TREASURY
WINE ESTATES

Treasury Wine Estates

Annual 2017 financial result

Treasury Wine Estates will host an investor and media webcast and conference call commencing at 10:30am (AEST) on 17 August 2017 (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 1:30pm.

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MEDIA RELEASE 17 August 2017

TWE delivers profit growth and margin accretion across all regions Net Profit After Tax and Earnings Per Share up over 50%[1]

Treasury Wine Estates Ltd (ASX:TWE or "the Company") today announced its annual 2017 financial result, with Reported Net Profit After Tax (NPAT) up 55% to $269.1m and Earnings Per Share (EPS) up 50% to 36.5 cents per share.[1]

TWE reported Earnings Before Interest, Tax, SGARA and material items (EBITS) of $455.1m, up 36% on a reported currency basis.

The Company also delivered its high-teens EBITS margin target three years ahead of the initial plan of F20, with margin accretion of 4.0ppts, up to 19.0%; and achieved Return on Capital Employed (ROCE) accretion of 2.3ppts[2] to 11.6%.

The Board declared a final dividend of 13 cents per share, 50% franked, bringing the total dividend for F17 to 26 cents per share, representing a 6 cents per share increase (+30%) and a 65% payout ratio.

On today's result, TWE's Chief Executive Officer, Michael Clarke commented: "I am delighted to report a strong F17 result, highlighted by robust earnings growth across every region and accelerated EBITS margin and ROCE accretion. This result was delivered despite continuing to sell through short vintages of Luxury and Masstige wine, and highlights our continued focus on strategic customer partnerships in all our markets, significantly enhanced sales and marketing execution, and optimisation of our cost base".

F17 performance also highlights the Company's commitment to delivering continued earnings growth and shareholder value creation, sustainably, with shipments broadly in line with depletions, globally. Key highlights from a regional perspective include:

- Australia & New Zealand (ANZ) reported 24% EBITS growth to $111.1m and an EBITS margin of 18.8%, driven by above-category volume growth in Australia[3], supported by outstanding consumer and brand-led activations, price realisation in Luxury and continued optimisation of supply and overhead costs

- Europe reported 0.6% EBITS growth to $48.0m and an EBITS margin of 13.6%. Excluding the impact of adverse foreign exchange rate movements, EBITS increased 46% and reflected the integration of Diageo Wine coupled with Masstige-led organic portfolio premiumisation and lower Cost of Doing Business (CODB) margin

- Americas reported 44% EBITS growth to $189.0m and an EBITS margin of 17.8%, driven by the integration of Diageo Wine, supported by robust underlying volume growth, portfolio premiumisation and strengthening distributor and retail customer partnerships. Also included in F17 EBITS was a net, one-off $8m benefit, principally relating to profit on asset sales

- Asia reported 47% EBITS growth to $150.1m and an EBITS margin of 38.1%, reflecting increased brand portfolio breadth and continued route-to-market optimisation, notably in China and Japan, coupled with outstanding brand health and in-market execution

TWE's Supply Chain Optimisation initiative delivered incremental Cost of Goods Sold (COGS) savings of $39m in F17 bringing total cumulative savings to $80m, driven by realisation of cost reductions and benefits from production asset optimisation, and the Company is on track to deliver at least $100m in run-rate savings before F20. In F17, these savings were partially offset by higher underlying vintage costs from the 2014 and 2015 vintages in Australia and the 2015 vintage in the US.

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[1] Statutory Net Profit After Tax and Reported basic Earnings Per Share or "EPS" (including material items)
[2] F16 ROCE restated from 9.6% to 9.3%, reflecting a change in accounting standards relating to Agricultural Assets
[3] Refers to underlying volume growth excluding the impact of customers that were reallocated from ANZ to Asia during F17

The acquisition of Diageo Wine continues to deliver profitability upside to TWE, and with Supply Chain integration well underway, TWE realised its run-rate cash synergy target of US$35m in F17, well ahead of initial plan of F20.

TWE targets financial metrics that are consistent with an investment grade credit profile, and net debt / EBITDAS (adjusted for operating leases) stands at 1.5x (with interest cover of 17.9x). To optimise the debt financing profile, TWE has completed a restructure and refinance of its committed debt facilities, including the issue of US$150m in US Private Placement notes; increasing the weighted average term to maturity of committed facilities to 5.3 years.

Complementing TWE's disciplined approach to balance sheet gearing and dividend payout, the Company will undertake an on-market share buyback of up to $300m in F18.

The share buyback program will complement TWE's capital management framework. The Board and Management consider it important to optimise TWE's cash and debt position to constantly deliver shareholder value. Importantly, TWE's decision to buy back shares will not come at the expense of future, potential inorganic and value accretive opportunities. TWE is currently pursuing inorganic growth opportunities, particularly in the US.

Having delivered strong financial results and significant shareholder value over the past three years, TWE will recognise team members not eligible for the Company's Short Term Incentive Program (STIP) with a one-off nominal payment, to all these employees, for their contribution to TWE's success to date. The reward will be funded by TWE's existing STIP program for F17.

Robust cash conversion of 84% in F17 was driven by TWE's strong operating performance across all regions, partially offset by a high yielding, high quality 2017 vintage in Australia, and delays in 2H17 shipments following the implementation of TWE's new global IT system in April / May 2017.

Future perspectives

The outlook for TWE continues to be positive, with the Company delivering against its strategy of transitioning from an agricultural to a brand-led, high performance organisation.

TWE is on track to deliver at least $100m of run-rate COGS savings from the Company's Supply Chain Optimisation initiative before F20.

