



## TREASURY WINE ESTATES

29 September 2014

ASX ANNOUNCEMENT

### **TWE announces termination of due diligence and potential transaction discussions**

The Board of Treasury Wine Estates Limited (ASX:TWE or the “Company”) announced on 4 August 2014 that it had received an unsolicited, indicative, non-binding and conditional proposal to acquire all of the shares of TWE at a price of \$5.20 cash per share on behalf of funds managed by Kohlberg Kravis Roberts & Co. L.P. (“KKR”) and Rhône Capital L.L.C. (“Rhône”) by way of a scheme of arrangement. The Board also announced on 11 August 2014 that it had received an additional unsolicited, indicative, non-binding and conditional proposal from another global private equity investor to acquire all of the shares of TWE at a price of \$5.20 cash per share by way of scheme of arrangement.

The Company made clear in communications to the market at the time that there was no certainty a formal offer would eventuate but that it was in the best interests of shareholders to engage with the bidders. On that basis, each was given an opportunity to conduct non-exclusive due diligence.

Over the past month the Board and Management held discussions with shareholders holding in aggregate approximately 50% of the Company’s shares. These discussions provided a forum for these shareholders to express a view on the proposals, with clear feedback from almost every one of these shareholders indicating that they believed a price of \$5.20 per share undervalued the Company.

This view is driven by the value that major shareholders, the Board and Management believe will be delivered over time through the Company’s strategic plans to:

- Increase and accelerate consumer marketing investment in the Company’s brands;
- Change Penfolds release dates;
- Deliver the significant overhead cost reduction program;
- Deliver supply chain savings and efficiencies through a separate focus on the Commercial portfolio versus the Luxury & Masstige portfolio in Australia; and
- Build improved momentum in the top line through stronger consumer, retailer and distributor relationships, enhanced marketing programs and a greater focus on the Company’s priority brands.

Throughout the due diligence process the private equity bidders indicated support for Management’s strategic plans and roadmap. They also did not identify any major concerns with the business. However, it is now apparent to the Company that the bidders are not able to support a transaction on terms and at a price acceptable to the Board.

Accordingly all discussions have now ceased.

TWE’s Chairman Paul Rayner said: “The Board’s focus continues to be to act in the best interests of all shareholders. Following the receipt of the initial, indicative proposals from the two parties, we

believed it was in shareholders' best interests to grant those parties the opportunity to conduct non-exclusive due diligence. That process has now concluded and the Board is confident in the strategic plans to grow the Company and is looking forward to working with Management to deliver value to its shareholders."

Year-to-date performance is tracking ahead of plan and TWE will provide shareholders with an update on the Company's strategic roadmap and performance at its Annual General Meeting (date to be advised).

TWE Chief Executive, Michael Clarke, will also be available for a 30 minute Q+A session via conference call at 10.30am AEST today (dial-in details provided below).

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**Teleconference dial-in numbers**

Participant Passcode 9612682

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Canada	1 855 842 3490
China	4 001 200 539
France	08 00 91 65 99
Hong Kong	800 905 927
Italy	800 875 577
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