TREASURY
WINE ESTATES

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Treasury Wine Estates will host an investor and media webcast and conference call commencing at 10:30 am (AEST) on 19 August 2015 (dial-in details below). The webcast and presentation material will be available at www.tweglobal.com. A replay of the presentation will also be available on the website from approximately 1:00pm.

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TREASURY WINE ESTATES

19 August 2015

ASX ANNOUNCEMENT

2015 FULL YEAR RESULTS

TWE delivers 22%[1] EBITS growth on a sustainable base business

Financial headlines[2]

- Statutory net profit after tax $77.6 million; up $178.5m on prior year
- Net Sales Revenue (NSR) up 8.4% on a reported currency basis and by 3.8% on a constant currency basis[3]
- Of the 15 priority brands, 11 brands delivered NSR growth versus 6 brands in the prior year
- $40+ million overhead reduction achieved and 50%+ step-up in consumer marketing investment delivered
- EBITS[4,5] $225.1 million, up 21.9% on a reported currency basis and 16.2% on a constant currency basis, reflecting premiumisation, strategy to grow NSR across priority brand portfolio and reduced cost base
- EPS of 21.9 cents per share up 25.9% on prior period (before material items, SGARA & $80.5 million tax benefit in fiscal 2014); reported EPS 11.9 cents per share
- Strong cash conversion at 102.5%
- Final dividend 8 cents per share bringing total dividend to 14 cents per share, unfranked, 1 cent per share higher than the prior period
- Distributor inventory realignment program in USA complete
- Depletions ahead of shipments in all regions in fiscal 2015
- Exciting pipeline of consumer marketing programs including brand innovation and campaigns in place for fiscal 2016

A$m		Reported currency		Constant currency	
For the twelve months ended 30 June	**2015**	**2014**	**Change**	**2014**	**Change**
Volume (m 9L cases)	30.1	30.0	0.4 %	30.0	0.4 %
Net sales revenue	1,848.3	1,705.6	8.4 %	1,781.4	3.8 %
EBITS	225.1	184.6	21.9 %	193.8	16.2 %
Net profit after tax (before material items, SGARA & tax benefit)	142.5	112.8	26.3 %	117.8	21.0 %
Material items (after tax)	(49.6)	(280.6)	82.3 %		
Net profit / (loss) after tax	77.6	(100.9)	NM[1]	(141.3)	NM
Reported EPS (cents)	11.9	(15.6)	NM		
EPS (before material items, SGARA and tax benefit) (cents)	21.9	17.4	25.9 %		
Dividend per share (cents)	14.0	13.0			

NM - Not meaningful

[1] On a reported currency basis; up 16 percent on a constant currency basis
[2] All figures and calculations are subject to rounding
[3] Unless otherwise stated all percentage or dollar movements from prior periods are pre any material items and on a constant currency basis
[4] Earnings before interest, tax, SGARA and material items
[5] Financial information in this report is based on preliminary financial statements which are in the process of being audited. Non-IFRS measures have not been subject to audit or review. The non-IFRS measures are used internally by management to assess the performance of the business, make decisions on the allocation of resources and assess operational performance

On the full year result announcement, Michael Clarke commented:

"Fiscal 2015 was a re-set year for our Company; a year where substantial strategic, operational and cultural change was embedded to enhance the quality and sustainability of TWE's base business.

"The team has achieved in just 12 months, what might reasonably be expected to occur over a two to three year period and for that, I would like to acknowledge and thank everyone at TWE for their hard work and commitment.

"In this context, I am delighted to report NSR growth of 8 percent[6] and EBITS of $225.1 million, up 22 percent[6] for the 12 months ended 30 June 2015.

"Our full year result reflected the combination of portfolio premiumisation together with deliberate actions to improve the quality and strength of our earnings. We realigned the portfolio by transitioning the Penfolds release date, increased and optimised our brand investment, enhanced our routes-to-market in several regions, improved sales and marketing execution and removed excess overheads and supply chain costs.

"Fiscal 2015 represents the first successful year of TWE's journey to transition from being an order-taking, agricultural company to a brand-led marketing organisation".

General business performance

NSR for the 12 months ended 30 June 2015 was $1.85 billion, up 4 percent on a constant currency basis, with ANZ and Asia reporting strong growth.

Reinvigorating TWE's brand portfolio beyond Penfolds was a key focus for the Company during the second half of fiscal 2015. Supported by the 50+ percent uplift in consumer marketing investment, 11 of TWE's 15 priority brands reported NSR growth, compared with 6 in the prior year.

Collectively, the priority 15 brands[7] delivered 13 percent NSR growth in fiscal 2015 (versus 3 percent in fiscal 2014), with key highlights including Beringer, Wolf Blass, Penfolds, Stags' Leap, 19 Crimes, Wynns Coonawarra Estate, Rawson's Retreat, Pepperjack, Chateau St Jean, Etude and Matua.

Importantly, NSR growth was delivered on a more sustainable basis, while ensuring depletions exceeded shipments in all regions.

TWE successfully delivered more than $40 million of overhead costs savings in the period, outperforming the target of $35 million. In addition, as part of TWE's ongoing focus on costs, the Company will deliver a further $15 million of overhead savings in fiscal 2016.

While embedding sustainable selling behaviour within TWE, the Company also continued to build a more sustainable pipeline of demand by reducing inventory levels at select retail and distributor partners in all four regions. As a result of these actions, overall volume was in line with the prior year and depletions were ahead of shipments in all regions.