In F18, TWE will continue to focus on and strengthen its regional business models, brands, teams and partnerships whilst targeting the delivery of robust EBITS growth and margin accretion. The Company is broadly aligned with forecast consensus for F18, as summarised by Bloomberg, noting that, as per TWE's internal model that shadows Bloomberg, foreign exchange rates have not yet been updated for recent movements.

Every action taken in F18 will be to ensure TWE's four regions are positioned to truly accelerate growth in F19 and beyond as increased supply of high-end wine, which is already on TWE's balance sheet, becomes available for sale.

TWE remains committed to a journey of margin accretion, that over time delivers an EBITS margin of 25%.

Michael Clarke commented on TWE's future prospects: "Delivering revenue growth and margin accretion over time remains a priority, supported by our investments in building closer, more efficient and strategic partnerships with customers and by positioning TWE as the wine supplier of choice across multiple brand portfolios and countries-of-origin".

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Profit Report
Financial Performance

$Am (unless otherwise stated)	F17	Reported Currency F16	Reported Currency Change	Constant Currency F16	Constant Currency Change
Volume (m 9L cases)	36.4	33.6	8.5 %	33.6	8.5 %
Net sales revenue	2,401.7	2,232.6	7.6 %	2,158.5	11.3 %
NSR per case ($)	*65.96*	*66.50*	*(0.8)%*	*64.29*	*2.6 %*
Other Revenue	132.5	110.7	19.7 %	110.0	20.5 %
Cost of goods sold	(1,568.3)	(1,516.1)	(3.4)%	(1,472.3)	(6.5)%
Cost of goods sold per case ($)	*43.07*	*45.16*	*4.6 %*	*43.85*	*1.8 %*
Gross profit	965.9	827.2	16.8 %	796.2	21.3 %
Gross profit margin (% of NSR)	*40.2%*	*37.1%*	*8.4 %*	*36.9%*	*8.9 %*
Cost of doing business	(510.8)	(493.0)	(3.6)%	(478.4)	(6.8)%
Cost of doing business margin (% of NSR)	*21.3%*	*22.1%*	*0.8ppts*	*22.2%*	*0.9ppts*
EBITS	**455.1**	**334.2**	**36.2 %**	**317.8**	**43.2 %**
EBITS margin (%)	*19.0%*	*15.0%*	*4.0ppts*	*14.7%*	*4.3ppts*
SGARA	(5.7)	(11.0)	48.2 %	(10.5)	45.7 %
EBIT	**449.4**	**323.2**	**39.0 %**	**307.3**	**46.2 %**
Net finance costs	(27.1)	(21.2)	(27.8)%	(21.2)	(27.8)%
Tax expense	(130.4)	(90.5)	(44.1)%	(89.6)	(45.5)%
Net profit after tax (before material items)	**291.9**	**211.5**	**38.0 %**	**196.5**	**48.5 %**
Material items (after tax)	(22.0)	(38.1)	42.3 %	(36.3)	39.4 %
Non-controlling interests	(0.8)	(0.1)	NM	(0.1)	NM
Net profit after tax	**269.1**	**173.3**	**55.3 %**	**160.1**	**68.1 %**
Reported EPS (A¢)	36.5	24.3	50.2 %	22.4	62.9 %
Net profit after tax (before material items and SGARA)	**293.4**	**217.4**	**35.0 %**	**201.9**	**45.3 %**
EPS (before material items and SGARA) (A¢)	39.8	30.5	30.5 %	28.3	40.6 %
Average no. of shares (m)	736.8	713.7		713.7	
Dividend (A¢)	26.0	20.0			

Financial headlines[4,5,6]

- Net Sales Revenue (NSR) up 8% on a reported currency basis and up 11% on a constant currency basis
- EBITS of $455.1m, up 36% on a reported currency basis and 43% on a constant currency basis
- 4.0ppts EBITS margin accretion on a reported currency basis to 19%
- Strong uplift in NPAT, Reported EPS and EPS (before material items & SGARA)
- Robust cash conversion at 84%; within guidance range
- Net debt[7] / EBITDAS, adjusted for operating leases of 1.5x and interest cover 17.9x[8]

Business headlines

- Double digit EBITS growth and EBITS margin accretion delivered by all regions on a constant currency basis
- High-teens EBITS margin target delivered; three years ahead of initial plan of F20
- Margin accretion driven by portfolio premiumisation, acquisition of Diageo Wine, Supply Chain savings, accelerated growth in Asia and lower Cost Of Doing Business margin
- Run-rate cash synergies target from Diageo Wine acquisition of US$35m realised in F17, well ahead of initial plan of F20
- Route-to-market optimisation in key markets; establishment of warehouse facilities in Japan and new distributor partnerships in Canada and New Zealand
- Investment in strategic partnerships with wholesale and retail customers in all regions supported by joint business planning, insight-led category growth initiatives and outstanding execution
- Distribution and consumer-led brand building investment with strategic customers drove increased availability of US brand portfolio in the US and Asia
- TWE recognised cumulative Supply Chain savings of $80m, of which $39m was incrementally delivered in F17

Dividend and share buyback

- Final dividend of 13 cents per share, 50% franked, bringing F17 annual dividend to 26 cents per share, a 30% increase
- Dividend pay-out ratio of 65%; consistent with dividend policy[9]
- On-market share buyback of up to $300m in F18

Outlook

- Total COGS savings from TWE's Supply Chain Optimisation Initiative to reach a run-rate of at least $100m before F20
- EBITS growth and EBITS margin accretion targeted in F18, ahead of acceleration in F19 and beyond, underpinned by increased supply of premium wine and continued execution and momentum
- TWE is broadly aligned with F18 forecast consensus, as summarised by Bloomberg, noting that, as per TWE's internal model that shadows Bloomberg, FX rates are yet to be updated for recent movements
- Commitment to journey of margin accretion, that over time delivers an EBITS margin of 25%

