple of years about the premiumisation strategy, which is completely well understood. But do you think that given the significant skew towards the commodity and masstige product that maybe you're or the Board is expecting too much growth out of the quality and nature of these assets?

Paul Rayner: No, I don't. I think that's where the emphasis has been and I think that's been the right emphasis. I think that's where a lot of the confidence in the company's come, from the - what we've done to build up the masstige and luxury brands and I think that the emphasis that we've placed on those has been right.

Andrew McLennan: (Commonwealth Bank of Australia, Analyst) So you don't think that the US is - the issues in the US around inventory is an indication that maybe there hasn't been enough focus on the high volume part of the Treasury business?

Paul Rayner: No, I think what we've said is that in making this change, it's appropriate that we have a CEO with the right balance of all skills that's necessary to take the company forward. David was extremely strong on the marketing side, but I think you've got to be focused on everything. Obviously the losses we had in the US were significant and quite disappointing. Having someone with a better balance of skills or the right balance of skills will hopefully put us in a better place going forward.

Andrew McLennan: (Commonwealth Bank of Australia, Analyst) Okay and one final one from me, have you, during this review, have you looked at the other regions to see whether there is a likelihood that we might see another inventory problem in a different market, such as the Asian market?

Paul Rayner: Look, if we had anything else to announce, we'd be announcing it. I think what we've announced is significant enough. We - anything that's important that needs to be announced, we have an obligation to announce. There's nothing to announce in relation to the business per se or the results of the business, other than we are confirming guidance.

Andrew McLennan: (Commonwealth Bank of Australia, Analyst) Okay, thanks very much.

Paul Rayner: Thanks.

Operator: Your next question comes from the line of Gino Rossi of Citigroup. Your line is open, please go ahead.

Gino Rossi: (Citigroup, Analyst) Hi, thanks for taking my question. Look, I just want to clarify, the timing seems odd given he's come out and taken the hit and told the market that there were problems. I just want to clarify, just for David's sake as well, that there wasn't, I guess, any dishonesty or that management weren't fully open with the problems and that your review uncovered bigger issues than management were conceding to?

Paul Rayner: No, there's not concerns in that regard or no concerns in relation to information being uncovered or kept from the Board. No concerns in that regard.

Gino Rossi: (Citigroup, Analyst) Okay, great.

Paul Rayner: I think all we're saying is the Board did a review of the business and this is the outcome of the review, and that we're getting a new CEO.

Gino Rossi: (Citigroup, Analyst) And I guess during Dave's time he appointed a few people, obviously Sandra LeDrew and John Grant in the US. I'm just wondering if there's a risk of I guess a further management shake-out, whether some people I guess follow him out the door?

Paul Rayner: No, the Board's the prerogative to make sure we've got the right CEO, we've done that. I'm not aware of any other management changes that are to happen.

Gino Rossi: (Citigroup, Analyst) Okay. All right, thank you.

Paul Rayner: Thank you.

Operator: Your next question comes from the line of Stuart Jackson of JPMorgan. Your line is open, please go ahead.

Stuart Jackson: (JPMorgan, Analyst) Hi guys. Can you just give us an indication of where you're looking? Are you looking external, internal and in terms of that operational skill base, given the US has been the issue, is that the primary market you're looking to find the skill base from?

Paul Rayner: We'll be looking internationally for someone. We'd be looking internally and externally. I think we're looking clearly for someone with the right balance of skills. That certainly would include someone with international skills, someone with experience in the US would be an advantage but broadly we're looking for someone with international business experience.

Stuart Jackson: (JPMorgan, Analyst) Would it be fair to say that given where the US business is at the moment it's unlikely that the two lead candidates out of the US would probably get the job and there's not a lot of obvious ones domestically either would there, with international skills anyway?

Paul Rayner: Well, I'm not going to comment on that. I'll let you make your own conclusions. We start the search today and we'll be looking right around the world for the right person.

Stuart Jackson: (JPMorgan, Analyst) It's been two months since the original announcement so why has it taken two months to come to this decision?