Despite cycling a strong prior period in the second half of fiscal 2014, when 100 percent of the Penfolds release was sold, overall volume in the second half of fiscal 2015 increased by 2 percent,

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[6] On a reported currency basis. NSR and EBITS up 4 percent and 16 percent on a constant currency basis, respectively

[7] Priority brands include: Penfolds, Wolf Blass, Beringer, Lindeman's, Rosemount, Rawson's Retreat, Pepperjack, Wynns, Matua, Chateau St Jean, Stags' Leap, Gabbiano, Yellowglen, 19 Crimes and Etude

with Luxury and Masstige volume collectively up 9 percent. This is despite TWE deliberately holding back some Penfolds wines, available for sale in fiscal 2015, to sell in fiscal 2016.

The transition of the Penfolds release date executed in the first half of fiscal 2015 was a major success for the team at TWE with the brand now available to be marketed and sold throughout the year, especially around key gift giving periods.

Also during the second half, TWE progressed its separate focus on Luxury and Masstige versus Commercial portfolios with the announcement of the simplification and rationalisation of production facilities in both Australia and California. From fiscal 2016 onwards, the Company will continue to focus on Australian and Californian Luxury and Masstige wine separately from Commercial wine. TWE will also reduce excess production capacity, principally focused on the Commercial segment.

Despite growing demand for Luxury and Masstige wine globally, TWE continues to face declining consumer demand for Commercial wine in most of its key markets and as a consequence, competition is increasing. Reducing cost and complexity from TWE’s supply chain is critical to defending volume and improving margins in this challenging segment, globally.

The improvement in TWE’s inventory composition in fiscal 2015 principally reflected mix benefits from lower holdings of Commercial and Masstige bulk wine, partially offset by increased vintage and production costs in both Australia and California and TWE’s deliberate decision to withhold selected Luxury wines for sale in future years.

To bring greater focus to TWE’s brand portfolio and facilitate increased breadth of distribution, TWE successfully enhanced its routes-to-market in key growth countries in Asia, including Greater China, Korea and Singapore. These changes were executed with no impact to the region’s operating performance. TWE also invested in new and emerging markets and channels during the period, with Latin America, the Middle East and Global Travel Retail representing exciting avenues for future growth.

TWE’s balance sheet continues to be robust and highly flexible. With net debt / EBITDAS and interest cover at 0.8x and 10.8x, respectively[8,9], TWE has maintained financial metrics consistent with an investment grade credit profile and continues to be well positioned to pursue growth opportunities in both existing and new markets and channels - or pursue capital management initiatives.

TWE’s fiscal 2015 result demonstrated that TWE’s exposure to movements in foreign exchange rates is complex and multi-dimensional. TWE delivered 21.9 percent EBITS growth, despite the $19.3 million reduction in year-on-year currency gains. TWE benefited from an overall foreign exchange rate gain of $9.2 million in fiscal 2015 versus a $28.5 million gain in the prior year, representing a net translation and transaction benefit of $18.8 million, partially offset by a hedge loss of $9.6 million.

On the impact of foreign currency movements, Mr. Clarke commented: “Our focus at TWE is to build the Company to be a fitter, stronger business regardless of currency. The challenge for our business is to respond to currency movements by selectively reinvesting transactional gains from currency fluctuations in order to remain competitive on shelf and by lowering our costs via supply chain optimisation.”

Fiscal 2015 demonstrated the ongoing strength and resonance of TWE’s wines, with our leading brands winning a series of accolades and awards, including Penfolds being named the Australian

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[8] Metrics calculated using 12 month EBITDAS adjusted for bank guarantees and excluding material items

[9] Interest cover calculated as the ratio of earnings to net interest expense, where earnings is the consolidated pre-tax profit (pre any material items and SGARA) plus the sum of the amount of net interest expense

Producer of the Year at the International Wine & Spirits Competition in London and International White Winemaker of the Year by the International Wine Challenge; Wolf Blass named International Winery of the Year at the 2015 San Francisco International Wine Competition; Matua's Chief Winemaker, Nikolai St George, awarded Wine Maker of the Year at the 2015 New Zealand Royal Easter Show Wine Awards; and Beringer receiving 14 90+ scores from Robert Parker's Wine Advocate.

Regional performance

Australia and New Zealand (ANZ)

ANZ reported solid EBITS growth, up 15 percent to $84.4 million, driven by portfolio premiumisation, focused investment on priority brands, improved customer partnerships and lower overheads, partially offset by increased consumer marketing and continued heightened levels of competition in the concentrated, retail landscape.

Consistent with broader market trends, headline volume was below the prior year as TWE focused on sustainable volume and reducing inventory at select retail partners. However, TWE-branded volume in Australia increased 1.6 percent in fiscal 2015, representing a strong outperformance of the total market[10].

Europe, Middle East & Africa (EMEA)

Reduction in EBITS to $14.4 million largely driven by increasingly competitive retail landscape in the UK, holding price through tax increases in the Nordics and a substantial uplift in consumer marketing, partially offset by lower overheads and favourable portfolio mix.

Reported EBITS were impacted unfavourably by $18.6 million, reflecting a $6.1 million hedge loss and a $12.5 million adverse impact from depreciation of Euro and Swedish Krona relative to the Great British Pound (before translating Great British Pound into Australian Dollar).

Lower volume was driven by TWE's deliberate exit from unsustainable volume in select UK retailers, partially offset by growth in Western Europe, the Middle East and Africa and Global Travel Retail. Signs of recovery in the second half of the year as consumer marketing investment in the UK and the Nordics gained traction.

Americas

In the Americas, EBITS were in line with prior year at $93.2 million, reflecting ongoing execution of brand strategy to premiumise the portfolio and lower overheads, offset by the increased cost of competing in the Commercial segment (while completing the 3.5 million case distributor inventory realignment), higher Cost Of Goods Sold (COGS) and increased consumer marketing investment.

