



TREASURY WINE ESTATES

4 July 2016

ASX Announcement

TWE divests non-core Commercial brand portfolio in the US and confirms F16 earnings expectations

Treasury Wine Estates (ASX:TWE) today announced the divestment of its non-core Commercial brand portfolio in the US; representing the sale of twelve brands – sold at approximately book value – and comprising circa one million cases of non-core Commercial wine.

Over the past two years, TWE has been taking deliberate action to manage-down this portfolio of brands.

The divestment will have nil impact on TWE's earnings in F16 and beyond as the contribution from the divested brands is covered by Cost of Goods Sold savings from the Company's Supply Chain Optimisation initiative and continued strong earnings growth from TWE's Luxury and Masstige portfolios, globally.

Today's announcement represents a further step towards delivering a high-teens EBITs margin by F20.

TWE also announces today that it expects to deliver F16 Earnings Before Interest, Tax and SGARA (EBITS) in line with market expectations of between \$330 million to \$340 million driven by continued momentum across all regions.

TWE notes recent international events relating to the United Kingdom's referendum decision to exit the European Union and the resulting depreciation of the Great British Pound. TWE's European region represents less than 10 percent of TWE's EBITs and the Company maintains an active hedging strategy on the majority of its Commercial wine exports to the United Kingdom. Therefore, after adjusting for updated foreign currency movements¹, TWE does not expect any material change to its F17 earnings expectations.

TWE remains in blackout until the Company announces its detailed financial accounts to the market, scheduled for Thursday 18 August 2016.

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¹ Spot exchange rates as at 30 June 2016: AUD/USD 0.7449, AUD/GBP 0.5537, CAD/USD 0.7725, EUR/GBP 0.8269 and GBP/USD 1.3452