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[4] Financial information in this report is based on unaudited financial statements. Non-IFRS measures have not been subject to audit or review. The non-IFRS measures are used internally by Management to assess the operational performance of the business and make decisions on the allocation of resources
[5] Comparative balances have been restated to reflect the final purchase price accounting for the Diageo Wine acquisition and a change in accounting standards relating to Agricultural Assets. Refer to Appendix 1
[6] Unless otherwise stated, all percentage or dollar movements from prior periods are pre any material items and on a constant currency basis
[7] Borrowings have been adjusted by $4.1m (F16: $12.9m) to reflect a fair value hedge of a portion of US Private Placement notes
[8] Interest cover is calculated as the ratio of earnings to net interest expense, where earnings is the consolidated pre-tax profit (pre material items and SGARA) plus the sum of the amount of net interest expense adjusted for amortised interest costs, per financial covenants
[9] TWE targets a dividend payout ratio of between 55%-70% of Net Profit After Tax (pre-material items and SGARA) over a fiscal year

Revenue by region

A$m	F17	F16	%	F16	%
		Reported currency		Constant currency	
Net Sales Revenue					
ANZ	591.3	590.7	0.1%	592.3	(0.2)%
Asia	394.3	293.2	34.5%	291.9	35.1%
Americas	1,062.0	991.0	7.2%	962.2	10.4%
Europe	354.1	357.7	(1.0)%	312.1	13.5%
Total sales revenue	**2,401.7**	**2,232.6**	**7.6%**	**2,158.5**	**11.3%**
Other revenue	132.5	110.7	19.7%	110.0	20.5%
Total Revenue	**2,534.2**	**2,343.3**	**8.1%**	**2,268.5**	**11.7%**

Volume

- Volume up 2.8m 9Le cases (+9%) to 36.4m 9Le
- Volume growth reported in all regions[10] driven by in-market execution, strategic customer partnerships, focused brand investment and optimised routes-to-market. 1H17 volume in Americas and Europe benefitted from Diageo Wine acquisition
- Volume growth partially offset by divestment of Non-Priority Commercial (NPC) brand portfolio in the US in July 2016 (comprising approximately 1 million cases sold on an annual basis) and exit from underbond trading in the UK in 2H17

Revenue

- Net Sales Revenue up 11% driven by volume growth, with NSR per case up 3%, supported by portfolio premiumisation and price increases across key brands, partially offset by a reallocation of brand building investment from A&P to D&R to drive portfolio availability in the US in 2H17
- Other revenue up 21%, principally reflecting revenue recognised on sale of bulk wine associated with the divestment of the NPC brand portfolio in July 2016

Cost of Goods Sold (COGS)

- Lower COGS per case driven by Supply Chain Optimisation savings and realisation of acquisition synergies, partially offset by portfolio premiumisation and higher underlying COGS as TWE cycled higher cost vintages in F17
- Total, cumulative COGS savings delivered by the Supply Chain Optimisation initiative now $80m; with an incremental $39m delivered in F17

Cost of Doing Business (CODB)

- CODB up $32.4m (+7%) to $510.8m, principally driven by the integration of Diageo Wine and investment in TWE's brand portfolios and organisational capability and presence in key markets, particularly Asia and US
- CODB margin below pcp with incremental increase in CODB more than offset by strong NSR growth

EBITS by region

A$m	F17	F16	%	F16	%
		Reported currency		Constant currency	
ANZ	111.1	89.3	24.4%	91.9	20.9%
Asia	150.1	102.0	47.2%	104.1	44.2%
Americas	189.0	131.5	43.7%	125.3	50.8%
Europe	48.0	47.7	0.6%	32.8	46.3%
Corporate	(43.1)	(36.3)	(18.7)%	(36.3)	(18.7)%
TWE EBITS	**455.1**	**334.2**	36.2%	**317.8**	43.2%

Corporate costs

- Corporate costs up $6.8m to $43.1m reflecting investment in TWE's new global IT system and the integration of Diageo Wine

EBITS

- EBITS up 43% to $455.1m driven by volume growth, portfolio premiumisation, Supply Chain savings, lower CODB as a percentage of NSR and the acquisition of Diageo Wine. EBITS margin up 4.3ppts to 19.0%
- Also included in F17 EBITS are one-off items, netting to a $8m gain; principally relating to profit on asset sales in the US

SGARA

- SGARA loss of $5.7m ($4.8m lower than pcp) driven by higher costs associated with the 2016 Californian vintage, partially offset by a strong 2017 vintage in Australia and the unwind of prior vintage losses, notably the lower yielding 2015 Australian vintage

Net finance costs

- Higher net finance costs driven by increased average borrowings and assumption of finance leases post acquisition of Diageo Wine
- Net finance costs in pcp included interest income on funds held on deposit in 1H16 prior to settlement of acquisition of Diageo Wine

Tax expense

- Higher tax expense due to increased earnings, including the acquisition of Diageo Wine. Effective tax rate of 30.8%[11], slightly higher than pcp (30.0%[12]), as an increased proportion of earnings was generated in the US

Material items

- Post-tax material items expense of $22.0m reflected integration costs associated with the acquisition of Diageo Wine and implementation of Supply Chain Optimisation

Net profit after tax (NPAT)

- NPAT before material items up to $291.9m (+49%) driven by higher EBITS and lower SGARA loss, partially offset by higher net finance costs and tax expense

Earnings Per Share (EPS)

- EPS (before SGARA and material items) increased 41% to 39.8cps (+31% on a reported basis). EPS attributable to shareholders up 63% to 36.5cps (+50% on a reported basis)