Reported EBITS were impacted unfavourably by $14.1 million, reflecting a $3.5 million hedge loss and a $10.6 million adverse impact from the depreciation of the Canadian Dollar relative to the US Dollar (before translating US Dollar into Australian Dollar).

Strong USA depletions growth in Luxury (up 16 percent), Masstige (up 20 percent) and priority Commercial (up 1 percent) brands, reflected successful execution to premiumise and grow the priority brand portfolio. Canada showed positive momentum underpinned by growth in Luxury and Masstige shipments.

[10] Aztec, 52 weeks to 20 June 2015

Consistent with broader market trends, the 315k case decline in the non-priority Commercial portfolio, compounded by TWE's commitment to complete the circa 3 million case distributor inventory realignment in fiscal 2015 underpinned lower shipments and hence, higher COGS, in the second half of fiscal 2015. Uplift in consumer marketing investment in fiscal 2015 is expected to support price increases in fiscal 2016 while higher COGS per case in fiscal 2016 are expected to be offset by increased supply chain optimisation savings.

The distributor inventory realignment program – initiated in July 2013 – is now complete. Over this period, 3.5 million cases of excess distributor inventory were actioned. 1.8 million cases were depleted from US distributors via the Special Depletions Allowance. TWE also invested additional discounts and rebates to remain competitive in the marketplace. Lower volume drove higher production overhead costs per case in fiscal 2015.

Asia

Asia reported 54.5 percent EBITS growth to $73.1 million in fiscal 2015. Outstanding growth was driven by portfolio premiumisation, increased distribution breadth from enhanced routes-to-market, together with strong sales and marketing execution.

Volume growth in Greater China, up 36 percent, and Southeast Asia, up 13 percent, reflected growing brand strength and positive customer and consumer responses to brand-led marketing initiatives in the majority of countries and enhanced routes-to-market.

TWE continues to invest in consumer marketing and sales and marketing capability to support established and enhanced routes-to-market while ensuring depletions exceed shipments.

Michael Clarke commented on the outlook for fiscal 2016 and beyond:

"Our ambition is to become the world's most celebrated wine company; a company that enriches peoples' lives with quality wine brands.

"Fiscal 2015 was a re-set year for our Company. Fiscal 2016 is about growth, as we leverage the step-change in consumer marketing investment and sales execution, lower overheads and more sustainable base business that we have embedded in fiscal 2015.

"TWE enters fiscal 2016 with the greatest pipeline of consumer marketing programmes in place in the Company's history, including brand innovations and campaigns. By the end of the first half of fiscal 2016, 10 of our 15 priority brands will either be relaunched, refreshed via outstanding innovation or promoted via exciting advertising and brand activation campaigns.

"Demonstrating TWE is transitioning from an agricultural company to a brand-led, marketing organisation, higher COGS in fiscal 2016 and 2017, driven by adverse vintage and production costs, are expected to be offset by supply chain optimisation initiatives announced earlier this year.

"Wine is by nature a capital intensive business and TWE is now focused on delivering a more efficient capital base, thereby improving TWE's Return on Capital Employed[11]. Improved asset returns will now be delivered via both earnings growth and capital employed optimisation.

"TWE concluded the fiscal 2015 year with a very robust cash position. Management and the Board are keen to deploy this capital in a careful and Earnings Per Share accretive manner. We are

[11] Return on Capital Employed (ROCE) calculated as follows: Earnings before Interest, Tax, SGARA and material items divided by Capital Employed which is the sum of average net assets (adjusted for SGARA impacts) and average net debt

therefore evaluating all our capital management options and we will update the market by no later than our interim 2016 result announcement.

“As we execute our strategic roadmap, we are confident that TWE will generate high-teens EBITS margins by fiscal 2020.

“Finally, I, together with my Management team and everyone at TWE, look forward to continuing to drive our Company forward in order to deliver consistent, sustainable financial outperformance and value creation for our shareholders.”

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OPERATING AND FINANCIAL REVIEW
TWE profit and loss

A$m	Reported currency			Constant currency	
For the twelve months ended 30 June	**2015**	**2014**	**Change**	**2014**	**Change**
Volume (m 9L cases)	30.1	30.0	0.4 %	30.0	0.4 %
Net sales revenue[1]	1,848.3	1,705.6	8.4 %	1,781.4	3.8 %
Net sales revenue/case ($)	*61.36*	*56.85*	*7.9 %*	*59.38*	*3.3 %*
Other revenue	113.8	109.7	3.7 %	113.8	-
Total revenue	1,962.1	1,815.3	8.1 %	1,895.2	3.5 %
Cost of goods sold[1]	(1,320.2)	(1,239.4)	(6.5)%	(1,293.8)	(2.0)%
Cost of goods sold/case ($)	*43.83*	*41.31*	*(6.1)%*	*43.13*	*(1.6)%*
Gross profit	641.9	575.9	11.5 %	601.4	6.7 %
Gross profit margin	*34.7%*	*33.8%*	*0.9ppts*	*33.8%*	*0.9ppts*
Cost of doing business[1,2]	(416.8)	(391.3)	(6.5)%	(407.6)	(2.3)%
Cost of doing business margin	*22.6%*	*22.9%*	*0.3ppts*	*22.9%*	*0.3ppts*
EBITS	**225.1**	**184.6**	**21.9 %**	**193.8**	**16.2 %**
EBITS margin (% of NSR)	***12.2%***	***10.8%***	***1.4ppts***	***10.9%***	***1.3ppts***
SGARA	(18.9)	(19.5)	3.1 %	(20.0)	5.5 %
EBIT	**206.2**	**165.1**	**24.9 %**	**173.8**	**18.6 %**
Net finance costs	(21.6)	(21.6)	-	(22.4)	3.6 %
Profit before tax	**184.6**	**143.5**	**28.6 %**	**151.4**	**21.9 %**
Tax refund / (expense)	(57.4)	34.7	NM[3]	31.3	NM
Net profit after tax (before material items)	**127.2**	**178.2**	**(28.6)%**	**182.7**	**(30.4)%**
Material items (before tax)	(73.7)	(384.5)		(446.0)	
Tax on material items	24.1	103.9		120.5	
Material items (after tax)	(49.6)	(280.6)	82.3 %	(325.5)	84.8 %
Minority interests	-	1.5	(100.0)%	1.5	(100.0)%
Net profit after tax	**77.6**	**(100.9)**	**NM**	**(141.3)**	**NM**
Reported EPS (cents)	11.9	(15.6)	NM	(21.8)	NM
SGARA (after tax)	(15.3)	(13.6)		(14.1)	
Net profit after tax (before material items, SGARA & tax benefit)[4]	142.5	112.8	26.3 %	117.8	21.0 %
EPS (before material items, SGARA & tax benefit) (cents)	21.9	17.4	25.9 %	18.2	
Average no. of shares (millions)	650.0	647.9		647.9	