Paul Rayner: Well look, we announced it as soon as we knew that we had a problem and then we gave far more details in relation to that once we'd spent a lot more time to understand it. When we announced the result on August 22, and that was part of the review that we're doing. The other outcome of the review was the appointment of a new CEO. These things take due process and a lot of time and you have to make sure you give it due deliberation, which we've done.

Stuart Jackson: (JPMorgan, Analyst) So the Board really didn't know there was a problem until July, and that's when...

Paul Rayner: We announced it as soon as we knew there was a problem.

Stuart Jackson: (JPMorgan, Analyst) All right, so given this problem had been evolving for two years, how can we have confidence there's no problem elsewhere in the business?

Paul Rayner: If there was any other problem elsewhere in the business we'd have an obligation to announce it like we did on July 15. I'm not aware of any other issues otherwise we'd be announcing them.

Stuart Jackson: (JPMorgan, Analyst) But as you said, it took you year before you worked out this one was there.

Paul Rayner: Well, no, what I say is as soon as we knew about it we informed the market, okay. That's implying there's nothing else I know about it today.

Stuart Jackson: (JPMorgan, Analyst) Okay, thanks.

Operator: Once again, if you would like to ask a question please press star 1 on your telephone keypad and wait for your name to be announced. Your next question comes from the line of Larry Gandler of Credit Suisse. Your line is open, please go ahead.

Larry Gandler: (Credit Suisse, Analyst) Hi Paul, I have a couple of questions. The first relates to the guidance. I understand it might take a while to appoint a CEO but if the CEO is appointed within this financial year as a reasonable time, do you think it's burdensome strap-handling that CEO with this guidance? The ongoing problem in the US is not inventory, it's the health of the brands because of under-investment in marketing. A new CEO might want to come in and step that up, or alternatively the Board perhaps should address the issue today and begin restoring brand health there rather than attempting achieve this year's aggressive guidance. So my question is if you can comment on whether the guidance is a bit short term in its focus. We'll start there.

Paul Rayner: No, I don't think the guidance is short term in its focus. The guidance obviously has a great deal of thought behind it and it was given to the marketplace and we're just confirming it. I don't think it's burdensome for the new CEO. When the new CEO comes in we'll sit down with him and look forward, but the guidance clearly is the guidance that we're giving and the guidance that we think is the important thing you need to remember.

Larry Gandler: (Credit Suisse, Analyst) Okay. My next question relates to your suggestion that you needed a CEO with more of an operational focus. That's a bit of a vague term. When I think about Treasury, especially operationally, I think of it as the industry leader, especially when it comes to production in viticultural operations. When it comes to perhaps the marketing behind Penfolds, that also is perhaps unrivalled, where I think the Company lacks leadership has been more strategic and practical rather than operational. I'm just wondering if maybe you can give specific examples of operational deficiencies that you're looking to improve.

Paul Rayner: I'm not going to do that. I think quite clearly the announcement we had in the US gave an example of what can happen when things go wrong in terms of losses that you can make, and ...

Larry Gandler: (Credit Suisse, Analyst) That, I wouldn't regard that - sorry.

Paul Rayner: Sorry, go on.

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Larry Gandler: (Credit Suisse, Analyst) I was going to say I wouldn't regard that as operational. That is - at a very high level that pertains to marketing and brand investment rather than everyday operational issues, that US problem.

Paul Rayner: We can agree to disagree on that I think, because I don't want to get into the detail. But I think one needs to have a close focus on what's happening in the marketplace, what's happening in the stock levels, those sorts of things are operational.

Larry Gandler: (Credit Suisse, Analyst) True.

Paul Rayner: I don't really want to go into more detail.

Larry Gandler: (Credit Suisse, Analyst) Fair point. Okay, thanks.

Paul Rayner: Thank you.

Operator: There are no further questions at this time. Mr Rayner, please continue.

Paul Rayner: Okay. Well look, thank you very much ladies and gentlemen and we'll bring this meeting to a conclusion. I look forward to talking to you down the track and so does Warwick. Okay, thank you, bye.

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