[10] Adjusting for customers reallocated from ANZ to Asia in F17, ANZ reported volume growth
[11] On a pre material items basis
[12] F16 effective tax rate restated to reflect accounting standard changes for vine depreciation

Balance Sheet (condensed)[13,14]

A$m	F17	F16
Cash & cash equivalents	240.8	256.1
Receivables	607.9	611.4
Current inventories	947.9	895.7
Non-current inventories	763.9	678.4
Property, plant & equipment	1,328.5	1,347.8
Agricultural assets	37.7	35.8
Intangibles	1,095.8	1,101.5
Tax assets	208.0	270.0
Assets held for sale	36.0	68.2
Other assets	12.8	21.6
Total assets	**5,279.3**	**5,286.5**
Payables	719.9	726.3
Borrowings	600.5	631.1
Tax liabilities	285.0	263.5
Provisions	64.8	83.1
Other liabilities	0.6	13.3
Total liabilities	**1,670.8**	**1,717.3**
Net assets	**3,608.5**	**3,569.2**

Balance sheet movements as at 30 June 2017

Net assets up $39.3m to $3,608.5m, principally driven by uplift in non-current inventory, lower borrowings and utilisation of provisions. Adjusting for movements in foreign currency, net assets increased by $90.3m

Cash and cash equivalents

Marginally lower cash balance principally driven by net investment in capital expenditure, increased dividends paid and higher working capital, partially offset by continued profit growth across all regions

Working Capital[15]

Higher working capital relative to 30 June 2016, driven by;

- Increased inventory, reflecting the high yielding, high quality 2017 vintage in Australia and strong 2016 vintage in California
- Lower payables, reflecting final settlement of the Diageo Wine acquisition in 1H17 and foreign currency movements, partially offset by TWE's step-up in distribution and consumer-led brand building investment to drive availability of TWE's brand portfolios globally
- Lower receivables, principally driven by improved collection terms with customers and alignment of Diageo Wine customers with TWE terms, partially offset by the impact of delays in 2H17 shipments to Asia and Australia following the implementation of TWE's new global IT system in April / May 2017

Inventory

Total inventory increased $137.7m to $1,711.8m:

- High yielding, high quality 2017 vintage in Australia and strong 2016 vintage in California
- Uplift in current inventory reflects growing demand for TWE's Luxury and Masstige wine portfolios
- F18 Penfolds allocations in line with F17; with adverse mix
- Continued focus on optimising TWE's inventory mix, reducing the proportion of Commercial and lower-end Masstige inventory, notably via divestment of TWE's NPC brand portfolio in July 2016

Property, Plant & Equipment

Property, Plant & Equipment decreased $19.3m to $1,328.5m largely reflecting optimisation of TWE's Supply Chain asset base in Australia, the US and New Zealand

Agricultural assets

Agricultural assets reflect the market value of unharvested grapes prior to the 2017 Californian vintage

Intangibles

Adjusting for foreign currency, intangible assets increased, principally reflecting TWE's investment in a new global IT system

Provisions

Lower provisions relative to the pcp driven by utilisation of restructuring-related provisions in respect of the integration of Diageo Wine, TWE's Supply Chain Optimisation initiative, and route-to-market changes in Canada, Japan & New Zealand

Tax and other assets

Movements in tax assets / liabilities principally reflects the unwind of DTAs recognised on Diageo Wine acquisition and increase in current tax payable in line with underlying earnings and timing of tax paid

Assets held for sale

Assets held for sale as at June 2017 largely reflect oak barrels transitioning to sale and leaseback arrangement and assets identified for sale as part of TWE's Supply Chain Optimisation Initiative

Borrowings[16]

Borrowings decreased $30.6m to $600.5m largely reflecting foreign currency movements on translation of USD denominated Private Placement (USPP) notes

Balance sheet leverage

Net debt / EBITDAS of 1.5x (adjusted for operating leases) and interest cover of 17.9x

Funding structure

At 30 June 2017, TWE had committed debt facilities totalling approximately $1.2bn, comprising;

- Drawn US Private Placement notes of $520.8m, with US$150m of notes issued in June 2017 with funds used to repay outstanding drawn bilateral facilities of US$140m
- Undrawn committed, syndicated debt facilities totalling $658.0m. Weighted average term to maturity of committed facilities 5.3 years

[13] Unless otherwise stated, balance sheet percentage or dollar movements from the previous period are on a reported currency basis and in respect of pcp
[14] Appendix 1 provides a detailed breakdown of prior year restatements in respect of TWE's Balance Sheet following finalisation of purchase price accounting for the Diageo Wine acquisition and a change in accounting standards relating to Agricultural Assets
[15] F17 Balance Sheet payables includes the final settlement paid to Diageo Wine. This item is reflected within investing cash flows
[16] Borrowings have been adjusted by $4.1m (F16: $12.9m) to reflect a fair value hedge of a portion of US Private Placement notes

Cash flow – reconciliation of net debt

A$m (unless otherwise stated)	F17	F16
EBITDAS	**563.4**	**441.0**
Change in working capital	(67.4)	87.1
Other items	(23.5)	16.3
Net operating cash flows before financing costs, tax & material items	**472.5**	**544.4**
Cash conversion	**83.9%**	**123.4%**
Capital expenditure	(210.4)	(133.8)
Net investment expenditure/other	50.9	(798.3)
Cash flows after net capital expenditure, before financing costs, tax & material items	**313.0**	**(387.7)**
Net interest paid	(24.5)	(21.7)
Tax paid	(32.0)	(10.8)
Cash flows before dividends & material items	**256.5**	**(420.2)**
Dividends/distributions paid	(184.6)	(111.2)
Cash flows after dividends before material items	**71.9**	**(531.4)**
Material item cash flows	(3.9)	(13.7)
Issue of shares, less transaction costs	-	475.4
Share purchases	(65.9)	(4.5)
Total cash flows from activities	**2.1**	**(74.2)**
Opening net debt as at 1 July 2016	**(365.0)**	**(213.9)**
Total cash flows from activities (above)	2.1	(74.2)
Proceeds from settlement of derivatives	0.6	10.3
Net debt acquired	-	(85.1)
Debt revaluation and foreign exchange movements	7.5	(2.1)
Decrease / (Increase) in net debt	**10.2**	**(151.1)**
Closing net debt as at 30 June 2017	**(354.8)**	**(365.0)**