1. *NSR, Costs of Goods Sold and Cost of Doing Business stated pre-material items outlined in Note 5 of Appendix 4E*
2. *Cost of doing business calculated as Gross Profit less EBITS*
3. *Not Meaningful*
4. *$80.5m tax benefit recognised in fiscal 2014*

Exchange rates: Transactional cash flows are calculated using spot exchange rates on the day of the relevant transaction. Average exchange rates used for translational purposes in fiscal 2015 results are: $A1 = $US 0.8368 (F14: $A1 = $US 0.9183), $A1 = GBP 0.5304 (F14 $A1 = GBP 0.5651). Period end exchange rates used for balance sheet items in F15 results are: $A1 = $US 0.7673 (F14: $A1 = $US 0.9418), $A1 = GBP 0.4878 (F14: $A1 = GBP 0.5529).
Constant currency: Throughout this report constant currency assumes current and prior earnings of foreign operations are translated and cross border transactions are transacted at current year exchange rates.
SGARA: Australian Accounting standard AASB141 “Agriculture”

Reconciliation to Statement of Comprehensive Income

A$m	Reference	
For the twelve months ended 30 June		**2015**
EBIT	Result Summary - page 8	**206.2**
Material items before tax		(73.7)
Profit before tax and finance costs	Statement of Comprehensive Income - page 1	**132.5**

Group performance[12]

Volume

Total volume was 30.1 million cases, up 0.12 million cases driven by volume growth in Asia and the Americas, partially offset by lower volume in ANZ and EMEA. In addition to the 3.5 million cases of excess distributor inventory actioned under the distributor realignment program in the USA, TWE continued to improve the quality of its base business by reducing inventory levels at select retail and distributor partners in all four regions during the period.

Net sales revenue

NSR increased 8.4 percent on a reported currency basis to $1.85 billion or 3.8 percent on a constant currency basis. Growth in NSR was driven by more focused sales and marketing execution and favourable portfolio mix, with 11 priority brands delivering NSR growth (versus 6 brands in fiscal 2014).

ANZ and Asia reported solid NSR growth. Heightened levels of competition in EMEA and the Americas, together with the short-shipment and decline in the non-priority Commercial brands in the USA, offset improved portfolio mix.

NSR per case on a constant currency basis increased $1.98 per case to $61.36, up 3.3 percent, largely reflecting favourable portfolio mix and improved sales and marketing execution.

Cost of goods sold

Cost of goods sold (COGS) increased $0.70 per case on a constant currency basis and $2.52 on a reported currency basis, largely driven by improved portfolio mix across all regions and lower production overhead recoveries as a result of lower volume in ANZ and EMEA.

Cost of doing business margin

Cost of doing business margin was favourable to the prior period at 22.6 percent, reflecting the $40+ million reduction in overhead expenses and NSR growth, partially offset by the 50+ percent increase in consumer marketing investment relative to the prior period.

Foreign exchange

Overall foreign exchange benefit in fiscal 2015 was $19.3 million lower than the prior period at $9.2 million (versus $28.5 million in fiscal 2014). $40.4 million benefit recognised in fiscal 2015 from the depreciation of the Australian Dollar relative to main currency pairs, the US Dollar and the Great British Pound (versus a $42.6 million benefit in fiscal 2014). This was partially offset by losses

[12] All movements are in respect to the previous corresponding period

incurred on TWE's hedge portfolio of $9.6 million (versus $1.9 million hedge loss in fiscal 2014), and adverse impact from the movement in TWE's other currencies, totalling $21.6 million (versus an adverse impact of $12.2 million in fiscal 2014).

EBITS

EBITS of $225.1 million was up 21.9 percent on a reported currency basis and up 16.2 percent on a constant currency basis, delivered on a more sustainable base business underpinned by the successful transition of the Penfolds release date, reinvestment of overhead savings into consumer marketing and significantly improved sales and marketing execution.

SGARA

The SGARA loss of $18.9 million principally relates to Australia and Americas where yields were lower in the 2014 and 2015 vintages.

Material items

A material item expense of $73.7 million (pre-tax) was recognised in the period, principally relating to costs incurred in relation to supply chain optimisation initiatives announced in March 2015, restructuring and redundancy costs, defence against two Private Equity proposals to acquire the Company and the costs arising from the earthquake in Napa in August 2014.

Net profit after tax

Net profit after tax for the twelve months ended 30 June 2015 was $77.6 million up $178.5 million on the prior period. Relative to the prior period, net profit after tax and reported EPS were lower, reflecting the $80.5 million tax benefit recognised in the prior period.

