



# TREASURY WINE ESTATES

30 January 2014

## ASX ANNOUNCEMENT

### **Softer than expected first half and revised full year EBITs guidance range**

Treasury Wine Estates Ltd (ASX: TWE) today announced its expectation that EBITs<sup>1</sup> for the first half of fiscal 2014 would be in the range of \$42 million – \$46 million (based on unaudited financial accounts) compared to \$73.4 million in the prior year on a reported currency basis.

As stated at TWE's full year results in August 2013, the first half of fiscal 2014 was expected to be below the prior year on a constant currency basis. During the half, TWE progressed with the planned realignment of US distributor inventory by reducing shipments while total brand building investment increased across the Group, particularly in Asia.

In Australia, TWE's decision to increase prices on some of its Commercial portfolio, participate in less deep promotion initiatives across the portfolio over the Christmas period, together with significant competitive activity, resulted in higher than expected volume declines.

As stated at TWE's Annual General Meeting in October 2013, the Company was observing signs that the well documented government austerity measures in China were impacting consumer demand for premium wine. The impact on TWE has since intensified, resulting in a reduction in volume.

TWE does not expect to recover the first half shortfall and expects these challenges to continue in the second half. Therefore the Company has lowered its EBITs guidance range for fiscal 2014 to \$190 million – \$210 million<sup>2</sup> from its previous range of \$230 million – \$250 million<sup>3</sup>.

Details of TWE's financial performance for the first half of fiscal 2014, and the management actions to ensure a solid foundation for future profitable growth, will be provided to the market on 20 February 2014.

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<sup>1</sup> Earnings before interest, tax and SGARA and material items, translated at FX exchange rates of AUD/USD 0.9220 and AUD/GBP 0.5821

<sup>2</sup> Based on current spot FX rates of AUD/USD 0.8800 and AUD/GBP 0.5300 for the second half of fiscal 2014

<sup>3</sup> Based on spot FX rates as at 19 August 2013 of AUD/USD 0.9233 and AUD/GBP 0.5906



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