Movement in net debt

Net debt decreased $10.2m to $354.8m. Drivers of the movement in net debt included:

EBITDAS

EBITDAS increased $122.4m on a reported currency basis driven by continued momentum across all regions, the acquisition of Diageo Wine, enhanced execution and ongoing optimisation of TWE's cost base

Movement in working capital[17]

Net working capital outflow driven by:

- Increased inventory reflecting the high yielding, high quality 2017 vintage in Australia and strong 2016 vintage in California, partially offset by:
- Lower receivables driven by improved collection terms with customers and alignment of Diageo Wine customers with TWE trading terms, partially offset by the impact of shipment delays to Asia and Australia in 2H17 following implementation of TWE's new IT system in April / May 2017; and
- Higher operating payables as TWE uplifted both distribution and consumer-led brand building investment to drive availability of TWE's brand portfolio globally

Other items

- Other items principally reflects profit on the disposal of assets and the impact of acquisition accounting, partially offset by asset write-downs

Capital expenditure

Capital expenditure (capex) up $76.6m to $210.4m comprising:

- Maintenance & Replacement capex of $109.8m, per guidance
- Capex of $48.4m to deliver integration synergies
- Capex of $37.9m on vineyard acquisitions to drive incremental access to Luxury / Masstige supply
- Capex of $14.3m to deliver Supply Chain Optimisation activities

In F18, Maintenance & Replacement capex not expected to exceed $120m; and remaining planned capex for Diageo Wine integration of circa $32m expected to be deployed

Net investment expenditure / Other

Net investment expenditure reflects proceeds received on sale of surplus Supply Chain assets, notably St. Clement Cellar Door in 1H17 and BV-5 vineyard and the Paicines winery in 2H17

Net interest paid

Increased net interest paid driven by higher average drawn debt, including acquired finance leases from Diageo Wine

Dividends paid

Increase in dividends paid commensurate with uplift in F17 interim dividend of 13 cents per share and F16 final dividend of 12 cents per share; representing a total uplift of 9 cents per share vs. pcp

Tax paid

Increase in line with earnings growth and timing of tax payments

Material items

Material items outflow driven by:

- Restructuring and redundancy outflows and costs due to the acquisition and integration of Diageo Wine; partially offset by
- Proceeds from the sale of surplus assets across Australia, New Zealand and the US as part of TWE's Supply Chain Optimisation initiative

Proceeds from issue of shares, net of transaction costs

Proceeds from issue of shares, net of transaction costs of $475.4m in F16 related to the cash inflow from the equity funding component of the Diageo Wine acquisition

On-market share purchases

Increased on-market share purchases reflects upfront purchase of shares in connection with vesting of TWE's Long Term Incentive Plans and underlying appreciation in TWE's share price

Exchange rate impact

Higher period-end exchange rates used to revalue foreign currency borrowings and cash flows as at 30 June 2017 decreased net debt by $7.5m

Cash conversion

Cash conversion was 83.9%; within guidance range

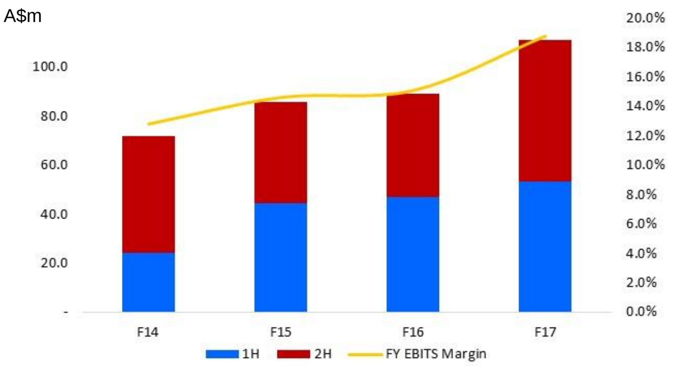
[17] Change in working capital reflects operating cash flow movements.

Regional Summaries
Australia & New Zealand (ANZ)

Financial performance

A$m	F17	F16	%	F16	%
		Reported currency		Constant currency	
Volume (m 9Le)	7.8	7.8	0.2%	7.8	0.2%
NSR (A$m)	591.3	590.7	0.1%	592.3	(0.2)%
NSR per case (A$)	75.84	75.88	(0.1)%	76.09	(0.3)%
EBITS (A$m)	111.1	89.3	24.4%	91.9	20.9%
EBITS margin (%)	18.8%	15.1%	3.7ppts	15.5%	3.3ppts

Historical EBITS and EBITS margin*



** Chart presented on a reported currency basis*

Business performance

- Volume flat at 7,797k 9Le cases. Australia volume up 32k 9Le cases (+0.4%); in line with c.0-1.0% wine category volume growth in Australia[18]
- Adjusting for TWE's deliberate decision to reallocate Australian customers who service Asia to the Asia region, Australia delivered 2% volume growth; outpacing the category[18]
- NSR per case in line with pcp; improved price realisation on key Luxury and Masstige brands, notably Penfolds, Pepperjack and Annie's Lane and focus on Masstige portfolio expansion (Regional Gems portfolio volume up 15%), offset portfolio mix impact from the reallocation of Luxury wine to optimise global margins
- COGS per case driven by realisation of Supply Chain savings and portfolio skew to Commercial wine in 2H17, partially offset by higher underlying vintage costs
- Lower overall A&P per case in F17, driven by reallocation of spend to other regions, partially offset by acceleration of brand building investment in 2H17 to support Masstige portfolio growth strategy in F18
- Favourable movement in CODB margin driven by lower Overheads and optimised brand building investment
- Optimised portfolio mix and Supply Chain savings drove EBITS growth in New Zealand
- EBITS up 21% to $111.1m with margin accretion of 3.3ppts to 18.8%