Dividend

The Directors have declared a final dividend of 8 cents per share, unfranked, 1 cent per share higher than the prior period. The dividend is payable on 2 October 2015 to registered shareholders as at 4 September 2015.

As a result of the demerger from Foster's Group, TWE was required to reset the cost base of all assets of the Australian tax consolidated group based on relative market values as at the date of demerger. As a result, and as previously outlined to the market, this resulted in tax refunds during fiscal 2014 which resulted in TWE's franking account being in deficit as at 30 June 2014. Refunds were recognised in the form of tax offsets, therefore TWE received a tax refund in fiscal 2014 of $49.3 million. As a result, TWE has not franked the interim nor final 2015 dividends.

TWE will pay tax in fiscal 2016 and therefore may be in a position to partially frank the fiscal 2017 interim dividend.

Regional performance

Australia and New Zealand (ANZ)

A$m		Reported currency		Constant currency	
For the twelve months ended 30 June	2015	2014	Change	2014	Change
Volume (m 9L cases)	7.6	7.8	(2.2)%	7.8	(2.2)%
NSR	586.3	562.2	4.3 %	563.7	4.0 %
NSR per case (A$)	77.28	72.49	6.6 %	72.68	6.3 %
EBITS	84.4	75.1	12.4 %	73.5	14.8 %
EBITS margin	14.4 %	13.4 %	1.0ppts	13.0 %	1.4ppts

Steps taken by TWE to focus on sustainable and profitable volume, largely in the first half of fiscal 2015, as well as the continued decline in the Australian bottled wine market underpinned lower volume in fiscal 2015.

TWE-branded shipments in Australia improved 1.6 percent on the prior year. This volume growth represents a 2.6 percentage point outperformance relative to the total market and a 3.6 percentage point outperformance of the branded wine market[13]. Furthermore, TWE continued to focus on embedding a more sustainable base business in the region while reducing inventory in the retail channel.

Solid NSR per case growth, up 6.3 percent in fiscal 2015, was underpinned by premiumisation and improved sales and marketing execution.

Value growth continues to be constrained by the concentrated retail environment in Australia, continued oversupply of wine in a declining wine market and intense competition. TWE accelerated its response to these market challenges, particularly in the second half of fiscal 2015, with the commencement of supply chain optimisation initiatives that progress TWE's separate focus on the Commercial versus Luxury and Masstige portfolios in Australia.

Outstanding consumer marketing initiatives and brand support, funded by lower overheads, together with improved customer partnerships underpinned a strong uplift in brand performance, with the majority of TWE's priority brands reporting NSR growth. Penfolds, Pepperjack and Wynns delivered double digit NSR growth.

An improved New Zealand performance, also characterised by premiumisation, lower overheads and increased consumer marketing investment, contributed to the region's earnings growth in fiscal 2015.

EBITS up 14.8 percent to $84.4 million, principally driven by portfolio premiumisation, focused investment in priority brands and a reduction in overheads, partially offset by the substantial step-up in consumer marketing.

[13] Aztec, Australia, 52 weeks to 28 June 2015

Europe, Middle East and Africa (EMEA)

A$m		Reported currency		Constant currency	
For the twelve months ended 30 June	2015	2014	Change	2014	Change
Volume (m 9L cases)	6.5	6.6	(2.2)%	6.6	(2.2)%
NSR	267.1	273.9	(2.5)%	274.7	(2.8)%
NSR per case (A$)	41.30	41.41	(0.3)%	41.53	(0.6)%
EBITS	14.4	29.1	(50.5)%	22.1	(34.8)%
EBITS margin	5.4 %	10.6 %	(5.2)ppts	8.0 %	(2.6)ppts

Lower volume continued to reflect the exit from unprofitable and unsustainable volume in the UK, principally in the first half of fiscal 2015, partially offset by volume growth in Western Europe, the Middle East and Africa and Global Travel Retail.

The UK continues to be a challenging market characterised by heightened levels of competitor activity and increased pricing pressure, particularly in the Commercial segment. However, volume in the second half of fiscal 2015 was higher relative to the prior period as TWE benefited from increased consumer marketing invested in the first half, notably in the grocery channel. Increased listings and distribution gains of Lindeman's and Wolf Blass were key highlights during the period.

Nordic markets showed positive momentum in the second half of fiscal 2015, supported by TWE's investment in advertising for Lindeman's and leadership position in the fast-growing, lighter / non-alcohol wine category.

Continental Europe reported solid volume and NSR growth in fiscal 2015 underpinned by enhanced partnerships with distributor and retail partners, notably in Belgium and the Netherlands.

Lower NSR per case principally reflected the absorption of tax increases in several markets, notably in the Nordics to improve volume growth and adverse channel mix in the UK.

Increased consumer marketing was principally focused on priority brands, notably Penfolds, Wolf Blass, Lindeman's and Matua.

Reduction in EBITS to $14.4 million largely driven by increasingly competitive retail landscape in the UK, holding price through tax increases and a substantial uplift in consumer marketing, partially offset by lower overheads and favourable portfolio mix.

Reported EBITS was unfavourably impacted by $18.6 million; representing a $6.1 million hedge loss and $12.5 million adverse impact from depreciation of the Euro and Swedish Krona relative to Great British Pound[14].

[14] Represents both translation and transaction impact in fiscal 2015

Americas

A$m		Reported currency		Constant currency	
For the twelve months ended 30 June	2015	2014	Change	2014	Change
Shipments (m 9L cases)	14.5	14.3	1.0 %	14.3	1.0 %
Depletions (m 9L cases)	15.0	15.0	0.7 %	15.0	0.7 %
NSR	794.5	731.9	8.6 %	804.3	(1.2)%
NSR per case (A$)	54.83	51.01	7.5 %	56.05	(2.2)%
EBITS	93.2	74.9	24.4 %	93.3	(0.1)%
EBITS margin	11.7 %	10.2 %	1.5ppts	11.6 %	0.1ppts

Shipments up 1 percent in fiscal 2015, reflected growth in both USA and Canada shipments.

Marginal growth in headline depletions in the USA reflected a robust depletions performance by TWE's Luxury, Masstige and priority Commercial brands, largely offset by the impact of the 315k case decline of TWE's non-priority Commercial brands.

Building on a strong first half performance, Luxury depletions improved further in the second half of fiscal 2015, up 16 percent for the year. Supported by outstanding customer and consumer marketing campaigns, depletions growth was led by Beringer Knights Valley, Stags' Leap and Penfolds as well as successful innovation, including Beringer 'Waymaker' and Stags' Leap 'The Investor'. On-premise increasingly represents an important and meaningful growth channel for TWE's Luxury portfolio.

Masstige depletions continued to outperform the category, up 20 percent in fiscal 2015 driven by brand health, increased and more targeted promotional campaigns and strong portfolio representation in this segment. Chateau St Jean, 19 Crimes and Matua collectively reported NSR growth of 18 percent in fiscal 2015.

While TWE's priority Commercial brands reported positive depletions growth, up 1 percent, in fiscal 2015, total non-priority Commercial depletions declined by 13 percent (315k cases). Consistent with broader market trends, the Commercial category in the USA continues to be challenging; declining in both volume and value[15]. In addition to the Special Depletions Allowance, competing in this segment required further investment in trade promotions, particularly in the second half of the year.

As a result of the increased cost to compete in the Commercial segment, notably for TWE's non-priority Commercial brands, TWE commenced plans to address this segment of its portfolio. The announcement of the sale of the Asti winery during July 2015 represented a critical first step to removing cost and excess capacity.

TWE delivered on its commitment in July 2013 to reduce excess Commercial distributor inventory in the USA by 30 June 2015; the program is now complete. In total, 3.5 million cases of distributor inventory were actioned under the distributor inventory realignment program.

Depletions of Commercial wine in the USA exceeded shipments by 719k cases during the period. In total, Commercial wine depletions exceeded shipments by 1.5 million cases over fiscal 2014 and 2015.

[15] Nielsen, 52 weeks ending 20 June 2015

The short-shipment in fiscal 2014 was weighted to the first half of the year. In fiscal 2015, the short-shipment was strongly biased to the second half of fiscal 2015, thereby adversely affecting EBITS in the second half of fiscal 2015 relative to the previous corresponding period.

Unfavourable NSR per case was driven by the increased cost of competing[16] in the Commercial segment in the USA, a step up in on-premise investment and the impact of the Napa earthquake on direct-to-consumer sales.

Higher COGS per case in fiscal 2015 was largely driven by carrying excess capacity, higher production overhead costs per case in fiscal 2014 and 2015 as a result of the short-shipments – particularly in the second half of fiscal 2015 – as well as favourable portfolio mix. COGS per case increased 8 percent in the second half of fiscal 2015.

TWE deliberately held price in fiscal 2015 – and hence absorbed the higher COGS – as the Company completed the distributor inventory realignment and ramped-up consumer marketing behind priority brands, ahead of price increases expected to be taken in fiscal 2016. Higher COGS per case in fiscal 2016 are expected to be offset by increased supply chain optimisation savings.

Canada showed positive momentum in fiscal 2015, underpinned by growth in Luxury and Masstige shipments and depletions.

EBITS, in line with the prior year at $93.2 million, reflected ongoing execution of brand strategy to premiumise the portfolio and lower overheads, offset by the increased cost of competing in the Commercial segment while completing the distributor inventory deload, higher COGS and increased consumer marketing investment.

Reported EBITS unfavourably impacted by $14.1 million, reflecting a $3.5 million hedge loss and a $10.6m adverse impact from depreciation of Canadian Dollar relative to US Dollar[17].

[16] TWE's Special Depletions Allowance to reduce excess distributor inventory led competitors to increase their brand support. As a result, TWE stepped-up its Discount & Rebate spend to ensure the Company delivered on its commitment to action distributor inventory by circa 3 million cases between 30 June 2013 and 30 June 2015

[17] Represents both translation and transaction impact in fiscal 2015

Asia

A$m		Reported currency		Constant currency	
For the twelve months ended 30 June	**2015**	**2014**	**Change**	**2014**	**Change**
Volume (m 9L cases)	1.6	1.3	23.0 %	1.3	23.0 %
NSR	200.4	137.6	45.6 %	138.7	44.5 %
NSR per case (A$)	127.07	107.34	18.4 %	108.20	17.4 %
EBITS	73.1	47.7	53.2 %	47.3	54.5 %
EBITS margin	36.5 %	34.7 %	1.8ppts	34.1 %	2.4ppts

Strong NSR growth reflected positive customer and consumer responses to brand-led marketing initiatives in the majority of countries as well as outstanding execution of TWE's more focused routes-to-market in North Asia.

Enhanced routes-to-market in Greater China, Korea and Singapore largely executed in the second half of fiscal 2015, reflect TWE's commitment to invest in customer relationships in key growth regions. In these countries, TWE also partnered with key retail and wholesale customers to facilitate greater breadth of brand distribution.

In addition, TWE is increasingly well positioned to capitalise on recently announced Free Trade Agreements in many Asian countries.

South East Asia reported double digit volume and NSR growth in fiscal 2015, underpinned by increased brand distribution and enhanced partnerships with customers.

Strong overall NSR per case growth in Asia, up 17.4 percent to $127.1, was driven by portfolio premiumisation and highly focused brand building activity.