ANZ regional perspectives

- Australian wine market volume remains steady, growing at c.0-1.0% per annum[18] with ongoing premiumisation
- Strengthened strategic customer partnerships in Australia underpinned by category-leading insights and strong in-market execution
- Route-to-market change in New Zealand (Independent Liquor New Zealand appointed as exclusive distributor) expected to enhance focus on core Australian operations, whilst increasing portfolio scale and reach in New Zealand
- Investment in portfolio growth and innovation within the Masstige segment expected to support TWE's aspirational market share target of 25% volume and value share in Australia; currently 22% value share[19]
- Masstige-led portfolio premiumisation and innovation, category-leading sales execution and ongoing tight cost management expected to drive further margin accretion in F18 and beyond

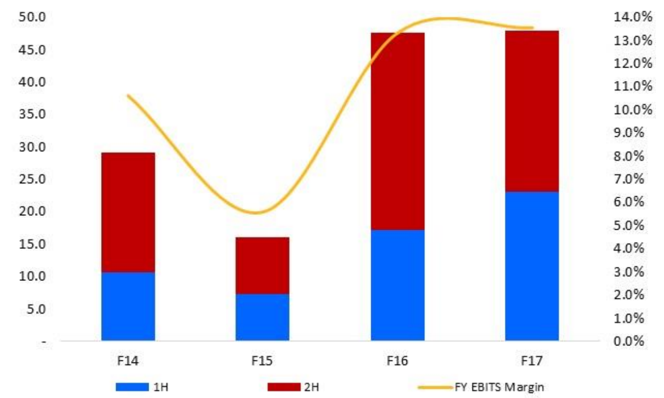
[18] Due to TWE's route-to-market changes impacting market data, this is a Management estimate
[19] Aztec Sales Data | Bottled Wine Only | Australian Liquor Weighted | Scan MAT to 16 July 2017

Regional Summaries
Europe

Financial performance

A$m	F17	F16	%	F16	%
		Reported currency		Constant currency	
Volume (m 9Le)	9.6	8.4	14.4%	8.4	14.4%
NSR (A$m)	354.1	357.7	(1.0)%	312.1	13.5%
NSR per case (A$)	36.76	42.46	(13.4)%	37.05	(0.8)%
EBITS (A$m)	48.0	47.7	0.6%	32.8	46.3%
EBITS margin (%)	13.6%	13.3%	0.3ppts	10.5%	3.1ppts

Historical EBITS and EBITS margin*
A$m



** Chart presented on a reported currency basis*

Business performance

- Volume up 14% to 9,634k 9Le cases reflecting integration of Diageo Wine in 1H17, partially offset by the exit from underbond trading in 2H17
- Slightly lower NSR per case reflects acquired Diageo Wine Commercial volume in 1H17, partially offset by price increases on select brands and strong Masstige portfolio growth; volume up 17% led by Wolf Blass, Rosemount and 19 Crimes
- Favourable COGS per case reflected integration of Diageo Wine and Supply Chain savings
- Delivered improved brand health for key brands in core markets, despite lower A&P per case driven by continued optimisation of brand building investment in 2H17
- Favourable CODB margin versus pcp; marginally higher Overheads from the integration of Diageo Wine more than offset by NSR growth
- LATAM EBITS up 23% to $7.0m
- EBITS up $15.2m to $48.0m; adverse foreign exchange rate movements (principally driven by devaluation of Great British Pound) offset by strong underlying profit growth
- EBITS margin accretion delivered, up 3.1ppts to 13.6%

Europe regional perspectives

- Greater focus on, and prioritisation of, key markets in Europe (UK, Sweden and Netherlands) and priority brands (Wolf Blass, Lindeman's, Blossom Hill and 19 Crimes)
- UK wine market conditions remain challenging, with a declining wine category and continued uncertainty from Brexit
- UK wine category continues to premiumise with Masstige and Luxury segments in growth but Commercial segment in decline
- Despite continuation of range rationalisation by UK grocery customers in F17, TWE maintained listings and gained distribution on priority brands
- Focus continues to be on building sustainable partnerships with strategic customers, underpinned by outstanding sales execution
- LATAM to transition to Americas region effective 1 July 2017

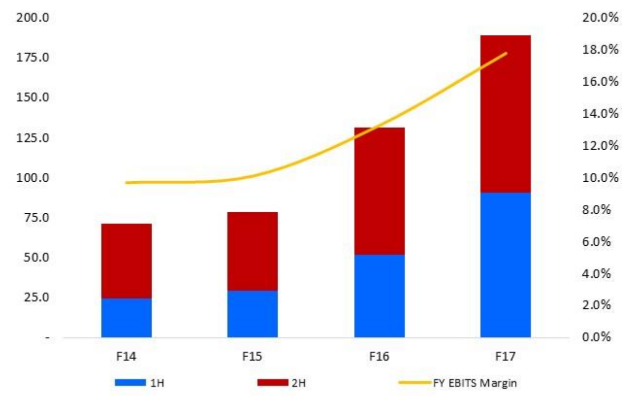
Regional Summaries
Americas

Financial performance

A$m	F17	F16	%	F16	%
		Reported currency		Constant currency	
Volume (m 9Le)	15.5	15.0	3.1%	15.0	3.1%
NSR (A$m)	1,062.0	991.0	7.2%	962.2	10.4%
NSR per case (A$)	68.72	66.10	4.0%	64.18	7.1%
EBITS (A$m)	189.0	131.5	43.7%	125.3	50.8%
EBITS margin (%)	17.8%	13.3%	4.5ppts	13.0%	4.8ppts