The region benefited from increased consumer marketing investment in fiscal 2015, with key highlights including the Penfolds *Numbers Can Be Extraordinar*y campaign supporting the successful transition of the Penfolds release date, increased in-store activation programs, especially during Chinese New Year, and a record number of winemaker visits and brand-led events hosted in the region.

Double digit NSR growth was delivered by Wolf Blass, Penfolds, Rawson's Retreat, Pepperjack, Matua, Chateau St Jean, Stags' Leap and Gabbiano in fiscal 2015.

TWE continued to invest in the region during the period, broadening its sales and marketing capability, at the same time, stepping up investment in consumer marketing.

EBITS up strongly to $73.1 million during the period underpinned by portfolio premiumisation, enhanced and more focused routes-to-market in key growth countries in Asia and outstanding sales and marketing execution, partially offset by the cost of the ongoing brand and capability investment programs which continues to ramp up in the region.

Corporate

Corporate costs for fiscal 2015 were $40.0 million versus $42.4 million in the prior period.

Balance sheet[18]

A$m As at	30 Jun 2015	30 Jun 2014	Change
Cash and cash equivalents	122.1	52.0	70.1
Current receivables	504.9	407.9	97.0
Non-current receivables	1.7	7.0	(5.3)
Current inventories	704.2	707.1	(2.9)
Non-current inventories	533.8	525.2	8.6
Property, plant and equipment	928.8	958.3	(29.5)
Agricultural assets	255.1	229.9	25.2
Intangible assets	791.1	747.1	44.0
Tax assets	211.5	217.1	(5.6)
Assets held for sale	91.2	2.5	88.7
Other assets	5.4	6.4	(1.0)
Total assets	**4,149.8**	**3,860.5**	**289.3**
Bank overdraft	13.0	-	13.0
Current payables	455.2	449.8	5.4
Non-current payables	5.4	1.4	4.0
Borrowings	324.6	265.6	59.0
Tax liabilities	199.3	198.6	0.7
Provisions	93.4	89.8	3.6
Other liabilities	8.2	6.5	1.7
Total liabilities	**1,099.1**	**1,011.7**	**87.4**
Net assets	**3,050.7**	**2,848.8**	**201.9**

Net assets

Net assets increased by $201.9 million for the year ended 30 June 2015. Adjusting for movement in foreign exchange rates, principally the movement of the Australian Dollar relative to the US Dollar, net assets were down $36.8 million.

The increase in net assets principally reflected improved cash position and higher receivables due to lower utilisation of receivables financing arrangements in fiscal 2015 relative to the prior year, partially offset by increased payables.

Overall, total inventory increased $5.7 million relative to the prior year, of which $85.4 million related to movements in foreign currency.

[18] Balance sheet and Cash flow commentary on a reported currency basis

Current inventory decreased $2.9 million, of which $57.6 million related to the impact of foreign exchange rate movements in the period. While holdings of Commercial wine significantly reduced in the period, the volume[19] of Luxury and Masstige, as a percentage of total current inventory volume, increased in fiscal 2015 relative to prior period.

Non-current inventory increased $8.6 million driven by a $27.8 million foreign exchange rate impact and reduced holdings of Commercial and Masstige bulk wine, partially offset by TWE's deliberate decision to withhold selected Luxury wines for sale in future years.

Working capital[20]

Working capital increased $89.2 million, of which $94.4 million related to adverse movements in foreign currency during the period. Increased receivables balances reflected lower utilisation of receivables financing arrangements and were largely offset by higher payables driven by TWE's continued focus on improving payment terms with key suppliers and lower inventory.

Net debt

Reported net debt as at 30 June 2015 was $213.9 million and consisted of $109.1 million in cash, $1.6 million of loans and borrowings of $324.6 million. Net debt increased $4.5 million from 30 June 2014 on a reported currency basis.

Given the robust cash position as at 30 June 2015, TWE did not utilise uncommitted receivables purchasing arrangements in the second half of fiscal 2015. Adjusting for the arrangements entered into in the prior year, reported net debt and debtors would have been $103.4 million lower as at 30 June 2015.

Funding structure

At 30 June 2015, TWE had $625.8 million of committed undrawn facilities under various committed revolving facilities, with the earliest maturing in August 2016 (USD170 million), followed by April 2018 (AUD150 million) August 2018 (USD80 million) and April 2020 (AUD150 million). The $32.5 million increase in committed undrawn facilities in the second half of fiscal 2015 reflected movements in foreign exchange rates.

TWE targets financial metrics consistent with an investment grade credit profile with net debt / EBITDAS and interest cover of 0.8x and 10.8x, respectively[21,22].

[19] Volume = 9 litre equivalents
[20] Working capital excluding cash and bank overdrafts
[21] Metrics calculated using 12 month EBITDAS adjusted for bank guarantees and excluding material items
[22] Interest cover calculated as the ratio of earnings to net interest expense, where earnings is the consolidated pre-tax profit (pre any material items and SGARA) plus the sum of the amount of net interest expense

Cash Flow – reconciliation of net debt

A$m		Reported currency	
For the twelve months ended 30 June	**2015**	**2014**	**Change**
EBITS	**225.1**	**184.6**	**21.9 %**
Depreciation & Amortisation	84.5	85.7	
EBITDAS	**309.6**	**270.3**	**14.5 %**
Change in working capital	12.0	(73.2)	
Other items	(4.4)	0.3	
Net operating cash flows before financing costs, tax and material items	**317.2**	**197.4**	**60.7 %**
Cash conversion[1]	**102.5%**	**73.0%**	**29.5ppts**
Capital expenditure	(90.8)	(98.4)	
Net investment expenditure/other	(1.3)	(14.0)	
Asset sale proceeds	6.8	8.1	
Cash flows after net capital expenditure, before financing costs, tax and material items	**231.9**	**93.1**	
Net interest paid	(22.1)	(20.7)	
Tax refunded / (paid)	(34.2)	36.7	
Cash flows before dividends and material items	**175.6**	**109.1**	
Dividends paid/distributions to minority interests	(84.7)	(77.8)	
Cash flows after dividends before material items	**90.9**	**31.3**	
Material item cash flows			
- operating	(85.1)	(22.7)	
- investing	-	-	
Total material item cash flows	(85.1)	(22.7)	
Loans to other parties (incl investment sale proceeds)	-	(0.8)	
Share re-purchase (employee share plan)	(0.1)	(1.1)	
Finance leases	-	(1.2)	
Total cash flows from activities	**5.7**	**5.5**	**-**
Opening net debt	**(209.4)**	**(210.9)**	
Total cash flows from activities (above)	5.7	5.5	
Proceeds from settlement of derivatives	47.0	(10.3)	
Debt revaluation and foreign exchange movements	(57.2)	6.3	
Increase in net debt[2]	**(4.5)**	**1.5**	
Closing net debt	**(213.9)**	**(209.4)**	

[1] Cash conversion (NOCF before financing costs, tax and material items divided by EBITDAS)

[2] Reconciliation to total cashflows from activities per Statutory Statement of Cashflows of $54.1m: increase in net debt of $(4.5)m adjusted for FX movements of $(57.2)m, adjusted for net proceeds and repayments of debt of $(1.4)m

Movement in net debt

Net debt increased $4.5 million for the twelve months ending 30 June 2015 to $213.9 million, of which $57.2 million related to lower period-end exchange rates used to revalue foreign currency borrowings at balance sheet date.

Other drivers of the movement in net debt relative to the prior period included:

- Higher EBITDAS, largely underpinned by portfolio premiumisation, lower overheads and improved sales and marketing execution
- Favourable movement in working capital
- Reduction in capital and investment expenditure
- Increased outflows due to the utilisation of the Special Depletions Allowance and restructuring costs
- Payment of franking deficits tax in July to bring TWE's franking account balance to nil

Movement in EBITDAS

EBITDAS increased $39.3 million on a reported currency basis during the period, principally underpinned by portfolio premiumisation, lower overheads and improved sales and marketing execution.

Movement in working capital

The favourable movement in working capital of $12.0 million principally reflected lower inventory driven by the lower yielding 2015 vintages in Australia and New Zealand, together with increased payables as TWE optimised payment terms with key suppliers. This was partially offset by increased receivables due to decrease in utilisation of the receivables purchasing agreements relative to the prior year.

Adjusting for the decrease in utilisation of the receivables purchasing agreements (from $107.9 million as at 30 June 2014 to nil as at 30 June 2015), net debt decreased by $103.4 million for the period.

Movement in capital expenditure

Total capital expenditure was $90.8 million, $9.2 million favourable to guidance in fiscal 2015. Capital expenditure in the period principally reflected premiumisation activities, including investment in vineyard redevelopments, oak purchases and upgrades to Luxury wine making equipment and the Penfolds Cellar Door and office at Magill in South Australia during the period.

Maintenance and replacement capital expenditure is expected to be less than $100 million in fiscal 2016 while capital expenditure required to deliver Phase 1[23] of TWE's supply chain optimisation initiatives is expected to be $26 million in fiscal 2016.

Tax refunded / paid

The increase in tax paid in the period principally relates to payment of franking deficits tax in July to bring TWE's franking account balance to nil in the first half of fiscal 2015. This was a prepayment of tax and can be used to offset against future tax liabilities.

[23] Phase I of supply chain optimisation initiative – announced on 31 March 2015 – related to the simplification and rationalisation of TWE's production facilities; resulting in expected COGS benefits of $50 million by fiscal 2020

Movement in material items

Material items operating cash flow reflects expenditure on TWE's overhead reduction programmes, further utilisation of the Special Depletions Allowance and costs associated with the Private Equity defence.

Exchange rate impact

The lower period-end exchange rates used to revalue foreign currency borrowings as at 30 June 2015 increased net debt by $57.2 million.

The "Proceeds from settlement of foreign exchange swaps" represents cash flows from the close-out of foreign currency exchange swap contracts on inter-company loans which have a nil impact on the Profit & Loss Statement.

Cash conversion

Cash conversion[24] was 102.5 percent for the period, up significantly on the prior year.

Vintage update

The 2015 Australian vintage was characterised by a warm spring accelerating the beginning of harvest. As a result, yield in 2015 was below previous years. Overall, quality was in line with historical averages with Coonawarra Cabernet a particular highlight as well as warmer climate Shiraz and Chardonnay. TWE's intake was commensurate with its demand forecasts.

Early frost events through spring, followed by a warm and dry summer in New Zealand meant the 2015 vintage was lower yielding than the record breaking 2014 harvest. However, quality across all regions and varietals was outstanding, notably Pinot Noir from Central Otago and Sauvignon Blanc from the Marlborough region. The shorter 2015 vintage is expected to bring supply and demand towards balance and result in upward pressure in grape pricing in the medium term.

Growing conditions for the 2015 Californian vintage have been characterised by the warmest winter on record, with low rainfalls and minimal frost impact. Warm growing conditions are supporting an early start to the harvest, with the season approximately three weeks ahead of long-term averages. Growing conditions have been particularly favourable for pinot noir and white varietals. TWE expects its 2015 intake to be in line current demand requirements.

[24] Cash conversion calculated as Net Operating Cash flow (before financing costs, tax and material items) divided by EBITDAS