Historical EBITS and EBITS margin*

A$m



** Chart presented on a reported currency basis*

Business performance

- Robust headline volume growth, up 3% to 15,454k 9Le cases driven by the acquisition of Diageo Wine and underlying portfolio growth, partially offset by divestment of the Non-Priority Commercial (NPC) brand portfolio in July 2016 (comprising c.1m cases sold annually)
- Adjusting for the divestment of the NPC brand portfolio, Americas delivered 2% growth in 2H17 relative to the pcp, with the US growing ahead of the category[20]
- Depletions growth ahead of shipments by circa 100k 9Le cases, primarily due to destocking of Lindeman's old label product in preparation for packaging relaunch
- NSR up 10%, with NSR per case up 7%. Lower NSR per case in 2H17 reflects reallocation of brand building investment from A&P to D&R (above NSR line) to drive brand availability in-store, partially offset by portfolio premiumisation and price increases in the period
- Marginally lower COGS per case principally reflected Supply Chain savings and some synergies from the Diageo Wine integration, notably in 2H17, partially offset by portfolio premiumisation
- Re-set and relaunch of TWE's US brand portfolio underpinned higher A&P per case in F17, particularly in 1H17
- Higher CODB margin versus pcp due to Diageo Wine integration and increased investment in brand building and organisational capability, particularly driven by investment in National Accounts team
- Despite lower EBITS in Canada in F17, profitability improved in 2H17 vs 1H17, reflecting the new, more efficient RTM structure with exclusive distributor partner, Mark Anthony Wine & Spirits
- EBITS up 51% to $189.0m, reflecting organic and inorganic volume growth, portfolio premiumisation and Supply Chain savings
- One-off items netting to $8m included in EBITS, principally relating to profit on asset sales
- Strong EBITS margin accretion delivered, up 4.8ppts to 17.8%

Americas regional perspectives

- Fundamentals of US bottled wine market remain attractive
- Despite a moderation of bottled wine category volume and value growth in 2H17 to 0.2% and 1.6%[20], respectively, premiumisation continues, with Luxury and Masstige volume and value growing and Commercial in decline
- Enhanced sales capability a key focus for F18, coupled with ongoing optimisation of distribution and consumer-led brand building investment
- EBITS margin accretion expected in F18 and beyond, supported by portfolio growth and premiumisation, and continued strengthening of customer partnerships and execution

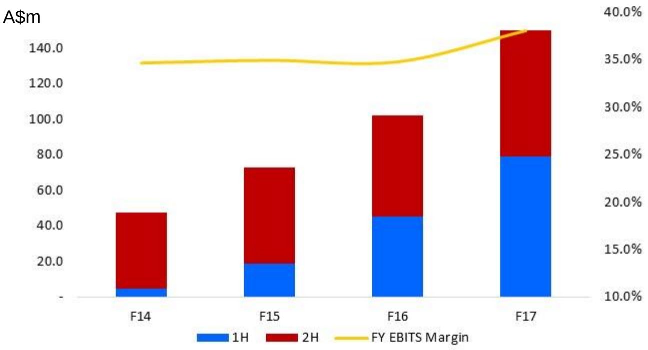
[20] Category volume growth as per IRI Market Advantage: Table $4+ excluding Premium Box, 26 weeks ending 02/07/17, Total US Multi Outlet + Liquor

Regional Summaries
Asia

Financial performance

A$m	F17	F16	%	F16	%
		Reported currency		Constant currency	
Volume (m 9Le)	3.5	2.4	48.7%	2.4	48.7%
NSR (A$m)	394.3	293.2	34.5%	291.9	35.1%
NSR per case (A$)	111.70	123.48	(9.5)%	122.93	(9.1)%
EBITS (A$m)	150.1	102.0	47.2%	104.1	44.2%
EBITS margin (%)	38.1%	34.8%	3.3ppts	35.7%	2.4ppts

Historical EBITS and EBITS margin*



** Chart presented on a reported currency basis*

Business performance

- Strong volume growth, up 49% to 3,530k 9Le cases, driven by both North Asia, up 43% and South East Asia, Middle East & Africa (SEAMEA), up 58%
- Forward days of inventory cover has remained broadly constant vs. 1H17 and F16
- Volume growth driven by both Australian brand portfolio and US brand portfolio (up c.700k 9Le cases and c.420k, respectively)
- Lower NSR per case reflects broadened brand portfolio largely in 2H17, partially offset by price increases across key Australian brands
- Favourable movement in COGS per case reflects Supply Chain savings, notably in SEAMEA given portfolio weighting to Commercial and Masstige wine
- Elevated A&P in F17, with higher A&P per case in 2H17 driven by investment in pipeline of demand for US brand portfolio
- Investment in sales and marketing capabilities to support expanded routes-to-market, particularly in China and Japan, underpinned increased Overheads in F17
- Despite elevated brand building investment and higher Overheads driving increased CODB in 2H17, 35% NSR growth in F17 more than offset brand and organisational investment over the full year
- EBITS up $46.0m to $150.1m
- EBITS margin accretion of 2.4ppts to 38.1%, higher than previously communicated guidance range of 30-35% due to optimisation of brand building investment across Australian brand portfolio in 2H17

Asian regional perspectives

- Continued focus on deepening customer partnerships through insight-led joint business planning and more efficient routes-to-markets, particularly in China and Japan
- TWE established its French portfolio in June 2017, introducing its own Luxury brand, Maison De Grand Esprit, which will be on shelf in November 2017
- TWE entered into exclusive agreement to import and distribute Baron Philippe de Rothschild's branded wine portfolio, led by Mouton Cadet and Escudo Rojo, validating TWE's route-to-market model in China and strengthening the Company's portfolio offering
- TWE will introduce warehouse facilities in China in 1H18, expected to reduce lead times for customer orders and provide opportunities for customers to stock a broader range of TWE brands. TWE to work closely with customer partners and expects some re-phasing of shipments between 1H18 and 2H18
- Focus on driving a balanced brand and country-of-origin portfolio mix in Asia supported by efficient routes-to-market and strong in-market execution
- TWE reiterates F18 margin guidance of 30-35%, however is seeking opportunities for improvement in the range of 1-2%, driven by enhanced mix from new brand portfolios and a strengthened regional business model, whilst at the same time transitioning to its new warehouse facility and continuing to diversify within brand portfolios

Vintage update

California

Growing conditions for the 2017 Californian vintage benefitted from substantial winter rainfall and a cool spring, providing relief from the last few years of drought conditions. Winter provided a reset for California with the state no longer considered in drought and no apparent carry over effects on yield, quality or vine health. V17 is on track for another high quality vintage, with investments in vineyard re-plantings expanding TWE's access to higher quality fruit and in-demand varietals. TWE expects a slightly later harvest that is in line with long term averages, with yields expected to be slightly above average across the board.

Australia

The 2017 Australian harvest was characterised by strong quality and high yields. Intake was stronger than the outstanding 2016 vintage, especially for Luxury and Masstige fruit. Favourable conditions persisted for the remainder of the 2017 season, albeit with some late season rains in the Limestone Coast region. TWE's premium intake across its regions and varietals was particularly pleasing, notably for Barossa Valley and McLaren Vale Shiraz and Cabernet, which were excellent.

New Zealand

Despite challenging weather conditions across key wine growing regions, the 2017 New Zealand vintage was characterised by a good quality harvest across key varietals. Growing conditions favoured pinot noir varietals, with a strong harvest recorded for Central Otago Pinot Noir. 2017 vintage yields were slightly lower than the high-yielding 2016 vintage, but in line with long term averages.

Appendix 1: Reconciliation of prior year comparatives

Profit & Loss – 30 June 2016

Group P&L

$Am (unless otherwise stated)	F16	SGARA adjustment[1]	Restated F16
Volume (m 9L cases)	33.6		33.6
Net sales revenue	2,232.6		2,232.6
NSR per case ($)	*66.50*		*66.50*
Other Revenue	110.7		110.7
Cost of goods sold	(1,508.3)	(7.8)	(1,516.1)
Cost of goods sold per case ($)	*44.92*		*45.16*
Gross profit	835.0	(7.8)	827.2
Gross profit margin (% of NSR)	*37.4%*		*37.1%*
Cost of doing business	(493.0)		(493.0)
Cost of doing business margin (% of NSR)	*22.1%*		*22.1%*
EBITS	**342.0**	**(7.8)**	**334.2**
EBITS margin (%)	*15.3%*		*15.0%*
SGARA	(8.5)	(2.5)	(11.0)
EBIT	**333.5**	**(10.3)**	**323.2**
Net finance costs	(21.2)		(21.2)
Tax expense	(94.7)	4.2	(90.5)
Net profit after tax (before material items)	**217.6**	**(6.1)**	**211.5**
Material items (after tax)	(38.1)		(38.1)
Non-controlling interests	(0.1)		(0.1)
Net profit after tax	**179.4**	**(6.1)**	**173.3**
Reported EPS (A¢)	25.1	(0.8)	24.3
Net profit after tax (before material items and SGARA)	**221.8**	**(4.4)**	**217.4**
EPS (before material items and SGARA) (A¢)	31.1	(0.6)	30.5
Average no. of shares (m)	713.7	-	713.7

Regional P&L

A$m	F16	SGARA adjustment[1]	Restated F16
ANZ	92.3	(3.0)	89.3
Asia	102.0		102.0
Americas	136.3	(4.8)	131.5
Europe & LATAM	47.7		47.7
Corporate	(36.3)		(36.3)
TWE EBITS	**342.0**	**(7.8)**	**334.2**

1. SGARA adjustment reflects a change in accounting standards for Agricultural Assets

Balance Sheet – 30 June 2016

A$m	F16	Final purchase price accounting - Diageo Wine	SGARA adjustment[1]	Restated F16
Cash & cash equivalents	256.1		-	256.1
Receivables	611.4		-	611.4
Current inventories	904.0	(8.3)	-	895.7
Non-current inventories	678.4	-	-	678.4
Property, plant & equipment	1,154.5	(13.1)	206.4	1,347.8
Agricultural assets	340.0	(2.2)	(302.0)	35.8
Intangibles	1,060.2	41.3	-	1,101.5
Tax assets	252.2	17.8	-	270.0
Assets Held for Sale	98.8	(30.6)	-	68.2
Other assets	21.6	-	-	21.6
Total assets	**5,377.2**	**4.9**	**(95.6)**	**5,286.5**
Payables	725.4	0.9	-	726.3
Borrowings	630.9	0.2	-	631.1
Tax liabilities	292.1	1.1	(29.7)	263.5
Provisions	80.4	2.7	-	83.1
Other liabilities	13.3	-	-	13.3
Total liabilities	**1,742.1**	**4.9**	**(29.7)**	**1,717.3**
Net assets	**3,635.1**	**-**	**(65.9)**	**3,569.2**